



# Financial Explanatory Document for the First Quarter of the Term Ending December 2019

VELTRA Corporation

Tokyo Stock Exchange Mothers: 7048

May 14, 2019

# Table of Contents

Summary of Financial Results of the First Quarter of the Term Ending December 2019	P3
Financial Forecast for the Term Ending December 2019	P9
Future Approaches for the Term Ending December 2019	P11
Referential Materials	P16



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# Summary of Financial Results of the First Quarter of the Term Ending December 2019

# Highlights of Financial Results for the First Quarter of the Term Ending 2019

## Business environment

Japanese travelers visiting overseas countries: 4.91 million persons, up 6.4% YoY (from January to March 2019)\*  
Travelers visiting Japan: 8.05 million persons, up 5.7% YoY (from January to March 2019)\*

\*Source: Japan National Tourism Organization (JNTO)

## Financial results

Obtained increased revenue YoY, significantly increased profits  
Operating revenue: 929 million yen, up 26% YoY  
Ordinary profit: 214 million yen, an increase of 227 million yen YoY  
Profit: 146 million yen, an increase of 160 million yen YoY

## Operating revenue

Reservations increased robustly under the favorable business environment, operating revenue increased steadily

## Ordinary profit/profit

Because of cost reduction due to effective advertisement and delays of recruiting and human costs that were originally planned into the second quarter and later, ordinary profit/profit surpassed profits originally expected

# P/L Summary (Consolidated)

- Both revenue and profit surpassed those originally expected, and the forecast for the second quarter was upwardly revised.

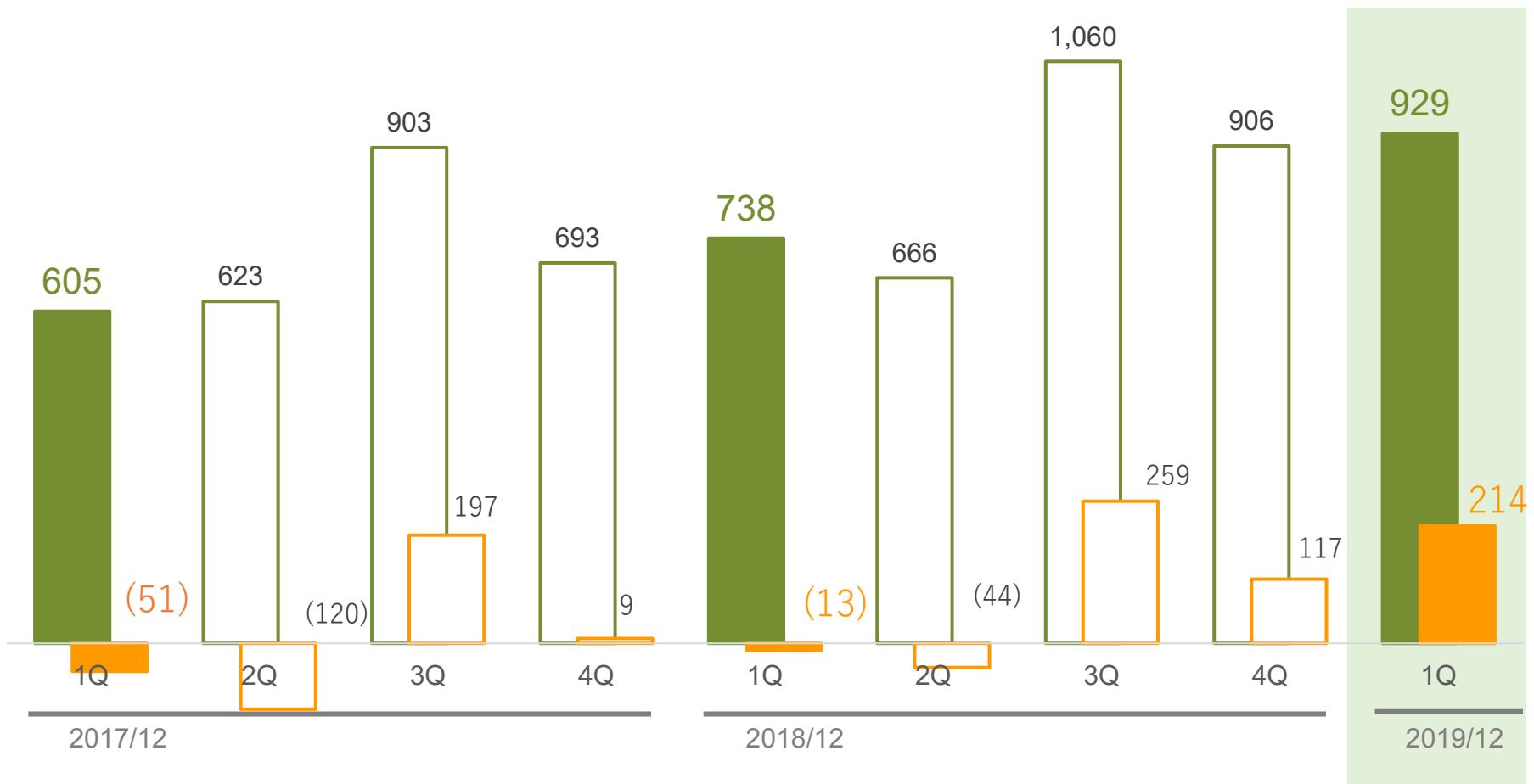
For full year, reservations after the second quarter will remain as expected. In terms of profits, no changes were added to the original plan to make an investment for medium-term business expansion.

	1Q of the term ending December 2018	1Q of the term ending December 2019	Changes	Forecast of 2Q of the term ending December 2019 (original forecast)	Revised forecast of 2Q of the term ending December 2019 (released on May 14)
Operating revenue	738	929	+26%	1,694	1,876
Operating expenses	719	688	-	-	-
Operating profit	18	240	+1,204%	89	300
Operating margin	2.5%	25.9%	-	-	-
Non-operating income	0	0	-	-	-
Non-operating expenses	32	27	-	-	-
Ordinary profit	(13)	214	-	63	259
Recurring margin	-	23.0%	-	-	-
Profit	(14)	146	-	32	174
Profit per share (yen)	-	5.16	-	-	-

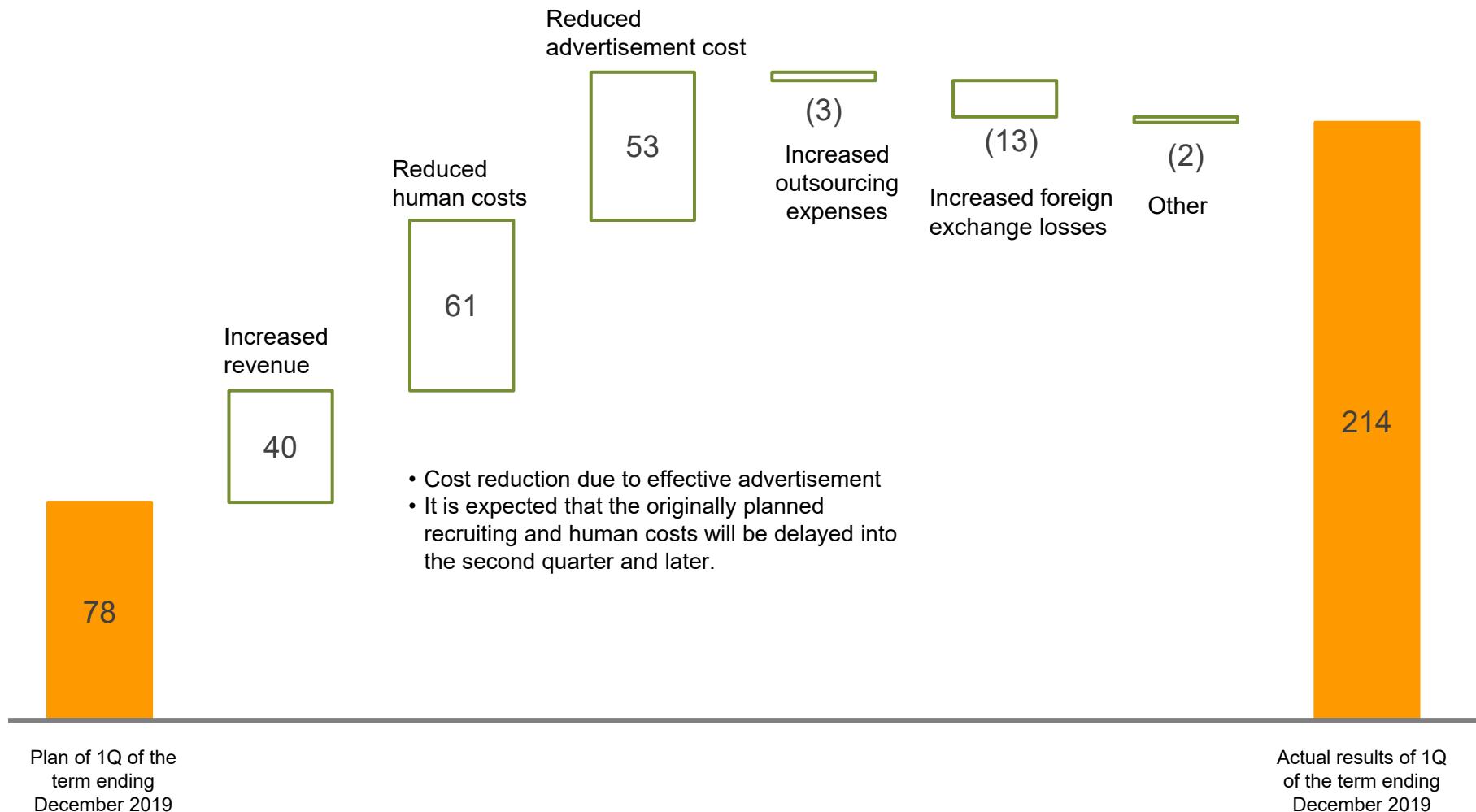
# Quarterly Trends of Net Sales/Ordinary Profit (Financial Period)

- Compared with normal years, costs for advertisement were reduced, and profits increased significantly.
- Regarding Our Group's operating revenue and profit, they tend to increase during the tourist season between July and September.

(Millions of yen)



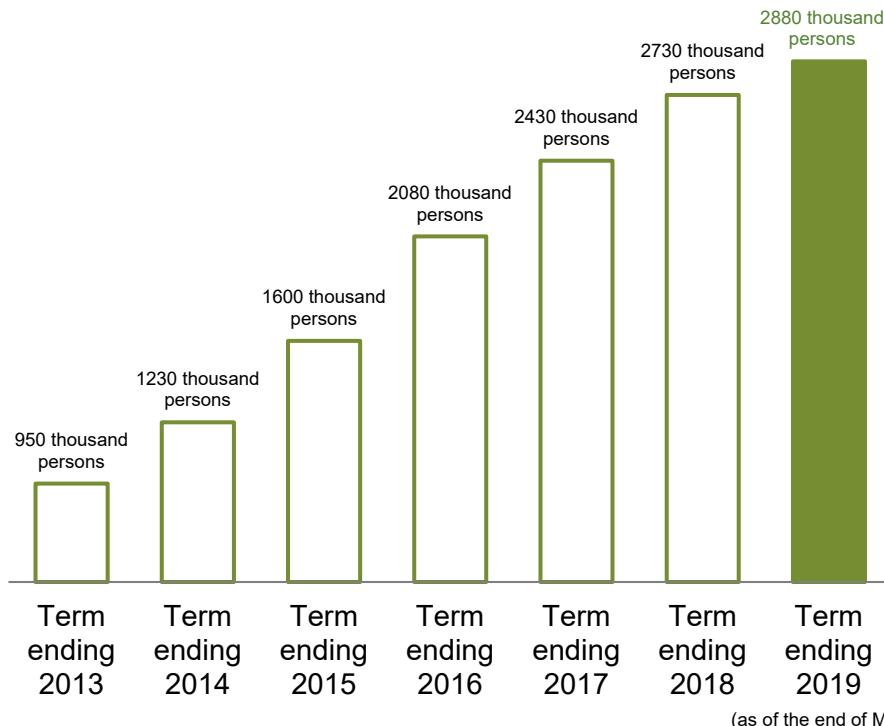
# Budgetary Variance Analysis of Ordinary Profit of the First Quarter



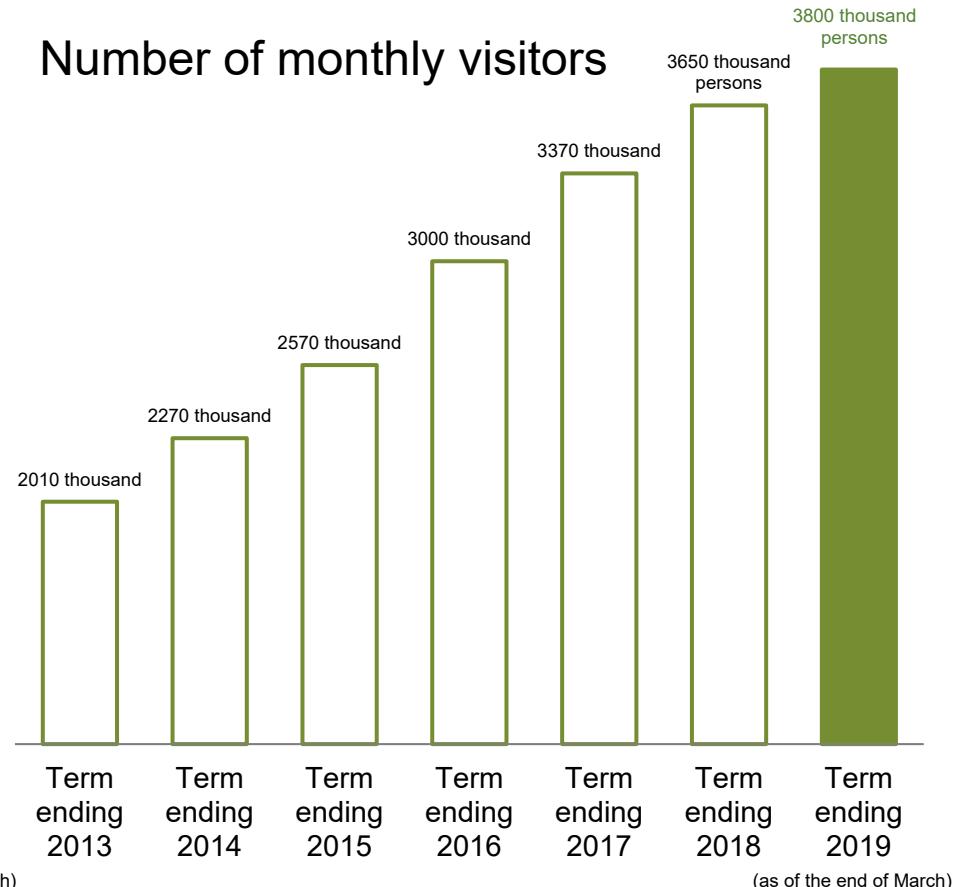
# KPI Trends (Number of Members, Visitors)

- The number of members and monthly visitors have been increasing

Number of members (cumulative)



Number of monthly visitors





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# Financial Forecast for the Term Ending December 2019

# P/L Summary (Consolidated)

- While favorable reservations continue, it is likely that reservations will remain as expected originally after June.
- Investments will be made for advertisement fees for mid-to-long term business expansion, recruiting and human costs.
- As operating revenue increases, it is expected that recurring margins amounts to 13.5%, up 4 points YoY.

(Millions of yen)

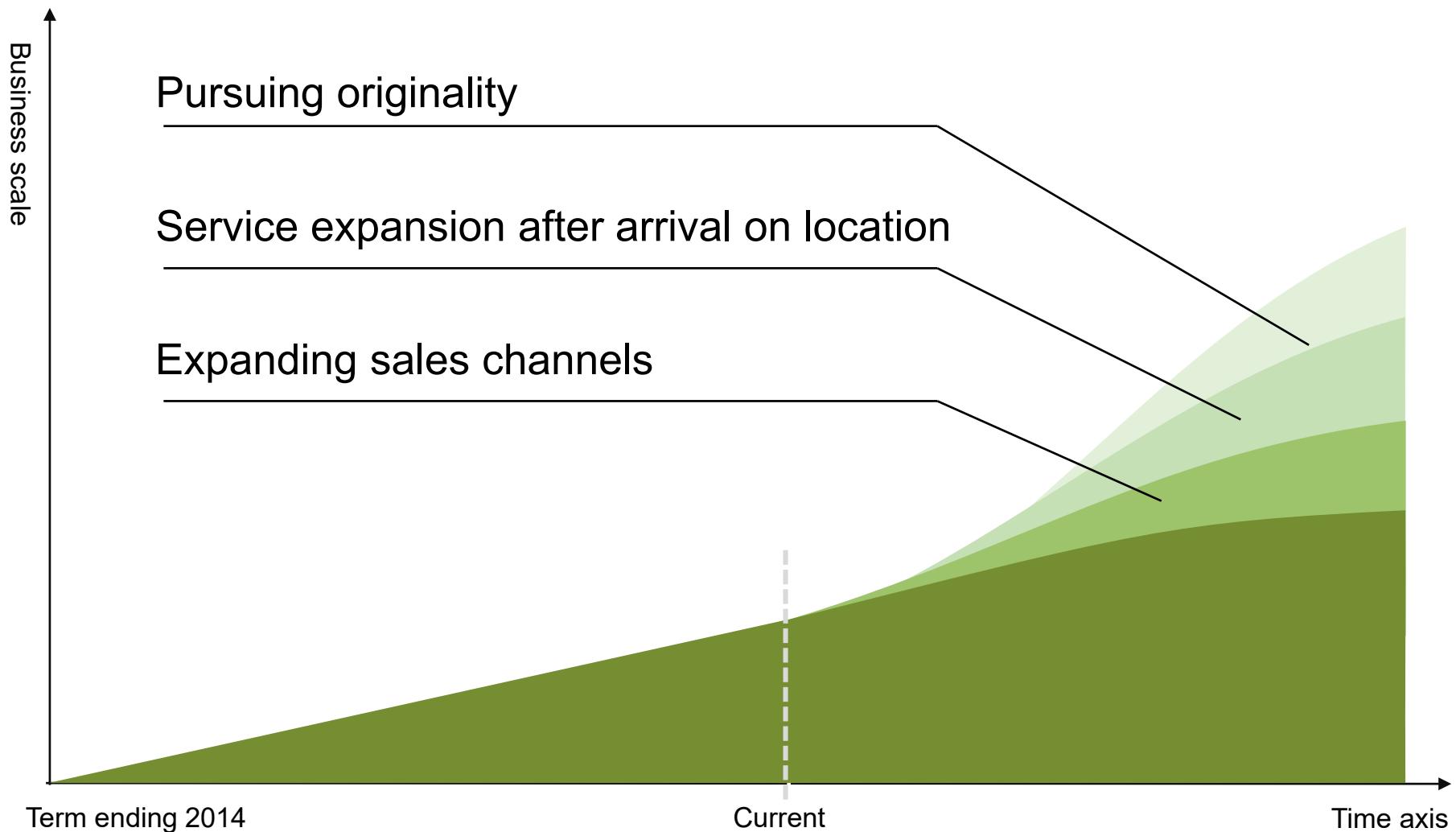
	Term ending December 2018 (actual results)	Term ending December 2019 (forecast)	YoY changes (%)
Operating revenue	3,371	4,055	+20.3%
Operating profit	417	600	+43.9%
Operating margin	12.4%	14.8%	
Ordinary profit	319	547	+71.5%
Recurring margin	9.5%	13.5%	
Profit attributable to owners of parent	311	356	+14.5%
Profit per share (yen)	11.68	12.49	+20.3%



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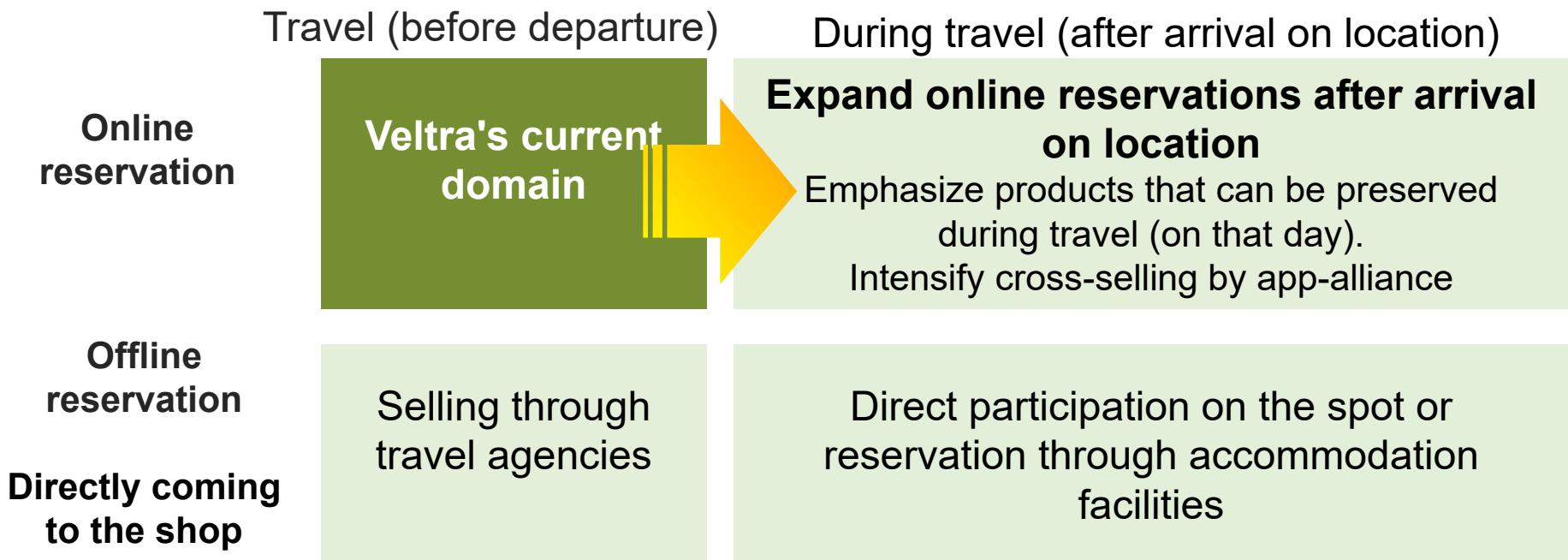
# Future Approaches for the Term Ending December 2019

# Growth Strategy (Growth Image)



# Enhanced Services after Arrival on Location

Most of current VELTRA reservations are pre-departure reservations. To increase objectives after arrival on location, promote product and service development proactively.



# Expanding Sales Channels

## Emphasize inbound products

Case 1) Create and support online sales management systems (B2B) for domestic public transport and tickets for overseas companies.

### Inbound platform "Linktivity"



Introducing the Linktivity Suite

Equip your business with the most powerful tools in the market and get ahead of the competition

Request a quote

KINTETSU NANKAI SEIBU RAILWAY

MULTILINGUAL CONTENTS

DISTRIBUTION MANAGEMENT

PAYMENT AGGREGATION

<https://www.linktivity.io/>

## Strengthen business alliance with travel-related companies

Case 2) Services for ANA Mileage Club members It is possible to reserve and purchase VELTRA's field experience tours using cumulated miles

### "ANA Travelers"



マイルも使える オプショナルツアー、スタート！

旅の体験を五感で楽しむ

ついにオプショナルツアーで、マイル予約サービスがスタート！

マイルが貯まる & マイルが使える

人気の空港・観光送迎、世界遺産観光、夜景プランに加えて、レストラン・グルメ、ダイビング・シュノーケリング、スパ・エステなど、あなたの旅を彩るオプショナルツアーが盛り沢山！

グループ、ファミリー、一人旅など、旅のスタイルに応じて自由に楽しめます！

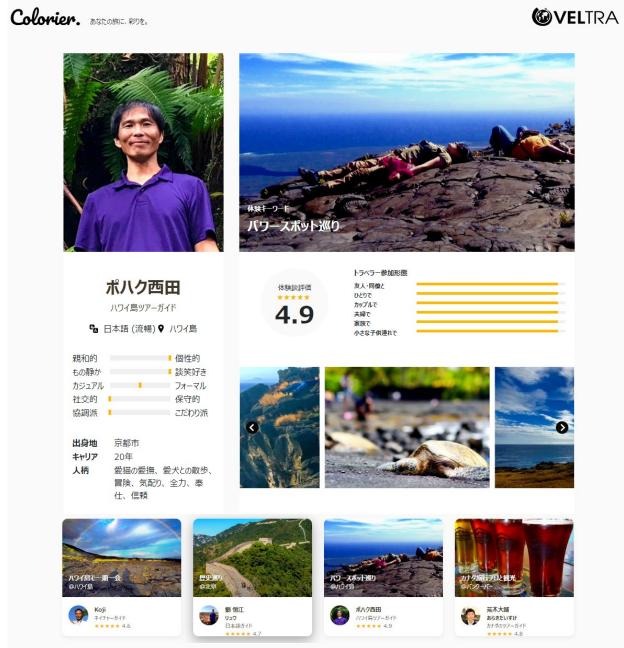
<https://www.ana.co.jp/ja/jp/inttour/hotel/option/>

# Pursuing Originality

Our core product is tour & activity to promote international exchange between person (traveler) and person (guide), and VELTRA engages in activities to visualize this service quality.

In "Colorier," focus is on professional guides, evaluating guides' hospitality to realize travel experiences with attractive guides. Furthermore, VELTRA is developing "emo," a travel media to implement activities to raise awareness for field experience-type tours and to help travelers find their travel through travelers' testimonials.

**"Colorier"** to search for attractive guides



<https://colorier.veltra.com/>

**"emo"** to find your travel through travelers' experiences



<https://emo.travel/>

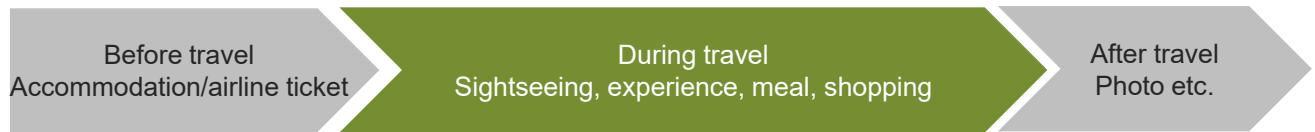


VELTRA

# Referential Materials

# Business Outlines

Organizing "**VELTRA**," an online reservation service specialized in field experience tours during travel

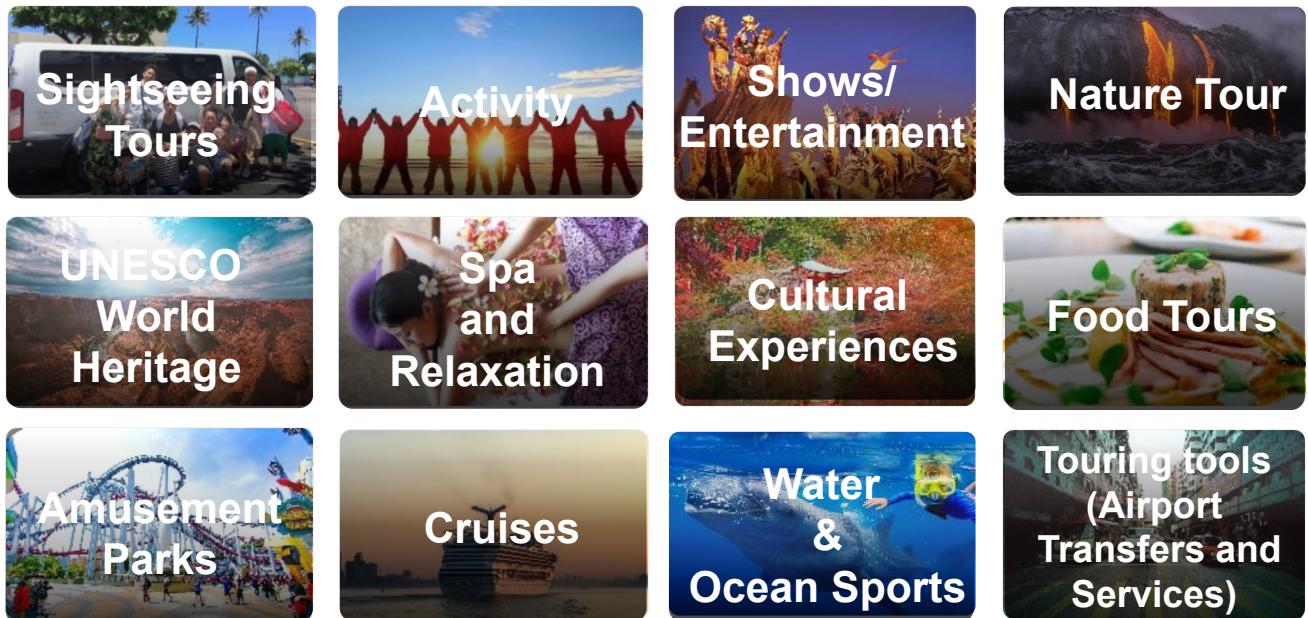


**VELTRA** changes **TRAVEL**

Search for destinations by  
what you can experience



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



# Company Profile

Company Name	VELTRA Corporation		Board Members	President/CEO	
Headquarters	1-6-6 Yaesu, Chuo, Tokyo			Director	Wataru Futagi
Capital	JPY 523,690,000 (as of January 31, 2019)			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: 143 (Consolidated: 228)			Outside director	Emmanuel Issaurat
Subsidiaries	[Singapore] LINKTIVITY PTE, LTD.			Outside director	Toru Shiraishi
	[Malaysia] VELTRA Malaysia Sdn. Bhd.			Auditor	Gaku Suzuki
	[Philippines] VELTRA PHILIPPINES, INC.			Part-time auditor	Rodney Cuthbert
	[USA (Hawaii)] VELTRA Inc.			Part-time auditor	Tetsushi Ikeda
Business Branches	London, Bangkok				Masato Mori
					Hiroshi Noda



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

# History

1991	ALAN Corporation (currently VELTRA Corporation) was established as consulting businesses related to marketing
2003	Business transfer of a golf course reservation site "GORA" to Rakuten (currently "Rakuten GORA")
2004	Business initiation of an overseas activity reservation site "Alan1.net" (currently VELTRA)  Initiated "HawaiiActivities.com" to organize Hawaii field tours for the North America market 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 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 that runs a field tour reservation site "CityDiscovery.com" for the global market mainly targeting English markets
2017	The company name of a locally incorporated subsidiary in Paris was changed to VELTRA SAS to be a business location within the VELTRA Group  The company name of a locally incorporated subsidiary in Manila was changed to VELTRA Philippine to be the CS site within the VELTRA Group  Opened a Korean website in the wake of the business alliance with Korean company 12cm,Inc  Established LINKTIVITY PTE, LTD. in Singapore to supply for Asian markets products mainly related to Japanese railways and transportation Full-fledged business initiation for B2B
2018	Listed on the Mothers Section of the Tokyo Stock Exchange

# 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

To not only provide a wide range of locations and a variety of products but also achieve high quality services

International relations

To prioritize transboundary connections with people, and especially, emphasize the tourism experience through tour guides

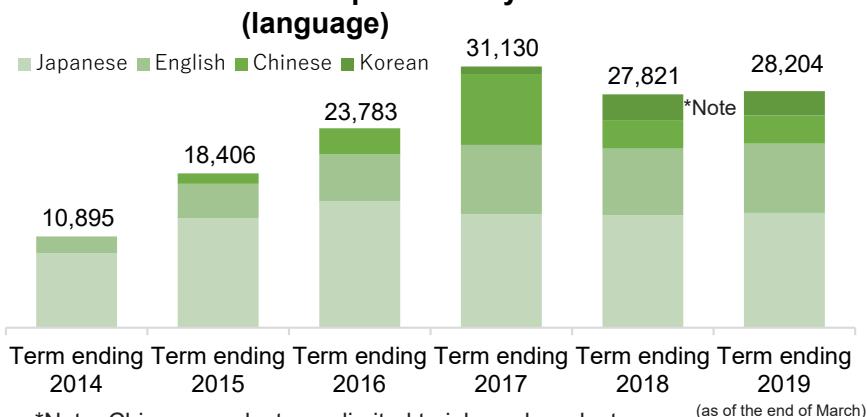
Prosperous coexistence

To further provide values through collaboration based on corporate alliance, and grow the tourist industry as a whole

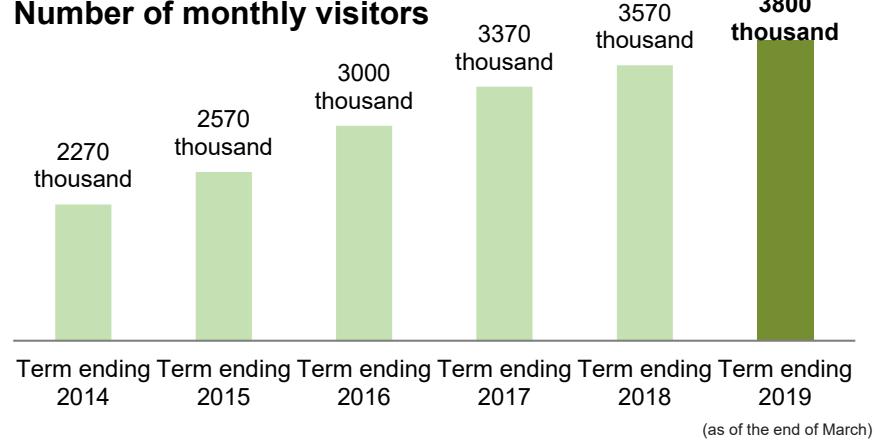
# Our Characteristic: Product Lineup to Support Various Consumer Needs

- Business collaboration with about 5,000 companies in 150 countries in the world is the largest level operation in Japan.  
Support is provided in four languages
- Provide products to meet various consumer needs, and especially obtain support from individual tourists

**Trends in the number of products by market (language)**



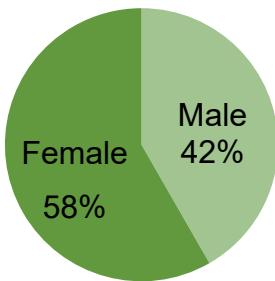
**Number of monthly visitors**



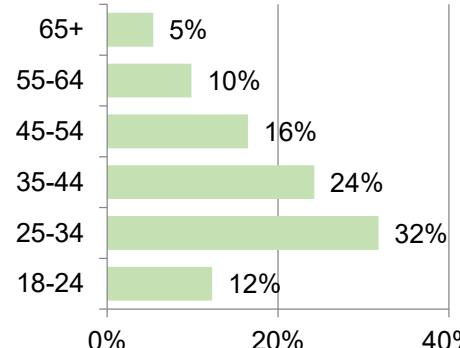
**Number of contract business persons**



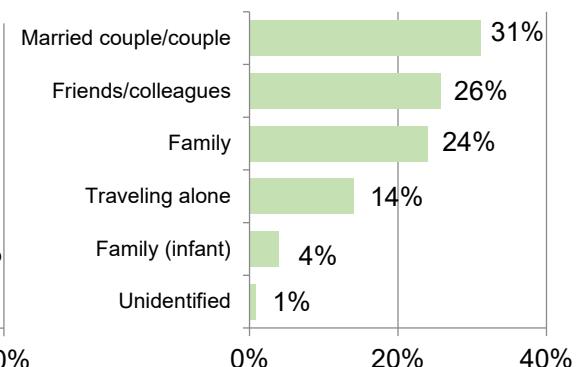
**Gender**



**Age group**

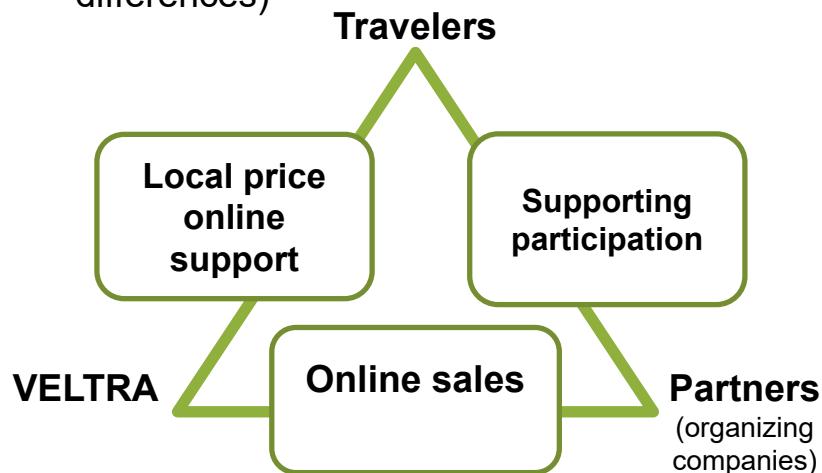


**Fellow traveler**

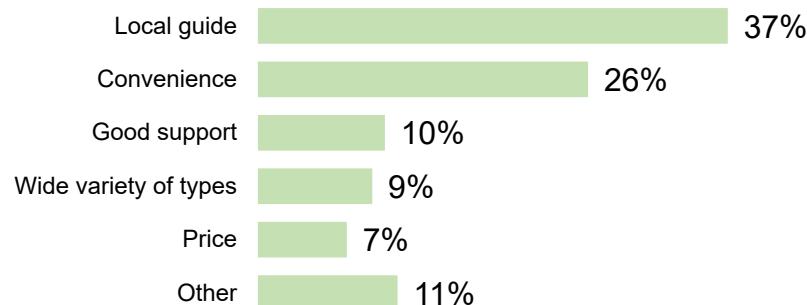


# Our Characteristic: Real-Time Support to Be Completed Online

- Provide travelers with a wide range of products and amount of information in real-time without any waiting
- Provide comfort with 365-day support to remove customers' psychological anxieties (cultural or linguistic differences)



## 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, emphasizing Asian markets
<b>Local price online support</b>	Provide all products at local prices of organizing companies. 365-day online support through four languages
<b>Supporting participation</b>	Detailed guidance for travelers to go to a meeting place by themselves Provide facilitated reservations by promoting electronic vouchers

## Customer experience $\geq$ Customer service

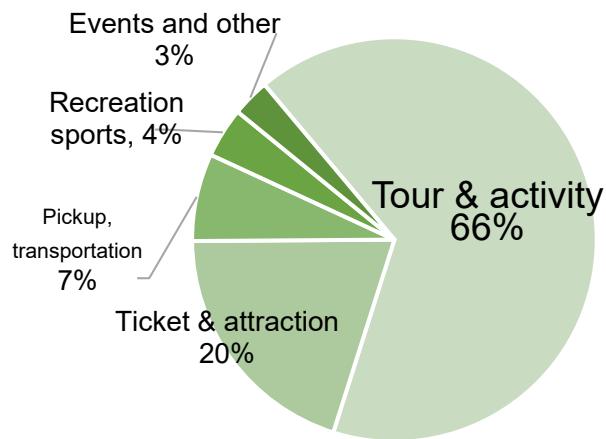
Be responsible for all that travelers have experienced through VELTRA

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

# Our Characteristic: Unique, Professional Tour Guides across the World

- Our core product is "tour & activity" to promote international exchange between person (traveler) and person (guide)
- Local professional drivers in each area provide effective and safe transportation methods
- Service quality and safety is our strength in association with relationships with organizing companies

## Product structure



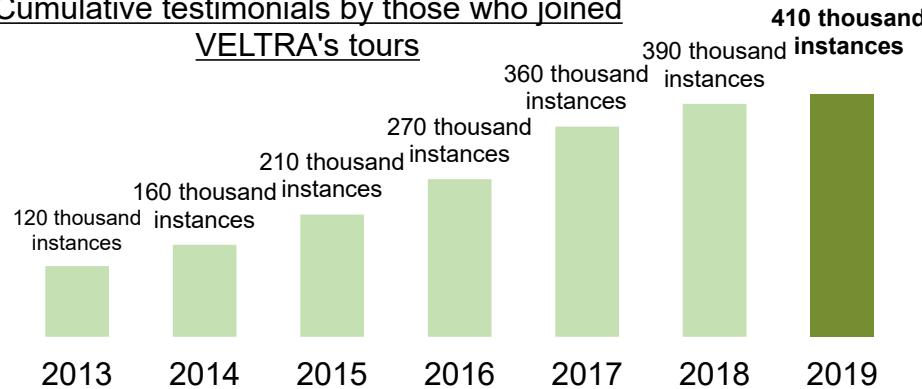
\*For details of target products, refer to "Sales Target Products materials at the end of the "slides



# Our Characteristic: More Than 400 Thousand Rich Testimonials by Those Having Joined Our Tours

- Posts by only those who joined VELTRA's tours. Detailed testimonials encourage travelers who intend to join VELTRA's tours.
- Posting ratio is related with high hospitality tour & activity services
- Negative comments are not disregarded and all facts are checked to improve products

## Cumulative testimonials by those who joined VELTRA's tours



## Further improve services through testimonials



Organizing companies improve products

## Messages of gratitude to guide 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。ガイドのダイルカ愛が素晴らしかった。優しく、面白く、港に着中も皆を楽しませてくれました。沢山のイルカを看到うという気持ちが伝わりました。実際たくさん見れ船長のヒトミさんがまた素晴らしく、...

すぐいいガイドでした！

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。ハノイ旧市街そのもの。大型バスや車が走っている隙間を沂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う沢山のストリートに小さなプラスチック話す大勢の人々 傘帽子の天秤棒をぶら下げで

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: ひよピヨピーさん 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、効率よく周るプランを立てて

一生の思い出って言ってる人どんだけしょうもない人、なんて思ってましたけど.....

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で天気にも恵まれ、素晴らしい景色に加えてカさんが面白かったです。フルーマウンテンズは素晴らしい映えスポット。スリースターズも巻きの景色。そしてリジーランケーブが懐かほどの美しさ。感嘆。ため息が創り出した神秘の世界。ジェノランケーブにいたの間ほどの時間でしたがあつという間で狐につままれた

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ました。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...続きを読む

# Precautions

The statements in this material include information regarding forecast of financial results/business plans. The information 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 include risks or uncertainties. They are not meant to be a commitment by the Company, and therefore, there might be cases in which actual results differ from forecast values.

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