

JTB Group Reports Consolidated Financial Results for FY2023

Tokyo, Japan, May 24, 2024 – JTB, one of Japan’s leading travel solutions providers, today announced its consolidated financial results for the fiscal year 2023.

1. Consolidated Financial Results

(1) Overview

Benefiting from the resumption of travel to and within Japan, JTB Group domestic revenues received a significant boost as a result of the extension of the Japanese government's "National Travel Support" program. Outbound travel to overseas countries is still recovering due to the weak yen, inflation, and the unstable international situation, however strengthening of our price competitiveness and a number of promotions led to a significant increase in performance in this area over the prior year. Enhancements to our purchasing systems helped inbound travel revenues exceed targeted levels. In the area of travel between other countries, increased inbound travel to Europe from the Asian market drove improved SIC bus tour sales.¹ In non-travel business areas, turnover related to COVID-19 countermeasures decreased, but we leveraged our accumulated expertise and sales contacts to expand our BPO (business process outsourcing) services; these included economic measures supporting local governments and administrative support for projects aimed at boosting tourism. In the Meetings & Events segment we captured revived demand for in-person live events. In the area of hometown tax donations and related travel², we increased the level of donations by fully addressing year-end demand and the spike in demand before changes in the tax system that may reduce these incentives. In the sports sector, we concluded an official partner agreement with Major League Baseball, (MLB™) in January 2024 as an international hospitality package provider, acquiring exclusive planning and sales rights in MLB™-related packages in Japan and the Asian region.

We strove to improve our human resource base through the enhancement of our HR systems and the hiring of experienced specialists, while working to promote Diversity, Equity, Inclusion and Belonging across the company. In the technology field, we made progress with digital transformation, business process reengineering, and the adoption of generative AI capabilities across the Group. In the field of marketing, we undertook rebranding work and the deployment of marketing systems; we also took the first steps toward implementing sustainability management across the Group. On the financial front, we repaid JPY 25.6 billion of interest-incurring debt and implemented early redemption of all JPY 31.9 billion-worth of preferred stock.

As a result of these efforts, consolidated sales for the 2023 fiscal year were JPY 1,081 billion (an increase of JPY 103 billion from the previous year), the first time in four years that sales have exceeded 1 trillion yen. Operating income was JPY 24.9 billion (a decrease of JPY 8.7 billion) and ordinary income was JPY 28.9 billion (a JPY 10.8 billion decrease). Net income was JPY 18.3 billion (a JPY 11.6 billion decrease).

¹ "Seat In Coach" – bus tours where a traveler shares transportation and guide services with other travelers who are not part of his/her party. "Land Cruise" is an example type of tour operated by JTB, and is a registered trademark.

² Under Japan’s hometown tax system, people are able to receive gifts by making donations to municipalities they do not reside in. Surveys show that many subsequently visit the municipalities they have supported.

Group overview

	FY2023 (Billion JPY)	As a percentage of 2022 figures	FY2022 (Billion JPY)
Sales	1,081.0	110.5%	978.0
Operating income	24.9	74.1%	33.6
Ordinary income	28.9	72.7%	39.7
Current net income (after tax)	18.3	61.1%	30.0

Sales levels per segment

	FY2023 (Billion JPY)	As a percentage of 2022 figures	FY2022 (Billion JPY)
Travel within Japan	459.2	118.7%	386.7
Japan outbound travel to overseas	159.2	389.4%	40.9
Japan inbound travel from overseas	54.5	369.8%	14.7
Other global travel*	88.0	265.1%	33.2
Travel service segments	760.9	160.0%	475.6
Non-travel service segments**	320.0	63.7%	502.4

* Travel between countries other than Japan

** MICE, regional vitalization and business process outsourcing, trading, publishing, etc.

Number of companies and employees

Number of consolidated companies as of March 31, 2024	114 companies: 22 in Japan, 74 overseas, 18 equity method affiliates (a reduction of 4 since March 31, 2023)
Number of employees as of March 31, 2024	18,993 (an increase of 330 since March 31, 2023)

(2) Overview by business segment

I. Tourism

In the area of domestic travel, we implemented weighted sales methodology for the “Nihon no Shun” campaign³ (first half of the year: Hokkaido; second half: adventure tourism) and the “CO2 Zero Travel[®]” series, improving the customer experience by creating a variety of products and striving to identify unmet needs. Focusing on overseas travel, we participated in the 28th Honolulu Festival in Hawaii, a key overseas destination for the Japanese; we also supported the Honolulu Rainbow Ekiden public running relay event, which was held for the first time in five years.

In order to improve our customer experience, we implemented an “OMO” marketing strategy.⁴ We also strengthened the functionality of the JTB web application, with total application downloads exceeding two million over the reporting period.

³ A campaign with the goal of revitalizing domestic tourism spots, carried out by JTB Group since 1998, with the theme “Rediscover the charms of Japan.” A new target area is selected every six months. A registered trademark of JTB.

⁴ “Online Merges with Offline” - a strategy seamlessly incorporating customer interactions and shopping experiences from both the online and offline realms.

With regard to inbound travel to Japan, we achieved results that exceeded our target thanks to our affiliated overseas online travel agency network and the enhancing of our purchasing systems. We established a joint venture named JTB Inbound Trip in conjunction with the Trip.com Group to strengthen our ability to meet the demand for inbound tourism to Japan from Asia, a segment where growth is particularly expected. We captured the recovery in the corporate market, meeting the increased demand for company anniversary and incentive trips, and provided increased value through partnership with local companies.

Against the background of Japan's declining birthrate, we worked to increase the demand for school trips, and strove to expand the field of educational solutions such as J's GROW.⁵ We progressed initiatives to encourage investment in tourist destinations; these included the opening of the Tourist Base Kawaguchiko, a visitor community lounge with stunning views of Mount Fuji. In the sports segment, we sold hospitality programs for the Rugby World Cup 2023 in France, and in the hospitality and travel category concluded an international partnership agreement with Major League Baseball. As part of the latter, we handled travel and hospitality arrangements for the MLB World Tour Seoul Series held in March this year, and received an overwhelming positive response from MLB fans.

II. Area Solutions

With the recovery in the market, the admission ticket distribution platform provided by Goodfellows JTB achieved record high sales and distribution levels, and those of JTB BÓKUN, which provides centralized management of inventory and reservations for activity products, exceeded our targets, with the service being utilized by more experienced operators targeting overseas visitors to Japan.

In the field of technology solutions for the tourism sector, the number of implementations of our Tourism Platform Gateway^{TM6} reached a record high. Lodging businesses in Japan are increasingly facing the issue of labor shortages; our labor productivity-enhancing solutions Kotozna In-room⁷ and JTB Data Connect HUB⁸ are accordingly being installed in an increasing number of sites and guest rooms.

The volume of donations made through the Hometown Tax Donation Program increased significantly over the previous fiscal year following our signing up of a number of new influential local governments to our associated programs. In the area of publishing, the Rurubu magazine series chalked up its 50th anniversary, increasing readership through the publication of new overseas editions and through collaboration with popular TV programs and *anime* series.

Across our trading business, demand increased and guest room occupancy rates at lodging facilities improved, with strong sales of consumables due to improvements in our product supply processes. In the field of Area development,

⁵ An educational activity effectiveness measurement system for visualization of the effect a variety of educational activities in school events and studies have on student competency.

⁶ Software as a service which enables entities such as local governments, DMOs, private companies involved in urban development, and transportation businesses to provide a centralized means of searching for, reserving, purchasing, and confirming tickets for appealing local activities, visits and admissions, bundled excursions, special travel tickets, etc. The providing entities can then use the acquired data for marketing.

⁷ A tool for lodging businesses, for communication and transmitting information.

⁸ A support system for lodging businesses, for aiding digital transformation. A system for connecting lodging property management systems (PMS) with multiple micro-services such as smart check-in and check-out, revenue management, POS systems, automobile payment machines, etc.

we focused on expanding the number of potential development projects following our investment in and partnership with Regional Revitalization Solution, Inc., a fund designed to promote tourism growth in Japan, as well as collaborating with a variety of other partners.

III. Business Solutions

We achieved significantly better results than the previous fiscal year in the meetings & events and business travel sectors, both key elements of our Business Solutions area. We were able to recover and build a business portfolio that is no longer dependent on government-related BPO (business process outsourcing) contracts, which had constituted the core of that business during the COVID-19 pandemic. In particular, in the meetings & events field we accelerated our efforts to establish a consulting sales style utilizing digital solutions, through efforts such as enhancing the functionality of our Cvent solution,⁹ which is effective in fostering customer engagement, and introducing tools for ROI visualization; we also worked to expand the areas we handle within the overall value chain. In business travel, we worked to diversify our business portfolio by strengthening the sales and operation of new revenue models, such as expense settlement, which is less affected by tourist numbers.

IV. Global business

In the group travel segment, we were able to operate high-margin tour programs such as special interest tours and MICE events by strengthening the content of these in Europe, and capturing the steadily growing demand for trips to Europe from the Taiwanese and Korean markets. We also focused on three growth businesses: Destination Products and Services,¹⁰ SIC tours, and inbound tourism to Japan, leading to increased sales in these areas. In the SIC sector, Europamundo, a JTB Group company, achieved its best performance ever due to growth in the global market as a whole, including the strong Central and South American market.

Our Destination Products & Services unit, responsible for travel products sold at tourist destinations, enhanced its online content and promoted this with the aim of increasing sales made via the JTB website. Sales to Japanese customers of “Land Cruises” departing from and arriving in Europe exceeded pre-COVID 2019 levels. In the field of inbound tourism to Japan, we worked to expand sales by securing responsibility for supporting major events such as the G7 Summit. In the area of meetings & events, global MICE demand recovered, centered around the European and Asia Pacific regions, and we captured the recovering demand for in-person events and incentives for those visiting Japan, achieving results that also exceeded pre-COVID 2019 levels. Furthermore, in the North American market, we implemented a range of digital marketing initiatives, thereby acquiring new customers and growing our exhibition business, and expanded our Strategic Meetings Management business.¹¹ In the area of business travel, we strove to strengthen collaboration with external partners supporting efforts to reduce CO² emissions.

2. Full-year Forecast for FY2024

In FY2024 the Group expects both operating income and net income to be positive.

⁹ An event management system that can manage operation, on a single platform, of various functions such as meeting and event planning, promotion, and execution.

¹⁰ “Destination Products and Services” – travel products that are created in regions that accommodate travelers. Similar to an optional tour to participate in at the travel destination.

¹¹ An approach whereby a customer-specific optimal event management program is created based on the visualization, gathering, and analysis of data, in order to maximize the effectiveness of business events and help achieve their goals.

Looking ahead to Phase 3 of our current medium-term management plan “Dynamic Growth and Development” (FY2025-FY2028), we have formulated a long-term vision that will serve as the basis of the management of our business, with the theme of “Creating the Present from the Future.” We are also implementing “backcasting” planning methodology, which starts with the defining of a desirable future and then works backwards to identify policies and programs that will help achieve this.

In each business area, we aim to improve profitability and expand through the implementation of transformative business models that reach beyond existing boundaries. In addition, we are promoting initiatives aimed at supporting the recovery of overseas travel from Japan, greater engagement with other companies, and increased collaboration with local communities. We aim to achieve sales of JPY 1,162 billion and an operating income of JPY 11.6 billion in FY2024.

The JTB logo and all trademarks and service marks are owned by JTB Corp. unless otherwise noted.

About JTB

JTB is one of Japan's leading travel solutions providers, offering a diverse range of services and products tailored to meet the evolving needs of its clients. With a rich history dating back to 1912, JTB has consistently adapted and innovated to maintain its position at the forefront of the industry. From individual travel and the promotion of regional tourism to business meetings and sporting events, JTB offers support for a wide spectrum of travel-related activities. Guided by its vision "Perfect moments, always," JTB is committed to delivering personalized experiences to individuals, businesses and institutions worldwide. With a global presence spanning 159 locations across 35 countries, JTB seamlessly connects people, places and possibilities, all while fostering a sustainable future. <https://www.jtbcorp.jp/en/>

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