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February 8, 2022

**Summary of Consolidated Financial Results
for the Third Quarter of the Fiscal Year 2023 (FY03/2023)
[Japanese standards] (Consolidated)**

Company name: EKITAN Co., Ltd.
 Stock exchange listing: Tokyo
 Securities code: 3646 URL: <https://www.ekitan.co.jp/>
 Representative: President (in charge of Management Strategy Office) Naoyuki Kaneda
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 Scheduled date to file Quarterly Securities Report: February 8, 2023
 Scheduled date to commence dividend payments: N/A
 Preparation of supplementary material on financial results: Yes
 Holding of financial results meeting: No

(Amounts less than one mil. yen are rounded down)

1. Consolidated financial results of the third quarter of FY03/2023 (April 1, 2022 – December 31, 2022)**(1) Consolidated operating results (cumulative)**

(Percentages indicate year-on-year changes)

	Net sales		EBITDA*		Operating profit (loss)		Ordinary profit (loss)		Net profit (loss) attributable to owners of parent	
	mil. yen	%	mil. yen	%	mil. yen	%	mil. yen	%	mil. yen	%
3Q of FY03/2023	2,373	11.9	200	(5.2)	60	(19.7)	58	(23.2)	51	48.2
3Q of FY03/2022	2,120	42.3	211	13.1	74	(47.9)	76	(52.7)	34	(62.8)

(Note) Comprehensive profit 3Q of FY03/2023: 51 mil. yen [48.2%]
 3Q of FY03/2022: 34 mil. yen [(62.8)%]

* EBITDA = Operating profit + Depreciation + Amortization of goodwill

	Net profit (loss) per share		Diluted net profit (loss) per share	
	yen		yen	
3Q of FY03/2023	9.55		—	
3Q of FY03/2022	6.33		—	

(2) Consolidated financial position

	Total assets		Net assets		Equity ratio	
	mil. yen		mil. yen		%	
3Q of FY03/2023	3,094		2,446		79.1	
FY03/2022	3,541		2,838		80.2	

(Reference) Shareholders equity 3Q of FY03/2023: 2,446 mil. yen
 FY03/2022: 2,838 mil. yen

2. Cash dividends

	Annual dividends per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	yen				
FY03/2022	—	0.00	—	14.00	14.00
FY03/2023	—	0.00	—	—	—
FY03/2023 (forecasts)	—	—	—	14.00	14.00

(Note) Revisions to dividend forecasts published most recently: No

3. Consolidated performance forecasts for FY03/2023 (April 1, 2022 – March 31, 2023)

(Percentages indicate year-on-year changes)

	Net sales		EBITDA		Operating profit (loss)		Ordinary profit (loss)		Net profit (loss) attributable to owners of parent		Net profit (loss) per share
	mil. yen	%	mil. yen	%	mil. yen	%	mil. yen	%	mil. yen	%	yen
Full term	3,511	21.5	386	21.2	180	30.4	182	29.5	133	66.7	24.26

(Note) Revisions to performance forecasts published most recently: No

***Notes**

- (1) Changes in significant subsidiaries during the current quarter consolidated cumulative period (changes in specified subsidiaries resulting in the change in scope of consolidation): Yes
- New: 1 (name) Proud Engine Inc. Excluded: None
- (Note) For details, please see the appendix, page 6, "2. Quarterly Consolidated Financial Statements and Principal Notes, (3) Notes on Quarterly Consolidated Financial Statements".

- (2) Application of special accounting methods to the preparation of quarterly consolidated financial statement: Yes
- (Note) For details, please see the appendix, page 6, "2. Quarterly Consolidated Financial Statements and Principal Notes, (3) Notes on Quarterly Consolidated Financial Statements".

- (3) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements

- ① Changes in accounting policies due to revisions to accounting standards and other regulations: No
- ② Changes in accounting policies due to other reasons: No
- ③ Changes in accounting estimates: No
- ④ Restatement of prior period financial statements: No

- (4) Number of issued shares (common shares)

- ① Total number of issued shares at the end of the period (including treasury stock)

3Q of FY03/2023:	6,018,800 shares	FY03/2022:	6,818,800 shares
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- ② Number of treasury stock at the end of the period

3Q of FY03/2023:	1,171,316 shares	FY03/2022:	1,309,116 shares
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- ③ Average number of shares during the period (quarterly cumulative)

3Q of FY03/2023:	5,411,043 shares	3Q of FY03/2022:	5,509,684 shares
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- * Quarterly summary of financial results is not included in a quarterly review by a certified public accountant or an auditing firm.

- * Explanation regarding appropriate use of the earnings forecast and other special notes

Descriptions about the future such as performance forecasts contained in this document are based on information currently available to the Company and certain presumptions considered as reasonable, and those are not intended to indicate the Company should assure that it would realize such forecasts. Meanwhile, actual performance in the future may differ substantially, influenced by a wide variety of factors. For preconditions for performance forecasts and precaution statements in using such forecasts, please see the appendix, page 3, "1. Qualitative Information regarding the Financial Results of the Current Quarter: (3) Descriptions regarding future prospects such as consolidated performance forecasts".

Supplementary material on financial results was posted on the Company's website on February 8, 2023 (Wed.).

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1. Qualitative Information regarding the Financial Results of the Current Quarter

(1) Descriptions regarding operating results

During the current third quarter consolidated cumulative fiscal period, Japanese economy has presented a certain level of recovery trend in domestic economic activities despite impacts of COVID-19 infections (8th wave) but thanks to gradual relaxation of restrictions on economic/social activities.

At the same time, price escalation due to rise in energy costs caused by the prolonged conflict between Russia and Ukraine has become wider little by little, which might have some impacts on individual consumers' confidence, and accordingly there still seems to be unpredictable future.

In such a situation, Net sales in the Mobility Support Business segment has grown thanks to increased advertising revenues due to more access to Ekitan media such as Transfer Information site and associated apps as well as order-taking for services for corporations such as MaaS. However, our services for paid subscribers such as Transfer Information have continuously experienced lower revenues associated with the trend towards decreasing number of paid subscribers, affected by market environment including commoditization. Meanwhile, in the Advertisement Platform Business segment, with respect to "Cirqua", an advertisement service operated by Cirqua, Inc., revenues substantially dropped due to revisions to the PMD Act in August 2021, nevertheless, besides improved profitability thanks to operations based on new criteria for posting advertisements in accordance with the revised PMD Act, joining Proud Engine Inc. as a new subsidiary from the current third quarter consolidated cumulative fiscal period helped increase in Net sales. Consequently, Net sales of the entire Group increased as compared to the previous 3Q of FY03/2022.

As for profit, in addition to cost reduction by insourcing back-office operations and higher operational efficiency, the Company has put its efforts to thorough cost reduction such as less rental expenses with smaller office against the background of having employees shift to working from home on a regular basis as a measure against COVID-19 infections, but such efforts were not enough to complement decreased sales of services for paid subscribers which provided high profit rate, resulting in lower earnings. On the other hand, Net profit attributable to owners of parent increased due to allocating Gain on forgiveness of debts of Laterra International, Inc., a consolidated subsidiary, as Extraordinary profit.

Consequently, consolidated financial results of the current third quarter consolidated cumulative period were as follows: Net sales: 2,373,228 thousand yen (increase by 11.9% YoY); EBITDA: 200,259 thousand yen (decrease by 5.2% YoY); Operating profit: 60,094 thousand yen (decrease by 19.7% YoY); Ordinary profit: 58,903 thousand yen (decrease by 23.2% YoY); and Net profit attributable to owners of parent : 51,655 thousand yen (increase by 48.2% YoY).

Operating results of individual business segments are as follows.

① *Mobility Support Business*

This segment experienced downward trend because of continuously decreasing number of paid subscribers due to commoditization of Transfer Information services. Meanwhile, this segment could make a progress through increased advertising revenues due to more access to Ekitan media such as Transfer Information site and associated apps, as well as order-taking for services for corporations such as demonstration experiment of MaaS for local residents in Esashi Town (Hokkaido Pref.), but such positive aspects were not enough to complement decreased sales and profit of services for paid subscribers, resulting in lower revenues/earnings.

These operations resulted in Net sales of 1,183,703 thousand yen (decrease by 3.2% YoY), EBITDA of 363,339 thousand yen (decrease by 21.7% YoY) and Segment profit of 320,195 thousand yen (decrease by 22.6% YoY).

② *Advertisement Platform Business*

With respect to "Cirqua", an advertisement service operated by Cirqua, Inc., revenues substantially dropped due to revisions to the PMD Act in August 2021, nevertheless, besides improved profitability thanks to operations based on new criteria for posting advertisements in accordance with the revised PMD Act, inclusion of Proud Engine Inc. in this segment from the current third quarter consolidated fiscal period led to increased Net sales. On the other hand, as for profit, increased Net sales contributed to smaller amount of losses, but in addition to allocating amortization of goodwill, up-front investment in enhancement of service genres of the vertical media called "Ekitan PICKS" which has been in operation since the previous consolidated FY resulted in deficit.

These operations resulted in Net sales of 1,189,525 thousand yen (increase by 32.4% YoY), EBITDA of 53,812 thousand yen (which was 3,991 thousand yen in the 3Q/FY2022) and Segment loss of 39,392 thousand yen (which was 67,775 thousand yen in the 3Q/FY2022).

(2) Descriptions regarding financial position*(Assets)*

Current assets was 1,801,881 thousand yen at the end of the current third quarter consolidated fiscal period, i.e. decrease by 620,814 thousand yen as compared to the end of the previous consolidated FY. This is mainly due to decrease in Cash and deposits by 646,330 thousand yen, and increase in Accounts receivable - trade & contract assets by 13,183 thousand yen. Non-current assets was 1,292,498 thousand yen, i.e. increase by 173,688 thousand yen as compared to the end of the previous consolidated FY. This is mainly due to increase in Software by 57,045 thousand yen, increase in Goodwill by 49,048 thousand yen, and increase in Intangible assets - Others by 60,807 thousand yen. As a result, Total assets was 3,094,379 thousand yen, i.e. decrease by 447,126 thousand yen as compared to the end of the previous consolidated FY.

(Liabilities)

Current liabilities was 386,260 thousand yen at the end of the current third quarter consolidated fiscal period, i.e. decrease by 17,465 thousand yen as compared to the end of the previous consolidated FY. This is mainly due to increase in Accounts payable - trade by 37,434 thousand yen, decrease in Income taxes payable by 44,260 thousand yen and increase in Provision for bonuses by 12,533 thousand yen. Non-current liabilities was 261,577 thousand yen, i.e. decrease by 37,263 thousand yen as compared to the end of the previous consolidated FY. This is mainly due to decrease in Current liabilities - Others by 37,098 thousand yen. As a result, Total liabilities was 647,837 thousand yen, i.e. decrease by 54,728 thousand yen as compared to the end of the previous consolidated FY.

(Net assets)

Total net assets was 2,446,541 thousand yen at the end of the current third quarter consolidated fiscal period, i.e. decrease by 392,398 thousand yen as compared to the end of the previous consolidated FY. This is due to decrease in Retained earnings by 470,025 thousand yen. As a result, Equity ratio decreased from the end of the previous consolidated FY by 1.1 points to 79.1%.

(3) Descriptions regarding future prospects such as consolidated performance forecasts

Concerning the consolidated performance forecasts for the full term of FY03/2023, although Proud Engine Inc. has been a consolidated subsidiary from the 3Q of the current consolidated fiscal period, at present its influence has been so small that the Company considered it did not need to amend these performance forecasts and thus they are same as those announced on May 11, 2022.

2. Quarterly Consolidated Financial Statements and Principal Notes

(1) Quarterly Consolidated Balance Sheets

	Previous consolidated fiscal year (March 31, 2022)	Current third quarter consolidated fiscal period (December 31, 2022)
(thousand yen)		
Assets		
Current assets		
Cash and deposits	2,079,577	1,433,246
Accounts receivable - trade & contract assets	321,142	334,326
Work in process	273	1,941
Raw materials and supplies	1,963	1,778
Others	20,310	31,048
Allowance for doubtful accounts	(570)	(459)
Total current assets	2,422,696	1,801,881
Non-current assets		
Property, plant and equipment	70,964	67,496
Intangible assets		
Software	256,886	313,931
Customer-related assets	266,546	279,435
Goodwill	415,890	464,939
Others	19,007	79,814
Total intangible assets	958,330	1,138,120
Investments and other assets	89,514	86,881
Total non-current assets	1,118,810	1,292,498
Total assets	3,541,506	3,094,379
Liabilities		
Current liabilities		
Accounts payable - trade	167,826	205,261
Income taxes payable	47,654	3,394
Provision for bonuses	12,533	—
Valuation allowance for purchase contracts	13,156	13,156
Others	162,554	164,448
Total current liabilities	403,725	386,260
Non-current liabilities		
Long-term loans payable	100,000	100,000
Provision for directors' retirement benefits	19,800	21,420
Asset retirement obligations	14,412	14,412
Deferred tax liabilities	125,529	123,744
Others	39,098	2,000
Total non-current liabilities	298,841	261,577
Total liabilities	702,566	647,837
Net assets		
Shareholders' equity		
Capital stock	291,956	291,956
Capital surplus	293,531	293,531
Retained earnings	2,926,669	2,456,644
Treasury stock	(673,216)	(595,589)
Total shareholders' equity	2,838,940	2,446,541
Total net assets	2,838,940	2,446,541
Total liabilities and net assets	3,541,506	3,094,379

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

(Quarterly Consolidated Statements of Income)

(For the third quarter consolidated cumulative period)

(thousand yen)

	Previous third quarter consolidated cumulative period (Apr. 1, 2021 – Dec. 31, 2021)	Current third quarter consolidated cumulative period (Apr. 1, 2022 – Dec. 31, 2022)
Net sales	2,120,616	2,373,228
Cost of sales	1,393,847	1,674,386
Gross profit	726,768	698,841
SG&A expenses	651,953	638,746
Operating profit (loss)	74,815	60,094
Non-operating profit (loss)		
Interest income	17	18
Gain on forfeiture of unclaimed dividends	138	157
Subsidy income	1,600	1,500
Interest subsidy	941	941
Others	107	111
Total non-operating profit (loss)	2,805	2,729
Non-operating expenses		
Interest expenses	958	941
Foreign exchange losses	0	—
Purchase of treasury stock	—	2,978
Total non-operating expenses	958	3,920
Ordinary profit (loss)	76,661	58,903
Extraordinary profit		
Gain on forgiveness of debts	—	18,531
Total extraordinary profit	—	18,531
Extraordinary losses		
Loss on retirement of non-current assets	188	—
Total extraordinary losses	188	—
Net profit (loss) before income taxes and minority interests	76,472	77,435
Income taxes	41,618	25,779
Net profit (loss)	34,854	51,655
Profit (loss) attributable to owners of parent	34,854	51,655

(Quarterly Consolidated Statements of Income)

(For the third quarter consolidated cumulative period)

(thousand yen)

	Previous third quarter consolidated cumulative period (Apr. 1, 2021 – Dec. 31, 2021)	Current third quarter consolidated cumulative period (Apr. 1, 2022 – Dec. 31, 2022)
Net profit (loss)	34,854	51,655
Comprehensive income (loss)	34,854	51,655
(detail)		
Comprehensive income (loss) attributable to owners of parent	34,854	51,655

(3) Notes on Quarterly Consolidated Financial Statements

(Going Concern Assumption)

Not applicable.

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

The Company, based on the decisions taken at its board meeting held on November 9, 2022, purchased 746,200 shares of its treasury stock as of November 10, 2022, and then canceled 800,000 shares of its treasury stock as of November 30, 2022. Consequently, during the current third quarter consolidated cumulative fiscal period Retained earnings and Treasury stock decreased by 406,783 thousand yen and 34,429 thousand yen respectively; and accordingly the former was 2,456,644 thousand yen and the latter was 595,589 thousand yen at the end of the current third quarter consolidated fiscal period.

(Changes in Important Subsidiaries during the Current Consolidated Cumulative Period)

During the third quarter consolidated fiscal period, Proud Engine Inc. became a subsidiary of the Company by share acquisition, and therefore it has been included in the scope of consolidation. Proud Engine Inc. is a specified subsidiary of the Company.

(Application of Special Accounting Methods to the Preparation of Quarterly Consolidated Financial Statements)

(Calculation of tax expenses)

Tax expenses are calculated by multiplying the net profit before income taxes by a reasonably evaluated effective tax rate on the net profit before income taxes for the consolidated fiscal year including the current third quarter consolidated fiscal period.

(Segment Information)

I Previous third quarter consolidated cumulative period (Apr. 1, 2021 – Dec. 31, 2021)

1. Information on net sales and profit/loss of each reportable segment

	(thousand yen)		
	Reportable segments		
	Mobility Support Business	Advertisement Platform Business	Total
Net sales			
Sales to external customers	1,222,202	898,414	2,120,616
Inter-segment sales or transfer		—	
Total	1,222,202	898,414	2,120,616
Segment profit (loss)	413,549	(67,775)	345,773
Depreciation	49,378	37,181	86,560
Amortization of goodwill	1,295	34,585	35,880
EBITDA (see Note)	464,222	3,991	468,214

Note: EBITDA = Segment profit (loss) + Depreciation + Amortization of goodwill

2. Difference between the total amount of profit or loss of reportable segments and the amount presented on the Quarterly Consolidated Statements of Income; and main contents of said difference (items in relation to adjustment of difference)

Profit	Amount	(thousand yen)
Reportable segments total		345,773
Corporate expenses (see Note)		(270,958)
Operating profit (loss) on the Quarterly Consolidated Statements of Income		74,815

Note: Corporate expenses comprises of general and administrative expenses not attributable to reportable segments.

3. Information on impairment loss of non-current assets or goodwill, etc., for each reportable segment

(Significant changes in amount of goodwill)

In the "Advertisement Platform Business" segment, Cirqua, Inc. has been included in the scope of consolidation due to acquisition of its shares during the first quarter consolidated fiscal period.

II Current third quarter consolidated cumulative period (Apr. 1, 2022 – Dec. 31, 2022)

1. Information on net sales and profit/loss of each reportable segment

(thousand yen)

	Reportable segments		
	Mobility Support Business	Advertisement Platform Business	Total
Net sales			
Sales to external customers	1,183,703	1,189,525	2,373,228
Inter-segment sales or transfer	—	—	—
Total	1,183,703	1,189,525	2,373,228
Segment profit (loss)	320,195	(39,392)	280,803
Depreciation	42,280	56,452	98,733
Amortization of goodwill	863	36,752	37,615
EBITDA (see Note)	363,339	53,812	417,152

Note: EBITDA = Segment profit (loss) + Depreciation + Amortization of goodwill

2. Difference between the total amount of profit or loss of reportable segments and the amount presented on the Quarterly Consolidated Statements of Income; and main contents of said difference (items in relation to adjustment of difference)

(thousand yen)

Profit	Amount
Reportable segments total	280,803
Corporate expenses (see Note)	(220,708)
Operating profit (loss) on the Quarterly Consolidated Statements of Income	60,094

Note: Corporate expenses comprises of general and administrative expenses not attributable to reportable segments.

3. Information on impairment loss of non-current assets or goodwill, etc., for each reportable segment

(Significant changes in amount of goodwill)

In the “Advertisement Platform Business” segment, Proud Engine Inc. has been included in the scope of consolidation due to acquisition of its shares during the current third quarter consolidated fiscal period.

This event caused increase in the amount of goodwill by 84,497 thousand yen in the current third quarter consolidated fiscal period.