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.

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

October 25, 2017

Listed company name:	VOYAGE GROUP, Inc.			Listed stock exchange:	TSE first section
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

Scheduled date of Annual General Meeting of Shareholders:	December 9, 2017
Scheduled starting date of the dividend payments:	November 27, 2017
Scheduled date to file Securities Report:	December 11, 2017
Availability of supplementary information	Yes
Holding of quarterly investors' meeting:	Yes
	(For security analysts and institutional investors)

(Rounded down to million yen)

1. Consolidated Financial Results for the fiscal year ended September 30, 2017 (October 1, 2016 – September 30, 2017)

(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	%
Year ended September 30, 2017	25,895	24.2	1,806	5.0	1.861	49.4	1,161	58.7
Year ended September 30, 2016	20,841	17.5	1,720	(23.1)	1,246	(43.1)	731	(55.6)

(Note) Comprehensive Income: Year ended September 30, 2017 : ¥ 1,684million 240.6%
Year ended September 30, 2016 : ¥ 494million (67.4%)

	Net income per share	Diluted net income per share	Return on equity	Ordinary income to total assets	Operating income to net sales
	¥	¥	%	%	%
Year ended September 30, 2017	96.90	93.53	16.6	13.2	7.0
Year ended September 30, 2016	61.82	59.21	12.0	9.9	8.3

(Reference) Equity in net losses of affiliated companies: Year ended September 30, 2017 : ¥ (28) million
Year ended September 30, 2016 : ¥ (330) million

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	¥million	¥million	%	Yen
Year ended September 30, 2017	15,775	8,113	49.8	644.62
Year ended September 30, 2016	12,537	6,332	49.3	520.94

(Reference) Owned capital: September 30, 2017 7,860 million yen
September 30, 2016 6,174 million yen

(3) Consolidated cash flows

	Net cash flows from (used in) operating activities	Net cash flows from (used in) investing activities	Net cash flows from (used in) financing activities	Cash and cash equivalents at the end of the year
	¥million	¥million	¥million	¥million
Year ended September 30, 2017	3,184	(1,002)	105	5,445
Year ended September 30, 2016	829	(1,145)	(701)	3,111

2. Dividend status

	Annual dividends					Total amount of dividends(total)	Payout ratio (consolidated)	Dividend to net asset ratio (consolidated)
	1Q end	2Q end	3Q end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	¥million	%	%
Year ended September 30, 2016	—	0.00	—	10.00	10.00	118	16.3	1.9
Year ended September 30, 2017	—	0.00	—	15.00	15.00	182	15.5	2.6
Year ending September 30, 2018 (Forecast)	—	0.00	—	15.00	15.00		25.7	

3. Forecast of Consolidated Financial Results for FY 2018 (October 1, 2017 — September 30, 2018)

(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	30,000	15.9	1,200	(33.6)	1,200	(35.6)	700	(39.7)	58.40

※ Notes

(1) Changes in significant subsidiaries during the period : Yes

(Change of specified subsidiaries that lead to a change in the scope of consolidation)

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

Excluded companies: — (Company name: —)

(2) 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

(3) Number of shares issued (common stock)

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

Year ended September 30, 2017	12,293,300	Year ended September 30, 2016	11,953,100

2) Number of treasury stock issued and outstanding

Year ended September 30, 2017	100,047	Year ended September 30, 2016	100,000

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

Year ended September 30, 2017	11,986,387	Year ended September 30, 2016	11,836,363

(Reference) Summary of Financial Results (Non-Consolidated)

Results of the fiscal year ended September 30, 2017 (from October 1, 2016 to September 30, 2017)

(1) Operating results

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

	Net sales		Operating income		Ordinary income		Net income	
	¥million	%	¥million	%	¥million	%	¥million	%
Year ended September 30, 2017	3,054	(12.6)	404	(31.6)	497	(71.4)	525	(69.5)
Year ended September 30, 2016	3,493	(4.6)	591	(3.7)	1,740	178.9	1,725	599.4

	Net income per share	Diluted net income per share
	¥	¥
Year ended September 30, 2017	43.85	42.32
Year ended September 30, 2016	145.81	139.64

(2) Financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	¥million	¥million	%	¥
Year ended September 30, 2017	14,106	5,321	37.7	436.35
Year ended September 30, 2016	10,073	4,270	42.4	360.27

(Reference) Equity capital: As of September 30, 2017 ¥ 5,320million, As of September 30, 2016 ¥ 4,270million

※ Notice regarding audit procedures

This financial result is excluded from audit procedures.

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

(Note on forward - looking statements)

Earnings forecasts and other forward-looking statements in this report are based on information currently available and certain assumptions judged to be reasonable. Therefore, these statements do not constitute a guarantee of achievement. Actual results may differ materially for various reasons.

Please refer to the section of "1. Overview of Operating Results, etc. (4) Future Outlook" on page 6 of the attached documents.

(Supplementary materials)

Supplementary materials on quarterly financial results are on our website (in English and Japanese).

Attachment

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1. Overview of Operating Results, etc.

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 fiscal year under review.

(1) Overview of Operating Results for the Fiscal Year under Review

In the fiscal year under review, the overall Japanese economy continued a moderate recovery trend, supported by the recovery in personal consumption due to improvements in corporate earnings and the employment situation, 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 factors such as policy trends of the new U.S. administration and Brexit.

With regard to the online advertising market where the Group operates its mainstay business, according to research by Dentsu Inc., in 2016, internet advertising spending reached ¥1,310.0 billion, up 13% year on year, supported by the expansion of the smartphone advertising market and the rapid rise of the video advertising market. In addition, performance-based advertising costs (Note 2.) rose 18.6% year on year to ¥738.3 billion, due to the fact that more advertisers are using data and technology as well as the spread of programmatic ad trading (Note 1.), with its increasing significance in branding and market reach.

Under these economic circumstances, the Group has developed its business in 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.

As a result, the Group posted net sales of ¥25,895 million in the fiscal year under review (up 24.2% year on year), operating income of ¥1,806 million (up 5.0% year on year), ordinary income of ¥1,861 million (up 49.4% year on year), and profit attributable to owners of parent of ¥1,161 million (up 58.7% year on year).

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

From the current fiscal year, the classification of the reportable segments has been changed. Figures below for 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 ad 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, as of the end of September 2017, more than 15,000 media have adopted "fluct" (more than 10,700 at the end of September 2016). The number of times that advertisements are displayed via "fluct" is steadily increasing, totaling 433.6 billion times in the fiscal year under review (up 26.5% year on year).

In addition, there were increases in ad placements for "Zucks", which distributes ads in smartphone ad networks, as well as those from brand advertisers for CMerTV, Inc., a company primarily engaged in the video advertising business for smartphones which was acquired as a consolidated subsidiary in October 2016. Growth in these services for advertisers contributed to the results.

Consequently, the Ad Platform segment recorded sales of ¥18,314 million in the fiscal year under review (up 40.5% year on year), and segment income of ¥1,471 million (up 36.1% 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, mainly "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. Consequently, the total number of members of the Points Media is steadily increasing, at 9.24 million people as of the end of September 2017 (8.33 million people at the end of September 2016), and the research business was robust, supported by the recovery in demand.

However, due to decreased demand for certain products from advertisers, the Points Media segment recorded sales of ¥5,745 million in the fiscal year under review (down 3.2% year on year), and segment income of ¥410 million (down 36.3% year on year).

3) Incubation Business

In the Incubation Business segment, the HR field, EC field and FinTech field are considered expansion fields, and the Group is actively investing in these fields in order to create businesses that will be a third pillar 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 continuously increasing, owing to start-up companies accepting science and engineering students as candidates. In the game publishing business, the Group has developed business partnerships with multiple major overseas game developers, and can now introduce titles that are expected to make a steady contribution to its revenue.

However, due to the general incurring of prior expenses including advertising and promotional expenses for the mail order cosmetics business and the game publishing business, the Incubation segment recorded sales of ¥2,081 million in the fiscal year under review (down 4.3% year on year), and a segment loss of ¥75 million (segment loss of ¥4 million in the previous fiscal year).

(Notes)

1. Programmatic ad 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, 2016, 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) Overview of Financial Position for the Fiscal Year under Review

Assets

Consolidated assets as of the end of the fiscal year under review totaled ¥15,775 million, a ¥3,238 million increases from the end of the previous fiscal year, primarily due to an increase in cash and deposits, and investment securities.

Liabilities

Consolidated liabilities as of the end of the fiscal year under review amounted to ¥7,662 million, a ¥1,456 million increases from the end of the previous fiscal year, primarily due to an increase in accounts payable – trade and income taxes payable.

Net Assets

Consolidated net assets as of the end of the fiscal year under review totaled ¥8,113 million, a ¥1,781 million increase from the end of the previous fiscal year, primarily due to the recording of valuation difference on available-for-sale securities and profit attributable to owners of parent.

(3) Overview of Cash Flows for the Fiscal Year under Review

Cash and cash equivalents at the end of the fiscal year under review (hereinafter "funds") increased ¥2,334 million from the end of the previous fiscal year to ¥5,445 million.

The following is the status and factors of each cash flow during the period under review.

Net cash flows from operating activities

Net cash flows provided by operating activities amounted to ¥3,184 million. The main positive factors included the recording of profit before income taxes and the recording of depreciation.

Net cash flows from investing activities

Net cash flows used in investing activities amounted to ¥1,002 million. The main negative factors included purchase of shares of subsidiaries resulting in change in scope of consolidation and payments for lease and guarantee deposits.

Net cash flows from financing activities

Net cash flows provided by financing activities amounted to ¥105 million. The main positive factors included proceeds from long-term loans payable, while the main negative factors included repayments of long-term loans payable.

(4) Future Outlook

In regard to the future outlook, the Company expects consolidated financial results to continue to grow in accordance with growth of the online advertising market. The Company has set forth medium-term management targets for the fiscal year ending September 30, 2020 of net sales of ¥42,000 million, operating income of ¥3,000 million, and profit attributable to owners of parent of ¥1,800 million. As important measures to achieve these targets, the Company intends to: 1) thoroughly strengthen the Ad Platform segment; 2) overhaul the Points Media segment; and 3) strengthen the establishment of new businesses.

Under such circumstances, for the fiscal year ending September 30, 2018, the Company intends to focus on active recruitment and make upfront investments aggressively to realize business growth over the medium- to long-term, namely restructuring investment in the Points Media segment and promotional investment in the EC field and other areas. In addition, a careful examination of client media in the Ad Platform segment conducted during the fiscal year under review shall have an effect over the full year, and as a result the Company forecasts consolidated net sales of ¥30,000 million (up 15.9% year on year), operating income of ¥1,200 million (down 33.6%), ordinary income of ¥1,200 million (down 35.6%), and profit attributable to owners of parent of ¥700 million (down 39.7%).

The above financial results forecasts are created based on information available as of the date of the release of this document, and actual financial results may differ from forecast figures owing to a variety of factors.

(5) Basic Policy on Profit Distribution and Dividends for the Current and Next Fiscal Years

The Company considers the return of profits to shareholders an important management issue. Its basic policy on return to shareholders is to continuously pay dividends and flexibly purchase treasury shares, while endeavoring to raise medium- to long-term shareholder value through business growth and improved capital efficiency. The dividend amount will be determined based on a comprehensive review of consolidated financial results, financial health including nonconsolidated financing, and internal reserves for future business expansion. In addition, the Company has set forth a medium-term management target for the fiscal year ending September 30, 2020 of a dividend payout ratio of 20%.

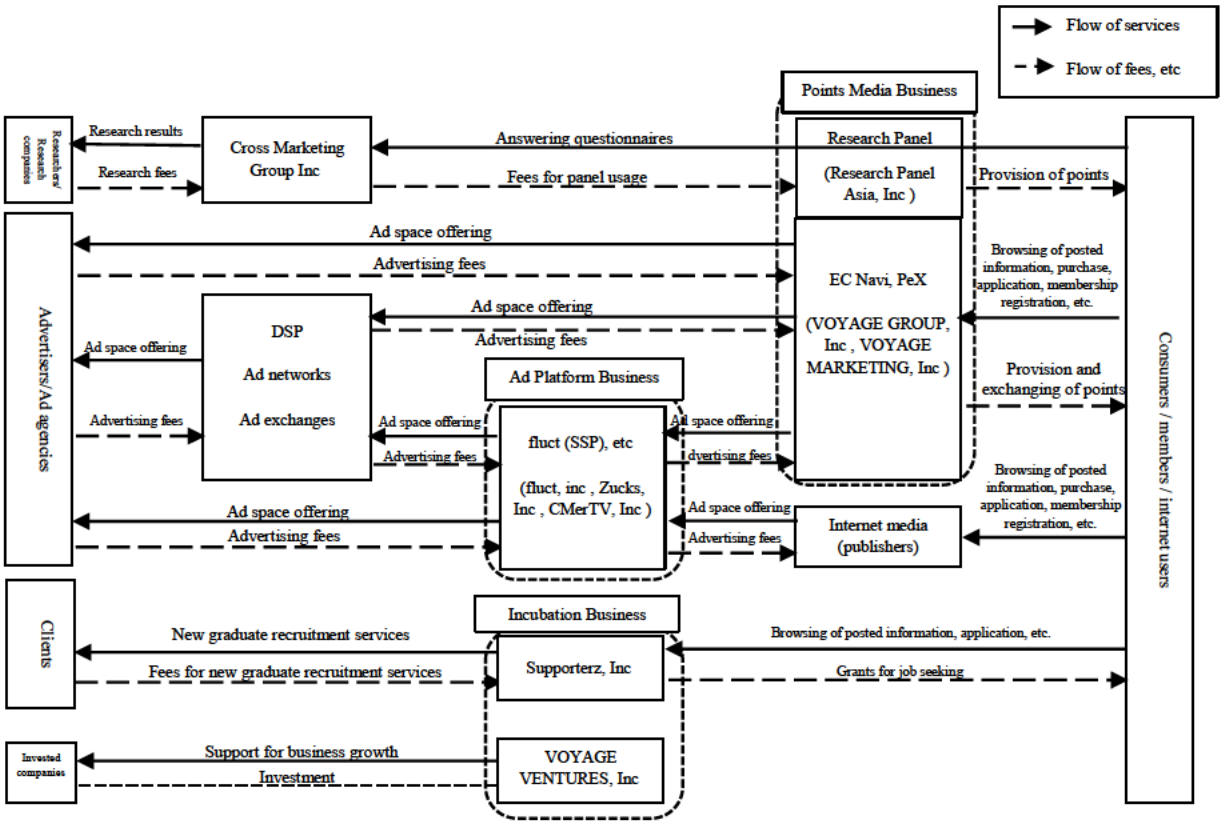
In accordance with the above basic policy, for the current fiscal year (fiscal year ended September 30, 2017), the Company plans to pay a dividend of ¥15 per share. For the next fiscal year (fiscal year ending September 30, 2018), the Company also plans to pay a dividend of ¥15 per share.

2. Corporate Group Structure

As of September 30, 2017, the Group (the Company, its consolidated subsidiaries and equity-method affiliates) consists of the Company (VOYAGE GROUP, Inc.), 14 consolidated subsidiaries, and 8 equity-method affiliates.

The Group has two mainstay business segments, Ad Platform and Points Media. The Ad Platform segment operates ad distribution platforms such as the SSP "fluct". The Points Media segment plans and operates promotion related online media, centering on the point collection website "EC Navi" and the point exchange website "PeX". In addition, the Group operates the new graduate recruitment services business "Supporterz" and several other businesses in the Incubation segment, in order to create a business that will be the third pillar.

[Business Structure]



3. Basic Stance on the Choice of Accounting Standards

After considering the possibility of comparisons of financial statements between periods and between companies, the Group has decided to continue formulating its consolidated financial statements based on Japanese accounting standards for the time being.

In the future, the Group may consider adopting international accounting standards, depending on the percentage of overseas shareholders, and the adoption rate of international accounting standards of other companies in the same industry in Japan.

4. Consolidated Financial Statements
(1) Consolidated Balance Sheets

(Thousands of yen)

	As of September 30, 2016	As of September 30, 2017
Assets		
Current assets		
Cash and deposits	3,111,249	5,445,367
Accounts receivable - trade	2,890,778	3,176,514
Supplies	406,166	245,116
Deferred tax assets	175,409	221,799
Other	782,139	489,269
Allowance for doubtful accounts	△4,102	△253
Total current assets	7,361,641	9,577,814
Non-current assets		
Property, plant and equipment		
Buildings	216,547	275,353
Accumulated depreciation	△182,225	△206,581
Buildings, net	34,322	68,772
Tools, furniture and fixtures	566,878	567,688
Accumulated depreciation	△409,581	△433,415
Tools, furniture and fixtures, net	157,297	134,272
Vehicles	731	—
Accumulated depreciation	△426	—
Vehicles, net	304	—
Total property, plant and equipment	191,924	203,044
Intangible assets		
Goodwill	1,632,784	1,677,726
Other	434,332	523,703
Total intangible assets	2,067,117	2,201,429
Investments and other assets		
Investment securities	2,425,335	3,263,013
Deferred tax assets	239,607	—
Other	267,500	533,054
Allowance for doubtful accounts	△15,457	△2,473
Total investments and other assets	2,916,986	3,793,594
Total non-current assets	5,176,027	6,198,068
Total assets	12,537,668	15,775,882

(Thousands of yen)

	As of September 30, 2016	As of September 30, 2017
Liabilities		
Current liabilities		
Accounts payable - trade	2,120,404	2,387,667
Short-term loans payable	—	19,600
Current portion of long-term loans payable	233,320	389,992
Provision for point card certificates	2,704,451	2,751,226
Provision for bonuses	—	80,210
Income taxes payable	—	640,216
Other	480,258	662,363
Total current liabilities	5,538,433	6,931,275
Non-current liabilities		
Long-term loans payable	539,990	555,564
Asset retirement obligations	50,736	50,736
Other	76,000	124,476
Total non-current liabilities	666,726	730,776
Total liabilities	6,205,159	7,662,052
Net assets		
Shareholders' equity		
Capital stock	1,000,786	1,059,734
Capital surplus	931,499	978,241
Retained earnings	3,890,585	4,933,653
Treasury shares	△171,537	△171,650
Total shareholders' equity	5,651,333	6,799,979
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	535,161	1,064,477
Foreign currency translation adjustment	△11,689	△4,374
Total accumulated other comprehensive income	523,471	1,060,103
Subscription rights to shares	—	672
Non-controlling interests	157,703	253,075
Total net assets	6,332,508	8,113,830
Total liabilities and net assets	12,537,668	15,775,882

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

(Consolidated Statements of Income)

(Thousands of yen)

	Fiscal year ended September 30, 2016	Fiscal year ended September 30, 2017
Net sales	20,841,893	25,895,253
Cost of sales	14,420,836	17,880,575
Gross profit	6,421,057	8,014,677
Selling, general and administrative expenses	4,700,132	6,208,178
Operating profit	1,720,925	1,806,499
Non-operating income		
Interest income	3,003	788
Dividend income	18,060	16,125
Foreign exchange gains	—	66,613
Other	4,495	9,478
Total non-operating income	25,559	93,006
Non-operating expenses		
Interest expenses	3,190	6,568
Foreign exchange losses	154,273	—
Share of loss of entities accounted for using equity method	330,085	28,946
Other	12,566	2,203
Total non-operating expenses	500,116	37,718
Ordinary profit	1,246,368	1,861,787
Extraordinary income		
Gain on sales of investment securities	24,565	201,950
Gain on sales of shares of subsidiaries	—	78,674
Gain on step acquisitions	49,257	—
Total extraordinary income	73,823	280,624
Extraordinary losses		
Loss on valuation of investment securities	39,979	3,002
Impairment loss	※ 16,306	※ 255,053
Other	5,133	24,966
Total extraordinary losses	61,420	283,021
Profit before income taxes	1,258,771	1,859,389
Income taxes - current	411,261	702,689
Income taxes - deferred	181,998	7,645
Total income taxes	593,259	710,334
Profit	665,511	1,149,055
Loss attributable to non-controlling interests	△66,291	△12,543
Profit attributable to owners of parent	731,803	1,161,598

(Consolidated Statements of Comprehensive Income)

(Thousands of yen)

	Fiscal year ended September 30, 2016	Fiscal year ended September 30, 2017
Profit	665,511	1,149,055
Other comprehensive income		
Valuation difference on available-for-sale securities	△146,678	529,177
Foreign currency translation adjustment	△8,075	4,797
Share of other comprehensive income of entities accounted for using equity method	△16,264	1,457
Total other comprehensive income	△171,018	535,433
Comprehensive income	494,493	1,684,488
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	560,612	1,697,038
Comprehensive income attributable to non-controlling interests	△66,119	△12,549

(3) Consolidated Statements of Changes in Equity

Year ended September 30, 2016

(Thousands of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	989,552	969,647	3,396,596	－	5,355,796
Changes of items during period					
Dividends of surplus			△237,814		△237,814
Issuance of new shares - exercise of subscription rights to shares	11,234	11,234			22,468
Change in ownership interest of parent due to transactions with non-controlling interests		△49,383			△49,383
Profit attributable to owners of parent			731,803		731,803
Purchase of treasury shares				△171,537	△171,537
Net changes of items other than shareholders' equity					
Total changes of items during period	11,234	△38,148	493,989	△171,537	295,536
Balance at end of current period	1,000,786	931,499	3,890,585	△171,537	5,651,333

	Accumulated other comprehensive income			Subscription rights to shares	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income			
Balance at beginning of current period	681,840	12,822	694,662	－	223,647	6,274,107
Changes of items during period						
Dividends of surplus						△237,814
Issuance of new shares - exercise of subscription rights to shares						22,468
Change in ownership interest of parent due to transactions with non-controlling interests						△49,383
Profit attributable to owners of parent						731,803
Purchase of treasury shares						△171,537
Net changes of items other than shareholders' equity	△146,678	△24,511	△171,190	－	△65,944	△237,135
Total changes of items during period	△146,678	△24,511	△171,190	－	△65,944	58,401
Balance at end of current period	535,161	△11,689	523,471	－	157,703	6,332,508

Year ended September 30, 2017

(Thousands of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	1,000,786	931,499	3,890,585	△171,537	5,651,333
Changes of items during period					
Dividends of surplus			△118,531		△118,531
Issuance of new shares - exercise of subscription rights to shares	58,948	58,948			117,896
Change in ownership interest of parent due to transactions with non-controlling interests		△12,205			△12,205
Profit attributable to owners of parent			1,161,598		1,161,598
Purchase of treasury shares				△113	△113
Net changes of items other than shareholders' equity					
Total changes of items during period	58,948	46,742	1,043,067	△113	1,148,645
Balance at end of current period	1,059,734	978,241	4,933,653	△171,650	6,799,979

	Accumulated other comprehensive income			Subscription rights to shares	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income			
Balance at beginning of current period	535,161	△11,689	523,471	—	157,703	6,332,508
Changes of items during period						
Dividends of surplus						△118,531
Issuance of new shares - exercise of subscription rights to shares						117,896
Change in ownership interest of parent due to transactions with non-controlling interests						△12,205
Profit attributable to owners of parent						1,161,598
Purchase of treasury shares						△113
Net changes of items other than shareholders' equity	529,316	7,315	536,631	672	95,372	632,676
Total changes of items during period	529,316	7,315	536,631	672	95,372	1,781,321
Balance at end of current period	1,064,477	△4,374	1,060,103	672	253,075	8,113,830

(4) Consolidated Statements of Cash Flows

(Thousands of yen)

	Fiscal year ended September 30, 2016	Fiscal year ended September 30, 2017
Cash flows from operating activities		
Profit before income taxes	1,258,771	1,859,389
Depreciation	271,802	341,480
Impairment loss	16,306	255,053
Amortization of goodwill	158,544	230,433
Increase (decrease) in allowance for doubtful accounts	693	△16,832
Increase (decrease) in provision for point card certificates	14,179	48,791
Increase (decrease) in provision for bonuses	—	71,730
Interest and dividend income	△21,063	△16,913
Interest expenses	3,190	6,568
Loss (gain) on step acquisitions	△49,257	—
Loss (gain) on valuation of investment securities	39,979	3,002
Loss (gain) on sales of investment securities	△24,565	△197,357
Loss (gain) on liquidation of subsidiaries and associates	993	1,397
loss (gain) on sales of subsidiaries' stocks	—	△78,674
Share of (profit) loss of entities accounted for using equity method	330,085	28,946
Decrease (increase) in notes and accounts receivable - trade	△403,736	△168,709
Decrease (increase) in inventories	101,720	160,653
Increase (decrease) in notes and accounts payable - trade	753,276	203,681
Increase (decrease) in accounts payable - other	△22,790	95,820
Other, net	△197,321	146,141
Subtotal	2,230,810	2,974,602
Interest and dividend income received	21,129	16,721
Interest expenses paid	△3,287	△6,864
Income taxes (paid) refund	△1,419,567	199,678
Net cash provided by (used in) operating activities	829,085	3,184,137
Cash flows from investing activities		
Purchase of property, plant and equipment	△95,854	△130,308
Purchase of intangible assets	△246,567	△206,768
Purchase of investment securities	△393,956	△285,397
Proceeds from sales of investment securities	4,459	424,040
Payments for lease and guarantee deposits	—	△264,664
Purchase of shares of subsidiaries resulting in change in scope of consolidation	△439,344	△521,327
Proceeds from collection of lease and guarantee deposits	17,839	—
Other, net	8,086	△17,875
Net cash provided by (used in) investing activities	△1,145,338	△1,002,302

(Thousands of yen)

	Fiscal year ended September 30, 2016	Fiscal year ended September 30, 2017
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	△2,500	19,600
Proceeds from long-term loans payable	—	570,000
Repayments of long-term loans payable	△263,758	△469,618
Proceeds from exercise of share options	23,848	124,896
Cash dividends paid	△236,461	△118,420
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	△50,763	△20,400
Purchase of treasury shares	△171,537	△113
Net cash provided by (used in) financing activities	△701,172	105,945
Effect of exchange rate change on cash and cash equivalents	△85,622	46,337
Net increase (decrease) in cash and cash equivalents	△1,103,047	2,334,117
Cash and cash equivalents at beginning of period	4,214,297	3,111,249
Cash and cash equivalents at end of period	3,111,249	5,445,367

(5) Notes to Condensed Consolidated Financial Statements

(Notes Regarding the Going Concern Assumption)

No applicable items.

(Changes in Accounting Policies)

(Consolidated statements of income)

"Subsidy income," which was presented as a standalone item under "Non-operating income" in the consolidated fiscal year ended September 30, 2016, has diminished in terms of financial significance and therefore has been included in the item "other" in the consolidated fiscal year ended September 30, 2017.

Consolidated financial statements for the previous fiscal year have been restated in order to reflect this change in presentation

"Loss on disposal of fixed assets" and "Loss on liquidation of subsidiaries and affiliates," which were presented as a standalone item under "Extraordinary loss" in the consolidated fiscal year ended September 30, 2016, has diminished in terms of financial significance and therefore has been included in the item "Other" in the consolidated fiscal year ended September 30, 2017.

Consolidated financial statements for the previous fiscal year have been restated in order to reflect this change in presentation

(Consolidated statements of cash flows)

"Loss on disposal of fixed assets," which was presented as a standalone item in the consolidated fiscal year ended September 30, 2016, has diminished in terms of financial significance and therefore has been included in the item "Other" under cash flow from operating activities in the consolidated fiscal year ended September 30, 2017.

(Additional information)

(The Implementation Guidance on recoverability of deferred tax assets)

"The Guidance No. 26, March 28, 2016, Implementation Guidance on Recoverability of Deferred Tax Assets" was applied from the first quarter of this fiscal year.

(Consolidated statements of income)

* Impairment loss

The Group recorded impairment loss for the following asset groups.

For the fiscal year ended September 30, 2016 (October 1, 2015 to September 30, 2016)

(1) Overview of asset groups for which impairment loss has been recognized

Location	Usage	Type
Shibuya-ku, Tokyo	Business assets	Software and trademark right

(2) Background of the recognition of impairment loss

Due to the decision to withdraw from the business, the Company reduced the book values to the recoverable amount and recorded the reduced amount as impairment loss.

(3) Amount of impairment loss

Software	¥16,129 thousand
Trademark right	¥177 thousand

(4) Method for grouping assets

In principle, the Company groups business assets by the classification for which continuous profit and loss administration is conducted under management accounting.

(5) Method for measuring recoverable amount

The Company measures recoverable amount by value in use. However, recoverable amount is valued at zero for assets with no potential for future cash flow.

For the fiscal year ended September 30, 2017 (October 1, 2016 to September 30, 2017)

(1) Overview of asset groups for which impairment loss has been recognized

Location	Usage	Type
Shibuya-ku, Tokyo	Others	Goodwill
Shibuya-ku, Tokyo	Business assets	Software and trademark right

(2) Background of the recognition of impairment loss

As it became unlikely that revenue will be recorded as initially expected for goodwill recorded in connection with an acquisition of the shares of GoldSpot Media Inc., a consolidated subsidiary, the Company reduced the book values to the recoverable amount and recorded the reduced amount as impairment loss.

Due to the decision to withdraw from the business, the Company reduced the book values to the recoverable amount and recorded the reduced amount as impairment loss for some software and trademark right in the Ad Platform segment.

(3) Amount of impairment loss

Goodwill	¥252,531 thousand
Software	¥1,843 thousand
Trademark right	¥678 thousand

(4) Method for grouping assets

In principle, the Company groups business assets by the classification for which continuous profit and loss administration is conducted under management accounting.

(5) Method for measuring recoverable amount

The Company measures recoverable amount by value in use. However, recoverable amount is valued at zero for assets with no potential for future cash flow.

(Segment information, etc.)

【Segment information】

1. Outline of reportable segments

Reportable segments of the Company are the units of our group company of which financial information is obtainable separately, and are the objectives for our managements to review regularly to reallocate its management resources and evaluate business performance.

The Company has established business divisions classified by services at the headquarters and each business division devises comprehensive strategies for services and deploys its business activities.

The Company plans to expand its business in two major business segments. One is an advertisement platform business such as “fluct” and “Zucks”. The other is a media business utilizing EC Navi’s points, PeX’s points, etc. Additionally, the Company concentrates on investments in new businesses in order to build a third pillar of businesses.

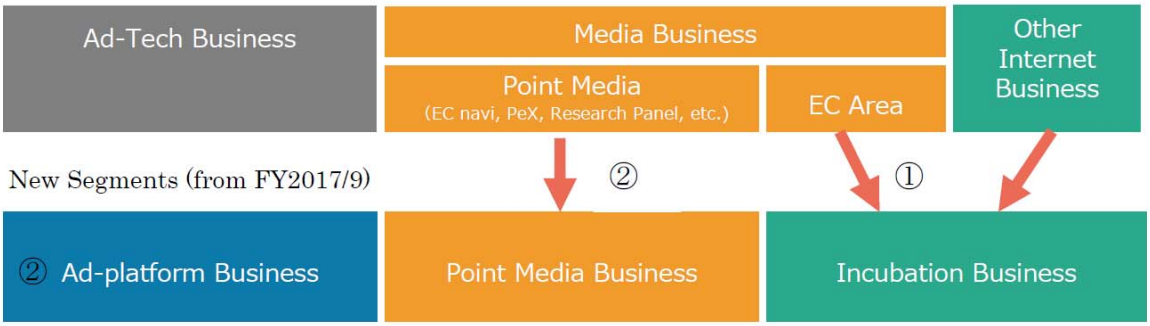
In accordance with the management control system based on its direction, the Company changed its reportable operating segments, effective from the fiscal year ended September 30, 2017.

For fair comparison over the previous fiscal year, the amounts reported in the previous fiscal year are reclassified to match the current segments.

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

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

Old Segments (up to FY2016/9)



The major operations and services of each segment are as follows.

Reportable segment	Major operation and services in each segment
Ad Platform Business	SSP “fluct” Ad platform for smartphone “Zucks” Video ad platform “CMerTV”, etc.
Points Media Business	Point site “EC Navi” Point Exchange Platform “PeX”, etc.
Incubation Business	New graduate recruitment services business Game publishing business, etc.

2. Method used to calculate amount of revenues, profit or loss, asset, and other items of each reportable segment

The accounting method applied for reportable segments is the same as that is described in "Important Items Forming Basis for Creation of Consolidated Financial Statement".

Profit by business segments reported are calculated based on operating income. Internal revenue and transfer to revenue between segments are based on the market realized price.

3. Information on revenues, profit or loss, asset, and other items of each reportable segment

Year ended September 30, 2016 (October 1, 2015 to September 30, 2016)

(In thousand yen)

	Reportable Segments				Adjustment	Consolidation (Note)
	Ad Platform Business	Points Media Business	Incubation Business	Total		
Sales						
Outside Sales	12,976,665	5,782,392	2,082,835	20,841,893	—	20,841,893
Intersegment Sales or Transfer	54,646	150,787	92,556	297,990	(297,990)	—
Total	13,031,312	5,933,179	2,175,392	21,139,883	(297,990)	20,841,893
Segment Income (or Loss)	1,081,080	644,328	(4,483)	1,720,925	—	1,720,925

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

Year ended September 30, 2017 (October 1, 2016 to September 30, 2017)

(In thousand yen)

	Reportable Segments				Adjustment	Consolidation (Note)
	Ad Platform Business	Points Media Business	Incubation Business	Total		
Sales						
Outside Sales	18,255,124	5,702,409	1,937,719	25,895,253	—	25,895,253
Intersegment Sales or Transfer	58,964	42,673	144,156	245,794	(245,794)	—
Total	18,314,088	5,745,083	2,081,875	26,141,047	(245,794)	25,895,253
Segment Income (or Loss)	1,471,306	410,217	(75,024)	1,806,499	—	1,806,499

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

【Related Information】

Year ended September 30, 2016 (October 1, 2015 to September 30, 2016)

1. Information by products and services

Disclosure of this information is omitted because the same kind of information is disclosed in segment information.

2. Information by area

(1) Sales

Information about sales is omitted because our domestic sales accounted for more than 90% of consolidated sales.

(2) Tangible Fixed Assets

Information about tangible fixed assets has been omitted because tangible fixed assets located in Japan exceed 90% of total tangible fixed assets on the balance sheet.

3. Information by major customers

(In thousand yen)

Customers	Sales	Related Segment
Google Inc.	2,766,962	Ad Platform Business
Yahoo Japan Corporation	2,102,506	Ad Platform Business

Sales for Google Inc. include the sales for Google Asia Pacific Pte. Ltd.
Sales for Yahoo Japan Corporation include the sales for Yahoo! Inc. and Yahoo Asia Pacific Pte. Ltd.

Year ended September 30, 2017 (October 1, 2016 to September 30, 2017)

1. Information by products and services

Disclosure of this information is omitted because the same kind of information is disclosed in segment information.

2. Information by area

(1) Sales

Information about sales is omitted because our domestic sales accounted for more than 90% of consolidated sales.

(2) Tangible Fixed Assets

Information about tangible fixed assets has been omitted because tangible fixed assets located in Japan exceed 90% of total tangible fixed assets on the balance sheet.

3. Information by major customers

(In thousand yen)

Customers	Sales	Related Segment
Google Inc.	3,992,548	Ad Platform Business
Yahoo Japan Corporation	2,701,095	Ad Platform Business

Sales for Google Inc. include the sales for Google Asia Pacific Pte. Ltd.
Sales for Yahoo Japan Corporation include the sales for Yahoo Asia Pacific Pte. Ltd.

(Information per Share)

Year ended September 30, 2016 (October 1, 2015 to September 30, 2016)		Year ended September 30, 2017 (October 1, 2016 to September 30, 2017)	
Equity per share (yen)	520.94	Equity per share (yen)	644.62
Profit per share (yen)	61.82	Profit per share (yen)	96.90
Profit per share –fully diluted (yen)	59.21	Profit per share –fully diluted (yen)	93.53

(Notes) The base on equity per share is summarized in the following table.

	Year ended September 30, 2016 (October 1, 2015 to September 30, 2016)	Year ended September 30, 2017 (October 1, 2016 to September 30, 2017)
Profit per share (yen)		
Profit per share attributable to owners of parent company (thousand yen)	731,803	1,161,598
Amount not attributable to ordinary shares (thousand yen)	–	–
Profit attributable to owners of parent company related to ordinary shares (thousand yen)	731,803	1,161,598
Weighted average number of shares outstanding (shares)	11,836,363	11,986,387
Profit per share –fully diluted (yen)		
Profit per share attributable to owners of parent company –fully diluted (thousand yen)	–	–
Increase in ordinary shares (shares)	522,936	432,444
(Convertible Bond (shares))	(522,936)	(432,444)
Refer to latent shares outstanding that have not been included in the calculation for profit per share –fully diluted as no dilution has taken place.	–	2,500 subscription rights to shares (250,000 ordinary shares)

(Significant Subsequent Events)

Acquisition and cancellation of treasury shares

At the meeting of the Board of Directors held on October 25, 2017, the Company resolved to acquire treasury shares in accordance with the provisions of Article 156 of the Companies Act as applied pursuant to Article 165, Paragraph 3 of the same, and cancel treasury shares in accordance with the provisions of Article 178 of the Companies Act.

1. Reasons for the acquisition and cancellation of treasury shares
   In order to enhance shareholder returns and improve capital efficiency

2. Details of the resolution by the Board of Directors regarding the acquisition of treasury shares
   (1) Type of shares to be acquired
   Ordinary shares of the Company
   (2) Total number of shares to be acquired
   Up to 500,000 shares
   (3) Total acquisition amounts
   Up to ¥500 million
   (4) Acquisition period
   October 26, 2017 to January 31, 2018
   (5) Acquisition method
   Market purchase on the Tokyo Stock Exchange (method of discretionary investment by securities firm)

3. Details of the resolution by the Board of Directors regarding the cancellation of treasury shares
   (1) Type of shares to be cancelled
   Ordinary shares of the Company
   (2) Details of the shares to be cancelled
   100,047 treasury shares currently held, and all treasury shares acquired by the item 2 above
   (3) Planned cancellation date
   February 28, 2018