

Global Digital Transformation Partner

**Supplemental Material for the
Consolidated Financial Results for the
Three Months Ended June 30, 2024
(April 1, 2024 – June 30, 2024)**



July 31, 2024

transcosmos inc.

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Consolidated Net Sales

¥91.1B

(YoY: +2.4%)

Consolidated Operating Profit

¥3.0B

(YoY: +¥800M)

transcosmos inc. Profit

¥1.6B

(YoY: +¥100M)

- **Net sales up 2.4% YoY, returned to growth due to higher sales achieved in both CX/BPO services.**
 - CX services up 2.6% YoY, led primarily by digital marketing services, ASEAN, and South Korea.
 - BPO services up 6.3% YoY, led by industry-common back-end services and engineering services designed specifically for the manufacturing and construction industries.
- **Operating profit moved back to growth, up ¥800M YoY due to enhanced profitability, resulting from successful price negotiations and a higher utilization rate in addition to sales growth.**
- **transcosmos inc. profit also back to growth of ¥100M YoY due to higher operating profit and ordinary profit.**

2. Consolidated Statement of Income Summary

*For each segment profit row, figures in the Mix columns are profit margins.



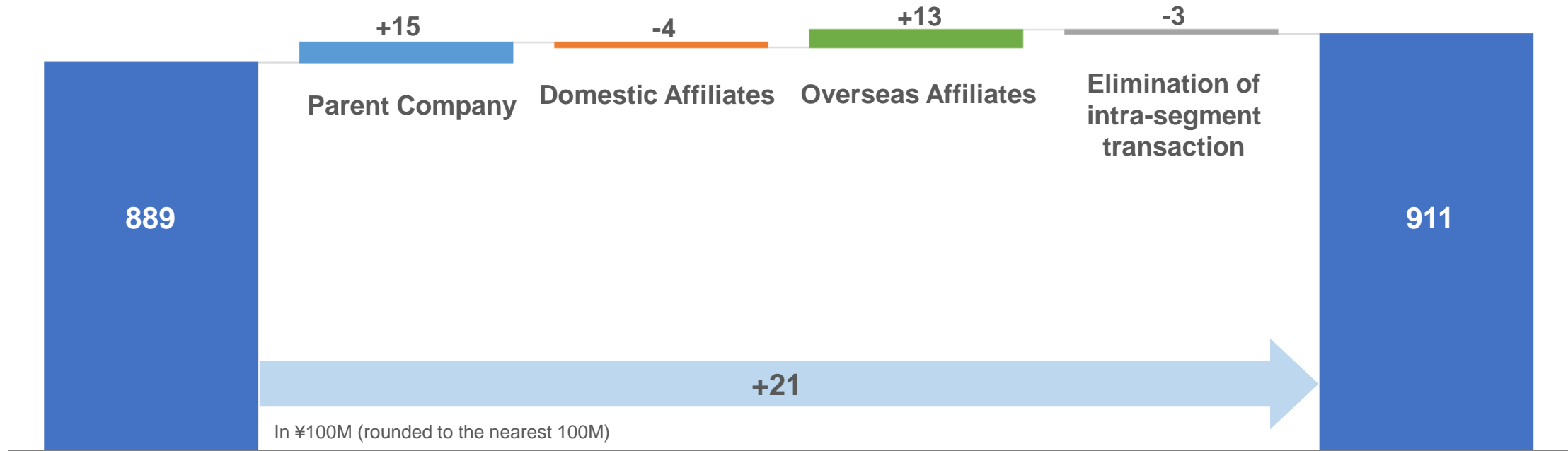
In ¥100M (rounded to the nearest 100M)	Three months ended Jun 31, 2023		Three months ended Jun 31, 2024		Change	
	Amount	Mix	Amount	Mix	Amount	%Change
Net sales	889	100.0%	911	100.0%	+21	2.4%
Parent Company	581	65.3%	596	65.4%	+15	2.6%
Domestic Affiliates	108	12.1%	104	11.4%	-4	-3.4%
Overseas Affiliates	231	26.0%	244	26.8%	+13	5.7%
Elimination of intra segment transaction	-30	-3.4%	-33	-3.6%	-3	-10.1%
Gross profit	160	18.0%	174	19.1%	+14	8.8%
SG&A expenses	137	15.5%	143	15.7%	+6	4.3%
Operating profit	22	2.5%	30	3.3%	+8	36.9%
Parent Company	11	1.9%	13	2.2%	+2	18.8%
Domestic Affiliates	7	6.7%	7	6.8%	-0	-1.9%
Overseas Affiliates	4	1.7%	10	4.2%	+6	162.3%
Elimination of intra segment transaction	0	-	-0	-	-0	-
Non-operating income (loss)	10	1.1%	7	0.8%	-3	-29.2%
Ordinary profit	32	3.6%	38	4.1%	+5	16.1%
Extraordinary income (loss)	0	0.1%	-5	-0.6%	-6	-
Profit attributable to owners of parent	15	1.7%	16	1.8%	+1	9.6%

3. Consolidated Net Sales Analysis by Segment



- Consolidated net sales up by ¥2,100M (+2.4%)

Parent Company	Returned to growth due to sales growth in the digital marketing services domain under CX services as well as overall growth of BPO services.
Domestic Affiliates	Down due to a drop in some subsidiaries including staffing service and IT consulting firms.
Overseas Affiliates	Up due to sales growth in subsidiaries in ASEAN and South Korea.



Three months ended Jun 30, 2023
Consolidated Net Sales

Three months ended Jun 30, 2024
Consolidated Net Sales

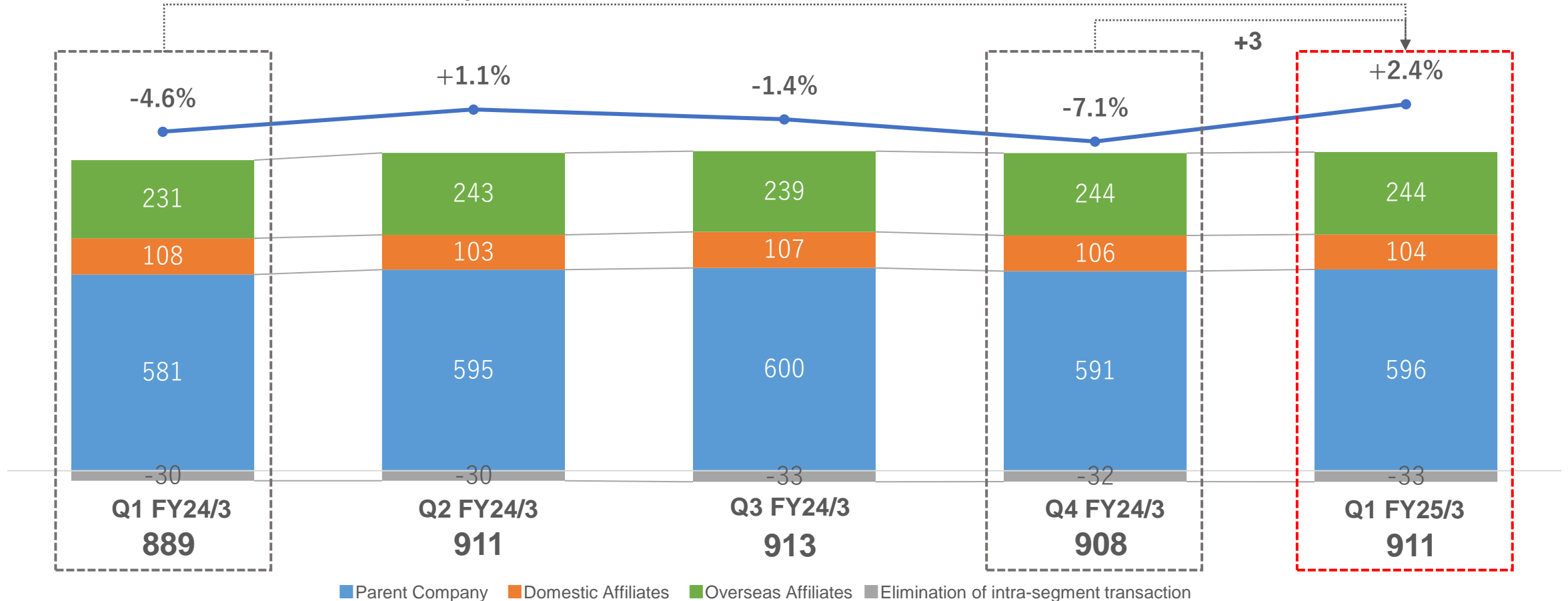
4. Consolidated Net Sales Analysis (Quarterly Trend by Segment)

- YoY: Returned to growth of ¥2,100M due to sales increase in the Parent Company and Overseas Affiliates segments.
- QoQ: Returned to growth of ¥300M due to sales increase in the Parent Company segment.

Quarterly net sales trend by segment

In ¥100M (rounded to the nearest 100M) — Net sales growth rate

+21



CX Services (~70% of consolidated net sales)	
Front-office services: Integrated services covering all digital customer touchpoints across the customer journey from marketing to customer care	
Japan	Contact center Customer support
	Digital interactive Website & app development, improvement and operations services Social platform operations including LINE apps
	Digital advertisement Internet ads services
	E-commerce E-commerce site development & operations, and fulfillment services
Overseas (mainly contact center and e-commerce) South Korea, China, ASEAN and Europe and the U.S.	

BPO Services (~30% of consolidated net sales)	
Back-office services: Common back-end functions (e.g. Accounting, HR, IT) outsourcing as well as industry-specific engineering BPO	
Japan	Common back-end functions Accounting, HR, procurement & purchasing, order management, sales admin and IT system operations & maintenance
	Industry-specific engineering BPO Services to support systems and operations for the manufacturing and construction industries
Overseas South Korea, China, ASEAN and Europe and the U.S.	

5. Consolidated Net Sales Analysis (Quarterly Trend: CX Services)



- YoY: Up ¥1,600M due to sales growth in digital interactive services and contact center services under CX services in ASEAN and South Korea.
- QoQ: Up ¥600M due to sales growth in CX services in domestic and Chinese subsidiaries.

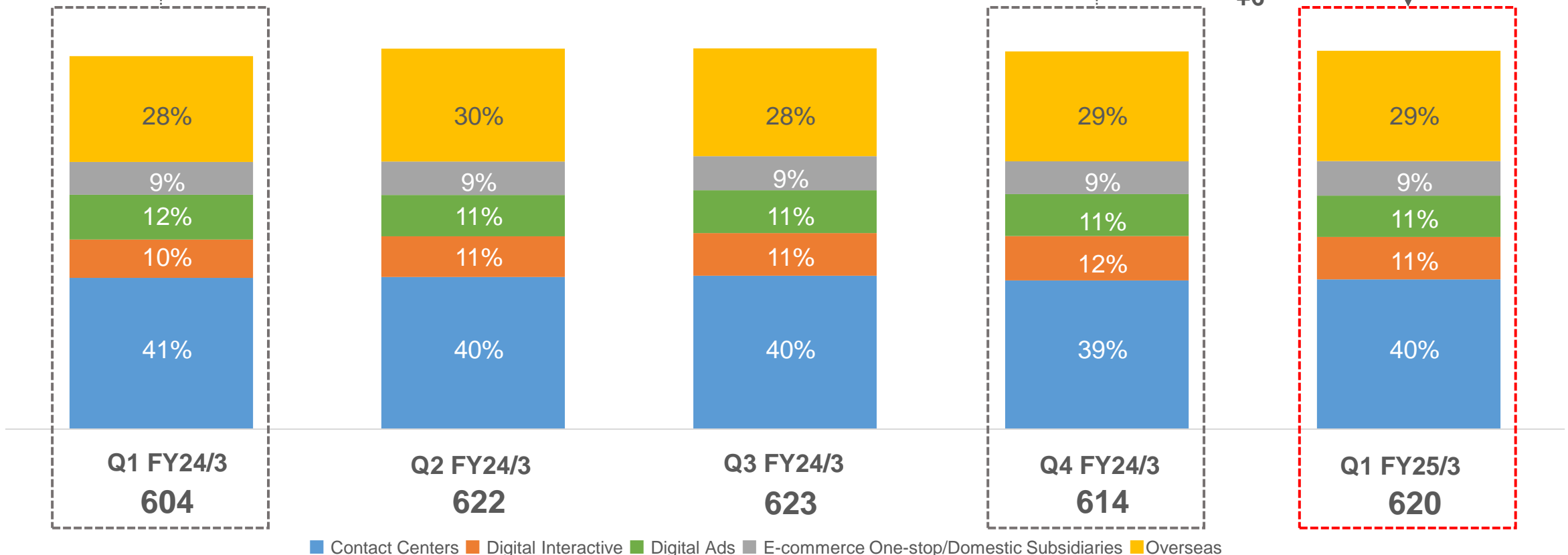
Quarterly net sales trend: CX service

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

+16

*Net sales for each service are calculated based on the sales mix used for management accounting, and are not adjusted for intra-segment transactions.

+6



6. Consolidated Net Sales Analysis (Quarterly Trend: BPO Services)

- YoY/QoQ: Up ¥1,800M YoY and ¥200M QoQ due to sales growth in the industry-common back-office services and engineering services designed specifically for the manufacturing and construction industries.

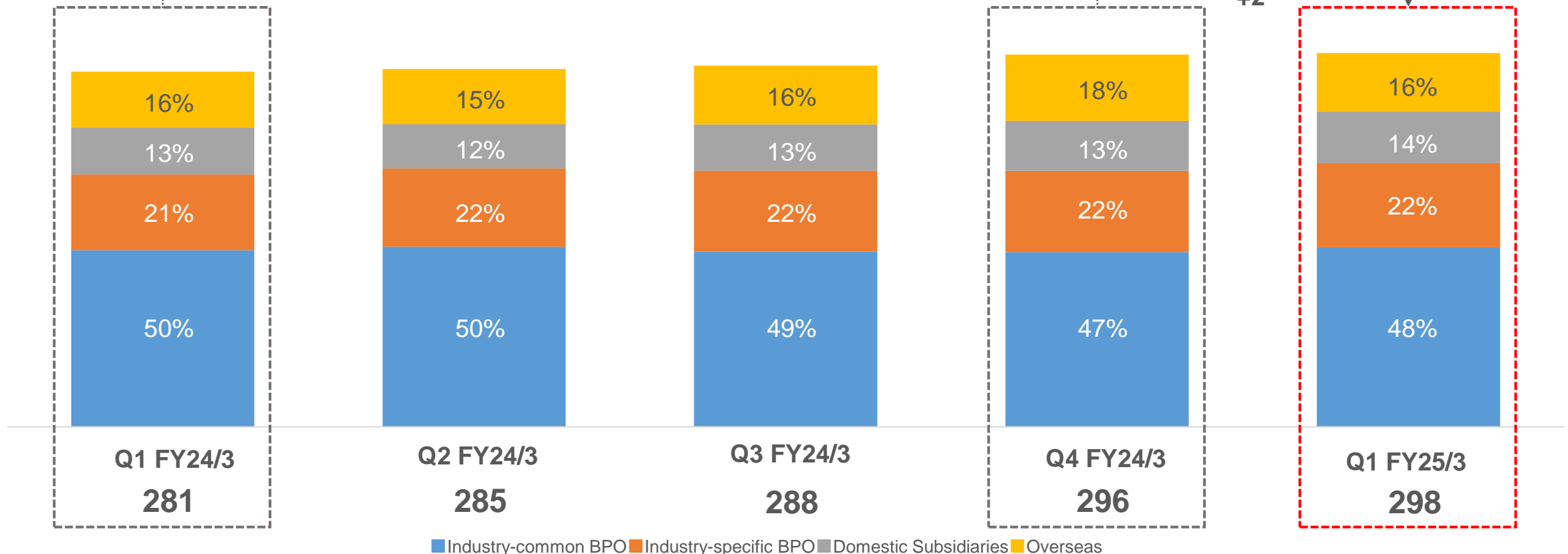
Quarterly net sales trend: BPO service

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

+18

*Net sales for each service are calculated based on the sales mix used for management accounting, and are not adjusted for intra-segment transactions.

+2



7. Consolidated Net Sales Analysis (Overseas Trend by Geographic Market)



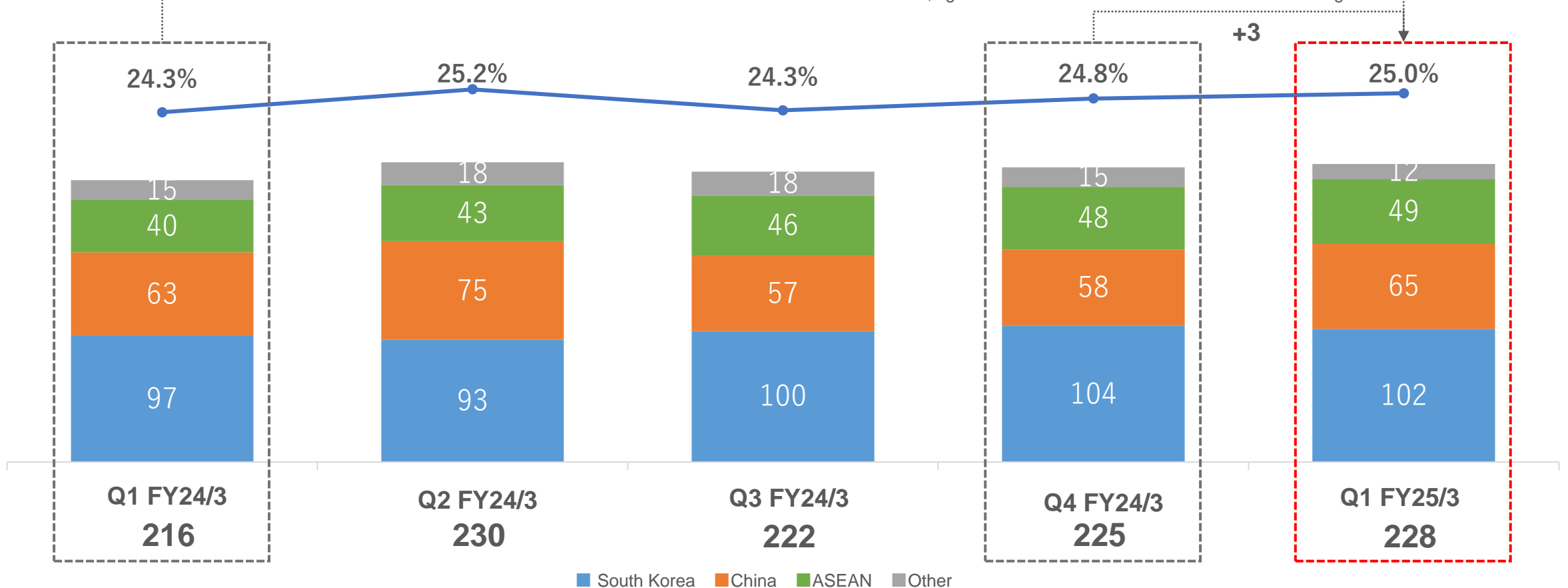
- South Korea: Up ¥500M YoY and down ¥200M QoQ. CX services achieved growth.
- China: Up ¥200M YoY and ¥700M QoQ. Sales grew primarily in contact center services under CX services.
- ASEAN: Up ¥900M YoY and ¥100M QoQ. Continued to increase business with global companies, resulting in growth in CX services.

Quarterly net sales trend: Overseas

In ¥100M (rounded to the nearest 100M) — %Overseas net sales

+12

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



8. Consolidated Operating Profit Analysis by Segment



- Operating profit up by ¥800M (+36.9%)

Parent Company

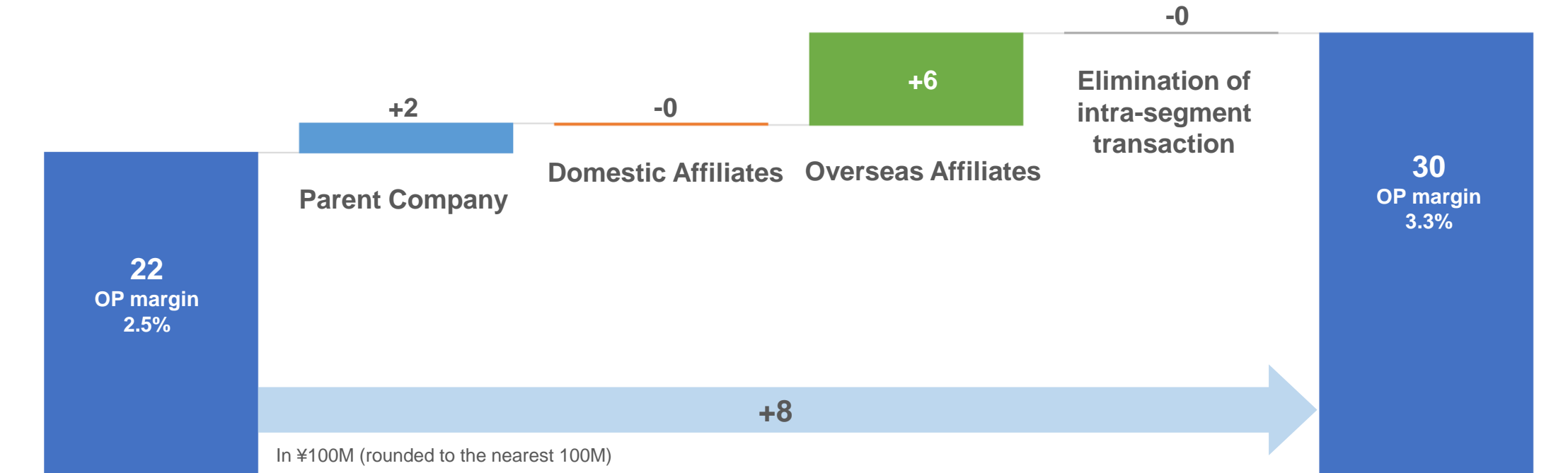
Operating profit returned to growth due to higher gross profit margin in addition to sales growth.

Domestic Affiliates

Operating profit down due to a drop in profitability in IT consulting subsidiary and a listed subsidiary.

Overseas Affiliates

Operating profit returned to growth due to higher profitability in subsidiaries in South Korea and China as a result of cost optimization efforts as well as higher profit in ASEAN subsidiaries.



Three months ended Jun 30, 2023
Consolidated Operating Profit

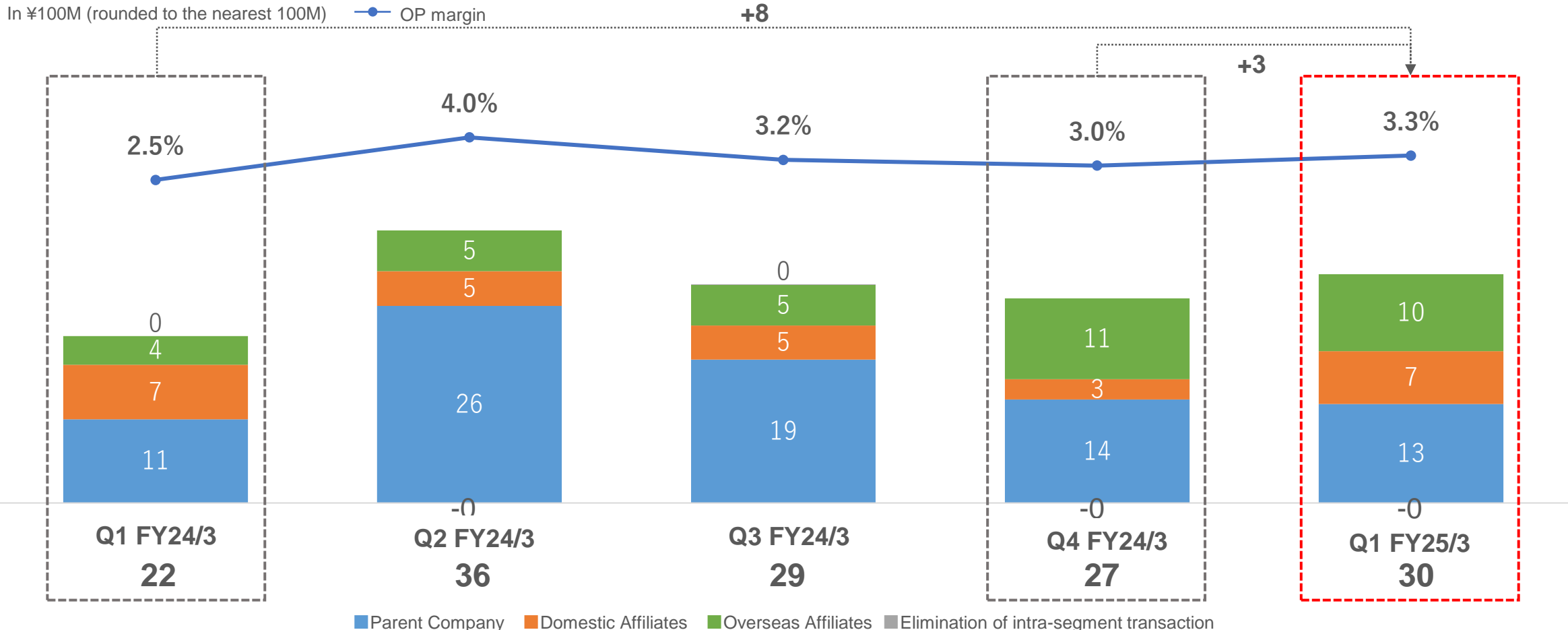
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Consolidated Operating Profit 11

9. Consolidated Operating Profit Analysis (Quarterly Trend by Segment)



- YoY: Returned to growth of ¥800M due to profit growth in the Parent Company and Overseas Affiliates segments. OP margin up 0.8 points, achieving higher profitability.
- QoQ: Returned to growth of ¥300M due to operating profit growth in the Domestic Affiliates segment. OP margin up 0.3 points.

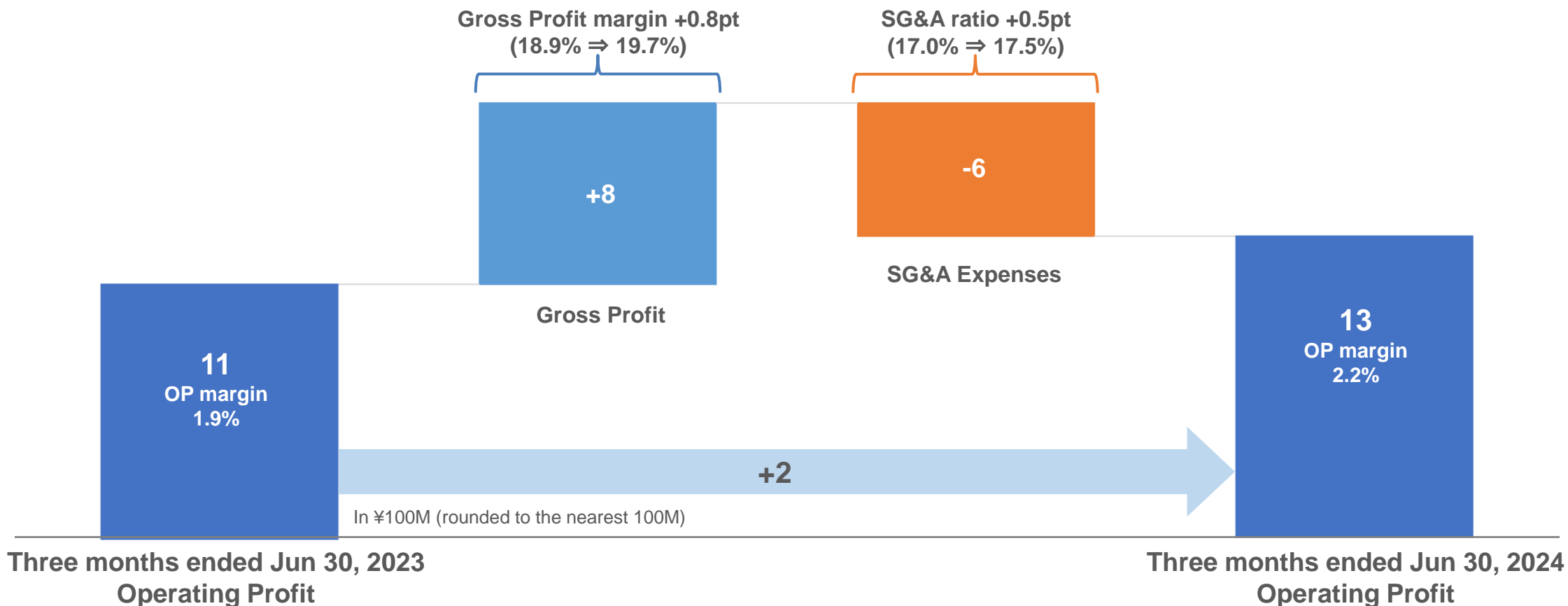
Quarterly operating profit trend by segment



10. Parent Company Operating Profit Analysis

- Operating profit up ¥200M (+18.8%)

Gross Profit	Gross profit up ¥800M due to higher profitability, resulting from successful price negotiations and a higher utilization rate in addition to sales growth. Gross profit margin up 0.8 points.
SG&A Expenses	SG&A expenses up ¥600M due to an increase in personnel to accommodate business growth. SG&A ratio up 0.5 points.



11. Parent Company Net Sales/Operating Profit Trend

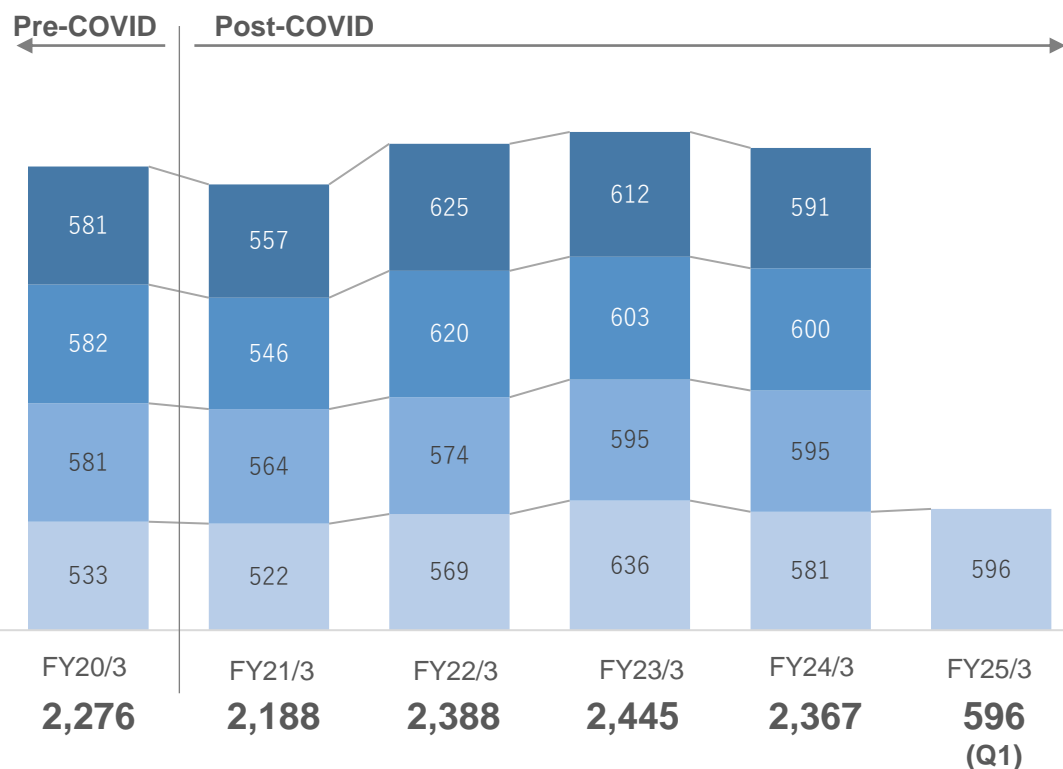


- Net sales achieved solid growth. Although on a weak note, operating profit surpassed pre-COVID levels, showing steady growth.

Net sales trend: Parent Company

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

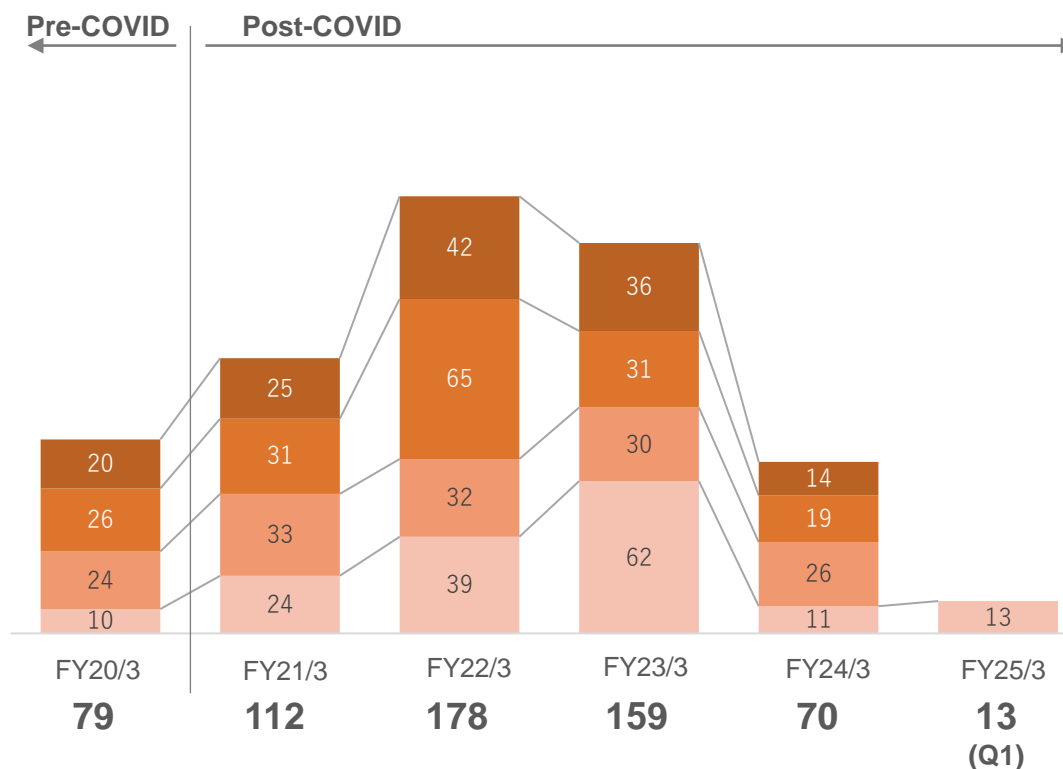
■ Q1 ■ Q2 ■ Q3 ■ Q4



Operating profit trend: Parent Company

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

■ Q1 ■ Q2 ■ Q3 ■ Q4



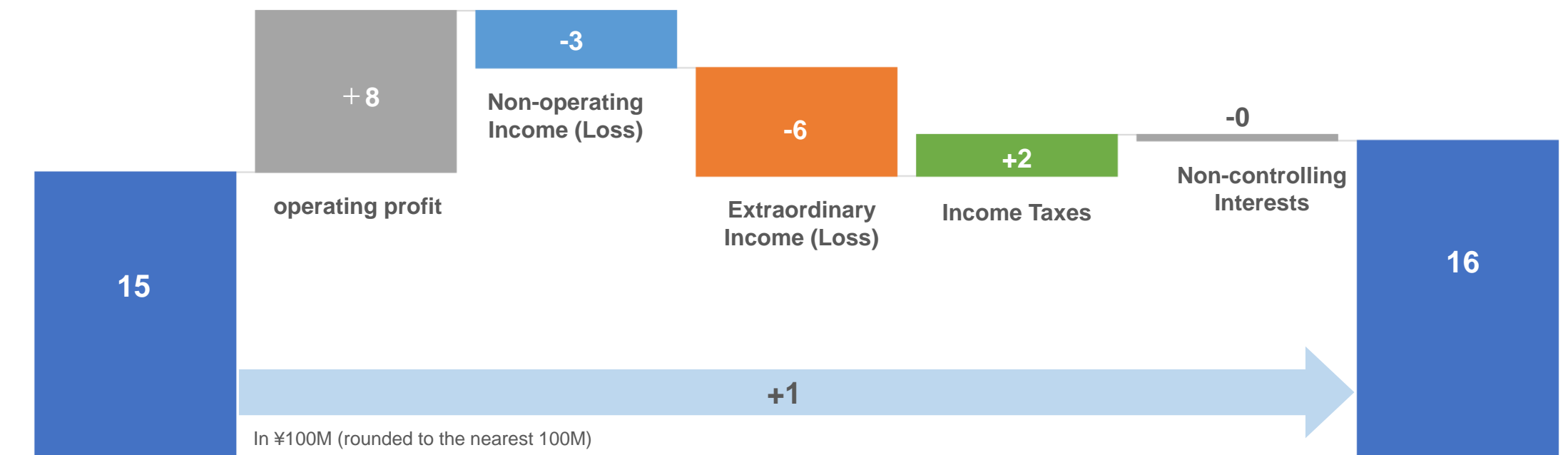
*Effective from the start of FY2022/3, the Company has adopted the “Accounting Standard for Revenue Recognition.”

- In FY21/3 sales, revenue from agent transactions has been restated using the net amount recognition method.
- In sales of FY20/3 and earlier years, revenues have not been restated with such a method.

12. transcocosmos inc. Profit Analysis

- transcosmos inc. profit up ¥100M (+9.6%)

Non-operating Income (Loss)	Down ¥300M due to the recording of share of loss of entities accounted for using equity method (share of profit posted in the same period last year) and a decrease in exchange gain.
Extraordinary Income (Loss)	Down by ¥600M due to an increase in loss on valuation of securities and the impact of gain on sale of securities posted in the same period last year.
Income Taxes	Down ¥200M due to a decrease in profit before income taxes.



Three months ended Jun 30, 2023
transcosmos inc. Profit

Three months ended Jun 30, 2024
transcosmos inc. Profit 15

13. Consolidated Balance Sheet Summary



- **Current assets:** Notes and accounts receivable – trade decreased due mainly to the collection of trade receivables at the end of the previous fiscal year.
- **Non-current assets:** Deferred tax assets increased.
- **Liabilities:** Provision for bonuses increased, representing the obligation to pay bonuses for the current fiscal year.
- **Net assets:** Retained earnings decreased.

In ¥100M (rounded to the nearest 100M)	End of Mar. 2024	End of Jun. 2024	Change	
Current assets	1,448	1,441	-7	• Notes and accounts receivables – trade -26
Non-current assets	547	558	+12	• Investment securities-6 • Shares of subsidiaries and associates +7 • Deferred tax assets +8
Total assets	1,994	1,999	+5	
Current liabilities	630	655	+24	• Provision for bonuses +22
Non-current liabilities	184	166	-18	
Total liabilities	814	820	+7	• Long-term loans payable -20
Net assets	1,181	1,179	-2	• Retained earnings -14 • Foreign currency translation adjustment +13
Total liabilities & net assets	1,994	1,999	+5	
Cash and deposits	648	645	-3	
Interest-bearing liabilities	186	166	-20	
Net cash*	462	479	+17	
Net cash* to monthly sales ratio	1.5	1.6	+0.1	

*Net cash = Cash and deposits – interest-bearing liabilities

14. CAPEX, Amortization/Depreciation, Employees, Service Bases

● Capital expenditures/Depreciation expenses

In ¥100M (rounded to the nearest 100M)	Three months ended Jun 30, 2023	Three months ended Jun 30, 2024	%Change
Capital expenditures	7	10	40.2%
Depreciation expenses	13	14	4.5%

- CAPEX
Capital expenditures decreased mainly in the Parent Company.
- Depreciation
Depreciation expenses increased mainly due to the Parent Company's center openings in the previous fiscal year.

● Number of Employees

	End of Mar. 2024	End of Jun. 2024	Change
Consolidated basis	40,793	41,176	383
(Temporary employees)	28,971	28,548	-423
Parent Company	17,325	18,028	703
(Temporary employees)	21,626	20,902	-724

- Consolidated basis
Employees increased in the Parent Company and South Korea. Temporary employees decreased in the Parent Company and Domestic Affiliates segments.
- Parent Company
Employees increased due to new graduate hires. Temporary employees decreased due to COVID project completions.

● Service Bases

	End of Mar. 2024	End of Jun. 2024	Change
Service bases	180	182	+2
(Japan)	71	71	0
(Overseas)	109	111	+2

- Overseas
Opened new operations center in Indonesia.

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

- 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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