

H.I.S. Announced Sale of Shares in Huis Ten Bosch—While Valuing its Financial Improvement, JCR Will Continue Paying Attention to the Full-fledged Recovery of its Travel Business

The following is Japan Credit Rating Agency, Ltd. (JCR)'s opinion on the "Notice of Agreement Concerning Sale of Shares in a Consolidated Subsidiary" of H.I.S. Co., Ltd. (security code: 9603).

- (1) On August 30, H.I.S. Co., Ltd. (the "Company") announced that it would sell all of its shares in Huis Ten Bosch (66.67% of outstanding shares) to PAG HTB Holdings, a special purpose company managed by a private equity fund that is managed by PAG, a Hong Kong-based investment company. The amount of the sale is 66.66 billion yen. As a result, Huis Ten Bosch is expected to become a wholly owned subsidiary of the special purpose company.
- (2) Although the sale will result in the removal of Huis Ten Bosch's earnings from the Company's consolidated business results, it is highly likely that the deteriorating financial structure will be improved. On the other hand, however, travel volume remains sluggish, and it is difficult to see any signs of recovery. Therefore, the situation has yet to dispel concerns that the Company's financial position will deteriorate again. JCR considers that the confirmation of an improvement in the earnings through the recovery of the travel business is an important point in assessing the creditworthiness of the Company. JCR will pay attention to whether moves such as easing of restrictions on entry to countries both in Japan and abroad will become a foothold for a full-fledged recovery of the performance.

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<Reference>

Issuer: H.I.S. Co., Ltd.

Long-term Issuer Rating: BB- Outlook: Negative

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