Fiscal Year Ending October 2026

Supplementary Materials for the Second Quarter Financial Results

H.I.S. Co., Ltd. (TSE Prime: 9603) | June 12, 2026

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Summary of Financial Results for the Second Quarter of the Fiscal Year Ending October 2026

Consolidated Financial Results (Highlights)

- Net sales were 106.5% year-on-year at 193.1 billion yen (+11.8 billion yen year-on-year)
- Operating profit was 95.9% year-on-year at 6.4 billion yen (△0.2 billion yen year-on-year)
- Ordinary profit was 90.1% year-on-year at 6.1 billion yen (△0.6 billion yen year-on-year)
- Net profit for the interim period was 79.0% year-on-year at 3.0 billion yen (△0.7 billion yen year-on-year)

(million yen)	FY25 2Q	FY26 2Q	Year-on-Year (%)	Year-on-Year (Amount)	vs 2Q Financial Forecasts (%)	vs 2Q Financial Forecasts (Amount)
Net Sales	181,313	193,132	106.5%	11,818	99.0%	△1,867
Operating Profit	6,721	6,448	95.9%	△273	93.4%	△451
Ordinary Profit	6,881	6,197	90.1%	△684	89.8%	△702
Interim Net Profit Attributable to Parent Company Shareholders	3,798	3,000	79.0%	△798	66.7%	△1,499

Summary of Consolidated Financial Results

(million yen)	FY25 2Q	FY26 2Q	Year-on-Year (%)	Year-on-Year (Amount)	Major Changes
Net Sales	**181,313**	**193,132**	**106.5%**	**11,818**	Travel +9,322, Hotel +1,456
Gross Profit	59,149	60,331	102.0%	1,182	
SG&A Expenses	52,428	53,883	102.8%	1,455	
Operating Profit	**6,721**	**6,448**	**95.9%**	**△273**	Travel △859, Hotel +568
EBITDA	12,331	12,368	100.3%	36	
Non-Operating Income	2,376	1,542	64.9%	△833	
Non-Operating Expenses	2,215	1,793	80.9%	△422	
Ordinary Profit	**6,881**	**6,197**	**90.1%**	**△684**	
Extraordinary Gain	265	207	78.2%	△57	
Extraordinary Loss	553	124	22.4%	△429	
Pre-Tax Profit	6,593	6,280	95.3%	△312	
Income Taxes	2,064	2,508	121.5%	444	
Interim Net Profit Attributable to Non-Controlling Shareholders	730	771	105.7%	41	
Interim Net Profit Attributable to Parent Company Shareholders	**3,798**	**3,000**	**79.0%**	**△798**	

Operating Results by Business Segment (Cumulative)

(million yen)		FY25 2Q	**FY26 2Q**	Year-on-Year (%)	Year-on-Year (Amount)
Net Sales	Travel Business	149,558	**158,880**	106.2%	9,322
	Hotel Business	12,405	**13,861**	111.7%	1,456
	Kyushu Sanko Group	12,663	**13,644**	107.8%	981
	Others	8,814	**8,809**	99.9%	△5
	Adjustments, Eliminations, etc.	△2,128	**△2,063**	-	64
	Total	181,313	**193,132**	106.5%	11,818
Operating Profit	Travel Business	5,607	**4,747**	84.7%	△859
	Hotel Business	1,920	**2,488**	129.6%	568
	Kyushu Sanko Group	508	**606**	119.3%	98
	Others	219	**△4**	-	△223
	Adjustments, Eliminations, etc.	△1,534	**△1,390**	-	143
	Total	6,721	**6,448**	95.9%	△273
EBITDA	Travel Business	7,696	**6,864**	89.2%	△831
	Hotel Business	3,911	**4,554**	116.4%	642
	Kyushu Sanko Group	1,350	**1,489**	110.3%	139
	Others	507	**309**	61.0%	△198
	Adjustments, Eliminations, etc.	△1,134	**△850**	-	284
	Total	12,331	**12,368**	100.3%	36

Quarterly Operating Results by Business Segment

(Millions of yen)

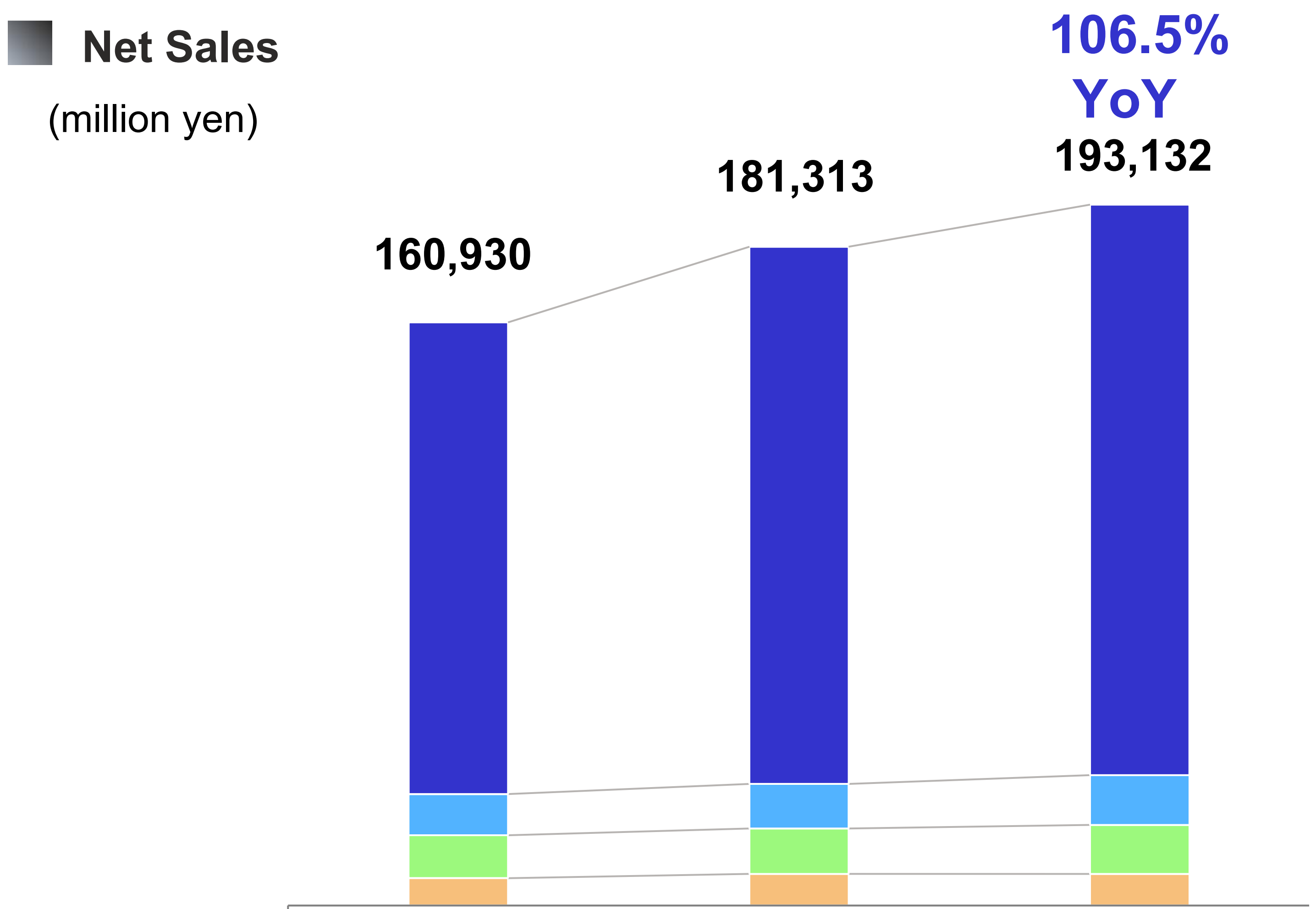
		FY25					FY26				
		1Q	2Q	3Q	4Q	Total	1Q	**2Q**	3Q	4Q	Total
Travel	**Net Sales**	77,355	72,203	69,599	89,981	309,139	83,675	**75,205**			
	YoY	118.0%	109.8%	110.8%	100.2%	108.9%	108.2%	**104.2%**			
	Operating Profit	4,051	1,556	△875	4,904	9,636	3,638	**1,109**			
	YoY	170.7%	66.5%	-	98.9%	103.6%	89.8%	**71.3%**			
Hotel	**Net Sales**	6,532	5,872	6,429	6,409	25,244	7,475	**6,386**			
	YoY	112.4%	103.8%	112.5%	110.4%	109.8%	114.4%	**108.8%**			
	Operating Profit	1,242	677	1,057	641	3,618	1,768	**720**			
	YoY	120.0%	92.0%	124.8%	149.5%	118.7%	142.3%	**106.4%**			
Kyushu Sanko Group	**Net Sales**	6,539	6,124	6,237	6,480	25,381	7,128	**6,516**			
	YoY	108.9%	102.8%	104.6%	106.9%	105.8%	109.0%	**106.4%**			
	Operating Profit	327	180	111	187	806	411	**194**			
	YoY	141.9%	289.6%	188.2%	226.5%	185.5%	125.7%	**107.7%**			
Others	**Net Sales**	4,074	4,740	3,794	4,875	17,484	4,149	**4,659**			
	YoY	112.8%	118.2%	125.2%	93.7%	110.3%	101.9%	**98.3%**			
	Operating Profit	212	7	△29	314	504	95	**-99**			
	YoY	177.9%	-	-	103.5%	230.4%	45.2%	**-**			
Total	**Net Sales**	93,333	87,980	85,010	106,781	373,106	101,239	**91,893**			
	YoY	116.3%	109.1%	111.3%	100.7%	108.7%	108.5%	**104.4%**			
	Operating Profit	5,209	1,511	△456	5,362	11,627	5,324	**1,123**			
	YoY	161.1%	65.8%	-	94.9%	107.1%	102.2%	**74.4%**			

*Excluding "Adjustments, Eliminations, etc."

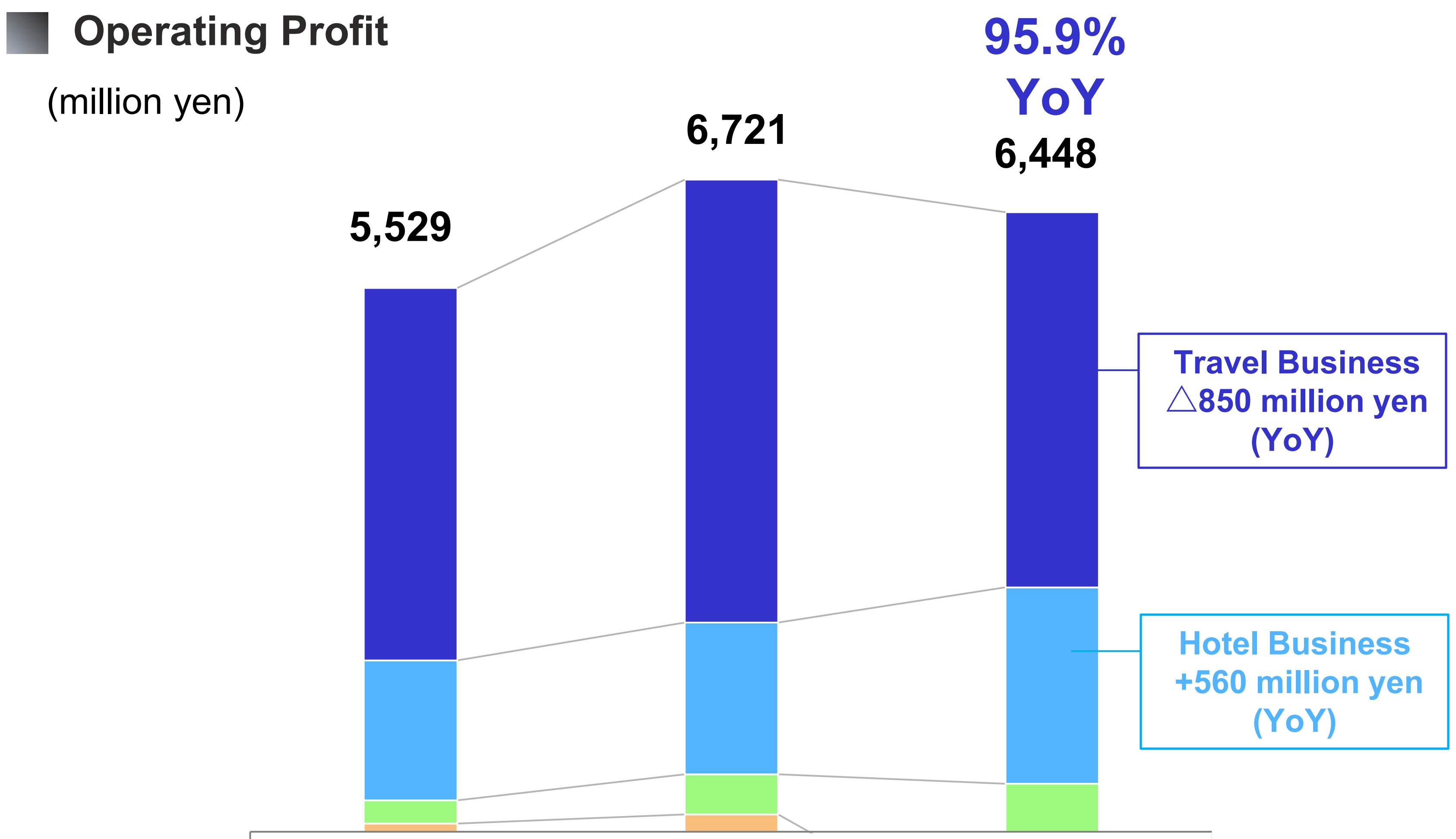
HIS

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

- Net Sales: **The Travel Business drove net sales growth; the Hotel Business performed well, 111% year-on-year**
- Operating Profit: **The Hotel Business continued to perform well.** In the Travel Business, operating profit from international travel from Japan declined due to the situation in the Middle East and exchange rate fluctuations



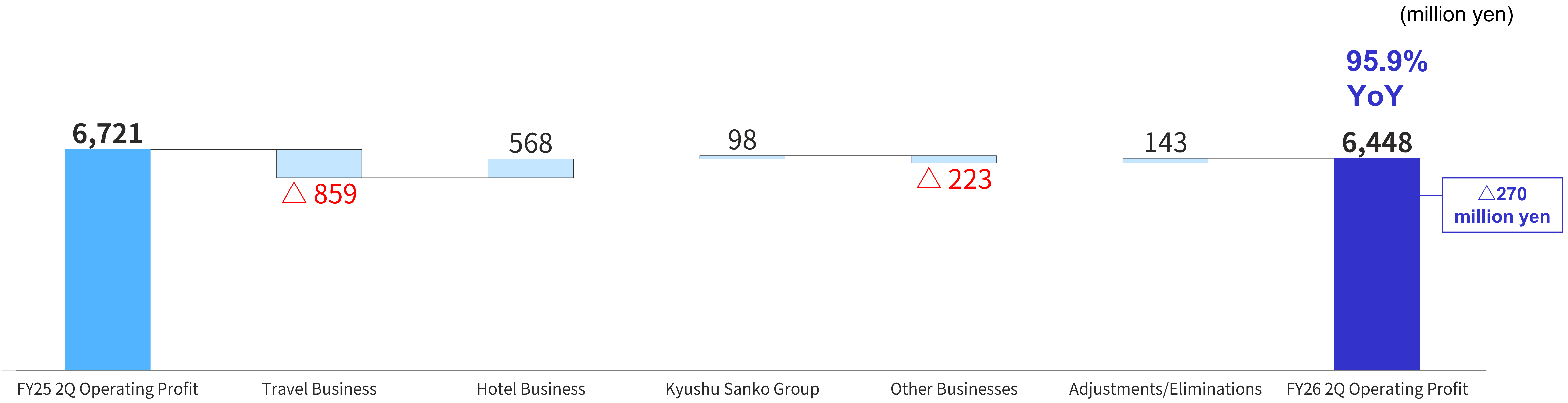
	FY24 2Q	FY25 2Q	FY26 2Q
Travel Business	131,363	149,558	158,880
Hotel Business	11,468	12,405	13,861
Kyushu Sanko Group	11,957	12,663	13,644
Others	7,620	8,814	8,809
Adjustments/Eliminations	△1,479	△2,128	△2,063



	FY24 2Q	FY25 2Q	FY26 2Q
Travel Business	4,714	5,607	4,747
Hotel Business	1,771	1,920	2,488
Kyushu Sanko Group	293	508	606
Others	105	219	△4
Adjustments/Eliminations	△1,356	△1,534	△1,390

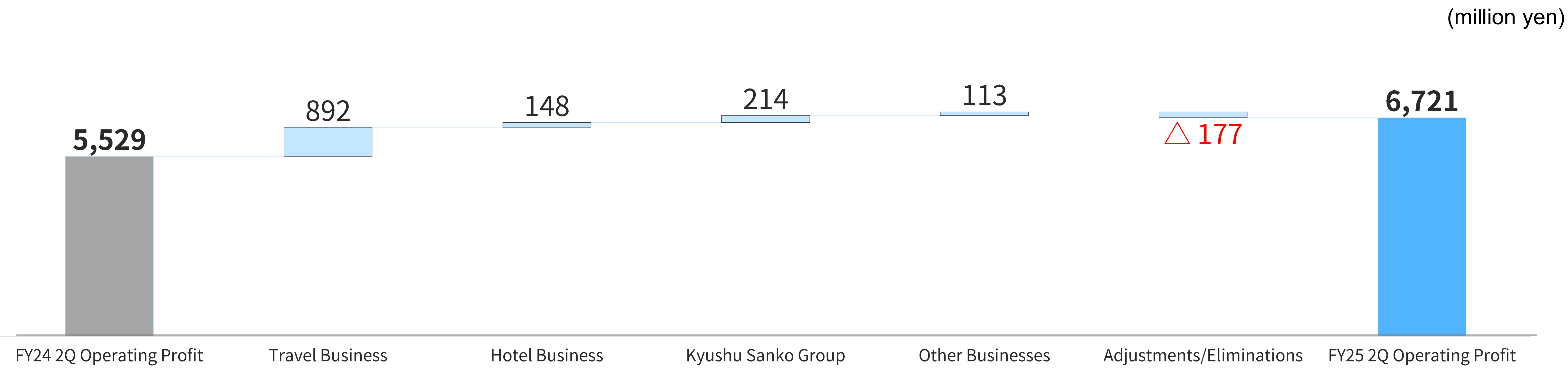
Consolidated Financial Results: Breakdown of Operating Profit Increase/Decrease by Business Segment

FY26 Q2



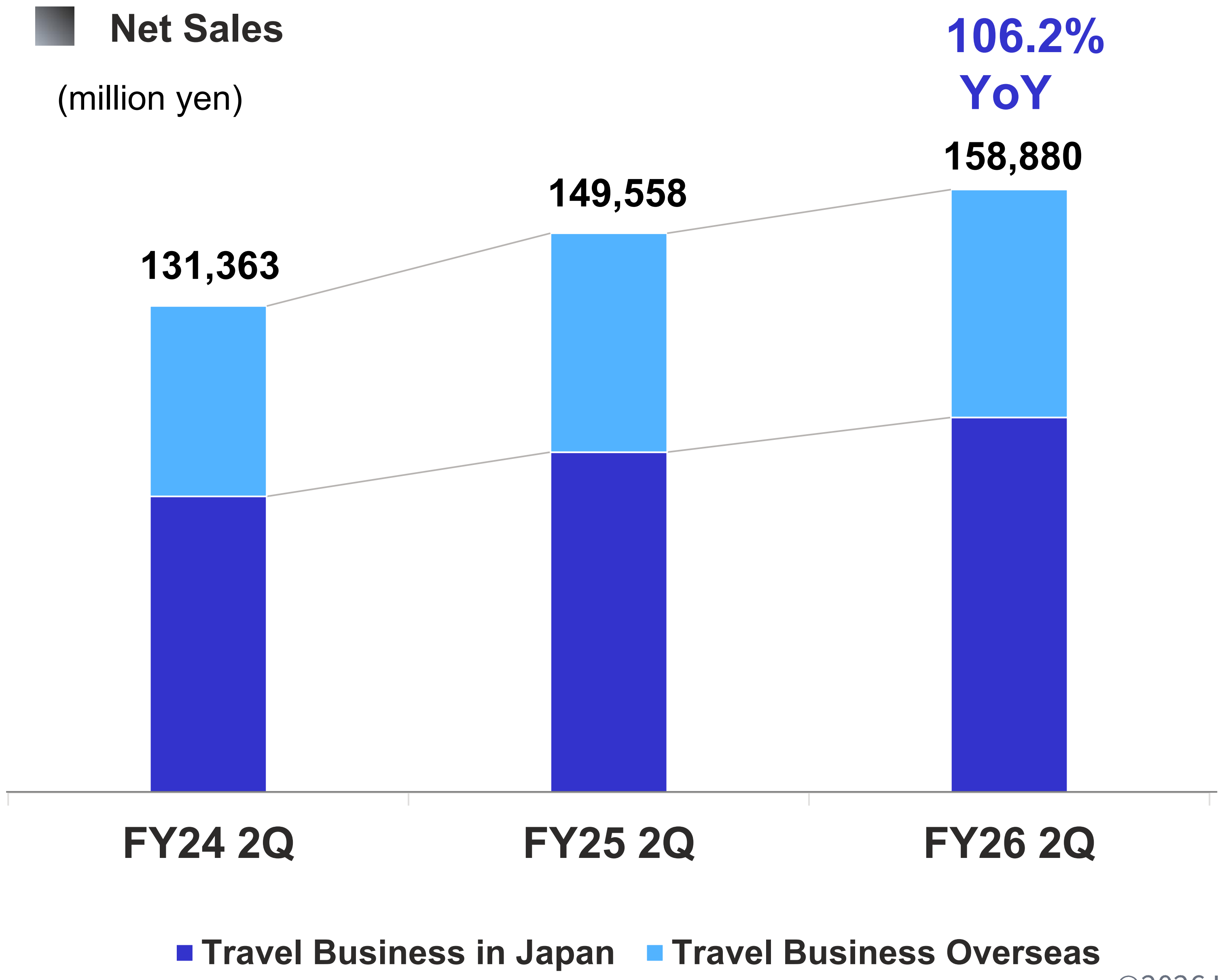
Reference

FY25 2Q

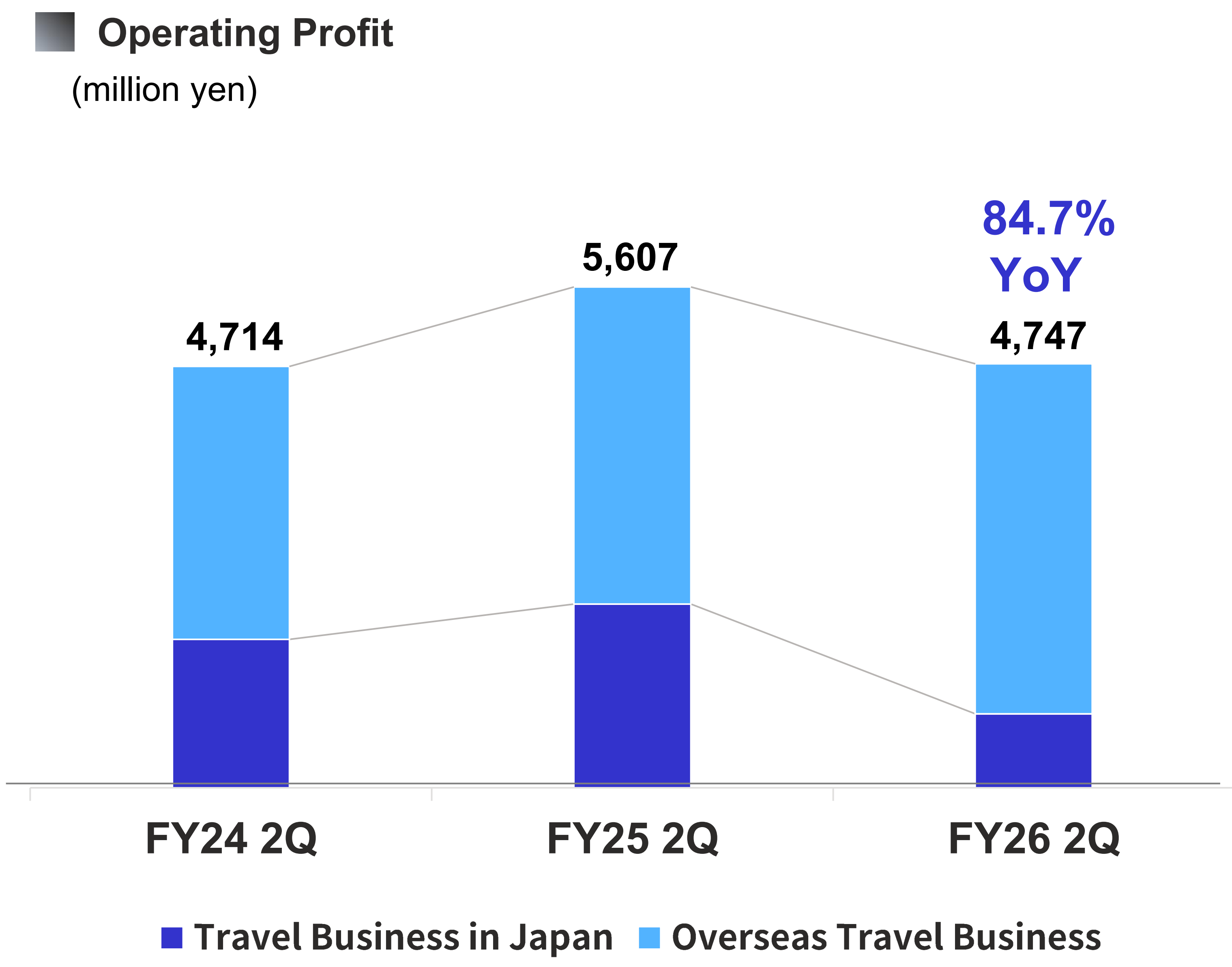


[Travel Business] Net Sales and Operating Profit

- Net sales were **affected by factors** such as consumers holding back on purchases to avoid the high prices and crowds at travel destinations during the Chinese New Year in February, **as well as the escalating tensions in the Middle East in March and April**; however, **net sales grew year-on-year by successfully capturing accumulated early bookings and a surge in demands ahead of the fuel surcharge hike** for airline tickets
- Operating profit was supported by **the inbound traveler services of overseas subsidiaries**; however, in the international travel business departing from Japan, **the cancellation of tours utilizing Middle East connecting flights** and **the impact of exchange rate fluctuations**, resulting in a year-on-year decrease



*The numbers in the graph are before consolidated adjustments



*The numbers in the graph are before consolidated adjustments

[Travel Business] Factors behind Operating Profit Decline

Impact of the situation in the Middle East

- **Impact on departures in March (peak month for traveler volume) and April (that includes the Golden Week)**
  Total net sales cancellations: Approximately 5 billion yen (for departures in March and April)

└ Tours primarily bound for Europe utilizing connecting flights at airports in areas designated as "Danger Levels 2 and 3" by the Ministry of Foreign Affairs and Doha, Dubai, and Abu Dhabi were canceled. In addition, cancellations occurred for existing bookings, primarily for tours to Europe, Turkey, and Egypt

- **Actual losses due to tour cancellations**

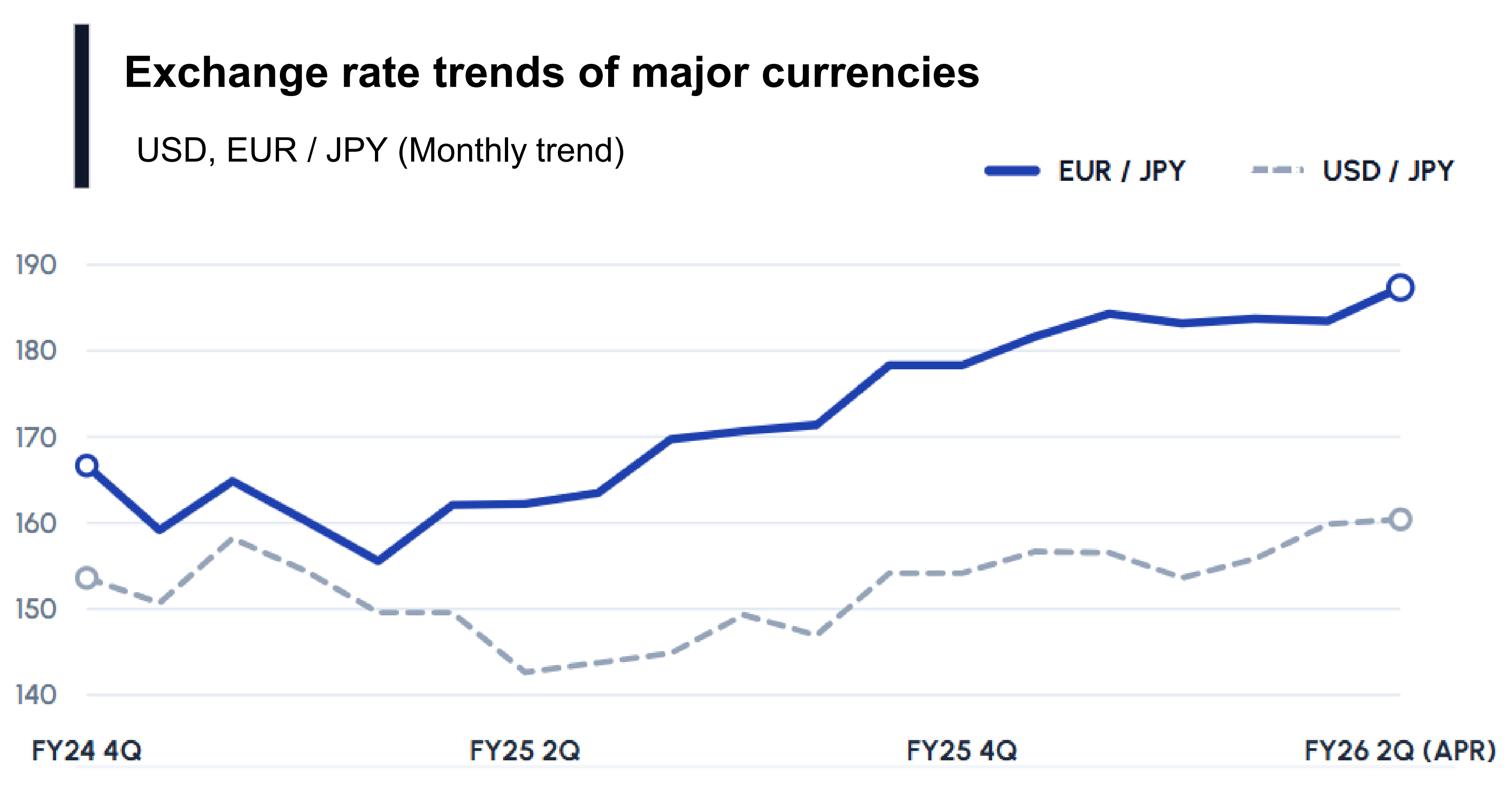
└ Actual losses were incurred due to tour cancellations, such as those related to accommodations (just over 100 million yen)

- **Slowdown in new bookings**

└ In addition to lost opportunities for tours and air ticket arrangements bound for Middle East and those using Middle East connecting flights, new bookings slowed down in the previously strong European, Turkish, and Egyptian markets

Impact of exchange rate fluctuations

Normalization of the historically weak yen trend
Due to the impact of exchange rate fluctuations on European destinations (in euros) in overseas travel, costs temporarily increased



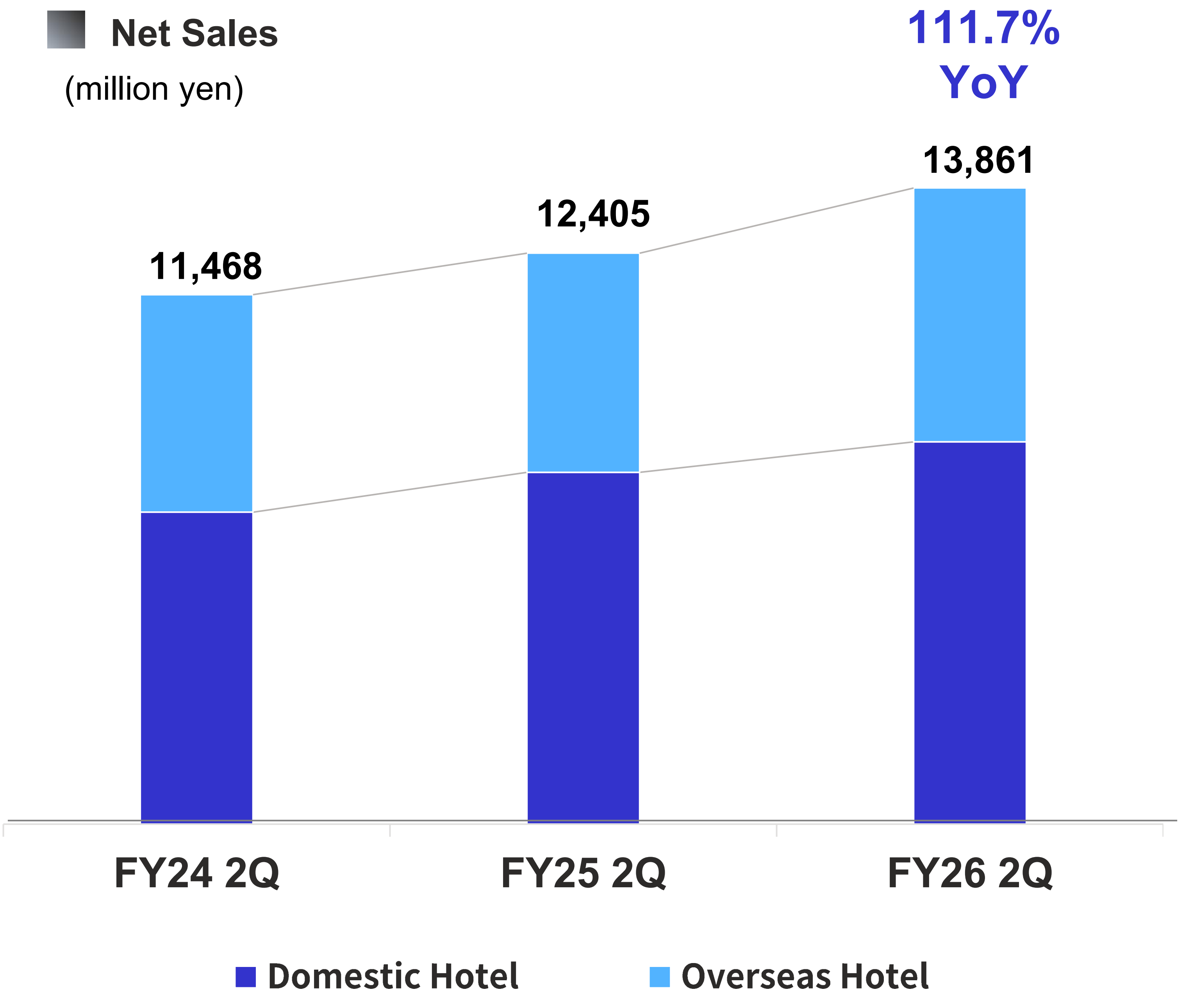
(Source: Sumitomo Mitsui Banking Corporation Exchange Rates)

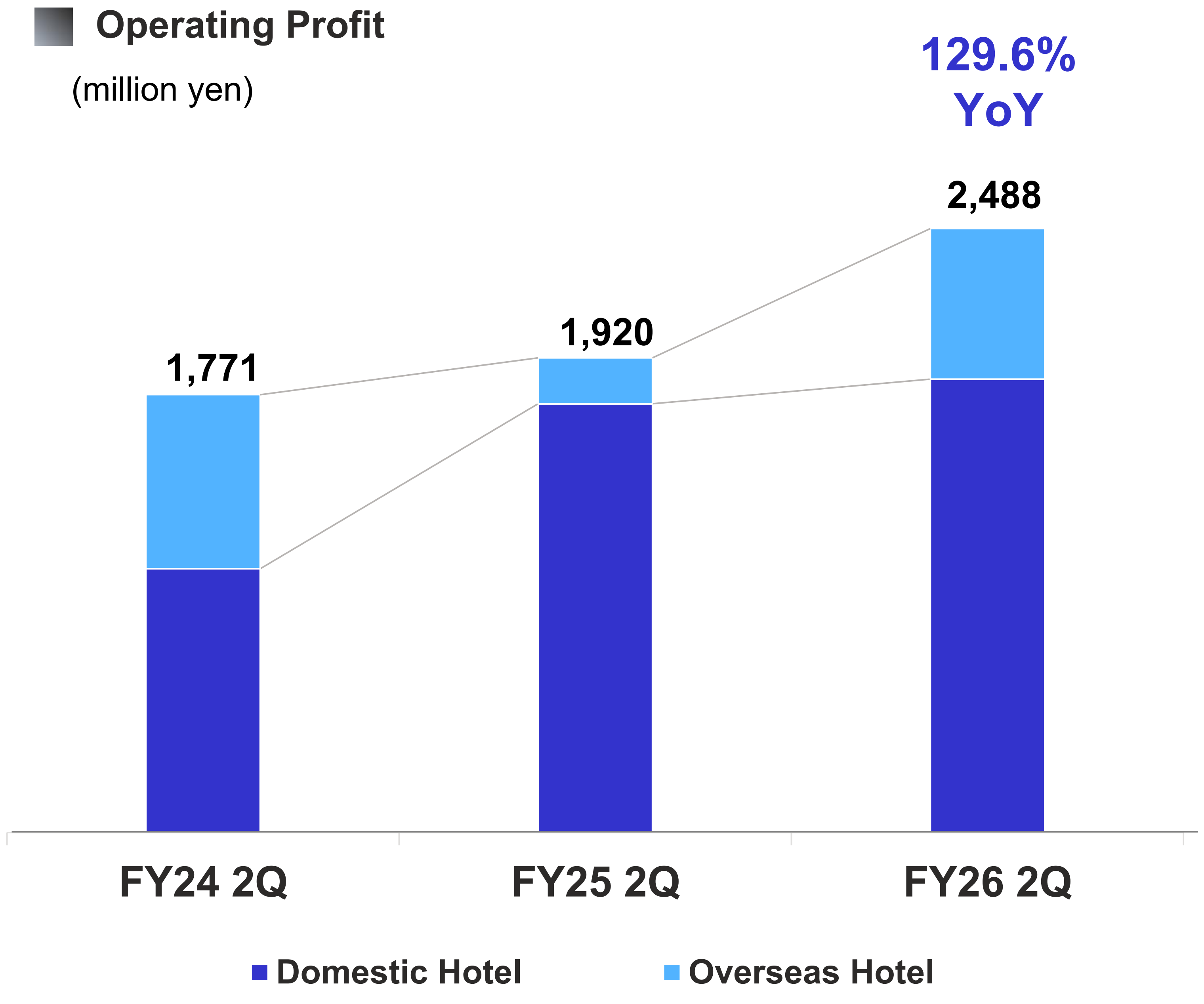
Transaction Volume of International Travel: Difference vs the Initial Plan

The first quarter results were in line with the plans (99.5% of the plans), but **results for the three months of the second quarter fell short of the plans due to geopolitical risks (89.4% of the plans)**

[Hotel Business] Net Sales and Operating Profit

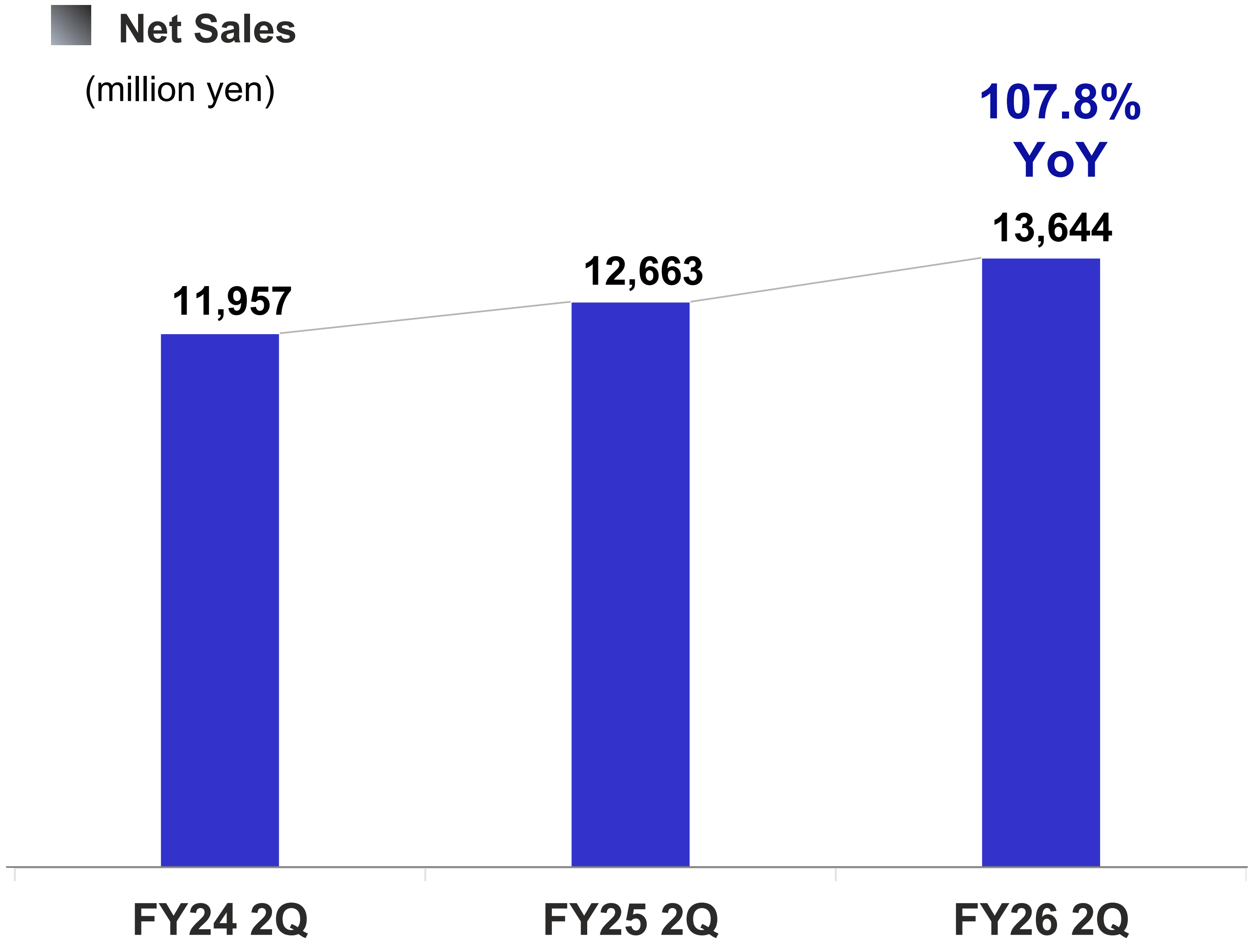
- Although domestic hotel business was partially affected by the deterioration of Japan-China relations, **high occupancy driven by strong** overall **inbound demands**, combined with the continued **development of collaboration rooms**, **boosted average room rates** and drove hotel business net sales
- In the overseas hotel business, the business in Taiwan performed well, and **in Turkey, improved performance as compared to the previous fiscal year** contributed to increased operating profit

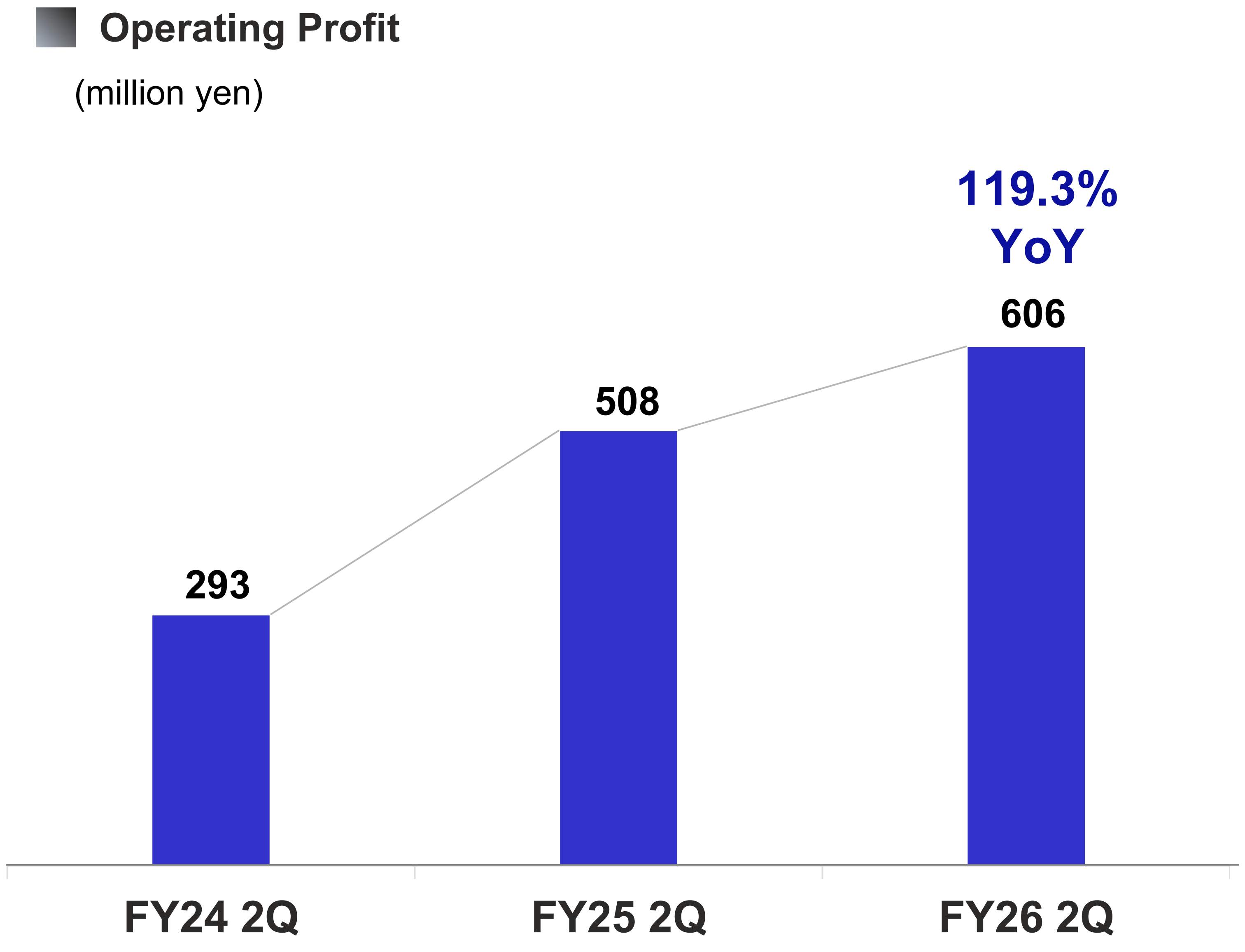




[Kyushu Sanko Group] Net Sales and Operating Profit

- **The strong performance was driven by** the continued economic impact from the Taiwanese company (TSMC) and **the successful capture of domestic and international tourism demands**
- In the bus business, the increase **in passengers on airport limousine buses** resulted in performance that significantly exceeded the initial plans, driving overall results. In the food and retail business, collaboration projects with popular anime and locally sourced products proved successful, resulting in significant growth (111.1% YoY)

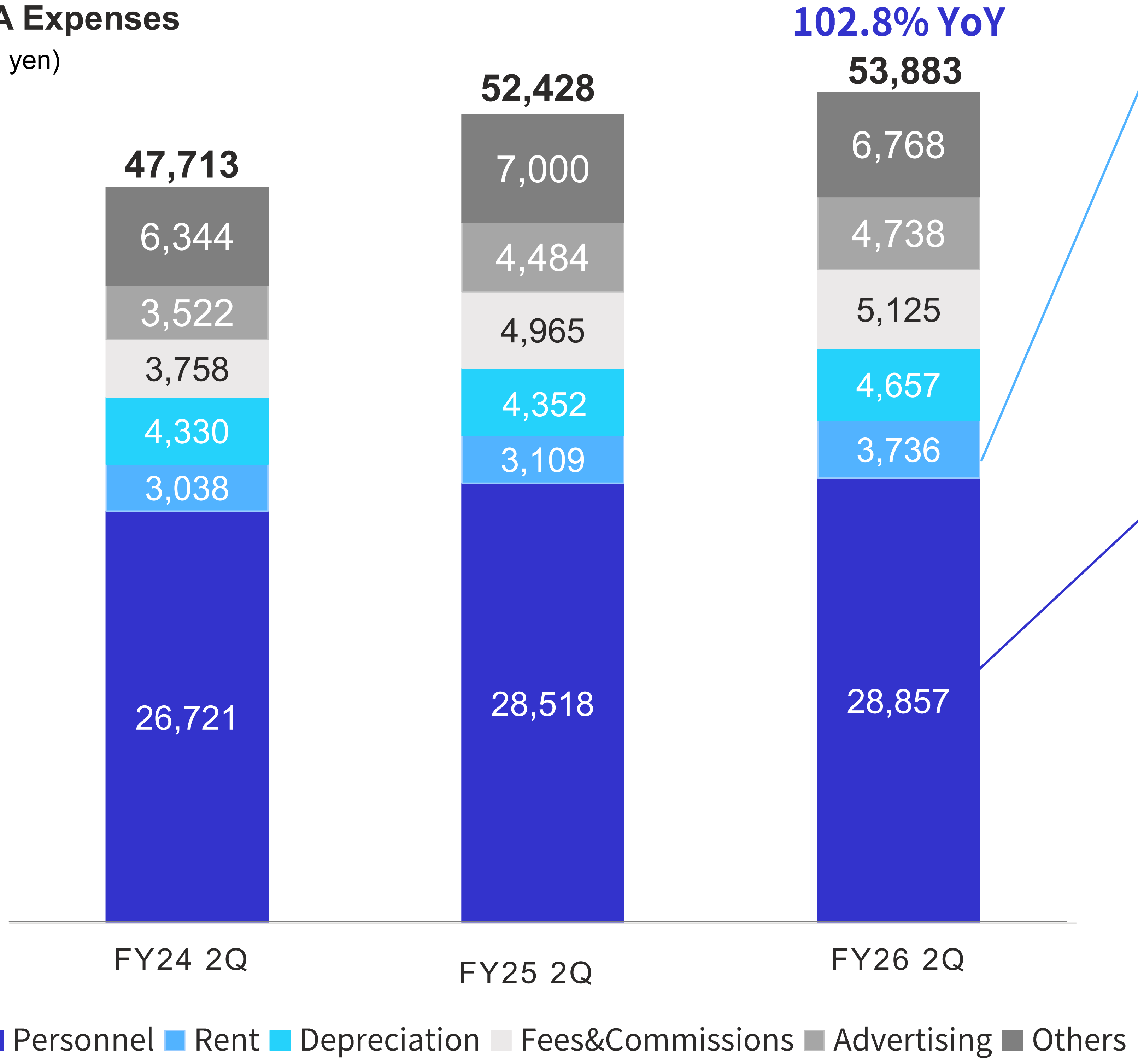




Trends in SG&A Expenses and the Number of Employees

- In addition to increases in sales-linked expenses due to sales growth and the strengthening of workforce, costs associated with the relocation of the headquarters (rent and depreciation) also increased
- On the other hand, the decrease in “others” was due to a rebound for taxes and public charges associated with the repurchase of the head office building in the previous period

SG&A Expenses
(million yen)



Rent: 120.2% (+620 million yen year-on-year)

Mainly due to an increase in rent for the new office following the relocation of the head office in April

Trends in the Number of Travel Business Sales Offices

	FY24 2Q	FY25 2Q	FY26 2Q
Japan	144	152	150
Overseas	145	143	136
Total	289	295	286

Personnel: 101.2% (+330 million yen year-on-year)

Increase in the Number of Employees
The number of consolidated employees was 13,228, representing 102.6% year-on-year. This represents an increase of 332 employees

Trend in the Number of Consolidated Employees

	FY24 2Q	FY25 2Q	FY26 2Q
Travel Business	8,822	9,114	9,170
Other Businesses	3,442	3,782	4,058
Total	12,264	12,896	13,228

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

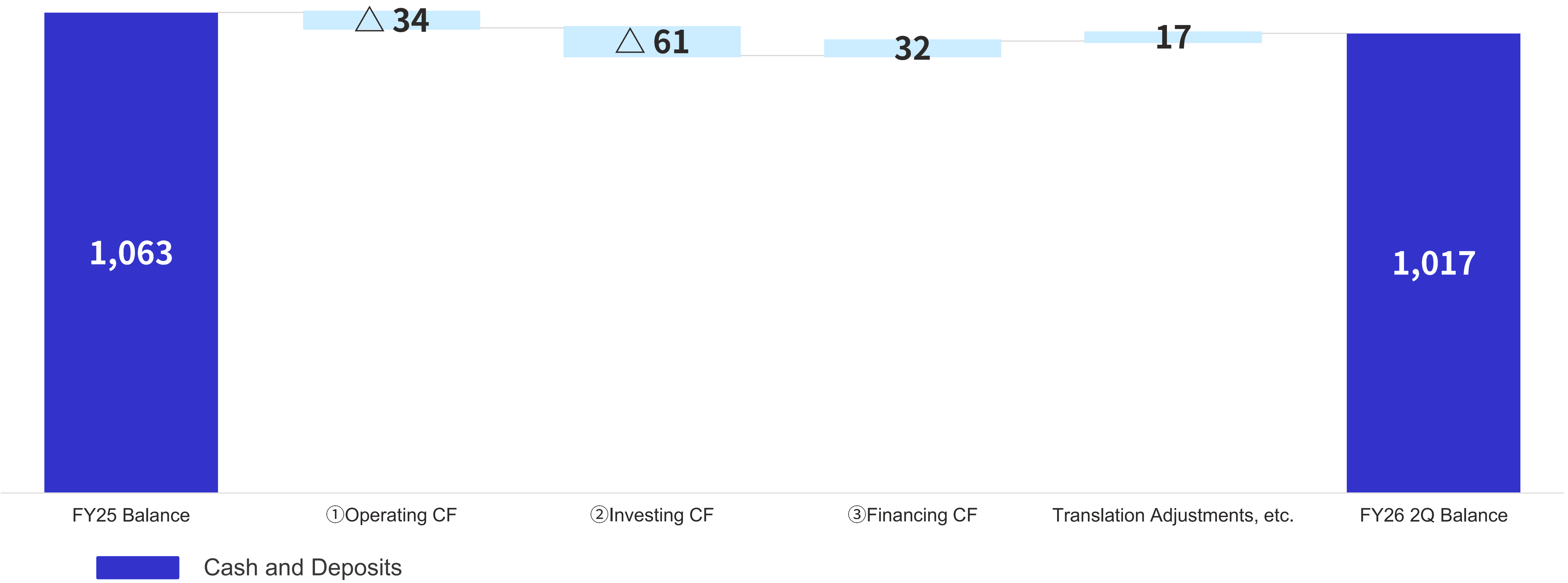
(million yen)

	FY25	FY26 2Q	Increase/Decrease
Cash & Deposits	113,932	108,885	△5,047
Notes & Accounts Receivable and Contract Assets	27,581	38,838	11,257
Operating Accounts Receivable	798	884	86
Pre-Travel Payments	12,610	15,037	2,426
Others	25,464	31,064	5,599
Total Current Assets	**180,388**	**194,710**	**14,322**
Property, Plant and Equipment	159,703	161,652	1,949
Intangible Fixed Assets	12,795	13,192	396
Goodwill	1,655	1,904	249
Investments and Other Assets	31,739	32,367	628
Total Fixed Assets	**205,893**	**209,116**	3,223
Total Deferred Assets	**49**	**51**	2
Total Assets	**386,330**	**403,879**	**17,548**

	FY25	FY26 2Q	Increase/Decrease
Operating Accounts Payable	15,683	12,293	△3,389
Pre-Travel Payments Received	43,193	57,527	14,334
Bonds and Convertible Bonds Payable	5,000	5,000	0
Borrowings	161,541	167,824	6,282
Others	93,707	88,865	△4,841
Total Liabilities	**319,125**	**331,511**	**12,385**
Capital	100	100	―
Capital Surplus	28,372	28,320	△51
Earned Surplus	28,137	30,390	2,253
Treasury Shares	△12,981	△12,912	69
Cumulative Other Comprehensive Income	11,921	14,011	2,089
Stock Acquisition Rights	292	379	87
Non-Controlling Shareholder Equity	11,363	12,077	714
Total Net Assets	**67,205**	**72,368**	**5,162**
Total Liabilities and Net Assets	**386,330**	**403,879**	**17,548**

Liquidity on Hand

(100 million yen)



(1) Operating Cash Flow

Pre-tax profit	62
Increase in pre-travel payments	137
Increase in trade receivables and contract assets	△104
Decrease in other liabilities including deposits payable	△50
Increase in other assets including other receivables	△44
Decrease in trade payables	△44

(2) Investing Cash Flow

Proceeds from withdrawal of time deposits	63
Payments for time deposits	△58
Payments for acquisition of fixed assets	△50

(3) Financing Cash Flow

Proceeds from borrowings	920
Expenditures for repayment of borrowings	△863
Dividend payments	△7
Repayments to non-controlling shareholders	△3

Financial Forecasts

Supplementary Information Regarding the Recognition of Extraordinary Loss

Land Acquisition for the Guam Reef Hotel : Fundamental Reform of Revenue Structure

Background and future developments regarding the land acquisition for the Guam Reef Hotel

Regarding the real estate lease agreement for the Guam Reef Hotel, which had been concluded prior to the COVID-19 pandemic, the initially planned revenue can no longer be expected due to dramatic changes in the Guam tourism market. After careful internal discussions, HIS Group is now likely to be able to purchase the land.

While timing room renovations and other improvements, the hotel will strengthen its collaboration with HIS to increase customers and restart its efforts towards profitability

Guam Reef Hotel, located in a prime location in Tumon Bay, Guam

Impact on the Current Fiscal Year Financial Results and Outlook for the Next Fiscal Year and Beyond

Current Fiscal Year

- Losses associated with the lease termination (extraordinary loss)
- The amount is expected to be **approximately 6 billion yen**

*Accounting treatment is currently being confirmed with the audit firm

Next Fiscal Year and Beyond

- **Annual lease expenses of several hundred million yen will be eliminated,** leading to expected **improvements in the P&L and cash flow**
- **The obligation to make additional capital expenditures of over 8 billion yen** through December 31, 2029, **will be eliminated**
- Owning both the land and building together **increases options, such as asset securitization**

[Revised] Financial Forecasts

- Taking into account the impact on international travel market departing from Japan, which is the driving force for the financial performance in the second half of the fiscal year, HIS Group has revised down its net sales, operating profit, and ordinary profit
- Net income is affected by the lump-sum recording of extraordinary loss related to the land acquisition for the Guam Reef Hotel

(million yen)

	FY26 Revised	vs Previous Forecasts	Year-on-Year (%)	FY26 2nd Half	vs Previous Forecasts	Year-on-Year (%)
Net Sales	**395,000**	**△ 25,000**	**105.9%**	**201,868**	**△ 23,133**	**105.3%**
Travel Business	327,200	△ 26,800	105.8%	168,320	△ 22,681	105.5%
Hotel Business	27,500	△ 800	108.9%	13,639	△ 562	106.2%
Kyushu Sanko Group	26,000	△ 200	102.4%	12,356	△ 845	97.1%
Others	18,500	3,000	105.8%	9,691	1,191	111.8%
Adjustments/Eliminations, etc.	△ 4,200	△ 200	101.4%	△ 2,137	△ 237	106.0%
Operating Profit	**12,000**	**△ 2,000**	**103.2%**	**5,551**	**△ 1,549**	**113.1%**
Travel Business	9,336	△ 1,664	96.9%	4,589	△ 962	113.9%
Hotel Business	4,200	△ 300	116.1%	1,711	△ 489	100.7%
Kyushu Sanko Group	870	20	107.8%	264	△ 7	88.2%
Others	685	135	135.7%	689	359	241.8%
Adjustments/Eliminations, etc.	△ 3,091	△ 191	105.2%	△ 1,701	△ 451	121.1%
Ordinary Profit	**11,500**	**△ 2,500**	**101.0%**	**5,303**	**△ 1,797**	**117.9%**
Net Profit Attributable to Parent Company Shareholders	**△ 1,000**	**△ 10,000**	**ー**	**△ 4,000**	**△ 8,500**	**ー**
Dividend	**25 yen**	0	0	**25 yen**	0	

Key Initiatives for the Second Half

Key Initiatives for the Second Half: Travel Business

Overcoming Changes in the External Environment to Achieve Profit Increase in the Second Half

Potential of the travel market Source: Phocuswright

According to forecasts made before the deterioration of the situation in the Middle East, global travel spending was expected to expand to US$1.75 trillion by 2026, indicating that underlying macro-level travel demand remains strong

Background to the revision of HIS Group's financial forecasts

(1) Soaring crude oil prices (fuel surcharges) Source: Article published on Nomura Securities' Wellstyle

From US$126 per barrel, a decline in crude oil prices (to US$84) is not expected until "next spring (next fiscal year)." High cost levels are expected to continue until the end of the current fiscal year (October).

HIS View

(2) Anticipated delay in recovery of international travel demands from Japan

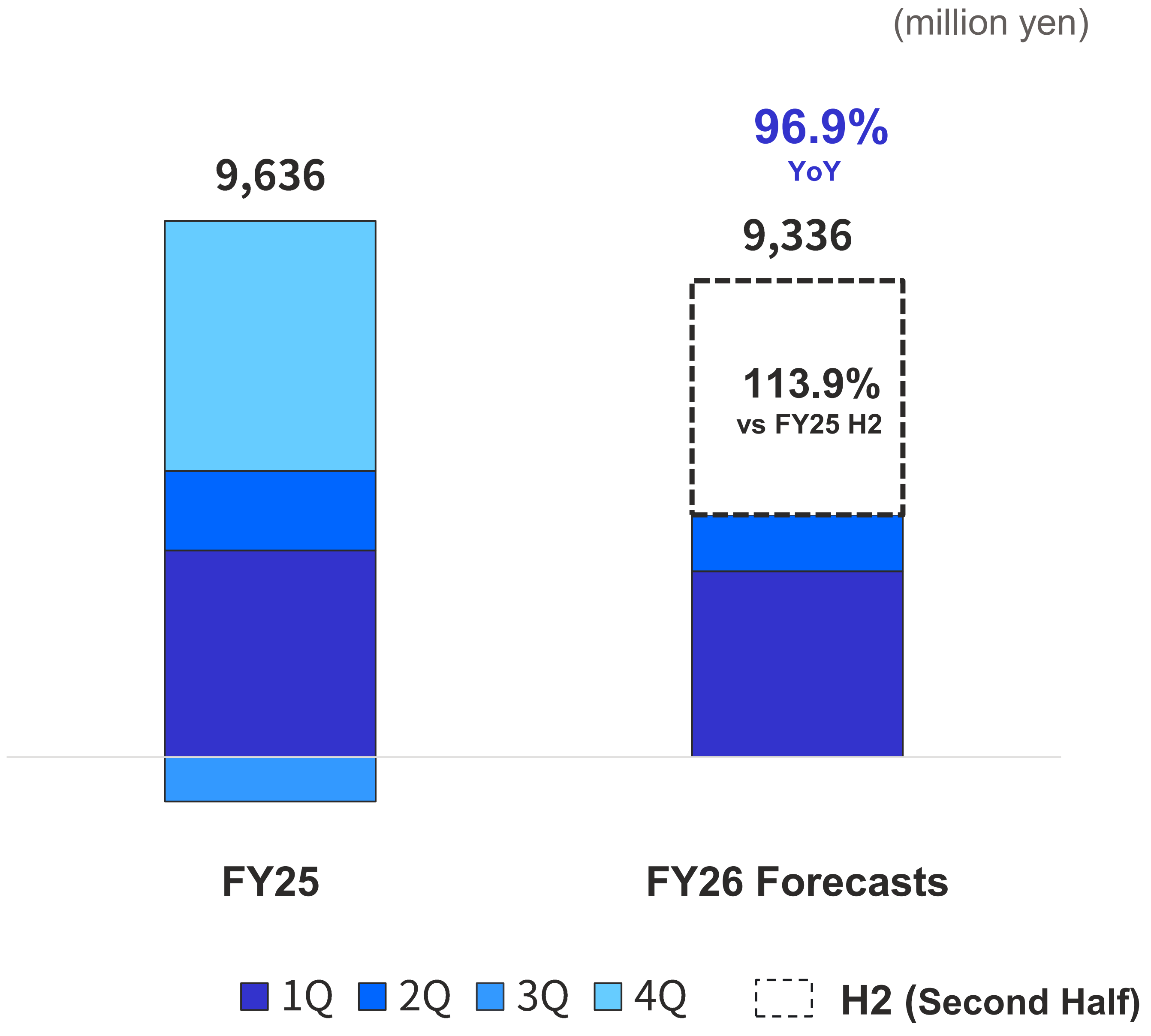
Given the historically weak yen and soaring fuel costs, the Japanese international travel market for the current fiscal year is not expected to "recover rapidly" (with the second half of the current fiscal year falling below the previous year's level)

Strengthening approach to younger and affluent customers in addition to the solid senior demographic, which is currently the main target for international travel

Securing airline seats for the summer peak season,
Expanding high-value-added experiential products,
Providing products with high customer satisfaction,

Initiating cost control measures through productivity improvements

Travel Business: Operating Profit (Forecasts)



Key Initiatives for the Second Half: Travel Business (HIS JAPAN)

Responding to Market Polarization: Shift to a Higher-Margin Business

Strengthening high-value-added products

Expansion of "experience-oriented products" for the upper-income segment will be prioritized, such as trips to watch baseball in the U.S., Disney, and guided tours for Europe. Bookings for premium economy and business class on guided tours are trending up 20% year-on-year (second half).

Creating demands through LCC procurement and charter flight product development

In response to high oil prices, flexible LCC procurement and product developments will be strengthened. To capture summer family demands, daily charter flight to Guam via T'way Air will be operated from Aug 8 to Sep 20

Wonderful 8-day holiday in Italy [Business Class]

TW Guam Charter [Hotel PIC Guam]

Expanding domestic travel offerings (Okinawa and Hokkaido)

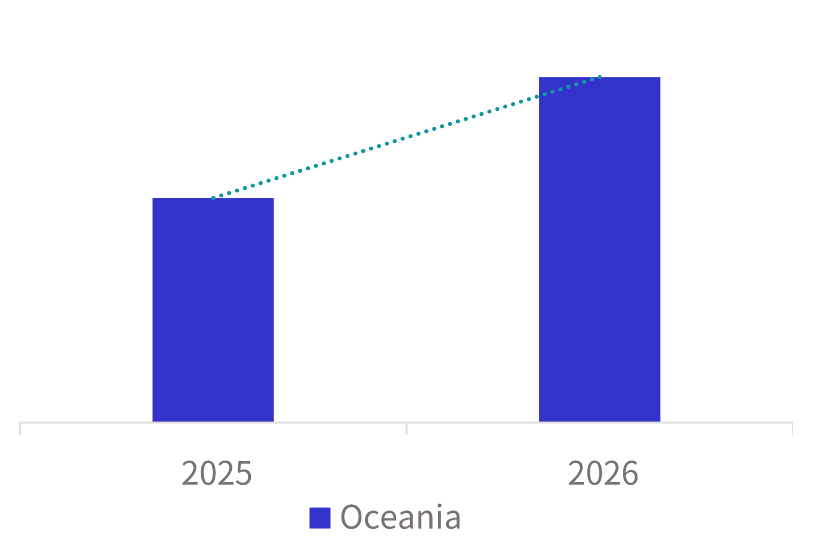
Alternative and complementary demands for international travel will be reliably captured. Unique domestic tour packages leveraging the strength of HIS will be significantly strengthened.

Capturing Demands through Procurement Strategies: Strong Growth Expected for Specific Destinations

Summer Vacation (Jul - Sep) Departure transaction volume: Trends in Key Markets

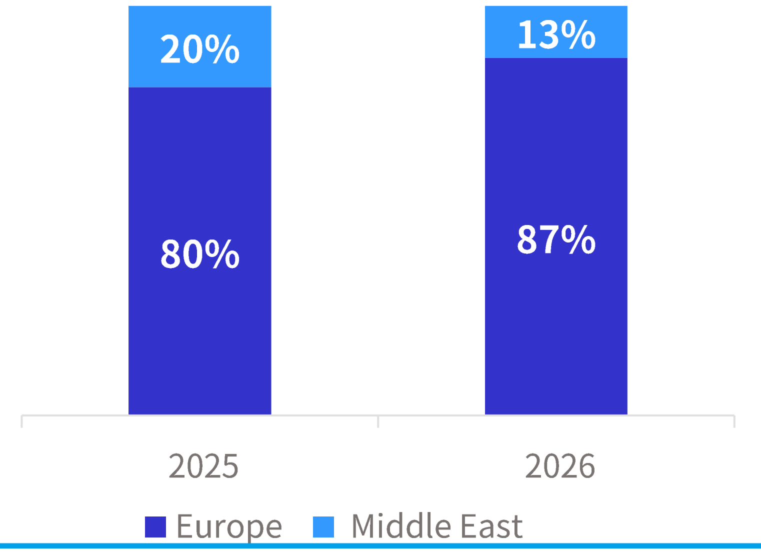
Focus on Australia

To maximize the advantage of zero fuel surcharges, HIS Group is accelerating collaboration with the government tourism bureau to drive demands in this top-priority market, with progress at **150% year-on-year**



Expanding Guided Tours in Europe

In response to the deteriorating situation in the Middle East, HIS Group has expanded European tours that do not involve the "Middle East route“, which captured the safety-conscious market segment, with progress at **130% year-on-year**



NEW TOPICS

"Significant Reduction" in Passport Application Fees
18 and older (10-year): Reduction of 7,000 yen
Under 18 (10-year): Reduction of 1,500 to 6,500 yen

First Silver Week in 11 Years [Transaction Volume: 205.4% year-on-year (as of June 3)**]**

5-day holiday from September 19 to 23
If you can take two days off, it becomes a 9-day holiday

Key Initiatives for the Second Half: Travel Business (Global Travel Business)

Key Initiatives for the Second Half of the 46th Period

Expanding Business in the Global Markets

Launch of Okinawa inbound services via HANA TOUR
Collaboration with "HANA TOUR", South Korea's largest travel agency, with which HIS Group partnered in November 2025, started. As part of inbound tourism business from South Korea, HIS Group will provide services such as lounges and trolley buses in Okinawa

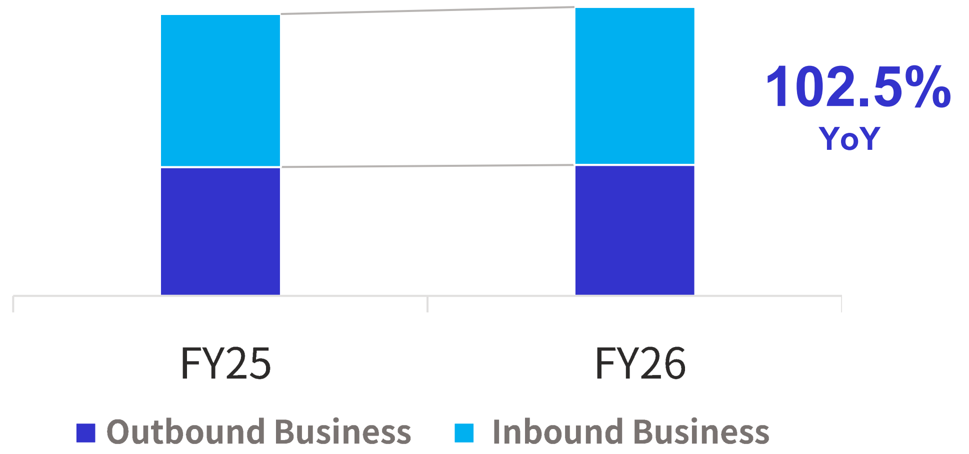
Opening of a New Office in Uzbekistan
In March 2026, a directly managed HIS sales office opened in Tashkent, the capital of Uzbekistan, which is gaining attention as a new travel destination. Customer reception capabilities have been strengthened

Expansion of Original Content

Launch of XR bus tour service in New York
HIS Group has launched the next-generation sightseeing bus tour service utilizing XR technology in New York, following its launch in Hawaii in February 2025

Projected Transaction Volume for the second half (February–July)

Steady Growth in Net Sales and Profits Despite the Situation in the Middle East



In the current fiscal year, following a significant downsizing of the Turkish subsidiary's outbound business, the recovery of outbound operations in North, Central, and South America, along with the success of inbound operations in Europe and Japan, where global demands are captured, have been successful

NEW TOPICS

Launch of Helicopter Service in France
Helicopter services in France for inter-city travel and sightseeing flights have been launched. Travel experiences that significantly reduce travel time and prioritize efficiency, as well as unique, out-of-the-ordinary experiences are offered for high-end travelers

Key Initiatives for the Second Half: Hotel Business

Key Initiatives for the Second Half of the 46th Period

Domestic Hotels

Differentiation initiatives and inbound optimization

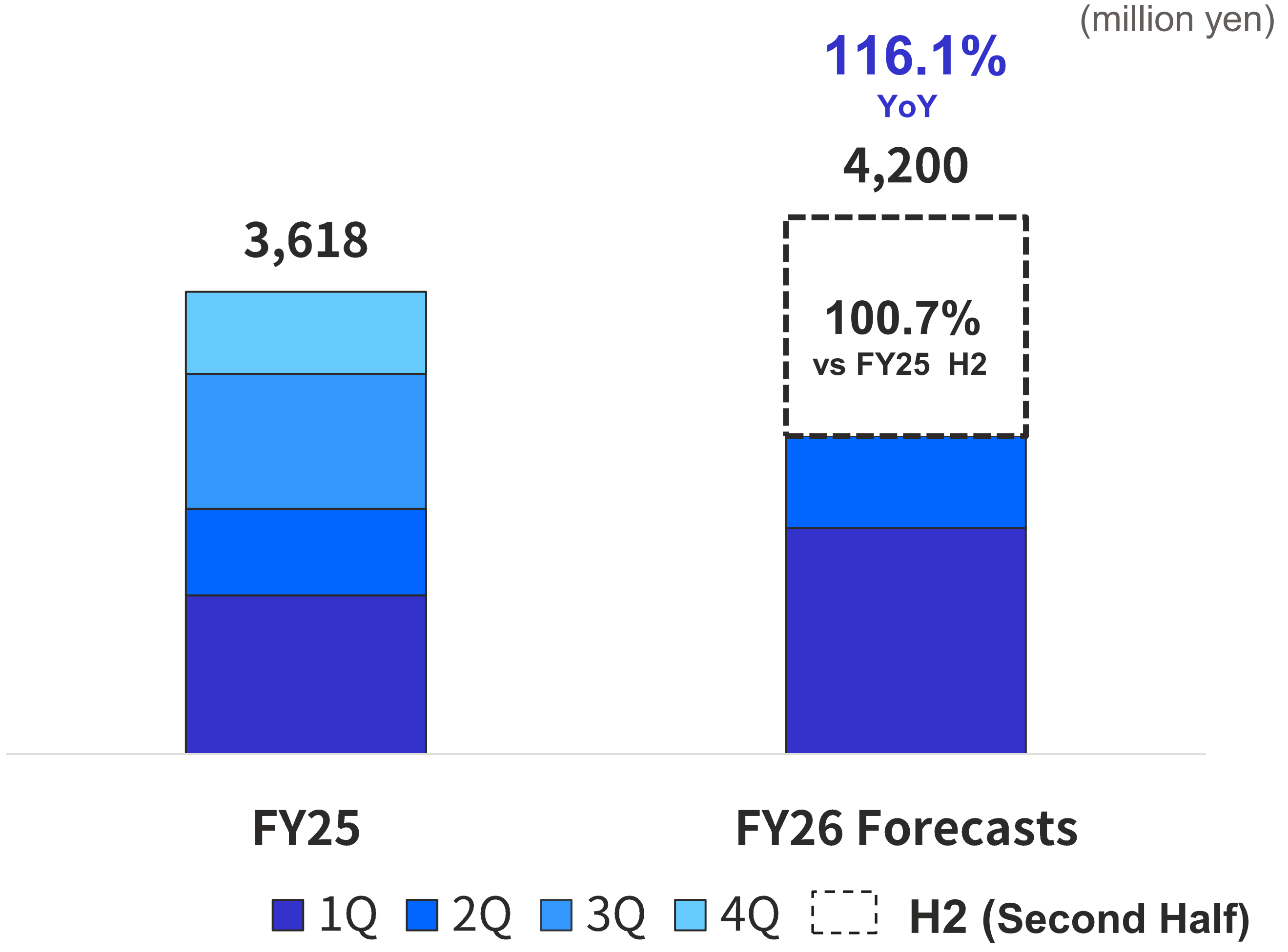
- **Enhancing value and differentiating services through brand expansion**
  Focusing on the “Henn na Hotel" brand expansion, HIS Group will thoroughly differentiate services at each facility
- **Expanding sales channels for the world’s most “Collaboration Rooms”**
  Establishing a robust sales channel through the expansion of concept and collaboration rooms
- **Expansion of merchandise business**
  Expanding food and beverage sales within the hotel beyond just accommodation to create added value
- **Measures to attract inbound tourists (channel expansion)**
  Directly expanding sales channels through overseas OTAs

Overseas Hotels

Creation of new experiential value at resort locations and achieving profitability in Cappadocia

Watermark Bali: Renovation of the main pool and introduction of barrel sauna
Cappadocia, Turkey: Achieved profitability in the first half despite deteriorating conditions in the Middle East. The decline in overseas group tourists was offset by developing demands for family travel and MICE within Turkey
Business expansion in existing markets: Continuing to gather business opportunities for the development of the 2nd facility

Hotel Business: Operating Profit (Forecasts)



Morinaga Ramune Room

Cappadocia Marriott Hotel

Key Initiatives for the Second Half: Kyushu Sanko Group

Key Initiatives for the Second Half of the 46th Period

Revised Kumamoto Airport Limousine Bus fares to strengthen inbound tourism measures
Effective August 2026, fares for major routes will be increased by 200 yen, from 1,200 yen to 1,400 yen. Funds will be allocated to address rising inbound tourism demands and increasing transportation costs

Collaborative event with the popular anime "Natsume's Book of Friends"
Continuing from 2025, this is a community contribution initiative by Kyushu Sanko Group to promote the charms of Kumamoto, Hitoyoshi and Kuma, aiming to attract visitors from both domestic and international markets

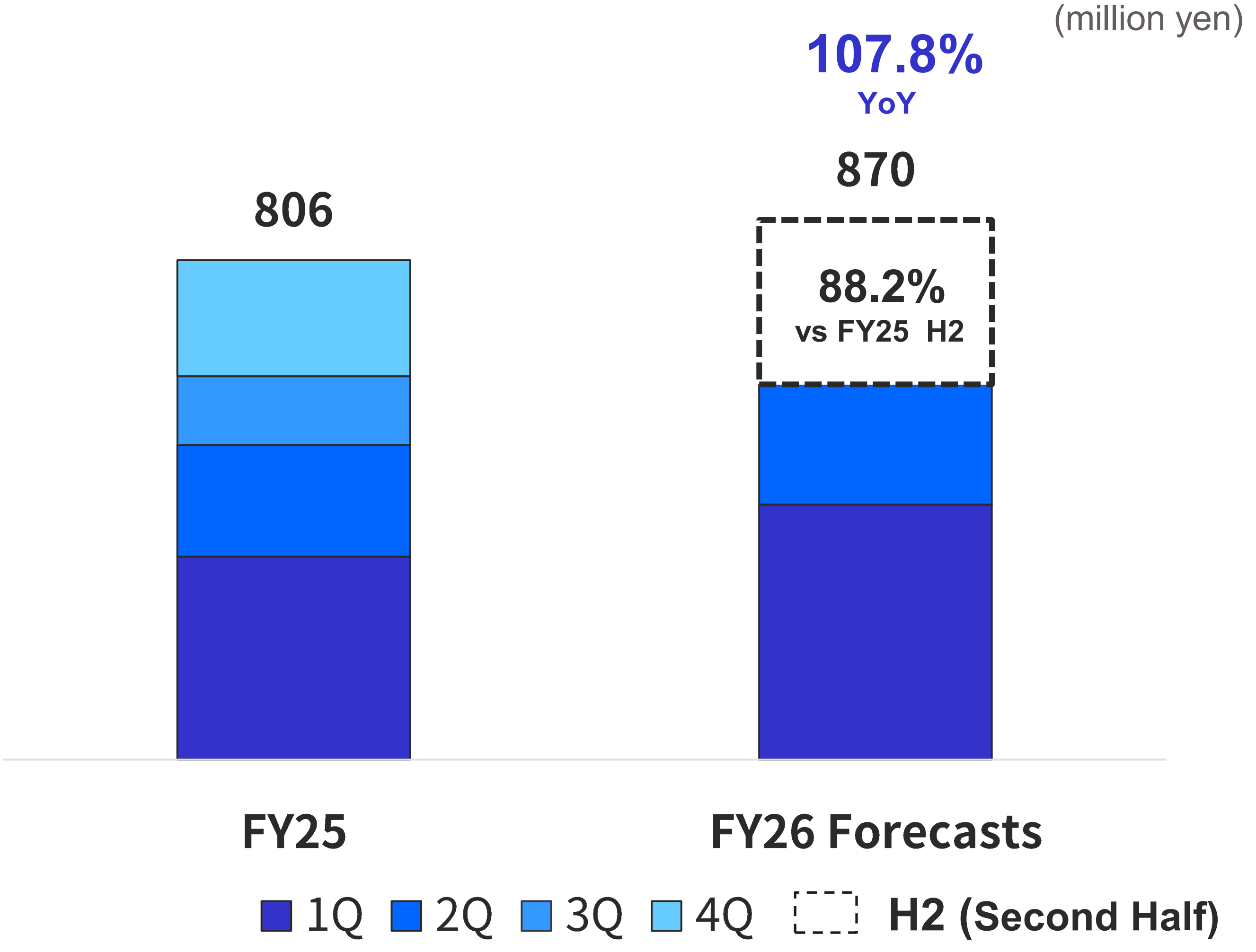
Operation of Wrapped Buses
Wrapped buses featuring original illustrations will operate for a limited time from late June to November 30, 2026

Pop-up Shop
The commercial facility "Sakura Machi Kumamoto" will sell a wide variety of limited-edition original goods. Photo spots will also be set up

Bus Tours
Special summer Hitoyoshi-Kuma bus tours will be held, taking passengers on a wrapped bus to visit famous sites associated with the series

New "Kumamoto Shunsai-Kan" to Open in the Sora-Yoka Area at Aso Kumamoto Airport
Scheduled to open around September 2026 in the "Sora Yoka" area, which is open to the general public. Improving convenience for users alongside existing shops in the airport's waiting area

Kyushu Sanko Group Business: Operating Profit (Forecasts)



"Kumamoto Shunsai-Kan"

Airport Limousine Bus

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

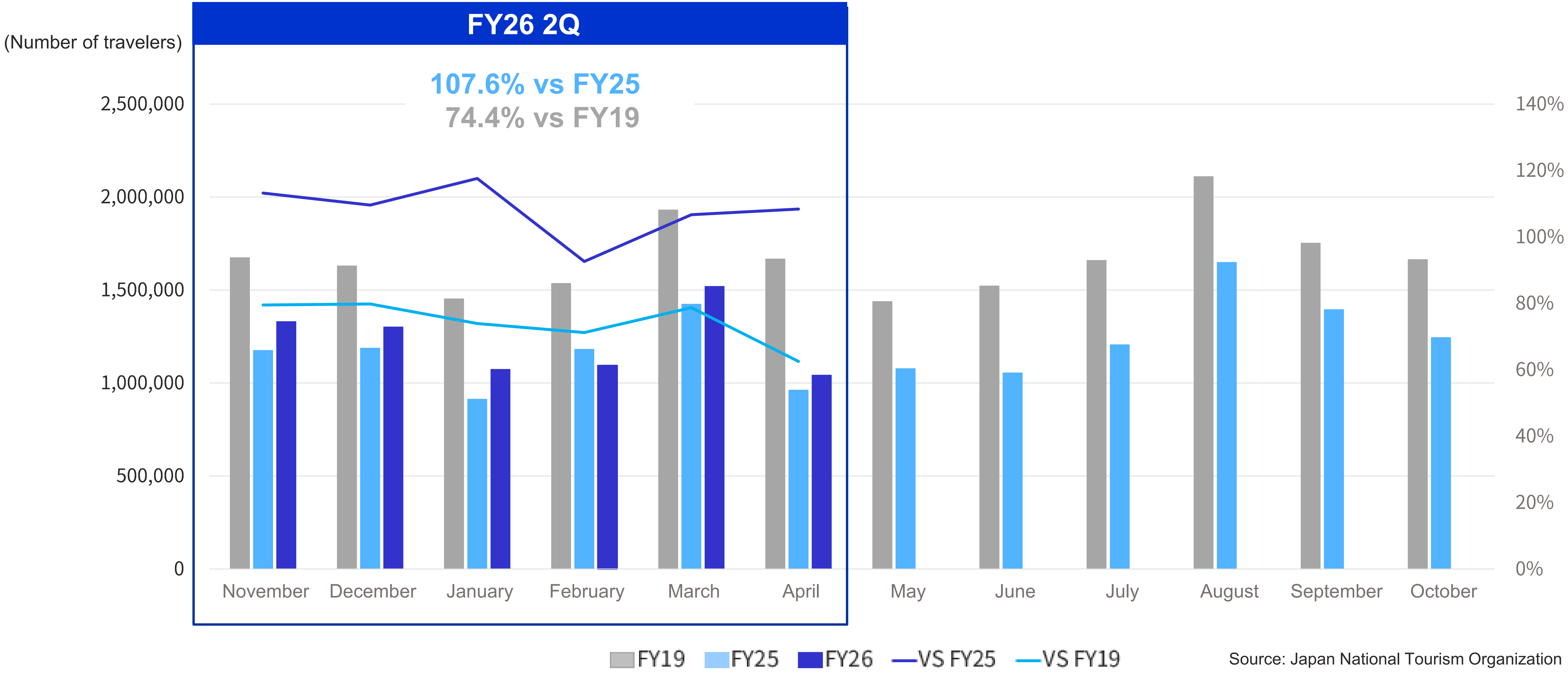
Major Changes in the Travel Business

	① Amount of Net Sales Recognition		②Timing 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

[Travel Market Overview]
Number of Japanese Outbound Travelers: 3-Year Comparison

- The number of Japanese outbound travelers was **7.35 million (107.6% year-on-year),** although it was affected by external factors such as deteriorating Japan-China relations and the situation in the Middle East. Meanwhile, **the number of inbound visitors to Japan was 21.51 million (101.8% year-on-year)**, setting a new record high for the second quarter



Source: Japan National Tourism Organization

[Supplementary Materials] Travel Business: Sub-Segment Quarterly 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	74,847			
YoY	106.9%	114.5%	98.9%	97.0%	103.8%	112.6%	106.3%	106.7%	106.9%	107.9%	112.0%	101.4%			
Fuel Surcharge (included in the Transaction Volumeabove)	6,030	8,005	4,308	6,957	25,302	7,189	7,235	6,884	8,521	29,831	6,566	7,212			
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	16,003			
YoY	101.4%	106.9%	99.3%	99.0%	101.7%	115.7%	110.0%	108.0%	105.7%	109.2%	100.2%	101.9%			
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	5,218			
YoY	119.5%	105.6%	88.7%	77.8%	96.0%	142.1%	147.5%	122.6%	116.6%	130.9%	93.5%	103.9%			

* Total Transaction Volumeafter 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	32,685	33,569		
YoY	122.7%	104.6%	107.0%	99.8%	108.9%	128.4%	121.7%	112.4%	114.1%	119.4%	106.0%	108.4%	100.0%		
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	39,114	37,920		
YoY	95.4%	93.0%	183.8%	203.5%	144.5%	87.7%	85.9%	76.9%	80.1%	82.6%	82.8%	94.5%	100.3%		

* FY23 onward is a reference amount where the recognition standard of Transaction Volumeis "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 Volumefrom August 2025 to July 2026 (reference amount), excluding the Transaction Volumeof non-travel business such as CCEL (language school)
* This is the Transaction Volumebefore 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 Volumeis stated following the integration of certain HIS European subsidiaries with MIKI Group

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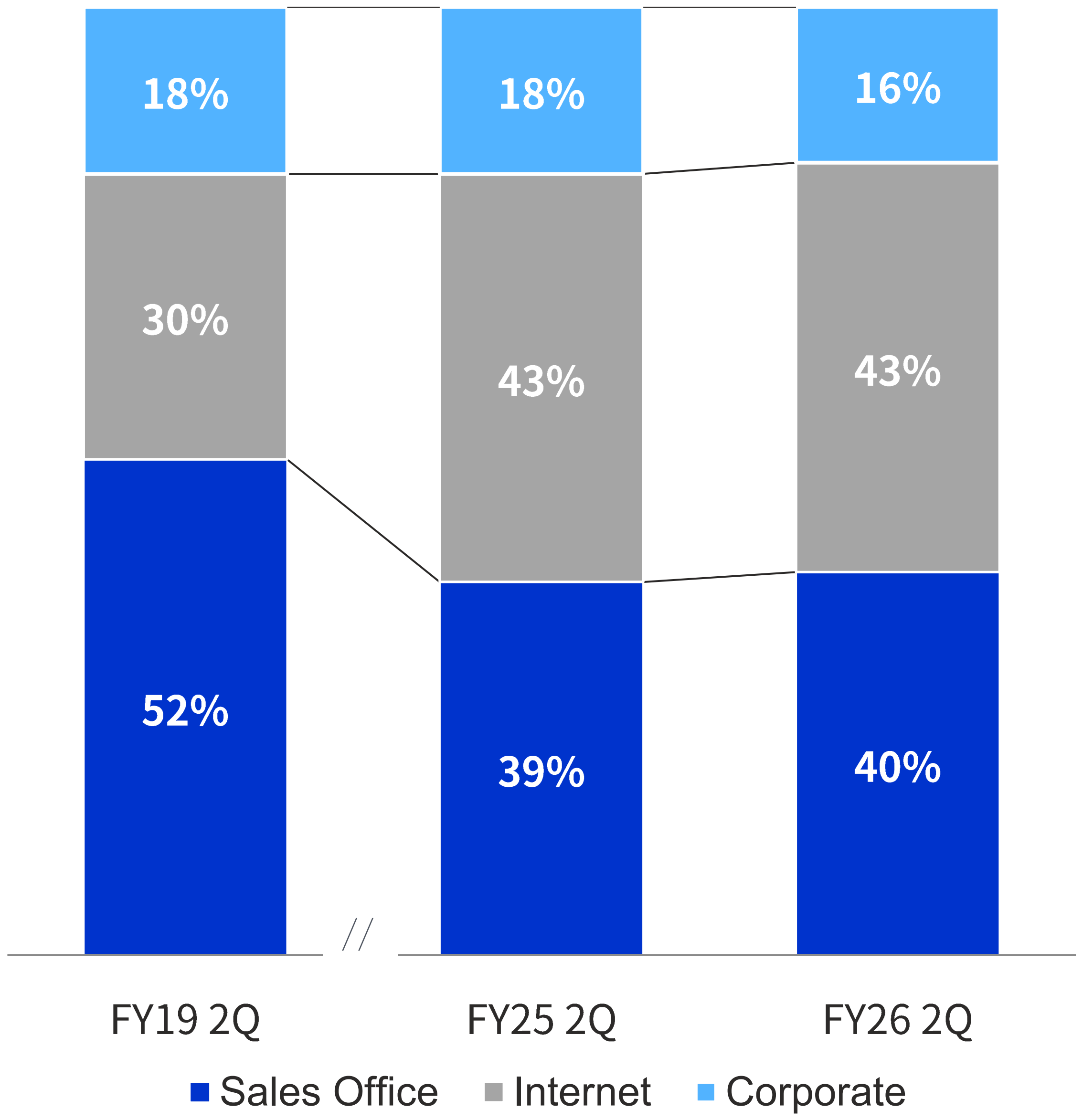
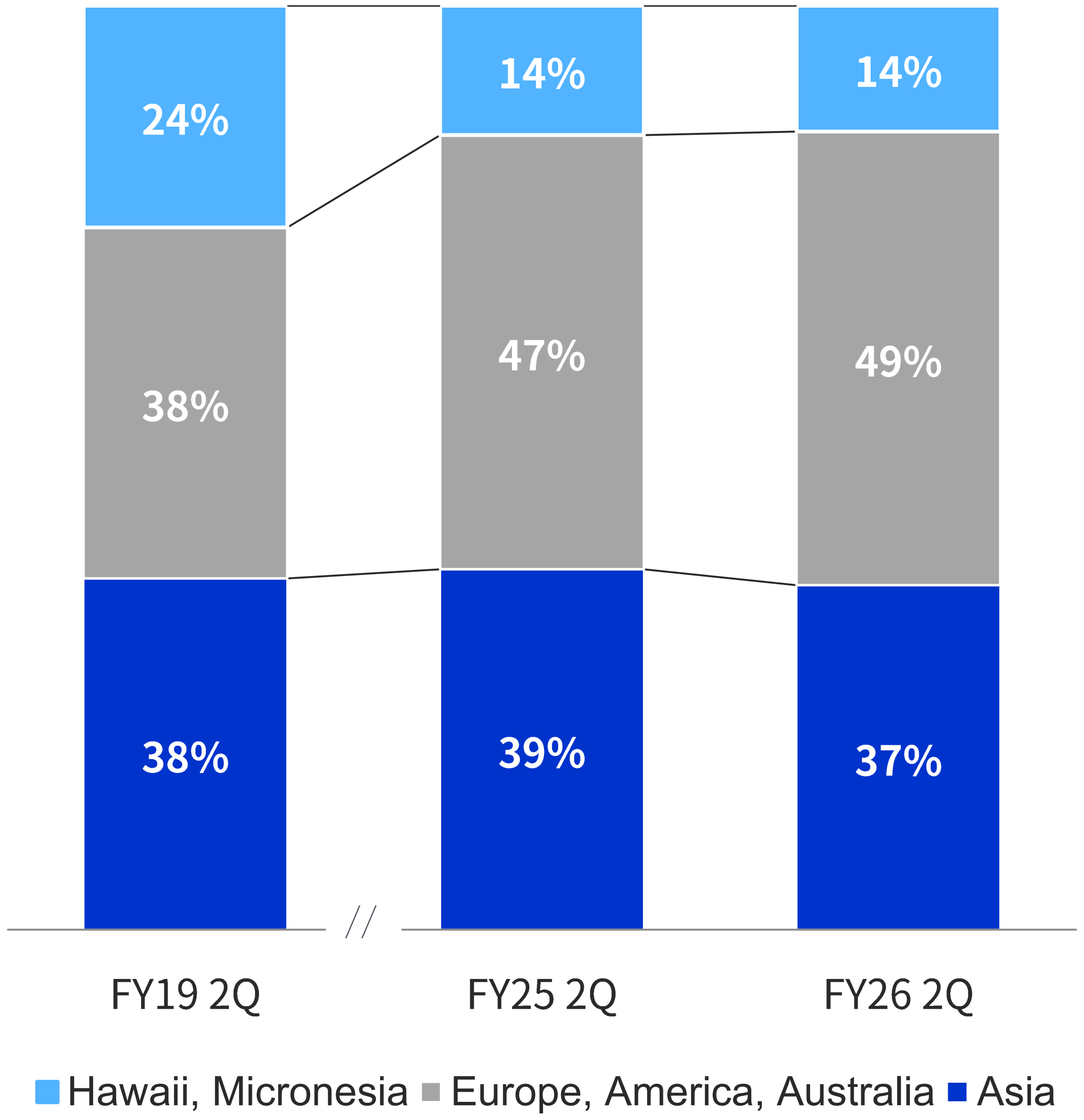
[Supplementary Materials] International Travel Composition (Previous Accounting Standards)

By Channel

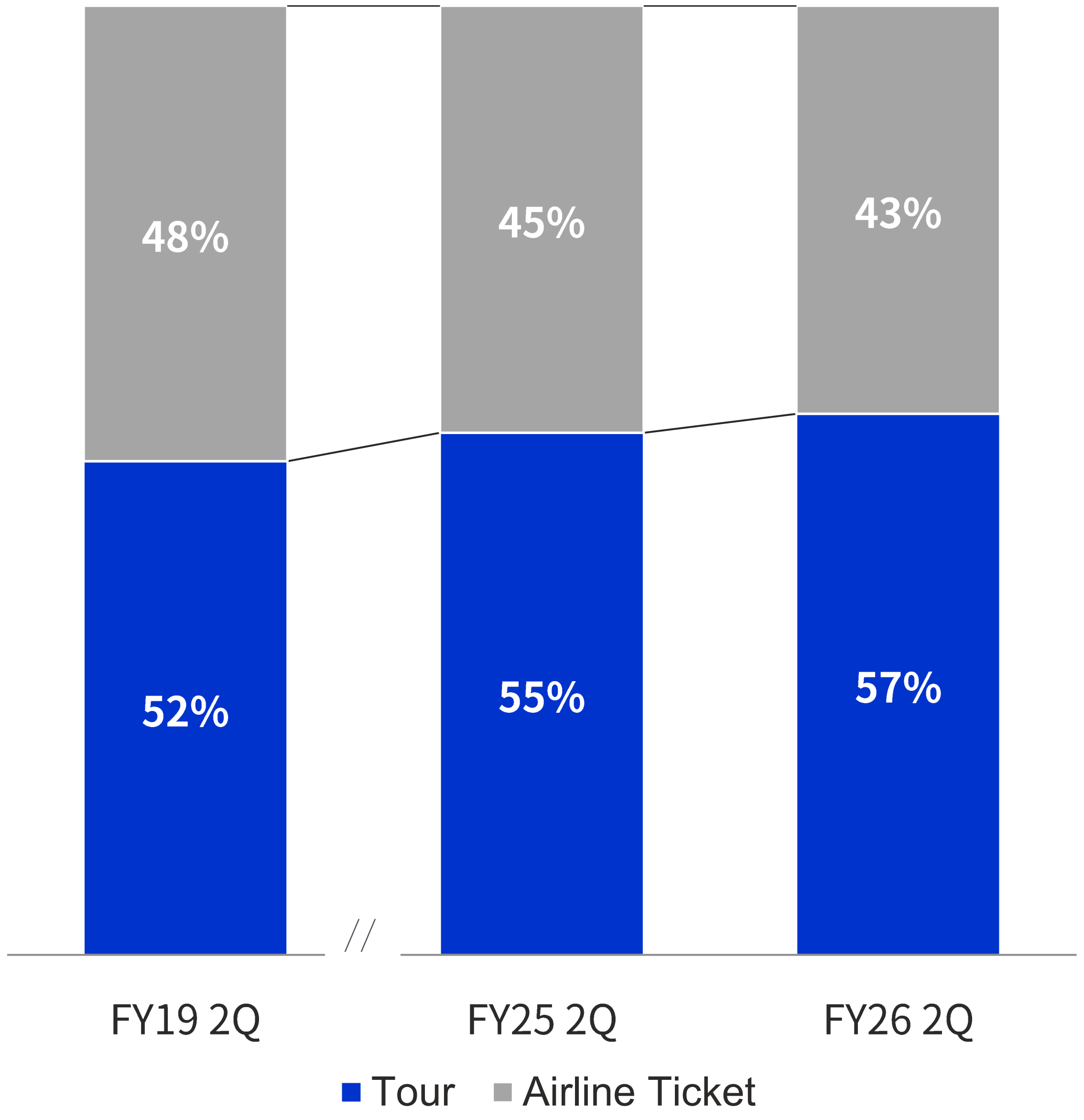


By Destination



By Travel Product Type

* Agent-organized type air + hotel included

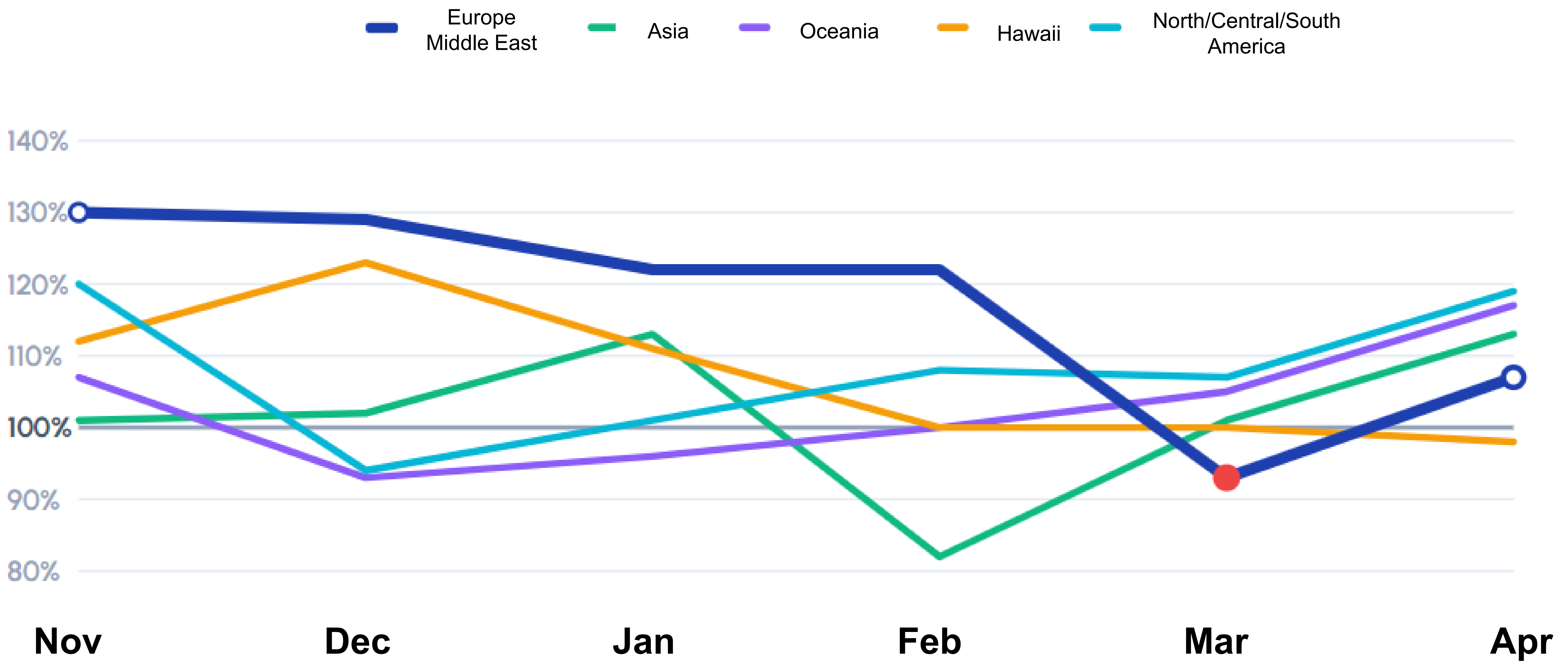


[Supplementary Materials] Trends in Transaction Volume for International Travel from Japan by Destination in the First Half

- While the overall trend shows an increase over the previous year, for **the Asian region in February**, there was a temporary trend of travelers avoiding local congestion and price hikes as the Chinese New Year (Lunar New Year) was in mid-February, resulting in **a year-on-year decline**

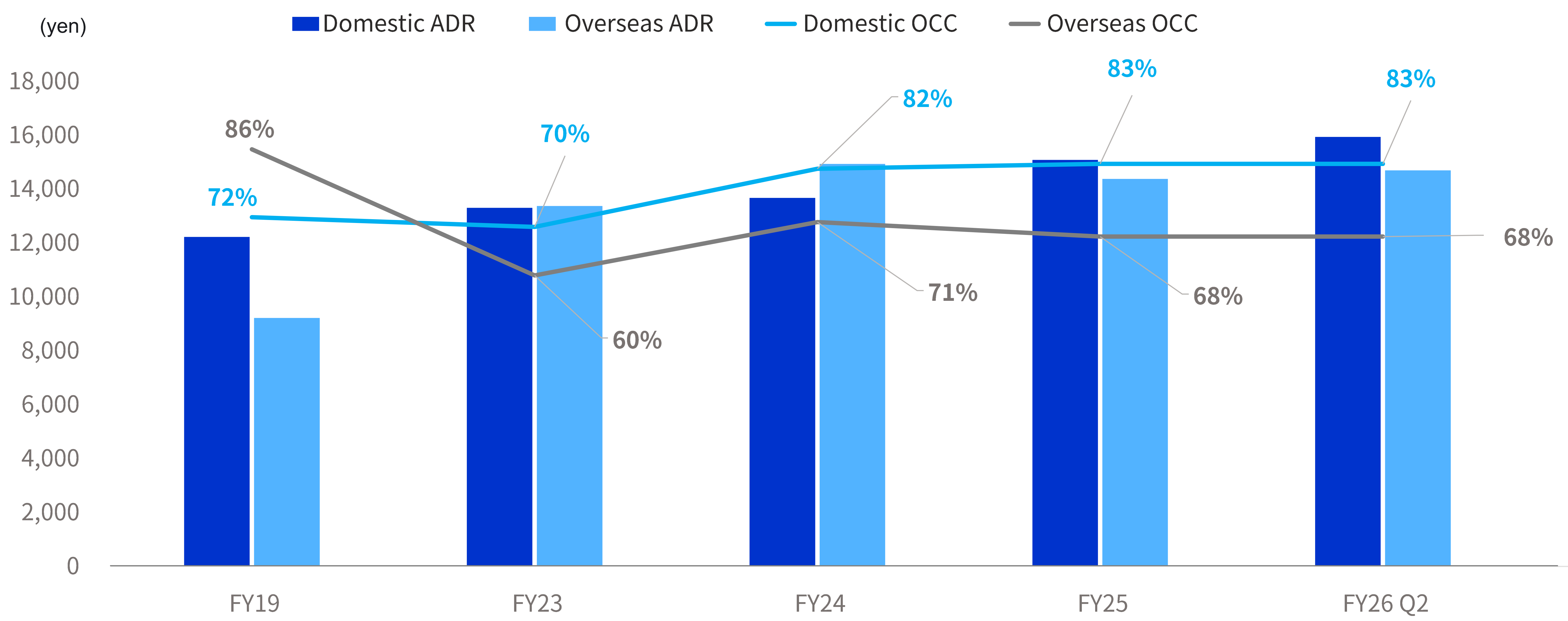
- Although **travel to Europe and the Middle East plummeted in March** due to the deteriorating situation in the Middle East, most regions showed recovery although **April**'s figures did not reflect the expected outcome due to **the good alignment of the days during Golden Week (in May)**

Trends in Transaction Volume by Destination (Year-on-Year Comparison)



*Based on the previous standards, transaction volume

[Supplementary Materials]
Hotel Business: Domestic and Overseas ADR and OCC Trends



		FY19	FY23	FY24	FY25	FY26 Q2
Number of Hotels	Domestic	12	24	24	24	26
	Overseas	15	18	18	19 (*)	19
	Total	27	42	42	43	45
Number of Rooms	Domestic	1,479	2,844	2,844	2,844	3,005
	Overseas	1,870	2,202	2,202	2,501	2,497
	Total	3,349	5,046	5,046	5,341	5,502

*Excluding five hotels operated by other companies outside of Turkey

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「心躍る」を解き放つ

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