transcosmos inc. (9715, TSE PRM)

FY3/27 1Q financial results: Progress in line with expectations

August 5, 2026

Alphaterra Advisory View

Overview of 1Q Results

FY3/27 1Q sales increased 7.1% YoY to ¥101.16 billion, marking a record high. Operating profit was ¥3.39 billion, with an operating margin of 3.3% (down 0.6% points YoY), resulting in a YoY decline of -¥0.3 billion due to the contraction of large global projects. The full-year forecast remains unchanged, with sales of ¥410 billion, operating profit of ¥16.8 billion, and an annual dividend forecast of ¥145 per share.

Progress Against Full-Year Forecast

Progress toward the full-year forecast in 1Q was as follows: sales 24.7%, operating profit 20.2%, recurring profit 20.6%, and quarterly profit attributable to owners of the parent 21.1%. 1Q profit was at a level that reflected the impact of a reduction in global projects. Although the profit progress was lower than the sales progress, performance was generally in line with the company's expectations. The company believes that progress remained well within a range that would make the full-year earnings forecast sufficiently achievable.

By Business

The domestic BPO business achieved both sales and profit increase. Operating margin was 6.2%, down -0.5% points YoY, due in part to higher costs associated with the launch of new projects. All three areas—industry-common BPO, industry-specific BPO, and affiliated companies—posted stronger results. The domestic CX business also recorded both sales and profit increase. As adoption of the integrated CX platform increased, the digital contact center business achieved sales increase and improved profitability, while digital integration delivered double-digit sales growth and improved profitability. The global business posted sales increase, but operating profit fell sharply into the red due to the impact of the contraction of global projects in Southeast Asia; however, that the impact had already passed in 1Q. Other affiliated companies posted sales increase but profit decline, with listed subsidiary J-Stream improving its performance while Applied Technology saw a sales decline.

AI Agent Deployment

The number of customers adopting the integrated CX platform "trans-DX for Support" increased to 151, up from 125 at the end of FY3/26 and 100 at the end of FY3/25. In July, the company launched "trans-DX Plus for Support", which incorporates AI agent functionality, and is now promoting adoption of this service.

KEY STATISTICS

Major Stock Price Indexes

Stock Price (8/5/2026, Closing)	¥3,540
52-week High/Low	¥4,150/¥2,825
No. of Shares Issued	43,863,116 shares
Market Capitalization	¥155,495 mn
PER (CoE)	9.84 times
PBR (FY3/26)	1.05 times
Dividend Yield (CoE)	4.09%

Sector

Industry	Service

Key Financial Metrics (FY3/27 CoE)

Sales	¥410,000 mn
Operating Margin (%)	4.1 (%)
ROE (FY3/26)	10.6 (%)

Management

Chairman	Masataka Okuda
Co-presidents	Masaaki Muta Takeshi Kamiya

URL https://www.trans-cosmos.co.jp/english/

Note: Euro-yen denominated convertible bonds with stock acquisition rights, maturing in 2026 (exercise period: Dec.28, 2021 – Nov.30, 2026). Issue price: ¥4,045.6 per share; Total number of underlying common shares: 2,471,821. EPS is presented on a non-diluted basis.

FY end (Consolidated)	Sales (¥ mn)	YoY (%)	OP (¥ mn)	YoY (%)	RP (¥ mn)	YoY (%)	NP (¥ mn)	YoY (%)	EPS (¥)	PER (times)	DPS (¥)	DOE (%)
FY3/23	373,830	5.6%	23,290	-9.9%	23,072	-20.2%	15,767	-26.6%	389.2	9.1	117.0	4.3%
FY3/24	362,201	-3.1%	11,474	-50.7%	13,782	-40.3%	10,097	-36.0%	269.5	13.1	81.0	2.9%
FY3/25	375,849	3.8%	14,475	26.2%	15,683	13.8%	11,332	12.2%	302.4	11.7	106.0	3.5%
FY3/26	393,866	4.8%	16,558	14.4%	18,970	21.0%	13,084	15.5%	349.2	10.1	140.0	4.2%
FY3/27 1Q	101,163	7.1%	3,386	-8.0%	3,661	-17.0%	2,847	-16.3%	76.0	-	-	-
FY3/27 CoE	410,000	4.1%	16,800	1.5%	17,800	-6.2%	13,500	3.2%	360.3	9.8	145.0	-

FY3/27 1Q Results

Overview

- 1Q sales increased 7.1% YoY, marking the ninth consecutive quarter of sales growth and a record high. 1Q operating profit declined 8.0% YoY, and the operating margin of 3.3% was down 0.6% points YoY, though up 0.2% points QoQ. The decline in profit was mainly due to the impact of the contraction of large global projects.
- Progress against the full-year forecast in 1Q was as follows: sales 24.7%, operating profit 20.2%, recurring profit 20.6%, and quarterly profit attributable to owners of the parent 21.1%. Although profit progress lagged behind sales progress, performance was broadly in line with company expectations because the reduction in global projects had already been factored into the plan.
- Foreign exchange had a positive impact of approximately ¥1.3 billion on overseas subsidiaries, mainly due to the YoY appreciation of the average renminbi rate. Excluding foreign exchange effects, sales in foreign-currency terms increased by approximately ¥1.2 billion, or 4.7% YoY. The impact on operating profit was immaterial.
- Quarterly profit before tax increased due to higher extraordinary gains, but quarterly profit attributable to owners of the parent decreased 16.3% YoY because of higher income taxes and other factors.

Parent Services

- The operating margin of parent services was 3.2%, up 0.3% points YoY. This was mainly due to sales increase, improved utilization, and progress in price-hikes negotiations, as well as a 0.2% points YoY improvement in gross margin from a sales strategy focused on higher-growth and higher-profitability projects.
- Although SG&A expenses increased YoY as the company invested in strengthening consulting and AI capabilities and improving information security, SG&A as a % of sales remained flat YoY at 17.1%.Business Breakdown

Domestic BPO business

- Sales in the domestic BPO business increased 12.4% YoY, and operating profit rose 3.7% YoY, although the operating margin of 6.2% declined by 0.5% points YoY.
- The industry-common BPO business posted 3.2% YoY sales growth, offsetting the postponement of some large projects to 2Q with an increase in new projects. Upfront costs associated with launching new projects and higher AI utilization costs weighed on the overall operating margin of the domestic BPO business.
- The industry-specific BPO business, led by construction-related operations, increased sales per client and achieved 6.4% YoY sales growth, with improved profitability.
- Affiliated companies posted a sharp 81.6% YoY increase in sales, supported by the expansion of outsourced scope at some joint ventures from the previous 2Q and the consolidation of newly added entities, while profitability improved.

Domestic CX Business

- Sales in the domestic CX business increased 4.8% YoY, operating profit rose 34.0% YoY, and the operating margin of 3.4% improved by 0.7% points YoY.
- The digital contact center business grew sales 2.6% YoY, driven by new projects and higher sales per client.
- Sales of the high-margin digital integration business grew 11.3% YoY as sales growth returned to double digits after a slowdown in the past quarter. In addition to the normalization of the impact from the contraction of existing large projects in the previous year, new projects and higher sales per client contributed to growth.
- Digital promotion increased sales 9.0% YoY, supported by higher sales per client.
- EC (e-commmerce) one-stop services and others increased sales 15.6% YoY.

Global Business

- The global business applies internal foreign exchange rates and also consolidates the results of some equity-method affiliates. In addition, management costs from parent services are allocated to SG&A, so its operating margin is lower than that of the overseas affiliate segment.
- Sales in the global business increased 3.3% YoY, but operating profit deteriorated by ¥0.83 billion YoY to a loss of ¥0.39 billion.
- The CX business grew 2.9% YoY, driven by higher digital contact center sales in Greater China and Korea.
- The BPO business increased 6.5% YoY, with sales growth in Southeast Asia, Korea, and Greater China.
- The main reasons for the deterioration in operating profit were the contraction of some large projects in Southeast Asia and weaker profitability in the China offshore development business.
- The company views the impact of the contraction of large projects as having largely run its course in 1Q. However, across the global business as a whole, continued weakness in the China offshore development business, as well as temporary sales and profit boosts from inventory disposal in the China EC business in the second half of the previous fiscal year, suggest that there are still certain hurdles to YoY profit recovery.
- In the China offshore development business serving Japanese companies, some impact has been observed as Japanese firms have become more cautious about data handling in China due to economic security concerns.

Other Affiliated Companies

- Other affiliated companies posted 10.6% YoY sales growth and a 21.6% YoY decline in operating profit. Listed subsidiary J-Stream improved its performance, while Applied Technology saw a sales decline.

Topics

- The number of companies adopting the integrated CX platform “trans-DX for Support” increased to 151, up from 125 at the end of FY26/3 and 100 at the end of FY25/3.
- In July, the company launched “trans-DX Plus for Support”, which incorporates AI agent functionality, and will accelerate adoption of this service.
- Capital expenditures in 1Q totaled ¥1.59 billion, up 165.4% YoY. This increase was driven by higher investment in offices, centers, and software for the parent services business, as well as center investments overseas.

Figure 1 Quarterly performance trends

Quarterly Financial Results (¥ mn, %) (Cumulative)	FY3/25				FY3/26				FY3/27	Progress rate	FY3/27 CoE
	1Q	1-2Q	1-3Q	1-4Q	1Q	1-2Q	1-3Q	1-4Q	1Q		
Sales	91,083	185,545	279,864	375,849	94,439	192,111	292,904	393,866	101,163	24.7%	410,000
YoY	2.4%	3.1%	3.1%	3.8%	3.7%	3.5%	4.7%	4.8%	7.1%		4.1%
Gross profit	17,375	35,345	53,721	72,244	18,143	37,201	57,260	76,643	18,718		
YoY	8.8%	6.4%	6.5%	5.8%	4.4%	5.3%	6.6%	6.1%	3.2%		
Gross profit margin	19.1%	19.0%	19.2%	19.2%	19.2%	19.4%	19.5%	19.5%	18.5%		
SG&A	14,331	28,213	42,593	57,769	14,460	29,128	43,851	60,084	15,331		
YoY	4.3%	3.0%	2.1%	1.7%	0.9%	3.2%	3.0%	4.0%	6.0%		
SG&A ratio to sales	15.7%	15.2%	15.2%	15.4%	15.3%	15.2%	15.0%	15.3%	15.2%		
Operating profit	3,043	7,132	11,128	14,475	3,683	8,072	13,409	16,558	3,386	20.2%	16,800
YoY	36.9%	22.1%	27.1%	26.2%	21.0%	13.2%	20.5%	14.4%	-8.1%		1.5%
Operating profit margin	3.3%	3.8%	4.0%	3.9%	3.9%	4.2%	4.6%	4.2%	3.3%		4.1%
Recurring profit	3,763	7,196	12,519	15,683	4,412	9,307	15,525	18,970	3,661	20.6%	17,800
YoY	16.1%	-1.3%	23.6%	13.8%	17.2%	29.3%	24.0%	21.0%	-17.0%		-6.2%
Recurring profit margin	4.1%	3.9%	4.5%	4.2%	4.7%	4.8%	5.3%	4.8%	3.6%		4.3%
Profit attributable to owners of parent	1,610	4,153	7,581	11,332	3,404	6,526	10,419	13,084	2,847	21.1%	13,500
YoY	9.7%	-5.4%	-7.3%	12.2%	111.4%	57.1%	37.4%	15.5%	-16.4%		3.2%
Net profit margin	1.8%	2.2%	2.7%	3.0%	3.6%	3.4%	3.6%	3.3%	2.8%		3.3%

Quarterly Financial Results (¥ mn, %) (3 months)	FY3/25				FY3/26				FY3/27
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q
Sales	91,083	94,462	94,319	95,985	94,439	97,672	100,793	100,962	101,163
YoY	2.4%	3.7%	3.3%	5.7%	3.7%	3.4%	6.9%	5.2%	7.1%
Gross profit	17,375	17,970	18,376	18,523	18,143	19,058	20,059	19,383	18,718
YoY	8.8%	4.1%	6.7%	4.1%	4.4%	6.1%	9.2%	4.6%	3.2%
Gross profit margin	19.1%	19.0%	19.5%	19.3%	19.2%	19.5%	19.9%	19.2%	18.5%
SG&A	14,331	13,882	14,380	15,176	14,460	14,668	14,723	16,233	15,331
YoY	4.3%	1.8%	0.5%	0.6%	0.9%	5.7%	2.4%	7.0%	6.0%
SG&A ratio to sales	15.7%	14.7%	15.2%	15.8%	15.3%	15.0%	14.6%	16.1%	15.2%
Operating profit	3,043	4,089	3,996	3,347	3,683	4,389	5,337	3,149	3,386
YoY	36.9%	13.0%	37.1%	23.1%	21.0%	7.3%	33.6%	-5.9%	-8.1%
Operating profit margin	3.3%	4.3%	4.2%	3.5%	3.9%	4.5%	5.3%	3.1%	3.3%
Recurring profit	3,763	3,433	5,323	3,164	4,412	4,895	6,218	3,445	3,661
YoY	16.1%	-15.2%	87.7%	-13.5%	17.2%	42.6%	16.8%	8.9%	-17.0%
Recurring profit margin	4.1%	3.6%	5.6%	3.3%	4.7%	5.0%	6.2%	3.4%	3.6%
Profit attributable to owners of parent	1,610	2,543	3,428	3,751	3,404	3,122	3,893	2,665	2,847
YoY	9.7%	-12.9%	-9.6%	95.8%	111.4%	22.8%	13.6%	-29.0%	-16.4%
Net profit margin	1.8%	2.7%	3.6%	3.9%	3.6%	3.2%	3.9%	2.6%	2.8%

Source: Compiled by Alphaterra based on company materials.
Note: Rounded to nearest ¥1M (discard below), decimals to 2nd place (rounding). * Calculated by Alphaterra.

Figure 2 Business segment: quarterly performance trends

Segment (¥ mn, %) (Cumulative)	FY3/25 1Q	FY3/25 1-2Q	FY3/25 1-3Q	FY3/25 1-4Q	FY3/26 1Q	FY3/26 1-2Q	FY3/26 1-3Q	FY3/26 1-4Q	FY3/27 1Q
Sales	91,083	185,545	279,864	375,849	94,439	192,111	292,904	393,866	101,163
YoY	2.4%	3.1%	3.1%	3.8%	3.7%	3.5%	4.7%	4.8%	7.1%
Parent company	59,566	120,645	182,461	244,017	62,295	126,514	191,099	255,482	64,944
YoY	2.6%	2.6%	2.7%	3.1%	4.6%	4.9%	4.7%	4.7%	4.3%
Domestic subsidiaries & affiliates	10,406	21,043	32,287	43,286	10,481	21,851	34,272	47,092	12,424
YoY	-3.4%	-0.1%	1.7%	2.3%	0.7%	3.8%	6.1%	8.8%	18.5%
Overseas subsidiaries & affiliates	24,394	50,565	75,269	102,284	25,001	50,615	77,833	105,443	27,447
YoY	5.7%	6.8%	5.6%	6.9%	2.5%	0.1%	3.4%	3.1%	9.8%
Eliminations	-3,283	-6,708	-10,153	-13,738	-3,338	-6,869	-10,301	-14,151	-3,653
Operating profit by segment	3,043	7,132	11,128	14,475	3,683	8,072	13,409	16,558	3,386
YoY	36.9%	22.1%	27.1%	26.2%	21.0%	13.2%	20.5%	14.4%	-8.1%
Operating profit margin	3.3%	3.8%	4.0%	3.9%	3.9%	4.2%	4.6%	4.2%	3.3%
Parent company	1,318	3,354	5,433	7,116	1,831	4,225	7,356	8,687	2,065
YoY	18.7%	-10.0%	-3.5%	1.6%	38.9%	26.0%	35.4%	22.1%	12.8%
Operating profit margin	2.2%	2.8%	3.0%	2.9%	2.9%	3.3%	3.8%	3.4%	3.2%
Domestic subsidiaries & affiliates	709	1,489	2,282	2,866	889	1,679	2,663	3,337	789
YoY	-1.8%	25.0%	38.5%	49.3%	25.4%	12.8%	16.7%	16.4%	-11.2%
Operating profit margin	6.8%	7.1%	7.1%	6.6%	8.5%	7.7%	7.8%	7.1%	6.4%
Overseas subsidiaries & affiliates	1,020	2,344	3,510	4,643	959	2,185	3,470	4,630	533
YoY	162.2%	151.5%	138.3%	82.4%	-6.0%	-6.8%	-1.1%	-0.3%	-44.4%
Operating profit margin	4.2%	4.6%	4.7%	4.5%	3.8%	4.3%	4.5%	4.4%	1.9%
Eliminations	-4	-55	-97	-150	4	-17	-81	-96	-1
Segment (¥ mn, %) (3 months)	**FY3/25 1Q**	**FY3/25 2Q**	**FY3/25 3Q**	**FY3/25 4Q**	**FY3/26 1Q**	**FY3/26 2Q**	**FY3/26 3Q**	**FY3/26 4Q**	**FY3/27 1Q**
Sales	91,083	94,462	94,319	95,985	94,439	97,672	100,793	100,962	101,163
YoY	2.4%	3.7%	3.3%	5.7%	3.7%	3.4%	6.9%	5.2%	7.1%
Parent company	59,566	61,079	61,816	61,556	62,295	64,219	64,585	64,383	64,944
YoY	2.6%	2.6%	3.0%	4.2%	4.6%	5.1%	4.5%	4.6%	4.3%
Domestic subsidiaries & affiliates	10,406	10,637	11,244	10,999	10,481	11,370	12,421	12,820	12,424
YoY	-3.4%	3.4%	5.3%	4.1%	0.7%	6.9%	10.5%	16.6%	18.5%
Overseas subsidiaries & affiliates	24,394	26,171	24,704	27,015	25,001	25,614	27,218	27,610	27,447
YoY	5.7%	7.9%	3.3%	10.7%	2.5%	-2.1%	10.2%	2.2%	9.8%
Eliminations	-3,283	-3,425	-3,445	-3,585	-3,338	-3,531	-3,432	-3,850	-3,653
Operating profit by segment	3,043	4,089	3,996	3,347	3,683	4,389	5,337	3,149	3,386
YoY	36.9%	13.0%	37.1%	23.1%	21.0%	7.3%	33.6%	-5.9%	-8.1%
Operating profit margin	3.3%	4.3%	4.2%	3.5%	3.9%	4.5%	5.3%	3.1%	3.3%
Parent company	1,318	2,036	2,079	1,683	1,831	2,394	3,131	1,331	2,065
YoY	18.7%	-22.2%	9.3%	22.4%	38.9%	17.6%	50.6%	-20.9%	12.8%
Operating profit margin	2.2%	3.3%	3.4%	2.7%	2.9%	3.7%	4.8%	2.1%	3.2%
Domestic subsidiaries & affiliates	709	780	793	584	889	790	984	674	789
YoY	-1.8%	66.3%	73.5%	114.7%	25.4%	1.3%	24.1%	15.4%	-11.2%
Operating profit margin	6.8%	7.3%	7.1%	5.3%	8.5%	6.9%	7.9%	5.3%	6.4%
Overseas subsidiaries & affiliates	1,020	1,324	1,166	1,133	959	1,226	1,285	1,160	533
YoY	162.2%	143.8%	115.5%	5.6%	-6.0%	-7.4%	10.2%	2.4%	-44.4%
Operating profit margin	4.2%	5.1%	4.7%	4.2%	3.8%	4.8%	4.7%	4.2%	1.9%
Eliminations	-4	-51	-42	-	4	-21	-64	-15	-1

Source: Compiled by Alphaterra based on company materials.
Note: Rounded to nearest ¥1M (discard below), decimals to 2nd place (rounding). * Calculated by Alphaterra.

Figure 3 Sales & operating profit by business segment: quarterly performance trends

Sales by Business (management accounting) (¥ mn, %)	FY3/26 1Q	2Q	3Q	4Q	FY3/27 1Q
Domestic BPO business	28,250	29,990	31,110	30,930	31,740
Operating profit	1,890	-	-	-	1,960
Operating profit margin	6.7%	-	-	-	6.2%
Industry-agnostic BPO	17,280	17,630	17,560	17,660	17,920
Industry-specific BPO	8,130	8,190	8,380	8,430	8,650
Affiliates	2,840	4,160	5,170	4,840	5,170
Domestic CX business	46,810	48,550	49,120	49,210	49,070
Operating profit	1,260	-	-	-	1,690
Operating profit margin	2.7%	-	-	-	3.4%
Of which, trans-DX for Support					
Number of adopting companies		117		125	151
Digital contact centers	28,500	29,580	29,490	28,760	29,250
Digital integration	7,190	7,370	7,540	8,360	8,010
Digital Promotion	8,550	8,630	9,330	9,470	9,320
E-commerce support/other	1,300	1,550	1,580	1,490	1,500
Affiliates	1,270	1,420	1,180	1,130	990
Global business	26,480	27,370	28,090	28,160	27,350
Operating profit	440	-	-	-	-390
Operating profit margin	1.7%	-	-	-	-1.4%
CX business	23,580	24,340	25,060	24,400	24,260
Greater China	4,990	5,720	6,090	5,980	5,390
South Korea	11,690	12,050	12,660	12,480	12,860
Southeast asia	6,220	6,080	5,850	5,460	5,610
Europe & US/Other	680	490	460	480	400
BPO business	2,900	3,030	3,030	3,760	3,090
Greater China	2,240	2,300	2,340	3,060	2,300
South Korea	350	380	340	370	360
Southeast asia	310	350	350	330	430
Europe & US/Other	-	-	-	-	-
Total sales by regions	26,480	27,370	28,090	28,140	27,350
Greater China	7,230	8,020	8,430	9,030	7,690
South Korea	12,040	12,430	13,000	12,850	13,220
Southeast asia	6,530	6,430	6,200	5,800	6,040
Europe & US/Other	680	490	460	460	400
Other affiliates	6,620	-	-	-	7,320
Operating profit	800	-	-	-	630
Operating profit margin	12.1%	-	-	-	8.6%
Total sales by businesses	108,160	-	-	-	115,480
Intercompany eliminations, etc.	-2,090	-	-	-	-1,510
Sales (management accounting)	106,060				113,960
Total operating profit by businesses	4,390				3,890
Intercompany eliminations, etc.	-380				-310
Operating profit (management accounting)	4,010				3,580
Operating profit margin	3.8%				3.1%

Source: Compiled by Alphaterra based on company materials.
Note: Rounded to nearest ¥1M (discard below), decimals to 2nd place (rounding). * Calculated by Alphaterra.

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