



HIS

**Presentation Materials for the 3rd Quarter of Fiscal Year
Ending October 31, 2024 Financial Results
(9 Months Ended July 31, 2024)**

**H.I.S. Co., Ltd.
September 13, 2024
Prime Market of TSE: 9603**

Financial Summary

Consolidated Financial Summary

Sales were strong, showing double-digit or more growth YoY for both the 3 months (3Q only) and 9 months (1Q – 3Q) in all segments.

Operating profit increased by 9.7 billion yen from the previous year, despite an increase in expenses due to the recovery of the travel business and the impact of some exchange rates.

(million yen)	FY23 3Q	FY24 3Q	YoY (%)	YoY (Amount)	Major Reasons for Increase/Decrease
Net Sales	163,981	237,582	144%	+73,601	Travel +65,614, Hotel +4,290
Gross Profit	54,755	78,267	142%	+23,511	
Operating Profit	△4,201	5,503	-	+9,704	Travel +8,798, Hotel +2,361
EBITDA	3,749	13,968	372%	+10,219	Travel +9,057, Hotel +2,345
Non-Operating Income	2,339	2,275	97%	△64	
Non-Operating Expenses	2,089	2,248	107%	+159	Interest Expenses +149
Ordinary Profit	△3,950	5,529	-	+9,480	
Extraordinary Gain	1,109	1,089	98%	△20	
Extraordinary Loss	940	410	43%	△530	Impairment Loss △389
Profit before Income Taxes	△3,781	6,208	-	+9,990	
Income Taxes	1,497	1,633	109%	+135	
Net Profit Attributable to Non-Controlling Shareholders	356	688	193%	+332	
Net Profit Attributable to Parent Company Shareholders	△5,634	3,886	-	+9,521	

※ For the 9 months (1Q – 3Q) of the previous fiscal year, the allocation of the acquisition price for the business combination with “SCI Stenberg College International Inc.”, an educational business in Canada, had not been completed, therefore, provisional accounting treatment was used. However, as the allocation was finalized at the end of the previous fiscal year, the details of the finalized provisional accounting treatment have been reflected for the 9 months (1Q – 3Q) of the previous fiscal year.

Quarterly Consolidated Financial Results



(million yen)	FY23					FY24				
	1Q	2Q	3Q	4Q	Total	1Q	2Q	3Q	4Q	Total
Net Sales	46,143	56,770	61,067	87,885	251,866	80,520	80,652	76,409	-	-
YoY	137.4%	162.7%	194.2%	205.1%	176.4%	174.5%	142.1%	125.1%	-	-
Cost of Sales	30,724	37,932	40,569	59,863	169,089	53,736	53,993	51,585	-	-
Gross Profit	15,419	18,837	20,498	28,021	82,777	26,784	26,659	24,823	-	-
GP Margin	33.4%	33.2%	33.6%	31.9%	32.9%	33.3%	33.1%	32.5%	-	-
SG&A Expenses	18,858	18,756	21,341	22,423	81,380	23,335	24,348	25,079	-	-
Operating Profit	△3,439	80	△842	5,598	1,397	3,448	2,310	△ 256	-	-
YoY	-	-	-	-	-	-	2,860.8%	-	-	-
Operating Margin	-	0.1%	-	6.4%	0.6%	4.3%	2.9%	-	-	-
EBITDA	△829	2,715	1,862	8,632	12,381	6,260	5,099	2,607	-	-
Non-Operating Income	450	761	1,127	621	2,961	604	1,234	436	-	-
Non-Operating Expenses	834	580	674	823	2,912	676	839	733	-	-
Ordinary Profit	△3,823	261	△388	5,396	1,446	3,376	2,706	△ 553	-	-
YoY	-	-	-	-	-	-	1,034.4%	-	-	-
Net Profit	△3,571	△1,237	△825	3,016	△2,618	2,582	1,295	9	-	-
YoY	-	-	-	12.7%	-	-	-	-	-	-

Operating Results by Business Segment



(million yen)		FY23 3Q	FY24 3Q	YoY (%)	YoY (Amount)
Net Sales	Travel Business	128,820	194,435	150.9%	+65,614
	Hotel Business	12,895	17,186	133.3%	+4,290
	Kyushu Sanko Group	16,081	17,922	111.4%	+1,840
	Others	7,481	10,651	142.4%	+3,169
	Adjustments, Eliminations, etc.	△1,298	△2,611	-	△1,313
	Total	163,981	237,582	144.9%	+73,601
Operating Profit	Travel Business	△4,118	4,679	-	+8,798
	Hotel Business	257	2,618	1,016.5%	+2,361
	Kyushu Sanko Group	51	352	683.9%	+300
	Others	△265	△120	-	+144
	Adjustments, Eliminations, etc.	△126	△2,026	-	△1,900
	Total	△4,201	5,503	-	+9,704
EBITDA	Travel Business	△1,266	7,791	-	+9,057
	Hotel Business	3,318	5,664	170.7%	+2,345
	Kyushu Sanko Group	1,343	1,643	122.3%	+299
	Others	133	345	258.3%	+211
	Adjustments, Eliminations, etc.	220	△1,476	-	△1,696
	Total	3,749	13,968	372.6%	+10,219

※ Effective from the 1Q of the current fiscal year, the business segments have been changed from the previous 4 segments of "Travel Business", "Theme Park Business", "Hotel Business", and "Kyushu Sanko Group" to 3 segments of "Travel Business", "Hotel Business" and "Kyushu Sanko Group". Accordingly, Laguna Ten Bosch Co., Ltd. has been changed from "Theme Park Business" to "Others". Comparisons with the 1Q-3Q of the previous fiscal year are made by restating the figures after the segment change. For details, please refer to "2. Quarterly Consolidated Financial Statements and Main Notes (3) Notes to the Quarterly Consolidated Financial Statements (Segment Information, etc.) in the Kessan Tanshin (Consolidated Financial Results Brief Report)

Quarterly Operating Results by Business Segment

(million yen)		FY23					FY24				
		1Q	2Q	3Q	4Q	Total	1Q	2Q	3Q	4Q	Total
Travel	Net Sales	34,533	45,121	49,166	73,188	202,008	65,820	65,786	62,828	-	-
	YoY	346.5%	335.7%	306.1%	259.3%	298.4%	190.6%	145.8%	127.8%	-	-
	Operating Profit	△3,176	△282	△660	4,921	803	2,600	2,368	△289	-	-
	YoY	-	-	-	-	-	-	-	-	-	-
Hotel	Net Sales	4,022	4,203	4,669	5,041	17,937	5,811	5,657	5,717	-	-
	YoY	219.3%	241.9%	183.8%	162.9%	194.8%	144.5%	134.6%	122.5%	-	-
	Operating Profit	△46	96	207	320	577	1,035	735	847	-	-
	YoY	-	-	-	-	-	-	765.1%	408.1%	-	-
Kyushu Sanko Group	Net Sales	5,487	5,251	5,342	5,594	21,676	6,002	5,954	5,964	-	-
	YoY	115.9%	136.1%	115.0%	118.5%	120.7%	109.4%	113.4%	111.6%	-	-
	Operating Profit	32	74	△55	6	58	230	62	59	-	-
	YoY	-	-	-	-	-	702.9%	83.7%	-	-	-
Others	Net Sales	2,438	2,643	2,399	4,508	11,989	3,610	4,009	3,030	-	-
	YoY	13.9%	16.2%	27.8%	60.5%	24.0%	148.0%	151.7%	126.3%	-	-
	Operating Profit	△203	△22	△38	742	476	107	△25	△202	-	-
	YoY	-	-	-	-	-	-	-	-	-	-

※ Effective from the 1Q of the current fiscal year, the business segments have been changed from the previous 4 segments of "Travel Business", "Theme Park Business", "Hotel Business", and "Kyushu Sanko Group" to 3 segments of "Travel Business", "Hotel Business" and "Kyushu Sanko Group". Accordingly, Laguna Ten Bosch Co., Ltd. has been changed from "Theme Park Business" to "Others". Comparisons with the 1Q-3Q of the previous fiscal year are made by restating the figures after the segment change. For details, please refer to "2. Quarterly Consolidated Financial Statements and Main Notes (3) Notes to the Quarterly Consolidated Financial Statements (Segment Information, etc.) in the Kessan Tanshin (Consolidated Financial Results Brief Report)

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



(million yen)	FY23	FY24 3Q	Increase /Decrease		FY23	FY24 3Q	Increase /Decrease
Cash and Deposits	157,571	154,319	△3,252	Operating Accounts Payable	10,122	13,212	3,089
Notes & Accounts Receivable and Contract Assets	24,814	29,331	4,517	Pre-Travel Payments Received	29,659	51,098	21,439
Operating Accounts Receivable	656	324	△332	Bonds and Convertible Bonds Payable	45,018	30,005	△15,013
Pre-Travel Payments	8,418	15,201	6,782	Borrowings	206,857	202,091	△4,766
Others	26,065	36,384	10,319	Others	91,538	94,343	2,804
Total Current Assets	217,526	235,560	18,034	Total Liabilities	383,196	390,750	7,553
Property, Plant and Equipment	167,682	166,596	△1,085	Capital	100	100	—
Intangible Fixed Assets	14,472	14,694	222	Capital Surplus	27,770	27,761	△9
Goodwill	2,092	2,110	17	Earned Surplus	23,755	27,636	3,880
Investments and Other Assets	39,479	38,861	△618	Treasury Shares	△13,046	△13,015	31
Total Fixed Assets	223,727	222,263	△1,464	Cumulative Other Comprehensive Income	10,236	14,867	4,631
Deferred Assets	92	68	△23	Non-Controlling Shareholder Equity	9,166	9,552	385
Total Assets	441,346	457,891	16,545	Total Net Assets	58,149	67,141	8,992
				Total Liabilities and Net Assets	441,346	457,891	16,545

Financial Forecasts



The full-year financial forecasts remain unchanged from the revised figures announced on June 14.

(million yen)	FY23 Financial Results	FY24 Financial Forecasts	YoY (%)	YoY (Amount)
Net Sales	251,866	360,000	142%	108,134
Travel Business	202,008	297,000	147%	94,992
Hotel Business	17,937	24,000	133%	6,063
Kyushu Sanko Group	21,676	24,000	110%	2,324
Others	11,989	18,000	150%	6,011
Adjustments, Eliminations, etc.	△1,745	△3,000	-	△1,255
Operating Profit	1,397	11,000	787%	9,603
Travel Business	803	9,980	1,242%	9,177
Hotel Business	577	3,300	571%	2,723
Kyushu Sanko Group	58	350	603%	292
Others	476	370	77%	△106
Adjustments, Eliminations, etc.	△518	△3,000	-	△2,482
Ordinary Profit	1,446	11,000	760%	9,554
Net Profit Attributable to Parent Company Shareholders	△2,618	7,000	-	9,618
Dividend (Plan)	0 yen	10 yen	-	10 yen

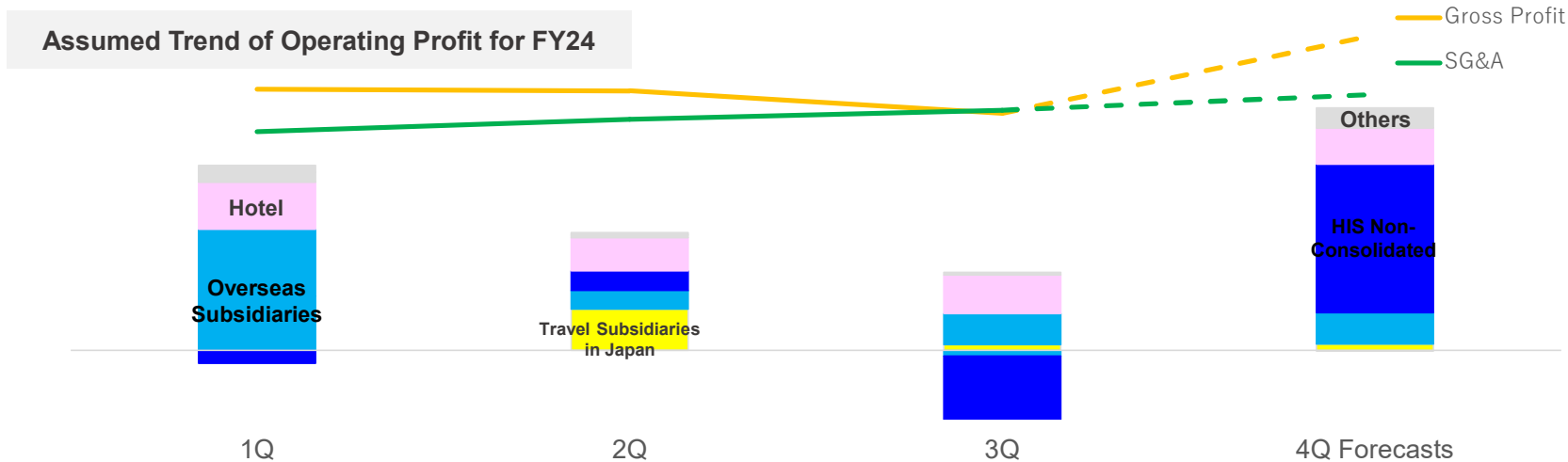
Supplementary Materials

Fiscal Year & Seasonality by Business (Reference)



	1Q			2Q			3Q			4Q		
HIS Non-Consolidated	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct
Travel Subsidiaries in Japan	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
Overseas Subsidiaries	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul
Hotel (Japan, Taiwan)	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
Hotel (Overseas)	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul
Kyushu Sanko Group	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep

Off Season
 Normal Season
 On Season



[Supplementary Material] Definitions Regarding Accounting Standards

Effective from the 1Q of the fiscal year ended October 31, 2022, "The Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) and others are applied. In "arranged travel," where only travel products such as airline tickets and hotels are provided, the gross profit amount is recorded as sales on the date of completion of the arrangement

■ Major Changes in the Travel Business (Reiterated)

	① Amount of Net Sales Recognition		② Timing of Net Sales Recognition	
	Previous Standard	New Standard	Previous Standard	New Standard
Tours (Planned Travel)	Total Amount	「Transaction as a Principal」 = Total Amount (※1)	Departure Date	Progress Date (※2)
Airline Tickets (Arranged Travel)	Total Amount	「Transaction as an Agent」 = Net Amount	Departure Date	Arrangement Completion Date (※3)

※1. Fuel surcharges, airport fees, etc. are excluded because they are collections for third parties

※2. Revenue is recognized on a pro-rata daily basis over the travel period

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

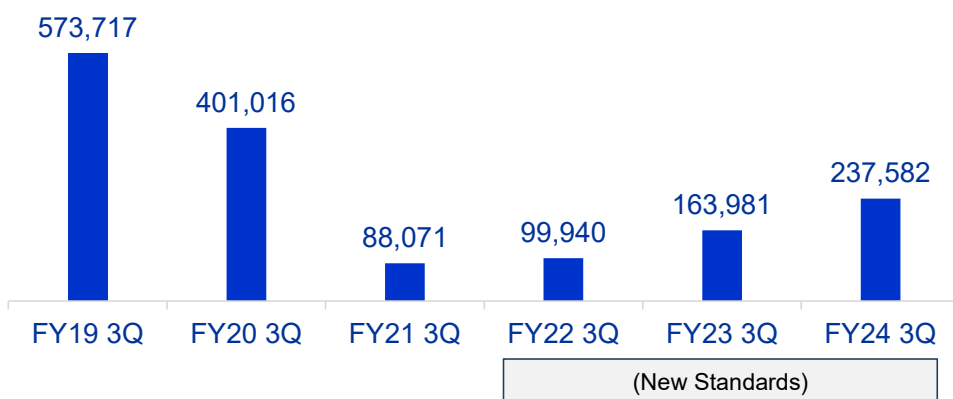
※4. Incentives are treated as "arrangement sales" for arranged travel and as "purchase rebates" for planned travel

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

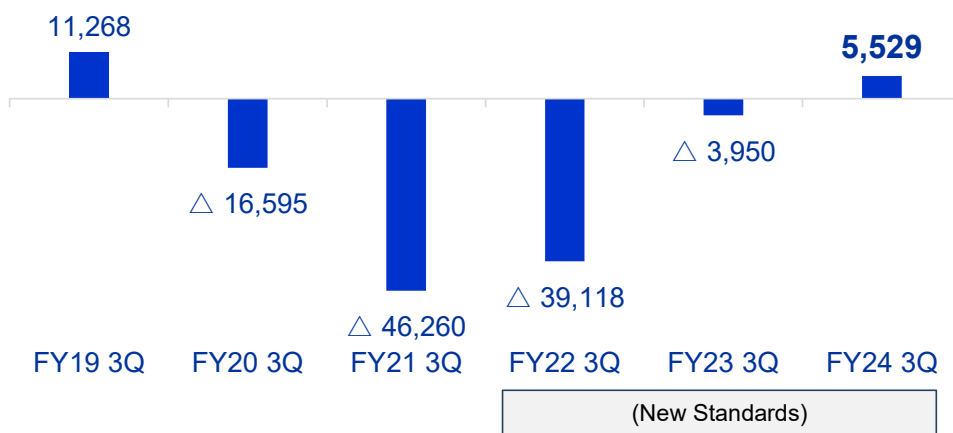
[Supplementary Material] Consolidated Financial Results



Net Sales

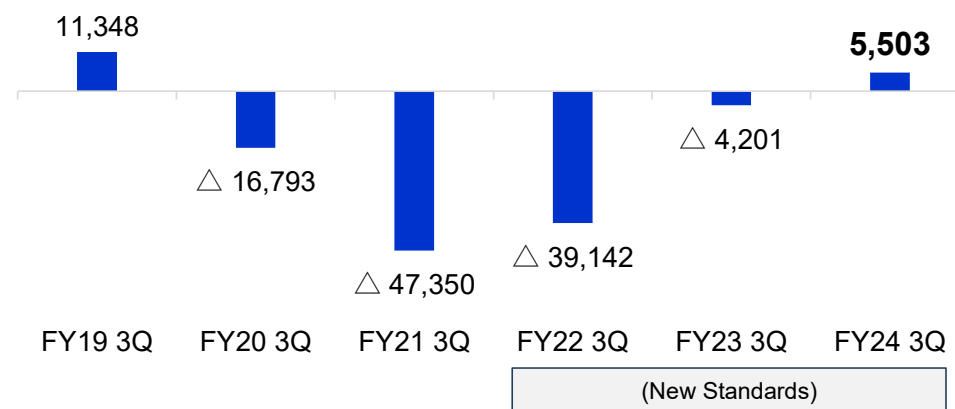


Ordinary Profit

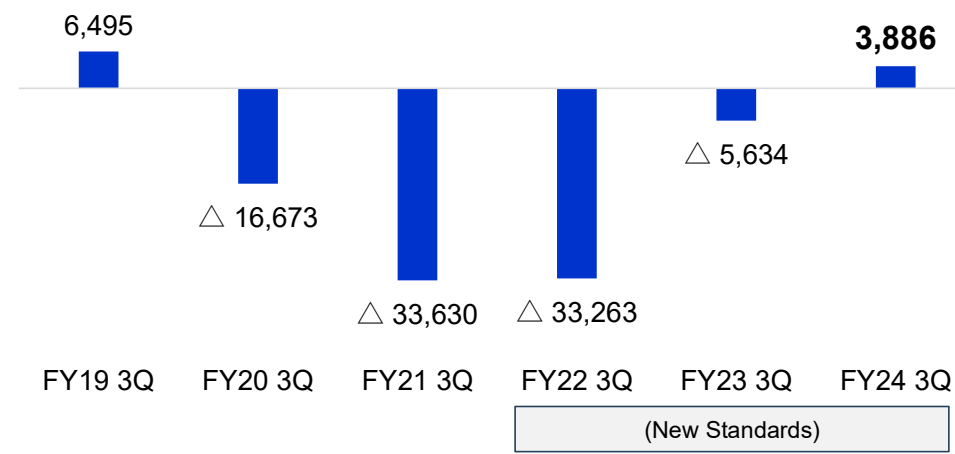


Operating Profit

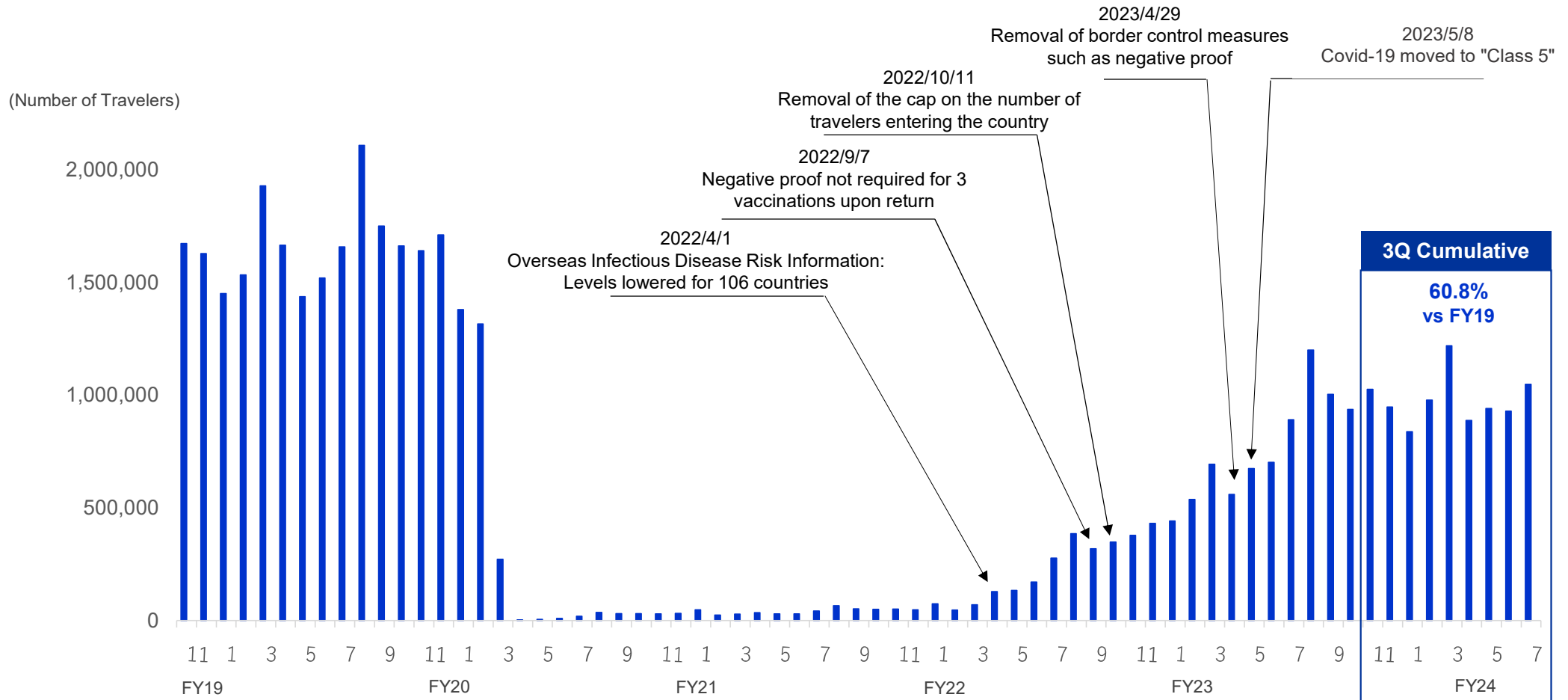
(million yen)



Net Profit Attributable to Parent Company Shareholders



[Supplementary Material] Travel Market Overview: Number of Japanese Departing from Japan



Source: Japan National Tourism Organization

[Supplementary Material] Travel Business / Operating Results by Sub-Segment (Previous Accounting Standards / Reference Amount)



(million yen)	FY19					FY23					FY24				
	(Previous Standards)					(Previous Standards)					(Previous Standards)				
	1Q	2Q	3Q	4Q	Total	1Q	2Q	3Q	4Q	Total	1Q	2Q	3Q	4Q	Total
International Travel from Japan / Transaction Amount	87,899	110,754	86,748	116,545	401,948	25,190	44,582	51,064	81,320	202,158	58,844	69,451	58,680	-	-
YoY	106%	114%	98%	97%	103%	1,188%	1,406%	527%	393%	567%	233%	155%	114%	-	-
Fuel Surcharge (included in the transaction amount above)	6,030	8,005	4,308	6,957	25,302	4,415	7,243	6,619	8,575	26,853	6,584	9,045	6,902	-	-
Domestic Travel in Japan / Transaction Amount	11,941	18,154	13,693	18,044	61,833	13,438	16,498	13,718	16,184	59,840	10,357	14,276	12,556	-	-
YoY	101%	106%	99%	99%	101%	154%	216%	134%	106%	143%	77%	86%	91%	-	-
Inbound Travel to Japan / Transaction Amount	7,116	8,075	8,375	6,464	30,032	1,023	2,302	2,255	2,866	8,448	2,247	3,405	3,171	-	-
YoY	119%	105%	88%	87%	96%	3,583%	3,109%	2,761%	1,360%	2,138%	219%	147%	140%	-	-

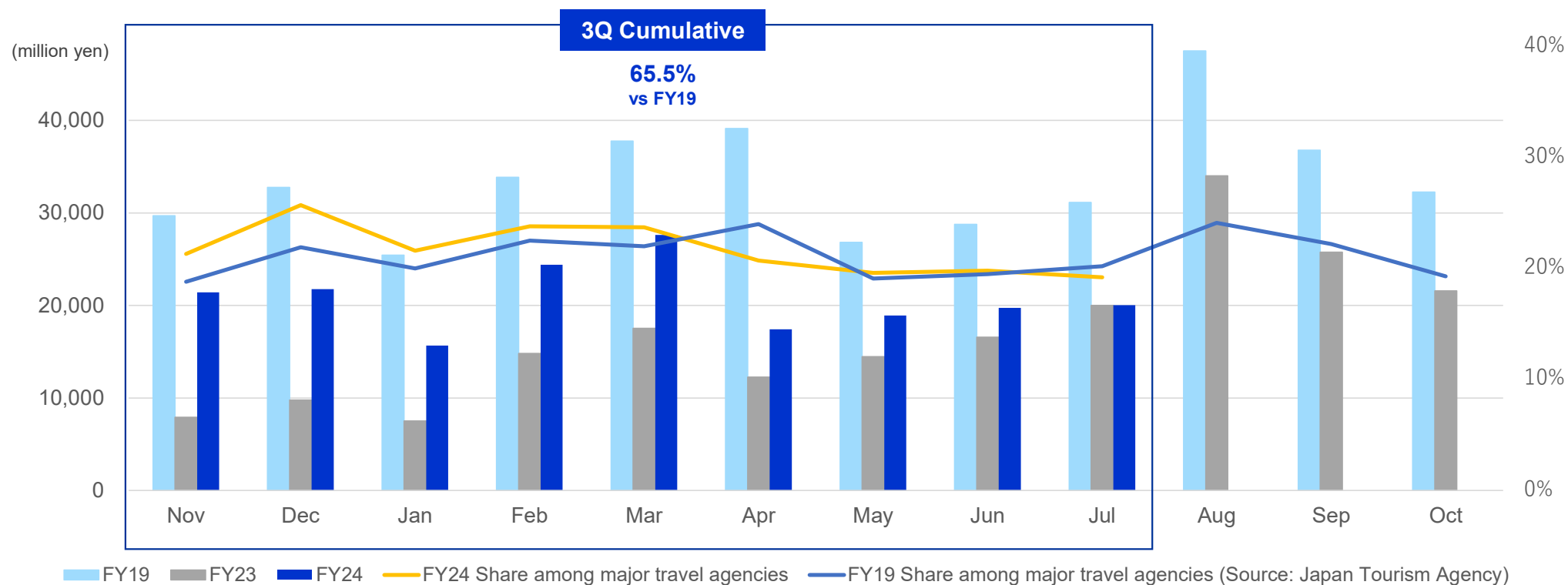
※ Total transaction amount after offsetting internal transactions of H.I.S. and its five group companies (Orion Tour, Qualita, Cruise Planet, Japan Holiday Travel, and H.I.S. Okinawa)

(million yen)	FY19					FY23					FY24				
	(Previous Standards)					(Reference Amount *)					(Reference Amount *)				
	1Q	2Q	3Q	4Q	Total	1Q	2Q	3Q	4Q	Total	1Q	2Q	3Q	4Q	Total
Overseas Subsidiaries / Inbound Transaction Amount	54,059	34,389	40,965	51,247	180,663	18,149	12,076	17,689	32,024	79,939	40,035	24,778	29,865	-	-
YoY	122%	104%	107%	99%	108%	558%	385%	428%	231%	328%	220%	205%	168%	-	-
Overseas Subsidiaries / Outbound Transaction Amount	17,860	18,761	38,857	39,868	115,347	36,432	46,824	50,096	38,859	172,213	44,515	48,181	49,214	-	-
YoY	95%	93%	183%	203%	144%	349%	324%	187%	134%	213%	122%	102%	98%	-	-

※FY23 and thereafter is a reference amount where the recognition standard of transaction amount is "the date of progress" for tour products (transaction as a principal) and "the date of completion of arrangements" for arranged tours (transaction as an agent)

※As the overseas travel business closes its fiscal year in July, FY23 3Q shows the transaction amount (reference amount) from November 2023 to April 2024, and the transaction amount of non-travel businesses such as CCEL (language school) is excluded.

[Supplementary Material] International Travel Transaction Amount (Previous Accounting Standards)

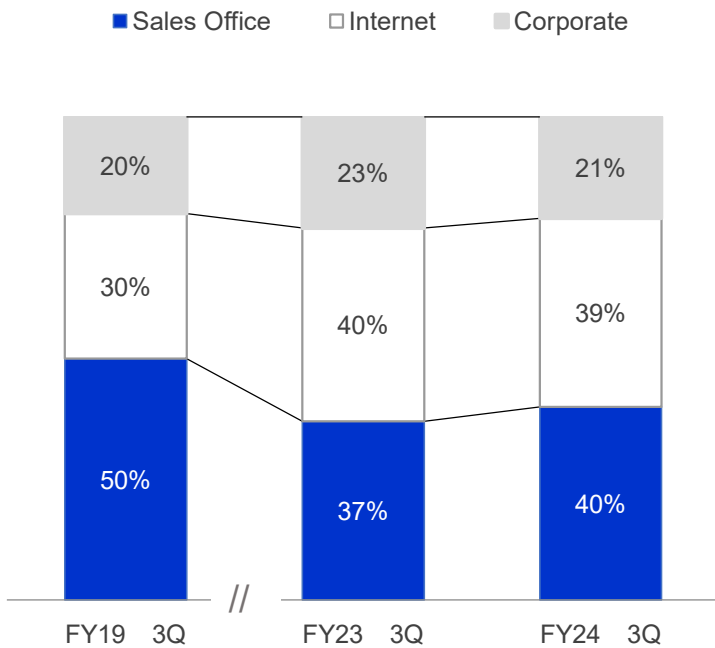


* Total transaction amount after offsetting internal transactions of H.I.S. and its five group companies (Orion Tour, Qualita, Cruise Planet, Japan Holiday Travel, and H.I.S. Okinawa)

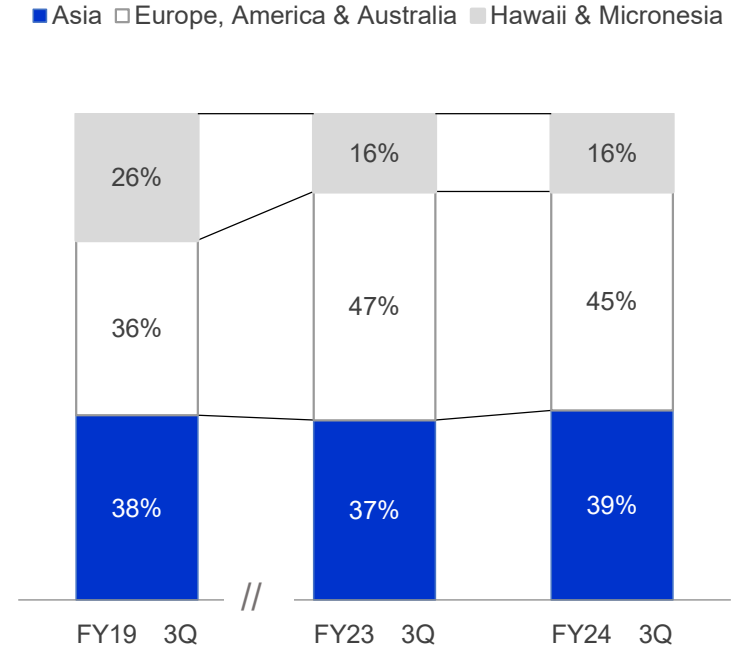
[Supplementary Material] International Travel Composition (Previous Accounting Standards)



Net Sales of International Travel by Sales Channel



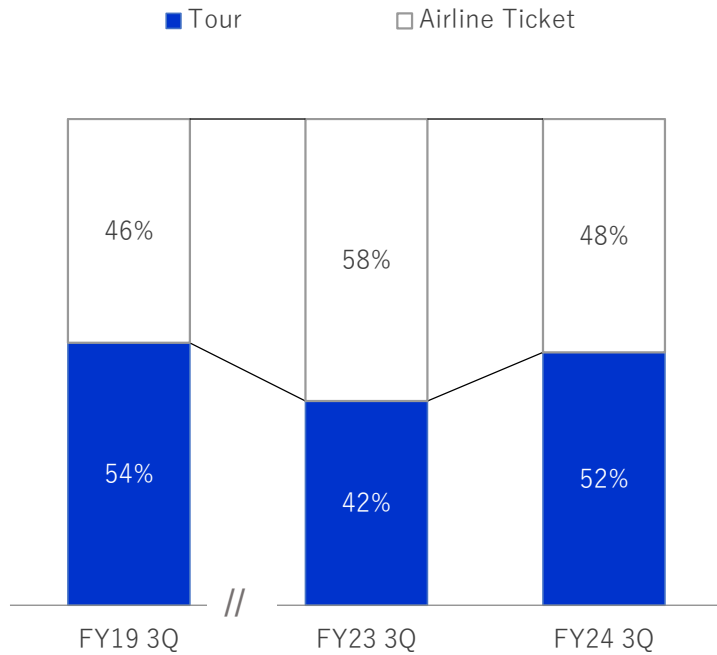
Net Sales of International Travel by Destination



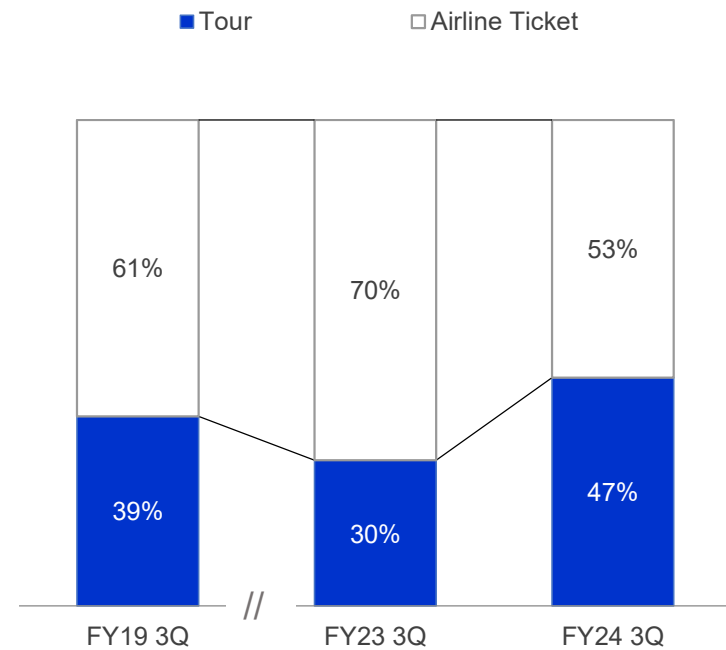
[Supplementary Material] International Travel Composition(Previous Accounting Standards)



Net Sales of International Travel by Product Type

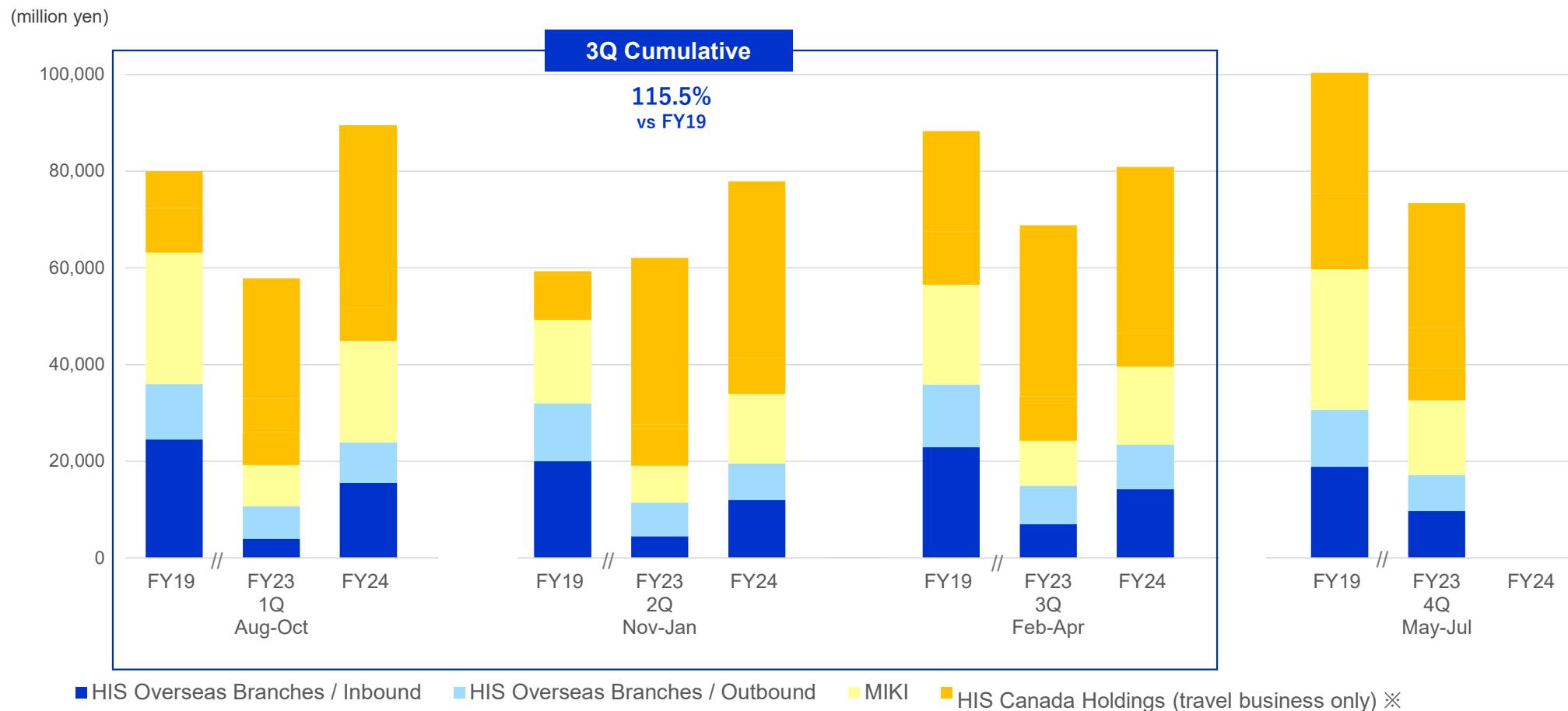


Number of Travelers of International Travel by Product Type



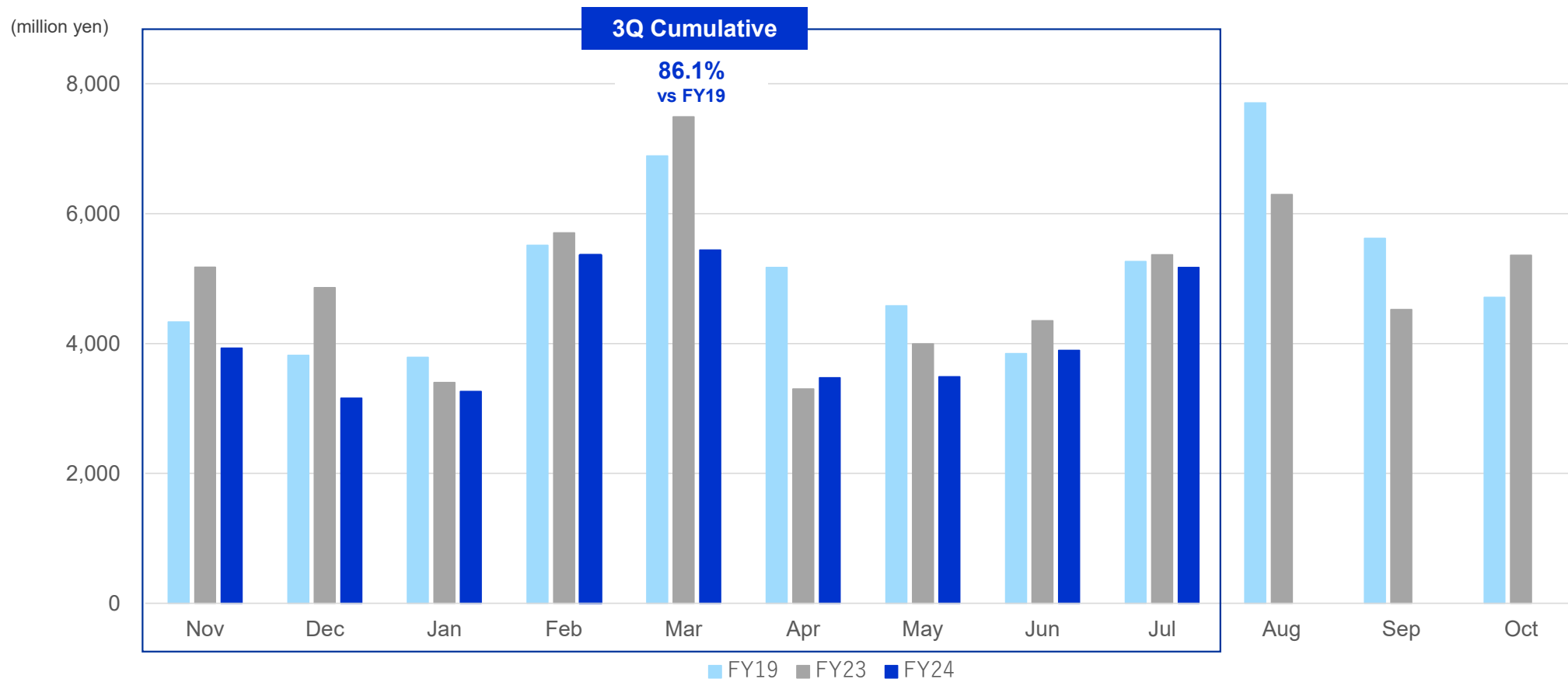
*Tour: Including agent-organized air + hotel

[Supplementary Material] Transaction Amount of Overseas Subsidiaries (Previous Accounting Standards, Reference Amount)



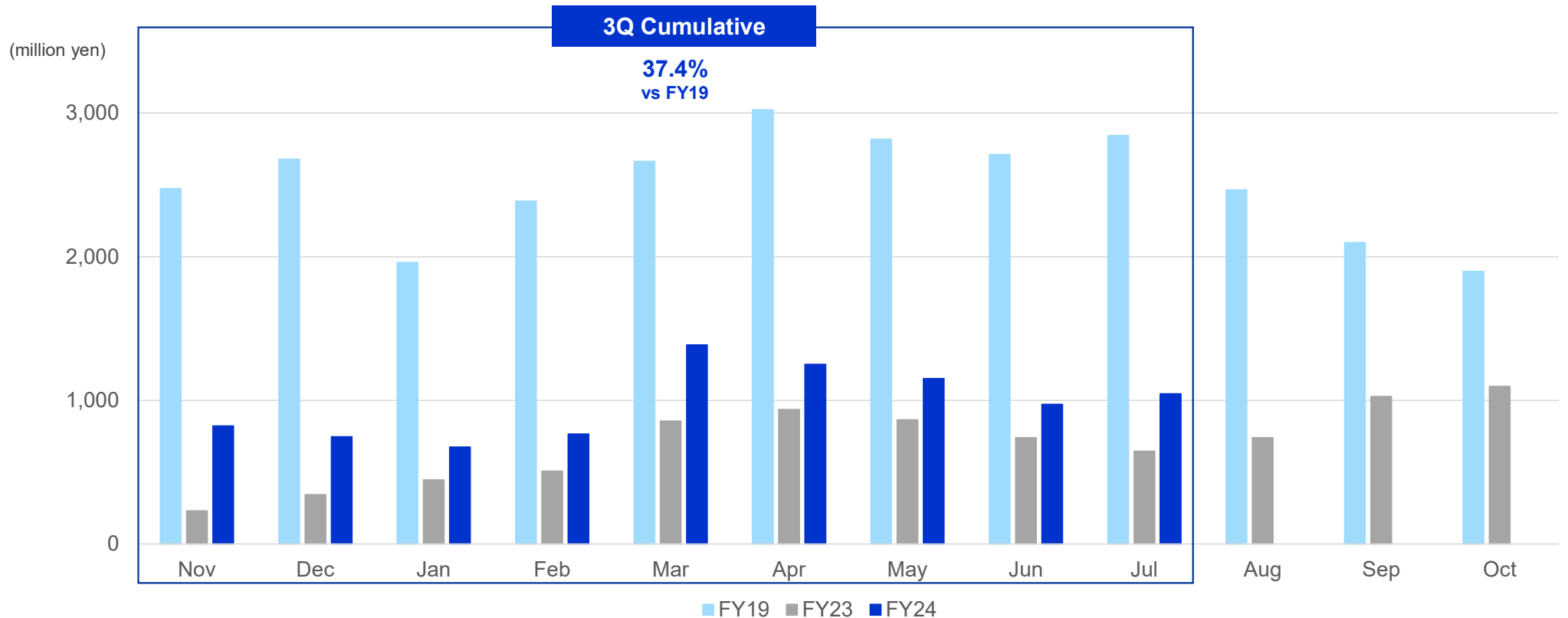
* HIS Canada Travel (JONVIEW, RED LABEL VACATIONS (*FY19 3Q-), merged with HIS Canada Inc.), MERIT TRAVEL

[Supplementary Material] Domestic Travel Transaction Amount (Previous Accounting Standards) *HIS*



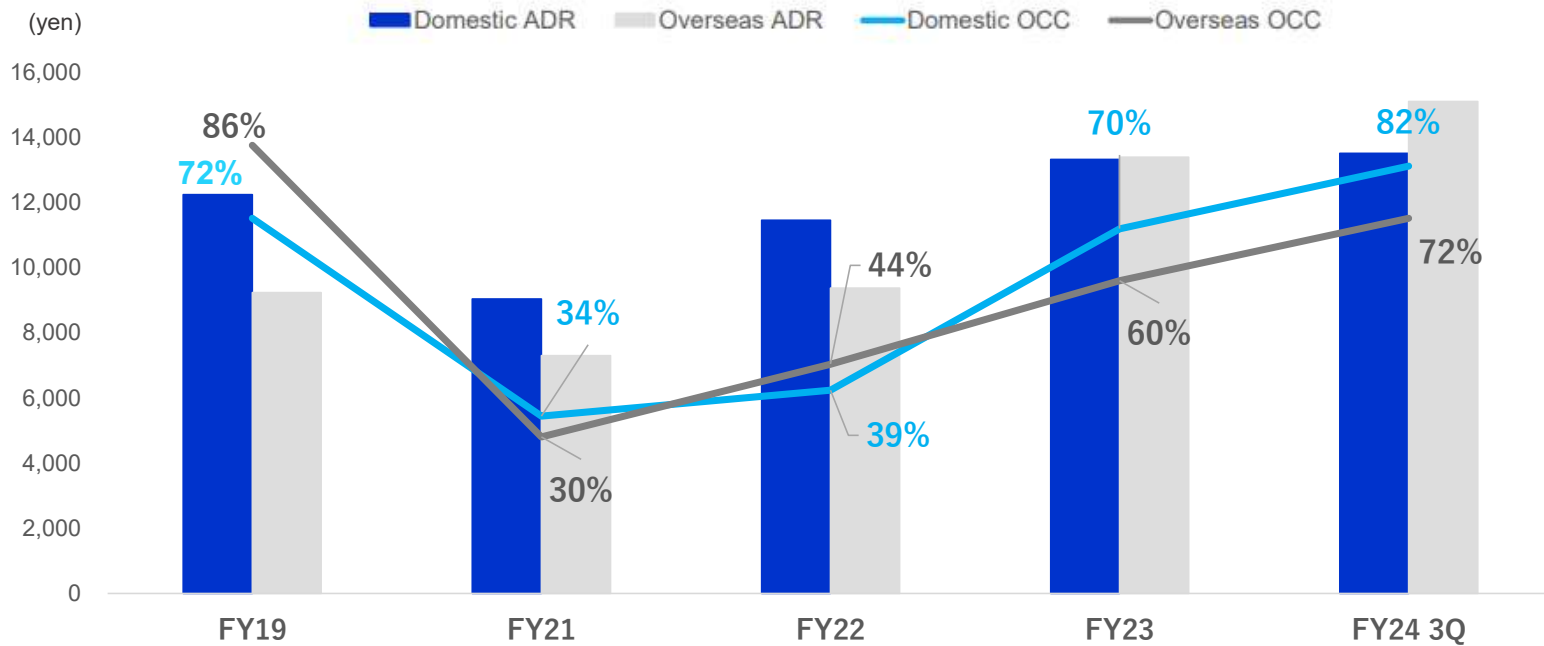
* Total transaction amount after offsetting internal transactions of H.I.S. and its five group companies (Orion Tour, Qualita, Cruise Planet, Japan Holiday Travel, and H.I.S. Okinawa)

**[Supplementary Material] Transaction Amount of Inbound Travel to Japan
(Previous Accounting Standards)**



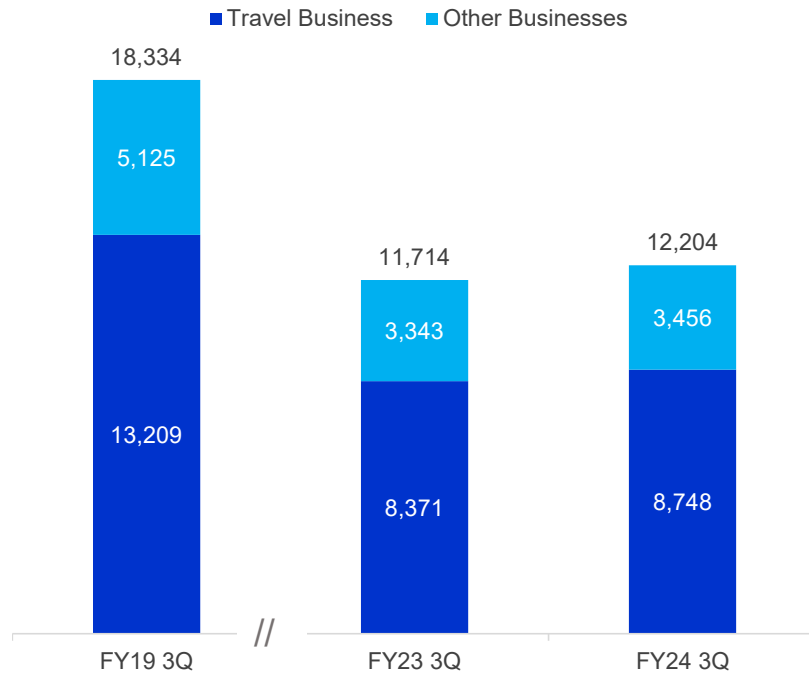
* Total transaction amount after offsetting internal transactions of H.I.S. and its five group companies (Orion Tour, Qualita, Cruise Planet, Japan Holiday Travel, and H.I.S. Okinawa)

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

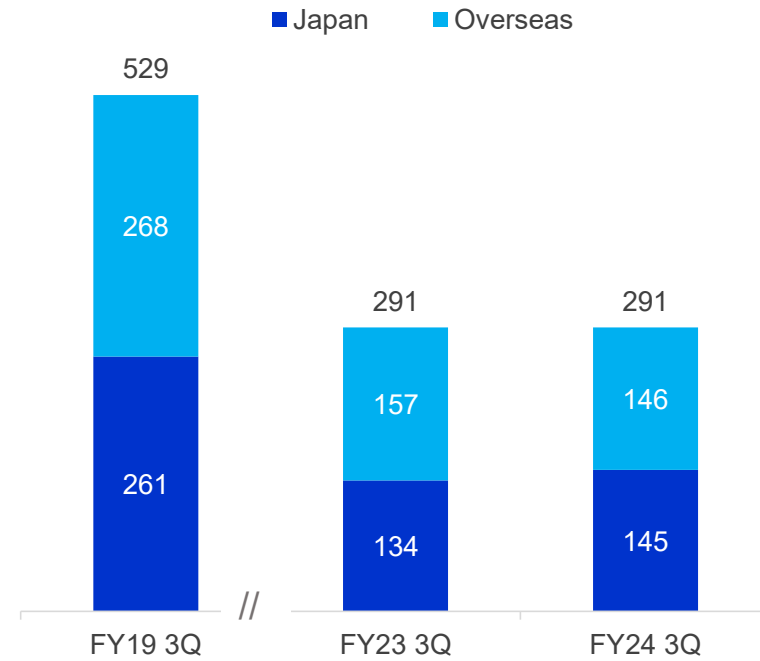


Number of Hotels	Domestic	12	21	22	24	24
	Overseas	15	15	18	18	18
	Total	27	36	40	42	42
Number of Rooms	Domestic	1,479	2,594	2,644	2,844	2,844
	Overseas	1,870	1,870	2,062	2,202	2,202
	Total	3,349	4,464	4,706	5,046	5,046

| Number of Group Employees



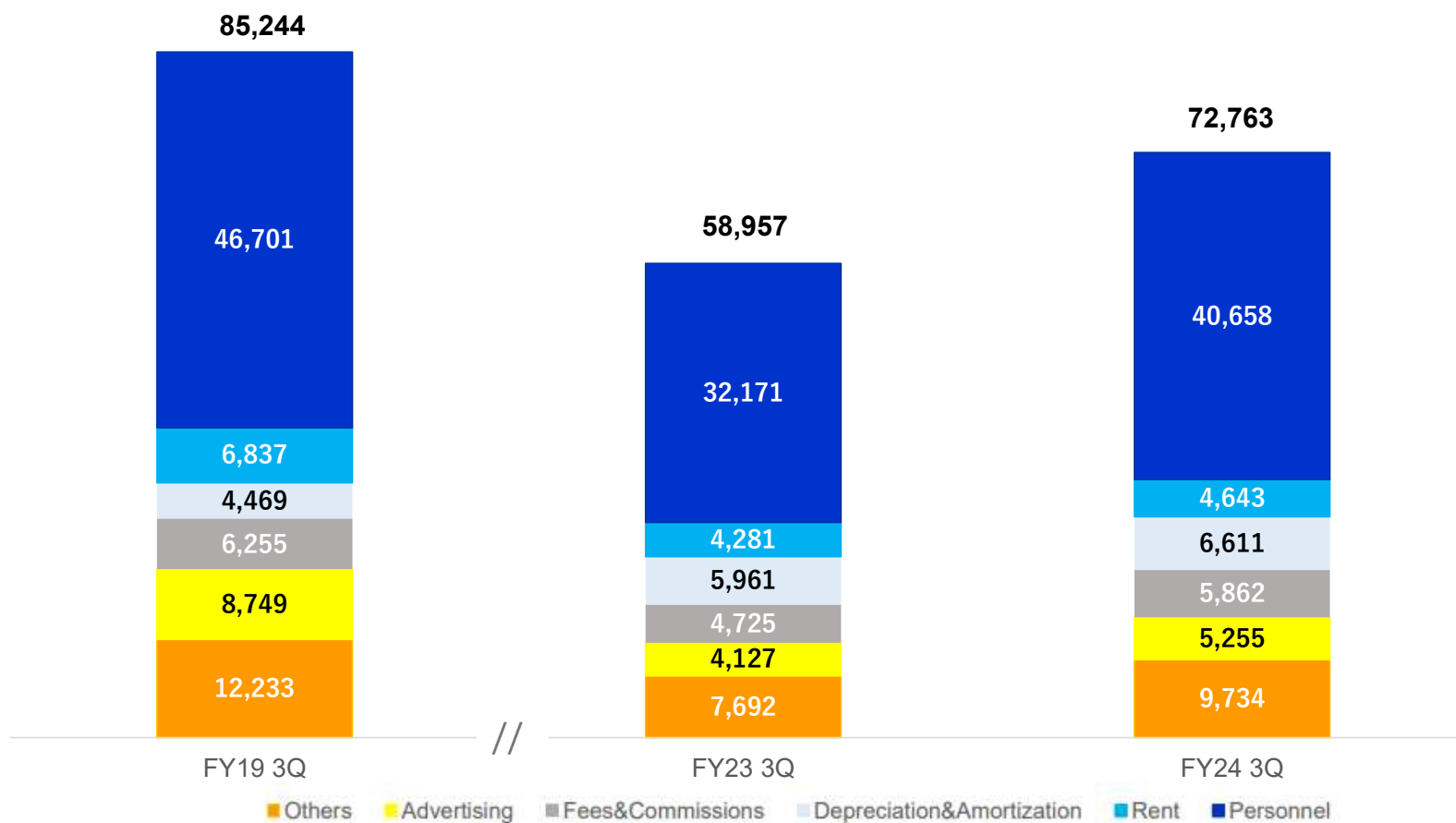
| Number of Sales Offices of the Travel Business



[Supplementary Material] Trends in SG&A Expenses



(million yen)



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