



FY2020 Q3 Financial Results

VELTRA Corporation

Tokyo Stock Exchange Mothers: 7048



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FY 2020 Q3 Financial Results



Business environment and our response

- Overseas : Although travel restrictions in countries will continue, limited cross-country travel will begin.
- Japan : Since late May, domestic travel is gradually recovering with help from the 'Go To Travel' campaign.

Overseas

Business Environment

- Nov 6: ANA resumes flights to Hawaii. Exemptions of 14 day self-quarantine.
- From Oct 1, the Ministry of Foreign Affairs will allow new entry from all countries for business, study abroad and family stay.
- Airlines considering multiple flights in response to demand for travel to Southeast Asia and Europe.

Japan

- 25 May: Gradual recovery after state of emergency was lifted.
- 22 July: Start of 'GoToTravel' campaign.
- 1 Oct: GoToTravel expanded to trips to/from Tokyo.
- Gradual recovery of travel demand with help from 'GoTo Travel'.

Our Response

Expansion of B2B sales channels

- ✓ Providing an activity booking system (SaaS model) to JTB.
- ✓ Business tie-up Trip.com to expand sales channels.

New Services Launches

- ✓ "VELTRA Online Academy", an online tour that is "live broadcast" via the Internet.
- ✓ "Kite", an information site that gives the current state of travel.

Expansion of domestic tour products

- ✓ (April: Approx 2,400 products ⇒ Sept: Approx 2,800 products)

Strengthening of LIKTIVITY platform business

- ✓ Partnership with major domestic railways and facilities.

Sustainable tours and Eco Tourism

- ✓ Strengthen planning and provision of domestic experience-based tours and activities.



FY2020 Q3 Performance Highlights

Business Environment	Japanese outbound	YoY ▲89,000 people at 98.4% (Jul – Sep 2020) *
	Japan inbound	YoY ▲26,000 people at 99.7% (Jul – Sep 2020) *

* (Source: Japan National Tourism Organization (JNTO))

Performance Overview	Sales and profits declined YoY due to global spread of COVID19			
	Operating revenue	840 M JPY	YOY	▲2,454 M JPY
	Ordinary profit	▲875 M JPY	YOY	▲1,614 M JPY
	Net income	▲1,098 M JPY	YOY	▲1,596 M JPY

Operating Revenue	The global impact of COVID19 led to the significant decline in the number of Japanese travelers, which has affected operating profits.
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Measures	<ul style="list-style-type: none">• Restructuring to respond to temporary reduction of the market size• Strengthening of domestic business and platform business• Securing flexible and stable funding• Expansion of sales channels in anticipation of post-COVID demand• Developing new businesses to create new revenue opportunities
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Profit and Loss Summary (Consolidated)

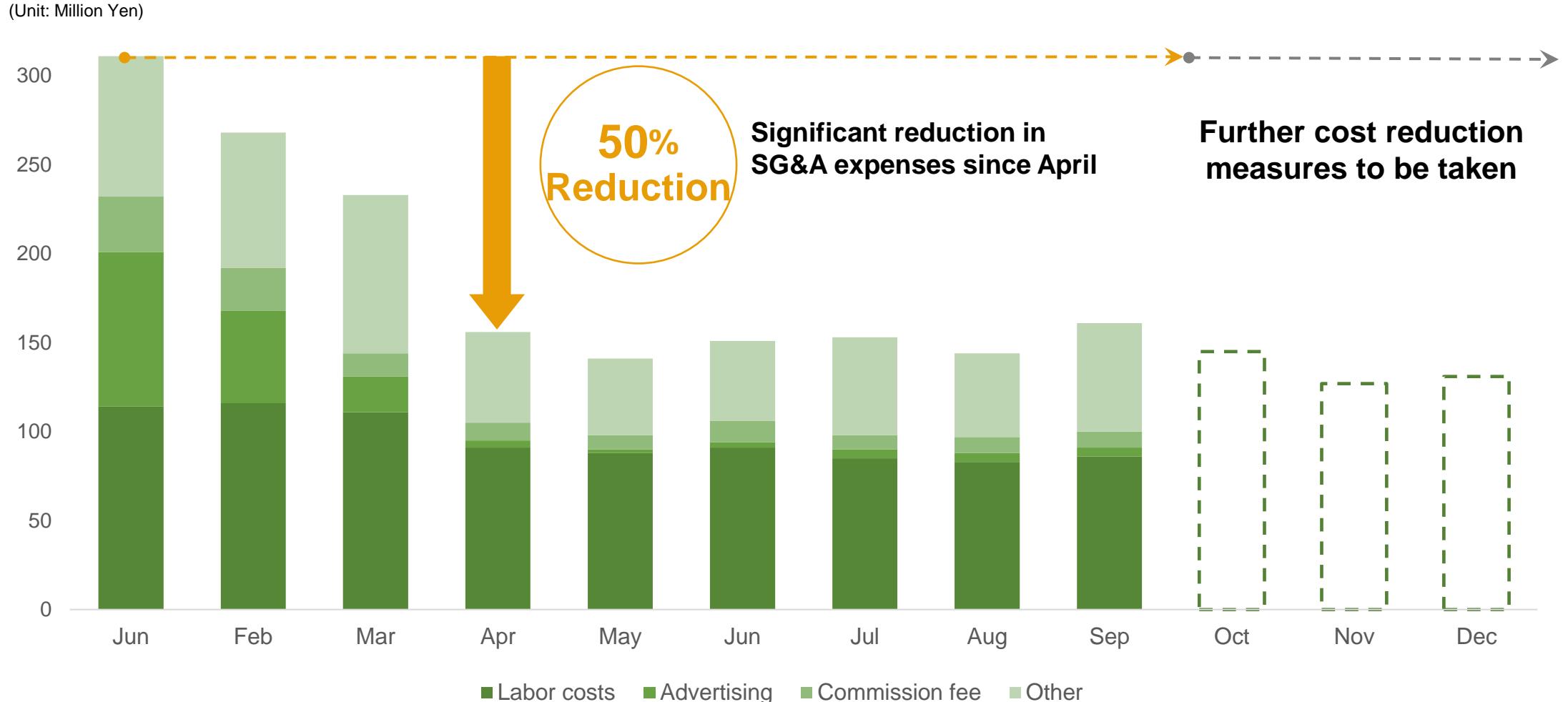
- ① Operating revenue bottomed out in Q2 and gradually grew with the introduction of new service markets
- ② Significant and ongoing cost reduction of various operating expenses such as advertising carried out from April
- ③ Recorded subsidy income as non-operating income
- ④ Impairment of 14 M yen due to business closure in Q1, special retirement allowance of 45 M yen in Q2, and impairment of 56 M yen in Q3
- ⑤ Recorded corporate tax adjustment amount of 157 M yen due to reversal of deferred tax assets

(Unit: Million Yen)	FY 2020 Q1 (Jan-Mar)	FY 2020 Q2 (Apr-Jun)	FY 2020 Q3 (Jul-Sep)	FY 2020 Q3 Accumulative (Jan - Sep)	FY 2019 Q3 Accumulative (Jan - Sep)	Q3 Accum. Rate of Change
Operating revenue	782 ①	10	47	840	3,294	▲74.5%
Operating expenses	812 ②	481	479	1,773	2,491	▲28.8%
Operating profit	▲29	▲471	▲432	▲933	802	▲216.2%
Operating margin	—	—	—	—	24.4%	—
Non-operating income	2	6 ③	61	69	0	+9286.9%
Non-operating expenses	10	2	—	12	64	▲80.9%
Ordinary profit	▲37	▲467	▲370	▲875	739	▲218.4%
Recurring margin	—	—	—	—	22.4%	—
Extraordinary expenses	14	45	56 ④	116	—	—
Profit	▲206	▲509	▲382 ⑤	▲1,098	498	▲320.2%
Profit per share (yen)	▲7.17	-	-	▲38.06	17.48	—



Monthly changes in major operating expenses

- Continue to reduce fixed costs while focusing resources to maximize business profits.





Trends in monthly sales and bookings: future direction

- Create revenue base through new services even when overseas travel limited.
- Anticipate renewed demand and continue to build a foundation for strong cooperation with travel operators.
- Promote hygiene management rules to adapt to the new normal and ensure traveling with peace of mind.

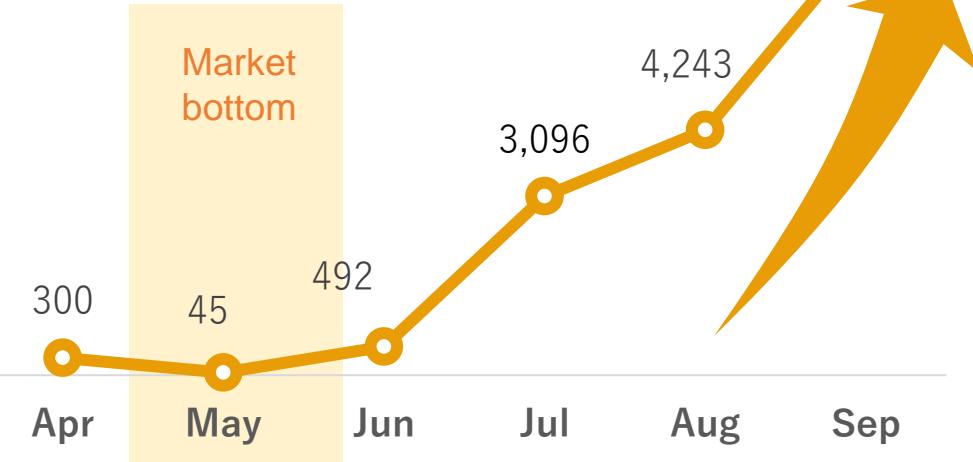
Monthly sales

(Unit: Thousand Yen)



Bookings

Surge in bookings of tours by celebrities





Measures to improve financial stability

Measures to increase business profitability

Prioritize business that will increase profits regardless of travel conditions and that will increase sales post COVID

- Expansion of online service "VELTRA Online Academy"
- Strengthening real-time information dissemination capabilities
- Development of Japan market and expansion of experienced based tours
- Strengthening platform business: LINKTIVITY
- Alliances with companies that have business synergy

Efficient and muscular business management

Continue strategic cost review

- Implement strategic cost control in the early stages pandemic, reduce SG&A expenses by 50% compared to plan, and reduce break-even point
- Continue to review costs in response to business strategies in order to further pursue efficient business operations

Securing liquid funds on hand

Securing sufficient working capital

- Secured a flexible financing facility. Out of the outstanding balance of 2 billion yen, borrowed 500 million yen on September 30 (repayment date: March 30, 2021)
- Consider financing methods other than borrowing



Balance Sheet Summary (Consolidated)

(Unit: Million Yen)	Period Dec 2019	Period Q2 2020	Change	Notes
Current Assets	5,491	1,435	▲4,056	Cash and deposits decreased by 2,744 M yen and operating accounts receivable decreased by 1,212 M yen, mainly due to a decreased bookings from COVID.
Fixed Assets	933	688	▲244	Investment and other assets decreased by 165 M yen, mainly due to the reversal of deferred tax assets
Total Assets	6,424	2,124	▲4,300	
Current Liabilities	4,148	1,058	▲3,090	Operating accounts payable decreased by 1,696 M yen and advance payments decreased by 1,511 M yen due to COVID.
Fixed Liabilities	149	50	▲99	Long-term debt decreased by 99 M yen
Total Liabilities	4,298	1,108	▲3,189	
Total Net Assets	2,125	1,015	▲1,110	Capital increased by 11 M yen and capital surplus increased by 11 M yen due to the issuance of new shares by exercising stock option rights. Quarterly net loss attributable to owners of the parent of 1,098 M yen recorded. Retained earnings decreased and foreign exchange adjustment account decreased by 17 M yen.
Capital to Asset Ratio	32.5%	46.7%	14.2p	

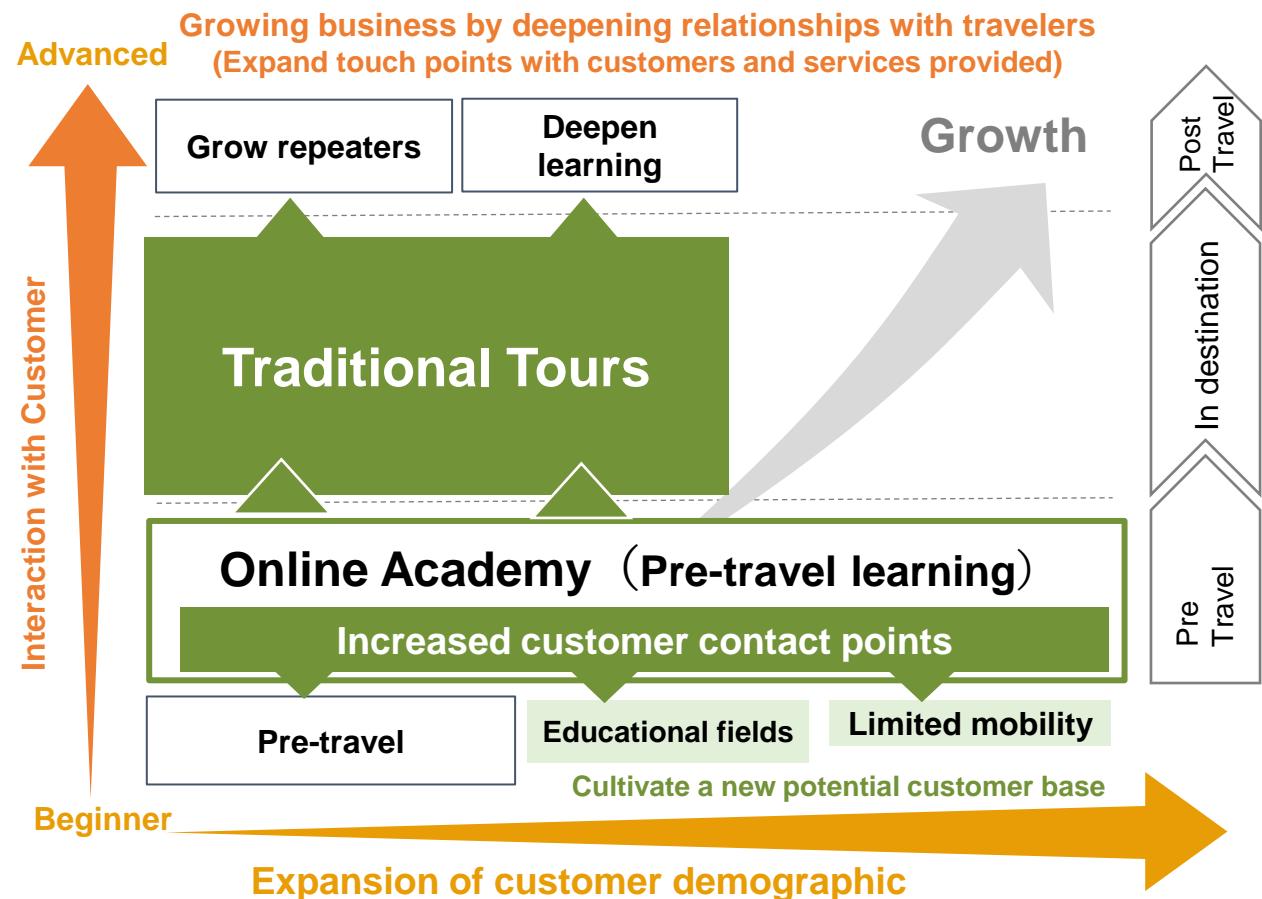


VELTRA Online Academy Creates New Travel Value

- Providing new experiences with VELTRA Online Academy, created during the restricted movement of COVID
- Online Academy will continue to be strategically developed post-COVID



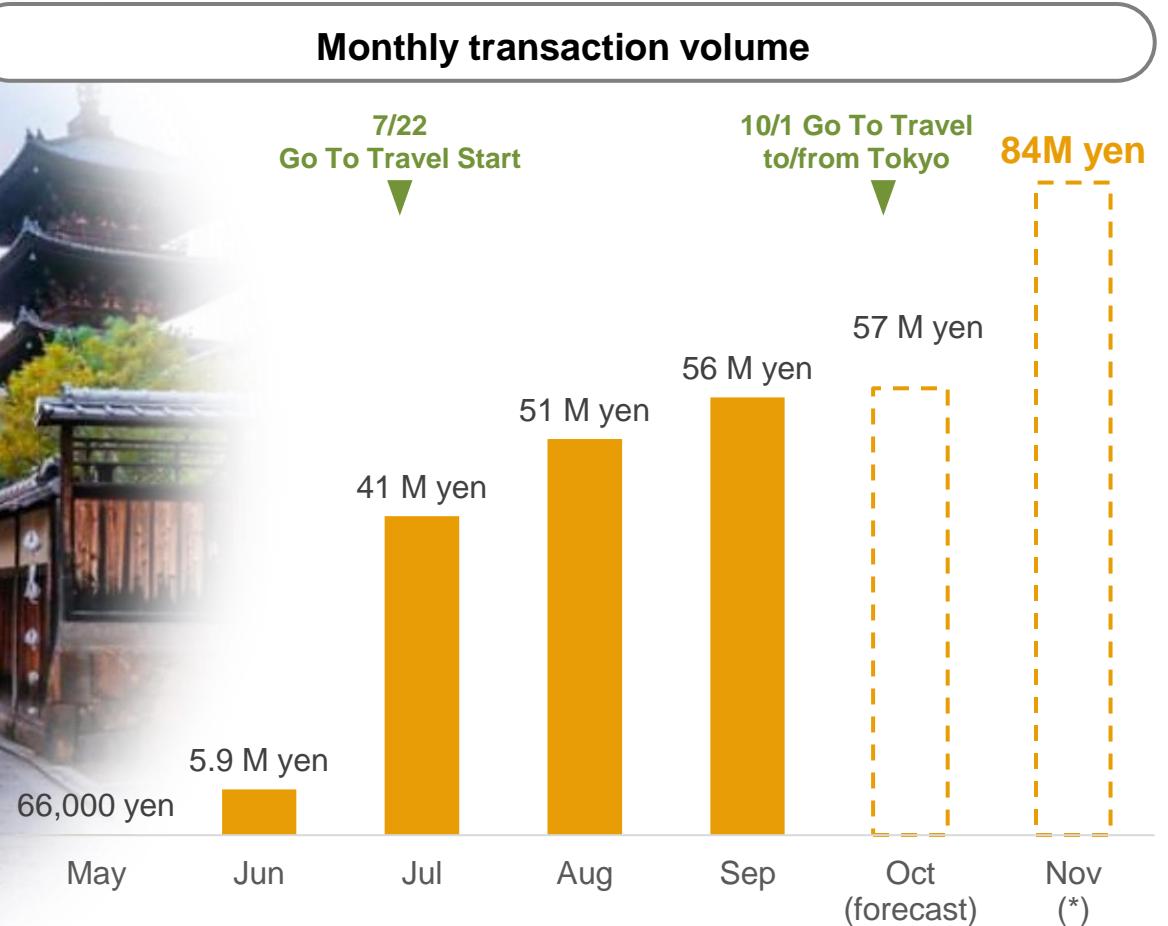
* Includes 10,000 participants of free online academy products





Efforts in the Japanese (Domestic) Market

- Planning and providing various tours centered on "experience-based tour activities" unique to VELTRA
- Transactions bottomed in May. Transaction volume has increased sharply since 'Go To Travel' campaign in July



(*) Based on reservations made up to 10th Nov

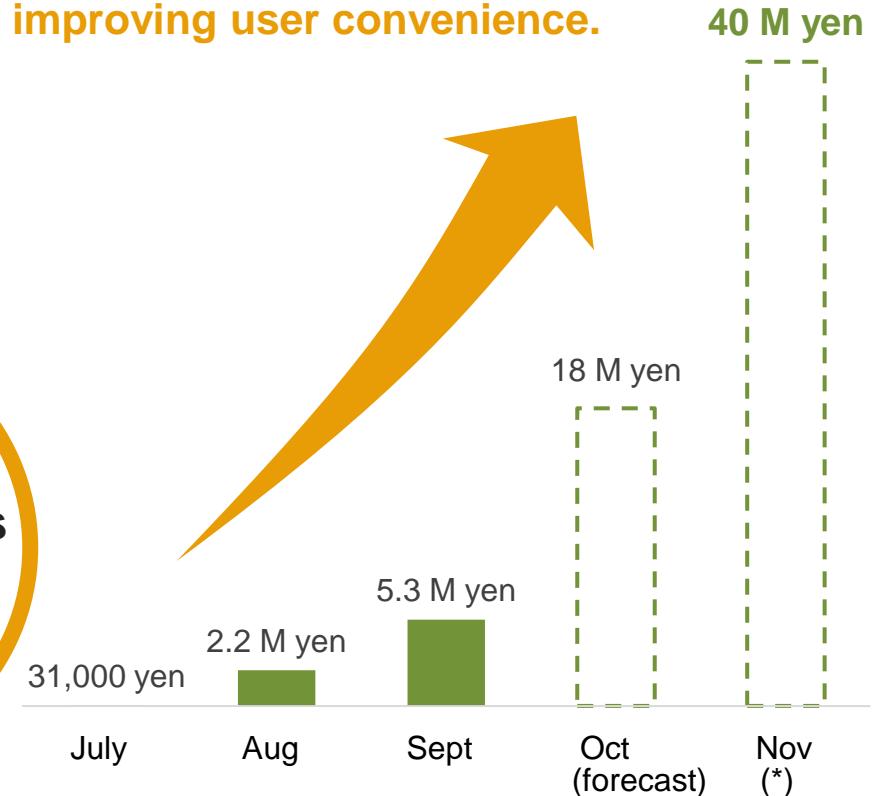


Go To Travel Effect: Transaction volume strong upward trend



Go To target monthly transaction volume

User numbers are increasing rapidly with use of Go To Travel to/from Tokyo, expanding domestic activity tours, strengthening guidance to websites, and improving user convenience.





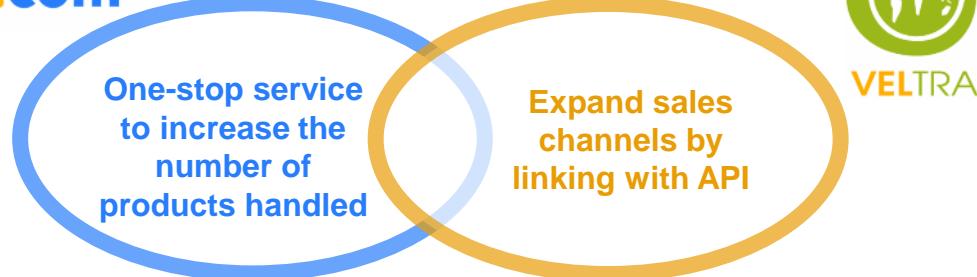
Expansion of B2B sales channels

Business alliance with Trip.com Started offering local tour & activity products

Expansion of sales channels and improvement of convenience

A system tie-up with Trip.com, one of the world's largest online travel agencies. Target Japanese travelers using Trip.com's website and mobile apps. Local experience tours and activities will be on sale from October 27, 2020.

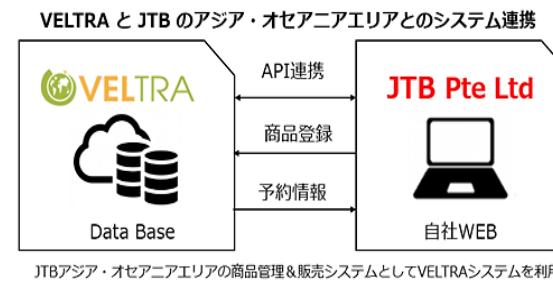
Trip.com



It is now possible to purchase airline tickets, hotels and local tours at the same time or at any time, improving convenience for passengers.

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

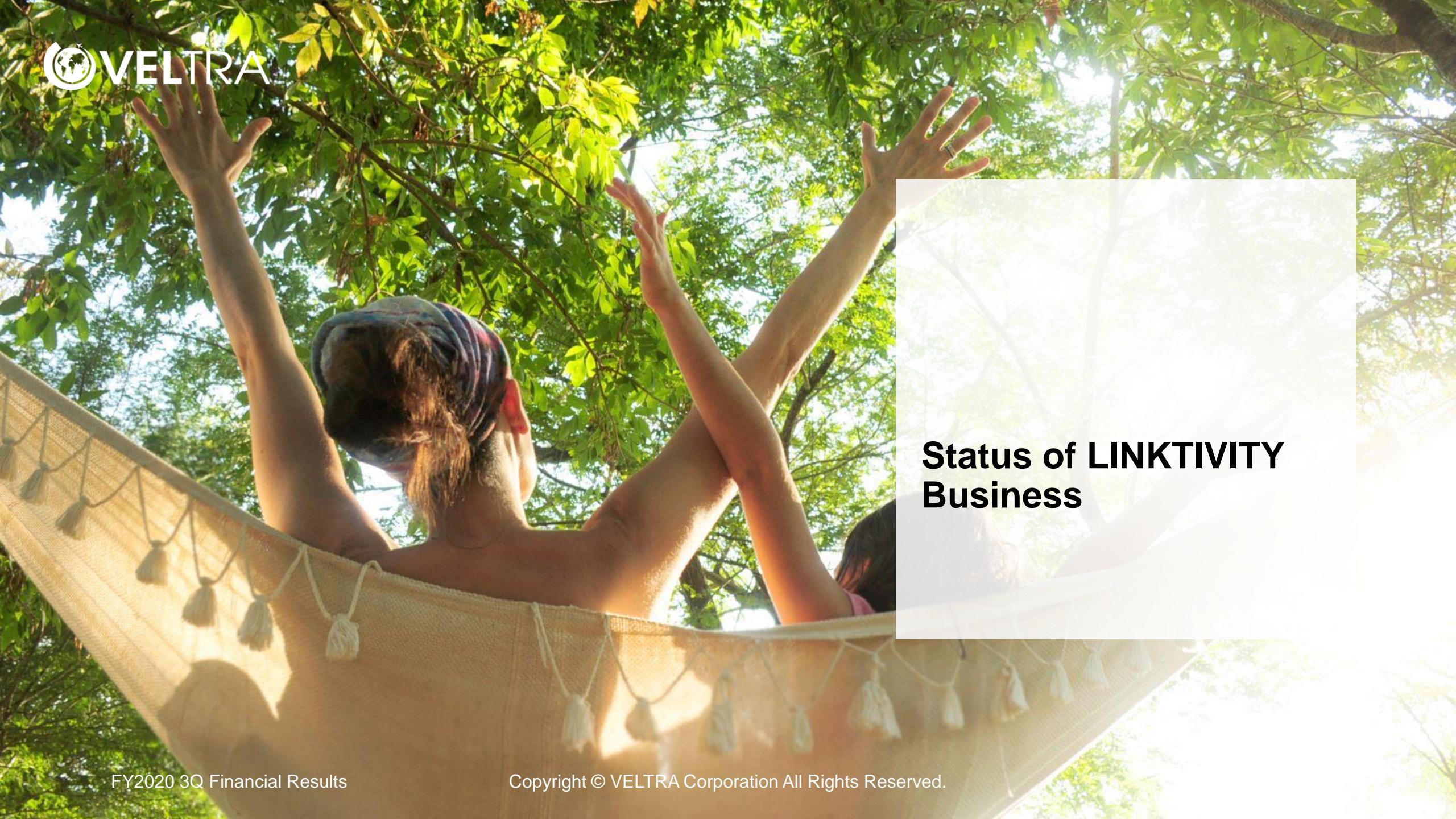
- Increase proposals to integrate acclaimed VELTRA IT to travel industry companies
- Promote strategic collaboration with local tour and activity businesses that are expected to grow



Have begun linking API system with local tour / activity sales system owned by JTB Pte Ltd. Starting with tour activity products in Asia and Oceania (45 cities in 12 countries), we plan to expand the scope of system provision such as sales and inventory linkage as well as system linkage in anticipation of expansion in other areas in the future.

Future prospects

Aiming to expand both online and offline sales channels to reach new customer target groups with fewer contacts, making local reservations not only before travel but also in destinations, and strengthening BtoB sales by providing systems to travel agencies.



Status of **LINKTIVITY** Business



Expansion of subsidiary LINKTIVITY business

Strengthening LINKTIVITY platform with aim of post recovery travel demand

- Promote the use of E-tickets for domestic transportation and facilities
- The number of contracts is steadily increasing, with contracts with major business companies.

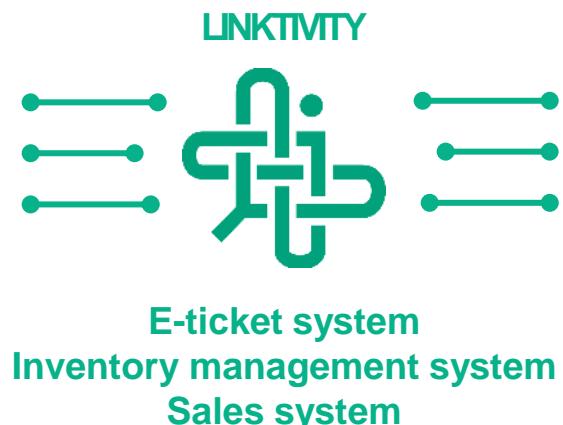
Service content and benefits of each company

Promote reservation, ticketing, and inventory management systems that are completed online, centered on services that use E-tickets (QR codes).



Supplier
In destination companies such as railways and tourist facilities

- Acquiring sales channels worldwide
- Operation costs such as inventory management and credit management reduced
- Real-time acquisition of transaction data for each sales channel contributes to improved marketing capabilities



Sales Company
Domestic / overseas Travel agency
MaaS

- Seamless QR code issuance and exchange management is possible

KLOOK

Ctrip
WUG

ANA

NAVITIME



LINKTIVITY Partners (partial)

- By strengthening the sales system, contracting at a pace that exceeds the original plan.

Domestic railway companies
Prefectural facilities, etc.

From 6 companies
in late 2019 to
over 30
companies* today

*Including companies currently in preparation phase

JR東海ツアーズ



京成電鉄



近畿日本鉄道

NANKAI

Osaka Metro



Domestic / overseas
OTA, travel agencies

Over 200 sales
channel
companies

中国



香港



台湾



韓国



欧米



日本

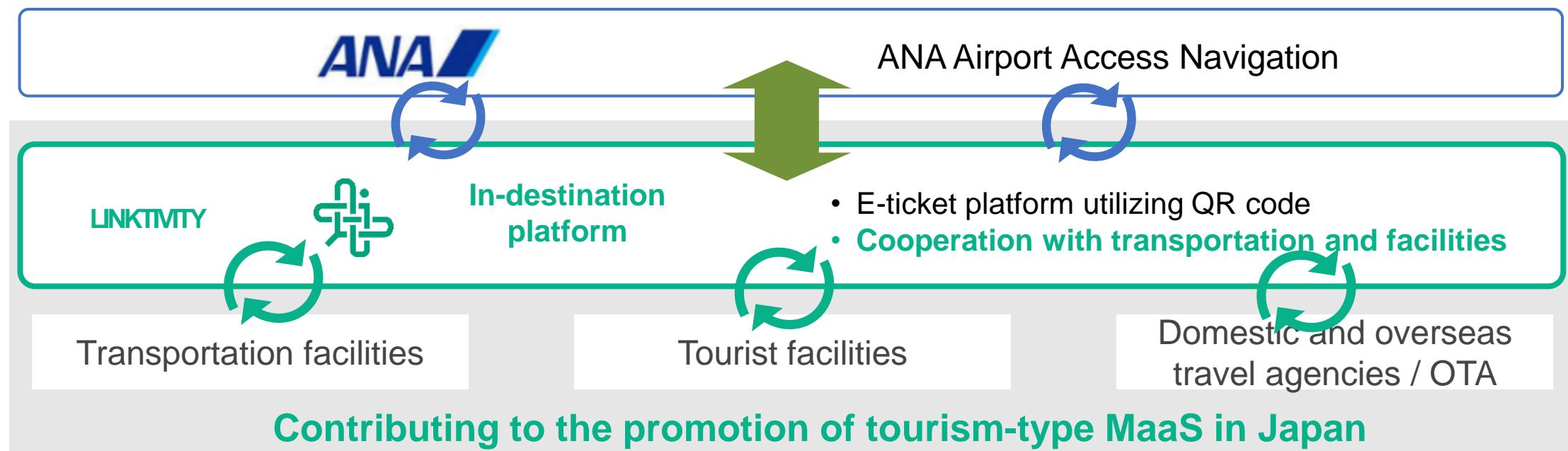




Collaboration with ANA to build MaaS

LINKTIVITY's e-ticket platform enables non-face-to-face, non-contact, seamless travel (MaaS) to the final destination of your trip

Started cooperation with All Nippon Airways Co., Ltd. (ANA) to build MaaS (Mobility as a Service) that seamlessly provides users with one service from search to reservation and payment.



Fits the new normal era

Non-contact + convenience + customer satisfaction

FY 2020 Earnings Forecast





FY 2020 Earnings Forecast

Although domestic travel is gradually recovering in the third quarter, travel restrictions continue for overseas travel with the re-expansion of COVID-19 in Europe and the United States. At this point in time, there are still many uncertainties, and the consolidated earnings forecast for the fiscal year ending December 2020 cannot be calculated reasonably, so it will continue to be undecided.

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

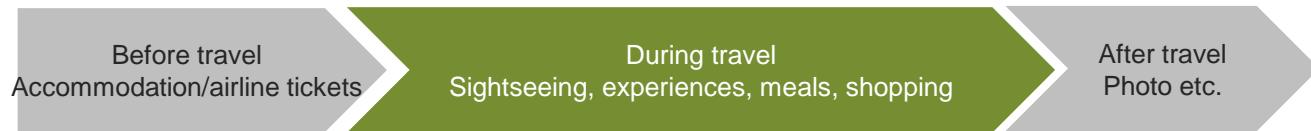


Appendix



Business Outline

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

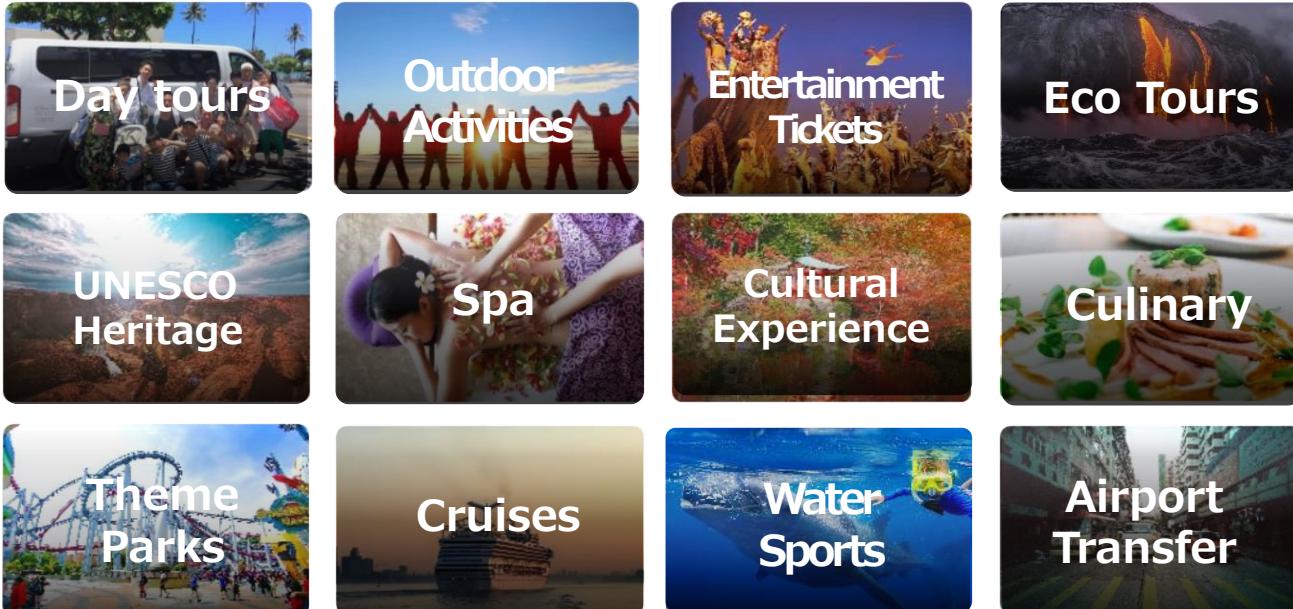


VELTRA changes **TRAVEL**

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





Business Areas

- Three business areas that support VELTRA, a site that specializes in local experience-based optional tours

B to C

Tours & Activities
Booking Site



B to B

Partner Travel
Agencies



Platform

LINKTIVITY
Transport booking
service



Japanese
Public
Transport

LINKTIVITY

Reservation platform system
connecting Japanese public
transportation and travel
agencies around the world by
group company



VELTRA Strengths

- Our strength is our ability to improve product value and customer satisfaction.

Over 400,000 Travel Reviews

Rich reviews support customers in their selection. Ability to propose travel that fits customer expectations by constant product improvement.

Safety and Security Ensured Full Online Support

Improve customer satisfaction by removing language and cultural barriers and promoting repeat customers.

Diverse Sales Channels

Wide range of large to small travel agencies including airlines have implemented our system with success.

Quickly provide products that meet the interest of the times



Over 5,000 Tour Operator Network Globally

Make available experienced based tours from around the world.
Japan's largest network of tour operators.

Over 6,000 Global Professional Tour-Guide Network

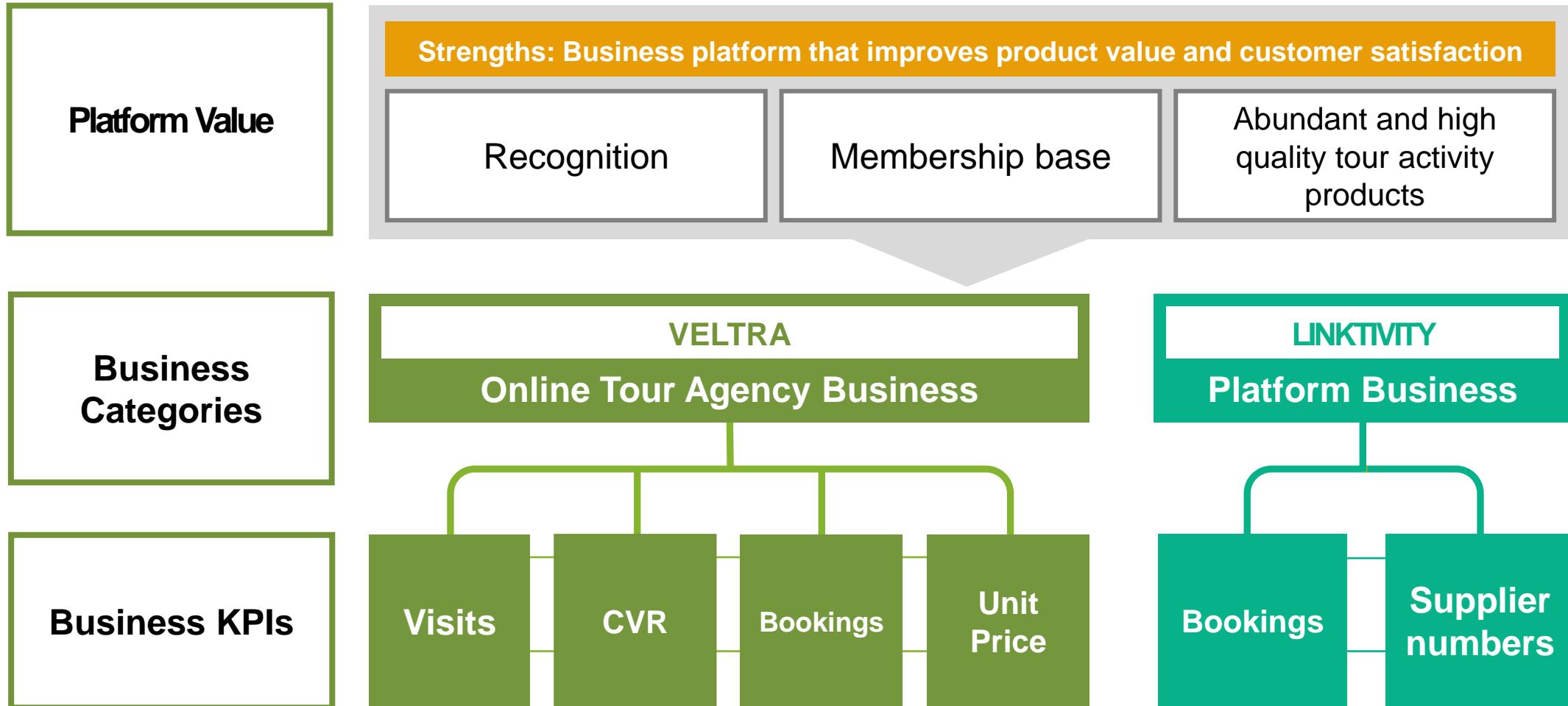
Professional tour guides, full of hospitality to inspire and move you on your journey.

Product Value &
Customer Satisfaction

UP!



Key indicators of our business (KPI)



Company Profile

Company Name	VELTRA Corporation		Board Members	President and representative director/CEO	Wataru Futagi
Headquarters	1-18-1 Kyobashi, Yaesu, Chuo, Tokyo				
Capital	JPY 536,707,920 (as of September 30, 2020)			Director	Ryoko Mannen
Founded	November 1991 (VELTRA.com business initiated in 2004)			Director	Tomoharu Kurakami
Fiscal Year Closed In	December			Director	Jumpei Minashima
Number of Employees	Headquarters: 200 (Consolidated: 248)			Director	Emmanuel Issaurat
Subsidiaries	[Singapore] LINKTIVITY PTE, LTD.			Outside director	Toru Shiraishi
	[Malaysia] VELTRA Malaysia Sdn. Bhd.			Outside director	Gaku Suzuki
	[Philippines] VELTRA PHILIPPINES, INC.			Auditor	Rodney Cuthbert
	[USA (Hawaii)] VELTRA Inc.			Part-time auditor	Tetsushi Ikeda
	[Korea] VELTRA KOREA Inc.			Part-time auditor	Masato Mori
	[Japan] LINKTIVITY Inc.				Masayuki Kono
Business Branches	London, Bangkok				



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



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.



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

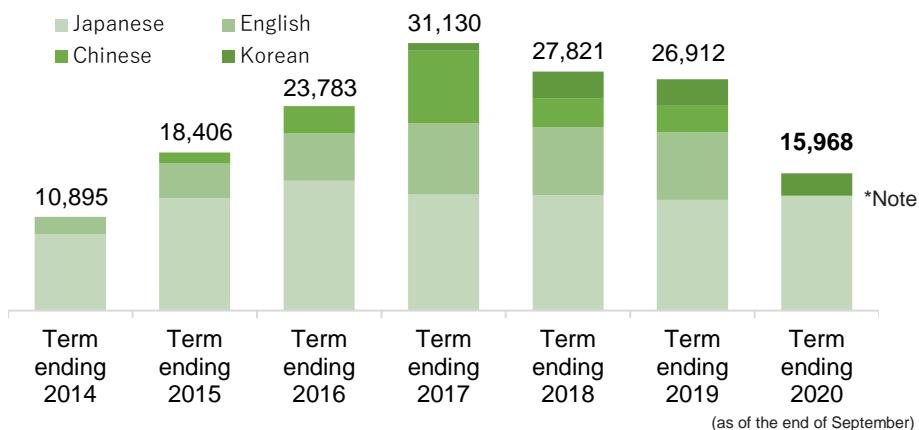
To provide value to the tourism industry through collaborative corporate alliances and to grow the tourism industry as a whole.



Our Strength: Product Lineup to Support Various Consumer Needs

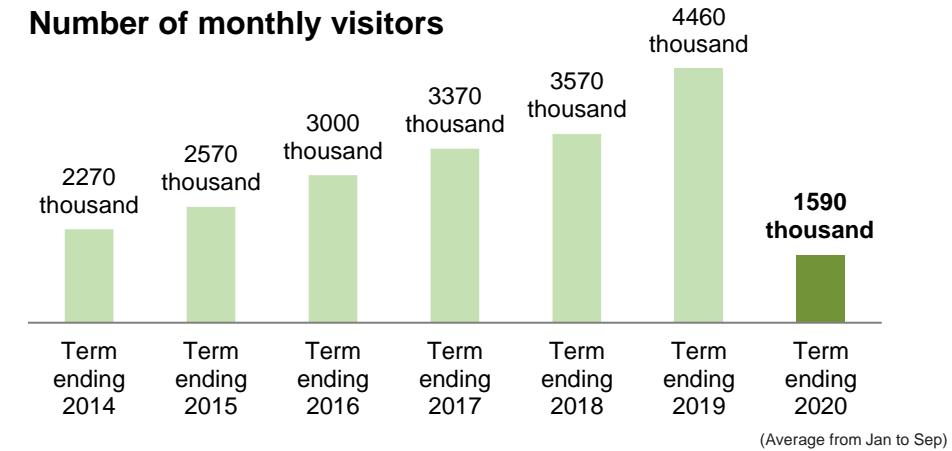
- Business collaboration with approximately 5,000 companies in 150 countries world-wide—the largest of its kind in Japan. Customer support is provided in four languages (Japanese, English, Chinese, Korean).
- Provide products to meet various consumer needs with high level customer support.

Number of products by market (language)



*Note: Significant decrease due to the closure of English and Chinese sites

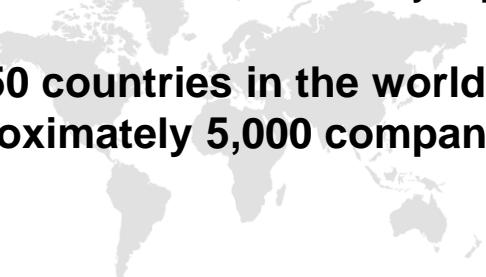
Number of monthly visitors



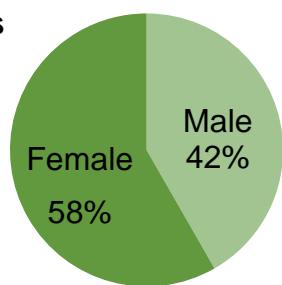
Number of contracted Tour & Activity Suppliers

150 countries in the world

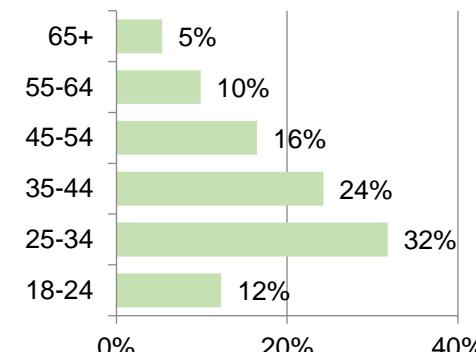
Approximately 5,000 companies



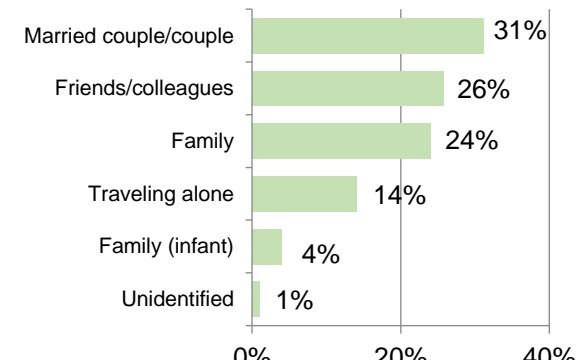
Gender



Traveler age group

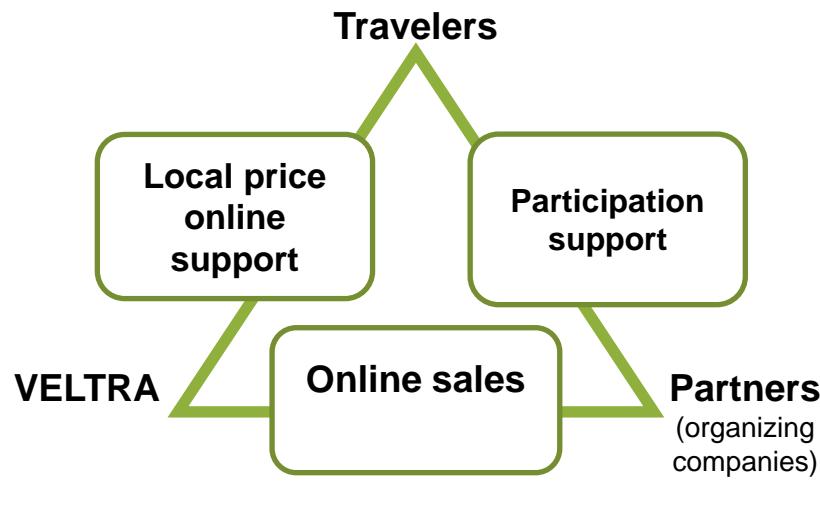


Traveler characteristics

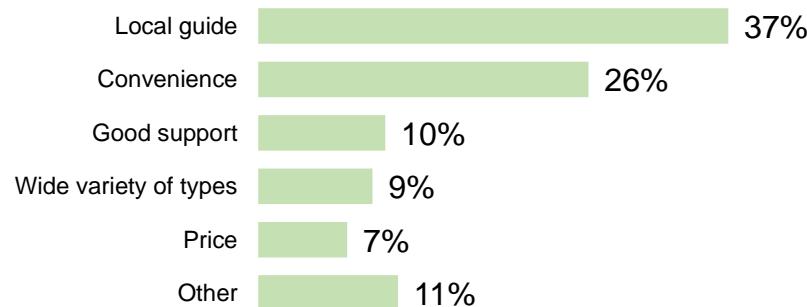


Our Strength: Real-Time Support Provided Online

- Provide travelers with a wide range of products and relevant information in real-time.
- Provide comfort with 365-day support to remove customers' psychological anxieties (cultural or linguistic barriers)



Reasons for recommending VELTRA by NPS* evaluation



*NPS = Net Promoter Score: indicator to measure customer loyalty

Online sales	Provide even small-scale businesses with sales opportunities. Provide new markets with emphases on Asian markets
Local price online support	Provide all products at local prices of partner companies. 365-day online customer support in four languages.
Participation support	Detailed guidance for travelers on how to get to tour meeting place. Provide facilitated bookings by promoting electronic vouchers.

Customer experience \geq Customer service

Be responsible for all that travelers have experienced through VELTRA

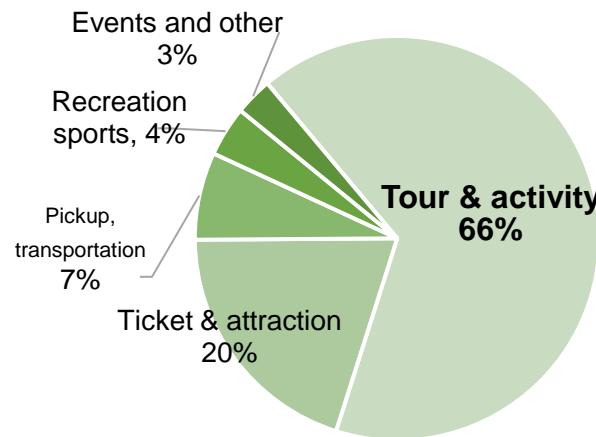
1. Not only provide tours and activities but also manage product quality
2. 365-day online support
3. Support in English, Japanese, Chinese, and Korean



Our Strength: Unique, Professional Tour Guides around the World

- Our core products are tours & activities to promote international exchange between the traveler and tour-guide.
- Local professional drivers in each area provide effective and safe transportation to travelers.
- Service quality and safety is our strength in association with relationships with partner tour operators.

Product structure



*For details of target products, refer to "Sales Target Products materials at the end of the "slides

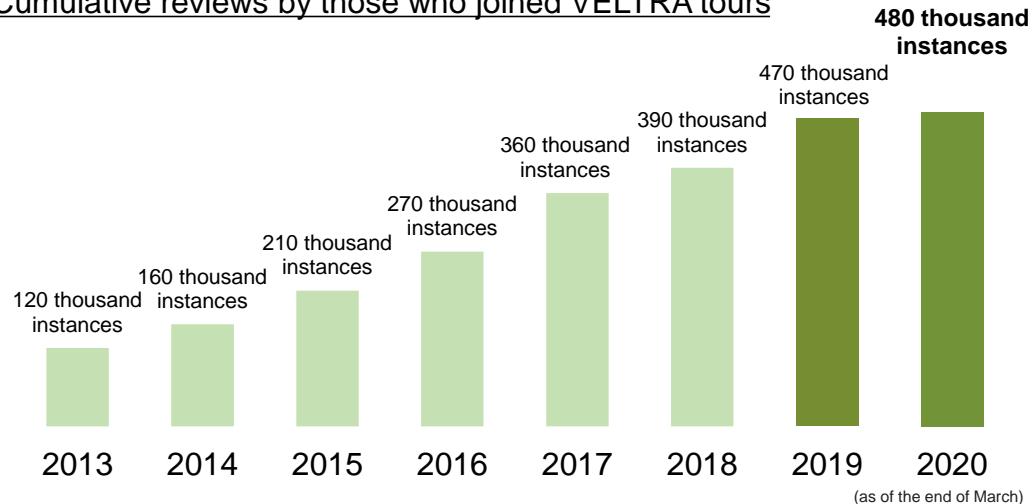




Our Strength: More Than 400,000 Reviews by our Customers

- Posts by only those who booked on VELTRA. Detailed testimonials encourage travelers for booking decisions.
- Majority of reviews are related to high hospitality tour & activity services
- Negative comments are not disregarded and all facts are checked to improve the tour and our service.

Cumulative reviews by those who joined VELTRA tours



Further improvement of services through reviews



Tour operators improve products

Messages of gratitude to guides & drivers

ダイスケさんのイルカ愛が“はんぱないって、、、”&船長のヒトミさんも最高でした。

投稿者: イシカワ母さん, 2018/08/23

3人の子供の計4名で参加しました。ガイドのダイスケさんは素晴らしい人でした。優しく、面白く、港に着くまでを楽しませてくれました。沢山のイルカを観たという気持ちが伝わりました。実際たくさん見れた船長のヒトミさんはまた素晴らしい人でした。

すごいガイドさんでした！

by: manaさん 2018/11/15

今回タイは2回目ですが友人は初めてだったので、こちらのツアーに参加しました。ガイドさんは日本語ペラペラで、色々説明もしてください、写真を何度も撮ってくれたり、とても優しい方でよかったです！やはりとても暑いので効率よくまわることができるこちらのツアーはいいですね！半日だけでしたがかなり満足できる内容でした。ありがとうございました！

日本では絶対出来ない体験を実感！

by: Hiroさん 2018/11/13

午後からのツアーを体験してきました。ハリ旧市街そのものの、大型バスや車が走っている隙間を沢山のあちこちからクラクションを鳴らしながら走る車種類が違う沢山のストリートに小さなプラスチックで話す大勢の人々、傘帽子の天秤棒をぶら下げて

ドライバーのシュウさん、ニコルさんありがとう！最高の旅でした(^^)

by: ひよビヨビーさん 2018/11/14

日本語が通じるのか、希望通り観光出来るのか不安でしたが中国語ドライバーのチャーターを予約しました。結果、本当に楽しく充実した台湾旅行になりました。野柳→十分(天灯上げ)、十分大瀑布→九份→士林夜市の予定で観光プランをオーダーしていましたが、当日、私達の希望を盛り込みつつも更にオススメのプランを提案し、効率よく周るプランを立てて

最高のツアーでした！

by: ゆーさんさん 2018/11/15

11月に参加した者です。日本人のさとさんがガイドしてくれて安心しました。初めはフルーツだけのツアーかとおもいきや、景色の良い海や山に連れて行ってくださりとても楽しめました！！フルーツ農場に到着後は細かいところも含め、日本語でフルーツや栽培等について説明を受けながら回っていき、途中途中でフルーツを食べました。個人的には金柑が衝撃的に美味しかったです。11月でも沢山のフルーツを…



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.

Also, regarding information other than those included in this document, it is quoted from disclosed or other information, and VELTRA has not verified the accuracy or appropriateness of such information, and it will give no guarantees for said information.

