

FY2024/3

Business Report

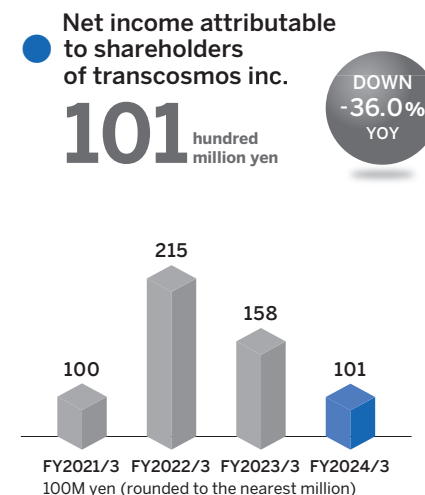
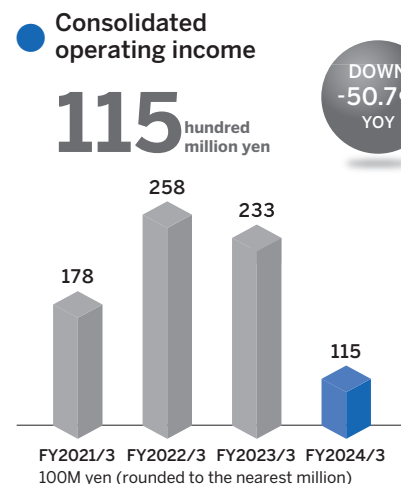
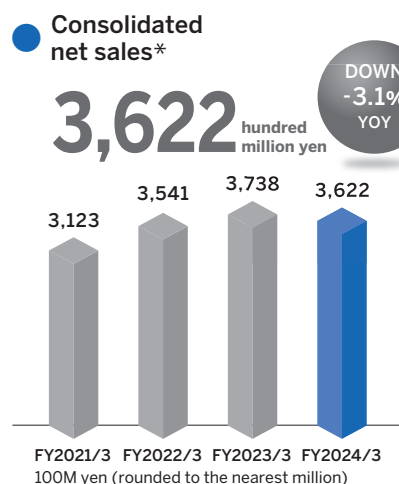
April 1, 2023 >>> March 31, 2024

Global Digital Transformation **Partner**

Dear Stakeholders,

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 for the fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024).



* The Company has adopted the "Accounting Standard for Revenue Recognition" and the related guidance from FY2022/3. Accordingly, all sales generated from the transactions in which the Company is deemed to have acted as an agent (i.e. agency transactions) are presented on a net basis whereas previously these were presented on a gross basis (total sales minus cost of sales). Note that the net sales for FY2021/3 generated from transactions that are deemed to be agency transactions are restated on a net basis from a gross basis.

Summary of Business Results

In the fiscal year under review, the Japanese economy recovered moderately as economic and social activities continued to return to pre-pandemic levels. Despite this, the economic outlook remained uncertain due to the rising cost of resources caused by Russia's prolonged invasion of Ukraine, the impact of global monetary tightening on foreign exchange markets, and China's economic concerns.

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 as digital technologies such as generative AI (GenAI) and the metaverse continue to evolve while labor shortages persist. Market needs are growing, in particular for services that help companies accelerate digital transformation (DX) and boost customer experience (CX), the two priorities that the COVID-19 pandemic has reaffirmed.

Against this backdrop, our Group continued to take an energetic approach to capture growing service needs, provid-

ing both CX and Business Process Outsourcing (BPO) services that assist clients in managing and transforming their businesses, despite a slowdown in COVID-19 related projects led by national and local governments as well as the private sector that we have been delivering aggressively as a company that underpins social infrastructure. We also pushed forward initiatives set under our new medium-term business plan 2024/3-2026/3, which started this fiscal year (FY2024/3).

Initiatives towards pivoting to a platform business model

We have been providing services for collecting, analyzing and utilizing customer data across diverse customer communication channels via TCI-DX for Support, our unique CX platform. Now, we have won a patent (patent number 7319478) for our proprietary developed technology used in the platform for utilizing data. More specifically, our unique technology enables customer data analysis across various customer touchpoints throughout the customer

journey comprehensively based on the voice of the customer (VoC) accumulated at contact centers, social media and chats. With this technology, we aim to drastically cut time for data analysis while offering an environment where users can solve their problems by themselves easily across communication channels, thereby reducing the total time for problem solving by 30%. By promoting self-service solutions, we not only help businesses reduce customer service costs but also contribute to sales growth by utilizing the identified user challenges for enhancing marketing activities. We also released HCM Analytics Platform, a service which visualizes human capital information and helps listed companies meet the requirement to disclose human capital metrics in their securities report from the fiscal year ended March 31, 2023. By visualizing the current status against each metric and collecting and analyzing the data, we will assist our clients in enhancing their corporate value through their human capital information disclosure. Furthermore, we launched a new service that automatically collects required data and calculates clients' greenhouse gas (GHG) emissions. The service enables clients to directly link GHG emissions calculation data from their existing systems to a cloud system, thereby saving man-hours for data collection and emissions calculation.

Initiatives towards driving new business development & R&D

In this area, we focused our efforts primarily on developing and promoting services built on GenAI and the metaverse. Specifically, we released Quick Support Cloud with GAI, a service powered by GenAI to our Quick Support Cloud, a tool designed to assist support desk operations. With this new service, clients can provide answers that support desk users want with the same quality standard at speed. What's more, the service saves man-hours for creating training data, standardizes the quality of answers, and reduces processing time, which ultimately helps clients optimize their operations. In addition, we developed Translingo SMART, a machine translation tool powered by GenAI, and released multilingual chat services. By auto-translating customer-agent conversation, Translingo SMART enables clients to support their customers in as many as 15 languages (as of January 2024) without any bilingual agents. Also, consolidating our expertise in customer services gained through operating one of the largest networks of call centers in Asia, we developed and added trans-AI Chat—a chatbot powered by GenAI—to TCI-DX for Support. With trans-AI Chat in place, the hybrid chat services respond to end-user inquiries in natural language at any time. Moreover, a seamless handover from chatbots to chat agents ensures high-quality CX consistently. Japan is the second market where trans-AI Chat is available, following South Korea. We plan to expand the service coverage across the globe.

Initiatives towards growing the Global Business

In the Global Business domain, our primary focus was on further expanding highly competitive services and reinforcing systems both in each local market as well as in the global market, mainly in Asia. With the aim of expanding business domains in China and Taiwan markets, we opened a new contact center, Zhengzhou Center, targeting the China local market as well as Chihlee Center, an operations

center for the Taiwan market. In Thailand, we upsized Bangkok Center 2 to enhance our trust & safety services that monitor and police online content including text, posts, and videos. In addition, in North America, we opened Mexico Center, a nearshore location for the U.S. market. Furthermore, with the aim of entering a new market, we established transcocosmos India Private Limited. in India, opening the first operations center in March 2024. Located in Bengaluru with 300 workstations, our new Bengaluru Center began offering services for the India local market. Showcasing our expertise built in Japan and overseas, we will propose and offer CX services that deliver a whole new customer experience for the India market.

A Message to our Shareholders

Returning profits to shareholders is one of our top management priorities. We have therefore adopted a dividend policy that focuses on the dividend payout ratio, which is closely related to our business performance. Our fundamental policy is to increase the market value of shares by returning profits to shareholders.

In line with this policy, we will pay a year-end dividend of 81 yen per share for the fiscal year ended March 31, 2024.

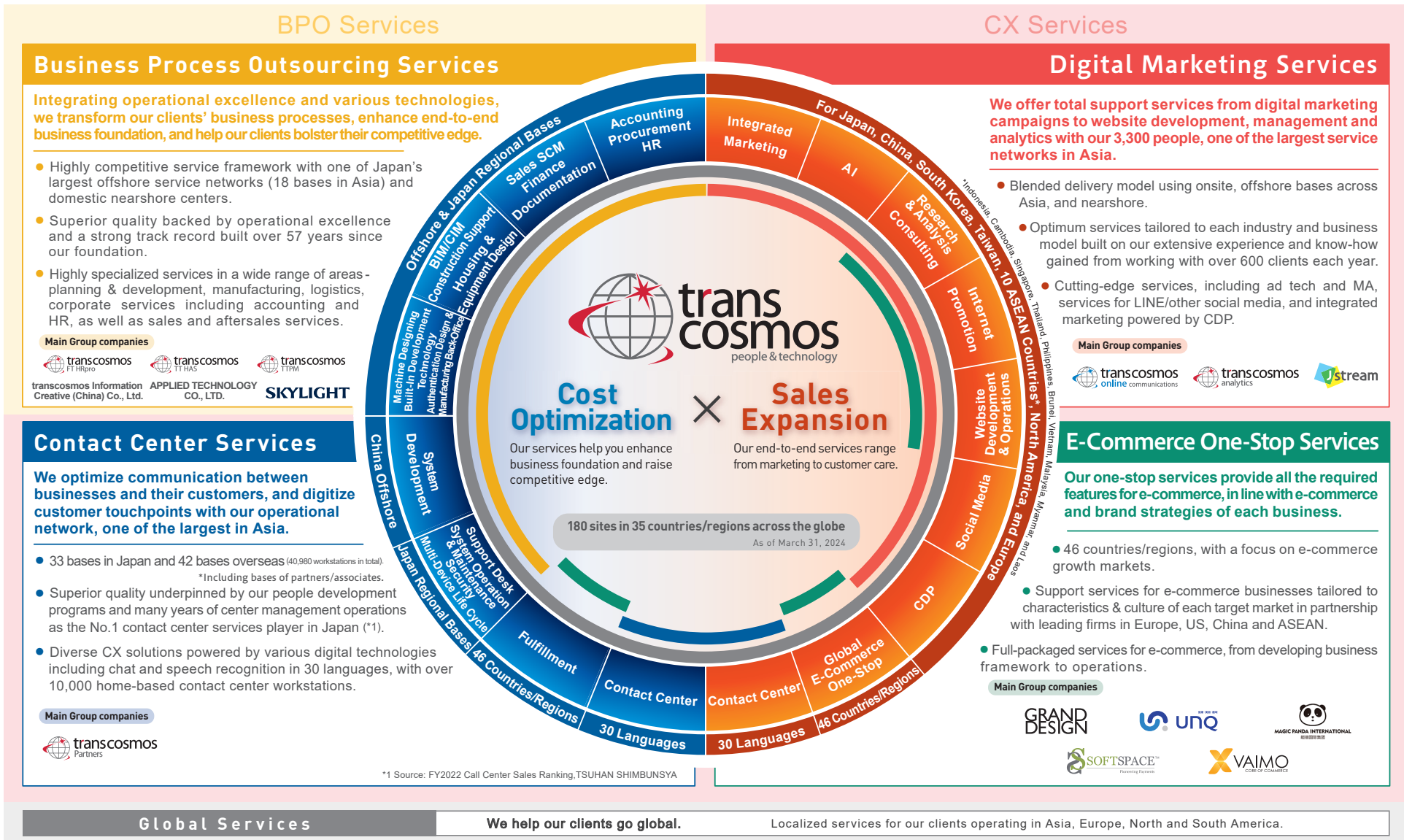
In the fiscal year ending March 31, 2025, our Group will continue to proactively deliver both CX and BPO services that assist our clients in managing and transforming their businesses as their digital transformation partner. At the same time, we will accelerate our initiatives for expanding our global business focusing on the Asian markets. By committing to these initiatives, we aim to achieve results that will be higher than this fiscal year's.

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

Sincerely,

Masaaki Muta / Takeshi Kamiya
Representative Director, Co-president
June 2024

Our Business



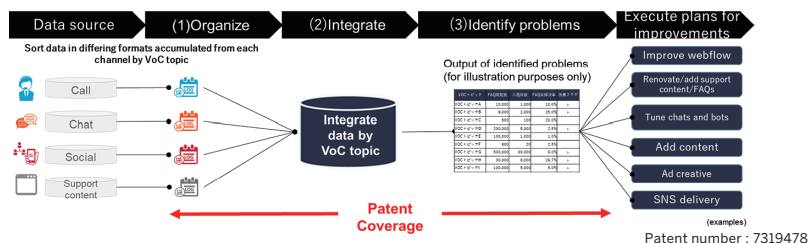
Named a Leader in CXM service providers in the Asia Pacific region by Everest Group.



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

[Patent] Won a patent for its proprietary developed digital platform that dramatically enhances CX across customer touchpoints

Via TCI-DX Support, a digital platform we have developed in-house, transcosmos has been offering data collection, analysis and utilization services across diverse customer touchpoints. Now, we have won a patent for our technology to utilize the VoC(voice of the customer)data used in TCI-DX for Support. Leveraging the patented technology, transcosmos will continue to reinforce TCI-DX for Support.



Received Excellence in Disability Inclusion Company Award (The Tokyo Metropolitan Governor's Award)

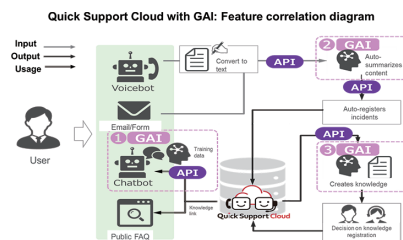
We won an Excellence in Disability Inclusion Company Award by the Tokyo Metropolitan Government as a company acting on exceptional programs to employ people with disabilities.

All employees, both with and without disabilities, work together unleashing their individual uniqueness and abilities. Committed to this philosophy, we are promoting the employment of people with disabilities.



Released Quick Support Cloud with GAI, a service powered by generative AI

transcosmos released Quick Support Cloud with GAI(*1), a service powered by generative AI to Quick Support Cloud, its support desk support tool. The new service not only enables businesses to provide answers that users want with the same quality standard at speed, but also creates training data automatically which saves man hours, standardizes the quality of answers, and reduces processing time. Ultimately, the service helps clients optimize their operations.



*1: GAI = Generative AI

Selected as an FTSE Blossom Japan Sector Relative Index constituent for the first time

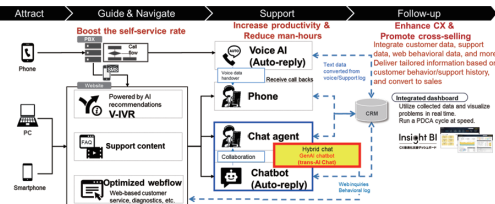
transcosmos has been addressing diverse social challenges including human rights, corruption, and local communities while enhancing our corporate governance. Recognized for such actions, we became an FTSE Blossom Japan Sector Relative Index constituent for the first time. To create a sustainable society, we will continue our efforts to maximize the well-being of society.

FTSE Russell ESG score		2022	2023
E	Climate change	0	1
	Human rights and Community	2	3
	Labor standards	3	3
S	Anti-corruption	1	2
	Corporate governance	4	4
	TOTAL	1.5	2.3

H2 FY2024/3 Highlights

Developed trans-AI Chat, its proprietary chatbot powered by GenAI. Now available in Japan and South Korea

Consolidating its expertise in customer services gained by operating Asia's leading call center network, transcosmos has developed and added trans-AI Chat-a chatbot powered by generative AI (GenAI)-to TCI-DX for Support. With trans-AI Chat, the hybrid chat services respond to end-user inquiries in natural language at any time. Moreover, a seamless handover from chatbots to chat agents ensures high-quality CX. Japan is the second market where trans-AI Chat is available, following South Korea. transcosmos plans to expand the service coverage across the globe.



Recognized as a Certified Health & Productivity Management Outstanding Organizations 2024

For two straight years, transcosmos received the Health & Productivity Management Outstanding Organizations 2024 certification in the large enterprise category under the Certified Health & Productivity Management Outstanding Organizations Recognition Program on Monday, March 11, 2024. The joint program between METI and Nippon Kenko Kaigi* recognizes large firms and SMEs that show outstanding health & productivity management in line with initiatives towards tackling health-related challenges in communities and Nippon Kenko Kaigi's health-related initiatives.



*1: An organization that encourages private organizations/local governments to collaborate/address health issues.

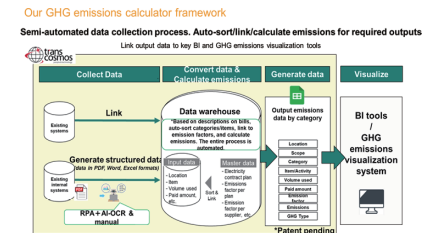
In March 2024, started operations in India

transcosmos established transcosmos India Private Limited. (Headquarters: Bengaluru, the state of Karnataka, India; Managing Director & COO: Susumu Kaieda; transcosmos India), a wholly-owned subsidiary in India. As the first center in India, Bengaluru Center began offering contact center services for the local market with 300 workstations.



Released a new service that auto-collects/calculates GHG emissions. Saves man-hours by 97%*

transcosmos launched a service that auto-collects and calculates GHG emissions, helping clients reduce man-hours for collecting & analyzing data, increase data accuracy, and create an environment for analysis. Towards a sustainable society by decarbonization, transcosmos will help clients focus on reducing GHG emissions, thereby enhancing corporate value.



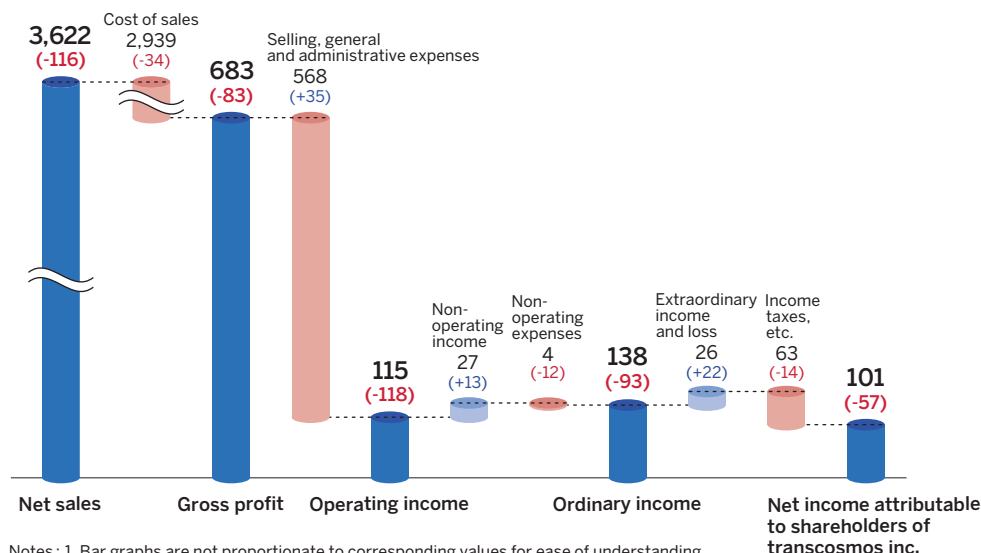
*2: Data is from internal verification results. Does not guarantee the same level of savings at other companies.

Consolidated Financial Results

Consolidated Statement of Income

100M yen (rounded to the nearest 100M yen)

FY2024/3 (April 1, 2023 – March 31, 2024)



Net sales

Net sales declined 3.1% from the year earlier. Looking into results by segment, the Parent Company segment grew bookings for existing business excluding COVID-19 related jobs, yet, sales declined due to a year-over-year drop in COVID-19 related jobs. In the Domestic Affiliates segment, sales declined due to weak sales in a listed subsidiary and its group companies due to lower demands for business areas that grew under the pandemic. As for the Overseas Affiliates segment, the South Korean subsidiary continued to grow sales while ASEAN subsidiaries retained double-digit growth. Despite these solid performance, segment sales dropped due to lower demands for the e-commerce business in Chinese subsidiaries.

Operating income

Operating income decreased 50.7% from the year earlier. Looking closer by segment, the income dropped in the Parent Company segment due to upfront investments made amid declining COVID-19 related jobs. The investment goals include service evolution, utilization of digital technology and global expansion, all towards achieving medium-term business growth. The Domestic Affiliates segment saw a decline due to weaker sales in a listed subsidiary and its group companies. In the Overseas Affiliates segment, ASEAN subsidiaries continued to grow margins. Despite this, segment income also declined due to reduced work volumes in some projects and surging personnel expenses in the South Korean subsidiary as well as weaker income in the Chinese subsidiaries.

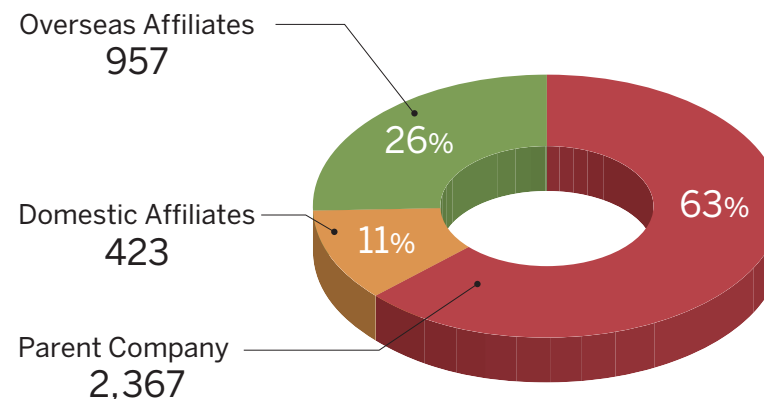
Net income attributable to shareholders of transcossmos inc.

Non-operating income increased due to the recording of the share of profit of entities accounted for using the equity method. Extraordinary income also increased due to the recording of gain on sale of investment securities. Despite these, net income attributable to shareholders of transcossmos inc. decreased 36.0% from the year earlier, hit by the drop in operating income.

Net Sales by Segment

100M yen (rounded to the nearest 100M yen)

FY2024/3 (April 1, 2023 – March 31, 2024)



Notes: Figures are not adjusted for -12.5 billion yen 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.

Corporate & Stock Information

Corporate Information (As of March 31, 2024)

Registered Name	transcosmos inc.
Date of Foundation	June 18, 1985
Paid-in Capital	¥29,065 million
Employees	Group : 69,764 (Japan: 43,725; Overseas: 26,039)
Major Banks	Sumitomo Mitsui Banking Corporation MUFG Bank, Ltd. Mizuho Bank, Ltd.
Headquarters	Sunshine 60 Bldg. 3-1-1, Higashi-Ikebukuro, Toshima-ku, Tokyo 170-6016 Japan Tel. +81-50-1751-7700 (Main phone number)
Main Office	Shibuya First Tower 1-2-20, Higashi, Shibuya-ku, Tokyo 150-0011 Japan

Stock Information (As of March 31, 2024)

Shares Authorized for Issue	150,000,000
Shares Issued	48,794,046
Stockholders	9,788

Principal Stockholders (As of March 31, 2024)

Name	Number of shares (thousand shares)	Ratio of shares (%)
transcosmos foundation	6,753	13.84
Masataka Okuda	6,404	13.13
The Master Trust Bank of Japan, Ltd. (Account in Trust)	3,103	6.36
Custody Bank of Japan, Ltd. (Account in Trust)	1,492	3.06
Mihoko Hirai	1,463	3.00
THE BANK OF NEW YORK MELLON 140042	926	1.90
CEPLUX- THE INDEPENDENT UCITS PLATFORM 2	746	1.53
Limited Company HM Kosan	722	1.48
Employee Shareholding Association of transcosmos inc.	709	1.45
NORTHERN TRUST GLOBAL SERVICES SE, LUXEMBOURG RE LUDU RE: UCITS CLIENTS 15.315 PCT NON TREATY ACCOUNT	500	1.02

Notes: 1. Other than the above, the Company retains 11,321 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.

Integrated Report 2023

Please visit and find out about our activities and initiatives towards achieving DX, global expansion, sustainability, and more.

<https://www.trans-cosmos.co.jp/english/ir/library/pdf/2023/inte20230929.pdf>



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

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