



**Consolidated 3Q
Financial Results for FY
ending March 2017**
(Nine months ended Dec. 31, 2016)

February 9, 2017

T-Gaia Corporation / TSE 3738

Disclaimer

This material contains statements about the future performance of T-Gaia Corp., which are based on management's assumptions and beliefs taking information currently available into consideration. Therefore, please be advised that T-Gaia's actual results could differ materially from those described in these forward-looking statements as a result of numerous factors, including general economic conditions in T-Gaia's principal markets as well as other factors detailed from time to time.



Summary of 3Q Consolidated Financial Results

(Unit: billion yen)	16/3 3Q	17/3 3Q	y/y Change	17/3 Full-year Forecasts	Achievement Ratio
Net Sales	453.28	406.03	89.6%	616.0	65.9%
Gross Margin (to Net Sales)	45.09 (9.9%)	44.36 (10.9%)	98.4% (+1.0p)	64.85 (10.5%)	68.4%
SGA Expenses	35.29	35.00	99.2%	49.85	70.2%
Operating Income (to Net Sales)	9.80 (2.2%)	9.35 (2.3%)	95.4% (+0.1.p)	15.0 (2.4%)	62.4%
Ordinary Income	9.78	9.38	95.9%	14.95	62.8%
Net Income attributable to shareholders of the parent company	5.88	6.50	110.5%	9.7	67.1%



Financial Results by Business Segment

Year-to-date (YTD) Net Sales

YTD Operating Income

■ Mobile Telecom Business ■ Enterprise Solution Business ■ Settlement Service & Other Business

464.0

453.2

(billion yen)

406.0

9.69

9.80

9.35

62.9
[13.6%]
19.2
[4.2%]
381.8
[82.2%]

55.9
[12.3%]
18.7
[4.1%]
378.5
[83.6%]

48.9
[12.1%]
15.8
[3.9%]
341.2
[84.0%]

0.45
[4.7%]
1.84
[19.1%]
7.39
[76.2%]

0.99
[10.2%]
1.69
[17.3%]
7.11
[72.5%]

1.02
[11.0%]
1.25
[13.4%]
7.08
[75.6%]

15/3 3Q

16/3 3Q

17/3 3Q

15/3 3Q

16/3 3Q

17/3 3Q

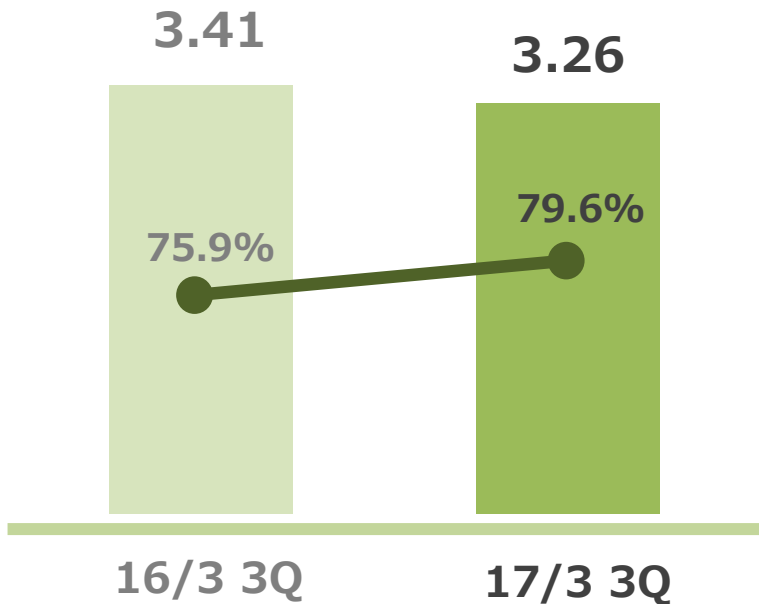
* [Ratio of Each Segment to Consolidated Net Sales & Operating Income]



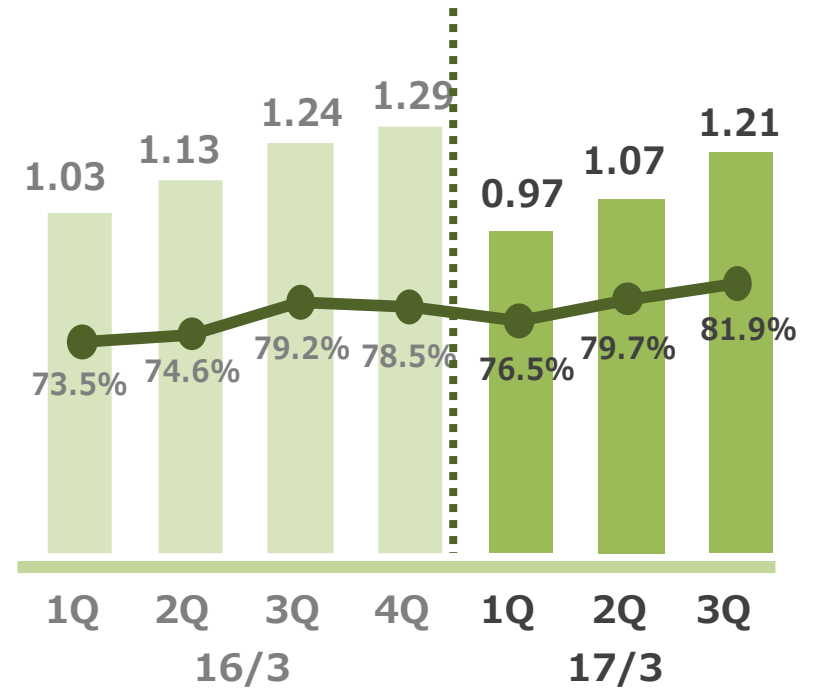
Company-wide Unit Sales

YTD Mobile-phone & Tablet Unit Sales

■ Unit Sales (million units) ● Ratio of Smartphones & Tablets to Unit Sales



Unit Sales on Quarterly Basis



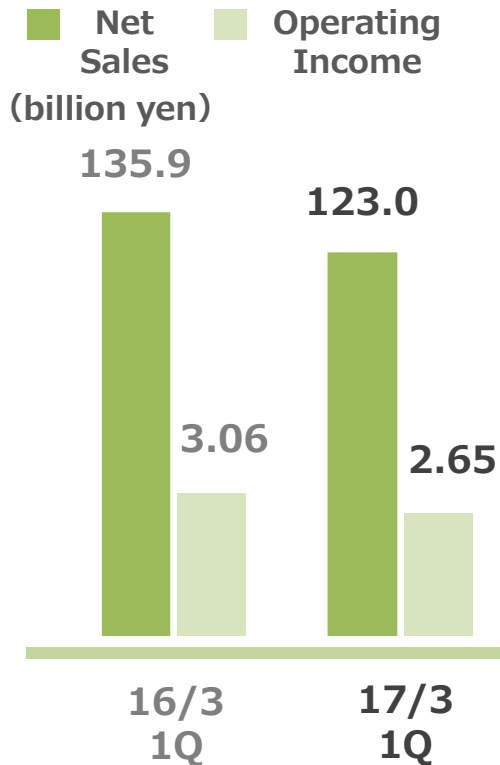
Ratio of Smartphones & Tablets Increased on a year-on-year basis

※ Including Wi-Fi models & MVNO-related products

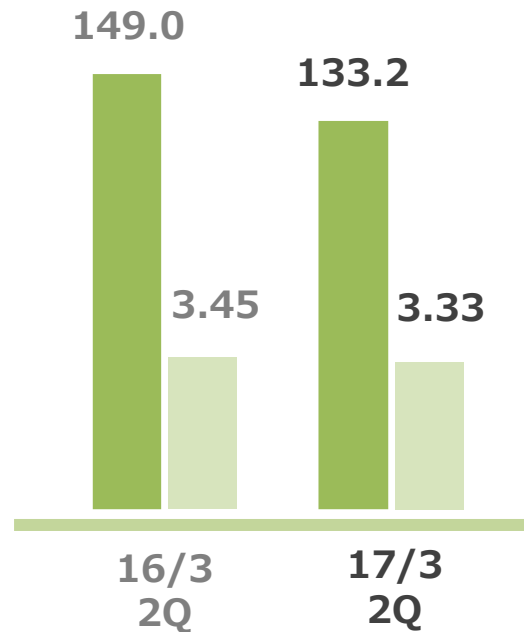


Quarter Accounting Period Comparison

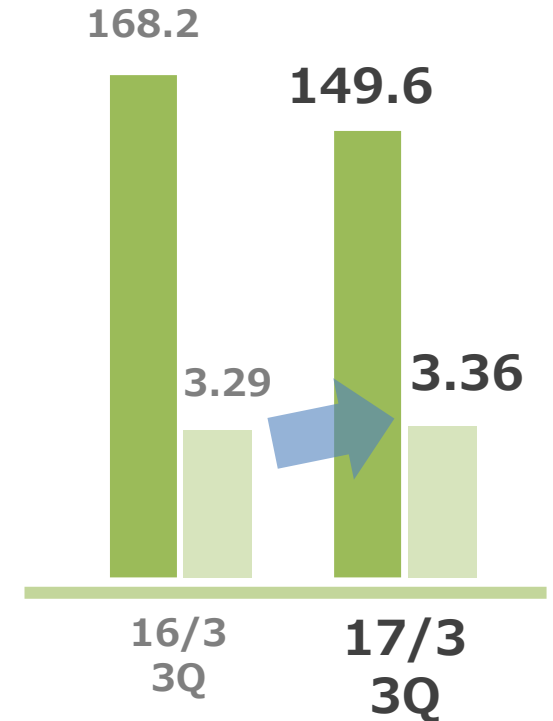
1Q (April - June)



2Q (July - Sep.)



3Q (Oct. - Dec.)



Operating Income Increased in 3Q Accounting Period

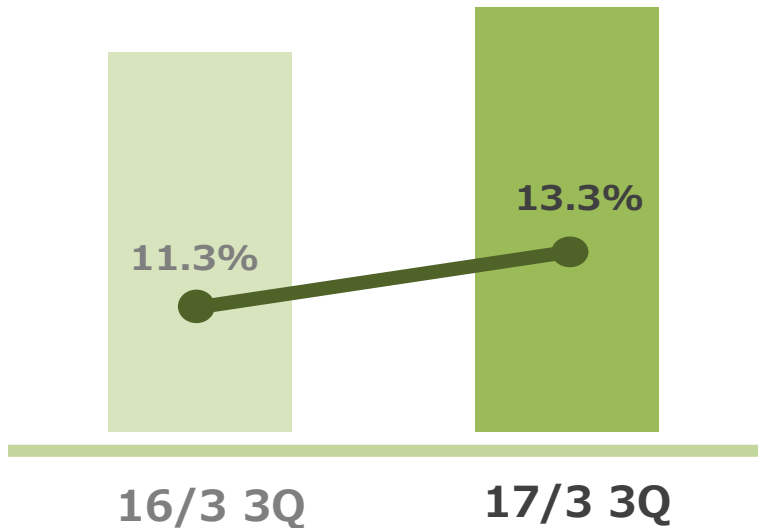


YTD Tablet Unit Sales & Net Sales of Related Products

YTD Tablet Unit Sales

■ Unit Sales ● Ratio of Tablets to Unit Sales

Both Unit Sales & Tablet Ratio Increased



Trend of Tablet & Related Products Sales

- Expanded sale of tablets along with introduction of large-volume data plan offered by telecom carriers
- Make a proposal of contents consistent with customers' needs
- Smartphone accessory sold well in spite of decrease of unit sales

<Popular Smartphone Accessory>



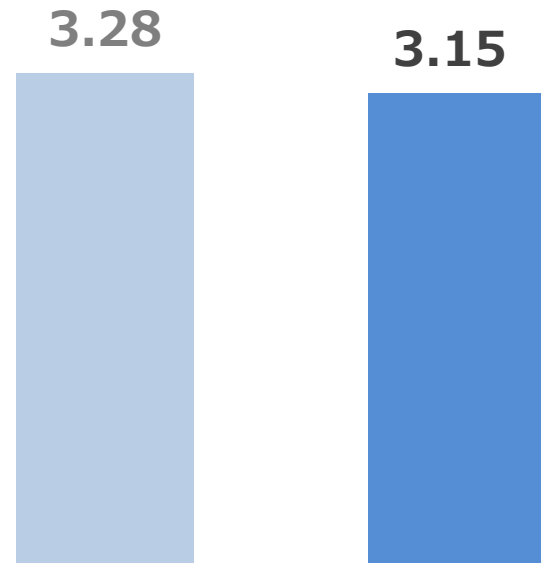
※ Related Products: Accessory for Smartphones & Tablets, etc.
...



Mobile Telecommunication Business

YTD Mobile-phone Unit Sales

(million units)



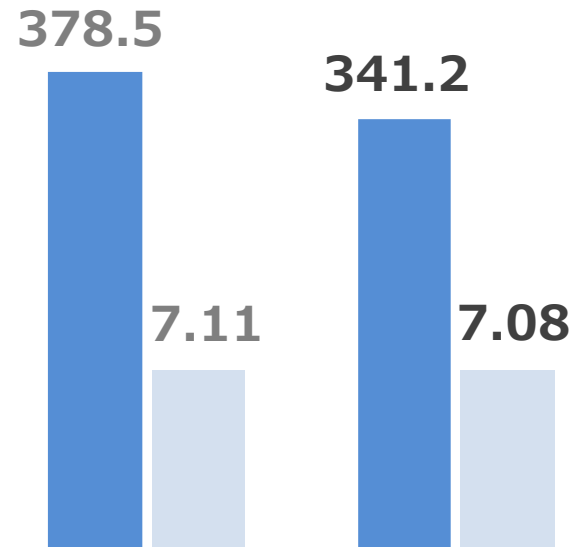
16/3 3Q

17/3 3Q

YTD Financial Results Comparison

(billion yen)

■ Net Sales ■ Operating Income



16/3 3Q

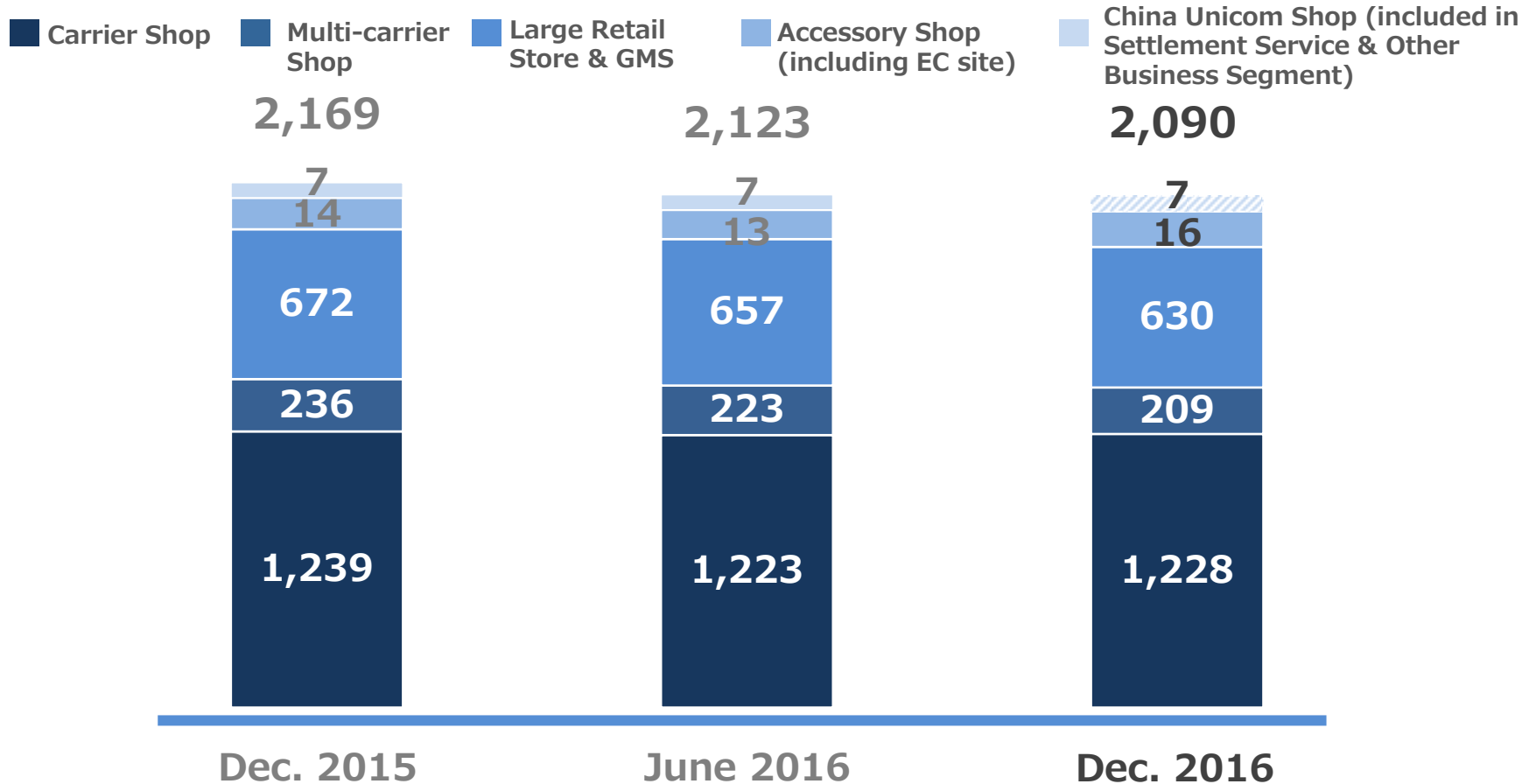
17/3 3Q

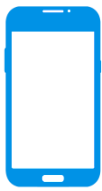
Achieved the same level of operating income as the 3Q of the previous fiscal year by improving profitability



Total No. of Sales Bases for Mobile-phone

Change of Total No. of Sales Bases



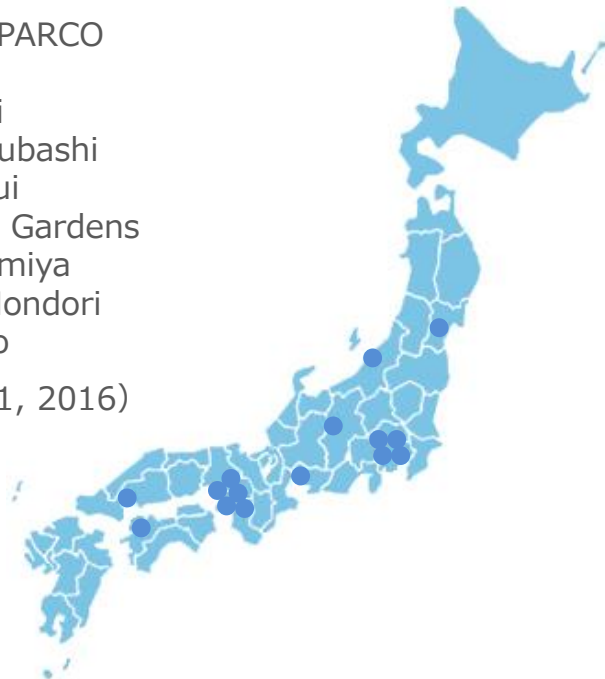


Accessory Shops for Smartphones

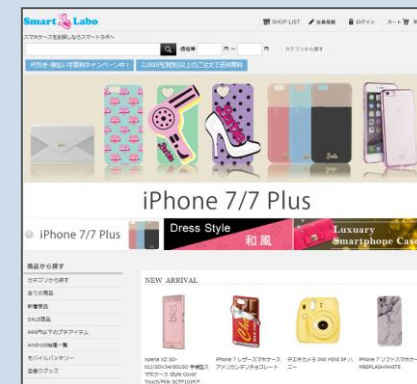
Smart Labo Shop List

- Sendai Clisroad
- ATRE Akihabara
- Shinjuku Higashiguchi
- New ● Ikebukuro Sunshine City ALPA
- New ● Kitasenju Marui
- Lavla 2
- Matsumoto PARCO
- New ● Sakae Chika
- Shinsaibashi
- Namba Ebisubashi
- New ● Namba Marui
- Nishinomiya Gardens
- Kobe Sannomiya
- Hiroshima Hondori
- Okaido Chuo

(As of Dec. 31, 2016)



"Smart Labo Online"



URL : <http://smalabo.com/>



**Expanding No. of
Members for Smart Labo
Application & Card**



Strategic Investment ①

Carrier Shop

● Opened July 27



● Opened July 29



Upgrading & Expanding Carrier Shops



Strategic Investment ②

Smart Labo

Opening up more accessory shops aggressively

- Opened Oct. 20



- Opened Oct. 28



- Opened Nov. 16



- Opened Dec. 8





Strategic Investment ③

MVNO Shops

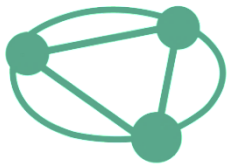
● Opened Nov. 15



● Opened Dec. 15



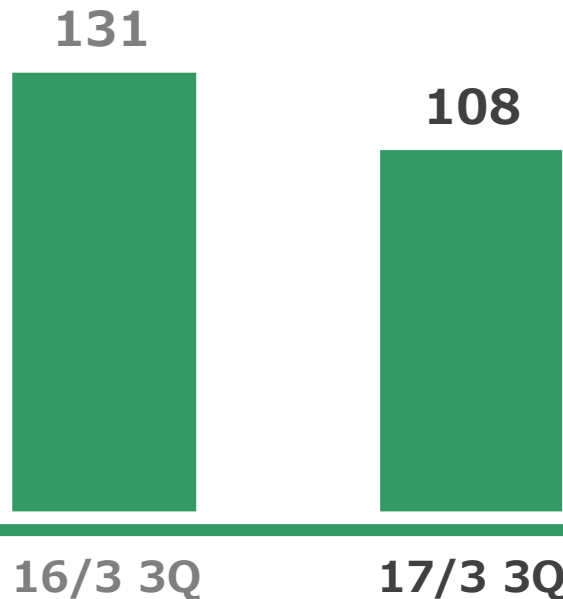
Newly Opened MVNO-related Shops



Enterprise Solution Business

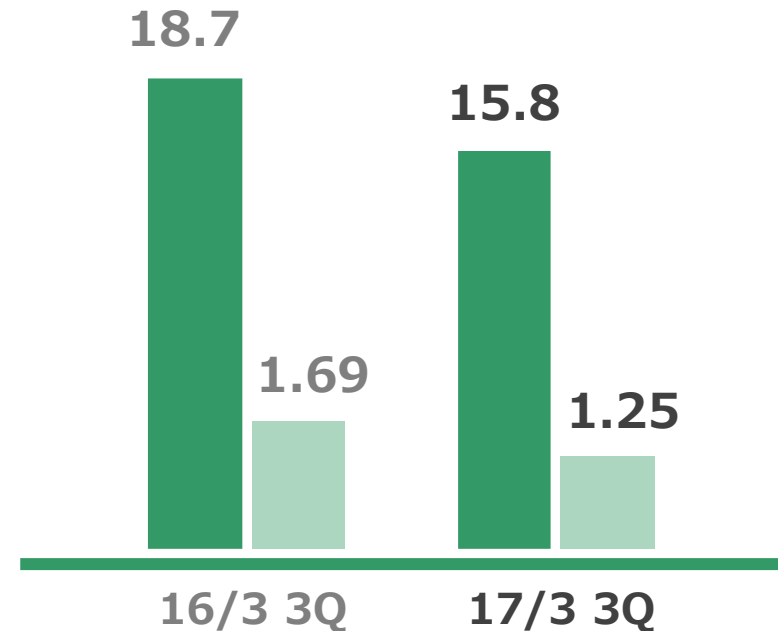
YTD Mobile-phone Unit Sales

(thousand units)



YTD Financial Results Comparison

■ Net Sales ■ Operating Income (billion yen)



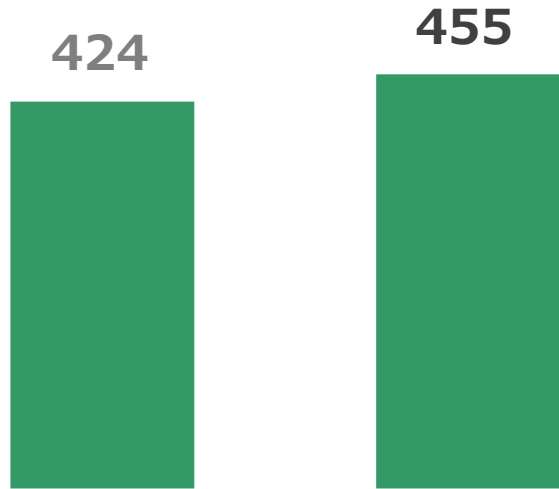
Net sales & Operating Income decreased as FLETS (optical fibers) transitioned to a wholesale model, with the business model entering into transformation



Enterprise Solution Business: Business based on Stock-type Commissions 15

Total No. of ID Subscribing to movino star Service

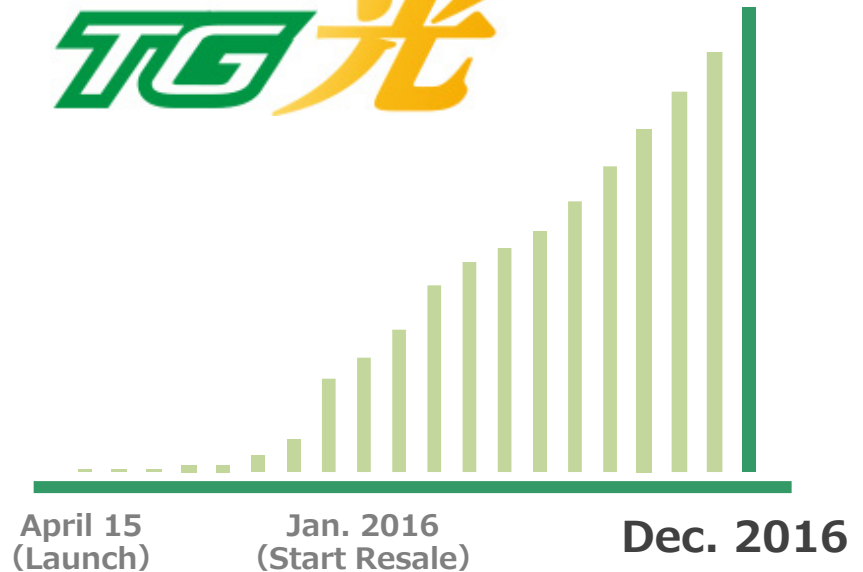
(thousand ID)



Dec. 2015

Dec. 2016

Cumulative No. of TG Hikari Subscribers (incl. Resale)



April 15 (Launch)

Jan. 2016 (Start Resale)

Dec. 2016

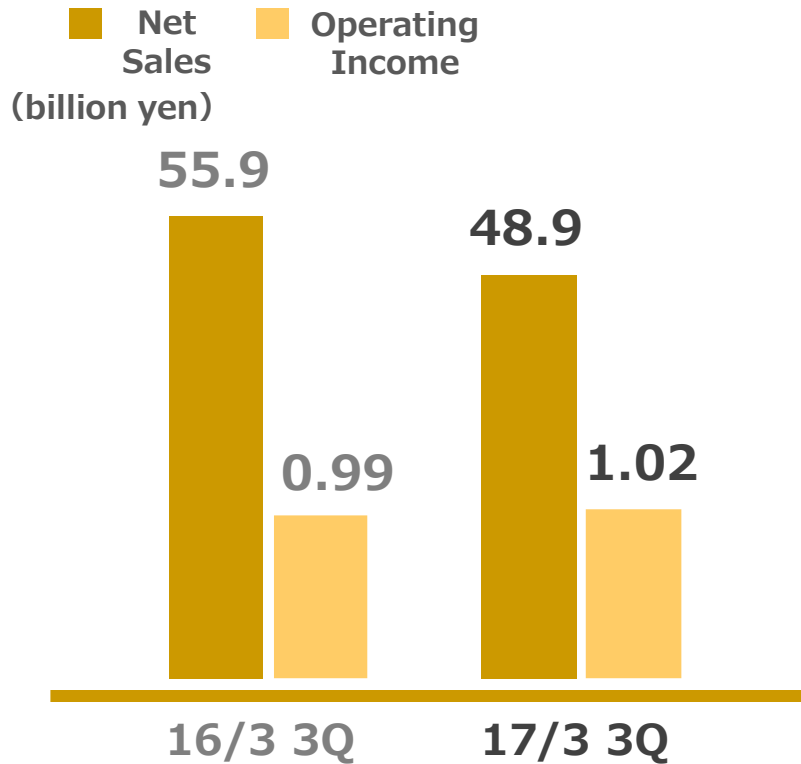
Stock-type commissions increasing steadily

※ movino star: Communication line mgmt. service for corporate clients



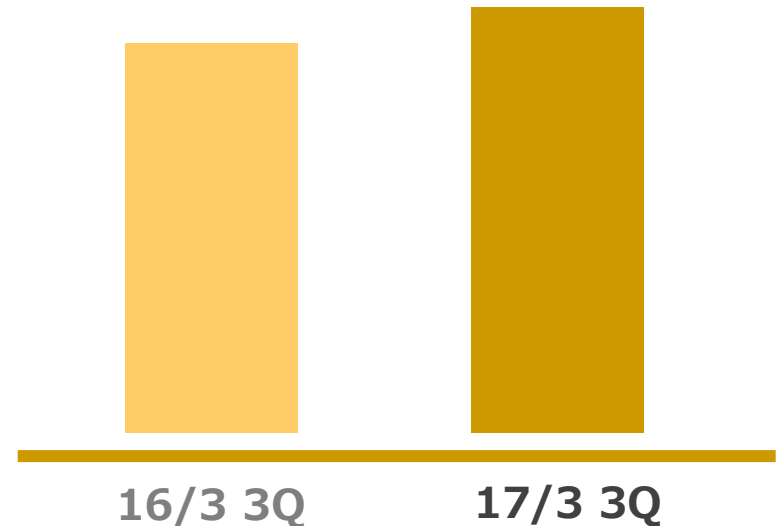
Settlement Service & Other Business

YTD Financial Results Comparison



YTD Gross Sales of PIN & Gift Cards

Increased Approx. 5.5%



Operating Income increased due to expansion of Gift Card Sales

Settlement Service & Other Business

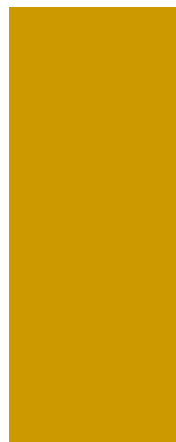
Total No. of Convenience Stores, etc.
Dealing PIN / Gift Card

Approx.
55,200



Dec. 2015

Approx.
57,200



Dec. 2016

- Expanded Sales Channel for Gift Card
- Implemented Effective Sales & Marketing Activities

< Example of Gift Card Products >



※The Amazon.co.jp and its logo are trademark of Amazon com, Inc. and its associated companies.

※BitCash is a registered trademark of BitCash Inc.



Settlement Service & Other Business: 18 Overseas Business

Settlement Service in Singapore



FairPrice xtra: High class supermarket in Singapore

- Expanding sales of Gift Cards mainly in large convenience stores
- Gross Sales increased on a year-on-year basis
- Started research to consider expansion of Gift Card Business in South-eastern Asia



Change in Subsidiaries

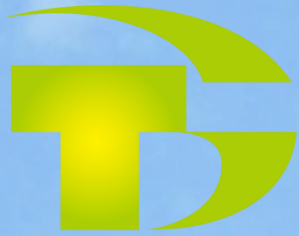
Change of specified subsidiary: transfer

- Divested its entire equity interest in the former specified subsidiary T-Gaia (Shanghai) Corporation as a part of selection & concentration in its overseas business strategy as of Dec. 31, 2016.

As a result, the entity has ceased to be a specified subsidiary of the Company and has been removed from the scope of consolidation at the end of the period under review.

Absorption type of merger of consolidated subsidiary

- Will take over its consolidated subsidiary TG Miyazaki in order to streamline mobile-phone sales and improve operational efficiency as of April 1, 2017.



Lead the Way toward the Future & Take a Leap for Tomorrow

Toward the FY 2020 (FY ending March 2021), T-Gaia set a medium-term goal to realize sustainable growth and to respond to the expectations of all stakeholders including shareholders and employees by achieving the following objectives based on the Corporate Philosophy released April 2014.

- Firmly maintain the position as the leading company in the core business of mobile-phone distribution
- Grow solution business for corporate clients, settlement service and overseas business as the strong core business
- Create & explore new business opportunities in the mobile & Internet industries
- Maintain the dividend payout ratio over 30%

In order to realize the objectives noted above, T-Gaia are taking concrete measures every day setting the following points as the company-wide strategy

- Cultivate, recruit, utilize and retain human resources to realize maximization & optimization of achievement of respective employees
- Conduct strategic & continuous cost management to transform the cost structure into one that can respond to change of the market environment
- Maximize the corporate-wide achievement by optimizing the organization as well as the corporate system

Based on the above medium-term goal & company-wide strategy, develop the business strategy for each business line and make every effort to realize them through the concrete action plan in each business dept.

T G Vision – Corporate Vision of T-Gaia



**Lead the Way toward the Future
& Take a Leap for Tomorrow**

T G Mission

T G Action

– Corporate Mission of T-Gaia –

– Our Code of Conduct –

- T-Gaia will propose new ways of communication to provide our customers with excitement, delight, and safety.
- T-Gaia will thank its employees as well as their families and provide them with equal opportunities and rewards to challenge something new.
- T-Gaia will develop strong relationships with all the business partners and seek for mutual benefit under the fair and healthy conditions of business transaction.
- T-Gaia will contribute to all societies and regional communities through our global business activities.
- T-Gaia will thank all the stakeholders including our shareholders for their trust and confidence in our practice, and keep enhancing our corporate value.
- As a leading company in the industry, T-Gaia will go ahead of change of the times to develop new markets in addition to expanding our existing businesses.

- We always act with a customer-driven attitude.
- We provide the highest-quality service to be appreciated by everyone.
- We keep moving ourselves higher as professionals.
- We respect and compete with each other to develop our infinite potentials.
- We seek for open & constructive communication.
- We value teamwork to achieve the best performance.
- We always act on high ethical standards and strengthen our compliance structure.
- We are not satisfied with our current situation; we keep challenging something new aggressively with our passion and a sense of speed.



Mobile Telecommunication Business

- Upgrading & expanding carrier shops to decrease waiting time and further improve customer satisfaction



- Investment in staff education & training to strengthen sales force as well as sales skill



- Open up more accessory shops aggressively

Enterprise Solution Business

- Early launch of “TG Hikari”, Hikari access service for corporate clients



- Investment in further expansion of our solution service

Settlement Service & Other Business

- Investment in system associated with development of sales channel
- Research to consider expansion of Gift Cards Business in south-eastern Asia



Get ahead of Change of the Business Environment
and Expand Proactive & Strategic Investment



Consolidated Forecasts for FY ending March 2017

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(Unit: billion yen)	16/3 Full-year Results	17/3 Full-year Forecasts	Year-on-Year basis (%)	
Net Sales	620.07	616.0	▲4.07	99.3%
Gross Margin	63.38	64.85	1.47	102.3%
SGA Expense	47.71	49.85	2.14	104.5%
Operating Income	15.66	15.0	▲0.66	95.7%
Ordinary Income	15.62	14.95	▲0.67	95.7%
Net Income Attributable to Shareholders of the Parent Company	9.49	9.7	0.21	102.1%
Mobile-phone Unit Sales (million units)	4.69	4.54	▲0.15	96.8%

※Revisions to the Consolidated Forecasts announced as of May 13, 2016: None



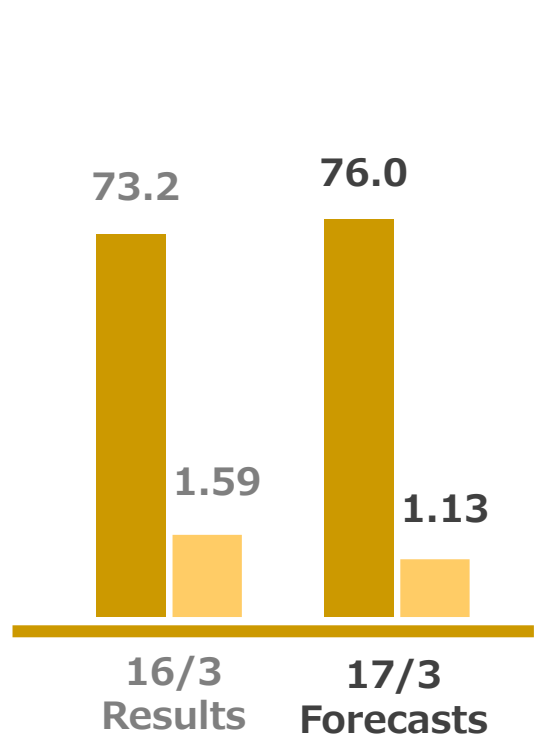
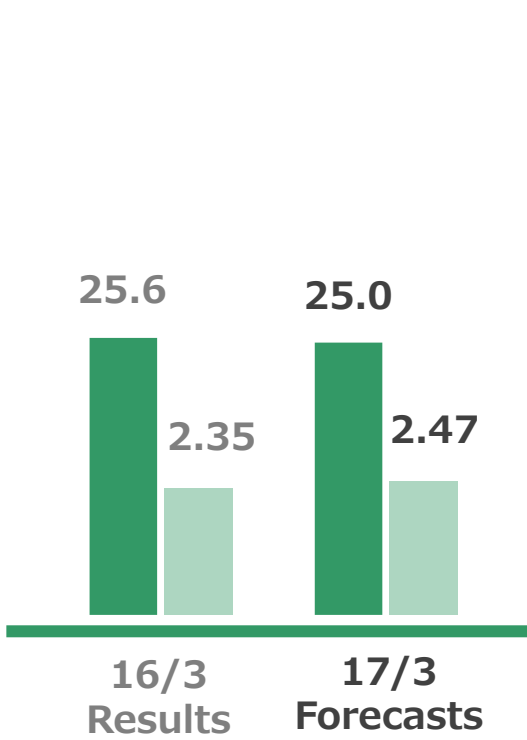
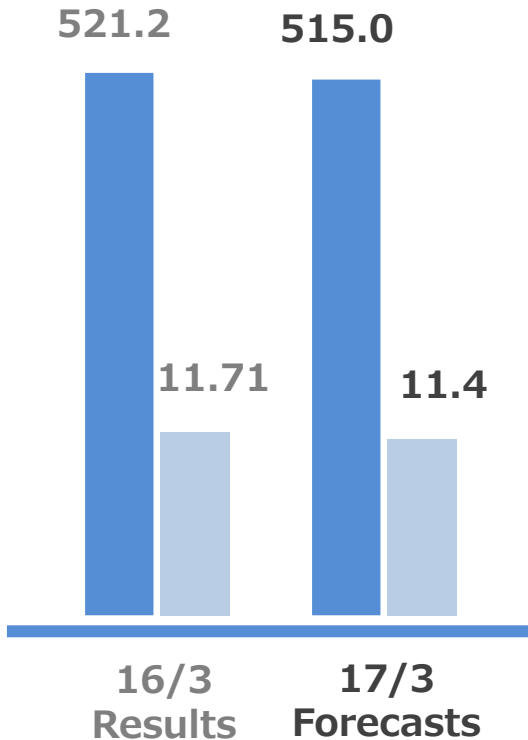
Consolidated Forecasts for FY ending March 2017 by Business Segment

Net Sales Operating Income (Unit: billion yen)

Mobile Telecommunication Business

Enterprise Solution Business

Settlement Service & Other Business



Unit Sales Forecasts
4.36 million units

Unit Sales Forecasts
0.176 million units

※Revisions to the Consolidated Forecasts announced as of May 13, 2016: None



Future Action Plan in respective Business Segments

Mobile Telecommunication Business

- Strengthen sales of smartphone related products such as accessory & contents to enrich smart-life of customers
- Offer diversified products & services including optical fibers, electric power, etc. according to lifestyle of customers
- Enhance investment in human resource to improve sales force

Enterprise Solution Business

- Offer comprehensive solution services optimized to corporate clients' needs to support them in introducing & utilizing smart devices
- Strengthen tablet solution business in the education / healthcare industry
- Promote "TG Hikari" related business

Settlement Service & Other Business

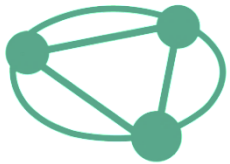
- Broaden both product lineups & sales channel based on the growing demand for Gift Cards to expand sales
- Consider expansion of Gift Card Business in south-eastern Asia



Staff Education & Training



Continue proactive investment in human resources by utilizing Career Design Academy, our consolidated subsidiary



Education Industry

- Develop & Offer “Educational Solution Service” incl. tablet, communication lines, educational contents and monitoring service
- Acquired a 40% stake in SRJ Co., Ltd. and jointly implementing sales & marketing activities



Healthcare Industry

- Strengthen sales force to enter the healthcare industry
- Had an exclusive distribution agent contract with the Dairy Corporation, U.S. healthcare service provider



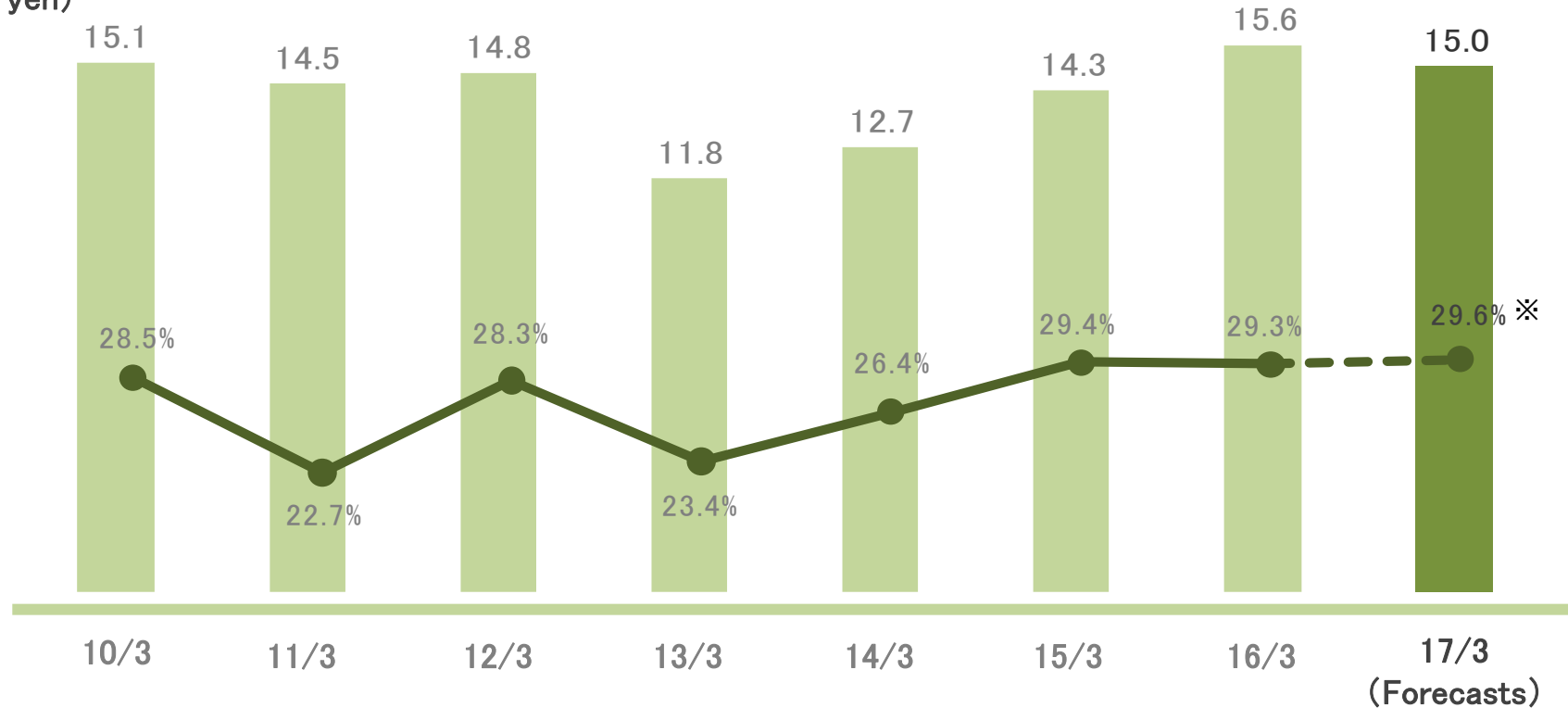
Promoting Enterprise Solution Business for Specific Industry



Transition of ROE & Operating Income

■ Operating Income ● ROE (Return on Equity)

(billion yen)



Has been selected as “**JPX Nikkei Index**” for four consecutive years by maintaining high level of ROE



Return to Shareholders :Dividend Policy

Return to Shareholders in FY ending March 2017

- April 2016: Acquired own stock of 13,045,400 shares equivalent to 12,771 million yen
- Annual Dividend: 52 yen/share (Interim : 26 yen/share & Yearend : 26 yen/share)

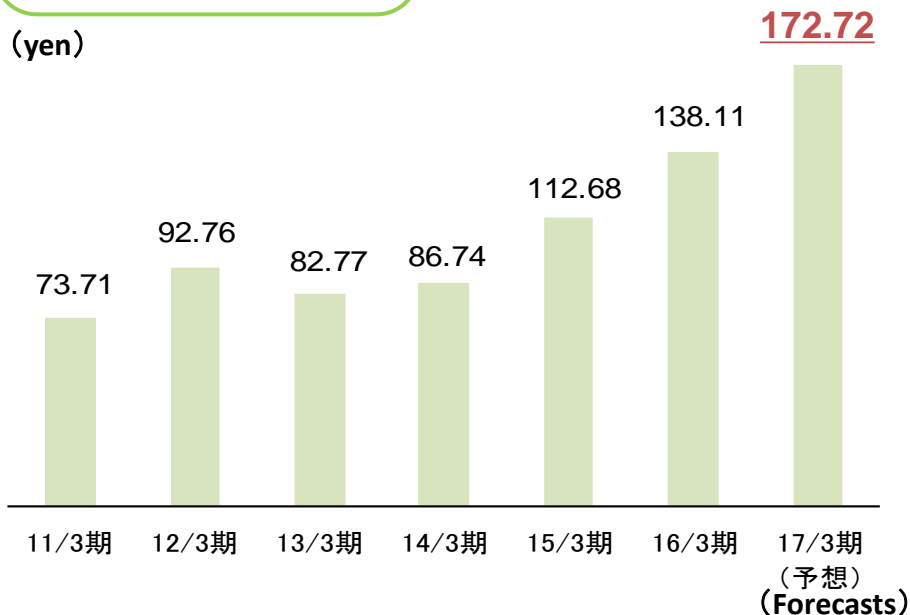
Forecast Dividend Increase of 9 yen / share (Dividend increase for third consecutive year)

Basic Dividend Policy

Targeting & Maintaining Dividend Payout Ratio over 30% Level

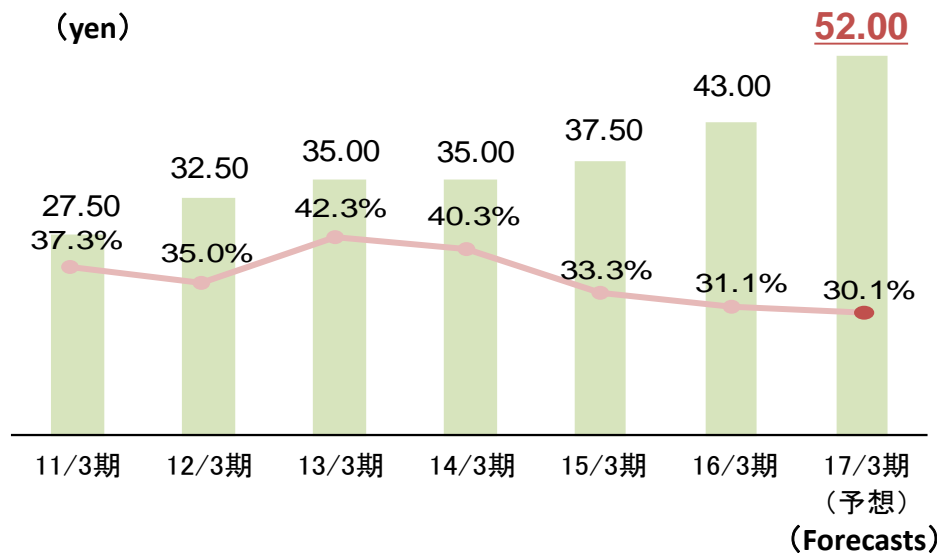
Net Income per share

(yen)



Dividend per share & payout ratio

(yen)
■ Dividend per share ● Payout ratio (%)





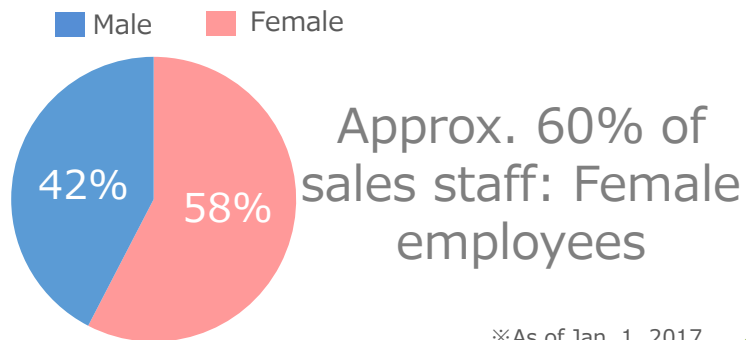
Diversity

Promotion of Diversity

- Promote active role of female employees
- Support employees to balance their caregiving & work
- Change how employees work
- Actively employ & support physically or mentally challenged workers



Ratio of female employees



※As of Jan. 1, 2017

Promote the appointment of female managers

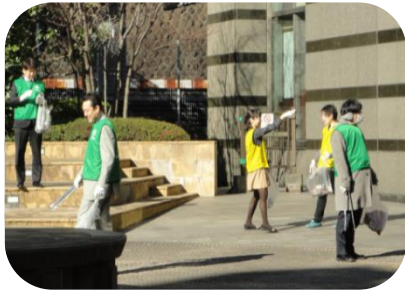
Launched special project to cultivate female managers

Increase the ratio of female managers to 10% in the FY 2017

CSR Activities

Volunteer Activities by Employees

- Conducted cleaning activities in the area surrounding our Head Office building in Ebisu, Tokyo



- Actively conduct blood donation activities in response to the Japanese Red Cross Society's Blood Program



- Sort out used stamps and make a donation to support developing countries



Major Organizations co-sponsored by T-Gaia Corp.



Sponsor the Eye Mate Inc. as Support Member

【By courtesy of the Eye Mate Inc.】



Promote "the CUP FOR TWO" Program in support of the activities of TABLE FOR TWO International

【By courtesy of TABLE FOR TWO International】



As part of mecenat activities, sponsor the Japan Philharmonic Orchestra

【By courtesy of Japan Philharmonic Orchestra】



Sponsor Japanese Paralympics Committee, Japanese Para-Sports Association

【JPC Official Supporter by courtesy of Japanese Para-Sports Association】

April 2016



Participated in 27th Japan Para-Athletics Championships and 2016 Rio Paralympics Qualifying Trials (100 meters sprint for women)

June 2016

Ms. Madoka Masumoto, T-Gaia's employee

Participated in 2016 Japan Para-Athletics Competition and Rio 2016 Paralympics Final Qualifying Competition (100 meters sprint for Women)

Reliable Carrier Shop Recognition System started from Jan. 2017



- Objective : Consumer Protection & Legal Compliance
- Outline : Issue a “Certificate of Reliable Carrier Shop” for carrier shops based on authorization standard of “Legal Compliance” and “Consumer Protection”, etc.

Certificate of Reliable Carrier Shop

No. of Certified Shops

※As of Feb. 1

● Total No. of Certified Carrier Shops : **5,061 (60.2%)**

< including Carrier Shops directly managed by T-gaia : 279 (100%) >