



VELTRA changes TRAVEL

## FY2022 Q3 Financial Results



VELTRA CORPORATION:TSE7048



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# FY2022 Q3 Results Overview



Results		Operating revenue more than doubled YoY, capturing the recovery of summer travel demand.			
Revenue	2022 Cumulative	YoY			
		771M yen	+117.0%	(+416M yen)	
Profit	2022 Cumulative	YoY			
		▲626M yen	- %	(+208M yen)	
Business Environment		Individual travel for tourism purposes became possible from 11 October, resulting in a significant increase in the number of visitors to Japan.			
Inbound Travelers	FY2022 Jan-Sep	YoY		Outbound Travelers	FY2022 Jan-Sep
		103M ppl	+439%		
		YoY			
				161M ppl	+347%

## Profit and Loss Summary



Operating revenue more than doubled YoY in both the accounting and cumulative periods, capturing the recovery in travel demand.

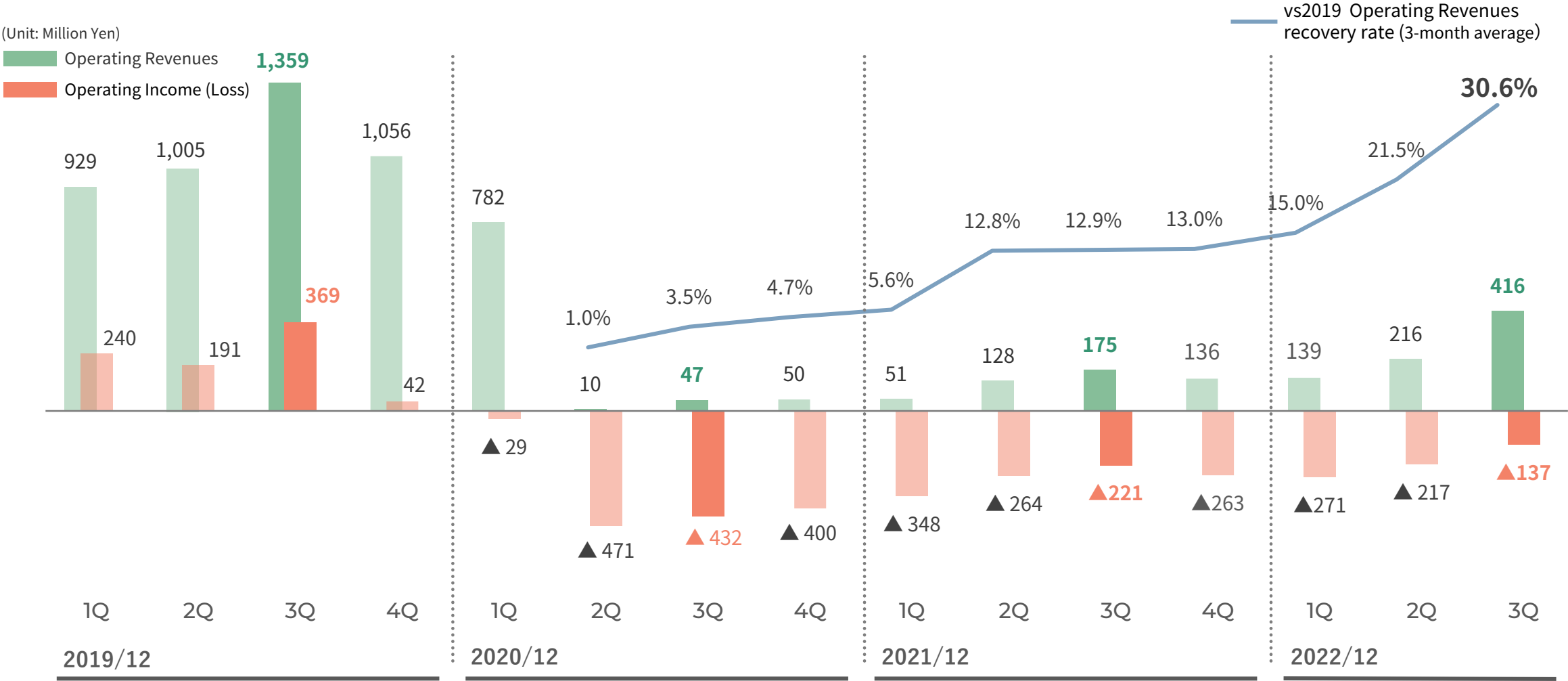
Unit: Million Yen	Accounting Period			Cumulative period		
	FY2021 Q3	FY2022 Q3	YoY	FY2021 Q1~Q3	FY2022 Q1~Q3	YoY
Operating Revenue	175	416	237.6%	355	771	217.0%
Operating Expenses	397	553	139.5%	1,189	1,398	117.5%
Operating Loss	▲221	▲137	—	▲834	▲626	—
Non-operating Income	6	0	11.4%	43	55	128.1%
Non-operating Expenses	▲1	9	—	51	10	20.5%
Ordinary Loss	▲214	▲146	—	▲842	▲581	—
Extraordinary Expenses	0	—	—	16	—	—
Taxes	20	21	102.6%	25	54	211.1%
Net Income	▲234	▲164	—	▲884	▲629	—
Net income per share (Yen)	—	—	—	▲26.89	▲18.31	—

\*Since the application of the new revenue recognition standard will not have a material impact on operating revenues, detailed explanations using figures from the previous standard are not provided for comparison with past results.

# Quarterly Changes in Operating Revenues and Operating Income (Loss)



Operating revenue recovered to +241 million yen YoY and to the 30% level compared to the same period in 2019 before COVID-19. Operating profit also improved by +84 million yen YoY.



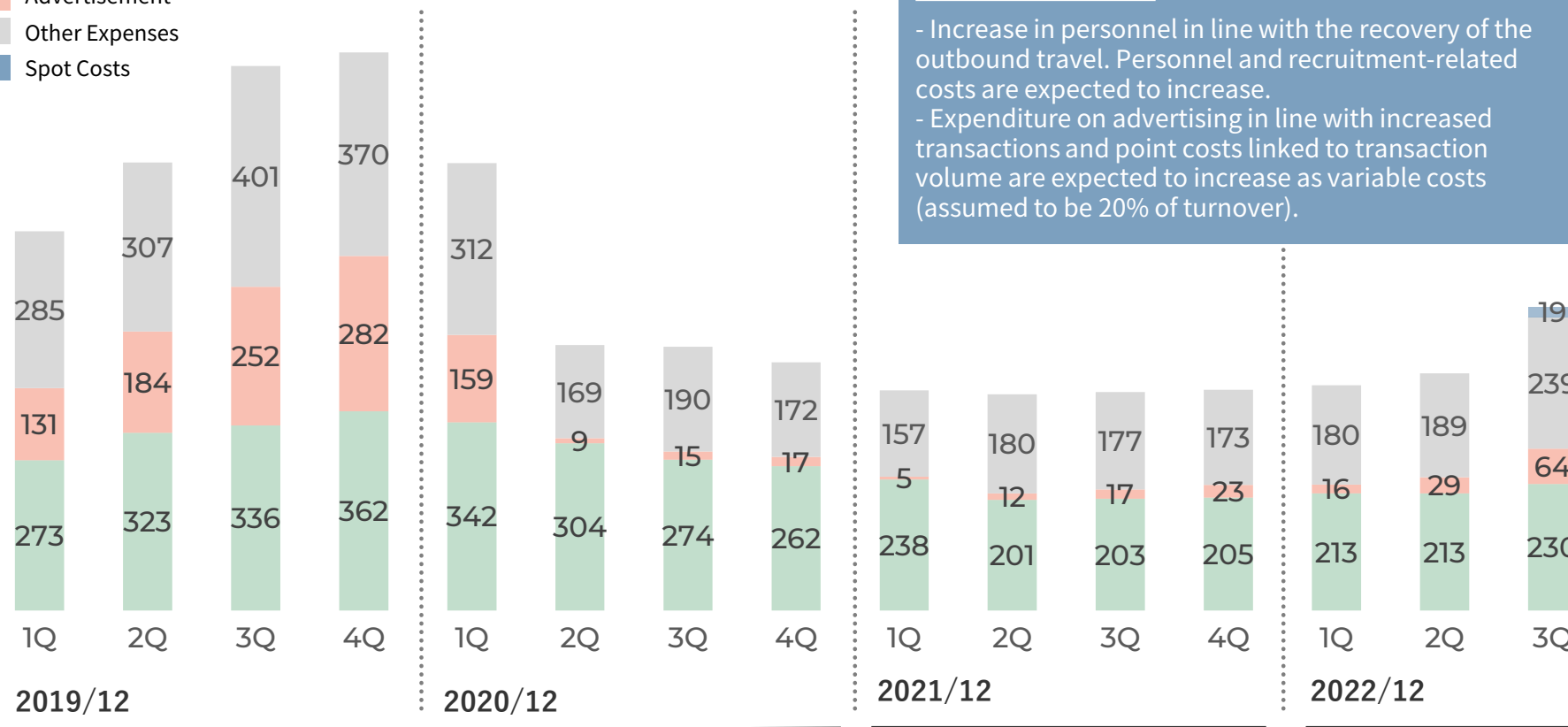
# Costs



While cost levels continue to be maintained, investment in advertising and other activities have been gradually increased in line with the increase in transaction volumes. A gradual increase in the number of personnel, with an attention to productivity (operating profit margin at the time of recovery).

(Unit : million yen)

- Human Resources
- Advertisement
- Other Expenses
- Spot Costs



## Future investments

- Increase in personnel in line with the recovery of the outbound travel. Personnel and recruitment-related costs are expected to increase.
- Expenditure on advertising in line with increased transactions and point costs linked to transaction volume are expected to increase as variable costs (assumed to be 20% of turnover).

## 2022 Q3 Cost details

### Personnel costs

- Increase of 16 staff in 3Q (details on next page)

### Advertising costs

- Increase advertising investment in line with the recovery of the outbound travel market. (planned to be around 20% of sales)
- Increase in loyalty point expenses due to increase in transaction volume.

### Other costs

- Recruitment-related costs 14M
- Cost of system development outsourcing 14M
- Increase in credit card fees due to increase in transaction volume

### Other costs

- 2021 Additional audit fees 13M
- 2022 2Q additional audit fees 6M

## Balance Sheet Summary



An increase in current liabilities due to an increase in trade payables and advances received as a result of improved earnings resulted in an 11 pt decline in the equity ratio, but this has made a positive contribution to cash flow and the financial situation has improved significantly.

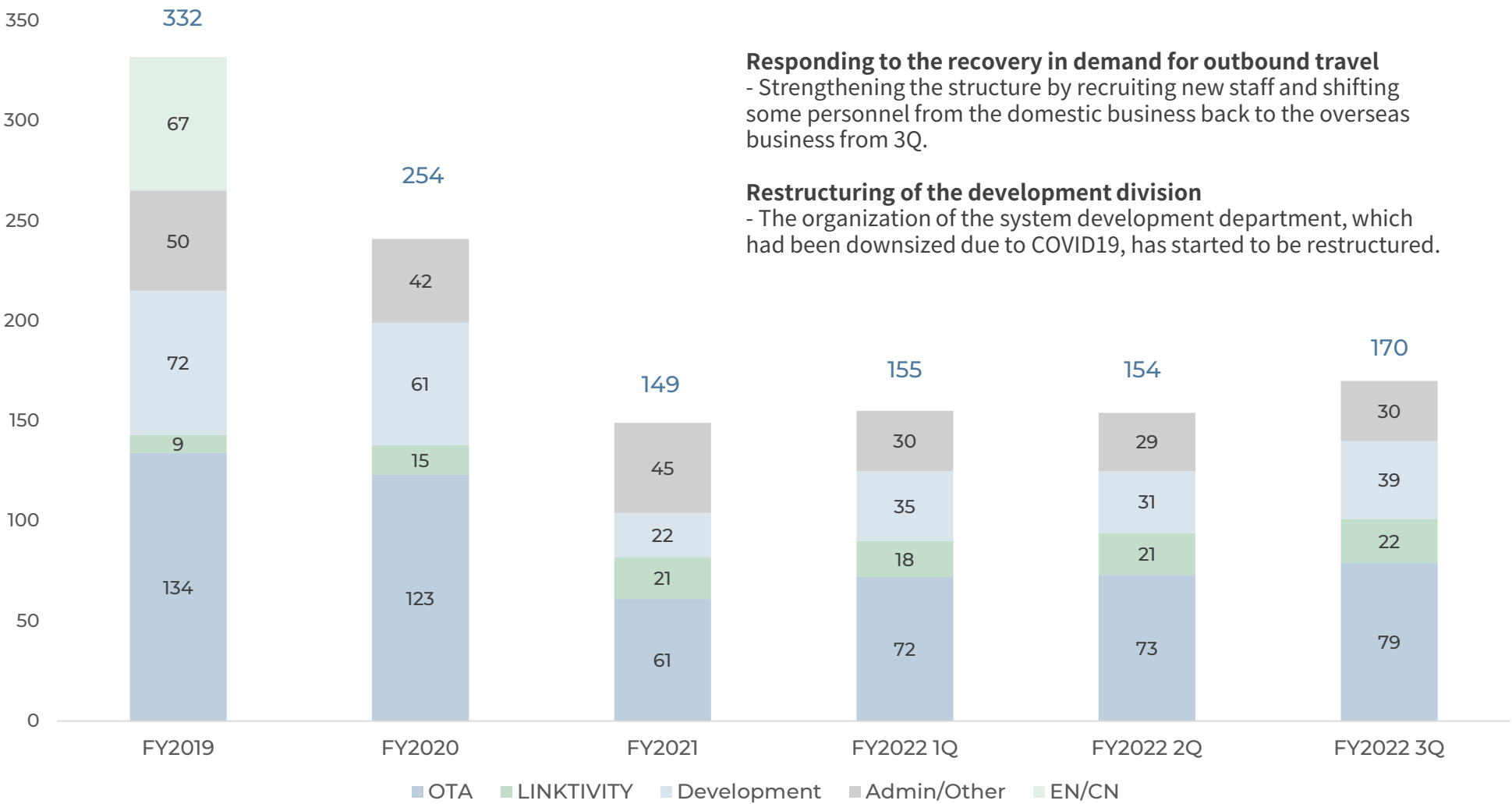
Unit: Million Yen	FY2021	FY2022 Q3	Change	Details
Current Assets	1,414	2,800	+1,386	
Cash and Deposits	1,197	2,261	+1,064	
Fixed Assets	455	371	▲84	Software decreased by 72 million yen.
<b>Assets Total</b>	<b>1,870</b>	<b>3,172</b>	<b>+1,302</b>	
Current Liabilities	691	1,562	+871	Increase in operating accounts payable of 157 million yen and advances received of 471 million yen.
Favorable Sub Liabilities	25	—	▲25	
Fixed Liabilities	3	0	▲3	Decrease in accrued retirement benefits of 3 million yen.
<b>Liabilities Total</b>	<b>694</b>	<b>1,562</b>	<b>+868</b>	
<b>Total Net Assets</b>	<b>1,175</b>	<b>1,609</b>	<b>+433</b>	Increase in common stock and capital surplus by 351 million yen respectively due to the exercise of stock acquisition rights, etc., and decrease in retained earnings due to net loss attributable to owners of the parent of 464 million yen for the period.
<b>Capital to Asset Ratio</b>	<b>61.4%</b>	<b>50.2%</b>	<b>▲11.2pt</b>	



# Headcount transitions



From 3Q2022 onwards, we have started the strengthening of the organizational structure by increasing the number of personnel, mainly in the outbound travel division and the development division.



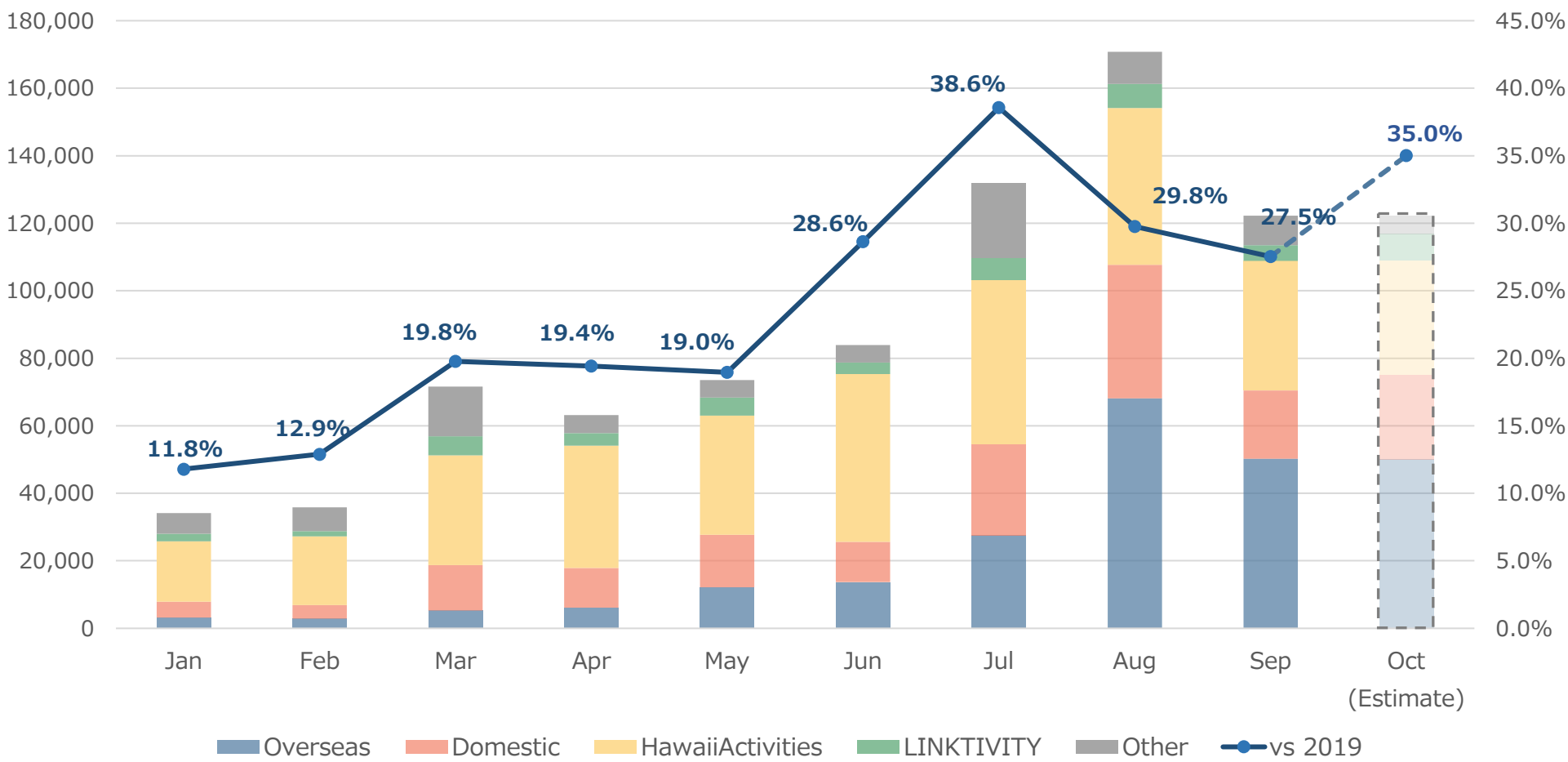
# **FY2022 Q3 Results and Market Environment by business**

# Overall | Consolidated operating revenue (Monthly)



Overall OTA business, particularly outbound travel business, has grown significantly, partly due to the acquisition of demand during the summer holiday season. Although the recovery rate compared to 3Q2019 has varied due to seasonality and other factors, there is a steady recovery trend.

(Unit : 1,000 yen)



# By business segment

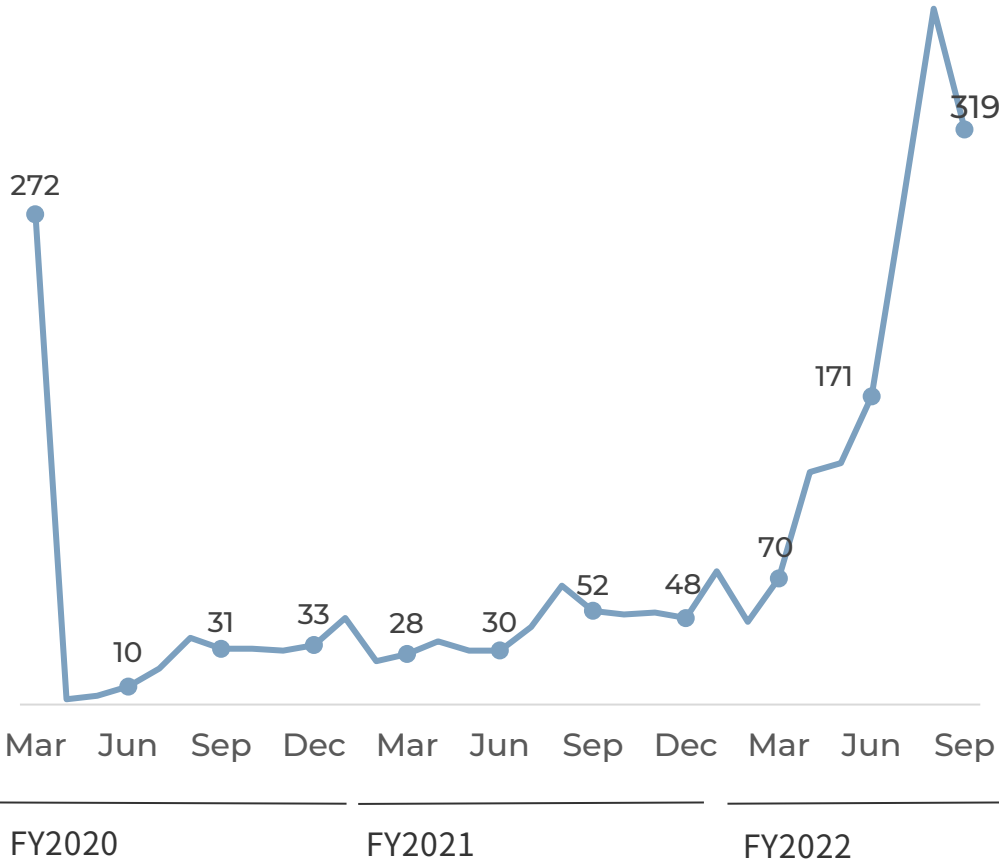
Outbound



The number of Japanese travelling abroad increased significantly due to the easing of departure restrictions and the summer holiday season, with a significant recovery in bookings.

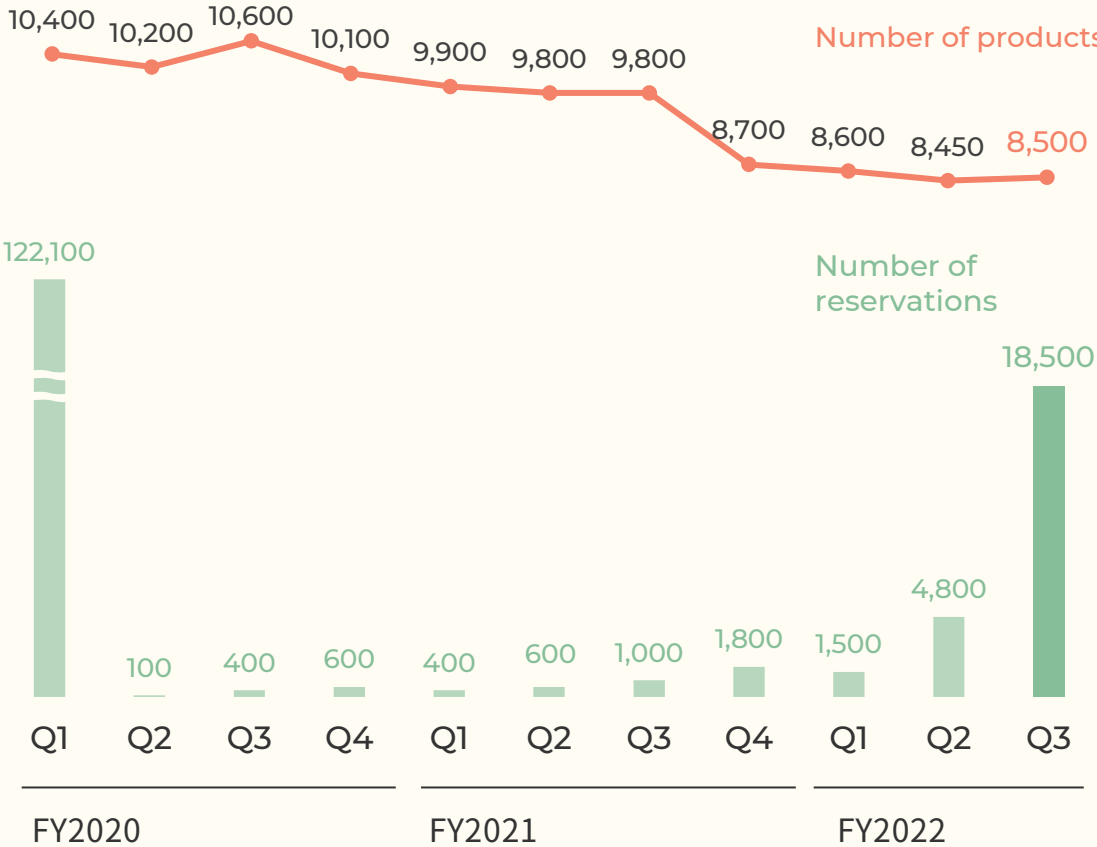
Environment

Number of Japanese departing from Japan  
(Unit: 1,000)



Results

Outbound travel  
Number of products and bookings



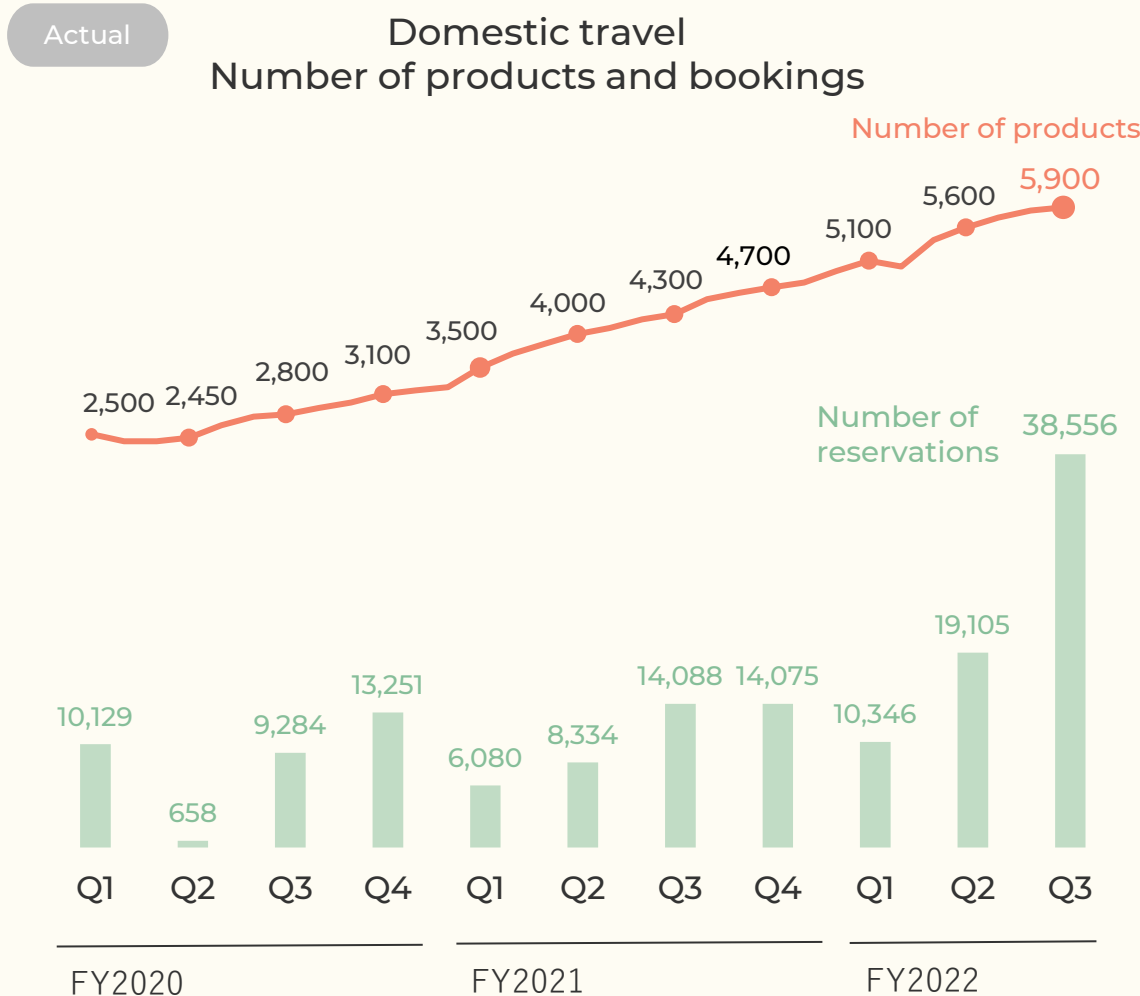
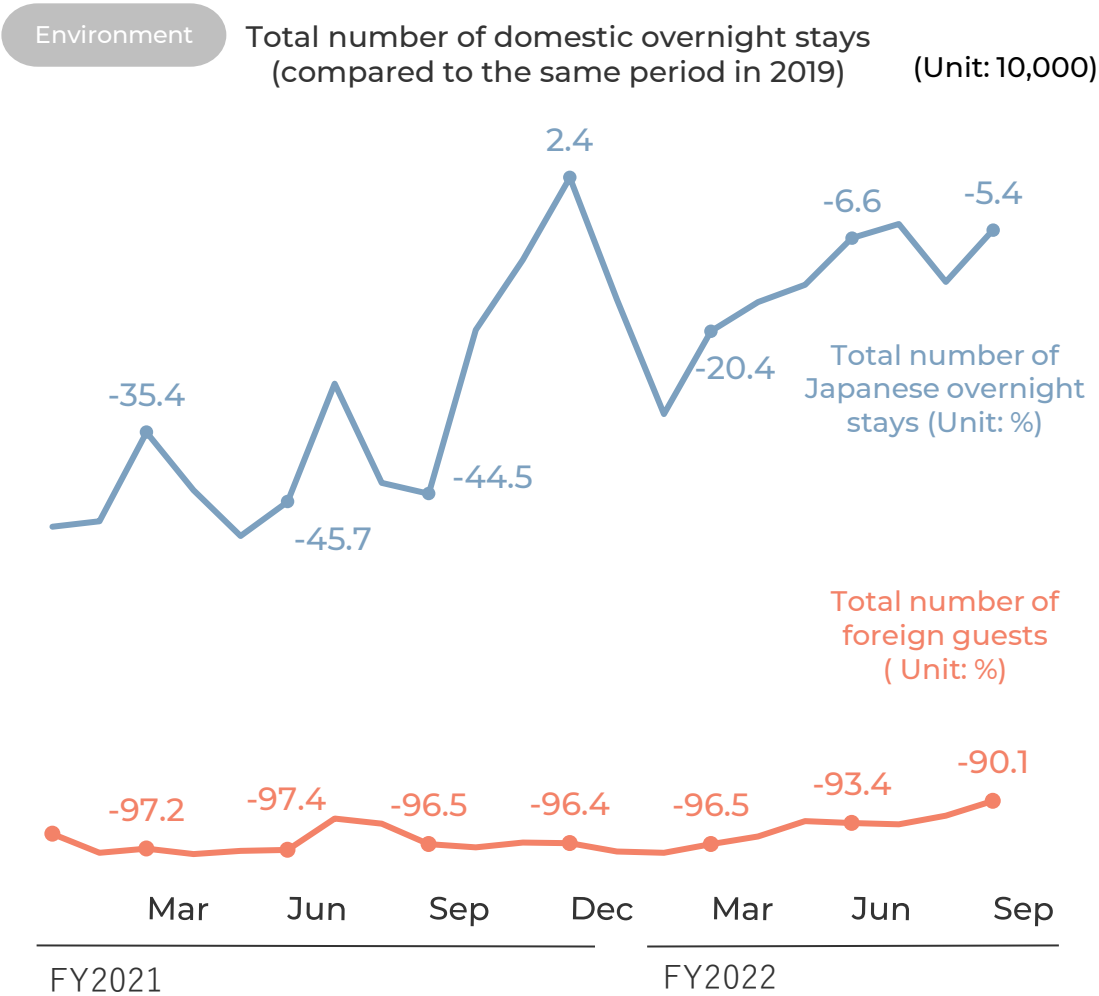
※ 海外旅行の予約数からオンラインツアーの予約数を控除し、遡及修正しております

# By business segment

Domestic



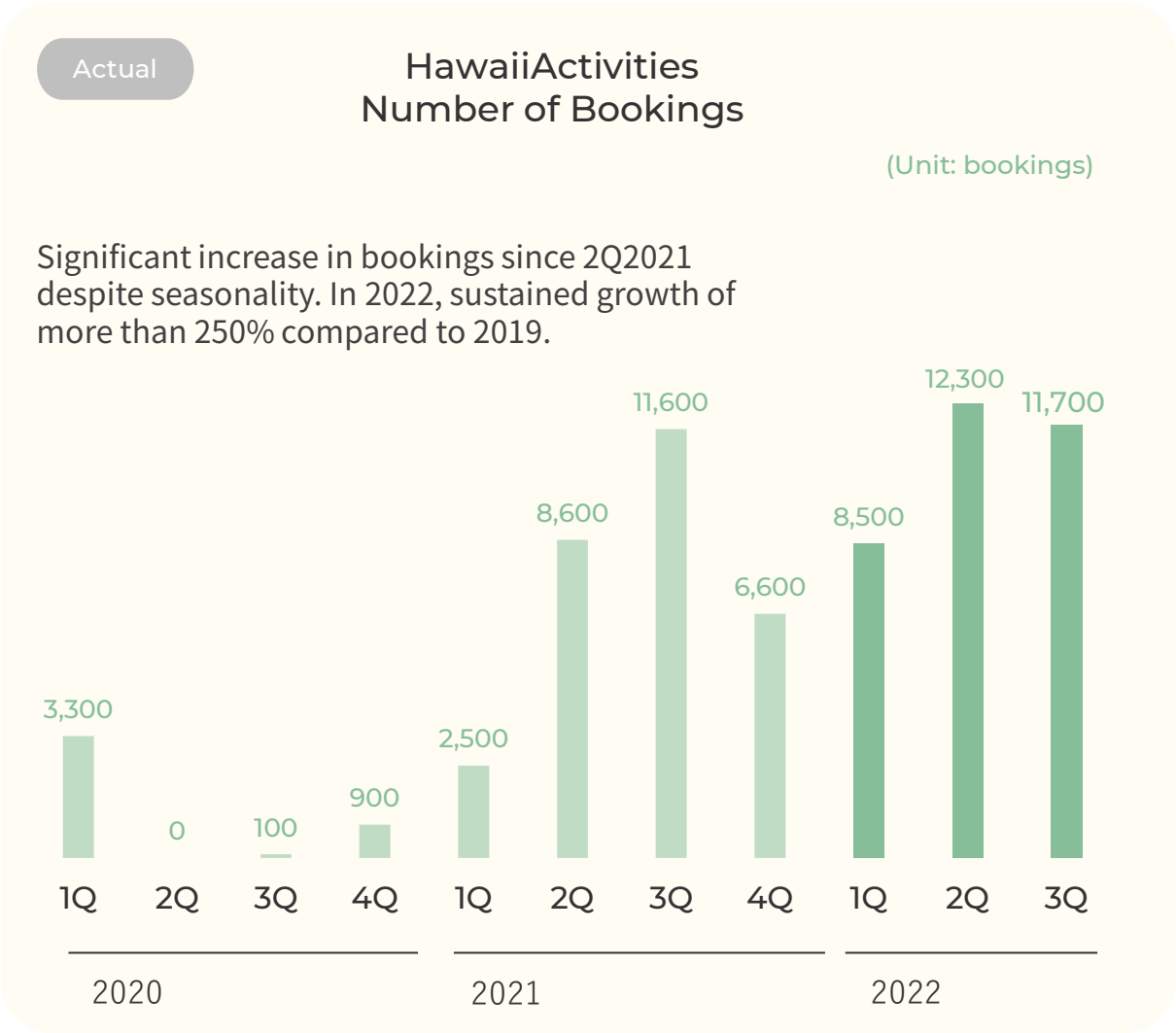
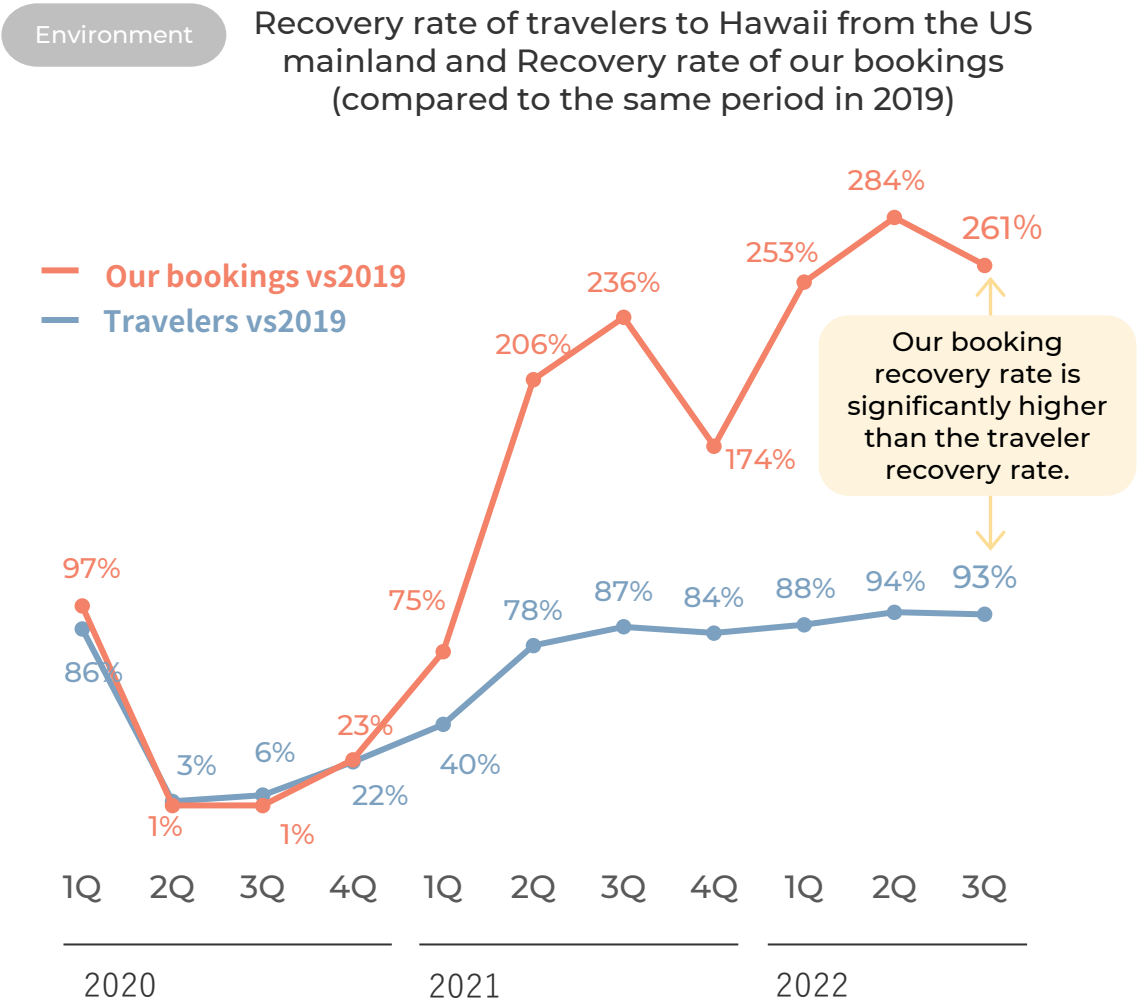
High demand for domestic travel and an increase in the number of products have led to a significant increase in the number of bookings.



出典：観光庁 - 旅行・観光消費動向調査 -



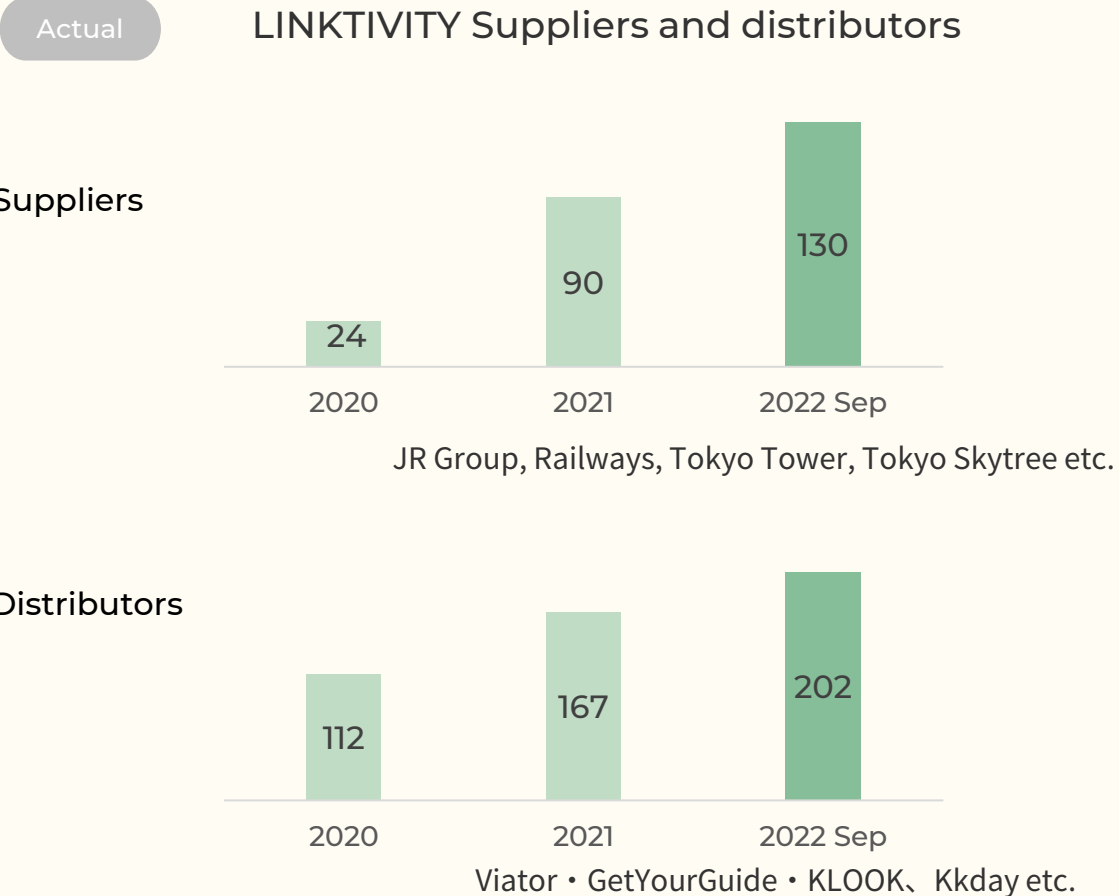
Number of travelers to Hawaii showed near full recovery before COVID, and our booking recovery rate is significantly higher than the market average.



# By business segments LINKTIVITY



The number of inbound travelers is growing, and is expected to continue to increase in the future, given the easing of entry restrictions since the beginning of October and the current depreciation of the yen. The results of increasing the number of contracts with distributors are expected to contribute to future earnings growth.



その他取引先はAppendixを参照

## FY2022 Q3 TOPICS



# TOPICS | VELTRA STORE



The existing delivery services of "World GOHAN @home", "Japanese Delicacies at Home" and "World Wines" are integrated into a new look "VELTRA STORE", for further expansion of the service.



## VELTRA STORE

URL: <https://store.veltra.com/otoriyose/>

## VELTRA STORE Features

### 1. Hand-picked culinary delights from a travel professional's point of view

Carefully selected local dishes, etc., which are usually only available locally. Products received full support from product development to sales.

### 2. Creating opportunities to visit restaurants

Encourage visits to shops by providing special offers, etc. Supporting the food and beverage industry, which both experienced difficulties due to the COVID19.

### 3. Linkage with travel-related services

Promotion by linking purchased products with travel experience products. Purchase can also be made via the ANA website (mileage settlement possible).

## TOPICS | Special website for the original domestic experiences 'Deep in Japan'



Original domestic travel offerings with a focus on People-to-People encounters

Offering experiences that allow you to discover the unique culture and traditions of each region of Japan and the natural beauty of the four seasons.



**'Deep in Japan' - Special Website for VELTRA domestic experiences**

URL: <https://www.veltra.com/jp/special/japan/deep-in-japan/>

### Examples of domestic experiences and tours

**Staying at the old folk hotel 'Ryugon' and experiencing the snow country gastronomy 2-day/1-night trip**



#### **Experience the snow country (Minamiuonuma, Niigata)**

This special plan includes a stay at the old private house hotel "Ryugon", a snow country gastronomy experience, making local dishes with local grandmothers and much more. You can experience the charms of snow country and its people to the full, interacting with the nature and people who live there and with travelers from all over the world.

## TOPICS | Joint promotions with popular destinations



Special websites to promote tourism in Saipan (Mariana Islands), Western Australia and Dubai, which are popular overseas destinations among Japanese, have been launched under the sponsorship of the respective tourism offices.

Exciting adventures and  
spectacular scenery in Mariana



**Adventure Island Mariana (Saipan,  
Tinian, Rota)**

[Special website](#)

Trip to West Australia to discover the  
wilderness and wineries



**Enjoy more of West Australia! Travel  
around Perth**

[Special Website](#)

Recharge your body and mind in  
Dubai, where extraordinary  
experiences await you



**Power-charged trip to Dubai**

[Special Website](#)

**Further joint promotions with tourist boards to increase momentum for overseas travel**

# FY2022 Outlook and Initiatives



### 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.

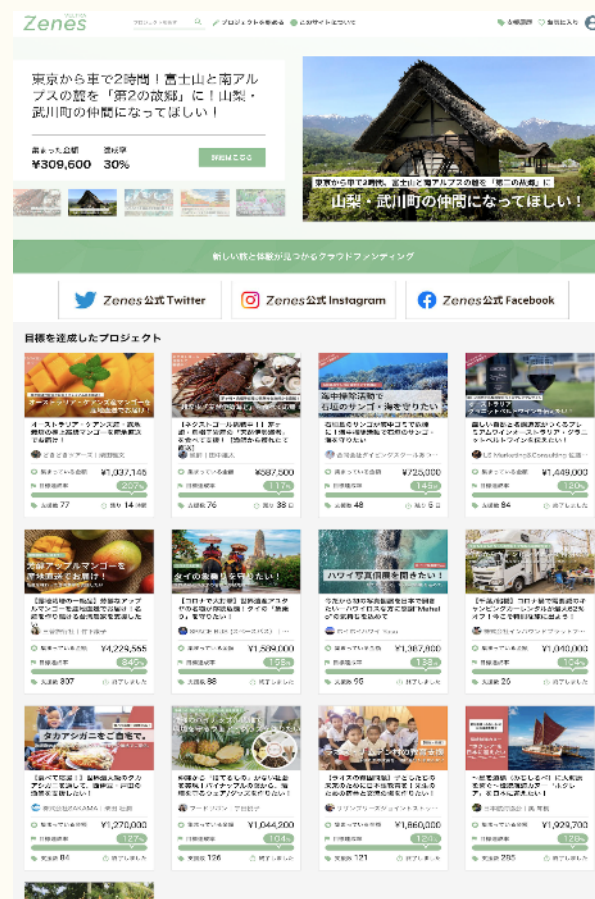




Promotion focused on remote islands, (160 products)  
[Special website](#)



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



Promoting the unknown attractions of regions of Japan  
[Special Website](#)



# Overseas Travel Initiatives in the Recovery Phase



Strengthening products during the time of rebound in demand, as well as new products and services to meet the needs of the after-COVID era.

## Increasing agility over time, analyzing and intensively strengthening the market's demands at the current stage.

Current Trend  
in COVID era

Purpose-oriented products such as destinations that customers always wanted to visit. Outdoor and chartered activities with infection control measures in place are becoming more popular.

### Step 1 Strengthening of purpose-oriented experiential products

Increase the number of products to 10,000 by the end of this year, focusing on those most suitable for COVID era.

### Step 2 Increasing recognition opportunities

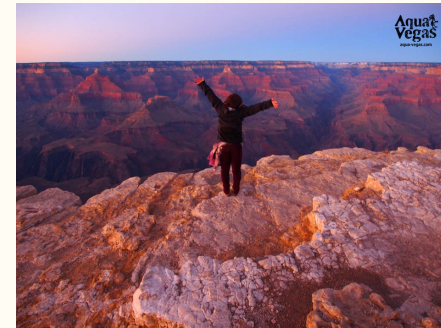
Resume promotions that had been suspended to attract customers.

### Step 3 Improving LTV (expansion of touchpoints)

Expand the range of products available for same-day reservations to increase the value per customer.

### Step 4 Development of sustainable experience products for the post-COVID era

Develop and acquire experience products that take into account the environment and coexistence in society, with a view to the future of travel.



Las Vegas: Grand Canyon National Park

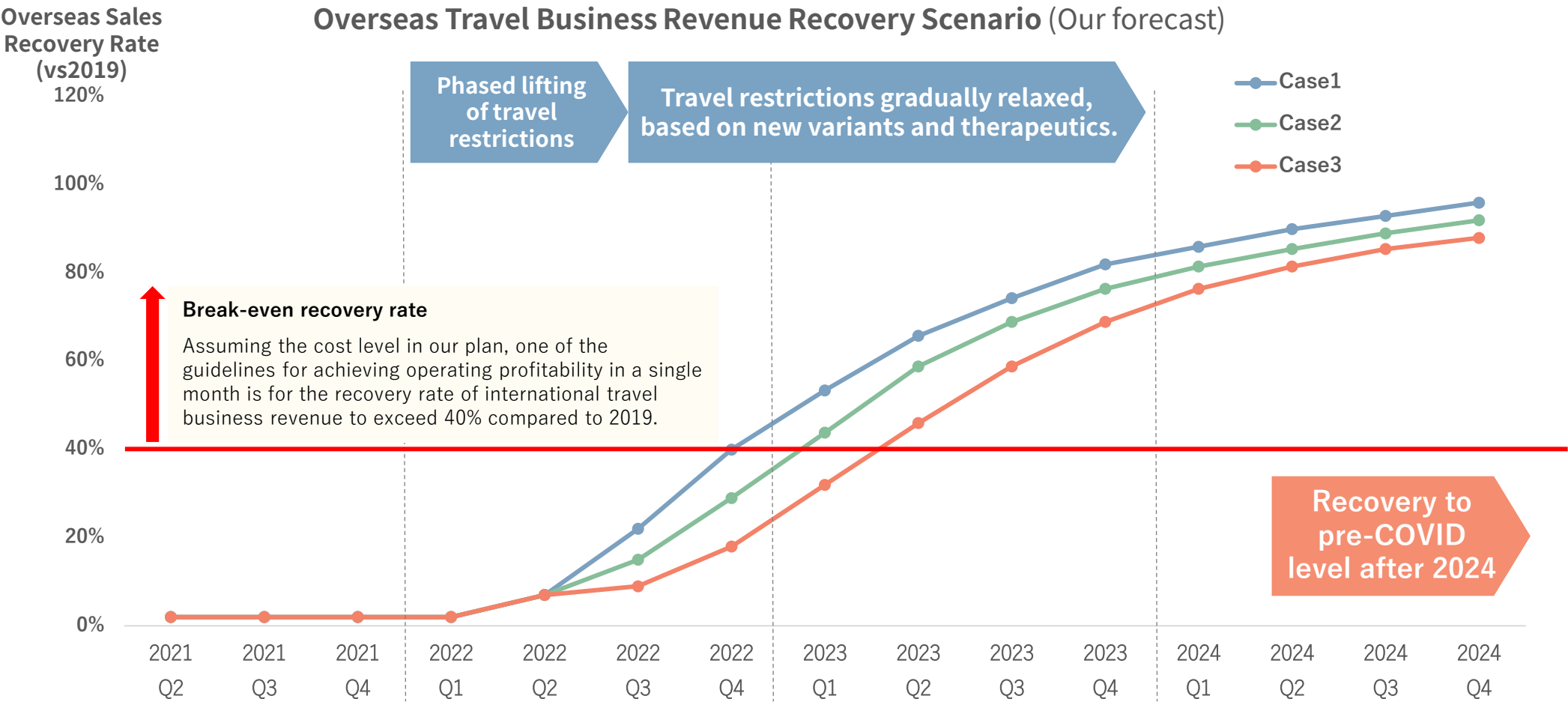


Mexico: Chichen Itza, Pink Lake

# Overseas Travel Market Trends (Recovery Forecast)



Case1, Case2, and Case3 are estimated by setting coefficients based on the three scenarios. Currently, the company is progressing at the level of Case 2, however, changes in the external environment may cause the company to move to Case1.

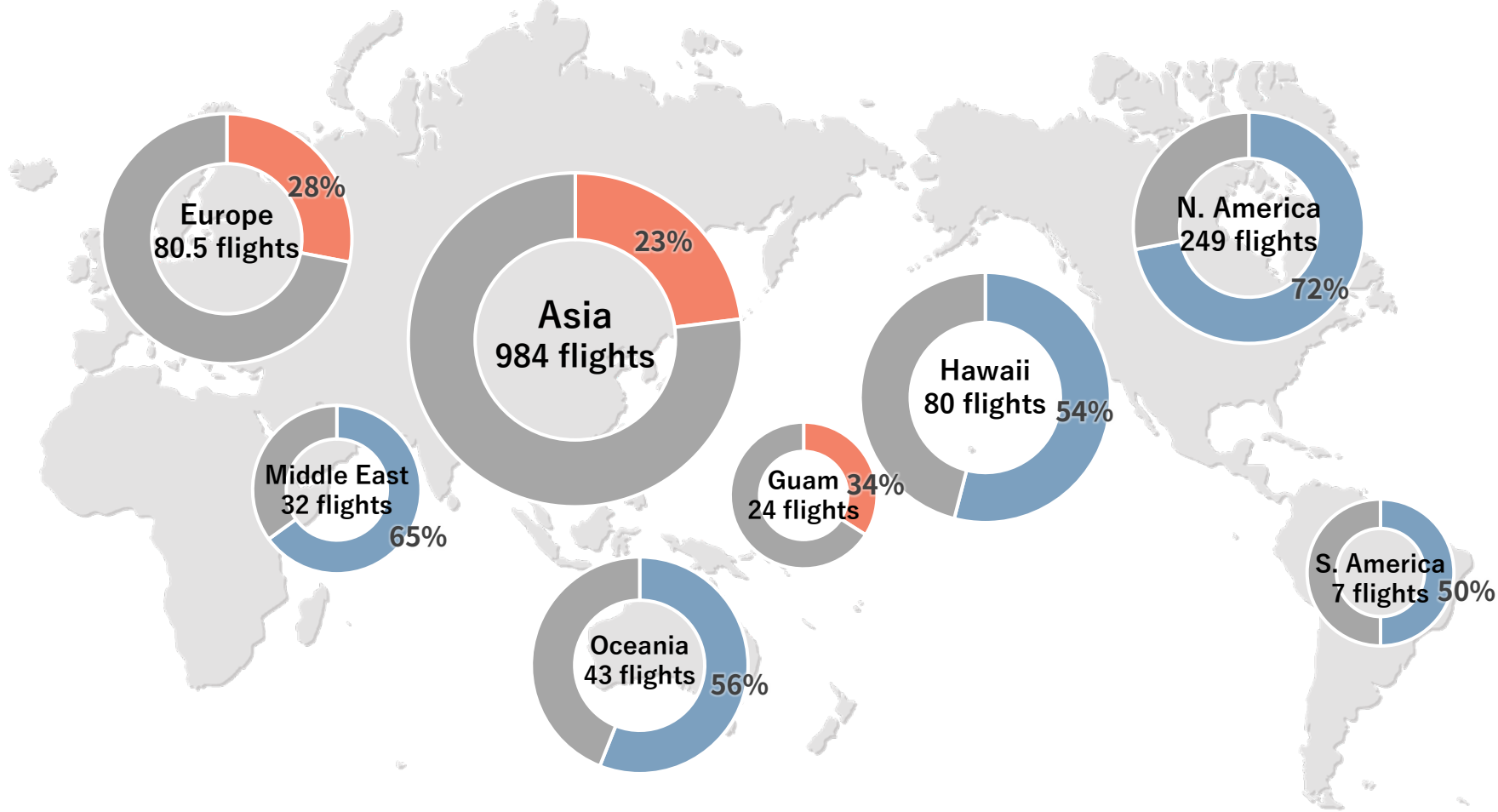




# Current status and recovery rate of international flights (to/from Japan)



As of October 2022, the summer operating schedule (March-October) totaled 1510.5 weekly flights, recovering to 27% compared to 2019.



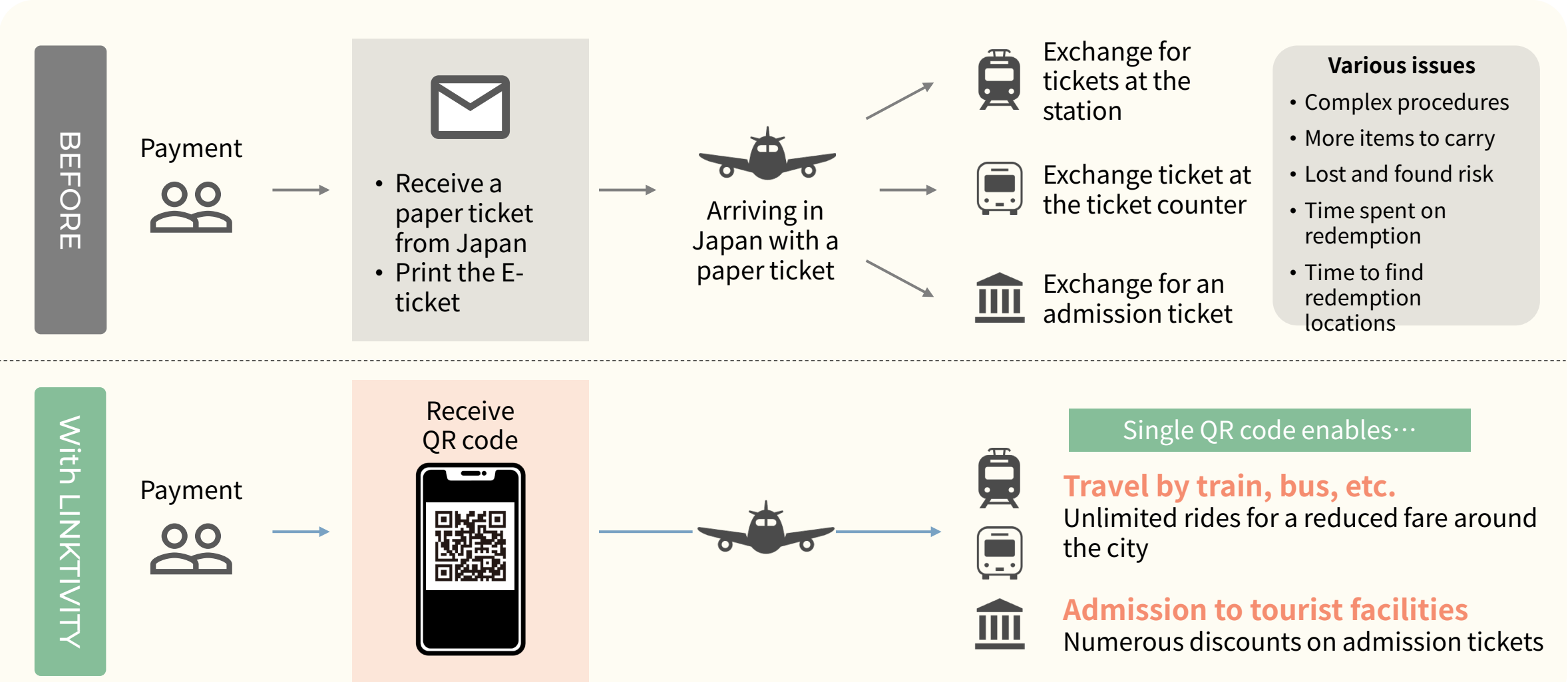
Based on the summer schedule as of Oct 2022, calculated by us based on the international flight service status of the Ministry of Land, Infrastructure, Transport and Tourism.  
\*Recovery rate is based on the 2019 summer schedule.  
\*Departures and arrivals are counted as one flight.

# LINKTIVITY changes inbound and outbound travel in Japan



Japan's complex transportation network is a major burden for visitors to Japan, and LINKTIVITY's QR-code-based Round Trip Pass enables travelers to get to their destinations and visit nearby facilities with a single QR code.

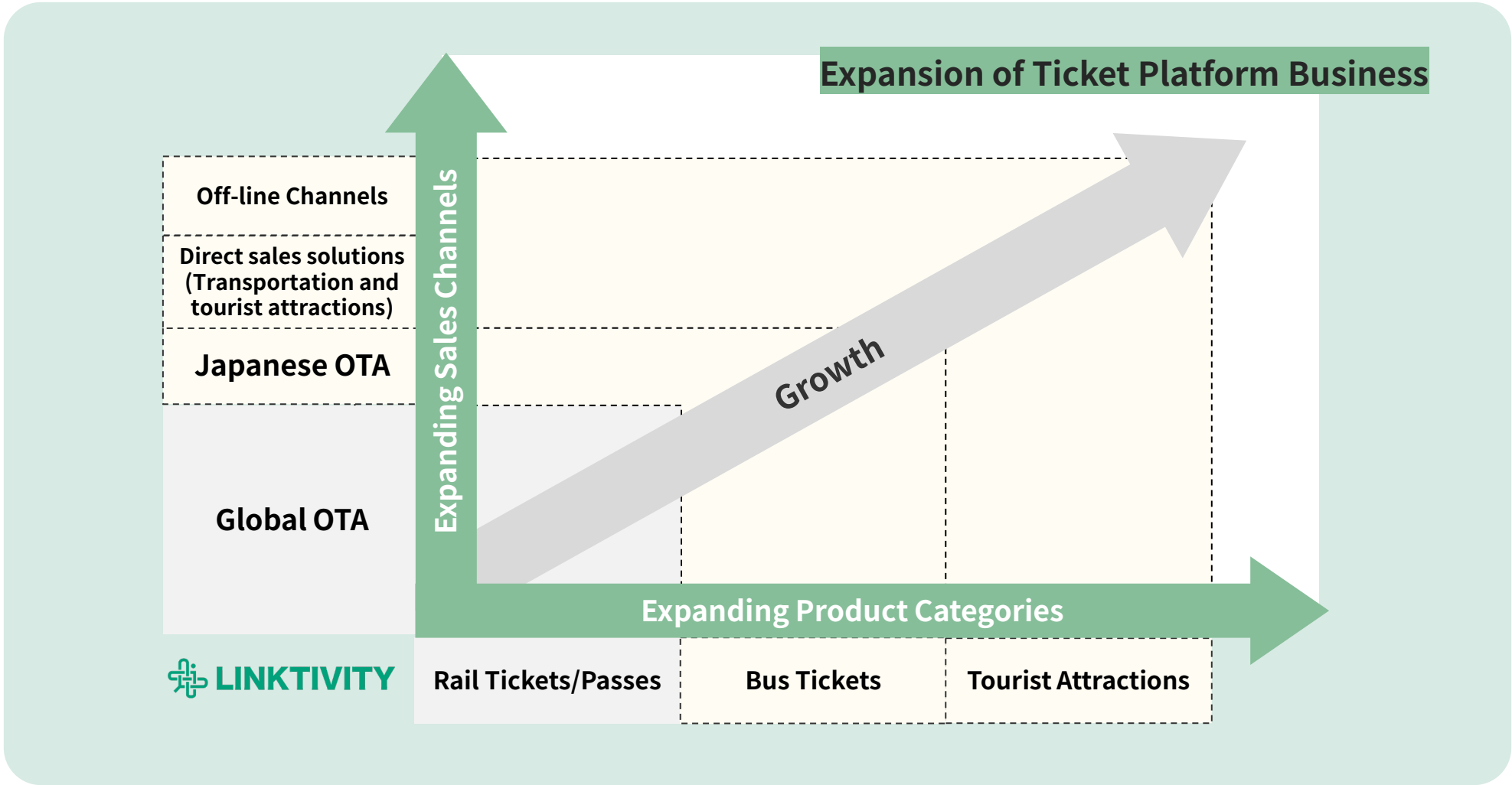
Promoting a seamless travel experience for Japanese domestic travelers as well.



# LINKTIVITY Business Growth



Accelerate growth by further expanding product categories and sales channels and broadening TAM from its existing positioning as a rail ticket/pass platform for inbound travelers.

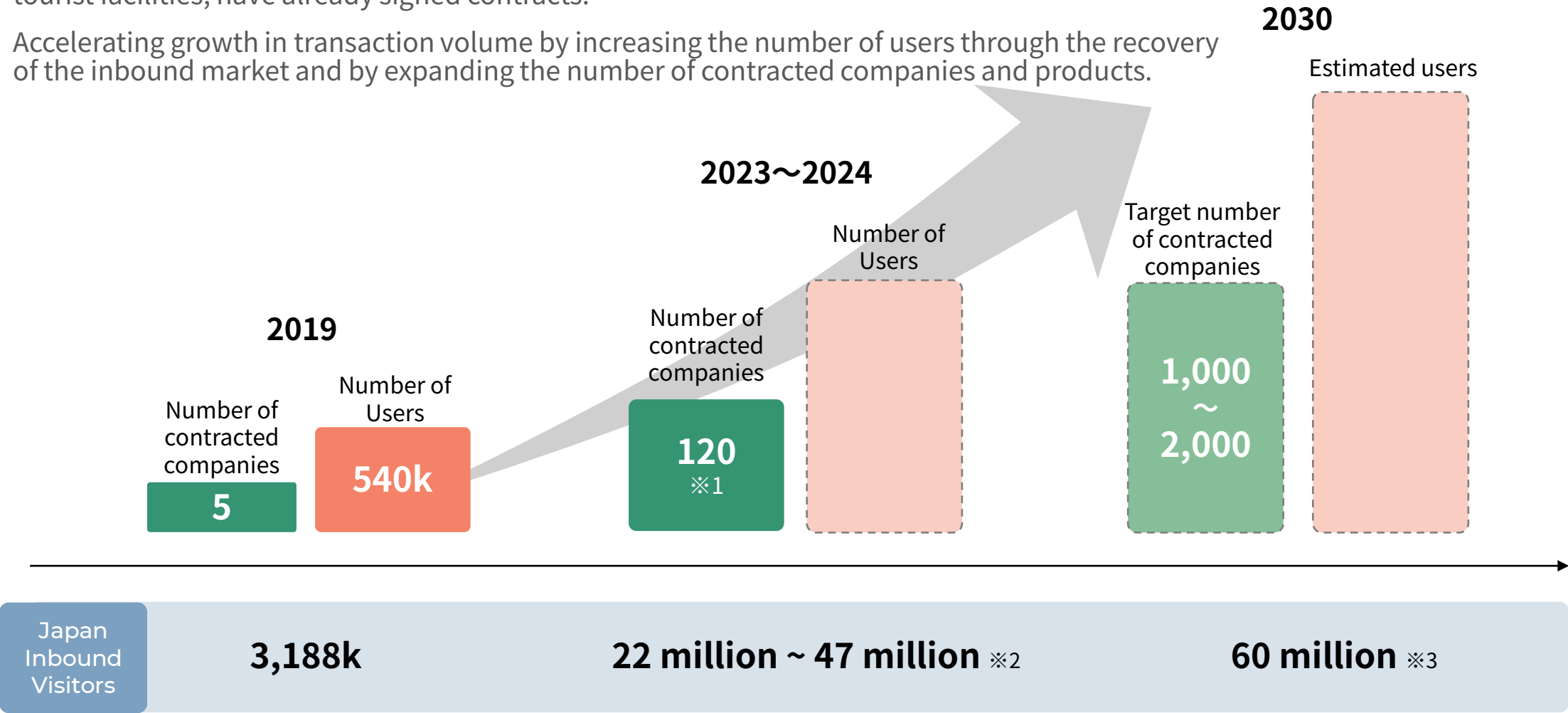


# LINKTIVITY Business Growth



120 companies, mainly major transportation operators such as railroads and buses, as well as tourist facilities, have already signed contracts.

Accelerating growth in transaction volume by increasing the number of users through the recovery of the inbound market and by expanding the number of contracted companies and products.

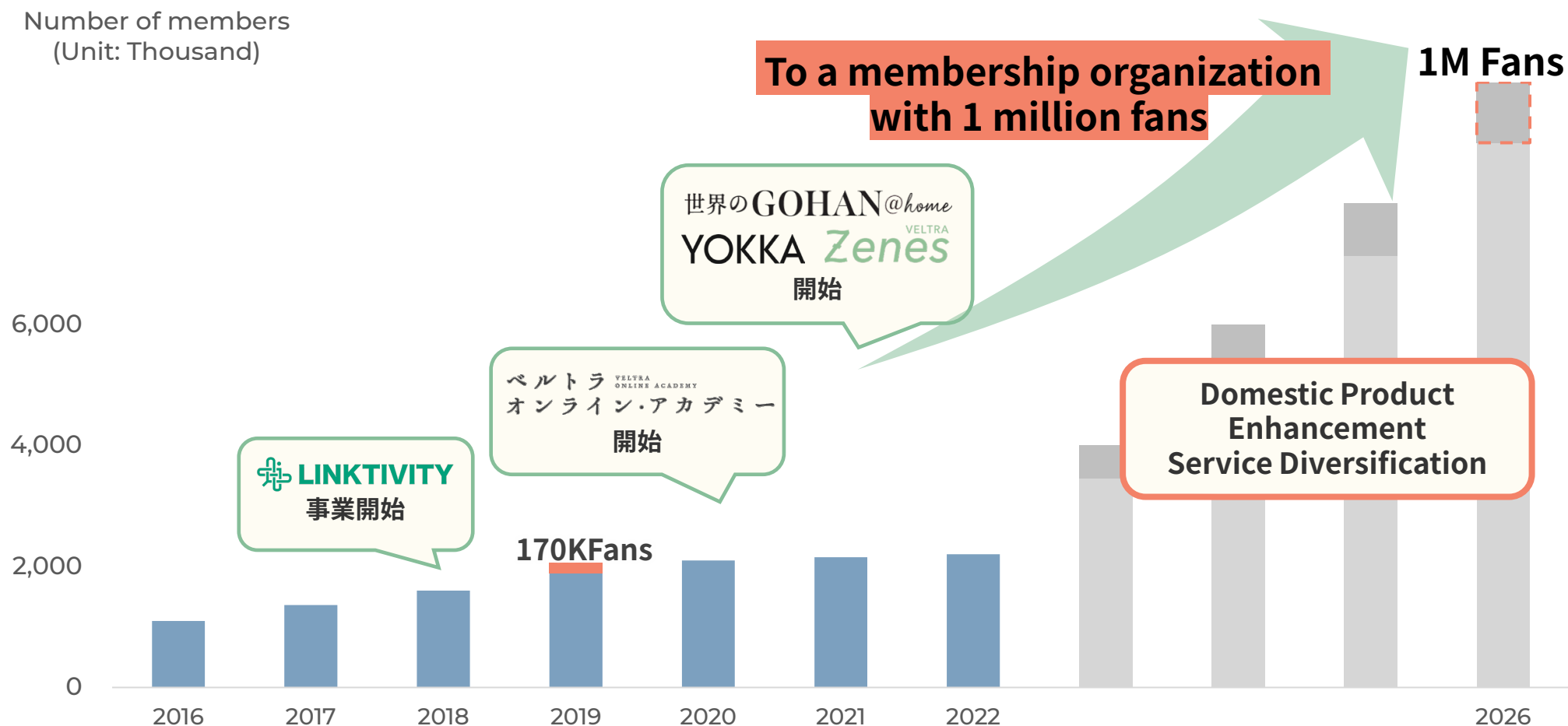


\*1 Number of subscribing companies as of June 30, 2022 \*2 Our forecast \*3 Government target

# 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.



# 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



# Company Information



## VELTRA Corporation

Headquarters	1 Kanda Mitoshiro-cho, Chiyoda-ku, Tokyo 101-0053 Japan
Capital	JPY 1,821,194,285 (as of September 2022)
Founded	November, 1991
# of Employees	183 (Consolidated) 137 (Non- Consolidated)
Subsidiaries	[Malaysia] VELTRA Malaysia Sdn, Bhd. [USA (HA)] VELTRA Inc. [Japan] LINKTIVITY Inc.
Rep Office	Bangkok, Ho Chi Minh City

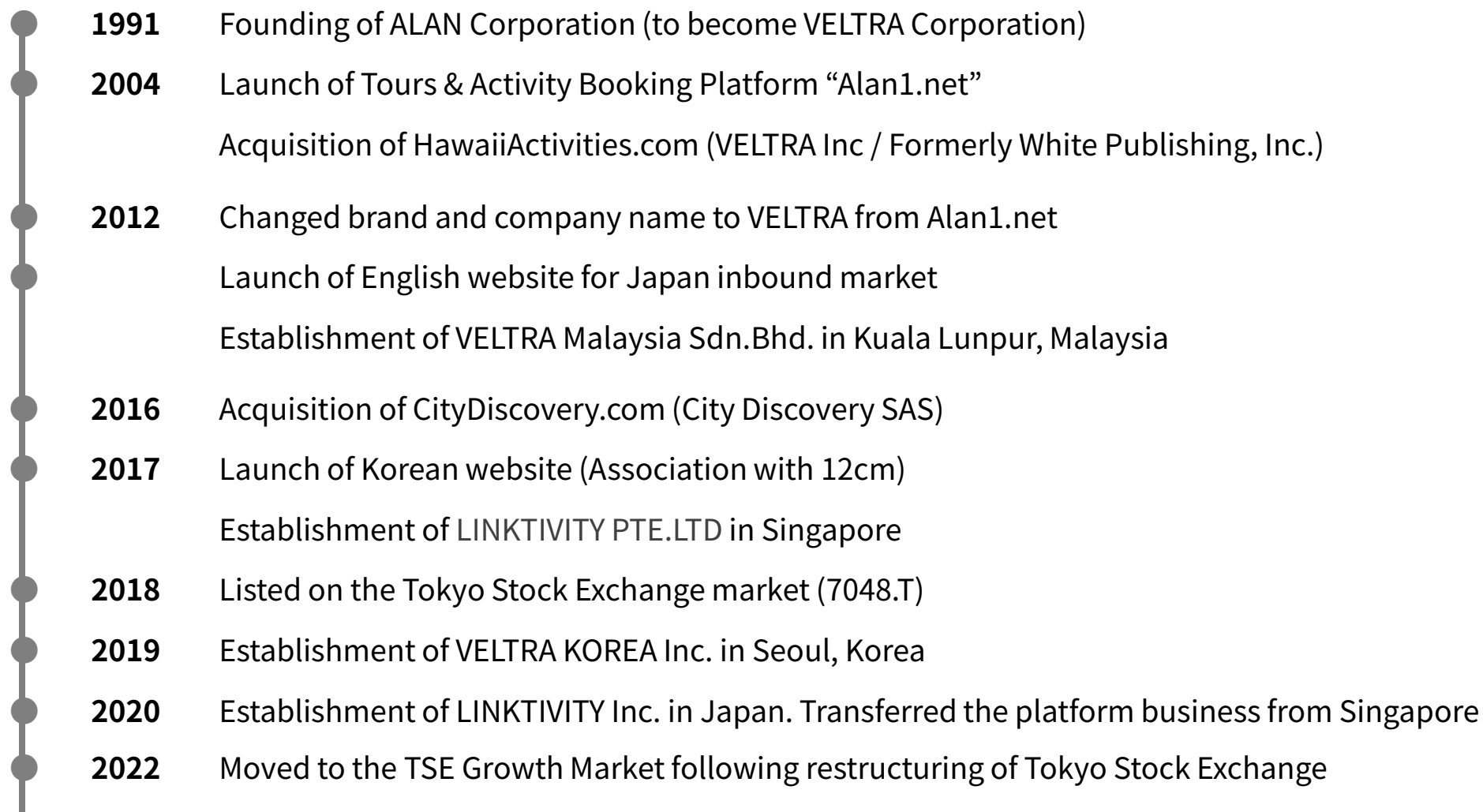


## Business Category



## Board of Directors

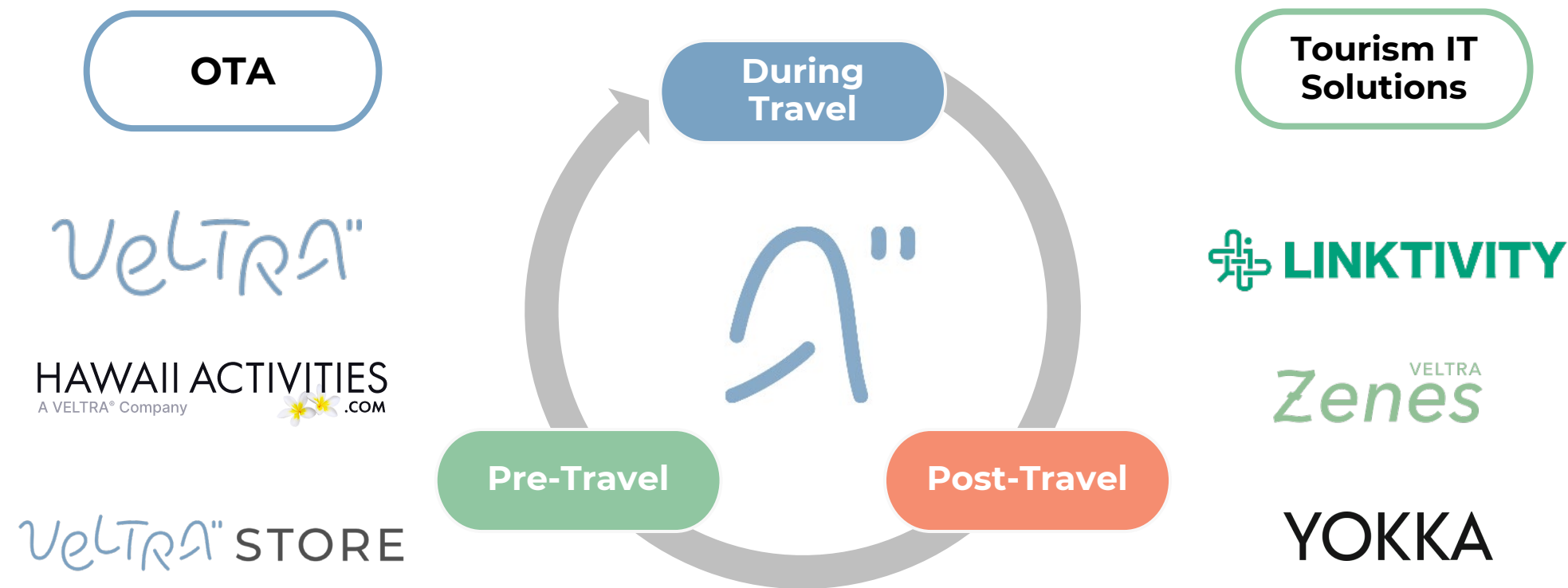
CEO, President	Wataru Futagi
COO, Director	Ryoko Mannen
Director	Tomoharu Kurakami
CFO, Director	Jumpei Minashima
Director	Gaku Suzuki
Director	Rod Cuthbert
Auditor	Tetsushi Ikeda
Auditor	Masato Mori
Auditor	Masayuki Kono



# 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.



**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

**VELTRA** STORE

Hand-picked food and wine  
selections from around the world



Over 400 Products



9,500 bookings/year

Japanese

**B2B Services**

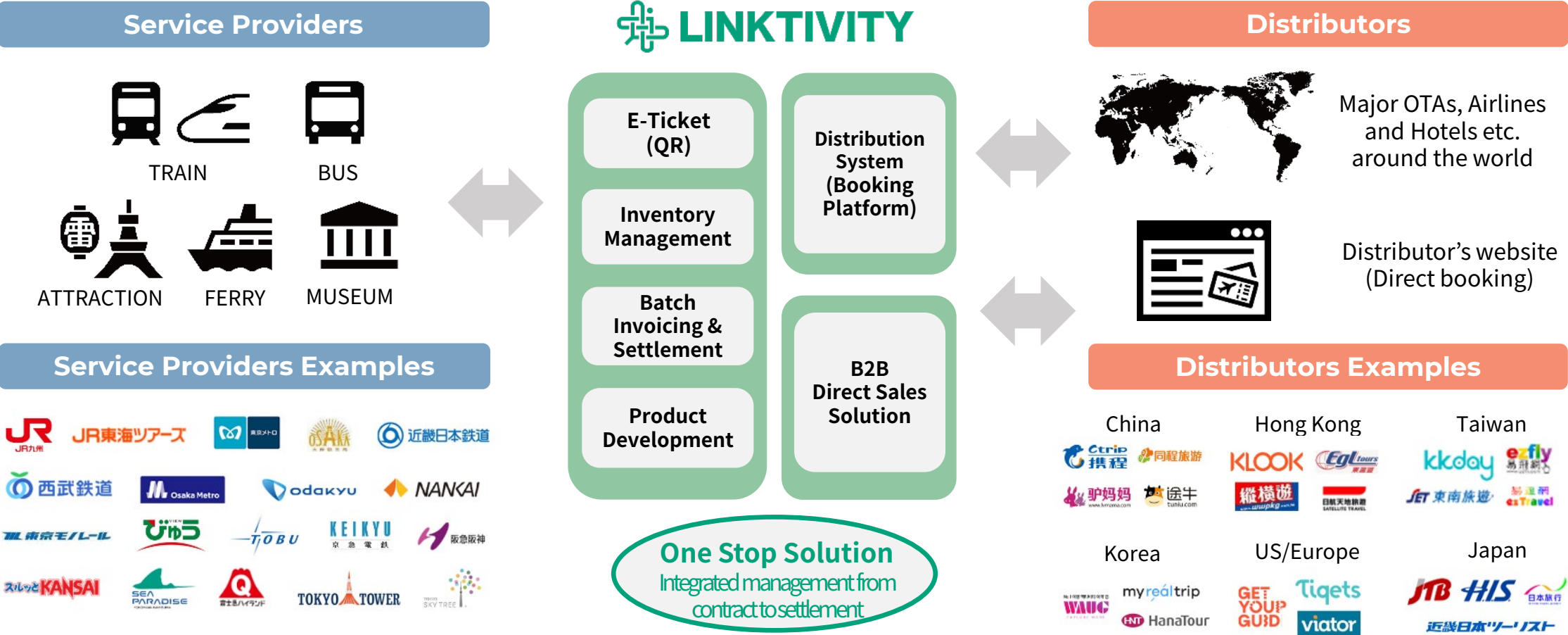
Partnership with industry partners



Benefit one And many more



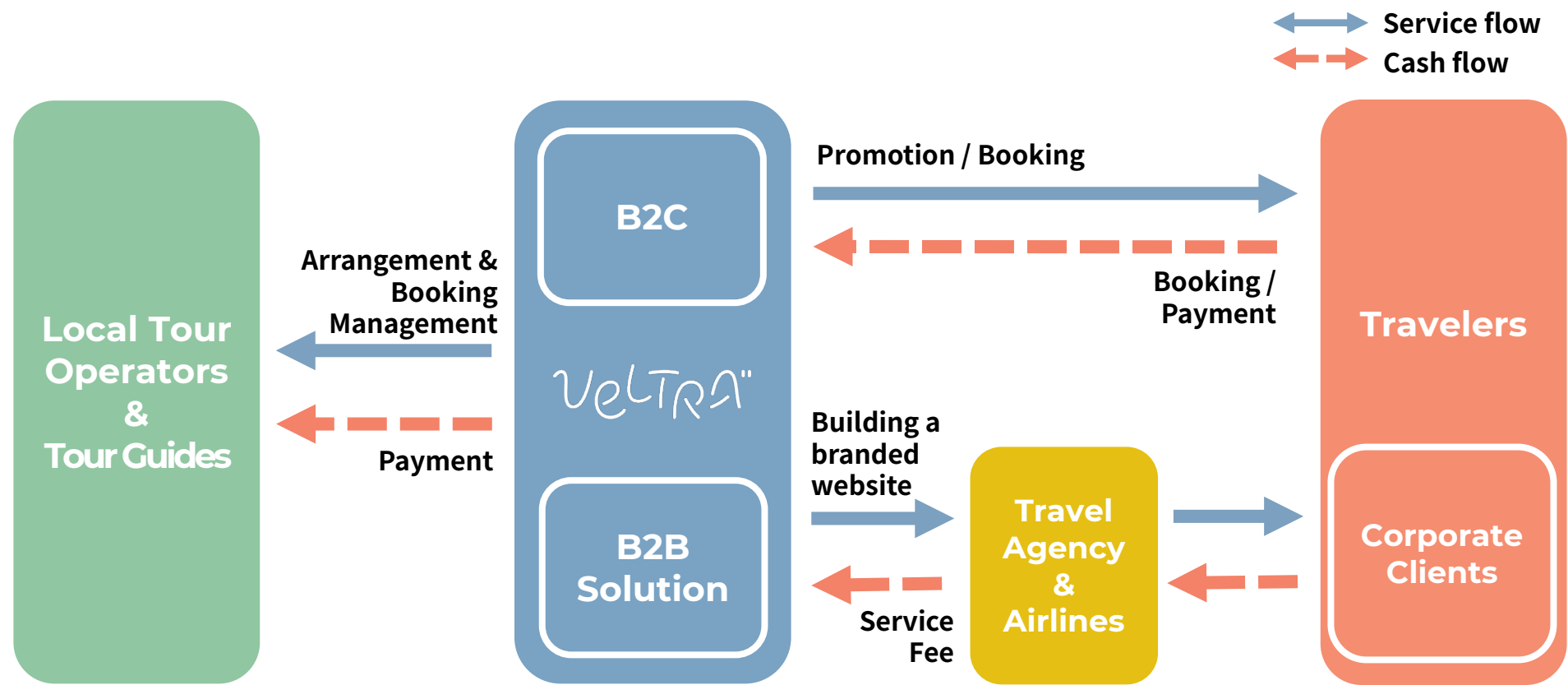
LINKTIVITY is a platform that connects Japanese transportation and attractions with travel companies around the world. It provides a one-stop system solution to link service providers and distributors.



# 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.

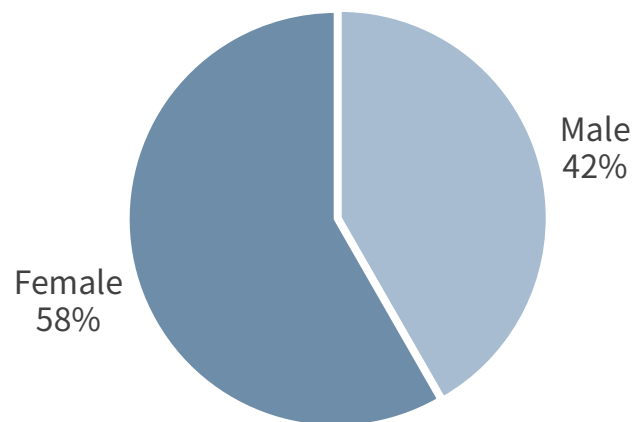


# Customer Demographics (VELTRA.com)

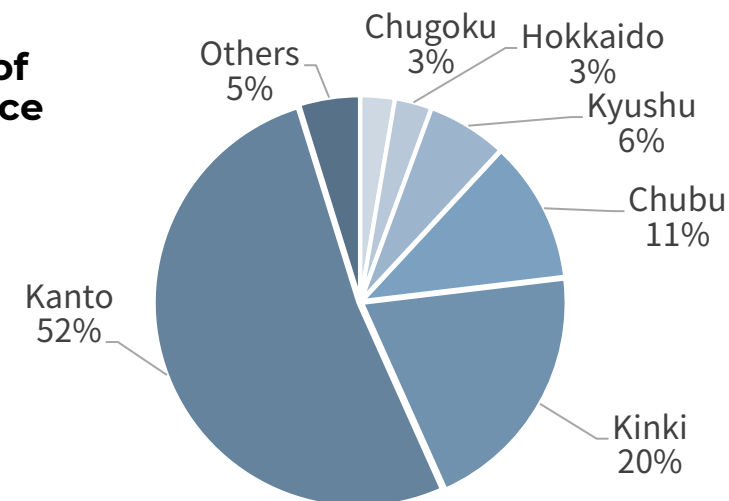


A wide range of customers, more than 99% of whom have traveled abroad

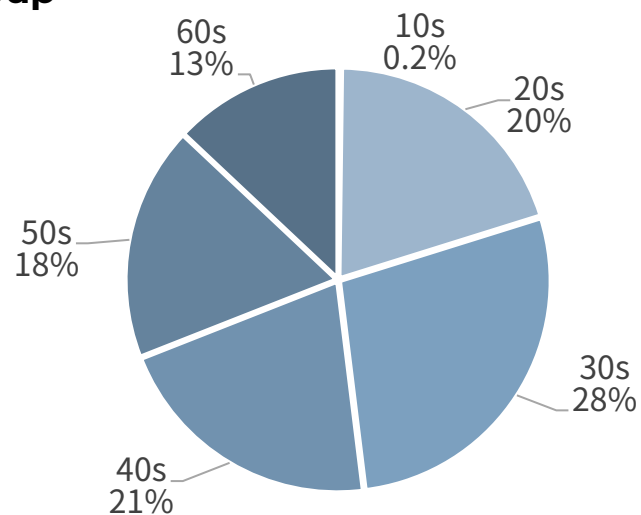
**Gender**



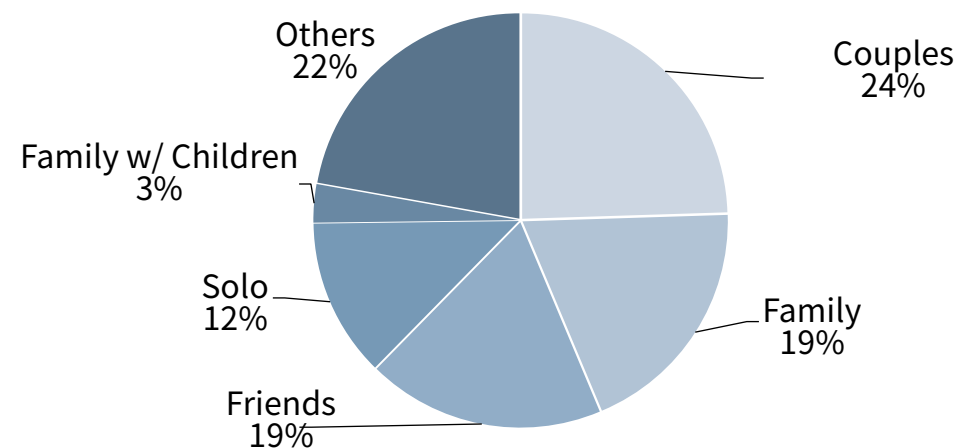
**Region of Residence (Japan)**



**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



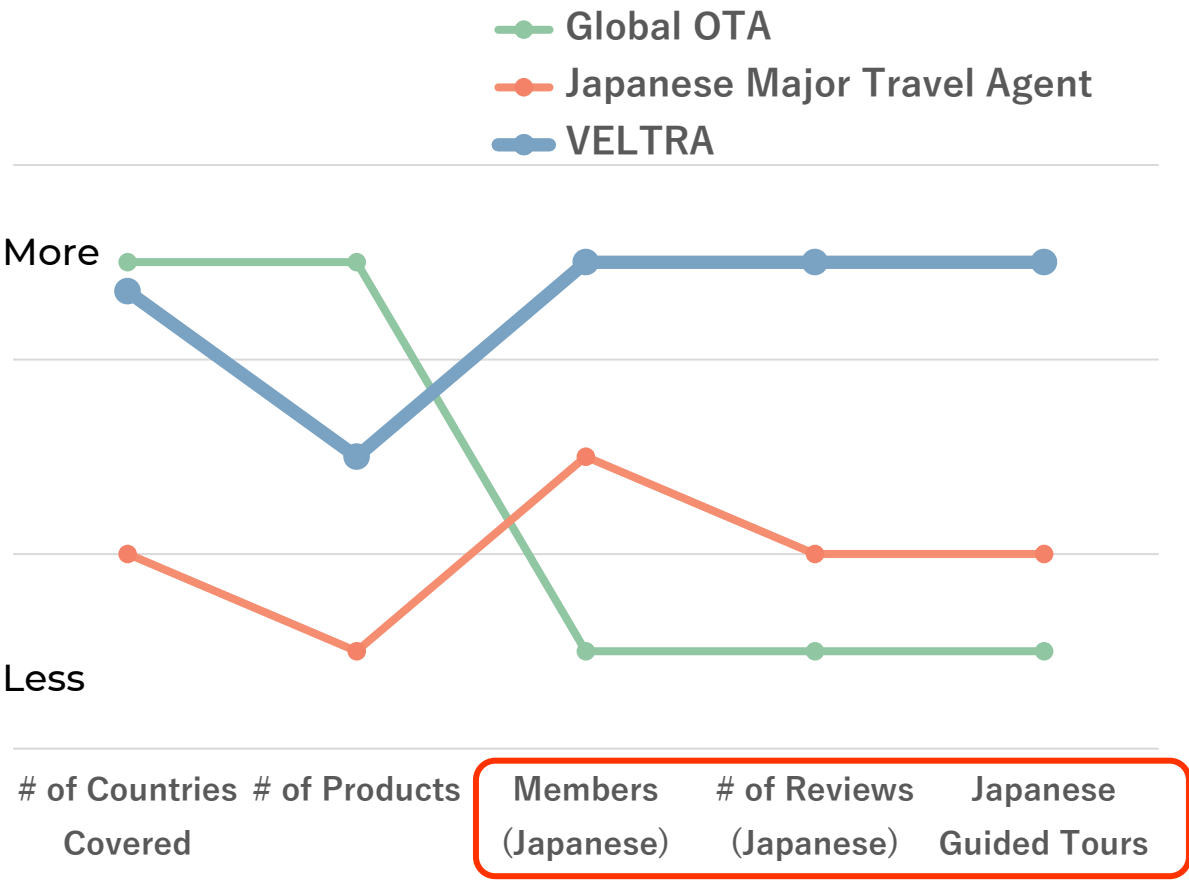
**12,000+**  
Tours & Activities



**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.



**3M USER/month\***  
Organic traffic  
\*2017-2019 Average



**200,000+/month**  
Owned media traffic



**2,000+**  
BtoB Network  
in Japan



**100+**  
API Integration

## 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.



**50% of**  
bookings are  
returning  
customers  
\*2019 results



**NPS(+27%)**  
Customer Royalty  
\*Net Promotor Score



Localized  
**UI/UX**



**24/7**  
Customer  
Support

## 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

"Work from Anywhere" 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.



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