



FY2020 Financial Results

VELTRA Corporation

Tokyo Stock Exchange Mothers: 7048



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A woman with her hair in a bun is seen from the back, looking through binoculars. She is wearing a light-colored shirt and a bracelet. The background is a bright, hazy landscape with mountains and a clear sky. The sun is low in the sky, creating a lens flare effect.

FY 2020 Business Environment and Initiatives



Business Environment – Global and Japan Travel Markets -

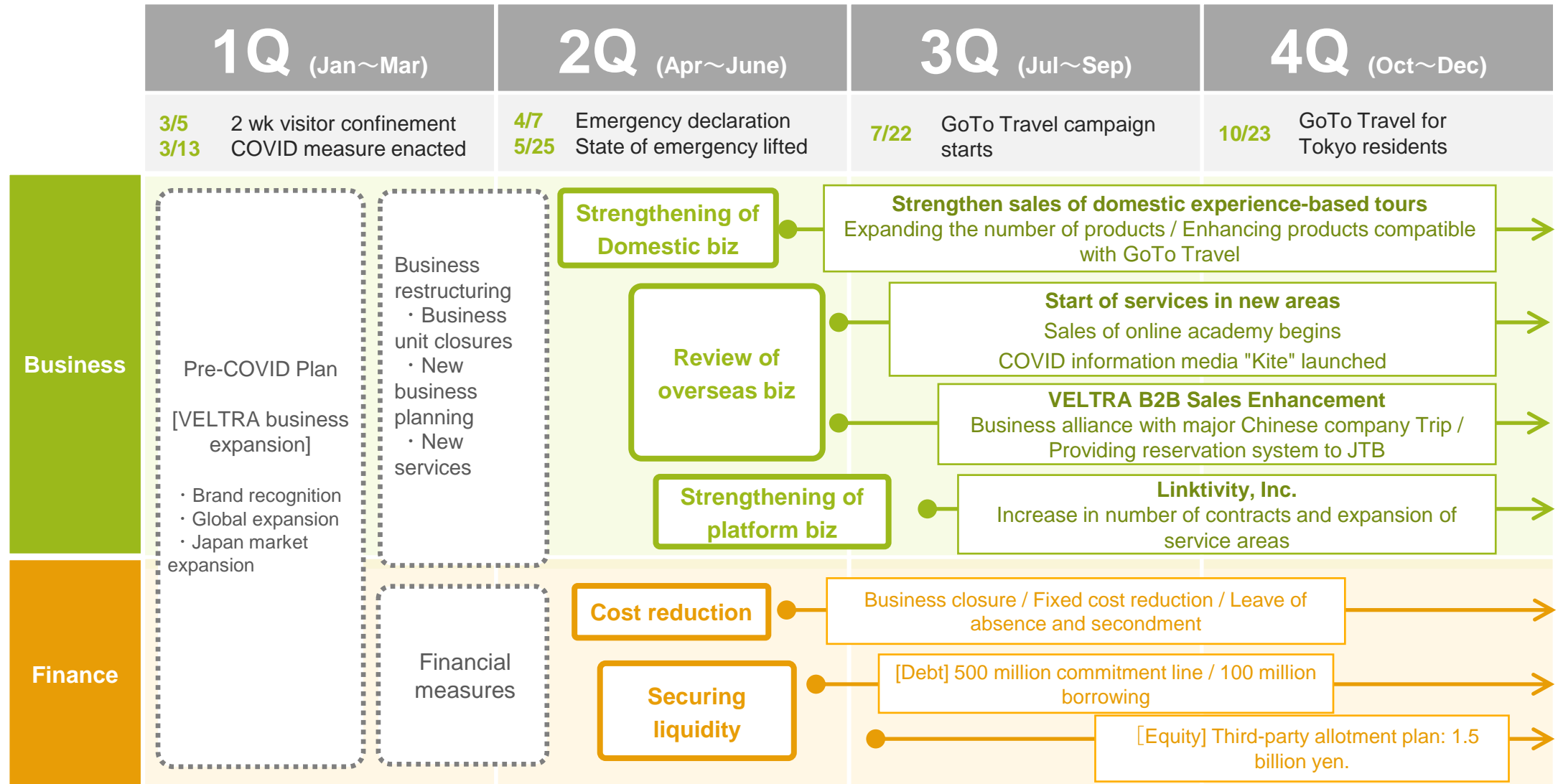
- Tourism has most severe year on record as global international tourist arrivals fall 74% (down 1 billion)
- Number of international visitors to Japan in 2020 (estimated): 4,115,900, down 87.1% from the previous year
- The number of Japanese departing Japan in 2020 (estimated) will decrease by 84.2% from the previous year to 3,174,200.



Source JNTO (Japan National Tourism Organization) January 20, 2021 - Statistics on Japanese Visitors to and Departures from Japan - UNWTO Barometer and Statistical Annex Jan 2021



Our response to changes in business environment



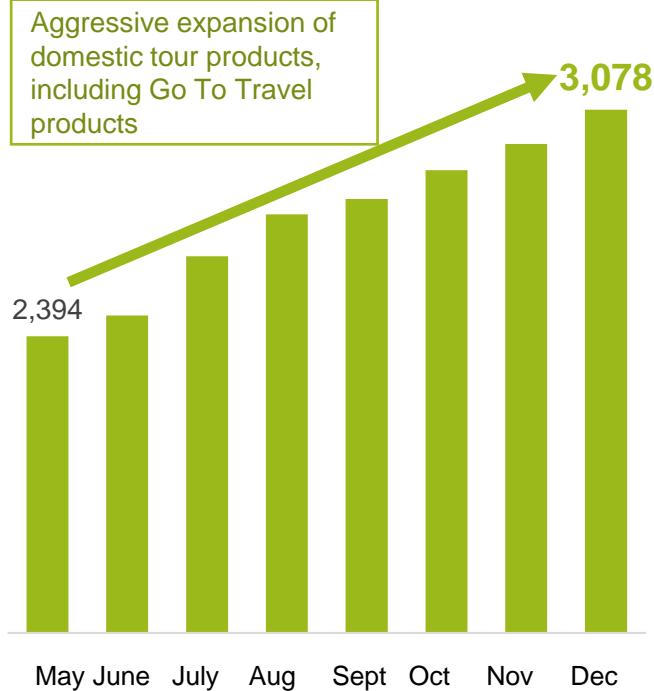


Strengthen domestic business

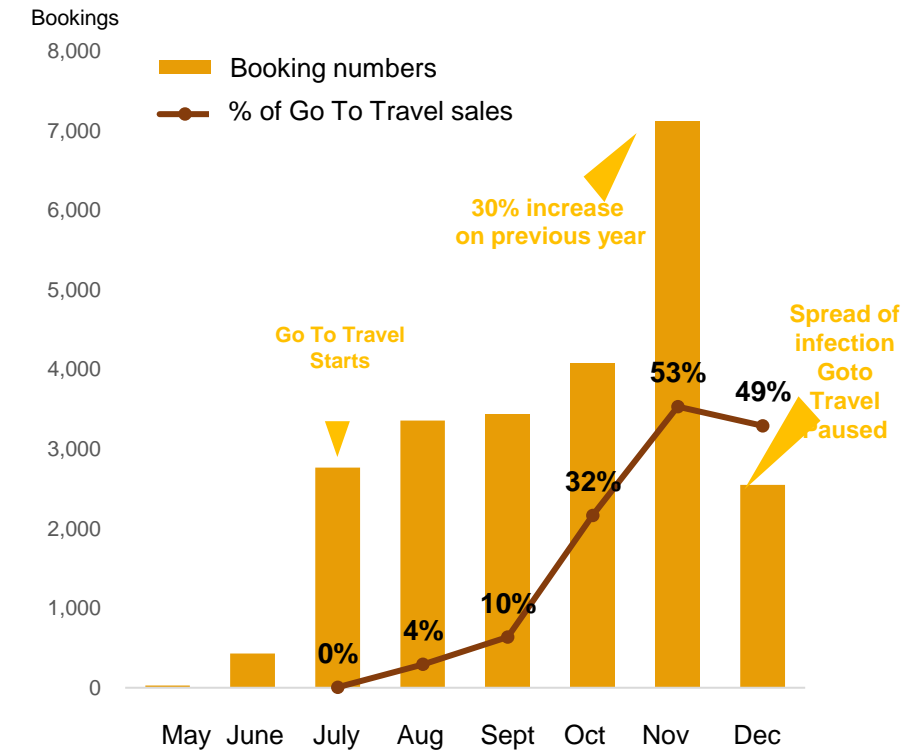
- Planning and offering a variety of tours based on VELTRA's unique experience-based tours and activities.
- Since April, we have expanded our product lineup to over 3,000, with plans to double that number by the end of 2021.
- Strengthen products applicable to the GoTo Travel Campaign, which will lead to sales promotion. (Sales temporarily halted due to temporary suspension of GoTo Travel nationwide).



Number of domestic tour products



Number of reservations by month



Review of overseas business and new services

- Re-think plans for the expansion of the multilingual business. Move management resources to Japan until travel resumes and provide "Online Academy" and "Kite" as content that connects Japanese travelers with the rest of the world.
- B2B-related activities that require time to be linked to the core system will be implemented as needed, and preparations for resumption will be made.

VELTRA B2B Sales Enhancement

Trip.com

Providing more than half of the local experience-based activities handled by Trip.com, the largest OTA in China.

JTB

Started providing JTB with a reservation and sales system for VELTRA local tours and activities.

ANA

Started offering ANA original online tours through VELTRA reservation system.

Sales on Online Academy



# of Online Academy Products	302
# of Participants (Viewers)	17,413
<ul style="list-style-type: none"> - Well received "Paris Tour" with Mr. Hitonari Tsuji - Featured on TV Asahi's "Tamori Club" - Joint project: Monaco Tourism Bureau and others 	

With COVID Online Media



With COVID Media 「Kite」
Providing real-time information on COVID impact on travel by global partners with text, photos and videos.

# of Biz Providing Local Info	126
# of partners utilizing	2796
# of countries/regions	53
<ul style="list-style-type: none"> - Cooperation with Travel Voice, Inc. - Use by Ministry of Foreign Affairs 	



Status of Linktivity Initiatives

- Strengthened sales even during COVID. Improved sales efficiency led to securing contracts at pace exceeding original targets.
- Diversification of the business has led to the construction of a direct sales site for suppliers and the strengthening of partnerships with ANA, NAVITIME, and other companies promoting MaaS.

Domestic railroad companies
Prefectural facilities, etc.

End of 2019
6社 → **30社**
End of 2020

JR東海ツアーズ



京成電鉄



Domestic and overseas
OTAs, travel agencies, etc.

More than **200** sales
channels globally

China



Hong Kong



Taiwan



Korea



EU/US



Japan



Sales Solutions



MaaS integrated **ANA**

NAVITIME



Finance (Cost Reductions)

- Implemented thorough company-wide cost reductions from early March 2020, when the global spread of COVID-19 became apparent.

Cost Cutting Measures

■ Reduction of Labor Costs

Reduction in labor costs of approximately 200 million yen (including 94 million yen in income from employment adjustment subsidies)

■ Reduction of Ad Costs

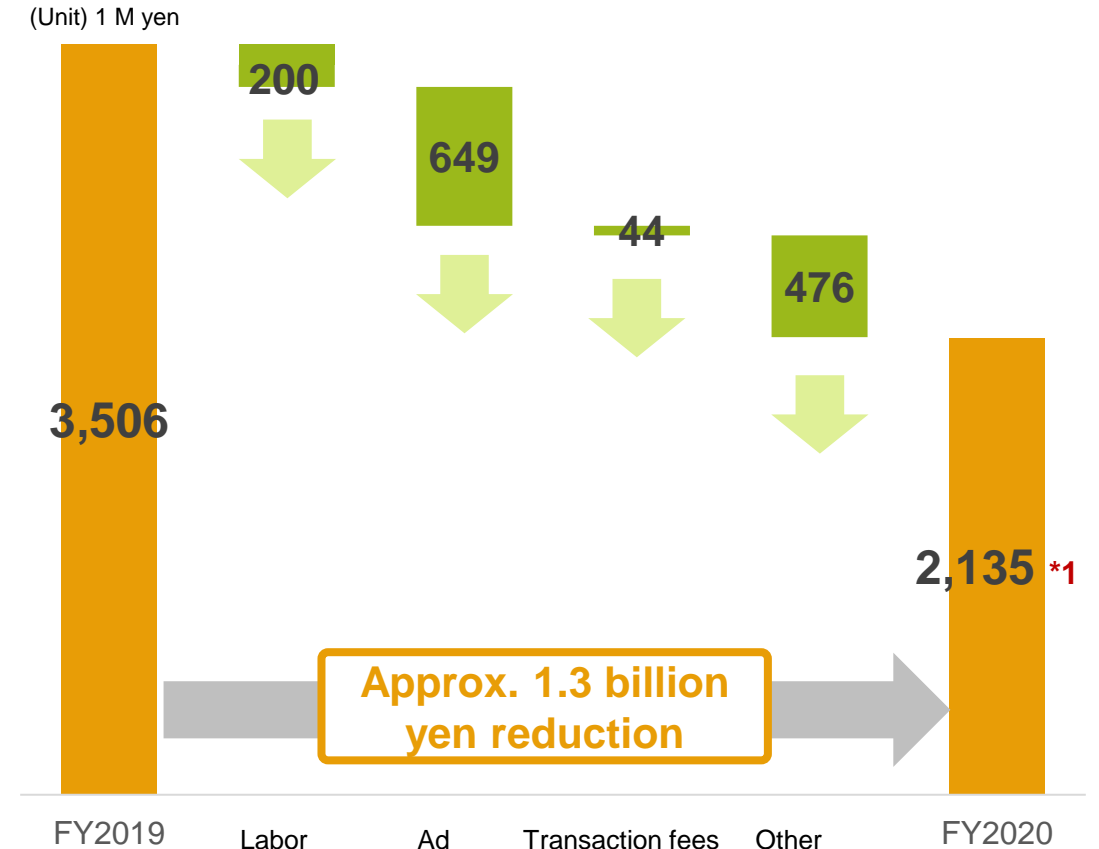
Planned TV commercial has been cancelled. All advertising for overseas travel division also cancelled in March.

■ Closure of Unprofitable Biz Units

Decided to close Global business and Greater China business, where growth is difficult under prior plan. Concentrated and focused resources and investment capacity.

■ Reduction of other Expenses

Shifted to a cost structure that is commensurate with operating revenue in order to push down break-even sales from this fiscal year onward. Implemented additional cost control measures such as reducing office maintenance costs by relocating the head office.



^{*1} For accounting purposes, the employment adjustment subsidy (94 million yen) is recorded as non-operating income.

Financial measures (securing liquidity on hand)

Securing Liquidity

Funding for business continuity

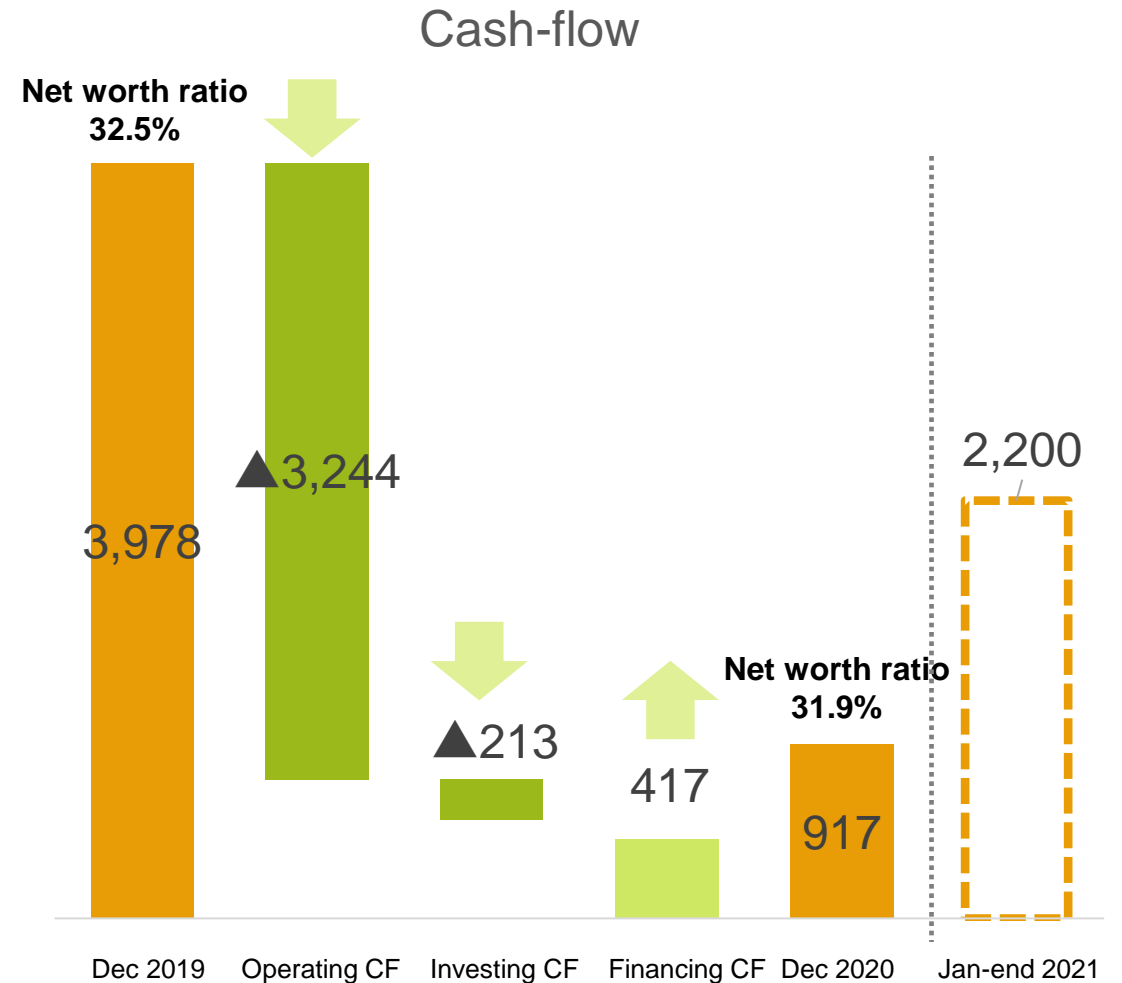
Secured necessary levels of cash for business operations while continuing to implement thorough cost reduction measures. Maintained the equity ratio at the same level as at the end of FY2019 by keeping the amount of bank loans to a minimum. We will use the funds obtained from the capital increase to invest in mid- to long-term growth businesses.

Commitment line and overdraft

Secured funds by borrowing from a commitment line of 500 million yen in Sep 2020 and an overdraft of 100 million yen in Nov 2020. The balance of undrawn loans at the end of the current fiscal year is 1.5 billion yen from the overdraft agreement.

Third Party Funding

Procured funds through third-party allocation of new shares by Open Door Co., Ltd. for the purpose of maintaining a sound financial base, investing in business expansion, and increasing corporate value (Amount raised: approximately 1.5 billion yen; Company common stock: 4,100,000 shares)



The background of the slide is a photograph of a person with their back to the camera, sitting in a wooden boat on a body of water. The person is wearing a mustard-colored long-sleeved shirt and has their arms extended horizontally to the sides. They are surrounded by lush green trees and rocky cliffs under a blue sky with scattered clouds. A semi-transparent white rectangular box is overlaid on the left side of the image, containing the text "FY 2020 Financial Results".

FY 2020 Financial Results



FY2020 Performance Highlights

Business	Japan outbound	YoY▲84.2% at 3.17 M ppl (2020/Jan~Dec) ※
Environment	Japan inbound	YoY▲87.1% at 4.1 M ppl (2020/Jan~Dec) ※

※Source : Japan National Tourism Organization (JNTO)

Performance Overview	Sales and profits decreased YoY due to global COVID-19 impact		
	Operating revenue	890 M JPY	YoY ▲3,460 M JPY
	Ordinary profit	▲1,250 M JPY	YoY ▲2,020 M JPY
	Net income	▲1,547 M JPY	YoY ▲2,070 M JPY

Performance	Even after drastic cost reductions, operating revenue will decrease significantly due to decreased reservations and greater cancellations
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Counter Measures	<ul style="list-style-type: none"> • Raised funds through third-party allotment for flexible and stable funding • Organizational restructuring to respond to shrinking market size • Strengthen sales in the domestic market and platform business • Developing new businesses to create new revenue opportunities
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Profit and Loss Summary (Consolidated)

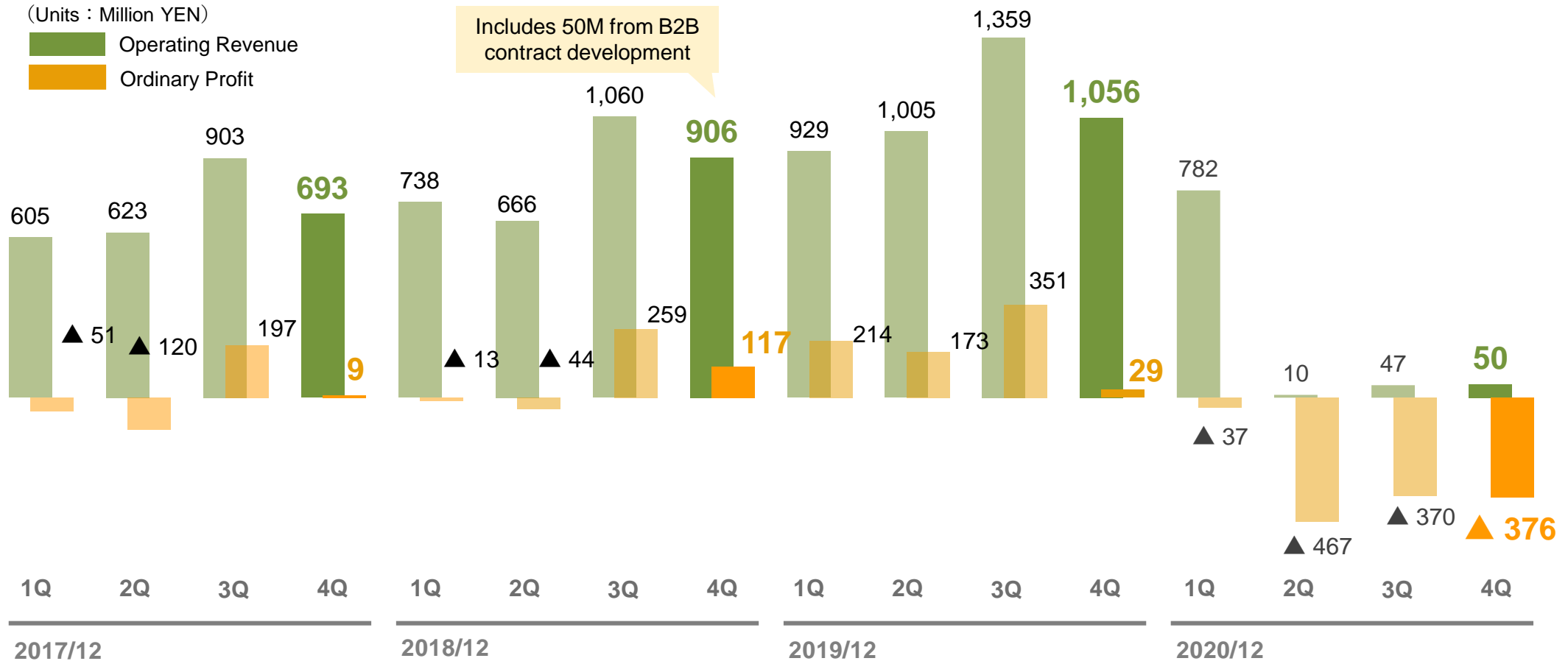
- Sales decreased YoY due to the impact of COVID-19 and resulting restrictions to overseas travel
- Profit declined YoY despite thorough cost control and swift execution of business selection and resource concentration
- Impairment loss of 139 million yen and special retirement allowance of 47 million yen recorded as extraordinary losses

Unit : million yen	FY2019	FY2020	Net Change
Operating revenue	4,351	890	▲79.5%
Operating expenses	3,506	2,224	▲36.6%
Operating profit	844	▲1,333	▲257.9%
Operating margin	19.4%	—	—
Ordinary profit	768	▲1,250	▲262.6%
Recurring margin	17.7%	—	—
Extraordinary expenses	118	188	+59.3%
Profit	521	▲1,547	▲396.7%
EBITDA	694	▲1,316	—
Profit per share (yen)	18.26	▲53.58	▲71.84 yen



Quarterly Trends: Operating Revenue and Ordinary Profit

- Operating revenue bottomed out in Q2 and trended upward with the introduction of new services.
- Profits decreased regardless of reductions in advertising expense, executive compensation, suspension of bonus payments, and reductions from employee leave.





Balance Sheet Summary (Consolidated)

(Unit: Million Yen)	FY2019	FY2020	Net Change	Notes
Current Assets	5,491	1,098	▲4,393	Due to a decrease in the number of bookings and large cancellations, cash and deposits decreased by 3 B yen and operating accounts receivable decreased by 1.2 B yen.
Fixed Assets	933	620	▲313	Investment and other assets decreased by 156 million yen due to reversal of deferred tax assets
Total Assets	6,424	1,718	▲4,706	
Current Liabilities	4,148	1,136	▲3,012	Due to a decrease in the number of bookings and large cancellations, operating accounts payable decreased by 1.7 B yen and advance payments decreased by 1.5 B yen.
Fixed Liabilities	149	29	▲120	Long-term debt decreased by 124 million yen
Total Liabilities	4,298	1,165	▲3,132	
Total Net Assets	2,125	552	▲1,573	Decrease in retained earnings due to net loss of 1,548 million yen attributable to owners of the parent company
Capital to Asset Ratio	32.5%	31.9%	▲0.6pt	



Balance Sheet Summary (Consolidated)

- While maintaining investment for business growth during the market recovery period post COVID-19, the cash position is expected to improve due to continuous company-wide cost review and financing through third-party allotment.

(Unit: Million Yen)	FY2019	FY2020	Net Change	(reference) Post third-party funding
Total Assets	6,424	1,718	▲4,706	3,227
Net Worth	2,125	552	▲1,573	2,061
Owners Equity	2,085	547	▲1,537	2,056
Equity ratio (%)	32.5%	31.9%	▲0.6%	63.7%
Interest-bearing debt balance	347	760	413	760
Cash & Deposits	3,978	917	▲3,060	2,426
Current Assets	5,491	1,098	▲4,393	2,607



C/F Summary (Consolidated)

	FY2019	FY2020	Net Change	Notes
(Unit: Million Yen)				
Operating Cash Flow	1,281	△3,244	△4,525	Increasing factors such as a decrease in trade receivables of 1,259 M yen. Decrease factors such as a decrease in trade payables of 1,711 M yen, a decrease in advance payments of 1,521 M yen, and a net loss before tax of 1,440 M yen.
Investing Cash Flow	△491	△213	+278	Reduction factors include expenditures of 215 million yen due to acquisition of fixed assets
Financing Cash Flow	14	417	+403	Income from short-term borrowing was 611 M yen, and income from issuance of shares was 24 M yen. Reduction factors such as expenditures of 197 M yen due to repayment of long-term debt.
Cash and Cash Equivalents at the end of year	3,978	917	△3,060	



Change in monthly sales and bookings since March 2008

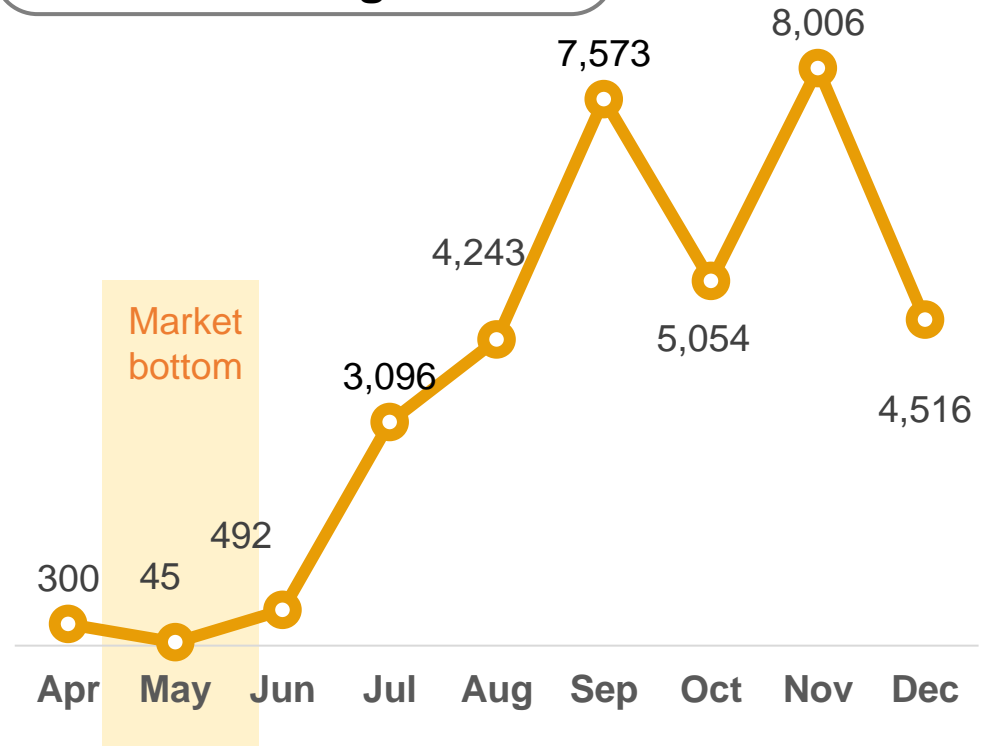
- Built profit base through new services even when overseas travel was essentially zero.
- To strengthen competitiveness as demand recovers, the Overseas Division will continue to build a strong base with our business partners.
- We will continue to promote hygiene management rules to adapt to the new normal and create a market where customers can experience travel with peace of mind.

Monthly sales

(Unit: Thousand Yen)



Bookings



A person wearing a yellow hat and a white long-sleeved shirt is sitting on a rocky mountain peak, with their arms raised in a gesture of triumph or joy. The background shows a vast landscape with a lake, forested hills, and distant mountains under a clear blue sky.

FY 2021 Earnings Forecast



FY 2020 Earnings Forecast

With regard to the consolidated earnings forecast for the fiscal year ending December 31, 2021 (full year), as uncertainty of market recovery from COVID-19 remains unclear it is difficult to calculate a **reasonable** earnings forecast at this time. Therefore, the forecast for the fiscal year ending December 31, 2021 has not been determined.

We will promptly disclose the earnings forecast when it becomes possible to do so.

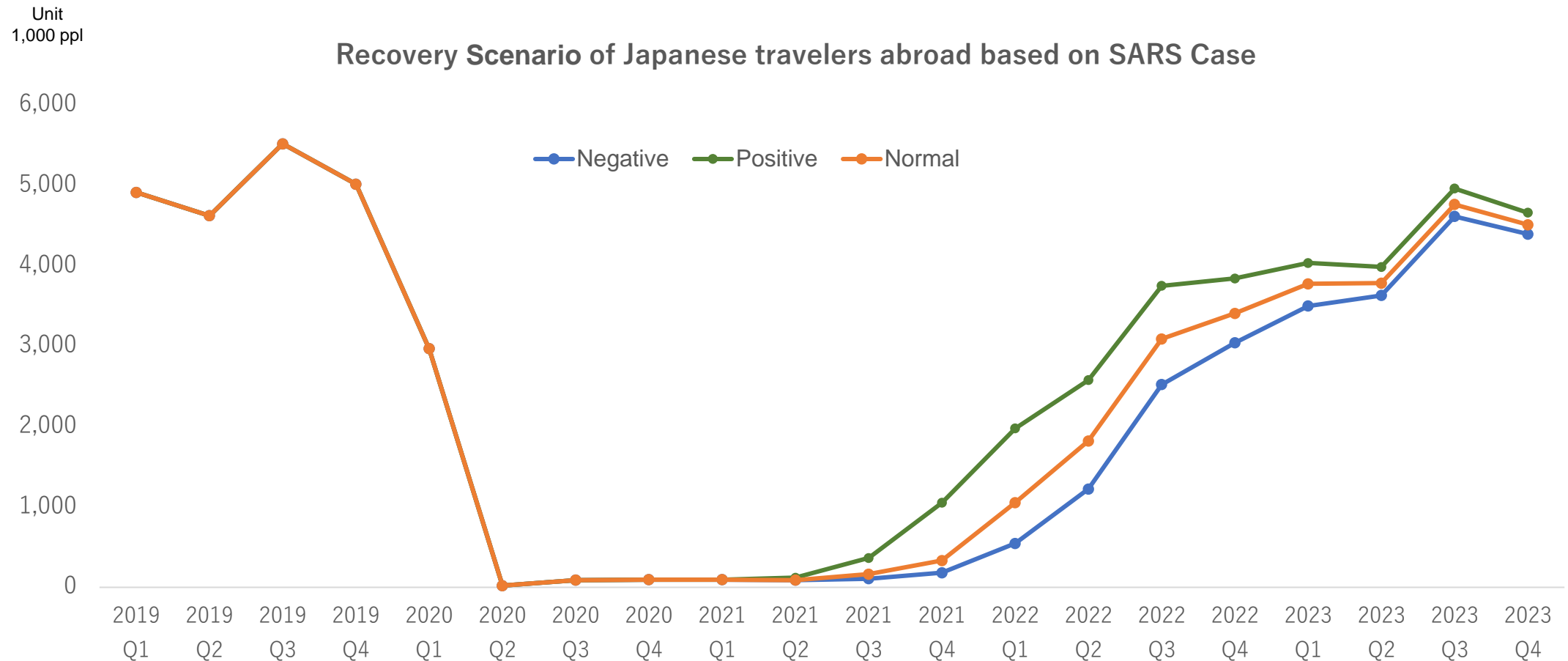
The background of the slide is a photograph of a person lying in a hammock, viewed from behind. Their arms are raised towards the sky, reaching into the branches of a large, leafy tree. The scene is bathed in warm, golden sunlight, creating a peaceful and natural atmosphere. A semi-transparent white box is overlaid on the right side of the image, containing the section header.

FY 2021 Future Actions



Overseas Travel Market (VELTRA Recovery Forecast)

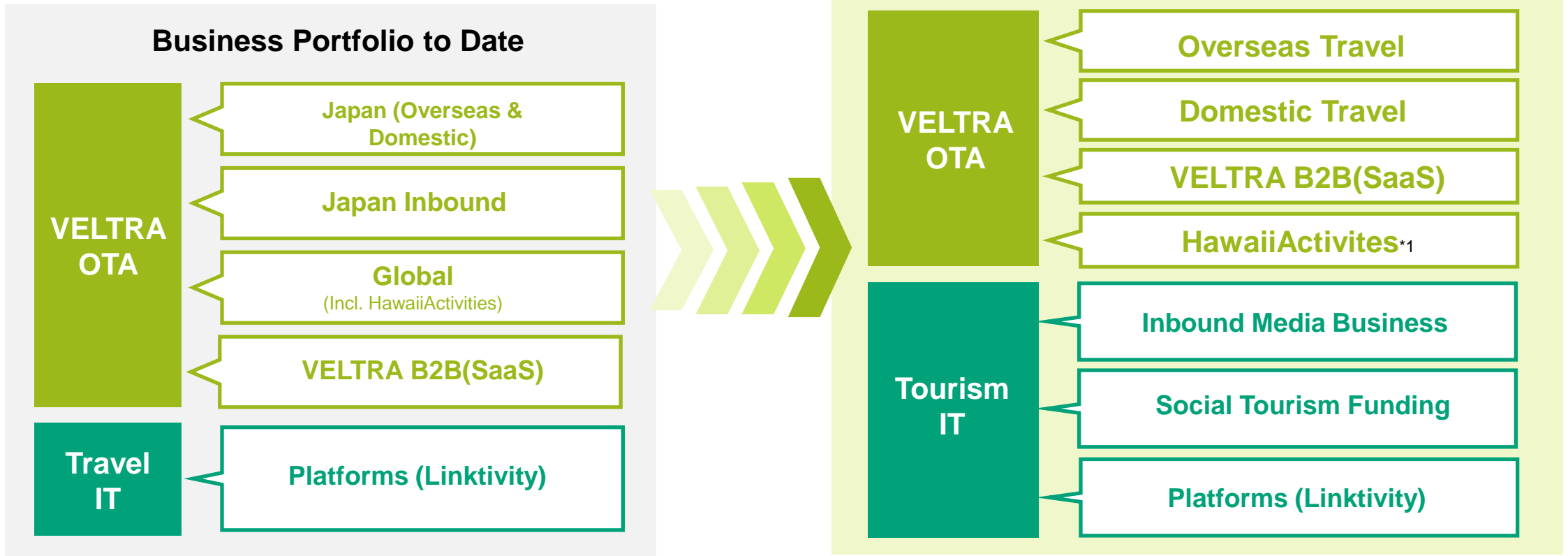
- There are no prospects for a recovery in overseas travel in 2021. Recovery is projected for 2022.
- Three scenarios were calculated based on Japanese traveler recovery based on the past SARS outbreak, with the starting month of recovery being June (Positive), August (Normal) and October (Negative)





Restructuring of business portfolio

- To date, VELTRA Group has been expanding its business as an online travel agent (OTA) for local experience tours, with a focus on VELTRA's online booking service. Future projects include establishment of a new travel-related IT business utilizing the assets of VELTRA which will confer an advantage over the competition. The company will not only expand its business as an OTA, but will also diversify its business, aiming to maximize its corporate value in two areas: travel recovery and new tourism-related IT services.



*1 HawaiiActivites is our wholly owned subsidiary, an OTA specializing in Hawaii for mainland U.S. travelers.

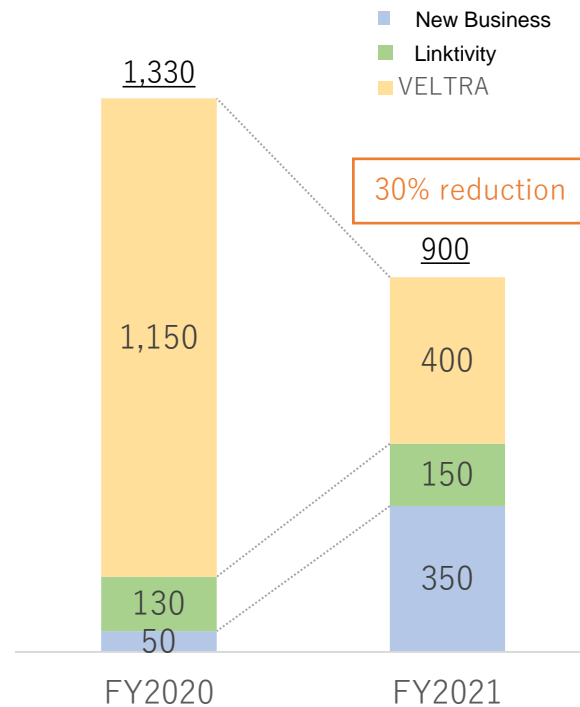


Financial Measures

- Allocation of business investment in 2021 will be shifted from overseas travel to domestic or new business initiatives.
- We will continue to reduce costs in order to build a financial structure that can withstand the worst case scenario.
- We will review investments to increase sales when business begins to recover beyond our assumed scenario.

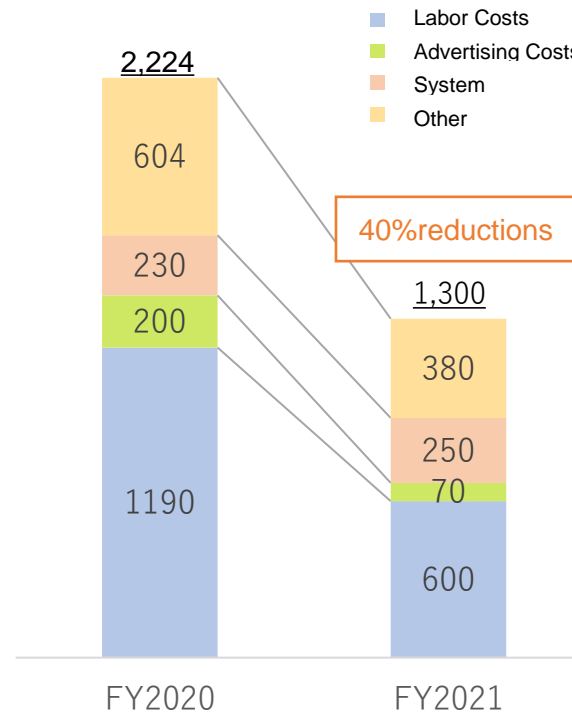
Business Investment (Unit : 1 M YEN)

(Managerial Accounting)



※ Business investment = Business cost - Software amortization + Software investment
※ Excluding administrative costs

Cost Reductions (Unit : 1 M YEN)



※ Personnel expenses = Includes all measures such as closure of subsidiaries, secondment, voluntary retirement, leave of absence, etc.

Cash on Hand

- Jan 2021: **2.2 B YEN**
- Unused overdraft loan: **1.5 B YEN**
- Capital adequacy ratio after capital increase: **63.7%**



VELTRA Domestic (Japan) Market

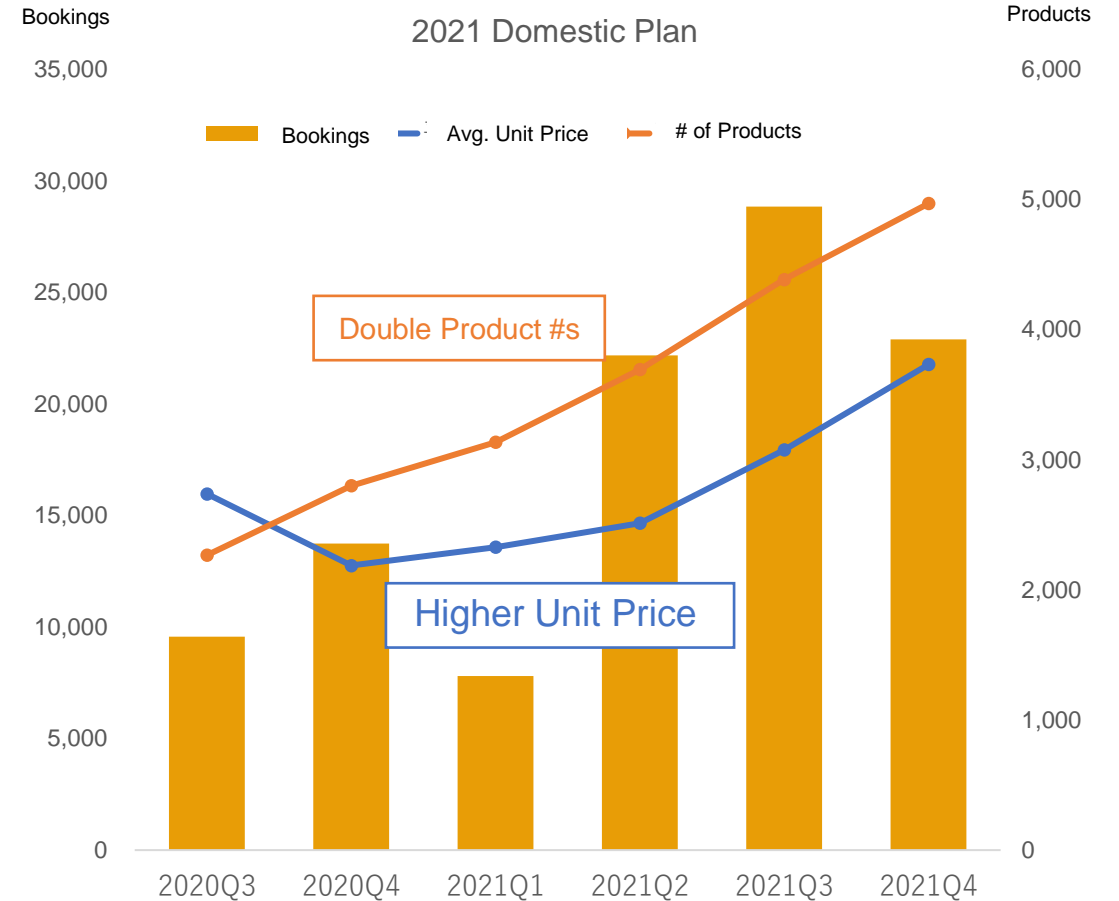
- Have secured domestic travel demand with-COVID and will strengthen domestic sales post-COVID.

Domestic Market Trends

Demand in Japan and neighboring destinations are expected to recover first in the next year through infection prevention measures and vaccination.

Future Initiatives

- Doubling product lineup of Experience based activities for the domestic market.
- Reallocate overseas travel resources to domestic market.
- With view to differentiate, product lineup to be expanded to include experience based activities with accommodation and transportation. Increase products with higher unit price and compatibility Go To Travel.
- Providing "GOHAN of the World" for VELTRA users who love to travel overseas to enjoy meals from around the world in Japan. Provides an opportunity to connect with the world's cultures on the theme of food.





VELTRA Overseas Market

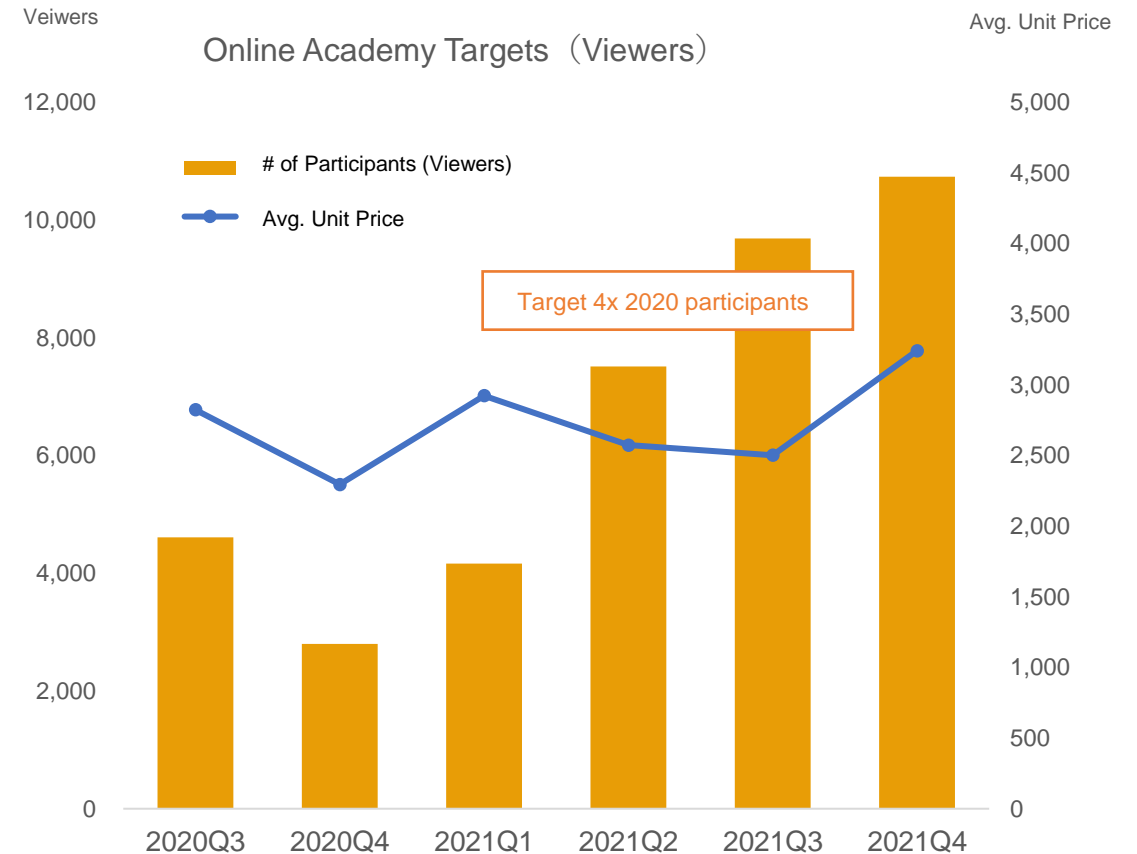
- While recovery is not expected in 2021, aim is for Overseas business to return to profitability

Overseas Market Trends

Overseas travel restrictions are not expected to be lifted until September at the earliest. Vaccination and infection prevention measures are not expected to be effective globally until 2022.

Future Initiatives

- Strengthening VELTRA Online Academy to connect Japan with the world. Sales to schools and educational institutions, corporate welfare programs, company trips, and other corporate clients.
- Resume sales, starting with countries and regions with large numbers of Japanese expatriates once restrictions on movement due to lockdowns are lifted in respective countries.
- Allocation of management resources from overseas divisions to growth divisions and new business initiatives in Japan and Linkivity.
- Controlling expenses by seconding employees to partner companies and using Gov. COVID employment subsidies.





Linktivity

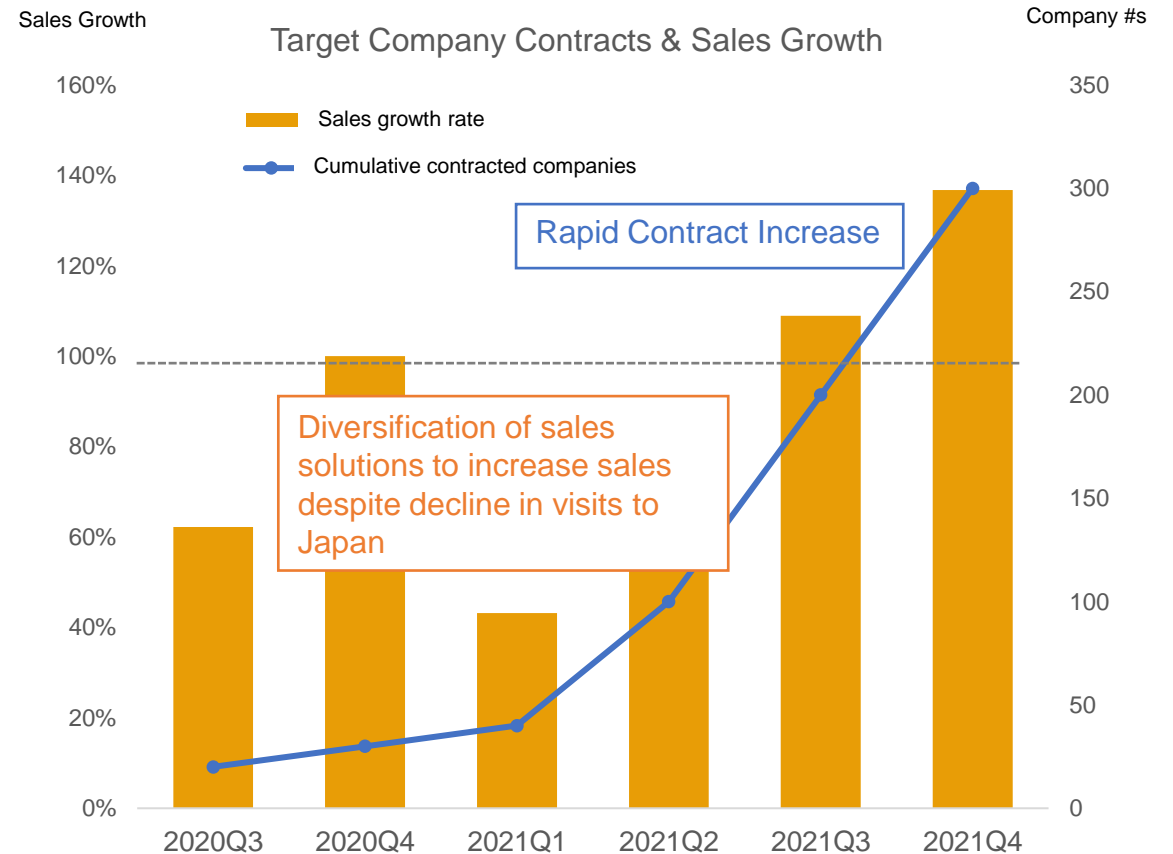
- Sales will increase in FY2021 due to diversification of services. Expanding the number of contracted companies in preparation for inbound Japan travel recovery in the following fiscal year and beyond. Platform sales are expected to grow rapidly in the following fiscal year and beyond.

Future of Digital Transformation (DX)

Digital transformation (DX) in the tourism industry is urgent, and the Japan Tourism Agency is providing more than 100 million yen in support for the development of DX technology for a seamless experience for the 60 million visitors to Japan.

Future Initiatives

- **Increasing Company Contract Numbers**
We actively support the digitalization of facilities and attractions of major railroad companies and their group companies in order to promote the recovery of visitors to Japan and the shift to DX. Contract #s will increase this year.
- **Direct Sales Solutions**
Provide direct sales solutions on railroad company websites.
- **Integration of MaaS**
Strengthen system collaboration with MaaS promotion companies like ANA and NAVITIME.

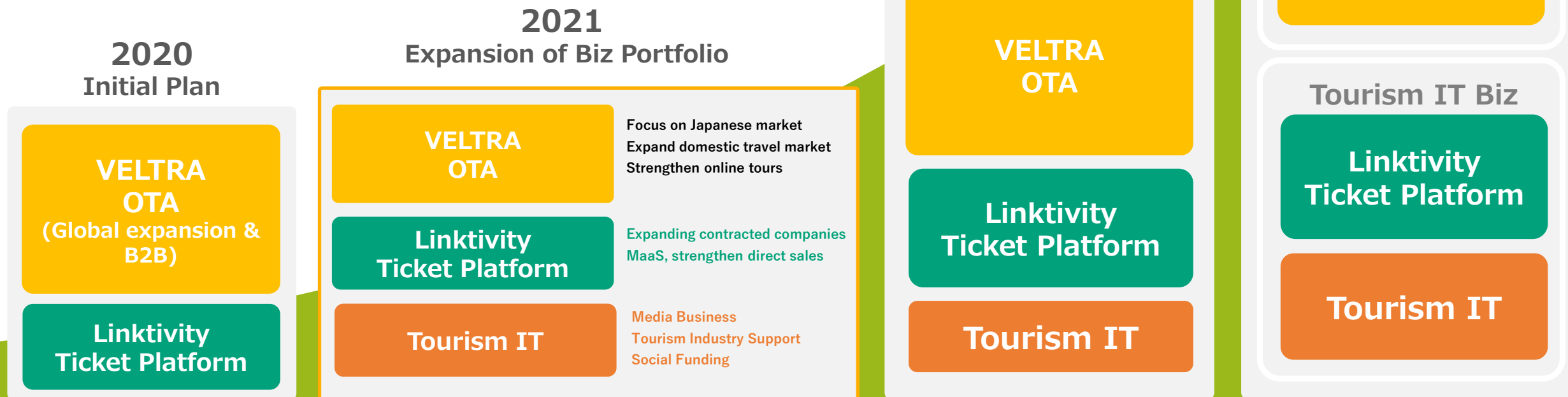




Growth Strategy

To date, we have expanded our business presence in tourism as an Online Travel Agent (OTA). Looking forward, we aim to maximize corporate value by maximizing the use of VELTRA assets-- a source of competitive advantage-- and by growing IT services in and outside the tourism industry.

Faced with new challenges, we will continue to provide services inline with our corporate philosophy and emphasize genuine connections between people, grow sustainably together with all stakeholders and lead the tourism industry with our unique presence.



Appendix



Company Profile

Company Name VELTRA Corporation

Headquarters 1-18-1 Kyobashi, Yaesu, Chuo, Tokyo

Capital JPY 1,292,925,320 (as of January 31, 2021)

Founded November 1991 (VELTRA.com business initiated in 2004)

Fiscal Year Closed In December

Number of Employees Headquarters: 164 (Consolidated: 199)

Subsidiaries

[Singapore]	LINKTIVITY PTE, LTD.
[Malaysia]	VELTRA Malaysia Sdn. Bhd.
[Philippines]	VELTRA PHILIPPINES, INC.
[USA (Hawaii)]	VELTRA Inc.
[Korea]	VELTRA KOREA Inc.
[Japan]	LINKTIVITY Inc.

Business Branches

London, Bangkok

Board Members

President and representative director/CEO

Director

Director

Director

Director

Outside director

Outside director

Outside director

Auditor

Part-time auditor

Part-time auditor

Wataru Futagi

Ryoko Mannen

Tomoharu Kurakami

Jumpei Minashima

Emmanuel Issaurat

Toru Shiraishi

Gaku Suzuki

Rodney Cuthbert

Tetsushi Ikeda

Masato Mori

Masayuki Kono

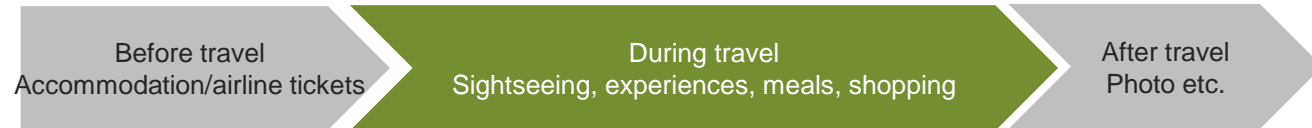


"Great Place to Work" ranking
Selected as the best company for
four consecutive years



Business Outline

Understanding "VELTRA," an online booking service specialized in tours & activities

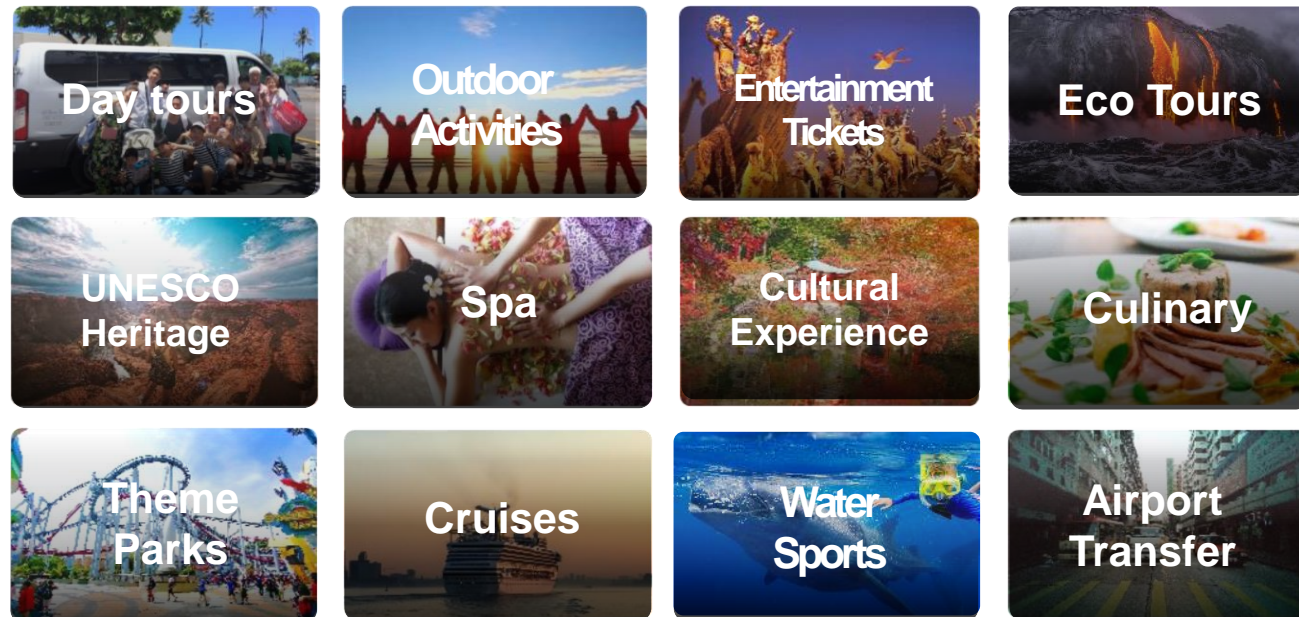


VELTRA changes TRAVEL

Search for destinations by
what you can experience



Pre-travel bookings are possible for more than 10,000 types of experience-based tours at local prices in 150 countries





History

1991	ALAN Corporation (currently VELTRA Corporation) was established as a marketing-focused consulting businesses.
2003	Business transfer of a golf course booking site "GORA" to Rakuten (currently "Rakuten GORA").
2004	Business initiation of an overseas activity booking site "Alan1.net" (currently VELTRA). Launched "HawaiiActivities.com" for the North American market traveling to Hawaii. Acquired all shares of White Publishing, Inc. (currently VELTRA Inc).
2012	The trade name was changed from "Alan 1.net" to "VELTRA" for global business expansion. The company name was also changed from ALAN Corporation to VELTRA Corporation. Opened an English website. Initiated Japan inbound travel business. Established VELTRA Malaysia Sdn. Bhd. in Kuala Lumpur, Malaysia as a system development company.
2015	Opened Chinese websites (traditional and simplified).
2016	Acquired all shares of City Discovery SAS, an Online Tours & Activities booking site--CityDiscovery.com--for global markets but mainly targeting English speaking travelers.
2017	The company name of a locally incorporated subsidiary in Paris was changed to VELTRA SAS, a group company of VELTRA. The company name of a locally incorporated subsidiary in Manila was changed to VELTRA Philippine, a group company of VELTRA. Launched veltra.kr, a Korean website in partnership with Korean company, 12cm,Inc Established LINKTIVITY PTE, LTD. in Singapore to supply products mainly focused on Japanese railways and transportation. Full-fledged business initiation for B2B.
2018	Listed on the Mothers Section of the Tokyo Stock Exchange
2019	Established VELTRA KOREA Inc.
2020	Established Linktivity Inc.



Corporate Philosophy

To be a global leading company in tourism and international relations, delivering our unique value, and promoting sustainable growth with stakeholders.

Unique value

Provide a wide range of travel destinations and a variety of products while achieving high quality services.

International relations

To prioritize borderless links between people, with expertise in guided experienced based tours & activities.

Prosperous coexistence

To provide value to the tourism industry through collaborative corporate alliances and to grow the tourism industry as a whole.



Precautions

Forward looking statements made in this document include information regarding forecast of financial results and business plans. The information in this report are 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.

The purpose of this document is to provide information, and not to solicit the selling or buying of VELTRA shares. VELTRA requests that you avoid making investment decisions based entirely on information provided in this document and that you choose your investments at your own discretion when making actual investments.

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