

The 41st Annual General Meeting of Shareholders
(Matters Subject to Measures for Electronic Provision Omitted from the Document Sent
to Shareholders)

Corporate Structure and Policies

Consolidated Statement of Changes in Equity

Notes to the Consolidated Financial Statements

Non-Consolidated Statement of Changes in Equity

Notes to the Non-Consolidated Financial Statements

(from April 1, 2025 to March 31, 2026)

transcosmos inc.

The items above have not been included in the documents sent to shareholders who have requested the delivery of such documents in accordance with laws and regulations as well as the rules of Article 14, Paragraph 2 of the Articles of Incorporation of the Company.

Corporate Structure and Policies

(1) Fundamental Policy for Internal Control System

The fundamental policy concerning the system to ensure the appropriateness of business (the so-called internal control system) approved by the Board of Directors of the Company is as follows:

1) System to ensure that execution of duties by Directors and employees of the Company and its subsidiaries (collectively, the “Group”) complies with laws and regulations, and the Articles of Incorporation

In order to ensure that the execution of duties by the Directors and employees of the Group complies with laws and regulations, and the Articles of Incorporation, and fulfills corporate social responsibility, the Group executes duties based on the transcosmos Group Fundamental Governance Policy and the transcosmos Group Code of Conduct, among others.

The Directors of the Group are supervised to ensure they comply with laws and regulations, and the Articles of Incorporation, and act in accordance with the corporate philosophy. Such supervision is conducted thoroughly through the Group Governance Committee and other bodies established under the Board of Directors of each company and the Board of Directors of the Company.

The Company will further enhance the compliance awareness of the Group’s officers and employees through cross-sectional compliance initiatives, including training sessions on compliance to ensure the proper execution of duties.

The Company will dispatch its officers and employees as Directors or Audit and Supervisory Committee Members to its subsidiaries, and will supervise the proper execution of operations at the subsidiaries through attendance at the subsidiaries’ Board of Directors’ Meetings and other appropriate measures and opportunities.

The Group shall take a resolute stance as an entire organization against organizations and other entities that threaten the order and safety of civil society, based on the Group Code of Conduct and other guidelines, and shall maintain no business or any other relationships with such entities.

The Company has established internal reporting rules within the Group, and has set up and operates an internal reporting system within the Group. This system aims to enhance the effectiveness of self-regulation and strengthen compliance management by preventing or promptly detecting and correcting any organizational or individual violations of laws and internal regulations related to the operations of the Group.

2) System for the storage and management of information in relation to the execution of duties by the Directors

Directors conduct important decision-making and reports in accordance with the Board Rules.

Documents and other information related to the execution of Directors’ duties shall be appropriately stored and managed in accordance with the Approval Request Rules, Document Management Rules, Contract Handling Rules, Information Management Rules, Information Security Control Rules, and the Fundamental Cybersecurity Policy, among others.

3) Rules for managing the Group’s risk of loss and other systems

The Group Governance Committee oversees the risk management of the Group, under the transcosmos Group Fundamental Governance Policy, etc.

Each department of the Group will conduct risk management in relation to its respective sector and build a system to report matters promptly to the Group Governance Committee in case a risk of loss is discovered. In addition, to facilitate the collection of risk information, the Company will familiarize them to promptly report any risk of loss they discover through the organization.

The Internal Audit Office of the Company, under the direction and orders of the Representative Director and the Audit and Supervisory Committee, will prepare an audit plan based on careful consideration of the audit items and methods for the Company Group as stipulated under the Internal Audit Rules. The office will conduct audits in accordance with the plan and report the audit results to the Representative Director and the Audit and Supervisory Committee.

If any breach of laws, regulations, or the Articles of Incorporation is found through an audit by the Internal Audit Office of the Company, or if any business act which may lead to a risk of loss due to other causes is found, the matter shall be reported immediately to the Representative Director and the Audit and Supervisory Committee.

The Group will establish an internal reporting desk accessible to all officers and employees of the Group in order to set up and operate an internal reporting system within the Group, thereby creating a framework that allows for internal reporting of fraudulent activities. The Group will guarantee internal reports are processed properly by ensuring a direct channel for the Audit and Supervisory Committee Members of the Company to receive them, thereby strengthening compliance management.

The Group will enhance information management by establishing the Group Information Security Policy and the Group Fundamental Information Security Policy.

4) System to ensure the efficient execution of duties by the Directors of the Group

The Group formulates the Medium-Term Business Plan and annual plans to achieve swift and highly effective corporate management, aiming to instill the Group's management vision. In addition, to achieve these goals, specific plans are established for each business area handled by the Directors and subsidiaries, and regular reviews and feedback on progress are provided to ensure an efficient framework for executing operations.

As needed, management meetings and other bodies composed of senior executives are established to decide on important management matters delegated to them by the Board of Directors. Furthermore, by appointing Corporate Officers, etc., we aim to execute operations dynamically and enhance the efficiency of the Directors' duties.

5) System to ensure the appropriateness of the Group's business

The Group ensures the appropriateness of its operations by adhering to the Group's common policies such as transcosmos Group Fundamental Governance Policy, transcosmos Group Code of Conduct, and the approval standards of the transcosmos Group. In addition to establishing the aforementioned framework, the Group also develops a system for submitting approval requests to the Company and for reporting on matters related to the execution of duties by the Directors and employees of subsidiaries.

6) Matters related to employees and Directors appointed for the support of the Audit and Supervisory Committee, and matters related to ensuring the independence of said employees and Directors from other Directors (excluding Directors who are Audit and Supervisory Committee Members), and the effectiveness of instructions to the said Directors and employees

The Internal Audit Office assists the work of the Audit and Supervisory Committee in line with the instructions of and under the supervision of the Audit and Supervisory Committee. Transfers, evaluation, and disciplinary measures of the major employees of the Internal Audit Office shall be carried out with the prior consent of the Audit and Supervisory Committee.

The Company does not have Directors who are to assist the work of the Audit and Supervisory Committee.

7) System for reporting to the Audit and Supervisory Committee by Directors and employees, and other systems for reporting to the Audit and Supervisory Committee

Directors and employees shall report to the Audit and Supervisory Committee regularly on the following items, and Directors who are Audit and Supervisory Committee Members will attend the Board of Directors' Meetings and other important meetings for briefing.

- Matters to be resolved and matters to be reported at the Board of Directors' Meetings
- Monthly, quarterly, and annual business results, earnings forecasts, and financial conditions
- Details of significant disclosure materials
- Significant organizational and personnel changes
- Matters that may cause material loss to the Company

- The Company's significant accounting principles, accounting standards, and any changes thereto
- Activities of the Internal Audit Office and the Compliance Promotion Department
- Other significant matters for approval, or for resolution

There shall be established a system for promptly reporting if any other event determined by the Audit and Supervisory Committee to require reporting occurs.

8) System for the officers and employees of the Group to report to Audit and Supervisory Committee

The officers and employees of the Group will promptly make an appropriate report when requested by the Audit and Supervisory Committee to report on matters related to the execution of duties. However, in the case of facts that may cause material loss to the Group, such as material breach of laws and regulations, etc., these will be immediately reported to the Audit and Supervisory Committee as soon as they are found, and the Company will establish the necessary systems to facilitate this.

The section in charge of the internal reporting system within the Group of the Company shall report to the Audit and Supervisory Committee of the Company, as appropriate, on the status of internal reporting by the officers and employees of the Group.

9) System to ensure that those who made reporting to the Audit and Supervisory Committee shall not be given disadvantageous treatment

The Company prohibits giving disadvantageous treatment to those who have made the reporting in the preceding two paragraphs to the Audit and Supervisory Committee due to the said reporting.

10)Matters related to the policy for processing of expenses and liabilities arising from the execution of duties by Audit and Supervisory Committee Members

If Audit and Supervisory Committee Members request the Company for advance payment, etc. of expenses in accordance to Article 399-2, paragraph (4) of the Companies Act concerning the execution of their duties, the Company shall promptly process the said expenses or liabilities, except for the cases where the expenses and liabilities by the said request are deemed not necessary for the execution of duties by Audit and Supervisory Committee Member.

11)Other system to ensure that audits by Audit and Supervisory Committee will be effectively conducted

The Directors and employees will work to deepen their understanding of the audits by Audit and Supervisory Committee and to improve the environment for the audits by Audit and Supervisory Committee.

The Representative Directors will exchange opinions regularly with the Audit and Supervisory Committee and establish a system to help Audit and Supervisory Committee communicate efficiently with the Internal Audit Office and perform effective auditing services.

12)System to conduct timely and appropriate disclosures

The Company will keep the officers and employees well informed of the measures to conduct timely and appropriate disclosures, among other matters, in accordance with the Timely Disclosure Rules, and establish a reporting line of disclosure information within the Group. The propriety of the details will be secured, and timely and appropriate disclosures will be achieved at the Management Meetings.

(2) Operational Status of the System to Ensure the Appropriateness of Business

1) Compliance

The Company is making continuous efforts to spread awareness of compliance and develop a willingness to ensure that actions align with the transcocosmos Group Code of Conduct by

implementing regular group-wide training on compliance, as well as preparing and distributing manuals to Directors and employees.

2) Risk management

The Group Governance Committee conducts a comprehensive inventory of risks associated with the Group's business activities and regularly evaluates these risks. In addition, when any department of the Company or any Group company detects a risk of loss, it promptly reports the matter to the Group Governance Committee. The Internal Audit Office operates as an organization under the direct control of the Representative Directors to formulate internal audit plans and conduct internal audits. The Internal Audit Office regularly reports the results of these audits to the Representative Directors and the Audit and Supervisory Committee. If a risk of material loss is detected, it is promptly reported to the Representative Directors and the Audit and Supervisory Committee.

3) Business operations and administration

Within the Group, the directors in charge regularly report performance in relation to targets in the Medium-Term Business Plan and annual plans to the Company's Board of Directors, which issues the necessary instructions to achieve these plans. The Audit and Supervisory Committee receives reports regarding other important matters.

Moreover, the Group has ensured the propriety of business operations by establishing and operating common approval criteria and other matters across the Group.

4) Internal control system for financial reporting

The Company implements the assessment of the effectiveness of internal control on financial reporting in accordance with the Financial Instruments and Exchange Act. The internal control system is appropriately administered, without any material deficiency to be disclosed found during the fiscal year under review.

5) Elimination of anti-social forces

To eliminate any relations with anti-social forces and other organizations that threaten the order and safety of civil society, we perform strict screening prior to any business transactions being entered into with the Company.

6) Internal reporting system within the Group

Whistleblowing reports received from whistleblowers through the Group's internal reporting desk are investigated using methods to prioritize whistleblower protection, with the utilization of external experts as necessary. The results of these investigations are reported to the Representative Directors and the Audit and Supervisory Committee on a timely basis.

(3) Policies Concerning the Determination of Dividends of Surplus

Returning profits to shareholders is one of the Company's top management priorities. We have therefore adopted a dividend policy that focuses on the dividend payout ratio, which is closely related to the Company's business performance. Our fundamental dividend policy is to distribute appropriate levels of dividends in line with the Company's business performance with a target consolidated dividend payout ratio of 40%.

(4) Fundamental Policy Regarding the Control of the Company

Fundamental Policy regarding persons who control decision on the Company's financial and business policies

1) Details of the Fundamental Policy

The Company believes that the persons who control decisions on the Company's financial and business policies need to be persons who understand the source of the Company's corporate value and who will make it possible to continually and persistently ensure and enhance the Company's corporate value and, in turn, the common interests of its shareholders.

The Company believes that ultimately its shareholders as a whole must make the decision on any proposed acquisition that would involve a transfer of corporate control of the Company. Also, the Company would not reject a large-scale acquisition of the shares in the Company if it would contribute to ensuring and enhancing the corporate value of the Company and, in turn, the common interests of its shareholders. Nonetheless, there are some types of corporate acquisition that benefit neither the corporate value of the target company nor the common interests of its shareholders including (i) those with a purpose that would obviously harm the corporate value of the target company and the common interests of its shareholders, (ii) those with the potential to substantially coerce shareholders into selling their shares, (iii) those that do not provide sufficient time or information for the target company's board of directors and shareholders to consider the details of the large-scale acquisition or for the target company's board of directors to make an alternative proposal, and (iv) those that require the target company to negotiate with the acquirer in order to procure more favorable terms for shareholders than those presented by the acquirer.

The Company places value on client satisfaction and strives to ensure and enhance its corporate value. We believe the source of corporate value of the Company is found in (a) the comprehensive IT utilization capabilities that the Company has accumulated since its establishment as a pioneer in the outsourcing business of information processing, (b) personnel who can promptly respond to changes in the environment and combine the latest technology, making use of originality and ingenuity, and (c) "the stable and long-term relationships of trust with clients" established based on its strength as an independent corporation. Unless the acquirer of a proposed acquisition of the shares in the Company understands the source of the corporate value of the Company and would ensure and enhance these elements over the medium-to-long term, the corporate value of the Company and, in turn, the common interests of its shareholders would be harmed. The Company believes that it is necessary to ensure the corporate value of the Company and, in turn, the common interests of its shareholders by taking the necessary and reasonable countermeasures against an inappropriate large-scale acquisition by such persons.

2) Summary of specific measures to realize the Fundamental Policy

(a) Special measures to realize the Fundamental Policy such as effective use of the Company's assets and proper formation of the Group

Medium-Term Business Plan

To achieve our long-term target, 2035 Vision, we have established the Medium-Term Business Plan for the period from the fiscal year ending March 2027 to the fiscal year ending March 2029, with the following themes: "Evolve the business model and convert our strengths into profits" and "Broaden our client base and expand our service portfolio for the next growth phase."

Concrete efforts are described in "(2) Issues to Be Addressed" in "1. Business Overview of the Group."

Strengthening corporate governance

While performing precise decision-making and prompt business execution, the Company adopts a system of "Company with an Audit and Supervisory Committee" for the purpose of developing a management system that enables appropriate audit and supervision, and strives to increase its effectiveness to enhance corporate governance in accordance with its current business.

In terms of the operations of Board of Directors' Meetings, each Director, who is a member of the Board, gives his/her opinions at his/her discretion and there are active discussions. In addition, from an objective, neutral perspective independent of management, Outside Directors provide advice to ensure sound, rational decision-making by the Board of Directors. The Company has

also introduced a corporate officer system, under which the “decision-making and oversight functions” of the Board of Directors is separated from “executive functions.” As such, the Board of Directors performs “decision-making and oversight functions” while Corporate Officers perform “executive functions.” This structure has enabled the Company to respond flexibly to changes in the business environment that are characteristic of the industry in which the Company operates, and to implement prompt and detailed business execution. The Audit and Supervisory Committee consists of three Outside Directors. Audit and Supervisory Committee Members attend important meetings such as the Board of Directors’ Meetings and monitor the appropriateness of the design and operation of the internal control system through the internal control departments, and thereby conduct audits on the Company and its subsidiaries in and outside Japan, auditing the execution of duties by Directors.

Regarding the nomination of candidates for directors and the remuneration of directors (excluding Directors who are Audit and Supervisory Committee Members), the Nomination Committee (held once in the fiscal year ended March 2026) and the Remuneration Committee (held three times in the fiscal year ended March 2026), chaired by an Independent Outside Director, are established with a majority of Independent Outside Directors. Each of these Committees deliberates on the nomination of candidates for directors and on the remuneration of directors (excluding Directors who are Audit and Supervisory Committee Members), and reports the results to the Board of Directors. The Audit and Supervisory Committee also supervises the process for nominating for Directors who are not Audit and Supervisory Committee Members and determining their remunerations.

We have established the Group Governance Committee, a body which oversees transcocosmos Group governance, under the Board of Directors, and the expert committees under the Group Governance Committee oversee risks in their respective areas.

(b) Measures to prevent inappropriate persons from controlling the financial and business policy decisions of the Company in light of the fundamental policy

The Company has renewed a plan as a countermeasure to large-scale acquisition of the Company’s shares (Takeover Response Policy) (the “Plan”). This was based on the resolution of the Board of Directors’ Meeting held on May 15, 2024 and the resolution of the 39th Annual General Meeting of Shareholders held on June 25, 2024. A summary of the Plan is shown below.

Summary of the Plan

The Board of Directors of the Company, as stipulated by the fundamental policy, thinks that persons who conduct a substantial acquisition of the Company shares which does not contribute to the corporate value of the Company or the common interest of shareholders are inappropriate as persons who control decisions relating to the Company’s finance and businesses. The purpose of the Plan is to prevent decisions on the Company’s financial and business policies from being controlled by persons deemed inappropriate, to deter large-scale acquisitions of the shares in the Company that are detrimental to the corporate value of the Company and, in turn, the common interests of its shareholders, and on the occasion that a large-scale acquisition of the shares in the Company were to be effected, to enable the Company’s Board of Directors to present an alternative proposal to the shareholders or to ensure the necessary time and information for the shareholders to decide whether or not to accept the large-scale acquisition, and to negotiate for the benefit of the shareholders.

The Plan sets out procedures necessary to achieve the purposes stated above, including requirements for acquirers to provide information in advance in case the acquirer intends to acquire 20% or more of the Company’s share certificates or other equity securities.

The acquirer must not effect a large-scale acquisition of the shares and other equity securities of the Company until and unless the Board of Directors determines not to trigger the Plan in accordance with the procedures for the Plan.

In the event that an acquirer does not follow the procedures set out in the Plan, or a large-scale acquisition of shares and other equity securities of the Company could harm the corporate value of the Company and, in turn, the common interests of its shareholders, etc., and in cases such as where the acquisition satisfies the triggering requirements set out in the Plan, the Company will

implement a gratis allotment of share acquisition rights (shinkabu yoyakuken mushou wariate) for share acquisition rights with (a) an exercise condition that does not allow the acquirer, etc., to exercise the rights as a general rule, and (b) an acquisition provision to the effect that the Company may acquire the share acquisition rights in exchange for shares in the Company from persons other than the acquirer, etc., or implement any other reasonable measures that may be taken under laws and ordinances and the Company's Articles of Incorporation. If the gratis allotment of Share Acquisition Rights were to take place in accordance with the Plan and all shareholders other than the acquirer receive shares in the Company as a result of those shareholders exercising or the Company acquiring those share acquisition rights, the ratio of voting rights in the Company held by the acquirer may be diluted by up to about a maximum of approximately 50%.

To eliminate arbitrary decisions by directors, the Company will establish the Independent Committee, which is solely composed of members who are independent of the management of the Company such as outside directors to make objective decisions with respect to matters such as implementation or non-implementation of the gratis allotment of share acquisition rights or acquisition of share acquisition rights under the Plan. In addition, the Board of Directors may, if prescribed in the Plan, hold a General Meeting of Shareholders and confirm the intent of the Company's shareholders.

Transparency with respect to the course of those procedures will be ensured by timely disclosure to all of the Company's shareholders.

The effective period of the Plan is until the conclusion of the Annual General Meeting of Shareholders associated with the last of the fiscal years that end within three years after the conclusion of the 39th Annual General Meeting of Shareholders held on June 25, 2024.

3) Decisions made by the Board of Directors of the Company and their rationale in relation to specific measures

The Plan provides a framework for ensuring the corporate value of the Company and, in turn, the common interests of its shareholders in the event of a large-scale acquisition of the Company's shares, and is in line with the Company's Fundamental Policy.

The Plan also respects the intention of shareholders by (i) satisfying the three principles set forth in the Guidelines on Anti-Acquisition Measures for Ensuring and Enhancing Corporate Value and Common Interests of Shareholders, (ii) obtaining shareholders' approval upon renewal of the Plan, (iii) providing, under certain circumstances and through the Shareholders Meeting, a mechanism to confirm shareholders' intentions regarding whether or not the Plan should be triggered, (iv) including a so-called "sunset clause" that limits the effective period of the Plan to approximately three years, and (v) allowing the Board of Directors of the Company, which is composed of Directors elected at the General Meeting of Shareholders, to abolish the Plan even before its expiration. Furthermore, the integrity and objectivity of the Plan are ensured by (i) defining reasonable and objective requirements concerning the triggering of the Plan, (ii) ensuring that actual decision-making upon the triggering of the Plan is made by an Independent Committee composed solely of Outside Directors who are independent of management, (iii) allowing the Independent Committee to consult independent third-party experts, etc. at the Company's expense, and (iv) limiting the terms of office of the Company's Directors (excluding Directors who are Audit and Supervisory Committee Members) to one year, and those of Directors who are Audit and Supervisory Committee Members to two years.

Hence, the Board of Directors of the Company has determined that the Plan contributes to the corporate value of the Company and, in turn, to the common interests of its shareholders, and is not intended to protect the positions of the corporate officers of the Company.

Consolidated Statement of Changes in Equity

(from April 1, 2025 to March 31, 2026)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at the beginning of the fiscal year	29,065	6,889	91,749	(16,125)	111,579
Changes during the fiscal year					
Dividends of surplus			(3,972)		(3,972)
Profit attributable to owners of parent			13,084		13,084
Purchase of treasury shares				(0)	(0)
Change in scope of consolidation			(19)		(19)
Purchase of shares of consolidated subsidiaries		1			1
Net changes in items other than shareholders' equity during the fiscal year					-
Total changes during the fiscal year	-	1	9,093	(0)	9,093
Balance at the end of the fiscal year	29,065	6,890	100,842	(16,125)	120,673

(Millions of yen)

	Accumulated other comprehensive income			Share acquisition rights	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 beginning of the fiscal year	321	6,744	7,066	0	10,422	129,068
Changes during the fiscal year						
Dividends of surplus			-			(3,972)
Profit attributable to owners of parent			-			13,084
Purchase of treasury shares			-			(0)
Change in scope of consolidation			-			(19)
Purchase of shares of consolidated subsidiaries			-			1
Net changes in items other than shareholders' equity during the fiscal year	535	3	539	-	592	1,131
Total changes during the fiscal year	535	3	539	-	592	10,224
Balance at the end of the fiscal year	857	6,747	7,605	0	11,014	139,293

Note: Figures less than one million yen are rounded down to the nearest million.

Notes to the Consolidated Financial Statements

Basis of preparation of consolidated financial statements

1. Scope of Consolidation

(1) Number of consolidated subsidiaries: 65

The names of principal consolidated subsidiaries

J-Stream Inc., APPLIED TECHNOLOGY CO., LTD., transcosmos Korea Inc., transcosmos CC China

Changes in our consolidated subsidiaries during the fiscal year under review are as follows:

(Newly included)

- TTTeC-Creation inc. (newly established)
- IPL, Co., Ltd. (newly acquired)
- asterisk Inc. (due to increased importance)

(Excluded)

- Transcosmos Information Systems Inc (USA) (liquidated)
- Transcosmos Information Systems Inc (Philippines) (absorbed due to an absorption-type merger with transcosmos Asia Philippines, Inc., the Company's subsidiary)

(2) Names of principal non-consolidated subsidiaries

Transcosmos Philippines, Inc. and others

(Reason for exclusion from the scope of consolidation)

All non-consolidated subsidiaries are small in size, and each item of their total assets, net sales, profit or loss (calculated according to our equity interest) and retained earnings (calculated according to our equity interest) is not substantial, and do not have a material impact on the consolidated financial statements.

2. Application of equity method

(1) Number of affiliates accounted for by the equity method: 14

Names of principal non-consolidated subsidiaries and associates accounted for by the equity method
UNQ HOLDINGS LIMITED

Changes to our non-consolidated subsidiaries and affiliates accounted for by the equity method during the fiscal year under review are as follows:

(Newly included)

- vottia inc. (newly established)
- OMRON TRANCOSMOS PROCESS INNOVATION Co., Ltd. (newly established)
- HIYOKU Technologies INC., Ltd. (newly acquired)

(2) Unconsolidated subsidiaries and other companies to which the equity method is not applied (Transcosmos Philippines, Inc. and others) are excluded from the scope of application of the equity method as their impact on profit or loss (amount proportional to the ownership) and retained earnings (amount proportional to the ownership) is infinitesimal, and has low importance as a whole.

(3) For those subsidiaries accounted for by the equity method that have different account closing dates from the Company, financial statements are stated according to the fiscal year of the respective companies.

3. Fiscal year, etc. of the consolidated subsidiaries

Following are the consolidated subsidiaries with different account closing dates from the Company.

(Account closing date: December 31)

- APPLIED TECHNOLOGY CO., LTD.
- transcosmos Information Creative Japan Inc.
- caramo, Inc.
- transcosmos America, Inc.
- TRANSCOSMOS OMNICONNECT, LLC
- transcosmos Korea Inc.
- transcosmos Information Creative (China) Co., Ltd.
- transcosmos Design Development (Dalian) Co., Ltd.
- transcosmos Information System (Benxi) Co., Ltd.
- Daqing transcosmos design development Co., Ltd.
- transcosmos business service outsourcing Suzhou Co., Ltd.
- Suzhou transcosmos Information Creative Co., Ltd
- Shanghai transcosmos Interactive Services Co., Ltd.
- transcosmos CC China
- Jinan transcosmos Information Creative Co., Ltd.
- Neijiang transcosmos Interactive Services Co., Ltd.
- Shenzhen Transcosmos Information Creative Co., Ltd
- TRANSCOSMOS SYSTEMS & INFORMATION (SUZHOU) CO., LTD.
- transcosmos Taiwan Inc.
- Shine Harbour Ltd.
- Transcosmos Information Creative Holdings
- TRANSCOSMOS INTERNATIONAL PTE. LTD.
- TRANSCOSMOS (MALAYSIA) SDN. BHD.
- PT. transcosmos Commerce
- TRANSCOSMOS ZERO PTE. LTD.
- TRANSCOSMOS FINANCIAL HOLDINGS PTE. LTD.
- transcosmos (Thailand) Co., Ltd.
- TCT Holdings Co., Ltd.
- TCT Services Co., Ltd.
- transcosmos artus company limited
- Astropolis Inc.
- transcosmos Asia Philippines, Inc.
- Transcosmos Vietnam Co., Ltd.
- Transcosmos Information Systems Group Limited
- Transcosmos Information Systems Limited
- Transcosmos information Systems Kft
- transcosmos Poland sp. z.o.o.
- Helpmagic Ltd.

The consolidated financial statements are prepared based on the financial statements of each of the consolidated subsidiaries as of its account closing date. In the case of significant transactions that took place between the account closing dates of the consolidated subsidiaries and the consolidated account closing date, necessary adjustments are made for consolidation purposes.

(Account closing date: September 30)

- CAREER INCUBATION, INC.

The consolidated financial statements are prepared based on the financial statements of each of the consolidated subsidiaries prepared on the basis of the provisional closing of accounts as of the consolidated account closing date.

4. Significant accounting policies

(1) Standards and methods of valuation of securities

Shares of subsidiaries and affiliates

Shares of non-consolidated subsidiaries and affiliates without application of the equity method:
Stated at cost using the moving-average method

Other available-for-sale securities

Securities other than shares without a market price, etc.

Market value method based on the market price as of the consolidated account closing date.
(Differences in valuation are included directly in net assets and costs of securities sold are calculated using the moving-average method.)

Shares without a market price, etc.

Stated at cost using the moving-average method

Investments in capital of limited liability partnership for investment, etc.

The evaluation is based on the Company's and its subsidiaries' holding ratio of the net asset of the limited liability partnership for investment, etc., in which the Company invests, in the most recent fiscal year.

(2) Standards and methods of valuation of inventories

The cost method (method to reduce book value from lower profitability) is adopted as the standard for valuation.

- Merchandise and finished goods Mainly the gross average method
- Work in process Specific cost method
- Supplies Mainly stated at cost using the last-purchase-price method

(3) Depreciation methods for non-current assets

Property, plant and equipment

- (excluding leased assets)..... Buildings
 - a Buildings acquired between April 1, 1998 and March 31, 2007
Depreciated using the old straight-line method.
 - b Buildings acquired on or after April 1, 2007
Depreciated using the straight-line method.
 - Facilities attached to buildings and structures
 - a Property, plant and equipment other than those in the above acquired on or before March 31, 2007
Depreciated using the old declining-balance method.
 - b Facilities attached to buildings and structures acquired between April 1, 2007 and March 31, 2016
Depreciated using the declining-balance method.
 - c Facilities attached to buildings and structures acquired on or after April 1, 2016
Depreciated using the straight-line method.

Property, plant and equipment other than those in the above

a Property, plant and equipment other than those in the above acquired on or before March 31, 2007
Depreciated using the old declining-balance method.

b Property, plant and equipment other than those in the above acquired on or after April 1, 2007
Depreciated using the declining-balance method.

Overseas consolidated subsidiaries mainly use the straight-line method.

In addition, items acquired on or before March 31, 2007, are depreciated using the straight-line method over five years starting the fiscal year following the fiscal year when the final depreciable limit is reached.

Intangible assets
(excluding leased assets)..... Depreciated mainly using the straight-line method.
As for software for in-house use, the straight-line method is used with a useful life of five years. Software for commercial sale is depreciated based on the quantity expected to be sold within three years after being put on the market. If the amount of depreciation is less than the amount of even installment based on the remaining life, it is depreciated with the amount not less than the even installment.

Leased assets Finance leases other than those for which the ownership of the leased assets is deemed to transfer to the lessee. These lease transactions are accounted for by straight-line method based on lease period of useful lives with residual values of zero.

(4) Standards of accounting for significant allowances, accruals and reserves

Allowance for doubtful accounts Allowance for estimated uncollectible is calculated using historical data for general receivables and individually considering the probability of collection for doubtful receivables.

Provision for bonuses Accrued bonuses for employees of the Company and consolidated subsidiaries are calculated based on the estimates of bonus obligations for the current fiscal term.

(5) Other important issues which are bases for preparing consolidated financial statements

1) Translation of significant foreign-currency-denominated assets and liabilities into yen

Monetary assets and liabilities denominated in foreign currencies are translated into yen at the spot exchange rate as of the end of the fiscal term, and the resulting exchange differences are credited or charged to income. Assets and liabilities of overseas subsidiaries are translated into yen at the spot exchange rate as of the account closing date of each company. The resulting exchange differences have been recorded as a component of “foreign currency translation adjustment” and “non-controlling interests” in the section of Net Assets.

2) Basis for recording significant revenues and expenses

The Group has applied the “Accounting Standard for Revenue Recognition” (Accounting Standards Board of Japan (ASBJ) Statement No. 29, March 31, 2020) and relevant ASBJ regulations and

recognizes that revenue at the time the control of promised goods or services is transferred to the customer at the amount expected to be received upon exchange of said goods or services. The principal business of the Group is outsourcing business offered by the Company and outsourcing business provided by Group companies in Japan and abroad, and the Group recognizes revenues over time or at a point in time by the method of performance obligation satisfaction. A large majority of the Company's revenue is recognized over time.

For performance obligations satisfied over time, the Group estimates progress towards satisfaction of performance obligations and recognizes revenue based on the progress over time. The method for estimating progress towards satisfaction of performance obligations is as follows.

- For operations in which an acceptance certificate or the like indicating work performed is obtained each month from a customer who will then be billed in accordance therewith, since work performed indicated on the acceptance certificate or the like faithfully depicts the amount of services transferred, revenue is recognized on its basis (output method). Records of the quantity of services performed are based on the client's system and the Group's system, and the person in charge of the Group's system reports the quantity of services performed to the client monthly.
- For operations under contracts, if progress cannot be directly estimated but if performance made toward the satisfaction of performance obligations can be reasonably measured, then progress is calculated at the proportion of actual cost to estimated total cost (input method). If performance made toward the satisfaction of performance obligations cannot be reasonably measured, revenue is recognized only on the basis of actual cost.

For the sale of merchandise and finished goods, revenue is recognized at the time when they are delivered to a customer since, at that point, performance obligations are satisfied as a result of the transfer of the control of merchandise and finished goods to the customer.

3) Method and period of amortization of goodwill and negative goodwill

Goodwill is amortized by straight-line method over five and ten years. If any circumstance arises which prevents the effect of amortization of goodwill, amount of amortization will be decreased accordingly.

5. Change in presentation

(Consolidated statement of income-related)

“186 million yen in gain on liquidation of subsidiaries and associates” (1 million yen in the current fiscal year) and “278 million yen in gain on change in equity” (0 million yen in the current fiscal year) under Extraordinary income, which were presented separately in the previous fiscal year, are now included in “Other” in Extraordinary income in the current fiscal year because they have decreased in significance in terms of amount. “Company establishment subsidies, etc.” (54 million yen in the previous fiscal year), which was included in “Other” in Extraordinary income in the previous fiscal year, is presented separately in the current fiscal year because it has increased in significance in terms of amount.

“Loss on retirement of non-current assets” (68 million yen in the previous fiscal year), which was included in “Other” in Extraordinary losses in the previous fiscal year, is presented separately in the current fiscal year because it has increased in significance in terms of amount.

2. Treasury shares

(shares)				
Class of shares	Number of shares at the beginning of the current fiscal year	Number of shares increased during the current fiscal year	Number of shares decreased during the current fiscal year	Number of shares at the end of the current fiscal year
Common stock	6,390,229	179	-	6,390,408

(Outline of causes for changes)

Details of number of shares increased are as follows.

Increase due to purchase of shares less than one unit: 179 shares

3. Dividends

(1) Dividends paid

Resolution	Class of shares	Total amount of dividends (millions of yen)	Dividend per share (yen)	Record date	Effective date
Annual General Meeting of Shareholders held on June 25, 2025	Common stock	3,972	106	March 31, 2025	June 26, 2025

(2) Dividends with an effective date falling in the following fiscal year, among distributions with record dates belonging to the current fiscal year

Resolution	Class of shares	Source of dividends	Total amount of dividends (millions of yen)	Dividend per share (yen)	Record date	Effective date
Annual General Meeting of Shareholders held on June 24, 2026	Common stock	Retained earnings	5,246	140	March 31, 2026	June 25, 2026

Notes on financial instruments

1. Matters related to the status of financial instruments

(1) Policy on financial instruments

The Group makes investments in stocks based upon the request of business promotions including business or capital tie-up, or invests excess funds in financial instruments such as deposits whose principles are secured, as a basic policy. In order to obtain funding, the Company selects the most adequate financial instruments, including bank borrowings, bonds payable, or stock issuance, depending on the situations. And derivatives are used in interest rate swap, currency swap and currency forward transactions to hedge against market risks and the Company has a policy not to use derivatives for speculation.

(2) Details, risks and risk management of financial instruments

Notes and accounts receivable - trade, which are operating receivables, are exposed to customers' credit risks. With regard to these risks, we manage maturities and balances for each business partner and strive to find out early and mitigate concerns for collection due to deteriorating financial circumstances. Investment securities mainly consists of stocks related to operations and capital alliances. Although these are exposed to market fluctuation risk and issuers' credit risks, we grasp the market prices and obtain issuers' financial statements on a regular basis and we grasp the market

prices and obtain issuers' financial statements on a regular basis. At the same time, we properly review the values of investment and make efforts to collect the investment values.

Most of accounts payable - trade and accrued expenses, which are operating payables, have payment due dates that are less than one year away. Short-term borrowings out of borrowings is mainly financing for operational transactions; long-term borrowings (less than five years as a general rule) is financing for long-term investments such as capital investments.

As to operational debts and borrowings, the Group manages them by having each company prepare monthly cash flow plans in order not to detract from the creditability of the Group. The Group also has commitment-line contracts in place in order to ensure to fulfill all obligations.

2. Matters related to fair values of financial instruments

The recorded amounts on the consolidated financial statements, fair values, and the difference of these as of March 31, 2026 are as follows.

(Millions of yen)			
	Recorded amount on consolidated balance sheet*	Fair value*	Difference
(1) Investment securities			
Other available-for-sale securities	1,307	1,307	-
(2) Shares of subsidiaries and associates	7,818	4,034	(3,784)
(3) Bonds payable	(228)	(219)	8
(4) Convertible-bond-type bonds with share acquisition rights	(10,014)	(10,400)	(385)
(5) Long-term borrowings	(4,151)	(4,118)	32

(*1) "Cash and deposits" are omitted because they are cash and because fair values of deposits approximate their book values since deposits are settled in the short term.

(*2) Notes receivable - trade and accounts receivable - trade included in "Notes and accounts receivable - trade, and contract assets," "Accounts payable - trade" "Short-term borrowings" and "Accrued expenses" are omitted because their fair values approximate their book values since they are settled in the short term.

(*3) Shares without a market price, etc. are included in neither "(1) Investment securities" nor "(2) Shares of subsidiaries and associates." The recorded amounts of those financial instruments on the consolidated balance sheet are as follows.

Category	Current fiscal year (Millions of yen)
Unlisted equity securities	6,807
Investments in capital of partnership	786

(*4) "(3) Bonds payable," "(4) Convertible-bond-type bonds with share acquisition rights" and "(5) Long-term borrowings" respectively include "current portion of bonds payable," "current portion of convertible-bond-type bonds with share acquisition rights" and "current portion of long-term borrowings."

(*5) Items recorded in Liabilities are marked with ().

3. Matters related to breakdown of fair values of financial instruments by levels

Fair values of financial instruments are categorized into the following three levels in accordance with observability and significance of inputs used to measure fair value.

Level 1 fair value: Fair values measured at (unadjusted) quoted prices for identical assets or liabilities in active markets

Level 2 fair value: Fair values measured by using directly or indirectly observable inputs other than Level 1 inputs

Level 3 fair value: Fair values measured by using significant unobservable inputs

If multiple inputs are used that significantly affect fair value measurement, a fair value is categorized into the lowest priority level in fair value measurement among levels of those inputs.

(1) Financial assets and liabilities whose fair value is the amount recorded on the consolidated balance sheet

Category	Fair value (millions of yen)			
	Level 1	Level 2	Level 3	Total
Investment securities				
Other available-for-sale securities				
Stocks	1,307	-	-	1,307

(2) Financial assets and liabilities whose fair value is not the amount recorded on the consolidated balance sheet

Category	Fair value (millions of yen)			
	Level 1	Level 2	Level 3	Total
Shares of subsidiaries and associates	4,034	-	-	4,034
Bonds payable	-	(219)	-	(219)
Convertible-bond-type bonds with share acquisition rights	-	(10,400)	-	(10,400)
Long-term borrowings	-	(4,118)	-	(4,118)

Note: Valuation techniques used in measurement of fair value and explanation of inputs pertaining to the measurement of fair value

Investment securities and Shares of subsidiaries and associates

Listed stocks are evaluated by using their quoted price. Since listed stocks are traded in active markets, their fair values are categorized into Level 1.

Bonds payable

The fair values of bonds payable are measured based upon the present values obtained by discounting the total amount of principals and interests at a rate with term to maturity and credit risk taken into account, and classified as Level 2.

Convertible-bond-type bonds with share acquisition rights

With regard to the fair values of bonds payable issued by the Company, prices provided by banks are used and classified as Level 2.

Long-term borrowings

The fair values of long-term borrowings are measured based upon the present values obtained by discounting the total amount of principals and interests at a rate with term to maturity and credit risk taken into account, and classified as Level 2.

Notes on revenue recognition

1. Information on disaggregation of revenue

Information on disaggregation of revenue from contracts with customers

(Millions of yen)

	Reportable segments			Total
	Parent Company	Domestic Subsidiaries and Affiliates	Overseas Subsidiaries and Affiliates	
Japan	250,145	39,960	5,567	295,672
South Korea	–	–	43,232	43,232
China	143	0	27,780	27,924
Southeast Asia	3,683	16	19,561	23,262
Other	314	–	3,459	3,773
Revenue from contracts with customers	254,286	39,977	99,601	393,866
Other revenue	–	–	–	–
Net sales to external customers	254,286	39,977	99,601	393,866

Note: Revenue from contracts with customers is disaggregated by countries or regions on the basis of locations of customers.

2. Basic information for understanding revenue

This information is omitted as information of the same content is indicated in “4. Significant accounting policies, (5) Other important issues which are bases for preparing consolidated financial statements, 2) Basis for recording significant revenues and expenses” in Notes to Consolidated Financial Statements.

3. Information for understanding the amount of revenue for the current fiscal year and fiscal years that follow

	Current fiscal year (Millions of yen)
Receivables from contracts with customers (Balance at the beginning of the fiscal year)	67,009
Receivables from contracts with customers (Balance at the end of the fiscal year)	72,791
Contract assets (Balance at the beginning of the fiscal year)	2,497
Contract assets (Balance at the end of the fiscal year)	2,602

A contract asset is revenue recognized by the input method that pertains to the right of the Company and its consolidated subsidiaries to consideration for ongoing contract work, etc. at the end of the fiscal year. Contract liabilities are included in “Advances received” in the consolidated balance sheet and primarily pertain to advances received for performance obligations to deliver goods or services to clients. The opening balance of contract liabilities for this consolidated fiscal year is generally recognized as revenue within one year and is reversed.

Notes concerning per share data

1. Net assets per share	3,423.25 yen
2. Profit per share	349.18 yen
3. Diluted earnings per share	327.22 yen

Note concerning significant subsequent events

Not applicable.

Non-Consolidated Statement of Changes in Equity
(from April 1, 2025 to March 31, 2026)

(Millions of yen)

	Shareholders' equity					
	Share capital	Capital surplus		Legal retained earnings	Retained earnings	
		Other capital surplus	Total capital surplus		Other retained earnings	Total retained earnings
Balance at the beginning of the fiscal year	29,065	8,360	8,360	3,866	45,138	49,005
Changes during the fiscal year						
Dividends of surplus			–	397	(4,369)	(3,972)
Profit			–		6,242	6,242
Purchase of treasury shares			–			–
Net changes in items other than shareholders' equity during the fiscal year			–			–
Total changes during the fiscal year	–	–	–	397	1,873	2,270
Balance at the end of the fiscal year	29,065	8,360	8,360	4,264	47,011	51,275

(Millions of yen)

	Shareholders' equity		Valuation and translation adjustments		Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance at the beginning of the fiscal year	(16,125)	70,306	330	330	70,637
Changes during the fiscal year					
Dividends of surplus		(3,972)		–	(3,972)
Profit		6,242		–	6,242
Purchase of treasury shares	(0)	(0)		–	(0)
Net changes in items other than shareholders' equity during the fiscal year		–	526	526	526
Total changes during the fiscal year	(0)	2,269	526	526	2,796
Balance at the end of the fiscal year	(16,125)	72,576	857	857	73,433

Note: Figures less than one million yen are rounded down to the nearest million.

Notes to Non-Consolidated Financial Statements

Significant accounting policies

1. Standards and methods of valuation of securities

Shares of subsidiaries and affiliates

Stated at cost using the moving-average method

Other available-for-sale securities

Securities other than shares without a market price, etc.

Market value method based on the market price as of the account closing date. (Differences in valuation are included directly in net assets and costs of securities sold are calculated using the moving-average method.)

Shares without a market price, etc.

Stated at cost using the moving-average method

Investments in capital of limited liability partnership for investment, etc.

The evaluation is based on the Company's holding ratio of the net asset of the limited liability partnership for investment, etc., in which the Company invests, in the most recent fiscal year.

2. Standards and methods of valuation of inventories

The cost method (method to reduce book value from lower profitability) is adopted as the standard for valuation.

Merchandise Gross average method

Work in process Specific cost method

Supplies Cost using the last-purchase-price method

3. Depreciation methods for non-current assets

Property, plant and equipment

(excluding leased assets) Buildings

a Buildings acquired between April 1, 1998 and March 31, 2007

Depreciated using the old straight-line method.

b Buildings acquired on or after April 1, 2007

Depreciated using the straight-line method.

Facilities attached to buildings and structures

a Property, plant and equipment other than those in the above acquired on or before March 31, 2007

Depreciated using the old declining-balance method.

b Facilities attached to buildings and structures

acquired between April 1, 2007 and March 31, 2016

Depreciated using the declining-balance method.

c Facilities attached to buildings and structures acquired on or after April 1, 2016

Depreciated using the straight-line method.

Property, plant and equipment other than those in the above

a Property, plant and equipment other than those in the above acquired on or before March 31, 2007
Depreciated using the old declining-balance method.

b Property, plant and equipment other than those in the above acquired on or after April 1, 2007
Depreciated using the declining-balance method.
In addition, items acquired on or before March 31, 2007 are depreciated using the straight-line method over five years starting the fiscal year following the fiscal year when the final depreciable limit is reached.

Intangible assets
(excluding leased assets) Depreciated using the straight-line method. As for software for in-house use, the straight-line method is used with a useful life of five years.

Leased assets Finance leases other than those for which the ownership of the leased assets is deemed to transfer to the lessee. These lease transactions are accounted for by straight-line method based on lease period of useful lives with residual values of zero.

4. Standards of accounting for allowances, accruals and provisions

Allowance for doubtful accounts Allowance for estimated uncollectible is calculated using historical data for general receivables and individually considering the probability of collection for doubtful receivables.

Provision for bonuses Accrued bonuses for employees are calculated based on the estimates of bonus obligations for the current fiscal term.

Provision for loss on guarantees To prepare for losses arising from fulfilling guarantee obligations of associates, the Company appropriates the estimated cost of losses for guarantee obligations highly likely to be required for fulfilling such obligations, taking into consideration the recoverability by exercising right of indemnity.

Provision for loss on support to subsidiaries and associates To prepare for loss on support for associates, estimated losses are recorded in consideration of the financial state of the associates.

5. Basis for recording revenues and expenses

The Company has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020) and relevant ASBJ regulations and recognizes revenue at the time the control of promised goods or services is transferred to the customer at the amount expected to be received upon exchange of said goods or services. The principal business of the Company is outsourcing business, and the Company recognizes revenues over time or at a point in time by the method of performance obligation satisfaction. A large majority of the Company’s revenue is recognized over time. For performance obligations satisfied over time, the Company estimates progress towards satisfaction of performance obligations and recognizes revenue based on the progress over time. The method for estimating progress towards satisfaction of performance obligations is as follows.

- For operations in which an acceptance certificate or the like indicating work performed is obtained each month from a customer who will then be billed in accordance therewith, since work performed indicated on the acceptance certificate or the like faithfully depicts the amount of services transferred, revenue is recognized on its basis (output method). Records of the quantity of services performed are based on the client's system and the Company's system, and the person in charge of the Company's system reports the quantity of services performed to the client monthly.
- For operations under contracts, if progress cannot be directly estimated but if performance made toward the satisfaction of performance obligations can be reasonably measured, then progress is calculated at the proportion of actual cost to estimated total cost (input method). If performance made toward the satisfaction of performance obligations cannot be reasonably measured, revenue is recognized only on the basis of actual cost.
For the sale of merchandise, revenue is recognized at the time when they are delivered to a customer since, at that point, performance obligations are satisfied as a result of the transfer of the control of merchandise to the customer.

6. Other important issues which are bases for preparing non-consolidated financial statements

Standard for translation of assets and liabilities denominated in foreign currencies into yen
 Monetary assets and liabilities denominated in foreign currencies are translated into yen at the spot exchange rate as of the end of the fiscal term, and the resulting exchange differences are credited or charged to income.

7. Change in presentation

(Non-consolidated statement of income-related)

“Gain on reversal of provision for loss on support to subsidiaries and associates” (23 million yen in the previous fiscal year), which was included in “Other” in non-operating income in the previous fiscal year, is presented separately in the current fiscal year because it has increased in significance in terms of amount.

“334 million yen in gain on liquidation of subsidiaries and associates” (1 million yen in the current fiscal year), which was presented separately as Extraordinary income in the previous fiscal year, is now included in “Other” in Extraordinary income because it has decreased in significance in terms of amount.

“Company establishment subsidies, etc.” (32 million yen in the previous fiscal year), which was included in “Other” in Extraordinary income in the previous fiscal year, is presented separately in the current fiscal year because it has increased in significance in terms of amount.

“Loss on retirement of non-current assets” (21 million yen in the previous fiscal year) and “loss on valuation of shares of subsidiaries and associates” (21 million yen in the previous fiscal year), which were included in “Other” in Extraordinary losses in the previous fiscal year, are presented separately in the current fiscal year because they have increased in significance in terms of amount.

8. Notes concerning accounting estimates

1. Valuation of shares of subsidiaries and associates or investments in capital of subsidiaries and associates acquired by investment in unlisted companies

(1) Amounts recorded in the non-consolidated financial statements for the fiscal year under review

Account	Amount (Millions of yen)
Shares of subsidiaries and associates (Investment in unlisted companies)	18,056
Investments in capital of subsidiaries and associates (Investment in unlisted companies)	648

(2) Information relating to the contents of accounting estimates

Since the Company evaluates the excess earning power, etc. of unlisted investee companies based on its medium- to long-term business plan in consideration of the company's business potential at the time of investment, the valuation amount of the excess earning power, etc. is included in the acquisition cost.

Regarding the valuation of shares of subsidiaries and associates and investments in capital of subsidiaries and associates, in accordance with the "Procedure for Impairment of Shares, etc.," which is an internal rules based on the "Accounting Standards for Financial Instruments," for the investee company whose financial condition has deteriorated to a certain extent compared to the book value, considering the risk of valuation loss of the stock or investment due to damage to the excess earning power, etc., the Company examines at the end of every fiscal year whether these unconsolidated subsidiaries and associates successfully achieved the business plan, whether their excess earning power, etc. is damaged, and whether the net asset value of the Investment in stocks or the Investment decreased significantly according to the risk. After considering these points in the valuation loss examination process, the Company determines whether the impairment loss need to be recognized or not. When the actual results have not achieved the business plan, and the factors for the failure are not temporary, or temporary but it is unlikely that, in its plan for the next fiscal years, the value of equity in the net assets will reach the book value within a certain period (generally 5 years), and the excess earning power of the investee company is judged as impaired, the Company recognizes valuation loss for the difference between the book value for these Investment in stocks or Investment and the value of equity in the net assets.

Since the business performance of the unconsolidated subsidiaries and associates is affected by the uncertain future economic conditions and financial conditions of the company, if there is a large deviation from the business plan that is the basis for calculating the value of the excess earning power, etc., it may have a significant impact on the financial statements for the following fiscal years.

Notes to the Non-Consolidated Balance Sheet

1.	Liabilities for guarantees	
	Guarantee on deposit obligations from subsidiaries and associates	
	Tci-Business-Service Co., Ltd.	¥7,740 million
	Guarantee on trade payables owed by the subsidiaries and associates to specific suppliers	
	FJ transcocosmos Human Resource Professionals Limited	¥196 million
	Total	¥7,936 million
2.	Accumulated depreciation of property, plant and equipment	¥18,075 million
3.	Monetary receivables from and monetary payables to subsidiaries and associates (excluding separate line item)	
	Short-term monetary receivables from subsidiaries and associates	¥2,947 million
	Short-term monetary payables to subsidiaries and associates	¥1,920 million

Notes to the Non-Consolidated Statement of Income

Transactions with subsidiaries and associates	
Net sales	¥1,555 million
Net purchase	¥12,984 million
Transactions other than operating transactions	¥1,565 million

Notes to the Non-Consolidated Statement of Changes in Shareholders' Equity

Treasury shares

(shares)

Class of shares	Number of shares at the beginning of the current fiscal year	Number of shares increased during the current fiscal year	Number of shares decreased during the current fiscal year	Number of shares at the end of the current fiscal year
Common stock	6,390,229	179	–	6,390,408

(Outline of causes for changes)

Details of number of shares increased are as follows.

Increase due to purchase of shares less than one unit: 179 shares

Notes concerning tax effect accounting

1. Details by primary causes of deferred tax assets and deferred tax liabilities

Deferred tax assets:

Allowance for doubtful accounts	¥4,456 million
Loss on valuation of shares of subsidiaries and associates	¥2,961 million
Book value adjustment of investment securities for tax purposes	¥2,058 million
Provision for bonuses	¥1,163 million
Loss on valuation of investment securities	¥720 million
Book value adjustment of shares of subsidiaries and associates for tax purposes	¥652 million
Provision for loss on guarantees	¥597 million
Accrued enterprise tax	¥323 million
Accounting depreciation in excess of tax depreciation	¥190 million
Accrued social insurance expenses	¥175 million
Provision for loss on support to subsidiaries and associates	¥48 million
Other	¥1,101 million
Sub-total	¥14,450 million
Provision for devaluation	¥(12,044) million
Total of deferred tax assets	¥2,406 million
Deferred tax liabilities:	
Valuation difference on available-for-sale securities	¥(267) million
Other	¥(115) million
Total of deferred tax liabilities	¥(382) million
Net deferred tax assets	¥2,023 million

2. Revision of amounts of deferred tax assets and deferred tax liabilities following the change in the tax rate for income taxes - current

Due to the enactment of the “Act on Partial Revision of the Income Tax Act” (Act No. 13 of 2025) by the Diet on March 31, 2025, the “Special Corporation Tax for National Defense” will be imposed from the fiscal years beginning on or after April 1, 2026.

Accordingly, deferred tax assets and deferred tax liabilities related to temporary differences expected to be reversed in the fiscal years beginning on April 1, 2026 are calculated by changing the statutory effective tax rate from 30.62% to 31.52%.

The impact of this change on the non-consolidated financial statements is immaterial.

Notes concerning transactions with related parties

1. Parent company and major corporate shareholders, etc.

Not applicable.

2. Subsidiaries, affiliates, etc.

Attribution	Name of company, etc.	Share capital or investments in capital	Description of business or occupation	Percentage of owning (owned) voting rights, etc. (%)	Relationship with related parties	Type of transaction	Transaction amount (millions of yen)	Account	Balance as of the end of the fiscal year (millions of yen)
Subsidiary	Tci-Business-Service Co., Ltd.	¥100 million	Domestic subsidiaries and associates	Owning Direct 100.0	Borrowing of funds	Borrowing of funds (Note 1)	2,395	Short-term borrowings from subsidiaries and associates	6,750
						Repayment of funds	1,445		
					Liabilities for guarantees	Guarantee of obligations (Note 2)	7,740	-	-
Subsidiary	transcosmos America, Inc.	\$61 million	Overseas subsidiaries and associates	Owning Direct 100.0	Loan of funds	-	-	Long-term loans receivable from subsidiaries and associates (Note 3)	2,846
Subsidiary	TCT Services Co., Ltd.	1 million Thai baht	Overseas subsidiaries and associates	Owning Direct 49.0 Indirect 51.0	Loan of funds	Collection of funds	52	Long-term loans receivable from subsidiaries and associates (Note 4)	2,800
Subsidiary	transcosmos Asia Philippines, Inc.	403 million Philippine peso	Overseas subsidiaries and associates	Owning Direct 100.0	Loan of funds	Loan of funds (Note 1)	25	Long-term loans receivable from subsidiaries and associates (Note 5)	1,665
Subsidiary	Transcosmos Information Systems Group Limited.	GBP 220 thousand	Overseas subsidiaries and associates	Owning Direct 100.0	Loan of funds	Loan of funds (Note 1)	325	Long-term loans receivable from subsidiaries and associates (Note 6)	3,770
						Advance of funds	1,346	Other investments (Note 7)	1,381

Terms and conditions of transactions and the policies on determination thereof:

- Notes:
- The interest rate is determined logically in consideration of market interest rates.
 - This is a guarantee on deposit obligations from the subsidiaries and associates.
 - During the current fiscal year, provision of allowance for doubtful accounts of 185 million yen was provided for long-term loans receivable from subsidiaries and associates. At the end of the current fiscal year, the balance of the same provision stood at 2,846 million yen.
 - During the current fiscal year, provision of allowance for doubtful accounts of 202 million yen was provided for long-term loans receivable from subsidiaries and associates. At the end of the current fiscal year, the balance of the same provision stood at 2,800 million yen.
 - During the current fiscal year, provision of allowance for doubtful accounts of 117 million yen was provided for long-term loans receivable from subsidiaries and associates. At the end of the current fiscal year, the balance of the same provision stood at 1,665 million yen.
 - During the current fiscal year, provision of allowance for doubtful accounts of 629 million yen was provided for long-term loans receivable from subsidiaries and associates. At the end of the current fiscal year, the balance of the same provision stood at 3,770 million yen.
 - During the current fiscal year, provision of allowance for doubtful accounts of 1,381 million yen was provided for receivables from subsidiaries. At the end of the current fiscal year, the balance of the same provision stood at 1,381 million yen.
 - Transactional amounts and balances as of the end of the fiscal year are recorded exclusive of consumption taxes.
 - Percentages of owning (owned) voting rights, etc. are rounded off to the nearest first decimal place.

3. Brother companies

Not applicable.

4. Directors and primary individual shareholders

Not applicable.

Notes on revenue recognition

This information that serves as the foundation for understanding earnings is omitted as information of the same content is indicated in “Notes on revenue recognition” in Notes to the Consolidated Financial Statements.

Notes concerning per share data

1. Net assets per share	1,959.66 yen
2. Profit per share	166.59 yen
3. Diluted earnings per share	155.93 yen

Note concerning significant subsequent events

Not applicable.