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Securities Code: 9715

June 3, 2019

## To Our Shareholders

Masataka Okuda  
President and COO  
**transcosmos inc.**  
25-18, Shibuya 3-chome, Shibuya-ku,  
Tokyo, Japan

## NOTICE OF THE 34<sup>th</sup> ANNUAL GENERAL MEETING OF SHAREHOLDERS

You are cordially invited to attend the 34<sup>th</sup> Annual General Meeting of Shareholders. The meeting will be held as described below.

If you are unable to attend the meeting, you can exercise your voting rights either in writing or by electronic means (Internet, etc.). Please review the Reference Documents for the Annual General Meeting of Shareholders shown in the following pages and exercise your voting rights by the deadline indicated in “Procedures for the Exercise of Voting Rights” on the next page.

**1. Date and Time:** 10:00 a.m., Tuesday, June 25, 2019  
(Venue opens at 9:00 a.m.)

**2. Place:** Shibuya Stream Hall  
21-3, Shibuya 3-chome, Shibuya-ku, Tokyo  
Please note that the meeting is being held in a different venue than that used last year.

### 3. Agenda of the Meeting:

- Matters to be reported:**
1. Business Report, Consolidated Financial Statements and results of audits by the Accounting Auditor and the Audit and Supervisory Committee of the Consolidated Financial Statements for the 34<sup>th</sup> Fiscal Term (from April 1, 2018 to March 31, 2019)
  2. Financial Statements for the 34<sup>th</sup> Fiscal Term (from April 1, 2018 to March 31, 2019)

### Proposals to be resolved:

- Proposal No. 1:** Appropriation of Surplus for the 34<sup>th</sup> Fiscal Term  
**Proposal No. 2:** Partial Amendment to Articles of Incorporation  
**Proposal No. 3:** Election of Fourteen Directors (excluding Directors who are Audit and Supervisory Committee Members)

1. For those attending, please submit the enclosed Voting Rights Exercise Form at the reception desk on arrival at the meeting.
2. As for the Notes to Consolidated Financial Statements and the Notes to Non-Consolidated Financial Statements, the Company posted them on its website (<https://www.trans-cosmos.co.jp/english/ir/>) pursuant to applicable laws and regulations and Article 14 of the Company’s Articles of Incorporation.
3. Please note that, if it becomes necessary to amend any matters related to the contents described in the attached Reference Documents for the Annual General Meeting of Shareholders, Business Report, Consolidated Financial Statements, or Financial Statements before the day preceding the Annual General Meeting of Shareholders, the amended contents will be presented on the Company’s website at: (<https://www.trans-cosmos.co.jp/english/ir/>).
4. The information in this Notice was posted on the Company’s website (<https://www.trans-cosmos.co.jp/english/ir/>) before it was mailed to promptly provide the information.

## Procedures for the Exercise of Voting Rights

Voting rights can be exercised in the following three ways.

### 1. By attending the general meeting of shareholders

Submit the Voting Rights Exercise Form at the reception desk. (It is not necessary to attach your seal.)

Date and Time: 10:00 a.m., Tuesday, June 25, 2019 (Venue opens at 9:00 a.m.)

Place: Shibuya Stream Hall  
21-3, Shibuya 3-chome, Shibuya-ku, Tokyo

### 2. In writing

Please indicate whether you approve or disapprove of each proposal on the enclosed Voting Rights Exercise Form and then mail the Form without attaching a postage stamp.

If a Voting Rights Exercise Form is submitted without an indication of whether you approve or disapprove of the proposal, it will be treated as if you approve of the proposal.

Deadline to exercise rights: Must arrive by 5:50 p.m., Monday, June 24, 2019

### 3. Via the Internet, etc.

Please access the website for the exercise of voting rights (<https://www.web54.net>) from either a personal computer, a smartphone or mobile phone, enter the code and password provided on the enclosed Voting Rights Exercise Form, and follow the instructions on the screen to register whether you approve or disapprove each proposal.

Shareholders who use a smartphone can access the website for the exercise of voting rights easily by having the smartphone read the QR code\* shown in the Voting Rights Exercise Form.

\* QR Code is registered trademarks of DENSO WAVE INCORPORATED.

Deadline to exercise rights: By 5:50 p.m., Monday, June 24, 2019

#### Exercise of voting rights via the Internet, etc.

- 1) If you exercise your voting rights redundantly both by mail and via the Internet, we will treat your Internet vote as the valid exercise of your voting rights, regardless of the time or date of arrival of your vote.
- 2) If you exercise your voting rights several times via the Internet, or if you exercise your voting rights more than once using the computer and mobile phone, we will treat the most recent vote as the valid exercise of your voting rights.
- 3) Connection fees payable to the providers and communication expenses payable to telecommunication carriers (including access charges) when accessing the website for the exercise of voting rights will be borne by the shareholders.

#### Inquiries about How to Operate Personal Computers, etc.

1. If you have any questions about how to operate PCs, mobile phones, etc., concerning the exercise of voting rights via the Internet on the site, please call the following number.

Sumitomo Mitsui Trust Bank, Limited, Stock Transfer Agency Web Support

Direct Line: (Toll free) 0120-652-031 (9:00 – 21:00; within Japan only)

2. For other inquiries, please call one of the following numbers.

- 1) Shareholders who have accounts with securities companies:

Shareholders who have accounts with securities companies are requested to make inquiries to the securities company where they respectively have accounts.

- 2) Shareholders who do not have accounts with securities companies (Shareholders who have special accounts):

Sumitomo Mitsui Trust Bank, Limited, Stock Transfer Agency Administration Center

(Toll free) 0120-782-031 (9:00 – 17:00, excluding the weekend and holidays; within Japan only)

#### TSE Platform for the Electronic Exercise of Voting Rights

Institutional investors may use the “Electronic Voting Platform for Institutional Investors” (the “TSE Platform”) managed by ICJ Inc. to exercise their voting rights by electronic manner.

## Reference Documents for the Annual General Meeting of Shareholders

### Proposals and references

#### **Proposal No. 1:** Appropriation of Surplus for the 34<sup>th</sup> Fiscal Term

Matters related to year-end dividend

Having positioned redistribution of profits to shareholders as one of its most important management policies, the Company has adopted a policy to emphasize dividend propensity linked to business performance, and its policy is to improve the market value of the Company stock as a result of redistributing profits to shareholders.

Taking into the consideration the above policy, the Company proposes to pay the following dividends for the current fiscal year.

Type of dividend asset

Cash

Allotment of dividend assets to shareholders and total amount

33 yen per share of common stock of the Company

Total amount 1,368,683,118 yen

Effective date of dividend of surplus

Wednesday, June 26, 2019

**Proposal No. 2: Partial Amendment to Articles of Incorporation**

1. Reasons for Amendments

Additions will be made to Article 2 (Purpose) of the current Articles of Incorporation so that the Company can respond to greater diversity in its business activities.

2. Details of Amendments

The details of the amendments are as follows.

(Underlined sections are amendments.)

Current Version	Proposed Amendments
<p>(Purpose) Article 2 The purpose of the Company shall be to engage in the following businesses:</p> <p>1. - 15. (Omitted)</p> <p>16. Non-life insurance agency business and business concerning the solicitation of life insurance</p> <p>17. - 31. (Omitted)</p>	<p>(Purpose) Article 2 The purpose of the Company shall be to engage in the following businesses:</p> <p>1. - 15. (Same as present)</p> <p>16. Non-life insurance agency business and business concerning the solicitation of life insurance <u>and small-amount and short-term insurance</u></p> <p>17. - 31. (Same as present)</p>

**Proposal No. 3:** Election of Fourteen Directors (excluding Directors who are Audit and Supervisory Committee Members)

The term of office of all fourteen Directors (excluding Directors who are Audit and Supervisory Committee Members) will expire at the conclusion of this Annual General Meeting of Shareholders. Therefore, the Company proposes the election of fourteen Directors.

With regard to this Proposal, the Audit and Supervisory Committee of the Company has determined that all of the Director candidates are well qualified for the position.

The Director candidates are as follows:

Candidate No.	Name	Position	Candidate Attribute		
1	Koki Okuda	Founder, Representative Director & Group CEO	Reelection		
2	Koji Funatsu	Chairman, Representative Director & CEO	Reelection		
3	Masataka Okuda	President, Representative Director & COO	Reelection		
4	Koichi Iwami	Director, Executive Vice President	Reelection		
5	Masaaki Muta	Director, Senior Corporate Executive Officer	Reelection		
6	Masatoshi Kouno	Director, Senior Corporate Executive Officer	Reelection		
7	Takeshi Kamiya	Director, Corporate Executive Officer	Reelection		
8	Kenshi Matsubara	Senior Corporate Executive Officer	New election		
9	Ken Inazumi	Senior Corporate Executive Officer	New election		
10	Kiyoshi Shiraishi	Director, Corporate Executive Officer & CTO	Reelection		
11	Shunsuke Sato	Director, Corporate Executive Officer & CMO	Reelection		
12	Rehito Hatoyama	Outside Director	Reelection	Outside	Independent executive
13	Toru Shimada	Outside Director	Reelection	Outside	Independent executive
14	Genichi Tamatsuka	-	New election	Outside	Independent executive

Candidate No.	Name (Date of Birth)	Career summary, position and areas of responsibility at the Company (Significant concurrent positions outside the Company)	No. of Company shares held
1	Koki Okuda (January 9, 1937)  Reelection	<p>June 1966      Established Maruei Keisan Center Kabushiki Kaisha and became President, Representative Director</p> <p>June 1985      President, Representative Director of the Company</p> <p>June 1998      Chairman, Representative Director &amp; President</p> <p>September 2002    Chairman, Representative Director &amp; Group CEO</p> <p>June 2003      Founder, Representative Director &amp; Group CEO (present post)</p> <hr/> <p>Reason for selecting him as a Director candidate As the founder of the Company, he has been Representative Director for a long time, and has shown strong leadership aimed at improving the sustainable corporate value of the Company and the Group. We have judged that we can expect him to make important business execution decisions at Board of Directors meetings and strengthen the functions to supervise executive departments, making the best use of his abundant experience and excellent knowledge as a manager. Accordingly, we have selected him as a candidate for Director.</p>	5,498,800 shares (– shares)
2	Koji Funatsu (March 18, 1952)  Reelection	<p>April 1981      Joined Recruit Co., Ltd.</p> <p>December 1995    Director of Recruit Hokkaido Jalan Co., Ltd.</p> <p>April 1998      Joined the Company, General Manager of Business Planning &amp; Development Division</p> <p>June 1998      Managing Director</p> <p>June 1999      Senior Managing Director, Assistance in Overseas Business Control</p> <p>April 2000      Vice President, Representative Director  In charge of Marketing and Consulting Divisions, in charge of each Business Divisions</p> <p>September 2002    President, Representative Director &amp; CEO</p> <p>June 2003      Chairman, Representative Director &amp; CEO</p> <p>October 2014     Outside Director, Member of the Board of KADOKAWA DWANGO CORPORATION (present post)</p> <p>June 2018      Chairman, Representative Director &amp; CEO and in charge of Compliance Promotion Department (present post)</p> <p>(Significant concurrent positions outside the Company) Outside Director, Member of the Board of KADOKAWA DWANGO CORPORATION</p> <hr/> <p>Reason for selecting him as a Director candidate Since assuming the position of Chairman, Representative Director &amp; CEO in 2003, he has shown strong leadership aimed at improving the sustainable corporate value of the Company and the Group. We have judged that we can expect him to make important business execution decisions at Board of Directors meetings and strengthen the functions to supervise executive departments, making the best use of his abundant experience and excellent knowledge as a manager. Accordingly, we have selected him as a candidate for Director.</p>	25,200 shares (7,489 shares)

Candidate No.	Name (Date of Birth)	Career summary, position and areas of responsibility at the Company (Significant concurrent positions outside the Company)	No. of Company shares held
3	Masataka Okuda (March 29, 1967)  Reelection	<p>April 1988      Joined the Company</p> <p>June 1996      Director, Deputy General Manager of Marketing Division</p> <p>September 2002      Vice President, Representative Director &amp; COO</p> <p>June 2003      President, Representative Director &amp; COO (present post)</p> <p>Reason for selecting him as a Director candidate Since assuming the position of President, Representative Director &amp; COO in 2003, he has shown strong leadership aimed at improving the sustainable corporate value of the Company and the Group. We have judged that we can expect him to make important business execution decisions at Board of Directors meetings and strengthen the functions to supervise executive departments, making the best use of his abundant experience and excellent knowledge as a manager. Accordingly, we have selected him as a candidate for Director.</p>	5,910,368 shares (25,657 shares)
4	Koichi Iwami (January 10, 1967)  Reelection	<p>April 1993      Joined Ajinomoto Co., Inc.</p> <p>March 2001      Joined the Company</p> <p>June 2002      Director, Deputy General Manager of Business Development Division</p> <p>June 2003      Managing Director, General Manager of Marketing Chain Management Services Business Division, Services Division</p> <p>June 2005      Senior Managing Director</p> <p>June 2006      Executive Vice President, Director</p> <p>March 2012      Chairman of transcosmos Korea Inc.</p> <p>February 2015      Director of UNQ (Shanghai) Supply Chain Management Co., Ltd. (present post)</p> <p>June 2017      Director, Executive Vice President, Chief of Global Business Headquarters, in charge of DEC Headquarters and Services Promotion Division of the Company</p> <p>March 2018      Chairman, Director &amp; CEO of transcosmos Korea Inc. (present post)</p> <p>April 2019      Director, Executive Vice President, Chief of Global Business Headquarters, in charge of DEC Headquarters and Services Promotion Sector of the Company (present post)</p> <p>(Significant concurrent positions outside the Company) Chairman, Director &amp; CEO of transcosmos Korea Inc. Director of UNQ (Shanghai) Supply Chain Management Co., Ltd.</p> <p>Reason for selecting him as a Director candidate Given his abundant experience and excellent knowledge as a manager of the Company and Group companies in Japan and abroad, we have judged that he can make important business execution decisions at Board of Directors meetings and appropriately supervise businesses of which he is in charge toward the realization of business growth of the Company and the Group. Accordingly, we have selected him as a candidate for Director.</p>	6,000 shares (311 shares)

Candidate No.	Name (Date of Birth)	Career summary, position and areas of responsibility at the Company (Significant concurrent positions outside the Company)	No. of Company shares held
5	Masaaki Muta (February 9, 1965) Reelection	<p>April 1989      Joined Recruit Co., Ltd.</p> <p>June 1999      Managing Director, Doubleclick Japan Inc.</p> <p>June 2003      Joined the Company, Deputy Manager of Marketing Chain Management Services Business Division, Sales Division No. 1</p> <p>June 2012      Executive Managing Director, Chief of Sales Division and General Manager of Sales Headquarters, Global Business Sales Administration Department</p> <p>April 2015      Senior Executive Managing Director, Chief of Sales Headquarters and Deputy General Manager of Services Promotion Division</p> <p>June 2017      Director, Senior Corporate Executive Officer, Chief of Sales Headquarters, in charge of Services Promotion Division, and DEC Headquarters, Account Executive</p> <p>April 2019      Director, Senior Corporate Executive Officer, Co-Chief of DEC Headquarters, Co-Chief of Sales Headquarters, Deputy Chief of Global Business Headquarters, and in charge of DEC Headquarters, AE Sector (present post)</p> <p>Reason for selecting him as a Director candidate Given his abundant experience and knowledge in the fields of sales strategy and business promotion, we have judged that he can make important business execution decisions at Board of Directors meetings and appropriately supervise businesses of which he is in charge toward the realization of business growth of the Company and the Group. Accordingly, we have selected him as a candidate for Director.</p>	108 shares (2,833 shares)
6	Masatoshi Kouno (August 22, 1965) Reelection	<p>March 1986      Joined the Company</p> <p>June 2011      Corporate Senior Officer, General Manager of Services Promotion Division</p> <p>June 2013      Executive Managing Director, Chief of Business Process Outsourcing Services Headquarters and Deputy General Manager of Services Promotion Division</p> <p>June 2017      Director, Corporate Executive Officer, Chief of Business Process Outsourcing Services Headquarters and General Manager of Services Promotion Division</p> <p>April 2019      Director, Senior Corporate Executive Officer, Chief of Business Process Outsourcing Services Headquarters and Chief of Services Promotion Sector (present post)</p> <p>Reason for selecting him as a Director candidate Given his abundant experience and knowledge in the field of BPO, we have judged that he can make important business execution decisions at Board of Directors meetings and appropriately supervise businesses of which he is in charge toward the realization of business growth of the Company and the Group. Accordingly, we have selected him as a candidate for Director.</p>	4,800 shares (1,425 shares)

Candidate No.	Name (Date of Birth)	Career summary, position and areas of responsibility at the Company (Significant concurrent positions outside the Company)	No. of Company shares held
7	Takeshi Kamiya (August 30, 1973)  Reelection	<p>April 1998      Joined NIPPON TELEGRAPH AND TELEPHONE CORPORATION</p> <p>July 2005      Joined Bain &amp; Company Japan, Inc.</p> <p>October 2015    Joined the Company, Corporate Senior Officer, General Manager of Corporate Strategy Division</p> <p>June 2016      Corporate Executive Officer, General Manager of Corporate Strategy Division</p> <p>June 2017      Director, Corporate Executive Officer, General Manager of Corporate Strategy Division, Deputy Chief of DEC Headquarters, General Manager of Global E-Commerce/DS Promotion Division of DEC Headquarters, and General Manager of Global End-to-End e-commerce/DS Division of DEC Headquarters</p> <p>April 2019      Director, Corporate Executive Officer, General Manager of Corporate Strategy Division, General Manager of Global E-Commerce/DS Promotion Division, and in charge of End-to-End e-commerce/DS Division of DEC Headquarters (present post)</p>	– shares (794 shares)
Reason for selecting him as a Director candidate Given his abundant experience and knowledge in the fields of management strategy and consulting, we have judged that he can make important business execution decisions at Board of Directors meetings and appropriately supervise businesses of which he is in charge toward the realization of business growth of the Company and the Group. Accordingly, we have selected him as a candidate for Director.			
8	Kenshi Matsubara (April 3, 1964)  New election	<p>April 1987      Joined Recruit Co., Ltd.</p> <p>July 2000      Joined Net Perceptions Japan Inc.</p> <p>May 2002      Joined the Company</p> <p>July 2007      Corporate Officer, General Manager of Metropolitan Region Division I Service of Call Center Service Sector</p> <p>April 2015      Corporate Senior Officer, Chief of Contact Center Service Headquarters</p> <p>June 2016      Corporate Executive Officer, Chief of DEC Headquarters and Deputy General Manager of Services Management Division</p> <p>April 2019      Senior Corporate Executive Officer, Co-Chief of DEC Headquarters and Chief of Digital Communication Center Sector of DEC Headquarters (present post)</p>	800 shares (– shares)
Reason for selecting him as a Director candidate Given his abundant experience and knowledge in the field of contact center services, we have judged that he can make important business execution decisions at Board of Directors meetings and appropriately supervise businesses of which he is in charge toward the realization of business growth of the Company and the Group. Accordingly, we have selected him as a candidate for Director.			

Candidate No.	Name (Date of Birth)	Career summary, position and areas of responsibility at the Company (Significant concurrent positions outside the Company)	No. of Company shares held
9	Ken Inazumi (January 22, 1974)  New election	<p>April 1996      Joined Ricoh Company, Ltd.</p> <p>April 2013      Director &amp; COO of NHN PlayArt Corp. (present NHN JAPAN Corp.)</p> <p>February 2014    President of NHN PlayArt Corp. (present NHN JAPAN Corp.)</p> <p>October 2015     President of NHN Techorus Corp.</p> <p>March 2017      Joined the Company, Corporate Executive Officer, General Manager of Digital Transformation Division</p> <p>December 2017   Senior Corporate Executive Officer, Co-Chief of DEC Headquarters and General Manager of Digital Transformation Division of DEC Headquarters (present post)</p> <p>June 2018      Outside Director of Wacom Co., Ltd. (present post)</p> <p>(Significant concurrent positions outside the Company) Outside Director of Wacom Co., Ltd.</p> <p>Reason for selecting him as a Director candidate Given his abundant experience and knowledge in the field of Internet services, we have judged that he can make important business execution decisions at Board of Directors meetings and appropriately supervise businesses of which he is in charge toward the realization of business growth of the Company and the Group. Accordingly, we have selected him as a candidate for Director.</p>	– shares (– shares)

Candidate No.	Name (Date of Birth)	Career summary, position and areas of responsibility at the Company (Significant concurrent positions outside the Company)	No. of Company shares held
10	Kiyoshi Shiraishi (September 26, 1956)  Reelection	<p>April 1981      Joined FUJITSU LIMITED</p> <p>July 1988      Joined Recruit Co., Ltd.</p> <p>November 1998      Joined the Company, Deputy General Manager of Business Planning &amp; Development Division President and Representative Director of J-Stream Inc.</p> <p>June 2014      Executive Managing Director, CTO and Services Promotion Division Deputy of the Company</p> <p>April 2016      Chairman and Representative Director of J-Stream Inc. (present post)</p> <p>June 2017      Director, Corporate Executive Officer &amp; CTO, Deputy General Manager of Services Promotion Division of the Company</p> <p>April 2019      Director, Corporate Executive Officer &amp; CTO, Deputy Chief of Services Promotion Sector and General Manager of Digital Technology Promotion Division of Services Promotion Sector (present post)</p> <p>(Significant concurrent positions outside the Company) Chairman and Representative Director of J-Stream Inc.</p> <p>Reason for selecting him as a Director candidate With his abundant experience and knowledge in the IT field, he has promoted the enhancement of technological development and information security of the Company and the Group. We have judged that, continuing to serve as the CTO, he can make important business execution decisions at Board of Directors meetings and appropriately supervise businesses of which he is in charge toward the realization of business growth. Accordingly, we have selected him as a candidate for Director.</p>	– shares (815 shares)

Candidate No.	Name (Date of Birth)	Career summary, position and areas of responsibility at the Company (Significant concurrent positions outside the Company)	No. of Company shares held
11	Shunsuke Sato (June 3, 1978)  Reelection	<p>April 2001      Joined Value Click Japan, Inc.</p> <p>November 2011      Representative Director &amp; Chairman of s1o interactive.inc (present Heartlass, Inc.)</p> <p>March 2015      Outside Director of Beagle Inc. (present post)</p> <p>April 2015      Managing Director of SOCIAL GEAR PTE LTD (present post)</p> <p>June 2016      Joined the Company, Director, CMO</p> <p>June 2017      Director, Corporate Executive Officer &amp; CMO and in charge of DEC Headquarters, DEC Innovation</p> <p>April 2019      Director, Corporate Executive Officer &amp; CMO and in charge of Business Innovation Division (present post)</p> <p>(Significant concurrent positions outside the Company)</p> <p>Outside Director of Beagle Inc.</p> <p>Reason for selecting him as a Director candidate Given his abundant experience and knowledge in the marketing field, he has promoted the branding/EC businesses of the Company and the Group. We have judged that, continuing to serve as the CMO, he can make important business execution decisions at Board of Directors meetings and appropriately supervise businesses of which he is in charge toward the realization of business growth. Accordingly, we have selected him as a candidate for Director.</p>	339,500 shares (– shares)
12	Rehito Hatoyama (January 12, 1974)  Reelection Outside Independent executive  Term of office: three years	<p>April 1997      Joined Mitsubishi Corporation</p> <p>May 2008      Joined Sanrio Co., Ltd.</p> <p>April 2013      Managing Director of Sanrio Co., Ltd.</p> <p>June 2013      Outside Director of DeNA Co., Ltd.</p> <p>June 2015      CEO of Sanrio Media &amp; Pictures Entertainment, Inc.</p> <p>March 2016      Outside Director of LINE Corporation (present post)</p> <p>April 2016      Outside Director of Pigeon Corporation (present post)</p> <p>June 2016      Outside Director of the Company (present post)</p> <p>July 2016      Representative Director of Hatoyama Soken Corporation (present post)</p> <p>(Significant concurrent positions outside the Company)</p> <p>Outside Director of LINE Corporation</p> <p>Outside Director of Pigeon Corporation</p> <p>Representative Director of Hatoyama Soken Corporation</p> <p>Reason for selecting him as an Outside Director candidate Given his abundant experience and knowledge in the fields of Internet services and global business promotion, we have judged that he is an appropriate person to provide advice and supervision to the management of the Company toward the realization of sustainable enhancement of its corporate value. Accordingly, we have selected him as a candidate for Outside Director.</p>	– shares (– shares)

Candidate No.	Name (Date of Birth)	Career summary, position and areas of responsibility at the Company (Significant concurrent positions outside the Company)	No. of Company shares held
13	<p>Toru Shimada (March 3, 1965)</p> <p>Reelection Outside Independent executive</p> <p>Term of office: three years</p>	<p>April 1987      Joined Recruit Co., Ltd.</p> <p>June 1989      Founded Intelligence, Ltd. (present PERSOL CAREER CO., LTD.)</p> <p>September 1989      Director of Intelligence, Ltd.</p> <p>January 2008      Representative Director &amp; President &amp; Owner of Rakuten Baseball, Inc.</p> <p>November 2014      Representative Director of Rakuten, Inc.</p> <p>June 2016      Outside Director of the Company (present post)</p> <p>March 2017      Vice President, Director &amp; COO of U-NEXT Co., Ltd.</p> <p>December 2017      Vice President, Director &amp; COO of USEN-NEXT HOLDINGS Co., Ltd. (present post)</p> <p>June 2018      Outside Director of TSUKUI CORPORATION (present post)</p> <p>(Significant concurrent positions outside the Company)</p> <p>Vice President, Director &amp; COO of USEN-NEXT HOLDINGS Co., Ltd.</p> <p>Outside Director of TSUKUI CORPORATION</p> <hr/> <p>Reason for selecting him as an Outside Director candidate  He has successively held important positions including Representative Director in several companies. Given his abundant experience and knowledge in the fields of corporate management in general and Internet services, we have judged that he is an appropriate person to provide advice and supervision to the management of the Company toward the realization of sustainable enhancement of its corporate value.  Accordingly, we have selected him as a candidate for Outside Director.</p>	<p>– shares (– shares)</p>

Candidate No.	Name (Date of Birth)	Career summary, position and areas of responsibility at the Company (Significant concurrent positions outside the Company)	No. of Company shares held
14	Genichi Tamatsuka (May 23, 1962) New election Outside Independent executive	<p>April 1985      Joined Asahi Glass Co., Ltd. (present AGC Inc.)</p> <p>November 2002      President and COO of FAST RETAILING CO., LTD</p> <p>September 2005      Established Revamp Corporation, Representative Director and President of the company</p> <p>May 2014      Representative Director and President of Lawson, Inc.</p> <p>March 2017      Outside Director of Yamaha Motor Co., Ltd. (present post)</p> <p>June 2017      President and CEO of Hearts United Group Co., Ltd. (present DIGITAL HEARTS HOLDINGS Co., Ltd.) (present post)</p> <p>September 2017      Outside Director of adot co., ltd. (present post)</p> <p>October 2017      Outside Director of RAKSUL INC. (present post)</p> <p>(Significant concurrent positions outside the Company)</p> <p>Outside Director of Yamaha Motor Co., Ltd.</p> <p>President and CEO of Hearts United Group Co., Ltd. (present DIGITAL HEARTS HOLDINGS Co., Ltd.)</p> <p>Outside Director of adot co., ltd.</p> <p>Outside Director of RAKSUL INC.</p>	– shares (– shares)
		<p>Reason for selecting him as an Outside Director candidate</p> <p>He has successively held important positions including Representative Director in several companies. Given his abundant experience and knowledge in the field of corporate management in general, we have judged that he is an appropriate person to provide advice and supervision to the management of the Company toward the realization of sustainable enhancement of its corporate value. Accordingly, we have selected him as a candidate for Outside Director.</p>	

- Notes: 1. Figures in parentheses in the column of “No. of Company shares held” by candidates for Directors are equities in the Director’s shareholding society (Fractions smaller than one share are omitted).
2. Shunsuke Sato concurrently holds the position of President and Representative Director of me&stars.inc., with which the Company has business relationship.
- No special interests between any other candidates for Director and the Company.
3. Rehito Hatoyama, Toru Shimada and Genichi Tamatsuka are candidates for Outside Directors.
4. The term of office of each candidate for Outside Director as Outside Director is the term of office at the conclusion of this Annual General Meeting of Shareholders.
5. Liability Limitation Agreement with candidates for Outside Director
- The Company has entered into, with Rehito Hatoyama and Toru Shimada, the liability limitation agreements that limit liability for damages under Article 423, Paragraph 1 of the Companies Act pursuant to the provision of Article 427, Paragraph 1 of the Companies Act. The maximum amount of liability for damages under such agreements is 1 million yen or the amount provided for in Article 425, Paragraph 1 of the Companies Act, whichever is higher. If the reelection of them is approved, the Company intends to continue the liability limitation agreement. In addition, if the election of Genichi Tamatsuka is approved, the Company will enter into the liability limitation agreement.
6. The Company has registered Rehito Hatoyama and Toru Shimada as independent executives stipulated by the Tokyo Stock Exchange. If this proposal is approved and the candidates take the posts of Outside Director, they will continue to be independent executives. In addition, if the election of Genichi Tamatsuka is approved, the Company intends to register him as an independent executive.
7. In fiscal 2018, USEN-NEXT HOLDINGS Co., Ltd., at which Toru Shimada holds a concurrent position, outsourced certain businesses to the Company, but the total amount of the outsourced

businesses accounts for an insignificant part of consolidated sales of the Company (less than 2%). Also, there is no business outsourced by the Company to this company. Accordingly, the Company has determined that his independence is ensured adequately.

8. For the criteria for judging independence of Outside Directors of the Company, please refer to page 16.
9. “DEC,” “AE” and “DS” used in “Career summary, position and areas of responsibility at the Company” of each candidate for Director are abbreviations for “Digital Marketing/EC/Contact Center,” “Account Executive” and “Direct Sales,” respectively.

(Reference) The criteria for judging independence of Outside Directors of the Company are as follows.

1. Outside Directors do not fall under any of the following items currently or during the past three years.
  - 1) An executive officer of a major customer of the Company\*1 or a business operator of which the Company is a major customer\*2
    - \*1. A customer whose total purchases from the Company account for more than 2% of consolidated sales of the Company for any of the past three fiscal years
    - \*2. A business operator whose total sales to the Company account for more than 2% of consolidated sales of said business operator for any of the past three fiscal years
  - 2) A consultant, accounting expert, tax expert, or legal expert who receives a large amount of money or other properties in addition to the remuneration for an officer from the Company\*3
    - \*3. Parties whose total remuneration from the Company exceeds 10.0 million yen for any of the past three fiscal years
  - 3) An executive officer of a nonprofit organization that receives large donations from the Company\*4
    - \*4. Organizations whose total donations from the Company exceed 10.0 million yen or 2% of the gross revenue for the said organization for any of the past three fiscal years
  - 4) Major shareholders of the Company\*5 or their executive officers
    - \*5. Party who holds 10% or more of total voting rights of the Company
2. A close relative within second degree of kinship of the Outside Director does not fall under any of the following items currently (excluding immaterial parties).
  - 1) Executive officer of the Company or its subsidiary
  - 2) A party who falls under 1) - 4) in 1. above.

**BUSINESS REPORT**  
(from April 1, 2018 to March 31, 2019)

**1. Business Overview of the Group**

**(1) Progress and Results of Operations**

During the fiscal year ended March 31, 2019, Japan's economy was generally on a moderate recovery trend although it slowed down somewhat toward the end of the fiscal year on the back of improving employment and income environments, high levels of corporate earnings, and increasing capital investment, etc. On the other hand, the economic outlook remains uncertain due to concerns over the impact on the global economy of, among others, the escalation of U.S.-China trade friction, slowdown in the Chinese economy, and Brexit issues.

In the environment surrounding services in which the Group is engaged, there is greater demand for outsourcing services that increase efficiency of business performance, strengthen cost competitiveness, and lead to greater sales because of various factors including the decrease in working population, globalization of companies, and the progress of digital technologies such as IoT and AI.

In such a situation, the Group was able to increase net sales by aggressively marketing both existing services and new services that we have been developing for future growth in Asian markets, particularly the Japanese, Chinese and South Korean markets. Meanwhile, in the business fields of both DEC services and BPO services, the Group continued to strengthen efforts to realize the development and offering of services that are competitive and unique and/or take advantage of digital technologies and to speed up business expansion overseas. Profitability declined due to the effect of such efforts, cost of sales and selling, general and administrative expenses increased for the time being. However, with steady progress in these efforts, profitability is expected to improve in the future.

In the DEC services field, which provides our client companies with one-stop services to support their marketing, sales, and customer communication functions, where they interact with their customers, the Group focused on developing services that anticipate the needs of our client companies to help them to promote digital transformation and to increase sales. More specifically, we promoted the development and commercialization of LINE-based services as a platform to support marketing, sales, and customer communications in a seamless manner. As demand for LINE-based services is rising not only among private-sector enterprises, but also among national and local government entities to improve the convenience of their services, we will continue to focus our efforts on this area. As for our efforts in new business fields, the Group focused on promoting the "Connected Stadium" business aimed at providing stadiums with ICT-based convenience and "Gotcha!mall," a platform to lead consumers to shops and to connect consumers with products and shops through smartphones using our internationally patented "Quick Ticket" services as a starting point. In addition, we started to offer, among others, the following services that leverage digital technologies: "transpeech," a one-stop voice recognition solution to support contact centers comprehensively from the introduction of a voice recognition environment to the start of its operation; services that utilize "Amazon Connect," a cloud-based contact center of Amazon Web Services Japan; and advertisement operation services that use retargeting advertising optimization AI by combining "DataRobot," cutting edge AI that automates machine learning, with "transcosmosdecode," our proprietary DMP (data management platform).

In the BPO services field, which simplifies our client companies' business processes to improve their speed and accuracy and optimizes their operations by utilizing digital technologies, the Group focused on the development and provision of services that lead to efficiency improvements in business processes and cost optimization by integrating digital features in human operations. More specifically, the Group worked to enhance center-based services that lead to productivity gains in operation. "BPO Center Kumamoto" is offering shared services that can provide industry-standard order placement and receiving functions and will work to realize further productivity improvements through the mounting of automation such as own platform and RPA (robotic process automation). "BPO Center Sasebo" has been newly opened in Nagasaki Prefecture and "BPO Center Kameido" opened previously is now fully operational. The Group will continuously focus on enhancing and developing the center-based services. As demand for services is rising from shared service companies within our client companies that provide back office services such as accounting and personnel affairs, we are strengthening efforts to capture such demand. In addition, we started to offer, among others, the following services that leverage digital technologies: ICT-supported one-stop facility management services for building owners and building management companies; a platform to

streamline the process for obtaining technology certification as business support services mainly targeting manufacturing companies.

The Group is strengthening efforts to become a good digital transformation partner for our client companies that can connect DEC services with BPO services seamlessly to support digital transformation by putting customer first.

Meanwhile, as for our efforts toward overseas expansion, the Group worked to strengthen global distribution of services and the organizational structure to support the provision of services in each local market, particularly in Asia. More specifically, the Group introduced in overseas markets the “Connected Stadium” business and “Gotcha!mall” services, which had previously been introduced in the Japanese market. The Group opened “Jiangzicui Center,” its first contact center in Taiwan, as a new overseas service base. In Indonesia, we newly established “PT. transcocosmos Commerce,” a subsidiary to support EC-related businesses in the Indonesian market, as well as “Semarang Center” and “Jakarta IV Center” as operation bases focusing mainly on contact center services. In addition, the Group worked to enhance operation bases to strengthen the service-support structure in North America. As a result of these efforts, we have established a network that can provide services at 109 bases in 30 countries overseas, and we will continue to strengthen efforts to accelerate overseas expansion.

As a result, consolidated operating results for the fiscal year ended March 31, 2019 were as follows. Net sales were 284,696 million yen, up 6.8% from the previous year. As for profit, operating profit decreased 12.1% from the previous year to 5,355 million yen due to the fall back from a large non-recurring project in the previous fiscal year and the effects of an increase in selling, general and administrative expenses caused by upfront investment for future growth made in the previous fiscal year. Ordinary profit increased 199.3% to 5,394 million yen due to an increase in “gain on investments in partnership” and a decrease in “share of loss of entities accounted for using equity method,” which resulted in an improvement in non-operating profit or loss. The Group also posted a significant increase in profit attributable to owners of parent of 4,433 million yen (as opposed to a loss attributable to owners of parent of 2,176 million yen for the previous fiscal year) due to the recognition of a “gain on sales of subsidiaries and affiliates’ stocks” in extraordinary income.

The operating results by segment are as follows.

#### **The Company’s services**

As a result of factors such as increased demand for outsourcing services of the Company, net sales were 210,224 million yen, up 3.5% from previous year. Segment profit was 4,415 million yen, down 24.3% from the previous year mainly because of the fall back from a large non-recurring project in the previous fiscal year and the effect of upfront investments for future growth made in the previous fiscal year.

#### **Domestic subsidiaries and affiliates**

In domestic subsidiaries and affiliates, sales were 21,030 million yen, up 11.9% from the previous year because of strong orders received particularly at listed subsidiaries, as well as the effect of the inclusion of sales of a newly consolidated subsidiary. Segment profit was 624 million yen, up 143.0% from the previous year due to profitability improvements at listed subsidiaries, as well as a recovery in profitability at some subsidiaries following business restructuring.

#### **Overseas subsidiaries and affiliates**

In overseas subsidiaries and affiliates, sales were 61,974 million yen, up 17.6% from the previous year, because orders received for services in China and South Korea were favorable. Segment profit was 313 million yen (as opposed to a segment loss of 24 million yen for the previous fiscal year) due to profitability improvements at a South Korean subsidiary, as well as the effect of business restructuring at European subsidiaries.

Segment profits are calculated based on operating profit on the Consolidated Statement of Income.

## **(2) Issues to Be Addressed**

### **Medium-term management plan**

As digital technology develops, companies that excel in technology will generate innovation in traditional industries. To respond to the new competitive environment, it is necessary for client companies to move forward with reforms, including “responding to diversification and digitalization of the point of contact

with customers” and “accelerating the digitalization of internal business processes.” The Group regards these changes in the environment as further opportunities for business growth. The Company has stated in the corporate message that it strives to become a Global Digital Transformation Partner, i.e., a provider of new services that tap into digital technology to support client companies’ transformation, and formulated a medium-term management plan for the three years from fiscal 2017. Specifically, the Group is implementing various measures from the following three perspectives:

1) Service innovation

The Group will promote innovation of two new suites of services that will form the core for supporting the digital transformation of client companies. The first is actively providing DEC services that only the Group can provide by optimizing both real and digital points of contact with customers for individuals, which extends from marketing to sales and customer support, mainly for smartphones, and achieving a seamless customer experience. The second is to move forward with efforts to support digitalization of client companies’ internal business processes by leveraging the digital technology-based automation and the digital platform in order to respond to digitalized market and consumers. The Group will support client companies’ transformation for both increasing sales and optimizing costs by seamlessly connecting those two suites of services.

2) Global expansion of services

As for the Group’s overseas business, after the first office was opened in the U.S. in 1989, the business, mainly the offshore development operation business and call center business for local markets in China and South Korea, has grown. Since 2004, the Group has been expanding its business through efforts such as partnerships with local conglomerates in Southeast Asian markets, too. In addition to supporting the global expansion of client companies, particularly Japan-based companies, and introducing the benefits of service innovations throughout the world using the overseas business foundation built up over the years as a foothold, the Group is striving to capture growth opportunities by winning orders from local companies in countries through the world. The Group is expanding its service network on a global scale, growing its business in China, South Korea, and Southeast Asia, on top of entering markets such as Taiwan, where a subsidiary was established in 2016, Europe and Latin America.

3) Becoming a strategic partner for client companies

By accelerating efforts to innovate services and expand globally and providing innovative proposals that meet the expectations of clients, the Group will aim to become the one and only partner that grows with its clients and is indispensable for clients’ growth strategy. The Group will develop long-term partnerships with clients, and in so doing, build a foundation for greater stability and growth for its business and achieve stronger profitability, growth, and corporate value, and meet the expectations of stakeholders.

### **Efforts to realize a sustainable society**

The Group promotes efforts to solve social issues and environmental concerns through its business activities, aiming to realize a sustainable society and continual improvement of corporate value.

- Social contribution activities

By spreading its operation centers to rural areas the Group contributes to local communities, and leveraging its technologies, services and experience, the Group implements social contribution activities centered on supporting human resources development of the future generation for the sustainable development of society, and supporting the promotion of academics and education.

- Diversity promotion activities

To strengthen human resources, the key driver to accelerate business growth and global expansion and to continuously create added value, the Group strives to provide an environment where employees with diverse backgrounds can actively participate and be rewarded, regardless of gender, nationality, disability, etc.

- Environmental activities

Through services with streamlining and labor-saving effects as well as environment-friendly services, the Group helps reduce environmental burden of client companies and the society as whole. Within the Group

it also promotes energy saving and resource saving, and conducts various activities for environmental protection and conservation.

**(3) Status of Raising Funds**

There is nothing significant to be noted during the current fiscal year.

**(4) Status of Capital Investment**

There is nothing significant to be noted during the current fiscal year.

**(5) Transfers, Absorption-type Splits, or Incorporation-type Splits of Business**

There is nothing significant to be noted during the current fiscal year.

**(6) Acquisition of Businesses of Other Companies**

There is nothing significant to be noted during the current fiscal year.

**(7) Succession of Rights and Duties of Other Institutions in Relation to Mergers or Absorption-type Splits**

On April 1, 2019, pursuant to the resolution passed at the meeting of the Board of Directors held on December 27, 2018, the Company completed an absorption-type merger with transcocosmos CRM Wakayama Inc., a consolidated subsidiary of the Company.

**(8) Acquisition or Disposal of the Shares, Other Equities, or Stock Acquisition Rights of Other Companies**

On September 21, 2018, the Company transferred to 青島浩基資產管理有限公司 a portion of the shares of Beijing Tensyn Digital Marketing Technology Joint Stock Company, an affiliate of the Company accounted for using the equity method, which are held by Transcosmos Investment Consulting (Beijing) Co., Ltd., a consolidated subsidiary of the Company. As a result, Beijing Tensyn Digital Marketing Technology Joint Stock Company was excluded from the Company's affiliates accounted for under the equity method.

## (9) Trends of Business Results and Assets of the Group

Category	FY 2016 (31 <sup>st</sup> Fiscal Term)	FY 2017 (32 <sup>nd</sup> Fiscal Term)	FY 2018 (33 <sup>rd</sup> Fiscal Term)	FY 2019 (34 <sup>th</sup> Fiscal Term)
Net sales (millions of yen)	224,605	242,314	266,645	284,696
Ordinary income (millions of yen)	8,870	6,742	1,802	5,394
Profit (loss) attributable to owners of parent (millions of yen)	7,587	7,156	(2,176)	4,433
Profit (loss) per share (yen)	184.45	172.92	(52.47)	106.90
Total assets (millions of yen)	140,674	143,802	129,067	135,268
Net assets (millions of yen)	83,981	85,188	71,199	74,915
Net assets per share (yen)	1,967.29	1,969.70	1,630.39	1,725.27

Notes:

- Profit (loss) per share is calculated by deducting the average number of treasury stock in each fiscal term from the average total number of shares issued in each fiscal term. Net assets per share is calculated by deducting the number of treasury stock as of end of the term from the total number of issued shares as of end of the term.
- Effective from the beginning of the current fiscal year, the Company has applied the “Partial Amendments to Accounting Standard for Tax Effect Accounting” (ASBJ Statement No. 28, February 16, 2018). Accordingly, deferred tax assets are presented in the “investments and other assets” section and deferred tax liabilities in the “fixed liabilities” section. The corresponding figures for the previous fiscal year presented are also reclassified accordingly.

## (10) Status of Parent Company and Major Subsidiaries

### 1) Relationship with the parent company

Not applicable.

### 2) Major subsidiaries

Name	Capital	Ratio of voting	Principal business
J-Stream Inc.	2,182 million yen	53.78%	Data distribution service business using the Internet
APPLIED TECHNOLOGY CO., LTD.	600 million yen	60.22%	System integration business for GIS/manufacturers
transcosmos Korea Inc.	KRW5,302 million	99.99%	DEC Services in Korea
transcosmos CC China	RMB153 million	100.00%	DEC Services in China

## (11) Principal Business of the Group (As of March 31, 2019)

<b>DEC (Digital Marketing/EC/Contact Center) Services</b>
Comprehensive service comprising of digital marketing services, e-commerce one-stop services and contact center services that supports improving customer experience by removing the barrier between marketing, sales and support to centralize diversified consumer touchpoints. Integrating our long-standing, proven know-how on consumer communication and digital technology with our global service network, we support improvement of customer loyalty for clients as well as to expand their sales and profits.
<b>BPO (Business Process Outsourcing) Services</b>
This is a service that supports accounting/finance and human resources back office operations, order and purchase operations, information system operation and maintenance, machine and architectural design, etc. Leveraging the digital technology-based automation and the digital platform, the Group simplifies clients' business process and supports its operation.

**(12) Principal Business Offices of the Group (As of March 31, 2019)**

Office	Location
Main Office	25-18, Shibuya 3-chome, Shibuya-ku, Tokyo
Head Office, Branch Offices and Business Offices	Osaka, Nagoya, Kyoto, Wakayama, Fukuoka, Silicon Valley
Domestic Offices	Sapporo, Aomori, Sendai, Kawaguchi, Ichikawa, Tokyo, Yokohama, Nagoya, Osaka, Kobe, Wakayama, Fukuoka, Nagasaki, Sasebo, Kumamoto, Oita, Miyazaki, Naha, Okinawa, Uruma
Overseas Offices	China, Taiwan, South Korea, Indonesia, Thailand, Vietnam, Philippines, Malaysia, Singapore, India, UAE, South Africa, Hungary, U.K., Sweden, Norway, Estonia, Denmark, Finland, Ukraine, Bulgaria, Belgium, Poland, Romania, Canada, U.S.A., Brazil, Mexico, Argentina, Colombia

Note: Offices of the Group companies are included in the above.

**(13) Employees (As of March 31, 2019)**

## 1) Employees of the Group

Segment	Number of employees	Number of temporary employees
The Company's services	14,106	21,407
Domestic subsidiaries and affiliates	1,101	1,021
Overseas subsidiaries and affiliates	14,844	2,438
Total	30,051	24,866

## 2) Employees of the Company

Number of employees	Year-on-year change	Average age	Average length of service
14,106 (21,407)	+ 3,497 (- 1,166)	36 years, 2 months	8 years, 7 months

## Notes:

1. "Number of employees" refers to the number of employees actually working at the Company. Number of temporary employees is separately indicated in parentheses, which shows the average number in the current fiscal year.
2. A comparison with the end of the previous fiscal year by segment is as follows:
  - The Company's services ..... Number of employees up by 3,497, Number of temporary employees down by 1,166
  - Domestic subsidiaries and affiliates ..... Number of employees up by 8, Number of temporary employees up by 56
  - Overseas subsidiaries and affiliates ..... Number of employees up by 1,671, Number of temporary employees up by 556

This is mainly because of personnel reclassification from temporary employees to employees upon contract conversions to labor contracts for an indefinite period and new graduates hired in "The Company's services," as well as increases to respond to growth in orders received in "Overseas subsidiaries and affiliates."

**(14) Major Creditors (As of March 31, 2019)**

Creditor	Outstanding loans
MUFG Bank, Ltd.	1,056 million yen
Sumitomo Mitsui Banking Corporation	800 million yen
Sumitomo Mitsui Banking Corporation Europe Limited	561 million yen
Mizuho Bank Ltd.	338 million yen

## 2. Matters Concerning Shares of the Company (As of March 31, 2019)

- (1) Total number of shares authorized to be issued: 150,000,000 shares
- (2) Total number of shares issued: 48,794,046 shares  
(number of shares constituting one unit: 100 shares)
- (3) Number of shareholders at end of the fiscal year: 11,679  
(of which 9,281 shareholders hold unit shares)
- (4) Top ten major shareholders

Name	Number of shares held (thousands of shares)	Shareholding ratio (%)
Masataka Okuda	5,910	14.3
Koki Okuda	5,498	13.3
GOLDMAN, SACHS & CO. REG	4,250	10.2
transcosmos foundation, Public Interest Incorporated Foundation	3,753	9.0
Japan Trustee Services Bank, Ltd. (Account in Trust)	3,501	8.4
Mihoko Hirai	1,463	3.5
Master Trust Bank of Japan, Ltd. (Account in Trust)	1,092	2.6
Government of Norway	828	2.0
HM Kosan, Ltd.	722	1.7
Employee Shareholding Association of transcosmos inc.	628	1.5

Notes:

1. Although the Company holds 7,318 thousand shares of treasury stock, it is excluded from the top ten major shareholders above. Shareholding ratio is calculated by excluding treasury stock.
2. Number of shares held less than one thousand is rounded down to the nearest thousand.
3. Shareholding ratio is rounded off to the nearest first decimal.

## 3. Matters Concerning the Stock Acquisition Rights, etc. of the Company

### (1) Stock Acquisition Rights, etc. Held by the Company's Officers (As of March 31, 2019)

Not applicable.

### (2) Stock Acquisition Rights Delivered to the Company's Employees during the Fiscal Year

Not applicable.

#### 4. Corporate Officers (As of March 31, 2019)

##### (1) Directors and Audit and Supervisory Committee Members

Position	Name	Assignment or principal responsibilities and significant concurrent positions
Founder, Representative Director & Group CEO	Koki Okuda	Group Chief Executive Officer
Chairman, Representative Director & CEO	Koji Funatsu	Chief Executive Officer and in charge of Compliance Promotion Department Outside Director, Member of the Board of KADOKAWA DWANGO CORPORATION
President, Representative Director & COO	Masataka Okuda	Chief Operating Officer
Director, Executive Vice President	Koichi Iwami	Chief of Global Business Headquarters, in charge of DEC Headquarters and Services Promotion Division, Chairman, Director & CEO of transcosmos Korea Inc. Director of UNQ (Shanghai) Supply Chain Management Co., Ltd.
Director, Senior Corporate Executive Officer	Masakatsu Moriyama	General Manager of Business Development Division
Director, Senior Corporate Executive Officer	Shinichi Nagakura	Deputy Chief of Global Business Headquarters, Manager of Global Business Headquarters, Silicon Valley Branch and Chairman and CEO of transcosmos America, Inc. Director of PFSweb, Inc.
Director, Senior Corporate Executive Officer	Masaaki Muta	Co-Chief of Sales Headquarters, Co-Chief of DEC Headquarters, Deputy Chief of Global Business Headquarters, and in charge of Services Promotion Division
Director, Corporate Executive Officer	Masatoshi Kouno	Chief of Business Process Outsourcing Services Headquarters, General Manager of Services Promotion Division, BPO Services Headquarters, and General Manager of Service Promotion Division
Director, Corporate Executive Officer & CFO	Hitoshi Honda	Chief of Corporate Management Sector Auditor of UNQ (Shanghai) Supply Chain Management Co., Ltd.
Director, Corporate Executive Officer & CTO	Kiyoshi Shiraishi	Deputy General Manager of Services Promotion Division Chairman and Representative Director of J-Stream Inc.
Director, Corporate Executive Officer & CMO	Shunsuke Sato	In charge of Marketing Division Outside Director of Beagle Inc.
Director, Corporate Executive Officer	Takeshi Kamiya	General Manager of Corporate Strategy Division, General Manager of Global E-Commerce/Direct Sales Promotion Division, and General Manager of Global End-to-End e-commerce/DS Division of DEC Headquarters
Outside Director (Audit and Supervisory Committee Member)	Takeshi Natsuno	Guest Professor of Keio University, Graduate School of Media and Governance President of Dwango Co., Ltd. Outside Director of Sega Sammy Holdings Inc. Part-time Director of NTT Resonant Inc. Outside Director of DLE Inc. Outside Director of GREE, Inc. Outside Director of USEN-NEXT HOLDINGS Co., Ltd. Outside Director of Oracle Corporation Japan Independent Director of Ubicom Holdings Incorporated

Position	Name	Assignment or principal responsibilities and significant concurrent positions
Outside Director (Audit and Supervisory Committee Member)	Nozomu Yoshida	Representative Director of nozomu.net Part-time Director of Concent, Inc. Representative Director of Odayaka Living Co., Ltd. Outside Corporate Auditor of Asahi Net, Inc.
Outside Director (Audit and Supervisory Committee Member)	Eiji Uda	President, Chairman and Representative Director of Unified Service Co., Ltd. Chairman and Director of 4U Lifecare Inc.
Outside Director	Owen Mahoney	President & CEO of Nexon Co., Ltd.
Outside Director	Rehito Hatoyama	Outside Director of LINE Corporation Outside Director of Pigeon Corporation Representative Director of Hatoyama Soken Corporation
Outside Director	Toru Shimada	Vice President, Director & COO of USEN-NEXT HOLDINGS Co., Ltd. Outside Director of Tsukui Corporation

Notes:

1. Changes to Director during the fiscal year are as follows:

Director Ralph Wunsch Retired due to the expiration of his term of office at the conclusion of the 33<sup>rd</sup> Annual General Meeting of Shareholders held on June 21, 2018.

Director Hitoshi Honda Retired upon resignation on March 31, 2019.

2. Outside Directors (Audit and Supervisory Committee Members) Takeshi Natsuno, Nozomu Yoshida and Eiji Uda possess considerable expertise and experience in finance and accounting on account of their experience as managers.

3. The Company establishes the Internal Audit Office that assists the duties of the Audit and Supervisory Committee. Since the Company considers that the Internal Audit Office exclusively engages in internal control operations and sufficiently supports the functions of the Audit and Supervisory Committee, it does not appoint any full-time Audit and Supervisory Committee Member.

4. The Company has designated Outside Directors Takeshi Natsuno, Nozomu Yoshida, Eiji Uda, Owen Mahoney, Rehito Hatoyama and Toru Shimada as independent executives stipulated by the Tokyo Stock Exchange, and registered them with the exchange as such.

5. Liability Limitation Agreement

The Company has entered into, with Outside Directors Takeshi Natsuno, Nozomu Yoshida, Eiji Uda, Owen Mahoney, Rehito Hatoyama, and Toru Shimada, the liability limitation agreement, which limits liability for damage under Article 423, Paragraph 1 of the Companies Act pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act.

The maximum amount of liability for damages under such agreement is 1 million yen or the amount provided for in Article 425, Paragraph 1 of the Companies Act, whichever is higher.

6. “DEC” and “DS” used in “Assignment or principal responsibilities and significant concurrent positions” of each Director are abbreviations for “Digital Marketing/EC/Contact Center” and “Direct Sales,” respectively. The same abbreviations apply also to (Reference) Directors and Audit and Supervisory Committee Members (As of April 1, 2019) on the next page.

**(Reference) Directors and Audit and Supervisory Committee Members (As of April 1, 2019)**

Position	Name	Assignment or principal responsibilities and significant concurrent positions
Founder, Representative Director & Group CEO	Koki Okuda	Group Chief Executive Officer
Chairman, Representative Director & CEO	Koji Funatsu	Chief Executive Officer in charge of Compliance Promotion Department Outside Director, Member of the Board of KADOKAWA DWANGO CORPORATION
President, Representative Director & COO	Masataka Okuda	Chief Operating Officer
Director, Executive Vice President	Koichi Iwami	Chief of Global Business Headquarters, in charge of DEC Headquarters and Services Promotion Sector Chairman, Director & CEO of transcocos Korea Inc. Director of UNQ (Shanghai) Supply Chain Management Co., Ltd.
Director, Senior Corporate Executive Officer	Masakatsu Moriyama	General Manager of Business Development Division
Director, Senior Corporate Executive Officer	Shinichi Nagakura	Deputy Chief of Global Business Headquarters, Manager of Global Business Headquarters, Silicon Valley Branch and Chairman and CEO of transcocos America, Inc. Director of PFSweb, Inc.
Director, Senior Corporate Executive Officer	Masaaki Muta	Co-Chief of DEC Headquarters, Co-Chief of Sales Headquarters, Deputy Chief of Global Business Headquarters, and in charge of DEC Headquarters and AE Headquarters
Director, Senior Corporate Executive Officer	Masatoshi Kouno	Chief of Business Process Outsourcing Services Headquarters and Chief of Services Promotion Sector
Director, Corporate Executive Officer & CTO	Kiyoshi Shiraishi	Deputy Chief of Services Promotion Sector, and General Manager of Digital Technology Promotion Division, Services Promotion Sector Chairman and Representative Director of J-Stream Inc.
Director, Corporate Executive Officer & CMO	Shunsuke Sato	In charge of Business Innovation Division Outside Director of Beagle Inc.
Director, Corporate Executive Officer	Takeshi Kamiya	General Manager of Corporate Strategy Division, General Manager of Global E-Commerce/DS Promotion Division, and in charge of End-to-End e-commerce/DS Division of DEC Headquarters
Outside Director (Audit and Supervisory Committee Member)	Takeshi Natsuno	Guest Professor of Keio University, Graduate School of Media and Governance President of Dwango Co., Ltd. Outside Director of Sega Sammy Holdings Inc. Part-time Director of NTT Resonant Inc. Outside Director of DLE Inc. Outside Director of GREE, Inc. Outside Director of USEN-NEXT HOLDINGS Co., Ltd. Outside Director of Oracle Corporation Japan Independent Director of Ubicom Holdings Incorporated
Outside Director (Audit and Supervisory Committee Member)	Nozomu Yoshida	Representative Director of nozomu.net Part-time Director of Concent, Inc. Representative Director of Odayaka Living Co., Ltd. Outside Corporate Auditor of Asahi Net, Inc.
Outside Director (Audit and Supervisory Committee Member)	Eiji Uda	President, Chairman and Representative Director of Unified Service Co., Ltd. Chairman and Director of 4U Lifecare Inc.

Position	Name	Assignment or principal responsibilities and significant concurrent positions
Outside Director	Owen Mahoney	President & CEO of Nexon Co., Ltd.
Outside Director	Rehito Hatoyama	Outside Director of LINE Corporation Outside Director of Pigeon Corporation Representative Director of Hatoyama Soken Corporation
Outside Director	Toru Shimada	Vice President, Director & COO of USEN-NEXT HOLDINGS Co., Ltd. Outside Director of Tsukui Corporation

## (2) Outside Corporate Officers

Significant concurrent positions outside the Company and relationship with these companies

Category	Name	Companies with which concurrent positions are held	Concurrent position	Relationship between the Company and these companies
Outside Director (Audit and Supervisory Committee Member)	Takeshi Natsuno	Graduate School of Keio University	Guest Professor	The Company has a business relationship with Graduate School of Keio University, Dwango Co., Ltd., NTT Resonant Inc., DLE Inc., GREE, Inc., USEN-NEXT HOLDINGS Co., Ltd., and Oracle Corporation Japan. There is no special relationship between the other companies and the Company.
		DWANGO Co., Ltd.	Representative Director	
		Sega Sammy Holdings Inc. NTT Resonant Inc. DLE Inc. GREE, Inc. USEN-NEXT HOLDINGS Co., Ltd. Oracle Corporation Japan Ubicom Holdings, Inc.	Outside Director Part-time Director Outside Director Outside Director Outside Director Outside Director Independent Director	
	Nozomu Yoshida	nozomu.net	Representative Director	The Company has a business relationship with Asahi Net, Inc. There is no special relationship between the other companies and the Company.
		Concent, Inc. Odayaka Living Co., Ltd.	Part-time Director Representative Director	
		Asahi Net, Inc.	Outside Corporate Auditor	
	Eiji Uda	Unified Service Co., Ltd.	Representative Director	There is no special relationship between Unified Service Co., Ltd. and 4U Lifecare Inc. and the Company.
		4U Lifecare Inc.	Director	
Outside Director	Owen Mahoney	Nexon Co., Ltd.	Representative Director	The Company has a business relationship with Nexon Co., Ltd.
	Rehito Hatoyama	LINE Corporation Pigeon Corporation	Outside Director Outside Director	The Company has a business relationship with LINE Corporation. There is no special relationship between the other companies and the Company.
		Hatoyama Soken Corporation	Representative Director	
	Toru Shimada	USEN-NEXT HOLDINGS Co., Ltd.	Director	The Company has a business relationship with USEN-NEXT HOLDINGS Co., Ltd. There is no special relationship between Tsukui Corporation and the Company.
		Tsukui Corporation	Outside Director	

### (3) Principal Activities of Outside Corporate Officers

Principal Activities at Board of Directors' and Audit and Supervisory Committee Meetings during the current fiscal year

#### Attendance at Board of Directors' Meetings

Outside Directors (who are Audit and Supervisory Committee Members)		Outside Director	
Takeshi Natsuno	Number of meetings attended 13/13	Owen Mahoney	Number of meetings attended 12/13
Nozomu Yoshida	Number of meetings attended 13/13	Rehito Hatoyama	Number of meetings attended 12/13
Eiji Uda	Number of meetings attended 12/13	Toru Shimada	Number of meetings attended 13/13

Note: In addition to the above number of meetings of the Board of Directors, there were four written resolutions that were deemed to be made by the Board of Directors in accordance to provisions of Article 370 of the Companies Act and Article 23 of the Articles of Incorporation of the Company.

#### Attendance at Audit and Supervisory Committee meetings

Outside Directors (who are Audit and Supervisory Committee Members)	
Takeshi Natsuno	Number of meetings attended 11/11
Nozomu Yoshida	Number of meetings attended 11/11
Eiji Uda	Number of meetings attended 11/11

#### Comments at Board of Directors' Meetings

At Board of Directors' Meetings, each Outside Director asked questions and given opinions on important matters to be resolved and matters to be reported such as the status of business execution, from an objective and fair perspective based on wide knowledge and experience.

#### Comments at Audit and Supervisory Committee Meetings

At Audit and Supervisory Committee Meetings, each Outside Director (Audit and Supervisory Committee Member) asked questions and made statements on business operation and management status of the Company and Group companies, as necessary, to audit the execution of duties by Directors and employees.

### (4) Remuneration paid to Directors

Category	Number of Persons paid	Amount paid
Directors (excluding Directors who are Audit and Supervisory Committee Members) (Outside Directors who are among the above)	16 (3)	¥398 million (¥51 million)
Directors (who are Audit and Supervisory Committee Members) (Outside Directors who are among the above)	3 (3)	¥48 million (¥48 million)
Total (Outside Directors who are among the above)	19 (6)	¥446 million (¥99 million)

Notes:

1. A resolution of the General Meeting of Shareholders limits the remuneration to Directors (excluding Directors who are Audit and Supervisory Committee Members) to 800 million yen per year. (Annual General Meeting of Shareholders held on June 22, 2016)
2. A resolution of the General Meeting of Shareholders limits the remuneration to Directors (Audit and Supervisory Committee Members) to 60 million yen per year. (Annual General Meeting of Shareholders held on June 22, 2016)

**5. Status of the Accounting Auditor**

**(1) Name of the Accounting Auditor**

PricewaterhouseCoopers Aarata LLC

**(2) Remuneration paid to the Accounting Auditor during the current fiscal year**

Total remuneration to be paid during the current fiscal year of the Company (Note)	98 million yen
Total amount of money and other profits from properties to be paid by the Company and its subsidiaries to the Accounting Auditor	156 million yen

Notes:

1. The Audit agreement between the Company and the Accounting Auditor does not separate or is unable to effectively separate audit remunerations for audits under the Companies Act and audit remunerations for audits under the Financial Instruments and Exchange Act. Accordingly, the amount described above does not separate these two types of payment.
2. As a result of checking and examining, among others, the Accounting Auditor’s audit plan, execution of auditing duties, and grounds for calculating the estimate of remuneration, the Audit and Supervisory Committee gave its consent to the remuneration, etc., for the Accounting Auditor.

**(3) Matters concerning audits of subsidiaries**

Among the major subsidiaries of the Company, transcosmos Korea Inc. and transcosmos CC China underwent legal audits by certified public accountants or accounting auditor other than the Company’s Accounting Auditor (including overseas accountants with qualifications similar to those of these accountants).

**(4) Non-auditing service**

The Company pays accounting auditor’s compensation for the service relating to financial investigation procedures for affiliates of the Company, other than the service as provided in Article 2, Paragraph 1 of the Certified Public Accountants Act.

**(5) Summary of the Liability Limitation Agreement**

Not applicable.

**(6) Policy on determining the dismissal or non-reappointment of the Accounting Auditor**

If any of the provisions of Article 340, Paragraph 1 of the Companies Act applies to the Accounting Auditor, the Audit and Supervisory Committee will dismiss the Accounting Auditor upon the unanimous approval of Audit and Supervisory Committee Members. If it is judged necessary to do so, such as if there are obstacles to the Accounting Auditor executing its duties, the Audit and Supervisory Committee will decide a proposal for dismissal or non-reappointment of the Accounting Auditor; and the Board of Directors will submit the said proposal to the General Meeting of Shareholders.

## **6. Corporate Structure and Policies**

### **(1) Basic Policy for Internal Control System**

The basic 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) Corporate structure to ensure legal compliance and compliance with the Articles of Incorporation in the execution of duties by Directors

In order to satisfy corporate social responsibility, compliance with laws and regulations, and compliance with the Articles of Incorporation, the Company ensures that Directors adhere to the Compliance Charter, the Code of Conduct, and the Compliance Rules in the execution of duties. The Company will further raise the awareness of all of the Directors on matters of compliance through training sessions on compliance and ensure the execution of duties based on these principles.

The Board of Directors' Meeting, which is to be held once a month in principle, will be operated in accordance to the Board of Directors Regulations. Communication among the Directors is encouraged, and the Directors will oversee the execution of one another's duties. The Directors who are Audit and Supervisory Committee Members will monitor the execution of the duties of the Directors.

Through the implementation of the laws and regulations related to internal control, the Company has once again drawn up a set of basic plans for the establishment of a stronger system for internal control, with the cooperation and support of attorneys, certified public accountants, and other external consultants.

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

Important decision-making and reports are made in accordance with the Board of Directors Regulations.

Documents related to the execution of duties and other information shall be handled in compliance with the Document Approval Rules, Document Management Rules, Contract Handling Rules, Information Management Rules, and Information Security Management Rules. Inspections will be carried out to confirm whether these rules are applied properly, and each rule will be reviewed as necessary.

The administrative work related to these matters, including the inspections to confirm whether the rules are applied and the reviews of the procedures, will be managed under the control of the General Manager of the Administration Division for Document Approval Rules, Document Management Rules and Contract Handling Rules, as well as the General Manager of the Compliance Promotion Department for Information Management Rules and Information Security Management Rules, and reported to the Board of Directors in a timely manner.

To ensure efficient execution of business, the Company shall endeavor to further promote a system for the rationalization of business and implementation of the IT system.

- 3) Rules related to the management of the risk of loss and other systems

As stipulated under the Internal Audit Regulations, the Internal Audit Office will prepare an audit plan based on careful consideration of the items to be audited and the audit methods, conduct the audit in accordance with the plan, and report on the results of those audits in line with the instructions and orders of the President and 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, 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 President and Audit and Supervisory Committee.

The Compliance Promotion Department will be in charge of risk management in accordance with the basic rules on risk management.

Each department will conduct risk management in relation to its respective sector and build a system to report matters promptly to the Compliance Promotion Department in case a risk of loss is discovered. To facilitate the collection of risk information, the Company will familiarize the employees with the importance of the existence of the Compliance Promotion Department and instruct them to promptly report any risk of loss they discover through the organization.

The Company will formulate rules for an internal reporting system by creating hotlines in order to establish an environment in which internal whistleblowers may easily provide information. The Company will implement appropriate reporting and consultation concerning organized or individual frauds and illegal activities, etc. through an internal reporting system in which Directors and employees can report directly to Audit and Supervisory Committee or take other actions. Through this measure, the Company will strive to discover and correct all irregularities promptly, while ensuring confidence of customers and stakeholders, etc., by preventing irregularities such as frauds and illegal activities related to business of the Company and maintaining a favorable working environment.

The information management system will be enhanced based on privacy marks and other personal information protection regulations.

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

The Company will ensure the efficient performance of business and implement an assessment and remuneration linked to the performance results by drawing up an annual plan and medium-term management plan, etc., clarifying the objectives to be achieved by the Company, clarifying the organization and business targets with which each Director will be charged, and then by having the Board of Directors review the level of target achievements and feedback the results.

In accordance with the Board of Directors Regulations, the Rules on the Division of Authorities, and the Document Approval Rules, the Company will clarify the authoritative powers and the responsibilities of the Directors.

The Board of Directors will manage and oversee the execution of business by the Executive Officers.

Decisions on significant matters entrusted by the Board of Directors in accordance with the rules of management meetings shall be made promptly and with care at management meetings comprising the Representative Directors.

#### 5) System to ensure that the execution of duties by the employees complies with laws and regulations, and the Articles of Incorporation

The Company will see to it that all of employees follow the Compliance Charter, Code of Conduct, and Compliance Rules, to ensure that the employees fulfill their social responsibilities and comply with all relevant laws and regulations, and the Articles of Incorporation in the execution of their duties.

Anti-social elements threatening the order and safety of civil society will be approached with a resolute attitude by the organization as a whole and an internal system excluding business and all other relationships with these elements shall be developed based on the Code of Conduct.

The Compliance Promotion Department will name Corporate Officer in charge of the department as the responsible person, and plan for and implement compliance programs regularly. The Company will raise employees' knowledge of compliance and create a mindset that adheres to compliance by holding training sessions on compliance and preparing and distributing manuals.

#### 6) System for reporting to the Company matters concerning execution of duties by Directors and employees of subsidiaries

The Company will establish an internal system for regularly reporting to the Company about subsidiaries' performance, financial situation, and other important information in accordance with the management rules of the affiliated companies stipulated by the Company.

#### 7) Rules for managing subsidiaries' risk of loss and other systems

In order to confirm if there is risk information on the Company group, made up of the Company and its subsidiaries (hereinafter referred to as the "Group"), the departments of the Company in charge of subsidiaries will conduct necessary risk management in accordance with the management rules of the affiliated companies, as called for by the situations of the subsidiaries.

If the departments of the Company, in charge of the subsidiaries discover any risk of loss at the subsidiaries, it will promptly notify the representative directors of the Company of the details of the risk of loss discovered, the level of possible loss, and the influence on the Company.

8) System to ensure the efficient execution of duties by Directors and employees of subsidiaries

The Company will oblige its subsidiaries to prepare an annual plan for the said annual plan, and decide budget allocation, etc. It will oblige subsidiaries to clarify earnings targets, while developing an internal system to ensure operational efficiency.

9) System to ensure that execution of duties by Directors and employees of subsidiaries complies with laws and regulations, and the Articles of Incorporation

The Company will dispatch its personnel as Directors or Audit and Supervisory Committee Members to the subsidiaries, and the dispatched directors will attend the Board of Directors' Meetings of the subsidiaries and manage the operations of the subsidiaries. The departments of the Company in charge of affiliated companies will conduct audit in cooperation with the Internal Audit Office, based on the management rules of the affiliated companies, and give guidance to subsidiaries.

For subsidiaries that the Company considers significant, directors and employees of those subsidiaries will undergo compliance training equivalent to that of the Company.

10) 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, and the effectiveness of instructions to the said Directors and employees

The Internal Audit Office assists the work of the Audit and Supervisory Committee. The Internal Audit Office supports the audit 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.

11) 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.

12) 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. Moreover, the Company will develop an internal system in which matters that may cause material loss to the Group, such

as material breach of laws and regulations, etc., will be immediately reported to the Audit and Supervisory Committee as soon as they are found.

The section in charge of the internal reporting system of subsidiaries of the Company shall regularly report to the Audit and Supervisory Committee of the Company on the status of internal reporting by the officers and employees of subsidiaries of the Company.

- 13) 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.

- 14) 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.

- 15) 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.

- 16) System to conduct timely and appropriate disclosures

The Company will keep the officers and employees well informed 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 the awareness of compliance and develop the willingness to ensure compliance by implementing training on compliance, as well as preparing and distributing manuals to Directors and employees. Moreover, the Company has developed a conducive environment for internal whistleblowers to provide information by establishing the internal reporting desk.

- 2) Risk management

Reports on business from the Company and its subsidiaries are not only regularly reported to the Board of Directors but also to important meetings in the Company so that we can give instructions to relevant sections and implement measures for issues and problems in need of improvement on each occasion.

Moreover, the Company is promoting the reinforcement of the risk management system by establishing the basic rules on risk management.

- 3) 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.

#### 4) Internal audit

The Company strives to conduct its business properly, by implementing operational audits in accordance with the internal audit plan.

### **(3) Basic Policy Regarding the Control of the Company**

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

#### 1) Details of the Basic 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 (i) the comprehensive IT utilization capabilities that the Company has accumulated since its establishment as a pioneer in the outsourcing business of information processing, (ii) personnel who can promptly respond to changes in the environment and combine the latest technology, making use of originality and ingenuity, and (iii) "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 Basic Policy

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

Medium-term management plan

As digital technology develops, companies that excel in technology will generate innovation in traditional industries. To respond to the new competitive environment, it is necessary for client companies to move forward with reforms, including "responding to diversification and digitalization of the point of contact with customers" and "accelerating the digitalization of internal business processes." The Group regards these changes in the environment as further opportunities for business growth. The Company has stated in the corporate message that it strives to become a Global Digital Transformation Partner, i.e., a provider of new services that tap into digital technology to support client companies' transformation, and formulated a medium-term management plan for the three years from fiscal 2017 and is implementing various measures.

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

To strengthen its corporate governance

For the purpose of increasing corporate value by further strengthening corporate governance through the enhancement of the supervisory function of the Board of Directors, the Company made transition to a “Company with an Audit and Supervisory Committee” in June 2016 upon approval of our shareholders. Currently (as of March 31, 2019), six out of 18 Directors are appointed as independent Outside Directors, further strengthening the monitoring function on management.

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 an executive 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 Executive Officers perform “executive functions.” This structure has enabled the Company to accelerate of decision-making and to respond flexibly to changes in the business environment that are characteristic of the industry in which the Company operates, and to implement 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. 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.

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

The Company has renewed a plan as a countermeasure to large-scale acquisition of the Company’s shares (takeover defense measures) (the “Plan”). This was based on the resolution of the Board of Directors’ Meeting held on May 15, 2018 and the resolution of the 33<sup>rd</sup> Annual General Meeting of Shareholders held on June 21, 2018. A summary of the Plan is shown below.

Summary of the Plan

The Board of Directors of the Company, as stipulated by the basic 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 Plan is intended to make it possible to propose alternative plans to shareholders when a substantial acquisition of the Company shares is conducted, secure information and time necessary for shareholders to determine whether to respond to such substantial acquisition or negotiate for shareholders, and prevent any substantial acquisition that would impair the corporate value of the Company and the common interest of 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 stock acquisition rights (shinkabu yoyakuken mushou wariate) for stock 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 stock 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 Stock 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 stock 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 stock acquisition rights or acquisition of stock acquisition rights under the Plan. In addition, the Board of Directors may, if prescribed in the Plan, hold a 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 from June 21, 2018 to the conclusion of the Annual Shareholders Meeting associated with the last of the fiscal years that end within three years after the conclusion of the 33<sup>rd</sup> Annual Shareholders Meeting.

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Note: Amounts shown in this Business Report are rounded down to the unit.

**Consolidated Balance Sheet**  
(As of March 31, 2019)

(Millions of yen)

Assets		Liabilities	
Account item	Amount	Account item	Amount
<b>Current assets</b>	<b>89,835</b>	<b>Current liabilities</b>	<b>48,121</b>
Cash and deposits	36,032	Accounts payable—trade	11,554
Notes and accounts receivable—trade	44,746	Short-term loans payable	1,763
Merchandise and finished goods	2,850	Current portion of bonds	7
Work and software in progress	1,090	Current portion of long-term loans payable	1,758
Supplies	48	Accounts payable	5,319
Other	5,324	Accrued expenses	14,446
Allowance for doubtful accounts	(258)	Income taxes payable	2,323
<b>Fixed assets</b>	<b>45,433</b>	Accrued consumption tax	4,031
<b>Tangible fixed assets</b>	<b>10,398</b>	Advances received	1,773
Buildings and structures	4,851	Accrued bonuses for employees	3,793
Vehicles and transportation equipment	47	Other	1,351
Tools, furniture and fixtures	3,877	<b>Fixed liabilities</b>	<b>12,232</b>
Land	831	Bonds payable	25
Lease assets	730	Convertible bond-type bonds with subscription rights to shares	10,017
Construction in progress	60	Long-term loans payable	96
<b>Intangible fixed assets</b>	<b>3,534</b>	Deferred tax liabilities	1,261
Goodwill	417	Net defined benefit liability	26
Software	2,538	Long-term security deposits received	20
Lease assets	10	Other	783
Software in progress	286	<b>Total liabilities</b>	<b>60,353</b>
Other	280		
<b>Investments and other assets</b>	<b>31,501</b>	<b>Net Assets</b>	
Investment in securities	8,737	<b>Shareholders' equity</b>	<b>67,847</b>
Investment in stocks of unconsolidated subsidiaries and affiliates	6,782	<b>Common stock</b>	<b>29,065</b>
Investment in unconsolidated subsidiaries and affiliates	5,948	<b>Capital surplus</b>	<b>17,755</b>
Long-term loans receivable	347	<b>Retained earnings</b>	<b>36,261</b>
Deferred tax assets	1,785	<b>Treasury stock</b>	<b>(15,235)</b>
Security deposits	7,638	<b>Accumulated other comprehensive income</b>	<b>3,708</b>
Other	782	<b>Valuation difference on available-for-sale   securities</b>	<b>4,470</b>
Allowance for doubtful accounts	(522)	<b>Foreign currency translation adjustment</b>	<b>(761)</b>
		<b>Subscription rights to shares</b>	<b>3</b>
		<b>Non-controlling interests</b>	<b>3,355</b>
		<b>Total net assets</b>	<b>74,915</b>
<b>Total assets</b>	<b>135,268</b>	<b>Total liabilities and net assets</b>	<b>135,268</b>

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

## Consolidated Statement of Income

(from April 1, 2018 to March 31, 2019)

(Millions of yen)

Account item	Amount	
<b>Net sales</b>		<b>284,696</b>
<b>Cost of sales</b>		<b>237,494</b>
<b>Gross Profit</b>		<b>47,202</b>
<b>Selling, general and administrative expenses</b>		<b>41,846</b>
<b>Operating profit</b>		<b>5,355</b>
<b>Non-operating income:</b>		
Interest income	99	
Dividend income	125	
Foreign exchange gains	95	
Gain on investments in partnership	519	
Employment development subsidy	238	
Other	187	1,264
<b>Non-operating expenses:</b>		
Interest expenses	56	
Share of loss of entities accounted for using equity method	853	
Other	315	1,225
<b>Ordinary profit</b>		<b>5,394</b>
<b>Extraordinary gains:</b>		
Gain on sales of investment securities	882	
Gain on sales of subsidiaries and affiliates' stocks	6,664	
Other	287	7,834
<b>Extraordinary losses:</b>		
Impairment loss	3,068	
Loss on valuation of investment securities	28	
Loss on valuation of stocks of subsidiaries and affiliates	540	
Other	320	3,958
<b>Profit before income taxes</b>		<b>9,270</b>
Income taxes—current	4,906	
Income taxes—deferred	(220)	4,686
Profit		4,584
Profit attributable to non-controlling interests		151
<b>Profit attributable to owners of parent</b>		<b>4,433</b>

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

## Consolidated Statement of Changes in Equity

(from April 1, 2018 to March 31, 2019)

(Millions of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of the fiscal year	29,065	18,263	33,381	(15,234)	65,477
Cumulative effects of changes in accounting policies			7		7
Restated balance	29,065	18,263	33,389	(15,234)	65,484
Change during the fiscal year					
Dividend of surplus			(953)		(953)
Profit attributable to owners of parent			4,433		4,433
Acquisition of treasury stock				(1)	(1)
Change of scope of consolidation			(67)		(67)
Purchase of shares of consolidated subsidiaries		(508)			(508)
Change of scope of equity method			(540)		(540)
Net change in items other than shareholders' equity during the fiscal year					-
Total change during the fiscal year	-	(508)	2,871	(1)	2,362
Balance at the end of the fiscal year	29,065	17,755	36,261	(15,235)	67,847

(Millions of yen)

	Accumulated other comprehensive income			Subscription rights to shares	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	1,265	878	2,144	3	3,574	71,199
Cumulative effects of changes in accounting policies		(2)	(2)			4
Restated balance	1,265	876	2,141	3	3,574	71,203
Change during the fiscal year						
Dividend of surplus			-			(953)
Profit attributable to owners of parent			-			4,433
Acquisition of treasury stock			-			(1)
Change of scope of consolidation			-			(67)
Purchase of shares of consolidated subsidiaries			-			(508)
Change of scope of equity method			-			(540)
Net change in items other than shareholders' equity during the fiscal year	3,204	(1,638)	1,566	-	(218)	1,348
Total change during the fiscal year	3,204	(1,638)	1,566	-	(218)	3,711
Balance at the end of the fiscal year	4,470	(761)	3,708	3	3,355	74,915

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



## Non-Consolidated Statement of Income

(from April 1, 2018 to March 31, 2019)

(Millions of yen)

Account item	Amount	
<b>Net sales</b>		<b>210,224</b>
<b>Cost of sales</b>		<b>175,269</b>
<b>Gross Profit</b>		<b>34,954</b>
<b>Selling, general and administrative expenses</b>		<b>30,538</b>
<b>Operating profit</b>		<b>4,415</b>
<b>Non-operating income:</b>		
Interest income	137	
Dividend income	5,209	
Foreign exchange gains	49	
Gain on investments in partnership	519	
Other	169	6,084
<b>Non-operating expenses:</b>		
Interest expenses	7	
Provision of allowance for doubtful accounts	2,614	
Provision for loss on guarantees	956	
Other	173	3,751
<b>Ordinary profit</b>		<b>6,748</b>
<b>Extraordinary gains:</b>		
Gain on sales of investment securities	591	
Gain on sales of subsidiaries and affiliates' stocks	98	
Company establishment subsidies, etc.	107	
Other	16	814
<b>Extraordinary losses:</b>		
Loss on sales of subsidiaries and affiliates' stocks	48	
Loss on valuation of stocks of subsidiaries and affiliates	7,125	
Other	231	7,405
<b>Profit before income taxes</b>		<b>157</b>
Income taxes—current	1,637	
Income taxes—deferred	(186)	1,450
<b>Loss</b>		<b>1,293</b>

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

## Non-Consolidated Statement of Changes in Equity

(from April 1, 2018 to March 31, 2019)

(Millions of yen)

	Shareholders' equity					
	Common stock	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	20,803	20,803	1,669	24,433	26,103
Change during the fiscal year						
Dividend of surplus			–	95	(1,049)	(953)
Loss			–		(1,293)	(1,293)
Acquisition of treasury stock			–			–
Net change in items other than shareholders' equity during the fiscal year			–			–
Total change during the fiscal year	–	–	–	95	(2,342)	(2,246)
Balance at the end of the fiscal year	29,065	20,803	20,803	1,764	22,091	23,856

(Millions of yen)

	Shareholders' equity		Valuation and translation adjustments		Total net assets
	Treasury stock	Total shareholders' equity	Net unrealized gain (loss) on securities	Total valuation and translation adjustments	
Balance at the beginning of the fiscal year	(15,234)	60,738	1,036	1,036	61,774
Change during the fiscal year					
Dividend of surplus		(953)		–	(953)
Loss		(1,293)		–	(1,293)
Acquisition of treasury stock	(1)	(1)		–	(1)
Net change in items other than shareholders' equity during the fiscal year		–	(338)	(338)	(338)
Total change during the fiscal year	(1)	(2,248)	(338)	(338)	(2,586)
Balance at the end of the fiscal year	(15,235)	58,490	698	698	59,188

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

REPORT OF INDEPENDENT AUDITORS

May 14, 2019

To the Board of Directors of transcosmos inc.

**PricewaterhouseCoopers Aarata LLC**

Designated and Engagement Partner  
Certified Public Accountant  
Masahiro Yamamoto

Designated and Engagement Partner  
Certified Public Accountant  
Yoshihisa Chiyoda

Designated and Engagement Partner  
Certified Public Accountant  
Naoyuki Suzuki

Pursuant to Article 444, Paragraph 4 of the Companies Act, we have audited the consolidated financial statements, that is, the consolidated balance sheet, the consolidated statement of income, the consolidated statement of changes in equity, and the notes to consolidated financial statements of the Company applicable to the fiscal year from April 1, 2018 to March 31, 2019.

**Management's responsibility for the consolidated financial statements**

The management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with generally accepted accounting principles in Japan. This includes the development, implementation, and maintenance of internal control deemed necessary by the management for the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

**Independent auditors' responsibility**

Our responsibility is to express an opinion on the consolidated financial statements based on our audits as independent auditors. We conducted our audits in accordance with auditing standards generally accepted in Japan. Those auditing standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected and applied depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. The purpose of an audit is not to express an opinion on the effectiveness of the entity's internal control. However, in making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used, the method of their application, and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Audit opinion**

As a result of our audit, it is our opinion that the consolidated financial statements properly present in all material respects the Company's financial position and the results of operations of the corporate group comprising the Company and its consolidated subsidiaries in accordance with accounting standards generally accepted in Japan.

**Interest**

Our firm and engagement partners have no interest in the Company that must be disclosed pursuant to

the provisions of the Certified Public Accountants Act.

The above represents a translation, for convenience only, of the original report issued in the Japanese language.

REPORT OF INDEPENDENT AUDITORS

May 14, 2019

To the Board of Directors of transcosmos inc.

**PricewaterhouseCoopers Aarata LLC**

Designated and Engagement Partner  
Certified Public Accountant  
Masahiro Yamamoto

Designated and Engagement Partner  
Certified Public Accountant  
Yoshihisa Chiyoda

Designated and Engagement Partner  
Certified Public Accountant  
Naoyuki Suzuki

Pursuant to Article 436, Paragraph 2, Item 1 of the Companies Act, we have audited the financial statements, that is, the balance sheet, the statement of income, the statement of changes in equity, the notes to financial statements, and the supplementary schedules of the Company applicable to the 34<sup>th</sup> business year from April 1, 2018 to March 31, 2019.

**Management's responsibility for the financial statements**

The management is responsible for the preparation and fair presentation of these financial statements and the supplementary schedules in accordance with generally accepted accounting principles in Japan. This includes the development, implementation, and maintenance of internal control deemed necessary by the management for the preparation and fair presentation of financial statements and the supplementary schedules that are free from material misstatement, whether due to fraud or error.

**Independent auditors' responsibility**

Our responsibility is to express an opinion on the financial statements and the supplementary schedules based on our audits as independent auditors. We conducted our audits in accordance with auditing standards generally accepted in Japan. Those auditing standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and the supplementary schedules are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and the supplementary schedules. The procedures selected and applied depend on our judgment, including the assessment of the risks of material misstatement of the financial statements and the supplementary schedules, whether due to fraud or error. The purpose of an audit is not to express an opinion on the effectiveness of the entity's internal control. However, in making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements and the supplementary schedules in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used, the method of their application, and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements and the supplementary schedules.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Audit opinion**

As a result of our audit, it is our opinion that the financial statements and the supplementary schedules properly present in all material respects the Company's financial position and the results of operations of the Company in accordance with accounting standards generally accepted in Japan.

Interest

Our firm and engagement partners have no interest in the Company that must be disclosed pursuant to the provisions of the Certified Public Accountants Act.

The above represents a translation, for convenience only, of the original report issued in the Japanese language.

## AUDIT REPORT OF AUDIT AND SUPERVISORY COMMITTEE MEMBERS

The Audit and Supervisory Committee has conducted audits on the execution status of duties of Directors during the 34<sup>th</sup> fiscal year between April 1, 2018 and March 31, 2019. The auditing method and results are as follows:

### 1. Auditing methods and its details

The Audit and Supervisory Committee regularly received reports on the structure and operation status of the systems (internal control systems) established upon discussions and resolution by the Board of Directors meeting regarding matters prescribed in Article 399-13, Paragraph 1, Item 1 (b) and (c) from the Directors as well as from employees, etc. and requested them to provide explanations as necessary. Based on such activities, the Audit and Supervisory Committee provided its opinions and conducted audits by the following method.

- 1) Each Audit and Supervisory Committee Member attended important meetings to receive reports regarding the execution of duties from Directors, employees, etc. and requested them to provide explanations as necessary, inspected important approved documents etc., and examined the status of operations and assets at the Main Office and other major offices in accordance with the Audit and Supervisory Committee's Audit Standards established by the Audit and Supervisory Committee as well as the audit policies and the allocation of audit operations in collaboration with the internal control departments. With respect to subsidiaries, each Audit and Supervisory Committee Member endeavored to facilitate communication and exchange information with Directors, Statutory Auditors and other employees of subsidiaries, and received business reports from subsidiaries as necessary.
- 2) With respect to the Basic Policies under Article 118, Item 3(a) of the Ordinance for Enforcement of the Companies Act and efforts under Item 3(b) of the same article that are prescribed in the business report, each Audit and Supervisory Committee Member examined the contents taking into account deliberations, etc. made in the Board of Directors meetings and other meetings.
- 3) Audit and Supervisory Committee Members monitored and verified that Accounting Auditor maintains independence and conduct the audits appropriately. Each Audit and Supervisory Committee Member also received reports on the status of the execution of duties from Accounting Auditor and requested explanation as necessary. In addition, Audit and Supervisory Committee Members were informed of the arrangement of the "System for ensuring that the duties are executed appropriately" (matters stipulated in the items of Article 131 of the Corporate Accounting Rules) in accordance with "Standards for the Quality Control of Audits" (Business Accounting Council, October 28, 2005) from the Accounting Auditor and requested explanations as necessary.

In accordance with the procedures mentioned above, Audit and Supervisory Committee reviewed the business report and the supplementary schedules, and the financial statements (the balance sheet, statement of income, statement of changes in equity and notes to the financial statements) and the supplementary schedules, as well as the consolidated financial statements (the consolidated balance sheet, consolidated statement of income, consolidated statement of changes in equity and notes to the consolidated financial statements), for the fiscal year under review.

### 2. Results of Audit

#### (1) Results of audit of business report etc.

- 1) The business reports and supplementary schedules present fairly the financial condition of the Company in conformity with related laws and regulations, and the Articles of Incorporation of the Company;
- 2) Regarding the performance of duties by Directors, there were no instances of misconduct or material matters in violation of laws and regulations, nor the Articles of Incorporation of the

Company;

- 3) Resolution of the Board of Directors regarding the internal control system is fair and reasonable. There is no matter requiring additional mention concerning the internal control system with respect to the contents of the Business Report and the execution of duties by Directors; and
  - 4) The Basic Policy regarding persons who control decision on the company's financial and business policies prescribed in the business report is fair and reasonable. Efforts under Article 118, Item 3(b) of the Ordinance for Enforcement of the Companies Act prescribed in the business report are in conformity with the Basic Policy, do not impair the common interests of the Company's shareholders and are not intended to protect the positions of the corporate officers of the Company.
- (2) Results of audit of financial statements and supplementary schedules  
The auditing methods and results of the Accounting Auditor, PricewaterhouseCoopers Aarata LLC, are fair and reasonable.
- (3) Results of audit of consolidated financial statements  
The auditing methods and results of the Accounting Auditor, PricewaterhouseCoopers Aarata LLC, are fair and reasonable.

May 15, 2019

Audit and Supervisory Committee of transcosmos inc.

Audit and Supervisory Committee Member

Eiji Uda

Audit and Supervisory Committee Member

Takeshi Natsuno

Audit and Supervisory Committee Member

Nozomu Yoshida

Note: All Audit and Supervisory Committee Members are outside directors stipulated in Article 2, Item 15 and Article 331, Paragraph 6 of the Companies Act.