



**Consolidated Financial Results for the
First Half of the FY ending March 2019**
(Six months ended September 30, 2018)

November 8, 2018

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.

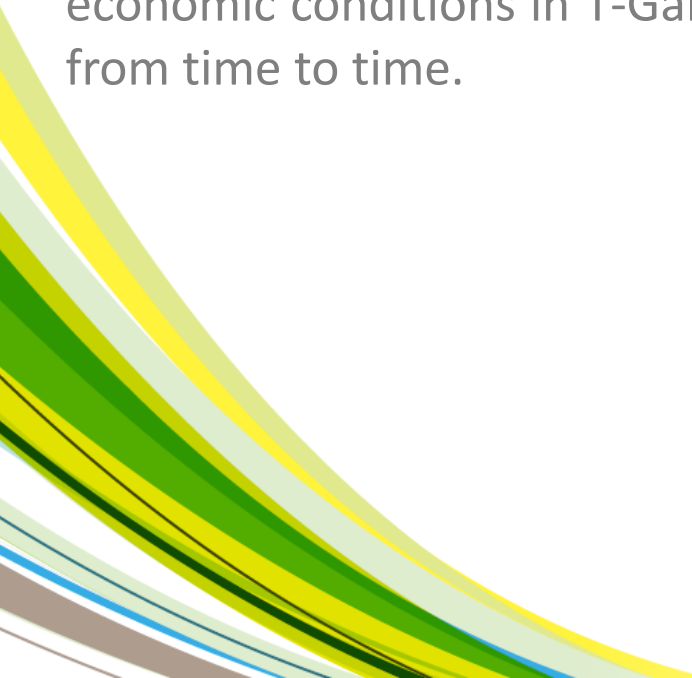
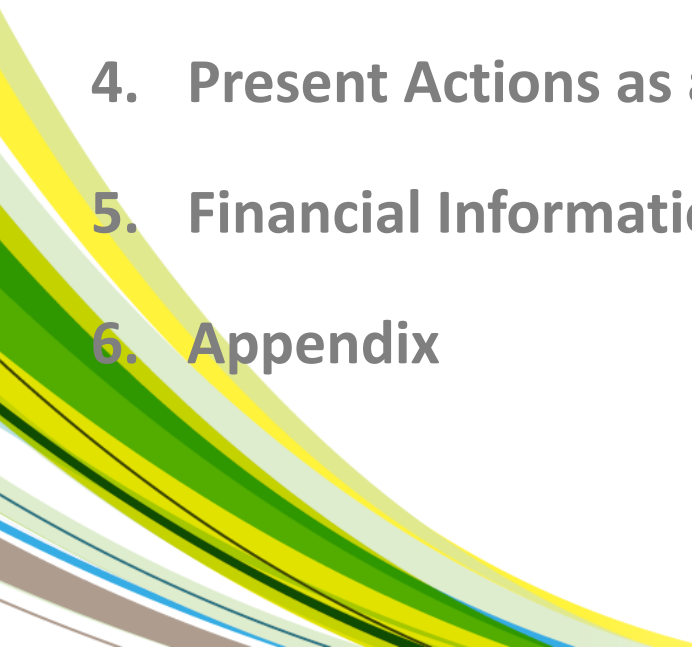
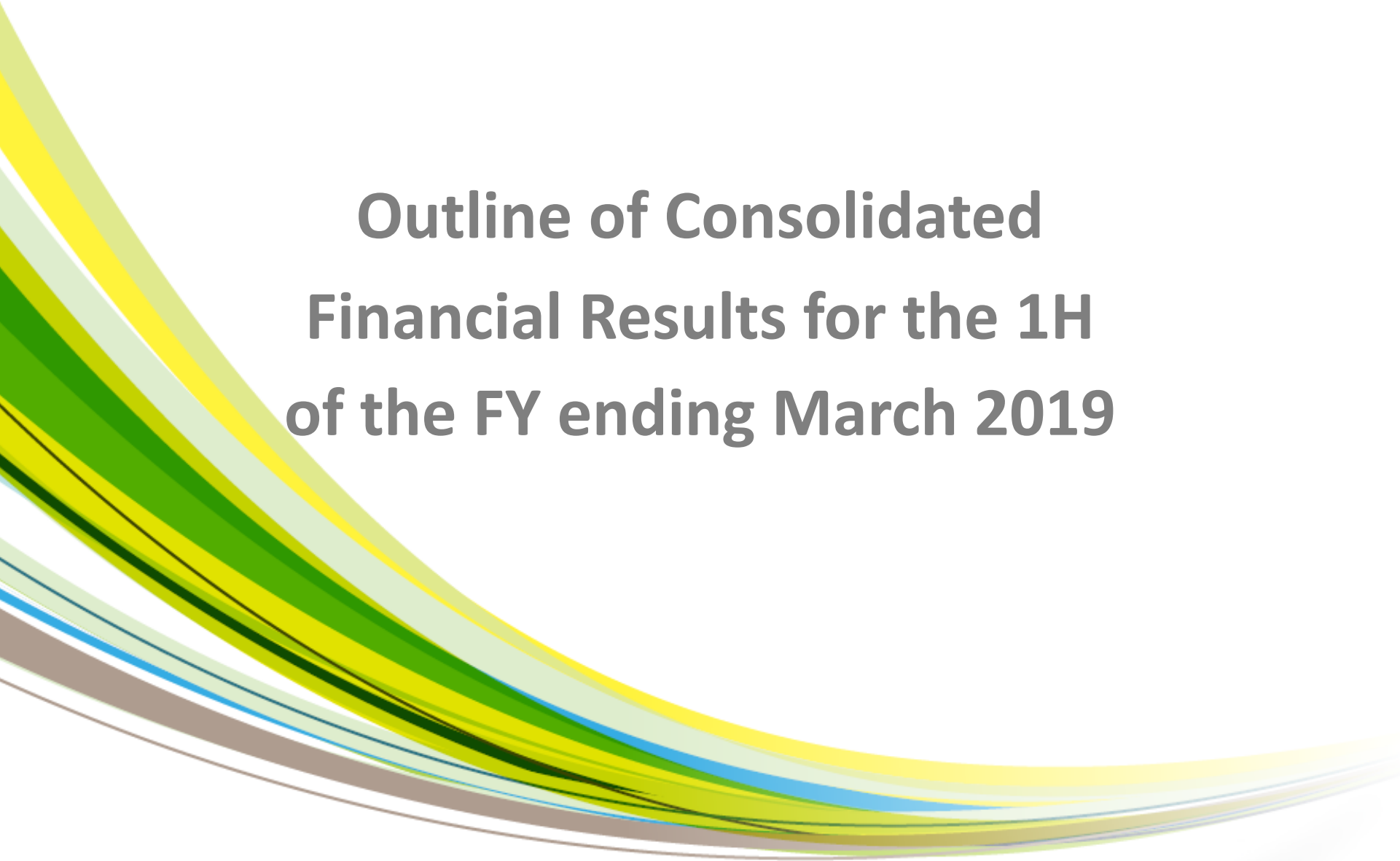


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**Outline of Consolidated
Financial Results for the 1H
of the FY ending March 2019**

Highlights of Consolidated 1H Financial Results

- Net Income for the period attributable to shareholders of the parent company (*): **6.88 billion yen**
(176.5% to the 1H of the previous FY)
(Operating Income of **6.87 billion yen**, 115.6% to the 1H of the previous FY)

(*) Hereinafter referred to as "net income"

- P/L of QUO CARD Co., Ltd. has been included in the consolidated financial results from the 4Q of the FY ended **March 2018**

The Summary of Consolidated Financial Results of 1H

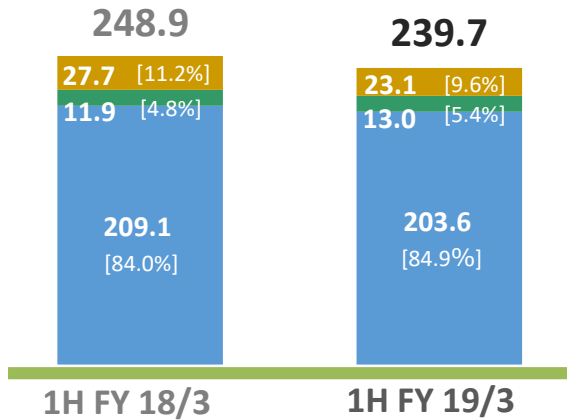
(unit : billion yen)	FY 18/3 1H	FY 19/3 1H	y/y Change	Forecasts of 19/3 Full-year	Achievement Ratio
Net Sales	248.91	239.79	96.3%	540.0	44.4%
Gross Margin (to Net Sales)	30.00 (12.1%)	33.26 (13.9%)	110.8% (+1.8 p)	69.5 (12.9%)	47.9%
SGA Expenses	24.05	26.38	109.7%	54.6	48.3%
Operating Income (to Net Sales)	5.94 (2.4%)	6.87 (2.9%)	115.6% (+0.5 p)	14.90 (2.8%)	46.1%
Non-Operating Income ※ (Income from hoarded cards, etc.)	—	3.33		5.1	65.3%
Ordinary Income	6.00	10.20	170.1%	20.0	51.0%
Net Income Attributable to shareholders of the parent company	3.90	6.88	176.5%	13.5	51.0%
Mobile-phone Unit Sales (million units)	2.105	1.945	92.4%	4.465	43.6%

※ 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.

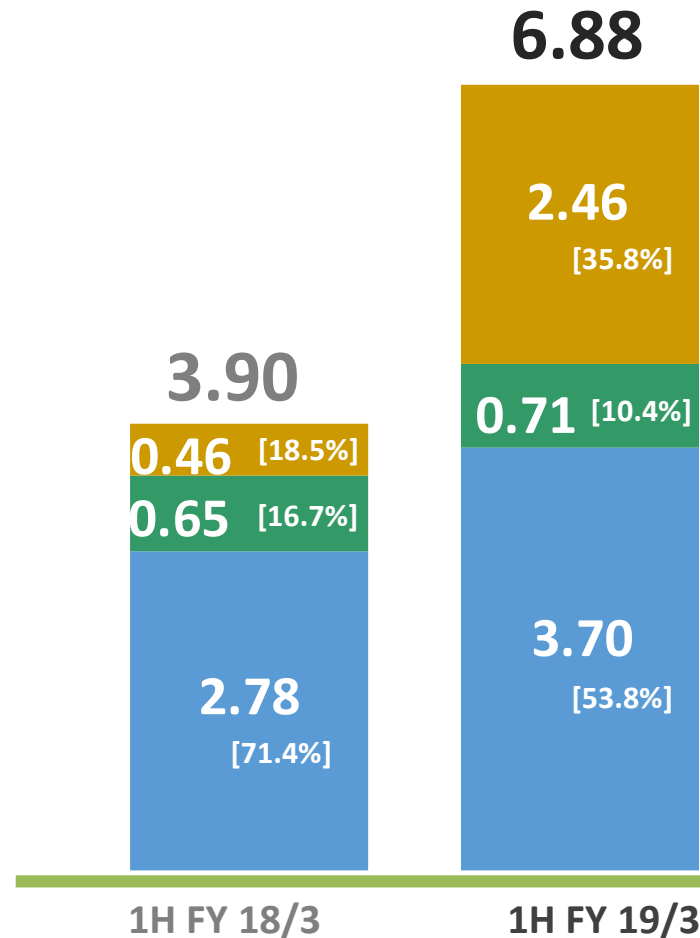
1H Financial Results by Business Segment

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

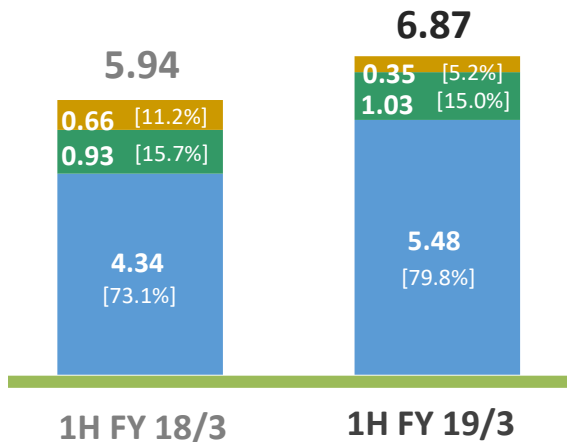
Net Sales (billion yen)



Net Income (billion yen)



Operating Income (billion yen)

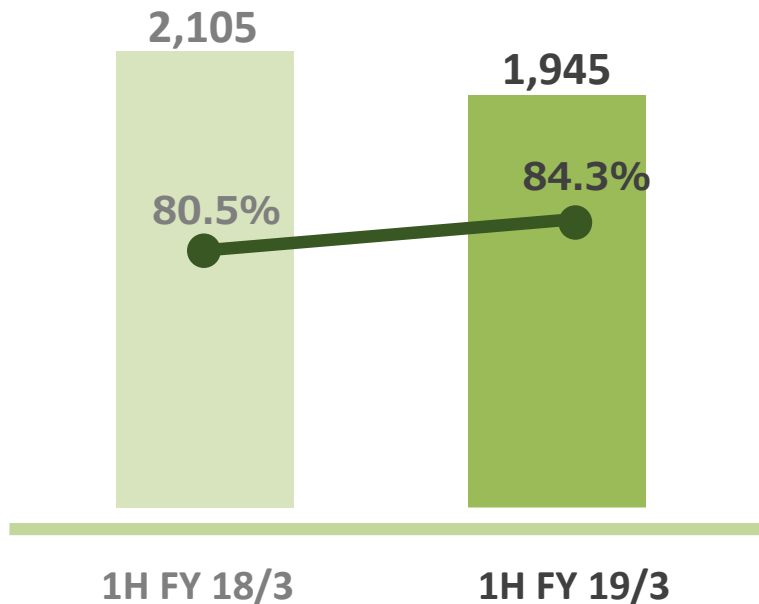


※ [] = percentage of Net Sales, Operating Income and Net Income by each business segments

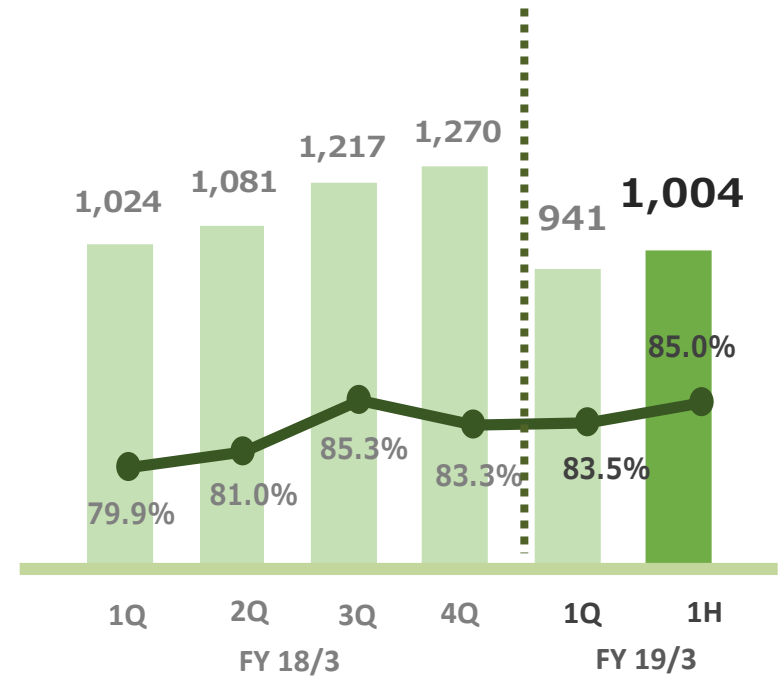
1H Company-wide Unit Sales

Mobile Phone & Tablet Unit Sales

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



Unit Sales on a Quarterly Bases

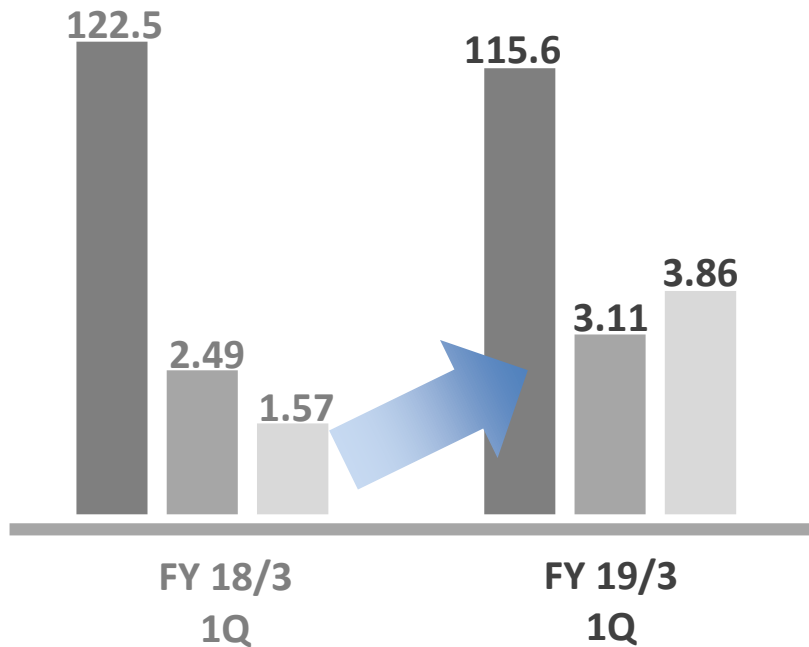


Unit sales decreased mainly due to the revision of the sales channels.
By and large, the sales achieved the target.

Accounting Period Comparison

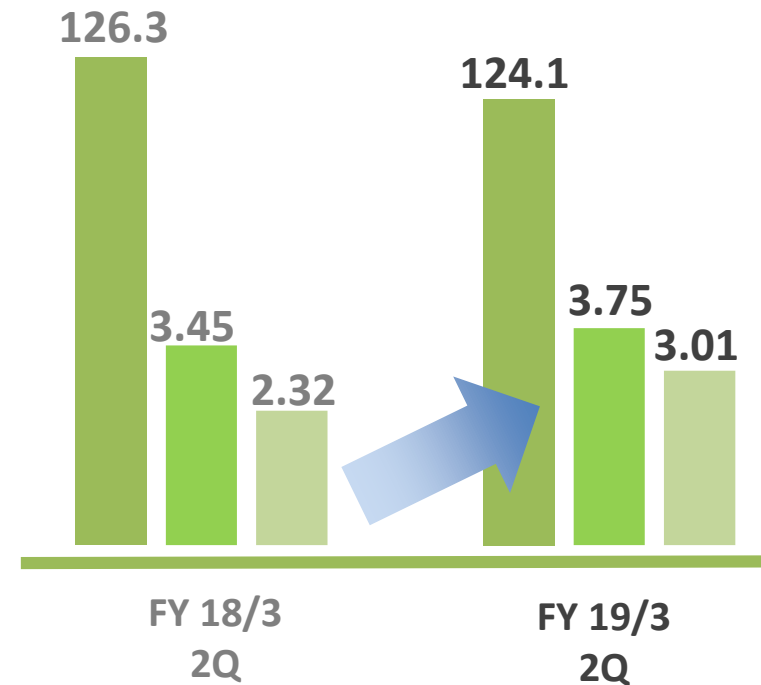
1Q (April to June)

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



1H (July to September)

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

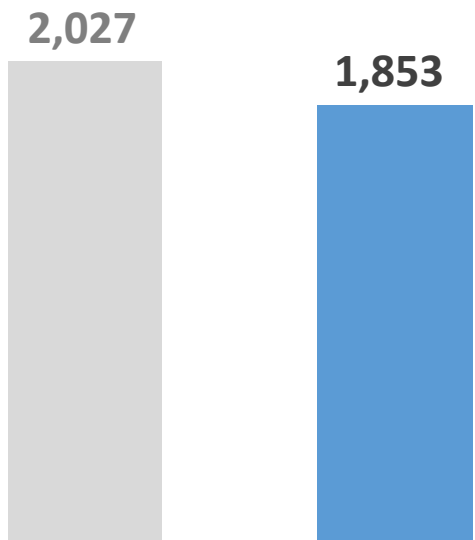


Income increased for both 1Q and 1H

1H Financial Results of Mobile Telecom Business Segment¹⁰

Mobile Phone Unit Sales

(thousand units)

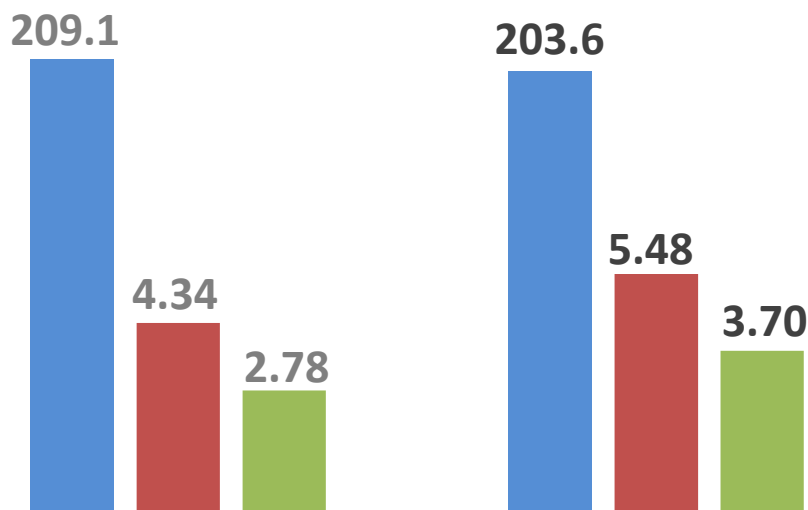


1H FY 18/3

1H FY 19/3

Financial Results Comparison

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



1H FY 18/3

1H 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.

Total No. of Retail Outlets for Mobile-phone, etc. ¹¹

Change in Number of Retail Outlets

Carrier Shop
 Multi-Carrier shop
 Shop-in-shop & GMS

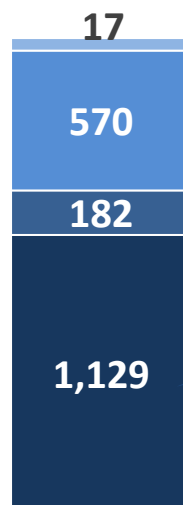
 Accessories shop

2,068



End of Sep. 2017

1,898



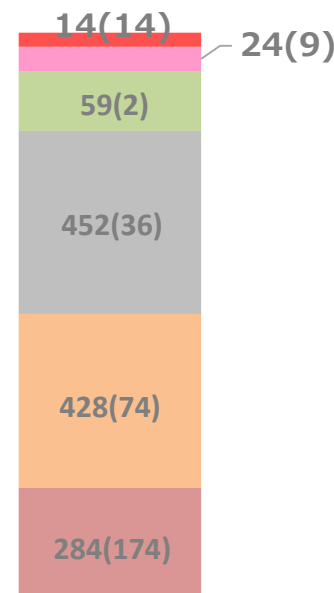
End of Sep. 2018

Number of Carrier Shops

※() = Directly managed Carrier Shop

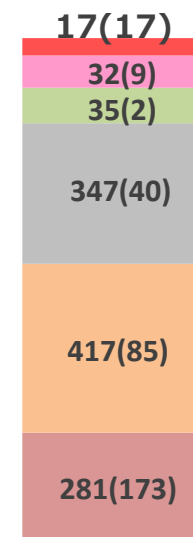
docomo
 au
 SB
 YM
 UQ
 Rakuten

1,261 (309)



End of Sep. 2017

1,129 (326)



End of Sep. 2018

The number of directly managed carrier shop increased

Investments in Shops 1

Opening New Carrier Shops



au Shop
Eon Town Aira

Renovating Carrier Shops



Docomo Shop Shinagawa



au Shop Kodenma-cho

Buying Carrier Shops From Our Partner Agents



Softbank Honmaki
(Dual shop of Softbank and Y!mobile)



Softbank Kadoma

Investing to reinforce our retail strategies

Investments in Shops 2

Collaboration Style Shop



Hakata Station Chika-gai

Rakuten Mobile × **Smart Labo**
4 shops in operation

Newly Opened Rakuten Mobile Shop



Rakuten Mobile Iwata

Opened October 31st 2018

Newly Opened Smart Labo



Cocoon City Saitama Shin-toshin
Opened October 1st 2018

Exclusive Brand to Smart Labo Bellezza Calma



Smartphone Cases

Ring holder

Investments in Human Resources (thorough Career Design Academy Co., Ltd.*)

*our group company



- Providing the education and training program for TG group companies and our partner agents.
- The educational and training services are provided for a wide variety of industries including the mobile phone network industry.



- The enhanced educational materials provided through the online tutorial service -CDA Online – for trainees.



Continued investments in human resources by making the most out of the know-how cultivated as the largest mobile phone distributor in Japan.

< Examples of Clients >

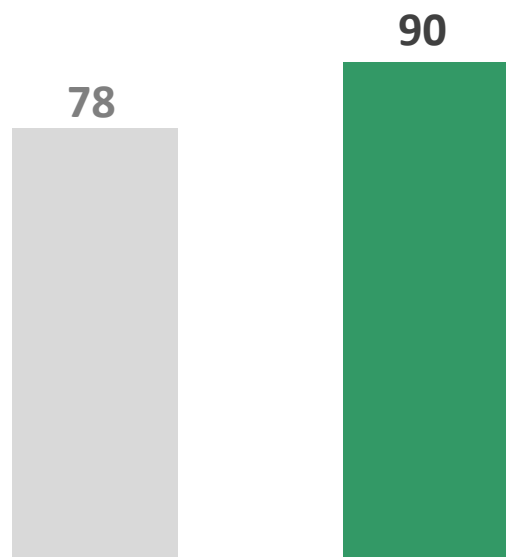
- National Association of Mobile Phone Distributors
- CATV enterprises
- Banks, automobile sales enterprises, and others

1H Financial Results of Enterprise Solution Business Segment

15

Mobile Phone Unit Sales

(thousand units)

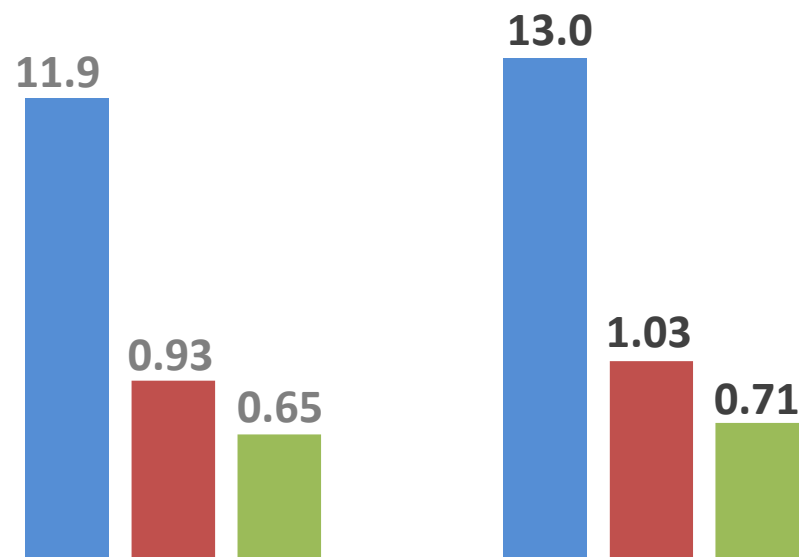


1H FY18/3

1H FY19/3

Financial Results Comparison

Net Sales Operating Income Net Income (billion yen)



1H FY18/3

1H FY19/3

Due to the steady sales of mobile handsets and solutions for enterprise, the segment has marked growth in sales and income.

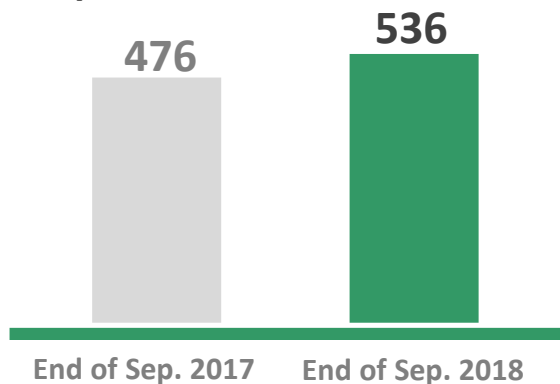
* Including Wifi terminals and MVNO handsets

*As there has been a change to the calculation of the segment profit, the structure of the operating income were partly affected.

Subscriptions Generating Steady Income

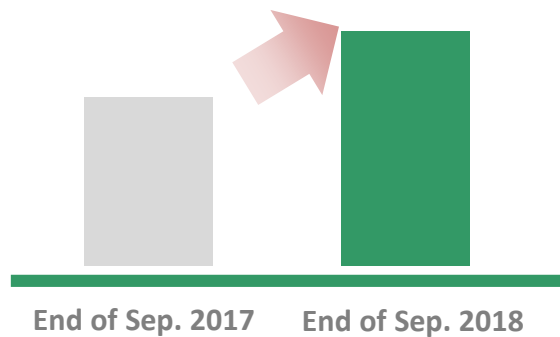
Subscriber of movino star

(thousand)



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

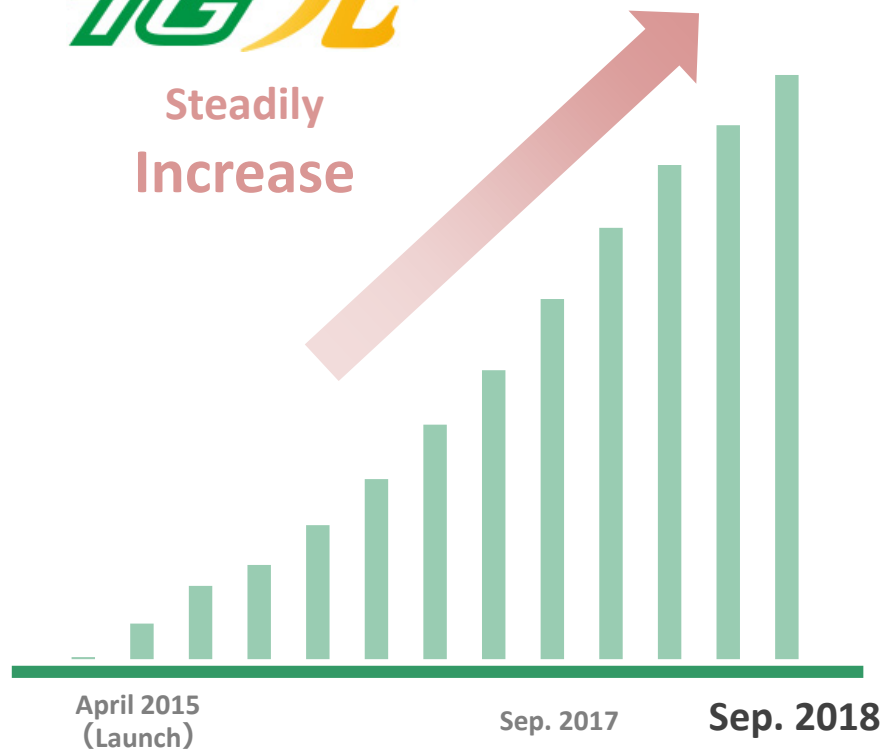
Subscriber of Helpdesk service



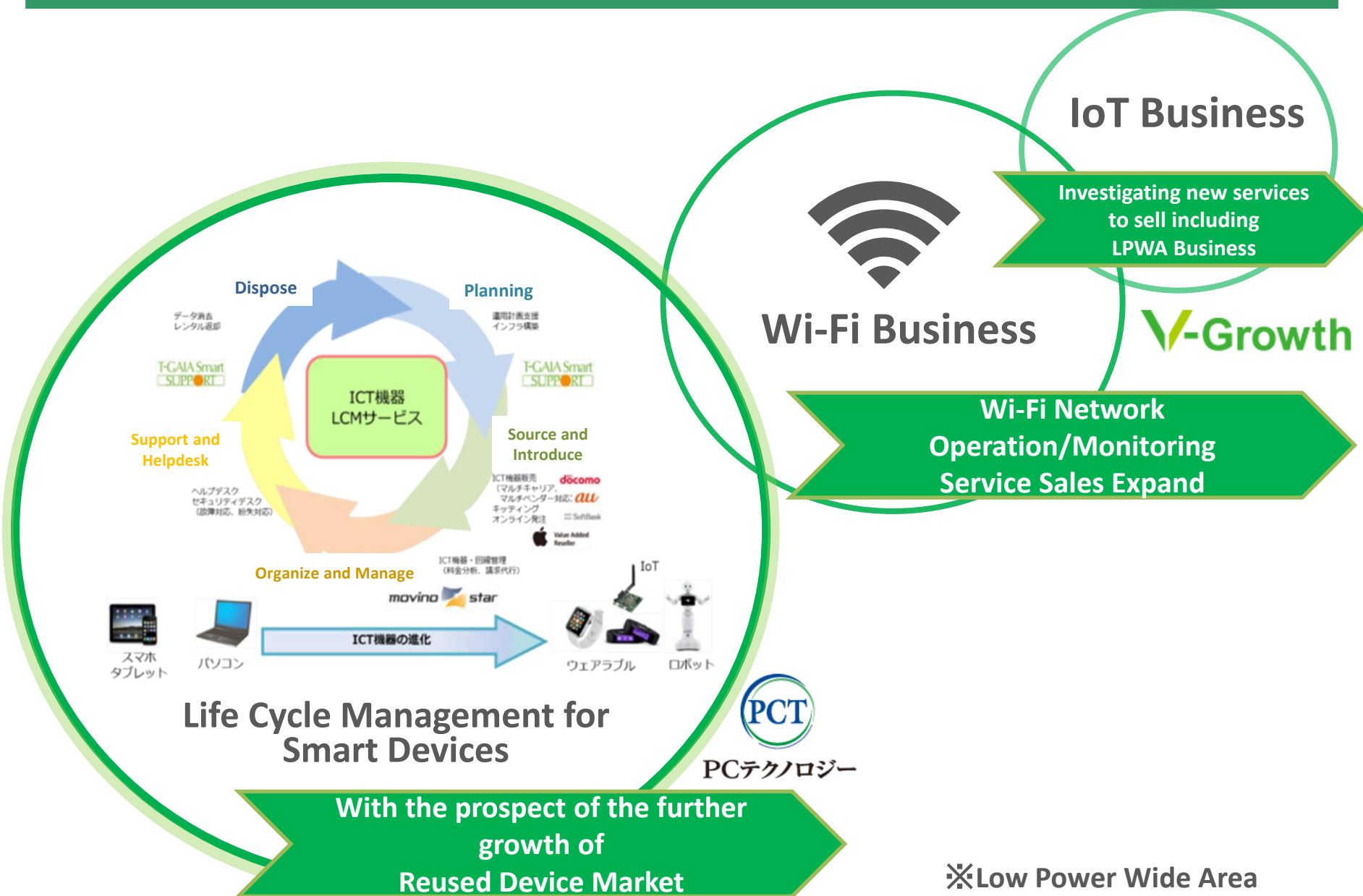
Cumulative Number of TG Hikari Subscribers (incl. Resale)



Steadily Increase



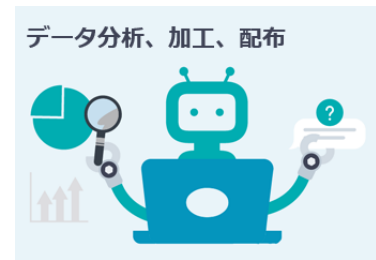
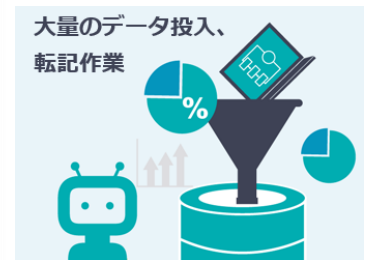
Numbers of Subscribers Increasing Steadily




 **RPA** *Service Launched 



Together with our group company
WAM!NET Japan K.K.,
RPA business has started



 The service are introduced by
the Accountant Dept. in T-Gaia

By corroboration, we are supporting the small to medium-sized companies to improve their business efficiency

*RPA stands for robotic process automation

- **New position established: Supervisor for Solutions Sales staff**



The supervisor will be able to give advice and training to the staff.

Result: the reinforced the sales force and improved response to customer requests.

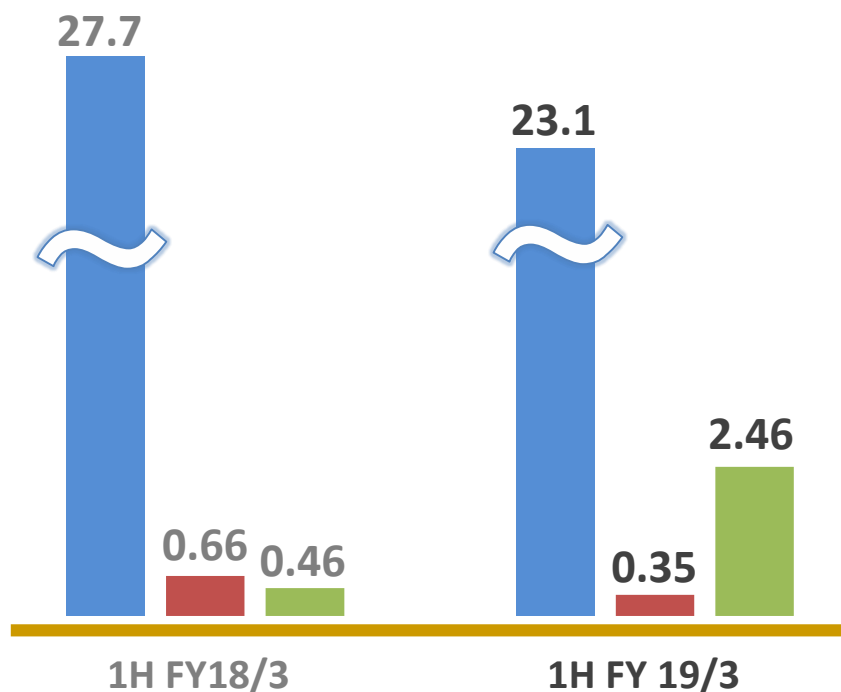


Due to the expansion in the sales force together with the increase in the sales channels and the product range, knowledge sharing between the sales staff became a challenge.

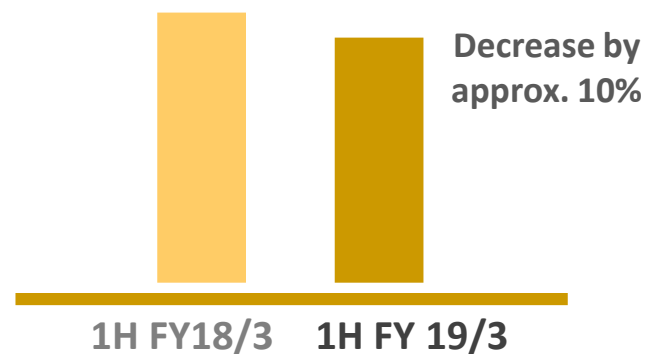
1H Financial Results of Settlement Service & Other Business Segment

Financial Results Comparison

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

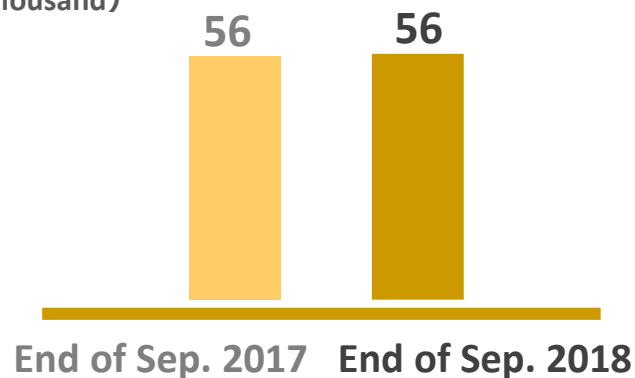


Gross Sales of PIN



Number of stores handling PIN

(thousand)

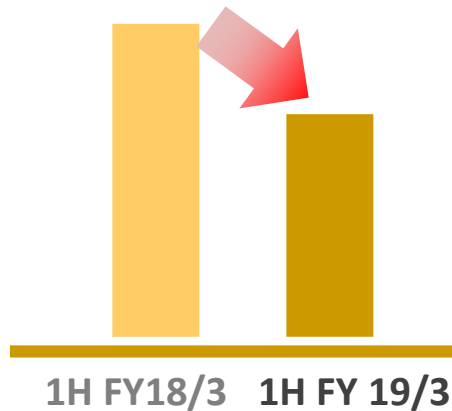


QUO CARD Co., Ltd. has been included in the consolidated financial results from the 4Q of the FY ended March 2018. As a result, the net income has increased.

*As there has been a change to the calculation of the segment profit, the structure of the operating income were partly affected.

1H Results of Settlement Service & Other Business Segment

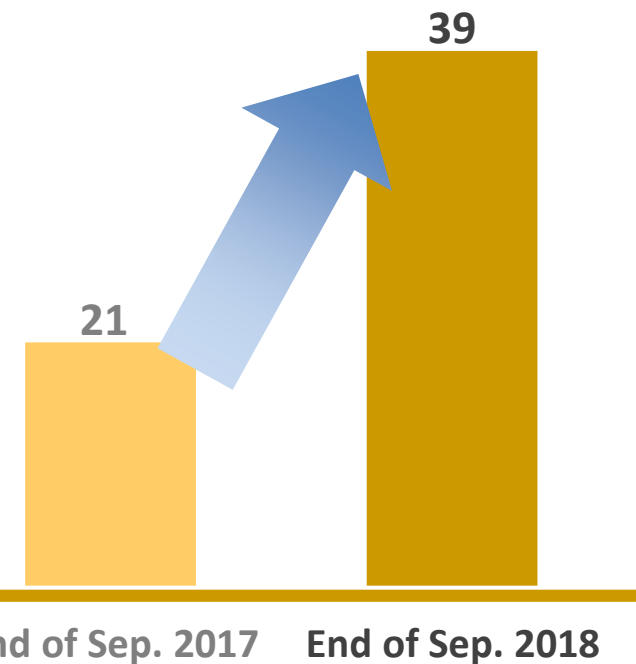
Gross Sales of Gift Cards Comparison



Number of stores handling Gift Cards

(thousand)

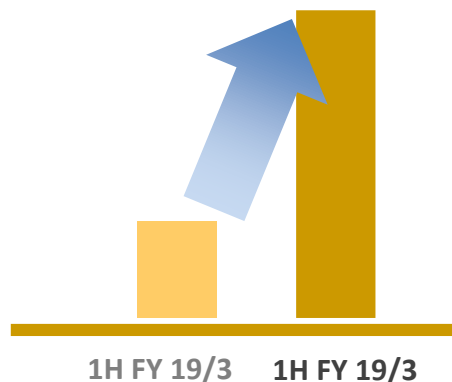
Great Increase
in number



The gross sales declined due to the effect of consolidation of the convenience store industry.

The gross sales have increased compared to the previous quarter

Gross Sales of Gift Cards Compared to the previous quarter



The new major business partner started to handle our gift cards from the 2Q.

Settlement Service & Other Business Segment: Strategies (on QUO CARD Co., Ltd.)

Recent Strategies of QUO CARD Co., Ltd.

● Issuance Amount of QUO Cards

about 15%
increase



1H FY 18/3

1H FY 19/3

● Expanding the range of designs of QUO Cards



Reinforcing the popular designs and continuing to expand its sales channels

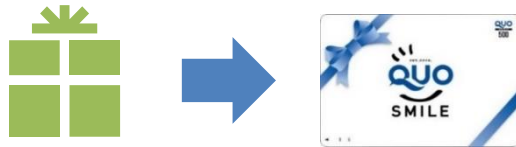
The issuance amount and the usage of physical existing QUO Cards are strong. The “Digital ver. of QUO Cards” are on its way for its launch in near future.

Settlement Service & Other Business Segment: Strategies (on QUO CARD Co., Ltd.)



One of the strategies as a parental company

Change reward gift to
QUO Card in our direct shops



In some of our direct shop, the handsets
and accessories could be purchased with
Quo Cards



**Result: about 30% of QUO Cards gifted
at the shop are been used immediately
at the shop**



Here is the rewarding gift of
your new contract, QUO Card.
You can use it at our shop.



Shop staff



I was planning to buy a
case for my new phone. If
I can use this QUO Card I
might buy it here.

Customer

Issuance volume
of QUO Card

Expanded

Net sales of shop due
to the rise in the
accessories sales

Increased

Increase in Customer Satisfaction

The synergy effect with T-Gaia has been achieved.

E-money
from other issuers
Are mainly used by the person who owns the account.
*mainly used online
High Competition



Digital Ver. Of QUO Cards

 As QUO Cards are well known as a GIFT CARD, this will provide a solution to the demand for “Digital form of GIFT”.

Its under development by the specialized team called “Digital Innovation Lab”

【How it works】

① Gifted by someone (e.g. campaign runner) digitally (through online)

② Charge the value using the smartphone

③ Use it right away at physical stores such as convenience stores



→E.g. Maybe as a reward for answering to a questioner



→ or as a prize drawer gift of a bottled drink



Get it through online, use it **right away** at the retails on streets such as convenience stores



Business in Oversea

Business in Southeast Asia



- Acquired new sales channels of in-house pre-paid cards with total retail outlets of about 800, in Thailand and Malaysia

Thailand

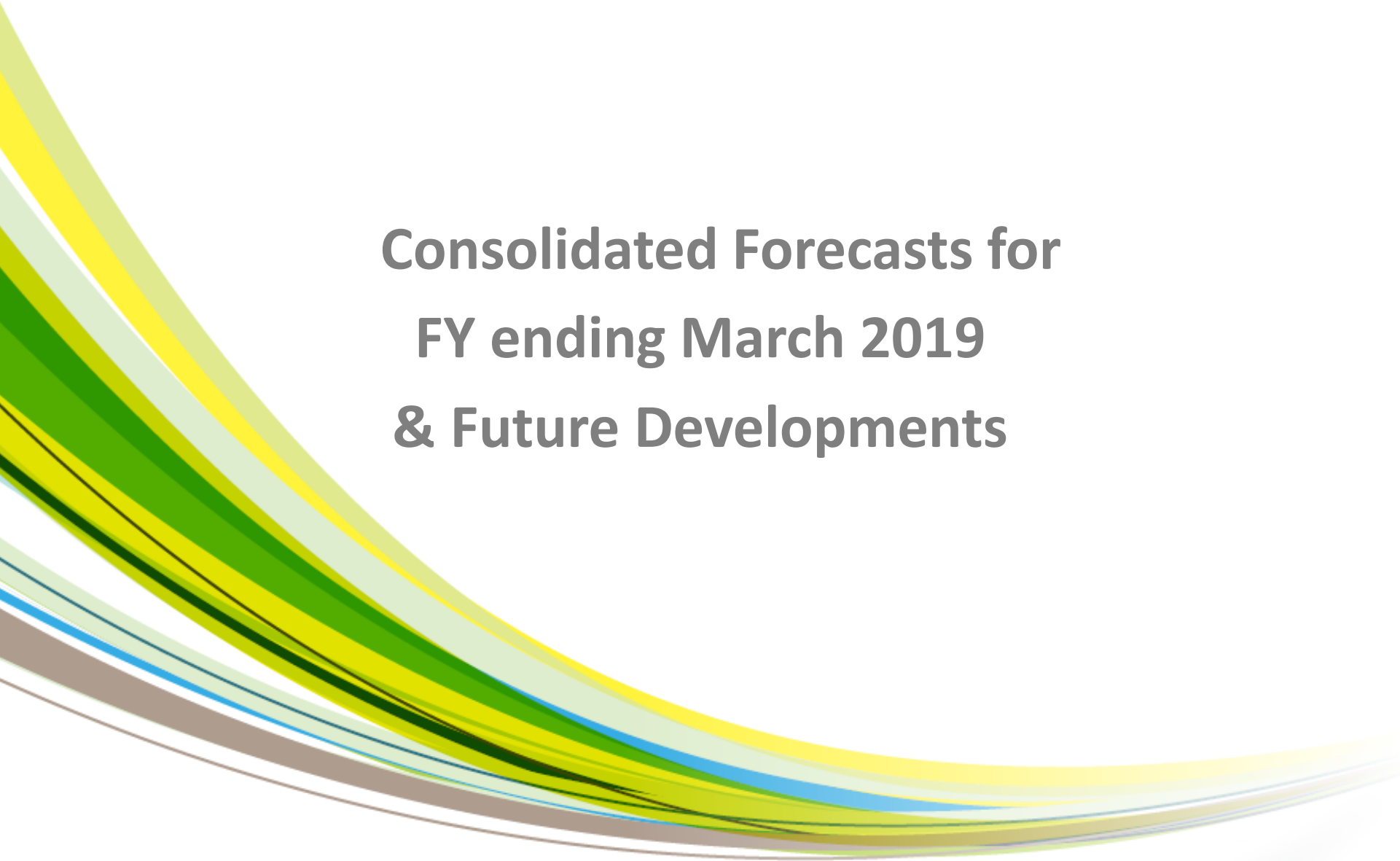
Major bookstores
(about 400 stores)

Malaysia

Major continece store
(about 400 stores)

This will form a part of our steady foundation for the future development.

* Joint business with Value Design (investment ratio of 25%)



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

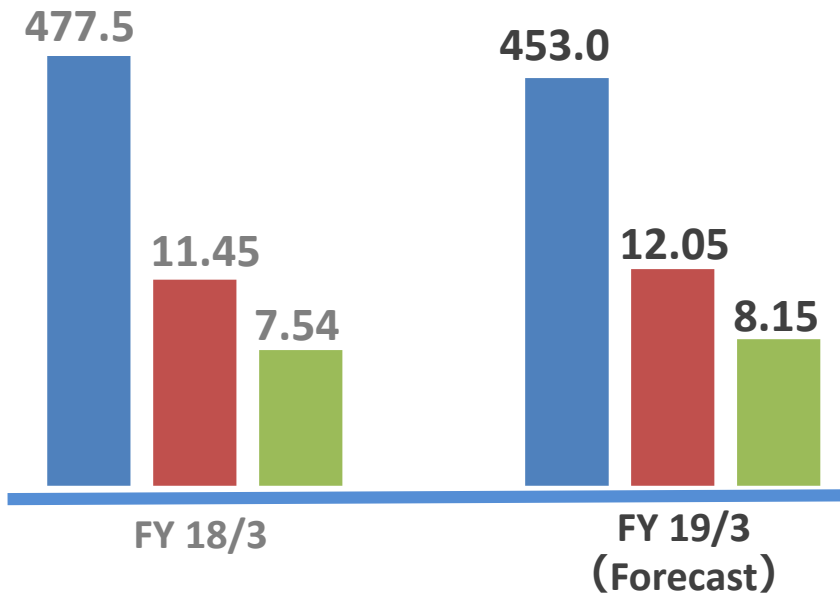
Consolidated Forecasts for FY ending March 2019

(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%

* There are no changes to the forecast for FY 2019/3

Mobile Telecom Business Financial Results Forecast

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

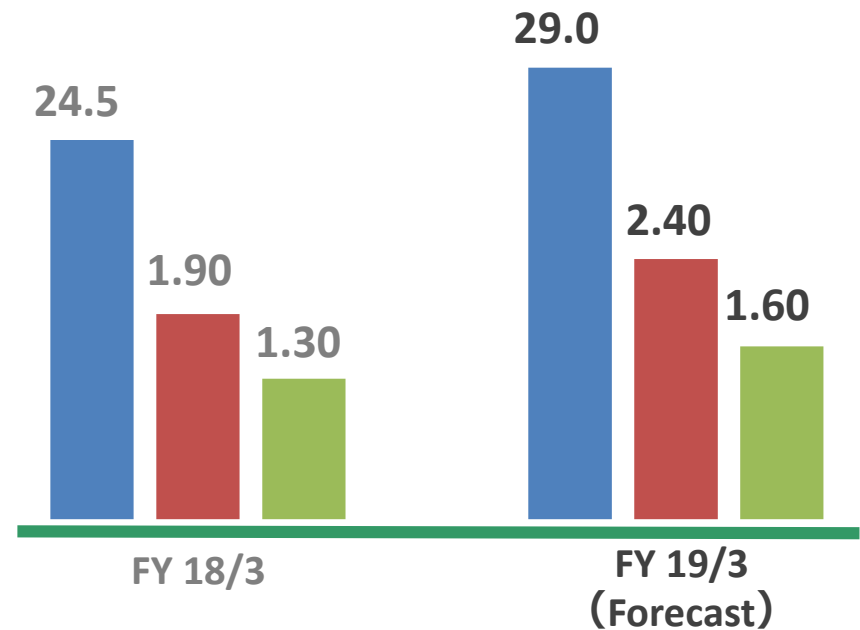


Unit Sales (Target)

4,285 thousand units

Enterprise Solution Business Financial Results Forecast

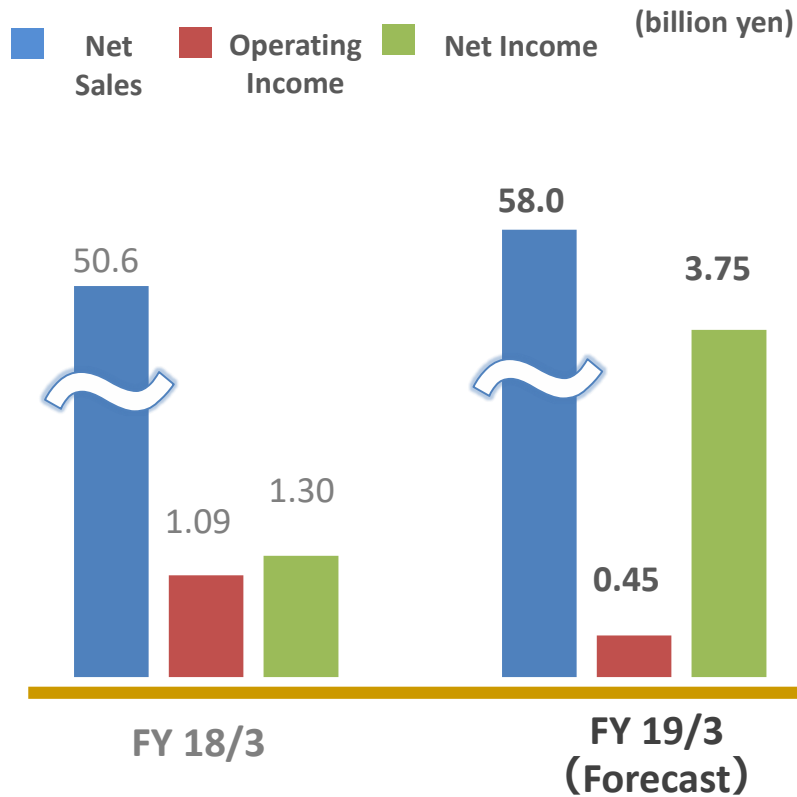
■ Net Sales
 ■ Operating Income
 ■ Net Income
 (billion yen)



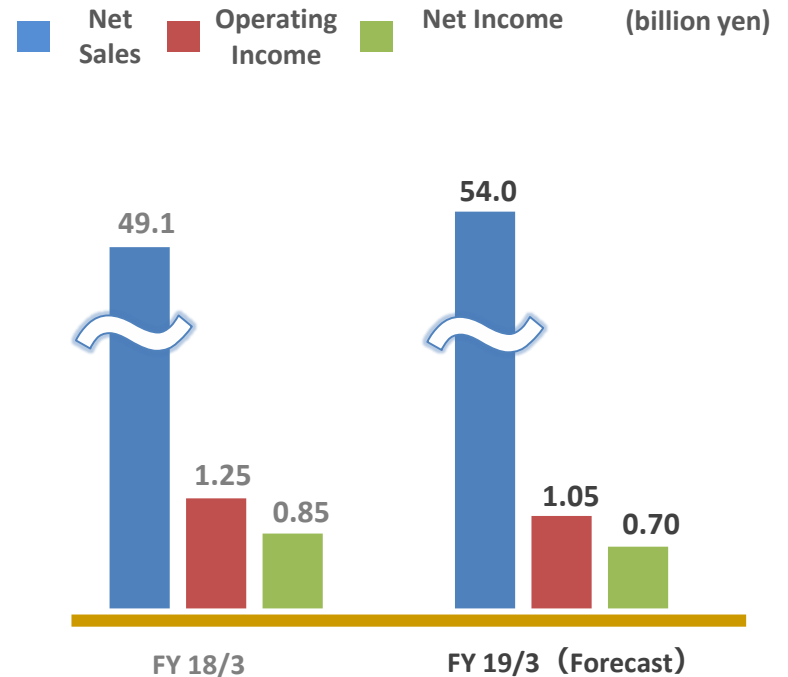
Unit Sales (Target)

180 thousand units

Settlement Service Consolidated Forecast



【Reference data】 Non-consolidated Financial Results Forecasts (Excluding QUO Card Co., Ltd.)



Our Recent News: Minna No Kurashi Labo 1

Know it! Ask it! Use it! Get the Most from

MINNA NO KURASHI LABO

730 yen/month

(meaning "Lifestyle Laboratory for All of Us")

Know

it and enjoy the great money saving!

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(Regular price 1,800 yen)

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Save when you dine out



Could save up to 5400 yen per year by search and book through our website



Save on Daily Shopping

最低 **50%OFF**

The *FIRST* and the original contents
from T-Gaia Corporation
Launch in Nov. 2018

Our Recent News: Minna No Kurashi Labo 2

Ask it!

Team of specialists will give you advices and answers to your questions so you could enhance your life!



Ask any personal questions

人に聞きづらい悩み事や、暮らしのなかのちょっとした疑問などを、プロの専門家が個別にお答えします。弁護士、税理士、収納アドバイザー、栄養士、スポーツトレーナーなど多岐にわたる専門家が、あなたのためにアドバイスします。

お悩みのデータベースも見放題!

The archive of the past Q&A of over 2 millions can be viewed

イライラや心の落ち込み、のぼせやほてりなどが気になる。これって若年性更年期障害かしら?



主治医との関係を円満に保ったまま、セカンドオピニオンをお願いするときに注意することはありますか?



老後が心配なので個人年金をはじめたいけど、知識がないので不安



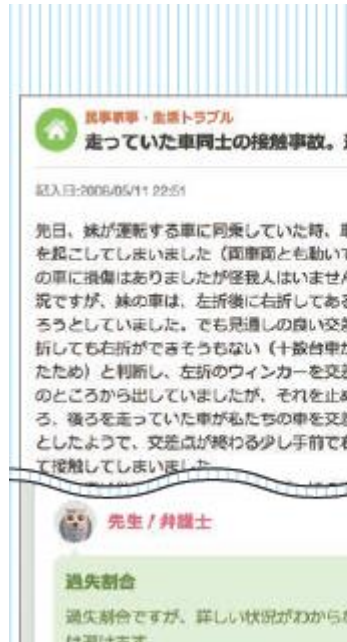
育児と仕事でぐったり。夫にはきつくなり、子供にも悪い影響がないか心配?



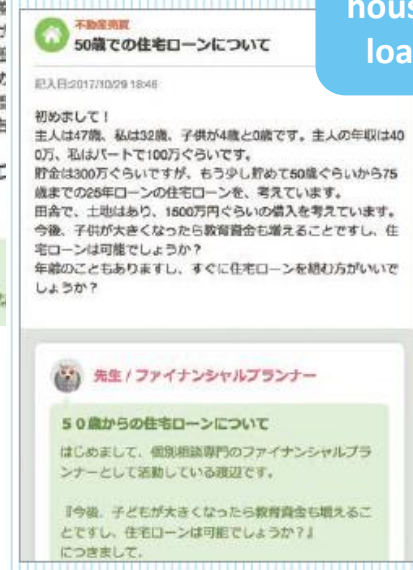
※悩みごとはイメージです。

悩み事はけっこう同じことが多いもの。ぜひ参考にしてください

Ask about Car Insurance



Ask about housing loans



*To use this service it is required to access by "d-account" by NTT docomo.

Present Action: Part 1

The Launch of Special Projects Directly Run by CEO

● CEO Project: No.1

- Promote modified working schedule system
- Promote ICT such as camera solution



Maximizing the productivity as
a company

● CEO Project: No.2

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



Building a new source of
revenue

Present Actions: Part 2

Improvements in Shop Operation Efficiency

- Share KPIs of each shops to the whole company

The image displays three identical ranking charts titled '付帯折分性産生' (Sales Staff Performance Ranking). Each chart is a grid with columns for '本店名' (Shop Name) and '本店長' (Shop Manager). The rows represent different sales staff members, with their names and performance metrics listed. The charts are used to visualize the ranks of each sales staff in direct managed shops.

【Ranking image】

Visualizing the ranks of each sales staff
in direct managed shops

- Introducing and promoting the use of web conference system to shops



By introduced “Skype for Business” to all direct managed shops, about 50% of the meetings gone online.

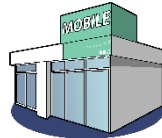
As a result, the amount of time spent on travel are
been reduced, therefore the shop managers could
focus more on the operation of their shops.

**Continue taking actions to promote further
developments in shop operations**

Present Actions: Part 3 - Efficiency Improvements



T-GAIA 10th Anniversary
The “Kaizen” Competition



Each of about 400 shops and branches had to come up with the ideas to improve (Kaizen) its business which they had to follow for the period.

It is requested to report the process and its results of the three months improvements. All will be taken into consideration of the awards by the CEO.



Each one of the member of the company had to participate in setting of the improvement goals, ideas to accomplish it and its execution.

【Criteria of the Competition】

1. Level of quality (level of difficulties and detail)
2. Level of its originality (Is it different to others)
3. Ease of adaptation (Is it easy to apply to different shops and sectors)
4. Accomplished results (Its process and efforts required)

The best “KAIZEN” (improvements idea) will be shared company-wide to be able to improve as a company

Present Actions: Part 4

● Creating a Better Work Environment

Diversity and Inclusion



- Promote active role of female employees (Reached 10% ratio of female managers as of July 2018)
- Has been awarded 3 stars by Elboshi
- Actively employ & support physically or mentally challenged worker in shops
- Support to achieve a good balance between childcare / nursing care and working
- Tele-commuting are been introduced in some cases
- Awarded a prize of "White (Excellent) Corporation Grand Prix for "Child-care Support" by Japan White Spread



Promoting favorable workplace environment

Creation of T-Gaia Health Profession

【ティーガイア 健康宣言】

—健康宣言—

ティーガイアは「社員とその家族を大切に、働く喜びを実感できる企業であり続けます。」を会社の一番重要な使命として掲げており、わたしたちと、わたしたちの家族がより健康で、エネルギーに満たされた状態にあることが、事業の発展にとって重要だと考えます。

将来にわたって「新たなコミュニケーションの提案を通じ、お客様に感動・喜び・安心を提供する」企業であり続けるために、人事担当役員を中心に社員の健康維持・増進を積極的に支援していくことを宣言いたします。

—行動方針—

- 会社は、人材の「多様性を尊重する」とともに、「健康のかたちもまた多様である」という認識の下、全ての社員が安全で衛生的で健康的に労働できる「風通しの良い職場環境」を整備し、最高のパフォーマンスを生み出す働き方を支援します。
- 社員は、自分自身がより健康であることが、会社のエネルギーの源であることを十分意識するとともに、健康維持・増進に関わる最新の情報、社内外の制度を正しく理解したうえで、自身がより健康であるために必要な情報を会社や同僚に向けて積極的に発信していきます。そして、職場の理解を得ながら、互いに支え合い、自身が目指す健康の実現に向けて行動します。

2018年10月
株式会社ティーガイア
代表取締役社長 金治 伸隆

Based on our corporate philosophy, we have declared our policy to maintain health-centered managements, to our employees and to the public.

* To strategically manage health with the business management point of view based on the theory that "a significant result in terms of business are expected by taking in consideration of the employers' health".

Present Actions: Part 5

● 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

379 Employees (As of Sept 30 2018)

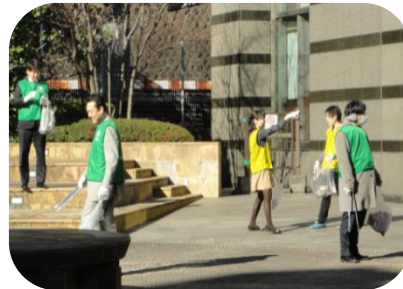
Training lessons to become a coach are held nationwide, mainly targeted at the staffs of mobile phone shops.

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.



Present Action: Part 6

● 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 23rd 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 Sept 1st 2018
5,389 Carrier Shops (66.1% of all shops)
Including 300 shops managed by T-Gaia (100% of all its shops)

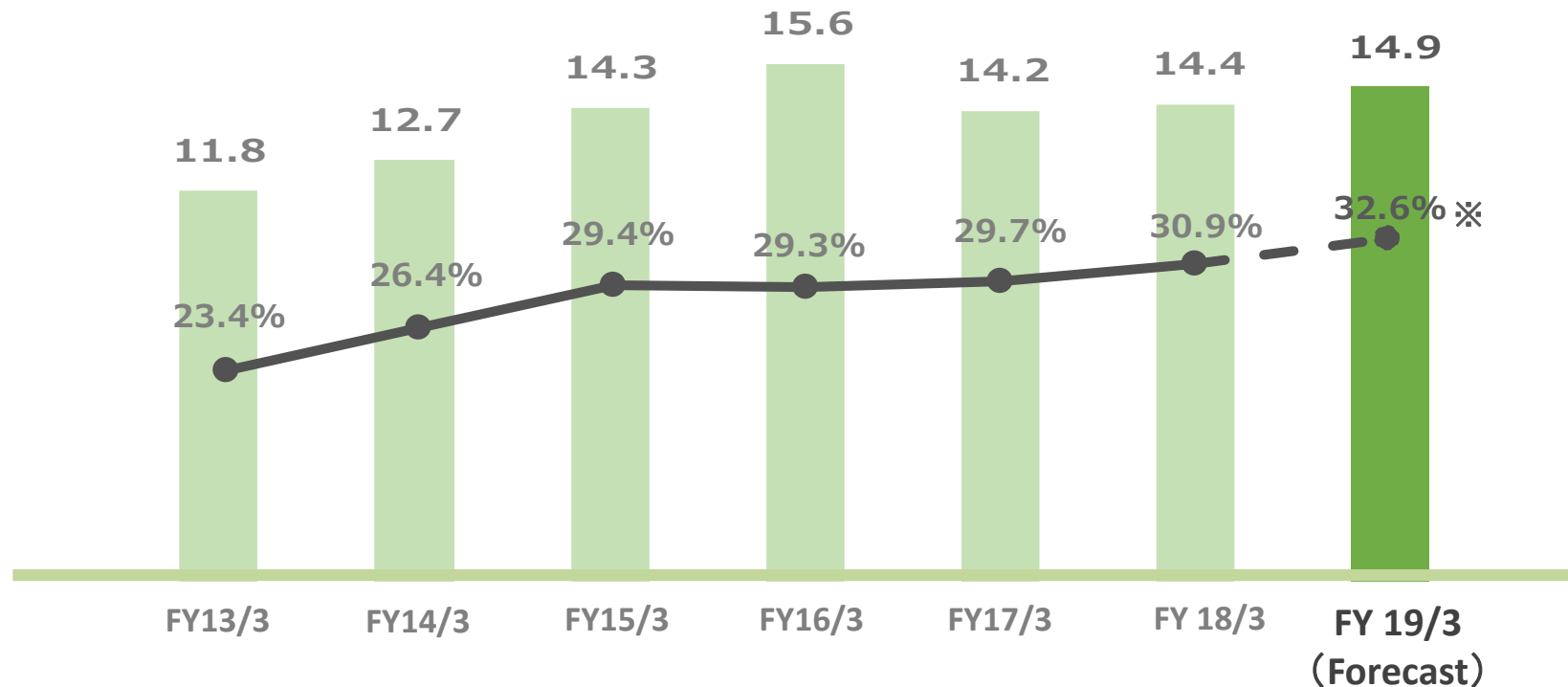
※ Candidate shop: docomo shop, au shop, Softbank shop, Y!mobile shop

Financial Information of T-Gaia: Part 1

Transition of ROE & Operating Income

■ Operating Income ● ROE (Return on Equity)

(billion yen)



Has been selected as **“JPX Nikkei Index 400”**
for 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: Part 2

● Past trend and Forecast 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: Part 3

Return to Shareholders: Dividend Policy

Return to Shareholders in FY ending March 2019

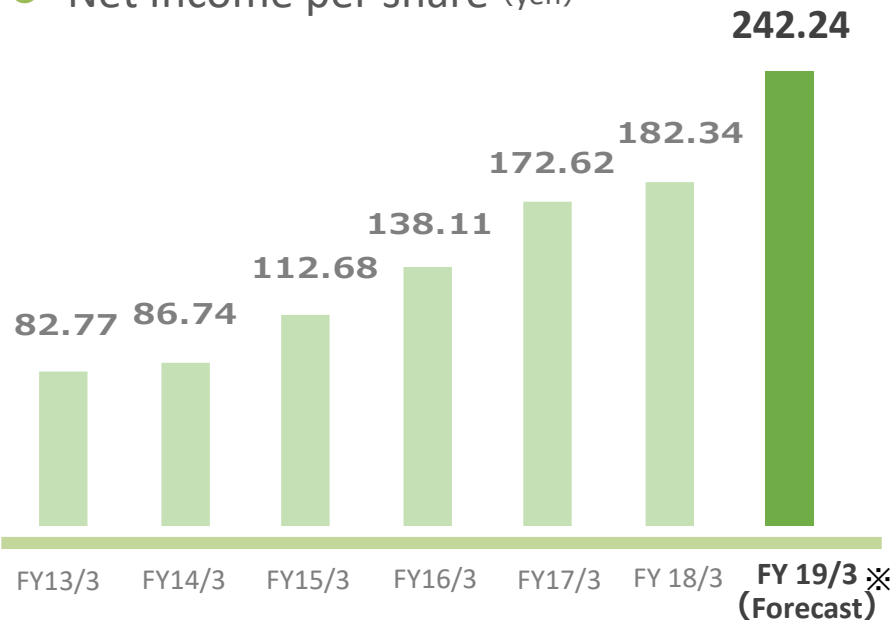
Forecast dividend increase of **18 yen/share**
(increase for the fifth consecutive year)

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

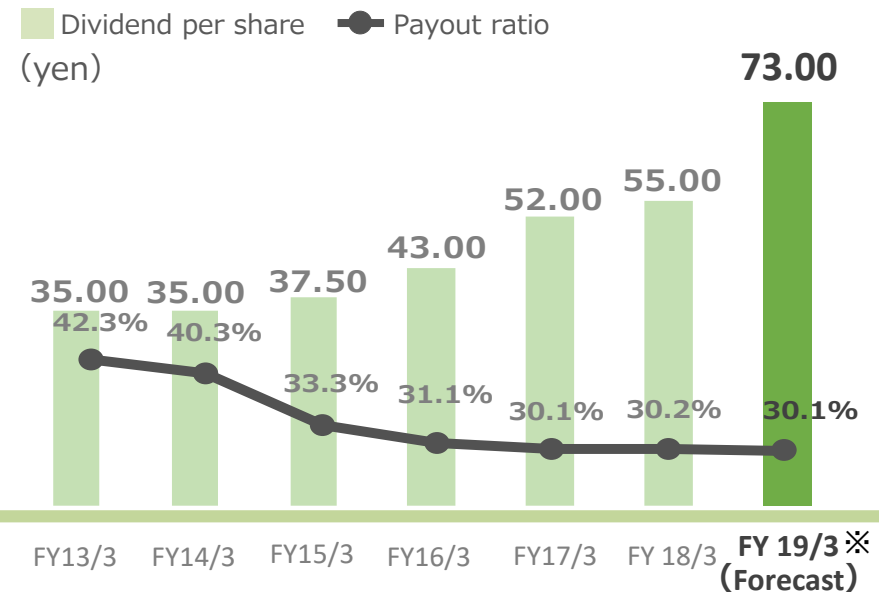
Basic Dividend Policy

Targeting & maintaining
Dividend payout ratio of more than 30%

Net Income per share (yen)



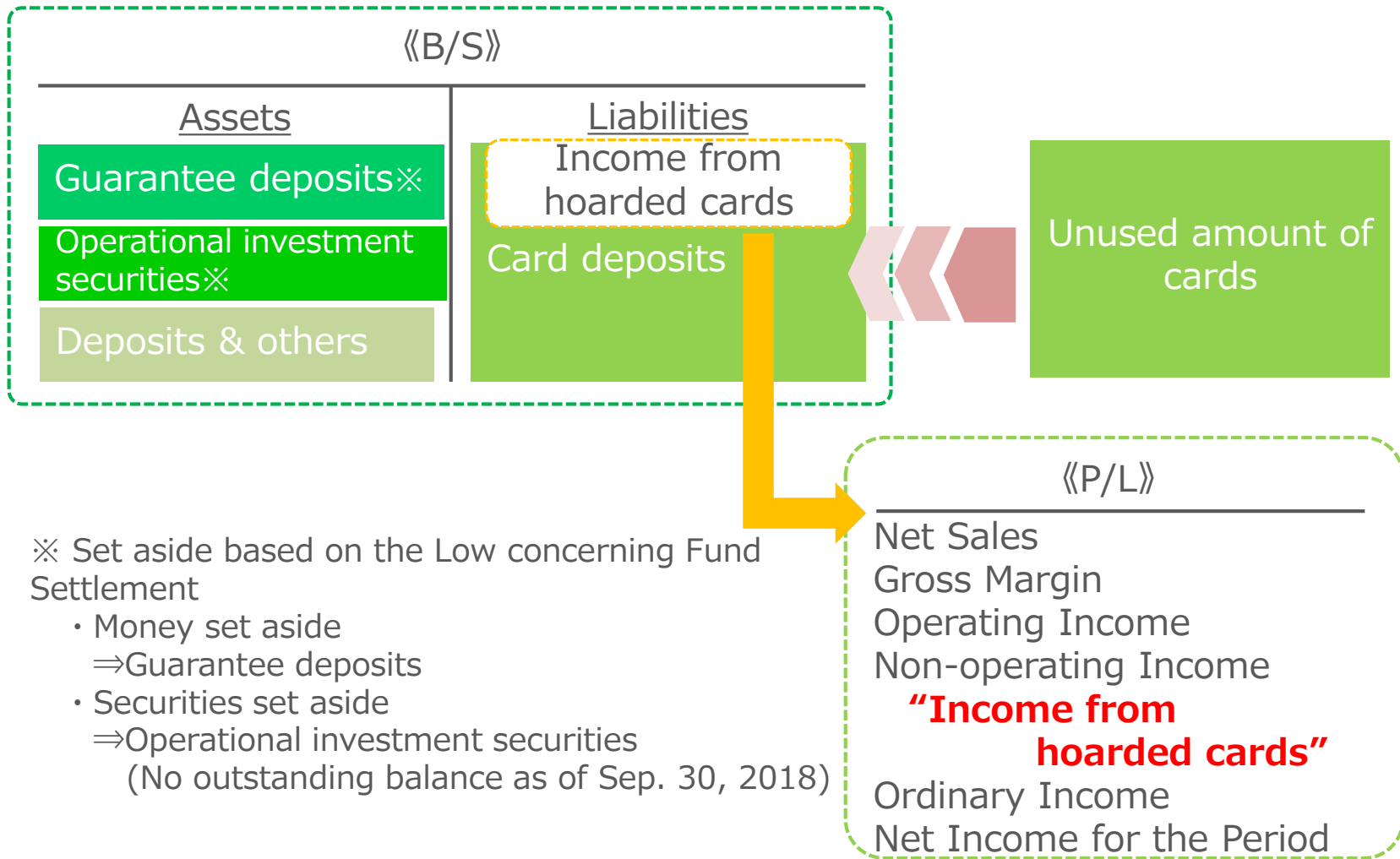
Dividend per share & Payout Ratio



* 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.

QUO Cards ①

● Effects on Consolidated B/S & P/L



QUO Cards ②

- Realization of Income from hoarded cards in the FY ending March 2019

Income from hoarded income has been realized as planned in the 1st & 2nd quarter

〈Forecast on Income from hoarded cards in Non-operating income〉 (unit: billion yen)
FY ending March 2019

<u>1Q</u>	<u>2Q</u>	<u>3Q</u>	<u>4Q</u>	<u>Total</u> (Forecast)
<u>2.6</u> (2.56)	<u>0.72</u> (0.71)	=	=	<u>5.1</u>
① Newly recognized※1	① Newly recognize※1	① Newly recognized※1	① Newly recognized※1	① Newly recognized※1
±	±	±	±	±
② Revised unused amount excluding the above※2	※3	※3	※3	② Revised unused amount excluding the above※2

※1 Newly recognized unused amount exceeding four years at the end of the quarter

※2 Revised amount of unused cards exceeding four years before the end of the previous fiscal year

※3 Amount revised in 1Q will be adjusted based on the amount actually used in the 2Q, 3Q and 4Q