



Presentation Materials for the 3rd Quarter of Fiscal
Year Ending October 31, 2022 Financial Results
(9 Months Ended July 31, 2022)

H.I.S. Co., Ltd.

September 13, 2022

Prime Market of TSE: 9603

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1-1 Summary of 3Q Financial Results (Consolidated)

Changes in Accounting Standards

(1) Accounting Standard for Revenue Recognition

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.

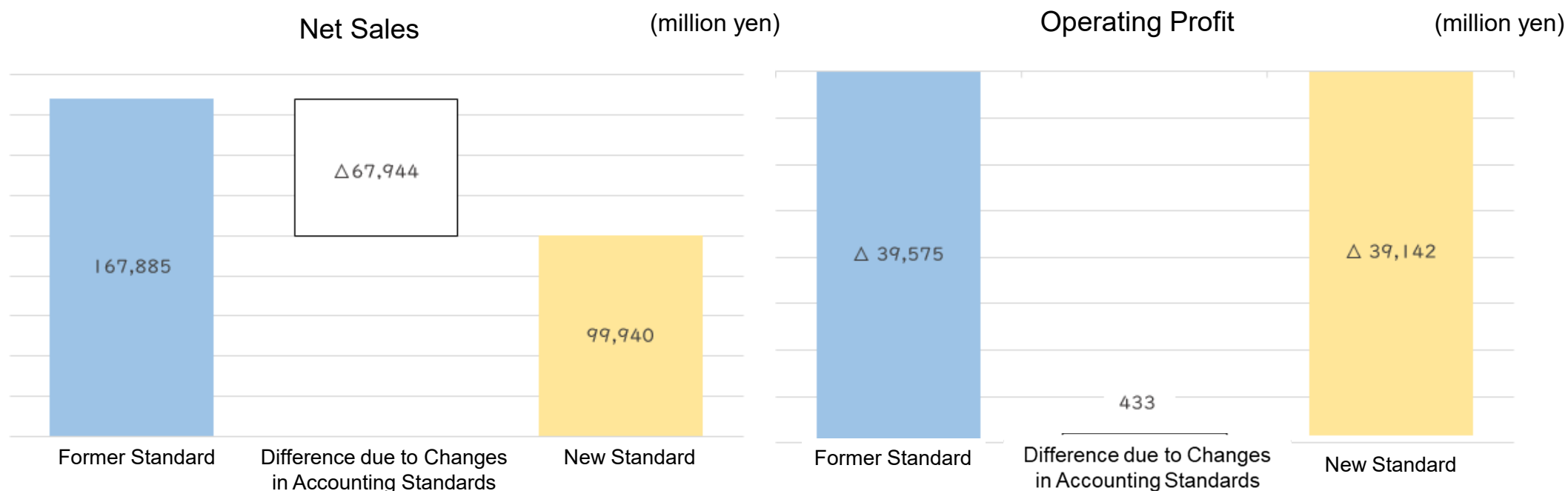
■ Major Changes in the Travel Business

	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 daily basis over the travel period.
- ※ 3 . Under the contract with the customers, "the time when the arrangement is completed = arrangement completion date" is the time when 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 Accounting Standards

Effect of Adoption of the "New Revenue Recognition Standard"



(2) 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 "SG&A Expenses," are now presented as "Cost of Sales"

Amount of impact for 3Q of 42nd term: "SG&A Expenses" $\Delta 6,539$ million yen, "Cost of Sales" +6,539 million yen (Figures for 3Q of the previous term have been revised)

Consolidated Financial Results

	Former Standard (Reference)		<New Standard>		(million yen)
	FY2019 3Q (before COVID-19 Pandemic)	FY21 3Q (Same Period of Previous Year)	FY22 3Q	FY22 3Q	
Net Sales	573,717	88,071	167,885	99,940	Travel Biz +70,233, Theme Park Biz +3,808 Hotel Biz +2,599, Kyushu Sanko Group +1,574
Gross Profit	96,592	5,762	14,933	15,367	
Operating Profit	11,348	▲47,350	▲39,575	▲39,142	Travel Biz +5,901, Theme Park Biz +1,949 Hotel Biz +933, Kyushu Sanko Group +792
EBITDA	18,426	▲37,812	▲30,021	▲29,587	Travel Biz +5,507, Theme Park Biz +1,918 Hotel Biz +1,436, Kyushu Sanko Group +752
Non-Operating Income	2,670	3,881	2,572	2,572	Subsidy Income ▲276, Currency Exchange Gain ▲275
Non-Operating Expenses	2,750	2,791	2,548	2,548	Interest Expense +702
Ordinary Profit	11,268	▲46,260	▲39,552	▲39,118	
Extraordinary Gain	1,073	15,509	12,459	12,459	Subsidy Income ▲3,288
Extraordinary Loss	–	4,239	5,037	5,037	Loss on Sale of Shares of Affiliates +2,992
Profit before Income Taxes	12,341	▲34,990	▲32,130	▲31,696	
Income Taxes	4,533	688	2,331	2,331	
Net Profit Attributable to Non-Controlling Shareholders	1,311	▲2,048	▲727	▲763	
Net Profit Attributable to Parent Company Shareholders	6,495	▲33,630	▲33,733	▲33,263	

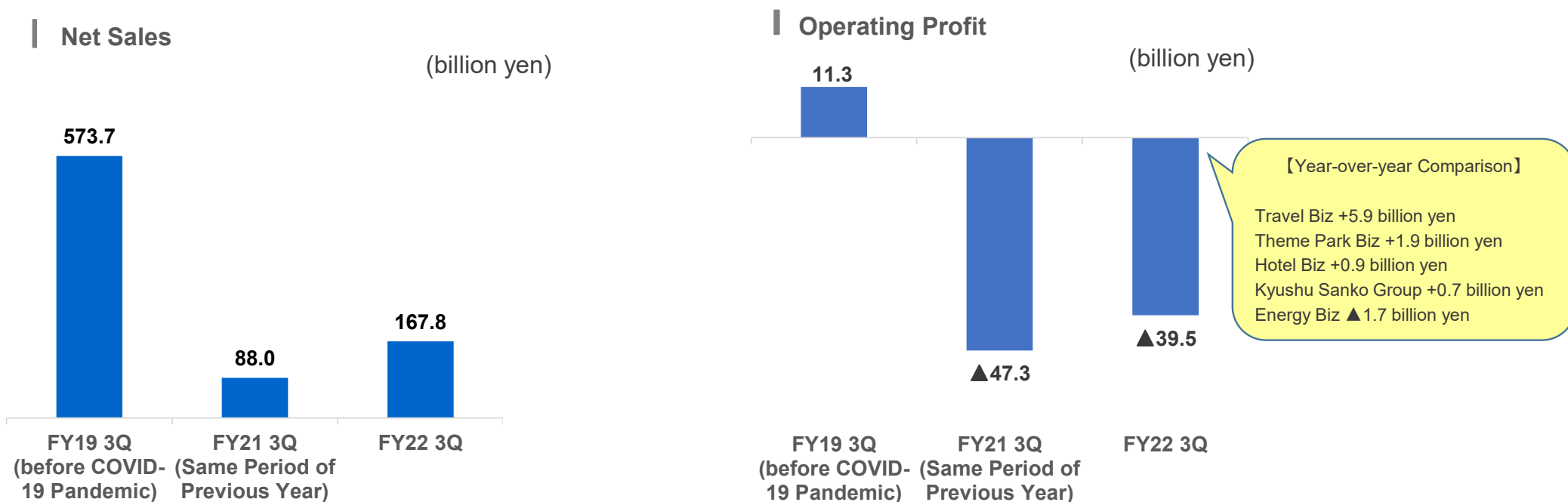
Net Sales & Operating Profit (Former Standard Basis)

Net sales were 167.8 billion yen (up 79.8 billion yen year-over-year)

Net sales increased in all segments. Travel business net sales increased by 70.2 billion yen year-over-year due to recovery trends in demand.

Operating loss was 39.5 billion yen (an improvement of 7.7 billion yen year-over-year)

Improvements were made in all businesses except energy business

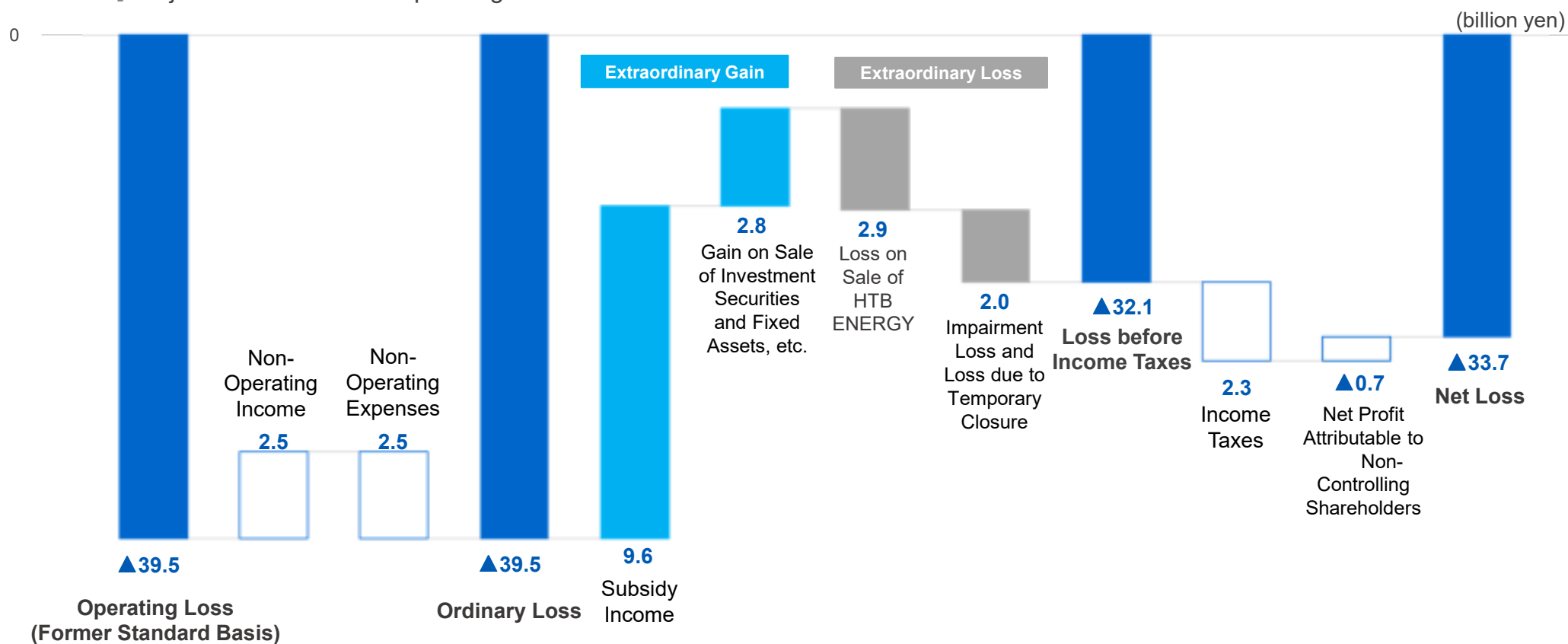


※ In the energy business, HTB Energy was sold on May 20, 2022, and was excluded from the scope of consolidation.

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

Although 12.4 billion yen of extraordinary gain, including 9.6 billion yen of subsidy income was recorded, 5.0 billion yen of extraordinary loss was recorded, resulting in 33.7 billion yen of net loss

Major Factors between Operating Loss and Net Loss



- Operating loss based on the new standard was ▲39.1 (Difference between the new and the former standards is 0.4)

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

(million yen)

	FY19 (Before COVID-19 Pandemic)	FY21	FY22 3Q	Increase /Decrease
Cash and Deposits	219,175	101,411	107,885	6,473
Notes and Accounts Receivable	45,653	16,718	16,807	89
Operating Accounts Receivable	4,287	171	155	▲16
Pre-Travel Payments	52,102	8,927	10,064	1,136
Others	27,061	16,266	11,910	▲4,356
Total Current Assets	348,280	143,495	146,822	3,327
Property, Plant and Equipment	147,098	201,291	193,258	▲8,033
Intangible Fixed Assets	19,271	15,486	15,805	319
Goodwill	7,305	4,621	4,165	▲455
Investments and Other Assets	55,275	46,263	41,780	▲4,482
Total Fixed Assets	228,951	267,662	255,010	▲12,651
Deferred Assets	168	289	250	▲39
Total Assets	577,399	411,447	402,083	▲9,363

	FY19 (Before COVID-19 Pandemic)	FY21	FY22 3Q	Increase /Decrease
Operating Accounts Payable	38,082	12,978	12,372	▲606
Pre-Travel Payments Received	92,760	14,112	19,552	5,440
Bonds and Convertible Bonds Payable	55,090	45,054	45,041	▲13
Long-Term Borrowings	146,403	184,643	156,762	▲27,881
Others	121,153	90,511	124,197	33,686
Total Liabilities	453,490	347,301	357,926	10,625
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	▲10,761	▲33,037
Treasury Shares	▲28,309	▲15,004	▲14,972	32
Cumulative Other Comprehensive Income	▲1,719	▲1,020	5,282	6,303
Non-Controlling Shareholder Equity	27,135	23,360	22,251	▲1,108
Total Net Assets	123,909	64,145	44,156	▲19,988
Total Liabilities and Net Assets	577,399	411,447	402,083	▲9,363

1-2 Summary of 3Q Financial Results (by Business Segment)

External Environments

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

FY2020
(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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FY2021
(FY Oct 2021)

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FY2022
(FY Oct 2022)

1Q														2Q																																																													
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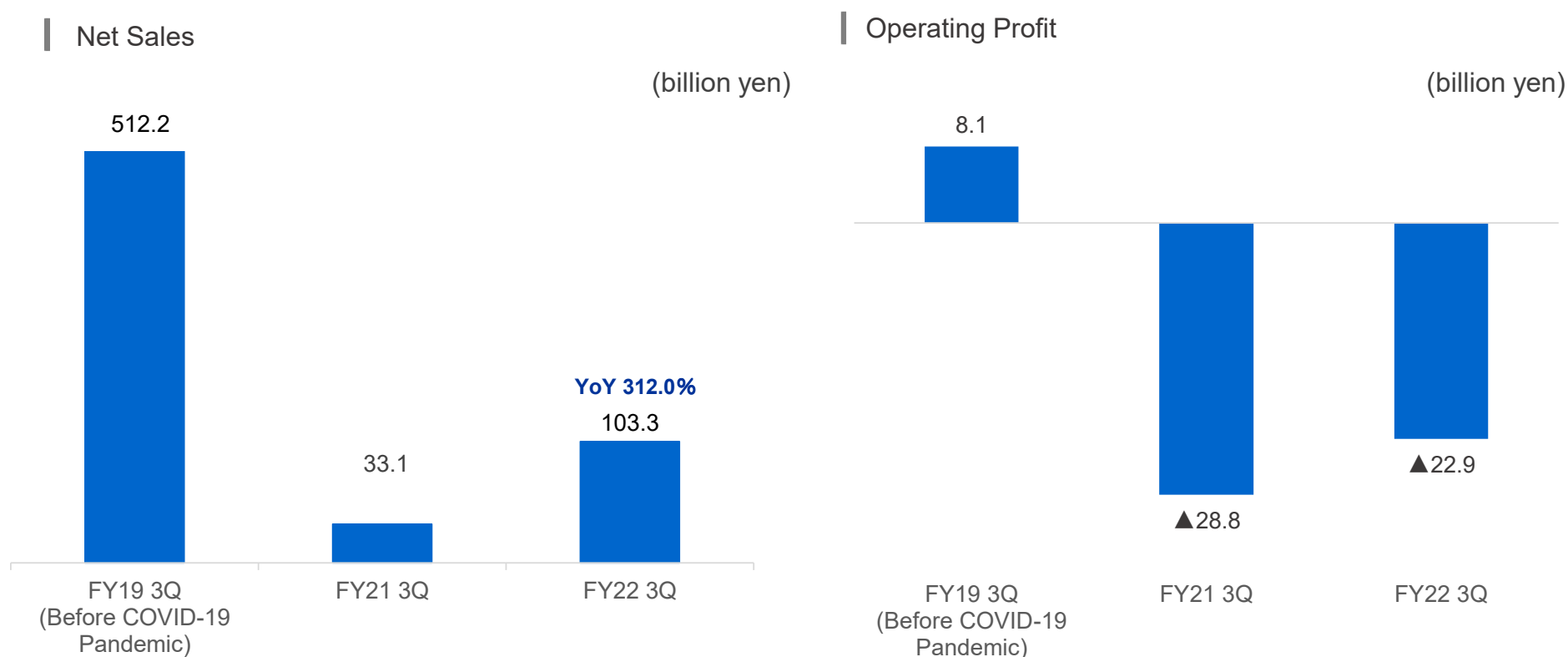
Operating Results by Business Segment

	Segment	Former Standard (Reference)				<New Standard>		(million yen)
		FY19 3Q (Before COVID-19 Pandemic)	FY21 3Q (Same Period of Previous Year)	FY22 3Q	YoY	Year-over-Year Increase/Decrease (Former Standard Basis)	FY22 3Q	
Net Sales	Travel Business	512,275	33,124	103,358	312.0%	70,233	39,468	
	Theme Park Business	21,011	11,839	15,647	132.2%	3,808	15,174	
	Hotel Business	8,419	3,512	6,111	174.0%	2,599	6,112	
	Kyushu Sanko Group	16,403	12,456	14,031	112.6%	1,574	13,238	
	Energy Business *	13,887	26,097	27,118	103.9%	1,020	24,328	
	Other	5,912	2,419	2,960	122.3%	540	2,960	
	Adjustments, Eliminations, etc.	▲4,192	▲1,378	▲1,342	—	36	▲1,342	
Operating Profit	Travel Business	8,167	▲28,890	▲22,989	—	5,901	▲22,555	
	Theme Park Business	3,910	▲2,108	▲158	—	1,949	▲158	
	Hotel Business	▲134	▲4,387	▲3,454	—	933	▲3,454	
	Kyushu Sanko Group	239	▲1,875	▲1,083	—	792	▲1,083	
	Energy Business *	495	▲7,952	▲9,724	—	▲1,772	▲9,724	
	Other	448	▲625	▲787	—	▲161	▲787	
	Adjustments, Eliminations, etc.	▲1,778	▲1,509	▲1,377	—	131	▲1,377	
EBITDA	Travel Business	11,139	▲25,671	▲20,164	—	5,507	▲19,730	
	Theme Park Business	5,490	▲550	1,367	—	1,918	1,367	
	Hotel Business	991	▲1,993	▲557	—	1,436	▲557	
	Kyushu Sanko Group	933	▲473	278	—	752	278	
	Energy Business *	550	▲7,582	▲9,273	—	▲1,691	▲9,273	
	Other	813	▲341	▲573	—	▲231	▲573	
	Adjustments, Eliminations, etc.	▲1,492	▲1,198	▲1,099	—	99	▲1,099	

* In the energy business, HTB Energy was sold on May 20, 2022, and was excluded from the scope of consolidation.

Travel Business (Consolidated, Former Standard Basis)

- Despite the lowering of infectious disease risk information level that had been issued to various countries and the easing of border control measures in Japan, sales were 103.3 billion yen (**312.0% YoY**), as mainstay international travel and others continued to be severely impacted
- Operating loss was 22.9 billion yen (**profit improvement of 5.9 billion yen**) despite continued efforts to thoroughly reduce costs amid slow recovery in travel demands



Travel Business / Quarterly Operating Results by Sub-Segment

(million yen)	FY19				FY21				FY22			
	1Q	2Q	3Q	1Q-3Q	1Q	2Q	3Q	1Q-3Q	1Q	2Q	3Q	1Q-3Q
Travel Business: Total Net Sales	166,617	170,213	175,444	512,275	15,737	10,613	6,772	33,124	23,956	29,904	49,498	103,358
YoY	114.3%	107.8%	116.1%	112.6%	9.0%	8.5%	14.6%	9.6%	152.2%	281.7%	730.9%	312.0%
International Travel from Japan / Transaction Amount	87,899	110,754	86,748	285,403	1,122	842	1,114	3,080	2,119	3,169	9,692	14,982
YoY	106.7%	114.5%	98.9%	94.5%	1.3%	2.0%	97.6%	2.3%	188.8%	376.2%	870.0%	486.4%
Fuel Surcharge (included in the transaction amount above)	6,030	8,005	4,308	18,344	21	18	32	71	119	250	1,069	1,440
Domestic Travel in Japan / Transaction Amount	11,941	17,576	13,693	43,211	8,710	4,459	3,062	16,233	8,686	7,621	10,218	26,526
YoY	101.4%	106.9%	99.3%	102.9%	74.7%	54.6%	289.1%	77.7%	99.7%	170.9%	333.7%	163.4%
Inbound Travel to Japan / Transaction Amount	7,116	8,075	8,375	23,567	34	16	13	64	28	74	81	184
YoY	119.5%	105.6%	88.7%	107.1%	0.6%	2.1%	27.0%	1.0%	82.3%	451.5%	623.1%	287.5%
Overseas Subsidiaries / Inbound Transaction Amount	56,070	35,339	41,186	132,595	2,167	1,581	1,176	4,924	4,451	4,690	4,834	13,976
YoY	127.1%	106.7%	107.3%	114.7%	3.9%	4.5%	6.4%	4.4%	205.3%	296.6%	411.1%	283.8%
Overseas Subsidiaries / Outbound Transaction Amount	19,719	20,213	40,124	80,056	1,167	3,013	1,968	6,148	10,843	14,743	27,370	52,957
YoY	104.3%	100.0%	188.8%	132.6%	2.8%	5.9%	10.0%	5.5%	929.1%	489.3%	1390.7%	861.4%
Eliminations of Internal Transactions, Adjustments, etc.	▲16,128	▲21,744	▲14,682	▲52,557	2,535	704	▲561	2,675	▲2,171	▲394	▲2,700	▲5,268

Huis Ten Bosch / Non-Consolidated Quarterly Operating Results

(million yen)	FY19				FY21				FY22			
	1Q	2Q	3Q	1Q-3Q	1Q	2Q	3Q	1Q-3Q	1Q	2Q	3Q	1Q-3Q
Transaction Amount (Before Consolidation Adjustments)	7,079	5,968	6,133	19,180	5,891	1,759	2,143	9,793	6,302	3,320	4,399	14,021
YoY	96.1%	83.2%	96.7%	91.9%	96.3%	55.5%	300.0%	97.9%	107.0%	188.7%	205.3%	143.2%
Operating Profit	1,894	1,277	1,112	4,283	1,236	▲1,454	▲1,290	▲1,508	1,106	▲706	▲138	262
YoY	92.4%	61.9%	86.5%	79.3%	145.1%	-	-	-	89.52%	-	-	-
Attendance (10,000)	70.8	59.6	60.4	190.9	60.9	19.0	21.5	101.5	70.2	36.7	48.6	155.6
YoY	97.2%	89.4%	97.0%	94.6%	88.3%	53.9%	210.7%	88.8%	115.1%	193.1%	226.0%	153.3%
Foreign Attendance (included in the number above, 10,000)	3.5	4.2	4.5	12.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
YoY	82.1%	89.3%	89.9%	87.4%	-	-	-	-	-	-	-	-
Number of Hotel Guests (10,000)	7.3	7.0	6.3	20.6	8.9	1.6	1.8	12.4	8.4	4.6	6.3	19.3
YoY	96.1%	85.3%	96.9%	92.2%	135.2%	42.1%	1056.9%	117.2%	94.4%	287.5%	349.1%	155.6%
Unit Price (yen, Rounded Down to the Nearest Hundred)	9,900	10,000	10,100	10,000	9,600	9,200	9,900	9,600	8,900	9,000	9,000	9,000
Increase/Decrease	-100	-770	±0	-300	+800	+200	+3,000	+900	-700	-200	-900	-600

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.

Impact of Transfer of Huis Ten Bosch Shares on the Financial Results

On August 30, 2022, H.I.S. Co., Ltd. entered into an agreement to transfer all shares owned by H.I.S. Co., Ltd. of its consolidated subsidiary, Huis Ten Bosch Co., Ltd.

(1) Outline of Huis Ten Bosch (million yen)	Company Name	Huis Ten Bosch Co., Ltd.			
	Business	Operation of theme parks, hotels, etc. (Reportable segment is "Theme Park Business")			
	Financial Results, etc. for the Past 3 Years (million yen)		FY Sep 2019	FY Sep 2020	FY Sep 2021
		Consolidated Net Sales	28,381	13,684	11,645
		Consolidated Operating Profit	5,222	▲3,396	▲2,906
		Consolidated Net Assets	44,934	39,383	38,999
		Consolidated Total Assets	52,427	43,824	42,305
(2) Outline of the Transfer	Transferee	PAG HTB Holdings Co., Ltd.			
	Shareholding Ratio of H.I.S. Co., Ltd.	Before Transfer: 66.67% → After Transfer: -%			
	Transfer Price	66,660 million yen			
	Date of Execution of Share Transfer Agreement	August 30, 2022 (=FY22 4Q)			
	Date of Share Transfer (Schedule)	September 30, 2022 (=FY22 4Q)			
(3) Impact on the Financial Results	FY22 4Q	Huis Ten Bosch Co., Ltd. is excluded from the scope of consolidation as of the end of 4Q FY22. The amount of "Gain on sales of subsidiaries and affiliates' shares" in the consolidated financial statements is under scrutiny and will be disclosed after the scrutiny is completed.			

Reduction of Capital and Capital Surplus and Appropriation of Surplus

H.I.S. Co., Ltd. plans to hold an extraordinary general meeting of shareholders on October 27, 2022 to propose the reduction of capital and capital surplus and the appropriation of surplus

(1) Summary (million yen)	Balance Before Capital Reduction	Changes due to Capital Reduction, etc.				Balance After Capital Reduction
		Decrease in Capital	Decrease in Capital Surplus	Appropriation of Surplus	Total	
Capital	24,798	▲24,698			▲24,698	100
Capital Surplus	17,459		▲17,434		▲17,434	25
Other Capital Surplus		24,698	17,434	▲13,363	28,769	
Earned Surplus Carried Forward				13,363	13,363	
Total		—	—	—	—	
(2) Purpose	To make up for the deficit in earned surplus carried forward, to improve financial soundness, to ensure flexibility and mobility of capital policy including return to shareholders, and to reduce tax burden					
(3) Impact on Financial Results	The impact on FY22 4Q financial results is under scrutiny. Since this is a transfer transaction between accounts in the net assets section, net assets remain unchanged and net assets per share also remain unchanged. The above details are subject to approval of the proposal on this matter at the extraordinary shareholders' meeting to be held on October 27, 2022.					

2. Financial Policy

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

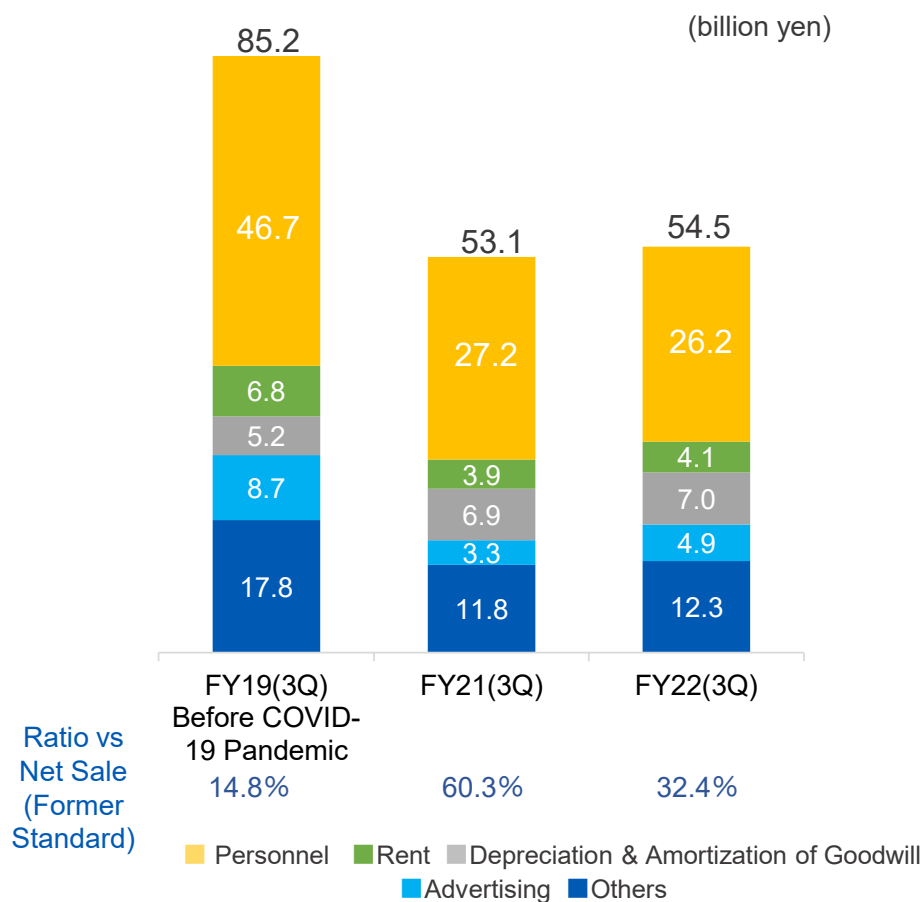
Streamlining of balance sheet (liquidation of assets, reduction of interest-bearing debt) and improvement of equity ratio by building up equity capital through profit (20% or more at first)

Financial Measures

No.	Content	Details	Already Implemented Since the Start of COVID-19 Pandemic Through 3Q 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.17	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: 29.2 billion + Estimate: 16.7 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 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		Transfer of HTB ENERGY Co., Ltd. Shares (Already implemented in May 2022)	Transfer of Huis Ten Bosch Co., Ltd. Shares (To be implemented in September 2022)
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 (3Q Results)

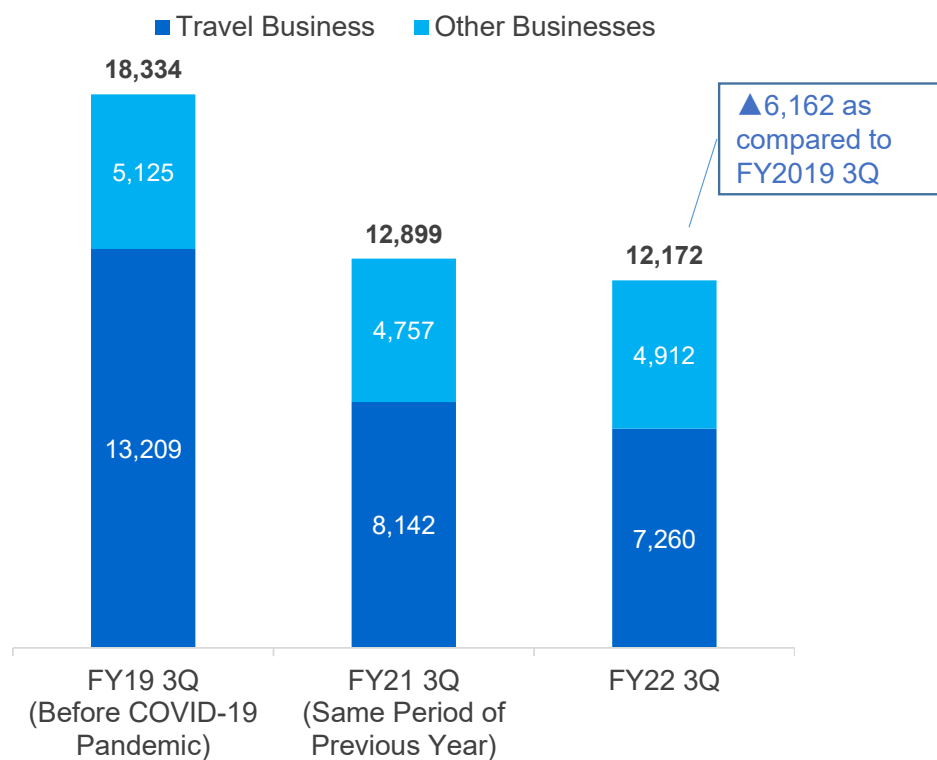


※ Changes in Presentation Method of the Theme Park Business
Some of the expenses in relation to the operation of the Theme Park Business, previously presented as "Selling, General and Administrative Expenses," are now presented as "Cost of Sales". Figures for the previous fiscal year have also been retroactively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

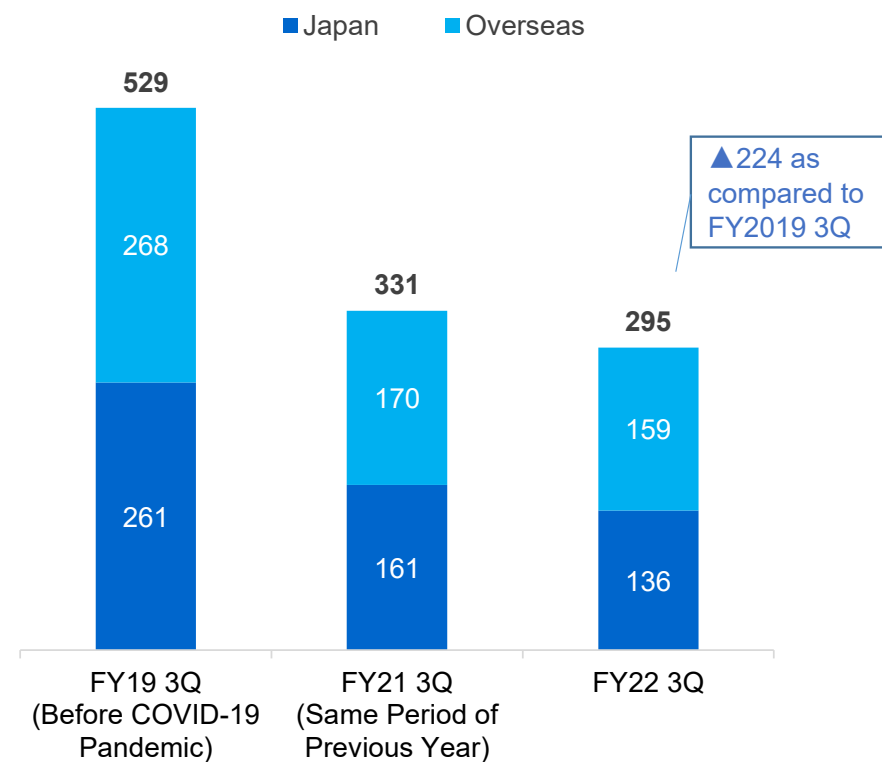
- As of the end of July 2022, about 1,000 employees were being seconded to companies outside of H.I.S. Group.
→ Realization of a reduction of 2.8 billion yen in personnel expenses
- Consolidation and closure of sales offices, etc. are to be considered
- Utilization of employment adjustment subsidy (Recorded as extraordinary gain)
→ It has been determined that the subsidy will be extended until the end of November 2022

[Reference Data]

| The Number of Group Employees



| The Number of Sales Offices of the Travel Business



Cash Burn

(billion yen)

More than one year of fund has been secured as of the end of 3Q of FY2022 (end of July 2022)

Balance of Cash and Deposits	107.8	①
Burn Rate	5.5	② FY2022 3Q actual fixed costs +α are used for calculations
Cash Burn / Month	19.6	③ (=①/②)



Commitment Line	33.0	④
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If commitment line is added, about two years of fund has been secured

Balance of Cash and Deposits	140.8	①' (=①+④)
Burn Rate	5.5	②'
Cash Burn / Month	25.6	③' (=①'/②')

Support from Financial Institutions, etc.

| 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 considers financing from DBJ as one of the options, and is gathering information and exchanging opinions as appropriate.

Disclaimer

In preparing this material, H.I.S. Co., Ltd. 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.

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Please contact IR Office of H.I.S. Co., Ltd. for questions regarding this material