

January 20, 2020

Attn: All Shareholders

Hideo Sawada  
Chairman, President and CEO  
H.I.S. Co., Ltd.

**Our Opinion of the ISS Report Concerning Proposal 3 at the  
39th Ordinary General Meeting of Shareholders**

We understand that Institutional Shareholder Services Inc. (hereinafter, "ISS"), a proxy advisory firm, has issued an English-language report (hereinafter, the "Report") that recommends voting *against* Proposal 3 (hereinafter, the "Proposal"), "Partial amendments to the Articles of Incorporation" at the 39th Ordinary General Meeting of Shareholders scheduled for January 29, 2020.

As a result, we again offer the following explanation to ensure sufficient understanding of our opinion of the Proposal to shareholders and investors.

1. ISS' Reason for Recommending Against

In Proposal 3, "Partial amendments to the Articles of Incorporation," we propose the new establishment under Article 2 (Purpose) of Item 42, "Business other than that listed in the preceding items." The Report by ISS recommends voting against this proposal because "we are concerned about the addition of 'all other businesses that are not stipulated in the articles of incorporation' as that could literally allow H.I.S. to expand into any businesses which are risky and/or unrelated to its core business at the board's discretion. Such expansion can harm the company by diverting management's time and resources away from the core business."

2. Our Opinion

In Proposal 2, "Approval of absorption-type company split agreement," we submit to our shareholders for consideration the idea that the optimal allocation and efficient use of the Group's management resources in continuing to propose services that provide joy to its customers in travel-related businesses centered on the travel business, as well as in new business beyond the travel-related business category, are important reasons for transitioning to a holding company structure.

In this respect, at each ordinary general meeting of shareholders in recent years the

Company has obtained shareholder approval of amendments to the Articles of Incorporation that add potential for advancement to the business purpose. However, in the event of establishing a subsidiary to commence a small-scale new business not anticipated at the ordinary general meeting of shareholders, it was pointed out that such businesses not included in business purposes of the parent company in the Company's Articles of Incorporation did not satisfy the condition of formal certification under the Articles of Incorporation. Furthermore, the need to dispel any doubts with respect to the handling of small-scale new businesses by existing companies was pointed out within the Company. For that reason, we propose the new establishment of Item 42 in Proposal 3 solely in the aim of satisfying the regulation criteria for the period until the next ordinary general meeting of shareholders in which advancement to specific new businesses would be added to the business purpose. In doing so, we aim to realize timely advancement into new businesses without waiting for the next ordinary general meeting of shareholders. In no way is the new establishment of Item 42 in Article 2 of the Articles of Incorporation intended to relate to large-scale new business that would involve the transfer of large-scale management resources from the Company's main business. Furthermore, going forward we would continue to consult with shareholders about any future additions to the Company's business purpose as appropriate at the ordinary general meeting of shareholders.

As is described above, with regard to ISS' concerns about the Proposal, we believe the Proposal is not detrimental to the Company's corporate value and that the details of the Proposal are appropriate.

We would ask shareholders to duly consider the Company's opinion, as stated above, when considering your exercise of voting rights on the Proposal.