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, 2018 〔Japanese Standards〕 (Consolidated)

January 31, 2018

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 8, 2018
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 FY2018 First Three Months (October1, 2017 – December 31, 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	%
FY2018 first three months	6,799	3.4	415	(34.6)	530	(25.3)	353	(19.8)
FY2017 first three months	6,573	31.8	635	6.0	709	25.0	440	11.5

(Note) Comprehensive Income: FY 2018 first three months: ¥ 250 million (52.6%)
FY 2017 first three months: ¥ 528million 40.8%

	Net income per share	Diluted net income per share
	¥	¥
FY2018 first three months	29.13	28.52
FY2017 first three months	37.15	35.85

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	¥million	¥million	%	¥
December 31, 2017	15,065	7,778	50.0	631.47
September 30, 2017	15,775	8,113	49.8	644.62

(Reference) Owned capital: December 31, 2017 7,525 million yen
September 30, 2017 7,860 million yen

2. Dividend status

	Annual dividends				
	1Q end	2Q end	3Q end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
FY2017	—	0.00	—	15.00	15.00
FY2018	—				
FY2018 (Forecast)		0.00	—	15.00	15.00

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

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

(Note) 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) : None

(2) Specific accounting procedures: : Yes

(Note) For more information, see page 10, "2. Matters Concerning Summary Information (3) 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, 2017	12,301,100	Year ended September 30, 2017	12,293,300

2) Number of shares treasury stock issued and outstanding

Year ended December 31, 2017	383,647	Year ended September 30, 2017	100,047

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

Year ended December 31, 2017	12,124,923	Year ended December 31, 2017	11,855,056

※ 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 5 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

(1) Analysis of Operating Results

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 13.0% 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 ¥6,799 million in the period under review (up 3.4% year on year), operating income of ¥415 million (down 34.6% year on year), ordinary income of ¥530 million (down 25.3% year on year), and profit attributable to owners of parent of ¥353 million (down 19.8% year on year).

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

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. In addition, the service for advertisers "Zucks" was robust as the Group enhanced its services and functions, while capturing demand of clients.

However, a careful examination of client media conducted at "fluct" in the previous fiscal year resulted in a decline in sales, and the Ad Platform segment recorded sales of ¥4,635 million in the period under review (up 3.1% year on year), and segment income of ¥319 million (down 34.5% 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 tackled a drastic restructuring, including enhancing the return of points to users and cutting costs, in order to achieve business growth over the medium- to long-term.

Consequently, the Points Media segment recorded sales of ¥1,542 million in the period under review (up 0.5% year on year), and segment income of ¥49 million (down 63.6% 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. On the other hand, advertising and promotional expenses in the game publishing business and the EC field were lower than initially expected.

Consequently, the Incubation segment recorded sales of ¥673 million in the period under review (up 9.5% year on year), and segment income of ¥46 million (up 339.8% year on 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) Analysis of Financial Position

Assets, Liabilities and Net Assets

(Assets)

Consolidated assets as of the end of the period under review totaled ¥15,065 million, a ¥710 million decreases from the end of the previous fiscal year, primarily due to a decrease in cash and deposits.

(Liabilities)

Consolidated liabilities as of the end of the period under review totaled ¥7,287 million, a ¥374 million decreases from the end of the previous fiscal year, primarily due to a decrease in income taxes payable resulting mainly from a payment of income taxes.

(Net Assets)

Consolidated net assets as of the end of the period under review totaled ¥7,778 million, a ¥335 million decreases from the end of the previous fiscal year, primarily due to an acquisition of treasury shares.

(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, 2017" on October 25, 2017.

3. Consolidated Financial Statements
(1) Consolidated Balance Sheets

(Thousands of yen)

	As of September 30, 2017	As of December 31, 2017
Assets		
Current assets		
Cash and deposits	5,445,367	4,321,788
Accounts receivable - trade	3,176,514	3,583,756
Supplies	245,116	204,921
Other	711,068	936,930
Allowance for doubtful accounts	△253	－
Total current assets	9,577,814	9,047,396
Non-current assets		
Property, plant and equipment	203,044	183,797
Intangible assets		
Goodwill	1,677,726	1,663,890
Other	523,703	501,964
Total intangible assets	2,201,429	2,165,854
Investments and other assets		
Investment securities	3,263,013	3,145,015
Other	533,054	526,261
Allowance for doubtful accounts	△2,473	△2,473
Total investments and other assets	3,793,594	3,668,803
Total non-current assets	6,198,068	6,018,455
Total assets	15,775,882	15,065,851
Liabilities		
Current liabilities		
Accounts payable - trade	2,387,667	2,479,740
Short-term loans payable	19,600	－
Current portion of long-term loans payable	389,992	389,992
Provision for point card certificates	2,751,226	2,780,611
Income taxes payable	640,216	205,650
Other	742,573	805,057
Total current liabilities	6,931,275	6,661,051
Non-current liabilities		
Long-term loans payable	555,564	461,441
Asset retirement obligations	50,736	50,736
Other	124,476	114,430
Total non-current liabilities	730,776	626,608
Total liabilities	7,662,052	7,287,659

(Thousands of yen)

	As of September 30, 2017	As of December 31, 2017
Net assets		
Shareholders' equity		
Capital stock	1,059,734	1,061,173
Capital surplus	978,241	979,031
Retained earnings	4,933,653	5,103,974
Treasury shares	△171,650	△571,179
Total shareholders' equity	6,799,979	6,573,000
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,064,477	957,111
Foreign currency translation adjustment	△4,374	△4,593
Total accumulated other comprehensive income	1,060,103	952,517
Subscription rights to shares	672	1,967
Non-controlling interests	253,075	250,706
Total net assets	8,113,830	7,778,191
Total liabilities and net assets	15,775,882	15,065,851

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

(Consolidated Statements of Income)

(Thousands of yen)

	Three months ended December 31, 2016	Three months ended December 31, 2017
Net sales	6,573,438	6,799,128
Cost of sales	4,418,254	4,758,963
Gross profit	2,155,184	2,040,165
Selling, general and administrative expenses	1,519,555	1,624,356
Operating profit	635,628	415,809
Non-operating income		
Foreign exchange gains	83,758	110
Invest dividends	—	137,451
Other	1,508	355
Total non-operating income	85,267	137,917
Non-operating expenses		
Interest expenses	2,422	905
Share of loss of entities accounted for using equity method	9,137	20,164
Other	1	2,552
Total non-operating expenses	11,561	23,622
Ordinary profit	709,333	530,105
Extraordinary income		
Gain on sales of investment securities	—	8,957
Gain on change in equity	—	80,184
Total extraordinary income	—	89,141
Extraordinary losses		
Loss on retirement of non-current assets	9,567	—
Loss on valuation of investment securities	3,002	10,999
Loss on step acquisitions	—	36,936
Other	2,075	469
Total extraordinary losses	14,645	48,406
Profit before income taxes	694,688	570,840
Income taxes	232,266	214,645
Profit	462,422	356,194
Profit attributable to non-controlling interests	21,981	2,974
Profit attributable to owners of parent	440,441	353,220

(Consolidated Statements of Comprehensive Income)

(Thousands of yen)

	Three months ended December 31, 2016	Three months ended December 31, 2017
Profit	462,422	356,194
Other comprehensive income		
Valuation difference on available-for-sale securities	64,867	△107,227
Foreign currency translation adjustment	△2,078	—
Share of other comprehensive income of entities accounted for using equity method	3,260	1,356
Total other comprehensive income	66,049	△105,871
Comprehensive income	528,472	250,322
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	548,990	247,348
Comprehensive income attributable to non-controlling interests	△20,518	2,974

(3) Notes to Condensed Interim Consolidated Financial Statements

(Going Concern Assumption)

None

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

At the meeting of the Board of Directors held on October 25, 2017, the Company resolved to acquire treasury shares up to 500,000 outstanding shares of common stock and up to ¥500 million total acquisition amounts in the time period from October 26, 2017 to January 31, 2018, and cancel treasury shares with a planned cancellation date of February 28, 2018. From October 2017 to December 2017, the Company acquired 283,600 shares for a total amount of ¥399,528 thousand. Consequently, treasury shares increased ¥399,528 thousand during the period under review, to a total of ¥571,179 thousand at the end of the period under review.

Furthermore, in January 2018, the Company acquired 68,300 shares for a total amount of ¥100,417 thousand, completing the acquisition of treasury shares based on the said resolution.

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

Tax expenses for the period are calculated by multiplying net income before income taxes for the period by the reasonably estimated annual effective tax rate after applying tax effect accounting which is calculated based on the estimated net income before income taxes for the entire fiscal year.

(Segment information)

I For the three-month period ended December31, 2016 (October 1, 2016 to December31, 2016)

1. Information on sales and income by reportable business segment

(thousands of yen)

	Reportable Segments				Adjustment	Consolidation (Note)
	Ad Platform Business	Point 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	635,628	—	635,628

(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)

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 thousand for the current first consolidated cumulative quarter.

(Material profit from negative goodwill)

No significant items to be reported.

II For the three-month period ended December31, 2017 (October 1, 2017 to December 31, 2017)

1. Information on sales and income by reportable business segment

(thousands of yen)

	Reportable Segments				Adjustment	Consolidation (Note)
	Ad Platform Business	Point Media Business	Incubation Business	Total		
Sales						
Outside Sales	4,625,716	1,538,790	634,621	6,799,128	—	6,799,128
Intersegment Sales or Transfer	9,704	3,687	38,974	52,367	(52,367)	—
Total	4,635,421	1,542,478	673,596	6,851,496	(52,367)	6,799,128
Segment Income	319,582	49,804	46,422	415,809	—	415,809

(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.