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Securities Code: 9715

June 3, 2020

## To Our Shareholders

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

## NOTICE OF THE 35<sup>th</sup> ANNUAL GENERAL MEETING OF SHAREHOLDERS

We are pleased to announce the 35<sup>th</sup> Annual General Meeting of Shareholders, which will be held as indicated below.

Shareholders are requested to exercise voting rights in advance in writing or by electromagnetic means (the Internet, etc.) and refrain from attending the General Meeting of Shareholders as much as possible regardless of your health condition for the purpose of preventing novel coronavirus infection.

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 page 4.

**1. Date and Time:** 10:00 a.m., Thursday, June 25, 2020  
(Venue opens at 9:00 a.m.)

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

\* We may be forced to change the venue and/or the start time depending on the status of novel coronavirus infection. In this case, the change will be notified on the Company’s website.

### 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 35<sup>th</sup> Fiscal Term (from April 1, 2019 to March 31, 2020)
  2. Financial Statements for the 35<sup>th</sup> Fiscal Term (from April 1, 2019 to March 31, 2020)

### Proposals to be resolved:

- Proposal No. 1:** Appropriation of Surplus for the 35<sup>th</sup> Fiscal Term
- Proposal No. 2:** Election of Fifteen Directors (excluding Directors who are Audit and Supervisory Committee Members)
- Proposal No. 3:** Election of Three Directors who are Audit and Supervisory Committee Members
- Proposal No. 4:** Election of One Director who is a Substitute Audit and Supervisory Committee Member

1. For those attending, please submit the enclosed Voting Rights Exercise Form at the reception desk on arrival at the meeting.
2. Notes to the Consolidated Financial Statements and Notes to the Non-Consolidated Financial Statements are posted on the Company’s website and thus not included in the documents attached to this notice, pursuant to

applicable laws and regulations and Article 14 of the Company's Articles of Incorporation.

Accordingly, the Consolidated Financial Statements and Non-Consolidated Financial Statements attached to this notice are part of Consolidated Financial Statements and Non-Consolidated Financial Statements that were audited by the Accounting Auditor and the Audit and Supervisory Committee in preparing their audit reports.

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.
4. The information in this Notice was posted on the Company's website before it was mailed to promptly provide the information.

Our website

<https://www.trans-cosmos.co.jp/english/ir/information/stock-holder/>

## Notice Concerning Measures to Prevent the Spread of Novel Coronavirus Infection

The General Meeting of Shareholders will be held in accordance with the following protocol to prioritize the safety of shareholders and prevent the spread of novel coronavirus infection.

We appreciate your understanding and cooperation.

### <Request to Shareholders>

1. The General Meeting of Shareholders is held in a closed space in which an unspecified large number of people assemble, entailing a risk of novel coronavirus infection. In particular, it is strongly recommended that senior citizens, persons with a chronic disease, and pregnant women refrain from attending the meeting. Other shareholders are also requested to refrain from attending the General Meeting of Shareholders regardless of your health condition. We ask our shareholders to consider exercising your voting rights by using the enclosed Voting Rights Exercise Form, via the Internet, or by other means.
2. The number of seats available inside the venue is significantly fewer than normal years to allow sufficient space between them. In this case, we may limit the number of shareholders who can enter the venue.
3. Attending shareholders are requested to bring a mask. If you do not bring a mask, please use one that is available at the entrance of the venue.
4. If you start to develop symptoms such as fever, flu-like symptoms, shortness of breath (difficulty breathing) or extreme tiredness (fatigue) that indicate the possibility of infection during the period from June 12 to the date of the General Meeting of Shareholders, you are strongly requested to refrain from attending the meeting.
5. When you arrive at the venue, we will measure your body temperature at the entrance using a thermography device or other instrument. If you have a fever, you will not be allowed to enter.  
You will not be allowed to enter also if you have a severe cough or other symptoms indicating that you may have been infected with the virus.  
You may be asked to leave if you are found to have the same symptom after entering the venue.
6. As appropriate social distancing is recommended, when you are waiting in a queue at the reception desk, please secure an appropriate space between each other in the queue all the way through.
7. To shorten the duration of the General Meeting of Shareholders for the purpose of preventing novel coronavirus infection, we will omit the reporting of the matters to be reported (including audit report) and the detailed explanation of proposals. Therefore, shareholders are requested to read through this notice in advance.

### <Our Responses>

- No souvenir will be given to shareholders also for the purpose of preventing novel coronavirus infection.
- Masks and alcohol disinfectant will be available near the reception desk for shareholders.
- Our officers and administrative staff attending the General Meeting of Shareholders will make sure that they will be in good health condition by, for example, measuring their body temperature.
- Our officers and administrative staff attending the General Meeting of Shareholders will wear a mask throughout the meeting. Other infection control measures will also be taken as appropriate.
- We may be forced to change the venue and/or the start time depending on the status of novel coronavirus infection. In this case, the change will be notified on the Company's website.

While we will design and implement measures to prevent the spread of infection in the venue as thoroughly as possible, shareholders who are planning or considering to attend the General Meeting of Shareholders are requested to make a prudent judgment from the perspective of health and safety.

Depending on the status of the spread of infection or government announcements through the date of the meeting, we may change our responses set forth above. Please keep posted for updates announced on the Company's website shown below.

Our website

<https://www.trans-cosmos.co.jp/english/ir/information/stock-holder/>

## 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., Thursday, June 25, 2020 (Venue opens at 9:00 a.m.)

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

### 2. In writing (Recommended)

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., Wednesday, June 24, 2020

### 3. Via the Internet, etc. (Recommended)

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., Wednesday, June 24, 2020

#### 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 35<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

46 yen per share of common stock of the Company

Total amount 1,907,849,172 yen

Effective date of dividend of surplus

Friday, June 26, 2020

**Proposal No. 2:** Election of Fifteen 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 fifteen Directors, increasing the number of Outside Directors by one to further strengthen corporate governance.

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, Senior Corporate Executive Officer	Reelection		
8	Kenshi Matsubara	Director, Senior Corporate Executive Officer	Reelection		
9	Ken Inazumi	Director, Senior Corporate Executive Officer	Reelection		
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	Outside Director	Reelection	Outside	Independent executive
15	Noriyoshi Suzuki	-	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	<div> <div>June 1966</div> <div>Established Maruei Keisan Center Kabushiki Kaisha and became President, Representative Director</div> </div> <div> <div>June 1985</div> <div>President, Representative Director of the Company</div> </div> <div> <div>June 1998</div> <div>Chairman, Representative Director &amp; President</div> </div> <div> <div>September 2002</div> <div>Chairman, Representative Director &amp; Group CEO</div> </div> <div> <div>June 2003</div> <div>Founder, Representative Director &amp; Group CEO (present post)</div> </div> <div> <div>Reason for selecting him as a Director candidate</div> <div>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.</div> </div>	5,498,800 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
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 KADOKAWA CORPORATION) (present post)</p> <p>June 2019      Outside Director of DeNA Co., Ltd. (present post)</p> <p>July 2019      Chairman, Representative Director &amp; CEO and in charge of Compliance Promotion Department and Diversity Promotion Department of the Company (present post)</p> <p>(Significant concurrent positions outside the Company) Outside Director, Member of the Board of KADOKAWA CORPORATION Outside Director of DeNA Co., Ltd.</p> <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 (8,390 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)	<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</p> <p>April 2020      President Representative Director &amp; COO, Chief of Business Development Sector (present post)</p>	5,910,368 shares (25,941 shares)
	Reelection	<p>Reason for selecting him as a Director candidate</p> <p>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>	

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
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 transcossomos 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 transcossomos 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)</p> <p>Chairman, Director &amp; CEO of transcossomos Korea Inc.</p> <p>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 promote 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>	2,000 shares (525 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>		108 shares (3,338 shares)
		<p>Reason for selecting him as a Director candidate</p> <p>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 promote 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>		

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
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</p> <p>October 2019    Director, Senior Corporate Executive Officer, Chief of Business Process Outsourcing Services Headquarters, Chief of Services Promotion Sector, and Head of Business Development Office of BPO Services Headquarters (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 promote 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 (1,677 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>June 2019      Director, Senior 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</p> <p>April 2020      Director, Senior Corporate Executive Officer, General Manager of Corporate Strategy Division, Deputy Chief of Business Development Sector, and General Manager of Global E-Commerce/Direct Sales Promotion Division of Business Development Sector (present post)</p> <p>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 promote 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 (1,276 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
8	Kenshi Matsubara (April 3, 1964)  Reelection	<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 2017      Senior Corporate Executive Officer, Chief of DEC Headquarters and Deputy General Manager of Services Promotion Division</p> <p>June 2019      Director, Senior Corporate Executive Officer, Co-Chief of DEC Headquarters and Chief of Digital Communication Center Sector of DEC Headquarters</p> <p>April 2020      Director, Senior Corporate Executive Officer, Co-Chief of DEC Headquarters, and Chief of Digital Customer Communication Sector of DEC Headquarters (present post)</p> <p>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 promote 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>	800 shares (68 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
9	Ken Inazumi (January 22, 1974)  Reelection	<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</p> <p>June 2018       Outside Director of Wacom Co., Ltd. (present post)</p> <p>June 2019       Director, Senior Corporate Executive Officer, Co-Chief of DEC Headquarters, and General Manager of Digital Transformation Division of DEC Headquarters of the Company</p> <p>April 2020       Director, Senior Corporate Executive Officer, Co-Chief of DEC Headquarters, and Chief of Digital Transformation Sector of DEC Headquarters (present post)</p> <p>(Significant concurrent positions outside the Company)</p> <p>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 promote 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 2020      Director, Corporate Executive Officer &amp; CTO, Deputy Chief of Services Promotion Sector, and in charge 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 promote 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 (1,060 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 2020      Director, Corporate Executive Officer &amp; CMO, Deputy Chief of Business Development Sector, and in charge of Business Innovation Division of Business Development Sector (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 and business development 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 promote 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)

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
12	<p>Rehito Hatoyama (January 12, 1974)</p> <p>Reelection Outside Independent executive</p> <p>Term of office: four years</p>	<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>	<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
13	Toru Shimada (March 3, 1965)  Reelection Outside Independent executive  Term of office: four years	<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; scheduled to retire on June 23, 2020)</p> <p>June 2019      Outside Director of MITANI SANGYO Co., Ltd. (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 MITANI SANGYO Co., Ltd.</p> <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>	– 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
14	<p>Genichi Tamatsuka (May 23, 1962)</p> <p>Reelection Outside Independent executive</p> <p>Term of office: one year</p>	<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>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>June 2019      Outside Director of the Company (present post)</p> <p>(Significant concurrent positions outside the Company)</p> <p>President and CEO of DIGITAL HEARTS HOLDINGS Co., Ltd.</p> <p>Outside Director of adot co., ltd.</p> <p>Outside Director of RAKSUL INC.</p> <p>Outside Director of adot co., ltd.</p> <p>Outside Director of RAKSUL INC.</p> <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 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>	<p>– shares (345 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
15	Noriyoshi Suzuki (April 20, 1956)  New election Outside Independent executive	<p>April 1982      Joined The Nikko Securities Co., Ltd.</p> <p>October 2001    Manager of Private Banking Division of Nikko Cordial Securities Inc. (present SMBC Nikko Securities Inc.)</p> <p>February 2005   Managing Director of Nikko Cordial Securities Inc.</p> <p>December 2008   Senior Managing Director of Nikko Cordial Securities Inc.</p> <p>July 2009        President &amp; Representative Director of LCF Edmond de Rothschild Nikko Cordial Co., Ltd. (present Edmond de Rothschild Nikko Co., Ltd.)</p> <p>March 2017      Deputy President Executive Officer of SMBC Nikko Securities Inc.</p> <p>June 2019        Outside Director of Denki Kogyo Company, Limited (present post)</p> <p>(Significant concurrent positions outside the Company)</p> <p>Outside Director of Denki Kogyo Company, Limited</p> <p>Reason for selecting him as an Outside Director candidate He has many years of experience in the securities industry. 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>	– shares (– shares)

- 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, Genichi Tamatsuka and Noriyoshi Suzuki are candidates for Outside Directors.
4. The terms of office of the candidates for Outside Director, Rehito Hatoyama, Toru Shimada, Genichi Tamatsuka, as Outside Director are 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, Toru Shimada, and Genichi Tamatsuka, 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 each candidate is approved, the Company intends to continue the liability limitation agreement. In addition, if the election of Noriyoshi Suzuki is approved, the Company will enter into the liability limitation agreement.
6. The Company has registered Rehito Hatoyama, Toru Shimada and Genichi Tamatsuka 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 Noriyoshi Suzuki is approved, the Company intends to register him as an independent executive.
7. In fiscal 2019, USEN-NEXT HOLDINGS Co., Ltd., at which Toru Shimada holds a concurrent position, outsourced certain businesses to the Company, but the 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 29.
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.

**Proposal No. 3:** Election of Three Directors who are Audit and Supervisory Committee Members

The term of office of all three 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 three Directors who are Audit and Supervisory Committee Members.

The proposal has been agreed to by the Audit and Supervisory Committee of the Company.

Candidates for Directors who are Audit and Supervisory Committee Members are as follows.

Candidate No.	Name	Position	Candidate Attribute		
			Reelection	Outside	Independent executive
1	Takeshi Natsuno	Outside Director (Audit and Supervisory Committee Member)	Reelection	Outside	Independent executive
2	Nozomu Yoshida	Outside Director (Audit and Supervisory Committee Member)	Reelection	Outside	Independent executive
3	Eiji Uda	Outside Director (Audit and Supervisory Committee Member)	Reelection	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	<p>Takeshi Natsuno (March 17, 1965)</p> <p>Reelection Outside Independent executive</p> <p>Term of office: twelve years</p>	<p>April 1988      Joined Tokyo Gas Co., Ltd.</p> <p>September 1997      Joined NTT Mobile Communications Network Inc. (present NTT DOCOMO, INC.)</p> <p>June 2005      Executive Officer and Manager in charge of Multimedia Services of NTT DOCOMO, INC.</p> <p>May 2008      Guest Professor of Keio University, Graduate School of Media and Governance (present post)</p> <p>June 2008      Outside Director of the Company</p> <p>Outside Director of Sega Sammy Holdings Inc. (present post)</p> <p>Part-time Director of NTT Resonant Inc. (present post)</p> <p>December 2008      Director of DWANGO Co., Ltd.</p> <p>June 2009      Outside Director of DLE Inc.</p> <p>September 2009      Outside Director of GREE, Inc. (present post)</p> <p>December 2010      Outside Director of U-NEXT Co., Ltd. (present USEN-NEXT HOLDINGS Co., Ltd.) (present post)</p> <p>June 2016      Outside Director (Audit and Supervisory Committee Member) of the Company (present post)</p> <p>August 2016      Outside Director of Oracle Corporation Japan (present post)</p> <p>November 2018      Director, Member of the Board of KADOKAWA CORPORATION (present post)</p> <p>February 2019      President of Dwango Co., Ltd. (present post)</p> <p>(Significant concurrent positions outside the Company)</p> <p>Guest Professor of Keio University, Graduate School of Media and Governance</p> <p>Outside Director of Sega Sammy Holdings Inc.</p> <p>Part-time Director of NTT Resonant Inc.</p> <p>President of Dwango Co., Ltd.</p> <p>Outside Director of GREE, Inc.</p> <p>Outside Director of USEN-NEXT HOLDINGS Co., Ltd.</p> <p>Outside Director of Oracle Corporation Japan</p> <p>Director, Member of the Board of KADOKAWA CORPORATION</p> <p>Reason for selecting him as an Outside Director candidate Based on his abundant experience as a manager of companies and wide knowledge in communication and Internet services business, etc., he is deemed to be an appropriate person to supervise the Company's management and execution of business when the Company promotes global business management aimed at improving sustainable corporate value. Accordingly, we have selected him as a candidate for Outside Director.</p>	60,000 shares (12,038 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
2	<p>Nozomu Yoshida (December 1, 1956)</p> <p>Reelection Outside Independent executive</p> <p>Term of office: ten years</p>	<p>April 1980      Joined Dentsu Inc.</p> <p>October 2000    Representative Director of nozomu.net (present post)</p> <p>January 2002    Part-time Director of Concent, Inc. (present post)</p> <p>June 2004      Representative Director of takibi, Inc.</p> <p>May 2008      Representative Director of Odayaka Living Co., Ltd. (present post)</p> <p>June 2010      Outside Director of the Company</p> <p>June 2011      Outside Corporate Auditor of Asahi Net, Inc. (present post)</p> <p>June 2016      Outside Director (Audit and Supervisory Committee Member) of the Company (present post)</p> <p>(Significant concurrent positions outside the Company)</p> <p>Representative Director of nozomu.net</p> <p>Part-time Director of Concent, Inc.</p> <p>Representative Director of Odayaka Living Co., Ltd.</p> <p>Outside Corporate Auditor of Asahi Net, Inc.</p> <p>Reason for selecting him as an Outside Director candidate Based on his abundant experience as a manager of companies and wide knowledge in advertisement industry and Internet services business, etc., he is deemed to be an appropriate person to supervise the Company's management and execution of business when the Company promotes global business management, aimed at improving sustainable corporate value. Accordingly, we have selected him as a candidate for Outside Director.</p>	– shares (8,061 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	<p>Eiji Uda (August 3, 1956)</p> <p>Reelection Outside Independent executive</p> <p>Term of office: six years</p>	<p>April 1981      Joined IBM Japan, Ltd.</p> <p>January 1999      Senior General Manager and Manager of Information Service Industry Business Division of IBM Japan, Ltd.</p> <p>January 2001      Representative Director &amp; President of SOFTBANK COMMERCE CORP. (present SoftBank Corp.)</p> <p>March 2004      Senior Vice President of salesforce.com, Inc.</p> <p>April 2004      Representative Director and President of salesforce.com, Co., Ltd.</p> <p>April 2012      Executive Vice President of salesforce.com, Inc.</p> <p>June 2014      Outside Director of the Company</p> <p>March 2016      Chairman and Representative Director of Unified Service Co., Ltd.</p> <p>April 2016      President and Representative Director of 4U Lifecare Inc.</p> <p>June 2016      Outside Director (Audit and Supervisory Committee Member) of the Company (present post)</p> <p>September 2017      Chairman and CEO of Yext KK (present post)</p> <p>December 2017      President, Chairman and Representative Director of Unified Service Co., Ltd.</p> <p>April 2018      Chairman and Director of 4U Lifecare Inc. (present post)</p> <p>June 2018      Chairman and Representative Director of Unified Service Co., Ltd. (present post)</p> <p>(Significant concurrent positions outside the Company)</p> <p>Chairman and CEO of Yext KK</p> <p>Chairman and Representative Director of Unified Service Co., Ltd.</p> <p>Chairman and Director of 4U Lifecare Inc.</p> <p>Reason for selecting him as an Outside Director candidate Based on his abundant experience as a manager of companies and wide knowledge in IT industry and Internet services business, etc., he is deemed to be an appropriate person to supervise the Company's management and execution of business when the Company promotes global business management aimed at improving sustainable corporate value. Accordingly, we have selected him as a candidate for Outside Director.</p>	<p>– shares (– shares)</p>

- Notes: 1. Takeshi Natsuno, Nozomu Yoshida and Eiji Uda are candidates for Outside Directors. Figures in parentheses in the column of “No. of Company shares held” by each candidates are equities in the Director’s shareholding society (Fractions smaller than one share are omitted).
2. Takeshi Natsuno concurrently holds the position of President of DWANGO Co., Ltd., with which the Company has business relationship. Eiji Uda concurrently holds the position of Chairman and CEO of Yext KK, with which the Company has business relationship.  
No special interests between any other candidates for Outside Director and the Company.
3. 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.
4. Liability Limitation Agreement with Outside Directors  
The Company has entered into, with Takeshi Natsuno, Nozomu Yoshida and Eiji Uda, 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 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 Takeshi Natsuno, Nozomu Yoshida and Eiji Uda is approved, the Company intends to continue the liability limitation agreement.
5. The Company has registered Takeshi Natsuno, Nozomu Yoshida and Eiji Uda 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.
6. In fiscal 2019, DWANGO Co., Ltd., KADOKAWA CORPORATION, and Keio University, at which Takeshi Natsuno holds a concurrent position, outsourced certain businesses to the Company, but the amount of each business accounts for an insignificant part of consolidated sales of the Company (less than 2%). Conversely, the Company outsourced certain businesses to DWANGO Co., Ltd., but the amount of the businesses accounts for an insignificant part of consolidated sales of that company (less than 2%). There is no business outsourced by the Company to KADOKAWA CORPORATION and Keio University. Accordingly, the Company has determined that his independence is ensured adequately.  
In fiscal 2019, Yext KK, at which Eiji Uda holds a concurrent position, outsourced certain businesses from the Company, but the amount of the businesses accounts for an insignificant part of consolidated sales of the company (less than 2%). Also, there is no business outsourced by this company to the Company. Accordingly, the Company has determined that his independence is ensured adequately.
7. A case of violation of laws and regulations at a company of which a candidate for Outside Director served as a director  
DLE Inc. was found to have prepared past financial statements based on fraudulent accounting and restated its annual securities report and other financial documents on December 3, 2018, when Takeshi Natsuno, a candidate for Outside Director of the Company, was serving as an Outside Director of that company. As a result, stock of DLE Inc. was designated as Security on Alert by Tokyo Stock Exchange, Inc. on December 28, 2018, and the Financial Services Agency issued an order for payment of penalties to the company on April 18, 2019. The designation of Security on Alert was subsequently canceled on February 22, 2020. Takeshi Natsuno had not recognized the fraudulent accounting of DLE Inc. until it was discovered. However, he had regularly offered recommendations from the perspective of legal compliance as appropriate before the discovery and expressed opinions on measures to prevent recurrence and otherwise performed his duties appropriately after the discovery.
8. For the criteria for judging independence of Outside Directors of the Company, please refer to page 29.

**Proposal No. 4:** Election of One Director who is a Substitute Audit and Supervisory Committee Member

The Company proposes the election of one Director who is a substitute Audit and Supervisory Committee Member in case the number of serving Directors who are Audit and Supervisory Committee Members falls below the number required by law.

This proposal has been agreed to by Audit and Supervisory Committee.

Candidate for Director who is a substitute Audit and Supervisory Committee Member is as follows:

Name (Date of Birth)	Career summary and significant concurrent positions outside the Company	No. of Company shares held
Miwa Tsurumori (February 10, 1977)  Outside Independent executive	<p>October 2006 Registered as a lawyer Joined Fairness Law Office</p> <p>October 2013 Joined Uchisaiwaicho Law Office</p> <p>April 2017 Lawyer of Toranomom 1-Chome Law Office (present post)</p> <p>Reason for selecting her as an Outside Director candidate Based on her various experience and excellent knowledge as a lawyer, she is deemed to be an appropriate person to supervise the Company's management and execution of business when the Company promotes global business management aimed at improving sustainable corporate value. Accordingly, we have selected her as a candidate for substitute Outside Director. Although she does not have experience of involvement in corporate management, based on the above reason, she is deemed to be capable of appropriately performing the duties of Outside Director of the Company.</p>	– shares

- Notes: 1. Miwa Tsurumori is a candidate for a substitute Outside Director.  
2. Miwa Tsurumori provides legal services under her maiden name (Matsutani).  
3. No special interests exist between the Company and Miwa Tsurumori.  
4. If Miwa Tsurumori assumes the office of Outside Director, the Company will enter into an agreement that limits the liability for damages provided for in Article 423, Paragraph 1 of the Companies Act with her pursuant to the provisions of Article 427, Paragraph 1 of the said 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.  
5. If Miwa Tsurumori assumes the office of Outside Director, the Company will register her as an independent executive stipulated by the Tokyo Stock Exchange.  
6. For the criteria for judging independence of Outside Directors of the Company, please refer to the next page.

(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 and 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, 2019 to March 31, 2020)

**1. Business Overview of the Group**

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

During the fiscal year ended March 31, 2020, Japan's economy was generally on a moderate recovery trend on the back of improving employment and income environments and increasing corporate earnings and capital investment. However, uncertainty increased particularly when concerns about the effect of the novel coronavirus pandemic on the global economy increased toward the end of the fiscal year, in addition to other concerns such as the effect of the consumption tax hike on personal consumption and the developments of U.S.-China trade friction.

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 actively promoted DEC and BPO services, which underpinned increased orders in Japan and other markets of Asia, particularly in China and South Korea. The bottom line also improved, buoyed mainly by a rally in the profitability of order receiving services and the capture of high-revenue projects. Also, seeking to reinforce the competitiveness of services at home and abroad, transcossos continued to emphasize efforts to develop new services, elevate the quality of services, and further strengthen the overall service structure. 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, the Group promoted the development and expansion of services utilizing LINE as a platform to allow us to support marketing, sales and customer communication in a seamless manner. For example, we started the provision of LINE utilization support services to local governments and other members of the public sector and "transcossos white base," a proprietary AI-based performance predictions system. The Group also strengthened and developed services that capture the needs of client companies in advance. For example, we enhanced "emergency call center & logistics" services by combining call support and warehouse operations to offer comprehensive services including customer call center, product collection and delivery of replacements and apology letters and leased "marketing materials management service," which manages end-to-end process from receiving to shipping of POPs and other promotional materials. As part of our efforts to improve service quality, we enhanced the functions of "transpeech," our proprietary voice recognition solution, including the evaluation function utilizing sentiment analysis and the "AI Defender" function that auto-checks service quality in call centers.

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 strengthening the overall service structure through M&As and alliances. More specifically, the Company acquired from Toshiba and Toshiba Group 81.0% of shares of a company (currently TT Human Asset Service Corporation) established as part of a business split from Toshiba Human Asset Service Corporation, which is a shared-service provider that supports Toshiba Group in areas that include human resources and labor management, international staff support operation, and promotion of occupational health and safety, and TT Human Asset Service Corporation has started its operation as a consolidated subsidiary of the Company. The Company also acquired from 80.5% of shares of Toshiba Products Marketing Incorporated (currently TT Process Management Inc.), which is a BPO services company that undertakes business operations outsourced from Toshiba Group companies as well as non-group companies, including conversion of documents from text to digital data, data entry, annotation services and other RPA (Robotic Process Automation) related services, and TT Process Management Inc. has started its operation as a consolidated subsidiary of the Company. Through these actions, the Group will work to expand business with Toshiba Group and improve service quality, while aiming to realize further advancement and higher quality in our BPO services. Obayashi Corporation, the Company, and APPLIED TECHNOLOGY CO., LTD., a consolidated subsidiary of the Company, entered into an alliance agreement to jointly work to create an information platform to facilitate the use of BIM (Building Information Modeling) throughout the whole processes including design, production design, and construction management processes. The Group

also expanded its service lineup by, for example, starting to provide helpdesk services to support the IT environment of companies that plan to introduce working from home.

The Group will continue to strengthen 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, the Group also expanded its service lineup and structure overseas, particularly in local markets in Asia. More specifically, our subsidiary in China obtained certification from Alibaba as a “Databank Services Partner.” This makes it possible to utilize the databank to pinpoint user behavior throughout all sales and advertising channels on the Alibaba network as well as client companies’ own data, and apply the results to fine-tuned marketing support based on trend analysis. In Korea, we established a new website development and operations center “Marketing Communication Center Korea (MC Center Korea),” which started to offer website operations services with its Japanese-speaking members capable of delivering high quality comparable to that in Japan. In Southeast Asia, we opened a “Global Digital Marketing Center” to launch “global multilingual ad operations services,” which include multilingual ad operations services, creative production services, and social media operations services for the local market. As part of efforts to strengthen our service structure, we expanded our operations center network in Vietnam to reach 1,750 workstations by opening a new “Ho Chi Minh Center No. 3” while expanding the existing “Hanoi Center.” As a result of these efforts, we have established a network that can provide services at 105 bases in 29 countries and regions 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, 2020 were as follows. Net sales were 311,871 million yen, up 9.5% from the previous year. As for profit, all segments achieved an increase in profitability led by the Company’s services. As a result, operating profit increased 99.6% from the previous year to 10,689 million yen, and ordinary profit increased 66.0% to 8,954 million yen. Profit attributable to owners of parent also increased 41.6% from the previous fiscal year to 6,279 million yen mainly attributable to an increase in operating profit, although extraordinary income decreased significantly due to a decrease in “gain on sales of subsidiaries and affiliates’ stocks,” which was recognized in the previous fiscal year.

<b>Net sales</b> ¥311,871 million	Up 9.5% from the previous fiscal year	<b>Ordinary income</b> ¥8,954 million	Up 66.0% from the previous fiscal year
<b>Operating profit</b> ¥10,689 million	Up 99.6% from the previous fiscal year	<b>Profit attributable to owners of parent</b> ¥6,279 million	Up 41.6% from the previous fiscal year

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 227,643 million yen, up 8.3% from previous year. Segment profit was 7,912 million yen, up 79.2% from the previous year as profit margin improved due to a rally in the profitability of order receiving services, as well as a decrease in the ratio of selling, general and administrative expenses.

### Domestic subsidiaries and affiliates

In domestic subsidiaries and affiliates, sales were 28,277 million yen, up 34.5% 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 1,362 million yen, up 118.2% from the previous year mainly due to profitability improvements at listed subsidiaries.

### Overseas subsidiaries and affiliates

In overseas subsidiaries and affiliates, sales were 66,048 million yen, up 6.6% from the previous year because orders received for services in China, South Korea, and Southeast Asia were favorable. Segment profit was 1,413 million yen, a significant increase of 351.4% from the previous fiscal year mainly due to profitability improvements at subsidiaries in China and Southeast Asia.

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

## **Impact of the spread of novel coronavirus infection on the Group**

The impact of the spread of novel coronavirus infection on the Group remains to be highly uncertain. However, the Group is already experiencing a certain impact as instructions and requests from administrative agencies to refrain from going out and voluntarily cancel events and campaigns and measures to control infection and protect the safety of employees are causing a decrease in new projects, scaling down of some of the existing services, and a temporary decrease in the capacity utilization rate of operation centers. On the other hand, we are receiving increasing inquiries about services that can potentially support operations related to novel coronavirus countermeasures and services to support, among others, the promotion of work from home and business continuity through the digital shift support for business processes of companies.

Prioritizing the prevention of infection from spreading within and outside the Company and the protection of the safety of each employee, the Company will strive to continue to fulfill its social responsibility as much as possible.

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

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

The Company has stated in its corporate message that it wants to become the Global Digital Transformation Partner, i.e., the provider of new services that tap into digital technology to support client companies' transformation, formulated a medium-term management plan for the three years ended fiscal 2019, and has been implementing various measures from the three perspectives of "service innovation," "global expansion of services," and "becoming a strategic partner for client companies." By steadily executing this plan, we have been able to create new services utilizing digital applications to various businesses. On the other hand, aggressive business investments have caused a temporarily increase in sales and administrative costs, leaving room for improvement in terms of overall business profitability. It is also necessary to implement measures to accelerate the evolution of innovative services and businesses that we have explored so that we can respond to labor shortage and increases in personnel expenses, which are expected to continue going forward.

Therefore, the Company has formulated a new medium-term management plan for the three-year period from FY2020 to FY2022 to deploy new models that have been created by FY2019 on a large scale and accelerate the momentum toward becoming a "Global Digital Transformation Partner." Under the new medium-term management plan, we will focus on "people & technology," the origin of the business of the Company. In other words, we will solve customers' problems by providing high value-added solutions that combine professional talents and advanced technology to achieve high growth and profitability. To this end, in the existing business fields, we will work to lengthen the duration and increase the scale of customer relations based on the trust of customers. In addition, we will focus utmost efforts on the development of related fields in which demand is expected to increase in the future where the strength and customer relations of each business can be effectively applied. At the same time, to create new domains that can be our new pillars for the future, we will work to realize innovation by leveraging to a maximum degree the group strengths of our subsidiaries and affiliates and joint ventures in which we have invested so far. By establishing a sustainable business model with these initiatives, we will push forward with steps toward becoming "the one and only global outsourcing services player that serves for client companies' topline growth."

Amid the spread of novel coronavirus infection, there is a possibility that the execution of the new medium-term management plan may be impacted due to the extent that the Company's business and the business environment are impacted, and measures that prioritize "social responsibility to prevent the spread of infection" and "ensuring the safety of employees in accordance with obligations to look after the safety of workers," which are the Company's basic policies.

### **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.



## ■ Initiatives to achieve SDGs

We will work to contribute to the achievement of SDGs through responsible corporate activities and businesses centered around “people & technology.” We will also establish a dedicated team to support these initiatives and conduct innovation activities within and outside the Company to enlighten and embed SDGs activities.

## ■ ESG initiatives

The Company is actively grappling with social issues and expectations in the three elements of ESG (Environment, Society, and Governance).

- Governance (G)

We are strengthening the business foundation that is indispensable for business continuity. Our specific initiatives are described in “To strengthen its corporate governance” on page 50.

- Society (S)

We are grappling with various social issues through the fulfillment of our responsibilities for the services that we provide, the promotion of diversity, and close attention to human rights and working conditions. In particular, to strengthen our human resources, which are the key driver to accelerate business growth and global expansion and to enable the continuous creation of value added, the Group is working to realize an environment in which employees with various backgrounds in terms of gender, nationality, and disability can be motivated).

- Environment (E)

The Company has created and is operating an environmental management system that is compliant with “ISO14001” international standards. Through the provision of 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 a 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 meeting of the Board of Directors held on December 27, 2018, the Company completed an absorption-type merger with transcosmos 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

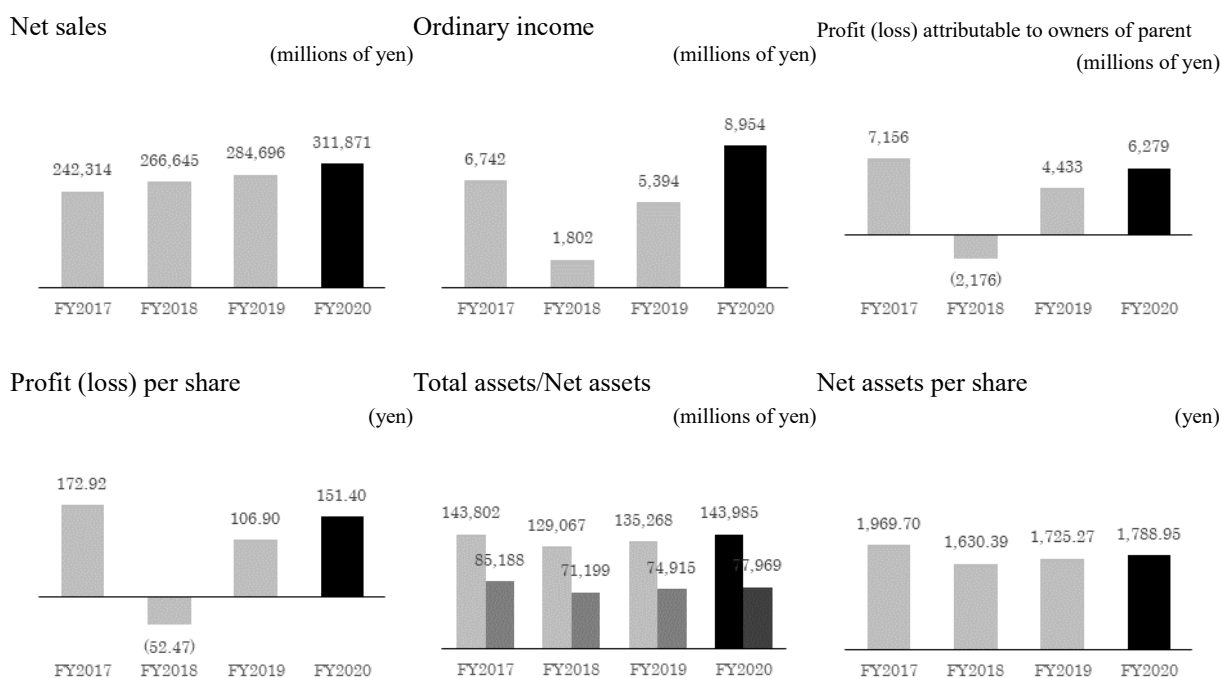
There is nothing significant to be noted during the current fiscal year.

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

Category	FY 2017 (32 <sup>nd</sup> Fiscal Term)	FY 2018 (33 <sup>rd</sup> Fiscal Term)	FY 2019 (34 <sup>th</sup> Fiscal Term)	FY 2020 (current fiscal year) (35 <sup>th</sup> Fiscal Term)
Net sales (millions of yen)	242,314	266,645	284,696	311,871
Ordinary income (millions of yen)	6,742	1,802	5,394	8,954
Profit (loss) attributable to owners of parent (millions of yen)	7,156	(2,176)	4,433	6,279
Profit (loss) per share (yen)	172.92	(52.47)	106.90	151.40
Total assets (millions of yen)	143,802	129,067	135,268	143,985
Net assets (millions of yen)	85,188	71,199	74,915	77,969
Net assets per share (yen)	1,969.70	1,630.39	1,725.27	1,788.95

Notes:

- 1 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.
- 2 Effective from the beginning of the 34th Fiscal Term, the Company has applied the “Partial Amendments to Accounting Standard for Tax Effect Accounting” (ASBJ Statement No. 28, February 16, 2018), etc. 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 33rd Fiscal Term 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	53.79%	Data distribution service business using the Internet
APPLIED TECHNOLOGY CO., LTD.	600 million yen	60.23%	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, 2020)

DEC (Digital Marketing/EC/Contact Center) Services
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.
BPO (Business Process Outsourcing) Services
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, 2020)

Office	Location
Main Office	25-18, Shibuya 3-chome, Shibuya-ku, Tokyo
Main Office 2	Sunshine 60 Bldg., 3-1-1, Higashiikebukuro, Toshima-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, South Korea, Taiwan, Vietnam, Philippines, Thailand, Malaysia, Indonesia, Singapore, India, UAE, Norway, Finland, Sweden, U.K., Estonia, Denmark, Poland, Ukraine, Belgium, Hungary, Bulgaria, South Africa, Canada, U.S.A., Mexico, Colombia, Brazil, Argentine

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

**(13) Employees (As of March 31, 2020)**

## 1) Employees of the Group

Segment	Number of employees	Number of temporary employees
The Company's services	15,173	21,430
Domestic subsidiaries and affiliates	1,687	1,538
Overseas subsidiaries and affiliates	15,806	2,882
Total	32,666	25,850

## 2) Employees of the Company

Number of employees	Year-on-year change	Average age	Average length of service
15,173 (21,430)	+ 1,067 (+ 23)	36 years, 5 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 1,067, Number of temporary employees up by 23
  - Domestic subsidiaries and affiliates ..... Number of employees up by 586, Number of temporary employees up by 517
  - Overseas subsidiaries and affiliates ..... Number of employees up by 962, Number of temporary employees up by 444

This is mainly because of the 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 and the inclusion of employees of newly consolidated subsidiaries in "Domestic subsidiaries and affiliates" and "Overseas subsidiaries and affiliates."

**(14) Major Creditors (As of March 31, 2020)**

Creditor	Outstanding loans
Sumitomo Mitsui Banking Corporation Europe Limited	1,167 million yen
Mizuho Bank Ltd.	908 million yen

## 2. Matters Concerning Shares of the Company (As of March 31, 2020)

- (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: 10,912  
(of which 8,614 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	4,258	10.3
transcosmos foundation, Public Interest Incorporated Foundation	3,753	9.0
Japan Trustee Services Bank, Ltd. (Account in Trust)	3,349	8.1
Mihoko Hirai	1,463	3.5
Government of Norway	1,072	2.6
Master Trust Bank of Japan, Ltd. (Account in Trust)	1,056	2.5
HM Kosan, Ltd.	722	1.7
Employee Shareholding Association of transcosmos inc.	638	1.5

Notes:

1. Although the Company holds 7,319 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 (As of March 31, 2020)

### (1) Stock Acquisition Rights, etc. Held by the Company's Officers

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, 2020)

##### (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 and Diversity Promotion Department Outside Director, Member of the Board of KADOKAWA CORPORATION Outside Director of DeNA Co., Ltd.
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 transcosmos Korea Inc. Director of UNQ (Shanghai) Supply Chain Management Co., Ltd.
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, Chief of Services Promotion Sector, and Head of Business Development Office of BPO Services Headquarters
Director, Senior 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
Director, Senior Corporate Executive Officer	Kenshi Matsubara	Co-Chief of DEC Headquarters and Chief of Digital Communication Center Sector of DEC Headquarters
Director, Senior Corporate Executive Officer	Ken Inazumi	Co-Chief of DEC Headquarters and General Manager of Digital Transformation Division of DEC Headquarters Outside Director of Wacom Co., Ltd.
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.
Outside Director (Audit and Supervisory Committee Member)	Takeshi Natsumo	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 GREE, Inc. Outside Director of USEN-NEXT HOLDINGS Co., Ltd. Outside Director of Oracle Corporation Japan Director, Member of the Board of KADOKAWA CORPORATION

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	Chairman and CEO of Yext KK Chairman and Representative Director of Unified Service Co., Ltd. Chairman and Director of 4U Lifecare Inc.
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 Outside Director of MITANI SANGYO Co., Ltd.
Outside Director	Genichi Tamatsuka	President and CEO of DIGITAL HEARTS HOLDINGS Co., Ltd. Outside Director of adot co., ltd. Outside Director of RAKSUL INC.

Notes:

- Changes to Director during the fiscal year are as follows:  
Directors Masakatsu Moriyama and Shinichi Nagakura, and Outside Director Owen Mahoney retired due to the expiration of their term of office at the conclusion of the 34th Annual General Meeting of Shareholders held on June 25, 2019.  
Directors Kenshi Matsubara and Ken Inazumi, and Outside Director Genichi Tamatsuka were elected at the 34th Annual General Meeting of Shareholders held on June 25, 2019, and took office.
- 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.
- 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.
- The Company has designated Outside Directors Takeshi Natsuno, Nozomu Yoshida, Eiji Uda, Rehito Hatoyama, Toru Shimada and Genichi Tamatsuka as independent executives stipulated by the Tokyo Stock Exchange, and registered them with the exchange as such.
- Liability Limitation Agreement**  
The Company has entered into, with Outside Directors Takeshi Natsuno, Nozomu Yoshida, Eiji Uda, Rehito Hatoyama, Toru Shimada and Genichi Tamatsuka, 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.
- “DEC,” “AE” and “DS” used in “Assignment or principal responsibilities and significant concurrent positions” of each Director are abbreviations for “Digital Marketing/EC/Contact Center,” “Account Executive” and “Direct Sales,” respectively. The same abbreviations apply also to (Reference) Directors and Audit and Supervisory Committee Members (As of April 1, 2020) on the next page.

**(Reference) Directors and Audit and Supervisory Committee Members (As of April 1, 2020)**

(Underlined sections are amendments from March 31, 2020.)

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 and Diversity Promotion Department Outside Director, Member of the Board of KADOKAWA CORPORATION Outside Director of DeNA Co., Ltd.
President, Representative Director & COO	Masataka Okuda	Chief Operating Officer <u>and Chief of Business Development Sector</u>
Director, Executive Vice President	Koichi Iwami	Chief of Global Business Headquarters, in charge of DEC Headquarters and Services Promotion Sector Chairman, Director & CEO of transcosmos Korea Inc. Director of UNQ (Shanghai) Supply Chain Management Co., Ltd.
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, Chief of Services Promotion Sector, and Head of Business Development Office of BPO Services Headquarters
Director, Senior Corporate Executive Officer	Takeshi Kamiya	General Manager of Corporate Strategy Division, <u>Deputy Chief of Business Development Sector, and General Manager of Global E-Commerce/Direct Sales Promotion Division of Business Development Sector</u>
Director, Senior Corporate Executive Officer	Kenshi Matsubara	Co-Chief of DEC Headquarters and <u>Chief of Digital Customer Communication Sector of DEC Headquarters</u>
Director, Senior Corporate Executive Officer	Ken Inazumi	Co-Chief of DEC Headquarters and <u>Chief of Digital Transformation Sector of DEC Headquarters</u> Outside Director of Wacom Co., Ltd.
Director, Corporate Executive Officer & CTO	Kiyoshi Shiraishi	Deputy Chief of Services Promotion Sector and <u>in charge of Digital Technology Promotion Division of Services Promotion Sector</u> Chairman and Representative Director of J-Stream Inc.
Director, Corporate Executive Officer & CMO	Shunsuke Sato	<u>Deputy Chief of Business Development Sector and in charge of Business Innovation Division of Business Development Sector</u> Outside Director of Beagle Inc.
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 GREE, Inc. Outside Director of USEN-NEXT HOLDINGS Co., Ltd. Outside Director of Oracle Corporation Japan Director, Member of the Board of KADOKAWA CORPORATION



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	Chairman and CEO of Yext KK Chairman and Representative Director of Unified Service Co., Ltd. Chairman and Director of 4U Lifecare Inc.
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 Outside Director of MITANI SANGYO Co., Ltd.
Outside Director	Genichi Tamatsuka	President and CEO of DIGITAL HEARTS HOLDINGS Co., Ltd. Outside Director of adot co., ltd. Outside Director of RAKSUL INC.

## (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 all these companies.
		DWANGO Co., Ltd.	Representative Director	
		Sega Sammy Holdings Inc.	Outside Director	
		NTT Resonant Inc.	Part-time Director	
		GREE, Inc.	Outside Director	
		USEN-NEXT HOLDINGS Co., Ltd.	Outside Director	
Outside Director	Nozomu Yoshida	Oracle Corporation Japan	Outside Director	The Company has a business relationship with Asahi Net, Inc. There is no special relationship between the other companies and the Company.
		KADOKAWA CORPORATION	Director, Member of the Board	
		nozomu.net	Representative Director	
		Concent, Inc.	Part-time Director	
		Odayaka Living Co., Ltd.	Representative Director	
		Asahi Net, Inc.	Outside Corporate Auditor	
Outside Director	Eiji Uda	Yext KK	Representative Director	The Company has a business relationship with Yext KK. There is no special relationship between the other companies and the Company.
		Unified Service Co., Ltd.	Representative Director	
		4U Lifecare Inc.	Director	
		LINE Corporation	Outside Director	
		Pigeon Corporation	Outside Director	
		Hatoyama Soken Corporation	Representative Director	
Outside 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 the other companies and the Company.
		Tsukui Corporation	Outside Director	
		MITANI SANGYO Co., Ltd.	Outside Director	
		DIGITAL HEARTS HOLDINGS Co., Ltd.	Representative Director	
		adot co., ltd.	Outside Director	
		RAKSUL INC.	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	Rehito Hatoyama	Number of meetings attended 13/13
Nozomu Yoshida	Number of meetings attended 13/13	Toru Shimada	Number of meetings attended 11/13
Eiji Uda	Number of meetings attended 13/13	Genichi Tamatsuka	Number of meetings attended 10/10

- Notes: 1. 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.
2. Changes to Director during the fiscal year are as follows:  
 Outside Director Genichi Tamatsuka  
 Elected at the 34th Annual General Meeting of Shareholders held on June 25, 2019, and took office

#### 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)	17 (4)	¥415 million (¥53 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)	20 (7)	¥463 million (¥101 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	149 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**

Not applicable.

### **(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

The Company has stated in its corporate message that it wants to become the Global Digital Transformation Partner, i.e., the provider of new services that tap into digital technology to support client companies' transformation, formulated a medium-term management plan for the three years ended fiscal 2019, and has been implementing various measures from the three perspectives of "service innovation," "global expansion of services," and "becoming a strategic partner for client companies." By steadily executing this plan, we have been able to create new services utilizing digital applications to various businesses. On the other hand, aggressive business investments have caused a temporarily increase in sales and administrative costs, leaving room for improvement in terms of overall business profitability. It is also necessary to implement measures to accelerate the evolution of innovative services and businesses that we have explored so that we can respond to labor shortage and increases in personnel expenses, which are expected to continue going forward.

Therefore, the Company has formulated a new medium-term management plan for the three-year period from FY2020 to FY2022 to deploy new models that have been created by FY2019 on a large scale and accelerate the momentum toward becoming a “Global Digital Transformation Partner.”

Concrete efforts are given in “(2) Issues to Be Addressed” in “1. Business Overview of the Group” on page 32.

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, six out of 17 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, 2020)

(Millions of yen)

<b>Assets</b>		<b>Liabilities</b>	
Account item	Amount	Account item	Amount
<b>Current assets</b>	<b>96,922</b>	<b>Current liabilities</b>	<b>63,432</b>
Cash and deposits	35,012	Accounts payable—trade	12,808
Notes and accounts receivable—trade	49,793	Short-term loans payable	3,057
Merchandise and finished goods	4,420	Current portion of bonds	28
Work and software in progress	1,088	Current portion of bonds with subscription rights to shares	10,007
Supplies	56	Current portion of long-term loans payable	83
Other	6,954	Accounts payable	6,809
Allowance for doubtful accounts	(403)	Accrued expenses	14,512
<b>Fixed assets</b>	<b>47,062</b>	Income taxes payable	3,151
<b>Tangible fixed assets</b>	<b>11,679</b>	Accrued consumption tax	4,830
Buildings and structures	5,486	Advances received	1,320
Vehicles and transportation equipment	40	Accrued bonuses for employees	4,766
Tools, furniture and fixtures	4,390	Other	2,057
Land	825	<b>Fixed liabilities</b>	<b>2,583</b>
Lease assets	850	Bonds payable	114
Construction in progress	86	Long-term loans payable	142
<b>Intangible fixed assets</b>	<b>4,314</b>	Deferred tax liabilities	895
Goodwill	778	Net defined benefit liability	295
Software	2,806	Long-term security deposits received	19
Lease assets	9	Other	1,116
Software in progress	382	<b>Total liabilities</b>	<b>66,015</b>
Other	336	<b>Net Assets</b>	
<b>Investments and other assets</b>	<b>31,068</b>	<b>Shareholders' equity</b>	<b>72,669</b>
Investment in securities	7,196	<b>Common stock</b>	<b>29,065</b>
Investment in stocks of unconsolidated subsidiaries and affiliates	5,506	<b>Capital surplus</b>	<b>17,778</b>
Investment in unconsolidated subsidiaries and affiliates	6,092	<b>Retained earnings</b>	<b>41,061</b>
Long-term loans receivable	330	<b>Treasury stock</b>	<b>(15,236)</b>
Deferred tax assets	2,183	<b>Accumulated other comprehensive income</b>	<b>1,527</b>
Security deposits	9,289	<b>Valuation difference on available-for-sale securities</b>	<b>3,204</b>
Other	758	<b>Foreign currency translation adjustment</b>	<b>(1,677)</b>
Allowance for doubtful accounts	(288)	<b>Subscription rights to shares</b>	<b>3</b>
		<b>Non-controlling interests</b>	<b>3,769</b>
		<b>Total net assets</b>	<b>77,969</b>
<b>Total assets</b>	<b>143,985</b>	<b>Total liabilities and net assets</b>	<b>143,985</b>

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

## **Consolidated Statement of Income**

(from April 1, 2019 to March 31, 2020)

(Millions of yen)

Account item	Amount	
<b>Net sales</b>		<b>311,871</b>
<b>Cost of sales</b>		<b>257,262</b>
<b>Gross Profit</b>		<b>54,608</b>
<b>Selling, general and administrative expenses</b>		<b>43,918</b>
<b>Operating profit</b>		<b>10,689</b>
<b>Non-operating income:</b>		
Interest income	130	
Dividend income	18	
Gain on investments in partnership	16	
Employment development subsidy	215	
Other	210	591
<b>Non-operating expenses:</b>		
Interest expenses	64	
Share of loss of entities accounted for using equity method	1,231	
Foreign exchange losses	221	
Office transfer expenses	302	
Other	506	2,326
<b>Ordinary profit</b>		<b>8,954</b>
<b>Extraordinary gains:</b>		
Gain on sales of investment securities	2,194	
Other	174	2,368
<b>Extraordinary losses:</b>		
Impairment loss	741	
Loss on valuation of investment securities	107	
Loss on valuation of stocks of subsidiaries and affiliates	227	
Other	146	1,224
<b>Profit before income taxes</b>		<b>10,099</b>
Income taxes—current	3,689	
Income taxes—deferred	(205)	3,483
Profit		6,615
Profit attributable to non-controlling interests		336
<b>Profit attributable to owners of parent</b>		<b>6,279</b>

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

## **Consolidated Statement of Changes in Equity**

(from April 1, 2019 to March 31, 2020)

(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	17,755	36,261	(15,235)	67,847
Change during the fiscal year					
Dividend of surplus			(1,368)		(1,368)
Profit attributable to owners of parent			6,279		6,279
Acquisition of treasury stock				(0)	(0)
Change of scope of consolidation			(14)		(14)
Purchase of shares of consolidated subsidiaries		22			22
Change of scope of equity method			(96)		(96)
Net change in items other than shareholders' equity during the fiscal year					—
Total change during the fiscal year	—	22	4,800	(0)	4,822
Balance at the end of the fiscal year	29,065	17,778	41,061	(15,236)	72,669

(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	4,470	(761)	3,708	3	3,355	74,915
Change during the fiscal year						
Dividend of surplus			—			(1,368)
Profit attributable to owners of parent			—			6,279
Acquisition of treasury stock			—			(0)
Change of scope of consolidation			—			(14)
Purchase of shares of consolidated subsidiaries			—			22
Change of scope of equity method			—			(96)
Net change in items other than shareholders' equity during the fiscal year	(1,266)	(915)	(2,181)	—	413	(1,767)
Total change during the fiscal year	(1,266)	(915)	(2,181)	—	413	3,054
Balance at the end of the fiscal year	3,204	(1,677)	1,527	3	3,769	77,969

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

## Non-Consolidated Balance Sheet

(As of March 31, 2020)

(Millions of yen)

Assets		Liabilities	
Account item	Amount	Account item	Amount
<b>Current assets</b>	<b>57,508</b>	<b>Current liabilities</b>	<b>43,879</b>
Cash and deposits	15,683	Accounts payable—trade	9,605
Notes receivable	100	Current portion of convertible bond-type bonds with subscription rights to shares	10,007
Accounts receivable—trade	36,174	Accounts payable—other	4,132
Merchandise	580	Accrued expenses	8,362
Work and software in progress	238	Income taxes payable	2,344
Supplies	12	Accrued consumption tax	3,541
Advances	408	Advances received	558
Prepaid expenses	2,095	Deposits received	404
Accounts receivable—other	514	Accrued bonuses for employees	3,853
Other	1,726	Other	1,069
Allowance for doubtful accounts	(25)	<b>Fixed liabilities</b>	<b>3,400</b>
<b>Fixed assets</b>	<b>51,126</b>	Provision for loss on guarantees	2,796
<b>Tangible fixed assets</b>	<b>7,397</b>	Other	604
Buildings	3,626	<b>Total liabilities</b>	<b>47,280</b>
Tools, furniture and fixtures	2,576	<b>Net Assets</b>	
Land	707	<b>Shareholders' equity</b>	<b>60,858</b>
Other	487	<b>Common stock</b>	<b>29,065</b>
<b>Intangible fixed assets</b>	<b>2,190</b>	<b>Capital surplus</b>	<b>20,803</b>
Software	1,837	Other capital surplus	20,803
Telephone rights	97	<b>Retained earnings</b>	<b>26,225</b>
Other	255	Legal retained earnings	1,901
<b>Investments and other assets</b>	<b>41,538</b>	Other retained earnings	24,323
Investment in securities	3,179	Unappropriated retained earnings	24,323
Investment in stocks of subsidiaries and affiliates	22,977	<b>Treasury stock</b>	<b>(15,236)</b>
Investment in subsidiaries and affiliates	6,221	<b>Valuation and translation adjustments</b>	<b>496</b>
Long-term loans receivable from subsidiaries and affiliates	4,585	<b>Net unrealized gain (loss) on securities</b>	<b>496</b>
Deferred tax assets	1,955		
Security deposits	6,324		
Other	521		
Allowance for doubtful accounts	(4,226)	<b>Total net assets</b>	<b>61,354</b>
<b>Total assets</b>	<b>108,635</b>	<b>Total liabilities and net assets</b>	<b>108,635</b>

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

# **Non-Consolidated Statement of Income**

(from April 1, 2019 to March 31, 2020)

(Millions of yen)

Account item	Amount	
<b>Net sales</b>		<b>227,643</b>
<b>Cost of sales</b>		<b>187,238</b>
<b>Gross Profit</b>		<b>40,405</b>
<b>Selling, general and administrative expenses</b>		<b>32,492</b>
<b>Operating profit</b>		<b>7,912</b>
<b>Non-operating income:</b>		
Interest income	103	
Dividend income	298	
Subsidies for employment promotion	117	
Other	111	630
<b>Non-operating expenses:</b>		
Interest expenses	5	
Foreign exchange losses	264	
Office transfer expenses	302	
Provision of allowance for doubtful accounts	349	
Provision for loss on guarantees	1,871	
Other	253	3,046
<b>Ordinary profit</b>		<b>5,496</b>
<b>Extraordinary gains:</b>		
Gain on sales of investment securities	1,926	
Other	246	2,173
<b>Extraordinary losses:</b>		
Impairment loss	69	
Loss on valuation of stocks of subsidiaries and affiliates	1,592	
Other	100	1,762
<b>Profit before income taxes</b>		<b>5,907</b>
Income taxes—current	2,492	
Income taxes—deferred	(322)	2,170
<b>Profit</b>		<b>3,737</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, 2019 to March 31, 2020)

(Millions of yen)

	Shareholders' equity					
	Common stock	Capital surplus		Retained earnings		
		Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings Unappropriated retained earnings	Total retained earnings
Balance at the beginning of the fiscal year	29,065	20,803	20,803	1,764	22,091	23,856
Change during the fiscal year						
Dividend of surplus			-	136	(1,505)	(1,368)
Profit			-		3,737	3,737
Acquisition of treasury stock			-			-
Net change in items other than shareholders' equity during the fiscal year			-			-
Total change during the fiscal year	-	-	-	136	2,232	2,368
Balance at the end of the fiscal year	29,065	20,803	20,803	1,901	24,323	26,225

(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	(15,235)	58,490	698	698	59,188
Change during the fiscal year					
Dividend of surplus		(1,368)		-	(1,368)
Profit		3,737		-	3,737
Acquisition of treasury stock	(0)	(0)		-	(0)
Net change in items other than shareholders' equity during the fiscal year		-	(201)	(201)	(201)
Total change during the fiscal year	(0)	2,368	(201)	(201)	2,166
Balance at the end of the fiscal year	(15,236)	60,858	496	496	61,354

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

**REPORT OF INDEPENDENT AUDITORS**

May 14, 2020

To the Board of Directors of transcosmos inc.

**PricewaterhouseCoopers Aarata LLC**  
**tokyo office**

Designated and Engagement Partner  
Certified Public Accountant  
Nobuhiro Nasu

Designated and Engagement Partner  
Certified Public Accountant  
Yoshihisa Chiyoda

Designated and Engagement Partner  
Certified Public Accountant  
Naoyuki Suzuki

**Audit Opinion**

Pursuant to Article 444, Paragraph 4 of the Companies Act, we have audited the consolidated financial statements of transcosmos inc., which comprise the consolidated balance sheet, the consolidated statement of income, the consolidated statement of changes in equity, and the notes to the consolidated financial statements applicable to the fiscal year from April 1, 2019 to March 31, 2020.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position and the results of operations of the Group, which consisted of transcosmos inc. and its consolidated subsidiaries, applicable to the fiscal year ended March 31, 2020 in accordance with accounting principles generally accepted in Japan.

**Basis for Audit Opinion**

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company and its consolidated subsidiaries in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Responsibilities of Management and the Audit and Supervisory Committee for the Consolidated Financial Statements**

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

In preparing the consolidated financial statements, management is responsible for assessing whether it is appropriate to prepare the consolidated financial statements with the assumption of a going concern, and in accordance with accounting principles generally accepted in Japan, for disclosing, as necessary, matters related to going concern.

Audit and Supervisory Committee is responsible for overseeing the Directors' performance of duties within the maintenance and operation of the financial reporting process.

**Independent Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

Our responsibilities are to obtain reasonable assurance about whether the consolidated financial

statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that expresses our opinion on the consolidated financial statements based on our audit from an independent point of view. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users of these consolidated financial statements.

In accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit process to perform the following:

- Identify and assess the risks of material misstatement, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Selecting audit procedures to be applied is at the discretion of the auditor. Obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- When auditing the consolidated financial statements, obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances in making risk assessments, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- Evaluate the appropriateness of accounting policies used by management and their method of application, as well as the reasonableness of accounting estimates made by management and the appropriateness of related notes thereto.
- Conclude on the appropriateness of preparing the consolidated financial statements with the assumption of a going concern by management, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the notes to the consolidated financial statements or, if the notes to the consolidated financial statements on material uncertainty are inadequate, to express a qualified opinion with exceptions on the consolidated financial statements. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate whether the presentation of the consolidated financial statements and notes to the consolidated financial statements are in accordance with accounting principles generally accepted in Japan, as well as evaluate the presentation, structure, and content of the consolidated financial statements, including the related notes thereto, and whether the consolidated financial statements fairly present the underlying transactions and accounting events.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the Company and its consolidated subsidiaries to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the consolidated financial statements. We remain solely responsible for our audit opinion.

We report to the Audit and Supervisory Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit process, and other matters required by auditing standards.

We also provide the Audit and Supervisory Committee with a statement that we have complied with relevant ethical requirements in Japan regarding independence, and communicate with them all relationships and other matters that may reasonably be deemed to bear on our independence, and where applicable, related safeguards in order to eliminate or reduce obstruction factors.

#### Interest

We or engagement partners have no interest in the Company and its consolidated subsidiaries, which should be stated in compliance with 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, 2020

To the Board of Directors of transcosmos inc.

**PricewaterhouseCoopers Aarata LLC  
tokyo office**

Designated and Engagement Partner  
Certified Public Accountant  
Nobuhiro Nasu

Designated and Engagement Partner  
Certified Public Accountant  
Yoshihisa Chiyoda

Designated and Engagement Partner  
Certified Public Accountant  
Naoyuki Suzuki

**Audit Opinion**

Pursuant to Article 436, Paragraph 2, Item 1 of the Companies Act, we have audited the financial statements of transcosmos inc., which comprise the balance sheet, the statement of income, the statement of changes in equity, and the notes to the financial statements, and the supplementary schedules of transcosmos inc. (hereinafter, the “financial statements, etc.”) applicable to the 35<sup>th</sup> business year from April 1, 2019 to March 31, 2020.

In our opinion, the financial statements, etc. referred to above present fairly, in all material respects, the financial position and the results of operations of transcosmos inc., applicable to the fiscal year ended March 31, 2020 in accordance with accounting principles generally accepted in Japan.

**Basis for Audit Opinion**

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements, etc. section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Responsibilities of Management and the Audit and Supervisory Committee for the Financial Statements, etc.**

Management is responsible for the preparation and fair presentation of the financial statements, etc. in accordance with accounting principles generally accepted in Japan; this includes the maintenance and operation of internal control deemed necessary by management for the preparation and fair presentation of the financial statements, etc. that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, etc., management is responsible for assessing whether it is appropriate to prepare the financial statements with the assumption of a going concern, and in accordance with accounting principles generally accepted in Japan, for disclosing, as necessary, matters related to going concern.

Audit and Supervisory Committee is responsible for overseeing the Directors' performance of duties within the maintenance and operation of the financial reporting process.

**Independent Auditors' Responsibility**

Our responsibilities are to obtain reasonable assurance about whether the financial statements, etc. as a

whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that expresses our opinion on the financial statements, etc. based on our audit from an independent point of view. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users of these financial statements, etc.

In accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit process to perform the following:

- Identify and assess the risks of material misstatement, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Selecting audit procedures to be applied is at the discretion of the auditor. Obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- When auditing the financial statements, etc., obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances in making risk assessments, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- Evaluate the appropriateness of accounting policies used by management and their method of application, as well as the reasonableness of accounting estimates made by management and the appropriateness of related notes thereto.
- Conclude on the appropriateness of preparing the financial statements, etc. with the assumption of a going concern by management, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the notes to the financial statements, etc. or, if the notes to the financial statements, etc. on material uncertainty are inadequate, to express a qualified opinion with exceptions on the financial statements, etc. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate whether the presentation of the financial statements, etc. and notes to the financial statements are in accordance with accounting principles generally accepted in Japan, as well as evaluate the presentation, structure, and content of the financial statements, etc., including the related notes thereto, and whether the financial statements, etc. fairly present the underlying transactions and accounting events.

We report to the Audit and Supervisory Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit process, and other matters required by auditing standards.

We also provide the Audit and Supervisory Committee with a statement that we have complied with relevant ethical requirements in Japan regarding independence, and communicate with them all relationships and other matters that may reasonably be deemed to bear on our independence, and where applicable, related safeguards in order to eliminate or reduce obstruction factors.

#### Interest

We or engagement partners have no interest in the Company, which should be stated in compliance with 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 35<sup>th</sup> fiscal year between April 1, 2019 and March 31, 2020. 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, 2020

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.