

Translation

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## Consolidated Financial Results for the First Quarter of Term Ending December 2019 (Based on J-GAAP)

May 14, 2019

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Stock code: 7048

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Scheduled date to submit the Quarterly Securities Report: May 15, 2019

Scheduled date to commence dividend payments: —

Availability of supplementary briefing material on quarterly results: Available

Scheduled date of Quarterly Results Briefing Session: Not scheduled

Listing: Tokyo Stock Exchange

URL <https://corp.veltra.com>

(Figures are rounded down to the nearest million yen)

### 1. Consolidated Financial Results for the First Quarter of the Term Ending December 2019 (from January 1, 2019 to March 31, 2019)

#### (1) Consolidated Results of Operations (cumulative)

	Operating revenue		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
First quarter of the term ending December 2019	929	—	240	—	214	—	146	—
First quarter of the term ending December 2018	—	—	—	—	—	—	—	—

(Note) Comprehensive income: First quarter of the term ending December 2019: 149 million yen (—%)

First quarter of the term ending December 2018: — million yen (—%)

	Profit per share	Fully diluted profit per share
	Yen	Yen
First quarter of the term ending December 2019	5.16	4.94
First quarter of the term ending December 2018	—	—

(Note) As the Company listed on the Mothers Section of the Tokyo Stock Exchange on December 25, 2018 and started to disclose its financial results of the first quarter from the term ending December 2019, the financial results of the first quarter of the term ended December 2018 and the YoY changes of the first quarter ending December 2019 were not described.

#### (2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
First quarter of the term ending December 2019	5,965	1,689	28.3
Term ending December 2018	5,111	1,374	26.9

(Reference) Shareholders' Equity: First quarter of the term ending December 2019: 1,689 million yen

Term ending December 2018: 1,374 million yen

#### 2. Dividends

	Annual dividends					
	End of 1Q	End of 2Q	End of 3Q	Year-end	Annual	
Term ending December 2018	Yen —	Yen 0.00	Yen —	Yen 0.00	Yen 0.00	
Term ending December 2019	—	—	—	—	—	
Term ending December 2019 (forecasts)	—	0.00	—	0.00	0.00	

(Note) Revisions of dividend forecast from recently announced figures: Not applicable

#### 3. Consolidated Forecasts for the Term Ending December 2019 (from January 1, 2019 to December 31, 2019)

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

	Operating revenue		Operating profit		Ordinary profit		Profit attributable to owners of parent		Profit per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Second quarter (cumulative)	1,876	—	300	—	259	—	174	—	6.11
Full year	4,055	20.3	600	43.9	547	71.5	356	14.5	12.49

(Note) Revisions of forecast of financial results from recently announced figures: Applicable

As the Company did not create quarterly consolidated financial statements for the second quarter of the term ending December 2018, it does not describe changes of the second quarter of the term ending December 2019 (cumulative).

\* Notes

(1) Significant changes of subsidiaries during the consolidated cumulative current quarter (changes in specific subsidiaries involving changes in the scope of consolidation): Not applicable  
New: — (company name), Excluded: — (company name)

(2) Adoption of specific accounting treatments to the preparation of consolidated quarterly financial statements: Not applicable

(3) Changes in accounting policies, changes in accounting estimates and restatements

- 1) Changes in accounting policies due to the revision of accounting standards: Not applicable
- 2) Changes in accounting policies other than 1): Not applicable
- 3) Changes in accounting estimates: Not applicable
- 4) Restatements: Not applicable

(4) Total number of issued shares (common stock)

- 1) Total number of issued shares at the end of the period (including treasury shares)
- 2) Total number of treasury shares at the end of the period
- 3) Average number of shares during the period (cumulative)

First quarter of the term ending December 2019	28,578,000 shares	Term ending December 2018	28,110,000 shares
First quarter of the term ending December 2019	— shares	Term ending December 2018	— shares
First quarter of the term ending December 2019	28,468,800 shares	First quarter of the term ending December 2018	— shares

\* These consolidated quarterly financial results are outside the scope of quarterly review by a certified public accountant or an audit firm.

\* Explanation for the appropriate use of performance forecasts and other special notes

(Cautionary note on forward-looking statements)

The statements regarding forecast of financial results in this report are based on the information that is available, as well as estimates, assumptions and projections that are believed to be reasonable at the time of publication, and they are not meant to be a commitment by the Company. Therefore, there might be cases in which actual results differ significantly from forecast values. For conditions regarding assumptions used in projecting financial results and instructions to use projected financial results, please refer to "1. Qualitative Information on Quarterly Financial Results (3) Explanation of Forecast of Consolidated Financial Results and Other Forward-Looking Information" on page 3 of the appendix to this report.

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## 1. Qualitative Information on Quarterly Financial Results

### (1) Explanation of Results of Operations

During the current consolidated first quarter, while there were impacts that trade issues imposed on the world economy and geopolitical risks, the domestic economy recovered gradually owing to improvements in the employment and income environments and other various policy benefits.

Against the backdrop of this economic condition, the travel industry was robust as the number of outbound Japanese travelers between January and March 2019 reached 4.91 million persons, up 6.4% compared with the same period of the previous year. Also, travelers visiting Japan reached 8.05 million persons, up 5.7% from the same period of the previous year, showing high growth continuously (source: Japan National Tourism Organization (JNTO)). Additionally, travelers across the world in 2018 reached 1.4 billion persons, up 6.0% compared with the same period of the previous year, and increasing trends of travelers in the future are expected (source: World Tourism Organization (UNWTO)).

In this business environment, Our Group, as an online travel agency (OTA) specialized in local experience tours, consists of (1) the "Overseas section" providing overseas travel services mainly for Japanese, (2) the "Inbound section" providing services for travelers visiting Japan, and (3) the "Global section" providing local services all over the world for global travelers, and each section of Our Group offered local experience tours for the target travelers of each section.

As a result, operating revenue during the current consolidated first quarter amounted to 929,213 thousand yen. Meanwhile, dividing the operating revenue by profit category, the Overseas section reported 883,882 thousand yen, the Inbound section reported 12,690 thousand yen, and the Global section reported 32,641 thousand yen.

Regarding profits, owing to operating revenue that was robust, cost reduction due to effective advertisement, delays of recruiting and human costs that were originally planned into the second quarter and later, operating profit reached 240,947 thousand yen, ordinary profit reached 214,094 thousand yen, profit attributable to owners of parent reached 146,792 thousand yen.

Meanwhile, regarding local experience tours, because more travelers tend to fly in summer holidays between July and September when travelers can easily take a long period of holidays compared with other seasons, Our Group's operating revenue and profit are also likely to increase between July and September and tend to decrease in other seasons.

Also, as Our Group is the single segment of travel-related businesses, the Company has omitted statement of segment information.

### (2) Explanation of Financial Position

The Company applied "Partial Amendments to Accounting Standard for Tax Effect Accounting," etc. (Accounting Standards Board of Japan (ASBJ) Statement No. 28, February 16, 2018) from beginning of the current consolidated first quarter.

Regarding the financial position, comparison is made with previous year-end figures after retrospective application of the previous year-end figures regarding financial results.

#### (Current assets)

Current assets at the end of the current consolidated first quarter reached 5,135,830 thousand yen, an increase of 823,642 thousand yen from the end of the previous consolidated fiscal year. This is mainly because of cash and deposit increases of 585,114 thousand yen and an increase of trade accounts receivable of 209,691 thousand yen.

#### (Non-current assets)

Non-current assets at the end of the current consolidated first quarter reached 829,791 thousand yen, an increase of 30,655 thousand yen from the end of the previous consolidated fiscal year. This is mainly because an increase of 16,431 thousand yen in software and an increase of 28,655 yen in software in progress.

#### (Current liabilities)

Current liabilities at the end of current consolidated first quarter reached 3,978,392 thousand yen, an increase of 588,934 thousand yen from the end of the previous consolidated fiscal year. This is mainly because of an increase of 203,734 thousand yen in trade accounts payable, an increase of 573,567 thousand yen in advances received, a decrease of 115,257 thousand yen in income taxes payable, and a decrease of 74,361 thousand yen in accounts payable.

#### (Non-current liabilities)

Non-current liabilities at the end of the current consolidated first quarter dropped to 298,216 thousand yen, a decrease of 49,580 thousand yen from the end of the previous consolidated fiscal year. This is mainly because of a decrease of 49,499 thousand yen in long-term borrowings.

#### (Net assets)

Net assets at the end of the current consolidated first quarter reached 1,689,013 thousand yen, an increase of 314,943 thousand yen from the end of the previous consolidated fiscal year. This is mainly because of an increase of 82,667 thousand yen in share capital and an increase of 82,667 yen in capital surplus due to new share issues by over-allotment, and an increase of retained earnings by reporting 146,792 thousand yen in profit attributable to owners of parent.

(3) Explanation of Forecast of Consolidated Financial Results and Other Forward-Looking Information

With regard to the consolidated performance forecast of the term ending December 2019, based on the current performance trend, changes were added to the consolidated performance forecast for the second cumulative quarter that was released on February 14, 2019. For details, please refer to the "Notice Concerning Revision of Earnings Forecast" released today (May 14, 2019).

## 2. Quarterly Consolidated Financial Statements and Principal Notes

## (1) Quarterly Consolidated Balance Sheets

(Thousands of yen)

	Previous consolidated fiscal year (December 31, 2018)	Current consolidated first quarter (March 31, 2019)
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	3,171,894	3,757,008
Trade accounts receivable	1,031,051	1,240,743
Other	109,241	138,078
<b>Total current assets</b>	<b>4,312,187</b>	<b>5,135,830</b>
<b>Non-current assets</b>		
Property, plant and equipment	32,307	32,878
Intangible assets		
Software	409,018	425,449
Software in progress	69,938	98,593
Other	216	216
<b>Total intangible assets</b>	<b>479,172</b>	<b>524,258</b>
Investments and other assets	287,656	272,653
<b>Total non-current assets</b>	<b>799,136</b>	<b>829,791</b>
<b>Total assets</b>	<b>5,111,324</b>	<b>5,965,622</b>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Trade accounts payable	1,299,676	1,503,410
Current portion of long-term borrowings	197,996	197,996
Accounts payable - other	232,200	157,839
Income taxes payable	121,500	6,242
Advances received	1,304,392	1,877,960
Provision for bonuses	—	2,120
Provision for point card certificates	142,996	158,933
Other	90,695	73,889
<b>Total current liabilities</b>	<b>3,389,457</b>	<b>3,978,392</b>
<b>Non-current liabilities</b>		
Long-term borrowings	347,511	298,012
Other	285	204
<b>Total non-current liabilities</b>	<b>347,796</b>	<b>298,216</b>
<b>Total liabilities</b>	<b>3,737,254</b>	<b>4,276,608</b>

(Thousands of yen)

	Previous consolidated fiscal year (December 31, 2018)	Current consolidated first quarter (March 31, 2019)
<b>Net assets</b>		
Shareholders' equity		
Share capital	441,030	523,697
Capital surplus	551,421	634,088
Retained earnings	404,975	551,768
Total shareholders' equity	1,397,426	1,709,554
Accumulated other comprehensive income		
Deferred gains or losses on hedges	(2,939)	(1,202)
Foreign currency translation adjustment	(20,416)	(19,338)
Total accumulated other comprehensive income	(23,356)	(20,541)
<b>Total net assets</b>	<b>1,374,070</b>	<b>1,689,013</b>
Total liabilities and net assets	5,111,324	5,965,622

(2) Quarterly Consolidated Statements of Income and Comprehensive Income

(Quarterly consolidated statement of income)

(Current consolidated first quarter)

(Thousands of yen)

Current consolidated first quarter (From January 1, 2019 to March 31, 2019)	
Operating revenue	929,213
Operating expenses	688,266
Operating profit	240,947
Non-operating income	
Interest income	88
Other	87
Total non-operating income	175
Non-operating expenses	
Interest expenses	858
Foreign exchange losses	26,084
Other	86
Total non-operating expenses	27,029
Ordinary profit	214,094
Profit before income taxes	214,094
Income taxes - current	3,615
Income taxes - deferred	63,685
Total income taxes	67,301
Profit	146,792
Profit attributable to owners of parent	146,792

(Quarterly consolidated statement of comprehensive income)

(Current consolidated first quarter)

(Thousands of yen)

Current consolidated first quarter  
(From January 1, 2019 to March  
31, 2019)

Profit	146,792
Other comprehensive income	
Deferred gains or losses on hedges	1,737
Foreign currency translation adjustment	1,078
Total other comprehensive income	2,815
Comprehensive income	149,608
(Comprehensive income attributable to)	
Comprehensive income attributable to owners of parent	149,608

(3) Notes on the Quarterly Consolidated Financial Statements

(Notes on the Going Concern Assumption)

Not applicable.

(Notes on Significant Changes in the Amount of Shareholders' Equity)

The Company increased its share capital and legal capital surplus by 82,667 thousand yen respectively due to the newly issued 468,000 shares through third-party allocation of shares that is related to over-allotment offering whose date of payment was January 22, 2019.

As a result, our share capital stands at 523,697 thousand yen and capital surplus stands at 634,088 thousand yen at the end of the current consolidated first quarter.

(Additional Information)

(Application of "Partial Amendments to Accounting Standard for Tax Effect Accounting," etc.)

The Company applied "Partial Amendments to Accounting Standard for Tax Effect Accounting," etc. (ASBJ Statement No. 28, February 16, 2018) from the beginning of the current consolidated first quarter. Accordingly, deferred tax assets are presented under investments and other assets.

(Segment Information)

As Our Group is the single segment of travel-related businesses, the Company has omitted statement of segment information.