

Supplementary Materials on Financial Results

Third Quarter of FY03/2024



From the Stations

駅から始めよう

February 08, 2024

EKITAN & Co., Ltd.

TSE Growth: 3646



Table of Contents

FY03/2024, 1-3Q

Section 1	Financial results overview 1-3Q of FY03/2024 (company-wide)	P3
Section 2	Financial results overview 1-3Q of FY03/2024 (by segment)	P9
Section 3	RMP framework	P15
Section 4	About performance forecasts of FY03/2024	P19
Section 5	Topics	P21



From the Stations

駅から始めよう

Section 1

Financial results overview
1-3Q of FY03/2024
(company-wide)

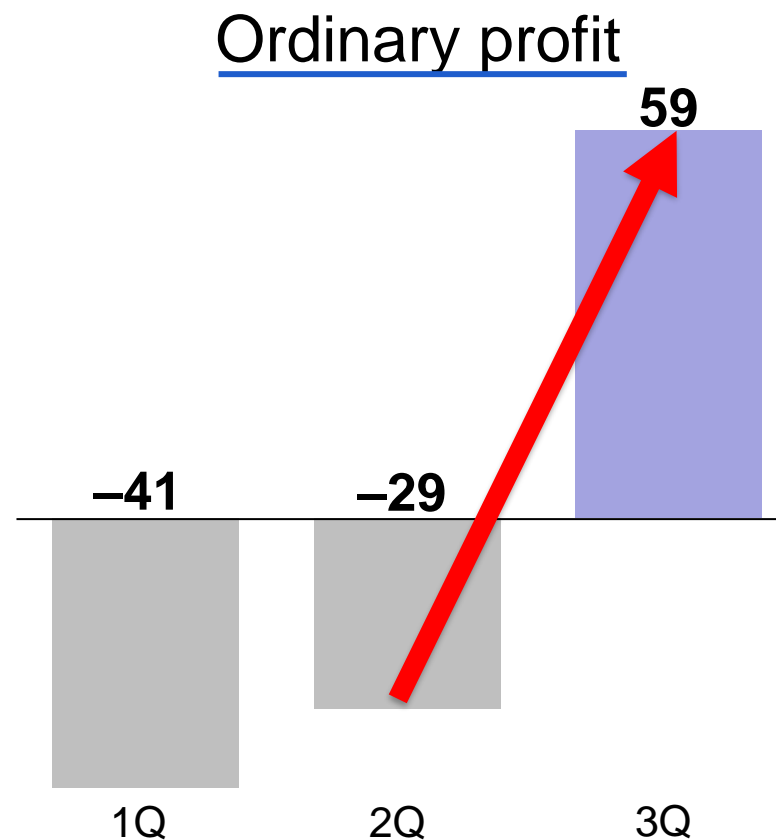
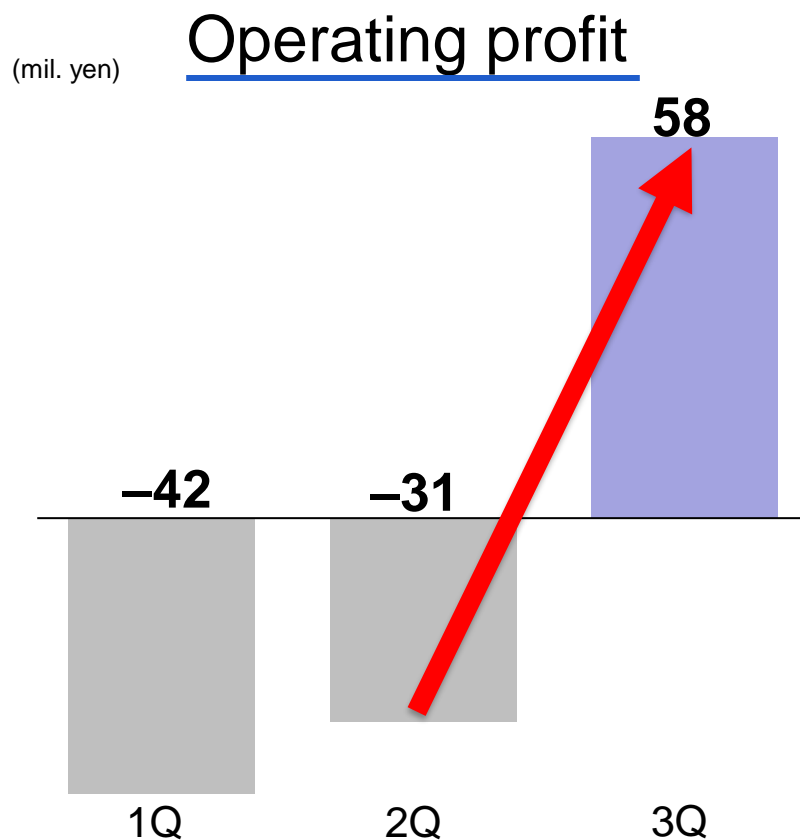


Highlights (transition from 2Q to 3Q)

FY03/2024, 1-3Q

Substantial recovery of business performance in 3Q

- **Cirqua turned to black figure:** Cost reduction and revenues from commercial materials of new genres contributed to surplus in non-consolidated performance
- **Higher sales thanks to augmented personnel in Proud Engine Inc.**
- **Completion of renovation work of BTOline since FY2023**
- **Reduction in depreciation by recording impairment loss**





Highlights

FY03/2024, 1-3Q

Higher revenues / Lower earnings

Net sales

+28.3%

EBITDA

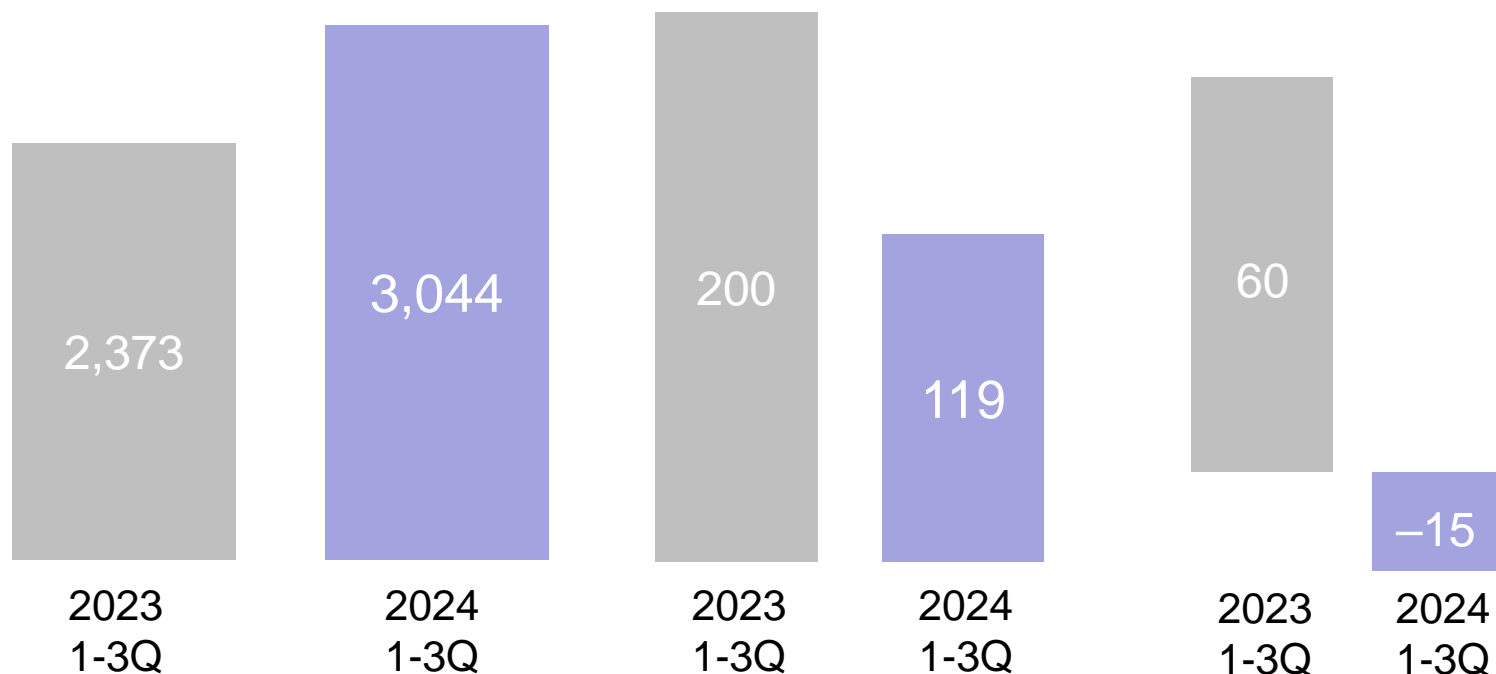
-40.1%

Operating profit

-125.2%

(+/- % YoY)

(mil. yen)





Highlights (comparison with FY2023)

FY03/2024, 1-3Q

Higher revenues / Lower earnings (YoY)

Net sales	3,044 mil. yen	+28.3%	+671 mil. yen	FY2023	2,373 mil. yen
EBITDA	119 mil. yen	-40.1%	-80 mil. yen	FY2023	200 mil. yen
Operating profit	-15 mil. yen	-125.2%	-75 mil. yen	FY2023	60 mil. yen

Factors of higher revenues

M&A/Incubation Business: EKITAN I&I

Became a consolidated subsidiary in Apr. 2023 and has contributed to higher revenues in the current FY

Advertisement Platform Business: Proud Engine Inc.

Became a fully-consolidated subsidiary in Nov. 2022 and has contributed to higher revenues in the current FY

Factors of lower revenues

Decrease in sales by Cirqua, Inc.

Reduction in major commodities and major media

Decreased sales of services for paid subscribers

Continuously decreased paid subscribers affected by such as market environment including commoditization

Factors of decrease in Operating profit

Lower sales by Cirqua, Inc. resulting in lower profit Increased cost for BTOonline

Increased cost for renovating "BTOonline" (a service for arrangement of ticketless business trip)

Decrease in services for paid subscribers

Temporarily incurred costs in relation to establishment and share acquisition of EKITAN I&I

Expenses for due diligence, company registration and others

Other important points:

Recording extraordinary losses

Cirqua, Inc.

Lower results than as planned due to trend of market shrinkage

Vertical media

Effects of revenues are still not as much as anticipated



Consolidated Profit and Loss Statement

FY03/2024, 1-3Q

Consolidated Profit and Loss Statement

(YoY)

(mil. yen)	2023 1-3Q	ratio to sales	2024 1-3Q	ratio to sales	+/-%	+/- amount
Net sales	2,373	100.0%	3,044	100.0%	+28.3%	+671
Cost of sales	1,674	70.6%	2,180	71.6%	+30.2%	+506
Gross profit	698	29.4%	863	28.4%	+23.6%	+164
SG&A expenses	638	26.9%	878	28.9%	+37.6%	+240
Operating profit	60	2.5%	-15	N/A	-125.2%	-75
Ordinary profit	58	2.5%	-11	N/A	-120.1%	-70
Net profit attributable to owners of parent	51	2.2%	-743	N/A	-1539.9%	-795
EBITDA	200	8.4%	119	3.9%	-40.1%	-80



Consolidated Balance Sheet

FY03/2024, 3Q

Consolidated Balance Sheet

(mil. yen)	2023 4Q	2024 3Q	+/- amount	(mil. yen)	2023 4Q	2024 3Q	+/- amount
Total current assets	1,868	2,009	+141	Total current liabilities	438	641	+203
Property, plant and equipment	60	77	+16	Total non-current liabilities	226	346	+119
Intangible assets	1,139	388	-751	Total liabilities	664	988	+323
Investments and other assets	83	202	+119	Capital stock	291	291	0
Total non-current assets	1,284	667	-616	Capital surplus	293	306	+13
Total assets	3,152	2,677	-475	Retained earnings	2,498	1,686	-811
				Treasury stock	-595	-598	-2
				Total shareholders' equity	2,487	1,686	-801
				Total net assets	2,487	1,689	-798
				Total liabilities and net assets	3,152	2,677	-475



**From the
Stations**

駅から始めよう

Section 2

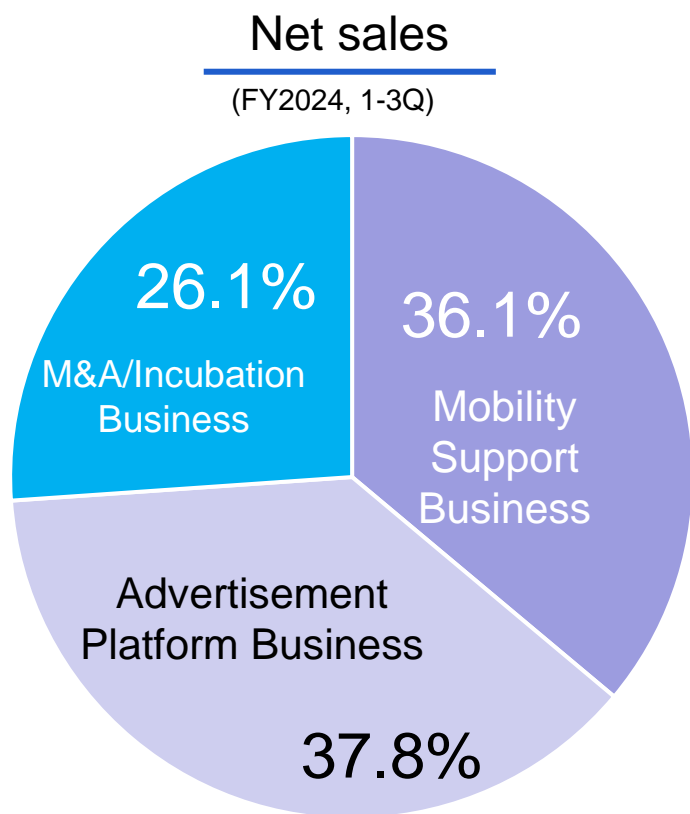
Financial results overview
1-3Q of FY03/2024
(by segment)



Proportions by segment

FY03/2024, 1-3Q

Proportions of net sales are almost the same for the three segments
EBITDA in Advertisement Platform Business which had been negative in 2Q recovered to positive



EBITDA
(FY2024, 1-3Q)

Mobility Support Business	274 mil. yen
Advertisement Platform Business	15 mil. yen
M&A/Incubation Business	49 mil. yen
Corporate expenses	-219 mil. yen
Total	119 mil. yen



Mobility Support Business

FY03/2024, 1-3Q

Lower revenues / Lower earnings

		(YoY)			
Net sales	1,101 mil. yen	-7.0%	-82 mil. yen	FY2023	1,183 mil. yen
EBITDA	274 mil. yen	-24.4%	-88 mil. yen	FY2023	363 mil. yen
Segment profit	233 mil. yen	-27.0%	-86 mil. yen	FY2023	320 mil. yen

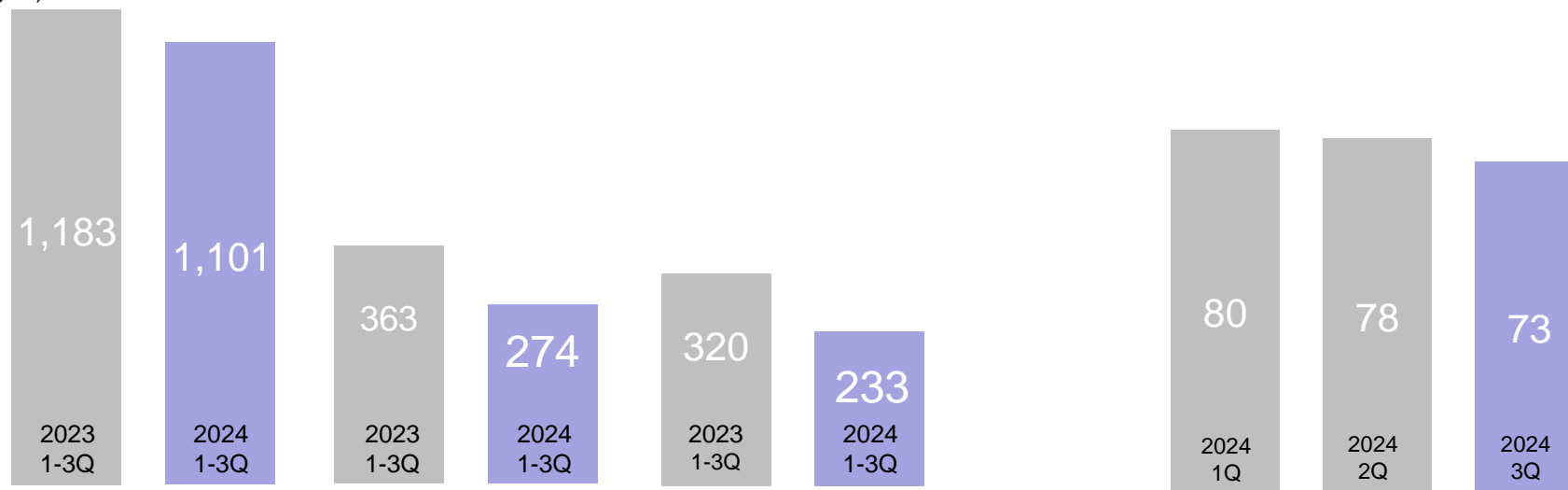
<Factor 1: Lower revenues / Lower earnings>

This segment experienced downward trend because of continuously decreasing number of paid subscribers due to commoditization of Transfer Information service

<Factor 2: Lower earnings>

Additional cost for renovation of "BTOOnline" (a service for arrangement of ticketless business trip) which had been carried out since FY2023 eventually ceased during the current 3Q

(mil. yen)



Net sales

EBITDA

Segment profit

QoQ transition of Segment profit



Advertisement Platform Business

FY03/2024, 1-3Q

Lower revenues / Lower earnings

		(YoY)			
Net sales	1,152 mil. yen	-3.2%	-37 mil. yen	FY2023	1,189 mil. yen
EBITDA	15 mil. yen	-71.3%	-38 mil. yen	FY2023	53 mil. yen
Segment profit	-59 mil. yen	N/A	-20 mil. yen	FY2023	-39 mil. yen

<Factor 1: Higher revenues / Higher earnings>

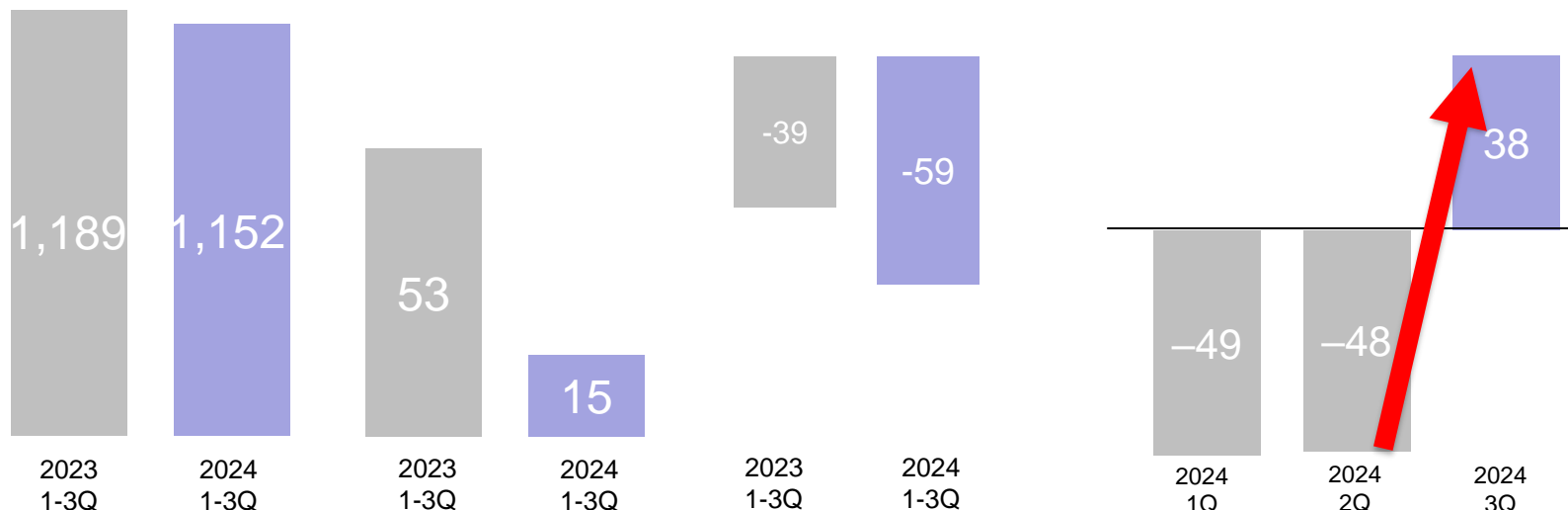
Proud Engine Inc.

As it was added to this segment in the previous 3Q (FY03/2023), both revenues and earnings increased YoY; and sales increased thanks to augmented personnel (recruitment)

<Factor 2: Lower revenues / Lower earnings>

Cirqua, Inc.

Market shrinkage because of amendment to the PMD Act and worsened business environment for Cirqua (suspended advertisement in major media); On the other hand, non-consolidated business performance turned to surplus during the current 3Q due to cost reduction by reexamination of business structure and curtailing expenses, as well as contribution by revenues from commercial materials of new genres



Cirqua, Inc.

- Cost reduction by reexamination of business structure and curtailing expenses
- Contribution by revenues from commercial materials of new genres

Substantial improvement due to turning to surplus as a standalone entity

Net sales

EBITDA

Segments loss

QoQ transition of Segment profit



M&A/Incubation Business

FY03/2024, 1-3Q

New segment

* YoY not applicable

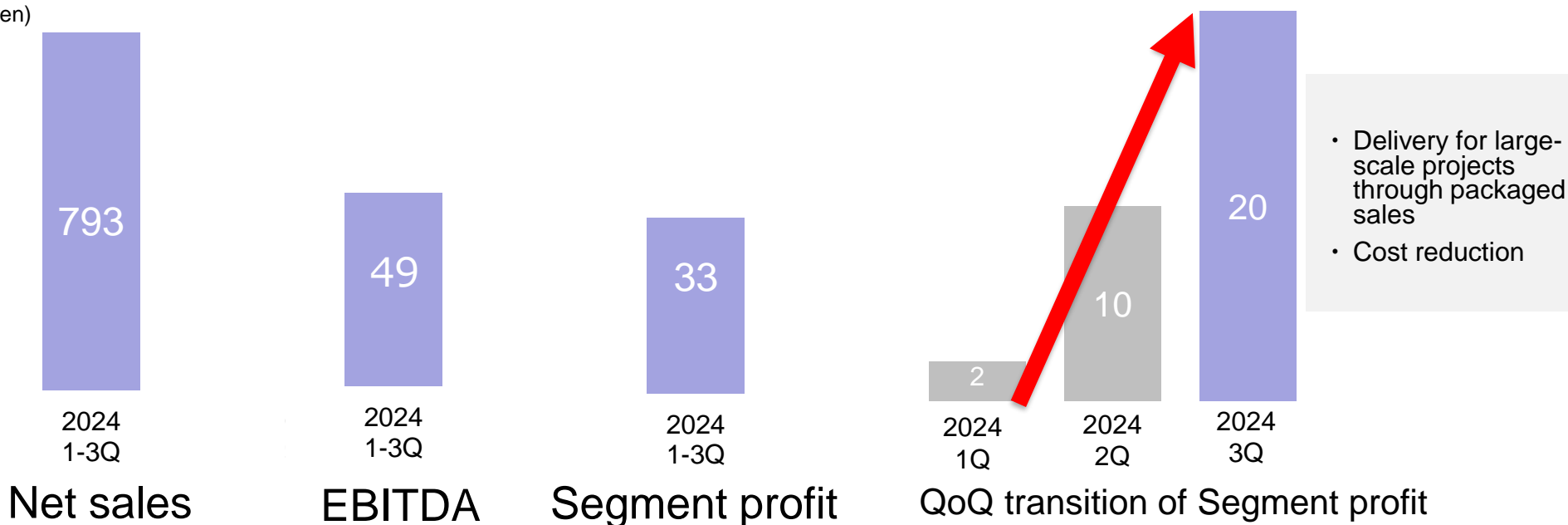
Net sales	793 mil. yen	+/-%	N/A	+/- amount	N/A	FY2023	N/A
EBITDA	49 mil. yen	+/-%	N/A	+/- amount	N/A	FY2023	N/A
Segment profit	33 mil. yen	+/-%	N/A	+/- amount	N/A	FY2023	N/A

<Background>

This segment was newly added due to establishment of EKITAN&Co., Ltd. on April 25, 2023

* No data is available on the previous FY for comparison, so figures are given only for the current 1-3Q

(mil. yen)



* This segment consists of investment business by EKITAN I&I Co., Ltd. and businesses in connection with systems (systems development/maintenance, SES, etc.) by subsidiaries of the former



Current progress in primary measures (FY03/2024, 1-3Q)

Framework

Progress of RMP (Regional Marketing Platform) framework

Strategies	Measures	Progress
RMP strategies*	<p>【Media business】</p> <ul style="list-style-type: none"> Facilitating the RMP framework <ul style="list-style-type: none"> Enhancement of media (Ekitan PICKS, Ekitan LOCAL, and Ekitan Odekake-Lab) Increase in inflows via search engines with keywords “region XX” due to obtaining more inbound links and adding regional contents More revenues from Ad-net/affiliate advertising (By becoming a regionally powerful site attracting more users, visitors to the media should be increased) 	<ul style="list-style-type: none"> Region-based contents will be added (e.g. real-estate, hotel, tourist spot) Improved link functions of EKITAN.com Enhanced linkage with regional media and released information Linkage and promotion with other media started in order to stop decrease in paid subscribers (courtesy discount services) started (Aug. 2023)
	<p>【Advertisement business】</p> <ul style="list-style-type: none"> Sales expansion through advertising business Expansion of Proud Engine and Cirqua (matching of advertisers and media) (Applying both companies' own technologies relating to advertisement and other elements to the RMP framework will lead to revenue expansion) 	<ul style="list-style-type: none"> Expansion of commercial materials handled by Cirqua Utilization of Cirqua's Ad-network to build up region-based advertisement systems →Integration with regional media started
	<p>【Solutions business】</p> <ul style="list-style-type: none"> Development of solutions services in line with the RMP framework For municipalities and railway companies <ul style="list-style-type: none"> (services related to transfer information for corporations) Providing services which contribute to regional revitalization <ul style="list-style-type: none"> Promotion services for municipalities and railway companies MaaS package Development of new solutions services 	<ul style="list-style-type: none"> Promotion of joint development with companies having tools to operate LINE official accounts →Sales started in Dec. 2023 Development of promotion services (PR engine) for municipalities and regional business entities → Test marketing with municipalities is under consideration User authentication function was added to “Ekitan MaaS Solution”, which utilizes My Number Card (official personal identification card)
M&A/alliance strategy	<ul style="list-style-type: none"> Faster promotion of M&A/Incubation Business 	<ul style="list-style-type: none"> M&A and alliance are proactively considered/promoted in order for realizing RMP framework



From the Stations

駅から始めよう

Section 3

RMP framework

RMP: Regional Marketing Platform



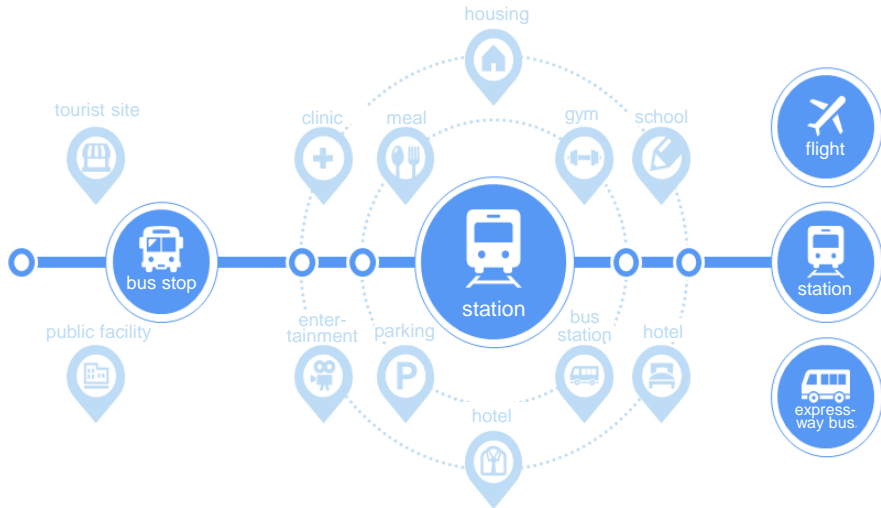
RMP* framework

Realizing RMP framework that connects users with services on regional basis

RMP: Regional Marketing Platform

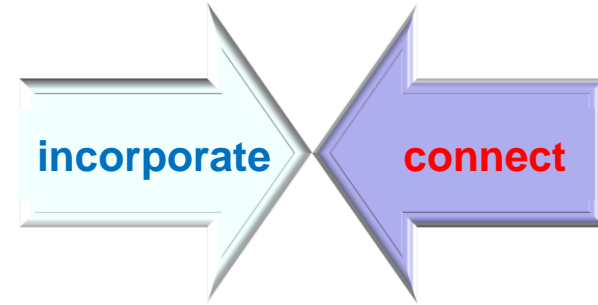
~ From the Stations ~

By utilizing Ekitan Group's business assets, and based on "stations" where many people gather, business entities (services) and local people (users) are connected



Aspired orientation

By utilizing transfer information technologies and advertisement technologies, business entities and users are "connected"



Incorporating information on users and business entities

This is analyzed/organized around a "station" by utilizing EKITAN Group's business assets

Connecting business entities and users

Users are provided with beneficial information and their explorations around the station are supported
New ways of monetization are realized

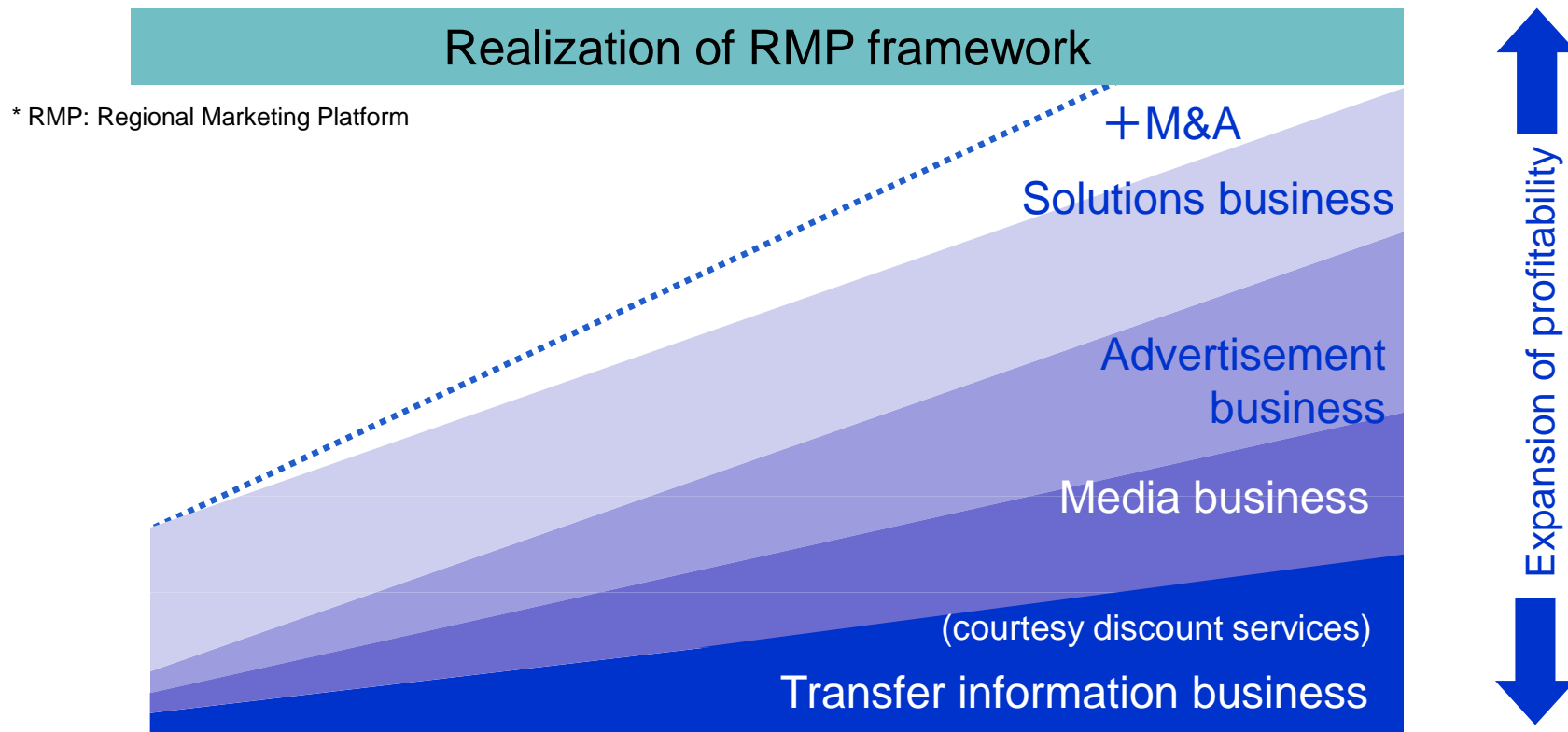
<Revenues from various media, enhanced services for corporations, etc.>



Image of business growth

FY03/2024, 1-3Q

Four businesses (Transfer information business, Media business, Advertisement business, Solutions business) plus M&A will be reinforced, aiming at revenue expansion



By increasing **contents, inbound links, clients, and partner websites**, **business models of value accumulation** are built up to expand revenue



Strategies (summary)

FY03/2024, 1-3Q

In order for realizing RMP framework,
businesses are promoted with three strategies as their pillars

* RMP: Regional Marketing Platform

(Strategy 1) **To reinforce EKITAN.com (Media business)**

- By changing configuration of Ekitan media which were independent each other and by increasing inbound links, search results with regional keywords would be presented at higher positions than before, leading to increase in UU and PV
- By adding OTA* and other players, PV unit price would increase, leading to revenue expansion

* OTA (Online Travel Agent): Travel agents which carry out their businesses only online

(Strategy 2) **RMP extension (Media business and Advertisement business)**

- Information networking: Bidirectional delivery of information (partner regional media and EKITAN.com)
- Link networking: Formation of mutual links (partner regional media and EKITAN.com)
- Ad networking: Recommendation widgets provided by Cirqua's Ad-network will be posted on partnering regional media, leading to sharing revenues

(Strategy 3) **PR engines & options (Solutions business)**

- EKITAN.com and RMP extension will be utilized to the maximum, and services will be rolled out to improve awareness of municipalities and business entities which carry out regional marketing and to draw their attention



From the Stations

駅から始めよう

Section 4

About performance
forecasts of FY03/2024



About performance forecasts of FY03/2024

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. However, upon considering our progress from now on, such forecasts will be disclosed promptly when it becomes possible to figure out.



From the Stations

駅から始めよう

Section 5

Topics



Solutions business

Agreement executed with Koriyama City (Fukushima Pref.)
for revitalization of regional public transport (November 15, 2023)

An agreement was executed with Koriyama City (Fukushima Pref.)
regarding collaborative activities for revitalization of regional public transport
utilizing our WEB media “Ekitan LOCAL” to publicize attractiveness of the local region

**Efforts to solve various issues around regional public transport in Koriyama City,
such as decrease in users, maintenance/formation of sustainable public transport,
and measures against diversified/multifaceted mobility needs**



Key roles:

- Providing information about events around railway stations

Key roles:

- Presenting and appealing information about events around railway stations on “EKITAN.com” and “Ekitan Local”

- By utilizing “Ekitan LOCAL” to dispatch information from “Stations” about various events, usage of public transport and regional revitalization would be facilitated
- By making effective use of resources and know-hows which the Koriyama City and Ekitan have, usage of public transport and regional revitalization in the City would be facilitated



Solutions business

User authentication function was added to “Ekitan MaaS Solution”, which utilizes My Number Card (official personal identification card), to contribute to SDGs (January 23, 2024)

In collaboration with “xID app” for personal authentication available from xID Inc., functions for user authentication and for app login using My Number Card are provided. This will improve usability and prevent “spoofing” and data alteration by someone else.

【Image of usage】



For the future as well, we work on functional improvement towards making Ekitan MaaS solution more secure, safe and convenient.



Advertisement business

Released “LIneON”, an SaaS type CRM tool on December 20, 2023

“LIneON” is a product jointly developed in collaboration with Lifex Co., Ltd. which was released following development and version upgrade

- Attracts guests, makes them visit and purchase more easily
- This can be user intuitively for wide range of businesses from restaurants (where guests come) to EC shops such as mail-order shops (where guests don't come)

■ Main functions

- 1 Questionnaire
- 2 Segmental distribution
- 3 Rich menu
- 4 Customer support using chat
- 5 Flexible and creative appeal
- 6 Dashboard

More sales with intuitively usable tool
linked with LINE app

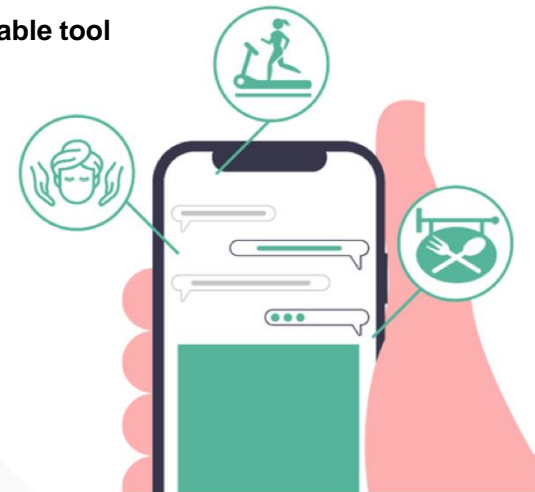


Collecting personalized data via questionnaire

Personalized stepwise distribution

Customer support using LINE chat

Visualizing users via dashboard



■ Features of LIneON

- Enables effective distribution of information according to each customer's attributes and situation
- Completes entire process from order-taking to acceptance of changes on LINE
- Supports 1-to-1 chat operation with customers

Realizes cost reduction and higher efficiency with support by both human and chatbot

~ From the Stations ~



From the
Stations

駅から始めよう

【Contact for IR】

EKITAN Co., Ltd. IR staff E-mail ir@ekitan.co.jp

URL <https://ekitan.co.jp/>

These materials are intended only for providing information for reference concerning current business performance, and therefore investors are encouraged to make their final decisions on investment or any other matters based on their own judgements.

Of course these materials have been created with extreme care as much as possible. However, the Company shall not assume any responsibility for their completeness. In addition, the Company shall not assume any responsibility for any results and other matters concerning investment decided based on these materials.

Forecasts and plans presented in these materials have been created based on currently available information. Actual business performance to be achieved in the future may differ from such forecasts and/or plans due to various factors including overall economic situations.