



## FY2019 Financial Results

VELTRA Corporation

Tokyo Stock Exchange Mothers: 7048



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## FY 2019 Financial Results



# FY2019 Performance Highlights

## 1. Achieved significant increase in sales and profit from the previous year

Minimal impact on business performance due to South Korea and Hong Kong. We saw increase in the number of Japanese travelers abroad, strong demand for both Golden Week and summer vacation. Absorption of labor costs, office relocation costs, and advertising costs for business expansion were as planned.

**Operating Revenue YOY + 29%**

**Ordinary Profit YOY + 141%**

## 2. Efficient cost control allowed for cost reductions to be re-invested in measures to raise brand recognition for medium to long-term business expansion.



# P/L Statement Summary (Consolidated)

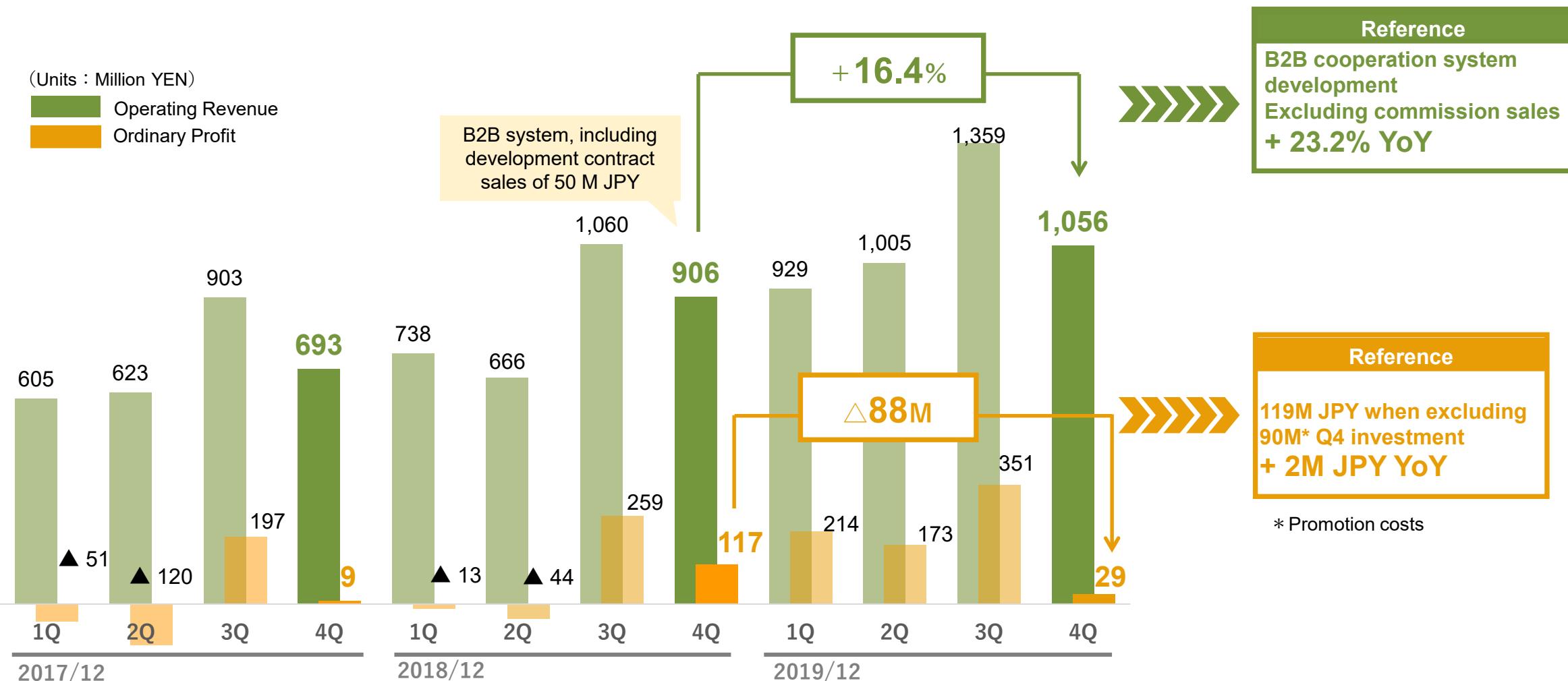
- Achieved significant increase in sales and profit compared to the previous year
- Review of the development of next-generation core systems resulted in extraordinary losses to be recorded, but net income also increased significantly year on year due to the effects of tax effect accounting.

(Unit: Million Yen)	FY 2018	FY 2019	YoY Changes
<b>Operating revenue</b>	3,371	<b>4,351</b>	+29.0%
<b>Operating expenses</b>	2,954	<b>3,506</b>	+18.7%
<b>Operating profit</b>	417	<b>844</b>	+102.5%
<b>Operating margin</b>	12.4%	<b>19.4%</b>	+7.0pt
<b>Ordinary profit</b>	319	<b>768</b>	+140.8%
<b>Recurring margin</b>	9.5%	<b>17.7%</b>	+8.2pt
<b>Extraordinary expenses</b>	74	<b>118</b>	+58.8%
<b>Profit</b>	311	<b>521</b>	+67.6%
<b>Profit per share (yen)</b>	11.68	<b>18.26</b>	+ 6.58円
<b>ROE</b>	32.5%	<b>30.1%</b>	△2.4pt



# Quarterly Trends: Operating Revenue and Ordinary Profit

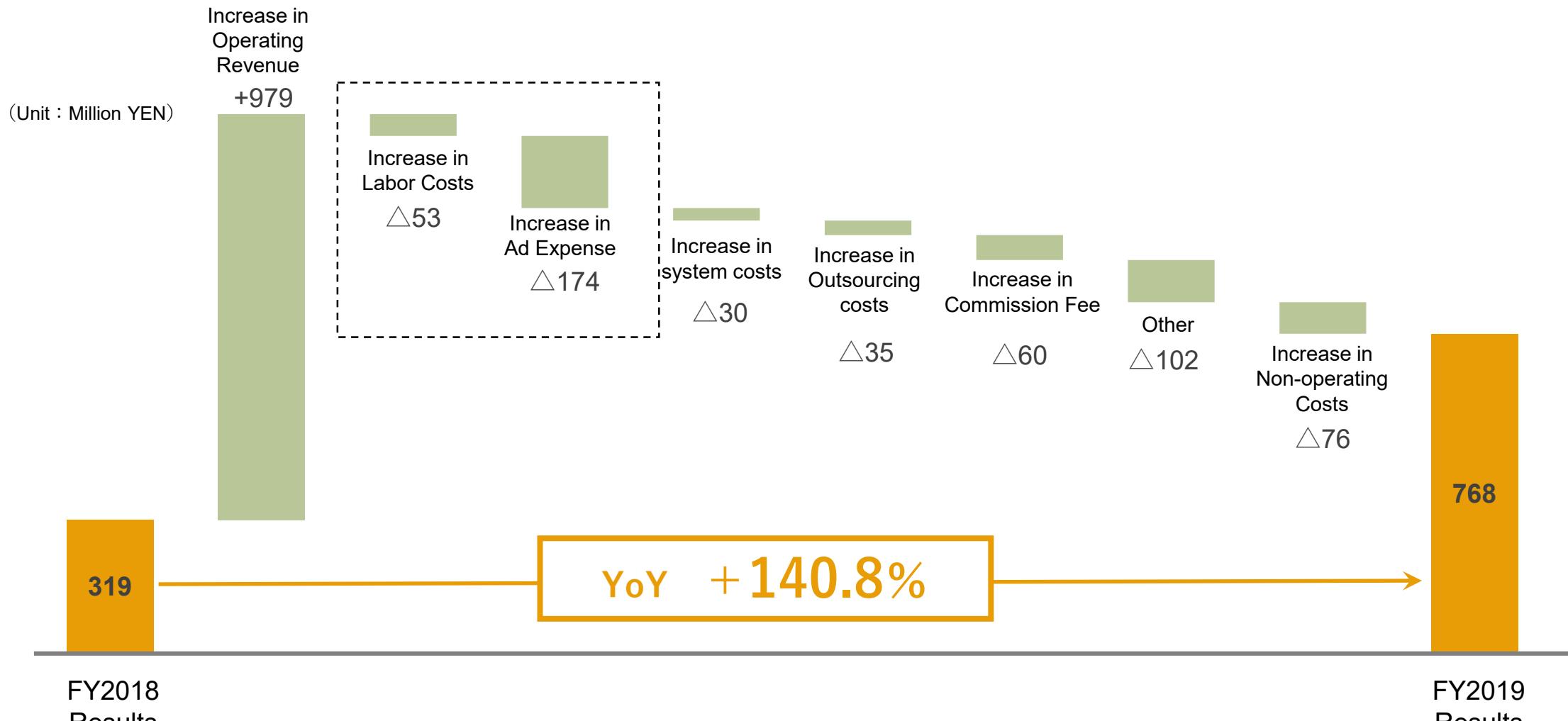
- Aggressively invested in raising brand awareness while securing profits in Q4





# Ordinary Profit Budget Analysis

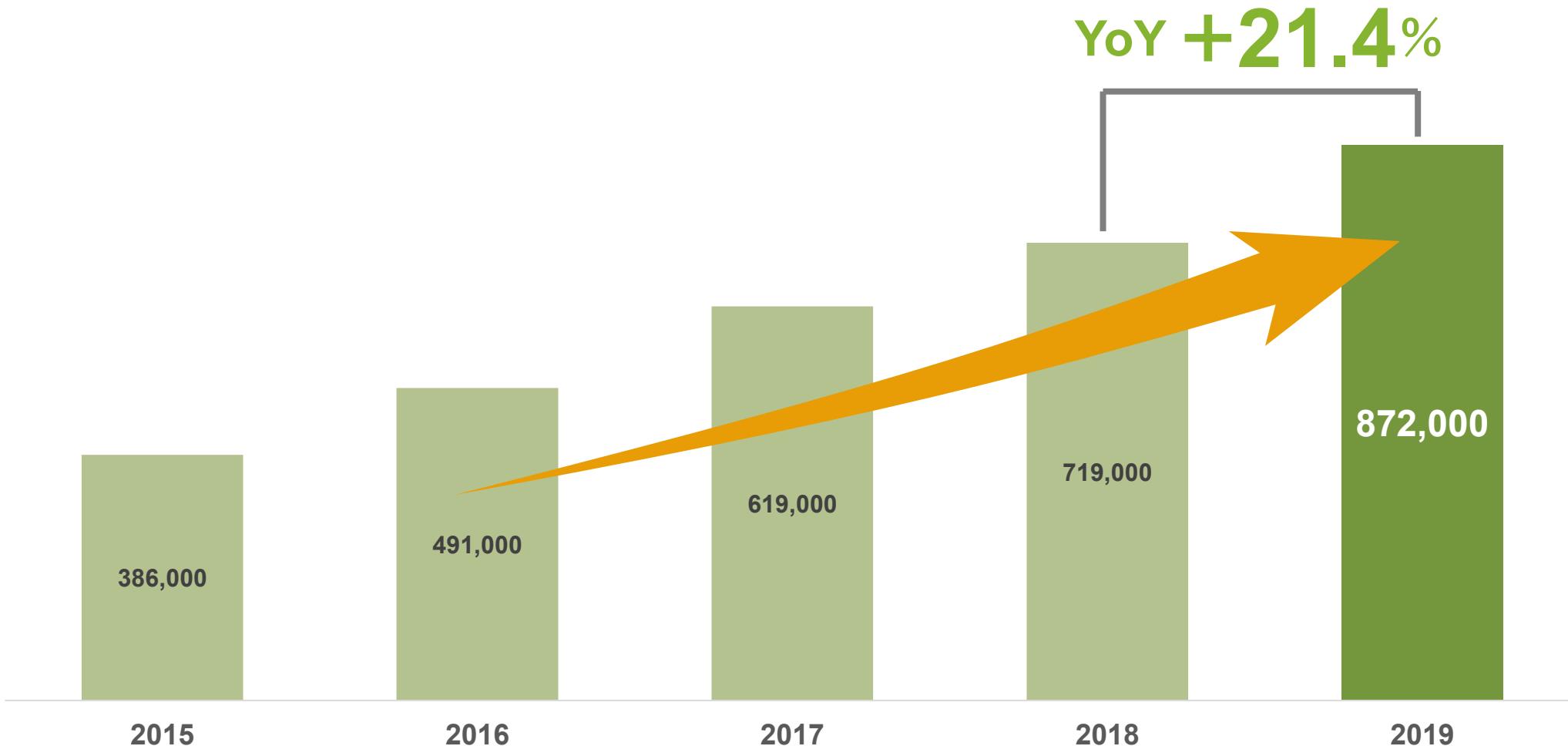
- Absorbed various costs with significant increase in sales, resulting in ordinary profit of approximately 2.4 times





# Bookings

- Booking numbers have also increased steadily at 21.4% YoY; about 2,400 reservations per day

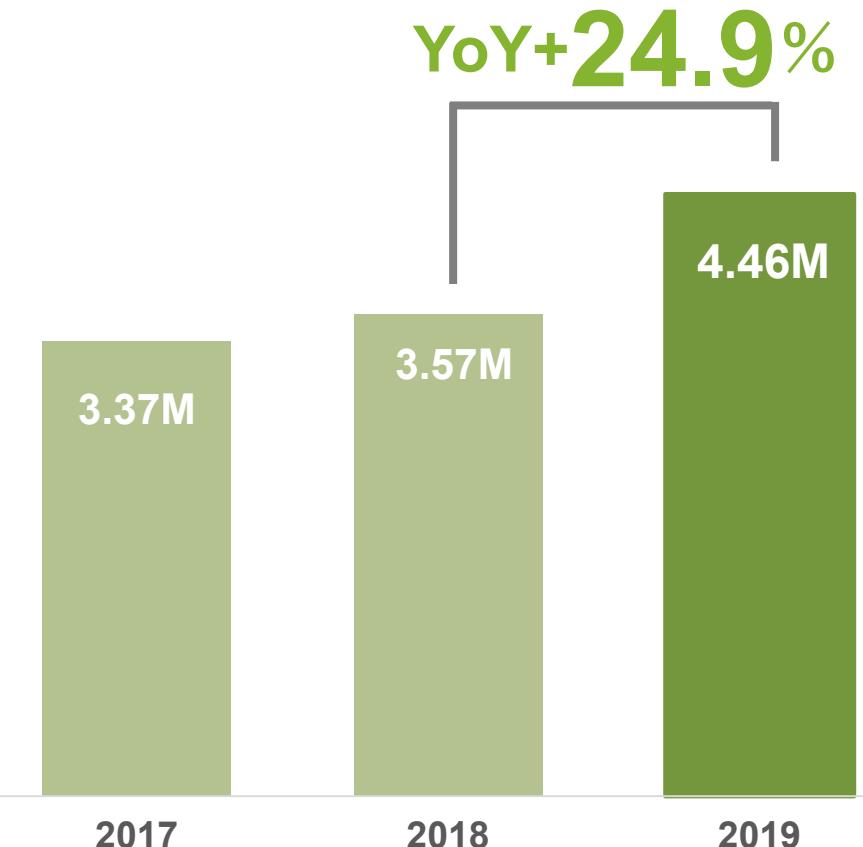




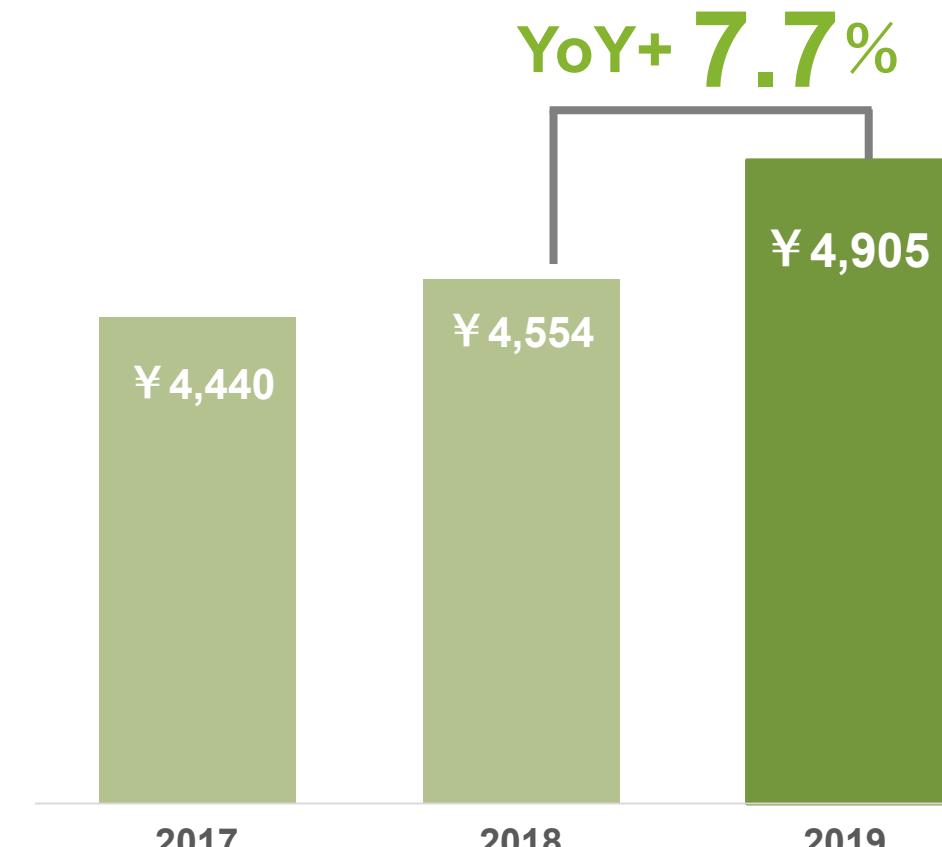
## Various KPIs

- The number of visitors also grew at a high rate. In addition, measures to improve quality were successful and average customer spending also increased.

Average monthly visits



Sales per booking (annual average)





# Balance Sheet Summary (Consolidated)

- Business and assets increased, resulting in cash and deposits increasing to 806 million JPY
- In current liabilities, operating accounts payable and advances received increased, and in long-term liabilities, long-term loans decreased.
- Increase in net assets with equity ratio at about 32.5%

(Unit: Million Yen)	FY 2018	FY 2019	Net Change
<b>Current Assets</b>	4,312	<b>5,491</b>	+1,179
<b>Fixed Assets</b>	799	<b>933</b>	+134
<b>Total Assets</b>	5,111	<b>6,424</b>	+1,313
<b>Current Liabilities</b>	3,389	<b>4,148</b>	+759
<b>Fixed Liabilities</b>	347	<b>149</b>	△198
<b>Total Liabilities</b>	3,737	<b>4,298</b>	+ 561
<b>Total Net Asset</b>	1,374	<b>2,125</b>	+ 751
<b>Equity Ratio</b>	26.9%	<b>32.5%</b>	+ 5.6pt



# Cash Flow Statement Summary (Consolidated)

- As a result of strong operating activities, net income and advances received increased. Cash flows from operating activities were 1,281 million yen
- Cash flow from investing activities was -491 million yen due to expenditure of 490 million yen for acquisition of fixed assets
- Cash flow from financing activities was 14 million yen due to proceeds from stock issuance of 168 million yen and repayment of long-term debt of 197 million yen

(Unit: Million YEN)	FY 2018	FY 2019	Net Change
<b>Operating Cash Flow</b>	852	1,281	+429
<b>Investing Cash Flow</b>	△257	△491	△234
<b>Financing Cash Flow</b>	315	14	△300
<b>Cash and Cash Equivalents at the end of year</b>	3,170	3,978	+ 807



## FY 2020 Future Actions



## FY 2020 Important Measures

**Enhanced  
online  
booking**

**Enhanced  
customer  
experience**

**Two-axis  
business  
in Japan**



## Enhanced Online Booking

### Promotion to increase brand awareness

VELTRA brand awareness at **8%\***. Implementing promotions to increase brand recognition.



**TV commercial featuring Mr. Ikuzo Yoshi will be aired in the Tokyo metropolitan area.**

Tested in December last year in the Chukyo and Fukuoka areas

\* Based on our research in December 2019

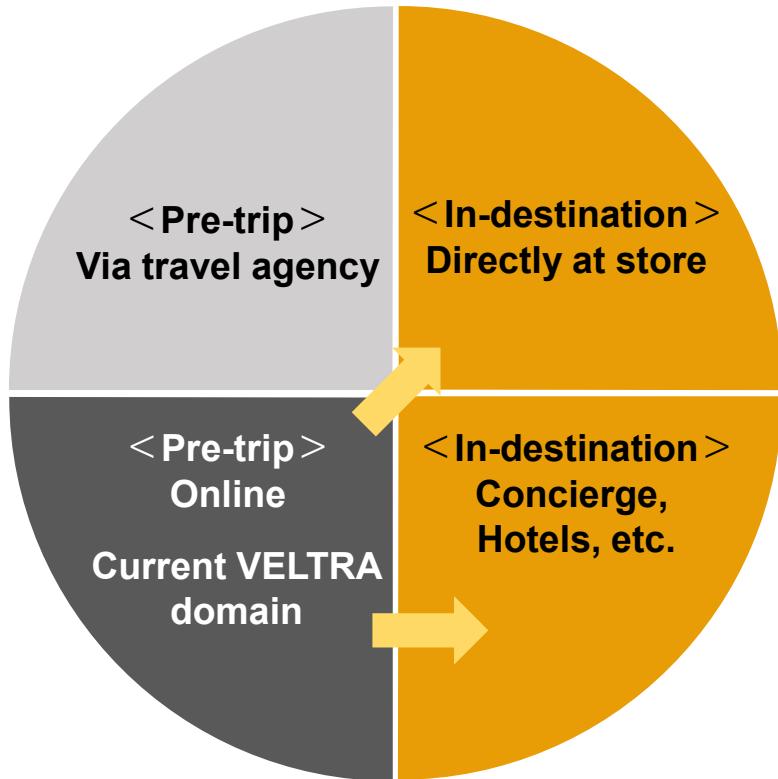


## Enhanced Online Booking

# Bringing the Offline Market Online

- Currently 90% of VELTRA bookings are reserved before departure. On the other hand, bookings in-destination are mainly in the offline market. VELTRA will actively expand bookings after arrival, increasing total bookings.

### Opportunity for local booking



### Increase in-destination booking opportunities

- Enhanced app services
- Increased same-day bookings
- Enhanced promotions for online bookings



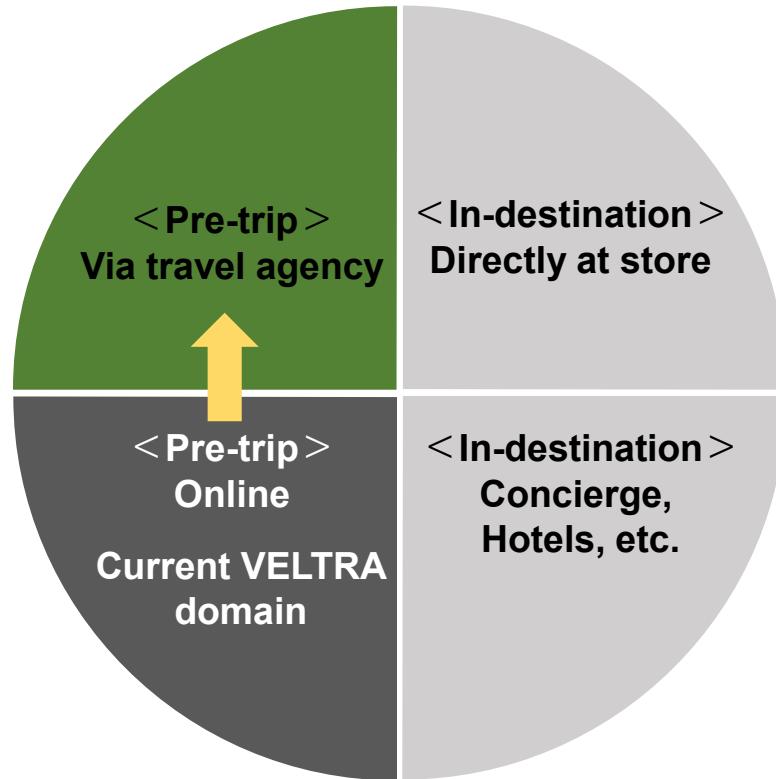


## Enhanced Online Booking

# Providing sales solutions to travel agencies and travel-related companies in Japan

- Providing booking services to more than 10,000 travel agencies in Japan

## Opportunity for local booking



## Services to travel agencies and OTAs

- VELTRA B2B system service
- Customer service agency support
- Sales consulting



Mileage collaboration with ANA

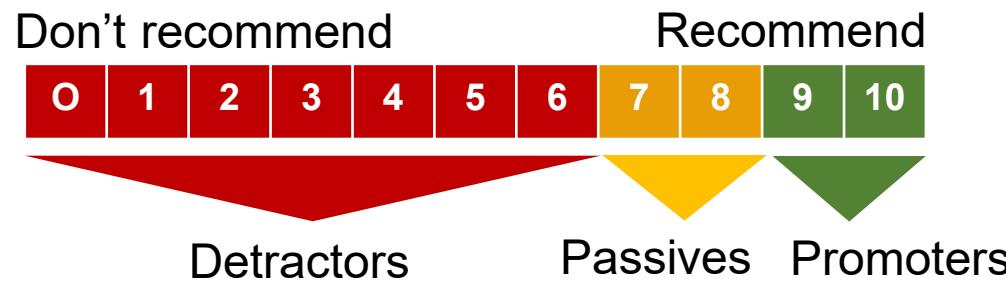


## Enhanced Customer Experience

# Improve customer loyalty and customer engagement

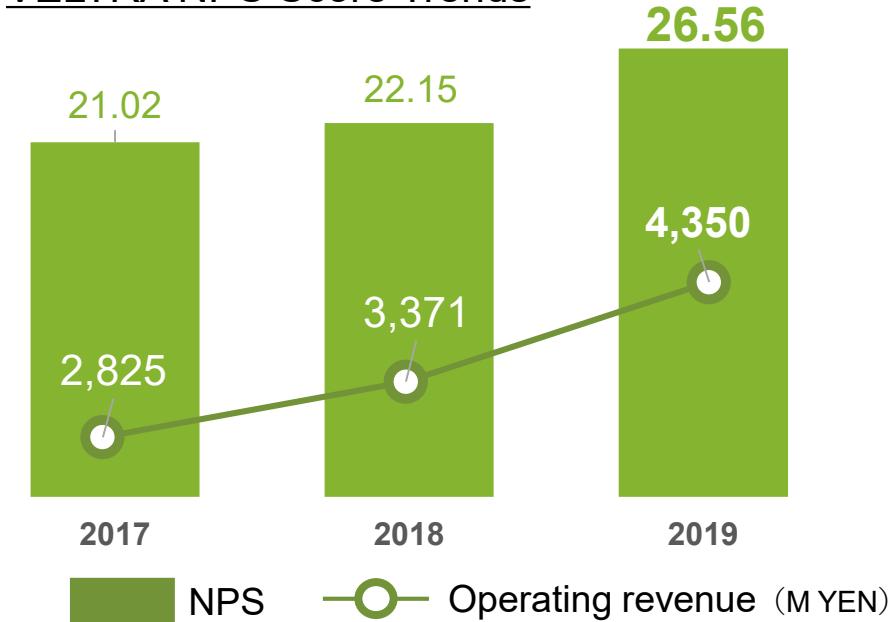
## **The ultimate question: Would you recommend VELTRA to**

NPS® is a question that predicts future customers



**NPS® Score =** Promoters – Detractors

## VELTRA NPS Score Trends



**NPS® has increased every year. Quality improvement and sales are always correlated.**



## Enhanced Customer Experience

# Pursuing not only product quantity but also improving the quality of the experience itself

- The aim is a Michelin Guide for the tour guide service. Shining a light on selected guides, assessing the hospitality of each and providing travelers with an enhanced quality of service is our objective.

**Colorier.**

**Masakon**

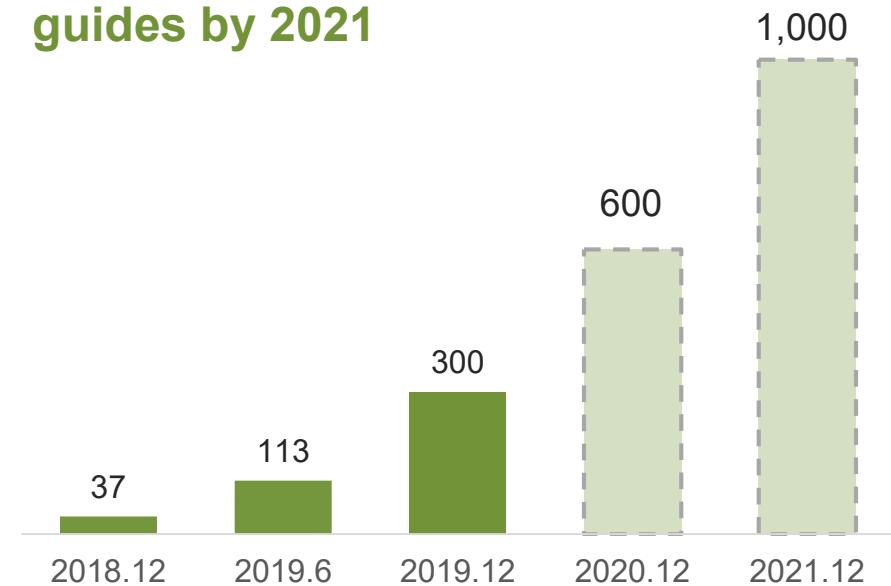
4.8

4.9

**Showcasing guides from around the world**

The guide is rated on 5 categories  
Including character and expertise.

Will reach 1,000 plus excellent guides by 2021





Strengthen business in Japan

## Linktivity: Booking platform for public transport and facilities in Japan

- Linktivity, a wholly owned subsidiary of VELTRA, promotes online services to enhance the use and bookability of transportation services and public facilities in Japan.



### Railway Companies

Handles ticket reservations for Japanese railway groups and facilities. Expansion will continue through 2020.



### Linktivity



Providing necessary solutions for ticket sales, such as ticketing / inventory systems and QR codes. Provides API linkage system for OTA and reservation system for travel agencies.



### Travel Agencies around the world

Contracts increasing with 130 OTAs and travel agencies

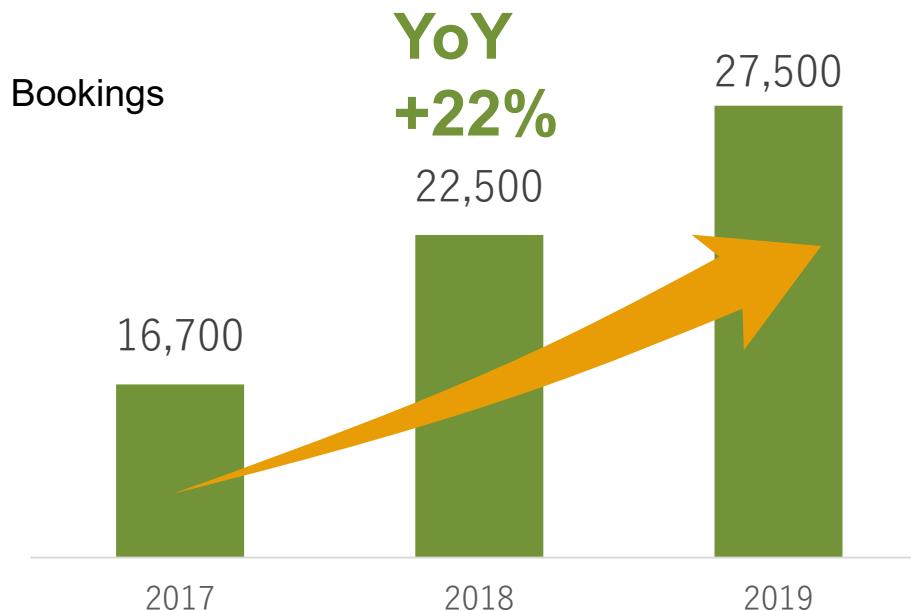




Strengthen business in Japan

## Two-axis growth strategy of platform business

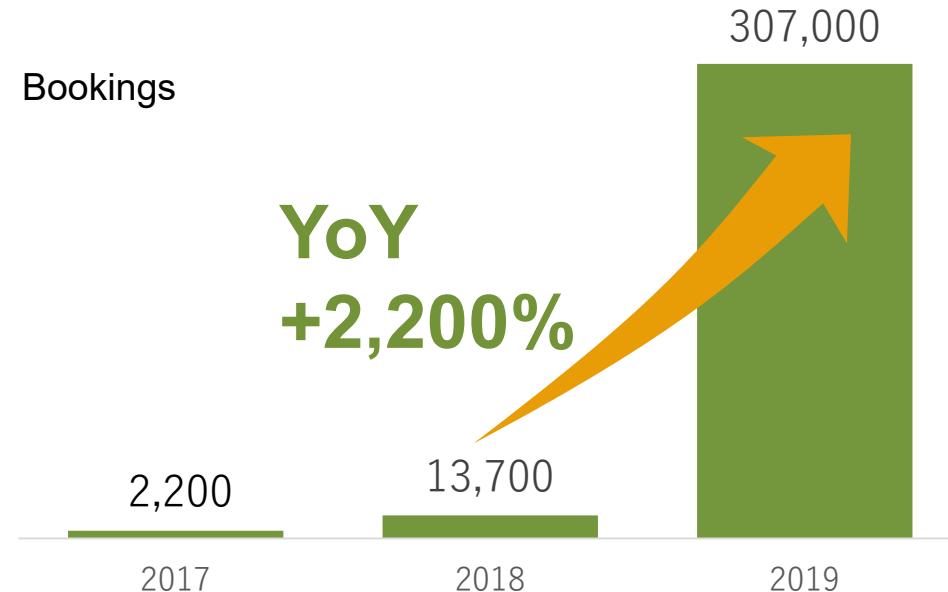
VELTRA Japan business



**Mainly English-speaking (from US)  
Taiwanese and Hong Kong travelers**

The Korean market changed its policy due to the worsening political relation with Japan to sales channels to global regions other than Japan. Currently, sales are increasing mainly in beach resort areas such as Guam and Hawaii.

Linktivity Platform Business



**Mainly Japanese railway pass**

## FY 2020 Earnings Forecast





# P/L Overview (Consolidated)

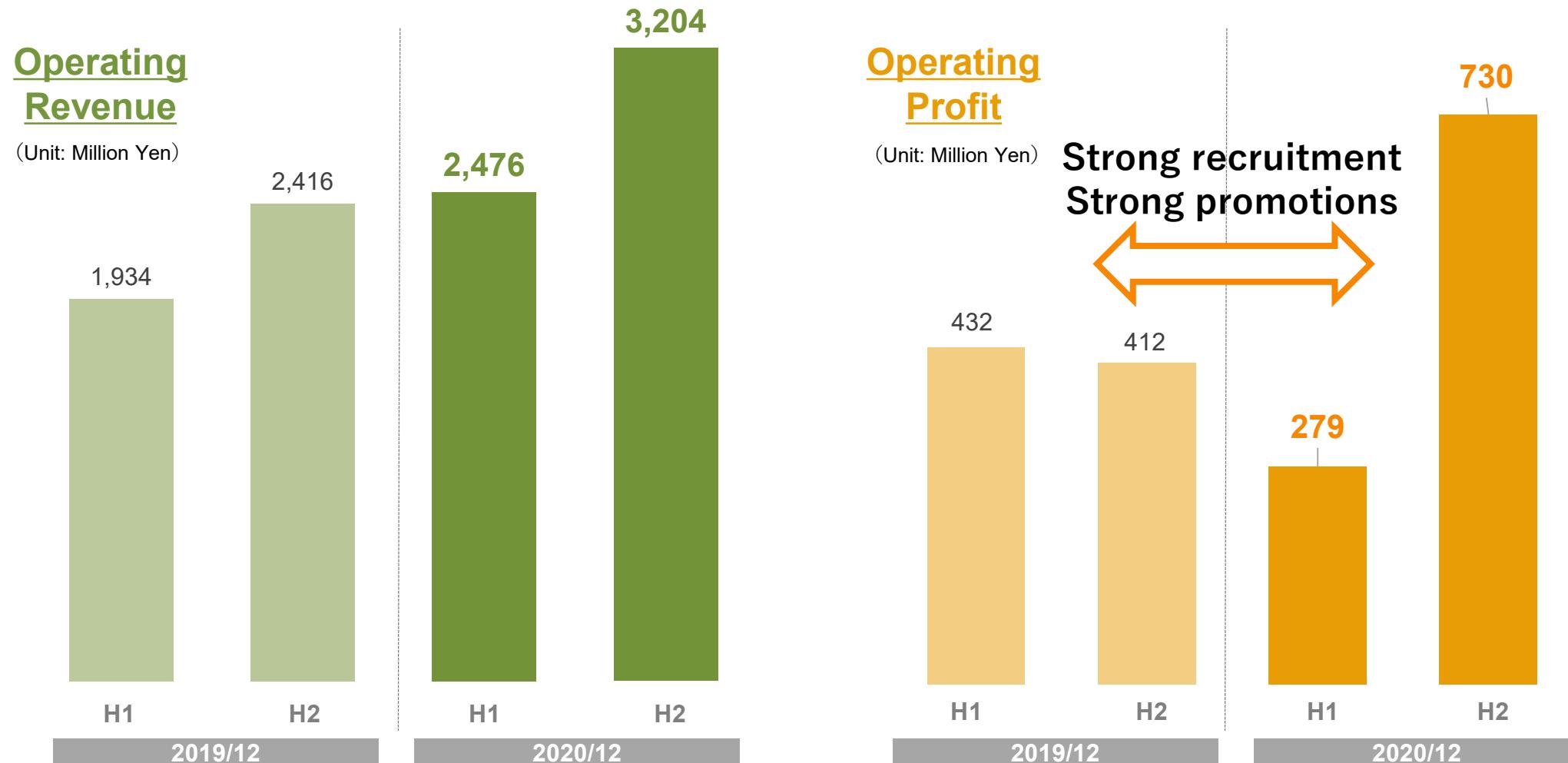
- Plans for operating revenue YoY + 30% or more for FY2020

(Unit: Million Yen)	Term ending December 2018 (actual results)	Term ending December 2019 (forecast)	YoY Changes (%)
<b>Operating revenue</b>	4,351	<b>5,681</b>	+30.6%
<b>Operating profit</b>	844	<b>1,010</b>	+19.6%
<b>Operating margin</b>	19.4%	<b>17.8%</b>	△1.6pt
<b>Ordinary profit</b>	768	<b>957</b>	+ 24.6%
<b>Recurring margin</b>	17.7%	<b>16.9%</b>	△0.8pt
<b>Profit attributable to owners of parent</b>	521	<b>670</b>	+28.5%
<b>Profit per share (yen)</b>	18.26	<b>23.42</b>	+ 5.16円



# FY2019-20 Operating Revenue/Operating Profit Comparison

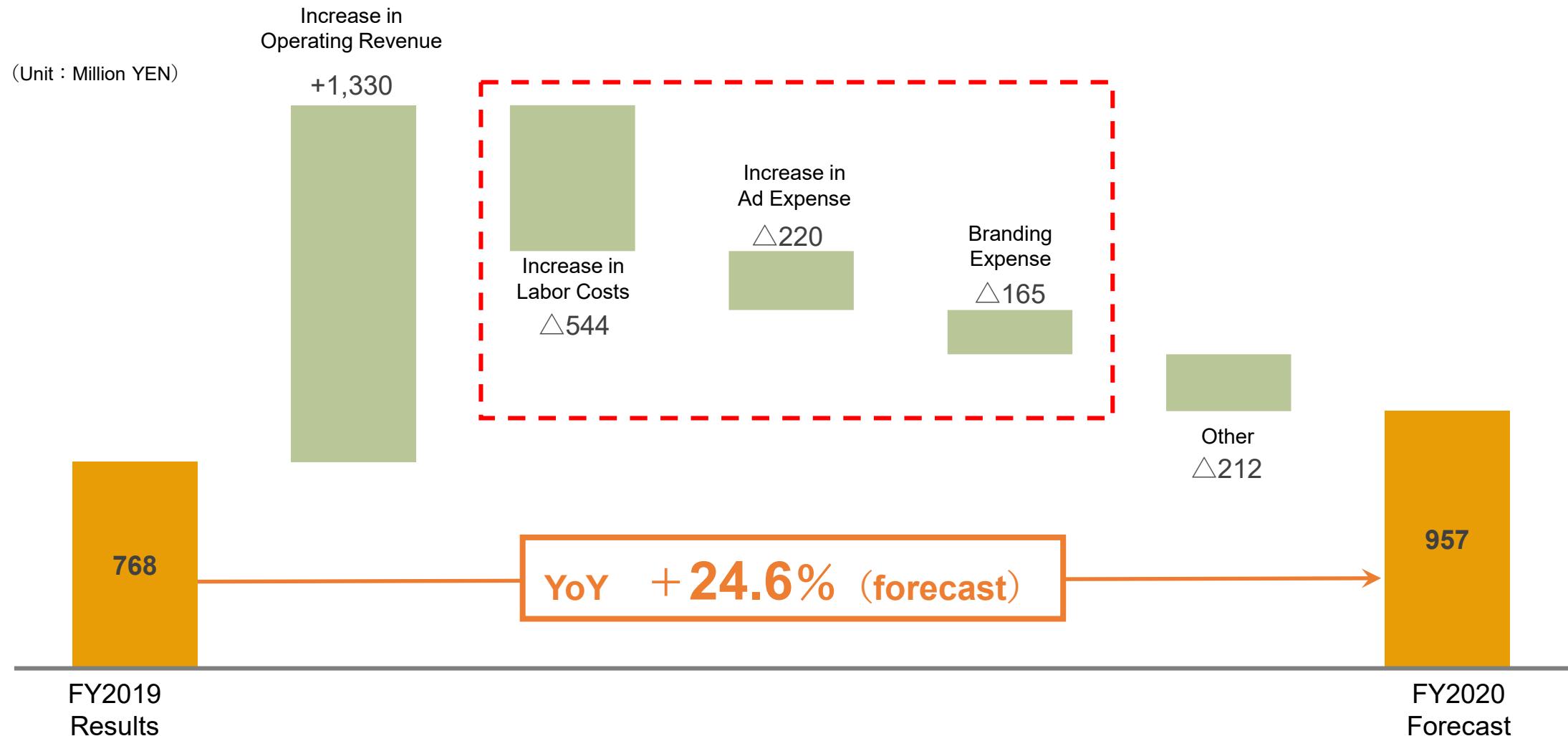
- Operating revenue is growing steadily. Operating profit was secured in the first half of 201, partly due to favorable GW effects, but in 2020 the trend should revert to pre 2018 trends.





# Ordinary profit FY2019-20 (forecast) comparison

- Investment in personnel, advertising, and branding to increase mid to long-term operating revenue





## Appendix



# Business Outline

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

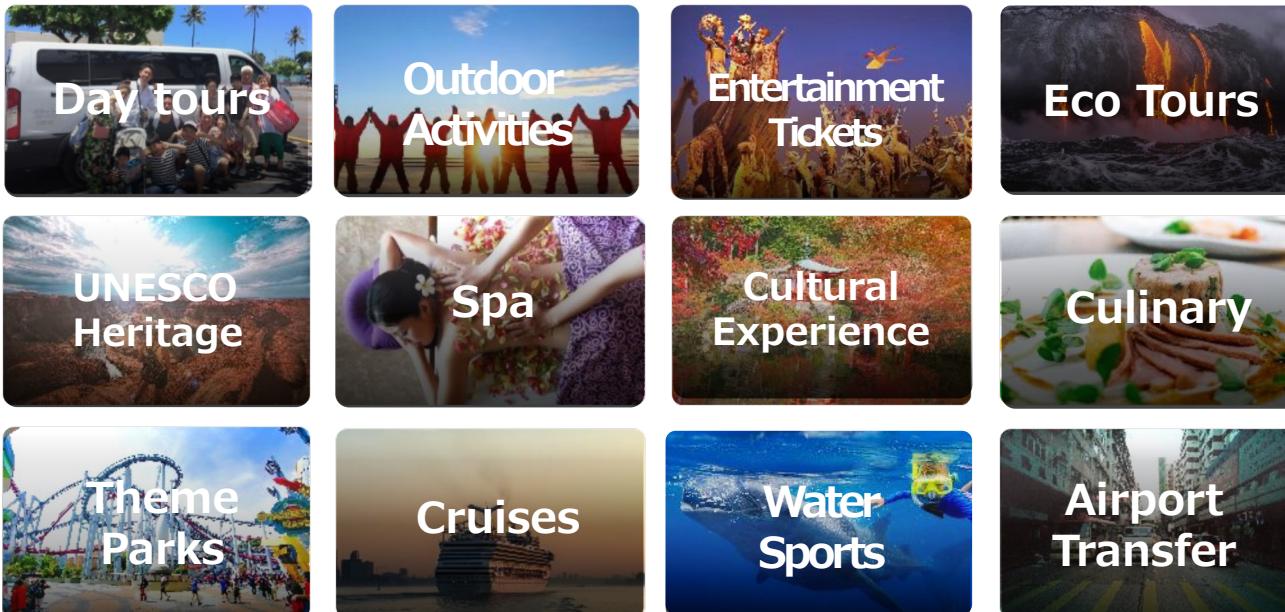


**VELTRA** changes **TRAVEL**

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

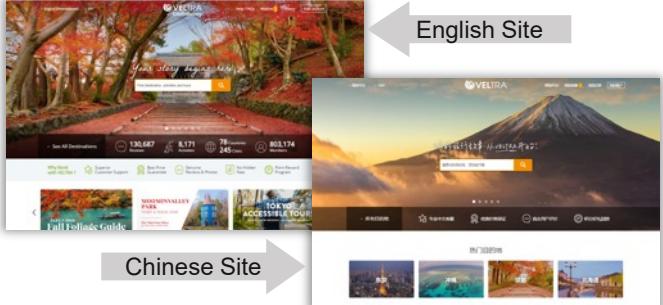
B to C

## Tours & Activities Booking Site

Lang: JPN, ENG, CHN



English Site



Chinese Site

B to B

## Partner Travel Agencies



Platform

## Linktivity Transport booking service



Japanese Public Transport

Linktivity

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.

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

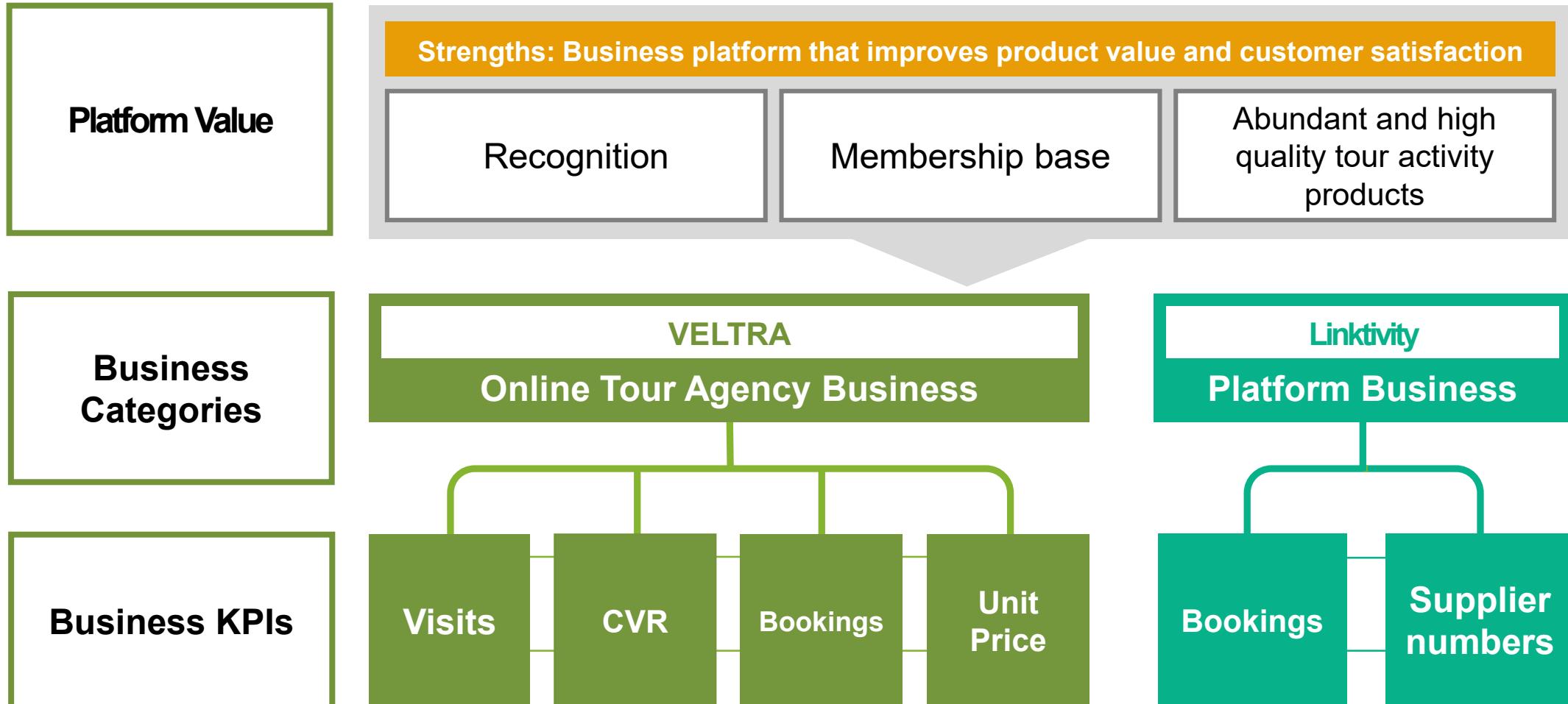
Professional tour guides, full of hospitality to inspire and move you on your journey.

Product Value & Customer Satisfaction

UP!



# Key indicators of our business (KPI)





# Company Profile

Company Name	VELTRA Corporation		Board Members	President and representative director/CEO	Wataru Futagi
Headquarters	1-18-1 Kyobashi, Yaesu, Chuo, Tokyo				
Capital	JPY 525,374,520 (as of December 31, 2019)			Director and in-charge of the Overseas section	Ryoko Mannen
Founded	November 1991 (VELTRA.com business initiated in 2004)			Director and in-charge of the inbound section	Tomoharu Kurakami
Fiscal Year Closed In	December			Director and in-charge of the management section	Jumpei Minashima
Number of Employees	Headquarters: 228 (Consolidated: 326)			Director and in-charge of the Global section	Emmanuel Issaurat
Subsidiaries	[Singapore]	LINKTIVITY PTE, LTD.		Outside director	Toru Shiraishi
	[Malaysia]	VELTRA Malaysia Sdn. Bhd.		Outside director	Gaku Suzuki
	[Philippines]	VELTRA PHILIPPINES, INC.		Outside director	Rodney Cuthbert
	[USA (Hawaii)]	VELTRA Inc.		Auditor	Tetsushi Ikeda
	[Korea]	VELTRA KOREA Inc.		Part-time auditor	Masato Mori
	[Japan]	LINKTIVITY Inc.		Part-time auditor	Hiroshi Noda
Business Branches	London, Bangkok				





# 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.

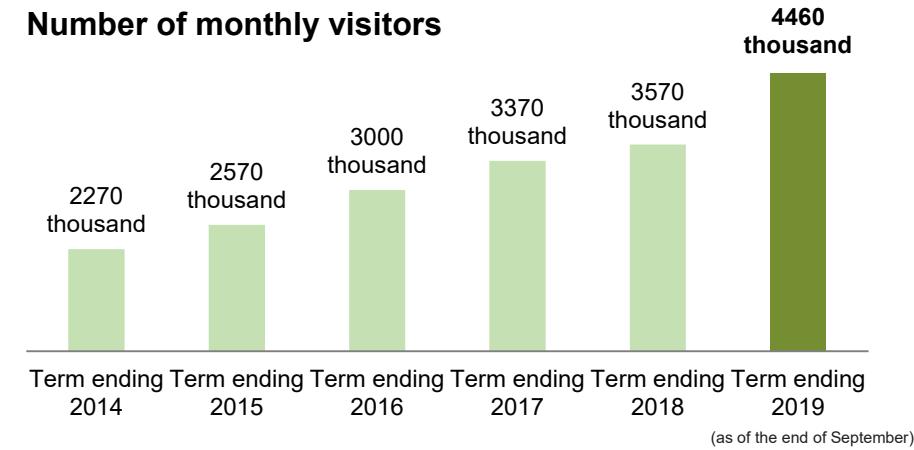
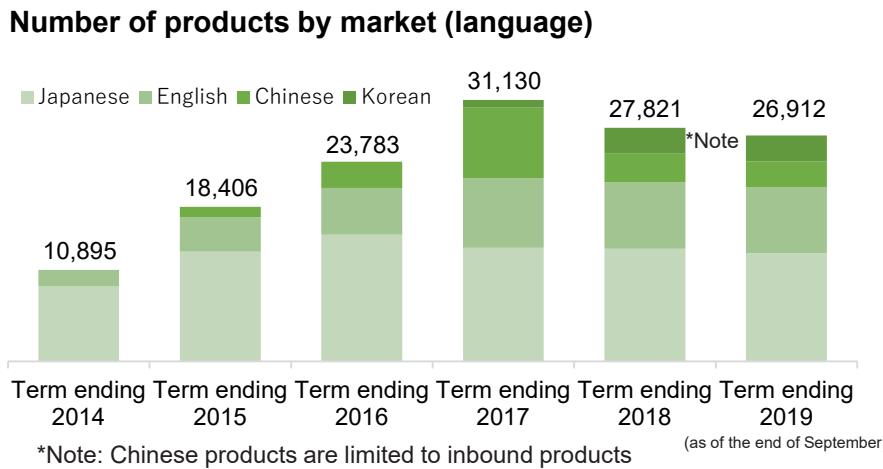
Prosperous coexistence

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

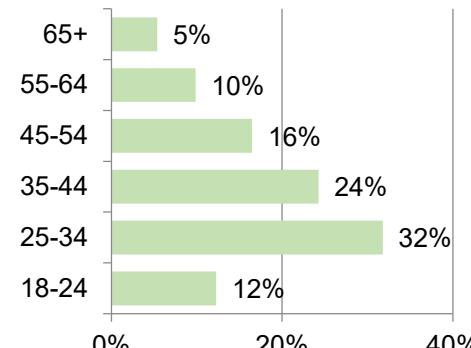


# Our Strength: Product Lineup to Support Various Consumer Needs

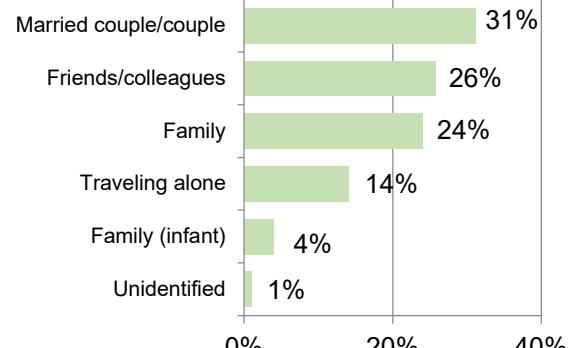
- Business collaboration with approximately 5,000 companies in 150 countries world-wide—the largest of its kind in Japan.
- Customer support is provided in four languages (Japanese, English, Chinese, Korean).
- Provide products to meet various consumer needs with high level customer support.



## Traveler age group

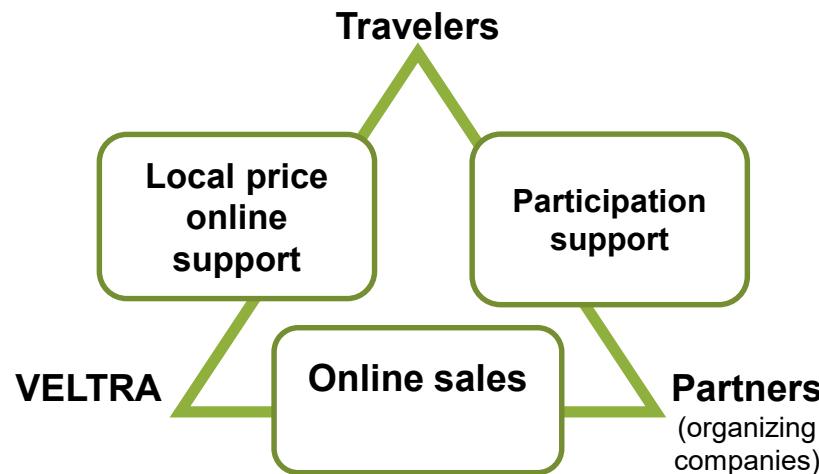


## Traveler characteristics

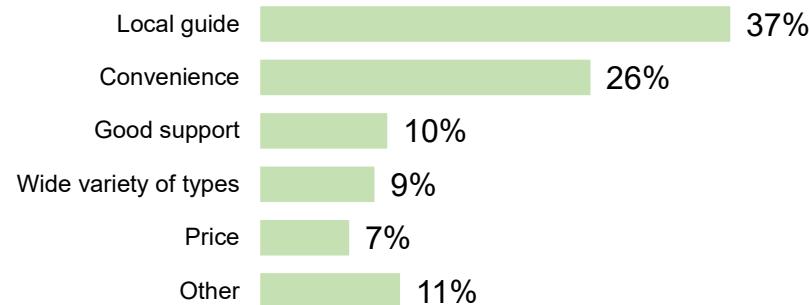


# Our Strength: Real-Time Support Provided Online

- 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

Provide even small-scale businesses with sales opportunities.

Provide new markets with emphases on Asian markets

**Online sales**  
Provide all products at local prices of partner companies.  
365-day online customer support in four languages.

**Local price online support**  
Provide even small-scale businesses with sales opportunities.  
Provide new markets with emphases on Asian markets

**Participation support**  
Detailed guidance for travelers on how to get to tour meeting place.  
Provide facilitated bookings by promoting electronic vouchers.

## **Customer experience $\geq$ Customer service**

Be responsible for all that travelers have experienced through VELTRA

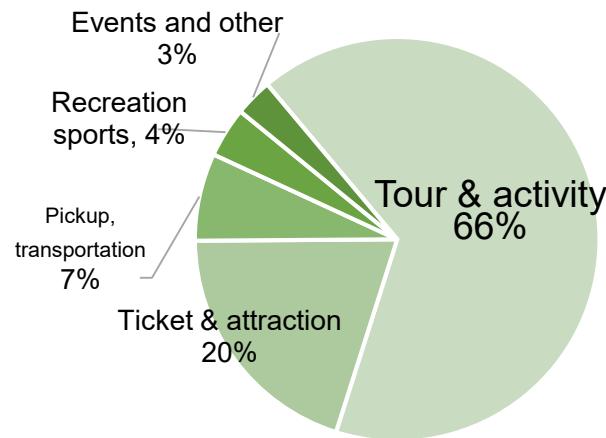
1. Not only provide tours and activities but also manage product quality
2. 365-day online support
3. Support in English, Japanese, Chinese, and Korean



# 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



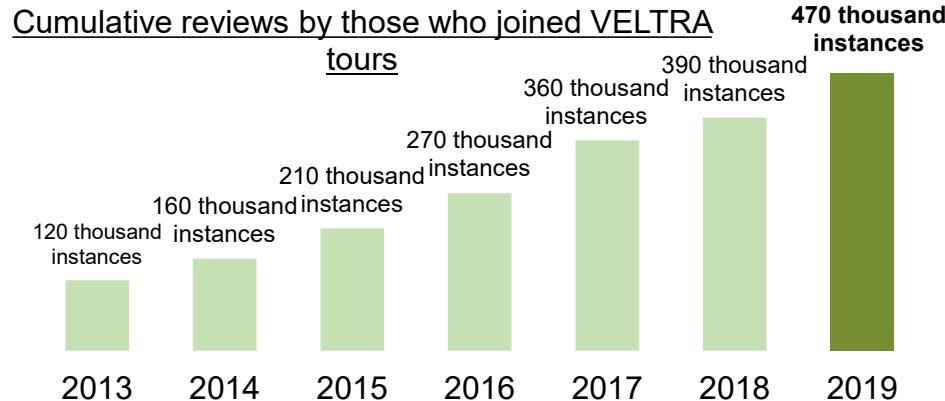
\*For details of target products, refer to "Sales Target Products materials at the end of the "slides





# 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.



## 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。ガイドのダイスケさんは素晴らしい人でした。優しく、面白く、港に着くまで皆を楽しませてくれました。沢山のイルカを観たという気持ちが伝わりました。実際たくさん見れた船長のヒトミさんはまた素晴らしい人でした。

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、色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。ハリ旧市街そのものの、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る。種類が違う沢山のストリートに小さなプラスチックで話す大勢の人々、傘帽子の天秤棒をぶら下げて

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: ひよビヨビーさん 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つて言つてる人どんだけしようもない人なんて思つてましたけど.....  
by: kwj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で天気に恵まれ、素晴らしい景色に加えタカさんが面白かったです。ブルーマウンテンズは素晴らしい映えスポット、スリーシースターズも圧巻の景色。そしてジエノランケーブが傑くほどの美しさ。感嘆。ため息が創り出した神秘の世界。ジエ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獨りつままれた

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。日本人のさとこ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いかったです。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.

Even though new situations occur in the future or conditions fluctuate, VELTRA does not intend to change or revise the descriptions found in this document.

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