



Consolidated Financial Results for the Term Ended December 2022 (Based on J-GAAP)

February 14, 2023

Company name: VELTRA Corporation

Listing: Tokyo Stock Exchange

Stock code: 7048 URL <https://corp.veltra.com>

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Scheduled date of the Ordinary General Meeting of Shareholders: March 24, 2023

Scheduled date to submit the Annual Securities Report: March 28, 2023

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)

(Figures are rounded down to the nearest million yen)

1. Consolidated Financial Results for the Term Ended December 2022 (January 1, 2022 to December 31, 2022)

(1) Consolidated Results of Operations

	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 2022	1,163	136.2	(794)	—	(753)	—	(794)	—
Term ended December 2021	492	(44.7)	(1,098)	—	(1,104)	—	(1,157)	—

(Note) Comprehensive income: Term ended December 2022: -761 million yen (—%)
Term ended December 2021: -1,135 million yen (—%)

	Profit per share	Fully diluted profit per share	Return on equity	Return on assets	Operating profit margin
	Yen	Yen	%	%	%
Term ended December 2022	(22.92)	—	(63.5)	(25.5)	(68.3)
Term ended December 2021	(35.12)	—	(136.5)	(61.5)	(222.9)

(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 2022	4,051	1,381	33.4	38.14
Term ended December 2021	1,870	1,175	61.4	34.51

(Reference) Shareholders' equity: Term ended December 2022: 1,354 million yen Term ended December 2021: 1,148 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	146	(58)	1,439	2,799
Term ended December 2021	(677)	(43)	970	1,197

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			
Term ended December 2021	—	Yen 0.00	Yen —	Yen 0.00	Yen 0.00	—	—	—
Term ended December 2022	—	Yen 0.00	Yen —	Yen 0.00	Yen 0.00	—	—	—
Term ending December 2023 (forecasts)	—	Yen 0.00	Yen —	Yen 0.00	Yen 0.00	—	—	—

3. Consolidated Forecasts for the Term Ending December 2023 (from January 1, 2023 to December 31, 2020)

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

	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
Second quarter (cumulative)	1,114	313.3	(519)	—	(537)	—	(562)	—	(15.83)
Full year	3,420	294.0	(103)	—	(139)	—	(189)	—	(5.35)

* 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: 1 company (company name) VELTRA KOREA 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 2022	35,517,500 shares	Term ended December 2021	33,271,400 shares
Term ended December 2022	97 shares	Term ended December 2021	97 shares
Term ended December 2022	34,660,150 shares	Term ended December 2021	32,956,022 shares

(Reference) Summary of non-consolidated results

Non-consolidated results for the term ended December 2021 (January 1, 2022 to December 31, 2022)

(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 2022	692	130.7	(878)	—	(838)	—	(848)	—
Term ended December 2021	300	(68.6)	(1,063)	—	(1,095)	—	(1,145)	—

	Profit per share	Fully diluted profit per share
Term ended December 2022	Yen (24.48)	Yen —
Term ended December 2021	Yen (34.75)	Yen —

(2) Non-consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
Term ended December 2021	Millions of yen 2,723	Millions of yen 1,073	% 39.0	Yen 29.91
Term ended December 2020	Millions of yen 1,413	Millions of yen 956	% 66.6	Yen 28.27

(Reference) Shareholders' equity: Term ended December 2022: 1,062 million yen Term ended December 2021: 940 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

During the consolidated fiscal year under review, the Japanese economy was expected to recover with support from various policies against COVID-19; however, the situation remained challenging due to such factors as volatility in the exchange rate, price increases due to the sharp rise in raw material prices, and increased downside risks from the situation in Ukraine, which is not expected to be resolved anytime soon.

In the travel industry, which is the target of our services, the number of Japanese departing from Japan in 2022 increased by 441.1% compared to the previous year to 2.77 million, against the backdrop of social conditions in which measures were taken to prevent the spread of COVID-19 and normalization of economic activity. As for the entry restrictions that had been implemented in response to COVID-19, they were markedly relaxed, especially in the second half of the year, which contributed to the increase in the number of Japanese entering Japan. The number of foreign visitors to Japan also increased by 1,458.6% compared to the same period of the previous year to 3.83 million, and the number of foreign visitors in December 2022 exceeded 1.37 million for the first time in two years and ten months, partly due to the resumption of unaccompanied package tours for foreign tourists from September and the abolition of the requirement to present negative certificates for vaccination recipients. (Source: Japan National Tourism Organization (JNTO)).

Our group operates Japan's largest online travel service specializing in the sale of local experience tours in 150 countries worldwide. The business is classified by revenue division into travel-related businesses, which include: (1) Online travel agency (OTA) business that earns revenue from tour reservations on our group's operated online reservation sites for local experience tours (Japanese site "VELTRA" and English site "Hawaii Activities" that specialize in tour activities in Hawaii); (2) Tourism IT business that earns revenue from non-OTA businesses, including services that provide IT infrastructure for tourism-related businesses and ticket platform businesses operated by our consolidated subsidiary Linktivity Inc.

Against this business backdrop, the downgrading of COVID-19 risk levels has led to the resumption of overseas travel, including the removal of the daily limit on the number of entries into Japan. In addition, the nationwide demand for micro-tourism increased due to the "Kenmin-wari/Block-wari" tourism support by the Japanese government.

As a result, the operating revenue for the current consolidated fiscal year amounted to 1,163,530 thousand yen, an increase of 136.2% compared to the same period of the previous year. When looking at the operating revenue by revenue category, the OTA business amounted to 986,624 thousand yen, an increase of 183.2% compared to the same period of the previous year, and the tourism IT business amounted to 176,601 thousand yen, an increase of 22.5% compared to the same period of the previous year.

Regarding profit, since the emergence of the global spread of COVID-19 in March 2020, we have conducted a company-wide review of costs, and made thorough cost controls by significantly reducing advertising and promotion expenses, decreasing executive compensation, and implementing temporary employee furloughs. Although operating revenue recovered in the latter half of the year due to an increase in bookings, we incurred an operating loss of 794,711 thousand yen (compared to an operating loss of 1,098,144 thousand yen in the same period of the previous year), an ordinary loss of 753,929 thousand yen (compared to an ordinary loss of 1,104,121 thousand yen in the same period of the previous year), and a net loss attributable to parent company shareholders of 794,447 thousand yen (compared to a net loss attributable to parent company shareholders of 1,157,363 thousand yen in the same period of the previous year).

Note that our group operates in a single segment of the travel-related business, so we have omitted any descriptions by segment.

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

(Current Assets)

As of the end of the current consolidated fiscal year, current assets were 3,678,951 thousand yen, an increase of 2,264,485 thousand yen compared to the end of the previous fiscal year. This is mainly due to an increase of 1,601,989 thousand yen in cash and deposits, and an increase of 705,354 thousand yen in trade accounts receivable.

(Fixed Assets)

As of the end of the current consolidated fiscal year, fixed assets were 372,992 thousand yen, a decrease of 82,861 thousand yen compared to the end of the previous fiscal year. This is mainly due to a decrease of 140,806 thousand yen in software.

(Current Liabilities)

As of the end of the current consolidated fiscal year, current liabilities were 2,670,745 thousand yen, an increase of 1,979,660

thousand yen compared to the end of the previous fiscal year. This is mainly due to an increase of 997,952 thousand yen in trade accounts payable, and an increase of 385,580 thousand yen in advance receipts, partially offset by a decrease of 25,019 thousand yen in current portion of long-term borrowings.

(Long-term Liabilities)

As of the end of the current consolidated fiscal year, long-term liabilities were 66 thousand yen, a decrease of 3,491 thousand yen compared to the end of the previous fiscal year. This is mainly due to a decrease of 3,491 thousand yen in other long-term liabilities.

(Net Assets)

Net assets at the end of the current consolidated accounting period were 1,381,132 thousand yen, an increase of 205,454 thousand yen compared to the previous fiscal year-end. This was mainly due to an increase in capital stock of 484,903 thousand yen and an increase in capital surplus of 474,926 thousand yen, as well as recognition of the current net loss attributable to the parent company's shareholders of 794,447 thousand yen.

(3) Summary of Cash Flows for the Period Under Review

Cash and cash equivalents (hereinafter referred to as "funds") at the end of the current consolidated fiscal year increased by 1,608,989 thousand yen compared to the end of the previous consolidated fiscal year, reaching 2,799,164 thousand yen. The status and factors of each cash flow for the current consolidated fiscal year are as follows:

(Operating activities cash flow)

The funds increased by 146,317 thousand yen (the previous consolidated fiscal year showed a decrease of 677,737 thousand yen) as a result of operating activities in the current consolidated fiscal year. This was mainly due to factors such as an increase in accounts payable by 984,427 thousand yen, an increase in advances received by 376,262 thousand yen, an increase in accounts receivable by 697,521 thousand yen, and a decrease in the current period net loss before adjustments for taxes and others of 739,873 thousand yen.

(Investing activities cash flow)

The funds decreased by 58,705 thousand yen (the previous consolidated fiscal year showed a decrease of 43,531 thousand yen) as a result of investing activities in the current consolidated fiscal year. This was due to an increase in deposits received from anonymous partnerships by 50,970 thousand yen as a factor of increase, and a decrease in expenditure due to the acquisition of fixed assets by 109,675 thousand yen as a factor of decrease.

(Financing activities cash flow)

The funds increased by 1,439,685 thousand yen (the previous consolidated fiscal year showed an income of 970,023 thousand yen) as a result of financing activities in the current consolidated fiscal year. This was mainly due to an increase in short-term borrowings of 500,000 thousand yen and an increase in income of 965,500 thousand yen due to the issuance of stock.

(4) Outlook

In the December 2023 period, there are signs of recovery in the travel industry due to the success of various measures against COVID-19. In particular, there is an expected increase in revenue for the overseas travel business due to a gradual increase in the number of Japanese travelers, as well as the impact of the increasing number of foreign visitors to Japan since October 2022, which is expected to contribute significantly to the earnings of our subsidiary, Linktivity's platform business. However, we assume that the impact of COVID-19 will continue to some extent during this period and have incorporated this into our plans.

In terms of profit, we expect an increase in operating revenue, and as a result, an increase in variable costs such as advertising expenses and investments in personnel in the overseas travel business and system development departments during the recovery period of travel demand, as well as investments in growth for medium-term business expansion. Although the cost level will rise, we anticipate that the increase in operating revenue will exceed this and result in significantly higher profits.

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, 2021	As of December 31, 2022
Assets		
Current assets		
Cash and deposits	1,197,174	2,799,164
Trade accounts receivable	115,189	820,544
Work in process	1,579	-
Other	100,523	59,243
Total current assets	1,414,466	3,678,951
Non-current assets		
Property, plant and equipment		
Buildings	8,865	8,865
Tools, furniture and fixtures	59,188	70,594
Accumulated depreciation	△50,128	△57,711
Total property, plant and equipment	17,924	21,747
Intangible assets		
Software	380,802	239,994
Software in progress	25,554	78,178
Other	216	216
Total intangible assets	406,572	318,389
Investments and other assets		
Investment securities	-	373
Deferred tax assets	2,337	2,041
Other	29,019	30,439
Total investments and other assets	31,356	32,855
Total non-current assets	455,853	372,992
Total assets	1,870,320	4,051,944

(Thousands of yen)

	As of December 31, 2021	As of December 31, 2022
Liabilities		
Current liabilities		
Trade accounts payable	221,472	1,219,424
Short-term borrowings	-	500,000
Current portion of long-term borrowings	25,019	-
Accounts payable - other	43,440	85,935
Income taxes payable	48,527	74,711
Advances received	129,361	514,942
Provision for point card certificates	186,811	41,515
Contract liabilities	-	160,923
Other	36,451	73,292
Total current liabilities	<u>691,084</u>	<u>2,670,745</u>
Non-current liabilities		
Deferred tax liabilities	60	-
Other	3,496	66
Total non-current liabilities	<u>3,557</u>	<u>66</u>
Total liabilities	694,642	2,670,811
Net assets		
Shareholders' equity		
Share capital	1,336,372	1,821,276
Capital surplus	1,585,238	2,060,164
Retained earnings	△1,778,132	△2,571,615
Treasury shares	△70	△70
Total shareholders' equity	<u>1,143,408</u>	<u>1,309,754</u>
Accumulated other comprehensive income		
Deferred gains or losses on hedges	-	△776
Foreign currency translation adjustment	4,747	45,491
Total accumulated other comprehensive income	<u>4,747</u>	<u>44,714</u>
Share acquisition rights	15,820	12,370
Non-controlling interests	11,702	14,293
Total net assets	1,175,678	1,381,132
Total liabilities and net assets	1,870,320	4,051,944

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

(Thousands of yen)

	Fiscal year ended December 31, 2021	Fiscal year ended December 31, 2022
Operating revenue	492,656	1,163,530
Operating expenses	1,590,800	1,958,241
Operating loss	△1,098,144	△794,711
Non-operating income		
Interest income	76	24
Subsidy income	53,008	1,123
Gain on investments in silent partnerships	-	51,344
Other	5,621	3,992
Total non-operating income	58,705	56,484
Non-operating expenses		
Interest expenses	1,630	364
Foreign exchange losses	4,104	13,567
Loss on retirement of non-current assets	-	301
Share issuance costs	49,325	-
Share acquisition rights issuance costs	8,944	-
Other	679	1,468
Total non-operating expenses	64,683	15,702
Ordinary loss	△1,104,121	△753,928
Extraordinary income		
Gain on liquidation of subsidiaries and associates	-	14,055
Total extraordinary income	-	14,055
Extraordinary losses		
Extra retirement payments	14,085	-
Loss on liquidation of subsidiaries and associates	2,195	-
Total extraordinary losses	16,280	-
Loss before income taxes	△1,120,402	△739,873
Income taxes - current	36,717	61,663
Income taxes - deferred	243	296
Total income taxes	36,961	61,959
Loss	△1,157,363	△801,833
Loss attributable to non-controlling interests	-	△7,385
Loss attributable to owners of parent	△1,157,363	△794,447

(Consolidated statement of comprehensive income)

(Thousands of yen)

	Fiscal year ended December 31, 2021	Fiscal year ended December 31, 2022
Loss	△1,157,363	△801,833
Other comprehensive income		
Deferred gains or losses on hedges	-	△776
Foreign currency translation adjustment	21,713	40,743
Total other comprehensive income	21,713	39,966
Comprehensive income	△1,135,650	△761,866
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	△1,135,650	△754,480
Comprehensive income attributable to non-controlling interests	-	△7,385

(3) Consolidated Statements of Changes in Shareholders' Equity

Previous consolidated fiscal year (From January 1, 2021 to December 31, 2021)

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	537,608	648,173	△620,768	△70	564,943
Cumulative effects of changes in accounting policies					-
Restated balance	537,608	648,173	△620,768	△70	564,943
Changes during period					
Issuance of new shares	798,764	798,764	-	-	1,597,528
Loss attributable to owners of parent	-	-	△1,157,363	-	△1,157,363
Change in ownership interest of parent due to transactions with non-controlling interests	-	138,300	-	-	138,300
Net changes in items other than shareholders' equity	-	-	-	-	-
Total changes during period	798,764	937,064	△1,157,363	-	578,464
Balance at end of period	1,336,372	1,585,238	△1,778,132	△70	1,143,408

	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	-	△16,966	△16,966	4,397	-	552,374
Cumulative effects of changes in accounting policies						-
Restated balance	-	△16,966	△16,966	4,397	-	552,374
Changes during period						
Issuance of new shares	-	-	-	-	-	1,597,528
Loss attributable to owners of parent	-	-	-	-	-	△1,157,363
Change in ownership interest of parent due to transactions with non-controlling interests	-	-	-	-	-	138,300
Net changes in items other than shareholders' equity	-	21,713	21,713	11,423	11,702	44,839
Total changes during period	-	21,713	21,713	11,423	11,702	623,304
Balance at end of period	-	4,747	4,747	15,820	11,702	1,175,678

Current 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

(4) Consolidated Statement of Cash Flows

(Thousands of yen)

	Fiscal year ended December 31, 2021	Fiscal year ended December 31, 2022
Cash flows from operating activities		
Profit (loss) before income taxes	△1,120,402	△739,873
Depreciation	200,268	188,253
Increase (decrease) in provision for point card certificates	4,802	△146,183
Increase (decrease) in contract liability	-	161,782
Subsidy income	△53,008	△1,123
Extra retirement payments	14,085	-
Share issuance costs	49,325	-
Share acquisition rights issuance costs	8,944	-
Interest income	△76	△24
Interest expenses	1,630	364
Foreign exchange losses (gains)	△2,888	△2,954
Share-based payment expenses	5,935	1,652
Loss (gain) on investments in silent partnerships	-	△51,344
Loss (gain) on liquidation of subsidiaries and associates	2,195	△14,055
Decrease (increase) in trade receivables	△115,789	△697,521
Decrease (increase) in other assets	23,630	41,802
Increase (decrease) in trade payables	162,742	984,427
Increase (decrease) in accounts payable - other	△33,517	44,705
Increase (decrease) in advances received	79,974	376,262
Increase (decrease) in other liabilities	△3,521	34,907
Other, net	1,116	3,423
Subtotal	△774,553	184,501
Interest received	76	24
Interest paid	△1,285	△349
Subsidies received	75,163	1,277
Extra retirement payments	△14,085	-
Income taxes refund (paid)	36,947	△39,135
Net cash provided by (used in) operating activities	△677,737	146,317
Cash flows from investing activities		
Purchase of non-current assets	△81,580	△109,675
Proceeds from refund of leasehold deposits	38,048	-
Income from distribution from silent partnerships	-	50,970
Net cash provided by (used in) investing activities	△43,531	△58,705
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	△600,229	500,000
Repayments of long-term borrowings	△124,496	△25,019
Proceeds from issuance of shares	1,539,258	965,500
Proceeds from issuance of share acquisition rights	5,487	-
Proceeds from share issuance to non-controlling shareholders	150,003	-
expense for share acquisition right repurchase	-	△796
Net cash provided by (used in) financing activities	970,023	1,439,685
Effect of exchange rate change on cash and cash equivalents	31,085	74,691
Net increase (decrease) in cash and cash equivalents	279,839	1,601,989
Cash and cash equivalents at beginning of period	917,334	1,197,174
Cash and cash equivalents at end of period	1,197,174	2,799,164

(5) Notes on Consolidated Financial Statements

(Notes on Going Concern Assumption)

Not applicable.

(Change in accounting policy)

(Application of accounting standards for revenue recognition)

We have decided to apply "Accounting Standards for Revenue Recognition" (Enterprise Accounting Standard No. 29, March 31, 2020, hereinafter referred to as "Revenue Recognition Accounting Standard") from the beginning of the current consolidated accounting period. We will recognize revenue at the point in time when control of promised goods or services is transferred to customers for the expected amount to be received in exchange for such goods or services. As a result, prior to the application of this accounting standard, we recognized the future cost burden of points granted to customers through their use as "selling and general administrative expenses," and displayed unused points on the balance sheet as "points reserve." However, we now recognize points as individual items to be delivered in the future as goods or services, and defer the transaction price allocated to the performance obligation of the benefit to be exchanged for points as "contract liabilities," recognizing revenue according to the customer's point usage. As a result, the operating revenue for the current consolidated cumulative period has increased by 22,749 thousand yen, while the operating expenses have increased by 22,845 thousand yen, resulting in a decrease in operating profit, ordinary profit, and profit before income taxes and adjustments by 95 thousand yen each. We have not reclassified the previous consolidated financial statements using the new presentation method in accordance with the transitional treatment prescribed in paragraph 89-2 of the Revenue Recognition Accounting Standard for the previous consolidated accounting year. We also do not provide information on the breakdown of revenue arising from contracts with customers for the previous consolidated accounting period in accordance with the transitional treatment prescribed in paragraph 28-15 of "Accounting Standards for Quarterly Financial Statements" (Enterprise Accounting Standard No. 12, March 31, 2020).

(Application of accounting standards for fair value measurement)

We have decided to apply "Accounting Standards for Fair Value Measurement" (Enterprise Accounting Standard No. 30, July 4, 2019, hereinafter referred to as "Fair Value Measurement Accounting Standard"), etc. from the beginning of the first quarter of the current consolidated accounting period, and to apply the new accounting policies set forth in the Fair Value Measurement Accounting Standard and the transitional treatment prescribed in paragraph 19 of the Fair Value Measurement Accounting Standard and paragraph 44-2 of "Accounting Standards for Financial Instruments" (Enterprise Accounting Standard No. 10, July 4, 2019) for the future. There will be no impact on the consolidated financial statements as a result of this decision.

(Notes in the event of significant changes in shareholders' equity)

As of December 2, 2021, our company issued the 6th and 7th new share subscription rights. As a result of the exercise of the 6th new share subscription rights and other factors during the current consolidated fiscal year, the capital stock increased by 484,903 thousand yen and the capital surplus increased by 474,926 thousand yen, respectively. As a result, at the end of the current consolidated fiscal year, the capital stock is 1,821,276 thousand yen and the capital surplus is 2,060,164 thousand yen.

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

In the current consolidated fiscal year, VELTRA.Korea.Inc. has been excluded from the scope of consolidation as it has been liquidated.

(Additional information)

(Impact of COVID-19 on accounting estimates) In the background of measures to prevent the spread of COVID-19 and the normalization of economic activity, the Japanese government implemented measures such as the resumption of individual travel and visa exemption in October, resulting in the operating revenue of our group for the current consolidated fiscal year being 1,163,530 thousand yen (an increase of 670,874 thousand yen compared to the same period last year). It is expected that our group's business activities and performance will recover as these restrictions are lifted. While the environment surrounding our company is expected to recover as the economy improves, there are concerns about the increase in raw material prices due to factors such as the weakening yen caused by the situation in Ukraine and the tightening of financial policies worldwide, as well as supply constraints, which increase the downside risk. Taking these factors into consideration, we assume that our group's operating revenue will recover to the level of 2019 by the 2024 fiscal year. In addition, while implementing growth investments such as increased variable costs related to advertising expenses, and investing in necessary human resources according to the recovery of demand, we will continue to improve productivity and cost control for the construction of an appropriate cost structure, and strive to improve our future operating profit margin in a step-by-step manner. Our group uses future profits and cash flows calculated based on the assumptions described above to evaluate impairment of fixed assets and recoverability of deferred tax assets.

(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, 2021 to December 31, 2021)

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
15,170	2,080	673	17,924

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, 2022 to December 31, 2022)

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
19,882	1,727	136	21,747

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, 2021 to December 31, 2021)

No applicable information.

For the current consolidated fiscal year (from January 1, 2022 to December 31, 2022), there are no relevant matters.

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

Previous consolidated fiscal year (January 1, 2021 to December 31, 2021)

No applicable.

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

No applicable.

(Information on the negative goodwill generated by report segment)

Previous consolidated fiscal year (January 1, 2021 to December 31, 2021)
No applicable.

Current consolidated fiscal year (January 1, 2022 to December 31, 2022)
No applicable.

(Information per share)

	Fiscal year ended December 31, 2021	Fiscal year ended December 31, 2022
Net assets per share	34.51 yen	38.14 yen
Net loss per share (△)	△35.12 yen	△22.92 yen

1. (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.
2. The calculation basis for the net loss per share for the current period is as follows.

	Fiscal year ended December 31, 2021	Fiscal year ended December 31, 2022
Earnings (losses) per share (△)		
Net loss attributable to parent company shareholders for the current period (△) (Unit: Thousands of yen)	△1,157,363	△794,151
Amounts not attributable to common shareholders (in thousands of yen)	—	—
Net loss attributable to the parent company's shareholders (△) (thousands of yen)	△1,157,363	△794,151
Weighted average number of outstanding shares of common stock during the period	32,956,022	34,660,150

(Significant Subsequent Events)

Not applicable.