



FY2022/3 Interim Business Report

April 1, 2021 ▶ September 30, 2021

transcosmos inc.
Securities Code: 9715

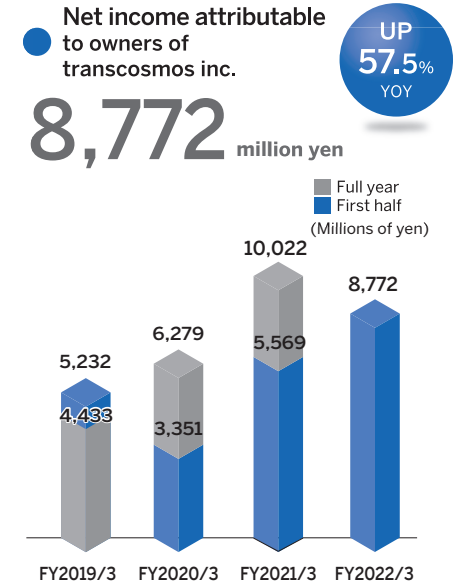
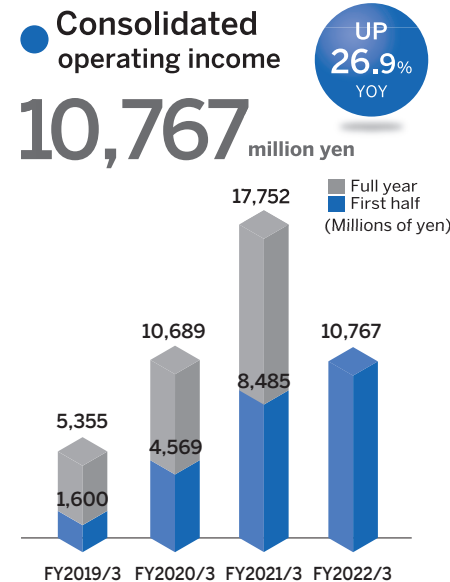
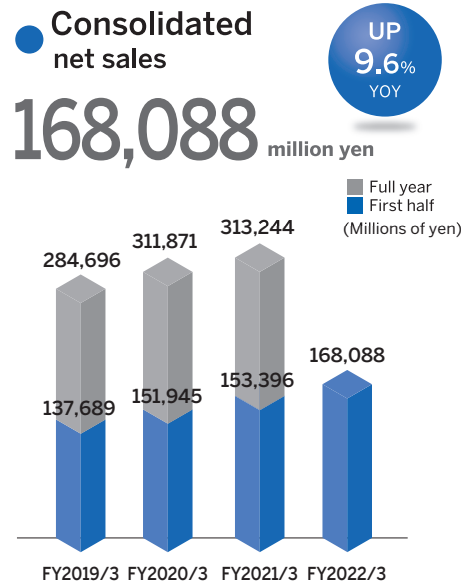
Note: This English translation is for reference purposes only. In the event of any discrepancy between the Japanese original and this English translation, the Japanese original shall prevail.

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, 2022 (April 1, 2021 to September 30, 2021).



Notes: 1. The Company has adopted the "Accounting Standard for Revenue Recognition" and the related guidance from the fiscal year 2022. Accordingly, some of the 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).

2. Net sales for the fiscal year 2021 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 business environment where our Group operates, demand 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 enable companies to promote digitalization, build up e-commerce and other contactless sales channels, apply teleworking models, and implement BCP measures. Against this backdrop, and as the digital transformation

partner of our clients, our Group has continued to take an energetic approach, delivering 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. At the same time, building on our Group's immense execution capability, we have also played a role as a social infrastructure, proactively providing the national and local governments with services that assist them in carrying out various policies. In addition, we have created and released services as well as enhanced our organizational structure in order to meet the accelerated demand for digital transformation (DX) in both the public and private sectors.

Initiatives for Reinforcing Services & Organizational Structure

Specifically, we deployed Google Cloud Contact Center AI to Avaya Japan's platform for the first time in Japan, thereby enhancing our conversational AI services. With a feature that hands over AI-User conversational data to agents, there is no need for users to repeat their inquiries which significantly takes the burden off users. At the same time, it makes agents solve user problems quicker than ever as they know user inquiries before interacting with users.

We also released the LINE Official Account 100% Utilization Diagnostics service. By leveraging our abundant service record in implementing and operating 250 LINE Official Accounts for about 200 clients, we assess the LINE Official Account utilization rate with our six proprietary performance indicators, and help businesses solve their challenges and operate their accounts more effectively than ever.

In addition, we began offering Business Support AI Service - AI chatbot operations services designed for B2B businesses. The service comes with an AI chatbot and a dedicated annotation trainer who performs real-time tuning. Chatbot saves man-hours for inquiry handling, and helps our clients keep up with employee inquiries about internal procedures and systems that have increased due to the adoption of remote working models. By making chatbots handle inquiries related to BPO services, we will further streamline our back-office services.

With regard to our initiatives for enhancing our organizational structure, we set up the DX Promotion Division under our DEC Headquarters to strengthen the link among various DEC services, and to push our multichannel integrated services. We will enhance our services that comprehensively help our clients achieve DX. Also, given that teleworking has taken root in the Company, we have discussed how we should best own and utilize our business premises in order to adapt to this new workstyle in terms of both employee engagement and cost optimization over the medium term. As a first step, we canceled

the lease agreement of the current Tokyo Main Office located in Shibuya, and moved and centralized Headquarter functions to the Tokyo Main Office 2 in Ikebukuro, and moved all Sales functions to Shibuya First Tower.

Initiatives for Global Growth

We have also promoted our initiatives for accelerating global expansion. For example, we opened a new warehouse in the center of Jakarta, and beefed up our e-commerce business targeting the market. In South Korea, we released Global E-Commerce Service that helps South Korean companies open and operate their shops on Rakuten Ichiba. Our Global E-Commerce Service not only covers the entire processes required for Korean brands to open their shops on Rakuten Ichiba, i.e. completing the registration process, building online shops, planning content for brand storefronts, designing, and translating their websites into Japanese, but also offers post-opening operational services including ad planning, marketing, analysis, and customer care at one-stop.

Initiatives for Future

We will constantly strive to create services that best suit the needs of our clients, more specifically, to expand revenues and optimize costs. At the same time, we will

accelerate business development globally, especially in Asia, to achieve 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 by returning profits to shareholders.

At this point, we have yet to make a decision on the dividend for the fiscal year ending March 31, 2022. 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 2021

Sincerely,

Masataka Okuda

President & COO

Our Business

Number of bases
170 (Japan: 66 bases Global 104 bases; 29 countries/regions)

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 (56 years in business, one of the longest in the helpdesk ¹ 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 18,720 workstations as well as 47 bases and 18,490 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

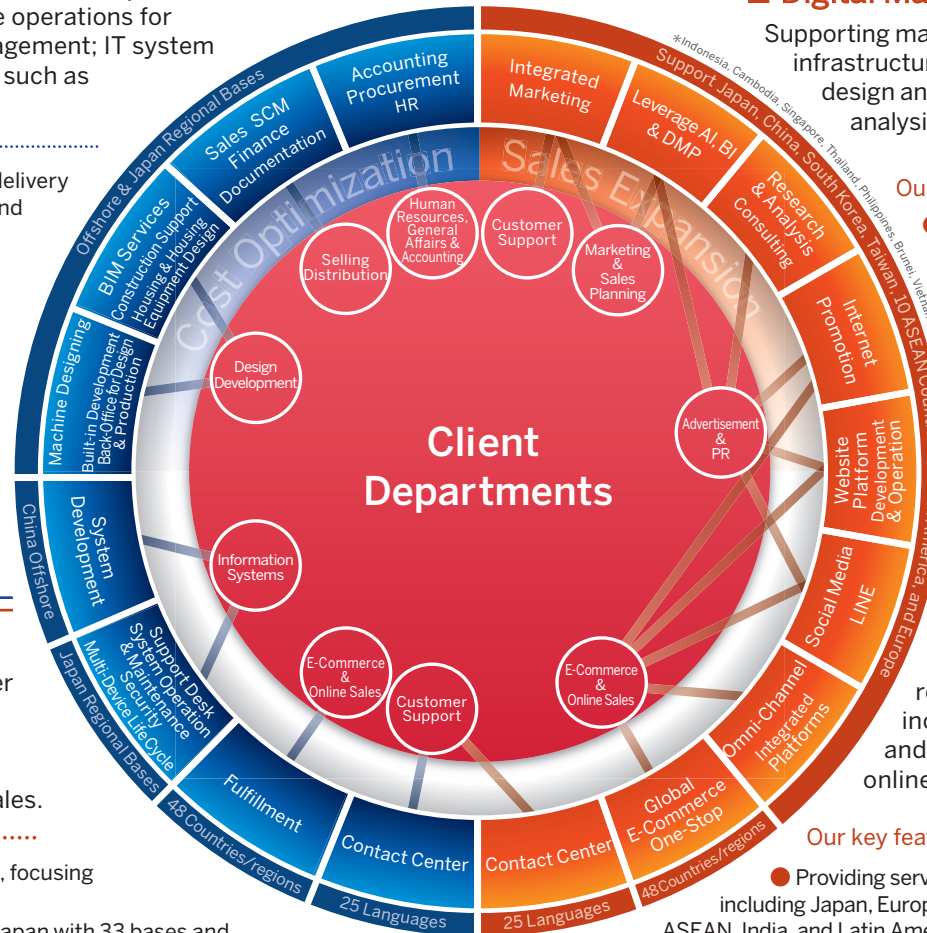
- Digital marketing service provider focusing on Japan, China, and South Korea
- Established a one-stop support framework that includes all services, from Internet promotion to website design and operation
- Created one of the largest website development and operations service networks in Japan
- Actively introducing the latest ad technology ² 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 e-commerce 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



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.

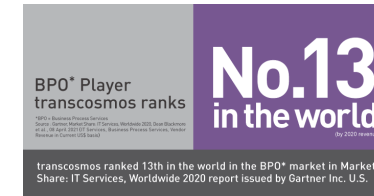
As of September 30, 2021

Special Feature: Our Business Process Outsourcing (BPO) Services

With the power of our operational excellence and various technologies including AI and RPA, transcocosmos BPO services transform all kinds of business processes including planning & development, manufacturing, logistics, corporate services, selling, customer service, and more. We deliver end-to-end BPO services that underpin the foundation of our clients' businesses.

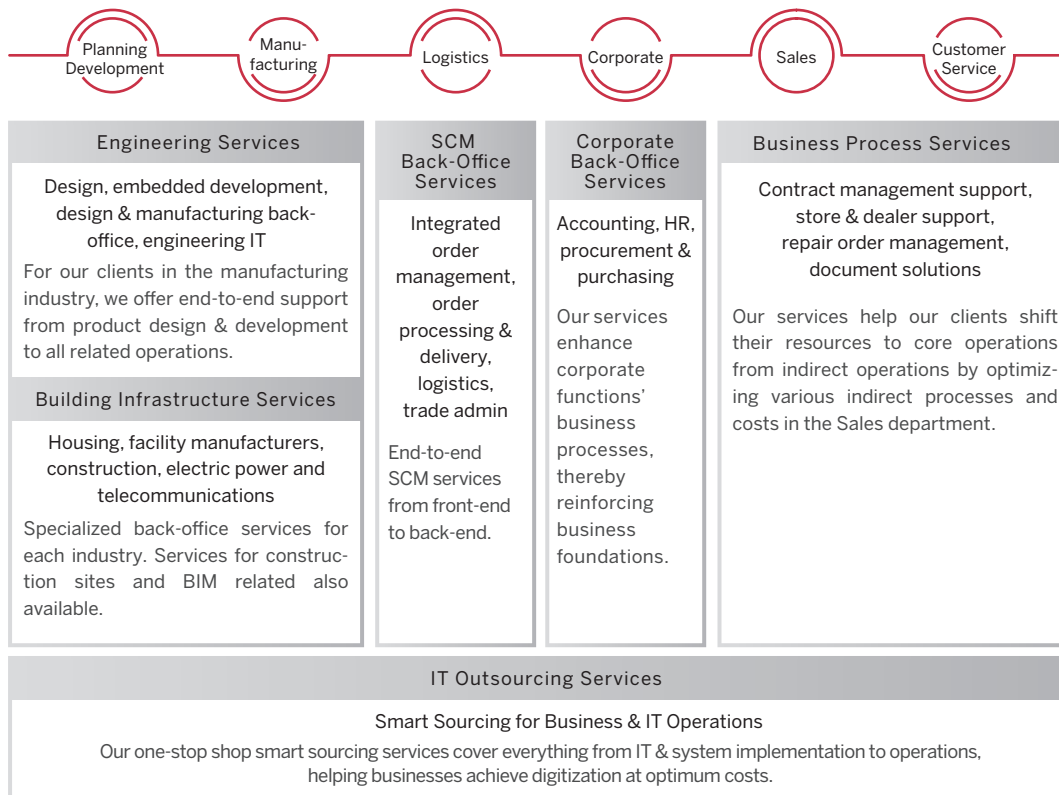


transcocosmos named the world's No.13 BPO (Business Process Services) player in Gartner Market Share: IT Services, Worldwide 2020.



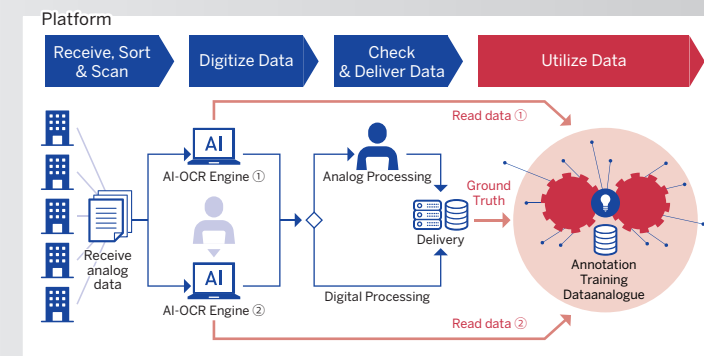
transcocosmos BPO services

Main back-office services



Combining BPO and DX, we optimize the entire operations

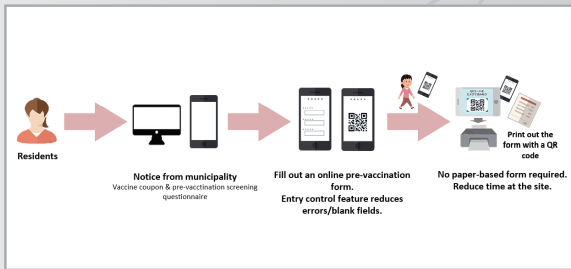
For insurance administration operations such as member acquisition, screening, payment and conservation, we offer one-stop shop services from receiving & entering data, registration, screening, checking incomplete data, to delivering complete data to our clients. Our platform is equipped with various OCR software like AI-powered OCR. To maximize OCR accuracy, we process images and tune OCR with our tested expertise. We also use additional, unique systems designed for each task such as data entry systems that match agents' skill levels. What's more, our services come with a fine-tuned follow-up by our people.



We help our clients streamline the entire process and optimize costs with our end-to-end operational services that combine operations and IT.

Services & Business Enhancement Initiatives

Released a packaged service - COVID-19 vaccination booking system+DEC Bot for Government, the online chatbot service for filling out pre-vaccination screening form



Joined the ServiceNow Sales and Service Partner Program modules



Beefed up ASEAN sales team and group's development network in Singapore



2021

April

May

June

July

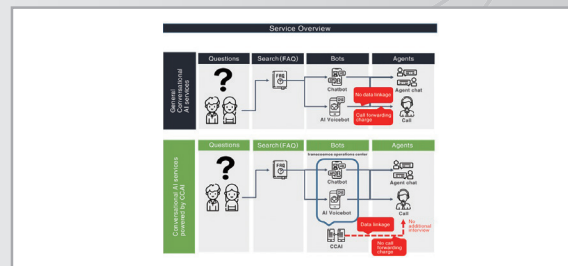
August

September

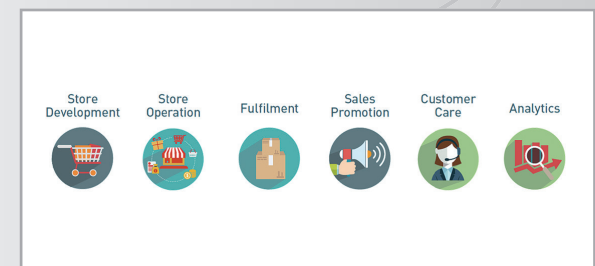
Released the LINE Official Account 100%Utilization Diagnostics service



For the first time in Japan, deployed Google Cloud Contact Center AI to Avaya Japan's platform. Enhanced transcosmos conversational AI services



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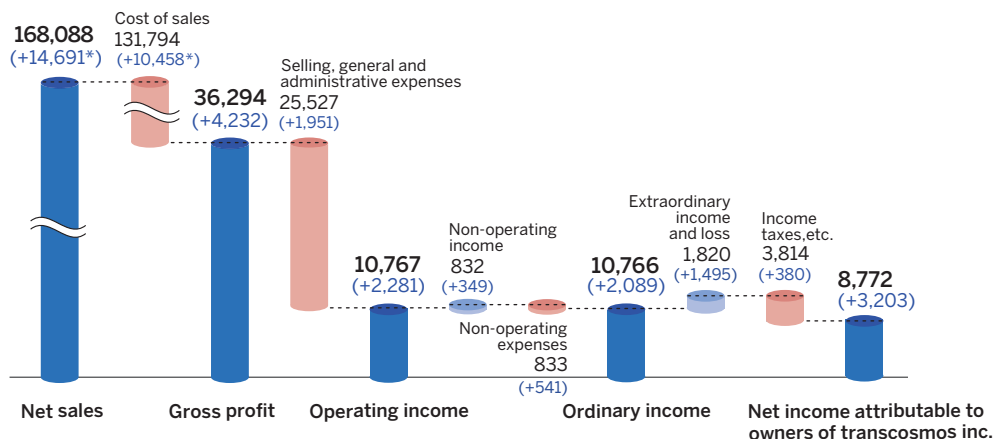


Consolidated Financial Results

Consolidated Statement of Income

(Millions of yen)

First half of FY2022/3 (April 1, 2021–September 30, 2021)



- Notes: 1. Bar graphs are not proportionate to corresponding values for ease of understanding.
 2. Figures in parentheses are year-on-year changes.
 3. The Company has adopted the "Accounting Standard for Revenue Recognition" and the related guidance from the current fiscal year. Accordingly, some of the 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).
 * In the year-on-year change figures, the previous year's net sales and cost of sales generated from transactions that are deemed to be agency transactions are restated on a net basis from a gross basis.

Net sales

Sales were up in all business segments, underpinning a 9.6% year-on-year growth in net sales. The growth in the Parent Company segment was driven by an increase in orders, primarily from the public sector. The Domestic Affiliates segment, primarily listed subsidiaries, saw a favorable trend in orders, and subsidiaries in South Korea, Southeast Asia and China increased orders in the Overseas Affiliates segment.

Operating income

All business segments achieved higher profits, which culminated in a 26.9% rise in operating income over the corresponding period of a year earlier. Taking a closer look into each segment, the Parent Company achieved healthier profitability in outsourcing services in addition to higher net sales. In the Domestic Affiliates segment, listed subsidiaries achieved higher profitability, and the Overseas Affiliates segment, primarily subsidiaries in South Korea and Southeast Asia grew profitability.

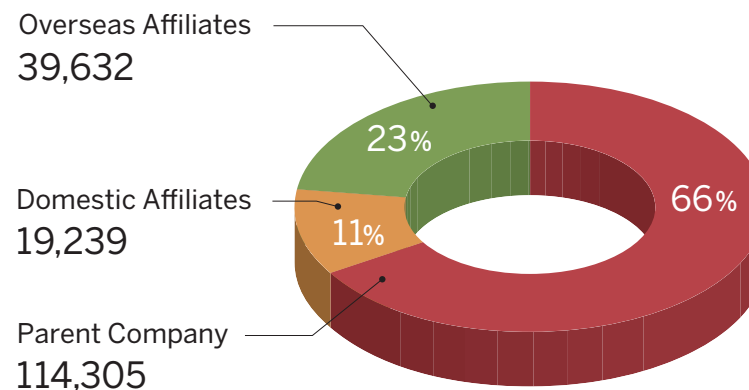
Net income attributable to owners of transcosmos inc.

Increases in operating income and ordinary income fueled significant growth in net income attributable to owners of transcosmos inc. of 57.5% year on year.

Net Sales by Segment

(Millions of yen)

First half of FY2022/3 (April 1, 2021–September 30, 2021)



Note: Figures are not adjusted for -¥5.087 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

Corporate & Stock Information

Corporate Information (As of September 30, 2021)

Registered Name	transcosmos inc.
Date of Foundation	June 18, 1985
Paid-in Capital	¥29,065 million
Employees	Group : 65,787 (Japan: 43,570; Overseas: 22,217)
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 Office	Shibuya First Tower 1-2-20, Higashi, Shibuya-ku, Tokyo 150-0011 Japan

Stock Information (As of September 30, 2021)

Shares Authorized for Issue	150,000,000
Shares Issued	48,794,046
Stockholders	10,188

Principal Stockholders (As of September 30, 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)	3,153	6.46
The Master Trust Bank of Japan, Ltd. (Account in Trust)	2,646	5.42
Mihoko Hirai	1,463	3.00
GOVERNMENT OF NORWAY Limited Company HM Kosan	966	1.98
722	1.48	
Employee Shareholding Association of transcosmos inc.	660	1.35
THE BANK OF NEW YORK MELLON 140042	545	1.12

Notes: 1. Other than the above, the Company retains 7,320 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.



<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.