



FY2021 Q2 Financial Results

VELTRA Corporation

Tokyo Stock Exchange Mothers: 7048

Contents

FY 2021	Q2 Results Overview	P3
FY 2021	Earnings Forecast	P15
FY 2021	Future Actions	P17
	Appendix	P26

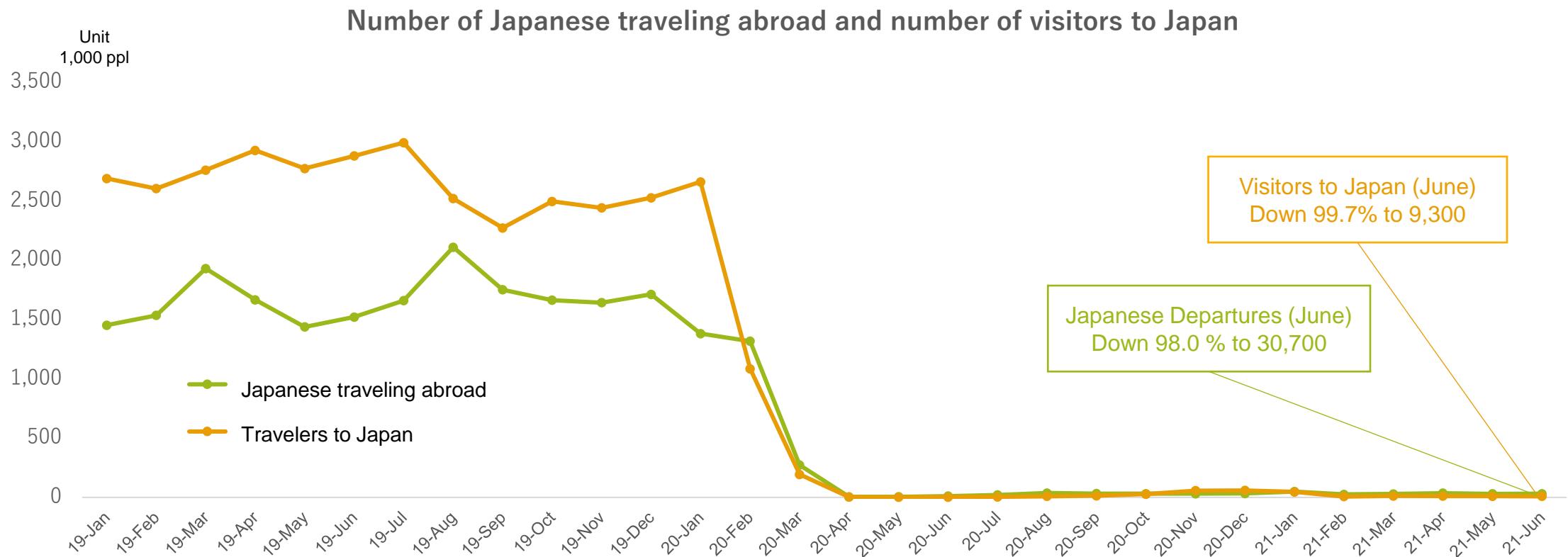


FY 2021 Q2 Results Overview



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

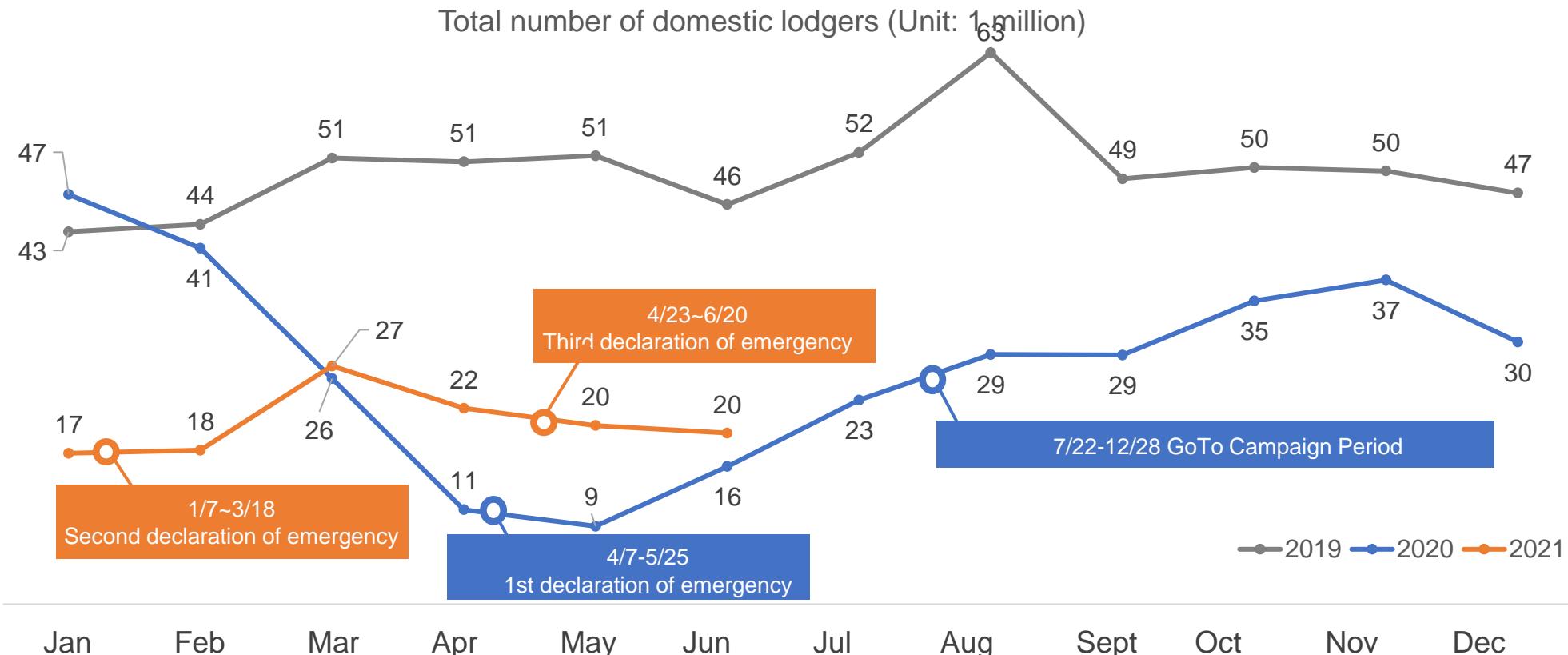


Source: JNTO (Japan National Tourism Organization) July 21, 2021 Release - Statistics on Foreign Visitors and Japanese Departures to Japan / UNWTO Barometer and Statistical Annex Jan 2021



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

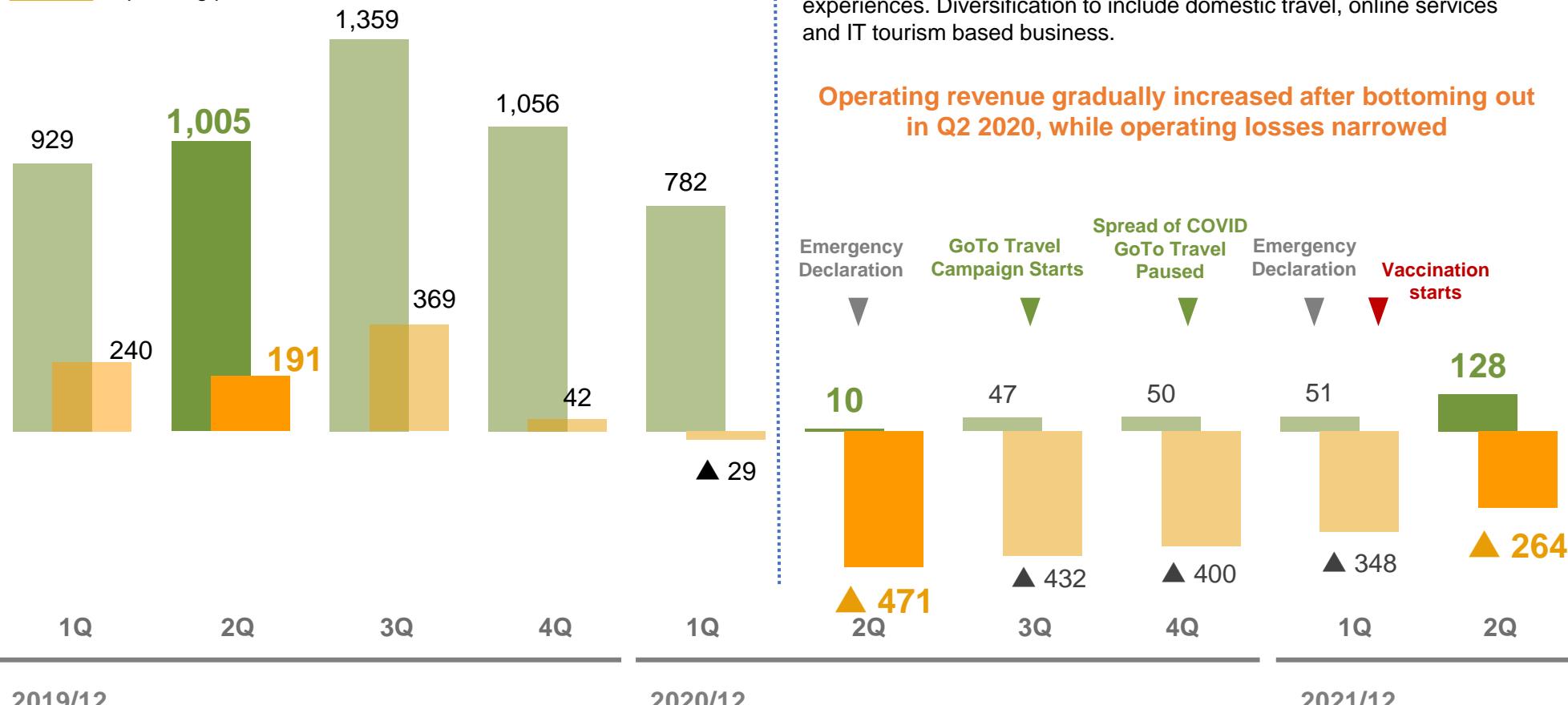
Unit : million yen	FY 2021 Q1 (Jan-Mar)	FY 2021 Q2 (Apr-Jun)	FY 2021 Q2 Accumulative (Jan - Jun)	FY 2020 Q2 Accumulative (Jan - Jun)	YoY
Operating revenue	1	51	128	180	793
Operating expenses	2	399	392	792	1,294
Operating profit		▲348	▲264	▲612	▲500
Non-operating income		13	22	36	8
Non-operating expenses		50	2	52	12
Ordinary profit		▲385	▲243	▲628	▲505
Extraordinary expenses	3	13	2	16	59
Profit		▲400	▲247	▲647	▲715
Profit per share (yen)		▲12.31	—	▲19.73	▲24.81



Operating Revenue • Operating Income Quarterly Trends

Unit : million yen

Operating revenue
Operating profit

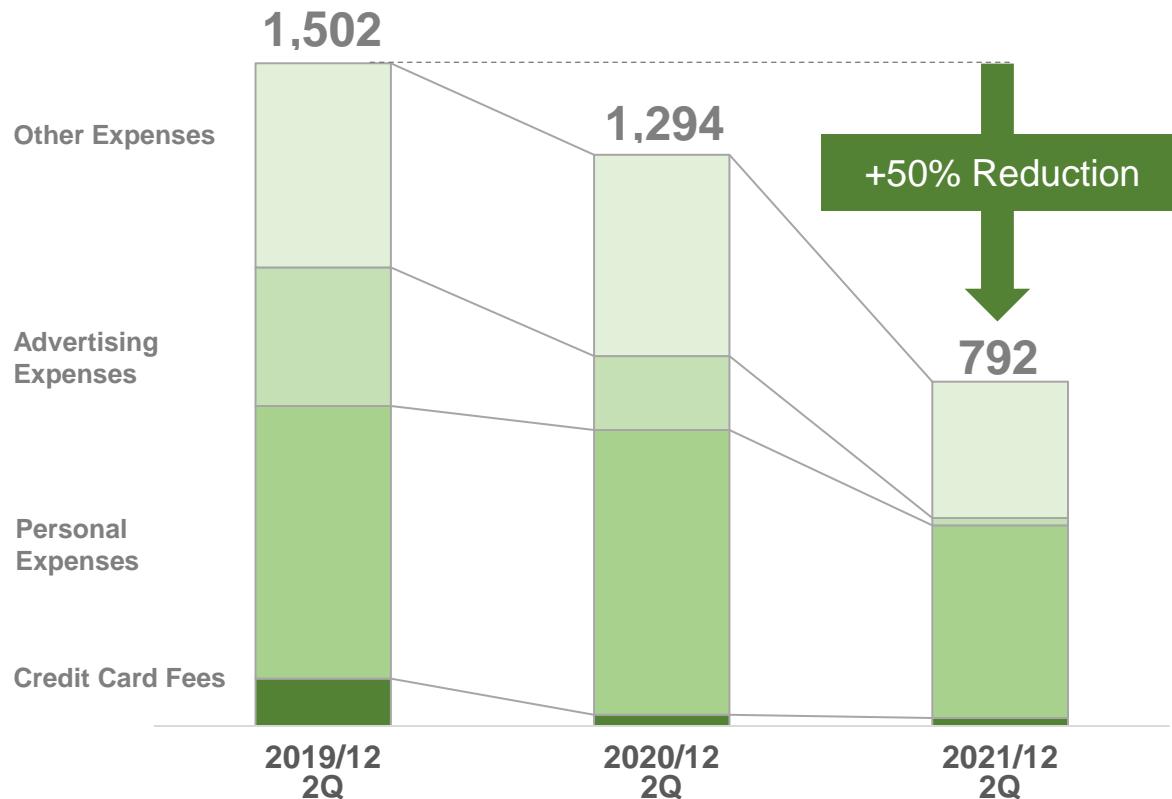




Financial measures

■ Continue thorough cost reduction

Unit : million yen



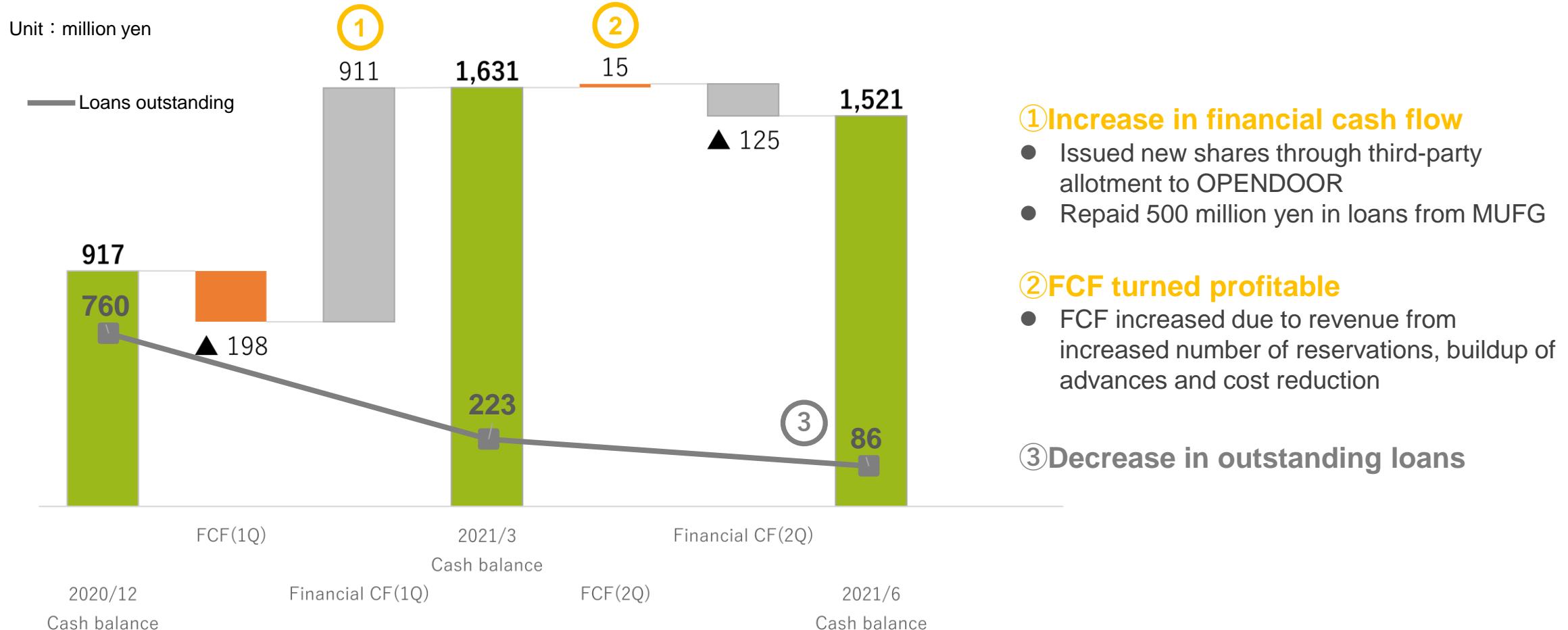
Strengthen financial base and maintain management structure by significantly reducing fixed costs

- **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





Balance Sheet Summary (Consolidated)

■ Capital adequacy ratio is 64.4%, maintaining financial soundness

(Unit: Million Yen)	Period Dec 2020	Period Q2 2021	Change	Notes
Current Assets	1,098	1,666	568	
Cash and deposits	917	1,521	603	
Fixed Assets	620	537	▲82	Decrease of 56 million yen in software and 38 million yen in investments and other assets
Total Assets	1,718	2,203	485	
Current Liabilities	1,136	773	▲363	Short-term loans payable decreased by 599 million yen, while advances received increased by 202 million yen
Fixed Liabilities	29	3	▲25	Long-term debt decreased by 25 million yen
Total Liabilities	1,165	776	▲389	
Favorable Sub Liabilities	760	86	▲674	
Total Net Assets	552	1,427	874	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
Capital to Asset Ratio	31.9%	64.4 %	+32.5pt	



C/F Summary (Consolidated)

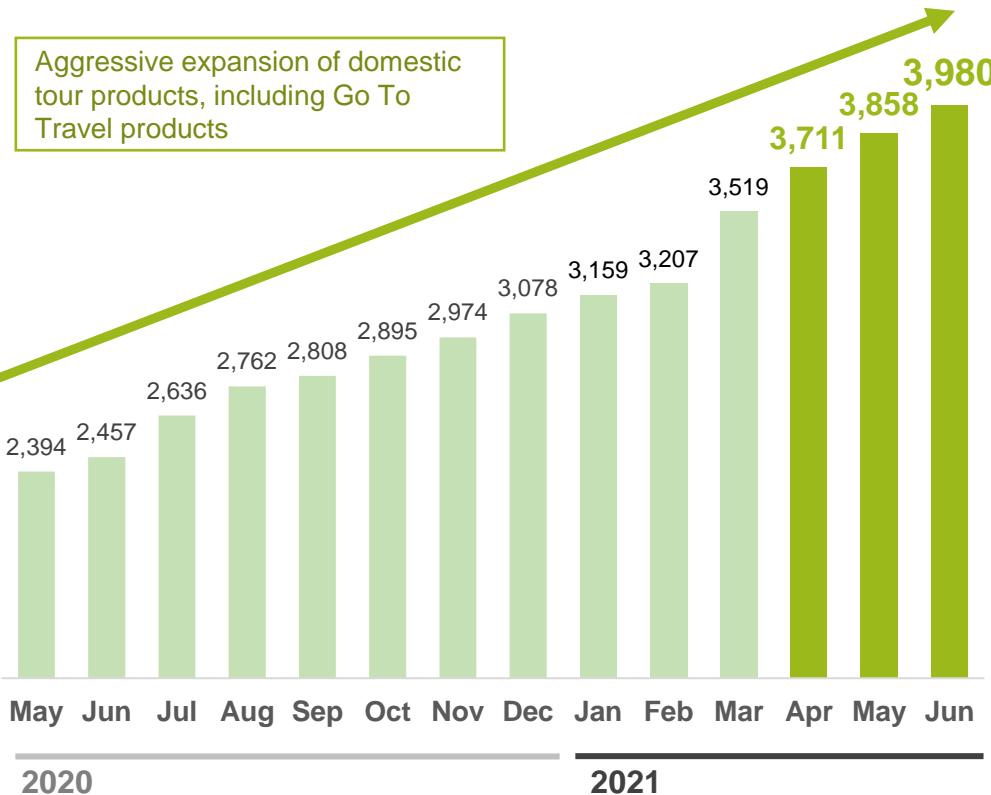
■ Cash and cash equivalents at end of period increased due to increase in each cash flow category.

(Unit: Million Yen)	Period Q2 2020	Period Q2 2021	Change	Notes
Operating Cash Flow	△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
Investing Cash Flow	△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
Financing Cash Flow	△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
Balance of cash and cash equivalents at the end of the quarter	1,206	1,521	+314	

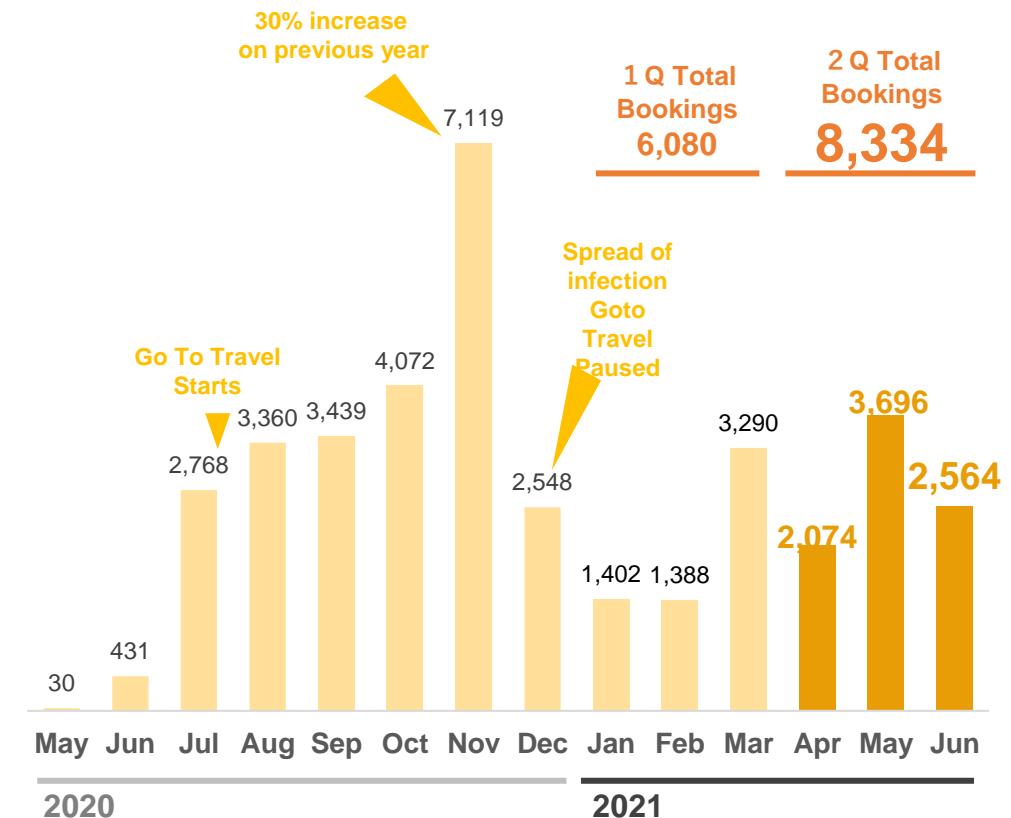
Strengthening of Domestic (Japan) Business

- 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



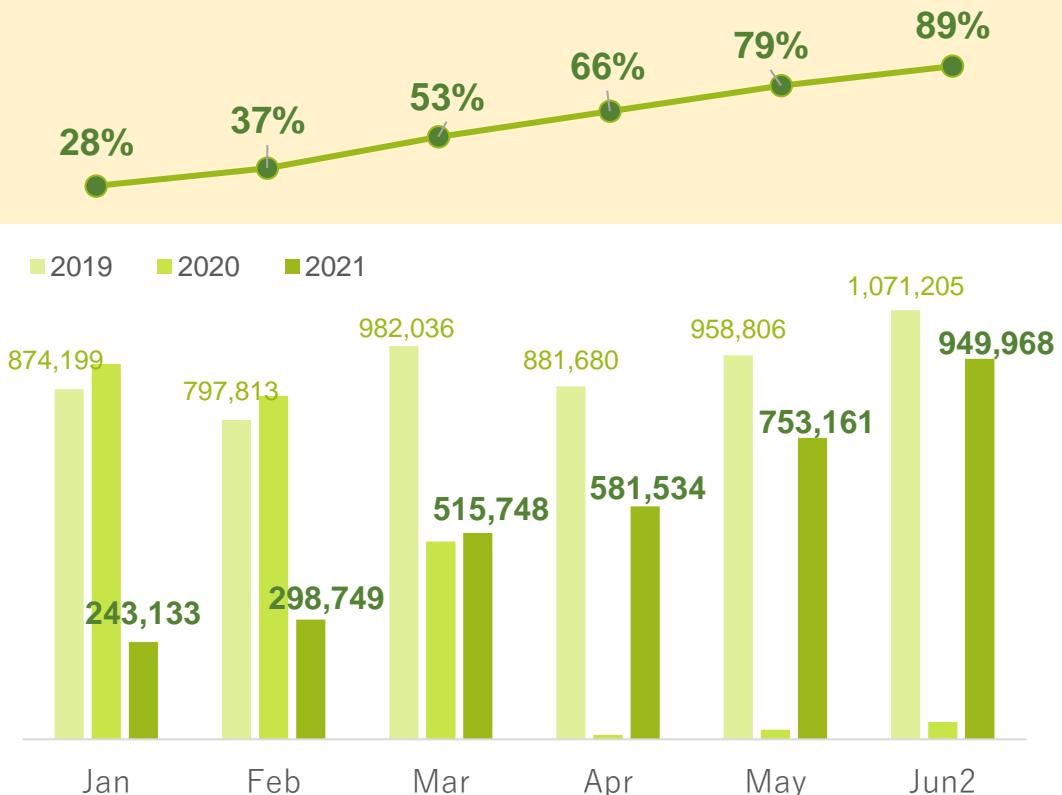


Hawaii Activities Recovery Status (2021 vs 2019)

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

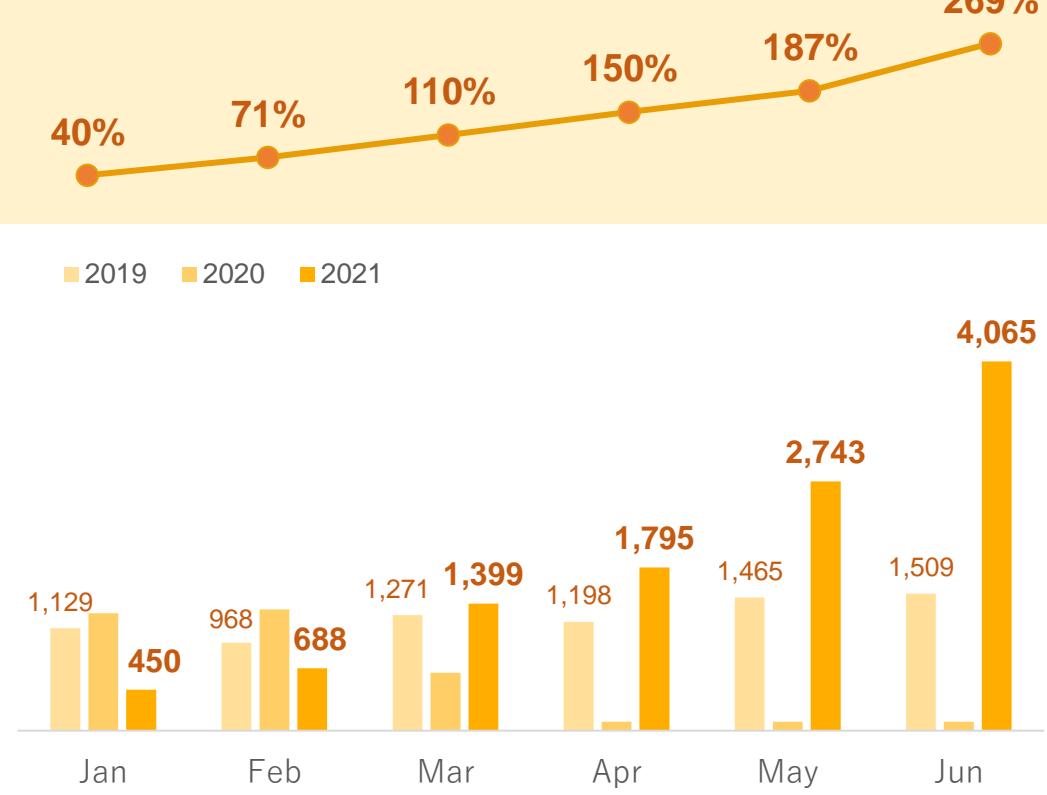
Hawaii Visitor Trends

Traveler recovery rate vs2019



Hawaii Activities Monthly Bookings

Booking recovery rate vs2019



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.

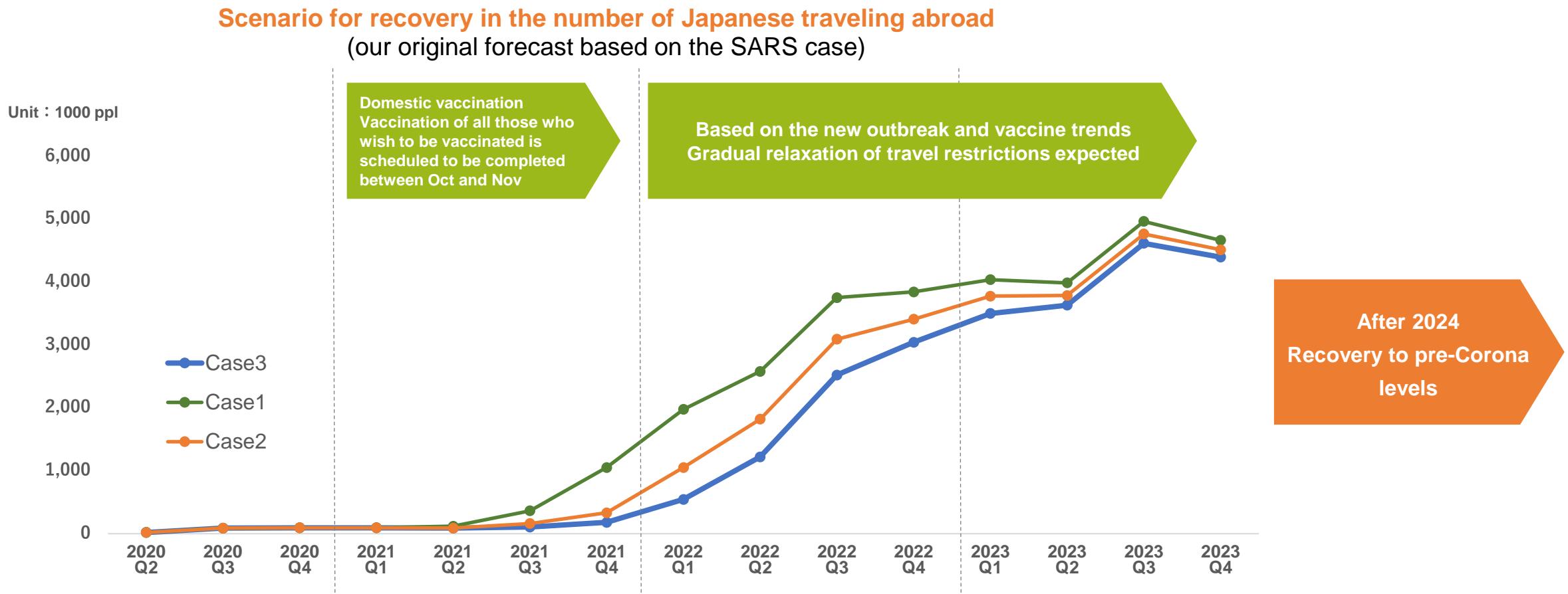


FY 2021 Future Actions



Overseas Travel Market Trends (Our Recovery Forecast)

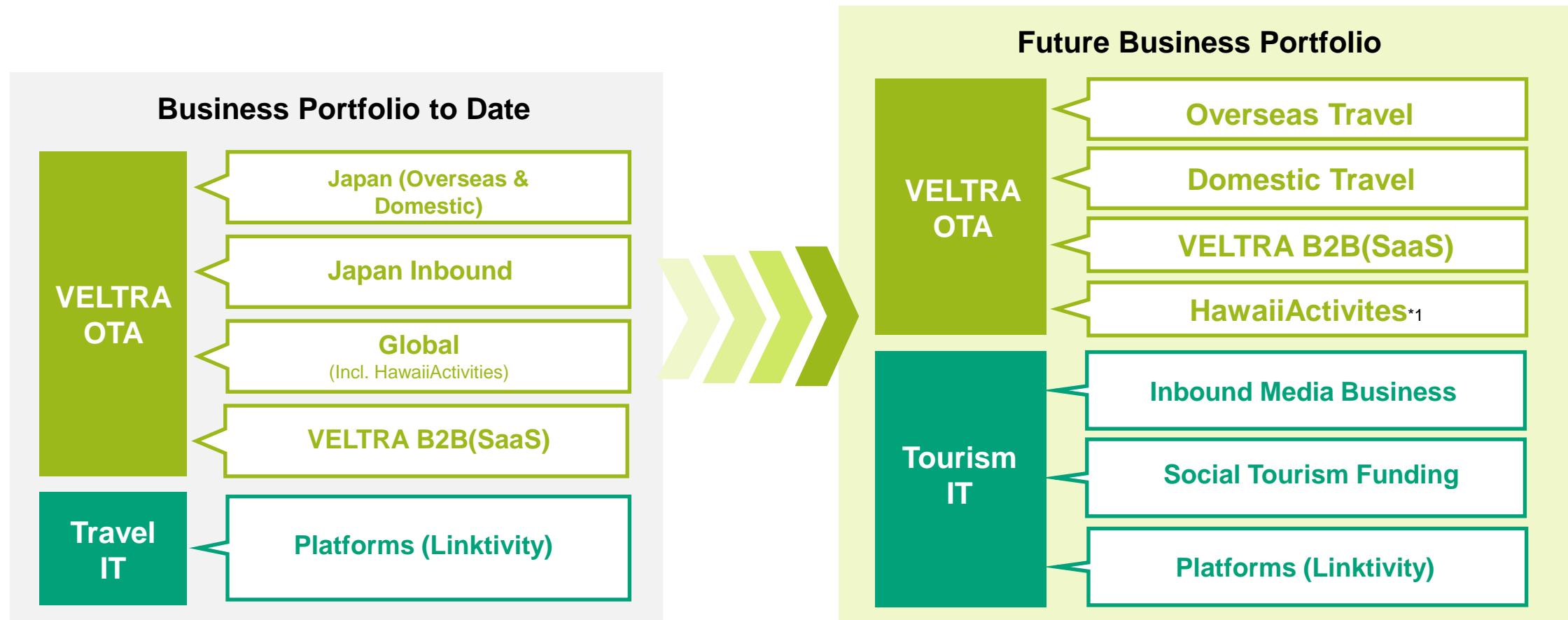
- Recovery of overseas travel is still uncertain, and full-fledged recovery is still assumed for 2022.
- The three scenarios are based on past travel recovery scenarios at the time of the SARS outbreak, and are calculated to start in June (Case 1), August (Case 2), and October (Case 3).
- Although there 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





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.





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

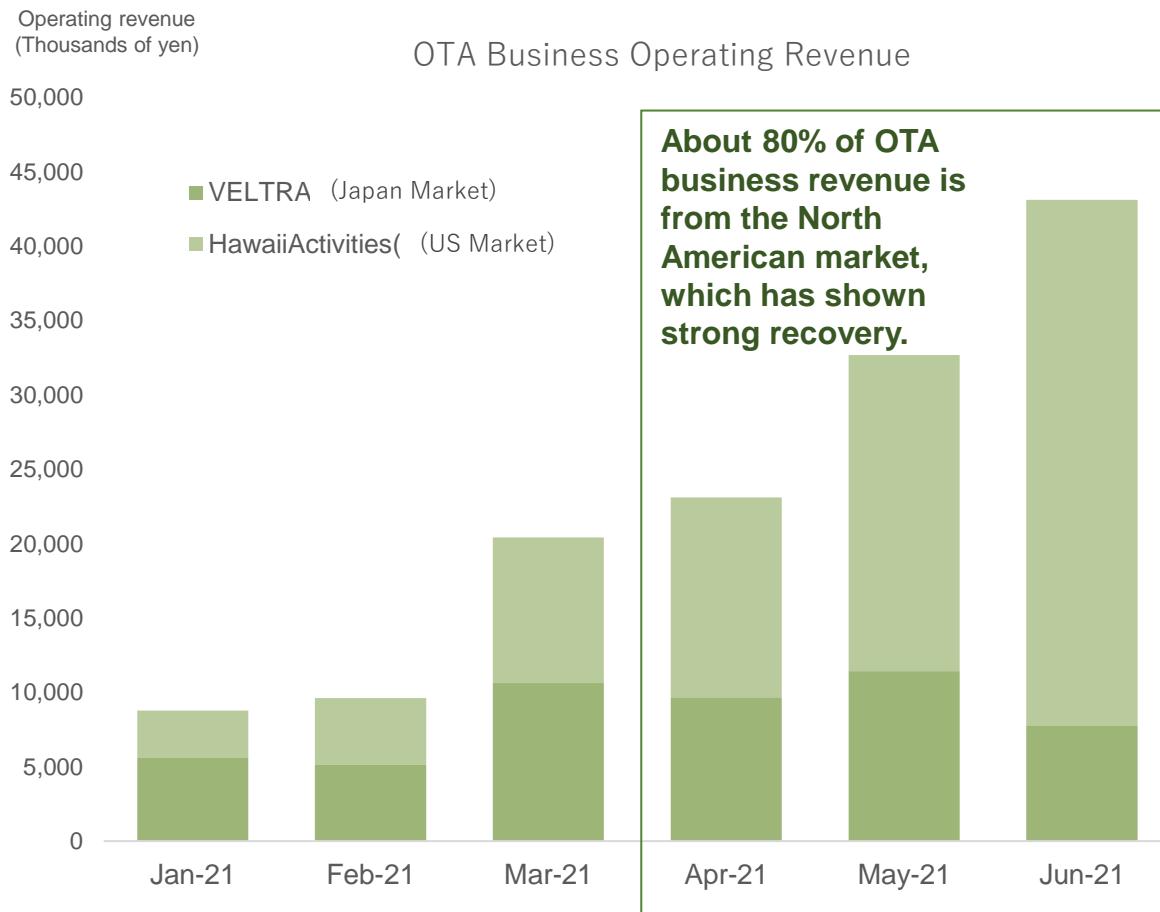
We expect domestic travel demand to recover ahead of the rest of the world as vaccination progresses, and we are currently strengthening our product lineup for domestic travel.

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.



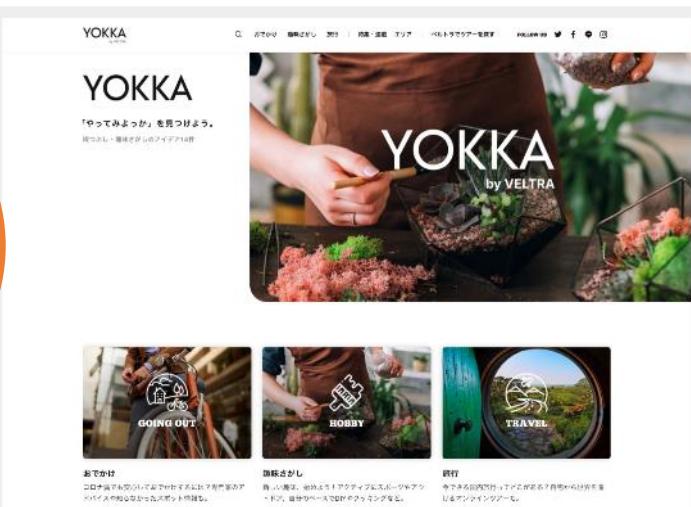
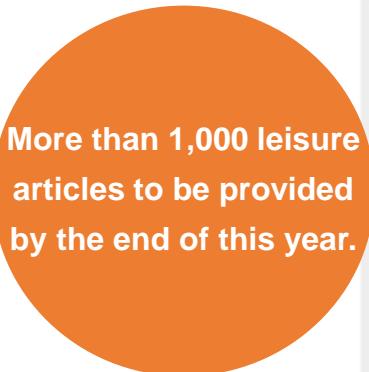


New Services IT Tourism: Experiences & Information in the New Normal

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.



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



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

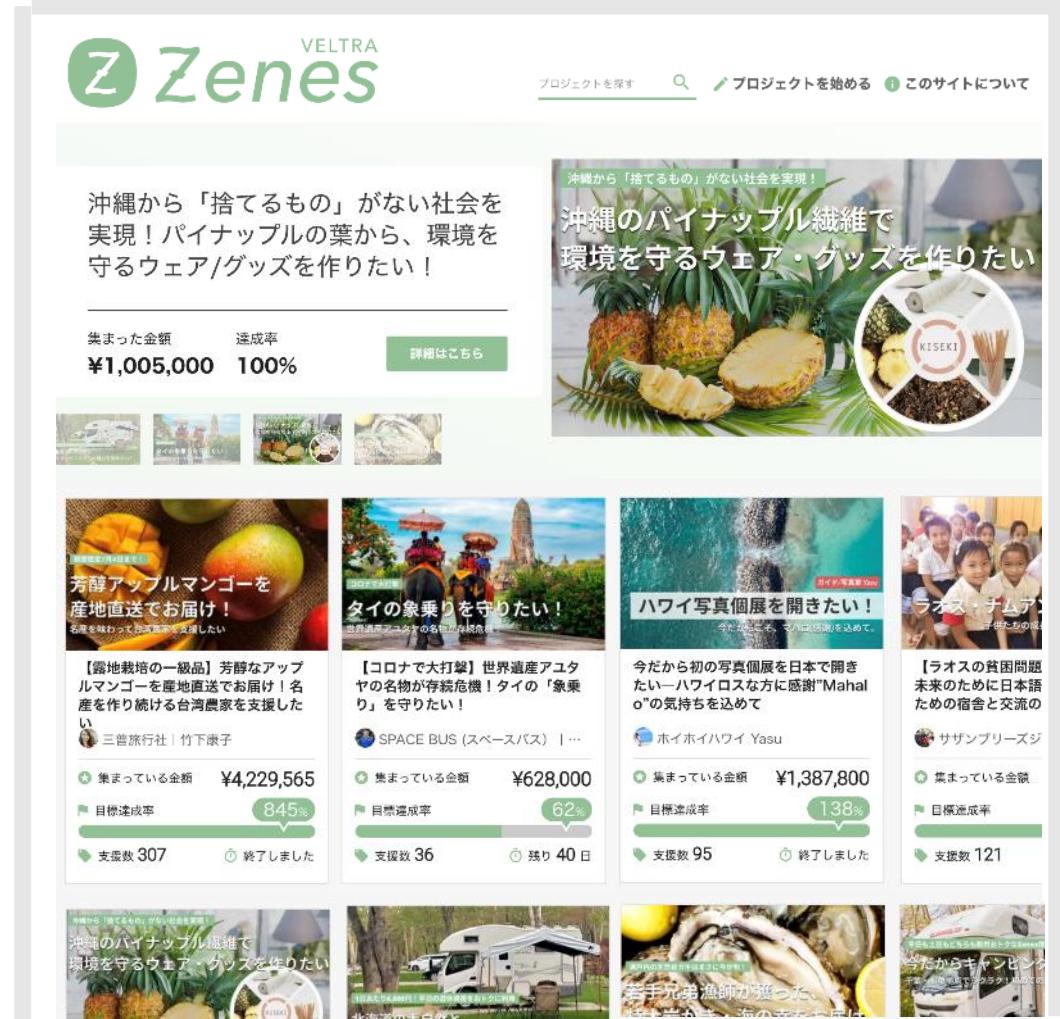
Creating connections between travel enthusiasts and new tourism services through crowdfunding focused on the tourism industry

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, the Zenes logo is displayed. Below it, a featured campaign for "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" (Creating apparel and goods from pineapple fiber to protect the environment) is shown, with a goal of ¥1,005,000 and 100% reached. The main content area displays several other crowdfunding projects, each with a thumbnail image, title, and progress bar. Projects include:

- 芳醇アップルマンゴーを産地直送でお届け！ (Delivering fresh Aroma Apple Mango from the farm to your door!)
- タイの象乗りを守りたい！ (We want to protect Thailand's elephant riding!)
- ハワイ写真個展を開きたい！ (We want to hold a solo photo exhibition in Hawaii!)
- ホイホイハワイ Yasu
- SPACE BUS (スペースバス)
- 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 (Creating apparel and goods from pineapple fiber to protect the environment)
- SEA & KIDS FAMILY CAMPING
- 年千九百漁師が漁った、海の幸を大切に (Preserving the sea's bounty as passed down by 900 fishermen)

Each project includes a progress bar, the amount raised, the target amount, the completion rate, and the number of supporters.



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

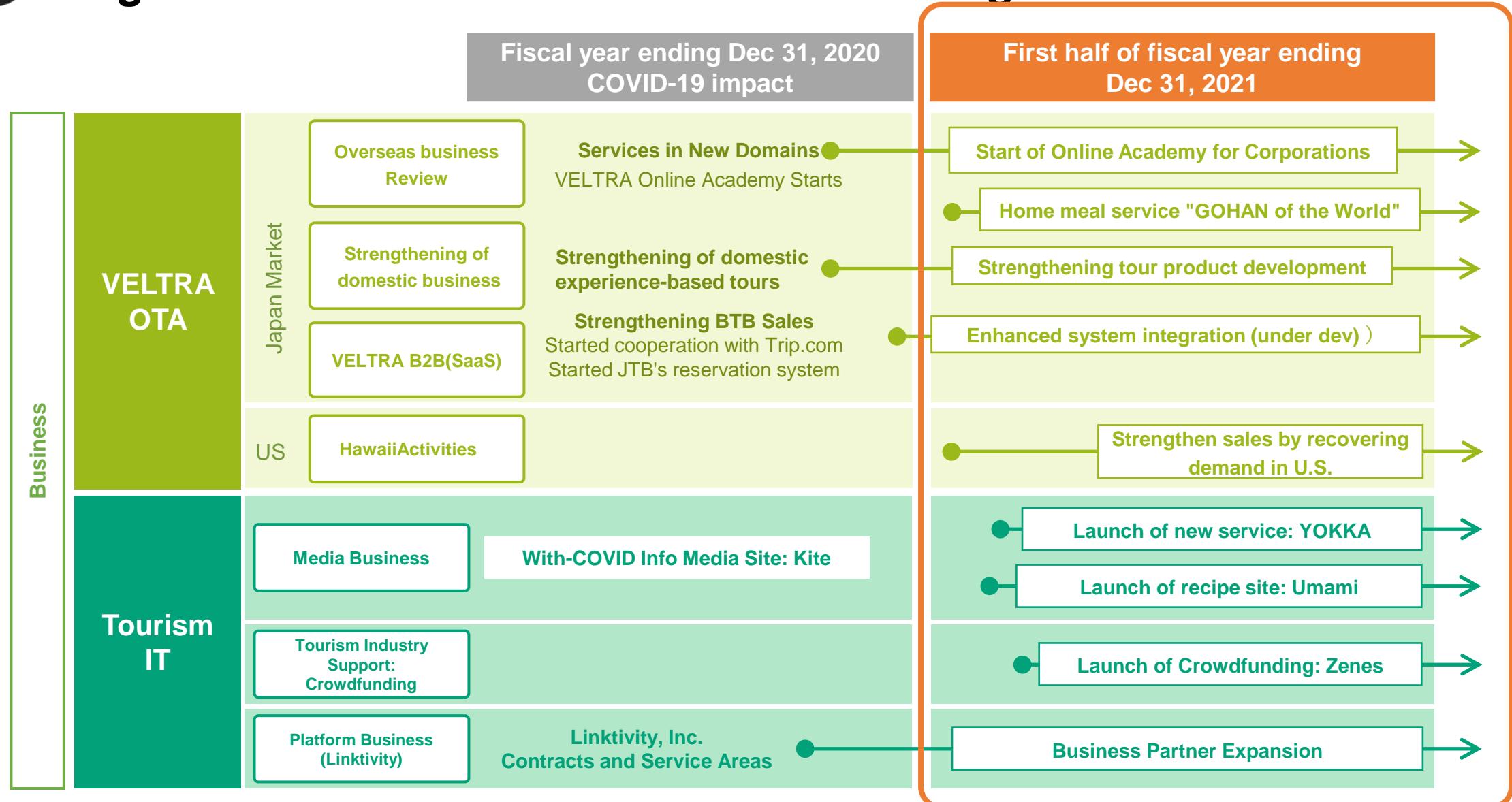


MaaS tie-up





Progress in Business Portfolio Restructuring





Growth Strategy

Goal
(2024~2025)

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.

2020
Initial Plan

VELTRA
OTA
(Global expansion &
B2B)

Linktivity
Ticket Platform

2021
Expansion of Biz Portfolio

VELTRA
OTA

Linktivity
Ticket Platform

Tourism IT

Focus on Japanese market
Expand domestic travel market
Strengthen online tours

Expanding contracted companies
MaaS, strengthen direct sales

Media Business
Tourism Industry Support
Social Funding

2022
Biz Expansion (Recovery)

VELTRA
OTA

Linktivity
Ticket Platform

Tourism IT

Travel Biz

VELTRA
OTA

Tourism IT Biz

Linktivity
Ticket Platform

Tourism IT



Appendix

Company Profile

Company Name	VELTRA Corporation		
Headquarters	1 Kanda Mitoshirocho, Chiyoda, Tokyo	Board Members	President and representative director/CEO
Capital	JPY 1,293,245,120 (as of June 30, 2021)	Director	Ryoko Mannen
Founded	November 1991 (VELTRA.com business initiated in 2004)	Director	Tomoharu Kurakami
Fiscal Year Closed In	December	Director	Jumpei Minashima
Number of Employees	Headquarters: 111 (Consolidated: 135)	Outside director	Kenichiro Sakamizu
Subsidiaries	[Malaysia] VELTRA Malaysia Sdn. Bhd.	Outside director	Gaku Suzuki
	[Philippines] VELTRA PHILIPPINES, INC.	Auditor	Rodney Cuthbert
	[USA (Hawaii)] VELTRA Inc.	Part-time auditor	Tetsushi Ikeda
	[Korea] VELTRA KOREA Inc.	Part-time auditor	Masato Mori
	[Japan] LINKTIVITY Inc.		Masayuki Kono
Business Branches	London, Bangkok, Ho Chi Minh		



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.

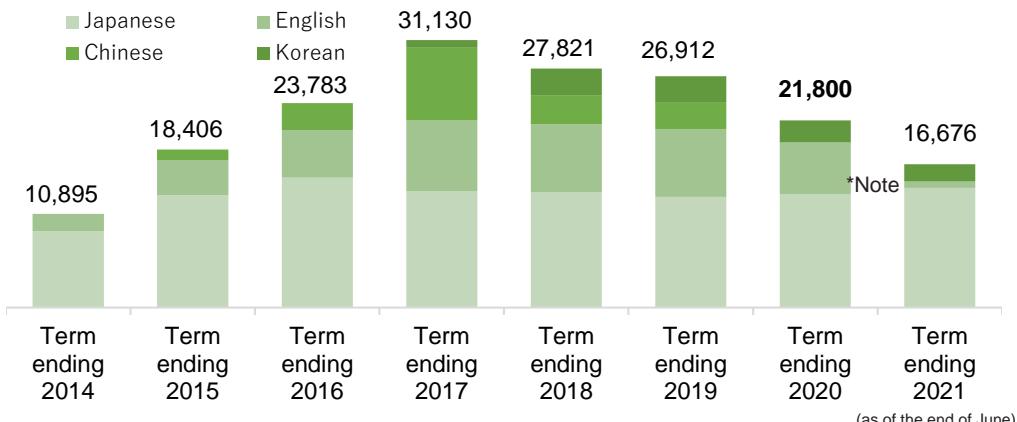
Prosperous coexistence

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

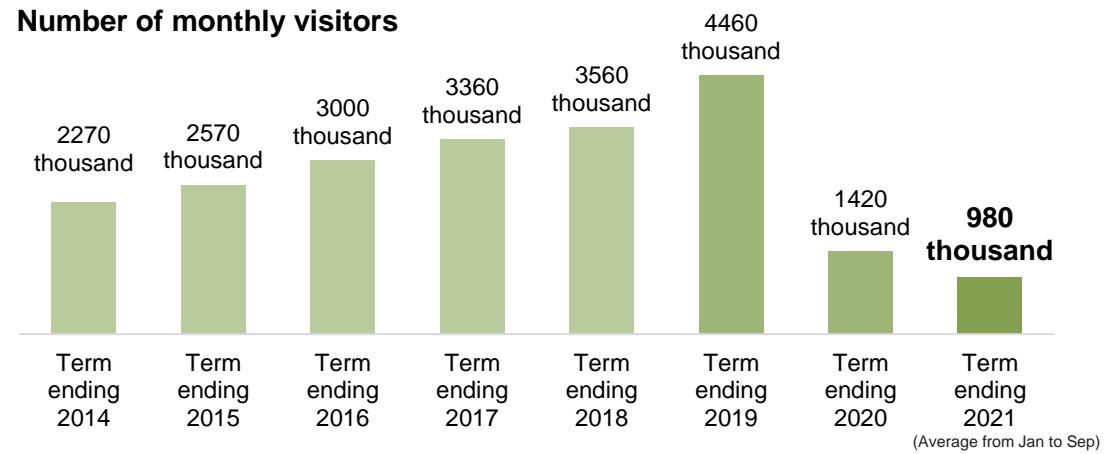
- Business collaboration with approximately 5,000 companies in 150 countries world-wide—the largest of its kind in Japan.
- Customer support is provided in four languages (Japanese, English, Chinese, Korean).
- Provide products to meet various consumer needs with high level customer support.

Number of products by market (language)



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

Number of monthly visitors

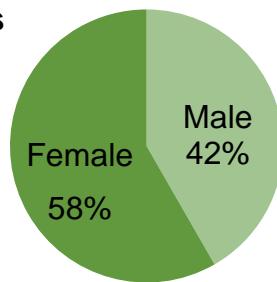


Number of contracted Tour & Activity Suppliers

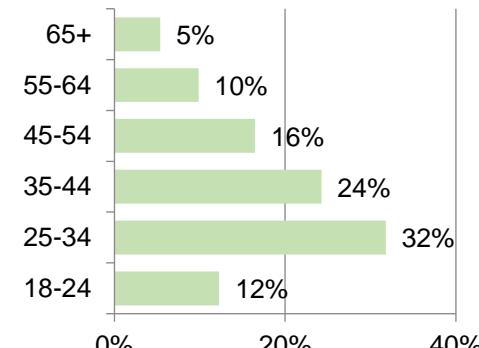
150 countries in the world

Approximately 5,000 companies

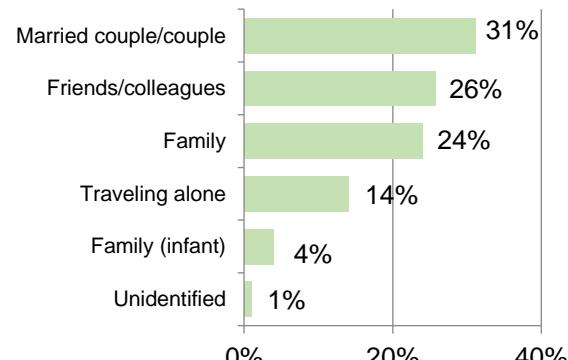
Gender



Traveler age group

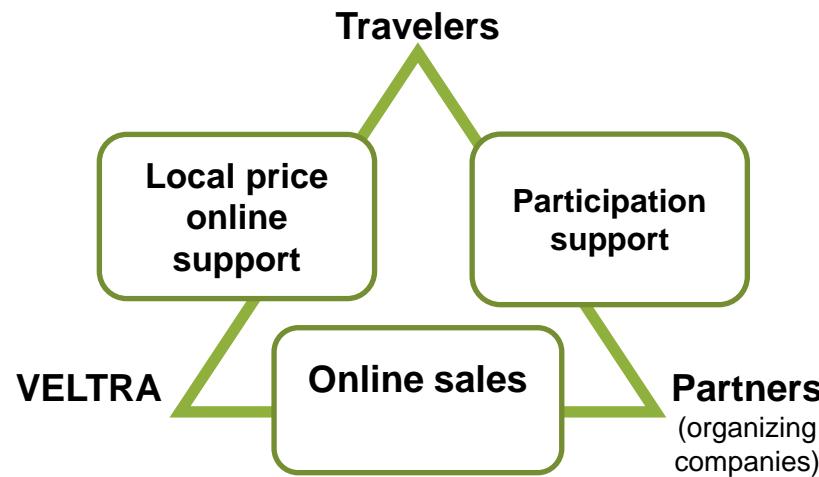


Traveler characteristics

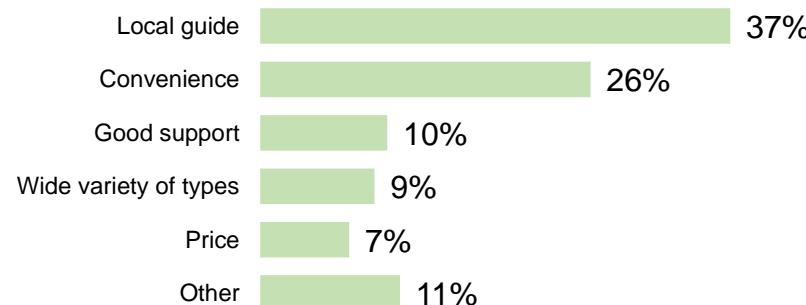


Our Strength: Real-Time Support Provided Online

- 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

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

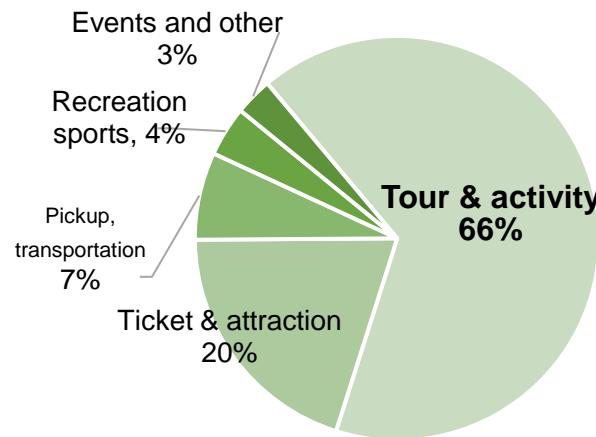
1. Not only provide tours and activities but also manage product quality
2. 365-day online support
3. Support in English, Japanese, Chinese, and Korean



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



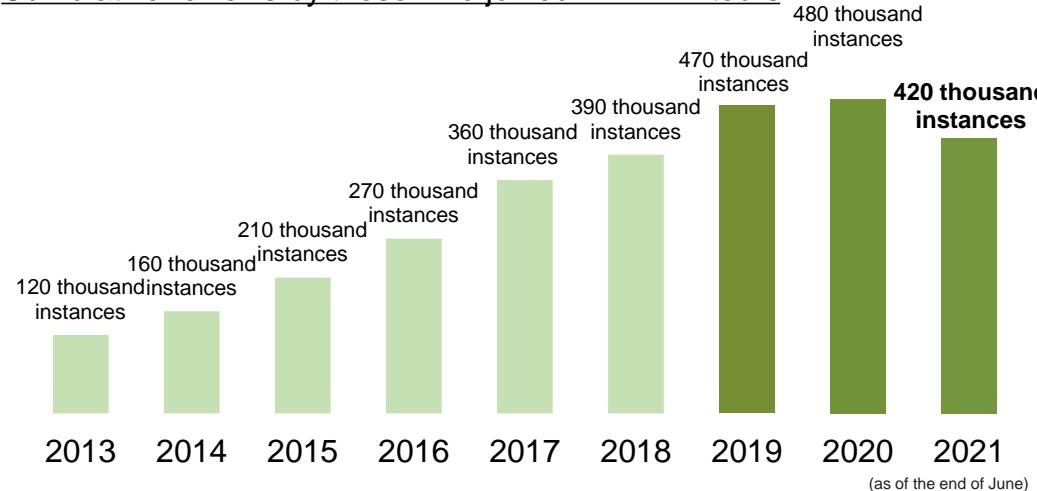
*For details of target products, refer to "Sales Target Products materials at the end of the "slides



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.

Cumulative reviews by those who joined VELTRA tours



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。

すぐい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車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

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

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.

The purpose of this document is to provide information, and not to solicit the selling or buying of VELTRA shares. VELTRA requests that you avoid making investment decisions based entirely on information provided in this document and that you choose your investments at your own discretion when making actual investments.

Also, regarding information other than those included in this document, it is quoted from disclosed or other information, and VELTRA has not verified the accuracy or appropriateness of such information, and it will give no guarantees for said information.

