

Balance Sheet

As of September 30, 2019

(In thousands of yen)

Assets		Liabilities	
Item	Amount	Item	Amount
Current assets	26,566,943	Current liabilities	23,752,138
Cash and deposits	52,412	Accounts payable	15,874,620
Accounts receivable (trade)	21,667,997	Accounts payable to affiliates	6,101,966
Accounts receivable (trade) from affiliates	270,060	Lease obligations of affiliates (short-term)	235,500
Undelivered coupons	61,268	Accrued payments	289,699
Business prepayments	77,540	Accrued expenses	60,689
Prepayments	140,337	Accrued bonuses	379,420
Prepaid expenses	26,220	Accrued corporate tax, etc.	99,432
Short-term loans to affiliates	4,119,982	Accrued consumption tax, etc.	36,960
Accounts receivable (others)	22,047	Advances received	484,669
Advances	129,074	Deposits	168,092
		Income in advance	21,085
Fixed assets	5,423,383	Fixed liabilities	1,628,991
Property, plant and equipment	251,417	Lease obligations of affiliates (long-term)	481,165
Equipment attached to buildings	114,144	Long-term accounts payable to affiliates	38,478
Equipment and fixtures	136,746	Deposits on contracts	461,966
Lease assets	526	Allowance for retirement benefits	610,400
Intangible fixed assets	1,050,128	Allowance for retirement benefits for officers	36,980
Software	333,354		
Lease assets	716,140	Total liabilities	25,381,130
Telephone rights	634		
Investments and other assets	4,121,836	Net assets	
Long-term loan to affiliates	3,500,000	Shareholders' equity	6,609,196
Guarantee deposits	238,438	Capital stock	490,000
Long-term prepaid expenses	28,935	Capital surplus	413,028
Deferred tax assets	354,423	Other capital surplus	413,028
Long-term receivables	9,402	Earned surplus	5,706,168
Other	40	Earned reserve	122,500
Allowance for bad debts	△ 9,402	Other earned surplus	5,583,668
		Contingent reserve	1,900,000
		Earned surplus carried forward	3,683,668
		Total net assets	6,609,196
Total assets	31,990,326	Total liabilities and net assets	31,990,326

Statements of Income

From April 1, 2019 to September 30, 2019

(In thousands of yen)

Item	Amount	
Sales		6,029,809
Cost of goods sold		1,095,970
Gross profit		<u>4,933,838</u>
Selling, general and administrative expenses		4,353,749
Operating profit		<u>580,089</u>
Non-operating income		
Interest received	6,369	
Income from subsidy	3,351	
Other	305	10,026
		<u>10,026</u>
Non-operating expenses		
Exchange-rate loss	1,441	1,441
Ordinary profit		<u>588,675</u>
Extraordinary loss		
Loss on retirement of fixed assets	2,023	2,023
Net income before income tax		<u>586,652</u>
Corporate, resident and business taxes	67,969	
Corporate taxes adjustment	120,516	188,485
Net income		<u>398,166</u>

Statements of Changes in Net Assets

From April 1, 2019
To September 30, 2019

(In thousands of yen)

	Shareholders' Equity							Total shareholders' equity	Total net assets
	Capital stock	Capital surplus		Earned reserve	Earned surplus		Total earned surplus		
		Other capital surplus	Total capital surplus		Other earned surplus				
					Contingent reserve	Earned surplus carried forward			
Balance as of April 1, 2019	490,000	413,028	413,028	122,500	1,900,000	4,162,824	6,185,324	7,088,353	7,088,353
Change during the fiscal year									
Dividend paid to shareholders			-			△ 877,322	△ 877,322	△ 877,322	△ 877,322
Net income						398,166	398,166	398,166	398,166
Total amount of change during the fiscal year	-	-	-	-	-	△ 479,156	△ 479,156	△ 479,156	△ 479,156
Balance as of September 30, 2019	490,000	413,028	413,028	122,500	1,900,000	3,683,668	5,706,168	6,609,196	6,609,196

Notes to Financial Statements

[Notes for the matters associated with the important accounting policy]

1. Asset evaluation standards and method

Inventory asset evaluation standards and method

Cost method by the first-in first-out system is used. (Values in the balance sheet are calculated by a write-down of book values due to lowering profitability.)

2. Method of depreciation of fixed assets

(1) Property, plant and equipment: Declining-balance method is used.

(Other than lease assets) For the equipment attached to buildings acquired no earlier than April 1, 2016, however, the straight-line method is used.

(2) Intangible fixed assets: The straight-line method is used.

(Other than lease assets) For the software, however, the straight-line method is used subject to the availability period internally expected (five years).

(3) Lease assets: Lease assets associated with the finance lease transactions under ownership transfer

The same depreciation method is used as for the depreciation for self-owned fixed assets.

Lease assets associated with the finance lease transactions under other than ownership transfer

The straight-line method is used by assuming the lease period as durable life and the remaining value as zero.

3. Standards for recording allowances

(1) Allowance for bad debts: In preparation for a loss from the non-collection of accounts receivable and other credits, the amount expected to be unrecoverable is recorded by individually considering the recoverability for doubtful accounts receivable and other credits.

(2) Allowance for retirement benefits: In preparation for the retirement benefits for employees, the amount considered to have accrued as of the end of such fiscal year is recorded in accordance with the obligations for retirement benefits and the estimated amount of pension assets as of the end of this fiscal year.

For the actuarial difference, the amount prorated under the straight-line method for certain years within the average remaining service period of employee at that time (i.e., 10 years) is recorded as expenses in the fiscal year next to the year when the difference occurs.

(3) Allowance for retirement benefits for officers: In preparation for the payment of retirement benefits for officers, the amount payable at the end of year is recorded in accordance with internal rules.

4. Other important matters underlying the preparation of financial statements

(1) Accounting of consumption tax, etc.: Net-of-tax method is used.

(2) Others: In the Balance Sheet, Income Statements, Statements of Changes in Net Assets, and Notes to Financial Statements, values less than one thousand yen are discarded.

[Notes for the Balance Sheet]

1. Accumulated depreciation of property, plant and equipment: 370,842,000 yen

2. Guarantee obligation

(1) Guarantee of obligations of corporations that employed the Company's business travel settlement system "B+PLUS" affiliated "Business Eki Net (JR online solution for corporations)" to Viewcard Co., Ltd.

Number of subject corporations: 12

Amount of obligations guaranteed: 278,125,000 yen

(2) Guarantee of obligations of corporations that uses ANA@desk to All Nippon Airways Co., Ltd.

Number of subject corporations: 1

Amount of obligations guaranteed: 40,000,000 yen

[Notes for the Income Statement]

1. Trade volume with affiliates

Trade volume by business transactions

Sales: 1,147,810,000 yen

Purchase: 301,017,000 yen

Trade volume by transactions other than business transactions: 6,368,000 yen

[Notes for the Statements of Changes in Net Assets]

1. Matters associated with the type and total number of issued shares

The number of issued shares is 10,715 of common shares.

2. Matters associated with dividend

(1) Amount paid as dividends

Resolution: Annual shareholders' meeting on June 26, 2019

Total amount of dividend of common shares: 877,322,000 yen

Dividend per share: 81,878 yen

Base date and effective date: March 31, 2019 and June 27, 2019

[Notes to the tax effect accounting]

1. Main reasons for the occurrence of deferred tax assets and deferred tax obligations

Main reasons for the occurrence of deferred tax assets include the denial of the allowance for retirement benefits and accrued bonuses.

[Notes to the fixed assets used for the lease]

In addition to the fixed assets recorded in the balance sheet, the important fixed assets used under the finance lease contracts for other than ownership transfers include office equipment, including servers and copiers. For these assets, the accounting process is used in accordance with the method for the ordinary lease process.

[Notes for the financial instruments]

1. Matters associated with the status of financial instruments

The Company manages the fund by use of the cash management system under the integrated management of the entire JTB group.

The Company is exerting efforts to reduce the customer credit risk associated with the accounts receivable in accordance with its credit management rules.

The accounts payable are due within one year, and the Company is not aware of any special risk.

2. Matters associated with the market value of financial instruments

Amounts recorded in the balance sheet as of September 30, 2019, market value, and difference between them are as follows.

(In thousands of yen)

	Amounts recorded in the balance sheet (*1)	Market values (*1)	Difference
Cash and deposits	52,412	52,412	-
Accounts receivable(trade)	21,667,997	21,667,997	-
Accounts receivable(trade) from affiliates	270,060	270,060	-
Short-term loans to affiliates	4,119,982	4,119,982	-
Long-term loans to affiliates	3,500,000	3,479,681	△20,319
Guarantee deposits	238,438	232,347	△6,091
Long-term receivables	9,402	9,402	-
Allowance for bad debts	△9,402	△9,402	-
	-	-	-
Accounts payable	(15,874,620)	(15,874,620)	-
Accounts payable to affiliates	(6,101,966)	(6,101,966)	-
Accrued payments	(289,699)	(289,699)	-
Accrued corporate tax, etc.	(99,432)	(99,432)	-
Accrued consumption tax, etc.	(36,960)	(36,960)	-
Lease obligations of affiliates (*2)	(716,665)	(701,565)	(15,100)
Deposits on contracts	(461,966)	(443,588)	(18,378)
Long-term accounts payable to affiliates	(38,478)	(37,448)	(1,030)

(*1) Amounts recorded as debt are shown in brackets.

(*2) Lease obligations to be repaid within one year are included in the lease obligations.

(Note 1) Matters associated with the calculation method of market values of financial instruments

- Cash and deposits, accounts receivable, accounts receivable from affiliates, and short-term loans to affiliates are shown as book values because their market values are almost equal to the book values due to short-term settlement.

- Long-term receivables

Market values are calculated in accordance with the amounts expected to be collected from security and guarantee, etc.

- Accounts payable, accounts payable to affiliates, accrued payments, accrued corporate tax, etc. and accrued consumption tax, etc. are shown as book values because their market values are almost equal to the book values due to short-term settlement.

- Lease obligations of affiliates and long-term accounts payable to affiliates

These are calculated by discounting the future cash flows to the present values.

- Long-term loans to affiliates, guarantee deposits, and deposits on contracts

These are calculated by discounting the future cash flows to the present values.

[Notes for the transactions with concerned parties]

1. Parent company and corporate main shareholders, etc.

(In thousands of yen)

Type	Corporate name	Ownership of voting right, etc. (%)	Relationship with concerned parties		Contents of transaction	Transaction amount (Note 5)	Account items	Year-end balance (Note 5)
			Dual officer ship	Business relationship				
Parent	JTB Corporation	Directly owned 70.0%	Part-time officer from the parent Two	Receipt of income from agent sale	Income from agent sale	1,147,810	Accounts receivable from affiliates	198,002
				Domestic air tickets purchase, etc.	Domestic air tickets, etc. (Note 1)	30,342,331	Accounts payable from affiliates	6,098,492
				Fund loan and receipt, etc.	Loan by CMS finance (Note 2)	—	Loans to affiliates (long-term/ short-term)	7,619,982
					Interest on loan (Note 3)	6,369	—	—
				Lease transactions	Payment of lease fee (Note 4)	147,169	Lease obligations of affiliates (short-term/ long-term)	716,665
							Long-term receivables from affiliates	38,478

Business conditions and policy to decide business conditions

(Note 1) Prices and other business conditions are decided after price negotiations with the actual market situation considered.

(Note 2) Funds are borrowed and loaned under the cash management system where the entire JTB group comprehensively manages the fund. Since participating companies loan and borrow the fund daily, no transacted amount is shown.

(Note 3) Interest rates for borrowing and loans of funds are reasonably decided with the market interest rate considered.

(Note 4) The lease fee is decided by negotiations based on the system development and other related expenses for the software, which is among the lease assets.

(Note 5) No consumption tax, etc., is included in the transaction amount. The consumption tax, etc., is included in the year-end balance.

[Notes for the per-share information]

1. Net assets per share: 616,817.22 yen

2. Net income per share: 37,159.68 yen