

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.

June 30, 2022

To Whom It May Concern,

Name of Company: transcosmos inc.

Representatives: Koichi Iwami, Representative Director, Co-President

Masaaki Muta, Representative Director, Co-President

(Code No.9715, Tokyo Stock Exchange, Prime Market)

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(Cancellation of Previously Disclosed Information)

Announcement Regarding Termination of Equity Interest Transfer Agreement

As announced on April 16, 2020, Transcosmos Digital Marketing Cayman Co., Ltd. (DM Cayman), a consolidated subsidiary of transcosmos (the Company), entered into an agreement with 北京華一銀河科技有限公司 (華一銀河) with a provision that the transfer of all DM Cayman's equity interests in Transcosmos Investment Consulting (Beijing) Co., Ltd. (DM Beijing) to 華一銀河 would be completed by January of 2021. On November 27, 2020, the Company announced that the Company and 華一銀河 entered into a Memorandum of Understanding to extend the transfer completion date to a further date no later than August 31, 2021, which was further amended on August 17, 2021, by entering into an amendment to the Memorandum of Understanding to postpone it to a further date no later than February 28, 2022. On December 29, 2021, the Company announced that the Company entered into another amendment to the Memorandum of Understanding to further extend the transfer completion date to a date no later than June 30, 2022. The Company hereby announces that since 華一銀河 failed to make the payment to DM Cayman, by the due date stipulated in the agreement, for the equity to be transferred, the Company reached the conclusion that there had been a breach of contract on 華一銀河's part and decided to terminate the agreement with 華一銀河 as of June 30, 2022, on the basis of the resolution at the Management Meeting held on June 29, 2022.

Note that DM Beijing is the holding company of 北京騰信創新網絡營銷技術股份有限公司 (TensynPRC).

Details

1. Events leading up to the termination of agreement

Since TensynPRC, a company listed on the ChiNext market of the Shenzhen Stock Exchange (SZSE) owned by DM Beijing, was not able to comply with the requirements of its December 2021 Financial Statements, which was disclosed on April 27, 2022, and as a result, has been added to SZSE's list of firms facing delisting risk (commonly known as ST). Due to a drop in TensynPRC's share price, its market price fell below the transfer price stipulated in the equity interest transfer agreement. Therefore, the Company has determined that it would not be possible for TensynPRC to observe the agreement, and concluded to terminate the agreement upon mutual discussion and consent.

2. Future Outlook

The Company recorded the penalty fee of 43 million yuan (approximately 740 million yen) received for the breach of agreement of August 2021 as an extraordinary income in the consolidated financial statements for the second quarter of fiscal year ended March, 31, 2022. Therefore, the Company expects there will be no impact to the Company's consolidated financial results for the fiscal year ending March 31, 2023 in connection with the termination of the agreement.