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## Consolidated Financial Results for the First Half of Fiscal Year Ending March 31, 2024 (Six Months Ended September 30, 2023) (Based on J-GAAP)

November 1, 2023

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Scheduled date of filing Quarterly Securities Report: November 2, 2023  
 Scheduled commencement date of dividend payout: December 5, 2023  
 Quarterly financial results supplementary explanatory documents: Yes  
 Quarterly financial results presentation: Yes (for institutional investors & analysts)

(All amounts are rounded down to the nearest million yen)

### 1. Consolidated Financial Results for the First Half of Fiscal Year Ending March 31, 2024 (April 1, 2023 – September 30, 2023)

(1) Consolidated results of operations (six months) (Percentages represent year-over-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
1H FY 2024	202,850	(4.7)	2,574	(29.1)	4,356	(22.9)	2,840	(31.4)
1H FY 2023	212,828	(3.4)	3,632	(25.8)	5,650	(24.0)	4,140	(23.3)

Note: Comprehensive income (million yen): 1H FY 2024: 2,919 / [(33.5)%] 1H FY 2023: 4,393 / [(19.0)%]

	Earnings per share	Diluted earnings per share
	Yen	Yen
1H FY 2024	50.91	—
1H FY 2023	74.23	—

### (2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
1H FY 2024	240,520	75,824	31.3
FY 2023	246,068	74,887	30.2

Reference: Shareholders' equity (million yen): 1H FY 2024: 75,367 FY 2023: 74,385

### 2. Dividends

	Annual dividends				
	1Q-end	Interim	3Q-end	Year-end	Annual
	Yen	Yen	Yen	Yen	Yen
FY 2023	—	37.50	—	37.50	75.00
FY 2024	—	37.50	—	—	—
FY 2024 (forecasts)	—	—	—	37.50	75.00

Note: Revisions to the dividend forecast most recently announced: None

### 3. Consolidated Forecasts for the Fiscal Year Ending March 31, 2024 (April 1, 2023 – March 31, 2024)

(Percentages represent year-over-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	459,500	1.3	8,200	17.2	12,400	6.5	8,000	0.8	143.39

Note: Revisions to the financial forecast most recently announced: None

## Notes

- (1) Changes in significant subsidiaries during the period (six months) under review  
(Changes in subsidiaries accompanying change in the scope of consolidation): Yes  
Newly included: 1 company (T-Gaia Asia Pacific Pte. Ltd.)
- (2) Application of accounting procedures specific to creation of quarterly consolidated financial statements: None
- (3) Changes in accounting principles, estimates and restatements
- 1) Changes in accounting principles caused by revision of accounting standards, etc.: None
  - 2) Changes in accounting principles other than those mentioned above: None
  - 3) Changes in accounting estimates: None
  - 4) Restatement: None

(4) Number of shares issued and outstanding (common shares)

1) Number of issued shares (including treasury shares) at the end of the period	1H FY 2024	56,074,000 shares	FY 2023	56,074,000 shares
2) Number of treasury shares at the end of the period	1H FY 2024	253,709 shares	FY 2023	282,309 shares
3) Average number of shares outstanding during the period (six months)	1H FY 2024	55,802,943 shares	1H FY 2023	55,775,599 shares

\* Quarterly financial results reports are exempt from quarterly reviews conducted by certified public accountants or an audit corporation.

\* Cautionary statement with respect to forward-looking statements

(Disclaimer on forward-looking statements, etc.)

These materials contain forward-looking information including earnings projections based on information currently available to the Company and certain assumptions considered reasonable in the judgment of the Company. Nothing contained in these materials is meant to suggest that the Company promises to attain the said projections. Moreover, due to various factors, actual results may materially differ from projections.

(How to obtain quarterly supplementary documents on financial results)

The Company is scheduled to hold an online financial results presentation meeting for institutional investors and analysts on November 1, 2023 (Wednesday). The Company plans to post the documents used in this presentation on its website on the same day the meeting is held.

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## 1. Qualitative Information Concerning the First Half Financial Results

### (1) Explanation of operating performance

In the period under review (April to September 2023), amid the continuation of global monetary tightening, etc., the downturn in overseas business conditions has been a downward risk on the business conditions in Japan. Looking ahead, careful attention needs to be paid to the impacts of rises in commodity prices, fluctuations in the financial and capital markets, etc.

In the market for mobile phone handsets, which is the main business field of the Group (the Company, its consolidated subsidiaries, and its equity-method affiliates), the replacement cycle of mobile phone handsets is lengthening due to soaring smartphone prices and other factors. In addition, some telecommunications carriers have been optimizing carrier shops. Meanwhile, in telecommunications services provided by telecommunications carriers, progress has been made on the shift to 5G. Smartphones are more than just communication devices: they play an important role in realizing a smart life for each and every customer by linking with various services such as finance, payment, and entertainment. In this way, great change is underway in the role played by mobile phone distributors, including the Company, and the competitive environment.

Under this business environment, the Group steadily worked toward the realization of the TG Universe (the ecosystem within T-Gaia), the Group-wide strategy in our medium-term management plan (FY2022-FY2024), and initiatives to achieve the TG Material Issues (eight priority issues). With the aim of transforming the well-balanced business portfolio so that it is not dependent on the Consumer Mobile Business Segment, we are actively carrying out growth investments, particularly in the Enterprise Solutions Business Segment and Smart Life & QUO Card Business Segment.

We also set up a project organization in April 2023 to transform our shops, mainly carrier shops, to adopt a customer-centric business model. This is a foothold to promote horizontal collaboration across all businesses, under which, we are working on “provision of smart life-related services at shops,” “DX support for small and medium-sized businesses,” and “collaboration with local governments.” Both our consumer and enterprise client businesses are shifting focus from a product-out approach, or product sales-oriented approach, to a market-in approach, in which we provide services in line with customer requests, aiming to expand revenue.

Consolidated business results for the period under review marked net sales of 202,850 million yen (-4.7% compared with the year-earlier period), with operating profit of 2,574 million yen (-29.1%). Ordinary profit marked 4,356 million yen (-22.9%) and profit attributable to owners of parent posted 2,840 million yen (-31.4%).

The main reasons for the decrease in both sales and profit were a decline in commission income due to a fall in the number of contracts for mobile phones such as smartphones (below, “mobile phone contracts”) as well as increases in both temporary costs for invoice compliance and depreciation associated with IT system investment.

Results by business segment for the period under review are described below.

(Millions of yen)

	Consumer Mobile Business Segment	Enterprise Solutions Business Segment	Smart Life & QUO Card Business Segment	Others	Consolidated financial results
Net sales	168,667 (4.8%)	19,388 7.2%	14,776 (16.1%)	18 (49.6%)	202,850 (4.7%)
Profit attributable to owners of parent	1,382 (13.9%)	331 (72.4%)	1,105 (11.8%)	21 (73.7%)	2,840 (31.4%)
Supplementary information – Operating profit (loss)	2,414 11.3%	585 (54.2%)	(281) –	(143) –	2,574 (29.1%)

\* Percentages represent year-over-year changes

[Consumer Mobile Business Segment]

The Consumer Mobile Business Segment is engaged in intermediary services specializing in contracts for telecommunications services, and other types of contracts provided by each telecommunications carrier, as well as the sales of smartphones, etc. For the Group's shops across Japan, we are aiming to realize shops that are "regional ICT hubs" rather than mere "points of sale," and which provide impressive experience to customers through high quality services and proposals with utility value that meets customer requirements.

The number of mobile phone contracts in the Consumer Mobile Business Segment was 1,441,000 (a decrease of 9.2% compared to the same period of the previous fiscal year) due to the lengthening replacement cycle of mobile phones caused by soaring smartphone prices and other factors. Meanwhile, some telecommunications carriers released new rate plans in the second quarter of the current fiscal year, which has helped bring about a recovery trend in the number of customer visits to our directly managed shops relative to the number prior to release of such rate plans.

We have introduced Smart Online Support at our carrier shops, which provides remote support for initial setup and instructions on smartphone use, to make our operations more efficient and increase customer satisfaction through the provision of support tailored to each customer by specialist staff. Also, in addition to consolidating or abolishing shops throughout the previous fiscal year, we have been more effective in providing on-site sales services at shopping malls and for remote locations where there are no local carrier shops, thereby controlling selling, general and administrative expenses.

Sales of original products, especially glass coatings and security products, remained solid, which contributed to the increase in operating profit.

As a result, net sales marked 168,667 million yen (-4.8% compared with the year-earlier period), with profit attributable to owners of parent of 1,382 million yen (-13.9%). The decrease in profit attributable to owners of parent is attributable to factors that include effects of having posted extraordinary income in the same period of the previous fiscal year.

[Enterprise Solutions Business Segment]

The Enterprise Solutions Business Segment is engaged in the sales of smartphones, etc. to enterprise clients, the provision of solution services related to devices and network management services, etc., and sales and intermediary services specializing in optical communication line service contracts for enterprise clients and individual customers. The Group is expanding products and services to create a one-stop channel for meeting customers' requirements through its Life Cycle Management (LCM) business which revolves around administrative and support services for device life cycles spanning from procurement, propositions, and introduction support for smart devices including PCs, to building Wi-Fi environment, maintenance, operations, and updating services.

The number of mobile phone contracts in the Enterprise Solutions Business Segment was 152,000 (a decrease of 2.8% compared to the same period of the previous fiscal year). Moreover, whereas net sales and commission income also decreased due in part to languishing sales particularly with respect to smart devices, we have been focusing on expanding sales channels while seeking to enhance our sales capabilities in part by engaging in human resource development on a Group-wide basis.

We expanded products and services in the LCM business and the number of management IDs for network administrative services (movino star), helpdesks, and the like surpassed the same period of the previous fiscal year. In addition to proposing new business areas such as proposing the building, operation and maintenance of networks that use edge functions, we continue to focus on local government sales against the background of the "Vision for a Digital Garden City Nation" advocated by the Japanese government. On the other hand, depreciation and other expenses increased from the same period of the previous fiscal year due to the enhancement of sales system functions.

In products related to fixed-line telecommunications, despite a steadily increasing cumulative number of lines owned by the Company's own "TG Hikari" fiber-optics access service, such gains were not sufficient to compensate for the decreases in net sales and commission income that were due to factors such as languishing sales.

As a result, net sales marked 19,388 million yen (+7.2% compared with the year-earlier period), with profit attributable to owners of parent of 331 million yen (-72.4%).

[Smart Life & QUO Card Business Segment]

The Smart Life & QUO Card Business Segment is mainly engaged in sales of PIN (prepaid codes), gift cards, and smartphone accessories through major nationwide convenience store chains, as well as ESG-related businesses such as renewable energy, healthcare, ICT schools for children, and e-sports. It also includes the Company's consolidated subsidiary QUO CARD Co., Ltd. which is tasked with the issuance and settlement of "QUO CARD" and "QUO CARD Pay" and the sales and repair/maintenance of card-handling equipment, etc.

In the Smart Life Business, PIN and gift card transaction volumes were down compared with the same period of the previous fiscal year. The demand for a variety of digital content, including games, music, and video streaming, is gradually declining along with changing lifestyles. Sales in the wholesale of smartphone accessories mainly to convenience stores were robust, and sales of wearable device "Fitbit" were also strong.

We are also working on new businesses, including the launch of VOYAGEESIM, an eSIM data service for travelers to Europe, in April 2023 and to Taiwan and Southeast Asia, in August 2023.

In the QUO Card Business, the amount of issuance for QUO CARD and QUO CARD Pay decreased compared to the same period of the previous fiscal year, primarily due to effects of significant initiatives undertaken for local governments during the same period of the previous fiscal year. Since July 2023, we have been striving to expand our network of member stores in part by adding major convenience stores as QUO CARD Pay member stores. Moreover, we have added QUO CARD Pay to our selection of benefits for the Company's shareholders on the record date of September 30, 2023, with the aims of promoting more widespread use of the service enhancing convenience.

As a result, net sales marked 14,776 million yen (-16.1% compared with the year-earlier period), with profit attributable to owners of parent of 1,105 million yen (-11.8%).

(2) Explanation of financial position

(Assets)

Current assets at the end of the period under review were 196,277 million yen, which was 4,143 million yen lower than at the end of the previous fiscal year. This was mainly due to a 1,697 million yen decrease in notes and accounts receivable - trade and a 2,904 million yen decrease in inventories. Non-current assets at the end of the period under review were 44,242 million yen, which was 1,405 million yen lower than at the end of the previous fiscal year. This was mainly due to a 1,270 million yen decrease in investment securities due to change in the scope of consolidation.

As a result, total assets posted 240,520 million yen, which was 5,548 million yen lower than at the end of the previous fiscal year.

(Liabilities)

Current liabilities at the end of the period under review were 161,259 million yen, which was 4,940 million yen lower than at the end of the previous fiscal year. This was mainly due to a 3,002 million yen decrease in card deposits, a 1,516 million yen decrease in accounts payable - trade and a 1,257 million yen decrease in accounts payable - other. Non-current liabilities at the end of the period under review were 3,436 million yen, which was 1,545 million yen lower than at the end of the previous fiscal year.

As a result, total liabilities posted 164,695 million yen, which was 6,485 million yen lower than at the end of the previous fiscal year.

(Net assets)

Net assets at the end of the period under review were 75,824 million yen, which was 936 million yen higher than at the end of the previous fiscal year. This was mainly due to 2,840 million yen recognized in profit attributable to owners of parent and 2,097 million yen in payment of dividends of surplus.

(3) Explanation of forward-looking information including the consolidated financial forecasts

There is no change to the full-year consolidated financial forecasts announced on May 1, 2023.

Six months (April to September 2023) net sales represent 44.1% of the full-year estimate, with percentages for operating profit, ordinary profit, and profit attributable to owners of parent at 31.4%, 35.1%, and 35.5%, respectively.

## 2. Quarterly Consolidated Financial Statements and Notes

### (1) Quarterly consolidated balance sheets

(Millions of yen)

	FY 2023 (As of March 31, 2023)	2Q FY 2024 (As of September 30, 2023)
<b>Assets</b>		
Current assets		
Cash and deposits	47,652	47,952
Notes and accounts receivable - trade	19,687	17,989
Inventories	25,855	22,951
Accounts receivable - other	11,258	9,611
Guarantee deposits	93,219	95,280
Other	2,765	2,509
Allowance for doubtful accounts	(18)	(16)
Total current assets	200,420	196,277
Non-current assets		
Property, plant and equipment	4,227	4,641
Intangible assets		
Goodwill	16,502	16,657
Contract-related intangible assets	1,193	1,159
Other	5,484	5,519
Total intangible assets	23,179	23,336
Investments and other assets	18,240	16,265
Total non-current assets	45,648	44,242
Total assets	246,068	240,520
<b>Liabilities</b>		
Current liabilities		
Accounts payable - trade	10,104	8,587
Current portion of long-term borrowings	3,751	3,754
Accounts payable - other	16,723	15,465
Income taxes payable	971	1,140
Refund liability	87	73
Provision for bonuses	2,486	2,680
Card deposits	131,028	128,026
Other	1,046	1,530
Total current liabilities	166,199	161,259
Non-current liabilities		
Years of service gratuity reserve provisions	187	188
Retirement benefit liability	369	554
Asset retirement obligations	1,991	2,092
Other	2,432	601
Total non-current liabilities	4,981	3,436
Total liabilities	171,181	164,695
<b>Net assets</b>		
Shareholders' equity		
Share capital	3,154	3,154
Capital surplus	5,141	5,165
Retained earnings	65,892	66,641
Treasury shares	(260)	(233)
Total shareholders' equity	73,927	74,726
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	318	334
Foreign currency translation adjustment	139	306
Total accumulated other comprehensive income	458	641
Non-controlling interests	501	456
Total net assets	74,887	75,824
Total liabilities and net assets	246,068	240,520

(2) Quarterly consolidated statements of income and quarterly consolidated statements of comprehensive income  
(Quarterly consolidated statements of income)  
(Consolidated six months period)

(Millions of yen)

	1H FY 2023 (From April 1, 2022 to September 30, 2022)	1H FY 2024 (From April 1, 2023 to September 30, 2023)
Net sales	212,828	202,850
Cost of sales	178,209	167,044
Gross profit	34,618	35,806
Selling, general and administrative expenses	30,985	33,231
Operating profit	3,632	2,574
Non-operating income		
Delay damages income	360	-
Hoard profit of prepaid card	1,724	1,778
Other	150	141
Total non-operating income	2,235	1,920
Non-operating expenses		
Share of loss of entities accounted for using equity method	8	45
Delay damages	171	-
Other	38	93
Total non-operating expenses	218	138
Ordinary profit	5,650	4,356
Extraordinary income		
Gain on sale of investment securities	-	163
Gain on bargain purchase	244	-
Gain on step acquisitions	305	-
Other	19	9
Total extraordinary income	570	173
Extraordinary losses		
Loss on retirement of non-current assets	21	49
Other	0	-
Total extraordinary losses	22	49
Profit before income taxes	6,197	4,480
Income taxes - current	1,594	1,029
Income taxes - deferred	496	714
Total income taxes	2,091	1,744
Profit	4,106	2,736
Loss attributable to non-controlling interests	(33)	(104)
Profit attributable to owners of parent	4,140	2,840

(Quarterly consolidated statements of comprehensive income)  
(Consolidated six months period)

(Millions of yen)

	1H FY 2023 (From April 1, 2022 to September 30, 2022)	1H FY 2024 (From April 1, 2023 to September 30, 2023)
Profit	4,106	2,736
Other comprehensive income		
Valuation difference on available-for-sale securities	142	16
Foreign currency translation adjustment	133	164
Share of other comprehensive income of entities accounted for using equity method	10	2
Total other comprehensive income	287	183
Comprehensive income	4,393	2,919
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	4,427	2,987
Comprehensive income attributable to non-controlling interests	(33)	(67)

(3) Quarterly consolidated statements of cash flows

(Millions of yen)

	1H FY 2023 (From April 1, 2022 to September 30, 2022)	1H FY 2024 (From April 1, 2023 to September 30, 2023)
<b>Cash flows from operating activities</b>		
Profit before income taxes	6,197	4,480
Depreciation	1,143	1,332
Amortization of goodwill	654	655
Increase (decrease) in refund liability	100	(13)
Increase (decrease) in provision for bonuses	(5)	83
Increase (decrease) in retirement benefit liability	39	(3)
Increase (decrease) in years of service gratuity reserve provisions	16	1
Delay damages income	(360)	-
Delay damages	171	-
Share of loss (profit) of entities accounted for using equity method	8	45
Loss (gain) on sale of investment securities	-	(163)
Loss (gain) on step acquisitions	(305)	-
Gain on bargain purchase	(244)	-
Decrease (increase) in trade receivables	5,595	2,904
Decrease (increase) in accounts receivable - other	928	1,848
Decrease (increase) in inventories	237	2,991
Decrease (increase) in guarantee deposits	(5,470)	(2,710)
Increase (decrease) in trade payables	(2,333)	(2,214)
Increase (decrease) in accounts payable - other	869	(1,216)
Increase (decrease) in card deposits	9,663	(3,002)
Other, net	(547)	866
<b>Subtotal</b>	<b>16,358</b>	<b>5,886</b>
Interest and dividends received	132	12
Delay damages received, net	189	-
Interest paid	(25)	(11)
Income taxes refund (paid)	(856)	(1,069)
<b>Net cash provided by (used in) operating activities</b>	<b>15,798</b>	<b>4,818</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(228)	(1,285)
Purchase of intangible assets	(746)	(901)
Proceeds from sale of investment securities	-	171
Purchase of investment securities	(129)	(50)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(375)	-
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	230	-
Payments of guarantee deposits	(654)	(7)
Proceeds from refund of guarantee deposits	5	657
Other, net	79	75
<b>Net cash provided by (used in) investing activities</b>	<b>(1,819)</b>	<b>(1,339)</b>
<b>Cash flows from financing activities</b>		
Repayments of long-term borrowings	(10,875)	(1,959)
Dividends paid	(2,091)	(2,092)
Dividends paid to non-controlling interests	-	(5)
Proceeds from sale and leaseback transactions	-	45
Repayments of lease liabilities	(1)	(13)
Other, net	-	(5)
<b>Net cash provided by (used in) financing activities</b>	<b>(12,968)</b>	<b>(4,029)</b>
Effect of exchange rate change on cash and cash equivalents	51	61
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>1,062</b>	<b>(489)</b>
Cash and cash equivalents at beginning of period	56,162	45,652
Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation	172	789
<b>Cash and cash equivalents at end of period</b>	<b>57,397</b>	<b>45,952</b>

- (4) Notes to quarterly consolidated financial statements  
 (Notes on the going-concern assumption)  
 Not applicable.  
 (Notes on significant changes in shareholders' equity)  
 Not applicable.  
 (Segment information)

I 1H FY 2023 (from April 1, 2022 to September 30, 2022)

1. Information by reportable segment on net sales, profit / loss amounts and information on disaggregation of revenue

(Millions of yen)

	Reportable segments			Total	Other (Note)	Total
	Consumer Mobile Business Segment	Enterprise Solutions Business Segment	Smart Life & QUO Card Business Segment			
Net sales						
Smart device	103,073	5,576	–	108,650	–	108,650
Prepaid cards, etc.	–	–	6,810	6,810	–	6,810
Fees related to smart device	71,308	5,564	–	76,873	–	76,873
Sales commissions of prepaid card, etc.	–	–	6,421	6,421	–	6,421
Own solution services	–	3,267	–	3,267	–	3,267
TG Hikari & NW related	–	3,506	–	3,506	–	3,506
Other	2,718	173	4,294	7,186	36	7,223
Revenue from contracts with customers	177,100	18,088	17,526	212,715	36	212,751
Other revenue	–	–	76	76	–	76
Sales to external customers	177,100	18,088	17,602	212,791	36	212,828
Intersegment sales or transfers	–	37	58	95	743	838
Total	177,100	18,125	17,660	212,886	779	213,666
Segment profit	1,605	1,197	1,254	4,057	83	4,140

Note: The "Other" segment is a segment for businesses that do not fall under reportable segments and includes the Company's systems development, operation, and maintenance operations.

2. The difference between total profit or loss of reportable segments and profit or loss reported in the quarterly consolidated statements of income for the period under review, and main items responsible for the difference (Matters concerning difference adjustment)

(Millions of yen)

Profit	Amount
Reportable segments total	4,057
Profit categorized as "Other"	83
Profit attributable to owners of parent in the quarterly consolidated statements of income	4,140

3. Matters concerning the impairment loss from non-current assets or goodwill of reportable segments  
 (Material change in the goodwill amount)

In the Enterprise Solutions Business Segment, Relay2, Inc. was made into a consolidated subsidiary from 1Q FY 2023. The increase in the amount of goodwill caused by this event was 1,137 million yen.

- (Information concerning gain on bargain purchase)

In the Consumer Mobile Business Segment, we recognized a gain on bargain purchase associated with the acquisition of shares of CCC FRONTIER Inc. (name changed to UNiCASE Corporation on October 1, 2022) and its conversion into a consolidated subsidiary in 2Q FY 2023. This gain on bargain purchase amounted to 244 million yen.

II 1H FY 2024 (from April 1, 2023 to September 30, 2023)

1. Information by reportable segment on net sales, profit / loss amounts and information on disaggregation of revenue

(Millions of yen)

	Reportable segments				Other (Note)	Total
	Consumer Mobile Business Segment	Enterprise Solutions Business Segment	Smart Life & QUO Card Business Segment	Total		
Net sales						
Smart device	103,902	5,036	–	108,939	–	108,939
Prepaid cards, etc.	–	–	3,404	3,404	–	3,404
Fees related to smart device	61,926	4,918	–	66,845	–	66,845
Sales commissions of prepaid card, etc.	–	–	7,416	7,416	–	7,416
Own solution services	–	4,928	–	4,928	–	4,928
TG Hikari & NW related	–	4,325	–	4,325	–	4,325
Other	2,838	180	3,758	6,777	18	6,795
Revenue from contracts with customers	168,667	19,388	14,579	202,635	18	202,654
Other revenue	–	–	196	196	–	196
Sales to external customers	168,667	19,388	14,776	202,832	18	202,850
Intersegment sales or transfers	850	954	79	1,883	1,910	3,793
Total	169,517	20,342	14,855	204,715	1,928	206,644
Segment profit	1,382	331	1,105	2,819	21	2,840

Note: The “Other” segment is a segment for businesses that do not fall under reportable segments and includes the Company’s systems development, operation, and maintenance operations.

2. The difference between total profit or loss of reportable segments and profit or loss reported in the quarterly consolidated statements of income for the period under review, and main items responsible for the difference (Matters concerning difference adjustment)

(Millions of yen)

Profit	Amount
Reportable segments total	2,819
Profit categorized as “Other”	21
Profit attributable to owners of parent in the quarterly consolidated statements of income	2,840

3. Changes in reportable segments, etc.

Beginning in 1Q FY 2024, the name of the reportable segment previously referred to as “Payment Service Business and Other Business Segment” has been changed to “Smart Life & QUO Card Business Segment” in light of the nature of its business. Accordingly, the segment information for 1H FY 2023 is also presented under the new name.

Beginning in 1Q FY 2024, the accessories business, which was included in the Consumer Mobile Business Segment, has been reclassified into the Smart Life & QUO Card Business Segment. Additionally, the segment information for 1H FY 2023 has not been prepared based on segment classifications reflecting this change, as its impact on net sales and segment profit is immaterial.

4. Matters concerning the impairment loss from non-current assets or goodwill of reportable segments

Not applicable.