

**Consolidated Financial Results for the First Quarter of Fiscal Year Ending March 31, 2019
(Three Months Ended June 30, 2018) (Based on J-GAAP)**

July 31, 2018

Company name: T-Gaia Corp. Listing: Tokyo Stock Exchange, First Section
 Stock code: 3738 URL: <http://www.t-gaia.co.jp/>
 Representative: Nobutaka Kanaji, President & CEO
 Contact: Tomoyuki Shioya, Managing Officer & General Manager of Corporate Planning & Strategy Dept.
 Tel: +81-3-6409-1010
 Scheduled date of filing Securities Report: August 1, 2018
 Financial results supplementary explanatory documents: Yes
 Financial results presentation: No

(All amounts are rounded down to the nearest million yen)

1. Consolidated Financial Results for the First Quarter of Fiscal Year Ending March 31, 2019 (April 1, 2018 – June 30, 2018)

(1) Consolidated results of operations (three months) (Percentages represent year-over-year changes)

	Net sales		Operating income		Ordinary income		Net income attributable to shareholders of the parent company	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
1Q FY 2019	115,632	(5.6)	3,118	25.1	5,721	127.6	3,866	145.0
1Q FY 2018	122,521	(0.4)	2,491	(6.3)	2,513	(6.3)	1,578	(13.2)

(Note) Comprehensive income (million yen): 1Q FY 2019: 3,869 157.2% 1Q FY 2018: 1504 (17.7%)

	Net income per share	Diluted net income per share
	Yen	Yen
1Q FY 2019	69.38	—
1Q FY 2018	28.32	—

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
1Q FY 2019	155,475	38,790	24.9
FY 2018	159,923	36,473	22.8

Reference: Shareholders' equity (million yen): 1Q FY 2019: 38,780 FY 2018: 36,445

2. Dividends

	Annual dividends				
	1Q-end	Interim	3Q-end	Yearend	Annual
	Yen	Yen	Yen	Yen	Yen
FY 2018	—	27.50	—	27.50	55.00
FY 2019	—	—	—	—	—
FY 2019 (forecasts)	—	36.50	—	36.50	73.00

Note: Revisions to the dividend forecast in the current quarter: None

3. Consolidated forecasts for the Fiscal Year Ending March 31, 2019 (April 1, 2018 – March 31, 2019)

(Percentages represent year-over-year changes)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	540,000	(2.3)	14,900	3.1	20,000	30.4	13,500	32.9	242.24

Note: Revisions to the financial forecast in the current quarter: None

Notes

(1) Changes in significant subsidiaries during the consolidated period (three months) under review

(changes in subsidiaries accompanying change in the scope of consolidation): None

New: None (Company name:)

Excluded: None (Company name:)

(2) Changes in accounting procedures specific to creation of quarterly consolidated financial statements: None

(3) Changes in accounting principles, estimates and restatement

1) Changes in accounting principles caused by revision of accounting standards: None

2) Changes in accounting principles other than those mentioned above: None

3) Changes in accounting estimates: None

4) Restatement: None

(4) Number of shares issued and outstanding (shares of common stock)

1) Number of shares outstanding (including treasury stock) at end of period

1Q FY 2019	79,074,000 shares	FY 2018	79,074,000 shares
1Q FY 2019	23,345,796 shares	FY 2018	23,345,796 shares
1Q FY 2019	55,728,204 shares	1Q FY 2018	55,728,204 shares

2) Number of treasury stock at end of period

3) Average number of shares outstanding during the period (three months)

* Implementation of quarterly review procedures

The consolidated financial statement is not subject to audit procedures pursuant to the Financial Instruments and Exchange Act.

At the time of disclosure of the consolidated financial statement, the audit procedures of consolidated financial statements pursuant to the FIEA are already completed.

* Cautionary statement with respect to forward-looking statements

(Disclaimer on forward-looking statements)

These materials contain forward-looking information including earnings projections based on information currently available to the Company and certain assumptions considered reasonable in the judgment of the Company. Nothing contained in these materials is meant to suggest that the Company promises to attain the said projections. Moreover, due to various factors, actual results may materially differ from projections. Concerning matters to be observed regarding the assumptions underlying earnings projections and concerning the use of earnings projections, please refer to “(3) Qualitative information concerning consolidated business performance forecast” under “1. Qualitative Information Concerning the First Quarter Financial Results” on page 4 of the Attachment to the summary of quarterly financial statement.

* English version of Financial results supplementary explanatory documents will be posted on the English site for Investors of T-Gaia Corporation within days.

Table of contents of the Attachment

1. Qualitative Information Concerning the First Quarter Financial Results	2
(1) Explanation of operating performance.....	2
(2) Explanation of financial position	4
(3) Explanation of forward-looking information including the consolidated financial forecasts	4
2. Quarterly Consolidated Financial Statements and Notes	5
(1) Quarterly consolidated balance sheets	5
(2) Quarterly consolidated statements of income and Quarterly consolidated statements of comprehensive income	6
Quarterly consolidated statements of income Consolidated first quarter period	6
Quarterly consolidated statements of comprehensive income Consolidated first quarter period	6
(3) Notes to quarterly consolidated financial statements.....	7
(Notes on the going-concern assumption)	7
(Notes on significant changes in shareholders' equity)	7
(Segment information).....	7

1. Qualitative Information Concerning the First Quarter Financial Results

Beginning with the first quarter of the current fiscal year, the Company applies the Partially Amendments to Accounting Standard for Tax Effect Accounting (Business Accounting Standard No. 28 of February 16, 2018), etc. With regard to the 1. "Qualitative Information Concerning the First Quarter Financial Results, (2) Explanation of financial position," prior-year comparisons and analyses use prior-year data that have been adjusted to the subject accounting standard.

(1) Explanation of operating performance

The Japanese economy in the period under review (April - June 2018) saw further improvements in employment and household income environments backed by the government's economic policy measures and continued monetary easing by the Bank of Japan, reflecting in rebounding personal consumption and leaving the economy on a continued moderate recovery path. However, given the effects of mounting protectionism on the Japanese economy, the further outlook requires careful watching.

In the market for mobile phone handsets, which forms the core business field of the Group (the Company and its consolidated subsidiaries and equity-method affiliates), the range of customer choices widened as telecommunications carriers offered new charge plans while sub-brands and Mobile Virtual Network Operators (MVNO) became widespread. Meanwhile, telecommunications carriers have been enhancing point service schemes and contents offerings, etc., while working to maintain and expand their long-term customer bases.

In April 2018, the Company established the "CEO Project I" and "CEO Project II." The CEO Project I is concerned with promoting the practical application of flexible working hours, ICT applications such as camera solutions, and company-level productivity enhancements through property agreements and interior decoration and construction support. The CEO Project II is looking to promote the creation of new earnings platforms such as project development including M&A and business development support, etc.

In this operating environment, sales of mobile handsets, etc., at the Group posted 941,000 units, marking a decline due to a changed trading flow in part of the Company sales channels. However, compared to plan targets, despite some variation among distributors, performance has been favorable overall.

Consolidated business results for the period under review marked net sales of 115,632 million yen (-5.6% compared with the year-earlier period), with operating income of 3,118 million yen (+25.1%).

In December 2017, the Group integrated QUO CARD Co., Ltd. as a subsidiary, with income consolidation starting in the fourth quarter of the previous fiscal year (January - March 2018). Due to the recognition of 2,562 million yen in non-operating income from hoarded cards recognized in the period under review, ordinary income rose 127.6% from the year-earlier period to 5,721 million yen, with 3,866 million yen (+145.0%) in net income for the quarter attributable to shareholders of the parent company. The non-operating income of 2,562 million yen from hoarded cards mentioned above accounted for more than 50% of the 5,100 million yen in non-operating expenses/income (hoarded cards and other sources) projected for the full fiscal year ending March 2019 announced in the financial results supplementary explanation document on May 9, 2018. However, performance has been largely to plan and latest consolidated results projections for the full fiscal remain intact.

Results by business segment for the period under review are described below. 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 year-earlier comparison is therefore based on restated data for the first quarter of the previous fiscal year.

(Millions of yen)

	Mobile Telecommunications Business	Enterprise Solutions Business	Settlement Services Business and Other Business	Total
Net Sales	98,503 (4.3%)	6,324 12.7%	10,804 (22.9%)	115,632 (5.6%)
Net income attributable to shareholders of the parent company	1,679 69.3%	330 12.3%	1,857 534.9%	3,866 145.0%
Supplementary information - Operating income	2,470 50.5%	486 13.6%	161 (61.7%)	3,118 25.1%

* Percentages refer to changes compared with the year-earlier period

(Mobile Telecommunications Business)

At the mobile telecommunications business, unit sales fell below the year-earlier result as explained above.

Income benefited from efforts to enhance profitability. Specifically, we worked to raise unit sales prices per customer and together with terminal sales offered various services including optical lines and smartphone related products such as security related contents and accessories. Additionally, with a view to the future, we promoted investment in human resources and took steps to strengthen store capabilities through measures such as reinforcing and expanding carrier shops and investment in new MVNO shops along with the hiring and training of new graduates.

As a result, net sales marked 98,503 million yen (-4.3% compared with the year-earlier period) with net income attributable to shareholders of the parent of 1,679 million yen (+69.3% compared with the year-earlier period).

(Enterprise Solutions Business)

In mobile solutions for corporations, with tailwinds from companies' aggressive ICT investment on the back of favorable corporate earnings, unit sales increased compared with the previous fiscal year as we proactively offered propositions for the introduction and application of smart devices delivering business efficiency gains. Additionally, we worked to offer an attractive array of solution services consistent with companies' needs, including helpdesk services and kitting services. Furthermore, under strengthened cooperation with group companies, we offered one-stop services including Wi-Fi environment configuration and operation as well as remote monitoring for specific industries such as education, where the potential for ICT applications is huge.

In products related to fixed-line telecommunications, the division has been working to strengthen its sales capabilities by seeking to identify new partner companies and nurturing existing resale wholesalers for the Company's own "TG Hikari" fiber-optics access service. As a result, the cumulative number of corporate customer lines has been steadily increasing.

As a result, net sales marked 6,324 million yen (+12.7% compared with the year-earlier period), with net income attributable to shareholders of the parent of 330 million yen (+12.3% compared with the year-earlier period).

(Settlement Services Business and Other Business)

In settlement services business, the merchandise composition continues to transition from electronic money-based products (with net sales recognized based on face value amounts) to gift cards (with net sales recognized based only on commission fee receipts), accompanied by additional effects from the ongoing reorganization of existing sales channels mainly at convenience stores. As a result, handling volumes decreased compared with the previous fiscal year. Beginning in the second quarter, trading in new gift card products is projected to start through new major sales channels.

In the overseas settlement service business, gift card and house card operations in Singapore have been solid. House card business operations are being developed also in Malaysia and Thailand.

At consolidated subsidiary QUO CARD Co., Ltd., stepped-up marketing has resulted in increased issuance of conventional QUO Cards while efforts continue surrounding the development of an additional "Digital QUO Card."

As a result, although net sales decreased to 10,804 million yen (-22.9% compared with the year-earlier period), net income for the quarter attributable to shareholders of the parent company rose to 1,857 million yen (+534.9%), reflecting the recognition of 2,562 million yen in non-operating income from hoarded cards as explained above.

(2) Explanation of financial position

(Assets)

Consolidated current assets at the end of the period under review were 137,987 million yen, which was 5,303 million yen lower than at the end of the previous fiscal year. Main factors comprised a 4,268 million yen increase in guarantee deposits reflecting a rise in statutory cash deposits, a 3,634 million yen decrease in notes and accounts receivable-trade and a 5,156 million yen decrease in merchandise. Non-current assets were 17,487 million yen, which was 855 million yen lower than at the end of the previous fiscal year. This was mainly due to a 908 million yen increase in deferred tax assets.

As a result, consolidated total assets posted 155,475 million yen, which was 4,448 million yen lower than at the end of the previous fiscal year.

(Liabilities)

Consolidated current liabilities at the end of the period under review were 110,807 million yen, which was 5,635 million yen lower than at the end of the previous fiscal year. This was mainly due to accounts payable - trade, and accounts payable - other, which respectively decreased 2,542 million yen, and 1,668 million yen. Non-current liabilities were 5,876 million yen, which was 1,130 million yen lower than at the end of the previous fiscal year. Main factor was a 1,157 million yen decline in long-term loans due to repayment.

As a result, consolidated total liabilities posted 116,684 million yen, which was 6,765 million yen lower than at the end of the previous fiscal year.

(Net assets)

Consolidated net assets at the end of the period under review were 38,790 million yen, which was 2,316 million yen higher than at the end of the previous fiscal year. Main factors comprised 3,866 million yen recognized in net income attributable to shareholders of the parent company and 1,532 million yen in payment of dividends of earned surplus.

(3) Explanation of forward-looking information including the consolidated financial forecasts

The earnings estimates for the full year to March 2019 released on May 1, 2018, remain intact.

Three months (April - June 2018) net sales represent 21.4 percent of the full-year estimate released on May 1, 2018, with percentages for operating income, ordinary income, and net income attributable to shareholders of the parent at 20.9 percent, 28.6 percent, and 28.6 percent, respectively.

2. Quarterly Consolidated Financial Statements

(1) Quarterly consolidated balance sheets

(Millions of yen)

	FY 2018 (As of March 31, 2018)	1Q FY 2019 (As of June 30, 2018)
Assets		
Current assets		
Cash and deposits	18,941	20,972
Notes and accounts receivable - trade	19,536	15,901
Operational investment securities	2,051	1,003
Products	34,953	29,797
Inventories	136	82
Other accounts receivable	13,156	11,289
Guarantee deposits	53,522	57,790
Other current assets	1,098	1,317
Allowance for doubtful accounts	(104)	(167)
Total current assets	143,291	137,987
Fixed assets		
Tangible fixed assets	3,744	3,551
Intangible assets		
Goodwill	2,243	2,231
Others	1,389	1,382
Total intangible assets	3,632	3,614
Investments and other assets	9,254	10,321
Total fixed assets	16,631	17,487
Total assets	159,923	155,475
Liabilities		
Current liabilities		
Accounts payable – trade	8,901	6,359
Short-term borrowings	133	—
Long-term borrowings payable within one year	4,628	4,628
Accounts payable – other	13,224	11,555
Unpaid taxes	3,068	2,872
Reserve of bonuses	1,922	1,167
Allowance for early subscription cancellations	128	71
Card deposits	83,313	82,759
Others	1,122	1,393
Total current liabilities	116,443	110,807
Long-term liabilities		
Long-term borrowings	4,616	3,459
Years of service gratuity reserve provision	63	80
Retirement benefit liabilities	367	361
Asset Retirement Obligations	1,515	1,532
Others	444	442
Total long-term liabilities	7,006	5,876
Total liabilities	123,450	116,684
Net Assets		
Shareholders' equity		
Capital stock	3,154	3,154
Capital surplus	5,177	5,177
Retained earnings	49,412	51,746
Acquisition of own stock	(21,526)	(21,526)
Total shareholders' equity	36,217	38,551
Accumulated other comprehensive income		
Net unrealized holding gain on securities	225	227
Foreign currency translation adjustment	8	6
Remeasurements of defined benefit plans	(6)	(5)
Total accumulated other comprehensive income	228	229
Non-controlling interests	27	9
Total net assets	36,473	38,790
Total Liabilities and Net Assets	159,923	155,475

(2) Quarterly consolidated statements of income and Quarterly consolidated statements of comprehensive income

**(Quarterly consolidated statements of income)
(Consolidated first quarter period)**

(Millions of yen)

	1Q FY2018 (from April 1, 2017 to June 30, 2017)	1Q FY2019 (from April 1, 2018 to June 30, 2018)
Net Sales	122,521	115,632
Cost of Sales	108,063	99,529
Gross Profit	14,457	16,103
Selling, General and Administrative Expenses	11,965	12,985
Operating Income	2,491	3,118
Non-operating Income		
Interest income	0	0
Dividend income	6	6
Equity in earnings of affiliates	7	5
Income from hoarded cards	—	2,562
Others	24	37
Total non-operating income	38	2,612
Non-operating Expenses		
Interest expenses	13	5
Others	2	2
Total non-operating expenses	15	8
Ordinary Income	2,513	5,721
Extraordinary Gains		
Gain on sales of fixed assets	4	—
Gain on sales of shares of subsidiaries and associates	—	12
Total extraordinary gains	4	12
Extraordinary Losses		
Loss on removal of fixed assets	9	—
Loss on sales of fixed assets	2	4
Total extraordinary losses	12	4
Net income before income taxes	2,506	5,729
Income Taxes – Current	444	2,723
Income Taxes – Deferred	481	(862)
Total Income Taxes	926	1,861
Net Income for the Period	1,579	3,868
Net Income Attributable to Non-controlling Interests	0	1
Net Income Attributable to Shareholders of the Parent	1,578	3,866

**(Quarterly consolidated statements of comprehensive income)
(Consolidated first quarter period)**

(Millions of yen)

	1Q FY2018 (from April 1, 2017 to June 30, 2017)	1Q FY2019 (from April 1, 2018 to June 30, 2018)
Net Income for the Period	1,579	3,868
Other Comprehensive Income		
Net unrealized holding gain on securities	(74)	1
Foreign currency translation adjustment	(0)	—
Remeasurements of defined benefit plans, net of tax	—	0
Share of other comprehensive income of entities accounted for using equity method	—	(1)
Total other comprehensive income	(74)	0
Quarterly Comprehensive Income	1,504	3,869
(Breakdown)		
Comprehensive income attributable to shareholders of the parent	1,503	3,867
Comprehensive income attributable to non-controlling interests	0	1

(3) Notes to quarterly consolidated financial statements

(Notes on the going-concern assumption)

Not applicable.

(Notes on significant changes in shareholders' equity)

Not applicable.

(Segment information)

Segment Information

I. 1Q FY 2017 (from April 1, 2017 to June 30, 2017)

1. Information by reportable segment on net sales and income/loss amounts

(Millions of yen)

	Mobile Telecommunications Business	Enterprise Solutions Business	Settlement Services Business and Other Business	Total
Net Sales	102,888	5,612	14,020	122,521
Segment Income (Net income attributable to shareholders of the parent company)	991	293	292	1,578

2. Total income or loss of reportable segments, difference to income or loss reported in the consolidated statement of income for the period under review, and main items responsible for the difference (Matters concerning difference adjustment)

The aggregate total amount of segment earnings matches the amount of net income for the quarter attributable to shareholders of the parent company stated on the quarterly consolidated statements of income.

3. Matters concerning the impairment loss from fixed assets or goodwill of reportable segments

Not applicable.

II. 1Q FY 2018 (from April 1, 2018 to June 30, 2018)

1. Information by reportable segment on net sales and income/loss amounts

(Millions of yen)

	Mobile Telecommunications Business	Enterprise Solutions Business	Settlement Services Business and Other Business	Total
Net Sales	98,503	6,324	10,804	115,632
Segment Income (Net income attributable to shareholders of the parent company)	1,679	330	1,857	3,866

2. Total income or loss of reportable segments, difference to income or loss reported in the consolidated statement of income for the period under review, and main items responsible for the difference (Matters concerning difference adjustment)

The aggregate total amount of segment earnings matches the amount of net income for the quarter attributable to shareholders of the parent company stated on the quarterly consolidated statements of income.

3. Matters concerning changes, etc., in reportable segments

The Company has in previous fiscal years used operating income as the indicator (segment income) for the assessment and analysis of business segment units. Beginning with this first quarter, the indicator for segment income has been changed to net income for the quarter attributable to shareholders of the parent company. This change was implemented so as to achieve assessments and analyses that more closely reflect actual circumstances as regards the business results of business segments units, taking into account the increased number of affiliates and the material effects that quarterly net income of affiliates has on consolidated business results.

Segment information for the first quarter of the previous fiscal year is presented restated in accordance with this change.

4. Matters concerning the impairment loss from fixed assets or goodwill of reportable segments

Not applicable.