



Consolidated Financial Results for FY ended March 2017

(Twelve months ended March 31, 2017)

May 17, 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.

Outline of Consolidated Financial Results for FY ended March 2017



Summary of Consolidated Financial Results

(Unit : billion yen)	2016/3 Results	2017/3 Results	y/y Change	2017/3 Initial Forecast	Achievement Ratio
Net Sales	620.07	551.59	89.0%	616.00	89.5%
Gross Margin (to Net Sales)	63.38 (10.2%)	61.73 (11.2%)	97.4% (+1.0 p)	64.85 (10.5%)	95.2%
SGA Expenses	47.71	47.46	99.5%	49.85	95.2%
Operating Income (to Net Sales)	15.66 (2.5%)	14.27 (2.6%)	91.1% (+0.1 p)	15.00 (2.4%)	95.1%
Ordinary Income	15.62	14.28	91.4%	14.95	95.5%
Net Income attributable to shareholders of the parent company	9.49	9.69	102.1%	9.70	99.9%

※ 2017/3 Results have not changed from the 2017/3 forecasts revised as of April 28, 2017.



Financial Results by Business Segment

Net Sales

Operating Income

Mobile
Telecom
Business

Enterprise
Solution Business

Settlement Service
& Other Business

(billion yen)

642.0

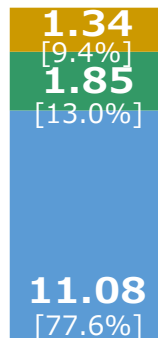
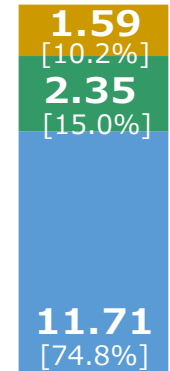
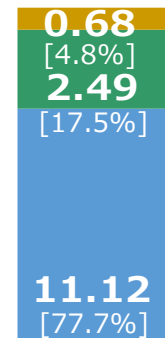
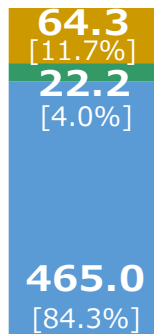
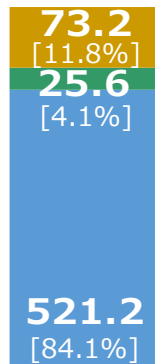
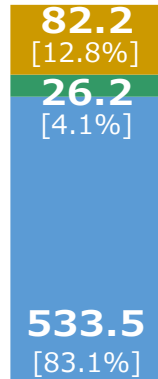
620.0

551.5

14.30

15.66

14.27



2015/3

2016/3

2017/3

2015/3

2016/3

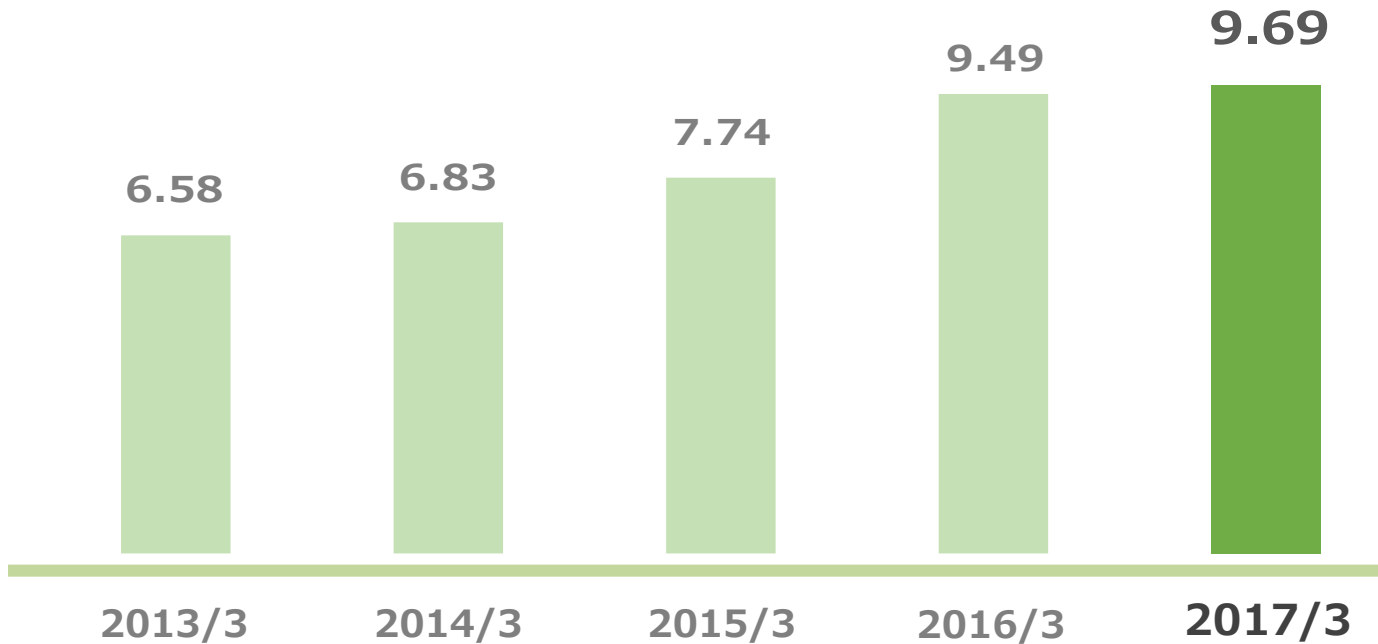
2017/3



Transition of Consolidated Net Income

Net Income
attributable to shareholders
of the parent company

(billion yen)

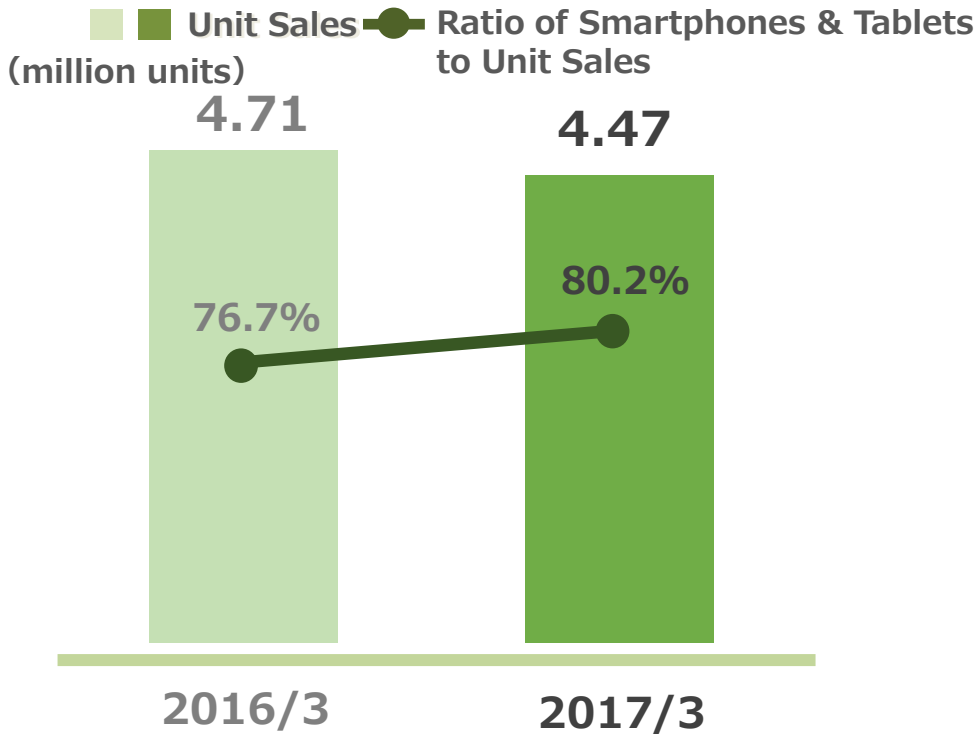


Reached a Record High of Net Income

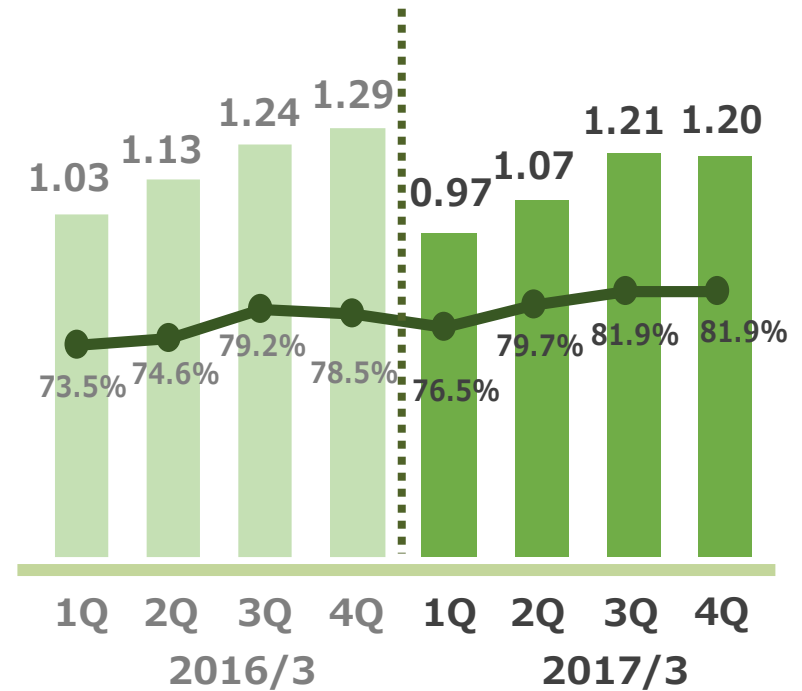


Company-wide Unit Sales

Mobile-phone & Tablet Unit Sales



Unit Sales on Quarterly Basis

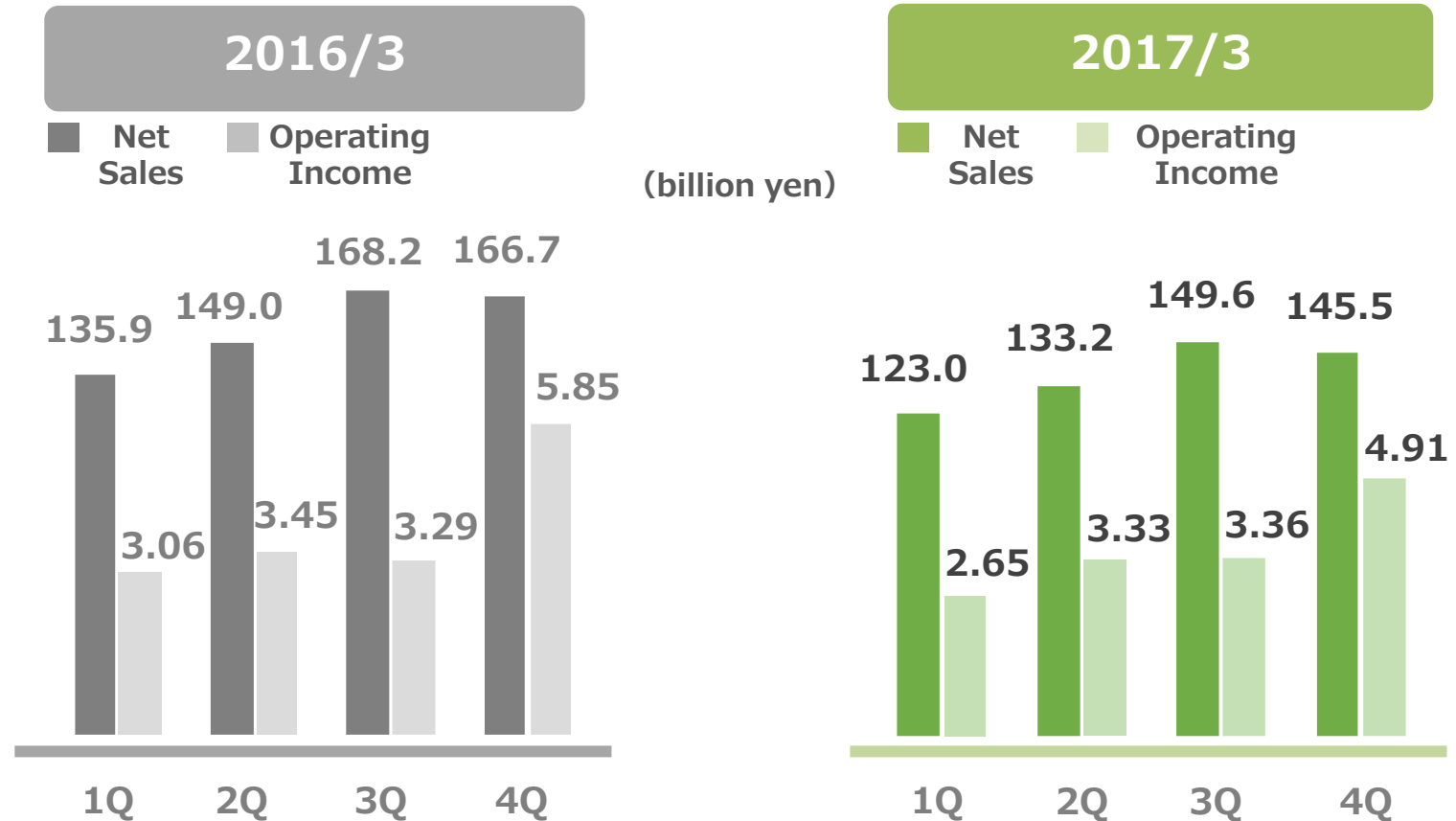


- Ratio of Smartphones & Tablets Increased on a year-on-year basis
- Mobile-phone Sales Market was Sluggish in 4 Q Accounting Period

※ Including Wi-Fi models & MVNO-related products



Quarter Accounting Period Comparison



Affected by Sluggish Sales Market in 4Q Accounting Period

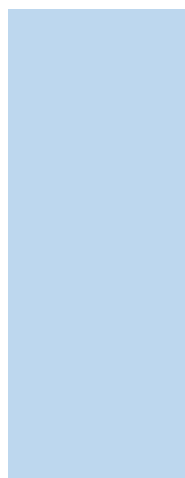


Financial Results of Mobile Telecommunication 9 Business Segment

Mobile-phone Unit Sales

(million units)

4.52



2016/3

4.31



2017/3

Financial Results Comparison

■ Net Sales
■ Operating Income
(billion yen)

521.2



2016/3

11.71

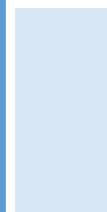


465.0



2017/3

11.08

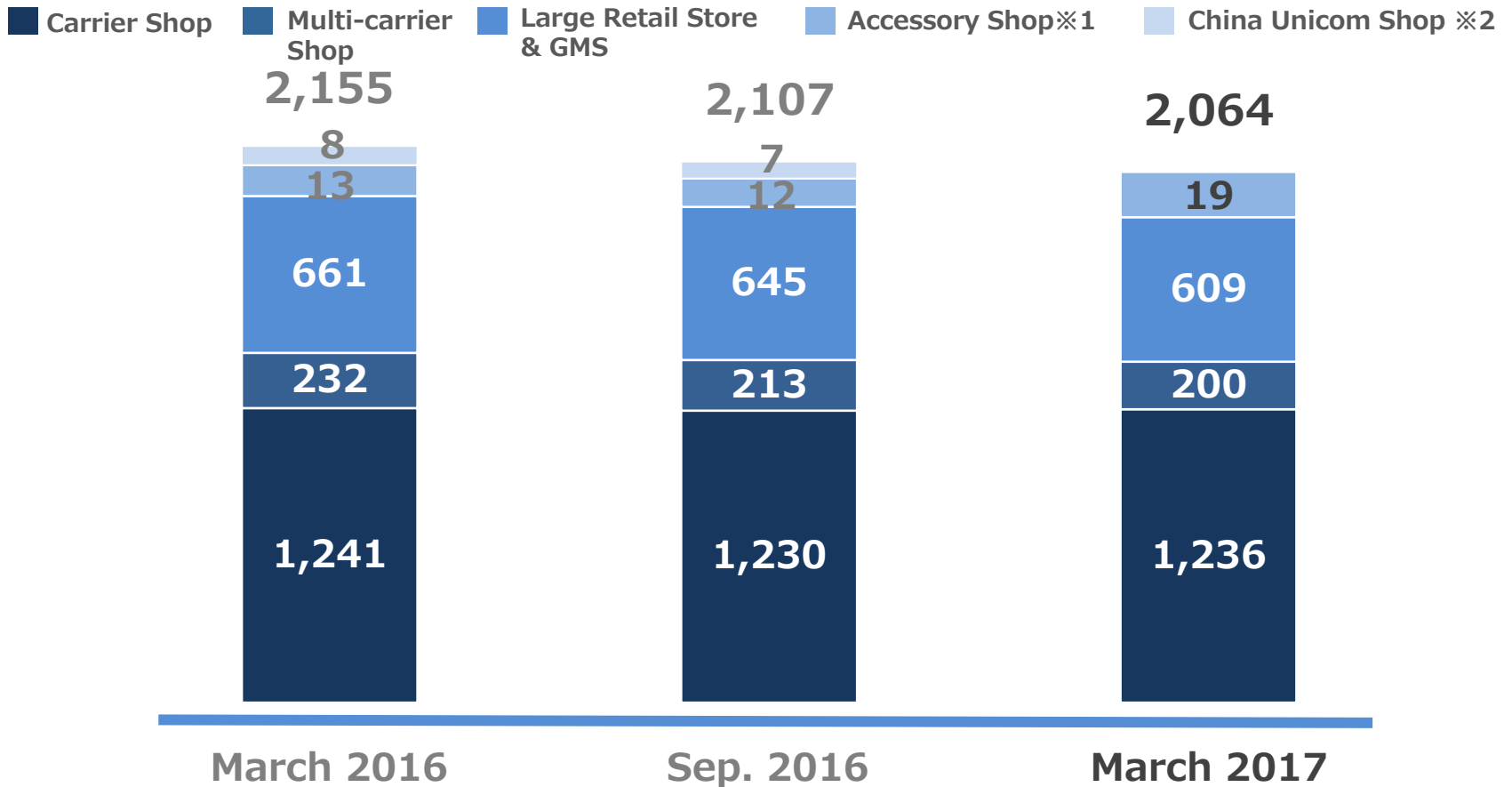


Raised Profitability in Response to Decrease of Net Sales



Total No. of Sales Bases for Mobile-phone, etc.

Change of Total No. of Sales Basis



※1 Including EC site: Smart Labo Online

※2 Closed as of Dec. 31, 2016



Sales Accessory Shops for Smartphones

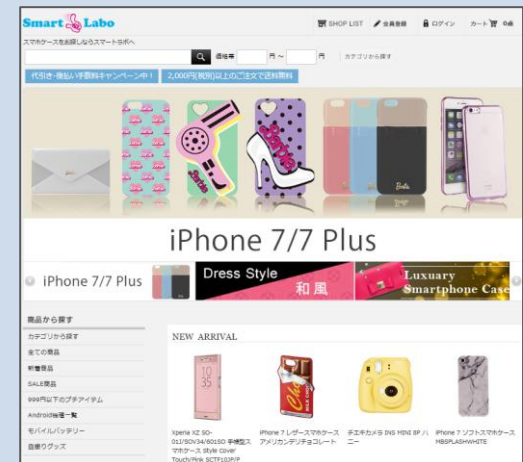
Smart Labo Shop List

- Sendai Clisroad
- New ● AEON Mall Akita ※
- ATRE Akihabara
- Shinjuku Higashiguchi
- Ikebukuro Sunshine City ALPA
- Kitasenju Marui
- New ● Lalaport Shonan Hiratsuka ※
- Lavla 2
- New ● Kanazawa FORUS
- Matsumoto PARCO
- Sakae Chika
- Shinsaibashi
- Namba Ebisu
- Namba Marui
- Nishinomiya Gardens
- Kobe Sannomiya
- Hiroshima Hondori
- Okaido Chuo

(As of March 31, 2017)



EC Site "Smart Labo Online"



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



Strategic Investment ①

Carrier Shop

● Opened July 27



● Opened July 29



Upgrading & Expanding Carrier Shops



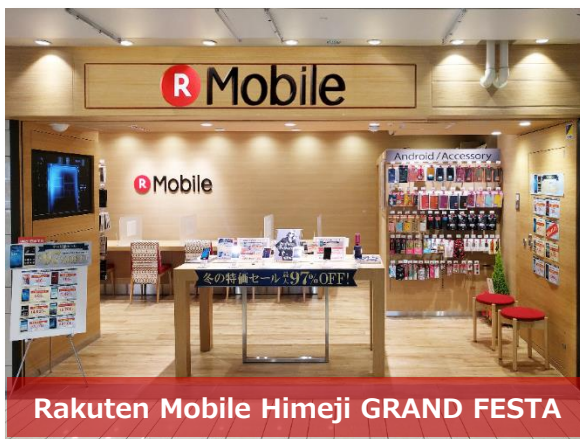
Strategic Investment②

Second-line Brand & MVNO –related Shops



UQ Spot

- AEON Town Yukarigaoka
- Takenotuka
- Ueno上野
- AEON Mall Tokoname
- AEON Mall Nagakute
- Sannomiya
- Hondori Shotengai
- YUME City



Rakuten Mobile Shop

- Akita AEON Mall Akita※
- Ikebukuro Sunshinedori
- Kinshicho TERMINA
- Yokosuka Chuo Ekimae
- Lalaport Shonan Hiratsuka※
- Komatsu AEON Mall Shinkomatsu
- MALera Gifu
- Shinshizuoka
- Himeji GRAND FESTA
- Hiroshima YUME Town Hiroshima

Expansion of Sales Channel

※ Opened in collaboration with Smart Labo



Strategic Investment ③

Smart Labo

- Opened Oct. 20, 2016



- Opened Oct. 28, 2016



- Opened Feb. 23, 2017



- Opened Nov. 16, 2016



- Opened Dec. 8, 2016



Opening up more
accessory shops

Staff Education & Training



Category	Educational Program
New Staff Training	Intensive Training for newly-hired staff
	Follow-up Training
Basic Training	Readiness Improvement
	Proposal Capabilities Improvement
	Stratified Training
	Sales Skill Improvement
Advanced Training	Approach by Product
	Up-sell Training
	Management Seminar
Carrier Development	For Shop Managers, Sub-Shop Managers & Chiefs
Preparation for Qualifying Test	Training for Test Conducted by Telecom Carriers
	Training for Sales Contests
Training for Managers	Profit Management Training
	Training for Shop Trainers & Supervisors

※2

Started Provision of Educational Program for the Industry other than Mobile-phone Dealers such as CATV Companies and Banks



Financial Results of Enterprise Solution 16 Business Segment

Mobile-phone Unit Sales

(thousand units)

188



2016/3

151



2017/3

Financial Results Comparison

(billion yen)

■ Net Sales ■ Operating Income

25.6



2016/3

2.35



22.2



2017/3

1.85



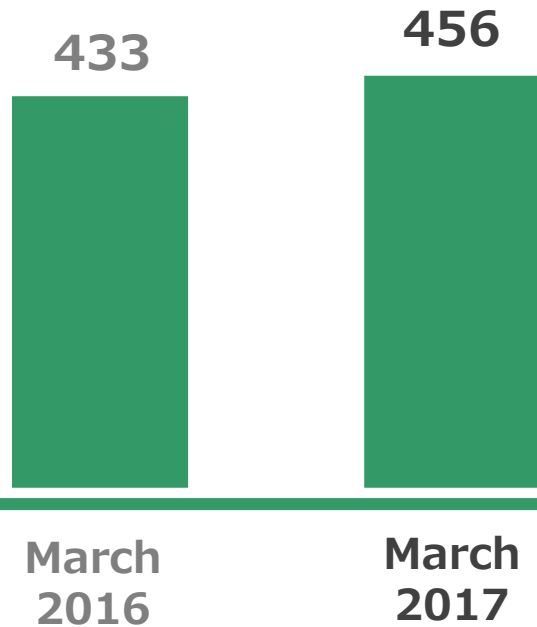
- Mobile-phone Unit Sales Decreased due to Decline of Large Demand
- Operating Income Decreased as FLETS (optical fibers) Transitioned to a Wholesale Model, with the Business Model Entering Into Transformation



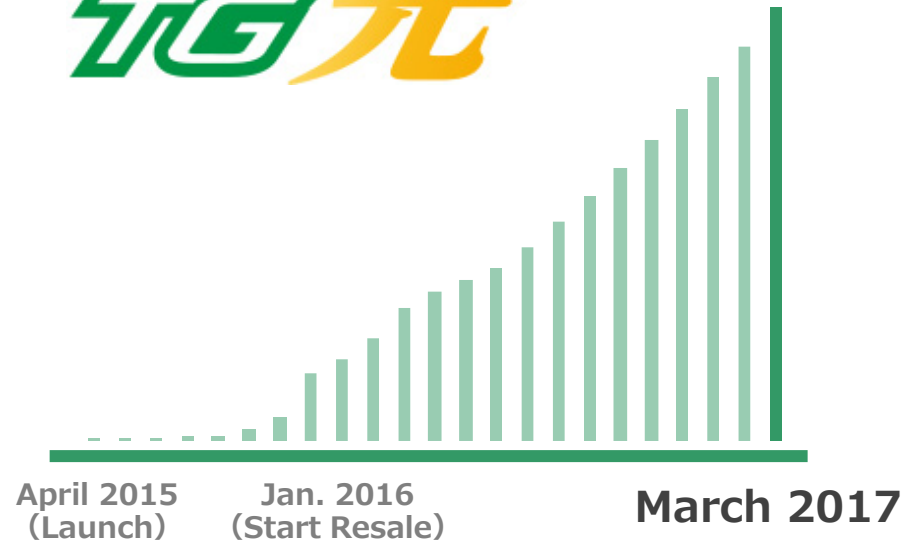
Enterprise Solution Business: Based on Cumulative Commissions

**Total No. of ID Subscribing
to movino star Service**

(thousand ID)



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



Cumulative Commissions Increasing Steadily

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



Development of Enterprise Solution 18 Business Intended for Specific Industry

Education Industry

- Acquired a 40% stake in SRJ Co., Ltd. and jointly implementing sales & marketing activities with V-Growth Corp., the subsidiary of SRJ



- Develop & Offer “Educational Solution Service” incl. tablet, communication lines, educational contents and monitoring service for more than 2,000 of cram schools

Healthcare Industry

- Had an exclusive distribution agent contract with the Dairy Corporation, U.S. healthcare service provider



- Strengthen sales force to enter the healthcare industry

Promoting New Enterprise Solution Business



Financial Results of Settlement Service 19 & Other Business Segment

Financial Results Comparison

■ Net Sales
■ Operating Income

(billion yen)

73.2



1.59



2016/3

64.3



1.34



2017/3

Gross Sales of PIN & Gift Cards

Increased Approx. 3.1%
due to expansion of Gift
Card Sales



2016/3



2017/3

Operating Income Decreased by the Absence of Effects from
One-off Income Recognized in the Year-earlier Period



Settlement Service & Other Business : 20 Sales Channel

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

Approx.
55,300



March 2016

Approx.
57,800



March 2017

- 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: 21 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 the specified subsidiary: transfer

- Divested its entire equity interest in the former specified subsidiary T-Gaia (Shanghai) Corporation in order to 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 the 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.

Consolidated Forecasts for FY ending March 2018 & Future Development



Medium-term Goal

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.



Main Action Plan for FY ending March 2018²⁵

Establishment of new revenue base

Mobile Telecommunication Business

- ✓ Create new products, services and sales channel via Smart Labo
- ✓ Explore shop solution business

Enterprise Solution Business

- ✓ Strengthen help desk functions
- ✓ Develop solution for specific industry
- ✓ Increase cumulative revenue from "TG Hikari" & "movino star", etc.

Settlement Service Business 決済

- ✓ Strengthen domestic settlement service
- ✓ Expand business in South-eastern Asia

Create & Grow New Revenue Base

Improvement of company-wide productivity

● Reform of Way of Working

- ✓ Reduce working hours in carrier shops
- ✓ Introduce company-wide flex working hours system

● Retention & Cultivation of Excellent Human Resource

- ✓ Increase No. of permanent employees
- ✓ Strengthen & expand recruitment activity
- ✓ Allocate excellent staff to new business area
- ✓ Continue intensive training for newly-hired staff

● Improvement of Company-wide Efficiency

- ✓ Strengthen company-wide IT infra system
- ✓ Establish & utilize front line IT environment for shops
- ✓ Sophisticate logistics

Achieve No.1 Productivity in the Industry



Consolidated Forecasts for FY ending March 2018

26

(Unit : billion yen)	2017/3 Full-year Results	2018/3 Full-year Forecasts	Year-on-Year basis (%)	
Net Sales	551.59	565.00	+13.41	+2.4%
Gross Margin	61.73	65.60	+3.87	+6.3%
SGA Expense	47.46	50.40	+2.94	+6.2%
Operating Income	14.27	15.20	+0.93	+6.5%
Ordinary Income	14.28	15.20	+0.92	+6.4%
Net Income Attributable to Shareholders of the Parent Company	9.69	10.15	+0.46	+4.7%
Mobile-phone Unit Sales (million units)	4.47	4.62	+0.15	+3.4%



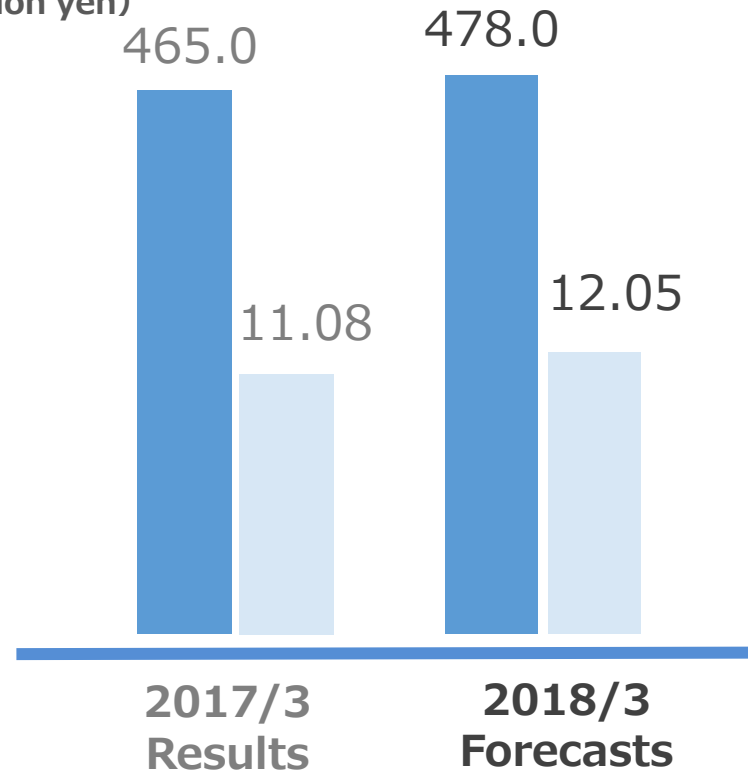
Mobile Telecommunication Business Segment Forecasts

- Continue strategic investment including upgrading & expanding carrier shops
- Implement investment in human resource & education to strengthen sales force & improve Customer Satisfaction
- Offer diversified products & services to meet customer needs
- Establish cumulative income model

Full-year Forecasts

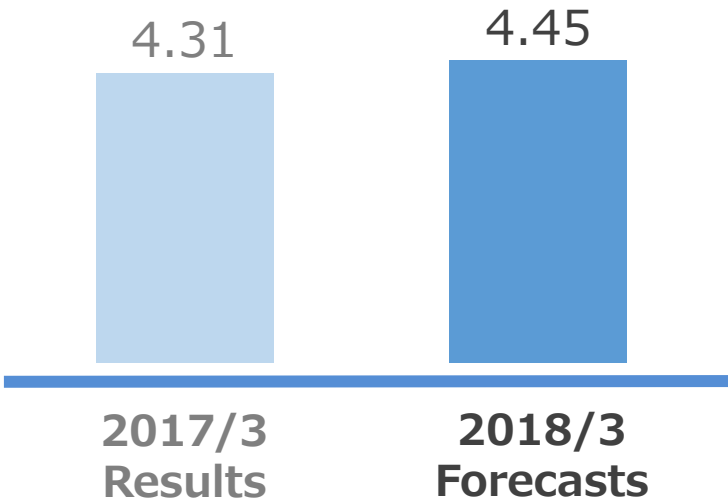
■ Net Sales ■ Operating Income

(billion yen)



Unit Sales Forecasts

(million units)



※ Including Wi-Fi models & MVNO-related products



New Concept Shop

Collaboration Shop



Rakuten Mobile × **Smart Labo**



Accessory for Smartphone

Private Brand

- First series "trip to Hawaii"



"Étincese"

T-Gaia's Private Brand Accessory



Start Selling in all Smart Labo Shops and
Smart Labo Online from mid-May



Enterprise Solution Business Segment Forecasts

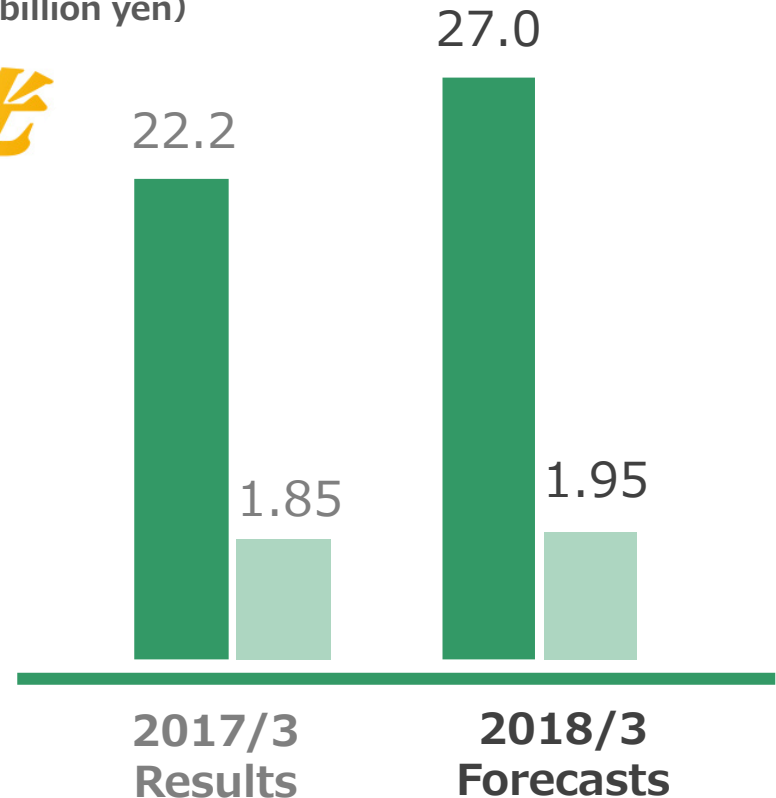
Mobile Solution Business for Corporate Clients

- Increase cumulative type revenue from “movino star”
- Offer comprehensive solution services incl. help desk to support corporate clients in introducing & utilizing smart devices
- Strengthen solution services for specific industry

Full-year Forecasts

■ Net Sales ■ Operating Income

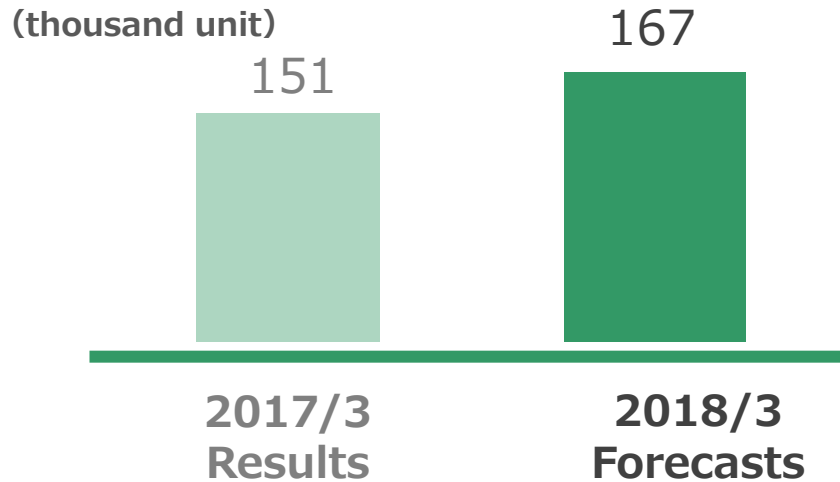
(billion yen)



Fixed-line Business

- Expand revenue base for “TG Hikari”
- Strengthen sales force via organizational change & investment in human resource

Unit Sales Forecasts



※ Including Wi-Fi models & MVNO-related products



Provision of Smartphones & Tablets as well comprehensive support service



PCテクノロジー

Call center business
Nursing care business
Lifecycle management service for ICT device

Expand help desk business by combining knowhow & experience of two companies



PCテクノロジー

- Name : PC TECHNOLOGY Co., Ltd.
- Establishment : May 1984
- Shareholders : Masao Noguchi 60.0%
T-Gaia Corp. 40.0%
- No. of Employees : 145
- Business : Call center business, IT service business,
Nursing care business, Sale of ICT device, etc.

- Expand help desk service for ICT device
- Strengthen marketing of help desk business intended for educational institutions





Settlement Service & Other Business Segment Forecasts

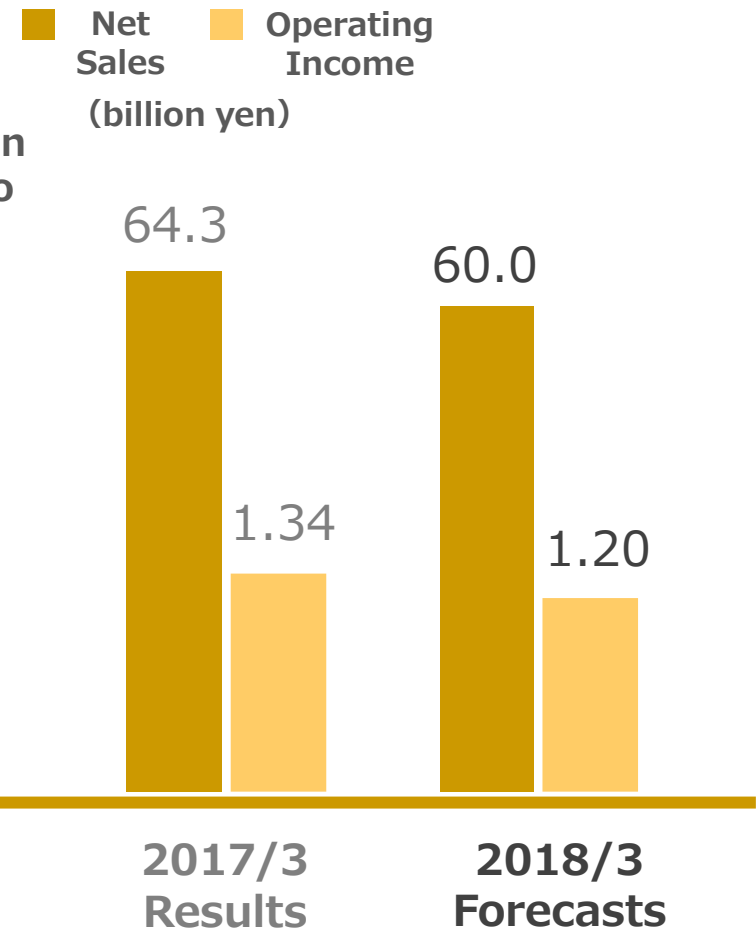
Full-year Forecasts

Settlement Service

- Implement upfront investment to broaden product lineups & sales channel responding to expansion of the prepaid settlement market
- Strengthen approach to new means of settlement such as digital code, etc.

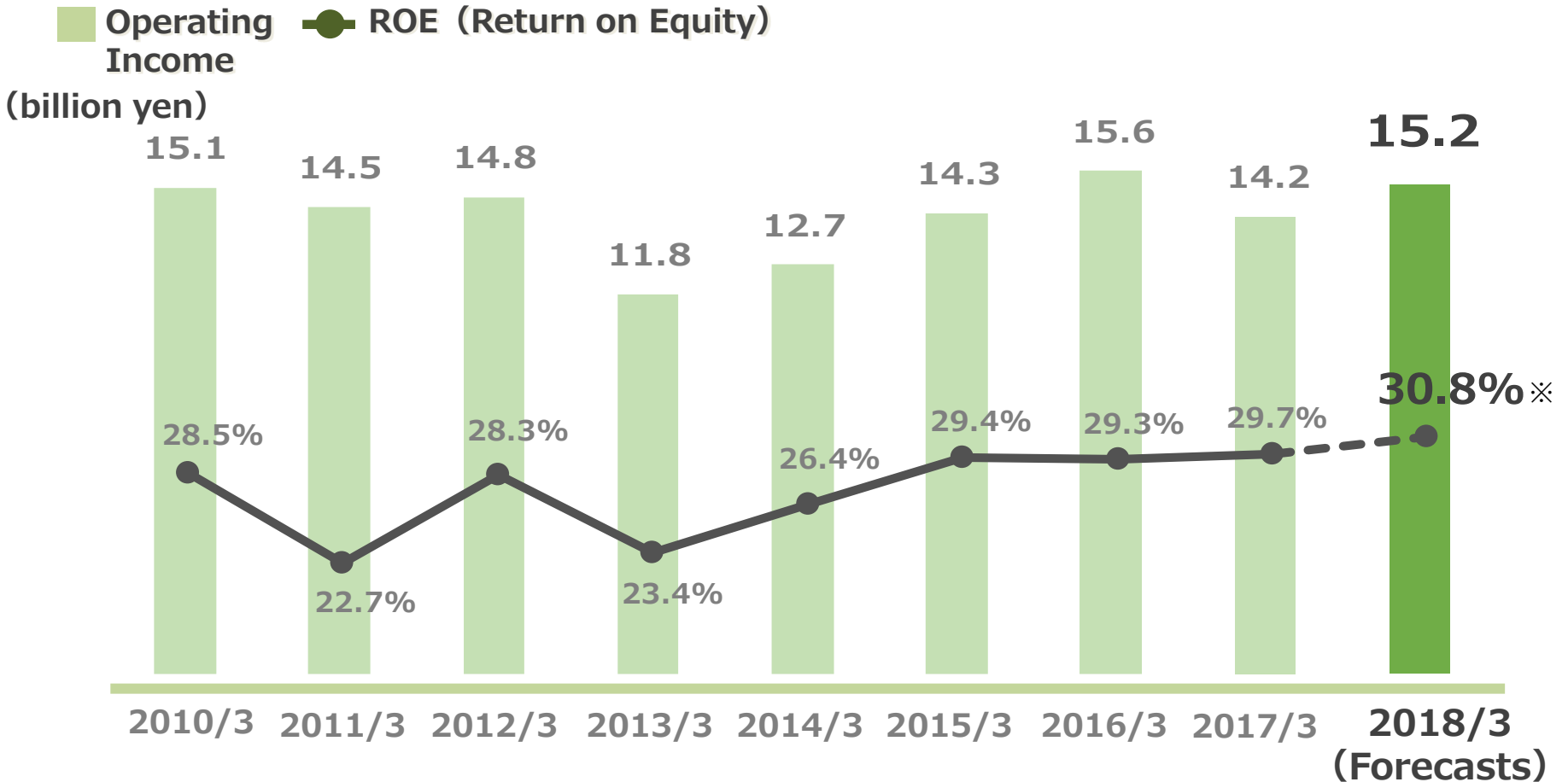
Overseas Business

- Increase gross sales of gift cards by expanding sales channel incl. high-end supermarkets
- Start to consider expansion of gift card business in South-eastern Asia





Transition of ROE & Operating Income



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 2018

**Forecast dividend increase of 3 yen/share:
Dividend increase for four consecutive year**

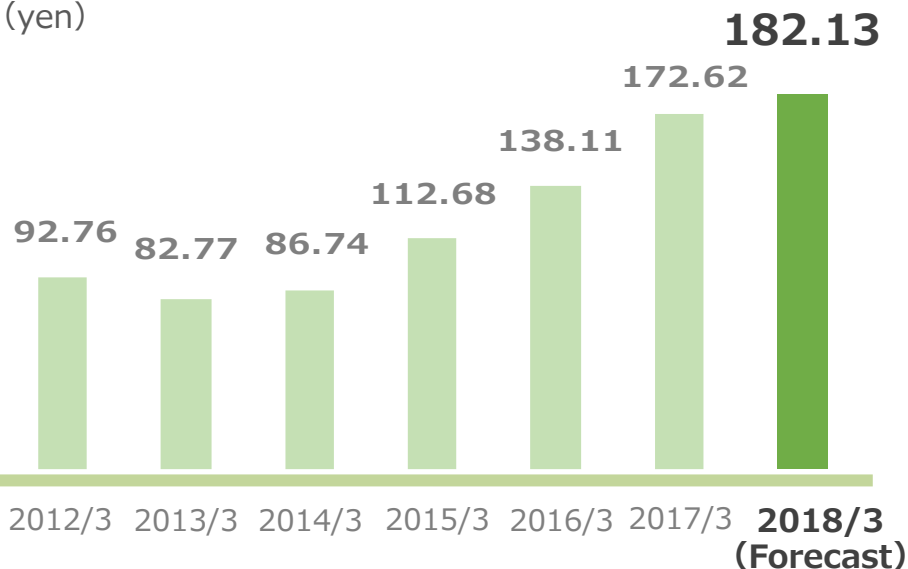
- Annual Dividend : 55 yen/share (Interim : 27.5 yen/share & Yearend : 27.5 yen/share)

Basic Dividend Policy

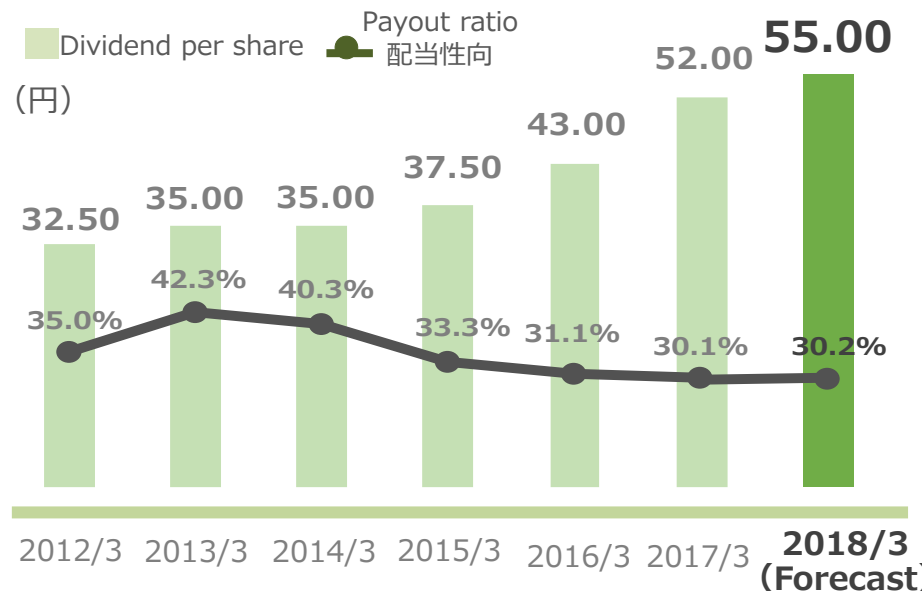
Targeting & maintaining **Dividend payout ratio more than 30%**

- Net Income per share

(yen)



- Dividend per share & Payout ratio





Establishment of Favorable Workplace Environment

Promotion of Diversity



- Promote active role of female employees
(Increase ratio of female managers to 10% in the FY ending March 2018)
- Actively employ & support physically or mentally challenged workers
- Support to achieve a good balance between childcare / nursing care and working

Reform of Way of Working



URL : <https://jws-japan.or.jp/>

- Awarded a prize of “White (Excellent) Corporation Grand Prix for Labor Hours Reduction” by Japan White Spread

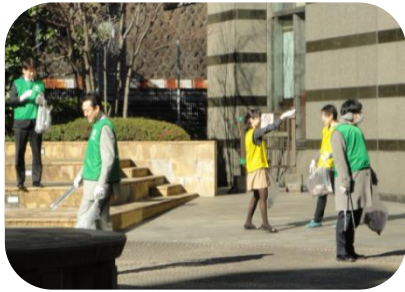
Promote favorable workplace environment arrangement



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)



National Association of Mobile-phone Distributors

Reliable Carrier Shop Recognition System



あんしんショップ認定マーク

- **No. of certified shops** ※As of April 1, 2017
Total No. of certified carrier shops : 5,328 (64%)
< including carrier shops directly managed by T-Gaia : 279 (100%) >

e – Net Caravan



Contribute to educational activity holding seminars so that children can use Internet in safety and with security