

**Consolidated Financial Results**  
**for the Third Quarter of the Fiscal Year Ending September 2017 (FY9/17)**  
**(Nine Months Ended June 30, 2017)**

[Japanese GAAP]

August 14, 2017

Company name: Evolvable Asia Corp. Stock Exchange Listing: TSE  
 Stock code: 6191 (URL: <http://www.evolvableasia.com/>)  
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Scheduled date of filing of Quarterly Report: August 14, 2017  
 Scheduled date of payment of dividend: -  
 Preparation of supplementary materials for quarterly financial results: Yes  
 Holding of quarterly financial results briefing: Yes (for institutional investors and securities analysts)

(All amounts are rounded down to the nearest million yen)

**1. Consolidated Financial Results for the Third Quarter (October 1, 2016 to June 30, 2017) of FY9/17**

(1) Consolidated results of operations (Percentages represent year-on-year changes)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Nine months ended March 31, 2017	3,968	43.9	581	34.8	553	40.0	354	48.7
Nine months ended March 31, 2016	2,757	-	431	-	395	-	238	-

Note: Comprehensive income (millions of yen) Nine months ended March 31, 2017: 452 (79.3%)  
Nine months ended March 31, 2016: 252 (-%)

	Net income per share	Diluted net income per share
	Yen	Yen
Nine months ended March 31, 2017	21.17	20.04
Nine months ended March 31, 2016	16.01	15.22

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of June 30, 2017	5,751	2,852	46.3
As of September 30, 2016	4,841	2,371	47.0

Reference: Shareholders' equity (millions of yen) As of June 30, 2017: 2,664 As of Sep. 30, 2016: 2,276

**2. Dividends**

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended Sep. 30, 2016	-	0.00	-	0.00	0.00
Fiscal year ending Sep. 30, 2017	-	0.00	-	-	-
Fiscal year ending Sep. 30, 2017 (Estimated)	-	-	-	7.00	7.00

Note: Revision to the most recently announced dividend forecast: Yes

**3. Consolidated Forecast for FY9/17 (October 1, 2016 to September 30, 2017)**

(Percentages represent year-on-year changes)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	6,147	53.7	1,001	61.9	961	68.2	594	74.8	35.66

Note: Revision to the most recently announced consolidated forecast: None

**\* Notes**

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in changes in scope of consolidation): Yes

Newly included: — companies

Excluded: — companies

(2) Application of special accounting methods for presenting quarterly consolidated financial statements: Yes

(3) Changes in accounting policies and accounting-based estimates, and restatements

1) Changes in accounting policies due to revisions in accounting standards, others: None

2) Changes in accounting policies other than 1) above: None

3) Changes in accounting-based estimates: None

4) Restatements: None

(4) Number of outstanding shares (common stock)

1) Number of shares outstanding as of the end of the period (including treasury shares)

As of June 30, 2017:	16,854,300 shares	As of Sep. 30, 2016:	16,682,400 shares
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2) Number of treasury shares as of the end of the period

As of June 30, 2017:	- shares	As of Sep. 30, 2016:	- shares
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3) Average number of shares issued during the period

Nine months ended June 30, 2017:	16,722,339 shares	Nine months ended June 30, 2016:	14,908,785 shares
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Note: The Company conducted 300-for-1 and 3-for-1 stock splits on December 18, 2015 and August 1, 2016, respectively. The number of shares outstanding was calculated based on the assumption that these stock splits were conducted at the beginning of the previous consolidated fiscal year.

\* Information regarding the implementation of quarterly review procedures

The current quarterly financial report is exempt from quarterly review procedures under the Financial Instruments and Exchange Act. As at the time of disclosure, the review procedures for the quarterly financial statements have not been completed.

\* Explanation of appropriate use of earnings forecasts, and other special items

Forecasts of future performance in these materials are based on information currently available to the Company. Consequently, these statements incorporate many uncertainties. Please note that actual performance may differ from these forecasts due to changes in internal or external factors affecting business operations and other factors.

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## 1. Qualitative Information on Quarterly Consolidated Financial Performance

### (1) Explanation of Results of Operations

During the first nine months of the fiscal year under review, the Japanese economy maintained a moderate recovery trend, including a rise in stock prices and corporate earnings, backed by the government's economic and fiscal policies.

The market for the online travel agency industry, in which Evolvable Asia ("Company") and its consolidated subsidiaries ("Group") operate, has been expanding in line with the ongoing increase in internet users facilitated primarily by the diffusion of smartphones and tablet PCs. In the travel industry, the ratio of transactions made online has been increasing in recent years. Online sales made by travel agencies, which accounted for only 0.64% of total transactions in 2000, reached 9.46% in 2013, according to the "Survey of Travel Market Trends 2015" published by the Japan Association of Travel Agents. The rise in the ratio has been accelerating further in recent years.

In addition, promotion of Japan's tourism based on the recent national policies and Asia's economic development contributed to an increase in the number of foreign visitors to Japan, which reached approximately 20 million in fiscal year 2016. As the Japanese government aims for 40 million visitors by 2020, the year of the Tokyo Olympics and Paralympics, overseas visitors are expected to continue to increase in the next several years.

In this business environment, the Group has continued to implement the selection and concentration of resources to invest in the improvement of the user interface on its website and its customer service, aiming to become a leading brand recognized as a comparison shopping website for domestic airline tickets.

In the IT Offshore Development Business in Vietnam, the Group has continued to grow the supply market with the help of the IT engineer development plan in accordance with the policy to strengthen the country's software industry pursued by the Vietnamese government. According to a report by the Vietnam Software and IT Services Association, the Vietnamese government aims to grow as a provider of outsourced services for offshoring as one of its key strategies in the ICT industry and it continues to invite foreign direct investment and provide tax benefits. Currently, offshore development by Japanese companies amounts to only about 100 billion yen, according to "Trends in Software Industry and Offshore Development in Japan" released by the Center of International Cooperation for Computerization. There appears to be significant room for market expansion in Vietnam, considering that the Japanese market for developing outsourced software is estimated at about 10 trillion yen, according to the "Present State of Information Service Industry," a survey conducted by the Ministry of Economy, Trade and Industry.

Under such business conditions, the Group has continued to respond to ever diversifying customer needs and develop and retain skilled IT engineers. Higher operational efficiency and cost optimization also contributed to an increase in profitability.

As a result, the Group achieved consolidated transaction volume of 26,114,336 thousand yen, consolidated net sales of 3,968,345 thousand yen, consolidated operating income of 581,201 thousand yen, consolidated ordinary income of 553,993 thousand yen, consolidated profit before income taxes of 553,314 thousand yen, and consolidated profit attributable to owners of parent of 354,143 thousand yen in the first nine months of the fiscal year under review.

Operating results by segment are as follows.

#### 1) Online Travel Agency Business

In the Online Travel Agency Business, the Group provides services in the following four segments.

- BtoC services (operation of Evolvable Asia website for general consumers to use on PCs and smartphones)

The Company improved search engine marketing to acquire new customers and user interfaces to increase repeat customers, which contributed to a steady increase in the number of service users.

- BtoBtoC services (business selling travel services under brands owned by partner companies)

Enhanced communication with major partners with an aim to provide services to match their needs and promote

their increased use of the services contributed to strong sales.

- BtoB services (wholesale business targeting other travel agencies)

The business is affected in part by airline industry trends and suppliers' strategies, and sales remained strong amid the increasingly brisk industry of online travel agents that sold domestic flight tickets in line with a larger number of domestic flights operated.

- BTM services (centralized management of internal approval procedures and arrangements associated with corporate business trips)

BTM services basically adopt a business model under which net sales expand in a manner that is linked with an increase in the number of corporate customers and a rise in their usage rate. The services achieved growth attributable to initiatives taken by the Group, including the addition of salespeople, the identification of existing customers who used the services at a relatively low rate, and operational improvement to raise customer satisfaction. As a result, net sales for the Online Travel Agency Business segment amounted to 2,918,448 thousand yen and segment income came to 838,568 thousand yen in the first nine months of the fiscal year under review.

## 2) IT Offshore Development Business

In the IT Offshore Development Business, the Company offers lab-type facility development services to customers consisting mainly of e-commerce companies, web solution providers, and game and system developers in Ho Chi Minh, Hanoi and Da Nang in Vietnam.

The Company's lab-type facility development model is distinctive in that a team of engineers is formed with new dedicated staff members hired for each customer.

The model also enables customers to confirm the state of a lab-type facility development on demand.

This is essentially a business model to bill customers on the basis of man-months and the number of workers on the assumption of medium- to long-term assignments of dedicated staff members.

The development success depends on employing workers suited to customer demands and further motivating the respective engineers.

During the first nine months of the consolidated fiscal year under review, an increase in unit price associated with increased efficiency of development contributed particularly to the growth of net sales.

As a result, net sales for the IT Offshore Development Business segment amounted to 1,131,385 thousand yen and segment income totaled 124,706 thousand yen in the first nine months of the fiscal year under review.

## (2) Analysis of Financial Position

### Assets

Total assets increased 909 million yen from the end of the previous fiscal year, to 5,751 million yen at the end of the first quarter of the fiscal year under review. This result was mainly due to a decrease of 866 million yen in cash and deposits, an increase of 939 million yen in operational investment securities, an increase of 114,033 thousand yen in buildings, an increase of 105 million yen in automotive equipment, an increase of 264 million yen in software, and an increase of 115 million yen in guarantee deposits.

### Liabilities

Liabilities increased 428 million yen from the end of the previous year, to 2,898 million yen at the end of the first nine months of the consolidated fiscal year under review. This result primarily reflected an increase of 106 million yen in notes and accounts payable - trade and an increase of 158 million yen in operating accounts payable.

### Net Assets

Net assets rose 481 million yen from the end of the previous fiscal year, to 2,852 million yen at the end of the first nine months of the fiscal year under review. This result was mainly attributable to an increase of 354 million yen in retained earnings.

## (3) Explanation of Consolidated Forecast and Other Forward-looking Statements

No changes have been made to the full-year forecasts for consolidated financial results announced in the Consolidated Financial Results for the Fiscal Year Ended September 30, 2016 on November 14, 2016.

**2. Quarterly Consolidated Financial Statements and Major Notes****(1) Consolidated Balance Sheet**

(Thousands of yen)

	FY9/16 (As of Sep. 30, 2016)	Third quarter of FY9/17 (As of Jun. 30, 2017)
<b>Assets</b>		
Current assets		
Cash and deposits	2,356,432	1,490,113
Notes and accounts receivable - trade	1,104,591	1,211,479
Operational investment securities	-	939,901
Merchandise and finished goods	274,325	181,244
Deferred tax assets	19,046	17,659
Accounts receivable - other	129,823	152,798
Other	140,830	255,310
Allowance for doubtful accounts	(450)	(1,158)
<b>Total current assets</b>	<b>4,024,599</b>	<b>4,247,350</b>
Non-current assets		
Property, plant and equipment		
Buildings, net	18,662	132,695
Vehicles, net	223	105,897
Tools, furniture and fixtures, net	19,115	43,014
Construction in progress	2,500	-
<b>Total property, plant and equipment</b>	<b>40,501</b>	<b>281,607</b>
Intangible assets		
Goodwill	102,976	170,640
Software	202,742	467,037
<b>Total intangible assets</b>	<b>305,719</b>	<b>637,678</b>
Investments and other assets		
Investment securities	43,000	25,634
Deferred tax assets	6,273	3,567
Guarantee deposits	409,193	525,107
Claims provable in bankruptcy, claims provable in rehabilitation and other	37,313	25,297
Other	12,358	30,554
Allowance for doubtful accounts	(37,313)	(25,297)
<b>Total investments and other assets</b>	<b>470,824</b>	<b>584,863</b>
<b>Total non-current assets</b>	<b>817,044</b>	<b>1,504,148</b>
<b>Total assets</b>	<b>4,841,644</b>	<b>5,751,498</b>

(Thousands of yen)

	FY9/16 (As of Sep. 30, 2016)	Third quarter of FY9/17 (As of Jun. 30, 2017)
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable - trade	1,293,317	1,400,301
Short-term loans payable	225,139	310,829
Accounts payable - other	311,670	470,170
Accrued expenses	87,287	156,158
Income taxes payable	134,102	106,319
Provision for bonuses	46,447	40,799
Provision for point card certificates	3,868	5,180
Provision for shareholder benefit program	15,000	9,338
Current portion of long-term loans payable	19,572	42,258
Forward exchange contracts	4,123	-
Other	140,089	80,036
<b>Total current liabilities</b>	<b>2,280,618</b>	<b>2,621,392</b>
<b>Non-current liabilities</b>		
Long-term loans payable	87,288	162,523
Long-term guarantee deposited	102,376	109,594
Net defined benefit liability	-	5,237
<b>Total non-current liabilities</b>	<b>189,664</b>	<b>277,354</b>
<b>Total liabilities</b>	<b>2,470,283</b>	<b>2,898,747</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	1,019,927	1,027,808
Capital surplus	824,927	832,808
Retained earnings	444,870	799,013
<b>Total shareholders' equity</b>	<b>2,289,724</b>	<b>2,659,630</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	-	6,061
Deferred gains or losses on hedges	(2,850)	256
Foreign currency translation adjustment	(10,629)	(1,909)
<b>Total accumulated other comprehensive income</b>	<b>(13,480)</b>	<b>4,409</b>
Subscription rights to shares	206	206
Non-controlling interests	94,910	188,505
<b>Total net assets</b>	<b>2,371,360</b>	<b>2,852,751</b>
<b>Total liabilities and net assets</b>	<b>4,841,644</b>	<b>5,751,498</b>

**(2) Consolidated Statements of Income and Comprehensive Income****(Consolidated Statement of Income)****(For the Six-month Period)**

(Thousands of yen)

	Nine months of FY9/16 (Oct. 1, 2015 – June 30, 2016)	Nine months of FY9/17 (Oct. 1, 2016 – June 30, 2017)
Net sales	2,757,994	3,968,345
Cost of sales	489,254	635,725
Gross profit	2,268,739	3,332,620
Selling, general and administrative expenses	1,837,096	2,751,418
Operating income	431,643	581,201
Non-operating income		
Interest income	466	3,949
Foreign exchange gains	–	5,589
Gain on reversal of allowance for doubtful accounts	3,220	–
Other	1,547	2,200
Total non-operating income	5,234	11,739
Non-operating expenses		
Interest expenses	7,873	7,320
Foreign exchange losses	10,153	–
Provision of allowance for doubtful accounts	–	1,947
Listing expenses	18,965	21,900
Other	4,432	7,779
Total non-operating expenses	41,425	38,946
Ordinary income	395,453	553,993
Extraordinary income		
Gain on sales of non-current assets	1,000	–
Total extraordinary income	1,000	–
Extraordinary losses		
Loss on sales of non-current assets	784	–
Other	–	679
Total extraordinary losses	784	679
Profit before income taxes	395,670	553,314
Income taxes	112,371	126,736
Profit	283,298	426,577
Profit attributable to non-controlling interests	44,518	72,433
Profit attributable to owners of parent	238,779	354,143

**(Consolidated Statement of Comprehensive Income)**  
**(For the Nine-month Period)**

(Thousands of yen)

	Nine months of FY9/16 (Oct. 1, 2015 – June 30, 2016)	Nine months of FY9/17 (Oct. 1, 2016 – June 30, 2017)
Profit	283,298	426,577
Other comprehensive income		
Valuation difference on available-for-sale securities	–	6,061
Deferred gains or losses on hedges	(6,160)	3,107
Foreign currency translation adjustment	(24,814)	17,097
Total other comprehensive income	(30,974)	26,267
Comprehensive income	252,324	452,844
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	219,964	372,032
Comprehensive income attributable to non-controlling interests	32,359	80,811

**(3) Notes to Quarterly Consolidated Financial Statements**

**Notes on going concern assumptions**

Not applicable.

**Significant changes in shareholders' equity**

Not applicable.

**Segment information, etc.**

## Segment Information

Nine months of FY9/16 (Oct. 1, 2015 – Jun. 30, 2016)

## 1. Information related to net sales and profits (losses) for the respective reportable segments

(Thousands of yen)

	Reportable segment				Adjustment (Note 1)	Amount on quarterly consolidated statement of income (Note 2)
	Online Travel Agency Business	IT Offshore Development Business	Other businesses	Total		
Net sales						
Sales to external customers	1,932,427	821,738	3,828	2,757,994	–	2,757,994
Intersegment sales and transfers	–	87,348	–	87,348	(87,348)	–
Total	1,932,427	909,087	3,828	2,845,343	(87,348)	2,757,994
Segment profits (losses)	648,544	75,338	(38)	723,844	(292,200)	431,643

Notes: 1. The adjustment of -292,200 thousand yen to the segment profits (losses) includes corporate expenses which mainly consist of general and administrative expenses that are not attributable to the reportable segments.

2. The segment profits or losses has been adjusted to the operating income stated in the quarterly consolidated statement of income.

Nine months of FY9/17 (Oct. 1, 2016 – Jun. 30, 2017)

## 1. Information related to net sales and profits (losses) for the respective reportable segments

(Thousands of yen)

	Reportable segment				Adjustment (Note 1)	Amount on quarterly consolidated statement of income (Note 2)
	Online Travel Agency Business	IT Offshore Development Business	Other businesses	Total		
Net sales						
Sales to external customers	2,918,448	1,048,518	1,378	3,968,345	–	3,968,345
Intersegment sales and transfers	–	82,867	–	82,867	(82,867)	–
Total	2,918,448	1,131,385	1,378	4,051,212	(82,867)	3,968,345
Segment profits (losses)	838,568	124,706	(11)	963,263	(382,061)	581,201

Notes: 1. The adjustment of 382,061 thousand yen to the segment profits (losses) includes corporate expenses which mainly consist of general and administrative expenses that are not attributable to the reportable segments.

2. The segment profits or losses has been adjusted to the operating income stated in the quarterly consolidated statement of income.

### Significant subsequent events

At the meeting of the Board of Directors held on July 7, 2017, the Company resolved the ninth issuance of subscription rights to shares, the tenth issuance of subscription rights to shares, and the eleventh issuance of subscription rights to shares through third-party allotment, as described below (“9th Issuance of Subscription Rights to Shares,” “10th Issuance of Subscription Rights to Shares,” “11th Issuance of Subscription Rights to Shares,” individually or collectively the “Subscription Rights to Shares”). The payment of the total amount of the issue price of the Subscription Rights to Shares was completed on July 27, 2017.

#### 1. Outline of the Issuance of the Subscription Rights to Shares

(1)	Date of allotment	July 24, 2017
(2)	Total number of Subscription Rights to Shares	20,869 9th Issuance of the Subscription Rights to Shares: 5,722 10th Issuance of the Subscription Rights to Shares: 6,732 11th Issuance of the Subscription Rights to Shares: 8,415
(3)	Issue price	Total of 48,523,270 yen (4,930 yen per subscription right in the 9th Issuance, 2,280 yen per subscription right in the 10th Issuance, and 590 yen per subscription right in the 11th Issuance)
(4)	Dilutive number of shares due to this issuance	Number of dilutive shares: 2,086,900 (100 shares per subscription right) 9th Issuance of the Subscription Rights to Shares: 572,200 shares 10th Issuance of the Subscription Rights to Shares: 673,200 shares 11th Issuance of the Subscription Rights to Shares: 841,500 shares There is no upper limit to the strike price. The lower limit of the strike price is 2,918 yen in all cases, and the number of dilutive shares is 2,086,900 even at the minimum strike price.
(5)	Amount of funds provided (approximate net amount)	10,122,123,270 yen (approximate net amount)
(6)	Strike price and conditions for revision of strike price	Initial strike price: 9th Issuance of the Subscription Rights to Shares: 3,500 yen 10th Issuance of the Subscription Rights to Shares: 4,500 yen 11th Issuance of the Subscription Rights to Shares: 6,000 yen The Company may revise the strike price of any of the subscription rights to shares upon the resolution of its Board of Directors when necessary for the Company’s capital policy during the period between January 25, 2018, and July 23, 2019, (including the first and last days). If the strike price is revised pursuant to the provisions of this paragraph, the Company will immediately notify the holders of the Subscription Rights to Shares of such a change, and the strike price will be revised to the amount equivalent to 94% of the closing price of the Company’s common shares in the regular method of delivery at the Tokyo Stock Exchange on the day of such notification, which will take effect the day following the date of such notification; provided, however, that the revised strike price will not be lower than the lower limit of the strike price. Notwithstanding the above, the Company cannot revise the above strike price in the following cases: When an undisclosed fact concerning the Company or any company among the Company’s affiliates exists and disclosure of such fact would significantly affect the Company’s stock price (including, but not limited to the facts specified in item 2 of Article 166 and item 2 of Article 167 of the Financial Instruments and Exchange Act); and When it six months have yet to elapse from the date of the last notification of the revision of the above strike price.
(7)	Method of solicitation or allotment (scheduled holders of subscription rights)	Third-party allotment to Credit Suisse Group AG
(8)	Exercisable period	July 25, 2017 to July 24, 2019
(9)	Use of funds	The funds will be allocated to large strategic M&As and branding especially for new products and services with an aim to raise recognition and acquire customers.
(10)	Type of stock to be issued	Common stock

(11)	Paid-in capital	<p>The amount of capital raised by issuing stock through the exercise of the Subscription Rights to Shares will be the amount determined by multiplying the upper limit of increase in capital, etc. calculated pursuant to the provisions of Article 17 of the Ordinance on Company Accounting by 0.5. Any fraction of yen resulting from the calculation will be rounded up to the nearest whole yen.</p> <p>The increase in capital reserve will be the amount derived by subtracting the amount of increased capital from the upper limit of increase in capital, etc.</p>
(12)	Other	<p>The Company has agreed with Credit Suisse Group AG (“Allotted Party”) on the following in the third-party allotment agreement for the Subscription Rights to Shares concerned:</p> <ul style="list-style-type: none"> <li>· The Allotted Party will file an application for the exercise of the Subscription Rights to Shares for the Company and may exercise such rights only upon the approval of the Company.</li> <li>· The Allotted Party may request the sale of the Subscription Rights to Shares by notifying the Company of such intent on or after July 10, 2019, and before July 23, 2019. If such a request is made, the Company will purchase the Subscription Rights to Shares at the same price as the paid-in amount.</li> <li>· The Allotted Party cannot transfer the Subscription Rights to Shares to another party without the approval of the Board of Directors of the Company.</li> </ul>

Note: The amount of funds raised is the amount calculated by subtracting the approximate amount of expenses required for the issuance of the Subscription Rights to Shares from the sum total of the total amount paid for the Subscription Rights to Shares and the total value of assets invested when exercising the Subscription Rights to Shares. The total value of assets invested when exercising the Subscription Rights to Shares is the amount on the assumption that all of the Subscription Rights to Shares are exercised at the initial strike price. If the strike price has been revised or adjusted, the amount of funds raised will increase or decrease. If the Subscription Rights to Shares are not exercised within the exercise period or if the Company has canceled the Subscription Rights to Shares that it has acquired, the amount of funds raised will decrease.