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# Consolidated Financial Results for the First Quarter of Fiscal Year Ending March 31, 2025 (Three Months Ended June 30, 2024) (Based on J-GAAP)

August 1, 2024


Company name: T-Gaia Corporation
Listing: Tokyo Stock Exchange
Stock code: 3738
URL: https://www.t-gaia.co.jp/corp/en/
Representative: Masato Ishida, President and Representative Director
Contact: Kaoru Hayashi, General Manager of Corporate Planning & Strategy Dept.
Tel: +81-3-6409-1010


Scheduled commencement date of dividend payout: -
Financial results supplementary explanatory documents: Yes
Financial results presentation: None

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

## 1. Consolidated Financial Results for the First Quarter of Fiscal Year Ending March 31, 2025 (April 1, 2024 – June 30, 2024)

(1) Consolidated results of operations (three 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 | % |
| 1Q FY 2025 | 104,750 | 8.6 | 3,097 | 197.9 | 4,284 | 129.3 | 2,805 | 151.0 |
| 1Q FY 2024 | 96,431 | (11.1) | 1,039 | (54.2) | 1,868 | (42.8) | 1,117 | (53.2) |

Note: Comprehensive income (million yen): 1Q FY 2025: 2,724 / [133.8%] 1Q FY 2024: 1,165 / [(52.2)%]

| | Earnings per share | Diluted earnings per share |
|---|---|---|
| | Yen | Yen |
| 1Q FY 2025 | 50.25 | — |
| 1Q FY 2024 | 20.02 | — |

(2) Consolidated financial position

| | Total assets | Net assets | Equity ratio |
|---|---|---|---|
| | Million yen | Million yen | % |
| 1Q FY 2025 | 242,690 | 78,035 | 32.1 |
| FY 2024 | 248,260 | 77,404 | 31.2 |

Reference: Shareholders' equity (million yen): 1Q FY 2025: 77,964 FY 2024: 77,334

## 2. Dividends

| | Annual dividends | | | | |
|---|---|---|---|---|---|
| | 1Q-end | Interim | 3Q-end | Year-end | Annual |
| | Yen | Yen | Yen | Yen | Yen |
| FY 2024 | — | 37.50 | — | 37.50 | 75.00 |
| FY 2025 | — | | | | |
| FY 2025 (forecasts) | | 37.50 | — | 37.50 | 75.00 |

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

## 3. Consolidated Forecasts for the Fiscal Year Ending March 31, 2025 (April 1, 2024 – March 31, 2025)

(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 | 418,400 | (6.8) | 8,800 | 9.3 | 14,300 | 15.4 | 8,000 | 14.1 | 143.31 |

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

**Notes**

(1) Significant changes in the scope of consolidation during the period: Yes
Excluded: 1 company (Relay2, Inc.)

(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 | 1Q FY 2025 | 56,074,000 shares | FY 2024 | 56,074,000 shares |
| 2) Number of treasury shares at the end of the period | 1Q FY 2025 | 253,709 shares | FY 2024 | 253,709 shares |
| 3) Average number of shares outstanding during the period (three months) | 1Q FY 2025 | 55,820,291 shares | 1Q FY 2024 | 55,791,691 shares |

* Review of the Japanese-language originals of the attached quarterly consolidated financial statements by certified public accountants or an audit corporation: None

* 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.

(Concerning financial results supplementary explanatory documents)

Financial results supplementary explanatory documents will be posted on the Company's website in Japanese on August 1, 2024 (Thursday).

## ○ Attachment: Table of Contents

1. Summary of Results of Operations ..... 2
(1) Summary of results of operations for the period under review ..... 2
(2) Summary of financial position for the period under review ..... 3
(3) Explanation of forward-looking information including the consolidated financial forecasts ..... 4
2. Quarterly Consolidated Financial Statements and Notes ..... 5
(1) Quarterly consolidated balance sheets ..... 5
(2) Quarterly consolidated statements of income and quarterly consolidated statements of comprehensive income ..... 6
(Quarterly consolidated statements of income) (Consolidated three months period) ..... 6
(Quarterly consolidated statements of comprehensive income) (Consolidated three months period) ..... 6
(3) Notes to quarterly consolidated financial statements ..... 7
(Notes on changes to accounting policies) ..... 7
(Notes on segment information, etc.) ..... 7
(Notes on significant changes in shareholders' equity) ..... 10
(Notes on the going-concern assumption) ..... 10
(Notes on the quarterly consolidated statements of cash flows) ..... 10
(Notes on the quarterly consolidated balance sheets) ..... 10
(Notes on the quarterly consolidated statements of income) ..... 10

# 1. Summary of Results of Operations

## (1) Summary of results of operations for the period under review

In the period under review (April to June 2024), although business conditions in Japan are poised to maintain gradual recovery amid an improving employment and income environment, careful attention is still needed as personal consumption appears to be stalling due to factors such as rising consumer prices resulting from the rapid depreciation of the yen, and as the risk of a downturn in overseas business conditions could weigh on the Japanese economy amid factors such as global political instability and concerns about the future of the Chinese economy.

Meanwhile, the market for mobile phone handsets, which is the main business field of the Company, has been transitioning to a more normal market as mobile phone handset discounts have been subject to restraints as a result of partial revision of the Regulations for Enforcement of Telecommunications Business Act (below, "Revision of Regulations") having gone into effect in December 2023. On the other hand, rising prices of mobile phone handsets and escalating commodity prices have prompted a situation where sales of mobile phone handsets by major telecommunications carriers amounted to 28.07 million units in FY 2023, thereby falling below 30.00 million units for the first time since FY 2000. This suggests that the role expected of us and other mobile phone distributors is becoming increasingly significant, which includes engaging in initiatives to stimulate consumer demand and offering new value propositions such as those that link with financial services.

Under this business environment, the Company formulated the new Medium-Term Management Plan (FY 2025-FY 2027). We have accordingly made "sustainability management" a central focus in our efforts to place top priority on resolving social issues through our business in having established the notion of "creating a better future for our customers and contributing to society through 'the desire to connect'" as our vision. Having ascribed the term TG Material Issues to our core material issues to be addressed, we will work toward achieving our vision while regularly monitoring KPIs of each category. We will transform our business by further incorporating a "market-in" approach of providing services from the customer's perspective, in addition to our "product-out" approach thus far.

In seeking to steadily implement our three growth strategies of "transforming into a customer-driven business," "collaborating with strategic partner companies," and "resolving social issues through community-based initiatives," we have furthermore restructured the organization in establishing the Consumer Business Segment, Enterprise Business Segment, and Social Innovation & QUO Card Business Segment, effective from the fiscal year under review. As business foundations further underpin these growth strategies, we have established the initiatives of maintaining sound financial foundations, maximizing value of human capital, and increasing productivity through digitalization.

Consolidated business results of the Group (the Company, its consolidated subsidiaries and its equity-method affiliates) for the period under review marked net sales of 104,750 million yen (+8.6% year on year), with operating profit of 3,097 million yen (+197.9%). Ordinary profit marked 4,284 million yen (+129.3%) and profit attributable to owners of parent posted 2,805 million yen (+151.0%). The main reasons for the increase in both sales and profit were restraints imposed on mobile phone handset discounts accompanying a shift to greater market soundness in the Consumer Business Segment, as well as greater efficiency of shop operations.

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

(Millions of yen)

| | Consumer Business Segment | Enterprise Business Segment | Social Innovation & QUO Card Business Segment | Others | Consolidated quarterly financial results |
|---|---|---|---|---|---|
| Net sales | 89,154<br>9.4% | 10,387<br>9.7% | 5,208<br>(3.8)% | –<br>– | 104,750<br>8.6% |
| Profit attributable to owners of parent | 1,830<br>470.6% | 233<br>55.7% | 581<br>3.6% | 160<br>86.5% | 2,805<br>151.0% |
| Supplementary information – Operating profit (loss) | 2,839<br>294.4% | 398<br>42.7% | (248)<br>– | 108<br>96.6% | 3,097<br>197.9% |

* Percentages represent year-over-year changes

[Consumer Business Segment]

The Consumer 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. It also engages in smartphone accessory sales, wholesaling, and other retail businesses.

For the Group's shops across Japan, we are aiming to realize shops that are "regional hubs for promoting digitalization" that connect customers with peace of mind, rather than mere "points of sale," and 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 Business Segment was 704,000 (an increase of 0.6% year on year) despite surging mobile phone handset sales prices due to the impact of Revision of Regulations and other factors. The segment's gross profit margin increased due to favorable results from our original products, especially glass coatings and security products, in addition to a smaller discount amounts due to Revision of Regulations.

At our carrier shops, there has been increased use of the Smart Online Support, 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.

In addition, we have been promoting initiatives to tap into inbound demand, which has included launching the VOYAGEESIM eSIM product for overseas travel tailored to the inbound market, and arranging a capital and business alliance with ecbo Inc., which offers the "ecbo cloak" service for sharing space to store luggage using our directly managed shops and other assets.

As a result, net sales marked 89,154 million yen (+9.4% year on year), with profit attributable to owners of parent of 1,830 million yen (+470.6%).

[Enterprise Business Segment]

The Enterprise 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) which revolves around administrative and support services for device life cycles spanning from network and device procurement and introduction support for smart devices including PCs to infrastructure development, operations, maintenance, and replacement.

The number of mobile phone contracts in the Enterprise Business Segment was 68,000 (a decrease of 0.2% year on year), but net sales of mobile devices, etc. increased, partly due to measures to enhance sales at telecommunications carriers.

We expanded products and services in LCM 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.

As a new initiative, we are promoting solutions for small and medium-sized businesses that understand the issues and needs of each industry and company scope and propose solutions to customer issues. We have reorganized our organization to support optimal proposals for each industry and company scope to address industry-specific issues from a market-in perspective.

In the renewable energy business, which was transferred to the Enterprise Business Segment the fiscal year under review, services for the solar power generation PPA model for enterprise clients are being expanded.

In addition, the cumulative number of lines owned by the Company's own "TG Hikari" fiber-optics access service rose steadily.

As a result, net sales marked 10,387 million yen (+9.7% year on year), with profit attributable to owners of parent of 233 million yen (+55.7%).

[Social Innovation & QUO Card Business Segment]

The Social Innovation & QUO Card Business Segment engages through major nationwide convenience store chains in sales of PINs (prepaid codes) and gift cards, and also provides support for resolving issues in local communities. 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 payment service, 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.

In June 2024, we also released our original campaign support system for enterprise clients, "At Gift." It provides one-stop support for all aspects of digital gifts, from the provision of digital gifts to the planning and execution of campaigns.

The social innovation business is collaborating with various local governments to promote the use of digital technology, including dispatching smartphone consultants to Katsuura City, Chiba Prefecture, and being commissioned to provide tourism support services to Ami Town, Ibaraki Prefecture.

In addition, "Active Ring™," a health promotion support service aimed at extending the healthy life expectancy of local residents and optimizing social security costs, is being expanded to several local governments. We will support solutions to social issues through these initiatives.

In the QUO Card Business, the amount of issuance for QUO Card and Quo Card Pay rose steadily.

As a result, net sales marked 5,208 million yen (-3.8% year on year), and profit attributable to owners of parent of 581 million yen (+3.6%) due to a year-on-year increase in hoard profit of prepaid card.

(2) Summary of financial position for the period under review

(Assets)

Current assets at the end of the period under review were 201,251 million yen, which was 4,392 million yen lower than at the end of the previous fiscal year. This was mainly due to a 20,664 million yen increase in operational investment securities, a 12,880 million yen decrease in guarantee deposits, a 5,883 million yen decrease in notes and accounts receivable - trade, and a 3,983 million yen decrease in inventories. Non-current assets at the end of the period under review were 41,439 million yen, which was 1,176 million yen lower than at the end of the previous fiscal year. This was mainly due to a 1,097 million yen decrease in deferred tax assets.

As a result, total assets posted 242,690 million yen, which was 5,569 million yen lower than at the end of the previous fiscal year.

(Liabilities)

Current liabilities at the end of the period under review were 161,331 million yen, which was 6,120 million yen lower than at the end of the previous fiscal year. This was mainly due to a 2,336 million yen decrease in accounts payable - trade, a 1,522 million yen decrease in accounts payable - other and a 1.5 billion yen decrease in income taxes payable. Non-current liabilities at the end of the period under review were 3,323 million yen, which was 80 million yen lower than at the end of the previous fiscal year. This was mainly due to a 119 million yen decrease in years of service gratuity reserve provisions.

As a result, total liabilities posted 164,654 million yen, which was 6.2 billion yen lower than at the end of the previous fiscal year.

(Net assets)

Net assets at the end of the period under review were 78,035 million yen, which was 631 million yen higher than at the end of the previous fiscal year. This was mainly due to 2,805 million yen recognized in profit attributable to owners of parent and 2,093 million yen in payment of dividends of surplus.

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

Three months (April to June 2024) net sales represent 25.0% of the full-year estimate announced on May 9, 2024, with percentages for operating profit, ordinary profit, and profit attributable to owners of parent strong at 35.2%, 30.0%, and 35.1%, respectively. However, the full-year estimate remains unchanged at this time due to the possibility of changes in the terms and conditions of commissions received from telecommunications carriers in the Consumer Business Segment from 2Q FY 2025 and beyond.

## 2. Quarterly Consolidated Financial Statements and Notes

### (1) Quarterly consolidated balance sheets

(Millions of yen)

| | | FY2024 (As of March 31, 2024) | | 1Q FY 2025 (As of June 30, 2024) |
|---|---|---|---|---|
| Assets | | | | |
| Current assets | | | | |
| Cash and deposits | | 45,022 | | 42,495 |
| Notes and accounts receivable - trade | * | 27,094 | * | 21,210 |
| Operational investment securities | | 15,500 | | 36,164 |
| Inventories | | 24,260 | | 20,277 |
| Accounts receivable - other | * | 11,945 | * | 12,431 |
| Guarantee deposits | | 79,170 | | 66,290 |
| Other | | 2,673 | | 2,398 |
| Allowance for doubtful accounts | | (22) | | (16) |
| Total current assets | | 205,644 | | 201,251 |
| Non-current assets | | | | |
| Property, plant and equipment | | 5,334 | | 5,388 |
| Intangible assets | | | | |
| Goodwill | | 14,868 | | 14,618 |
| Software | | 4,321 | | 4,820 |
| Contract-related intangible assets | | 1,125 | | 1,108 |
| Other | | 1,029 | | 743 |
| Total intangible assets | | 21,345 | | 21,290 |
| Investments and other assets | | 15,936 | | 14,760 |
| Total non-current assets | | 42,615 | | 41,439 |
| Total assets | | 248,260 | | 242,690 |
| Liabilities | | | | |
| Current liabilities | | | | |
| Accounts payable - trade | * | 10,569 | * | 8,233 |
| Current portion of long-term borrowings | | 1,875 | | 935 |
| Accounts payable - other | * | 16,662 | * | 15,140 |
| Income taxes payable | | 2,087 | | 586 |
| Refund liability | | 104 | | 104 |
| Provision for bonuses | | 2,631 | | 1,550 |
| Provision for loss on business liquidation | | 248 | | 132 |
| Card deposits | | 131,665 | | 132,885 |
| Other | | 1,606 | | 1,762 |
| Total current liabilities | | 167,451 | | 161,331 |
| Non-current liabilities | | | | |
| Years of service gratuity reserve provisions | | 194 | | 74 |
| Retirement benefit liability | | 580 | | 585 |
| Asset retirement obligations | | 2,071 | | 2,069 |
| Other | | 557 | | 594 |
| Total non-current liabilities | | 3,403 | | 3,323 |
| Total liabilities | | 170,855 | | 164,654 |
| Net assets | | | | |
| Shareholders' equity | | | | |
| Share capital | | 3,154 | | 3,154 |
| Capital surplus | | 5,165 | | 5,165 |
| Retained earnings | | 68,720 | | 69,433 |
| Treasury shares | | (233) | | (233) |
| Total shareholders' equity | | 76,805 | | 77,519 |
| Accumulated other comprehensive income | | | | |
| Valuation difference on available-for-sale securities | | 350 | | 377 |
| Foreign currency translation adjustment | | 178 | | 67 |
| Total accumulated other comprehensive income | | 529 | | 445 |
| Non-controlling interests | | 69 | | 71 |
| Total net assets | | 77,404 | | 78,035 |
| Total liabilities and net assets | | 248,260 | | 242,690 |

(2) Quarterly consolidated statements of income and quarterly consolidated statements of comprehensive income

(Quarterly consolidated statements of income)

(Consolidated three months period)

(Millions of yen)

| | 1Q FY 2024 (From April 1, 2023 to June 30, 2023) | 1Q FY 2025 (From April 1, 2024 to June 30, 2024) |
|---|---|---|
| Net sales | 96,431 | 104,750 |
| Cost of sales | 79,266 | 85,645 |
| Gross profit | 17,165 | 19,104 |
| Selling, general and administrative expenses | * 16,125 | * 16,006 |
| Operating profit | 1,039 | 3,097 |
| Non-operating income | | |
| Hoard profit of prepaid card | 801 | 1,113 |
| Other | 81 | 83 |
| Total non-operating income | 882 | 1,197 |
| Non-operating expenses | | |
| Interest expenses | 6 | 7 |
| Share of loss of entities accounted for using equity method | 14 | – |
| Store lease termination penalties | 28 | – |
| Other | 4 | 2 |
| Total non-operating expenses | 53 | 10 |
| Ordinary profit | 1,868 | 4,284 |
| Extraordinary income | | |
| Gain on sale of non-current assets | – | 8 |
| Gain on sale of shares of subsidiaries and associates | 9 | – |
| Total extraordinary income | 9 | 8 |
| Extraordinary losses | | |
| Loss on retirement of non-current assets | 32 | 16 |
| Loss on sale of shares of subsidiaries and associates | – | 14 |
| Total extraordinary losses | 32 | 30 |
| Profit before income taxes | 1,845 | 4,262 |
| Income taxes - current | 246 | 317 |
| Income taxes - deferred | 527 | 1,137 |
| Total income taxes | 774 | 1,454 |
| Profit | 1,070 | 2,807 |
| Profit (loss) attributable to non-controlling interests | (46) | 2 |
| Profit attributable to owners of parent | 1,117 | 2,805 |

(Quarterly consolidated statements of comprehensive income)

(Consolidated three months period)

(Millions of yen)

| | 1Q FY 2024 (From April 1, 2023 to June 30, 2023) | 1Q FY 2025 (From April 1, 2024 to June 30, 2024) |
|---|---|---|
| Profit | 1,070 | 2,807 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | 82 | 27 |
| Foreign currency translation adjustment | 10 | (110) |
| Share of other comprehensive income of entities accounted for using equity method | 2 | – |
| Total other comprehensive income | 94 | (83) |
| Comprehensive income | 1,165 | 2,724 |
| Comprehensive income attributable to | | |
| Comprehensive income attributable to owners of parent | 1,210 | 2,721 |
| Comprehensive income attributable to non-controlling interests | (45) | 2 |

(3) Notes to quarterly consolidated financial statements

(Notes on changes to accounting policies)

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

The "Accounting Standard for Current Income Taxes" (ASBJ Statement No. 27, October 28, 2022; below, "Revised 2022 Accounting Standard"), etc. were applied from the beginning of 1Q FY 2025.

Revisions regarding the classification of income taxes, etc. (taxation on other comprehensive income) are in accordance with the transitional treatment stipulated in the proviso of Paragraph 20-3 of the Revised 2022 Accounting Standard and the proviso of Paragraph 65-2 (2) of the "Guidance on Accounting Standard for Tax Effect Accounting" (ASBJ Guidance No. 28, October 28, 2022; below, "Revised 2022 Guidance"). This change in accounting policy has no impact on the quarterly consolidated financial statements.

In addition, the 2022 Revised Guidance was applied from the beginning of 1Q FY 2025 for amendments related to the revised treatment in consolidated financial statements of the deferral for tax purposes of gains or losses on sales of shares of subsidiaries, etc. arising from the sale of shares among consolidated companies. This change in accounting policy has been applied retrospectively, and the quarterly consolidated financial statements and consolidated financial statements for the previous quarter and the previous fiscal year are presented after retrospective application. This change in accounting policy has no impact on the quarterly consolidated financial statement for the quarters of the previous fiscal year or the consolidated financial statements for the previous fiscal year.

(Notes on segment information, etc.)

[Segment information]

I Summary of reportable segments

Reportable segments of the Group are structural units of the Company for which segregated financial information is available and which are periodically reviewed to enable the Board of Directors to make decisions on the allocation of management resources and assess operating performance.

The Group has three reportable segments — Consumer Business Segment, Enterprise Business Segment, and Social Innovation & QUO Card Business Segment — which are structured by industry segmentation.

[Consumer Business Segment]

The Consumer Business Segment engages in contract mediation for mobile and other telecommunications services, mobile phone distribution services, smartphone accessory sales, wholesaling and other retail businesses.

[Enterprise Business Segment]

The Enterprise Business Segment engages in contract mediation and provision of mobile telecommunications services and various other services for enterprise clients, introduction support for various devices and services, and operations, maintenance, and collection services.

[Social Innovation & QUO Card Business Segment]

The Social Innovation & QUO Card Business Segment engages in the provision of payment services, healthcare, and support services for resolving issues in local communities, as well as the issuance and settlement of QUO CARD and QUO CARD Pay.

II 1Q FY 2024 (from April 1, 2023 to June 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 Business Segment | Enterprise Business Segment | Social Innovation & QUO Card Business Segment | Total | | |
| Net sales | | | | | | |
| Mobile devices, etc. | 48,486 | 2,229 | – | 50,715 | – | 50,715 |
| Sales commissions of mobile devices, etc. | 29,681 | 2,399 | – | 32,080 | – | 32,080 |
| Accessories, etc. | 1,926 | 33 | – | 1,960 | – | 1,960 |
| Solution services | – | 2,457 | – | 2,457 | – | 2,457 |
| TG Hikari & NW related | – | 2,230 | – | 2,230 | – | 2,230 |
| Prepaid cards, etc. | – | – | 2,720 | 2,720 | – | 2,720 |
| Sales commissions of prepaid card, etc. | – | – | 2,544 | 2,544 | – | 2,544 |
| Other | 1,436 | 117 | 46 | 1,600 | 18 | 1,619 |
| Revenue from contracts with customers | 81,530 | 9,467 | 5,311 | 96,310 | 18 | 96,328 |
| Other revenue | – | – | 103 | 103 | – | 103 |
| Sales to external customers | 81,530 | 9,467 | 5,414 | 96,413 | 18 | 96,431 |
| Intersegment sales or transfers | 430 | 407 | 25 | 863 | 772 | 1,636 |
| Total | 81,961 | 9,875 | 5,440 | 97,277 | 791 | 98,068 |
| Segment profit | 320 | 149 | 560 | 1,031 | 85 | 1,117 |

Note: The “Other” segment is a segment for businesses that do not fall under reportable segments and deal with 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 | 1,031 |
| Profit categorized as “Other” | 85 |
| Profit attributable to owners of parent in the quarterly consolidated statements of income | 1,117 |

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

Not applicable.

III 1Q FY 2025 (from April 1, 2024 to June 30, 2024)

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 Business Segment | Enterprise Business Segment | Social Innovation & QUO Card Business Segment | Total | | |
| Net sales | | | | | | |
| Mobile devices, etc. | 53,738 | 2,657 | – | 56,395 | – | 56,395 |
| Sales commissions of mobile devices, etc. | 31,955 | 2,983 | – | 34,938 | – | 34,938 |
| Accessories, etc. | 1,661 | 26 | – | 1,687 | – | 1,687 |
| Solution services | – | 2,658 | – | 2,658 | – | 2,658 |
| TG Hikari & NW related | – | 1,889 | – | 1,889 | – | 1,889 |
| Prepaid cards, etc. | – | – | 2,625 | 2,625 | – | 2,625 |
| Sales commissions of prepaid card, etc. | – | – | 2,245 | 2,245 | – | 2,245 |
| Other | 1,799 | 172 | 44 | 2,016 | – | 2,016 |
| Revenue from contracts with customers | 89,154 | 10,387 | 4,915 | 104,457 | – | 104,457 |
| Other revenue | – | – | 293 | 293 | – | 293 |
| Sales to external customers | 89,154 | 10,387 | 5,208 | 104,750 | – | 104,750 |
| Intersegment sales or transfers | 12 | 480 | 35 | 527 | 1,196 | 1,724 |
| Total | 89,166 | 10,867 | 5,243 | 105,277 | 1,196 | 106,474 |
| Segment profit | 1,830 | 233 | 581 | 2,644 | 160 | 2,805 |

Note: The "Other" segment is a segment for businesses that do not fall under reportable segments and deal with 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 | 2,644 |
| Profit categorized as "Other" | 160 |
| Profit attributable to owners of parent in the quarterly consolidated statements of income | 2,805 |

3. Changes in reportable segments, etc.

(Change of name in information that disaggregates revenue from contracts with customers)

The names "Smart device," "Fees related to smart device," and "Own solution services" have been changed to "Mobile devices, etc.," "Sales commissions of mobile devices, etc.," and "solution services" effective from 1Q FY 2025 for the purpose of using names that are easier for stakeholders to understand. This change is a change in name and has no impact on information that disaggregates revenue from contracts with customers. 1Q FY 2024 is also presented using the new names.

(Changes in reportable segments, etc.)

The Group previously reported the three reportable segments of "Consumer Mobile Business Segment," "Enterprise Solutions Business Segment," and "Smart Life & QUO Card Business Segment," but these names have been changed to "Consumer Business Segment," "Enterprise Business Segment," and "Social Innovation & QUO Card Business Segment" effective from 1Q FY 2025. In addition, some business segments were transferred in conjunction with the above change.

- The accessory-related business, which had belonged to the "Social Innovation & QUO Card Business Segment," was transferred to the "Consumer Business Segment."
- The renewable energy business, which had belonged to the "Social Innovation & QUO Card Business Segment," was transferred to the "Enterprise Business Segment."

The segment information for 1Q FY 2024 is also presented based on the classification after this change.

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

Not applicable.

(Notes on significant changes in shareholders' equity)
Not applicable.

(Notes on the going-concern assumption)
Not applicable.

(Notes on the quarterly consolidated statements of cash flows)
Quarterly consolidated statements of cash flows have not been prepared for Q1 FY 2025. Depreciation (including amortization related to intangible assets excluding goodwill) and amortization of goodwill for 1Q FY 2025 are as follows.

(Millions of yen)

| | 1Q FY 2024 (from April 1, 2023 to June 30, 2023) | 1Q FY 2025 (from April 1, 2024 to June 30, 2024) |
|---|---|---|
| Depreciation | 681 | 661 |
| Amortization of goodwill | 327 | 249 |

(Notes on the quarterly consolidated balance sheets)
*Offsetting of trade receivables/payables
Financial assets and liabilities are presented after offsetting in the quarterly consolidated balance sheets if they are monetary claims and obligations to the same party and meet the requirements that the offsetting is legally valid and that the Company has ability to offset as well as the intention to settle through offsetting.
The amounts before offsetting are as follows.

(Millions of yen)

| | FY 2024 (As of March 31, 2024) | 1Q FY 2025 (As of June 30, 2024) |
|---|---|---|
| Notes and accounts receivable - trade | 62,877 | 45,457 |
| Accounts receivable - other | 29,308 | 24,457 |
| Accounts payable - trade | 44,250 | 29,789 |
| Accounts payable - other | 36,294 | 29,856 |

(Notes on the quarterly consolidated statements of income)
Major items and figures among selling, general and administrative expenses are as follows:

(Millions of yen)

| | 1Q FY 2024 (from April 1, 2023 to June 30, 2023) | 1Q FY 2025 (from April 1, 2024 to June 30, 2024) |
|---|---|---|
| Remuneration for directors (and other officers) | 62 | 51 |
| Employees' salaries | 5,036 | 4,995 |
| Temporary staff wages | 291 | 234 |
| Provision for bonuses | 1,052 | 1,002 |
| Retirement benefit expenses | 71 | 83 |
| Years of service gratuity reserve | 24 | 2 |
| Dispatched staff wages | 1,118 | 1,101 |
| Promotion expenses | 2,223 | 2,497 |
| Rent expenses on real estate | 1,380 | 1,237 |
| Depreciation | 593 | 539 |
| Amortization of goodwill | 327 | 249 |
| Allowance for doubtful accounts carried forward | (6) | (5) |