



FY2020 Q1 Financial Results

VELTRA Corporation

Tokyo Stock Exchange Mothers: 7048



COVID19 has spread all over the world and has deeply impacted our lives. We express our sympathies to those families who have been bereaved and we hope that those who have been infected will recover as soon as possible.

In addition, we would like to express our sincere gratitude to all the medical staff and those who are involved in this task for treating and preventing the spread of infection.

Since its launch in 2004, VELTRA has focused on travel experiences and has delivered the excitement of travel to more than 2 million customers.

Although it is difficult to predict when the situation will improve and we will be able to travel freely, VELTRA's mission of delivering inspired travel experiences will not change.

We will continue to contribute to the evolution and development of travel by interacting and understanding others through this human need. Will continue to move forward.

Now that we are significantly limited in travel, we feel an even greater need for human connection. We are committed to providing a new "travel experience" that makes travel possible in all situations.



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FY 2020 Earnings Forecast

As was announced on March 23, 2020, because the affects of COVID19 on the travel industry worsens by the day, it is impossible to calculate a reasonable business forecast at this time. Therefore, the earnings forecast for the fiscal year ending December 31, 2020, announced on February 13, 2020, is temporarily undecided. We will promptly disclose the forecast when it becomes possible.

Impact and Measures against COVID19



Response to COVID19

- The World Health Organization (WHO) declared a pandemic on March 11 following the global spread of the new coronavirus (COVID-19). In response, we are implementing emergency measures as follows.

Customer

Flexible cancellations

- Coordination with tour operators to provide flexible and individualized support.
- Reduction of cancellation fee and encouragement to next booking.

Providing timely information

- Close coordination with tour operators to update customer with latest travel information, such as closures.

Tour Operators

Proactive support of tour operators

To maintain our trust with tour operators we will take initiative to support them through this period.

- Expediting payment owed.
- Contribute to tour operator management improvement by providing consultation and proposal on activity price.

Employee

Prompt response to VELTRA Employees

Established work from home system since 2016.

- Mandated work from home Immediately after the government's announcement
- Thorough hygiene management in the office.
- Maintain the same level of performance through video conferencing while providing for employee health and safety.



Impact of COVID19

- At present, travel restrictions from Japan to overseas destinations are expected to continue, and it is expected that our business environment will continue to be severely impacted, with major airlines drastically reducing the number of international flights.

Ministry of Foreign Affairs

Level 2: Refrain from unnecessary travel

In addition, some countries / regions have issued travel stoppage recommendations (level 3) and evacuation advisories (level 4). In these countries / regions, please act based on this recommendation regardless of the following information.

Countries / regions where immigration restrictions are in place for travelers from Japan and Japanese



184 countries / regions

Countries / regions where restrictions on movement are imposed on travelers from Japan and Japanese



66 countries / regions

Status of Japanese Airlines

Significant reduction in international and domestic flights due to the spread of COVID19

* Information as of May 8, 2020 (updated at 6:00 am)



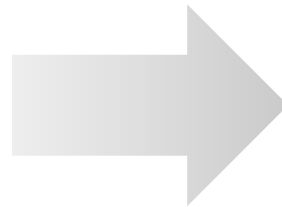
A business model that anticipates long-term impact

- The top priority in our management policy is to review our business strategy in anticipation of prolonged economic recovery, and to stabilize our business base and select and concentrate our investments. After the market recovers, we will restructure our management system to secure profits by giving top priority to the Japanese market, which is our greatest strength.
- We will also undertake reforms to flexibly respond to new travel styles.

Current top priority issues

**Stabilize
management base**

**Selective focus of
investment**



After market recovery

**Securing profit by
prioritizing the
Japanese market**

**Flexible support of
new travel styles**



Stabilizing Management Base

- Cost reduction of 1 billion yen or more, further drastic reduction measures, and thorough cost control

Implementing thorough cost controls

Cost reduction breakdown

	2020/12 Initial plan April to Dec	2020/12 Revised plan April to Dec	Reduction amount
Unit: million yen			
Personnel expenses	1,408	950	△458
Advertising expenses	950	100	△850
Other expenses	1,190	550	△640
SG & A total	3,547	1,600	△1,947

Personnel exp. reduction 458 million yen

- Reduction of executive compensation
- Freezing new hires
- Reduction of personnel due to business closure
- Unpaid leave implementation

Reduction of ad exp. 850 million yen

- Reduction of ad expenses due to reduced bookings

Reduction of other expenses 640 million yen

- Reduction of costs linked to transaction volume (settlement fees, point costs)
- Reduction of operating costs linked to the number of personnel
- Reduction of other fixed costs



Stabilizing Management Base

- Make effort to maintain retained earnings and secure funds as an emergency measure
- Ensure agile and stable funding lines to increase liquidity on hand and enhance management stability

Strengthening financial base

Signed overdraft agreements with major banks

Lender	MUFG Bank, Ltd.	Sumitomo Mitsui Banking
Borrowing Limit	1 billion yen	500 million yen
Contract Date	April 20, 2020	April 27, 2020
Contract Period	September 30, 2020 (automated renewal every 6 months)	September 30, 2020
Interest on Loan	Base rate + Spread	

500 million yen commitment line for existing contracts

At present, the total unexecuted loan balance is 2 billion yen



Selective Focus of Investment

- Examine the impact of COVID19 on our business, and implement select and concentrated investments.

Investment concentration and selection

Business Closures

VELTRA B2C Services

- English B2C Business
- Chinese B2C Business

Related Division Closures

Reason for Closure

Determined that profitability in the medium term will be significantly delayed due to the impact of COVID19. Large investment would be needed to gain competitive advantage, which is not feasible at the current time.

Business Investment

A booking platform system business, Linktivity, (BtoB) that connects Japanese public transportation to travel agencies around the world



Reason for Investment

Continue to promote future growth strategies for travelers to Japan and B2B market expansion. Promote business with speed toward the Olympic Games next year.

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 outstretched. 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 text.

FY 2020 Q1 Financial Results



FY2020 Q1 Performance Highlights

Business	Japanese outbound	2.97 M	YoY ▲39.6%	(Jan – Mar 2020) *
Environment	Japan inbound	3.93 M	YoY ▲51.1%	(Jan – Mar 2020) *

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

Performance Overview	Sales and profits decreased YoY due to global COVID19 impact.			
	Operating revenue	782 M JPY	YOY	▲15.8%
	Ordinary profit	▲37 M JPY	YOY	▲117.7%
	Net income	▲206 M JPY	YOY	▲240.7%

Operating Revenue	Global spread of COVID19 prompted governments to reduce travel, causing significant drop in Japanese travelers.
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Measure	Revision of business plan to improve profit structure, assuming long-term market recovery.
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P/L Statement Summary (Consolidated)

- Up until February 2020, operating revenue showed significant YoY growth, but after March, operating revenue dropped sharply due to COVID19 impact.
- Net loss of -200 million yen due to recording 150 million yen of corporate tax adjustments from reversal of deferred tax assets

(Unit: Million Yen)	Q1 of the term ending December 2019	Q1 of the term ending December 2020	Changes
Operating revenue	929	782	▲15.8%
Operating expenses	688	812	+18.0%
Operating profit	240	▲29	▲112.3%
Operating margin	25.9%	▲3.8%	▲29.7pt
Ordinary profit	0	2	-
Recurring margin	27	10	-
Extraordinary expenses	214	▲37	▲117.7%
Profit	146	▲206	▲240.7%
Profit per share (yen)	5.16	▲7.17	▲12.33



Accounting items for 1st Quarter closing

■ Impairment loss 14,075 thousand yen is recorded as Extraordinary losses

Impairment loss of fixed asset mainly due to global business closure

Software	9,969 thousand yen
Equipment and fixtures, etc	4,106 thousand yen

■ Reversal of deferred tax assets

Given the long-term impact of COVID19 on the real economy, we carefully considered the possibility of collecting deferred tax assets in light of the uncertainty of future operating revenue. As a result, the corporate tax adjustment amount of 157,028 thousand yen was recorded as reversal of deferred tax assets.

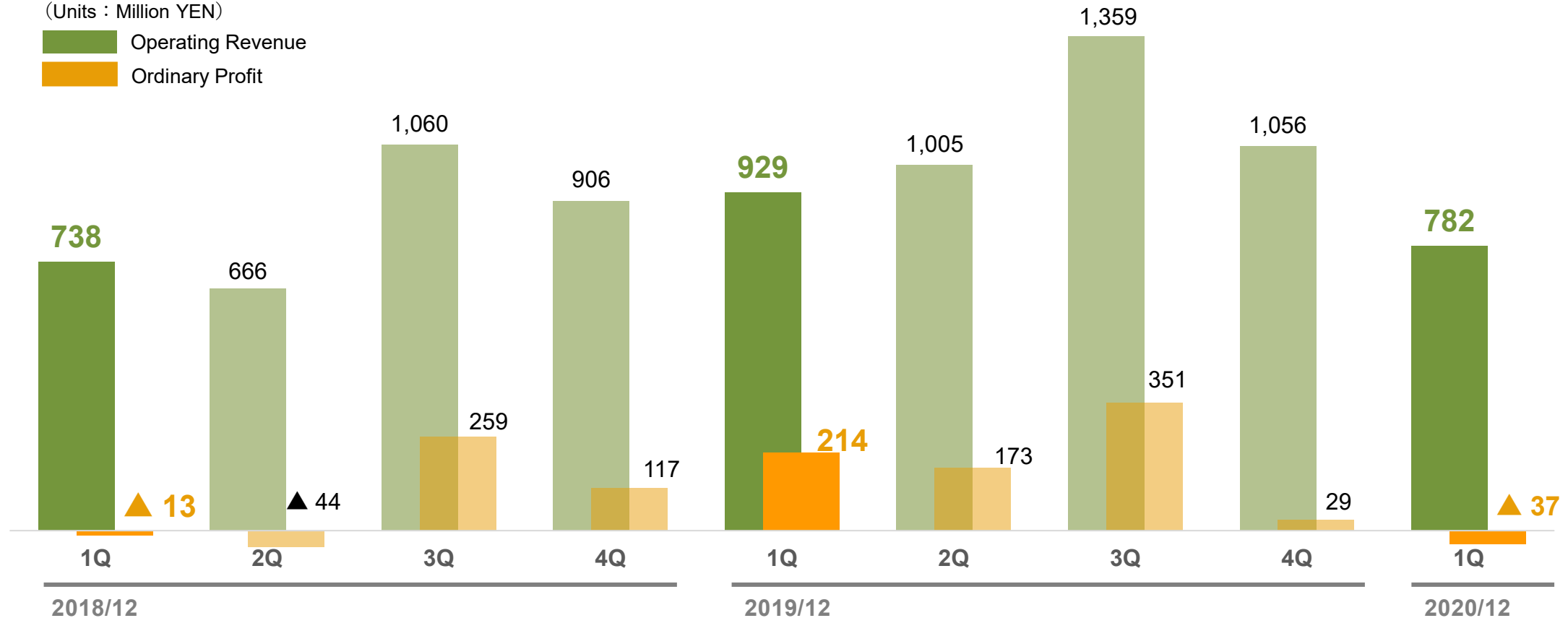


Quarterly Trends: Operating Revenue and Ordinary Profit

- Due to COVID19 impact, booking decreased from March, with operating revenue at YoY -15.8%
- Despite cost reductions in personnel expenses and ad expenses in line with decline in operating revenue, we were unable to absorb the decline in revenue, resulting in an operating loss of ¥ 37 million on a quarterly basis.

(Units : Million YEN)

Operating Revenue
Ordinary Profit





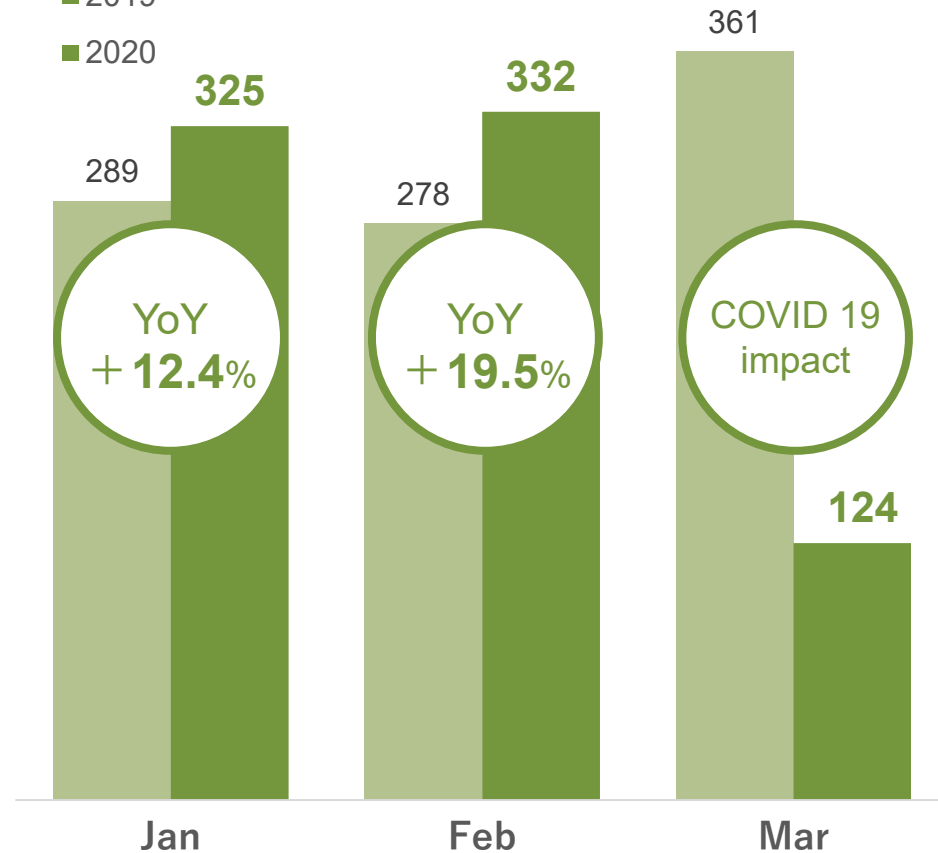
Jan-Mar Operating Rev / Operating Profit Trend (Monthly Trend)

Operating revenue

(Unit: Million Yen)

■ 2019

■ 2020

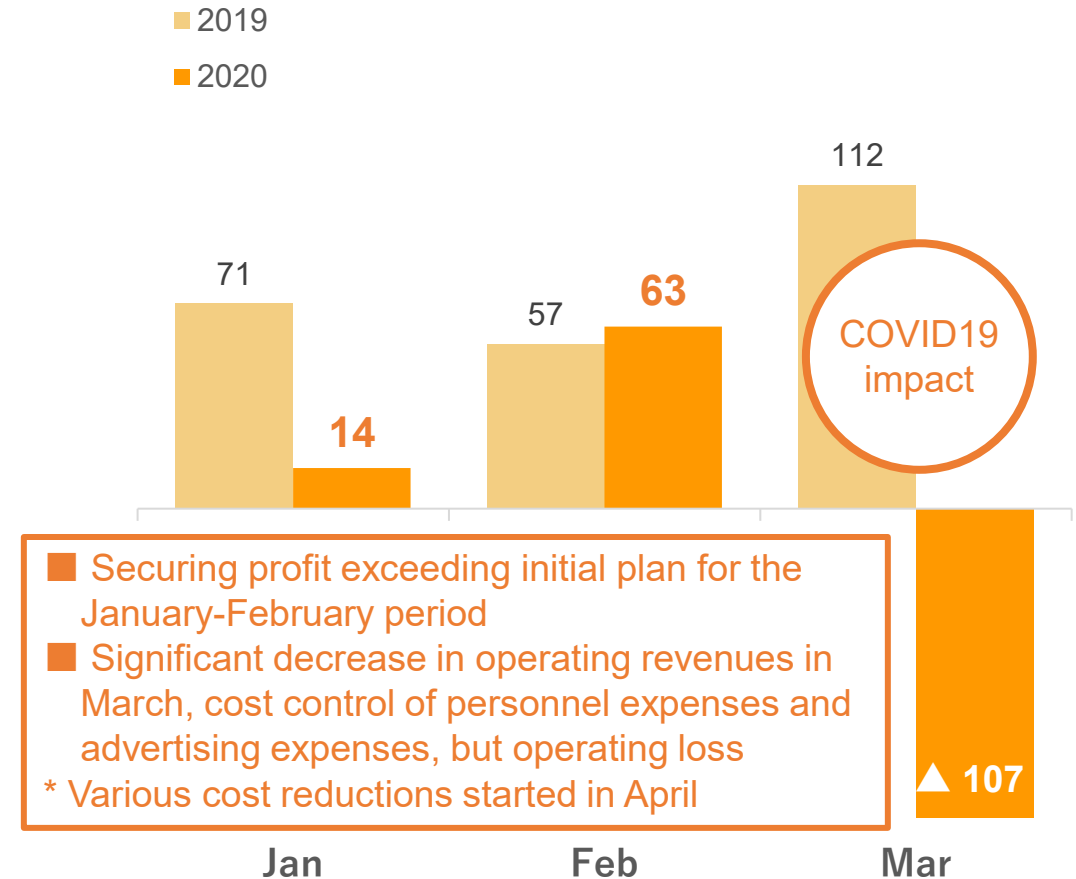


Operating profit

(Unit: Million Yen)

■ 2019

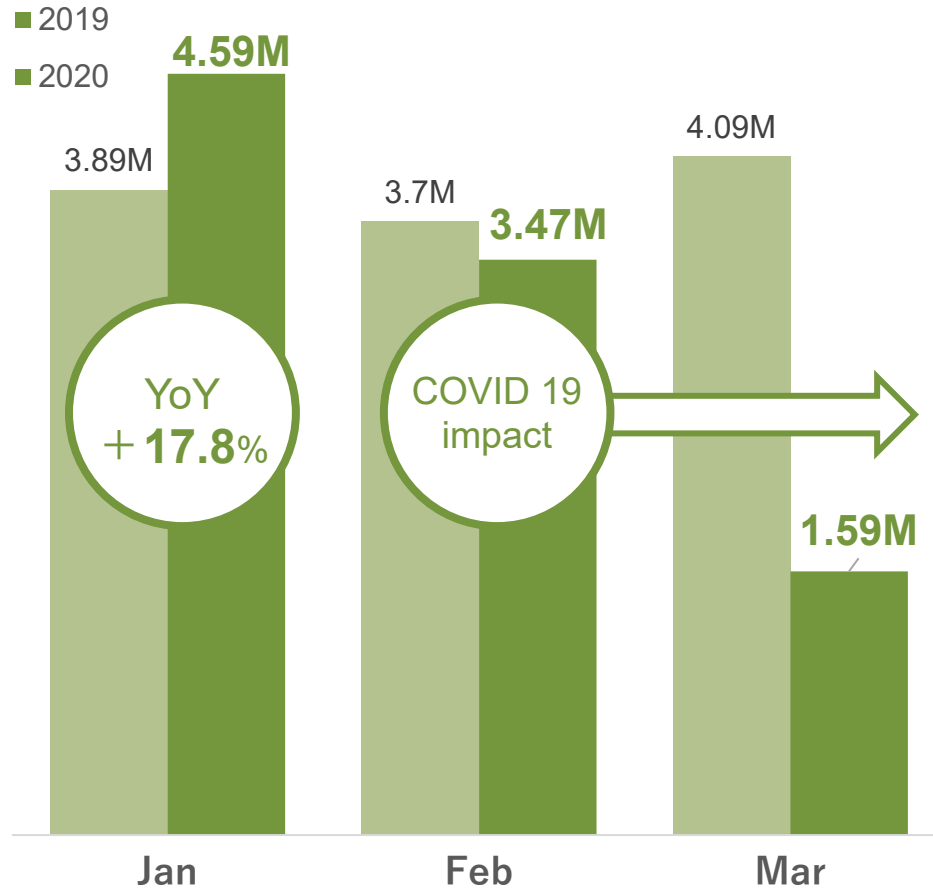
■ 2020



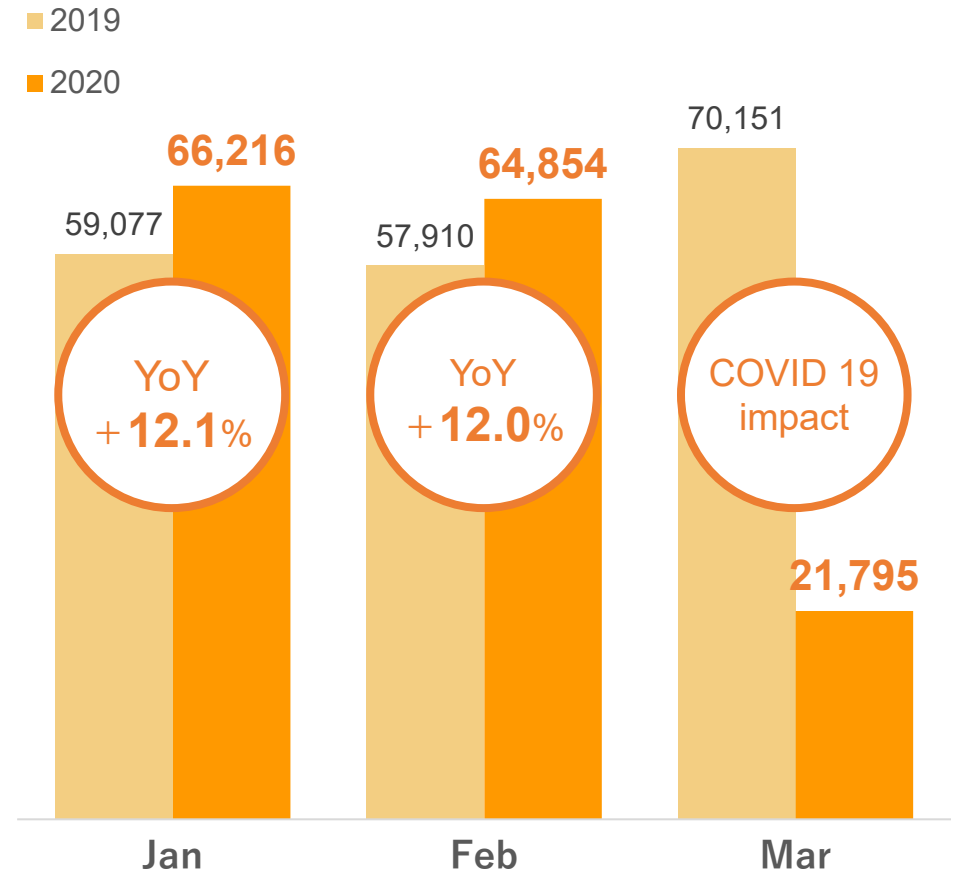


Jan-Mar KPIs (Monthly)

Average monthly visits



Bookings

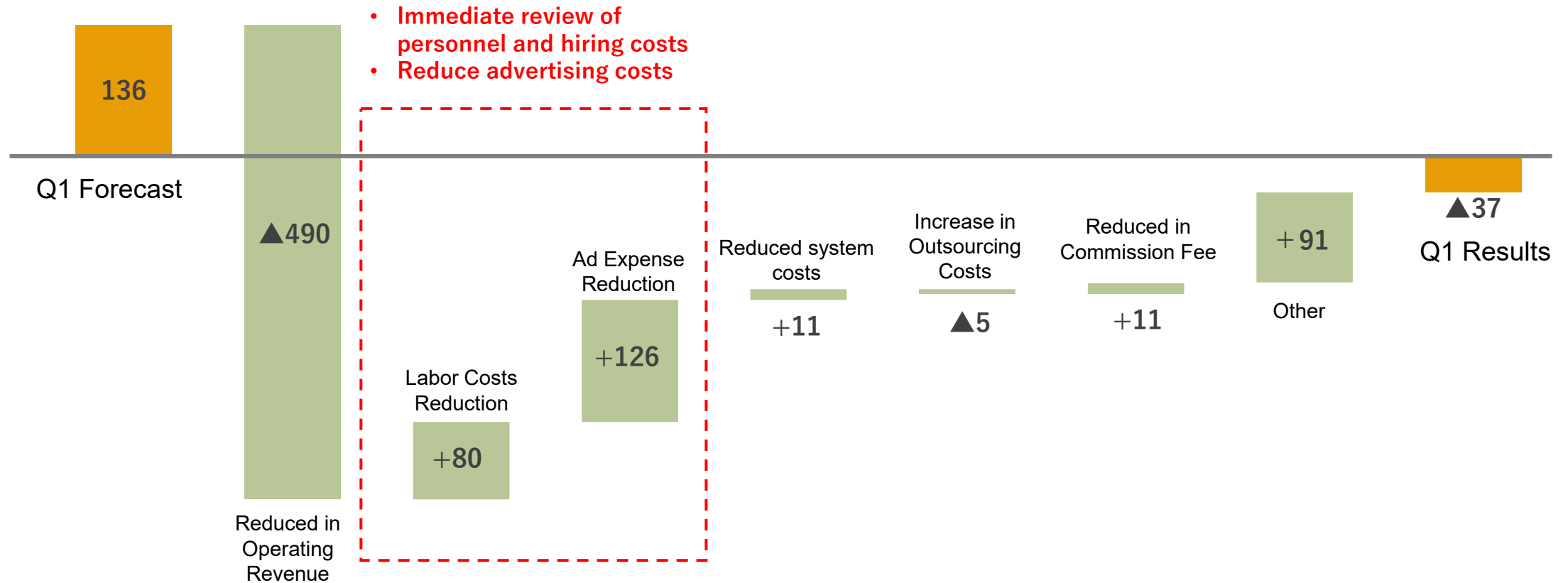




Q1 Ordinary Profit Budget Analysis

- Cost control will be implemented from March due to the spread of COVID19 to reduce ordinary loss.

(Unit : Million YEN)

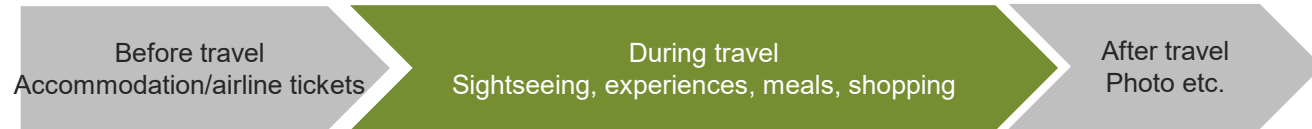


Appendix



Business Outline

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

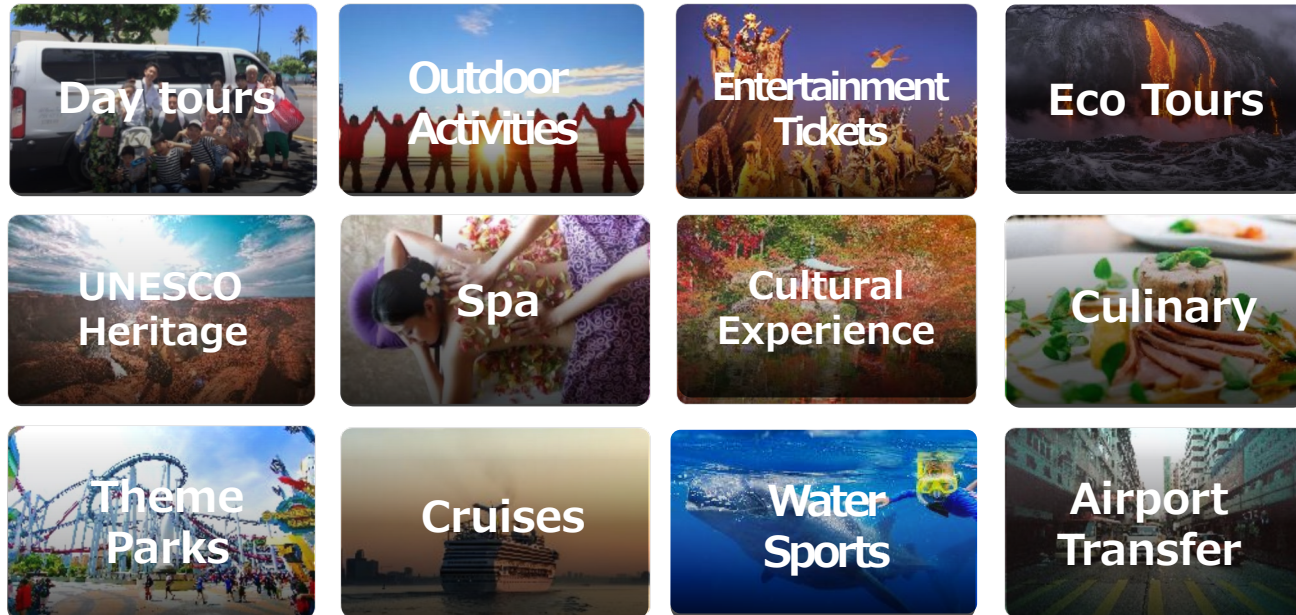


VELTRA changes TRAVEL

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





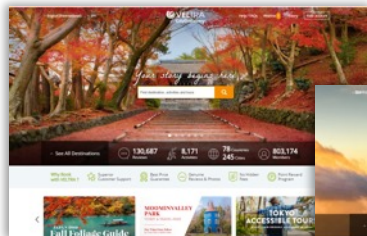
Business Areas

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

B to C

Tours & Activities Booking Site

Lang: JPN, ENG, CHN



English Site



Chinese Site

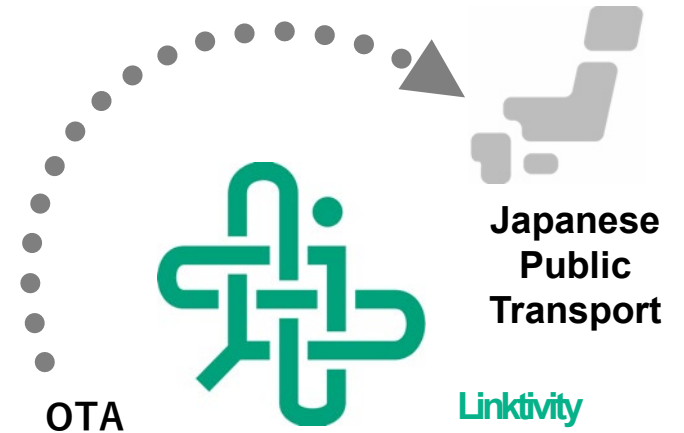
B to B

Partner Travel Agencies



Platform

Linktivity Transport booking service



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.



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

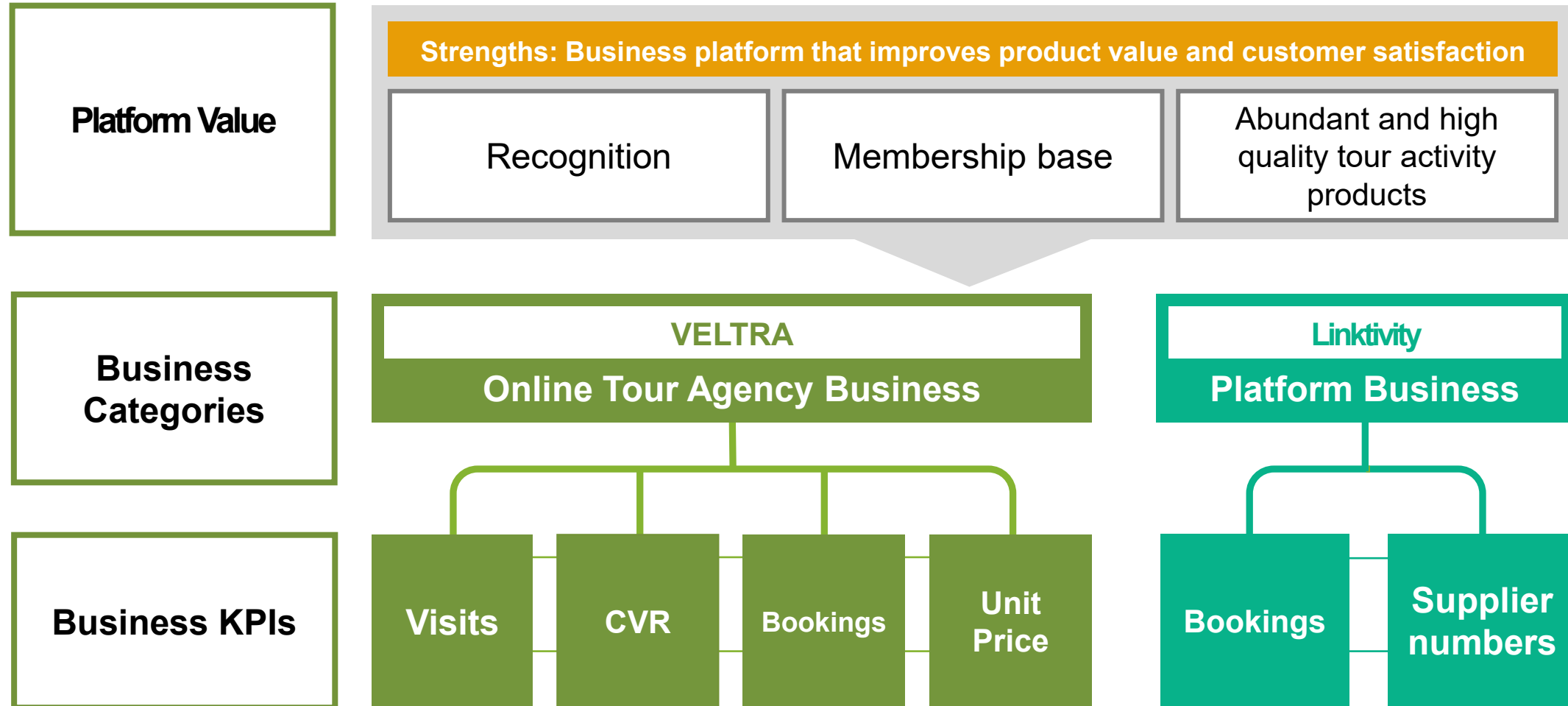
SNS used to spread information and fun of tours and activities.

Quickly provide products that
meet the interest of the times

**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 535,573,020 (as of March 31, 2020)

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

Fiscal Year Closed In December

Number of Employees Headquarters: 228 (Consolidated: 330)

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

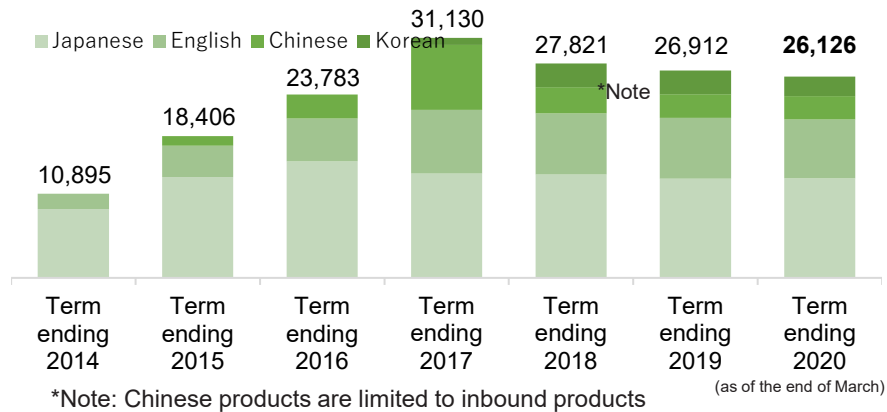
To provide value to the tourism industry through collaborative corporate alliances and to grow the tourism industry as a whole.



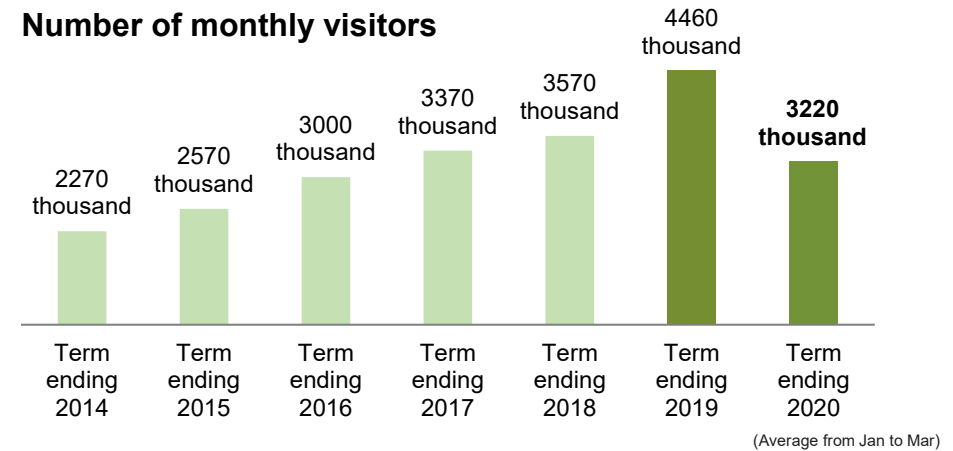
Our Strength: Product Lineup to Support Various Consumer Needs

- 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

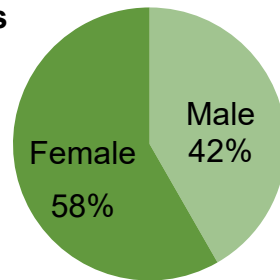


Number of contracted Tour & Activity Suppliers

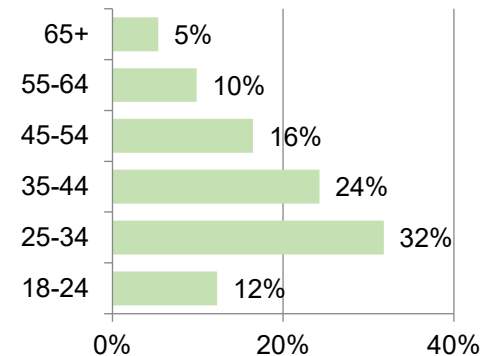
150 countries in the world
Approximately 5,000 companies



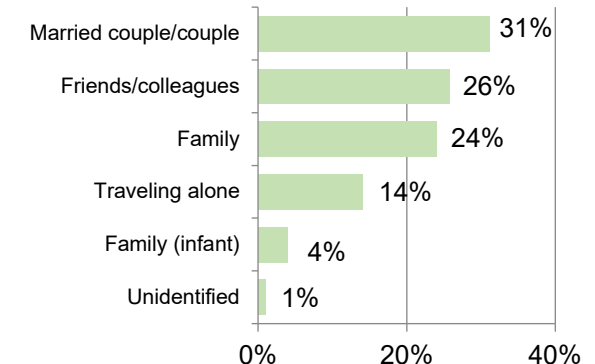
Gender



Traveler age group

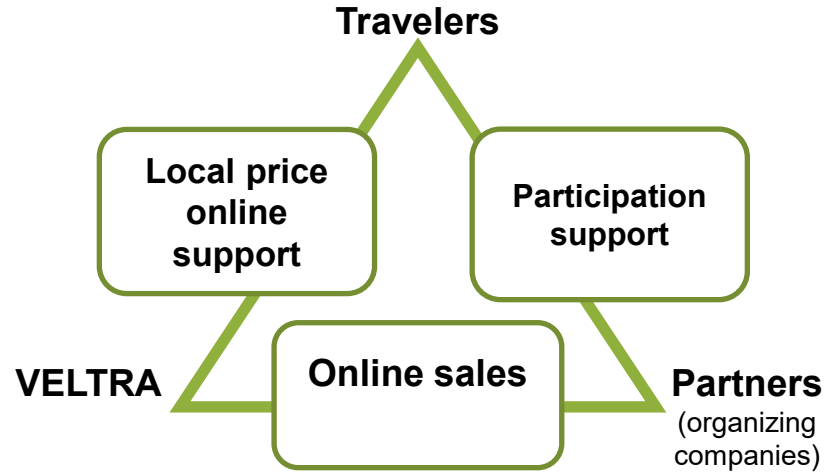


Traveler characteristics

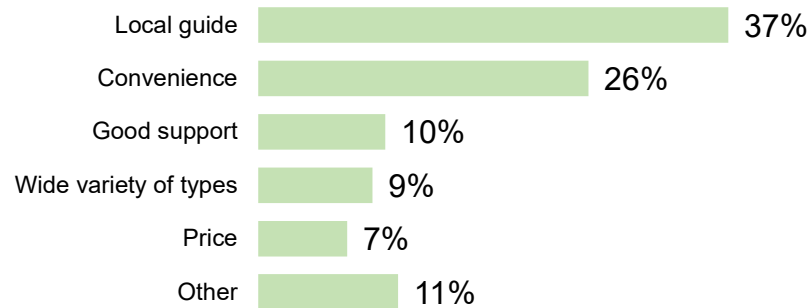


Our Strength: Real-Time Support Provided Online

- 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

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 ≥ Customer service

Be responsible for all that travelers have experienced through VELTRA

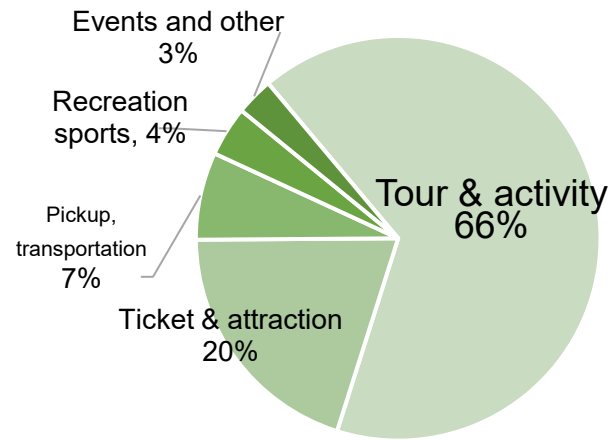
1. Not only provide tours and activities but also manage product quality
2. 365-day online support
3. Support in English, Japanese, Chinese, and Korean



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"

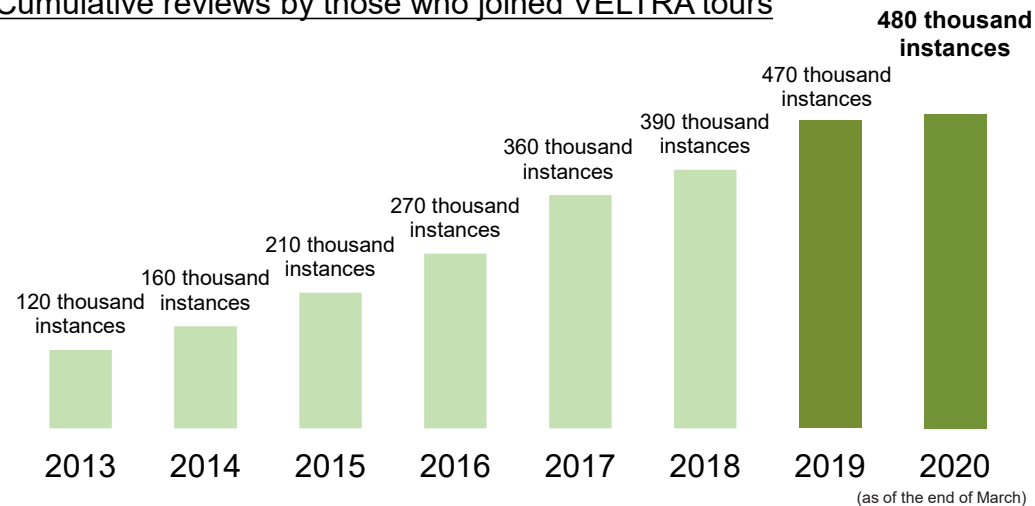




Our Strength: More Than 400,000 Reviews by our Customers

- 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、、、”&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...

一生の思い出って言ってる人どんだけしょうもない人なんだろうって思ってたけど.....

by: kw.jjさん 2018/11/16

最高でした！！運良く私たち2人だけのプライベートツアーで天気にも恵まれ、素晴らしい景色に加えタカさんの面白かったです。ブルーマウンテンズは素晴らしい！映えスポット。スリースターズも圧巻の景色。そしてジェノランケープが懐くほどの美しさ。感嘆。ため息が創り出した神秘の世界。ジェノランケープにいたの間ほどの時間でしたがあっという間に狐につままれた...

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っても楽しめました！！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て、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

NPS® What is the (Net Promoter Score)?

NPS® stands for “Net Promoter Score” and is an index that measures customer satisfaction. NPS® is highly correlated with business growth. NPS is receiving attention by companies, with more than one-third of public companies in the U.S. and Europe using it.



NPS® is measured by tallying the response to the question, "How likely are you to recommend this company (product / service / brand) to friends and colleagues?" The NPS® questionnaire uses this very simple way to measure the companies customer satisfaction.

According to the response to this question, customers are classified into three types: “promoters”, “passives”, and “detractors”. Promoters have an exceptionally high repurchase rate, and most referrals come from this type of customer. Conversely, detractors can even discourage new customers from buying with negative reviews.

The method of calculating the NPS® score is very simple, and the value obtained by subtracting the percentage of critics from the promoters.

Source : NTT Com Online Marketing Solution Co., Ltd.

<https://www.nttcoms.com/service/nps/summary/>



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.

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