



**Consolidated Financial Results for  
the 1Q of the FY ending March 2019**  
(Three months ended June 30, 2018)

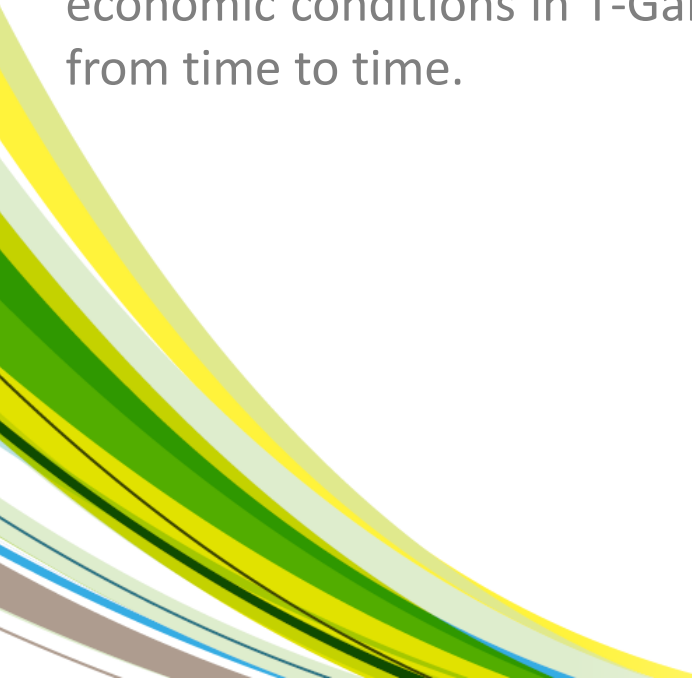
**July 31, 2018**

**T-Gaia Corporation / TSE 3738**

# Disclaimer

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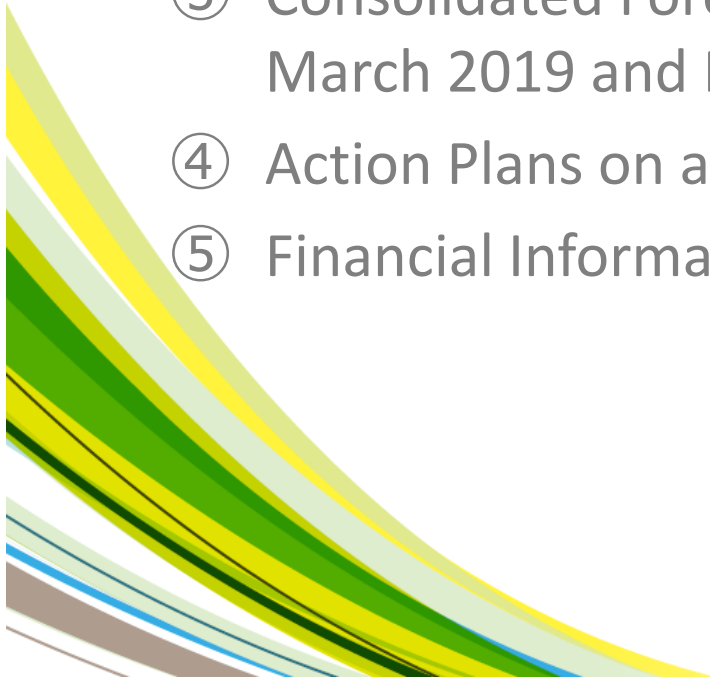
This material contains statements about the future performance of T-Gaia Corp., which are based on management's assumptions and beliefs taking information currently available into consideration. Therefore, please be advised that T-Gaia's actual results could differ materially from those described in 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.

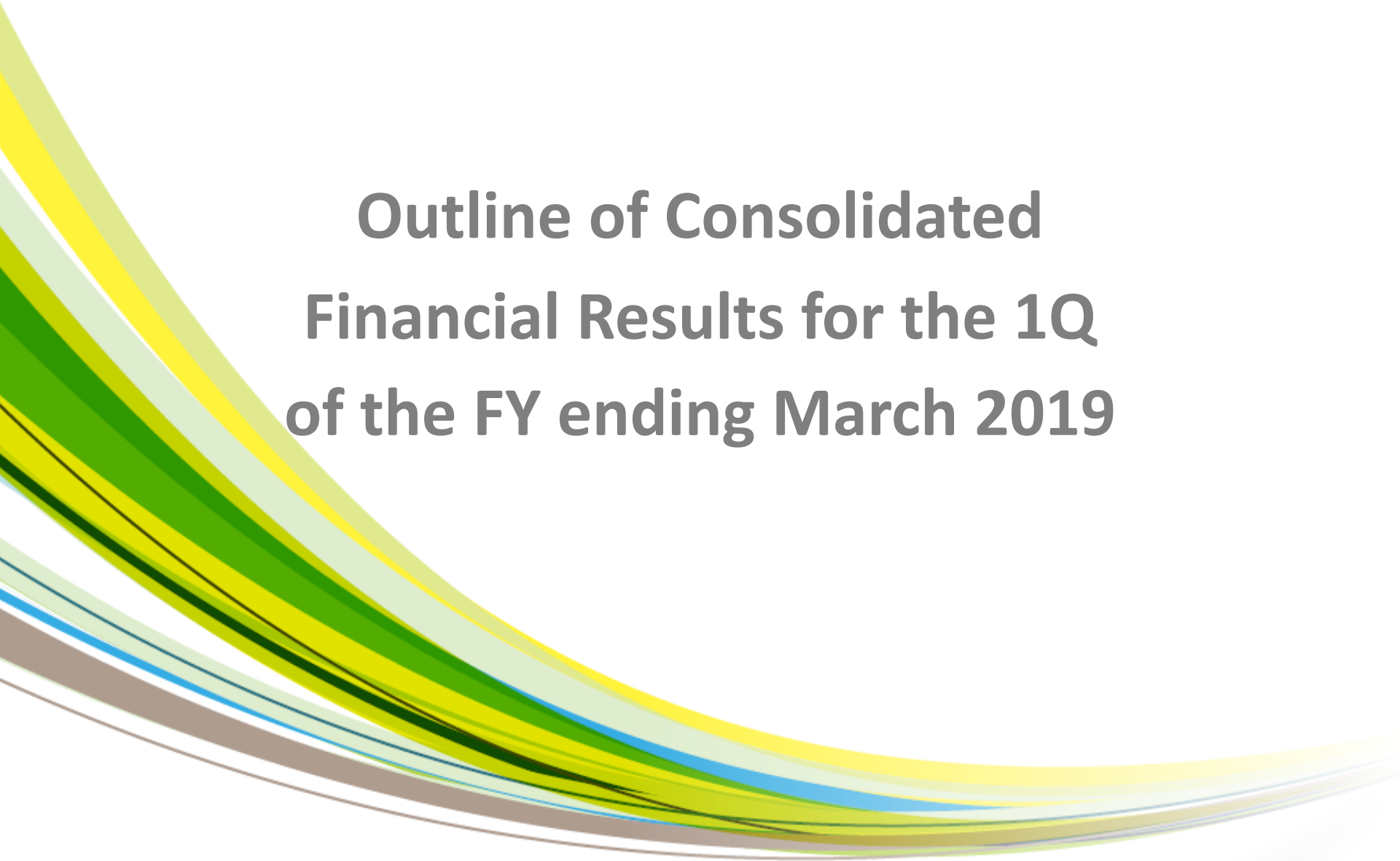


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**Outline of Consolidated  
Financial Results for the 1Q  
of the FY ending March 2019**

# Highlights of Consolidated 1Q Financial Results

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- Net Income for the period attributable to shareholders of the parent company : **3.86 billion yen**  
(245.0% compared to the previous 1Q)  
(Operating Income of **3.11 billion yen**, 125.1% to the previous 1Q)
- P/L of QUO CARD Co., Ltd. **has been included in the consolidated financial results from the 4Q of the FY ended March 2018**
- Change of Segment Income: Beginning with the period under review, the presentation of **segment income has been changed** from operating income **to net income** attributable to the shareholders of the parent company

# The Summary of Consolidated Financial Results of 1Q

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(unit : billion yen)	FY 18/3 1Q	FY 19/3 1Q	y/y Change	Forecasts of 19/3 Full-year	Achievement Ratio
Net Sales	122.52	115.63	94.4%	540.0	21.4%
Gross Margin (to Net Sales)	14.45 (11.8%)	16.10 (13.9%)	111.4% (+2.1 p)	69.5 (12.9%)	23.2%
SGA Expenses	11.96	12.98	108.5%	54.6	23.8%
Operating Income (to Net Sales)	2.49 (2.0%)	3.11 (2.7%)	125.1% (+0.7 p)	14.90 (2.8%)	20.9%
Non-Operating <sup>※</sup> Income (Income from hoarded cards, etc.)	0.02	2.60	—	5.1	51.1%
Ordinary Income	2.51	5.72	227.6%	20.0	28.6%
Net Income Attributable to shareholders of the parent company	1.57	3.86	245.0%	13.5	28.6%
Mobile-phone Unit Sales (million units)	1.024	0.941	92.0%	4.465	21.1%

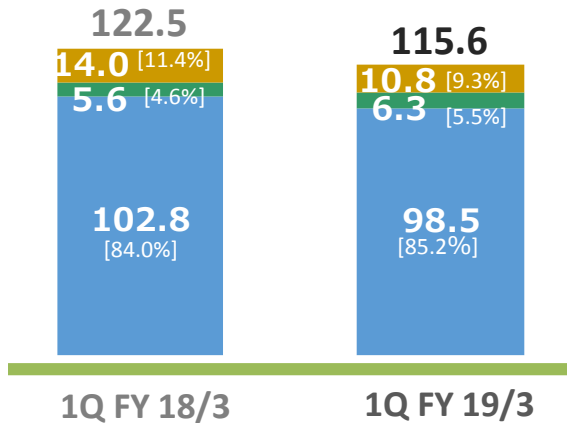
※ From 18/3 4Q as QUO CARD Co., Ltd. has become wholly owned subsidiary, the income from hoarded Quo card is included in the non-operating income. There are no changes to the full-year forecasts for the FY ending March 2019 due to this matter.

# 1Q Financial Results by Business Segment

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

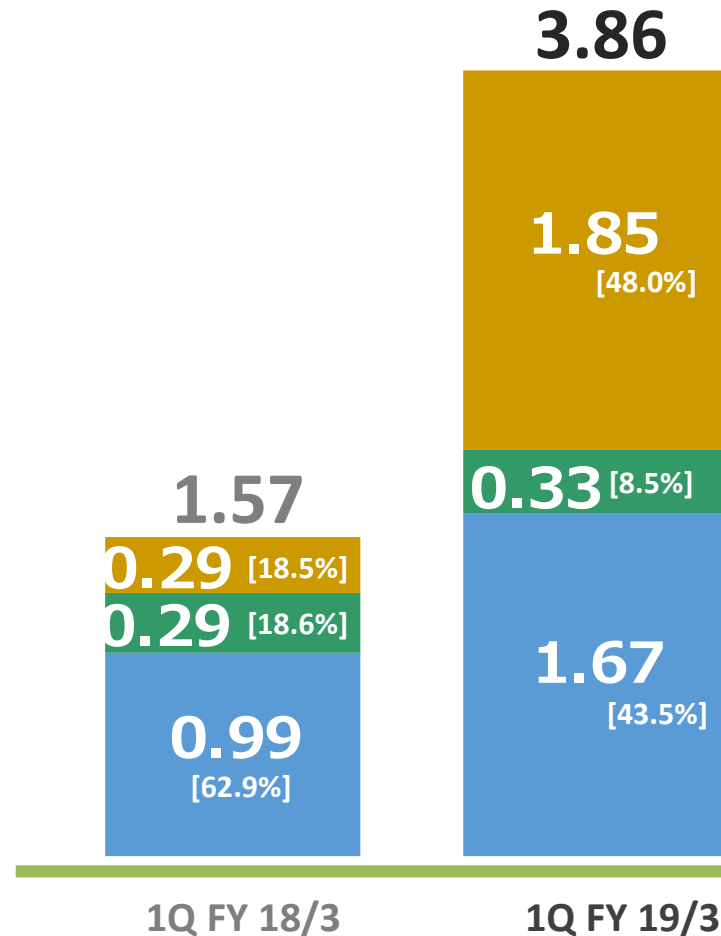
## Net Sales

(billion yen)



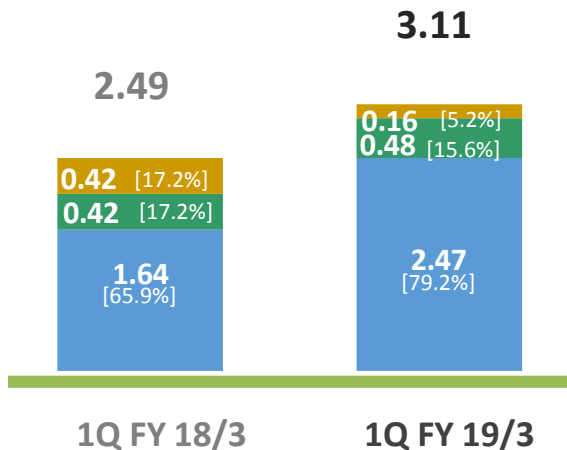
## Net Income

(billion yen)



## Operating Income

(billion yen)



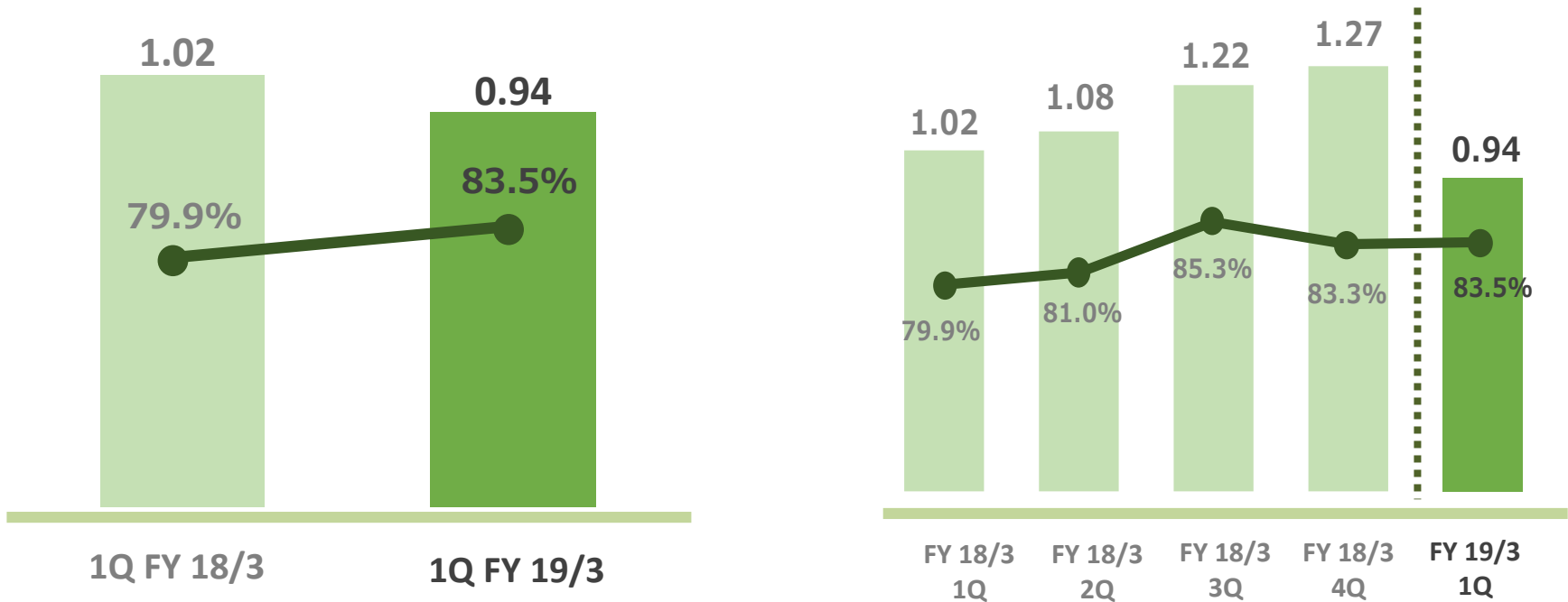
※ [ ] = percentage of Net Sales, Operating Income and Net Income by each business segments

# 1Q Company-wide Unit Sales

## Mobile Phone & Tablet Unit Sales

## Unit Sales on a Quarterly Bases

■ Unit Sales (million units)
 ● Ratio of Smartphone & Tablet to Unit Sales



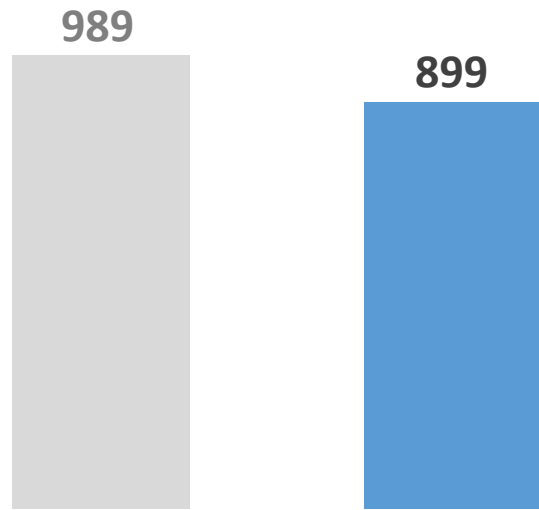
Unit Sales decreased due to the reduction of the sales channels.  
By and large, the sales target has been achieved as planned.



# 1Q Financial Results of Mobile Telecom Business Segment

## Mobile Phone Unit Sales

(thousand units)

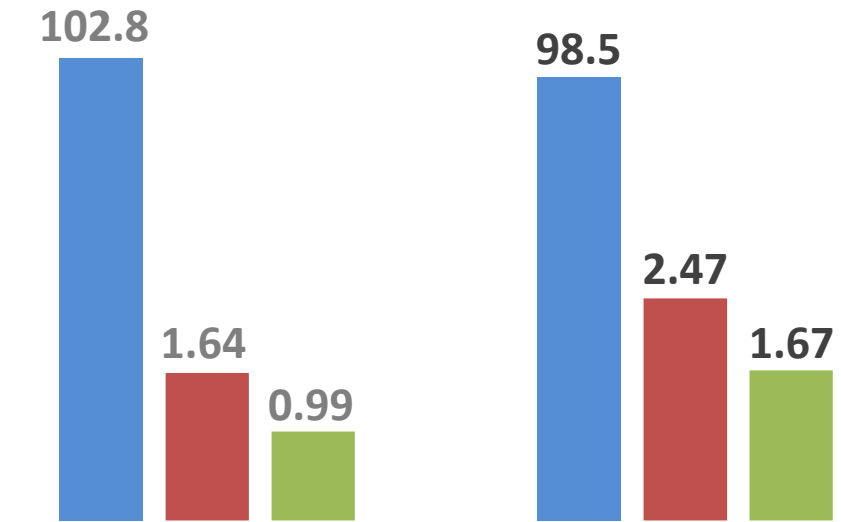


1Q FY 18/3

1Q FY 19/3

## Financial Results Comparison

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



1Q FY 18/3

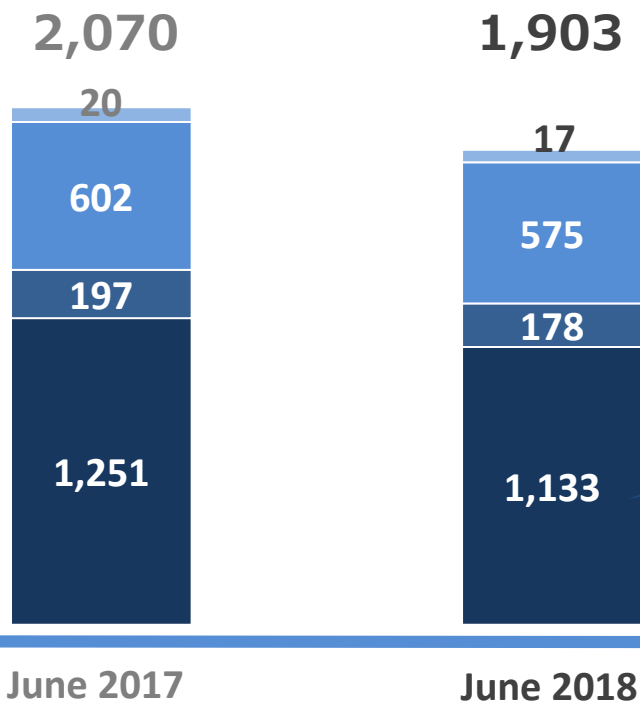
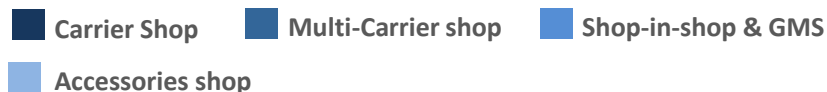
1Q FY 19/3

Net Sales declined due to the decrease in Unit Sales.  
Operating income & net income increased due to the improved profitability per unit.

※ Including Wifi terminals and MVNO handsets

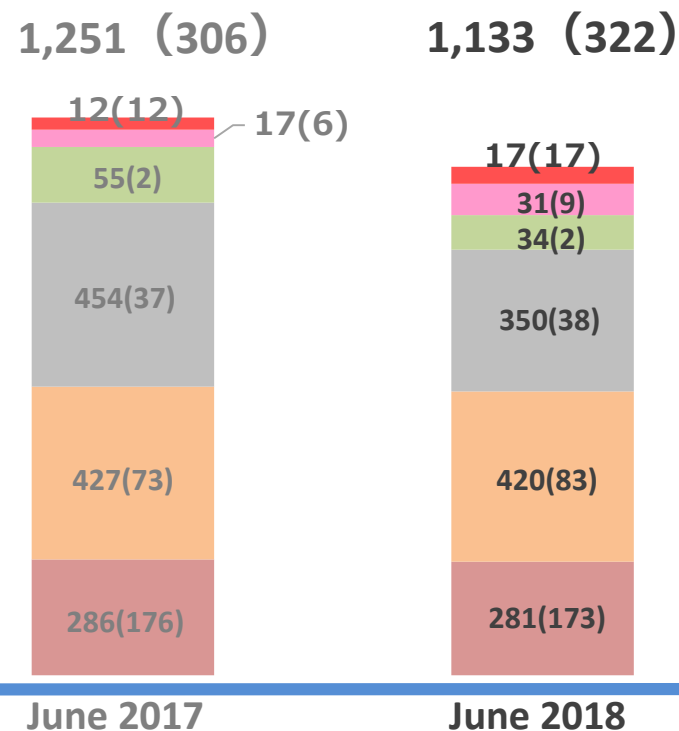
# Total No. of Retail Outlets for Mobile-phone, etc. <sup>10</sup>

## Change in Number of Retail Outlets



## Number of Carrier Shops

※( ) = Directly managed Carrier Shop



The number of directly managed carrier shop increased due to buying of shops from our partner agents

# Retail Investments ①

New Concept Shops

Buying of our Partner Agents' Shops

Development of Dual (2 - in - 1) shops



Docomo Shop Akita shinkokudo

Softbank Y!mobile Iwamizawa



au Shop Hirodaimae

Docomo Shop Yokote

Softbank Y!mobile Koshigaya chuo

Retail operations implemented according to the shop strategies of each telecom carrier

# Retail Investments ②

## Collaboration Style Shop



Rakuten Mobile × Smart  Labo

Hakata Station Chikagai  
Opened April 20<sup>th</sup> 2018

Opened our 4<sup>th</sup> collaboration style shop

# Investments in Human Resources

## New Graduate Recruitment



- Reinforced New Graduate Recruitment (218 are employed in April 2018)
- Enhancement in staffing of existing shops

## Education



CAREER DESIGN  ACADEMY

※ Career Design Academy is a company member of our group

- Education and training program for TG group including our partner agents
- Educational service provided to other industries including CATV enterprise and banks

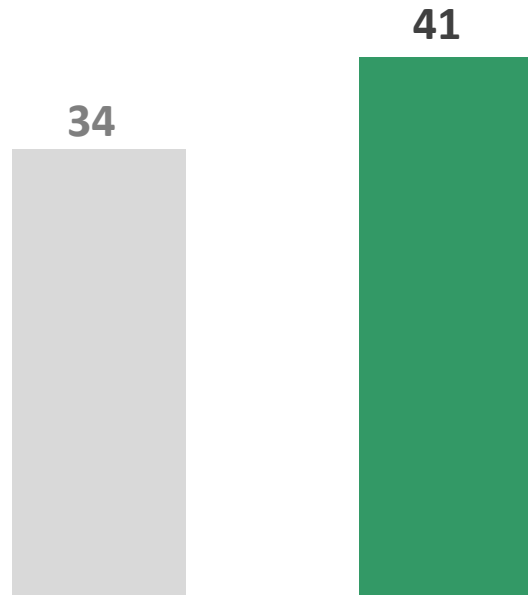
Continuing to be active in our investments for human resources and staff education

# 1Q Financial Results of Enterprise Solution Business Segment

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## Mobile Phone Unit Sales

(thousand units)

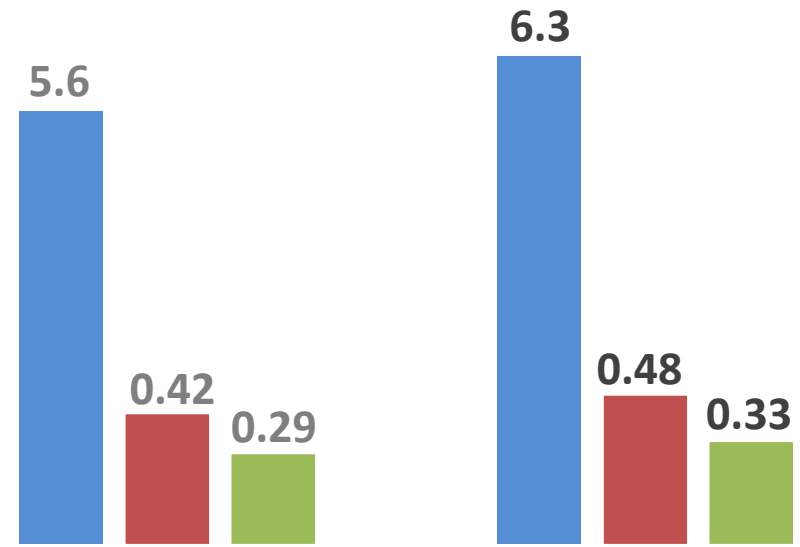


1Q FY 18/3

1Q FY 19/3

## Financial Results Comparison

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



1Q FY 18/3

1Q FY 19/3

The strong sales in mobile handsets and solution services led to the growth in net sales as well as operating & net income.

# Subscriptions Generating Steady Income

## Subscriber of movino star

(thousand)

470

515

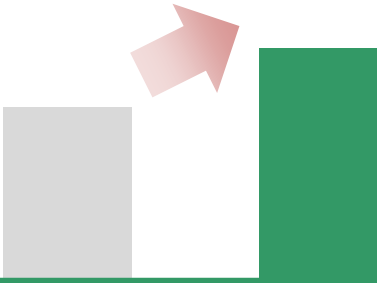


June 2017

June 2018

※ movino star: Communication Line Mgmt. Service for Corporate Clients

## Subscriber of Helpdesk service



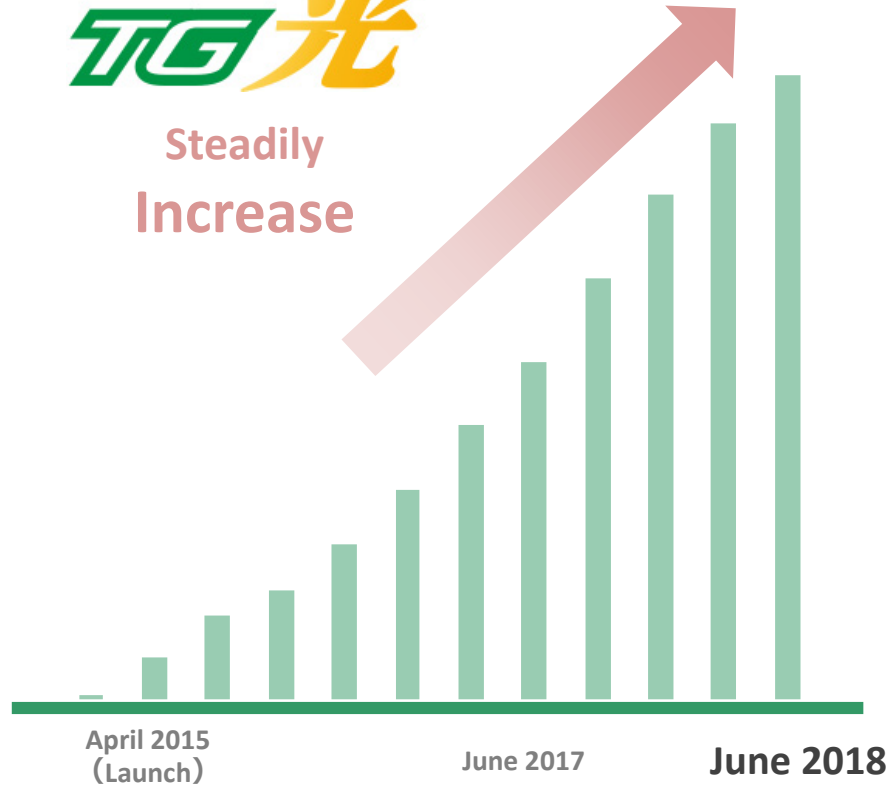
June 2017

June 2018

## Cumulative Number of TG Hikari Subscribers (incl. Resale)



Steadily Increase



Numbers of Subscribers Increasing Steadily

## – Action Plans: Working with Other Companies in the TG Group



By strengthening the bond between the companies within the T-Gaia group, we aim to expand and evolve to become a company of more than just the mobile-phone distributor.



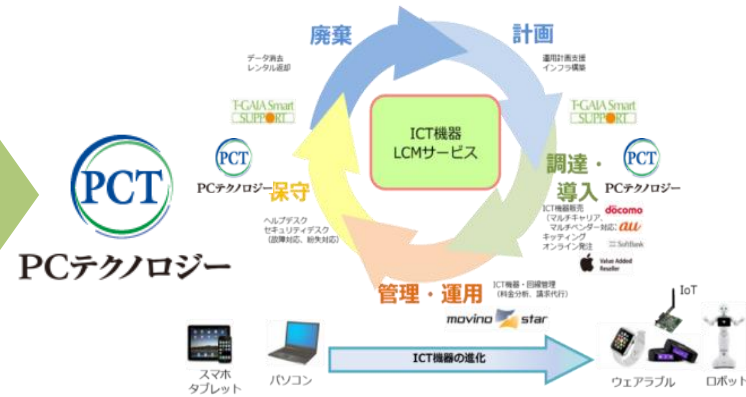
### ● Our Focus

● Developments on lifecycle management (LCM) of smart-devices

● Promotion of Wi-fi construction business

● Expansion of Enterprise Solution business  
RPA business launched corroboration with Wamnet

【Outline of LCM service】



V-Growth



Expanding to new fields through the corroboration with the TG group companies

- Our group company

# V-Growth

One-stop services provided featuring tablets.

Offering one-stop service from the introduction of tablets devices to the construction of Wi-fi network with full remote support targeting at the education industry.



# V-Growth

- "Investing in Children" though Education of ICT -

Corporate Name	: V-Growth Co., Ltd.
Date of Establishment	: February 2016
Representative	: Atsushi Matsuura
Description of Business	: Sales and maintenance service of tablets and Wi-Fi structure targeted at education industry
Investment ratio	: 51%

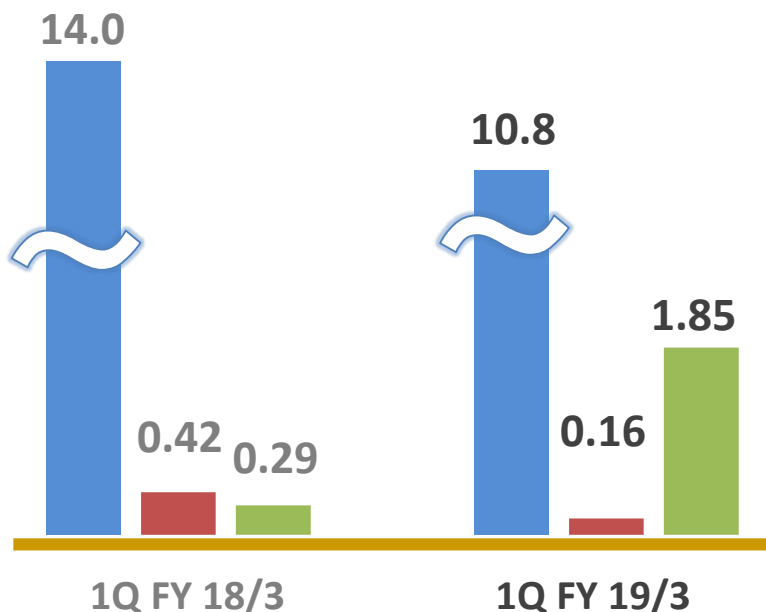
**The investment completed in April 2018**

Expanding to caregiving industry,  
providing full-on remote support service

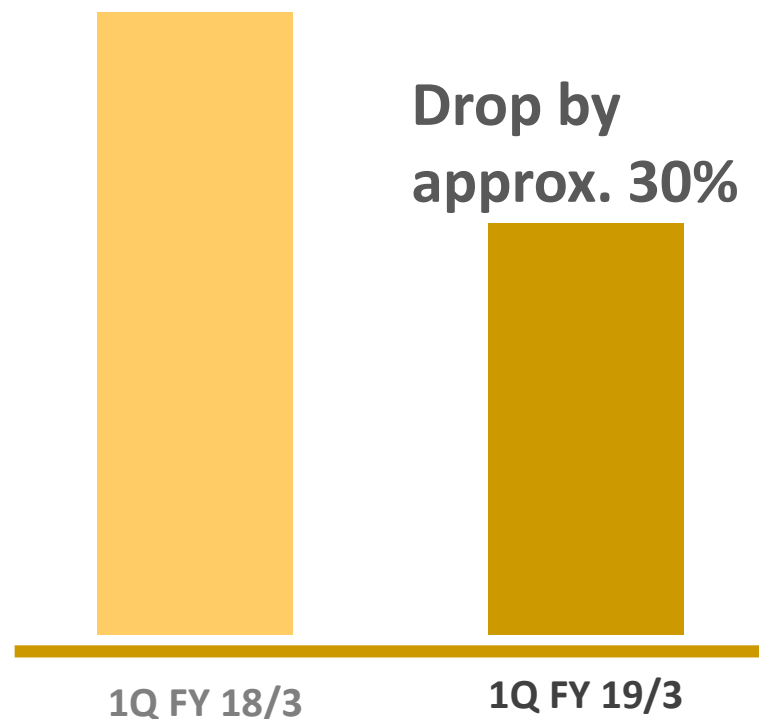
# 1Q Financial Results of Settlement Service & Other Business Segment

## Financial Results Comparison

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



## Gross Sales of PIN & Gift Cards

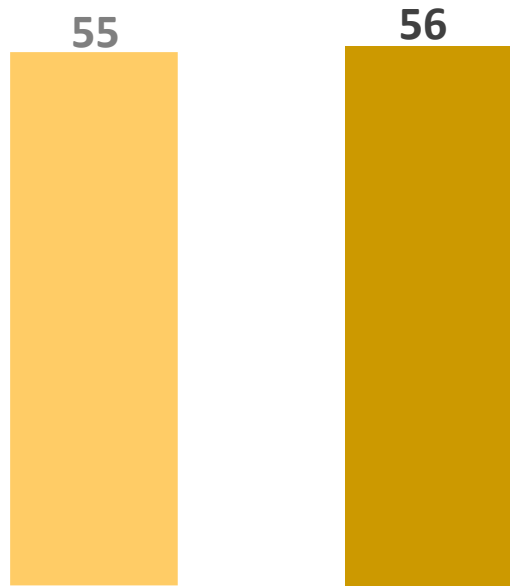


QUO CARD Co., Ltd. has been included in the consolidated financial results from the 4Q of the FY ended March 2018. As a result, the net income has increased.

# PIN & Gift Cards Products: Sales Channels

## Number of stores handling PIN

(thousand)

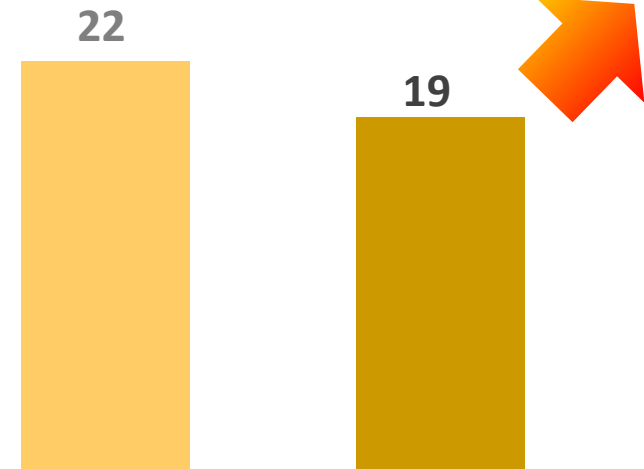


June 2017

June 2018

## Number of stores handling Gift Cards

(thousand)



June 2017

June 2018

As the convenience store industry faces consolidation,  
the number of stores handling our gift cards has decreased

However, we will start selling new products in major sales channel from 2Q

# Settlement Service & Other Business: News from QUO Card Co., Ltd.

## Action Plans by QUO CARD Co., Ltd

### ● Digital Innovation Lab

From Dec 2017, a specialized team are working effectively towards the launch of digital version of QUO Gift Card.



### ● QUO Lounge

Renovated the entrance hall of office of QUO CARD Co., Ltd. to a lounge space.



### ● Reinforcing the sales of QUO Card

Expanding the sales channels and expanding the range of the popular series.



Reinforcing the sales of the existing QUO Cards while developing the digital version of the QUO Cards

# Settlement Service & Other Business: Global Business

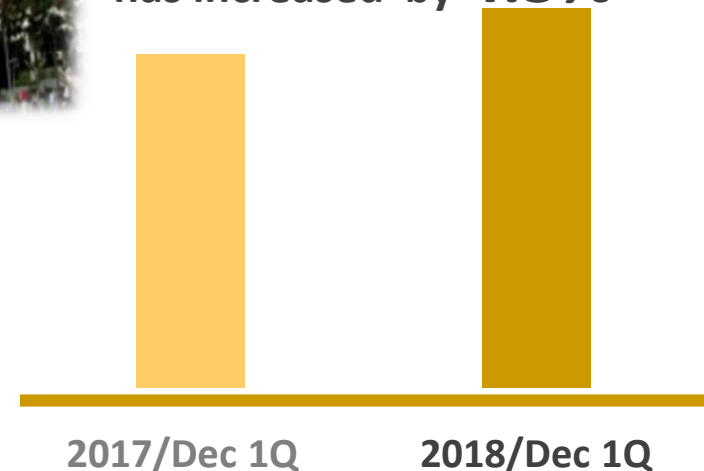
## The Expansion of Business in South-Eastern Asia

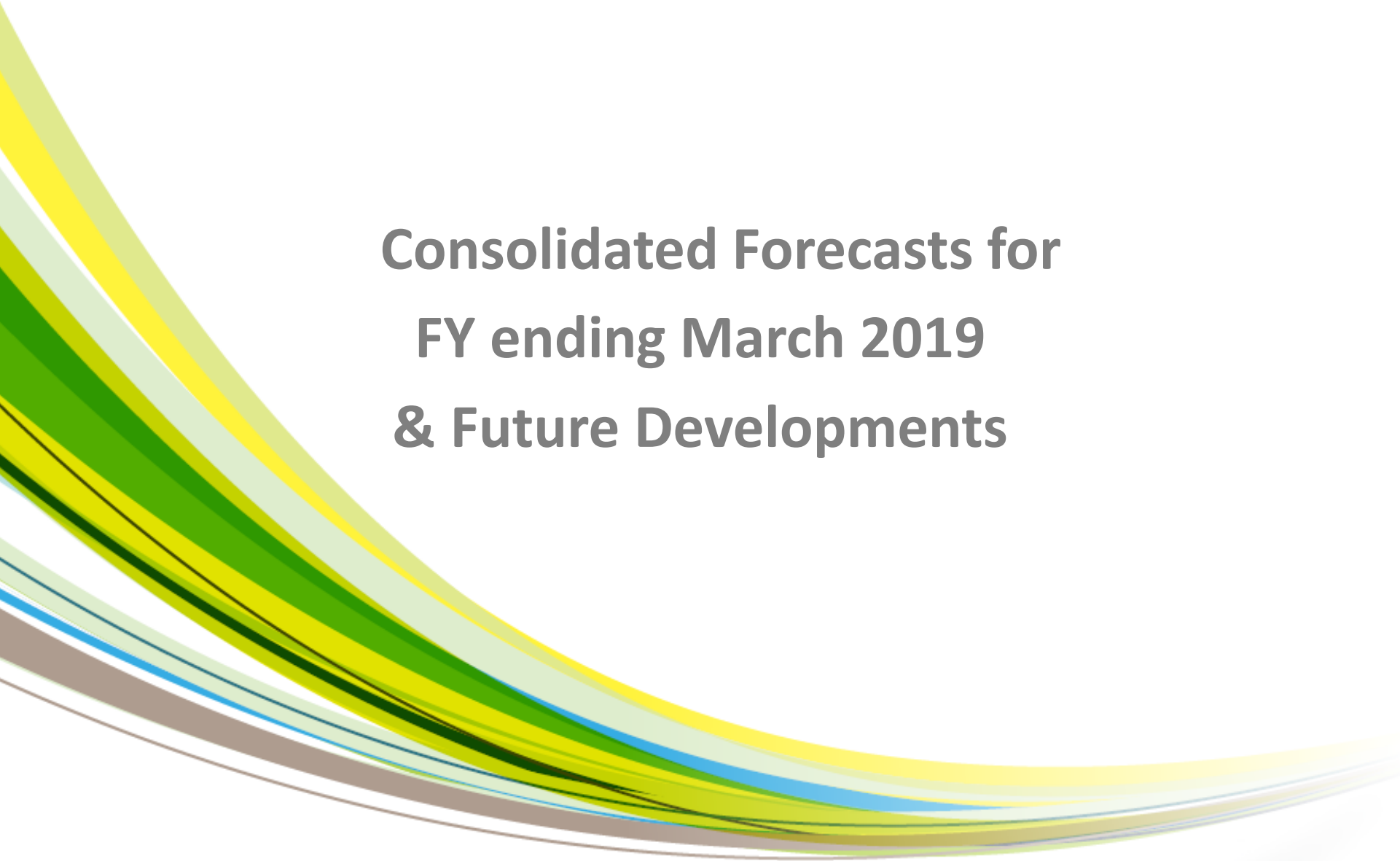


- Expand the sale of Gift Cards & Explore the House card processing business among major convenience stores & large supermarkets

- Net Sales of the Gift Cards in Singapore

has increased by **4.5%**





**Consolidated Forecasts for  
FY ending March 2019  
& Future Developments**

During 2017, we have further developed and refined our Corporate Philosophy to a new level, it become more simple and easy to understand, without changing the essence of the previously published in April 2014.

## 【New Corporate Philosophy from April 2018】

### TG Vision – Our Vision -

- We will propose new ways of communication to provide our customers with excitement, delight, and safety

### TG Mission – Our Mission -

- We pledge to care for our employees and their families to ensure that everyone fond joy in work
- We pledge to establish strong relationships of trust with our business partners, community and shareholders to strive for sustainable development together
- As an industry leader, we pledge to stay ahead of changes and continuously take on new business opportunities

### TG Action – Our Code of Conduct -

- We pursue services that go above and beyond customers' appreciation
- We take on new challenges proactively through our passion and with a sense of speed
- We value communications to built a culture of openness and trust in the workplace
- We respect our employees' diversity to foster the best teamwork
- We strive for constant self-improvement as a team of professionals
- We always act on high ethical standards and strengthen our compliance structure





# Our Midterm Goal

Toward the FY 2020 (FY ending March 2021), T-Gaia has set a medium-term goals to realize a 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.

- **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 a strong core business**
- **Create and explore new business opportunities in the mobile and internet industries**
- **Maintain the dividend payout ratio over 30%**

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

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

Based on the above medium-term goals and company-wide strategies, T-Gaia will develop the business strategies for each business lines and make every effort to realize them through the concrete action plans in each business departments.

# Strategies for Growth: Our Vision

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## <Our Vision>

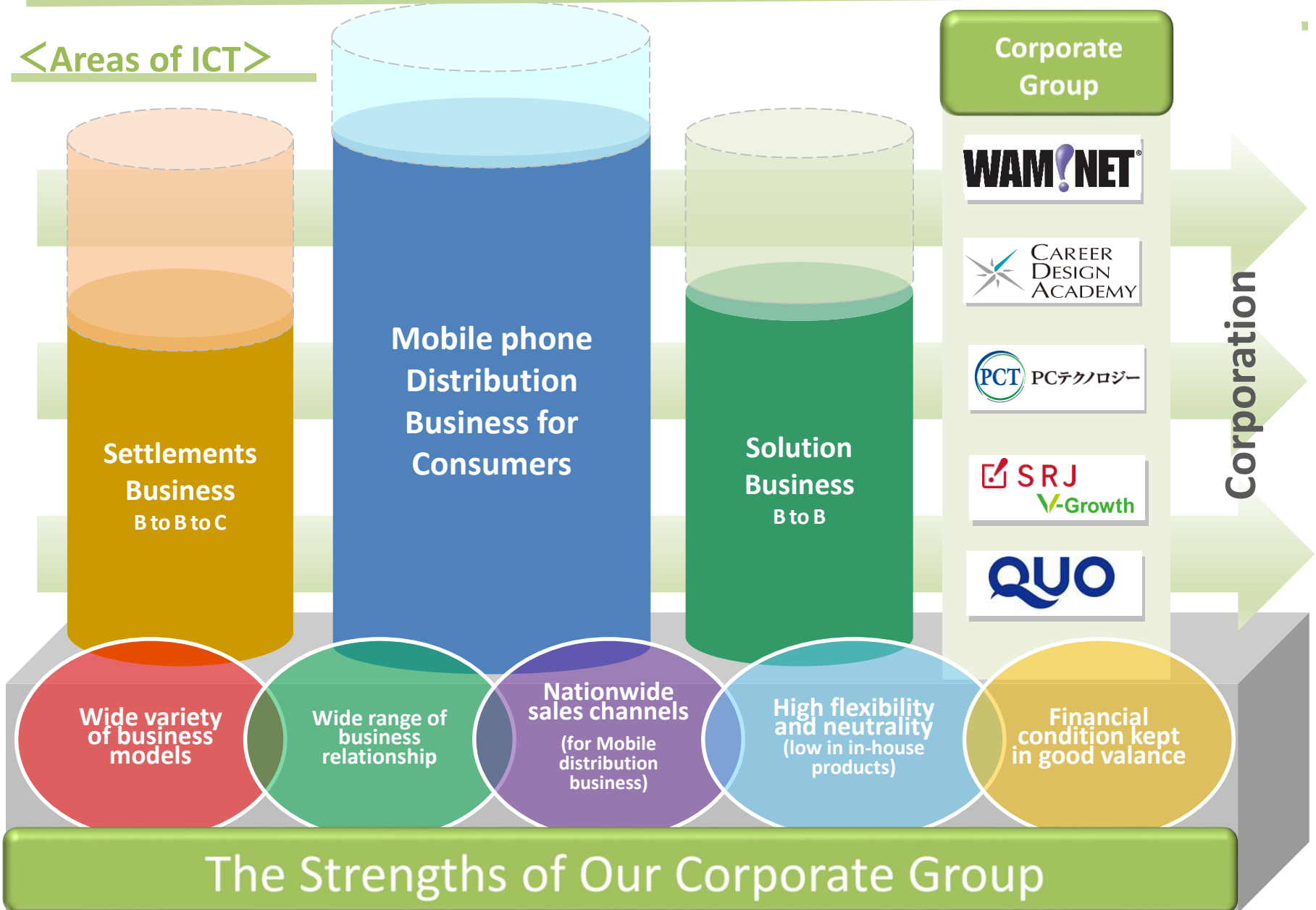
### **Becoming A Comprehensive ICT Company**

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- **Firmly maintain the position as the leading company in the mobile phone distribution sector**
  - For further growth, maximize the productivity of our shops both directly managed and partner owned
  
- **In terms of ICT business, taking a coordination with our partners and related companies with the aim of utilizing the strengths of our corporate group**
  - By further development and expansion of B to B business including B to B to C business , exulting our total strength as a group company

# Our Visions: Image of Growth for T-Gaia

<Areas of ICT>



# Consolidated Forecasts for FY ending March 2019

(Unit: billion yen)	2018/3 FY Full year results	2019/3 Full Year Forecast	Year on year basis (%)	
Net Sales	552.77	540.00	▲12.77	▲2.3%
Gross Margin	64.27	69.50	+5.23	+8.1%
SGA Expense	49.81	54.60	+4.79	+9.6%
Operating Income	14.45	14.90	+0.45	+3.1%
Non-operating Income (Income from Hoarded Cards , etc..)	0.87	5.10	+4.23	+486.2%
Ordinary Income	15.33	20.00	+4.67	+30.4%
Net Income Attributable to Shareholders of the Parent Company	10.16	13.50	+3.34	+32.9%
Mobile-phone Unit Sales (million units)	4.593	4.465	▲0.128	▲2.8%

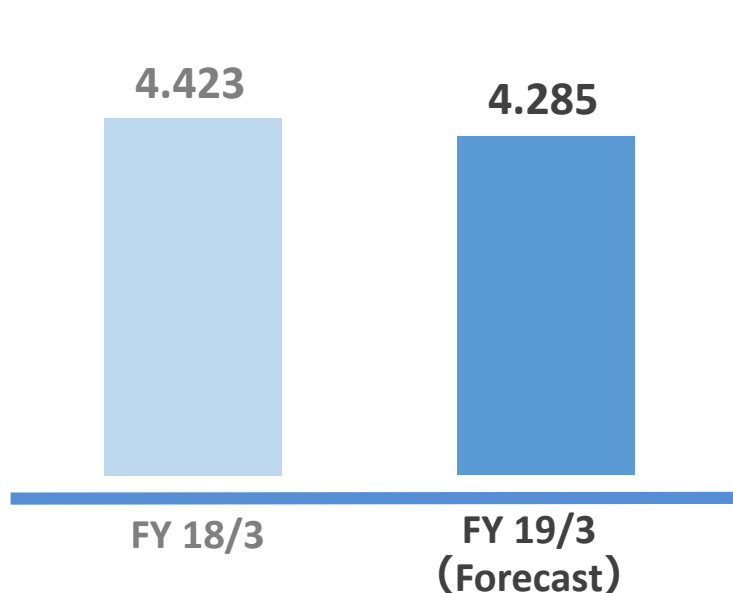
# Mobile Telecom Business Segment: Forecasts

- Continual investments to shops for renovation and relocation
- Further investments in human resources and staff education for strengthening sales skills and improving customer satisfaction
- Enhanced customer support including conducting “smartphone classes” in shops

- Building of model structure for a steady income
- The style of sales shifts: from proposing a “better price” to a “better value”, as customer demands change

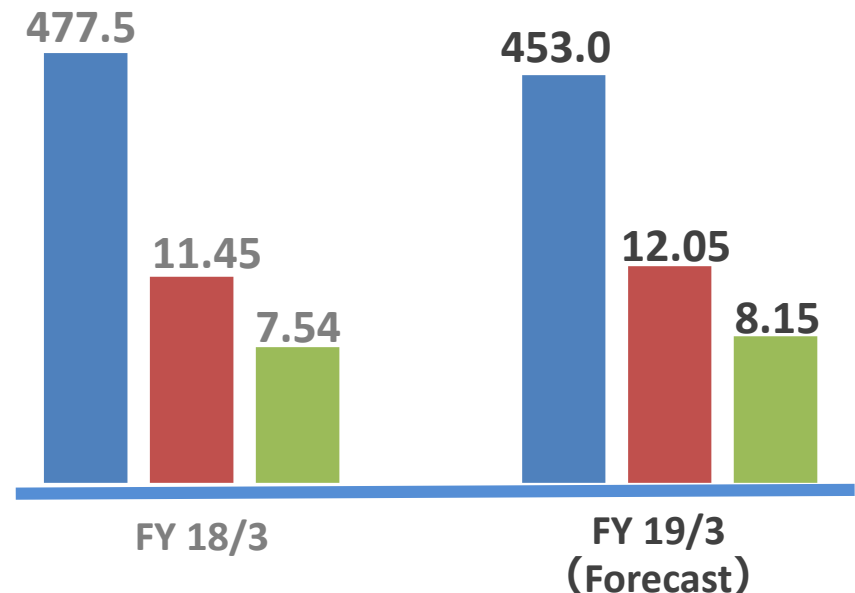
## Mobile Phone Unit Sales Forecast

※ includes Wi-Fi terminals and MVNO (million units)



## Mobile Telecom Business Financial Results Forecast

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



\* Due to the revision of the sales channels the deduction are to be forecasted

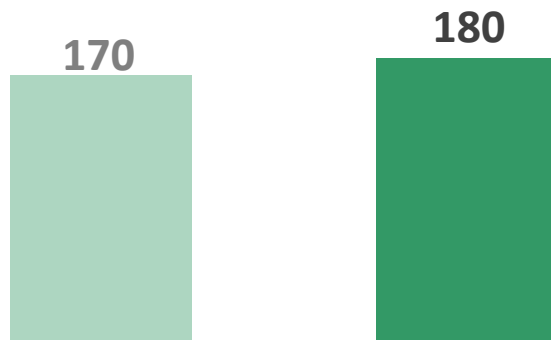
# Enterprise Solution Business Segment Forecasts <sup>30</sup>

## Mobile Telecom Solution for Enterprise

- Expanding movino star subscription
- Provide continual supports and services through helpdesk service, supporting the introduction of smart-devices to enterprise customers
- Strengthen marketing activities targeted for specified industries

### Mobile Phone Unit Sales Forecast

(thousand)



FY 18/3

FY 19/3 (Forecast)

※ includes Wi-Fi terminals and MVNO

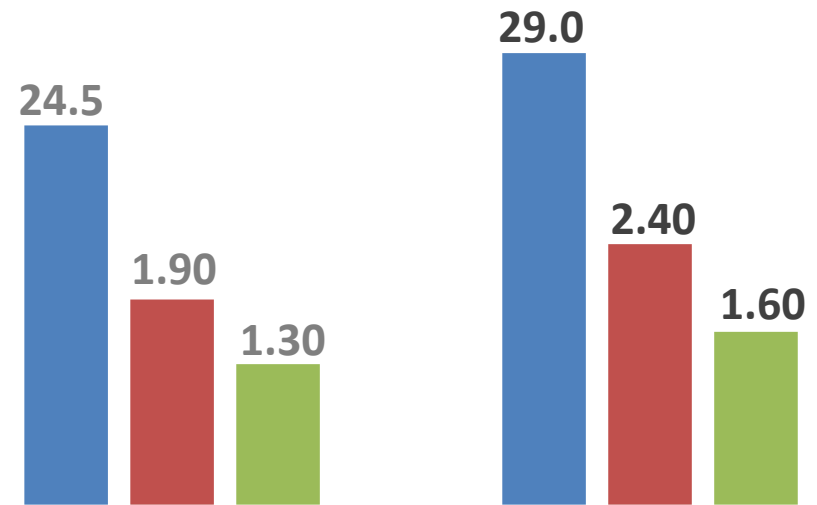
## Network Marketing Business

- Enlargement of revenue base of TG-Hikari
- Re-organization and HR managements to improve and strengthen the sales forces



### Enterprise Solution Business Financial Results Forecast

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



FY 18/3

FY 19/3 (Forecast)

# Settlement Service & Other Business Segment Forecasts

## Settlement Service

- Expecting a growth in gross sales through expansion of a product range and sales channels

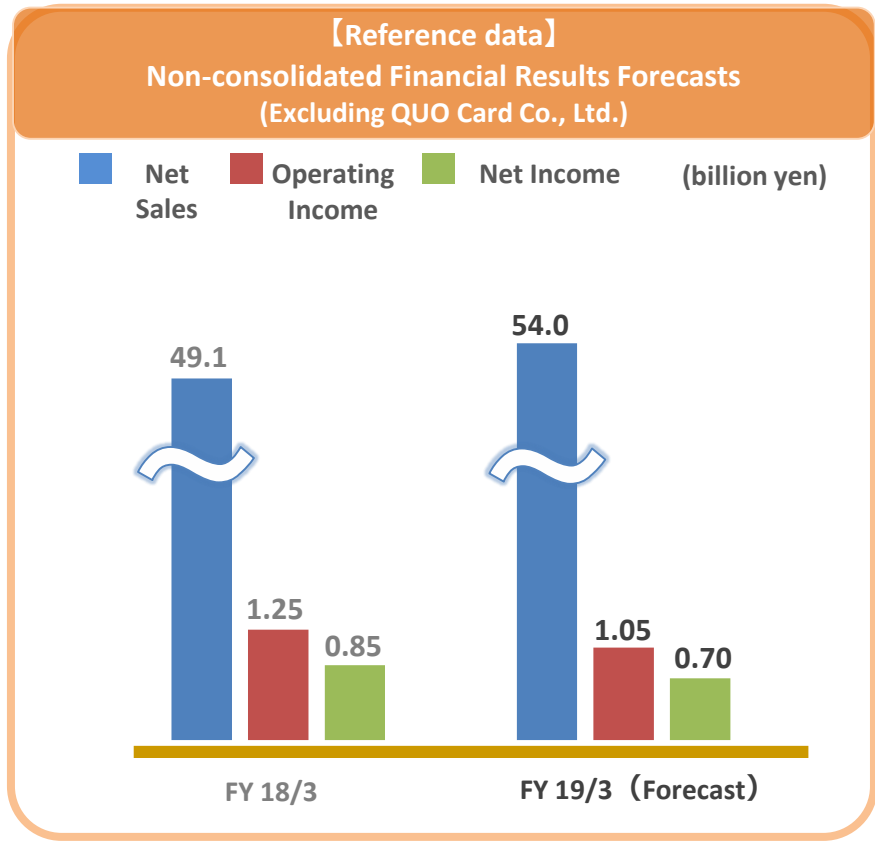
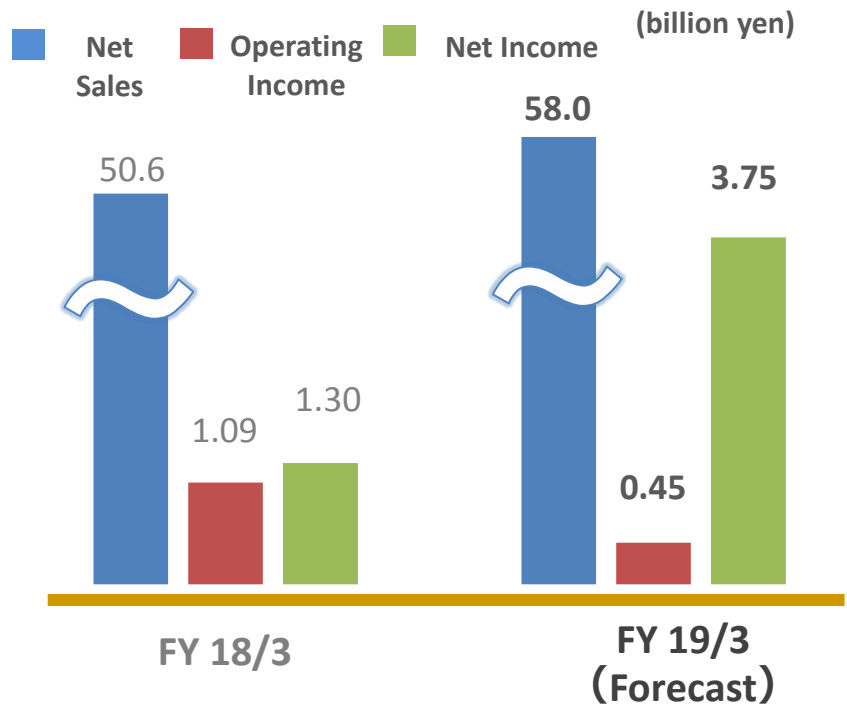
- Aggressive investments to for new settlement services such as realization of digital QUO cards

## Overseas Business

- Aims for better gross sales by extending our sales channels to high-end supermarkets

- Expansion in Southeast Asia

### Settlement Service Consolidated Forecast



# Action Plan on a Company-wide bases ①

## ● The Launch of Special Projects Run by CEO



### ● CEO Project I

- Promote modified working schedule system
- Promote ICT such as camera solution
- Supplier relationship management in estate agency and interior décor

Maximizing the company-wide  
productivity

### ● CEO Project II

- Research/Evaluate projects including M&A
- Assist business developments
- Adjustments between different business segments

Building a new source of  
revenue



# Action Plan on a Company-wide bases ②

## ● Creation of Better Work Environment

### Diversity and Inclusion



- Promote active role of female employees  
(Reached 10% ratio of female managers in the FY ending March 2018)
- Has been awarded 3 stars by Elboshi
- Actively employ & support physically or mentally challenged worker
- Support to achieve a good balance between childcare / nursing care and working
- Awarded a prize of “White (Excellent ) Corporation Grand Prix for “Child-care Support” by Japan White Spread



### Promoting the Healthy Company



- Establishment of TG-Support Lounge

**The aim of this lounge is to give support to employee to build a better work life and health. The specially trained counselor will be able to give a support.**

**The healthy company: This is to promote the health of employees, reflecting the idea that the management of health of employee has a large impact on the decision making and to a better management of the company.**

**Promoting favorable workplace environment and become a healthy company**

## ● CSR Activities

### Volunteering Activities

- **e-Net Caravan** e-Net Caravan is a project to educate young generations, teachers, and parents to use electrical devices with safety and security.



(A scene from the lesson)

We contribute by conducting lessons to educate youths how to use internet with safety and security.

The Number of certified e-Net Caravan Coach

**346** Employees (As of May 22 2018)

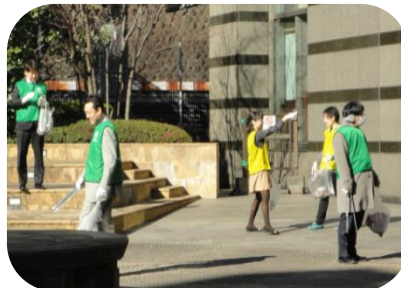
Training lessons to become a coach are held nationwide, mainly targeted at the staffs of mobile phone shops.

In April 2018, our chairman Shibuya has held a lesson at a school.

- Actively conduct a blood donation to the Japanese Red Cross Society's Blood Program



- Conducting cleaning activities in the area surrounding our Head Office building in Ebisu. The activities are held together with neighboring companies such as Sapporo Holdings.



- The project to sort out used postage stamps to give support to the charity organization helping the countries in south eastern Asia.



# Action Plan on a Company-wide bases ④

## ● CSR Activities

### Major Sponsorships



The Eye Mate Inc. – as Support membership  
Logo: By courtesy of the Eye Mate Inc.



NPO TABLE FOR TWO INTERNATIONAL Donating through "CUP FOR TWO" Project  
Logo: By courtesy of TABLE FOR TWO International



As part of mecenat activities, sponsor the Japan Philharmonic Orchestra  
Logo: By courtesy of Japan Philharmonic Orchestra



Sponsor Japanese Paralympics Committee,  
Japanese Para-Sports Association

[JPC Official Supporter by courtesy of  
Japanese Para-Sports Association]

### Our employees has also participated



Yukari Minohara (on the right)

JULY 2017

- the 23<sup>rd</sup> Deaflympics Samsun in Turkey,  
Won Bronze medal in 30km Road Cycling – time trial

## ● (Reference) Joint Activities with National Association of Mobile Phone Distributors

### "Trustworthy Carrier Shop" Recognition System



Sign of the Certification

- The number of certified shops ※As of July 1<sup>st</sup> 2018  
5,384 Carrier Shops (65.6% of all shops)  
Including 296 shops managed by T-Gaia (100% of all its shops)

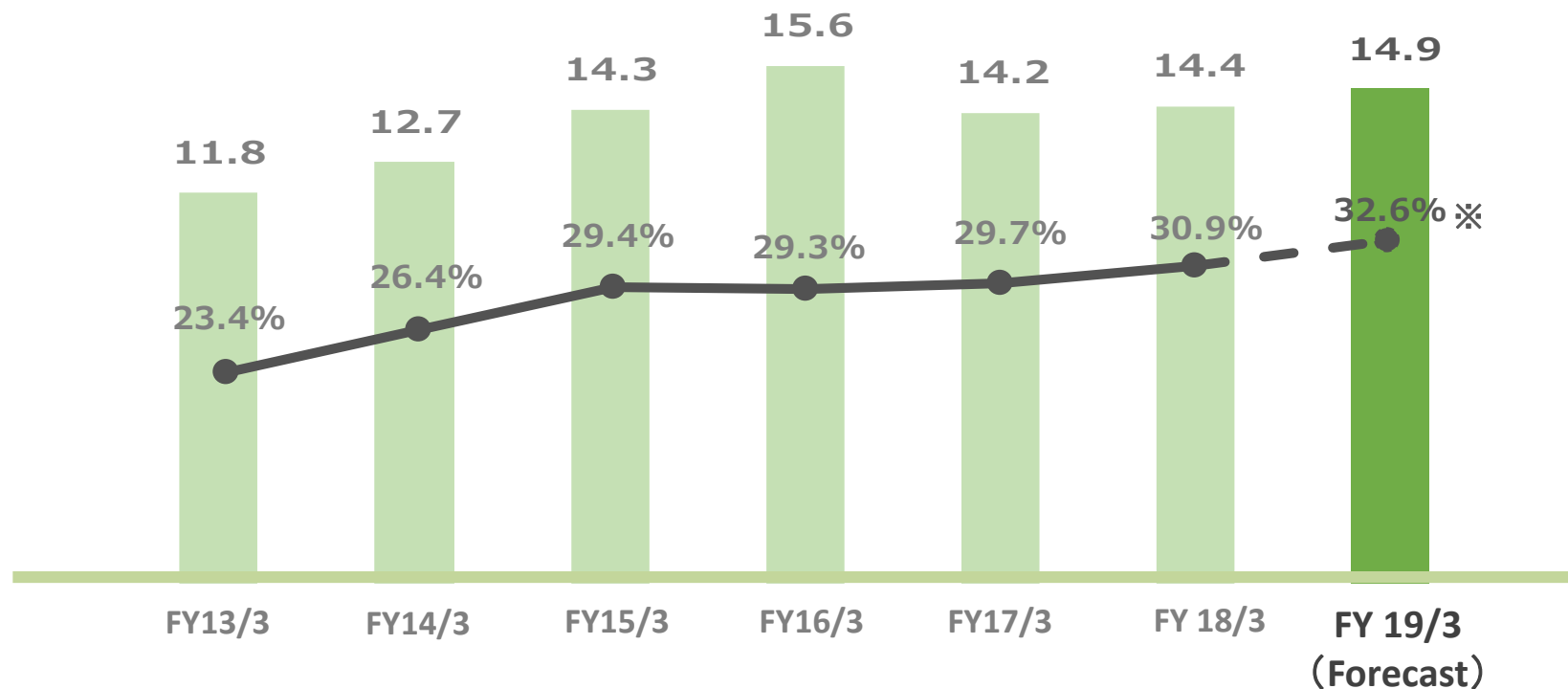
※ Candidate shop: docomo shop, au shop, Softbank shop, Y!mobile shop

# Financial Information of T-Gaia Corp. ①

## Transition of ROE & Operating Income

■ Operating Income ● ROE (Return on Equity)

(billion yen)



Has been selected as **“JPX Nikkei Index 400”**  
for five consecutive years by maintaining high level of ROE

※The ROE of the FY 19/3 (Forecast) is calculated based on the forecast of the net income for FY 19/3 attributable to shareholders of the parent company and the prediction of the net worth of the period.

# Financial Information of T-Gaia Corp. ②

## ● Past trend of key Financial Index

Year End (in billion)	2013/3	2014/3	2015/3	2016/3	2017/3	2018/3
Net Income	6.58	6.83	7.74	9.49	9.69	10.16
Net Worth	28.17	23.59	29.10	35.81	29.36	36.44
Equity Ratio of Net Income (ROE)	23.4%	26.4%	29.4%	29.3%	29.7%	30.9%
Return on Investment (ROIC)	9.0%	10.0%	13.5%	17.3%	17.6%	20.3%
Operating Profit on sales	1.6%	1.8%	2.2%	2.5%	2.6%	2.6%
Dividend on Equity ratio (DOE)	10.1%	10.0%	9.8%	9.1%	9.9%	9.3%

# Financial Information of T-Gaia Corp. ③

## Return to Shareholders: Dividend Policy

Return to Shareholders in FY ending March 2019

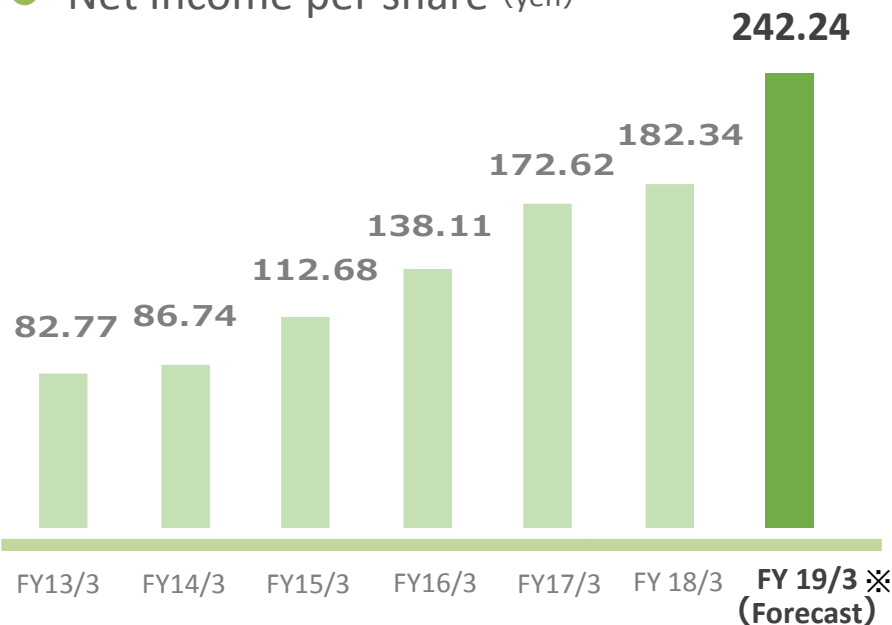
Forecast dividend increase of **18 yen/share**  
(increase for the fifth consecutive year)

- Annual dividend: **73 yen**/share (Interim: 36.5 yen/share Yearend : 36.5 yen/share)

Basic Dividend Policy

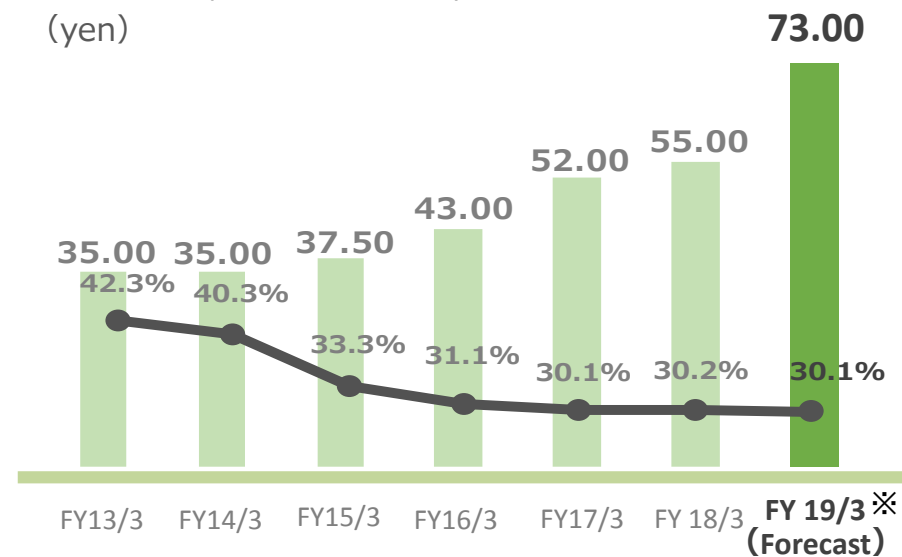
Targeting & maintaining  
**Dividend payout ratio of more than 30%**

### Net Income per share (yen)



### Dividend per share & Payout Ratio

Dividend per share (yen) Payout ratio



\* The net income per share and dividend per share at the end of FY 19/3 are calculated based on the predicted average number of the share of the period at the end of FY 19/3.