

Summary of Consolidated Financial Results for the Second Quarter (1st HALF) of the Fiscal Year ending March 31, 2025 (FY03/2025) [Japanese GAAP]

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 Stock exchange listing: Tokyo
 Securities code: 3646 URL: <https://ekitan.co.jp/>
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 Scheduled date to file Biannual Securities Report: November 12, 2024
 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 (1st HALF) of FY03/2024 (April 1, 2023 – September 30, 2024)

(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	%
1st HALF of FY03/2025	1,764	(9.1)	25	(32.0)	(10)	—	(3)	—	(15)	—
1st HALF of FY03/2024	1,941	26.9	37	(75.7)	(74)	—	(71)	—	(794)	—

(Note) Comprehensive profit 2Q of FY03/2025: (15) mil. yen [—%]
 2Q of FY03/2024: (791) mil. yen [—%]

* EBITDA = Operating profit + Depreciation + Amortization of goodwill

	Net profit (loss) per share	Diluted net profit (loss) per share
	yen	yen
1st HALF of FY03/2025	(3.18)	—
1st HALF of FY03/2024	(163.91)	—

(2) Consolidated financial position

	Total assets		Net assets		Equity ratio	
	mil. yen	%	mil. yen	%		
1st HALF of FY03/2025	2,490		1,592		63.9	
FY03/2024	2,735		1,700		62.2	

(Reference) Shareholders equity 2Q of FY03/2025: 1,592 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	—	0.00	—	14.00	14.00
FY03/2024 (forecasts)	—	—	—	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
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 1st HALF: No
- (2) Application of special accounting methods to the preparation of biannual consolidated financial statement: Yes
 (Note) For details, please see the appendix, page 7, "2. Biannual Consolidated Financial Statements and Principal Notes, (3) Notes on Biannual Consolidated Financial Statements, (Notes on Special Accounting Methods for the Preparation of Biannual 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)

1st HALF of FY03/2025:	6,018,800 shares	FY03/2024:	6,018,800 shares
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- ② Number of treasury stock at end of the period

1st HALF of FY03/2025:	1,248,541 shares	FY03/2024:	1,176,541 shares
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- ③ Average number of shares during the period (1st HALF)

1st HALF of FY03/2025:	4,802,691 shares	1st HALF of FY03/2024:	4,844,659 shares
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- * Summary of financial results for the second quarter (1st half) is not included in a biannual 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 1st HALF: (3) Descriptions regarding future prospects such as consolidated performance forecasts".

Supplementary material on financial results is posted on the Company's website on November 12, 2024 (Tue.).

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1. Overall Operating Results, etc.

(1) Overall Operating Results of the Current 1st HALF

During the current biannual consolidated fiscal 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 Operating loss and Ordinary loss, besides promoting the above-mentioned RMP framework, the fact that there was no transient cost which had incurred during the previous biannual 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 biannual consolidated fiscal period, and thus we have made progress at higher pace than the annual performance forecasts. In addition, for the previous biannual consolidated fiscal period impairment loss had been registered as extraordinary loss and therefore as compared to that period, Net loss attributable to owners of parent substantially improved for the current biannual consolidated fiscal period.

Consequently, financial results of the current biannual consolidated fiscal period were as follows: Net sales: 1,764,961 thousand yen (decrease by 9.1% YoY); EBITDA: 25,351 thousand yen (decrease by 32.0% YoY); Operating loss: 10,056 thousand yen (which had been 74,117 thousand yen in the previous 1st HALF); Ordinary loss: 3,579 thousand yen (which had been 71,577 thousand yen in the previous 1st HALF); and Net loss attributable to owners of parent: 15,260 thousand yen (which had been 794,068 thousand yen in the previous 1st HALF).

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 686,115 thousand yen (decrease by 7.3% YoY), EBITDA of 149,788 thousand yen (decrease by 19.7% YoY) and Segment profit of 133,771 thousand yen (decrease by 16.3% 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 570,566 thousand yen (decrease by 15.9% YoY), EBITDA of (22,530) thousand yen (which had been (25,995) thousand yen in the previous 1st HALF) and Segment loss of 9,427 thousand yen (which had been 97,964 thousand yen in the previous 1st HALF).

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 biannual consolidated fiscal period during which an order for a large-scale project had been received by Information Technology Japan Co., Ltd. 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 biannual consolidated fiscal period for establishing EKITAN I&I Co., Ltd. and for acquiring shares of it.

These operations resulted in Net sales of 509,224 thousand yen (decrease by 2.6% YoY), EBITDA of 35,949 thousand yen (increase by 52.1% YoY) and Segment profit of 24,831 thousand yen (increase by 88.0% YoY).

(2) Overall Financial Position of the Current 1st HALF*(Assets)*

Current assets at the end of the current biannual consolidated fiscal period was 1,846,999 thousand yen, i.e. decrease by 262,795 thousand yen as compared to the end of the previous consolidated FY. This is mainly due to decrease in Notes, accounts receivable - trade & contract assets by 154,563 thousand yen and in Cash and deposits by 75,603 thousand yen. Non-current assets was 643,857 thousand yen, i.e. increase by 18,484 thousand yen as compared to the end of the previous consolidated FY. This is mainly due to increase in Others included in Intangible assets by 23,551 thousand yen.

As a result, Total assets was 2,490,857 thousand yen, i.e. decrease by 244,311 thousand yen as compared to the end of the previous consolidated FY.

(Liabilities)

Current liabilities at the end of the current biannual consolidated fiscal period was 585,115 thousand yen , i.e. decrease by 81,867 thousand yen as compared to the end of the previous consolidated FY. This is mainly due to decrease in Accounts payable - trade by 51,717 thousand yen and decrease in Others included in Current liabilities by 40,696 thousand yen. Non-current liabilities was 313,425 thousand yen, i.e. decrease by 54,722 thousand yen as compared to the end of the previous consolidated FY. This is mainly due to decrease in Long-term borrowings by 56,850 thousand yen.

As a result, Total liabilities was 898,540 thousand yen, i.e. decrease by 136,589 thousand yen as compared to the end of the previous consolidated FY.

(Net assets)

Total net assets at the end of the current biannual consolidated fiscal period was 1,592,316 thousand yen, i.e. decrease by 107,721 thousand yen as compared to the end of the previous consolidated FY. This is mainly due to decrease in Retained earnings by 83,051 thousand yen and increase in Treasury stock by 30,091 thousand yen.

As a result, equity ratio rose from the end of the previous consolidated FY by 1.7 point to 63.9%.

(3) Descriptions regarding Future Prospects such as Consolidated Performance Forecasts

Full-term consolidated performance forecasts for FY03/2025 have not been changed since the last announcement on May 9, 2024.

2. Biannual Consolidated Financial Statements and Principal Notes

(1) Biannual Consolidated Balance Sheets

(thousand yen)

	Previous consolidated FY (March 31, 2024)	Current biannual consolidated fiscal period (September 30, 2024)
Assets		
Current assets		
Cash and deposits	1,368,889	1,293,286
Notes, accounts receivable - trade & contract assets	582,354	427,791
Merchandise	599	1,059
Work in process	16,573	15,333
Raw materials and supplies	933	750
Others	141,737	110,061
Allowance for doubtful accounts	(1,292)	(1,282)
Total current assets	2,109,795	1,846,999
Non-current assets		
Property, plant and equipment	72,241	68,629
Intangible assets		
Software	49,303	57,558
Customer-related assets	26,625	24,850
Goodwill	131,911	120,217
Others	119,161	142,713
Total intangible assets	327,001	345,339
Investments and other assets		
Others	227,564	231,297
Allowance for doubtful accounts	(1,433)	(1,408)
Total investment and other assets	226,131	229,889
Total non-current assets	625,373	643,857
Total assets	2,735,168	2,490,857
Liabilities		
Current liabilities		
Accounts payable - trade	231,270	179,552
Current portion of long-term borrowings	75,851	68,724
Income taxes payable	18,623	19,135
Provision for bonuses	52,177	68,988
Provision for loss on order received	9,888	10,239
Valuation allowance for purchase contracts	10,660	10,660
Others	268,511	227,815
Total current liabilities	666,983	585,115
Non-current liabilities		
Long-term borrowings	292,090	235,240
Asset retirement obligations	17,310	17,310
Provision for directors' retirement benefits	20,510	21,235
Liabilities on retirement benefits	26,926	28,944
Deferred tax liabilities	9,309	8,695
Others	2,000	2,000
Total non-current liabilities	368,147	313,425
Total liabilities	1,035,130	898,540
Net assets		
Shareholders' equity		
Capital stock	291,956	291,956
Capital surplus	309,595	315,519
Retained earnings	1,693,919	1,610,867
Treasury stock	(598,290)	(628,381)
Total shareholders' equity	1,697,180	1,589,961
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,858	2,354
Total accumulated other comprehensive income	2,858	2,354
Total net assets	1,700,038	1,592,316
Total liabilities and net assets	2,735,168	2,490,857

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

(thousand yen)

	Previous biannual consolidated fiscal period (Apr. 1, 2023 – Sep. 30, 2023)	Current biannual consolidated fiscal period (Apr. 1, 2024 – Sep. 30, 2024)
Net sales	1,941,207	1,764,961
Cost of sales	1,400,882	1,224,578
Gross profit	540,324	540,383
SG&A expenses	614,442	550,439
Operating profit (loss)	(74,117)	(10,056)
Non-operating profit (loss)		
Interest income	1,738	948
Dividend income	356	617
Gain on forfeiture of unclaimed dividends	80	318
Surrender value of insurance	812	6,637
Interest subsidy	625	—
Others	345	398
Total non-operating profit (loss)	3,957	8,920
Non-operating expenses		
Interest expenses	1,363	2,095
Purchase of treasury stock	—	348
Others	54	—
Total non-operating expenses	1,417	2,443
Ordinary profit (loss)	(71,577)	(3,579)
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	—
Information security expenses	—	5,000
Total extraordinary losses	804,233	5,000
Net profit (loss) before income taxes and minority interests	(875,810)	(8,579)
Income taxes	(82,825)	6,680
Net profit (loss)	(792,984)	(15,260)
Profit (loss) attributable to non-controlling shareholders	1,083	—
Profit (loss) attributable to owners of parent	(794,068)	(15,260)

Biannual Consolidated Statements of Comprehensive Income

(thousand yen)

	Previous biannual consolidated fiscal period (Apr. 1, 2023 – Sep. 30, 2023)	Current biannual consolidated fiscal period (Apr. 1, 2024 – Sep. 30, 2024)
Net profit (loss)	(792,984)	(15,260)
Other comprehensive income		
Valuation difference on available-for-sale securities	1,403	(503)
Total other comprehensive income	1,403	(503)
Comprehensive income (loss)	(791,580)	(15,763)
(detail)		
Comprehensive income (loss) attributable to owners of parent	(792,804)	(15,763)
Comprehensive income attributable to non-controlling interests	1,224	—

(3) Biannual Consolidated Cash Flow Statements

	(thousand yen)	
	Previous biannual consolidated fiscal period (Apr. 1, 2023 - Sep 30, 2023)	Current biannual consolidated fiscal period (Apr. 1, 2024 - Sep. 30, 2024)
Cash flows from operating activities		
Net profit (loss) before income taxes and minority interests	(875,810)	(8,579)
Depreciation	76,797	23,713
Impairment loss	793,498	—
Amortization of goodwill	34,622	11,694
Increase (decrease) in allowance for doubtful accounts	(193)	(35)
Increase (decrease) in reserve for bonuses	20,680	16,810
Increase (decrease) in provision for retirement benefits for directors (and other officers)	—	724
Increase (decrease) in provision for bonuses for directors (and other officers)	(912)	—
Increase (decrease) in liabilities for retirement benefits	(3,963)	2,017
Increase (decrease) in provision for loss on order received	143	351
Interest income	(1,738)	(948)
Dividend income	(356)	(617)
Interest expenses	1,363	2,095
Surrender value of insurance	(812)	(6,637)
Loss (gain) on valuation of investment securities	9,284	—
Loss on retirement of non-current assets	130	—
Information security expenses	—	5,000
Decrease (increase) in notes and accounts receivable - trade & contract assets	108,130	154,563
Decrease (increase) in inventories	3,635	963
Increase (decrease) in notes and accounts payable - trade	(69,751)	(51,717)
Decrease (increase) in deposits paid	—	(20,525)
Others	36,326	(33,478)
Subtotal	131,072	95,392
Interest income received	1,738	260
Interest expenses paid	(690)	(2,095)
Income taxes refund	150	22,655
Income taxes paid	(19,968)	(14,076)
Net cash provided by (used in) operating activities	112,303	102,136
Cash flows from investing activities		
Purchase of property, plant and equipment	(14,555)	(9,702)
Purchase of intangible assets	(57,675)	(39,607)
Payments into time deposits	(6,300)	(5,700)
Proceeds from withdrawal of time deposits	4,800	4,800
Collection of short-term borrowings	90,000	22,500
Purchase of insurance funds	(5,305)	(3,785)
Proceeds from cancellation of insurance funds	1,915	14,353
Payments of leasehold and guarantee deposits	(10,412)	—
Proceeds from collection of lease and guarantee deposits	2,460	300
Payments for acquisition of new consolidated subsidiary	(97,102)	—
Net cash provided by (used in) investing activities	(92,175)	(16,842)
Cash flows from financing activities		
Repayments of short-term borrowings	(5,000)	—
Repayments of long-term borrowings	(27,744)	(63,977)
Purchase of treasury stock	—	(30,439)
Dividends paid	(67,572)	(67,380)
Proceeds from share issuance to non-controlling shareholders	32,000	—
Net cash provided by (used in) financing activities	(68,316)	(161,797)
Net increase (decrease) in cash and cash equivalents	(48,188)	(76,503)
Cash and cash equivalents at beginning of period	1,424,983	1,324,577
Cash and cash equivalents at end of period	1,376,794	1,248,073

(4) Notes on Biannual Consolidated Financial Statements

(Notes on Special Accounting Methods for the Preparation of Biannual 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 biannual net profit before income taxes for the consolidated fiscal year including the current biannual 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 biannual 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 biannual consolidated fiscal 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 Biannual 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 Biannual 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 (Significant changes in amount of goodwill)

Impairment loss on non-current assets was registered for the “Advertisement Platform Business” segment. And 793,498 thousand yen was allocated as that impairment loss in current biannual consolidated fiscal period.

In the “M&A/Incubation Business” segment, during the current biannual 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.

Also, since impairment loss of goodwill was registered for the “Advertisement Platform Business” segment, amount of goodwill decreased accordingly. This event caused decrease in the amount of goodwill by 345,855 thousand yen in the current biannual consolidated fiscal period.

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

II Current biannual consolidated fiscal period (Apr. 1, 2024 – Sep. 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	685,370	570,566	509,024	1,764,961
Inter-segment sales or transfer	744	—	200	944
Total	686,115	570,566	509,224	1,765,906
Segment profit (loss)	133,771	(9,427)	24,831	149,176
Depreciation	16,016	1,775	3,756	21,547
Amortization of goodwill	—	4,333	7,361	11,694
EBITDA (see Note)	149,788	(3,319)	35,949	182,418

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 Biannual Consolidated Statements of Income; and main contents of said difference (items in relation to adjustment of difference)

(thousand yen)

Profit	Amount
Reportable segments total	149,176
Corporate expenses (see Note)	(159,232)
Operating profit (loss) on the Biannual Consolidated Statements of Income	(10,056)

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 biannual consolidated fiscal period 72,000 shares were purchased, which resulted in increase of Treasury stock by 30,091 thousand yen.

As a result of such purchase and others, Treasury stock at the end of the current biannual consolidated fiscal period was 628,381 thousand yen.

(Notes on Going Concern Assumption)

Not applicable.

(Notes on Biannual Consolidated Statements of Income)

* Concerning Impairment loss

Previous biannual consolidated fiscal 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” had experienced significant delays in its initial plan, relevant intangible assets like goodwill were registered as Impairment loss (included in Extraordinary losses).

(Notes on Significant Post-Balance Sheet Events)

(Business combination by acquisition)

At the board meeting on September 26, 2024, the Company decided to acquire the entire shares of Neo Inc. (hereinafter “Neo”) to make it a subsidiary, and on the same day, executed a share transfer agreement and acquired those entire shares as of October 4, 2024.

1. *Summary of business combination*

(1) Name of the acquired company and content of business

Name of the acquired company:	Neo Inc.
Content of business:	<ul style="list-style-type: none"> • IT solutions business • Provision of an SNS campaign tool named “Atatter”

(2) Main reason for business combination

The Company has, based on its business concept of “From the Stations～駅から始めよう (Let’s start from the stations)～”, and with its business framework called “Regional Marketing Platform” which connects services provided by regional business entities with local residents’ needs, made use of its business assets like technologies, know-how and network fostered through Transfer Information services and facilitated media deployment and solutions deployment.

Meanwhile, Neo provides IT solutions for system development and maintenance/operation, and has rolled out its original tool named “Atatter” with which SNS campaigns can be easily set up in order for drawing customers into such as Twitter, LINE, and Instagram.

This time, the Company considered that by joining Neo to Ekitan Group, “Atatter” possessed by Neo would lead to reinforcement of our solutions deployment as one of business strategies of our “Regional Marketing Platform”, targeting municipalities, regional business entities and shops where guests actually visit, and hence decided to acquire the entire shares of Neo to be its subsidiary.

(3) Date of business combination

October 4, 2024

(4) Legal form of business combination

The Company acquired the shares in exchange of cash.

(5) Name of the company after combination

No change.

(6) Percentage of voting rights after acquisition

100%

(7) Ground for determining acquiring company

The Company is the acquiring company since it is going to acquire the shares in exchange of cash.

2. *Cost of acquiring the acquired company, by type of consideration*

Consideration for acquisition (cash):	49,900 thousand yen
Acquisition cost:	49,900 thousand yen

3. *Details and amount of major expenses related to acquisition*

Advisory expenses, etc. (approximate amount): 1,640 thousand yen

4. *Amount of goodwill that occurred, cause for the occurrence, amortization method and amortization period*

Not fixed yet.

5. *Amount and principal breakdown of assets and liabilities to be accepted on the date of business combination*

Not fixed yet.