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June 3, 2019

To Our Shareholders

Nobutaka Kanaji

President & Chief Executive Officer

T-Gaia Corporation

(Securities code: 3738)

4-1-18, Ebisu, Shibuya-ku, Tokyo, Japan

Convocation Notice of the 28th Ordinary General Meeting of Shareholders

First of all, we would like to express our gratitude to your continued support and patronage.

You are cordially invited to the 28th Ordinary General Meeting of Shareholders of T-Gaia Corporation (the "Company"). The meeting will be held in accordance with the details described below.

If you are unable to attend the meeting, you may exercise your voting rights in writing or via electronic means such as the Internet (See page 2 to 3). You are requested to refer to the attached "Reference Documents for the Ordinary General Meeting of Shareholders," and exercise your voting rights by 5:45 p.m. on Tuesday, June 18, 2019.

1. Date and Time	**Wednesday, June 19, 2019 at 10:00 a.m. (the venue opens at 9 a.m.)**
2. Venue	**Galaxy Ballroom on the second basement level, The Westin Tokyo** 1-4-1 Mita, Meguro-ku, Tokyo (See the map of the venue on the last page.)
3. Meeting Agenda	**Matters to be reported:** 1. The Business Report and Consolidated Financial Statements for the Company's 28th Fiscal Year (from April 1, 2018 to March 31, 2019) and the Results of Audits of the Consolidated Financial Statements by the Accounting Auditor and the Audit and Supervisory Board 2. Non-consolidated Financial Statements for the Company's 28th Fiscal Year (from April 1, 2018 to March 31, 2019) **Matters to be resolved** Proposal 1: Appropriation of Retained Earnings Proposal 2: Partial Amendments to the Articles of Incorporation Proposal 3: Appointment of Eight (8) Directors Proposal 4: Appointment of One (1) Corporate Auditor Proposal 5: Appointment of One (1) Alternate Corporate Auditor Proposal 6: Establishment of a New Remuneration Framework for Granting Restricted Stock to Directors of the Company and the Revision of Executive Remuneration

- Please note that we stopped distributing souvenirs for attending shareholders last year. We appreciate your understanding.

How to Exercise Voting Rights

You may exercise your voting rights using either one of the following three methods.

Attend the shareholders' meeting

Bring the enclosed Voting Rights Exercise Form to the Ordinary General Meeting of Shareholders and submit it at the venue. (There is no need to affix the postage seal.)

Date and Time: **Wednesday, June 19, 2019 at 10:00 a.m.**
(the venue opens at 9 a.m.)

Venue: **Galaxy Ballroom on the second basement level,**
The Westin Tokyo
1-4-1 Mita, Meguro-ku, Tokyo

Exercise voting rights in writing (by post)

Indicate your approval or disapproval for each of the proposals on the enclosed Voting Rights Exercise Form and post it without affixing stamps.

Deadline: **The form has to reach the Company by 5:45 p.m. on Tuesday, June 18, 2019.**

Exercise voting rights via the Internet

Access the voting rights exercise website on your personal computer or smartphone and enter your approval or disapproval for each of the proposals following the instructions displayed on the screen. For details, please refer to the next page.

Deadline: **The form has to reach the Company by 5:45 p.m. on Tuesday, June 18, 2019.**

<Institutional investors>
If you have applied in advance to use the electronic voting platform operated by ICJ, Inc., you may exercise your voting rights on the said platform.

<u>Handling of duplicate exercise of voting rights</u>

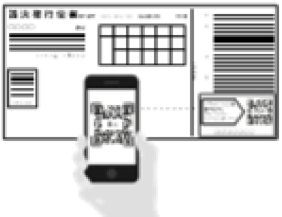
(1) If a shareholder exercises voting rights redundantly by writing and via the Internet, etc., the voting rights exercised via the Internet, etc. will be deemed as valid.
(2) If a shareholder exercises voting rights more than once via the Internet, etc., the final vote will be deemed as valid.

How to Exercise Voting Rights via the Internet

Exercising voting rights by smartphone

You can log in to the voting rights exercise website without entering your voting rights exercise code and password.

1. Scan the QR code on the bottom right of the Voting Rights Exercise Form. (QR codes are different for each shareholder.)



* “QR code” is a registered trademark of DENSO WAVE INCORPORATED.

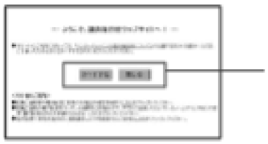
2. Next, follow the guidance on screen to vote yes or no on the proposals.

! If you wish to change your vote after exercising your voting rights, then you must scan the QR code® again and input the Voting Rights Exercise Code and password written on the enclosed Voting Rights Exercise Form (From a PC, you can also directly access the voting

Exercising voting rights on a PC

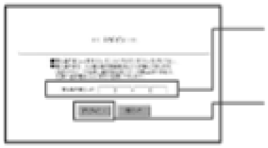
Voting Rights Exercise Website: **https://www.web54.net**

1. Access the voting rights exercise website.



Click “Next”

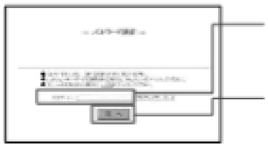
2. Input the Voting Rights Exercise Code written on the Voting Rights Exercise Form.



Input the Voting Rights Exercise Code

Click “Log In”

3. Input the password written on the Voting Rights Exercise



Input the password

Click “Next”

4. Next, follow the guidance on screen to vote yes or no on the proposals.

* Shareholders are responsible for connection fees or communication fees incurred when using the voting rights exercise website.

* Depending on the Internet environment you are using, the service you subscribe to, or the device you are using, you may be unable to use the voting rights exercise website.

Inquiries

1. For inquiries about how to operate your PC or smartphone in order to exercise voting rights via the Internet.

Transfer Agent Internet Support, Sumitomo Mitsui Trust Bank, Limited

Direct telephone number

0120-652-031 (toll free)

Available from 9:00 to 21:00

2. Other inquiries

A. Shareholders with an account with securities companies

Please contact your securities company.

B. Shareholders without an account at securities companies (shareholders with special accounts)

Stock Transfer Agency Department, Sumitomo Mitsui Trust Bank, Limited

0120 (782) 031 (toll free)

Available from 9:00 to 17:00 on weekdays

Reference Documents for the Ordinary General Meeting of Shareholders

Proposals and Reference Materials

Proposal 1 Appropriation of Retained Earnings

We propose to appropriate retained earnings as follows.

Matters concerning the year-end dividend

We view the appropriate return of profits to our shareholders as an important business matter. We have set a target payout ratio of at least 30% and strive to pay a dividend that reflects such factors as business performance for the year under review as well as the future expansion of our business.

In keeping with that policy, we plan to pay the following year-end dividend for the year under review.

(1) Type of dividend property:
Cash

(2) Allocation of dividend property and the total amount:
38.5 yen per common share of stock in T-Gaia Corporation
Total cash dividend of 2,145,534,622 yen
Given that we paid an interim dividend of 36.5 yen per share of common stock, the annual dividend per share will total 75 yen, for an increase of 20 yen per share from the previous year.

(3) Record date for dividend from the surplus:
June 20, 2019

Proposal 2 Partial amendments to the Articles of Incorporation

1. Reason for the proposed amendments

(1) To be prepared for the development of new business as well as for the expansion of the scope of business operations capitalizing on the Company's own strength, such as further expansion of the consigned freight forwarding business capitalizing on the Company's own warehousing facilities and solar energy generation business utilizing store facilities of the Company's as well as the partner agencies' mobile phone shops, and education business deploying the retail staff at the Company's mobile phone shops, business purposes associated with the aforementioned development and expansion are to be added to Article 2.

(2) Comprehensive business purposes are to be added to Article 2 in order to be prepared for the agile development of new businesses in future, partially in light of the relaxed examination standards for commercial registration following the enforcement of the Companies Act (Law No. 86 of 2005).

2. Details of the amendments

Details of the amendments are as follows.

(Underlines denote the amended parts.)

Current Articles of Incorporation	Proposed amendments
(Business purposes) Article 2. Purpose of operation of the Company is to be engaged in the following businesses.	(Business purposes) Article 2. Purpose of operation of the Company is to be engaged in the following businesses.
(1) through (9) (Provisions are omitted.)	(1) through (9) (Unchanged)
(10) Travel business, travel agency business, hotel business, operation of facilities for tourism, leisure, sports, healthcare, education as well as eating and drinking establishments	(10) Travel business, travel agency business, hotel business, operation of facilities for tourism, leisure, sports, healthcare as well as eating and drinking establishments
(11) through (14) (Provisions are omitted.)	(11) through (14) (Unchanged)
(15) Warehousing business, transportation business and forwarding agency business thereof	(15) Warehousing business, consigned freight forwarding business, land transportation business, marine transportation business, air transportation business and forwarding agency business thereof
(16) through (20) (Provisions are omitted.)	(16) through (20) (Unchanged)
(21) Power distribution business and agency business thereof	(21) Power generation business, power distribution business and agency business thereof
(22) Gas distribution business and agency business thereof	(22) Gas distribution business and agency business thereof
(23) (Provision is omitted.)	(23) (Unchanged)
(Newly established)	(24) Education business
(24) Consulting business in connection with all the businesses listed above	(25) Consulting business in connection with all the businesses listed above
(25) Any and all businesses associated with all the businesses listed above	(26) Any and all businesses associated with all the businesses listed above
(Newly established)	(27) All other businesses other than those listed above

Proposal 3 Appointment of Eight (8) Directors

Of the nine (9) Directors appointed at the 27th Ordinary General Meeting of Shareholders held on June 20, 2018, one (1) Director resigned on November 30, 2018 and the terms of all of the other eight (8) Directors will expire at the conclusion of this General Meeting of Shareholders.

We propose the reduction of the number of the Directors by one (1) in order to streamline the management system and, accordingly, the appointment of eight (8) Directors.

The candidates for Director are as follows.

Candidate No.	Name	Positions and Responsibilities in the Company	Attendance at meetings of Board of Directors	Years serving as Director
1	Reappointment **Nobutaka Kanaji** (59 years old)	President and Representative Director, Chief Executive Officer	14/14 meetings	6 years
2	Reappointment **Soichiro Tada** (62 years old)	Director, Executive Vice President, CFO, in charge of corporate accounting, finance and settlement, IT, risk management and logistics	14/14 meetings	4 years
3	Reappointment **Tsuyoshi Konda** (56 years old)	Director, Executive Vice President (President & Representative Director, QUO CARD Co., Ltd.)	14/14 meetings	4 years
4	Reappointment **Masahiro Miyashita** (59 years old)	Director	11/11 meetings	1 year
5	New appointment **Koichi Kawase** (48 years old)	–	–	–
6	Reappointment **Toshiya Asaba** (57 years old) Candidate for Outside Director; Candidate for Independent Director	Outside Director	14/14 meetings	3 years
7	Reappointment **Kyoko Deguchi** (53 years old) Candidate for Outside Director; Candidate for Independent Director; Woman	Outside Director	14/14 meetings	3 years
8	Reappointment **Junichi Kamata** (65 years old) Candidate for Outside Director; Candidate for Independent Director	Outside Director	11/11 meetings	1 year

Notes:

1. The age of each candidate is as of the date of this General Meeting of Shareholders.
2. As Mr. Masahiro Miyashita and Mr. Junichi Kamata took office on June 20, 2018 (the date of the 27th Ordinary General Meeting of Shareholders), the number of the Board of Directors meetings they were expected to attend differs from other reappointed candidates for Directors.

<table>
<tr><th>Candidate
Number</th><th>Name
(Date of Birth)</th><th colspan="2">Career Summary, Positions and Responsibilities in the Company
(Major Concurrent Posts)</th></tr>
<tr><td rowspan="14">1

Reappointment</td><td rowspan="13">Nobutaka Kanaji
(Mar 18, 1960)
59 years old

Number of
Company shares held:
3,500

Attendance at meetings of Board of Directors during FY2019:
14/14 meetings (100%)

Years serving as Director:
6 years (at the conclusion of this meeting)</td><td>Apr 1983</td><td>Joined Sumitomo Corporation</td></tr>
<tr><td>Jun 1988</td><td>Assigned to Representative Office in Saudi Arabia</td></tr>
<tr><td>Aug 2001</td><td>Sumitomo Corporation of Americas (New York)</td></tr>
<tr><td>Apr 2005</td><td>President, Presidio STX, LLC (US)</td></tr>
<tr><td>Oct 2007</td><td>Manager of Net Business, Sumitomo Corporation</td></tr>
<tr><td>Oct 2008</td><td>Manager of Mobile & Internet Business,
Sumitomo Corporation</td></tr>
<tr><td>Jun 2013</td><td>Outside Director, T-Gaia Corporation</td></tr>
<tr><td>Apr 2014</td><td>Director, Executive Vice President; Senior Director of Administrative Unit No. 1, T-Gaia Corporation</td></tr>
<tr><td>Apr 2015</td><td>Director, Executive Vice President; Senior Director of Corporate Strategy, T-Gaia Corporation</td></tr>
<tr><td>Apr 2016</td><td>Director, Executive Vice President; Senior Director of Smart Life Business and concurrently Senior Director of Enterprise Solutions Business; Responsibility for Network Business Division, T-Gaia Corporation</td></tr>
<tr><td>Apr 2017</td><td>President and Chief Executive Officer,
T-Gaia Corporation (current)</td></tr>
<tr><td>Dec 2017</td><td>Director, QUO CARD Co., Ltd. (current)</td></tr>
<tr><td colspan="2"></td></tr>
<tr><td colspan="3">[Reason for nomination as a candidate for Director]
Mr. Nobutaka Kanaji has been involved in the telecommunications field for many years. From 2013 he supervised various divisions as Director of the Company, from each sales division to the corporate division. Since April 2017 he has demonstrated leadership as President and Chief Executive Officer, who has the highest responsibility in business execution within the Company. Because Mr. Kanaji possesses expert knowledge and abundant experience mainly in the telecommunications field cultivated by serving in these positions, and has a sincere character and a high level of both insight and skill in corporate management, the Company regards Mr. Kanaji to be suitable as a Director of the Company and has nominated him as a candidate for Director again.</td></tr>
</table>

<table>
<tr><th>Candidate
Number</th><th>Name
(Date of Birth)</th><th colspan="2">Career Summary, Positions and Responsibilities in the Company
(Major Concurrent Posts)</th></tr>
<tr><td rowspan="15">**2**

Reappointment</td><td rowspan="14">**Soichiro Tada**
(Feb 3, 1957)
62 years old

Number of
Company shares held:
800

Attendance at meetings of
Board of Directors during
FY2019:
14/14 meetings (100%)

Years serving as Director:
4 years (at the conclusion
of this meeting)</td><td>Apr 1979</td><td>Joined Sumitomo Corporation</td></tr>
<tr><td>Jul 1992</td><td>Sumitomo Corporation (Hong Kong) Limited</td></tr>
<tr><td>Jun 2008</td><td>Accounting Manager for Transport and Construction Machinery and Infrastructure, Sumitomo Corporation</td></tr>
<tr><td>Nov 2009</td><td>Accounting Manager for Infrastructure, Finance and Distribution, Sumitomo Corporation</td></tr>
<tr><td>Apr 2011</td><td>Accounting Manager for New Industries and Infrastructure, Sumitomo Corporation</td></tr>
<tr><td>Apr 2013</td><td>Accounting Manager for Environment and Infrastructure, Sumitomo Corporation</td></tr>
<tr><td>Jun 2014</td><td>Managing Executive Officer; Senior Director, Administrative Unit No. 2, T-Gaia Corporation</td></tr>
<tr><td>Apr 2015</td><td>Senior Executive Officer; Senior Director of Corporate Finance and concurrently Director of Risk Management,
T-Gaia Corporation</td></tr>
<tr><td>Jun 2015</td><td>Director, Senior Executive Officer; Senior Director of Corporate Finance and concurrently Director of Risk Management, T-Gaia Corporation</td></tr>
<tr><td>Apr 2016</td><td>Director, Executive Vice President; Senior Director of Corporate Finance, T-Gaia Corporation</td></tr>
<tr><td>Dec 2017</td><td>Director, Executive Vice President; Senior Director of Corporate Finance and concurrently Senior Director of Corporate Strategy, T-Gaia Corporation</td></tr>
<tr><td>Dec 2017</td><td>Corporate Auditor, QUO CARD Co., Ltd. (current)</td></tr>
<tr><td>Apr 2018</td><td>Director, Executive Vice President; CFO, in charge of corporate accounting, finance and settlement, IT, risk management and logistics (current)</td></tr>
<tr><td colspan="2"></td></tr>
<tr><td colspan="3">[Reason for nomination as a candidate for Director]
Mr. Soichiro Tada has supervised corporate divisions centered on accounting, finance, and risk management in various business fields for many years. From 2015 he deeply engaged in decision-making for the Company’s important business execution as Director of the Company. Since 2018 he has demonstrated his skill as CFO in the fields of finance and accounting. Because Mr. Tada possesses expert knowledge and abundant experience mainly in the finance and accounting field cultivated by serving in these positions, and has a sincere character and a high level of both insight and skill in corporate management, the Company regards Mr. Tada to be suitable as a Director of the Company and has nominated him as a candidate for Director again.</td></tr>
</table>

<table>
<tr><th>Candidate Number</th><th>Name
(Date of Birth)</th><th colspan="2">Career Summary, Positions and Responsibilities in the Company
(Major Concurrent Posts)</th></tr>
<tr><td rowspan="13">3

Reappointment</td><td rowspan="12">Tsuyoshi Konda
(Mar 13, 1963)
56 years old

Number of
Company shares held:
1,000

Attendance at meetings of Board of Directors during FY2019:
14/14 meetings (100%)

Years serving as Director:
4 years (at the conclusion of this meeting)</td><td>Apr 1985</td><td>Joined Sumitomo Corporation</td></tr>
<tr><td>Jul 1992</td><td>Manager of Mechanical and Electrical Division,
Sumitomo Corporation (Shanghai) Limited (China)</td></tr>
<tr><td>Oct 2003</td><td>President, Sumitomo Corporation Equity Asia Limited (Hong Kong)</td></tr>
<tr><td>Apr 2010</td><td>Manager of New Business Investment,
Sumitomo Corporation</td></tr>
<tr><td>Apr 2013</td><td>Manager of Investment Development,
Sumitomo Corporation</td></tr>
<tr><td>Aug 2014</td><td>Manager of Investment Development and concurrently Manager of Information Business,
Sumitomo Corporation</td></tr>
<tr><td>Apr 2015</td><td>Manager of General Mobile Business,
Sumitomo Corporation</td></tr>
<tr><td>Jun 2015</td><td>Outside Director, T-Gaia Corporation</td></tr>
<tr><td>Apr 2016</td><td>Director, Senior Executive Officer; Senior Director of Corporate Strategy and concurrently Director of China Business Promotion, T-Gaia Corporation</td></tr>
<tr><td>Apr 2017</td><td>Director, Senior Executive Officer; Senior Director of Corporate Strategy and concurrently Director of Operational Reform Promotion,
T-Gaia Corporation</td></tr>
<tr><td>Dec 2017</td><td>Director, Senior Executive Officer,
T-Gaia Corporation (President & Representative Director, QUO CARD Co., Ltd.)</td></tr>
<tr><td>Apr 2019</td><td>Director, Executive Vice President,
T-Gaia Corporation (President & Representative Director, QUO CARD Co., Ltd.) (current)</td></tr>
<tr><td colspan="3">[Reason for nomination as a candidate for Director]
Mr. Tsuyoshi Konda has engaged in business development of the telecommunications field and investment development of new businesses for many years. From 2015 he deeply engaged in decision-making for the Company’s important business execution as Director of the Company. Since 2017 he has demonstrated his skill as President & Representative Director of QUO CARD Co., Ltd. Because Mr. Konda possesses expert knowledge and abundant experience mainly in the telecommunications field cultivated by serving in these positions, and has a sincere character and a high level of both insight and skill in corporate management, the Company regards Mr. Konda to be suitable as a Director of the Company and has nominated him as a candidate for Director again.</td></tr>
</table>

<table>
<tr><th>Candidate Number</th><th>Name
(Date of Birth)</th><th colspan="2">Career Summary, Positions and Responsibilities in the Company
(Major Concurrent Posts)</th></tr>
<tr><td rowspan="2">4

Reappointment</td><td>Masahiro Miyashita
(Mar 1, 1960)
59 years old

Number of Company shares held:
–

Attendance at meetings of Board of Directors during FY2019 (after assuming office on June 20, 2018):
11/11 meetings (100%)

Years serving as Director:
1 year (at the conclusion of this meeting)</td><td>Apr 1983
Aug 1985
Apr 2013

Jun 2014

Aug 2014

Oct 2016

Apr 2018

Jun 2018
Oct 2018</td><td>Joined Sumitomo Corporation
Assigned to Representative Office in Moscow
Manager of Infrastructure & Plant Project, Sumitomo Corporation
Manager of Information Business, Sumitomo Corporation
Manager of Myanmar Telecommunications Business Project, Sumitomo Corporation
Manager of Mobile Solutions Business Unit No. 2, Sumitomo Corporation
General Manager of Mobile Business, Sumitomo Corporation
Director, T-Gaia Corporation (current)
General Manager of Smart Communications Platform Business Division, Sumitomo Corporation (current)</td></tr>
<tr><td colspan="3">[Reason for nomination as a candidate for Director]
Mr. Masahiro Miyashita has served as Manager of the Information Business, Manager of the Myanmar Telecommunications Business Project, and Manager of Mobile Solutions Business Unit No. 2 in the past, and currently serves as the General Manager of the Smart Communications Platform Business Division at Sumitomo Corporation. Because Mr. Miyashita possesses expert knowledge and abundant experience mainly in the telecommunications field cultivated by serving in these positions, and has a sincere character and a high level of both insight and skill in corporate management, the Company regards Mr. Miyashita to be suitable as a Director of the Company and has nominated him as a candidate for Director again.</td></tr>
</table>

<table>
<tr><th>Candidate Number</th><th>Name
(Date of Birth)</th><th>Career Summary, Positions and Responsibilities in the Company
(Major Concurrent Posts)</th></tr>
<tr><td rowspan="2">5

New appointment</td><td>Koichi Kawase
(August 2, 1970)
48 years old

Number of Company shares held:
–

Attendance at meetings of Board of Directors during FY2019:
–/– meetings

Years serving as Director:
– years</td><td>Apr 1993 Joined Sumitomo Corporation
Dec 2001 Assigned to Representative Office in Kuala Lumpur
Mar 2005 Director, MOBICOM CORPORATION LLC (Mongolia)
May 2012 Chief Strategy Officer, MOBICOM CORPORATION LLC (Mongolia)
Aug 2014 Chief Commercial Officer, KDDI SUMMIT GLOBAL MYANMAR CO., LTD.
Nov 2018 General Manager of Smart Service Business Dept., Sumitomo Corporation (current)</td></tr>
<tr><td colspan="2">[Reason for nomination as a candidate for Director]
Mr. Koichi Kawase has served as Director and Chief Strategy Officer of MOBICOM CORPORATION LLC (Mongolia), Chief Commercial Officer of KDDI SUMMIT GLOBAL MYANMAR CO., LTD., and other positions in the past, and currently serves as General Manager of the Smart Service Business Department at Sumitomo Corporation. Because Mr. Kawase possesses expert knowledge and abundant experience mainly in the telecommunications field cultivated by serving in these positions, and has a sincere character and a high level of both insight and skill in corporate management, the Company regards Mr. Kawase to be suitable as a Director of the Company and has nominated him as a candidate for Director.</td></tr>
</table>

<table>
<tr><th>Candidate Number</th><th>Name
(Date of Birth)</th><th colspan="2">Career Summary, Positions and Responsibilities in the Company
(Major Concurrent Posts)</th></tr>
<tr><td rowspan="2">6

Reappointment

Candidate for Outside Director

Candidate for Independent Director</td><td>Toshiya Asaba
(June 12, 1962)
57 years old

Number of Company shares held:
200

Attendance at meetings of Board of Directors during FY2019:
14/14 meetings (100%)

Years serving as Director:
3 years (at the conclusion of this meeting)</td><td>Apr 1989
Apr 1995

Mar 1996
Sep 1997
Oct 1998

Jun 1999
Jun 1999
Jun 2004

Jun 2004
Jun 2008
Apr 2012
Jun 2015
Jun 2015
Jun 2016
Nov 2017

Dec 2018</td><td>Joined Recruit Co., Ltd.
Manager of Network Technology, Internet Initiative Japan Inc.
Director, IIJ America Inc.
Director of Technology, Internet Multifeed Co.
Manager of Technology Planning, Crosswave Communications, Inc.
Director, Crosswave Communications, Inc.
Director, Co-CTO, Internet Initiative Japan Inc.
Director and Vice President, Internet Initiative Japan Inc. (Retired from this position as of June 2009)
Director, NTT Resonant Incorporated
Representative Director, IIJ Innovation Institute Inc.
Representative Director, Stratosphere Inc.
Director, IIJ Innovation Institute Inc. (current)
Representative Employee, Gaia Lab LLC (current)
Outside Director, T-Gaia Corporation (current)
Representative Director and Vice Chairman, The Japanese Society for Quality Control (JSQC) (current)
Corporate Auditor, Parongo Co., Ltd. (current)</td></tr>
<tr><td colspan="3">[Reason for nomination as a candidate for Outside Director]
Mr. Toshiya Asaba has been involved in the establishment of the Internet in Japan and building Internet service for many years. Mr. Asaba has also served as CTO and Representative Director in IT related companies, so he possesses broad knowledge and abundant experience as an IT specialist and as a corporate manager. Because Mr. Asaba has a sincere character and a high level of both insight and skill in corporate management, in order for the Board of the Directors of the Company to do decision-making properly from various perspectives and further enhance its supervisory function, the Company regards Mr. Asaba to be suitable as an Outside Director of the Company and has nominated him as a candidate for Outside Director again.

[Special notes on candidate for Outside Director]
Mr. Toshiya Asaba was a person who executed business for Internet Initiative Japan Inc., a business partner of the Company. However, he resigned from that position in June 2009, so he is deemed to be adequately independent.</td></tr>
</table>

<table>
<tr><th>Candidate Number</th><th>Name
(Date of Birth)</th><th>Career Summary, Positions and Responsibilities in the Company
(Major Concurrent Posts)</th></tr>
<tr><td rowspan="2">7

Reappointment

Candidate for Outside Director

Candidate for Independent Director

Woman</td><td>Kyoko Deguchi
(Dec 12, 1965)
53 years old

Number of Company shares held:
300

Attendance at meetings of Board of Directors during FY2019:
14/14 meetings (100%)

Years serving as Director:
3 years (at the conclusion of this meeting)</td><td>Apr 1989 Joined Bain & Company Japan, Incorporated
Feb 1998 Senior Director of Planning, Disney Store Japan Inc.
Feb 1999 Senior Finance Director, Disney Store Japan Inc.
Mar 2001 Director and CFO, GE Plastics Japan Ltd.
Apr 2004 Product Director, Janssen Pharmaceutical (now Ortho Neurologics) (US)
Sep 2005 Senior Director of Digestive Region, Pain, and OTC Business Division, Janssen-Cilag Pty Ltd. (Australia)
Jan 2007 Assistant Senior Director of Marketing Division, Janssen Pharmaceutical K.K.,
Aug 2009 Director, Vice President of Global Marketing, Stryker Japan K.K.
Jan 2012 President and CEO, Stryker Japan K.K.
Mar 2013 Senior Corporate Executive Officer and Manager of President’s Office with concurrent responsibility for Financial and Accounting Division, Bellsystem24 Inc.
Mar 2014 CEO, AbbVie GK
Jul 2014 Outside Director, Nippon Ski Resort Development Co., Ltd. (current)
Feb 2015 COO, Medical Corporation Shikiku-kai
Apr 2015 Professor, Kenichi Ohmae Graduate School of Business, Business Breakthrough, Inc. (current)
Mar 2016 Outside Director, Cookpad Inc.
Jun 2016 Outside Director, T-Gaia Corporation (current)
Aug 2017 Vice President, Medical Corporation Shikiku-kai (current)</td></tr>
<tr><td colspan="2">[Reason for nomination as a candidate for Outside Director]
Ms. Kyoko Deguchi has been involved in the finance business of many different corporations for many years, and has served as a CFO and Representative Director, so she possesses broad knowledge and abundant experience as a finance specialist and as a corporate manager. Because Ms. Deguchi has a sincere character and a high level of both insight and skill in corporate management, in order for the Board of the Directors of the Company to do decision-making properly from various perspectives and further enhance its supervisory function, the Company regards Ms. Deguchi to be suitable as an Outside Director of the Company and has nominated her as a candidate for Outside Director again.</td></tr>
</table>

<table>
<tr><th>Candidate Number</th><th>Name
(Date of Birth)</th><th colspan="2">Career Summary, Positions and Responsibilities in the Company
(Major Concurrent Posts)</th></tr>
<tr><td rowspan="11">8

Reappointment

Candidate for Outside Director

Candidate for Independent Director</td><td rowspan="10">Junichi Kamata
(Nov 28, 1953)
65 years old

Number of Company shares held:
200

Attendance at meetings of Board of Directors during FY2019
(after assuming office on June 20, 2018):
11/11 meetings (100%)

Years serving as Director:
1 year (at the conclusion of this meeting)</td><td>Apr 1978</td><td>Joined Hitachi Metals, Ltd.</td></tr>
<tr><td>Jan 1992</td><td>CFO, HMT Technology Inc. (US)</td></tr>
<tr><td>May 1999</td><td>Manager, Corporate Management Department, LET Inc. (Philippines)</td></tr>
<tr><td>Nov 2000</td><td>Vice President and CFO, Hitachi Metals America (US)</td></tr>
<tr><td>Jan 2005</td><td>General Manager of Human Resources & General Administration Dept., Hitachi Metals, Ltd.</td></tr>
<tr><td>Apr 2008</td><td>Managing Officer, General Manager of Corporate Management Planning Office of Hitachi Metals, Ltd.</td></tr>
<tr><td>Apr 2011</td><td>Managing Officer, President of Piping Components Company of Hitachi Metals, Ltd.</td></tr>
<tr><td>Apr 2014</td><td>Managing Officer of Hitachi Metals, Ltd.; President & CEO, Hitachi Metals America, Ltd. (US)</td></tr>
<tr><td>Jun 2015</td><td>Director, Hitachi Metals, Ltd.</td></tr>
<tr><td>Jun 2018</td><td>Outside Director, T-Gaia Corporation (current)</td></tr>
<tr><td colspan="3">[Reason for nomination as a candidate for Outside Director]
Mr. Junichi Kamata has been involved in the core of management for many years, serving as General Manager of the Human Resources & General Administration Department, General Manager of Corporate Management Planning Office, and Director of Hitachi Metals, Ltd. He possesses broad knowledge and abundant experience as a corporate management specialist and as an executive manager. Because Mr. Kamata has a sincere character and a high level of both insight and skill in corporate management, in order for the Board of the Directors of the Company to do decision-making properly from various perspectives and further enhance its supervisory function, the Company regards Mr. Kamata to be suitable as an Outside Director and has nominated him as a candidate for Outside Director again.</td></tr>
</table>

Notes:

1. Mr. Toshiya Asaba, Ms. Kyoko Deguchi and Mr. Junichi Kamata are candidates for Outside Director.
2. No special interest relationship exists between the candidates and the Company.
3. Mr. Toshiya Asaba, Ms. Kyoko Deguchi and Mr. Junichi Kamata are currently Outside Directors for the Company. Mr. Toshiya Asaba and Ms. Kyoko Deguchi will have served three years as Outside Directors at the conclusion of this General Meeting of Shareholders, and Mr. Junichi Kamata will have served one year.
4. The Company has entered into agreements with Mr. Masahiro Miyashita, Mr. Toshiya Asaba, Ms. Kyoko Deguchi and Mr. Junichi Kamata pursuant to Article 427, Paragraph 1, of the Companies Act that limit their liability for damages as provided for in Article 423, Paragraph 1, of the same Act. Under these agreements, the limit of liability for damages is an amount stipulated in Article 425, Paragraph 1, of the said Act. We plan to renew the limited-liability agreements with these four candidates if their reappointments are approved. We plan to newly enter into a similar limited-liability agreement with Mr. Koichi Kawase if his appointment is approved.
5. Mr. Toshiya Asaba, Ms. Kyoko Deguchi and Mr. Junichi Kamata meet the criteria for independent directors as defined by the Tokyo Stock Exchange. The Company has reported the status of these three individuals as independent directors to the Tokyo Stock Exchange. If these three candidates are reappointed, the Company plans to continue treating them as independent directors.
6. Mr. Soichiro Tada and Mr. Tsuyoshi Konda are on assignment from Sumitomo Corporation, the parent company of the Company.

Proposal 4 Appointment of One (1) Corporate Auditor

At the conclusion of this meeting, Corporate Auditor Mr. Ryo Hashimoto will complete his term of office, so the Company proposes that Mr. Hashimoto be reappointed to this position.

The Audit and Supervisory Board has approved this proposal in advance.

The candidate for Corporate Auditor is as follows.

Name (Date of Birth)	Career Summary, Positions in the Company (Major Concurrent Posts)	
Ryo Hashimoto (Dec 6, 1959) 59 years old Reappointment Number of Company shares held: – Attendance at meetings of Board of Directors during FY2019: 14/14 meetings (100%) Attendance at meetings of Audit and Supervisory Board during FY2019: 13/13 meetings (100%) Years serving as Corporate Auditor: 3 years (at the conclusion of this meeting)	Apr 1982 Dec 1996 Jun 2000 Sep 2008 Jun 2011 Mar 2013 Apr 2015 Jun 2016	Joined Sumitomo Corporation Sumitomo Corporation (UK) (London) Sumitomo Benelux S.A./N.V. (Brussels) General Manager of Secretarial Dept., Sumitomo Corporation General Manager of Financial Business Dept., Sumitomo Corporation General Manager of Accounting Dept., Corporate Group, Assistant to General Manager of Financial Resources Management Group, Sumitomo Corporation; Sumitomo Shoji Financial Management Co., Ltd. General Manager of Accounting Dept., Corporate Group, Sumitomo Corporation, Sumitomo Shoji Financial Management Co., Ltd. Statutory Auditor, T-Gaia Corporation (current)

[Reason for nomination as a candidate for Corporate Auditor]

Mr. Ryo Hashimoto has been involved in accounting and finance for many years, such as by serving as General Manager of Financial Business Department and General Manager of Accounting Department, Corporate Group at Sumitomo Corporation, and he has served as Statutory Auditor of the Company since 2016. Because Mr. Hashimoto possesses expert knowledge in accounting and finance and experience in corporate management cultivated by serving in these positions, and has a sincere character and a high level of insight, experience, and skill in corporate management, the Company regards Mr. Hashimoto to be suitable as Corporate Auditor of the Company and has nominated him as a candidate for Corporate Auditor again.

Notes:

1. No special interest relationship exists between Mr. Ryo Hashimoto and the Company.
2. The Company has entered into an agreement with Mr. Ryo Hashimoto pursuant to Article 427, Paragraph 1, of the Companies Act that limits his liability for damages as provided for in Article 423, Paragraph 1 of the same Act. Under this agreement, the limit of liability for damages is an amount stipulated in Article 425, Paragraph 1 of the said Act. We plan to renew the limited-liability agreement with him if his reappointment is approved.
3. Mr. Ryo Hashimoto is on assignment from Sumitomo Corporation, the parent company of the Company.

Proposal 5 Appointment of One (1) Alternate Corporate Auditor

To prepare for situations in which the Company lacks the number of Corporate Auditors stipulated by laws and regulations, we hereby propose the appointment of one (1) Alternate Corporate Auditor in advance.

The Audit and Supervisory Board has approved this proposal in advance.

The candidate for Alternate Corporate Auditor is as follows.

Name (Date of Birth)	Career Summary, Positions in the Company (Major Concurrent Posts)	
Makoto Ikadai (Mar 30, 1954) 65 years old Number of Company shares held: – Candidate for Alternate Outside Auditor Candidate for Independent Auditor	Apr 1977	Joined Sumitomo Corporation
	Sep 1989	Acting Director of Jakarta Head Office, PT. Sumitomo Indonesia
	Dec 2002	Director of Finance, Mammy Mart Co., Ltd.
	Oct 2004	Manager of Consumption Distribution Business, Sumitomo Corporation
	Jun 2012	Retired from Sumitomo Corporation
	Jun 2012	Full-time Auditor, T-Gaia Corporation (Outside Auditor)

[Reason for nomination as a candidate for Alternate Outside Auditor]

Mr. Makoto Ikadai, as Full-Time Auditor (Outside Auditor) for 4 years since June 2012, has expressed opinions on corporate management from an independent position, and has adequately fulfilled his responsibilities, so he has high level of expertise and abundant experience on internal auditing and finance. Furthermore, because Mr. Ikadai has a sincere character and a high level of insight, experience, and skill in corporate management, in order to conduct auditing from various perspectives, the Company regards Mr. Ikadai to be suitable as Outside Auditor and has nominated him as a candidate for Alternate Outside Auditor again.

[Special notes on candidate for Alternate Outside Auditor]

Sumitomo Corporation, which Mr. Makoto Ikadai retired in June 2012, has been a parent corporation of the Company since April 2016. Because Sumitomo Corporation became the Company’s parent company after his resignation and more than six years have passed since his retirement as at the date of holding of this General Meeting of Shareholders, he has been deemed to be adequately independent.

Notes:

1. Mr. Makoto Ikadai is a candidate for Alternate Outside Auditor.
2. No special interest relationship exists between Mr. Makoto Ikadai and the Company.
3. The Company plans to enter into a limited-liability agreement with Mr. Makoto Ikadai pursuant to Article 427, Paragraph 1 of the Companies Act that limits his liability for damages as provided for in Article 423, Paragraph 1 of the same act if he is appointed to serve as a Corporate Auditor. Under this agreement, the limit of liability for damages will be an amount stipulated in Article 425, Paragraph 1, of the same Act.
4. Mr. Makoto Ikadai meets the criteria for independent auditors as defined by the Tokyo Stock Exchange. If he is appointed as Corporate Auditor, the Company plans to report the status of this one individual as independent auditor to the Tokyo Stock Exchange.

Proposal 6 Establishment of a new remuneration framework for granting restricted stock to Directors of the Company and the revision of executive remuneration

The aggregate amount of remuneration for Directors of the Company was approved at the 17th Ordinary General Meeting of Shareholders held on June 26, 2008 to be an amount not exceeding 300 million yen per annum (including 30 million yen per annum for Outside Directors, while excluding employees' salary for the Directors concurrently serving as employees).

On this occasion, the Company intends to introduce, as part of the renovation of executive remuneration system, payment of monetary claim (hereinafter the "Monetary Remuneration Claim") for the purpose of granting restricted stock to Directors of the Company (excluding Outside Directors and Directors seconded by the parent company; hereinafter the "Eligible Directors"), outside the currently approved maximum aggregate amount of remuneration of Directors, with a view to incentivizing the Eligible Directors to contribute to sustainable increase in the corporate value of the Company, enhancing their medium- to long-term motivation and further promoting shared common value between Directors and shareholders. The total amount to be paid shall not exceed 30 million yen per annum, which is deemed adequate for achieving the aforementioned purposes. Timing and allocation of such payment to each Eligible Director shall be determined at the Board of Directors, provided, however, that remuneration for the purpose of granting restricted stock shall not be paid to Outside Directors or the secondees from the parent company. Furthermore, the aforementioned total amount shall not include employees' salary for the Directors concurrently serving as employees.

As a result of the introduction of this new form of remuneration, the currently approved 300 million yen per annum maximum aggregate amount of remuneration for Directors (including 30 million yen per annum for Outside Directors, but excluding employees' salary paid to Directors concurrently serving as employees) shall be reduced to 270 million yen per annum (including 30 million yen per annum for Outside Directors, but excluding employees' salary paid to Directors concurrently serving as employees), a decrease of 30 million yen per annum, which is equivalent to the total amount of the Monetary Remuneration Claim for the purpose of granting restricted stock as described above.

The Board of Directors of the Company currently comprises eight Directors (including three Outside Directors), and such board composition shall remain the same after the passing of resolution for the Proposal 3 (Appointment of Eight (8) Directors) as originally proposed.

The Eligible Directors shall pay all the Monetary Remuneration Claims paid thereto under this proposal, in the form of property contributed in kind, in accordance with the resolution of the Board of Directors, and shall, in return, receive common shares in the Company that become available through issuance or disposal by the Company, where the total number of common shares in the Company becoming available through such issuance or disposal shall not exceed 28,000 per annum (provided, however, that in the event, following the date of passing the resolution for approval of this proposal, of share split (including allotment of common shares in the Company without consideration), or share consolidation of the common shares in the Company, or any other circumstance necessitating the adjustment to the total number of common shares in the Company issued or disposed of as restricted stock, such total number of shares shall be adjusted within a reasonable range).

The aforementioned amount per share to be paid by the Eligible Directors shall be determined at the Board of Directors, based on the closing price of the Company's common share on the Tokyo Stock Exchange on the business day immediately preceding each such resolution at the Board of Directors (in the absence of effective trading on such date, the closing price of the immediately preceding trading day), which should be within the range not particularly advantageous to the Eligible Directors who are to subscribe for the common shares. Besides, for the purpose of issuing or disposing of the common shares in the Company under this proposal, an agreement on the allotment of restricted stock (hereinafter the "Allotment Agreement") on the terms including the following shall be entered into between the Company and each Eligible Director.

(1) Transfer Restriction Period

The Eligible Directors shall not transfer, or use as collateral, or otherwise dispose of the common shares in the Company (hereinafter the "Transfer Restriction") allotted under the Allotment Agreement (hereinafter the "Allotted Shares"), for a period between the date he/she receives the allotment pursuant to the Allotment Agreement, and the point in time immediately subsequent to his/her retirement or resignation from the post of Director of the Company or executive officer not concurrently serving as Director (hereinafter the "Transfer Restriction Period").

(2) Procedure on retirement of the Eligible Director

If the Eligible Director retires or resigns from the post of Director or executive officer not concurrently serving as Director of the Company, prior to the expiration of the period between the date of the commencement of the Transfer Restriction Period, and the point in time immediately preceding the conclusion of the first Ordinary General Meeting of Shareholders held after such commencement (hereinafter the "Service Period"), the Company shall automatically acquire the Allotted Shares without consideration unless such retirement or resignation is due to justifiable reason including the expiration of the term of his/her office, or his/her death.

(3) Lifting of the Transfer Restrictions

The Company shall lift the Transfer Restrictions for all of the Allotted Shares upon expiration of the Transfer Restriction Period, on condition that the Eligible Director continuously remained in the office of Director or executive officer not concurrently serving as Director of the Company during the Service Period, provided, however, that if (i) the Eligible Director retires or resigns from any of the posts set out in (2) above, prior to the expiration of the Service Period, due to justifiable reason including the expiration of the term of his/her office, or his/her death, or (ii) the Eligible Director retires or resigns from any of the posts set out in (2) above, subsequent to the expiration of the Service Period, but prior to the expiration of the Transfer Restriction Period, due to reasons other than justifiable reason as set out in (2) above including expiration of the term of his/her office, or his/her death, the number of the Allotted Shares subject to such lifting of the Transfer Restrictions as well as the timing of such lifting shall be reasonably adjusted as appropriate. Furthermore, the Company shall automatically acquire without consideration the Allotted Shares yet to be subject to the lifting of the Transfer Restrictions, subsequent immediately to such lifting pursuant to the aforementioned provision.

(4) Procedure in the event of organizational restructuring, etc.

Notwithstanding the provisions in (1) above, if matters related to a merger agreement in which the Company is to be an absorbed company, a share exchange agreement or share transfer plan in which the Company is to become a wholly-owned subsidiary, or other organizational restructuring, etc. are, during the Transfer Restriction Period, approved by the General Meeting of Shareholders of the Company (or by the Board of Directors of the Company where such organizational restructuring, etc. does not require approval of the General Meeting of Shareholders of the Company), the Company shall, by the resolution of the Board of Directors of the Company, lift the Transfer Restrictions prior to the effective date of such organizational restructuring, etc., for the number of the Allotted Shares as determined reasonably commensurate with the length of period between the commencement of the Transfer Restriction Period and the date of approval for the organizational restructuring, etc. In the case where the aforementioned provisions apply, the Company shall, subsequent immediately to the lifting of the Transfer Restrictions, automatically acquire without consideration the Allotted Shares not subject to lifting of the Transfer Restrictions.

(5) Other matters

Any other matters related to the Allotment Agreement shall be decided by the Board of Directors of the Company.

(Additional information)

Subject to shareholders' approval of this proposal, executive officers not concurrently serving as Directors of the Company shall also be covered by the identical system for executive remuneration in the form of restricted stock as applicable to the Eligible Directors.

(Reference) Selection criteria and independence standards for Directors and Corporate Auditors

Selection criteria and independence standards for Directors and Corporate Auditors are stipulated as follows in the Basic Policy on Corporate Governance.

Selection criteria for Directors

A candidate for Director shall be an individual meeting the following criteria, who has profound understanding about our corporate philosophy based on TG Vision (T-Gaia's Corporate Vision), stating "T-Gaia will propose new ways of communication to provide our customers with excitement, delight and safety.", TG Mission (T-Gaia's Corporate Mission) and TG Action (Our Code of Conduct), and who is capable enough to make prompt and appropriate decisions with a view to achieving sustainable growth/development of the Group and the medium- to long-term enhancement of its corporate value.

(1) Director (internal)

A candidate for Director (internal) shall be an individual with integrity as well as high-level management insight and capabilities, who has expert knowledge and abundant experience in telecommunications field and other areas, regardless of gender and nationality.

(2) Outside Director

A candidate for Outside Director shall be an individual with integrity as well as high-level management insight and capabilities, who is capable enough to supervise business execution while providing advice from an external point of view based on broad-based knowledge and experience in his/her own area of specialty and general corporate management, regardless of gender and nationality.

Selection criteria for Corporate Auditors

A candidate for Corporate Auditor shall be an individual with integrity as well as high-level insight, experience and capabilities in corporate management, not least operational expert knowledge and hands-on management experience who is considered capable enough to contribute to sustainable growth/development of the Group and the medium- to long-term enhancement of its corporate value, regardless of gender and nationality. Candidate for an Independent Outside Corporate Auditor in particular, shall have advanced expertise and abundant experience in the areas such as legal affairs, accounting and corporate management.

Independence standards

The Company shall consider a person independent when he/she does not fall into any of the following.

1. A person who is, or was an executor of business at the Company, its consolidated subsidiary or equity method affiliate (collectively the "Group")
2. A person who is or was in the past five years a director, corporate auditor, accounting adviser, executive officer, corporate executive officer, or manager or other employee of the Company's parent company or sister company
3. A person for whom the Group is a principal business partner, or a person who is or was in the past three years his/her executor of business (a principal business partner is defined as having business transactions equivalent to 2% or more of the annual total net sales of the partner in its immediately preceding fiscal year)
4. A person who is a principal business partner of the Group, or a person who is or was in the past three years his/her executor of business (a principal business partner is defined as having business transactions equivalent to 2% or more of the consolidated annual total net sales of the Group in the immediately preceding fiscal year)
5. A person who currently provides professional service in the capacity such as consultant, attorney and certified public accountant, gaining in return 10 million yen or more cash or other property benefits per year, apart from executive remuneration paid by the Group (if a party that gains such property benefits is an organization such as body corporate, union or partnership, a person who belongs to such organization that gains property benefits

from the Group which is equivalent to 2% or more of annual revenue of such organization), or a person who was in such position in the past three years

6. A person who is a principal provider of loans to the Group or a business executor of such provider (principal provider of loans refers to an entity that provides the Group with loans equivalent to 2% or more of its consolidated total assets as at the end of its immediately preceding fiscal year) or a person who was in such position in the past three years
7. A person who is a major shareholder of the Company, or a business executor of such shareholder, or a person who was in such position in the past five years
8. A person who receives 10 million yen per year or more donation from the Group (if a party that receives such donation is an organization such as body corporate, union or partnership, a person who serves as executor of business at such organization gaining property benefits from the Group which is equivalent to 2% or more of annual revenue of such organization), or a person who was in such position in the past three years
9. A person who is engaged in the audit of the Group as its Accounting Auditor or an employee thereof, or who was engaged in the audit of the Group as employee of the Accounting Auditor in the past three years
10. A person who is director, corporate auditor, accounting adviser, executive officer, corporate executive officer, or manager or other employee of a company to which the Company is a major shareholder
11. A person who is director, corporate auditor, accounting adviser, executive officer or corporate executive officer of a company (or its parent company or subsidiary), to which director or corporate auditor is seconded from the Group
12. A person who is relative in the second degree or closer of someone who serves or served in the past three years as director, executive officer, corporate executive officer, or manager or other employee of the Group
13. A person who is relative in the second degree or closer of someone who falls into any of those listed in 2 through 10 above (insofar as he/she is in an important position)
14. A person who has served as an external executive officer of the Company for more than eight years
15. A person who has specific circumstance other than listed above, which prevents him/her from carrying out his/her duty as an external executive officer holding independence, including potential conflicts of interest with the Group

(Attachment)

Business Report (from April 1, 2018, to March 31, 2019)

1. Current Status of the Corporate Group

(1) Business Conditions during the Fiscal Year under Review

(i) Progress and results:

During the year under review, the Japanese economy continued a gradual recovery trend with improvements to the employment and income environments, against the backdrop of measures such as continued government economic policies and monetary easing policies by the Bank of Japan. Meanwhile, the outlook of the future economy remains uncertain due to factors such as the increase to the consumption tax scheduled for October 2019, the slowdown of the Chinese economy due to trade friction with the U.S., and the confusion surrounding Brexit.

In the market for sales of mobile phone handsets which is the main business field of the Group (the Company, its consolidated subsidiaries and related companies accounted for by the equity method), consumers now have access to extended service options due to the provision of various rate plans by telecom carriers, as well as the promulgation of sub-brand goods and MVNOs (mobile virtual network operators). For this reason, telecom carriers have worked to maintain and expand their customer bases over the long term, through means such as enhancing point services and contents, and commencing settlement services using smartphones.

Under this business environment, the Group's unit sales of mobile handsets fell from the previous year to 4.12 million, as a result of changes to commercial distribution in some sales channels, sales of new models falling short of expectations, and consumers' hesitation to make purchases arising from comments by the government that there was room to lower mobile-phone rates.

The Company is working company-wide to improve productivity, and is adopting ICT in the workplace, including the introduction of shift-creation tools for shop staff and sales analysis tools, and using RPA (robotic process automation). The Company is also building new revenue bases, including discovering projects including M&As and business development. We are also promoting the work-life balance of employees, and promoting health management that actively supports the maintenance and improvement of employees' physical and mental health.

Consolidated results of the Group for the year under review resulted in net sales of 526,929 million yen (down 4.7% year-on-year) and operating income of 15,382 million yen (up 6.4% year-on-year). The Group made QUO CARD Co., Ltd. a subsidiary in December 2017 and has consolidated its profits and losses since the fourth quarter of the previous fiscal year (January to March 2018). In the fiscal year under review, ordinary income totaled 20,593 million yen (up 34.3% year-on-year) and net income attributable to shareholders of the parent company totaled 13,842 million yen (up 36.2% year-on-year), due to the recording of 5,087 million yen of hoard profit of prepaid cards in non-operating income.

Consolidated results of each business segment for the year under review are detailed below. Note that starting in the fiscal year under review, segment income was changed from operating income to net income attributable to shareholders of the parent company. Consequently, the results for the previous fiscal year have been reclassified for year-on-year comparisons.

[Mobile Telecommunications Business]

In the mobile telecommunications business, unit sales fell year on year, as described above.

Profitability improved due to efforts to increase unit prices per customer and, in addition to the sales of handsets, provision of various services including optical lines, security-related contents, and smartphone-related products including accessories. Meanwhile, we worked to enhance our shop capabilities, including investing in our shops, such as upgrading and enhancing carrier shops and opening new MVNO shops, and promoting investments in forward-looking human resources, including recruitment and education of employees. We also worked to encourage repeat visits to our shops by customers, through means such as reducing wait times by actively encouraging use of reservations and holding smartphone classes.

As a result, we recorded net sales of 452,635 million yen (down 5.2% year-on-year) and net income attributable to shareholders of the parent company of 8,867 million yen (up 17.3% year-on-year).

[Enterprise Solutions Business]

In mobile solutions for corporates, we proactively proposed introduction and utilization of smart devices that would enhance operational efficiency, backed by the tailwind of active corporate investment into ICT, and resulted in improved unit sales of handsets compared to the previous fiscal year. In collaboration with each Group company, the Company worked to enhance its LCM (Life Cycle Management) business that manages and supports smart devices, including PCs, throughout their life cycles, from procurement and introduction to maintenance, operational support and disposal. In March 2019, the Company further enhanced the enterprise solutions business by carrying out an M&A including conversion of PC TECHNOLOGY Co., LTD. into a wholly-owned consolidated subsidiary, significantly increasing staffing in the enterprise solutions business through internal transfers, and introducing a solution supervisor system leveraging the experience and know-how of highly skilled employees.

As a result, net sales totaled 26,523 million yen (up 7.9% year-on-year) and net income attributable to shareholders of the parent company totaled 1,689 million yen (up 29.5% year-on-year).

[Settlement Services Businesses and Others]

The settlement services business experienced an increase in transaction volume compared to the previous fiscal year, due to the end of effects of reorganization of existing sales channels such as convenience stores, and commencement of transactions of new gift card products through major sales channels in the second quarter of the fiscal year under review.

In overseas settlement services business, the gift card business and house card business remained strong in Singapore. In Thailand, house-card sales to new customers reached a growth trajectory, and the transaction volume increased.

QUO CARD Co., Ltd., a consolidated subsidiary, achieved further nationwide penetration of the QUO Card brand as a gift, which stimulated demand for QUO Card as a corporate gift in large quantities for sales promotions and for a shareholder benefit, and the issuance amount of existing QUO Cards increased to a record high. In March 2019, QUO CARD launched the digital version of QUO Card, “QUO Card Pay” service, and is working to further increase issuance together with the existing QUO Card. Meanwhile, a transient expense was recorded at the end of the fiscal year under review due to the early launch of the “QUO Card Pay” service, resulting in a decrease in operating income.

The Company worked to increase issued and used amounts of QUO Cards, through means such as expanding sales to corporate customers, and increasing the numbers of sales channels and directly-managed shops where QUO Cards can be used.

In other businesses, Model T Co., Ltd., which became a subsidiary in August 2018, was selected by NTT DOCOMO, INC. as one of the business partners for installing photovoltaic power generation equipment at Docomo Shops. Model T Co., Ltd. is working to enhance disaster preparedness at Docomo Shops, including the Company’s directly-managed shops, through the installation of photovoltaic power generation equipment.

As a result, we recorded net sales of 47,770 million yen (down 5.7% year-on-year). Net income attributable to shareholders of the parent company totaled 3,286 million yen (up 153.9% year-on-year), partly due to the impact of recording 5,087 million yen of hoard profit of prepaid cards in non-operating income as stated above.

(ii) Capital expenditures:

During the fiscal year under review, the Company and its consolidated subsidiaries made a total of 2,091 million yen in capital investment, primarily as follows.

[Mobile Telecommunications Business-related]

In relation to the mobile telecommunications business, as a part of measures to boost sales of mobile phone handsets, we invested a total of 1,358 million yen mainly to cover the cost of renovating and refurnishing our nationwide mobile phone shops.

[Systems-related]

We invested 568 million yen in measures such as to strengthen our sales system and develop system infrastructure.

[Other Capex]

We spent an additional 164 million yen to renovate offices and replace office furniture and equipment, etc.

(iii) Financing:

None.

(iv) Business transfers and absorption- or incorporation-type demergers:

None.

(v) Business transfers from other companies:

None.

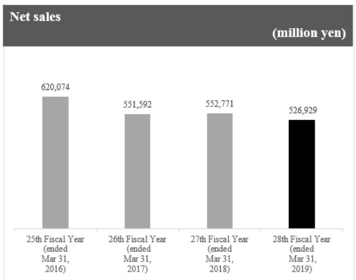
(vi) Succession of rights and obligations related to the business of other companies as a result of absorption-type mergers or demergers:

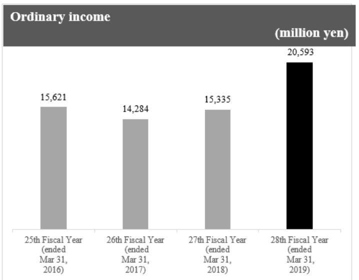
None.

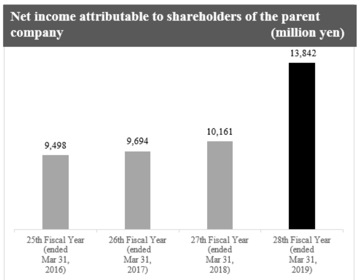
(vii) Acquisition or disposal of shares of stock, other equity interest, or subscription rights to shares in other companies:

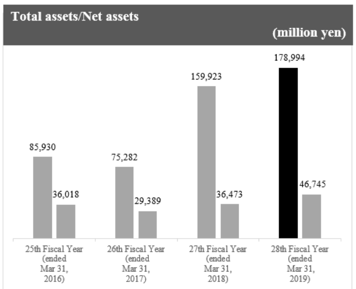
None.

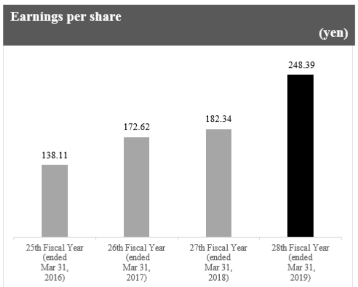
(2) Trends in Company Assets and Profit & Loss for the Last Three Business Years

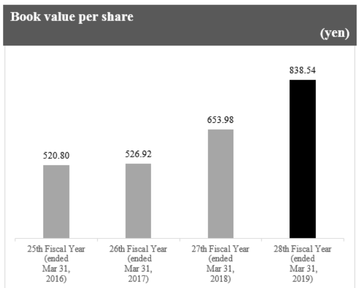












Category		25th Fiscal Year (Ended Mar 31, 2016)	26th Fiscal Year (Ended Mar 31, 2017)	27th Fiscal Year (Ended Mar 31, 2018)	28th Fiscal Year (Consolidated Fiscal Year Under Review) (Ended Mar 31, 2019)
Net sales	(million yen)	620,074	551,592	552,771	526,929
Ordinary income	(million yen)	15,621	14,284	15,335	20,593
Net income attributable to shareholders of the parent company	(million yen)	9,498	9,694	10,161	13,842
Earnings per share	(yen)	138.11	172.62	182.34	248.39
Total assets	(million yen)	85,930	75,282	159,923	178,994
Net assets	(million yen)	36,018	29,389	36,473	46,745
Book value per share	(yen)	520.80	526.92	653.98	838.54
Equity ratio	(%)	41.7	39.0	22.8	26.1
Return on equity	(%)	29.3	29.7	30.9	33.3

(25th Fiscal Year)

In the mobile telecommunications business, slowing unit sales attributable to waning competition for customers led to a decline in net sales. However, efforts to lift unit prices through the sales expansion of smartphone accessories along with steps to achieve productivity gains with measures to boost shop operational efficiency and train sales staff resulted in increased operating income. In the enterprise solutions business, a slowdown in sales of conventional FTTH and other optical line services due to changes to the business model as well as the implementation of system renovations and other strategic investments weighed down both net sales and operating income. In the segment for settlement services and other business, net sales slipped in response to changes in merchandise composition but improved business performance in our overseas operations delivered a net gain in operating income. As a result, the Company posted net sales of 620,074 million yen, ordinary income of 15,621 million yen, and net income attributable to shareholders of the parent company of 9,498 million yen.

(26th Fiscal Year)

In the mobile telecommunications business, net sales and operating income decreased due to a decline in unit sales as overheating levels of sales completion subsided, efforts aimed at improving customer satisfaction through measures such as relocation and expansion of shops, and promotion of sales staff education and training programs. In the enterprise solutions business, net sales and operating income decreased, mainly reflecting the decline of large-volume demand for devices in mobile solutions for corporates and future investments made in advance in the fixed-line-related merchandise. In the segment for settlement services and other business, net sales decreased mainly due to a shift in merchandise composition, but sales of gift cards performed favorably. Overseas operations also remained firm. However, operating income decreased mainly due to the effect of the transient income recorded for the previous fiscal year. As a result, this fiscal year recorded net sales of 551,592 million yen, ordinary income of 14,284 million yen, and net income attributable to shareholders of the parent company of 9,694 million yen.

(27th Fiscal Year)

In the mobile telecommunications business, net sales and operating income increased as a result of initiatives to enhance capability of value-added proposals and improve profitability, through measures such as increasing unit sales mainly through the launch of new models and provision of new rate plans and modestly priced handsets, as well as offering optical line service, security-related contents, and smartphone-related products. In the enterprise solutions business, net sales and operating income increased as a result of initiatives in mobile solutions for corporates including making proposals on introduction and utilization of smart devices to enhance operational efficiency, and strengthening marketing capability in fixed-line-related merchandise through measures such as discovering new partnering companies and training the existing re-wholesaling companies of line services. The settlement services business and others experienced a decline in transaction volume due to the shift in merchandise composition and reorganization of existing sales channels. Meanwhile, our overseas businesses remained strong. As a result, this fiscal year recorded net sales of 552,771 million yen, ordinary income of 15,335 million yen, and net income attributable to shareholders of the parent company of 10,161 million yen.

(28th Fiscal Year)

Details are as stated in 1. (1) (i) “Progress and results.”

(3) Status of Parent Company and Major Subsidiaries

(i) Status of parent company

Company Name	Capital Stock	Percentage of T-Gaia Corporation Shares with Voting Rights Held	Relationship with T-Gaia Corporation
Sumitomo Corporation	219,449 million yen	41.89%	Trading partner in sales of mobile phone handsets and management services

Note: Although Sumitomo Corporation, the largest shareholder of the Company, holds less than 50% of the Company's outstanding shares with voting rights, given that a majority of the members on the Company's Board of Directors are employees on assignment from Sumitomo Corporation, Sumitomo Corporation is the Company's parent based on the substantial control criteria.

(ii) Status of major subsidiaries

Company Name	Capital Stock	Percentage of Shares with Voting Rights Held by T-Gaia Corporation	Principal business
QUO CARD Co., Ltd.	1,810 million yen	100.00%	Issuance and settlement services for prepaid and other types of cards; sales and maintenance service of cards and card-related equipment
WAMNET Japan K.K.	200 million yen	97.52%	Digital content network management service provider; development and sales of fax server software

(4) Issues to be Addressed

(i) Group-wide issues and initiatives

The environment surrounding the Group is changing rapidly. Along with the spread of smartphones, connectivity regardless of the place or time has been achieved, and there have been significant changes in the means of communication, acquiring information, and purchasing. As new businesses that go beyond past conventional wisdom are constantly being born in response to these circumstances, competition has intensified among major IT companies in aim for supremacy in customer acquisition, and partnerships going beyond the borders of industries have also began. Meanwhile, in the Japanese market for sales of new mobile phone handsets in which we operate our main business, big waves that could move the entire industry are beginning to occur with revisions to laws related to sales of handsets scheduled for October 2019 and the birth of new telecom carriers.

Under this environment, as a leading company in the market for sales of new mobile phone handsets, the Group will work together with partnering sales agencies to promptly respond to the new sales environment and overcome these changes. At the same time, the Group will transform itself into an "ICT Peripheral & Comprehensive Business Corporation" as it has aimed to do since the previous fiscal year. While fully leveraging our analog strengths that include directly-managed carrier shops and sales offices throughout Japan, a wide variety of business models, and extensive range of business relationships, we will boldly take on the challenge of new businesses as we accelerate investments into our digital services and coordinate with businesses inside the Group.

(ii) Issues and initiatives to be addressed in each business

In the mobile telecommunications business, the number of unit sales of mobile phone handsets can be expected to decline as a result of the impact of the revision in the Telecommunications Business Act mentioned above. In addition, major changes to the business environment such as the new telecom carriers and preparations for the introduction of 5G can also be expected.

The Group will strive to strengthen store capabilities by further enhancing function of directly-managed carrier shops from places for sales of new mobile phone handsets into places for value propositions including service. Specifically, we will thoroughly implement friendly and easy to understand customer service, enhance the contents of mobile phone classes and IoT demonstrations at stores, and endeavor to create stores to actively ensure that there is dedicated space. In addition, we will invest in actual shop facilities including the opening, relocation, and renovation of directly-managed carrier shops, and strengthen investments in human resources including education systems for sales staff. Moreover, we will continue to provide security-related contents and accessories. At the same time, we will also promote unique efforts including our first proprietary contents "MINNA NO KURASHI LABO (meaning 'Lifestyle Laboratory for All of Us')" that was launched in the previous fiscal year.

In the enterprise solutions business, an increasing number of companies are introducing smart devices as a business tool for improving operational efficiency. Boosted by the tailwind from working-style reforms, cases of introducing smart devices and related services are expected to grow even more. Meanwhile, threats related to the information security of smart devices are becoming increasingly serious, and companies adopting such devices need to take full security measures.

In response to this situation, the Company will work together with Group companies and endeavor to further strengthen the LCM business and provide optimal smart devices to companies. In addition, we will take advantage of collaboration with subsidiaries, Group companies, and partnering companies centered around the LCM business to strengthen our capability of offering comprehensive proposals. Specifically, we will strengthen marketing in the retail and food and beverage outlet industry that is suffering from labor shortages through investments in venture companies that offer solutions using IoT. As a security measure, we will start offering new security services and establish environments that enable companies to safely and securely use smart devices.

Among our enterprise solutions businesses, in the network (fixed line) business, we will continue to work to increase stock revenue centered around our proprietary "TG-Hikari" brand and demonstrate our capability of offering comprehensive proposals combining solution and optical line services. In addition, we will also focus on improving productivity through the introduction and use of sales support systems.

In the settlement services business and others, demand is expected to continue to be strong in the existing gift card market. In addition, as many settlement services using smartphones have started, the cashless settlement amount is expected to increase in the future.

The Group will continue to work to increase the issuance amount in PIN sales for convenience stores and gift card sales. Furthermore, we aim to expand our business into digital code sales for corporates other than convenience stores through digital code distribution servers we have newly acquired.

In addition, at our consolidated subsidiary QUO CARD Co., Ltd., we will strive to increase the issuance of the existing QUO Card that continues to be highly popular. At the same time, we will conduct sales promotions in an aim to increase the issuance amount of “QUO Card Pay,” the digital version of QUO Card, and accelerate investments aimed at securing a position for that card in the growing digital gift market that rivals the existing QUO Card in order to establish it as a new revenue base.

In the overseas settlement services business, we will continue to expand sales channels for the gift card business and house card business in Singapore, as well as Thailand and Malaysia. In addition, we will also prepare to newly expand into Vietnam.

(iii) Diversity:

Respecting diversity is essential for sustainable growth and the creation of new value at the Group, and for this reason we actively pursue a diversity management strategy. Our diversity and inclusion management team is leading a drive to promote active role for female employees, which now account for about 70% of our sales force, hire and support the retainment of physically or mentally challenged workers, and promote a work-life balance between childcare or nursing care and work. As a result of these efforts, the Company achieved its target of percentage of women in management positions of 10% and received the top level “Eruboshi” certification as an outstanding company that meets the criteria based on the Act on Promotion of Women’s Participation and Advancement in the Workplace. The percentage of employees with disabilities has also always exceeded the statutory rate since establishment, and was 2.6% (compared to the statutory rate of 2.2%) as of March 31, 2019. Going forward, we will endeavor to maximize group-wide performance by respecting human resources with diverse backgrounds and values regardless of age, gender, nationality, or disabilities.

(5) Major Lines of Business (as of March 31, 2019)

Business Category	Business Content
Mobile telecommunications business	Intermediary services for consumer-oriented mobile phone service contracts, etc.; sales of mobile phone handsets, other terminal devices, and related merchandise
Enterprise solutions business	Intermediary services for mobile phone handset and solution service contracts aimed at corporate clientele; network management services business, etc.; intermediary services for fixed-line service contracts, etc.
Settlement services and other businesses	Distribution business in digital settlements using PIN sales systems; gift card sales business; prepaid card business; overseas businesses, etc.

(6) Main Sales Offices (as of March 31, 2019)

(i) T-Gaia Corporation:

Head Office
1-18 Ebisu 4-chome, Shibuya-ku, Tokyo

West Japan Regional Headquarters
6-20 Dojima 1-chome, Kita-ku, Osaka City, Osaka Prefecture

Tokai Regional Headquarters
11-11 Nishiki 1-chome, Naka-ku, Nagoya City, Aichi Prefecture

Kyushu Regional Headquarters
7-20 Gionmachi, Hakata-ku, Fukuoka City, Fukuoka Prefecture

Hokkaido Branch
2 Odori-nishi 8-chome, Chuo-ku, Sapporo City, Hokkaido

Tohoku Branch
15-1 Honcho 2-chome, Aoba-ku, Sendai City, Miyagi Prefecture

Niigata Branch
1-24 Kamitokoro 1-chome, Chuo-ku, Niigata City, Niigata Prefecture

Nagano Branch
991-1 Kurita, Nagano City, Nagano Prefecture

Hokuriku Branch
1-1 Hirooka 3-chome, Kanazawa City, Ishikawa Prefecture

Chugoku Branch
8-12 Nakamachi, Naka-ku, Hiroshima City, Hiroshima Prefecture

Shikoku Branch
1-5 Bancho 1-chome, Takamatsu City, Kagawa Prefecture

(ii) Subsidiaries

QUO CARD Co., Ltd. Headquarters
4-1 Nihombashi Honcho 2-chome, Chuo-ku, Tokyo

Japan K.K Headquarters
5-17 Shinkawa 1-chome, Chuo-ku, Tokyo

(7) Employees (as of March 31, 2019)

(i) Group employees

No. of Employees	Change from the End of Previous Fiscal Year
3,884	Increase of 314

Notes: 1. The number of employees refers to full-time employees (including those transferred to the Group from outside the Group but not those on transfer outside the Group) and does not include the annual average of 2,435 temporary employees (a decrease of 209 employees from the previous fiscal year).

2. The increase of 314 in the number of employees from the end of the previous fiscal year is mainly due to adjusting the status for certain temporary employees to regular employees by the Company and the increase in the number of directly-managed shops.

(ii) T-Gaia Corporation employees

No. of Employees	Change from the End of Previous Fiscal Year	Average Age	Average Years of Consecutive Employment
3,725	Increase of 332	36.5 years old	9.5 years

Notes: 1. The number of employees refers to full-time employees (including those transferred to the Company from outside the Company but not those on transfer outside the Company) and does not include the annual average of 2,388 temporary employees (a decrease of 213 employees from the previous fiscal year).

2. The increase of 332 in the number of employees from the end of the previous fiscal year is mainly due to adjusting the status for certain temporary employees to regular employees by the Company.

(8) Major Creditors (as of March 31, 2019)

Creditor	Amount Borrowed (million yen)
MUFG Bank, Ltd.	1,375
Sumitomo Mitsui Banking Corporation	1,125
Sumitomo Mitsui Trust Bank, Ltd.	1,125
Mizuho Bank, Ltd.	875
The Higo Bank, Ltd.	116

(9) Other Important Matters concerning the Status of the Corporate Group

None.

2. Current Status of the Company

(1) Shares (as of March 31, 2019)

(i) Authorized shares: 400,000,000

(ii) Issued shares: 79,074,000

(iii) Shareholders: 10,474

(iv) Major shareholders (top 10):

Shareholder	Shares Held	Shareholding Ratio
Sumitomo Corporation	23,345,400	41.89%
Hikari Tsushin, Inc.	11,933,400	21.41%
The Master Trust Bank of Japan, Ltd. (Trust account)	1,825,400	3.27%
Broad Peak, Inc.	1,509,300	2.70%
Japan Trustee Services Bank, Ltd. (Trust account)	1,473,400	2.64%
T-Gaia Employee Shareholding Association	768,200	1.37%
GOVERNMENT OF NORWAY	741,058	1.32%
Japan Trustee Services Bank, Ltd. (Trust account 9)	525,900	0.94%
J.P. MORGAN BANK LUXEMBOURG S.A. 1300000	480,183	0.86%
THE BANK OF NEW YORK MELLON 140040	433,731	0.77%

Notes:

1. The Company holds 23,345,828 shares of treasury stock but is not included in the above list of major shareholders.
2. Shareholding ratios were calculated after deducting all shares of treasury stock from the total.

(v) Other share-related matters of importance:

By resolution of the Board of Directors on April 25, 2019, the Company determined to cancel 23,000,000 shares of treasury stock as of May 24, 2019, in accordance with Article 178 of the Companies Act.

(2) Company Officers

(i) Directors and Corporate Auditors (as of March 31, 2019):

Position	Name	Responsibilities & Important Concurrent Posts
Chairman & Representative Director	Toshifumi Shibuya	Representative Director and Chairman, National Association of Mobile-phone Distributors
President & Representative Director	Nobutaka Kanaji	Chief Executive Officer
Director	Soichiro Tada	Executive Vice President; CFO, in charge of corporate accounting, finance and settlement, IT, risk management and logistics
Director	Tsuyoshi Konda	Senior Executive Officer (President & Representative Director, QUO CARD Co., Ltd.)
Director	Masahiro Miyashita	General Manager of Smart Communications Platform Business, Sumitomo Corporation
Director	Toshiya Asaba	Representative Employee, Gaia Lab LLC Representative Director and Vice Chairman, The Japanese Society for Quality Control (JSQC)
Director	Kyoko Deguchi	Vice President, Medical Corporation Shikiku-kai Outside Director, Nippon Ski Resort Development Co., Ltd.
Director	Junichi Kamata	
Statutory Auditor	Naoya Okutani	
Statutory Auditor	Ryo Hashimoto	
Corporate Auditor	Toshiro Kaba	Representative Attorney, Shiroyama Tower Law Office Outside Auditor, GungHo Online Entertainment, Inc. Outside Auditor, Cave Interactive Co., Ltd. Dean, Toin Law School Outside Auditor, Piala, Inc. Outside Auditor, J.Score Co., Ltd.
Corporate Auditor	Tetsuo Kitagawa	Certified Public Accountant

Notes:

1. Director Tetsu Fukuoka retired by resignation on November 30, 2018. At the time of his resignation, his important concurrent posts were Director of Sumitomo Corporation (Shanghai) Limited, Sumitomo Corporation China Group, and Supervisor of National Association of Mobile-phone Distributors.
2. Directors Toshiya Asaba, Kyoko Deguchi, and Junichi Kamata are Outside Directors.
3. Corporate Auditors Toshiro Kaba and Tetsuo Kitagawa are Outside Auditors.
4. As detailed below, Full-time Auditors Naoya Okutani and Ryo Hashimoto and Corporate Auditor Tetsuo Kitagawa possess considerable expertise in the fields of finance and accounting.
   - Full-time Auditor Naoya Okutani is licensed as a small and medium enterprise management consultant.
   - Full-time Auditor Ryo Hashimoto has many years of experience with financial and accounting operations at our parent company, Sumitomo Corporation.
   - Corporate Auditor Tetsuo Kitagawa is licensed as a certified public accountant.
5. The Company has designated Director Toshiya Asaba, Director Kyoko Deguchi, Director Junichi Kamata, Corporate Auditor Toshiro Kaba, and Corporate Auditor Tetsuo Kitagawa as independent officers pursuant to Tokyo Stock Exchange rules, and has notified the stock exchange to that effect.
6. There is no special relationship between the Company and either of the entities at which Outside Directors and Outside Auditors hold important concurrent posts.
7. The Company has entered into agreements with Directors Masahiro Miyashita, Toshiya Asaba, Kyoko Deguchi, and Junichi Kamata; Full-time Auditors Naoya Okutani and Ryo Hashimoto; and Corporate Auditors Toshiro Kaba and Tetsuo Kitagawa pursuant to Article 427, Paragraph 1 of the Companies Act that limit their liability for damages as defined in Article 423, Paragraph 1 of the same Act. Under these agreements, the limit of liability for damages is an amount stipulated in Article 425, Paragraph 1 of the Companies Act. The Company had entered into the same limited-liability agreement with Director Tetsu Fukuoka, who resigned on November 30, 2018.

(ii) Remuneration, etc. for Directors and Auditors:

Classification	No. of Recipients	Amount (million yen)
Directors (Outside Directors)	8 (4)	162 (24)
Auditors (Outside Auditors)	4 (2)	57 (11)
Total	12	220

Notes:

1. Listed remuneration amounts for Directors do not include employee salaries paid to Directors in concurrent employee posts.
2. Annual remuneration for Directors was limited to no more than 300 million yen by resolution of the 17th Annual General Meeting of Shareholders that met on June 26, 2008. (Of that total, no more than 30 million yen was to be paid to Outside Directors; these limits do not include employee salaries.)
3. Annual remuneration for Corporate Auditors was limited to no more than 70 million yen by resolution of the 17th Annual General Meeting of Shareholders that met on June 26, 2008.

(iii) Activities of Outside Officers during fiscal year under review:

a. Attendance at meetings of the Board of Directors and Board of Auditors

	Meetings of Board of Directors		Meetings of Board of Auditors	
	Meetings attended / Meetings held	Attendance rate (%)	Meetings attended / Meetings held	Attendance rate (%)
Director Toshiya Asaba	14/14	100.0	-	-
Director Kyoko Deguchi	14/14	100.0	-	-
Director Junichi Kamata	11/11	100.0	-	-
Corporate Auditor Toshiro Kaba	14/14	100.0	13/13	100.0
Corporate Auditor Tetsuo Kitagawa	14/14	100.0	13/13	100.0

Note: Entries for the number of meetings attended by, and the attendance rates of, Outside Directors and Outside Auditors refer to the number of Board of Directors' or Board of Auditors' meetings they attended and their respective attendance rates during their terms of office.

b. Communication

- Director Toshiya Asaba has expressed his views from an independent and objective standpoint reflecting his knowledge of the telecommunications industries.
- Director Kyoko Deguchi has expressed her views from independent and objective standpoints reflecting the many years of management experience and expertise she has amassed at a variety of different companies.
- Director Junichi Kamata has expressed his views from an independent and objective standpoint reflecting experience and expertise he has amassed at positions including Director at Hitachi Metals, Inc.
- Drawing from his professional knowledge as an attorney, Corporate Auditor Toshiro Kaba has made recommendations and proposals aimed at ensuring the rationality and suitability of decisions by the Board of Directors. Additionally, at meetings of the Board of Auditors, he has voiced views and opinions reflecting his professional background as an attorney.
- Drawing from his professional knowledge as a CPA, Corporate Auditor Tetsuo Kitagawa has made recommendations and proposals aimed at ensuring the rationality and suitability of decisions by the Board of Directors. In addition, at meetings of the Board of Auditors, he has voiced views and opinions reflecting his professional background as a CPA.

(3) Accounting Auditor

(i) Name: Deloitte Touche Tohmatsu, LLC

(ii) Remuneration:

	Remuneration, etc. (million yen)
Remuneration, etc. paid to the accounting auditor for the fiscal year under review	57
Total in monetary remuneration and other economic benefits to be paid to the accounting auditor by the Company and its subsidiaries	84

Notes:

1. The audit contract between the Company and the Accounting Auditor does not clearly specify and cannot materially classify the amounts of remuneration that are paid for audits performed under provisions of the Companies Act or provisions of the Financial Instruments and Exchange Act. Accordingly, the table entries for remuneration, etc. paid to the Accounting Auditor for the fiscal year under review are totals of these respective amounts.
2. Remuneration, etc. paid to the Accounting Auditor includes remuneration paid for audits based on the consolidation package of the parent company.
3. The Board of Auditors decided to approve the amount of remuneration, etc. for the Accounting Auditor after verifying the content of the Accounting Auditor's audit plan, the status of audit accounting services performed, and the basis for the remuneration calculations.
4. The amount of the remuneration, etc., paid by the Company to the Accounting Auditor included compensation for their advisory duties concerning the IT controls, etc., other than the duties prescribed in Article 2 (1) of the Certified Public Accountants Act.

(iii) Policy regarding decisions to dismiss or refuse to reappoint Accounting Auditors:

The Company's Board of Auditors shall dismiss an Accounting Auditor in the event conditions for said dismissal pursuant to provisions in Article 340 of the Companies Act are deemed to have been met.

3. Frameworks for the Assurance of Proper Business Operations and the Operational Status of Said Frameworks

[Our Basic View Related to Corporate Governance]

The Group views corporate governance as a framework for the control of corporate business activities and considers it critically important that the rights and interests of our shareholders be protected and equally guaranteed. We also believe it is imperative that we respect the rights and interests of—and build positive relationships with—stakeholders other than shareholders including our clients, business partners, employees, and local communities. We recognize that corporations have a social mission to pursue their business operations while striving to build and maintain better frameworks for governance. In line with that awareness, we have pursued our day-to-day operations in the interest of refining our institutional frameworks and improving their effectiveness from two perspectives: namely “assuring managerial transparency” and “boosting corporate value.”

Also, we have developed the frameworks for the assurance of appropriate business operations and monitor their operational status as described below.

(1) Overview of Decisions concerning Frameworks for the Assurance of Proper Business Operations

The following is an overview of Company decisions that relate to frameworks aimed at ensuring the compliance of duties performed by Directors with laws and regulations and provisions of the Company’s Articles of Incorporation, and ensuring the propriety of other Company operations.

(i) Framework to ensure that duties performed by Directors and Employees are in compliance with applicable laws and the Company’s Articles of Incorporation:

a. In the performance of its business operations, the Company has assigned top priority to legal and ethical compliance. It has accordingly established a set of Compliance Regulations that all Company officers and employees are required to observe.

b. The Company has endeavored to build a compliance framework and maintain and improve its effectiveness by establishing a Compliance Committee that is headed by a Chief Compliance Officer and whose members include the President and executive officers. The Compliance Committee convenes as necessary in accordance with the Compliance Committee Regulations, and incorporates an internal Compliance Promotion Department that serves in an administrative role.

c. To foster and strengthen an awareness of compliance company-wide, the Company has prepared and enhanced compliance training programs for its executive officers and employees.

d. Multiple channels have been set up inside and outside the Company for reporting and consultations on compliance-related issues. These include channels to outside legal counsel and third-party institutions.

e. Violators of Company compliance policy are dealt with sternly and are subject to disciplinary actions under the Company’s employment regulations.

f. Mutual monitoring practices are enlisted on a daily basis to gauge compliance with applicable laws and internal Company regulations and rules. Periodic audits are also performed and potential impacts on Company business are assessed.

(ii) Framework for retention and management of information relevant to the executive duties of Directors:

a. Minutes of meetings of the Board of Directors, approval documents, and other documents and information (including digital records) relevant to the executive duties of Directors are appropriately retained and managed in accordance with the Company's Document Management Regulations and Information System Management Regulations. The status of document retention and management is verified and the regulations are revised as necessary.

b. Directors and Auditors may promptly view these documents and other information upon request.

(iii) Regulations and other frameworks for the management of risk of loss:

a. To manage the various risks of loss facing the T-Gaia Group's business operations and prevent those risks from materializing, the Company collects and analyzes risk-related information and detects early predictors of risk. It has also enacted a set of Risk Management Regulations and established supervisory departments for specific types of risk to quickly implement appropriate countermeasures when a risk has become manifest. Additionally, it convenes meetings of the Risk Management Committee on a regular basis and endeavors to develop, maintain, and improve its frameworks for risk management.

b. The heads of individual units within the T-Gaia Group execute the business operations of their respective units within the scope of authority granted under the Work Authority Regulations and manage the risks associated with those business operations. In the event certain business operations are outside their normal scope of authority, they will follow the approval request and reporting procedures stipulated in the Work Authority Regulations and manage the risk associated with those operations they are permitted to fulfill.

c. Pursuant to provisions of the Internal Audit Regulations, the Internal Audit Department performs periodic audits to determine whether the business operations of Company headquarters, regional headquarters, divisions, branches and subsidiaries of the Company are being performed properly and in compliance with applicable laws and regulations and the Articles of Incorporation, and reports its audit findings to the President.

(iv) Framework to ensure that duties of Directors are efficiently performed:

a. The Board of Directors handles decisions on important matters and supervises Directors to determine whether they are performing their duties efficiently and properly. The number of Directors on the Board is kept within limits that allow meetings of the Board to engage in full discussions of their agenda and reach sensible decisions in a prompt manner.

b. Management Conferences are convened to discuss matters of importance including policies of importance to Company management in general and matters for deliberation at or reporting to meetings of the Board of Directors. Management Conference members strive through the exchange of information to achieve mutual understanding on matters involving the execution of business.

c. The executive officer framework strives to enhance the functions of the Board of Directors and facilitate the prompt execution of business by separating the management functions of “decision-making and executive supervision” from the function of “business execution.” Executive Officers are appointed by the Board of Directors and fulfill duties assigned by the Board of Directors.

d. Company headquarters, regional headquarters, divisions, and branches are treated as the units of business execution. The heads of these respective units are each granted a certain measure of authority under provisions of the Work Authority Regulations in the interest of facilitating localized management of unit operations with a sense of speed. Company headquarters, regional headquarters, divisions, and branches are also treated as the units of profit. This ensures the transparency of managerial conditions at headquarters and regional headquarters.

e. Approval request and reporting frameworks facilitate the transfer of clearly defined authority and responsibility under provisions of the Work Authority Regulations and the Segregation of Duties Regulations, and ensure that work duties are promptly executed. Permission to execute duties that are outside the scope of a Director’s authority is contingent upon a decision, as stipulated in applicable regulations, that is based on deliberations by the administrative unit with field expertise. The Company endeavors to review and revise relevant regulations and approval request and reporting procedures as necessary and develop, maintain, and improve its frameworks for the efficient and proper execution of Directors’ duties.

(v) Framework to ensure the propriety of the business operations of the Corporate Group comprising the Company, its parent, and subsidiaries:

a. Based on the principle of autonomous subsidiary operations and in keeping with the Regulations for the Management of Affiliates, the headquarters, regional headquarters, division, or business branch engaged in business operations most closely related to the business of a given subsidiary is the unit with supervisory responsibility for that subsidiary. Supervisory units periodically request reports containing important information about the subsidiaries under their supervision including the subsidiaries’ business results and financial statements. In addition to identifying the subsidiaries’ management conditions and developing and maintaining appropriate frameworks for consolidated management, the supervisory units request that subsidiaries submit reports on matters covered by the Regulations for the Management of Affiliates and reports on the findings of audits performed under provisions of the Internal Audit Regulations. As a holder of equity interest, the Company appropriately makes its intentions known to the management teams at its subsidiaries.

b. The Company has developed and put into effect a compliance framework for Group companies as a whole and also sets up frameworks for the acquisition of legal advice from outside law offices, as necessary. Additionally, it strives to cultivate an awareness of compliance through the implementation of programs of training in legal compliance for Group officers and employees once a year.

c. The Regulations for the Management of Affiliates establish operational authority and chains of command for subsidiaries and require that subsidiaries build structures that are in compliance with these.

(vi) Employees that are assigned on request from Auditors to assist in the performance of Auditors' duties:

In the event Corporate Auditors require assistance with the performance of their duties, they may submit requests to the Representative Director asking that employees with the knowledge and skills required for audit duties be assigned to serve as their assistants.

(vii) The autonomy of employees covered in the preceding Clause from the Board of Directors:

Directive authority over an employee that has been assigned under terms of the preceding Clause shall rest with the Corporate Auditor to whom the employee has been assigned. That employee shall not receive orders from Directors. To ensure the independence and effectiveness of an employee assigned under terms of the preceding Clause, the Representative Director shall form decisions on personnel appraisals, personnel transfers, and disciplinary actions affecting the employee only after obtaining the consent of the Full-time Auditor.

(viii) Framework for reporting to Corporate Auditors by Directors, Employees, and Others:

a. Corporate Auditors may attend meetings of the Board of Directors, Management Conference, Executive Officers' Committee, and other important meetings.

b. Corporate Auditors may review important documentation and request submission of that documentation.

c. Corporate Auditors may receive reports from T-Gaia Group officers and employees whenever necessary.

d. Corporate Auditors audit the management of subsidiaries through on-site audits and day-to-day coordination with auditors for the subsidiaries.

e. Directors, T-Gaia Group officers and employees, or persons to whom they have reported, shall submit reports to the Board of Auditors or to a Corporate Auditor ("Special Auditor") designated by the Board of Auditors under any of the following circumstances:
   - Significant damages to the Company or grave compliance violations that have either occurred or are likely to occur
   - Events about which a Special Auditor has requested reports, or that otherwise are deemed to warrant an audit (e.g., subsequent events)
   - The Regulations for Compliance Reports and Consultations stipulate that Group officers and employees or persons to whom they have reported can submit "whistleblower" reports directly to a Corporate Auditor, and explicitly prohibit job dismissals and other adverse actions against whistleblowers solely for submitting such reports.

(ix) Other frameworks to ensure that Auditors are performing audits effectively:

a. Directors are familiar with the audit standards that clarify Auditor duties and responsibilities and fully recognize the importance of audits performed by Auditors. Additionally, Directors help cultivate an appropriate environment for audits.

b. Corporate Auditors maintain close working relationships with the Internal Audit Department, receive timely reports from the Internal Audit Department on internal audit plans and findings, and contribute to the efficient implementation of audits.

c. Through periodic meetings with the Accounting Auditor and participation in on-site audits at the close of the fiscal year, Corporate Auditors endeavor to exchange information and develop their understanding of the audit activities of the Accounting Auditor and help improve audit efficiency and quality.

(x) Policy on the processing of expenses incurred from the fulfillment of Auditor duties and responsibilities:

When Corporate Auditors request advance payment or reimbursement of expenses associated with the performance of their duties, those expenses are processed as requested except in cases where they are deemed unnecessary for the performance of Corporate Auditors' duties.

(2) Overview of the Operational Status of Frameworks for the Assurance of Proper Business Operations

The following is an overview of the operational status of frameworks designed to ensure the propriety of Company business operations.

(i) Duties of Company Directors:

The Board of Directors comprises eight Directors including three independent Outside Directors, and its meetings are also attended by four Corporate Auditors including two independent Outside Auditors. Board meetings convene on a monthly basis and through active discussions and the exchange of views, promptly reach decisions on Company management policy, business strategy, and other matters of importance as defined by applicable laws, statutes, and the Company Articles of Incorporation.

(ii) Duties of Auditors:

Auditors attend meetings of the Board of Directors, Management Conference, and other important meetings, review important business documentation, conduct on-site audits of the Company's various divisions, regional headquarters, branches, and directly managed carrier shops, hold hearings with key executives, conduct on-site audits of Company subsidiaries in Japan and abroad, and exchange views with the Representative Directors of subsidiaries.

Auditors also strive to maintain close working ties with the Company's Internal Audit Department and the Accounting Auditor through the exchange of information and views, hold periodic meetings to exchange views with the President and independent Outside Directors, promote mutual understanding, and perform effective audits.

(iii) Compliance:

Positioning the legal compliance and the promotion of ethical conduct as one of the issues of top priority for its business operations, the T-Gaia Group holds Compliance Committee meetings once every two months, discusses various issues on compliance, and are working to ensure full compliance. Based on the discussions of the Committee, as part of educational activities, we have implemented compliance training such as e-learning course-driven compliance training for all executive officers and employees of the Company as well as employees of partner agencies, training for new employees, and training tailored for each operational base for shop employees, given by staff dedicated to compliance. We also conduct company-wide compliance-related educational activities on a regular basis.

Additionally, the Company endeavors to quickly identify and counter compliance risk by encouraging active use of the multiple reporting/consulting channels installed by the Company and conducting compliance awareness surveys to all Company employees as well as questionnaire surveys to the Company's trading partners.

(iv) Risk management:

To actively control risk and maintain and expand its corporate value, the Company has established a set of Risk Management Regulations and convenes meetings of the Risk Management Committee twice per annum, in principle.

The T-Gaia Group endeavors to identify and protect against risk and has built a framework to quickly and accurately implement countermeasure in the event a risk has materialized.

(v) Management of subsidiaries:

Based on its principle of respecting the independent management of its subsidiaries, the Company, as a holder of equity interest, appropriately expresses its views and intentions with regard to important matters in keeping with its Regulations for the Management of Affiliates.

In addition, the Company receives periodic reports on subsidiary business results and financial information from the supervisory departments with jurisdiction.

4. Basic Policy concerning Control of the Company

The Company is aware that this is an important matter and has devoted study to that matter on a continuing basis. However, in view of the current distribution of its stock, the Company has not yet implemented any defensive measures.

5. Policies concerning Decisions on Dividends of Surplus

In response to gains in its business performance, it is a basic policy of the Company to return profits to our Shareholders with a dividend payout ratio of at least 30 % while securing the internal reserves necessary for future business expansion and the reinforcement of its business foundations.

For the business year under review, we plan to propose a year-end dividend of 38.5 yen per share of common stock. Given that we paid an interim dividend of 36.5 yen per share in December 2018, the annual dividend per share will total 75 yen (an increase of 20 yen from the previous year).

It is Company policy to allocate internal reserves to the expansion and reinforcement of our existing business foundations, human resources development, strategic investments, the launch of new businesses, and entry into overseas markets.

Consolidated Balance Sheet

(as of March 31, 2019)

(million yen)

Items	Amount
(Assets)	
Current assets	**159,486**
Cash and deposits	27,672
Notes and accounts receivable – trade	24,600
Products	32,531
Inventories	98
Other accounts receivable	13,178
Guarantee deposits	60,050
Other current assets	1,434
Allowance for doubtful accounts	(78)
Fixed assets	**19,508**
Tangible fixed assets	**3,679**
Buildings and structures	2,309
Machinery, equipment and vehicles	4
Furniture and fixtures	1,011
Land	304
Lease assets	47
Construction in progress	2
Intangible fixed assets	**3,507**
Goodwill	1,874
Software	1,239
Others	392
Investment and other assets	**12,321**
Investment securities	1,897
Long-term loans receivable	44
Deferred tax assets	5,107
Leasehold deposits	4,398
Others	879
Allowance for doubtful accounts	(4)
Total Assets	**178,994**

Items	Amount
(Liabilities)	
Current liabilities	**129,745**
Accounts payable – trade	9,941
Long-term borrowings within one year	4,616
Accounts payable – other	17,881
Income taxes payable	6,166
Reserve for bonuses	2,363
Allowance for early subscription cancellations	20
Deposits received of prepaid cards	87,668
Others	1,087
Non-current liabilities	**2,503**
Provision for long-term service benefits	125
Retirement benefit liabilities	369
Asset removal obligations	1,594
Others	414
Total liabilities	**132,249**
(Net Assets)	
Shareholders' equity	**46,493**
Capital stock	**3,154**
Capital surplus	**5,177**
Retained earnings	**59,688**
Treasury stock	**(21,526)**
Accumulated other comprehensive income	**237**
Valuation difference on available-for-sale securities	**230**
Foreign currency translation adjustment	**6**
Non-controlling interests	**14**
Total net assets	**46,745**
Total Liabilities and Net Assets	**178,994**

Note: The figures have been rounded down to the nearest million yen.

Consolidated Statement of Income

(from April 1, 2018 to March 31, 2019)

(million yen)

Item	Amount	
Net sales		526,929
Cost of sales		455,981
Gross profit		**70,948**
Selling, general and administrative expenses		55,566
Operating income		**15,382**
Non-operating income		
Interest income	2	
Dividend income	7	
Equity in earnings of affiliates	49	
Hoard profit of prepaid cards	5,087	
Others	103	5,250
Non-operating expenses		
Interest expenses	14	
Store cancellation penalty	18	
Others	6	39
Ordinary income		**20,593**
Extraordinary gains		
Gain on sales of fixed assets	8	
Gain on sales of shares of subsidiaries and associates	12	20
Extraordinary losses		
Loss on sales of fixed assets	14	
Loss on removal of fixed assets	67	
Impairment loss	60	
Loss on valuation of investment securities	20	163
Net income before income taxes		**20,450**
Income taxes – current	8,682	
Income taxes – deferred	(2,081)	6,601
Net income		**13,849**
Net income attributable to non-controlling interests		6
Net income attributable to shareholders of the parent company		**13,842**

Note: The figures have been rounded down to the nearest million yen.

Consolidated Statement of Changes in Shareholders' Equity

(from April 1, 2018 to March 31, 2019)

(million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the end of the previous fiscal year	3,154	5,177	49,412	(21,526)	36,217
Changes during the fiscal year					
Dividends from surplus			(3,566)		(3,566)
Net income attributable to shareholders of the parent company			13,842		13,842
Purchase of treasury stock				(0)	(0)
Changes in items other than shareholders' equity during the fiscal year (net)					
Total changes during the fiscal year	—	—	10,276	(0)	10,276
Balance at the end of the fiscal year	3,154	5,177	59,688	(21,526)	46,493

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at the end of the previous fiscal year	225	8	(6)	228	27	36,473
Changes during the fiscal year						
Dividends from surplus						(3,566)
Net income attributable to shareholders of the parent company						13,842
Purchase of treasury stock						(0)
Changes in items other than shareholders' equity during the fiscal year (net)	4	(2)	6	8	(13)	(4)
Total changes during the fiscal year	4	(2)	6	8	(13)	10,271
Balance at the end of the fiscal year	230	6	—	237	14	46,745

Note: The figures have been rounded down to the nearest million yen.

Non-consolidated Balance Sheet

(as of March 31, 2019)

(million yen)

Item	Amount
(Assets)	
Current assets	**90,275**
Cash and deposits	24,243
Accounts receivable – trade	24,170
Products	31,809
Inventories	93
Prepaid expenses	585
Other accounts receivable	8,827
Other current assets	623
Allowance for doubtful accounts	(78)
Fixed assets	**39,639**
Tangible fixed assets	**3,452**
Buildings	2,111
Structures	146
Machinery, equipment and vehicles	4
Furniture and fixtures	883
Land	304
Construction in progress	2
Intangible fixed assets	**1,958**
Goodwill	683
Software	980
Others	294
Investment and other assets	**34,228**
Investment securities	656
Stocks of subsidiaries and affiliates	25,590
Long-term loans receivable	44
Deferred tax assets	2,811
Leasehold deposits	4,285
Others	845
Allowance for doubtful accounts	(4)
Total Assets	**129,914**

Note: The figures have been rounded down to the nearest million yen.

Item	Amount
(Liabilities)	
Current liabilities	**82,952**
Accounts payable – trade	9,763
Long-term borrowings within one year	4,616
Accounts payable – other	11,413
Income taxes payable	3,400
Deposits received	51,052
Reserve for bonuses	2,244
Allowance for early subscription cancellations	20
Others	440
Non-current liabilities	**2,429**
Provision for long-term service benefits	125
Provision for retirement benefits	350
Asset removal obligations	1,540
Others	412
Total liabilities	**85,381**
(Net Assets)	
Shareholders' equity	**44,301**
Capital stock	**3,154**
Capital surplus	**5,640**
Legal capital surplus	5,640
Retained earnings	**57,033**
Legal retained earnings	17
Other retained earnings	
Retained earnings brought forward	57,016
Treasury stock	**(21,526)**
Valuation and translation adjustments	**230**
Valuation difference on available-for-sale securities	**230**
Total net assets	**44,532**
Total Liabilities and Net Assets	**129,914**

Non-consolidated Statement of Income

(from April 1, 2018 to March 31, 2019)

(million yen)

Item	Amount	
Net sales		
Net sales of goods	344,483	
Commission fee	177,232	521,716
Cost of sales		
Cost of goods sold	345,248	
Commission fee	108,601	453,850
Gross profit		**67,866**
Selling, general and administrative expenses		**51,350**
Operating income		**16,515**
Non-operating income		
Interest income	2	
Dividend income	224	
Insurance income	36	
Others	51	315
Non-operating expenses		
Interest expenses	65	
Store cancellation penalty	18	
Others	4	89
Ordinary income		**16,741**
Extraordinary gains		
Gain on sales of fixed assets	8	
Gain on sales of shares of subsidiaries and associates	32	41
Extraordinary losses		
Loss on sales of fixed assets	14	
Loss on removal of fixed assets	66	
Impairment loss	60	
Loss on valuation of investment securities	20	
Loss on valuation of shares of subsidiaries and associates	113	275
Net income before income taxes		**16,506**
Income taxes – current	5,422	
Income taxes – deferred	(195)	5,226
Net income		**11,280**

Note: The figures have been rounded down to the nearest million yen.

Non-consolidated Statement of Changes in Shareholders' Equity

(from April 1, 2018 to March 31, 2019)

(million yen)

	Shareholders' equity: Capital stock	Capital surplus: Legal capital surplus	Capital surplus: Total capital surplus	Retained earnings: Legal retained earnings	Retained earnings: Other retained earnings: Retained earnings brought forward	Retained earnings: Total retained earnings	Treasury stock	Total shareholders' equity
Balance at the end of previous period	3,154	5,640	5,640	17	49,302	49,320	(21,526)	36,588
Changes of items during the period								
Dividends from surplus					(3,566)	(3,566)		(3,566)
Net income					11,280	11,280		11,280
Purchase of treasury stock							(0)	(0)
Changes in items other than shareholders' equity during the period (net)								
Total changes during the period	–	–	–	–	7,713	7,713	(0)	7,713
Balance at the end of the period	3,154	5,640	5,640	17	57,016	57,033	(21,526)	44,301

	Valuation and translation adjustments: Valuation difference on available-for-sale securities	Valuation and translation adjustments: Total valuation and translation adjustments	Total net assets
Balance at the end of previous period	231	231	36,819
Changes of items during the period			
Dividends from surplus			(3,566)
Net income			11,280
Purchase of treasury stock			(0)
Changes in items other than shareholders' equity during the period (net)	(0)	(0)	(0)
Total changes during the period	(0)	(0)	7,712
Balance at the end of the period	230	230	44,532

Note: The figures have been rounded down to the nearest million yen.

Independent Auditor's Report on Consolidated Financial Statements

Independent Auditor's Report

May 13, 2019

To the Board of Directors,
T-Gaia Corporation

Deloitte Touche Tohmatsu LLC

Kazumasa Moriya (seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Naokazu Fukushi (seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

We have audited the consolidated financial statements comprising the consolidated balance sheet, the consolidated statement of income, the consolidated statement of changes in shareholders' equity and the related notes of T-Gaia Corporation for the fiscal year from April 1, 2018 to March 31, 2019 in accordance with Article 444 paragraph 4 of the Companies Act of Japan.

Management's Responsibility for the Consolidated Financial Statements:

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with generally accepted accounting principles in Japan. This includes the development and implementation of internal control deemed necessary by management for the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility:

Our responsibility is to express an opinion on the consolidated financial statements based on our audits as independent auditors. We conducted our audits in accordance with auditing standards generally accepted in Japan. Those auditing standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected and applied depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. The purpose of an audit is not to express an opinion on the effectiveness of the Company's internal control. However, in performing this risk assessment, we consider internal control relevant to the Company's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used, the method of their application, and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Audit Opinion:

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position and the results of operations of T-Gaia Corporation and its consolidated subsidiaries for the period for which the consolidated financial statements were prepared in accordance with generally accepted accounting principles in Japan.

Interests in the Company:

Neither our firm nor any of the engagement partners has any interest in the Company as required to be disclosed herein under the provisions of the Certified Public Accountants Act.

Independent Auditor's Report on Non-consolidated Financial Statements

Independent Auditor's Report

May 13, 2019

To the Board of Directors,
T-Gaia Corporation

Deloitte Touche Tohmatsu LLC
Kazumasa Moriya (seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant
Naokazu Fukushi (seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

We have audited the accompanying non-consolidated financial statements comprising the balance sheet, statement of income, statement of changes in shareholders' equity and the related notes as well as the supporting schedules of T-Gaia Corporation for the 28th fiscal year from April 1, 2018 to March 31, 2019 in accordance with Article 436 paragraph 2 item 1 of the Companies Act of Japan.

Management's Responsibility for the Non-consolidated Financial Statements:

Management is responsible for the preparation and fair presentation of the non-consolidated financial statements and the supporting schedules in accordance with generally accepted accounting principles in Japan. This includes the development and implementation of internal control deemed necessary by management for the preparation and fair presentation of non-consolidated financial statements and supporting schedules that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility:

Our responsibility is to express an opinion on the non-consolidated financial statements and supporting schedules based on our audits as independent auditors. We conducted our audits in accordance with auditing standards generally accepted in Japan. Those auditing standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and supporting schedules are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the non-consolidated financial statements and supporting schedules. The procedures selected and applied depend on our judgment, including the assessment of the risks of material misstatement of the financial statements and supporting schedules, whether due to fraud or error. The purpose of an audit is not to express an opinion on the effectiveness of the Company's internal control. However, in performing this risk assessment, we consider internal control relevant to the Company's preparation and fair presentation of the non-consolidated financial statements and supporting schedules in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used, the method of their application, and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the non-consolidated financial statements and supporting schedules.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Audit Opinion:

In our opinion, the non-consolidated financial statements and supporting schedules referred to above, present fairly, in all material respects, the financial position and the results of operations of the Company for the period for which the financial statements and supporting schedules were prepared in accordance with generally accepted accounting principles in Japan.

Interests in the Company:

Neither our firm nor any of the engagement partners has any interest in the Company as required to be disclosed herein under the provisions of the Certified Public Accountants Act.

Audit Report by Audit and Supervisory Board

Audit Report

The Audit and Supervisory Board, upon deliberation, prepared this audit report regarding the performance of duties of the Directors of T-Gaia Corporation during the 28th fiscal year from April 1, 2018 to March 31, 2019, based on the audit reports prepared by each Audit and Supervisory Board Member, and hereby reports as follows:

1. Auditing Method Employed by Audit and Supervisory Board Members and the Audit and Supervisory Board and Details Thereof

(1) The Audit and Supervisory Board established an auditing policy and the assignment of the duties, etc., received from each Audit and Supervisory Board Member reports on the execution of audits and the results thereof and, in addition, received reports on the performance of their duties from the Directors and the Accounting Auditor and, when necessary, requested explanations regarding such reports.

(2) In accordance with the auditing standards for Audit and Supervisory Board Members established by the Audit and Supervisory Board, and based on the auditing policy and the assignment of duties etc., each Audit and Supervisory Board Member has taken steps to facilitate communication with the Directors, the internal audit department as well as other employees, and has endeavored to gather information and establish an environment for auditing. Each Audit and Supervisory Board Member has audited in the following manner:

(i) Each Audit and Supervisory Board Member attended meetings of the Board of Directors and other important meetings, received from the Directors, employees and other related persons reports on the performance of their duties and, when necessary, requested explanations regarding such reports. In addition, each Audit and Supervisory Board Member inspected important decision documents, etc. and examined the business and financial position of the Company at the head office and other major business offices of the Company. With respect to the subsidiaries of the Company, each Audit and Supervisory Board Member has taken steps to facilitate communication with the Directors, Audit and Supervisory Board Members and other related persons of major subsidiaries and to share information with them and, when necessary, received reports from the subsidiaries regarding their businesses.

(ii) In terms of the content of resolutions made by the Board of Directors concerning the establishment of the systems provided for in Article 100 paragraphs 1 and 3 of the Ordinance for Enforcement of the Companies Act to ensure that the performance of duties by the Directors, which are described in the business report, is compliant with the laws and regulations of Japan and with the Company's Articles of Incorporation and other systems to ensure that operation of a joint stock company and the corporate group comprising of its subsidiaries will be conducted appropriately, as well as the status of such systems established by such resolutions (internal control system), each Audit and Supervisory Board Member periodically received reports on the status of development and operating situation of such systems from Directors and employees and, when necessary, requested explanations regarding such reports and expressed their opinion.

(iii) The Audit and Supervisory Board Members monitored and examined whether the accounting auditors maintained their independence and performed audits in an appropriate manner. The Audit and Supervisory Board Members received reports from the Accounting Auditor on the performance of their duties and, when necessary, requested explanations regarding those reports. The Audit and Supervisory Board Members also received notification from the Accounting Auditor that they have taken steps to improve the "System for Ensuring Appropriate Execution of the Duties" (as enumerated in each item of Article 131 of the Rules of Corporate Accounting) in compliance with the "Standards for Quality Control of Audit" (adopted by the Business Accounting Deliberation Council on October 28, 2005), etc. When necessary, the Audit and Supervisory Board Members requested explanations on such notifications.

Based on the aforementioned method the Audit and Supervisory Board Members reviewed the business report and supporting schedules thereto for the concerned fiscal year, the non-consolidated financial statements (non-consolidated balance sheet, non-consolidated statement of income, non-consolidated statement of changes in shareholders' equity and the related notes) and supplementary schedules thereto and the consolidated financial statements (consolidated balance sheet, consolidated statement of income, consolidated statement of changes in shareholders' equity and the related notes).

2. Results of Audit

(1) Audit Results on the Business Report, etc.

(i) In our opinion, the business report and the supporting schedules fairly represent the Company's condition in conformity with the applicable laws and regulations of Japan as well as the Articles of Incorporation of the Company.

(ii) With respect to the execution of duties by the Directors, we have found no evidence of misconduct or material facts in violation of the applicable laws and regulations of Japan or the Articles of Incorporation of the Company.

(iii) In our opinion, the content of the resolutions made by the Board of Directors regarding the internal control system is appropriate. Furthermore, we have not found anything to be pointed out on the content described in the business report and the performance of duties of the Directors concerning the internal control system.

(2) Results of Audit of the Non-consolidated Financial Statements and Supplementary Schedules:
In our opinion, the method and results of the audit employed and rendered by Deloitte Touche Tohmatsu LLC, the Accounting Auditor of the Company, are fair and reasonable.

(3) Results of Audit of the Consolidated Financial Statements:
In our opinion, the method and results of the audit employed and rendered by Deloitte Touche Tohmatsu LLC, the Accounting Auditor of the Company, are fair and reasonable.

May 14, 2019

Audit and Supervisory Board, T-Gaia Corporation

Full-time Audit and Supervisory Board Member	Ryo Hashimoto (Seal)
Full-time Audit and Supervisory Board Member	Naoya Okutani (Seal)
Outside Audit and Supervisory Board Member	Toshiro Kaba (Seal)
Outside Audit and Supervisory Board Member	Tetsuo Kitagawa (Seal)

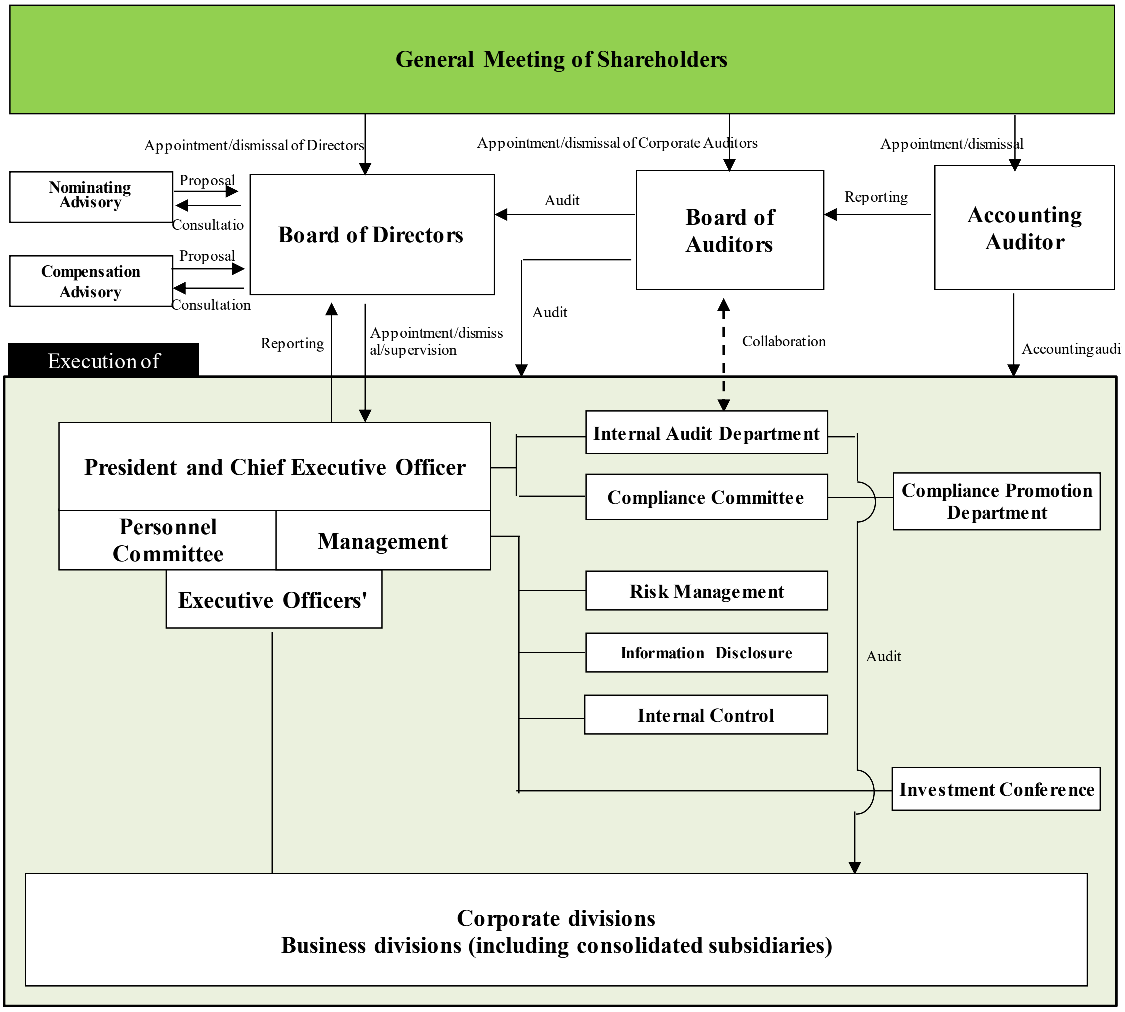
(Reference) Overview of Initiatives Related to Corporate Governance (as of March 31, 2019)

[Our Basic View Related to Corporate Governance]

The Company views corporate governance as a framework for the control of corporate business activities and considers it critically important that the rights and interests of our shareholders be protected and equally guaranteed. We also believe it is imperative that we respect the rights and interests of—and build positive relationships with— stakeholders other than shareholders including our clients, business partners, employees, and local communities. Our basic view related to corporate governance has been specified as the Basic Policy on Corporate Governance, which is disclosed on the Company website. We recognize that corporations have a social mission to pursue their business operations while striving to build and maintain better frameworks for governance. In line with that awareness, we have pursued our day-to-day operations in the interest of refining our institutional frameworks and improving their effectiveness from two perspectives: namely "assuring managerial transparency" and "boosting corporate value."

[Framework for Corporate Governance]

[Schematic diagram]



[Board of Directors]

The Board of Directors handles decisions on important matters and supervises Directors to determine whether they are performing their duties efficiently and properly. The Board of Directors comprises eight Directors (three of whom are independent officers) including three Outside Directors, and its meetings are also attended by four Corporate Auditors (two of whom are independent officers). Board meetings regularly convene on a monthly basis, and extraordinary meetings are held as required to realize flexible management.

[Board of Auditors]

Of the four Corporate Auditors of the Company, two are Outside Auditors (two of whom are independent officers). Using their professional background, experience and expertise, they do not only audit compliance with laws, but also give advice on overall management from a fair and neutral standpoint.

The Board of Auditors meetings convene on a monthly basis in principle, and four Corporate Auditors hold discussions and report matters at the meetings. Two full-time Auditors attend important company meetings such as the Board of Directors meetings and Management Conferences to supervise the status of decisions on management policy and the status of performance of duties by Directors. Furthermore, Corporate Auditors appropriately collaborate with the Internal Audit Department and Accounting Auditor and work to strengthen the internal control system through the exchange of views and information with them.

[Nominating Advisory Committee/Compensation Advisory Committee]

The Company has established the Nominating Advisory Committee and the Compensation Advisory Committee as advisory bodies to the Board of Directors, in order to enhance transparency of management. The objective of the Nominating Advisory Committee is to propose the appointment and dismissal of Directors and executive officers above Managing Executive Officers to the Board of Directors, and the objective of the Compensation Advisory Committee is to propose such matters as remuneration of Directors and executive officers to the Board of Directors. The Nominating Advisory Committee and the Compensation Advisory Committee are composed of Outside Directors and Representative Director as well as Directors nominated by the President and Representative Director, and the members thereof are decided by the Board of Directors.

Composition of Members (* denotes the chair) (As of March 31, 2019)
Six members in total

Three Internal Directors	Toshifumi Shibuya	Nobutaka Kanaji*	Masahiro Miyashita
Three Outside Directors	Toshiya Asaba	Kyoko Deguchi	Junichi Kamata

[Evaluation of Effectiveness of the Board of Directors]

The Company conducts surveys on Directors and Corporate Auditors regarding the effectiveness of the Board of Directors as a whole while objective analyses are performed by a third-party institution. In addition, self-evaluation of the Board of Directors is implemented through discussions by members of the Board of Directors based on the results of the surveys to enhance the function. In fiscal 2017, the Company determined that its Board of Directors is functioning appropriately and is effective as a result of implementing self-evaluation of the Board of Directors.

The results for fiscal 2018 will be posted on the Company website (https://www.t-gaia.co.jp/) after this General Meeting of Shareholders.