

VELTRA™

VELTRA changes TRAVEL

FY2022 Financial Results



VELTRA CORPORATION:TSE7048



FY2022 Results Overview

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# FY2022 Results Overview

# Executive Summary



## Results

The OTA business environment improved significantly due to the gradual recovery in travel demand. Group-wide operating revenues were approximately 2.4 times higher than in the previous year.

Revenue	2022 Cumulative	YoY	
	<b>1,163M yen</b>	<b>+136.0%</b>	<b>(+670M yen)</b>
Profit	2022 Cumulative	YoY	
	<b>▲794M yen</b>	<b>- %</b>	<b>(+303M yen)</b>

## Business Environment

Japan opened its borders to individual tourists from 11 October, resulting in a significant increase in the number of total inbound visitors.

Inbound Travelers	FY2022 Jan-Dec	YoY	Outbound Travelers	FY2022 Jan-Dec	YoY
	<b>383M ppl</b>	<b>+1,458%</b>		<b>277M ppl</b>	<b>+441%</b>

## Profit and Loss Summary



Operating revenue increased significantly due to recovering travel demand. Despite higher variable costs due to increased revenues, the level of operating losses decreased significantly as a result of ongoing control of fixed costs.

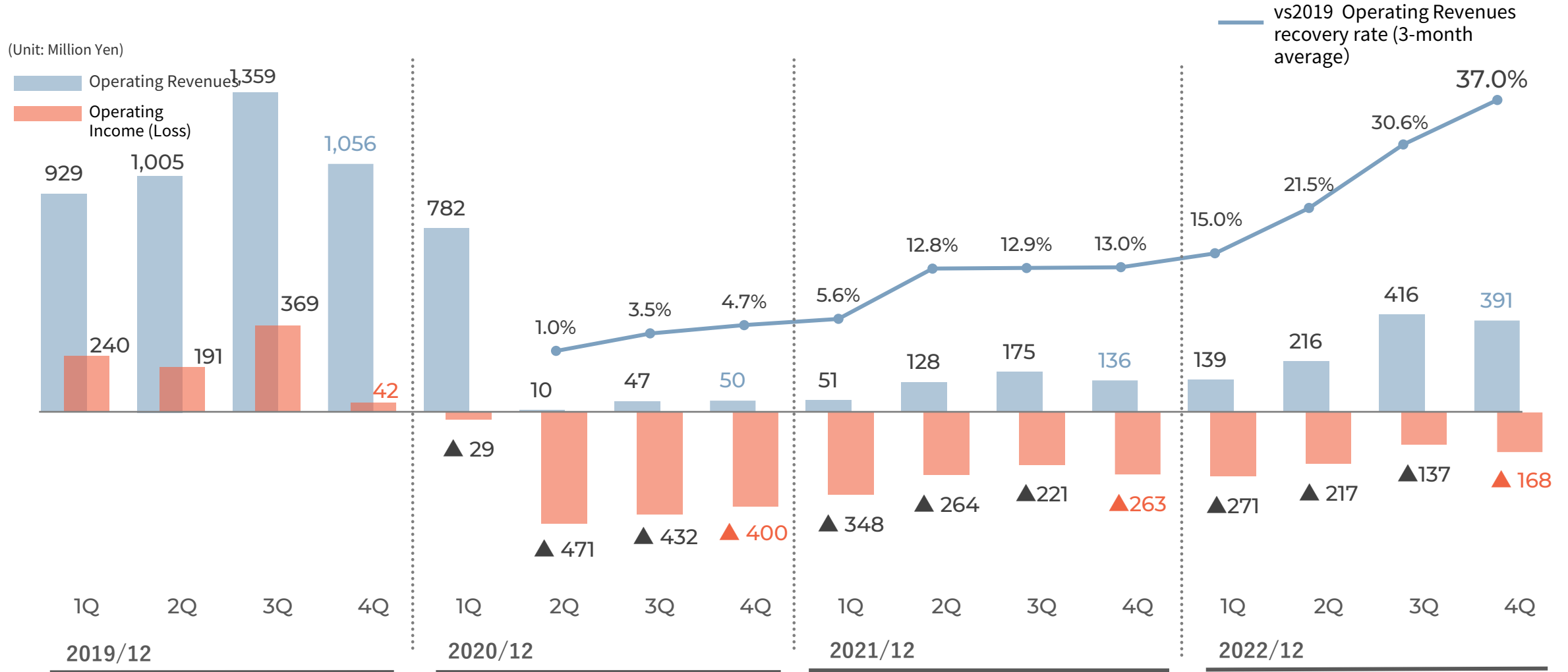
Unit: Million Yen	FY2021	FY2022	YoY
Operating Revenue	492	<b>1,163</b>	236.2%
Operating Expenses	1,590	<b>1,958</b>	123.1%
Operating Loss	▲1,098	▲ <b>794</b>	—
Non-operating Income	58	<b>56</b>	96.2%
Non-operating Expenses	64	<b>15</b>	24.3%
Ordinary Loss	▲1,104	▲ <b>753</b>	—
Extraordinary Revenue	—	<b>14</b>	—
Extraordinary Expenses	16	—	—
Taxes	36	<b>61</b>	167.6%
Net Income	▲1,157	▲ <b>794</b>	—
Net income per share (Yen)	▲35.12	▲ <b>22.92</b>	+12.20

\*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)



Revenues in Q4 recovered to +255 million yen YoY compared to the same period in 2019, which is 37% of pre-COVID-19 revenue levels. Operating profit also improved by +95 million yen YoY.

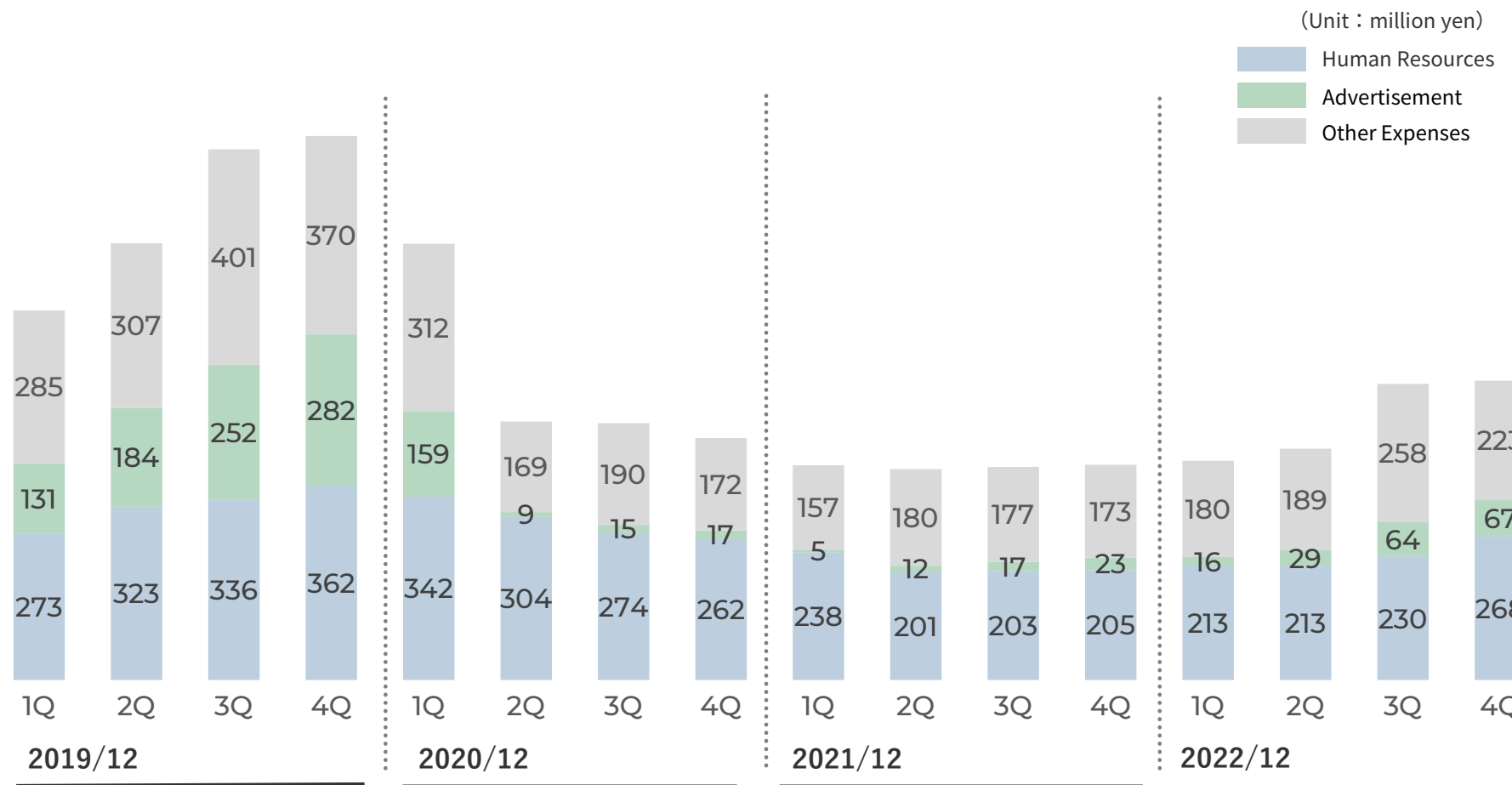


\*Since the application of the new revenue recognition standard will not have a material impact on operating revenues, detailed explanations using figures from the previous standard are not provided for comparison with past results.

# Costs



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



### 4Q2022 Cost increase factors

#### Personnel costs

- Increase of 18 staff in 4Q2022 (see next page for details)

#### Advertising costs

- Continued from 3Q, expansion of advertising investment in response to the recovery of the overseas travel market.
- Increase in point costs due to increase in transaction volume

#### Other expenses

- Recruitment-related expenses 10M

### (Reference) 3Q2022 Cost increase factors

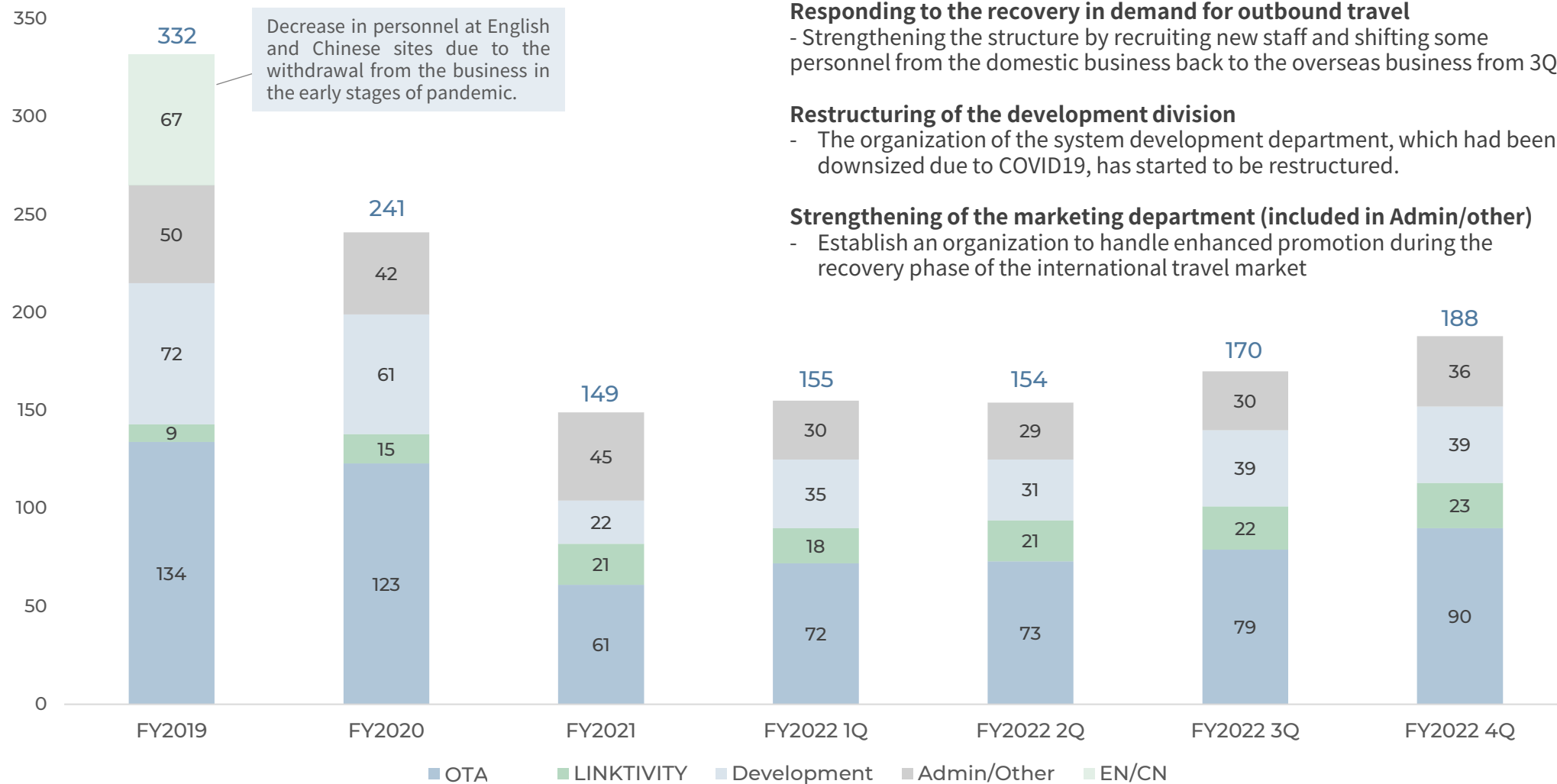
#### Other costs

- Recruitment-related costs 14M
- Cost of system development contract sales 14M
- Increase in credit card fees 7M
- Audit firm additional fees 19M

# Headcount



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



### 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 from 3Q.

### 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 of the marketing department (included in Admin/other)

- Establish an organization to handle enhanced promotion during the recovery phase of the international travel market

## Balance Sheet Summary



Current liabilities increased due to an increase in payables and advances received as a result of improved earnings and a short-term loan of 500 million yen from a financial institution. Although the equity ratio fell by 28 pt as a result, it contributed positively to cash flow and the financial situation improved significantly.

Unit: Million Yen	FY2021	FY2022	Change	Details
Current Assets	1,414	3,678	+2,264	
Cash and Deposits	1,197	2,799	+1,601	
Fixed Assets	455	372	▲82	Software decreased by 140M yen.
<b>Assets Total</b>	<b>1,870</b>	<b>4,051</b>	<b>+2,181</b>	
Current Liabilities	691	2,670	+1,979	1,001M yen increase in operating accounts payable and 385M yen increase in advances received
Favorable Sub Liabilities	25	500	▲475	Short-term borrowings increased by 500M yen
Fixed Liabilities	3	0	▲3	Allowance for retirement benefits decreased by 3M yen
<b>Liabilities Total</b>	<b>694</b>	<b>2,670</b>	<b>+1,976</b>	
<b>Total Net Assets</b>	<b>1,175</b>	<b>1,381</b>	<b>+205</b>	Capital and capital surplus each increased by 484M yen due to the issue of new shares, and retained earnings decreased by 792M yen.
<b>Capital to Asset Ratio</b>	<b>61.4%</b>	<b>33.4%</b>	<b>▲28.0pt</b>	

## Cashflow Summary



Operating CF increased by 140 M yen due to increased advances received as a result of an increased booking volumes in the OTA business, and an improvement of operating losses. Cash and cash equivalents at the end of the year increased by 1.6 billion yen YoY, due to an increase in financial CF of 1.4 billion yen as a result of the exercise of subscription rights and short-term borrowing.

Unit: Million Yen	FY2021	FY2022	Change	Details
Cash flows from operating activities	▲677	146	+824	Increasing factors such as an increase in trade payables of 982 M yen and an increase in trade receivables of 663 M yen, and decreasing factors such as a decrease in point provisions of 146 M yen and loss before income taxes and minority interests of 743 M yen.
Cash flows from Investing activities	▲43	▲58	▲15	50 M yen increase in payments from silent partnerships and 106 million decrease in payments for the acquisition of fixed assets.
Cash flows from financing activities	970	1,439	+469	Increase in short-term borrowings of 500 M yen and proceeds from the issue of shares of 966 M yen.
Effect of exchange rate changes	31	74		
Cash and cash equivalents at end of period	<b>1,197</b>	<b>2,799</b>	<b>+1,601</b>	

## Cashflow Summary (Quarterly Changes)



Cash flow deteriorated significantly from FY2020 onwards due to the impact of the COVID-19 outbreak, but improved significantly in the current period.

Unit: Million Yen	FY2019 Q2 (Jan-Jun)	FY2019 Q4 (Jul-Dec)	FY2020 Q2 (Jan-Jun)	FY2020 Q4 (Jul-Dec)	FY2021 Q2 (Jan-Jun)	FY2021 Q4 (Jul-Dec)	FY2022 Q2 (Jan-Jun)	FY2022 Q4 (Jul-Dec)
Cash flows from Operating activities	962	319	▲2,563	▲681	▲199	▲477	▲42	188
Cash flows from Investing activities	▲206	▲285	▲124	▲88	▲15	▲27	6	▲65
Cash flows from Financing activities	66	▲52	▲65	482	798	171	674	764
Effect of exchange rate changes	▲15	17	▲17	▲1	21	9	106	▲31
Cash and cash equivalents at end of period	<b>807</b>	<b>0</b>	<b>▲2,771</b>	<b>▲289</b>	<b>603</b>	<b>▲324</b>	<b>745</b>	<b>856</b>
Increase (decrease) in cash and cash equivalents	<b>3,978</b>	<b>3,978</b>	<b>1,206</b>	<b>917</b>	<b>1,521</b>	<b>1,197</b>	<b>1,942</b>	<b>2,799</b>

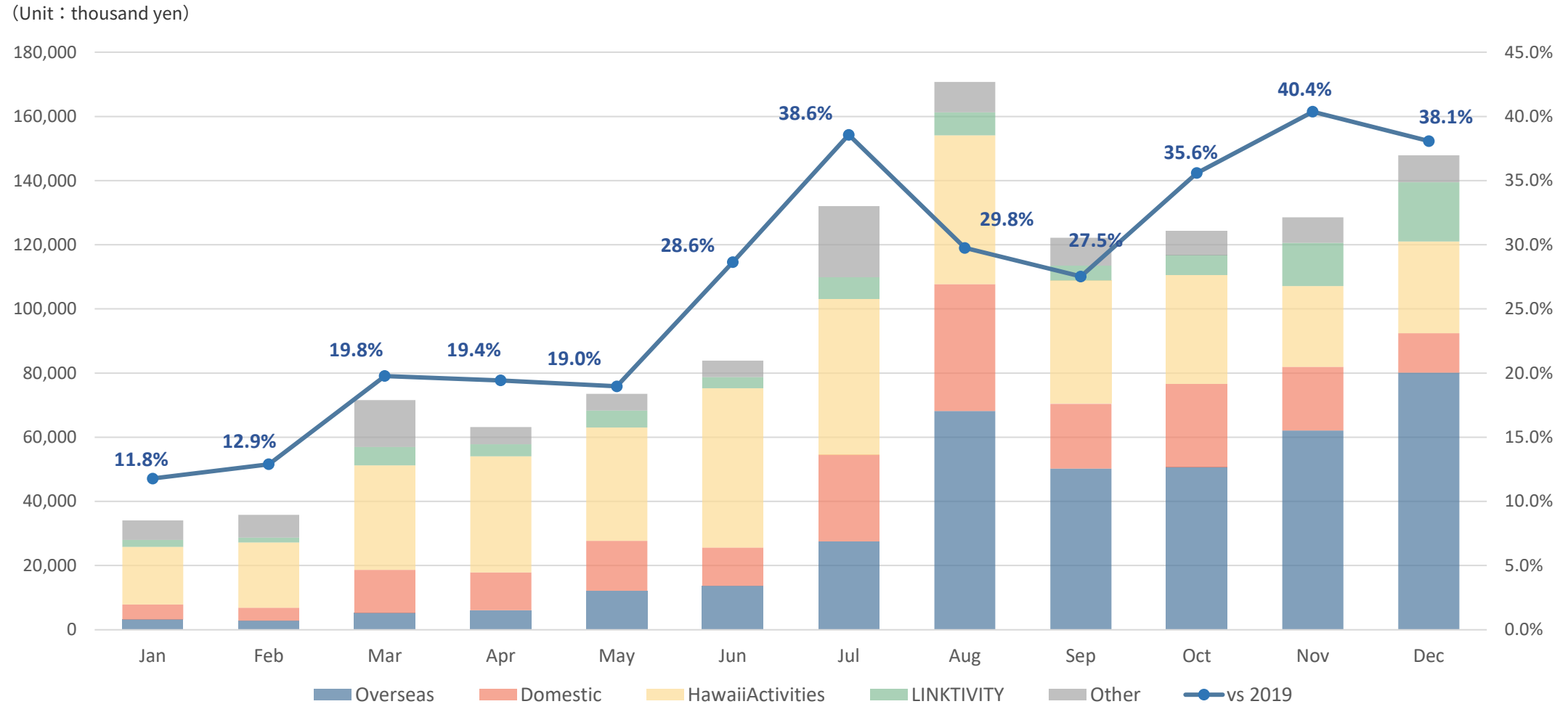


# **FY2023 Results and Market Environment by Business**

# Overall | Consolidated operating revenue (Monthly)



The recovery rate of operating revenues in 2019 comparisons is steadily rising and recovering. LINKTIVITY revenues are also on an increasing trend due to the recovery of the inbound market from October 2022 onwards.

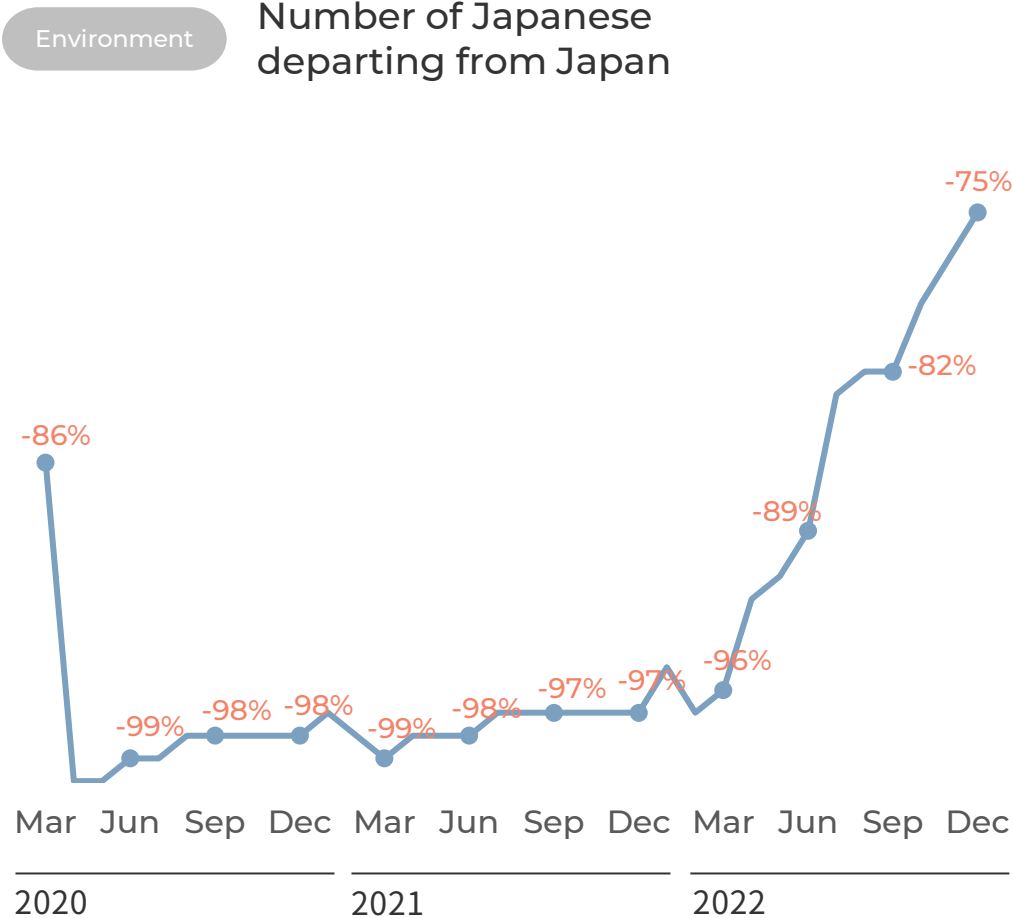


# By Business Segment

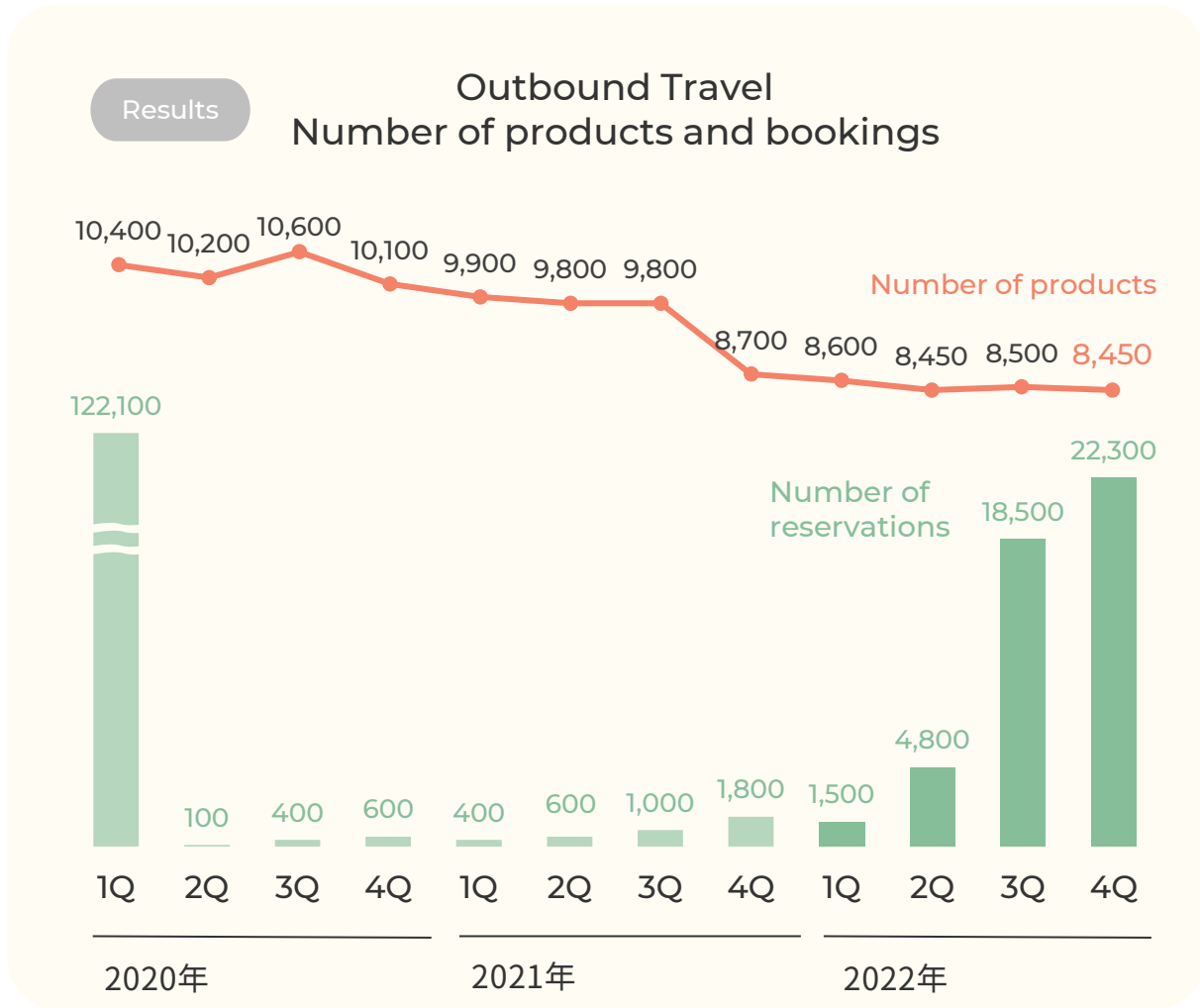
## Outbound



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 12.4 times year-on-year.



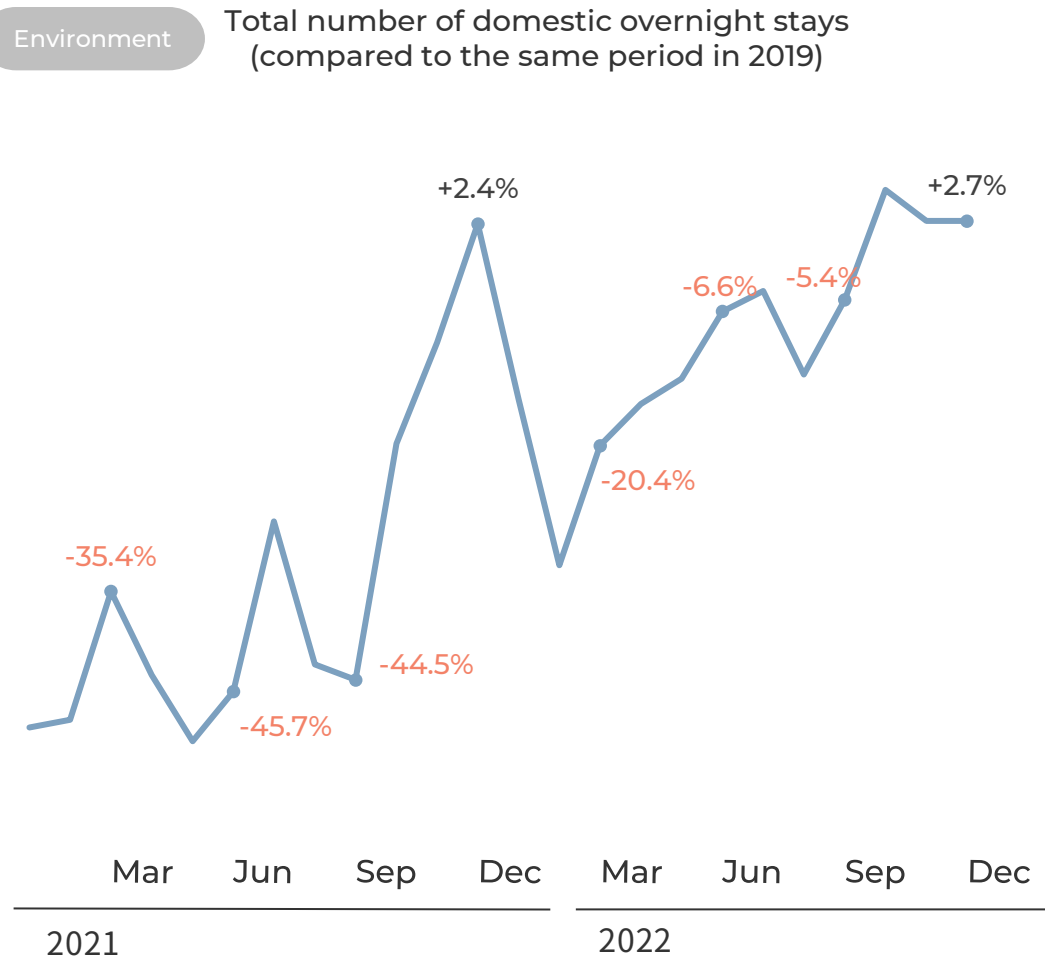
Source: JNTO



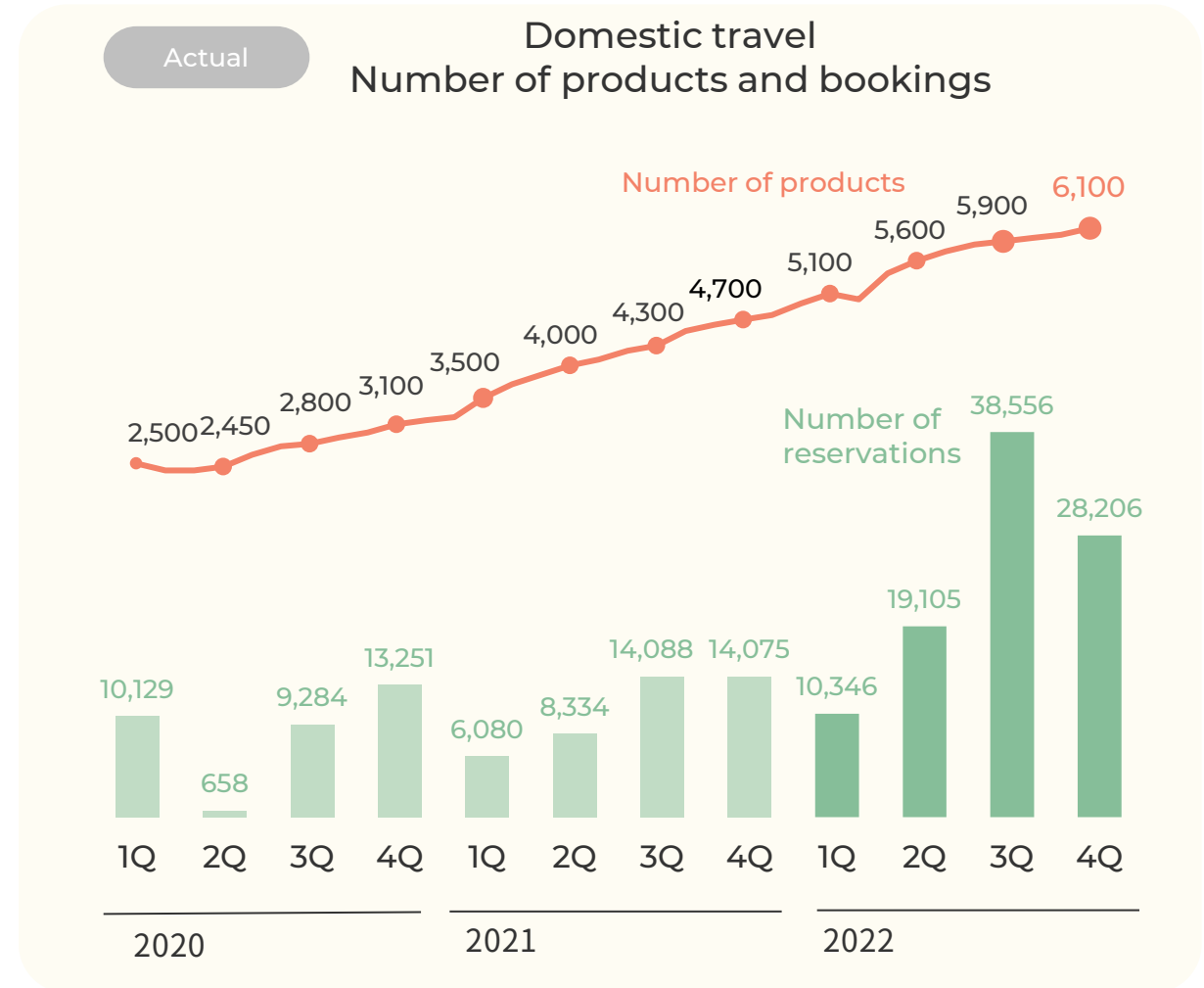
# By Business Segment Domestic



Total Japanese overnight stays in domestic travel remained above 2019 levels. High demand and increased product offerings have led to a significant 226% year-on-year increase in bookings.



Source: JNTO



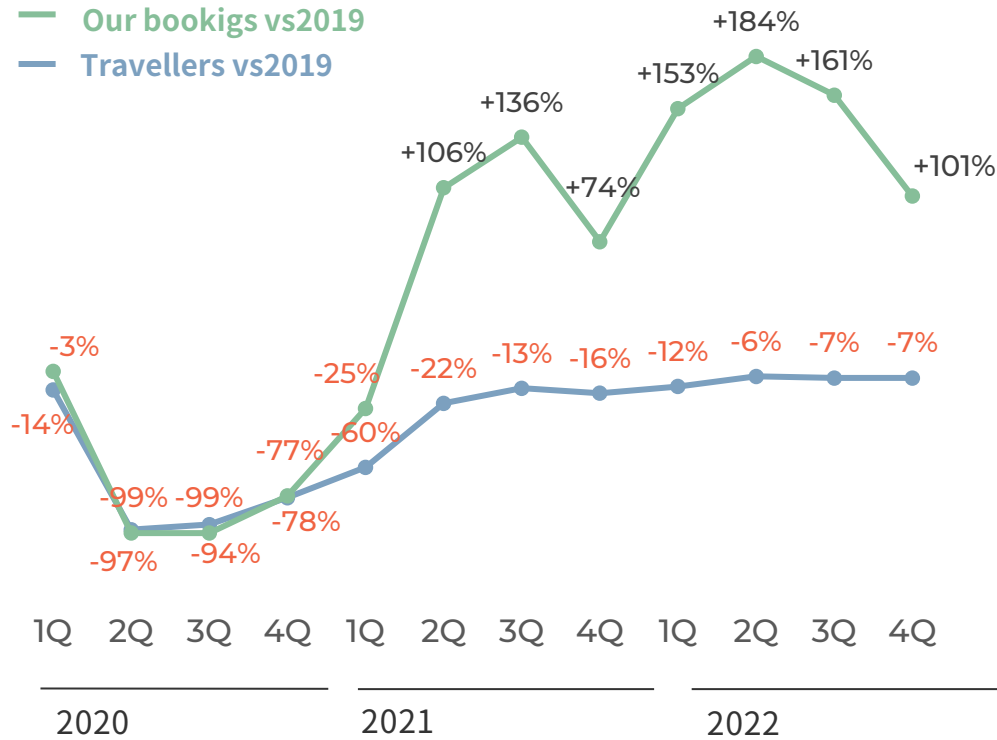
# By Business Segments

## HawaiiActivities



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

**Environment**  
Recovery rate of travelers to Hawaii from the US mainland and Recovery rate of our bookings (compared to the same period in 2019)

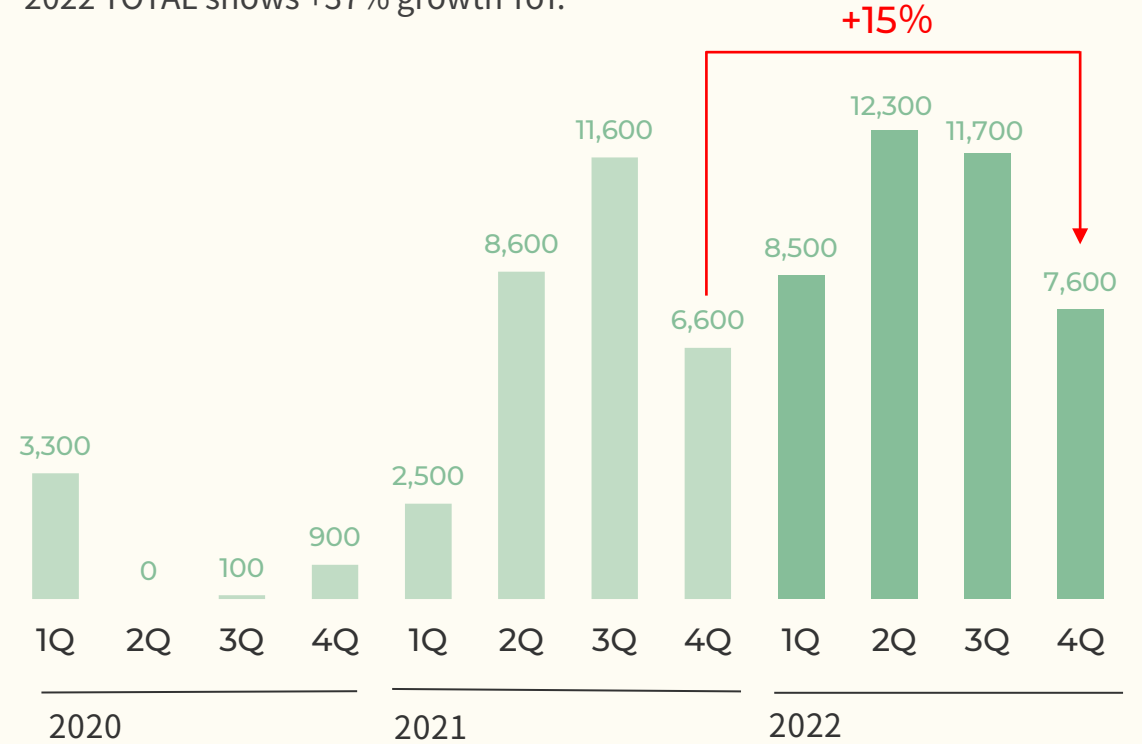


**Actual**

### HawaiiActivities Number of Bookings

4Q results show +15% YoY growth, despite a decrease in 4Q results compared to 3Q due to seasonality. 2022 TOTAL shows +37% growth YoY.

(Unit: bookings)

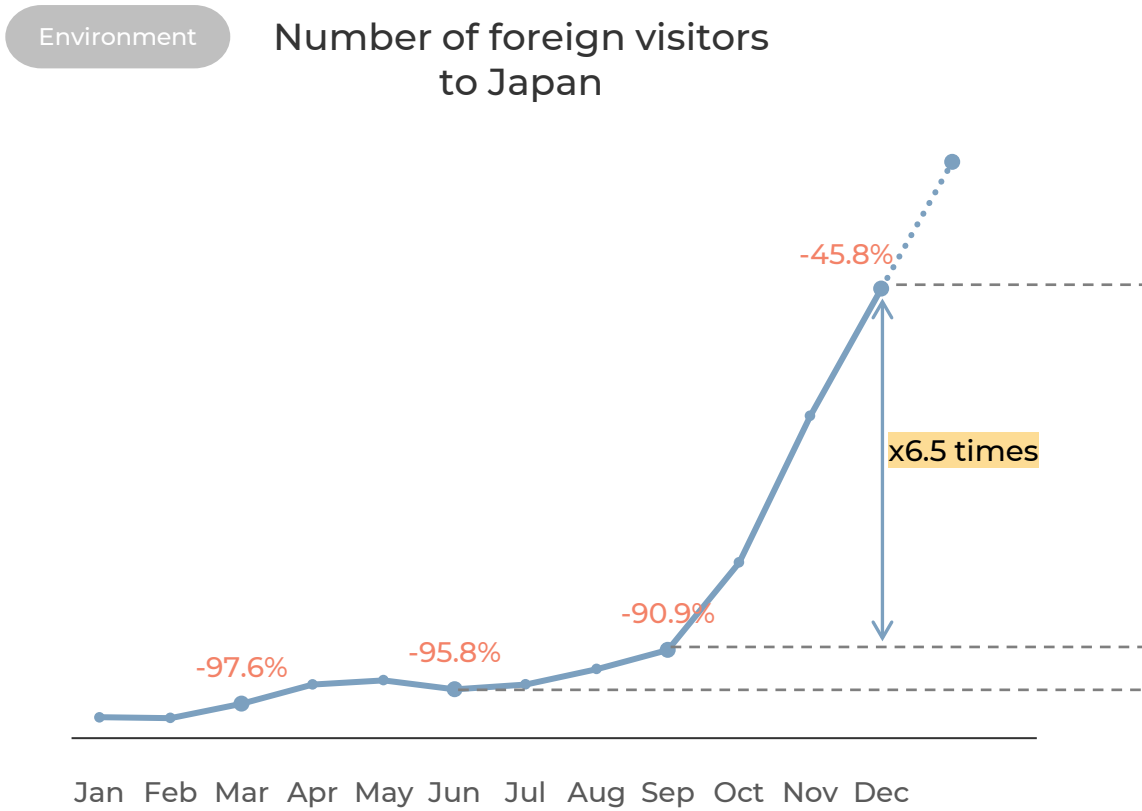


# By Business Segments LINKTIVITY

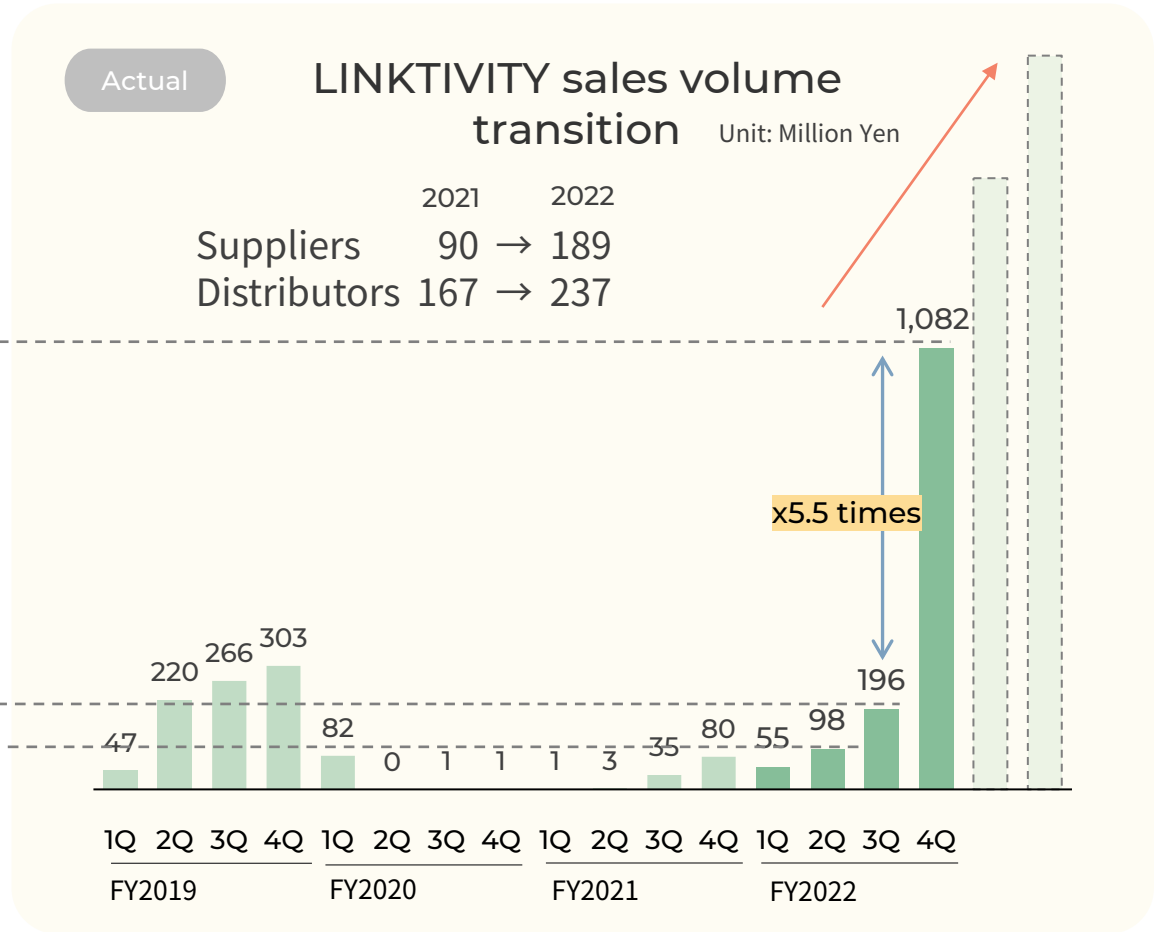


There has been significant growth in the booking volume of rail and facility tickets through the LINKTIVITY platform since October.

The value of tickets booked through the LINKTIVITY platform has significantly exceeded 2019 levels in the three months of Q4, and further growth is expected in the future with the addition of the number of travelers from China. Number of distributors also doubled year-on-year. The increase in the number of products sold is expected to accelerate future growth.



Source: JNTO



Transaction volume: Total transaction value of rail and facility tickets purchased by travelers via international OTAs handled by LINKTIVITY.



# FY2022 Q4 TOPICS



Sustainable Tourism



Veltra is first Japanese online travel company to join the Global Sustainable Tourism Council

In addition to its own initiatives, the company aims to realize sustainable tourism in the experience sector through alliances and collaborations with member companies and organizations.

Japan Domestic Travel



Veltra has started offering local hands-on activities in various parts of Japan as part of Furusato tax returns

As a first step, services provided by an operator in Kyotango City, Kyoto Prefecture, have been posted on the Furusato tax return websites of various companies. More municipalities will be added in the future.

Joint Promotion with Destinations



Joint promotion with Australia tourism office

[Website](#)

Along with the launch of a special website showing the attractions of different parts of Australia, a giveaway campaign was launched to win a pair of round-trip tickets to Cairns.



# 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.



Theme	Investment objective	Domain of business	Market			
			Outbound	Domestic	Japan Inbound	Global
<b>Cost Control</b> • Business closure • Fixed cost reduction • Personnel reduction	<b>Organic Growth</b> Acquisition of new products in the international travel market. Strengthening sales in the Hawaiian Islands and Archipelago.	VELTRA	Add			
		HawaiiActivities				Add
<b>Stabilization of the business base through fundraising</b> • Third-party allotment of shares • Subscription rights, etc.	<b>Further growth drive</b> Expand and strengthen products in the domestic travel market System renewals to enhance growth. VELTRA fan development reaches one million fans.	VELTRA		Add		
		VELTRA	New	New		New
		VELTRA	New	New		New
		LINKTIVITY & VELTRA		New	Add	
<b>Concentrated investment in new businesses</b> • Inbound DX • Domestic travel market	<b>Discontinuous growth strategies</b> Tourism development and DX through cooperation with local authorities and government Strengthening corporate collaboration and expanding DX solutions	VELTRA & LINKTIVITY		New	New	
		LINKTIVITY & VELTRA	Add	New	Add	

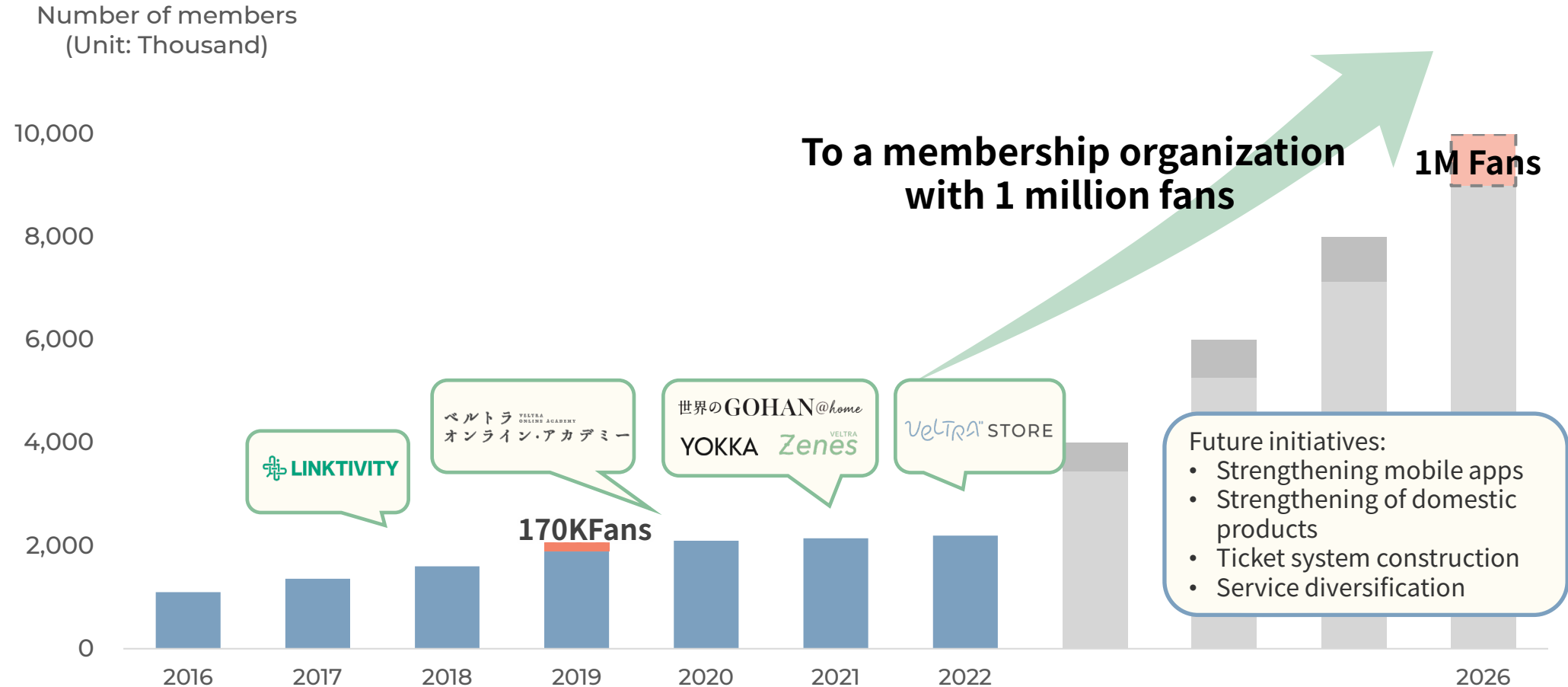
Additional investment / New investment

# 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.

### FYF2023 Market Recovery Rate Forecast (vs 2019)

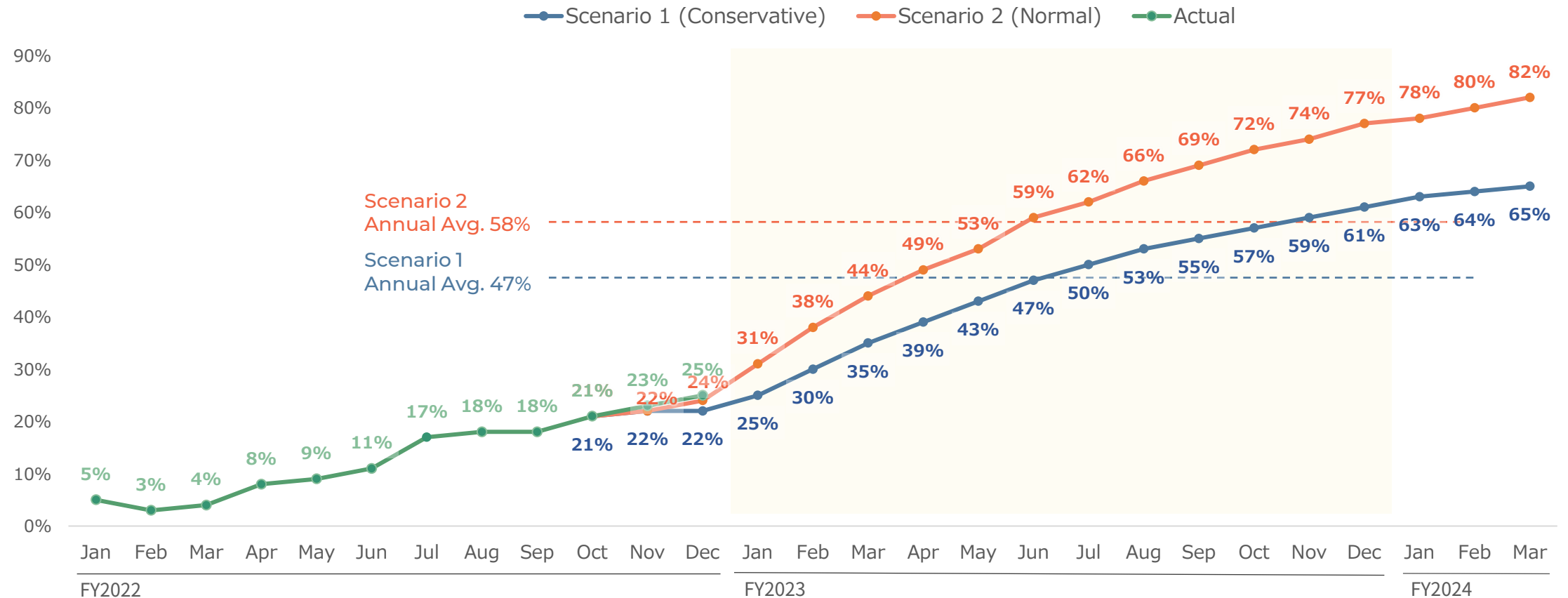
Market		FY2022	FY2023
Outbound Travel Market	VELTRA	13%	47-58%
Domestic Travel Market	VELTRA	90%	100%
Japan Inbound Travel Market	LINKTIVITY	8%	59-68%
Global Travel Market	HAWAII ACTIVITIES A VELTRA Company	90%	100%

# FY2023 Overseas Travel Market Trends (Recovery Forecast)



Assumption 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. Assuming that recovery will accelerate depending on changes in the external environment, such as the shift to category 5 infections, **Scenario 2** (approx. 80% at the end of 2023, average annual recovery rate of approx. 60%) is also shown.

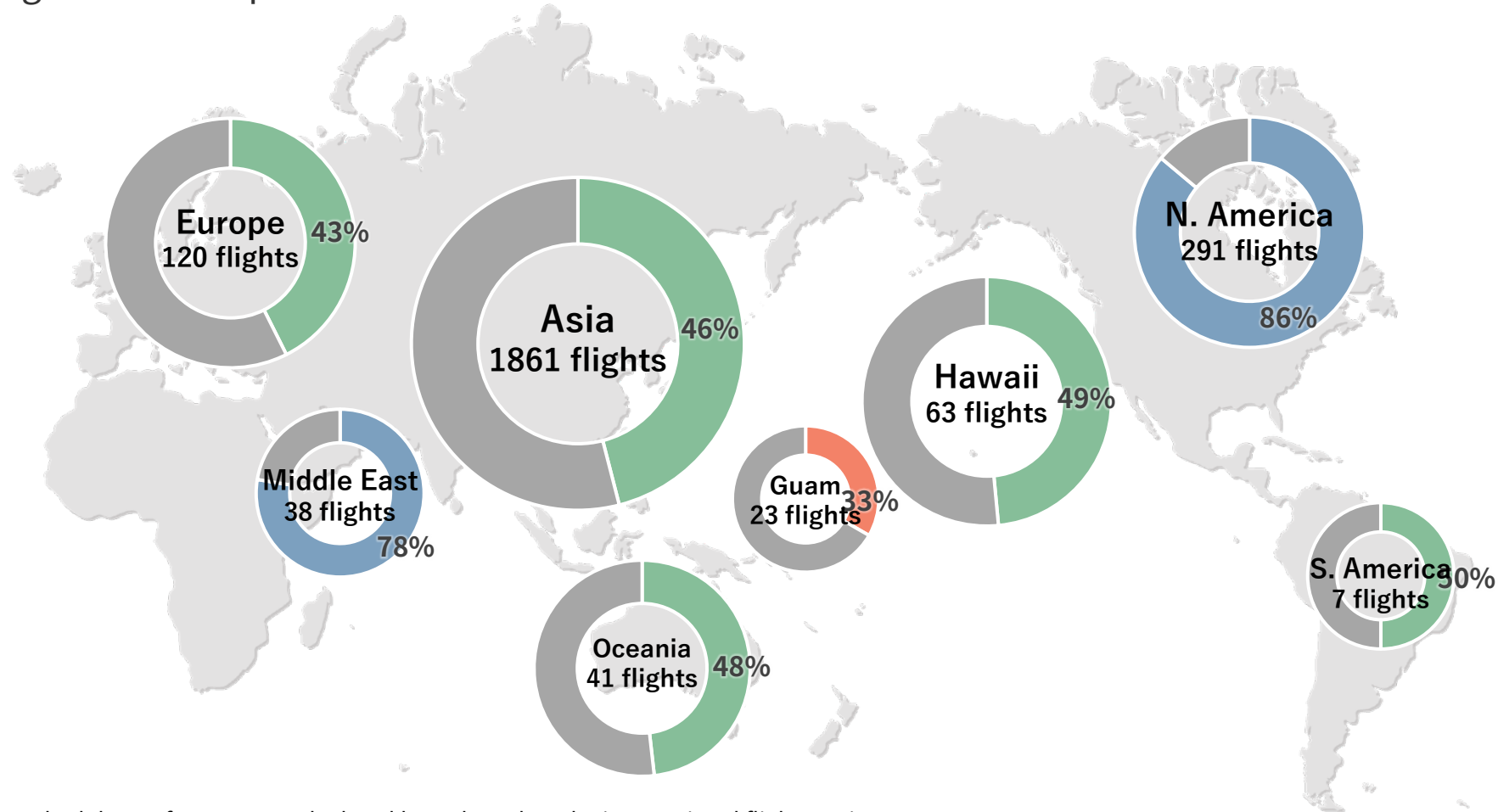


Source: JNTO

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



As of October 2022, the winter operating schedule (October-March) totaled 2,444 weekly flights, recovering to 49% compared to 2019.



Based on the summer schedule as of Nov 2022, 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 winter schedule.

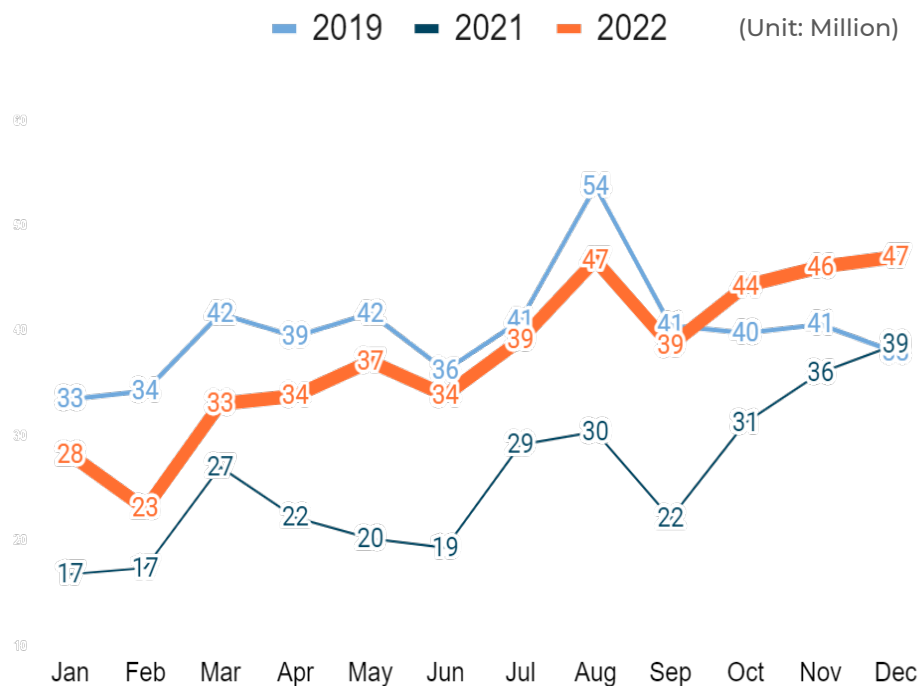
\*Departures and arrivals are counted as one flight.

# FY2023 Japan Domestic Travel Market



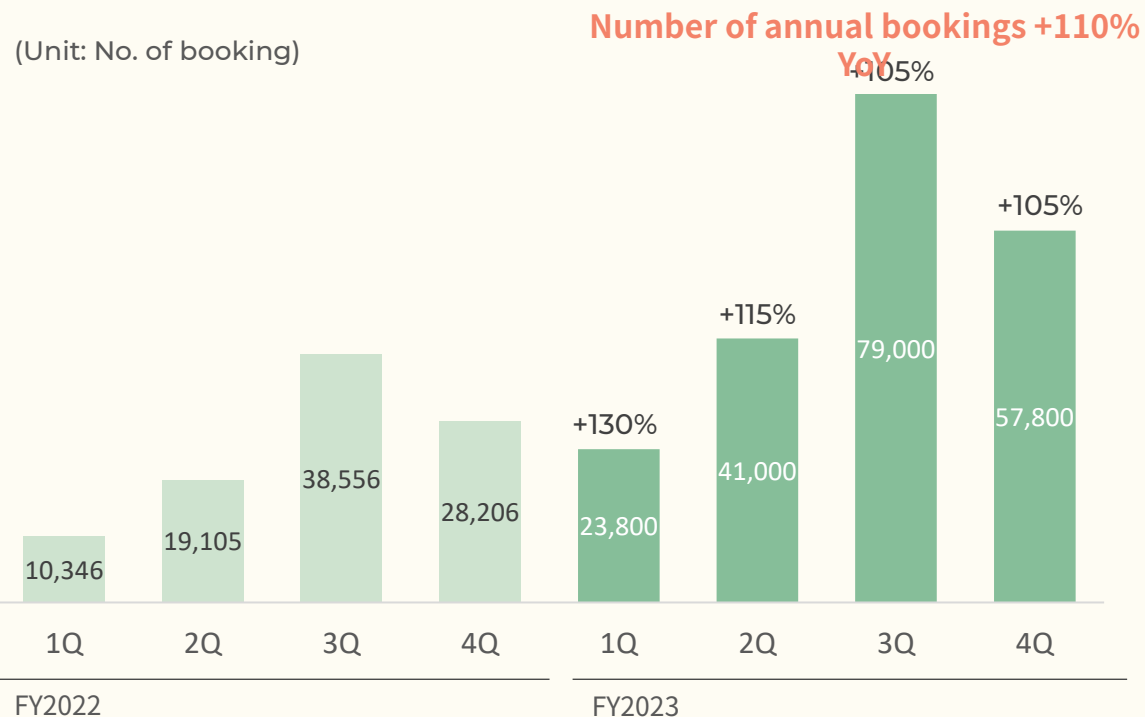
In the domestic travel market, the number of Japanese overnight stays has exceeded the 2019 figure as of the end of 2022, and is expected to increase further, depending on changes in traveler mindset as a result of the expected move to category 5 infections. The revenue of the Company's domestic travel business has also exceeded the 2019 actual figures from Q3 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



出典：観光庁 - 宿泊旅行統計調査 -

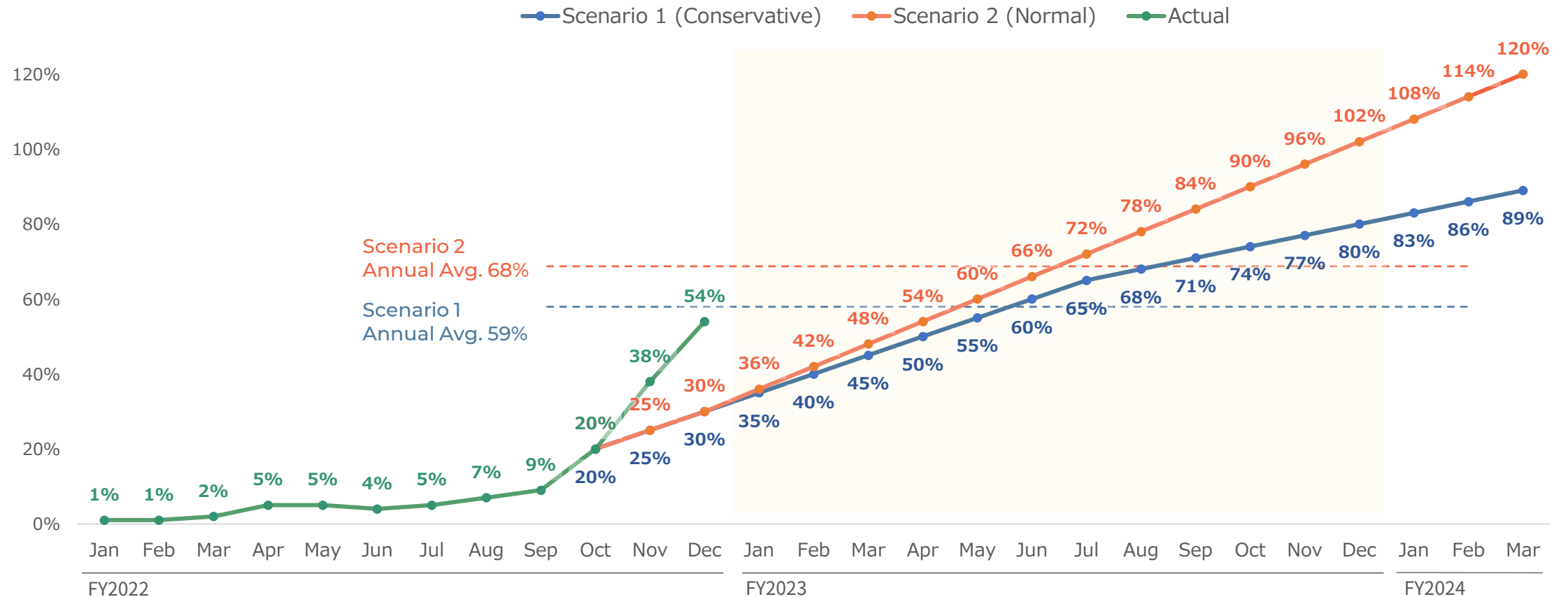
Forecast Domestic travel Number of bookings



# FY2023 Japan Inbound Market Recovery Forecast



The European and US travel markets have already returned to 2019 levels, and the recovery rate in Northeast Asia, including China, has recovered to 50%. 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** (80% at the end of 2023, 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, **Scenario 2** was also developed, with a recovery rate of more than 100% in 2024 compared to 2019.

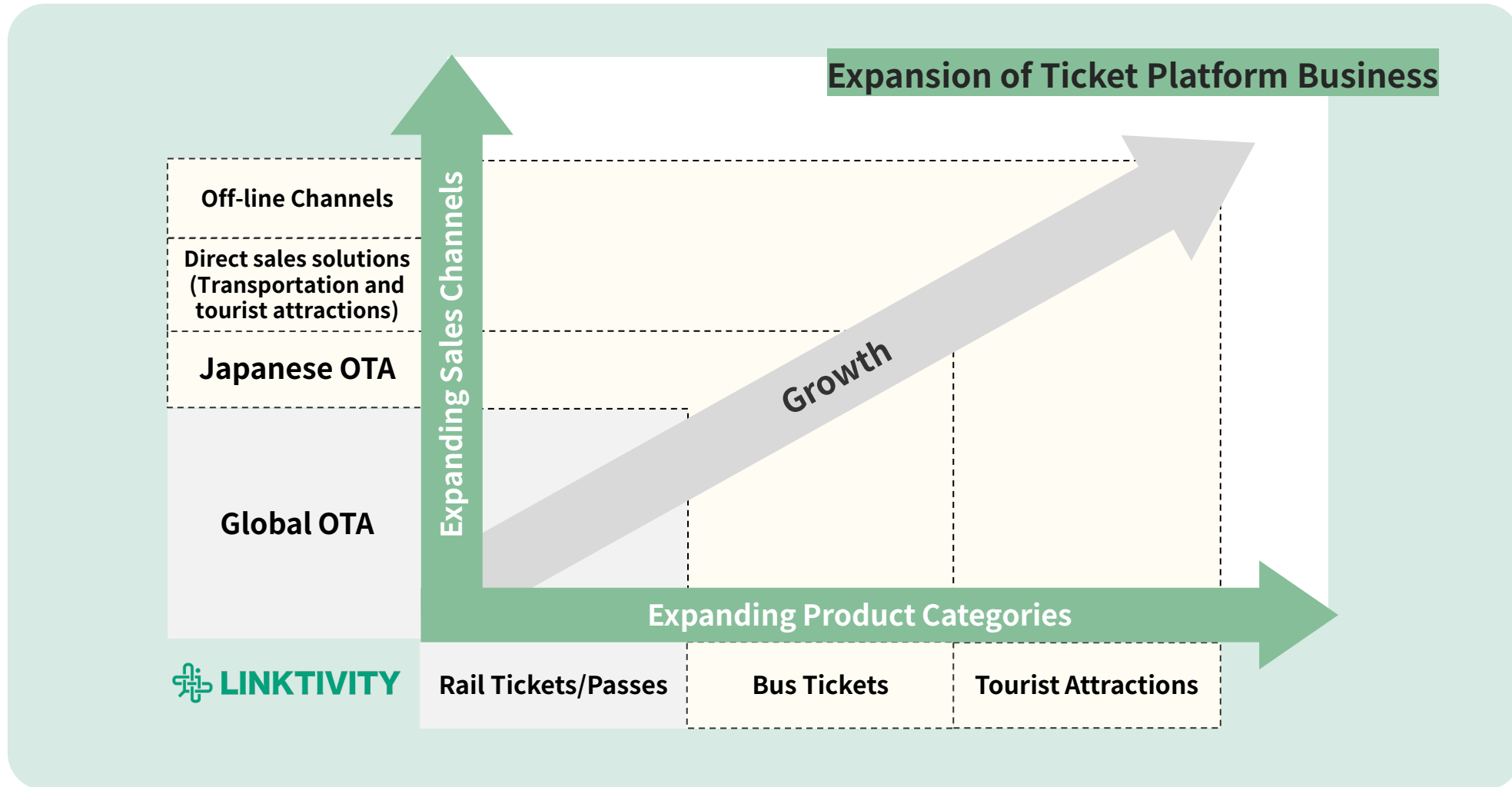


Source: JNTO

# LINKTIVITY Business Growth



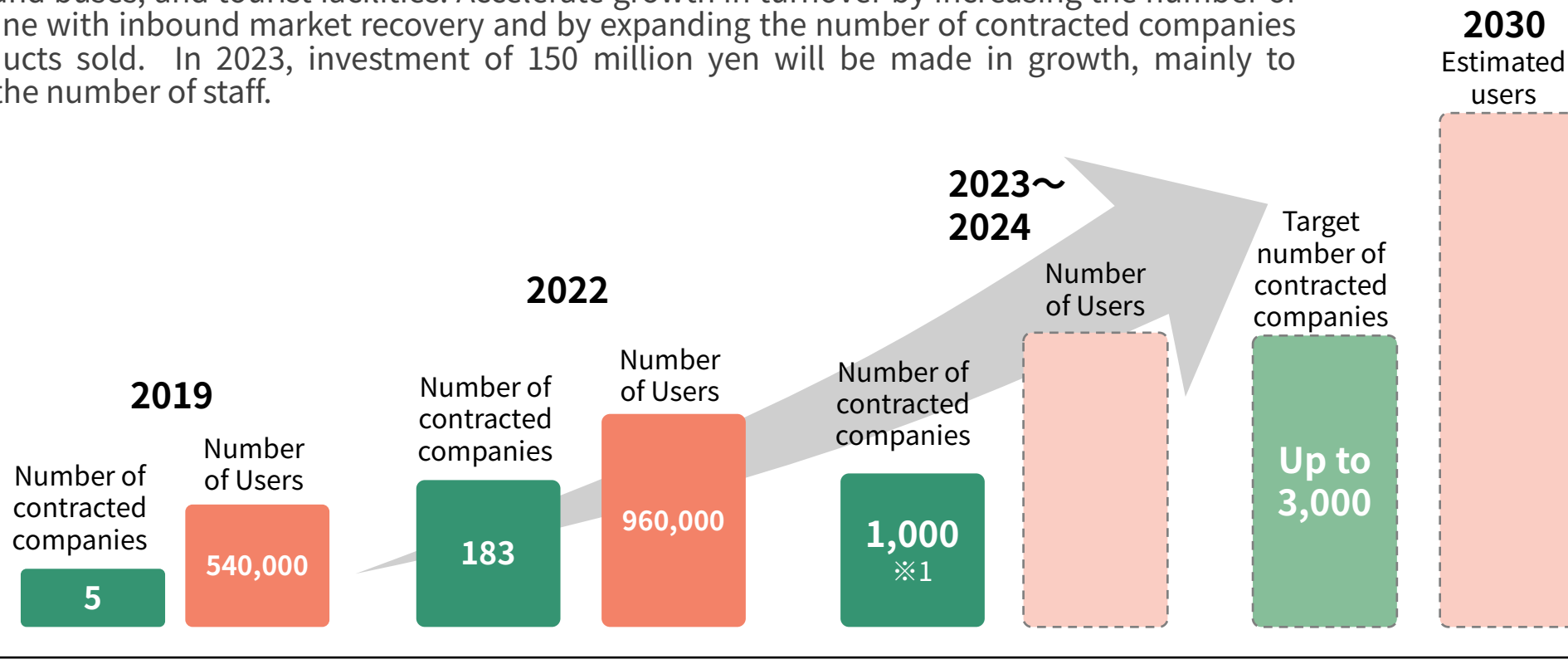
We will accelerate growth by further expanding product categories and sales channels and broadening TAM from its existing positioning as a rail ticket/pass platform for inbound travelers.



# 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



# FY2022 Earnings Forecast

## FY2023 Performance forecast P/L summary



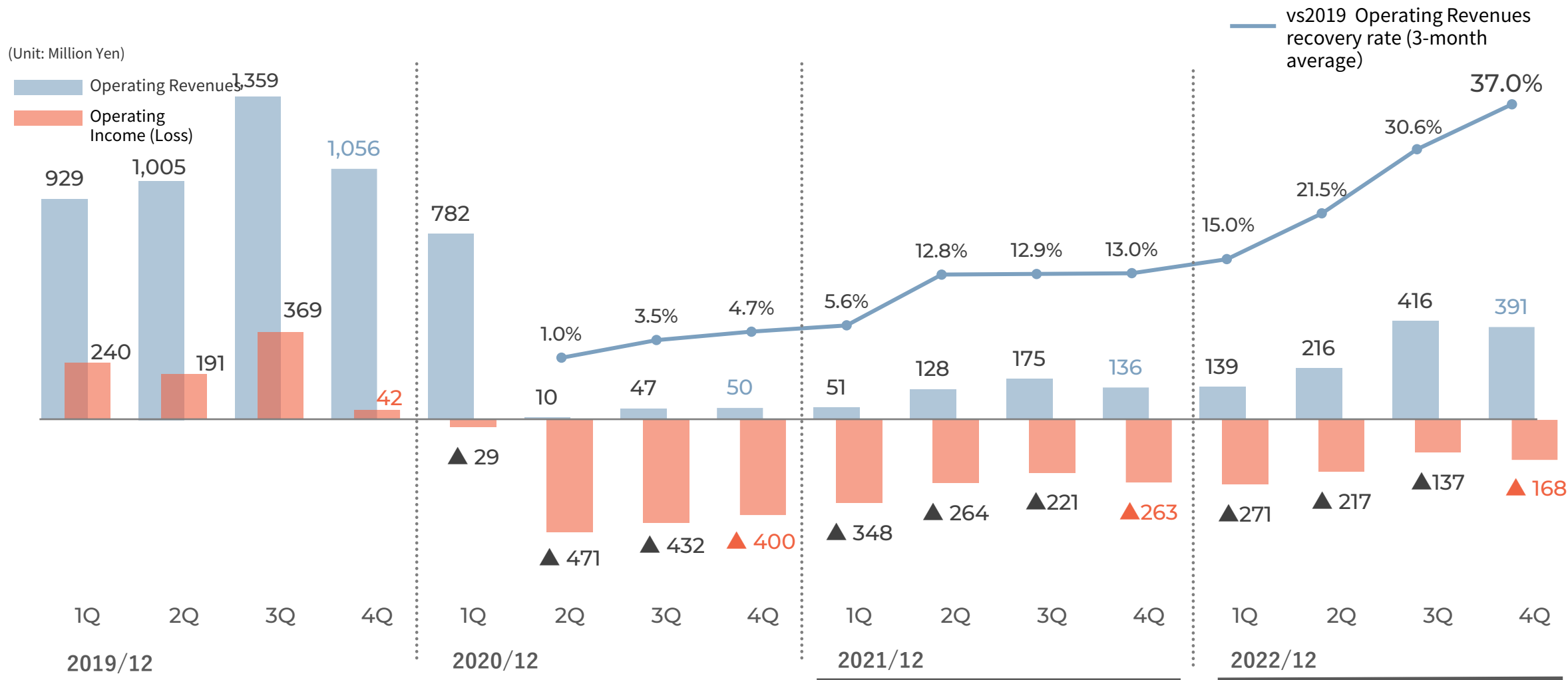
Company-wide operating revenue tripled by capturing the recovery in travel demand. Although the business reached a level at which an operating surplus was possible in the financial year, investment of 640 million yen was made in growth for further business expansion from 2024 onwards.

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

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



Revenues in Q4 recovered to +255 million yen year-on-year compared to the same period in 2019, which is 37% of the pre-COVID-19 levels. Operating profit also improved by +95 million yen year-on-year.

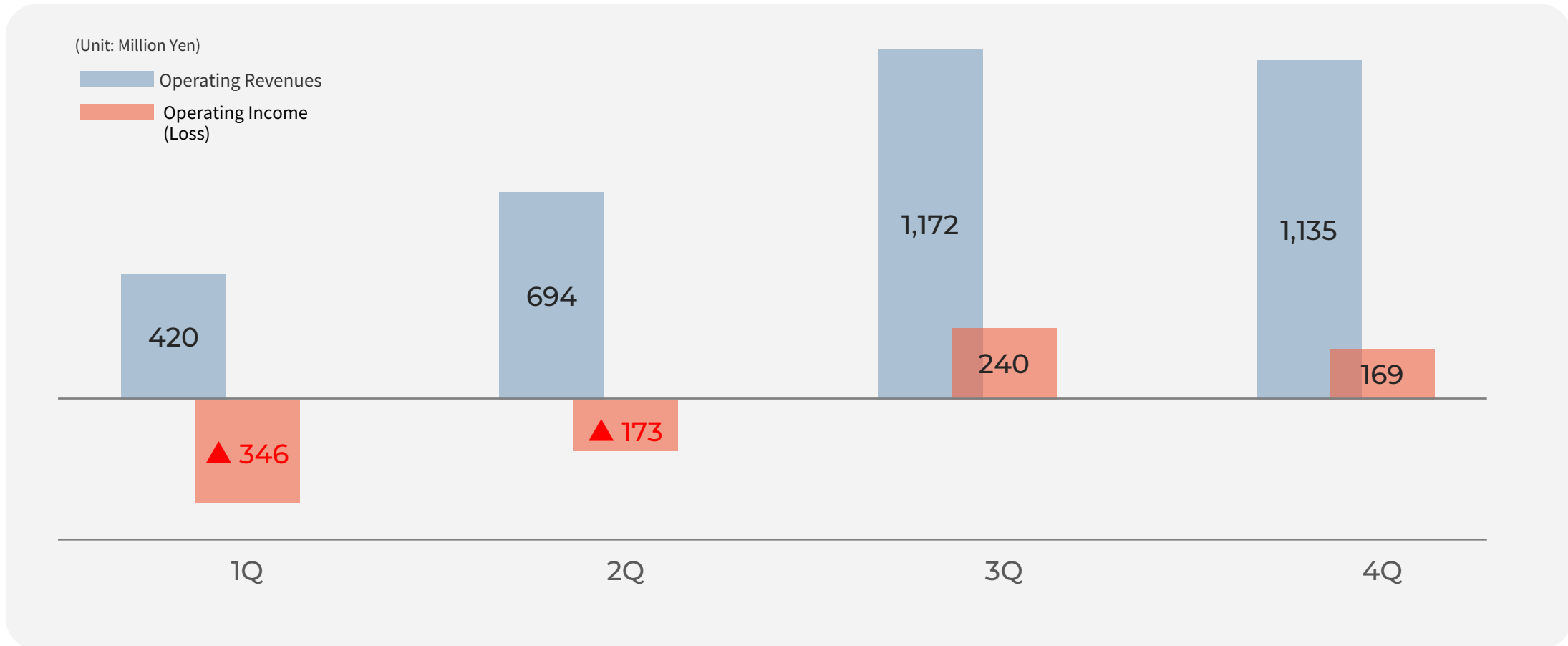


\*Since the application of the new revenue recognition standard will not have a material impact on operating revenues, detailed explanations using figures from the previous standard are not provided for comparison with past results.

# FY2023 Performance forecast Quarterly Changes



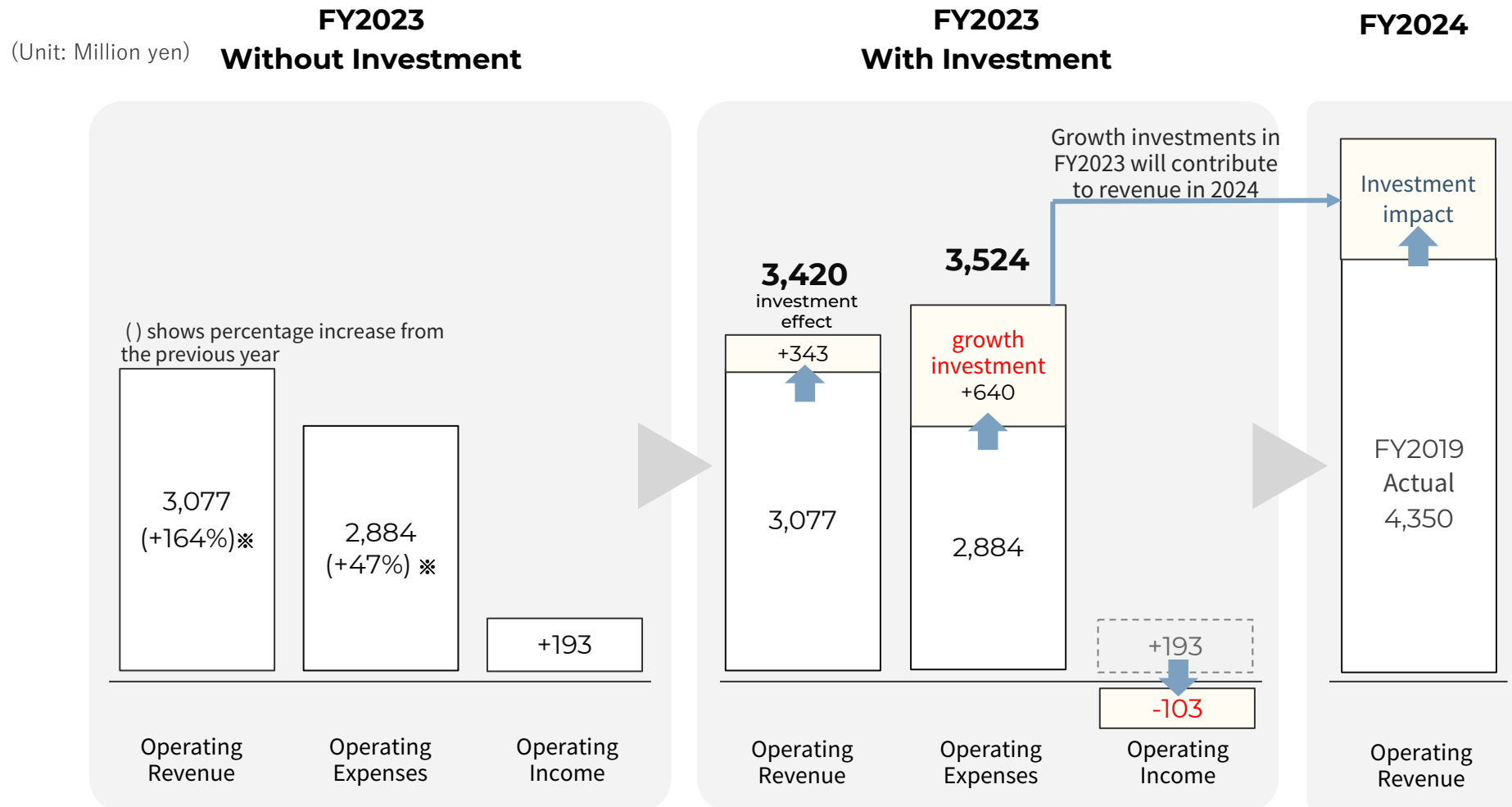
Although operating losses continued in the first half of the year due to increased costs from upfront investments, from the summer holiday season, the peak season for our business, operating revenues increased to a level where investment costs could be absorbed, and an operating surplus was achieved in the second half of the year.



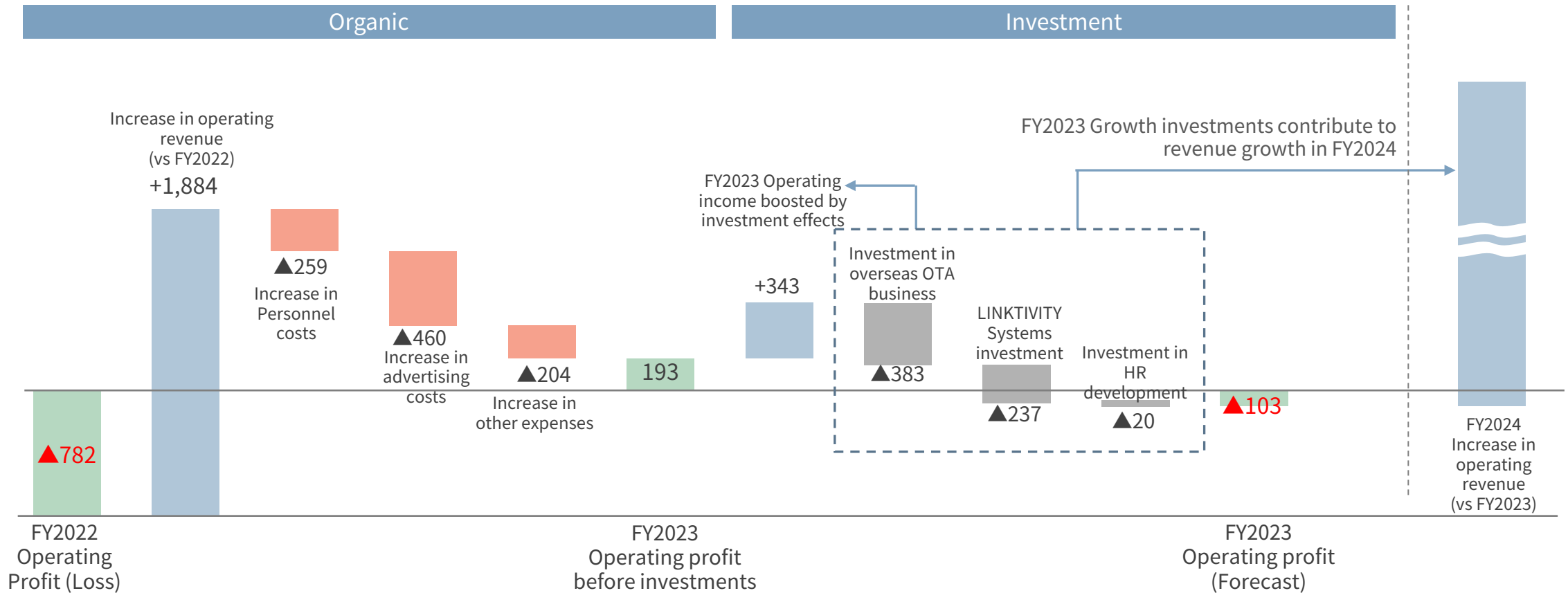
# PL Impact of Growth Investments



Operating surplus 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.



# Variance Analysis





# Appendix

# Company Information



## VELTRA Corporation

Headquarters	1 Kanda Mitoshiro-cho, Chiyoda-ku, Tokyo 101-0053 Japan
Capital	JPY 1,821,270,000 (as of December 2022)
Founded	November, 1991
# of Employees	194 (Consolidated) 147 (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
Director	Gaku Suzuki
Director	Rod Cuthbert
Auditor	Tetsushi Ikeda
Auditor	Masato Mori
Auditor	Masayuki Kono

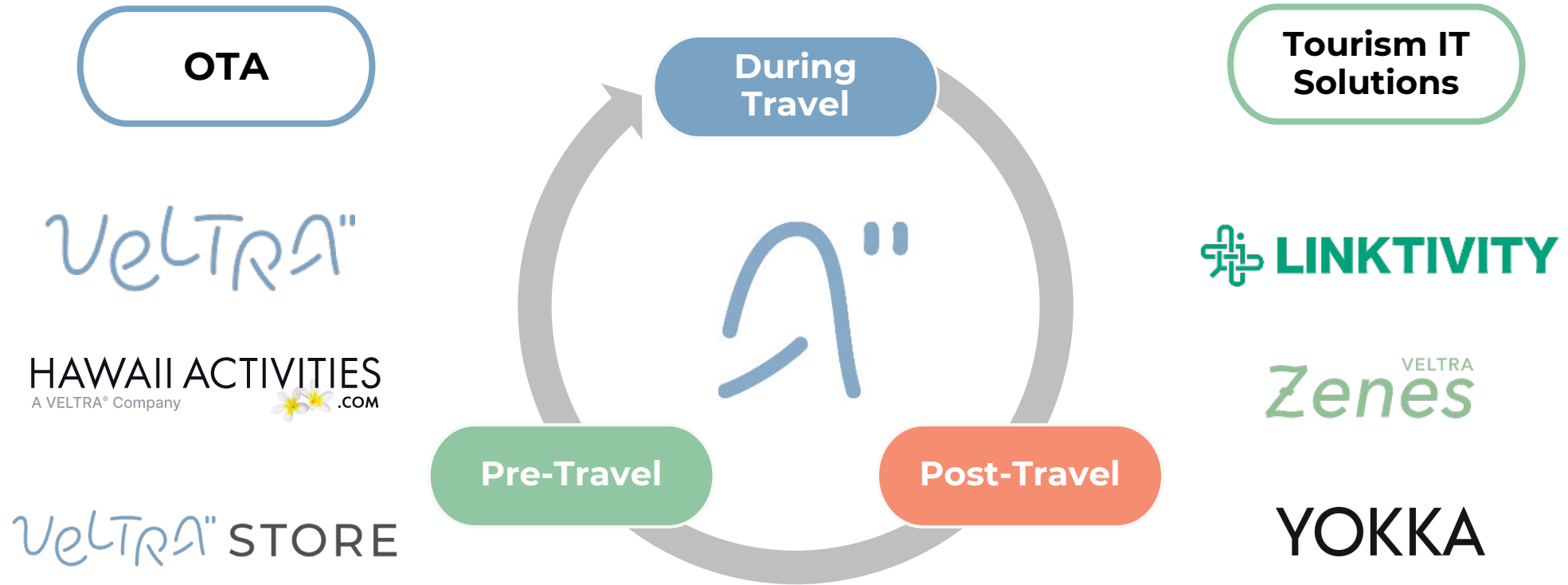


- 1991** Founding of ALAN Corporation (to become VELTRA Corporation)
- 2004** Launch of Tours & Activity Booking Platform “Alan1.net”  
Acquisition of HawaiiActivities.com (VELTRA Inc / Formerly White Publishing, Inc.)
- 2012** Changed brand and company name to VELTRA from Alan1.net  
Launch of English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

# About VELTRA



VELTRA provides solutions to support the encounter of genuine experiences that lay beyond the boundaries of existing travel agencies.





Our core business, VELTRA.com, is the largest tour and activity booking service in Japan. In addition to its wide membership base, the company offers inspiring experiences that go beyond common travel products.

# VELTRA



**150** Countries



Overseas **8,440** Domestic **6,100** Products



**3.03M** Members



**2M** Participants/year

\*As of 2019



**370,000** Customer reviews

## Other Services of VELTRA booking platform

English

**HAWAII ACTIVITIES**  
A VELTRA® Company .COM

Hawaii for North American Travelers  
Booking local tours and activities



650 Products



85,000 Members



89,000 Participants/year

Japanese

**VELTRA** STORE

Hand-picked food and wine selections from around the world



Over 400 Products



9,500 bookings/year

Japanese

**B2B Services**

Partnership with industry partners

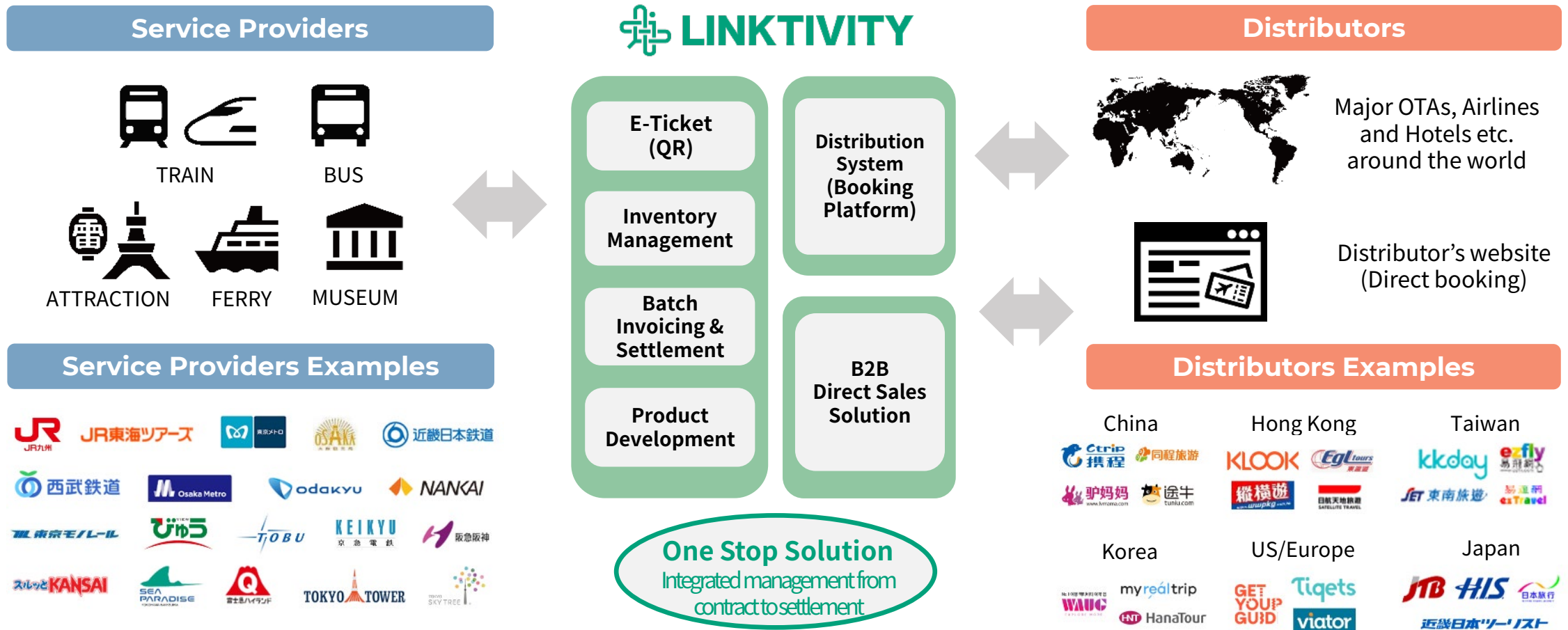


Benefit one And many more

# Tourism IT Solution Business



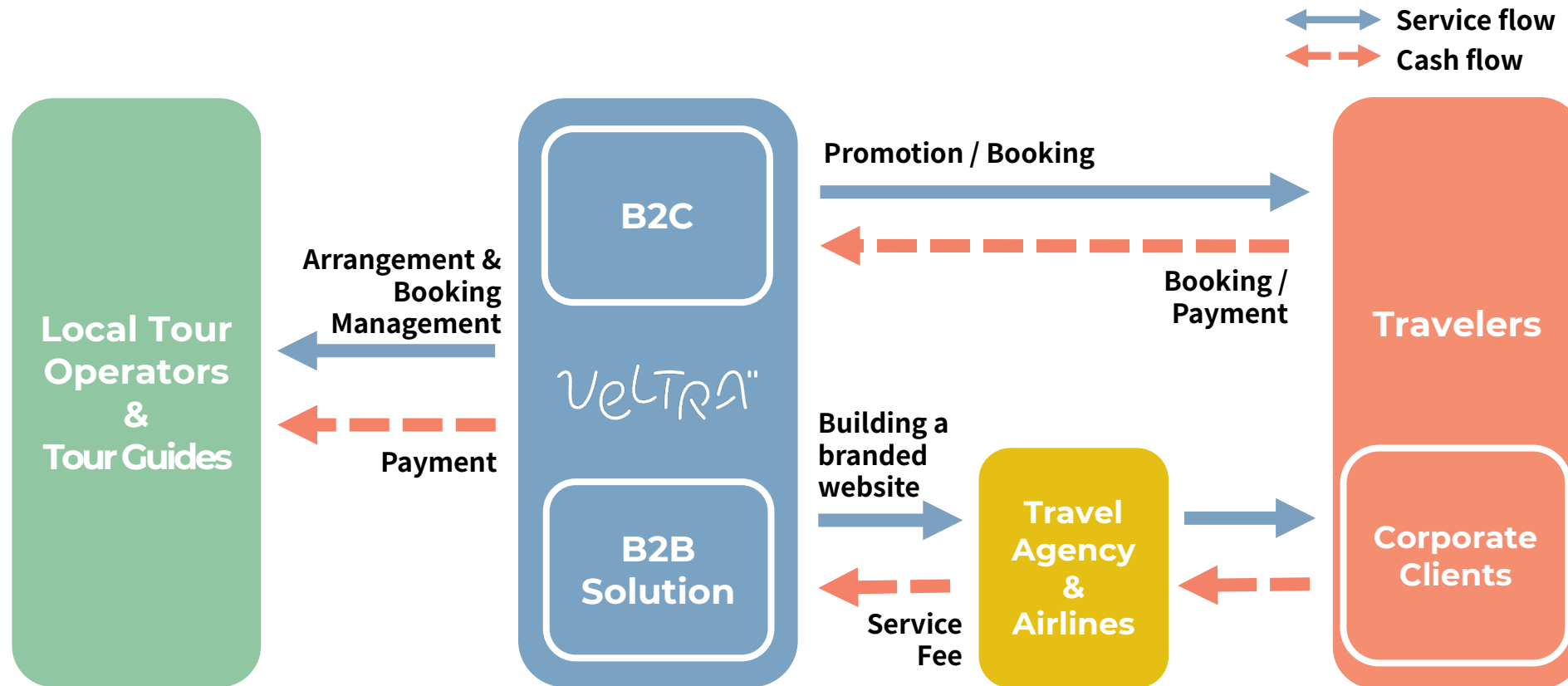
LINKTIVITY is a platform that connects Japanese transportation and attractions with travel companies around the world. It provides a one-stop system solution to link service providers and distributors.



# VELTRA.com Business Model



Our OTA business (VELTRA & Hawaii Activities) is a commission model based on booking arrangements for local activities for individual travelers and B2B services for corporate clients.

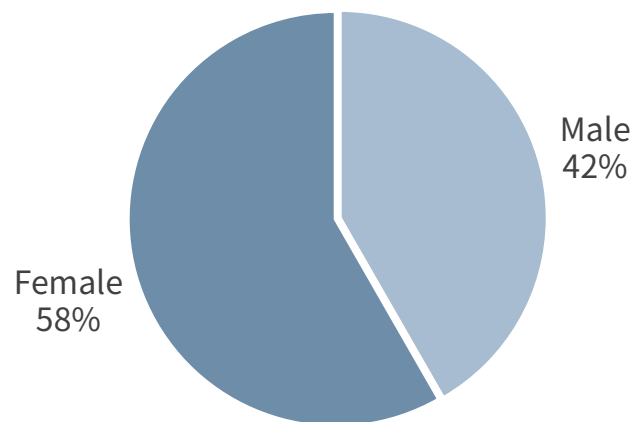


# Customer Demographics (VELTRA.com)

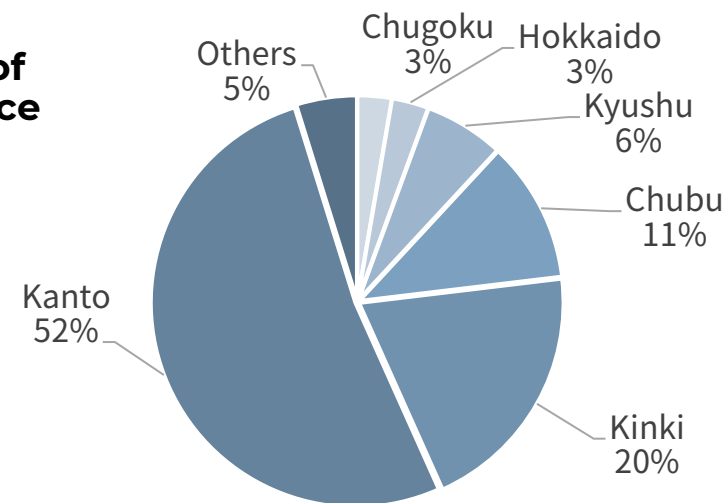


A wide range of customers, more than 99% of whom have traveled abroad

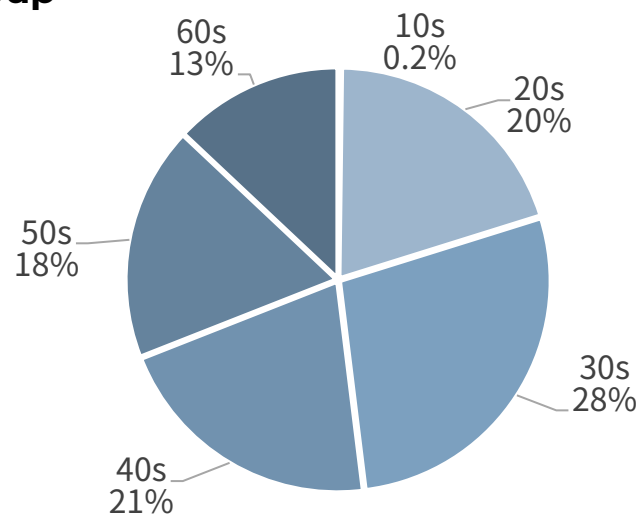
### Gender



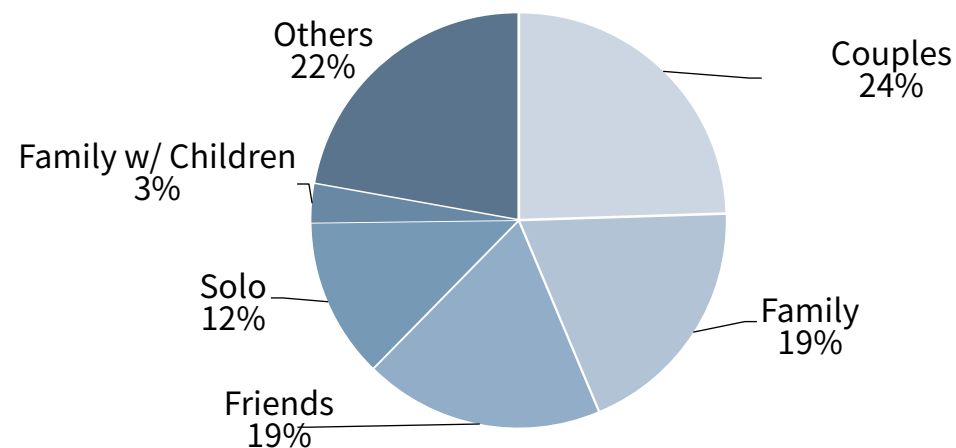
### Region of Residence (Japan)



### Age Group



### Traveler Type





## 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+ Million** Members



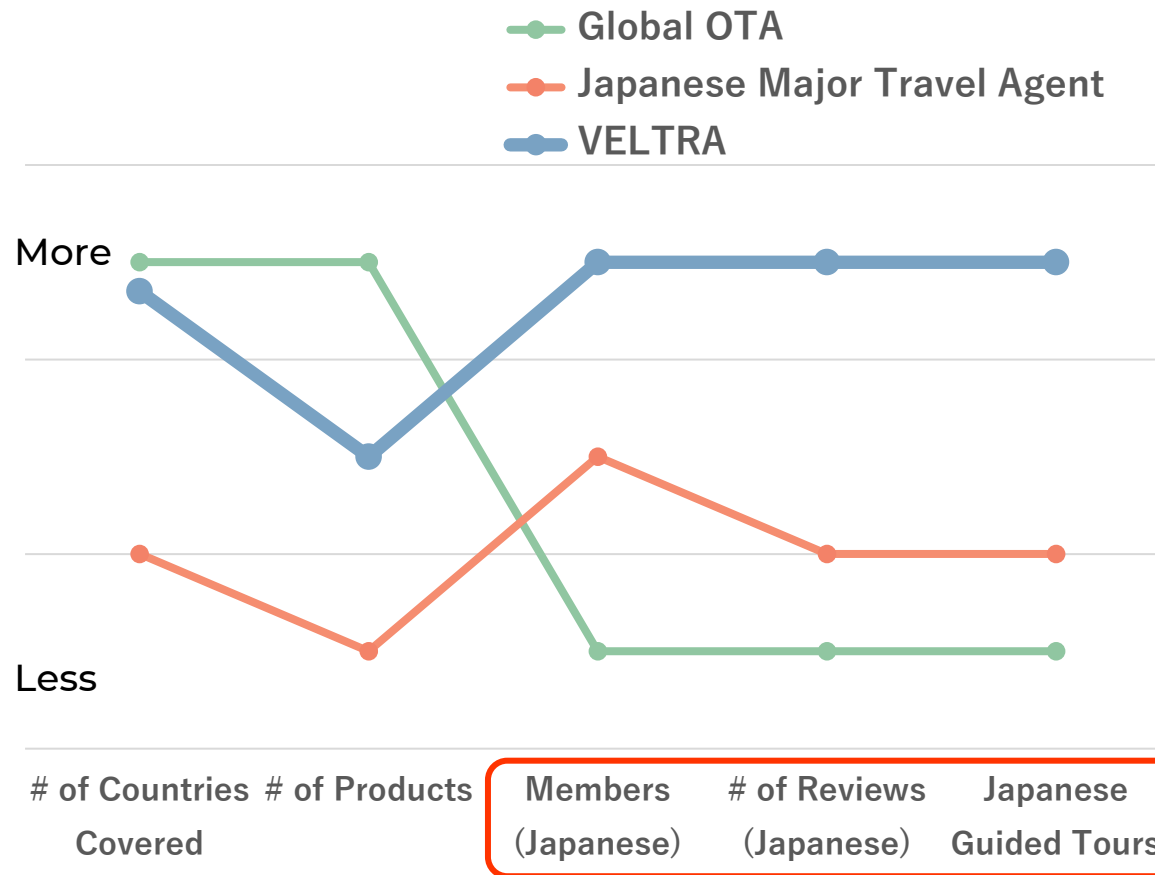
**14,000+** Tours & Activities



**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.

	<b>3M USER/month*</b> Organic traffic <small>*2017-2019 Average</small>		<b>200,000+/month</b> Owned media traffic
	<b>2,000+</b> BtoB Network in Japan		<b>100+</b> 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.

	<b>50%</b> of bookings are returning customers <small>*2019 results</small>		<b>NPS(+27%)</b> Customer Royalty <small>*Net Promotor Score</small>
	Localized <b>UI/UX</b>		<b>24/7</b> Customer Support

## 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.



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