



First half of FY2018

Interim Business Report

April 1, 2017 >>> September 30, 2017

To Our Stakeholders

Global Digital Transformation Partner

As digital technology continues to evolve, consumer touchpoints with businesses have diversified and consumer influence on businesses has become more powerful than ever before. At the same time, industrial borders have become vague as new players, focusing on the cutting-edge technology, continue to emerge. Now, in order to adopt to the changing business environment and to support our clients' transformation, transcosmos provides two new suites of services, tapping into the digital technology.

First is the services that support 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, transcosmos aims to become the one and only partner who can work with the clients to drive their initiatives to improve customer loyalty as well as to expand their sales and profits.

Second is the services that support digitalization of clients' internal business processes to respond to digitalized market and consumers. Leveraging the digital technology-based automation and the digital platform, transcosmos develops a simple business process together with the clients and supports its operation.

transcosmos continues to support clients' transformation by seamlessly connecting those two suites of services. As one transcosmos, we endeavor to become the trustful Global Digital Transformation Partner for all our clients.

We would like to express our sincere appreciation to shareholders and investors for their continued exceptional support.

Along with greetings to our shareholders and investors, we hereby present a report on our performance in the first half of the fiscal year ending March 31, 2018 (April 1, 2017 to September 30, 2017).

Summary of Financial Results for the Fiscal Year under Review

Amid a declining workforce, corporate globalization, and the proliferation of smart devices and social networking services, the business environment in which the transcosmos group operates is seeing growing demand for outsourcing services that lead to greater business efficiency, stronger cost competitiveness, and increased revenue.

Against this backdrop, the Group aggressively promoted its offerings—centered mainly on contact center, back-office, design development, digital marketing, and e-commerce services—and posted increased orders as a result. At the same time, we have created new services, strengthened our service structure, and made up-front investments aimed at future growth.

Creating New Services

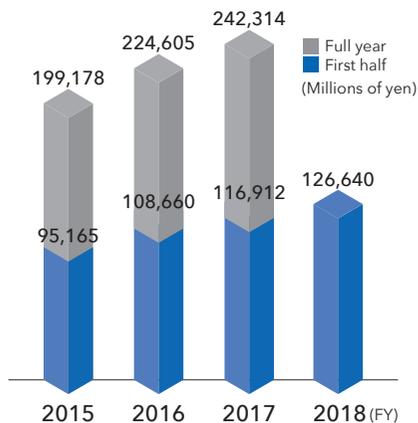
In the DEC services field, which integrates digital marketing, e-commerce, and contact center services, we continued expanding the functions and service lineup of DECAdS, which we are focusing on as one of our main offerings. (DECAdS is our proprietary advertising menu that utilizes digital data to provide comprehensive solutions, from advertising and marketing to support.) We also concentrated on services that deploy digital technologies centered on AI. During this period, for example, we launched "AI Total Solution Service" to support interactive AI introduction and operation. Through business alliances with companies that possess top-class, domestic-made AI tools/engines and DECAI, our original interactive AI tool,

developed in-house, we will support the introduction of optimal AI technologies that meet the needs, challenges, and circumstances of our client companies. In the meantime, we established Communication Science Lab, an AI research facility that specializes in the communications field. In collaboration with the facility, we developed "AI Copywriter KOTOBA TAKUMI" (beta version). Using machine learning, natural language processing, and other data sciences, we plan to launch a support system for copywriting text advertising, centered on in-feed advertising, in the spring of 2018. In addition, we will start a live commerce business with the establishment of me&stars inc., which will operate the "me&stars" e-commerce platform for selling premium content on influential people in society via live video. In the BPO services field, meanwhile, we continued focusing on developing and providing our Digital BPO® service, which integrates the

Consolidated net sales

UP 8.3% YOY

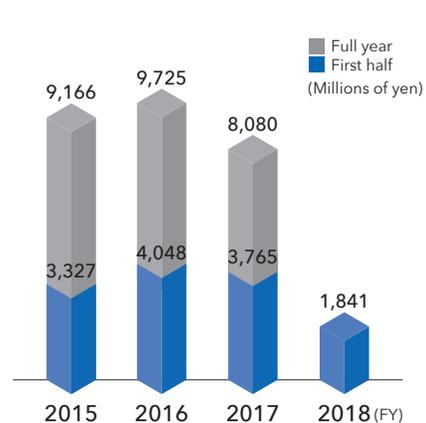
126,640 million yen



Consolidated operating income

DOWN -51.1% YOY

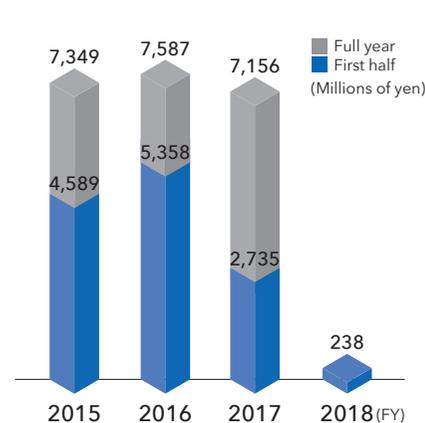
1,841 million yen



Profit attributable to owners of parent

DOWN -91.3% YOY

238 million yen



latest digital technologies and our operational excellence, cultivated since our foundation, into a hybrid suite of solutions. As part of this initiative, we began offering “to BIM,” a comprehensive building information modeling (BIM) service, in collaboration with our consolidated subsidiary, Applied Technology Co., Ltd. We aim to provide wide-ranging support to various companies mainly in the construction industry, from those about to introduce BIM to those seeking to promote the use of BIM.

Strengthening Our Service Structure

In the e-commerce services field, we developed “DECAds Chat Edition for Cloud Working,” a new service that provides chat-based customer support via a smartphone app without

a phone, reflecting a new way of working in the age of cloud services. This allows the operator to start the service by downloading the chat support application to his/her smartphone. It supports various people’s workstyles irrespective of time or place—such as those wishing to work during free time and those seeking to deploy their skills while at home—as well as addresses the needs of client companies in emergencies or promotional campaigns. During the period, we broadened our domestic and overseas service networks by establishing new operations. These included Marketing Chain Management Center Sendai Aoba, which provides call center services, chat support services, Internet ad planning, and other offerings, as well as Shanghai Center No. 4, our eighth contact center in China. In the BPO services fields, we expanded BPO Center Okinawa, which specializes in engineering services to support manufacturing, to 600 workstations.

Future Outlook

We will continue striving to create services that are better matched to the revenue expansion and cost reduction needs of our client companies. At the same time, we will accelerate business development globally, especially in Asia, to secure an improved year-on-year business performance, compared with fiscal 2017.

A Message to Our Shareholders

We consider the return of profits to our shareholders one of our most important management policies. With respect to our dividend policy, we have adopted a dividend ratio-oriented system directly linked to business results.

At this point, we have yet to make a decision on the dividend for the current fiscal year. We will promptly disclose the specific amount once it is decided.

We ask for the continued support and encouragement of our shareholders and investors.

December 2017
President and COO
Masataka Okuda

Topics of the First Half of Fiscal 2018



Capital and business alliance with Soft Space, Malaysian fintech company

Soft Space Sdn Bhd is an innovative mobile payment service provider well known throughout Southeast Asia. It deploys the strengths of its cloud-based data centers, which permit flexible connections with payment service providers and others, to deliver various payment solutions via a single platform. Soft Space also has high-level security technologies. For example, its cloud-based data center was the first in Asia to obtain EMV Level 2 certification, a world standard for credit and debit card authentication processing.

Through our capital and business alliance with Soft Space, we will collaborate and roll out CRM solutions combined with mobile payment services. In addition to online data from smartphone applications, we will deploy offline purchasing data to provide effective omni-channel marketing and CRM solutions—including advertising and coupon distribution, loyalty marketing, and chat communication—while expediting the digital transformation of client companies.

Company name	Soft Space Sdn Bhd
Head office	Kuala Lumpur, Malaysia
Established	2012
Representative	Chang Chew Soon, CEO



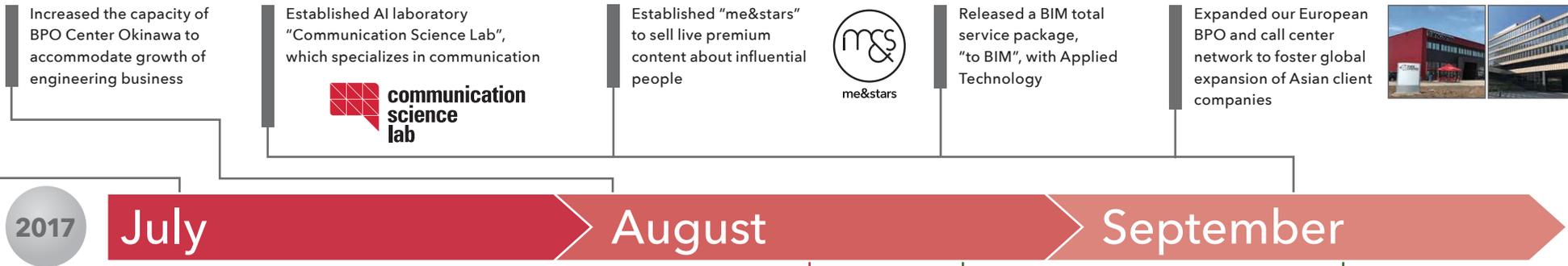
Collaboration agreement with Tradeshift Japan Inc., provider of "Tradeshift" global electronic trading platform

"Tradeshift" is a cloud-based service for inter-company transactions that helps companies cultivate new business partners and provides an online platform for commercial transactions, such as quoting, ordering, and invoicing. It enables basic functions, such as creating, sending, and receiving documents, as well as messaging with business partners, without charge. Meanwhile, transcosmos provides BPO services to optimize various indirect tasks, such as corporate ordering, invoicing, and payment. By incorporating "Tradeshift" into our service menu, we aim to realize a smooth transition to paperless, automated electronic transactions, while providing an IT infrastructure for online document management and approval, regardless of location.

Through our alliance with Tradeshift Japan, we will foster digitization of indirect business processes, support instant, paperless transactions, and optimize business processes and costs, to help our client companies gain a competitive advantage.



Topics of the First Half of Fiscal 2018



System reinforcement

"DECAds Chat Edition for Cloud Working" customer support service without phone lines—a new workstyle in the age of cloud services

By using smartphone applications, "DECAds Chat Edition for Cloud Working" makes it possible to provide support to customers without telephone lines or facilities. The operator registers the names of manufacturers and products that he/she personally can deal with into the Company's system in advance, then downloads the application to his/her smartphone or tablet. When an inquiry about such manufacturers or products is received in the chat box, notification is sent to the operator's smartphone app, and the operator provides support via the chat box. Applying a smartphone app to the customer support process enables operators to work without regard to time or place, providing a new way of working in the age of cloud services.

The operating environment for customer support services has changed dramatically in recent years. Progressive digitization of consumer lifestyles through the spread of smartphones has led to an increase in demand for chat-based support using LINE and Messenger. Call center operators have been working hard to attract human resources and reduce facility costs by opening regional call centers, hiring home-based operators, and the like. Although these will remain major issues, we will promote "DECAds Chat Edition for Cloud Working" as an effective mechanism for addressing the various changes and challenges facing the customer support sector.



New service

Using AI to expedite service creation and delivery

May: Started offering "DataRobot" automation/AI platform, world's most advanced machine learning tool
 We introduced the "DataRobot" platform at our company and starting training over 100 data scientists to master the platform. At the same time, we began offering services built on the platform to our client companies.



August: Launched "AI Total Solution Services" to support interactive AI deployment and operation
 Through business alliances with companies that possess top-class, domestic-made AI tools and engines and DECAI, our original interactive AI tool, developed in-house, we will support the introduction of optimal AI technologies that meet the needs, challenges, and circumstances of our client companies.



September: Established new company, Dentsu Digital Drive Inc., in alliance with Dentsu Digital Inc.
 In the corporate digital marketing business, we will reinforce our integrated structure, covering everything from strategy to implementation, to support the further growth of our clients' businesses. At the same time, we will utilize advanced digital marketing tools to build models and develop patterns for operational standardization and the like. We will also use AI and cognitive technologies to develop new services in the robotic process automation (RPA) field.



September: Established Communication Science Lab (AI research facility specializing in communications), which, with transcocosmos, developed "AI Copywriter KOTOBA TAKUMI" (beta version)
 Using machine learning, natural language processing, and other data sciences, we plan to launch a support system for copywriting text advertising, centered on in-feed advertising, in the spring of 2018.

Case Studies and Commendations

Case study



Provided e-commerce one-stop services to "Kodansha Online Store"

transcosmos has started providing its e-commerce one-stop services to "Kodansha Online Store," opened by Kodansha Ltd. in February 2017. Specifically, we are providing one-stop solutions covering all of the related business processes of the partwork magazine in "Kodansha Online Store." In addition to building the e-commerce and smartphone website and handling reception tasks by telephone, we offer comprehensive solutions, from primary inquiry support to order processing and delivery arrangement, with the aim of optimizing our clients' business operations.



Case study



Connected "mobi AGENT" to the "Machi-Ene" LINE@account (ID: @machi-ene.jp) of MC Retail Energy to support its chat operation

Together with Mobilus Corporation, provider of the "mobi AGENT" automatic response support chat tool, transcosmos connected "mobi AGENT" to "Machi-Ene" LINE@account (ID: @machi-ene.jp), an electric power service for homes and small-scale businesses operated by MC Retail Energy Co., Ltd., to support the service's chat operation.



2017



Partner certification/
recognition

Named Platinum Certified Partner for "Works Mobile Japan Partner Certification Program"

By proposing and delivering value-added services and associated solutions using LINE WORKS, transcosmos helps solve its customers' business problems. This capability earned us recognition as a Platinum Certified Partner for the "Works Mobile Japan Partner Certification Program." A Platinum Certified Partner is a company recognized by Works Mobile as an expert in providing top-level proposals, support, and solutions built on LINE WORKS, and accordingly is recommended by Works Mobile as a partner corporation.



FY2016 "Gold Partner Award," the highest award, given to Chinese subsidiary Shanghai transcosmos Marketing Service Co., Ltd. by TMALL, China's largest online marketplace

In its operational service category, TMALL evaluates companies based on four standards—operational capability, brand acquisition capability, service capability, and future potential—and also checks their comprehensive capability to receive "Gold Partner Awards" accordingly. transcosmos was the only Japanese company among the 19 "Gold Partner Award" recipients in the same category.



Case Studies and Commendations



Provided bot order taking services via LINE for Satsuma Ebisu-do

We started providing our “Messenger App E-Commerce Service”—covering everything from product selection to ordering via LINE talk screen—to Satsuma Ebisu-do Co., Ltd., an online seller of Satsuma *shochu* beverages.



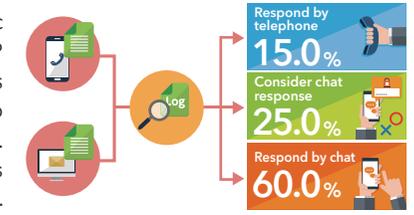
(Client feedback)

We are excited with the results. Only within two weeks after the service launch, in addition to call and LINE-based chat, it generated about 7% of total online revenue. Our customers, mostly restaurants, highly appreciate the new service due to its operability, simplicity and convenience. They are familiar with LINE infrastructure and they can use the service just by adding us to their LINE friends. What's more, they can now place orders any time, even after store opening hours. At the same time, the service solved challenges facing our order-taking operations such as not being able to take all incoming calls during the peak seasons. The new service led to a reduction of inbound calls as well as strengthened our capacity to make outbound calls.



“Channel Optimization Diagnostic Service” launched and provided to Japan CO-OP Insurance Consumers’ Co-operative Federation

We launched our “Channel Optimization Diagnostic Service” and introduced it to the Japan CO-OP Insurance Consumers’ Co-operative Federation. This is a simple diagnostic service for client companies who are considering the introduction of digital channels. The service visualizes the percentage of inquiries sent to the call center that can be addressed via chat.



Actual service delivery scenario Note: Sample figures only

(Client feedback)

Our role is to improve our services to federation members by eliminating the possibility of telephone inquiries to call centers that cannot be reached. With the diversification of communication channels, we were uncertain about how to combine various inquiry channels with our current call center operation. “Channel Optimization Diagnostic Service” enabled us to clearly identify the percentage of inquiries (among those currently received by telephone) that can be addressed via digital channels, and which method is best for addressing the needs of our members. As a result, we can now visualize the specific benefits and consider specific responses in-house. We will continue to actively consider effective communication channels in the future.

2017



Gartner U.S. BPO market report named transcosmos the No.1 BPO player in Japan by revenue

Attained the No.1 spot in the 2016 BPO player listings by revenue in Japan featured in “Market Share Analysis: Business Outsourcing, Worldwide, 2016” by Dean Blackmore, 8 June 2017, a BPO market research report issued by Gartner Inc., the world’s leading IT research and advisory company, headquartered in the U.S.

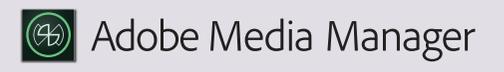
Chinese subsidiary Shanghai transcosmos Marketing Service Co., Ltd. wins FY2016–2017 “Luming Award” (Innovative E-Commerce Service Company Award)

On July 28, 2017, Shanghai transcosmos Marketing Services Co., Ltd. received the FY2016–2017 “Luming Award” (Innovative E-Commerce Service Company Award) at the “2017 Siilu E-Commerce Service Company Conference.” The conference was hosted by Siilu.com (www.siilu.com), an e-commerce information-sharing platform affiliated with Ebrun, a leading Chinese e-commerce news media company. The award recognizes highly influential service companies in the Chinese e-commerce market.



Named certified Silver Agency for Adobe’s partner program, “Adobe Media Manager Agency Program”

transcosmos has received official recognition as a Silver Agency for the “Adobe Media Manager Agency Program.” To qualify for the program, a company must be certified by Adobe, showing that it has diverse expertise in Adobe Media Manager and is capable of proposing and operating Adobe Media Manager to satisfy client companies’ specific needs.



Our Business

Seeking to further strengthen our support for the business expansion efforts of client companies in the areas of marketing, sales, and customer care, in April 2016 we launched our "DEC services," which integrates digital marketing, e-commerce, and contact center functions.

Business Process Outsourcing Services

Outsourcing services to support the non-core operations of companies cover the following: back-office operations, including accounting/finance and human resources; order placement services; operation and maintenance of IT systems; mechanical, architectural, and other design operations.

Features of our company

- Established the largest off-shore service system for Japan (China, Thailand, Vietnam, Indonesia, and the Philippines, 17 bases)
- Offering services in a wide range of areas: systems development/operation, order processing, architectural design, mechanical design, embedded systems development, data input, human resources/accounting/sales/back-office
- Established off-shore development system in China in 1995, before the rest of the industry
- Time-tested wealth of experience (51 years in business, one of the longest in the ¹help-desk industry)

Contact Center Services

Offering outsourcing services for customer support operations such as dealing with inquiries and complaints from customers, informing customers about products and services, and supporting marketing and sales.

Features of our company

- Largest contact center service provider in Asia, focusing on Japan, China, and South Korea
- Offering the largest contact center services in Japan with 27 bases and 16,120 seats as well as 38 bases and 10,990 seats overseas
- Business experience in many industries, including financial, telecommunication, high-tech, medical, cosmetics, distribution, automobile, and airline, as well as in the public sector
- Established Shibuya Social Media Center, one of the first in the industry to specialize in customer support for social media

Digital Marketing Services

Supporting marketing activities that make use of Internet infrastructures, and offering Internet promotions, website design and operation, omni-channel marketing, analysis and research services, among others.

Features of our company

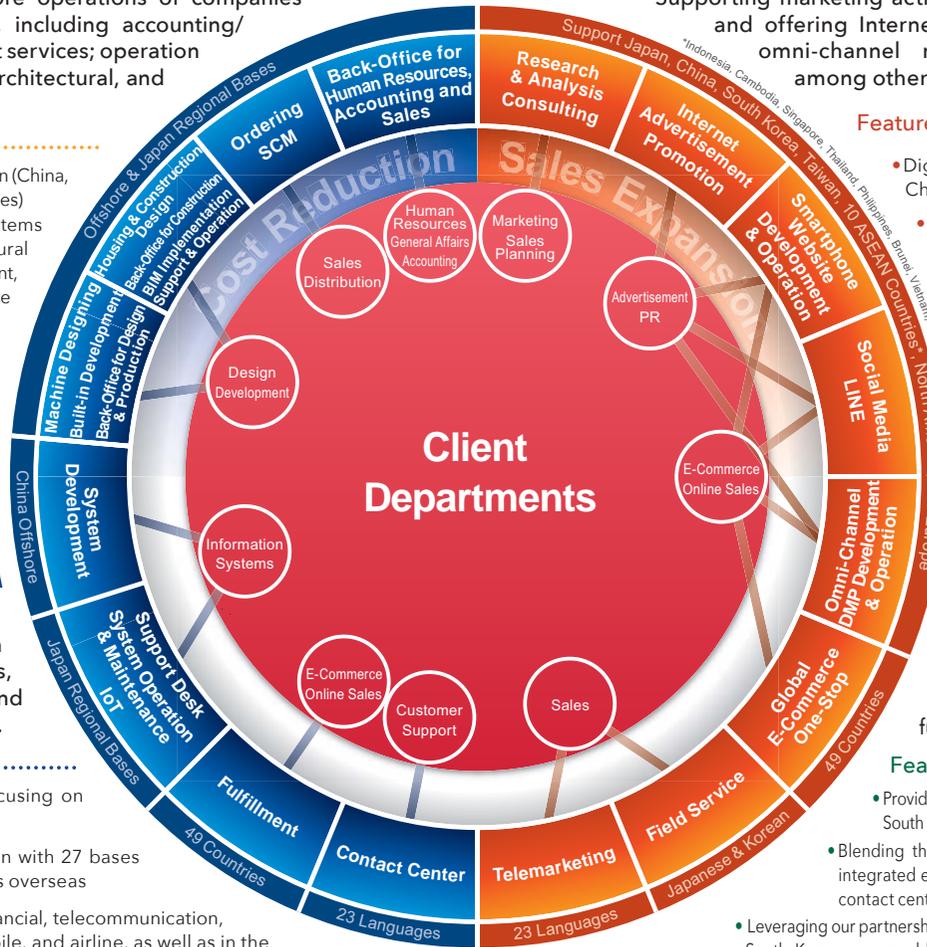
- Digital marketing service provider focusing on Japan, China, and South Korea
- Established a one-stop support system that includes all services, from Internet promotion to website design and operation
- Created one of the largest websites and operating systems in Japan
- Actively introducing the latest ad technology² through our business development base in North America

E-Commerce One-Stop Services

transcosmos bases its one-stop services on the business and brand strategies of client companies. We supply the various functions required for e-commerce, ranging from e-commerce website construction and operation to fulfillment, customer care, Internet promotions, and analytics.

Features of our company

- Providing services in 49 countries including Japan, the United States, China, South Korea, India, and throughout Europe, Southeast Asia, and Latin America
- Blending the Company's extensive services and performance, the in-house integrated e-commerce platform known as the transcosmos eCommerce HUB, contact centers, BPO, and digital marketing
- Leveraging our partnerships with leading corporations in Europe, the United States, China, and South Korea, we are able to develop e-commerce businesses tailored to the culture and characteristics of each target market
- We support the development of e-commerce in Southeast Asia through alliances with top players in the apparel, e-book, and other markets in Southeast Asia



Glossary

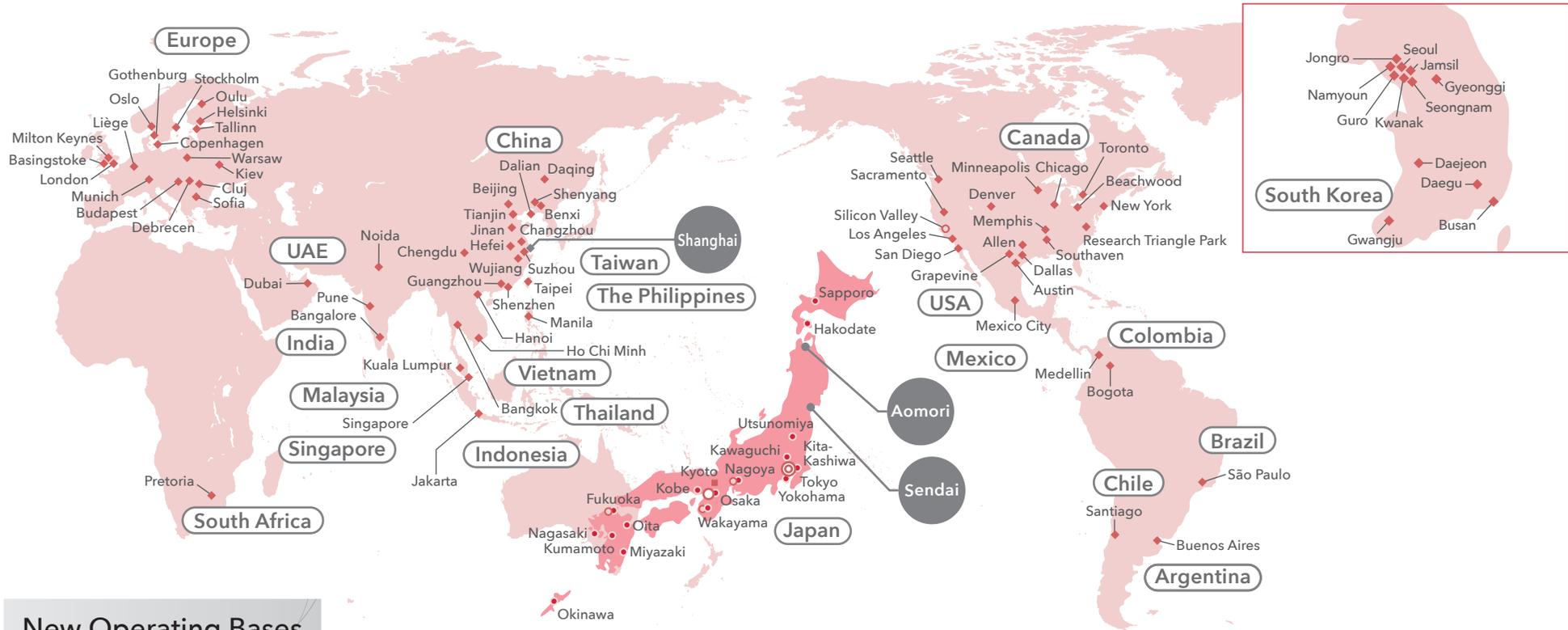
- ¹ **Help desk:** In-company operations to deal with inquiries about operating PCs and software as well as troubleshooting. Many companies outsource these tasks.
- ² **Ad technology:** Advertising activities that make full use of IT, taking advantage of Internet technology.

Note: Figures for number of countries, bases, seats, and people are as of September 30, 2017.

Global Network 176 Operating Bases across 33 Countries

⊙ Main office
 ○ Head office
 ● Branch offices
 ■ Office
 ● Service centers
 ● Domestic service centers: 55
 ◆ Overseas service centers: 121 (32 countries)

(Number of bases includes head office, branch offices, and business development and alliance partners.) (As of September 30, 2017)



New Operating Bases



Aomori Center

100 workstations

Signed location agreements with Aomori Prefecture, Aomori City, and Chubu Electric Power Co., Inc.; started services for Chubu Electric Power in August 2017



Marketing Chain Management Center Sendai Aoba

230 workstations

Providing full-funnel communication support, from Internet ad planning to call center services



Shanghai Center No. 4

250 workstations

Offering customer support and digital contact center services for global companies (delivered via e-commerce platform)

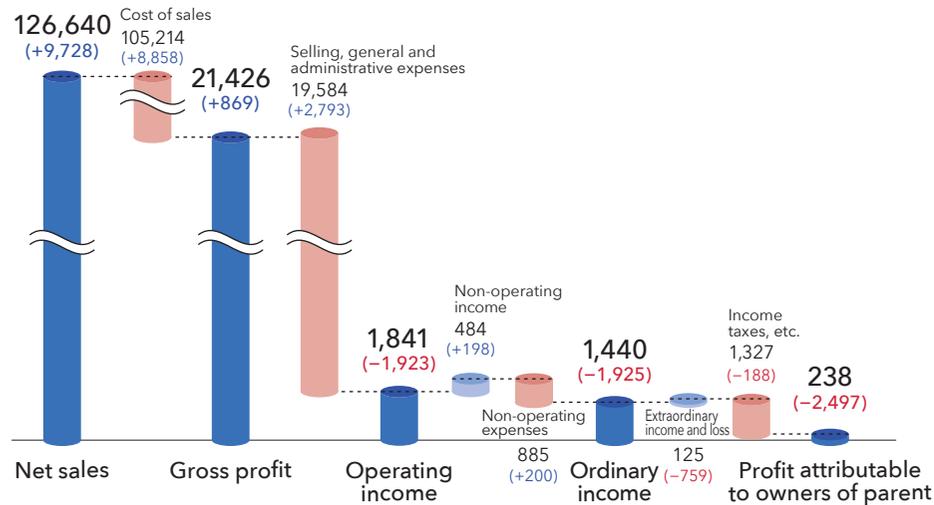


Consolidated Financial Results

Consolidated Statement of Income

(Millions of yen)

First half of FY2018 (Apr. 1, 2017 – Sep. 30, 2017)



Notes: 1. Bar graphs are not proportionate to corresponding values for ease of understanding.
2. Figures in parentheses are year-on-year changes.

Net sales

Net sales rose 8.3% year on year. This reflected increased orders for our DEC services (digital marketing, e-commerce one-stop, and contact center services), BPO services, and other core businesses of the parent company, as well as healthy orders received by subsidiaries in China and South Korea.

Operating income

Operating income declined 51.1% year on year. This was due to forward-looking investments aimed at setting up and expanding large-scale projects by core parent-company businesses, as well as higher selling, general and administrative expenses associated with strengthening systems for future growth.

Profit attributable to owners of parent

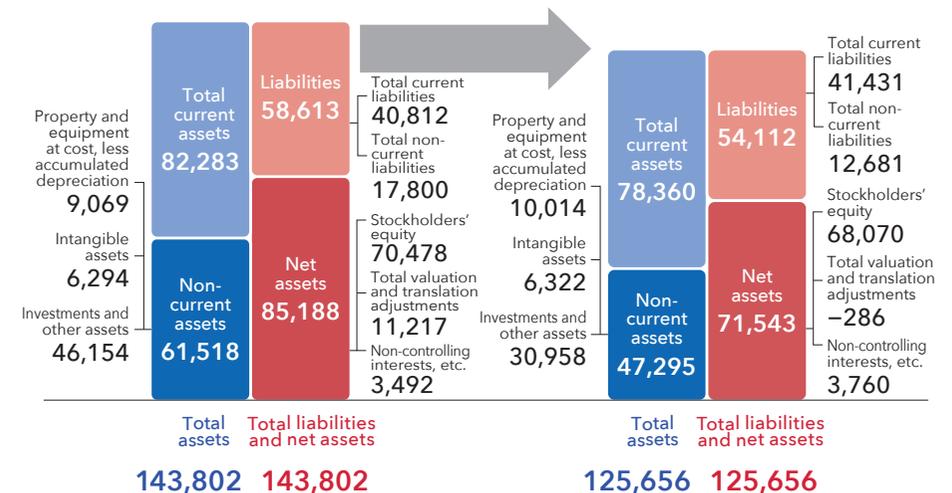
Profit attributable to owners of parent fell 91.3% year on year, due to declines in operating income, ordinary income, and extraordinary income.

Consolidated Balance Sheet

(Millions of yen)

As of March 31, 2017

As of September 30, 2017



Assets, Liabilities and Net assets

As of September 30, 2017, total assets amounted to ¥125,656 million, down ¥18,145 million from the end of the previous fiscal year. Total liabilities declined ¥4,501 million, to ¥54,112 million, and net assets were down ¥13,644 million, to ¥71,543 million. The Company had applied accounting treatment related to the conclusion of a stock transfer agreement covering some shares in an equity-method affiliate, with the transfer scheduled for September 2017. Due to breach of the stock transfer agreement during the first half of fiscal 2018, however, the Company took steps to reverse the accounting treatment for the period. This reversal of accounting treatment is the main factor for these decreases. Details of each are below.

- Assets (non-current assets): Decline due to reversal of market valuation of investment securities (changed to shares of subsidiaries and affiliates after reversal); decline due to reversal of derivative receivables pertaining to stock transfer agreement
- Liabilities (non-current liabilities): Decline in deferred tax liabilities
- Net assets: Decline in unrealized holding gain on securities; decline due to reversal of unrealized loss on hedging instruments

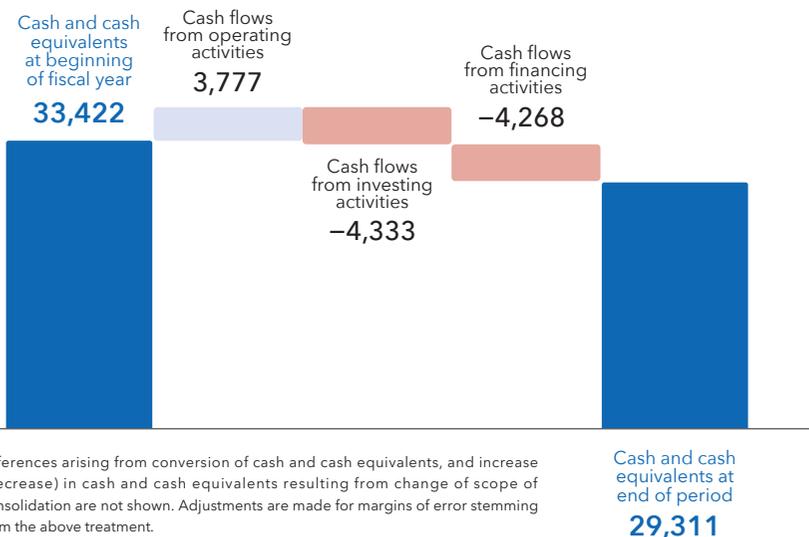
The Company also recorded declines in cash and deposits under current assets and long-term debts under non-current liabilities, which are not related to the aforementioned stock transfer agreement.

The shareholders' equity ratio as of September 30, 2017 was 53.9%.

Consolidated Statement of Cash Flows

(Millions of yen)

First half of FY2018 (Apr. 1, 2017 – Sep. 30, 2017)



Note: Differences arising from conversion of cash and cash equivalents, and increase (decrease) in cash and cash equivalents resulting from change of scope of consolidation are not shown. Adjustments are made for margins of error stemming from the above treatment.

Cash flows

Net cash provided by operating activities amounted to ¥3,777 million, up ¥565 million from the previous corresponding period. This was due mainly to an increase in recovery of notes and accounts receivable – trade and a decrease in income taxes paid.

Net cash used in investing activities totaled ¥4,333 million, down ¥3,203 million from the previous corresponding period. The main factor was a decrease in purchases of shares of subsidiaries and affiliates.

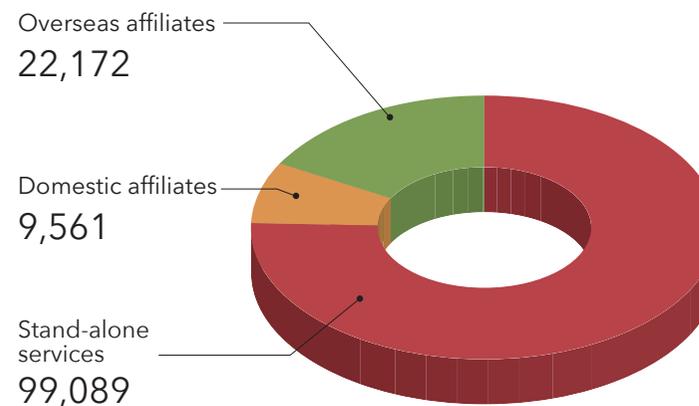
Net cash used in financing activities was ¥4,268 million, up ¥746 million from the previous corresponding period. The main factor was an increase in repayment of long-term borrowings.

As a result, cash and cash equivalents as of September 30, 2017, amounted to ¥29,311 million, down ¥4,111 million from the end of the previous fiscal year.

Net Sales by Segment

(Millions of yen)

First half of FY2018 (Apr. 1, 2017 – Sep. 30, 2017)



Note: Figures are not adjusted for -¥4,182 million of transactions between segments.

Stand-alone services

Outsourcing operations offered by the Company

Domestic affiliates

Outsourcing operations offered by domestic Group companies

Overseas affiliates

Outsourcing operations offered by overseas Group companies

Corporate Governance

Basic Approach

Our corporate vision states that "Client satisfaction is the true value of our company, and the growth of each of our employees creates the value that shapes our future." To realize this vision, we at transcosmos recognize that improving corporate governance is a top priority management issue. We therefore strive to maximize our corporate value while building excellent relationships with all of our stakeholders, including shareholders and customers, as well as business partners, local communities, and our employees. We are dedicated to providing services that satisfy our customers, maintaining clear management responsibilities and accountability, establishing a highly transparent administrative structure, and improving our supervisory and oversight functions.

In 2015, we formulated criteria for judging the independence of outside directors, which we included in the Notice of Annual General Meeting of Shareholders and other documents.

Going forward, we will continue to enhance sustainable corporate value, including strengthening the supervisory role of independent outside directors and deploying their specialized expertise in our business promotion.

Comments from an Outside Director



Toru Shimada
Outside Director

Q1 What is your impression of transcosmos and how do you feel about the atmosphere of the Company?

Compared with the image I had when I became an outside director, I feel that the Board of Directors practices very effective governance, with serious questions and proposals made by the various outside directors. The transfer of authority to executive directors has been handled properly, and each director takes full responsibility for his/her respective businesses and is working actively to expand those businesses. At the same time, each director is fully abreast of performance data and other front-line figures, and a solid management system is in place, ensuring very well-balanced company operations.

Q2 What do you think about the managerial responsibilities of outside directors?

At transcosmos, I feel that matters are debated in a wide-ranging, in-depth manner at the executive front lines. Even when outside directors pose questions from various perspectives, in most cases the matters have already been discussed on the actual front lines. For this reason, I think that we have a solid strategy formulation process in place. Nevertheless, I believe outside directors must continue actively asking questions from a neutral perspective, without assuming that an issue has already been discussed. In addition, we outside directors are fully aware of our function as overseers with respect to business execution for the benefit of shareholders. In particular, we must call for explanations about return on investments and make requests to ensure that we fully comply with criteria we have set for investments, business withdrawals, and the like.

Q3 What do you think is important for enhancing the effectiveness of the Board of Directors?

In addition to discussing questions and proposals made by outside directors to executive directors, ideally the Board of Directors should also facilitate the exchange of frank opinions among internal directors.

Q4 What do you expect from transcosmos going forward (including the role of outside director)?

Amid dramatic advances in technology, transcosmos is well placed to provide strategic support for its client companies' business activities. It is in a strong position and has major advantages over its competitors, I feel.

In that respect, I fully agree with the Company's aggressive investment approach. At the same time, I hope we can discuss those investments.

Promoting the Advancement of Women

Women's skills and career development support "Career Value Training"

Since fiscal 2009, we have conducted selective training for female managerial candidates across two levels (next-generation and the following generation).

This year, we held "Career Value Training" for the following generation candidates in September, with participation by 42 people selected from various departments across the nation. At the sessions, candidates learned about career concepts and creation, deepened their understanding of the Company and its business, and prepared career plans embodying their specific future aspirations.

The cumulative number of graduates from the training programs reached 425 in the current fiscal year. Many of the graduates have since been promoted to higher positions and expanded their scope of activity. We will continue to enrich the content of our training programs with the aim of promoting the appointment of female employees to managerial positions.



▲ Group presentation



▲ Workshop focusing on behavioral characteristics

Women's skills and career development support Special lecture

Seeking to raise awareness about career development and enhance motivation, we hold special lectures each year featuring outside speakers. The first lecture in the current fiscal year was held in August at our Osaka Head Office, with "leadership" as its theme. Attendees were told to discard their preconceived notions about leadership and encouraged by many motivational hints to believe that anyone can demonstrate leadership. It was a lively event that drew numerous questions from participants.



▲ Special lecture

Initiatives at regional operations Women's Managerial Advancement Project (DCC Sector Hokkaido Region Division) Tour of corporate childcare center

The Women's Managerial Advancement Project, conducted by the Hokkaido Region Division, is now in its fifth year. This year, six people are spearheading the project. In July 2017, in collaboration with other companies, we organized a tour of a childcare center for a transcosmos-affiliated company. Managers and female employees planning to take maternity leave joined the tour and got a first-hand look at a childcare center. They obtained information about the center's features and specifics about its support system, such as its services for sick children. We will endeavor to expand and upgrade our educational and support systems to create an environment in which women can continue working with enthusiasm while balancing work and child-raising duties.



▲ Participants confirm size, amenities, and safety and hygiene status



▲ Explanation on center activities, emergency procedures, and other specific matters

CSR Activities

Letter of appreciation for blood donation activities from Okinawa Prefecture Red Cross Blood Center

On July 24, 2017, we received a formal letter of appreciation from the head of the Okinawa Prefecture Red Cross Blood Center. The letter was presented at an awards ceremony held by the Okinawa Prefectural Government as part of its monthly activities to encourage blood donations. These awards honor organizations and individuals who actively participate in the blood donation campaign and set an exceptional example for others.

The Company started business operations on June 14 in Okinawa. Since 2012, we have engaged in blood donation activities, setting every June 14 as a special "social contribution day." Over the past six years, we have provided 278 donations, of 400 milliliters each, and the success of these activities earned us the aforementioned commendation.

Through our blood donation activities, we will continue to encourage donations and promote awareness among young people.



▲ Awards ceremony held by Okinawa Prefectural Government



▲ Blood donation activity

"Basket" website to introduce welfare facilities for and products made by people with special needs

transcosmos, which employs more than 300 people with special needs, recently established "Basket," a website aimed at creating a "place of coexistence" where such people can realize the dreams and aspirations of working people. The website introduces welfare facilities where those with special needs and other people coexist, as well as products made at those facilities.

Young engineers and designers with special needs employed at transcosmos took charge of the website production as part of their training.

"Basket" website:
<http://tci-nlpd.jp/basket/>



"Excellent Enterprise in Promoting Employment of Year 2016" award received

transcosmos China, a wholly owned subsidiary, received the award "Excellent Enterprise in Promoting Employment of Year 2016." In its role as a BPO company, transcosmos China always focuses on recruiting and developing human resources and, with the support of the Jing'an District Government, is deploying various channels to hire personnel.

In 2016, the Jing'an District Government surveyed corporations that have received recruitment introductions and produced rankings to reflect the number of temporary staffing companies used and the number of people employed. transcosmos China received the award as a result of those rankings.

Since opening its first call center, in Shanghai's Jing'an District in 2006, transcosmos China has steadily expanded its operations in China. It now has seven centers—three in Shanghai, two in Beijing, and one each in Tianjin and Hefei—as well as branches in Shenzhen and Taipei. At 2016 year-end, it had more than 3,000 employees. By combining exceptional human resources with state-of-the-art technologies, we will continue to provide high-quality services to support our clients in the Chinese market to optimize business processes and enhance market competitiveness.



▲ Zhang Miao
 Recruiting Manager
 transcosmos China

Corporate Information (As of September 30, 2017)

Registered Name	transcosmos inc.
Date of Incorporation	June 18, 1985
Capital	¥29,065 million
Employees	Parent: 10,044 Group: 22,840
Major Banks	Sumitomo Mitsui Banking Corporation The Bank of Tokyo-Mitsubishi UFJ, Ltd. Mizuho Bank, Ltd.
Main Office	3-25-18, Shibuya, Shibuya-ku, Tokyo 150-8530, Japan Tel. +81-3-4363-1111 Fax +81-3-4363-0111
Osaka Head Office	Tosabori Daibiru Bldg., 2-2-4, Tosabori, Nishi-ku, Osaka-shi, Osaka 550-0001, Japan Tel. +81-6-4803-9500 Fax +81-6-4803-9590

Principal Stockholders (As of September 30, 2017)

Name	Number of shares (thousand shares)	Ratio of shares (%)
Masataka Okuda	5,910	12.11
Koki Okuda	5,498	11.27
transcosmos foundation	3,753	7.69
GOLDMAN, SACHS & CO. REG	3,732	7.65
Japan Trustee Services Bank, Ltd. (Account in Trust)	1,654	3.39
Mihoko Hirai	1,463	3.00
The Master Trust Bank of Japan, Ltd. (Account in Trust)	1,263	2.59
Limited Company HM Kosan	722	1.48
Employee Shareholding Association of transcosmos inc.	635	1.30
THE BANK OF NEW YORK MELLON 140040	474	0.97

Notes: 1. Other than the above, our company retains 7,318 thousand shares of its own stock.
2. Number of shares less than one thousand is rounded down to the nearest thousand.
3. Shareholding ratio is rounded off to two decimal places.

Stock Information (As of September 30, 2017)

Shares Authorized for Issue	150,000,000
Shares Issued	48,794,046
Stockholders	13,564

Officers (As of September 30, 2017)

Founder & Group CEO	Koki Okuda
Chairman & CEO	Koji Funatsu
President & COO	Masataka Okuda
Director, Executive Vice President	Koichi Iwami
Director, Senior Corporate Executive Officer	Masakatsu Moriyama Shinichi Nagakura Masaaki Muta
Director, Corporate Executive Officer	Masatoshi Kouno Hitoshi Honda Kiyoshi Shiraishi Shunsuke Sato Takeshi Kamiya
Director	Ralph Wunsch
Outside Director (Audit and Supervisory Committee Member)	Takeshi Natsuno* Nozomu Yoshida* Eiji Uda*
Outside Director	Owen Mahoney* Rehito Hatoyama* Toru Shimada*
Executive Vice President	Hiroyuki Mukai
Senior Corporate Executive Officer	Kenshi Matsubara
Corporate Executive Officer	Hiroshi Kaizuka Eijiro Yamashita Kentaro Ogata Atsushi Ono Ken Inazumi Naohiko Kitsuta Takeshi Sankawa
Corporate Senior Officer	Norimitsu Miyazawa Hiroyuki Uchimura Tsutomu Hasegawa Kazuhiko Yamaki Hirofumi Inoue Hiroyuki Morita Yoshihiro Uematsu Hiroki Tanigawa Kokkei Nakayama Yoichi Kawano Mikio Yanashita Kiyoshi Saito
Corporate Officer	Takashi Sube Shinji Kanazawa Yuichiro Kubo Masato Ogino Kenta Kusano Shohei Shimoda Kei Yamane Hiroyuki Kohara Hideki Nagura Makoto Noguchi Tsuyoshi Washio Keisuke Yoshida Yoshikazu Majima

*We have designated six outside directors as independent directors with no conflict of interest with general shareholders and have submitted written notification of these matters to the Tokyo Stock Exchange, Inc.



transcosmos inc.

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This Business Report is designed and produced by the Normalization Promotion Dept.,
which employs people with special needs.

