



Consolidated Interim (1H) Financial Results for FY ending March 2017

(Six months ended Sep. 30, 2016)

November 15, 2016

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 1H Consolidated Financial Results

(Unit: billion yen)	16/3 1H	17/3 1H	y/y Change	17/3 Full-year Forecasts	Achievement Ratio
Net Sales	284.99	256.35	90.0%	616.0	41.6%
Gross Margin (to Net Sales)	29.81 (10.5%)	29.16 (11.4%)	97.8% (+0.9p)	64.85 (10.5%)	46.5%
SGA Expenses	23.30	23.17	99.4%	49.85	46.5%
Operating Income (to Net Sales)	6.51 (2.3%)	5.98 (2.3%)	91.9% (±0.p)	15.0 (2.4%)	39.9%
Ordinary Income	6.51	6.01	92.3%	14.95	40.2%
Net Income attributable to shareholders of the parent company	3.80	4.00	105.1%	9.7	41.3%



Financial Results by Business Segment

Net Sales

Operating Income

■ Mobile-phone Business
■ Enterprise Solution Business
■ Settlement Service & Other Business

(billion yen)

287.3

284.9

256.3

5.86

6.51

5.98

42.7
[14.9%]
13.2
[4.6%]
231.3
[80.5%]

37.0
[13.0%]
13.5
[4.7%]
234.4
[82.3%]

32.1
[12.6%]
10.4
[4.1%]
213.7
[83.3%]

0.25
[4.3%]
1.28
[21.9%]
4.33
[73.8%]

0.69
[10.7%]
1.37
[21.2%]
4.43
[68.1%]

0.69
[11.6%]
0.82
[13.8%]
4.46
[74.6%]

15/3 1H

16/3 1H

17/3 1H

15/3 1H

16/3 1H

17/3 1H

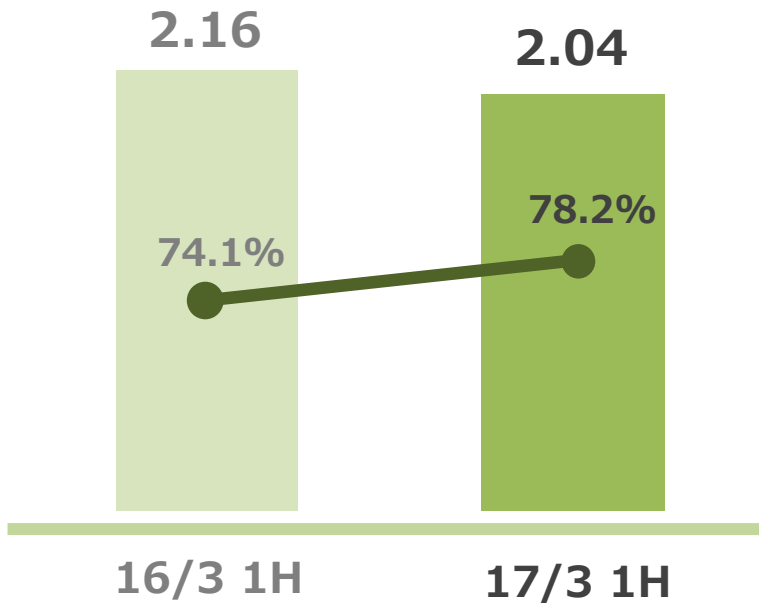


Company-wide Unit Sales

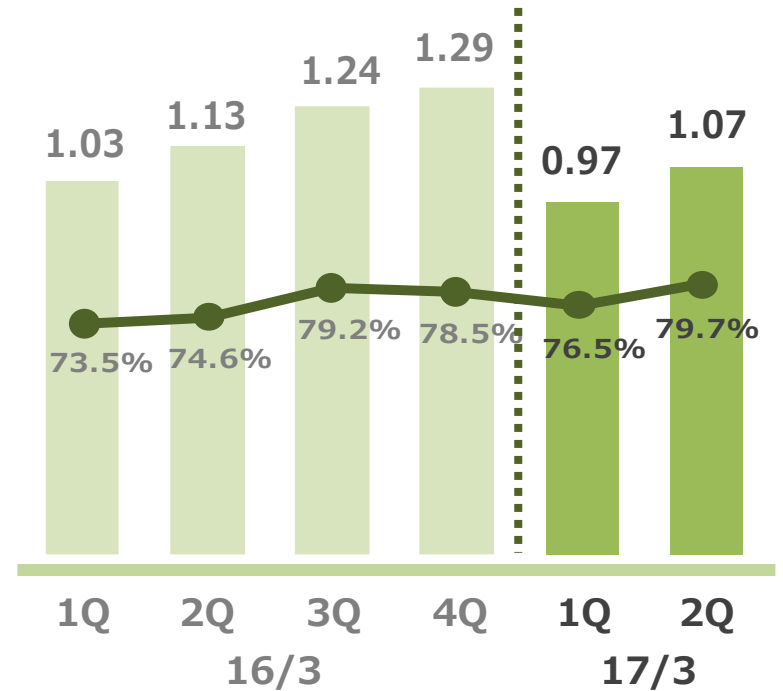
Mobile-phone Unit Sales

Unit Sales Ratio of Smartphones & Tablets to Unit Sales

(million units)



Unit Sales on Quarterly basis



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

※ Including Wi-Fi models & MVNO-related Products

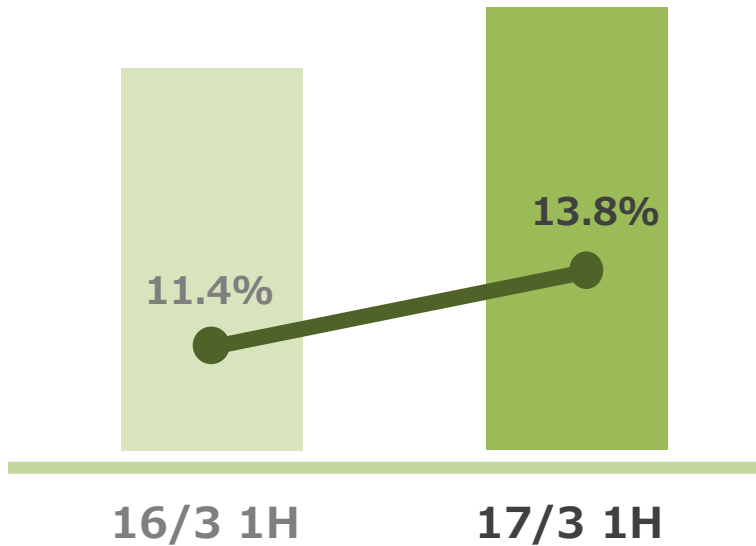


Tablet Unit Sales & Net Sales of Related Products

Tablet Unit Sales

■ Unit Sales ● Ratio of Tablets to Unit Sales

Both Unit Sales & 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 >

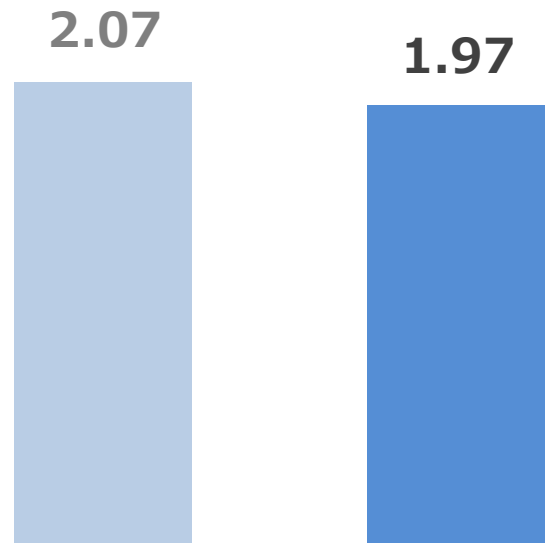




Mobile-phone Business

Mobile-phone Unit Sales

(million units)

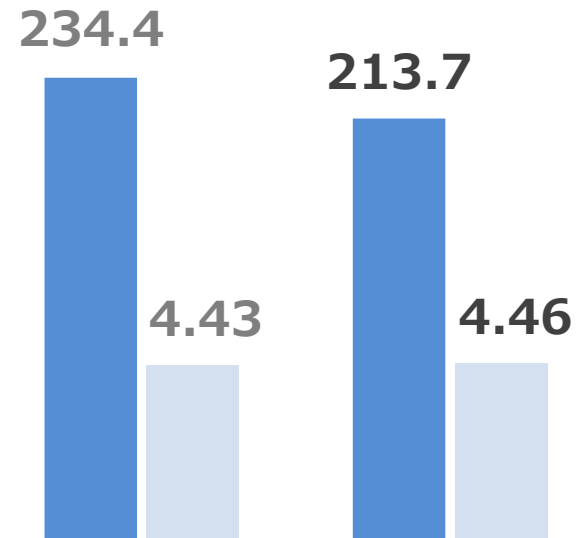


16/3 1H

17/3 1H

Financial Results Comparison

■ Net Sales ■ Operating Income
(billion yen)



16/3 1H

17/3 1H

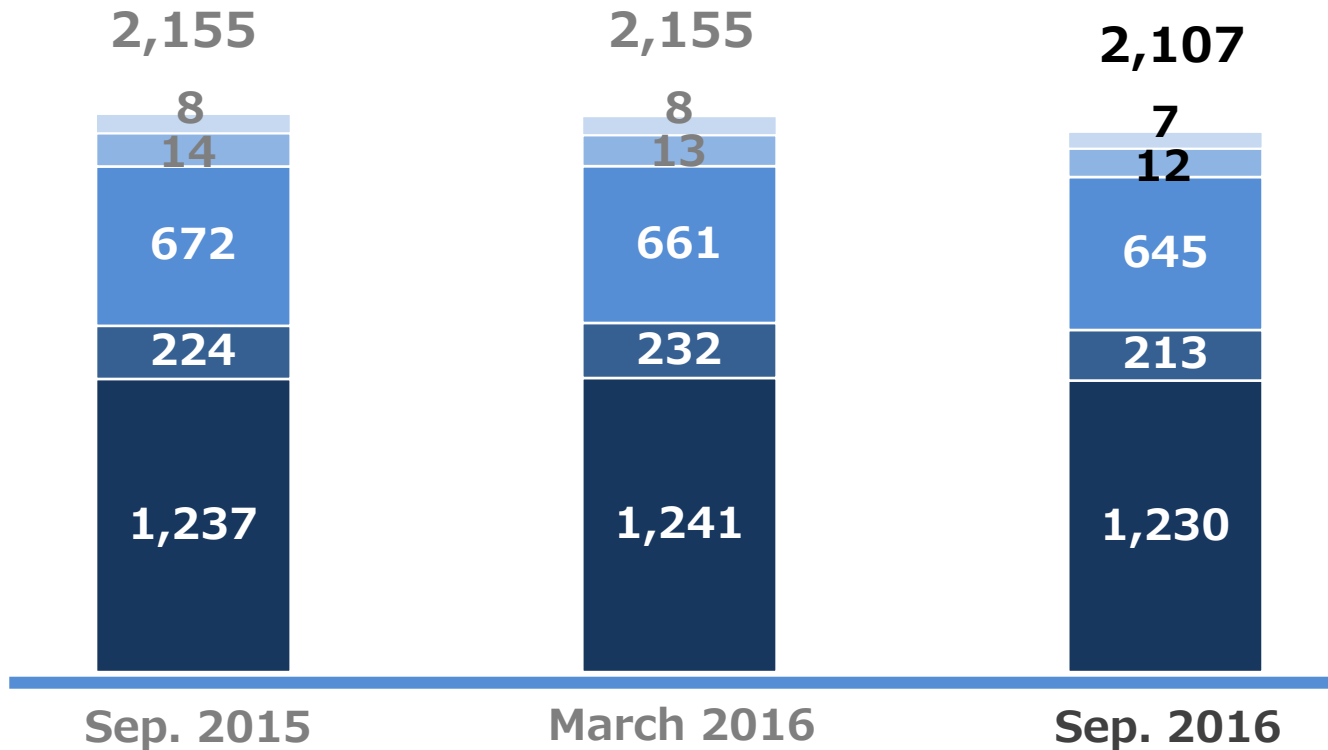
Profitability Increased by Improving Added-value Proposal Capabilities



Total No. of Sales Bases for Mobile-phones

Change of Total No. of Sales Bases

- Carrier Shop
- Multi-carrier Shop
- Large Retail Store & GMS
- Accessor Shop (including EC site)
- China Unicom Shop (included in Settlement Service & Other Business Segment)





Strategic Investment ①

au Shop Nagayo

(in Nagasaki Pref.)

July 27: Opened Large-scale Carrier Shop



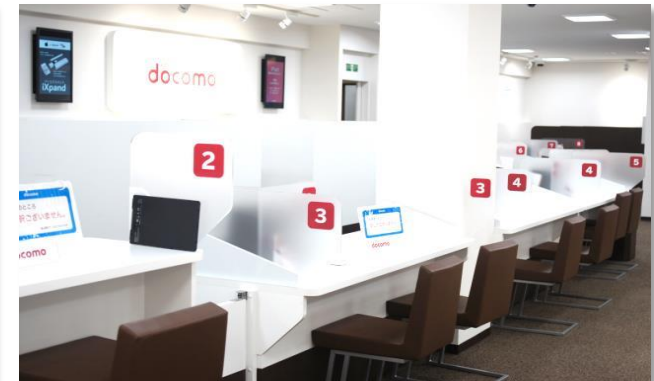


Strategic Investment ②

docomo Shop Ebina Nishiguchi

(In Kanagawa Pref.)

July 29: Opened one of the Largest Carrier Shops in Kanagawa Pref.





Enter into MVNO Business

Opened Rakuten Mobile Shops



New Shop Info.

- July 21
Opened Ikebukuro Sunshine Dori Shop
- August 4
Opened Hiroshima Yume Town Shop
- August 19
Opened Shinshizuoka Ekimae
- ⋮
Another and yet another

Get ahead of Change of the Business Environment
and Develop New Market



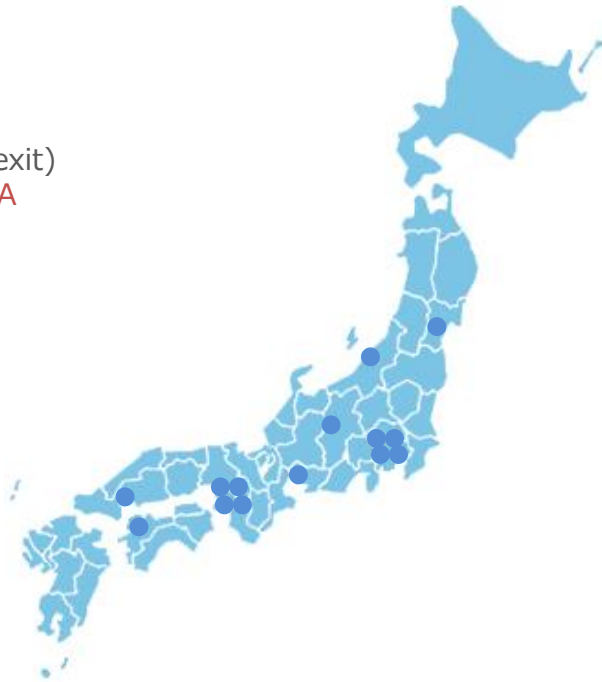
Accessory Shops

Smart Labo

New
Coming Soon

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

(As of October 31, 2016 & Excluding EC site)



“Smart Labo Online”



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



Sakae Chika

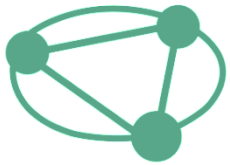


Ikeburoko Sunshine City ALPA



Kitasenju Marui

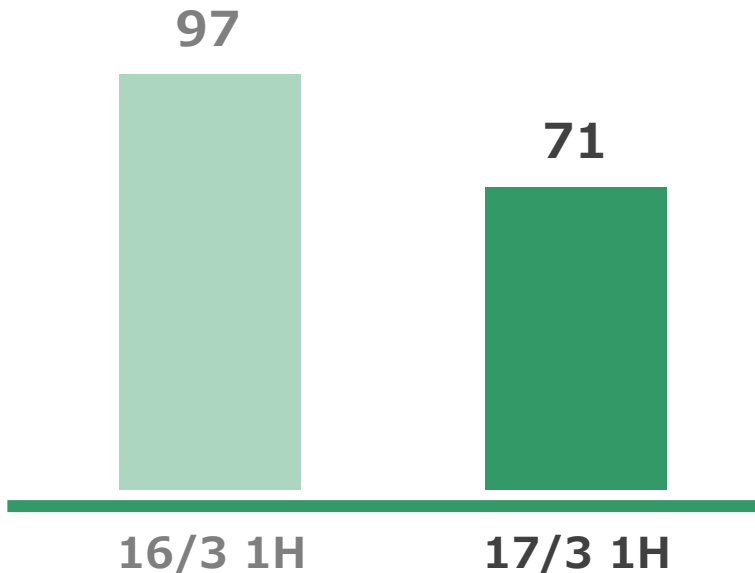
(Shop Image)



Enterprise Solution Business

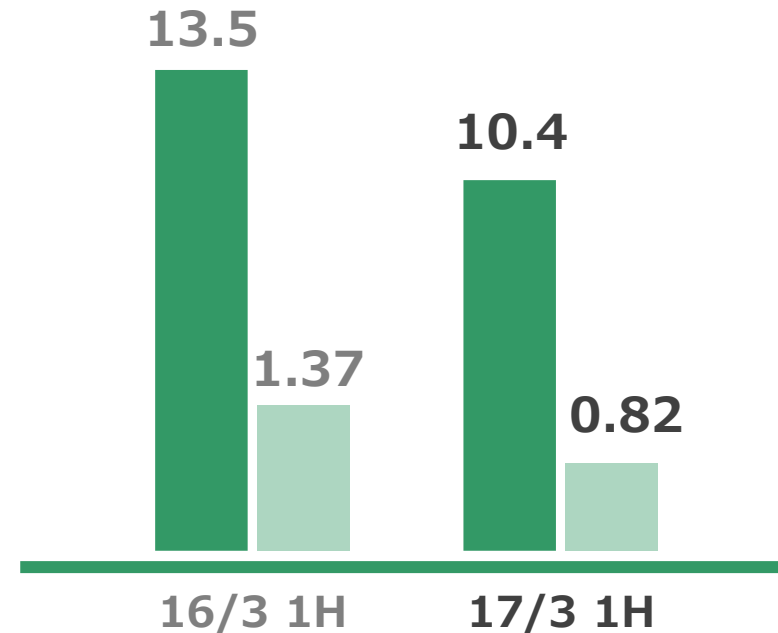
Mobile-phone Unit Sales

(thousand units)



Financial Results Comparison

■ Net Sales (billion yen) ■ Operating Income (billion yen)



- Operating Income decreased as FLETS (Optical fibers) transitioned to a wholesale model, with the business model entering into transformation
- Implemented strategic investment for future growth

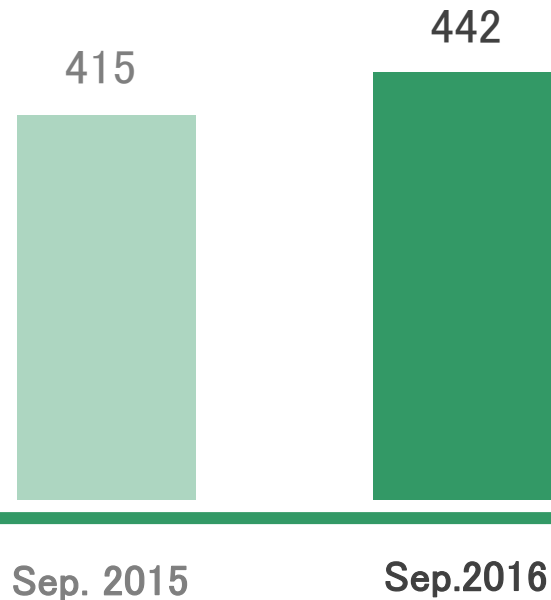


Enterprise Solution Business: Business based on Stock-type Commissions

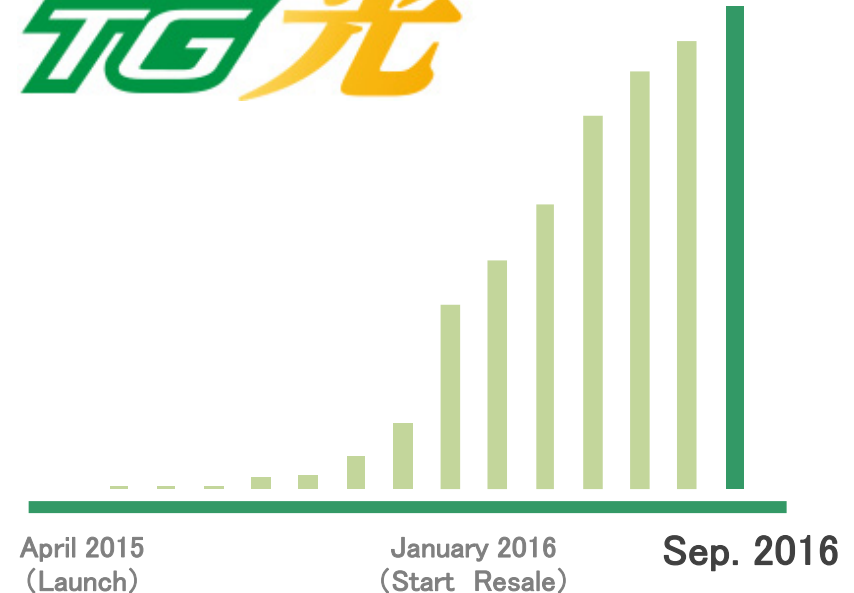
14

Total No. of ID Subscribing
movino star Service

(thousand ID)



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



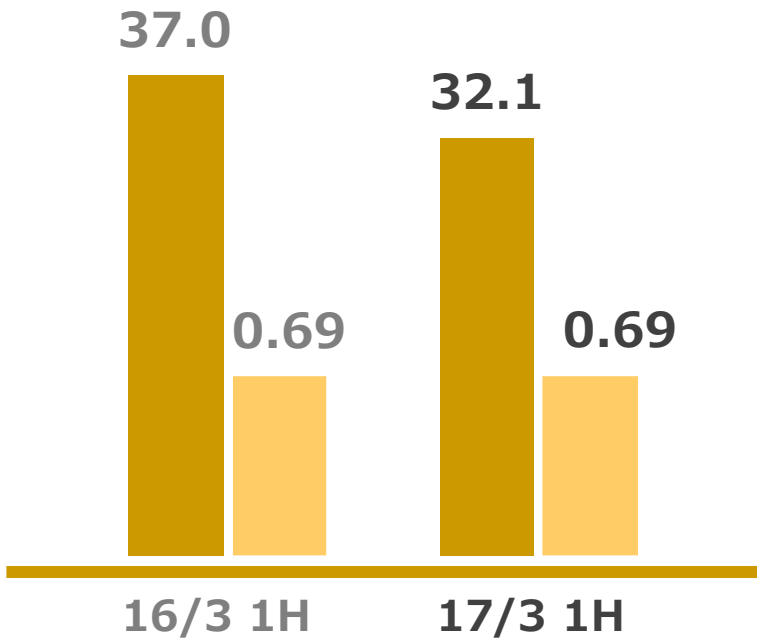
Increasing Stock-type Commissions



Settlement Service & Other Business

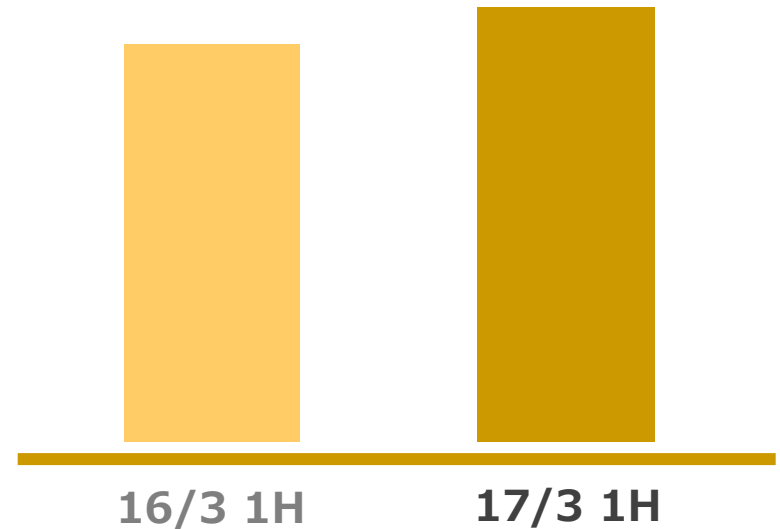
Financial Results Comparison

■ Net Sales ■ Operating Income
(billion yen)



Gross Sales of PIN & Gift Cards

Increased Approx. 7.6%
due to expansion of Gift Card sales



Sale of Gift Card Increased

※ Gross Sales: Total amount of face value

Settlement Service & Other Business

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

Approx.
54,600



Sep. 2015

Approx.
56,800



Sep. 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.

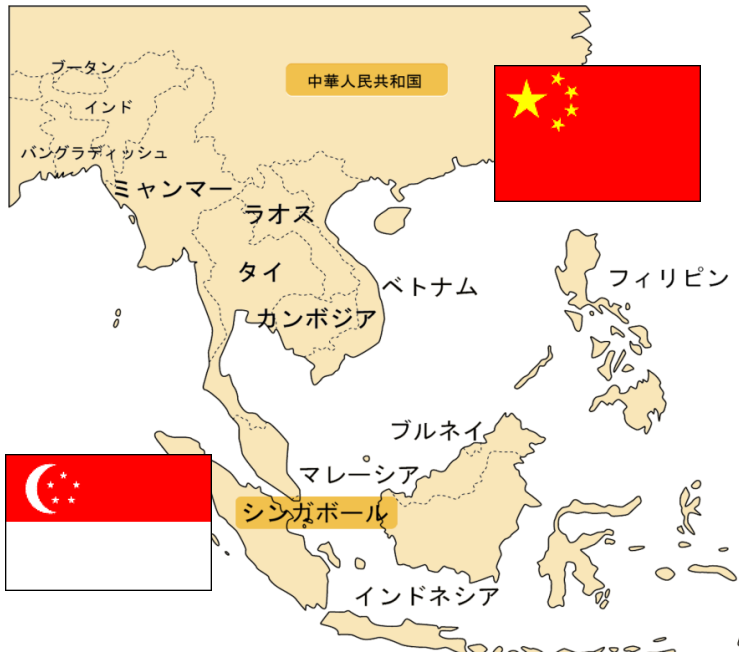
※BitCash is a registered trademark of BitCash Inc.



Settlement Service & Other Business: 17

Overseas Business

Settlement Service in Singapore

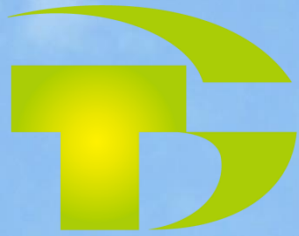


- Expanding sales of Gift Cards mainly in large convenience stores
- Gross Sales increased on a year-on-year basis
- Started research to consider expansion of Gift Card Business in South-eastern Asia

Mobile-phone Business in China (Shanghai)

- Operating Seven China Unicom Shops





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

A stylized logo for T-Gaia, featuring a large, bold letter 'T' in a light green color. A curved, crescent-like shape in a darker green color arches over the top of the 'T', resembling a stylized 'G' or a protective shield. The overall design is modern and clean.

**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.



Change of Mobile-phone Sales Market accompanied with revision to Telecommunication Business Law (TBL)

20

Maintenance of Consumer Protection Rules based on revised TBL

- ✓ Duty to provide documents
- ✓ Prohibition of misrepresentation
- ✓ Introduction of rule on initial cancellation of contracts
- ✓ Strengthening of supervision of mobile-phone distributors

Guideline on proper subsidization for purchasing smartphones

- ✓ Prohibition of sales of so-called “zero-priced smartphones”



Mobile-phone Sales Business is shifting from “Price-sensitive Sales Method” to “Added-value Proposal Capabilities”



Mobile-phone 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

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

22

(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 Sales Unit (million units)	4.69	4.54	▲0.15	96.8%

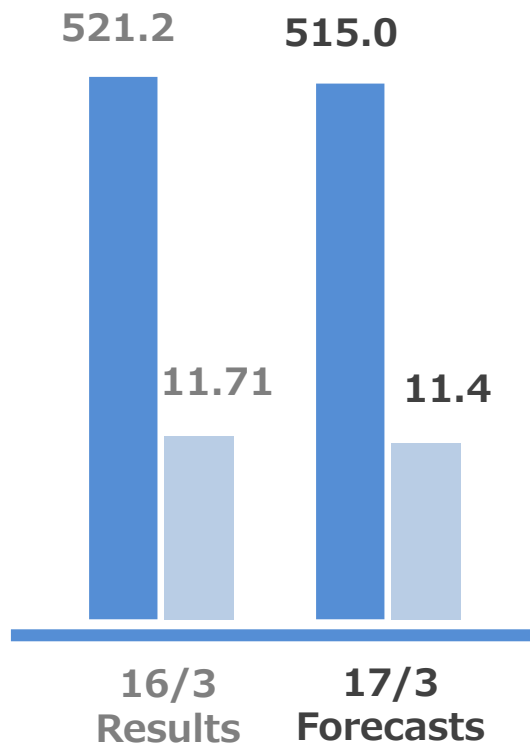
※Revisions to the Consolidated Forecasts announced as of May 13, 2016: None



Consolidated Forecasts for FY ending March 2017 by Business Segment

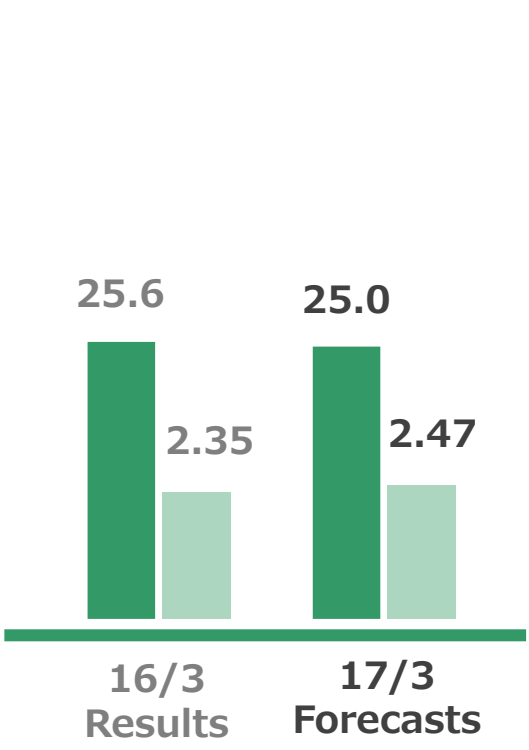
Net Sales Operating Income (Unit: billion yen)

Mobile-phone Business



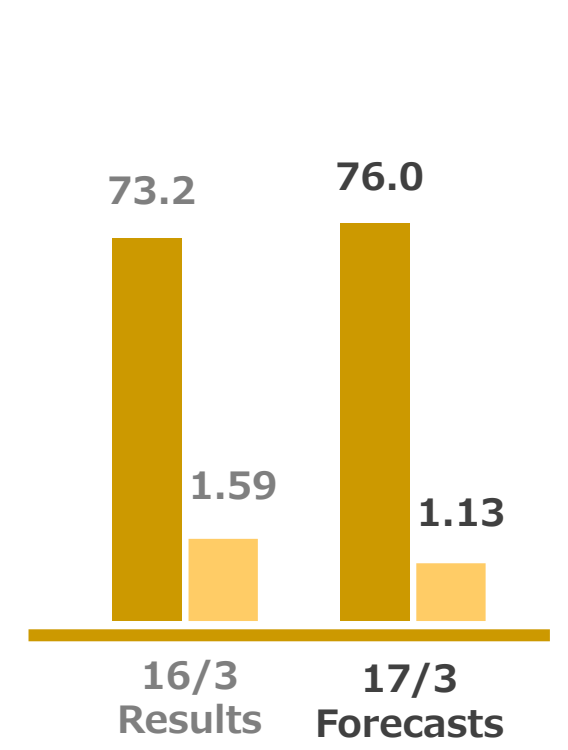
Unit Sales Forecasts
4.36 million units

Enterprise Solution Business



Unit Sales Forecasts
0.176 million units

Settlement Service & Other Business



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



Future Action Plan in respective Business Segments

Mobile-phone 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

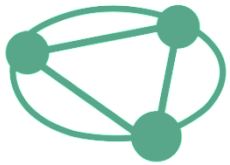
- Broaden both product lineups & sales channel based on the growing demand for Gift Cards to expand sales
- Consider expansion of Gift Card Business in south-eastern Asia



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

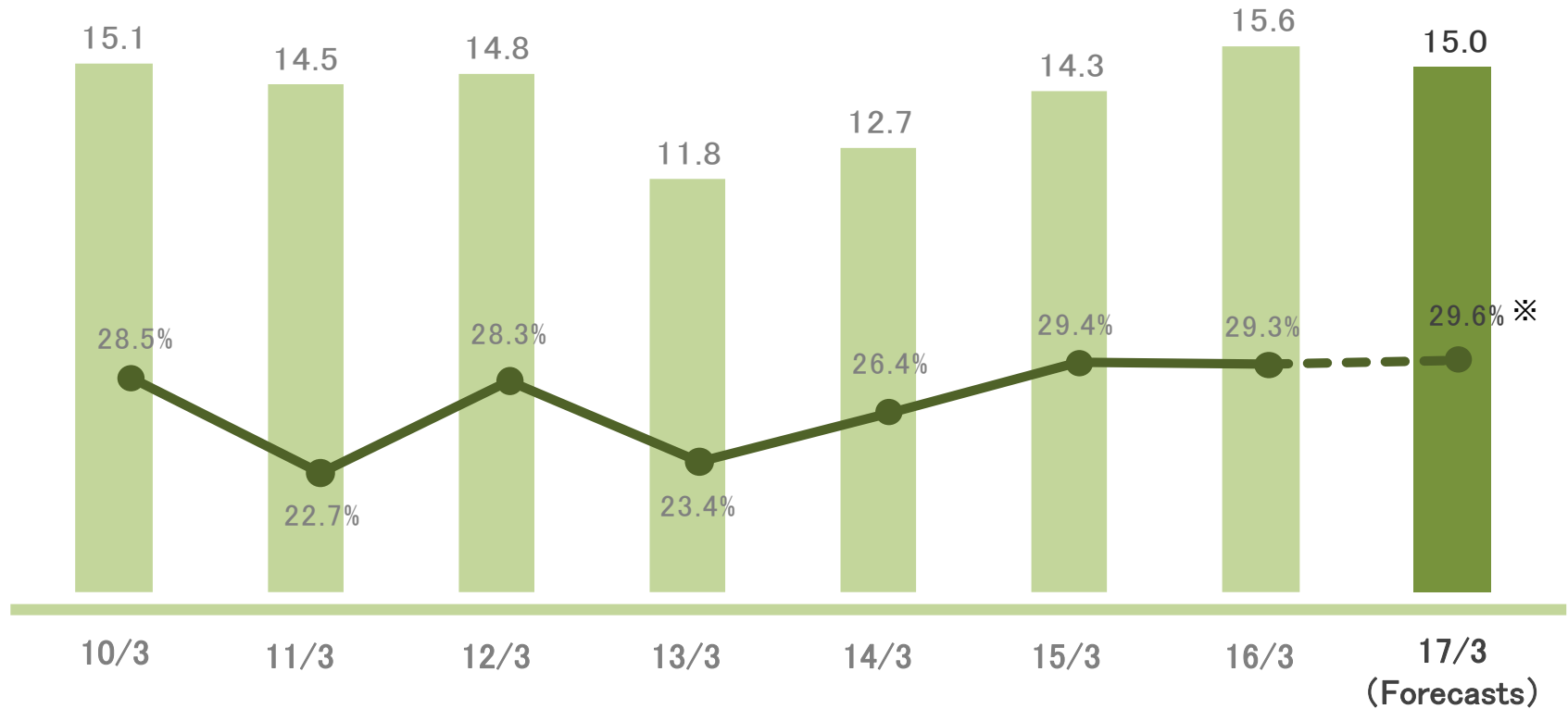


Promoting Enterprise Solution Business for Specific Industry



Transition of ROE & Operating Income

■ Operating Income ● ROE (Return on Equity)
(billion yen)



Maintain 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)

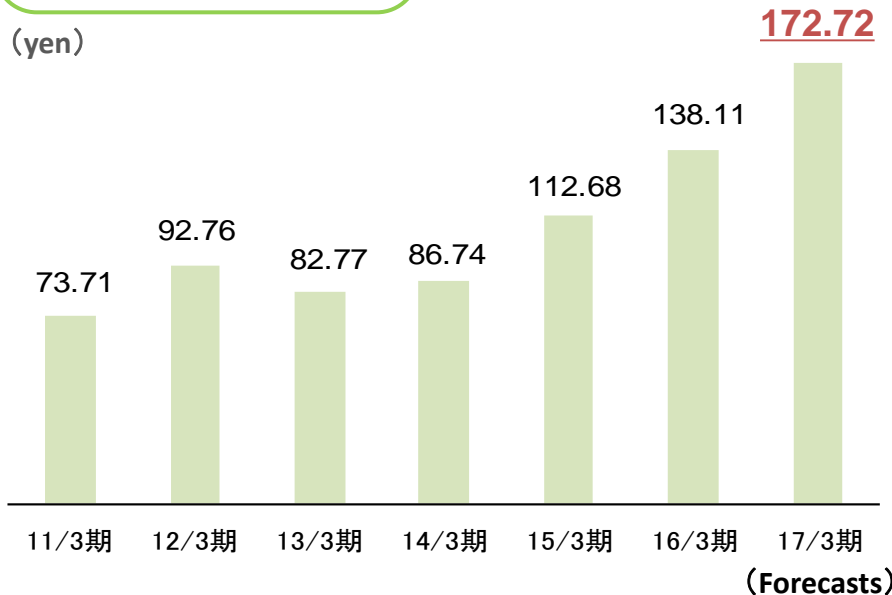
Forecast Dividend Increase of 9 yen / share (Dividend increase for third consecutive year)

Basic Dividend Policy

Targeting & Maintaining Dividend Payout Ratio over 30% Level

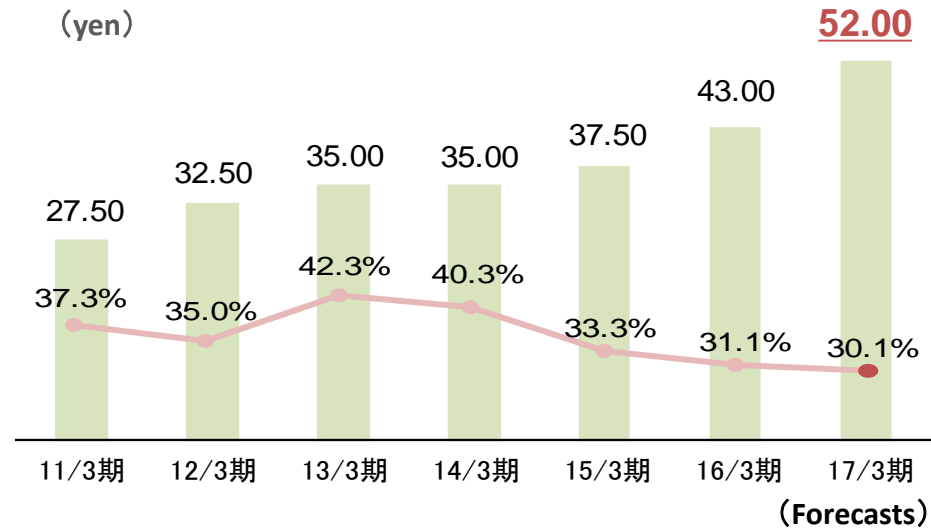
Net Income per share

(yen)



Dividend per share & payout ratio

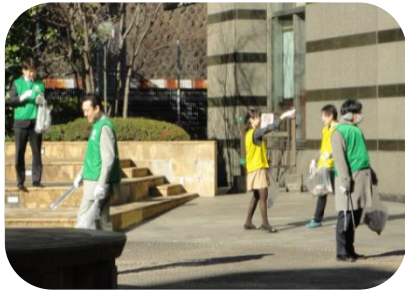
Dividend per share (yen) Payout ratio (%)



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



- Establishment : Dec. 15, 2014
- Location : 4-4-7, Ebisu, Shibuya-ku, Tokyo
- Chairman : Tetsuro Takeoka (Corporate Adviser of T-Gaia Corp.)

131 Companies with Membership &
Approx. 83% of Carrier Shops have already joined

※As of Oct. 20, 2016

TOPICS

“Reliable Carrier Shop Recognition System” will start from January 2017



Certificate of Reliable Carrier Shop

- 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.