

Summary of Consolidated Financial Results for the Full-term of the Fiscal Year Ended 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

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Scheduled date of ordinary general meeting of shareholders: June 25, 2025

Scheduled date to file Securities Report: June 26, 2025

Scheduled date to commence dividend payments: June 26, 2025

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 FY03/2025 (April 1, 2024 – March 31, 2025)

(1) Consolidated operating results

(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	%
FY03/2025	3,499	(13.3)	192	4.3	116	394.8	161	486.8	57	—
FY03/2024	4,038	26.0	184	(37.8)	23	(77.5)	27	(73.7)	(736)	—

(Note) Comprehensive profit FY03/2025: 55 mil. yen [—%]
FY03/2024: (732) mil. yen [—%]

* EBITDA = Operating profit + Depreciation + Amortization of goodwill

	Net profit (loss) per share	Diluted net profit (loss) per share	Return on equity	Ordinary profit to total assets ratio	Operating profit to total assets ratio
	yen	yen	%	%	%
FY03/2025	12.15	—	3.5	6.2	3.3
FY03/2024	(152.02)	—	(35.2)	0.9	0.6

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	mil. yen	mil. yen	%	
FY03/2025	2,460	1,649	67.0	349.42
FY03/2024	2,735	1,700	62.2	351.08

(Reference) Shareholders equity FY03/2025: 1,649 mil. yen
FY03/2024: 1,700 mil. yen

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of period
	mil. yen	mil. yen	mil. yen	mil. yen
FY03/2025	152	(48)	(218)	1,210
FY03/2024	141	(161)	(81)	1,324

2. Cash dividends

	Annual dividends per share					Total cash dividends	Dividend payout ratio (consolidated)	Ratio of dividends to net assets (consolidated)
	1Q-end	2Q-end	3Q-end	Year-end	Total			
	yen	yen	yen	yen	yen	mil. yen	%	%
FY03/2024	—	0.00	—	14.00	14.00	67	—	3.2
FY03/2025	—	0.00	—	14.00	14.00	66	115.2	4.0
FY03/2026 (forecasts)	—	—	—	—	—	—	—	—

3. Consolidated performance forecasts for FY03/2026 (April 1, 2025 – March 31, 2026)

At this point, it is difficult to figure out consolidated performance forecasts for FY03/2026 in a rational way, and as such they are yet to be determined. They shall be disclosed as soon as it becomes possible to figure them out in the future.

***Notes**

(1) Important changes in the scope of consolidation during the period: Yes

New: 1 (name) Neo Inc. Excluded: 1 (name) Cirqua Inc.

(2) 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: Yes

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)

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

FY03/2025:	1,298,053 shares	FY03/2024:	1,176,541 shares
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③ Average number of shares during the period

FY03/2025:	4,767,935 shares	FY03/2024:	4,843,459 shares
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* Summary of financial results is not covered by 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.

Supplementary material on financial results will be posted on the Company's website on May 13, 2025 (Tue.).

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1. Overall Operating Results, etc.**(1) Overall operating results of the current period**

During the current consolidated FY, Japanese economy has witnessed improvement in personal spending in the context of better environment for employment and income, and movement toward wider demand from inbound tourists. Meanwhile, there remains unpredictable situation for the future such as, in addition to domestic price escalation, future outlook of policies of the USA, affairs in the Middle East, and fluctuating financial/capital markets.

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 (Mobility as a Service) packages target at local municipalities/businesses, and thus novel monetization measures have surely contributed to overall revenues/earnings.

As a result, sales decreased due to, in addition to decrease in paid subscribers for Transit App. services, influences of shrinking trend in major commodities and major media at Cirqua, Inc. and the fact that as announced in “Notice on Completion of Transfer (Stock Transfer) of a Consolidated Subsidiary” on March 21, 2025, the entire shares of Cirqua, Inc. were transferred to TY. Co., Ltd. and deemed date of the transfer was determined as December 31, 2024, and hence its financial results during the fourth quarter fiscal period have not been reflected in the Company’s overall results.

With respect to Operating profit and Ordinary profit, not only increase in highly profitable advertising income by promoting RMP framework, improvement in sales composition such as expansion of MaaS business, suppression of labor cost and outsourcing cost by utilizing off-shore development and by raising productivity, and successful cost reduction measures such as internal institutional reform, but also other factors including cost reduction by curtailing depreciation through recording impairment losses of intangible assets such as goodwill during the previous consolidated FY, helped achieving substantial improvement as compared to the previous consolidated FY. Moreover, impairment losses had been recorded as extraordinary losses during the previous consolidated FY and as such Net profit attributable to owners of parent returned to positive in the current consolidated FY.

Consequently financial results of the current consolidated FY were as follows: Net sales: 3,499,578 thousand yen (decrease by 13.3% YoY); EBITDA: 192,696 thousand yen (increase by 4.3% YoY); Operating profit: 116,880 thousand yen (increase by 394.8% YoY); Ordinary profit: 161,104 thousand yen (increase by 486.8% YoY); and Net profit attributable to owners of parent: 57,923 thousand yen (as opposed to Net loss of 736,292 thousand yen in the previous FY).

Operating results of individual business segments are 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 1,423,818 thousand yen (decrease by 4.2% YoY), EBITDA of 352,474 thousand yen (decrease by 7.3% YoY) and Segment profit of 318,263 thousand yen (decrease by 1.6% YoY).

② Advertisement Platform Business

Revenue expansion through staff augmentation at Proud Engine Inc. has been smoothly in process, but on the other hand, sales decreased due to influences of shrinking trend in major commodities and major media at Cirqua, Inc. and the fact that as announced in “Notice on Completion of Transfer (Stock Transfer) of a Consolidated Subsidiary” on March 21, 2025, the entire shares of Cirqua, Inc. were transferred to TY. Co., Ltd. and deemed date of the transfer was determined as December 31, 2024, and hence its financial results during the fourth quarter fiscal period have not been reflected in the Company’s overall results. Nevertheless, in terms of profit, not only cost reduction carried out during the previous consolidated FY by shrinking depreciation by means of recording impairment losses 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 1,053,173 thousand yen (decrease by 29.1% YoY), EBITDA of 6,502 thousand yen (decrease by 71.1% YoY) and Segment loss of 8,586 thousand yen (which was 55,545 thousand yen in the previous FY).

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 FY 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 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.

These operations resulted in Net sales of 1,034,637 thousand yen (decrease by 3.4% YoY), EBITDA of 121,472 thousand yen (increase by 64.3% YoY) and Segment profit of 99,350 thousand yen (increase by 91.1% YoY).

(2) Overall financial position of the current period*(Assets)*

Current assets was 1,833,862 thousand yen at the end of the current consolidated FY, i.e. decrease by 275,932 thousand yen as compared to the end of the previous consolidated FY. This is mainly due to decrease in Cash and deposits by 107,991 thousand yen and decrease in Others under Current assets by 97,738 thousand yen. Non-current assets was 627,116 thousand yen, i.e. increase by 1,743 thousand yen as compared to the end of the previous consolidated FY. This is mainly due to increase in Software by 131,612 thousand yen, decrease in Others under Intangible assets by 58,150 thousand yen, and decrease in Deferred tax assets by 40,551 thousand yen. As a result, Total assets was 2,460,979 thousand yen, i.e. decrease by 274,189 thousand yen as compared to the end of the previous consolidated FY.

(Liabilities)

Current liabilities was 542,781 thousand yen at the end of the current consolidated FY, i.e. decrease by 124,202 thousand yen as compared to the end of the previous consolidated FY. This is mainly due to decrease in Others under Current liabilities by 78,117 thousand yen and in Accounts payable – trade by 59,955 thousand yen. Non-current liabilities was 268,654 thousand yen, i.e. decrease by 99,493 thousand yen as compared to the end of the previous consolidated FY. This is mainly due to decrease in Long-term borrowings by 82,002 thousand yen. As a result, Total liabilities was 811,435 thousand yen, i.e. decrease by 223,695 thousand yen as compared to the end of the previous consolidated FY.

(Net assets)

Total net assets was 1,649,543 thousand yen at the end of the current consolidated FY, i.e. decrease by 50,494 thousand yen as compared to the end of the previous consolidated FY. This is mainly due to Net profit attributable to owners of parent of 57,923 thousand yen, Dividends from surplus of 67,791 thousand yen, and increase in Treasury stock by 50,107 thousand yen. As a result, equity ratio rose from the end of the previous consolidated FY by 4.8 point to 67.0%.

(3) Overall cash flows of the current period

Cash and cash equivalents (hereinafter, "business fund") at the end of the current consolidated FY was 1,210,285 thousand yen, i.e. decrease by 114,292 thousand yen as compared to the end of the previous consolidated FY.

Each cash flow status and factors thereof in the current consolidated FY are as follows.

(Cash flows from operating activities)

Net cash provided by operating activities during the current consolidated FY was 152,797 thousand yen (which was 141,944 thousand yen in the previous FY). This is mainly due to Net profit before income taxes and minority interests of 156,672 thousand yen, Depreciation of 49,646 thousand yen, and notes and Decrease in accounts payable - trade by 38,630 thousand yen.

(Cash flows from investing activities)

Net cash used in investing activities during the current consolidated FY was 48,107 thousand yen (which was 161,303 thousand yen in the previous FY). This is mainly due to Purchase of intangible assets of 96,341 thousand yen and Collection of long-term loans receivable of 45,000 thousand yen.

(Cash flows from financing activities)

Net cash used in financing activities during the current consolidated FY was 218,982 thousand yen (which was 81,046 thousand yen in the previous FY). This is mainly due to Repayments of long-term borrowings of 100,995 thousand yen, Dividends paid of 67,407 thousand yen, and Purchase of treasury stock of 50,569 thousand yen.

(4) Forecasts for the future

At this point, since it is difficult to make assumptions about our business environment to be preconditions for performance forecasts, consolidated performance forecasts are yet to be determined. They shall be disclosed as soon as it becomes possible in the future.

2. Basic Idea for the Selection of Accounting Standards

The Company adopts Japanese accounting standards to ensure comparability with other companies in the same trade in Japan.

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

	(thousand yen)	
	Previous consolidated FY (March 31, 2024)	Current consolidated FY (March 31, 2025)
Assets		
Current assets		
Cash and deposits	1,368,889	1,260,898
Accounts receivable - trade & contract assets	582,354	524,956
Work in process	599	872
Merchandise	16,573	3,761
Raw materials and supplies	933	576
Others	141,737	43,999
Allowance for doubtful accounts	(1,292)	(1,203)
Total current assets	2,109,795	1,833,862
Non-current assets		
Property, plant and equipment		
Buildings (net)	32,885	28,987
Tools, furniture and fixtures (net)	37,787	26,990
Others	1,568	2,375
Total property, plant and equipment	72,241	58,353
Intangible assets		
Software	49,303	180,915
Customer-related assets	26,625	23,075
Goodwill	131,911	140,210
Others	119,161	61,010
Total intangible assets	327,001	405,212
Investments and other assets		
Investment securities	42,470	29,506
Deferred tax assets	73,104	32,552
Others	111,989	102,870
Allowance for doubtful accounts	(1,433)	(1,378)
Total investments and other assets	226,131	163,551
Total non-current assets	625,373	627,116
Total assets	2,735,168	2,460,979

(thousand yen)

	Previous consolidated FY (March 31, 2024)	Current consolidated FY (March 31, 2025)
Liabilities		
Current liabilities		
Accounts payable - trade	231,270	171,314
Current portion of long-term borrowings	75,851	72,708
Income taxes payable	18,623	44,993
Provision for bonuses	52,177	54,234
Provision for directors' bonuses	—	2,700
Provision for loss on order received	9,888	—
Valuation allowance for purchase contracts	10,660	6,436
Others	268,511	190,393
Total current liabilities	666,983	542,781
Non-current liabilities		
Long-term borrowings	292,090	210,088
Asset retirement obligations	17,310	17,308
Provision for directors' retirement benefits	20,510	—
Liabilities on retirement benefits	26,926	31,262
Deferred tax liabilities	9,309	7,995
Others	2,000	2,000
Total non-current liabilities	368,147	268,654
Total liabilities	1,035,130	811,435
Net assets		
Shareholders' equity		
Capital stock	291,956	291,956
Capital surplus	309,595	321,553
Retained earnings	1,693,919	1,684,051
Treasury stock	(598,290)	(648,398)
Total shareholders' equity	1,697,180	1,649,162
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,858	380
Total accumulated other comprehensive income	2,858	380
Total net assets	1,700,038	1,649,543
Total liabilities and net assets	2,735,168	2,460,979

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

	(thousand yen)	
	Previous consolidated FY (Apr. 1, 2023 – Mar. 31, 2024)	Current consolidated FY (Apr. 1, 2024 – Mar. 31, 2025)
Net sales	4,038,300	3,499,578
Cost of sales	2,863,370	2,343,435
Gross profit	1,174,929	1,156,143
SG&A expenses	1,151,306	1,039,263
Operating profit (loss)	23,623	116,880
Non-operating profit (loss)		
Interest income	2,996	1,853
Dividend income	1,078	1,197
Gain on forfeiture of unclaimed dividends	80	318
Surrender value of insurance	963	23,464
Proceeds from cancellation of mutual aid contract	—	16,000
Interest subsidy	684	197
Others	439	6,212
Total non-operating profit (loss)	6,243	49,244
Non-operating expenses		
Interest expenses	2,328	4,136
Purchase of treasury stock	—	571
Others	81	312
Total non-operating expenses	2,410	5,020
Ordinary profit (loss)	27,457	161,104
Extraordinary profit		
Gain on forgiveness of debts	—	567
Total extraordinary profit	—	567
Extraordinary losses		
Loss on retirement of non-current assets	648	0
Loss on cancellation of lease contracts	1,320	—
Impairment losses	*855,627	—
Loss on valuation of investment securities	9,284	—
Information security expenses	—	5,000
Total extraordinary losses	866,880	5,000
Net profit (loss) before income taxes and minority interests	(839,423)	156,672
Income taxes	25,647	58,206
Income taxes - deferred	(129,861)	40,542
Total income taxes	(104,214)	98,748
Net profit (loss)	(735,209)	57,923
Net profit (loss) attributable to non-controlling shareholders	1,083	—
Net profit (loss) attributable to owners of parent	(736,292)	57,923

(Consolidated Statements of Income)

	(thousand yen)	
	Previous consolidated FY (Apr. 1, 2023 – Mar. 31, 2024)	Current consolidated FY (Apr. 1, 2024 – Mar. 31, 2025)
Net profit (loss)	(735,209)	57,923
Other comprehensive income		
Valuation difference on available-for-sale securities	2,998	(2,477)
Total other comprehensive income	2,998	(2,477)
Comprehensive income (loss)	(732,210)	55,446
(detail)		
Comprehensive income (loss) attributable to owners of parent	(733,434)	55,446
Comprehensive income (loss) attributable to non-controlling interests	1,224	—

(3) Consolidated Statements of Changes in Equity

Previous consolidated FY (Apr. 1, 2023 – Mar. 31, 2024)

(thousand yen)

	Shareholders' equity					Accumulated other comprehensive income		Total net assets
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Valuation difference on available-for-sale securities	Total other comprehensive income	
Balance at beginning of current period	291,956	293,531	2,498,077	(595,589)	2,487,974	—	—	2,487,974
Changes of items during period								
Dividends from surplus			(67,864)		(67,864)			(67,864)
Net profit attributable to owners of parent			(736,292)		(736,292)			(736,292)
Purchase of treasury stock		3,921		(3,921)	—			—
Disposal of treasury stock		(1,220)		1,220	—			—
Stock compensation with transfer restrictions		12,138			12,138			12,138
Purchase of shares of consolidated subsidiaries		1,224			1,224			1,224
Changes of items other than shareholders' equity (net)						2,858	2,858	2,858
Total changes of items during period	—	16,063	(804,157)	(2,700)	(790,794)	2,858	2,858	(787,936)
Balance at end of current period	291,956	309,595	1,693,919	(598,290)	1,697,180	2,858	2,858	1,700,038

Current consolidated FY (Apr. 1, 2024 – Mar. 31, 2025)

(thousand yen)

	Shareholders' equity					Accumulated other comprehensive income		Total net assets
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Valuation difference on available-for-sale securities	Total other comprehensive income	
Balance at beginning of current period	291,956	309,595	1,693,919	(598,290)	1,697,180	2,858	2,858	1,700,038
Changes of items during period								
Dividends from surplus			(67,791)		(67,791)			(67,791)
Net profit attributable to owners of parent			57,923		57,923			57,923
Purchase of treasury stock		109		(50,107)	(49,998)			(49,998)
Stock compensation with transfer restrictions		11,849			11,849			11,849
Changes of items other than shareholders' equity (net)						(2,477)	(2,477)	(2,477)
Total changes of items during period	—	11,958	(9,867)	(50,107)	(48,017)	(2,477)	(2,477)	(50,494)
Balance at end of current period	291,956	321,553	1,684,051	(648,398)	1,649,162	380	380	1,649,543

(3) Consolidated Cash Flow Statements

	(thousand yen)	
	Previous consolidated FY (Apr. 1, 2023 – Mar. 31, 2024)	Current consolidated FY (Apr. 1, 2024 – Mar. 31, 2025)
Cash flows from operating activities		
Net profit (loss) before income taxes and minority interests	(839,423)	156,672
Depreciation	114,780	49,646
Impairment loss	855,627	—
Amortization of goodwill	46,262	26,169
Increase (decrease) in allowance for doubtful accounts	26	(144)
Increase (decrease) in reserve for bonuses	3,537	2,057
Increase (decrease) in provision for directors' retirement benefits	1,449	(20,510)
Increase (decrease) in provision for directors' bonuses	(912)	2,700
Increase (decrease) in liabilities for retirement benefits	(7,955)	4,335
Increase (decrease) in provision for loss on order received	787	(9,888)
Increase (decrease) in valuation allowance for purchase contracts	(2,496)	(4,223)
Interest income	(2,996)	(1,853)
Dividend income	(1,078)	(1,197)
Interest expenses	2,328	4,136
Purchase of treasury stock	—	571
Loss (gain) on sale of shares of subsidiaries and associates	—	(567)
Loss (gain) on valuation of investment securities	9,284	—
Loss on retirement of non-current assets	648	0
Decrease (increase) in notes and accounts receivable - trade & contract assets	16,879	51,208
Decrease (increase) in inventories	5,561	12,895
Increase (decrease) in notes and accounts payable - trade	(39,897)	(38,630)
Others	44,771	(72,440)
Subtotal	207,187	160,935
Interest income received	3,023	4,092
Interest expenses paid	(1,538)	(4,136)
Income taxes refund	150	22,864
Income taxes paid	(66,879)	(30,958)
Net cash provided by (used in) operating activities	141,944	152,797
Cash flows from investing activities		
Purchase of property, plant and equipment	(32,081)	(11,141)
Purchase of intangible assets	(89,352)	(96,341)
Payments into time deposits	(12,400)	(11,101)
Proceeds from withdrawal of time deposits	31,619	4,800
Purchase of investment securities	—	(970)
Proceeds from sales of investment securities	—	13,271
Payments of short-term loans receivable	(67,500)	—
Collection of short-term loans receivable	112,500	45,000
Collection of long-term loans receivable	—	4,055
Purchase of insurance funds	(6,256)	(3,639)
Proceeds from cancellation of insurance funds	1,292	40,612
Payments of leasehold and guarantee deposits	(10,412)	(3,000)
Proceeds from refund of leasehold and guarantee deposits	8,391	510
Payments for acquisition of new consolidated subsidiary	(97,102)	(27,773)
Payments for sale of shares of subsidiaries resulting in change in scope of consolidation	—	(18,387)
Others	—	16,000
Net cash provided by (used in) investing activities	(161,303)	(48,107)

	(thousand yen)	
	Previous consolidated FY (Apr. 1, 2023 – Mar. 31, 2024)	Current consolidated FY (Apr. 1, 2024 – Mar. 31, 2025)
Cash flows from financing activities		
Proceeds from short-term borrowings	—	150
Repayments of short-term borrowings	(5,000)	(159)
Proceeds from long-term borrowings	60,000	—
Repayments of long-term borrowings	(68,421)	(100,995)
Purchase of treasury stock	—	(50,569)
Dividends paid	(67,625)	(67,407)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(32,000)	—
Proceeds from share issuance to non-controlling shareholders	32,000	—
Net cash provided by (used in) financing activities	(81,046)	(218,982)
Net increase (decrease) in cash and cash equivalents	(100,405)	(114,292)
Cash and cash equivalents at beginning of period	1,424,983	1,324,577
Balance of cash and cash equivalents at end of period	1,324,577	1,210,285

(5) Notes on Consolidated Financial Statements

(Going Concern Assumption)

Not applicable.

(Significant Information regarding the Preparation of Consolidated Financial Statements)

1. Matters on the scope of consolidation

(1) Number of consolidated subsidiaries: 7

Names of the consolidated subsidiaries

Laterra International, Inc.

Proud Engine Inc.

Neo Inc.

EKITAN I&I Co., Ltd.

Growth and Communications Co., Ltd.

Cybernet Co., Ltd.

Information Technology Japan Co., Ltd.

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

Meanwhile, during the current consolidated FY, the entire shares of Cirqua, Inc. that had been a consolidated subsidiary were sold off and therefore it has been excluded from the scope of consolidation.

(2) Non-consolidated subsidiary

Not applicable.

2. Matters on application of equity method

(1) Affiliate company to which equity method is applied

Not applicable.

(2) The affiliate company to which equity method is not applied (Mocosuku Co., Ltd.) would have no major influence on the Company's consolidated financial statements if it were excluded from the scope of equity method from the perspective of its current term profit/loss and retained earnings (those commensurate with its equity), etc., and also it had no significance as a whole, so it was excluded from the scope of application of equity method.

3. Matters on business year and other factors of the consolidated subsidiaries

Among those consolidated subsidiaries, book closing date of Neo Inc. is July 31. However, consolidated financial statements are prepared based on provisional book closing as of annual consolidated closing date.

4. Matters on accounting policies

(1) Standards and methods for evaluating important assets

①Securities

• Available-for-sale securities

• Other than equity securities without market value

Market value method (evaluation difference is treated with recognition directly into net assets in full, and cost of products sold is calculated by moving average method) is adopted.

• Equity securities without market value

Cost method using moving average method is adopted.

②Inventories

• Merchandise:

Cost method based on individual method (method of devaluating book value based on decline in profitability) is adopted.

• Work in process:

Cost method based on individual method (method of devaluating book value based on decline in profitability) is adopted.

• Raw materials and supplies:

Cost method based on individual method (method of devaluating book value based on decline in profitability) is adopted.

(2) Depreciation methods for important depreciable assets

① Property, plant, and equipment

Fixed-rate method is applied. However, straight-line method is applied for buildings and accompanying facilities and structures acquired on or after April 1, 2016.

Meanwhile, useful lives of major buildings are 8-15 years and those of major tools, furniture and fixture are 3-10 years.

In addition, for assets acquired prior to April 1, 2007, method of straight-line depreciation over 5 years is applied starting from the next year following the end of depreciation up to the final depreciable limit.

② Intangible assets

Straight-line method is applied.

Meanwhile, for software intended for marketing, depreciation method based on the expected effective period (within 2 years) is adopted; and for software intended for internal use, straight-line method based on the internally available period (5 years) is adopted.

And for customer-related assets identified upon business combination, straight-line method based on the period on which such combination has effects (within 12 years) is adopted.

(3) Basis for allocating important provisions

① Allowance for doubtful accounts

In order to protect against losses due to uncollectible receivables, amount calculated based on historical default rates is allocated for general receivables, and for specific ones such as those with default possibilities respective collectibilities are taken into account and estimated uncollectible amount is allocated.

② Provision for bonuses

In order to prepare for payments of bonuses to employees, estimated amount for such payments which is incurred during the current consolidated FY is allocated.

③ Provision for directors' bonuses

For some of the consolidated subsidiaries, in order to prepare for payments of bonuses to directors, estimated amount for such payments which is incurred during the current consolidated FY is allocated.

④ Provision for loss on order received

In preparation for the future loss related to order received, estimated amount of loss on order received as of the end of the current FY is allocated.

⑤ Valuation allowance for purchase contracts

For some of the consolidated subsidiaries, in order to protect against losses due to decline in profitability of merchandise in the future, amount deemed as potentially uncollectible among purchase prices based on merchandise purchase contracts is allocated.

⑥ Provision for directors' retirement benefits

In order to prepare for payments of directors' retirement benefits, amount required to be paid is allocated, based on internal regulations of some of the consolidated subsidiaries. However, no provision for directors' retirement benefits has been allocated at the end of the current consolidated FY.

(4) Accounting treatment method concerning retirement benefit

Some of the consolidated subsidiaries apply a simplified method when calculating liabilities on retirement benefits and retirement benefit expenses, where amounts required to be paid in case of voluntary termination for retirement benefits is deemed as retirement benefit obligations.

(5) Basis for allocating important revenues and expenses

Points of time when revenues and contents of major performance obligations in the Group's principal businesses are usually recognized are as described below.

① Providing services

Mainly services for paid subscribers related to Transit App., API services and data licenses are provided. For relevant performance obligations, contracts are executed for certain periods of time and revenues are recognized when such performance obligations are fulfilled in the course of those service periods.

② Software development

Custom-made softwares are developed and provided.

Relevant performance obligations are considered as those to be fulfilled over a certain period of time and revenues are recognized based on progress level in relation to such fulfillment of performance obligations.

Progress level is calculated, for each contract, as percentage of actual cost relative to total estimated cost.

Meanwhile, for introduction works the periods of which from start-up date of contract to the point of time when relevant performance obligations are expected to be completely fulfilled are very short, alternative treatments are

applied and revenues are not recognized for a certain period of time but are recognized at the time of such complete fulfillment.

③ Advertisement

Advertisings are distributed via an ad network system.

Revenues are recognized when relevant performance obligations are considered as fulfilled quantitatively along with advertising transactions such as clicking.

④ Engineer dispatch

Concerning engineer dispatch business, the Company considers that performance obligations are fulfilled for a certain period of time because control over services is transferred to the customer for the duration of dispatch based on the dispatch contract, and therefore revenues are recognized based on the march of time.

It should be noted that compensations for these performance obligations are received generally within one year after their fulfillment and therefore no important financial element is included.

(6) Method and period of amortization of goodwill

Goodwill is amortized equally over 10 years or less during which it exert effects, based on a reasonable estimation.

(7) Scope of business fund for the consolidated cash flow statement

It consists of cash on hand, demand deposit, and short-term investment with maturity date within three months after its acquisition which is highly liquid, easily realizable and involves only de minimis risk concerning value change.

(Notes on Changes in Accounting Principles)

(Application of Accounting Standard for Income Taxes – Current, etc.)

The Company has applied the “Application of Accounting Standard for Income Taxes – Current” (Accounting Standards Board of Japan Guidance No. 27 of October 28, 2022), etc. since the beginning of the current consolidated FY. This has no impact on the Company's consolidated financial statements.

(Notes on Consolidated Statements of Income)

* Impairment losses

Previous consolidated FY (Apr. 1, 2023 – Mar. 31, 2024)

During that consolidated FY, the Group allocated impairment losses to the assets groups as listed below.

Place	Purpose	Type	Impairment losses (thousand yen)
Chiyoda Ward, Tokyo	Business assets for Transit App. services	Software	59,434
		Software in progress	2,695
Chiyoda Ward, Tokyo	Business assets for Ekitan PICKS	Software	96,963
		Software in progress	13,446
Chiyoda Ward, Tokyo	Business assets for Cirqua, Inc.	Software	107,033
		Goodwill	345,855
		Customer-related assets	230,199

The Group divides its assets into groups mainly in accordance with business units as representing minimum units to generate cash flows.

In measuring impairment losses, recoverable values are determined according to their use values, and the use values are deemed as zero because they are negative based on future cash flows.

Please note that backgrounds to recognizing impairment losses for individual business assets are as follows:

① Business assets for Transit App. services

Transit App. services became commoditized and thus revenues from them have continued to decrease, thus showing signs of impairment. So the Company considered future collectability and consequently decided to allocate Impairment loss of 62,129 thousand yen as Extraordinary loss in terms of Software in progress.

② Business assets for Ekitan PICKS

In November 2021, the Company launched “Ekitan PICKS” which utilized its Transit App. website with high domain authority (ranking score within a search engine), but regulations became even tight on domain lending where evaluation of a search result could be lowered in case of theme of a website being determined as inconsistent. and as a result, there was very little effects of Ekitan PICKS on revenues, thus showing signs of impairment. So the Company considered future collectability and consequently decided to allocate Impairment loss of 110,409 thousand yen as Extraordinary loss in terms of Software and Software in progress relevant to thus service.

③ Business assets for Cirqua, Inc.

Since the amendment to the PMD Act in Japan, external environment for Cirqua, Inc. has become more severe especially concerning its commercial materials for advertising and shrinking advertisement media, and thus the market as a whole was inclined to diminish and Cirqua could not achieve business performance as initially envisioned. So the Company considered future collectability and consequently decided to allocate Impairment loss of 683,088 thousand yen as Extraordinary loss in terms of Cirqua’s Software, Goodwill, and Customer-related assets.

Current consolidated FY (Apr. 1, 2024 – Mar. 31, 2025)

Not applicable.

(Segment Information)

1. Overview of reportable segments

The Company's reportable segments are those being its constituent units for which separated financial information is available and are subject to periodic review by the board of directors for determining allocation of management resources and for evaluating business performance. The Company consists of several segments each of which deals with different services, and sets two reportable segments as "Mobility Support Business" and "Advertisement Platform Business".

"Mobility Support Business" segment is responsible for business relating to mobility operated mainly by EKITAN Co., Ltd. and Laterra International, Inc.; "Advertisement Platform Business" segment is responsible for business relating to advertisement operated mainly by Cirqua, Inc. and Proud Engine Inc.; and "M&A/Incubation Business" segment is responsible for investment mainly by EKITAN I&I Co., Ltd. and for system-related operations (system development/maintenance, SES and others) undertaken by EKITAN I&I's subsidiaries.

From the current FY, in association with establishment of EKITAN I&I Co., Ltd. which operates "M&A/Incubation Business" of the Group, reportable segments have been categorized as "Mobility Support Business", "Advertisement Platform Business" and "M&A/Incubation Business", which were previously categorized as "Mobility Support Business" and "Advertisement Platform Business".

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

2. How to calculate amounts of net sales, profit/loss, assets, liabilities and other items for each reportable segment

Accounting treatment methods for the business segments as reported herein are identical to the accounting principles for producing the consolidated financial statements. Figures of segment profit of individual reportable segments are based on their operating profit.

3. Information on amounts of net sales, profit/loss, assets, liabilities and other items for each reportable segment

Previous consolidated FY (Apr. 1, 2023 – Mar. 31, 2024)

(thousand yen)

	Reportable segments			
	Mobility Support Business	Advertisement Platform Business	M&A/Incubation Business	Total
Net sales				
Sales to external customers	1,483,895	1,485,518	1,068,886	4,038,300
Inter-segment sales or transfer	1,654	482	2,400	4,537
Total	1,485,549	1,486,001	1,071,286	4,042,837
Segment profit (loss)	323,554	(55,545)	51,998	320,007
Segment assets	517,569	535,593	939,221	1,992,385
Other items				
Depreciation	56,487	46,352	7,414	110,254
Amortization of goodwill	—	31,723	14,538	46,262
EBITDA (see Note 2)	380,042	22,530	73,951	476,523
Increase in property, plant and equipment and in intangible assets	90,377	18,133	10,698	119,209

- Notes
1. Amounts of segment liabilities are not regularly provided/used in the highest decision-making body.
 2. EBITDA = Segment profit (loss) + Depreciation + Amortization of goodwill

Current consolidated FY (Apr. 1, 2024 – Mar. 31, 2025)

(thousand yen)

	Reportable segments			
	Mobility Support Business	Advertisement Platform Business	M&A/Incubation Business	Total
Net sales				
Sales to external customers	1,420,382	1,053,173	1,026,023	3,499,578
Inter-segment sales or transfer	3,435	—	8,614	12,050
Total	1,423,818	1,053,173	1,034,637	3,511,629
Segment profit (loss)	318,263	(8,586)	99,350	409,027
Segment assets	531,852	443,191	849,035	1,824,080
Other items				
Depreciation	34,211	3,550	7,491	45,252
Amortization of goodwill	—	11,538	14,630	26,169
EBITDA (see Note 2)	352,474	6,502	121,472	480,449
Increase in property, plant and equipment and in intangible assets	102,308	34,467	2,123	138,898

- Notes 1. Amounts of segment liabilities are not regularly provided/used in the highest decision-making body.
2. EBITDA = Segment profit (loss) + Depreciation + Amortization of goodwill

4. Difference between the total amounts of reportable segments and the amount presented on the Consolidated Financial Statements; and main contents of said difference (items in relation to adjustment of difference)

(thousand yen)

Net sales	Previous consolidated FY	Current consolidated FY
Reportable segments total	3,206,085	4,042,837
Inter-segment transactions elimination	(4,537)	(12,050)
Net sales on the Consolidated Financial Statements	4,038,300	3,499,578

(thousand yen)

Profit (loss)	Previous consolidated FY	Current consolidated FY
Reportable segments total	320,007	409,027
Corporate expenses (see Note)	(296,383)	(292,147)
Operating profit (loss) on the Consolidated Financial Statements	23,623	116,880

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

(thousand yen)

Assets	Previous consolidated FY	Current consolidated FY
Reportable segments total	1,992,385	1,824,080
Corporate assets (see Note)	742,783	636,898
Total assets on the Consolidated Financial Statements	2,735,168	2,460,979

Note: Corporate assets comprises of cash and cash deposits not attributable to reportable segments.

(thousand yen)

Other items	Reportable segments total		Adjustment		Amount allocated on the Consolidated Financial Statements	
	FY03/2024	FY03/2025	FY03/2024	FY03/2025	FY03/2024	FY03/2025
Depreciation	110,254	45,252	4,526	4,394	114,780	49,646
Amortization of goodwill	46,262	26,169	—	—	46,262	26,169
Increase in property, plant and equipment and in intangible assets	119,209	138,898	489	661	119,699	139,560

- Notes
- Adjusted depreciation refers to depreciation of buildings and others not attributable to the reportable segments.
 - Adjusted increase in property, plant and equipment and in intangible assets comprises mainly of capital investment buildings not allocated to the reportable segments.

(Per share data)

	Previous consolidated FY (Apr. 1, 2023 – Mar. 31, 2024)	Current consolidated FY (Apr. 1, 2024 – Mar. 31, 2025)
Net assets per share	351.08 yen	349.42 yen
Net profit (loss) per share	(152.02) yen	12.15 yen

- Notes
- Diluted net profit per share of the current consolidated FY is not disclosed because net loss per share has been posted and no residual securities exist. Also, diluted net profit per share of the previous consolidated FY is not disclosed because no residual securities exist.
 - Calculation bases of net profit (loss) per share are as follows.

	Previous consolidated FY (Apr. 1, 2023 – Mar. 31, 2024)	Current consolidated FY (Apr. 1, 2024 – Mar. 31, 2025)
Net profit (loss) per share		
Net profit attributable to owners of parent (thousand yen)	(736,292)	57,923
Amount not attributable to common stockholders (thousand yen)	—	—
Net profit (loss) attributable to owners of parent applicable to common shares (thousand yen)	(736,292)	57,923
Average number of common shares outstanding during the period (shares)	4,843,459	4,767,935

(Significant Post-Balance Sheet Events)

Not applicable.