February 8, 2019

To whom it may concern:

Relia, Inc.
2-6-5 Yoyogi, Shibuya-ku Tokyo
(Code: 4708 First Section of the Tokyo Stock Exchange)
President: Takashi Amino
Contact: Kenichiro Iwamoto, General Manager
Public and Investor Relations Dept.
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Notification Concerning Inappropriate Accounting

It is with the greatest regret that we are issuing a notification of an occurrence of inappropriate accounting that has been uncovered at Relia, Inc. ("the Company"). The details are as follows:

1. Summary of the inappropriate accounting

On December 18, 2018, the Company's audit firm, Deloitte Touche Tohmatsu LLC ("the Auditor") advised us of the possibility that inappropriate recording of costs had taken place in the back office business (outsourced administrative services) of the BPO Business Division of the Service Solution Sector, involving the transfer of back office costs to costs of other operations. The Company's Internal Audit Division immediately launched an investigation that included investigating company ledgers and conducting interviews and resulted in confirmation that such inappropriate cost recording had taken place. In addition to confirming the facts of this matter, the Internal Audit Division also conducted investigations to ascertain whether there had been similar cases in other divisions besides BPO Business Division of the Service Solution Sector concerned. On January 10, 2019, the Internal Audit Division reported the findings of its investigation to the President and the Company also provided a report to the Audit Firm. However, on January 18, 2019, the Auditor informed the Company that further investigation would be required and on January 19, 2019, the Company established a seven-member internal investigation committee (see "Appendix" for a summary of the internal investigation committee)), chaired by Hidenori Azabu, Director, CFO, CPO, and CCO of the Company, to conduct an investigation of the facts.

What is known at this time is that the BPO Business Division of the Service Solution Sector transferred personnel costs and temporary staff costs incurred by several of the Division's less profitable businesses to several high-profit businesses within the same Division. At this time, this inappropriate accounting has been confirmed to have taken place during the fiscal year ending March 2017, 2018, and 2019. In case of the issue, the Company has different methods for recording sales revenue depending on the business, employing the percentage-of-completion method for high-profit businesses and the services rendered method for less profitable businesses. It is anticipated, therefore, that this incident will have an effect on the Company's profit/loss for these periods. Based on the findings of the initial investigation, for fiscal year ending March 2019, the impact was calculated to be an increase of 81 million yen in net sales, 81 million yen in gross profit, and 81 million yen in operating profit. However, in the process of the investigation, several other fact have subsequently been revealed, the effects of which are currently being calculated.

According to these new findings, as a rough estimate, costs (personnel expenses) of 150 million yen for the fiscal year ending March 2017 and 400 million yen for the fiscal year ending March 2018 were thought to be transferred inappropriately. However, its amount of impact for these periods transferred between business with different recording methods and its impact of profit/loss are still being calculated. We will announce the final value of the impact as soon as it is known. At this time, we have not identified any recording of fictitious sales or padding of costs. There has also been no confirmation of incidents such as over-charging to customers as a result of inappropriate recording of sales. The amounts stated above are not final and may change after further investigation and auditing by the Auditor.

Upon receipt of the report of the findings of the internal investigation committee on February 12, 2019, the Company intends to report those investigation findings to the Auditor. Based on these findings, the Auditor plans to determine whether additional investigation and/or auditing work regarding this inappropriate accounting will be required. We expect to know the outcome of the Auditor's decision regarding this matter within the same day.

2. Impact on business performance

Regarding the impact of this inappropriate cost recording on our business performance, as described in 1. above, the final impact is still being calculated and is as of yet unknown, including whether it will increase or decrease. As this inappropriate accounting took place during fiscal year ending March 2017, March 2018, and March 2019, retroactive adjustments to the financial results of the past fiscal periods may be required. However, the value of the impact and the need for retroactive adjustments have not yet been finalized, and there is a possibility these matters will change after further investigation and auditing by the accounting auditor.

3. Future plans

The Company is currently in discussions with the Auditor regarding the scope and impact amount from the inappropriate accounting, the need for further investigation, and other matters as part of the Auditor's quarterly review process.

In order to submit the Company's Quarterly Securities Reports for the Nine Months Ended December 31, 2018, we will cooperate fully with the Auditor in its audit process and work towards finalizing the Company's third quarter financial results. However, further auditing by the Auditor may become necessary in the future. We will provide further notification regarding the submission of the Quarterly Securities Reports for the Nine Months Ended December 31, 2018 for which the deadline is February 14, 2019, based on the status of this matter. The Company also intends to release the findings of the internal investigation committee as soon as possible.

4. Disclosure of Summary of Quarterly Consolidated Financial Results

The company had planned to announce its third quarter results for fiscal year ending March 2019 on February 14, 2019 but as noted in 3 above, the date of release of the Summary of consolidated Financial Results for the Nine Months Ended December 31, 2018 is as yet undecided. The Company will advise promptly once the release date has been decided.

We extend our sincere apologies to our shareholders, investors, and all related parties for the significant inconvenience this matter has caused.

(Appendix) Summary of Internal Investigation Committee

Investigation objectives

1. Main investigation

Full-scale investigation into inappropriate transfer of costs in the BPO Business Division of the Service Solution Sector and the investigation and discovery of inappropriate cost recording in other businesses of the same division

2. Peripheral investigation

Investigation and discovery of inappropriate cost recording in the BPO Business Division of the Service Solution Sector prior to fiscal year ending March 2018

Investigation and discovery of inappropriate cost recording in other divisions prior to fiscal year ending March 2019

Members of the internal investigation committee

Chair: Hidenori Azabu (Director, CFO, CPO, and CCO)

Committee Member: Tadashi Saito (General Manager, Internal Audit Division)

Committee Member: Shigeru Takihara (General Manager, Corporate Planning Division)

Committee Member: Tadayoshi Abe (General Manager, Finance and Accounting Division)

Committee Member: Toshihiko Suzuki (Deputy General Manager, Finance and Accounting Division)

Committee Member: Kazuo Kobayashi (General Manager, Legal Division)

Committee Member: Yoshiaki Shiramizu (General Manager, Internal Control Department)