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June 12, 2020

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 29th Ordinary General Meeting of Shareholders

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

We hereby give notice of the 29th Ordinary General Meeting of Shareholders of T-Gaia Corporation (the “Company”). The meeting will be held in accordance with the details described below.

This year, the state of emergency declaration as well as the proclamation of emergency measures for Tokyo due to the spread of the novel coronavirus disease (COVID-19) made, as of May 21, the venue we use each year a facility subject to the request for suspension of operations.

In light of our current inability to predict the circumstances, and considering the “Q&A on Approaches to Conducting Shareholder Meetings Compiled as Measure for Addressing the Spread of the Novel Coronavirus Disease” released by the Ministry of Economy, Trade and Industry and the Ministry of Justice, we would convene the meeting at the Company’s Head Office. Therefore, we may be unable to accommodate entry to the venue even if shareholders are able to attend on the day due to the inability to secure sufficient seating because of the spacing of chairs.

We would appreciate your cooperation and understanding in refraining from attendance on the day from the perspective of preventing the contagion as well, and request that you exercise your voting rights in advance by post or via the internet (also possible from a smartphone).

We request that you refer to the attached “Reference Documents for the Ordinary General Meeting of Shareholders,” and exercise your voting rights by 5:45 p.m. on Friday, June 26, 2020.

1. Date and Time	Monday, June 29, 2020 at 10:00 a.m. (the venue opens at 9 a.m.)
2. Venue	Ebisu Neonart Building 17th Floor, Head Office’s Conference Room 4-1-18, Ebisu, Shibuya-ku, Tokyo (See the map of the ordinary general meeting’s venue on the last page.)
3. Meeting Agenda	Matters to be reported: <ol style="list-style-type: none">The Business Report and Consolidated Financial Statements for the Company’s 29th Fiscal Year (from April 1, 2019 to March 31, 2020) and the Results of Audits of the Consolidated Financial Statements by the Accounting Auditor and the Audit and Supervisory BoardNon-consolidated Financial Statements for the Company’s 29th Fiscal Year (from April 1, 2019 to March 31, 2020) Matters to be resolved <p>Proposal 1: Appropriation of Retained Earnings Proposal 2: Appointment of Nine (9) Directors Proposal 3: Appointment of One (1) Corporate Auditor Proposal 4: Appointment of One (1) Alternate Corporate Auditor</p>

- Pursuant to relevant laws and regulations and Article 15 of the Articles of Incorporation of the Company, the following documents of the documents to be attached to this notice have been posted on the Company's website. Therefore, they are not included in the Attachment of this notice
 - (1) Notes to Consolidated Financial Statements
 - (2) Notes to Non-consolidated Financial Statements
- The documents subject to audit are audited by Corporate Auditors and the Accounting Auditor, including the above items posted on the Company's website.
- If any changes are made to the Reference Documents for the Ordinary General Meeting of Shareholders, Business Report, Consolidated Financial Statements and Non-consolidated Financial Statements, the revised items will be posted on the Company's website.

[Company website] <https://www.t-gaia.co.jp/>

<Message to shareholders>

- Please note that we stopped distributing souvenirs for attending shareholders from two years ago. We appreciate your understanding.
- We will not hold the shareholder reception that we normally hold each year.
- We would appreciate your cooperation and understanding in refraining from attendance on the day from the perspective of preventing the contagion as well, and request that you exercise your voting rights in advance by post or via the internet (also possible from a smartphone).
For this year only, we will present a QUO card (500 yen value) to shareholders who exercise their voting right in advance (whether they agree or disagree with proposals) and also refrain from attending the venue. Please refer to the "Request to exercise your voting rights in advance and refrain from attendance" enclosed with this notice for details.
- This year, the number of chairs provided will be substantially reduced from usual due to the space between chairs to prevent contagion, with a capacity of 30. Therefore, entry may be refused even if you attend the venue on the day. We once again ask for your understanding on this matter.
- If you attend, we request that you consider precautions against contagion such as wearing a mask after confirming the status of COVID-19 on the day of the meeting as well as your own health (shareholders who do not bring or wear a mask may be refused entry and asked to leave).
- If you attend, you will be required to sanitize your hands with alcohol-based hand sanitizer in front of the reception desk and have your temperature checked.
Persons recorded as having a fever or suspected of being in poor health may be refused entry and asked to leave.
- Even in regards to our Officers, it is intended that only some Officers will attend the venue with the other Officers attending online from a separate room to prevent the contagion. (Officers and operational staff at the venue will be wearing masks.)
- At this General Meeting of Shareholders, we will omit matters to be reported at the meeting (including the audit reports) as well as detailed explanations of proposals to reduce the duration of the meeting and prevent the contagion. We request that shareholders look at the convocation notice in advance. We request that you look at the video prepared for reporting the matters to be reported using the QR code noted in the "Request to exercise your voting rights in advance and refrain from attendance" enclosed with this notice or on the internet at the Company's website (<https://www.t-gaia.co.jp/>) (We intend to transmit this from Friday, June 19, 2020).
- In the future, following the conclusion of the General Meeting of Shareholders, we shall post a video that records the situation at the venue on the day and an outline of the question and answer session on the Company's website.
- The venue and start time may change out of necessity depending on the status of COVID-19. In addition, if it is decided that we must convene the meeting without shareholders in attendance to prevent the spread of COVID-19, shareholders may be refused entry.
If such circumstances arise, we will post this on the internet at the Company's website (<https://www.t-gaia.co.jp/>). Even if attending the venue on the day, we request that all shareholders ensure they confirm in advance on the Company's website.

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: Monday, June 29, 2020 at 10:00 a.m.

(the venue opens at 9 a.m.)

**Venue: 4-1-18, Ebisu, Shibuya-ku, Tokyo
Ebisu Neonart Building 17th Floor, Head Office's Conference Room**

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 Friday, June 26, 2020.**

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 Friday, June 26, 2020.**

<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.

Handling of duplicate exercise of voting rights

- (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. (OR 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 rights exercise website at <https://www.web54.net>).

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 Form.



Input the initial password

Set your new password"

Click "Register"

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
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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:

37.5 yen per common share of stock in T-Gaia Corporation

Total cash dividend of 2,089,956,488 yen

Given that we paid an interim dividend of 37.5 yen per share of common stock, the annual dividend per share will total 75 yen, the same amount as in the previous fiscal year.

(3) Record date for dividend from the surplus:

June 30, 2020

Proposal 2 Appointment of Nine (9) Directors

The terms of all eight (8) Directors will expire at the conclusion of this General Meeting of Shareholders.

We propose the addition of the number of the Directors by one (1) in order to enhance the management system and, accordingly, the appointment of nine (9) 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 (60 years old)	President and Representative Director, Chief Executive Officer	14/14 meetings	7 years
2	Reappointment	Soichiro Tada (63 years old)	Director, Executive Vice President, CFO, in charge of corporate accounting, finance and settlement, information system, risk management and logistics	14/14 meetings	5 years
3	Reappointment	Tsuyoshi Konda (57 years old)	Director, Executive Vice President (President & Representative Director, QUO CARD Co., Ltd.)	14/14 meetings	5 years
4	New appointment	Masato Ishida (59 years old)	Executive Vice President, CSO, in charge of HR & general affair, legal, management planning and public relations	–	–
5	New appointment	Katsuya Kashiki (54 years old)	–	–	–
6	Reappointment	Toshiya Asaba (58 years old)	[Candidate for Outside Director] [Candidate for Independent Director]	Outside Director	14/14 meetings 4 years
7	Reappointment	Kyoko Deguchi (54 years old)	[Candidate for Outside Director] [Candidate for Independent Director] [Woman]	Outside Director	14/14 meetings 4 years
8	Reappointment	Junichi Kamata (66 years old)	[Candidate for Outside Director] [Candidate for Independent Director]	Outside Director	14/14 meetings 2 years
9	New appointment	Toshio Morohoshi (66 years old)	[Candidate for Outside Director] [Candidate for Independent Director]	–	–

Note: The age of each candidate is as of the date of this General Meeting of Shareholders.

Candidate Number	Name (Date of Birth)	Career Summary, Positions and Responsibilities in the Company (Major Concurrent Posts)
1 <div style="border: 1px solid black; display: inline-block; padding: 2px;">Reappointment</div>	<p>Nobutaka Kanaji (March 18, 1960) 60 years old</p> <p>Number of Company shares held: 5,900</p> <p>Attendance at meetings of Board of Directors during FY2020: 14/14 meetings (100%)</p> <p>Years serving as Director: 7 years (at the conclusion of this meeting)</p>	<p>Apr 1983 Joined Sumitomo Corporation</p> <p>Jun 1988 Assigned to Representative Office in Saudi Arabia</p> <p>Aug 2001 Sumitomo Corporation of Americas (New York)</p> <p>Apr 2005 President, Presidio STX, LLC (US)</p> <p>Oct 2007 Manager of Net Business, Sumitomo Corporation</p> <p>Oct 2008 Manager of Mobile & Internet Business, Sumitomo Corporation</p> <p>Jun 2013 Outside Director, T-Gaia Corporation</p> <p>Apr 2014 Director, Executive Vice President; Senior Director of Administrative Unit No. 1, T-Gaia Corporation</p> <p>Apr 2015 Director, Executive Vice President; Senior Director of Corporate Strategy, T-Gaia Corporation</p> <p>Apr 2016 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</p> <p>Apr 2017 President and Chief Executive Officer, T-Gaia Corporation (current)</p> <p>Dec 2017 Director, QUO CARD Co., Ltd. (current)</p>
<p>[Reason for nomination as a candidate for Director]</p> <p>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.</p>		

Candidate Number	Name (Date of Birth)	Career Summary, Positions and Responsibilities in the Company (Major Concurrent Posts)
2 <u>Reappointment</u>	Soichiro Tada (February 3, 1957) 63 years old Number of Company shares held: 900 Attendance at meetings of Board of Directors during FY2020: 14/14 meetings (100%) Years serving as Director: 5 years (at the conclusion of this meeting)	Apr 1979 Joined Sumitomo Corporation
		Jul 1992 Sumitomo Corporation (Hong Kong) Limited
		Jun 2008 Accounting Manager for Transport and Construction Machinery and Infrastructure, Sumitomo Corporation
		Nov 2009 Accounting Manager for Infrastructure, Finance and Distribution, Sumitomo Corporation
		Apr 2011 Accounting Manager for New Industries and Infrastructure, Sumitomo Corporation
		Apr 2013 Accounting Manager for Environment and Infrastructure, Sumitomo Corporation
		Jun 2014 Managing Executive Officer; Senior Director of Administrative Unit No. 2, T-Gaia Corporation
		Apr 2015 Senior Executive Officer; Senior Director of Corporate Finance and concurrently Director of Risk Management, T-Gaia Corporation
		Jun 2015 Director, Senior Executive Officer; Senior Director of Corporate Finance and concurrently Director of Risk Management, T-Gaia Corporation
		Apr 2016 Director, Executive Vice President; Senior Director of Corporate Finance, T-Gaia Corporation
		Dec 2017 Director, Executive Vice President; Senior Director of Corporate Finance and concurrently Senior Director of Corporate Strategy, T-Gaia Corporation
		Dec 2017 Corporate Auditor, QUO CARD Co., Ltd. (current)
Apr 2018 Director, Executive Vice President; CFO, in charge of corporate accounting, finance and settlement, IT, risk management and logistics		
Apr 2020 Director, Executive Vice President; CFO, in charge of corporate accounting, finance and settlement, information system, risk management and logistics (current)		
[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.		

Candidate Number	Name (Date of Birth)	Career Summary, Positions and Responsibilities in the Company (Major Concurrent Posts)
3 <u>Reappointment</u>	Tsuyoshi Konda (March 13, 1963) 57 years old Number of Company shares held: 1,400 Attendance at meetings of Board of Directors during FY2020: 14/14 meetings (100%) Years serving as Director: 5 years (at the conclusion of this meeting)	Apr 1985 Joined Sumitomo Corporation
		Jul 1992 Manager of Mechanical and Electrical Division, Sumitomo Corporation (Shanghai) Limited (China)
		Oct 2003 President, Sumitomo Corporation Equity Asia Limited (Hong Kong)
		Apr 2010 Manager of New Business Investment, Sumitomo Corporation
		Apr 2013 Manager of Investment Development, Sumitomo Corporation
		Aug 2014 Manager of Investment Development and concurrently Manager of Information Business, Sumitomo Corporation
		Apr 2015 Manager of General Mobile Business, Sumitomo Corporation
		Jun 2015 Outside Director, T-Gaia Corporation
		Apr 2016 Director, Senior Executive Officer; Senior Director of Corporate Strategy and concurrently Director of China Business Promotion, T-Gaia Corporation
		Apr 2017 Director, Senior Executive Officer; Senior Director of Corporate Strategy and concurrently Director of Operational Reform Promotion, T-Gaia Corporation
Dec 2017 Director, Senior Executive Officer, T-Gaia Corporation (President & Representative Director, QUO CARD Co., Ltd.)		
Apr 2019 Director, Executive Vice President, T-Gaia Corporation (President & Representative Director, QUO CARD Co., Ltd.) (current)		
[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.		

Candidate Number	Name (Date of Birth)	Career Summary, Positions and Responsibilities in the Company (Major Concurrent Posts)
<p style="font-size: 2em; margin: 0;">4</p> <p style="border: 1px solid black; padding: 2px; display: inline-block; margin-top: 10px;">New appointment</p>	<p>Masato Ishida (December 1, 1960) 59 years old</p> <p>Number of Company shares held: –</p> <p>Attendance at meetings of Board of Directors during FY2020: –/– meetings</p> <p>Years serving as Director: – years</p>	Apr 1983 Joined Sumitomo Corporation
		May 1988 Construction Equipment Dept. No.3, Sumitomo Corporation KOMATSU CANADA LTD. (Canada)
		Apr 2001 Construction Equipment Dept. No.1, Sumitomo Corporation President, KOMATSU CANADA LTD. (currently SMS Construction & Mining Systems Inc.) (Canada)
		Apr 2007 Manager of Construction Equipment Dept. No.3, Sumitomo Corporation
		Apr 2011 General Manager of Construction Equipment Division, Sumitomo Corporation
		Apr 2015 Executive Officer, Assistant General Manager for Europe, Middle East, Africa & CIS (United Arab Emirates); concurrently General Manager of Middle East, Sumitomo Corporation, and concurrently President of Sumitomo Corporation Middle East FZE
		Apr 2017 Executive Officer, Assistant General Manager for Europe, Middle East, Africa & CIS (United Arab Emirates), and concurrently General Manager of Middle East, Sumitomo Corporation
		Apr 2018 Managing Executive Officer, General Manager for Europe, Middle East, Africa & CIS (UK), Sumitomo Corporation, and concurrently Chairman of Sumitomo Corporation Europe Holding Limited
		Apr 2020 Executive Vice President, CSO, in charge of HR & general affair, legal, management planning and public relations, T-Gaia Corporation (current)
<p>[Reason for nomination as a candidate for Director]</p> <p>At Sumitomo Corporation, Mr. Masato Ishida has served as President of the Dealer Business for Construction Equipment and Mining Equipment in Canada, as General Manager of Construction Equipment Division, and as General Manager of the Middle East, then in the role of General Manager for Europe, Middle East, Africa & CIS as a Managing Executive Officer. He has served at the Company since April 2020 as Executive Vice President, CSO, in charge of HR & general affair, legal, management planning and public relations. Because Mr. Ishida possesses expert knowledge and abundant experience mainly in the business administration and management fields 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. Ishida to be suitable as a Director of the Company and has nominated him as a candidate for Director.</p>		

Candidate Number	Name (Date of Birth)	Career Summary, Positions and Responsibilities in the Company (Major Concurrent Posts)	
5	Katsuya Kashiki (June 28, 1966) 54 years old Number of Company shares held: – Attendance at meetings of Board of Directors during FY2020: –/– meetings Years serving as Director: – years	Apr 1990	Joined Sumitomo Corporation
		Jan 1994	Assistant to General Manager of Islamabad Office (Pakistan), Sumitomo Corporation
		Sep 2004	Moscow Office (Russia), IT & Telecom Unit, Sumitomo Corporation
		Feb 2005	Director, Market & Business Development, ZAO Prestige Internet (Russia)
		Jun 2012	Director, ICT Business Division, Sumitomo Corporation (Central Eurasia) LLC (Russia)
		Apr 2018	Manager of Smart Infrastructure Business Dept., Sumitomo Corporation
		Apr 2020	General Manager of Smart Communications Platform Division, Sumitomo Corporation (current)
New appointment	[Reason for nomination as a candidate for Director] Mr. Katsuya Kashiki currently serves as General Manager of Smart Communications Platform Division at Sumitomo Corporation after previously serving as General Manager of Smart Infrastructure Business Department. Because Mr. Kashiki 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. Kashiki to be suitable as a Director of the Company and has nominated him as a candidate for Director.		

Candidate Number	Name (Date of Birth)	Career Summary, Positions and Responsibilities in the Company (Major Concurrent Posts)	
<p style="text-align: center; font-size: 2em; font-weight: bold;">6</p> <p style="text-align: center;"><u>Reappointment</u></p> <p>Candidate for Outside Director</p> <p>Candidate for Independent Director</p>	<p style="text-align: center;">Toshiya Asaba (June 12, 1962) 58 years old</p> <p style="text-align: center;">Number of Company shares held: 300</p> <p>Attendance at meetings of Board of Directors during FY2020: 14/14 meetings (100%)</p> <p>Years serving as Director: 4 years (at the conclusion of this meeting)</p>	<p>Apr 1989 Joined Recruit Co., Ltd.</p> <p>Apr 1995 Manager of Network Technology, Internet Initiative Japan Inc.</p> <p>Mar 1996 Director, IJ America Inc.</p> <p>Sep 1997 Director of Technology, Internet Multifeed Co.</p> <p>Oct 1998 Manager of Technology Planning, Crosswave Communications, Inc.</p> <p>Jun 1999 Director, Crosswave Communications, Inc.</p> <p>Jun 1999 Director, Co-CTO, Internet Initiative Japan Inc.</p> <p>Jun 2004 Director and Vice President, Internet Initiative Japan Inc. (Retired from this position as of June 2009)</p> <p>Jun 2004 Director, NTT Resonant Incorporated</p> <p>Jun 2008 Representative Director, IJ Innovation Institute Inc.</p> <p>Apr 2012 Representative Director, Stratosphere Inc.</p> <p>Jun 2015 Director, IJ Innovation Institute Inc. (current)</p> <p>Jun 2015 Representative Employee, Gaia Lab LLC (current)</p> <p>Jun 2016 Outside Director, T-Gaia Corporation (current)</p> <p>Nov 2017 Representative Director and Vice Chairman, The Japanese Society for Quality Control (JSQC)</p> <p>Dec 2018 Corporate Auditor, Parongo Co., Ltd. (current)</p>	
		<p>[Reason for nomination as a candidate for Outside Director]</p> <p>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.</p>	
		<p>[Special notes on candidate for Outside Director]</p> <p>Mr. Toshiya Asaba was a person who executed business for Internet Initiative Japan Inc., a business partner of the Company until June 2009. However, more than ten years have passed since he resigned from that position and the amount of the business between the Company and the Internet Initiative Japan Inc. is insignificant at less than 0.1% of both the Internet Initiative Japan Inc.'s consolidated total revenues and the Company's consolidated net sales, so he is deemed to be adequately independent.</p>	

Candidate Number	Name (Date of Birth)	Career Summary, Positions and Responsibilities in the Company (Major Concurrent Posts)
7 <u>Reappointment</u> Candidate for Outside Director Candidate for Independent Director Woman	<p>Kyoko Deguchi (December 12, 1965) 54 years old</p> <p>Number of Company shares held: 600</p> <p>Attendance at meetings of Board of Directors during FY2020: 14/14 meetings (100%)</p> <p>Years serving as Director: 4 years (at the conclusion of this meeting)</p>	<p>Apr 1989 Joined Bain & Company Japan, Incorporated</p> <p>Feb 1998 Senior Director of Planning, Disney Store Japan Inc.</p> <p>Feb 1999 Senior Finance Director, Disney Store Japan Inc.</p> <p>Mar 2001 Director and CFO, GE Plastics Japan Ltd.</p> <p>Apr 2004 Product Director, Janssen Pharmaceutical (currently Ortho Neurologics) (US)</p> <p>Sep 2005 Senior Director of Digestive Region, Pain, and OTC Business Division, Janssen-Cilag Pty Ltd. (Australia)</p> <p>Jan 2007 Assistant Senior Director of Marketing Division, Janssen Pharmaceutical K.K.,</p> <p>Aug 2009 Director, Vice President of Global Marketing, Stryker Japan K.K.</p> <p>Jan 2012 President and CEO, Stryker Japan K.K.</p> <p>Mar 2013 Senior Corporate Executive Officer and Manager of President's Office with concurrent responsibility for Financial and Accounting Division, Bellsystem24 Inc. (Retired from this position as of January 2014)</p> <p>Mar 2014 CEO, AbbVie GK</p> <p>Jul 2014 Outside Director, Nippon Ski Resort Development Co., Ltd. (current)</p> <p>Feb 2015 COO, Medical Corporation Shikiku-kai</p> <p>Apr 2015 Professor, Kenichi Ohmae Graduate School of Business, Business Breakthrough, Inc. (current)</p> <p>Mar 2016 Outside Director, Cookpad Inc. (Retired from this position as of March 2018)</p> <p>Jun 2016 Outside Director, T-Gaia Corporation (current)</p> <p>Aug 2017 Vice President, Medical Corporation Shikiku-kai (current)</p> <p>Jun 2019 Outside Director, NHK Technologies, Inc. (current)</p> <p>Jan 2020 Outside Director, Heartseed Inc. (current)</p>
		[Reason for nomination as a candidate for Outside Director]
		<p>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.</p>
		[Special notes on candidate for Outside Director]
		<p>Ms. Kyoko Deguchi was a person who executed business for Bellsystem24 Inc., a business partner of the Company, until January 2014. However, more than six years have passed since she resigned from that position and the amount of business between the Company and Bellsystem24 Inc. is insignificant at less than 0.2% of both Bellsystem24 Inc.'s consolidated revenue and the Company's consolidated net sales, so she is deemed to be adequately independent.</p> <p>Ms. Kyoko Deguchi was an Outside Director of Cookpad Inc., a business partner of the Company, until March 2018. However, more than two years have passed since she resigned from that position and the amount of business between the Company and Cookpad Inc. is insignificant at less than 0.3% of both Cookpad Inc.'s consolidated sales revenue and the Company's consolidated net sales, so she is deemed to be adequately independent.</p>

Candidate Number	Name (Date of Birth)	Career Summary, Positions and Responsibilities in the Company (Major Concurrent Posts)	
<p style="text-align: center; font-size: 24pt; font-weight: bold;">8</p> <p style="text-align: center;"><u>Reappointment</u></p> <p style="text-align: center;">Candidate for Outside Director</p>	<p style="text-align: center;">Junichi Kamata (November 28, 1953) 66 years old</p> <p style="text-align: center;">Number of Company shares held: 700</p> <p style="text-align: center;">Attendance at meetings of Board of Directors during FY2020 14/14 meetings (100%)</p> <p style="text-align: center;">Years serving as Director: 2 years (at the conclusion of this meeting)</p>	Apr 1978	Joined Hitachi Metals, Ltd.
		Jan 1992	CFO, HMT Technology Inc. (US)
		May 1999	Manager, Corporate Management Department, LET Inc. (Philippines)
		Nov 2000	Vice President and CFO, Hitachi Metals America (US)
		Jan 2005	General Manager of Human Resources & General Administration Dept., Hitachi Metals, Ltd.
		Apr 2008	Managing Officer, General Manager of Corporate Management Planning Office of Hitachi Metals, Ltd.
		Apr 2011	Managing Officer, President of Piping Components Company of Hitachi Metals, Ltd.
		Apr 2014	Managing Officer of Hitachi Metals, Ltd.; President & CEO, Hitachi Metals America, Ltd. (US)
		Jun 2015	Director, Hitachi Metals, Ltd.
		Jun 2018	Outside Director, T-Gaia Corporation (current)
Candidate for Independent Director	<p>[Reason for nomination as a candidate for Outside Director]</p> <p>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.</p>		

Candidate Number	Name (Date of Birth)	Career Summary, Positions and Responsibilities in the Company (Major Concurrent Posts)	
9	Toshio Morohoshi (August 24, 1953) 66 years old Number of Company shares held: – Attendance at meetings of Board of Directors during FY2020 –/– meetings Years serving as Director: – years	Apr 1976	Joined Fujitsu Limited
		Jun 1998	President & CEO, Fujitsu PC Corporation (US)
		Jun 2004	President & CEO, Fujitsu Computer Systems Corporation (currently Fujitsu America Inc.) (US)
		Oct 2005	Managing Executive Officer, Fujitsu Limited (Retired from this position as of June 2007)
		Jul 2007	President & CEO of EMC Japan K.K. and concurrently Vice President of EMC Corporation (US)
		Jan 2012	President & CEO of NCR Japan, Ltd. and concurrently North Asia Representative of NCR Corporation (US) (Retired from this position as of February 2015)
		May 2015	President & CEO, Yaskawa Information Systems Corporation (currently YE DIGITAL Corporation)
		Mar 2018	Outside Director of the Board, Nippon Paint Holdings Co., Ltd. (current)
		Aug 2018	Outside Director, WingArc 1st Inc. (current)
		[Reason for nomination as a candidate for Outside Director]	
New appointment		Mr. Toshio Morohoshi has wide-ranging knowledge and experience as an IT business specialist and as a manager, involved in promoting the IT business and corporate management for many years. At Fujitsu Limited he was involved at the center of management as Managing Executive Officer following positions as President of overseas subsidiaries, etc. with much of this time spent as Representative Director and President in IT companies.	
Candidate for Outside Director		Furthermore, because Mr. Morohoshi 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. Morohoshi to be suitable as an Outside Director of the Company and has nominated him as a candidate for Outside Director.	
Candidate for Independent Director		[Special notes on candidate for Outside Director]	
		Mr. Toshio Morohoshi was a person who executed business for Fujitsu Limited, a business partner of the Company, until June 2007. However, more than 12 years have passed since he resigned from that position and the amount of business between the Company and Fujitsu Limited is insignificant at less than 0.1% of both Fujitsu Limited's consolidated revenue and the Company's consolidated net sales, so he is deemed to be adequately independent.	
		Mr. Toshio Morohoshi was a person who executed business for NCR Japan, Ltd., a business partner of the Company, until February 2015. However, more than five years have passed since he resigned from that position and the amount of business between the Company and NCR Japan, Ltd. is insignificant at less than 0.2% of both NCR Japan, Ltd.'s revenue and Company's consolidated net sales, so he is deemed to be adequately independent.	

Notes:

- Mr. Toshiya Asaba, Ms. Kyoko Deguchi, Mr. Junichi Kamata and Mr. Toshio Morohoshi are candidates for Outside Director.
- No special interest relationship exists between the candidates and the Company.
- 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 four years as Outside Directors at the conclusion of this General Meeting of Shareholders, and Mr. Junichi Kamata will have served two years.
- The Company has entered into agreements with 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 three candidates if

their reappointments are approved. We plan to newly enter into similar limited-liability agreements with Mr. Katsuya Kashiki and Mr. Toshio Morohoshi if their appointments are 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. Also Mr. Toshio Morohoshi meets the criteria for independent directors as defined by the Tokyo Stock Exchange. If he is appointed, the Company plans to treat him as an independent director.
6. Mr. Soichiro Tada, Mr. Tsuyoshi Konda and Mr. Masato Ishida are on assignment from Sumitomo Corporation, the parent company of the Company.

Proposal 3 Appointment of One (1) Corporate Auditor

At the conclusion of this meeting, Corporate Auditor Mr. Naoya Okutani will complete his term of office, so the Company proposes that Mr. Okutani 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)	
<p>Naoya Okutani (May 16, 1960) 60 years old</p> <p style="border: 1px solid black; display: inline-block; padding: 2px;">Reappointment</p> <p>Number of Company shares held: 400</p> <p>Attendance at meetings of Board of Directors during FY2020: 14/14 meetings (100%)</p> <p>Attendance at meetings of Audit and Supervisory Board during FY2020: 13/13 meetings (100%)</p> <p>Years serving as Corporate Auditor: 4 years (at the conclusion of this meeting)</p>	Apr 1983	Joined Sumitomo Corporation
	May 1993	Sumitomo Corporation Singapore Pte. Ltd.
	Jan 2013	Manager of Environment and CSR, Sumitomo Corporation
	Apr 2015	Managing Executive Officer; Senior Director of Smart life Business and concurrently Director of Smart Service Promotion, T-Gaia Corporation
	Apr 2016	Managing Executive Officer, Assistant to President, T-Gaia Corporation
	Jun 2016	Statutory Auditor, T-Gaia Corporation (current)
	Jun 2016	Corporate Auditor, WAMNET Japan K.K. (Retired from this position as of June 2019)

[Reason for nomination as a candidate for Corporate Auditor]

Mr. Naoya Okutani is licensed as Small and Medium sized Enterprise Consultant and he served as Senior Director of Smart Life Business and concurrently Director of Smart Service Promotion as the Company's Managing Executive Officer from April 2015. He served as Statutory Auditor of the Company and Corporate Auditor of WAMNET Japan K.K., a subsidiary of the Company, from June 2016 and now utilizes such ability as Statutory Auditor of the Company. Because Mr. Okutani possesses expert knowledge in finance and accounting and experience in 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. Okutani to be suitable as a 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. Naoya Okutani and the Company.
2. The Company has entered into an agreement with Mr. Naoya Okutani 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. Naoya Okutani is on assignment from Sumitomo Corporation, the parent company of the Company.

Proposal 4 **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)	
Tamotsu Ueno (November 18, 1968) 51 years old Number of Company shares held: – Candidate for Alternate Outside Auditor Candidate for Independent Auditor	Apr 1994	Registered as an attorney Joined Motoki Ueno Legal and Accounting Firm (current)
	Apr 2011	Professor, Omiya Law School
	Apr 2013	Counselor, Cooperative Association for Bureau of Transportation, Tokyo Metropolitan Government (current)
	Apr 2014	Professor, Toin Law School
	Jun 2014	Auditor, Japan Sailing Federation (current)
	Apr 2015	Visiting Professor, Toin Law School
	Sep 2018	Part-time Instructor, School of Law, the University of Tokyo (current)

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

Mr. Tamotsu Ueno has worked as an attorney for a long time, especially well versed in the field of bankruptcy and business turnaround. He possesses legal expertise and abundant experience cultivated by serving as a lawyer. Because Mr. Ueno has a sincere character and a high level of both insight and skill in corporate management, in order to conduct auditing from various perspectives, the Company regards Mr. Ueno to be suitable as Outside Auditor and has nominated him as a candidate for Alternate Outside Auditor. Although he has not been directly involved in corporate management, the company judged that he can appropriately perform his duties as an Outside Auditor of the Company for the above reasons.

Notes:

1. Mr. Tamotsu Ueno is a candidate for Alternate Outside Auditor.
2. No special interest relationship exists between Mr. Tamotsu Ueno and the Company.
3. The Company plans to enter into a limited-liability agreement with Mr. Tamotsu Ueno 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. Tamotsu Ueno meets the criteria for independent auditors as defined by the Tokyo Stock Exchange. If he is appointed as Corporate Auditor, the Company plans to treat him as an independent auditor.

(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 ten 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, 2019, to March 31, 2020)

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 witnessed gradual 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, yet the outlook of the future economy remained uncertain due to factors such as the impact on the global economy from the trade friction between the U.S. and China and lower price of crude oil. Furthermore, the Japanese economy has suddenly deteriorated due to the spread of COVID-19 and the outlook is for exceedingly difficult circumstances.

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), all telecom carriers announced and provided new rate plans in response to the amended Telecommunications Business Act enacted in October 2019 (the “Revised Act”). Under the Revised Act, the communication charges and charges for handsets were completely separated and the discounting of the charges for handsets have been regulated since October, which slowed the price competition between telecom carriers. Meanwhile, telecom carriers have put greater effort into maintaining and expanding their customer bases over the long term, through means such as enhancing point services and contents and commencing settlement services using smartphones. In addition, telecom carriers are also focused on promoting the switch to 4G (4th generation mobile communication system) lines associated with the end of the 3G (3rd generation mobile communication system) service and the shift of users from 3G to 4G is accelerating. Furthermore, we forecast substantial change in the competitive environment with telecom carriers starting to provide 5G (5th generation mobile communication system) commercial services from March 2020 and full-scale entry by late-comer Rakuten Mobile, Inc. into MNO (mobile network operator) in April 2020.

Under this business environment, the Group’s unit sales of mobile handsets fell from the previous year to 3.7 million, as a result of the following factors.

- a. Restraint on purchasing handsets because of a sense that the charge for handsets is more expensive due to the change in rate plans and sales methods and the setting of a cap on discounting the charge for handsets associated with the enactment of the Revised Act.
- b. The wait-and-see attitude of consumers in expectation of the start of 5G commercial services and the full-scale entry of Rakuten Mobile, Inc. as an MNO.
- c. Counter-reaction to the rush in purchases before the changes in rate plans and sales methods and before the hike in consumption tax.
- d. Lost sales opportunities in the sales campaign period, albeit a short period, due to the spread of COVID-19.

The lost sales opportunities in the mobile telecommunications business due to the spread of COVID-19 are attributed to the reduced hours of operations and temporary closures of some stores and the decline in the number of customers. Lost sales opportunities in the enterprise solutions business are attributed to factors such as the suspension of handset procurement associated with disruption to parts of the supply chain when

there was a surge in telework related demand due to the spread of COVID-19. Lost sales opportunities in the mobile telecommunications business have increased since April 2020 and we forecast this to continue.

As for selling, general and administrative expenses, promotion expenses fell from the previous year from October 2019 due to factors such as the setting of a cap on discounting the charges on handsets associated with enactment of the Revised Act.

Consolidated results of the Group for the year under review resulted in net sales of 474,150 million yen (down 10.0% year-on-year) and operating income of 13,726 million yen (down 10.8% year-on-year). Ordinary income totaled 19,194 million yen (down 6.8% year-on-year) and net income attributable to shareholders of the parent company totaled 12,628 million yen (down 8.8% year-on-year), due to the recording of 5,368 million yen (up 5.5% year-on-year) of hoard profit of prepaid cards in non-operating income. Consolidated results of each business segment for the year under review are detailed below.

[Mobile Telecommunications Business]

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

We worked to enhance our shop capabilities, including investing in relocated and remodeled shops and promoting investments in forward-looking human resources, including recruitment and education of employees. We also worked to encourage utilization of our shops by customers by actively holding smartphone classes and developing our carrier shops to have a role as regional ICT centers and not just sales locations.

We were forced to suspend our smartphone classes, scheduled for March 2020, due to the impact of the spread of COVID-19. However, carrier shops are also performing an important role as “social infrastructure” as a maintenance location for mobile telephones. We will continue to cooperate with all telecom carriers and operate on the basis that the safety of our customers and staff is the number one priority.

As a result, we recorded net sales of 390,952 million yen (down 13.6% year-on-year) and net income attributable to shareholders of the parent company of 7,815 million yen (down 11.9% 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 sales of mobile phone handsets, etc. 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, planning and installation support to environment construction, maintenance, operation and updating. Furthermore, we are working to expand the customer bases through measures such as investing in venture companies that offer solutions using IoT to improve the efficiency of stores and offices to address labor shortages.

As for fixed-line-related merchandise, the Company worked to strengthen its marketing capabilities through measures such as discovering new partnering companies for our proprietary “TG-Hikari” optical access service and training the existing re-wholesaling companies. The Company also worked on initiatives to improve operational efficiency by introducing systems and to improve the quality of support to re-wholesaling companies and customers. There was a steady increase in the aggregate total lines for our corporate customers.

As a result, net sales totaled 30,156 million yen (up 13.7% year-on-year) and net income attributable to shareholders of the parent company totaled 1,775 million yen (up 5.1% 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 factors including 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 previous fiscal year.

In overseas settlement services business, the gift card business and house card business remained firm in Singapore.

QUO CARD Co., Ltd., a consolidated subsidiary, achieved an increase in the issuance amount of “QUO Cards” compared to the previous fiscal year. Various campaigns were conducted to increase the issuance of “QUO Card Pay,” the digital version of QUO Card launched by QUO CARD Co., Ltd. in March 2019. The substantial increase in selling, general and administrative expenses associated with such campaigns and the increase in member shops resulted in a decrease in operating income.

Apart from this, as for the wholesaling of Apple-branded accessories to SEVEN-ELEVEN JAPAN CO., LTD., which commenced from the first quarter of the fiscal year under review, the number of stores offering the product increased and sales performed favorably.

As a result, we recorded net sales of 53,041 million yen (up 11.0% year-on-year). Net income attributable to shareholders of the parent company totaled 3,037 million yen (down 7.6% year-on-year).

(ii) Capital expenditures:

During the fiscal year under review, the Company and its consolidated subsidiaries made a total of 2,197 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 769 million yen mainly to cover the cost of renovating and refurbishing our nationwide mobile phone shops.

[Systems-related]

We invested 739 million yen in measures such as to strengthen our sales system and develop system infrastructure.

[Other Capex]

We invested 688 million yen in solar panel equipment, office renovation, and replacement of furniture and fixtures.

(iii) Financing:

None.

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

None.

(v) Business transfers from other companies:

None.

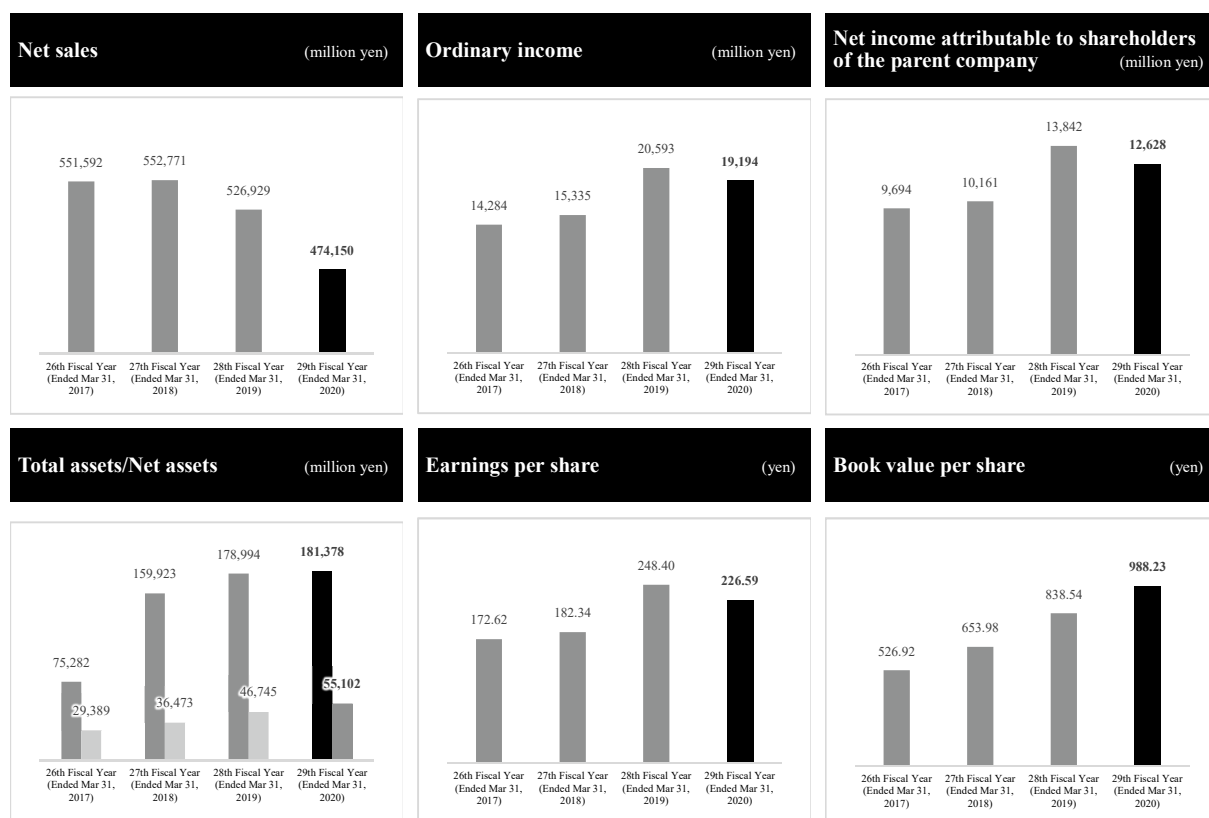
(vi) Succession of rights and obligations related to the business of other companies as a result of absorption-type mergers or demergers:

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		26th Fiscal Year (Ended Mar 31, 2017)	27th Fiscal Year (Ended Mar 31, 2018)	28th Fiscal Year (Ended Mar 31, 2019)	29th Fiscal Year (Consolidated Fiscal Year Under Review (Ended Mar 31, 2020)
Net sales	(million yen)	551,592	552,771	526,929	474,150
Ordinary income	(million yen)	14,284	15,335	20,593	19,194
Net income attributable to shareholders of the parent company	(million yen)	9,694	10,161	13,842	12,628
Earnings per share	(yen)	172.62	182.34	248.40	226.59
Total assets	(million yen)	75,282	159,923	178,994	181,378
Net assets	(million yen)	29,389	36,473	46,745	55,102
Book value per share	(yen)	526.92	653.98	838.54	988.23
Equity ratio	(%)	39.0	22.8	26.1	30.4
Return on equity	(%)	29.7	30.9	33.3	24.8

(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)

In the mobile telecommunications business, unit sales fell year on year and net sales declined. As for profitability, efforts to increase unit prices per customer and to improve profitability through the provision of various services including optical lines, security-related contents and smartphone-related products including accessories resulted in an increase in net income attributable to shareholders of the parent company. In the enterprise solutions business, we proactively proposed introduction and utilization of smart devices that would enhance operational efficiencies, backed by the tailwind of active corporate investment into ICT, which resulted in an increase in net sales and net income attributable to shareholders of the parent company. The settlement services businesses and others experienced an increase in transaction volume due to the commencement of transactions of new gift card products through major sales channels. In addition, transaction volumes grew in overseas operations. At QUO CARD Co., Ltd., a consolidated subsidiary, a transient expense was recorded at the end of the fiscal year under review due to the early launch of the service of “QUO Card Pay,” the digital version of QUO Card, resulting in a decrease in operating income. Net income attributable to shareholders of the parent company increased partly due to the impact of recording hoard profit of prepaid cards in non-operating income. As a result, we recorded net sales of 526,929 million yen, ordinary income of 20,593 million yen, and net income attributable to shareholders of the parent company of 13,842 million yen.

(29th 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	219,613 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, 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.

In the Japanese market for sales of new mobile phone handsets in which we operate our main business, consumer spending was sluggish due to the enactment of the amended Telecommunications Business Act (the "Revised Act") in October 2019 amid the mature market as well as the spread of COVID-19, which led to a decline in sales of mobile phone handsets and others. Meanwhile, we are in the midst of a big wave with telecom carriers starting to provide 5G commercial services in March 2020 and full-scale entry into MNO by late-comer Rakuten Mobile, Inc. in April 2020.

Under this environment, as a leading company in the mobile business industry, 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 continue to implement various measures needed to transform itself into an "ICT Peripheral & Comprehensive Business Corporation" as is the current aim. 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 are

enhancing our digital services through measures such as development of software and building networks within the Group as well as implementing initiatives in next generation services with an eye on the 5G era. At the same time, we are exerting our collective strength through coordinating with businesses inside the Group.

In addition, we will continue our efforts to ensure the safety of our customers, employees and everyone concerned as our number one priority to contribute to resolving the situation in accordance with government policy amid the spread of COVID-19.

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

Although consumer spending was sluggish due to the enactment of the Revised Act and the impact of COVID-19, as noted above, the mobile telecommunications business has experienced major changes in the business environment with the start of 5G commercial services and the provision of MNO services by Rakuten Mobile, Inc.

The Group will strive to strengthen store capabilities by further enhancing function of directly-managed carrier shops from places for sales of mobile phone handsets and others into places for service value propositions. Specifically, we will efficiently implement friendly and easy to understand customer service, enhance smartphone classes at stores, and operate stores that can provide services catering to customer requests. We will also invest in human resources, such as an education system for sales staff. Moreover, we will continue to provide security-related contents and accessories. We will also promote unique efforts including our first proprietary contents “MINNA NO KURASHI LABO (meaning ‘Lifestyle Laboratory for All of Us’)”, which started providing services in 2018.

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 partnering companies including subsidiaries, each Group company and investees, to further strengthen the LCM (Life Cycle Management) business and provide optimal smart devices as the core of the Company’s business, thereby strengthening our capability of offering comprehensive proposals. Specifically, we will strengthen marketing towards industries and companies that are faced with the management issue of improving business efficiencies through capital and business alliances with venture companies that offer solutions using IoT. We will also strive to expand into new business areas and strengthen Wi-Fi solutions through measures such as capital and business alliances with edge computing related companies and by converting such companies into subsidiaries. As a security measure, we will continue to 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 continue to focus on improving productivity of partnering companies 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 market is expected to grow 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 raise awareness 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 are steadily preparing to expand into Vietnam in addition to Singapore, Thailand and Malaysia.

As an initiative to enter new business fields, the Group started a renewable energy business through a subsidiary in 2018. We are locating solar power systems on the roof surfaces of stores and buildings, mainly on carrier shops all over Japan. In addition, the Group commenced the ICT education business for children in 2019, in which we have worked to provide places and opportunities where children can learn, create and communicate with ICT by operating ICT classes targeted at preschool children and with a business to dispatch lecturers. Through this type of new business, we are working to both resolve social issues and expand the revenue bases, and contribute to the realization of a sustainable society.

(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 roles for female employees, which now account for about 60% of our sales force, to hire and support the retention of physically or mentally challenged workers, and to promote a work-life balance between childcare as well as infertility treatment or nursing care and work. As a result of these efforts, the Company maintained 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, 2020. Going forward, we will endeavor to maximize group-wide performance by respecting human resources with diverse backgrounds and values regardless of differences such as age, gender, nationality, disabilities, sexual orientation, gender identity or working style.

(iv) Priority Issues to be Addressed

In view of the aforementioned issues to be addressed, the Group has taken “the response to 5G” as a priority issue to be addressed. While taking measures against COVID-19 as will be described later, with the arrival of the 5G era, the Group is using the concerted strength of all Group companies needed to open up the leading edge of industry as well as it strives towards discovering every business opportunity and realize business.

A specific initiative of this is the entry into the eSports business in anticipation of the possibility of it being a key content that utilizes 5G. We work daily with the aim of expanding our future business by combining the Company’s strength in “sales offices across Japan”, “know-how in sales of handsets”, and “sales of gift cards and digital codes in the settlement services businesses”.

In addition, the Company is working on initiatives throughout the Group in recognition that securing and training expert and talented human resources are important and urgent issues if we are to capture the wave

of digitalization that is progressing in each field around 5G and to achieve the aforementioned business expansion and diversity.

Although we forecast the number of unit sales of mobile phone handsets to decline due to sluggish consumer spending caused by the spread of COVID-19, we forecast growth in business opportunities such as the installation of smart devices and improvement to the Wi-Fi environment because of further progress in working-style reforms at companies, mainly with increased teleworking. The Group will continue to take the appropriate response in accordance with government policies ahead of the resolution of COVID-19, while actively providing companies with support to introduce teleworking.

In addition to these, the Group positions compliance involving everyday observation of laws and regulations and internal rule and the preservation of ethics as one of the most critical issues in the performance of business operations. We will continue with initiatives to quickly detect and respond to risk and conduct awareness activities through measures such as enhancement of online training about compliance and use of inhouse SNS.

(5) Major Lines of Business (as of March 31, 2020)

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, 2020)

(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, 2020)**(i) Group employees**

No. of Employees	Change from the End of Previous Fiscal Year
4,708	Increase of 824

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 1,586 temporary employees (a decrease of 849 employees from the previous fiscal year).

2. The increase of 824 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.

(ii) T-Gaia Corporation employees

No. of Employees	Change from the End of Previous Fiscal Year	Average Age	Average Years of Consecutive Employment
4,512	Increase of 787	36.1 years old	8.8 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 1,529 temporary employees (a decrease of 859 employees from the previous fiscal year).

2. The increase of 787 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, 2020)

None.

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

None.

2. Current Status of the Company

(1) Shares (as of March 31, 2020)

- (i) Authorized shares: 400,000,000
- (ii) Issued shares: 56,074,000
- (iii) Shareholders: 10,152
- (iv) Major shareholders (top 10):

Shareholder	Shares Held	Shareholding Ratio
Sumitomo Corporation	23,345,400	41.89%
Hikari Tsushin, Inc.	10,918,800	19.59%
Broad Peak, Inc.	2,560,800	4.59%
The Master Trust Bank of Japan, Ltd. (Trust account)	1,768,800	3.17%
Japan Trustee Services Bank, Ltd. (Trust account)	1,201,700	2.16%
T-Gaia Employee Shareholding Association	776,200	1.39%
GOVERNMENT OF NORWAY	615,065	1.10%
THE BANK OF NEW YORK MELLON 140044	571,903	1.03%
GOLDMAN SACHS INTERNATIONAL	565,516	1.01%
STATE STREET BANK AND TRUST CLIENT OMNIBUS ACCOUNT OM02 505002	551,900	0.99%

Note: Shareholding ratios are calculated after deducting 341,827 shares of treasury stock, rounded down to two decimal places.

(v) Other share-related matters of importance:

By resolution of the Board of Directors on April 25, 2019, the Company canceled 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, 2020):**

Position	Name	Responsibilities & Important Concurrent Posts
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	Executive Vice President (President & Representative Director, QUO CARD Co., Ltd.)
Director	Masahiro Miyashita	General Manager of Smart Communications Platform Business, Sumitomo Corporation
Director	Koichi Kawase	General Manager of Smart Service Business Dept., Sumitomo Corporation
Director	Toshiya Asaba	Representative Employee, Gaia Lab LLC
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. Dean, Toin Law School Outside Auditor, Piala, Inc. Outside Director (Audit and Supervisory Committee Member), Cave Interactive CO., LTD.
Corporate Auditor	Tetsuo Kitagawa	Certified Public Accountant Outside Director, Daio Paper Corporation

Notes:

1. Director Toshiya Asaba retired from the post of Representative Director and Vice Chairman, The Japanese Society for Quality Control (JSQC) as of November 23, 2019.
2. Corporate Auditor Toshiro Kaba retired from the post of Outside Auditor, Cave Interactive Co., Ltd. as of August 27, 2019 and was appointed Outside Director (Audit and Supervisory Committee Member) of that company as of that date.
3. Corporate Auditor Tetsuo Kitagawa was appointed Outside Director of Daio Paper Corporation as of June 27, 2019.
4. Directors Toshiya Asaba, Kyoko Deguchi, and Junichi Kamata are Outside Directors.
5. Corporate Auditors Toshiro Kaba and Tetsuo Kitagawa are Outside Auditors.
6. 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 Small and Medium sized Enterprise 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.
7. 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.
8. There is no special relationship between the Company and either of the entities at which Outside Directors and Outside Auditors hold important concurrent posts.
9. The Company has entered into agreements with Directors Masahiro Miyashita, Koichi Kawase, 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.

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

Classification	No. of Recipients	Amount (million yen)
Directors (Outside Directors)	7 (3)	135 (24)
Auditors (Outside Auditors)	4 (2)	54 (12)
Total	11	189

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 270 million yen by resolution of the 28th Annual General Meeting of Shareholders that met on June 19, 2019. (Of that total, no more than 30 million yen was to be paid to Outside Directors; these limits do not include employee salaries). In addition, separate from this, the remuneration to be paid for the purpose of granting restricted stocks to Directors (excluding Outside Directors and Directors seconded by the parent company) was limited to an amount not exceeding 30 million yen per annum (not including employee salaries) by resolution at the 28th Annual General Meeting of Shareholders that met on June 19, 2019.
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.

4. The number of recipients includes one (1) Director who retired as of the conclusion of the 28th Annual General Meeting of Shareholders that met on June 19, 2019 and excludes two (2) unpaid Directors.
5. The amount paid to Directors includes the amount of remuneration for granting restricted stocks.

(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	14/14	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	58
Total in monetary remuneration and other economic benefits to be paid to the accounting auditor by the Company and its subsidiaries	78

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 revenue recognition standards, 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 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 37.5 yen per share of common stock. Given that we paid an interim dividend of 37.5 yen per share in December 2019, the annual dividend per share will total 75 yen (same as 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, 2020)

(million yen)

Item	Amount	Item	Amount
(Assets)		(Liabilities)	
Current assets	159,900	Current liabilities	123,692
Cash and deposits	45,025	Accounts payable – trade	7,895
Notes and accounts receivable – trade	15,655	Accounts payable – other	16,800
Products	18,273	Income taxes payable	2,476
Inventories	69	Reserve for bonuses	2,319
Other accounts receivable	13,094	Deposits received of prepaid cards	93,364
Guarantee deposits	65,230	Others	835
Other current assets	2,683	Non-current liabilities	2,583
Allowance for doubtful accounts	(131)	Provision for long-term service benefits	125
Fixed assets	21,478	Retirement benefit liabilities	368
Tangible fixed assets	3,827	Asset removal obligations	1,722
Buildings and structures	1,942	Others	367
Machinery, equipment and vehicles	671	Total liabilities	126,276
Furniture and fixtures	758	(Net Assets)	
Land	304	Shareholders' equity	54,893
Lease assets	73	Capital stock	3,154
Construction in progress	77	Capital surplus	5,177
Intangible fixed assets	3,632	Retained earnings	46,876
Goodwill	1,460	Treasury stock	(315)
Software	1,472	Accumulated other comprehensive income	182
Others	699	Valuation difference on available-for-sale securities	163
Investment and other assets	14,018	Foreign currency translation adjustment	18
Investment securities	3,462	Non-controlling interests	26
Deferred tax assets	4,897		
Leasehold deposits	4,493	Total net assets	55,102
Others	1,169	Total Liabilities and Net Assets	181,378
Allowance for doubtful accounts	(4)		
Total Assets	181,378		

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

Consolidated Statement of Income

(from April 1, 2019 to March 31, 2020)

(million yen)

Item	Amount	
Net sales		474,150
Cost of sales		406,241
Gross profit		67,908
Selling, general and administrative expenses		54,182
Operating income		13,726
Non-operating income		
Interest income	2	
Dividend income	8	
Equity in earnings of affiliates	41	
Hoard profit of prepaid cards	5,368	
Others	62	5,483
Non-operating expenses		
Interest expenses	3	
Store cancellation penalty	5	
Others	6	15
Ordinary income		19,194
Extraordinary gains		
Gain on sales of fixed assets	9	
Gain on sales of shares of subsidiaries and associates	29	39
Extraordinary losses		
Loss on sales of fixed assets	1	
Loss on removal of fixed assets	126	
Impairment loss	35	
Loss on valuation of investment securities	203	367
Net income before income taxes		18,866
Income taxes – current	5,996	
Income taxes – deferred	259	6,256
Net income		12,610
Loss attributable to non-controlling interests		(17)
Net income attributable to shareholders of the parent company		12,628

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

Consolidated Statement of Changes in Shareholders' Equity

(from April 1, 2019 to March 31, 2020)

(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	59,688	(21,526)	46,493
Changes during the fiscal year					
Dividends from surplus			(4,235)		(4,235)
Net income attributable to shareholders of the parent company			12,628		12,628
Retirement of treasury stock		(21,208)		21,208	—
Disposal of treasury shares		3		3	7
Transfer from retained earnings to capital surplus		21,204	(21,204)		—
Changes in items other than shareholders' equity during the fiscal year (net)					
Total changes during the fiscal year	—	—	(12,811)	21,211	8,400
Balance at the end of the fiscal year	3,154	5,177	46,876	(315)	54,893

	Accumulated other comprehensive income			Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at the end of the previous fiscal year	230	6	237	14	46,745
Changes during the fiscal year					
Dividends from surplus					(4,235)
Net income attributable to shareholders of the parent company					12,628
Retirement of treasury stock					—
Disposal of treasury stock					7
Transfer from retained earnings to capital surplus					—
Changes in items other than shareholders' equity during the fiscal year (net)	(66)	12	(54)	11	(42)
Total changes during the fiscal year	(66)	12	(54)	11	8,357
Balance at the end of the fiscal year	163	18	182	26	55,102

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

Non-consolidated Balance Sheet

(as of March 31, 2020)

(million yen)

Item	Amount	Item	Amount
(Assets)		(Liabilities)	
Current assets	83,959	Current liabilities	71,187
Cash and deposits	40,408	Accounts payable – trade	7,766
Accounts receivable – trade	15,244	Accounts payable – other	10,697
Products	17,469	Income taxes payable	2,413
Inventories	64	Deposits received	47,720
Prepaid expenses	648	Reserve for bonuses	2,187
Other accounts receivable	8,778	Others	402
Other current assets	1,475	Non-current liabilities	2,392
Allowance for doubtful accounts	(131)	Provision for long-term service benefits	125
Fixed assets	41,519	Provision for retirement benefits	326
Tangible fixed assets	2,912	Asset removal obligations	1,590
Buildings	1,765	Others	350
Structures	129	Total liabilities	73,580
Machinery, equipment and vehicles	76	(Net Assets)	
Furniture and fixtures	633	Shareholders' equity	51,734
Land	304	Capital stock	3,154
Construction in progress	1	Capital surplus	5,640
Intangible fixed assets	2,141	Legal capital surplus	5,640
Goodwill	536	Retained earnings	43,254
Software	1,000	Legal retained earnings	17
Others	604	Other retained earnings	
Investment and other assets	36,466	Retained earnings brought forward	43,237
Investment securities	1,540	Treasury stock	(315)
Stocks of subsidiaries and affiliates	26,540	Valuation and translation adjustments	163
Deferred tax assets	2,892	Valuation difference on available-for-sale securities	163
Leasehold deposits	4,370		
Others	1,127	Total net assets	51,898
Allowance for doubtful accounts	(4)	Total Liabilities and Net Assets	125,478
Total Assets	125,478		

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

Non-consolidated Statement of Income

(from April 1, 2019 to March 31, 2020)

(million yen)

Item	Amount	
Net sales		
Net sales of goods	298,590	
Commission fee	170,990	469,580
Cost of sales		
Cost of goods sold	300,981	
Commission fee	103,659	404,640
Gross profit		64,939
Selling, general and administrative expenses		49,139
Operating income		15,799
Non-operating income		
Interest income	5	
Dividend income	1,203	
Insurance income	18	
Others	36	1,263
Non-operating expenses		
Interest expenses	65	
Store cancellation penalty	5	
Others	5	75
Ordinary income		16,986
Extraordinary gains		
Gain on sales of fixed assets	9	
Gain on sales of shares of subsidiaries and associates	72	82
Extraordinary losses		
Loss on sales of fixed assets	0	
Loss on removal of fixed assets	84	
Impairment loss	35	
Loss on valuation of investment securities	203	324
Net income before income taxes		16,745
Income taxes – current	5,115	
Income taxes – deferred	(31)	5,084
Net income		11,660

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

Non-consolidated Statement of Changes in Shareholders' Equity

(from April 1, 2019 to March 31, 2020)

(million yen)

	Shareholders' equity						
	Capital stock	Capital surplus			Retained earnings		
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings Retained earnings brought forward	Total retained earnings
Balance at the end of previous period	3,154	5,640	—	5,640	17	57,016	57,033
Changes of items during the period							
Dividends from surplus						(4,235)	(4,235)
Net income						11,660	11,660
Retirement of treasury stock			(21,208)	(21,208)			
Disposal of treasury stock			3	3			
Transfer from retained earnings to capital surplus			21,204	21,204		(21,204)	(21,204)
Changes in items other than shareholders' equity during the period (net)							
Total changes during the period	—	—	—	—	—	(13,779)	(13,779)
Balance at the end of the period	3,154	5,640	—	5,640	17	43,237	43,254

	Shareholders' equity		Valuation and translation adjustments		Total net assets
	Treasury stock	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance at the end of previous period	(21,526)	44,301	230	230	44,532
Changes of items during the period					
Dividends from surplus		(4,235)			(4,235)
Net income		11,660			11,660
Retirement of treasury stock	21,208	—			—
Disposal of treasury shares	3	7			7
Transfer from retained earnings to capital surplus		—			—
Changes in items other than shareholders' equity during the period (net)			(66)	(66)	(66)
Total changes during the period	21,211	7,432	(66)	(66)	7,366
Balance at the end of the period	(315)	51,734	163	163	51,898

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 27, 2020

To the Board of Directors,
T-Gaia Corporation

Tokyo office, 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

Audit Opinion:

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, 2019 to March 31, 2020 in accordance with Article 444 Paragraph 4 of the Companies Act of Japan.

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 accounting principles generally accepted in Japan.

Basis for Audit Opinion:

We conducted our audits in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company and its consolidated subsidiaries in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management, Audit & Supervisory Board Members and the Audit & Supervisory Board for the Consolidated Financial Statements:

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted 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.

In preparing the consolidated financial statements, management is responsible for assessing whether it is appropriate to prepare the consolidated financial statements with the assumption of a going concern, and in accordance with accounting principles generally accepted in Japan, for disclosing, as necessary, matters related to going concern.

Audit & Supervisory Board Members and the Audit & Supervisory Board are responsible for overseeing the Directors' performance of duties within the maintenance and operation of the financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements:

Our responsibilities are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that expresses our opinion on the consolidated financial statements based on our audit from an independent point of view. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users of these consolidated financial statements.

In accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit process to perform the following:

- Identify and assess the risks of material misstatement, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Selecting audit procedures to be applied is at the discretion of the auditor. Obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- When auditing the consolidated financial statements, obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances in making risk assessments, but

not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

- Evaluate the appropriateness of accounting policies used by management and their method of application, as well as the reasonableness of accounting estimates made by management and the appropriateness of related notes thereto.
- Conclude on the appropriateness of preparing the consolidated financial statements with the assumption of a going concern by management, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the notes to the consolidated financial statements or, if the notes to the consolidated financial statements on material uncertainty are inadequate, to express a qualified opinion with exceptions on the consolidated financial statements. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate whether the presentation of the consolidated financial statements and notes to the consolidated financial statements are in accordance with accounting standards generally accepted in Japan, as well as evaluate the presentation, structure, and content of the consolidated financial statements, including the related notes thereto, and whether the consolidated financial statements fairly present the underlying transactions and accounting events.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the Company and its consolidated subsidiaries to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the consolidated financial statements. We remain solely responsible for our audit opinion.

We report to the Audit & Supervisory Board Members and the Audit & Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit process, and other matters required by auditing standards.

We also provide the Audit & Supervisory Board Members and the Audit & Supervisory Board with a statement that we have complied with relevant ethical requirements in Japan regarding independence, and communicate with them all relationships and other matters that may reasonably be deemed to bear on our independence, and where applicable, related safeguards in order to eliminate or reduce obstruction factors.

Interests in the Company:

We or engagement partners have no interests in the Company and its consolidated subsidiaries, which should be stated in compliance with the Certified Public Accountants Act.

Independent Auditor's Report on Non-consolidated Financial Statements

Independent Auditor's Report

May 27, 2020

To the Board of Directors,
T-Gaia Corporation

Tokyo office, 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

Audit Opinion:

We have audited the accompanying non-consolidated financial statements comprising the non-consolidated balance sheet, non-consolidated statement of income, non-consolidated statement of changes in shareholders' equity and the related notes as well as the supporting schedules of T-Gaia Corporation for the 29th fiscal year from April 1, 2019 to March 31, 2020 (hereinafter the "non-consolidated financial statements, etc.") in accordance with Article 436 Paragraph 2, item 1 of the Companies Act of Japan.

In our opinion, the non-consolidated financial statements, etc. 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, etc. were prepared in accordance with accounting principles generally accepted in Japan.

Basis for Audit Opinion:

We conducted our audits in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Non-Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of non-consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management, Audit & Supervisory Board Members and the Audit & Supervisory Board for the Non-consolidated Financial Statements:

Management is responsible for the preparation and fair presentation of these non-consolidated financial statements, etc. in accordance with accounting principles generally accepted 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, etc. that are free from material misstatement, whether due to fraud or error.

In preparing the non-consolidated financial statements, etc. management is responsible for assessing whether it is appropriate to prepare the non-consolidated financial statements, etc. with the assumption of a going concern, and in accordance with accounting principles generally accepted in Japan, for disclosing, as necessary, matters related to going concern.

Audit & Supervisory Board Members and the Audit & Supervisory Board are responsible for overseeing the Directors' performance of duties within the maintenance and operation of the financial reporting process.

Auditor's Responsibilities for the Audit of the Non-consolidated Financial Statements, etc.:

Our responsibilities are to obtain reasonable assurance about whether the non-consolidated financial statements, etc. as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that expresses our opinion on the non-consolidated financial statements, etc. based on our audit from an independent point of view. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users of these non-consolidated financial statements, etc.

In accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit process to perform the following:

- Identify and assess the risks of material misstatement, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Selecting audit procedures to be applied is at the discretion of the auditor. Obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

- 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, etc. in order to design audit procedures that are appropriate in the circumstances.
- Evaluate the appropriateness of accounting policies used by management and their method of application, as well as the reasonableness of accounting estimates made by management and the appropriateness of related notes thereto.
- Conclude on the appropriateness of preparing the non-consolidated financial statements, etc. with the assumption of a going concern by management, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the notes to the non-consolidated financial statements, etc. or, if the notes to the non-consolidated financial statements, etc. on material uncertainty are inadequate, to express a qualified opinion with exceptions on the non-consolidated financial statements, etc. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate whether the presentation of the non-consolidated financial statements, etc. and notes to the non-consolidated financial statements, etc. are in accordance with accounting standards generally accepted in Japan, as well as evaluate the presentation, structure, and content of the non-consolidated financial statements, etc. including the related notes thereto, and whether the non-consolidated financial statements, etc. fairly present the underlying transactions and accounting events.

We report to the Audit & Supervisory Board Members and the Audit & Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit process, and other matters required by auditing standards.

We also provide the Audit & Supervisory Board Members and the Audit & Supervisory Board with a statement that we have complied with relevant ethical requirements in Japan regarding independence, and communicate with them all relationships and other matters that may reasonably be deemed to bear on our independence, and where applicable, related safeguards in order to eliminate or reduce obstruction factors.

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 29th fiscal year from April 1, 2019 to March 31, 2020, 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 27, 2020

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)

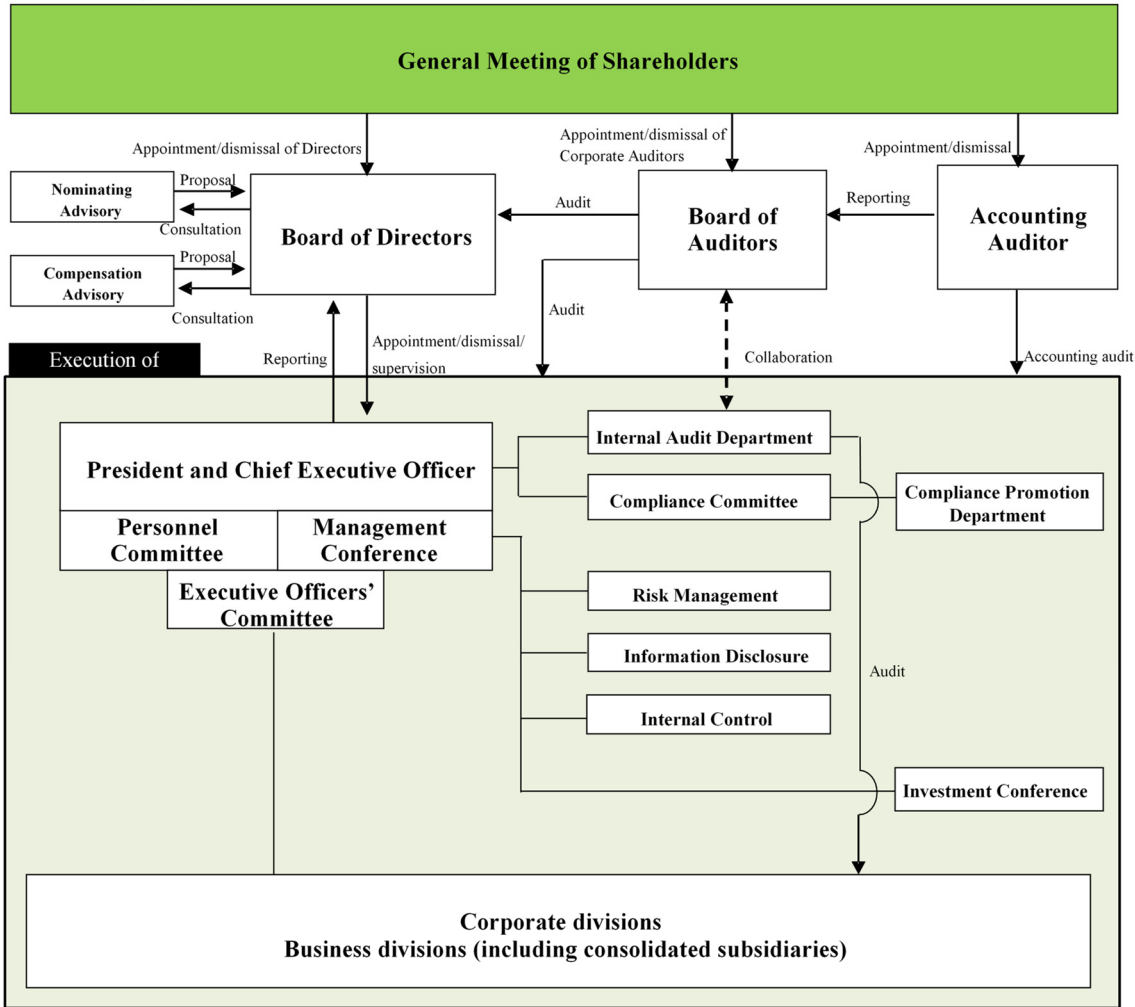
(Reference) Overview of Initiatives Related to Corporate Governance (as of March 31, 2020)

[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 Nominating Advisory Committee and the Compensation Advisory Committee are composed of Outside Directors and the Representative Director as well as Directors nominated by the President and Representative Director, and the members thereof are decided by the Board of Directors. Also, the majority of the members of each Committee are outside Directors. The objective of the Nominating Advisory Committee is to propose the appointment and dismissal of Directors and executive officers above Senior Managing 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 meets before the convening of the Board of Directors, which resolves the appointment and dismissal of Directors and executive officers above Senior Managing Officers. However, when issues are raised by the Committee members, the Committee is held as needed. The Compensation Advisory Committee meets before the convening of the Board of Directors, which resolves the remuneration of Directors and executive officers. However, when issues are raised by the Committee members, the Committee is held as needed.

Composition of Members (* denotes the chair) (As of March 31, 2020)

Five members in total

Two Internal Directors	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 2019, 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 2020 will be posted on the Company website (<https://www.t-gaia.co.jp/>) after this General Meeting of Shareholders.