



FY2022/3 Business Report

April 1, 2021 ▶ March 31, 2022

transcosmos inc.
Securities Code: 9715

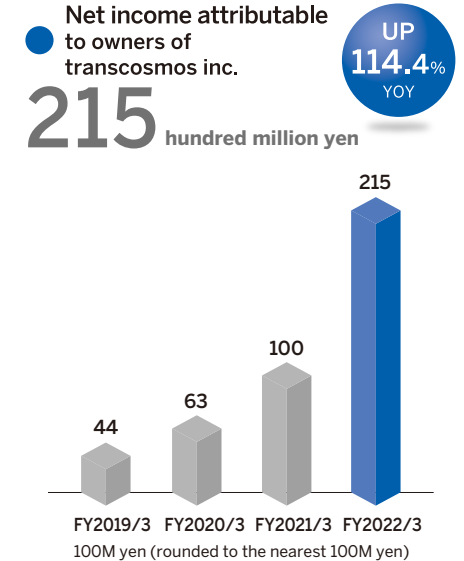
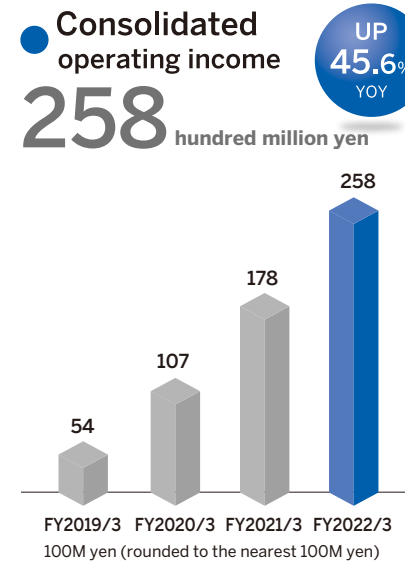
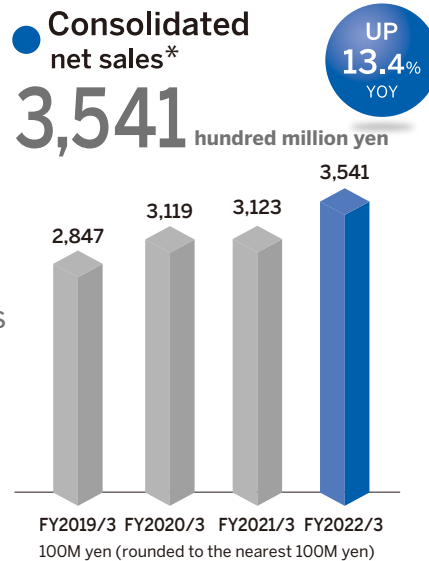
Note: This English translation is for reference purposes only. In the event of any discrepancy between the Japanese original and this English translation, the Japanese original shall prevail.

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 fiscal year ended March 31, 2022 (April 1, 2021 to March 31, 2022).



* The Company has adopted the "Accounting Standard for Revenue Recognition" and the related guidance from the fiscal year 2022. 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 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, 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 enable companies to promote digital transformation (DX), expand e-commerce and other contactless sales channels, apply teleworking models, and implement BCP measures.

Against this backdrop, and as a digital transformation partner for 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 along with the private sector with services that assist them in carrying out

various policies, which have translated into order growth. We also have ardently delivered new and existing services in overseas markets with a particular focus on growing industries under the COVID-19 crisis, including e-commerce and food delivery. We also successfully enhanced profitability by generating healthier profitability from existing projects and acquiring high-profit deals. At the same time, we have carried out initiatives for our future growth such as strengthening our service competitiveness both in Japan and abroad, creating and delivering services as well as reinforcing our organizational structure in order to meet the accelerated demand for DX in both the public and private sectors.

Business Growth Initiatives: DEC & BPO Services

In the DEC services business segment where we provide one-stop shop services for marketing, sales and customer communication – touchpoints between our clients and their customers – we have broadened our service portfolio for assisting public and private

organizations in achieving their DX, as well as bolstered organizational structure.

In order to enhance our services, we began offering more services powered by digital technologies. Specifically, we launched LINE Official Account 100% Utilization Diagnostics service, which is Japan's first contact center service equipped with LINE AiCall. In addition, with the aim of further spreading home-based contact center services, we began support desk service operations for home-based CC (Contact Center) in full-scale. Furthermore, we focused on delivering and promoting services designed for the public sector, in particular for local governments, including DEC Bot for Government, our chatbot services that enable citizens to pre-fill an application form for a COVID-19 vaccination certificate online, and KANAMETO, the DX tool powered by LINE.

With regard to our initiatives for enhancing organizational structure, we setup the DX Promotion Division under the Digital Marketing·E-Commerce·Contact Center (DEC) Headquarters to strengthen the link among various DEC services, and to push our multichannel integrated services.

In the BPO services business sector where we manage our clients' operational processes in a simple, speedy and accurate way,

and ultimately optimize them with the power of digital technologies, we enhanced services that help our clients optimize costs. At the same time, we also enhanced our service quality to elevate service competitiveness.

Under the initiative aimed at enhancing the services, we joined the ServiceNow Sales and Service Provider Program modules. This expands our work with ServiceNow as a member of the ServiceNow Sales and Service Provider Partner Program modules in Japan. Membership in this partner program module enables us to deliver IT outsourcing services with Now Platform, which may include sales of Now Platform, resale of products or services, and operate Now Platform in a managed service capacity on behalf of our clients. We also released Business Support AI Service, a packaged service designed for B2B businesses that combines AI chatbot operations services and dedicated annotation trainers who perform real-time tuning. By making chatbots save inquiry handling man-hours, the service helps companies keep up with employee inquiries about internal procedures and systems that have increased due to a shift to a remote working model.

As for our initiatives for achieving higher service quality, we were granted BIM Design & Construction Capital/Delivery ISO 19650-1 and 2, the BSI Verification Certification for Design and Construction based on the assessment standards ISO 19650-1 and 2 by BSI Group Japan K.K., a group company of The British Standards Institution. We are the first Japanese company that received the certification in the entire outsourcing industry including Business Process Outsourcing (BPO). ISO 19650 is a series of international standards that define the collaborative processes for the effective information management in the whole life cycle of any built asset, including initial design, build, maintenance, and end-of-life when using building information modeling (BIM).

transcosmos Group will endeavor to become the trustful Digital Transformation Partner for our clients who assists clients in achieving digitalization by seamlessly connecting DEC and BPO services.

Business Growth Initiatives: Global

In the global market, we increased service lineups and reinforced service frameworks in each local market, primarily in Asia. In South Korea, we released Global E-Commerce Service that helps South

Korean companies open and operate their shops on Rakuten Ichiba. With the opening of three operations centers in the market, we now have the capability to provide outsourcing services from 14 locations and about 5,500 workstations as the leading independent BPO services player in South Korea. In China, Shanghai transcosmos Marketing Services Co., Ltd. (transcosmos China), our wholly-owned subsidiary, launched e-commerce store opening and operations services as well as private domain marketing services on Douyin, the Chinese version of TikTok. In addition, we opened the first operations center in the southwest region of China. Turning to Southeast Asia, we beefed up our sales team targeting the ASEAN market and our Group's global development framework in Singapore. We also opened new operations centers in Vietnam, the Philippines, Thailand, Malaysia and Indonesia. We want to highlight the centers in Thailand and Malaysia in particular, where we have a framework in place to deliver multilingual services. Other initiatives include a partnership with Israel's Global-e (Nasdaq:GLBE), the world's leading cross-border e-commerce platform, through which we have enhanced our service framework for cross-border e-commerce. With this partnership, we help Japanese retailers and brands expand their cross-border e-commerce operations in more than 200 countries and regions across the globe.

As a result of the initiatives mentioned above, we have established a framework that enables us to deliver our services from 102 sites across 27 countries and regions (as of March 31, 2022). transcosmos will continue to provide a wide range of services that assist both local and global companies planning to expand into local markets, in growing sales and optimizing costs.

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. In light of this policy, we have decided to pay a year-end dividend of 156 yen per share for the fiscal year ended March 31, 2022.

Given that it remains unclear when the world can bring the COVID-19 pandemic under control, and the level of impact caused by the spread

of the infections, the outlook for the fiscal year ending March 31, 2023 is still highly uncertain. Nevertheless, as we are the digital transformation partner for our clients, our Group will continue to proactively deliver both DEC and BPO services that assist our clients in managing and transforming their businesses. 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 are aiming 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.

June 2022

Sincerely,
Masataka Okuda
President & COO

Tribute to Our Founder Koki Okuda

We hereby announce with sympathy that Koki Okuda, our Founder, and a director, passed away on April 2nd, 2022, at the age of 85. We are especially thankful for your invaluable support and friendship during his tenure of service.

[Short biography]

Jun 1966: Representative Director & President
Maruei Keisan Center
Jun 1985: Representative Director & President
transcosmos inc.
Jun 1998: Chairman & CEO
Sep 2002: Chairman & Group CEO
Jun 2003: Founder, Group CEO
Apr 2022: Founder, Director
Awarded the Shogoi
(Senior Fifth Rank)
and the Order of the Rising Sun
Gold Rays with Neck Ribbon
by the Government of Japan



Our Business

Dear Stockholders

Our Business
Services & Business
Enhancement Initiatives

Services & Business
Enhancement Initiatives
Consolidated Financial Results

BPO Services

Business Process Outsourcing Services

Integrating operational excellence and various technologies, we transform our clients' business processes, enhance end-to-end business foundation, and help our clients bolster their competitive edge.

- Highly competitive service framework with one of Japan's largest offshore service networks (18 bases in Asia) and domestic nearshore centers.
- Superior quality backed by operational excellence and a strong track record built over 55 years since our foundation.
- Highly specialized services in a wide range of areas – planning & development, manufacturing, logistics, corporate services including accounting and HR, as well as sales and aftersales services.

Main Group companies

DEC Services

Digital Marketing Services

We offer total support services from digital marketing campaigns to website development, management and analytics with our 3,000 people, one of the largest service networks in Asia.

- Blended delivery model using onsite, offshore bases across Asia, and nearshore.
- Optimum services tailored to each industry and business model built on our extensive experience and know-how gained from working with over 600 clients each year.
- Cutting-edge services, including ad tech and MA, services for LINE/other social media, and integrated marketing powered by CDP.

Main Group companies

Cost Optimization × Sales Expansion

Our services help you enhance business foundation and raise competitive edge.

Our end-to-end services range from marketing to customer care.

169 sites in 28 countries/regions across the globe
As of March 31, 2022

Contact Center Services

We optimize communication between businesses and their customers, and digitize customer touchpoints with our operational network, one of the largest in Asia.

- 33 bases in Japan and 48 bases overseas (38,520 workstations in total).
*Including bases of partners/associates.
- Superior quality underpinned by our people development programs and many years of center management operations as the No.1 contact center services player in Japan (*1).
- Diverse CX solutions powered by various digital technologies including chat and speech recognition in 25 languages, with over 10,000 home-based contact center workstations.

Main Group companies

*1 Source: 28th Call Center Sales Survey FY2020, Nihon Ryutsu Sangyo Shimbun

E-Commerce One-Stop Services

Our one-stop services provide all the required features for e-commerce, in line with e-commerce and brand strategies of each business.

- 46 countries/regions, with a focus on e-commerce growth markets.
- Support services for e-commerce businesses tailored to characteristics & culture of each target market in partnership with leading firms in Europe, US, China and ASEAN.
- Full-packaged services for e-commerce, from developing business framework to operations.

Main Group companies

Global Services

We help our clients go global.

Localized services for our clients operating in Asia, Europe, North and South America.



Ranked No.13 in the world in Gartner Market Share: IT Services, Worldwide 2020.



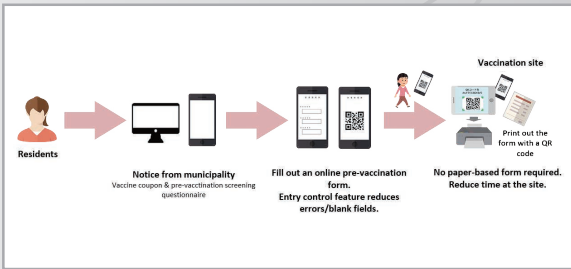
Named a Leader in CXM service providers in the Asia Pacific region by Everest Group.



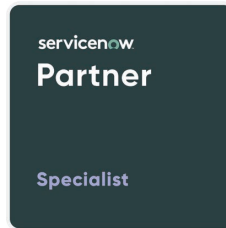
Won TMALL 5 Star rating for the 6th straight year.

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

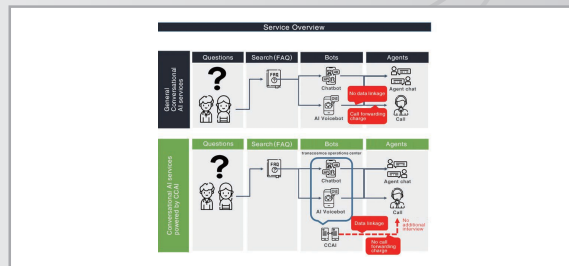
August

September

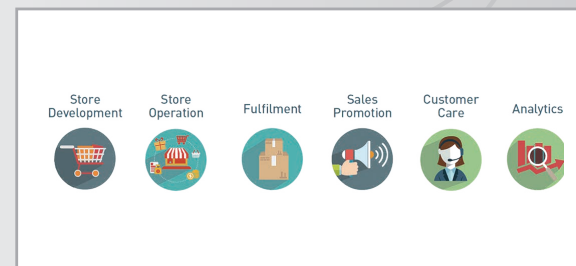
Released the LINE Official Account 100%Utilization Diagnostics service



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



Released Global E-Commerce Service that helps South Korean companies open and operate shops on Rakuten Ichiba



Services & Business Enhancement Initiatives

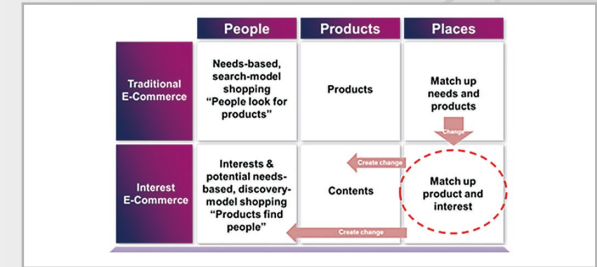
As part of its expansion into Japan, Global-e partnered with transcosmos



Four-party consortium conducted a demonstration experiment of emergency medical care using 5G at St. Marianna University School of Medicine Hospital



transcosmos China launched private domain operations services, e-commerce store operations services for brands on 抖音/Douyin, the Chinese version of TikTok



2021 October

November

December

2022

January

February

March

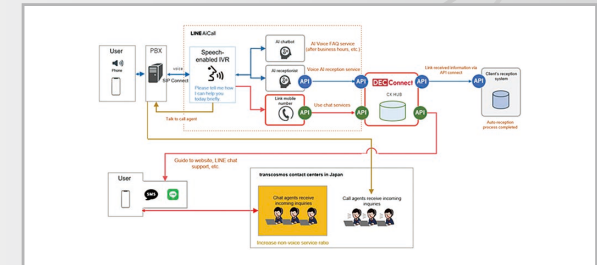
Released Addon CM, a new service package that maximizes ad performance by combining TV commercials and online videos



Awarded the BIM Design & Construction Capital/Delivery ISO 19650-1 and 2 by BSI Group Japan (The British Standards Institution)



Released the first contact center service equipped with LINE AiCall in Japan

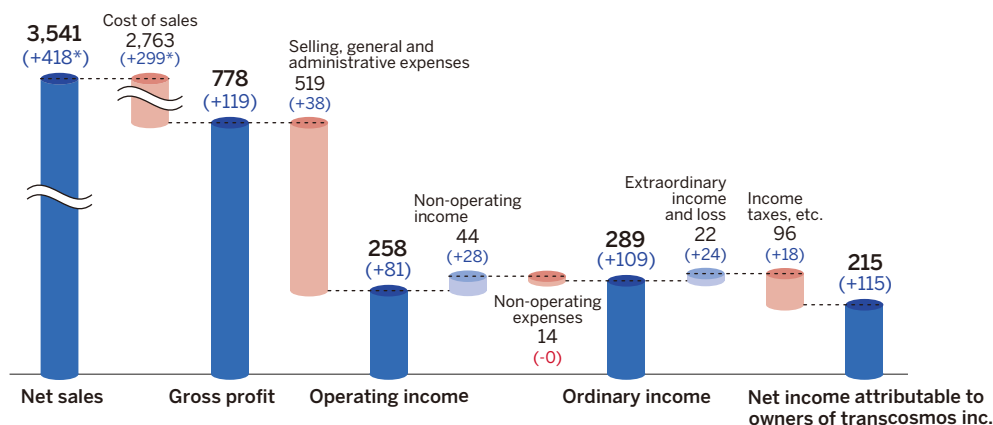


Consolidated Financial Results

Consolidated Statement of Income

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

FY2022/3 (April 1, 2021–March 31, 2022)



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 fiscal year 2022. 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).

* For the purpose of comparison, sales and cost of sales generated from agency transactions in the previous fiscal year are restated to a net basis from a gross basis.

Net sales

Net sales achieved 13.4% year-on-year growth, hit a new all-time high. The growth in the Parent Company segment was primarily driven by increasing demands for COVID-19 related services from both the public and private sectors. In the Domestic Affiliates segment, listed subsidiaries and subsidiaries in the BPO industry saw strong service demands. As for the Overseas Affiliates segment, subsidiaries, in particular those in South Korea, China and Southeast Asia generated higher sales.

Operating income

Operating income rose 45.6% year-on-year, and broke the record. Taking a closer look into each segment, the Parent Company segment achieved healthier project profitability in addition to order growth. In the Domestic Affiliates segment, some listed subsidiaries and BPO subsidiaries generated higher profits. The Overseas Affiliates segment also enjoyed higher profitability, primarily subsidiaries in South Korea and Southeast Asia.

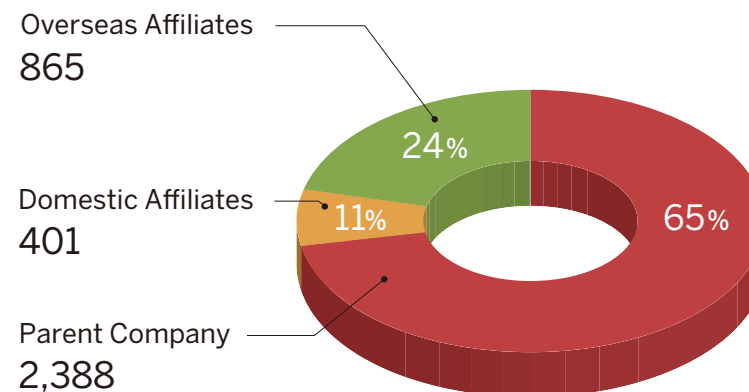
Net income attributable to owners of transcosmos inc.

Net income attributable to owners of transcosmos inc. made significant year-on-year growth of 114.4%. The growth was fueled by an increase in non-operating income as a result of the recording of investment gains on equity method, and an increase in extraordinary income, in addition to the growth in operating income.

Net Sales by Segment

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

FY2022/3 (April 1, 2021–March 31, 2022)



Note: Figures are not adjusted for -114 hundred million 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, 2022)

Registered Name	transcosmos inc.
Date of Foundation	June 18, 1985
Paid-in Capital	¥29,065 million
Employees	Group : 69,512 (Japan: 43,839; Overseas: 25,673)
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, 2022)

Shares Authorized for Issue	150,000,000
Shares Issued	48,794,046
Stockholders	10,328

Principal Stockholders (As of March 31, 2022)

Name	Number of shares (thousand shares)	Ratio of shares (%)
Masataka Okuda	5,937	12.17
Koki Okuda	5,498	11.27
The Master Trust Bank of Japan, Ltd. (Account in Trust)	3,865	7.92
transcosmos foundation	3,753	7.69
Custody Bank of Japan, Ltd. (Account in Trust)	2,410	4.94
Mihoko Hirai	1,463	3.00
THE BANK OF NEW YORK MELLON 140042	1,015	2.08
Limited Company HM Kosan	722	1.48
Employee Shareholding Association of transcosmos inc.	665	1.36
STATE STREET BANK AND TRUST COMPANY 505103	552	1.13

- 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.
4. Koki Okuda died on April 2, 2022. However, as the registration of share transfer is not completed, the late Mr. Okuda's name remains on the list above as a shareholder of record.

Integrated Report 2021

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/2021/inte20211215.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.