English Translation
This is a translation of the original release in Japanese. In the event of any discrepancy, the original release in Japanese shall prevail.

Summary of Financial Results for the First Quarter of the Fiscal Year Ending September 30, 2017 〔Japanese Standards〕(Consolidated)

January 25, 2017

Listed company name:	VOYAGE GROUP, Inc.		Listed stock exchange:	Tokyo Stock Exchange
Stock Code No.:	3688	URL	https://voyagegroup.com/en/ir/	
Representative:	Title: President and CEO	Name	Shinsuke Usami	
Contact:	Title: Director and CFO	Name	Hidenori Nagaoka	TEL +81-3-5459-4226

Date to submit the Securities Report: February 9, 2017
Scheduled date of dividend payments: —
Availability of supplementary information: Yes
Holding investors' meeting: Yes
(For security analysts and institutional investors)

(Rounded down to million yen)

1. Consolidated Financial Results for FY2017 First Three Months (October1, 2016 – December 31, 2016)

(1) Consolidated results of operations (cumulative total)

(The percentage indicates year-on-year change)

	Net sales		Operating income		Ordinary income		Net income	
	¥million	%	¥million	%	¥million	%	¥million	%
FY2017 first three months	6,573	31.8	635	6.0	709	25.0	440	11.5
FY2016 first three months	4,987	12.8	599	(3.7)	567	(13.7)	394	(3.8)

(Note) Comprehensive Income: FY2017 first three months : ¥ 528 million (40.8%)
FY2016 first three months : ¥ 375 million (12.9%)

	Net income per share	Diluted net income per share
	¥	¥
FY2017 first three months	37.15	35.85
FY2016 first three months	33.35	31.77

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	¥million	¥million	%	¥
FY2017 first three months	14,227	6,869	46.2	552.29
FY2016	12,537	6,332	49.3	520.94

(Reference) Owned capital: December 31, 2016 6,574million yen September 30, 2016 6,174 million yen

2. Dividend status

	Annual dividends				
	1Q end	2Q end	3Q end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
FY2016	—	0.00	—	10.00	10.00
FY2017	—				
FY2017 (Forecast)		0.00	—	10.00	10.00

(Note)
1. Revisions to dividend forecast for the current quarter: None

3. Forecast of Consolidated Financial Results for FY 2017 (October 1, 2016 – September 30, 2017)

(The percentage indicates the change from the previous fiscal year.)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of the parent company		Net income per share
	¥million	%	¥million	%	¥million	%	¥million	%	Yen
Full year	23,000	10.4	1,200	(30.3)	1,200	(3.7)	700	(4.3)	59.05

(Note)

1. Revisions to consolidated financial forecast for the current quarter: None

※ Notes

(1) Changes in important subsidiaries the period (Change of specified subsidiaries that lead to a change in the scope of consolidation) : Yes

Newly companies: 1 (Company name: CMerTV, Inc.)

Excluded companies: — (Company name: —)

(2) Specific accounting procedures: : Yes

(Note) For more information, see page 7, "2. Matters Concerning Summary Information (2) Adoption of Accounting Method Specific to Preparation of Quarterly Consolidated Financial Statements".

(3) Changes in accounting policies, changes in accounting estimates, corrections and restatements and retrospective restatements

1) Changes in accounting policy resulting from revisions to accounting standards : None

2) Changes in accounting policy other than above : None

3) Changes in accounting estimates : None

4) Retrospective restatements : None

(4) Number of shares issued (common stock)

1) Number of shares issued and outstanding (including treasury shares)

Year ended December 31, 2016	12,004,100	Year ended September 30, 2016	11,953,100

2) Number of shares treasury stock issued and outstanding

Year ended December 31, 2016	100,000	Year ended September 30, 2016	100,000

3) Average number of shares during the period (quarterly consolidated cumulative accounting period)

Year ended December 31, 2016	11,855,056	Year ended December 31, 2016	11,837,680

※ Notice regarding audit procedures

This quarterly financial result is excluded from audit procedures based on the Financial Instruments and Exchange Act. As of the time of disclosure of this earnings announcement, auditing procedures for consolidated financial statements based on the Financial Instruments and Exchange Act are still in the process of being implemented.

※ Explanations related to appropriate use of the performance forecast other special instructions

(Note on forward - looking statements)

This forecast of performance is based on the judgment of the Group in accordance with information that was available at the time of its creation, and includes factors of risk and uncertain elements.

Please refer to the section of "Qualitative information on consolidated forecast" on page 4 of the attached documents to the summary of quarterly financial statements for the suppositions that form the assumptions for forecast and cautions concerning the use thereof.

Attachment

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1. Qualitative Information on Quarterly Financial Results for the Period under Review

Forward-looking statements contained in this document are based on judgments made by VOYAGE GROUP, Inc. (the "Company") and its consolidated subsidiaries and equity-method affiliates (collectively, the "Group"), in the light of information available as of the end of the period under review.

(1) Analysis of Operating Results

In the period under review, the overall Japanese economy was on a gradual recovery track, showing signs of recovery in personal consumption due to improvements in corporate earnings and the employment environment, as a result of the government's economic and monetary policies. On the other hand, the outlook for overseas economies remains uncertain in some aspects, due to the effects of slowdowns in emerging economies and instability in the European economy.

The online advertising market in which the Group operates continued to expand. This expansion is supported by the continuous expansion of the smartphone advertising market, the rapid rise of the video advertising market, and the spread of programmatic ad trading (Note 1). According to research by Dentsu Inc., in 2015, internet advertising spending was ¥1,159.4 billion (up 10.2% year on year) and performance-based advertising costs (Note 2) were ¥622.6 billion (up 21.9% year on year), both steadily on the rise. According to the "Report on Current Statistics of Selected Service Industries" released by the Ministry of Economy, Trade and Industry, sales in the online advertising business in October and November of 2016 were higher than in the same months of the previous year.

Under these economic circumstances, the Group decided to review its business structure and areas of focus. Accordingly, the Group has changed the classification of its reportable segments from the period under review. After the change, there are three reportable segments, namely: 1) the "Ad Platform segment" which operates ad distribution platforms, 2) the "Points Media segment" which plans and operates promotional online media such as point collection websites and point exchange websites, 3) the "Incubation segment" which develops a variety of new businesses in the internet services field.

In the Ad Platform segment, a mainstay business that drives the Group's growth, CMerTV, Inc., a company primarily engaged in the video advertising business for smartphones, was acquired as a consolidated subsidiary on October 3rd, 2016. This was part of the Group's endeavors to engage in potential markets where growth is expected, and to further increase its competitiveness. In the Points Media segment, the Group focused on implementing measures to increase the number of users of its smartphone services, and worked on raising the quality of its services. In the Incubation segment, the Group continued its efforts in developing new businesses in the internet services field. For instance, the Group concluded a comprehensive business partnership regarding online sales of the housework support service with Kajitaku Co., Ltd., a company that belongs to the Aeon Group, with the aim of strengthening initiatives in the EC field.

As a result, the Group posted net sales of ¥6,573 million in the period under review (up 31.8% year on year), operating income of ¥635 million (up 6.0% year on year), ordinary income of ¥709 million (up 25.0% year on year), and net income attributable to owners of parent of ¥440 million (up 11.5% year on year).

Financial results for each segment were as follows. Sales of each segment include intersegment sales and transfers.

From the period under review, the classification of the reportable segments has been changed.

Figures below for the same period of the previous fiscal year have been reclassified to match the current segments.

1) Ad Platform Business

The Ad Platform segment mainly operates the SSP (Note 3) "fluct" and "Zucks" (ad distribution platform for smartphones). With the rapid spread of programmatic trading in the online advertising market, the Group has made efforts particularly in proposing the introduction of "fluct" for smartphone publishers and using it to provide support in maximizing advertising revenues, making the most of its know-how developed in operating the Group's Media segment. As a result, the number of media that have adopted "fluct" continues to increase steadily.

In addition, the service for advertisers "Zucks" increased its ad distribution in smartphone ad networks. The "fluct Direct Reach" service, which enables advertisers to directly purchase advertising space on media that have adopted "fluct", also expanded. Moreover, the Group acquired CMerTV, Inc., a company primarily engaged in the video advertising distribution business for smartphones, as a consolidated subsidiary on October 3rd, 2016, aiming to enhance its services and functions so as to promote further growth.

Consequently, the Ad Platform segment recorded sales of ¥4,494 million in the period under review (up 56.4% year on year), and segment income of ¥488 million (up 54.1% year on year).

2) Points Media Business

The Points Media segment operates the marketing solutions business for companies, while running its own media that utilizes points, such as "EC Navi" and "PeX". In its own media, the Group has continuously implemented measures through its own marketing platforms for attracting, retaining, and vitalizing members and has verified their effects. In particular, the Group focused on using smartphones to attract new members and promote usage. Also, in the previous fiscal year, some point exchange services were temporarily suspended due to the expansion and renewal of functions in the "PeX" system, but all services with existing point exchange partnering companies resumed during the period under review. The Group also made agreements with new point exchange partnering companies, thereby constructing a structure that enables point exchanges with a wider range of services. However, there was decreased demand from some advertisers who had ad placements in the same period of the previous fiscal year. Consequently, the Points Media segment recorded sales of ¥1,535 million in the period under review (down 3.9% year on year), and segment income of ¥136 million (down 48.2% year on year).

3) Incubation Business

From the period under review, the reportable segments have been changed, as internet-related businesses other than those in the Ad Platform segment and the Points Media segment were classified into the Incubation segment. In this segment, the HR field, EC field and FinTech field are considered expansion fields, and the Group is actively investing in and developing these fields, in view of their high potential of becoming the third pillar of business in the Group in the medium- to long-term.

Currently, the Group operates the new graduate recruitment services business in the HR field, the planning and direct selling business of mail order cosmetics in the EC field, the digital gift services business in the FinTech field, and mainly the game publishing business in the other fields. New graduate recruitment services were robust with clients increasing, mainly owing to start-up companies accepting science and engineering students as candidates. In the game publishing business, through a business partnership with a major overseas game developer, the Group can now introduce titles that will make a steady contribution to its revenue.

However, prior advertising and promotional expenses for the mail order cosmetics were incurred. Consequently, the Incubation segment recorded sales of ¥615 million in the period under review (down 4.9% year on year), and segment income of ¥10 million (down 42.3% year on year).

(Notes)

1. Programmatic trading is a form of trading that enables the automatic online purchase of advertising space based on audience data, where advertisers (buyers of advertising space) and publishers (sellers of advertising space) make transactions through ad distribution platforms such as a DSP or SSP.
2. Performance-based advertising is a method of advertising with platforms that process vast amounts of data to help optimize ad distribution either automatically or instantaneously. Typical examples include search engine advertising, certain ad networks, as well as DSPs (systems that aid advertisers in maximizing their advertisements' effectiveness), ad exchanges, and SSPs (systems that aid publishers in maximizing advertising efficiency). Selling advertising space, tie-ups and affiliate advertising are not included in performance-based advertising. (Source: Advertising Expenditures in Japan, 2015, Dentsu Inc.)
3. SSP (Supply Side Platform) is an ad distribution platform for maximizing publishers' advertising revenues. SSP connects to multiple ad networks, DSPs, and ad exchanges, delivering the most appropriate, highly profitable ads for publishers.

(2) Analysis of Financial Position

Assets, Liabilities and Net Assets

Assets

Consolidated assets as of the end of the period under review totaled ¥14,227 million, a ¥1,690 million increase from the end of the previous fiscal year, primarily due to an increase in accounts receivable – trade resulting from an increase in net sales, and an increase in goodwill resulting from the purchase of shares of subsidiaries.

Liabilities

Consolidated liabilities as of the end of the period under review amounted to ¥7,358 million, a ¥1,152 million increase from the end of the previous fiscal year, primarily due to an increase in loans payable, and an increase in accounts payable – trade resulting from an increase in net sales.

Net Assets

Consolidated net assets as of the end of the period under review totaled ¥6,869 million, a ¥537 million increase from the end of the previous fiscal year, primarily due to the recording of net income attributable to owners of parent.

(3) Explanation of Consolidated Performance Forecast and Other Forward-looking Information

No revisions have been made to the full-year consolidated performance forecast announced in "Consolidated Financial Results for the Fiscal Year Ended September 30, 2016" on October 26, 2016.

2. Matters Concerning Summary Information (Notes)

(1) Changes in Significant Subsidiaries during the Period under Review

During the period under review, CMerTV, Inc. was included in the scope of consolidation as the Group acquired its shares. CMerTV, Inc. is a specified subsidiary of the Group.

(2) Adoption of Accounting Method Specific to Preparation of Quarterly Consolidated Financial Statements

Income taxes for the period are calculated by multiplying net income before income taxes for the period by the estimated annual effective rate which is calculated based on the estimated net income before income taxes for the full year and estimated annual income after the application of tax effect accounting.

(3) Changes in Accounting Policies, Changes in Accounting Estimates and Retrospective Restatement

Not applicable.

(4) Additional Information

(Application of Implementation Guidance on Recoverability of Deferred Tax Assets)

The Company has applied the "Implementation Guidance on Recoverability of Deferred Tax Assets" (Accounting Standards Board of Japan (ASBJ) Statement No. 26 issued on March 28, 2016) from the period under review.

3. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Thousands of yen)

	As of September 30, 2016	As of December 31, 2016
Assets		
Current assets		
Cash and deposits	3,111,249	3,330,485
Accounts receivable - trade	2,890,778	3,718,886
Supplies	406,166	480,343
Other	957,549	849,429
Allowance for doubtful accounts	△4,102	△720
Total current assets	7,361,641	8,378,424
Non-current assets		
Property, plant and equipment	191,924	189,650
Intangible assets		
Goodwill	1,632,784	2,101,279
Other	434,332	552,864
Total intangible assets	2,067,117	2,654,144
Investments and other assets		
Investment securities	2,425,335	2,532,257
Other	507,107	488,907
Allowance for doubtful accounts	△15,457	△15,457
Total investments and other assets	2,916,986	3,005,707
Total non-current assets	5,176,027	5,849,502
Total assets	12,537,668	14,227,926
Liabilities		
Current liabilities		
Accounts payable - trade	2,120,404	2,518,531
Short-term loans payable	—	19,600
Current portion of long-term loans payable	233,320	387,475
Provision for point card certificates	2,704,451	2,740,959
Other	480,258	703,454
Total current liabilities	5,538,433	6,370,020
Non-current liabilities		
Long-term loans payable	539,990	863,353
Asset retirement obligations	50,736	50,736
Other	76,000	73,900
Total non-current liabilities	666,726	987,989
Total liabilities	6,205,159	7,358,009

(Thousands of yen)

	As of September 30, 2016	As of December 31, 2016
Net assets		
Shareholders' equity		
Capital stock	1,000,786	1,007,407
Capital surplus	931,499	938,120
Retained earnings	3,890,585	4,212,495
Treasury shares	△171,537	△171,537
Total shareholders' equity	5,651,333	5,986,485
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	535,161	600,029
Foreign currency translation adjustment	△11,689	△11,970
Total accumulated other comprehensive income	523,471	588,058
Non-controlling interests	157,703	295,372
Total net assets	6,332,508	6,869,917
Total liabilities and net assets	12,537,668	14,227,926

(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

(Consolidated Statements of Income)

(Thousands of yen)

	Three months ended December 31, 2015	Three months ended December 31, 2016
Net sales	4,987,715	6,573,438
Cost of sales	3,318,376	4,418,254
Gross profit	1,669,338	2,155,184
Selling, general and administrative expenses	1,069,815	1,519,555
Operating income	599,522	635,628
Non-operating income		
Foreign exchange gains	2,926	83,758
Other	1,488	1,508
Total non-operating income	4,415	85,267
Non-operating expenses		
Interest expenses	1,333	2,422
Share of loss of entities accounted for using equity method	35,198	9,137
Other	72	1
Total non-operating expenses	36,604	11,561
Ordinary income	567,332	709,333
Extraordinary income		
Gain on sales of investment securities	21,206	—
Total extraordinary income	21,206	—
Extraordinary losses		
Loss on retirement of non-current assets	43	9,567
Loss on valuation of investment securities	9,813	3,002
Other	—	2,075
Total extraordinary losses	9,856	14,645
Profit before income taxes	578,683	694,688
Income taxes	205,690	232,266
Profit	372,992	462,422
Profit (loss) attributable to non-controlling interests	△21,846	21,981
Profit attributable to owners of parent	394,839	440,441

(Consolidated Statements of Comprehensive Income)

(Thousands of yen)

	Three months ended December 31, 2015	Three months ended December 31, 2016
Profit	372,992	462,422
Other comprehensive income		
Valuation difference on available-for-sale securities	△10,917	64,867
Foreign currency translation adjustment	13,198	△2,078
Share of other comprehensive income of entities accounted for using equity method	-	3,260
Total other comprehensive income	2,281	66,049
Comprehensive income	375,274	528,472
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	397,100	548,990
Comprehensive income attributable to non-controlling interests	△21,826	△20,518

(3)Notes to Condensed Interim Consolidated Financial Statements

(Going Concern Assumption)

None

(Notes on significant changes in the amount of shareholders' equity)

None

(Changes in presentation methods)

Interest expenses that was previously included in "Other" in "Non-operating expenses" is shown separately from the current fiscal year, considering the significant monetary impact to the financial statements.

"Loss on retirement of non-current assets" that was previously included in "Other" in "Extraordinary losses" is shown separately from the current fiscal year, considering the significant monetary impact to the financial statements.

As a result, the statements of income for the last fiscal year has been reclassified so that the 1,333 thousands of yen presented as the "Other" in "Non-operating expenses" is recalculated into "Interest expenses ".

As a result, the statements of income for the last fiscal year has been reclassified so that the 43 thousands of yen presented as the "Other" in "Extraordinary losses" is recalculated into "Loss on retirement of non-current assets ".

(Segment information, etc.)

(Segment information)

I For the three-month period ended December31, 2015 (October1, 2015 to December31, 2015)

1. Information on sales and income (or loss) by reportable business segment

<The segment information for the consolidated accounting period of the first quarter of the previous fiscal year has been prepared pursuant to the reporting segment classification subsequent to the changes.>

(thousands of yen)

	Reportable Segments				Adjustment	Consolidation (Note)
	Ad Platform Business	Pont Media Business	Incubation Business	Total		
Sales						
Outside Sales	2,854,885	1,557,871	574,958	4,987,715	—	4,987,715
Intersegment Sales or Transfer	19,302	39,531	72,365	131,199	(131,199)	—
Total	2,874,187	1,597,402	647,323	5,118,914	(131,199)	4,987,715
Segment Income	316,802	264,438	18,281	599,522	—	599,522

(Note) Segment income is adjusted on operating income on the quarterly consolidated statements of income.

2. Information concerning impairment loss on noncurrent assets, goodwill and other items by reportable business segment

(Material impairment loss on noncurrent assets)

No significant items to be reported.

(Material changes in goodwill)

No significant items to be reported.

(Material profit from negative goodwill)

No significant items to be reported.

Ⅱ For the three-month period ended December31, 2016 (October 1, 2016 to December 31, 2016)

1. Information on sales and income (or loss) by reportable business segment

(thousands of yen)

	Reportable Segments				Adjustment	Consolidation (Note)
	Ad Platform Business	Pont Media Business	Incubation Business	Total		
Sales						
Outside Sales	4,474,641	1,521,941	576,856	6,573,438	—	6,573,438
Intersegment Sales or Transfer	20,022	13,535	38,470	72,028	(72,028)	—
Total	4,494,663	1,535,476	615,327	6,645,467	(72,028)	6,573,438
Segment Income	488,192	136,881	10,554	645,628	—	635,628

(Note) Segment income (or loss)is adjusted on operating income on the quarterly consolidated statements of income.

2. Information concerning impairment loss on noncurrent assets, goodwill and other items by reportable business segment

(Material impairment loss on noncurrent assets)

No significant items to be reported.

(Material changes in goodwill)

In the Ad Platform Business, shares of CMerTV Inc. were acquired and said company was included in the scope of consolidation from this quarter. Also, the increased amount of goodwill caused by this event was 527,906 thousands of yen for the current first consolidated cumulative quarter.

(Material profit from negative goodwill)

No significant items to be reported.

3. Reportable segment information

(Revision to Reportable Segments)

The Company plans to expand its business in two major business segments. One is an advertisement platform business such as “fluct”,”Zucks”, and etc. The other is a media business utilizing EC-NAVI’s points, PEX’s points, etc. Additionally, the Company concentrate on investments in new businesses in order to build a third pillar of businesses. In accordance with the management control system based on its direction, the Company changed its reportable operating segments, effective from the three months ended December 31, 2016.

For fair comparison over the same period last year, the amounts reported in the same period of last year are reclassified to match the current segments.

①Some business which were previously recorded in the Media Business segment, are integrated and transferred to Other Internet Business.

②After the completion of transfer and integration in the above, “Ad-Technology Business” segment is renamed “Ad-platform Business” segment, ”Media Business” is renamed “Point Media Business” segment and “Other Internet Business” segment is renamed “Incubation Business” segment.

Old Segments (up to FY2016/9)

