

VELTRA™

VELTRA changes TRAVEL

FY2023 1Q Financial Results

—  
VELTRA CORPORATION:TSE7048



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## FY2023 1Q Results Overview

# Executive Summary



## Results

1Q operating revenue in the OTA outbound business rebounded to 36% of 2019 levels, while LINKTIVITY sales increased sharply in 1Q, exceeding the previous year's operating revenue in the first three months of the year. Operating loss also improved significantly due to the upswing in revenue.

Revenue	2023 1Q	YoY	
	<b>543M yen</b>	<b>+290.3%</b> (+403M yen)	
Profit	2023 1Q	YoY	
	<b>▲90M yen</b>	<b>- %</b>	<b>(+180M yen)</b>

## Business Environment

The number of foreign visitors to Japan recovered to 60% of 2019 levels, and the number of Japanese leaving Japan also recovered to nearly 40%.

Inbound Travelers	FY2023 Jan-Mar	YoY	Outbound Travelers	FY2023 Jan-Mar	YoY
	<b>4.79M ppl</b>	<b>+4,661%</b>		<b>1,67M ppl</b>	<b>+770%</b>

## Profit and Loss Summary



There has been significant increase in operating revenue due to the recovery trend in travel demand. Although advertising expenses increased due to revenue growth and personnel expenses increased due to new hires, the level of operating loss improved significantly as a result of continued control of fixed costs.

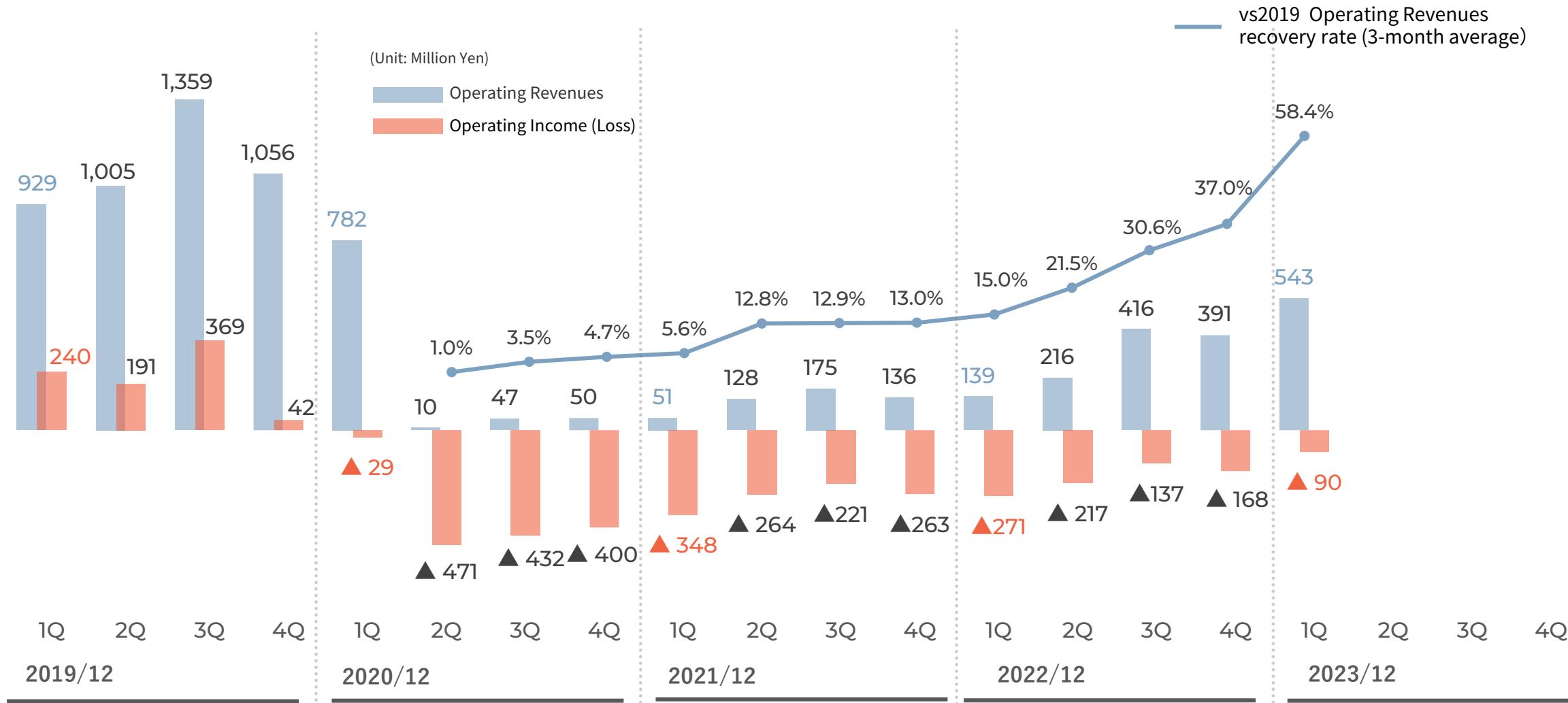
Unit: Million Yen	FY2022 1Q	FY2023 1Q	YoY
Operating Revenue	139	543	390.3%
Operating Expenses	410	633	154.3%
Operating Loss	▲271	▲90	—
Non-operating Income	53	0	▲99.3%
Non-operating Expenses	0	6	794.1%
Ordinary Loss	▲218	▲96	—
Extraordinary Revenue	-	-	—
Extraordinary Expenses	-	-	—
Taxes	13	4	▲63.0%
Net Income	▲229	▲102	—
Net income per share (Yen)	▲6.84	▲2.88	+3.96 JPY

\*Since the application of the new revenue recognition standard will not have a material impact on operating revenues, detailed explanations using figures from the previous standard are not provided for comparison with past results.

# Quarterly Changes in Operating Revenues and Operating Income (Loss)



Operating revenue in 1Q recovered to +404 million y/y and 58% compared to the same period in 2019.  
Operating income also improved significantly YoY.

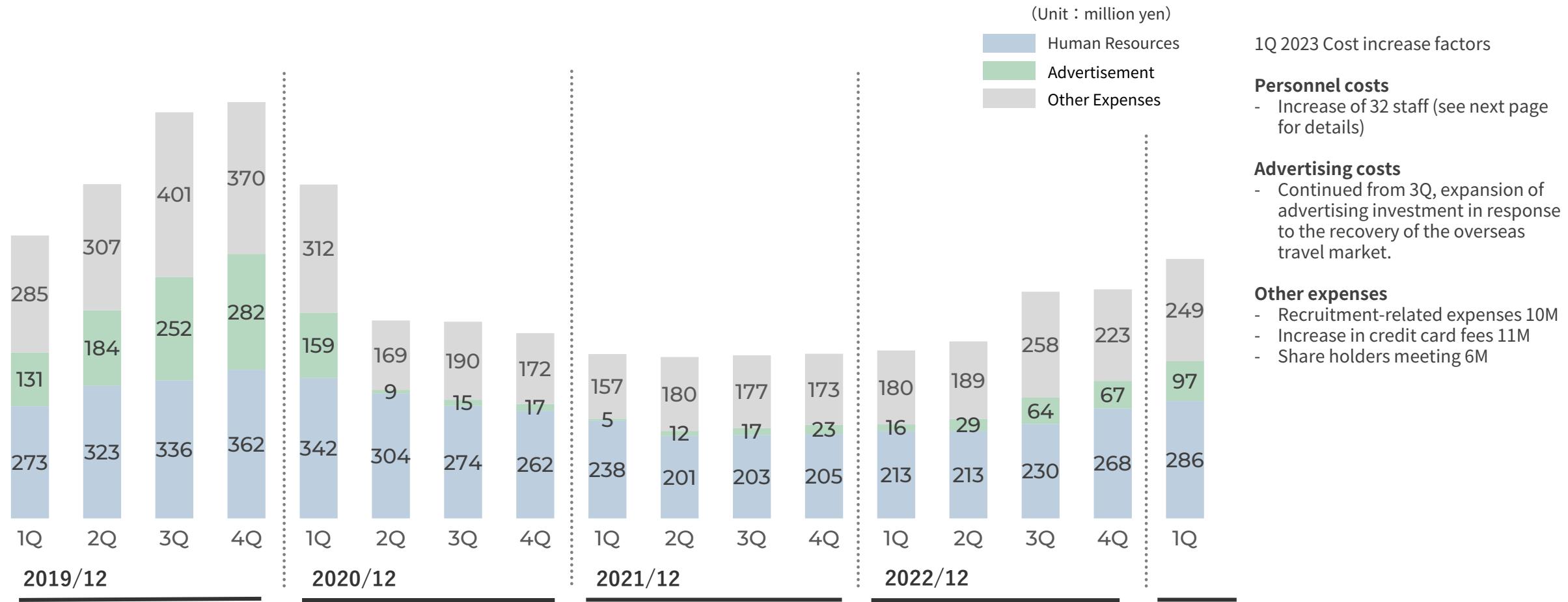


\*Since the application of the new revenue recognition standard will not have a material impact on operating revenues, detailed explanations using figures from the previous standard are not provided for comparison with past results.

## Costs



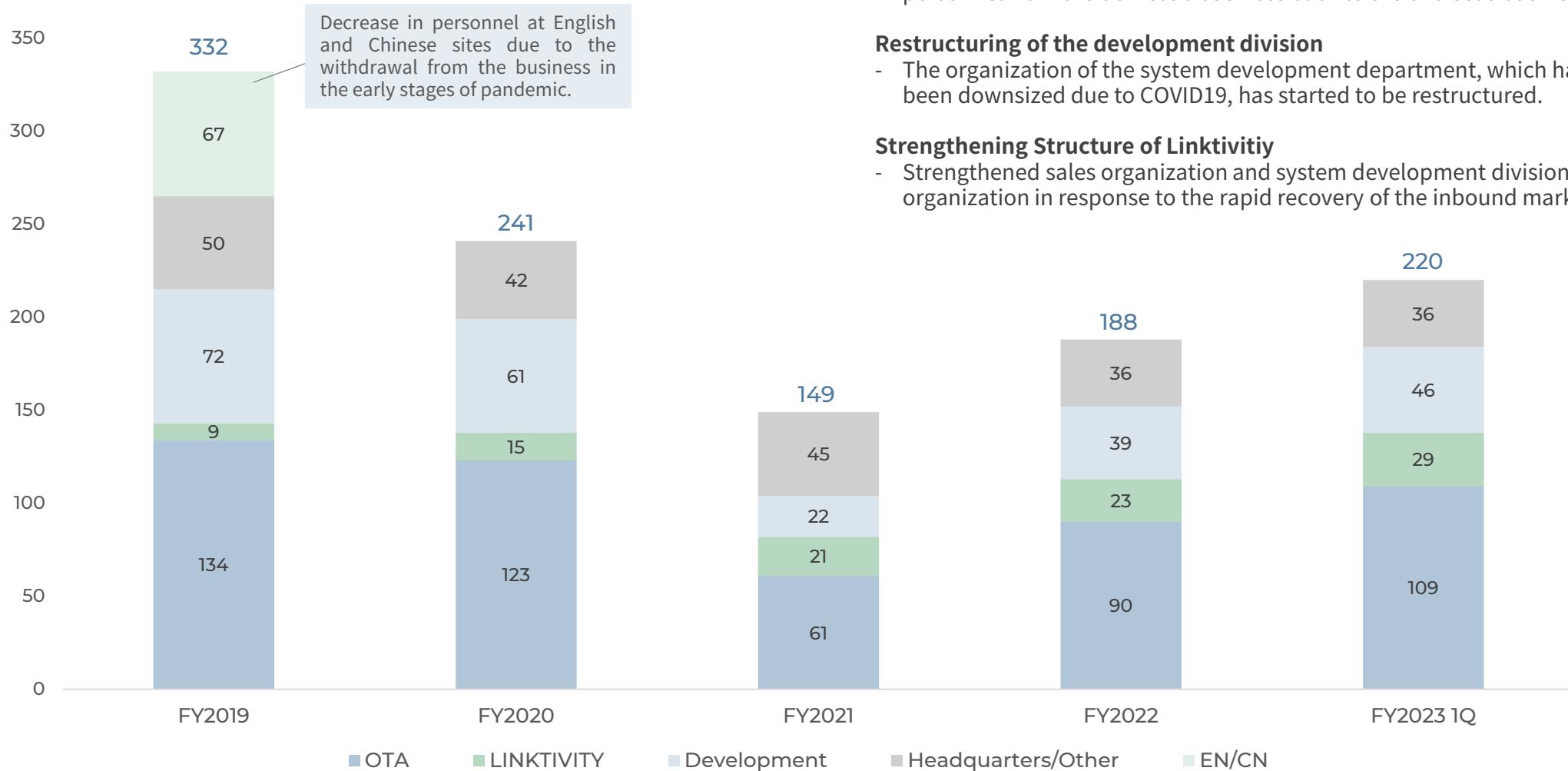
While cost levels have been controlled, advertising and other investments gradually increased in line with the increase in transaction volumes. Investments in personnel will be increased in stages, keeping productivity (OP margin at the time of earnings recovery) in mind.



# Headcount



Strengthening of the organizational structure by increasing the number of personnel, particularly in the overseas travel business, the system development and Linktivity.



## Responding to the recovery in demand for outbound travel

- Strengthening the structure by recruiting new staff and shifting some personnel from the domestic business back to the overseas business.

## Restructuring of the development division

- The organization of the system development department, which had been downsized due to COVID19, has started to be restructured.

## Strengthening Structure of Linktivity

- Strengthened sales organization and system development division organization in response to the rapid recovery of the inbound market.

## Balance Sheet Summary



Current liabilities increased by 890 million yen due to an increase in notes and accounts payable-trade and advances received as a result of further improvement in earnings. Although the equity ratio declined by 7.4 percentage points, cash flow contributed positively, and the company's financial position improved even after partial repayment of debt.

Unit: Million Yen	FY2022	FY2023 1Q	Change	Details
Current Assets	3,678	4,348	+669	Operating accounts receivable increased 429 million yen
Cash and Deposits	2,799	3,029	+230	
Fixed Assets	372	502	+129	Software and guarantee deposits increased by 7 million yen and 119 million yen, respectively
<b>Assets Total</b>	<b>4,051</b>	4,850	<b>+798</b>	
Current Liabilities	2,670	3,561	+890	Accounts payable-other and advances received increased 592 million yen and 529 million yen, respectively
Favorable Sub Liabilities	500	250	▲250	Short-term borrowings decreased by 250M yen
Fixed Liabilities	0	0	-	
<b>Liabilities Total</b>	<b>2,670</b>	3,561	<b>+890</b>	
<b>Total Net Assets</b>	<b>1,381</b>	1,289	▲91	Decrease in retained earnings due to net loss attributable to parent company shareholders of 102 million yen
<b>Capital to Asset Ratio</b>	<b>33.4%</b>	<b>26.0%</b>	<b>▲7.4pt</b>	



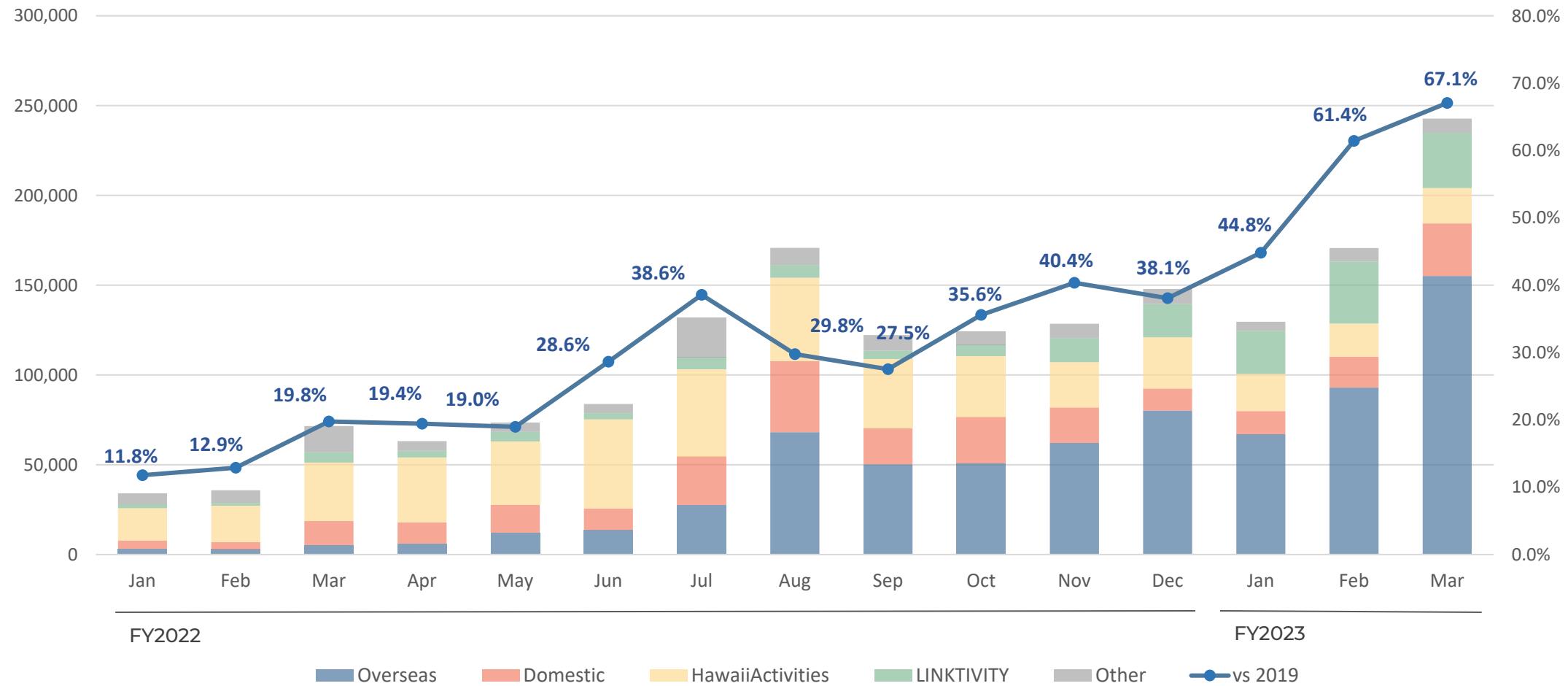
# FY2023 1Q Results and Market Environment by Business

# Overall | Consolidated Operating Revenue (Monthly)



The recovery rate of operating revenues when compared to 2019 levels is steadily upwards. LINKTIVITY revenues are also on an increasing trend due to the recovery of the inbound market.

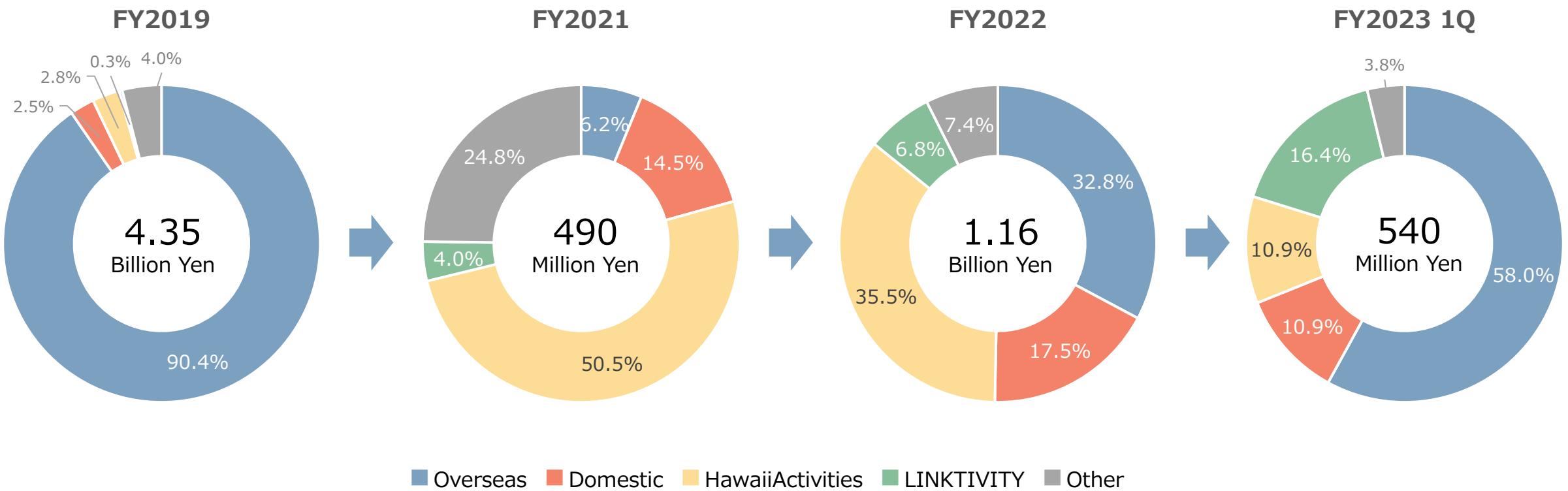
Unit: Thousand Yen



# Overall | Revenues by Business Segment Trends

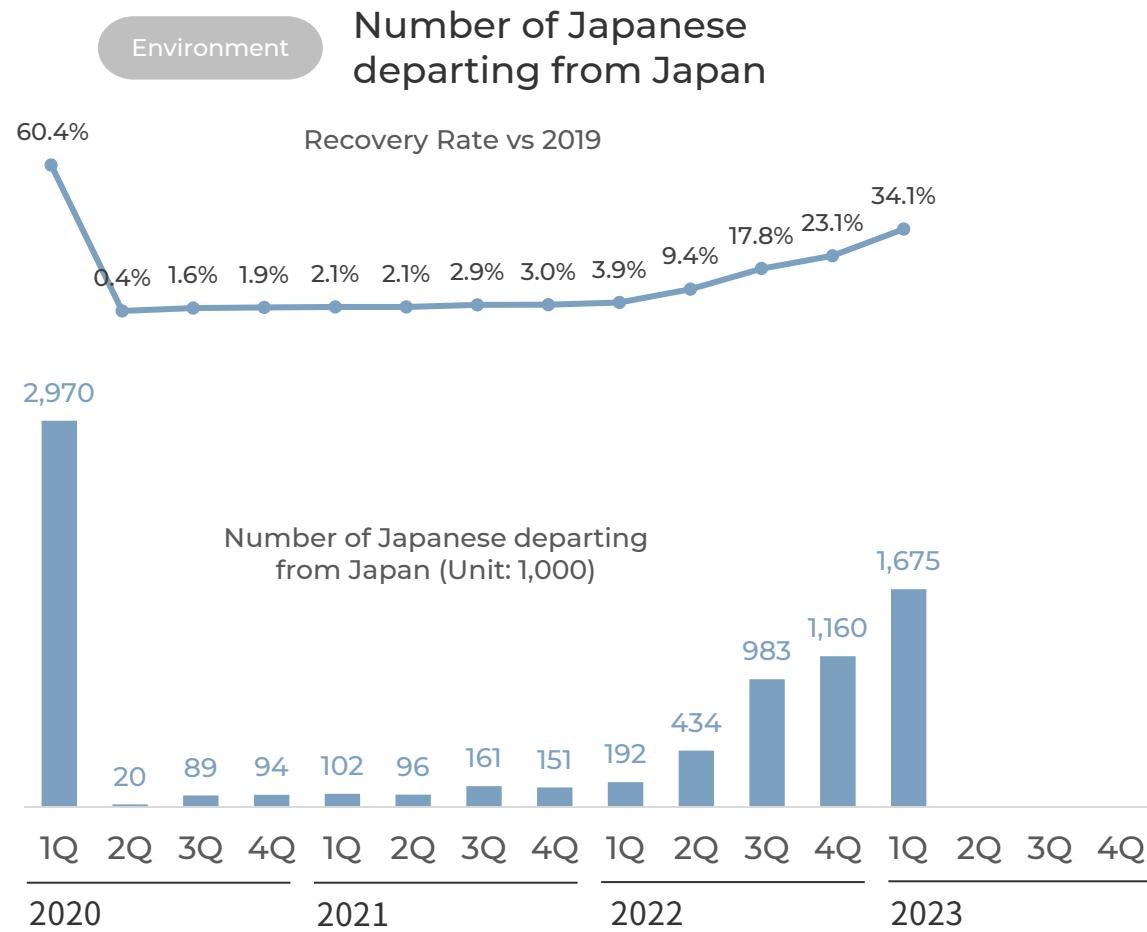


Overseas travel business accounted for over 90% of revenues in 2019, and while not yet fully recovered at this point, the composition of each business in overall revenues has changed significantly due to the expansion of the business portfolio after the pandemic. In 1Q FY2023, the Overseas travel business has recovered to approximately 60% of total revenue, and the share of LINKTIVITY is expanding.



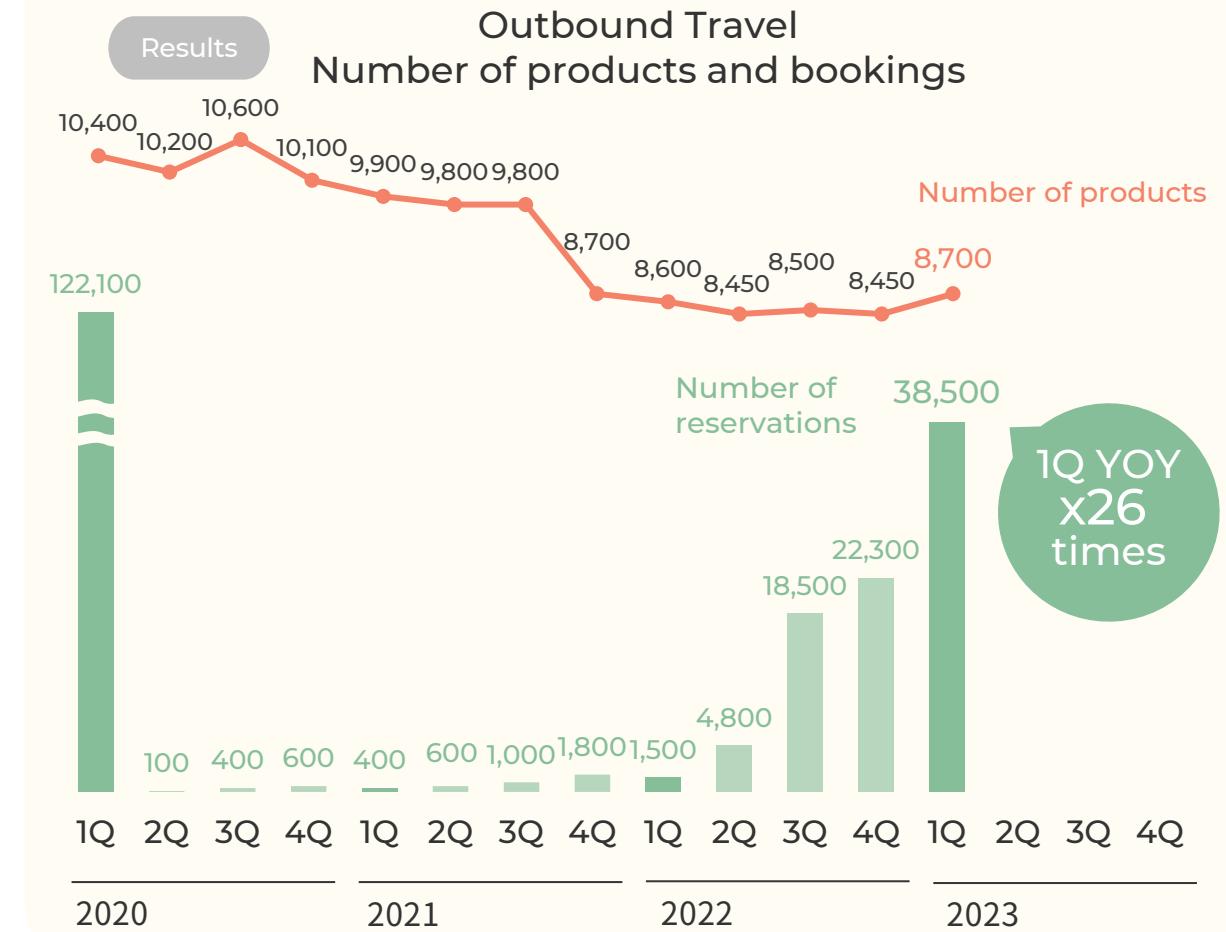


The number of Japanese travelling abroad increased significantly, influenced by the easing of departure restrictions and other factors. The number of annual bookings also recovered significantly, up 25.6 times year-on-year.



Source: JNTO

FY2023 1Q Financial Results

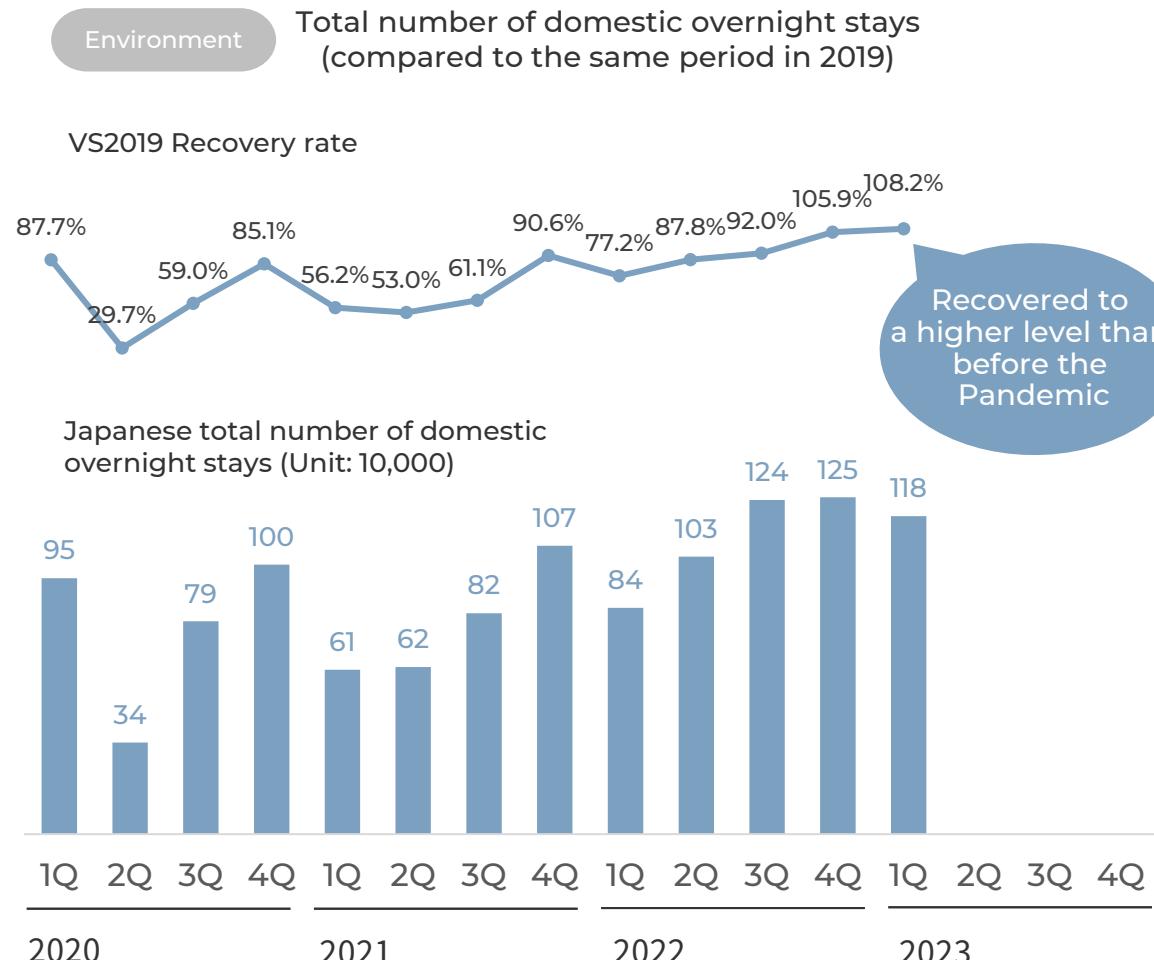


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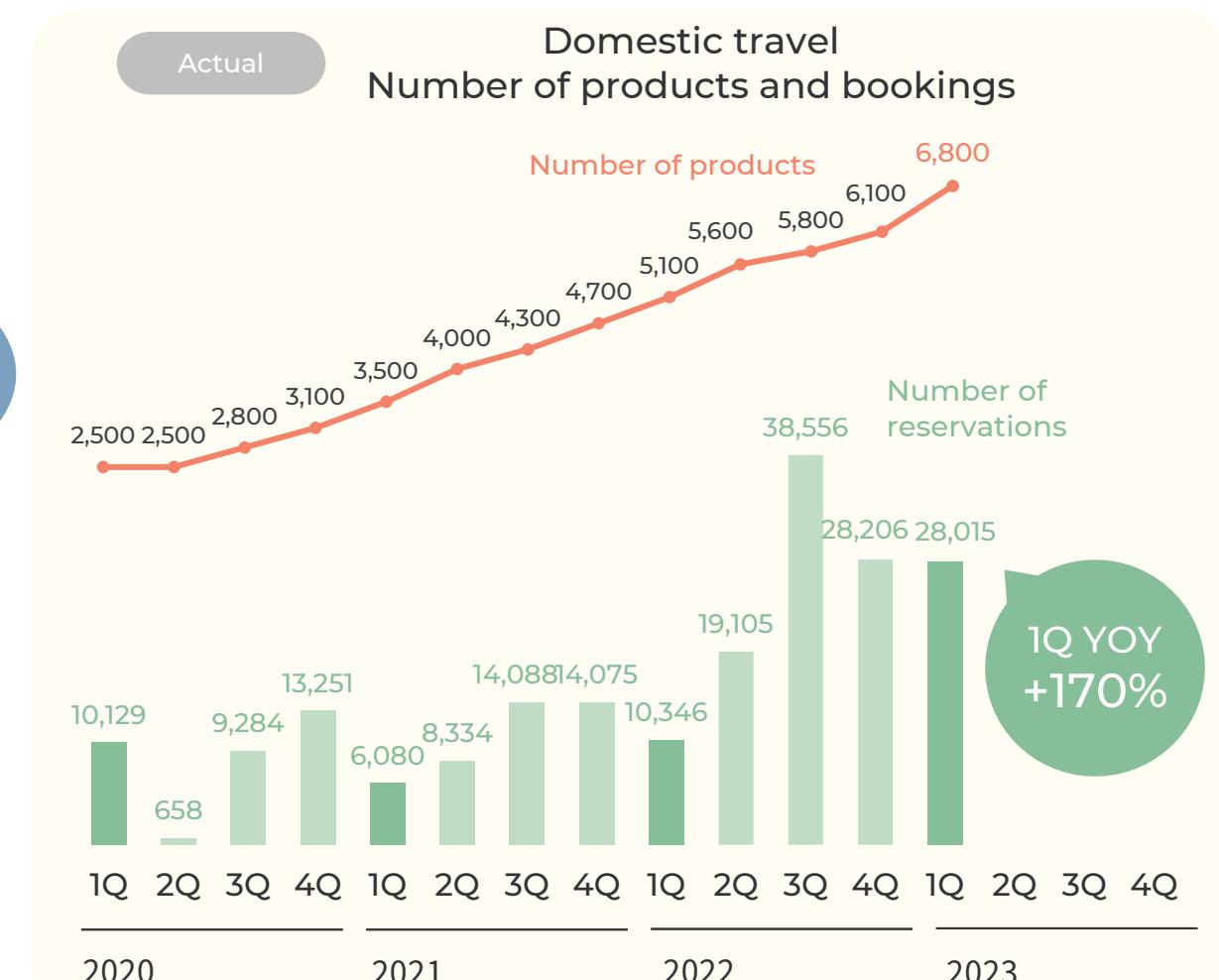
## By Business Segment Domestic



Total Japanese overnight stays in domestic travel remained above 2019 levels. High demand and increased product offerings have led to a significant 270% year-on-year increase in bookings.

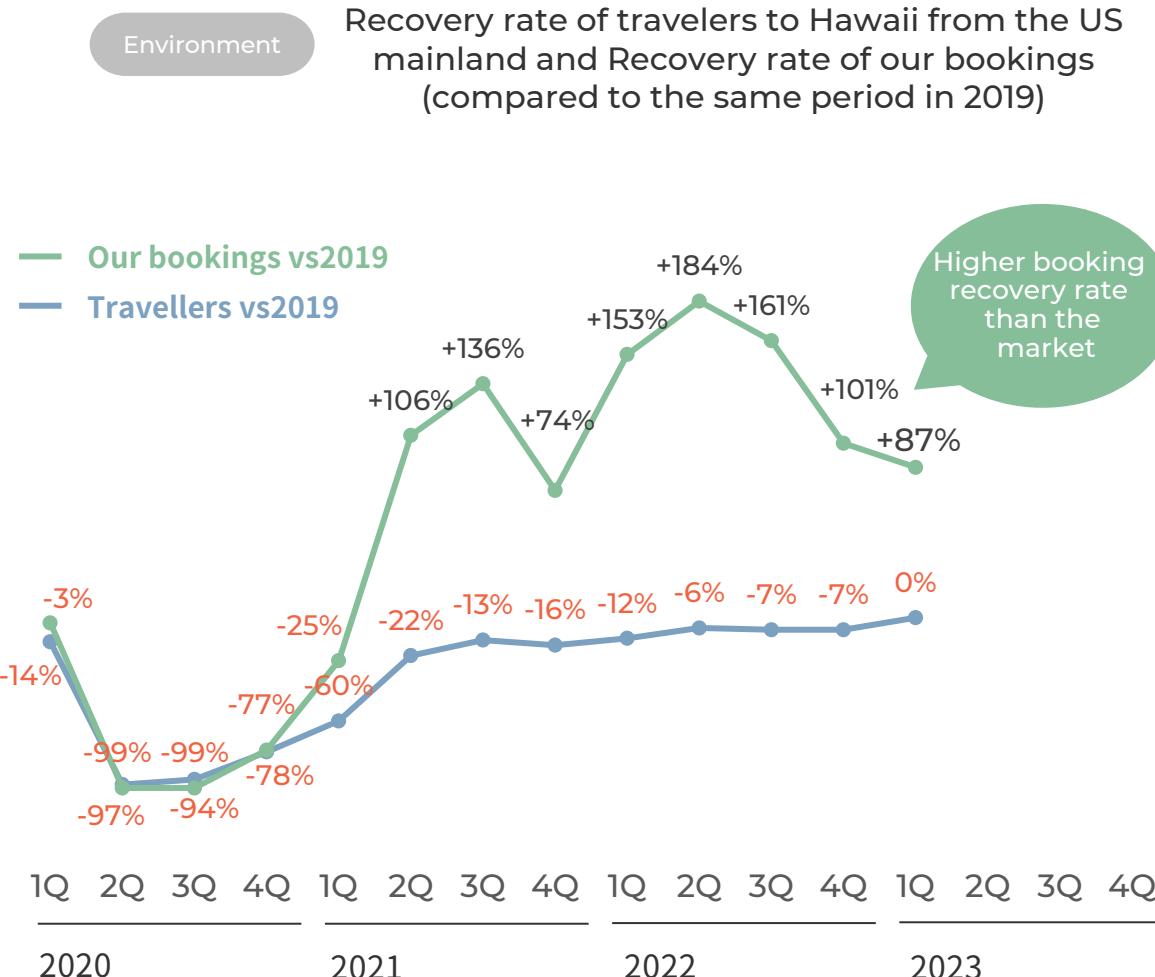


Source: JNTO





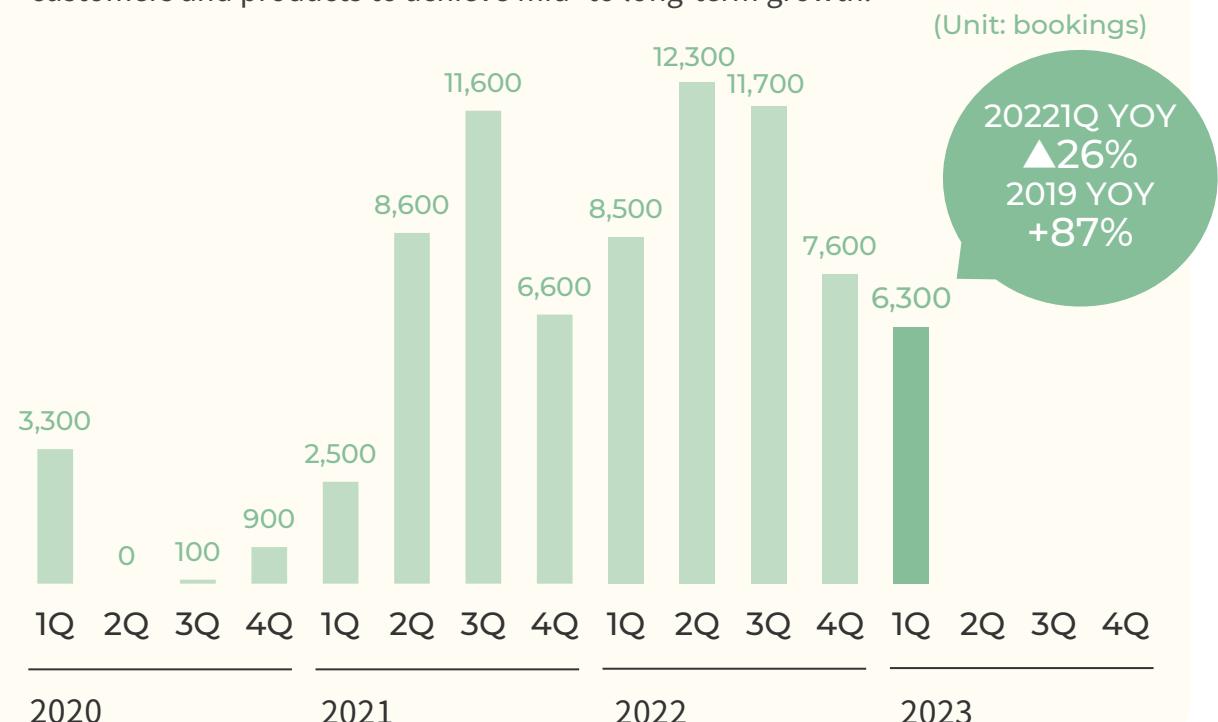
Number of travelers to Hawaii has almost recovered to pre-pandemic levels. VELTRA's booking recovery rate is significantly higher than the market trend.



Actual

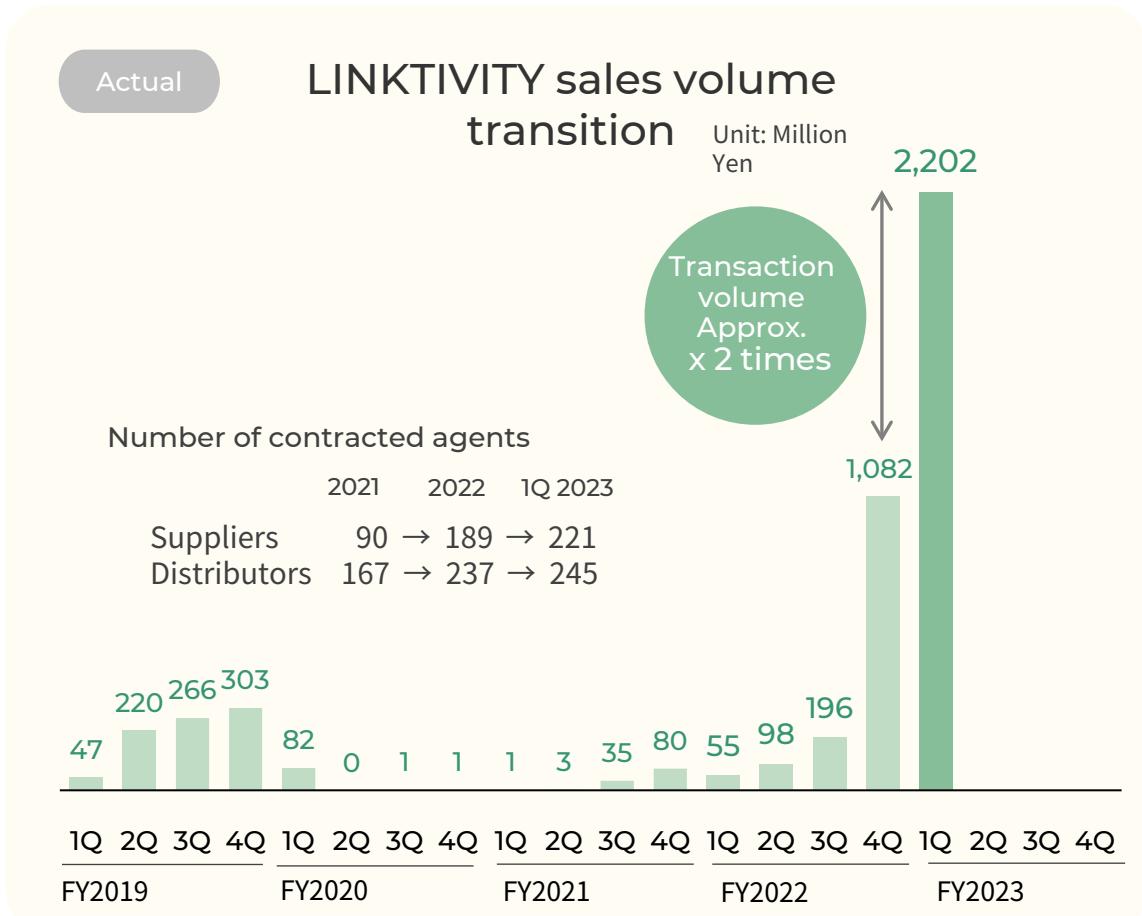
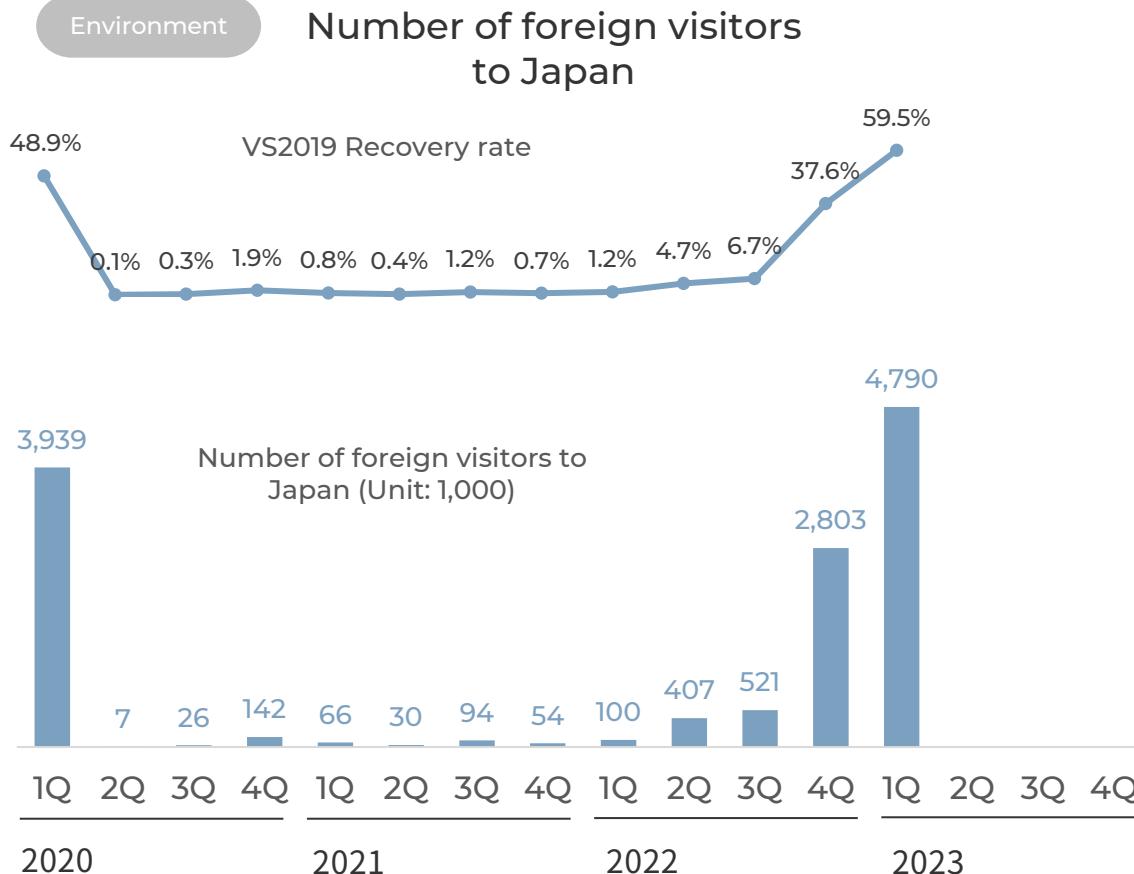
### HawaiiActivities Number of Bookings

Maintained growth of 87% over the same period in 2019 before COVID-19, despite a YoY decline due to the rise of competition and a slowdown in demand from the U.S. mainland. Strengthening measures to attract customers and products to achieve mid- to long-term growth.





Significant Growth in Railroad and Facility Ticket Booking Transaction Volume through LINKTIVITY Platform. Transaction volume grew faster than the recovery rate of the number of foreign visitors to Japan. The number of contracted sales agents also remained steady. The increase in the number of products sold is expected to accelerate future growth.





## FY2023 1Q TOPICS

# Status of measures for medium- to long-term growth



To surpass pre-pandemic earnings in 2024, the company has formulated organic growth, growth drive, and discontinuous growth strategies for mid- to long-term growth. (For details, see p. 20.) Initiatives in line with the plan are being actively implemented.

Organic Growth		Further Growth Drive			Discontinuous growth strategies	
Topics	Joint Promotion with Tahiti Tourism Board (March)	Launched accommodation packages in the Mt. Fuji region (February)	Formed business alliance with Goodfellows Co., Ltd. (January)	Strategic Business Alliance with Asoview Inc. (February)	Strategic Business Alliance with Tiqets (March)	Investment in Tablecross Inc. (April)
Objectives	Acquisition of new products for overseas travel market	Strengthening and developing products for the inbound market	Strengthen corporate alliances	Strengthen corporate alliances	Strengthen corporate alliances Expand DX solutions	Strengthening and developing products for the inbound market Strengthen corporate alliances Expand DX solutions
Summary	<ul style="list-style-type: none"> <li>Marketing to stimulate demand for overseas travel</li> <li>Strengthening relationships with tourism bureaus</li> </ul>	<ul style="list-style-type: none"> <li>Jointly plan packages targeting foreign visitors to Japan and conveying the charm of the Mt. Fuji area</li> <li>Utilize the framework of the Ministry of the Environment's National Park Partnership</li> </ul>	<ul style="list-style-type: none"> <li>Strengthen product sales base for tourism, leisure and cultural facilities</li> <li>Increase user convenience and loyalty</li> </ul>	<ul style="list-style-type: none"> <li>Strengthen product sales base for tourism, leisure and cultural facilities</li> <li>Increase user convenience and loyalty</li> <li>Expansion of sales channels</li> </ul>	<ul style="list-style-type: none"> <li>Strengthen product sales base for tourism, leisure and cultural facilities</li> <li>Increase user convenience and loyalty</li> <li>Expansion of sales channels</li> <li>Expansion of services for foreign visitors to Japan</li> </ul>	<ul style="list-style-type: none"> <li>Cooperation between byFood.com and LINKTIVITY, a gourmet food platform for inbound tourists to Japan</li> <li>Aiming to activate and expand the market for local decentralized tourism in the inbound market</li> </ul>



## FY2023 Outlook and Initiatives



## From 'Survival' to 'Sustainable growth'.

Strengthening for sustainable growth in the medium to long term with additional investment of approximately 640 million yen in 2023. Recovery of the travel market and expansion of the business portfolio to increase revenues beyond pre-Covid levels by 2024.

The timeline diagram consists of three large chevron-shaped arrows pointing right. The first arrow is grey and labeled '~2022 Survival'. The second arrow is green and labeled '2023 Start Investing'. The third arrow is red and labeled '2024~ Achieving sustainable growth beyond Covid levels'.

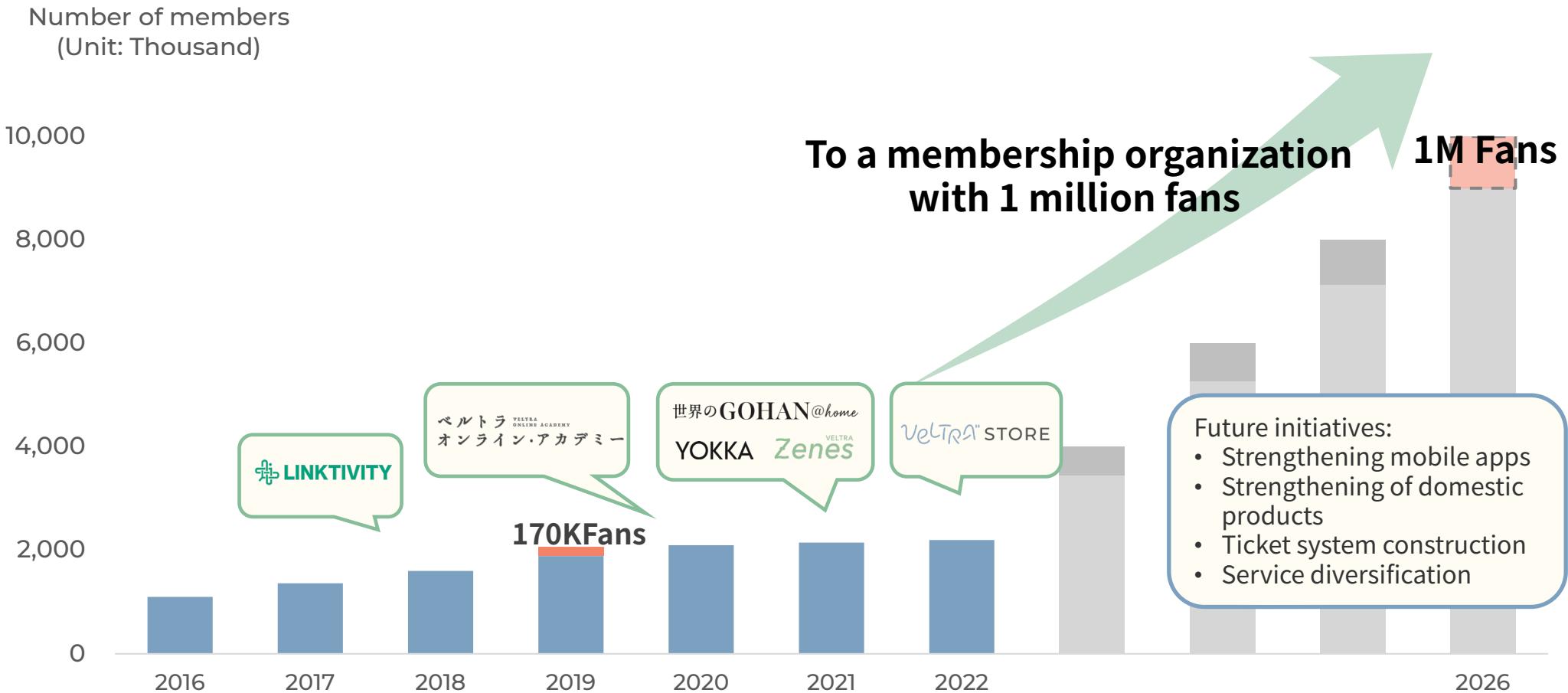
Theme	Investment objective	Domain of business	Market		
			Outbound	Domestic	Japan Inbound
<b>Cost Control</b> <ul style="list-style-type: none"><li>Business closure</li><li>Fixed cost reduction</li><li>Personnel reduction</li></ul>	Organic Growth	Acquisition of new products in the international travel market.	VELTRA	Add	
<b>Stabilization of the business base through fundraising</b> <ul style="list-style-type: none"><li>Third-party allotment of shares</li><li>Subscription rights, etc.</li></ul>	Further growth drive	Strengthening sales in the Hawaiian Islands and Archipelago.	HawaiiActivities		Add
		Expand and strengthen products in the domestic travel market	VELTRA	Add	
		System renewals to enhance growth.	VELTRA	New	New
		VELTRA fan development reaches one million fans.	VELTRA	New	New
<b>Concentrated investment in new businesses</b> <ul style="list-style-type: none"><li>Inbound DX</li><li>Domestic travel market</li></ul>	Discontinuous growth strategies	Inbound market Product enhancement and development	LINKTIVITY & VELTRA	New	Add
		Tourism development and DX through cooperation with local authorities and government	VELTRA & LINKTIVITY	New	New
		Strengthening corporate collaboration and expanding DX solutions	LINKTIVITY & VELTRA	Add	New
					Add

# Aiming for a membership base of 1 million loyal fans by 2026



**A fan: defined as a customer who uses our services at least twice a year.**

Currently promoting to activate existing members and acquire new fans by expanding touchpoints with customers through enhancement of domestic products and diversification of services.



## 2023 Market Recovery Rate Forecast (vs 2019)



Market recovery forecasts for each market are assumed as follows: the 2023 Business Plan is based on the lower end of the recovery forecast.

### 2023 Market Recovery Rate Forecast (vs 2019)

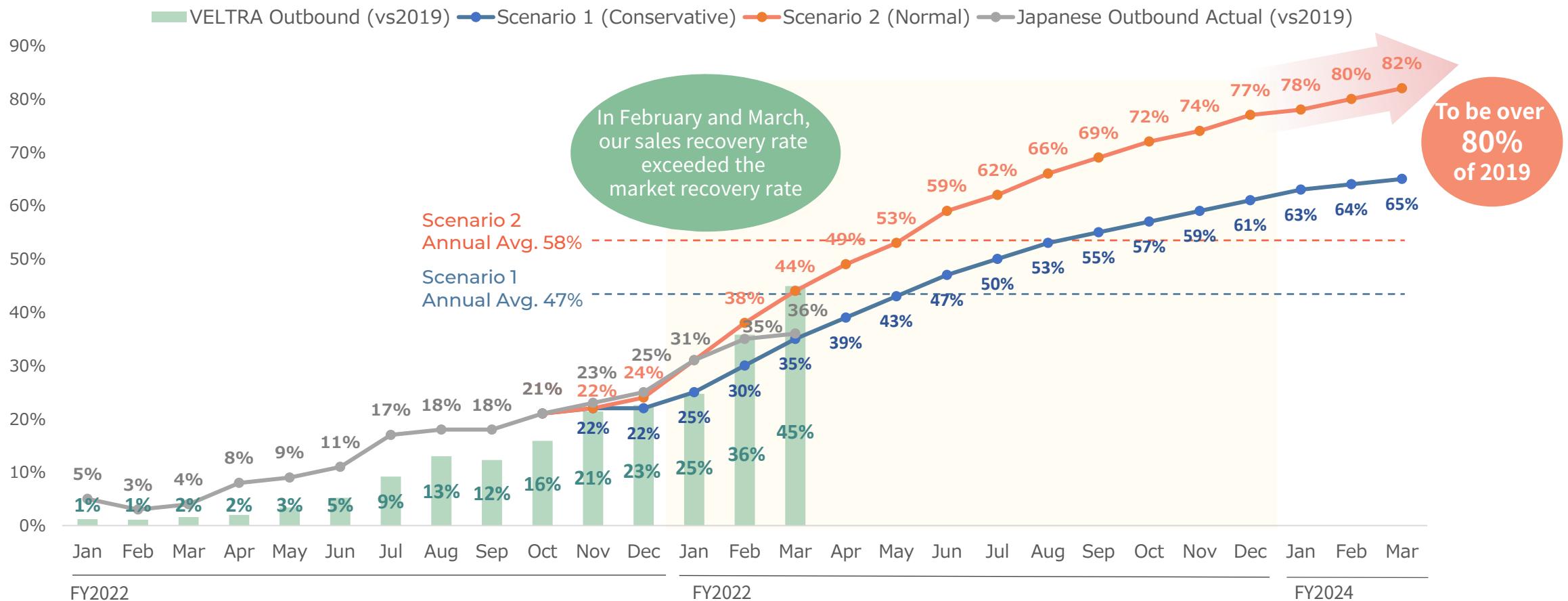
Market	2022	2023
Outbound Travel Market	VELTRA®	13% <b>47-58%</b>
Domestic Travel Market	VELTRA®	90% <b>100%</b>
Japan Inbound Travel Market	LINKTIVITY	8% <b>59-68%</b>
Global Travel Market	HAWAII ACTIVITIES A VELTRA® Company	90% <b>100%</b>

# FY2023 Overseas Travel Market Trends (Recovery Forecast)



It is assumed that the Japanese overseas travel market will also recover moderately, given the market recovery in the US and Europe and inbound markets ahead of the rest of the world.

Sales plan based on **Scenario 1** (47% average annual recovery), which is the basic scenario. It is assumed that recovery will accelerate depending on changes in the external environment, such as the shift to category 5 infections. **Scenario2** (approx. 80% at the end of 2023, average annual recovery rate of approx. 60%) is also shown.

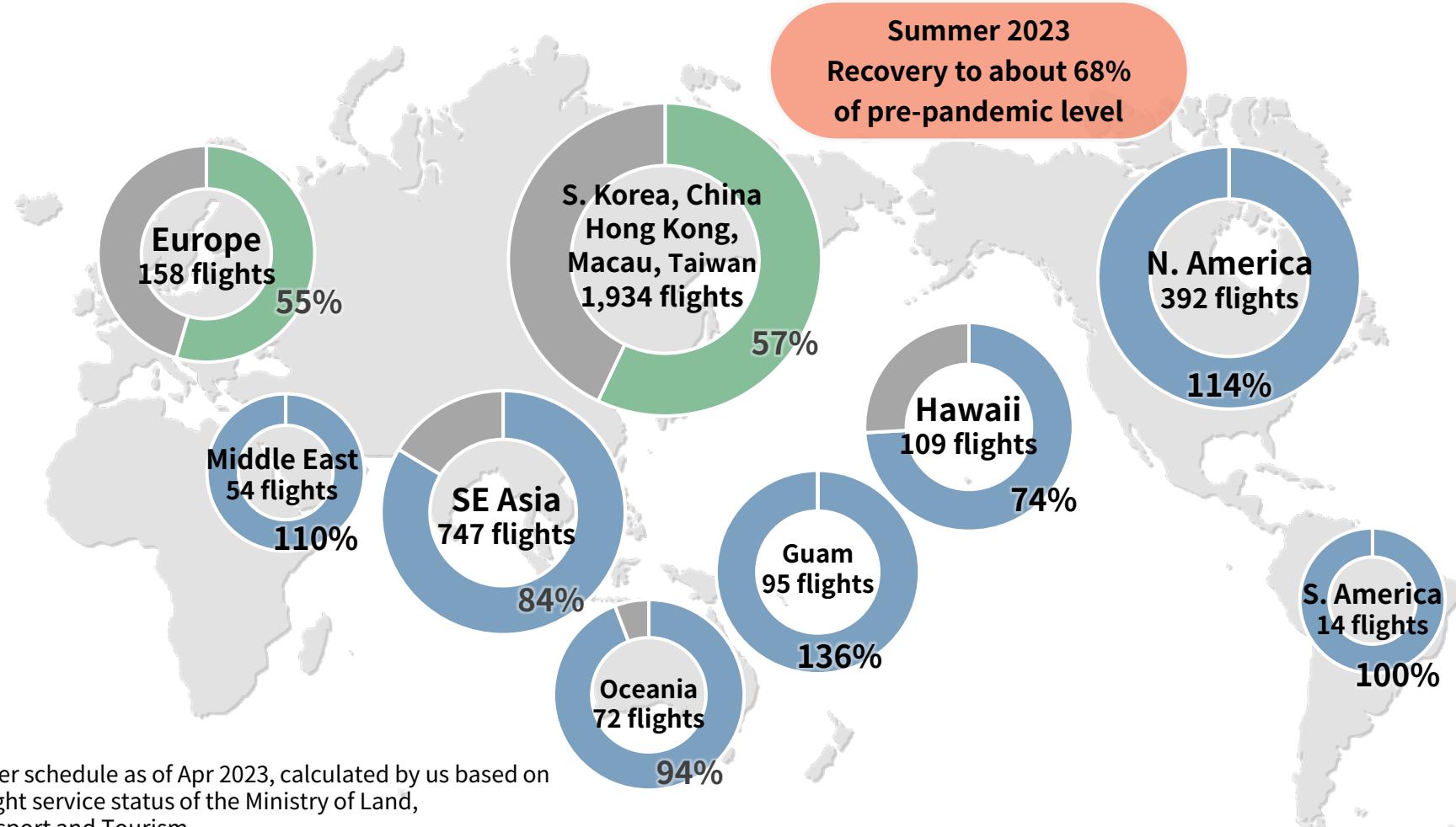


Source: JNTO

## Current status and recovery rate of international flights (to/from Japan)



As of April 2023, the winter operating schedule (March-October) totaled 3,574 weekly flights, recovering to 67.6% compared to 2019. In addition to the steady recovery in Hawaii and Asia, growth is expected in North America, Guam, the Middle East, and other areas where flights have increased since before the pandemic.



Based on the summer schedule as of Apr 2023, calculated by us based on the international flight service status of the Ministry of Land, Infrastructure, Transport and Tourism.

\*Recovery rate is based on the 2019 summer schedule.

\*Departures and arrivals are counted as one flight.

# FY2023 Japan Domestic Travel Market



In the domestic travel market, the number of Japanese overnight stays has exceeded the 2019 figure as of the end of 2022, and is expected to increase further, depending on changes in traveler mindset as a result of the expected move to category 5 infections. The revenue of the Company's domestic travel business has also exceeded the 2019 actual figures from 3Q 2022 onwards, and the stage is set for further growth to be achieved from 2023 onwards by increasing the number of products and promotions.

Environment

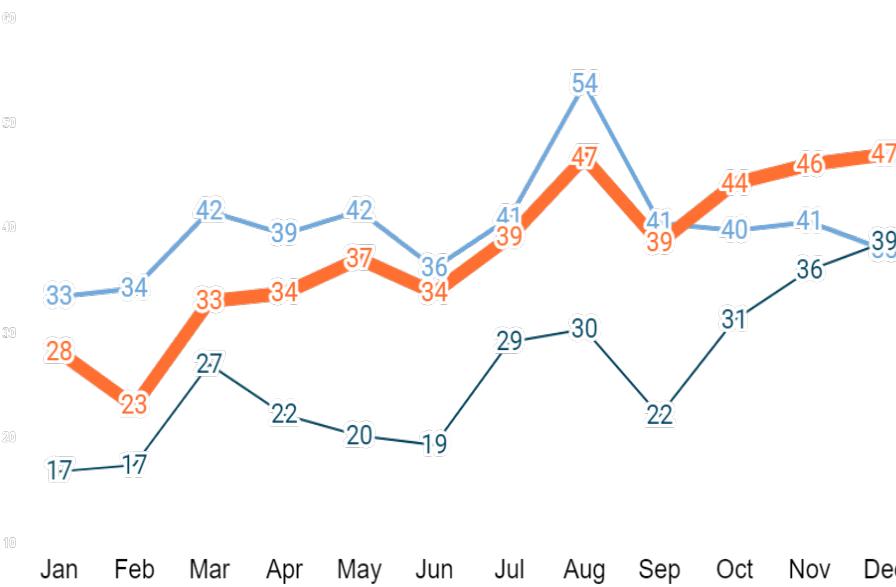
Total number of domestic overnight stays

— 2019

— 2021

— 2022

(Unit: Million)



Source: Japan Tourism Agency

Forecast

Domestic travel: Number of bookings

(Unit: No. of booking)

Aim for +110%  
YOY

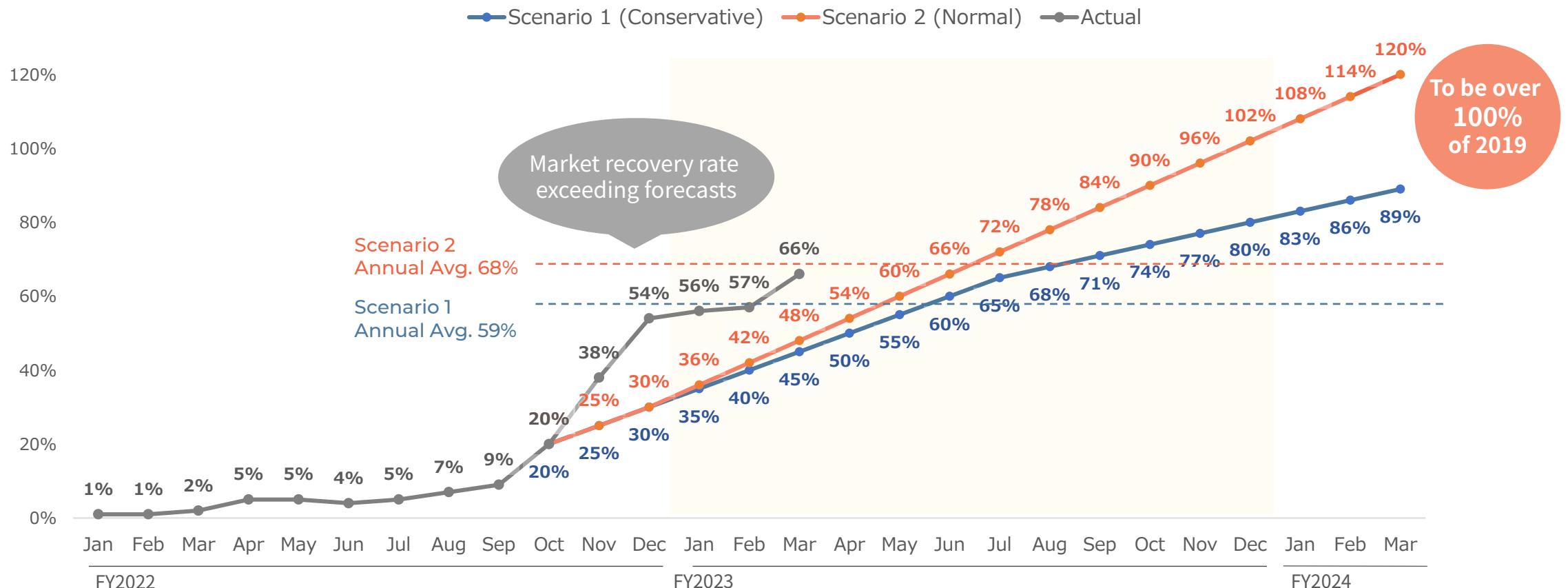


1Q results  
Exceeded plan by  
about 18%

# FY2023 Japan Inbound Market Recovery Forecast



Recovery of the inbound market is assumed to be faster than that of the Japanese overseas travel market, and the plan is based on **Scenario 1** (with an average annual recovery rate of approx. 60%) as the basic scenario. As a further increase in the number of travelers is expected depending on China's policies, **Scenario2** was also developed, with a recovery rate of more than 100% in 2024 compared to 2019.

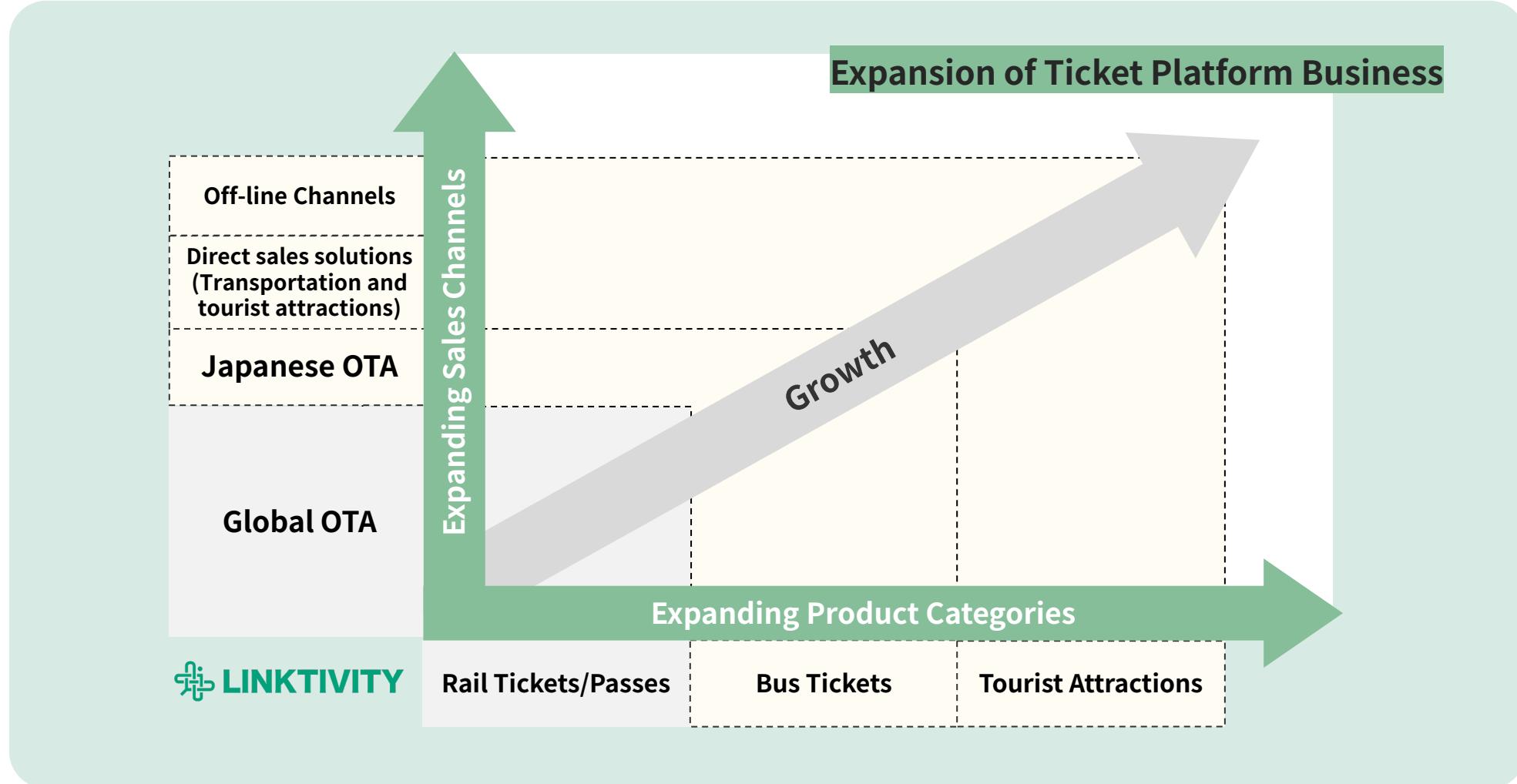


Source: JNTO

# LINKTIVITY Business Growth



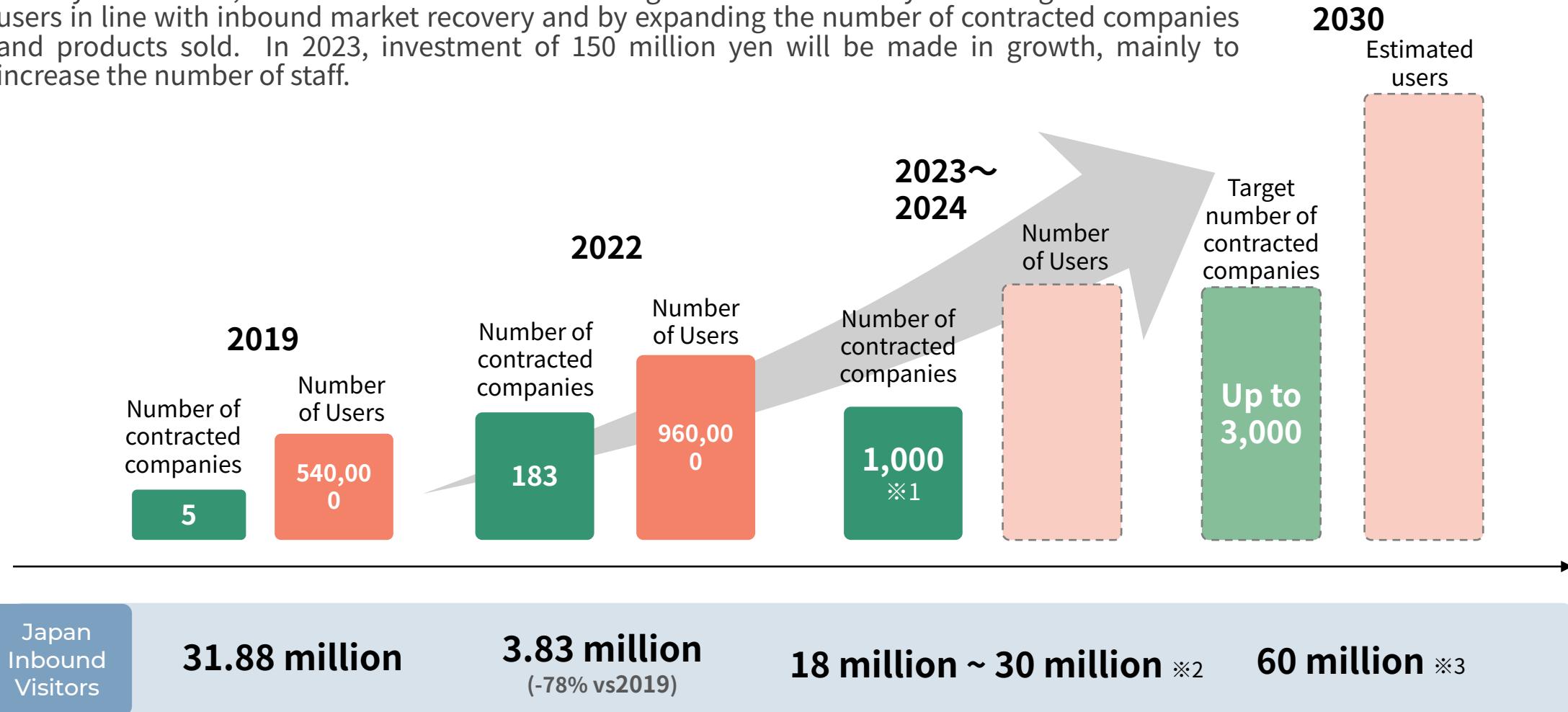
We will accelerate growth by further expanding product categories and sales channels and broadening TAM from its existing positioning as a rail ticket/pass platform for inbound travelers.



# LINKTIVITY Business Growth



Linktivity is already contracted with 183 companies, mainly major transport operators such as railways and buses, and tourist facilities. Accelerate growth in turnover by increasing the number of users in line with inbound market recovery and by expanding the number of contracted companies and products sold. In 2023, investment of 150 million yen will be made in growth, mainly to increase the number of staff.



\*1 Number of subscribing companies as of June 30, 2022 \*2 Our forecast \*3 Government target



# FY2023 Earnings Forecast

## FY2023 Performance forecast P/L summary



Company-wide operating revenue tripled by capturing the recovery in travel demand. Although the business reached a level at which an operating surplus was possible in the financial year, investment of 640 million yen was made in growth for further business expansion from 2024 onwards.

Although the actual results for the first quarter exceeded the plan, there are still some uncertainties regarding the future recovery of travel demand, so the company has decided not to revise its earnings forecast at this time.

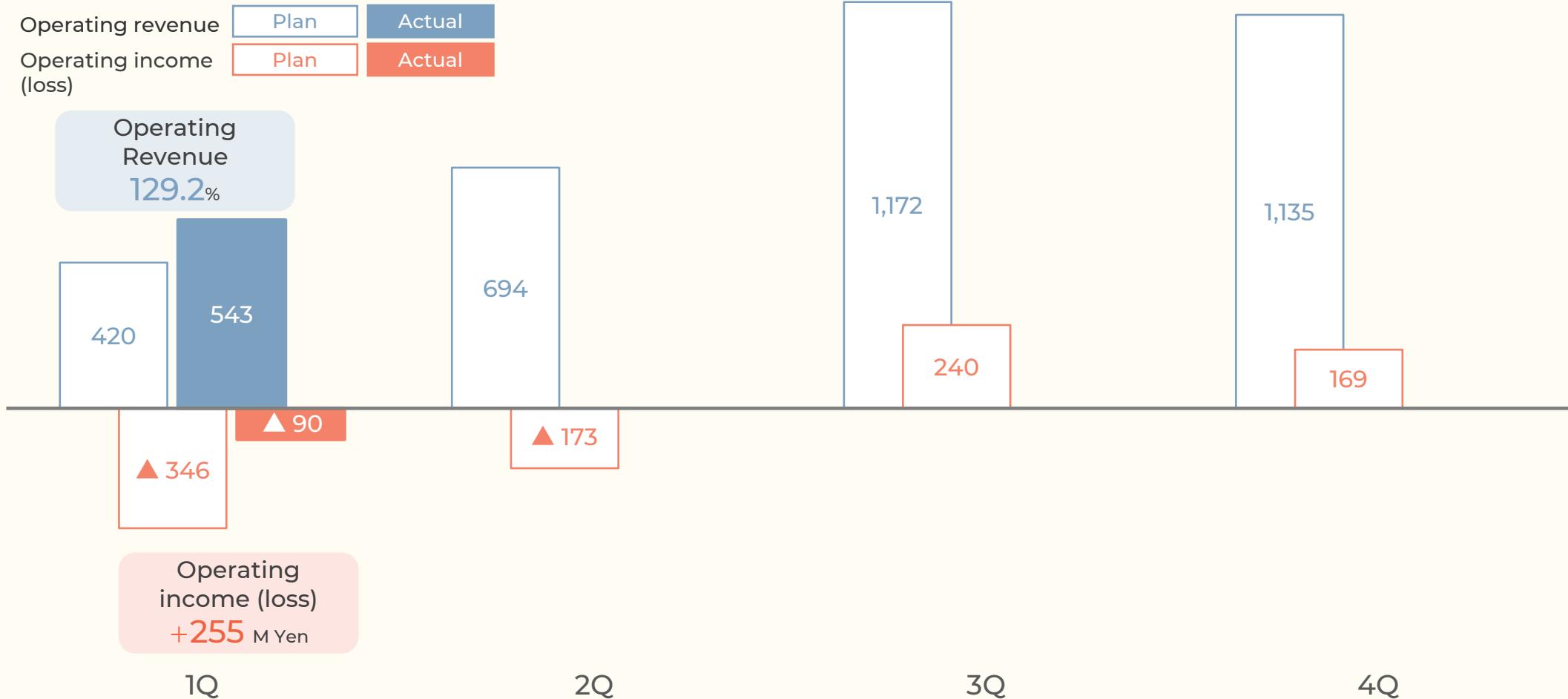
Unit: Million yen	FY2022	FY2023 (Forecast)	YoY
Operating Revenue	1,163	3,420	294.0%
Operating Expenses	1,958	3,524	180.0%
Operating Loss	▲794	▲103	—
Ordinary Loss	▲753	▲139	—
Net Income	▲794	▲189	—
Net income per share (Yen)	▲22.92	▲5.35	+17.57 yen

# FY2023 Performance forecast Quarterly Progress



Operating revenue was 125.7% of the original plan. Operating income was 246 million yen higher than originally planned, a good start toward early return to profitability. Partial unaccounted-for recruiting expenses are expected to be incurred from 2Q onward.

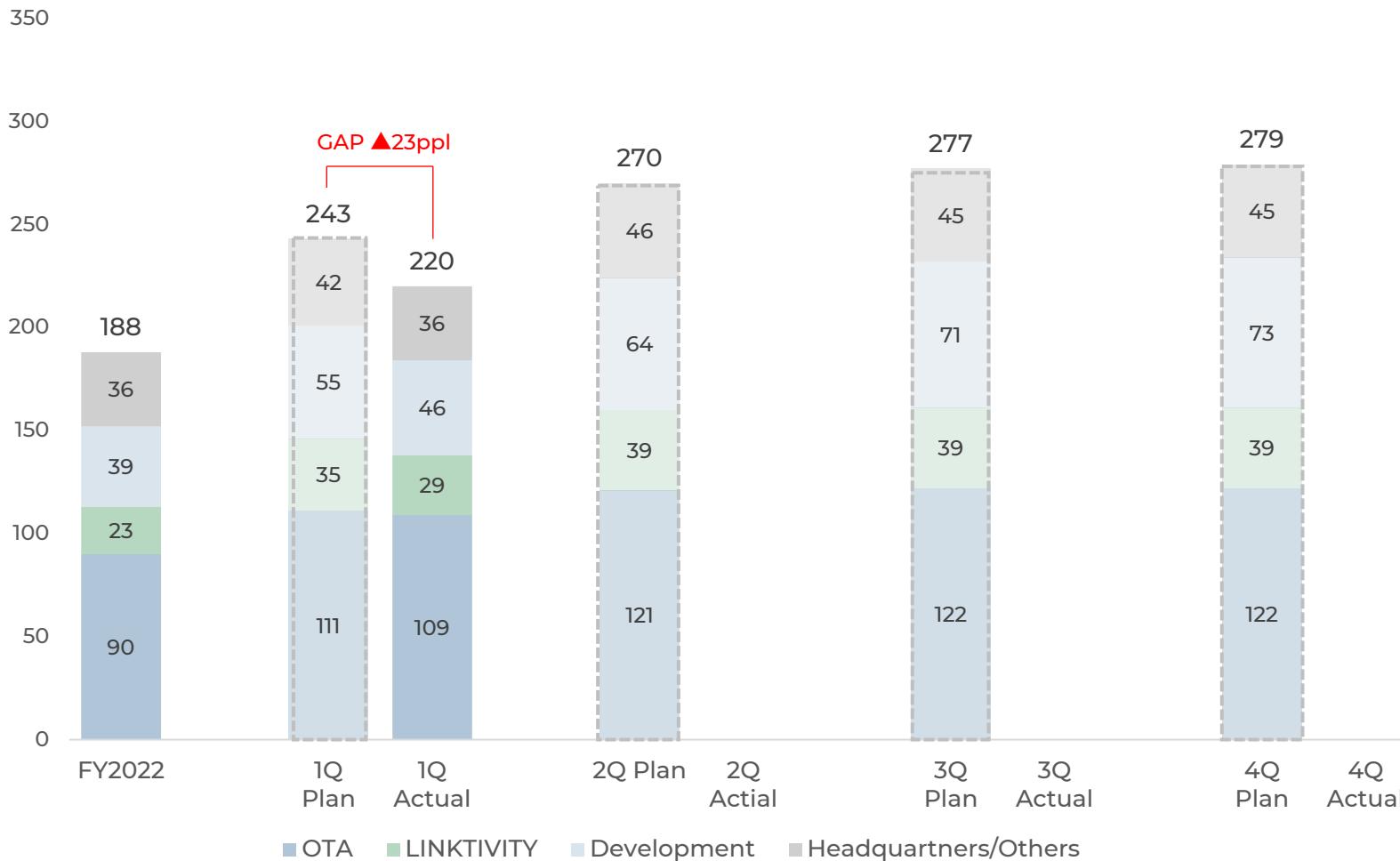
(Unit: Millions yen)



# Recruitment Plan Progress



Hiring in the overseas travel business is progressing steadily. Hiring for the system development division and Linktivity has been delayed, and active hiring will continue from 2Q.



## Recruitment results as of 1Q

32 employees hired in 1Q  
OTA business is progressing steadily.  
There were delays in hiring 9 in Development and 6 in Linktivity, resulting in an overall hiring backlog of 23.

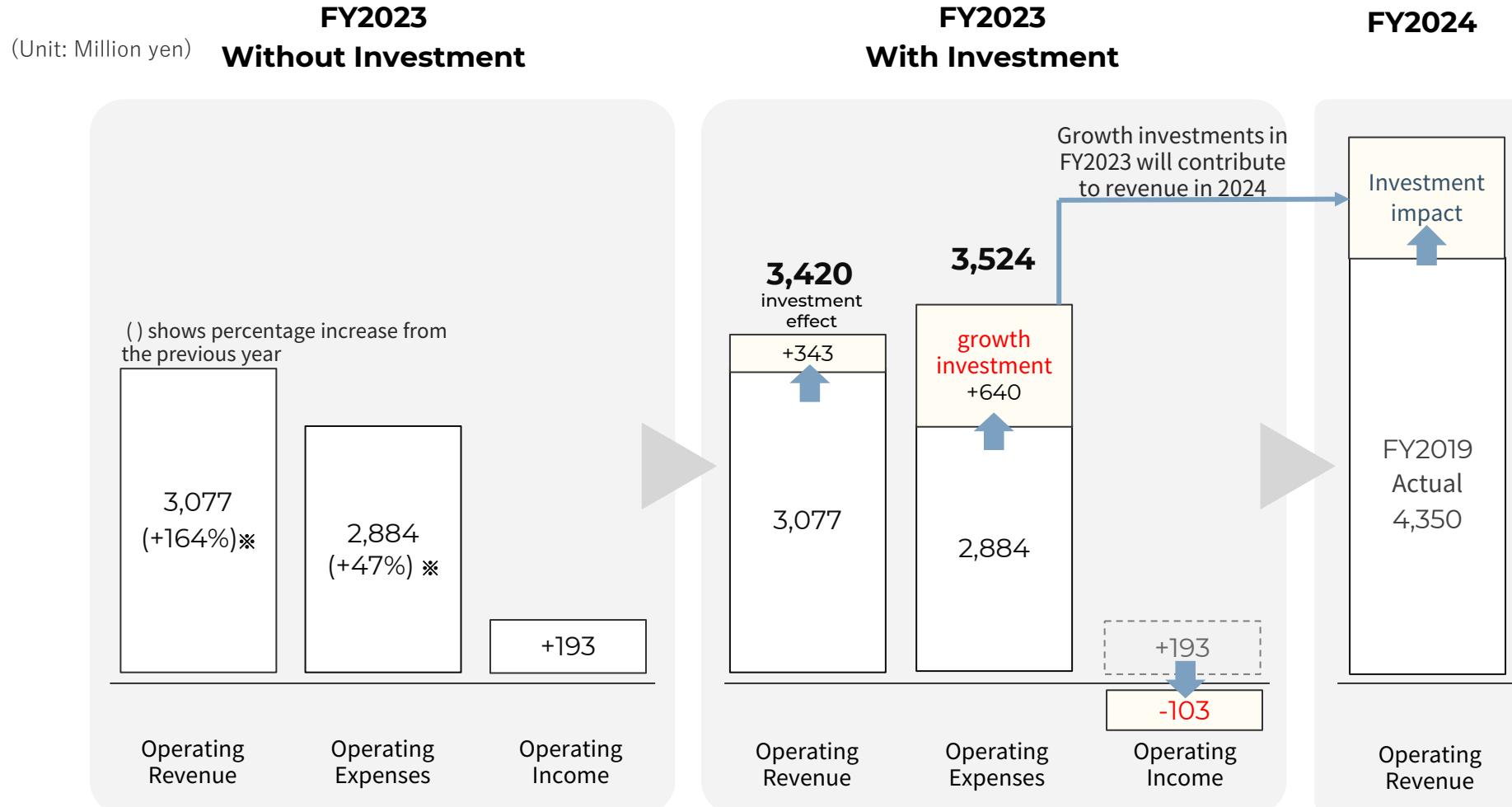
## Recruitment plan from 2Q onwards

Continue to promote recruitment activities in line with the plan.  
Unaccounted-for recruiting-related expenses of about 30 million yen in 1Q are expected to be incurred in 2Q and beyond.

# PL Impact of Growth Investments



Operating income is achievable due to recovery in demand for travel, but investment of JPY 640 million is being made for medium-term growth from 2024 onwards. Further demand recovery and investment effects are expected to result in operating revenues in 2024 that are significantly higher than the 2019 actual figures.





## Appendix

# Company Information



## VELTRA Corporation

Headquarters	1 Kanda Mitoshiro-cho, Chiyoda-ku, Tokyo 101-0053 Japan
Capital	JPY 1,823,600,000 (as of March 2023)
Founded	November, 1991
# of Employees	220 (Consolidated) 162 (Non- Consolidated)
Subsidiaries	[Malaysia] VELTRA Malaysia Sdn, Bhd. [USA (HA)] VELTRA Inc. [Japan] LINKTIVITY Inc.
Rep Office	Bangkok, Ho Chi Minh City



## Business Category



## Board of Directors

CEO, President	Wataru Futagi
COO, Director	Ryoko Mannen
Director	Tomoharu Kurakami
CFO, Director	Jumpei Minashima
Outside Director	Rod Cuthbert
Outside Director, Audit Committee Member	Tetsushi Ikeda Masato Mori Gaku Suzuki



<b>1991</b>	Founding of ALAN Corporation (to become VELTRA Corporation)
<b>2004</b>	Launch of Tours & Activity Booking Platform “Alan1.net” Acquisition of HawaiiActivities.com (VELTRA Inc / Formerly White Publishing, Inc.)
<b>2012</b>	Changed brand and company name to VELTRA from Alan1.net Launch of English website for Japan inbound market Establishment of VELTRA Malaysia Sdn.Bhd. in Kuala Lumpur, Malaysia
<b>2016</b>	Acquisition of CityDiscovery.com (City Discovery SAS)
<b>2017</b>	Launch of Korean website (Association with 12cm) Establishment of LINKTIVITY PTE.LTD in Singapore
<b>2018</b>	Listed on the Tokyo Stock Exchange market (7048.T)
<b>2019</b>	Establishment of VELTRA KOREA Inc. in Seoul, Korea
<b>2020</b>	Establishment of LINKTIVITY Inc. in Japan. Transferred the platform business from Singapore
<b>2021</b>	Capital and business alliance with OpenDoor Inc.
<b>2022</b>	Moved to the TSE Growth Market following restructuring of Tokyo Stock Exchange

## About VELTRA



VELTRA provides seamless solutions to encounter "genuine experiences" through the power of technology, ranging from domestic to international, online to offline, beyond the boundaries of existing travel agencies.

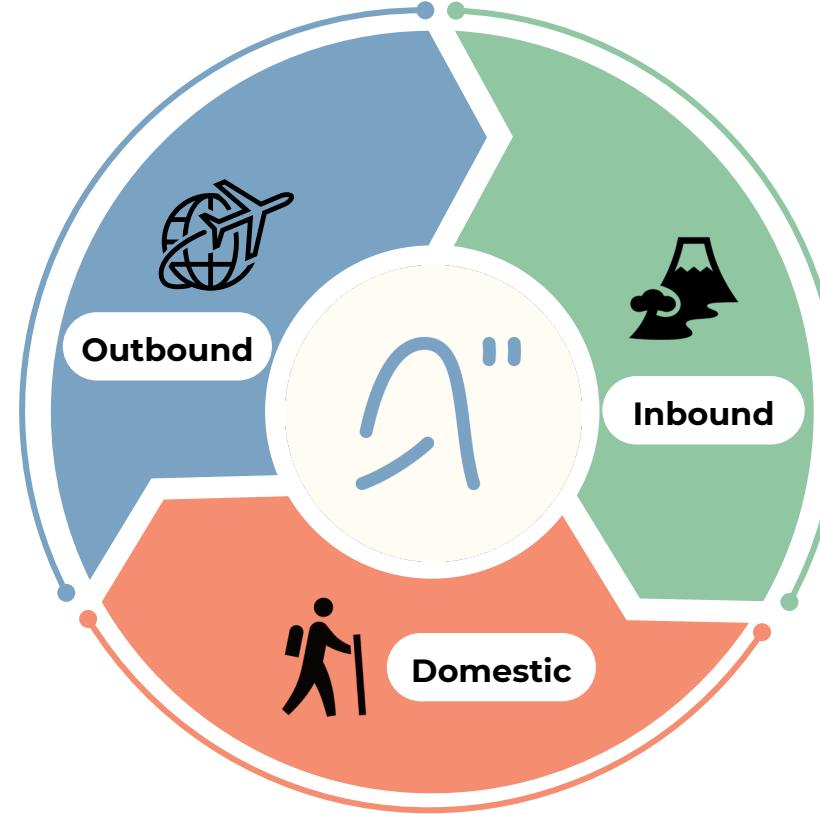


VelTRA®

HAWAII ACTIVITIES  
A VELTRA® Company

ベルトラ  
オンライン・アカデミー  
VELTRA  
ONLINE ACADEMY

VelTRA® STORE



Tourism IT  
Solutions

LINKTIVITY

VELTRA  
Zenes

YOKKA

**VELTRA aspire to become a 'Total Solution Provider for Tourism Experiences'.**

## Core Business



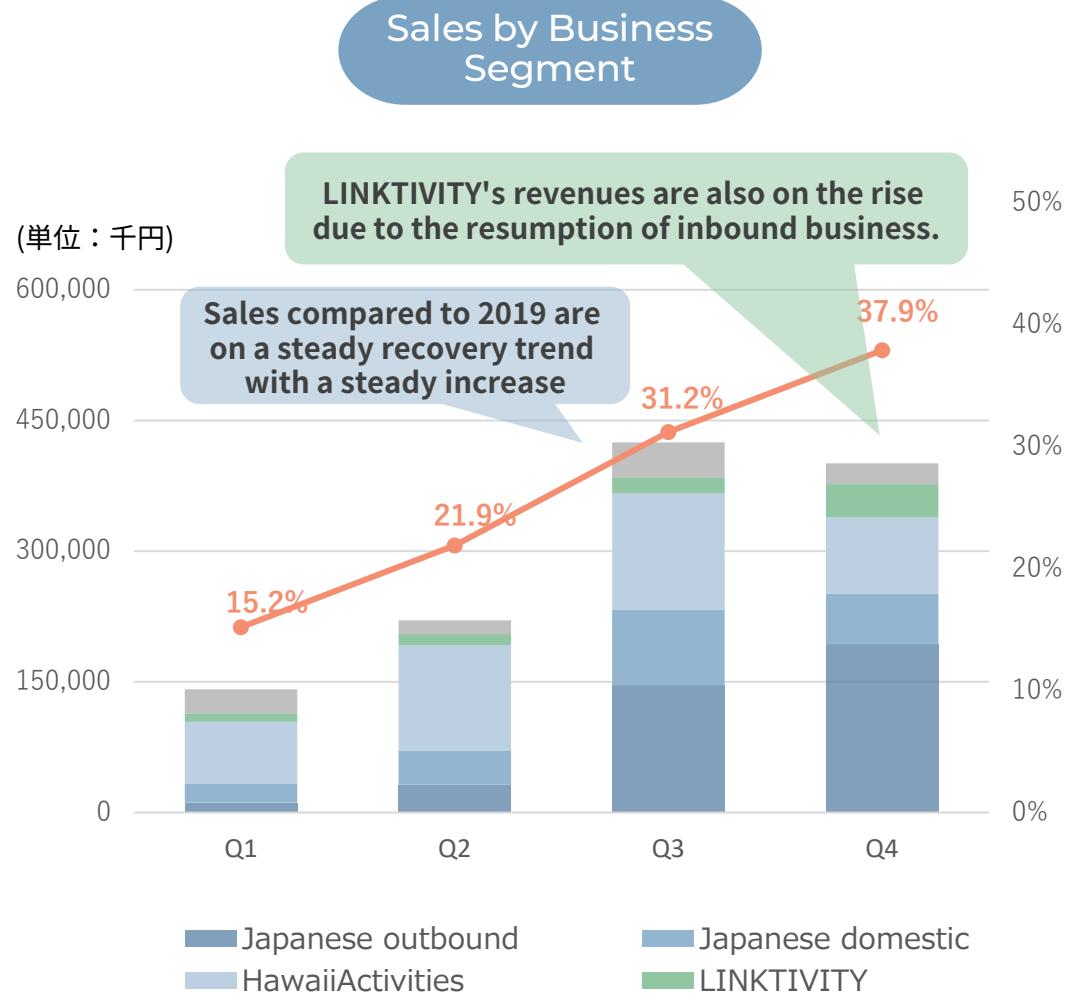
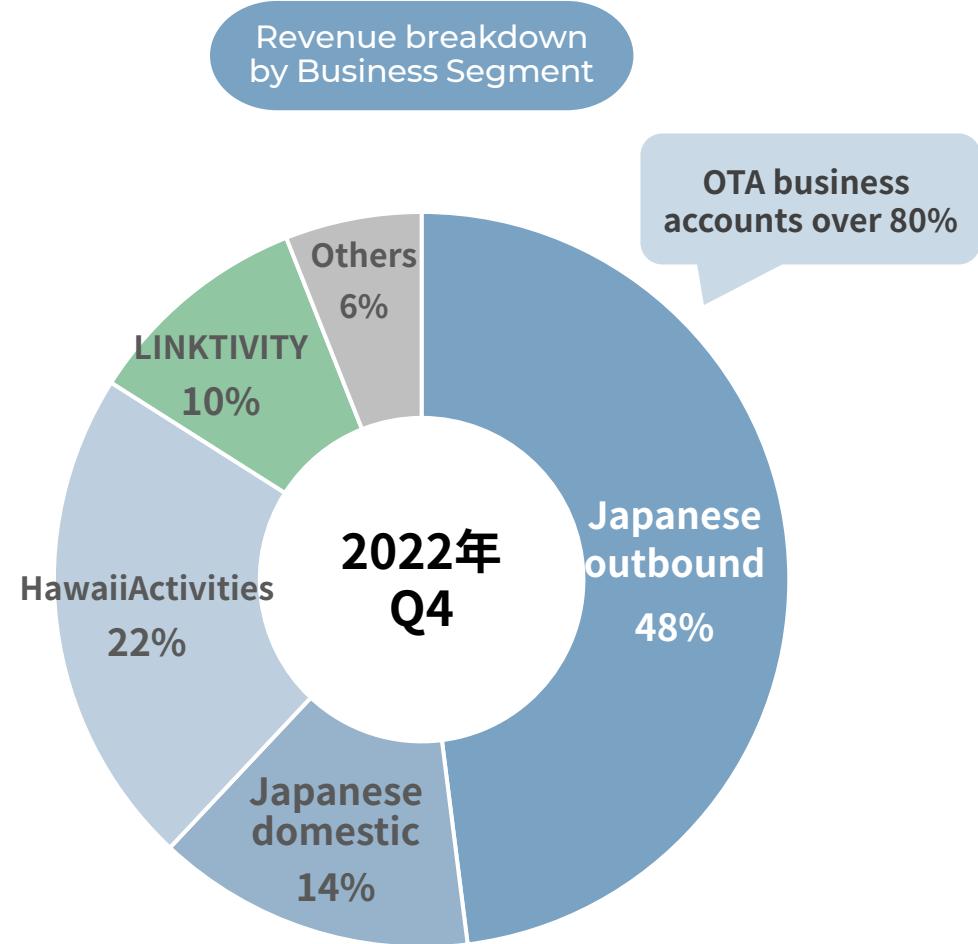
VELTRA and Hawaii Activities specialize in experience-focused activity reservations for Japanese and U.S. travelers respectively. Our tourism IT solution is also expanding transport and facility ticketing platforms.

OTA		HAWAII ACTIVITIES		Tourism IT Solutions	
2.3 million		Members	8,5000	Number of Users	960,000
14,500 150 Countries		Activities Countries	650 All Hawaiian Islands	Number of distributors	183
7,000		Partners	440	Number of partners	237
370,000+		Customer Reviews	1,4000	Number of countries served	Sold worldwide, mainly in Asia
Japanese Outbound & Inbound		Target Market	US residents travelling to Hawaii	Target Market	Japan Inbound

# Revenue and Breakdown by Business (2022)



In the OTA business, which accounts for more than 80% of revenues, further recovery of demand in the Japanese travel market is expected. There is significant room for growth in the tourism IT business (LINKTIVITY), which targets the inbound tourism market to Japan.

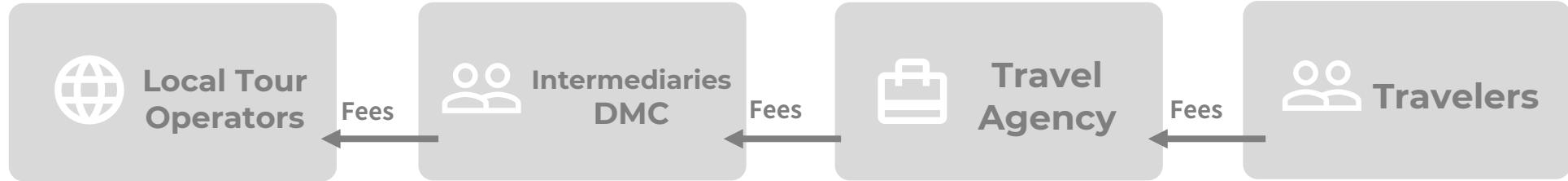


# OTA Business: Transforming the supply chain for experience booking



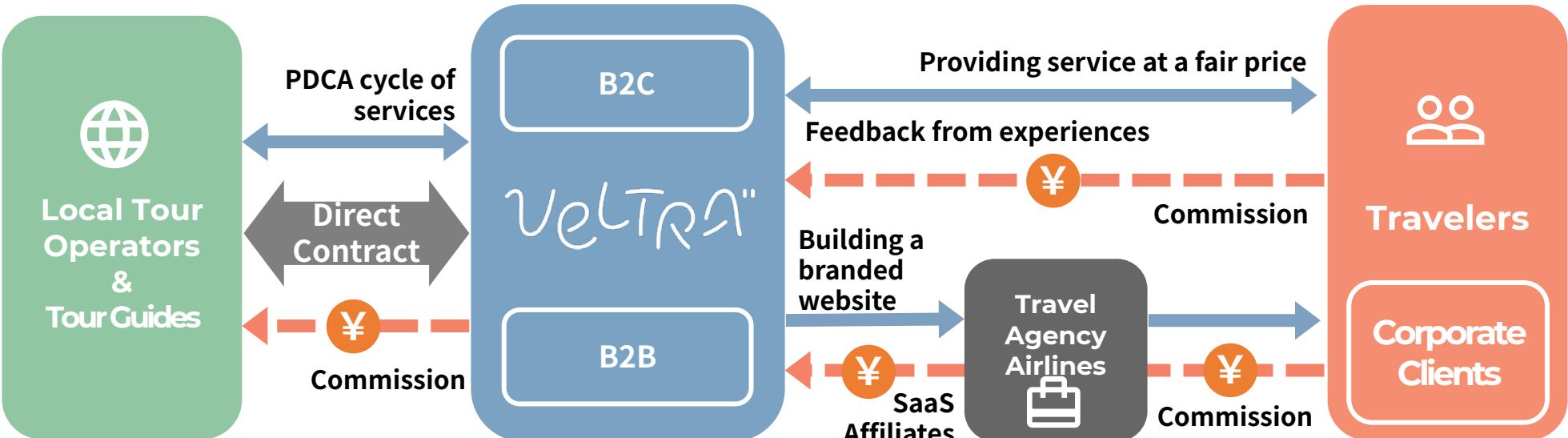
Before

The product options were limited and prices were higher due to intermediaries like wholesalers or DMCs. Even for independent travelers, searching, booking, and paying for overseas experiences was complicated.



VELTRA booking platform

VELTRA improves overseas travel for individual travelers and local experience providers by contracting directly with local tour operators and pursuing service improvements through digital transformation and operational efficiency.





## A Pioneer in Japan's Experience-focused OTA

In addition to our large membership base, a wide range of experience products tailored specifically for Japanese customers and our high quality of services are superior to those of our competitors.



Worldwide network of more than **7,000 companies in 150 countries**



**2.3+ Million** Members



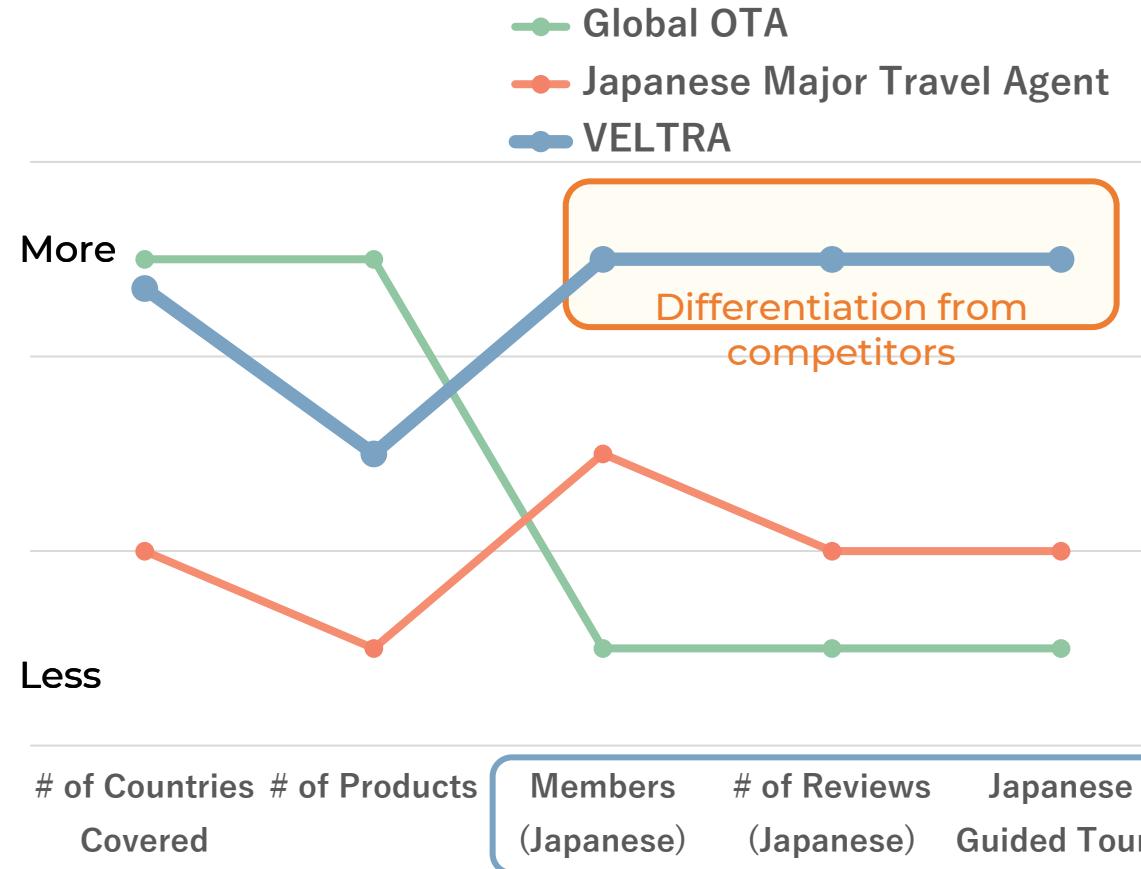
**13,000+** Tours & Activities



**37,000+** Customer Reviews



**3,000+** Japanese Guided tours





## Strong presence in the online market

VELTRA has established an outstanding presence in the online market for tours & activities through its comprehensive marketing capabilities from acquisition to retention and its broad network of travel agencies.



**3M USER/month\***  
Organic traffic  
\*2017-2019 Average



**200,000+/month**  
Owned media traffic



**2,000+**  
B2B Network  
in Japan



**100+**  
API Integration

## Service chosen by customers

Specializing in tours & activities for years, a high level of satisfaction from both customers and suppliers through our service and product management system differentiate VELTRA from our competitors.



**50%** of  
bookings are  
returning  
customers  
\*2019 results



**NPS(+27%)**  
Customer Royalty  
\*Net Promotor Score



Localized  
UI/UX



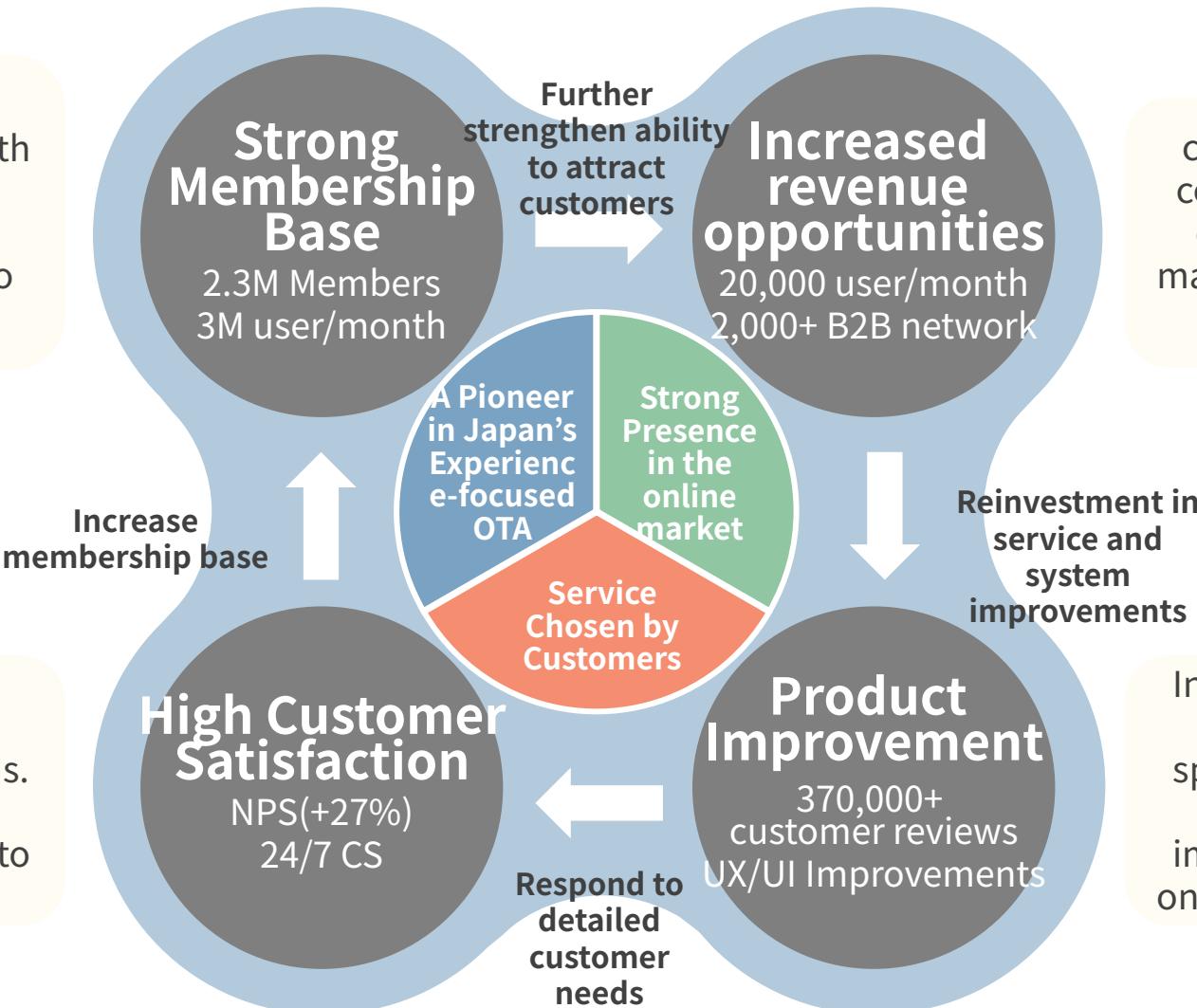
**24/7**  
Customer  
Support

# OTA Business: A Cycle of Enhancing Managerial Assets



By reinvesting to make the most of our resources, we aim to create new value and further expand market share and maximize corporate value.

In addition to a strong membership base, opportunities for contact with members will increase through new services and owned media. The ability to attract customers will be further strengthened.



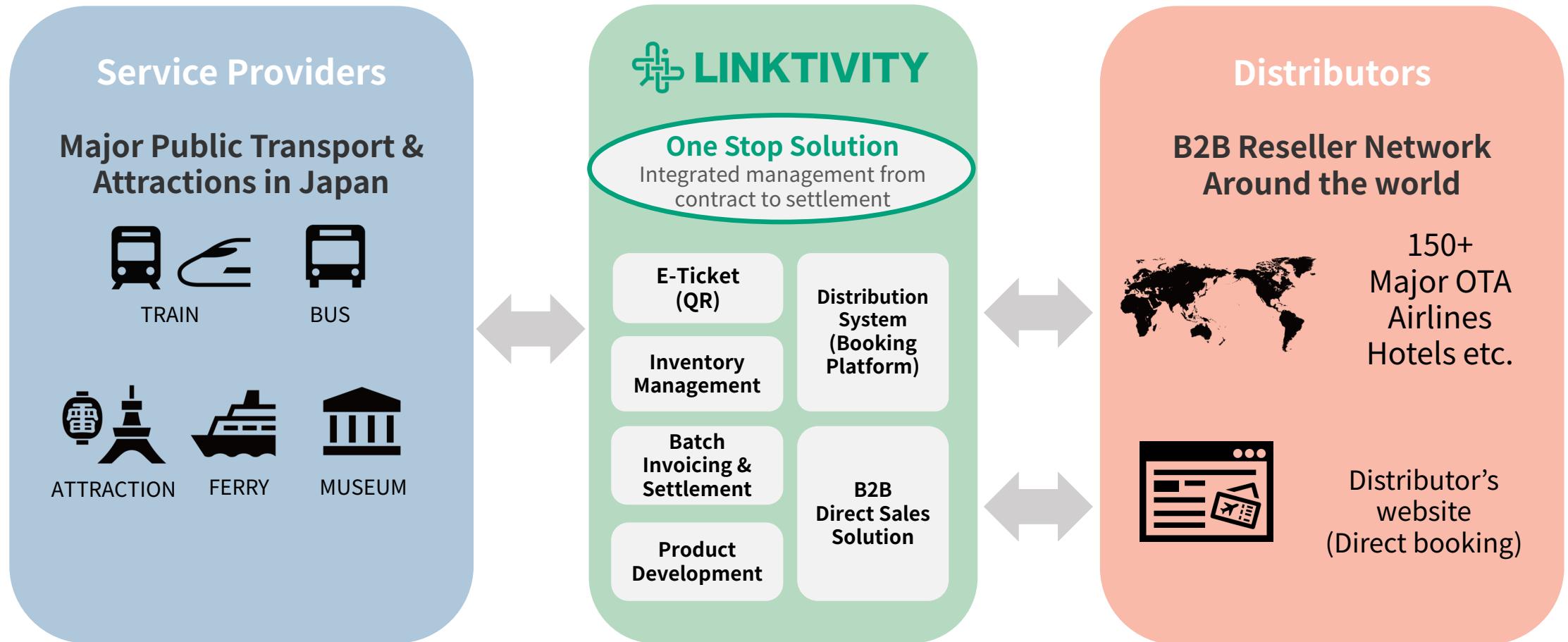
Customer satisfaction is further enhanced by responding to detailed needs. Repeat customers and the membership base continue to grow.

High customer attraction capacity lowers acquisition costs and increases revenue opportunities. High profit margins allow reinvestment in service and system improvements.

In addition to enhancing the product lineup and UI specifically for the Japanese market, a product improvement process based on testimonials and sales data



LINKTIVITY is a platform that connects Japanese transportation and attractions with travel companies around the world. It provides a one-stop system solution to link service providers and distributors.



# Tourism IT Solution Business: Strength of Linktivity



LINKTIVITY is the only platform with system integration with all major Japanese public transportation companies. It is expected to be a major differentiator in future expansion as a ticketing platform for tourist attractions.



## Initiatives to Promote Human Resources and Women's Advancement



We have worked to create a work environment where diverse human resources can work with a sense of fulfillment and satisfaction, especially in our support for the success of women leaders.



### Employee ratio

Female 63%

Male 37%

\*33% are working mothers



### Female managers Ratio

Female 45%

Male 55%

\*The average number of female managers in Japan is 8.9%  
(according to Teikoku Databank)



### Return to work after maternity leave

99%



Avg. Age : 36.7 yo

- 2018 Partial introduction of telework scheme "Work from Home"
- 2020 Achieved smooth and complete transition to telework by 2020
- 2021 Introduce a unique work location scheme “\*Work from Anywhere”

\*“Work from Anywhere” allows employees to work from anywhere in the world, choosing the most suitable location for their work according to their individual circumstances, aiming to improve work-life balance and work styles with high productivity.

# Implementation of the HR policy to improve employee engagement



Introducing a variety of HR measures that respond to diversifying work styles, improving employee engagement and performance, and securing human resources and strengthening competitiveness in preparation for the resurgence of the tourism market.

Engagement improvement measures	Overview
Salary increases	Decided to raise employees' base salaries (base increase) in response to recent price hikes and for the purpose of <b>strengthening the company's competitiveness and sustainable growth</b> .
Resumption of evaluation incentive payments	Based on the "Pay for Performance" policy, the company aims to enhance the competitiveness of the company as a whole by providing incentives to employees who produce results, thereby <b>increasing their motivation and productivity</b> .
Introducing "Work from Anywhere"	Strengthening cooperation with local tour operators in Japan and overseas and improving work productivity, as well as offering discounts on activities through the VELTRA welfare program, will <b>lead to an enhanced work-life balance</b> .
Workplace where female employees can play an active role	Starting this fiscal year, support for male employees to take childcare leave and nursing care leave will also be strengthened.
Utilizing referral system	Actively recruiting through referrals from former employees or friends and acquaintances of employees
Future Outlook	In June 2023, we will move our head office functions to WeWork, which provides flexible office space, to promote a diverse work style that is not restricted by location, and to further improve operational efficiency and productivity. From the perspective of DE&I, we will actively consider the introduction of training and personnel systems to create a work environment in which all employees are respected and a diverse workforce can play an active role, regardless of differences in sexual orientation, gender identity, nationality, and disabilities.

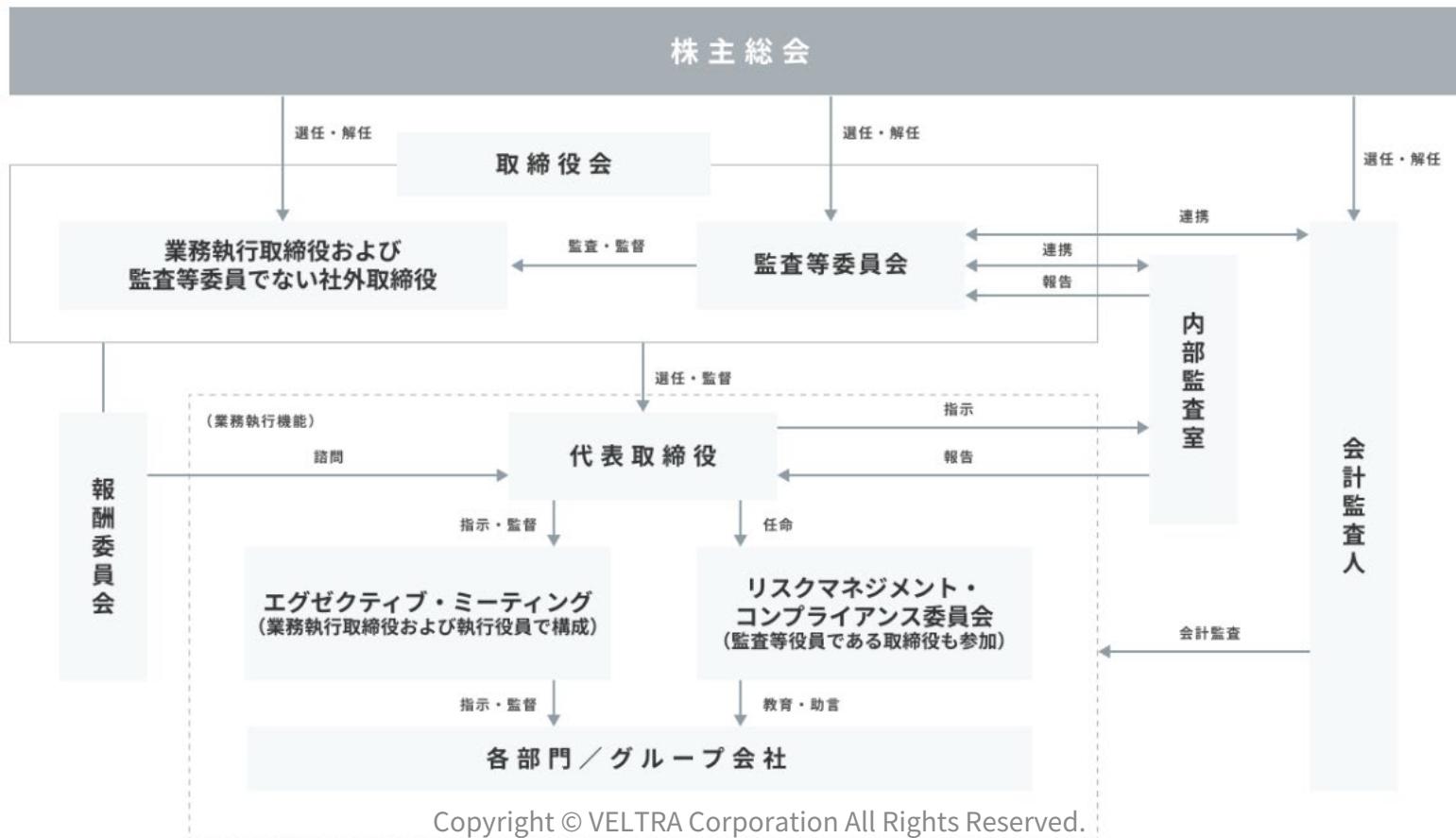
# Initiatives to Improve Corporate Governance



## Transition to a Company with Audit Committee

### Objectives:

- To further enhance corporate governance by strengthening the supervisory function of the Board of Directors and further strengthening the supervisory system by making Audit Committee members, who are responsible for auditing the execution of duties by directors, voting members of the Board of Directors.
- To further enhance corporate value by enabling the Board of Directors to broadly delegate decision-making authority for business execution to directors, thereby accelerating management decision-making.





Forward looking statements made in this document include information regarding forecast of financial results and business plans. The information in this report is based on information that is available, as well as estimates, assumptions and projections that are believed to be reasonable at the time of publication and include risks or uncertainties. They are not meant to be binding commitments by the Company. There may be cases in which actual results differ from forecast values. Even though new situations occur in the future or conditions fluctuate, VELTRA does not intend to change or revise the descriptions found in this document.

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