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 Fiscal Year Ending December 31, 2019 〔Japanese Standards〕（Consolidated）

Feb 12, 2020

| | | | | | |
|---|---|---|---|---|---|
| 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 |

Scheduled date of Annual General Meeting of Shareholders: Mar 28, 2020
Scheduled starting date of dividend payments: Mar 31, 2020
Scheduled date to file Securities Report: Mar 30, 2020
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 fiscal year ended December 31, 2019 (October 1, 2018 – December 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 fifteen months | 26,158 | — | 3,839 | — | 3,812 | — | 2,139 | — |
| Year ended September 30, 2018 | 28,518 | 10.1 | 1,420 | (21.4) | 1,431 | (23.1) | 1,117 | (3.8) |

(Note) Comprehensive Income: FY 2019 fifteen months: ¥2,323 million —%
Year ended September 30, 2018: ¥1,212 million (28.0%)

| | Net income per share | Diluted net income per share | EBITDA | | Return on equity | Ordinary income to total assets | Operating income to net sales |
|---|---|---|---|---|---|---|---|
| | ¥ | ¥ | ¥million | % | % | % | % |
| FY 2019 fifteen months | 94.29 | 93.59 | 4,878 | — | 13.4 | 11.4 | 14.7 |
| Year ended September 30, 2018 | 93.58 | 91.65 | 2,478 | 1.6 | 13.6 | 8.8 | 5.0 |

(Reference) Equity in net losses of affiliated companies: FY 2019 fifteen months: ¥ (88)million
Year ended September 30, 2018: ¥ (104) million

(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 fiscal year under review are the total amount of CCI's three-month financial results from October 1, 2018 to December 31, 2018 and the Company's twelve-month consolidated results from January 1, 2019 to December 31, 2019 after the Share Exchange. For this reason, there is no continuity between the consolidated financial statement of the fiscal year under review and the first quarter of the current fiscal year or before that. Due to this effect, each of the figures of the fiscal year under review has significantly changed, compared to the previous fiscal year. Thus, the year-on-year change rates for the fifteen months ended December 31, 2019 are omitted.
In addition, 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 fiscal year under review and changed the revenue recognition of a part of transactions from gross to net amount. For more information, see "3. Consolidated Financial Statements (5) Notes to Condensed Consolidated Financial Statements (Changes in Accounting Policies)" on page 17 of the attached documents.
* 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 |
| December 31, 2019 | 50,621 | 23,720 | 46.3 | 921.43 |
| September 30, 2018 | 16,794 | 8,777 | 50.8 | 717.22 |

(Reference) Owned capital: December 31, 2019 ¥23,444 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 fiscal year under review. With respect to the financial position for the previous fiscal year, figures have been adjusted for the retroactive adoption of the said accounting standards.

(3) Consolidated cash flows

| | Net cash flows from (used in) operating activities | Net cash flows from (used in) investing activities | Net cash flows from (used in) financing activities | Cash and cash equivalents at the end of the year |
|---|---|---|---|---|
| | ¥million | ¥million | ¥million | ¥million |
| FY 2019 fifteen months | 5,901 | 3,986 | (548) | 14,546 |
| Year ended September 30, 2018 | 602 | 200 | (568) | 5,679 |

## 2. Dividend status

| | Annual dividends | | | | | | Total amount of dividends(total) | Payout ratio (consolidated) | Dividend-to-net asset ratio (consolidated) |
|---|---|---|---|---|---|---|---|---|---|
| | 1Q end | 2Q end | 3Q end | 4Q end | Fiscal year-end | Total | | | |
| | Yen | Yen | Yen | Yen | Yen | Yen | ¥million | % | % |
| FY 2018 | — | 0.00 | — | — | 15.00 | 15.00 | 178 | 16.2 | 2.2 |
| FY 2019 | — | — | 8.00 | — | 8.00 | 16.00 | 406 | 17.0 | 2.5 |
| FY 2020 (Forecast) | — | 8.00 | — | — | 8.00 | 16.00 | | 25.4 | |

(Note) 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 2020 (January 1, 2020 — December 31, 2020)

| | Net sales | | Operating income | | Ordinary income | | Net income | | Net income per share | EBITDA | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | ¥million | % | ¥million | % | ¥million | % | ¥million | % | Yen | ¥million | % |
| Full year | 23,000 | — | 2,500 | — | 2,500 | — | 1,600 | — | 62.88 | 3,700 | — |

(Note) Since the fiscal year ended December 31, 2019 is 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) 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 "3. Consolidated Financial Statements (5) Notes to Condensed Consolidated Financial Statements (Changes in Accounting Policies)" on page 17 of the attached documents.

(3) Number of shares issued (common stock)

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

| | | | |
|---|---|---|---|
| Year ended December 31, 2019 | 25,444,052 | Year ended September 30, 2018 | 11,890,346 |

2) Number of treasury stock issued and outstanding

| | | | |
|---|---|---|---|
| Year ended December 31, 2019 | 584 | Year ended September 30, 2018 | — |

3) Average number of shares during the period

| | | | |
|---|---|---|---|
| Year ended December 31, 2019 | 22,686,372 | Year ended September 30, 2018 | 11,939,703 |

(Reference) Summary of Non-Consolidated Financial Results

Non-Consolidated Financial Results for FY 2019 Fifteen Months (October 1, 2018 － December 31, 2019)

(1) Non-consolidated results of operations

(The percentage indicates year-on-year change)

| | Net sales | | Operating income | | Ordinary income | | Net income | |
|---|---|---|---|---|---|---|---|---|
| | ¥million | % | ¥million | % | ¥million | % | ¥million | % |
| FY 2019 fifteen months | 1,292 | — | 111 | — | 140 | — | 126 | — |
| Year ended September 30, 2018 | 3,319 | 8.7 | 63 | (84.2) | (105) | — | (10) | — |

| | Net income per share | Diluted net income per share |
|---|---|---|
| | ¥ | ¥ |
| FY 2019 fifteen months | 5.55 | 5.55 |
| Year ended September 30, 2018 | (0.85) | (0.83) |

(Note) Since the fiscal year ended December 31, 2019 is an irregular accounting period of 15 months due to the change of fiscal year end, the change from the previous fiscal year for the year ended December 31, 2019 is omitted.

(2) Non-consolidated financial position

| | Total assets | Net assets | Shareholders' equity ratio | Net assets per share |
|---|---|---|---|---|
| | ¥million | ¥million | % | Yen |
| December 31, 2019 | 18,285 | 11,719 | 64.1 | 460.32 |
| September 30, 2018 | 13,982 | 4,737 | 33.9 | 398.23 |

(Reference) Owned capital: December 31, 2019 ¥11,712 million
September 30, 2018 ¥4,735 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 current fiscal year. With respect to the financial position for the previous fiscal year, figures have been adjusted for the retroactive adoption of the said accounting standards.

※ Notice regarding audit procedures

These financial results are excluded from audits by certified public accountants or audit firms.

※ Explanations related to appropriate use of the performance forecast and 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 see "1. Overview of Operating Results, etc. (4) Future Outlook" on page 7 of the attached documents.

(Supplementary materials)

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

Attachment

Contents

## 1. Overview of Operating Results, etc.

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, and 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 fiscal year under review are the total amount of CCI's three-month financial results from October 1, 2018 to December 31, 2018 and the Company's twelve-month consolidated results from January 1, 2019 to December 31, 2019 after the Share Exchange. For this reason, there is no continuity between the consolidated financial statement of the fiscal year under review and the first quarter of the current fiscal year or before that. Due to this effect, each of the figures of the fiscal year under review has significantly changed, compared to the previous fiscal year. Thus, in (1) Overview of Operating Results for the Fiscal Year under Review and (2) Overview of Financial Position for the Fiscal Year under Review and (3) Overview of Cash Flows for the Fiscal Year under Review, comparisons with figures for the previous fiscal year and the figures at the end of the previous fiscal year are omitted.

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

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 performance-based advertising on mobile devices and 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), 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 second quarter of the current fiscal year 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 smartphone game publishing, as well as develops investment and consulting business, etc.

As a result, the Group posted net sales of ¥26,158 million, operating income of ¥3,839 million, ordinary income of ¥3,812 million, and profit attributable to owners of parent of ¥2,139 million in the fiscal year under review.

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 built an optimal trading desk system using multiple DSPs (demand-side platforms) and ad exchanges. Furthermore, in order to utilize abundant audience data that corresponds to targets and promote data-oriented strategy formulation and execution support to respond to the diversifying needs of advertisers, the Group established "DataCurrent Inc." specialized in the field of data consulting and "Mediator Inc." specialized in media communication that connects users and advertisers and the field of creativity.

As a result, the Partner Sales Business recorded sales of ¥13,310 million in the fiscal year under review, and segment income of ¥3,104 million.

### 2) Ad Platform Business

The Ad Platform Business mainly operates the SSP (Supply Side Platform) "fluct" and services for advertisers "Zucks", "BEYOND X". Additionally, in April 2019, we released "PORTO", an ad platform for brand advertising, in order to strengthen our approaches to the field of branding advertisement. For "fluct", with the rapid spread of programmatic ad trading in the online advertising market, the Group has made efforts particularly in proposing the introduction for smartphone publishers and using it to provide support in maximizing advertising revenues. "Zucks" was robust as the Group enhanced its services and functions, while capturing demand of clients. Moreover, "PORTO" further strengthened its approach to the field of brand advertising by conducting product integration with "BEYOND X PMP". In addition, the amortization of goodwill, etc. was recorded in connection with the Management Integration.

As a result, the Ad Platform Business recorded sales of ¥6,315 million in the fiscal year under review, and segment income of ¥711 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", and an integrated game medium, "KAMIGAME", the Group is actively investing in the HR field and EC field as expansion fields, in order to create businesses that will be the next pillar in the medium- to long-term. The Group promoted vertical integration within the Group by making rakanu inc., which operates the pet media business, a wholly-owned subsidiary on July 1, 2019, to strengthen high-quality media that is in high demand by advertisers. Also, the amortization of goodwill, etc. was recorded in connection with the Management Integration.

As a result, the Consumer Business recorded sales of ¥6,553 million in the fiscal year under review, and segment income of ¥23 million.

(Note) 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) Overview of Financial Position for the Fiscal Year under Review

(Assets)

Consolidated assets as of the end of the fiscal year under review totaled ¥50,621 million. Of the current assets ¥36,283 million, main items are accounts receivable – trade of ¥18,477 million. Non-current assets of ¥14,338 million mainly consist of investment securities of ¥4,246 million and goodwill of ¥3,021 million.

(Liabilities)

Consolidated liabilities as of the end of the fiscal year under review totaled ¥26,900 million. Of the current liabilities ¥25,019 million, the main items are accounts payable – trade of ¥18,110 million. Non-current liabilities of ¥1,881 million mainly consist of deferred tax liabilities of ¥874 million and asset retirement obligations of ¥536 million.

(Net Assets)

Consolidated net assets as of the end of the fiscal year under review totaled ¥23,720 million. Of this amount, total shareholders' equity was ¥22,754 million and accumulated other comprehensive income was ¥689 million.

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

Cash and cash equivalents at the end of the fiscal year under review (hereinafter "funds") totaled ¥14,546 million. The following is the status and factors of each cash flow during the fiscal year under review.

(Net cash flows from operating activities)

Net cash flows provided by operating activities amounted to ¥5,901 million. The main positive factors included recording of profit.

(Net cash flows from investing activities)

Net cash flows provided by investing activities amounted to ¥3,986 million. The main positive factors included proceeds from collection of loans receivable.

(Net cash flows from financing activities)

Net cash flows used in financing activities amounted to ¥548 million. The main negative factors included repayments of long-term loans payable.

### (4) Future Outlook

The Company aims to achieve net sales of ¥32,000 million, EBITDA of ¥6,000 million, and ROE of 12% for the fiscal year ending December 31, 2022, as declared in the four-year medium-term business plan "CARTA 2022" announced on February 14, 2019. In order to achieve these goals, the Company is focusing on: 1) strengthening profitability by promoting business synergies, 2) establishing competitive advantages and seeking new profit-making opportunities by pursuing collaboration with Dentsu group, and 3) improving productivity by strengthening management foundations. Also, the Company's growth strategies are: 1) growth of existing business, 2) growth driven by M&A and investment, and 3) expansion into new fields. The financial results for the fiscal year under review, the first year of the medium-term business plan, exceeded the initial plan.

In the next fiscal year, the second year of the medium-term business plan, the Company will continuously promote the priority initiatives and growth strategies described above. The outlook of consolidated financial results for the next fiscal year is generally unchanged from the initial plan, which forecasts consolidated net sales of ¥23,000 million, operating income of ¥2,500 million, ordinary income of ¥2,500 million, profit attributable to owners of parent of ¥1,600 million, and EBITDA of ¥3,700 million.

The performance forecast above is based on information available at the time this document was announced, and therefore, actual operating results may differ from the forecasts owing to a variety of factors.

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

#### 1) Basic Policy on Profit Distribution

The Company considers the return of profits to shareholders to be a pivotal spoke in management of the business, and endeavors to increase medium- and long-term shareholder value through growth of the business and improvements to capital efficiency. In addition, we offer dividends on a continuous basis and adopt a flexible approach to share buybacks. These and other initiatives form a central pillar in our approach to driving benefits back to shareholders. Dividends are decided based on a comprehensive review of consolidated business performance and non-consolidated financing, among other factors, in order to determine the financial health and liquidity of the business and its future growth potential, as well as considerations to internal reserves. Also, the Company aims at a target payout ratio of 25% in FY 2022 and strives to steadily increase dividends, as declared in the medium-term business plan "CARTA 2022" announced on February 14, 2019.

### 2) Dividends of Surplus for the Current Fiscal Year

The Company specifies in its Articles of Incorporation that it may distribute surplus, etc. based on a resolution by the Board of Directors, in order to flexibly implement its capital policy, pursuant to the provisions of Article 459, Paragraph 1 of the Companies Act. However, as the fiscal year under review is a fifteen-month period due to the change of fiscal year-end, decisions on year-end dividends shall be made by the General Meeting of Shareholders. As for the distribution of surplus for the fiscal year under review, the Company plans to pay a year-end dividend of ¥8 per share, which, together with the interim dividend, brings the annual dividend to ¥16 per share.

### 3) Dividends of Surplus for the Next Fiscal Year

As for the dividend of surplus for the next fiscal year, according to the basic policy on profit distribution as in 1) above, the Company plans to pay an interim dividend and year-end dividend of ¥8 per share, respectively, which brings the annual dividend to ¥16 per share, unchanged from the fiscal year under review.

## 2. Basic Stance on the Choice of Accounting Standards

The Group adopts Japanese accounting standards. The Group will make a decision on the adoption of International Financial Reporting Standards (IFRS) after considering the situation in Japan and overseas.

## 3. Consolidated Financial Statements

### (1) Consolidated Balance Sheets

(Thousands of yen)

| | As of September 30, 2018 | As of December 31, 2019 |
|---|---|---|
| Assets | | |
| Current assets | | |
| Cash and deposits | 5,679,809 | 14,546,825 |
| Accounts receivable - trade | 3,639,618 | 18,477,945 |
| Merchandise | – | 17,298 |
| Supplies | 472,122 | 419,043 |
| Other | 746,878 | 2,908,593 |
| Allowance for doubtful accounts | (75) | (86,471) |
| Total current assets | 10,538,354 | 36,283,234 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Buildings | 272,978 | 1,762,989 |
| Accumulated depreciation | (247,649) | (305,763) |
| Buildings, net | 25,329 | 1,457,225 |
| Tools, furniture and fixtures | 481,156 | 565,486 |
| Accumulated depreciation | (389,833) | (350,368) |
| Tools, furniture and fixtures, net | 91,323 | 215,117 |
| Lease assets | – | 23,546 |
| Accumulated depreciation | – | (5,960) |
| Lease assets, net | – | 17,586 |
| Other | 76,117 | 1,742 |
| Total property, plant and equipment | 192,770 | 1,691,672 |
| Intangible assets | | |
| Goodwill | 1,468,564 | 3,021,504 |
| Other | 351,475 | 3,725,580 |
| Total intangible assets | 1,820,040 | 6,747,084 |
| Investments and other assets | | |
| Investment securities | 3,558,911 | 4,246,429 |
| Deferred tax assets | 186,401 | 176,235 |
| Other | 498,072 | 1,477,408 |
| Allowance for doubtful accounts | – | (768) |
| Total investments and other assets | 4,243,385 | 5,899,304 |
| Total non-current assets | 6,256,195 | 14,338,061 |
| Total assets | 16,794,549 | 50,621,296 |

(Thousands of yen)

| | As of September 30, 2018 | As of December 31, 2019 |
|---|---|---|
| Liabilities | | |
| Current liabilities | | |
| Accounts payable - trade | 2,549,450 | 18,110,428 |
| Asset retirement obligations | 50,736 | — |
| Provision for bonuses | 38,581 | 1,380,016 |
| Provision for point card certificates | 2,837,684 | 505,861 |
| Income taxes payable | 295,364 | — |
| Deposits received | 117,329 | 2,742,287 |
| Short-term loans payable | — | 19,600 |
| Current portion of long-term loans payable | 489,988 | 195,814 |
| Other | 779,185 | 2,065,590 |
| Total current liabilities | 7,158,320 | 25,019,599 |
| Non-current liabilities | | |
| Long-term loans payable | 498,912 | 208,345 |
| Asset retirement obligations | — | 536,000 |
| Deferred tax liabilities | 195,674 | 874,623 |
| Other | 164,300 | 262,296 |
| Total non-current liabilities | 858,886 | 1,881,264 |
| Total liabilities | 8,017,206 | 26,900,863 |
| Net assets | | |
| Shareholders' equity | | |
| Capital stock | 1,073,304 | 1,096,150 |
| Capital surplus | 1,063,308 | 12,016,014 |
| Retained earnings | 5,229,730 | 9,642,634 |
| Treasury shares | — | (79) |
| Total shareholders' equity | 7,366,343 | 22,754,720 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | 1,167,607 | 704,977 |
| Foreign currency translation adjustment | (5,955) | (15,139) |
| Total accumulated other comprehensive income | 1,161,652 | 689,838 |
| Share acquisition rights | 1,908 | 7,520 |
| Non-controlling interests | 247,438 | 268,353 |
| Total net assets | 8,777,342 | 23,720,433 |
| Total liabilities and net assets | 16,794,549 | 50,621,296 |

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

(Thousands of yen)

| | Fiscal year ended September 30, 2018 | Fiscal year ended December 31, 2019 |
|---|---|---|
| Net sales | 28,518,303 | 26,158,371 |
| Cost of sales | 20,355,825 | 3,192,784 |
| Gross profit | 8,162,478 | 22,965,587 |
| Selling, general and administrative expenses | ※1 6,742,111 | ※1 19,125,755 |
| Operating profit | 1,420,367 | 3,839,831 |
| Non-operating income | | |
| Interest and dividend income | 13,188 | 39,035 |
| Investment dividend | 137,451 | − |
| Gain on investments in partnership | − | 39,529 |
| Business commission fee | − | 35,544 |
| Rent income | − | 24,765 |
| Insurance dividend | − | 21,265 |
| Other | 11,654 | 8,981 |
| Total non-operating income | 162,294 | 169,122 |
| Non-operating expenses | | |
| Interest expenses | 4,468 | 2,457 |
| Share of loss of entities accounted for using equity method | 104,053 | 88,880 |
| Loss on investments in partnership | 20,714 | 21,025 |
| Foreign exchange losses | 15,010 | 340 |
| Provision of allowance for doubtful accounts | − | 57,512 |
| Other | 6,608 | 26,138 |
| Total non-operating expenses | 150,855 | 196,354 |
| Ordinary profit | 1,431,805 | 3,812,598 |
| Extraordinary income | | |
| Gain on change in equity | 80,184 | − |
| Gain on sales of shares of subsidiaries and associates | 541,348 | − |
| Gain on sales of business | − | 139,232 |
| Other | 22,297 | 1,883 |
| Total extraordinary income | 643,829 | 141,116 |
| Extraordinary losses | | |
| Loss on step acquisitions | 36,936 | − |
| Impairment loss | ※2 98,829 | − |
| Loss on retirement of non-current assets | 28,937 | 116,201 |
| Loss on sales of investment securities | − | 163,298 |
| Loss on valuation of investment securities | 28,602 | − |
| Head office relocation expenses | − | 121,398 |
| Other | 1,779 | 35,486 |
| Total extraordinary losses | 195,085 | 436,384 |
| Profit before income taxes | 1,880,549 | 3,517,330 |
| Income taxes - current | 633,160 | 1,798,545 |
| Income taxes - deferred | 136,581 | (403,307) |
| Total income taxes | 769,742 | 1,395,238 |
| Profit | 1,110,807 | 2,122,091 |
| Loss attributable to non-controlling interests | (6,516) | (17,191) |
| Profit attributable to owners of parent | 1,117,324 | 2,139,282 |

(Consolidated Statements of Comprehensive Income)

(Thousands of yen)

| | Fiscal year ended September 30, 2018 | Fiscal year ended December 31, 2019 |
|---|---|---|
| Profit | 1,110,807 | 2,122,091 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | 103,130 | 216,826 |
| Foreign currency translation adjustment | － | 115 |
| Share of other comprehensive income of entities accounted for using equity method | (1,581) | (15,255) |
| Total other comprehensive income | 101,548 | 201,686 |
| Comprehensive income | 1,212,356 | 2,323,778 |
| Comprehensive income attributable to | | |
| Comprehensive income attributable to owners of parent | 1,218,872 | 2,340,969 |
| Comprehensive income attributable to non-controlling interests | (6,516) | (17,191) |

## (3) Consolidated Statements of Changes in Equity

Year ended September 30, 2018

(Thousands of yen)

| | Shareholders' equity | | | | |
|---|---|---|---|---|---|
| | Capital stock | Capital surplus | Retained earnings | Treasury shares | Total shareholders' equity |
| Balance at beginning of current period | 1,059,734 | 978,241 | 4,933,653 | (171,650) | 6,799,979 |
| Changes of items during period | | | | | |
| Issuance of new shares - exercise of share acquisition rights | 7,711 | 7,711 | | | 15,423 |
| Issuance of new shares | 5,857 | 5,857 | | | 11,715 |
| Dividends of surplus | | | (182,898) | | (182,898) |
| Profit attributable to owners of parent | | | 1,117,324 | | 1,117,324 |
| Purchase of treasury shares | | | | (499,946) | (499,946) |
| Retirement of treasury shares | | (671,596) | | 671,596 | – |
| Change of scope of equity method | | | 33,248 | | 33,248 |
| Transfer to capital surplus from retained earnings | | 671,596 | (671,596) | | – |
| Change in ownership interest of parent due to transactions with non-controlling interests | | 71,497 | | | 71,497 |
| Net changes of items other than shareholders' equity | | | | | |
| Total changes of items during period | 13,569 | 85,066 | 296,077 | 171,650 | 566,364 |
| Balance at end of current period | 1,073,304 | 1,063,308 | 5,229,730 | – | 7,366,343 |

| | Accumulated other comprehensive income | | | Stock acquisition rights | Non-controlling interests | Total net assets |
|---|---|---|---|---|---|---|
| | Valuation difference on available-for-sale securities | Foreign currency translation adjustment | Total accumulated other comprehensive income | | | |
| Balance at beginning of current period | 1,064,477 | (4,374) | 1,060,103 | 672 | 253,075 | 8,113,830 |
| Changes of items during period | | | | | | |
| Issuance of new shares - exercise of share acquisition rights | | | | | | 15,423 |
| Issuance of new shares | | | | | | 11,715 |
| Dividends of surplus | | | | | | (182,898) |
| Profit attributable to owners of parent | | | | | | 1,117,324 |
| Purchase of treasury shares | | | | | | (499,946) |
| Retirement of treasury shares | | | | | | – |
| Change of scope of equity method | | | | | | 33,248 |
| Transfer to capital surplus from retained earnings | | | | | | – |
| Change in ownership interest of parent due to transactions with non-controlling interests | | | | | | 71,497 |
| Net changes of items other than shareholders' equity | 103,130 | (1,581) | 101,548 | 1,235 | (5,637) | 97,147 |
| Total changes of items during period | 103,130 | (1,581) | 101,548 | 1,235 | (5,637) | 663,511 |
| Balance at end of current period | 1,167,607 | (5,955) | 1,161,652 | 1,908 | 247,438 | 8,777,342 |

Year ended December 31, 2019

(Thousands of yen)

| | Shareholders' equity | | | | |
|---|---|---|---|---|---|
| | Capital stock | Capital surplus | Retained earnings | Treasury shares | Total shareholders' equity |
| Balance at beginning of current period | 1,073,304 | 1,063,308 | 5,229,730 | － | 7,366,343 |
| Changes of items during period | | | | | |
| Balance of acquired company at beginning of period | (1,073,304) | (1,063,308) | (5,229,730) | － | (7,366,343) |
| Balance of acquiring company at beginning of period | 490,000 | 122,500 | 7,706,578 | － | 8,319,078 |
| Increase in share exchange | 595,643 | 11,883,023 | | | 12,478,666 |
| Issuance of new shares - exercise of share acquisition rights | 10,507 | 10,507 | | | 21,015 |
| Dividends of surplus | | | (203,226) | | (203,226) |
| Profit attributable to owners of parent | | | 2,139,282 | | 2,139,282 |
| Purchase of treasury shares | | | | (79) | (79) |
| Change in ownership interest of parent due to transactions with non-controlling interests | | (17) | | | (17) |
| Net changes of items other than shareholders' equity | | | | | |
| Total changes of items during period | 22,846 | 10,952,705 | 4,412,904 | (79) | 15,388,376 |
| Balance at end of current period | 1,096,150 | 12,016,014 | 9,642,634 | (79) | 22,754,720 |

| | Accumulated other comprehensive income | | | Stock acquisition rights | Non-controlling interests | Total net assets |
|---|---|---|---|---|---|---|
| | Valuation difference on available-for-sale securities | Foreign currency translation adjustment | Total accumulated other comprehensive income | | | |
| Balance at beginning of current period | 1,167,607 | (5,955) | 1,161,652 | 1,908 | 247,438 | 8,777,342 |
| Changes of items during period | | | | | | |
| Balance of acquired company at beginning of period | (1,167,607) | 5,955 | (1,161,652) | (1,908) | (247,438) | (8,77,342) |
| Balance of acquiring company at beginning of period | 337,156 | － | 337,156 | － | － | 8,656,235 |
| Increase in share exchange | | | | | | 12,478,666 |
| Issuance of new shares - exercise of share acquisition rights | | | | | | 21,015 |
| Dividends of surplus | | | | | | (203,226) |
| Profit attributable to owners of parent | | | | | | 2,139,282 |
| Purchase of treasury shares | | | | | | (79) |
| Change in ownership interest of parent due to transactions with non-controlling interests | | | | | | (17) |
| Net changes of items other than shareholders' equity | 367,821 | (15,139) | 352,681 | 7,520 | 268,353 | 628,555 |
| Total changes of items during period | (462,629) | (9,184) | (471,814) | 5,612 | 20,915 | 14,943,090 |
| Balance at end of current period | 704,977 | (15,139) | 689,838 | 7,520 | 268,353 | 23,720,433 |

## (4) Consolidated Statements of Cash Flows

(Thousands of yen)

| | Fiscal year ended September 30, 2018 | Fiscal year ended December 31, 2019 |
|---|---|---|
| Cash flows from operating activities | | |
| Profit before income taxes | 1,880,549 | 3,517,330 |
| Depreciation | 390,934 | 1,022,952 |
| Impairment loss | 98,829 | – |
| Amortization of goodwill | 211,456 | 335,722 |
| Increase (decrease) in allowance for doubtful accounts | (2,651) | 86,814 |
| Share of loss (profit) of entities accounted for using equity method | 104,053 | 88,880 |
| Decrease (increase) in notes and accounts receivable - trade | (453,116) | (665,563) |
| Decrease (increase) in inventories | (227,005) | 391,021 |
| Increase (decrease) in notes and accounts payable - trade | 150,167 | 2,748,293 |
| Increase (decrease) in provision for bonuses | (41,628) | 1,107,824 |
| Increase (decrease) in provision for point card certificates | 86,457 | 37,681 |
| Loss (gain) on sales of shares of subsidiaries and associates | (22,297) | 163,298 |
| Loss (gain) on valuation of investment securities | 28,602 | – |
| Loss (gain) on sales of investment securities | (541,348) | – |
| Loss on retirement of non-current assets | 28,937 | 116,201 |
| Interest and dividend income | (13,188) | (39,035) |
| Interest expenses | 4,468 | 2,457 |
| Loss (gain) on step acquisitions | 36,936 | – |
| Loss (gain) on change in equity | (80,184) | – |
| Increase (decrease) in accounts payable - other | (157,214) | (851,028) |
| investment dividend | (137,451) | – |
| Other, net | 225,859 | (370,171) |
| Subtotal | 1,571,167 | 7,692,681 |
| Interest and dividend income received | 14,087 | 39,411 |
| Interest expenses paid | (4,468) | (2,596) |
| Income taxes (paid) refund | (978,438) | (1,827,598) |
| Net cash provided by (used in) operating activities | 602,347 | 5,901,899 |
| Cash flows from investing activities | | |
| Purchase of property, plant and equipment | (109,915) | (506,945) |
| Purchase of intangible assets | (185,430) | (307,969) |
| Proceeds from sales of intangible assets | 3,000 | – |
| Purchase of investment securities | (437,006) | (376,183) |
| Proceeds from sales of investment securities | 751,438 | 440,667 |
| Payments for lease and guarantee deposits | (8,960) | (488,381) |
| Proceeds from lease and guarantee deposits | 200 | 217,483 |
| Proceeds from sales of business | – | 80,000 |
| Purchase of loans receivable | (32,602) | (512,794) |
| Proceeds from loans receivable | 19,644 | 5,604,893 |
| Proceeds from share of profits on investments in capital | 137,451 | – |
| Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation | 14,688 | – |
| Payments from purchase of shares of subsidiaries resulting in change in scope of consolidation | – | (163,867) |
| Other, net | 47,878 | 5 |
| Net cash provided by (used in) investing activities | 200,385 | 3,986,908 |

(Thousands of yen)

| | Fiscal year ended September 30, 2018 | Fiscal year ended December 31, 2019 |
|---|---|---|
| Cash flows from financing activities | | |
| Net increase (decrease) in short-term loans payable | (19,600) | 19,600 |
| Proceeds from long-term loans payable | 500,000 | – |
| Repayments of long-term loans payable | (460,031) | (477,821) |
| Proceeds from exercise of share options | 15,423 | 21,015 |
| Cash dividends paid | (181,459) | (178,902) |
| Purchase of treasury shares | (511,196) | (80) |
| Repayments of lease obligations payable | – | (55,700) |
| Proceeds from sale-and-leaseback | – | 123,236 |
| Proceeds from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation | 88,000 | – |
| Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation | (2,250) | – |
| Proceeds from share issuance to non-controlling shareholders | 2,500 | – |
| Net cash provided by (used in) financing activities | (568,614) | (548,652) |
| Effect of exchange rate change on cash and cash equivalents | 323 | (3,475) |
| Net increase (decrease) in cash and cash equivalents | 234,442 | 9,336,680 |
| 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 | 5,679,809 | 14,546,825 |

## (5) Notes to Condensed Consolidated Financial Statements

### (Going Concern Assumption)

None

### (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 Revenue Recognition from the beginning of the current consolidated fiscal year 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 ¥115,740 million, respectively. In addition, point card deposits received of ¥2,343 million of VOYAGE MARKETING Inc., which were previously included in "provision for point card certificates" in the consolidated balance sheets, are now included in "deposits received".

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. There is no impact on per share information for the current consolidated fiscal year either.

### (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-month financial results from October 1, 2018 to December 31, 2018 and the Company's twelve-month consolidated results from January 1, 2019 to December 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 of former VOYAGE GROUP, INC. (the Company before the Share Exchange) are used.

**(Change in Presentation Method)**

(Consolidated Balance Sheets)

"Construction in progress", which was presented separately under non-current assets in the previous consolidated fiscal year, has been reclassified in the consolidated financial statements for the current consolidated fiscal year as the amount has become insignificant. As a result, ¥76,117 thousand recorded in "Construction in progress" under non-current assets in the previous consolidated fiscal year has been included in "Other".

"Provision for bonuses" and "Deposits received" included in "Other" under current liabilities in the previous consolidated fiscal year have exceeded 5% of the total of liabilities and net assets and hence have been presented separately from the current consolidated fiscal year. The previous fiscal year's consolidated financial statements have been reclassified to reflect these changes in presentation method. As a result, ¥935,097 thousand recorded in "Other" under current liabilities in the previous consolidated fiscal year have been reclassified into ¥38,581 thousand of "Provision for bonuses", ¥117,329 thousand of "Deposits received", and ¥779,185 thousand of "Other".

(Consolidated Statements of Income)

"Gain on sales of investment securities", which was presented separately under extraordinary income in the previous consolidated fiscal year, has been reclassified in the consolidated financial statements for the current consolidated fiscal year as the amount has become insignificant. As a result, ¥22,297 thousand recorded in "Gain on sales of investment securities" under extraordinary income in the previous consolidated fiscal year has been included in "Other".

(Consolidated Overview of Cash Flows)

"Increase (decrease) in provision for bonuses" and "Decrease (increase) in accounts receivable – other" included in "Other, net" under cash flows from operating activities in the previous consolidated fiscal year have increased in significance and have hence been presented separately in the current consolidated fiscal year. The previous fiscal year's consolidated financial statements have been reclassified to reflect these changes in presentation method. As a result, ¥184,231 thousand recorded in "Other, net" under cash flows from operating activities in the previous consolidated fiscal year has been reclassified into ¥(41,628) thousand of "Increase (decrease) in provision for bonuses", ¥(157,214) thousand of "Decrease (increase) in accounts receivable – other", and ¥225,859 thousand of "Other, net".

"Increase (decrease) in accounts payable – other", which was presented separately under cash flows from operating activities in the previous consolidated fiscal year, has been reclassified in the consolidated financial statements for the current consolidated fiscal year as the amount has become insignificant. As a result, ¥(157,214) thousand recorded in "Increase (decrease) in accounts payable – other" under cash flows from operating activities in the previous consolidated fiscal year has been included in "Other, net".

"Payments for lease and guarantee deposits", "Proceeds from lease and guarantee deposits", "Purchase of loans receivable", and "Proceeds from loans receivable" included in "Other, net" under cash flows from investing activities in the previous consolidated fiscal year have increased in significance and have hence been presented separately in the current consolidated fiscal year. The previous fiscal year's consolidated financial statements have been reclassified to reflect these changes in presentation method. As a result, ¥26,158 thousand recorded in "Other, net" under cash flows from investing activities in the previous consolidated fiscal year has been reclassified into ¥(8,960) thousand of "Payments for lease and guarantee deposits", ¥200 thousand of "Proceeds from lease and guarantee deposits", ¥(32,602) thousand of "Purchase of loans receivable", ¥19,644 thousand of "Proceeds from loans receivable", and ¥47,878 thousand of "Other, net".

(Changes upon 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) have been adopted from the beginning of the current consolidated first year, whereby deferred tax assets are presented under investments and other assets, while deferred tax liabilities are presented under non-current liabilities. As a result, ¥186,401 thousand recorded in "Deferred tax assets" under current assets in the previous fiscal year's consolidated balance sheets has been included in "Deferred tax assets" under investments and other assets.

(Consolidated Statements of Income)

*1 Major items and their amounts included in selling, general and administrative expenses are as follows:

(Thousands of yen)

| | Twelve months ended September 30, 2018 (October 1, 2017 to September 30, 2018) | Fifteen months ended December 31, 2019 (October 1, 2018 to December 31, 2019) |
|---|---|---|
| Salaries | 1,902,167 | 5,631,548 |
| Bonuses | 40,043 | 2,092,636 |
| System usage fees | 866,642 | 1,790,646 |

*2 Impairment losses

The Group recorded impairment losses on the following asset groups.

Twelve months ended September 30, 2018 (October 1, 2017 to September 30, 2018)

(1) Overview of asset groups on which impairment losses were recognized

| Location | Usage | Type |
|---|---|---|
| Shibuya-ku, Tokyo | Others | Goodwill |
| Shibuya-ku, Tokyo | Business assets | Software |

(2) Background to the recognition of impairment losses

An impairment loss was recognized on goodwill arising from the acquisition of shares of consolidated subsidiary SYNC GAMES, Inc., as the earnings originally projected became unlikely to be achieved.

In addition, an impairment loss was recognized on some software in the Ad Platform Business, as the earnings originally projected became unlikely to be achieved.

(3) Amounts of impairment losses

| | |
|---|---|
| Goodwill | ¥36,001 thousand |
| Software | ¥62,828 thousand |

(4) Method of grouping assets

As a general rule, business assets are grouped according to the classifications in management accounting, by which income and expenditure is monitored on an ongoing basis.

(5) Method of calculating recoverable amounts

Recoverable amounts are measured based on value in use. As no future cash flows are expected on both asset groups, the recoverable amounts are valued at zero.

Fifteen months ended December 31, 2019 (October 1, 2018 to December 31, 2019)

None

**(Segment Information, etc.)**

a. Segment Information

1. Overview of reportable segments

The Group's reportable segments are the units for which separate financial information are available and which the Board of Directors regularly reviews to determine the allocation of management resources and evaluate business performance.

The Group's companies or business divisions are established for each service and develops comprehensive strategies for the services provided by each company or business division in carrying out business activities.

The Group thus consists of segments classified by services based on companies or business divisions, and has three reportable segments: "Partner Sales Business", "Ad Platform Business", and "Consumer Business".

The descriptions of services that belong to each segment are as follows:

| Reportable segment | Description of services in each segment |
|---|---|
| Partner Sales Business | Sells advertising space and provides solutions mainly through a media rep |
| Ad Platform Business | Ad platform for brand advertising "PORTO"; SSP "fluct"; Ad distribution platforms "Zucks" and "BEYOND X"; Video advertising distribution platform "CMerTV", etc. |
| Consumer Business | Operates the Group's owned media that utilizes points, mainly "EC Navi" and "PeX"<br>New business lines with HR, EC, and FinTech as expansion fields |

2. Method of calculating sales, income or loss, assets, and other items for each reportable segment

The accounting method applied for reportable business segments is the same as that described in "Significant Policies for Preparing Consolidated Financial Statements".

Reportable segment income is based on operating income. Inter-segment sales or transfer are based on current market values.

3. Information on sales, income or loss, assets, and other items by reportable segment

Twelve months ended September 30, 2018 (October 1, 2017 to September 30, 2018)

(Thousands of yen)

| | Reportable Segments | | | | Adjustment | Consolidation (Note) |
|---|---|---|---|---|---|---|
| | Ad Platform Business | Points Media Business | Incubation Business | Total | | |
| Sales | | | | | | |
| Outside Sales | 19,229,982 | 6,861,478 | 2,426,842 | 28,518,303 | – | 28,518,303 |
| Intersegment Sales or Transfer | 30,000 | 8,864 | 165,591 | 204,456 | (204,456) | – |
| Total | 19,259,983 | 6,870,343 | 2,592,433 | 28,722,760 | (204,456) | 28,518,303 |
| Segment Income (loss) | 1,293,110 | 302,902 | (175,646) | 1,420,367 | – | 1,420,367 |

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

Fifteen months ended December 31, 2019 (October 1, 2018 to December 31, 2019)

(Thousands of yen)

| | Reportable Segments | | | | Adjustment | Consolidation (Note) |
|---|---|---|---|---|---|---|
| | Partner Sales Business | Ad Platform Business | Consumer Business | Total | | |
| Sales | | | | | | |
| Outside Sales | 13,310,652 | 6,294,442 | 6,553,276 | 26,158,371 | – | 26,158,371 |
| Intersegment Sales or Transfer | – | 21,066 | – | 21,066 | (21,066) | – |
| Total | 13,310,652 | 6,315,508 | 6,553,276 | 26,179,437 | (21,066) | 26,158,371 |
| Segment Income | 3,104,837 | 711,172 | 23,822 | 3,839,831 | – | 3,839,831 |

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

b. Related Information

Twelve months ended September 30, 2018 (October 1, 2017 to September 30, 2018)

1. Information by products and services

It is omitted as the same information is disclosed in Segment Information.

2. Information by region

(1) Sales

Information is omitted as outside sales in Japan account for more than 90% of net sales stated on the consolidated statements of income.

(2) Property, plant and equipment

Information is omitted as property, plant and equipment located in Japan accounts for more than 90% of property, plant and equipment stated on the consolidated balance sheets.

3. Information by major customers

(Thousands of yen)

| Customer | Sales | Related segment |
|---|---|---|
| Google, Inc. | 2,971,728 | Ad Platform Business<br>Points Media Business<br>Incubation Business |

Sales to Google, Inc. include the sales to Google Asia Pacific Pte. Ltd.

Fifteen months ended December 31, 2019 (October 1, 2018 to December 31, 2019)

1. Information by products and services

It is omitted as the same information is disclosed in Segment Information.

2. Information by region

(1) Sales

Information is omitted as outside sales in Japan account for more than 90% of net sales stated on the consolidated statements of income.

(2) Property, plant and equipment

Information is omitted as property, plant and equipment located in Japan accounts for more than 90% of property, plant and equipment stated on the consolidated balance sheets.

3. Information by major customers

(Thousands of yen)

| Customer | Sales | Related segment |
|---|---|---|
| Dentsu Digital Inc. | 4,353,214 | Partner Sales Business |

c. Information on impairment losses on non-current assets by reportable segment

Twelve months ended September 30, 2018 (October 1, 2017 to September 30, 2018)

(Thousands of yen)

| | Reportable Segments | | | | Corporate/ Elimination | Total |
|---|---|---|---|---|---|---|
| | Ad Platform Business | Points Media Business | Incubation Business | Total | | |
| Impairment losses | 62,828 | — | 36,001 | 98,829 | — | 98,829 |

Fifteen months ended December 31, 2019 (October 1, 2018 to December 31, 2019)

None

d. Information on amortization of goodwill and unamortized balance by reportable segment

Twelve months ended September 30, 2018 (October 1, 2017 to September 30, 2018)

(Thousands of yen)

| | Reportable Segments | | | | Corporate/ Elimination | Total |
|---|---|---|---|---|---|---|
| | Ad Platform Business | Points Media Business | Incubation Business | Total | | |
| Amortization | 208,487 | — | 2,969 | 211,456 | — | 211,456 |
| Year-end balance | 1,468,564 | — | — | 1,468,564 | — | 14,568,564 |

Fifteen months ended December 31, 2019 (October 1, 2018 to December 31, 2019)

(Thousands of yen)

| | Reportable Segments | | | | Corporate/ Elimination | Total |
|---|---|---|---|---|---|---|
| | Partner Sales Business | Ad Platform Business | Consumer Business | Total | | |
| Amortization | — | 241,478 | 94,244 | 335,722 | — | 335,722 |
| Year-end balance | — | 2,174,750 | 846,754 | 3,021,504 | — | 3,021,504 |

e. Information on profit from negative goodwill by reportable segment

Twelve months ended September 30, 2018 (October 1, 2017 to September 30, 2018)

None

Fifteen months ended December 31, 2019 (October 1, 2018 to December 31, 2019)

None

4. 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” from the second quarter of the fiscal year under review.

The segment information 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 consolidated statements of income for the consolidated fiscal year

Consolidated results for the period under review are the total amount of CCI's three-month financial results from October 1, 2018 to December 31, 2018 and the Company's twelve-month consolidated results from January 1, 2019 to December 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.

**(Per Share Information)**

| Twelve months ended September 30, 2018 (October 1, 2017 to September 30, 2018) | | Fifteen months ended December 31, 2019 (October 1, 2018 to December 31, 2019) | |
|---|---|---|---|
| | Yen | | Yen |
| Net assets per share | 717.22 | Net assets per share | 921.43 |
| Net income per share | 93.58 | Net income per share | 94.29 |
| Diluted net income per share | 91.65 | Diluted net income per share | 93.59 |

(Note) The basis for calculating net income per share and diluted net income per share is as follows:

| | Twelve months ended September 30, 2018 (October 1, 2017 to September 30, 2018) | Fifteen months ended December 31, 2019 (October 1, 2018 to December 31, 2019) |
|---|---|---|
| Net income per share | | |
| Profit attributable to owners of parent (Thousands of yen) | 1,117,324 | 2,139,282 |
| Amount not attributed to common shareholders (Thousands of yen) | – | – |
| Profit attributable to owners of parent related to common stock (Thousands of yen) | 1,117,324 | 2,139,282 |
| Average number of common shares during the period (shares) | 11,939,703 | 22,686,372 |
| | | |
| Diluted net income per share | | |
| Adjustment on profit attributable to owners of parent (Thousands of yen) | – | – |
| Increase in the number of common shares (Shares) | 251,184 | 170,896 |
| [of which, share acquisition rights (Shares)] | [251,184] | [170,896] |
| Summary of potential shares not included in the calculation of diluted net income per share due to no dilutive effect | 2,500 units of the 7th issue of share acquisition rights (250,000 common shares)<br>2,386 units of the 8th issue of share acquisition rights (238,600 common shares) | 1,800 units of the 7th issue of share acquisition rights (180,000 common shares)<br>2,188 units of the 8th issue of share acquisition rights (218,800 common shares)<br>3,970 units of the 9th issue of share acquisition rights (397,000 common shares) |