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August 13, 2024

## Summary of Consolidated Financial Results for the First Quarter of the Fiscal Year ending March 31, 2025 (FY03/2025) [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 commence dividend payments: N/A  
 Preparation of supplementary material on financial results: Yes  
 Holding of financial results meeting: No

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

### 1. Consolidated financial results of the first quarter of FY03/2024 (April 1, 2023 – December 31, 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	%
1Q of FY03/2025	859	(14.0)	(2)	—	(19)	—	(12)	—	(18)	—
1Q of FY03/2024	999	29.6	12	(82.9)	(42)	—	(41)	—	(41)	—

(Note) Comprehensive profit 1Q of FY03/2025: (17) mil. yen [—%]  
 1Q of FY03/2024: (39) mil. yen [—%]

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

	Net profit (loss) per share	Diluted net profit (loss) per share
	yen	yen
1Q of FY03/2025	(3.75)	—
1Q of FY03/2024	(8.51)	—

#### (2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	mil. yen	mil. yen	%
1Q of FY03/2025	2,540	1,595	62.8
FY03/2024	2,735	1,700	62.2

(Reference) Shareholders equity 1Q of FY03/2025: 1,595 mil. yen  
 FY03/2024: 1,700 mil. yen

### 2. Cash dividends

	Annual dividends per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	yen	yen	yen	yen	yen
FY03/2024	—	0.00	—	14.00	14.00
FY03/2025	—	—	—	—	—
FY03/2024 (forecasts)	—	0.00	—	14.00	14.00

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

### 3. Consolidated performance forecasts for FY03/2025 (April 1, 2024 – March 31, 2025)

(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)	1,993	2.7	32	(13.7)	(15)	—	(7)	—	(10)	—	(2.12)
Full term	4,327	7.2	203	10.5	101	328.4	111	304.5	73	—	15.24

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

**\*Notes**

- (1) Changes in significant subsidiaries during the current quarter consolidated cumulative period (changes in specified subsidiaries resulting in the change in scope of consolidation): No
- (2) Application of special accounting methods to the preparation of quarterly consolidated financial statement: Yes  
(Note) For details, please see the appendix, page 6, "2. Quarterly Consolidated Financial Statements and Principal Notes, (3) Notes on Quarterly Consolidated Financial Statements".
- (3) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements
- ① Changes in accounting policies due to revisions to accounting standards and other regulations: No
- ② Changes in accounting policies due to other reasons: No
- ③ Changes in accounting estimates: No
- ④ Restatement of prior period financial statements: No

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

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

1Q of FY03/2024:	6,018,800 shares	FY03/2023:	6,018,800 shares
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- ② Number of treasury stock at end of the period

1Q of FY03/2024:	1,229,441 shares	FY03/2023:	1,176,541 shares
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- ③ Average number of shares during the period (quarterly cumulative)

1Q of FY03/2024:	4,827,816 shares	1Q of FY03/2023:	4,847,484 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 August 13, 2024 (Tue.).

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

### (1) Descriptions regarding operating results

During the current first quarter consolidated cumulative period, Japanese economy has witnessed improvement in personal spending against the backgrounds of recovery of human interaction due to normalization of social activities and better environment for employment/income, as well as movement towards expanded demands by inbound tourists. On the other hand, economic trends are still unpredictable because of, for example, geopolitical tensions such as prolonged warfare in Ukraine and the Middle East, declined consumer confidence due to long-standing high prices, and price rise in raw materials caused by weaker yen.

Amid such situations, the Group is going forward to materialization of our business framework of “Regional Marketing Platform (RMP)” whose basic concept is to connect users with our services on regional basis.

With this RMP framework, we have realized increase in users by adding new services for selling Shinkansen (bullet train) tickets and by enhancing regional contents, and thus novel monetization measures have surely contributed to overall revenues/earnings.

As a result, although Net sales was lower YoY due to continued trend of decrease in paid subscribers for transfer information services and in revenues of Cirqua, Inc., in terms of profit, besides promoting the abovementioned RMP framework, the fact that transient cost incurred during the previous first quarter consolidated fiscal period for establishing EKITAN I&I Co., Ltd. and for acquiring shares of it, and cost reduction carried out during the previous FY by shrinking depreciation by means of recording impairment loss of intangible assets such as goodwill, and other factors have helped achieving substantial improvement as compared to the previous 1Q, and so far we have made progress at higher pace than the annual performance forecasts.

Consequently, financial results of the current first quarter consolidated cumulative period were as follows: Net sales: 859,426 thousand yen (decrease by 14.0% YoY); EBITDA: (2,311) thousand yen (which had been 12,235 thousand yen in the 1Q of FY03/2024); Operating loss: 19,683 thousand yen (which had been 42,638 thousand yen in the 1Q of FY03/2024); Ordinary loss: 12,872 thousand yen (which had been 41,957 thousand yen in the 1Q of FY03/2024); and Net loss attributable to owners of parent: 18,094 thousand yen (which had been 41,237 thousand yen in the 1Q of FY03/2024).

Operating results of individual business segments are as follows.

#### ① *Mobility Support Business*

Novel monetization measures based on the RMP framework, such as selling Shinkansen tickets, have gradually contributed to revenues/earnings, but rather, continued decrease in paid subscribers due to commoditization of transfer information services resulted in substantial decrease in revenues from these services, leading to lower revenues/earnings in this segment.

These operations resulted in Net sales of 340,111 thousand yen (decrease by 8.5% YoY), EBITDA of 74,454 thousand yen (decrease by 20.4% YoY) and Segment profit of 66,781 thousand yen (decrease by 17.4% YoY).

#### ② *Advertisement Platform Business*

Revenue expansion through staff augmentation at Proud Engine Inc. has been smoothly in process, but on the other hand, business environment for Cirqua, Inc. having become more severe had huge impact resulting in lower revenues. Nevertheless, in terms of profit, not only cost reduction carried out during the previous consolidated FY by shrinking depreciation by means of recording impairment loss of intangible assets such as goodwill, but also cost reduction and structural review by Cirqua, Inc. since the previous third quarter consolidated fiscal period, have helped limiting segment loss to much less.

These operations resulted in Net sales of 265,183 thousand yen (decrease by 27.1% YoY), EBITDA of (9,824) thousand yen (which had been (14,011) thousand yen in the 1Q of FY03/2024) and Segment loss of 12,878 thousand yen (which was 49,923 thousand yen in the 1Q of FY03/2024).

#### ③ *M&A/Incubation Business*

Revenue expansion through staff augmentation at Growth and Communications Co., Ltd. has been smoothly in process, but on the other hand, this segment has seen lower revenues as compared to the previous first quarter consolidated cumulative period during which an order for a large-scale project had been received. In terms of profit, despite some impact of lower revenues, higher segment profit could be achieved since there was no such transient cost as incurred during the previous first quarter consolidated fiscal period for establishing EKITAN I&I Co., Ltd. and for acquiring shares of it.

These operations resulted in Net sales of 254,501 thousand yen (decrease by 3.7% YoY), EBITDA of 14,537 thousand yen (increase by 80.6% YoY) and Segment profit of 8,969 thousand yen (increase by 214.4% YoY).

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

Current assets at the end of the current first quarter consolidated fiscal period was 1,911,125 thousand yen , i.e. decrease by 198,669 thousand yen as compared to the end of the previous consolidated FY. This is mainly due to decrease in Notes, accounts receivable - trade & contract by 179,370 thousand yen and in Cash and deposits by 42,443 thousand yen. Non-current assets was 628,975 thousand yen, i.e. increase by 3,602 thousand yen as compared to the end of the previous consolidated FY. This is mainly due to increase in Software by 8,855 thousand yen and decrease in Goodwill by 5,856 thousand yen. As a result, Total assets was 2,540,101 thousand yen, i.e. decrease by 195,067 thousand yen as compared to the end of the previous consolidated FY.

*(Liabilities)*

Current liabilities at the end of the current first quarter consolidated fiscal period was 613,125 thousand yen , i.e. decrease by 53,857 thousand yen as compared to the end of the previous consolidated FY. This is mainly due to decreased in Accounts payable - trade by 61,466 thousand yen. Non-current liabilities was 331,526 thousand yen, i.e. decrease by 36,620 thousand yen as compared to the end of the previous consolidated FY. This is mainly due to decrease in Long-term loans payable by 37,587 thousand yen. As a result, Total liabilities was 944,652 thousand yen, i.e. decrease by 90,478 thousand yen as compared to the end of the previous consolidated FY.

*(Net assets)*

Total net assets at the end of the current first quarter consolidated fiscal period was 1,595,448 thousand yen , i.e. decrease by 104,589 thousand yen as compared to the end of the previous consolidated FY. This is mainly due to decrease in Retained earnings by 85,886 thousand yen and increase in Treasury stock by 22,726 thousand yen. As a result, equity ratio rose from the end of the previous consolidated FY by 0.6 point to 62.8%.

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

Consolidated performance forecasts for the 2Q (cumulative) and full-term of FY03/2025 have not been changed since the last announcement on May 9, 2024.

## 2. Quarterly Consolidated Financial Statements and Principal Notes

## (1) Quarterly Consolidated Balance Sheets

(thousand yen)

	Previous consolidated FY (March 31, 2024)	Current first quarter consolidated fiscal period (June 30, 2024)
<b>Assets</b>		
Current assets		
Cash and deposits	1,368,889	1,326,446
Notes, accounts receivable - trade & contract assets	582,354	402,984
Merchandise	599	590
Work in process	16,573	13,522
Raw materials and supplies	933	828
Others	141,737	168,033
Allowance for doubtful accounts	(1,292)	(1,279)
Total current assets	2,109,795	1,911,125
Non-current assets		
Property, plant and equipment	72,241	75,351
Intangible assets		
Software	49,303	58,158
Customer-related assets	26,625	25,737
Goodwill	131,911	126,055
Others	119,161	120,757
Total intangible assets	327,001	330,709
Investments and other assets		
Others	227,564	224,337
Allowance for doubtful accounts	(1,433)	(1,423)
Total investment and other assets	226,131	222,914
Total non-current assets	625,373	628,975
Total assets	2,735,168	2,540,101
<b>Liabilities</b>		
Current liabilities		
Accounts payable - trade	231,270	169,803
Current portion of long-term loans payable	75,851	70,773
Income taxes payable	18,623	9,909
Provision for bonuses	52,177	45,832
Provision for loss on order received	9,888	10,102
Valuation allowance for purchase contracts	10,660	10,660
Others	268,511	296,043
Total current liabilities	666,983	613,125
Non-current liabilities		
Long-term loans payable	292,090	254,503
Asset retirement obligations	17,310	17,310
Provision for directors' retirement benefits	20,510	20,873
Liabilities on retirement benefits	26,926	27,935
Deferred tax liabilities	9,309	8,905
Others	2,000	2,000
Total non-current liabilities	368,147	331,526
Total liabilities	1,035,130	944,652
<b>Net assets</b>		
Shareholders' equity		
Capital stock	291,956	291,956
Capital surplus	309,595	312,557
Retained earnings	1,693,919	1,608,033
Treasury stock	(598,290)	(621,016)
Total shareholders' equity	1,697,180	1,591,529
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,858	3,918
Total accumulated other comprehensive income	2,858	3,918
Total net assets	1,700,038	1,595,448
<b>Total liabilities and net assets</b>	<b>2,735,168</b>	<b>2,540,101</b>

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

(Quarterly Consolidated Statements of Income)

(For the first quarter consolidated cumulative period)

(thousand yen)

	Previous first quarter consolidated cumulative period (Apr. 1, 2023 – Jun. 30, 2023)	Current first quarter consolidated cumulative period (Apr. 1, 2024 – Jun. 3, 2024)
Net sales	999,351	859,426
Cost of sales	725,714	598,392
Gross profit	273,636	261,034
SG&A expenses	316,275	280,717
Operating profit (loss)	(42,638)	(19,683)
Non-operating profit (loss)		
Interest income	927	470
Dividend income	—	329
Gain on forfeiture of unclaimed dividends	80	318
Surrender value of insurance	—	6,637
Interest subsidy	310	—
Others	156	267
Total non-operating profit (loss)	1,475	8,024
Non-operating expenses		
Interest expenses	794	991
Purchase of treasury stock	—	222
Total non-operating expenses	794	1,213
Ordinary profit (loss)	(41,957)	(12,872)
Extraordinary losses		
Loss on cancellation of lease contracts	1,320	—
Total extraordinary losses	1,320	—
Net profit (loss) before income taxes and minority interests	(43,277)	(12,872)
Income taxes	(1,530)	5,222
Net profit (loss)	(41,746)	(18,094)
Profit (loss) attributable to non-controlling shareholders	(509)	—
Profit (loss) attributable to owners of parent	(41,237)	(18,094)

(Quarterly Consolidated Statements of Income)

(For the first quarter consolidated cumulative period)

(thousand yen)

	Previous first quarter consolidated cumulative period (Apr. 1, 2023 – Jun. 30, 2023)	Current first quarter consolidated cumulative period (Apr. 1, 2024 – Jun. 3, 2024)
Net profit (loss)	(41,746)	(18,094)
Valuation difference on available-for-sale securities	2,166	1,060
Comprehensive income (loss)	(39,580)	(17,034)
(detail)		
Comprehensive income (loss) attributable to owners of parent	(39,287)	(17,034)
Comprehensive income attributable to non-controlling interests	(292)	—

**(3) Notes on Quarterly Consolidated Financial Statements**

(Notes on Special Accounting Methods for 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 first quarter consolidated fiscal period. However, if calculation of tax expenses by using so evaluated effective tax rate results in a figure significantly lacking reasonableness, product calculated by multiplying quarterly net profit or loss before income taxes by a statutory effective tax rate and collectability of deferred tax assets are taken into account.

(Notes on Segment Information, etc.)

I Previous first quarter consolidated cumulative period (Apr. 1, 2023 – Jun. 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	371,158	363,884	264,308	999,351
Inter-segment sales or transfer	438	—	—	438
Total	371,597	363,884	264,308	999,790
Segment profit (loss)	80,860	(49,923)	2,852	33,790
Depreciation	12,673	22,216	1,582	36,472
Amortization of goodwill	—	13,695	3,616	17,311
EBITDA (see Note)	93,533	(14,011)	8,051	87,574

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	33,790
Corporate expenses (see Note)	(76,428)
Operating profit (loss) on the Quarterly Consolidated Statements of Income	(42,638)

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

3. *Information on impairment loss of non-current assets or goodwill, etc., for each reportable segment (Significant changes in amount of goodwill)*

In the “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. Meanwhile, this event caused increase in the amount of goodwill by 68,961 thousand yen in the first quarter consolidated cumulative period.



## II Current first quarter consolidated cumulative period (Apr. 1, 2024 – Jun. 30, 2024)

## 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	339,742	265,183	254,501	859,426
Inter-segment sales or transfer	368	—	—	368
Total	340,111	265,183	254,501	859,795
Segment profit (loss)	66,781	(12,878)	8,969	62,872
Depreciation	7,673	887	1,878	10,439
Amortization of goodwill	—	2,166	3,689	5,856
EBITDA (see Note)	74,454	(9,824)	14,537	79,167

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	62,872
Corporate expenses (see Note)	(82,555)
Operating profit (loss) on the Quarterly Consolidated Statements of Income	(19,683)

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.

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

The Company, at its board meeting on May 9, 2024, decided to purchase its treasury stock, based on the provisions of Article 156 of the Companies Act of Japan which apply mutatis mutandis pursuant to Article 165, Paragraph 3 of that Act, and accordingly it is in the process of such purchase for the period from May 20, 2024 to December 30, 2024, with upper limits set as 150,000 shares and 50,000 thousand yen in total. In this way, during the current first quarter consolidated cumulative period 52,900 shares were purchased, which resulted in increase of Treasury stock by 22,726 thousand yen.

As a result of such purchase and others, Treasury stock at the end of the current first quarter consolidated cumulative period was 621,016 thousand yen.

(Going concern assumption)

Not applicable.

(Notes on Quarterly Consolidated Cash Flow Statement)

Quarterly consolidated cash flow statement has not been produced for the current first quarter consolidated cumulative period. Meanwhile, amounts of depreciations for the previous & current first quarter consolidated cumulative periods (including depreciations of intangible assets except goodwill) and amortizations of goodwill are as follows.

	(thousand yen)	
	Previous first quarter consolidated cumulative period (Apr. 1, 2023 – Jun. 30, 2023)	Current first quarter consolidated cumulative period (Apr. 1, 2024 – Jun. 3, 2024)
Depreciation	37,563	11,515
Amortization of goodwill	17,311	5,856