



FY2020 Q3 Financial Results

VELTRA Corporation

Tokyo Stock Exchange Mothers: 7048



# Contents

FY 2020 Q3 Results Overview	P3
Status of LINKTIVITY Business	P15
FY 2020 Earnings Forecast	P19
Appendix	P21

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 outwards. They are surrounded by lush green trees and rocky cliffs. A semi-transparent white rectangle is overlaid on the left side of the image, containing the title text.

## **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.

	Business Environment	Our Response
Overseas	<ul style="list-style-type: none"> <li>• Nov 6: ANA resumes flights to Hawaii. Exemptions of 14 day self-quarantine.</li> <li>• From Oct 1, the Ministry of Foreign Affairs will allow new entry from all countries for business, study abroad and family stay.</li> <li>• Airlines considering multiple flights in response to demand for travel to Southeast Asia and Europe.</li> </ul>	<p><b>Expansion of B2B sales channels</b></p> <ul style="list-style-type: none"> <li>✓ Providing an activity booking system (SaaS model) to JTB.</li> <li>✓ Business tie-up Trip.com to expand sales channels.</li> </ul> <p><b>New Services Launches</b></p> <ul style="list-style-type: none"> <li>✓ "VELTRA Online Academy", an online tour that is "live broadcast" via the Internet.</li> <li>✓ "Kite", an information site that gives the current state of travel.</li> </ul>
Japan	<ul style="list-style-type: none"> <li>• 25 May: Gradual recovery after state of emergency was lifted.</li> <li>• 22 July: Start of 'GoToTravel' campaign.</li> <li>• 1 Oct: GoToTravel expanded to trips to/from Tokyo.</li> <li>• Gradual recovery of travel demand with help from 'GoTo Travel'.</li> </ul>	<p><b>Expansion of domestic tour products</b></p> <ul style="list-style-type: none"> <li>✓ (April: Approx 2,400 products ⇒ Sept: Approx 2,800 products)</li> </ul> <p><b>Strengthening of LIKTIVITY platform business</b></p> <ul style="list-style-type: none"> <li>✓ Partnership with major domestic railways and facilities.</li> </ul> <p><b>Sustainable tours and Eco Tourism</b></p> <ul style="list-style-type: none"> <li>✓ Strengthen planning and provision of domestic experience-based tours and activities.</li> </ul>



# FY2020 Q3 Performance Highlights

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

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

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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

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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"><li>• Restructuring to respond to temporary reduction of the market size</li><li>• Strengthening of domestic business and platform business</li><li>• Securing flexible and stable funding</li><li>• Expansion of sales channels in anticipation of post-COVID demand</li><li>• Developing new businesses to create new revenue opportunities</li></ul>
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# Profit and Loss Summary (Consolidated)

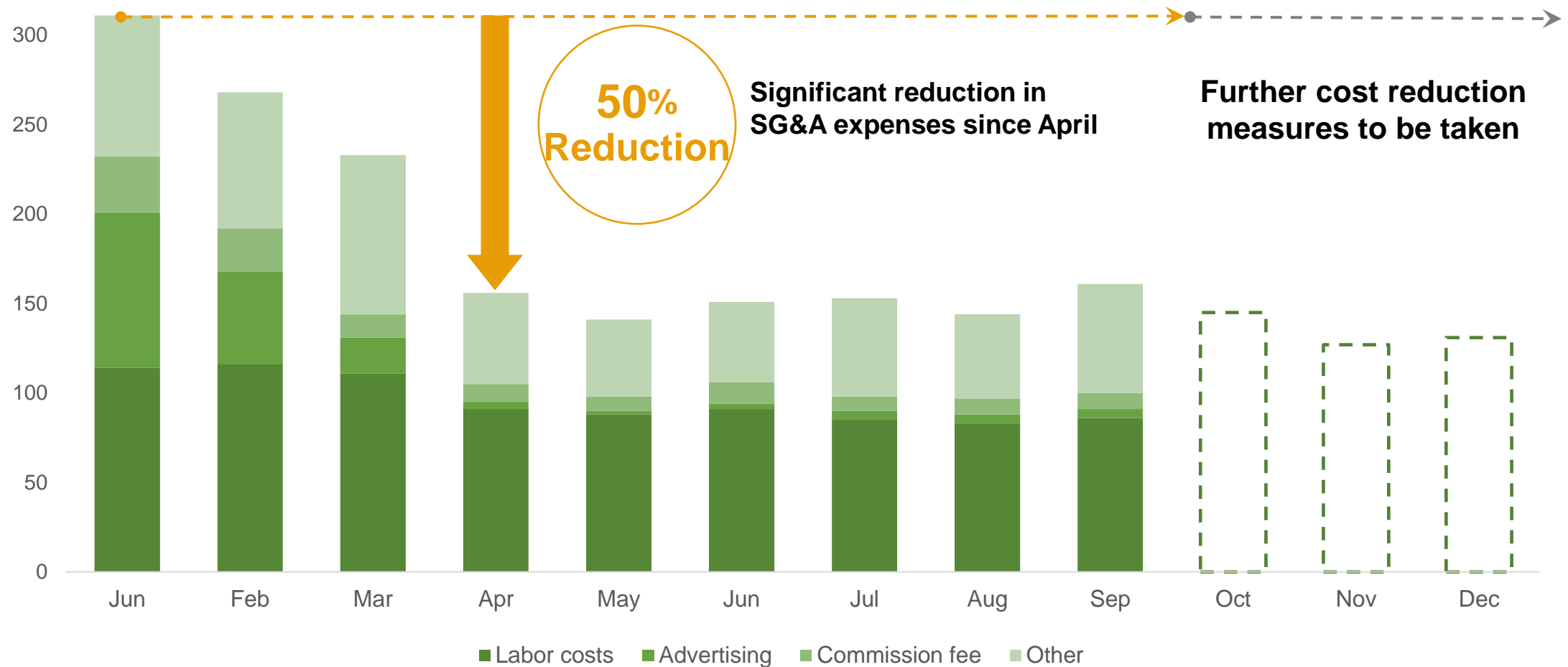
- ① Operating revenue bottomed out in Q2 and gradually grew with the introduction of new service markets
- ② Significant and ongoing cost reduction of various operating expenses such as advertising carried out from April
- ③ Recorded subsidy income as non-operating income
- ④ Impairment of 14 M yen due 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	10	47	840	3,294	▲74.5%
Operating expenses	812	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	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	116	—	—
Profit	▲206	▲509	▲382	▲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.

(Unit: Million Yen)





# Trends in monthly sales and bookings: future direction

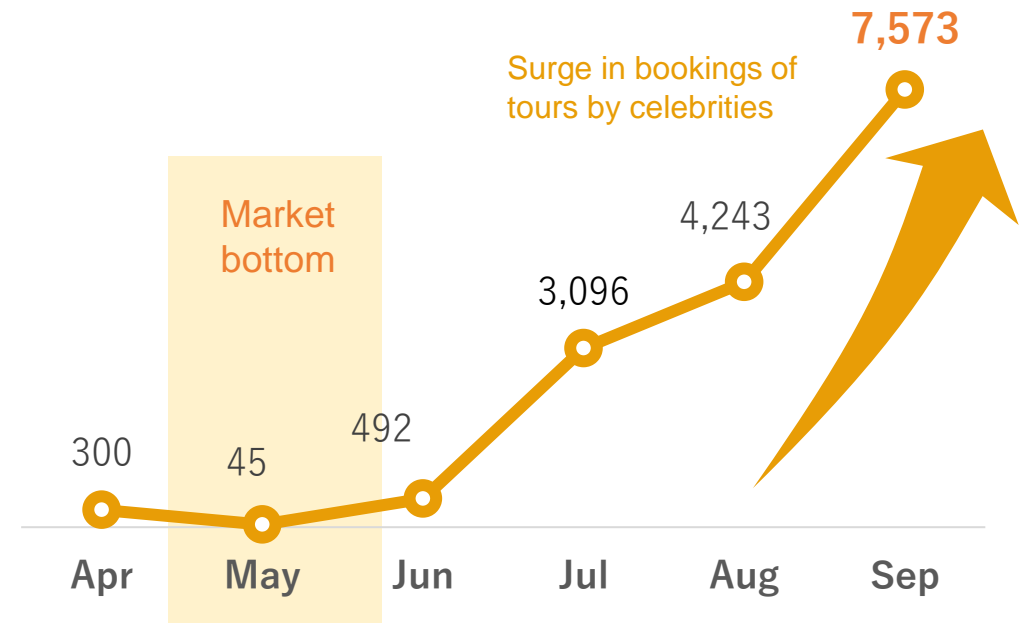
- Create revenue base through new services even when overseas travel limited.
- Anticipate renewed demand and continue to build a foundation for strong cooperation with travel operators.
- Promote hygiene management rules to adapt to the new normal and ensure traveling with peace of mind.

## Monthly sales

(Unit: Thousand Yen)



## Bookings







# 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
<b>Current Assets</b>	5,491	<b>1,435</b>	▲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.
<b>Fixed Assets</b>	933	<b>688</b>	▲244	Investment and other assets decreased by 165 M yen, mainly due to the reversal of deferred tax assets
<b>Total Assets</b>	6,424	<b>2,124</b>	▲4,300	
<b>Current Liabilities</b>	4,148	<b>1,058</b>	▲3,090	Operating accounts payable decreased by 1,696 M yen and advance payments decreased by 1,511 M yen due to COVID.
<b>Fixed Liabilities</b>	149	<b>50</b>	▲99	Long-term debt decreased by 99 M yen
<b>Total Liabilities</b>	4,298	<b>1,108</b>	▲3,189	
<b>Total Net Assets</b>	2,125	<b>1,015</b>	▲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.
<b>Capital to Asset Ratio</b>	32.5%	<b>46.7%</b>	14.2p	

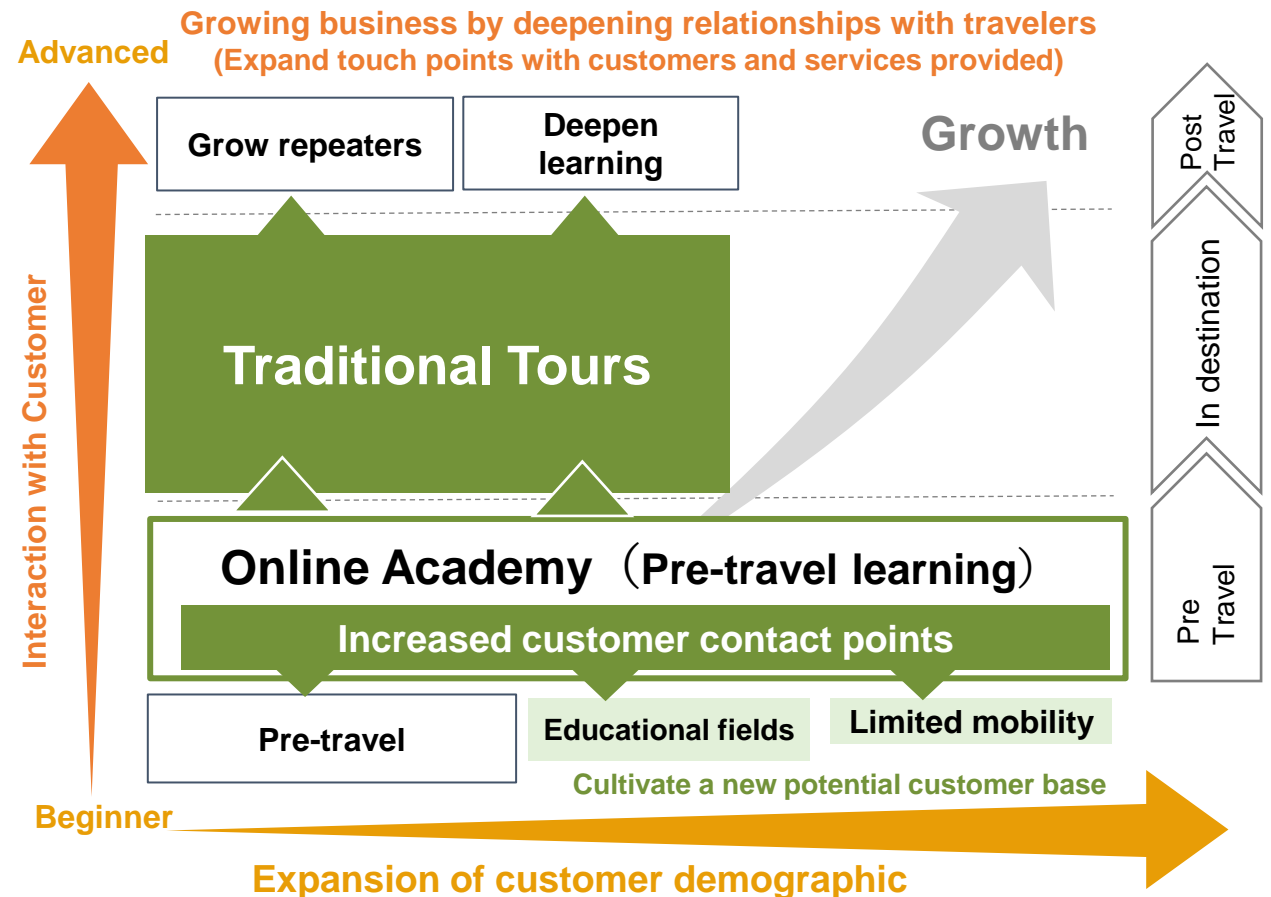


# VELTRA Online Academy Creates New Travel Value

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



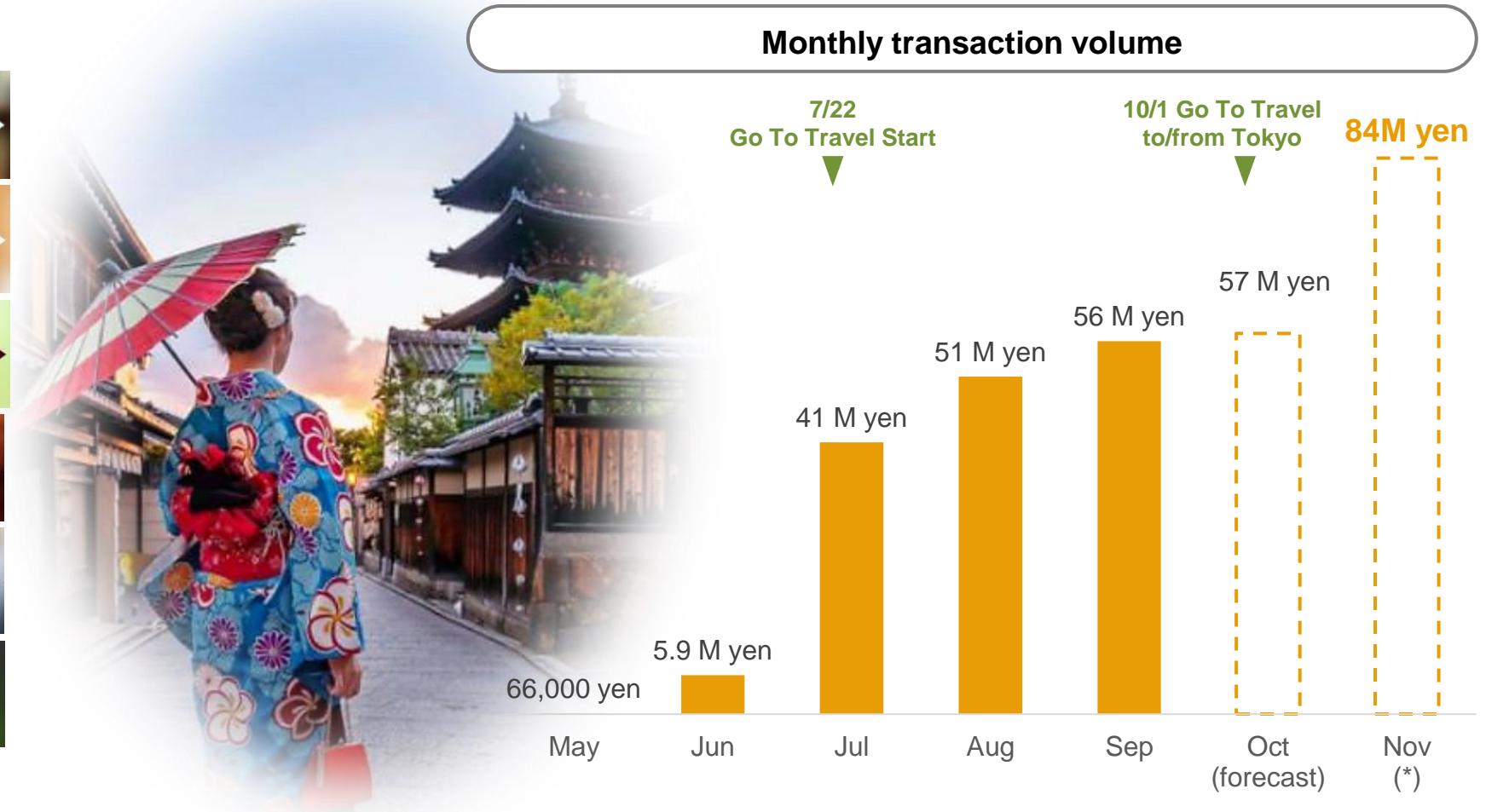
\* Includes 10,000 participants of free online academy products





# 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



**Lineup of day trip products**  
One of the largest in Japan

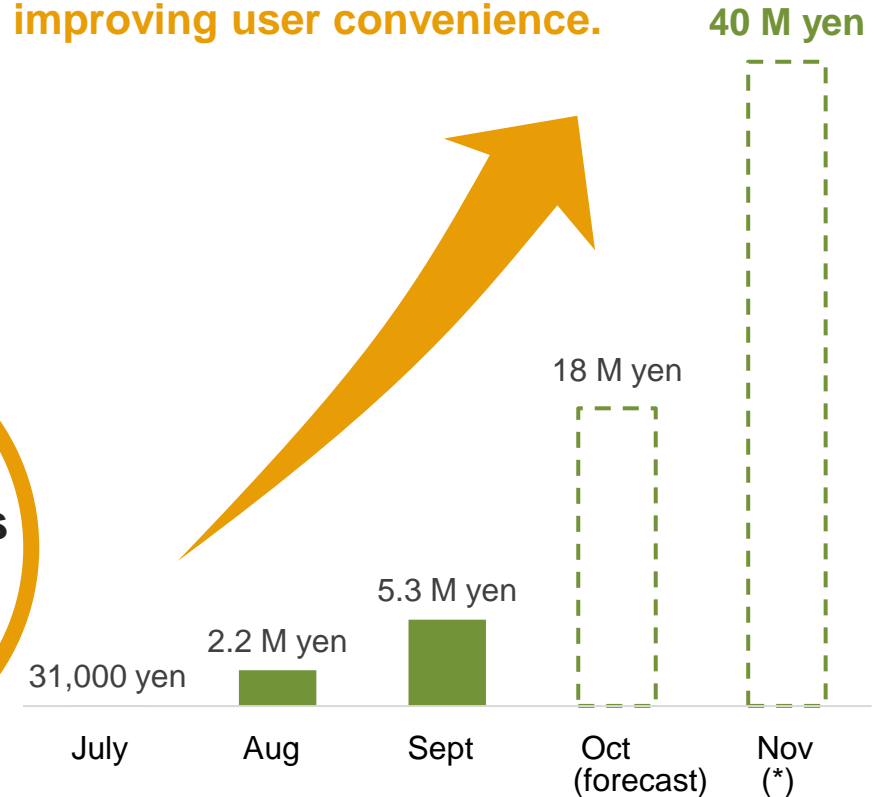
**Due to popularity**  
400 products planned for end of November

**Strengthening lineup of day trips from the Greater Tokyo area**

※The number of products targeted for the campaign is 278 as of the end of October.

## 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.



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





# 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**

One-stop service  
to increase the  
number of  
products handled

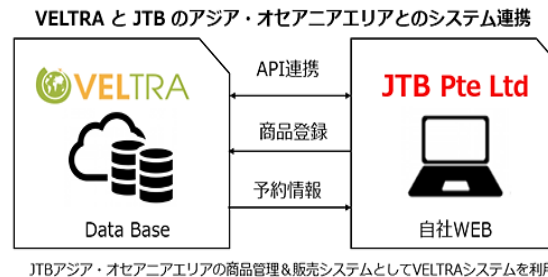
Expand sales  
channels by  
linking with API



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.



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 dense green leaves of a tree. The hammock has a light-colored fabric with white tassels hanging from the edges. The scene is brightly lit, suggesting a sunny day in a forest or park.

## Status of LINKTIVITY Business



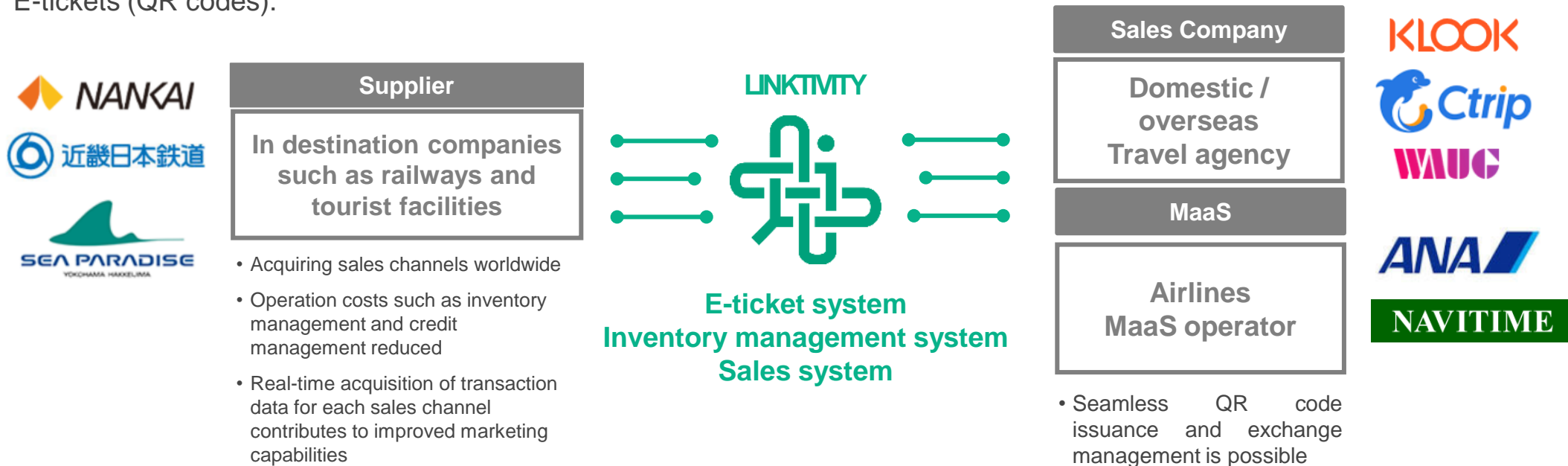
# Expansion of subsidiary LINKTIVITY business

## 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).





# LINKTIVITY Partners (partial)

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

Domestic railway companies  
Prefectural facilities, etc.

JR東海ツアーズ



京成電鉄



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

\*Including companies currently in preparation phase

Domestic / overseas  
OTA, travel agencies

Over 200 sales  
channel  
companies

中国



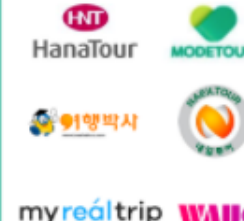
香港



台灣



韓国



欧米



日本

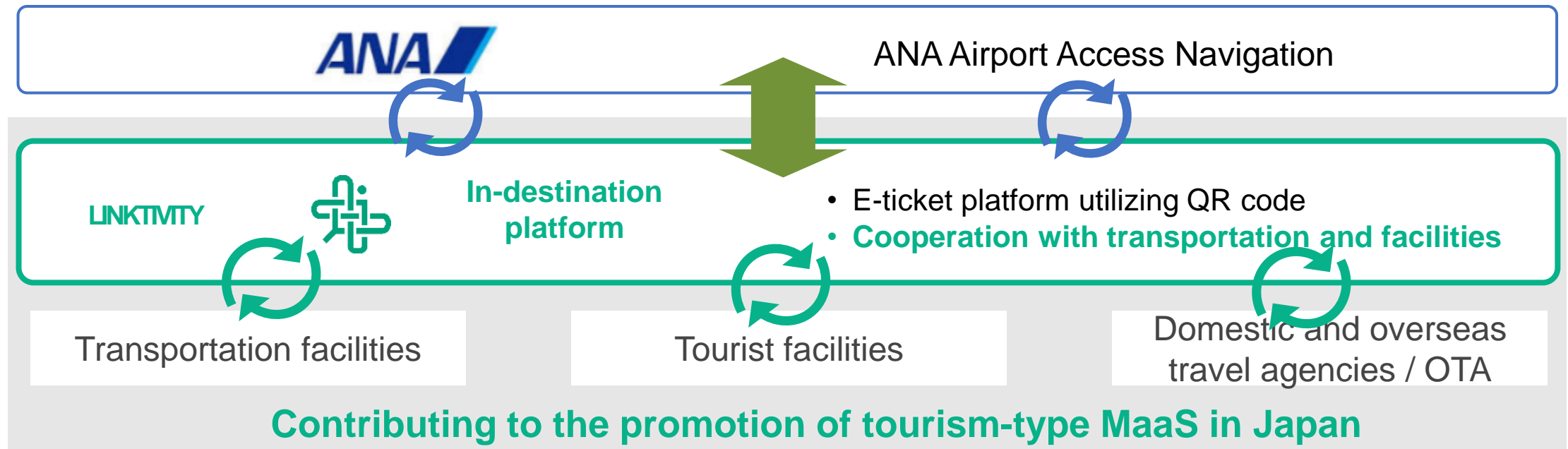




## Collaboration with ANA to build MaaS

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



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 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.

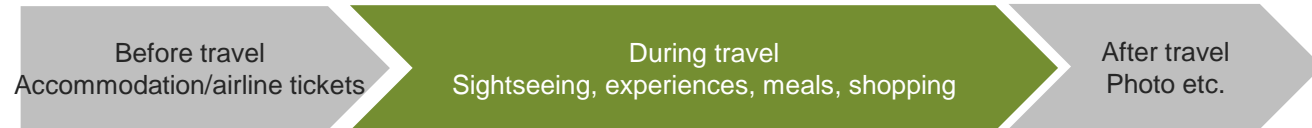


## Appendix



# Business Outline

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

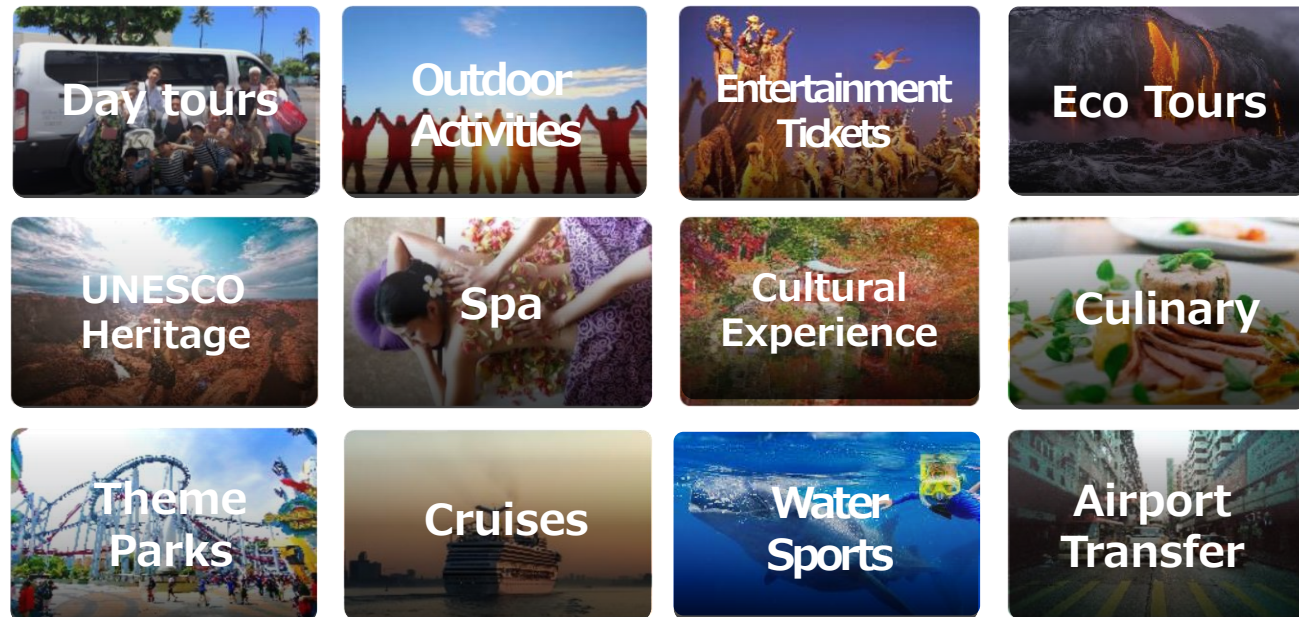


VELTRA changes TRAVEL

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**



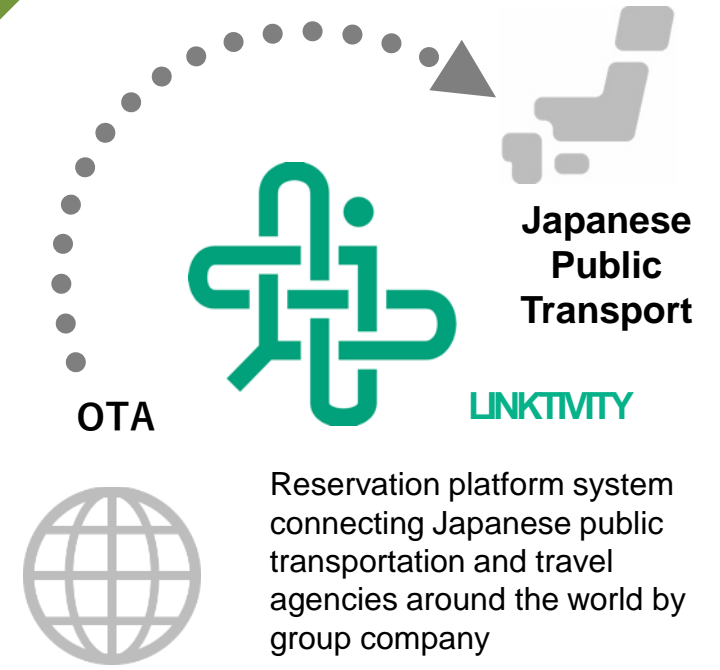
**B to B**

**Partner Travel  
Agencies**



**Platform**

**LINKTIVITY  
Transport booking  
service**







# 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.

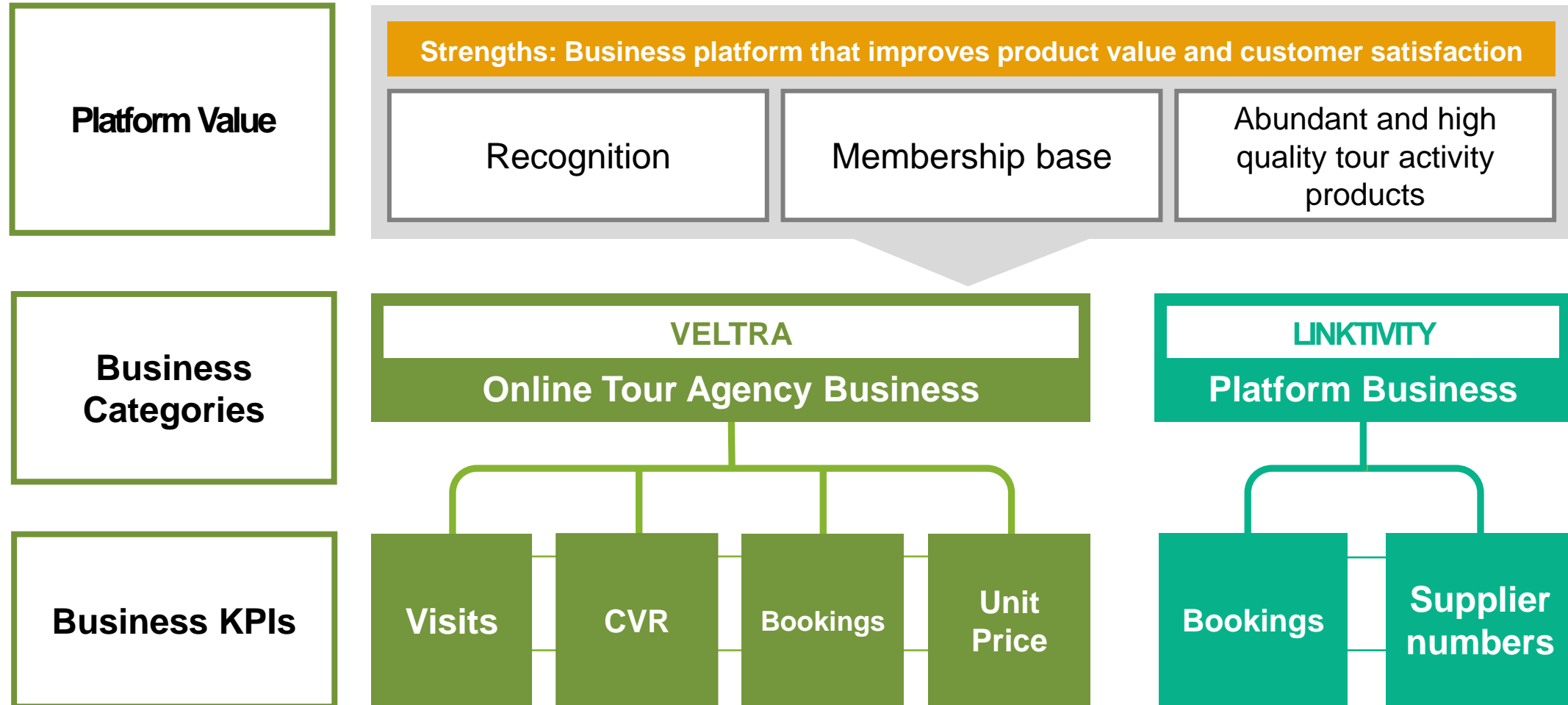
## Active media measures to raise interest in local experience-based tours

SNS used to spread information and fun of tours and activities.

**Product Value &  
Customer Satisfaction UP!**



# Key indicators of our business (KPI)





# Company Profile

**Company Name** VELTRA Corporation

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

**Capital** JPY 536,707,920 (as of September 30, 2020)

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

**Fiscal Year Closed In** December

**Number of Employees** Headquarters: 200 (Consolidated: 248)

**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



# 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.

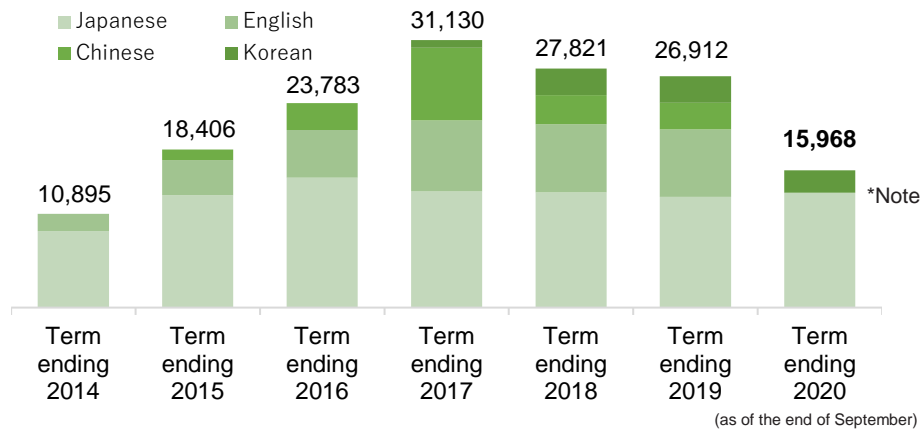




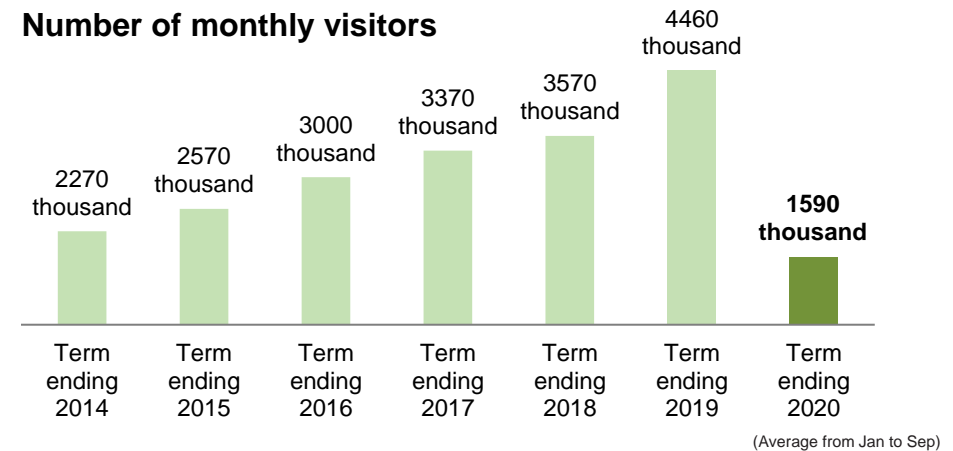
# Our Strength: Product Lineup to Support Various Consumer Needs

- 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)

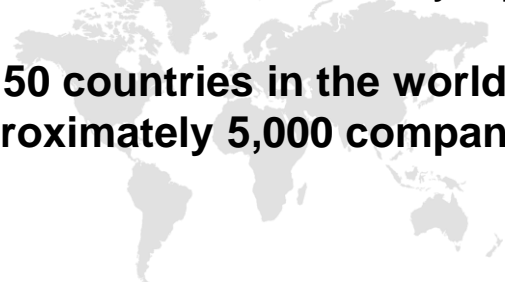


Number of monthly visitors

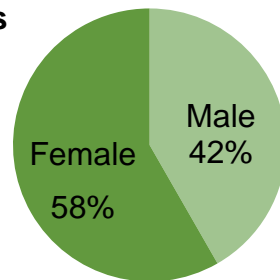


Number of contracted Tour & Activity Suppliers

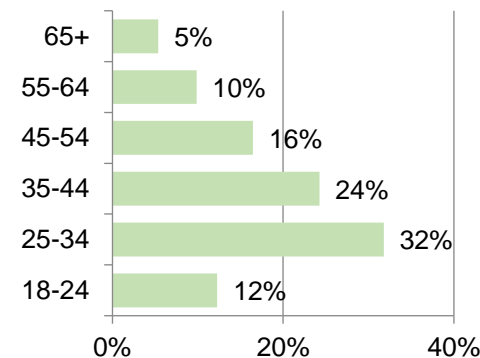
150 countries in the world  
Approximately 5,000 companies



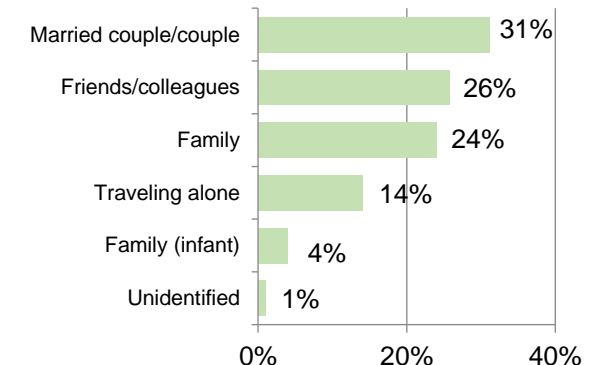
Gender



Traveler age group

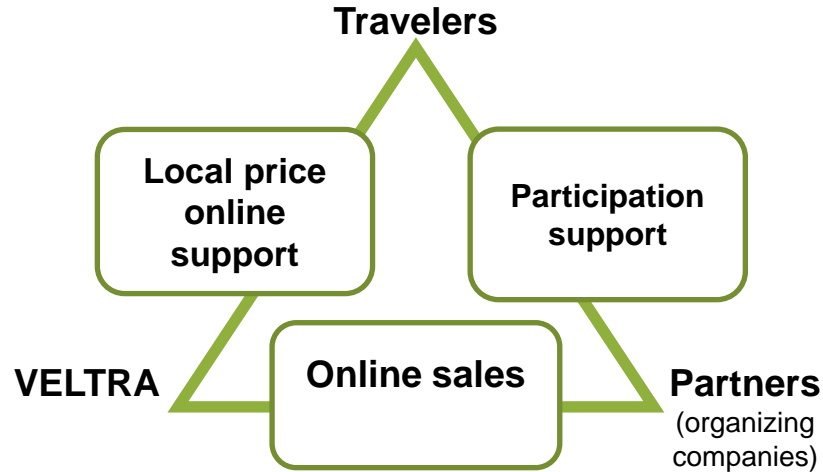


Traveler characteristics

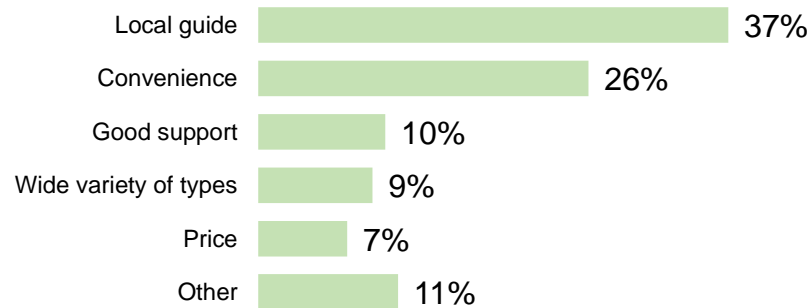


# Our Strength: Real-Time Support Provided Online

- 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

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

## **Customer experience ≥ Customer service**

Be responsible for all that travelers have experienced through VELTRA

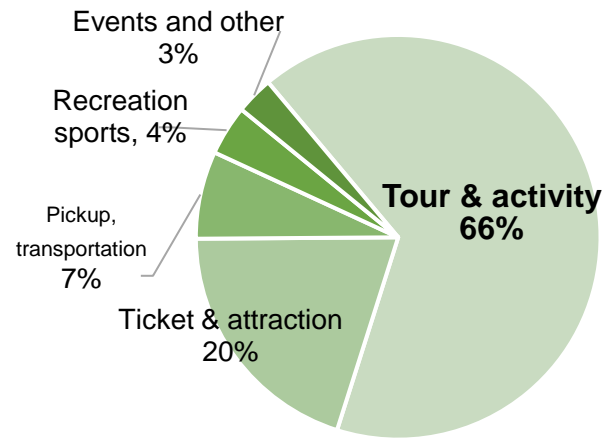
1. Not only provide tours and activities but also manage product quality
2. 365-day online support
3. Support in English, Japanese, Chinese, and Korean



# 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"

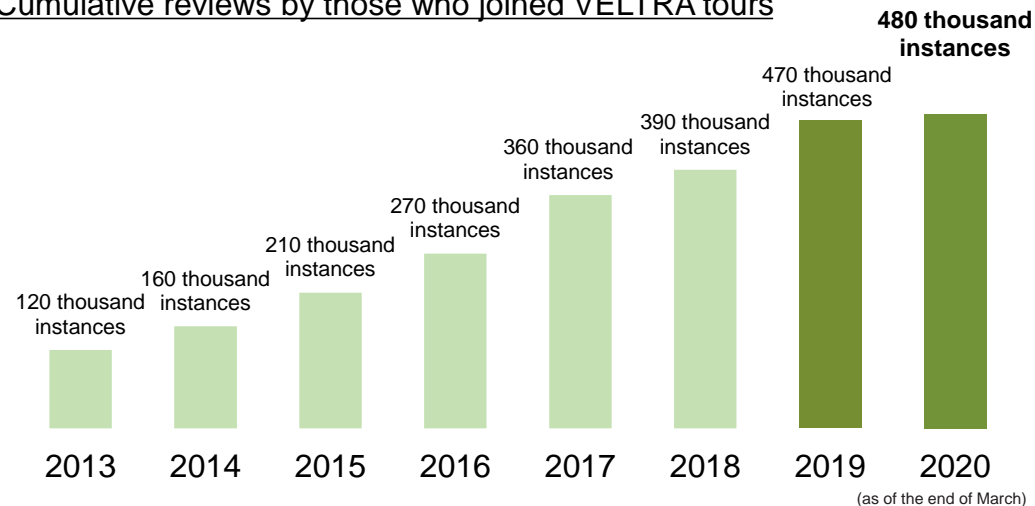




# Our Strength: More Than 400,000 Reviews by our Customers

- 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



## Messages of gratitude to guides & drivers

ダイスケさんのイルカ愛が“はんばないって、、、”と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。ガイドのイルカ愛が素晴らしかった。優しく、面白く、港に到着中も皆を楽しませてくれてました。沢山のイルカを拝もうという気持ちが伝わりました。実際たくさん見られ船長のヒトミさんがまた素晴らしく、...

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、所々説明もしてくださり、写真を何度も撮ってくれたり、とても優しい方でした。さすが！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。ハノイ旧市街そのもの。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っていく種類が違ふ沢山のストリートに 小さなプラスチックの傘が 話す大勢の人々 傘帽子の天秤棒をぶら下げた...

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: ひよこピーさん 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、効率よく回るプランを立てて...

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。日本人のさとしさんがガイドを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... 続きを見る





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