



## FY2021 Q2 Financial Results

VELTRA Corporation

Tokyo Stock Exchange Mothers: 7048

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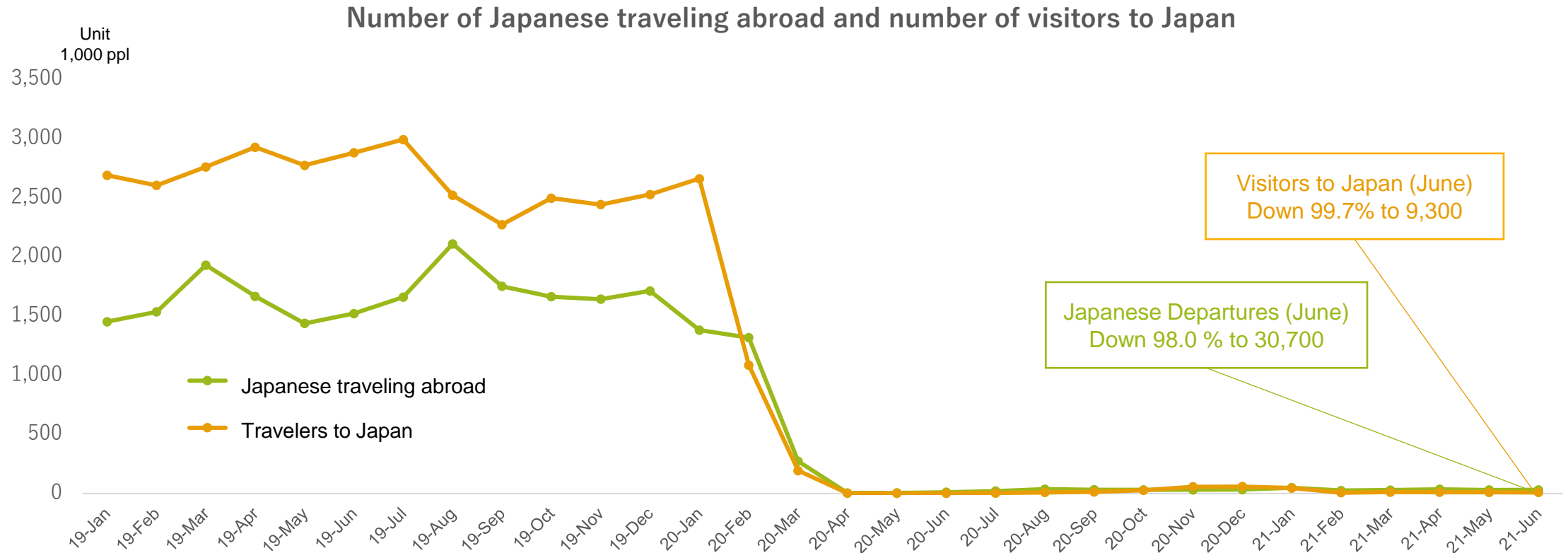
The background of the slide is a photograph of a person with their back to the camera, sitting in a wooden boat on a body of water. The person is wearing a mustard-colored long-sleeved shirt and has their arms extended outwards. They are surrounded by lush green trees and rocky cliffs under a blue sky with some clouds. A semi-transparent white rectangle is overlaid on the left side of the image, containing the title text.

## **FY 2021 Q2 Results Overview**



# Business Environment - Global Tourism and Overseas/Inbound Travel

- Jan~Mar 2021: Global tourist arrivals down 83% compared to the same period in 2019
- Jan~Jun 2021: International tourist arrivals to Japan (est.): 96,000, down 99.4% from same period in 2019
- Estimated number of departures from Japan in Jan-Jun 2021: 199,000, down 97.9% from same period in 2019

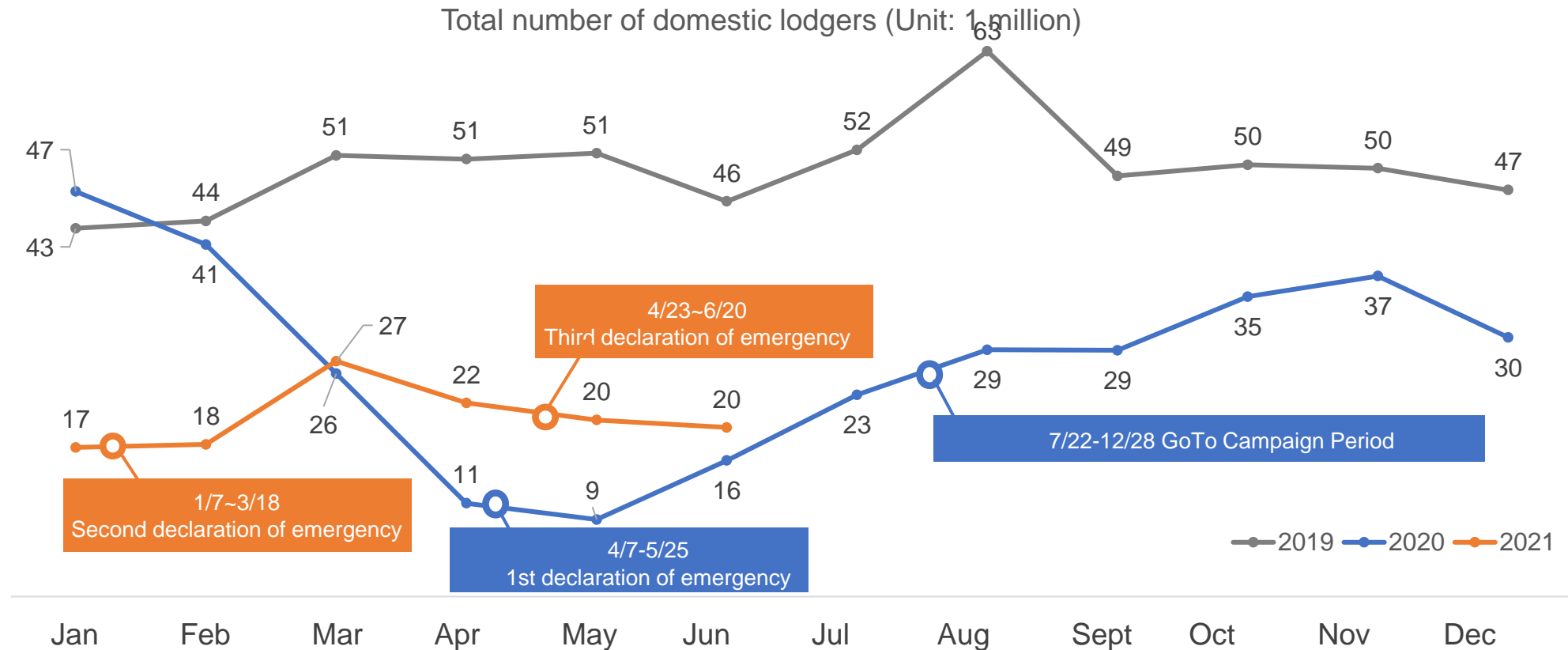


Source: JNTO (Japan National Tourism Organization) July 21, 2021 Release - Statistics on Foreign Visitors and Japanese Departures to Japan / UNWTO Barometer and Statistical Annex Jan 2021



# Business Environment - Trends in the Domestic Travel Market

- As of June 2021, -66% compared to 2019, a recovery from the lowest level ever.
- 24% increase compared to 2020, showing a certain amount of traveler activity even during the declared state of emergency.



Source: Statistical Survey on Lodging and Travel, Japan Tourism Agency



# FY2021 Q2 Performance Highlights

Business	Japanese travel abroad	199,000 ppl.	▲97.9% vs2019 (Jan – Jun) ※
Environment	Foreigners visiting Japan	96,000 ppl.	▲98.3% vs2019 (Jan – Jun) ※

※ Source : Japan National Tourism Organization (JNTO)

**Performance Overview** While the spread of COVID-19 is not expected to end, the company will steadily capture demand in Hawaii and Japan to increase operating revenue.

Operating Revenue	180 M yen	YoY	▲612 M yen
Ordinary Income	▲628 M yen	YoY	▲123 M yen
Q2 Profit	▲647 M yen	YoY	+68 M yen

- Performance Highlights**
- Business performance progressed as initially expected in line with our assumed scenario range
  - Vaccinations in the U.S. progressed, and the number of bookings for HawaiiActivities in Q2 increased to more than three times that in Q1.
  - Domestic activities bookings in Q2 exceeded those in Q1

- Business Highlights**
- Maintaining and expanding customer contact through new services and media development. Utilizing a membership base of 2 million and a network of over 5,000 suppliers around the world
  - Launched Zenes, a social funding program to support the tourism industry.
  - Steady progress in business structure reform to capture demand after COVID-19 convergence



# Profit and Loss Summary (Consolidated)

- ① Operating revenue in Q2 more than doubled from Q1, mainly due to recovery in bookings at HawaiiActivities
- ② Continued strict cost control, operating expenses were almost the same in Q1 and Q2
- ③ Posted an extraordinary loss of 13 million yen for special retirement payments in Q1

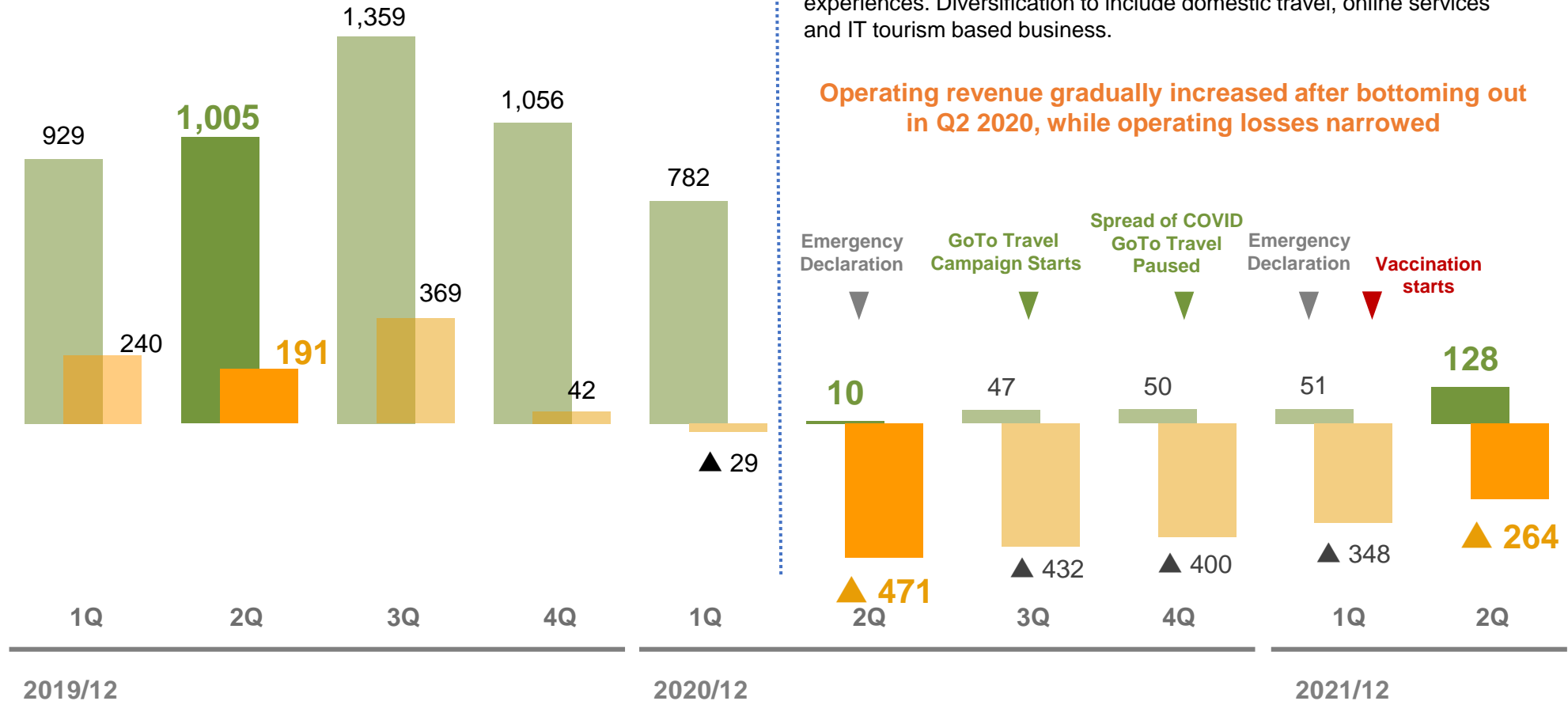
Unit : million yen	FY 2021 Q1 (Jan-Mar)	FY 2021 Q2 (Apr-Jun)	FY 2021 Q2 Accumulative (Jan - Jun)	FY 2020 Q2 Accumulative (Jan - Jun)	YoY
<b>Operating revenue</b>	51	128	180	793	22.8%
<b>Operating expenses</b>	399	392	792	1,294	61.3%
<b>Operating profit</b>	▲348	▲264	▲612	▲500	—
<b>Non-operating income</b>	13	22	36	8	447.7%
<b>Non-operating expenses</b>	50	2	52	12	420.9%
<b>Ordinary profit</b>	▲385	▲243	▲628	▲505	—
<b>Extraordinary expenses</b>	13	2	16	59	27.3%
<b>Profit</b>	▲400	▲247	▲647	▲715	—
<b>Profit per share (yen)</b>	▲12.31	—	▲19.73	▲24.81	



# Operating Revenue · Operating Income Quarterly Trends

Unit : million yen

Operating revenue  
Operating profit

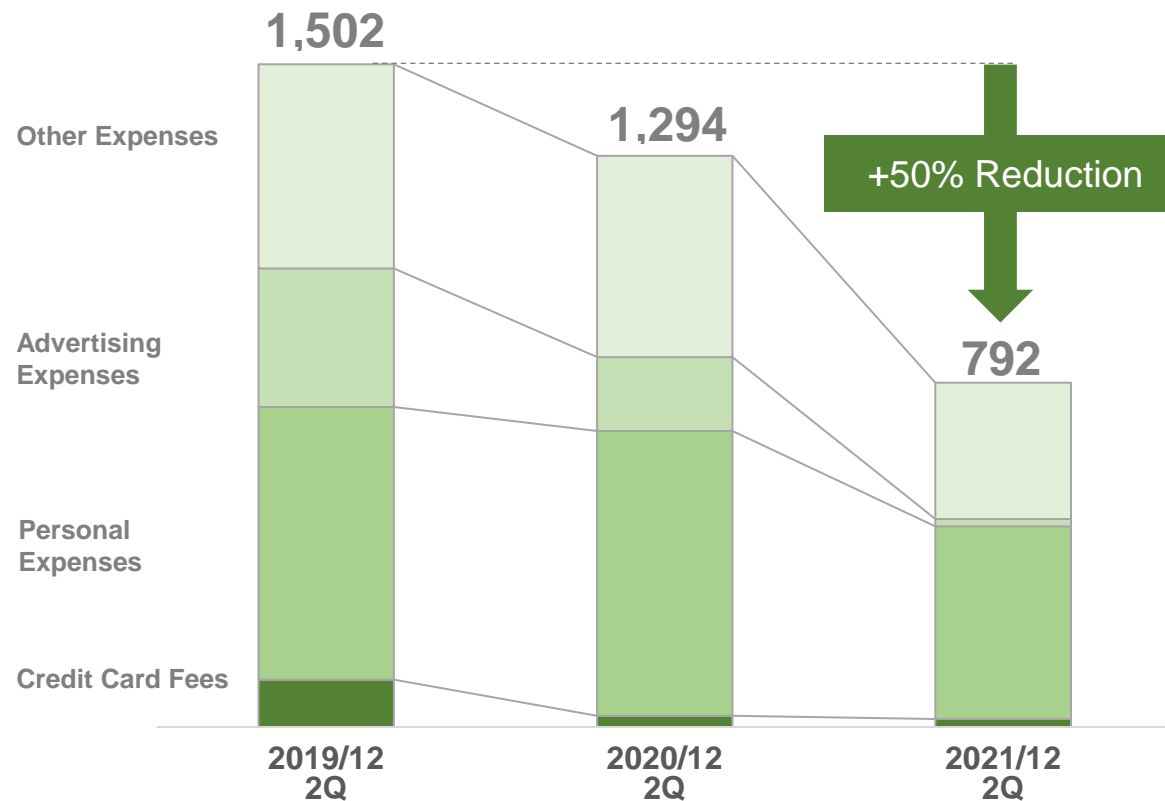




# Financial measures

## ■ Continue thorough cost reduction

Unit : million yen



**Strengthen financial base and maintain management structure by significantly reducing fixed costs**

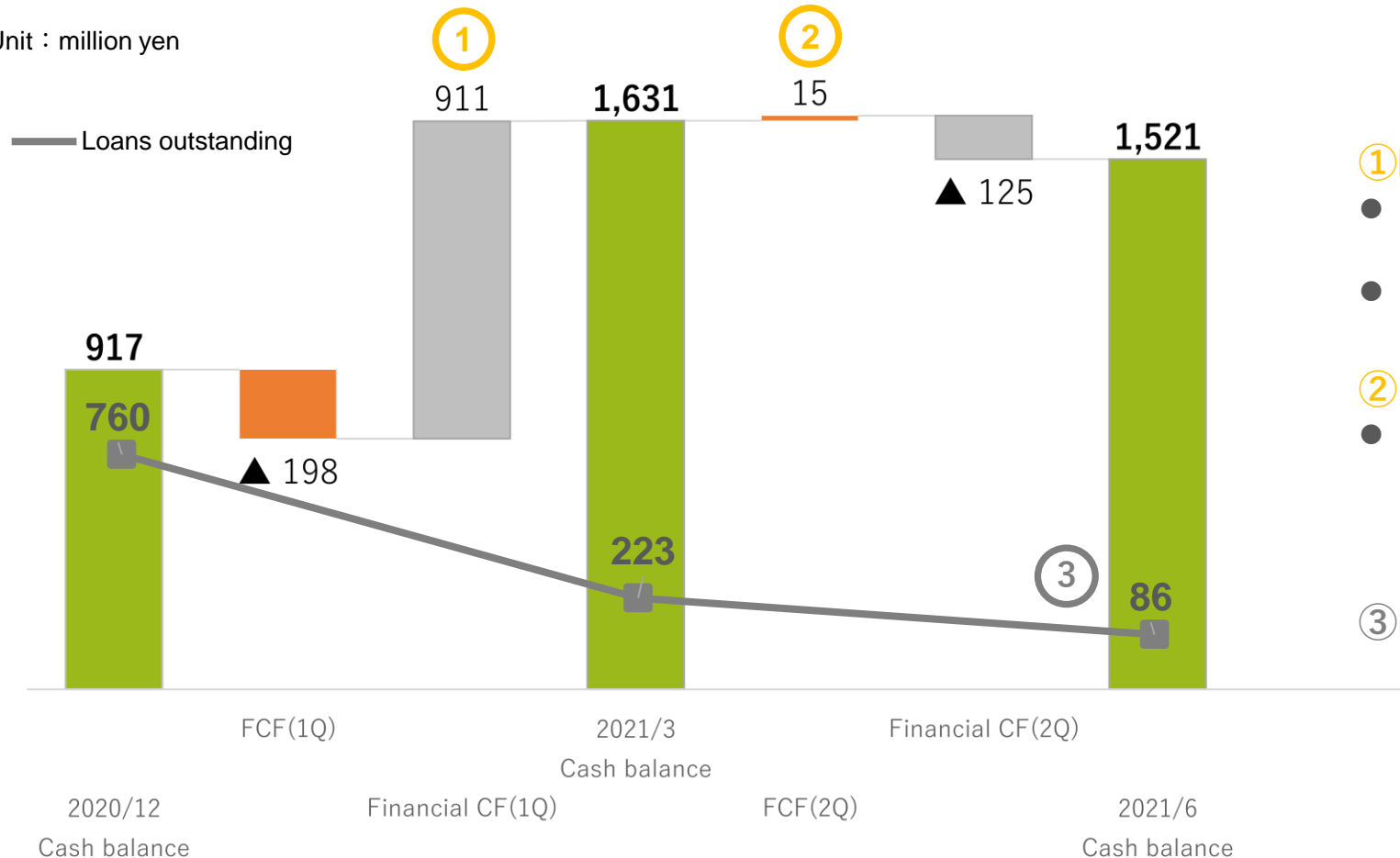
- **Substantial reduction in personnel expenses**  
(reduction in remuneration for executives, freeze on new hiring, partial reduction of personnel due to business closures, etc.)
- **Reduction in advertising costs**
- **Cost reduction through office relocation**
- **Reduction of personnel costs by soliciting voluntary retirement**



# Financial measures

- Maintain cash flow by increasing revenue and advance received due to increase in bookings and decreasing expenditures due to cost reduction
- Balance of borrowings also decreased

Unit : million yen



## ① Increase in financial cash flow

- Issued new shares through third-party allotment to OPENDOOR
- Repaid 500 million yen in loans from MUFG

## ② FCF turned profitable

- FCF increased due to revenue from increased number of reservations, buildup of advances and cost reduction

## ③ Decrease in outstanding loans



# Balance Sheet Summary (Consolidated)

■ Capital adequacy ratio is 64.4%, maintaining financial soundness

(Unit: Million Yen)	Period Dec 2020	Period Q2 2021	Change	Notes
<b>Current Assets</b>	<b>1,098</b>	<b>1,666</b>	<b>568</b>	
Cash and deposits	917	1,521	603	
<b>Fixed Assets</b>	<b>620</b>	<b>537</b>	<b>▲82</b>	Decrease of 56 million yen in software and 38 million yen in investments and other assets
<b>Total Assets</b>	<b>1,718</b>	<b>2,203</b>	<b>485</b>	
<b>Current Liabilities</b>	<b>1,136</b>	<b>773</b>	<b>▲363</b>	Short-term loans payable decreased by 599 million yen, while advances received increased by 202 million yen
<b>Fixed Liabilities</b>	<b>29</b>	<b>3</b>	<b>▲25</b>	Long-term debt decreased by 25 million yen
<b>Total Liabilities</b>	<b>1,165</b>	<b>776</b>	<b>▲389</b>	
Favorable Sub Liabilities	760	86	▲674	
<b>Total Net Assets</b>	<b>552</b>	<b>1,427</b>	<b>874</b>	Increase in capital stock and capital surplus by 755 million yen each due to the issuance of new shares through third-party allotment Decrease in retained earnings due to net loss attributable to shareholders of the parent company of 649 million yen
<b>Capital to Asset Ratio</b>	<b>31.9%</b>	<b>64.4 %</b>	<b>+32.5pt</b>	



## C/F Summary (Consolidated)

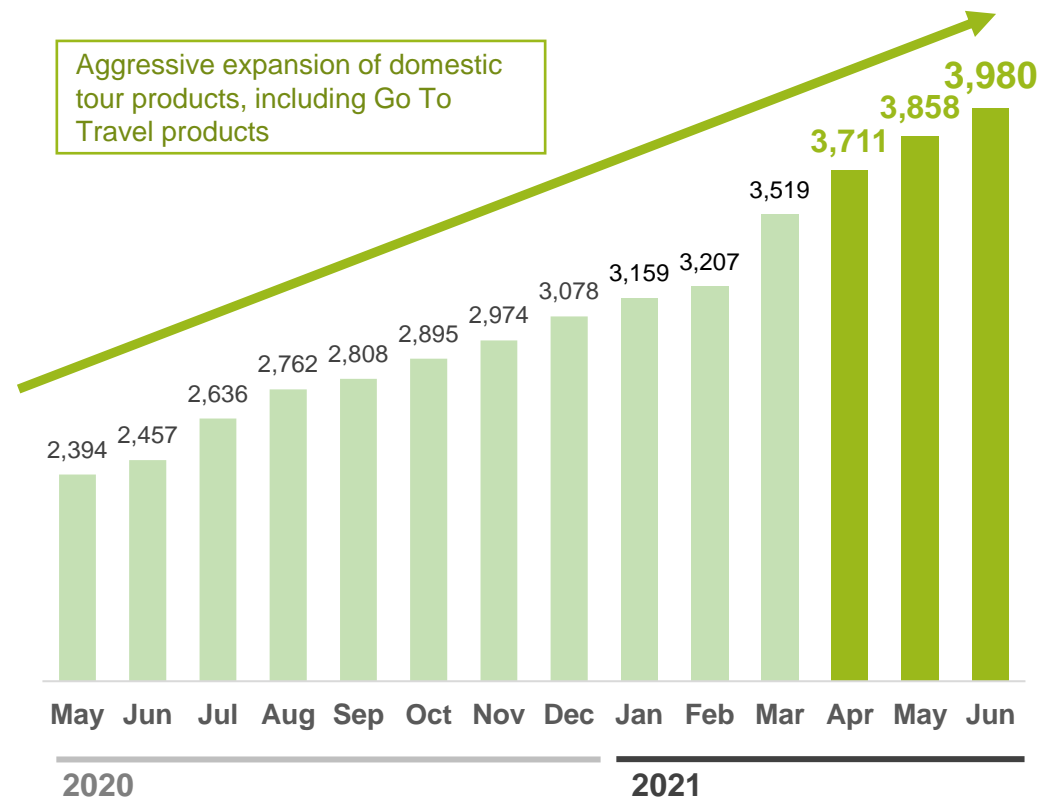
■ Cash and cash equivalents at end of period increased due to increase in each cash flow category.

	Period Q2 2020	Period Q2 2021	Change	Notes
(Unit: Million Yen)				
<b>Operating Cash Flow</b>	△2,563	△188	+2,375	Increase in depreciation and amortization of 98 million yen, increase in notes and accounts payable-trade of 112 million yen, increase in advances received of 196 million yen, etc., and decrease in notes and accounts receivable-trade of 35 million yen, loss before income taxes and minority interests of 636 million yen, etc
<b>Investing Cash Flow</b>	△124	△15	+108	Payments for acquisition of fixed assets (recorded as software assets): 53 million yen and proceeds from collection of lease deposits: 38 million yen
<b>Financing Cash Flow</b>	△65	786	+852	Increase in proceeds from issuance of shares of 146.1 million yen and decrease in short-term loans payable of 6 million yen
<b>Balance of cash and cash equivalents at the end of the quarter</b>	1,206	1,521	+314	

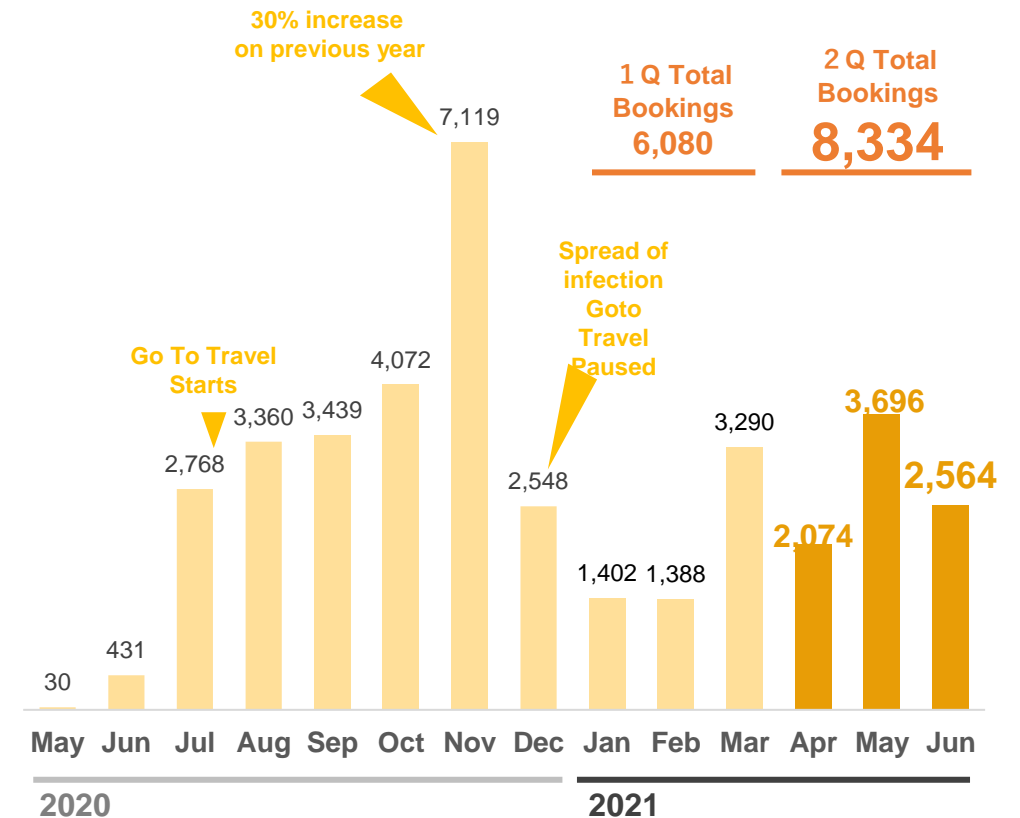
# Strengthening of Domestic (Japan) Business

- From April 2020, the number of products will be expanded to over 4,000, with plans to double by the end of 2021.
- Go To Travel Campaign temporarily suspended, but bookings remain steady

## Number of Domestic Tour Products



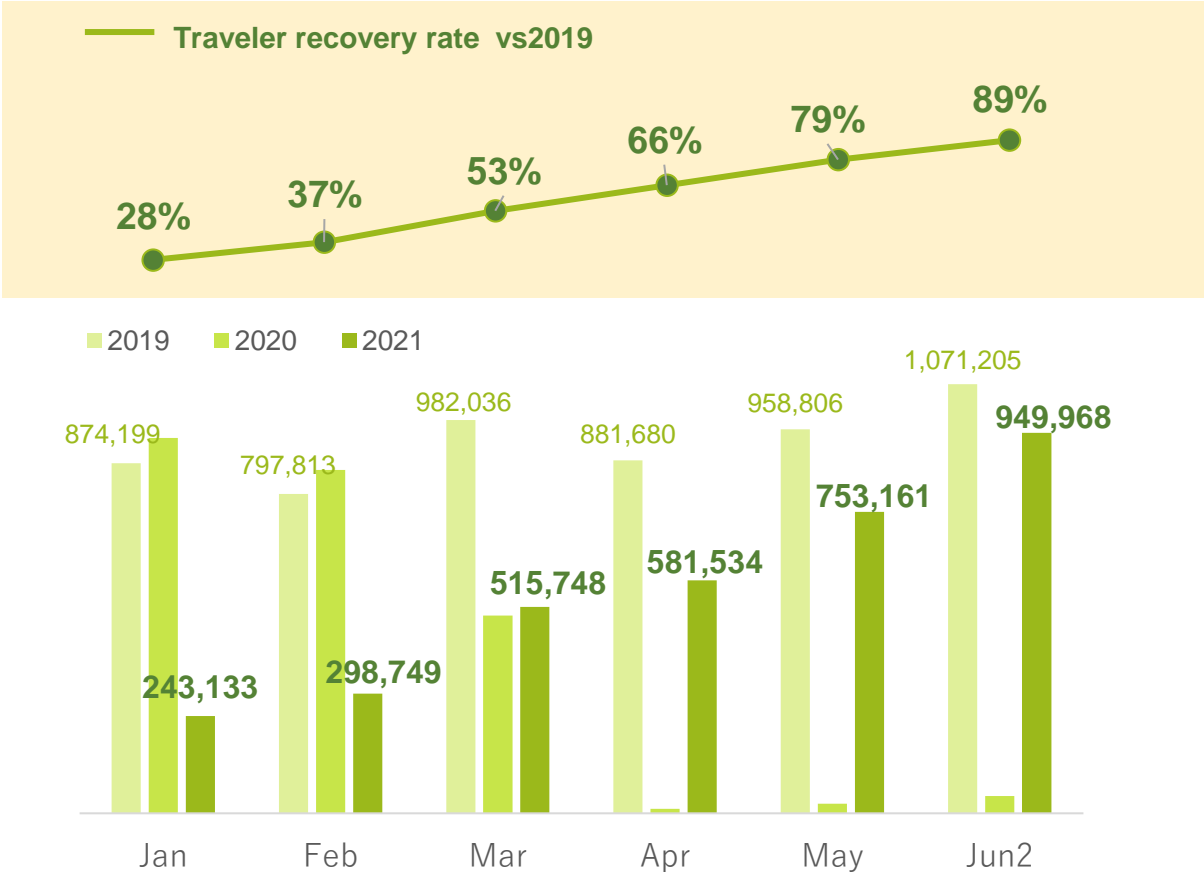
## Number of Reservations by Month



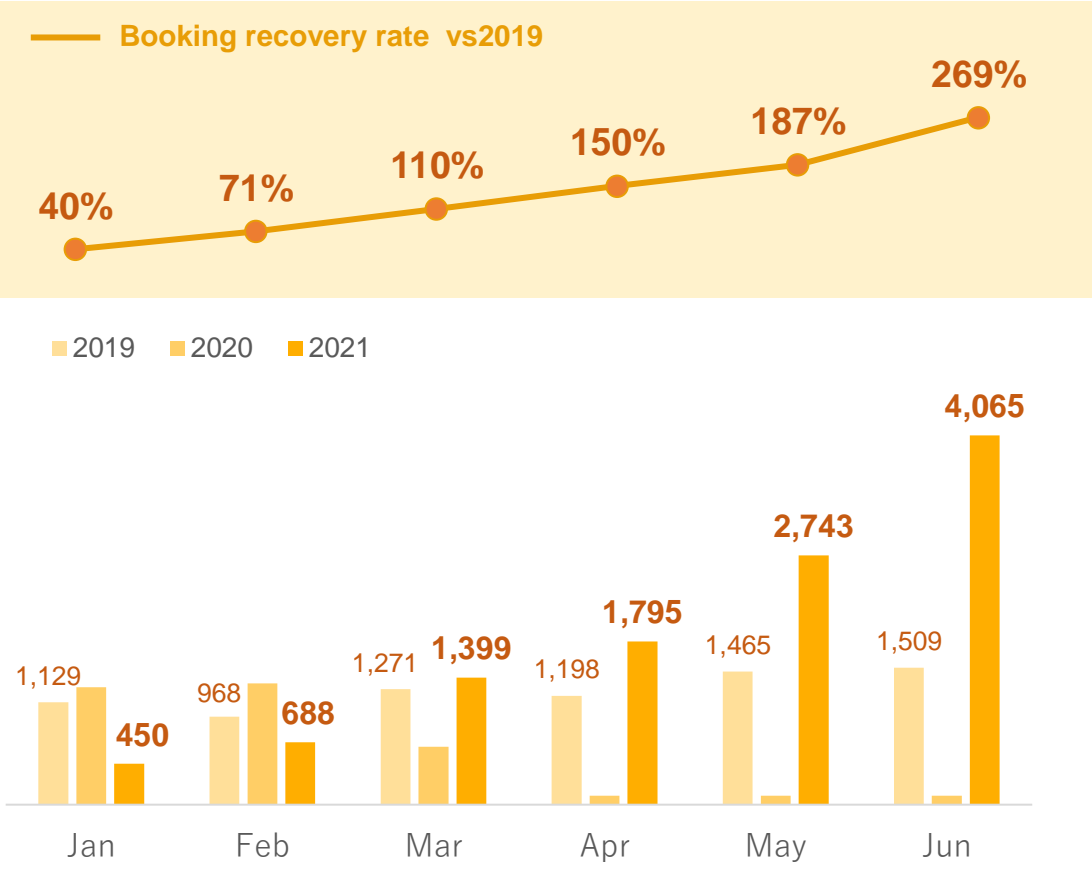
# Hawaii Activities Recovery Status (2021 vs 2019)

■ Bookings for Hawaii Activities has been higher than the recovery rate of traveler numbers to Hawaii compared to FY2019 (pre-COVID19).

Hawaii Visitor Trends



Hawaii Activities Monthly Bookings



Source : Department of Business, Economic Development & Tourism 「Visitor Statistics」


# **FY 2021 Earnings Forecast**



## **FY 2021 Earnings Forecast**

With regard to the consolidated earnings forecast for the fiscal year ending December 31, 2021 (full year), as uncertainty of market recovery from COVID-19 remains unclear it is difficult to calculate a reasonable earnings forecast at this time. Therefore, the forecast for the fiscal year ending December 31, 2021 has not been determined.

We will promptly disclose the earnings forecast when it becomes possible to do so.

The background of the slide is a photograph of a woman from behind, lying in a hammock. She has her arms raised towards the sky, reaching up towards the branches of a large, leafy tree. The hammock is a light-colored fabric with white tassels hanging from the edges. The scene is bathed in warm, golden sunlight, creating a peaceful and natural atmosphere.

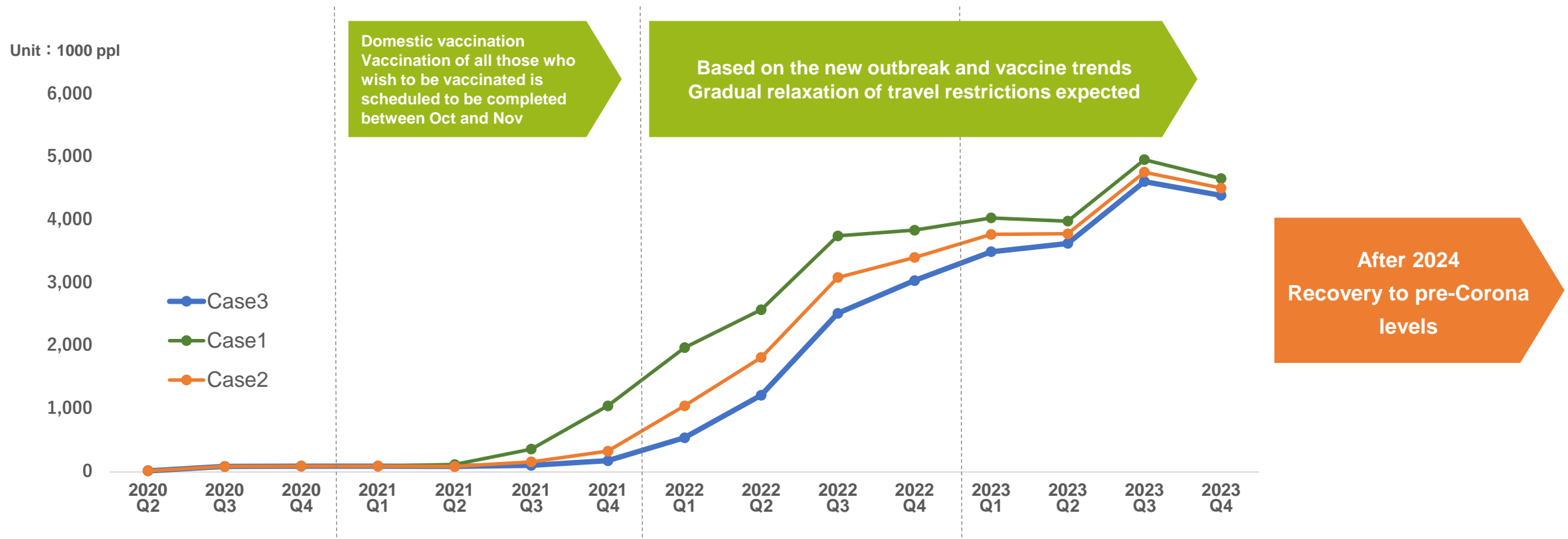
## **FY 2021 Future Actions**



# Overseas Travel Market Trends (Our Recovery Forecast)

- Recovery of overseas travel is still uncertain, and full-fledged recovery is still assumed for 2022.
- The three scenarios are based on past travel recovery scenarios at the time of the SARS outbreak, and are calculated to start in June (Case 1), August (Case 2), and October (Case 3).
- Although there will be some delay due to the impact of the current 5th wave, the vaccine will be within the expected range (Case 3).
- Cross-border movement is expected to resume gradually from late November 2021 as the vaccine takes effect, leading to a gradual recovery

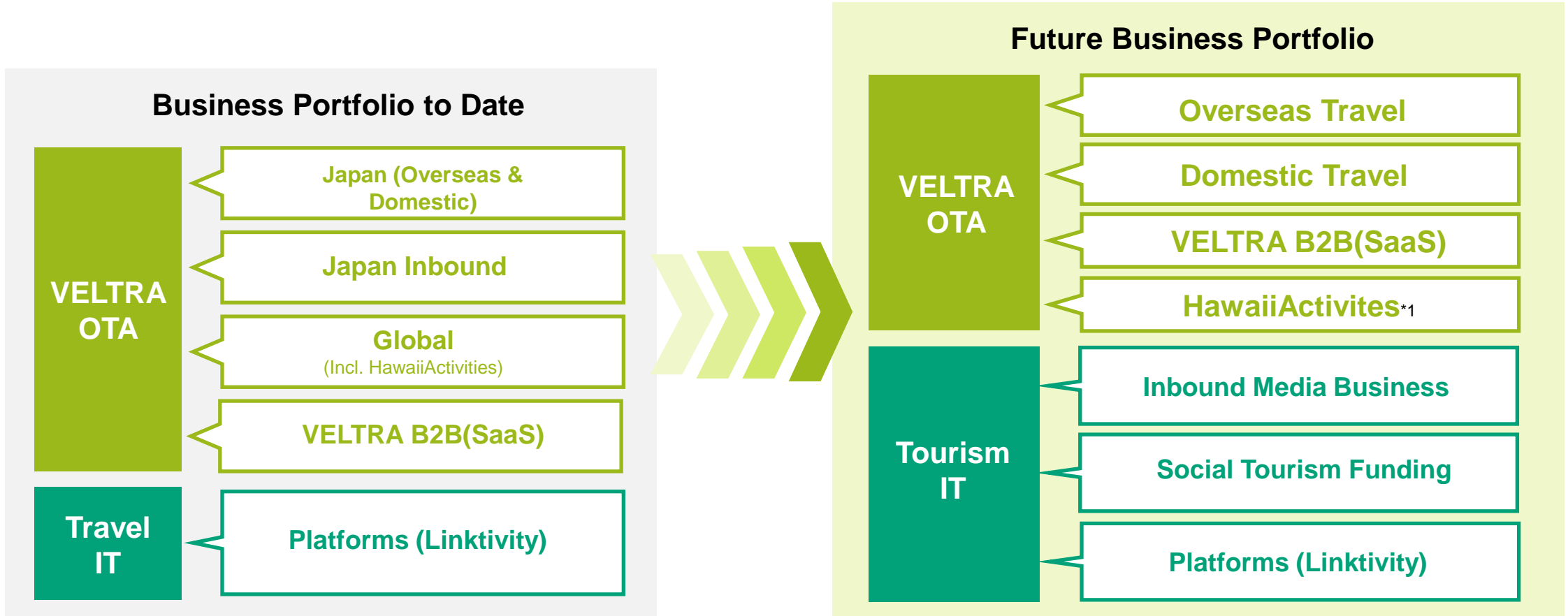
## Scenario for recovery in the number of Japanese traveling abroad (our original forecast based on the SARS case)





# Restructuring of business portfolio

- To date, VELTRA Group has been expanding its business as an online travel agent (OTA) for local experience tours, with a focus on VELTRA's online booking service. Future projects include establishment of a new travel-related IT business utilizing the assets of VELTRA which will confer an advantage over the competition. The company will not only expand its business as an OTA, but will also diversify its business, aiming to maximize its corporate value in two areas: travel recovery and new tourism-related IT services.



\*1 HawaiiActivites is our wholly owned subsidiary, an OTA specializing in Hawaii for mainland U.S. travelers.



# About VELTRA OTA Business

- In FY2021, while an early recovery in demand is not expected on a global scale, we will optimize our management resources and strengthen sales in markets where demand is expected to recover, while enhancing services to expand the value not only of the experience at the destination but also before and after the trip with an eye to the post-Corona era.

## Future Initiatives

### Overseas markets

As of July, overseas travel is virtually impossible. Vaccinations are not expected to be widespread until 2022, and management resources will be invested when demand recovers.

### Domestic Market

We expect domestic travel demand to recover ahead of the rest of the world as vaccination progresses, and we are currently strengthening our product lineup for domestic travel.

### New Services

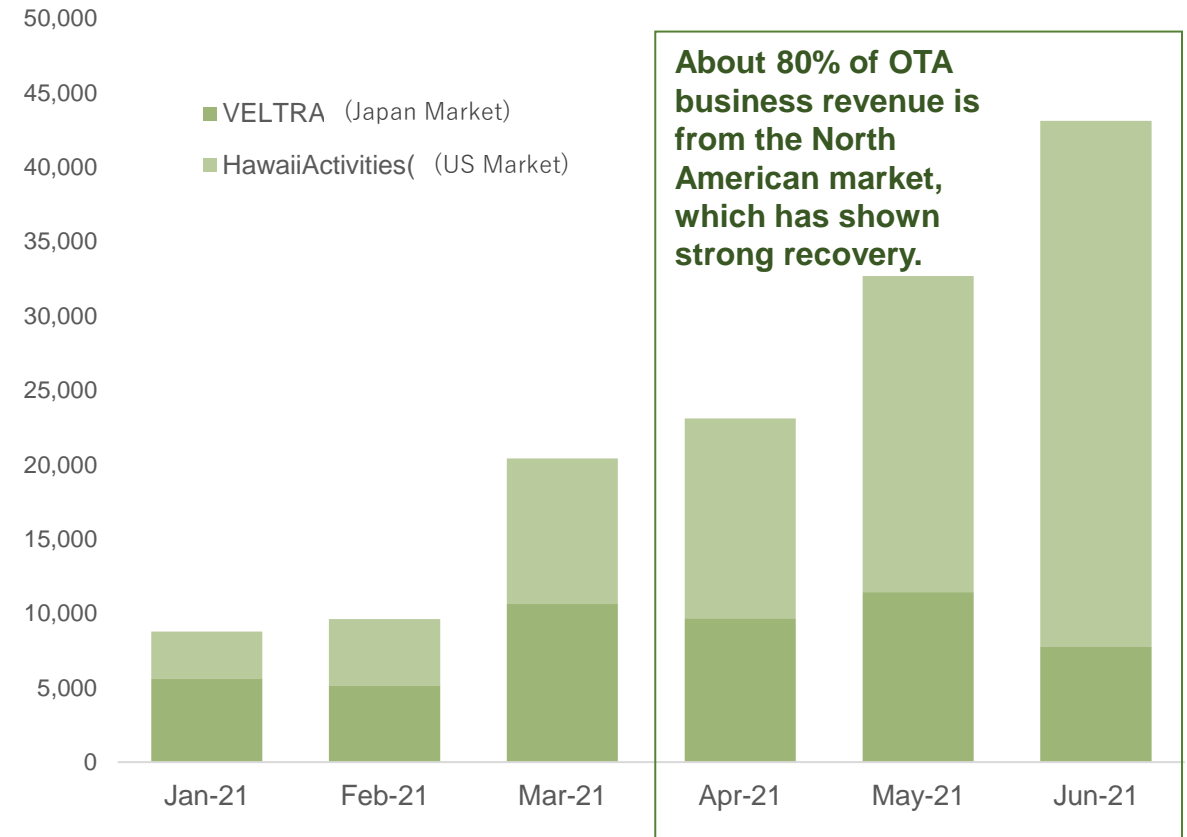
With an eye on the post-COVID pre-trip and post-trip markets, we will maintain contact with tourism businesses through Veltra Online Academy to develop our fan base.

### North America Market (HawaiiActivities)

In the U.S., where vaccination is progressing, demand is recovering at a much higher rate than expected. Management resources are being invested in this area as travel activity continues to be brisk.

Operating revenue  
(Thousands of yen)

OTA Business Operating Revenue





# New Services IT Tourism: Experiences & Information in the New Normal

## YOKKA

A new online media site where you can find ideas for new experiences and hobbies in daily life

Helping you start a new hobby! The "Leisure Planner" will provide you with ideas for experiences that interest you.

More than 1,000 leisure articles to be provided by the end of this year.



A new experience media site that provides information that enriches leisure time, helping users discover easy to start hobbies.

## Umami Recipe

An English-language information site that promotes Japanese food prepared at home to the world and to promote cultural exchange through cooking.

Creating new cultural exchange through home-cooked Japanese food anywhere in the world



Aiming to become the No. 1 Japanese food recipe website in terms of user share

By communicating the spirituality and philosophy of Japanese food to the world, Umami Recipe creates cultural exchange through Cuisine. An information site to help people discover a richer and more sustainable diet.

# New Services in IT Tourism: Crowdfunding

## Zenes is an ecosystem that reimagines the future of tourism

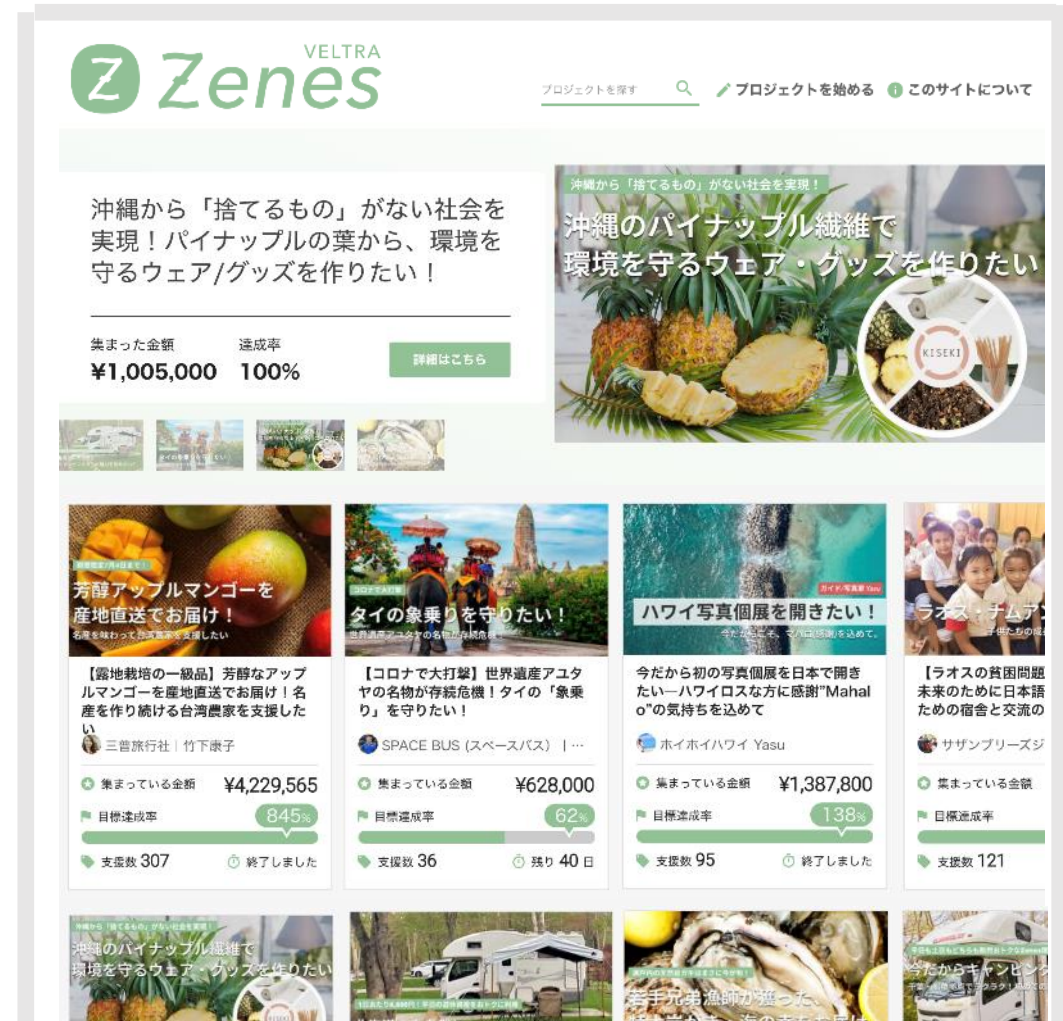
Creating connections between travel enthusiasts and new tourism services through crowdfunding focused on the tourism industry

### Zenes Strengths



### Services to be realized through crowdfunding

- Financial support to destinations and businesses in distress due to COVID
- Development of projects for local and regional development
- A place for test marketing to explore new tourism services post COVID



The screenshot shows the Zenes crowdfunding platform interface. At the top is the Zenes logo and navigation links. A featured project is highlighted with a large image of pineapples and text in Japanese: "沖縄から「捨てるもの」がない社会を実現！パイナップルの葉から、環境を守るウェア/グッズを作りたい！". Below this, it shows the amount raised (¥1,005,000) and the completion rate (100%).

Below the featured project, there are several smaller project cards, each with an image and text in Japanese. These include projects like "芳醇アップルマンゴーを産地直送でお届け！" (Aroma Apple Mango direct delivery from the origin!), "タイの象乗りを守りたい！" (I want to protect Thai elephant riding!), "ハワイ写真個展を開きたい！" (I want to hold a Hawaii photo solo exhibition!), and "【ラオスの貧困問題】未来のために日本語のための宿舎と交流の" (Laos poverty problem: For the future, Japanese language accommodation and exchange).

At the bottom, there are more project cards, including one about "沖縄のパイナップル繊維で環境を守るウェア・グッズを作りたい" (I want to make eco-friendly wear/goods from Okinawa pineapple fiber).



# Linktivity: Transportation and public facility ticketing platform

- Strengthening sales products, while building a direct sales website and strengthening cooperation with MaaS promotion companies
- Strengthening sales channels not only for inbound demand but also for domestic customers

## Products

Domestic Rail Companies  
Prefectural facilities

Dec 2020

June 2021

30 Co. → 63 Co.



## Sales Channels

Domestic and overseas  
OTAs, travel agencies

Over 200 Co. around  
the world



## Direct Sales Solution

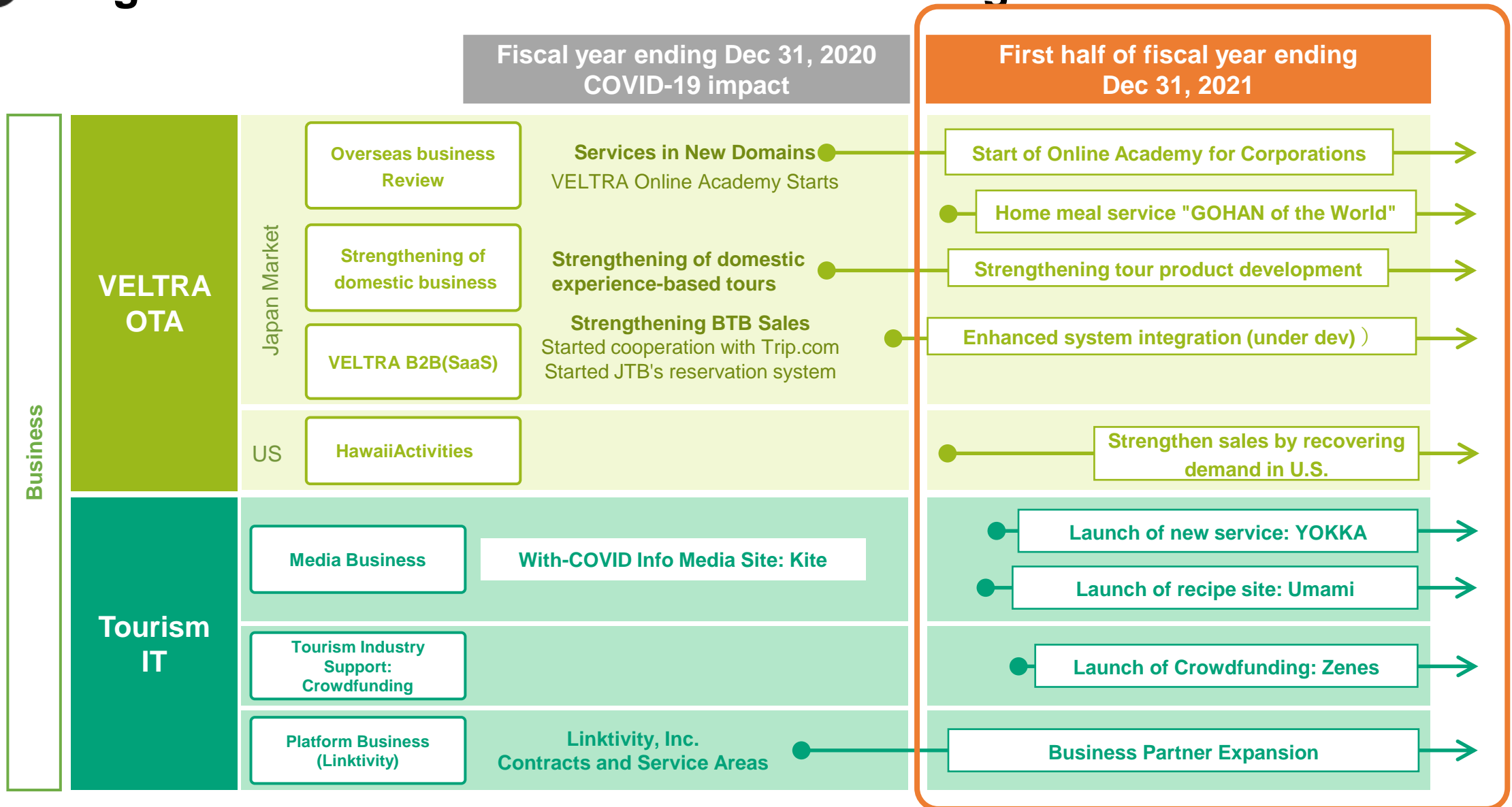


MaaS tie-up



NAVITIME

# Progress in Business Portfolio Restructuring

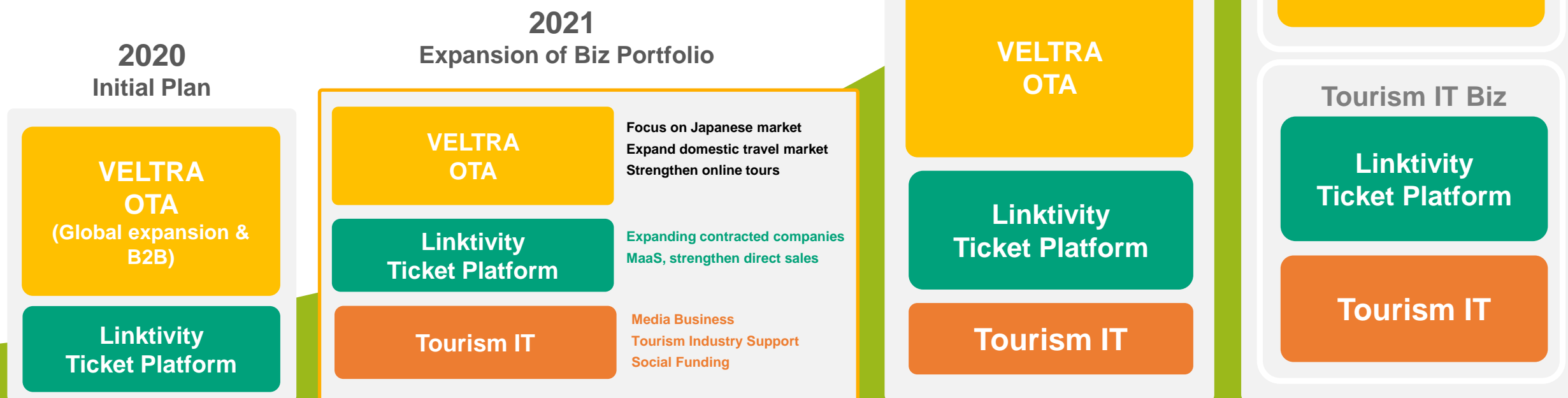




# Growth Strategy

To date, we have expanded our business presence in tourism as an Online Travel Agent (OTA). Looking forward, we aim to maximize corporate value by maximizing the use of VELTRA assets-- a source of competitive advantage-- and by growing IT services in and outside the tourism industry.

Faced with new challenges, we will continue to provide services inline with our corporate philosophy and emphasize genuine connections between people, grow sustainably together with all stakeholders and lead the tourism industry with our unique presence.



A white rectangular box with the word "Appendix" in a bold, black, sans-serif font, positioned over a background image of a person looking through binoculars.

## Appendix

# Company Profile

<b>Company Name</b>	<b>VELTRA Corporation</b>	
Headquarters	1 Kanda Mitoshirocho, Chiyoda, Tokyo	
Capital	JPY 1,293,245,120 (as of June 30, 2021)	
Founded	November 1991 (VELTRA.com business initiated in 2004)	
Fiscal Year Closed In	December	
Number of Employees	Headquarters: 111 (Consolidated: 135)	
Subsidiaries	[Malaysia]	VELTRA Malaysia Sdn. Bhd.
	[Philippines]	VELTRA PHILIPPINES, INC.
	[USA (Hawaii)]	VELTRA Inc.
	[Korea]	VELTRA KOREA Inc.
	[Japan]	LINKTIVITY Inc.


Business Branches

London, Bangkok, Ho Chi Minh



Board Members	President and representative director/CEO	Wataru Futagi
	Director	Ryoko Mannen
	Director	Tomoharu Kurakami
	Director	Jumpei Minashima
	Director	Kenichiro Sakamizu
	Outside director	Gaku Suzuki
	Outside director	Rodney Cuthbert
	Auditor	Tetsushi Ikeda
	Part-time auditor	Masato Mori
	Part-time auditor	Masayuki Kono

# 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.
2020	Established Linktivity 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.

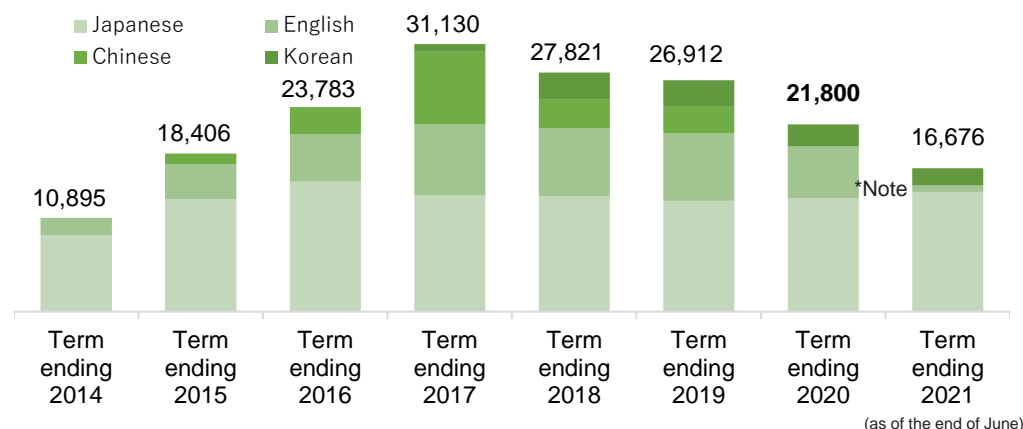
Prosperous coexistence

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

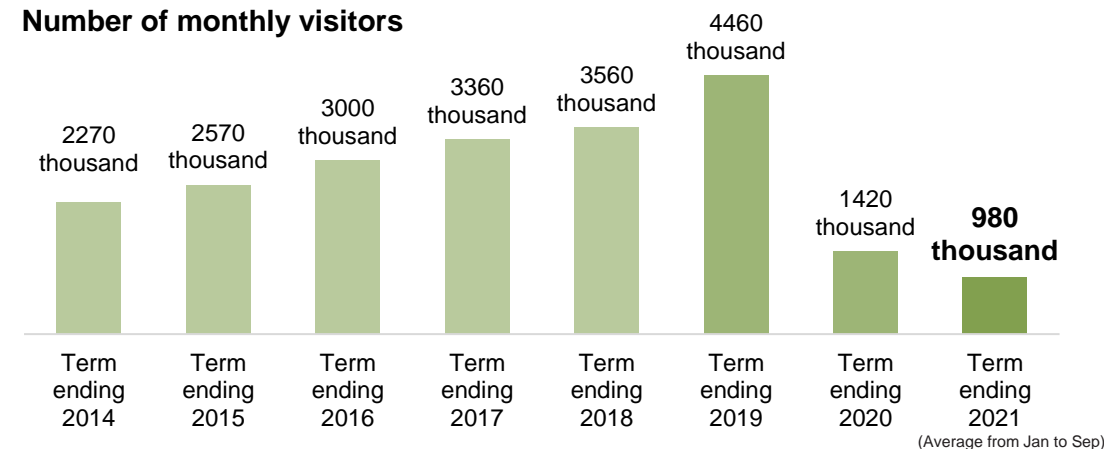
- Business collaboration with approximately 5,000 companies in 150 countries world-wide—the largest of its kind in Japan.  
Customer support is provided in four languages (Japanese, English, Chinese, Korean).
- Provide products to meet various consumer needs with high level customer support.

Number of products by market (language)



\*Note: Significant decrease due to the closure of English and Chinese sites

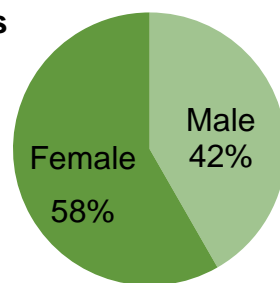
Number of monthly visitors



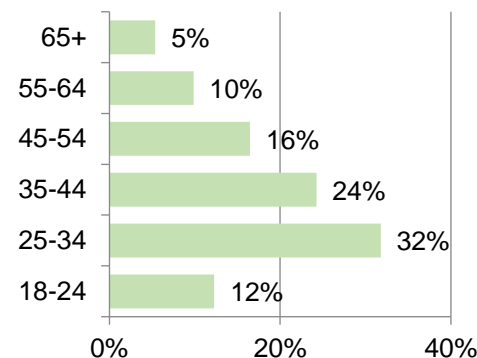
Number of contracted Tour & Activity Suppliers

150 countries in the world  
Approximately 5,000 companies

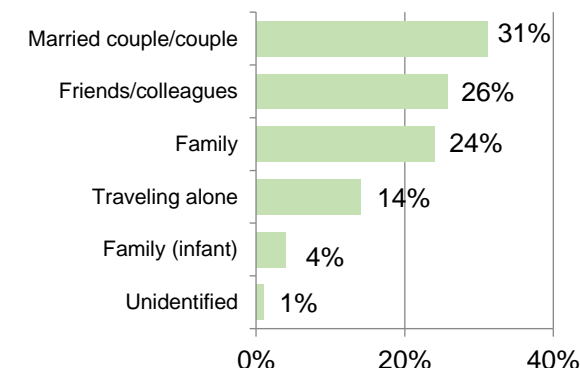
Gender



Traveler age group

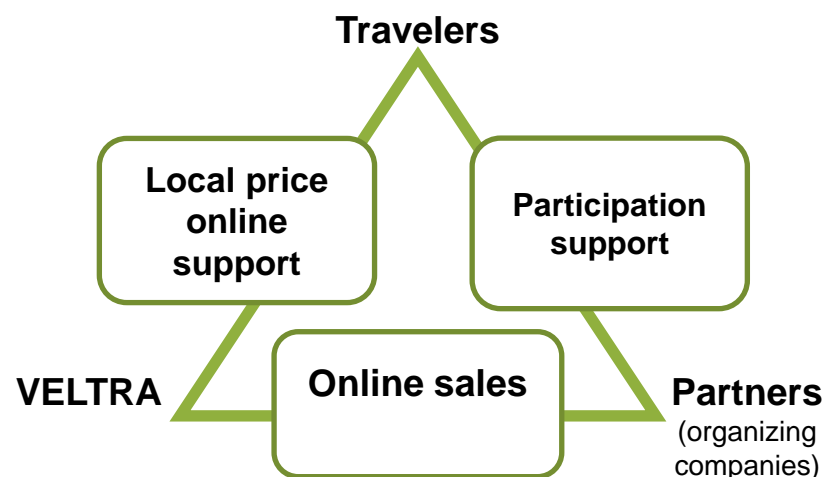


Traveler characteristics

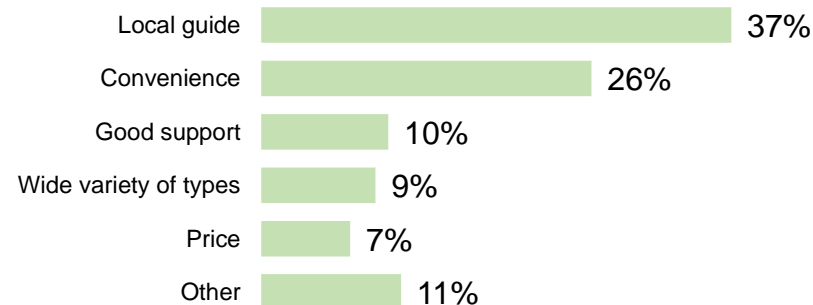


# Our Strength: Real-Time Support Provided Online

- 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

<b>Online sales</b>	Provide even small-scale businesses with sales opportunities. Provide new markets with emphases on Asian markets
<b>Local price online support</b>	Provide all products at local prices of partner companies. 365-day online customer support in four languages.
<b>Participation support</b>	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

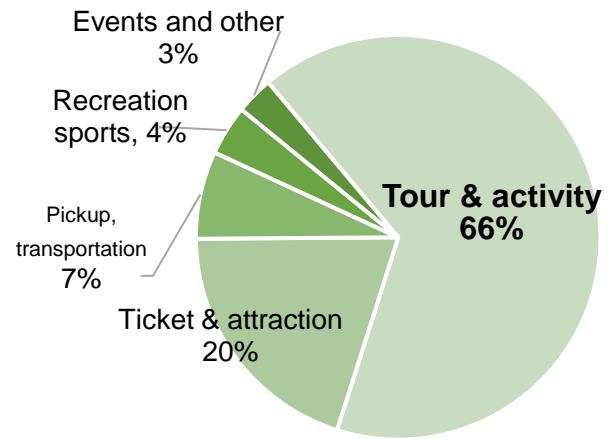
1. Not only provide tours and activities but also manage product quality
2. 365-day online support
3. Support in English, Japanese, Chinese, and Korean



# 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



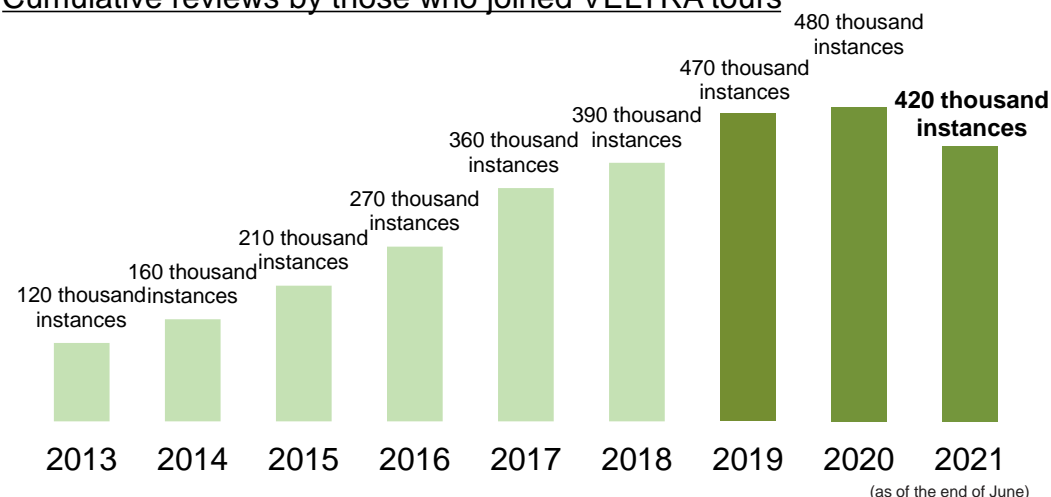
\*For details of target products, refer to "Sales Target Products materials at the end of the "slides"



# 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.

Cumulative reviews by those who joined VELTRA tours



## Further improvement of services through reviews



Tour operators improve products

## 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、、、”と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、港に到着中も皆を楽しませてくれてました。沢山のイルカを拝も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が人々の天候を天候をぶら下げている...

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。

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き、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

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