



Presentation Materials for the 2nd Quarter of Fiscal
Year Ending October 31, 2022 Financial Results
(6 Months Ended April 30th, 2022)

June 13th, 2022
H.I.S. Co., Ltd.
TSE Prime: 9603

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1-1. Summary of 2Q Financial Results (Consolidated)

Changes in Accounting Standards

Effective from the 1Q of the fiscal year ending October 31, 2022, "The Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) and others are applied. This material also reflects figures under the former accounting standard for reference.

■ Major Changes in the Travel Business

	① Amount of Net Sales Recognition		② Timing of Sales Recognition	
	Former Standard	New Standard	Former 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 basis over the travel period.

※ 3 . Under the contract with the customer, "the time when the arrangement is completed = arrangement completion date" is the time when H.I.S. Group's service provision is completed.

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

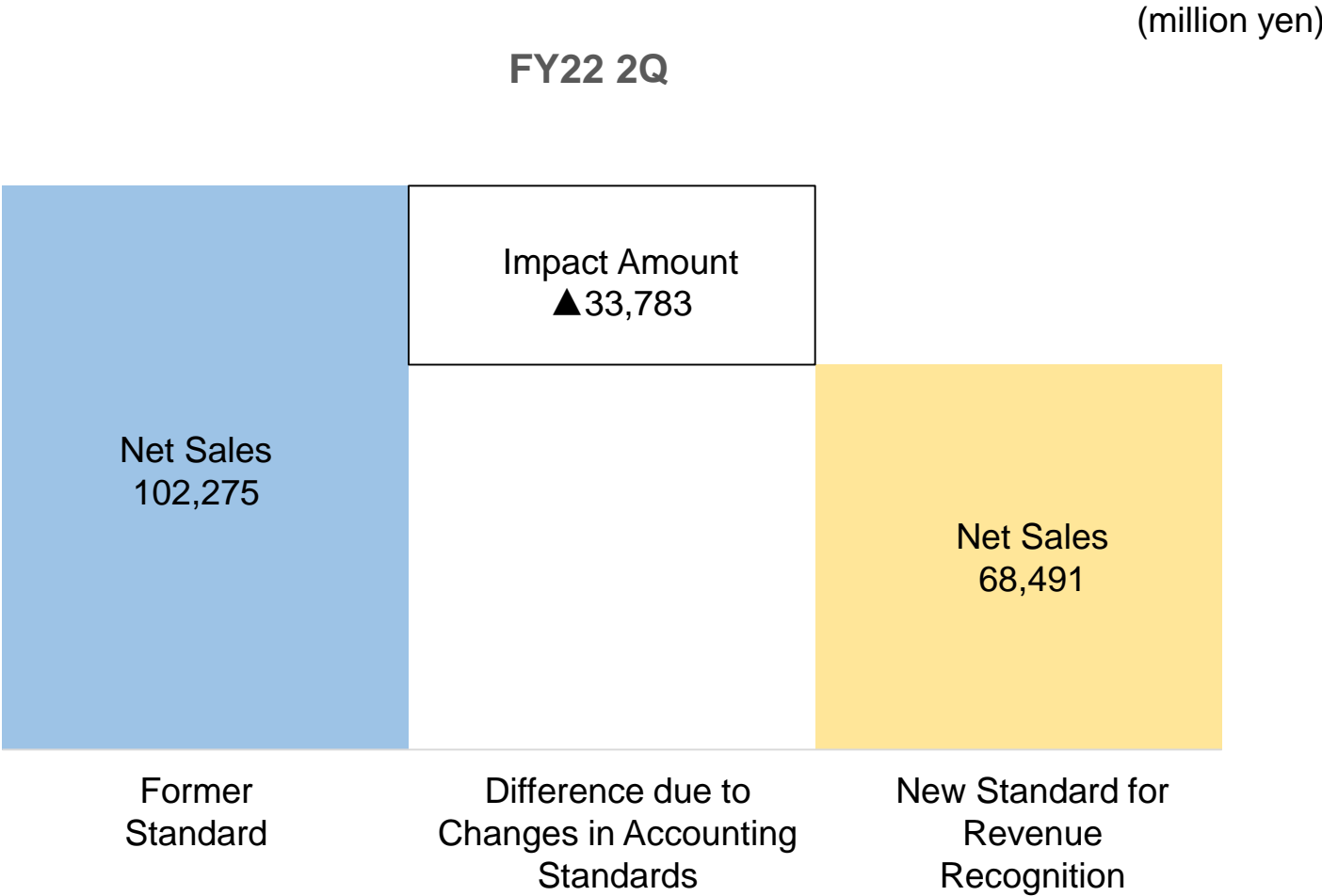
※ 5 . The basic concept with regard to transactions other than travel is also the same (= to distinguish between "transaction as a principle" or "transaction as an agent". In principle, all transactions (other than travel) are within the scope of the new standards, but are not applicable from the standpoint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

■ Changes in Presentation Method of the Theme Park Business

Some of the expenses in relation to the operation of the Theme Park Business, previously presented as "Selling, General and Administrative Expenses," are now presented as "Cost of Sales". Figures for the previous fiscal year have also been retroactively adjusted.

Changes in Accounting Standards

Difference in net sales between former / new standards due to the adoption of new “Standard for Revenue Recognition”



Consolidated Financial Results

	Former Standard (Reference)			<New Standard>	(million yen)
	FY2019 2Q (before COVID-19 Pandemic)	FY2021 2Q (Same Period of Previous Year)	FY2022 2Q	FY2022 2Q	
Net Sales	377,839	64,983	102,275	68,491	Travel Biz +27,508, Energy Biz +6,381
Gross Profit	64,782	4,230	6,757	6,890	
Operating Profit	8,979	▲31,669	▲28,263	▲28,130	Travel Biz +3,709, Energy Biz ▲1,657
EBITDA	13,372	▲25,378	▲21,944	▲21,811	Travel Biz +3,425, Energy Biz ▲1,555
Non-Operating Income	1,810	3,062	1,849	1,849	Subsidy Income ▲389, Currency Exchange Gain ▲320
Non-Operating Expenses	1,915	2,045	1,830	1,830	
Ordinary Profit	8,874	▲30,652	▲28,244	▲28,111	
Extraordinary Gain	513	9,685	9,577	9,577	Subsidy Income ▲947
Extraordinary Loss	-	2,510	4,824	4,824	Provision for Loss on Liquidation of Subsidiaries and Affiliates +3,093
Profit before Income Taxes	9,387	▲23,476	▲23,491	▲23,357	
Income Taxes	3,350	1,112	3,810	3,810	
Net Profit Attributable to Non-Controlling Shareholders	1,072	▲990	▲254	▲256	
Net Profit Attributable to Parent Company Shareholders	4,964	▲23,597	▲27,046	▲26,911	

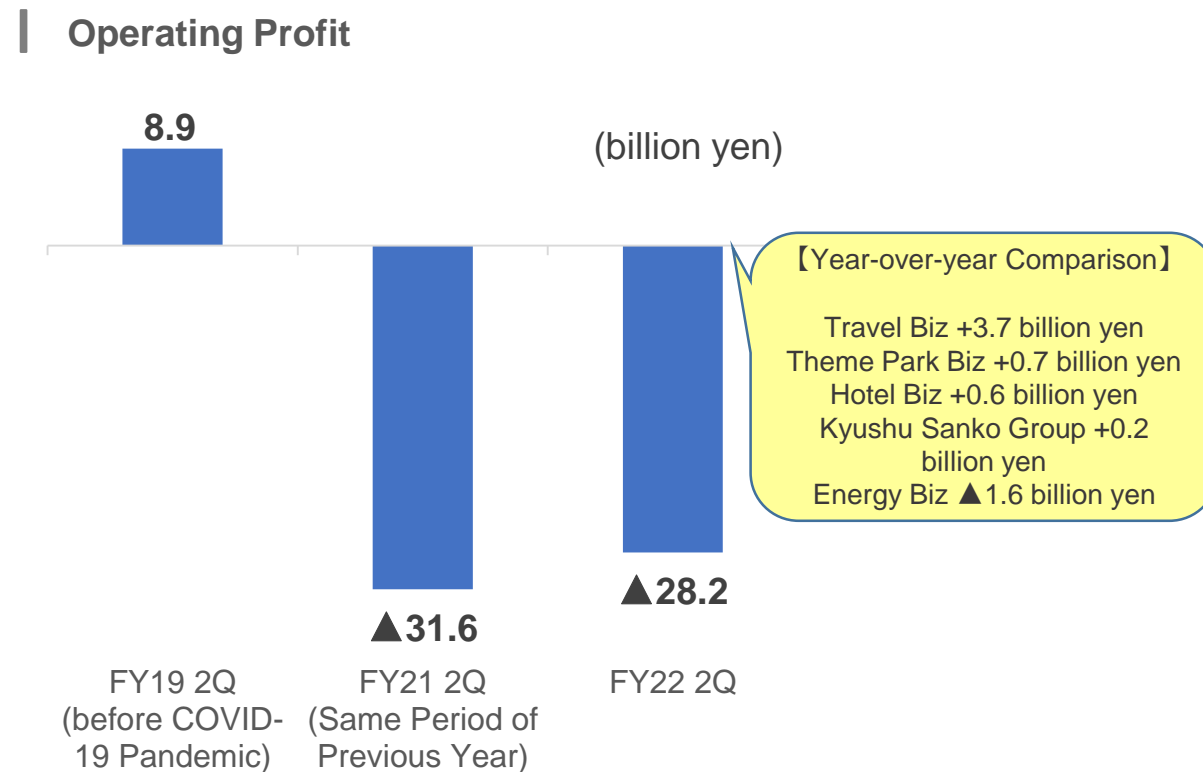
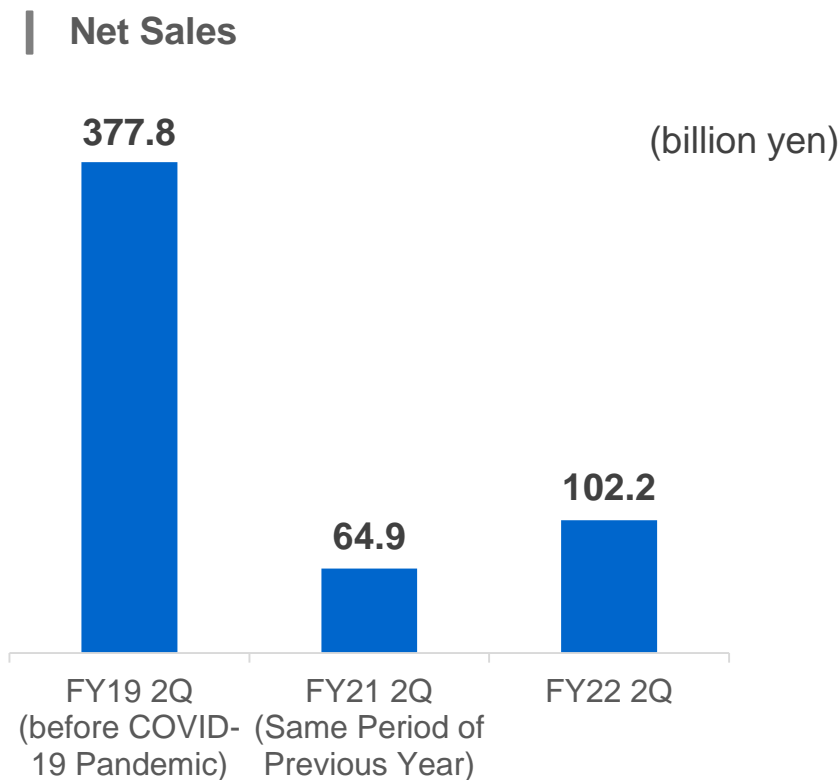
Net Sales & Operating Profit (Former Standard Basis)

Net sales were 102.2 billion yen (up 37.2 billion yen year-over-year)

Net sales in the travel business increased by 27.5 billion yen year-over-year due to a recovery trend in demands

Operating loss was 28.2 billion yen (an improvement of 3.4 billion yen year-over-year)

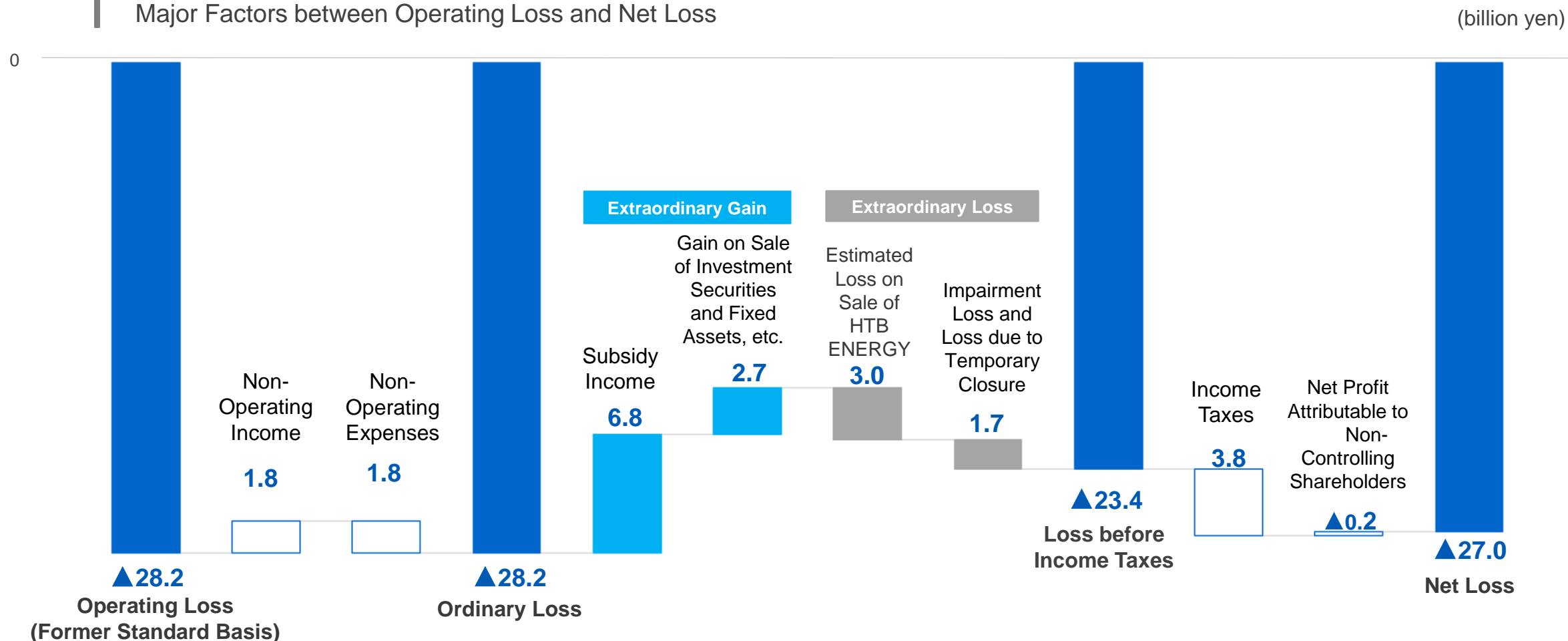
Improvements were made in most businesses except energy business



Ordinary Profit & Net Profit Attributable to Parent Company Shareholders (Former Standard Basis)

- Although 9.5 billion yen of extraordinary gain, including 6.8 billion yen of subsidy income was recorded, 4.8 billion yen of extraordinary loss was recorded, resulting in 27.0 billion yen of quarterly net loss

Major Factors between Operating Loss and Net Loss



● Operating loss based on the new standard is ▲28.1
(Difference between the new and the former standards is 0.1)

Impact of Transfer of HTB ENERGY Shares on Financial Results

On April 28, 2022, H.I.S. Group entered into an agreement to transfer all shares of its consolidated subsidiary, HTB ENERGY CO., LTD.

(1) Outline of HTB ENERGY	Company Name	HTB ENERGY CO., LTD.			
	Business	Power Retail Business (→ Reporting segment is "Energy Business")			
	Financial Results, etc. for the Past 3 Years (million yen)		FY Sep 2019	FY Sep 2020	FY Sep 2021
		Net Sales	20,461	26,400	37,141
		Operating Profit	1,095	278	▲9,406
		Net Assets	545	765	▲9,201
		Total Assets	6,864	7,803	10,291
(2) Outline of the Transfer	Transferee	HBD, Inc. (Consolidated subsidiary of Hikari Tsushin, Inc.)			
	H.I.S. Group's Shareholding Ratio	Before Transfer: 100% → After Transfer: -%			
	Transfer Price	Not disclosed in accordance with confidentiality clauses			
	Date of Execution of Share Transfer Agreement	April 28, 2022 (=FY2022 2Q)			
	Date of Share Transfer	May 20, 2022 (=FY2022 3Q)			
(3) Impact on Financial Results	FY2022 2Q	In order to prepare for losses to be incurred in connection with this share transfer, the estimated loss to be borne by H.I.S. Group is recorded as "Provision for loss on liquidation of subsidiaries and affiliates" in the amount of 3,093 million yen.			
	FY2022 3Q onwards	The estimated loss will be recorded as "Loss on sales of shares of subsidiaries and affiliates. The proceeds are expected to be paid in multiple installments, and the financial results may be affected by this share transfer until FY2023			

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

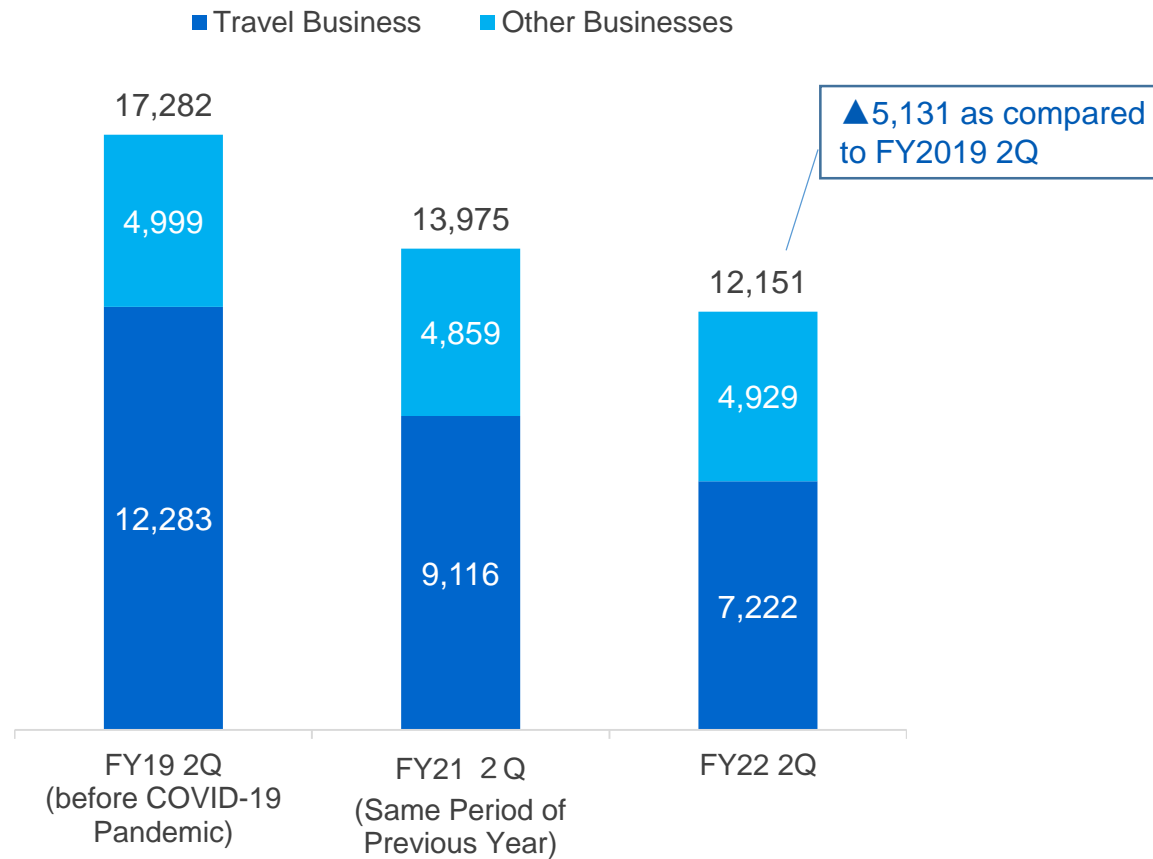
(million yen)

	FY19	FY21	FY22 2Q	Increase /Decrease
Cash and Deposits	219,175	101,411	101,692	281
Notes and Accounts Receivable	45,653	16,718	20,175	3,456
Operating Accounts Receivable	4,287	171	224	53
Pre-Travel Payments	52,102	8,927	4,919	▲4,008
Others	27,061	16,266	11,225	▲5,040
Total Current Assets	348,280	143,495	138,237	▲5,257
Property, Plant and Equipment	147,098	201,291	191,583	▲9,707
Intangible Fixed Assets	19,271	15,486	15,043	▲442
Goodwill	7,305	4,621	3,966	▲654
Investments and Other Assets	55,275	46,263	41,881	▲4,381
Total Fixed Assets	228,951	267,662	252,475	▲15,186
Deferred Assets	168	289	277	▲11
Total Assets	577,399	411,447	390,991	▲20,455

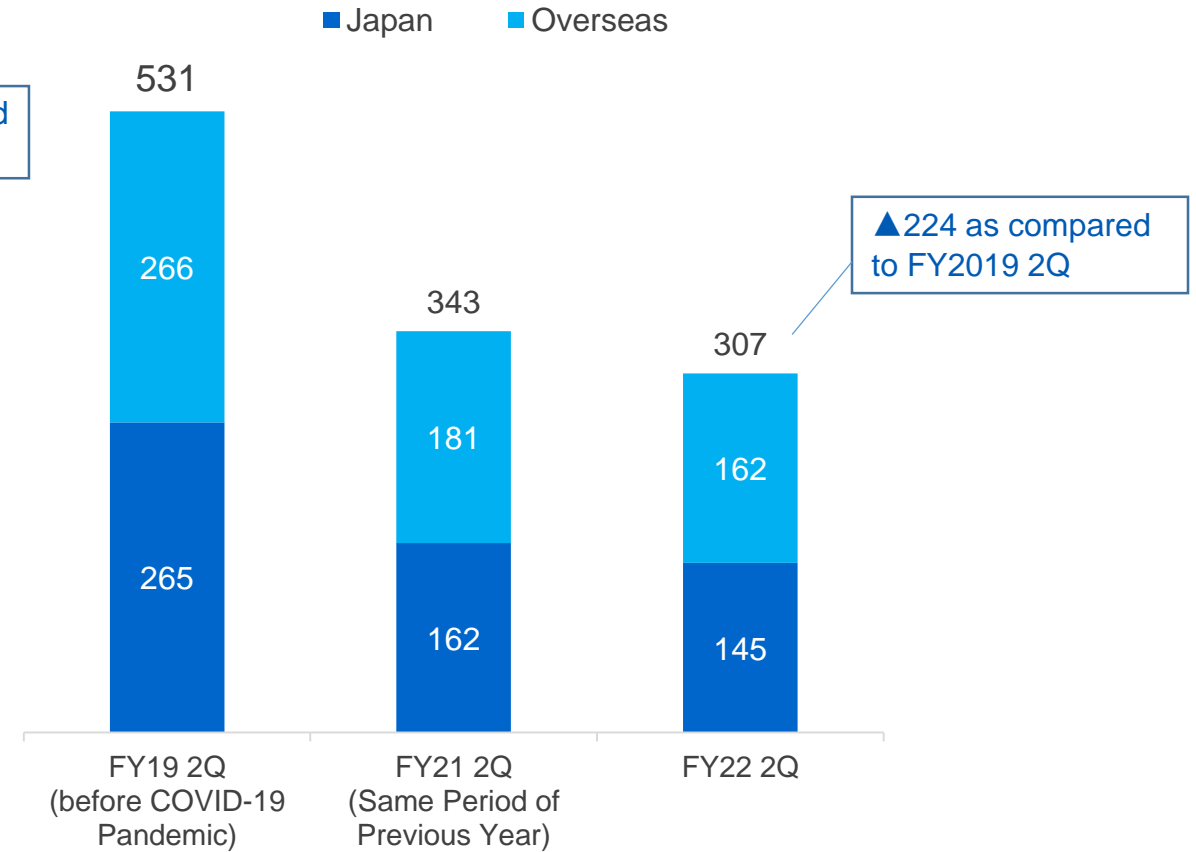
	FY19	FY21	FY22 2Q	Increase /Decrease
Operating Accounts Payable	38,082	12,978	11,738	▲1,240
Pre-Travel Payments Received	92,760	14,112	8,435	▲5,677
Bonds and Convertible Bonds Payable	55,090	45,054	45,045	▲8
Borrowings	146,403	184,643	156,956	▲27,687
Others	121,153	90,511	123,412	32,900
Total Liabilities	453,490	347,301	345,588	▲1,712
Capital	11,000	21,048	24,798	3,750
Capital Surplus	3,392	13,328	17,172	3,843
Earned Surplus	112,409	22,275	▲4,411	▲26,686
Treasury Shares	▲28,309	▲15,004	▲14,971	32
Cumulative Other Comprehensive Income	▲1,719	▲1,020	▲53	966
Non-Controlling Shareholder Equity	27,135	23,360	22,503	▲856
Total Net Assets	123,909	64,145	45,402	▲18,743
Total Liabilities and Net Assets	577,399	411,447	390,991	▲20,455

[Reference Data]

The Number of Group Employees



The Number of Sales Offices of the Travel Business



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

External Environments Surrounding H.I.S. Group

Declaration of State of Emergency
 Priority measures to prevent the spread of the disease
 "Go To" Travel Campaign

FY20
(FY Oct 2020)

1Q														2Q																																		
Nov-19							Dec-19							Jan-20							Feb-20							Mar-20							Apr-20													
Mon	Tue	Wed	Thu	Fri	Sat	Sun	Mon	Tue	Wed	Thu	Fri	Sat	Sun	Mon	Tue	Wed	Thu	Fri	Sat	Sun	Mon	Tue	Wed	Thu	Fri	Sat	Sun	Mon	Tue	Wed	Thu	Fri	Sat	Sun	Mon	Tue	Wed	Thu	Fri	Sat	Sun							
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1							30	31													30	31																										

3Q														4Q																																		
May-20							Jun-20							Jul-20							Aug-20							Sep-20							Oct-20													
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FY21
(FY Oct 2021)

1Q														2Q																																		
Nov-20							Dec-20							Jan-21							Feb-21							Mar-21							Apr-21													
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3Q														4Q																																		
May-21							Jun-21							Jul-21							Aug-21							Sep-21							Oct-21													
Mon	Tue	Wed	Thu	Fri	Sat	Sun	Mon	Tue	Wed	Thu	Fri	Sat	Sun	Mon	Tue	Wed	Thu	Fri	Sat	Sun	Mon	Tue	Wed	Thu	Fri	Sat	Sun	Mon	Tue	Wed	Thu	Fri	Sat	Sun	Mon	Tue	Wed	Thu	Fri	Sat	Sun							
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FY22
(FY Oct 2022)

1Q														2Q																																		
Nov-21							Dec-21							Jan-22							Feb-22							Mar-22							Apr-22													
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Operating Results by Business Segment

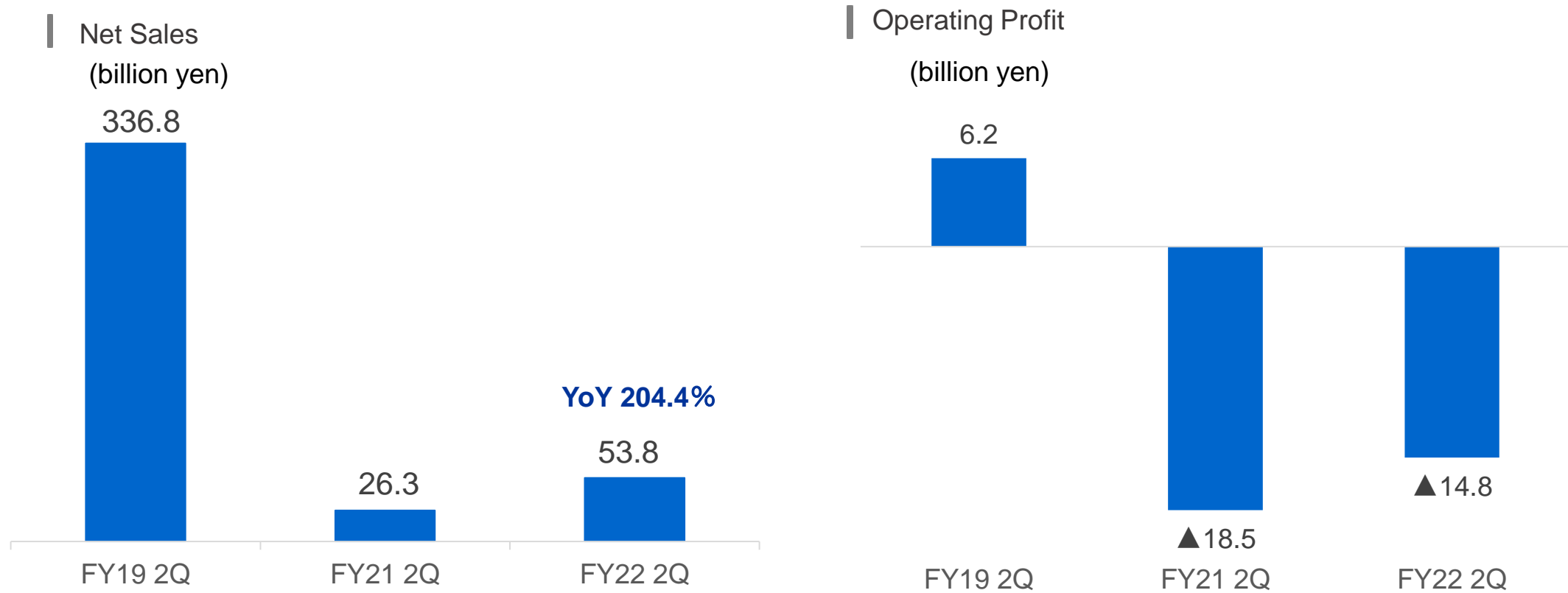
							(million yen)	
	Segment	Former Standard (Reference)			YoY	Year-over-Year Increase/Decrease (Former Standard Basis)	<New Standard>	
		FY19 2Q (before COVID-19 Pandemic)	FY21 2Q (Same Period of Previous Year)	FY22 2Q			FY22 2Q	
Net Sales	Travel Business	336,831	26,351	53,860	204.4%	27,508	23,405	
	Theme Park Business	14,238	8,917	10,698	120.0%	1,781	10,366	
	Hotel Business	5,519	2,610	3,572	136.8%	961	3,572	
	Kyushu Sanko Group	11,155	8,690	9,124	105.0%	433	8,591	
	Energy Business	9,281	17,606	23,987	136.2%	6,381	21,523	
	Other	3,433	1,764	1,936	109.7%	171	1,936	
	Adjustments, Eliminations, etc.	▲2,620	▲956	▲904	-	52	▲904	
Operating Profit	Travel Business	6,201	▲18,586	▲14,876	-	3,709	▲14,742	
	Theme Park Business	2,809	▲555	174	-	729	174	
	Hotel Business	338	▲2,660	▲2,068	-	591	▲2,068	
	Kyushu Sanko Group	297	▲931	▲701	-	230	▲701	
	Energy Business	363	▲7,754	▲9,412	-	▲1,657	▲9,413	
	Other	226	▲295	▲497	-	▲201	▲497	
	Adjustments, Eliminations, etc.	▲1,259	▲884	▲880	-	3	▲880	
EBITDA	Travel Business	8,045	▲16,442	▲13,017	-	3,425	▲12,883	
	Theme Park Business	3,861	486	1,191	244.6%	704	1,191	
	Hotel Business	907	▲1,090	▲170	-	919	▲170	
	Kyushu Sanko Group	750	0	203	36,335.0%	202	203	
	Energy Business	399	▲7,556	▲9,111	-	▲1,555	▲9,112	
	Other	468	▲102	▲344	-	▲241	▲344	
	Adjustments, Eliminations, etc.	▲1,060	▲674	▲695	-	▲20	▲695	

Travel Business / Quarterly Operating Results by Sub-Segment

(million yen)	FY19			FY21					FY22			
	1Q	2Q	1H	1Q	2Q	1H	3Q	4Q	Total	1Q	2Q	1H
Travel Business: Total Net Sales	166,617	170,213	336,831	15,737	10,613	26,351	6,772	9,904	43,028	23,956	29,904	53,860
YoY	114.3%	107.8%	110.9%	9.0%	8.5%	8.8%	14.6%	72.3%	12.0%	152.2%	281.7%	204.4%
International Travel from Japan / Transaction Amount	87,899	110,754	198,654	1,122	842	1,965	1,114	1,877	4,957	2,119	3,169	5,289
YoY	106.7%	114.5%	110.9%	1.3%	2.0%	1.5%	97.6%	190.9%	3.7%	188.8%	376.2%	269.1%
Fuel Surcharge (included in the transaction amount above)	6,030	8,005	14,036	21	18	39	32	81	153	119	250	370
Domestic Travel in Japan / Transaction Amount	11,941	17,576	29,517	9,536	4,459	13,995	3,062	4,916	21,973	8,686	7,621	16,307
YoY	101.4%	106.9%	104.6%	81.7%	54.6%	70.5%	289.1%	68.0%	78.1%	91.0%	170.9%	123.9%
Inbound Travel to Japan / Transaction Amount	7,116	8,075	15,192	34	16	51	13	58	123	28	74	102
YoY	119.5%	105.6%	111.8%	0.6%	2.1%	0.7%	27.0%	30.9%	1.8%	82.3%	451.5%	200.7%
Overseas Subsidiaries / Inbound Transaction Amount	56,070	35,339	91,409	2,167	1,581	3,748	1,176	2,574	7,498	4,451	4,690	9,142
YoY	127.1%	106.7%	118.4%	3.9%	4.5%	4.0%	6.4%	312.8%	6.8%	205.3%	296.6%	243.9%
Overseas Subsidiaries / Outbound Transaction Amount	19,719	20,213	39,933	1,167	3,013	4,180	1,968	4,480	10,628	10,843	14,743	25,586
YoY	104.3%	100.0%	102.1%	2.8%	5.9%	4.5%	10.0%	-	9.5%	929.1%	489.3%	612.1%
Eliminations of Internal Transactions, Adjustments, etc.	▲16,128	▲21,744	▲37,874	1,711	704	2,412	▲561	▲4,001	▲2,151	▲2,189	▲394	▲2,566

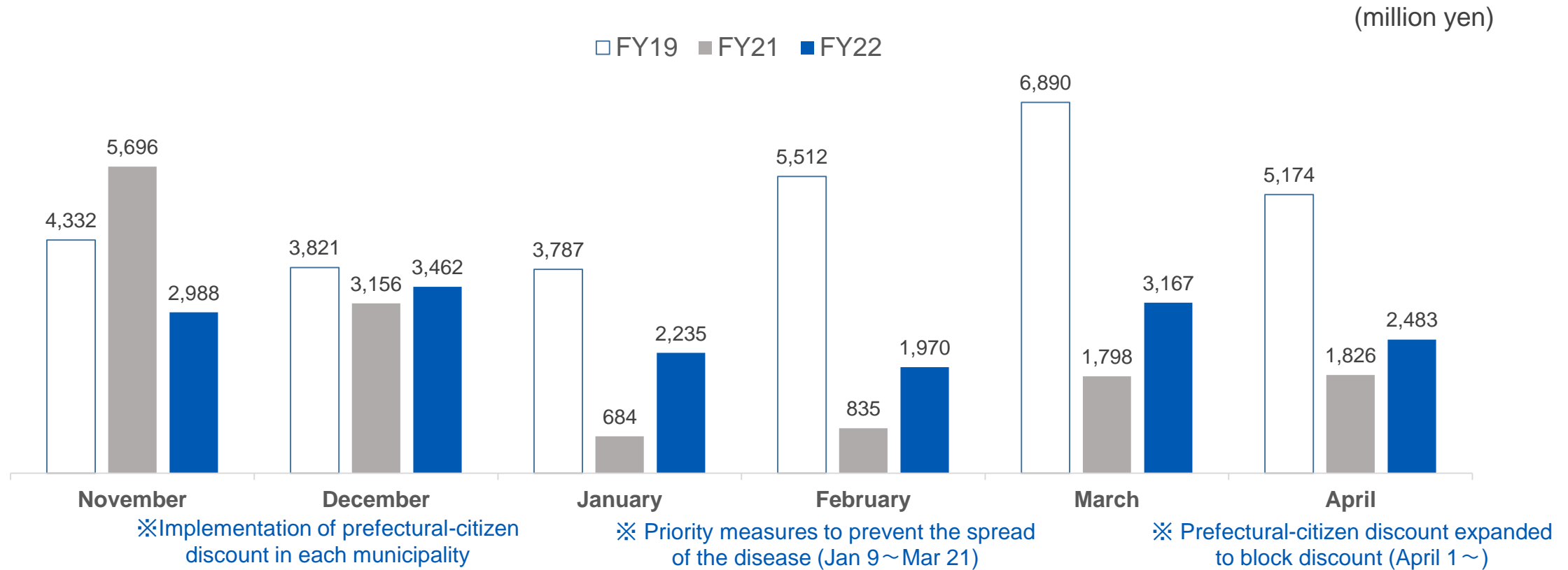
Travel Business (Consolidated, Former Standard Basis)

- Despite easing of waterfront measures in Japan, sales were 53.8 billion yen (**204.4% YoY**) as the mainstay “International Travel from Japan” and others continued to be significantly impacted by continued travel and entry restrictions in many countries
- Operating loss was 14.8 billion yen (**profit improvement of 3.7 billion yen**) despite continued efforts to thoroughly reduce costs amid a slow recovery in travel demand.



Travel Business / Monthly Transaction Amount of Domestic Travel

Domestic travel transaction amount in December exceeded that of FY2019 due to a decrease in the number of COVID-19 cases nationwide and the implementation of the prefectural-citizen discount. However, the result was affected by the implementation of priority measures to prevent the spread of the mutant Omicron strain from January onward.



※ GoTo Travel Campaign period until December 17 in FY2021

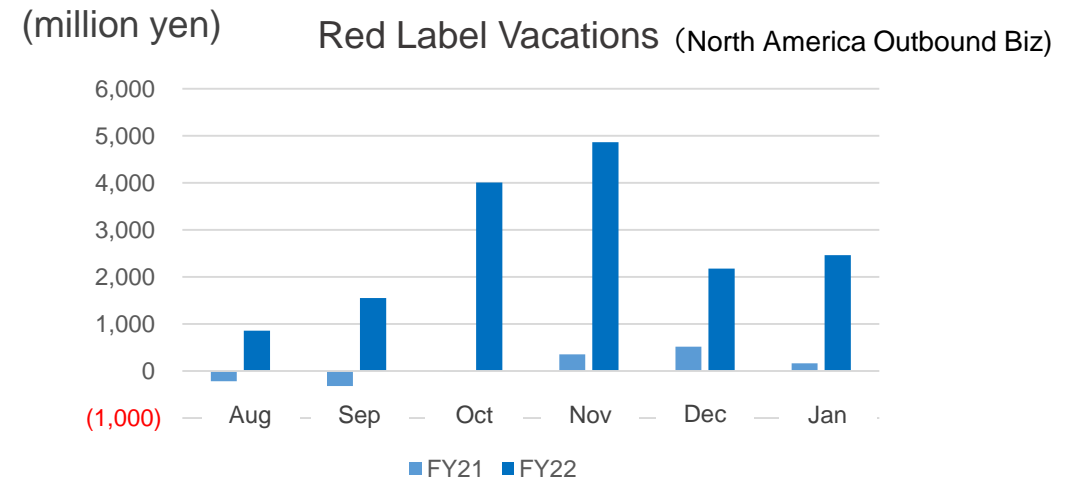
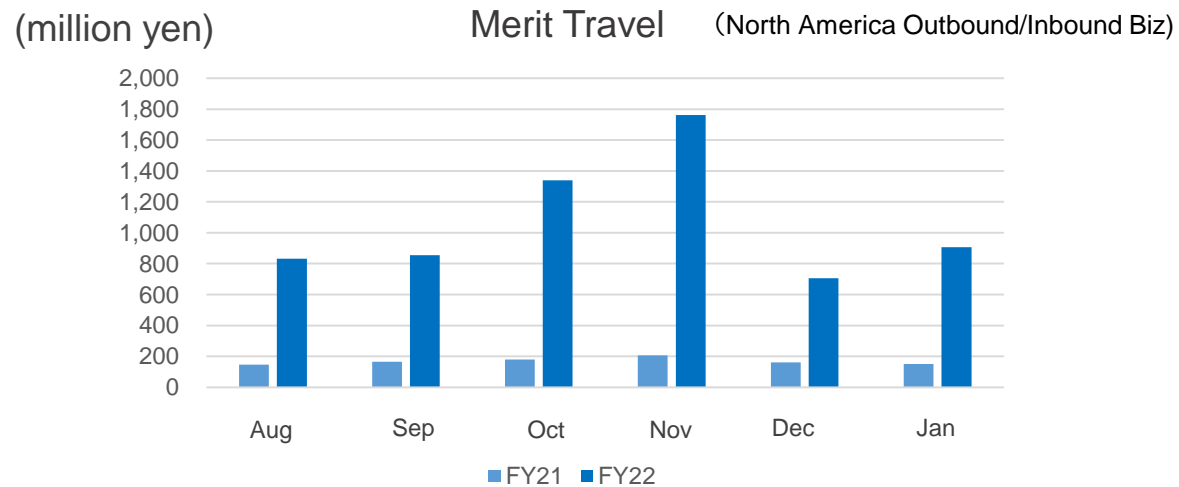
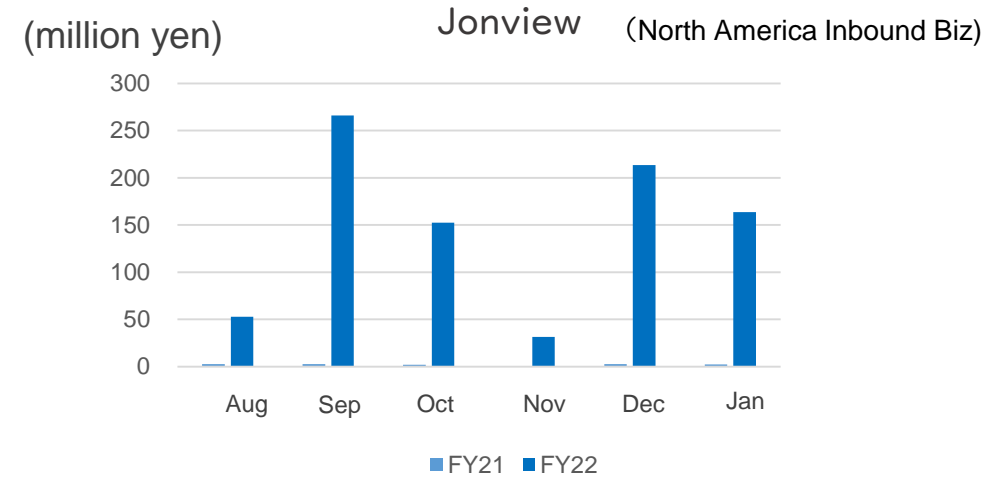
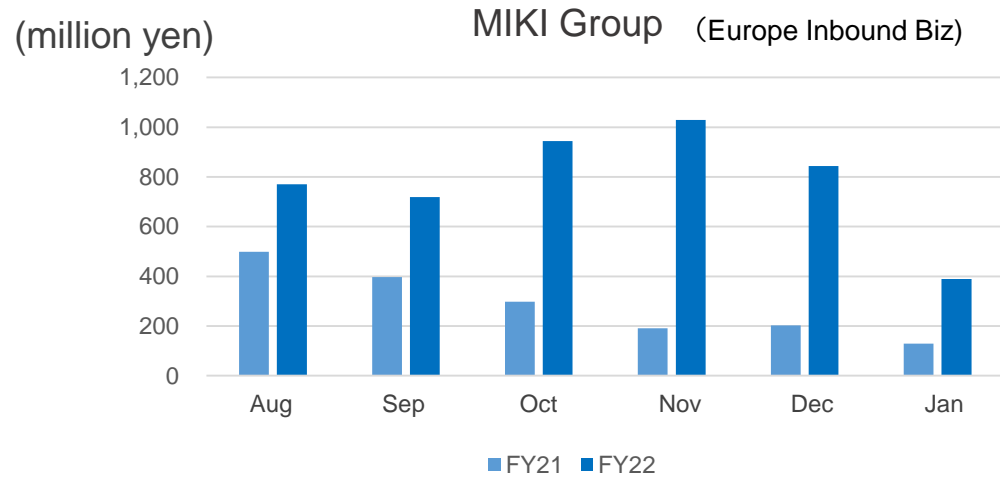
※ Total transaction amount after offsetting internal transactions of H.I.S. Co., Ltd. and its five group companies (Orion Tour, Qualita, Cruise Planet, Japan Holiday Travel, and H.I.S. Okinawa)

Travel Business of Overseas Subsidiaries / Demand Recovery Status

※ Travel Business of Overseas Subsidiaries

1st Half: August 2021 ~ January 2022

At overseas group companies, travel demand recovered significantly from the previous year due to the easing of entry and exit restrictions, mainly in the European and U.S. markets

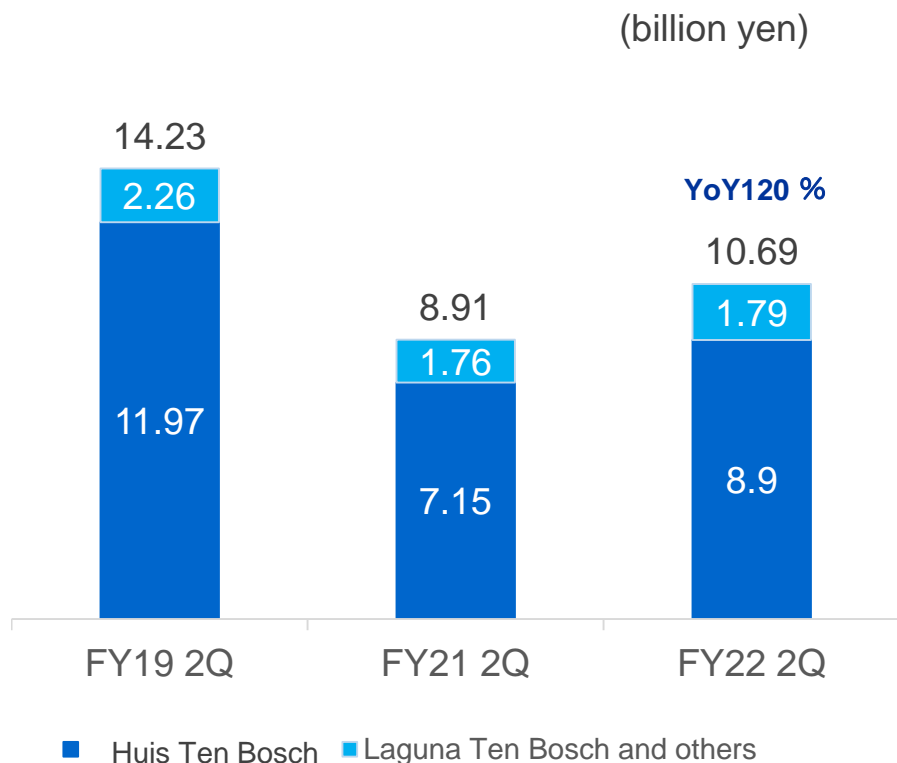


※ Negative figures for Aug ~ Oct 2021 are due to refunds resulting from flight cancellations

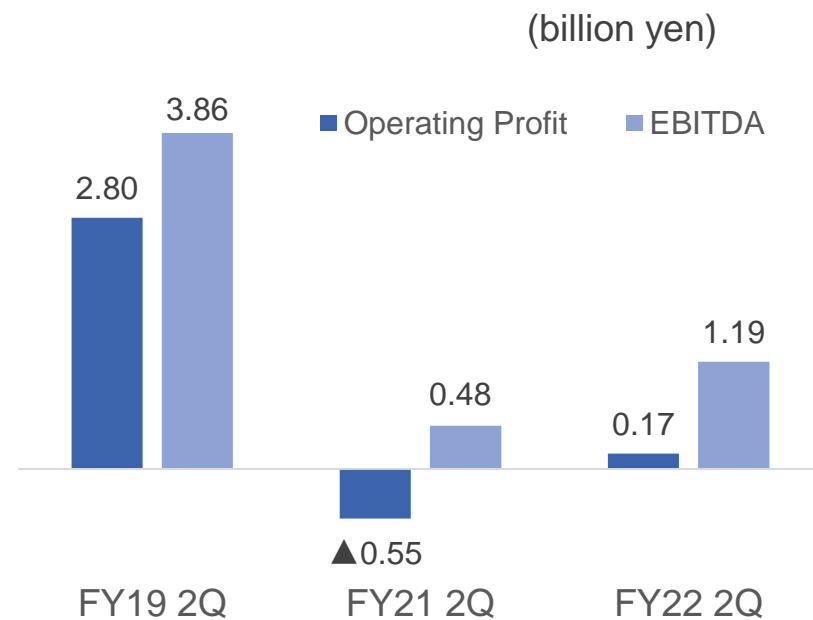
Theme Park Business (Former Standard Basis)

- Huis Ten Bosch was affected by the designation of Sasebo City as an area of "priority measures to prevent the spread of disease" from January, but various anniversary events marking the 30th anniversary of its opening were well accepted, resulting in net sales of **10.69 billion yen (120% YoY)** and **operating profit of 170 million yen (profit improvement of 720 million yen)**, the first time in two years that operating profit was recorded for the 1st half

Net Sales



Operating Profit & EBITDA

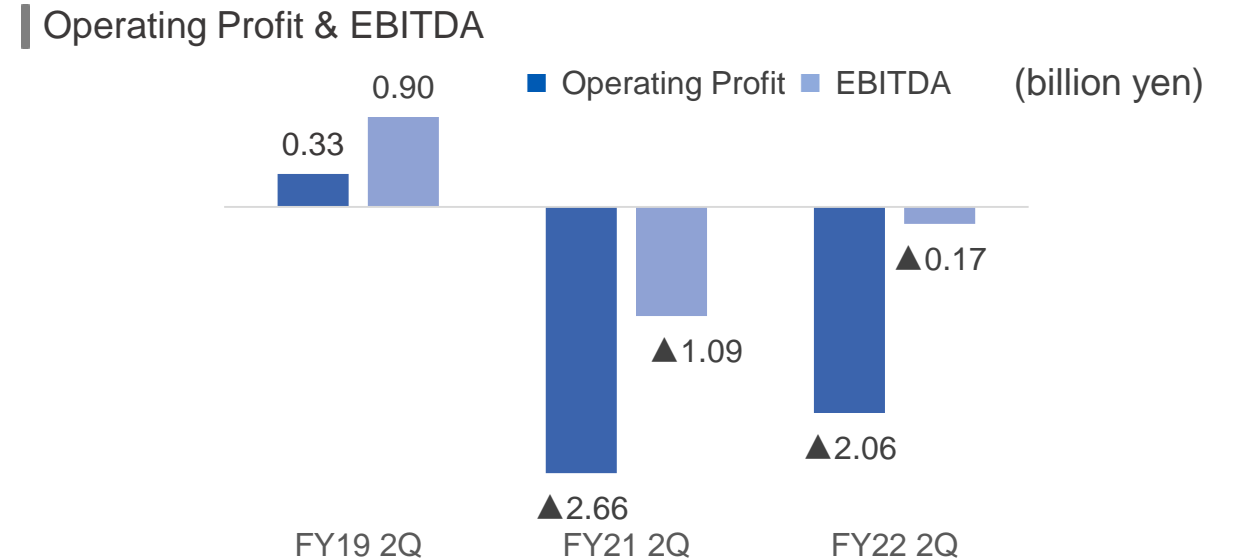
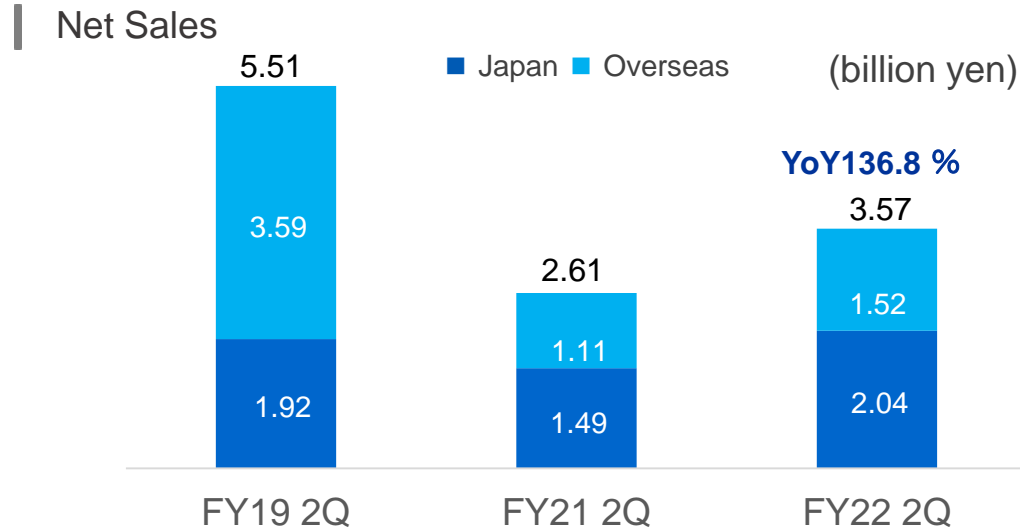


Huis Ten Bosch / Non-Consolidated Quarterly Operating Results

	(million yen)											
			FY19			FY21						FY22
	1Q	2Q	1H	1Q	2Q	1H	3Q	4Q	Total	1Q	2Q	1H
Transaction Amount (Before Consolidation Adjustments)	7,079	5,968	13,047	5,891	1,759	7,650	2,143	2,446	12,239	6,302	3,320	9,622
YoY	96.1%	83.2%	89.8%	96.3%	55.5%	82.4%	300.0%	108.2%	99.9%	107.0%	188.7%	125.7%
Operating Profit	1,894	1,277	3,171	1,236	▲1,454	▲218	▲1,290	▲1,293	▲2,801	1,106	▲706	400
YoY	92.4%	61.9%	77.1%	145.1%	-	-	-	-	-	89.52%	-	-
Attendance (10,000)	70.8	59.6	130.4	60.9	19.0	79.9	21.5	26.2	127.7	70.2	36.7	106.9
YoY	97.2%	89.4%	93.5%	88.3%	53.9%	76.8%	210.7%	108.2%	92.2%	115.1%	193.1%	133.7%
Foreign Attendance (included in the number above, 10,000)	3.5	4.2	7.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
YoY	82.1%	89.3%	86.0%	-	-	-	-	-	-	-	-	-
Number of Hotel Guests (10,000)	7.3	7.0	14.3	8.9	1.6	10.5	1.8	3.3	15.7	8.4	4.6	13.0
YoY	96.1%	85.3%	90.3%	135.2%	42.1%	101.8%	1056.9%	86.8%	109.8%	94.4%	287.5%	123.8%
Unit Price (yen, Rounded Down to the Nearest Hundred)	9,900	10,000	10,000	9,600	9,200	9,500	9,900	9,300	9,500	8,900	9,000	9,000
Increase/Decrease	-100	-770	-400	+800	+200	+600	+3,000	±0	+1,000	-700	-200	-500

Hotel Business (Former Standard Basis)

Hotels in Japan were affected by the spread of mutant Omicron strain, but showed a moderate recovery, mainly in leisure demands. At overseas hotels, the number of guests decreased due to continued difficulties in international travel. **Net sales were 3.57 billion yen (136.8% YoY), operating loss was 2.06 billion yen (profit improvement of 590 million yen), and EBITDA was minus 170 million yen (improvement of 920 million yen).**



	FY19 2Q	FY21 2Q	FY22 2Q
Hotels in Japan	12	19	22
Overseas Hotels	18	16	17
Total	30	35	39

<As of 2Q FY22>

Breakdown of hotels in Japan: Henn na Hotel (Japan): 17 (Tohoku: 1, Kanto: 8, Chubu/Hokuriku: 2, Kinki/Chugoku: 5, Kyushu: 1), Watermark Kyoto,

Resort Hotel Kume Island, HOTEL VISON, Hatago Vison, Mantenno Tsujino Ya

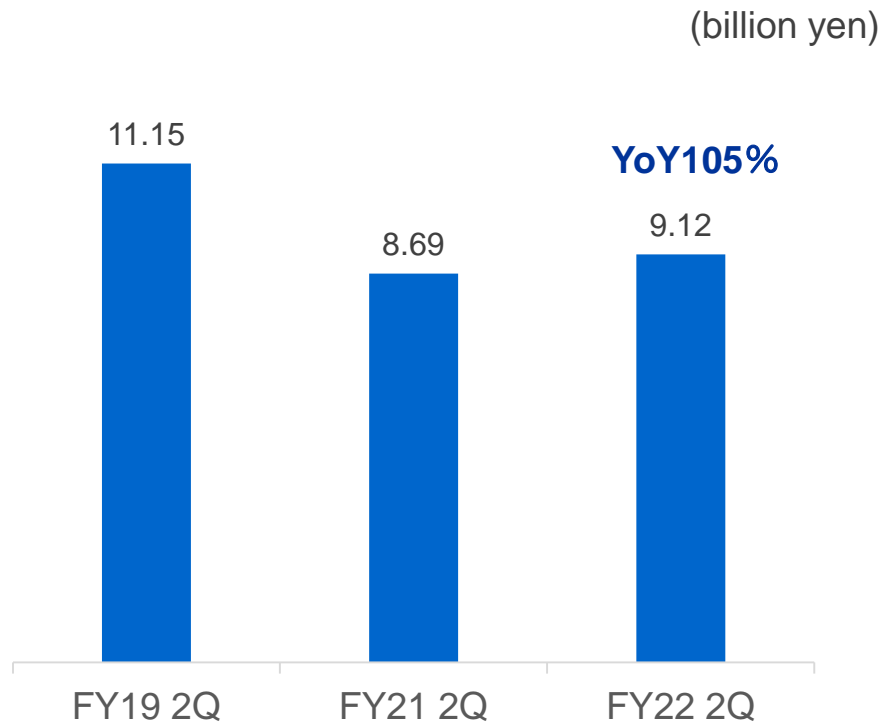
Breakdown of overseas hotels: Henn na Hotel (overseas): 2 (Seoul Myeongdong, New York), Green World Hotels Taiwan (13 hotels) Guam Reef, Watermark Hotel & Spa Bali Jimbaran

※ 2Q: Hotels in Japan: Oct-Mar / Overseas Hotels: Aug-Jan, excluding hotels in Huis Ten Bosch and Laguna Ten Bosch

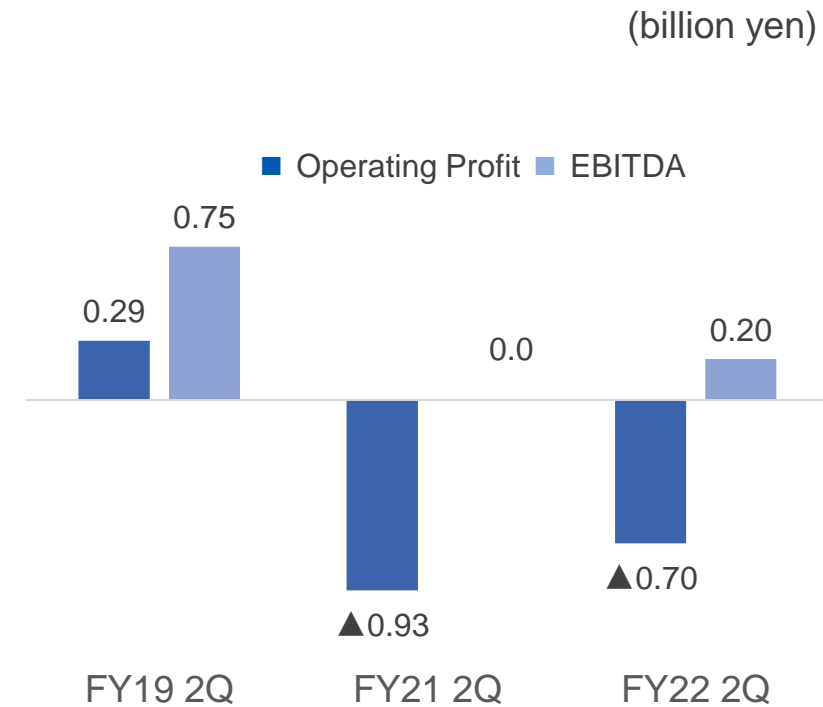
Kyushu Sanko Group (Former Standard Basis)

- The impact of the “priority measures to prevent the spread of disease” led to a stronger trend of restraining human flow in Kumamoto Prefecture as a whole, and as a result, **net sales were 9.12 billion yen (105% YoY), operating loss was 0.7 billion yen (profit improvement of 0.23 billion yen), and EBITDA was 0.2 billion yen (improvement of 0.2 billion yen).**

Net Sales



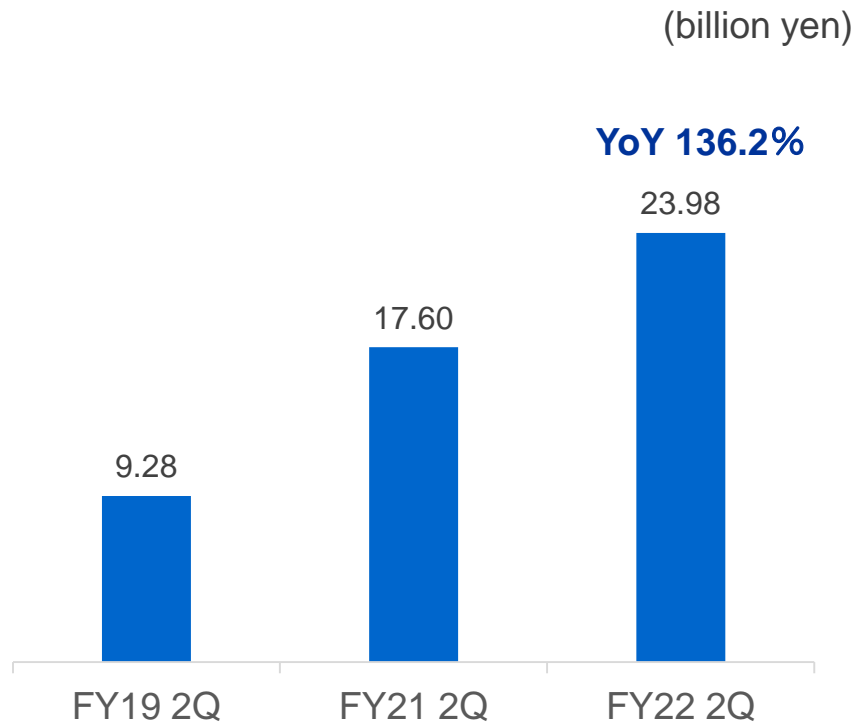
Operating Profit & EBITDA



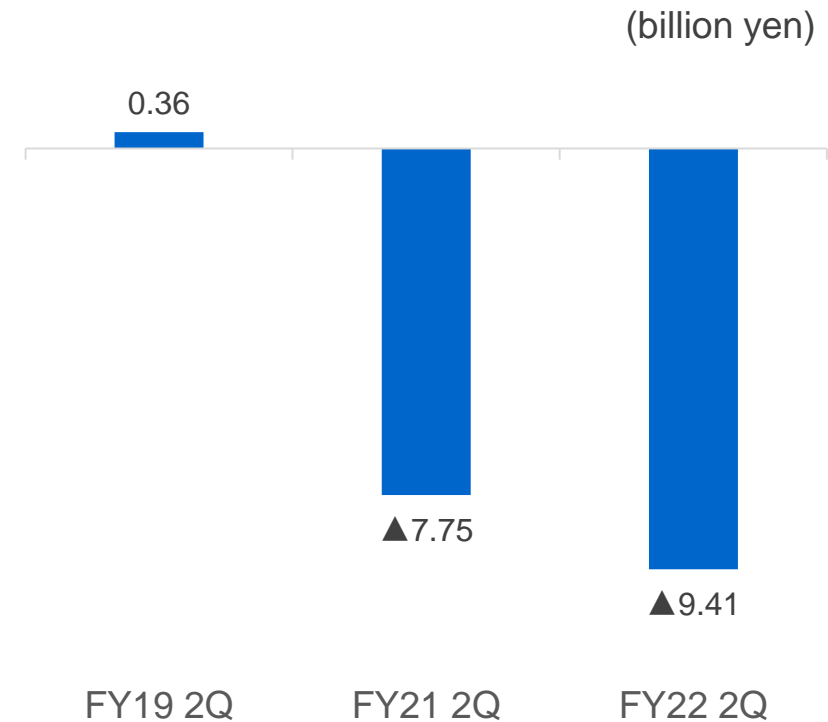
Energy Business (Former Standard Basis)

Supply capacity, mainly LNG-fired thermal power, continued to chronically decline due to a decrease in fuel inventory, and supply-demand balance tightened due to an increase in electric power demand following the arrival of a cold wave in late December and onward. Although net sales grew by 6.3 billion yen, **operating loss was 9.41 billion yen (profit decline of 1.65 billion yen)** due to continued soaring prices in the wholesale market.

Net Sales

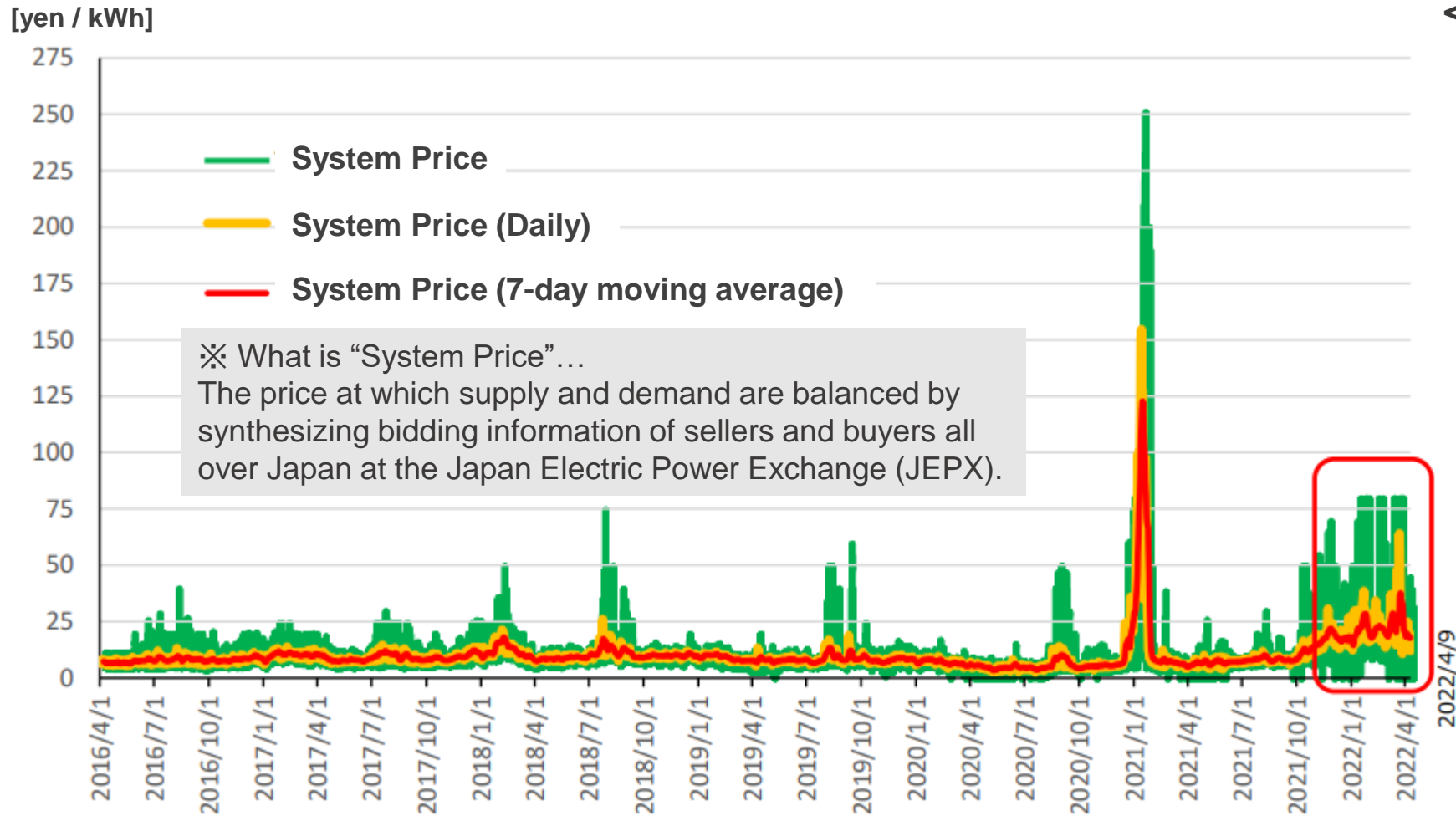


Operating Profit



Energy Business (Supplementary Material)

Trends in Spot Market Prices



<Surge in Trading Prices on JEPX>

Average for FY2021: **13.5** yen/kWh



Average for FY2022: **17.4** yen/kWh

※ Only until April 9, 2022

The price has been on an upward trend since September last year. After a temporary downward trend since late December last year, prices soared in early March against the backdrop of the situation in Ukraine. Against the backdrop of sharp rises in international fuel prices, soaring electric power procurement prices have become the norm.

Source: Ministry of Economy, Trade and Industry

2. Future Management Policies

For Future Growth

Preparation for Counter-Offensive and Re-Growth of Travel Business

- **To rebuild the international travel market**

→ To cooperate with H.I.S.'s overseas bases to provide reliable travel and achieve an overwhelming V-shaped recovery to establish the #1 position in international travel

- **To continue to strengthen domestic travel to be a pillar of travel business**

→ To invest resources continuously to become "H.I.S. for domestic travel"

- **To prepare for the re-opening of "inbound travel to Japan" market**

→ To strengthen cooperation with municipal governments and tourist facilities / To expand products in line with the strengthening of domestic travel procurement

- **To expand share of travel business overseas**

→ 【Outbound biz of overseas subsidiaries】 To expand sales channels mainly through H.I.S. Group affiliates and online

→ 【Inbound biz of overseas subsidiaries】 To concentrate H.I.S. local subsidiaries' resources to achieve a recovery in the shortest possible time

Challenges in New Business Areas

- **To create a pillar of non-travel business**

→ To leverage the global network and human resources to diversify the business portfolio, as H.I.S. Group has management resources of "Human" all over the world

→ To contribute to world peace, the corporate philosophy of H.I.S. Group, through its business by viewing "unknown territory" as an opportunity for "creative development".

Change of Representative Directors

In order to respond flexibly to the diversifying business development of H.I.S. Group, the separation of "management" and "execution" will be further clarified, aiming for early recovery of business and further enhancement of corporate value under the new management execution structure.

■ Introduction of the New Representative Director and President (※ Inauguration on March 1, 2022)

Motoshi Yada



(Born July 25, 1961)

< Toward sustainable growth and enhancement of corporate value of H.I.S. Group >

- To implement management reforms based on business environments
- To restructure business portfolio
 - To “deepen” travel business and “explore” non-travel business
 - To achieve a 50:50 ratio of profits from travel-related and non-travel businesses over the mid to long term
- To strengthen group governance

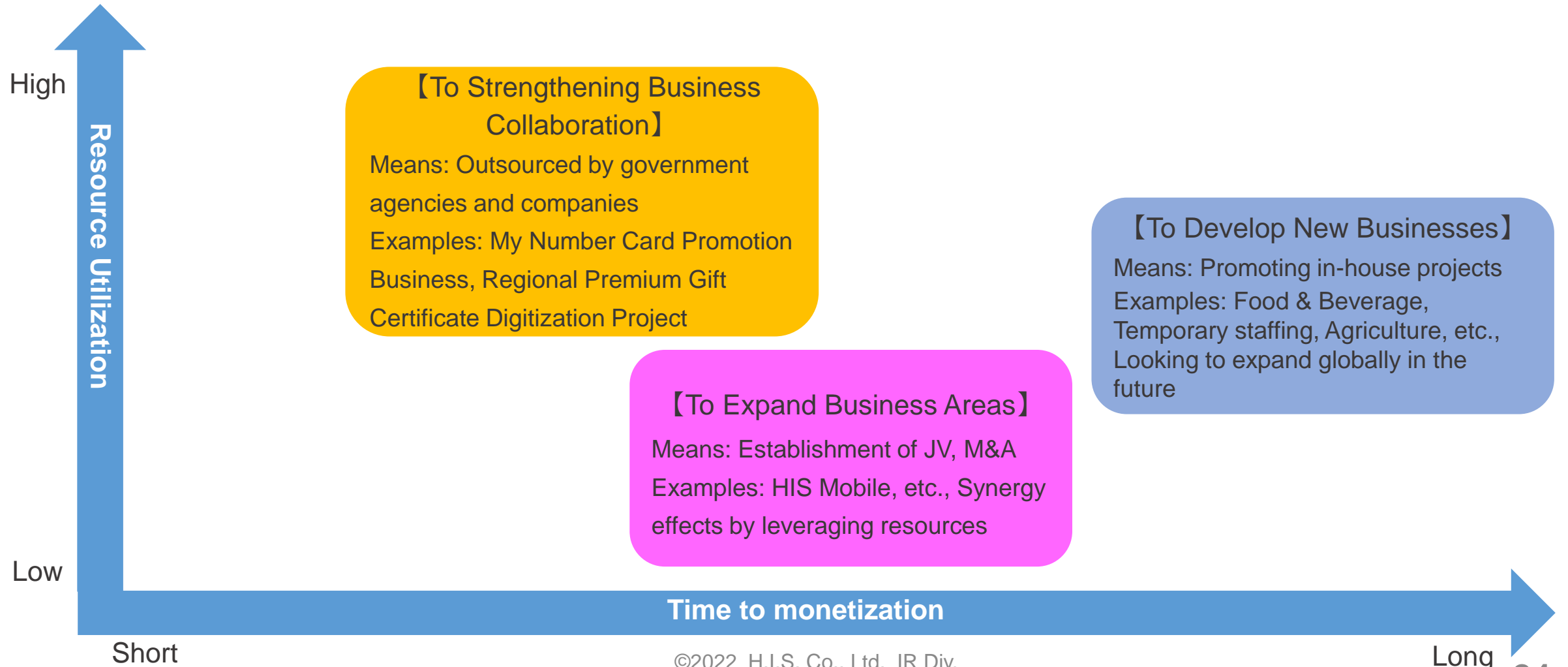
※ Hideo Sawada, former Representative Director, Chairman and President, assumed the position of Representative Director and Chairman on March 1, 2022.

To Implement Management Reforms Based on Business Environments



To Restructure Business Portfolio

■ To allocate management resources of H.I.S. to restructure the portfolio in the non-travel business



To Restructure Business Portfolio

【To Expand Business Areas】

- ◆ To accelerate growth through alliances and M&A with companies in other industries

Non-travel businesses within H.I.S. Group, H.I.S. Mobile Co., Ltd. (telecom), Canadian College & CCEL (vocational school and language school/Canada), and S.Y.S. Inc. (reservation system provider), achieved profitability even during COVID-19 Pandemic.

In May 2022, HTB ENERGY CO., LTD. shares were transferred to HBD, Inc. In conjunction with this agreement, group companies of Hikari Tsushin, Inc., the parent company of HBD, Inc., and H.I.S. Group companies are to form business alliances. The two groups are working together to provide products and services to customers and business partners of both groups.

【To Strengthening Business Collaboration】

- ◆ To leverage H.I.S. resources to strengthen partnerships with public offices, municipalities, and companies

MICE operation know-how cultivated in the travel business is utilized to develop the solution business. Services are provided to meet the needs that arise in flux and the challenges faced by each municipality. Partnering beyond the boundaries of outsourcing business is to be established.

「Future Developments」

H.I.S. Group seconded its employees to about 50 companies outside the group during the COVID-19 Pandemic. Not only secondments during the COVID-19 Pandemic, but also exchange of human resources and business know-how between companies in other industries was conducted, developing a business that combines the strengths of both companies.

To Restructure Business Portfolio

【To Develop New Businesses】 Examples

◎ Agriculture: Establishment of "HIS Farmers Co., Ltd." in April 2022

Aiming to make agriculture smarter, the products are offered with a focus on quality. HIS Farmers Co., Ltd. was established to practice agriculture that is loved by both workers and customers. It currently grows and sells mini-tomatoes in Hasuda City, Saitama Prefecture, and grapefruits in Nichinan City, Miyazaki Prefecture.



Cultivation of mini-tomatoes in greenhouses (Hasuda City, Saitama Prefecture)

◎ Temporary Staffing Business: Establishment of "Green Ocean Co., Ltd." in June 2021

License for the temporary staffing business has been obtained and human resource services are provided for the agriculture and lodging industries. H.I.S. has a strong understanding of hospitality in the service industry cultivated by H.I.S. and of global human resources cultivated at its overseas bases. In the field of agriculture, Green Ocean Co., Ltd. features a year-round system of dispatching personnel to where and when they are needed, in accordance with busy seasons such as harvesting and planting. The gradual easing of conditions for entry into Japan supports the growth of business.



【Dispatched to】 Minami-Kyushu City, Kagoshima Prefecture (tea plantation), Tahara City, Aichi Prefecture (chrysanthemum cultivation)

【Plans to be dispatched to】 Aomori Prefecture (radish harvesting), Tochigi Prefecture (paddy rice), Gunma Prefecture (highland lettuce/cabbage)

◎ Food & Beverage Business

With the goal of "bringing Japan's traditional food culture [Soba] to the world", 7 restaurants are operated including Soba noodle restaurants. H.I.S. is striving to create restaurants that please local residents by offering menus and products suited to the area where they are located. Thanks in part to the government's easing of restrictions on activities and entry to restaurants, daily sales (all restaurants) broke a record in May.

<Number of restaurants as of now: 7>.

4 "Manten No Hide Soba", "Tsuke Soba Specialty Restaurant: Manten", "Tempura Specialty Restaurant: Manten", "Jurassic Diner in Henn na Hotel Maihama Tokyo Bay"



To Strengthen Group Governance

In order to further strengthen the corporate governance system of the entire group, H.I.S. Group is promoting a reinforced system centered on the Risk and Compliance Committee, chaired by Representative Director & President Yada. The top management is communicating compliance to all staff members, and is implementing the following measures.

① Reform of Compliance Awareness

- To conduct compliance and risk management training for directors and employees
- To hold Risk and Compliance Committee meetings for affiliated companies

② Reinforcement of Supervision by Each Company's Board of Directors

- To review concurrent directorships in affiliated companies
- To conduct a review of each company's board of directors regulations

③ Reinforcement of Subsidiary Management by the Parent Company

- To review affiliated company management regulations
- To implement monthly collection of contingency reports from subsidiaries

④ Reinforcement of Internal Audits

- To add audit items related to public funds
- To improve management accuracy by utilizing IT-based data analysis

⑤ Initiatives for Early Detection of Misconduct

- To make the whistleblower system a group-wide system
- To create training videos to raise awareness of the whistleblower system

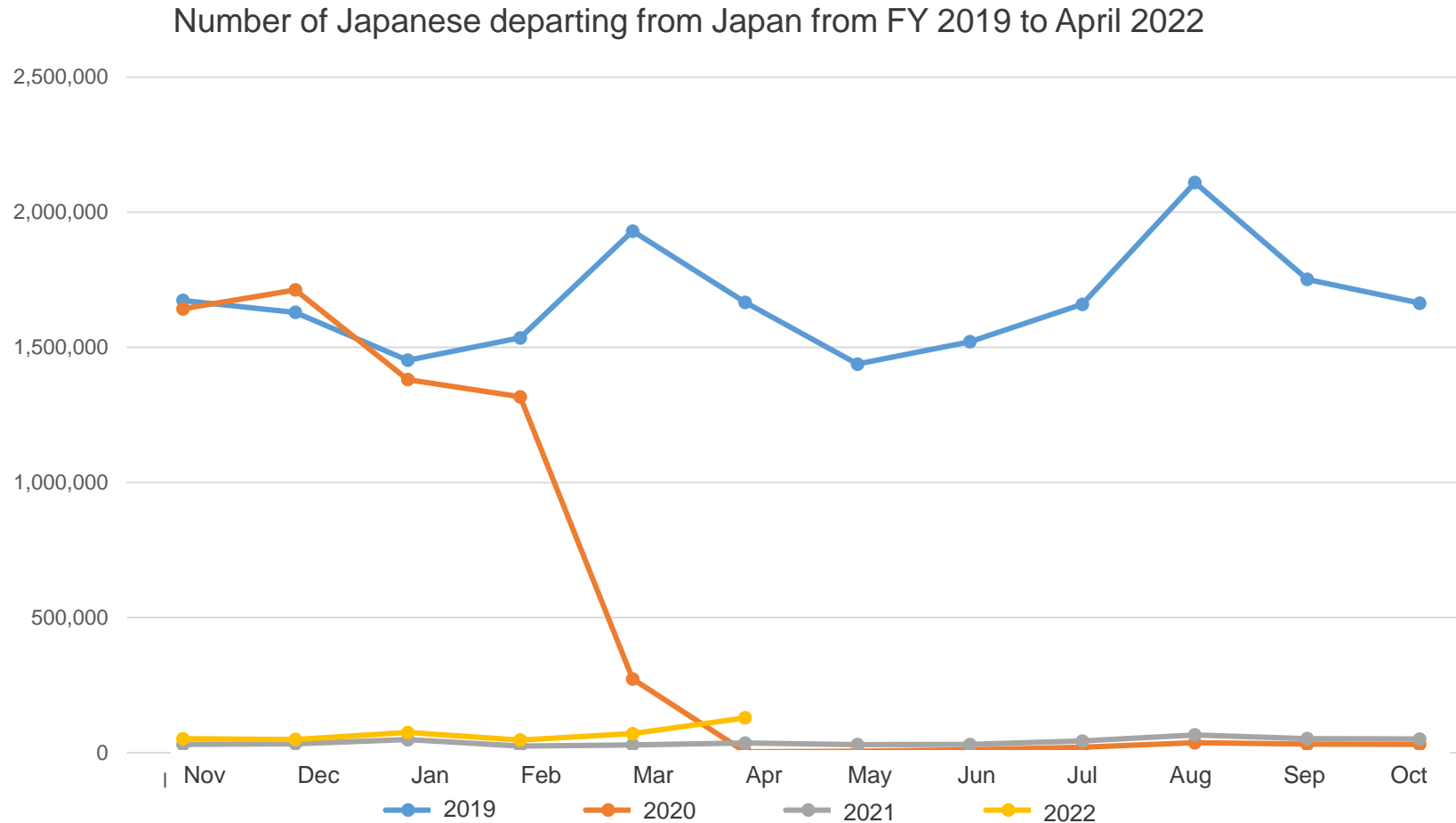
⑥ Other Remedial Measures to Prevent Recurrence (Regarding IT Controls)

- To establish standards for security, system development, and operation
- To provide education on security standards

3. Initiatives in Each Business Segment

External Environments Surrounding H.I.S. Group

Japanese Outbound Travelers Declined by 93% or More for the 25th Consecutive Month (vs. 2019)
due to the Spread of COVID-19 Infection



Source: JNTO

Travel Business: Assumed Scenario for the Future

Assumptions of Business Environments and Travel Demands ~ Scenario for Business Recovery ~

Assumptions of Business Environments		Assumptions of Business Environments and Travel Demands ~ Scenario for Business Recovery ~								
		2H of FY2022	→	1H of FY2023	→	2H of FY2023	→	1H of FY2024	→	2H of FY2024
Assumptions of Travel Demands and Scenario for Business Recovery	Japan	<p>Domestic Travel</p> <p>The prefectural-citizen and regional block discounts have been determined to continue until the end of June. Tokyo-citizen discount resumed on June 10. "GoTo Travel" is being considered for re-launch, which is expected to further boost travel demand. H.I.S. Group will continue to expand its product lineup and strengthen sales through increased procurement, and aims to achieve triple growth as compared to FY2019 level in FY2024.</p>								
		<p>International Travel</p> <p>For the first time in almost two years, overseas package tours resumed, starting with Hawaii. Although the entry limit was raised to 20,000 in June, restrictions remain stricter than in other countries. Leisure demand is expected to recover in stages this summer, but the recovery is difficult to predict due to soaring fuel surcharges and the record depreciation of Japanese yen.</p>								
		<p>Inbound Travel to Japan</p> <p>Japan re-started to accept foreign tourists on June 10. H.I.S. Group aims to expand its business by strengthening its FIT intake in preparation for the future market expansion of 60 million visitors by 2030.</p>								
	Overseas	<p>Inbound</p> <p>Acceptance of the Japanese market (visitors from Japan) is expected to recover along with the resumption of international tours from Japan. In the local market, H.I.S. Group will focus on strengthening FIT to capture demand between Europe and the U.S., such as "Miki Tourist" in Europe and "Jonview" in Canada.</p>								
		<p>Outbound</p> <p>Global markets are expected to recover to FY2019 levels in FY2024. For the local market, H.I.S. Group plans to achieve an early recovery in business while promoting shift to OTAs and focusing on capturing demand originating from North America.</p>								

Business Recovery Color Density **FY2019 Level** Light: lower than FY2019 Deep: higher than FY2019

Travel Business in Japan (Domestic and International Travel)

To Communicate Messages Actively to Stimulate Travel Demand



“Restart Travel”. Now is the time to travel in Japan, this year is the time to travel abroad!

As part of “Restart Travel” for domestic and international travel, H.I.S. Group offers discount coupons and senior discount coupons for early bookings for Golden Week and summer holidays from March 22, 2022.



“Overseas Travel Information Summary Site”

H.I.S. overseas branches provide the latest information on popular international travel destinations and major countries, such as information on entry requirements, hotels, transportation, and major sightseeing spots.



「SUPER SUMMER SALE! 2022」

(May 28-June 29, 2022)

Additional events determined to attract more visitors

Travel Business in Japan (Domestic Travel)

Domestic Travel / Reinforcement of Customer Attraction in Summer ①



Special Collaboration with Very Popular TV Anime "Attack on Titan"

Striving to attract new customers of anime lovers and families, creating new travel value, well accepted for Hokkaido and Okinawa



Okinawa LeaLea Campaign

In addition to "LeaLea Trolley" with unlimited rides during the stay and "LeaLea Lounge" for peace of mind at the destination, value-added benefits at the travel destination such as "3 optional tours to choose from" are offered

【Summer Travel】 Travel Reservation Trends for Okinawa and Hokkaido (July-September departures): 363%
(compared to the same day last year) *As of June 10

Travel Business in Japan (Domestic Travel)

Domestic Travel / Further Reinforcement of Customer Attraction ②

<Renewal of Website for Domestic Travel Products>

- ⇒ To renew the Tour, Dynamic Package, and Hotel Websites
To improve usability to enhance convenience and attract more customers on the web

<Reinforcement of Travel to the Main/Remote Islands of Okinawa, Hokkaido, and Kyushu>

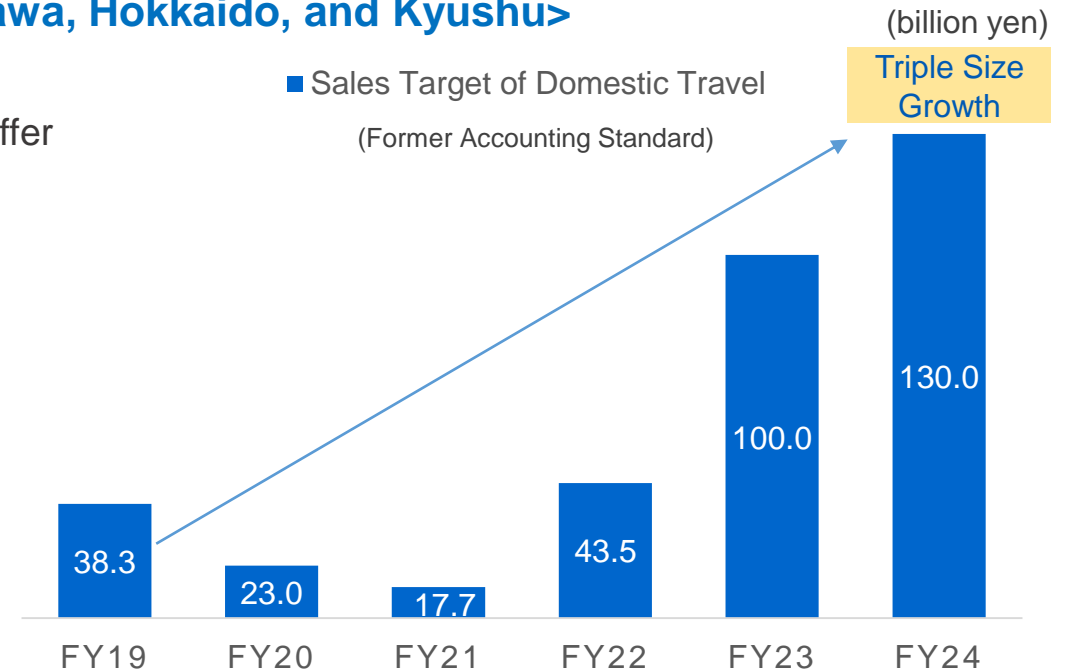
- ⇒ To promote "Summer" in advance immediately after Golden Week
To encourage early booking of car rentals, which are running out, and offer special benefits

<Reinforcement of Domestic Dynamic Package>

- ⇒ To eliminate anxiety by providing cancellation support insurance for free
To encourage early bookings, a feature of variable fares

<Development of Recruitment Type Hotel Products>

- ⇒ To offer "H.I.S. original plans" including sightseeing and meal plans in cooperation with about 5,500 alliance hotels and inns across the country



Travel Business in Japan (International Travel)



Travel Business in Japan (International Travel)

To Stimulate Demands for International Travel

① NEW TRAVEL PCR 検査サービス

出発時と帰国時に必要な PCR 検査の予約を事前手配。海外渡航に有効な PCR 検査を、HIS だから実現できるリーズナブルな価格で。



③ 現地スタッフ健康管理

お客さまの安心を守るため、コロナ対策・体調管理を徹底した現地スタッフがお出迎え。



⑤ 旅マエ安心コンシェルジュ

変わり続ける世界の渡航情報を、HIS は完全網羅。必要な手続き、書類、条件、すべてをまとめてご案内。



⑦ えるべる窓口/えるべるエキスパート

あなたにぴったりの窓口を、対面・電話・オンラインから。エキスパートも指名できる総合相談窓口。



⑨ HIS トラベル調査員

HIS 社員から、まずは旅する責任を。プロの目線で旅先をチェック。



② おうちで下見旅行

おうちで世界中の旅行先を、オンラインにて下見。無料説明会や有料のオンライン体験ツアーで、旅の事前予習を。



④ ワールドスタッフレポート

現地スタッフがお届けする生きた情報で、現地の今をチェック



⑥ もしもサポート

万が一、旅先でコロナ感染が確認された時も、ホテルや帰国便の変更手続きから、日用品の買い出しまで現地スタッフが完全サポート。



⑧ HIS ワールドセーフティネット

HIS は海外 60 ヶ国 113 都市[※]の拠点から、お客様の安心で快適な旅をサポート。24 時間日本語で相談できるから、万が一のトラブルにも安心。 [※]2022 年 4 月現在



To shift from “Travel Agent” to “Travel Partner”

To develop "RE: TRAVEL SUPPORT" jointly with overseas subsidiaries

To start offering "RE: TRAVEL SUPPORT," a series of 9 services that provide peace of mind for travelers, including “before travel” and “during travel”, such as reasonable PCR inspection including travel destination, 24-hour Japanese language support, and online on-site confirmation in advance, etc.

Reliable support that only H.I.S. can provide to be provided for all travel

With travel conditions fluctuating on a daily basis due to COVID-19 pandemic, this service closes the gap between customer awareness and changes in travel conditions. H.I.S. Group aims to stimulate demands for international travel by providing "safe and secure" travel.

International Travel / Reinforcement of Customer Attraction in Summer

Ban on Travel to Hawaii lifted! Resumption of tours after 2 years Supporting customers “before departure” and “at the destination when returning to Japan”



※ As of June 13: Organized tours resumed in 37 countries/regions

- ① **"PCR test service for international travel" required at the time of departure from Japan**
Tests are conducted at 8 H.I.S. sales offices. A negative certificate can be picked up at the airport on the day of departure. Travel and travel consultation is also available along with the test, which makes customers comfortable
- ② **"PCR Test Service for negative certificate" at the destination when returning to Japan**
Issued in the format designated by the Japanese government and available in Japanese. Support is also available for complicated procedures when returning to Japan, which makes customers comfortable
- ③ **"24-hour Japanese language support" offered by H.I.S. Hawaii branch**
Just in case COVID-19 infection is confirmed during travel, support is provided for everything from changing hotels and flights back home to shopping for daily necessities.

Travel Business in Japan (Domestic and International Travel)

To Promote Online Consultation "Video Chat Customer Service Talent Matching with Professional Staff According to Customer Needs"



Online Travel Consultation

Half of the customers are consulting for family travel. Demand is increasing in areas where the customer is “hesitant to go out due to COVID-19 Pandemic”, “would like face-to-face customer service”, but “there are no sales offices nearby”.



Example of Use of Futakotamagawa Rise S.C. Sales Office

Establishment of a dedicated customer service space for “video chat customer service”. This improves the convenience for customers who visit the sales office as well by responding to an increase in the number of customers who visit the sales office

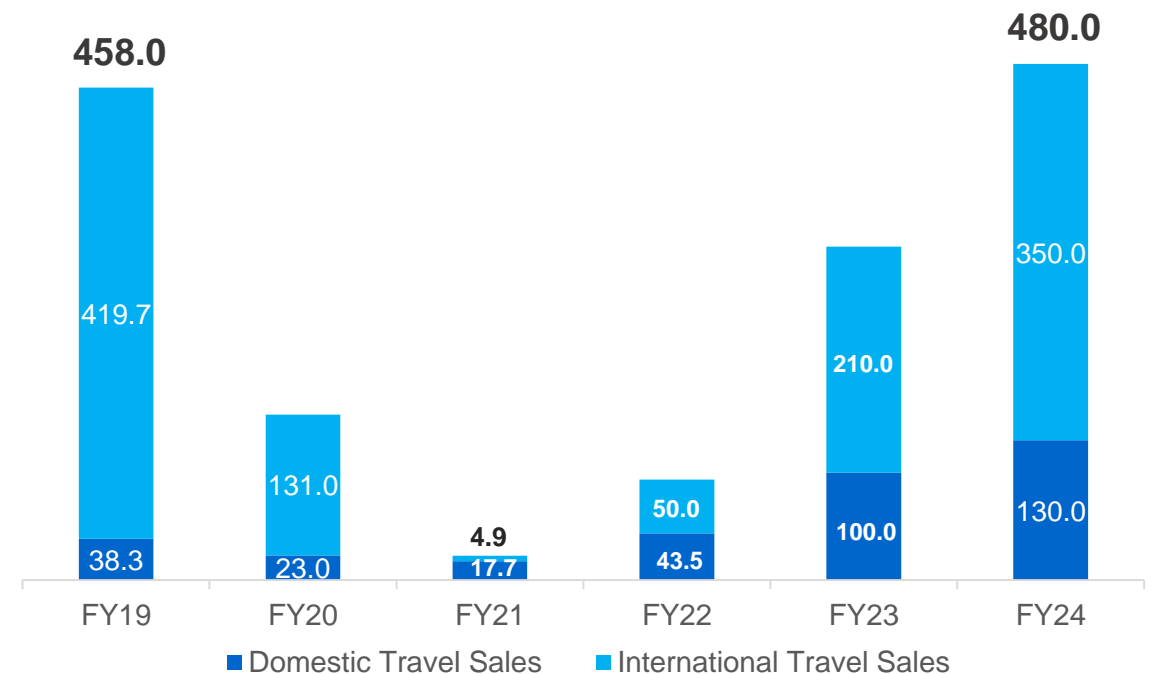
Travel Business in Japan (Domestic and International Travel)

Goals for Post Corona

- In international travel, H.I.S. Group provides the latest information through its foreign local subsidiaries in order to rebuild the international travel market. **To become No. 1 in the industry** by promptly converting customer needs into services.
- In domestic travel, H.I.S. Group strengthens procurement and expansion of new product lineup. **Aiming to triple the pre-COVID-19 level** by improving the convenience of the online site.

→ **To build a well-balanced revenue structure between domestic and international travel**

H.I.S. Non-Consolidated Sales Target (Former Accounting Standards)
(billion yen)



Travel Business in Japan (Inbound Travel to Japan)

To Contribute to Japan's Economic Development through Inbound Travel (to Japan) Business

To Strengthen Cooperation “H.I.S. Sales Div. for Inbound Travel to Japan” x “Japan Holiday Travel”

To optimize H.I.S. Group as a whole and maximize business toward resumption & expansion of the inbound travel market

■ Reinforcement Strategy for Inbound Travel to Japan ①

- Shift to B2B Business -

- H.I.S. sales div. for Inbound Travel to Japan is to utilize Japan Holiday Travel's extensive B2B transaction track record, mainly in East Asia. System linkage is implemented to strengthen ground arrangements. B2B business is to be expanded.



■ Reinforcement Strategy for Inbound Travel to Japan ②

- Strengthen “During Travel” in cooperation with local governments and tourist facilities -

- Kanagawa Prefecture: Agreement on Promotion of Inbound Tourism
- Tottori Prefecture: Agreement on Promotion of Tourism to Southeast Asia to Acquire Demand for Visit to Japan
- Yamagata City, Yamagata Prefecture: Agreement on Promotion of Regional Development through Promotion of Tourism and Agriculture
- Kunigami Village, Okinawa Prefecture: Promotion of 6th industrialization and sustainable tours utilizing "Roadside Stations"
- Dispatch of human resources through the “Entrepreneur System for Local Community Revitalization” → Yamagata City, Yamagata Prefecture, Nakafurano Town, Hokkaido, and Annaka City, Gunma Prefecture (results of this fiscal year)
- Dispatch of staff to tourist facilities such as Edo Wonderland Nikko Edo-mura

■ Reinforcement Strategy for Inbound Travel to Japan ③

- Capture demands from business and foreign students -

- An order from an independent administrative agency for a public service project for researchers visiting Japan from all over the world
- Agreement with Dong-A University in Vietnam on development of tourism & human resources

Non-Travel Business Initiatives through Corporate Sales in Japan

To Strengthen Partnerships with Public Offices, Local Governments, and Companies by Leveraging H.I.S. Resources

Active Collaboration with Companies, Public Offices, and Local Governments

- My Number Promotion Business
- Regional Premium Gift Certificate Digitization Business

Venues and other operations are efficiently managed on behalf of clients, utilizing MICE management know-how cultivated in the travel industry.

A series of operations from call center operations to the set-up and operation of application temporary venues are handled with a sense of speed. Services tailored to customers' issues and needs are provided

Expansion of Business Related to Measures against COVID-19 Infection

Responding to the ever-changing demand for countermeasures against COVID-19 infection among people depending on the infection status

In addition to operating PCR testing centers using H.I.S. sales offices, H.I.S. Group offers simultaneous testing that visits customers' sites, and sells PCR testing and antigen testing kits in accordance with the needs of respective companies, schools, etc.



<My Number Application Temporary Venue>



<PCR Testing Center Using a Sales Office>

Non-Travel Business Initiatives through Corporate Sales in Japan

To Develop Not Only "People" But Also "Products" & "Business" Globally by Using H.I.S. Resources All Over the World

Development of Trading Company Business ①

- Connecting with the World through High-Quality Japanese Products -

• HIS FOOD PROJECT (Support for Overseas Expansion of the Food Industry)

H.I.S. provides a series of processes related to the development of domestic and international markets for local products. "CROWD FARMING®", a new way of interacting with food, was established to support producers in regional revitalization. (Mangoes and grapefruits from Miyazaki Prefecture/Mikan oranges from Mie Prefecture)

• Franchise and Licensing Business

H.I.S. overseas branches started food & beverage, apparel, and trading company businesses under COVID-19 Pandemic.

A new business network grew in the non-travel business.

These overseas networks and the Corporate Sales Div. work together to develop overseas franchise businesses and become exclusive partners in sales channels and distribution.

(May 2022: Business alliance for overseas development of organic towel brand "Hippopotamus")



Non-Travel Business Initiatives through Corporate Sales in Japan

To Develop Not Only “People” But Also “Products” & “Business” Globally by Using H.I.S. Resources All Over the World

Development of Trading Company Business ② - Becoming a Partner for Business Expansion and Overseas Development -

- Rental HIS (Overseas business support, “overseas business trip on behalf of client” service)

A wide range of services are provided in various countries, including business matching, sales representation, surveys, and marketing, utilizing H.I.S.'s overseas bases and business network. Services are expanded to meet new business styles without limiting only to the COVID-19 Pandemic

(Example of service) Real estate management in Hawaii, test sales of Japanese food in Singapore, etc. in cooperation with local subsidiaries

- Accelerator business (business alliances and growth support)

Support for startups to accelerate their growth is provided by leveraging H.I.S. resources.

As an equal partner with the target company, H.I.S. does not invest funds, but does support the startup to realize its business objectives by leveraging H.I.S. resources.



Rental HIS (Image)

(Example) Accelerator Business Knowns Inc.



Provider of research cloud services for real-time consumer analysis

Online Experience Initiatives

To Expand Services for Online Experience (OE) Business

From Travel Experience to Everyday Experience To Develop a Wide Variety of Services to Meet Customer Needs

● Expansion of preview demand, skill-sharing, and live commerce

- To accelerate shift of providing experiences to date to C2C
- To add services sequentially for matching everyday-life areas

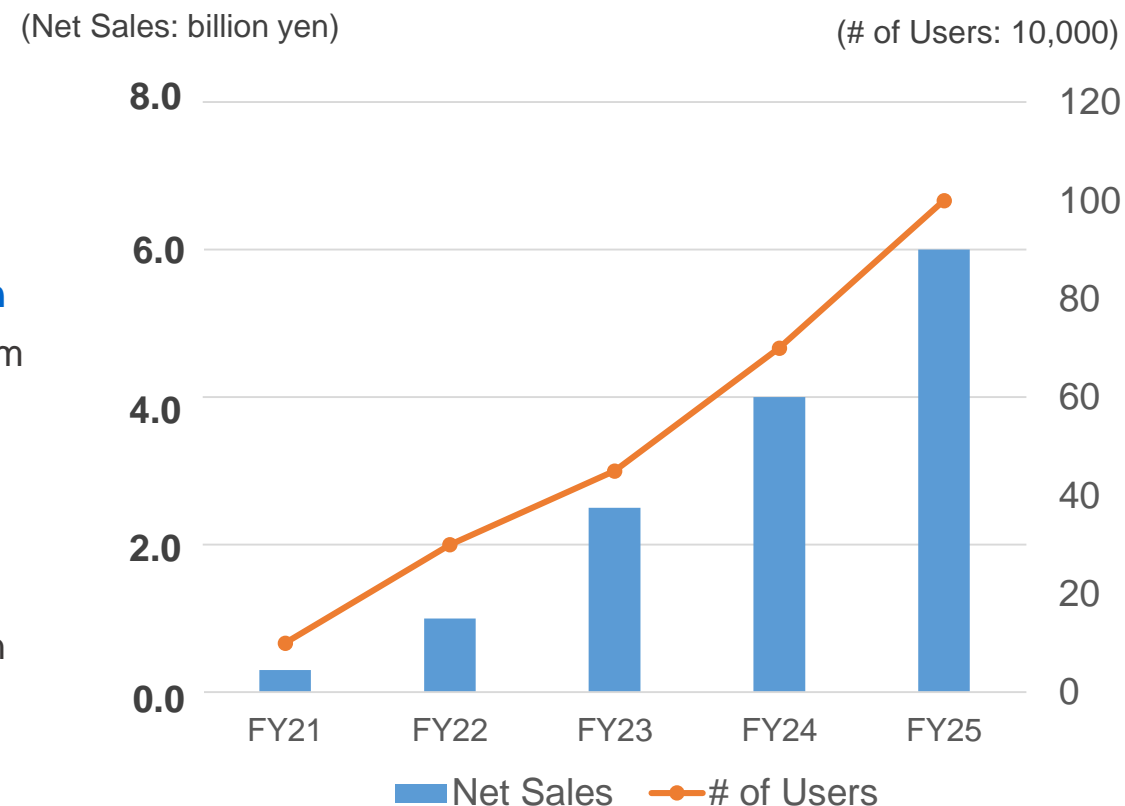
● Expansion and diversified development of demand for B2B utilization

- To offer private charter plans as a corporate welfare and recreation program
- To provided as a promotional measure for companies and municipalities

● Establishment of a C2C New platform

- To provide a place where mutual problem solving leads to business
- To respond to diverse needs as a platform connecting overseas and Japan

OE Business: Net Sales and # of Users Targets
(former accounting standard)



Online Experience Initiatives

To Contribute to Future Society as a Market Leader



Launch of Crowd-Funding Business "I'm in!"

“Support site” connecting challengers and supporters from all over the world and throughout Japan

H.I.S. Group connects people who work hard and supporters who sympathize with their aspiration, and supports the success of the project.

H.I.S. Group aims to create a sustainable future and contribute to "promoting world peace and mutual understanding", which is H.I.S. Group's corporate philosophy, by delivering voices from around the world and shortening the distance between Japan and other countries.

<https://www.his-j.com/oe/theme/crowdfunding/>

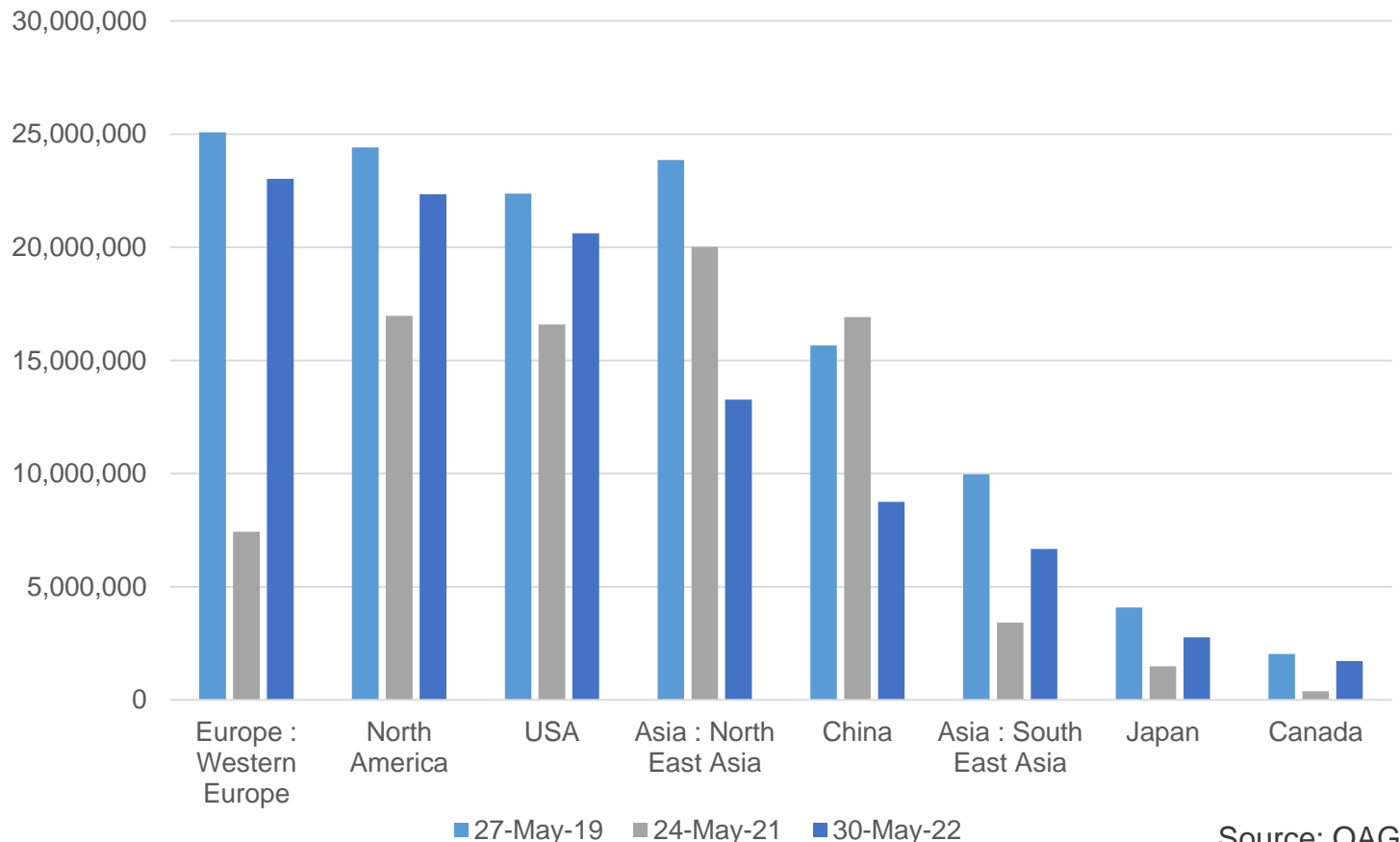


Development of crowd-funding for the first time through OE.
【Challenge of a Kenyan “Japanese language” guide!】
Want to create a place where African children can study in peace.
Targeted support total of 6 million yen achieved (May 31, 2022)

Travel Business Overseas: Changes in the Global Market Environment ①

Total Airline Seat Supply to/from Europe and North America Recovered to About 90% of Pre-COVID-19 Pandemic Level

Total seat supply by airline companies by region/country (total of international and domestic combined) (comparison of May of 2019, 2021, and 2022)



Airline Seat Supply (International and Domestic) Comparison vs 2019 (as of the end of May)

- Western Europe: 91.8%
- North America: 91.5%
(U.S.A.: 92.2%, Canada: 84.5%)
- North and East Asia: 55.6%
(China: 55.8%, Japan: 67.8%)
- Southeast Asia: 67.0%
- Global as a whole: 81.6%

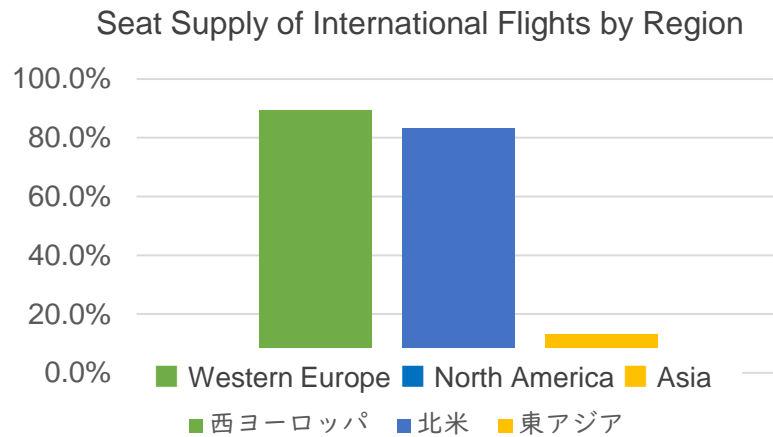
→ **Slowing down of Asian Market Recovery**

Source: OAG

Travel Business Overseas: Changes in the Global Market Environment ②

Entering the Post-COVID-19 Phase, Including the "Lifting of the Mask-Wearing Requirement" in Various Regions in Europe and North America

- Seat supply of international flights from Europe and North America **recovered to 80% or more** as compared to 2019
- Seat supply of international flights in East Asia **was weak at 13%**



Source: OAG

Seat Supply of International Flights vs 2019 (as of May)

- Western Europe: 89.2%
- North America: 83.2%
- East Asia: 13.1%

Expansion of the number of countries across Europe that allow unrestricted entry

Country	Entry Requirements	Conditions upon return
France	> Vaccination proof or PCR negative proof is required to enter the country	No inspection or quarantine upon entry regardless of vaccination
U.K.	> Unrestricted entry	No inspection or quarantine upon entry regardless of vaccination
Italy	> Unrestricted entry	No inspection or quarantine upon entry regardless of vaccination
Spain	> Vaccination proof or PCR negative proof is required to enter the country	No inspection or quarantine upon entry regardless of vaccination
Germany	> Vaccination proof or PCR negative proof is required to enter the country	No inspection or quarantine upon entry regardless of vaccination
Netherland	> Vaccination proof or PCR negative proof is required to enter the country	No inspection or quarantine upon entry regardless of vaccination
Greece	> Unrestricted entry	No inspection or quarantine upon entry regardless of vaccination
Austria	> Unrestricted entry	No inspection or quarantine upon entry regardless of vaccination
Switzerland	> Unrestricted entry	No inspection or quarantine upon entry regardless of vaccination

Source: Excerpt from H.I.S. "Travel Information Summary Site"

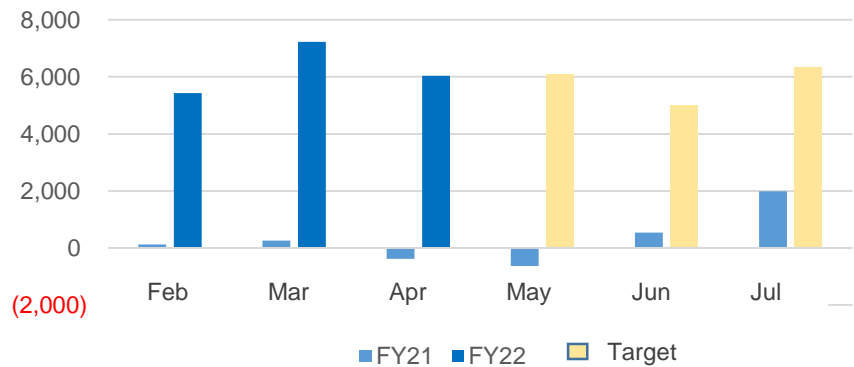
Travel Business Overseas

To Focus on H.I.S. Group Affiliates and Online for Local Markets ①

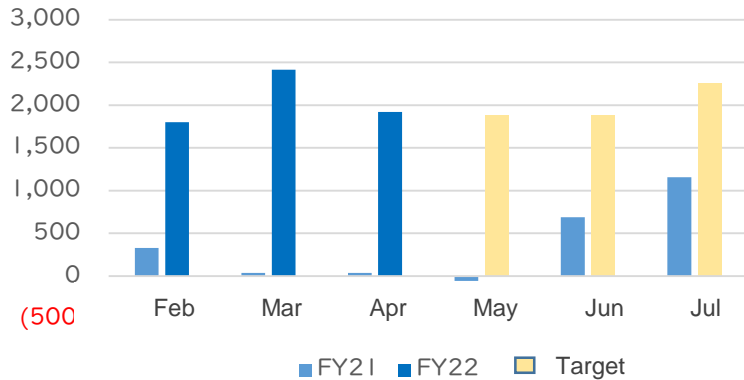
To develop for the North American market, centered on three Canadian travel agencies



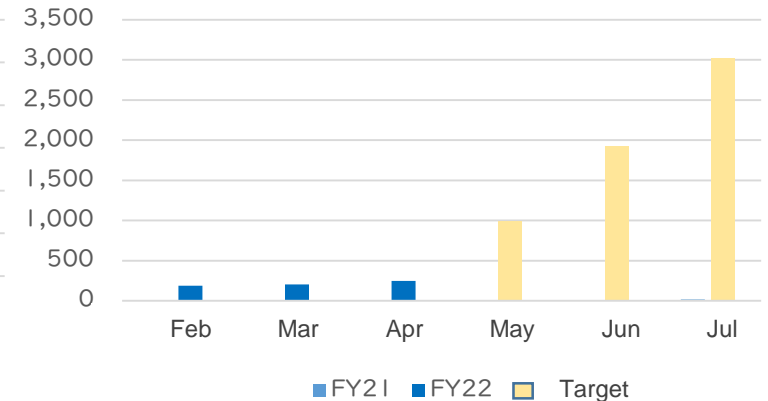
Net Sales (million yen)



Net Sales (million yen)



Net Sales (million yen)



※Negative figures for Apr and May of 2021 due to refunds resulting from flight cancellations

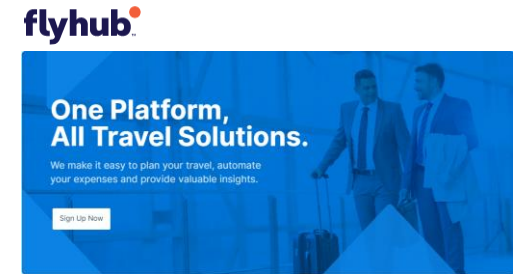
- Red Label Vacation → B2C business remained strong, Strengthening of sending customers to European destinations
- Merit Travel → Expanding business in loyalty programs (for members)
- Jonview → Strong summer inbound bookings from Europe

Travel Business Overseas

To Focus on H.I.S. Group Affiliates and Online for Local Markets ②

■ Expansion of sales channels of FlyHub, a travel tech company primarily for B2B2C

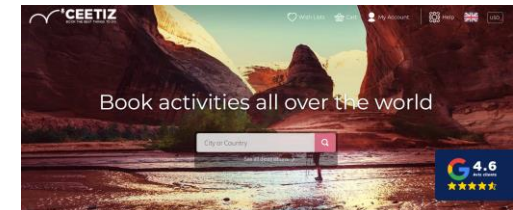
- With the establishment of the parent company in Singapore, business is conducted in Bangladesh. Currently, subsidiaries are in Malaysia, focusing mainly on Southeast Asia, Turkey, Dubai, and India.
- Transaction amount grew to 5.7 billion yen in the first 21 months of operations.



FlyHub Website (Image)

■ “CEETIZ” mainly dealing with activities online

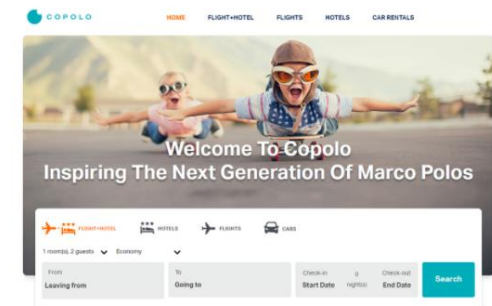
- 8,000 products worldwide, attracting about 300,000 customers (2019 results)
- Responding to the FIT market, which is accelerated by COVID-19 Pandemic
- Strengthening online sales of activity materials, mainly in the European market



CEETIZ Website (Image)

■ Full launch of H.I.S. USA subsidiary OTA site “Copolo”

- Offering a plan to offset CO2 emissions from customer’s own travel when a trip is booked
- Promoting sustainable tourism for U.S. residents to gain market share



Copolo.com Website (Image)

Travel Business Overseas

To Concentrate on Overseas Inbound Business and Execute Efficiency Improvement to Achieve Early Recovery of Business

- **Business is on a recovery track, centered on MIKI Group, in the fast-recovering European market**

- MIKI Group targets 4x local market YoY growth in the second half of the year

- **Resources are concentrated on inbound business, which is expected to be profitable and immediately effective**

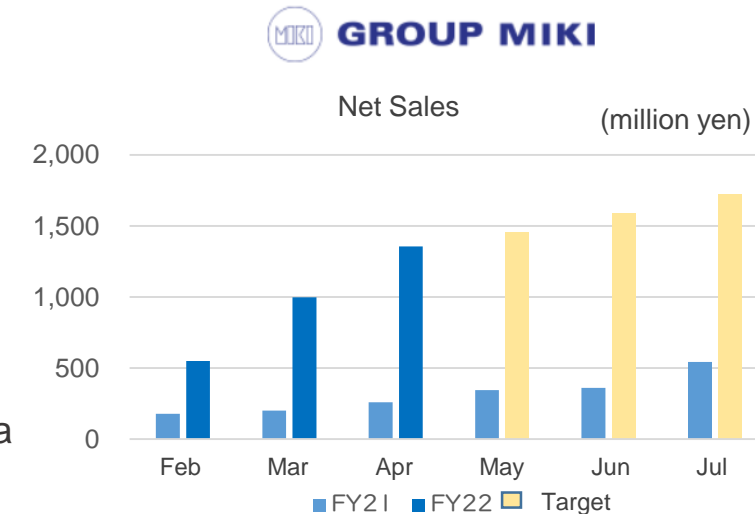
- Expansion of sales channels by strengthening B2C & other-than-H.I.S. B2B of inbound products
- Expansion of transfer of operations in each country by establishing a shared service center in Manila
- Promoting centralization of support calls (emergency calls) and accounting systems

- **Overseas inbound business is on a recovery track from summer 2022 due to the resumption of international travel tours by Japanese**

- Implementing original services through the “During Travel” application linked to customer information

- **PCR testing is operated at H.I.S. Hawaii and Guam subsidiaries. Testing is available every day.**

- PCR test (nasal swab and saliva test) and round-trip (airport to/from hotel) transfer service upon return are available



Travel Business Overseas

New Business Developments of Overseas Subsidiaries

To accelerate growth through “travel +α” business development
To develop business tailored to local needs to create new demands & trends

 **Subsidiary in Hawaii: Sales of Japanese specialty products (rice crackers) that have not yet arrived in Hawaii**

In September, sales of specialty products from all over Japan will start at its sales office in Hawaii's Ala Moana Shopping Center, which attracts many tourists from the U.S. mainland. The goal is to provide an opportunity to deliver the appeal of Japan through product sales, and to further stimulate demand for travel to Japan.



Ala Moana Branch in Hawaii

 **Subsidiary in Thailand: "Hannari Café de Kyoto" opened in Bangkok**

A specialty store to promote the charm and culture of Kyoto through "foods" and “products“ opened in June last year.

In cooperation with Kyoto Prefecture, a corner will be set up to import and sell Kyoto products, mainly processed foods and sundries.



Hannari Café de Kyoto in Thailand

 **Subsidiary in Indonesia: Phoenix Worm business started throughout Indonesia**

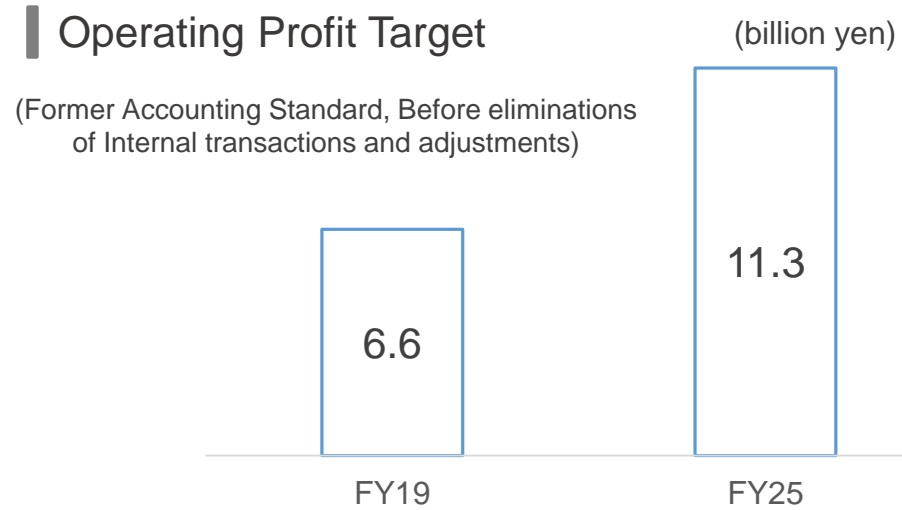
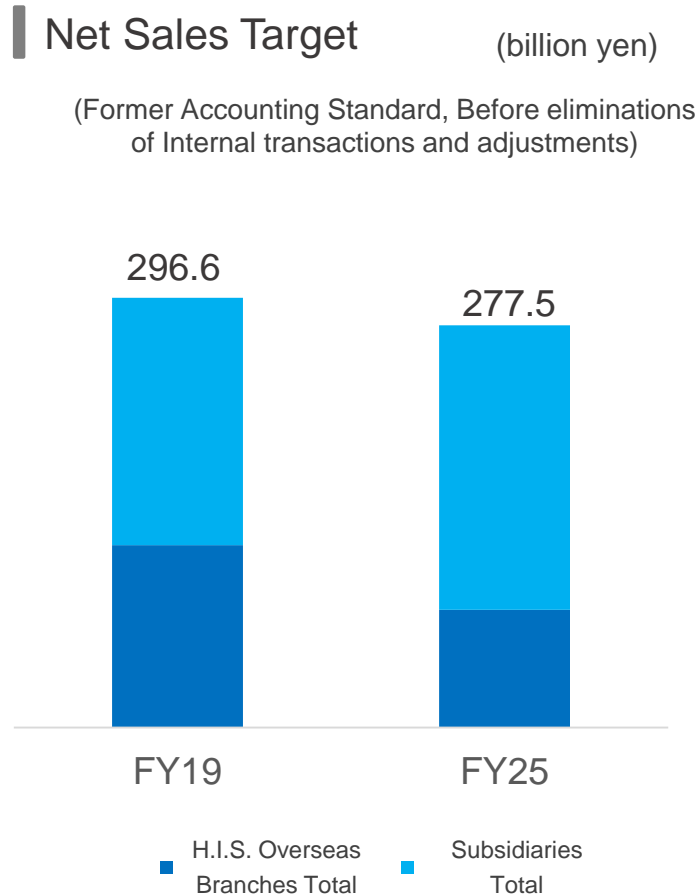
Phoenix worms are larvae of the Black Soldier Fly and are said to be highly nutritious fodder. They can be raised with food scraps, leading to food loss reduction and recycling-oriented breeding. They are in increasing demand as livestock feed.



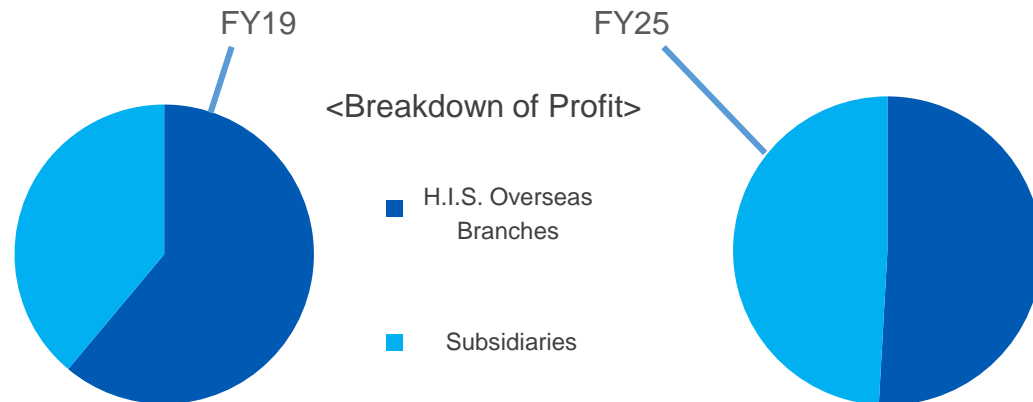
Phoenix Worm Business in Indonesia

Travel Business Overseas

Future Profit Model



Aiming to improve profitability by reforming the profit structure 2.2% → 4.0%



Future Initiatives ~ Events and New Attractions this Summer ~



Enjoy Summer Trip
海外リゾート気分で、リフレッシュ!

Jul 9, 2022 ~ Sep 9, 2022

『SUMMER FESTIVAL』 Summer Festival in the City of Light

- A swimming pool that can be enjoyed day and night and a popular illumination project "Kingdom of Light -Summer Ver." will be held.
- As a summer benefit campaign, a family-friendly campaign for the summer vacation period will be developed



Jul 16, 2022 ~

~ Kids World ~ Fantasy Forest Will Open

- An all-weather indoor facility, where you can enjoy a world view as if you were adventuring in a mysterious forest with your child, will open.
- It is a facility where you can enjoy a dwarf world view, such as the background and BGM (birds and insects barking, etc.) changing from morning to noon to evening to night over time.

Theme Park Business: Huis Ten Bosch

To Increase the Number of Visitors throughout the Year with Six Seasonal Experiences

Huis Ten Bosch achieved positive operating profit for the first time in two years in the first half of the fiscal year ending September 30, 2022



Early Sep ~ Early Nov

Halloween in the City of Flowers / Autumn Big Harvest Festival



Early Nov ~ Early Dec

Christmas in the City of Light



Late Dec ~ Late Feb

City of Silver / Romantic Europe



The 30th anniversary events were held, attracting a large number of visitors.

Huis Ten Bosch will continue to hold events tailored to each season through its six seasonal experiences.

Late Feb ~ Early May

Festival in the City of Flowers / Flower Festival



Mid May ~ Mid Jul

Early Summer in the City of Flowers / Wonderland



Mid Jul ~ Early Sep

Summer Festival / Summer Festival in the City of Light



The goal is to increase the number of visitors throughout the year and achieve full-year profitability.

Theme Park Business: Laguna Ten Bosch



To Hold a Year-Long Series of Special Events Titled “20th Anniversary”



Nov 6, 2021 ~ May 8, 2022

[Laguna Illumination "Lagoon of Light"](#)

The largest level lantern object in the Chubu area appeared. A fantasy space of colorful lights such as coral reefs and sea creatures was introduced.



©Ken Wakui, KODANSHA / TOKYO REVENGERS Anime Production Committee.

Mar 19, 2022 ~ Jun 19, 2022

[Collaboration Event for the TV Anime "Tokyo Revengers"](#)

A giant maze attraction, where visitors can relive the world of the anime, appeared. Collaboration food and limited event goods were also available for sale.

Hotel Business

To Pursue Five Core Values: Connected, Comfortable, Advanced, Playful, and Productive

Maximization of Profits from Existing Hotels

- To ensure cost-effective reductions in cleaning, linen, room fixtures, advertising and other expenses
- To create original products incorporating food & beverage and sightseeing



“Henn na Hotel Tokyo Asakusabashi 4th Anniversary Plan”
 Launch of "Yakatabune (houseboat) Charter Plan" with
 "Robo-phone," a communication robot, acting as a
 boatman and sightseeing guide

Future Hotel Developments

<Newly opened hotels>

March 2022: Hotel Inspira-S Tashkent opened

A 4-star hotel with 140 rooms opened in the capital city of Tashkent.

Uzbekistan's first robot concierge was introduced.

The hotel is also equipped with an authentic spa, a large restaurant, and conference rooms.



<Future Opening Schedule>

Name of the Hotel (City)	Scheduled Opening Date
Watermark Hotel & Resorts Okinawa Miyakojima	August 2022
Henn na Hotel Express Nagoya Fushimi Ekimae	December 2022
Henn na Hotel Kagoshima Tenmonkan	December 2022



Miyakojima (scheduled to open in Aug 2022)



Nagoya (scheduled to open in Dec 2022)



Kagoshima (scheduled to open in Dec 2022)

Hotel Business

To Expand the Enjoyment of Hotel-Based Travel and Convenience in the Business Scene

Evolution of the Business Model to Meet the Diverse Needs of Customers

◆ To Strengthen Synergies within H.I.S. Group

- Opening of "Manten no Hide Soba" in two Henn na Hotel facilities (Nishi-Kasai and Hamamatsucho)
- "Round-the-World Trip" experience in hotel rooms of Henn na Hotel x H.I.S.

At "Henn na Hotel Tokyo Haneda", you can experience a round-the-world trip on a giant 80-inch projector in the guest room. A plan that includes a lunch box supervised by the in-flight chef is also available.



◆ To Promote Business Models other than Lodging Use

- "MICHI", a dry head spa specialty store, opened in Henn na Hotel Tokyo Akasaka.
- Remote work box was installed at Henn na Hotel Tokyo Hamamatsucho
- A series of "LUUP" ports for sharing electric kickboards and electric-assisted bicycles installed at Henn na Hotels in Tokyo and Kansai



To Contribute to Regional Revitalization

Re-Start of Travel Assistance Program

- Initiatives for Kumamoto Prefectural Citizen Discount and Kyushu Neighboring Prefectural Citizen Discount Policies and preparations for National GoTo Travel Campaign
- “Development of advertising and sales promotion PR” and “centralized and efficient order receipt system” with the united efforts of the Kyushu Sanko Group



Planning and Organizing of Events to Recover Sales

- Reinforcement of attracting visitors to the large-scale commercial facility "Sakura Machi Kumamoto"

Voluntary event at Sakura Machi Kumamoto, utilizing the "Kumamoto Flower Expo: The 38th National Urban Greenery Fair".



Large-Scale Commercial Facility "Sakura Machi Kumamoto" (Image)

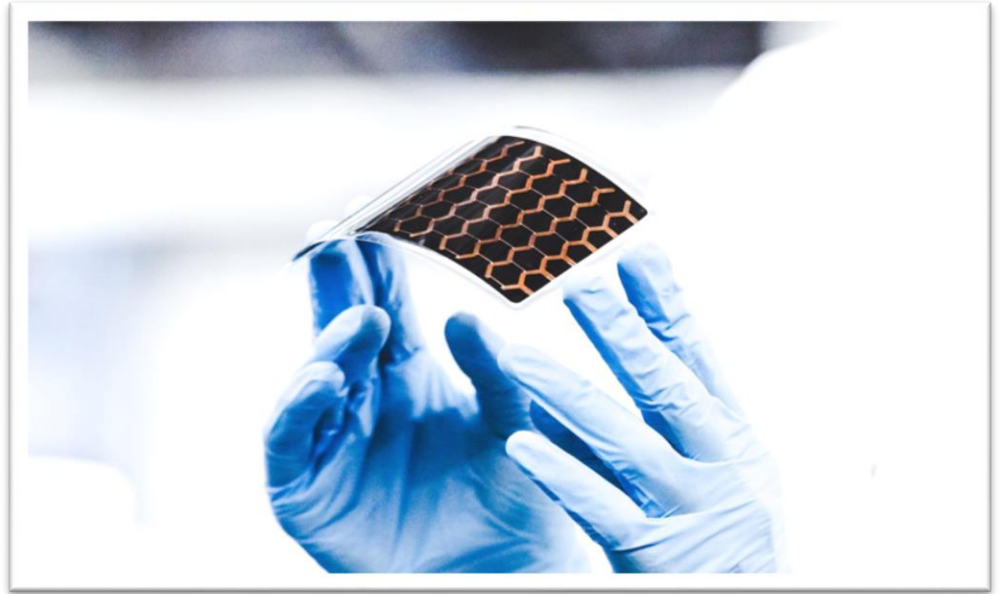
Power Plant of Creation with the Community



H.I.S. Kakuda Biomass Park

It is a combined cycle power plant that generates electric power with a diesel engine generator and then uses the exhaust heat to generate electric power with a steam turbine, using only RSPO certified oil. The plant is located in Kakuda City, Miyagi Prefecture, and aims to contribute to regional development by utilizing the heat in the future as "Power Plant of Creation with the Community"

Potential for Future Energy Business



Solar Panel (Image)

R&D of Thin Solar Panel

R&D of "thin solar panels" using next-generation technology in the field of renewable energy as a new business for the future

Financial Forecasts

Financial forecast are “Undecided” because it is difficult to reasonably calculate the impact of COVID-19 Pandemic at this time.

Financial Forecasts will be promptly announced as soon as they become available for disclosure.

4. Financial Policy

Short-Term Issues

1. Cost Reductions

H.I.S. Group will focus on reducing fixed costs, but will respond flexibly when travel demands recover

2. CAPEX

H.I.S. Group will continue to review CAPEX on a quarterly basis, without being bound by previous reviews

3. Securing of Liquidity on Hand

Sale and liquidation of group companies and business assets. Centralization and management of funds within H.I.S. Group. Establishment of commitment lines and overdrafts.

4. Additional Fund Raising

H.I.S. Group will also consider raising funds that contribute to the enhancement of equity capital

Mid / Long-Term Goals

Streamlining of balance sheet (liquidation of assets, reduction of interest-bearing debt) and improvement of equity ratio by building up equity capital through profit (20% or more at first)

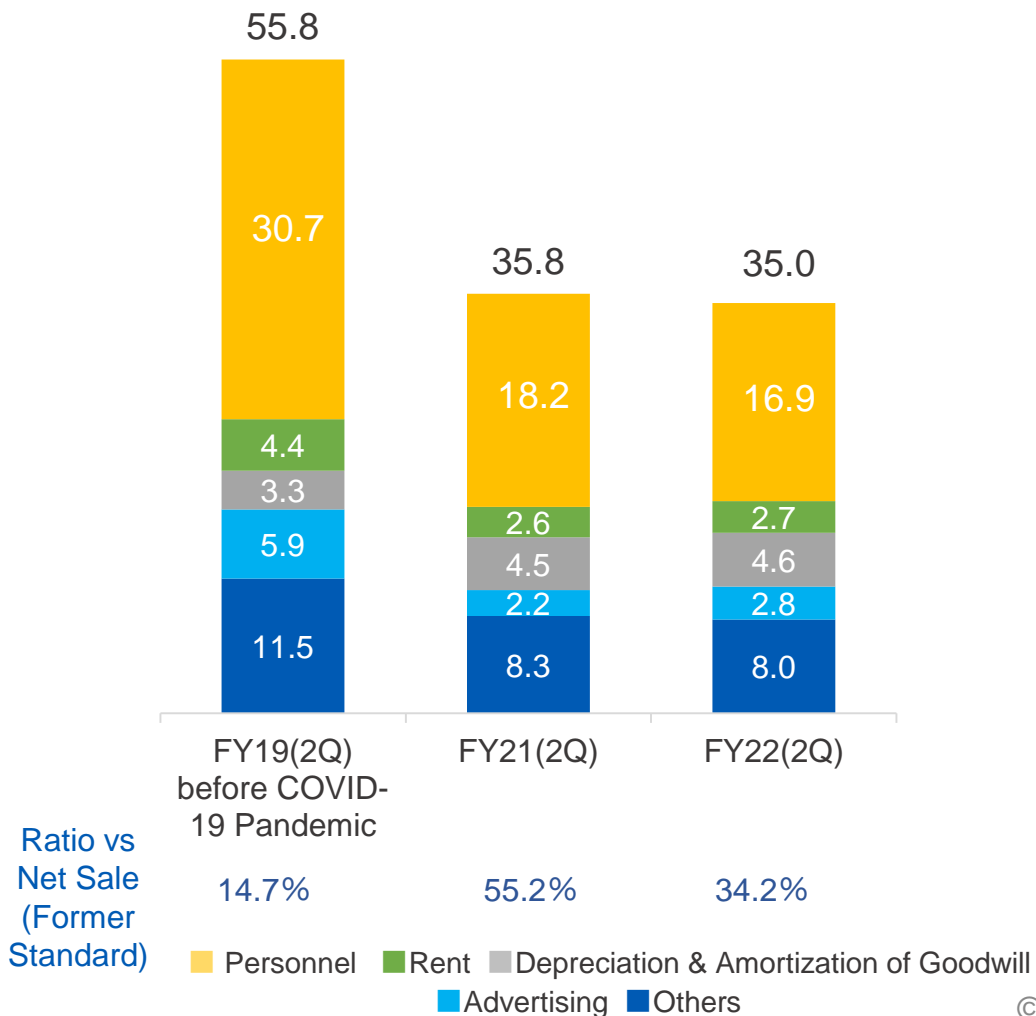
Financial Measures

NO	Content	Details	Already Implemented since the Start of COVID-19 Pandemic through 2Q of FY2022	To be Considered in the Future
1	Cost Reductions	Review of SG&A expenses (including secondment of employees to companies outside of H.I.S. Group)	See slide P.62	Plan to respond flexibly as sales recover
2	Review of CAPEX Plan	CAPEX control, mainly in systems, hotels, and real estate / Start of investments in new businesses	Initial plan (FY2019-FY2024): 143.4 billion yen → Actual investment: 29.0 billion + Estimate: 17.3 billion yen	
3	Sale of Owned Properties		10 properties already sold Proceeds from sale: 15.5 billion yen	1 property left Book value: 0.8 billion yen
4	Liquidation of the Head Office Building	Liquidation of the Head Office Building through sale-and-leaseback method	32.4 billion yen (Already implemented in September 2021)	-
5	Sale of Group Companies and Business Assets (Hotel Business, Energy Business, etc.)		Transfer of HTB ENERGY Co., Ltd. Shares (Already implemented in May 2022)	To be considered as an option
6	Issuance of New Shares	Issued in November and December, 2021	7.5 billion yen	-
7	Stock Acquisition Rights	Exercise of those issued in October, 2020	11.9 billion yen	(Unexercised portion) 2.5 billion yen
		Exercise of those issued in November and December, 2021	-	(Unexercised portion) 13.8 billion yen
8	Borrowing from Development Bank of Japan (DBJ), etc.		-	To be considered as an option

Cost Reductions

SG&A Expenses (2Q Results)

(billion yen)



※ Changes in Presentation Method of the Theme Park Business

Some of the expenses in relation to the operation of the Theme Park Business, previously presented as "Selling, General and Administrative Expenses," are now presented as "Cost of Sales". Figures for the previous fiscal year have also been retroactively adjusted.

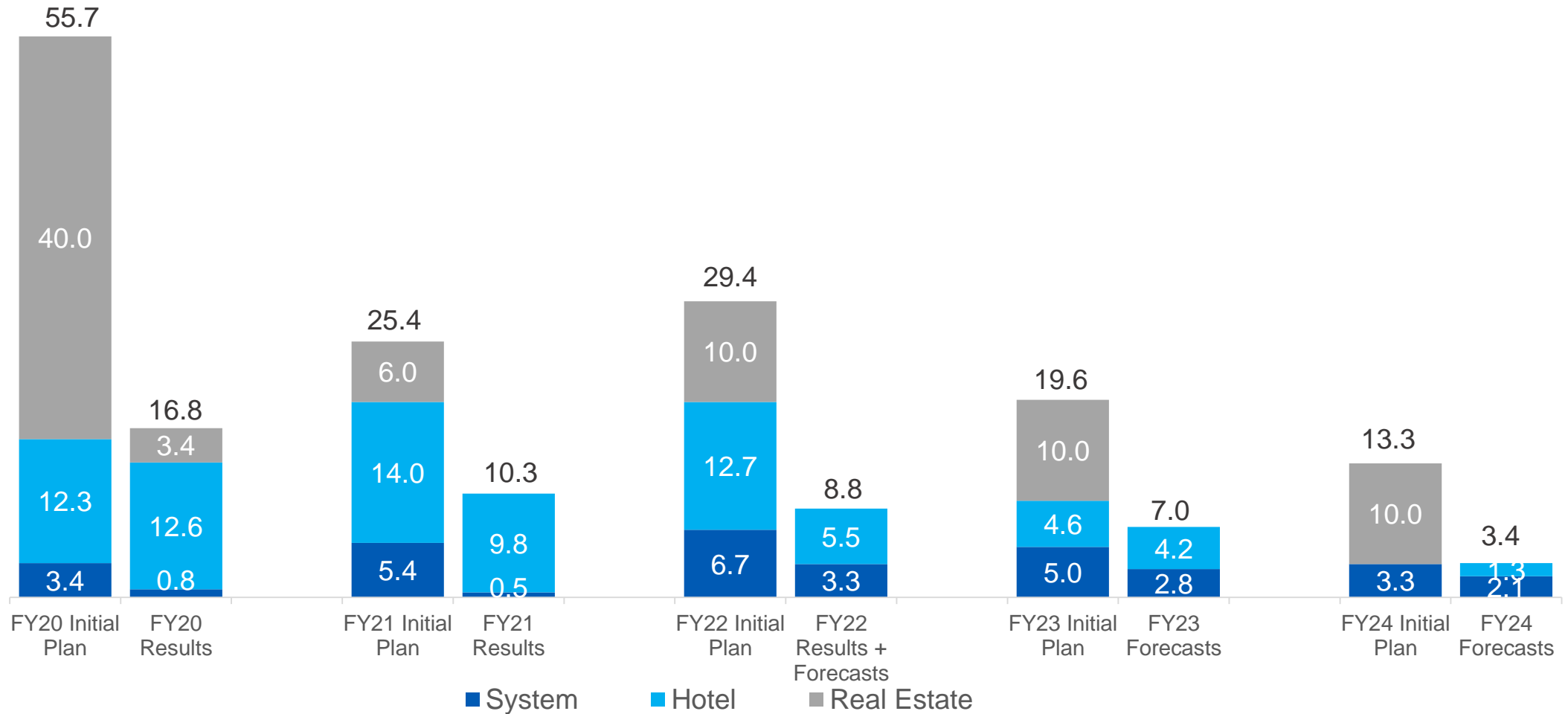
- As of the end of April 2022, about 1,300 employees were being seconded to companies outside of H.I.S. Group.
→ Realization of a reduction of 1.9 billion yen in personnel expenses
- Promotion of further consolidation and closure of sales offices, etc.
- Utilization of employment adjustment subsidy (Recorded as extraordinary gain)
→ It has been determined that the subsidy will be extended until the end of September 2022

Review of CAPEX Plan

CAPEX Plan

※ The initial plan represents the capital investment plan set before COVID-19 Pandemic (FY2019)

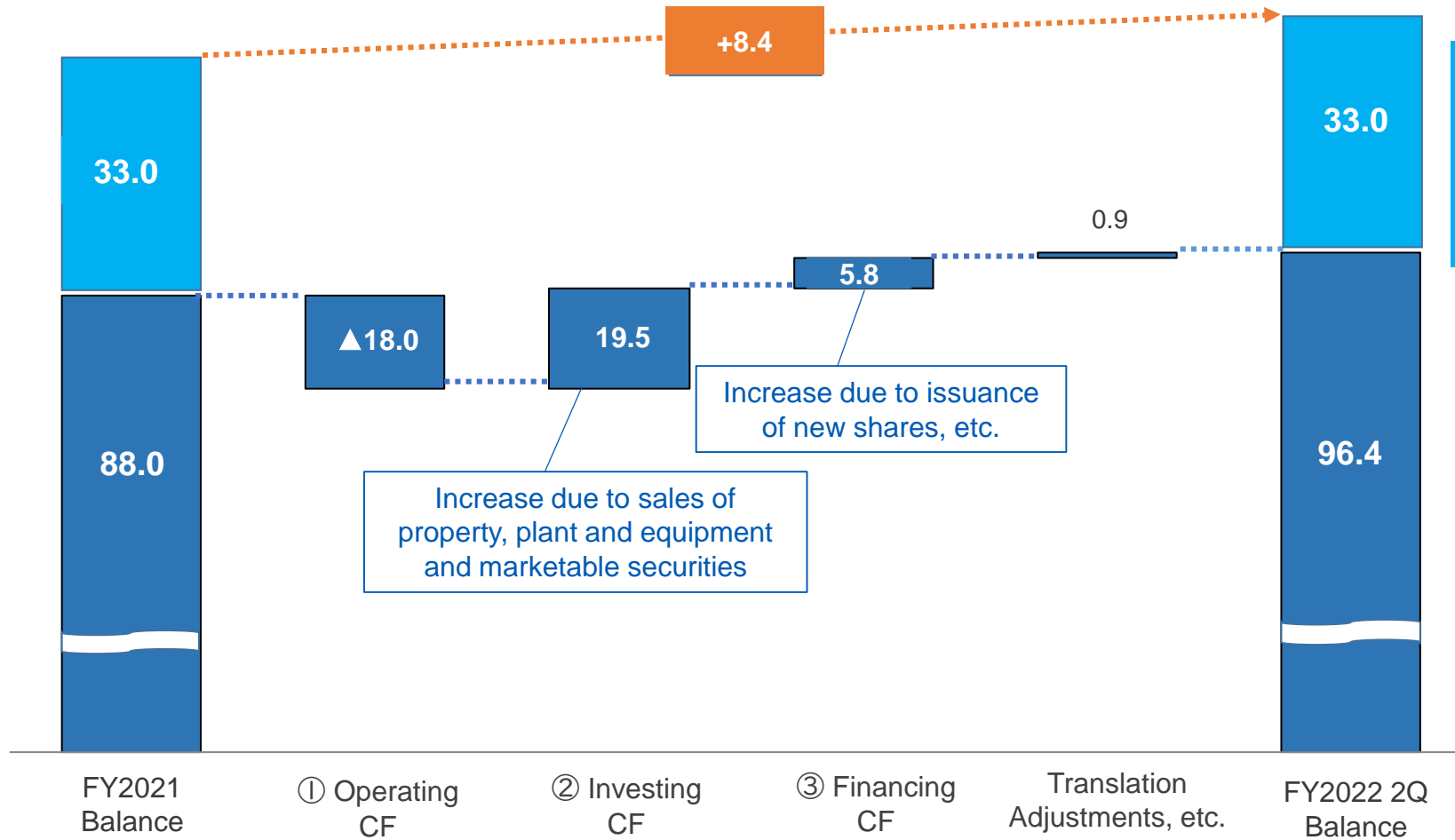
(billion yen)



Liquidity on Hand

Cash on Hand & Commitment Line

(billion yen)



- Commitment Line 33.0 billion yen [unused]
- Current account overdrafts of 3.0 billion yen have been converted to long-term debt.

Cash Burn

(billion yen)

More than one year of fund has been secured as of the end of 2Q of FY2022 (end of April 2022)

Balance of Cash and Deposits	101.6	①
Burn Rate	5.5	②
Cash Burn / Month	18.5	③ (=①/②)

①

② FY2022 2Q actual fixed costs +α are used for calculations

③ (=①/②)



Commitment Line	33.0	④
-----------------	------	---

④

If commitment line is added, about two years of fund has been secured

Balance of Cash and Deposits	134.6	①' (=①+④)
Burn Rate	5.5	②'
Cash Burn / Month	24.5	③' (=①'/②')

①' (=①+④)

②'

③' (=①'/②')

Support from Financial Institutions

| Main Banks

H.I.S. Group is receiving support from its main banks as before.

| Syndicate Loans

H.I.S. Group has constructive discussions and maintains close relationships with the financial institutions participating in the syndicated loans, including the agent, and believes that it will be able to receive their continued support.

| Development Bank of Japan (DBJ)

H.I.S. Group is sharing information and exchanging opinions as appropriate.

H.I.S. Group continues to provide information and explanations to DBJ as appropriate, and believes that DBJ can respond flexibly to the needs.

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.



Please contact IR Office of H.I.S. Group for questions regarding this material