



FY2019 Financial Results

VELTRA Corporation

Tokyo Stock Exchange Mothers: 7048



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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 extended outwards. 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 2019 Financial Results".

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)

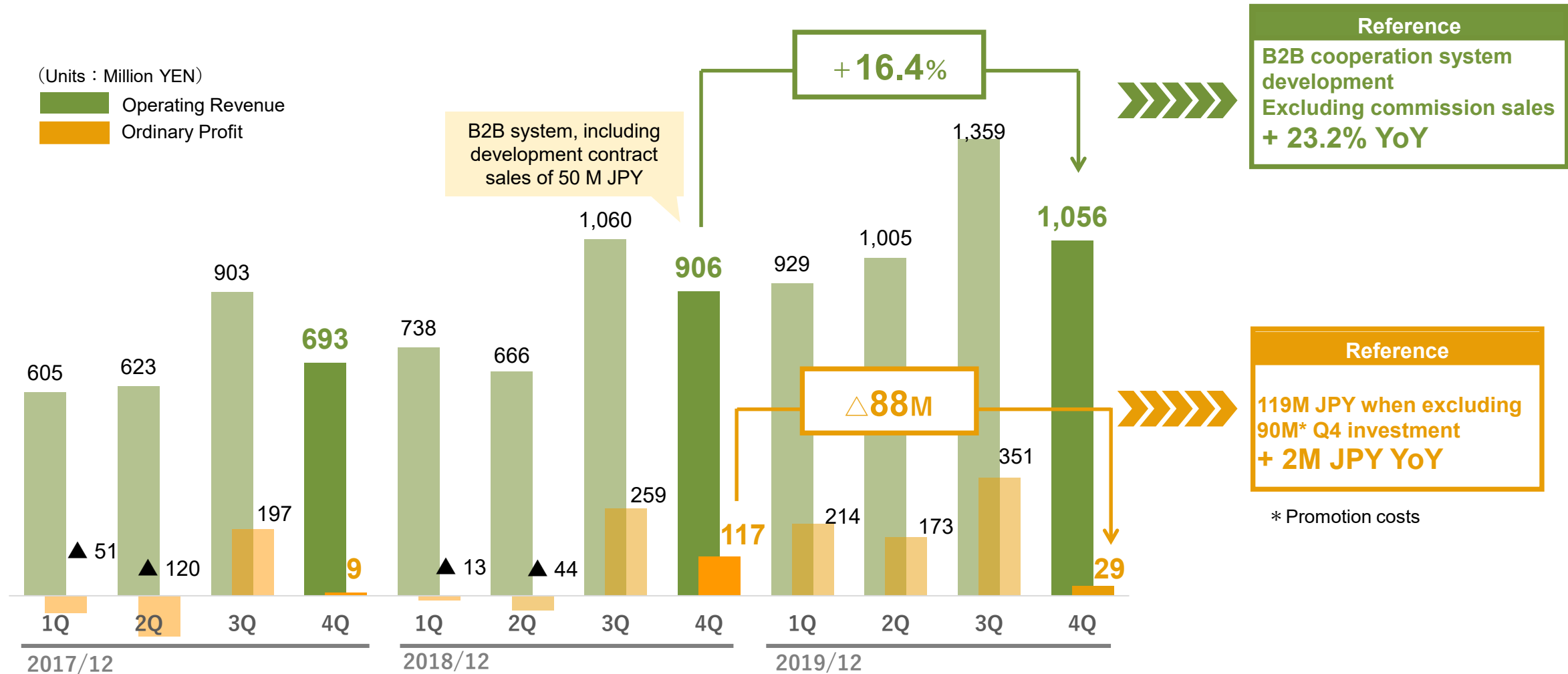
- Achieved significant increase in sales and profit compared to the previous year
- Review of the development of next-generation core systems resulted in extraordinary losses to be recorded, but net income also increased significantly year on year due to the effects of tax effect accounting.

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



Quarterly Trends: Operating Revenue and Ordinary Profit

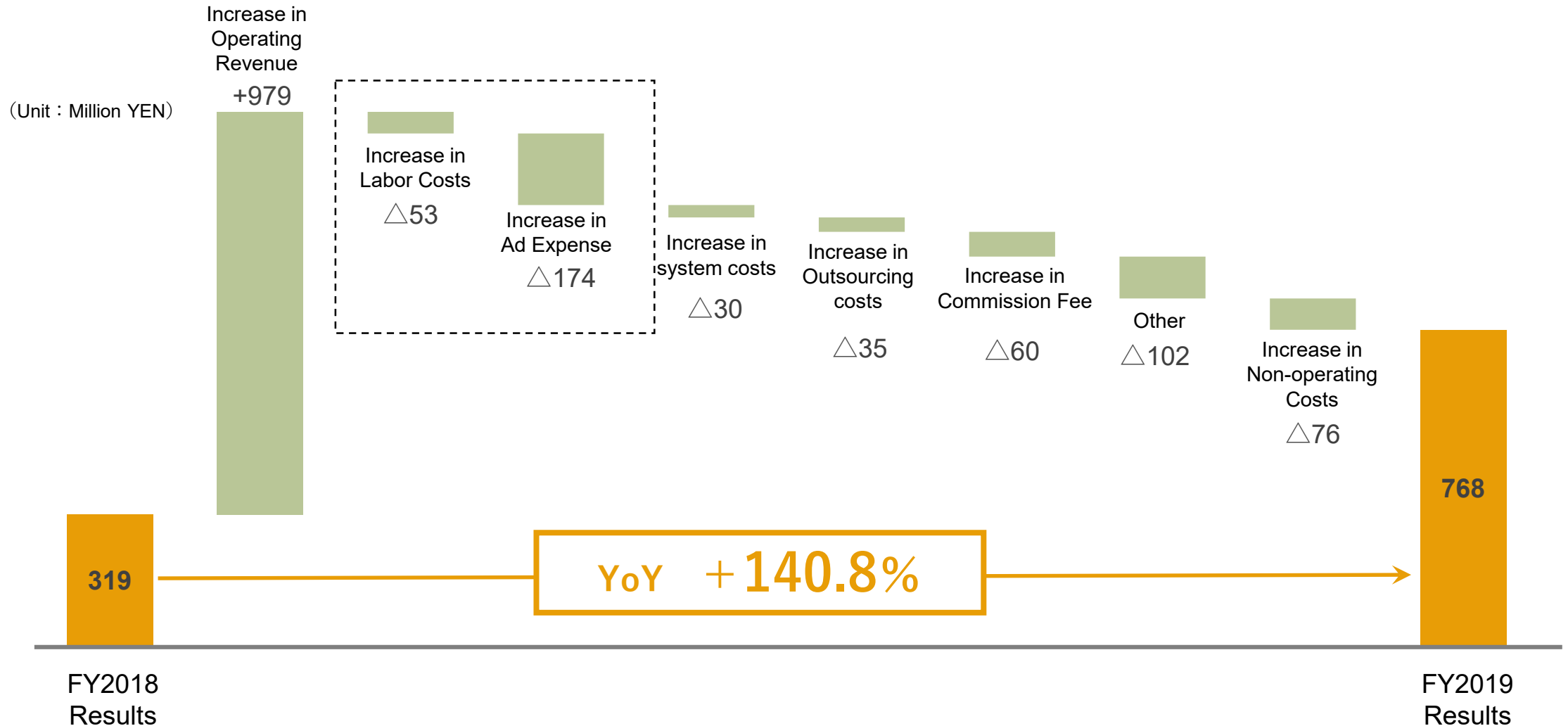
- Aggressively invested in raising brand awareness while securing profits in Q4





Ordinary Profit Budget Analysis

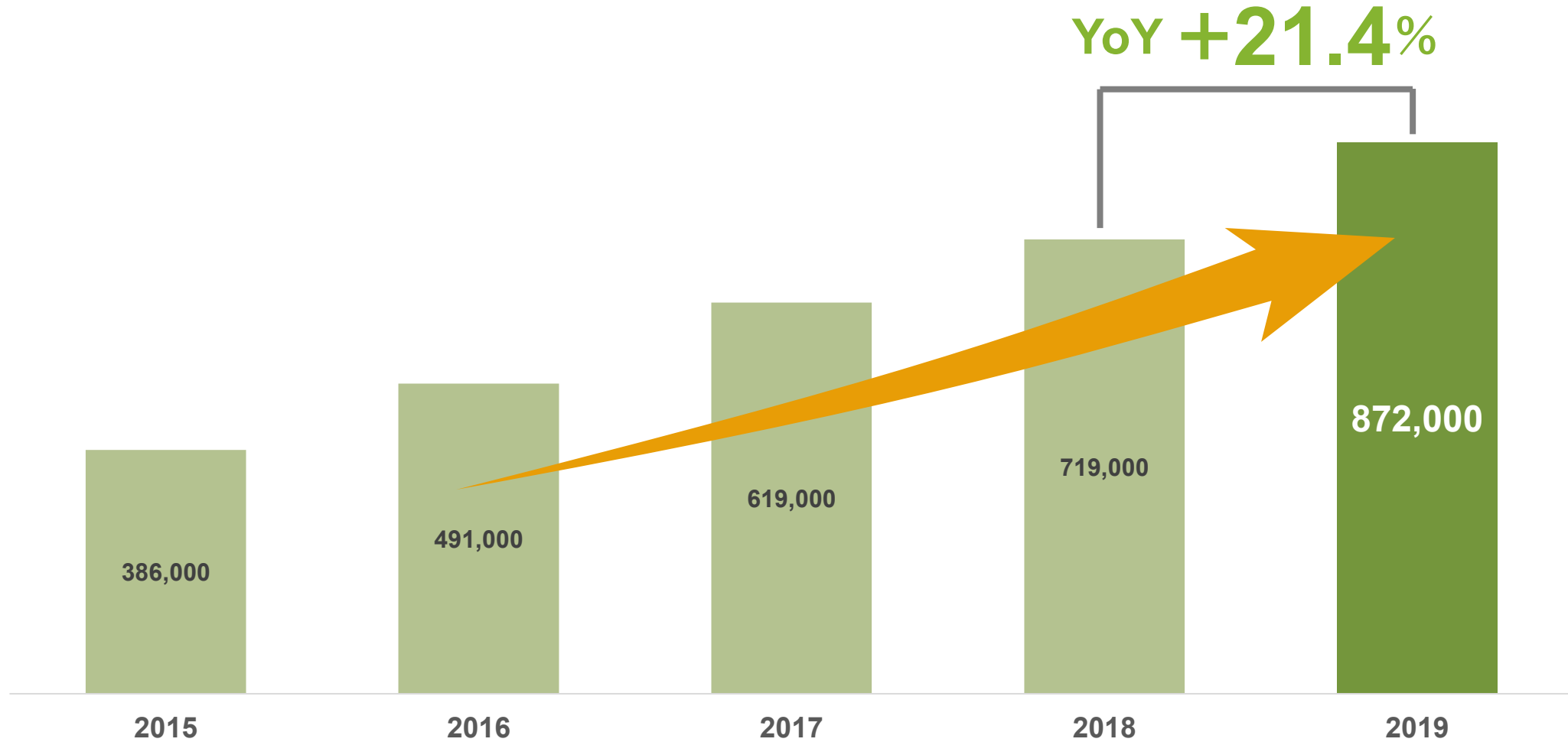
- Absorbed various costs with significant increase in sales, resulting in ordinary profit of approximately 2.4 times





Bookings

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

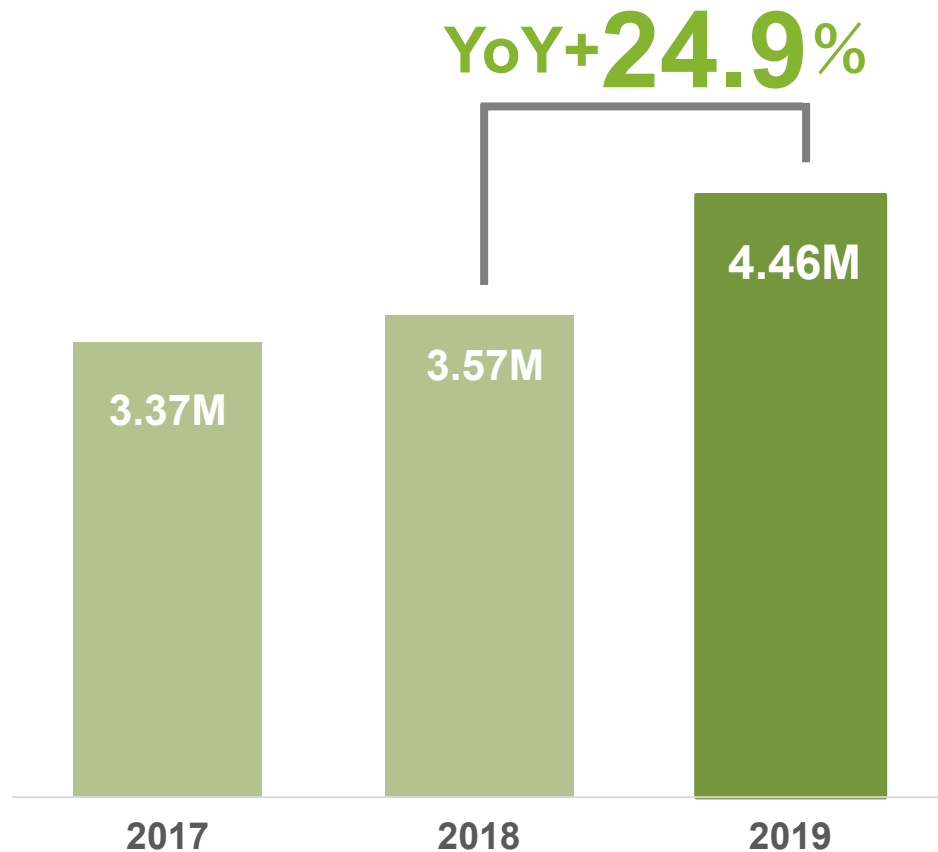




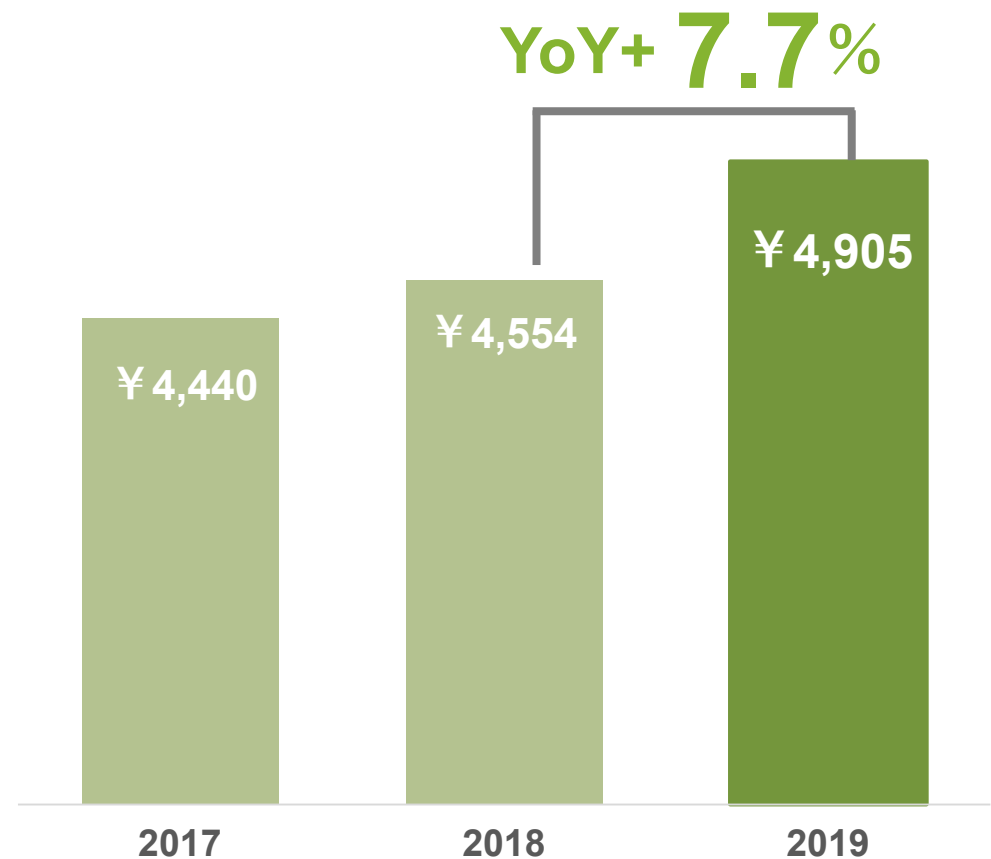
Various KPIs

- 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
Current Assets	4,312	5,491	+1,179
Fixed Assets	799	933	+134
Total Assets	5,111	6,424	+1,313
Current Liabilities	3,389	4,148	+759
Fixed Liabilities	347	149	△198
Total Liabilities	3,737	4,298	+ 561
Total Net Asset	1,374	2,125	+ 751
Equity Ratio	26.9%	32.5%	+ 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
Operating Cash Flow	852	1,281	+429
Investing Cash Flow	△257	△491	△234
Financing Cash Flow	315	14	△300
Cash and Cash Equivalents at the end of year	3,170	3,978	+ 807

The background of the slide is a photograph of a person lying in a hammock, viewed from behind. Their arms are raised towards the sky, reaching into the dense green leaves of a tree. The scene is bathed in warm, golden sunlight, creating a peaceful and natural atmosphere. A semi-transparent white box is overlaid on the right side of the image, containing the section header.

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

YouTube
views
**Over
600k**



* Based on our research in December 2019

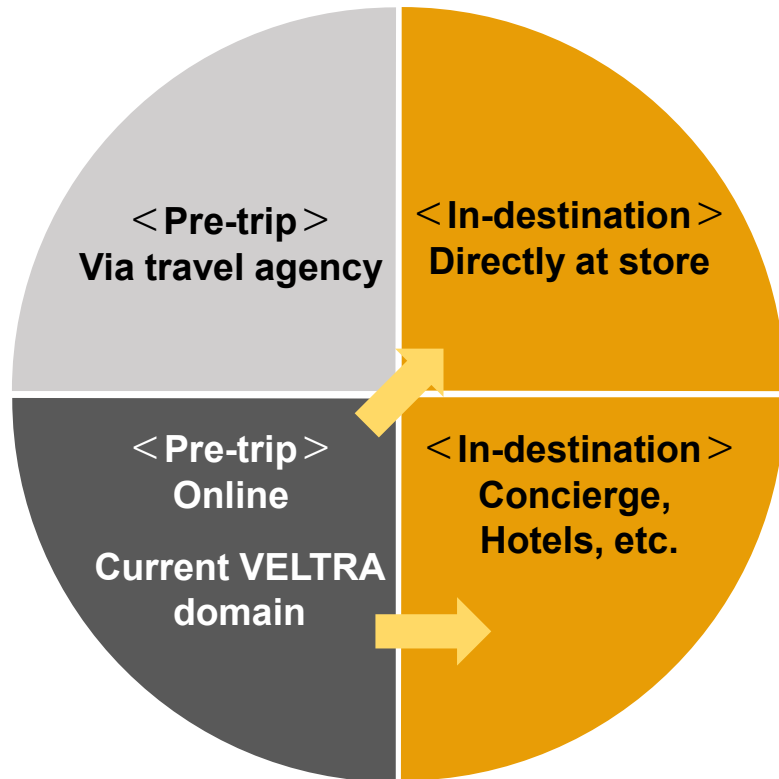


Enhanced Online Booking

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



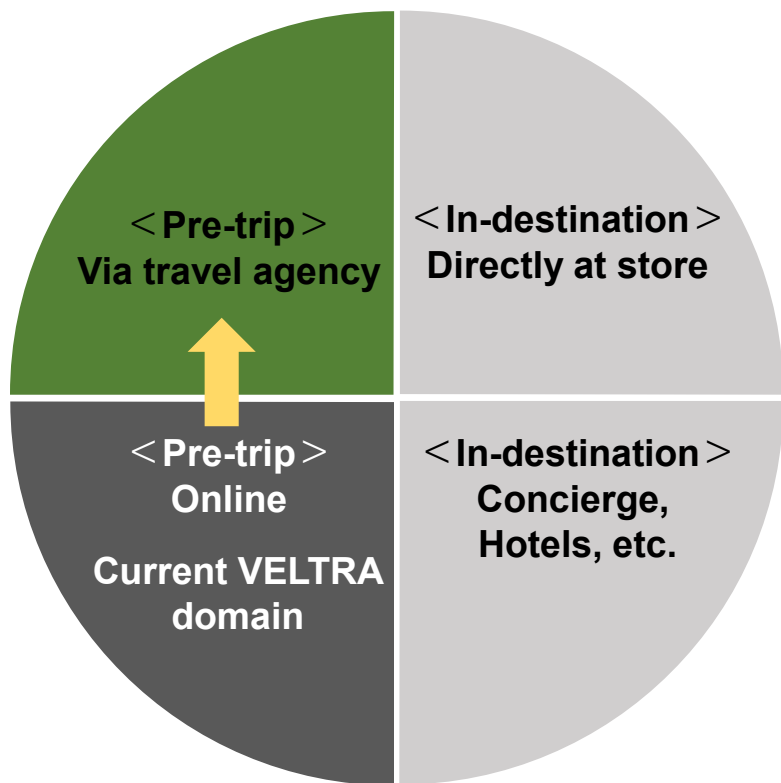


Enhanced Online Booking

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

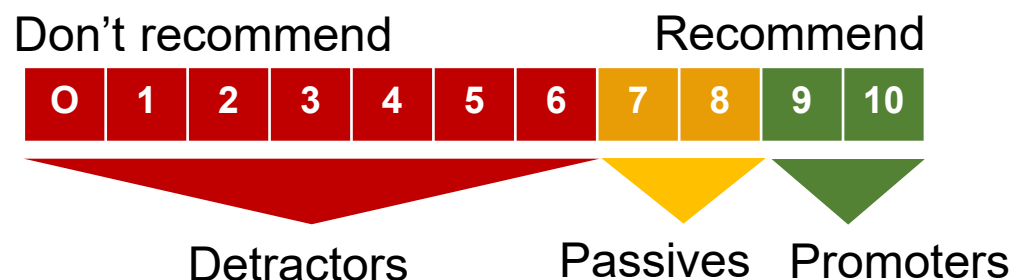


Enhanced Customer Experience

Improve customer loyalty and customer engagement

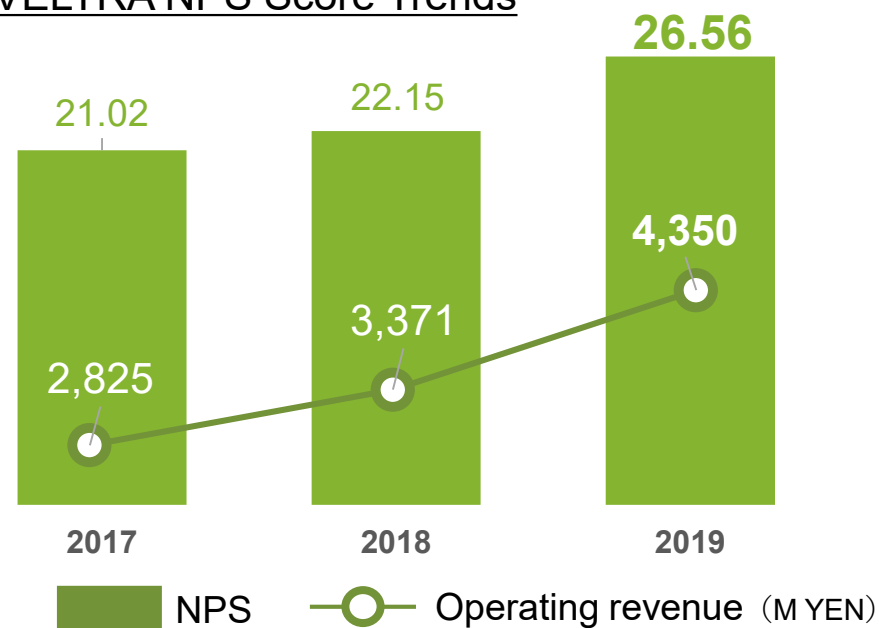
The ultimate question: Would you recommend VELTRA to

NPS® is a question that predicts future customers



$$\text{NPS® Score} = \text{Promoters} - \text{Detractors}$$

VELTRA NPS Score Trends



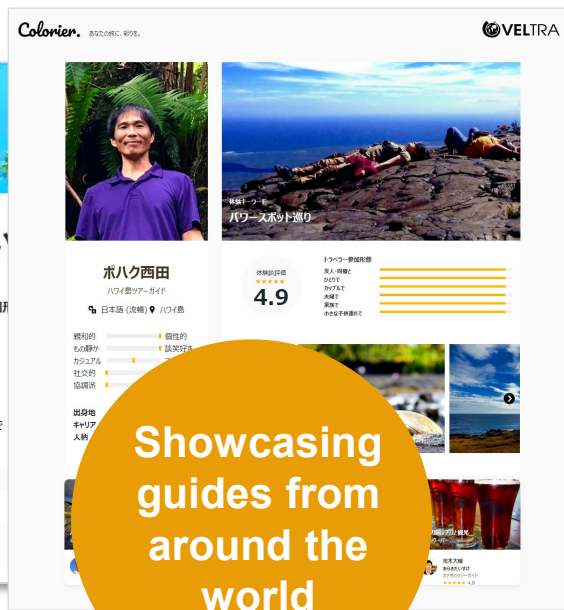
NPS® has increased every year. Quality improvement and sales are always correlated.



Enhanced Customer Experience

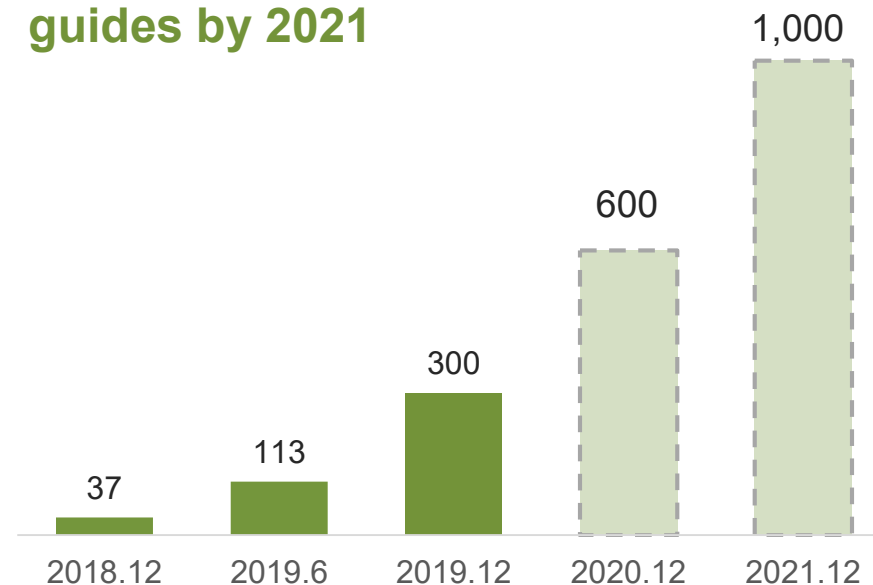
Pursuing not only product quantity but also improving the quality of the experience itself

- 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.



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

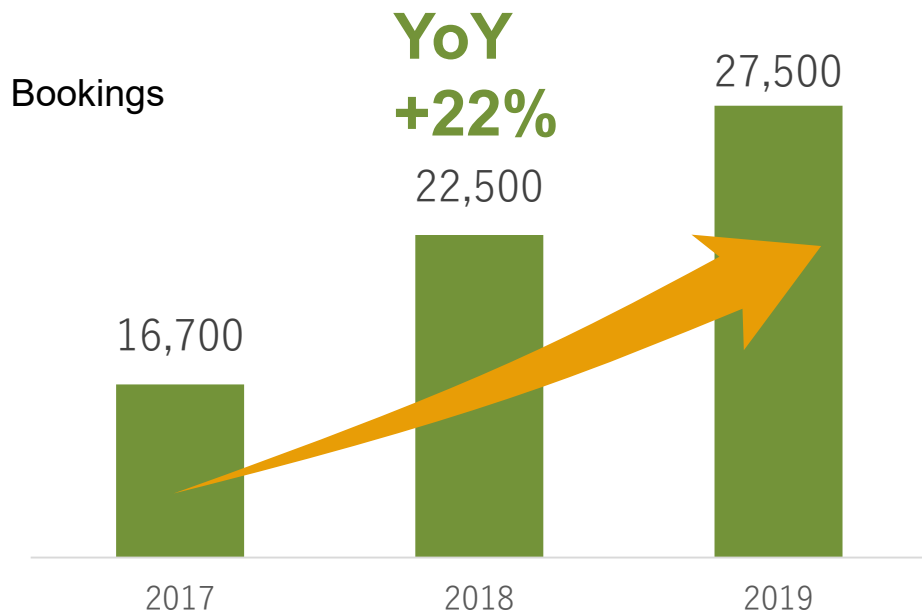




Strengthen business in Japan

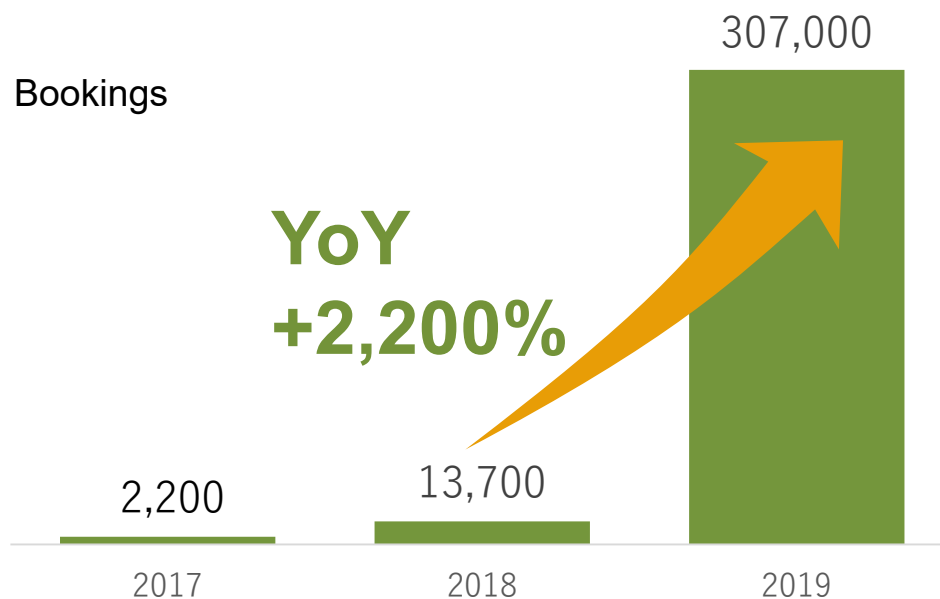
Two-axis growth strategy of platform business

VELTRA Japan business



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

Linktivity Platform Business



Mainly Japanese railway pass

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.

A full-page background image showing a person from behind, sitting on a rocky mountain peak. They are wearing a yellow straw hat and a light-colored long-sleeved shirt, with their arms raised in a gesture of triumph or freedom. The landscape is vast, with a blue lake visible in the distance under a clear blue sky.

FY 2020 Earnings Forecast



P/L Overview (Consolidated)

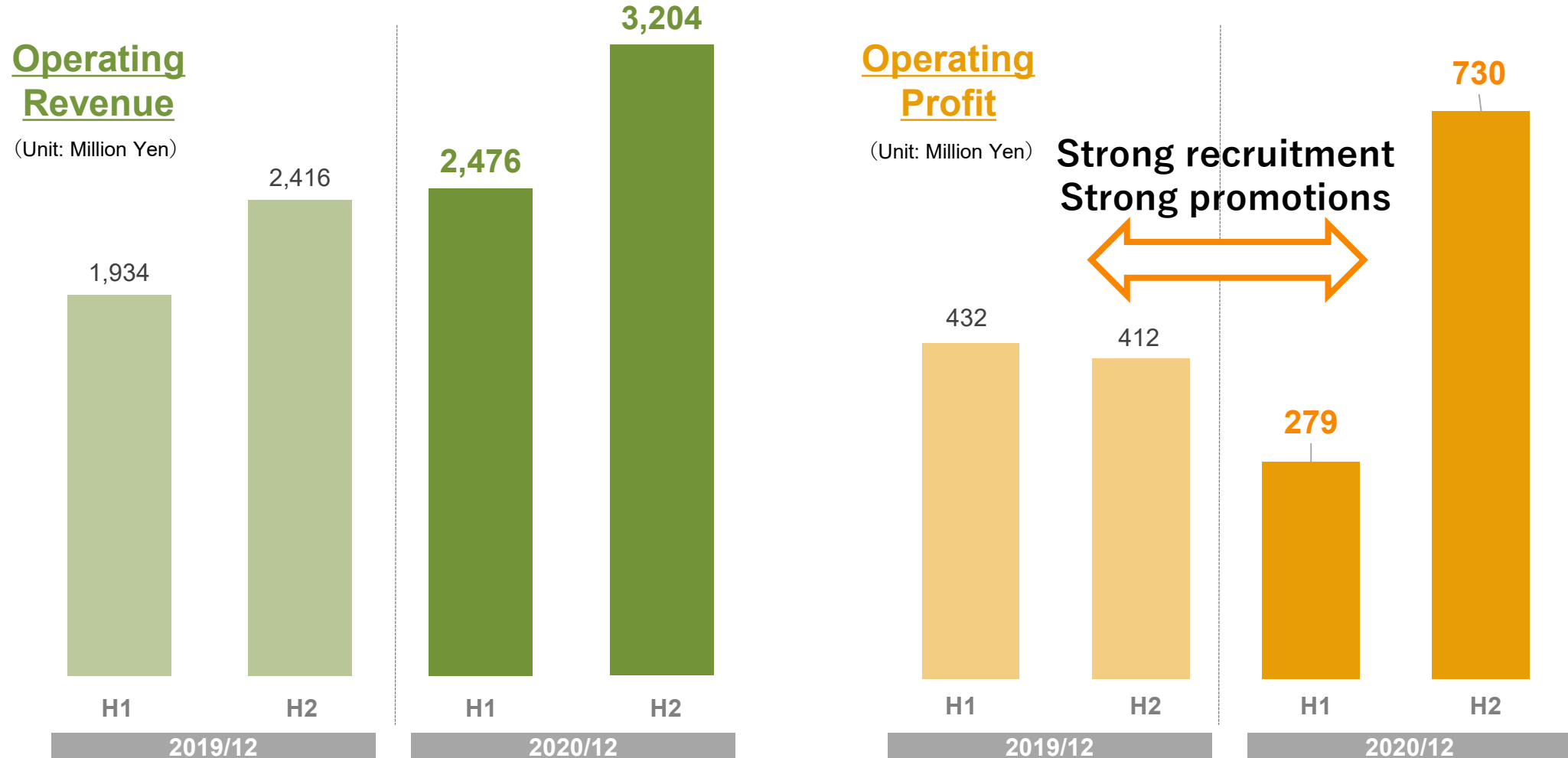
- Plans for operating revenue YoY + 30% or more for FY2020

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



FY2019-20 Operating Revenue/Operating Profit Comparison

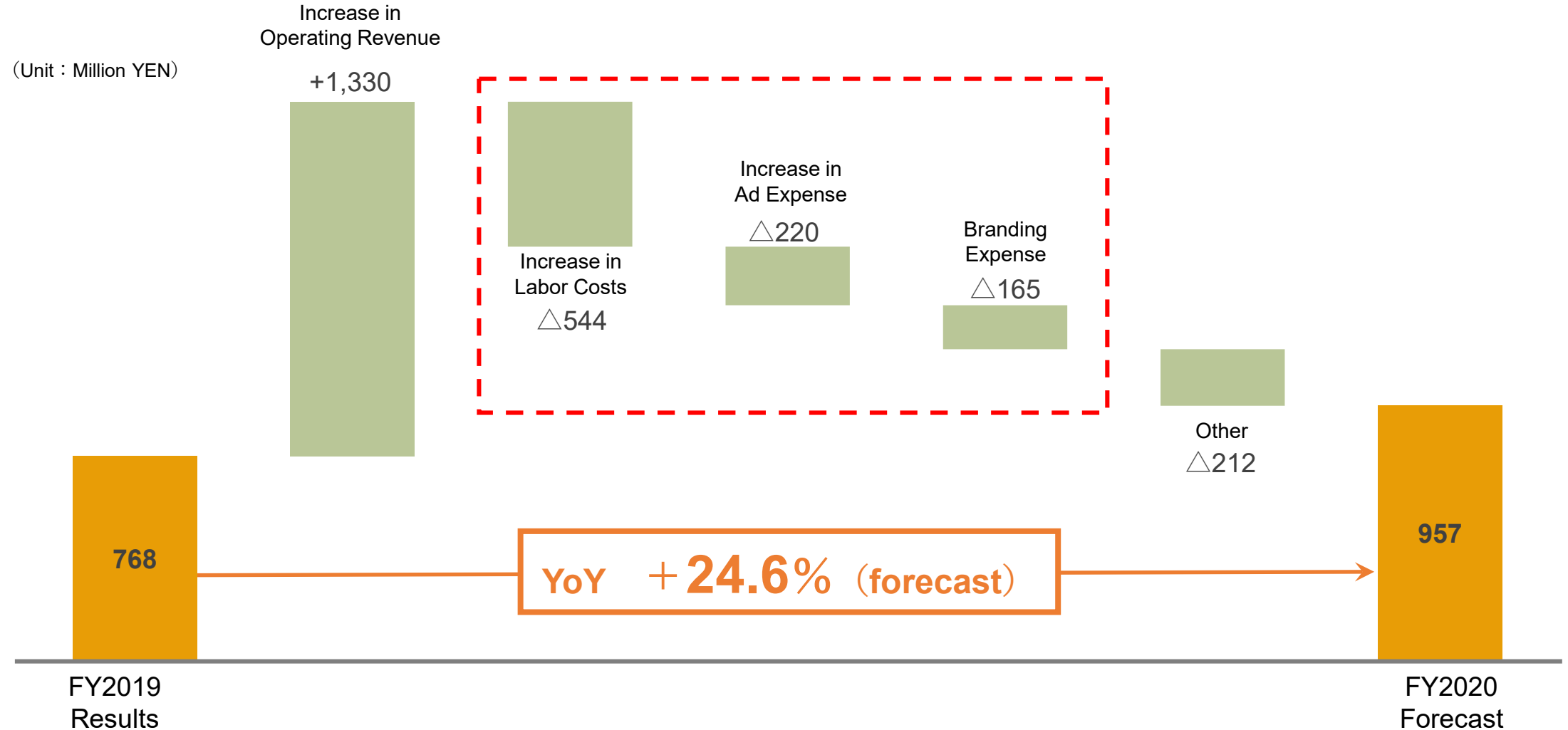
- Operating revenue is growing steadily. Operating profit was secured in the first half of 201, partly due to favorable GW effects, but in 2020 the trend should revert to pre 2018 trends.





Ordinary profit FY2019-20 (forecast) comparison

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



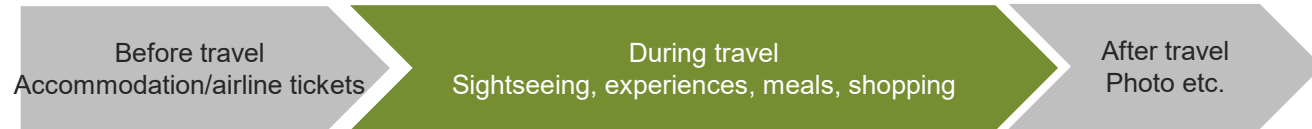


Appendix



Business Outline

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

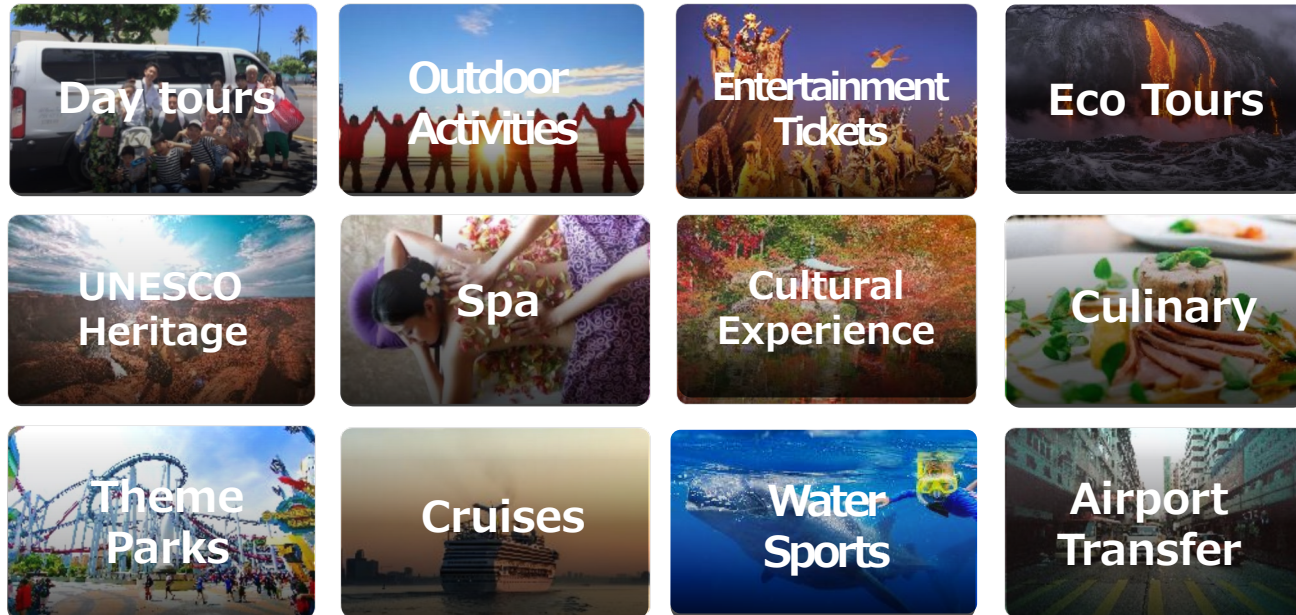


VELTRA changes TRAVEL

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





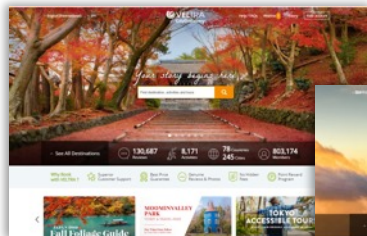
Business Areas

- 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

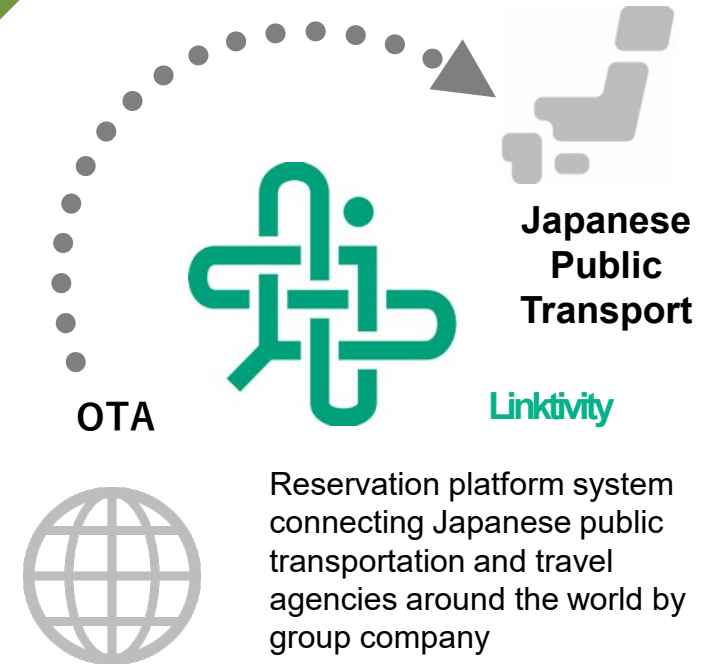
B to B

Partner Travel Agencies



Platform

Linktivity Transport booking service





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

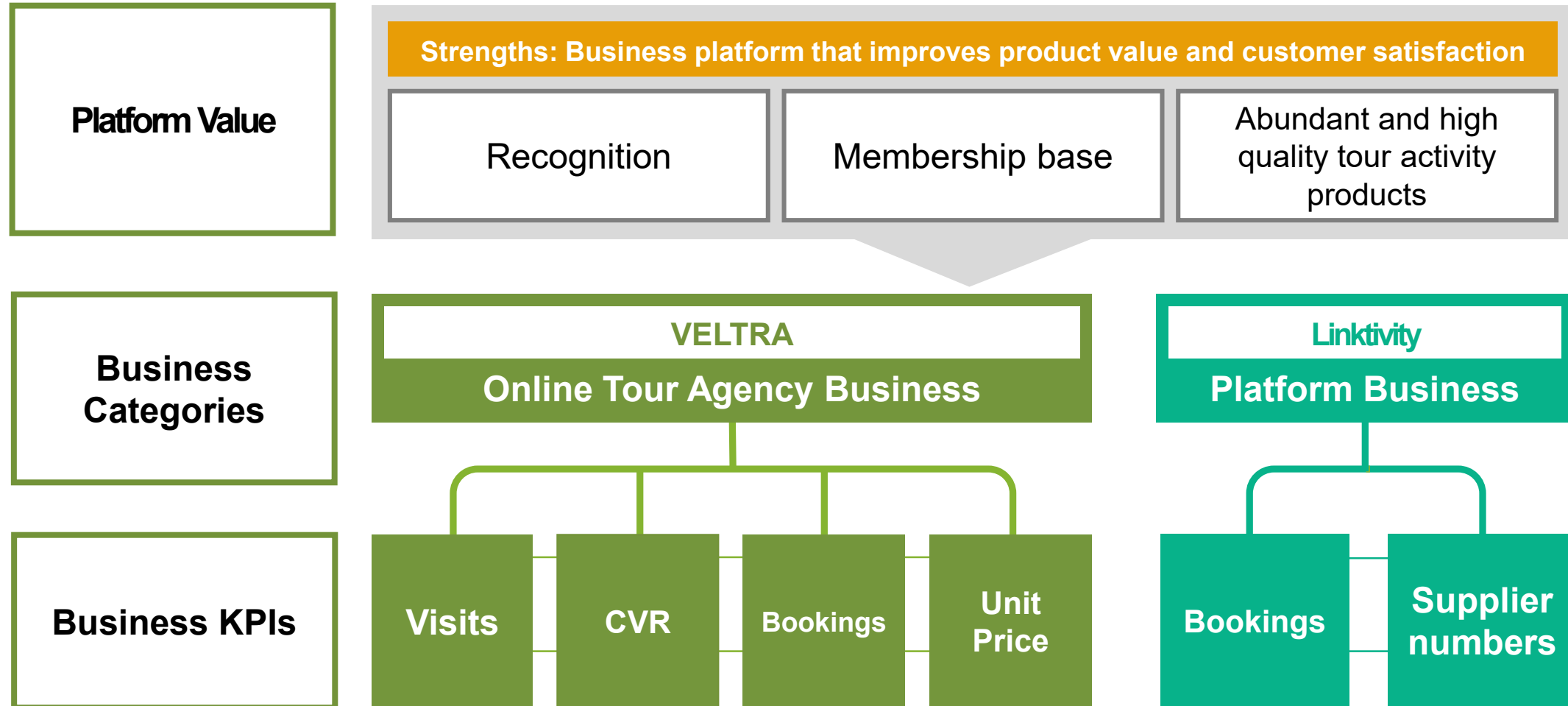
SNS used to spread information and fun of tours and activities.

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 525,374,520 (as of December 31, 2019)

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

Fiscal Year Closed In December

Number of Employees Headquarters: 228 (Consolidated: 326)

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

Wataru Futagi

Director and in-charge of the Overseas section

Ryoko Mannen

Director and in-charge of the inbound section

Tomoharu Kurakami

Director and in-charge of the management section

Jumpei Minashima

Director and in-charge of the Global section

Emmanuel Issaurat

Outside director

Toru Shiraishi

Outside director

Gaku Suzuki

Outside director

Rodney Cuthbert

Auditor

Tetsushi Ikeda

Part-time auditor

Masato Mori

Part-time auditor

Hiroshi Noda



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

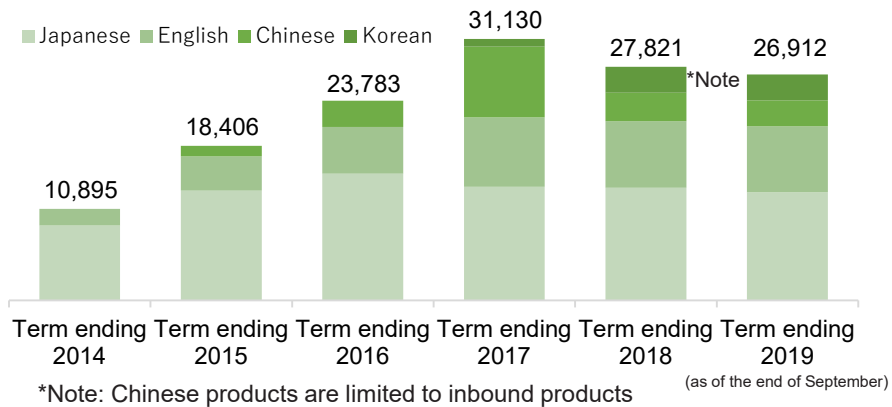
To provide value to the tourism industry through collaborative corporate alliances and to grow the tourism industry as a whole.



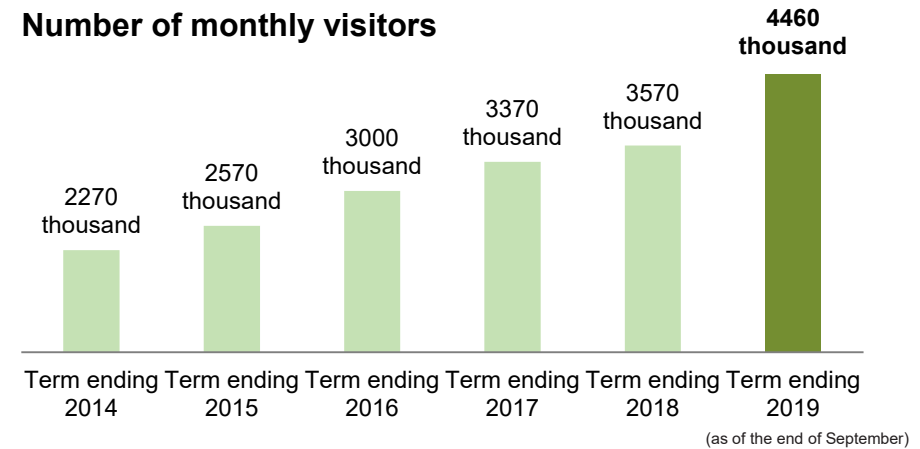
Our Strength: Product Lineup to Support Various Consumer Needs

- 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)



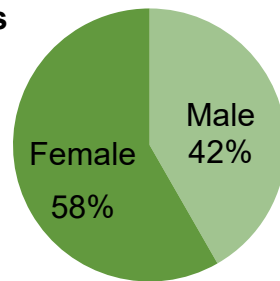
Number of monthly visitors



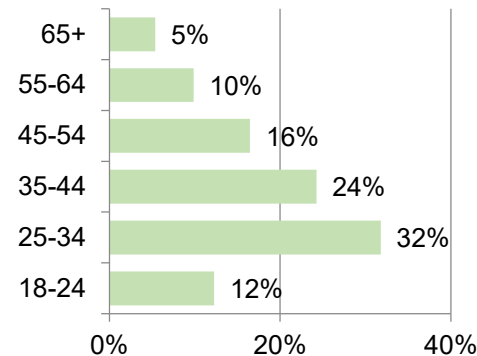
Number of contracted Tour & Activity Suppliers

150 countries in the world
Approximately 5,000 companies

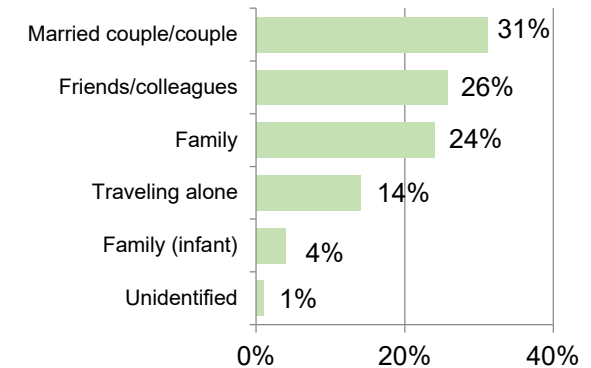
Gender



Traveler age group

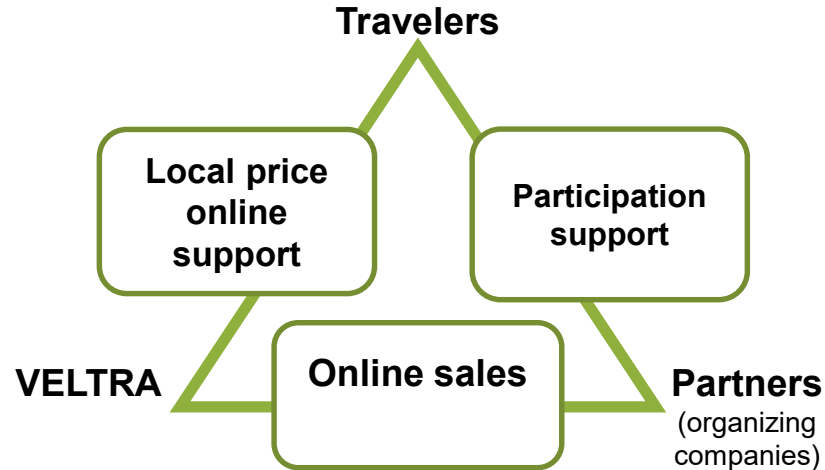


Traveler characteristics

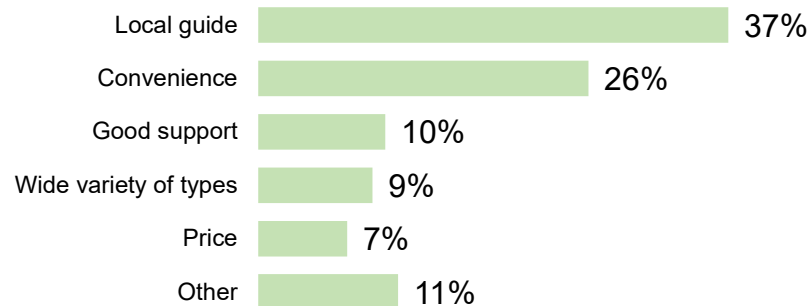


Our Strength: Real-Time Support Provided Online

- 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

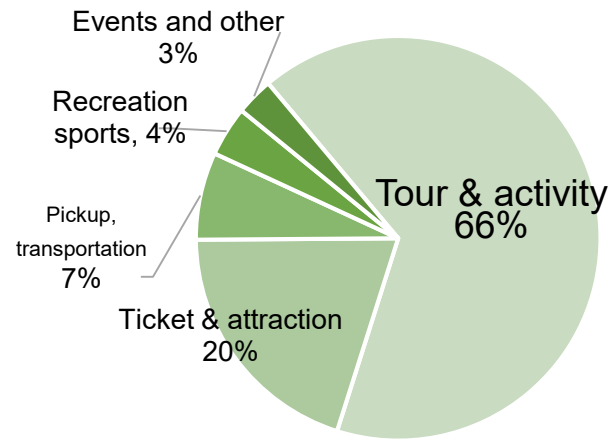
1. Not only provide tours and activities but also manage product quality
2. 365-day online support
3. Support in English, Japanese, Chinese, and Korean



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



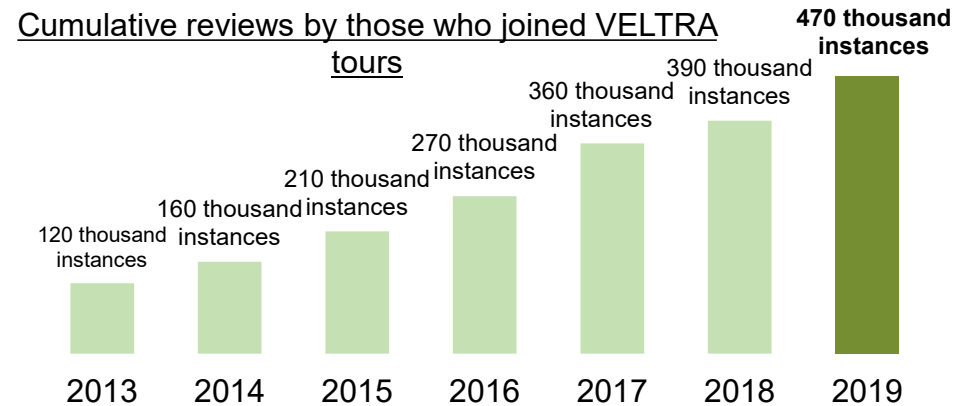
*For details of target products, refer to "Sales Target Products materials at the end of the "slides"





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.



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、港に中も皆を楽しませてくれました。沢山のイルカを会お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。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。ハノイ旧市街の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帽子の天秤棒をぶら下げた人々...

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くれました。本当にありがとうございました。

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気分でした。

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

Further improvement of services through reviews



Tour operators improve products

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

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