



Consolidated Financial Results for the Term Ended December 2023 (Based on J-GAAP)

February 14, 2024

Company name: VELTRA Corporation

Stock code: 7048

Representative: Wataru Futagi, CEO

Contact: Jumpei Minashima, CFO

Scheduled date of the Ordinary General Meeting of Shareholders: March 27, 2024

Scheduled date to submit the Annual Securities Report: March 28, 2024

Scheduled date to commence dividend payments: —

Availability of supplementary briefing materials on financial results: Available

Financial Results Briefing Session: Scheduled (For institutional investors and analysts)

Listing: Tokyo Stock Exchange

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(Figures are rounded down to the nearest million yen)

1. Consolidated Financial Results for the Term Ended December 2023 (January 1, 2023 to December 31, 2023)

(1) Consolidated Results of Operations (changes)

(% indicates YoY changes)

| | Operating revenue | | Operating profit | | Ordinary profit | | Profit attributable to owners of parent | |
|--------------------------|-------------------|-------|------------------|---|-----------------|---|---|---|
| | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % |
| Term ended December 2023 | 3,100 | 166.5 | (89) | — | (135) | — | (76) | — |
| Term ended December 2022 | 1,163 | 136.2 | (794) | — | (753) | — | (794) | — |

(Note) Comprehensive income: Term ended December 2023: -50 million yen (—%)
Term ended December 2022: -761 million yen (—%)

| | Profit per share | Fully diluted profit per share | Return on equity | Return on assets | Operating profit margin |
|--------------------------|------------------|--------------------------------|------------------|------------------|-------------------------|
| | Yen | Yen | % | % | % |
| Term ended December 2023 | (2.14) | — | (5.7) | (2.6) | (2.9) |
| Term ended December 2022 | (22.92) | — | (63.5) | (25.5) | (68.3) |

(Reference) Equity in earnings of affiliates: Term ended December 2022: - million yen
Term ended December 2021: - million yen

(2) Consolidated Financial Position

| | Total assets | Net assets | Equity ratio | Net assets per share |
|--------------------------|-----------------|-----------------|--------------|----------------------|
| | Millions of yen | Millions of yen | % | Yen |
| Term ended December 2023 | 6,443 | 1,340 | 20.3 | 36.79 |
| Term ended December 2022 | 4,051 | 1,381 | 33.4 | 38.14 |

(Reference) Shareholders' equity: Term ended December 2023: 1,307 million yen Term ended December 2022: 1,354 million yen

(3) Consolidated Cash Flows

| | Cash flows from operating activities | Cash flows from investing activities | Cash flows from financing activities | Cash and cash equivalents at end of period |
|--------------------------|--------------------------------------|--------------------------------------|--------------------------------------|--|
| | Millions of yen | Millions of yen | Millions of yen | Millions of yen |
| Term ended December 2022 | 1,192 | (352) | 8 | 3,695 |
| Term ended December 2021 | 146 | (58) | 1,439 | 2,799 |

2. Dividends

| | Annual dividends | | | | | Dividends (Total) | Payout ratio (Consolidated) | Ratio of dividends to net assets (Consolidated) |
|---------------------------------------|------------------|-----------|-----------|----------|--------|-------------------|-----------------------------|---|
| | End of 1Q | End of 2Q | End of 3Q | Year-end | Annual | | | |
| | Yen | Yen | Yen | Yen | Yen | Millions of yen | % | % |
| Term ended December 2022 | — | 0.00 | — | 0.00 | 0.00 | — | — | — |
| Term ended December 2023 | — | 0.00 | — | 0.00 | 0.00 | — | — | — |
| Term ending December 2024 (forecasts) | — | 0.00 | — | 0.00 | 0.00 | | — | |

3. Consolidated Forecasts for the Term Ending December 2024 (from January 1, 2024 to December 31, 2024)

| | Operating revenue | | Operating profit | | Ordinary profit | | Profit attributable to owners of parent | | Profit per share |
|-----------|-------------------|-------|------------------|---|-----------------|---|---|---|------------------|
| | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % | Yen |
| Full year | 5,468 | 176.4 | 350 | — | 340 | — | 264 | — | 7.25 |

(% indicates changes from the previous term for full term and YoY changes)

* Notes

- (1) Significant changes of subsidiaries during the period (changes in specific subsidiaries involving changes in the scope of consolidation): No
 New: — (company name) Excluded: 2 company (company name) City Discovery Inc.
 VELTRA PHILIPPINES INC.

- (2) Changes in accounting policies, changes in accounting estimates and restatements
 1) Changes in accounting policies due to the revision of accounting standards: Applicable
 2) Changes in accounting policies other than 1): Not applicable
 3) Changes in accounting estimates: Not applicable
 4) Restatements: Not applicable

Total number of issued shares (common stock)

- 1) Total number of issued shares at the end of the period (including treasury shares)
 2) Total number of treasury shares at the end of the period
 3) Average number of shares during the period (cumulative)

| | | | |
|--------------------------|-------------------|--------------------------|-------------------|
| Term ended December 2023 | 35,580,100 shares | Term ended December 2022 | 35,517,500 shares |
| Term ended December 2023 | 97 shares | Term ended December 2022 | 97 shares |
| Term ended December 2023 | 35,567,065 shares | Term ended December 2022 | 34,660,150 shares |

(Reference) Summary of non-consolidated results

Non-consolidated results for the term ended December 2023 (January 1, 2023 to December 31, 2023)

- (1) Non-consolidated Results of Operations (% indicates YoY changes)

| | Operating revenue | | Operating profit | | Ordinary profit | | Profit | |
|--------------------------|-------------------|-------|------------------|---|-----------------|---|-----------------|---|
| | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % |
| Term ended December 2023 | 2,383 | 244.1 | (187) | — | (233) | — | (181) | — |
| Term ended December 2022 | 692 | 130.7 | (878) | — | (838) | — | (848) | — |

| | Profit per share | Fully diluted profit per share |
|--------------------------|------------------|--------------------------------|
| Term ended December 2023 | Yen (5.10) | — |
| Term ended December 2022 | (24.48) | — |

- (2) Non-consolidated Financial Position

| | Total assets | Net assets | Equity ratio | Net assets per share |
|--------------------------|-----------------|-----------------|--------------|----------------------|
| | Millions of yen | Millions of yen | % | Yen |
| Term ended December 2023 | 4,053 | 896 | 21.8 | 24.87 |
| Term ended December 2022 | 2,723 | 1,073 | 39.0 | 29.91 |

(Reference) Shareholders' equity: Term ended December 2023: 884 million yen Term ended December 2022: 1,062 million yen

* The summary of financial results is not subject to audit by a certified public accountant or an audit corporation.

* Explanation for the appropriate use of performance forecasts and other special notes

Forward-looking statements such as business results projections set forth in this report have been prepared based on information available at the time of publication of this report and on certain assumptions judged to be reasonable. Note that actual business results, etc., may differ due to future uncertain factors.

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1. Summary of Results of Operations

(1) Summary of Results of Operations for the Period Under Review

In the current consolidated fiscal year, Japan's economy continues to face rapidly increasing geopolitical risks, such as the prolonged conflict in Russia and Ukraine, and the escalating tensions in the Middle East due to the Israel-Hamas issue. Additionally, factors such as the soaring prices of resources and energy, the impact of the weakening yen on inflation, the slowdown of the Chinese economy, and the tightening of monetary policies in the West, have contributed to an ongoing uncertain outlook. However, with the normalization of economic activities, improvements in income environment, and the effects of various government policies, both personal consumption and capital investment are showing signs of recovery, and the domestic economy is gradually improving.

Against this backdrop, in the travel industry, as the flow of people has recovered, demand has generally returned to pre-COVID levels or even exceeded them, with the revival of nationwide events and a rapid increase in domestic and international travelers. In particular, the number of inbound visitors to Japan reached 25.06 million, an increase of 554.1% compared to the previous year, showing a sharp recovery since the lifting of border control measures in April, surpassing 100% of the same month in 2019 for the first time in October on a monthly basis. The cumulative total for the year has recovered to about 78.6% compared to the same month in 2019. On the other hand, the number of Japanese departing overseas in 2023 increased by 247.2% compared to the previous year, reaching 9.62 million, but it remains at only 52.1% compared to 2019, indicating a long way to go for a full recovery (Source: Japan National Tourism Organization (JNTO)).

Veltra Group operates Japan's largest online travel service specializing in the sale of experience tours in 150 countries around the world. The business area is classified into revenue segments related to travel, including: 1) Online Travel Agent (OTA) business, which earns revenue from tour reservations on our group's operated local experience tour online booking sites (Japanese site "VELTRA" and English site "Hawaii Activities" specializing in tours in Hawaii), and 2) Tourism IT business, which earns revenue from businesses other than OTA, such as supplying IT infrastructure services to tourism-related businesses and the ticket platform business operated by our consolidated subsidiary, Linkivity Co., Ltd.

In this business environment, in 2023, we have been focusing on strengthening domestic experiences and services for inbound tourists, under the mission of "Design the Genuien Experiences of Tomorrow". This includes launching the "Adult Study Tour" series, which provides opportunities to learn while visiting tourist destinations, and entering into a strategic business alliance with Asoview Co., Ltd. Furthermore, our consolidated subsidiary, Linkivity, has significantly expanded its product offerings and sales channels, leading to a substantial increase in sales. In parallel, in response to the steady growth of each business, we have implemented talent investments focused on increasing personnel in the overseas travel business division and system development division, as well as growth investments for medium-term business expansion.

As a result, the operating revenue for the current consolidated fiscal year amounted to 3,100,398 million yen (an increase of 166.5% compared to the same period of the previous year). Breaking down the operating revenue by revenue category, the OTA business reached 2,593,222 million yen (an increase of 162.8% compared to the same period of the previous year), and the tourism IT business reached 507,175 million yen (an increase of 186.7% compared to the same period of the previous year).

Regarding profits, since the global spread of COVID-19 became apparent in March 2020, we have implemented company-wide cost reviews, rigorously controlling costs through significant reductions in advertising and promotional expenses, cuts in executive compensation, and temporary furloughs for employees. Despite a recovery in operating revenue in the latter half of the year due to an increase in reservations, the operating loss amounted to 89,733 million yen (compared to an operating loss of 794,711 million yen in the same period of the previous year), ordinary loss was 135,011 million yen (compared to an ordinary loss of 753,928 million yen in the same period of the previous year), and the net loss attributable to the parent company's shareholders was 76,253 million yen (compared to a net loss attributable to the parent company's shareholders of 794,447 million yen in the same period of the previous year).

Furthermore, as our group is engaged in a single segment of travel related businesses, we have omitted segment specific disclosures.

(2) Summary of Financial Position for the Period Under Review

(Current Assets)

At the end of the current consolidated fiscal year, current assets amounted to 5,782,488 million yen, representing an increase of 2,103,536 million yen compared to the end of the previous consolidated fiscal year. This increase is primarily attributable to a 896,495 million yen increase in cash and deposits, and a 1,039,790 million yen increase in trade receivables.

(Fixed Assets)

At the end of the current consolidated fiscal year, fixed assets amounted to 661,006 million yen, representing an increase of 288,013 million yen compared to the end of the previous consolidated fiscal year. This increase is primarily due to the 101,816 million yen increase in investment securities and a 117,431 million yen increase in deposits for other investments.

(Current Liabilities)

At the end of the current consolidated fiscal year, current liabilities amounted to 5,102,567 million yen, representing an increase of 2,431,822 million yen compared to the end of the previous consolidated fiscal year. This increase is primarily due

to a 1,354,226 million yen increase in trade payables and a 989,493 million yen increase in advance receipts.

(Fixed Liabilities)

At the end of the current consolidated fiscal year, long-term liabilities amounted to 379 million yen, showing a slight increase from the end of the previous consolidated fiscal year.

(Net Assets)

At the end of the current consolidated fiscal year, net assets amounted to 1,340,547 million yen, representing a decrease of 40,585 million yen compared to the end of the previous consolidated fiscal year. This decrease is primarily due to the increase in capital stock by 2,441 million yen through the issuance of new shares, an increase in capital surplus by 2,441 million yen, and the recognition of a net loss attributable to the parent company's stock of 76,253 million yen.

(3) An overview of the current period's cash flow

At the end of the current consolidated fiscal year, the balance of cash and cash equivalents (referred to as "funds" hereinafter) increased by 896,495 million yen from the end of the previous consolidated fiscal year, reaching 3,695,659 million yen.

The situation and factors of each cash flow for the current consolidated fiscal year are as follows:

(Cash flow from operating activities)

During the current consolidated fiscal year, the increase in funds from operating activities amounted to 1,192,903 million yen (compared to income of 146,317 million yen in the previous consolidated fiscal year). This increase is primarily due to factors such as an increase in accounts payable of 1,346,154 million yen and an increase in advance payments of 984,565 million yen, as well as factors such as a decrease in accounts receivable of 1,036,032 million yen.

(Cash flow from investing activities)

During the current consolidated fiscal year, the decrease in funds from investing activities amounted to 352,071 million yen (compared to an expenditure of 58,705 million yen in the previous consolidated fiscal year). This decrease is primarily due to factors such as expenditure for the acquisition of fixed assets amounting to 137,815 million yen, expenditure for the deposit of guarantees amounting to 123,456 million yen, and a decrease in expenditure for the acquisition of investment securities amounting to 100,800 million yen.

(Cash flow from financing activities)

In the current consolidated fiscal year, the increase in funds from financing activities amounted to 8,728 million yen (compared to an income of 1,439,685 million yen in the previous consolidated fiscal year). This increase is primarily due to factors such as an increase in income of 3,845 million yen from the issuance of shares.

(4) Outlook

In the travel industry for the fiscal year ending December 2024, it is anticipated that the recovery of the number of Japanese overseas travelers will continue to be slow due to economic factors and the unstable international situation. However, the number of foreign visitors to Japan is expected to further increase in 2024 following the rapid recovery in 2023. As a result, it is anticipated that the revenue contribution from the platform business of our consolidated subsidiary, Linktivity, will continue to significantly boost the group's earnings for the current period. Nonetheless, we are formulating sales plans using a conservative travel recovery rate for the overall business.

Furthermore, in terms of profit, we are planning for an increase in variable costs such as advertising expenses aimed at expanding the recognition of our group, as well as investment in personnel for the overseas travel business division and system development division during the recovery period of travel demand, and continued growth investment for medium-term business expansion, following the progress made in 2023. While the cost level is expected to rise, the increase in operating revenue is anticipated to surpass this, leading to a plan that significantly exceeds the previous period's performance at each stage of profit.

Based on the above assumptions, our consolidated performance forecast for the fiscal year ending December 2024 is as follows: Operating revenue is expected to be 5,468 million yen (an increase of 76.4% compared to the same period last year), operating profit is 350 million yen, ordinary profit is 340 million yen, and net income attributable to the parent company's shareholders is expected to be 264 million yen.

Please note that the performance forecast is based on certain assumptions that we believe are reasonable and based on the information currently available to us. It is not intended to be a guarantee of achievement by our company. Actual performance and other factors may differ from the forecasted figures due to various future circumstances.

2. Fundamental Approach to the Selection of Accounting Standards

Our group intends to prepare consolidated financial statements in accordance with Japanese standards for the time being, taking into account the comparability of financial statements over different periods and between companies.

3. Consolidated Financial Statements and Principal Notes

(1) Consolidated Balance Sheets

(Thousands of yen)

| | As of December 31, 2022 | As of December 31, 2023 |
|-------------------------------------|-------------------------|-------------------------|
| Assets | | |
| Current assets | | |
| Cash and deposits | 2,799,164 | 3,695,659 |
| Trade accounts receivable | 820,544 | 1,860,335 |
| Other | 59,243 | 226,493 |
| Total current assets | 3,678,951 | 5,782,488 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Buildings | 8,865 | 5,465 |
| Tools, furniture and fixtures | 70,594 | 90,902 |
| Accumulated depreciation | △57,711 | △61,246 |
| Total property, plant and equipment | 21,747 | 35,121 |
| Intangible assets | | |
| Software | 239,995 | 268,239 |
| Software in progress | 78,178 | 28,172 |
| Other | 216 | 216 |
| Total intangible assets | 318,389 | 296,627 |
| Investments and other assets | | |
| Investment securities | 373 | 102,190 |
| Deferred tax assets | 2,041 | 79,194 |
| Other | 30,439 | 147,871 |
| Total investments and other assets | 32,855 | 329,256 |
| Total non-current assets | 372,992 | 661,006 |
| Total assets | 4,051,944 | 6,443,494 |

(Thousands of yen)

| | As of December 31, 2022 | As of December 31, 2023 |
|--|-------------------------|-------------------------|
| Liabilities | | |
| Current liabilities | | |
| Trade accounts payable | 1,219,424 | 2,573,651 |
| Short-term borrowings | 500,000 | 500,000 |
| Accounts payable - other | 85,935 | 178,359 |
| Income taxes payable | 74,711 | 26,657 |
| Advances received | 514,942 | 1,504,435 |
| Provision for point card certificates | 41,515 | 40,809 |
| Contract liabilities | 160,923 | 157,472 |
| Other | 73,292 | 121,183 |
| Total current liabilities | 2,670,745 | 5,102,567 |
| Non-current liabilities | | |
| Deferred tax liabilities | 66 | 379 |
| Total non-current liabilities | 66 | 379 |
| Total liabilities | 2,670,811 | 5,102,947 |
| Net assets | | |
| Shareholders' equity | | |
| Share capital | 1,821,276 | 1,823,717 |
| Capital surplus | 2,060,164 | 2,062,606 |
| Retained earnings | △2,571,615 | △2,647,868 |
| Treasury shares | △70 | △70 |
| Total shareholders' equity | 1,309,754 | 1,238,384 |
| Accumulated other comprehensive income | | |
| Deferred gains or losses on hedges | △776 | △1,572 |
| Foreign currency translation adjustment | 45,491 | 72,147 |
| Total accumulated other comprehensive income | 44,714 | 70,575 |
| Share acquisition rights | 12,370 | 16,216 |
| Non-controlling interests | 14,293 | 15,370 |
| Total net assets | 1,381,132 | 1,340,547 |
| Total liabilities and net assets | 4,051,944 | 6,443,494 |

(2) Consolidated Statements of Income and Comprehensive Income
(Consolidated statement of income)

(Thousands of yen)

| | Fiscal year ended December 31, 2022 | Fiscal year ended December 31, 2023 |
|--|--|--|
| Operating revenue | 1,163,530 | 3,100,398 |
| Operating expenses | 1,958,241 | 3,190,132 |
| Operating loss | △794,711 | △89,733 |
| Non-operating income | | |
| Interest income | 24 | 28 |
| Subsidy income | 1,123 | - |
| Gain on investments in silent partnerships | 51,344 | 1,016 |
| Other | 3,992 | 3,328 |
| Total non-operating income | 56,484 | 4,373 |
| Non-operating expenses | | |
| Interest expenses | 364 | 2,530 |
| Foreign exchange losses | 13,567 | 44,930 |
| Loss on retirement of non-current assets | 301 | 323 |
| Other | 1,468 | 1,866 |
| Total non-operating expenses | 15,702 | 49,650 |
| Ordinary loss | △753,928 | △135,011 |
| Extraordinary income | | |
| Gain on liquidation of subsidiaries and associates | 14,055 | 8,882 |
| Total extraordinary income | 14,055 | 8,882 |
| Loss before income taxes | △739,873 | △126,128 |
| Income taxes - current | 61,663 | 25,889 |
| Income taxes - deferred | 296 | △76,842 |
| Total income taxes | 61,959 | △50,952 |
| Loss | △801,833 | △75,175 |
| Loss attributable to non-controlling interests | △7,385 | 1,077 |
| Loss attributable to owners of parent | △794,447 | △76,253 |

(Consolidated statement of comprehensive income)

(Thousands of yen)

| | Fiscal year ended December 31, 2022 | Fiscal year ended December 31, 2023 |
|--|--|--|
| Loss | △801,833 | △75,175 |
| Other comprehensive income | | |
| Deferred gains or losses on hedges | △776 | △795 |
| Foreign currency translation adjustment | 40,743 | 26,656 |
| Total other comprehensive income | 39,966 | 25,861 |
| Comprehensive income | △761,866 | △49,314 |
| Comprehensive income attributable to | | |
| Comprehensive income attributable to owners of parent | △754,480 | △50,391 |
| Comprehensive income attributable to non-controlling interests | △7,385 | 1,077 |

(3) Consolidated Statements of Changes in Shareholders' Equity

Previous consolidated fiscal year (From January 1, 2022 to December 31, 2022)

(Thousands of yen)

| | Shareholders' equity | | | | |
|---|----------------------|-----------------|-------------------|-----------------|----------------------------|
| | Share capital | Capital surplus | Retained earnings | Treasury shares | Total shareholders' equity |
| Balance at beginning of period | 1,336,372 | 1,585,238 | △1,778,132 | △70 | 1,143,408 |
| Cumulative effects of changes in accounting policies | | | 964 | | 964 |
| Restated balance | 1,336,372 | 1,585,238 | △1,777,168 | △70 | 1,144,372 |
| Changes during period | | | | | |
| Issuance of new shares | 484,903 | 484,903 | | | 969,806 |
| Loss attributable to owners of parent | | | △794,447 | | △794,447 |
| Change in ownership interest of parent due to transactions with non-controlling interests | | △9,976 | | | △9,976 |
| Net changes in items other than shareholders' equity | | | | | |
| Total changes during period | 484,903 | 474,926 | △794,447 | - | 165,382 |
| Balance at end of period | 1,821,276 | 2,060,164 | △2,571,615 | △70 | 1,309,754 |

| | Accumulated other comprehensive income | | | Share acquisition rights | Non-controlling interests | Total net assets |
|---|--|---|--|--------------------------|---------------------------|------------------|
| | Deferred gains or losses on hedges | Foreign currency translation adjustment | Total accumulated other comprehensive income | | | |
| Balance at beginning of period | - | 4,747 | 4,747 | 15,820 | 11,702 | 1,175,678 |
| Cumulative effects of changes in accounting policies | | | | | | 964 |
| Restated balance | - | 4,747 | 4,747 | 15,820 | 11,702 | 1,176,642 |
| Changes during period | | | | | | |
| Issuance of new shares | | | | | | 969,806 |
| Loss attributable to owners of parent | | | | | | △794,447 |
| Change in ownership interest of parent due to transactions with non-controlling interests | | | | | | △9,976 |
| Net changes in items other than shareholders' equity | △776 | 40,743 | 39,966 | △3,449 | 2,590 | 39,107 |
| Total changes during period | △776 | 40,743 | 39,966 | △3,449 | 2,590 | 204,490 |
| Balance at end of period | △776 | 45,491 | 44,714 | 12,370 | 14,293 | 1,381,132 |

Current consolidated fiscal year (From January 1, 2023 to December 31, 2023)

(Thousands of yen)

| | Shareholders' equity | | | | |
|---|----------------------|-----------------|-------------------|-----------------|----------------------------|
| | Share capital | Capital surplus | Retained earnings | Treasury shares | Total shareholders' equity |
| Balance at beginning of period | 1,821,276 | 2,060,164 | △2,571,615 | △70 | 1,309,754 |
| Cumulative effects of changes in accounting policies | | | | | |
| Restated balance | 1,821,276 | 2,060,164 | △2,571,615 | △70 | 1,309,754 |
| Changes during period | | | | | |
| Issuance of new shares | 2,441 | 2,441 | | | 4,882 |
| Loss attributable to owners of parent | | | △76,253 | | △76,253 |
| Change in ownership interest of parent due to transactions with non-controlling interests | | | | | |
| Net changes in items other than shareholders' equity | | | | | |
| Total changes during period | 2,441 | 2,441 | △76,253 | | △71,370 |
| Balance at end of period | 1,823,717 | 2,062,606 | △2,647,868 | △70 | 1,238,384 |

| | Accumulated other comprehensive income | | | Share acquisition rights | Non-controlling interests | Total net assets |
|---|--|---|--|--------------------------|---------------------------|------------------|
| | Deferred gains or losses on hedges | Foreign currency translation adjustment | Total accumulated other comprehensive income | | | |
| Balance at beginning of period | △776 | 45,491 | 44,714 | 12,370 | 14,293 | 1,381,132 |
| Cumulative effects of changes in accounting policies | | | | | | |
| Restated balance | △776 | 45,491 | 44,714 | 12,370 | 14,293 | 1,381,132 |
| Changes during period | | | | | | |
| Issuance of new shares | | | | | | 4,882 |
| Loss attributable to owners of parent | | | | | | △76,253 |
| Change in ownership interest of parent due to transactions with non-controlling interests | | | | | | |
| Net changes in items other than shareholders' equity | △795 | 26,656 | 25,861 | 3,845 | 1,077 | 30,784 |
| Total changes during period | △795 | 26,656 | 25,861 | 3,845 | 1,077 | △40,585 |
| Balance at end of period | △1,572 | 72,147 | 70,575 | 16,216 | 15,370 | 1,340,547 |

(4) Consolidated Statement of Cash Flows

(Thousands of yen)

| | Fiscal year ended December 31, 2022 | Fiscal year ended December 31, 2023 |
|--|--|--|
| Cash flows from operating activities | | |
| Loss before income taxes | △739,873 | △126,128 |
| Depreciation | 188,253 | 145,956 |
| Increase (decrease) in provision for point card certificates | △146,183 | △772 |
| Increase (decrease) in contract liability | 161,782 | △4,357 |
| Subsidy income | △1,123 | - |
| Interest income | △24 | △28 |
| Interest expenses | 364 | 2,530 |
| Foreign exchange losses (gains) | △2,954 | 2,246 |
| Share-based payment expenses | 1,652 | - |
| Loss (gain) on investments in silent partnerships | △51,344 | △1,016 |
| Loss (gain) on liquidation of subsidiaries and associates | △14,055 | △8,882 |
| Decrease (increase) in trade receivables | △697,521 | △1,036,032 |
| Decrease (increase) in other assets | 44,951 | △105,909 |
| Increase (decrease) in trade payables | 984,427 | 1,346,154 |
| Increase (decrease) in accounts payable - other | 44,705 | 90,062 |
| Increase (decrease) in advances received | 376,262 | 984,565 |
| Increase (decrease) in other liabilities | 34,907 | 46,770 |
| Decrease (increase) in consumption taxes refund receivable | △3,149 | △60,962 |
| Other, net | 3,423 | △1,606 |
| Subtotal | 184,501 | 1,272,589 |
| Interest received | 24 | 28 |
| Interest paid | △349 | △2,530 |
| Subsidies received | 1,277 | - |
| Income taxes refund (paid) | △39,135 | △77,184 |
| Net cash provided by (used in) operating activities | 146,317 | 1,192,903 |
| Cash flows from investing activities | | |
| Purchase of non-current assets | △109,675 | △137,815 |
| Payments of leasehold and guarantee deposits | - | △123,456 |
| Proceeds from refund of leasehold deposits | - | 10,000 |
| Income from distribution from silent partnerships | 50,970 | - |
| Purchase of investment securities | - | △100,800 |
| Net cash provided by (used in) investing activities | △58,705 | △352,071 |
| Cash flows from financing activities | | |
| Net increase (decrease) in short-term borrowings | 500,000 | - |
| Repayments of long-term borrowings | △25,019 | - |
| Proceeds from issuance of shares | 965,500 | 4,882 |
| Proceeds from issuance of share acquisition rights | - | 3,845 |
| expense for share acquisition right repurchase | △796 | - |
| Net cash provided by (used in) financing activities | 1,439,685 | 8,728 |
| Effect of exchange rate change on cash and cash equivalents | 74,691 | 46,934 |
| Net increase (decrease) in cash and cash equivalents | 1,601,989 | 896,495 |
| Cash and cash equivalents at beginning of period | 1,197,174 | 2,799,164 |
| Cash and cash equivalents at end of period | 2,799,164 | 3,695,659 |

(5) Notes on Consolidated Financial Statements

(Changes in accounting policies)

(Application of Accounting Standard for Measurement of Fair Value)

The "Accounting Standard for Calculation of Fair Value" (ASBJ Statement No. 30, July 4, 2019. Hereinafter referred to as "Accounting Standard for Calculation of Fair Value") are applied from the beginning of the first quarter of the fiscal year ending March 31, 2013. In accordance with the transitional treatment, the new accounting policies prescribed by the fair value accounting standard will be applied prospectively. This change has no impact on the quarterly consolidated financial statements.

(Notes on significant changes in the amount of shareholders' equity)

Not applicable.

(Significant changes in consolidated subsidiaries during the current consolidated fiscal year)

In the current consolidated fiscal year, City Discovery Inc. and VELTRA PHILIPPINES INC. has been excluded from the scope of consolidation as it has been liquidated

(Additional Information)

Not applicable.

(Segment Information)

As Our Group is the single segment of travel-related businesses, the Company has omitted statement of segment information.

(Related Information)

Previous consolidated fiscal year (From January 1, 2022 to December 31, 2022)

1. Information on each product and service

We have omitted the description as external sales revenue for a single product or service exceeds 90% of the operating revenue on the consolidated statement of income.

2. Information by region

(1) Operating revenue

As our group provides services to external customers through an activity-specific reservation site on the network, it is difficult to identify individual service recipients. Therefore, we have omitted the description.

(2) Tangible fixed assets.

(Unit : thousand yen)

| Japan | Malaysia | Other Regions | Total |
|--------|----------|---------------|--------|
| 19,882 | 1,727 | 136 | 21,747 |

3. Information on Major Customers

As there are no external customers that account for 10% or more of the sales revenue in the consolidated income statement, no information is provided.

Current consolidated fiscal year (From January 1, 2023 to December 31, 2023)

1. Information by product and service

We have omitted the description as sales revenue to external customers for a single product/service classification exceeds 90% of the consolidated statement of income's sales revenue.

2. Information by region

(1) Sales revenue

Since our group provides services to external customers through a specialized activity reservation site on the network, it is difficult to identify individual service recipients. Therefore, we have omitted the description.

(2) Property, plant, and equipment

(Unit : thousand yen)

| Japan | Malaysia | Other Regions | Total |
|--------|----------|---------------|--------|
| 30,126 | 4,994 | — | 35,121 |

3. Information on Major Customers: Since there are no external customers who account for 10% or more of the operating revenue in the consolidated statement of income, no information is provided.

(Information on impairment losses of property, plant, and equipment for each reporting segment)

Previous consolidated fiscal year (From January 1, 2022 to December 31, 2022)

No applicable information.

For the current consolidated fiscal year (From January 1, 2023 to December 31, 2023)

No applicable information.

(Information on the amortization amount and remaining unamortized balance of goodwill by report segment)

Previous consolidated fiscal year (From January 1, 2022 to December 31, 2022)

No applicable information.

For the current consolidated fiscal year (From January 1, 2023 to December 31, 2023)

No applicable information.

(Information on the negative goodwill generated by report segment)

Previous consolidated fiscal year (From January 1, 2022 to December 31, 2022)

No applicable information.

For the current consolidated fiscal year (From January 1, 2023 to December 31, 2023)

No applicable information.

(Information per share)

| | Fiscal year ended December 31, 2022 | Fiscal year ended December 31, 2023 |
|------------------------|--|--|
| Net assets per share | 38.14 yen | 36.75 yen |
| Net loss per share (△) | △22.92 yen | △2.18 yen |

- (Note) Although potential shares exist, we have not provided information about the current net profit per share after adjustment for potential shares, as it is a net loss per share.
- The calculation basis for the net loss per share for the current period is as follows.

| | Fiscal year ended December 31, 2022 | Fiscal year ended December 31, 2023 |
|--|--|--|
| Earnings (losses) per share (△) | | |
| Net loss attributable to parent company shareholders for the current period (△) (Unit: Thousands of yen) | △794,151 | △77,534 |
| Amounts not attributable to common shareholders (in thousands of yen) | — | — |
| Net loss attributable to the parent company's shareholders (△) (thousands of yen) | △794,151 | △77,534 |
| Weighted average number of outstanding shares of common stock during the period | 34,660,150 | 35,566,968 |

(Significant Subsequent Events)

Capital business alliance and issuance of new shares through third-party allotment

At the board of directors meeting held on January 17, 2024, our company resolved to enter into a capital business alliance agreement with JTB Co., Ltd. (hereinafter referred to as "JTB") and to issue new shares through third-party allotment to JTB. The payment was completed on February 5 of the same year. The outline of the offering is as follows:

1. Details of Offering

| | |
|-----------------------------------|---------------------------------------|
| (1) Payment date | February 5, 2024 |
| (2) Number of newly issued shares | 899,280 shares of Veltra common stock |
| (3) Issue price | 556 yen per share |

| | |
|-------------------------------------|--|
| (4) Amount of funds raised | 499,999,680 yen |
| (5) Method of offering or allotment | Through third-party allotment as follows: JTB Co., Ltd.: 899,280 shares of our common stock |
| (6) Other | The effectiveness of the securities registration statement based on the Financial Instruments and Exchange Act is a condition for the above items. |

2. Purpose and reasons for the offering

This third-party allocation of new shares is being carried out in conjunction with a business partnership between our company and JTB. By establishing a stronger collaborative framework between the two groups, we aim to contribute to the medium- to long-term development and growth of our group, ultimately benefiting our existing shareholders. This is the rationale behind the implementation of this third-party allocation of new shares.

Furthermore, as stated in section 3, 'Amount of funds to be raised, purpose of use, and expected timing of expenditure (2) Specific purpose of use of the funds to be raised and expected timing of expenditure,' the purpose of this fundraising is to secure funds for the development and enhancement of consulting solutions for businesses, including joint ventures with JTB, as well as for system development and strengthening.

3. The amount of funds to be raised, the purpose of use, and the expected timing of expenditure

(1) The amount of funds to be raised

| Total amount of payment (JPY) | Estimated amount of issuance expenses (JPY) | Approximate net amount received (JPY) |
|-------------------------------|---|---------------------------------------|
| 499,999,680 | 10,000,000 | 489,999,680 |

(Note) 1. The breakdown of the estimated issuance expenses includes the costs of preparing the securities registration statement, legal fees, registration fees, and other miscellaneous expenses totaling 10,000,000 JPY.

2. The estimated issuance expenses do not include consumption tax.

(2) The estimated issuance expenses do not include consumption tax.

Regarding the specific use and expected timing of expenditure, they are as follows

| | Specific Purpose | Amount (1,000 yen) | Expected timing of expenditure |
|--|--|--------------------|--------------------------------|
| Building consulting solutions for tour operating companies and local governments | Establishment of a promotional structure, promotion expenses | 89,999 | February 2024 to December 2024 |
| System development and enhancement | Investment in system development for strengthening B2B services and enhancing security | 400,000 | February 2024 to December 2024 |

(Note) 1. Until the funds raised through this third-party allocation of new shares are allocated to the above-mentioned uses, our company plans to manage the funds stably through bank deposits.

2. At present, the priority for using the funds has not been determined, and it is planned to allocate them in order of the earliest expenditure timing