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Consolidated Financial Results for the Third Quarter of Fiscal Year Ending March 31, 2025 (Nine Months Ended December 31, 2024) (Based on J-GAAP)

February 10, 2025

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
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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 Third Quarter of Fiscal Year Ending March 31, 2025 (April 1, 2024 – December 31, 2024)

(1) Consolidated results of operations (nine 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	%
3Q FY 2025	345,718	5.1	8,974	77.6	12,815	59.9	7,233	89.8
3Q FY 2024	328,984	0.2	5,052	8.4	8,014	1.6	3,810	(30.6)

Note: Comprehensive income (million yen): 3Q FY 2025: 7,085 / [102.5%] 3Q FY 2024: 3,498 / [(39.0)%]

	Earnings per share	Diluted earnings per share
	Yen	Yen
3Q FY 2025	129.55	—
3Q FY 2024	68.28	—

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
3Q FY 2025	253,270	82,362	32.5
FY 2024	248,260	77,404	31.2

Reference: Shareholders' equity (million yen): 3Q FY 2025: 82,362 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	—	0.00	—		
FY 2025 (forecasts)				0.00	0.00

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
Newly included: 1 company (TG Farm Inc.)
Excluded: 6 companies (Relay2, Inc. and 5 other companies)

(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.: Yes
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	3Q FY 2025	56,074,000 shares	FY 2024	56,074,000 shares
2) Number of treasury shares at the end of the period	3Q FY 2025	226,649 shares	FY 2024	253,709 shares
3) Average number of shares outstanding during the period (nine months)	3Q FY 2025	55,836,666 shares	3Q FY 2024	55,808,747 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 February 10, 2025 (Monday).

○ 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 4
(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 nine months period) 6
(Quarterly consolidated statements of comprehensive income) (Consolidated nine months period) 6
(3) Notes to quarterly consolidated financial statements 7
(Notes on changes to accounting policies) 7
(Notes on segment information, etc.) 8
(Notes on significant changes in shareholders' equity) 11
(Notes on the going-concern assumption) 11
(Notes on the quarterly consolidated statements of cash flows) 11
(Notes on the quarterly consolidated balance sheets) 11
(Notes on the quarterly consolidated statements of income) 11
(Additional information) 12
(Significant subsequent events) 13

1. Summary of Results of Operations

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

In the period under review (April to December 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 various initiatives to stimulate consumer demand and offering new value propositions such as those that link with financial services, as telecommunications carriers are intensifying measures to encourage customers to switch carriers.

Under this business environment, the Company has been advancing "sustainability management" that places top priority on resolving social issues through its business. We are working toward achieving our vision of "creating a better future for our customers and contributing to society through 'the desire to connect,'" while regularly monitoring KPIs of our "TG Material Issues," which represent the Company's core material issues.

Under our Medium-Term Management Plan (FY 2025-FY 2027), 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. Under our aim of further underpinning these growth strategies, we are also working to strengthen our business foundations through initiatives that include maintaining sound financial foundations, maximizing value of human capital, and increasing productivity through digitalization.

Consolidated business results of the Group for the period under review marked net sales of 345,718 million yen (+5.1% year on year), with operating profit of 8,974 million yen (+77.6%). Ordinary profit marked 12,815 million yen (+59.9%) and profit attributable to owners of parent posted 7,233 million yen (+89.8%).

The main reasons for the increase in both sales and profit were market normalization in the Consumer Business Segment, as well as greater efficiency of shop operations.

In the period under review, the Group posted an extraordinary loss of 1,788 million yen in expenses related to voluntary retirements.

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	292,332 3.1%	31,197 1.8%	22,187 48.9%	– –	345,718 5.1%
Profit (loss) attributable to owners of parent	5,348 93.8%	791 –	1,762 (4.1%)	(668) –	7,233 89.8%
Supplementary information – Operating profit (loss)	8,337 76.7%	1,255 36.2%	(1,041) –	423 –	8,974 77.6%

* 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 2,224,000 (a decrease of 0.2% year on year), remaining at the same level as in the same period of the previous fiscal year. This was partly due to the appeal of mobile phone handset purchase programs (residual value guarantee programs) offered by each telecommunications carrier, despite the Revision of Regulations having imposed limits on discounts for individual mobile phone handsets amid persistently high mobile phone handset prices due to yen depreciation and increasing functionality of mobile phone handsets. Due to the revision of the Guidelines for the Operation of Article 27-3 of the Telecommunications Business Act, which went into effect on December 26, 2024, there were significant price increases for some models. In certain sales channels, there were also last-minute purchases made before the revision took effect.

On the profit front, we achieved favorable results from our original products, especially security products, in addition to smaller discount amounts due to the Revision of Regulations. However, promotion expenses and sales personnel expenses increased from the same period of the previous fiscal year, due to factors such as on-site sales activities.

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. We strive to increase customer satisfaction and make our operations more efficient through the provision of support tailored to each customer by specialist staff.

As a result, net sales marked 292,332 million yen (+3.1% year on year), with profit attributable to owners of parent of 5,348 million yen (+93.8%).

[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 244,000 (an increase of 2.7% compared to the same period of the previous fiscal year). The Company secured a gross profit margin level comparable to the same period of the previous fiscal year, as the gross profit per unit of mobile phone contracts for enterprise clients was on a recovery trend.

The Company has reorganized its organization based on the company size of enterprise clients effective from the fiscal year under review, with the aim of providing optimal proposals tailored to each industry and company size with a focus on management based on a market-in perspective. In LCM, we have expanded our products and services and begun developing package services for small and medium-sized businesses, designed to resolve and support their industry-specific and company size-related challenges. Amid these efforts, the number of management IDs, particularly for network administrative services (movino star) and helpdesks, as well as the cumulative number of lines owned by the Company's own "TG Hikari" fiber-optics access service, surpassed those of the same period of the previous fiscal year, demonstrating continued robust performance.

In the renewable energy business, operated by the Company's subsidiary, services for the solar power generation PPA model for enterprise clients are being expanded.

As a result, net sales marked 31,197 million yen (+1.8% year on year), with profit attributable to owners of parent of 791 million yen (loss attributable to owners of parent of 885 million yen for the same period of the previous fiscal year).

[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, whereas PIN and gift card transaction volumes were down compared with the same period of the previous fiscal year partly due to the diversification of payment methods, the volume of digital gift transactions has remained strong.

Our original campaign support system for enterprise clients, "At Gift," released in June 2024, 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 collaborates with various local governments in providing support for resolving social issues through initiatives to promote the use of digital technology, including dispatching smartphone consultants to Katsuura City, Chiba Prefecture, and being commissioned by Nasushiobara City, Tochigi Prefecture to provide tourism business operations aimed at attracting foreign tourists from abroad.

Meanwhile, selling, general and administrative expenses increased from the same period of the previous fiscal year due to effects of headcount expansion as a result of forming a specialized organization effective from the fiscal year under review along with upfront investments in various initiatives.

In the QUO Card Business, the amount of issuance for QUO CARD and QUO CARD Pay increased compared to the same period of the previous fiscal year, driven by greater adoption of these services in various campaigns and initiatives. In addition, we are continuing to focus on expanding our network of member stores, with efforts centered on QUO CARD Pay.

As a result, net sales marked 22,187 million yen (+48.9% year on year), with profit attributable to owners of parent of 1,762 million yen (-4.1%).

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

(Assets)

Current assets at the end of the period under review were 213,221 million yen, which was 7,577 million yen higher than at the end of the previous fiscal year. This was mainly due to a 20,601 million yen increase in operational investment securities, a 5,380 million yen increase in inventories, a 2,824 million yen increase in accounts receivable - other, a 10,980 million yen decrease in guarantee deposits, a 5,322 million yen decrease in notes and accounts receivable - trade, and a 5,176 million yen decrease in cash and deposits. Non-current assets at the end of the period under review were 40,049 million yen, which was 2,566 million yen lower than at the end of the previous fiscal year. This was mainly due to a 2,247 million yen decrease in deferred tax assets and a 739 million yen decrease in goodwill.

As a result, total assets posted 253,270 million yen, which was 5,010 million yen higher than at the end of the previous fiscal year.

(Liabilities)

Current liabilities at the end of the period under review were 167,482 million yen, which was 31 million yen higher than at the end of the previous fiscal year. This was mainly due to a 3,620 million yen increase in card deposits, a 1,005 million yen increase in accounts payable - other, a 1,875 million yen decrease in current portion of long-term borrowings, a 1,346 million yen decrease in income taxes payable, and a 1,184 million yen decrease in provision for bonuses. Non-current liabilities at the end of the period under review were 3,426 million yen, which was 22 million yen higher than at the end of the previous fiscal year. This was mainly due to a 110 million yen decrease in years of service gratuity reserve provisions and a 114 million yen increase in asset retirement obligations.

As a result, total liabilities posted 170,908 million yen, which was 53 million yen higher than at the end of the previous fiscal year.

(Net assets)

Net assets at the end of the period under review were 82,362 million yen, which was 4,957 million yen higher than at the end of the previous fiscal year. This was mainly due to 7,233 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

Nine months (April to December 2024) net sales represent 82.6% 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 102.0%, 89.6%, and 90.4%, respectively. Operating profit has reached the full-year consolidated earnings forecast; however, the forecast remains unchanged due to the uncertain external business environment in the market for mobile phone handsets, owing to factors such as significant price increases for some models caused by the revision of the Guidelines for the Operation of Article 27-3 of the Telecommunications Business Act, which went into effect on December 26, 2024.

Moreover, the Company's shares will be delisted from the Prime Market of the Tokyo Stock Exchange on March 3, 2025, following the prescribed procedures as described in the "Notice Regarding Resolution to Approve Share Consolidation, Abolition of Provision for Number of Shares Constituting One Unit, and Partial Amendments to the Articles of Incorporation" (in Japanese), announced on February 6, 2025.

For more details, please refer to the Company's press releases below.

"Notice of Statement of Opinion Regarding the Tender Offer for Shares of the Company by K.K. BCJ-82-1"
https://pdf.irpocket.com/C3738/n85z/umVK/Feoh.pdf
https://pdf.irpocket.com/C3738/EAzE/BZok/xWTh.pdf (in Japanese)

"Notice Regarding Revisions to Dividend Forecast for FY 2025 (No Dividend) and Abolishment of Shareholder Special Benefit Plan"
https://pdf.irpocket.com/C3738/EAzE/BZok/Lkcn.pdf (in Japanese)

"Notice Regarding Resolution to Approve Share Consolidation, Abolition of Provision for Number of Shares Constituting One Unit, and Partial Amendments to the Articles of Incorporation"
https://pdf.irpocket.com/C3738/wLlX/K5fn/maa4.pdf (in Japanese)

2. Quarterly Consolidated Financial Statements and Notes

(1) Quarterly consolidated balance sheets

(Millions of yen)

		FY 2024 (As of March 31, 2024)		3Q FY 2025 (As of December 31, 2024)
Assets				
Current assets				
Cash and deposits		45,022		39,846
Notes and accounts receivable - trade	*	27,094	*	21,772
Operational investment securities		15,500		36,101
Inventories		24,260		29,641
Accounts receivable - other	*	11,945	*	14,769
Guarantee deposits		79,170		68,190
Other		2,673		2,922
Allowance for doubtful accounts		(22)		(21)
Total current assets		205,644		213,221
Non-current assets				
Property, plant and equipment		5,334		5,557
Intangible assets				
Goodwill		14,868		14,129
Software		4,321		4,448
Contract-related intangible assets		1,125		1,074
Other		1,029		1,327
Total intangible assets		21,345		20,980
Investments and other assets		15,936		13,511
Total non-current assets		42,615		40,049
Total assets		248,260		253,270
Liabilities				
Current liabilities				
Accounts payable - trade	*	10,569	*	10,514
Current portion of long-term borrowings		1,875		–
Accounts payable - other	*	16,662	*	17,668
Income taxes payable		2,087		740
Refund liability		104		96
Provision for bonuses		2,631		1,447
Provision for loss on business liquidation		248		27
Card deposits		131,665		135,285
Other		1,606		1,702
Total current liabilities		167,451		167,482
Non-current liabilities				
Years of service gratuity reserve provisions		194		84
Retirement benefit liability		580		524
Asset retirement obligations		2,071		2,186
Other		557		630
Total non-current liabilities		3,403		3,426
Total liabilities		170,855		170,908
Net assets				
Shareholders' equity				
Share capital		3,154		3,154
Capital surplus		5,165		5,178
Retained earnings		68,720		73,861
Treasury shares		(233)		(209)
Total shareholders' equity		76,805		81,984
Accumulated other comprehensive income				
Valuation difference on available-for-sale securities		350		311
Foreign currency translation adjustment		178		66
Total accumulated other comprehensive income		529		377
Non-controlling interests		69		–
Total net assets		77,404		82,362
Total liabilities and net assets		248,260		253,270

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

(Quarterly consolidated statements of income)

(Consolidated nine months period)

(Millions of yen)

	3Q FY 2024 (From April 1, 2023 to December 31, 2023)	3Q FY 2025 (From April 1, 2024 to December 31, 2024)
Net sales	328,984	345,718
Cost of sales	274,345	286,658
Gross profit	54,638	59,059
Selling, general and administrative expenses	* 49,586	* 50,084
Operating profit	5,052	8,974
Non-operating income		
Hoard profit of prepaid card	2,984	3,823
Other	179	158
Total non-operating income	3,164	3,982
Non-operating expenses		
Share of loss of entities accounted for using equity method	57	38
Commission for purchase of treasury shares	–	62
Other	145	40
Total non-operating expenses	202	141
Ordinary profit	8,014	12,815
Extraordinary income		
Gain on sale of shares of subsidiaries and associates	9	121
Gain on sale of investment securities	163	–
Other	0	11
Total extraordinary income	173	133
Extraordinary losses		
Loss on retirement of non-current assets	87	45
Loss on sale of shares of subsidiaries and associates	–	14
Expenses related to voluntary retirements	–	1,788
Impairment losses	1,709	–
Other	–	19
Total extraordinary losses	1,797	1,868
Profit before income taxes	6,390	11,080
Income taxes - current	1,569	1,530
Income taxes - deferred	1,499	2,312
Total income taxes	3,069	3,843
Profit	3,320	7,236
Profit (loss) attributable to non-controlling interests	(490)	3
Profit attributable to owners of parent	3,810	7,233

(Quarterly consolidated statements of comprehensive income)

(Consolidated nine months period)

(Millions of yen)

	3Q FY 2024 (From April 1, 2023 to December 31, 2023)	3Q FY 2025 (From April 1, 2024 to December 31, 2024)
Profit	3,320	7,236
Other comprehensive income		
Valuation difference on available-for-sale securities	(29)	(39)
Foreign currency translation adjustment	205	(112)
Share of other comprehensive income of entities accounted for using equity method	2	–
Total other comprehensive income	178	(151)
Comprehensive income	3,498	7,085
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,958	7,082
Comprehensive income attributable to non-controlling interests	(459)	3

(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 Revised 2022 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 for the same period of the previous fiscal year and the consolidated financial statements for the previous fiscal year are presented after retrospective application. This change in accounting policy has no impact on the quarterly consolidated financial statements for the same period 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 3Q FY 2024 (from April 1, 2023 to December 31, 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.	175,384	8,166	–	183,551	–	183,551
Sales commissions of mobile phone devices, etc.	96,978	7,434	–	104,413	–	104,413
Accessories, etc.	5,957	101	–	6,059	–	6,059
Solution services	–	7,663	–	7,663	–	7,663
TG Hikari & NW related	–	6,288	–	6,288	–	6,288
Prepaid cards, etc.	–	–	7,947	7,947	–	7,947
Sales commissions of prepaid card, etc.	–	–	7,709	7,709	–	7,709
Other	4,474	382	153	5,010	18	5,028
Revenue from contracts with customers	282,795	30,037	15,810	328,643	18	328,662
Other revenue	–	–	321	321	–	321
Sales to external customers	282,795	30,037	16,132	328,965	18	328,984
Intersegment sales or transfers	1,479	1,585	73	3,138	2,601	5,740
Total	284,275	31,623	16,206	332,104	2,620	334,724
Segment profit (loss)	2,760	(885)	1,837	3,712	98	3,810

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	3,712
Profit categorized as “Other”	98
Profit attributable to owners of parent in the quarterly consolidated statements of income	3,810

3. Matters concerning the impairment loss from non-current assets or goodwill of reportable segments
(Significant impairment losses on non-current assets and material change in the goodwill amount)

In the Enterprise Business Segment, impairment losses of 1,709 million yen on non-current assets, including goodwill related to Relay2, Inc., was recorded in 3Q FY 2024. The decrease in the amount of goodwill caused by this event was 1,098 million yen for 3Q FY 2024.

III 3Q FY 2025 (from April 1, 2024 to December 31, 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.	181,273	7,978	–	189,251	–	189,251
Sales commissions of mobile devices, etc.	99,679	8,686	–	108,365	–	108,365
Accessories, etc.	5,719	116	–	5,836	–	5,836
Solution services	–	8,301	–	8,301	–	8,301
TG Hikari & NW related	–	5,605	–	5,605	–	5,605
Prepaid cards, etc.	–	–	14,473	14,473	–	14,473
Sales commissions of prepaid card, etc.	–	–	6,860	6,860	–	6,860
Other	5,661	508	162	6,332	–	6,332
Revenue from contracts with customers	292,332	31,197	21,496	345,026	–	345,026
Other revenue	–	–	691	691	–	691
Sales to external customers	292,332	31,197	22,187	345,718	–	345,718
Intersegment sales or transfers	54	1,706	152	1,913	3,650	5,564
Total	292,387	32,904	22,339	347,632	3,650	351,282
Segment profit (loss)	5,348	791	1,762	7,902	(668)	7,233

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	7,902
Profit categorized as "Other"	(668)
Profit attributable to owners of parent in the quarterly consolidated statements of income	7,233

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. 3Q 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 3Q 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 3Q FY 2025. Depreciation (including amortization related to intangible assets excluding goodwill) and amortization of goodwill for 3Q FY 2024 and 2025 are as follows.

(Millions of yen)

	3Q FY 2024 (from April 1, 2023 to December 31, 2023)	3Q FY 2025 (from April 1, 2024 to December 31, 2024)
Depreciation	2,069	2,112
Amortization of goodwill	985	739

(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)	3Q FY 2025 (As of December 31, 2024)
Notes and accounts receivable - trade	62,877	58,384
Accounts receivable - other	29,308	30,620
Accounts payable - trade	44,250	45,045
Accounts payable - other	36,294	35,600

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

(Millions of yen)

	3Q FY 2024 (from April 1, 2023 to December 31, 2023)	3Q FY 2025 (from April 1, 2024 to December 31, 2024)
Remuneration for directors (and other officers)	151	147
Employees' salaries	15,204	15,523
Temporary staff wages	916	746
Provision for bonuses	1,429	1,217
Retirement benefit expenses	240	247
Years of service gratuity reserve provisions	36	12
Dispatched staff wages	3,334	3,318
Promotion expenses	7,142	8,701
Rent expenses on real estate	4,068	3,739
Depreciation	1,774	1,703
Amortization of goodwill	985	739
Allowance for doubtful accounts carried forward	16	(0)

(Additional information)
(Issuance of bonds)

At the Company's Board of Directors meeting held on December 25, 2024, it resolved to issue the 1st Domestic Unsecured Bond with a payment date of February 19, 2025.

The summary is as follows.

1. Name	: T-Gaia Corporation 1st Domestic Unsecured Bond
2. Total amount of the bond	: 20,247 million yen
3. Issue price	: 100 yen per 100 yen par value
4. Interest rate	: 3.35% per annum
5. Maturity	: November 6, 2032
6. Payment date	: February 19, 2025
7. Redemption method	: 100 yen per 100 yen par value
8. Collateral	: The bond will be unsecured by assets and guarantees and without reservation of specific assets.
9. Use of funds	: Tender offer for the shares of the Company

(Acquisition of and tender offer for treasury shares)

At the Company's Board of Directors meeting held on December 25, 2024, it resolved to conduct an acquisition of treasury shares in accordance with the provisions of Article 156, Paragraph 1 of the Companies Act (Act No. 86, 2005, including subsequent revisions), as applied by replacing certain terms under the provisions of Article 165, Paragraph 3 of the same act, and the Company's Articles of Incorporation, and to conduct a self-tender offer as the specific method of acquisition (below, "Self-Tender Offer (2)"). The Company conducted the Self-Tender Offer (2) from December 26, 2024, and concluded the Self-Tender Offer (2) on January 30, 2025.

For further details, please refer to the "Notice Regarding Acquisition of and Tender Offer for Treasury Shares" (in Japanese), announced on December 25, 2024, and the "Notice Regarding Result of Tender Offer for Treasury Shares and Conclusion of Acquisition, and Changes in Other Affiliates and Major Shareholders" (in Japanese), announced on January 31, 2025.

(Share consolidation)

At the Company's Board of Directors meeting held on December 26, 2024, it resolved to submit a proposal to an Extraordinary General Meeting of Shareholders held on February 6, 2025, to consolidate 10,400,000 of the Company's common shares (below, "Shares of the Company") into one share (below, "Share Consolidation"), and the Extraordinary General Meeting of Shareholders approved the proposal as submitted.

Going forward, with the Share Consolidation, the Shares of the Company will be delisted on March 3, 2025 (final trading day, February 28, 2025), following the prescribed procedures pursuant to the criteria for delisting of Tokyo Stock Exchange, Inc.

The schedule of the Share Consolidation is as follows:

1) Final trading day for the Shares of the Company Friday, February 28, 2025 (planned)
2) Delisting date for the Shares of the Company Monday, March 3, 2025 (planned)
3) Effective date of the Share Consolidation Wednesday, March 5, 2025 (planned)

(Significant subsequent events)

(Acquisition of and tender offer for treasury shares)

At the Company's Board of Directors meeting held on November 25, 2024, it resolved to conduct an acquisition of treasury shares in accordance with the provisions of Article 156, Paragraph 1 of the Companies Act (Act No. 86, 2005, including subsequent revisions), as applied by replacing certain terms under the provisions of Article 165, Paragraph 3 of the same act, and the Company's Articles of Incorporation, and to conduct a self-tender offer as the specific method of acquisition and acquired the treasury shares on January 21, 2025.

The details are as follows.

Details of acquisition of treasury shares

(1) Type of shares acquired : Common shares
(2) Total number of shares acquired : 7,600,000 shares
(3) Total acquisition cost : 15,542 million yen
(4) Acquisition period : From November 26, 2024 to December 23, 2024
(5) Acquisition method : By tender offer
(6) Settlement date : January 21, 2025

(Cancellation of treasury shares)

At the Company's Board of Directors meeting held on January 31, 2025, it resolved to cancel treasury shares in accordance with the provisions of Article 178 of the Companies Act.

The cancellation of treasury shares was subject to the approval of the proposal regarding the Share Consolidation with an effective date of March 5, 2025 by the Extraordinary General Meeting of Shareholders held on February 6, 2025, as submitted, and as a result, it was approved.

Details of cancellation of treasury shares

(1) Type of shares to be canceled
Common shares of the Company
(2) Total number of shares to be canceled
All treasury shares held by the Company as of March 4, 2025 (including those acquired through acquisitions related to requests for the purchase of shares less than one unit, pursuant to the provisions of Article 192, Paragraph 1 of the Companies Act)
(3) Scheduled date of cancellation
March 4, 2025