



Integrated  
Report  
2016

# T-GAIA INTEGRATED REPORT 2016



# Corporate Philosophy

Based on its corporate philosophy, T-Gaia will continue taking on challenges toward the future.

## TG Vision

### T-Gaia's Corporate Vision

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

## TG Mission

### T-Gaia's Corporate Mission

- |                                                                                                                                                                      |                                                                                                                                                              |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------|
| ▶ 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. |

## TG Action

### Our Code of Conduct

- |                                                                                    |                                                                                                                                          |
|------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------|
| ▶ 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. |

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# Message from the President & CEO

Recently, the business environment of the telecommunications industry entered a dramatic transition period with diversification of products and services offered at carrier shops, the emergence of MVNOs and FVNOs, the full-scale adoption of IoT for wearable devices, and the introduction of new rules and guidelines in response to the revision of the Telecommunications Business Law. At the beginning of this new age in telecommunications, the T-GAIA Group aims at further growth by anticipating changes and taking advantage of the resulting business opportunities. In the mobile business, which is our core business, we will always take the perspective of our customers, propose optimal products and services, and support the realization of their smart life. In the enterprise solution business, in addition to corporate customers with whom we have existing relationships, we will propose solution services for industries where we can expect further utilization of ICT. In the fiber broadband business, we plan to expand the FVNE business of providing support to companies newly entering the optical fiber business, in addition to expanding sales of TG Hikari (Optic) that we promote in our FVNO business.

In the Smart Life business, we are accelerating the opening of Smart Labo accessory shops under direct management with the aim of establishing the shop brand, and at the same time, we are expanding the sales floor for MVNO and other new products. Finally, in the settlement service business, we are reinforcing the sales of gift cards and expanding into new sales channels as we diversify our products. In this way, we shall evolve the core business while boldly pursuing new business areas and uncovering unique opportunities and work to realize the rapid diversification of revenue sources. We appreciate the support from all the stakeholders including customers, telecom carriers, and partner agents, and we will realize sustainable growth as a company that wins its way into the mid to long term by actively transforming the company to enhance corporate value and respond to the trust that our stakeholders have placed in us. We ask for your continued support and guidance.

渋谷 年史

Toshifumi Shibuya,  
President & CEO (Chief Executive Officer)

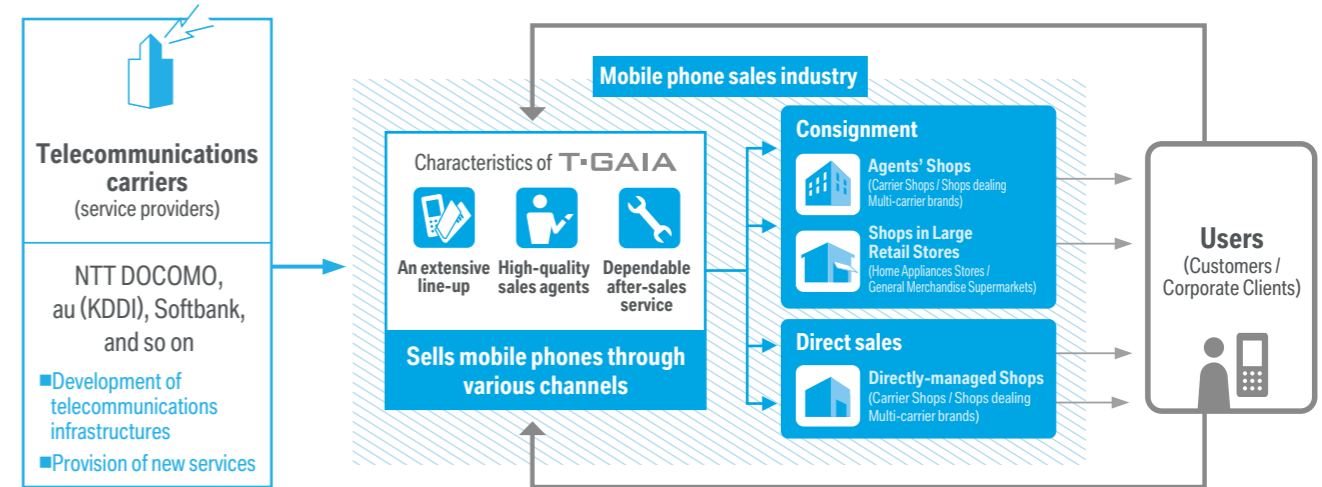




# Mobile Telecommunications Business

## Creating future of mobile communications taking advantage of scale with our spirit of challenge

As one of the largest primary distributors in Japan for telecommunications carriers that have business operations throughout Japan and in overseas markets, we sell mobile phones, including smartphones, personal handy-phone system (PHS) devices, tablet and various smart device related products and services through our sales channels across Japan and overseas, and we also provide high-quality support services.



# 4.69

million units

The total number of mobile phones sold by T-Gaia in Japan (including Wi-Fi terminals) (FY 2015)



# 156.48

million

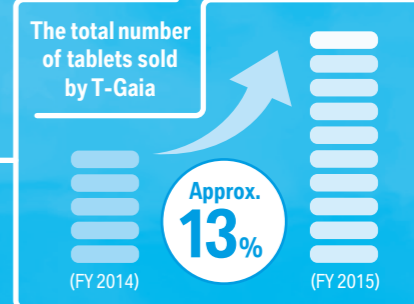
The total number of mobile phone subscriptions in Japan (as of March 31, 2016)



# 13.0

%

T-Gaia's market share in the sales of mobile phones in Japan (FY 2015)



### 1 | Effective sales strategies formed from good partnerships

We have been building good business partnerships with major telecommunications carriers in Japan and abroad. Based on the trust of our business partners, we actively promote flexible and creative sales strategies, catering to varying client needs by promptly responding to market trends, such as the full-scale penetration of smartphones and tablet computers. In addition, one of our strengths is our ability to implement effective sales strategies by offering an extensive lineup of related products, such as accessories, and contents, all of which are indispensable for mobile terminals, and developing new business models.



### 2 | Development of appealing shops to suit the local environment

Not only our corporate head office but also our regional headquarters and branch offices across Japan implement local area marketing that best fits the local conditions of each area, while ensuring consistency with telecommunications carriers' regional strategies. Our shop concepts are largely divided into two types — suburban and city center types. We will utilize our ability to produce and coordinate carrier shops gained from abundant experience to handle every step from the proposal of plans to implementation in response to the environment in each area. Additionally, we aim to become “an attractive shop chosen by our customers” as we expand our carrier shops through changes in location, renovations, and expansion.



### 3 | Our proposals for diverse products and services provide overall supports to customers' Smartphone life

Recently, shifts not only from feature phones to smartphones but also from PCs to tablets have been taking place. The total number of tablets shipped was 9.03 million in FY 2015, 9.7 million in FY 2016, and is projected to be 10.6 million in FY 2017, exceeding 10 million for the first ever. (Source: MM Research Institute, Ltd.) Reflecting such a situation, it is anticipated that the “Smartphone & Tablet PC World” will be realized in which smartphones and tablet PCs will lead the entire economy, not merely individual lives in the future. Under these circumstances, our proactive sales efforts are also focused on tablet PCs while providing “on-site experience” through specific explanations on the functions of tablet PCs, and proposing various ways to meet customer needs and usage scenarios such as a simultaneous use of a feature phone and a tablet PC, or a combined use of a smartphone and a tablet PC. Furthermore, we provide comprehensive supports to customers with

the aim of realizing quality smartphone life by improving customer convenience and customer satisfaction (CS) through proposing and providing diverse products and services such as not only sale of mobile terminals but also related products and services for smartphones and tablet PCs.





# Bases for Business & Sales Operations

Providing high-quality service through diversified sales channels, valuing communication with customers

Our sales network covers Japan nationwide. Our diverse sales channels consist of approximately 2,200 shops, ranging from our directly managed carrier shops to shops run by independent agents and shops at our business partners such as large retail stores and general merchandising stores (GMS). While our collective strengths and economy of scale are our competitive advantages, we also focus on better communication to ensure that we can stay connected to people in meaningful ways. Each of our shops serves as the forefront of ensuring and keeping good communication with our customers. We are committed to providing high quality attentive services to customers at all times.



# 1,241

shops

The number of T-Gaia group's carrier shops (in Japan) (as of March 31, 2016)



## 1 | Directly-managed shop with advanced expertise

We intend to continue to focus on promoting the deployment of directly managed shops by leveraging our abundant experience. Our highly professional staff, who have been trained through our original training programs offered by "the TG Academy", etc., will be there to help customers with a full line of services.



## 2 | Cooperating with shops operated by agents

Our expertise cultivated in operating mobile phone shops, which has been nurtured over the years through operating our directly managed shops, is effectively utilized in the operation of shops managed by independent agents. In line with "the TG Way", we effectively manage communications to ensure that we stay closely connected to customers throughout Japan.



### ▶ Head office, Regional Headquarters and Branch Offices

Head office	Ebisu Neonato 14-18F 4-1-18 Ebisu, Shibuya-ku, Tokyo 150-8575 TEL:03-6409-1111	Niigata Branch	N-Bldg. 3F, 1-1-24 Kamitokoro, Chuo-ku, Niigata City, Niigata Prefecture 950-0994 TEL:025-247-7077
West Japan Regional Headquarter	Dojima Avanza 15F, 1-6-20 Dojima, Kita-ku, Osaka City, Osaka Prefecture 530-0003 TEL:06-4560-6600	Nagano Branch	Eastgate Nagano Bldg. 6F, 991-1 Kurita, Nagano City, Nagano Prefecture 380-0921 TEL:026-267-7220
Tokai Regional Headquarter	Nagoya Intercity 6F, 1-11-11 Nishiki, Naka-ku, Nagoya City, Aichi Prefecture 460-0003 TEL:052-223-8700	Hokuriku Branch	Kanazawa Park Bldg. 3F, 3-1-1 Hirooka, Kanazawa City, Ishikawa Prefecture 920-0031 TEL:076-223-3300
Kyushu Regional Headquarter	Hakata Gion Center Place 10F, 7-20 Gionmachi, Hakata-ku, Fukuoka City, Fukuoka Prefecture 812-0038 TEL:092-283-7600	Chugoku Branch	Hiroshima Green Bldg. 8F, 8-12 Nakamachi, Naka-ku, Hiroshima City, Hiroshima Prefecture 730-0037 TEL:082-546-2811
Hokkaido Branch	Sumitomo Corp. Fukamiya Odori Bldg. 8F, 8-2 Odori-nishi, Chuo-ku, Sapporo City, Hokkaido 060-0042 TEL:011-241-2525	Shikoku Branch	Nissei Takamatsu Bldg. 9F, 1-1-5 Bancho Takamatsu City, Kagawa Prefecture 760-0017 TEL:087-811-2361
Tohoku Branch	Renart Sendai 13F, 2-15-1 Honcho, Aoba-ku, Sendai City, Miyagi Prefecture 980-0014 TEL:022-713-6001	T-GAIA (SHANGHAI) CORPORATION	Unit 2906-2907, Tower A, 100 Zunyi Road, Shanghai 200051, China TEL:+86-21-6073-0588



# Enterprise Solution Business

## Proposing tomorrow's telecommunication solutions in a creative manner

We, T-Gaia, as the primary agent for telecommunication operators, will contribute to create tomorrow's telecommunications environment by exerting our three characteristics, which are good partnerships with all major telecom operators, skill of proposals for a variety of products adapted to the market, and excellent sales and marketing operations throughout the country.

Major telecommunication operator business counterparts (service providers)

**Mobile Telecommunications Business (for corporate clients)**  
NTT DOCOMO, au (KDDI), Softbank, and so on  
**Communication Network Service**  
NTT East, NTT West, NTT Communications, KDDI, Softbank, STNet (Shikoku Electric Power Company Group), QNet (Kyushu Telecommunication Network Co., Inc.), etc.

**Tips for Using the T-GAIA Smart Device**

**Security Measures**  
How are your safety measures?  
■MDM (Mobile Device Management)  
■Remote Access

**Management and Operation**  
Do you have any problems with management or operation?  
■Respond to User Inquiries  
■Outsource operation and management work  
■Outsource work handling loss of devices

**Improve operational efficiency**  
Is it useful to your business operations?  
■Conference system  
■Smartphone Extension System  
■Transferring large files

Approx. **1,200** companies  
movino star subscription (FY 2015)

### 1 Providing terminals and communication lines as well as optimal operation plans and solutions that meet our customers' needs

Mobile phones, smartphones, tablets, and other mobile communication devices have become extremely important information assets for corporations. However, they often face a major challenge in properly operating these devices because their service contents have been increasingly sophisticated and diversified. The Solution Business Division responds to these issues by providing terminals and communication lines as well as tools for resolve issues that are useful for management and operation, improving operational efficiency, and implementing security measures, and proposing optimal operation plans and solutions that meet customer needs.

### 2 movino star, a comprehensive communications management service, is a total platform for management, operation, and expense settlement.

With the rapid popularization of smartphones, tablets, etc., telecommunications devices have become increasingly more diverse. In response to these circumstances, our cloud service "movino star" caters to a broad range of needs for the management and operation of various communication devices, management of licenses, such as MDM, and fixed-line telephones used by corporate clients while also reducing costs. Additionally, by combining it with our Smart Support service, "movino star" helps to customers to improve operational efficiency and reduce costs, both effectively and comprehensively.

### 3 "T-GAIA Smart SUPPORT" provides full support for the best use of smartphones, tablets, and PCs

"T-GAIA Smart SUPPORT", our solution package that meets the needs of corporate clients, provides corporate clients with One-Stop support in all stages from the introduction of devices, such as smartphones, tablets, and PCs to operation and management.

**▼ Four Solutions provided by T-GAIA Smart SUPPORT**

**Help Desk**  
We act as IT management staff of our corporate clients and respond to inquiries from employees regarding the use of the devices.

**Security Desk**  
We provide remote locking and wiping (information erasure) services 24 hours a day, 365 days a year as countermeasures against theft or loss of devices.

**Master Management Services**  
We take care of master data mgmt. for movino star, MDM, and EMM tools for our clients.

**Kitting Service**  
We set up devices in advance according to the usage specifications of each client to enable a smooth start-up.

**Comprehensive Support to Corporate Clients**

**At the time of introducing a device, we give advice on the following :**

- ▶ Points to keep in mind when selecting a device (OS)
- ▶ Points to keep in mind when selecting a security tool
- ▶ The establishment of an operation policy
- ▶ The selection of communication services

**During operations, we provide the following services :**

- ▶ Handling of user inquiries on the device
- ▶ Operation of the device in compliance with the security policy
- ▶ Management and operation of the device
- ▶ Handling of device failures

#### Security Measures

#### Providing Mobility Management Solutions that fit the requirements of each client

Mobile devices, such as smartphones and tablets, are currently transitioning from the adoption stage to the utilization stage where they become even more closely linked to our business operations. Because of this, the scope of mobility management that companies demand is steadily expanding. The key point to successful adoption is realizing both a high level of security and usability. Our company uses the knowledge gained from various proposal activities towards our clients and the prediction of new trends in solutions to propose optical security and management solutions.

#### Improving operational efficiency

#### Use of cloud PBX to reduce costs and smartphones as extensions

It is not necessary to adopt PBX so the initial implementation cost can be reduced, and by adding extension functions to smartphones for use as a business phone, the number of fixed phones in the office can be minimized, and cost can be reduced. Additionally, since this is a cloud service, it is possible to remotely request various setting changes necessary when changing the office layout without using the maintenance company, and this will improve operational efficiency.

#### Strengthened collaboration with other companies

#### We support the acceleration of business with GigaCC offered by WAM!NET Japan K.K.



WAM!NET Japan K.K. is a consolidated subsidiary of T-GAIA that provides cloud-based services for the transmission of large volume data and sharing of information for corporate clients. Their core service, GigaCC, is one of the industry's top-class online storage services that promote communication within a company while also ensuring security and it has been adopted by many of our corporate clients.

#### Solution Business for specific industry

#### Business collaboration with major coaching school Withus Corp. and began sales of educational tablet

T-GAIA has formed a capital and business partnership with Withus Corp. which operates private preparatory schools, Daiichi Seminar. Through SRJ Co., Ltd., a subsidiary of Withus Corp. that sells educational content to 2,000 private preparatory school classes nationwide, we will provide tablets and communication lines in an attempt to spread the use of tablets in classroom operations in the education industry. Additionally, in industries where we can expect the utilization of ICT, such as in the medical and nursing care areas, we are planning on providing One-Stop services combining tablets with our other services.

#### Network Business

#### Contributing to a prosperous network environment

At the center of our Communication Network Service is the penetration/expansion of broadband services with optical fiber networks as the primary axis. Throughout the country, we are making efforts to establish a stronger sales network, including developing and cultivating dominant agents as well as expanding various new sales channels. Furthermore, we will aggressively work on the diversification of sales methods; such as including various content services, e.g. video related services; providing services that match the market needs, for example expanding the line-up of combination products; offering usage scenarios; creating new markets through alliances with corporations in different industries; and taking in our corporate clients' market needs. Business models are about to go through major changes with the coming of the next-generation networks, which will broaden the possibilities of information communication. We will proactively take on the challenges to propose new services such as rental devices and lifecycle management in light of the full-scale introduction of tablet computers enabled by spread of Wi-Fi and contribute toward the building of a prosperous network environment for the future.

**TG Hikari (Access Service for Corporate Clients)**

- Began providing TG Hikari Access Service for Corporate Clients in April 2015
- Began the TG Hikari resale business and providing the TG Hikari Support Package in January 2016

NTT East and West (Provide infrastructure, maintenance, repairs, etc.)

Sales

**T-GAIA** (Fixed Virtual Network Operator) / **TG Hikari** (Fixed Virtual Network Enabler)

Direct Sales Distributor

Resale

Resold clients (FVNO) such as electric facilities company, etc.

Corporate Clients (Targets)

- Major corporations
- Medium-sized companies
- Small and medium-sized companies, SOHO

Reduce burden on resold clients with TG Hikari + Support Package

**TG Support Package**

- Start-up Support
- System-related Support
- Billing-related Support
- Business Operations Support
- Troubleshooting/Repair Support

**Support early entry into the Optics Collaboration Business**

For more details, please visit our website : <http://www.tghikari.com/>



# Smart Life Business

## Accessory Business

### Making individual smartphone life much more enjoyable

The market scale of smartphone and tablet-related products is expected to expand from ¥202.6 billion in the fiscal year ended March 2014 to ¥254.4 billion in the fiscal year ending March 2018. (Source: MM Research Institute, Ltd.)

We commenced the operation of smartphone accessory shops in November 2012 to meet the needs of the accessory market that has been expanding year by year.



## Settlement Service

### Supporting “Smart Life” through settlement services In Japan and overseas

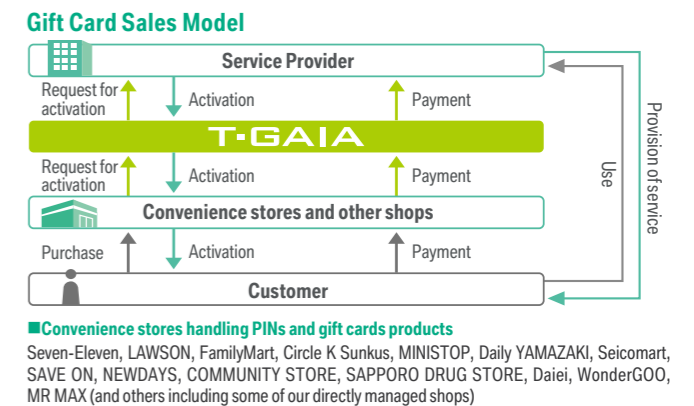
As to settlement service business, we will pursue further growth focusing mainly on prepaid settlement-related businesses.

By making the most of the expertise of the settlement service accumulated in Japan, we will continue taking on a challenge in new businesses including overseas business development in an effort to create new corporate values.



### 1 | Rapidly expanding prepaid settlement-related business

Our prepaid settlement-related business, which started with the sale of prepaid mobile phones, has been steadily expanding by capitalizing on our long-developed sales channel of convenience stores including the sale of real cards and the online prepaid settlement services enabled by the use of PINs (Personal Identification Numbers). In addition, the Gift Card Mall business, which we launched to meet ever-evolving market needs, has also grown significantly. We aim to expand our prepaid settlement-related business by developing new business areas.



**2.26** million people

The total number of customers visited to our directly managed accessory shops (in FY 2015)

**55,300** stores

The number of stores handling PINs and gift cards (as of March 31, 2016)

### 1 | Sale of smartphone cases and various other related products

Our accessory shops provide a wealth of fashionable products for customers' smartphone life including iPhone and Android smartphone cases, screen protection films, batteries, speakers, and other gadgets. We operate a total of 12 shops nationwide with our brand name of "Smart Labo" to meet a wide variety of customer needs.



### 2 | Promoting full-fledged EC websites

We launched "Smart Labo Online" ([www.smlabo.com](http://www.smlabo.com)), our own EC website, in April 2014, by leveraging our extensive product lineup at real shops and are smoothly expanding our services.

On our EC site, we have product variations not available at our actual shops, providing customers with an opportunity to choose from a larger selection of products. Additionally, we are promoting an omni-channel strategy for collaboration with Smart Labo shops and shops under our direct management. We will continue to make new developments by consistently handling cutting-edge products.



**Smart Labo**

In June 2016, we opened our largest flagship store in the Tokyo metropolitan area, the Smart Labo Shinjuku Higashiguchi Shop. In addition to selling smartphone accessories on the first floor, we created a corner for inexpensive smartphones and MVNO and one for audio accessories on the second floor.

### 2 | Gift Card Mall Business

As a new initiative in our settlement services, we launched the Card Mall Business by leveraging gift cards whose market has been steadily expanding also in Japan. Currently, we are in the process of expanding sales channels and increasing the number of participating gift card issuers. By leveraging our expertise that has been nurtured through the sale of mobile phones and PINs, we offer fine-tuned services, such as delivery of gift cards, promotions, and call center operations. Through the growth of this new business, we aim to develop the prepaid gift card market and create the so-called casual gift market in Japan.



\*Amazon, Amazon.co.jp, and their logos are trademarks of Amazon.com, Inc. and their subsidiaries.  
 \*BitCash and their logo are registered trademarks of BitCash, Inc.

### 3 | Extensive network with convenience stores

Our settlement service is being offered in major convenience stores, which are part of a vast sales channel network covering almost all convenience stores in Japan. We will strive to further enhance the settlement services and improve customer convenience concurrently with the development of convenience stores, thus providing services that contribute to society.

**PIN** Personal Identification Number

Sample of prepaid card (back side/after being scratched off)

It is an identification number to which the amount information is attached by using a string of letters comprising a combination of alphanumeric characters. Also, it is a generic name for prepaid online money used in payment for online shopping, online game, music distribution services, and the charges for international phone calls and calls via prepaid mobile phone.



\*Web Money and their logo are registered trademarks of WebMoney Corporation.



# Overseas Business

## Developing the Smartphone World in the world's largest market of mobile phones

In China, mobile phone companies compete for starting the LTE service. Furthermore, new mobile phone services by mobile virtual network operators (MVNO) emerged, leading to harsher competitions for customers. With increasing options for customers, T-GAIA (SHANGHAI) CORPORATION has been proposing new lifestyle centering on smartphones while proactively developing services to conduct business development rooted in China.



# Training & Education

## Opened an in-house internal training/ educational institution to further strengthen front-line sales staff's ability



### 1 | Education and Training Programs in TG Academy

In April 2012, we opened TG Academy and have focused on the internal education and training of sales staff since then. TG Academy aims to strengthen the capabilities of the front-line sales staff and enhance customer satisfaction through ongoing quality improvement in sales activities. As of March 31, 2016, the Academy has 355 staff members, including instructors, supervisors, and shop trainers, and supports the upskilling and career development of sales staff through employee education based on a wealth of training programs according to experience or CDP (career development plan). The Academy also contributes to the

securing of work-ready employees and the enhancement of motivation through its programs, such as comprehensive training for new employees who were hired at sales bases around the country. In addition, the Academy has expanded training programs geared to different job types, such as "Shop Manager Training" for managers of carrier shops across the country and "Rounder Training" for route sales representatives of large retail stores\*. It communicates "TG WAY", important guiding principles for sales staff, during training to ensure that all sales staff members have a shared awareness of the social significance of our sales activities.

\*A route sales representative makes the rounds of home appliance mass retailers that sell mobile phones or the mobile phone sales sections of general merchandising stores in his/her territory and follows up on their sales activities by restocking or deploying products for sales promotion campaign, setting up a store or sales space, and gathering information, among other things.

# 7

## shops

The number of T-Gaia group's China Unicom shops (as of June 30, 2016)



Transition of gross sales of gift cards in Singapore



### Business development in China SHOP Business

As of June 31, 2016, we, as a strategic sales agent of China Unicom, operate a total of 7 China Unicom Shops. We operate highly value-added shops with large selections of not only SIM Cards and smartphones but also tablets and other related products that match those of specialty shops. Moreover, we offer quality services through shop staff proficient in foreign languages.

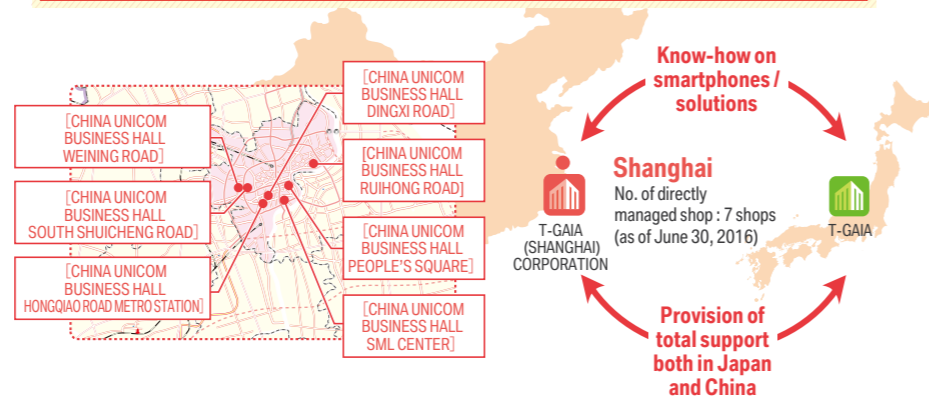
### Business development in China Solution Business

We offer the Support Desk Service, where we accept all operations related to mobile phones on contract, mainly to Japanese companies in China.



### Business Development in Singapore Settlement Service Business

November 2013: Established T-GAIA Asia Pacific Pte. Ltd., an overseas subsidiary in Singapore. Started sales of gift cards across Singapore. Singapore has the highest per capita national income in Asia, and so we are seeing a steady growth in sales.



### 2 | Background to the Establishment of Career Design Academy

Along with the recent rapid dissemination of smartphones and tablets, mobile phone shops and their sales staff are required to have higher explanation and presentation skills as well as the capability to manage organizations including the shop operations, which is indispensable for achieving prompt customer service, in addition to conventional hospitality and product/service knowledge. On the other hand, in all industries including the mobile phone sales industry, an appetite for investment in human resources to enhance the capabilities of front-line sales staff, the key to the development of any company, has been increasing. In such context, T-Gaia established Career Design Academy (CDA) as an evolved and developed incarnation of TG Academy in April 2015, through joint investment with J-COM Co., Ltd., with the belief that its expertise in upskilling the front-line sales force, which has been developed through the sales of mobile phones, will also contribute to other industries. CDA will commit itself to the production of human resources with high acumen and expertise in the retail business, including the mobile phone sales industry, by providing high quality and highly practical education and training programs that are based on the long accumulated know-how and proven record of accomplishment of T-Gaia.



The corporate logo of CDA represents the images of a compass and diamond and means that the company will play a role as a compass that guides customers' career development to enable them to achieve social lives as bright as diamond.

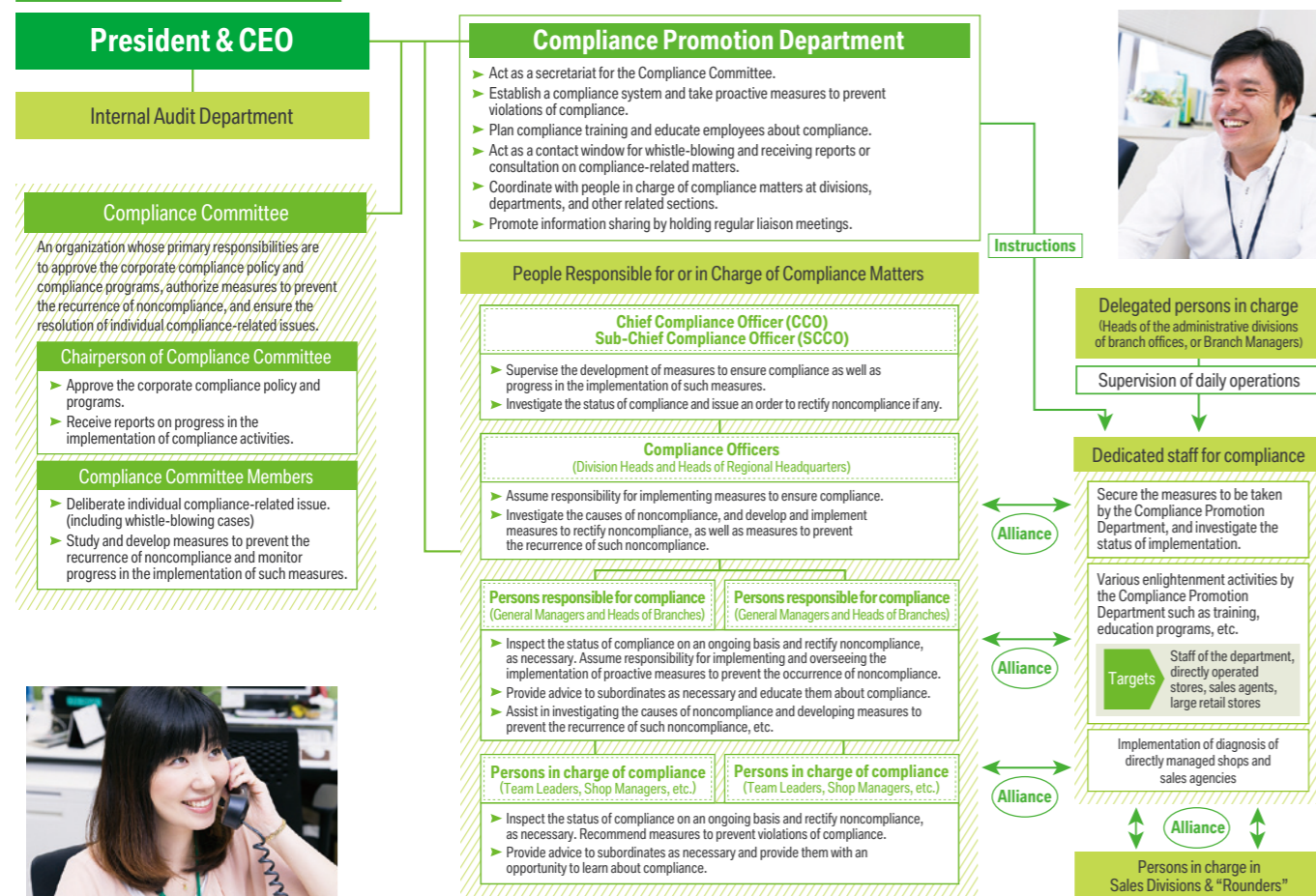
## Strengthening the compliance system and promoting internal awareness activities



The T-Gaia Group positions compliance as one of top priorities in business management and has the Compliance Committee led by a chief compliance officer (CCO) in place. In the committee, various issues related to compliance are discussed for further improvement. By appointing an employee dedicated to compliance in each business base and establishing the Compliance Promotion Department as a permanent compliance promotion organization under the direct control of the President, we make ongoing efforts to maintain and strengthen the compliance system

and enhance employees' compliance awareness through internal enlightenment activities. The T-Gaia Group shows its commitment to compliance to all executives and employees by distributing compliance manuals and providing compliance education. Furthermore, we have established several routes, including an internal contact point, external organizations, and law firms, for whistleblowing and compliance consultation to ensure the early identification and capturing of compliance issues and risk information.

### Compliance Organization Chart



### T-Gaia Corporation obtained the PrivacyMark certification from the Japan Institute for Promotion of Digital Economy and Community (JIPDEC) on July 7, 2011



PrivacyMark is a system of certifying business entities that have a system in place to take all necessary steps to protect personal information in accordance with the Japanese Industrial Standards Committee (JIS) Q 15001 Personal Information Protection Management Systems – Requirements, to grant the PrivacyMark to these entities for certification, and to allow the use of the mark in their business activities. While it provides

many advantages, such as greater trust by client companies and customers and improved awareness of personal information among employees, it requires greater responsibility of these entities, that is, to take their commitment to the protection of personal information to a higher level. We will continue ongoing efforts to achieve the appropriate management of personal information and its continuous improvement.

## Smooth Relationships with every Stakeholder under a Solid Governance System

### Corporate Governance Basic Policy

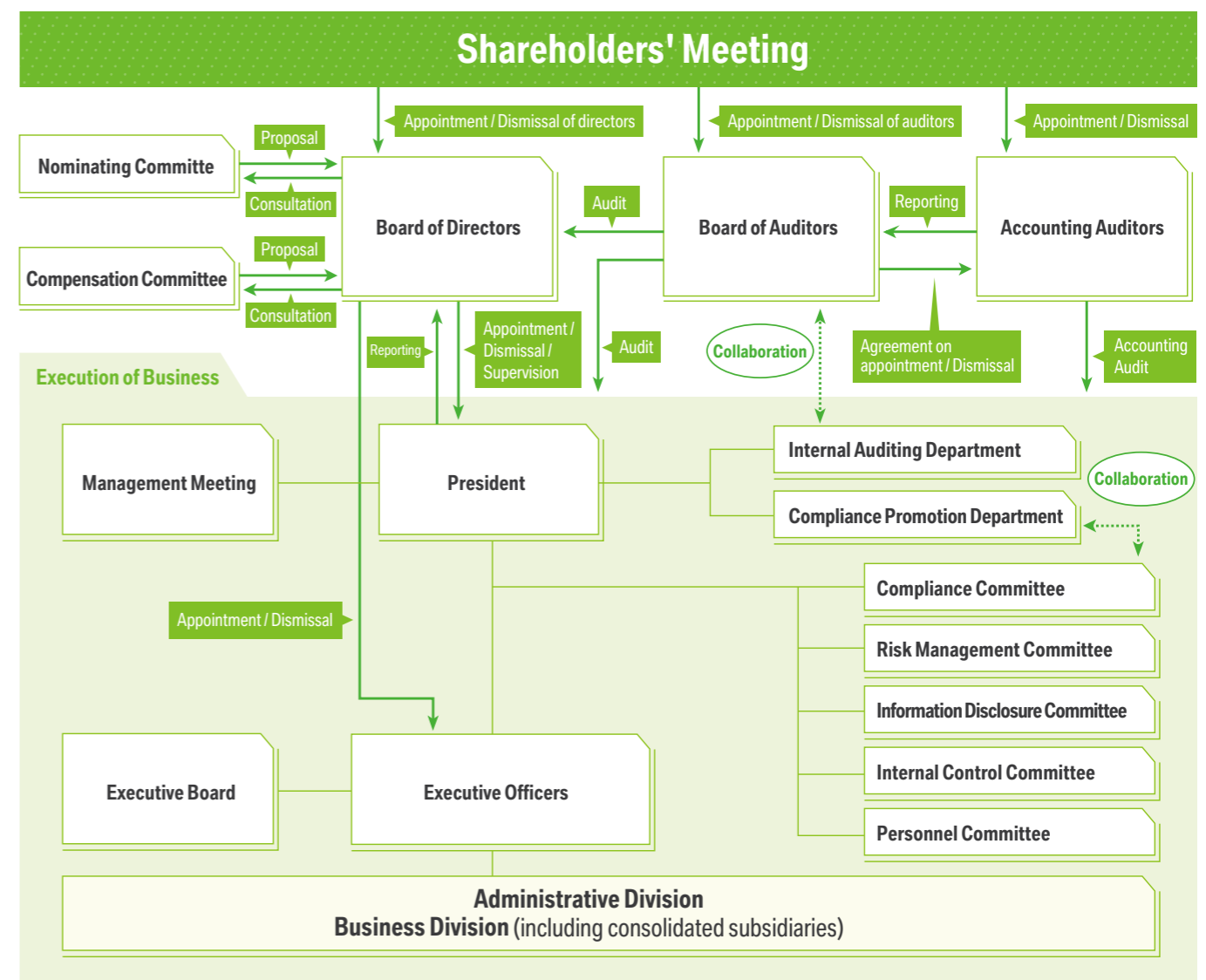
#### Our Basic Policy regarding Corporate Governance

T-GAIA deems corporate governance a framework to control its business activities and believes that it is essential that the rights and interests of shareholders are protected and equally guaranteed. It also believes that it should respect the rights and interests of stakeholders other than shareholders, such as customers, business partners, employees, and local communities and build smooth relationships with each of them.

Additionally, based on the awareness that a company's mission in society should be to execute the work environment while establishing and maintaining a better governance system, with regards to both ensuring transparency in management and maintaining and improving corporate value, we promote daily activities to create a framework for the system and improve its effectiveness.



### Corporate Governance Organizational Chart



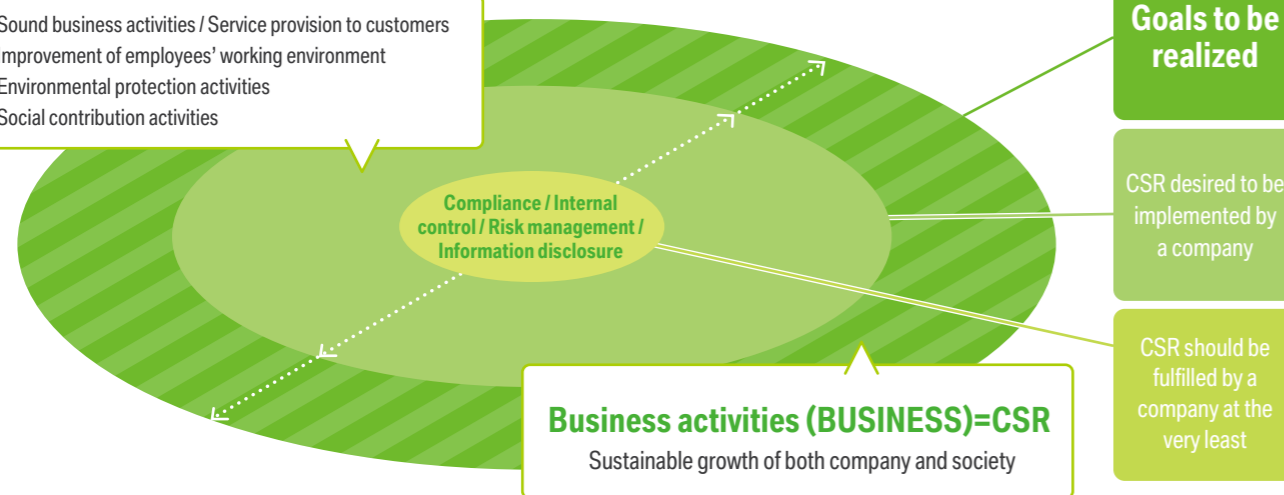


# Conducting wide range of business activities for sustainable growth of company and society

By promoting the following CSR activities with the recognition of "Business Activities equal to CSR," we aim to realize the Sustainable Growth of the Company and Society, while giving due consideration to various stakeholders. For us, CSR, which should be implemented by the company, is not only compliance, internal control, risk management and information disclosure but also sound business activities, provision of proper services to our customers, improvement of employee s' working environment, environmental conservation activities, and social action programs.

### Stakeholders

- 1 Sound business activities / Service provision to customers
- 2 Improvement of employees' working environment
- 3 Environmental protection activities
- 4 Social contribution activities



### Major CSR activities, which have been conducted by T-Gaia Corporation & its employees

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

[Provided by the Japanese Red Cross Society]

We promote "the CUP FOR TWO" Program in support of the activities of TABLE FOR TWO International, a non-profit organization.

[Source: NPO TABLE FOR TWO International]

Japanese Paralympics Committee, Japanese Para-Sports Association

JPC Official Supporter By courtesy of Japanese Para-Sports Association

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

As part of our mecenat activities (to provide support for arts and cultural activities), we sponsor the Japan Philharmonic Orchestra".

[Source: Japan Philharmonic Orchestra]

Support member of The Eye Mate Inc.

By courtesy of The Eye Mate Inc.

**April 2016**

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

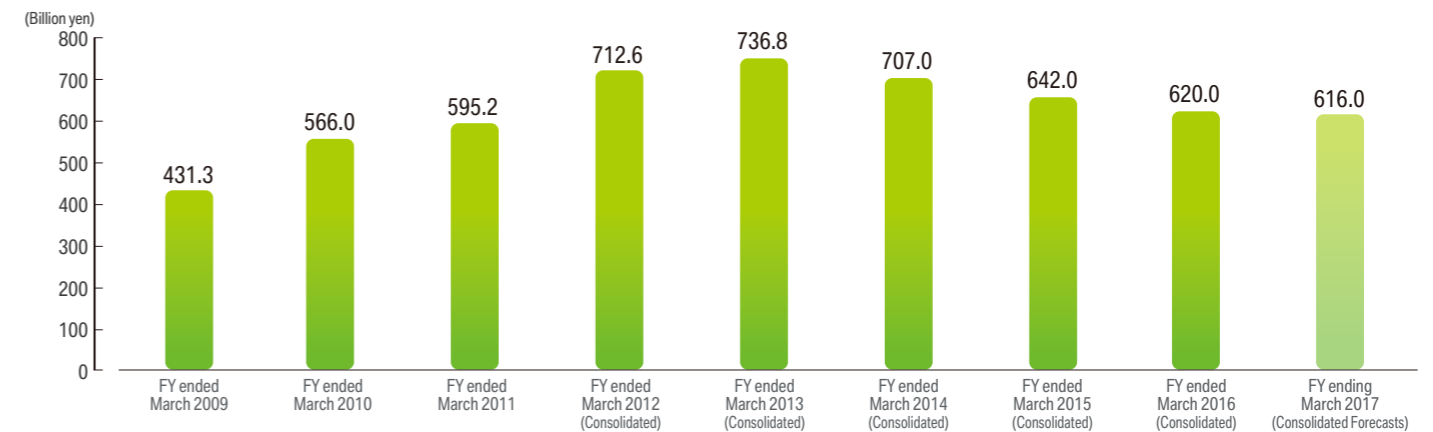
**June 2016**

2016 Japan Para-Athletics Competition and Rio 2016 Paralympics Final Qualifying Competition (Niigata) (100 meters sprint for women)

We enhance diversity including the recruitment and promotion of female employees.

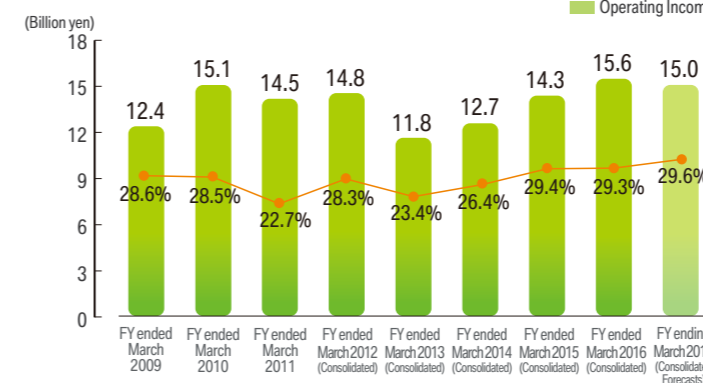
# Strengthening earning power and competitiveness while optimizing management resources

### Longitudinal Data on Net Sales

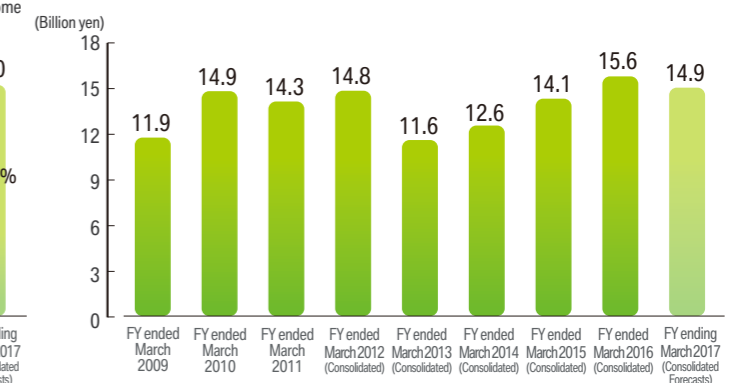


Note: Teletalk Corp. and MS Communications Company, Limited merged as of October 1, 2008 and the company name was changed to T-Gaia Corporation. Therefore, the financial results for the FY ended March 2009 was calculated by adding results of the first half for Teletalk Corp. to results of the second half for T-Gaia Corp.  
Note: The Company started preparing consolidated financial statements from the third quarter of the fiscal year ended March 2012 by reflecting that TG Miyazaki Co., Ltd. became a subsidiary as of December 1, 2011.

### ROE (return on equity) & Operating Income

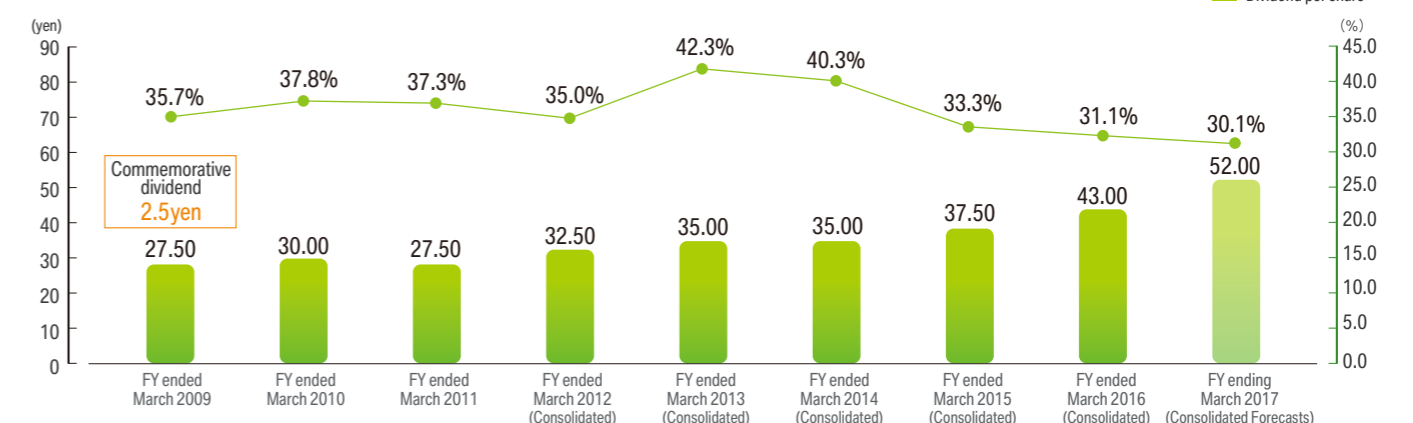


### Ordinary Income



Note: The Company has started to prepare consolidated financial statements from the third quarter of the fiscal year ended March 2012 by reflecting that TG Miyazaki Co., Ltd. became a subsidiary as of December 1, 2011. However, as the effects of the consolidation on the Company's business performance are minor for the fiscal year ended March 2012 and are expected to be similar for the fiscal year ending March 2013 also, unconsolidated financial results are shown, as a reference, for the fiscal year ended March 2011 and the preceding fiscal years.

### Transition of Dividend



Note: The payout ratio for the period ending March 2017 (forecast) is calculated based on the average number of shares (forecast) during the fiscal year ending March 2017.

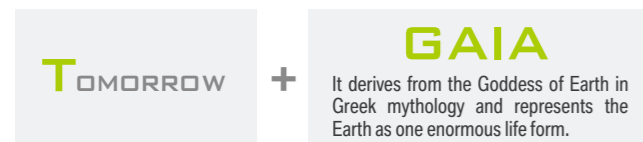


# Corporate Information

## To have all the employees work together for the same goal

### ► Origin of the Corporate Name

Our corporate name represents our commitment that we “aim to become a grand company like the earth nurturing the lives of all people across the world by continuing bold challenges with integrity toward the future.” This commitment is also reflected in our corporate philosophy.



### ► About Corporate Mark

The corporate mark of T-GAIA is a futuristic and innovative mark designed from the initials TG. The dynamic G that spreads from the core, a bright T, emphasizes young, powerful energy and momentum, and represents an enterprising spirit and innovativeness that continue to take on challenges toward the future. The dynamic mark that communicates a sense of speed represents our company that leads the world with the strong leadership in the midst of rapidly changing society.



## Efforts to Promote Diversity

Our company proposes and provides mobile phones and smartphones as well as related products and services to a variety of customers, and the products and services we handle are become more diverse and advanced every day. In this environment, our company is making an active effort to promote diversity so that we will respect and promote the diversity of our employees who provide our services in response to the needs of each customer.

### Promotion of the Empowerment of Women

We are focusing on promoting the empowerment of women (positive action) with the aim to create an organization where our employees can build their career and fulfil their potential regardless of gender.

#### ◆ Child Care Support and Career Support

We are making an active effort to support child care and the career development of female employees by enabling them to aim to get ahead in their career after giving birth while balancing child care and work.

#### 2013 Established the Female Empowerment Promotion Project Team

##### [Child Care Support]

- Extended the period employees can take Child Care Leave. (Up to the end of the business year in which the child reaches two years old)
- Extended the period employees can have Reduced Work Hours for Child-rearing. (Until the end of the child's third year at elementary school)
- Changed the Child Rearing Reduced Work Hours program to a three-course program of 5, 6, and 7 hours.
- Provide support funding to employees in sales positions who are raising children and have chosen to work full-time.

##### [Career Development Support]

- Implemented the Female Manager Training Program (Three-year plan) to train female employees for managerial positions.
- Adopted Job Return Program. (Program for the re-employment of employees who left the company to give birth, raise children, provide nursing care for family members and for other personal reasons)
- Hold information exchange sessions for employees currently taking childcare leave.

### Employment of Physically or Mentally Challenged Persons

Individuals who have a variety of handicap (physical, mental, developmental, intellectual) use their abilities and aptitude to work as health keepers at our employee massage room, as sales and administrative staff at our Head Office, Regional Headquarters, and Branches and staff at our mobile phone shops. We prepare their work environment and implement other considerations to ensure they continue working with us for a long time.

#### [ Examples of Measures Implemented ]

Accommodate shorter work hours (from six hours/day) depending on their conditions.

Reduce worries regarding work by holding periodic interviews with HR staff.

Share information through cooperation with support organizations for physically or mentally challenged people to ensure continued employment.

Make an effort to cultivate a sense of camaraderie by holding exchange meetings and lunches with other physically or mentally challenged employees.

In the future, we will continue to provide employment opportunities so that they can achieve self-actualization through work at our company.

## Celebrating its 8th anniversary, we take a step forward to add another brilliant page in our history

Corporate Name	T-Gaia Corporation Listed on the First Section of the Tokyo Stock Exchange (securities code:3738)	
Location	[Head office] Ebisu Neonato 14-18F, 4-1-18 Ebisu, Shibuya-ku, Tokyo 150-8575 Japan	
Capital	3,154 million yen	
Date of Establishment	February 1992	
Major shareholders	Sumitomo Corporation	
Board Members	President & Chief Executive officer	Toshifumi Shibuya
	Director, Executive Vice President	Bunpei Katayama
	Director, Executive Vice President	Nobutaka Kanaji
	Director, Executive Vice President	Soichiro Tada
	Director, Senior corporate executive officer	Tsuyoshi Konda
	Director	Hiroyuki Koike
	Director	Tetsu Fukuoka
	(External) Director	Masami Atarashi
	(External) Director	Toshiya Asaba
	(External) Director	Kyoko Deguchi
	Corporate Auditor	Naoya Okutani
	Corporate Auditor	Ryo Hashimoto
	(External) Corporate Auditor	Yukihide Matsuoka
(External) Corporate Auditor	Toshiro Kaba	
Description of Business	(1) Sales and distribution of mobile phones, etc. and sales agency business (2) Provision of brokerage services in the sales of solution, broadband and other telecommunication services (3) Settlement services and other new businesses, overseas business	
Sales territory	All over Japan, China (Shanghai), Singapore	
Number of employees	4,395 (as of April 1, 2016)	
Main financing banks	Mizuho Bank, Ltd., The Bank of Tokyo-Mitsubishi UFJ, Ltd., Sumitomo Mitsui Banking Corporation, Mitsubishi UFJ Trust and Banking Corporation, Sumitomo Mitsui Trust Bank Limited (*In the order of bank code)	



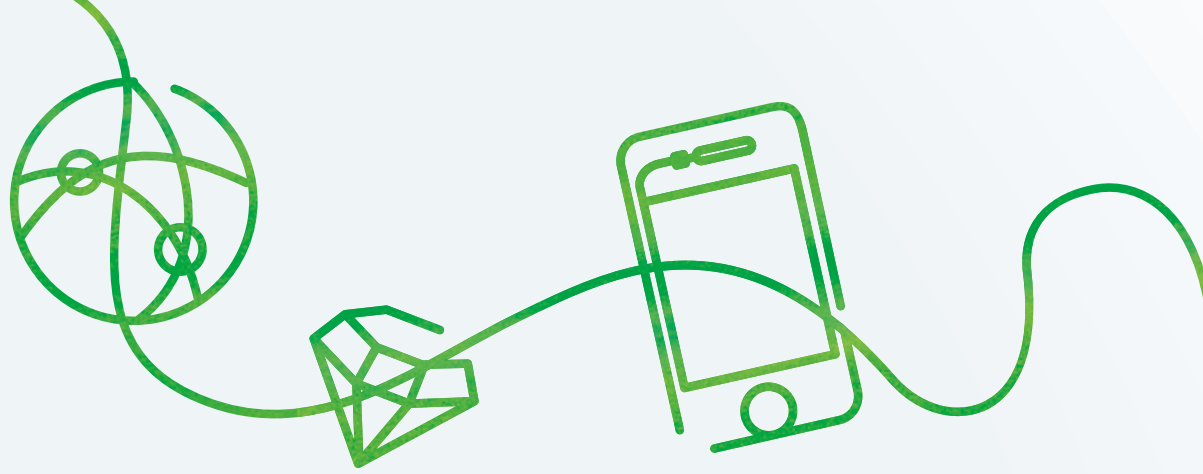
Toshifumi Shibuya  
President & CEO



(as of June 22, 2016)

### ► Corporate History





# T-GAIA CORPORATION

Ebisu Neonato 14-18F 4-1-18 Ebisu, Shibuya-ku, Tokyo 150-8575 Japan  
<http://www.t-gaia.co.jp>

