

**Financial Results for the 3rd Quarter of the Fiscal Year Ending December 31, 2020**  
**[Japanese Standards] (Consolidated)**

Nov 10, 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  
 Date to submit the Securities Report: Nov 10, 2020  
 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 2020 First Nine Months (January 1, 2020 – September 30, 2020)

(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 2020 first nine months	16,321	—	2,578	—	2,435	—	1,372	—
FY 2019 first nine months	14,280	—	2,408	—	2,447	—	1,329	—

(Note) Comprehensive Income: FY 2020 first nine months: ¥1,216 million —%  
 FY 2019 first nine months: ¥1,280 million —%

	Net income per share	Diluted net income per share	EBITDA	
	¥	¥	¥million	%
FY 2020 first nine months	54.34	54.07	3,276	—
FY 2019 first nine months	63.75	63.12	2,850	—

(Note) The fiscal year ended December 31, 2019 was a transitional period for the change in accounting period, meaning an irregular accounting period that covered 15 months (October 1, 2018 to December 31, 2019), and as such, the consolidated financial results for the third quarter of the fiscal year ended December 31, 2019 represent October 1, 2018 through June 30, 2019. Consequently, the periods to be compared differ, and as such, the year-on-year change rate for the third quarter of the year ending December 31, 2020 is not stated.

\* 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
September 30, 2020	43,711	24,126	54.9	952.87
December 31, 2019	50,621	23,720	46.3	921.43

(Reference) Owned capital: September 30, 2020: ¥23,981 million  
 December 31, 2019: ¥23,444 million

## 2. Dividend status

	Annual dividends					
	1Q end	2Q end	3Q end	4Q end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen	Yen
FY 2019	—	—	8.00	—	8.00	16.00
FY 2020	—	8.00	—	—	—	—
FY 2020 (Forecast)	—	—	—	—	8.00	16.00

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

## 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	22,000	—	3,250	—	3,000	—	1,650	—	65.31	4,000	—

(Note) Revisions to performance results forecast for the current quarter: Yes

For revisions to the consolidated performance results forecast, please refer to the “Notice of Revisions to the Full-Year Consolidated Performance Forecast” released today (November 10, 2020). Since the fiscal year ended December 31, 2019 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 : None  
(Change of specified subsidiaries that lead to a change in the scope of consolidation)
- (2) Specific accounting procedures : Yes  
(Note) Please see page 10, “2. Consolidated Financial Statements (3) Notes to Condensed Interim Consolidated Financial Statements (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 : 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 September 30, 2020	25,468,652	As of December 31, 2019	25,444,052
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#### 2) Number of treasury stock issued and outstanding

As of September 30, 2020	301,018	As of December 31, 2019	584
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#### 3) Average number of shares during the period (quarterly consolidated cumulative accounting period)

Nine months ended September 30, 2020	25,262,766	Nine months ended September 30, 2019	20,851,409
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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 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 5 of the attached documents.

(Supplementary materials)

Supplementary materials on quarterly 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

### (1) Analysis of Operating Results

From the fiscal year ended December 31, 2019, the Company changed its fiscal year end from September 30 to December 31. Consequently, the year-on-year change is not stated as the period under review (January 1, 2020 to September 30, 2020) covers a different nine-month period from the third quarter of the previous fiscal year (October 1, 2018 to June 30, 2019).

With regard to the online advertising market where the Group operates its mainstay business, according to research by Dentsu Inc., in 2019, internet advertising spending reached ¥2,104.8 billion, buoyed by growth in performance-based advertising costs and market expansion in product sales-based EC platform advertising costs.

Performance-based advertising costs amounted to ¥1,326.7 billion, or 115.2% year on year, representing high growth with a particular focus on large-scale platformers. In addition, costs for digital advertising, which arose from the four traditional types of mass media, amounted to ¥71.5 billion, or 122.9% year on year, in what points to further progress in the digital transformation of mass media companies.

Under these economic circumstances, the Group worked to develop its business in three segments: 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; and 3) the “Consumer Business” which plans and operates its owned media, its EC-related services, and its HR-related services.

Despite the impact from the shift to telecommuting and waning advertising demand due to the novel coronavirus outbreak, the Ad Platform Business remained robust, and cost controls were also fully implemented.

As a result, the Group posted net sales of ¥16,321 million, operating income of ¥2,578 million, ordinary income of ¥2,435 million, and profit attributable to owners of parent of ¥1,372 million in the period 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 media for the youth demographic. In performance-based advertising, the Group built an optimal trading desk system using abundant audience data in line with targets as well as multiple DSPs and ad exchanges. Furthermore, the Group strengthened its relationships with solution vendors with the goal of more aggressively responding to the diversifying needs of advertisers as well as securing “brand safety” (advertisers’ brand safety by ensuring the quality of advertising sites).

As a result, the Partner Sales Business recorded net sales of ¥6,161 million, and segment income of ¥943 million in the period under review.

#### 2) Ad Platform Business

The Ad Platform Business operates the SSP “fluct”, the services for advertisers “Zucks” and “BEYOND X”, as well as “PORTO”, an ad platform for brand advertising, among others. Results for “Zucks” were robust, thanks to efforts to expand functions and services in the business and also capture demand from corporate clients. In addition, in May 2020, we started providing “PORTO tv”, a next-generation TV marketing platform that enables users to easily order, produce, and test the effects of TV commercials online, and in June 2020, we made KAIKETSU, Inc., a company developing the social media influencer marketing business, a consolidated subsidiary.

As a result, the Ad Platform Business recorded net sales of ¥5,355 million, and segment income of ¥1,323 million in the period under review.

#### 3) Consumer Business

In the Consumer Business, in addition to the operation of its owned media that utilizes points, primarily “EC Navi” and “PeX”, the Group is aggressively investing in the EC and HR fields as growth areas in order to create businesses that will be the next pillar in the medium- to long-term.

As a result, the Consumer Business recorded net sales of ¥4,811 million, and segment income of ¥311 million in the period under review.

## **(2) Analysis of Financial Position**

### **1) Assets, Liabilities and Net Assets**

(Assets)

Consolidated assets as of the end of the period under review totaled ¥43,711 million, a decline of ¥6,909 million from the end of the previous fiscal year. This was mainly attributable to declines in accounts receivable – trade and goodwill.

(Liabilities)

Consolidated liabilities as of the end of the period under review amounted to ¥19,585 million, down ¥7,315 million from the end of the previous fiscal year. This was mainly attributable to declines in accounts payable – trade and provision for bonuses.

(Net Assets)

Consolidated net assets as of the end of the period under review stood at ¥24,126 million, an increase of ¥405 million from the end of the previous fiscal year. This was primarily owing to an increase in retained earnings due to the recording of profit attributable to owners of parent, offsetting a decline caused by the purchase of treasury shares.

## **(3) Explanation of Consolidated Performance Forecast and Other Forward-looking Information**

With regard to the consolidated performance forecast, although the Ad Platform Business performed steadily, partly as a result of capturing advertising demand from overseas advertisers, net sales are expected to fall short of the forecast previously announced due to cancellations and reductions of advertising campaigns in the Partner Sales Business due to the impact from the spread of the novel coronavirus, as well as the fact that some new business lines in the Consumer Business did not start up as planned.

On the other hand, selling, general and administrative expenses are expected to be lower than the forecast previously announced due to the active implementation of cost controls in anticipation of the medium- to long-term continuation of the abovementioned impact from the spread of the novel coronavirus, in addition to the fact that expenses associated with human resource recruitment and promotion activities were not as high as initially planned.

As a result, operating income, ordinary income, profit attributable to owners of parent, and EBITDA are expected to exceed the forecast previously announced.

For more information, please refer to the “Notice of Revisions to the Full-Year Consolidated Performance Forecast” released today (November 10, 2020).

## 2. Consolidated Financial Statements

### (1) Consolidated Balance Sheets

(Millions of yen)

	As of December 31, 2019	As of September 30, 2020
<b>Assets</b>		
Current assets		
Cash and deposits	14,546	15,098
Accounts receivable - trade	18,477	12,834
Securities	—	65
Merchandise	17	36
Supplies	419	409
Other	2,908	2,532
Allowance for doubtful accounts	(86)	(51)
Total current assets	36,283	30,924
Non-current assets		
Property, plant and equipment	1,691	1,621
Intangible assets		
Goodwill	3,021	2,399
Other	3,725	3,264
Total intangible assets	6,747	5,663
Investments and other assets		
Investment securities	4,246	3,918
Deferred tax assets	176	155
Other	1,477	1,428
Allowance for doubtful accounts	(0)	(0)
Total investments and other assets	5,899	5,502
Total non-current assets	14,338	12,787
Total assets	50,621	43,711
<b>Liabilities</b>		
Current liabilities		
Accounts payable - trade	18,110	12,415
Provision for bonuses	1,380	420
Provision for directors' bonuses	27	5
Provision for point card certificates	505	562
Deposits received	2,742	3,097
Short-term loans payable	19	19
Current portion of long-term loans payable	195	118
Other	2,037	1,239
Total current liabilities	25,019	17,879
Non-current liabilities		
Long-term loans payable	208	209
Asset retirement obligations	536	536
Deferred tax liabilities	874	725
Other	262	236
Total non-current liabilities	1,881	1,706
Total liabilities	26,900	19,585

(Millions of yen)

	As of December 31, 2019	As of September 30, 2020
Net assets		
Shareholders' equity		
Capital stock	1,096	1,105
Capital surplus	12,016	12,025
Retained earnings	9,642	10,637
Treasury shares	(0)	(264)
Total shareholders' equity	22,754	23,503
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	704	493
Foreign currency translation adjustment	(15)	(15)
Total accumulated other comprehensive income	689	477
Share acquisition rights	7	7
Non-controlling interests	268	137
Total net assets	23,720	24,126
Total liabilities and net assets	50,621	43,711

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

(Millions of yen)

	Nine months ended June 30, 2019	Nine months ended September 30, 2020
Net sales	14,280	16,321
Cost of sales	1,567	2,185
Gross profit	12,712	14,136
Selling, general and administrative expenses	10,304	11,558
Operating profit	2,408	2,578
Non-operating income		
Interest income and dividends income	18	30
Gain on investments in partnership	11	4
Business commission fee	21	13
Rent income	15	14
Insurance dividend	21	17
Other	4	14
Total non-operating income	92	94
Non-operating expenses		
Share of loss of entities accounted for using equity method	24	114
Loss on investments in partnership	13	73
Foreign exchange losses	11	46
Other	4	2
Total non-operating expenses	53	237
Ordinary profit	2,447	2,435
Extraordinary income		
Gain on sales of investment securities	—	166
Gain on sales of investments in subsidiaries	—	46
Other	0	14
Total extraordinary income	0	227
Extraordinary losses		
Loss on retirement of non-current assets	34	72
Loss on sales of shares of subsidiaries and associates	163	77
Loss on valuation of investment securities	—	31
Head office relocation expenses	109	—
Other	1	10
Total extraordinary losses	308	192
Profit before income taxes	2,139	2,471
Income taxes	805	1,042
Profit	1,333	1,428
Profit attributable to non-controlling interests	3	55
Profit attributable to owners of parent	1,329	1,372



(Consolidated Statements of Comprehensive Income)

(Millions of yen)

	Nine months ended June 30, 2019	Nine months ended September 30, 2020
Profit	1,333	1,428
Other comprehensive income		
Valuation difference on available-for-sale securities	(34)	(211)
Foreign currency translation adjustment	—	(0)
Share of other comprehensive income of entities accounted for using equity method	(17)	(0)
Total other comprehensive income	(52)	(212)
Comprehensive income	1,280	1,216
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,277	1,160
Comprehensive income attributable to non-controlling interests	3	55

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

None

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

Based on a Board of Directors' meeting held on February 12, 2020, the Company acquired 300,000 shares of common stock. As a result, in the period under review, treasury shares increased ¥264 million, and as of the end of the period under review, treasury shares had amounted to ¥264 million.

**(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)**

None

**(Changes in Accounting Estimates)**

None

**(Segment Information)**

I For the nine-month period ended June 30, 2019 (October 1, 2018 to June 30, 2019)

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

(millions of yen)

	Reportable Segments				Adjustment	Consolidation (Note)
	Partner Sales Business	Ad Platform Business	Consumer Business	Total		
Sales						
Outside Sales	8,365	2,946	2,968	14,280	—	14,280
Intersegment Sales or Transfer	—	5	—	5	(5)	—
Total	8,365	2,951	2,968	14,285	(5)	14,280
Segment Income	2,215	146	47	2,408	—	2,408

(Note) Segment income is adjusted with operating income on the quarterly 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)

In connection with the Management Integration as of January 1, 2019, for goodwill, ¥2,416 million in Ad Platform Business and ¥761 million in Consumer Business were recorded.

(Material profit from negative goodwill)

None

II For the nine-month period ended September 30, 2020 (January 1, 2020 to September 30, 2020)

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

(millions of yen)

	Reportable Segments				Adjustment	Consolidation (Note)
	Partner Sales Business	Ad Platform Business	Consumer Business	Total		
Sales						
Outside Sales	6,161	5,349	4,811	16,321	—	16,321
Intersegment Sales or Transfer	0	5	—	6	(6)	—
Total	6,161	5,355	4,811	16,328	(6)	16,321
Segment Income	943	1,323	311	2,578	—	2,578

(Note) Segment income is adjusted with operating income on the quarterly 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