



Consolidated 1Q Financial Results for FY ending March 2018

(Three months ended June 30, 2017)

August 1, 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 1Q Financial Results for FY ending March 2018



Summary of Consolidated 1Q Financial Results

(Unit : billion yen)	2017/3 1Q	2018/3 1Q	y/y Change	2018/3 Full-year Forecasts	Achievement Ratio
Net Sales	123.06	122.52	99.6%	565.0	21.7%
Gross Margin (to Net Sales)	14.15 (11.5%)	14.45 (11.8%)	102.2% (+0.3 p)	65.6 (11.6%)	22.0%
SGA Expenses	11.49	11.96	104.1%	50.4	23.7%
Operating Income (to Net Sales)	2.65 (2.2%)	2.49 (2.0%)	93.7% (▲0.2 p)	15.2 (2.7%)	16.4%
Ordinary Income	2.68	2.51	93.7%	15.2	16.5%
Net Income attributable to shareholders of the parent company	1.81	1.57	86.8%	10.15	15.6%
Unit Sales (million units)	0.97	1.02	105.4%	4.62	22.2%



1Q Financial Results by Business Segment

Net Sales

Mobile
Telecom
Business

Enterprise
Solution
Business

Settlement Service
& Other Business

(billion yen)

[composition ratio]

135.9

123.0

122.5

3.06

2.65

2.49

19.2
[14.1%]
7.7
[5.7%]
108.9
[80.2%]

15.9
[13.0%]
5.6
[4.1%]
102.0
[82.9%]

14.0
[11.4%]
5.6
[4.6%]
102.8
[84.0%]

0.3
[10.1%]
0.86
[28.4%]
1.88
[61.5%]

0.34
[12.9%]
0.37
[14.0%]
1.94
[73.1%]

0.42
[17.0%]
0.42
[17.1%]
1.64
[65.9%]

2016/3 1Q

2017/3 1Q

2018/3 1Q

2016/3 1Q

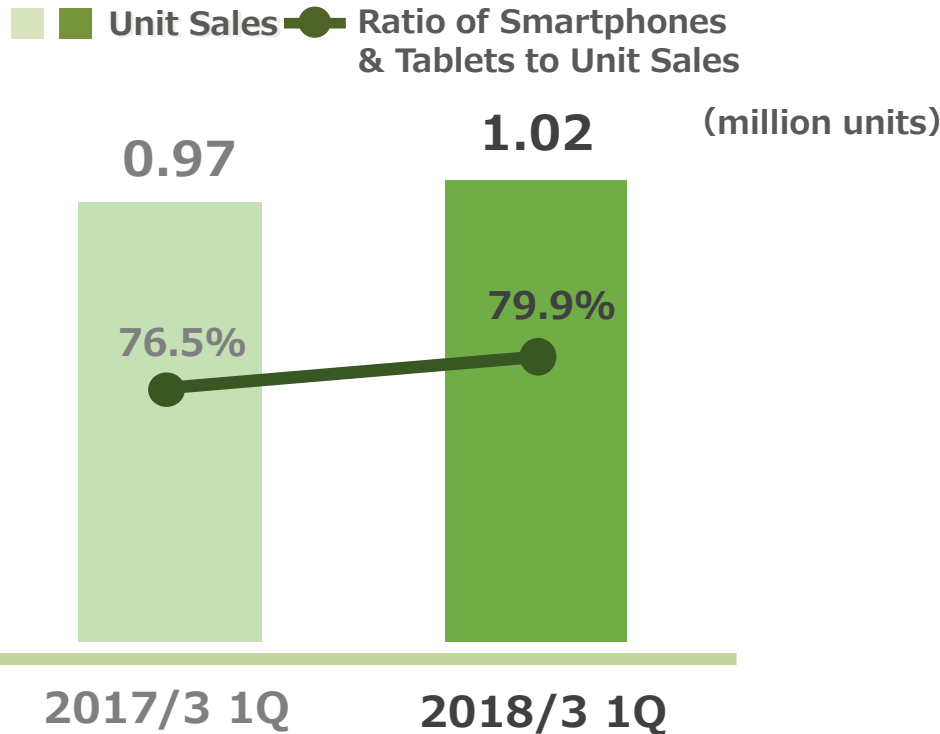
2017/3 1Q

2018/3 1Q

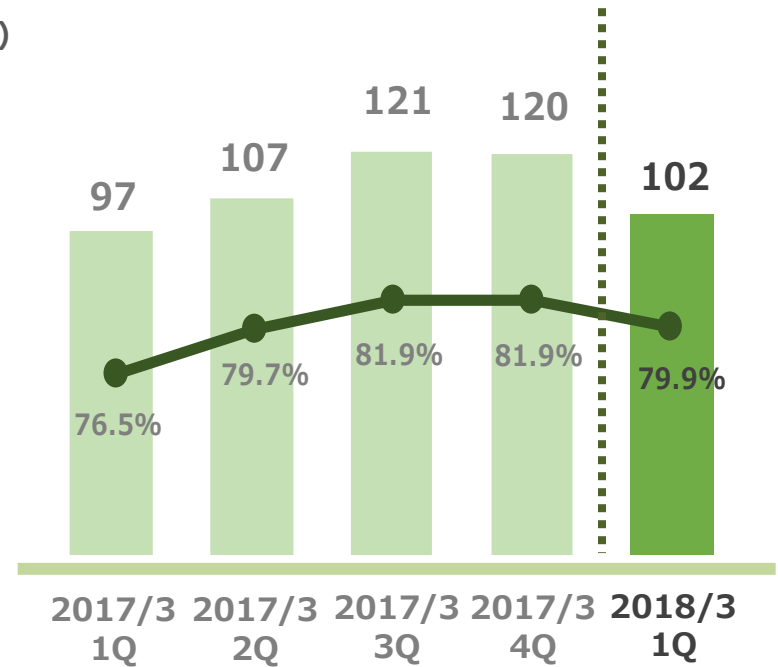


1Q Company-wide Unit Sales

Mobile-phone & Tablet Unit Sales



Unit Sales on a Quarterly Basis



Both Unit Sales and Ratio of Smartphones /Tablets Increased on a year-on-year basis due to Promotion for Mobile-phone Upgrade, etc.

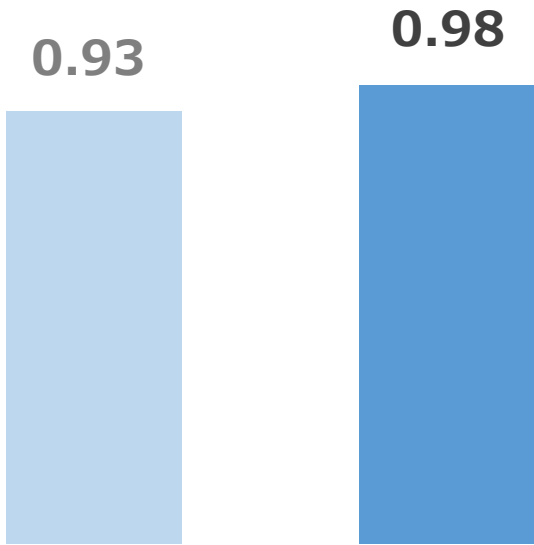
※ Including Wi-Fi models & MVNO related products



1Q Financial Results of Mobile Telecommunication Business Segment

Mobile-phone Unit Sales

(million units)

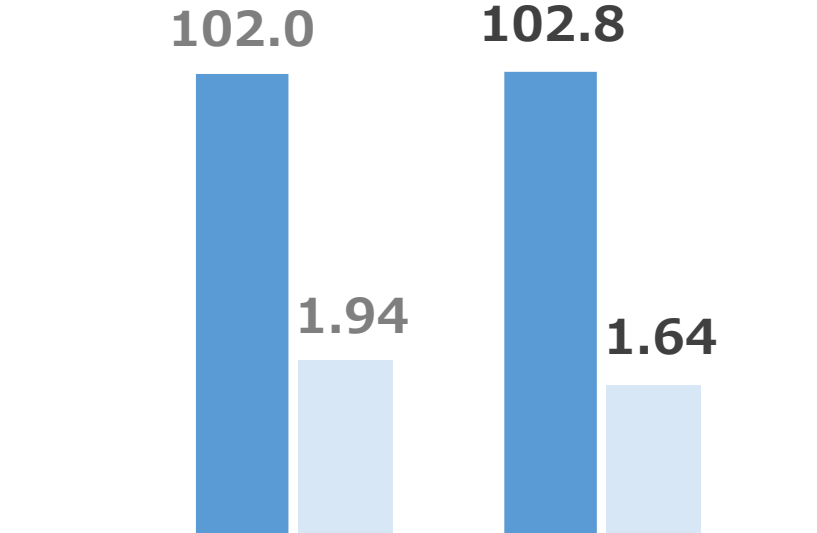


2017/3 1Q

2018/3 1Q

Financial Results Comparison

■ Net Sales ■ Operating Income
(billion yen)



2017/3 1Q

2018/3 1Q

- Net Income Increased accompanied by Increase of Unit Sales
- Operating Income Decreased due to Upfront Investment in Shops & Human Resource

※ Including Wi-Fi models & MVNO related products

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

Change of Total No. of Sales Bases

■ Carrier Shop
 ■ Multi-carrier Shop
 ■ Large Retail Store & GMS
■ Accessory Shop ※1
 ■ China Unicom Shop ※2

2,123

7

13

657

223

1,223

June 2016

2,070

20

602

197

1,251

June 2017

No. of Carrier Shop ※(): Directly-managed shop

■ docomo
 ■ au
 ■ SB
 ■ YM
 ■ UQ
 ■ Rakuten

1,223 (274)

1,251 (306)

57(1)

460(36)

429(66)

277(171)

June 2016

12(12)

17(6)

55(2)

454(37)

427(73)

286(176)

June 2017

※1 Including EC site: Smart Llabo Online

※2 Closed as of Dec. 31, 2016

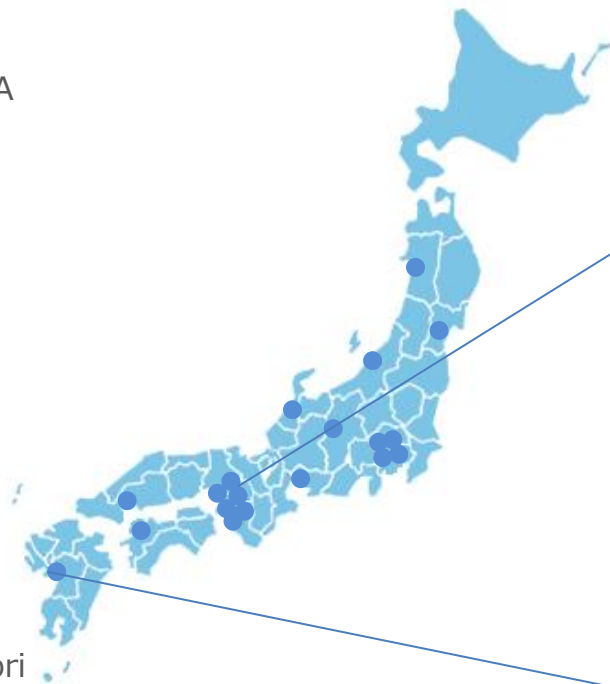


Accessory Shops for Smartphones

Smart Labo Shop List

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

(As of June 30,2017)



Rakuten Mobile × Smart Labo



COCOSA Kumamoto Shimodori

Both Smart Labo Hankyu Sanbangai & COCOSA Kumamoto Shimodori Opened on April 27, 2017

※ Opened in collaboration with Rakuten Mobile Shop



New Lineup of Smartphone Accessory

Private Brand



(3rd Season of Trip to Hawaii line)



-First Private Brand Accessory for Smart Labo-

“Étincese” Now on Sale

at all Smart Labo shops



Investment in Shops

Second-line Brand & MVNO-related Shops

- Opened on June 15, 2017



- Opened on April 21, 2017



Expand Sales Channels based on
New Customer Needs



Investment in Human Resources

Staff Education



CAREER DESIGN  ACADEMY

- Implement staff education & training among T-Gaia Group incl. partner distributors
- Provide educational program for the industries other than mobile-phone dealers such as CATV companies and banks

Increase of Permanent Employees



- Approx. 1,300 contractors became permanent employees as of Apr.2017
- Improve benefits for sales staff
- Increase the headcount at existing carrier shops

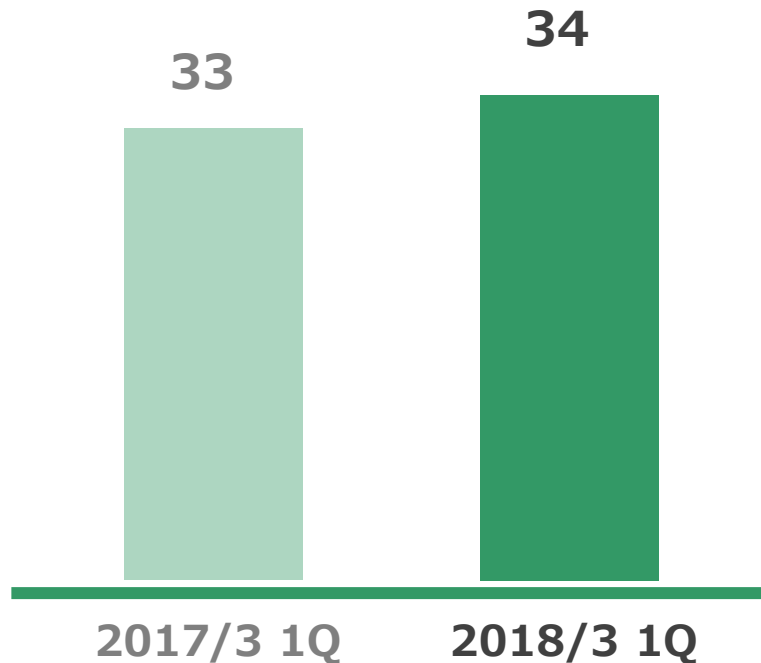
Upfront Investment in Human Resource



1Q Financial Results of Enterprise Solution Business Segment

Mobile-phone Unit Sales

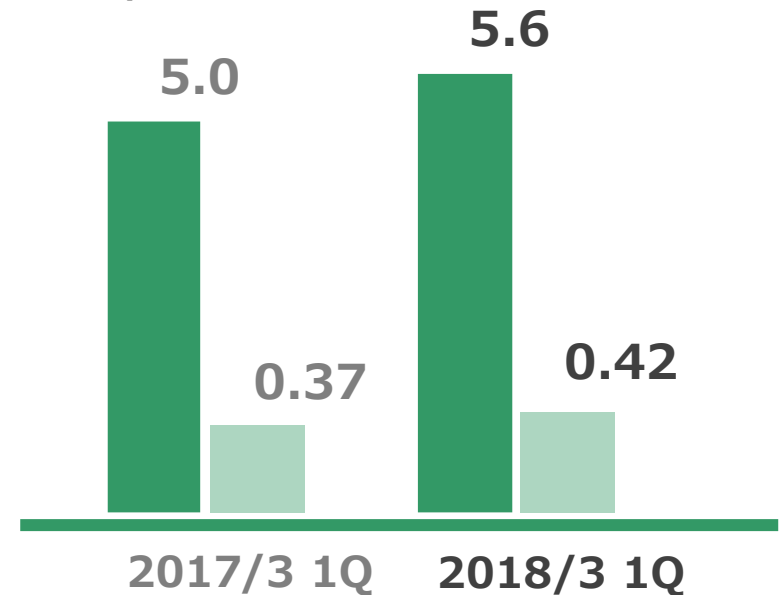
(thousand units)



Financial Results Comparison

■ Net Sales ■ Operating Income

(billion yen)



Mobile Solution Service for Corporate Clients Contributed to Increase of Net Sales & Operating Income

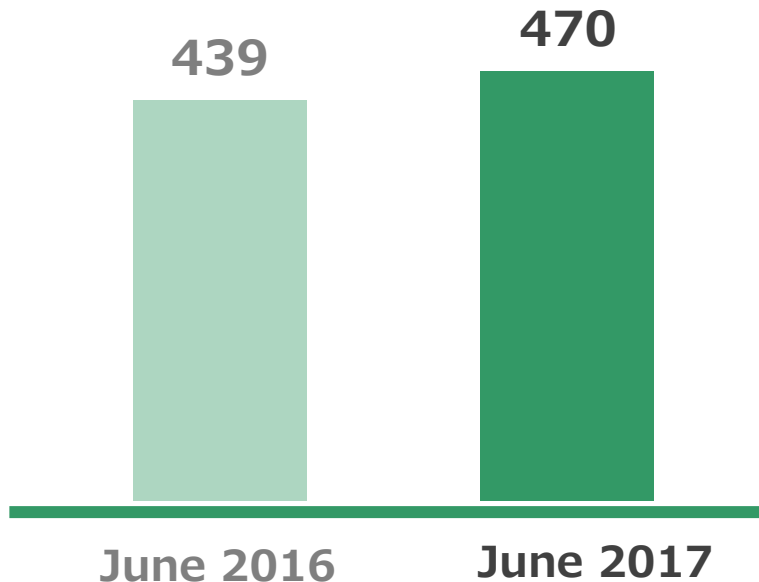
※ Including Wi-Fi models& MVNO-related products



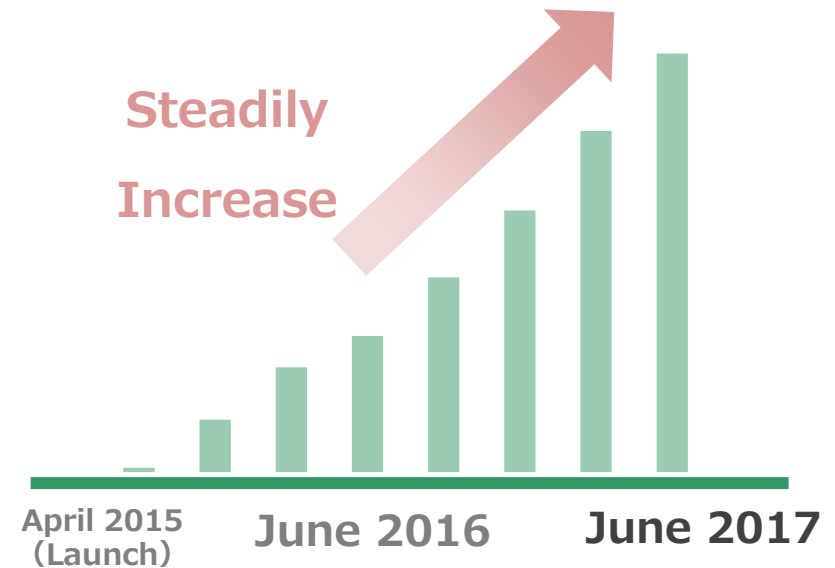
Enterprise Solution Business: 14 Based on Cumulative Commissions

Total No. of ID Subscribing
movino star Service

(thousand ID)



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



The Earnings from Cumulative Commissions is
Increasing Steadily




Strengthening of Solution Service

Help Desk / Security Desk

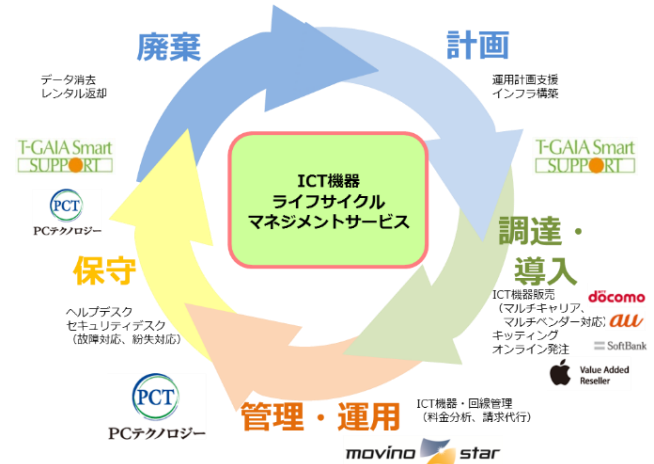


- Expand help desk service for ICT Device through investment in PC TECHNOLOGY (Transfer T-Gaia’s help desk function to PCT)
- Strengthen the sales of help desk service for educational institutions by combining the knowhow & the experience of both companies

<Outline of PC TECHNOLOGY Co., Ltd.>

Company Name : PC TECHNOLOGY Co., Ltd. 
 Establishment : May 1984
 Shareholders : Masao Noguchi 60.0%
 T-Gaia Corp. 40.0%
 Business Line : Call Center Business, IT Service Business,
 Company Support Business, Sale of ICT
 Device, Reuse Business

PCテクノロジー



Strengthen Help Desk Function



Enterprise Solution Business Intended for Specific Industry

16

Education Industry



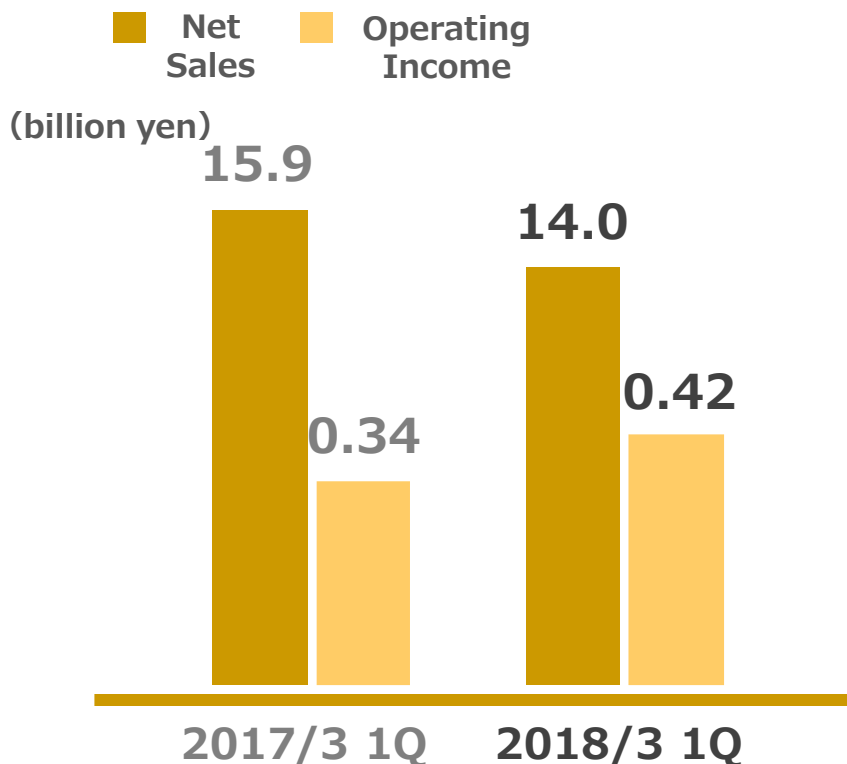
- Acquired a 40% stake in SRJ Co., Ltd. and jointly implementing sales & marketing activities with V-Growth Corp., the subsidiary of SRJ.
- Develop & Offer “Educational Solution Service” incl. tablets, communication lines, educational contents and monitoring service for more than 2,000 of cram schools.

Provision of Tablet & Solution Service

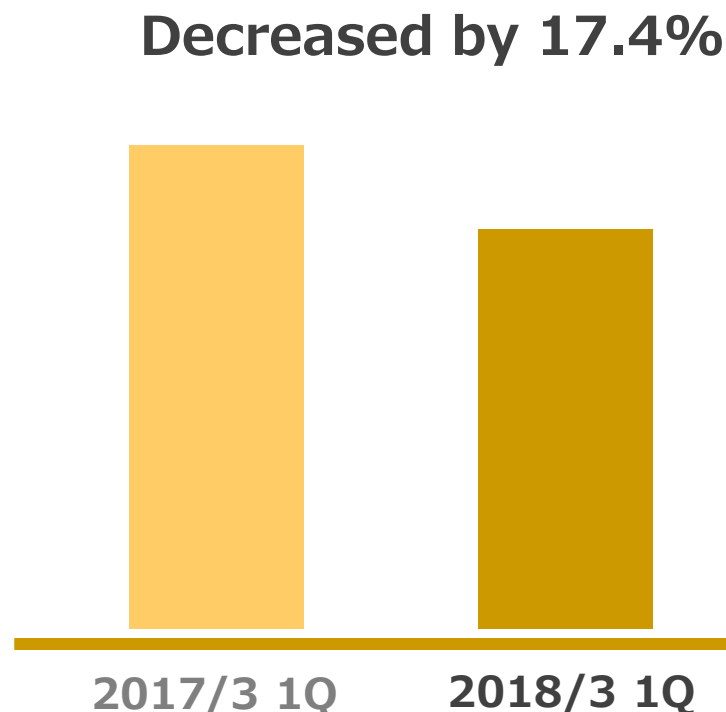
1Q Financial Results of Settlement Service & Other Business Segment

17

Financial Results Comparison



Gross Sales of PIN & Gift Cards



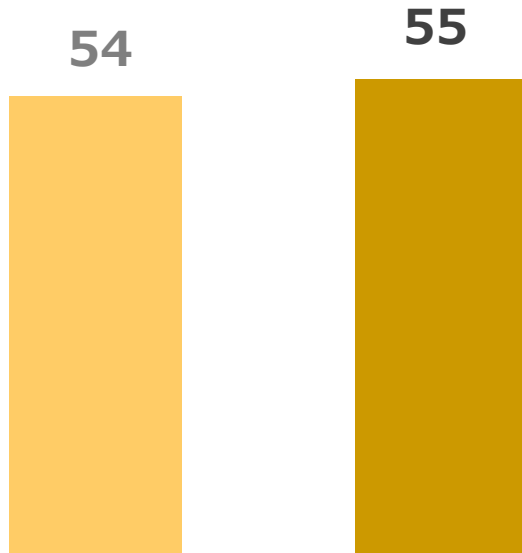
- Net Income Decreased due to the effect of the Reorganization within the Convenience Store Industry
- Improvement of profitability in Overseas Business Contributed to the Increase in the Operating Income

※ Gross Sales : Total amount of face value

Settlement Service & Other Business: Sales Channel

Total No. of Convenience Stores, etc. Dealing PIN

(thousand)

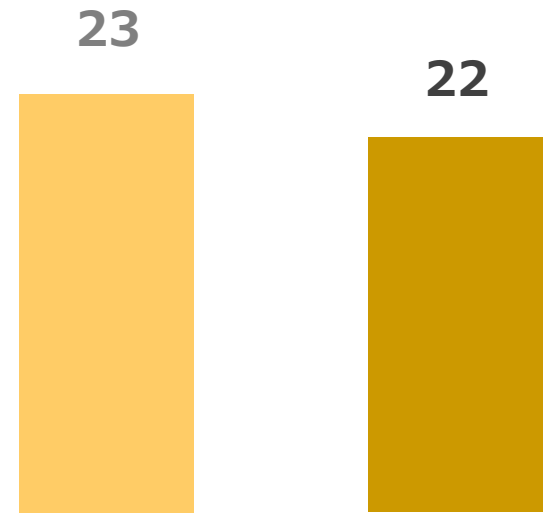


June 2016

June 2017

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

(thousand)



June 2016

June 2017

- The Number of Stores Dealing PIN Increased
- The Number of Stores Dealing Gift Card Decreased due to the Reorganization within the Convenience Store Industry

Settlement Service & Other Business₁₉

Overseas Business

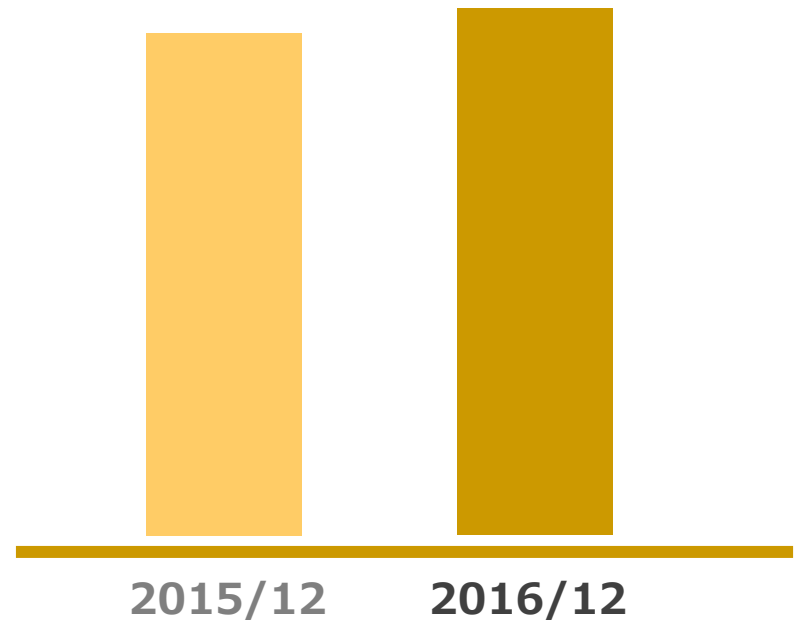
Settlement Service in Singapore



FairPrice: High class supermarket in Singapore

- Expanding sales of Gift Cards & House Cards mainly in large convenience stores & supermarkets
- Gross sales increased due to expansion of both sales channels & products

Gross Sales
Increased by
2.3%



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.



Consolidated Forecasts for FY ending March 2018

22

(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%



Main Action Plan for FY ending March 2018²³

Establishment of new revenue base

Mobile Telecommunication Business

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

Enterprise Solution Business

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

Settlement Service Business

- ✓ 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



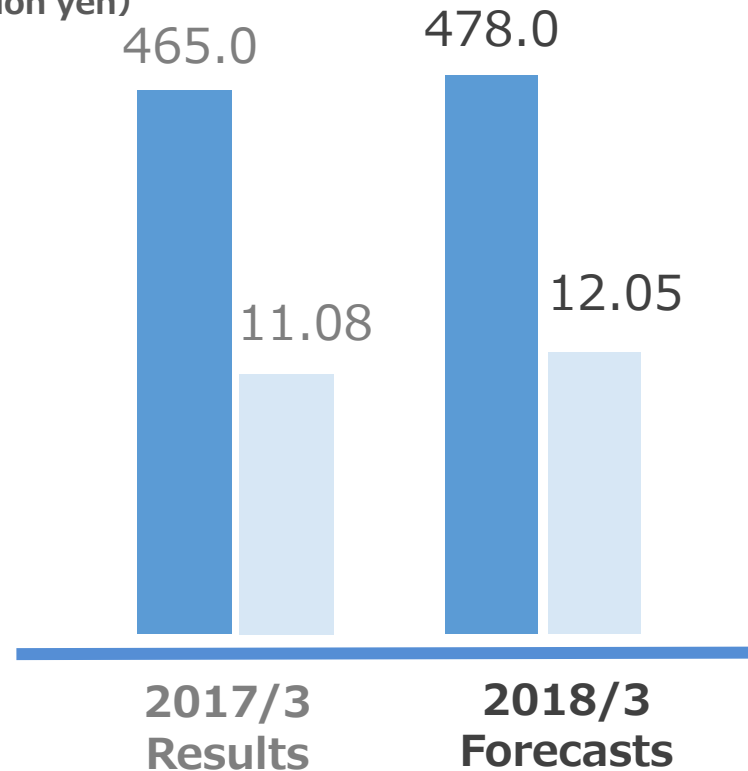
Mobile Telecommunication Business Segment Forecasts

- 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

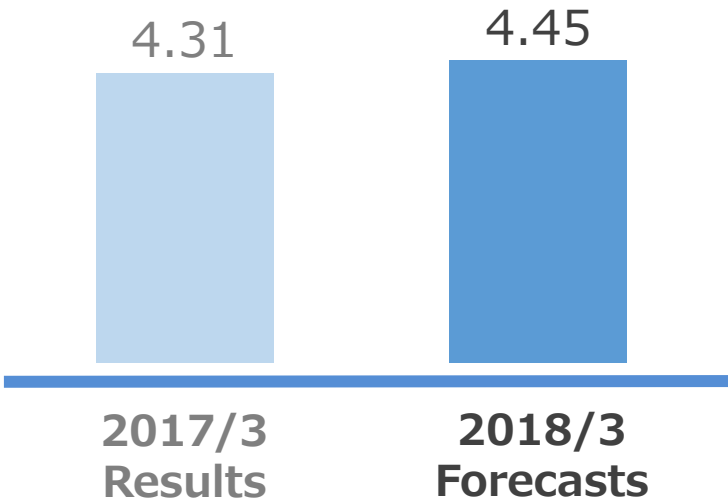
■ Net Sales ■ Operating Income

(billion yen)



Unit Sales Forecasts

(million units)



※ Including Wi-Fi models & MVNO-related products



Enterprise Solution Business Segment Forecasts

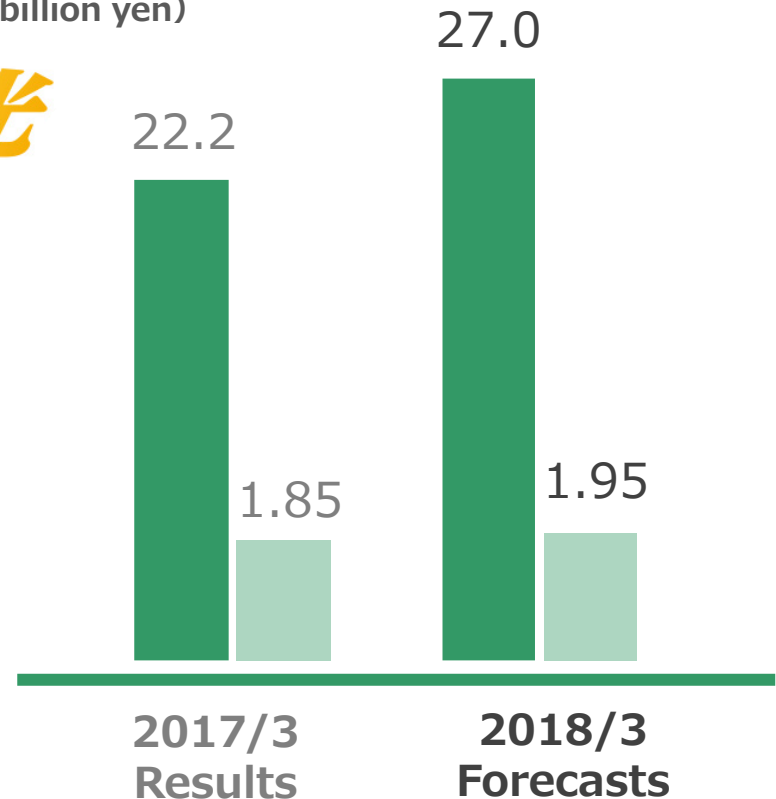
Mobile Solution Business for Corporate Clients

- 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

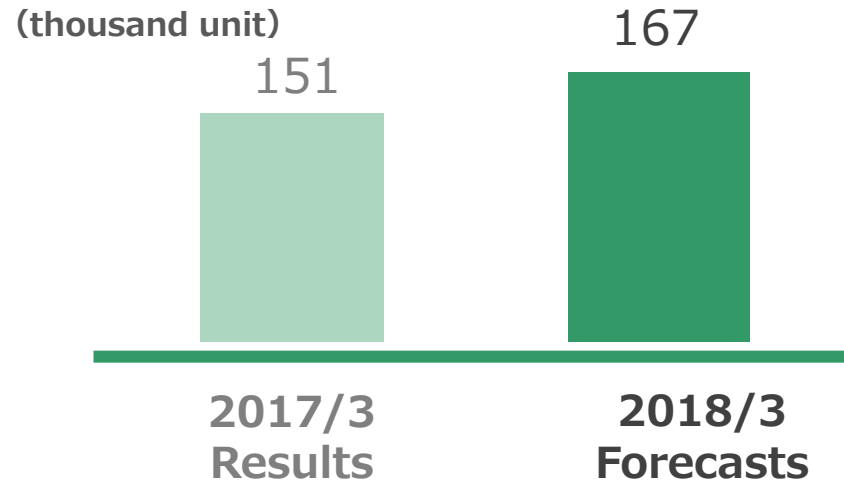
(billion yen)



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



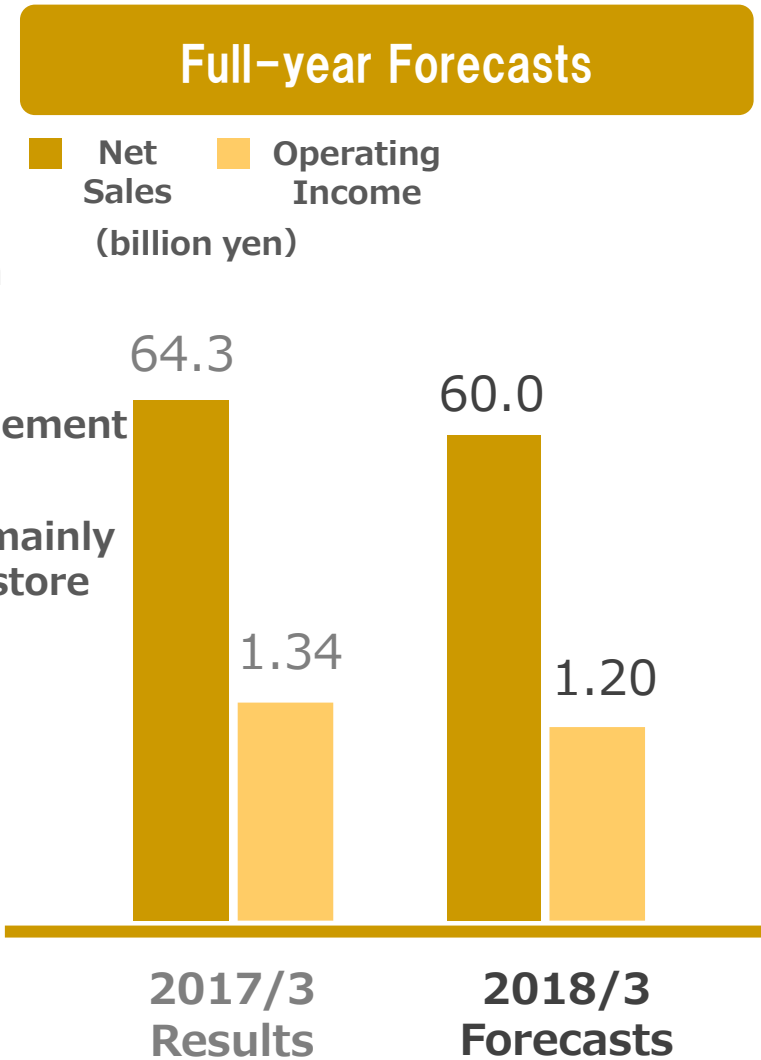
Settlement Service & Other Business Segment Forecasts

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.
- Operating income is expected to decrease mainly due to the reorganization among convenience store industry

Overseas Business

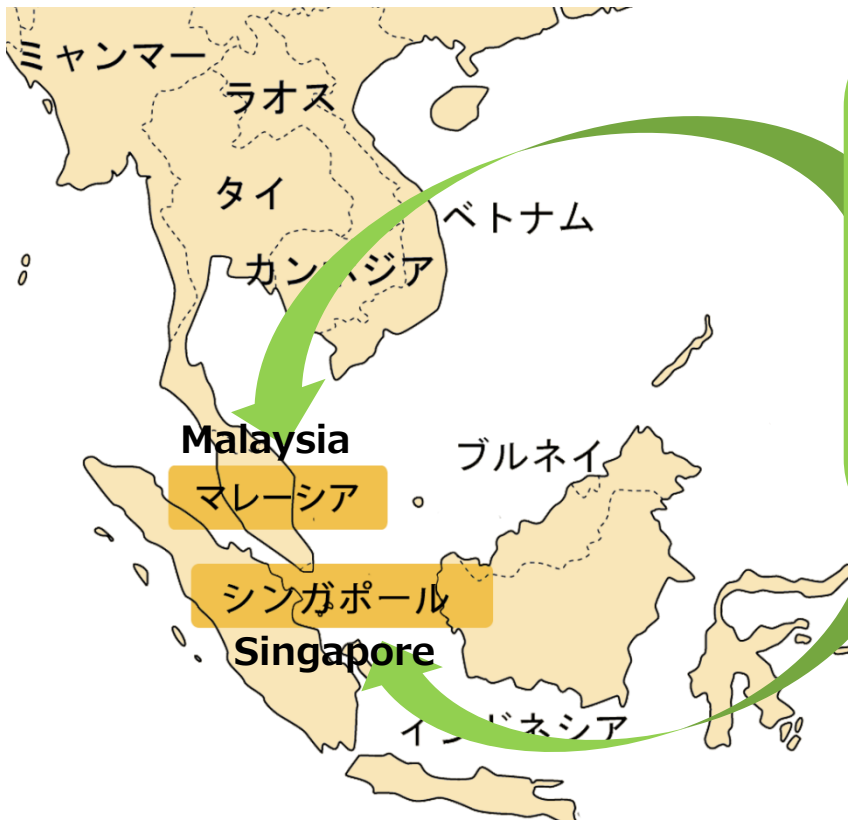
- Increase gross sales of gift cards by expanding sales channel incl. high-end supermarkets
- Start to consider expansion of gift card business in South-eastern Asia



Overseas Development of Settlement Service Business

27

Business Expansion in South-eastern Asia



valuedesign

(Equity percentage)
Company name : Valuedesign Inc.
Establishment date: July 2006 75%
Representative : Toru Onoe
Business line : House card processing business
Brand prepaid card business



T-GAIA

25%

Settlement Service Business

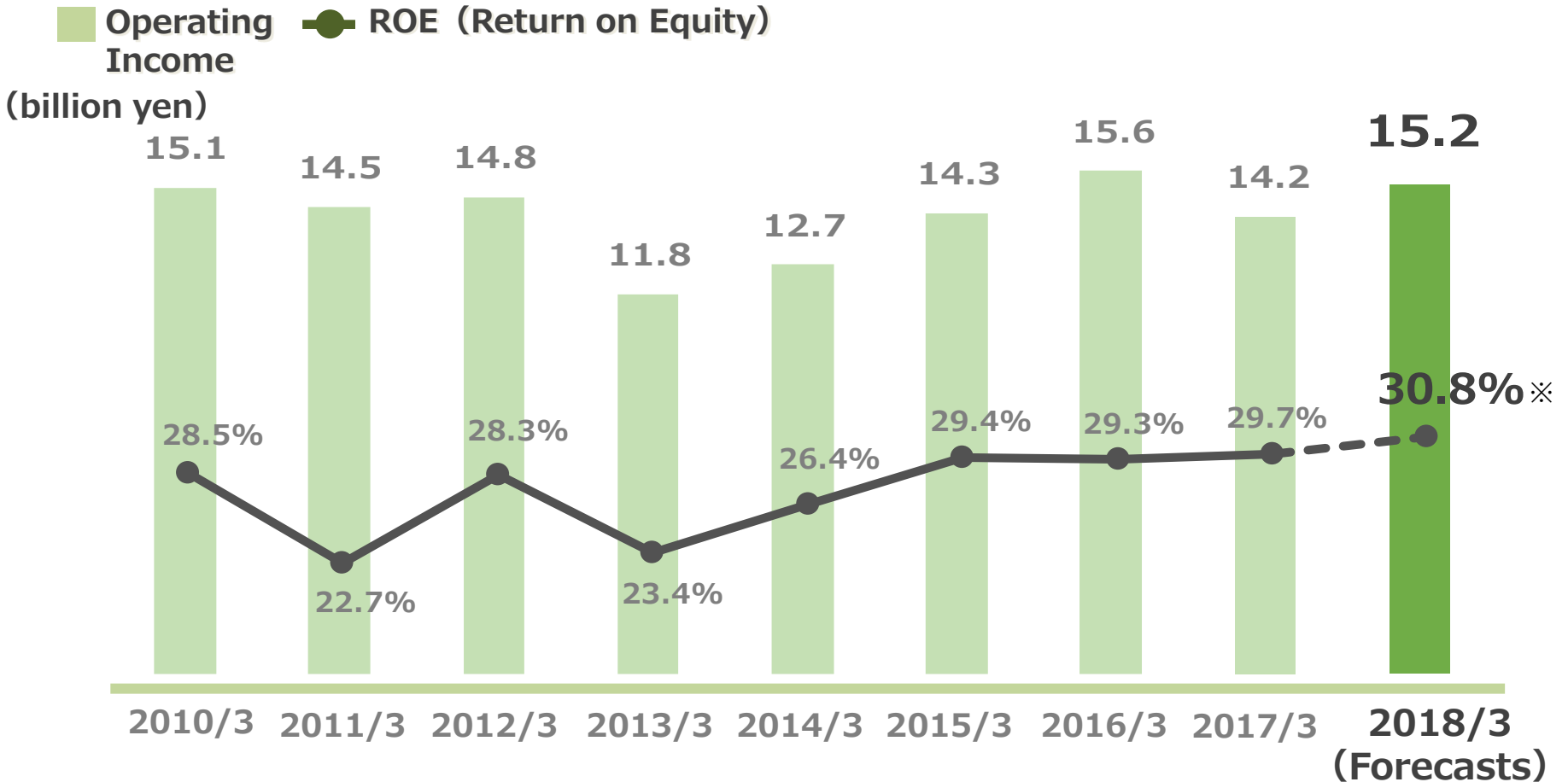
Established a joint venture entity in Malaysia with Valuedesign Inc.

Start House Card Business in South-eastern Asia

※House card processing business : Business of providing systems, etc. for the issuance or operations of customer-branded prepaid cards used by retail and food service chain stores such as convenience stores and restaurants.



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

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

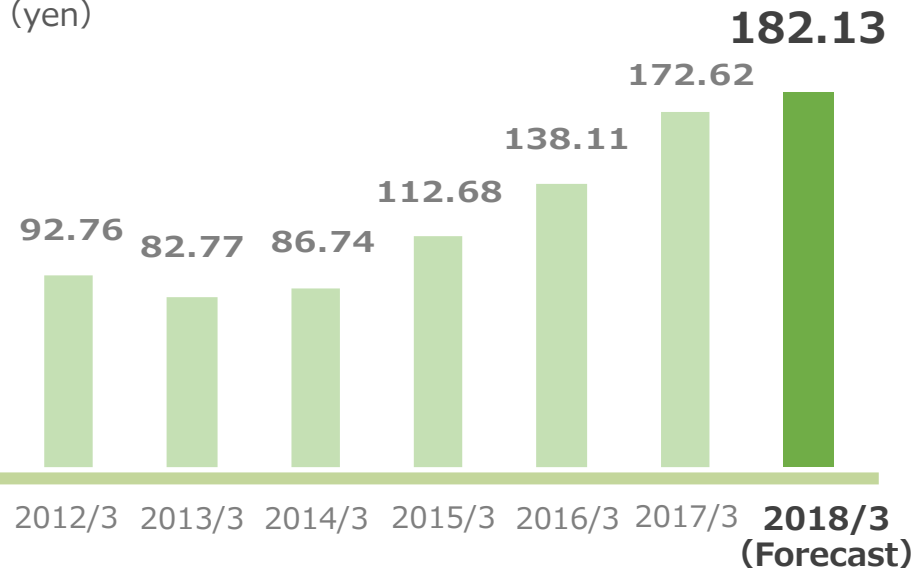
Forecast dividend increase of 3 yen/share:
Dividend increase for four consecutive year

Basic Dividend Policy

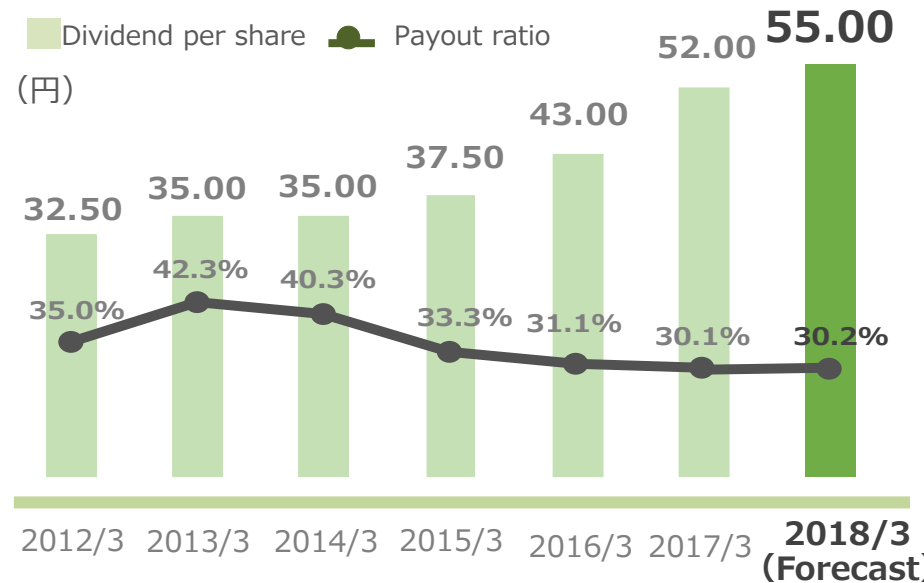
Targeting & maintaining Dividend payout ratio more than 30%

- Net Income per share

(yen)



- Dividend per share & Payout ratio





Establishment of Favorable Workplace Environment

30

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



- Promotion of variable work hours system
- Introduction of shop once-a-month holiday
- Shortening of business hours

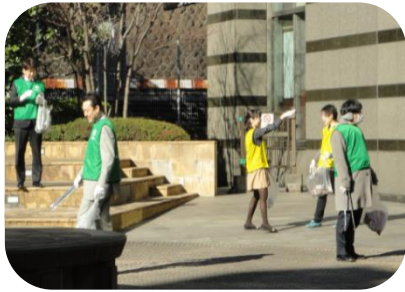
Establish favorable workplace environment & Improve ES



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】



人、音楽、自然——日本フィルのテーマです。

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】



Ms. Madoka Masumoto

- Won the Bronze medal in "7th Sharjah International Open Athletic Meeting"
100m 19"49 (+2.0)



Ms. Yukari Minohara

- Won the Bronze medal in "23th Summer Deaf-lympic Samsung 2017"
Road bicycle for female 30km time trial



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 June 30, 2017
Total No. of certified carrier shops : 5,403 (65%)
< including carrier shops directly managed by T-Gaia : 288 (100%) >

e – Net Caravan

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

