

## Summary of Consolidated Financial Results for the Full-Term of the Fiscal Year 2023 (FY03/2023) [Japanese standards] (Consolidated)

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 Stock exchange listing: Tokyo  
 Securities code: 3646 URL: <https://ekitan.co.jp/>  
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 Scheduled date of ordinary general meeting of shareholders: June 27, 2023  
 Scheduled date to file Securities Report: June 28, 2023  
 Scheduled date to commence dividend payments: June 28, 2023  
 Preparation of supplementary material on financial results: Yes  
 Holding of financial results meeting: Yes (For institutional investors)

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

**1. Consolidated financial results of FY03/2023 (April 1, 2022 – March 31, 2023)****(1) Consolidated operating results**

(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	%
FY03/2023	3,206	10.9	296	(7.0)	105	(24.3)	104	(25.8)	89	12.0
FY03/2022	2,891	48.4	319	27.8	138	(26.3)	140	(31.9)	80	(35.5)

(Note) Comprehensive profit FY03/2023: 89 mil. yen [12.0%]  
 FY03/2022: 80 mil. yen [(35.5)%]

\* EBITDA = Operating profit + Depreciation + Amortization of goodwill

	Net profit (loss) per share	Diluted net profit (loss) per share	Return on equity	Ordinary profit to total assets ratio	Operating profit to total assets ratio
	yen	yen	%	%	%
FY03/2023	17.04	—	3.4	3.1	3.3
FY03/2022	14.56	—	2.8	4.1	4.8

**(2) Consolidated financial position**

	Total assets	Net assets	Equity ratio	Net assets per share
	mil. yen	mil. yen	%	
FY03/2023	3,152	2,487	78.9	513.25
FY03/2022	3,541	2,838	80.2	515.26

(Reference) Shareholders equity FY03/2023: 2,487 mil. yen  
 FY03/2022: 2,838 mil. yen

**(3) Consolidated cash flows**

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of period
	mil. yen	mil. yen	mil. yen	mil. yen
FY03/2023	63	(265)	(452)	1,424
FY03/2022	345	(772)	(77)	2,079

**2. Cash dividends**

	Annual dividends per share					Total cash dividends	Dividend payout ratio (consolidated)	Ratio of dividends to net assets (consolidated)
	1Q-end	2Q-end	3Q-end	Year-end	Total			
	yen	yen	yen	yen	yen	mil. yen	%	%
FY03/2022	—	0.00	—	14.00	14.00	77	96.2	2.7
FY03/2023	—	0.00	—	14.00	14.00	67	82.2	2.7
FY03/2024 (forecasts)	—	0.00	—	14.00	14.00		189.7	

**3. Consolidated performance forecasts for FY03/2024 (April 1, 2023 – March 31, 2024)**

(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
2Q (cumulative)	2,166	41.7	93	(38.7)	(27)	—	(26)	—	(25)	—	(4.79)
Full year	4,612	43.9	316	6.7	65	(37.3)	70	(32.5)	38	(56.7)	7.38

**\*Notes**

- (1) Changes in significant subsidiaries during the current 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 10, "3. Consolidated Financial Statements and Principal Notes, (5) Notes on Consolidated Financial Statements (Significant Information regarding the Preparation of Consolidated Financial Statements)".
- (2) 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  
(Note) For details, please see the appendix, page 11, "3. Consolidated Financial Statements and Principal Notes, (5) Notes on Consolidated Financial Statements, (Changes in Accounting Principles)".
- (4) Number of issued shares (common shares)
- ① Total number of issued shares at the end of the period (including treasury stock)
- |            |                  |            |                  |
|------------|------------------|------------|------------------|
| FY03/2023: | 6,018,800 shares | FY03/2022: | 6,818,800 shares |
|------------|------------------|------------|------------------|
- ② Number of treasury stock at the end of the period
- |            |                  |            |                  |
|------------|------------------|------------|------------------|
| FY03/2023: | 1,171,316 shares | FY03/2022: | 1,309,116 shares |
|------------|------------------|------------|------------------|
- ③ Average number of shares during the period
- |            |                  |            |                  |
|------------|------------------|------------|------------------|
| FY03/2023: | 5,272,083 shares | FY03/2022: | 5,509,684 shares |
|------------|------------------|------------|------------------|
- \* 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. Overall Operating Results, etc., (4) Forecasts for the future".

Supplementary material on financial results will be posted on the Company's website on May 10, 2023 (Wed.).

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## 1. Overall Operating Results, etc.

### (1) Overall operating results of the current period

During the current consolidated FY, despite impacts of COVID-19 infections, Japanese economy has presented a certain level of recovery trend in domestic economic activities 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 ("Mobility as a Service" which means a service aiming at optimizing demand and supply by utilizing data on movements of vehicles and people, leading to solving social issues around such movements). 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 last third quarter consolidated cumulative fiscal period helped increase in Net sales. Consequently, Net sales of the entire Group increased as compared to the previous consolidated FY. 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, and additionally, cost for renovating "BTOOnline" (a service for arrangement of ticketless business trip) increased, resulting in decrease in both operating profit and ordinary profit. 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 financial results of the current consolidated FY were as follows: Net sales: 3,206,085 thousand yen (increase by 10.9% YoY); EBITDA: 296,856 thousand yen (decrease by 7.0% YoY); Operating profit: 105,084 thousand yen (decrease by 24.3% YoY); Ordinary profit: 104,496 thousand yen (decrease by 25.8% YoY); and Net profit attributable to owners of parent: 89,827 thousand yen (increase by 12.0% 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, and additionally, cost for system renovation of "BTOOnline" (a service for arrangement of ticketless business trip) by its supplier, part of which the Company supported, increased than as initially assumed, resulting in lower revenues/earnings.

These operations resulted in Net sales of 1,595,863 thousand yen (decrease by 2.4% YoY), EBITDA of 515,738 thousand yen (decrease by 17.2% YoY) and Segment profit of 457,538 thousand yen (decrease by 17.5% 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 since the last third quarter consolidated fiscal period led to higher revenues. 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 1,610,222 thousand yen (increase by 28.3% YoY), EBITDA of 66,899 thousand yen (increase by 245.1% YoY) and Segment loss of 61,499 thousand yen (which was 77,228 thousand yen in the previous FY).

**(2) Overall financial position of the current period***(Assets)*

Current assets was 1,868,574 thousand yen at the end of the current consolidated FY, i.e. decrease by 554,121 thousand yen as compared to the end of the previous consolidated FY. This is mainly due to decrease in Cash and deposits by 654,593 thousand yen, and increase in Accounts receivable - trade & contract assets by 67,667 thousand yen. Non-current assets was 1,284,373 thousand yen, i.e. increase by 165,563 thousand yen as compared to the end of the previous consolidated FY. This is mainly due to increase in Software by 56,898 thousand yen and increase in Intangible assets - Others by 83,385 thousand yen. As a result, total assets was 3,152,947 thousand yen, i.e. decrease by 388,558 thousand yen as compared to the end of the previous consolidated FY.

*(Liabilities)*

Current liabilities was 438,139 thousand yen at the end of the current consolidated FY, i.e. increase by 34,414 thousand yen as compared to the end of the previous consolidated FY. This is mainly due to increase in Accounts payable - trade by 79,563 thousand yen and decrease in Income taxes payable by 34,409 thousand yen. Non-current liabilities was 226,833 thousand yen, i.e. decrease by 72,007 thousand yen as compared to the end of the previous consolidated FY. This is mainly due to decrease in Provision for directors' retirement benefits by 37,098 thousand yen and decrease in Non-current liabilities - Others by 37,098 thousand yen. As a result, Total liabilities was 664,973 thousand yen, i.e. decrease by 37,593 thousand yen as compared to the end of the previous consolidated FY.

*(Net assets)*

Total net assets was 2,487,974 thousand yen at the end of the current consolidated FY, i.e. decrease by 350,965 thousand yen as compared to the end of the previous consolidated FY. This is mainly due to Dividends from surplus of 77,135 thousand yen, Net profit attributable to owners of parent of 89,827 thousand yen, and Purchase of treasury stock of 372,353 thousand yen. As a result, Equity ratio decreased from the end of the previous consolidated FY by 1.3 points to 78.9%.

**(3) Overall cash flows of the current period**

Cash and cash equivalents (hereinafter, "business fund") at the end of the current consolidated FY was 1,424,983 thousand yen, i.e. decrease by 654,593 thousand yen from the end of the previous consolidated FY.

Each cash flow status and factors thereof in the current consolidated FY are as follows.

*(Cash flows from operating activities)*

Net cash provided by operating activities during the current consolidated FY was 63,211 thousand yen (which was 345,490 thousand yen in the previous FY). This is mainly due to Net profit before income taxes and minority interests of 123,028 thousand yen, Depreciation of 140,461 thousand yen, Others of 140,461 thousand yen, and Income taxes paid of 99,291 thousand yen.

*(Cash flows from investing activities)*

Net cash used in investing activities during the current consolidated FY was 265,555 thousand yen (which was 772,428 thousand yen in the previous FY). This is mainly due to Purchase of intangible assets of 231,520 thousand yen and Payments for acquisition of new consolidated subsidiary of 20,761 thousand yen.

*(Cash flows from financing activities)*

Net cash used in financing activities during the current consolidated FY was 452,250 thousand yen (which was 77,987 thousand yen in the previous FY). This is mainly due to Purchase of treasury stock of 375,332 thousand yen and Dividends paid of 76,917 thousand yen.

#### (4) Forecasts for the future

Services for paid subscribers such as Transfer Information which is the mainstay of our business have been commoditized and continuously reduced profitability, so it is urgently necessary for us to create some business that should become a new mainstay. Amid such a business environment, in accordance with the mid-term management plan announced on May 11, 2021, the Company has carried out a variety of activities making use of its business resources to the maximum extent possible while associating “needs of local residents” with “services provided by local business entities”, based on its own “Regional Marketing Platform” framework which is an approach to embrace respective business segments in order to create a new mainstay for profitability, and such efforts have gradually proved fruitful. Specifically, in addition to entering into advertisement platform business by acquiring Cirqua, Inc. and Proud Engine Inc. as its consolidated subsidiaries, and launching “Ekitan PICKS” which is a service introducing actual shops for each region, the Company has achieved some results also in the field of MaaS such as demonstration experiments carried out in Esashi and Hakodate areas (both in Hokkaido Pref.).

On the other hand, with respect to profit, because of slow expanding profitability of “Ekitan PICKS” impacted by modification to the criteria (algorithm) for determining search results ranking of search engines and delay in working on new business due to prioritizing other fundamental development such as those in response to the revised Pharmaceutical and Medical Device Act by Cirqua Inc., decreased revenues from services for paid subscribers such as Transfer Information have not yet been sufficiently supplemented.

For the next consolidated FY, the Company will put its efforts to investment and carrying out various measures in order to accelerate realization of the “Regional Marketing Platform” framework which should be fostered as a business to be a new mainstay of profitability. Advertisement Platform Business segment considers the next term as the year of reinforcing its base for growth in FY03/2025 and onward, so it will work on personnel enhancement and many other new efforts. And Mobility Support Business segment aims at strengthening its relationships with municipalities/railway companies and boosting provision of Ekitan’s own solutions such as MaaS packages. However, renovation work of “BTOnline” (a service for arrangement of ticketless business trip) is continuously required for the next consolidated FY, and accordingly cost for that work adds also during the next consolidated FY, which would have some impact on overall financial results. On the other hand, in conjunction with establishment of Ekitan I&I Co., Ltd. as announced on April 20, 2023, the Company set up its new segment named “Investment/Incubation Business”. In relation to this Investment/Incubation Business, although temporary cost associated with establishment of the aforementioned company and share acquisition will be incurred during the next consolidated FY, the Company anticipates substantial contribution by this segment to profit.

Consequently, performance forecasts for the next FY03/2024 are as follows: Net sales: 4,612,177 thousand yen (increase by 43.9% YoY); EBITDA: 316,772 thousand yen (increase by 6.7% YoY); Operating profit: 65,844 thousand yen (decrease by 37.3% YoY); Ordinary profit :70,524 thousand yen (decrease by 32.5% YoY); and Net profit attributable to owners of parent: 38,908 thousand yen (decrease by 56.7% YoY).

It should be noted that regarding performance forecasts for the second quarter of FY03/2024 (cumulative), the Company predicts operating loss of 27,908 thousand yen since much one-time expenses will be allocated during the preceding first quarter of the same FY such as those for establishment of a joint venture and for acquiring shares of three companies by that joint venture, renovation cost of “BTOnline”, and recruitment cost. For the following third quarter and onward, sales related to advertising and commissioned projects are much likely to concentrate in December and March every year, so our business performance will turn around favorably. As a result, looking throughout the year, operating loss that would be registered during the second quarter is to be covered during the latter half.

The abovementioned performance forecasts are based on currently available information. Actual results may differ from these forecasts due to various factors in the future.

## 2. Basic Idea for the Selection of Accounting Standards

The Company adopts Japanese accounting standards to ensure comparability with other companies in the same trade in Japan.

**3. Consolidated Financial Statements and Principal Notes****(1) Consolidated Balance Sheets**

	(thousand yen)	
	Previous consolidated FY (March 31, 2022)	Current consolidated FY (March 31, 2023)
<b>Assets</b>		
Current assets		
Cash and deposits	2,079,577	1,424,983
Accounts receivable - trade & contract assets	321,142	388,810
Work in process	273	12,866
Raw materials and supplies	1,963	1,760
Others	20,310	40,567
Allowance for doubtful accounts	(570)	(412)
Total current assets	2,422,696	1,868,574
Non-current assets		
Property, plant and equipment		
Buildings (net)	30,435	27,639
Tools, furniture and fixtures (net)	38,658	33,345
Others	1,870	—
Total property, plant and equipment	70,964	60,984
Intangible assets		
Software	256,886	313,784
Customer-related assets	266,546	272,490
Goodwill	415,890	451,244
Others	19,007	102,392
Total intangible assets	958,330	1,139,911
Investments and other assets		
Investment securities	18,702	18,702
Deferred tax assets	25,196	21,818
Others	45,615	42,955
Total investments and other assets	89,514	83,476
Total non-current assets	1,118,810	1,284,373
Total assets	3,541,506	3,152,947

(thousand yen)

	Previous consolidated FY (March 31, 2022)	Current consolidated FY (March 31, 2023)
<b>Liabilities</b>		
Current liabilities		
Accounts payable - trade	167,826	247,390
Current portion of long-term loans payable	—	9,160
Income taxes payable	47,654	13,244
Provision for bonuses	12,533	13,792
Provision for loss on order received	—	9,100
Valuation allowance for purchase contracts	13,156	13,156
Others	162,554	132,294
Total current liabilities	403,725	438,139
Non-current liabilities		
Long-term loans payable	100,000	90,840
Provision for directors' retirement benefits	19,800	—
Asset retirement obligations	14,412	14,411
Deferred tax liabilities	125,529	119,581
Others	39,098	2,000
Total non-current liabilities	298,841	226,833
Total liabilities	702,566	664,973
<b>Net assets</b>		
Shareholders' equity		
Capital stock	291,956	291,956
Capital surplus	293,531	293,531
Retained earnings	2,926,669	2,498,077
Treasury stock	(673,216)	(595,589)
Total shareholders' equity	2,838,940	2,487,974
Total net assets	2,838,940	2,487,974
Total liabilities and net assets	3,541,506	3,152,947



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

	(thousand yen)	
	Previous consolidated FY (Apr. 1, 2021 – Mar. 31, 2022)	Current consolidated FY (Apr. 1, 2022 – Mar. 31, 2023)
Net sales	2,891,166	3,206,085
Cost of sales	1,910,854	2,259,529
Gross profit	980,312	946,556
SG&A expenses	841,503	841,471
Operating profit (loss)	138,809	105,084
Non-operating profit (loss)		
Interest income	27	26
Gain on forfeiture of unclaimed dividends	138	157
Subsidy income	1,800	1,500
Interest subsidy	1,249	1,250
Others	153	869
Total non-operating profit (loss)	3,369	3,802
Non-operating expenses		
Interest expenses	1,267	1,250
Foreign exchange losses	0	–
Purchase of treasury stock	–	2,978
Others	–	161
Total non-operating expenses	1,267	4,390
Ordinary profit (loss)	140,911	104,496
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	140,722	123,028
Income taxes	79,584	46,825
Income taxes - deferred	(19,068)	(13,624)
Total income taxes	60,515	33,201
Net profit (loss)	80,206	89,827
Profit (loss) attributable to owners of parent	80,206	89,827

(Consolidated Statements of Income)

	(thousand yen)	
	Previous consolidated FY (Apr. 1, 2021 – Mar. 31, 2022)	Current consolidated FY (Apr. 1, 2022 – Mar. 31, 2023)
Net profit (loss)	80,206	89,827
Comprehensive income (loss)	80,206	89,827
(detail)		
Comprehensive income (loss) attributable to owners of parent	80,206	89,827

**(3) Consolidated Statements of Changes in Equity**

Previous consolidated FY (Apr. 1, 2021 – Mar. 31, 2022)

(thousand yen)

	Shareholders' equity					Total net assets
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	
Balance at beginning of current period	291,956	293,531	2,923,598	(673,216)	2,835,868	2,835,868
Changes of items during period						
Dividends from surplus			(77,135)		(77,135)	(77,135)
Net profit attributable to owners of parent			80,206		80,206	80,206
Total changes of items during period	—	—	3,071	—	3,071	3,071
Balance at end of current period	291,956	293,531	2,926,669	(673,216)	2,838,940	2,838,940

Current consolidated FY (Apr. 1, 2022 – Mar. 31, 2023)

(thousand yen)

	Shareholders' equity					Total net assets
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	
Balance at beginning of current period	291,956	293,531	2,926,669	(673,216)	2,838,940	2,838,940
Changes of items during period						
Dividends from surplus			(77,135)		(77,135)	(77,135)
Net profit attributable to owners of parent			89,827		89,827	89,827
Purchase of treasury stock				(372,353)	(372,353)	(372,353)
Disposal of treasury stock		(43,197)		43,197	—	—
Stock compensation with transfer restrictions		8,696			8,696	8,696
Retirement of treasury stock		(406,783)		406,783	—	—
Transfer to capital surplus from retained earnings		441,284	(441,284)			
Total changes of items during period	—	—	(428,592)	77,626	(350,965)	(350,965)
Balance at end of current period	291,956	293,531	2,498,077	(595,589)	2,487,974	2,487,974

**(3) Consolidated Cash Flow Statements**

(thousand yen)

	Previous consolidated FY (Apr. 1, 2021 – Mar. 31, 2021)	Current consolidated FY (Apr. 1, 2022 – Mar. 31, 2023)
<b>Cash flows from operating activities</b>		
Net profit (loss) before income taxes and minority interests	140,722	123,028
Depreciation	132,664	140,461
Amortization of goodwill	47,840	51,310
Increase (decrease) in allowance for doubtful accounts	459	(157)
Increase (decrease) in reserve for bonuses	64	1,259
Increase (decrease) in provision for directors' retirement benefits	2,160	(19,800)
Increase (decrease) in provision for loss on order received	—	9,100
Interest income	(27)	(26)
Interest expenses	1,267	1,250
Foreign exchange losses (gains)	0	—
Purchase of treasury stock	—	2,978
Gain on forgiveness of debts	—	(18,531)
Loss on retirement of non-current assets	188	—
Decrease (increase) in notes and accounts receivable - trade & contract assets	(68,160)	(583)
Decrease (increase) in inventories	(132)	(12,389)
Increase (decrease) in notes and accounts payable - trade	114,053	(3,996)
Others	50,310	(111,428)
Subtotal	421,411	162,476
Interest income received	27	26
Interest expenses paid	(20)	—
Income taxes refund	0	0
Income taxes paid	(75,928)	(99,291)
Net cash provided by (used in) operating activities	345,490	63,211
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(2,112)	(15,524)
Proceeds from sales of tangible fixed assets	—	250
Purchase of intangible assets	(61,123)	(231,520)
Proceeds from collection of lease and guarantee deposits	27,607	2,000
Payments for asset retirement obligations	(6,800)	—
Payments for acquisition of new consolidated subsidiary	(730,000)	(20,761)
Net cash provided by (used in) investing activities	(772,428)	(265,555)
<b>Cash flows from financing activities</b>		
Purchase of treasury stock	—	(375,332)
Dividends paid	(76,745)	(76,917)
Others	(1,242)	—
Net cash provided by (used in) financing activities	(77,987)	(452,250)
Effect of exchange rate change on cash and cash equivalents	(0)	—
Net increase (decrease) in cash and cash equivalents	(504,926)	(654,593)
Cash and cash equivalents at beginning of period	2,584,503	2,079,577
Balance of cash and cash equivalents at end of period	2,079,577	1,424,983

**(5) Notes on Consolidated Financial Statements**

(Going Concern Assumption)

Not applicable.

(Significant Information regarding the Preparation of Consolidated Financial Statements)

## 1. Matters on the scope of consolidation

## (1) Number of consolidated subsidiaries: 3

Names of the consolidated subsidiaries

Laterra International, Inc.

Cirqua, Inc.

Proud Engine Inc.

\* During the current consolidated FY, Proud Engine Inc. became a subsidiary of the Company by share acquisition, and therefore it has been included in the scope of consolidation.

## (2) Non-consolidated subsidiary

Not applicable.

## 2. Matters on application of equity method

## (1) Affiliate company to which equity method is applied

Not applicable.

## (2) The affiliate company to which equity method is not applied (Mocosuku Co., Ltd.) would have no major influence on the Company's consolidated financial statements if it were excluded from the scope of equity method from the perspective of its current term profit/loss and retained earnings (those commensurate with its equity), etc., and also it had no significance as a whole, so it was excluded from the scope of application of equity method.

## 3. Matters on business year and other factors of the consolidated subsidiaries

End of business year of the consolidated subsidiaries is the same as the consolidated closing date.

## 4. Matters on accounting policies

## (1) Standards and methods for evaluating important assets

## ①Securities

- Available-for-sale securities
- Equity securities without market value  
Cost method using moving average method is adopted.

## ②Inventories

- Work in process:  
Cost method based on individual method (method of devaluating book value based on decline in profitability) is adopted.
- Raw materials and supplies:  
Cost method based on individual method (method of devaluating book value based on decline in profitability) is adopted.

## (2) Depreciation methods for important depreciable assets

## ①Property, plant, and equipment

Fixed-rate method is applied. However, straight-line method is applied for buildings and accompanying facilities and structures acquired on or after April 1, 2016.

Meanwhile, useful lives of major buildings are 8-15 years and those of major tools, furniture and fixture are 3-10 years.

In addition, for assets acquired prior to April 1, 2007, method of straight-line depreciation over 5 years is applied starting from the next year following the end of depreciation up to the final depreciable limit.

## ②Intangible assets

Straight-line method is applied.

Meanwhile, for software intended for marketing, depreciation method based on the expected effective period (within 2 years) is adopted; and for software intended for internal use, straight-line method based on the internally available period (5 years) is adopted.

And for customer-related assets identified upon business combination, straight-line method based on the period on which such combination has effects (within 12 years) is adopted.

## (3) Basis for allocating important provisions

## ① Allowance for doubtful accounts

In order to protect against losses due to uncollectible receivables, amount calculated based on historical default rates is allocated for general receivables, and for specific ones such as those with default possibilities respective collectibilities are taken into account and estimated uncollectible amount is allocated.

## ② Provision for bonuses

In order to prepare for payments of bonuses to employees, estimated amount for such payments which is incurred during the current consolidated FY is allocated.

## ③ Provision for loss on order received

In preparation for the future loss related to order received, estimated amount of loss on order received as of the end of the current FY is allocated.

## ④ Valuation allowance for purchase contracts

In order to protect against losses due to decline in profitability of merchandise in the future, amount which is estimated as uncollectible out of purchase prices based on merchandise purchase contracts is allocated.

## ⑤ Provision for directors' retirement benefits

In order to prepare for payments of directors' retirement benefits, amount required to be paid as of the end of the current consolidated FY is allocated, based on internal regulations of some of the consolidated subsidiaries. However, no provision for directors' retirement benefits was allocated for the current consolidated FY.

## (4) Basis for allocating important revenues and expenses

Points of time when revenues and contents of major performance obligations in the Group's principal businesses are usually recognized are as described below.

## ① Providing services

Mainly services for paid subscribers related to transfer information, API services and data licenses are provided. For relevant performance obligations, contracts are executed for certain periods of time and revenues are recognized when such performance obligations are fulfilled in the course of those service periods.

## ② Software development

Custom-made softwares are developed and provided.

Relevant performance obligations are considered as those to be fulfilled over a certain period of time and revenues are recognized based on progress level in relation to such fulfillment of performance obligations. Progress level is calculated, for each contract, as percentage of actual cost relative to total estimated cost. Meanwhile, for introduction works the periods of which from start-up date of contract to the point of time when relevant performance obligations are expected to be completely fulfilled are very short, alternative treatments are applied and revenues are not recognized for a certain period of time but are recognized at the time of such complete fulfillment.

## ③ Advertisement

Advertisings are distributed via an ad network system.

Revenues are recognized when relevant performance obligations are considered as fulfilled quantitatively along with advertising transactions such as clicking.

It should be noted that compensations for these performance obligations are received generally within one year after their fulfillment and therefore no important financial element is included.

## (5) Method and period of amortization of goodwill

Goodwill is amortized equally over 10 years or less during which it exert effects, based on a reasonable estimation.

## (6) Scope of business fund for the consolidated cash flow statement

It consists of cash on hand, demand deposit, and short-term investment with maturity date within three months after its acquisition which is highly liquid, easily realizable and involves only de minimis risk concerning value change.

## (Segment Information)

## 1. Overview of reportable segments

The Company's reportable segments are those being its constituent units for which separated financial information is available and are subject to periodic review by the board of directors for determining allocation of management resources and for evaluating business performance. The Company consists of several segments each of which deals with different services, and sets two reportable segments as "Mobility Support Business" and "Advertisement Platform Business".

"Mobility Support Business" segment is responsible for business relating to mobility operated mainly by EKITAN Co., Ltd. and Laterra International, Inc.; and "Advertisement Platform Business" segment is responsible for business relating to advertisement operated mainly by Cirqua, Inc. and Proud Engine Inc.

## 2. How to calculate amounts of net sales, profit/loss, assets, liabilities and other items for each reportable segment

Accounting treatment methods for the business segments as reported herein are identical to the accounting principles for producing the consolidated financial statements. Figures of segment profit of individual reportable segments are based on their operating profit.

## 3. Information on amounts of net sales, profit/loss, assets, liabilities and other items for each reportable segment

Previous consolidated FY (Apr. 1, 2021 – Mar. 31, 2022)

(thousand yen)

	Reportable segments		
	Mobility Support Business	Advertisement Platform Business	Total
Net sales			
Sales to external customers	1,635,863	1,255,303	2,891,166
Inter-segment sales or transfer	—	—	—
Total	1,635,863	1,255,303	2,891,166
Segment profit (loss)	554,574	(77,228)	477,346
Segment assets	519,259	1,203,094	1,722,353
Other items			
Depreciation	66,226	50,498	116,724
Amortization of goodwill	1,726	46,114	47,840
EBITDA (see Note 2)	622,527	19,384	641,911
Increase in property, plant and equipment and in intangible assets	49,597	36,195	85,793

- Notes
1. Amounts of segment liabilities are not regularly provided/used in the highest decision-making body.
  2. EBITDA = Segment profit (loss) + Depreciation + Amortization of goodwill

Current consolidated FY (Apr. 1, 2022 – Mar. 31, 2023)

(thousand yen)

	Reportable segments		
	Mobility Support Business	Advertisement Platform Business	Total
Net sales			
Sales to external customers	1,595,863	1,610,222	3,206,085
Inter-segment sales or transfer	—	—	—
Total	1,595,863	1,610,222	3,206,085
Segment profit (loss)	457,538	(61,499)	396,038
Segment assets	554,694	1,476,184	2,030,879
Other items			
Depreciation	57,336	77,952	135,288
Amortization of goodwill	863	50,447	51,310
EBITDA (see Note 2)	515,738	66,899	582,638
Increase in property, plant and equipment and in intangible assets	93,261	151,574	244,835

- Notes 1. Amounts of segment liabilities are not regularly provided/used in the highest decision-making body.  
2. EBITDA = Segment profit (loss) + Depreciation + Amortization of goodwill

4. *Difference between the total amounts of reportable segments and the amount presented on the Consolidated Financial Statements; and main contents of said difference (items in relation to adjustment of difference)*

(thousand yen)

Net sales	Previous consolidated FY	Current consolidated FY
Reportable segments total	2,891,166	3,206,085
Net sales on the Consolidated Financial Statements	2,891,166	3,206,085

(thousand yen)

Profit (loss)	Previous consolidated FY	Current consolidated FY
Reportable segments total	477,346	396,038
Corporate expenses (see Note)	(338,537)	(290,954)
Operating profit (loss) on the Consolidated Financial Statements	138,809	105,084

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

(thousand yen)

Assets	Previous consolidated FY	Current consolidated FY
Reportable segments total	1,722,353	2,030,879
Corporate assets (see Note)	1,819,153	1,122,068
Total assets on the Consolidated Financial Statements	3,541,506	3,152,947

Note: Corporate assets comprises of cash and cash deposits not attributable to reportable segments.

(thousand yen)

Other items	Reportable segments total		Adjustment		Amount allocated on the Consolidated Financial Statements	
	FY03/2022	FY03/2023	FY03/2022	FY03/2023	FY03/2022	FY03/2023
Depreciation	116,724	135,288	15,940	5,172	132,664	140,461
Amortization of goodwill	47,840	51,310	—	—	47,840	51,310
Increase in property, plant and equipment and in intangible assets	85,793	244,835	242	1,544	86,035	246,379

- Notes
- Adjusted depreciation refers to depreciation of buildings and others not attributable to the reportable segments.
  - Adjusted increase in property, plant and equipment and in intangible assets comprises mainly of capital investment buildings not allocated to the reportable segments.

(Per share data)

	Previous consolidated FY (Apr. 1, 2021 – Mar. 31, 2022)	Current consolidated FY (Apr. 1, 2022 – Mar. 31, 2023)
Net assets per share	515.26 yen	513.25 yen
Net profit (loss) per share	14.56 yen	17.04 yen

- Notes
- "Diluted net income per share" is not disclosed because there is no dilutive shares.
  - Calculation bases of net profit (loss) per share are as follows.

	Previous consolidated FY (Apr. 1, 2021 – Mar. 31, 2022)	Current consolidated FY (Apr. 1, 2022 – Mar. 31, 2023)
Net profit (loss) per share		
Net profit attributable to owners of parent (thousand yen)	80,206	89,827
Amount not attributable to common stockholders (thousand yen)	—	—
Net profit (loss) attributable to owners of parent applicable to common shares (thousand yen)	80,206	89,827
Average number of common shares outstanding during the period (shares)	5,509,684	5,272,083



## (Significant Post-Balance Sheet Events)

## (Establishment of a joint venture and share acquisition by the joint venture)

The Company decided at its board meeting held on April 20, 2023, to execute a contract regarding establishment of a joint venture with ITL Holdings Co., Ltd. (hereinafter “ITLHD”), and at the same time to execute a basic agreement stipulating that the newly established joint venture (hereinafter the “Joint Venture”) should acquire the entire shares of Growth and Communications Co., Ltd. (hereinafter “GC”), Cybernet Co., Ltd. (hereinafter “CYB”) and Information Technology Japan Co., Ltd. (hereinafter “ITJ”) all of which were wholly-owned subsidiaries of ITLHD. ITLHD was already established on April 25, 2023 and on the same day a share transfer agreement was executed. And on April 28, 2023, those shares were transferred.

## 1. Objectives of establishing the joint venture and of the share acquisition

The Company had set its vision as “To create novel services and contribute to society”, and has worked on providing transfer information service which nowadays has become essential for our daily lives.

Currently, the Group sets its business vision as “From the Stations”, and in addition to the Transfer Information service, technologies, media and customer assets, while utilizing the Group’s own business assets, moves ahead on realizing the concept of Regional Marketing Platform framework that links “needs of local residents” and “services provided by local business entities” together. The Company promotes “M&A/Alliance Strategy” as one of its business strategies, according to which Cirqua Inc. and Proud Engine Inc. became its subsidiaries in April 2021 and in November 2022, respectively, and has carried out functional reinforcement of the Regional Marketing Platform framework and strengthened its business portfolio. In this strategy, the Company considered collaboration with its top shareholder, Bold Investment Co., Ltd., having a track record in the fields of investment and incubation (hereinafter “Bold”), as well as Bold’s affiliated companies.

As one of such efforts, the Company made repeated considerations with ITLHD which was a fellow subsidiary of Bold leading several IT companies with which high synergies would be realized, and consequently decided to establish the Joint Venture to carry out joint operation of investment/incubation business of the Group. The Joint Venture is named after two initial letters of Investment and Incubation.

The Joint Venture will push forward the following matters and aims at improving the Group’s corporate values.

- (1) To accelerate the Group’s M&A/Alliance strategy by making use of ITLHD’s own insights into and know-hows of investment/incubation
- (2) As one of the Group’s measures for expanded profitability, to ensure stable profitability of Bold and its affiliated companies, and to manage several companies which would realize synergies with the Group as the Joint Venture’s subsidiaries

As the first stage of the above (2), a basic agreement was also executed stipulating that three companies comprising GC, CYB and ITJ with high level of track records and know-hows of, for example, system engineering and software system development in addition to staffing of a wide variety of engineers should be subsidiaries of the Joint Venture (meaning sub-subsidiaries of the Company).

## 2. Establishment of a joint venture

## (1) Outline of the joint venture that was established

- |                               |   |
|-------------------------------|---|
| ① Name:                       | EKITAN I&I Co., Ltd.  |
| ② Address:                    | 5-4, Kojimachi, Chiyoda Ward, Tokyo   |
| ③ Business activities:        | Overall management control over the Group’s subsidiaries, etc. and any other contingent business operations |
| ④ Capital:                    | 160,000 thousand yen  |
| ⑤ Established:                | April 23, 2023  |
| ⑥ Capital contribution ratio: | 90.0% by EKITAN and 10.0% by ITLHD  |

## 3. Share acquisition by the Joint Venture

## (1) Summary of business combination

## ① Name and business activities of the acquired company

## a. Growth and Communications Co., Ltd.

Name of the acquired company	Growth and Communications Co., Ltd.
Business activities	<ul style="list-style-type: none"> <li>• Commissioned system development/operation</li> <li>• System engineering services</li> <li>• Worker dispatch business</li> </ul>

## b. Cybernet Co., Ltd.

Name of the acquired company	Cybernet Co., Ltd.
Business activities	<ul style="list-style-type: none"> <li>• Commissioned system development/operation</li> <li>• Worker dispatch / SES business</li> <li>• School business</li> </ul>

## c. Information Technology Japan Co., Ltd.

Name of the acquired company	Information Technology Japan Co., Ltd.
Business activities	<ul style="list-style-type: none"> <li>• Commissioned system development/operation</li> <li>• Planning, development and sales of software packages</li> <li>• Worker dispatch business</li> </ul>

## ② Date of business combination

As described under “1. Objectives of establishing the joint venture and of the share acquisition”.

## ③ Date of business combination

April 28, 2023

## ④ Legal form of business combination

Share acquisition in exchange of cash

## ⑤ Name of the company after combination

No change.

## ⑥ Percentage of voting rights acquired

100%

## ⑦ Main ground for determining acquiring company

Since the Joint Venture acquired the shares in exchange of cash, the Joint Venture is the acquiring company.

## (2) Cost of acquiring the acquired company, by type of consideration

Total acquisition cost was 320,000 thousand yen for the abovementioned three companies. It should be noted that for assuring fairness and validity, a third party institution calculated appropriate stock prices and examined validity of the amount.

## (3) Details and amount of major expenses related to acquisition

Advisory expenses, etc. (approximation): 15,000 thousand yen

## (4) Amount of goodwill that occurred, cause for the occurrence, amortization method and amortization period

Not yet established at present.

## (5) Amount and principal breakdown of assets and liabilities assumed on the date of business combination

Not yet established at present.