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, 2024 〔Japanese Standards〕(Consolidated)

Feb 13, 2025

Listed company name:	CARTA HOLDINGS, Inc.			Listed stock exchange:	TSE Prime Market
Stock Code No.:	3688		URL:	https://cartaholdings.co.jp/en/ir/	
Representative:	Title	President and Representative Director	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 29, 2025
Scheduled starting date of dividend payments:	Mar 17, 2025
Scheduled date to file Securities Report:	Mar 31, 2025
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, 2024 (January 1, 2024 – December 31, 2024)

(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	%
Year ended December 31, 2024	24,275	0.7	2,139	64.4	2,384	32.6	1,688	—
Year ended December 31, 2023	24,111	(7.1)	1,301	(46.2)	1,798	(40.8)	(2,360)	—

(Note) Comprehensive Income: Year ended December 31, 2024: ¥1,912 million (-)%
Year ended December 31, 2023: ¥(2,144) million (-)%

	Net income per share	Diluted net income per share	EBITDA		Return on equity	Ordinary income to total assets	Operating income to net sales
	¥	¥	¥million	%	%	%	%
Year ended December 31, 2024	66.79	—	3,637	212.6	7.1	4.9	8.8
Year ended December 31, 2023	(93.81)	—	1,163	(80.9)	(9.3)	3.6	5.4

(Reference) Equity in net losses of affiliated companies: Year ended December 31, 2024: ¥18 million
Year ended December 31, 2023: ¥(71) million

* 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, and impairment loss, to the Company's profit before income taxes.
2. Diluted net income per share for the fiscal year ended December 31, 2023 is not presented because net income per share was negative, although dilutive shares did exist.
3. Diluted net income per share for the fiscal year ended December 31, 2024 is not presented because potentially dilutive shares did not exist.

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	¥million	¥million	%	Yen
December 31, 2024	48,344	24,492	50.0	955.64
December 31, 2023	49,863	23,833	47.2	935.06

(Reference) Owned capital: December 31, 2024 ¥24,178 million
December 31, 2023 ¥23,534 million

(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
Year ended December 31, 2024	2,576	(756)	(1,203)	14,349
Year ended December 31, 2023	1,739	(2,775)	(1,610)	13,528

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	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	¥million	%	%
FY 2023	—	27.00	—	27.00	54.00	1,358	—	5.4
FY 2024	—	27.00	—	29.00	56.00	1,416	83.8	5.9
FY 2025 (Forecast)	—	29.00	—	29.00	58.00		81.5	

3. Forecast of Consolidated Financial Results for FY 2025 (January 1, 2025 — December 31, 2025)

	Net sales		Operating income		Ordinary income		Net income		Net income per share	EBITDA	
	¥million	%	¥million	%	¥million	%	¥million	%	Yen	¥million	%
Full year	25,000	3.0	2,400	12.2	2,400	0.7	1,800	6.6	71.14	4,000	10.0

(Note) The forecast of consolidated financial results for the six months ending June 30, 2025 is omitted, as the Company manages its operations on a yearly basis. For details, see "1. Overview of Operating Results, etc. (4) Future Outlook" on page 6 of the attached documents.

Notes

(1) Significant changes in the scope of consolidation during the period : None

(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 : None
3) Changes in accounting estimates : None
4) Retrospective restatements : None

(3) Number of shares issued (common stock)

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

As of December 31, 2024	25,300,971	As of December 31, 2023	25,168,971

2) Number of treasury stock issued and outstanding

As of December 31, 2024	25	As of December 31, 2023	—

3) Average number of shares during the period

Year ended December 31, 2024	25,272,792	Year ended December 31, 2023	25,163,984

(Reference) Summary of Non-Consolidated Financial Results

Non-Consolidated Financial Results for fiscal year ended December 31, 2024
(January 1, 2024 － December 31, 2024)

(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	%
Year ended December 31, 2024	5,399	(13.4)	771	(63.3)	982	(53.2)	1,242	639.7
Year ended December 31, 2023	6,238	(31.6)	2,104	(55.7)	2,098	(49.6)	168	(97.6)

	Net income per share	Diluted net income per share
	¥	¥
Year ended December 31, 2024	49.17	—
Year ended December 31, 2023	6.67	6.66

＊ Diluted net income per share for the fiscal year ended December 31, 2024 is not presented because potentially dilutive shares did not exist.

(2) Non-consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	¥million	¥million	%	Yen
December 31, 2024	25,709	19,456	75.6	768.52
December 31, 2023	27,369	19,391	70.6	767.80

(Reference) Owned capital: December 31, 2024 ¥19,444 million
December 31, 2023 ¥19,324 million

※ Notice regarding audit procedures

This financial result is excluded from audit procedures.

※ 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 refer to "1. Overview of Operating Results, etc. (4) Future Outlook" on page 6 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. Overview of Operating Results, etc.

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

With regard to the business environment where the Group operates its mainstay business, the advertising industry as a whole is on the road to recovery after the COVID-19 pandemic, especially with the advancement of digital transformation (DX), which is accelerating the transformation of the industry. The internet advertising industry continues to show robust growth, and the performance-based advertising area has continued to evolve through the sophistication of AI and data usage. On the other hand, due to the impact of stricter regulations on the protection of personal information, it is necessary to develop new technologies and build data strategies to maintain and improve advertising effectiveness while respecting privacy, as part of measures to manage advertising independently of cookies.

Under these circumstances, during the fiscal year under review, the Group worked on structural reform of existing businesses and investment in growth areas based on the "new medium-term management policy" announced in February 2023.

We have promoted investment in TELECY INC., which provides an operational TV commercial service, as part of efforts to promote DX in the mass advertising field. On the other hand, in the digital marketing field, we worked to further develop in-house products provided by the Company's Digital Marketing Business to realize early adoption of advertising technologies independent of cookies and data usage amid heightened awareness of privacy protection. Meanwhile, CARTA COMMUNICATIONS Inc., CARTA MARKETING FIRM Inc. and DataCurrent Inc. introduced new solutions to the market. In particular, our cookie-free targeting technologies and support for using first-party data, common IDs, etc. are highly valued by many client companies. We believe this past year has been one in which we took a step forward in not only helping our client companies evolve, but also helping the entire industry evolve.

In addition, we have been actively working to promote the use of generative AI by establishing an in-house Generative AI Lab. We are working on proof of concept (POC) in various areas, and also achieving improved productivity by integrating POC into actual operational processes.

Furthermore, the fact that each and every employee has maintained a willingness to take on new challenges has also been the driving force behind the Company's growth. We have promoted the nurturing of a growing corporate culture by increasing opportunities for training and learning, both inside and outside the Company, under the theme of "'Evolution' that Exceeds Expectations."

As a result, during the fiscal year under review, the Group posted net sales of ¥24,275 million, or an increase of 0.7% year on year, and operating income of ¥2,139 million, or an increase of 64.4% year on year, due to a decrease in selling, general and administrative expenses resulting from the effect of cost reductions achieved in the previous fiscal year, mainly in fixed costs. Ordinary income amounted to ¥2,384 million, or an increase of 32.6% year on year, and profit attributable to owners of parent was ¥1,688 million (loss attributable to owners of parent of ¥2,360 million for the same period of the previous fiscal year).

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

1) Digital Marketing Business

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

While the direct sales volume and the sales volume from the new alliance with the Dentsu Group Inc. increased, the sales volume of reservation-based advertising within agent sales transactions remained low. As a result, net sales amounted to ¥16,331 million, or a decrease of 3.7% year on year, while segment income was ¥1,705 million, or an increase of 90.9% year on year, due to falling selling, general and administrative expenses owing to the effect of cost reductions achieved in the previous fiscal year, mainly in fixed costs.

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 ¥8,035 million, or an increase of 11.8% year on year, and segment income of ¥433 million, or an increase of 6.3% year on year.

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

(Assets)

Consolidated assets as of the end of the period under review totaled ¥48,344 million, a decrease of ¥1,518 million from the end of the previous fiscal year. This was mainly attributable to decreases in accounts receivable – trade and lease and guarantee deposits.

(Liabilities)

Consolidated liabilities as of the end of the period under review amounted to ¥23,852 million, a decrease of ¥2,178 million from the end of the previous fiscal year. This was mainly attributable to a decrease in account payable - other.

(Net Assets)

Consolidated net assets as of the end of the period under review stood at ¥24,492 million, an increase of ¥659 million from the end of the previous fiscal year. This was primarily due to an increase in retained earnings on account of the recording of profit attributable to owners of parent.

(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 ¥14,349 million, an increase of ¥821 million from the end of the previous fiscal year. 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 ¥2,576 million (¥1,739 million was provided in the previous fiscal year). The main positive factors included an increase in funds resulting from the recording of profit before income taxes.

(Net cash flows from investing activities)

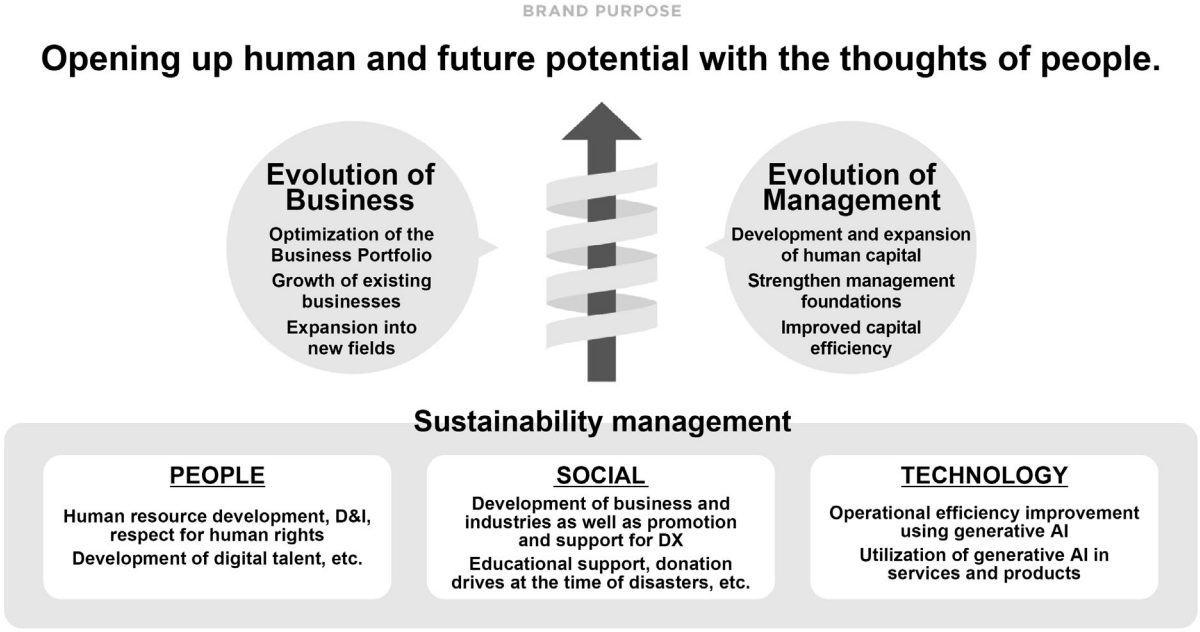
Net cash flows used in investing activities amounted to ¥756 million (¥2,775 million was used in the previous fiscal year). The main negative factors included a decrease in funds resulting from purchase of property, plant and equipment, despite an increase in funds resulting from proceeds from refund of lease and guarantee deposits.

(Net cash flows from financing activities)

Net cash flows used in financing activities amounted to ¥1,203 million (¥1,610 million was used in the previous fiscal year). The main negative factors included a decrease in funds resulting from cash dividends paid.

(4) Future Outlook

As stated in the medium-term management policy released on February 13, 2023, the Company aims to achieve its purpose, "Opening up human and future potential with the thoughts of people." by evolving both business and management with sustainability management at the basis.



As for the business environment for the following fiscal year (fiscal year ending December 31, 2025), we expect the internet advertising industry to continue to grow robustly. Under these circumstances, in the following fiscal year, which marks the last year of the medium-term management policy, with the aim of becoming a company that continues to evolve, we will set out the following three pillars:

1) "Group Reorganization" in the Digital Marketing Business

In order to promote innovation in digital advertising and aim for enhancing, as well as improving the quality of, our client services, we will focus on the group reorganization within the Digital Marketing Business (integration of CARTA COMMUNICATIONS Inc., CARTA MARKETING FIRM Inc., and barriz inc.). Our goal is to create new value that invigorates the entire ecosystem beyond the confines of existing ad distribution platforms. This includes creating and maintaining a technology foundation that increases data transparency and building a sustainable advertising ecosystem.

2) Acceleration of Investment in "People" and "Generative AI"

Even in the midst of technological innovation, we believe that the source of our competitive advantage is "people." On the other hand, in view of the development of "generative AI," we will further strengthen the environment in which human creativity and insight can flourish while making the best use of the technology. We will establish a system where people and technology complement each other, especially in the areas of operational efficiency and data utilization.

3) Strengthened Promotion of "Sustainability Management"

We will place our sustainability efforts at the core of our management strategy, promoting environmentally friendly advertising operations and projects that create social impact. In addition, we will work with our employees and client companies on sustainable initiatives that look to the future of the advertising industry as a whole.

As for the consolidated financial results for the following fiscal year, we expect net sales of ¥25,000 million, or an increase of 3.0% year on year, operating income of ¥2,400 million, or an increase of 12.2% year on year, ordinary income of ¥2,400 million, or an increase of 0.7% year on year, profit attributable to owners of parent of ¥1,800 million, or an increase of 6.6% year on year, and EBITDA of ¥4,000 million, or an increase of 10.0% year on year.

The above financial results forecasts were created based on information available as of the date of the announcement of this material. Actual financial results may differ from the forecasts due to various factors in the future.

(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 the management of the business, and endeavors for the sustainable increase in 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. The Company decides dividend amounts with a target DOE of 6%, while aiming for stable and continuous increases in dividends in the long-term. Furthermore, the Company intends to implement share buybacks based on maintaining a ratio of tradeable shares of 35%, which is one of the listing criteria of the "Prime Market," a new market classification at the Tokyo Stock Exchange.

(Note) DOE (dividend on equity): Total annual dividends / Shareholders' equity

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. As for the distribution of surplus for the fiscal year under review, the Company plans to pay a dividend of ¥56 per share (including an interim dividend of ¥27 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 ¥29 per share, respectively, which increases the annual dividend to ¥58 per share.

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

(Millions of yen)

	As of December 31, 2023	As of December 31, 2024
Assets		
Current assets		
Cash and deposits	13,582	14,349
Accounts receivable - trade	17,496	16,970
Securities	1,765	1,900
Merchandise	101	135
Supplies	379	96
Other	4,494	4,416
Allowance for doubtful accounts	(95)	(109)
Total current assets	37,669	37,760
Non-current assets		
Property, plant and equipment		
Buildings	2,428	1,433
Accumulated depreciation	(1,083)	(134)
Buildings, net	1,345	1,299
Tools, furniture and fixtures	986	845
Accumulated depreciation	(451)	(488)
Tools, furniture and fixtures, net	534	357
Lease assets	28	28
Accumulated depreciation	(13)	(19)
Lease assets, net	14	9
Other	14	0
Total property, plant and equipment	1,908	1,666
Intangible assets		
Goodwill	600	316
Other	1,567	1,488
Total intangible assets	2,168	1,805
Investments and other assets		
Investment securities	5,195	5,596
Deferred tax assets	260	64
Lease and guarantee deposits	2,635	1,436
Other	26	45
Allowance for doubtful accounts	(0)	(31)
Total investments and other assets	8,117	7,112
Total non-current assets	12,194	10,584
Total assets	49,863	48,344

(Millions of yen)

	As of December 31, 2023	As of December 31, 2024
Liabilities		
Current liabilities		
Accounts payable - trade	15,543	15,152
Asset retirement obligations	52	—
Provision for bonuses	8	510
Provision for directors' bonuses	—	32
Provision for extra retirement payments	18	—
Provision for point card certificates	499	415
Provision for head office relocation	131	—
Provision for settlements	175	—
Accounts payable – other	3,460	1,171
Deposits received	3,872	3,917
Incom taxes payable	535	305
Other	1,406	1,997
Total current liabilities	25,704	23,503
Non-current liabilities		
Deferred tax liabilities	16	—
Other	309	348
Total non-current liabilities	325	348
Total liabilities	26,030	23,852
Net assets		
Shareholders' equity		
Capital stock	1,517	1,614
Capital surplus	12,445	12,542
Retained earnings	9,021	9,347
Treasury shares	—	(0)
Total shareholders' equity	22,985	23,503
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	478	561
Foreign currency translation adjustment	71	113
Total accumulated other comprehensive income	549	674
Share acquisition rights	66	11
Non-controlling interests	231	302
Total net assets	23,833	24,492
Total liabilities and net assets	49,863	48,344

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

(Consolidated Statements of Income)

(Millions of yen)

	Fiscal year ended December 31, 2023	Fiscal year ended December 31, 2024
Net sales	24,111	24,275
Cost of sales	2,631	2,396
Gross profit	21,480	21,878
Selling, general and administrative expenses	20,178	19,738
Operating profit	1,301	2,139
Non-operating income		
Interest and dividend income	147	200
Investment dividend	291	—
Gain on investments in partnership	50	25
Foreign exchange gains	104	180
Share of gain of entities accounted for using equity method	—	18
Other	75	18
Total non-operating income	669	444
Non-operating expenses		
Interest expenses	0	0
Share of loss of entities accounted for using equity method	71	—
Loss on investments in partnership	93	195
Other	7	4
Total non-operating expenses	173	199
Ordinary profit	1,798	2,384
Extraordinary income		
Gain on sales of investment securities	12	475
Gain on sales of shares of subsidiaries	29	—
Gain on reversal of subscription rights to shares	7	18
Other	2	—
Total extraordinary income	51	493
Extraordinary losses		
Loss on retirement of non-current assets	20	53
Loss on sales of investment securities	2	3
Loss on valuation of investment securities	69	163
Loss on extra retirement payments	519	—
Head office relocation expenses	826	—
Provision for settlements	175	—
Impairment loss	2,318	157
Other	24	—
Total extraordinary losses	3,956	378
Profit before income taxes	(2,105)	2,499
Income taxes - current	813	550
Income taxes - deferred	(723)	161
Total income taxes	90	711
Profit	(2,196)	1,787
Loss attributable to non-controlling interests	164	99
Profit attributable to owners of parent	(2,360)	1,688

(Consolidated Statements of Comprehensive Income)

(Millions of yen)

	Fiscal year ended December 31, 2023	Fiscal year ended December 31, 2024
Profit	(2,196)	1,787
Other comprehensive income		
Valuation difference on available-for-sale securities	1	95
Foreign currency translation adjustment	0	0
Share of other comprehensive income of entities accounted for using equity method	48	29
Total other comprehensive income	51	125
Comprehensive income	(2,144)	1,912
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(2,309)	1,813
Comprehensive income attributable to non-controlling interests	164	99

(3) Consolidated Statements of Changes in Equity

Year ended December 31, 2023

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	1,514	12,434	12,741	—	26,689
Changes of items during period					
Issuance of new shares - exercise of share acquisition rights	3	3			7
Dividends of surplus			(1,358)		(1,358)
Profit attributable to owners of parent			(2,360)		(2,360)
Purchase of treasury shares					—
Increase in ownership interest due to capital injection into consolidated subsidiaries		7			7
Net changes of items other than shareholders' equity					
Total changes of items during period	3	11	(3,719)	—	(3,704)
Balance at end of current period	1,517	12,445	9,021	—	22,985

	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	482	15	498	75	207	27,471
Changes of items during period						
Issuance of new shares - exercise of share acquisition rights						7
Dividends of surplus						(1,358)
Profit attributable to owners of parent						(2,360)
Purchase of treasury shares						—
Increase in ownership interest due to capital injection into consolidated subsidiaries						7
Net changes of items other than shareholders' equity	(4)	55	51	(9)	23	66
Total changes of items during period	(4)	55	51	(9)	23	(3,638)
Balance at end of current period	478	71	549	66	231	23,833

Year ended December 31, 2024

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	1,517	12,445	9,021	—	22,985
Changes of items during period					
Issuance of new shares - exercise of share acquisition rights	96	96			193
Dividends of surplus			(1,362)		(1,362)
Profit attributable to owners of parent			1,688		1,688
Purchase of treasury shares				(0)	(0)
Increase in ownership interest due to capital injection into consolidated subsidiaries					—
Net changes of items other than shareholders' equity					
Total changes of items during period	96	96	325	(0)	518
Balance at end of current period	1,614	12,542	9,347	(0)	23,503

	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	478	71	549	66	231	23,833
Changes of items during period						
Issuance of new shares - exercise of share acquisition rights						193
Dividends of surplus						(1,362)
Profit attributable to owners of parent						1,688
Purchase of treasury shares						(0)
Increase in ownership interest due to capital injection into consolidated subsidiaries						—
Net changes of items other than shareholders' equity	83	41	125	(54)	70	140
Total changes of items during period	83	41	125	(54)	70	659
Balance at end of current period	561	113	674	11	302	24,492

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	Fiscal year ended December 31, 2023	Fiscal year ended December 31, 2024
Cash flows from operating activities		
Profit before income taxes	(2,105)	2,499
Depreciation	627	798
Impairment loss	2,318	157
Amortization of goodwill	304	129
Increase (decrease) in allowance for doubtful accounts	74	44
Interest and dividend income	(147)	(200)
Share of loss (profit) of entities accounted for using equity method	71	(18)
Decrease (increase) in notes and accounts receivable – trade	(1,696)	526
Decrease (increase) in inventories	176	248
Increase (decrease) in notes and accounts payable - trade	687	(390)
Loss (gain) on sales of investment securities	(12)	(471)
Loss (gain) on valuation of investment securities	69	163
Stock compensation expenses	14	25
Increase (decrease) in provision for bonuses	(3)	501
Increase (decrease) in provision for directors' bonuses	–	32
Increase (decrease) in provision for point card certificates	27	(83)
Increase (decrease) in provision for settlements	175	(175)
Increase (decrease) in provision for special retirement benefits	18	(18)
Increase (decrease) in provision for head office relocation	131	(131)
Loss on retirement of non-current assets	20	53
Investment dividend	(291)	–
Increase (decrease) in deposits paid	(14)	(323)
Increase (decrease) in deposits received	408	45
Decrease (increase) in accounts receivable – other	475	(386)
Increase (decrease) in accounts payable – other	2,015	(797)
Increase (decrease) in accrued consumption taxes	–	509
Decrease (increase) in consumption taxes receivable	268	243
Other, net	(1,984)	(112)
Subtotal	1,630	2,869
Interest and dividend income received	147	200
Interest expenses paid	(0)	(0)
Income taxes (paid) refund	(37)	(493)
Net cash provided by (used in) operating activities	1,739	2,576

(Millions of yen)

	Fiscal year ended December 31, 2023	Fiscal year ended December 31, 2024
Cash flows from investing activities		
Purchase of property, plant and equipment	(154)	(1,619)
Purchase of intangible assets	(241)	(361)
Purchase of investment securities	(2,566)	(2,532)
Proceeds from sales of investment securities	448	2,277
Purchase of loans receivable	(106)	(2)
Proceeds from loans receivable	362	336
Purchase of assist retirement obligations	—	(52)
Proceeds from share of profits on investment dividend	326	52
Payments for lease and guarantee deposits	(715)	(4)
Proceeds from lease and guarantee deposits	16	1,148
Payments for purchase of shares of subsidiaries resulting in change in scope of consolidation	(262)	—
Proceeds from sales of shares of subsidiaries resulting in change in scope of consolidation	20	—
Other, net	98	—
Net cash provided by (used in) investing activities	(2,775)	(756)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(117)	—
Repayments of long-term loans payable	(8)	—
Purchase of treasury shares	—	(0)
Cash dividends paid	(1,357)	(1,361)
Repayments of lease obligations payable	(8)	(6)
Proceeds from exercise of share options	7	193
Cash dividends paid to minority shareholders	(122)	(29)
Other	(4)	—
Net cash provided by (used in) financing activities	(1,610)	(1,203)
Effect of exchange rate change on cash and cash equivalents	73	205
Net increase (decrease) in cash and cash equivalents	(2,573)	821
Cash and cash equivalents at beginning of period	16,101	13,528
Cash and cash equivalents at end of period	13,528	14,349

(5) Notes to Condensed Consolidated Financial Statements

(Going Concern Assumption)

None

(Change in the Presentation Method)

(Consolidated Statements of Cash Flows)

"Decrease (increase) in deposits paid" and "increase (decrease) in accounts payable – other," as well as "loss (gain) on valuation of investment securities" included in "Other" under cash flows from operating activities in the previous consolidated fiscal year has been presented separately from the current consolidated fiscal year as it has become more significant. The previous fiscal year's consolidated financial statements have been reclassified to reflect this change in the presentation method. As a result, ¥86 million recorded in "Other" under cash flows from operating activities in the previous consolidated fiscal year has been reclassified into ¥(14) million in "decrease (increase) in deposits paid," ¥2,015 million in "increase (decrease) in accounts payable - other," ¥69 million in "loss (gain) on valuation of investment securities," and ¥(1,984) million in "Other."

(Consolidated Statements of Income)

*1 Profit from contracts with customers

The Company does not disaggregate profit from contracts with customers and other sources of profit. The amount of profit from contracts with customers is presented in "Notes (Segment Information, etc.)" of the Consolidated Financial Statements.

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

(Millions of yen)

	Fiscal year ended December 31, 2023 (January 1, 2023 to December 31, 2023)	Fiscal year ended December 31, 2024 (January 1, 2024 to December 31, 2024)
Salaries	8,135	7,571
System usage fees	2,714	2,743
Advertising and promotion expenses	1,473	1,344

*3 Impairment losses

Fiscal year ended 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
Chuo-ku, Tokyo	Head office (CARTA COMMUNICATIONS Inc.)	Buildings	459
		Furniture and fixtures	16
Shibuya-ku, Tokyo	Business assets (Digital Marketing Business)	Software	7
Shibuya-ku, Tokyo	Other (Digital Marketing Business)	Goodwill	873
Shibuya-ku, Tokyo	Business assets (Digital Marketing Business)	Technology-related assets	589

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.

In the Digital Marketing Business, the Company has recorded an impairment loss on the entire carrying amount of its software for which profitability has declined, with the recoverable amount being zero.

In consequence of the Company's management integration with Cyber Communications Inc., effective January 1, 2019, the Company had been recording goodwill and technology-related assets as a representation of the excess earning power of its ad technology business*. Due to changes in external environment, it was judged that the ad technology business was unable to achieve the business plan formulated at the time of acquisition of Cyber Communications Inc. Therefore, the carrying amount of goodwill, etc. was reduced to the recoverable amount, and the amount of reduction was recorded as impairment loss (¥1,463 million) under extraordinary losses. The recoverable amount of goodwill, etc., was measured at their value in use according to the said business plan, with future cash flows estimated at the discount rate of 14%.

*The ad technology business at the time of management integration is included in the Digital Marketing Business as of the end of the fiscal year under review.

Fiscal year ended December 31, 2024 (January 1, 2024 to December 31, 2024)
The Group recorded impairment losses on the following asset groups.

(Millions of yen)

Location	Usage	Type	Impairment loss
Minato-ku, Tokyo	Business assets (Digital Marketing Business)	Software	3
	Other (Digital Marketing Business)	Goodwill	154

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.

In the Digital Marketing Business, the Company has recorded an impairment loss on the entire carrying amount of its software for which profitability has declined, with the recoverable amount being zero. In addition, after reviewing the progress of the business plan and considering future business performance forecasts of our consolidated subsidiary D-Marketing Academy, inc., the undiscounted future cash flow of the business asset group fell below the carrying amount of the fixed assets. Accordingly, we reduced the carrying amount of goodwill to its recoverable amount and said reduced amount has been recorded as an impairment loss under extraordinary losses. The recoverable amount was evaluated as zero because no future cash flow is expected.

(Segment Information, etc.)

[Segment Information]

1. Overview of reportable segments

The Group's reportable segments are the units for which separate financial information is 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 develop 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 two reportable segments: "Digital Marketing Business" and "Internet-related Business."

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

Reportable segment	Description of services in each segment
Digital Marketing Business	Provides digital marketing support to advertising agencies, clients, and others, as well as media DX support
Internet-related Business	Provides media solutions and operates services in the EC and HR domains

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

The accounting method based on the accounting policy used in the preparation of the consolidated financial statements has been applied to the reportable business segments.

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

3. Information on sales, income or loss, assets, and other items and information on disaggregation of profit by reportable business segment

Fiscal year ended December 31, 2023 (January 1, 2023 to December 31, 2023)

(Millions of yen)

	Reportable Segments			Adjustment	Consolidation
	Digital Marketing Business	Internet-related Business	Total		
Sales					
Profit from contracts with customers	16,927	7,184	24,111	—	24,111
Other profit	—	—	—	—	—
Outside sales	16,927	7,184	24,111	—	24,111
Intersegment sales or transfer	34	—	34	(34)	—
Total	16,961	7,184	24,146	(34)	24,111
Segment Income	893	407	1,301	—	1,301
Other Items					
Depreciation	501	125	627	—	627
Amortization of goodwill	226	78	304	—	304

(Note) Segment assets are not disclosed, as the Company does not allocate assets to reportable segments.

Fiscal year ended December 31, 2024 (January 1, 2024 to December 31, 2024)

(Millions of yen)

	Reportable Segments			Adjustment	Consolidation
	Digital Marketing Business	Internet-related Business	Total		
Sales					
Profit from contracts with customers	16,239	8,035	24,275	—	24,275
Other profit	—	—	—	—	—
Outside sales	16,239	8,035	24,275	—	24,275
Intersegment sales or transfer	91	—	91	(91)	—
Total	16,331	8,035	24,366	(91)	24,275
Segment Income	1,705	433	2,139	—	2,139
Other Items					
Depreciation	606	192	798	—	798
Amortization of goodwill	51	78	129	—	129

(Note) Segment assets are not disclosed, as the Company does not allocate assets to reportable segments.

[Related Information]

Fiscal year ended December 31, 2023 (January 1, 2023 to December 31, 2023)

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

(Millions of yen)

Customer	Sales	Related segment
Dentsu Digital Inc.	3,102	Digital Marketing Business

Fiscal year ended December 31, 2024 (January 1, 2024 to December 31, 2024)

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

(Millions of yen)

Customer	Sales	Related segment
Dentsu Digital Inc.	3,245	Digital Marketing Business

[Information on impairment loss on non-current assets by reportable segment]
Fiscal year ended December 31, 2023 (January 1, 2023 to December 31, 2023)

(Millions of yen)

	Reportable Segments			Corporate/ Elimination	Total
	Digital Marketing Business	Internet-related Business	Total		
Impairment losses	1,471	—	1,471	846	2,318

Fiscal year ended December 31, 2024 (January 1, 2024 to December 31, 2024)

(Millions of yen)

	Reportable Segments			Corporate/ Elimination	Total
	Digital Marketing Business	Internet-related Business	Total		
Impairment losses	157	—	157	—	157

[Information on amortization of goodwill and unamortized balance by reportable segment]
Fiscal year ended December 31, 2023 (January 1, 2023 to December 31, 2023)

(Millions of yen)

	Reportable Segments			Corporate/ Elimination	Total
	Digital Marketing Business	Internet-related Business	Total		
Amortization	226	78	304	—	304
Year-end balance	205	394	600	—	600

Fiscal year ended December 31, 2024 (January 1, 2024 to December 31, 2024)

(Millions of yen)

	Reportable Segments			Corporate/ Elimination	Total
	Digital Marketing Business	Internet-related Business	Total		
Amortization	51	78	129	—	129
Year-end balance	—	316	316	—	316

[Information on profit from negative goodwill by reportable segment]
Fiscal year ended December 31, 2023 (January 1, 2023 to December 31, 2023)
None

Fiscal year ended December 31, 2024 (January 1, 2024 to December 31, 2024)
None

(Per Share Information)

Fiscal year ended December 31, 2023 (January 1, 2023 to December 31, 2023)		Fiscal year ended December 31, 2024 (January 1, 2024 to December 31, 2024)	
	Yen		Yen
Net assets per share	935.06	Net assets per share	955.64
Net (loss) per share	(93.81)	Net income per share	66.79
Diluted net income per share	—	Diluted net income per share	—

(Notes) 1. Diluted net income per share for the fiscal year ended December 31, 2023 is not presented because net income per share was negative, although dilutive shares did exist.

2. Diluted net income per share for the fiscal year ended December 31, 2024 is not presented because potentially dilutive shares did not exist.

3. The net income (loss) per share and the bases for its calculation are as follows:

	Fiscal year ended December 31, 2023 (January 1, 2023 to December 31, 2023)	Fiscal year ended December 31, 2024 (January 1, 2024 to December 31, 2024)
Net income (loss) per share		
Profit (loss) attributable to owners of parent (Millions of yen)	(2,360)	1,688
Amount not attributed to common shareholders (Millions of yen)	—	—
Profit (loss) attributable to owners of parent related to common stock (Millions of yen)	(2,360)	1,688
Average number of common shares during the period (Shares)	25,163,984	25,272,792
Summary of potential shares not included in the calculation of diluted net income per share due to no dilutive effect	—	—

(Significant Subsequent Events)

None