



Business Report

April 1, 2016 >>> March 31, 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 fiscal year ended March 31, 2017 (April 1, 2016 to March 31, 2017).

Summary of Financial Results for the Fiscal Year under Review

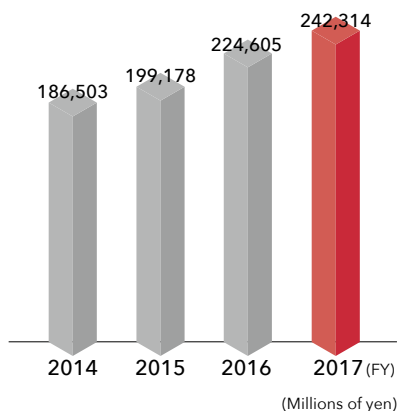
Amid a declining workforce, corporate globalization, and the proliferation of smart devices and social networking services, the business environment in which the transcosmos group operates is seeing growing demand for outsourcing services that lead to greater business efficiency, stronger cost competitiveness,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

• Consolidated net sales

242,314 million yen

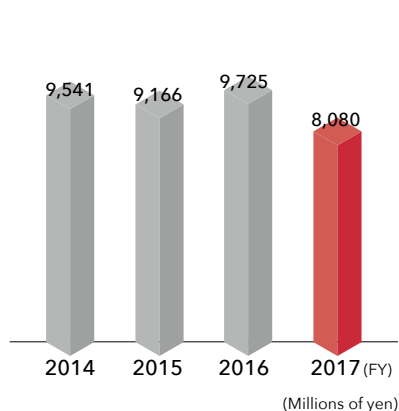
UP
7.9%
YOY



• Consolidated operating income

8,080 million yen

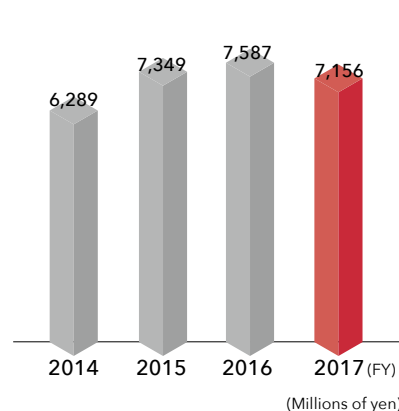
DOWN
-16.9%
YOY



• Profit attributable to owners of parent

7,156 million yen

DOWN
-5.7%
YOY



Activities during the Fiscal Year under Review

During the fiscal year, we sought to create new services that help improve the customer's experience. By integrating our digital marketing, e-commerce, and contact center services, we focused on creating distinctive new services that draw on messaging applications (centered on LINE) and artificial intelligence (AI).

Specifically, we launched "Messenger App EC Service for Dynamic Talk," which delivers personalized recommendations tailored to each customer, and we released a communication platform for entertainment and events, connecting LINE's chatbot, electronic tickets, and e-commerce services.

We also unveiled "Robotics Marketing for Pepper," which allows businesses to leverage customer service data gathered through robots for omni channel, as well as "DECode," an original data management platform (DMP) service that leverages AI to analyze communication data from advertisements, chats, and the like. In collaboration with SmartNews, meanwhile, we started

offering "DECAd," a chat-based advertising service that improves engagement with prospective users by guiding them from advertisements to chats.

In an effort to strengthen our service structure, we actively sought to expand our operational bases and form alliances with prominent companies in Japan and overseas. In Japan, for example, at our BPO Center Kumamoto—which handles order placement and acceptance services for the domestic food industry, as well as BPO-based sales back office operations—we increased the number of seats by approximately 240, to about 930 seats. Overseas, we established Ho Chi Minh Center No. 2, our fourth operational base in Vietnam, to expand and strengthen contact center and digital marketing services for Vietnamese customers.

We also made good progress with our alliance strategy. For example, we entered a capital and business alliance with U.S.-based Reply, Inc., which offers a platform for bot building, operation, and management. We also collaborated with SECOM Trust Systems Co., Ltd., with the aim of reinforcing the document storage capabilities of back office operations to optimize various indirect dealings within companies.

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. In the European market, earmarked for high-level growth, we will step up rollout of global e-commerce one-stop services to support the e-commerce businesses of client companies.

As we seek to advance our various operations globally and promote diverse business strategies, our greatest business assets are our human resources. With "Promoting diversification of human resources" as one of our management strategies, we will continue our quest for value creation and transformation by building environments in which diverse human resources—including women, foreigners, people with special needs, and seniors—can fully demonstrate their capabilities.

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. Our basic policy is to return profits to shareholders and consequently increase the market value of our shares. As a reflection of this policy, we declared a year-end dividend of ¥52.00 per share for the year under review.

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

June 2017

President and COO

Masataka Okuda

Topics of the First Half of Fiscal 2017

Expanded BPO Center Nagasaki, one of our BPO service bases



Acquired naming rights to Nagasaki Athletic Stadium and facility was renamed "transcosmos Stadium Nagasaki"



Increased our stake in UNQ, the leading e-commerce distributor in China, to strengthen capital and business alliance



Launched video chat service with WebRTC customer support solutions via video, voice, and text chat



European BPO/call center affiliate becomes subsidiary

Seeking to strengthen our service infrastructure in Europe, we transformed Merlin Information Systems Group Limited (Merlin)—a U.K.-based BPO company with which we formed a capital and business alliance in 2011—into a subsidiary.

With operations in the United Kingdom, the United States, Hungary, and the Philippines, Merlin provides BPO and call center services to global European and North American clients through multilingual support, covering countries speaking English and European languages.

By transforming Merlin into a subsidiary, we aim to provide and enhance services for Japanese and Asian client companies operating in the European region, while strengthening the account management of our European and North American client companies.



Name	Merlin Information Systems Group Limited (currently, transcosmos Information Systems Limited)
Representative	Richard Patterson, CEO
Location	Milton Keynes, United Kingdom
Number of employees	600 (approximate)



Singapore-based social media operational support company becomes wholly owned subsidiary

With the aim of reinforcing our social media-related business, we transformed Social Gear Pte Ltd—a Singapore-based social media operational support company with which we have had a capital and business alliance since 2015—into a wholly owned subsidiary.

Social Gear was selected as an authorized partner in the "Community Management" and "Ad Technology" categories of Facebook Marketing Partners, the official Marketing Partner Program of Facebook®. The company provides advertisement distribution/optimization services through Facebook's sophisticated operational support service and its "social gear Ads+" advertising operation system that utilizes advertising insight data.

Aside from making Social Gear a wholly owned subsidiary, transcosmos, together with Social Gear, will drive efforts on developing services for Facebook while sharing technology, people, and know-how.



Name	SOCIAL GEAR PTE LTD
Representative	Shunsuke Sato, CEO (concurrently holds the position of Director & CMO, transcosmos inc.)
Location	Singapore



Topics of the First Half of Fiscal 2017



2016

July August September

System reinforcement



Gotcha!mall smartphone omnichannel platform launched in Thailand

Gotcha!mall, a service provided by subsidiary Grand Design Co., Ltd., is rapidly gaining popularity in Japan as an omnichannel platform that uses smartphones to encourage visits and product purchases at brick-and-mortar stores. Seeking to expedite the spread of Gotcha!mall throughout Asia, we took the first step by launching it in Thailand.

Gotcha!mall is an omnichannel coupon platform that allows users to complete the entire shopping experience, from coupon acquisition to in-store redemption, from a single smartphone. It provides the optimum coupon for both users and stores—including convenience stores, supermarkets, drugstores, fast food outlets, and restaurant chains. From the user's perspective, Gotcha!mall provides a more enjoyable shopping experience, and for the store, it facilitates increases in purchase unit prices and purchase frequencies.

In Thailand, we will provide the service via our local subsidiary, transcosmos (Thailand) Co., Ltd., which has a capital and business alliance with the SAHA GROUP, a major conglomerate in that nation. We will deploy the network of the SAHA GROUP, Thailand's largest consumer products retailer with numerous company members, to expedite the nationwide promotion of Gotcha!mall.

Name	transcosmos (Thailand) Co., Ltd.
Representative	Kiyonori Takechi, Managing Director
Location	Bangkok, Thailand
Number of employees	350 (approximate)



Gotcha!mall.

New service



Customer communication service using messaging app bot launched

We recently launched a bot-based (automatic speech system) service in our customer support operations, which uses LINE, Facebook Messenger, and other messaging apps.

This service links "Reply.ai," a platform for building bots developed by a U.S. company, Reply, Inc., to such messaging apps as LINE and Facebook Messenger. In addition to automatically replying to customer inquiries, it switches to manned correspondence with direct operator support as necessary.

Client companies that purchase this service can address customer inquiries without any waiting time. Moreover, automating part of the process helps to reduce labor costs.



Case study: Customized purchases using Facebook Messenger bot for FUJIMAKI Hyakkaten e-commerce site

Social Media Center at Shibuya Headquarters: Specialized operations team for social media and chat



To Our Stakeholders

Topics of the First Half of Fiscal 2017

Topics of the Second Half of Fiscal 2017

Our Business

Consolidated Financial Results

Corporate Governance/CSR Activities

CSR Activities/Shareholder Benefit Program

Corporate Data

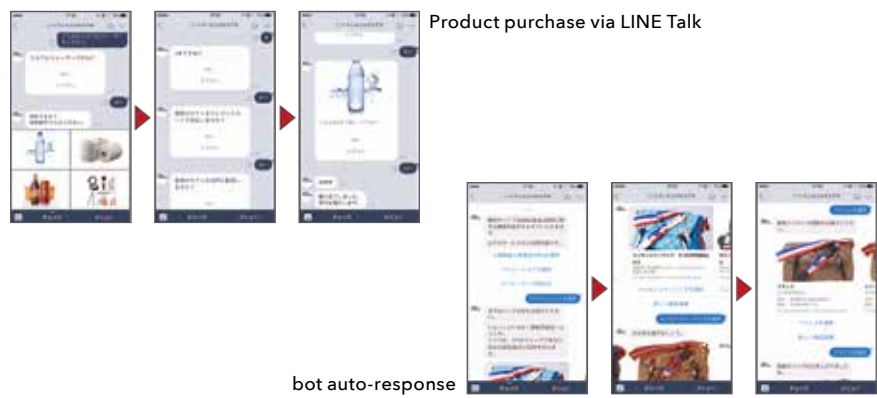
Topics of the Second Half of Fiscal 2017



Released a service allowing users to complete purchase from product selection to order to payment on LINE Talk

We launched "E-Commerce Service for Messaging Apps," allowing users to complete the entire purchasing process, including product selection, ordering, and payment, via LINE Talk.

Linking the client company's e-commerce website with a LINE account, this service is a one-stop solution that delivers all of the features required to run an e-commerce business on a LINE Talk screen. The service also enables businesses to make product recommendations and promote repeat purchases according to each customer's needs by leveraging a customer's purchase and inquiry histories. In addition, it automatically answers inquiries from customers on their LINE Talk screens.



Formed capital and business alliance with Infracommerce, an e-commerce one-stop services provider in Brazil

Founded in December 2012, Infracommerce Ltd. is an e-commerce one-stop service provider with a focus on Brazil. It offers extensive e-commerce-related services, including developing e-commerce websites for businesses and brands, supporting store openings on Brazil's local online marketplaces, fulfillment, online marketing, payment and CRM, and customer care. Leveraging a wealth of insights and knowledge on selling local and global companies' products online in Brazil, Infracommerce serves various global brands across industries ranging from fashion to consumer products and beverages. These include Ray-Ban, Sunglass Hut, Unilever, Ambev, Johnson & Johnson, JBL, and New Balance.

Through this alliance, transcocos will deliver its client companies' superior products to consumers across Latin American countries, centered on Brazil.

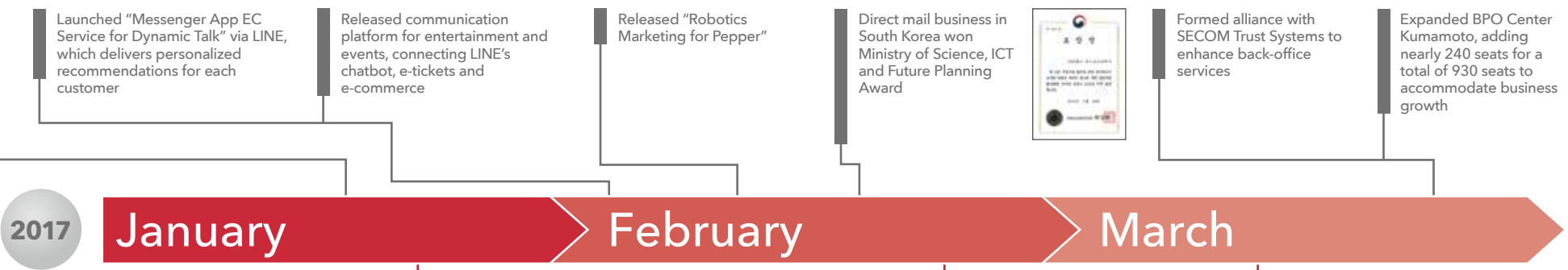
infra.commerce

Name	Infracommerce
Location	São Paulo, Brazil
Number of Employees	400



E-commerce website operation

Topics of the Second Half of Fiscal 2017



Capital alliance

Capital and business alliance with U.S.-based Reply, Inc., provider of bot-building and management platforms

transcosmos has formed a capital and business alliance with U.S.-based Reply, Inc., developer of the "Reply.ai" platform for building, operating, and managing bots. The alliance gives transcosmos exclusive distribution rights in Japan and preferential distribution rights elsewhere in Asia.

"Reply.ai" enables automatic responses to customer inquiries by linking client company websites or messaging tools and the like, and switching directly to manned responses as necessary so operators can provide direct support. It is used as a marketing tool in a broad range of scenarios and purposes, such as making reservations for test-driving new cars and participating in various campaigns. Its "GoVote-Bot," designed to promote voting, was utilized in the U.S. presidential election in November 2016.

By promoting the spread of chatbot-related services through this capital and business alliance, we will support the business development of client companies in e-commerce and other areas.

Example of difference between bot and operator response

	<p>Name</p> <p>Reply, Inc.</p>	<p>Location</p> <p>New York, United States</p>
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New service

Launch of original DMP service that leverages AI to analyze communication data, including advertisements and chats

We released "transcosmos decode" (DECode), an original data management platform (DMP) service that integrates communication data gathered via various channels—including websites, e-commerce, call centers, SNS, and chats—onto the cloud and deploys cutting-edge AI and machine-learning technologies to analyze the integrated data.

New service

Released new ad in chat format, developed with SmartNews

transcosmos has released "DECAds," a chat-format advertising menu that improves engagement with prospective users through chat communication, for advertisements posted on "SmartNews," a news app for smartphones and tablets provided by SmartNews, Inc. Clients can select bot or human operators for their chat communication services. SmartNews has also started offering bot-based services to its users.

The power of communication

Certifications/acknowledgments

transcosmos received a Gold Partner Award for fiscal 2017 under the "LINE Business Connect Partner Award Program," announced by LINE Corporation.

A subsidiary of transcosmos was named a FIVE-STAR SERVICE PROVIDER in the second half of 2016 by TMALL, the largest online marketplace in China.

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 include 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, 18 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 (50 years in business, one of the longest in the ¹help-desk industry)

Digital Marketing Services

Supporting marketing activities, which 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

Contact Center Services

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

Features of our company

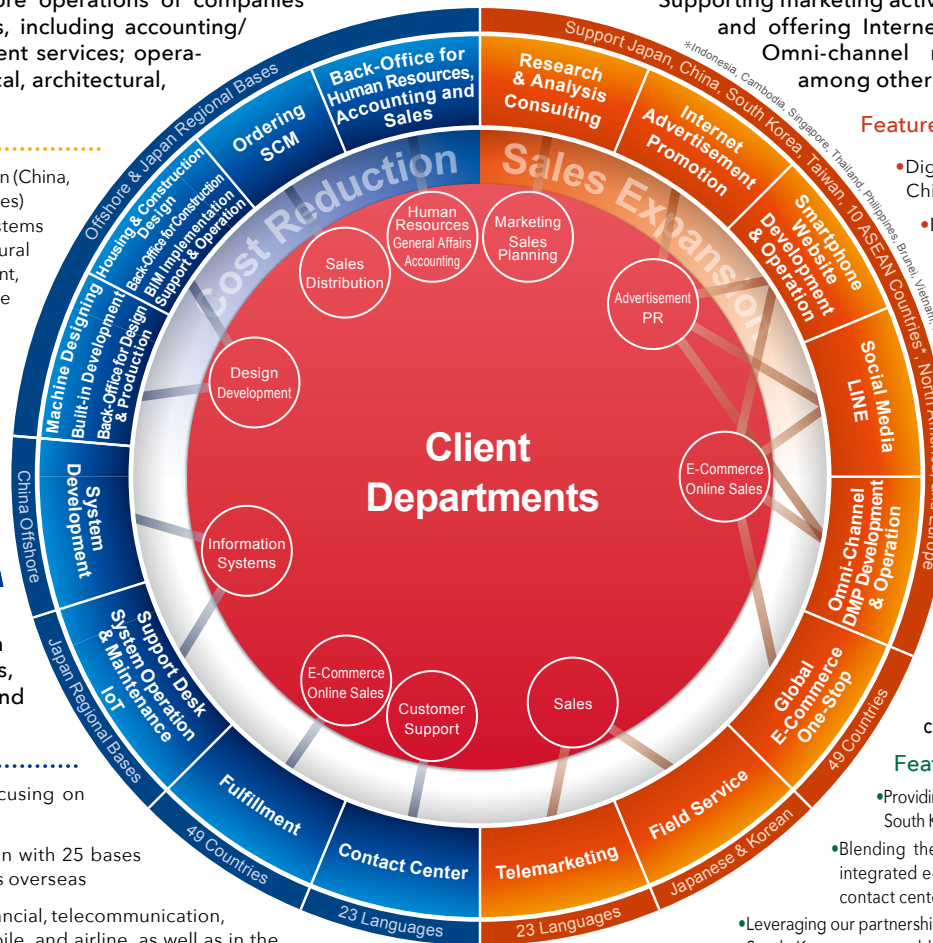
- Largest contact center service provider in Asia, focusing on Japan, China, and South Korea
- Offering the largest contact center services in Japan with 25 bases and 15,450 seats as well as 37 bases and 10,670 seats overseas
- Business experience in many industries, including financial, telecommunication, 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

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 site 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

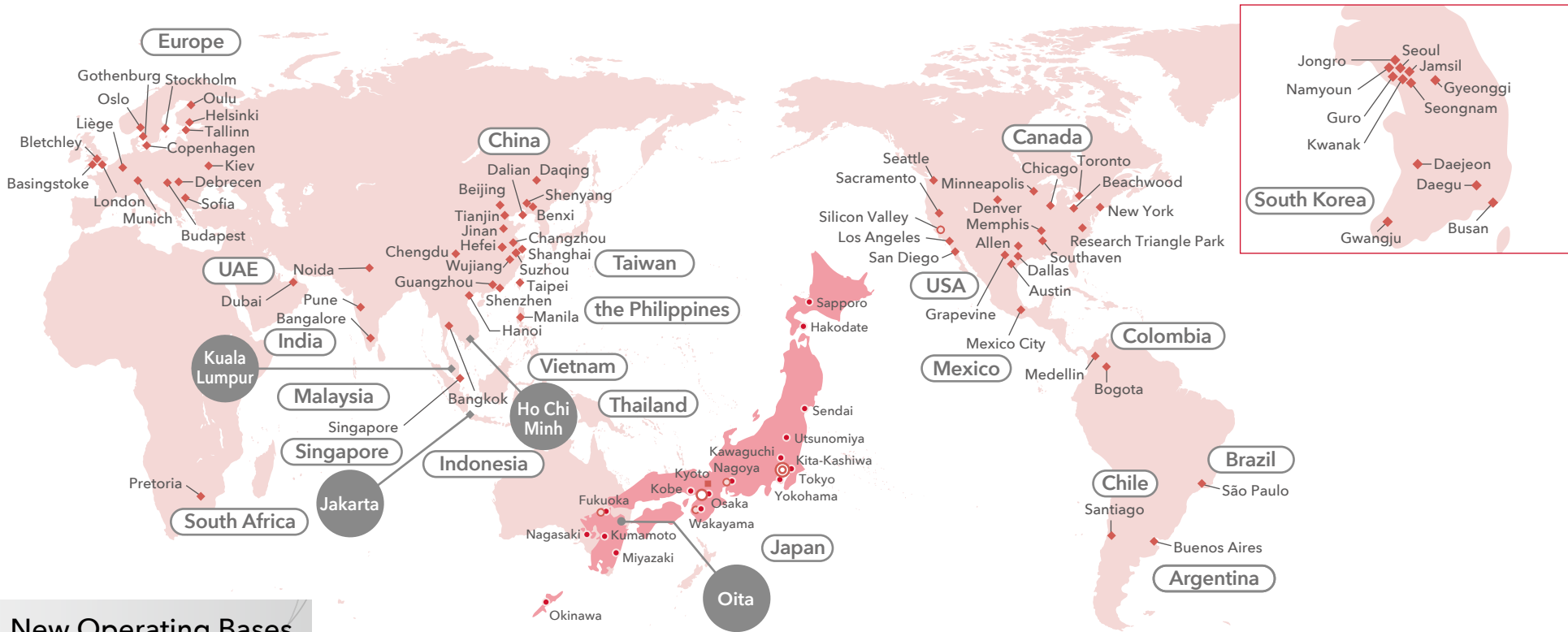
- ¹ Help desk: In-company operations to deal with inquiries about operating PCs and software as well as troubleshooting. Many companies outsource these tasks.
- ² Ad technology: Advertising activities that make full use of IT, taking advantage of Internet technology.

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

Global Network 171 Operating Bases across 31 Countries

● Main office
 ○ Head office
 ○ Branch offices
 ■ Office
 ● Service centers
 ● Domestic service centers: 53
 ◆ Overseas service centers: 118 (30 countries)

(Number of bases includes head office, branch offices, and business development and alliance partners.) (As of March 31, 2017)



New Operating Bases

Oita

Marketing Chain Management Center Oita **250** workstations

Multicontact communication services

Kuala Lumpur

TRANSCOSMOS (MALAYSIA) SDN BHD **300** workstations

Contact center services, digital marketing services, e-commerce one-stop services

Jakarta

transcosmos Jakarta Center No. 3 **300** workstations

Contact center services, digital marketing services, e-commerce one-stop services

Ho Chi Minh

Ho Chi Minh Center No. 2 **280** workstations

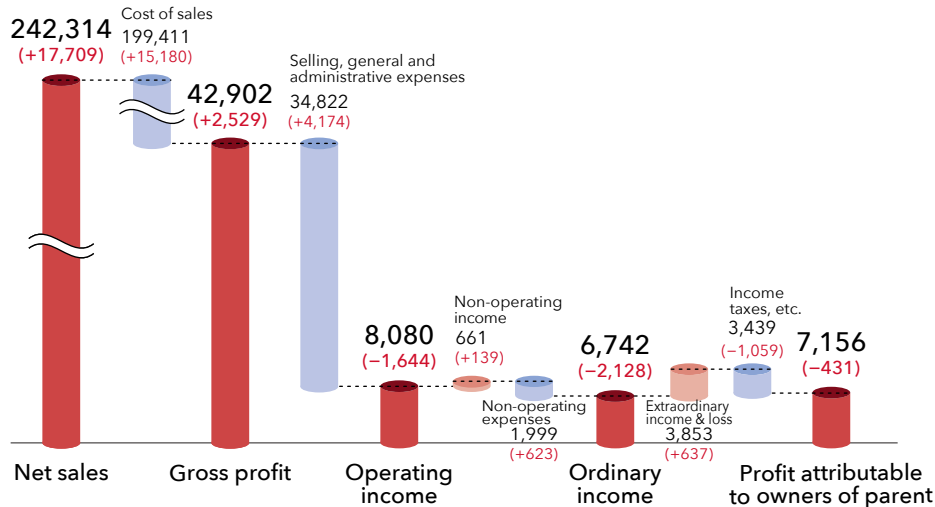
Contact center services, BPO services, and digital marketing services for Vietnamese companies

Consolidated Financial Results

Consolidated Statement of Income

(Millions of yen)

FY2017 (Apr. 1, 2016 – Mar. 31, 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 7.9% year on year. This reflected increased orders for our DEC services (digital marketing, e-commerce, and contact center service), BPO services, and other core businesses of the parent company, as well as higher orders received by subsidiaries in China. The new consolidation of subsidiaries in Europe and Southeast Asia also boosted sales.

Operating income

Operating income declined 16.9% year on year. This was due to the increased costs of setting up new projects by core parent-company businesses and establishing new businesses by subsidiaries newly included in the scope of consolidation. There was also a one-time increase in surplus personnel costs associated with the termination of some large-scale projects by South Korean subsidiaries.

Profit attributable to owners of parent

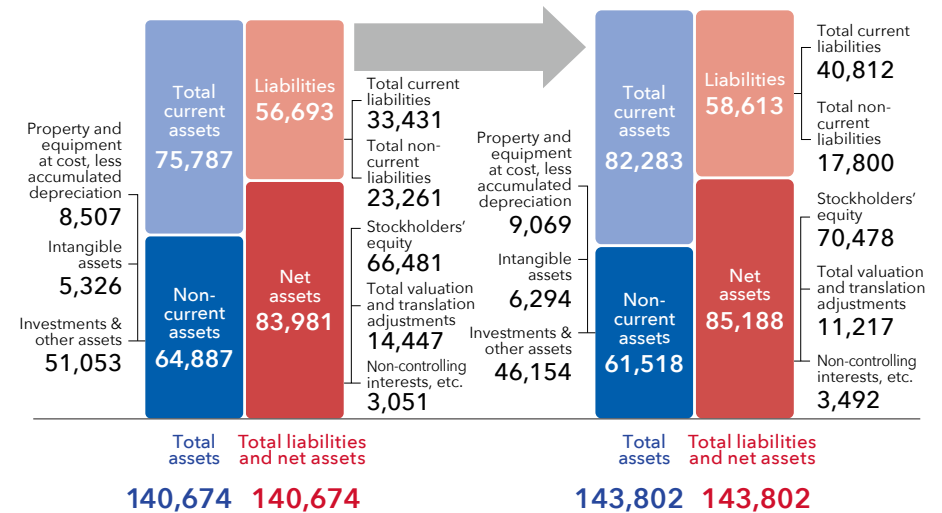
Profit attributable to owners of parent decreased 5.7% year on year, due to declines in both operating income and ordinary income.

Consolidated Balance Sheet

(Millions of yen)

As of March 31, 2016

As of March 31, 2017



Assets, Liabilities and Net assets

As of March 31, 2017, total assets amounted to ¥143,802 million, up ¥3,127 million from a year earlier. Within this amount, current assets rose ¥6,496 million, to ¥82,283 million, due mainly to increases in notes and accounts receivable. Non-current assets declined ¥3,369 million, to ¥61,518 million, due mainly to decreases in market valuation difference and investment securities.

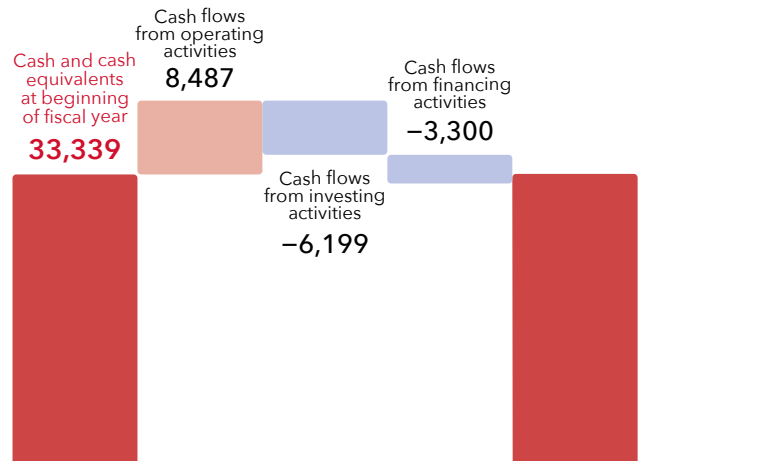
Total liabilities increased ¥1,919 million from a year earlier, to ¥82,283 million. Within this amount, current liabilities rose ¥7,380 million, to ¥40,812 million, due mainly to increases in accounts payable and accrued payables, and non-current liabilities declined ¥5,460 million, to ¥17,800 million, due mainly to a decrease in derivative obligations.

Net assets grew ¥1,207 million from a year earlier, to ¥85,188 million. The shareholders' equity ratio as of March 31, 2017, was 56.8%.

Consolidated Statement of Cash Flows

(Millions of yen)

FY2017 (Apr. 1, 2016 – Mar. 31, 2017)



Note: Differences arising from conversion of cash and cash equivalents, increase (decrease) in cash and cash equivalents resulting from change of scope of consolidation, and increase (decrease) in cash and cash equivalents resulting from merger of subsidiaries 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 ¥8,487 million, up ¥5,289 million from the previous fiscal year. This was due mainly to a decrease in payment of the consumption tax, etc. (decrease in accrued consumption tax).

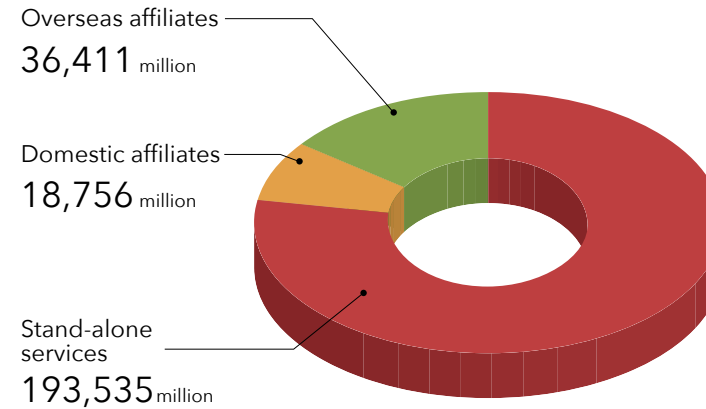
Net cash used in investing activities totaled ¥6,199 million, down ¥7,735 million from the previous year. Main factors were a decrease in purchases of shares in subsidiaries and affiliates and the absence of payments for business transfer, which were incurred in the previous year.

Net cash used in financing activities was ¥3,300 million, compared with net cash of ¥12,832 million provided by such activities in the previous year. Main factors were a decrease in proceeds from the issuance of bonds and a decrease in proceeds from long-term loans payable.

As a result, cash and cash equivalents as of March 31, 2017, amounted to ¥33,422 million, up ¥83 million from the end of the previous fiscal year.

Net Sales by Segment

FY2017 (Apr. 1, 2016 – Mar. 31, 2017)



Note: Figures are not adjusted for -¥6,388 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



Rehito Hatoyama
Outside Director

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

transcosmos is a company that I know well and can trust, but I want it to become familiar to many people around the world. In Silicon Valley, where I am based, it is normal to outsource functions that can be outsourced, so BPO services are widely used. In the context of the digital shift in business trends over recent years, a BPO partner is indispensable for companies wanting to advance quickly. In Japan, transcosmos is a true industry leader in BPO services, and I believe it is well positioned to achieve great things in the future.

Q2 What do you think is important for increasing corporate value?

As an outside director, I am involved with the Board of Directors, which is tasked with enhancing corporate value, but it is also important to handle corporate governance and risk management carefully. It is equally important, I believe, to raise the accuracy of corporate decision-making from a diversified perspective, and to spearhead innovation at the Board of Directors level. Looking at the backgrounds of transcosmos Board members, I notice that the composition itself sends a loud message. With such diversity in place, I think we can expect further improvements in corporate value.

Q3 What do you expect from transcosmos going forward (including the role of Outside Director)?

I expect transcosmos to raise the competitiveness of Japanese companies globally. The role of transcosmos as a BPO service provider is to increase the digitization and efficiency levels of companies. Digitization accelerates globalization. Skillful use of BPO services enables companies to change the lifestyles and working styles of their employees and enhance business competitiveness. By honing our core business, we at transcosmos believe we can get our partners to focus on their own competitive advantages and raise the overall competitiveness of Japanese companies.

CSR Activities

Basic Approach

We aim to contribute to the development of the economy and society by being a responsible corporate citizen. In other words, we believe that fulfilling our corporate social responsibilities is essential to be worthy of the trust of our stakeholders and to be able to continue to provide valuable services to our clients and to society at large. With that in mind, we endeavor to engage in environmental and community service activities.

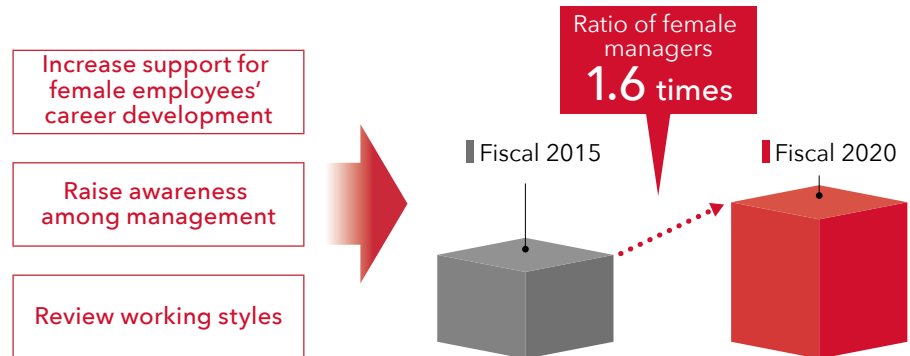
Promoting Diversity

Supporting the advancement of diverse human resources is a core priority for raising corporate competitiveness. With this in mind, we promote various initiatives, which include fostering an organizational culture that respects diversified values and reviewing our systems and working styles.

Promoting the Advancement of Women

Action Plan

Five-year period (April 1, 2016–March 31, 2021)



Positive Action

As a company that agrees to help spread the “Positive Action” initiative promoted by the Ministry of Health, Labour and Welfare, we are committed to promoting the advancement of female employees. “Positive Action” is a voluntary and proactive initiative taken by individual companies to eliminate differences between male and female workers that stem from fixed preconceptions about the roles of men and women and past history.



ボジティブ・アクションに取り組んでいます

Highest-level "L-boshi" certification received

The Ministry of Health, Labour and Welfare grants "L-boshi" certification to companies that show superior efforts in promoting the advancement of women, based on the Act on Promotion of Women's Participation and Advancement in the Workplace. transcocosmos received the highest of the certification's levels.



"Kurumin" certification awarded

transcocosmos received "Kurumin" certification from the Ministry of Health, Labour and Welfare, based on the Act for Measures to Support the Development of the Next Generation. The certification is granted to companies that provide superior child-rearing support for employees.



Report

1 Implemented mind-set reforms and fostered culture to promote diverse working styles.

2 Established workplace environment facilitating a return to work by employees taking maternity/childcare leave to continue their careers while balancing work and family commitments.

The Company was certified in March 2017 in recognition of efforts to achieve the above.

Diversity Forum held

Aiming to step up diversity-related activities, in November 2016 transcocosmos held a Diversity Forum targeting project managers (general managers, promotion managers, etc.) throughout the Company. In his opening remarks, a project owner from management explained the purpose of the forum. This was followed by keynote addresses by prominent individuals. The executive heads of each division then conveyed messages about future initiatives. We will continue holding these forums and raising awareness about diversity.



Job Development for People with Special needs

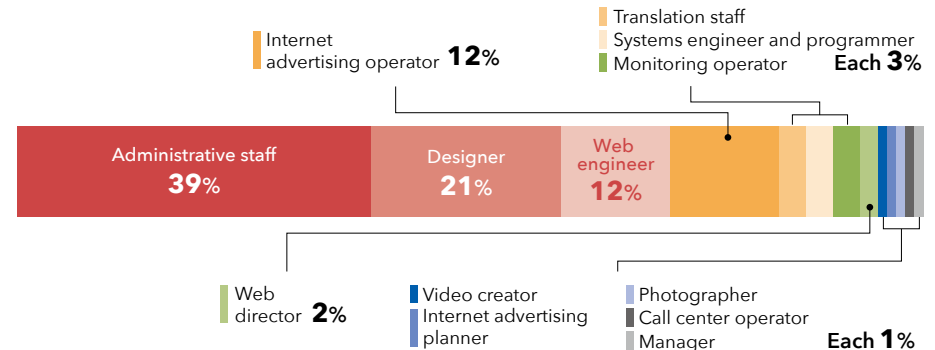
"Regardless of disabilities, all employees can work together and each display their individuality and abilities."

At transcocosmos, we believe that is the proper way to conduct business.

We hold the belief that a company is a place where people with differing personalities and attributes come together, and that this diversity cultivates an excellent corporate culture.

To date, many physically and mentally challenged people have joined the Company, including those with special needs related to hearing, vision, upper and lower limbs, mental health, and internal organs. They fill a variety of positions, and we are working actively to create a framework to support people with special needs throughout the Company.

Positions held (proportion at each position as of May 2017)



Examples of improving work environments



Regardless of the presence or absence of people with special needs, we promote an active exchange of opinions using PCs, sign language, and written documents. We also have a registered sign-language expert who will interpret upon request.



We conduct regular training in the use of assistance equipment to help wheelchair users in case elevators stop in the event of a disaster.

CSR Activities

Seven employees receive medals at the 15th Tokyo Abilympics (Activities to improve skills of employees with special needs)

Employees from transcosmos participated in the 15th Tokyo Abilympics, a skills competition for people with special needs, held in February 2017. Among them, seven received medals in the DTP, website, and PC data inputting to spreadsheet events.



Medal winners at the 15th Tokyo Abilympics



Received gold, silver, bronze, and effort medals

Experiencing a Social Action Program Held at Harajuku Gaien Junior High School (Promoting personnel, academic, and educational development)

We held a social action program for students of Harajuku Gaien Junior High School in Shibuya Ward, where transcosmos is headquartered.

Two transcosmos employees—a hearing-impaired person and a sign-language interpreter—spoke on ways to communicate with the hearing-impaired, and students were taught real sign language to deepen their understanding.



- Program date: March 3, 2017
- Attendees: Around 90 third-year students (in two 50-minute sessions)
- Lecture titles: "The meaning of hearing impairment," "Diverse communication methods," etc.
- Experiences: Communication methods (gestures), sign language (greetings, thanks, apologies, etc.)

Shareholder Benefit Program

About the program

We have a shareholder benefit program to convey our appreciation to those who own transcosmos shares and continue supporting the Company.

Eligible shareholders

Owners of 1,000 shares or more who are listed on the Company's shareholder registry as of March 31 each year.

Reward criteria

Number of shares held	Benefit received
1,000 shares or more	1,000 points

Shareholder benefit points are valid for two years and can only be carried forward into the subsequent fiscal year*1.

Special shareholder offers

- Apply by special postcard*2
- Select special shareholder offer from original transcosmos gift catalog

Choices must be made in 1,000-point units when shareholder benefit points are carried forward.



Food
Quality food from around Japan



General merchandise
Products of NIHON CHOKUHAN (transcosmos' mail-order business)



Donations for activities contributing to society*3



Fiscal 2018 catalogs for special shareholder offers

*1: For shareholder benefit points to be carried forward, 1,000 or more shares must be held under the same shareholder number in the Company's shareholder registry as of September 30 of the same year or March 31 of the following year. Please note that after being carried forward, points will be revoked if the shareholder number is changed due to name change, inheritance, etc.

*2: Only those who apply during the valid period are eligible.

*3: Points holders can donate to any of four organizations: the World Wild Fund for Nature (WWF), which protects the global environment; Plan International, which helps children in third world countries; the Japan Red Cross Society, which helps people suffering around the world; and Medecins Sans Frontieres (Doctors Without Borders), which provides emergency medical treatment to people with life-threatening conditions.

Corporate Information (As of March 31, 2017)

Registered Name	transcosmos inc.
Date of Incorporation	June 18, 1985
Capital	¥29,065 million
Employees	Parent: 9,525 Group: 18,607
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 March 31, 2017)

Name	Number of shares (thousand shares)	Ratio of shares(%)
Masataka Okuda	5,910	12.11
Koki Okuda	5,498	11.27
Okuda Ikueikai Foundation	3,753	7.69
GOLDMAN, SACHS & CO. REG	2,961	6.07
Japan Trustee Services Bank, Ltd. (Account in Trust)	1,708	3.50
Mihoko Hirai	1,463	3.00
BBH FOR MATTHEWS ASIAN GROWTH AND INCOME FUND	1,140	2.34
The Master Trust Bank of Japan, Ltd. (Account in Trust)	1,040	2.13
Limited Company HM Kosan	722	1.48
Employee Shareholding Association of transcosmos inc.	627	1.29

Notes: 1. Other than the above, our company retains 7,317 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 March 31, 2017)

Shares Authorized for Issue	150,000,000
Shares Issued	48,794,046
Stockholders	13,617

Directors, Auditors, and Corporate Officers (As of June 20, 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
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
Corporate Officer	Takashi Sube Shinji Kanezawa Yuichiro Kubo Masato Ogino Kenta Kusano Shohei Shimoda Kei Yamane Hiroyuki Kohara Hideki Nagura Makoto Noguchi Tsuyoshi Washio Keisuke Yoshida

*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. Securities Code: 9715

3-25-18, Shibuya, Shibuya-ku, Tokyo 150-8530, Japan Tel. +81-3-4363-1111 Fax +81-3-4363-0111
<http://www.trans-cosmos.co.jp/english>

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

