

Global Digital Transformation Partner

Supplemental Material for FY2023/3

Financial Results

(April 1, 2022 – March 31, 2023)



April 28, 2023

transcosmos inc.

FY2023/3 Financial Results

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Achievements & Medium-Term Business Plan Priorities

- Create/Enhance Competitive Service Models
- Become Asia's Leading Global Player
- Build a Foundation for Sustainability Management
- Medium-Term Business Plan Priorities

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FY2023/3 Financial Results

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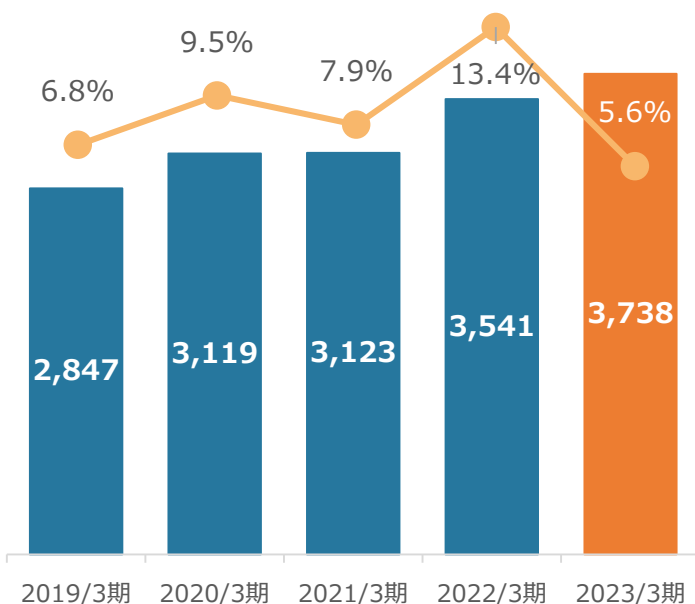
Achievements & Medium-Term Business Plan Priorities



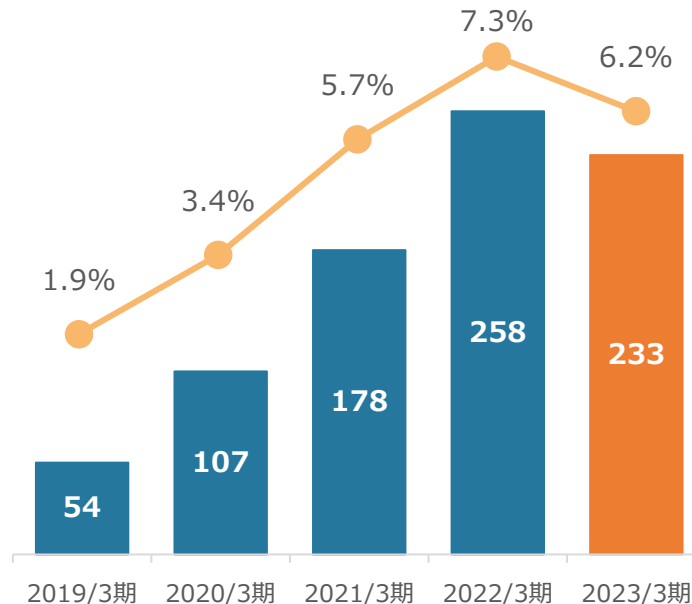
Executive Summary

- Sales **grew for 13 consecutive years to ¥373.8B**, reaching a new all-time high.
- Operating income was **¥23.3B, the second-highest ever** despite a year-over-year decline due to a drop in gross profit margin.
- Amid an uncertain economic environment, the Parent Company's **existing business, excluding COVID-19 related projects, continued to grow.**
- **Overseas sales continued to expand**, primarily in Asia.
- transcosmos net income was **¥15.8B, the second-highest ever** despite a year-over-year decline due to a drop in non-operating income and lower extraordinary income compared to the previous year when the income was higher than usual.

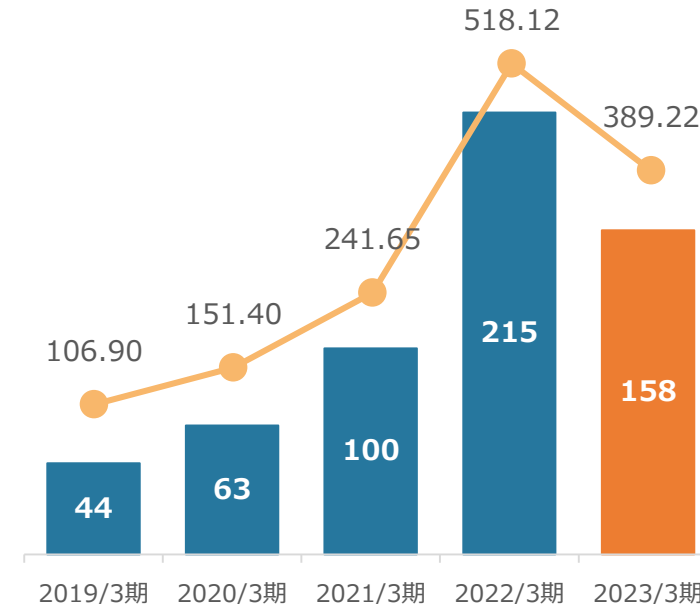
Consolidated Sales/%Growth



Consolidated Operating Income/Margin



transcosmos Net Income/EPS(Earnings per Share)



*Effective from FY2022/3, the Company has adopted the Accounting Standard for Revenue Recognition and other related standards. In FY2021/3 net sales, revenues from agent transactions have been restated using the net amount recognition method. In net sales of FY2020/3 and earlier years, revenues have not been restated with such a method.

	Achievements	Challenges
Japan	<ul style="list-style-type: none">● Existing business, excluding COVID-19 related projects grew as a result of increased sales activities looking ahead to a post-COVID-19 world, and proactive service delivery that meet ever-changing market demands and needs.● Made progress in delivering our unique, competitive service models, in particular TCI-DX Service.● Under our fundamental sustainability policy, carried forward initiatives such as making TCFD-aligned disclosures.	<ul style="list-style-type: none">● Increase orders from the public sector by leveraging the achievements and client relationships nurtured through COVID-19 related projects.● Address labor shortage (secure talented agents) and wage inflation as economic activities bounce back.
Overseas	<ul style="list-style-type: none">● Continued to achieve strong sales growth overseas, particularly in Asia, sustaining our position as Asia's No.1 player.● Focused on increasing business with global companies and successfully expanded business in the Southeast Asia market that underpinned the robust sales growth.	<ul style="list-style-type: none">● Put the China business back on steady sales & profit growth paths from a downturn in profitability due to temporary factors.● Develop new markets to further expand the Global Business.

Consolidated Income Statement Summary

- Sales increased due to growth in all segments.
- Operating income decreased mainly due to a drop in gross profit.
- Ordinary income decreased mainly due to a drop in operating income and non-operating income.
- Net income attributable to owners of transcosmos inc. decreased mainly due to a drop in ordinary income and lower extraordinary income compared to the previous year when the income was higher than regular years.

In ¥100M (rounded to the nearest 100M)	FY2022/3		FY2023/3		Change	
	Amount	Mix	Amount	Mix	Amount	%Change
Sales	3,541	100.0%	3,738	100.0%	197	5.6%
Cost of Sales	2,763	78.0%	2,973	79.5%	210	7.6%
Gross Profit	778	22.0%	765	20.5%	-13	-1.6%
SG&A	519	14.7%	532	14.2%	13	2.5%
Operating Income	258	7.3%	233	6.2%	-26	-9.9%
Non-operating Profit and Loss	31	0.9%	-2	-0.1%	-33	-
Ordinary Income	289	8.2%	231	6.2%	-58	-20.2%
Extraordinary Profit and Loss	22	0.6%	4	0.1%	-18	-83.5%
Net Income attributable to owners of transcosmos inc.	215	6.1%	158	4.2%	-57	-26.6%

Performance Summary by Segment



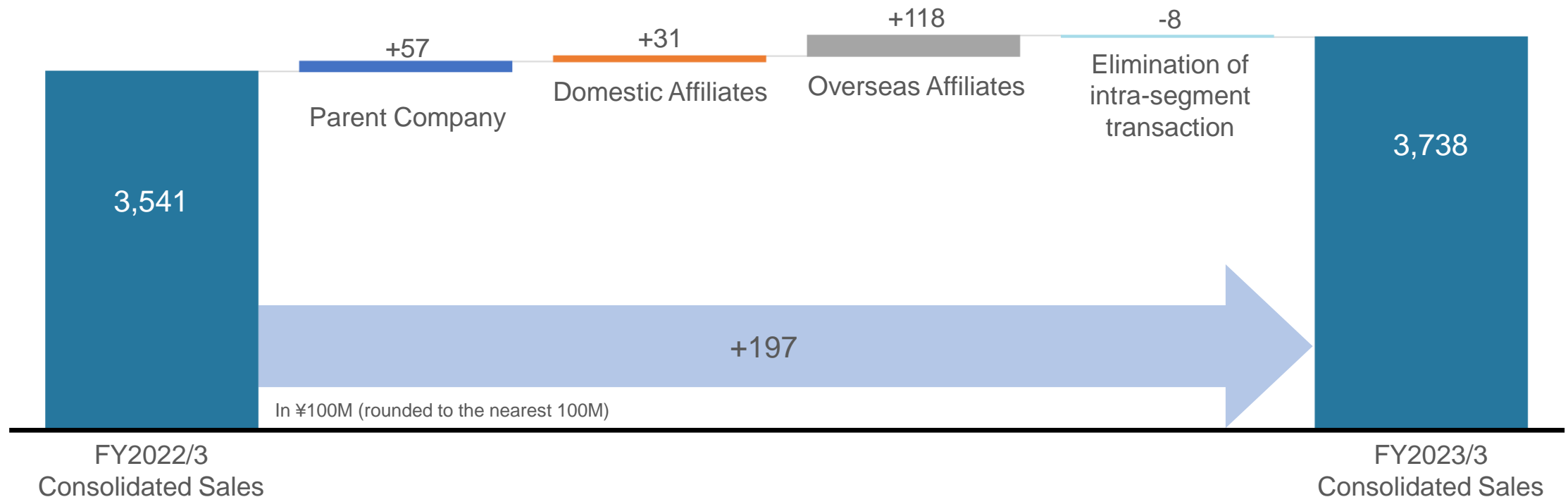
- Parent Company: Sales up but profit down. Although profitability declined, the Parent Company continued to grow sales in existing business, excluding COVID-19 related despite an uncertain economic environment.
- Domestic Affiliates: Both sales and profit up. Some listed subsidiaries as well as BPO subsidiaries achieved solid performance.
- Overseas Affiliates: Sales up but profit down. Subsidiaries in South Korea, Southeast Asia and China increased sales. Currency fluctuations negatively affected profitability of some subsidiaries in China.

In ¥100M (rounded to the nearest 100M)		FY2022/3		FY2023/3		Change	
		Amount	Mix	Amount	Mix	Amount	%Change
Sales	Parent Company	2,388	67.5%	2,445	65.4%	57	2.4%
	Domestic Affiliates	401	11.3%	432	11.6%	31	7.7%
	Overseas Affiliates	865	24.4%	983	26.3%	118	13.7%
	Elimination of intra segment transaction	-114	-3.2%	-122	-3.3%	-8	-7.5%
	(Total)	3,541	100.0%	3,738	100.0%	197	5.6%
Segment Income (Loss)	Parent Company	178	69.0%	159	68.4%	-19	-10.7%
	(%profit)	7.5%		6.5%			
	Domestic Affiliates	37	14.3%	37	16.1%	1	1.5%
	(%profit)	9.2%		8.7%			
	Overseas Affiliates	43	16.8%	36	15.6%	-7	-16.4%
(%profit)	5.0%		3.7%				
Elimination of intra segment transaction	-0	-0.1%	-0	-0.1%	0	-	
(Total)	258	100.0%	233	100.0%	-26	-9.9%	

Consolidated Sales Analysis

- Sales increased by ¥19.7B (+5.6%)

Parent Company	Sales grew due to an order increase in existing business excluding COVID-19 related projects.
Domestic Affiliates	Sales grew due to higher sales achieved by some listed subsidiaries as well as BPO subsidiaries including a staffing company and a consulting company.
Overseas Affiliates	Sales grew due to higher sales achieved by subsidiaries in South Korea, Southeast Asia and China.



Parent Company Sales Analysis

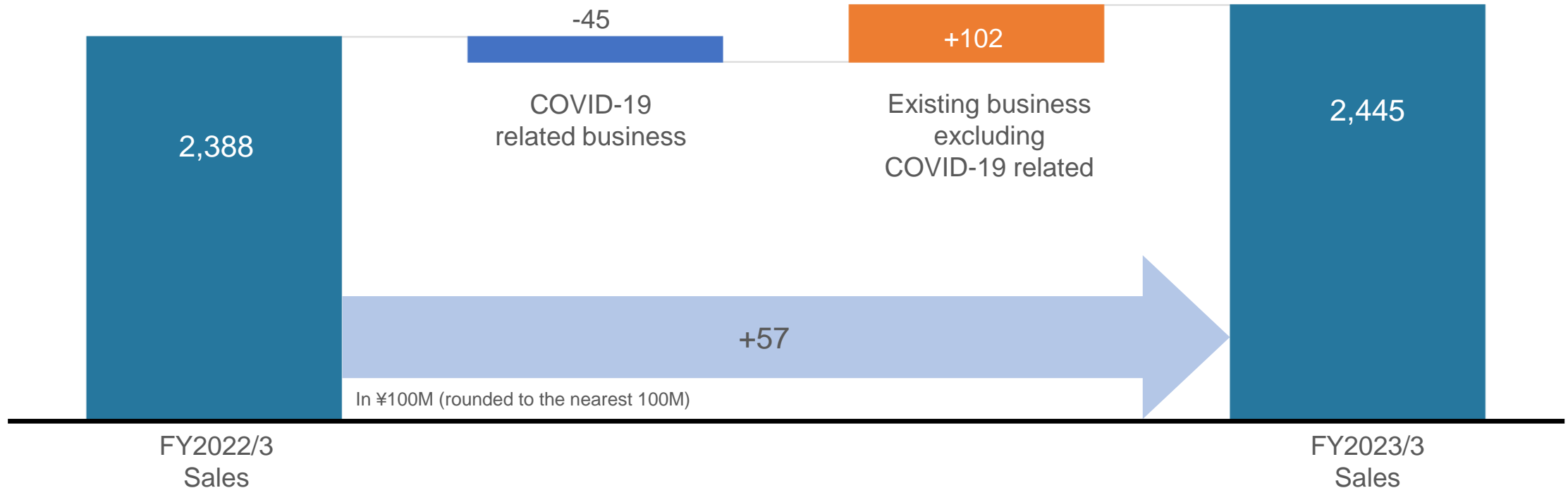
- Sales increased by ¥5.7B (+2.4%)

COVID-19 related business

Some urgent projects associated with COVID-19 infection control and economic measures carried out by local governments, etc. slowed down as social needs subsided.

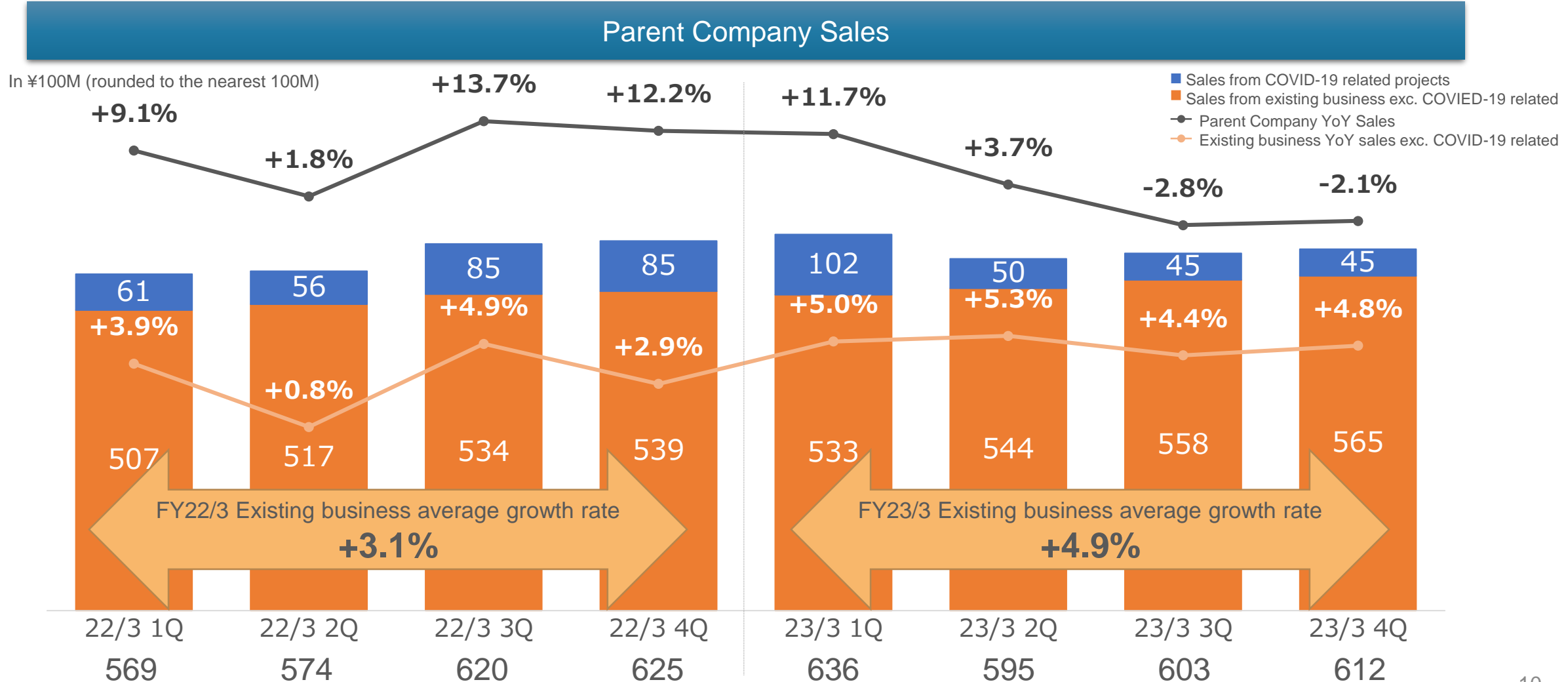
Existing Business exc COVID-19 related

Demand for outsourcing services that lead to higher sales and cost competitiveness remain solid. In addition, orders increased for internet-related projects, chat support and home-based contact center services, given the increasing demands for digital transformation and a shift to contactless channels under the pandemic.



Parent Company Quarterly Sales Trend

- Despite COVID-19 related projects - in particular urgent projects – being on a downward trend as social needs subside, orders for existing business excluding COVID-19 related deals continued to grow at an accelerated pace (average growth rate 4.9%, +1.8 percentage points compared to the previous year).



Overseas Sales Trend by Country

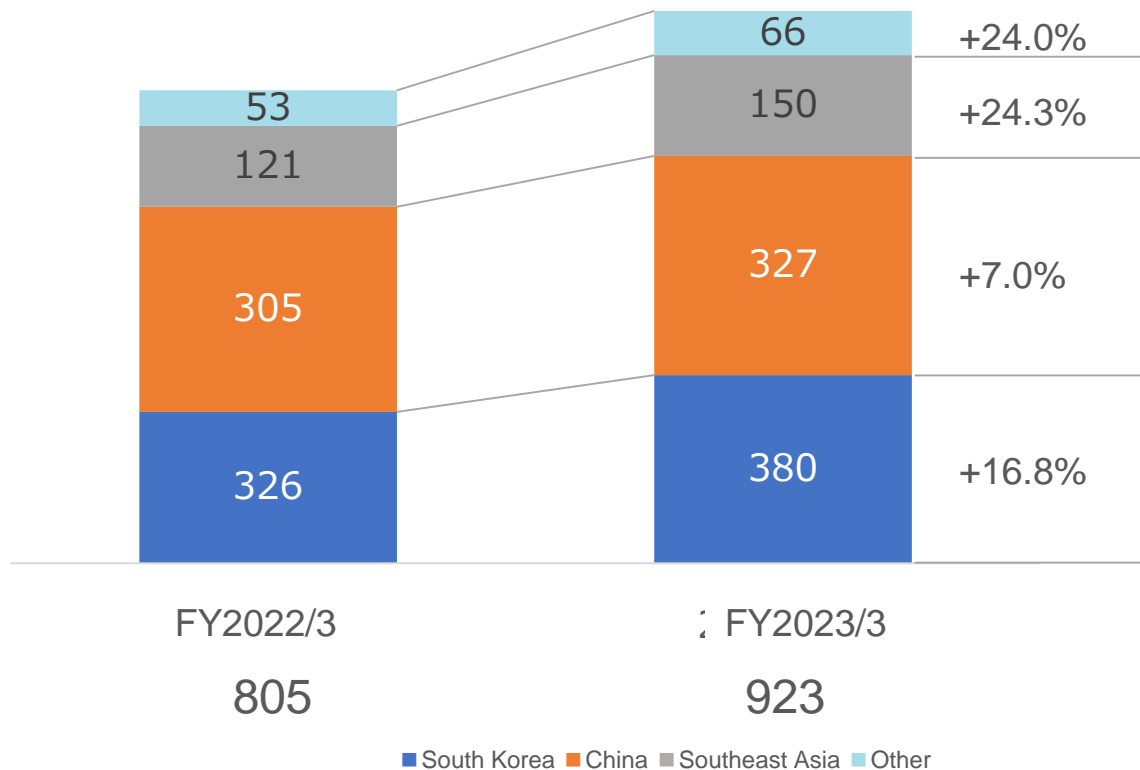
*Overseas sales are categorized by country or region based on clients' location, therefore, figures are different from the Overseas Affiliates segment.



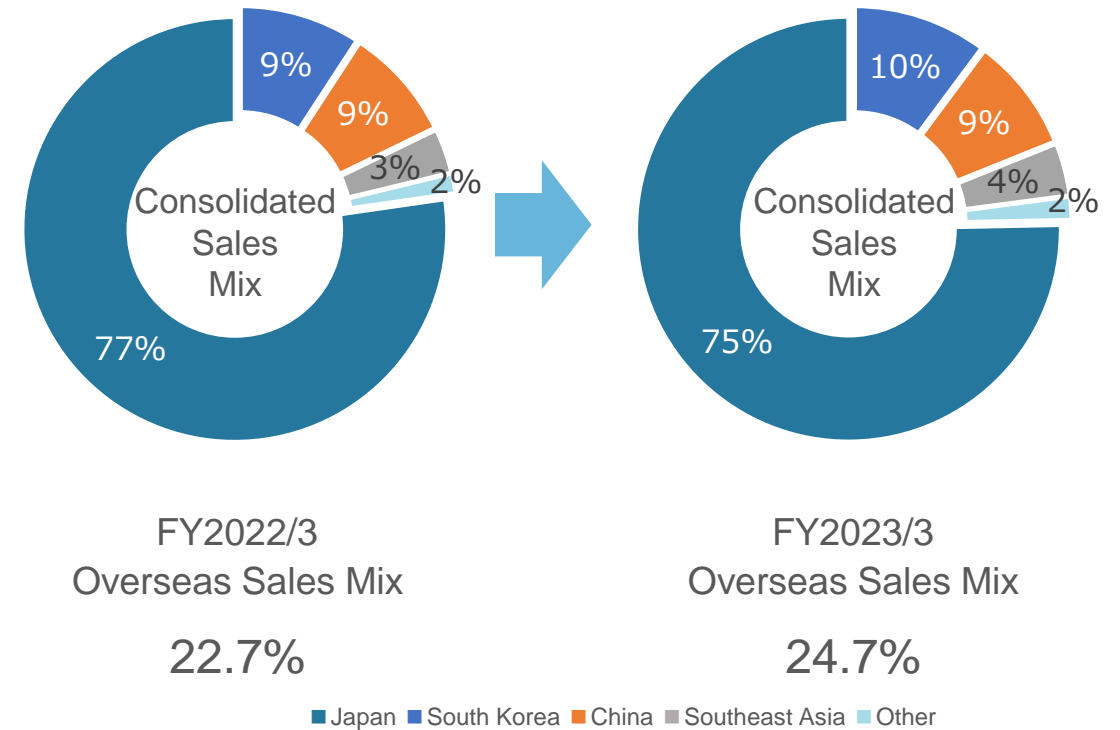
- Overseas sales reached ¥92.3B, grew by ¥11.8B or 14.7%, expanding its sales ratio to consolidated net sales to 24.7%.
- Business continued to grow in Asia, with Southeast Asia showing a particularly strong growth ratio, expanding the proportion of sales to consolidated net sales.

Overseas Sales by Country

In ¥100M (rounded to the nearest 100M)



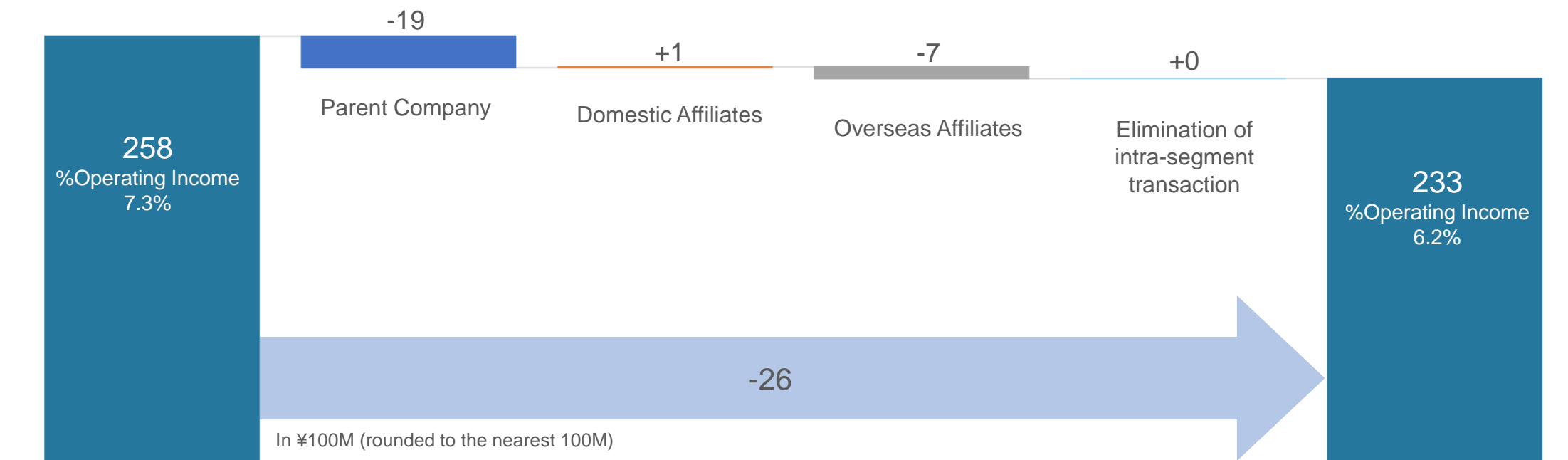
Overseas Sales as a percentage of Consolidated Sales



Consolidated Operating Income Analysis

- Operating income decreased by ¥2.6B (-9.9%)

Parent Company	Earnings achieved solid growth in particular in the private sector in an uncertain economic environment. However, operating income decreased due to a decline in profitability.
Domestic Affiliates	Operating income rose mainly due to higher income achieved by some listed subsidiaries as well as BPO subsidiaries including a consulting company.
Overseas Affiliates	Operating income fell mainly due to a temporal drop in profitability in Chinese subsidiaries as currency fluctuations affected performance.



Parent Company Operating Income Analysis

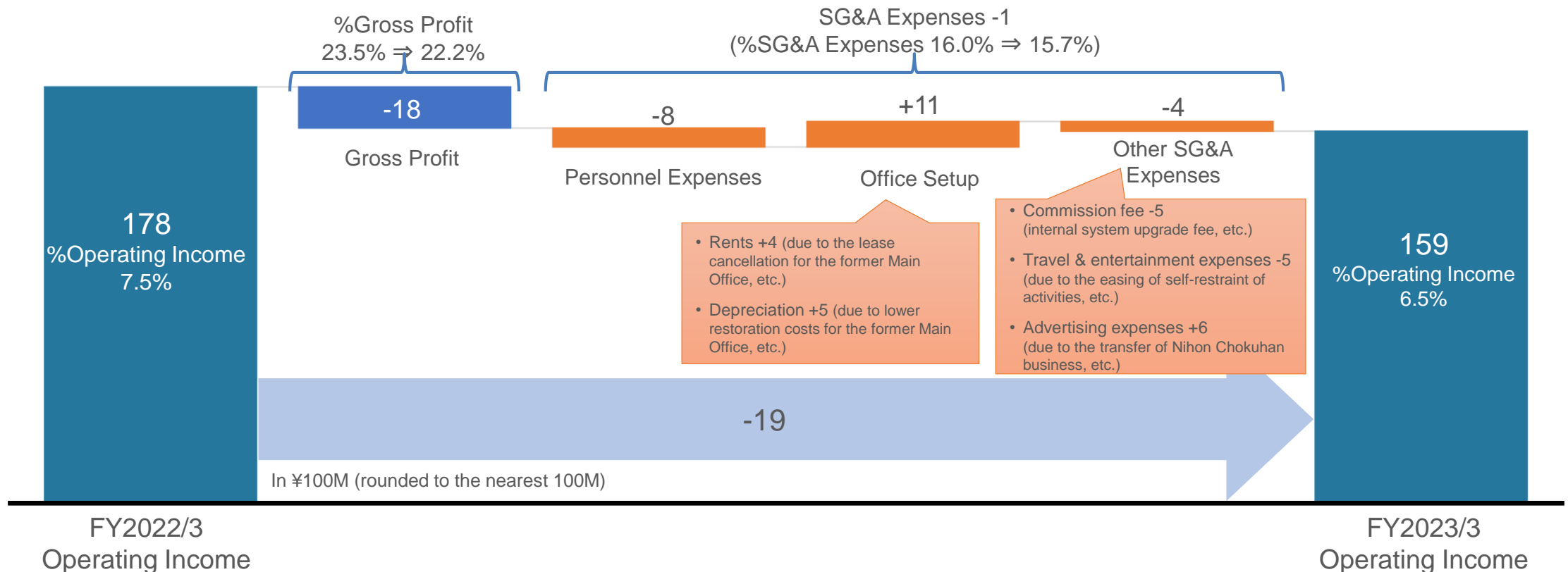
- Operating income decreased by ¥1.9B (-10.7%)

Gross Profit

Earnings achieved solid growth despite an uncertain economic environment. Yet, profitability decreased, resulting in a 1.3 percentage drop in gross profit margin.

SG&A Expenses

Despite a ¥100 million increase in SG&A expenses, SG&A ratio dropped by 0.3 percentage points. SG&A expense breakdown: 1) Personnel expenses up due to new graduate hires and additional hires to accommodate business growth, 2) Office setup expenses down as one-time expenses and rents related to the lease cancellation for the former Tokyo Main Office decreased from the previous year, 3) Advertising expenses down due to the transfer of Nihon Chokuhan business, and 4) Other expenses up due to the lifting of self-restraint of activities and system updates.



Consolidated Quarterly Performance Trend

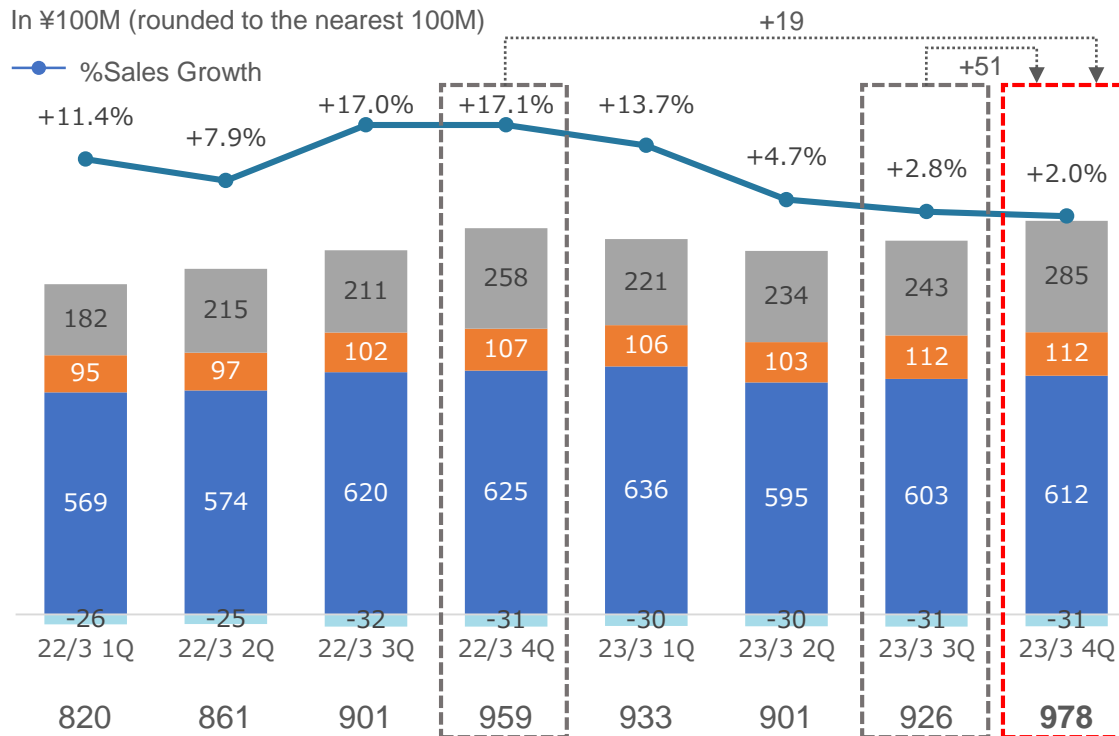


- [QoQ Sales] All segments achieved higher sales, resulting in ¥5.1B growth from the previous quarter.

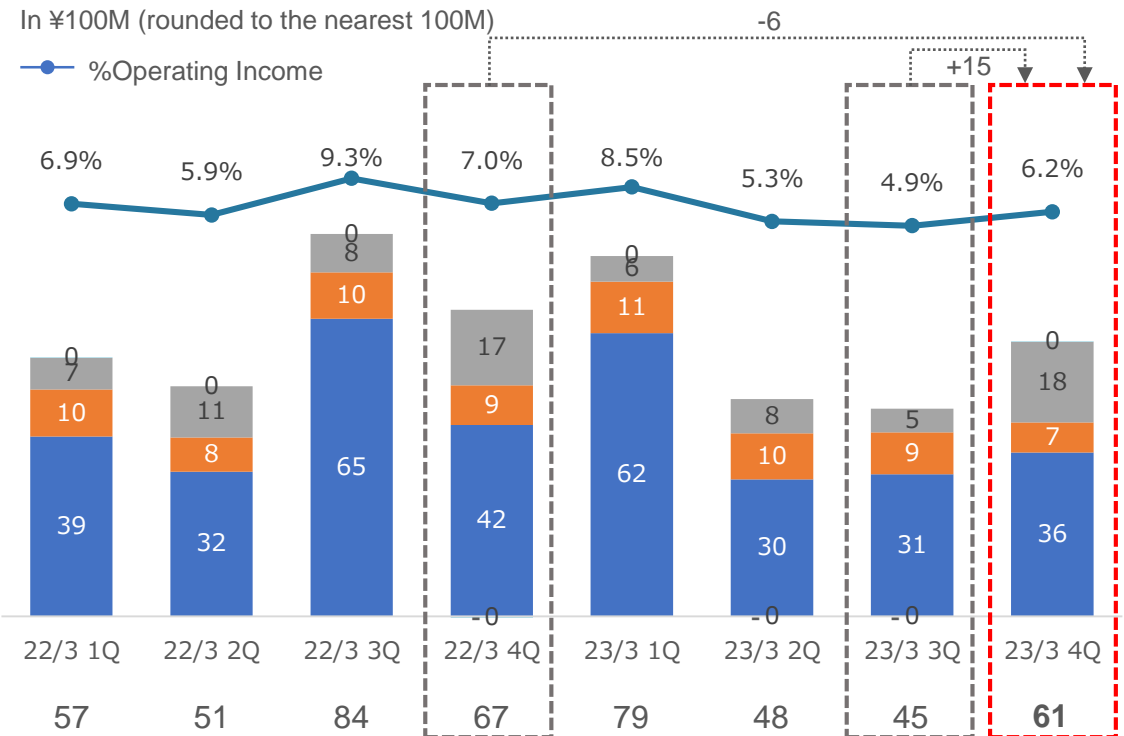
[YoY Sales] Sales grew by ¥1.9B backed by strong sales generated by Domestic and Overseas Affiliates despite a year-over-year decrease in some large-scale COVID-19 related projects in the Parent Company.
- [QoQ Operating Income] Up ¥1.5B due to higher income in the Parent Company and positive seasonality effects on Overseas Affiliates.

[YoY Operating Income:] Down by ¥0.6B due to lower sales in the Parent Company. Overseas Affiliates income grew as China business recovered.

Sales



Operating Income

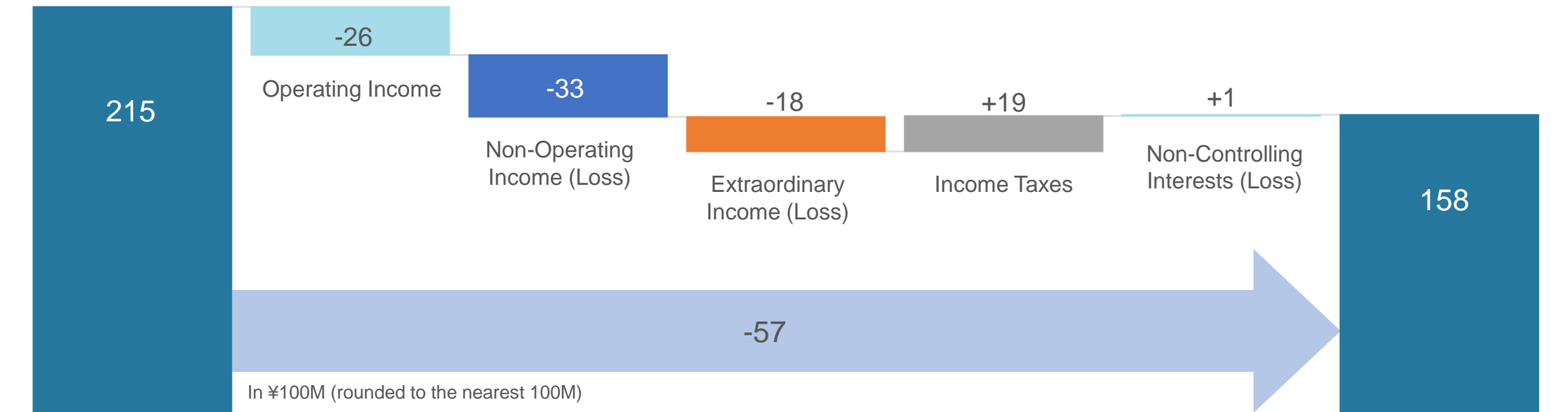


■ Parent Company ■ Domestic Affiliates ■ Overseas Affiliates ■ Elimination of intra-segment transaction

transcosmos inc. Net Income Analysis

- transcosmos inc. net income decreased by ¥5.7B (-26.6%)

Non-Operating Income (Loss)	Decreased by ¥3.3B mainly due to the recording of share of loss of entities accounted for using equity method as opposed to the previous year when recorded share of profit of entities accounted for using equity method.
Extraordinary Income (Loss)	Decreased by ¥1.8B due to a lack of gains from changes in equity interests and penalty income related to the breach of an equity transfer agreement recorded in the previous year.
Income Taxes	Tax expenses decreased by ¥1.9B mainly due to lower profit before income taxes and the impact of tax systems, such as tax credits.



FY2022/3

transcosmos inc. Net Income

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transcosmos inc. Net Income 15

Consolidated Balance Sheet Summary

- Current Assets: Cash and deposits and notes and accounts receivables decreased.
- Fixed Assets: Investment securities decreased reflecting the fair market valuation of listed shares that the Company owns.
- Liabilities: Liabilities decreased after the repayment of current portion of long-term loans payable.
- Net Assets: Decreased as a result of purchase of treasury shares.

In ¥100M (rounded to the nearest 100M)	End of Mar. 2022	End of Mar. 2023	Change	
Current Assets	1,510	1,354	-156	<ul style="list-style-type: none"> • Cash and deposits -137 • Notes and accounts receivables – trade -27
Fixed Assets	675	584	-90	<ul style="list-style-type: none"> • Investment securities -85 • Shares of subsidiaries and associates -34
Total Assets	2,185	1,938	-246	
Current Liabilities	802	664	-137	<ul style="list-style-type: none"> • Current portion of long-term loans payable -100 • Accounts payable-12 • Accrued income taxes -14
Fixed Liabilities	174	150	-24	
Total Liabilities	976	815	-161	<ul style="list-style-type: none"> • Long-term loans payable -20
Net Assets	1,209	1,124	-85	<ul style="list-style-type: none"> • Retained earnings +103 • Treasury shares -133 • Valuation difference on available-for-sale securities-89 • Foreign currency translation adjustments+24
Liabilities/Net Assets Total	2,185	1,938	-246	
Cash and deposits	648	512	-137	
Interest-bearing debt	282	163	-119	
Net Cash*	366	349	-17	

*Net Cash = Cash and deposits – interest-bearing debt

(Reference) Listed Shares Held by the Company

● List of listed shares held by transcosmos inc.

In ¥100M

Type	Stock name	Market	Securities code	Fair value*
Shares of affiliates	J-Stream Inc.	TSE Growth	4308	68
	APPLIED TECHNOLOGY CO.,LTD.	TSE Standard	4356	67
	eMnet Inc.	KOSDAQ	123570	21
	UNQ HOLDINGS LIMITED	HKEX	2177	15
Investment securities	PFSweb Inc.	NASDAQ	PFSW	20
	Other			20
Total				211

● List of listed shares held by Group companies

Type	Stock name	Market	Securities code	Fair value*
Investment securities	北京騰信創新網絡營銷技術股份有限公司 (TensynPRC)	ChiNext	300392	6

*Fair values are calculated based on the closing price of April 27, 2023. Note that fair value of PFSweb is calculated based on the closing price of April 26, 2023.

Consolidated Cash Flow Statement

- Operating cash flow: Main cash inflow was an increase in account receivables collections, while main cash outflow was a decrease in profit before income taxes.
- Investing cash flow: Main cash outflows were purchase of property, plant and equipment and increase in payments into time deposits.
- Financing cash flow: Main cash outflows were purchase of treasury shares and increase in repayments of long-term borrowings. Proceeds from issuance of convertible bond-type bonds with subscription rights to shares recorded last year (no such inflow for this fiscal year).

In ¥100M (rounded to the nearest 100M)	FY2022/3	FY2023/3	Change
Cash flows from operating activities	158	243	85
Cash flows from investing activities	-62	-78	-16
Cash flows from financing activities	42	-319	-361
Balance of cash and cash equivalents	639	494	-145
Free cash flow *	95	164	69

*Free cash flow = Cash flows from operating activities + Cash flows from investing activities.

Dividend Policy

- The Company's dividend policy focuses on the dividend payout ratio, which is closely related to the Company's business performance.
- The Company pays year-end dividends based on a consolidated dividend payout ratio of 30%.

	FY2019/3	FY2020/3	FY2021/3	FY2022/3	FY2023/3 (Plan)
Dividends per share (yen)	33	46	93 Ordinary dividend 73 Special dividend 20	156	117
Consolidated dividends payout ratio (%)	30.9	30.4	38.5	30.1	30.1

- In FY2023/3, the Company executed share buyback programs in order to increase shareholder value and to ensure the flexibility of its capital policy.

Date of Repurchase	Total Shares Repurchased	Total Amount Spent
November 1, November 11, 2022, and February 22, 2023 (Three in total)	4 million shares	¥13.33B

CAPEX, Amortization/Depreciation, Employees, Service Bases

● Capital expenditures/Depreciation expenses

In ¥100M (rounded to the nearest 100M)	FY2022/3	FY2023/3	%Change
Capital expenditures	59	65	10.1%
Depreciation expenses	54	53	-2.2%

● CAPEX

Capital expenditures increased mainly due to the openings of centers in the Parent Company.

● Depreciation and Amortization

Restoration costs incurred for the move from the former Tokyo Main Office that were recorded last year decreased in the Parent Company.

● Number of Employees

	End of Mar. 2022	End of Mar. 2023	Change
Consolidated basis	39,870	40,582	712
(Temporary employees)	29,642	29,709	67
Parent Company	16,462	16,791	329
(Temporary employees)	22,844	22,179	-665

● Consolidated basis

Employees increased in some subsidiaries in Japan and Southeast Asia due to order growth.

● Parent Company

Employees increased mainly due to new graduate hires and additional hires to accommodate order growth.

● Service Bases

	End of Mar. 2022	End of Mar. 2023	Change
Service bases	169	170	1
(Japan)	67	70	3
(Overseas)	102	100	-2

● Japan

Opened a BPO center in Osaka, a contact center and a BPO center in Sapporo, and a contact center in Hakata. Consolidated some centers.

● Overseas

Opened a new operations center in Indonesia. Consolidated some centers in Vietnam, US, etc.

*Service bases included the Company's own bases, head offices, branches, sales offices and bases of subsidiaries, associates, and partners.

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Achievements & Medium-Term Business Plan Priorities



1.

Create/Enhance Competitive Service Models

2.

Become Asia's Leading Global Player

3.

Build a Foundation for Sustainability Management

4.

Medium-Term Business Plan Priorities

BPO Services

Business Process Outsourcing Services

Integrating operational excellence and various technologies, we transform our clients' business processes, enhance end-to-end business foundation, and help our clients bolster their competitive edge.

- Highly competitive service framework with one of Japan's largest offshore service networks (18 bases in Asia) and domestic nearshore centers.
- Superior quality backed by operational excellence and a strong track record built over 56 years since our foundation.
- Highly specialized services in a wide range of areas – planning & development, manufacturing, logistics, corporate services including accounting and HR, as well as sales and aftersales services.

Main Group companies

CX Services

Digital Marketing Services

We offer total support services from digital marketing campaigns to website development, management and analytics with our 3,000 people, one of the largest service networks in Asia.

- Blended delivery model using onsite, offshore bases across Asia, and nearshore.
- Optimum services tailored to each industry and business model built on our extensive experience and know-how gained from working with over 800 clients each year.
- Cutting-edge services, including ad tech and MA, services for LINE/other social media, and integrated marketing powered by CDP.

Main Group companies

Cost Optimization × **Sales Expansion**

Our services help you enhance business foundation and raise competitive edge. Our end-to-end services range from marketing to customer care.

170 sites in 28 countries/regions across the globe
As of March 31, 2023

Contact Center Services

We optimize communication between businesses and their customers, and digitize customer touchpoints with our operational network, one of the largest in Asia.

- 34 bases in Japan and 48 bases overseas (41,160 workstations, in total).
*Including bases of partners/associates.
- Superior quality underpinned by our people development programs and many years of center management operations as the No.1 contact center services player in Japan (*1).
- Diverse CX solutions powered by various digital technologies including chat and speech recognition in 25 languages, with over 10,000 home-based contact center workstations.

Main Group companies

*1 Source: 28th Call Center Sales Survey FY2020, Nihon Ryutsu Sangyo Shimbun

E-Commerce One-Stop Services

Our one-stop services provide all the required features for e-commerce, in line with e-commerce and brand strategies of each business.

- 46 countries/regions, with a focus on e-commerce growth markets.
- Support services for e-commerce businesses tailored to characteristics & culture of each target market in partnership with leading firms in Europe, US, China and ASEAN.
- Full-packaged services for e-commerce, from developing business framework to operations.

Main Group companies

Global Services

We help our clients go global.

Localized services for our clients operating in Asia, Europe, North and South America.

CX Services

One-stop services for front-office operations (marketing, sales, customer support)

BPO Services

Services for back-office and design & development areas

Global Services

CX/BPO services for the global market

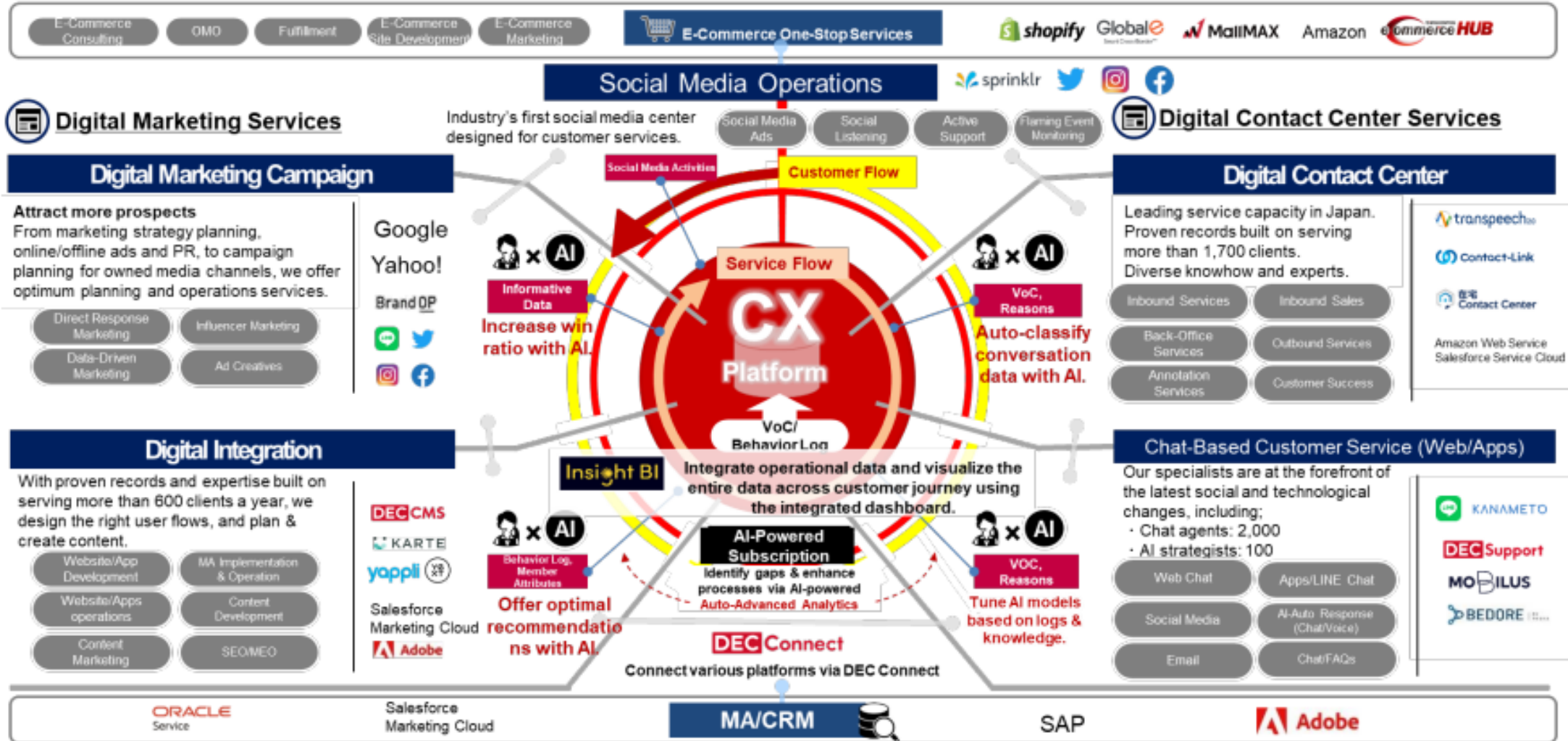


Named a Leader in CXM service providers in the Asia Pacific region by Everest Group.

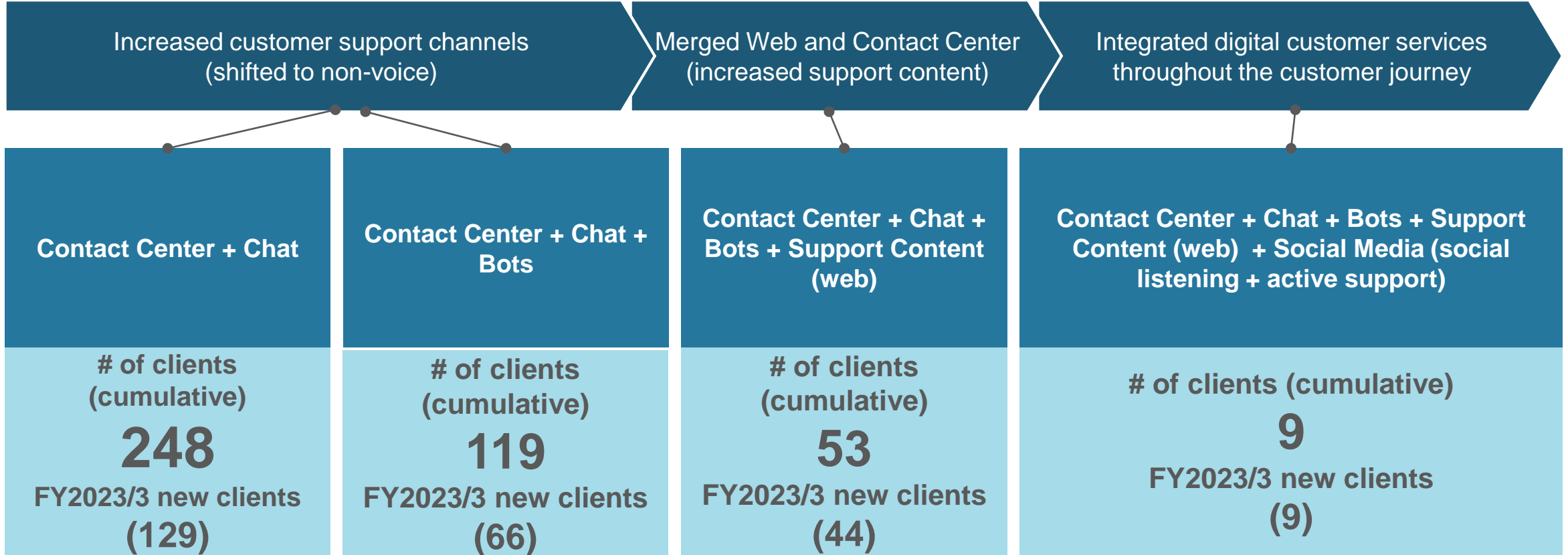


Won TMALL 5 Star rating for the 6th straight year.

- Built/delivered TCI-DX for Support, our unique CX platform that covers all digital touchpoints throughout the customer journey.
- Achieved total process optimization and higher loyalty/efficiency by KPI management across channels using VoC/behavioral logs.



- Connected VoC collected via contact centers, chat, chatbot, customer support content, and social media.



- Client case study- Leading financial institution: Offered 360-degree digital marketing support services.

Web development/operations



- Website development/update/release
- Landing page development/operations
- Application form design
- Design/coding

Analytics/Improvement



- Webpage development/improvement using PDCA cycle
- SEO/Online customer service by segment
- Access log analysis/AB testing/Segmented delivery

Internet banking

- Page development/update
- Form development/update
- Message delivery
- Design component creation/management

Messaging



- HTMLH email creation/delivery
- Push delivery
- Direct messaging
- LINE rich menu design/delivery

Apps

- Segmented KARTE delivery
- In-app banner development
- Web view page development/release

“Customer-centric digital touchpoints”



Support tools

Streamline operations

- Intranet design
- Design guideline management framework
- Demo screens for CC/Sales training

Call Center & Social Communication



Chat services

- QA operations support
- Chat operations

Call center

- Omni-channel support
- Digital operation using latest technologies including speech recognition
- Customer service for banking services and balance inquiries
- Customer service for internet banking web portal operations and settings
- Website and content improvement using VoC
- COPC certification

Analytics

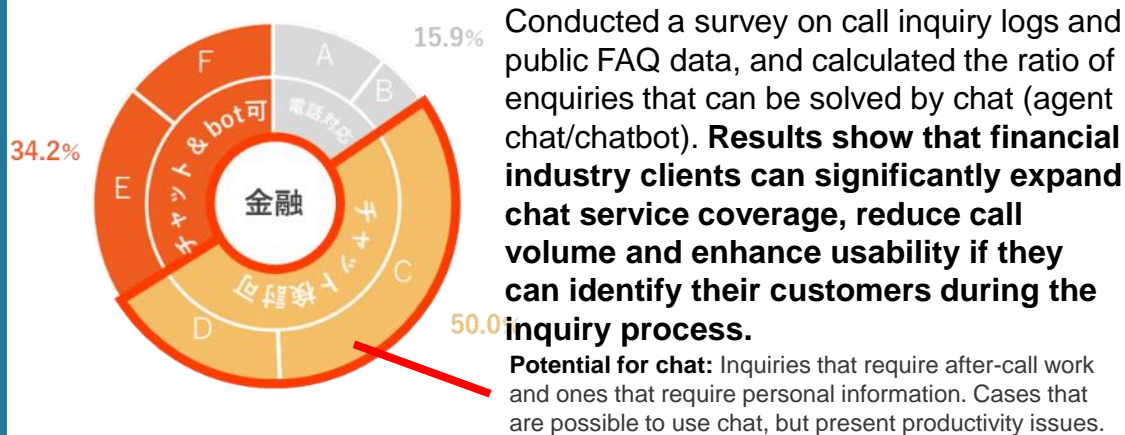
- Quality management
- Manager development
- Reporting
- Support for improving HDI assessment

- Established non-voice service frameworks in Japan and abroad, connecting 7,000 chat agents, AI and chatbots. Also built a tech-powered model that visualizes all customer touchpoints across channels, and ultimately delivers the optimum solution.

Chat Agent plus Chatbot Hybrid Service (Client case study: Major financial firm)

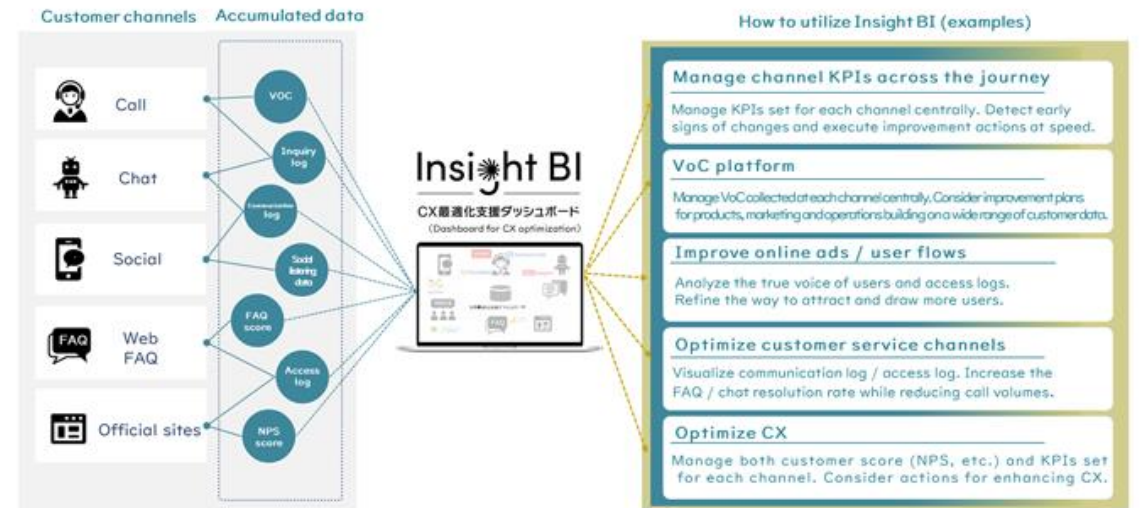
- Offered Secure Path, a PCIDSS compliant customer data collection tool, and DEC Support, our chat service tool.
- Chat agents handle matters that require customer identification such as lost or stolen cases.

Potential of Chat Services in the Financial Industry



Insight BI, our proprietary dashboard for CX optimization (Client case study: Japanese Consumers' Co-operative Union)

- After removing customer personal information, integrated quantitative (# of inquiries, page views, etc.) and qualitative data (VoC, etc.) generated from interactions via call, chat, social media and FAQ pages into Insight BI to achieve total optimization across channels. Reduced man-hours by 70% by automating reporting, and enhanced inquiry flows from a cross-channel perspective. Ultimately, helped client optimize call volumes and accelerate initiatives for delivering the ideal CX.



*Above texts are quotation/summary of our press release.

- Build a Group-wide framework for upstream services (strategy planning to execution). Deployed a secure work-at-home operation network with 13,000 workstations across the globe.

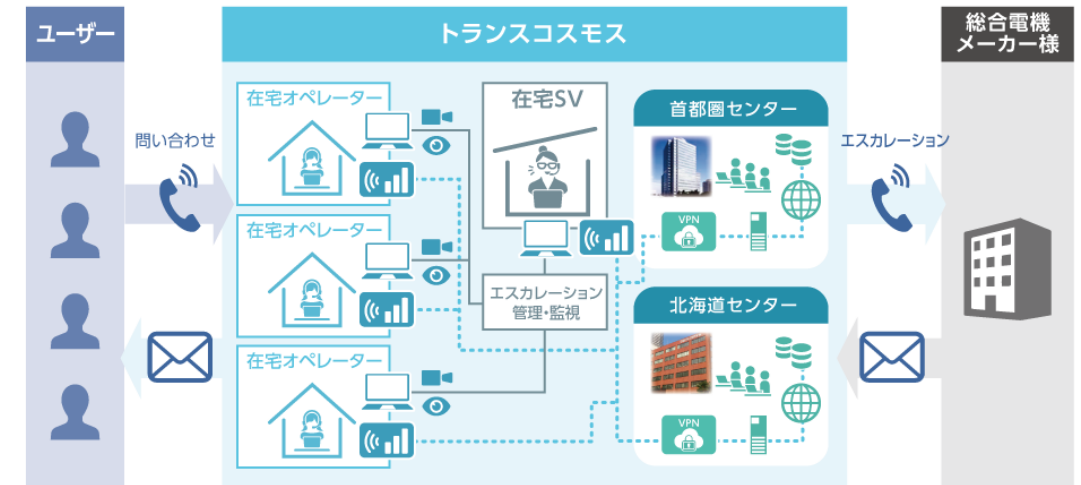
TCI-DX Consulting Service (Joint service with our subsidiary, Skylight Consulting)

- Developed a grand design for customer-centric digital touchpoints. From obtaining management approval to executing plans on-site, offering wide-ranging capabilities covering strategy, business operations and systems.

ご支援	<ul style="list-style-type: none"> ■ 現状からの変革案策定・経営合意までをご支援 ■ 顧客本位での「あるべき姿」を定め、顧客に合った体験強化と、最適化・効率化・高度化実現に向けた戦略策定 																				
顧客課題	<ul style="list-style-type: none"> ■ オムニチャネルでの目指す姿の立案と顧客向け提供価値の結晶化解決策・打ち手の絞り込み ■ 顧客接点を横断的に進化させるための戦略立案、何をどこまで変えるべきかの「あるべき姿」 																				
コンサル内容	<ul style="list-style-type: none"> ■ 戦略フェーズとその後の実現フェーズの立案 ■ 一連の仕掛けを戦略レベルから現実的な解決案・人的リソース/役割変化と合わせた実行計画の策定 ■ 実効性のある打ち手への落とし込みの実施 ■ 経営承認、経営戦略の柱の一つとしての位置づけに進化、コーポレートコミュニケーションの重要な役割 																				
サービス内容	<table border="1"> <tr> <td>事業構想、戦略策定</td> <td>施策立案</td> <td>サービス設計</td> <td>サービス構築</td> <td>サービス提供、改善</td> </tr> <tr> <td></td> <td></td> <td>企画設計</td> <td>システム、サイト構築</td> <td>システム、サイト運用、改善</td> </tr> <tr> <td></td> <td></td> <td>CS企画、立上げ</td> <td></td> <td>CS運用、改善</td> </tr> <tr> <td></td> <td></td> <td>業務企画、立上げ</td> <td></td> <td>業務運用、改善</td> </tr> </table>	事業構想、戦略策定	施策立案	サービス設計	サービス構築	サービス提供、改善			企画設計	システム、サイト構築	システム、サイト運用、改善			CS企画、立上げ		CS運用、改善			業務企画、立上げ		業務運用、改善
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WAH Contact Center (Client case study: Consumer electronics manufacturer)

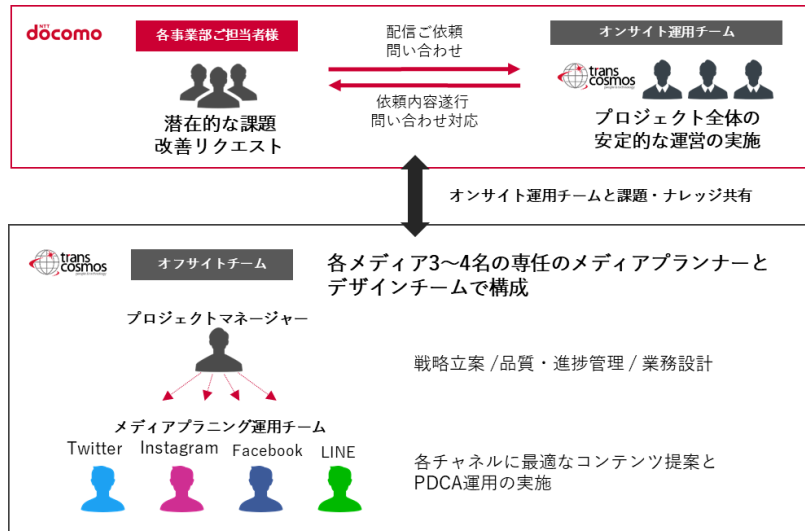
- Moved 2 centers to a WAH model, ensuring the same productivity/quality. Facility usage down by 60%, optimized costs.
- WAH model achieved the same level of performance against KPIs for 12 years in a row. ES rose due to flexible workstyle options less susceptible to life events. (Attrition down from 3% to 0.4%, attendance up from 92.9% to 98%)



- Built processes that help clients operate websites/social networking sites while embracing increasingly complex customer behavior as well as ones that achieve smooth digital customer communication.

Social Media Operations (Client case study: NTT DOCOMO, INC)

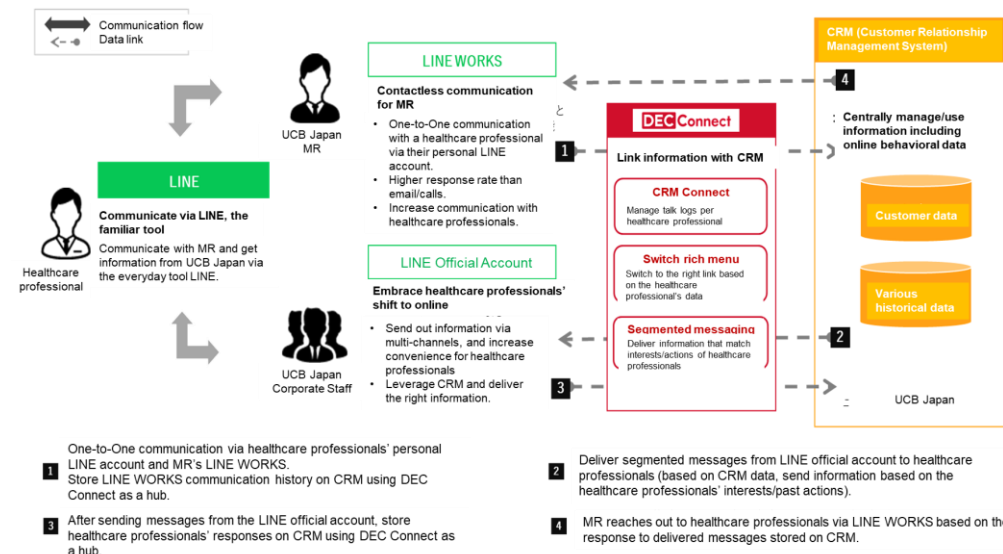
- Offered operations services for Twitter, Instagram, Facebook and LINE. Helped NTT DOCOMO operate integrated social media operations at scale with a goal to make its official SNS account Japan's leading corporate account.



DEC Connect, our proprietary developed API platform (Client case study: UCB Japan Co. Ltd.)

- DEC Connect enabled UCB to centrally manage LINE official account and LINE WORKS data. We also helped medical representatives reach healthcare professionals with the right information at the right time by connecting the platform with UCB's CRM system.

LINE WORKS/LINE Official Account Connected Communication



- Pushed forward initiatives to further evolve services powered by cutting-edge digital technology.

TCI-DX Service for Metaverse

- Established Metaverse Promotion Department, an organization designed for promoting the use of metaverse among enterprises. Formed a business alliance with GCT JAPAN to drive sales, and launched TCI-DX Service for Metaverse, our one-stop service that helps clients utilize the metaverse for their businesses.



Services powered by ChatGPT

- We will develop unique tuning and training methods as well as operational technology to use generative AI – ChatGPT being the most famous one – safely and securely, thereby enhancing current digital contact center and digital marketing services.
- System development underway that connects its proprietary API system, DEC Connect with ChatGPT. Leveraging our chat operations know-how built on 7,000 chat workstations around the world, we will combine the strengths of ChatGPT and chat agent, and ultimately achieve productivity 3 times as high as typical call-based services while boosting customer satisfaction.

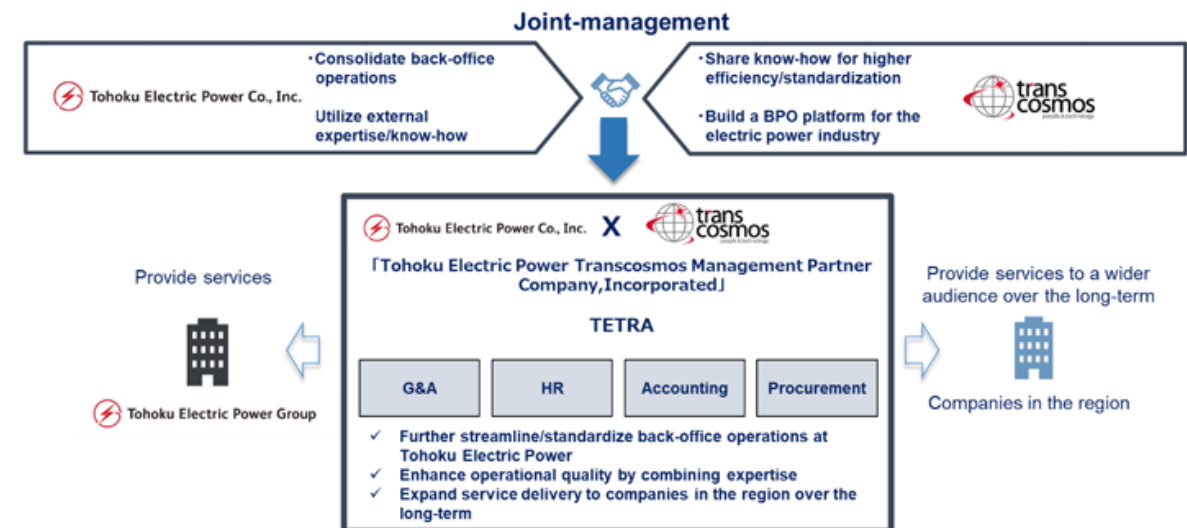
ChatGPT ×

- Continued to promote JV/Alliance partnerships to increase service offerings and acquire new business expertise.

Established Tohoku Electric Power Transcosmos Management Partner Company, Incorporated

- NewCo will act as a shared service center, consolidating Tohoku Electric Power’s back-office operations such as general affairs, HR management and procurement, and will further enhance operational quality by combining the expertise that the two companies have accumulated over the years.
- To achieve Tohoku Electric Power Group’s management philosophy – Prosper with local communities – the two companies aim to deliver solution services such as sharing of know-how in streamlining and standardizing back-office operations not only to Tohoku Electric Power Group, but also to other companies in the region in the future.

Company Name	Tohoku Electric Power Transcosmos Management Partner Company, Incorporated
Headquarters	Sendai city, Miyagi Prefecture, Japan
Date of Foundation	April 3, 2023
Capital	¥300 million (capital: ¥150 million; capital reserve: ¥150 million)
Shareholders	Tohoku Electric Power Co., Inc.: 51%; transcosmos inc.: 49%
Business	Outsourcing services for back-office functions including general affairs, HR management, accounting, procurement, etc. Consulting services for administrative operations
Operation Start Date	September, 2023



*Above texts are quotation/summary of our press release.

- By combining operations and digital technologies, established a system that enhances efficiency and productivity of back-office and highly specialized operations.

Streamlined Accounting Operations (Client case study: Manufacturer)

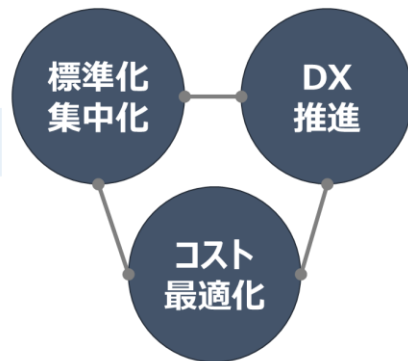
- Built a business foundation for driving DX by all-out process standardization and centralization. Achieved 100% paperless operation, freed up resources equivalent of 65 mon-month, and +10% cost efficiency using RAP.

- グループ各社、部門間の業務フロー統一
ワークフローシステムへ統合

100%ペーパーレス運用

- BPOセンターでの集中起票
品質標準化

60社以上65人月相当
のリソース開放



- リモートワーク積極活用

常時30%以上在宅勤務。ファシリティコスト抑制

- Concur Invoice導入支援
- SAP S/4 HANA 移行支援

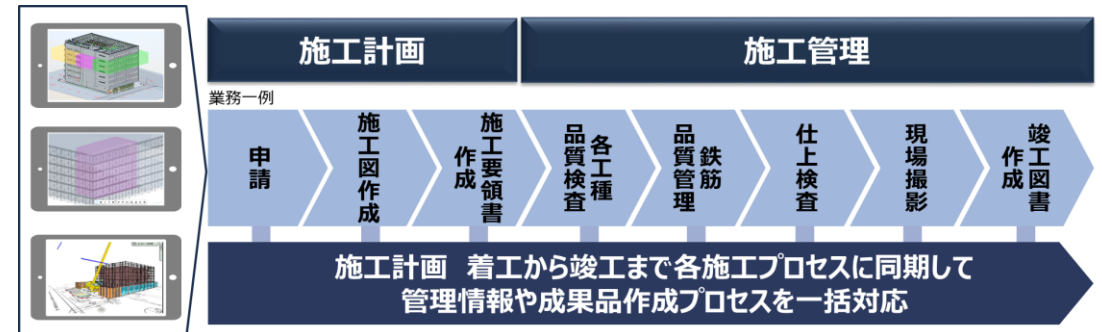
IT×BPO連携による
サポート

- RPA導入

ミス抑制と生産性向上
10%効率化

Construction BPO Services

- Connected related operations currently scattered across the construction process with the use of IT and cloud. All operational processes are now performed at centers, resulting in higher productivity. Drove company-wide KAIZEN by connecting sites and headquarters.



コア業務ヘシフト

残業抑制 閉所

施工管理強化

効率化・DX化

業務標準化

計画的業務遂行

業務滞留防止

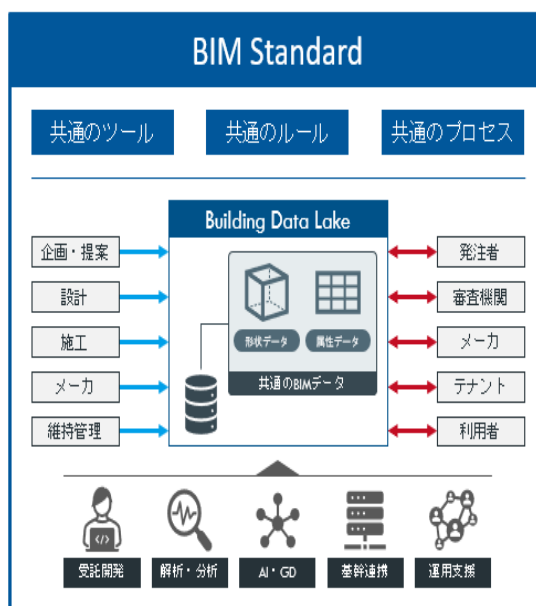
データ利活用

- To achieve construction business process DX using BIM/CIM, established a framework that offers both technical and human support.

Case Study: Operations using BIM/CIM

- Based on common BIM tools, rules and processes, developed tools in line with BIM Standard. Based on standardized systems, built a business foundation that drives DX. Also offered circular services that are in line with development cycle.

BIMモデルを作成	
BIMモデルを管理	
BIMモデルを活用	
BIMパーツを提供	
BIMリソースの最適化	
BIMプロセスの改革	
CIMモデルを納品	



BIM Management Support

- Realized centralized data management that was not possible by building an end-to-end support system from design to construction. Drove corporate-wide BIM usage by offering services such as modeling, property data entry, and education.
- Established a framework that offers both technical and human support.

Smart BIM Connection

「作るBIM」から「使うBIM」へ

BIMモデルを「作る」のは「使う」ためのはずですが、一方で、モデルの情報はいつも全てが使える訳ではありません。SBCは使える情報を知るためのモデリングマネジメントシステムです。

- Developed and offered joint-solutions with subsidiaries to maximize synergy as a Group.

Joint solution with J-Stream Develop the pharma industry

- Launched Sales DX Solution using video watch history.
- Acquired new clients in the pharmaceutical industry.

もっと素敵な伝え方を。



×



Joint solution with Applied Technology to BIM & to DMG

- To help achieve Construction DX, delivered BIM Total Service that drives and spreads the use of BIM.
- to DMG: With the aim to help the manufacturing industry achieve DX, delivered “to DMG,” a service that blends BPO for resource optimization and generative design and other cutting edge technologies.



×



Joint Solution with Skylight Consulting TCI-DX Consulting Service

- Developed a grand design for customer-centric digital touchpoints. From obtaining management approval to executing plans on-site, offering wide-ranging capabilities covering strategy, business operations and systems.

SKYLIGHT

×



1. Create/Enhance Competitive Service Models

2. **Become Asia's Leading Global Player**

3. Build a Foundation for Sustainability Management

4. Medium-Term Business Plan Priorities

- Enhanced partnership among subsidiaries in each country/region, and built an international network of service centers.

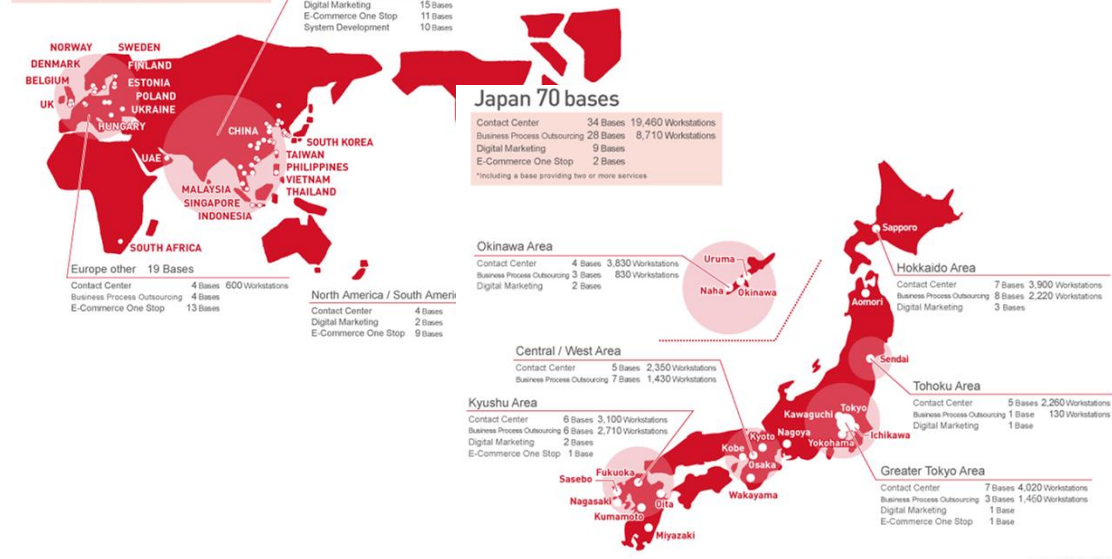
Delivering services from 170 locations in 28 countries/regions across the world

- 70 sites in Japan, and 100 across 27 countries/regions overseas.

Global 100bases across 27 countries/regions

Contact Center	48 Bases	21,720 Workstations
Business Process Outsourcing	27 Bases	
Digital Marketing	17 Bases	
E-Commerce One Stop	33 Bases	
System Development	10 Bases	

*Including a base providing two or more services



As of March 31, 2023

Multi-lingual, multi-cultural services at one-stop (Client case study: Leading Chinese smart device manufacturer)

- Consolidated contact centers and social media content creation centers in Malaysia, and successfully raised service quality and reduced costs.
- Now providing services in 16 countries/regions with differing languages and business practices.

Centralized contact center in Malaysia and countries it serves.

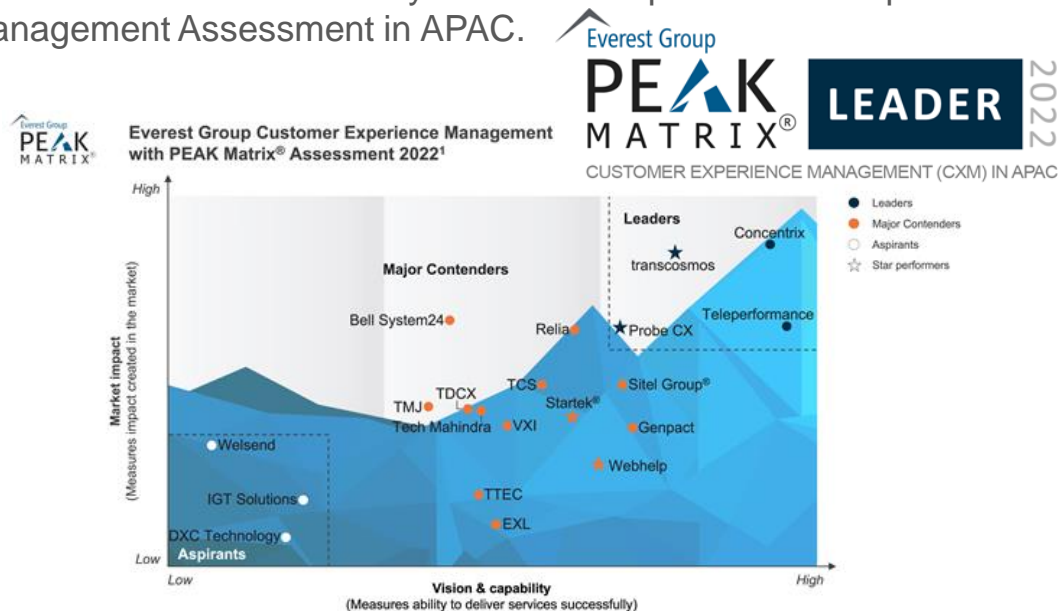


Asia's Leading Global Player

- Recognized as Asia's leading global player by expending business with international companies across the globe with a focus on Asia, Asia.

Top player status in the Asia Pacific Region

- Certified as Leader for 2 consecutive years, and recognized as Star Performer for the first time by Everest Group Customer Experience Management Assessment in APAC.



1. Assessments for Bell System24, Relia, and TMJ exclude service provider inputs and are based on Everest Group's proprietary Transaction Intelligence (TI) database, provider public disclosures, and Everest Group's interactions with buyers. Source: Everest Group (2022)

This assessment has been licensed to transcosmos

Global BPO Player Top 16

- Won 16th spot in the world in Gartner's the Market Share: IT Services Worldwide, 2022 BPO Market*.



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1. Create/Enhance Competitive Service Models

2. Become Asia's Leading Global Player

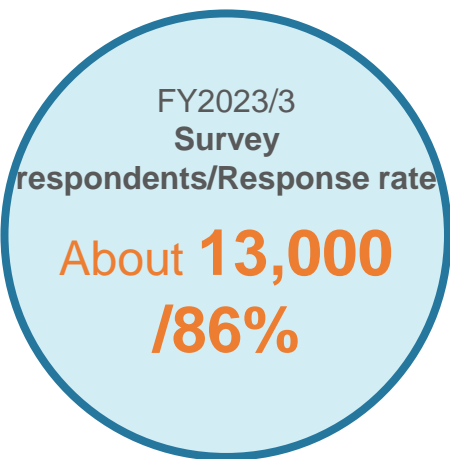
3. **Build a Foundation for Sustainability Management**

4. Medium-Term Business Plan Priorities

- Carried forward initiatives toward developing talent, the source of sustainable business growth and value creation.

Employee Engagement

- In FY21/3, we launched an employee engagement survey (eNPS) covering full-time employees and officers in Japan and some overseas offices. FY23/3 survey covered about 13,000 people with a high response rate at 86%. eNPS score rose as a result of HR system reform, enhanced management-employee communication, and various other plans executed across the organization.



AI Talent Development Project “tra-no-ana AI Academy (tiger’s den AI Academy)”

- Executed a project to develop talent with expertise in problem solving and planning using data and AI, producing 200 AI talents. With knowledge gained from a 6-month course, developed plans for new AI-powered services and for improving business processes.

4-month progress

①AI mindset ②AI terms for beginners ③ Basic AI concepts ④ AI case study gathering skill – knowledge for creating AI-powered services.



Total number of plans developed

As many as 1,093 plans developed through the academy project, overachieving the initial target of 500.

AIアイデア企画数					
ワーク ショップ	1回目 AIアイデア 共有会	2回目 AI体験ワーク (＝AIアイデア共有)	3回目 AI事例共有会 (＝AIアイデア共有)	4回目 AIスキル調査	5回目 AI企画共有会
企画数	680	53	234	—	126

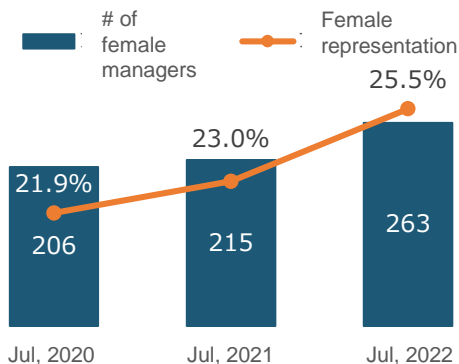
目標値：500件 → 実績値：1,093件 (達成率218%)

- Carried forward initiatives toward developing talent, the source of sustainable business growth and value creation.

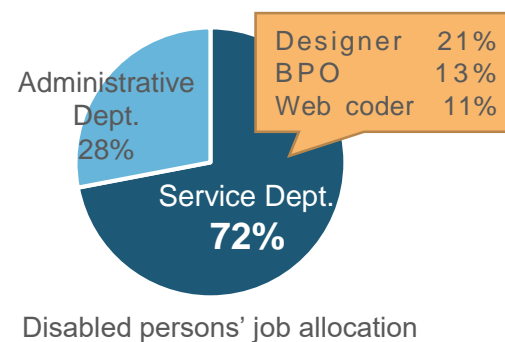
Diversity, Equity & Inclusion

- Under a five-year action plan (FY17/3-FY21/3), based on the Act on Promotion of Women’s Participation and Advancement in the Workplace, achieved our target to raise the female manager ratio to at least 21%. Already cleared the new FY24/3 target of 25% or higher.
- Employment rate of disabled persons is above the statutory rate of 2.3% for 4 consecutive years. 72% are working in profit centers (service depts.), as a web developer, web operator and a designer.

Women in managerial roles



Assigning disabled persons to profit center



Employee Well-being Health and Productivity Management

- In line with our Fundamental Sustainability Policy, our representative director & co-president declared an Employee Well-being Statement in FY2023/3. Based on the statement, established a system that ensures the effectiveness of our employee well-being programs.
- On March 8, 2023, recognized as a Certified Health & Productivity Management Outstanding Organizations 2023.



- Steadily executed sustainability and corporate governance strategies, both enhanced in 2021.

Information Disclosure in line with the Task Force on Climate-related Financial Disclosures (TCFD) Recommendations

- Analyzed climate-related risks and opportunities in line with the TCFD recommendations, and disclosed TCFD-aligned climate-related financial information.
- We will continue promoting environmental management by taking action against climate change, while driving initiatives to help clients solve climate-related challenges.

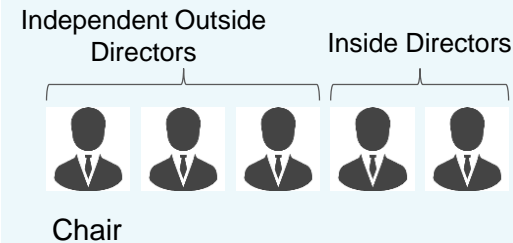


Visit here for TCFD-aligned disclosure (no translation available):
<https://www.trans-cosmos.co.jp/company/sustainability/environment/climateChange.html>

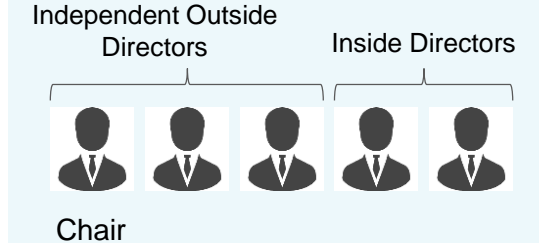
Nomination Committee/Remuneration Committee

- Two nomination committee meetings and one remuneration committee meeting were held in FY2023/3. Both committees are functioning effectively, deliberating on matters other than original proposals in their respective meetings.

Nomination Committee



Remuneration Committee



1. Create/Enhance Competitive Service Models

2. Become Asia's Leading Global Player

3. Build a Foundation for Sustainability Management

4. **Medium-Term Business Plan Priorities**

The Landscape of the Outsourcing Business

Supply

Competitive Environment

Demand

Corporate IT: Cloud migration (mode 2)

- Cloud takes hold...Focus on HR/customer services areas. Shifting to a multi-cloud approach
- Investment pivoting from SoR* to SoE*...Client base shifts to business/service depts. from IT dept. Move to insourcing
- Transition to agile methodologies

*SoR (System of Record): Information technology for streamlining and optimizing back-office operations.

*SoE (System of Engagement): Information technology for growth strategy/business growth.

New competitor: Non-traditional/emerging players advancing into the DX market

- Non-traditional players entering the Digital x CX x BPO industry
- New economy players
- System integrators spur growth of business process services (BPS)

Direct competitor trends: Investing advantages of scale in digital

- Alliances
- Digital Tech M&A
- WFH (work from home) model triggered foreign player to take a fresh look at Japanese companies

Alternative approach: Less human engagement

- Customer-facing services shift to digital from humans
- Evolution and democratization of automation technologies and AI

Business: True value of digital comes from abroad

- Japan: Digitization gradually begins as the government/business push for DX to address the stagnant economy and changing demographics, yet, transformation remains behind. (source: White Paper: Digital Transformation 2023 *no translation available)
- Overseas: Tech firms lead economic growth, creating new needs for outsourcing/IT services (content moderation, blockchain monitoring, digital IT services, etc.)

Consumer: Every generation demands digital-first approach

- Every age wants a mobile-first approach
- Social media and UGC (user generated content) gains power over corporate official communications
- User experience becomes key in B2B services, not only in B2C

Workforce: Labor shortage (especially in Japan)

- Japan domestic workforce hits the ceiling
- A power shift from employers to employees
- Demand for human capital management

Strategic priorities based on the current market landscape

- Take tech strategy to the next level (tech-driven to user-driven, partial to total optimization, use cloud interconnection)
- Global market remains the greatest growth opportunity, accelerate global growth amid increasing alliance formations (partner with growth companies, add new services).
- Proactively reallocate management resources to win in an ever-expanding battlefield (strike balance between company-owned assets and the use of partnerships)

Global Digital Transformation Partner

Deliver the optimum customer experience and productivity to clients using cutting-edge digital technologies, and contribute in creating a sustainable society.

Vision

Evolve to a technology solutions company from a company with operational excellence

Become an unparalleled leader in Asia and a Top 5 global CX/BPO services player

Meet all stakeholder expectations including clients, employees and shareholders, and serve society

Commit to fairness, trust, quality, eternity, innovation, customer success and growth, remain a partner for solving social problems with a diverse business and service portfolio

Strategy

Pivot to a platform business model (platform as-a-service)

Structural reform for greater quality/profits by service standardization

Reinforce systems and develop people to win in a growing global market

Develop new business and drive R&D by maximizing our global network

Develop a global management base (Finance, HR, Marketing, ESG)

Medium-to Long-Term Financial Targets

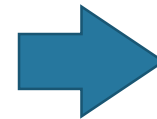
transcosmos Group Target
Sales: ¥1 trillion

FY2023/3
Actuals

FY2026/3
Targets

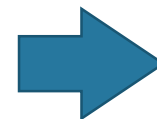
Sales

¥373.8B



¥450.0B or higher

%Operating Income 6.2%



6.0 to 8.0%

- Forward-looking statements included in this document are based on information available on the date of the announcement and estimates based on reasonable assumptions. Actual future results may differ materially from these forecasts depending on Japanese economic conditions, trends in the stock market and information services industry, evolution of new services or technologies, and other diverse other factors. The company assumes no obligation to update or revise any forward-looking statements.
- In this document, yen is rounded to the nearest hundred million (figures shown in million yen is rounded to the nearest million) and the percentage is rounded to the first decimal place.



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