

Summary of Consolidated Financial Results for the Third Quarter 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 commence dividend payments: —
 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 third quarter of FY03/2024 (April 1, 2023 – December 31, 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	%
3Q of FY03/2025	2,641	(13.2)	87	(26.7)	33	—	42	—	12	—
3Q of FY03/2024	3,044	28.3	119	(40.1)	(15)	—	(11)	—	(743)	—

(Note) Comprehensive profit 3Q of FY03/2025: 13 mil. yen [—%]
 3Q of FY03/2024: (740) mil. yen [—%]

* EBITDA = Operating profit + Depreciation + Amortization of goodwill

	Net profit (loss) per share	Diluted net profit (loss) per share
	yen	yen
3Q of FY03/2025	2.61	—
3Q of FY03/2024	(153.55)	—

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	mil. yen	mil. yen	%
3Q of FY03/2025	2,438	1,604	65.8
FY03/2024	2,735	1,700	62.2

(Reference) Shareholders equity 3Q of FY03/2025: 1,604 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	—	—	—
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) Important changes in the scope of consolidation during the current quarter consolidated cumulative period: Yes

New: 1 (name) Neo Inc. Excluded: None

(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)

3Q 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

3Q 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)

3Q of FY03/2025:	4,802,691 shares	3Q of FY03/2024:	4,844,659 shares
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* Summary of financial results for the third 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 Quarter

During the current third 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 resulting in expansion of revenues from media and solutions deployment such as MaaS packages target at local municipalities/businesses, and thus novel monetization measures have surely contributed to overall revenues/earnings.

Consequently, Net sales was much affected by continuous downward trend in the number of paid subscribers for transfer information services and in revenues of Cirqua, Inc., resulting in lower revenues. Operating/Ordinary profits were contributed by revenues expansion through promoting the above-mentioned RMP framework. With respect to expenses, besides the fact that transient costs incurred during the 1Q of FY03/2024 for establishing EKITAN I&I Co., Ltd. and for acquiring shares of it did not take place for the current 3Q and that there were positive effects of cost reduction including institutional reconsiderations, other factors such as cost reduction by shrinking depreciation by means of recording impairment loss of intangible assets for the previous FY03/2024, helped the Company achieve substantial improvement as compared to the previous 3Q consolidated cumulative period, and so far we have made progress at higher pace than the present performance forecasts. In addition, since impairment loss had been registered as extraordinary loss for the previous 3Q consolidated cumulative period, as such Net profit attributable to owners of parent substantially improved for the current 3Q consolidated cumulative period.

Consequently, financial results of the current third quarter consolidated cumulative period were as follows: Net sales: 2,641,847 thousand yen (decrease by 13.2% YoY); EBITDA: 87,976 thousand yen (decrease by 26.7% YoY); Operating profit: 33,292 thousand yen (as opposed to Operating loss of 15,152 thousand yen in the previous FY); Ordinary profit: 42,609 thousand yen (as opposed to Ordinary loss of 11,829 thousand yen in the previous FY); and Net loss attributable to owners of parent: 12,473 thousand yen (as opposed to Net loss attributable to owners of parent of 743,768 thousand yen in the previous FY).

Operating results of individual business segments as compared to the previous third quarter consolidated cumulative period were as follows.

① *Mobility Support Business*

Novel monetization measures such as expansion of revenues from media by promoting the RMP framework and solutions deployment have gradually contributed to revenues/earnings, but nevertheless, 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 1,041,590 thousand yen (decrease by 5.4% YoY), EBITDA of 238,912 thousand yen (decrease by 13.0% YoY) and Segment profit of 214,924 thousand yen (decrease by 8.0% 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 840,862 thousand yen (decrease by 27.0% YoY), EBITDA of minus 7,230 thousand yen (which was 15,452 thousand yen in the 3Q of FY03/2023) and Segment loss of 18,130 thousand yen (which was 59,569 thousand yen in the 3Q of FY03/2023).

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 exceptionally for example order for a large-scale project had been received by ITJ 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 first quarter consolidated fiscal period for establishing EKITAN I&I Co., Ltd. and for acquiring shares of it, and further, there were effects of cost reduction including institutional reconsiderations.

For the current third quarter consolidated cumulative period, Net sales was 764,230 thousand yen (decrease by 3.7% YoY), EBITDA was 83,207 thousand yen (increase by 69.4% YoY), and Segment profit was 66,672 thousand yen (increase by 99.9% YoY).

(2) Overall Financial Position of the Current Quarter

(Assets)

Current assets at the end of the current third quarter consolidated fiscal period was 1,747,870 thousand yen , i.e. decrease by 361,924 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 164,965 thousand yen and in Cash and deposits by 109,709 thousand yen. Non-current assets was 690,718 thousand yen, i.e. increase by 65,345 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 15,234 thousand yen and in Goodwill by 15,234 thousand yen. As a result, Total assets was 2,438,589 thousand yen, i.e. decrease by 296,579 thousand yen as compared to the end of the previous consolidated FY.

(Liabilities)

Current liabilities was 541,215 thousand yen at the end of the current third quarter consolidated fiscal period, i.e. decrease by 125,767 thousand yen as compared to the end of the previous consolidated FY. This is mainly due to increase in Accounts payable - trade by 66,831 thousand yen and in Provision for bonuses by 35,668 thousand yen. Non-current liabilities was 293,046 thousand yen, i.e. decrease by 75,100 thousand yen as compared to the end of the previous consolidated FY. This is mainly due to decrease in Long-term borrowings by 59,528 thousand yen and in Provision for directors' retirement benefits by 17,677 thousand yen. As a result, Total liabilities was 834,262 thousand yen, i.e. decrease by 200,868 thousand yen as compared to the end of the previous consolidated FY.

(Net assets)

Total net assets at the end of the current third quarter consolidated fiscal period was 1,604,326 thousand yen , i.e. decrease by 95,711 thousand yen as compared to the end of the previous consolidated FY. This is mainly due to decrease in Retained earnings by 55,318 thousand yen and increase in Treasury stock by 49,998 thousand yen. As a result, Equity ratio increased from the end of the previous consolidated FY by 3.6 points to 65.8%.

(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 09, 2024.

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

(thousand yen)

	Previous consolidated FY (March 31, 2024)	Current third quarter consolidated fiscal period (December 31, 2024)
Assets		
Current assets		
Cash and deposits	1,368,889	1,259,180
Notes, accounts receivable - trade & contract assets	582,354	417,389
Merchandise	599	117
Work in process	16,573	16,298
Raw materials and supplies	933	667
Others	141,737	55,488
Allowance for doubtful accounts	(1,292)	(1,272)
Total current assets	2,109,795	1,747,870
Non-current assets		
Property, plant and equipment	72,241	62,426
Intangible assets		
Software	49,303	57,681
Customer-related assets	26,625	23,962
Goodwill	131,911	147,146
Others	119,161	168,226
Total intangible assets	327,001	397,016
Investments and other assets		
Others	227,564	232,664
Allowance for doubtful accounts	(1,433)	(1,388)
Total investment and other assets	226,131	231,276
Total non-current assets	625,373	690,718
Total assets	2,735,168	2,438,589

(thousand yen)

	Previous consolidated FY (March 31, 2024)	Current third quarter consolidated fiscal period (December 31, 2024)
Liabilities		
Current liabilities		
Accounts payable - trade	231,270	164,438
Current portion of long-term borrowings	75,851	72,708
Income taxes payable	18,623	18,325
Provision for bonuses	52,177	16,508
Provision for loss on order received	9,888	10,261
Valuation allowance for purchase contracts	10,660	10,660
Others	268,511	248,312
Total current liabilities	666,983	541,215
Non-current liabilities		
Long-term borrowings	292,090	232,562
Asset retirement obligations	17,310	17,310
Provision for directors' retirement benefits	20,510	2,833
Liabilities on retirement benefits	26,926	29,952
Deferred tax liabilities	9,309	8,388
Others	2,000	2,000
Total non-current liabilities	368,147	293,046
Total liabilities	1,035,130	834,262
Net assets		
Shareholders' equity		
Capital stock	291,956	291,956
Capital surplus	309,595	318,482
Retained earnings	1,693,919	1,638,601
Treasury stock	(598,290)	(648,289)
Total shareholders' equity	1,697,180	1,600,750
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,858	3,576
Total accumulated other comprehensive income	2,858	3,576
Total net assets	1,700,038	1,604,326
Total liabilities and net assets	2,735,168	2,438,589

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

(Quarterly Consolidated Statements of Income)

(For the third quarter consolidated cumulative period)

(thousand yen)

	Previous third quarter consolidated cumulative period (Apr. 1, 2023 – Dec. 31, 2023)	Current third quarter consolidated cumulative period (Apr. 1, 2024 – Dec. 31, 2024)
Net sales	3,044,472	2,641,847
Cost of sales	2,180,730	1,805,254
Gross profit	863,741	836,593
SG&A expenses	878,894	803,300
Operating profit (loss)	(15,152)	33,292
Non-operating profit (loss)		
Interest income	2,403	1,197
Dividend income	705	902
Gain on forfeiture of unclaimed dividends	80	318
Surrender value of insurance	963	9,619
Interest subsidy	939	197
Others	384	775
Total non-operating profit (loss)	5,476	13,011
Non-operating expenses		
Interest expenses	2,098	3,122
Purchase of treasury stock	—	571
Others	54	—
Total non-operating expenses	2,153	3,693
Ordinary profit (loss)	(11,829)	42,609
Extraordinary losses		
Loss on retirement of non-current assets	648	—
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	804,751	5,000
Net profit (loss) before income taxes and minority interests	(816,580)	37,609
Income taxes	(73,895)	25,136
Net profit (loss)	(742,685)	12,473
Profit (loss) attributable to non-controlling shareholders	1,083	—
Profit (loss) attributable to owners of parent	(743,768)	12,473

Quarterly Consolidated Statements of Comprehensive Income

(For the third quarter consolidated cumulative period)

(thousand yen)

	Previous third quarter consolidated cumulative period (Apr. 1, 2023 – Dec. 31, 2023)	Current third quarter consolidated cumulative period (Apr. 1, 2024 – Dec. 31, 2024)
Net profit (loss)	(742,685)	12,473
Valuation difference on available-for-sale securities	2,569	718
Comprehensive income (loss)	(740,115)	13,191
(detail)		
Comprehensive income (loss) attributable to owners of parent	(741,339)	13,191
Comprehensive income attributable to non-controlling interests	1,224	12,473

(3) Notes on Quarterly Consolidated Financial Statements

(Important Changes in the Scope of Consolidation During the Current Quarter Consolidated Cumulative Period)

During the third quarter consolidated fiscal period, Neo Inc. became a subsidiary of the Company by share acquisition, and therefore it has been included in the scope of consolidation.

(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 net profit before income taxes for the consolidated fiscal year including the current third 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.)

【Segment Information】

I Previous third quarter consolidated cumulative period (Apr. 1, 2023 – Dec. 31, 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	1,099,907	1,151,563	793,001	3,044,472
Inter-segment sales or transfer	1,300	482	800	2,583
Total	1,101,208	1,152,045	793,801	3,047,056
Segment profit (loss)	233,726	(59,569)	33,346	207,504
Depreciation	40,980	45,465	4,922	91,368
Amortization of goodwill	—	29,556	10,847	40,404
EBITDA (see Note)	274,707	15,452	49,117	339,277

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	207,504
Corporate expenses (see Note)	(222,657)
Operating profit (loss) on the Biannual Consolidated Statements of Income	(15,152)

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*
(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 third 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.

Also, since impairment loss of goodwill was recorded for the “Advertisement Platform Business” segment, amount of goodwill decreased accordingly. This event caused decreased in the amount of goodwill by 345,855 thousand yen in the current third quarter consolidated cumulative 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 third quarter consolidated cumulative period (Apr. 1, 2024 – Dec. 31, 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	1,038,754	840,862	762,230	2,641,847
Inter-segment sales or transfer	2,835	—	2,000	4,835
Total	1,041,590	840,862	764,230	2,646,683
Segment profit (loss)	214,924	(18,130)	66,672	263,466
Depreciation	23,988	2,662	5,539	32,189
Amortization of goodwill	—	8,237	10,995	19,233
EBITDA (see Note)	238,912	(7,230)	83,207	314,889

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	263,466
Corporate expenses (see Note)	(230,174)
Operating profit (loss) on the Biannual Consolidated Statements of Income	33,292

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

3. Notes on assets for each reportable segment

During the current third quarter consolidated fiscal period, Neo Inc. became a subsidiary of the Company and therefore it has been newly included in the scope of consolidation.

Consequently, amount of assets of reportable segments during the current third quarter consolidated fiscal period increased by 65,599 thousand yen for the “Advertisement Platform Business” segment as compared to the end of the previous consolidated FY.

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

(Significant changes in amount of goodwill)

In the “Advertisement Platform Business” segment, Neo Inc. has been included in the scope of consolidation due to acquisition of its entire shares during the current third quarter consolidated fiscal period. Meanwhile, this event caused increase in the amount of goodwill by 29,754 thousand yen in the current third quarter consolidated cumulative period.

Consequently, amount of assets of reportable segments during the current third quarter consolidated fiscal period increased by 65,599 thousand yen for the “Advertisement Platform Business” segment as compared to the end of the previous consolidated FY.

(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. However, as of December 23, 2024, the Company had acquired 121,300 shares valued at 49,998 thousand yen in total, whereby purchase of its treasury stock was concluded.

As a result of such purchase and other operations, Treasury stock at the end of the current third quarter consolidated cumulative period was 648,289 thousand yen.

(Notes on Going Concern Assumption)

Not applicable.

(Notes on Quarterly Consolidated Cash Flow Statement)

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

	Previous third quarter consolidated cumulative period (Apr. 1, 2023 – Dec. 31, 2023)	Current third quarter consolidated cumulative period (Apr. 1, 2024 – Dec. 31, 2024)
Depreciation	94,716	35,451
Amortization of goodwill	40,404	19,233

(thousand yen)