

JTB reports Consolidated Financial results for the First Half Year 2020

Tokyo, Japan., Nov. 20, 2020 – JT B today reported the JT B Group's Consolidated Financial Results for April-September. FY2020

1. Consolidated Financial Results

(1) Overview

During the first half of the year, the Japanese economy was greatly affected by the spread of the COVID-19, which has been spreading worldwide since the end of January of this year, and economic activity was significantly slowed down. The impact on tourism-related industries is still severe, especially inbound and international travel, which remains in significant decline due to severe entry, exit, and travel restrictions imposed by foreign countries. On the other hand, although travel within Japan was allowed across the prefectural border in June, the new coronavirus is not yet under control, and recovery has been delayed.

In this environment, we missed the opportunity for the highest travel demand of the year caused by the cancellation and postponement of various events, “Stay-home” request during the major spring holidays and the re-spreading of the infection during the summer vacation period in August.

Although we have implemented exhaustive and urgent cost-cutting measures across the Group to minimize the unprecedented downturn in the business environment, our consolidated financial results for the first half of fiscal 2020 show a significant decline in revenue and profit, with sales of 129.8 billion yen (down 18.9% from the previous year), operating loss of 71.1 billion yen and ordinary loss of 58 billion yen. The following is an overview of our group.

	FY2020 First Half (Billion / JPY)	Year to Year %	FY2019 First Hal (Billion /JPY)
Sales	129.8	18.9	686
Operating loss	71.1	(+→▲)	(Operating Profit) 6.4
Ordinary loss	58	(+→▲)	(Ordinary profit) 6.9
Current net loss	78.2		(Current net profit) 4.4

Segment Overview (All amounts are Sales)

Travel within Japan	39.9	15.0	265.6
Japan outbound travel to overseas	21.9	9.2	238.4
Japan inbound travel from overseas	2.8	7.4	37.6
Other Global travels*	10.9	20.6%	52.9

*Other Global travels: Travel business between Third Countries (excluding Japan)

Number of consolidated companies

Total: 162 companies: 33 Japan domestic, 106 overseas, 23 equity method affiliates
(12 companies down from March 31, 2020)

Number of employees

26,231 (1,977 fewer than at the end of September 2019)

(2) Overview per main business segments

Leisure Business in Japan

In the leisure business, the declaration of the state of emergency forced us to temporarily close our stores and shorten our hours of operation, and demand disappeared, including during busy periods such as Golden Week and summer vacation. Sales were down significantly. In this environment, we have been innovating our products to respond to rapid changes in customer purchasing behavior, such as online customer service and the development of the JTB dynamic package "*My STYLE*", as well as building more convenient points of contact for our customers, both online and offline.

Corporate Business in Japan

In the corporate business, the results were extremely difficult due to the continued postponement or cancellation of travel and MICE-related demand, including school trips. However, we continued to develop products and services in response to the changing market, offering such products as "*Wokation*" or "*VR School Trip 360*" in cooperation with local business partners. For meetings and exhibitions, we operated and hosted a hybrid of real and online meetings and exhibitions. We also launched a hometown tax site for companies called "*Furusato Connect*" and entered the business of digital transformation of the region in cooperation with salesforce.com.

Global Business

Our global business faced an extremely challenging market environment as countries around the world restricted the entry and exit of travelers to and from each other, especially in the group travel, MICE, and business travel markets. Despite prompt cost-cutting measures, further optimization of resources, and a review of the profitability of our business activities, we were unable to cover the significant decline in the number of travelers. As a move toward future demand recovery, we are working to capture new demand by implementing online tours in various parts of the world and introducing a hybrid MICE system that utilizes both real and online services for local subsidiaries, as well as launching an experiment entitled "*Town Walk around the World by JTB*" to disseminate current real information on various places in the world via SNS.

2. Transformation towards our new vision for the future with/after COVID-19

(1) Our New Vision "*Pioneering Ways to bring people, places and possibilities together in a New Era*", and the Mid-term Management Plan

While there has been a gradual recovery in domestic travel, the spread of the COVID-19 cannot be predicted, and it is still expected to take time before all restrictions on overseas travel are lifted. On the

other hand, people's lifestyles and values have been changed drastically brought by COVID-19 and with the further advancement of digitalization, the way people work, or the way people travel will be greatly affected. Considering such changes in the environment, we have formulated a new Vision and the Medium-term Management Plan based on our new vision "*Pioneering Ways to bring people, places and possibilities together in a New Era*", and have begun structural reforms dividing into three phases: "Cost Structure Reform Phase," "Recovery - Growth Phase" and "Further Growth Phase".

(2) The direction of structural reform

1) Cost structure reform

In order to return to profitability as soon as possible, we will continue to implement the cost structure reforms that we have already undertaken in part. Specifically, we will: 1. reduce the number of domestic group companies; 2. reduce the number of overseas offices; 3. reform the organization by optimizing back-office functions; 4. consolidate and eliminate retail stores in Japan, including functional reform; 5. reduce the number of group personnel; 6. reform the system by cloud computing and streamlining; and 7. Cost reductions through office and workforce reforms such as promoting telework. In addition, we will do temporary personnel cost reductions limited to the next year.

2) Business restructuring

We are reorganizing our business areas from Leisure-Japan, Corporate-Japan, and Global to the following three: "Tourism", "Area Solutions", and "Business Solutions". We will reform our existing business focusing on travel, to realize a considerable increase in profitability by improving productivity, and to aim for growth by building a new business that leverages the connections we have cultivated with our stakeholders.

"Tourism":

Business foundation of the Group. We meet each customer's personal needs by creating a seamless buying experience that integrates online and offline. That means we design the entire travel experience, including before and after the trip.

"Area Solutions"

We are committed to improving the area's attractiveness together with our stakeholders (local governments and tourism-related businesses), and we will try to create a sustainable business model that will bring more people to the area.

"Business Solutions"

We deepen our relationships with our corporate clients and provide a variety of solutions to meet their needs from the discovery stage of a problem. By staying close to our clients from the discovery stage to the evaluation of the effectiveness of the solutions, we will solve complex problems together and will contribute to the sustainable development of our clients.

Strengthening our digital infrastructure and demonstrating the "human power" that is the strength of the JTB Group, we will meet the high expectations of our customers in above 3 business strategies. We aim to become a corporate group that consistently generates operating income of 45 billion yen in the medium to long term by executing these strategies.

“Everything we do is aligned around the customer’s *real value experience*.”

We formulate a new image of tourism adapted to the new normal environment to overcome the crisis caused by COVID-19, aiming for sustainable growth and development. We reconsidered what it means to be close to our customers, and all our decisions will be based on the pursuit of "*real value experience*" of our customers. As a company that plays a role in a sustainable society where people around the world can meet with smiles, we will continue to connect people through the collective efforts of the Group.

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<About JTB>

Today's JTB traces its roots back to Japan Tourist Bureau, an agency formed in 1912 for the purpose of servicing the ticketing needs of foreign tourists in Japan. Over the span of its first 100 years, JTB steadily evolved into a travel and tourism industry leader. Through vision, integrity, innovation and unsurpassed know-how, the JTB Group consistently creates unparalleled value for its stakeholders.

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