

Note: This English translation is for reference purposes only. In the event of any discrepancy between the Japanese original and this English translation, the Japanese original shall prevail.

May 28, 2020

To Whom It May Concern,

Name of Company: transcosmos inc.

Representative: Masataka Okuda, President and COO

(Code No.9715, Tokyo Stock Exchange, First Section)

Contact: Makoto Noguchi,

Corporate Officer, Accounting & Finance Division Manager

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Announcement Regarding Reorganization of Equity Method Affiliate and Income Tax Expenses To Be Incurred as a Result of Transfer of Equity Interests in Equity Method Affiliate and Planned Reorganization Agreement

transcosmos (the Company) hereby notifies that the Company resolved at the Company's board of directors meeting held on May 28, 2020, to transfer all of the Company's equity interests in UNQ (Shanghai) Supply Chain Management Co., Ltd (UNQ), the Company's equity method affiliate, to UNQ Holding(HK) Limited (Hong Kong UNQ), and to enter into an agreement with UNQ HOLDINGS LIMITED (UNQ Holding), the holding company of Hong Kong UNQ, for the Company to make investments in UNQ Holding (Reorganization Agreement). The Reorganization Agreement is planned to be signed on June 4, 2020.

The Company also notifies that income tax expenses are expected to be incurred as a result of such arrangements.

Details of Resolution

1. Reason for Transferring the Equity Interests

With an aim of contributing to the strategic growth of UNQ, the Company's equity method

affiliate, all equity holders of UNQ including the Company will transfer all of their respective equity interests in UNQ to Hong Kong UNQ, a newly established company, and to make investments in UNQ Holding in proportion to their respective ownership ratio in UNQ. In this transaction, all equity holders of UNQ including the Company will change their equity holding method in UNQ from the direct holding to indirect holding through UNQ Holding, a newly established company, and Hong Kong UNQ. Therefore, there will be no change in the ownership composition and ownership ratio due to these changes.

The Company expects to incur approximately 2,052 million yen in income tax expenses as a result of this transaction. Other than the income tax expenses, there will be no impact on both consolidated and unconsolidated financial statements since the economic result does not change after completing the transaction.

2. Transfer of Equity: Target company overview

(1)	Company Name	UNQ (Shanghai) Supply Chain Management Co., Ltd.	
(2)	Headquarters	Room 198, Third Floor, Block 7, No. 875, Qiuxing Road, Nicheng Town, Pudong New District, Shanghai, China	
(3)	Name and Position of Representative	CEO Wang Yong	
(4)	Main Business	Online sales of cosmetics, personal care products, baby products, maternity products, everyday items and healthcare products.	
(5)	Capital	1,352,041 Chinese Yuan	
(6)	Founded	October, 2014	
(7)	Major Shareholders and Ownership ratio	UNQ Holdings (HK) Limited	57.65%
		transcosmos inc.	42.35%
(8)	Relationships between the Company and the target company (Target)	Capital	The Company holds a 42.35% ownership of Target.
		Human Resources	An officer and two employees of the Company represent the Company as an auditor and directors of Target, respectively.
		Business	There are indirect business transactions between the Company and Target related to sale of goods.

		Related Party	Target is an equity method affiliate of the Company.
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(Note) We refrain from disclosing the financial position and business performance of Target over the recent three years due to a request by the other party.

3. Transfer of Equity: Transferee company overview

(1)	Company Name	UNQ Holdings (HK) Limited	
(2)	Headquarters	Unit 3A-8, 12/F, Kaiser Centre, No.18 Centre Street, Sai Ying Pun, Hong Kong	
(3)	Name and Position of Representative	Director Wang Yong	
(4)	Main Business	Investment Holding	
(5)	Date of Foundation	November 19, 2019	
(6)	Major Shareholder and Ownership ratio	E-Bloom Holdings Limited	100.00%

4. Transfer of Equity: Post-transfer investee overview

(1)	Company Name	UNQ HOLDINGS LIMITED	
(2)	Headquarters	Floor 4, Willow House Cricket Square Grand Cayman KY1-9010 Cayman Islands	
(3)	Name and Position of Representative	Director Wang Yong	
(4)	Main Business	Investment Holding	
(5)	Date of Foundation	October 31, 2019	
(6)	Major Shareholders and Ownership ratio	Wisdom Oasis Holdings Limited	47.63%
		transcosmos inc.	42.35%
		Other	10.02%

5. Impact on financial performance and future outlook

The Company expects that the Company will record approximately 2,052 million yen as income tax expenses as a result of this transaction both on consolidated and unconsolidated financial statements for the fiscal year ending March, 2021. Therefore, the Company expects that the net income attributable to owners of transcosmos inc. and the Company's net income will decrease by the amount mentioned above. The Company will disclose as soon as practicable matters that need to be disclosed as they arise.

It should be noted that after the completion of this transaction UNQ will be excluded from the scope of the Company's equity method affiliates and UNQ Holding will become the Company's equity method affiliate.