



VELTRA changes TRAVEL

FY2022 1Q Financial Results



VELTRA CORPORATION:TSE7048

TOPICS



Celebrating the brand's 10th anniversary in the spring of 2022, VELTRA has introduced a brand new logo, as well as a new corporate identity.



We have always believed that the essence of travel lies in cultural exchange and new encounters. Since our very beginnings, VELTRA has sought to create opportunities for our customers to experience the world with you.

Our world has changed over the past few years, and the shape of travel is transforming as well.

VELTRA will also continue to change. Our new logo design reflects our determination to evolve.



Vision

Realize a better world through hospitality

Customers, business partners, investors, and employees: we are committed to the realization of a society where everyone is happy and satisfied with each other. By working together with our stakeholders, we will realize better interactions with society on a global scale.

Mission

Design the genuine experience of tomorrow

A "genuine experience" is one which delivers on the wonder of cultures, nature and new encounters. VELTRA will continue to create opportunities for experiences as diverse as life itself, not only during travel, but also throughout our services.



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FY2022 Q1 Results Overview



Financial Results

- Operating revenue for the first quarter of FY2022 was 139 million yen, a significant increase of 268.6% y/y, mainly due to a recovery in travel demand compared to the January-March period of 2021.
- We continued to implement thorough cost control measures that started in 2020.

Business Environment

- The global trend is shifting toward a full-scale new normal (coexisting with COVID 19), including the expansion of vaccination, shortening of quarantine period at entry into Japan, and prioritization of economic activities.
- The number of foreign visitors to Japan from January to March 2022 will be approximately 100,000; up about 34,000 from the same period in 2021. The number of Japanese departing Japan will be approximately 190,000; up approximately 90,000 from the same period in 2021.

Revision of Business Portfolio

- We continued to focus on our domestic travel offers, expanding the number of products to a total of 5,084; bringing +363 experience based products to market since Q4 FY12/09.
- The company made steady progress in restructuring its business portfolio, including the expansion of revenues outside of the international travel business and the challenge of entering new business domains by utilizing the funds raised.

Change in accounting policy (application of new revenue recognition standard)



- Effective from 2022Q1, “Accounting Standard for Revenue Recognition, etc.”, has been implemented.
- Details of change

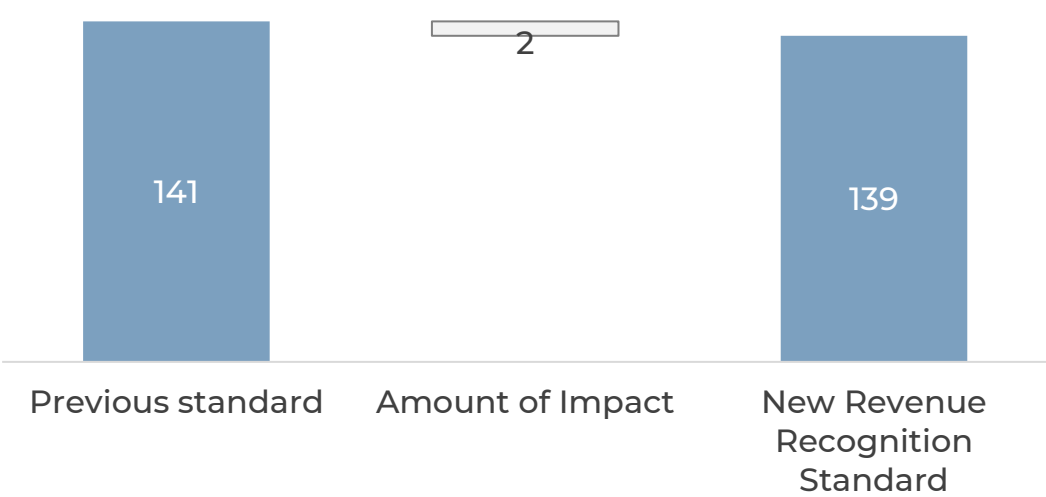
Change in timing of revenue recognition for point scheme

Before	Recognize the future cost of using points granted to customers as "Selling, general and administrative expenses" and present unused points as "Allowance for point scheme" in the balance sheet.
After	Deferring the transaction price allocated to the performance obligation for the rewards to be redeemed for points from revenue as a "contractual liability" and recognizing revenue in accordance with the customer's use of points.

■ Impact of change

Operating Revenue	Decrease in revenue due to deferral of point portion of revenue
Operating Expenses	Decrease in expenses by not recording SG&A expenses as point expenses
Operating Income	No (or minor) Impact
Ordinary Income	
Net Income	

Impact for Operating Revenue FY2022 1Q Results
(Unit: Million Yen)



P/L Summary



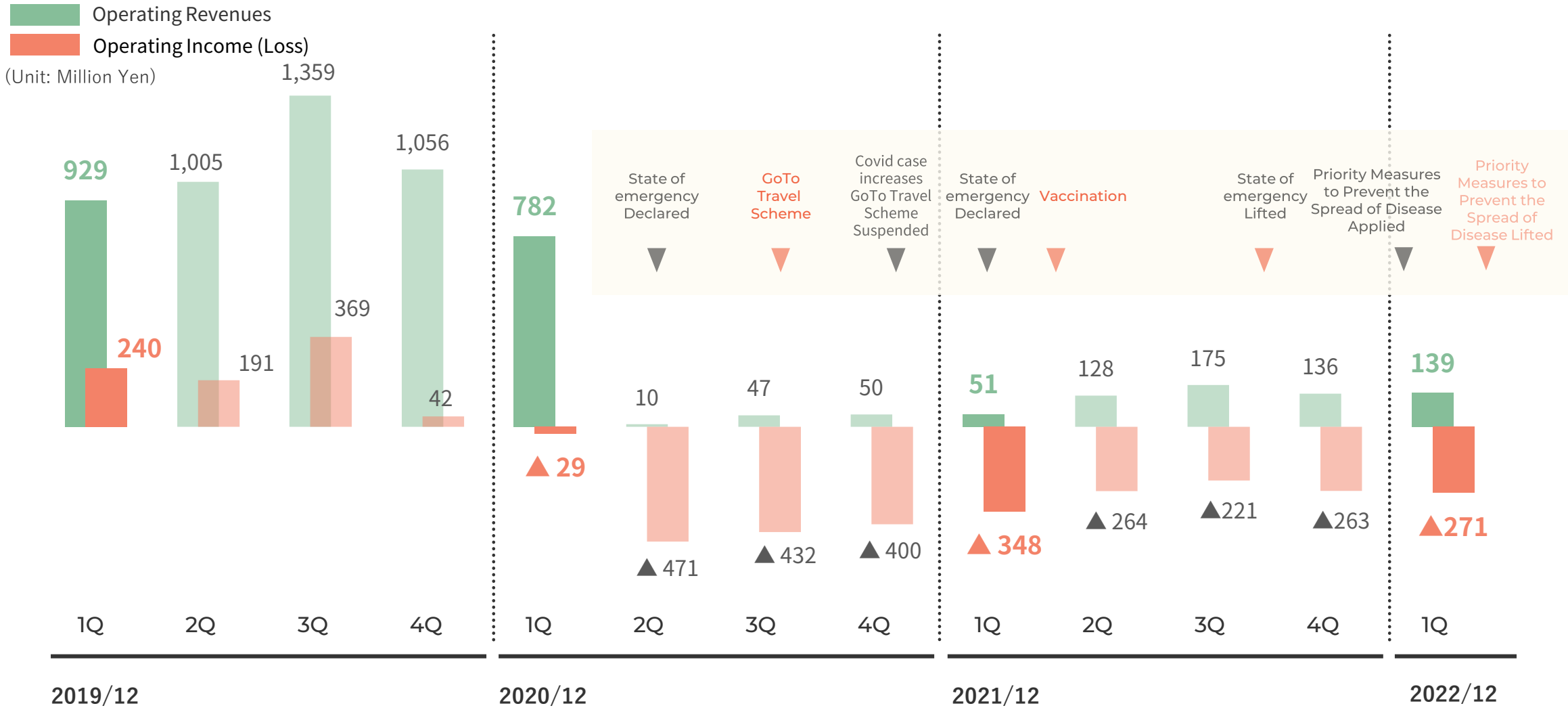
Capturing the recovery in travel demand, operating revenues increased significantly to 268% y/y. Continued efforts to proactively control costs were implemented.

Unit: Million Yen	FY2021 1Q	FY2022 1Q	YoY
Operating Revenue	51	139	268.6%
Operating Expenses	399	410	102.7%
Operating Loss	▲348	▲271	—
Non-operating Income	13	53	
Non-operating Expenses	51	0	
Ordinary Loss	▲385	▲218	—
Extraordinary Expenses	13	-	—
Taxes	1	13	
Net Income	▲400	▲229	—
Net income per share (Yen)	▲12.31	▲6.84	+5.47 Yen

Quarterly Changes in Operating Revenues and Operating Income (Loss)



Operating revenue increased 87 million yen YoY and operating loss also improved by 76 million yen YoY.



B/S Summary

The equity ratio, which was in the 30% range in FY2020, has improved to approximately 60%, maintaining a strong financial base.



Unit: Million Yen	FY2021	FY2022 1Q	Change	Details
Current Assets	1,414	1,676	+261	
Cash and Deposits	1,197	1,398	+200	
Fixed Assets	455	418	▲37	Decrease of 37 million yen in software due to amortization, etc.
Assets Total	1,870	2,094	+224	
Current Liabilities	691	860	+168	Operating accounts payable increased by 59 million yen and advances received increased by 136 million yen
Favorable Sub Liabilities	25	0	▲25	
Fixed Liabilities	3	0	▲3	Provision for retirement benefits decreased by 3 million yen due to the closure of a subsidiary in South Korea
Liabilities Total	694	860	+165	
Total Net Assets	1,175	1,234	+59	Increase in common stock and capital surplus by 131 million yen each due to the exercise of stock acquisition rights, etc., decrease in retained earnings due to net loss attributable to owners of the parent of 229 million yen
Capital to Asset Ratio	61.4%	57.7%	▲3.7pt	

FY2022 Q1 Results by business

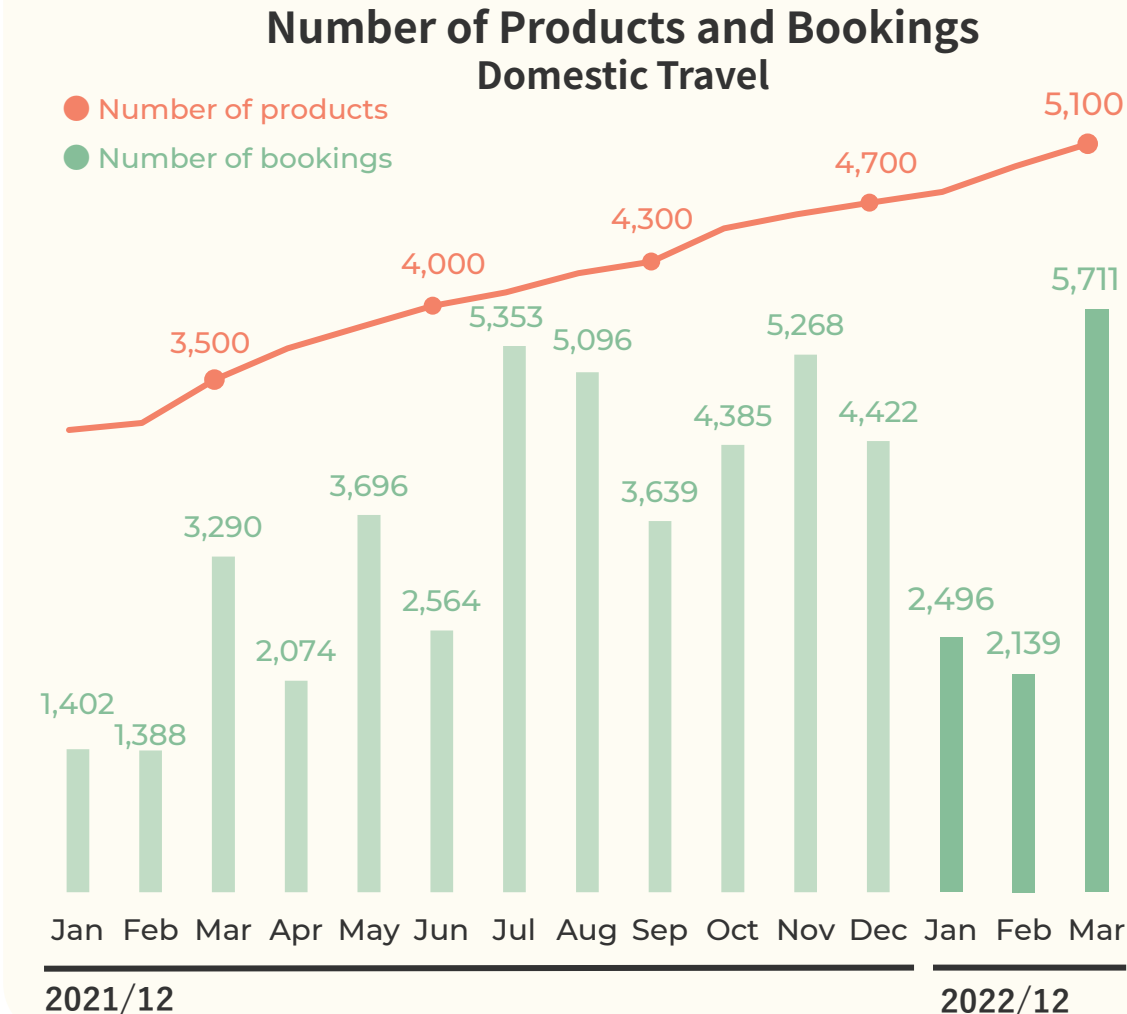
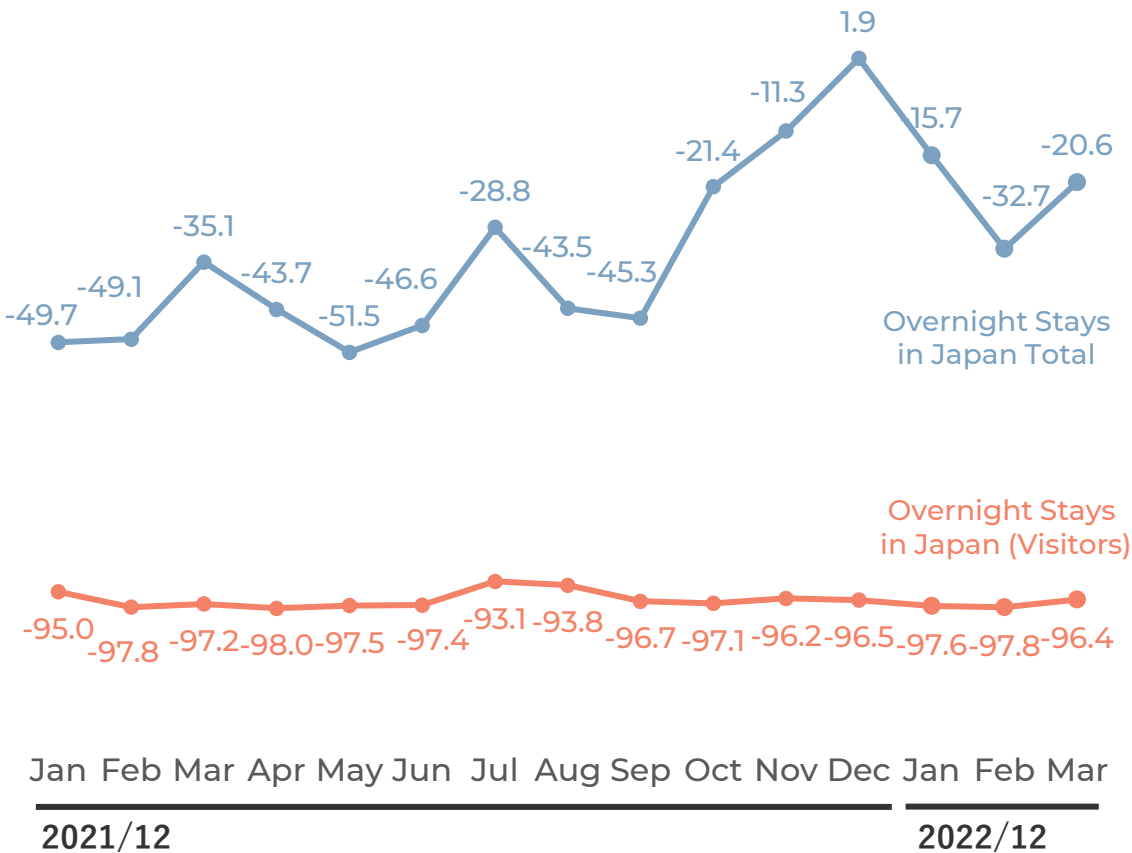
OTA |VELTRA Domestic



Although the number of reservations dropped in January-February 2022 due to the increase of new cases, it is now on the road to recovery. The number of products exceeded 5,000.

Market Environment

Overnight Stays in Japan 2019 Month-to-Month Changes



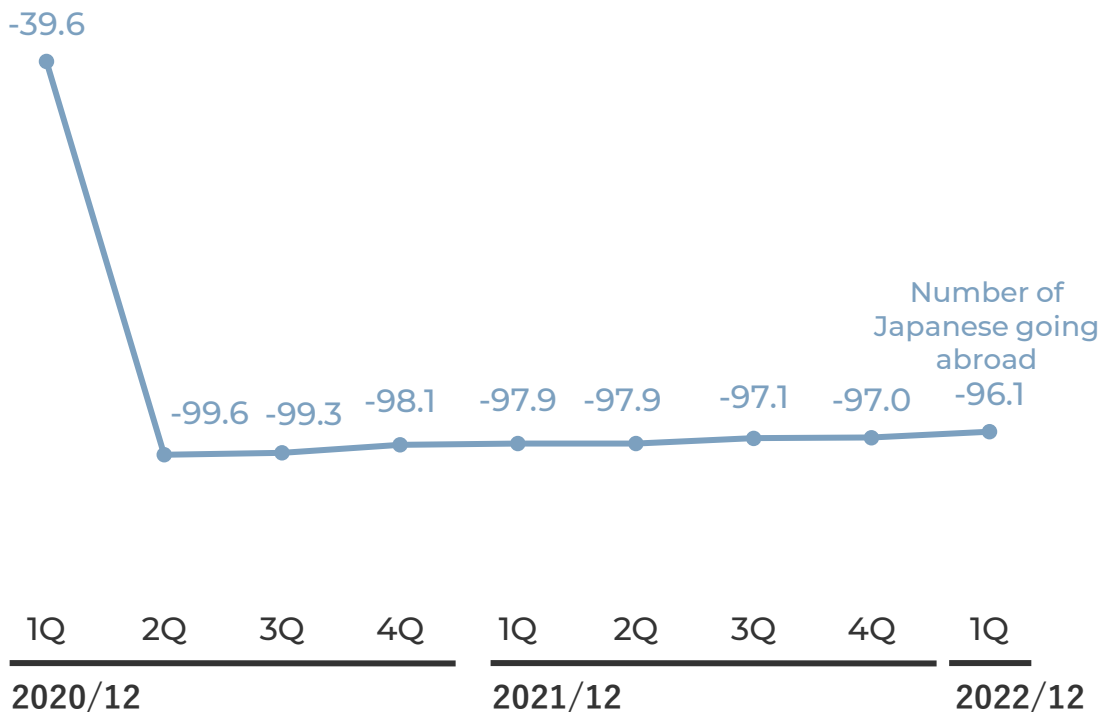
Source: Japan Tourism Agency



Japanese overseas travel has yet to see a recovery in demand, partly due to quarantine measures after returning to Japan from overseas.

Market Environment

Number of Japanese people going abroad
2019 Quarter-to-Quarter Changes



Source: JNTO

Number of Products and Bookings
Outbound Travel

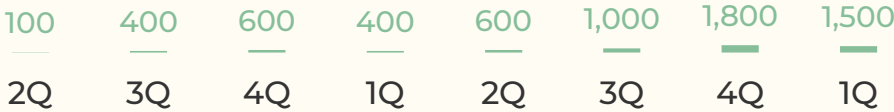


122,100

Going forward, we will continue to update the product pages and promote sales activities in preparation for the lifting of the international travel restrictions.

The number of outbound bookings had been gradually increasing since 3Q 2021, but declined from Jan to Feb in Q1 2022. In Q1 2022, the number of reservations declined from Jan to Feb, and in Mar, an increase in reservations began to be seen.

Number of bookings



2020/12

2021/12

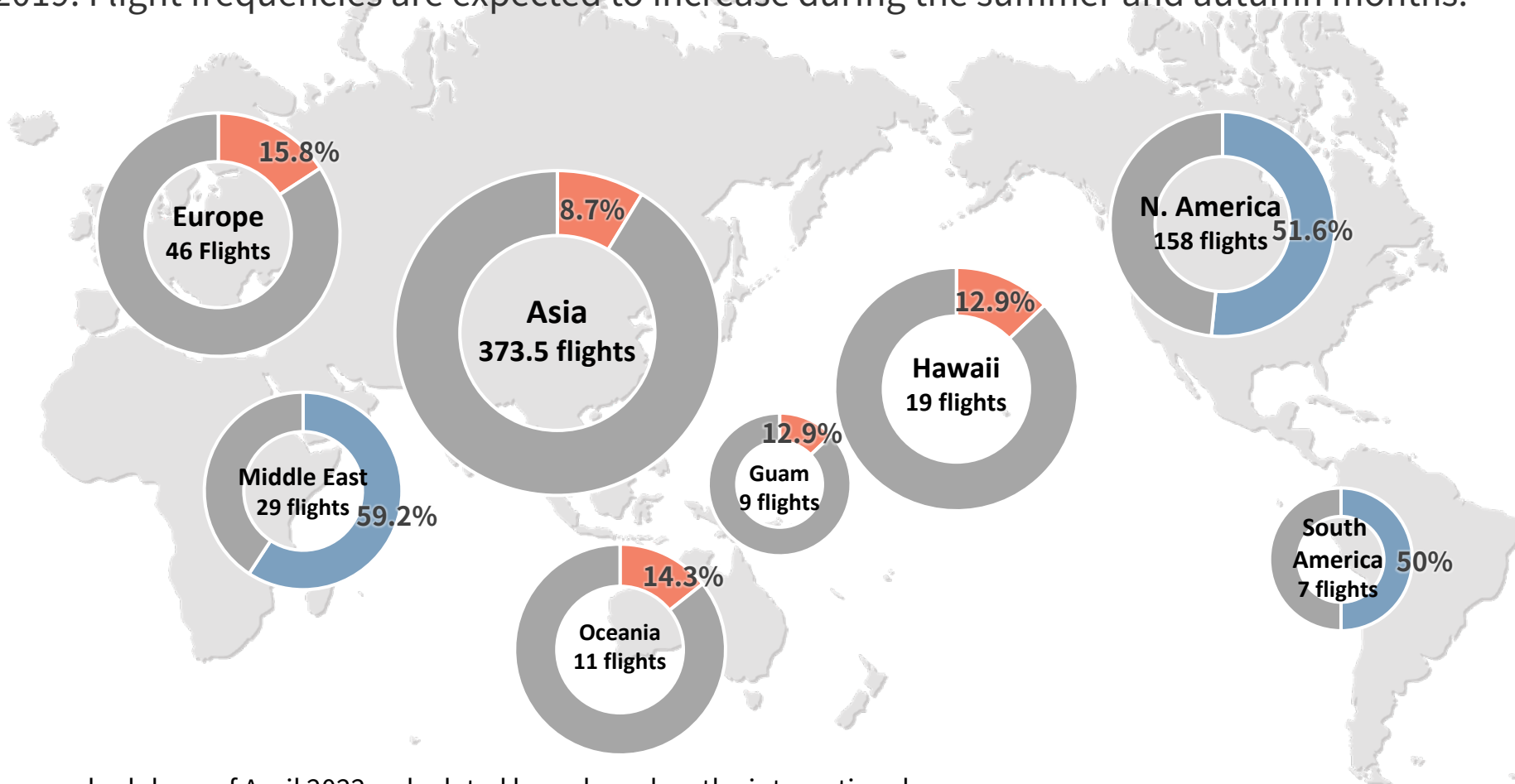
2022/12

*The number of reservations for online tours is deducted.

Current status and recovery rate of international flights (to/from Japan)



As of April 2022, the summer flight schedule (March-October) has recovered to a total of 673.5 flights per week, or 12.7% vs. 2019. Flight frequencies are expected to increase during the summer and autumn months.



Based on the summer schedule as of April 2022, calculated by us based on the international flight service status of the Ministry of Land, Infrastructure, Transport and Tourism.

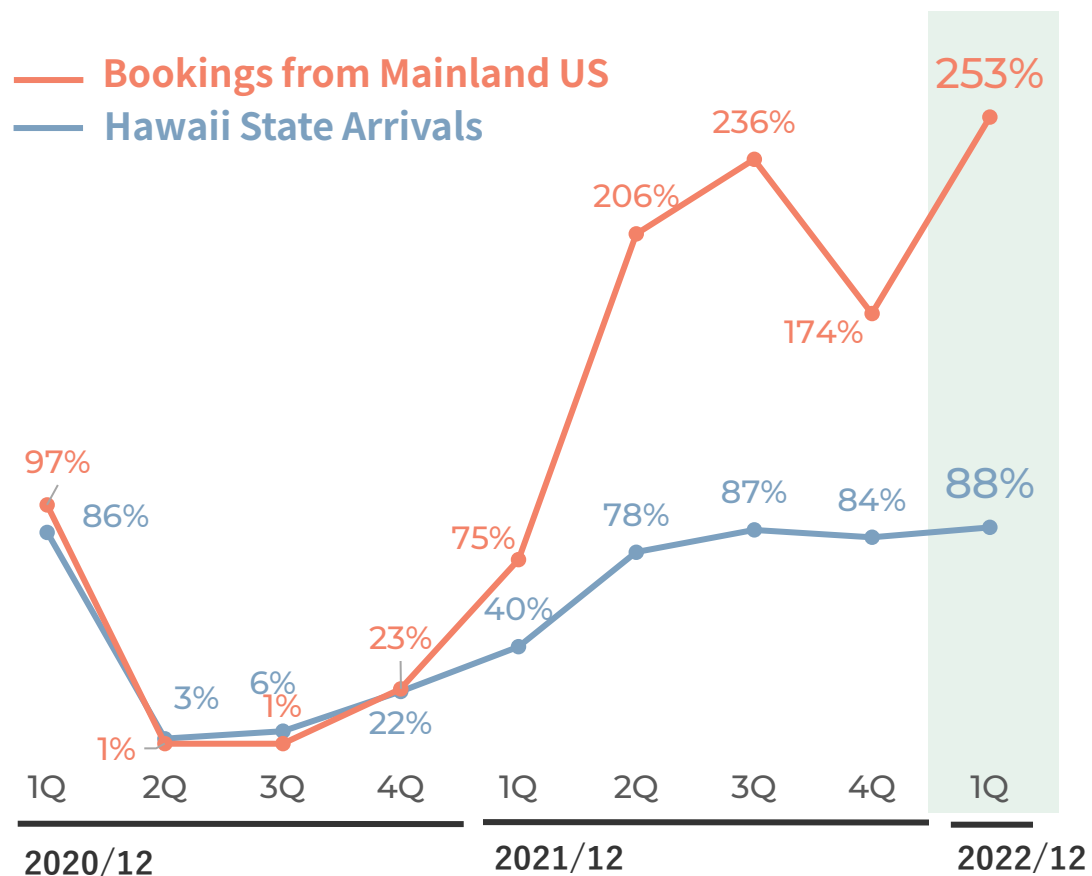
*Recovery rate is based on the 2019 summer schedule.

*Departures and arrivals are counted as one flight.



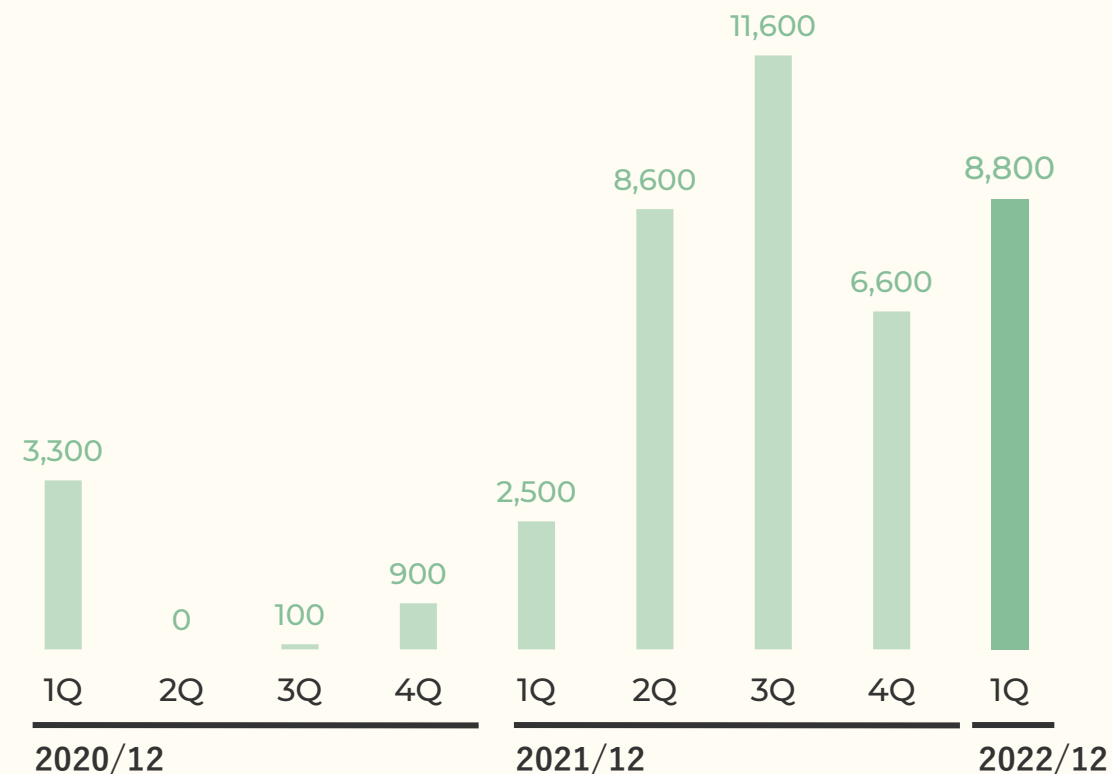
With the lifting of the mask requirements and adoption of the new normal, there was continued travel demand recovery.

Recovery of Hawaii State Arrivals & Bookings from the U.S. Mainland (Comparison to 2019)



HawaiiActivities Bookings

Approximately 600 products are available constantly.



Costs

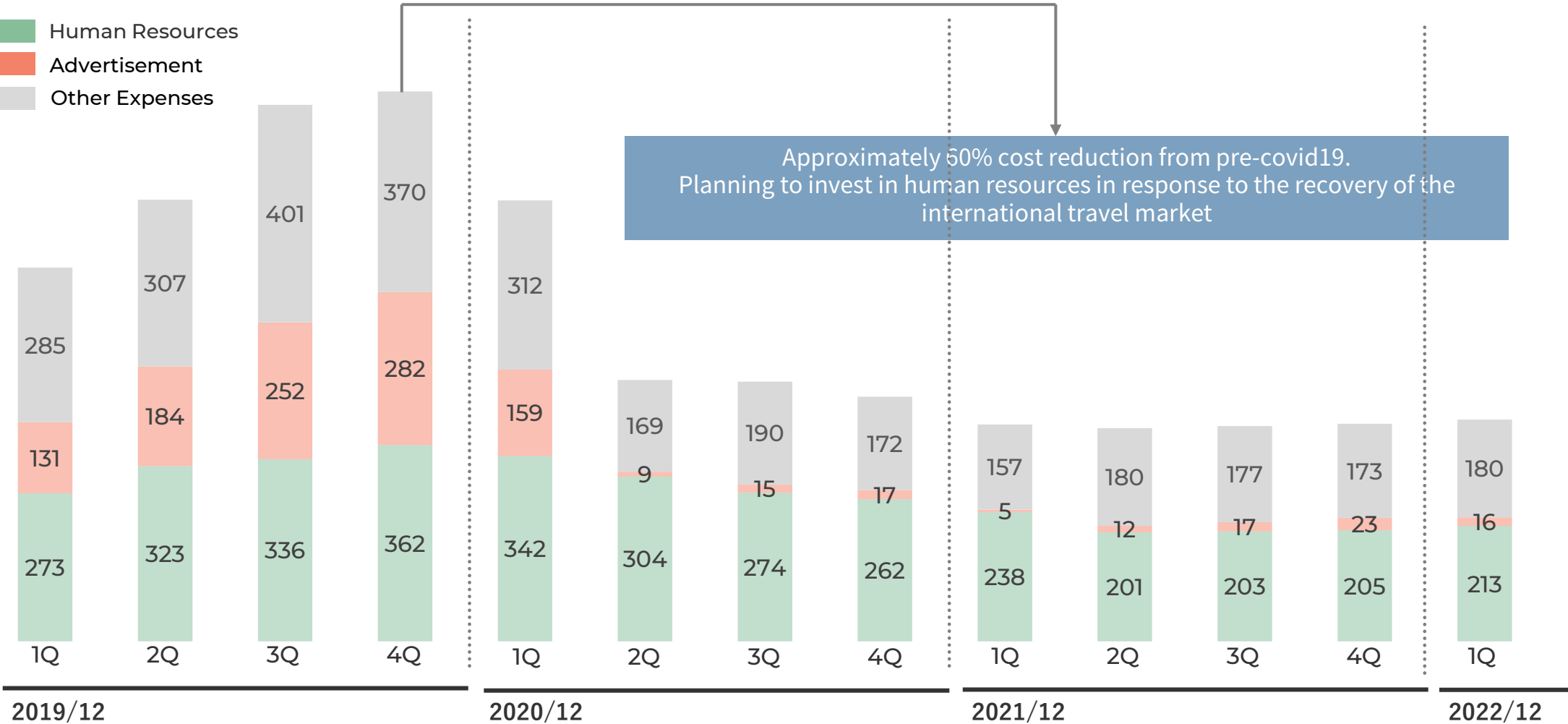
Continued thorough cost reduction starting in 2020.
Going forward, implementing cost controls as revenues recover.



(Unit : million yen)

- Human Resources
- Advertisement
- Other Expenses

Approximately 50% cost reduction from pre-covid19.
Planning to invest in human resources in response to the recovery of the international travel market





VELTRA

Funding by stock acquisition rights

	The 6th series of stock acquisition rights	The 7th series of stock acquisition rights
Exercise price	Initial exercise price 618 yen (Minimum exercise price 433 yen)	Initial exercise price 874 yen
Number of shares issued	2,311,000	995,000
Estimated amount to be raised	1 billion yen to 1.4 billion yen	870 million yen
Progress (as of April 30, 2022)	37%	0%
Main purposes	Restructuring of overseas business, platform business, Expansion of domestic business, investment for system improvement	
Status of appropriation (as of end of April 2022)	No specific appropriation for this purpose at this point	



Financing through third-party allotment of new shares

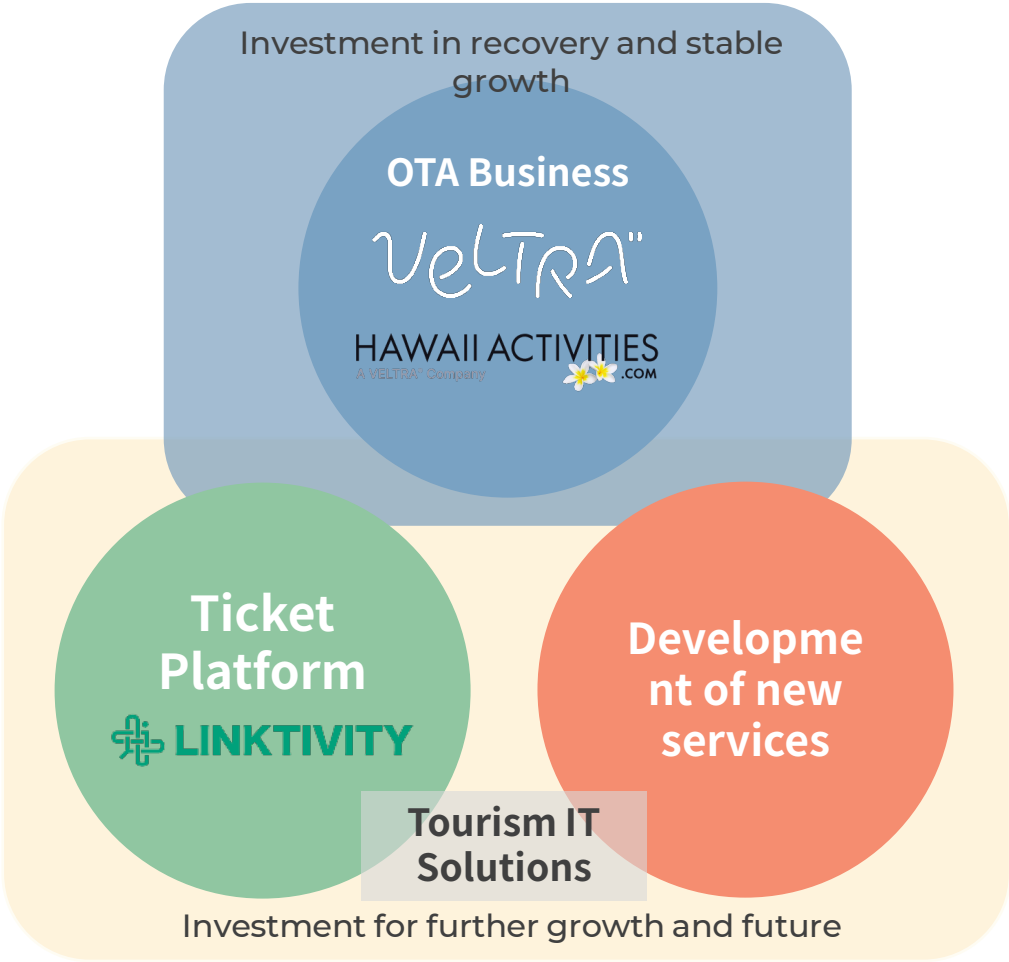
	Third-party allocation of shares
Allottee	Nippon Telegraph and Telephone West Corporation (NTT West)
Payment date	December 28, 2021
Amount	150 million yen
Main purposes	Expand business by strengthening the operating structure, develop new services to promote business growth.
Period to be paid	Between Dec 2021 and Dec 2023

FY2022 Outlook and Initiatives

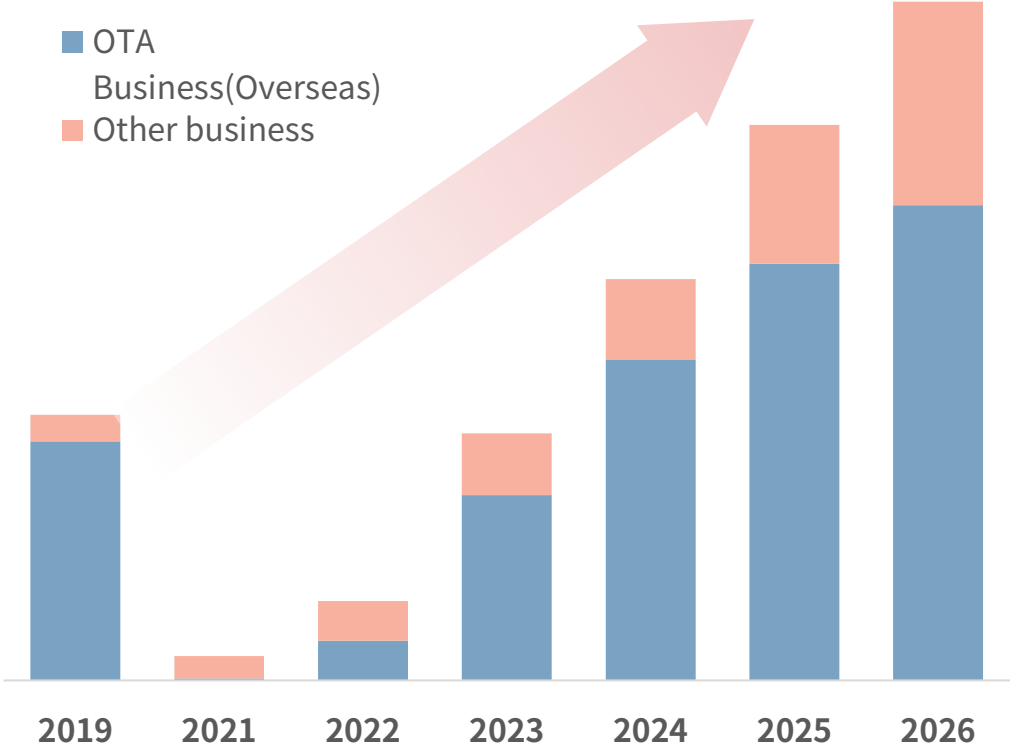
Focused areas for investment



OTA business continues to invest in preparation for the coming travel market recovery.
Expand revenue base by investing in ticket platform and new service development for further growth.



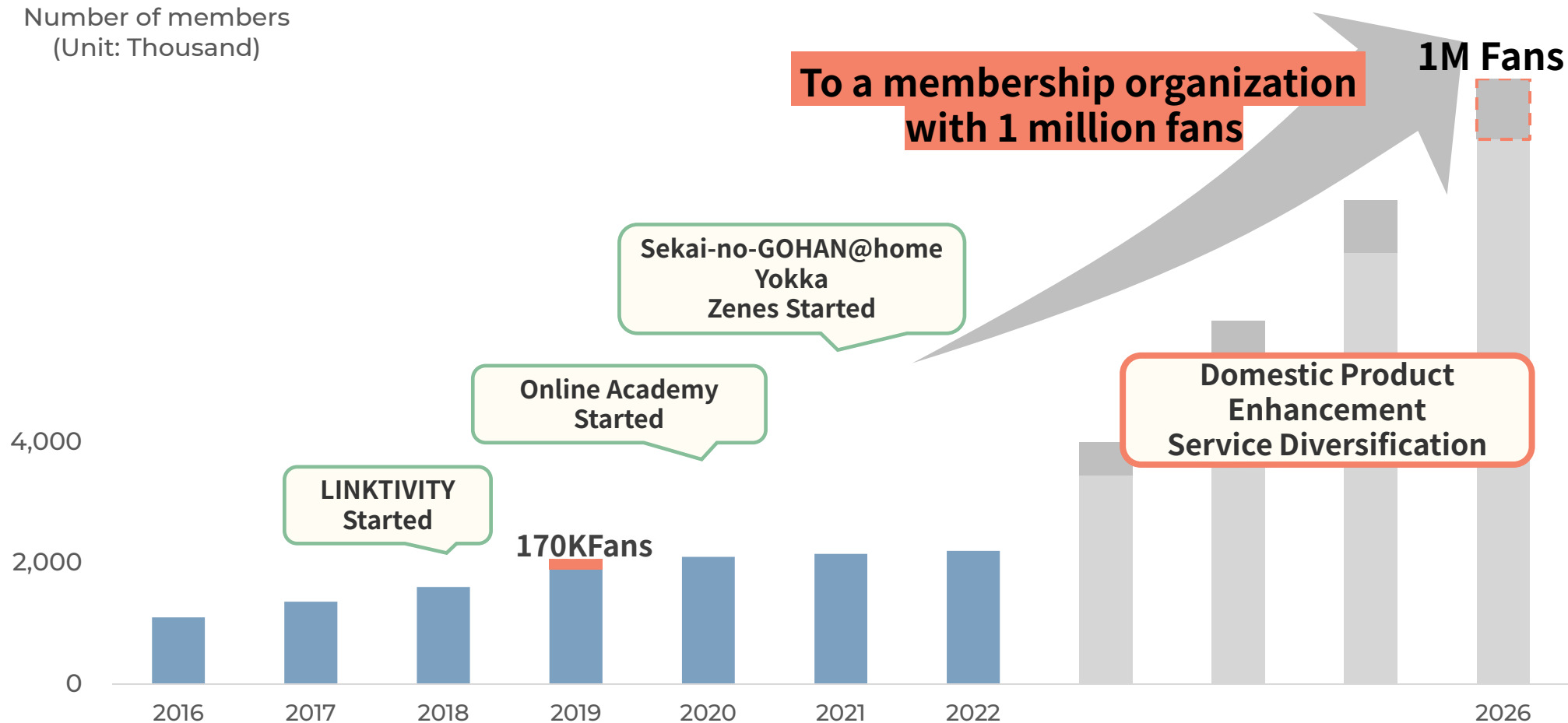
Expanding OTA business and new revenue base



Aiming for a membership base with 1 million loyal fans by 2026



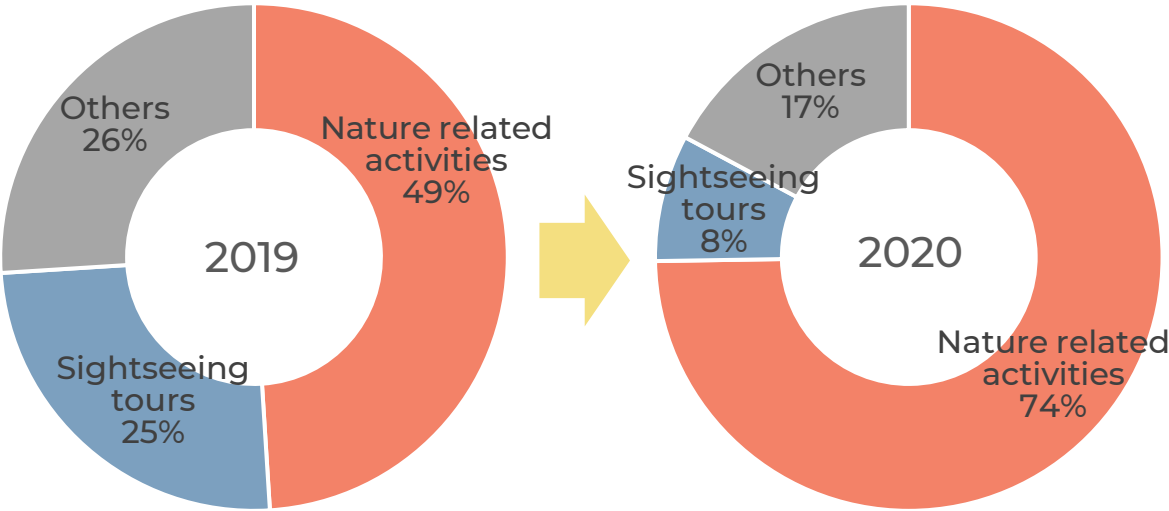
A fan: defined as a customer who uses our services at least twice a year. Currently promoting to activate existing members and acquire new fans by expanding touchpoints with customers through enhancement of domestic products and diversification of services.



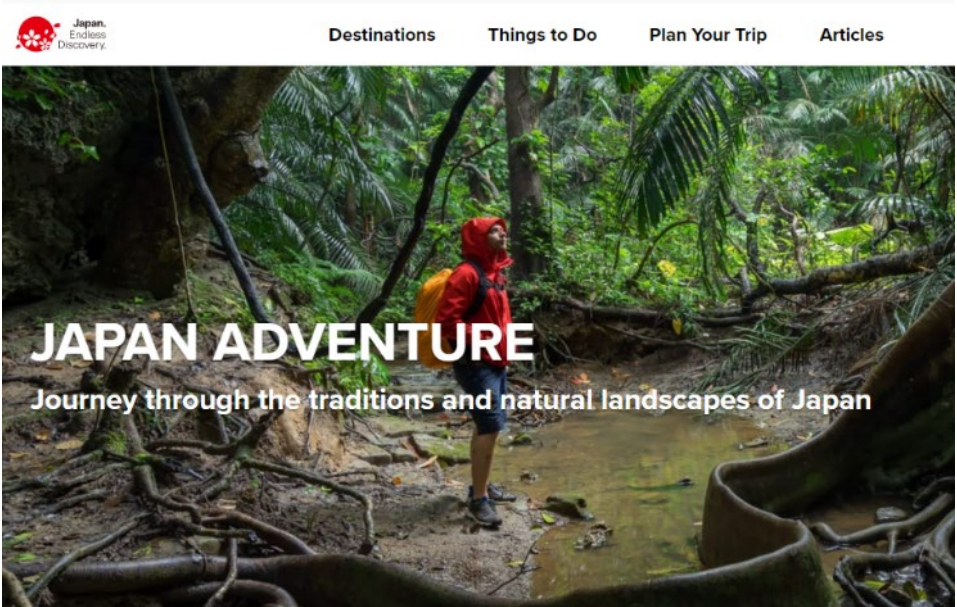


- In the sales composition of VELTRA domestic travel by category, there has been significant growth in nature experience related activities.

- The Japan National Tourism Organization (JNTO) has announced a focus on high-value-added, sustainable and adventure tourism as an initiative for FY2010. The market for nature activities is expected to expand as content for domestic travel.



VELTRA.com Japan domestic product sales by category

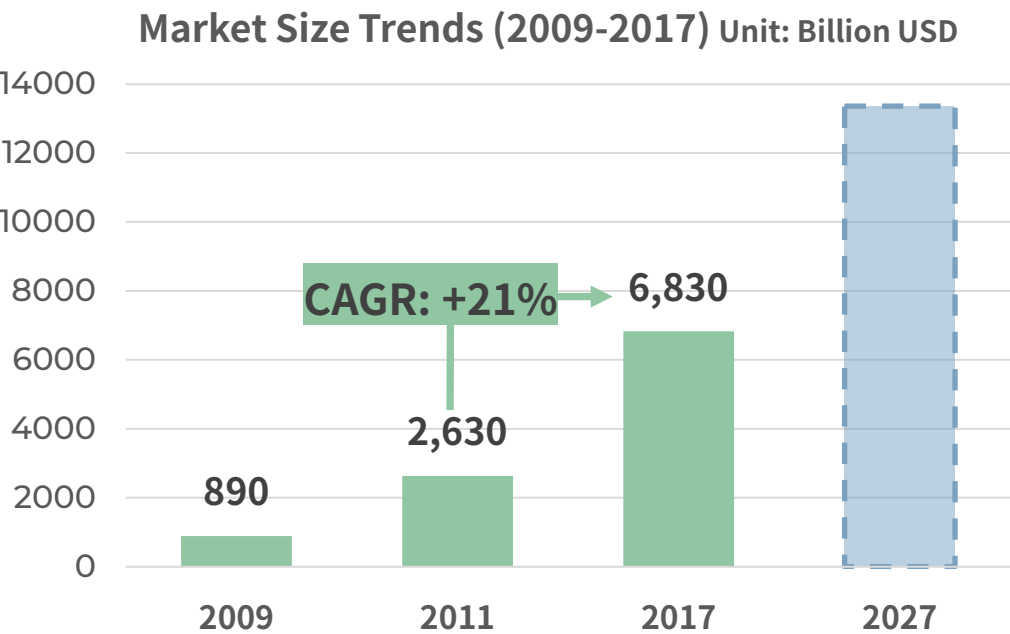


Domestic Travel : Adventure Tourism Market Size

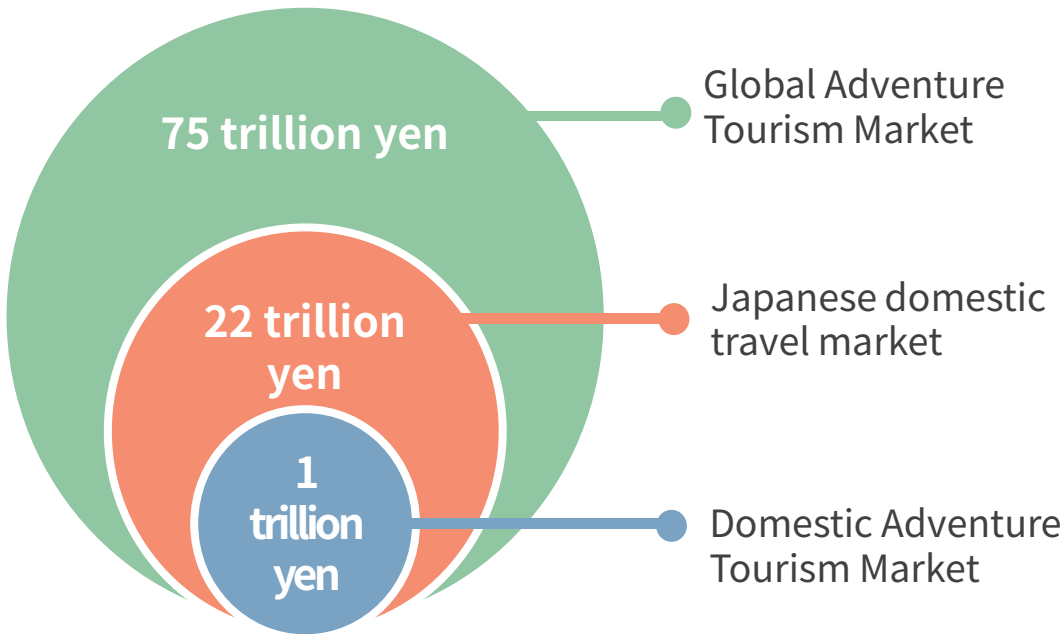


- Adventure tourism is a \$683 billion (¥75 trillion) market worldwide. Based on the growth rate to date, high demand is expected even after the travel market recovers.

- Of the 22 trillion yen market size of Japanese domestic travel (overnight & day trip), the domestic adventure tourism market size is assumed to be approximately 1 trillion yen.



Accelerating Finland's Sustainable Future in Adventure Tourism, AATA, 2018



Adventure Travel Overview & Market Sizing, AATA, 2021
Research Report on the Economic Impact of Travel and Tourism Industry (Japan Tourism Agency)
The Potential of Adventure Tourism in Japan (JTB Research Institute)



Planning and sales promotion of eco-tourism and adventure tourism

Promoting hands-on activities that promote interaction with nature. Provide nature tours and activities, sightseeing tours and experiences in the mountains, ocean, and rivers.

Promotion of tourism in rural areas

Attract tourists to rural areas by dispersing tourists concentrated in urban areas and well-known tourist destinations and discovering experiences that provide a purpose for going to the suburbs.

Peace tourism (tourism to disaster- and war-stricken areas)

Promote tourism to learn and experience the importance and significance of peace and coexistence with nature, especially in areas damaged by natural disasters.

Achieve sustainable growth in the domestic experience market with a focus on Japan's national parks, which combine all three of the above elements

Aiming to become the largest OTA site in Japan by expanding the number of activity products available in all 34 national parks in Japan.



March 2022

Ministry of the Environment Official Partner of National Parks

Recognized by the Ministry of the Environment as an official partner of Japan's national parks with the aim of increasing the attractiveness of Japan's national parks and the number of users. Future initiatives include sales promotion and product planning for eco-tours and adventure tours centered on Japan's national parks, with plans to create added value and develop highly sustainable tourism products.



March 2021

Ministry of the Environment - The 16th Ecotourism Awards, Special Prize

From the perspective of travel education we developed and expanded our education product lineup of eco-tours for children from preschool to elementary school age as Kids Eco-Tours. In addition, we were recognized for our proactive and progressive efforts, including the establishment of an Online Academy to communicate the attractiveness of the local natural environment to a wide range of consumers.

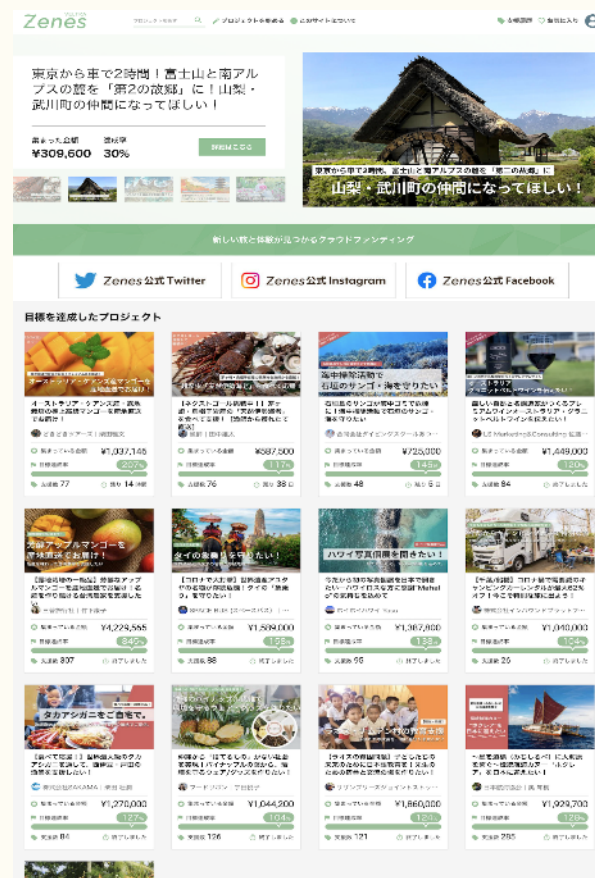




Promotion focused on remote islands, (160 products)
[Special website](#)



Crowdfunding Projects to Support Tourism Areas
[Special website](#)



Diving License Promotion (11 products)
[Special website](#)



FY2022 Earnings Forecast



With regard to the consolidated earnings forecast for the fiscal year ending December 31, 2022 (full year), as uncertainty of market recovery from COVID-19 impact remains unclear it is difficult to calculate a reasonable earnings forecast at this time. Therefore, the forecast for the fiscal year ending December 31, 2022 has not been determined.

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

Appendix



VELTRA Corporation

Headquarters	1 Kanda Mitoshiro-cho, Chiyoda-ku, Tokyo 101-0053 Japan
Capital	JPY 1,468,280,000 (as of Mar 2022)
Founded	November, 1991
# of Employees	164 (Consolidated) 144 (Non- Consolidated)
Subsidiaries	[Malaysia] VELTRA Malaysia Sdn, Bhd. [USA (HA)] VELTRA Inc. [Korea] VELTRA KOREA Inc. [Japan] LINKTIVITY Inc.
Rep Office	Bangkok, Ho Chi Minh City



Business Category



Board of Directors

CEO, President	Wataru Futagi
COO, Director	Ryoko Mannen
Director	Tomoharu Kurakami
Director	Jumpei Minashima
Director	Gaku Suzuki
Director	Rod Cuthbert
Auditor	Tetsushi Ikeda
Auditor	Masato Mori
Auditor	Masayuki Kono

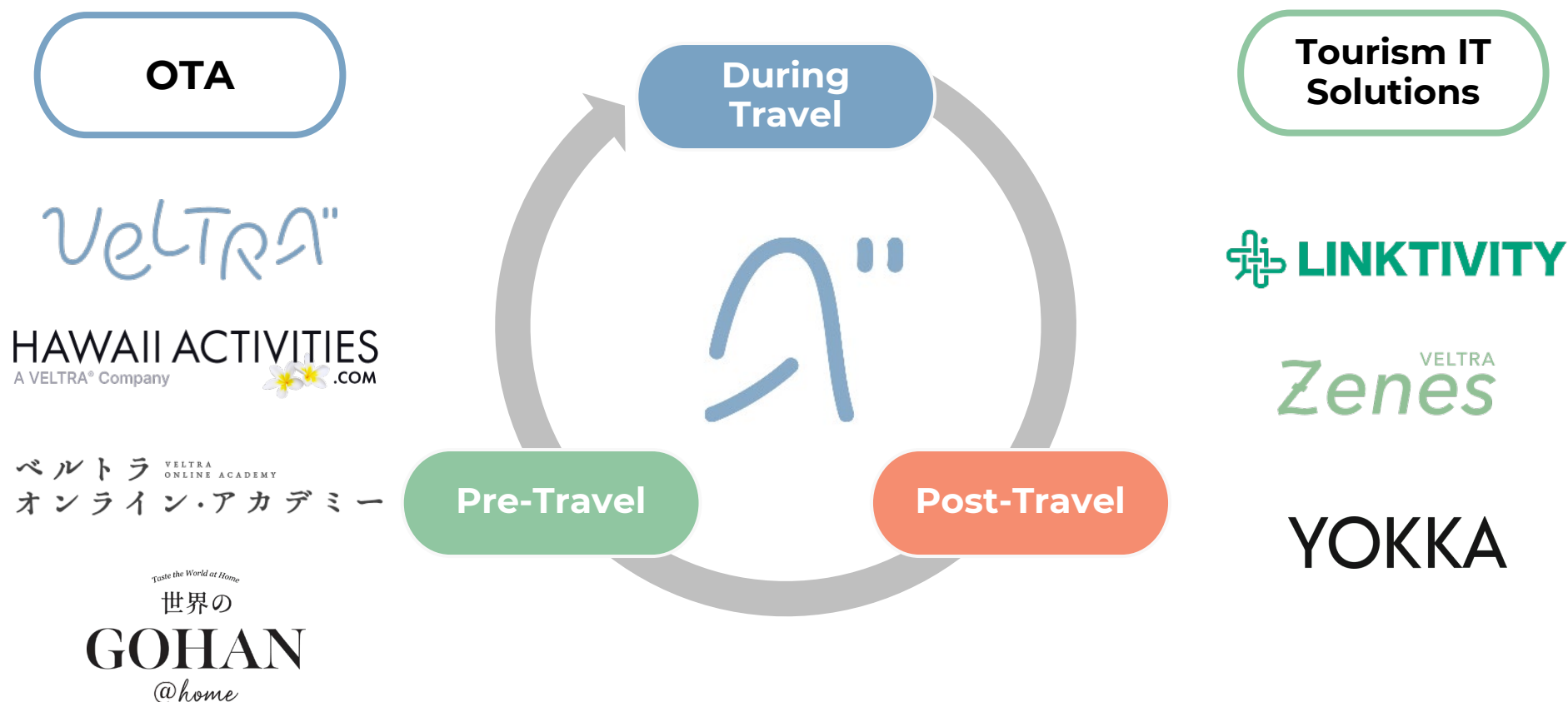
Milestones



About VELTRA



VELTRA provides solutions to support the encounter of genuine experiences that lay beyond the boundaries of existing travel agencies.





Our core business, VELTRA.com, is the largest tour and activity booking service in Japan. In addition to its wide membership base, the company offers inspiring experiences that go beyond common travel products.

VELTRA



150 Countries



Overseas 9,500 Domestic 4,700 Products



3.04M Members



2M Participants/year

*As of 2019



380,000 Customer reviews

Other Services of VELTRA booking platform

English

HAWAII ACTIVITIES
A VELTRA® Company .COM

Hawaii for North American Travelers
Booking local tours and activities



650 Products



85,000 Members



89,000 Participants/year

Japanese

ベルトラ VELTRA ONLINE ACADEMY
オンライン・アカデミー

Online world travel experience



95 Products



50,000 Participants/year

Japanese

世界のGOHAN@home

Delivering cultural cuisines from
around the world



130 Products



9,500 bookings/year

Japanese

B2B Services

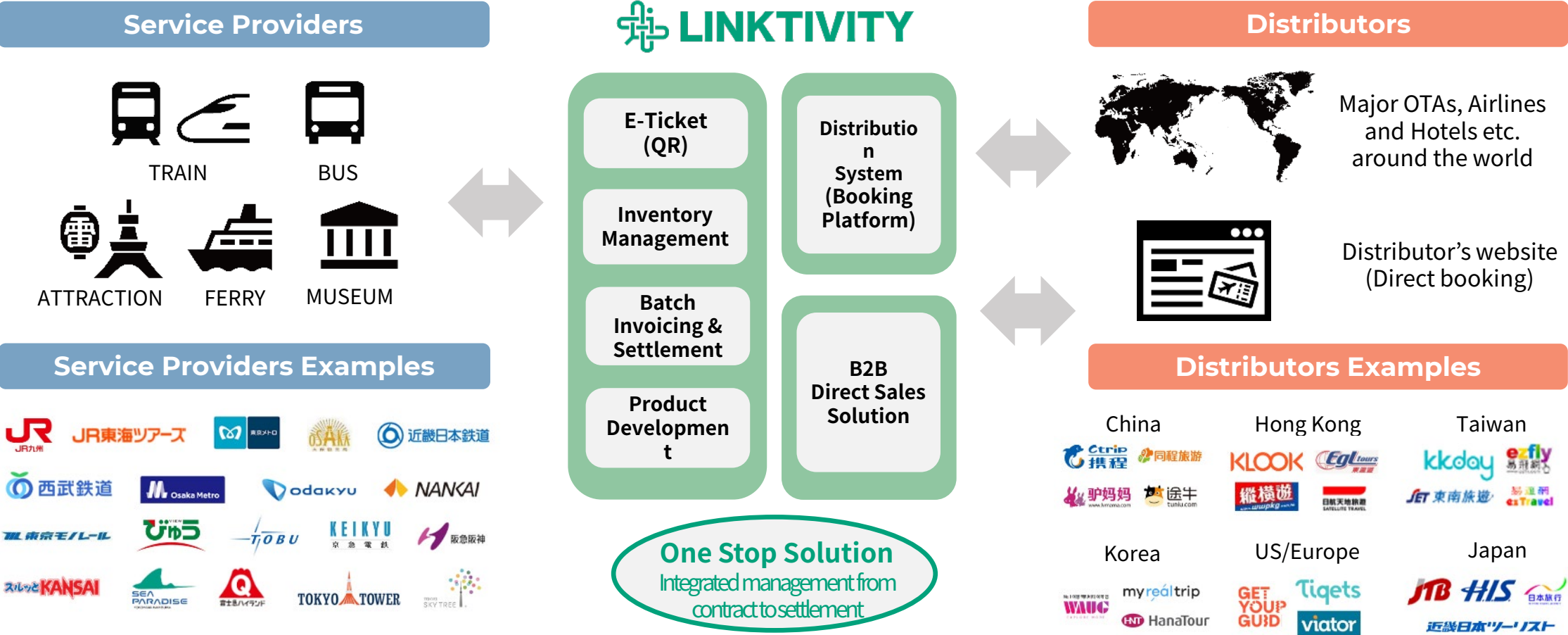
Partnership with industry partners



Benefit one And many more



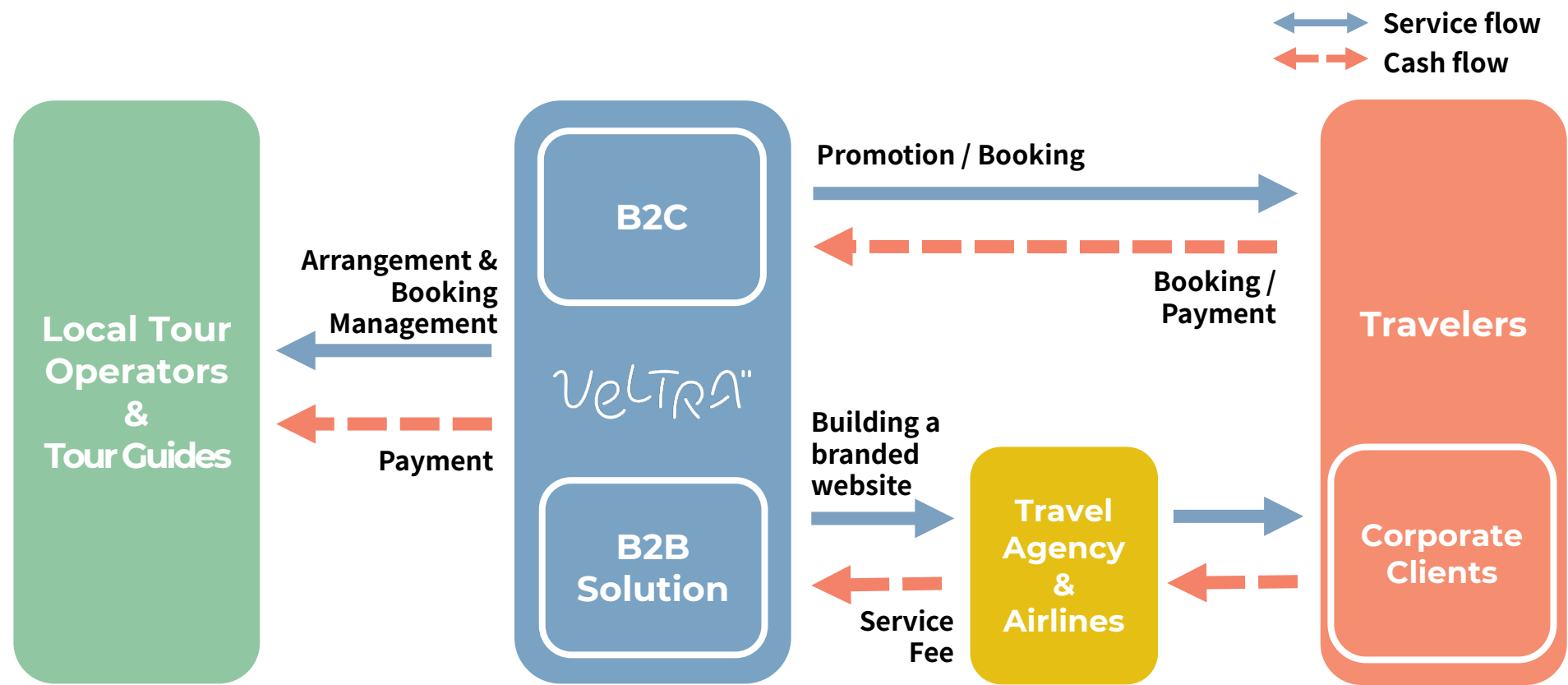
LINKTIVITY is a platform that connects Japanese transportation and attractions with travel companies around the world. It provides a one-stop system solution to link service providers and distributors.



VELTRA.com Business Model



Our OTA business (VELTRA & Hawaii Activities) is a commission model based on booking arrangements for local activities for individual travelers and B2B services for corporate clients.

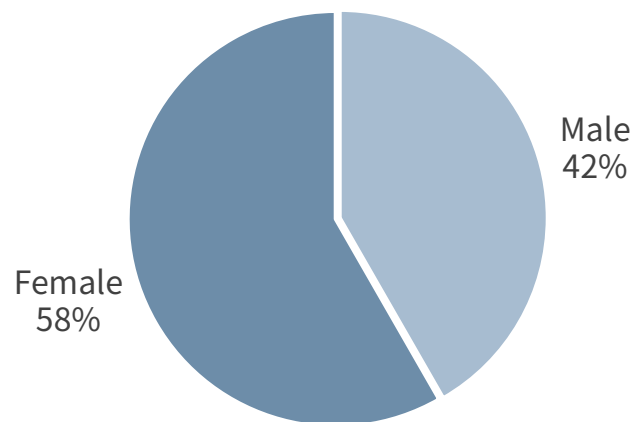


Customer Demographics (VELTRA.com)

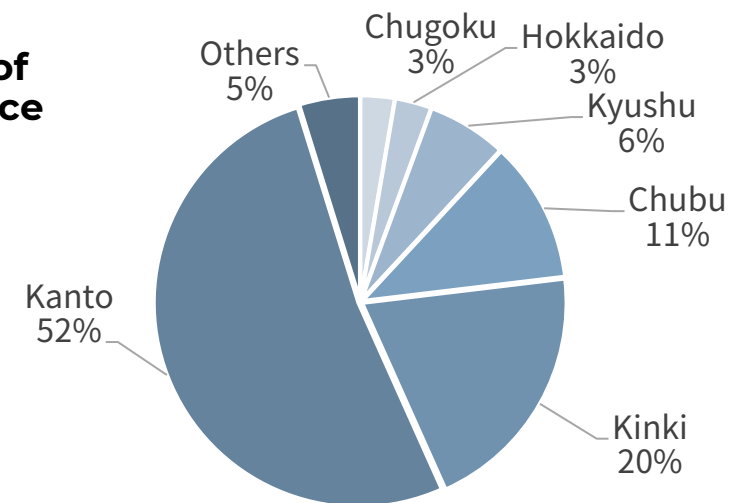


A wide range of customers, more than 99% of whom have traveled abroad

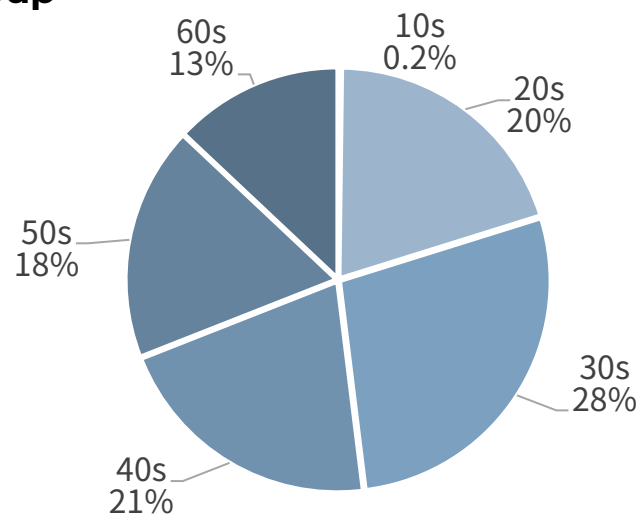
Gender



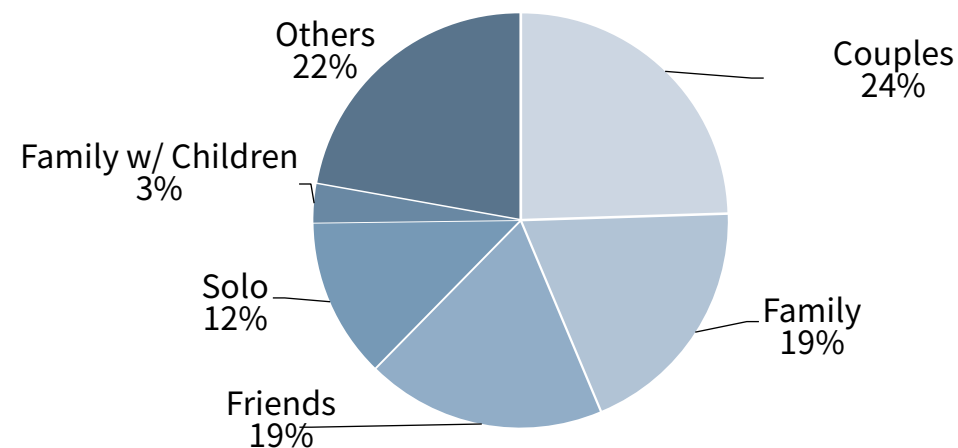
Region of Residence (Japan)



Age Group



Traveler Type



Our Strengths



A Pioneer in Japan's Experience-focused OTA

In addition to our large membership base, a wide range of experience products tailored specifically for Japanese customers and our high quality of services are superior to those of our competitors.



Worldwide network of more than **5,000 companies** in **150 countries**



2+ Million
Members



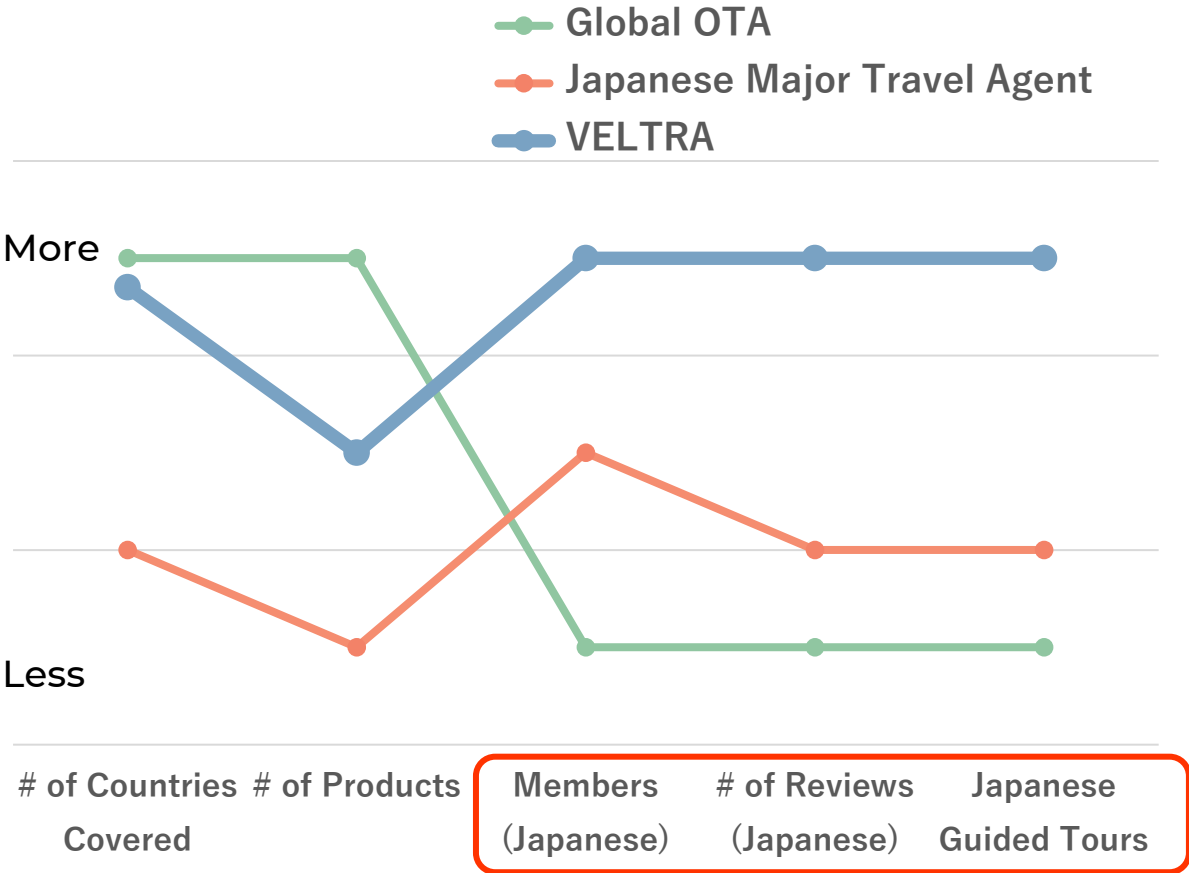
12,000+
Tours & Activities



38,000+
Customer Reviews



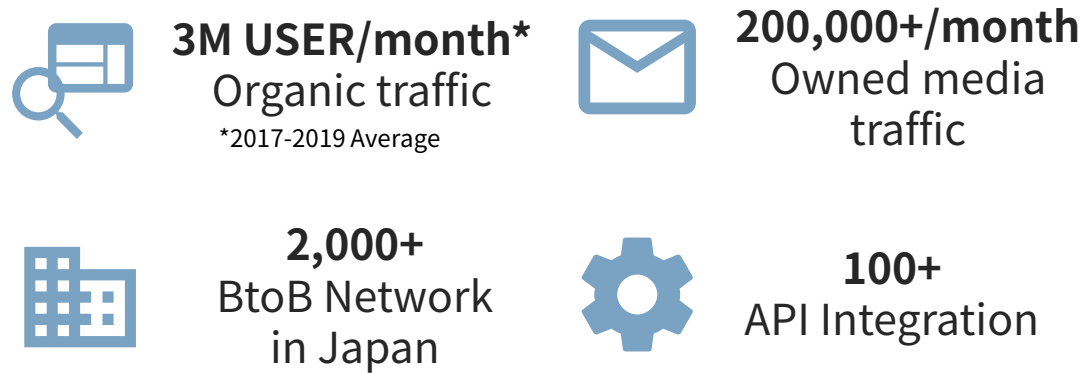
3,000+
Japanese
Guided tours





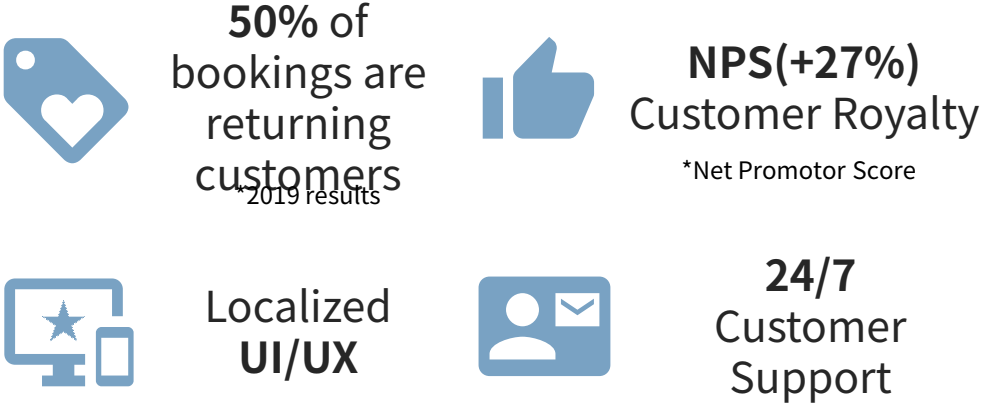
Strong presence in the online market

VELTRA has established an outstanding presence in the online market for tours & activities through its comprehensive marketing capabilities from acquisition to retention and its broad network of travel agencies.



Service chosen by customers

Specializing in tours & activities for years, a high level of satisfaction from both customers and suppliers through our service and product management system differentiate VELTRA from our competitors.

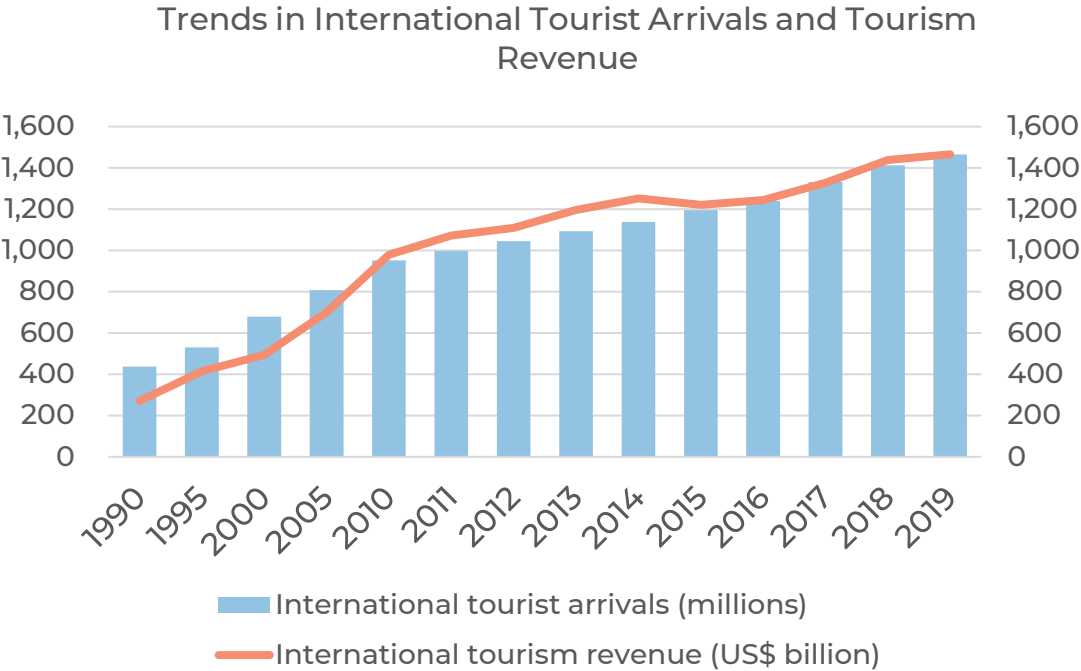


Market Environment: Current State of the Travel Market

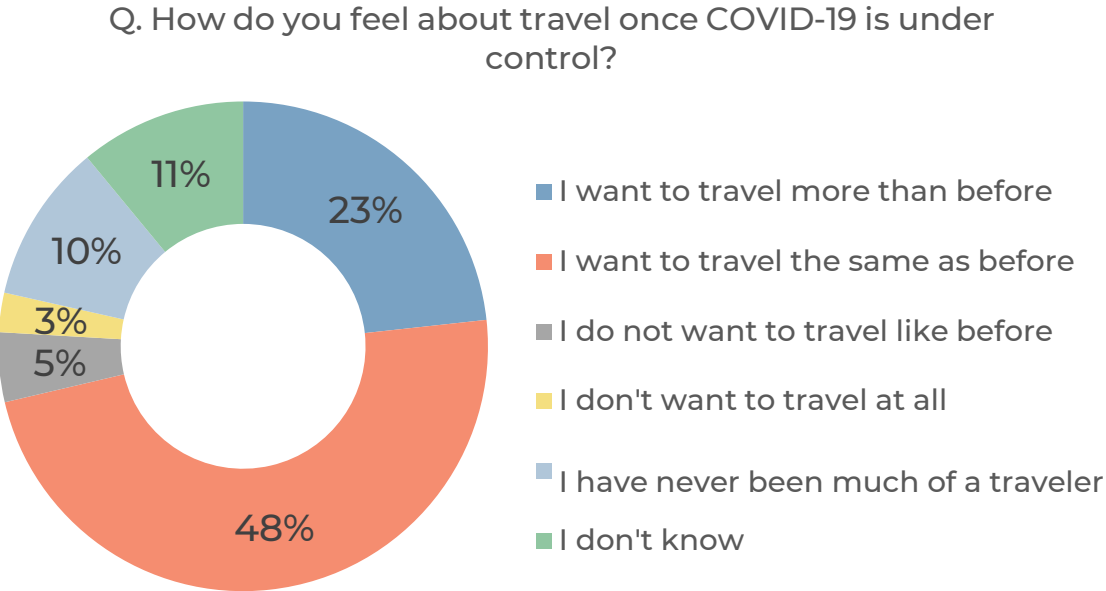


The tourism and hospitality industry is a very resilient sector that has overcome the 9.11 terrorist attacks and the 2009 financial crisis, recovering to a growth rate greater than GDP.

Japanese are still highly motivated to travel after COVID-19 is contained.



UNWTO “World Tourism Barometer”(2021 March)



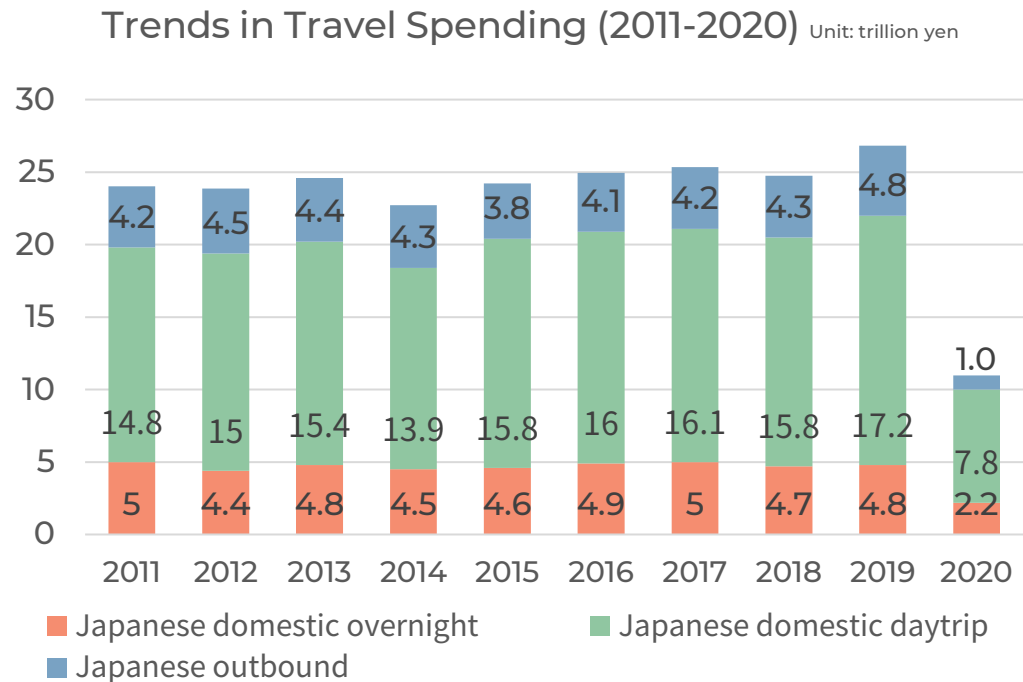
Source: Japan Travel Bureau Foundation (July 2021)

Market Environment: Potential for Future Growth

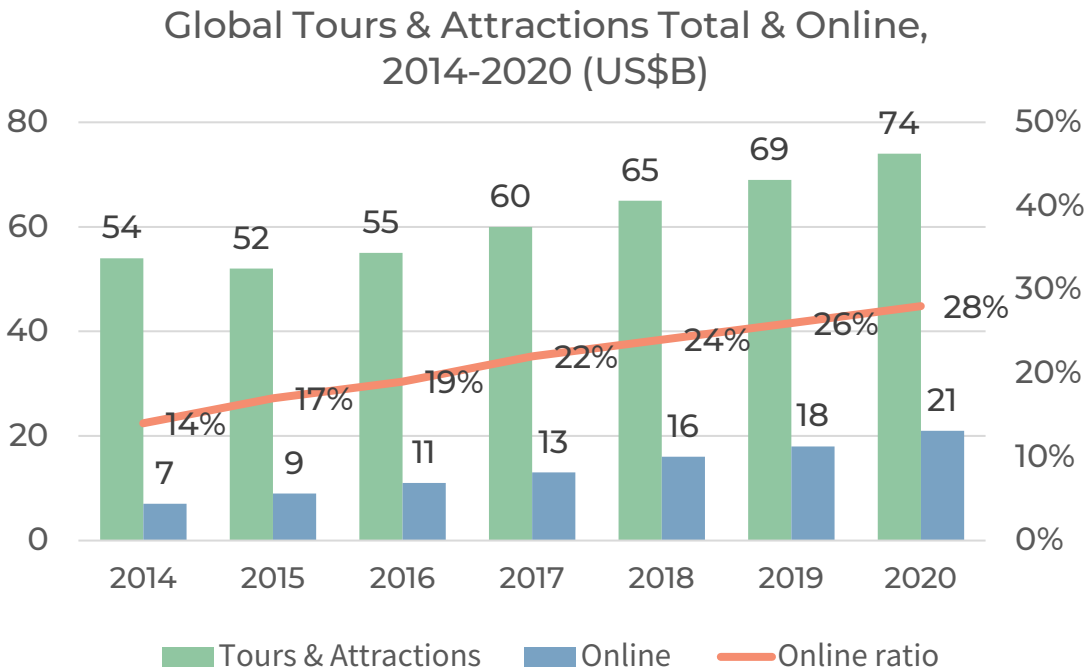


The Japanese domestic and overseas travel markets have been **stable over the past 10 years without major fluctuations**. The market is likely to recover to a similar level when travel resumes.

In the tour and activity market, where offline sales have been the mainstream, COVID-19 will be a driver to promote DX and online sales, where even higher growth is expected.



Calculated based on the Japan Tourism Agency's "Survey on Travel and Tourism Consumption Trends"



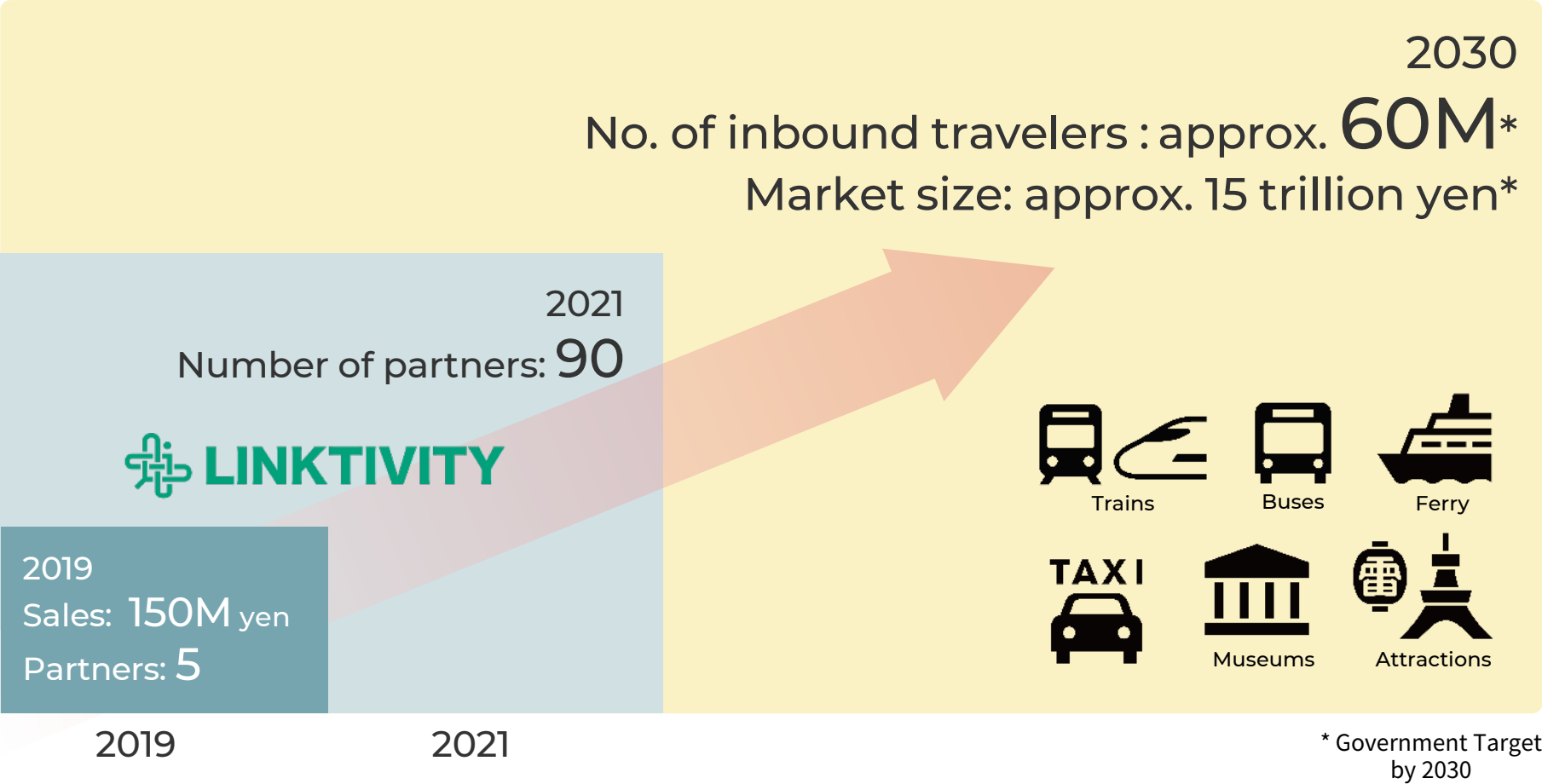
Phocuswright "Tours & Activities Come of Age: The Global Travel Activities Marketplace 2014-2020" July, 2017 *2017-20 are estimates

Market Environment: Platform Business (LINKTIVITY)



Strengthening sales activities in cooperation with NTT West, as well as further expansion from urban to rural areas, and promoting connections with railroad and bus companies and tourist facilities nationwide.

LINKTIVITY aims to become fully profitable after the recovery of the inbound market.



Initiatives to Promote Human Resources and Women's Advancement



We have worked to create a work environment where diverse human resources can work with a sense of fulfillment and satisfaction, especially in our support for the success of women leaders.



Employee ratio

Female 63%

Male 37%

*33% are working mothers



Female managers
Ratio

Female 45%

Male 55%

*The average number of female managers in Japan is 8.9%
(according to Teikoku Databank)



Return to work
after maternity leave 99%



Avg. Age : 36.7 yo

- Partial introduction of telework scheme "Work from Home" in 2018
- Achieved smooth and complete transition to telework by 2020
- Introduce a unique work location scheme "Work from Anywhere" in 2021

This allows employees to work from anywhere in the world, choosing the most suitable location for their work according to their individual circumstances, aiming to improve work-life balance and work styles with high productivity.



Forward looking statements made in this document include information regarding forecast of financial results and business plans. The information in this report is 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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Also, regarding information other than those included in this document, it is quoted from disclosed sources, and VELTRA has not verified the accuracy or appropriateness of such information, and it will give no guarantees for said information.