

Summary of Consolidated Financial Results for the Second Quarter of the Fiscal Year ending March 31, 2024 (FY03/2024) [Japanese GAAP]

Company name: EKITAN & Co., Ltd.
 Stock exchange listing: Tokyo
 Securities code: 3646 URL: <https://ekitan.co.jp/>
 Representative: President, CEO and COO Naoyuki Kaneda
 Inquiries: Director and CFO Katsuya Kojima TEL: 81-3-6367-5951
 Scheduled date to file Quarterly Securities Report: November 9, 2023
 Scheduled date to commence dividend payments: N/A
 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 the second quarter of FY03/2024 (April 1, 2023 – September 30, 2023)**(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	%
2Q of FY03/2024	1,941	26.9	37	(75.7)	(74)	—	(71)	—	(794)	—
2Q of FY03/2023	1,529	(1.2)	153	(1.6)	63	0.8	65	2.0	48	62.3

(Note) Comprehensive profit 2Q of FY03/2024: (791) mil. yen [—%]
 2Q of FY03/2023: 48 mil. yen [62.3%]

* EBITDA = Operating profit + Depreciation + Amortization of goodwill

	Net profit (loss) per share	Diluted net profit (loss) per share
	yen	yen
2Q of FY03/2024	(163.91)	—
2Q of FY03/2023	8.85	—

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	mil. yen	mil. yen	%
2Q of FY03/2024	2,644	1,666	61.8
FY03/2023	3,152	2,487	78.9

(Reference) Shareholders equity 2Q of FY03/2024: 1,633 mil. yen
 FY03/2023: 2,487 mil. yen

2. Cash dividends

	Annual dividends per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	yen	yen	yen	yen	yen
FY03/2023	—	0.00	—	14.00	14.00
FY03/2024	—	0.00	—	—	—
FY03/2024 (forecasts)	—	0.00	—	14.00	14.00

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

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

The Company decided not to disclose its quarterly consolidated performance forecasts for FY03/2024. For details, 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".

***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) EKITAN I&I Co., Ltd. Excluded: None
 (Note) For details, please see the appendix, page 7, "3. Consolidated Financial Statements and Principal Notes, (4) 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 7, "3. Consolidated Financial Statements and Principal Notes, (4) 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)

2Q of FY03/2024:	6,018,800 shares	FY03/2023:	6,018,800 shares
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② Number of treasury stock at the end of the period

2Q of FY03/2024:	1,176,541 shares	FY03/2023:	1,171,316 shares
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③ Average number of shares during the period (quarterly cumulative)

2Q of FY03/2024:	4,844,659 shares	2Q of FY03/2023:	5,531,258 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 materials on financial results was posted on the Company's website on November 9, 2023 (Thu.).

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

(1) Descriptions regarding operating results

During the current second quarter consolidated cumulative period, Japanese economy has seen progress in normalization of economic/social activities thanks to relaxation of behavioral restrictions for preventing wider spread of infections, such as transfer of the COVID-19 infection to category 5. However, surrounded by unstable international circumstances, economic trends are still in unpredictable situations due to, for example, prices of raw materials and energy resources remaining at high levels, and price escalation against the backdrop of weaker yen.

In such situations, our services for paid subscribers such as Transfer Information, being the Group's business pillars, have continuously experienced lower revenues associated with the trend towards decreasing number of paid subscribers, affected by market environment including commoditization, so it is urgently necessary to create some business that would be our new business pillar and strengthen our portfolio. As a part of such measures, the Company acquired Proud Engine Inc. in November 2022 and established EKITAN I&I Co., Ltd. in April 2023 as its consolidated subsidiaries, resulting in substantial increase in Net sales.

At the same time, with respect to profit, impact of decrease in services for paid subscribers which have highly contributed to profit is considerable, and in addition, increased cost for renovation of "BTOOnline" (a service for arrangement of ticketless business trip) that was carried out during the previous consolidated FY, and temporarily incurred cost of establishment and share-acquisition of EKITAN I&I Co., Ltd. resulted in recording losses.

In addition, revenues and earnings of Cirqua, Inc. have substantially decreased because of impacts of amendments to the PMD Act and of even more severe business environment for Cirqua, forcing them to diminish their principal advertising materials and advertisement media.

Consequently, financial results of the current second quarter consolidated cumulative period were as follows: Net sales: 1,941,207 thousand yen (increase by 26.9% YoY); EBITDA: 37,302 thousand yen (decrease by 75.7% YoY); Operating loss: 74,117 thousand yen (as opposed to Operating profit of 63,536 thousand yen in the previous FY); and Ordinary loss: 71,577 thousand yen (as opposed to Ordinary profit of 65,212 thousand yen in the previous FY).

Moreover, given the change in external environment around Cirqua which is our consolidated subsidiary, we have estimated future cash flows based on our business plan that was already reviewed, and consequently we determined that it would be difficult to recover our intangible assets like goodwill, and additionally, because one of our new businesses called "Ekitan PICKS" was impacted by the changes made to the criteria for judging Web search results ranking on search engines (algorithm) and thus there are significant delays in our initial plan, impairment loss of 793,498 thousand yen was recorded as extraordinary loss.

As a result, Net loss attributable to owners of parent was 794,068 thousand yen (as opposed to Net profit attributable to owners of parent of 48,932 thousand yen recorded for the previous FY).

Operating results of individual business segments are as follows.

Please note that in conjunction with the establishment of EKITAN I&I Co., Ltd., from the preceding first quarter consolidated fiscal period, M&A/Incubation Business segment has been newly added.

① *Mobility Support Business*

This segment experienced downward trend because of continuously decreasing number of paid subscribers due to commoditization of Transfer Information service. Moreover, increased cost for renovation of "BTOOnline" (a service for arrangement of ticketless business trip) that was carried out during the previous consolidated FY, resulted in lower revenues/earnings.

These operations resulted in Net sales of 740,501 thousand yen (decrease by 6.2% YoY), EBITDA of 186,637 thousand yen (decrease by 26.8% YoY) and Segment profit of 159,822 thousand yen (decrease by 29.6% YoY).

② *Advertisement Platform Business*

Adding Proud Engine Inc. to this segment since the previous third quarter consolidated fiscal period contributed to higher revenues, but nevertheless revenues and earnings of Cirqua, Inc. have substantially decreased because of impacts of amendments to the PMD Act and of even more severe business environment for Cirqua, forcing them to diminish their principal advertising materials and advertisement media, which resulted in recording segment loss.

These operations resulted in Net sales of 678,734 thousand yen (decrease by 8.3% YoY), EBITDA of minus 25,995 thousand yen (which was 41,456 thousand yen in the 2Q of FY03/2023) and Segment loss of 97,964 thousand yen (which was 17,544 thousand yen in the 2Q of FY03/2023).

③ *M&A/Incubation Business*

Net sales was 522,762 thousand yen, EBITDA was 23,632 thousand yen, and Segment profit was 13,211 thousand yen. It should be noted that as this segment has been newly added after establishing EKITAN I&I Co., Ltd. on April 25, 2023, no comparable figures are available for the previous second quarter consolidated cumulative period; and therefore figures are shown only for the current second quarter consolidated cumulative period.

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

Current assets at the end of the current second quarter consolidated fiscal period was 1,994,223 thousand yen, i.e. increase by 125,648 thousand yen as compared to the end of the previous consolidated FY. This is mainly due to increase in Notes, accounts receivable - trade & contract assets (which was denoted as Accounts receivable - trade & contract assets as of the end of the previous consolidated FY) by 94,791 thousand yen, in Cash and deposits by 16,843 thousand yen, and in "Others" included under Current assets by 3,485 thousand yen. Non-current assets was 650,578 thousand yen, i.e. decrease by 633,794 thousand yen as compared to the end of the previous consolidated FY. This is mainly due to decrease in Goodwill by 307,958 thousand yen and in Customer-related assets by 244,090 thousand yen.

As a result, Total assets was 2,644,801 thousand yen, i.e. decrease by 508,146 thousand yen as compared to the end of the previous consolidated FY.

(Liabilities)

Current liabilities at the end of the current second quarter consolidated fiscal period was 622,793 thousand yen, i.e. increase by 184,653 thousand yen as compared to the end of the previous consolidated FY. This is mainly due to increase in "Others" included under Current liabilities by 106,092 thousand yen and in Current portion of long-term loans payable by 63,123 thousand yen. Non-current liabilities was 355,264 thousand yen, i.e. increase by 128,431 thousand yen as compared to the end of the previous consolidated FY. This is mainly due to increase in Long-term loans payable by 185,495 thousand yen and in Liabilities on retirement benefits by 49,980 thousand yen.

As a result, Total liabilities was 978,057 thousand yen, i.e. increase by 313,084 thousand yen as compared to the end of the previous consolidated FY.

(Net assets)

Total net assets at the end of the current second quarter consolidated fiscal period was 1,666,743 thousand yen, i.e. decrease by 821,231 thousand yen as compared to the end of the previous consolidated FY. This is mainly due to decrease in Retained earnings by 861,933 thousand yen.

As a result, Equity ratio decreased from the end of the previous consolidated FY by 17.1 points to 61.8%.

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

Considering movement of our business performance up to the current second quarter cumulative period, and because business environment surrounding the Group tends to change drastically, it is difficult to calculate highly reliable figures of the Group's performance forecasts, so we have decided not to disclose those forecasts. For details, please refer to "Notices on recording extraordinary loss (impairment loss), on differences between performance forecasts and actual achievements of the second quarter cumulative period of FY03/204, and on amendment to the full term performance forecasts" released on November 9, 2023.

2. Quarterly Consolidated Financial Statements and Principal Notes

(1) Quarterly Consolidated Balance Sheets

(thousand yen)

	Previous consolidated FY (March 31, 2023)	Current second quarter consolidated fiscal period (September 30, 2023)
Assets		
Current assets		
Cash and deposits	1,424,983	1,441,826
Notes, accounts receivable - trade & contract assets	388,810	483,602
Merchandise	—	786
Work in process	12,866	23,482
Raw materials and supplies	1,760	1,515
Others	40,567	44,052
Allowance for doubtful accounts	(412)	(1,042)
Total current assets	1,868,574	1,994,223
Non-current assets		
Property, plant and equipment	60,984	70,133
Intangible assets		
Software	313,784	118,289
Customer-related assets	272,490	28,400
Goodwill	451,244	143,285
Others	102,392	94,848
Total intangible assets	1,139,911	384,823
Investments and other assets		
Others	83,476	197,084
Allowance for doubtful accounts	—	(1,463)
Total investment and other assets	83,476	195,621
Total non-current assets	1,284,373	650,578
Total assets	3,152,947	2,644,801
Liabilities		
Current liabilities		
Accounts payable - trade	247,390	195,303
Current portion of long-term loans payable	9,160	72,283
Income taxes payable	13,244	25,098
Provision for bonuses	13,792	69,320
Provision for loss on order received	9,100	9,244
Valuation allowance for purchase contracts	13,156	13,156
Others	132,294	238,386
Total current liabilities	438,139	622,793
Non-current liabilities		
Long-term loans payable	90,840	276,335
Asset retirement obligations	14,411	14,411
Liabilities on retirement benefits	—	49,980
Deferred tax liabilities	119,581	12,537
Others	2,000	2,000
Total non-current liabilities	226,833	355,264
Total liabilities	664,973	978,057
Net assets		
Shareholders' equity		
Capital stock	291,956	291,956
Capital surplus	293,531	302,446
Retained earnings	2,498,077	1,636,144
Treasury stock	(595,589)	(598,290)
Total shareholders' equity	2,487,974	1,632,255
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	—	1,263
Total accumulated other comprehensive income	—	1,263
Non-controlling interests	—	33,224
Total net assets	2,487,974	1,666,743
Total liabilities and net assets	3,152,947	2,644,801

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

(Quarterly Consolidated Statements of Income)

(For the second quarter consolidated cumulative period)

(thousand yen)

	Previous second quarter consolidated cumulative period (Apr. 1, 2022 – Sep. 30, 2022)	Current second quarter consolidated cumulative period (Apr. 1, 2023 – Sep. 30, 2023)
Net sales	1,529,671	1,941,207
Cost of sales	1,063,502	1,400,882
Gross profit	466,168	540,324
SG&A expenses	402,631	614,442
Operating profit (loss)	63,536	(74,117)
Non-operating profit (loss)		
Interest income	14	1,738
Gain on forfeiture of unclaimed dividends	61	80
Subsidy income	1,500	—
Surrender value of insurance	—	812
Interest subsidy	626	625
Others	100	701
Total non-operating profit (loss)	2,301	3,957
Non-operating expenses		
Interest expenses	626	1,363
Others	—	54
Total non-operating expenses	626	1,417
Ordinary profit (loss)	65,212	(71,577)
Extraordinary losses		
Loss on retirement of non-current assets	—	130
Loss on cancellation of lease contracts	—	1,320
Impairment loss	—	※ 793,498
Loss on valuation of investment securities	—	9,284
Total extraordinary losses	—	804,233
Net profit (loss) before income taxes and minority interests	65,212	(875,810)
Income taxes	16,279	(82,825)
Net profit (loss)	48,932	(792,984)
Profit (loss) attributable to non-controlling shareholders	—	1,083
Profit (loss) attributable to owners of parent	48,932	(794,068)

(Quarterly Consolidated Statements of Income)

(For the second quarter consolidated cumulative period)

(thousand yen)

	Previous second quarter consolidated cumulative period (Apr. 1, 2022 – Sep. 30, 2022)	Current second quarter consolidated cumulative period (Apr. 1, 2023 – Sep. 30, 2023)
Net profit (loss)	48,932	(792,984)
Valuation difference on available-for-sale securities	—	1,403
Comprehensive income (loss)	48,932	(791,580)
(detail)		
Comprehensive income (loss) attributable to owners of parent	48,932	(792,804)
Comprehensive income attributable to non-controlling interests	—	1,224

(3) Quarterly Consolidated Cash Flow Statements

	(thousand yen)	
	Previous second quarter consolidated cumulative period (Apr. 1, 2022 - Sep 30, 2022)	Current second quarter consolidated cumulative period (Apr. 1, 2023 - Sep. 30, 2023)
Cash flows from operating activities		
Net profit (loss) before income taxes and minority interests	65,212	(875,810)
Depreciation	65,747	76,797
Impairment loss	—	793,498
Amortization of goodwill	23,920	34,622
Increase (decrease) in allowance for doubtful accounts	(97)	(193)
Increase (decrease) in reserve for bonuses	383	20,680
Increase (decrease) in provision for directors' retirement benefits	1,080	—
Interest income	(14)	(1,738)
Interest expenses	626	1,363
Decrease (increase) in notes and accounts receivable - trade & contract assets	6,208	108,130
Decrease (increase) in inventories	(1,066)	3,635
Increase (decrease) in notes and accounts payable - trade	(13,831)	(69,751)
Increase (decrease) in provision for directors' bonuses	—	(912)
Increase (decrease) in liabilities for retirement benefits	—	(3,963)
Increase (decrease) in provision for loss on order received	—	143
Loss (gain) on valuation of investment securities	—	9,284
Loss on retirement of non-current assets	—	130
Others	(24,681)	31,767
Subtotal	123,488	127,683
Interest income received	14	1,738
Interest expenses paid	—	(690)
Income taxes refund	0	150
Income taxes paid	(41,773)	(19,968)
Net cash provided by (used in) operating activities	81,730	108,913
Cash flows from investing activities		
Purchase of property, plant and equipment	(4,510)	(14,555)
Purchase of intangible assets	(169,684)	(57,675)
Payments into time deposits	—	(6,300)
Proceeds from withdrawal of time deposits	—	4,800
Collection of short-term loans receivable	—	90,000
Payments of leasehold and guarantee deposits	—	(10,412)
Proceeds from collection of lease and guarantee deposits	2,000	2,460
Payments for acquisition of new consolidated subsidiary	—	(97,102)
Net cash provided by (used in) investing activities	(172,194)	(88,785)
Cash flows from financing activities		
Repayments of short-term borrowings	—	(5,000)
Repayments of long-term borrowings	—	(27,744)
Dividends paid	(76,750)	(67,572)
Proceeds from share issuance to non-controlling shareholders	—	32,000
Net cash provided by (used in) financing activities	(76,750)	(68,316)
Net increase (decrease) in cash and cash equivalents	(167,214)	(48,188)
Cash and cash equivalents at beginning of period	2,079,577	1,424,983
Balance of cash and cash equivalents at the end of the quarter	1,912,362	1,376,794

(4) Notes on Quarterly Consolidated Financial Statements

(Going Concern Assumption)

Not applicable.

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

Not applicable.

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

During the first quarter consolidated fiscal period, EKITAN I&I Co., Ltd. was newly established and has been included in the scope of consolidation. EKITAN I&I Co., Ltd. is a specified subsidiary of the Company.

In addition, although not applicable to changes in particular subsidiaries, during the first consolidated fiscal period, EKITAN I&I Co., Ltd. acquired Growth and Communications Co., Ltd., Cybernet Co., Ltd., and Information Technology Japan Co., Ltd. as its subsidiaries, all of which have been included in the scope of consolidation.

(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 second quarter consolidated fiscal period.

(Notes on Quarterly Consolidated Statements of Income)

* Impairment loss

For the current second quarter consolidated cumulative period (Apr. 1, 2023 – Sep. 30, 2023)

Considering the change in external environment around Cirqua, Inc. which is our consolidated subsidiary, and that one of our new businesses called "Ekitan PICKS" has experienced significant delays in its initial plan, relevant intangible assets like goodwill are recorded as impairment loss (extraordinary loss).

(Segment Information)

I Previous second quarter consolidated cumulative period (Apr. 1, 2022 – Sep. 30, 2022)

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

(thousand yen)

	Reportable segments			
	Mobility Support Business	Advertisement Platform Business	M&A/Incubation Business	Total
Net sales				
Sales to external customers	789,214	740,457	—	1,529,671
Inter-segment sales or transfer	—	—	—	—
Total	789,214	740,457	—	1,529,671
Segment profit (loss)	226,953	(17,544)	—	209,408
Depreciation	27,320	35,944	—	63,265
Amortization of goodwill	863	23,057	—	23,920
EBITDA (see Note)	255,137	41,456	—	296,594

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	209,408
Corporate expenses (see Note)	(145,871)
Operating profit (loss) on the Quarterly Consolidated Statements of Income	63,536

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

Not applicable.

II Current second quarter consolidated cumulative period (Apr. 1, 2023 – Sep. 30, 2023)

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

(thousand yen)

	Reportable segments			
	Mobility Support Business	Advertisement Platform Business	M&A/Incubation Business	Total
Net sales				
Sales to external customers	739,710	678,734	522,762	1,941,207
Inter-segment sales or transfer	791	—	—	791
Total	740,501	678,734	522,762	1,941,999
Segment profit (loss)	159,822	(97,964)	13,211	75,069
Depreciation	26,815	44,577	3,189	74,582
Amortization of goodwill	—	27,390	7,231	34,622
EBITDA (see Note)	186,637	(25,995)	23,632	184,274

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	75,069
Corporate expenses (see Note)	(149,187)
Operating profit (loss) on the Quarterly Consolidated Statements of Income	(74,117)

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*

During the first consolidated fiscal period, EKITAN I&I Co., Ltd. was established, which thereafter acquired shares of Growth and Communications Co., Ltd., Cybernet Co., Ltd., and Information Technology Japan Co., Ltd., all of which have been included in the scope of consolidation.

Consequently, amount of assets of reportable segments of the Company during the current second quarter consolidated fiscal period increased by 845,890 thousand yen for the newly added “M&A/Incubation Business” as compared to the end of the previous consolidated FY.

4. *Information on changes in reportable segments, etc.*

From the first quarter consolidated fiscal period, in association with establishment of EKITAN I&I Co., Ltd. which jointly manages “M&A/Incubation Business” of the Group, reportable segments have been categorized as “Mobility Support Business”, “Advertisement Platform Business” and “M&A/Incubation Business”, which were previously categorized as “Mobility Support Business” and “Advertisement Platform Business”.

It should be noted that segment information for the previous second quarter consolidated cumulative period is disclosed based on the categories of reportable segments after such change.

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

(Important impairment loss on non-current assets)

Impairment loss on non-current assets was recorded for the “Advertisement Platform Business” segment. Recorded amount of the impairment loss was 793,498 thousand yen in the current second quarter consolidated cumulative period.

(Significant changes in amount of goodwill)

In the “M&A/Incubation Business” segment, during the first consolidated fiscal period, EKITAN I&I Co., Ltd. acquired shares of Growth and Communications Co., Ltd., Cybernet Co., Ltd., and Information Technology Japan Co., Ltd., all of which have been included in the scope of consolidation. This event caused increase in the amount of goodwill by 68,961 thousand yen in the first quarter consolidated fiscal period.

This event caused decreased in the amount of goodwill by 345,855 thousand yen in the first quarter consolidated cumulative period. This event caused decrease in the amount of goodwill by 345,855 thousand yen in the current second quarter consolidated cumulative period.

Meanwhile, the amount as described in the paragraph *(Important impairment loss on non-current assets)* above includes this impairment of goodwill.