Financial Results for FY2013

(Year ending June 30, 2013)

Voltage Inc.

August 15, 2013

TSE 1st. Section　Securities Code: 3639

Introduction of New Management

Chief Executive Officer
Akihiro Yokota

1999 Graduated from Aoyama Gakuin University (economics)
Joined NTT ADVERTISING, Inc.
2005 Joined Voltage Inc.
July 2013 Appointed as Chief Executive Officer, Voltage Inc.

Chief Operating Officer
Kentaro Kitajima

1998 Graduated from Ritsumeikan University (science and engineering)
Joined IMAGE SCIENCE, Inc.
2003 Joined Voltage Inc.
July 2013 Appointed as Chief Operating Officer, Voltage Inc.

Founder,Chairperson ＊
Yuzi Tsutani

Founder,Vice Chairperson＊
Nanako Higashi (Tsutani)

Executive Director
Hiroshi Matsunaga

＊In order to add Directors with executive power, the Company will submit a proposal on partial amendment of the Articles of Incorporation at the 14th Ordinary General Meeting of Shareholders, which is scheduled to be held at the end of September 2013. Mr. Tsutani and Ms. Higashi will assume office as Chairperson and Vice Chairperson, respectively, on the condition the proposal is approved at the said meeting and a subsequent Board of Director’ s meeting. They will thus remain to be Executive Directors until the said approval is obtained.

I. Results for FY2013

II. Medium-term Goal

III. Plan for FY2014

I. Results for FY2013

Summary of Results for FY2013

Corporate ○ Released 22 new titles in Japan and 15 new titles in foreign countries

Personal BU △

*Personal: Contents with which user enjoys dramas mainly by oneself

Full-year

- Titles rolled out for the season are going strong: "My Forged Wedding" and "A Prince's Proposal".
- Released animation-style TV commercial in August and November 2012 and January 2013.

4Q

- Released new titles including "Tōhikō -Ai-no-Sentaku" for OS platform and "Supai-ni-Kisu-to-Jūdan-wo" for carrier official platform.
- Released the first French version "Princesse?"and two titles in the English version.
- Released "Seizonritu 0%! Chikatetu-karano-Dassyutu", Voltage's first novel-style contents for male & female users.

Social BU ○

*Social: Contents with which user enjoys dramas mainly through interaction with friends, etc.

Full-year

- "A Prince's Proposal" and "My Forged Wedding" are going strong.
- Released Voltage's first TV commercial for social application in September 2012.

4Q

- Released the existing drama "My Forged Wedding" and "Love Letter from Thief X" specifically for social application platform.
- Released existing "Seduced in the Sleepless City", "Love Letter from Thief X" and "Pirates in Love" for OS platform.

U.S. subsidiary ×

Full-year

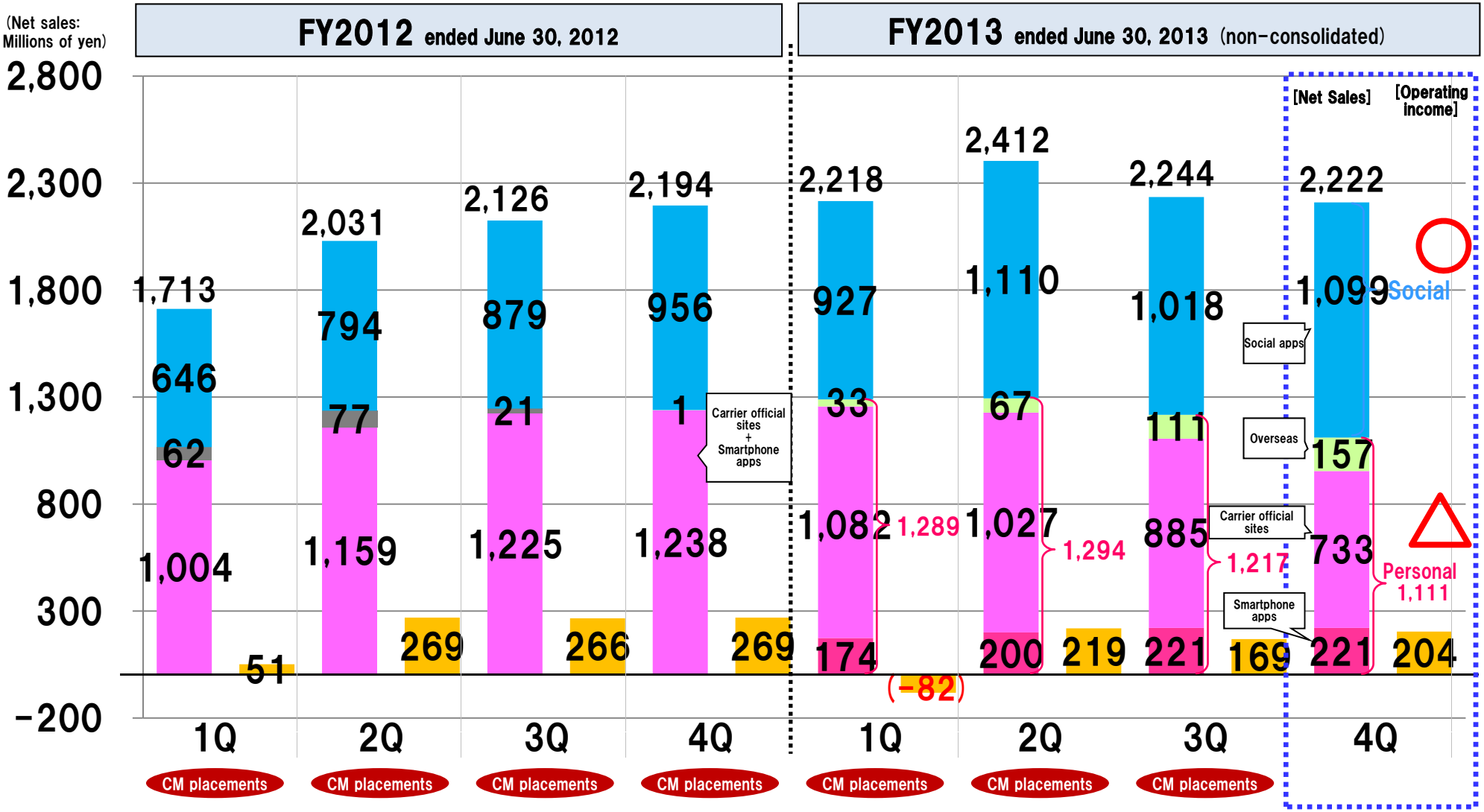
- Released the first title "Love Letter from Thief X in November 2012.
- " Knight of My Heart" in an attempt of new illustrative taste is going strong.

4Q

- Released new titles including "My Killer Romance" and "Intimate Business".

Summary of Results

As Smartphone penetrate, Carrier official sites tend to decline while Social applications perform well



Summary of Results (Consolidated)

Both net sales and operating income exceeded the previous forecast

[Millions of Yen]

	FY2013	Sales ratio	Forecast comparison %	Forecast (disclosed on April 26, 2013)
Net sales	9,088	100.0%	1.0%	9,000
Cost of sales	2,744	30.2%	-2.9%	2,825
SG&A expenses	6,048	66.6%	0.7%	6,004
Operating income	295	3.3%	73.7%	170
Ordinary income	343	3.8%	80.8%	190
Net income	140	1.6%	1309.2%	10

*The Company started preparing consolidated financial statements in fiscal 2013.

Summary of Results – Japan Headquarters – (Non-Consolidated)

Net sales increased by about ¥1 billion and operating income decreased by about ¥350 million (YoY)

As a result of an increase in personal expenses due to the Big Bang (drastic headcount increase) and an increase in sales commission due to the higher percentage of social apps to net sales.

[Millions of Yen]	FY2013	% to Net Sales	YoY	FY2012	% to Net Sales
Net sales	9,097	100.0%	12.8%	8,066	100.0%
Cost of sales	2,638	29.0%	50.9%	1,748	21.7%
Labor cost	1,143	12.6%	74.3%	656	8.1%
Outsourcing cost	948	10.4%	76.2%	538	6.7%
Other costs	545	6.0%	-1.5%	554	6.9%
SG&A expenses	5,948	65.4%	8.9%	5,460	67.7%
Advertising expenses	2,201	24.2%	-9.3%	2,426	30.1%
Sales commission	2,485	27.3%	29.8%	1,913	23.7%
Other costs	1,261	13.9%	12.6%	1,120	13.9%
Operating income	511	5.6%	-40.4%	857	10.6%
Ordinary income	558	6.1%	-35.0%	859	10.7%
Net income	356	3.9%	-30.4%	511	6.3%

23% (Labor cost + Outsourcing cost) — 15% (Labor cost + Outsourcing cost)

52% (Advertising expenses + Sales commission) — 54% (Advertising expenses + Sales commission)

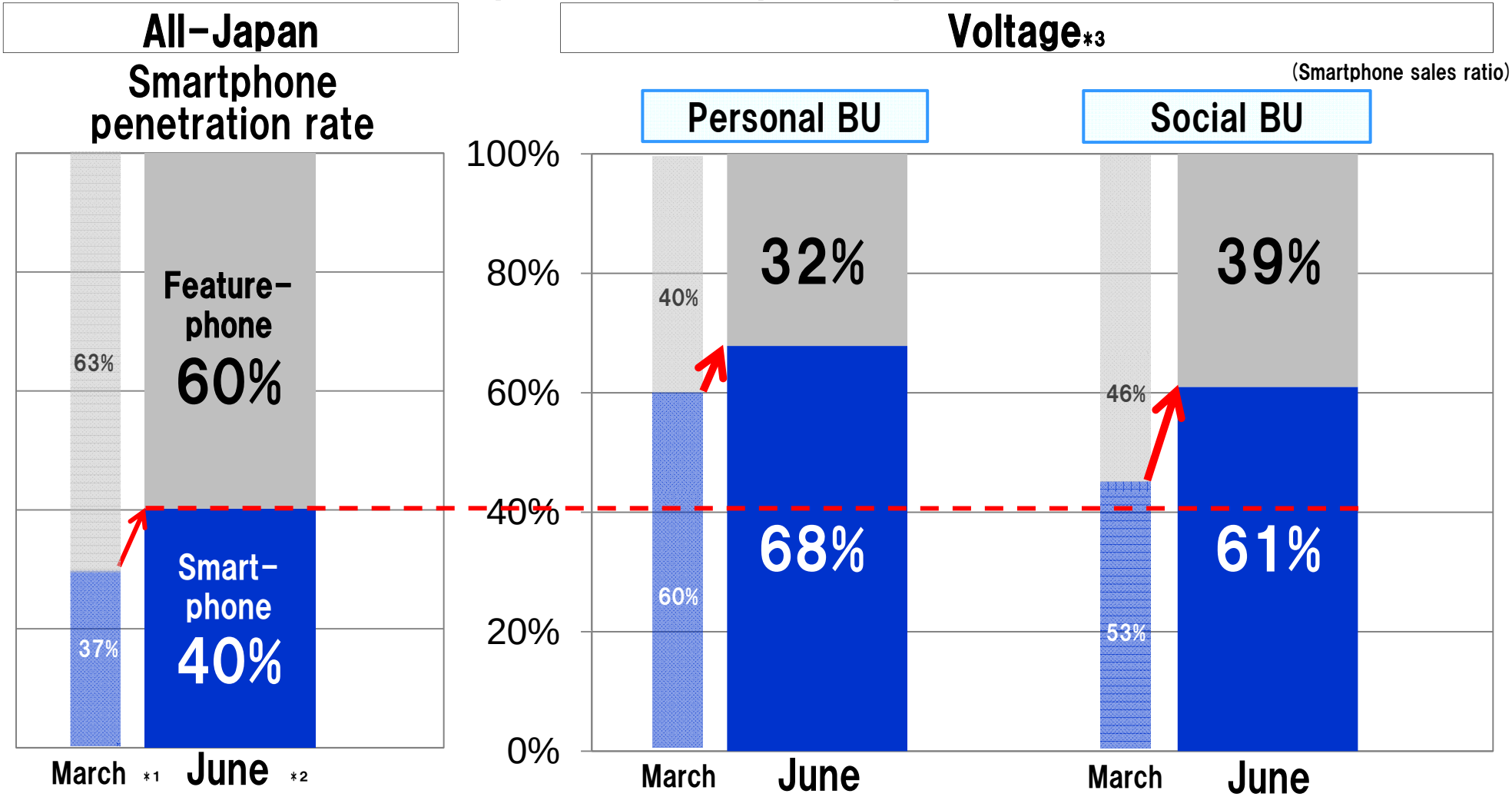
lincrease caused by the rise in headcount for production and systems development with Big Bang

Increase / decrease of net sales +8pt

Due to the higher percentage of social apps to net sales

% of Smartphone

Voltage's smartphone share exceeds 60%, beyond Japan's smartphone penetration rate



*1. "Smartphone contract ratio" was estimated by Voltage Inc. based on "Trends and Forecasts for Size of Smartphone Market at March 2013" released by MM Research Institute, Ltd. on March 28, 2013.
*2. "Trends and Forecasts for Size of Smartphone Market at March 2013" released by MM Research Institute, Ltd. on March 28, 2013.
*3. Feature phone-smartphone parallel distribution sites only.

Ranking in the Japanese Market

For smartphone apps, 9 titles ranked in Top 20 in Japanese App Store Entertainment.

Personal

Smartphone apps

[AppStore Top Sales Entertainment]
Complied as of July 5, 2013

Ranking	Application Name
1	COLOPL
2	LINE Uranai
3	Staying With You Tonight
4	Dating the Devil
5	Nagoya No.1 Fortune-telling! Anyou's Sankan Senjutsu
6	Nico Nico Douga
7	AKB48 Mobile (official)
8	My Forged Wedding
9	Kuchikomi Ichii Ataru Uranai [Kinpaku no Tekichuritsu Geomancy Method]
10	Seduced in the Sleepless City
11	Yome Collection
12	My Sweet Bodyguard
13	Niconico Live Broadcast
14	Love Letter from Thief X
15	Kichijoji Days of Love
16	School Trip Secret
17	Kiss of Revenge
18	Sogen Fujiki Seimei Handan
19	Akinator the Genie
20	99% Ataru Shinpi no Kyukyoku Uranai "Indo Suimei Uranai"

Launched In 4Q

Carrier official sites

[i-mode ranking by category]
Compiled: June 1 to 30, 2013 (Romantic games)

Ranking	Site Name
1	My Forged Wedding
2	My Sweet Bodyguard
3	Seduced in the Sleepless City
4	Oto Mate Mobile
5	A Prince's Proposal
6	Kichijoji Days of Love
7	Staying With You Tonight
8	Love Letter from Thief X
9	Special Investigation Team
10	Pirates in Love
11	School Trip Secret
12	First Love Diary by the Sea
13	Dating the Devil
14	Kiss of Revenge
15	Office Romance Secret Love
16	Koi no Tsuzuki wa Honey Moon de
17	Roommate
18	Dosokai wa Koi no Hajimari
19	Kimi wo Aisu Nandodemo
20	Ai wo Sasagu Densetsu no Kishi

(Total 169 sites)

Social

[GREE game ranking for females]
Date surveyed: July 31, 2013

Ranking	Application Name
1	DRAGON COLLECTION
2	A Prince's Proposal for GREE
3	Chokotto Farm
4	Shingoku no Valhalla Gate
5	My Sweet Bodyguard ☆ Premium
6	Bokuno Restaurant 2
7	My Forged Wedding
8	Poptower for GREE
9	Onmyoji -Heian Yokitan-
10	Pirates in Love - Just One Rule
11	Galsho☆
12	Chocobo no Chocotto Nouen
13	Gensoki Sephiroth -Toki no Sekaiju-
14	Seduced in the Sleepless City for GREE
15	Summon Night Collection
16	Shinsho Ikemen Ooku Kinjirareta Koi
17	Platinum☆Girl
18	Close xWORST -Saikyo Densetsu-
19	Iron Chef for GREE New Challengers
20	Roommate

Launched In 4Q

: Voltage Inc.

Ranking in the Overseas Market

For smartphone apps, 6 titles ranked in Top 20 in U.S. App Store Entertainment and 11 titles ranked in Singapore App Store Entertainment.

Smartphone apps

[App Store Top Grossing iPhone Entertainment]

USA

Compiled as of June 21, 2013

Ranking	Application Name
1	**My Forged Wedding**
2	Akinator the Genie
3	Komaji
4	Doc McStuffins:Time For Your Check up!
5	Justin.tv
6	SlingPlayer for iPhone
7	Action Movie FX
8	Disney Junior Appisodes
9	Emoji>
10	**Be My Princess**
11	**Love Letter from Thief X**
12	**Pirates In Love**
13	Gun Builder ELITE-Modern
14	Pocket God
15	Dynamojis - Animated Emojis
16	Live Esoteric Chat - Oranum
17	**Be My Princess for GREE**
18	Emoji:)
19	**Seduced in the Sleepless City**
20	Shall we date?:Ninja Love

Singapore

Compiled as of July 19, 2013

Ranking	Application Name
1	**In Your Arms Tonight**
2	**Pirates In Love**
3	**A Knight's Devotion** Launched In 4Q
4	**My Forged Wedding**
5	**Seduced in the Sleepless City**
6	**My Sweet Bodyguard**
7	**Office Secrets** Launched In 4Q
8	**Be My Princess**
9	KK唱响-视频交友娱乐互动新社区
10	**Love Letter from Thief X**
11	AVPlayer
12	FlexPlayer plays several video formats
13	**Be My Princess for GREE**
14	Belkin @TV for iPhone and iPod touch
15	**My Sweet Bodyguard for GREE**
16	School of Magic 3
17	Cinema:Movies Online
18	OPlayer - the best video and music media player
19	Anime HD
20	Dynamojis - Animated Emojis

: Voltage Inc.

Balance Sheet and Statements of Cash Flows

Balance Sheet

	Consolidated	Japan Headquarters (Non-Consolidated)		
	End of FY2013	End of FY2013	End of FY2012	Change %
Current assets	3,573	3,310	3,835	-13.7%
Non-current assets	748	1,170	566	106.6%
Total assets	4,322	4,481	4,402	1.8%
Current liabilities	994	956	1,160	-17.6%
Non-current liabilities	0	-	-	-
Total liabilities	994	956	1,160	-17.6%
Shareholders' equity	3,307	3,524	3,242	8.7%
Accumulated other comprehensive income	19	-	-	-
Net assets	3,327	3,524	3,242	8.7%
Total liabilities	4,322	4,481	4,402	1.8%

Statement of Cash Flows

[Millions of Yen]

	Consolidated	Japan Headquarters (Non-Consolidated)	
	FY2013	FY2013	FY2012
Net cash provided by (used in) operating activities CF	258	437	409
Net cash provided by (used in) investing activities CF	-572	-796	-354
Net cash provided by (used in) financing activities CF	-73	-73	-135
Net increase (decrease) in cash and cash equivalents	-336	-402	-79
Balance of cash and cash equivalents at the end of the fiscal term	1,783	1,528	1,931

The above changes are made mainly due to:
- Acquisition of shares of subsidiary with capital increase in U.S. subsidiary
- Acquisition of plant, property & equipment and increase in lease deposits with floor expansion and relocation of head office
- Acquisition of intangible assets with content increase

*The Company started preparing consolidated financial statements in fiscal 2013.

II. Medium-term Goal

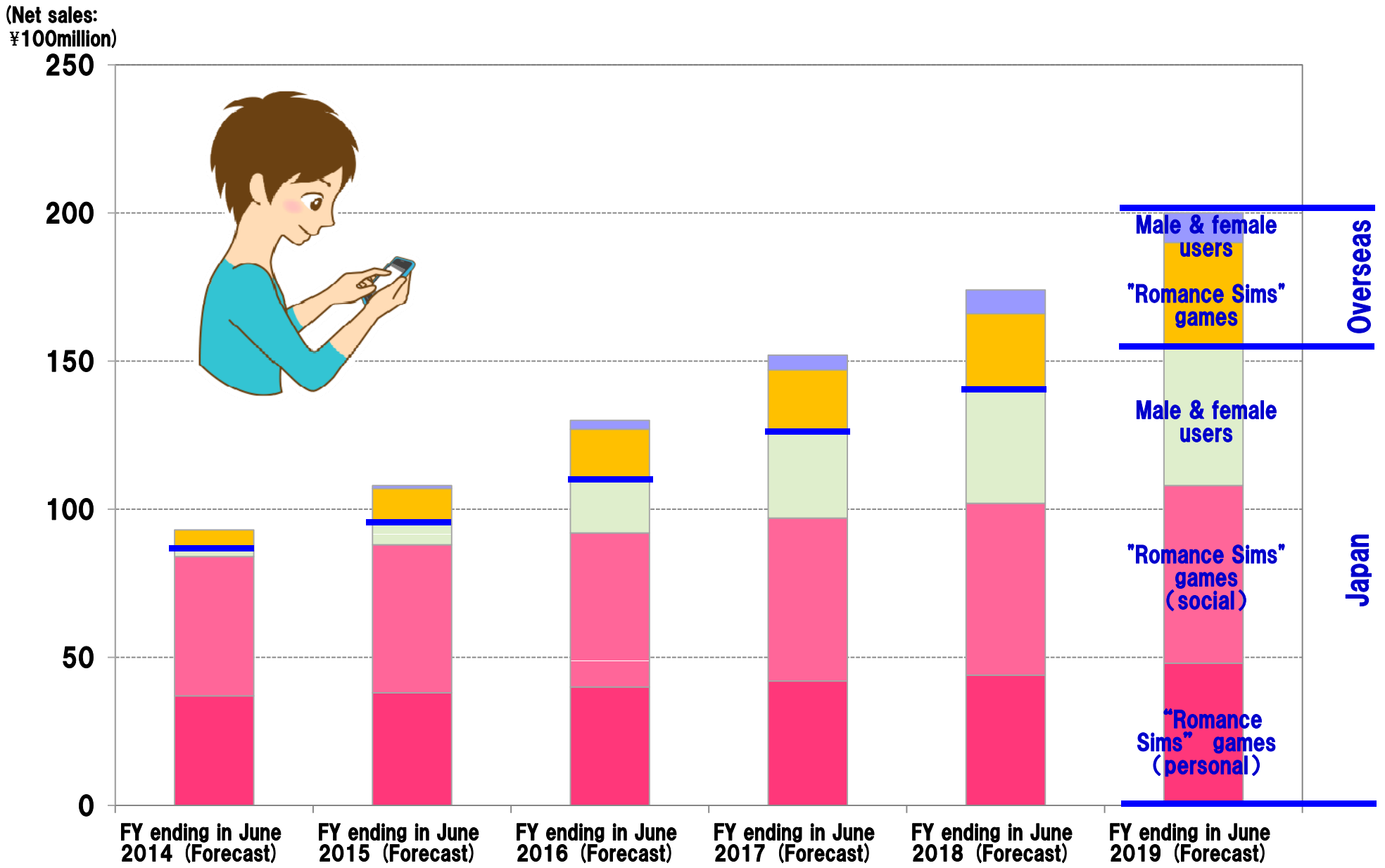
Medium-term Goal

Aims net sales of ¥20 billion and operating income of ¥2 billion by the 20th Term (ending in June 2019) through expansion of "Romance Sims" games and contents for overseas and both male & female users

Medium-term Goal Strategy toward Achievement
(Year ending in June 2014 and June 2015)

① OS focused
② Expansion of contents for both male & female users and overseas users
③ Attracting customers by using 12-month TV commercial

Growth FY2014 → FY2019



III. Plan for FY2014

Product and Target

"Romance Sims" Games

Personal | Social

Female

Drama lover aged 19 to 44

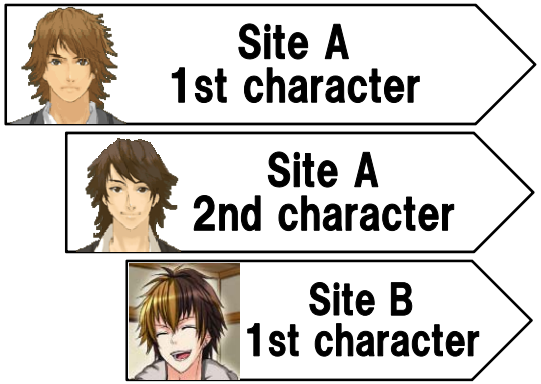
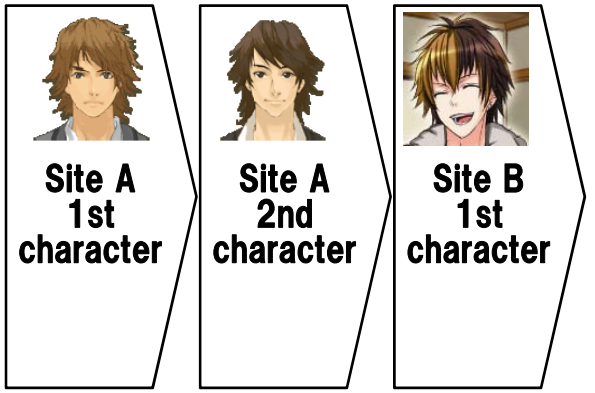
Romance

For male & female users

Battle

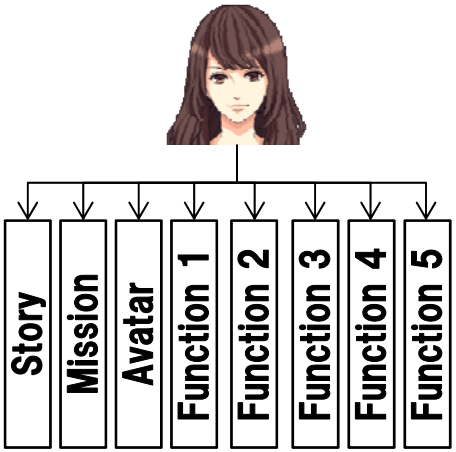
Male

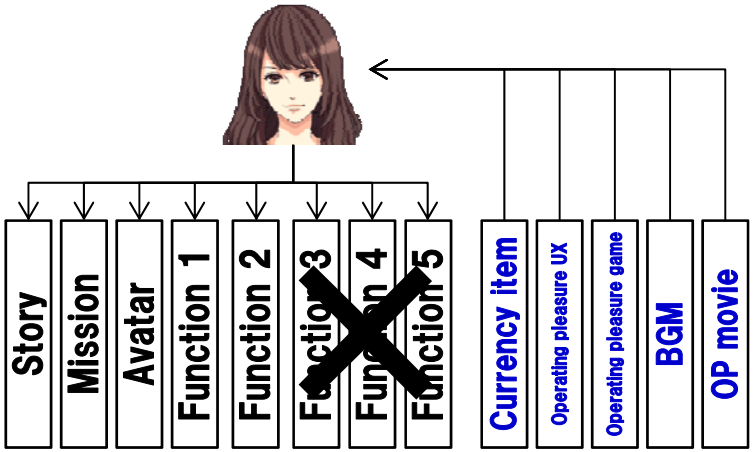
Personal Change of Product Structure

		Until FY2013	From FY2014
Market		Monthly billing	OS (Charge by download)
Monetizing model	User	Parallel play 	Single play 
	Product	① Expanding characters ② Sequential distribution	① Extending season ② Single distribution
Most important KPI		Remaining rate	Unit price per purchaser

Social　Change of Product Structure

	Until FY2013	From FY2014
Market	Specifically Social application PF	OS PF
Monetizing model	Full function play	Simple pleasure play
Most important KPI	① Biller ARPU ② Billing rate	① Persistency rate ② Billing rate





Contents for Both Male & Female Users

3 new titles will be released in FY2014

The first release of “Seizonritu 0%! Chikatetu-karano-Dassyutu” started well.

Ranked 8th in iPhone App Store Ranking
(Adventure, as of August 8, 2013)

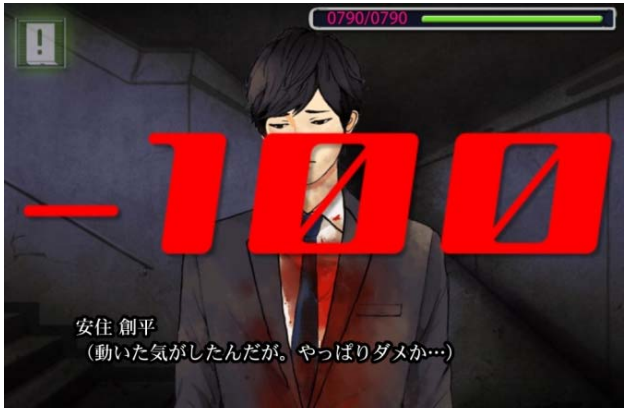
[Customer review]

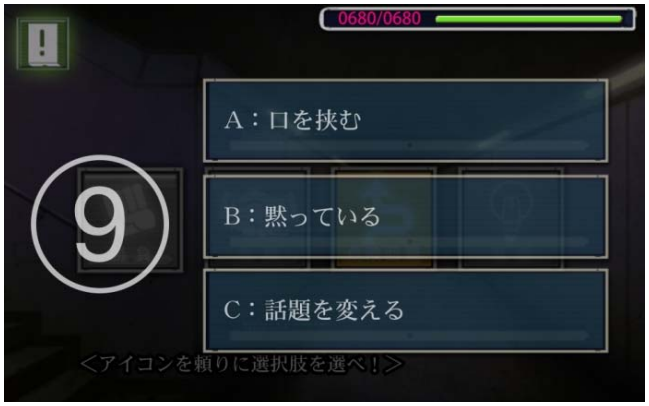
最高(≧∇≦) ★★★★★

このアプリのスリル感ヤバイ(≧∇≦)

やばい ★★★★★

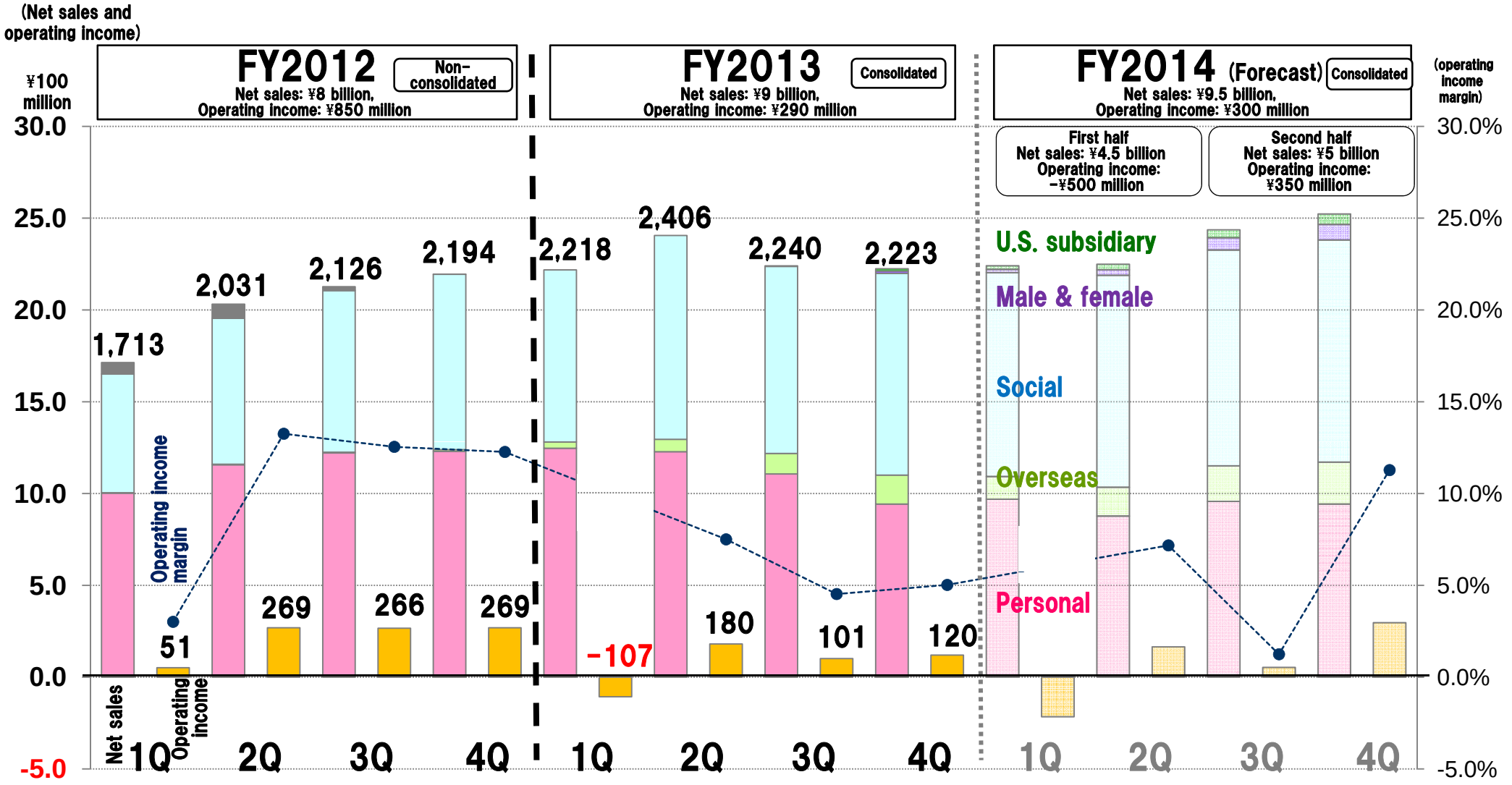
めっちゃ怖いいいい！！
けどおもろおおおい！！！





Summary of Results

Bottomed out in 4Q FY2013 thanks to the achievement of "OS focused" measure to break the highest sales record in 3Q FY2014

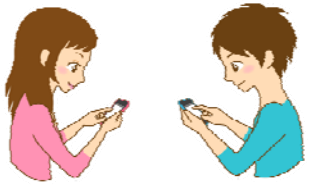


Drama Mobile Contents Market in Five Years

		Female	Male
		"Romance Sims" Games	Male & female users (mystery and others)
Japan	Market	¥12 billion → ¥18 billion	¥30 million → ¥5 billion
	Voltage	¥8.5 billion → ¥12 billion	¥10 million → ¥3 billion
English-speaking area	Market	¥500 million → ¥4 billion	¥0 million → ¥1 billion
	Voltage	¥500 million → ¥4 billion	¥0 million → ¥1 billion

Potential customer group	Royal group
Unwilling group	Discontinued user group

	2013	2018
Number of users willing to play	4.3million	5million
Number of users	740,000	1,200,000
Annual ARPU	¥16,000	¥15,000



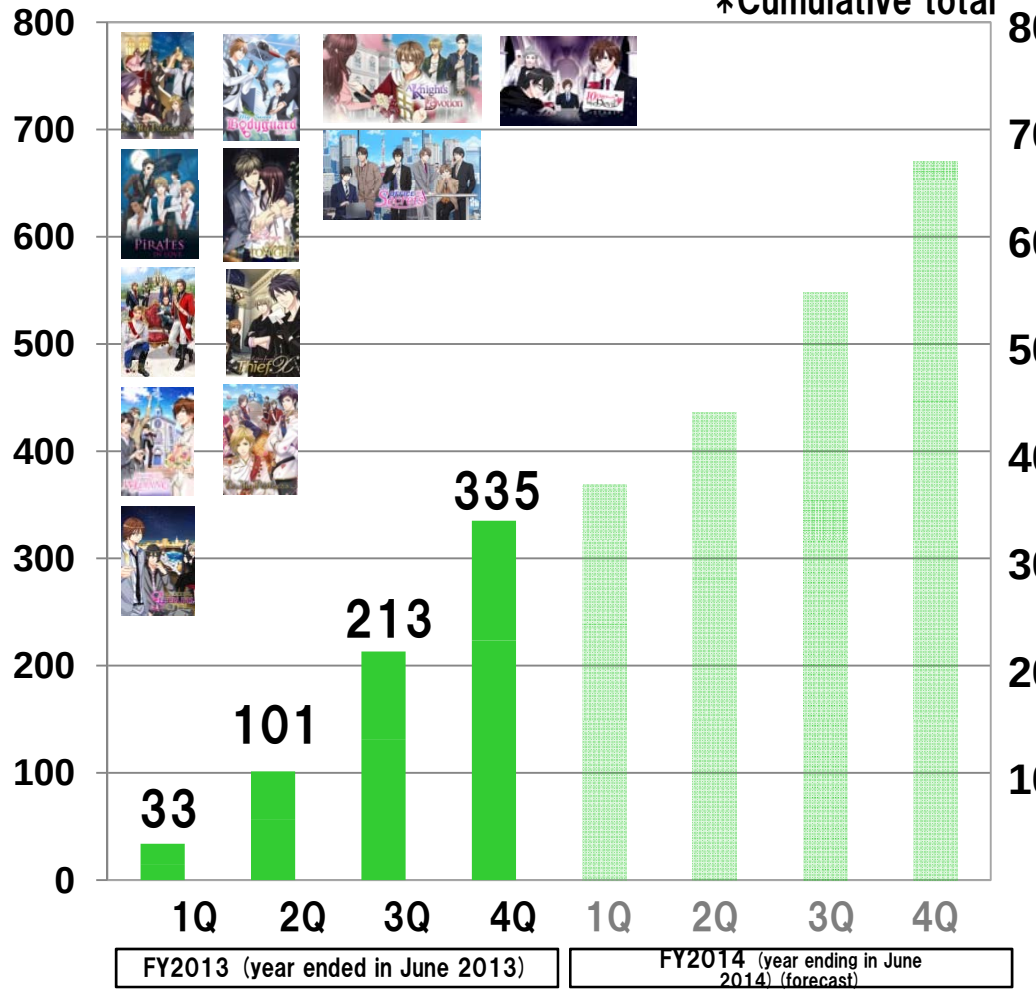
*This graph privately illustrates the market size and change for the purpose of business design. : The Company does not assure statistic accuracy of the information.

Increase in Overseas

HQ Overseas

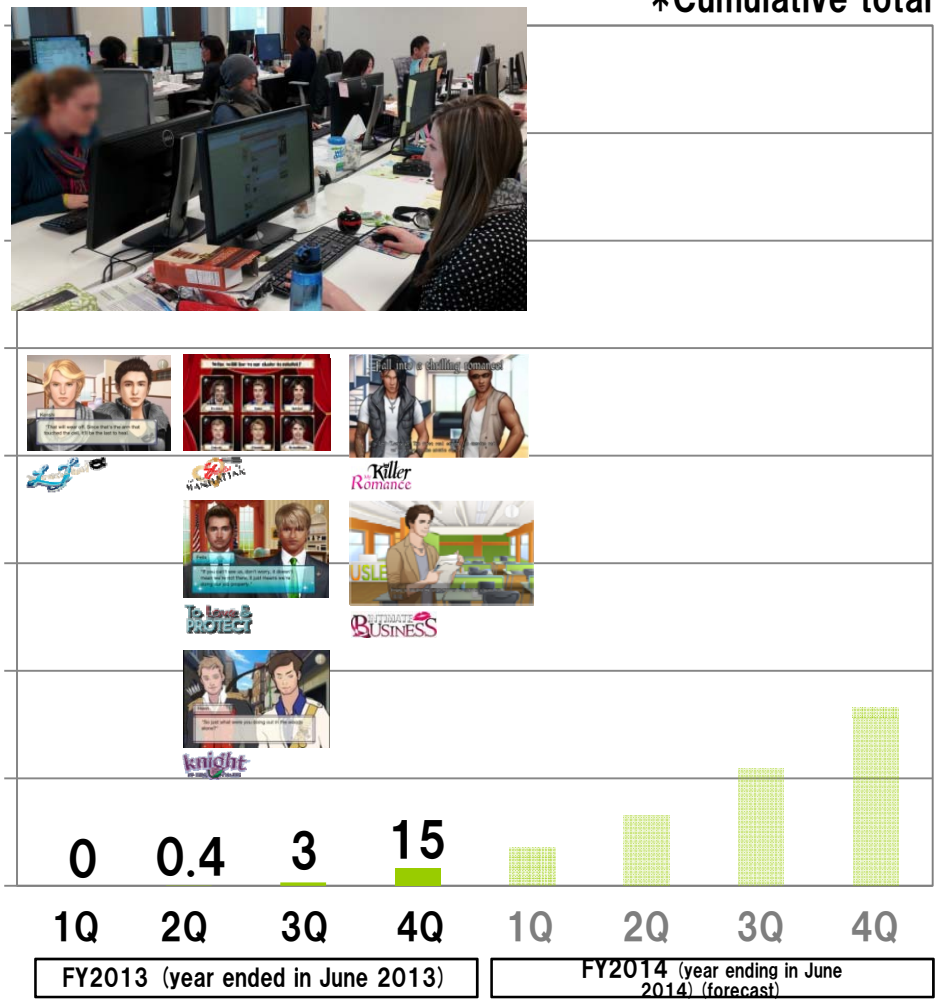
(Net sales)
Million yen

＊Cumulative total



U.S. subsidiary

＊Cumulative total



Earnings Forecast – (Consolidated)

Full-Year Forecast

Net sales ¥9,500 million; Operating income ¥300 million

[Millions of Yen]

	FY2014 (year ending in June 2014)				FY2013 (year ended in June 2013)	
	First half		Full-year		First half	Full-year
		Y-o-Y		Y-o-Y		
Net sales	4,500	-2.7%	9,500	4.5%	4,624	9,088
Operating income	-50	-	300	1.6%	73	295
Ordinary income	-50	-	300	-12.7%	82	343
Net income	-100	-	80	-43.2%	25	140
Net income per share	-19.86 yen	-	15.89 yen	-	5.11 yen	28.20 yen

Earnings Forecast (Non-Consolidated)

Full-Year Forecast

Net sales ¥9,400 million; Operating income ¥580 million

Although sales commissions increase due to the shift to "OS focused" measure, which is a factor for lower profit margin, the Company aims to increase profits through sales expansion, production and development operation and efficiency enhancement for attracting customers in OS PF.

[Millions of Yen]

	FY2014 (year ending in June 2014)				FY2013 (year ended in June 2013)	
	First half		Full-year		First half	Full-year
		Y-o-Y		Y-o-Y		
Net sales	4,500	-2.8%	9,400	3.3%	4,631	9,097
Operating income	130	-4.9%	580	13.5%	136	511
Ordinary income	130	-10.7%	580	3.8%	145	558
Net income	80	-9.6%	360	1.1%	88	356
Net income per share	15.89 yen	-	71.50 yen	-	17.76yen	71.25yen

Shareholder Return

The Group strives to return profits to shareholders, while securing its internal reserves necessary for operating the future business and strengthen the management structure.
Based on a careful consideration of the Company 's business performance and other aspects, the Company, in principle, provides year-end dividend once a year with 20% target payout ratio.

FY ended in June 2013	Year-end dividend	¥19 per share
FY ending in June 2014 Forecast	Year-end dividend	To be determined

Regarding year-end dividend for FY2014, the Company will consider proper profit return to shareholders based on the above policy.

Voltage Inc.

- This release contains forward-looking statements, which include judgment made by the Company based on the information available at the time of the preparation of this report but such judgment does not guarantee accuracy of the information. There are a number of factors and uncertainties that could cause actual results to differ materially from the forward-looking statements contained in this release.
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