



Presentation Materials for the 2nd Quarter of Fiscal Year Ending October 31, 2021 Financial Results (6 Months Ended April 30th, 2021)

<Revised edition January 28, 2022>

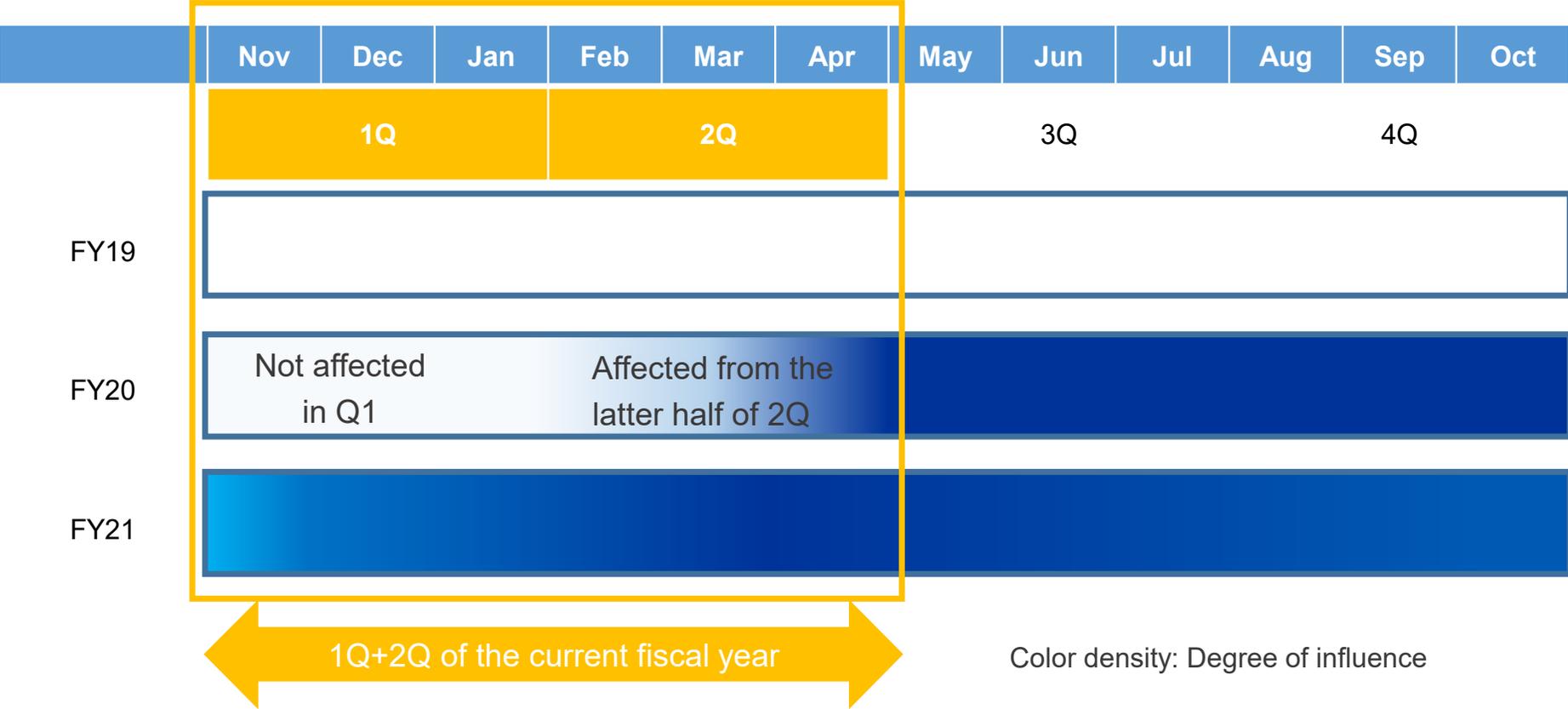
June 11th, 2021
H.I.S. Co., Ltd.
1st section of TSE: 9603

1-1 Summary of Financial Results (Consolidated)

Consolidated Operating Results

(JPY million)	FY19 2Q	FY20 2Q	FY21 2Q	YoY	YoY Increase/Decrease	Major Reasons for Increase/Decrease
Net Sales	377,839	344,353	64,983	18.9%	▲279,369	Travel ▲273,328 Energy +3,599
Gross Profit	69,488	56,800	8,610	15.2%	▲48,190	
Operating Profit	8,979	▲1,469	▲31,669	-	▲30,199	
EBITDA	13,372	5,215	▲25,378	-	▲30,594	
Non-Operating Income	1,810	1,853	2,416	130.3%	562	Foreign exchange gain 721 Previous FY) 45
Non-Operating Expenses	1,915	1,144	2,045	178.7%	901	Loss from equity method 271 Previous FY) 62
Ordinary Profit	8,874	▲760	▲31,298	-	▲30,538	
Extraordinary Gain	513	965	10,332	1070.7%	9,367	Subsidy income 7,784
Extraordinary Loss	-	4,051	2,510	62.0%	▲1,541	Loss due to temporary closure 1,961
Profit before Income Taxes	9,387	▲3,846	▲23,476	-	▲19,629	
Income Taxes	3,350	543	1,112	204.6%	568	Reversal of deferred tax assets 919
Net Profit Attributable to Non-Controlling Shareholders	1,072	▲930	▲990	-	▲60	
Net Profit Attributable to Owners of Parent	4,964	▲3,459	▲23,597	-	▲20,138	

Effects of the Corona Disaster

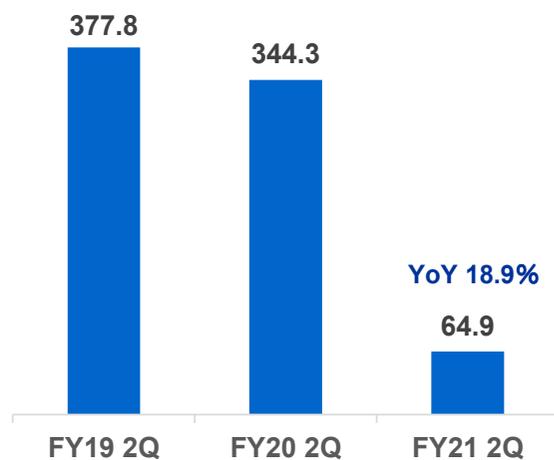


Net Sales & Operating Profit

- Sales declined by 279.3 billion yen (**18.9% YoY**), as the travel business was severely impacted by the continued entry restrictions in many countries and the re-emergence of the new coronavirus infection in Japan.
- Operating loss was 31.6 billion yen (a decrease in profit of 30.1 billion yen)** due to a decrease in demand in each business segment and a significant rise in the power procurement price in the energy business.

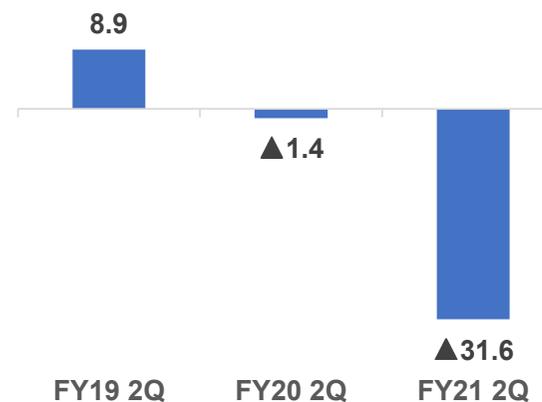
Net Sales

(JPY billion)



Operating Profit

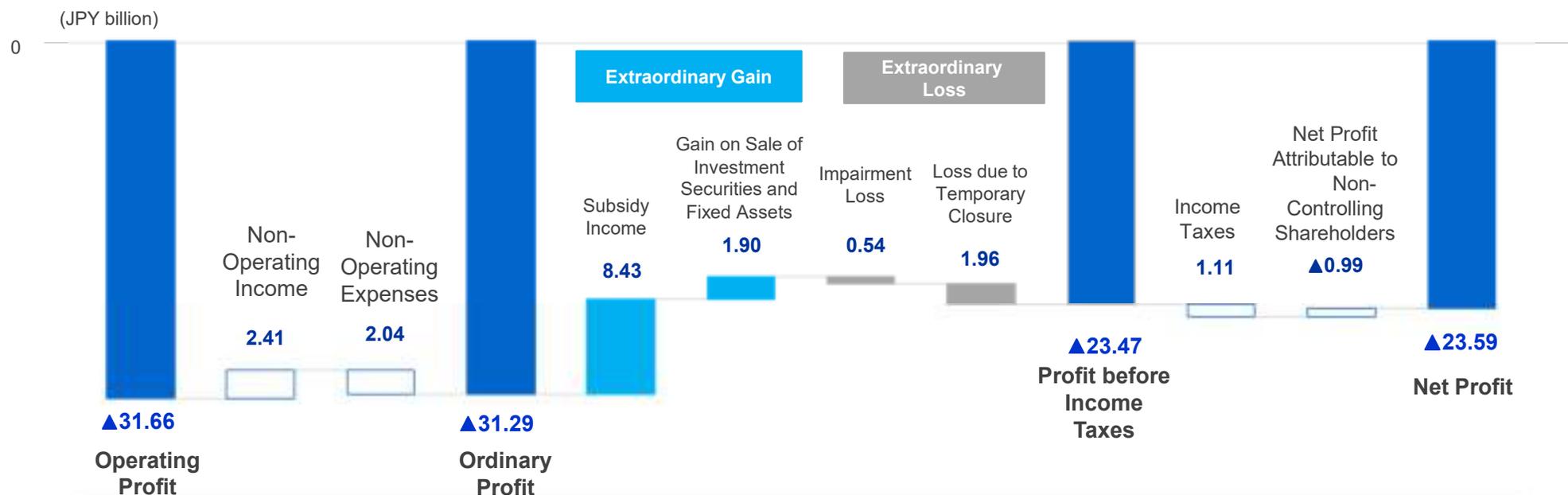
(JPY billion)



Ordinary Profit & Net Profit Attributable to Owners of Parent

- Ordinary loss was 31.2 billion yen (a decrease in profit of 30.5 billion yen) due to loss from equity method of 200 million yen and other factors, while foreign exchange gains of 700 million yen were recorded.
- Although extraordinary gain of 10.3 billion yen, including 7.7 billion yen in subsidy income, was recorded, extraordinary losses of 2.5 billion yen were recorded, resulting in a net loss of 23.5 billion yen (a decrease in profit of 20.1 billion yen).

Major Increase/Decrease between Operating Profit and Net Profit



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

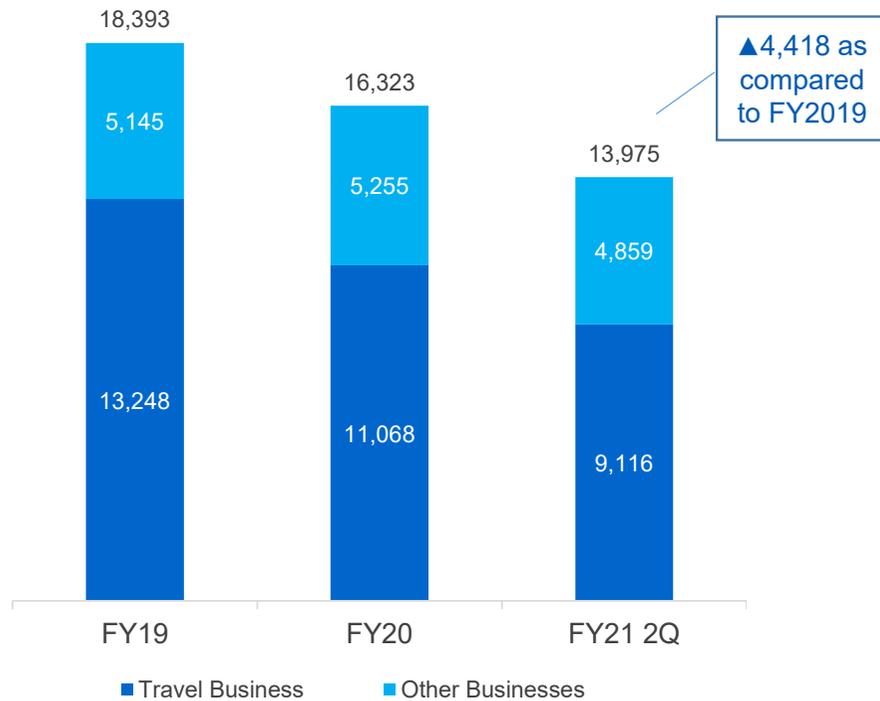
(JPY million)

	FY19	FY20	FY21 2Q	Increase/Decrease
Cash and deposits	219,175	95,234	103,957	8,722
Notes and accounts receivable – trade	45,653	15,829	14,680	▲1,148
Operating accounts receivable	4,287	345	399	53
Travel advance payments	52,102	7,253	4,409	▲2,844
Others	27,061	20,560	15,907	▲4,653
Total current assets	348,280	139,223	139,354	130
Property, plant and equipment	147,098	202,211	200,818	▲1,392
Intangible assets	19,271	16,595	16,316	▲278
Goodwill	7,305	5,227	4,997	▲229
Investments and other assets	55,275	50,919	41,035	▲9,884
Total non-current assets	228,951	274,954	263,168	▲11,785
Total deferred assets	168	426	404	▲22
Total assets	577,399	414,604	402,926	▲11,677

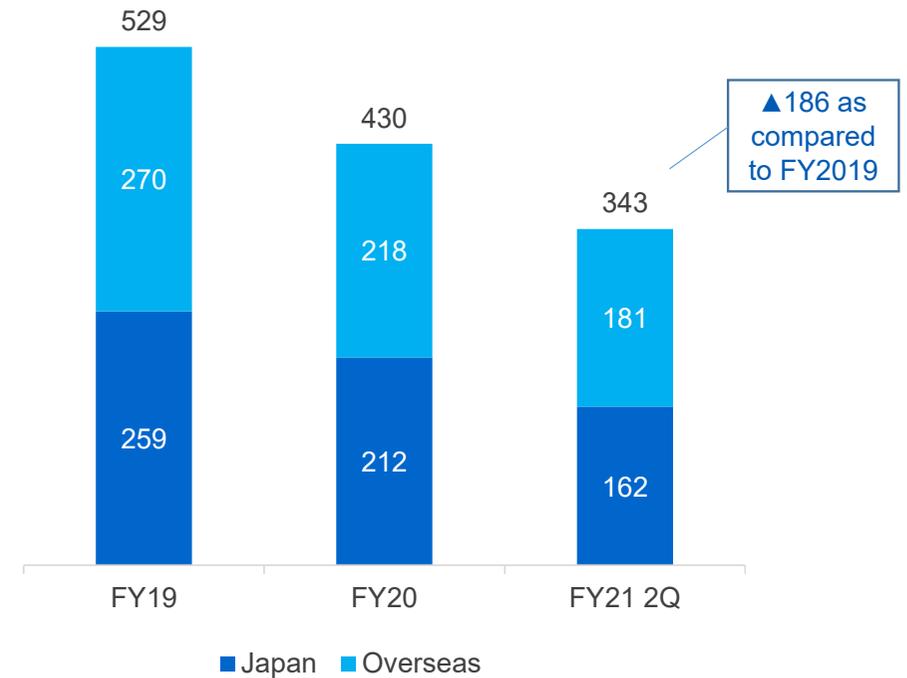
	FY19	FY20	FY21 2Q	Increase/Decrease
Operating accounts payable	38,082	9,029	16,391	7,362
Travel advance received	92,760	14,021	6,662	▲7,359
Bonds and convertible bonds payable	55,090	45,072	45,063	▲9
Long-term loans payable	146,403	149,605	148,632	▲973
Others	121,151	98,453	99,066	613
Total liabilities	453,490	316,182	316,536	353
Capital stock	11,000	15,000	19,389	4,389
Capital surplus	3,392	7,450	11,669	4,218
Retained earnings	112,409	72,222	48,727	▲23,495
Treasury shares	▲28,309	▲15,204	▲15,014	190
Accumulated other comprehensive income	▲1,719	▲5,519	▲4,123	1,396
Non-controlling interests	27,135	24,294	25,596	1,302
Total net assets	123,909	98,421	86,389	▲12,031
Total liabilities and net assets	577,399	414,604	402,926	▲11,677

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

The Number of Employees (H.I.S. Group)



The Number of Sales Offices of the Travel Business



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

Segment Information

(JPY million)	Segment	FY19 2Q	FY20 2Q	FY21 2Q	YoY	YoY Increase/Decrease
Net Sales	Travel Business	336,831	299,589	26,351	8.8%	▲273,238
	Theme Park Business	13,689	9,816	8,522	86.8%	▲1,293
	Hotel Business	6,205	6,470	3,138	48.5%	▲3,331
	Kyushu Sanko Group	11,155	12,394	8,690	70.1%	▲3,703
	Energy Business	9,281	14,006	17,606	125.7%	3,599
	Other	3,433	3,906	1,764	45.2%	▲2,141
	Adjustments, Eliminations, etc.	▲2,757	▲1,831	▲1,090	-	740
Operating Profit	Travel Business	6,201	▲1,676	▲18,586	-	▲16,910
	Theme Park Business	2,680	▲459	▲603	-	▲143
	Hotel Business	467	▲494	▲2,612	-	▲2,118
	Kyushu Sanko Group	297	198	▲931	-	▲1,130
	Energy Business	363	933	▲7,754	-	▲8,688
	Other	226	805	▲295	-	▲1,101
	Adjustments, Eliminations, etc.	▲1,259	▲776	▲884	-	▲108
EBITDA	Travel Business	8,045	919	▲16,442	-	▲17,361
	Theme Park Business	3,724	468	433	92.4%	▲35
	Hotel Business	1,044	1,244	▲1,036	-	▲2,281
	Kyushu Sanko Group	750	1,170	0.5	0.0%	▲1,170
	Energy Business	399	976	▲7,556	-	▲8,532
	Other	468	1,016	▲102	-	▲1,118
	Adjustments, Eliminations, etc.	▲1,060	▲580	▲674	-	▲93

Quarterly Operating Results by Business Segment

		(JPY million)										FY21	
				FY19		FY20							
		1Q	2Q	1H	1Q	2Q	1H	3Q	4Q	Total	1Q	2Q	1H
Travel	Net Sales	166,617	170,213	336,831	175,320	124,269	299,589	46,338	13,703	359,631	15,737	10,613	26,351
	YoY	114.3%	107.8%	110.9%	105.2%	73.0%	88.9%	26.4%	6.5%	49.8%	9.0%	8.5%	8.8%
	Operating Profit	4,071	2,130	6,201	2,370	▲4,046	▲1,676	▲10,283	▲9,167	▲21,127	▲9,855	▲8,731	▲18,586
	YoY	205.7%	94.9%	146.8%	58.2%	-	-	-	-	-	-	-	-
	EBITDA	4,996	3,048	8,045	3,658	▲2,739	919	▲9,028	▲7,934	▲16,044	▲8,753	▲7,689	▲16,442
	YoY	175.2%	93.4%	131.5%	73.2%	-	11.4%	-	-	-	-	-	-
Theme Park	Net Sales	7,415	6,273	13,689	6,430	3,386	9,816	804	2,932	13,553	6,225	2,297	8,522
	YoY	96.9%	84.7%	90.9%	86.7%	54.0%	71.7%	12.4%	37.2%	48.3%	96.8%	67.8%	86.8%
	Operating Profit	1,771	909	2,680	668	▲1,128	▲459	▲1,563	▲1,297	▲3,320	1,069	▲1,672	▲603
	YoY	89.7%	50.0%	70.6%	37.8%	-	-	-	-	-	159.8%	-	-
	EBITDA	2,289	1,435	3,724	1,187	▲718	468	▲1,186	▲684	▲1,402	1,585	▲1,152	433
	YoY	93.5%	62.2%	78.3%	51.9%	-	12.6%	-	-	-	133.5%	-	92.4%
Hotel	Net Sales	3,087	3,117	6,205	3,811	2,658	6,470	994	1,221	8,685	1,744	1,393	3,138
	YoY	98.6%	100.3%	99.4%	123.4%	85.3%	104.3%	30.8%	37.6%	68.5%	45.8%	52.4%	48.5%
	Operating Profit	257	210	467	311	▲805	▲494	▲1,687	▲1,381	▲3,564	▲1,374	▲1,238	▲2,612
	YoY	65.2%	66.0%	65.6%	121.0%	-	-	-	-	-	-	-	-
	EBITDA	520	523	1,044	731	512	1,244	▲912	▲628	▲296	▲601	▲435	▲1,036
	YoY	71.1%	80.0%	75.3%	140.6%	97.9%	119.2%	-	-	-	-	-	-

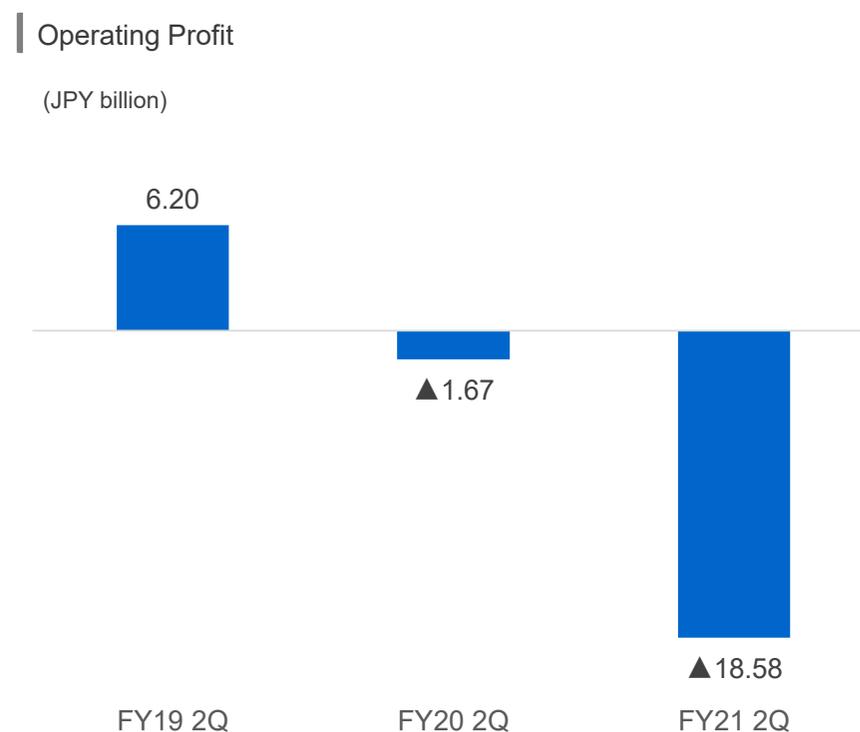
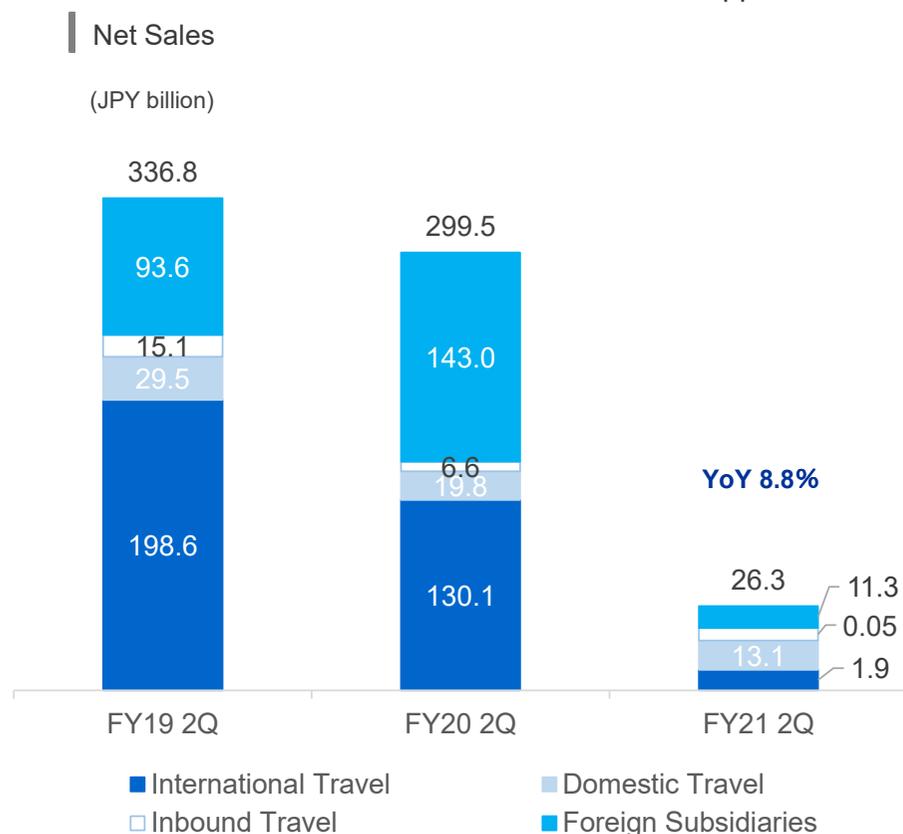
Quarterly Operating Results by Business Segment

(JPY million)

				FY19		FY20							FY21
		1Q	2Q	1H	1Q	2Q	1H	3Q	4Q	Total	1Q	2Q	1H
Kyushu Sanko Group	Net Sales	5,882	5,273	11,155	6,934	5,460	12,394	3,037	3,745	19,177	4,785	3,905	8,690
	YoY	102.5%	103.3%	102.9%	117.9%	103.5%	111.1%	57.9%	64.3%	86.3%	69.0%	71.5%	70.1%
	Operating Profit	183	114	297	316	▲118	198	▲1,147	▲1,182	▲2,132	▲497	▲434	▲931
	YoY	78.0%	100.0%	85.2%	172.6%	-	66.5%	-	-	-	-	-	-
	EBITDA	405	344	750	801	369	1,170	▲661	▲604	▲95	▲36	36	0.5
	YoY	89.0%	98.6%	93.2%	197.5%	107.2%	156.1%	-	-	-	-	9.9%	0.0%
Energy	Net Sales	4,014	5,266	9,281	6,291	7,715	14,006	4,871	7,514	26,393	7,638	9,967	17,606
	YoY	176.1%	181.0%	178.8%	156.7%	146.5%	150.9%	105.8%	114.3%	129.0%	121.4%	129.2%	125.7%
	Operating Profit	118	244	363	268	665	933	▲744	▲25	163	▲704	▲7,050	▲7,754
	YoY	-	-	-	225.9%	271.8%	256.8%	-	-	16.8%	-	-	-
	EBITDA	135	264	399	289	687	976	▲722	0	255	▲676	▲6,879	▲7,556
	YoY	-	-	-	214.2%	259.9%	244.5%	-	0.1%	24.3%	-	-	-
Others	Net Sales	1,556	1,877	3,433	2,075	1,830	3,906	896	769	5,571	762	1,002	1,764
	YoY	-	-	-	133.4%	97.5%	113.8%	36.1%	31.2%	66.5%	36.7%	54.7%	45.2%
	Operating Profit	101	125	226	378	427	805	556	▲62	1,299	▲319	24	▲295
	YoY	-	-	-	371.6%	341.3%	354.9%	251.1%	-	220.4%	-	5.7%	-
	EBITDA	223	245	468	467	548	1,016	657	38	1,712	▲221	119	▲102
	YoY	-	-	-	209.2%	223.6%	216.7%	190.9%	14.5%	158.9%	-	21.7%	-

Travel Business

- Sales were 26.3 billion yen (**8.8% YoY**) due to the continued travel restrictions in many countries, which severely affected the mainstay international travel business.
- Operating loss was 18.5 billion yen (**a decrease in profit of 16.9 billion yen**), despite continued efforts to reduce costs through the consolidation of sales offices and other measures amidst the disappearance of travel demand.



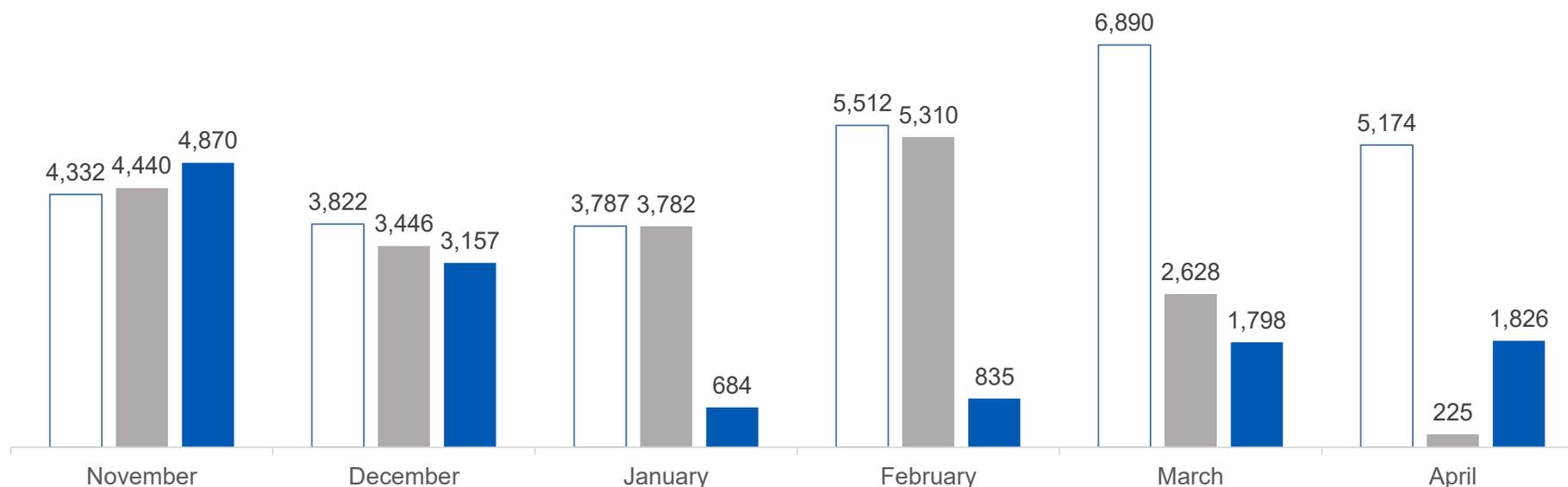
Travel Business

Sales increased in November due to **the effects of “Go To Campaign”**, but demand slowed down again from December due to the subsequent declaration of emergency, resulting in a significant drop from FY2019.

Monthly Transaction Amount of Domestic Travel

(JPY million)

□ FY19 ■ FY20 ■ FY21



Sequential suspension of
“Go To Campaign”
by region

1/8~3/21 Declaration of Emergency

4/5~ Priority measures to prevent the
spread of the disease
4/25~ Declaration of Emergency

Travel Business: Quarterly Operating Results by Sub-Segment

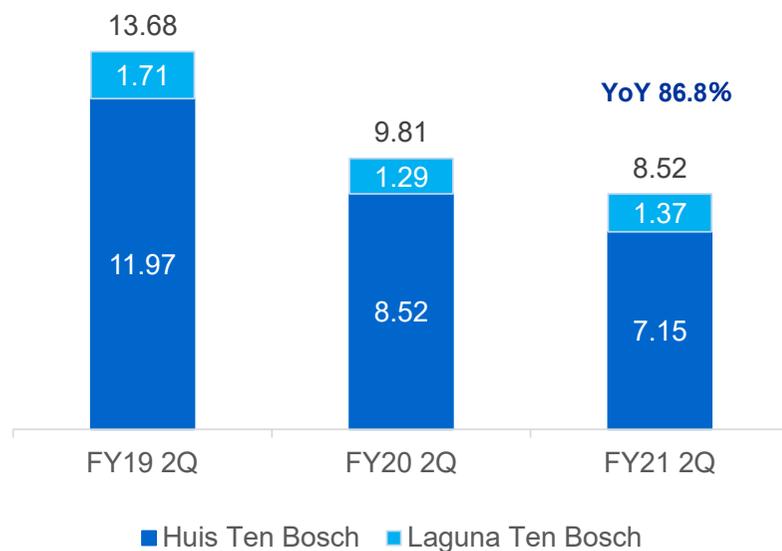
(JPY million)	FY19			FY20						FY21		
	1Q	2Q	1H	1Q	2Q	1H	3Q	4Q	Total	1Q	2Q	1H
Travel Business Total Net Sales	166,617	170,213	336,831	175,320	124,269	299,589	46,338	13,703	359,631	15,737	10,613	26,351
YoY	114.3%	107.8%	110.9%	105.2%	73.0%	88.9%	26.4%	6.5%	49.8%	9.0%	8.5%	8.8%
International Travel from Japan / Transaction Amount	87,899	110,754	198,654	87,440	42,722	130,163	1,141	983	132,288	1,122	842	1,965
YoY	106.7%	114.5%	110.9%	99.5%	38.6%	65.5%	1.3%	0.8%	32.9%	1.3%	2.0%	1.5%
Fuel Surcharge (included in the transaction amount above)	6,030	8,005	14,036	4,837	2,477	7,314	16	17	7,348	21	18	39
Domestic Travel in Japan / Transaction Amount	11,941	17,576	29,517	11,668	8,163	19,831	1,059	7,233	28,124	8,710	4,459	13,170
YoY	101.4%	106.9%	104.6%	97.7%	46.4%	67.2%	7.7%	40.1%	45.9%	74.7%	54.6%	66.4%
Inbound Travel to Japan / Transaction Amount	7,116	8,075	15,192	5,849	753	6,603	50	190	6,844	34	16	51
YoY	119.5%	105.6%	111.8%	82.2%	9.3%	43.5%	0.6%	3.1%	23.1%	0.6%	2.1%	0.7%
Overseas Subsidiaries / Inbound Transaction Amount	56,070	35,339	91,409	55,039	38,157	93,196	16,729	823	110,748	2,167	1,581	3,748
YoY	127.1%	106.7%	118.4%	98.2%	107.9%	101.9%	40.6%	1.6%	60.4%	3.9%	4.5%	4.0%
Overseas Subsidiaries / Outbound Transaction Amount	19,719	20,213	39,933	41,865	50,606	92,471	19,648	▲199	111,920	1,167	3,013	4,180
YoY	104.3%	100.0%	102.1%	212.3%	250.3%	231.6%	48.9%	-	93.0%	2.8%	5.9%	4.5%
Eliminations of internal transactions, adjustments, etc.	▲16,128	▲21,744	▲37,874	▲26,541	▲16,132	▲42,675	7,714	4,673	▲30,293	2,535	704	3,237

Theme Park Business

Huis Ten Bosch **returned to profitability on a net profit basis**, but was again affected by the spread of the new coronavirus infection, including the issuance of a special alert throughout Nagasaki Prefecture. As a result, net sales were 8.5 billion yen (**86.8% YoY**) and **operating loss was 0.6 billion yen** (a decrease in profit of 0.14 billion yen).

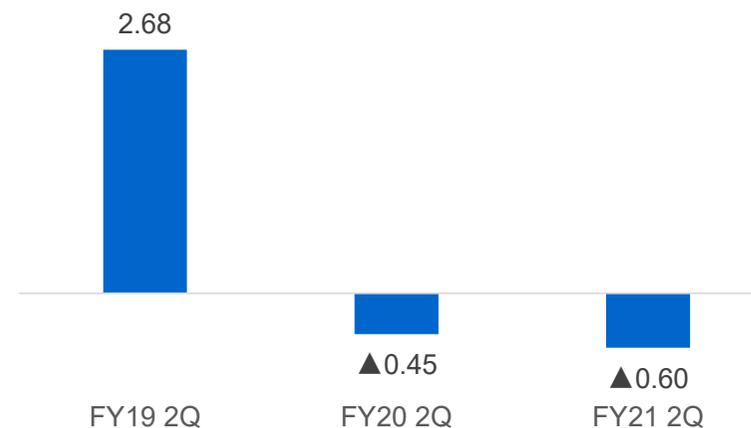
Net Sales

(JPY billion)



Operating Profit

(JPY billion)



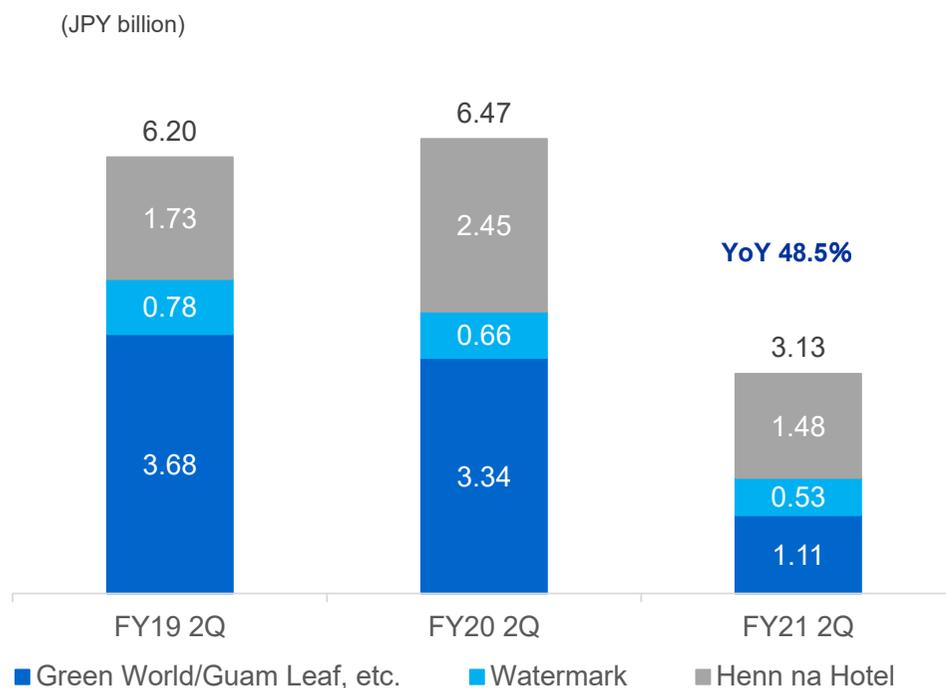
Huis Ten Bosch / Non-Consolidated Quarterly Operating Results

(JPY million)	FY19			FY20						FY21		
	1Q	2Q	1H	1Q	2Q	1H	3Q	4Q	Total	1Q	2Q	1H
Transaction Amount (before consolidation adjustments)	7,079	5,968	13,047	6,116	3,168	9,284	714	2,260	12,258	5,891	1,759	7,650
YoY	96.1%	83.2%	89.8%	86.4%	53.0%	71.2%	11.6%	35.2%	47.9%	96.3%	55.5%	82.4%
Operating Profit	1,894	1,277	3,171	852	▲692	160	▲1,742	▲416	▲1,998	1,236	▲1,454	▲218
YoY	92.4%	61.9%	77.1%	45.0%	-	5.1%	-	-	-	145.1%	-	-
Number of Visitors (10,000)	70.8	59.6	130.4	68.8	35.2	104.0	10.2	24.2	138.6	60.9	19.0	79.9
YoY	97.2%	89.4%	93.5%	97.2%	59.0%	79.8%	17.0%	37.9%	54.4%	88.3%	53.9%	76.8%
Foreign Visitors (included in the number above, 10,000)	3.5	4.2	7.7	3.0	2.0	5.0	0.0	0.0	5.0	0.0	0.0	0.0
YoY	82.1%	89.3%	86.0%	86.7%	47.6%	64.5%	-	-	30.7%	-	-	-
Number of Hotel Guests (10,000)	7.3	7.0	14.3	6.6	3.8	10.4	0.1	3.8	14.3	8.9	1.6	10.5
YoY	96.1%	85.3%	90.3%	90.7%	54.2%	72.6%	1.5%	48.9%	50.6%	135.2%	42.1%	101.8%
Unit Price (JPY, rounded down to the nearest hundred)	9,900	10,000	10,000	8,800	9,000	8,900	6,900	9,300	8,500	9,600	9,200	9,500
Increase/Decrease	-100	-770	-400	-1,100	-1,000	-1,100	-3,200	-700	-1,500	+800	-400	+600

Hotel Business

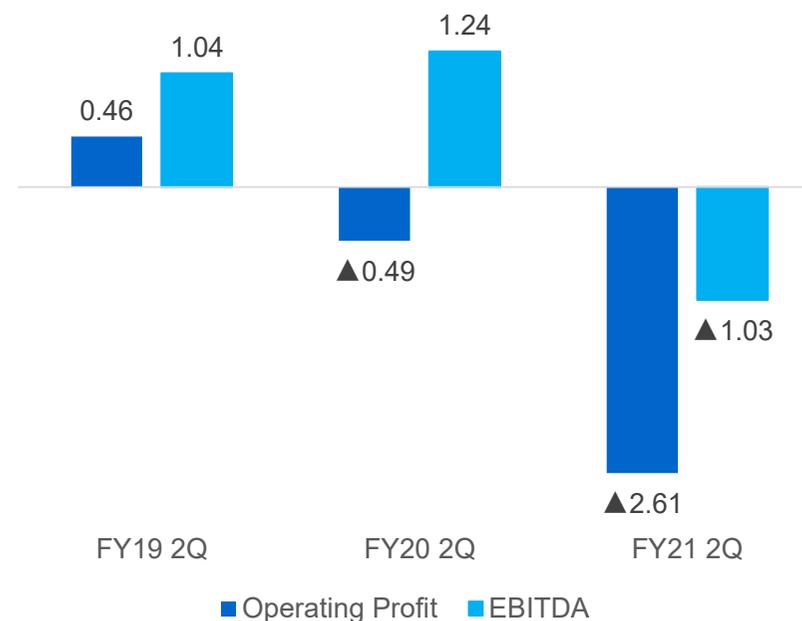
The number of guests decreased as domestic hotels were affected by the re-spreading of the new coronavirus infection, and overseas hotels continued to face difficulties in international travel. As a result, net sales were 3.1 billion yen (**48.5% YoY**) and **operating loss was 2.6 billion yen** (a decrease in profit of 2.1 billion yen).

Net Sales



Operating Profit

(JPY billion)



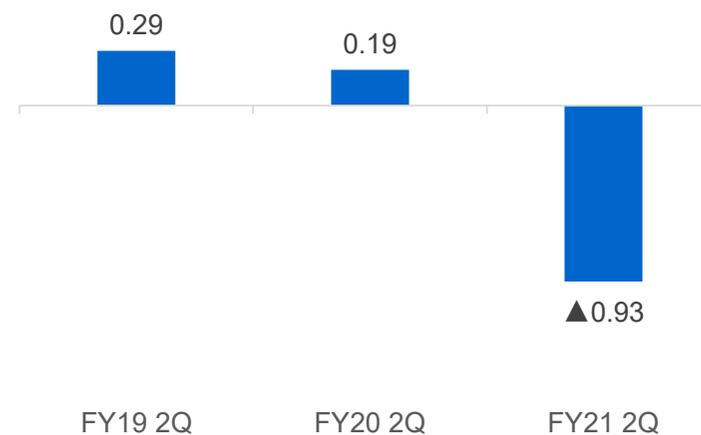
Kyushu Sanko Group

Due to the declaration of Kumamoto Prefecture's own declaration of emergency and the impact of the spread of the new coronavirus infection mainly in key industries again, sales were 8.6 billion yen (**70.1% YoY**) and **operating loss was 0.9 billion yen** (a decrease in profit of 1.1 billion yen).

Net Sales
(JPY billion)



Operating Profit
(JPY billion)

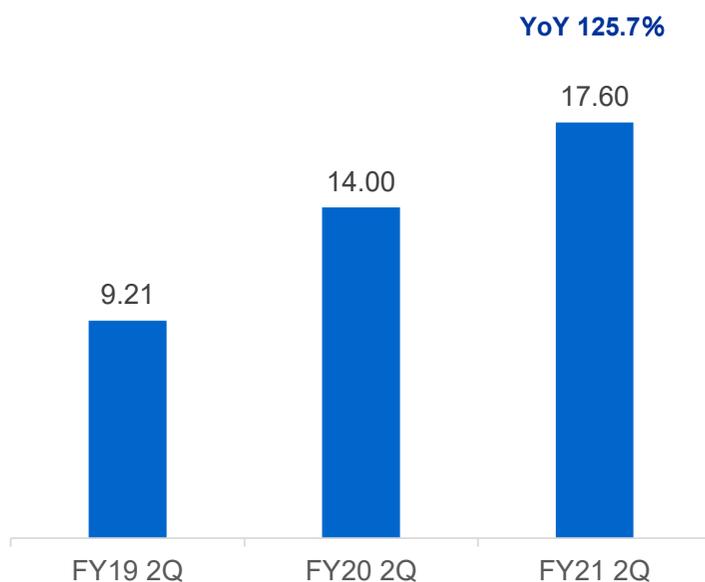


Energy Business

The supply-demand balance was tightened by "increased demand for electric power due to the arrival of cold weather since late December" and "lower supply capacity mainly from LNG-fired power plants due to reduced fuel inventories. Although sales increased by 3.5 billion yen, **operating loss was 7.7 billion yen** (a decrease in profit of 8.6 billion yen) due to the rise in wholesale market prices that continued until late January.

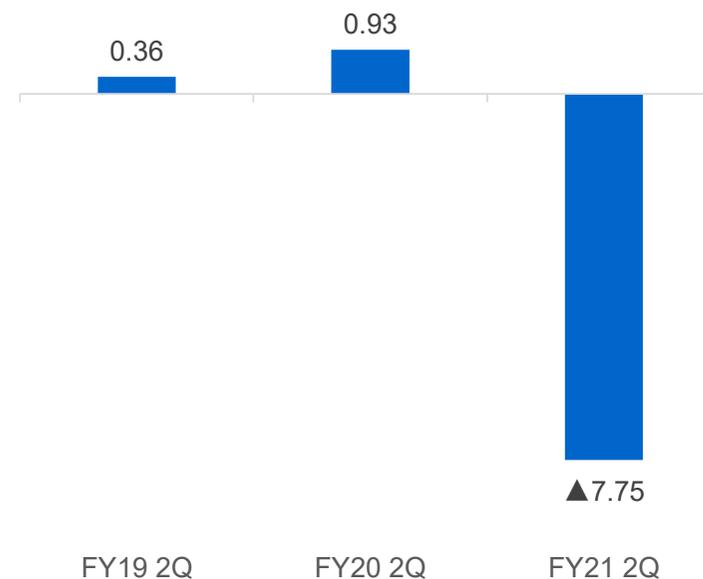
Net Sales

(JPY billion)



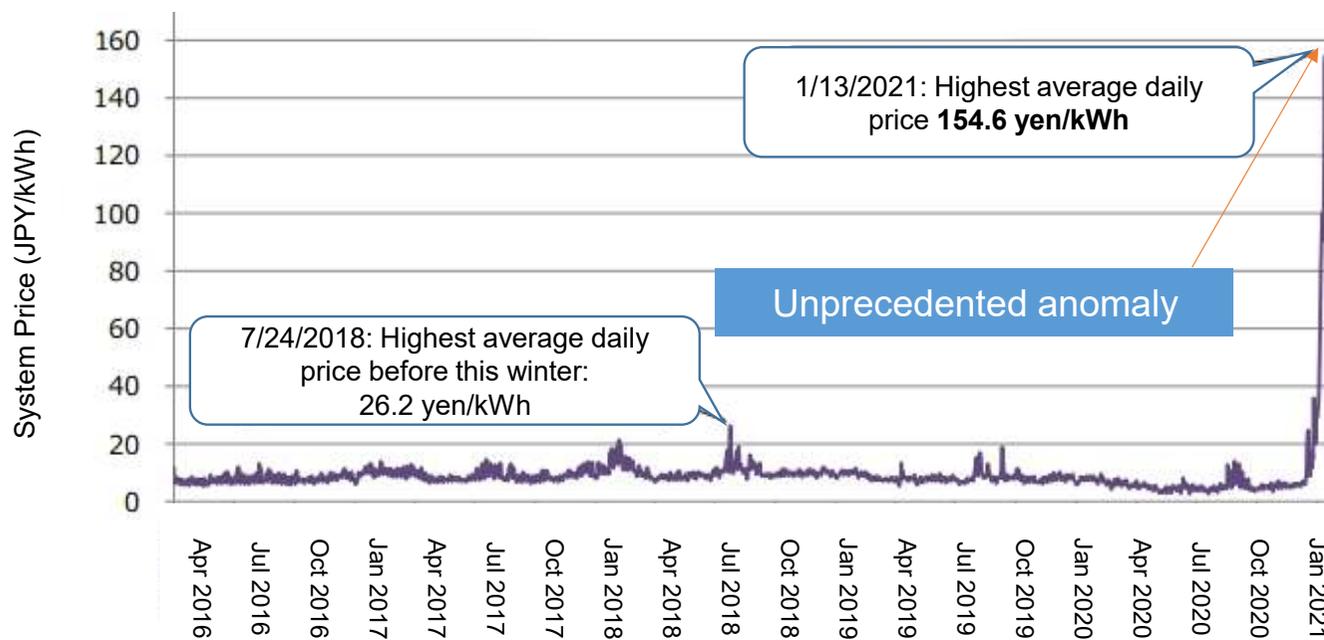
Operating Income

(JPY billion)



Energy Business [Supplementary Information]

JEPX System Price: Average Daily Price



< Soaring JEPX Trading Prices >

5 to 10 yen/kWh throughout the year



The price soared from the end of December, and until the end of January, there were many days when the price exceeded 100 yen/kWh. The price leveled off from February.

Source: Ministry of Economy, Trade and Industry

2 Management Policies in the Coming Years

After the 1st Half of the Year

1st Half Financial Review

Worsened in 2Q, but now is the bottom

<Factors>

- In addition to the reissuance of the declaration of emergency due to the spread of the infection, the recovery of leisure demand has been delayed due to delays in vaccination.
- The procurement environment for power retail business deteriorated, even if transient

Financial Forecasts

- As it is difficult to reasonably calculate the impact of the Corona disaster at this point in time, H.I.S. Group has decided to leave the financial forecasts undecided.
- H.I.S. Group will promptly announce the financial forecasts as soon as they are available for disclosure



Financial Countermeasures

- Capital reinforcement
- Control of cash outflows
- Securing liquidity on hand by selling assets, etc.

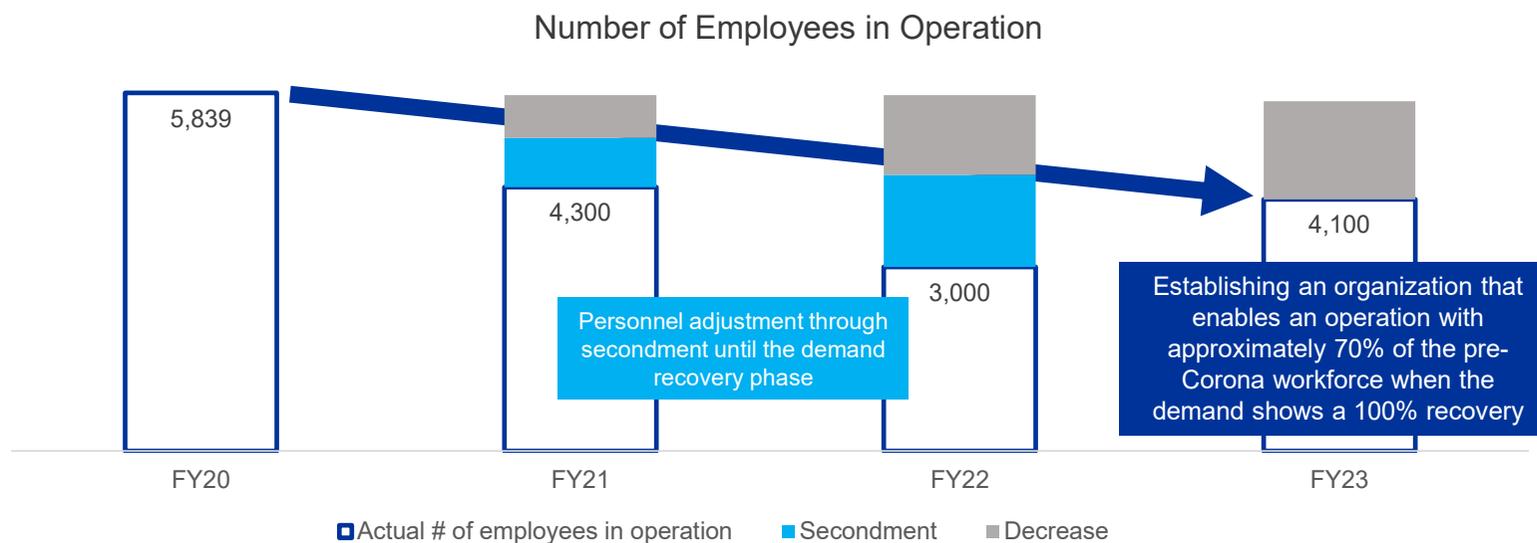
*Details: Financial Policy (see later pages)

With vaccinations underway in many countries, leisure demand is expected to move into a recovery phase. Going forward, H.I.S. Group aims to bottom out and to return to profitability for the full year in 2022, along with the effects of cost reductions.

Cost Control

Countermeasures on the Business Side

- Thorough cost reductions continued throughout H.I.S. Group
- Employment adjustment subsidies were utilized (assumed until the end of September)
- On a non-consolidated basis (H.I.S. Co., Ltd.), in addition to restraining hiring, the number of employees in operation was adjusted by seconding **up to 1,500** employees.



Maintain a streamlined management structure even after Corona

For Future Growth

Growth Drivers

Re-Growth of Travel Business

- Expand market share of international travel
→ Aim for a V-shaped recovery beyond past post-crisis performance
- Significantly grow domestic travel
→ Focus in earnest by continuing to invest resources
- Expand inbound travel market
→ Enhance product line-up with the strengthening of domestic travel
- Build a new business model
→ Online Experience (OE business)

Challenging New Business Fields

- Revitalization business
- Temporary staffing business
- Shopping site
- Food & Beverage business

For Future Growth

Growth Drivers

Potential of Energy Business

■ Development of Thin Solar Panels

Power generation cost:
Overwhelmingly low

Size: Thin

Weight: Light

Plant construction is scheduled to start in 2021

→ Exclusive sales rights for Japan and Asia



Product image of PV panel



Scene of the press conference

For Future Growth

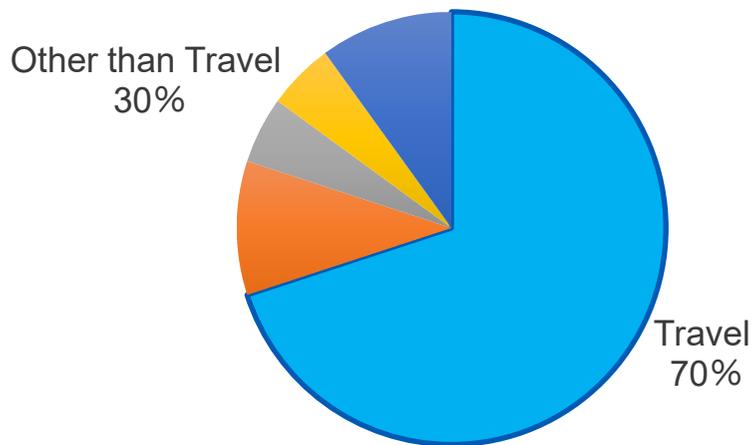
Toward a Stronger Business Portfolio

Business Scale Composition

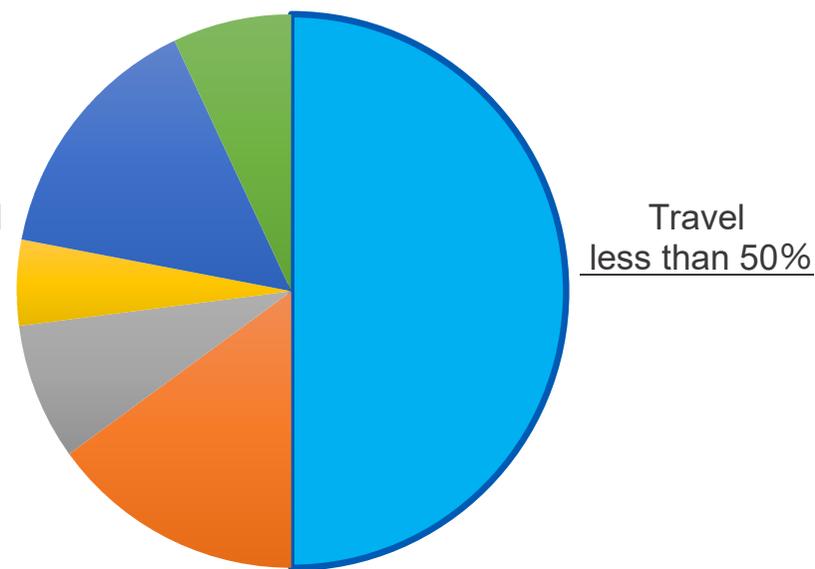
(Sum of sales and profitability ratios)

Within 5 Years

Before Corona



Other than Travel
50% or more



■ Travel ■ Theme Park ■ Hotel ■ Kyushu Sanko Group ■ Energy

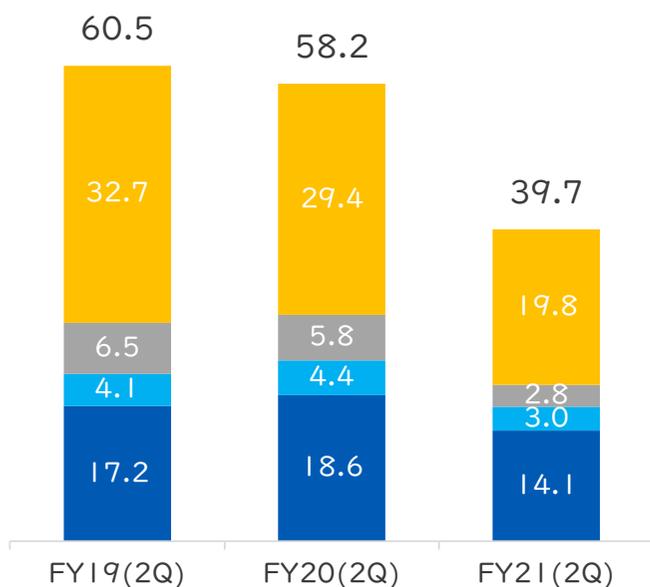
■ Travel ■ Theme Park ■ Hotel ■ Kyushu Sanko Group ■ Energy ■ New Businesses

3 Current Financial Policy

Status of Cost Reduction Measures and Future Outlook

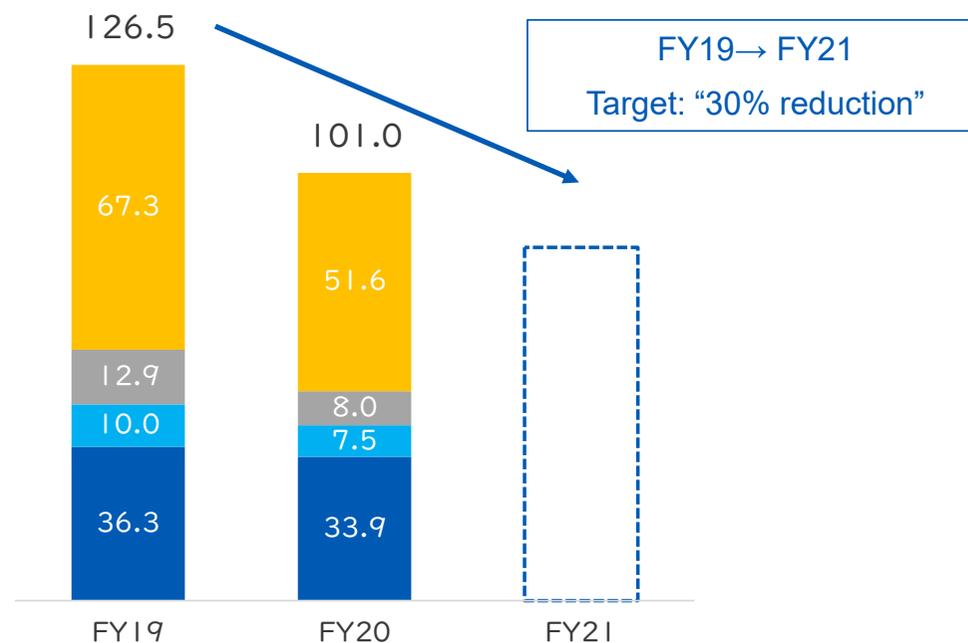
SG&A Expenses (2Q results)

(JPY billion)



SG&A Expenses (Forecasts)

(JPY billion)

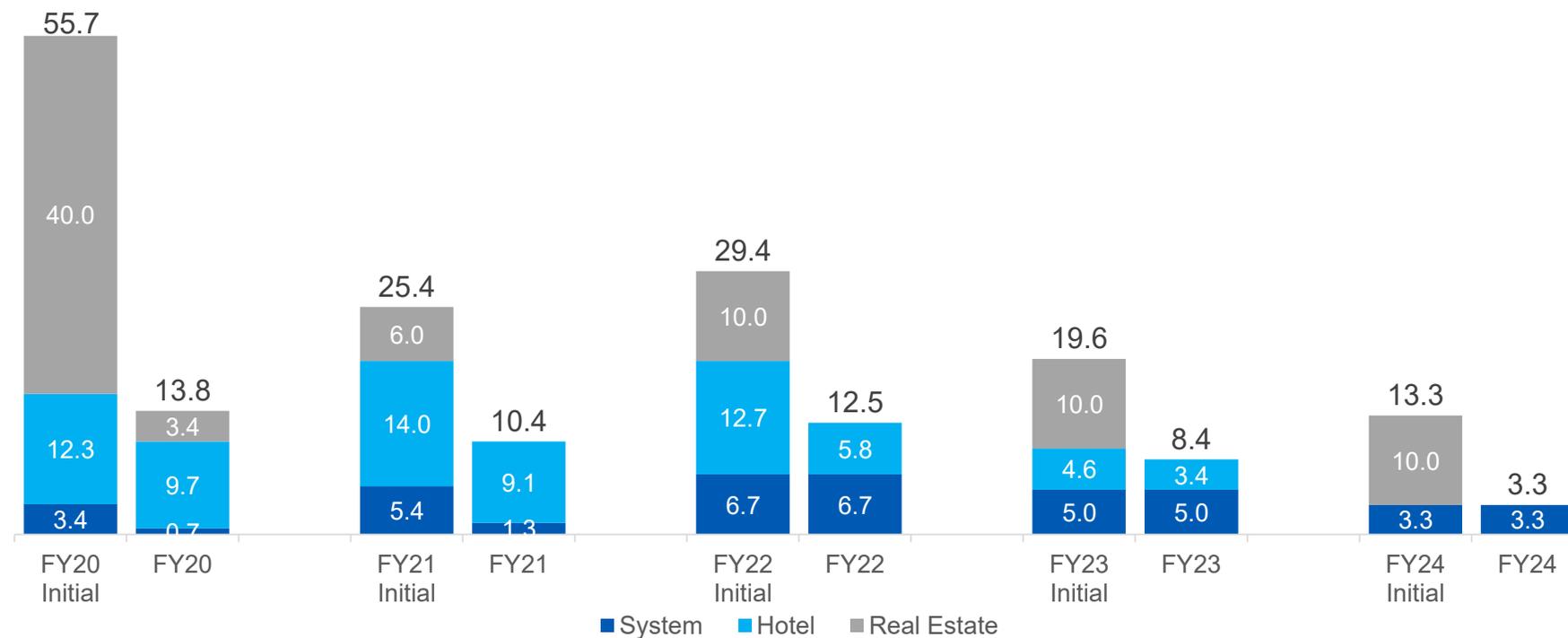


■ Personnel expenses ■ Advertising expenses ■ Commission payment ■ Others

CAPEX Plan (Reviewed at the End of the 1st Half of 2021)

CAPEX Plan

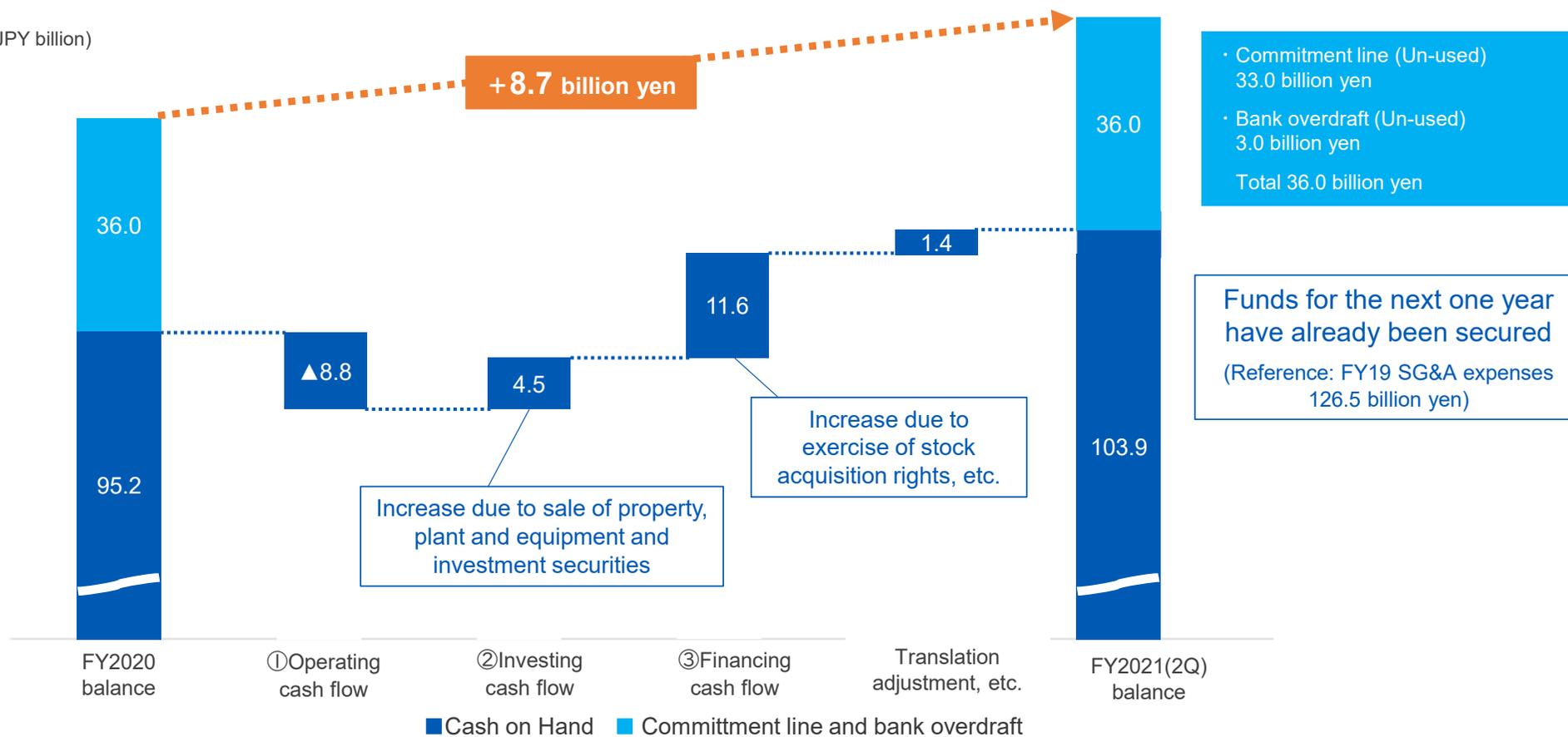
(JPY billion)



Liquidity on Hand

Cash on Hand, Commitment Line and Bank Overdraft

(JPY billion)



- Commitment line (Un-used)
33.0 billion yen
- Bank overdraft (Un-used)
3.0 billion yen
- Total 36.0 billion yen

Funds for the next one year have already been secured
(Reference: FY19 SG&A expenses 126.5 billion yen)

Stabilization of Financial Base

Short-Term Issues

1. Cost Reductions

Focus on reducing fixed costs, but respond flexibly when travel demand recovers

2. CAPEX Control

Review in the interim period, not bound by previous reviews

3. Securing Liquidity on Hand

Consider selling investment real estate and liquidating assets held; establish commitment lines and bank overdraft

4. Additional Fund Raising

Consider raising funds to enhance capital adequacy

Mid/Long-Term Goals

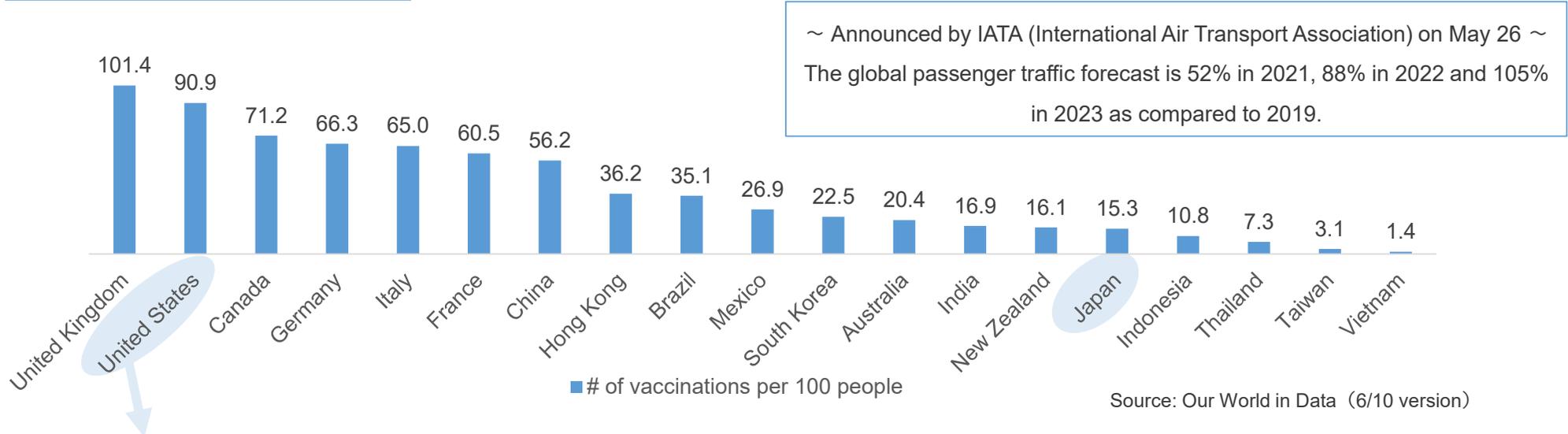
Improve capital adequacy ratio (20% or more as the 1st step)

→ Build up equity capital through profits and reduce interest-bearing debt

4 Initiatives by Business Segment

Travel Business: Assumed Scenario for the Coming Years

Vaccination status in major countries



Demand Trends in the U.S.

In the U.S., where vaccination is particularly advanced, it is expected that it will take time for business demand to recover, but leisure travel demand for domestic flights has **already recovered to the level of 2019**. Long-distance international routes such as the Pacific are expected to recover by the end of 2022.

Travel Business: Assumed Scenario for the Coming Years

Assumptions of Business Environment and Travel Demand - Scenario for Business Recovery

At present, although there are concerns about the re-emergence of infection in some regions, vaccination rates in major countries such as the U.K. and the U.S. have increased, and there are signs that the travel ban will be lifted. Going forward, travel restrictions are assumed to be eased globally in stages, and the environment is assumed to return to the pre-Corona level of 2019 in around 4Q 2023.

FY21 1H →	FY21 2H →	FY22 1H →	FY22 2H →	FY23 1H →	FY23 2H →	FY24 and beyond
Increase and decrease in corona infections	Increase in vaccination rates	Easing of immigration restrictions	Relaxation or removal of travel restrictions	After-corona era		

Assumptions of Business Environment

Assumptions of Travel Demand and Scenario for Business Recovery

Japan	Domestic Travel	Currently under the influence of the declaration of emergency, but expected to move into a recovery phase after August, when vaccinations are underway (recovery will accelerate depending on the speed of vaccination progress). H.I.S. Group will continue to allocate resources and aim to achieve 4 times growth as compared to 2019 level.
Japan	International Travel	H.I.S. Group had expected a recovery from around September 2021, but vaccination was pushed back more than expected. The recovery phase is expected to be in around spring of 2022 , when leisure demand will start to increase in line with the progress of vaccinations and the number of available destinations will increase. H.I.S. Group expects to reach 2019 level by 4Q 2023, and thereafter will move into the market share expansion phase.
Japan	Inbound Travel	In line with the easing of immigration restrictions, it is assumed that demand will recover in proportion to Japan's international travel. In order to expand the market in the future, H.I.S. Group aims to expand its business by strengthening its FIT business.
Overseas	Inbound	Although the Japanese market is expected to be accepted from around March 2022, it is assumed that the market with high vaccination rates, including Europe and the U.S. , will start recovering. H.I.S. Group will focus on capturing demand between Europe and the U.S. to strengthen FIT.
Overseas	Outbound	The global market is assumed to recover to near 2019 levels by the end of 2022, and H.I.S. Group will work to achieve a quick recovery by promoting OTA and focusing on capturing demand from North America.

Business Recovery Color density 2019 level Light: lower than 2019 Deep: higher than 2019

Travel Business in Japan

Domestic Travel

Okinawa “1 million traveler” Plan

- Allocate management resources to domestic travel business
- Focus on Okinawa, Hokkaido, and Kyushu as the main destinations to be strengthened.
- Until international travel demand recovers, H.I.S. Group plans to attract 3 million of its international travelers to domestic travel.

Enhancement of Product Line-Up

- Expand inventory of package products by strengthening procurement
- Strengthen domestic dynamic package and hotel sites
- Prepare for charter business in anticipation of peak season
- Strengthen bus and railroad tours

Number of Japanese Travelers in 2019 (thousand)			
Hawaii	1,550	Cebu	160
Guam	680	Bali	250
Overseas major beach resorts total		2,640	
Okinawa		7,230	
Total		9,870	

Bring overseas travel demand for beach resorts to Okinawa

Aim to send **1 million** travelers a year

Prepare for demand from 60 million inbound visitors to Japan, which is a national policy for 2030

Travel Business in Japan

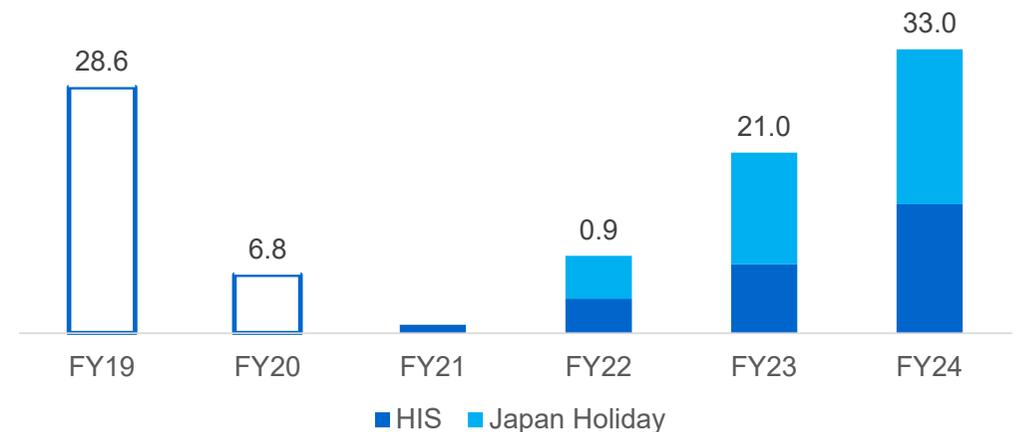
Inbound Travel to Japan

Future Initiatives

- Prepare for a re-start in inbound travel to Japan
 - Enhance websites
 - Japan online experience (OE) and live commerce
 - Strengthen cooperation with local governments in preparation for inbound travel to Japan
 - Expand "Tabinaka (during travel)" post-arrival services (Harajuku TIC)
- Develop distribution systems (to be explained later, DX)
- Strengthen dispatch of information
 - Develop Facebook global page → Become a medium with an overwhelming number of local fans
- Japan Holiday Travel
 - Strengthen individual travel (FIT)

Sales Targets

(JPY billion)



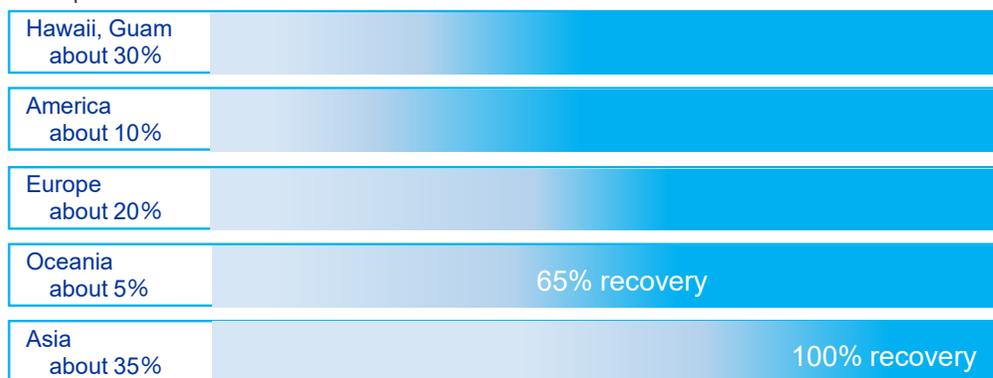
Travel Business in Japan

International Travel

Recovery Scenario by Destination

- Assumed as the base scenario, although the demand trend is uncertain
 - Change from the initial outlook
 - Positive: Early recovery in Europe and the U.S.
 - Negative: Concerns about re-spreading of infection in Asia

(Destination) Sales composition ratio FY21 2H → FY22 1H → FY22 2H → FY23 1H → FY23 2H

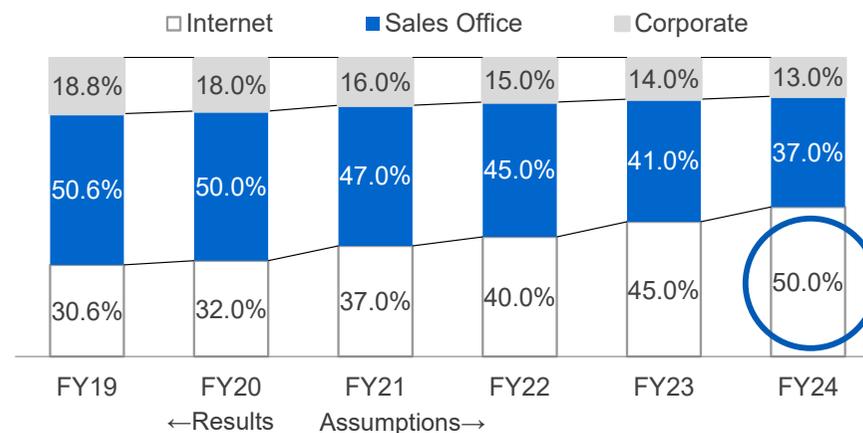


Business Recovery Color density 2019 level Light: lower than 2019 Deep: higher than 2019

Sales Channel Strategy

- Accelerate shifts to the Internet
- Continue to study further consolidation and elimination of sales offices, keeping a close eye on trends in sales office demands
- Utilize online face-to-face customer service via video chat → Improve efficiency and profitability

Rough assumption of sales composition ratio



Travel Business in Japan

Development of “after-Corona”

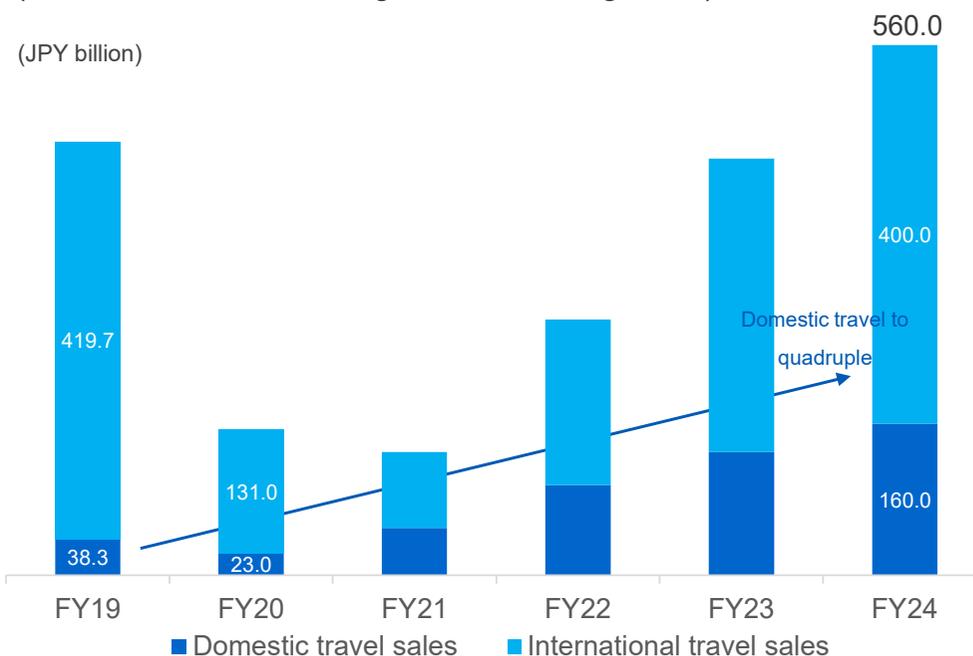
■ In the international travel business, H.I.S. Group aims to **gain further market share** through overwhelmingly rapid development and to **become the No.1 company in the industry.**

■ H.I.S. Group plans to expand and grow domestic travel business, **aiming to quadruple the pre-Corona level**

■ **Flexible M&A and local development business** with an eye on the possibility of future industry consolidation

→ Build a well-balanced revenue structure between domestic and international travel

Sales Targets of H.I.S. Co., Ltd.
(non-consolidated, managerial accounting basis)



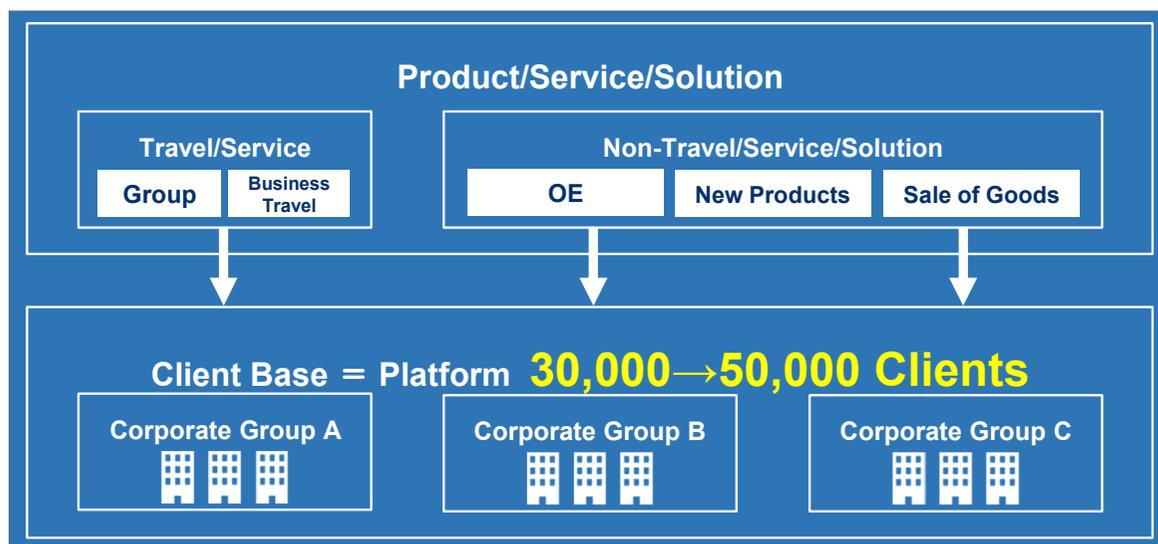
Travel Business in Japan

Build a Corporate Business Platform - Corporate Sales Division -

Expand the scope of business to provide solutions to issues of respective corporate clients in addition to providing travel product services, Expand into the business of supporting the overseas development of corporate clients.

Current client base is about 30,000 corporate and municipal government clients

→ **Target: Expand to 50,000 clients (2024)**



<Current Initiatives>

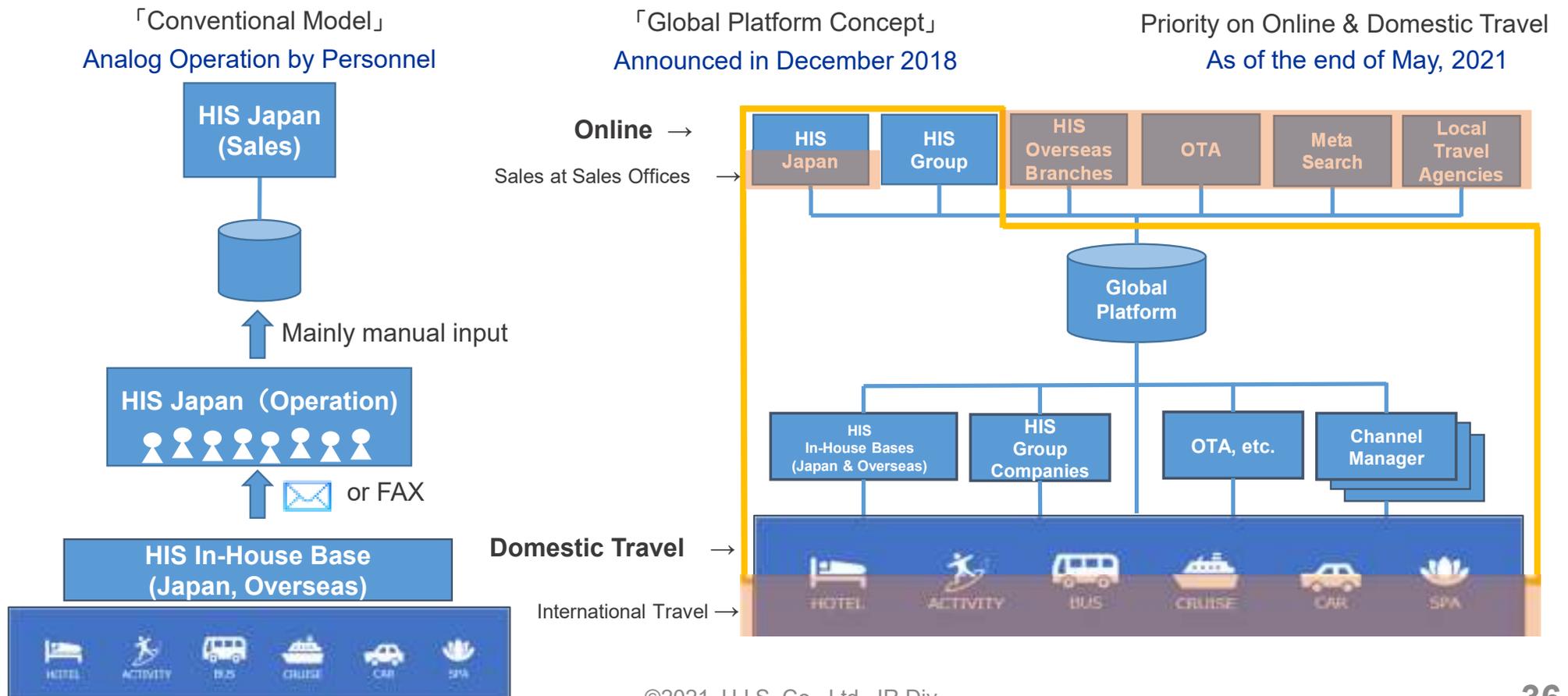
- Overseas business development support & research (GBA/rental HIS: 500 cases)
- Conducted webinars (50 webinars, total participants: 3,655)
- Introduced MA tools to improve activity rate
- Newsletters, columns, video distribution



Example of overseas business development support

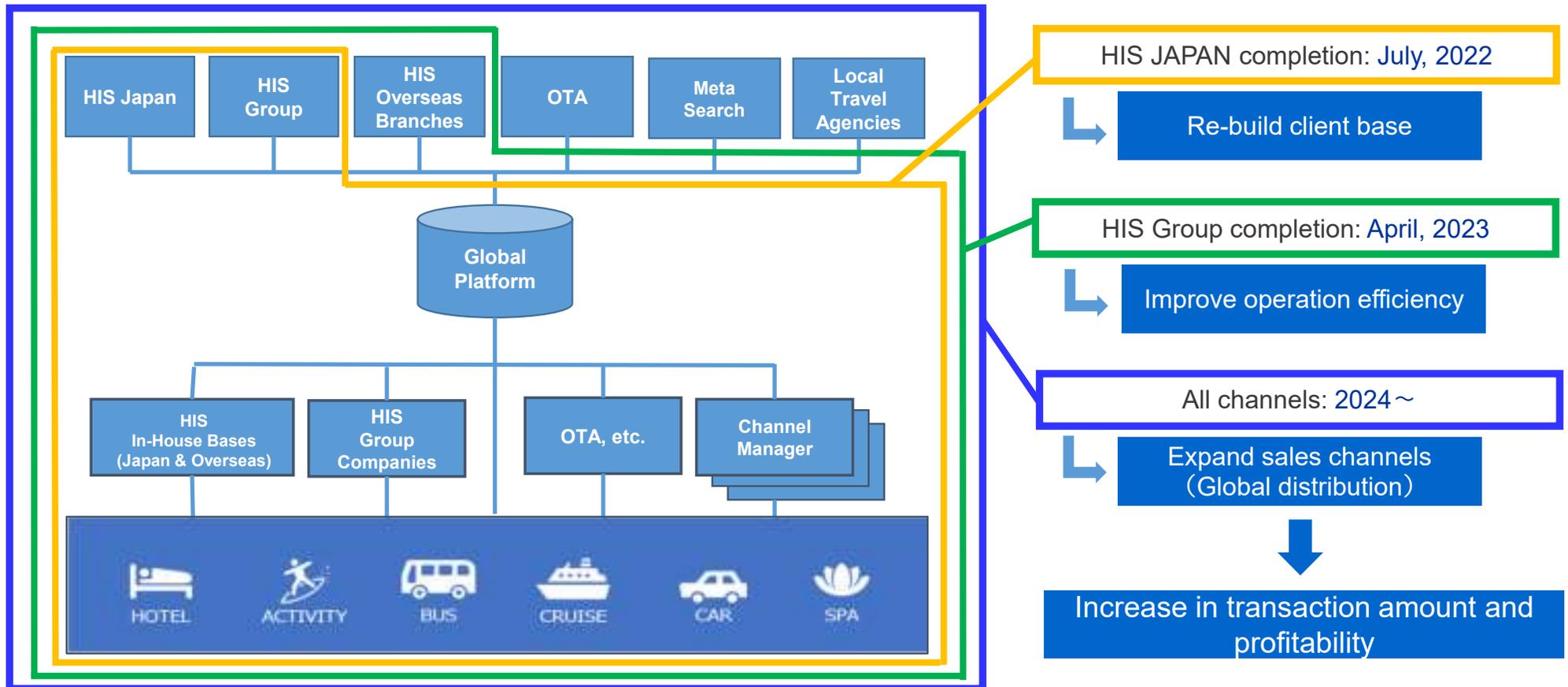
Travel Business in Japan

Digital Transformation - Progress -



Travel Business in Japan

Digital Transformation - Plan -



Travel Business Overseas

Current Environment Outlook of the Global Market

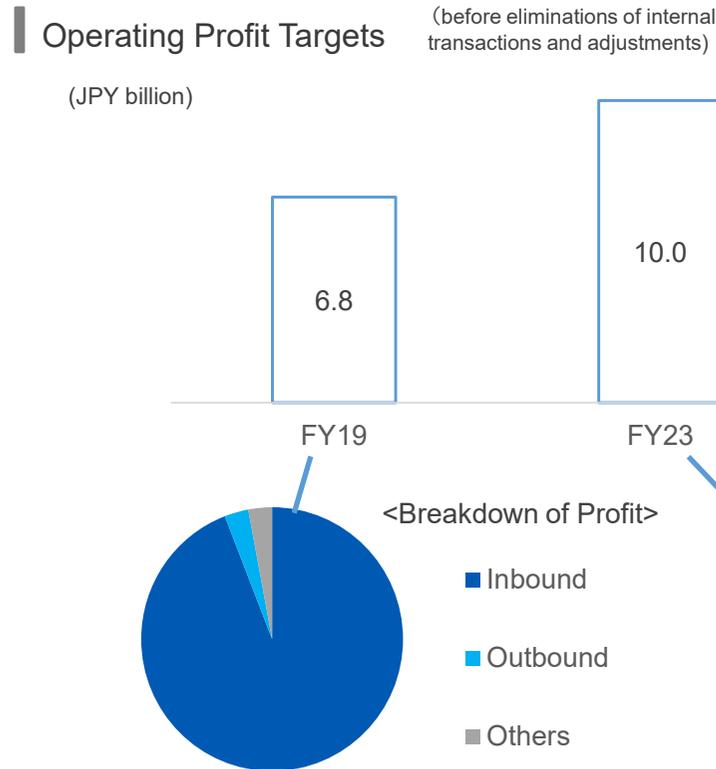
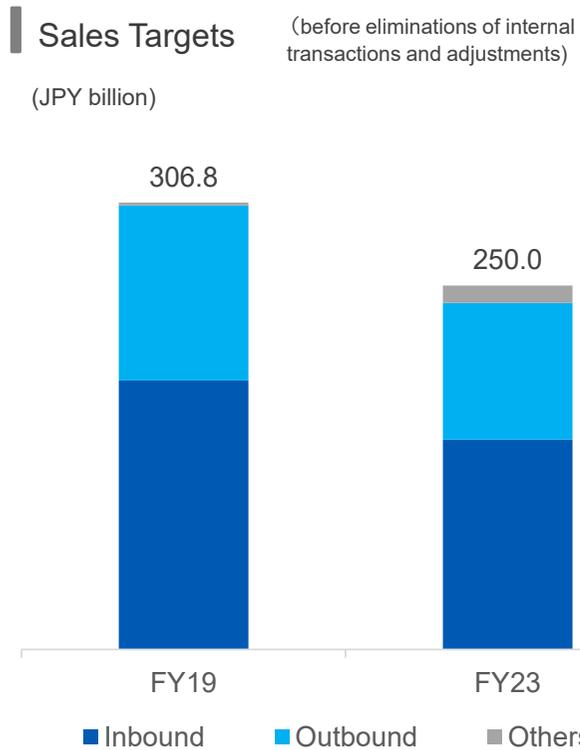
Travel environment = Travel market recovery varies by Corona vaccination rate

The European Union (EU) has reached a final agreement on a digital health certification framework and plans to launch the system on July 1. More and more countries are easing various domestic regulations and opening their borders as vaccinations expand, such as the resumption of intra-European travel making significant progress this summer. A "travel bubble" situation has emerged in which travelers of countries with strong geographical and economic ties to each other are allowed to come and go as long as they take measures to prevent infection.

- ◆ International Travel of Japanese: Recovery trend from Spring 2022
→ H.I.S. Group overseas companies' inbound business continues to cut costs.
- ◆ North America, Europe, etc.: Moderate recovery from around summer 2021
→ Both H.I.S. overseas subsidiaries and affiliated companies promote approaches to the local market.
- ◆ Indonesia: H.I.S. Bali branch received orders from Russia for tours of about 8,000 people from October 2021.
→ Aggressive expansion into markets where a "travel bubble" has been established

Travel Business Overseas

Future Revenue Model



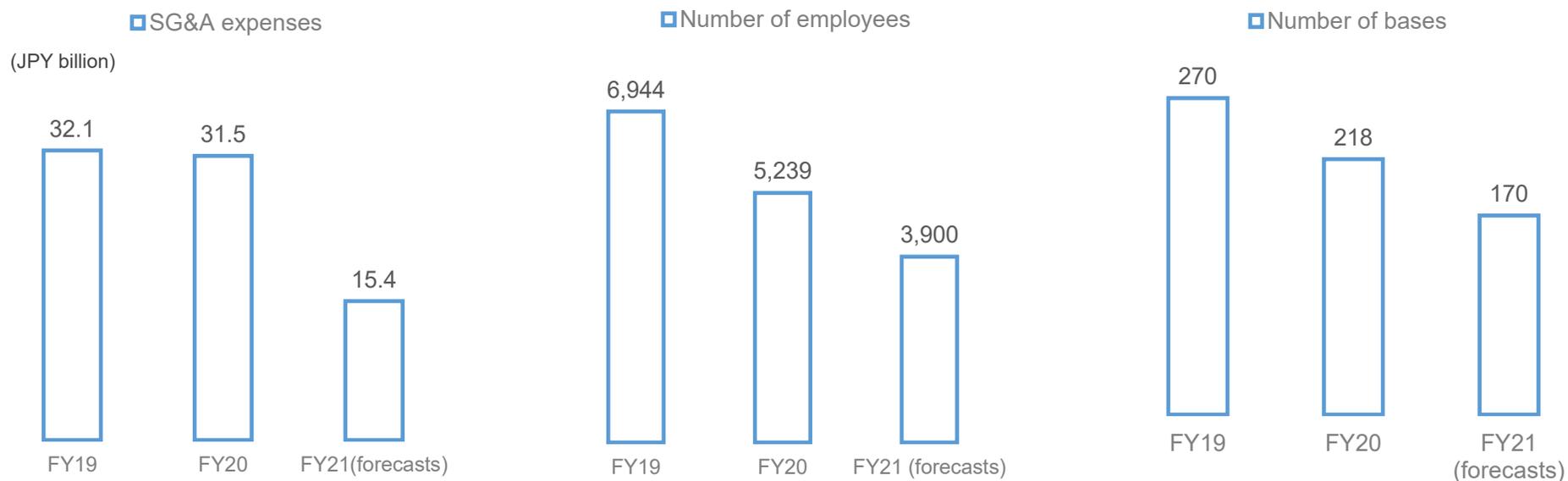
Aim to improve profitability by reforming the revenue structure 2.2% → 4.0%

Travel Business Overseas

Current Cost Reduction Measures

Reduce by more than 50%
as compared to 2019

- Significantly reduce local leisure market (B to C) store sales and promote thorough digitalization
- Integrate H.I.S. and MIKI to streamline and improve efficiency within Europe.
- Utilize shared service centers and outsource operations of H.I.S. Group's overseas subsidiaries



Travel Business Overseas

North American Market

North America = A market where vaccination is progressing and travel demand is expected to recover quickly ①

Rebuild business for FIT in line with local market recovery

● H.I.S. USA x Red Label Vacations: Joint Project

New OTA site "COPOLO" to be launched this summer

- A system that contributes to CO2 reduction in consideration of SDGs
- Provide a variety of travel services for FITs using AI-based product suggestions and natural language processing search.

● Jonview: Bookings from European markets recover

- The Canadian government is expected to open the border for the summer season of 2021.
- Ski travel bookings for the 2021/2022 winter season are strong.
- Bookings from the U.S. and Mexico are expected to recover from the winter season.



copolo.com Demonstration screen (picture image)

Travel Business Overseas

European Market

Europe= A market where vaccination is progressing and travel demand is expected to recover quickly ②

Challenge the local FIT market in Europe

- Online activity company “CEETIZ” became a group company
 - Group Miki Holdings, a member of H.I.S. Group, acquired the company in February 2021.
 - 8,000 products worldwide, attracting about 300,000 customers (2019 results)
 - Respond to the accelerating FIT market under the Corona disaster, and shift activity sales online
- Expand and promote private accommodation business
 - Started in Croatia and Spain, which are popular destinations in Europe.
 - Expand to Italy and Portugal, etc. in the future.
 - Plan to sell through its own website "AULA Web" as well, which is currently under construction.



Activity Site



Guest Room (picture image)

Travel Business Overseas

Asian Market

Asia = A market where vaccination rates are low and travel demand recovery is expected to be slow

Rationalize and improve efficiency of travel business and develop & promote new businesses for the local markets

- Promote “FLYHUB” online travel business
 - Online air ticket sales for B to B to C
 - Accelerate developments in Bangladesh, Malaysia and Singapore
 - Plan to expand to Turkey and Dubai in the Middle East
- Promote businesses other than travel business
 - Sale of products of Iris-Oyama (home appliances), Nishimatsuya (baby clothes), and Logos (outdoor products)
 - Opened "Hannari Café de Kyoto" in Bangkok.

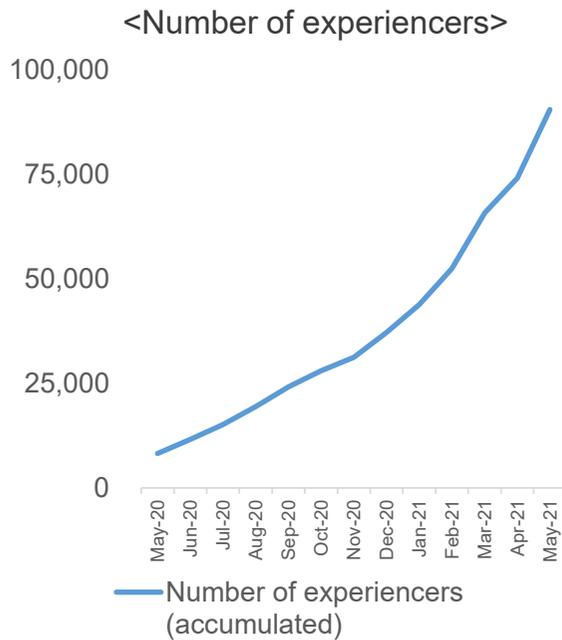


Internet Business

Online Experience (OE) Business - Track Record So Far -

Expanded to more than 90,000 experiencers and 4,300 courses by capitalizing on global offices

- Establish a dominant positioning



<Media Coverage>

- 63 cases of TV program introductions
- More than 1,000 cases posted on the web

*Actual results for 2Q, according to H.I.S. Group's research



Safari Tour (picture image)



Cooking Lesson (picture image)



Online Cheese Seminar (picture image)



Shopping Agent and Delivery Service (picture image)

Internet Business

Online Experience (OE) Business

B2B Business

- Online promotion support
Utilize local offices with global presence

<p>PR商品 × LIVE中継</p>  <p>PR商品にまつわる画像をリアルタイムで中継する事で、現地ならではの情報を発信し、顧客の魅力をスピーディに発信できる。</p>	<p>社会見学としての工場見学</p>  <p>コロナ禍で工場見学の実施が難しくなる中、工場見学をオンラインで実施し、自社製品への深い認知度を上げる。</p>	<p>オンライン料理教室 + 食材宅配</p>  <p>商品を売場に向けたオンライン料理教室の実施により、顧客の認知度やPR活動につなげる。新規会員登録にも貢献。</p>
<p>LIVEコマースで販路拡大</p>  <p>観光客の減少で、ご当地みやげなどの売場に行かなくては買えない商品をオンラインでPRし、その場で購入を促す。</p>	<p>新商品PR映像の制作</p>  <p>国内・海外に展開するHISの海外ネットワーグを利用して、ワールドワイドなPR映像の制作を行います。</p>	<p>顧客ロイヤリティの向上</p>  <p>既存会員向けに新商品のご案内や最新会員向けプレゼントをオンラインで実施し、顧客ロイヤリティの向上に貢献。</p>

Online salon business (Community business)

- Launched H.I.S. Online Salon "TABIFLEEEEEK"
Develop a new business model

旅にまつわる話としよう。

TABIFLEEEEEK

Fun the unknown.
supported by HIS

新しいコミュニティのあり方

既存のビジネスモデル |
商品を販売するためのプラットフォーム



受動的で一方的な関係

新たなビジネスモデル | ワーチャルコミュニティ
理念を共感しあえる居場所と自己実現の場



能動的で対等な関係

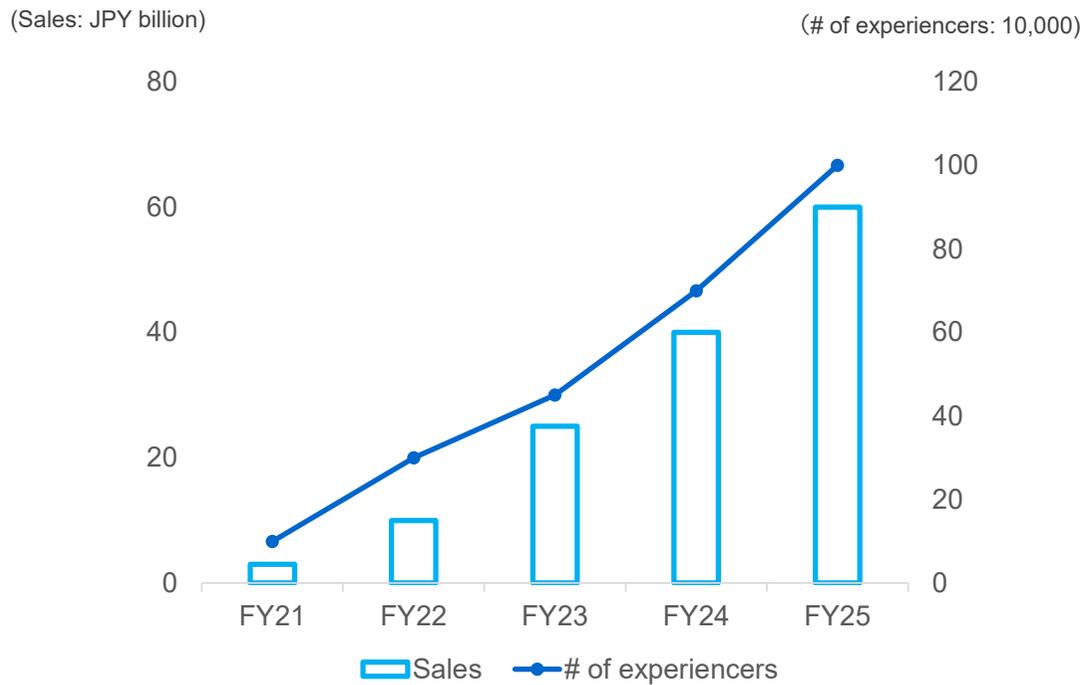
(売上高：億円)

Internet Business

Online Experience (OE) Business - Plans -

Mid-Term Targets
6 billion yen of sales, 1 million experiencers

Aggressive Expansion into Global Markets



- Create demand for previews
- Create a new customer experience (revamp distribution platform) → De-brochure
- Expand skill sharing and live commerce
- C to C platform
- Work with customers to address SDGs → Connect to future social contribution through OE as a market leader

Theme Park Business: Huis Ten Bosch

Initiatives to Increase Customer Satisfaction

Develop "Seasonal Interlocking" and enhance "Environmental Staging"



Lily season "wrapped bus"



A workshop where flower-inspired goods can be created, was held as well



Hotel lobby with majestic seasonal flowers

Theme Park Business: Huis Ten Bosch

Open New Facilities



A new cutting-edge “real x digital” area is born!



A moving experience, finally on the sea!
“Mariella Cruise”

Theme Park Business: Huis Ten Bosch

Events of this Summer



10-meter-high "Mega Slider" and 50-meter diameter "Flowing Pool"!



Outdoor Night Pool



Resort feeling can be enjoyed without worrying about sunburn and weather!



Indoor Night Pool

Theme Park Business: Laguna Ten Bosch

New Attractions



Backward-facing coaster "Backdrop"

The emergency declaration issued for Aichi Prefecture was decided to be extended until 6/20 (Sun)

From 6/6 (Sun) to 6/20 (Sun), the opening hours of Lagunasia are shortened and some restaurants are temporarily closed.



Mid Summer "Lagunasia Pool"

Hotel Business

◆Policies going forward

Maximize revenues of existing hotels

→ Review operating costs to improve profitability

Accelerate development of revitalization support

→ Select projects and aim to commercialize the next project



The 1st “Hotel/Inn Revitalization Support” Project
Scheduled to open as **“Mantenno Tsujinoya”** in July 2021

<H.I.S. Group: Number of Hotels>

Hotel Brand
Henn na Hotel (18)
Watermark Hotel (3)
Green World Hotel (14)
Guam Leaf Hotel
Resort Hotel Kume Island
Hotel Europe
Hotel Amsterdam
Forrest Villa

Total 40 hotels (24 in Japan & 16 overseas)

Hotel Business

<Opening Schedule>

Name of Hotel (City)	Location	Scheduled Opening Date
VISON Hotels	Taki Cho, Mie Pref.	Jul 20, 2021
Henn na Hotel Sendai	Miyagi Pref.	Sep 1, 2021
Henn na Hotel New York	U.S.	Summer, 2021
Henn na Hotel Seoul	South Korea	Summer, 2021
(Toshkent)	Uzbekistan	End of 2021
(Irabu Island)	Okinawa Pref.	Summer, 2022
(Cappadocia)	Turkey	2022 (Plan)
(Nagoya City)	Aichi Pref.	2022 (Plan)
(Kagoshima City)	Kagoshima Pref.	2022 (Plan)

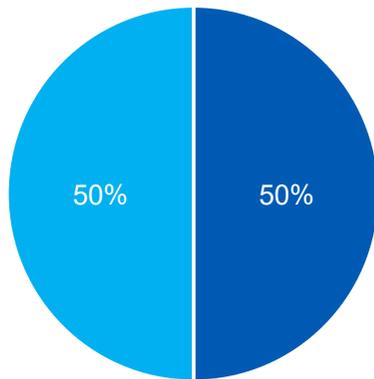


Scheduled to open in summer 2021
 "Henn na Hotel New York"
 (Perspective drawing)

Energy Business

◆ Power procurement policy going forward

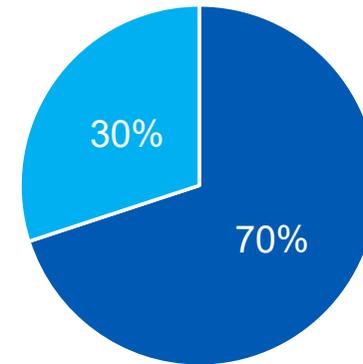
Procurement ratio so far



■ Market ■ PPA

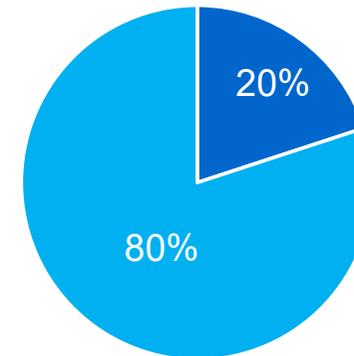
※ Annual average

Normal season (spring and fall)



■ Market ■ PPA

Peak season (summer and winter)



■ Market ■ PPA

Going forward, procurement ratio will be changed according to the season .※ final decision will be based on volume and price

PPA = Power Purchase Agreement with 3rd parties

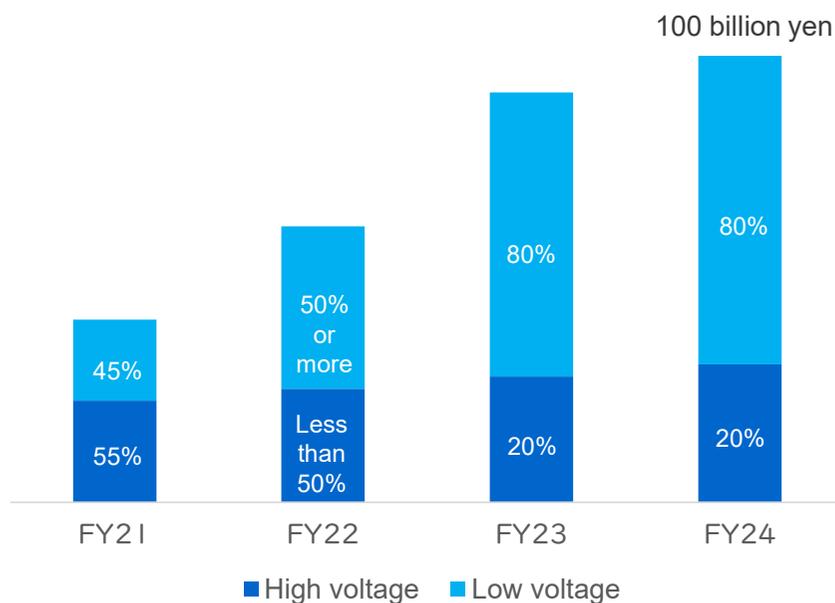
Energy Business

◆ Power retail business: What H.I.S. Group should aim for

Strengthen highly profitable low-voltage business contracts

Increase customer satisfaction

Future Targets of Sales and Contract Type Ratio



Kyushu Sanko Group

◆Policies Going Forward

Contribution to local development

- ① Revitalize the city center by utilizing the large-scale commercial facility "Sakura Machi Kumamoto"
Cooperation with Kumamoto Castle and Hanabata Plaza
(to be completed in autumn 2021)
- ② Strengthen food and beverage sales business at transportation hubs and tourist spots
Balance between joining a strong franchise and in-house development
- ③ Make tourist sites more attractive by operating tourist interaction facilities (Aso and Amakusa)
Maintain and strengthen good relationships with municipal governments that have national parks
- ④ Expand the population of interaction by maintaining and strengthening the bus network
Joint management by five bus companies in the prefecture and reinstatement of express bus service



Sakuramachi Kumamoto, a large-scale commercial facility

Disclaimer

In preparing this material, H.I.S. Group relies on and assumes the accuracy and completeness of all available information, but makes no representation or warranty as to its accuracy or completeness. The information in this material is subject to change without any prior notice.

This material contains forward-looking statements such as H.I.S. Group's future business activities and financial forecasts. Such forward-looking statements have been determined by the management of H.I.S. Group based on the information available at the time of preparation and have various risk factors and uncertainties. Actual operating results and financial positions may differ significantly from those indicated in these forward-looking statements. Therefore, these forward-looking statements should not be overly relied upon. H.I.S. Group is not obligated to revise forward-looking statements in response to new information, future events or new insights.



If you have any questions regarding this material, please contact H.I.S. Group's IR Office