



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

November 13, 2019

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Stock code: 7048

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Scheduled date to submit the Quarterly Securities Report: November 14, 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 Third Quarter of the Term Ending December 2019 (from January 1, 2019 to September 30, 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                         | %     |
| Third quarter of the term ending December 2019 | 3,294             | 33.6 | 802              | 188.4 | 739             | 265.9 | 498                                     | 577.7 |
| Third quarter of the term ended December 2018  | 2,465             | —    | 278              | —     | 202             | —     | 73                                      | —     |

(Note) Comprehensive income: Third quarter of the term ending December 2019: 505 million yen (590.1%)

Third quarter of the term ended December 2018: 73 million yen (—%)

|  | Profit per share |     | Fully diluted profit per share |     |
|--|------------------|-----|--------------------------------|-----|
|  | Yen              | Yen | Yen                            | Yen |
| Third quarter of the term ending December 2019 | 17.48            | —   | 16.76                          | —   |
| Third quarter of the term ended December 2018  | 2.77             | —   | —                              | —   |

(Note) 1. The Company first initiated quarterly financial disclosure beginning with the third quarter of the term ended December 2018 due to the listing of the Company's shares on the TSE Mothers exchange on December 25, 2018. Changes in the third quarter of the term ended December 2018 compared with the same year-earlier period are therefore not stated.  
2. Fully diluted profit per share for the third quarter of the term ended December 2018 are not stated. Although dilutive shares do exist, the average share price during the previous fiscal year is not known as the shares of the Company in the third quarter of the term ended December 2018 were still not exchange-listed.  
3. Dated September 27, 2018, the Company instituted a stock split at the ratio of 100 shares for 1 share of common stock. In the calculation of consolidated per-share earnings for the quarter, the stock split was assumed instituted at the start of the previous fiscal year.

(2) Consolidated Financial Position

|  | Total assets    |                 | Net assets      |                 | Equity ratio |      |
|--|-----------------|-----------------|-----------------|-----------------|--------------|------|
|  | Millions of yen | Millions of yen | Millions of yen | Millions of yen | %            | %    |
| Third quarter of the term ending December 2019 | 6,869           | —               | 2,091           | —               | —            | 29.8 |
| Term ended December 2018                       | 5,111           | —               | 1,374           | —               | —            | 26.9 |

(Reference) Shareholders' equity: Third quarter of the term ending December 2019: 2,048 million yen

Term ended December 2018: 1,374 million yen

## 2. Dividends

|                                       | Annual dividends |           |           |          |        |      |
|---------------------------------------|------------------|-----------|-----------|----------|--------|------|
|                                       | End of 1Q        | End of 2Q | End of 3Q | Year-end | Annual |      |
| Term ended December 2018              | —                | 0.00      | —         | 0.00     | 0.00   | 0.00 |
| Term ended December 2019              | —                | 0.00      | —         | 0.00     | 0.00   | 0.00 |
| 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 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              |
| Full year | 4,371             | 29.6 | 800              | 91.9 | 729             | 128.5 | 502                                     | 61.6 | 17.61            |

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

\* Notes

(1) Significant changes of subsidiaries during the consolidated cumulative current quarter (changes in specific subsidiaries involving changes in the scope of consolidation): Applicable

New: VELTRA KOREA Inc.; Excluded: —

(Note) For details, please refer to "2. Quarterly Consolidated Financial Statements and Principal Notes (3) Notes on the Quarterly Consolidated Financial Statements (Significant changes of subsidiaries during the consolidated cumulative current quarter)" on page 7 of the appendix to this report.

(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) | Third quarter of the term ending December 2019 | 28,601,000 shares | Term ended December 2018                      | 28,110,000 shares |
| 2) Total number of treasury shares at the end of the period                           | Third quarter of the term ending December 2019 | — shares          | Term ended December 2018                      | — shares          |
| 3) Average number of shares during the period (cumulative)                            | Third quarter of the term ending December 2019 | 28,547,253 shares | Third quarter of the term ended 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

The operating environment in the period under review was in the international situation beset by risks to the global economy from the effects of trade friction and shifts in financial and capital markets. Even so, the Japanese economy proceeded on a moderate recovery backed by improved conditions for employment and household incomes as well as support from various public policy measures.

Against the backdrop of this economic condition, the travel industry was robust as the number of outbound Japanese travelers between January and September 2019 reached 15.06 million persons, up 7.6% compared with the same period of the previous year. Meanwhile, foreign travelers to Japan increased 4.0% compared with the same period of the previous fiscal year to 24.41 million, underscoring the continuing solid trend. (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 in the period under review posted 3,294,642 thousand yen (+33.6% compared with the same period of the previous fiscal year). Operating revenue breaks down into 3,096,505 thousand yen at the Overseas section (+37.1% compared with the same period of the previous fiscal year), 60,031 thousand yen at the Inbound section (+27.6%), and 138,105 thousand yen at the Global section (-13.6%).

Earnings marked operating profit of 802,689 thousand yen (+188.4% compared with the same period of the previous fiscal year) with ordinary profit of 739,423 thousand yen (+265.9%) and with 498,940 thousand yen in profit attributable to owners of parent (+577.7%). These results were shaped on the one hand by higher advertising expenses to acquire operating revenue, personnel expenses for business expansion, and office relocation expenses in preparation for future personnel growth.

However, these higher operating expenses were fully covered thanks to a favorable business environment brought mainly by the protracted Golden Week holiday, with rising operating revenue from steady growth in the number of reservations during the summer vacation.

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 Groups operating revenue and profit are also likely to increase between July and September and tend to decrease in other seasons.

A segment breakdown has been omitted as travel-related businesses constitute the Groups sole business segment.

### (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 first quarter of the current fiscal year. 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 period under review totaled 5,906,259 thousand yen, reflecting an increase of 1,594,072 thousand yen compared with the end of the previous fiscal year. This is mainly because of an increase of 1,204,609 thousand yen in cash and deposits and an increase of 318,749 thousand yen in trade accounts receivable.

#### (Non-current assets)

Non-current assets at the end of the period under review totaled 963,152 thousand yen, reflecting an increase of 164,015 thousand yen compared with the end of the previous fiscal year. This is mainly because of an increase of 128,338 thousand yen in property, plant, and equipment, an increase of 62,479 thousand yen in software, an increase of 90,687 thousand yen in software in progress, and a decrease of 117,489 thousand yen in investments and other assets.

#### (Current liabilities)

Current liabilities at the end of the period under review totaled 4,578,409 thousand yen, reflecting an increase of 1,188,951 thousand yen compared with the end of the previous fiscal year. This is mainly because of an increase of 778,286 thousand yen in trade accounts payable, an increase of 455,517 thousand yen in advances received, and a decrease of 105,355 thousand yen in income taxes payable.

#### (Non-current liabilities)

Non-current liabilities at the end of the period under review totaled 199,207 thousand yen, reflecting a decrease of 148,588 thousand yen compared with the end of the previous fiscal year. This is mainly because of a decrease of 148,497 thousand yen in long-term borrowings.

#### (Net assets)

Net assets at the end of the period under review totaled 2,091,794 thousand yen, reflecting an increase of 717,724 thousand yen compared with the end of the previous fiscal year. This is mainly because of an increase of 83,564 thousand yen in share capital and an increase of 83,564 yen in capital surplus due to new share issues by over-allotment, and an increase of retained earnings by reporting 498,940 thousand yen in profit attributable to owners of parent.

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

As to the consolidated results projections for the term ending December 2019, projections remain unchanged as published in the "Notice on Variance Between Consolidated Results Projections and Actual Results for the Second Quarter of the Term Ending December 2019 and on Revised Results Projections for the Full Fiscal Year" dated August 13, 2019.

2. Quarterly Consolidated Financial Statements and Principal Notes

(1) Quarterly Consolidated Balance Sheets

(Thousands of yen)

|  | Previous consolidated fiscal year<br>(December 31, 2018) | Current consolidated third quarter<br>(September 30, 2019) |
|--|--|--|
| <b>Assets</b>                                |  |  |
| Current assets                               |  |  |
| Cash and deposits                            | 3,171,894  | 4,376,503  |
| Trade accounts receivable                    | 1,031,051  | 1,349,801  |
| Other  | 109,241  | 179,954  |
| Total current assets                         | 4,312,187  | 5,906,259  |
| Non-current assets                           |  |  |
| Property, plant and equipment                | 32,307   | 160,645  |
| Intangible assets                            |  |  |
| Software                                     | 409,018  | 471,497  |
| Software in progress                         | 69,938   | 160,625  |
| Other  | 216  | 216  |
| Total intangible assets                      | 479,172  | 632,339  |
| Investments and other assets                 | 287,656  | 170,167  |
| Total non-current assets                     | 799,136  | 963,152  |
| Total assets                                 | 5,111,324  | 6,869,411  |
| <b>Liabilities</b>                           |  |  |
| Current liabilities                          |  |  |
| Trade accounts payable                       | 1,299,676  | 2,077,963  |
| Current portion of long-term borrowings      | 197,996  | 197,996  |
| Accounts payable - other                     | 232,200  | 292,256  |
| Income taxes payable                         | 121,500  | 16,144   |
| Advances received                            | 1,304,392  | 1,759,909  |
| Provision for bonuses                        | -  | 5,514  |
| Provision for point card certificates        | 142,996  | 174,124  |
| Other  | 90,695   | 54,501   |
| Total current liabilities                    | 3,389,457  | 4,578,409  |
| Non-current liabilities                      |  |  |
| Long-term borrowings                         | 347,511  | 199,014  |
| Other  | 285  | 193  |
| Total non-current liabilities                | 347,796  | 199,207  |
| Total liabilities                            | 3,737,254  | 4,777,617  |
| <b>Net assets</b>                            |  |  |
| Shareholders equity                          |  |  |
| Share capital                                | 441,030  | 524,594  |
| Capital surplus                              | 551,421  | 634,985  |
| Retained earnings                            | 404,975  | 903,916  |
| Total shareholders equity                    | 1,397,426  | 2,063,496  |
| Accumulated other comprehensive income       |  |  |
| Deferred gains or losses on hedges           | (2,939)  | (562)  |
| Foreign currency translation adjustment      | (20,416)   | (14,652)   |
| Total accumulated other comprehensive income | (23,356)   | (15,215)   |
| Non-controlling interests                    | -  | 43,513   |
| Total net assets                             | 1,374,070  | 2,091,794  |
| Total liabilities and net assets             | 5,111,324  | 6,869,411  |

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(2) Quarterly Consolidated Statements of Income and Comprehensive Income

(Quarterly consolidated statement of income)

(Current consolidated third quarter)

(Thousands of yen)

|  | Previous consolidated third quarter<br>(From January 1, 2018 to<br>September 30, 2018) | Current consolidated third quarter<br>(From January 1, 2019 to<br>September 30, 2019) |
|--|--|---|
| Operating revenue                              | 2,465,288  | 3,294,642   |
| Operating expenses                             | 2,186,994  | 2,491,952   |
| Operating profit                               | 278,294  | 802,689   |
| Non-operating income                           |  |   |
| Interest income                                | 136  | 199   |
| Other  | 2,637  | 541   |
| Total non-operating income                     | 2,773  | 741   |
| Non-operating expenses                         |  |   |
| Interest expenses                              | 3,306  | 2,351   |
| Foreign exchange losses                        | 72,179   | 57,028  |
| Going public expenses                          | 2,000  | -   |
| Other  | 1,521  | 4,626   |
| Total non-operating expenses                   | 79,007   | 64,007  |
| Ordinary profit                                | 202,059  | 739,423   |
| Extraordinary losses                           |  |   |
| Loss on liquidation of affiliate               | 65,867   | -   |
| Total extraordinary losses                     | 65,867   | -   |
| Profit before income taxes                     | 136,192  | 739,423   |
| Income taxes - current                         | 75,955   | 71,414  |
| Income taxes - deferred                        | (13,390)   | 170,488   |
| Total income taxes                             | 62,565   | 241,903   |
| Profit   | 73,627   | 497,519   |
| Loss attributable to non-controlling interests | -  | (1,420)   |
| Profit attributable to owners of parent        | 73,627   | 498,940   |

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(Quarterly consolidated statement of comprehensive income)

(Current consolidated third quarter)

(Thousands of yen)

|  | Previous consolidated third quarter<br>(From January 1, 2018 to<br>September 30, 2018) | Current consolidated third quarter<br>(From January 1, 2019 to<br>September 30, 2019) |
|--|--|---|
| Profit   | 73,627   | 497,519   |
| Other comprehensive income                                     |  |   |
| Deferred gains or losses on hedges                             | 2,615  | 2,377   |
| Foreign currency translation adjustment                        | (2,966)  | 5,764   |
| Total other comprehensive income                               | (351)  | 8,141   |
| Comprehensive income   | 73,276   | 505,661   |
| (Comprehensive income attributable to)                         |  |   |
| Comprehensive income attributable to owners of parent          | 73,276   | 507,082   |
| Comprehensive income attributable to non-controlling interests | -  | (1,420)   |

(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 share capital and capital surplus of the Company increased by 82,667 thousand yen due to issuance of 468,000 new shares in connection with an over-allotment of a secondary distribution for a private placement with payment due date January 22, 2019.

Additionally, share capital and capital surplus increased by 897 thousand yen due to the exercise of stock warrants.

As a result, share capital and capital surplus at the end of the period under review amounted to respectively 524,594 thousand yen and 634,985 thousand yen.

(Significant changes in subsidiaries during the consolidated cumulative current quarter)

During the period under review, VELTRA KOREA Inc. was newly established and included in the consolidation. VELTRA KOREA Inc. is a specific subsidiary of the Company.

(Additional Information)

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

Beginning with the start of the first quarter of the current fiscal year, the Company applied the "Partial Amendments to Accounting Standard for Tax Effect Accounting," etc. (ASBJ) Statement No. 28, February 16, 2018), such that 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.