

FY2021/3 Business Report

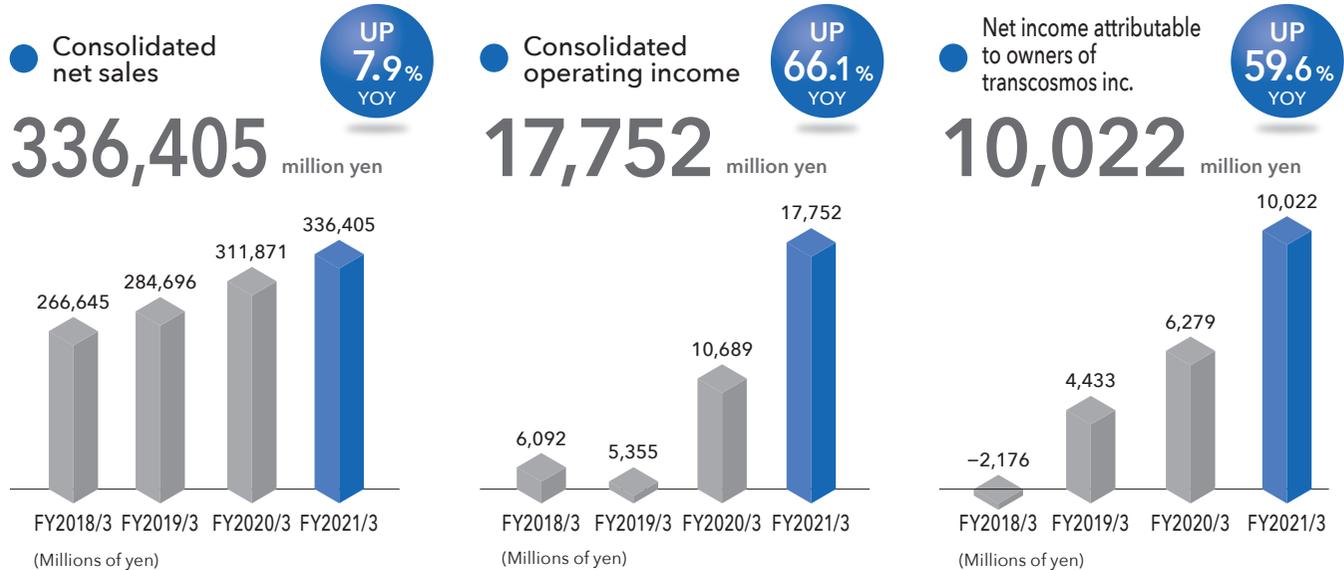
April 1, 2020 >>> March 31, 2021

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 fiscal year ended March 31, 2021 (April 1, 2020 to March 31, 2021).



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 remain solid. At the same time, under the COVID-19 crisis, there is a growing need for services that support new work-style options. Such services include ones that enable companies to promote digitalization, build up e-commerce and other contactless sales channels, and apply a teleworking model, which is quickly taking hold.

Given government agencies' stay-home and self-restraint requests for events and campaigns, and our Group putting the highest priority on preventing the spread of infections and ensuring our employees' safety, we suffered some setbacks such as a decrease in new projects, downsizing of some existing projects, and a temporary drop in center utilization rate. Despite these challenges, we have proactively offered

the government agencies and other businesses services that assist them in taking COVID-19 countermeasures. At the same time, as the digital transformation partner of our clients, our Group continued to take an energetic approach, and 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. As a result, we successfully increased the number of orders under such a difficult environment. In addition, although the selling, general and administrative expenses have increased as we took a range of COVID-19 preventive measures, we achieved higher profitability primarily due to a healthier profitability from order management services, and receiving high-profit projects. We have also worked on initiatives for our future growth. More specifically, with the aim of strengthening our service competitiveness in Japan and abroad, and meeting emerging demands and needs, we retained our focus on initiatives for enhancing the service and organizational framework to serve our clients in promoting their digital transformation (DX).

Efforts toward Future Business Growth (DEC and BPO Services)

In the DEC services business sector, where we offer services that support all touchpoints between our clients and their customers including marketing, selling, and customer communication at one-stop, we focused on initiatives that help our clients drive their digitalization efforts and expand sales. More specifically, we have enhanced services powered by digital technologies. To that end, we have introduced additional features to our speech recognition solution "transpeech," and released two services. One is an "AI-powered voice assistant service" that connects cloud contact center services by Amazon Web Services Japan with AI-powered conversation services, thereby enabling our clients to launch the service quicker and cheaper. The other is "Chatbot AI-IQ Diagnostics," a service that surveys the quality of AI-chatbot. In terms of contact center services, we have released and actively marketed "Home-Based Contact Center Services,"

which help contact center operators strengthen their business continuity plans, and optimize costs by reducing facilities. In addition, as part of our initiative for bolstering our service competitiveness and strengthening our service framework, we have enhanced our e-commerce services framework based on "Shopify," the world's top-share e-commerce platform. Moreover, we have opened "Shibuya First Tower," assembling all the digital marketing teams including the website development/operations services team, the development and operations team for LINE, Instagram, Twitter, and other social media platforms, and the internet advertising team. By doing so, we have bolstered the service framework so that the combined team can actively create new digital marketing services and make proposals for integrated services that leverage the strength of each team, thereby helping our clients expand their sales more than ever before.

In the BPO services sector, where we perform operations on behalf of our clients simply, speedily, and accurately in order to optimize their business operations with the power of digital technology, we enhanced our service framework primarily by forming alliances. Specifically, we have signed an outsourcing partnership agreement with Concur Japan Ltd. for its "SAP Concur," the leading business travel/expense management solution. Under the partnership, we will help drive our clients' efforts in digitalizing their expense management processes to achieve greater operational efficiency. We also have formed a partnership with Works Human Intelligence Co., Ltd. for BPO services designed for human resources departments. Leveraging the partnership, we will help businesses transform their HR operations with our BPO services powered by "COMPANY," the integrated HR system. We have been offering our BPO services to FUJITSU LIMITED, Toshiba Corporation, and TOSHIBA DIGITAL SOLUTIONS CORPORATION by investing in their respective shared services companies or making them into our subsidiaries. Going forward, we will bolster our initiatives for investments, and merger and acquisitions in addition to forming alliances. Our Group will continue to enhance initiatives to become the

digital transformation partner of our clients and assist them in digitalizing their operations with a customer-first mind-set by seamlessly connecting our DEC and BPO services.

Efforts to Accelerate Global Expansion

With regard to our global business, we have focused on expanding our service offerings and enhancing the service delivery framework in each local market with a focus on Asia. More specifically, we have released home-based contact center services in China and Taiwan. In other countries where we operate, we have developed operational structures that enable our agents to work from home in order to secure our employees' safety, and ensure business continuity under the COVID-19 crisis. Currently, we are making necessary preparations to launch our home-based services in other markets. At the same time, we have enhanced our operational bases to accommodate growing business. In South Korea, we have expanded "Busan Center 1" and "Namyong Center," and opened the new "Euljiro Center." As the leading independent BPO company in South Korea, we now have a service network of 14 bases housing a total of about 5,000 workstations and an additional 3,100 workstations on-site or in clients' offices in the country. In Southeast Asia, we have reorganized and enhanced our service framework for the Malaysian local market by opening the second location in Kuala Lumpur, which is equipped with an operations center. In Malaysia, we are making the most of the multiethnic nature of the country, with its population consisting primarily of Malays, Chinese, and Indians, and offering various services including contact centers, and digital marketing not only for the Malaysian local market but also to the global market as a multilingual operations base. By executing such initiatives, we now have an established service network of 103 bases across 29 countries and regions outside Japan. We will continue to enhance our initiatives to accelerate our global expansion.

Message to Our Shareholders

The Company views sharing its profits with shareholders as one of the most important management policies and therefore has adopted a dividend policy that focuses on a dividend payout ratio highly connected to the Company's business performance. The Company's basic policy is to increase the market value of its shares by returning profits to shareholders.

In light of the fact that the Company performed solidly under the COVID-19 crisis, and that the Company incurred tax expenses associated with a strategic reorganization of the Company's overseas investee, as a result of an increase in its corporate valuation, the Company proposes to pay a year-end dividend of 93 yen per share for the fiscal year ended March 31, 2021, paying a special dividend of 20 yen in addition to an ordinary dividend of 73 yen per share.

The outlook for the fiscal year ending March 2022 remains highly uncertain given that we cannot predict when the COVID-19 pandemic will be under control and how the pandemic will impact our business. As the digital transformation partner of our clients, we will continue to offer DEC and BPO services that assist our clients in managing and transforming their businesses in response to their needs, including sales growth and cost optimization. By executing these activities, we will also accelerate our global expansion with a focus on the Asian market and aim to achieve business results that exceed those in the year under review.

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

June 2021

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, 17 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 (55 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 33 bases and 18,690 workstations as well as 46 bases and 16,700 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 to 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

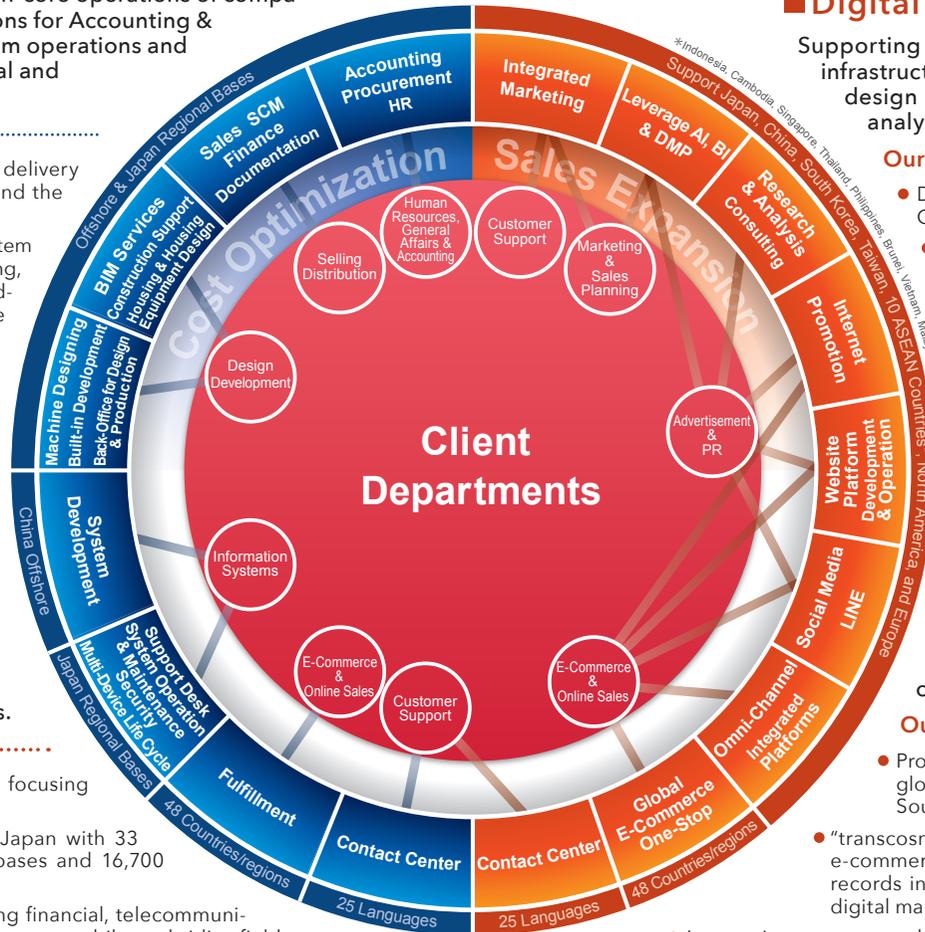
- Digital marketing service provider focusing on Japan, China, and South Korea
- Established a one-stop support framework that includes all services, from Internet promotion to website design and operation
- Created one of the largest website development and operations service networks in Japan
- Actively introducing the latest ad technology² 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



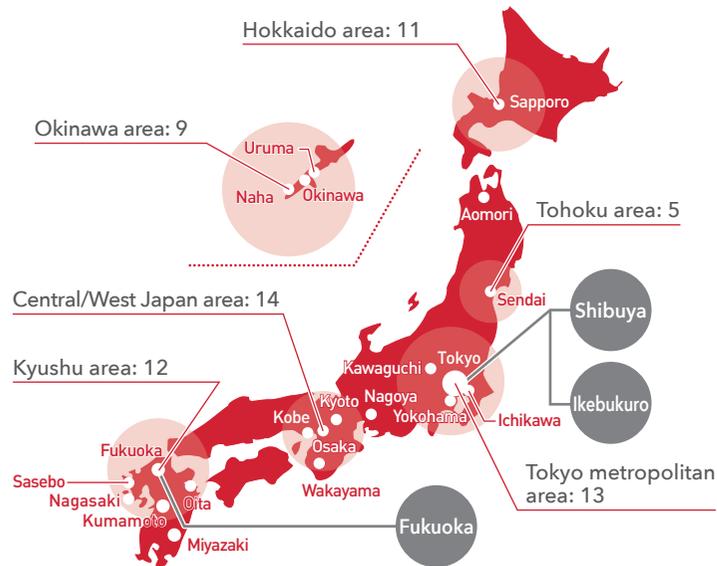
Glossary

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

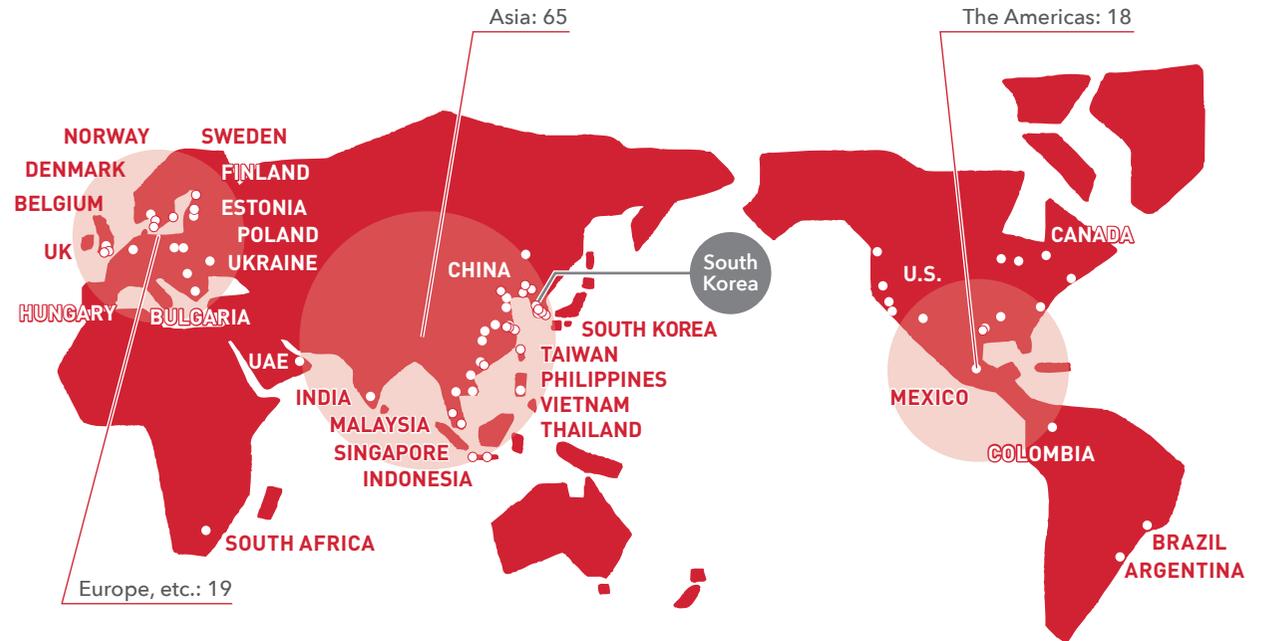
Service Network 166 bases, 42,320 workstations

(Number of operating bases includes head offices, branch offices, development centers, and associates' and alliance partners' bases, as of March 31, 2021.)

Japan: 64 bases



Global: 102 bases; 29 countries/regions



New Centers

Shibuya Shibuya First Tower

Department
 Digital Marketing •
 E-Commerce •
 Contact Center
 Headquarters



MCM Center Ikebukuro EAST

Provides contact center services and chat support services
600
 workstations



ECX Tenjin Office

Department
 Digital Marketing •
 E-Commerce •
 Contact Center
 Headquarters



South Korea Euljiro Center

Provides contact center services, digital marketing services, etc.
400
 workstations



Special Feature: Our E-Commerce One-Stop Services

We provide e-commerce one-stop services that meet our clients' needs, from operations including e-commerce website development and operations, fulfillment (receipt of goods, picking, packaging, and shipping), customer services, web marketing, and analysis, all the way through to product sales on transcocos e-commerce sales channels.



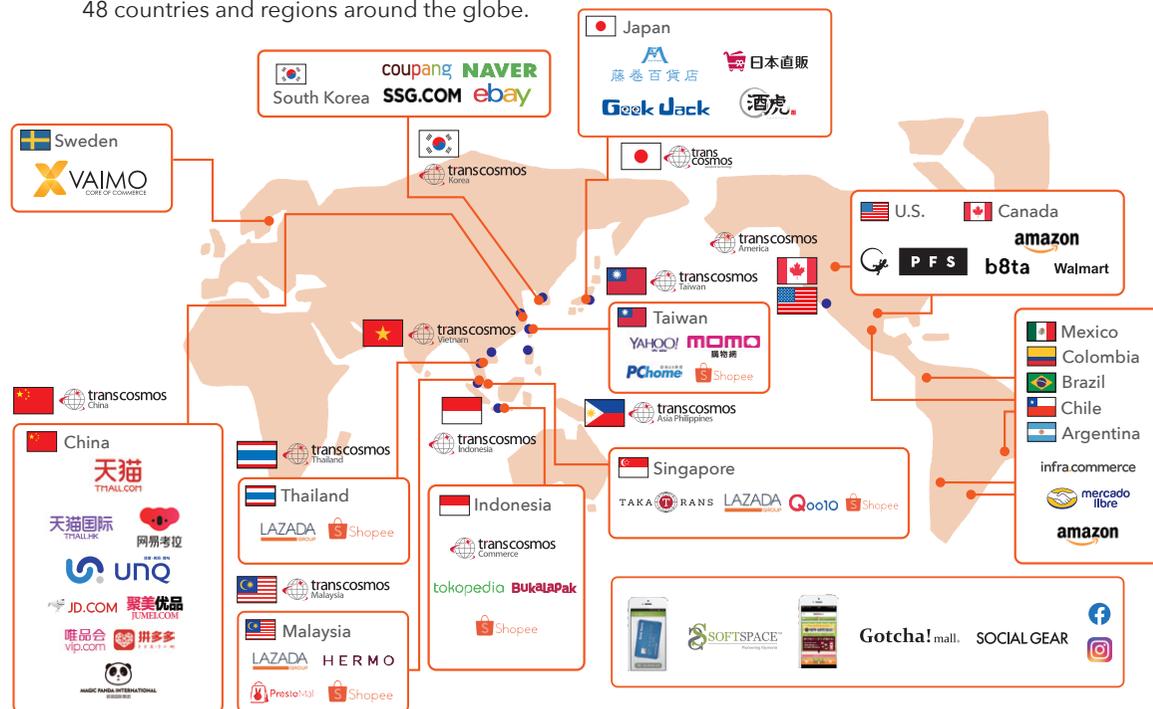
Point ①: Offering e-commerce services that meet the needs of clients

- Selection of e-commerce one-stop services optimized for each country's e-commerce market. We help our clients operate various e-commerce businesses according to each client's needs, such as launching e-commerce businesses independently, operating cross-border e-commerce businesses from Japan, or selling products through transcocos e-commerce sales channels on a commission basis.



Point ②: Helping clients go global

- We secure sales space in major e-commerce malls, on e-commerce websites, and in e-commerce retailers around the world, with a focus on growing e-commerce markets. By working closely with prominent local e-commerce outsourcing companies, we deliver the products and services of our clients into the hands of consumers in 48 countries and regions around the globe.



Point ③ : Boosting the e-commerce customer experience (CX) and digital transformation (DX) to make our clients more competitive



Our e-commerce one-stop services—a complete set of e-commerce services—help our clients run e-commerce business from building to operating the business process. With the aim of providing various e-commerce solutions and services that resolve our clients’ specific challenges, we have reinforced our business framework. To increase our clients’ sales in a rapidly changing market, we help our clients maximize “customer experience” by streamlining sales and marketing processes with “real-time marketing” and rapidly increasing operational efficiency from the customer’s perspective.

● Providing new e-commerce one-stop services based on Shopify

Shopify, an e-commerce website development service, empowers more than a million stores around the world. transcosmos offers e-commerce one-stop services based on Shopify. We provide a wide range of services, from developing systems to boosting customer loyalty, for both B2C and B2B companies.



The world’s largest cloud-based, multichannel commerce platform



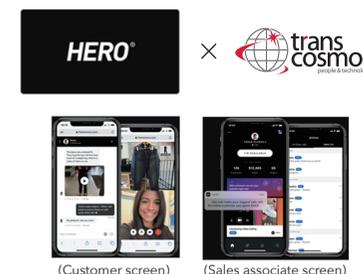
● Maximize online sales with Dash Hudson

Dash Hudson is an AI-powered visual marketing solution. With the power of Dash Hudson, transcosmos helps clients and brands increase results on Instagram, boost engagement rates, and achieve success in their social commerce efforts.



● Maximizing online customer service with HERO

HERO is a real-time, face-to-face solution that brings in-store retail staff into the e-commerce shopping experience for customers. As a human to human communication tool, HERO enables brands to realize DX in stores via text, chat, and video app with retail associates at the core. The Japanese website helps Japanese businesses implement HERO.



(Customer screen) (Sales associate screen)

● Established a flagship base for our e-commerce support service business

transcosmos opened the “ECX Tenjin Office” in Fukuoka City, a hub of mail-order e-commerce businesses. From this base, we offer various services for “Shopify” including implementation support, apps development, operations, helpdesks, and more. By merging our expertise in e-commerce marketing and website operations that we have developed with “Shopify” technology, we will contribute to clients in driving their DX and growing business.

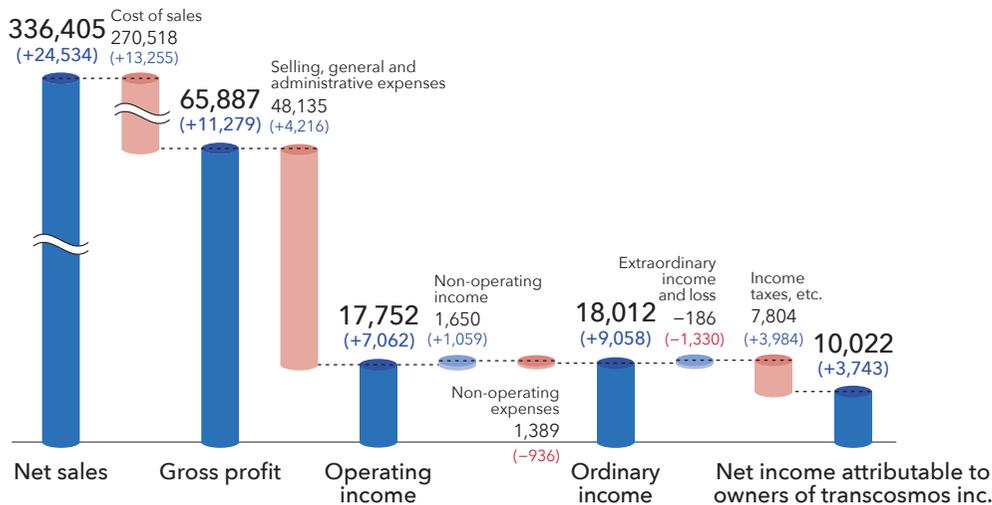


Consolidated Financial Results

Consolidated Statement of Income

(Millions of yen)

FY2021/3 (April 1, 2020-March 31, 2021)



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 segments, with net sales underpinning 7.9% year-on-year growth and hitting a new all-time high.

Operating income

All business segments achieved higher profits, which culminated in a 66.1% rise in operating income over that of the previous year, hitting a new all-time high. 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, despite extraordinary factors including additional expenses incurred for measures against COVID-19.

Net income attributable to owners of transcocosmos inc.

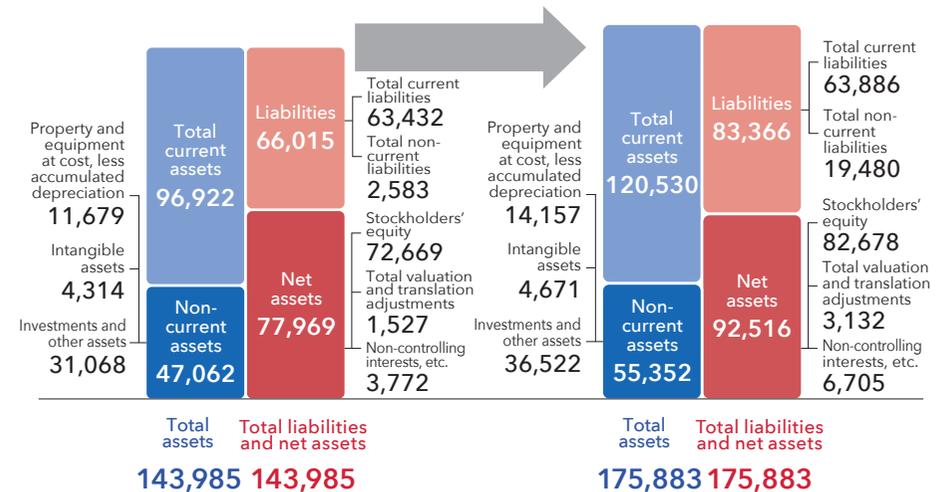
Increases in operating income and ordinary income fueled an increase in net income attributable to owners of transcocosmos inc. of 59.6% year on year.

Consolidated Balance Sheet

(Millions of yen)

As of March 31, 2020

As of March 31, 2021



Assets, Liabilities and Net assets

Total assets reached ¥175,883 million, up ¥31,898 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.

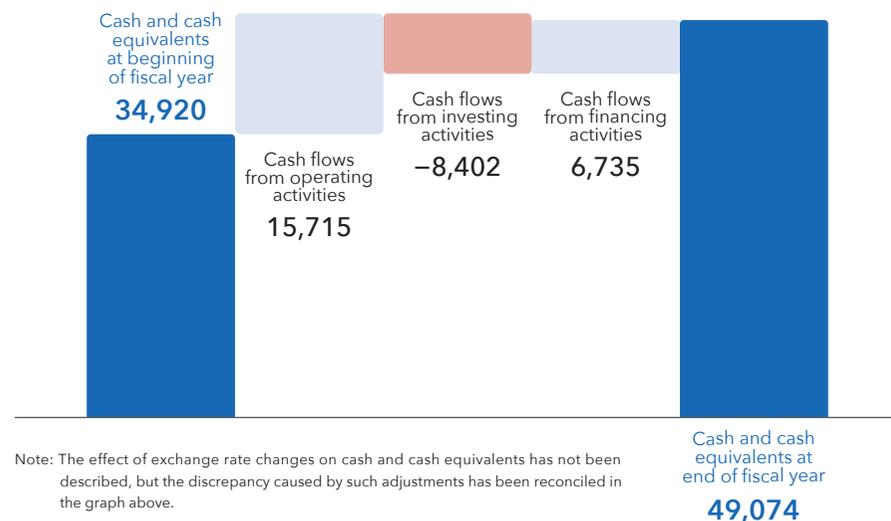
Total liabilities settled at ¥83,366 million, up ¥17,351 million, due to increases in long-term loans payable from new borrowing at the Company and income taxes payable despite a decrease in current portion of convertible bonds owing to the redemption of bonds.

Net assets amounted to ¥92,516 million, up ¥14,547 million, and the equity ratio reached 48.8%.

Consolidated Statement of Cash Flows

(Millions of yen)

FY2021/3 (April 1, 2020-March 31, 2021)



Cash flows

Net cash provided by operating activities amounted to ¥15,715 million, up ¥7,621 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 ¥8,402 million, up ¥1,516 million year on year. The main component of change was a decrease in proceeds from sales of investment securities.

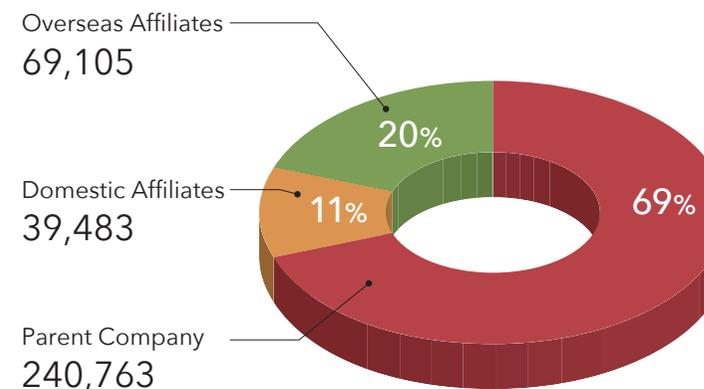
Net cash provided by financing activities reached ¥6,735 million, while ¥2,093 million was used in the previous year. The main component of change was an increase in long-term borrowings.

Consequently, cash and cash equivalents as of March 31, 2021, totaled ¥49,074 million, up ¥14,153 million.

Net Sales by Segment

(Millions of yen)

FY2021/3 (April 1, 2020-March 31, 2021)



Note: Figures are not adjusted for -¥12,946 million of transactions between segments.

Parent Company

Outsourcing operations offered by the Company

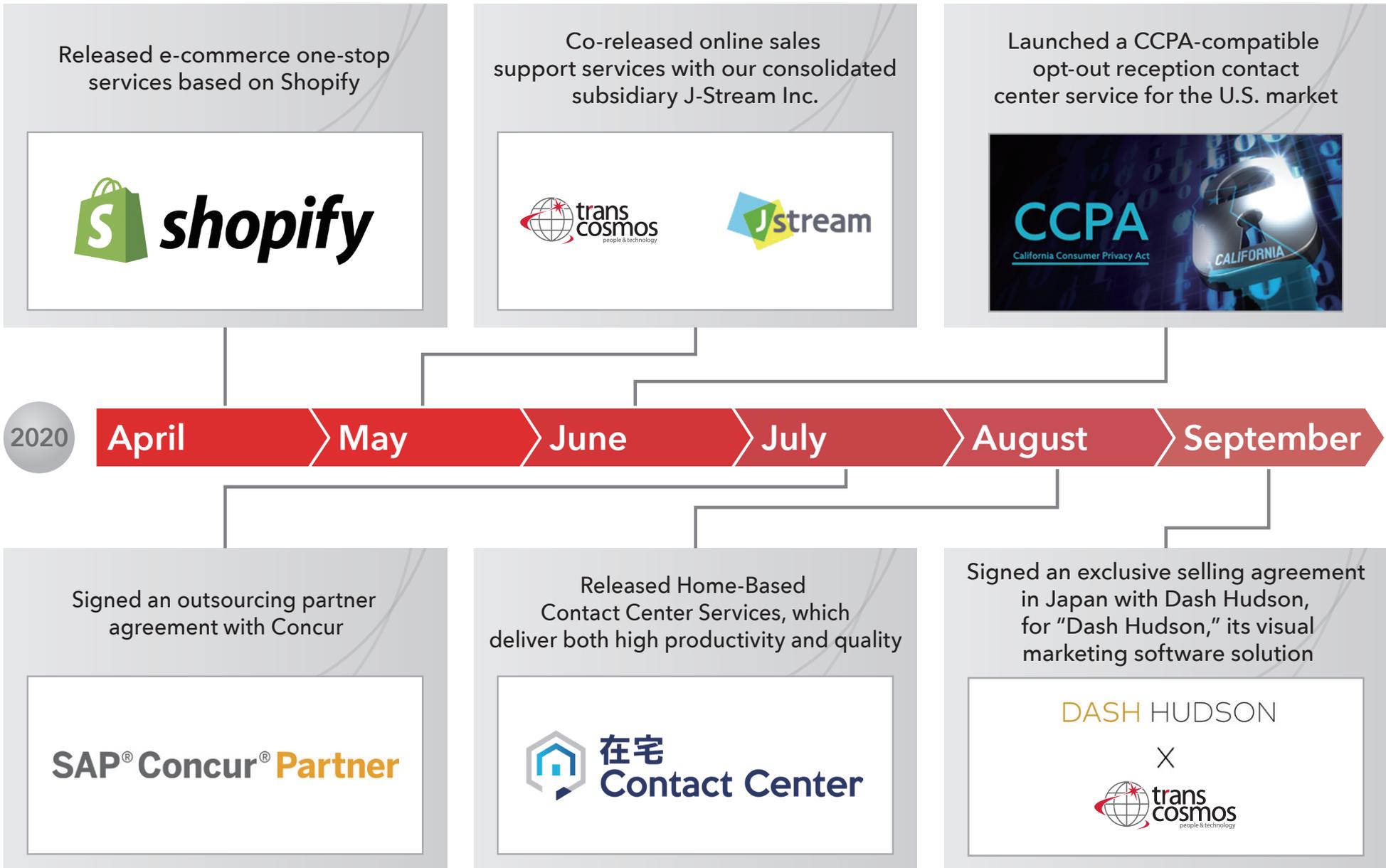
Domestic Affiliates

Outsourcing operations offered by domestic Group companies

Overseas Affiliates

Outsourcing operations offered by overseas Group companies

Services and Business Enhancement Initiatives



Services and Business Enhancement Initiatives

Released an FAQ management service, including SEO solutions, driving customers' self-service

- Google search self-service**
 - Substantial amount of information
 - Optimized for Google search
- On-site search self-service**
 - Smart on-site search engine
 - Easy-to-read content
- Accessible customer support**
 - Easy access to webchat
 - Easy access to email support
- Call support**
 - Quick response
 - Quick solution

Our service coverage is significantly higher than typical FAQ service coverage.

Expanded and relocated "Busan Center 1," our operations base in South Korea

Partnered with Works Human Intelligence, the provider of the integrated HR system "COMPANY"

Components of Operations:

- Human: Operations staff
- Operations: Business processes
- System: Applications, Infrastructure (OS/Hardware)

transcosmos BaaS: Deliver results quickly by leveraging both system & BPO

Works Human Intelligence



Released "CESMO," a survey and analytics service that constantly measures evaluation scores on customer support service from the customer's perspective

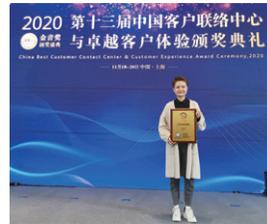
Built a chatbot designed to handle COVID-19 vaccination inquiries for municipalities across Japan

Teamed up with Yext to accelerate expansion of "Yext Answers," an on-site search solution

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



At the "Golden Voice Award," received "China Best Customer Experience Award," a prestigious award in the Chinese contact center industry



transcosmos China won a five-star rating from "Kaola Global," the Alibaba Group's cross-border e-commerce platform



Won four awards in TMALL's "Q2 2020 Consumer Operations" rankings



transcosmos China received the "Customer Experience Solutions Award" from CTI Forum



Received "New Customer Success" award from Works Mobile



transcosmos Korea was named Kakao's most valuable partner for the fifth consecutive year



Received "Planning Partner" certification under the "LINE Biz Partner Program"



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



SDGs Initiatives

transcosmos SDGs committee offered SDGs education programs and internal workshops



- With the aims of raising awareness and spreading our SDGs initiatives, the SDGs committee has conducted SDGs-driven innovation activities both internally and externally. Specific initiatives include SDGs training courses for our employees (e-learning) and internal workshops with selected members from each department.
- transcosmos will promote the co-creation and execution of open innovation initiatives for achieving SDGs in collaboration with our clients by solving shared social challenges.



Made donations to "The 2016 Kumamoto Earthquake Memorial Museum - A Corridor of Memories"



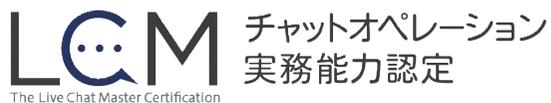
- "The 2016 Kumamoto Earthquake Memorial Museum - A Corridor of Memories" is a corridor-style field museum designed to pass on the memories of the 2016 Kumamoto Earthquake to future generations to let them learn from the experience.
- Not only as our initiative to promote SDGs but also to show our sincere gratitude to our employees and the municipalities where they live, transcosmos will continue to assist initiatives led by local governments by utilizing the corporate version of *furusato nozei*, Japan's hometown tax-donation program.



Developed "The Live Chat Master Certification"



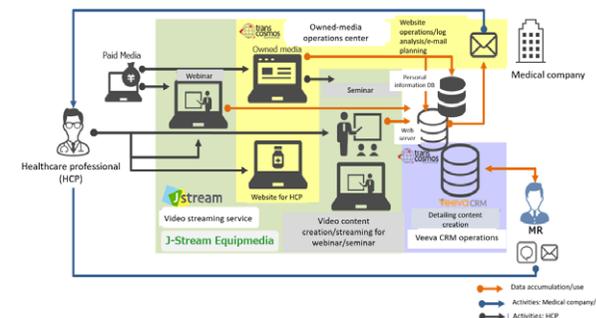
- transcosmos has built its proprietary internal certification program, a crystallization of its expertise in chat operations.
- Moving forward, we will have all employees who are currently responsible for chat operations obtain the certification. transcosmos will "boost customer satisfaction" by having certified members offer chat services, as well as "generating high-quality customer experiences (CX)" together with our clients.



Enhanced our digital transformation services powered by Veeva for the medical industry



- The total number of employees certified under the Veeva Content Partner, offered by Veeva Systems in the U.S., has surpassed 120.
- transcosmos uses the knowledge and skills of employees certified in operating marketing services designed for the medical industry to provide digital transformation services to that industry.



Corporate & Stock Information

Corporate Information (As of March 31, 2021)

Registered Name transcosmos inc.

Date of Foundation June 18, 1985

Paid-in Capital ¥29,065 million

Employees Group: 63,675
(Japan: 42,905; Overseas: 20,770)

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 March 31, 2021)

Shares Authorized for Issue 150,000,000

Shares Issued 48,794,046

Stockholders 10,863

Principal Stockholders (As of March 31, 2021)

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
Custody Bank of Japan, Ltd. (Account in Trust)	3,240	6.64
The Master Trust Bank of Japan, Ltd. (Account in Trust)	1,603	3.29
Mihoko Hirai	1,463	3.00
Government of Norway	947	1.94
Limited Company HM Kosan	722	1.48
Employee Shareholding Association of transcosmos inc.	655	1.34
THE BANK OF NEW YORK MELLON 140044	532	1.09

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