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April 26, 2019

To Whom It May Concern,

Name of Company: transcocosmos inc.
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Announcement Regarding Changes in Consolidated Financial Results for the Fiscal Year Ended March 31, 2019, from the Previous Fiscal Year; Recording of Extraordinary Losses on the Consolidated Financial Statements; and Recording of Non-Operating Income, Non-Operating Expenses, and Extraordinary Losses on the Non-Consolidated Financial Statements

transcocosmos (the Company) today announced that there were changes in the actual figures on the Company's consolidated financial results for the fiscal year ended March 31, 2019 (from April 1, 2018 through March 31, 2019), from those of the previous fiscal year's. The Company also announced that it recorded extraordinary losses on its consolidated financial statements, and also recorded non-operating income, non-operating expenses, and extraordinary losses on its non-consolidated financial statements, the details of which are described below:

Details

1. Changes in the consolidated financial results for the fiscal year ended March 31, 2019 from those of the previous fiscal year's

	Net sales	Operating income	Ordinary income	Net income / (loss) attributable to shareholders of transcocosmos inc.	Basic earnings / (loss) per share
	In million yen	In million yen	In million yen	In million yen	In yen
March 31, 2018 (A)	266,645	6,092	1,802	(2,176)	(52.47)
March 31, 2019 (B)	284,696	5,355	5,394	4,433	106.90
Change (B-A)	18,051	(736)	3,592	6,609	
% change	6.8	(12.1)	199.3	—	

2. Reasons for Changes

On a consolidated basis, the Company achieved a net sales of 284,696 million yen in the fiscal year ended March 31, 2019, which is an increase of 6.8% from the previous fiscal year. This was due to the increased demands for the services in all business segments which were the services of Parent Company and those of domestic and overseas affiliates. With respect to the operating income, it dropped to 5,355 million yen, which was a 12.1% decrease from the previous year. This was due to a rise in selling, general and administrative expenses caused primarily by a decline in the number of large scale one-off projects and upfront investments made for the future growth. With respect to the ordinary income, an increase in the returns from fund management activities and a decrease in loss from equity investments contributed to the improvement of non-operating income or loss and, as a result, the Company gained an income of 5,394 million yen, which was a 199.3% increase from the previous year. In addition, the proceed from the sale of shares in the affiliates had been recorded in the extraordinary income line and as a result, the net income attributable to shareholders of transcosmos inc. increased significantly to 4,433 million yen from 2,176 million yen of net loss attributable to shareholders of transcosmos inc. in the previous year.

3. Recording of extraordinary losses on the consolidated financial statements for the fourth quarter of the current fiscal year

With respect to the goodwill asset and other items recorded at the time of acquiring the shares in the affiliates, due to the fact that the prospect of making gains that the Company had originally planned out of these shares was low, the Company recorded an impairment loss of 3,033 million yen as an extraordinary loss item.

4. Recording of non-operating income, non-operating expenses and extraordinary losses on the non-consolidated financial statements for the fourth quarter of the current fiscal year

The dividend amount of 5,029 million yen received from the affiliates was recorded as a non-operating income item. With respect to the loans to the affiliates, given their financial standing, an amount of 2,336 million yen was provided as an allowance for doubtful accounts in the non-operating expense line.

Due to the fact that some of the affiliates' shares showed significant depreciation in their book values compared with their actual values, an evaluation loss of 7,011 million yen was recorded in the extraordinary loss line.

For more details, please refer to "Consolidated Financial Report For the Fiscal Year Ended March 31, 2019 [J-GAAP]" disclosed today.