

# FY2021/3 Interim Business Report

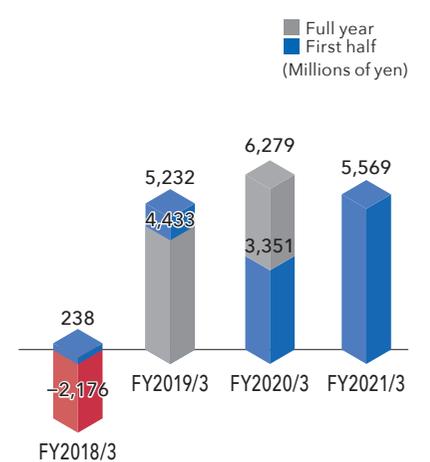
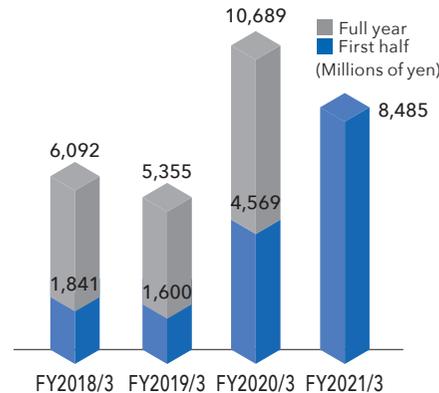
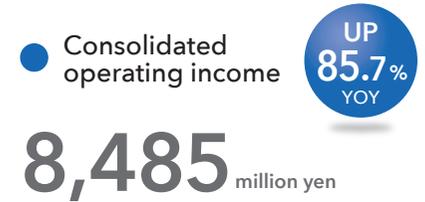
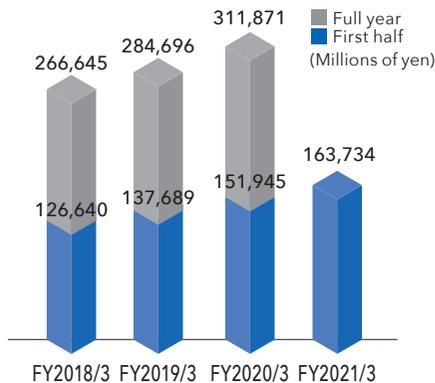
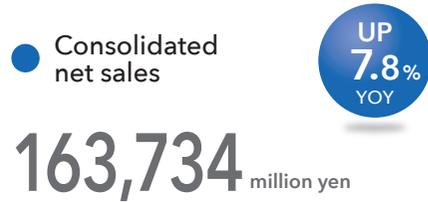
April 1, 2020 >>> September 30, 2020

**Global** Digital Transformation **Partner**

# Dear Stockholders,

We would like to express our sincere appreciation to shareholders and investors for your 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, 2021 (April 1, 2020 to September 30, 2020).



## Summary of Business Results

In the business environment where our Group operates, demands for outsourcing services that lead to higher productivity, stronger cost competitiveness, and higher sales continue to grow against the backdrop of a shrinking workforce and development of digital technologies including IoT and AI. In addition, with the dramatic change in the business environment, emerging needs for new services that support new workstyle options, including teleworking, which is spreading rapidly, are becoming apparent.

Under such an environment, as the digital transformation partner of our clients, our Group aggressively delivered both Digital Marketing • E-Commerce • Contact Center (DEC) services and Business Process Outsourcing (BPO) services that assist our clients in managing and transforming their businesses, and increased orders. In addition, with the aim of strengthening our service competitiveness in Japan and abroad, and meeting emerging demands and needs, we continued to focus on initiatives for delivering services that leverage digital technologies, and enhancing the service framework.

## Efforts to Reinforce Competitiveness of Services

In Japan, we have released "Home-based Contact Center Services," which deliver the same productivity and quality as our center-based services with operational flows designed specifically for the new services built on our long-standing expertise and digital tools. By bringing our largest contact center network in Japan to home-based services with the same service quality, we are helping our clients enhance their business continuity plans while ensuring a highly secure environment. In addition, we have released a

new LINE messaging feature on “DEC CMS,” our proprietary SaaS digital marketing platform that powerfully assists our clients in operating their websites. With this new feature in place, “DEC CMS” enables our clients to integrate their admin screens used for website operations and LINE messaging, manage content centrally, and deliver one-to-one communication by using the same user attributes across channels, thereby helping our clients increase operational efficiency and maximize marketing performance. We also have signed an exclusive selling agreement in Japan with the Canadian company Dash Hudson for “Dash Hudson,” the company’s proprietary visual marketing software. With AI-powered photo analytics technology at its core, the software helps brands succeed in their social media channels. With the power of Dash Hudson, we will help our clients and brands increase results on Instagram, boost the engagement rate, and achieve success in their social commerce efforts. Furthermore, we have entered into an outsourcing partner agreement with Concur Technologies, Inc., a provider of the travel and expense management solutions “SAP Concur.” In partnership with Concur, we drive our clients’ initiatives to digitalize their expense management process, thereby assisting them in streamlining operations.

### Efforts to Accelerate Global Expansion

With regard to our overseas business, in China, our Chinese subsidiary has signed a strategic business alliance with MOEN, a world-renowned consumer faucet brand. Under this partnership, transcosmos

China assists MOEN in operating its flagship store on TMALL, the leading e-commerce mall in China. In Malaysia, we have opened our second location in Kuala Lumpur equipped with an operation center, thereby reorganizing and enhancing our service delivery framework in the market. Moreover, our U.S. subsidiary has formed a business alliance with ZENRIN USA, INC. (ZENRIN USA), and released “D!G! Sales,” a B2B service designed for the COVID-19 era, by leveraging both its direct marketing services that utilize big data, and our expertise in content management and contact center operations that we have built up by providing services in the U.S. market.

### Future Outlook

We will constantly strive to create services that best suit the needs of clients, more specifically, to expand revenues and optimize costs. At the same time, we will accelerate business development globally, especially in Asia, to achieve an improved year-on-year business performance, compared with that of the year under review.

### Message to Our Shareholders

We view the sharing of our profits with shareholders as one of the most important management policies and therefore adopt a dividend policy that focuses on a dividend payout ratio that is highly connected to our business performance. Our basic policy is to increase the market value of our shares through the returning of profits to shareholders.

At this point, we have yet to make a decision on the dividend for the fiscal year ending March 31, 2021. We will promptly disclose the specific amount once it is decided.

We appreciate your continued support and cooperation as we work toward improving our business and increasing value for our stakeholders.

December 2020

Sincerely,

**Masataka Okuda**

President & COO

# Our Business

## Business Process Outsourcing Services

Our outsourcing services that support the non-core operations of companies cover the following: back-office operations for Accounting & Finance and HR; order management; IT system operations and maintenance; design work such as mechanical and architectural design.

### Our key features

- Established Japan's largest offshore service delivery network (China, Thailand, Vietnam, Indonesia, and the Philippines, 18 bases)
- Offering services in a wide range of areas: system development & operations, order processing, architectural design, mechanical design, embedded systems development, data entry, back-office services for HR, accounting, and sales functions
- Established offshore development network in China in 1995, ahead of others in the industry
- Time-tested wealth of experience (53 years in business, one of the longest in the helpdesk 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.

### Our key features

- Largest contact center service provider in Asia, focusing on Japan, China, and South Korea
- Offering the largest contact center service in Japan with 32 bases and 18,190 workstations as well as 44 bases and 16,330 workstations overseas
- Business experience in many industries, including financial, telecommunication, high-tech, medical, cosmetics, distribution, automobile, and airline fields, as well as in the public sector
- Established Shibuya Social Media Center, one of the first centers that specialize in providing customer support via social media channels

## DEC Services

### 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.

### Our key features

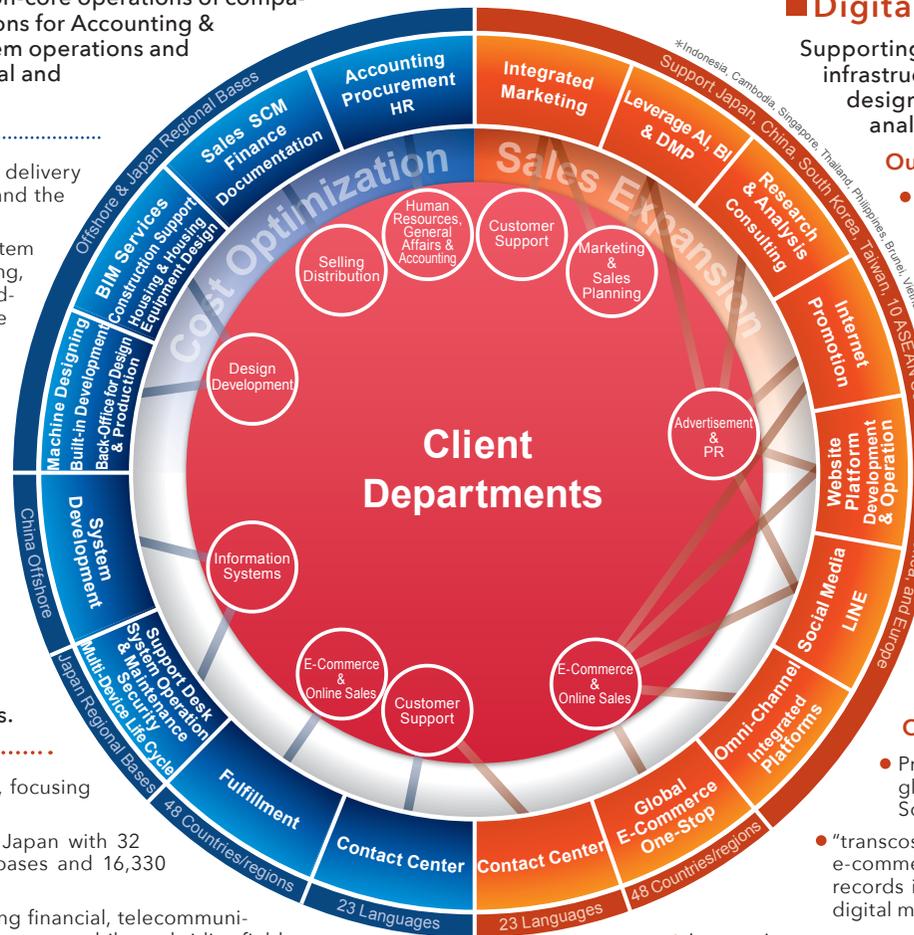
- Digital marketing service provider focusing on Japan, China, and South Korea
- Established a one-stop support framework that includes all services, from Internet promotion to website design and operation
- Created one of the largest website development and operations service networks in Japan
- Actively introducing the latest ad technology<sup>2</sup> through our business development base in North America

### E-Commerce One-Stop Services

In line with clients' e-commerce business and brand strategies, transcosmos offers all required features for e-commerce business including e-commerce website development and operations, fulfillment, customer care, online promotions, and analysis.

### Our key features

- Providing services in 48 countries/regions around the globe, including Japan, Europe, the United States, China, South Korea, Taiwan, ASEAN, India, and Latin America
- "transcosmos eCommerce HUB," our proprietary integrated e-commerce platform, is filled with our extensive proven records in contact center, business process outsourcing, and digital marketing services
- 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
- In partnership with top players in the apparel, cosmetics, e-book, and other markets in the ASEAN region, we help clients enter the ASEAN e-commerce market



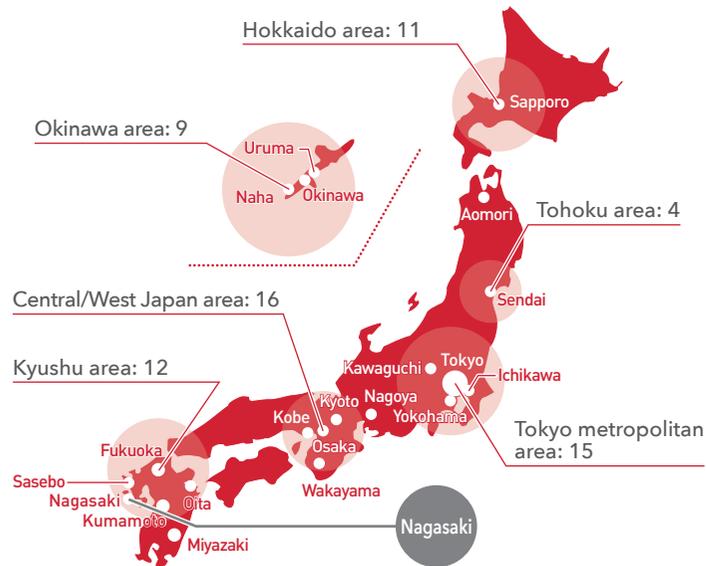
### Glossary

- 1 Helpdesk:** 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.

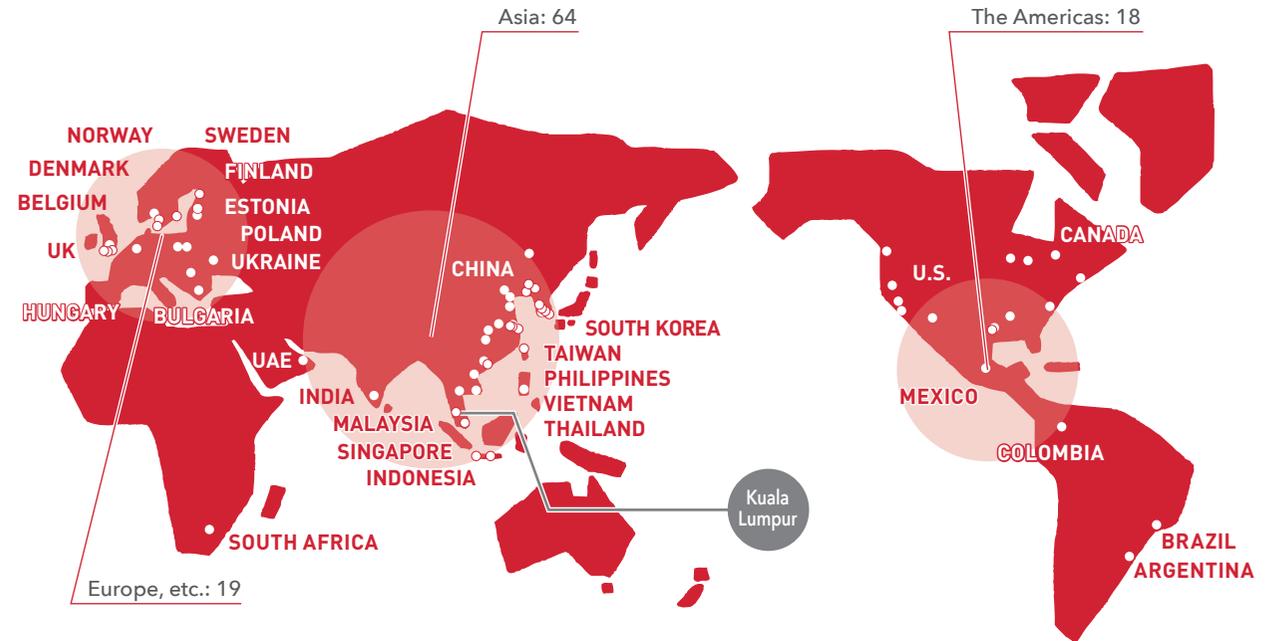
# Service Network 168 bases, 41,580 workstations

(Number of operating bases includes head offices, branch offices, development centers, and associates' and alliance partners' bases, as of September 30, 2020.)

## Japan: 67 bases



## Global: 101 bases; 29 countries/regions



## New Centers



**BPO Center Nagasaki Chuo**  
**150 workstations**  
 Provides BPO services



**Kuala Lumpur Center No. 2**  
**300 workstations**  
 Provides services including contact centers, digital marketing, and e-commerce one-stop

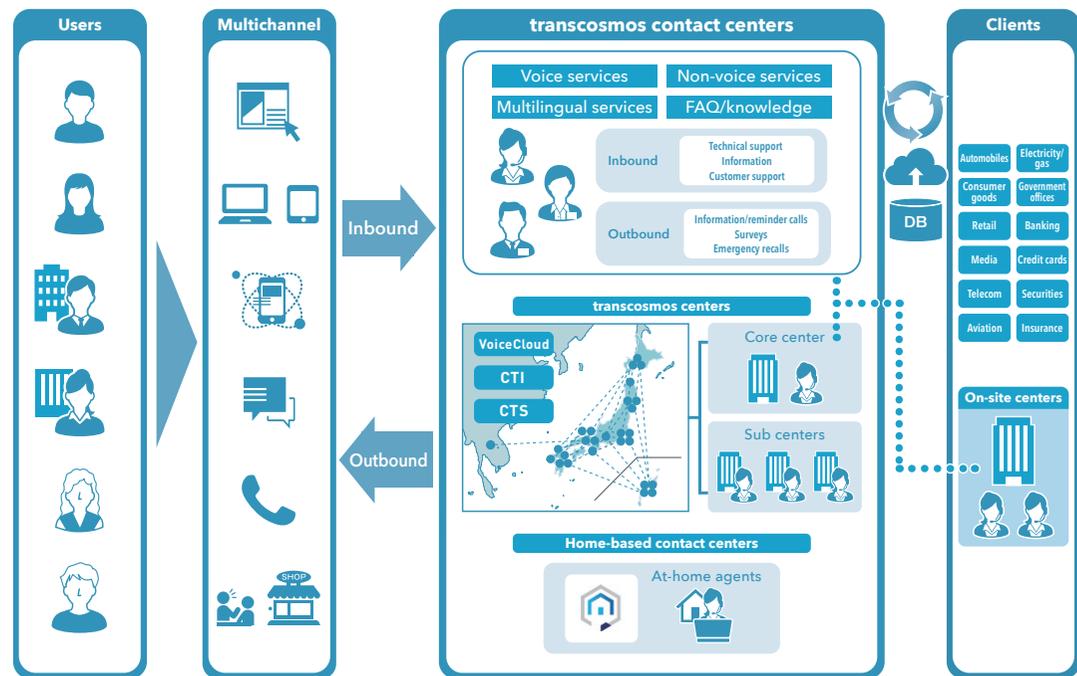


# Special Feature: Our Contact Center Services

We provide both inbound and outbound customer services, receiving customer inquiries and reaching out to customers, not only by phone calls but also email, chat, and LINE for our clients in a wide variety of industries.

Recently, we have been serving an increasing number of customers with our AI-powered automated services in addition to agent-based services, and we will continue to promote such services that utilize digital channels.

As of September 30, 2020, approximately 25,000 agents (one of the largest teams in Japan) are engaging in our contact center services and serving customers every day. This fiscal year, in response to COVID-19, we are promoting home-based services, constantly striving to ensure our clients' business continuity, and providing our employees with a comfortable workplace.



## Creating a comfortable working environment

## COVID-19 infection prevention and control measures (typical examples)

Telecommuting/  
follow-up training

Nursery/break room

Internal events

Droplet prevention panels

AI thermal cameras

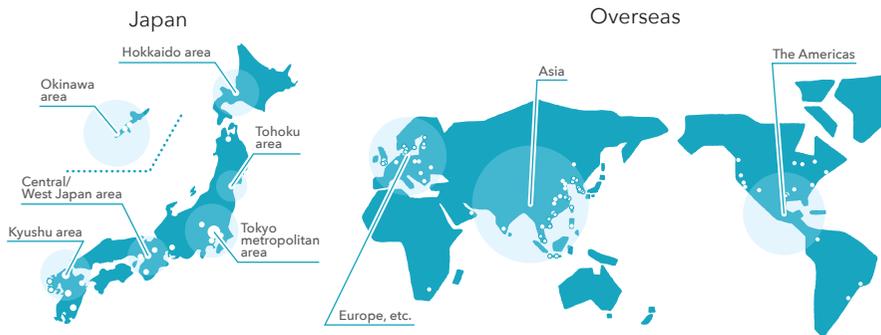
Thorough disinfection of  
equipment and shared items



\*For illustration purposes only

## Point ① : One of the largest contact center networks in Asia

- We have 32 bases and 18,190 workstations, the largest network in Japan, and 44 bases and 16,330 workstations overseas, including China, South Korea, Southeast Asia, Europe, and North America. We are operating our businesses as our clients' leading global partner in Asia.



## Point ③ : Proactively incorporating cutting-edge technologies

- We have built a proprietary cloud platform to meet the needs of our clients and support their operations by incorporating technologies such as AI and voice recognition, thereby enabling them to make a digital shift.
- We use our proprietary solutions for automated customer services and chat to help our clients increase operational efficiency and boost customer satisfaction.



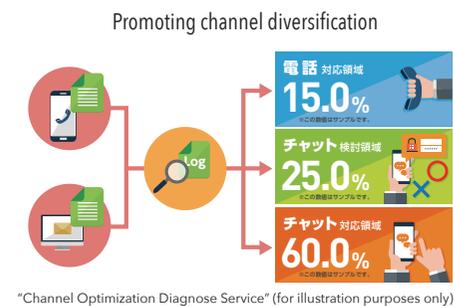
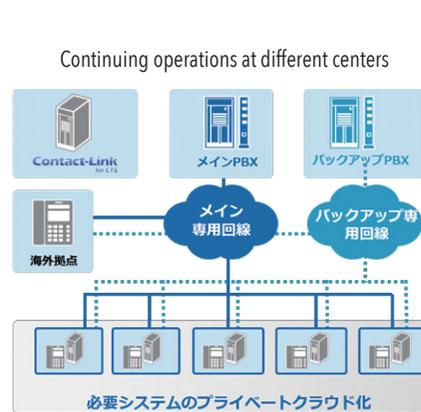
## Point ② : Ability to recruit and train employees

- We hire approximately 9,600 agents per year, mainly through "Work it!" our proprietary recruiting website, and "Work it! Plaza," our recruitment consultancy service centers, both operated with a wealth of in-house know-how.
- We deliver proprietary employee education programs that fully utilize online training courses and e-learning tools. Using programs that systematically organize the skills required for each job type and level, we are promoting our employee development initiative.



## Point ④ : Business Continuity Plan

- Migrated mission-critical IT infrastructure to private cloud to maintain business continuity at different centers
- Promoting channel diversification with the power of digital technology
- Promoting home-based contact centers

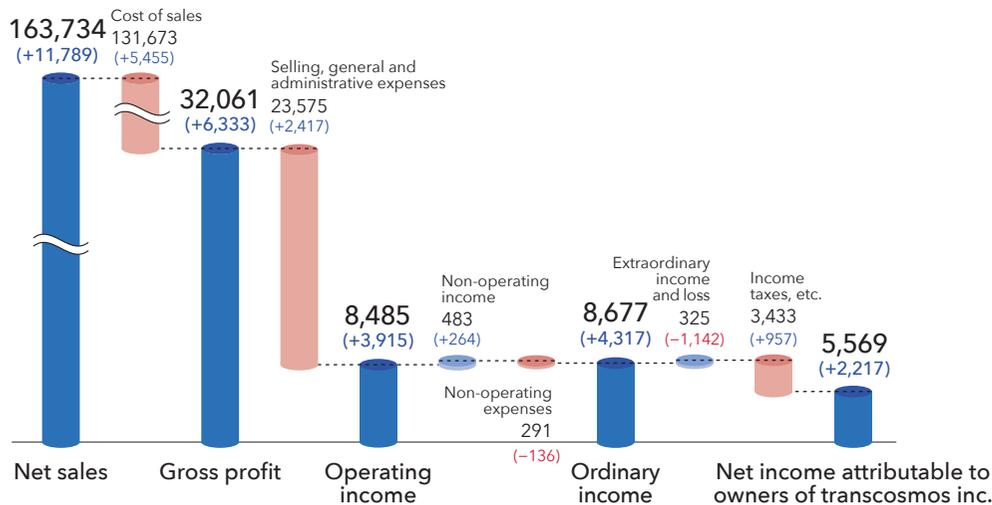


# Consolidated Financial Results

## Consolidated Statement of Income

(Millions of yen)

First half of FY2021/3 (April 1, 2020–September 30, 2020)



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

Sales were up in all business segments, underpinning a 7.8% year-on-year growth in net sales.

### Operating income

All business segments achieved higher profit, which culminated in an 85.7% rise in operating income over the corresponding period a year earlier. In addition to higher net sales, we increased profits owing to healthier profitability in outsourcing services and cost control of selling, general and administrative expenses based on the sales and earnings situation.

### Net income attributable to owners of transcosmos inc.

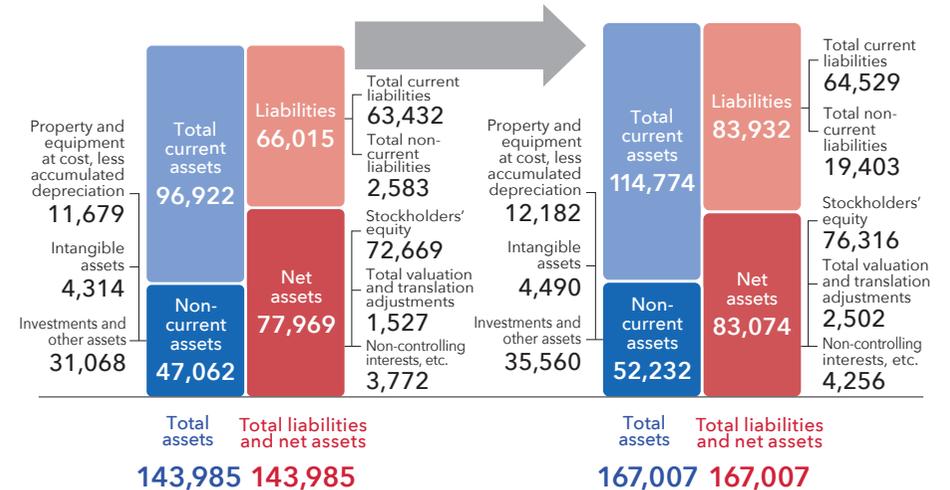
Increases in operating income and ordinary income fueled an increase in net income attributable to owners of transcosmos inc. of 66.2% year on year.

## Consolidated Balance Sheet

(Millions of yen)

As of March 31, 2020

As of September 30, 2020



### Assets, Liabilities and Net assets

Total assets reached ¥167,007 million, up ¥23,022 million, compared with those of March 31, 2020. This was largely due to an increase in cash and deposits resulting from an increase in loans at the Company and an increase in notes and accounts receivable - trade.

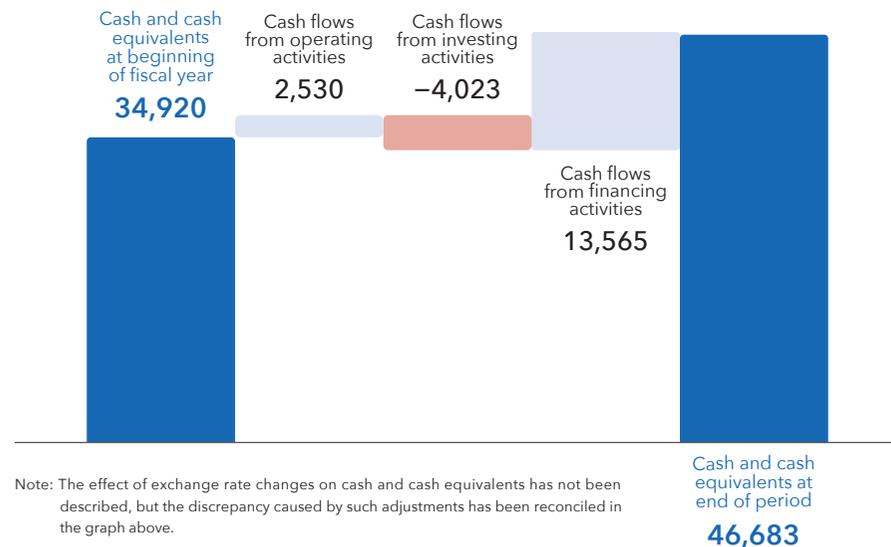
Total liabilities settled at ¥83,932 million, up ¥17,917 million, largely due to an increase in long-term debt from new borrowings at the Company.

Net assets amounted to ¥83,074 million, up ¥5,105 million, and the equity ratio reached 47.2%.

## Consolidated Statement of Cash Flows

(Millions of yen)

First half of FY2021/3 (April 1, 2020–September 30, 2020)



### Cash flows

Net cash provided by operating activities amounted to ¥2,530 million, up ¥1,344 million from that of a year earlier. The main component of change was an increase in income before income taxes and non-controlling interests.

Net cash used in investing activities came to ¥4,023 million, up ¥1,097 million year on year. The main component of change was a decrease in proceeds from sales of investment securities.

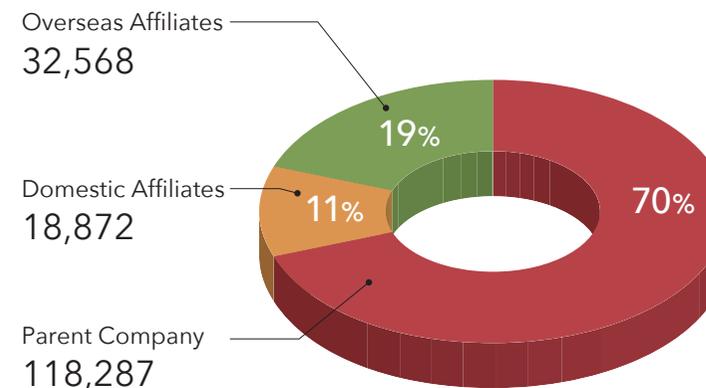
Net cash provided by financing activities reached ¥13,565 million, while ¥3,620 million was used in the corresponding period a year earlier. The main component of change was an increase in long-term borrowings.

Consequently, cash and cash equivalents as of September 30, 2020, totaled ¥46,683 million, up ¥11,762 million from the beginning of this period.

## Net Sales by Segment

(Millions of yen)

First half of FY2021/3 (April 1, 2020–September 30, 2020)



Note: Figures are not adjusted for -¥5,994 million of transactions between segments.

**Parent Company**

Outsourcing operations offered by the Company

**Domestic Affiliates**

Outsourcing operations offered by domestic Group companies

**Overseas Affiliates**

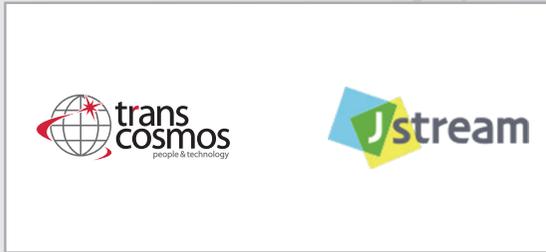
Outsourcing operations offered by overseas Group companies

# Services and Business Enhancement Initiatives

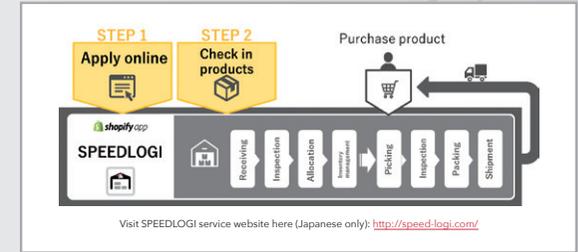
Released e-commerce one-stop services based on Shopify



Co-released online sales support services with our consolidated subsidiary J-Stream Inc.



Launched "SPEEDLOGI," a service that enables all warehousing operations from receiving orders to shipping on Shopify



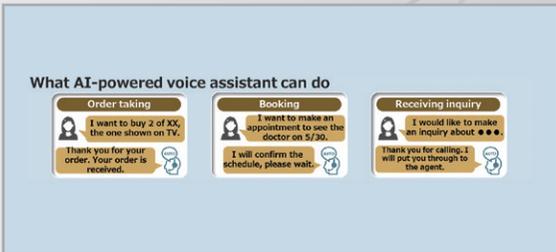
2020

April

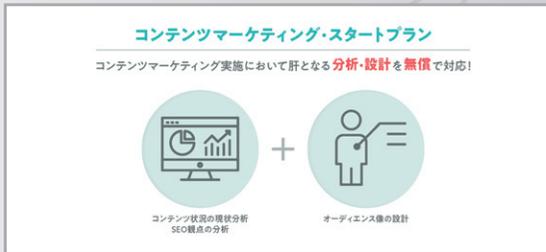
May

June

Released AI-powered voice assistant services

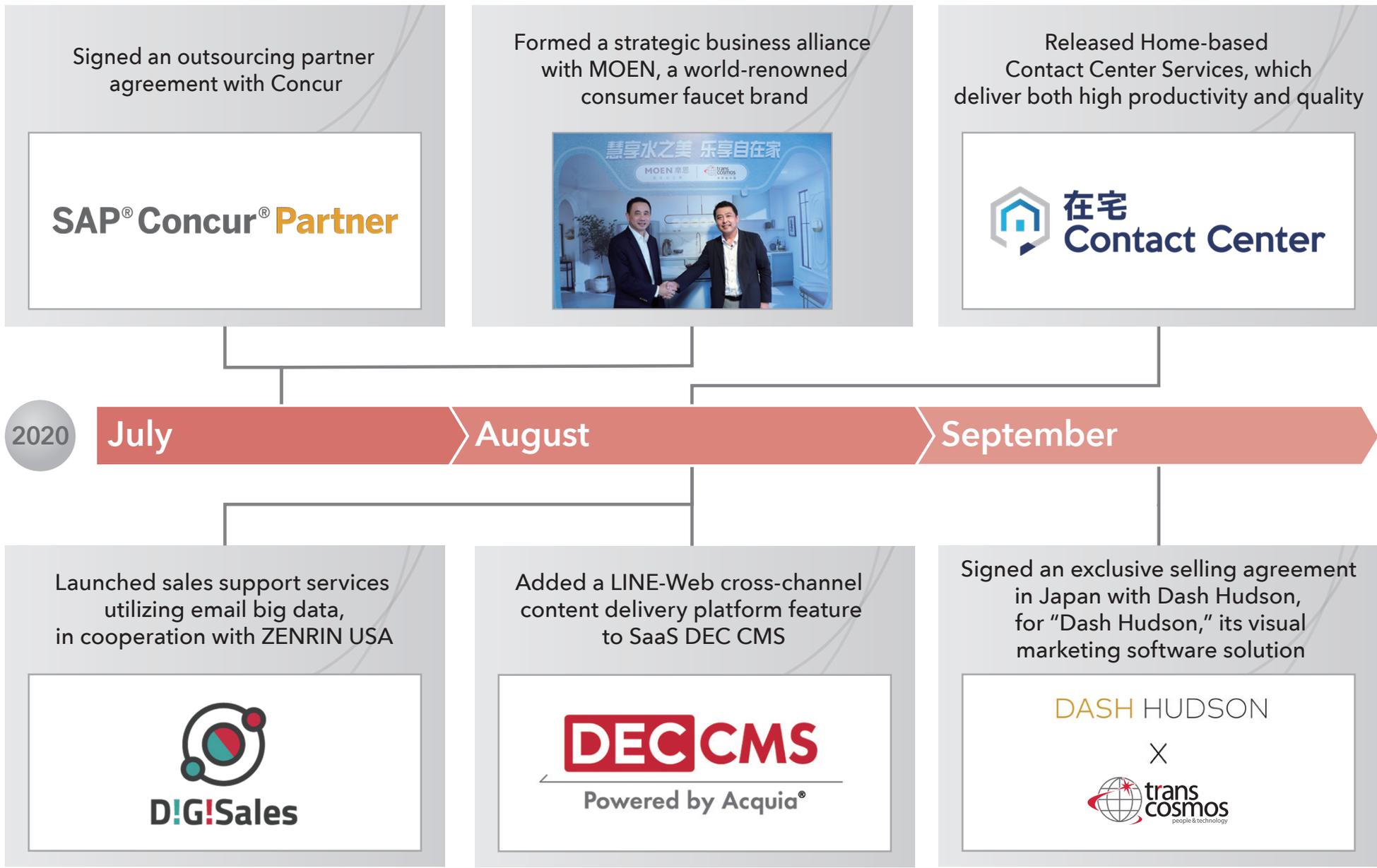


Released a quick starter plan for successful content marketing free of charge



Launched a CCPA-compatible opt-out reception contact center service for the U.S. market





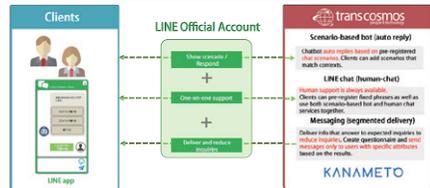
# Services and Business Enhancement Initiatives

Actively developed services to support clients in their efforts to address COVID-19

## Co-developed a LINE-powered BCP package for contact centers with our subsidiary transcosmos online communications

We offer LINE emergency chatbot services, using LINE as a customer support channel in the event of natural disasters or infectious disease outbreaks.

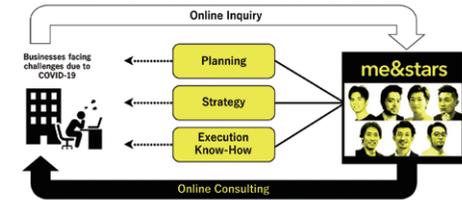
By connecting LINE official account and KANAMETO in advance, emergency chatbot services let businesses swiftly open support channels via LINE in time of emergency.



(1) Reduce "man-hours" by using bot (2) "One-on-one support" by human-chat (3) "Reduce inquiries" by messaging Prepare LINE official account and KANAMETO in advance and setup channels at speed in time of emergency.

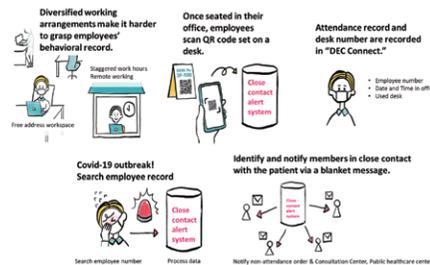
## Our subsidiary me&stars launched an online consulting service provided by a star team to survive the "post-COVID-19 era"

We offer consulting services to help businesses plan and develop effective strategies for the "post-COVID-19 era."



## Released a service to identify persons in close contact with COVID-19-infected persons in offices

We offer a service that enables businesses to send LINE alerts to their employees who may have come into close contact with a person confirmed with COVID-19 in the event of an outbreak in their office building.



## Delivered "Robotics Marketing for RoBoHoN" to Tokyo facilities that open doors to COVID-19 patients with mild symptoms

We utilize robotics to help address COVID-19, with the aim of reducing management staff workloads, and enabling both patients and staff to stay safe in a comfortable place.



## transcosmos China received the "2020 Top Human Resources Management Awards"



- In May 2020, Shanghai transcosmos Marketing Service Co., Ltd. (transcosmos China), a wholly owned subsidiary, received the "2020 Top Human Resources Management Awards" from 51job, Inc., the most influential employment service provider in China.
- transcosmos China was highly evaluated for its HRM skills in retaining, developing, and motivating its employees.



## Donated to Okinawa Prefecture to support the reconstruction of Shuri Castle



- Before dawn on October 31, 2019, a massive fire at Shuri Castle, a World Heritage Site, destroyed seven buildings, including the main hall, south hall, and north hall. In response, transcosmos and its employees donated ¥5,392,509 to Okinawa Prefecture in the hopes of a speedy reconstruction.
- transcosmos, as a community-based company, will continue to contribute to the development of Okinawa Prefecture.



## Became No. 1 in Japan in the number of certified employees of the Acquia Certification Program



- As the Acquia Certification Program ensures all certified developers keep both their knowledge of Drupal (an open-source content management system delivered across the world) and Acquia platform up-to-date, transcosmos has the capability to establish competence in a competitive marketplace, thereby standing out from the crowd.
- With the ultimate aim of offering a user-friendly services environment, transcosmos will continue to accelerate the speed of developing and delivering services with higher quality, and drive platform strategies in digital marketing in Japan by further enhancing its partnership with Acquia, while leveraging the strengths of each company.



## Became a certified partner of "Lazada," ASEAN's leading e-commerce platform

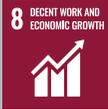


- Lazada certifies companies that show excellence in e-commerce store operations, deliver timely and effective operations and high-quality customer services, serve brands in expanding their e-commerce ecosystems, and overachieve standard requirements as a partner.
- transcosmos was highly recognized by Lazada for its localized e-commerce support services that respect the cultures and commercial practices of each ASEAN country, and for its cross-border e-commerce operations that take into consideration each country's specific logistics situation, laws and regulations, and other factors.



# News & Topics

## Bringing freedom of workstyle to nearshore centers under the Digital Marketing Services Division



- As part of our efforts to create a safe and comfortable working environment for employees at six nearshore centers across Japan under the Digital Marketing Services Division, we are “bringing freedom of workstyle.”
- This initiative includes thorough COVID-19 infection prevention and control measures, and delivers a safe office and work patterns that fit every employee’s lifestyle.



## Received a five-star rating for the fifth consecutive year from TMALL, China’s largest online marketplace



- On August 11, 2020, Shanghai transcosmos Marketing Service Co., Ltd. (transcosmos China), a wholly owned subsidiary, was awarded a five-star rating as TMALL service partner for the first half of 2020 by TMALL, the largest online marketplace in China.
- transcosmos will continue to focus on the online market with the aim of contributing to clients by taking their customer experience to the next level and expanding sales.



## transcosmos BPO China received the “Suzhou Best Employers for University Students Award”



- transcosmos business service outsourcing Suzhou Co., Ltd. (transcosmos BPO China), a wholly owned subsidiary, received the “Suzhou Best Employers for University Students Award” at the seventh Greater Suzhou Best Employer Awards, hosted by the Suzhou Industrial Park Human Resources Development Co., Ltd. (HRD).
- transcosmos BPO China received a high score in human resources development, including joint classes held in partnership with three universities in Suzhou. Building on the award, transcosmos BPO China will enhance its expertise, develop high-quality talent, and further strengthen its services.



## Number of LINE Official Account Basic certification holders has surpassed 100



- The number of LINE Official Account Basic certification holders has surpassed 100 in the LINE Green Badge certification program, run by LINE Corporation.
- By utilizing our extensive knowledge and experience in introducing and supporting LINE-related services, we will continue to support a wide range of clients by introducing and operating LINE-related services going forward.



# Corporate & Stock Information

## Corporate Information (As of September 30, 2020)

Registered Name transcosmos inc.

Date of Foundation June 18, 1985

Paid-in Capital ¥29,065 million

Employees Group: 61,773  
(Japan: 42,737; Overseas: 19,036)

Major Banks Sumitomo Mitsui Banking Corporation  
MUFG Bank, Ltd.  
Mizuho Bank, Ltd.

Main Office 3-25-18, Shibuya, Shibuya-ku,  
Tokyo 150-8530, Japan  
Tel. +81-3-4363-1111

## Stock Information (As of September 30, 2020)

Shares Authorized for Issue 150,000,000

Shares Issued 48,794,046

Stockholders 10,709

## Principal Stockholders (As of September 30, 2020)

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	3,703	7.59
Custody Bank of Japan, Ltd. (Account in Trust)	3,411	6.99
Mihoko Hirai	1,463	3.00
The Master Trust Bank of Japan, Ltd. (Account in Trust)	1,396	2.86
Government of Norway	1,060	2.17
Limited Company HM Kosan	722	1.48
Employee Shareholding Association of transcosmos inc.	650	1.33

Notes: 1. Other than the above, the Company retains 7,319 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.



transcosmos inc.      Securities Code: 9715

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<https://www.trans-cosmos.co.jp/english/>

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