CARTA HOLDINGS

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 Second Quarter of the Fiscal Year Ending December 31, 2019 〔Japanese Standards〕（Consolidated）

May 15, 2019

Listed company name:	CARTA HOLDINGS, Inc.	Listed stock exchange:	TSE first section
Stock Code No.: 3688		URL:	https://cartaholdings.co.jp/en/ir/
Representative: Title	Chairman	Name:	Shinsuke Usami
Contact: Title	Director and CFO	Name:	Hidenori Nagaoka TEL +81-3-4577-1453

Date to submit the Securities Report:	May 15, 2019
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 FY 2019 First Six Months (October 1, 2018 – March 31, 2019)

(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	%
FY 2019 first six months	9,390	—	2,095	—	2,137	—	1,280	—
FY 2018 first six months	14,355	6.8	846	(35.8)	954	(31.8)	578	(37.2)

(Note) Comprehensive Income: FY 2019 first six months: ¥1,298 million —%
FY 2018 first six months: ¥642 million (56.5)%

	Net income per share	Diluted net income per share	EBITDA	
	¥	¥	¥million	%
FY 2019 first six months	68.94	68.28	2,470	—
FY 2018 first six months	48.20	47.21	1,269	—

(Note) CARTA HOLDINGS, Inc. (the "Company") and Cyber Communications Inc. ("CCI") carried out a share exchange (the "Share Exchange"), having the Company as the share exchange wholly-owning parent company and CCI as the share exchange wholly-owned subsidiary, effective on January 1, 2019. The Share Exchange applies to a reverse acquisition in accounting for business combinations, having the Company as an acquired company and CCI as an acquiring company, the assets and liabilities in the consolidated financial statements of the Company just before the Share Exchange are recorded at fair value and taken over to CCI's balance sheet. In addition, consolidated results for the period under review are the total amount of CCI's three-months consolidated results of the first quarter (from October 1, 2018 to December 31, 2018) and the Company's three-months consolidated results of the second quarter (from January 1, 2019 to March 31, 2019) after the Share Exchange. For this reason, there is no continuity between the consolidated financial statement of the period under review and the first quarter of the current fiscal year or before that. Due to this effect, each of the figures of the period under review has significantly changed, compared to the second quarter of the previous fiscal year or the previous fiscal year. Thus, the year-on-year change rate for the second quarter of the fiscal year ending December 31, 2019 is omitted.

* EBITDA noted above (earnings before interest, tax, depreciation and amortization) is calculated by adding interest expenses, depreciation, amortization, and amortization of goodwill to the Company's profit before income taxes.

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	¥million	¥million	%	Yen
March 31, 2019	52,035	22,878	43.3	888.14
September 30, 2018	16,794	8,777	50.8	717.22

(Reference) Owned capital: March 31, 2019 ¥22,553 million
September 30, 2018 ¥8,527 million

(Note) "Partial Amendments to Accounting Standard for Tax Effect Accounting" (ASBJ Statement No. 28, February 16, 2018) and other standards have been adopted from the beginning of the first quarter of the fiscal year ending December 31, 2019. With respect to the financial position for the previous fiscal year, figures have been adjusted for the retroactive adoption of the said accounting standards.

2. Dividend status

	Annual dividends					
	1Q end	2Q end	3Q end	4Q end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen	Yen
FY 2018	―	0.00	―	―	15.00	15.00
FY 2019	―	―				
FY 2019 (Forecast)			8.00	―	8.00	16.00

(Note) Revisions to dividend forecast for the current quarter: No

As for the year-end dividend of the fiscal year ended September 30, 2018, the dividend results for VOYAGE GROUP, INC. are stated.

3. Forecast of Consolidated Financial Results for FY 2019 (October 1, 2018 ― December 31, 2019)

	Net sales		Operating income		Ordinary income		Net income		Net income per share	EBITDA	
	¥million	%	¥million	%	¥million	%	¥million	%	Yen	¥million	%
Full year	26,000	―	2,500	―	2,500	―	1,600	―	70.54	3,900	―

(Note) Revisions to dividend forecast for the current quarter: No

Since the fiscal year ended December 31, 2018 was an irregular accounting period of 15 months due to the change of fiscal year-end, year-on-year change rate is not stated.

※ 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: cyber communications inc.)

Excluded Companies: ― (Company Name: ―)

(2) Specific accounting procedures : Yes

(Note) For more information, see page 14, "2. Consolidated Financial Statements (4) Notes to Condensed Interim Consolidated Financial (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 : Yes

3) Changes in accounting estimates : None

4) Retrospective restatements : None

(Note) For more information, see page 15, "2. Consolidated Financial Statements (4) Notes to Condensed Interim Consolidated Financial (Changes in Accounting Policies) ".

(4) Number of shares issued (common stock)

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

Year ended March 31, 2019	25,396,052	Year ended September 30, 2018	11,890,346

2) Number of treasury stock issued and outstanding

Year ended March 31, 2019	554	Year ended September 30, 2018	―

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

Year ended March 31, 2019	18,579,221	Year ended March 31, 2018	12,003,986

※ 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. Qualitative Information on Quarterly Financial Results for the Period under Review (3) Explanation of Consolidated Performance Forecast and Other Forward-looking Information" on page 7 of the attached documents.

(Supplementary materials)

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

Attachment

Contents

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

CARTA HOLDINGS, Inc. (the "Company") and Cyber Communications Inc. ("CCI") carried out a share exchange (the "Share Exchange"), having the Company as the share exchange wholly-owning parent company and CCI as the share exchange wholly-owned subsidiary, effective on January 1, 2019. The Share Exchange applies to a reverse acquisition in accounting for business combinations, having the Company as an acquired company and CCI as an acquiring company, the assets and liabilities in the consolidated financial statements of the Company just before the Share Exchange are recorded at fair value and taken over to CCI's balance sheet. In addition, consolidated results for the period under review are the total amount of CCI's three-months consolidated results of the first quarter (from October 1, 2018 to December 31, 2018) and the Company's three-months consolidated results of the second quarter (from January 1, 2019 to March 31, 2019) after the Share Exchange. For this reason, there is no continuity between the consolidated financial statement of the period under review and the first quarter of the current fiscal year or before that. Due to this effect, each of the figures of the period under review has significantly changed, compared to the second quarter of the previous fiscal year or the previous fiscal year. Thus, in (1) Analysis of Operating Results and (2) Analysis of Financial Position, the comparison with the same quarter of the previous fiscal year and the end of previous quarter of the current fiscal year is omitted.

(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 2018, internet advertising spending reached ¥1,758.9 billion, up 16.5% year on year, supported by growth of the performance-based advertising on mobile devices (Note 1.) and the video advertising. In addition, performance-based advertising costs rose 22.5% year on year to ¥1,151.8 billion, due to the fact that more advertisers are using data and technology as well as the spread of programmatic ad trading (Note 2.), with its increasing significance in branding and market reach.

Under these economic circumstances, the Group has changed the classification of its reportable segments from the period under review in accordance with the management integration by the Share Exchange (the "Management Integration"). The three new reportable segments are: 1) the "Partner Sales Business" which provides advertising sales and solutions mainly through a media rep, 2) the "Ad Platform Business" which operates ad distribution platforms, 3) the "Consumer Business" which plans and operates its owned media and HR related services, operates EC sites and rolles out smartphone game publishing, as well as develops investment and consulting business, etc.

As a result, the Group posted net sales of ¥9,390 million in the period under review, operating income of ¥2,095 million, ordinary income of ¥2,137 million, and profit attributable to owners of parent of ¥1,280 million.

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

1) Partner Sales Business

The Partner Sales Business sells advertising space and provides solutions mainly through a media rep. In reserved advertising, as the media's shift to performance-based advertising accelerates, in addition to working with existing media, the Group actively carried out sales measures etc. to emerging media, including young people media. In performance-based advertising, the Group actively responded to diversifying needs of advertisers by utilizing abundant audience data that corresponds to the target and building an optimal trading desk system using multiple DSPs (demand-side platforms) and ad exchanges. Also, the Group strengthened its collaboration with solution vendors for the purpose of securing "brand safety (advertisers' brand safety by ensuring the quality of advertising sites)".

As a result, the Partner Sales Business recorded sales of ¥5,869 million in the period under review, and segment income of ¥1,928 million.

2) Ad Platform Business

The Ad Platform Business mainly operates the SSP (Note 3.) "fluct" and services for advertisers "Zucks", "BEYOND X". 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, by making full use of the know-how accumulated in the Group's media business operations. In addition, "Zucks" was robust as the Group enhanced its services and functions, while capturing demand of clients.

However, mainly due to the effect of the decline in ad distribution by major advertising companies in the operation of "fluct" and the amortization of goodwill etc. recorded in connection with the Management Integration, the Ad Platform Business recorded sales of ¥1,898 million in the period under review, and segment income of ¥135 million.

3) Consumer Business

In the Consumer Business, in addition to the operation of its owned media that utilizes points, mainly "EC Navi" and "PeX", the Group is actively investing in the HR field, EC field and FinTech field as expansion fields, in order to create businesses that will be the next pillar in the medium- to long-term. Also, the amortization of goodwill etc. recorded in connection with the Management Integration is recorded.

As a result, the Consumer Business recorded sales of ¥1,626 million in the period under review, and segment income of ¥32 million.

(Notes)

1. 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 (mechanisms that aid publishers in maximizing advertising efficiency). Selling advertising space, tie-ups and affiliate advertising are not included in performance-based advertising. (Source: Advertising Expenditures in Japan, 2015, Dentsu Inc.)
2. 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.
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

1) Assets, Liabilities and Net Assets

(Assets)

Consolidated assets as of the end of the period under review totaled ¥52,035 million. Of the current assets ¥37,155 million, main items are accounts receivable – trade of ¥21,208 million. Non-current assets of ¥14,879 million mainly consist of investment securities of ¥4,042 million and goodwill of ¥3,097 million.

(Liabilities)

Consolidated liabilities as of the end of the period under review totaled ¥29,156 million. Of the current liabilities ¥27,134 million, the main items are accounts payable – trade of ¥20,003 million. Non-current liabilities of ¥2,022 million mainly consist of asset retirement obligations of ¥536 million and long-term loans payable of ¥323 million.

(Net Assets)

Consolidated net assets as of the end of the period under review totaled ¥22,878 million. Of this amount, total shareholders' equity was ¥22,079 million and accumulated other comprehensive income was ¥474 million.

2) Cash Flows

Cash and cash equivalents at the end of period under review (hereinafter “funds”) totaled ¥13,314 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 ¥4,040 million. The main positive factors included recording of profit and an increase in notes and accounts payable – trade, while the main negative factors included an increase in notes and accounts receivable – trade.

(Net cash flows from investing activities)

Net cash flows provided by investing activities amounted to ¥4,180 million. The main positive factors included proceeds from collection of loans receivable.

(Net cash flows from investing activities)

Net cash flows used in financing activities amounted to ¥118 million. The main negative factors included repayments of long-term loans payable.

(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 “Financial Results for the First Quarter of the Fiscal Year Ending December 31, 2019” on February 14, 2019.

2. Consolidated Financial Statements
(1) Consolidated Balance Sheets

(Thousands of yen)

	As of September 30, 2018	As of March 31, 2019
Assets		
Current assets		
Cash and deposits	5,679,809	13,314,159
Accounts receivable - trade	3,639,618	21,208,809
Supplies	472,122	662,894
Other	746,878	1,970,010
Allowance for doubtful accounts	(75)	(75)
Total current assets	10,538,354	37,155,799
Non-current assets		
Property, plant and equipment	192,770	1,506,474
Intangible assets		
Goodwill	1,468,564	3,097,915
Other	351,475	4,230,079
Total intangible assets	1,820,040	7,327,994
Investments and other assets		
Investment securities	3,558,911	4,042,411
Other	684,473	2,003,045
Allowance for doubtful accounts	—	(350)
Total investments and other assets	4,243,384	6,045,106
Total non-current assets	6,256,194	14,879,574
Total assets	16,794,549	52,035,374
Liabilities		
Current liabilities		
Accounts payable - trade	2,549,450	20,003,787
Short-term loans payable	—	5,000
Current portion of long-term loans payable	489,988	420,584
Income taxes payable	295,364	685,310
Provision for bonuses	38,581	606,886
Provision for directors' bonuses	—	27,574
Provision for point card certificates	2,837,684	473,613
Asset retirement obligations	50,736	50,736
Other	896,515	4,861,105
Total current liabilities	7,158,320	27,134,598
Non-current liabilities		
Long-term loans payable	498,912	323,322
Asset retirement obligations	—	536,000
Other	359,974	1,162,757
Total non-current liabilities	858,886	2,022,079
Total liabilities	8,017,206	29,156,678

(Thousands of yen)

	As of September 30, 2018	As of March 31, 2019
Net assets		
Shareholders' equity		
Capital stock	1,073,304	1,086,022
Capital surplus	1,063,308	12,005,903
Retained earnings	5,229,730	8,987,567
Treasury shares	–	(35)
Total shareholders' equity	7,366,343	22,079,458
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,167,607	478,954
Foreign currency translation adjustment	(5,955)	(4,479)
Total accumulated other comprehensive income	1,161,652	474,475
Share acquisition rights	1,908	7,738
Non-controlling interests	247,438	317,024
Total net assets	8,777,342	22,878,696
Total liabilities and net assets	16,794,549	52,035,374

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

(Thousands of yen)

	Six months ended March 31, 2018	Six months ended March 31, 2019
Net sales	14,355,031	9,390,730
Cost of sales	10,250,200	1,034,194
Gross profit	4,104,830	8,356,535
Selling, general and administrative expenses	3,258,440	6,260,699
Operating profit	846,390	2,095,836
Non-operating income		
Dividends income	5,805	10,635
Gain on investments in partnership	－	8,370
Business commission fee	－	12,229
Rent income	－	9,114
Insurance dividend	－	21,265
investment dividend	137,451	－
Other	994	5,294
Total non-operating income	144,251	66,910
Non-operating expenses		
Share of loss of entities accounted for using equity method	28,885	5,291
Loss on investments in partnership	－	6,379
Foreign exchange losses	－	9,331
Other	7,665	3,758
Total non-operating expenses	36,551	24,760
Ordinary profit	954,090	2,137,986
Extraordinary income		
Gain on change in equity	80,184	－
Gain on sales of investment securities	11,627	－
Gain on reversal of subscription rights to shares	－	33
Total extraordinary income	91,811	33
Extraordinary losses		
Loss on step acquisitions	36,936	－
Loss on retirement of non-current assets	27,823	7,604
Loss on sales of investment securities	－	54,314
Loss on valuation of investment securities	10,999	－
Other	469	1,090
Total extraordinary losses	76,229	63,009
Profit before income taxes	969,672	2,075,010
Income taxes	365,785	762,624
Profit	603,887	1,312,386
Profit attributable to non-controlling interests	25,293	31,397
Profit attributable to owners of parent	578,593	1,280,989

(Consolidated Statements of Comprehensive Income)

(Thousands of yen)

	Six months ended March 31, 2018	Six months ended March 31, 2019
Profit	603,887	1,312,386
Other comprehensive income		
Valuation difference on available-for-sale securities	43,097	(9,197)
Share of other comprehensive income of entities accounted for using equity method	(4,509)	(4,479)
Total other comprehensive income	38,588	(13,676)
Comprehensive income	642,475	1,298,710
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	617,181	1,267,312
Comprehensive income attributable to non-controlling interests	25,293	31,397

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

(Thousands of yen)

	Six months ended March 31, 2018	Six months ended March 31, 2019
Cash flows from operating activities		
Profit before income taxes	969,672	2,075,010
Depreciation	193,882	306,063
Amortization of goodwill	105,266	79,433
Interest and dividend income	(6,201)	(13,687)
Interest expenses	2,076	762
Share of (profit) loss of entities accounted for using equity method	28,885	5,291
Decrease (increase) in notes and accounts receivable - trade	(720,557)	(3,401,292)
Decrease (increase) in inventories	46,490	164,468
Increase (decrease) in notes and accounts payable - trade	645,362	4,645,236
Loss (gain) on sales of investment securities	(11,627)	54,314
Increase (decrease) in allowance for doubtful accounts	(2,651)	–
Increase (decrease) in provision for bonuses	–	334,694
Increase (decrease) in provision for directors' bonuses	–	27,574
Increase (decrease) in provision for point card certificates	12,867	5,433
Loss (gain) on valuation of investment securities	10,999	–
Loss on retirement of non-current assets	27,823	7,604
Loss (gain) on step acquisitions	36,936	–
Loss (gain) on change in equity	(80,184)	–
Decrease (increase) in accounts receivable - other	(277,508)	(134,425)
Distribution by investment	(137,451)	–
Other, net	131,135	109,069
Subtotal	975,216	4,265,553
Interest and dividend income received	5,751	14,077
Interest expenses paid	(2,076)	(762)
Income taxes (paid) refund	(640,276)	(238,256)
Net cash provided by (used in) operating activities	338,615	4,040,610
Cash flows from investing activities		
Purchase of property, plant and equipment	(83,696)	(151,907)
Purchase of investment securities	(73,500)	(123,637)
Proceeds from sales of investment securities	11,683	195,958
Purchase of loans receivable	–	(45,188)
Proceeds from loans receivable	–	4,936,284
Purchase of intangible assets	(158,809)	(145,521)
Proceeds from sales of intangible assets	3,000	–
Payments for lease and guarantee deposits	–	(485,796)
Receipt of distribution due to investment	137,451	–
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	14,688	–
Other, net	37,908	298
Net cash provided by (used in) investing activities	(111,273)	4,180,491

(Thousands of yen)

	Six months ended March 31, 2018	Six months ended March 31, 2019
Cash flows from financing activities		
Proceeds from long-term loans payable	500,000	–
Repayments of long-term loans payable	(215,037)	(122,497)
Purchase of treasury shares	(503,570)	(36)
Cash dividends paid	(181,050)	(1,520)
Net increase (decrease) in short-term loans payable	(19,600)	5,000
Proceeds from exercise of share options	7,435	759
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(0)	–
Net cash provided by (used in) financing activities	(411,824)	(118,293)
Effect of exchange rate change on cash and cash equivalents	(1,156)	1,205
Net increase (decrease) in cash and cash equivalents	(185,638)	8,104,014
Cash and cash equivalents at beginning of period	5,445,367	5,679,809
Cash and cash equivalents of acquired company at beginning of period	–	(5,679,809)
Cash and cash equivalents of acquiring company at beginning of period	–	238,105
Cash and cash equivalents received by share exchange	–	4,972,039
Cash and cash equivalents at end of period	5,259,728	13,314,159

(4) Notes to Condensed Interim Consolidated Financial Statements

(Going Concern Assumption)

None

(Notes on Significant Changes in the Amount of Shareholders' Equity)

The Company and CCI carried out the Share Exchange, having the Company as the share exchange wholly-owning parent company and CCI as the share exchange wholly-owned subsidiary, effective on January 1, 2019.

The Share Exchange applies to a reverse acquisition in accounting for business combinations, having the Company as an acquired company and CCI as an acquiring company, the assets and liabilities in the consolidated financial statements of the Company just before the Share Exchange are recorded at fair value and taken over to CCI's balance sheet. In addition, consolidated results for the period under review are the total amount of CCI's three-months consolidated results of the first quarter (from October 1, 2018 to December 31, 2018) and the Company's three-months consolidated results of the second quarter (from January 1, 2019 to March 31, 2019) after the Share Exchange. For this reason, there is no continuity between the consolidated financial statement of the period under review and the first quarter of the current fiscal year or before that.

The main reasons for changes in each item of shareholders' equity and their amounts in the period under review were as follows.

	Shareholders' equity (Thousands of yen)				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance as of October 1, 2018 (Note 1.)	490,000	122,500	7,706,578	–	8,319,078
Changes of items during the period under review					
Increase (decrease) by the Share Exchange (Note 2.)	595,643	11,883,023	–	–	12,478,666
Profit attributable to owners of parent			1,280,989		1,280,989
Purchase of treasury shares				(35)	(35)
Exercise of subscription rights to shares	379	379			759
Total of changes of items during the period under review	596,022	11,883,403	1,280,989	(35)	13,760,379
Balance as of March 31, 2019	1,086,022	12,005,903	8,987,567	(35)	22,079,458

(Notes)

1. "Balance as of October 1, 2018" indicates CCI's balance at the beginning of the period.
2. "Increase (decrease) by the Share Exchange" indicates increase (decrease) recorded by using Purchase Method, having CCI as an acquiring company and the Company as an acquired company.

(Notes on Changes in Significant Subsidiaries during the Period)

The Company and CCI carried out the Share Exchange, having the Company as the share exchange wholly-owning parent company and CCI as the share exchange wholly-owned subsidiary, effective on January 1, 2019, and from the same day, CCI has been included in the scope of consolidation.

(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.

(Changes in Accounting Policies)

(Adoption of the Accounting Standard for Revenue Recognition, etc.)

As the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 30, 2018, hereinafter "Accounting Standard for Revenue Recognition") and "Implementation Guidance on Accounting Standard for Revenue Recognition" (ASBJ Guidance No.30, March 30, 2018) became applicable from the beginning of the fiscal year commencing on and after April 1, 2018, the Company adopted the Accounting Standard for the Revenue Recognition from the beginning of the first quarter of the fiscal year ending December 31, 2019 and made following changes.

In line with the adoption of the Accounting Standard for Revenue Recognition, the Company examined the case that other parties are involved in providing goods or services to customers, whether the nature of its promise is a performance obligation to self-provide the specified goods or services (i.e. the Company is the principal) or a performance obligation to arrange for those goods or services to be provided by other party (i.e. the Company is the agent). Accordingly, the Company changed the revenue recognition of Partner Sales Business transactions excluding some part, all transactions in Ad Platform Business, and part of transactions in Consumer Business from gross to net amount. As a result, compared to the previous accounting method, net sales and cost of sales in the consolidated statements of income for the period under review decreased by ¥48,542 million, respectively. In addition, point card deposits received of ¥2,473 million of VOYAGE MARKETING Inc., which were previously included in "provision for point card certificates" in the consolidated balance sheet, are now included in "deposits received". Furthermore, as this "deposits received" of ¥2,473 million is less than 10% of the total of liabilities and net assets, it is included in "other current liabilities".

Regarding the adoption of the Accounting Standard for Revenue Recognition, the Company follows the transitional treatment stated in the provision under Paragraph 84 of the Accounting Standard for Revenue Recognition. However, since there is no cumulative impact to be reflected in the net assets at the beginning of the current consolidated fiscal year, there is no impact on the balance of the retained earnings at the beginning of the current consolidated fiscal year.

(Additional Information)

(Accounting Method for the Share Exchange)

The Company and CCI carried out the Share Exchange, having the Company as the share exchange wholly-owning parent company and CCI as the share exchange wholly-owned subsidiary, effective on January 1, 2019. The Share Exchange applies to a reverse acquisition in accounting for business combinations, having the Company as an acquired company and CCI as an acquiring company, the assets and liabilities in the consolidated financial statements of the Company just before the Share Exchange are recorded at fair value and taken over to CCI's balance sheet. In addition, consolidated results for the period under review are the total amount of CCI's three-months consolidated results of the first quarter (from October 1, 2018 to December 31, 2018) and the Company's three-months consolidated results of the second quarter (from January 1, 2019 to March 31, 2019) after the Share Exchange. For this reason, there is no continuity between the consolidated financial statement of the period under review and the first quarter of the current fiscal year or before that.

From the above, the Company is adopting the "Accounting Standard for Accounting Changes and Error Corrections" (ASBJ Statement No.24, December 4, 2009) and "Accounting Standard for Accounting Changes and Error Corrections and its Implementation Guidance" (ASBJ Guidance No.24, December 4, 2009), but as comparative data, figures of the previous fiscal year and the same quarter of the previous fiscal year of former VOYAGE GROUP, INC. (the Company before the Share Exchange) are used.

(Adoption of "Partial Amendments to Accounting Standard for Tax Effect Accounting" and

Other Standards)

"Partial Amendments to Accounting Standard for Tax Effect Accounting" (ASBJ Statement No. 28, February 16, 2018) and other standards have been adopted from the beginning of the first quarter of the fiscal year ending December 31, 2019, whereby deferred tax assets are presented under investments and other assets, while deferred tax liabilities are presented under non-current liabilities.

(Segment Information)

I For the six-month period ended March 31, 2018 (October1, 2017 to March 31, 2018)

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

(thousands of yen)

	Reportable Segments				Adjustment	Consolidation (Note)
	Ad Platform Business	Points Media Business	Incubation Business	Total		
Sales						
Outside Sales	9,455,580	3,701,604	1,197,846	14,355,031	–	14,355,031
Intersegment Sales or Transfer	26,632	6,693	70,957	104,282	(104,282)	–
Total	9,482,212	3,708,298	1,268,803	14,459,314	(104,282)	14,355,031
Segment Income (loss)	724,683	134,571	(12,865)	846,390	–	846,390

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

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

(Material impairment loss on noncurrent assets)
No significant items to be reported.

(Material changes in goodwill)
No significant items to be reported.

(Material profit from negative goodwill)
No significant items to be reported.

II For the six-month period ended March 31, 2019 (October 1, 2018 to March 31, 2019)

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

(thousands of yen)

	Reportable Segments				Adjustment	Consolidation (Note)
	Partner Sales Business	Ad Platform Business	Consumer Business	Total		
Sales						
Outside Sales	5,869,978	1,894,402	1,626,349	9,390,730	–	9,390,730
Intersegment Sales or Transfer	–	3,991	–	3,991	(3,991)	–
Total	5,869,978	1,898,402	1,626,349	9,394,722	(3,991)	9,390,730
Segment Income	1,928,050	135,777	32,008	2,095,836	–	2,095,836

(Note) Segment income is adjusted with 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 connection with the Management Integration, for goodwill, ¥2,416,228 thousand in Ad Platform Business and ¥761,120 thousand in Consumer Business were recorded.

(Material profit from negative goodwill)

No significant items to be reported.

3. Matters concerning changes etc. in reportable segments

Since the Company changed its accounting method concerning revenue recognition as described in the Changes in Accounting Policies, it changed its method for measuring profit or loss in each business segment as well.

In addition, in connection with the Management Integration as of January 1, 2019, the Company changed the reportable segments from “Ad Platform Business”, “Points Media Business” and “Incubation Business” to “Partner Sales Business”, “Ad Platform Business”, and “Consumer Business”.

The segment information of the second quarter of the previous fiscal year has been prepared using the segment classification before the change.

<table>
<tr><th>Company Name</th><th>Business Contents</th><th>Business Segments (Before the Management Integration)</th><th>Business Segments (After the Management Integration)</th></tr>
<tr><td rowspan="2">Cyber Communications Inc.</td><td>Media Rep, etc.</td><td>-</td><td>Partner Sales Business</td></tr>
<tr><td>BEYOND X, PMP, etc.</td><td>-</td><td rowspan="2">Ad Platform Business</td></tr>
<tr><td rowspan="4">VOYAGE GROUP, INC.</td><td>Zucks, fluct, CMerTV, etc.</td><td>Ad Platform Business</td></tr>
<tr><td>EC Navi, PeX, Research Panel</td><td>Points Media Business</td><td rowspan="3">Consumer Business</td></tr>
<tr><td>EC, FinTech, HR, etc.</td><td rowspan="2">Incubation Business</td></tr>
<tr><td>VOYAGE VENTURES, etc.</td></tr>
</table>

(Significant Subsequent Events)

Management Integration between the Company and CCI

The Company, Dentsu Inc. (“Dentsu”), and Dentsu’s wholly-owned subsidiary, CCI carried out a management integration based on a spirit of equal partnership between the Company and CCI on January 1, 2019 (the “Integration Date”) with the objective of having the Company and CCI form a close alliance in the online advertising business domain to maximize enterprise value, and carried out a capital and business alliance among the Company, Dentsu, and CCI.

As part of the Management Integration, the Company and CCI carried out a share exchange having the Company as the share exchange wholly-owning parent company and CCI as the share exchange wholly-owned subsidiary on the Integration Date as the effective date.

In order to shift to the holding company structure as of the Integration Date, after the absorption-type company split, VOYAGE GROUP Successor Preparatory Company (a company that was established on October 31, 2018 as a wholly-owned subsidiary of VOYAGE GROUP, whose trade name was changed to VOYAGE GROUP, INC., conditional upon the Share Exchange becoming effective on the Integration Date; hereinafter, the “Successor Preparatory Company”) took over all businesses operated by the Company (excluding, however, the rights and obligations required to manage the businesses of the Successor Preparatory Company and CCI after the Split and the Share Exchange), and the Company changed the trade name from VOYAGE GROUP, INC. to CARTA HOLDINGS, INC.

1. Business Combination through Acquisition

Share exchange between the Company and CCI

(1) Overview of business combination

1) Name of acquired company and description of business

Name of acquired company: VOYAGE GROUP, INC.

(Trade name changed to CARTA HOLDINGS, INC. on the Integration Date)

Description of business: Ad Platform Business, Points Media Business, Incubation Business

2) Date of business combination

January 1, 2019

3) Legal form of business combination

A share exchange by which the Company becomes the share exchange wholly-owning parent company and CCI becomes the share exchange wholly-owned subsidiary.

4) Name of company after business combination

CARTA HOLDINGS, INC.

5) Percentage of voting rights acquired

Percentage of voting rights after acquisition: 100.0%

6) Main grounds for the decision of acquiring company

On the basis of the concept of the method for deciding the acquiring company, which is stipulated in the Accounting Standard for Business Combinations (ASBJ Statement No. 21) and the Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures (ASBJ Guidance No. 10), it is determined that CCI becomes the acquiring company and the Company becomes the acquired company mainly because shareholders of CCI, the share exchange wholly-owned subsidiary, occupy the largest percentage of voting rights of the company after the business combination.

(2) Period of performance of the acquired company included in the quarterly consolidated statements of income for the quarterly consolidated cumulative period

Consolidated results for the period under review are the total amount of CCI's three-months consolidated results of the first quarter (from October 1, 2018 to December 31, 2018) and the Company's three-months consolidated results of the second quarter (from January 1, 2019 to March 31, 2019) after the Share Exchange.

(3) Acquisition cost of acquired company and breakdown by type of consideration

Consideration for acquisition	The Company's Common shares	¥12,478 million
Acquisition cost		¥12,478 million

(4) Exchange ratio by type of shares, its calculation method, and number of shares delivered

1) Exchange ratio by type of shares

The Company allotted 26 common shares for each common share of CCI.

2) Calculation method

For the purpose of ensuring the fairness and appropriateness of the calculation of the exchange ratio in the Share Exchange, the Company, Dentsu, and CCI have decided to separately request a third-party valuation institution, independent of each company, to calculate the share exchange ratio. The Company appointed Nomura Securities Co., Ltd., and Dentsu and CCI appointed Deloitte Tohmatsu Financial Advisory LLC., as their respective third-party valuation institutions. After repeated negotiations and consultations among the parties based on the calculation results, the Company, Dentsu, and CCI have decided that the exchange ratio in the Share Exchange is appropriate and will not harm the interests of shareholders of each party, and have come to an agreement.

3) Number of shares delivered

Common shares: 13,441,506 shares

(5) Details and amounts of key acquisition-related costs

The key acquisition-related costs consist of advisory costs, etc. of ¥171 million incurred by the Company, the acquired company.

(6) Amount of goodwill occurred, cause of occurrence, and method and period of amortization

1) Amount of goodwill occurred

¥3,177 million

2) Cause of occurrence

It mainly derived from the excess earning power expected for future business development.

3) Method and period of amortization

Straight-line method over 10 years

2. Transaction under Common Control

Absorption-type Company Split of the Company

(1) Description of targeted business

All businesses operated by the Company

(2) Date of business combination

January 1, 2019

(3) Legal form of business combination

An absorption-type company split whereby the Company is the absorption-type split company and the Successor Preparatory Company becomes the absorption-type split successor company. Since the Split is carried out between a wholly-owning parent company and its subsidiary, the allocation of shares and provision of other compensation is not carried out in the Split.

(4) Overview of other transactions

In order to realize the management integration between the Company and CCI based on a spirit of equal partnership, the shift to the holding company structure is made after the Split.

(5) Overview of accounting methods

Since the Split is a transaction between a wholly-owning parent company and its subsidiary, it constitutes a "transaction under common control" in the Accounting Standard for Business Combinations (ASBJ Statement No. 21) and goodwill (or gain on negative goodwill) does not arise.