

**Financial Results for the 1st Quarter of the Fiscal Year Ending December 31, 2023**  
**[Japanese Standards] (Consolidated)**

May 12, 2023

Listed company name:	CARTA HOLDINGS, Inc.	Listed stock exchange:	TSE Prime Market
Stock Code No.:	3688	URL:	<a href="https://cartaholdings.co.jp/en/ir/">https://cartaholdings.co.jp/en/ir/</a>
Representative:	Title Chairman and CEO	Name:	Shinsuke Usami
Contact:	Title Director and CFO	Name:	Hidenori Nagaoka
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Date to submit the Securities Report:		May 12, 2023	
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 2023 First Three Months (January 1, 2023 – March 31, 2023)**

 (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 2023 first three months	6,437	(7.7)	626	(59.3)	548	(70.9)	(1,249)	—
FY 2022 first three months	6,976	7.6	1,541	(8.0)	1,884	(5.2)	1,975	46.9

(Note) Comprehensive Income: FY 2023 first three months: ¥(1,075) million (-)%  
 FY 2022 first three months: ¥1,200 million (28.5)%

	Net income per share	Diluted net income per share	EBITDA	
	¥	¥	¥million	%
FY 2023 first three months	(49.64)	—	84	(97.3)
FY 2022 first three months	77.01	76.45	3,174	28.1

\* 1. EBITDA noted above (earnings before interest, tax, depreciation, and amortization) is calculated by adding interest expenses, depreciation, amortization, amortization of goodwill, loss on retirement of non-current assets, impairment loss, and loss on advance payments to suppliers to the Company's profit before income taxes.

2. Diluted net income per share for the first three months of FY2023 is not presented because net income per share was negative, although dilutive shares did exist.

**(2) Consolidated financial position**

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	¥million	¥million	%	Yen
March 31, 2023	47,696	25,689	53.2	1,007.51
December 31, 2022	50,440	27,471	53.9	1,080.42

(Reference) Owned capital: March 31, 2023: ¥25,353 million  
 December 31, 2022: ¥27,187 million

## 2. Dividend status

	Annual dividends				
	1Q end	2Q end	3Q end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
FY 2022	—	27.00	—	27.00	54.00
FY 2023	—				
FY 2023 (Forecast)		27.00	—	27.00	54.00

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

## 3. Forecast of Consolidated Financial Results for FY 2022 (January 1, 2023 – December 31, 2023)

	Net sales		Operating income		Ordinary income		Net income		Net income per share	EBITDA	
	¥million	%	¥million	%	¥million	%	¥million	%	Yen	¥million	%
Full year	26,600	2.5	2,300	(4.9)	2,300	(24.3)	100	(96.7)	3.97	2,800	(54.0)

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

### ※ Notes

(1) Changes in significant subsidiaries during the period : No  
(Change of specified subsidiaries that lead to a change in the scope of consolidation)

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

(Note) For details, please see “2. Consolidated Financial Statements (3) Notes to Condensed Interim Consolidated Financial Statements (Adoption of Accounting Method Specific to Preparation of Quarterly Consolidated Financial Statements)” on page 10 of the attached documents.

(3) Changes in accounting policies, changes in accounting estimates, corrections and restatements and retrospective restatements

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|--|--------|
| 1) Changes in accounting policy resulting from revisions to accounting standards | : None |
| 2) Changes in accounting policy other than above                                 | : None |
| 3) Changes in accounting estimates   | : None |
| 4) Retrospective restatements  | : None |

(4) Number of shares issued (common stock)

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

As of March 31, 2023	25,163,971	As of December 31, 2022	25,163,971
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2) Number of treasury stock issued and outstanding

As of March 31, 2023	—	As of December 31, 2022	—
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3) Average number of shares during the period (quarterly consolidated cumulative accounting period)

Three months ended March 31, 2023	25,163,971	Three months ended March 31, 2022	25,648,498
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### ※ 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 “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 5 of the attached documents.

(Supplementary materials)

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

## Attachment

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

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

### (1) Analysis of Operating Results

With regard to the online advertising market where the Group operates its mainstay business, according to research by Dentsu Inc., in 2022, as in the previous year, society continued along the path toward digitalization. Against this backdrop, internet advertising spending grew by double digits to ¥3,091.2 billion, up 14.3% year on year, or an increase of approximately ¥1 trillion in a mere three years from 2019, when market size surpassed ¥2 trillion, and now reaching the ¥3 trillion range.

In addition, among internet advertising spending, internet advertising medium expenditures, while buffeted by the situation in Ukraine, yen depreciation, and the soaring cost of raw materials, amounted to ¥2,480.1 billion, or an increase of 15.0% year on year, which was substantial growth that continued from the previous year. Contributing to this result was rising demand for video advertising, particularly in-stream advertising, as well as the increased digital usage in corporate sales promotion activities, with listing advertising and digital sales promotion also performing well.

Under these circumstances, the Group announced its “new medium-term management policy” in February of this year, and while working to review and optimize its business portfolio, promoted business based on its new strategy and business policy.

As a result, the Group posted net sales of ¥6,437 million, or a decrease of 7.7% year on year, on the impact of falling advertising placements against the backdrop of unstable conditions in society in our mainstay brand advertising domain, and operating income of ¥626 million, or a decrease of 59.3% year on year, due to an increase in personnel and recruiting costs because of aggressive hiring of personnel. Ordinary income amounted to ¥548 million, or a decrease of 70.9% year on year, and loss attributable to owners of parent was ¥1,249 million (profit attributable to owners of parent of ¥1,975 million for the same period of the previous fiscal year), mainly on account of recording an extraordinary loss due to the provision of expenses associated with office relocation and integration in the period under review.

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

In addition, from the first quarter of the fiscal year ending December 31, 2023, we have integrated the “Marketing Solutions Business” segment and the “Ad Platform Business” segment, reclassifying them as the “Digital Marketing Business” segment, while the “Consumer Business” segment name has been changed to the “Internet-related Business” segment. Furthermore, in line with the reorganization, a portion of the business that had been included in the “Consumer Business” has been changed to the “Digital Marketing Business” category. Therefore, the following year-on-year comparisons are based on figures for the same period of the previous fiscal year that have been reclassified to reflect the new reporting segment classification.

#### 1) Digital Marketing Business

The Digital Marketing Business provides digital marketing support to advertising agencies, clients, and others, as well as media DX support.

Despite the growth of the “TELECY” operational TV advertising platform, a decline in advertising placements against the backdrop of unstable social conditions in the mainstay brand advertising domain had a negative impact, and net sales amounted to ¥4,685 million, or a decrease of 13.3% year on year, and segment income was ¥536 million, or a decrease of 66.5% year on year, due to an increase in personnel and recruiting costs because of aggressive hiring of personnel, in the period under review.

#### 2) Internet-related Business

In addition to providing media solutions, the Internet-related Business administers services in the EC and HR domains.

The Internet-related Business recorded net sales of ¥1,755 million, or an increase of 10.9% year on year, and segment income of ¥90 million (segment loss of ¥58 million for the same period of the previous fiscal year).

### (2) Analysis of Financial Position

(Assets)

Consolidated assets as of the end of the period under review totaled ¥47,696 million, a decrease of ¥2,744 million from the end of the previous fiscal year. This was mainly

attributable to decreases in property, plant and equipment as well as other under current assets.

(Liabilities)

Consolidated liabilities as of the end of the period under review amounted to ¥22,006 million, a decrease of ¥962 million from the end of the previous fiscal year. This was mainly attributable to a decrease in accounts payable – trade.

(Net Assets)

Consolidated net assets as of the end of the period under review stood at ¥25,689 million, a decrease of ¥1,781 million from the end of the previous fiscal year. This was primarily due to the recording of loss attributable to owners of parent and a decrease in retained earnings on account of payment of dividends of surplus.

**(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 Fiscal Year Ended December 31, 2022” on February 13, 2023.

## 2. Consolidated Financial Statements

### (1) Consolidated Balance Sheets

(Millions of yen)

	As of December 31, 2022	As of March 31, 2023
<b>Assets</b>		
Current assets		
Cash and deposits	16,101	16,350
Accounts receivable - trade	15,796	15,357
Securities	180	230
Merchandise	83	117
Supplies	577	563
Other	5,646	3,908
Allowance for doubtful accounts	(20)	(56)
Total current assets	38,364	36,470
Non-current assets		
Property, plant and equipment	1,515	624
Intangible assets		
Goodwill	1,521	1,702
Other	2,454	2,378
Total intangible assets	3,975	4,080
Investments and other assets		
Investment securities	4,611	4,815
Deferred tax assets	87	87
Other	1,886	1,619
Allowance for doubtful accounts	(0)	(1)
Total investments and other assets	6,584	6,520
Total non-current assets	12,075	11,225
Total assets	50,440	47,696
<b>Liabilities</b>		
Current liabilities		
Accounts payable – trade	14,855	14,022
Asset retirement obligations	–	231
Provision for bonuses	12	4
Provision for point card certificates	472	471
Deposits received	3,463	3,289
Short-term loans payable	147	–
Current portion of long-term loans payable	8	–
Provision for head office relocation	–	740
Other	2,882	2,534
Total current liabilities	21,841	21,292
Non-current liabilities		
Asset retirement obligations	238	–
Deferred tax liabilities	563	398
Other	325	315
Total non-current liabilities	1,127	714
Total liabilities	22,969	22,006

(Millions of yen)

	As of December 31, 2022	As of March 31, 2023
Net assets		
Shareholders' equity		
Capital stock	1,514	1,514
Capital surplus	12,434	12,434
Retained earnings	12,741	10,791
Total shareholders' equity	26,689	24,739
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	482	564
Foreign currency translation adjustment	15	48
Total accumulated other comprehensive income	498	613
Share acquisition rights	75	75
Non-controlling interests	207	260
Total net assets	27,471	25,689
Total liabilities and net assets	50,440	47,696

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

(Millions of yen)

	Three months ended December 31, 2022	Three months ended December 31, 2023
Net sales	6,976	6,437
Cost of sales	735	715
Gross profit	6,241	5,722
Selling, general and administrative expenses	4,699	5,095
Operating profit	1,541	626
Non-operating income		
Interest income and dividends income	25	19
Insurance dividends	—	18
Gain on investments in partnership	—	33
Foreign exchange gains	68	—
Share of gain of entities accounted for using equity method	68	—
Income from lease termination related a company	188	—
Other	22	3
Total non-operating income	374	75
Non-operating expenses		
Interest expenses	0	0
Foreign exchange losses	—	11
Share of loss of entities accounted for using equity method	—	48
Loss on investments in partnership	20	87
Other	10	6
Total non-operating expenses	31	154
Ordinary profit	1,884	548
Extraordinary income		
Gain on sales of investment securities	1,022	12
Total extraordinary income	1,022	12
Extraordinary losses		
Loss on retirement of non-current assets	11	4
Impairment loss	—	*1 1,220
Loss on valuation of investment securities	—	9
Head office relocation expenses	—	*2 740
Total extraordinary losses	11	1,975
Profit before income taxes	2,896	(1,414)
Income taxes	941	(223)
Profit	1,954	(1,191)
Profit attributable to non-controlling interests	(20)	58
Profit attributable to owners of parent	1,975	(1,249)



(Consolidated Statements of Comprehensive Income)

(Millions of yen)

	Three months ended December 31, 2022	Three months ended December 31, 2023
Profit	1,954	(1,191)
Other comprehensive income		
Valuation difference on available-for-sale securities	(750)	39
Foreign currency translation adjustment	1	0
Share of other comprehensive income of entities accounted for using equity method	(5)	75
Total other comprehensive income	(754)	115
Comprehensive income	1,200	(1,075)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,220	(1,134)
Comprehensive income attributable to non-controlling interests	(20)	58

**(3) Notes to Condensed Interim Consolidated Financial Statements  
(Going Concern Assumption)**

None

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

None

**(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.

**(Notes to Quarterly Consolidated Statements of Income)**

\*1 Impairment loss

First quarter of the fiscal year ending December 31, 2023 (January 1, 2023 to December 31, 2023)

The Group recorded impairment losses on the following asset groups.

(Millions of yen)

Location	Usage	Type	Impairment loss
Shibuya-ku, Tokyo	Head office (CARTA HOLDINGS, Inc.)	Buildings	370
		Lease deposits	262
Chuo-ku, Tokyo	Head office (CARTA COMMUNICATIONS Inc.)	Buildings	571
		Furniture and fixtures	16

The Group, in the recognition of impairment losses, basically groups its assets according to the classifications in management accounting, by which income and expenditure are monitored on an ongoing basis.

At the Board of Directors meeting held on February 13, 2023, the Company resolved to integrate the head offices of CARTA HOLDINGS, Inc. (Shibuya-ku, Tokyo) and CARTA COMMUNICATIONS Inc. (Chuo-ku, Tokyo), which are our major business locations, to a new head office (planned relocation to Minato-ku, Tokyo), as part of the management integration. As a result, the carrying amount of the asset group with no prospects for future use was reduced to the recoverable amount. The recoverable amount used in the calculation of impairment losses of this asset group was measured at its net realizable value. However, since the relocation was expected to have an obligation of restitution to the original state, involving disposal of interior furnishings, at the cancellation of the lease, it was valued at zero.

\*2 Head office relocation expenses

First quarter of the fiscal year ending December 31, 2023 (January 1, 2023 to December 31, 2023)

At the Board of Directors meeting held on February 13, 2023, the Company resolved to integrate the head offices of CARTA HOLDINGS, Inc. (Shibuya-ku, Tokyo) and CARTA COMMUNICATIONS Inc. (Chuo-ku, Tokyo), which are our major business locations, to a new head office (planned relocation to Minato-ku, Tokyo), as part of the management integration. As a result, the Company recorded an allowance for head office relocation expenses for relocation-related expenses, etc.

**(Additional Information)**

(Application of Practical Solution on Accounting and Disclosure Under the Group Tax Sharing System)

The Company and certain domestic consolidated subsidiaries have shifted from the consolidated taxation system to the group tax sharing system from the first quarter ended March 31, 2023. Herewith, the Group applied the "Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System" (PITF No.42, August 12, 2021) in which the procedures for accounting and disclosure of corporation income tax, local

corporation income tax, and tax effect accounting. In accordance with Paragraph 32 (1) of PITF No.42, the Company has assumed that there is no impact from the change in accounting policy resulting from the application of PITF No.42.

**(Segment Information)**

I For the three months ended March 31, 2022 (January 1, 2022 to March 31, 2022)

1. Information on sales and income or loss, and information on disaggregation of profit, by reportable business segment

(Millions of yen)

	Reportable Segments			Adjustment	Consolidation (Note)
	Digital Marketing Business	Internet-related Business	Total		
Sales					
Profit from contracts with customers	5,393	1,583	6,976	—	6,976
Other profit	—	—	—	—	—
Outside Sales	5,393	1,583	6,976	—	6,976
Intersegment Sales or Transfer	7	—	7	(7)	—
Total	5,401	1,583	6,984	(7)	6,976
Segment Income (Loss)	1,600	(58)	1,541	—	1,541

(Note) Segment income (loss) is adjusted against operating profit in the Consolidated Statements of Income.

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

(Material impairment loss on non-current assets)

None

(Material changes in goodwill)

None

(Material profit from negative goodwill)

None

II For the three months ended March 31, 2023 (January 1, 2023 to March 31, 2023)

1. Information on sales and income or loss, and information on disaggregation of profit, by reportable business segment

(Millions of yen)

	Reportable Segments			Adjustment	Consolidation (Note)
	Digital Marketing Business	Internet-related Business	Total		
Sales					
Profit from contracts with customers	4,682	1,755	6,437	—	6,437
Other profit	—	—	—	—	—
Outside Sales	4,682	1,755	6,437	—	6,437
Intersegment Sales or Transfer	3	—	3	(3)	—
Total	4,685	1,755	6,440	(3)	6,437
Segment Income	536	90	626	—	626

(Note) Segment income is adjusted against operating profit in the Consolidated Statements of Income.

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

(Material impairment loss on non-current assets)

(Millions of yen)

	Reportable Segments			Corporate/ Elimination	Total
	Digital Marketing Business	Internet-related Business	Total		
Impairment losses	—	—	—	1,220	1,220

\*The Company resolved to integrate the head offices of CARTA HOLDINGS, Inc. (Shibuya-ku, Tokyo) and CARTA COMMUNICATIONS Inc. (Chuo-ku, Tokyo), which are our major business locations, to a new head office (Minato-ku, Tokyo), as part of the management integration. As a result of this relocation, in the fiscal year ending December 31, 2023, the Company is recording an impairment loss of ¥1,220 million on the non-current assets of existing offices. This impairment loss is included in the impairment loss under extraordinary losses in the quarterly consolidated statements of income.

(Material changes in goodwill)

In the Digital Marketing Business segment, the Company acquired shares of D-Marketing Academy, inc. and included it in the scope of consolidation. The increase in goodwill due to this business was ¥256 million in the first quarter of the current fiscal year.

(Material profit from negative goodwill)

None

3. Matters concerning changes etc. in reportable segments

From the first quarter of the fiscal year ending December 31, 2023, we have integrated the “Marketing Solutions Business” segment and the “Ad Platform Business” segment, reclassifying them as the “Digital Marketing Business” segment, while the “Consumer Business” segment name has been changed to the “Internet-related Business” segment. Furthermore, in line with the reorganization, a portion of the

business that had been included in the “Consumer Business” has been changed to the “Digital Marketing Business” category.

Segment information for the same period of the previous fiscal year has been prepared based on the classification method after the change.

**(Significant Subsequent Events)**

None