

FY2023/3

Interim Business Report

April 1, 2022 >>> September 30, 2022

Global Digital Transformation **Partner**

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.

transcosmos inc.
Securities Code: 9715

Dear Stakeholders,

A Message from our New Co-presidents

transcosmos hereby announces that on June 22, 2022, we renewed our management structure, appointing Koichi Iwami and Masaaki Muta to the position of Representative Director, Co-presidents.



Under the new management, we will deliver services and solutions that meet evolving market and customer needs, while staying true to our founding management philosophy. At the same time, building on the unique strengths of each co-president, we will further accelerate our business growth.

We will reinforce our business base in Japan by pushing forward multi-channel integrated services and strategic platform-based solutions by closely connecting our extensive range of services. Ultimately, we will deliver our services and solutions in the growing global market faster than ever before.

As for our consolidated Group management, we will enhance our digital transformation (DX) services and reinforce sales capabilities in partnership with our Group companies in Japan and overseas. In parallel, we will strengthen our Group's management base and governance structure. With the aim of becoming a company which prospers with society, we will carry forward ESG-conscious management initiatives – being considerate of Environmental, Social and Governance factors – as a company that underpins social infrastructures.

All the while, we will recommit to achieving our Group's stable and long-term growth and a sustainable society.

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

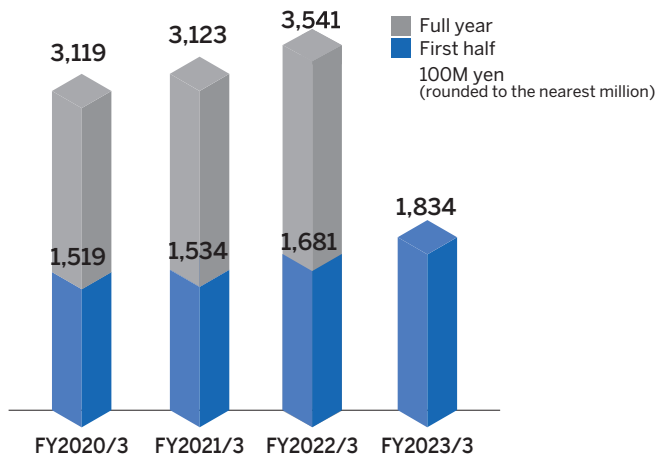
We would like to express our sincere appreciation to shareholders and investors for your continued exceptional support.

Along with greetings to our shareholders and investors, we hereby present a report on our performance in the first half of the fiscal year ending March 31, 2023 (April 1, 2022 to September 30, 2022).

Consolidated net sales*

1,834 hundred million yen

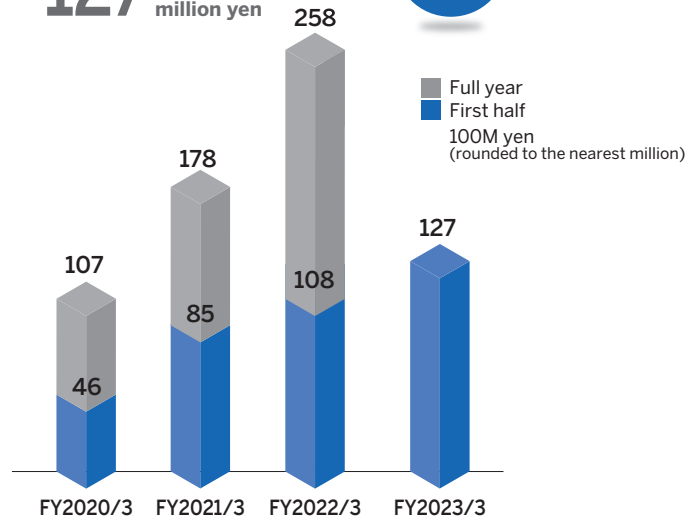
UP
9.1%
YOY



Consolidated operating income

127 hundred million yen

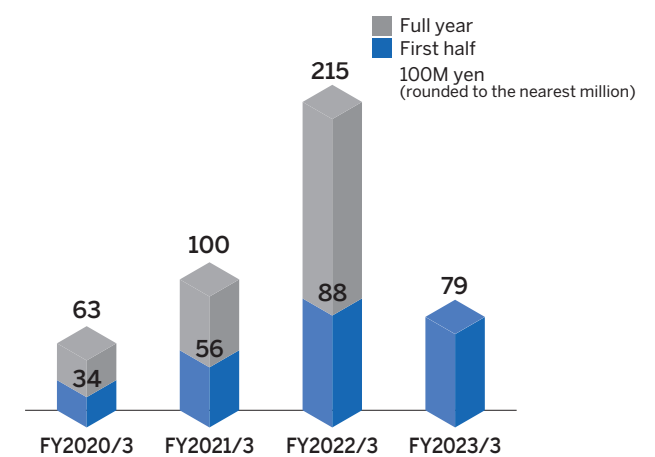
UP
17.9%
YOY



Net income attributable to owners of transcosmos inc.

79 hundred million yen

DOWN
-9.6%
YOY



* 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. In addition, market demands also increased for content moderation, a service which monitors online user-generated content such as comments, images and videos.

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 under the COVID-19 pandemic. In addition, we have carried out initiatives to create and deliver services as well as to reinforce our organizational structure in order to meet our client needs and the accelerated demands for DX both in Japan and overseas.

Dear Stakeholders,

Business Growth Initiatives: DEC & BPO Services

In Japan, we have opened a Sales Chat Center, which aims at further enhancing online customer services. In addition to executing initiatives to drive online traffic via online ads and owned media – the area in which we excel – our sales and marketing specialists with domain expertise make the most of cutting-edge technologies to boost online conversion, helping our clients grow their sales.

We also have launched a demonstration test with NTT Communications Corporation towards utilizing virtual contact centers in the metaverse, enabling our clients to serve their customers online in a virtual space. The test is part of the two companies' ongoing efforts to create new ways of communication via the metaverse.

Furthermore, we have opened BPO Center Osaka Yodoyabashi, our third operations center specifically designed for the construction industry. We will further increase our service portfolio for our clients in the construction industry to help the industry achieve DX.

Business Growth Initiatives: Global

Turning to our global business, we have launched Global Trust & Safety services by connecting our operations centers in Japan and overseas. As a dedicated center for the service, we have opened Semarang Center 2, a new center in Indonesia. Our

Global Trust & Safety services enable our clients to deliver safe and trustworthy online experience to their users by monitoring, identifying and deleting harmful user-generated content posted on social media platforms, gaming platforms, livestreaming videos and online marketplaces. With our manned monitoring services, our dedicated trust & safety team ensures the integrity of our clients' online content, thereby protecting both their business and their users.

In order to further expand our global business, we have beefed up our management structure in our overseas subsidiaries. Appointing new representative directors to our subsidiaries in the United States, Thailand and Indonesia, we will reinforce our services and sales capabilities, and expand our global sales. With the ultimate goal of growing our global business, we will drive our initiatives to build and deliver competitive DX services in partnership with our Group companies in Japan and overseas.

A 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, 2023. We will promptly disclose the specific amount once it is decided.

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 the previous fiscal year's.

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

Sincerely,

Koichi Iwami

Representative Director, Co-president

Masaaki Muta

Representative Director, Co-president

December 2022

Our Business

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 56 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



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.

- 34 bases in Japan and 51 bases overseas (40,260 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

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

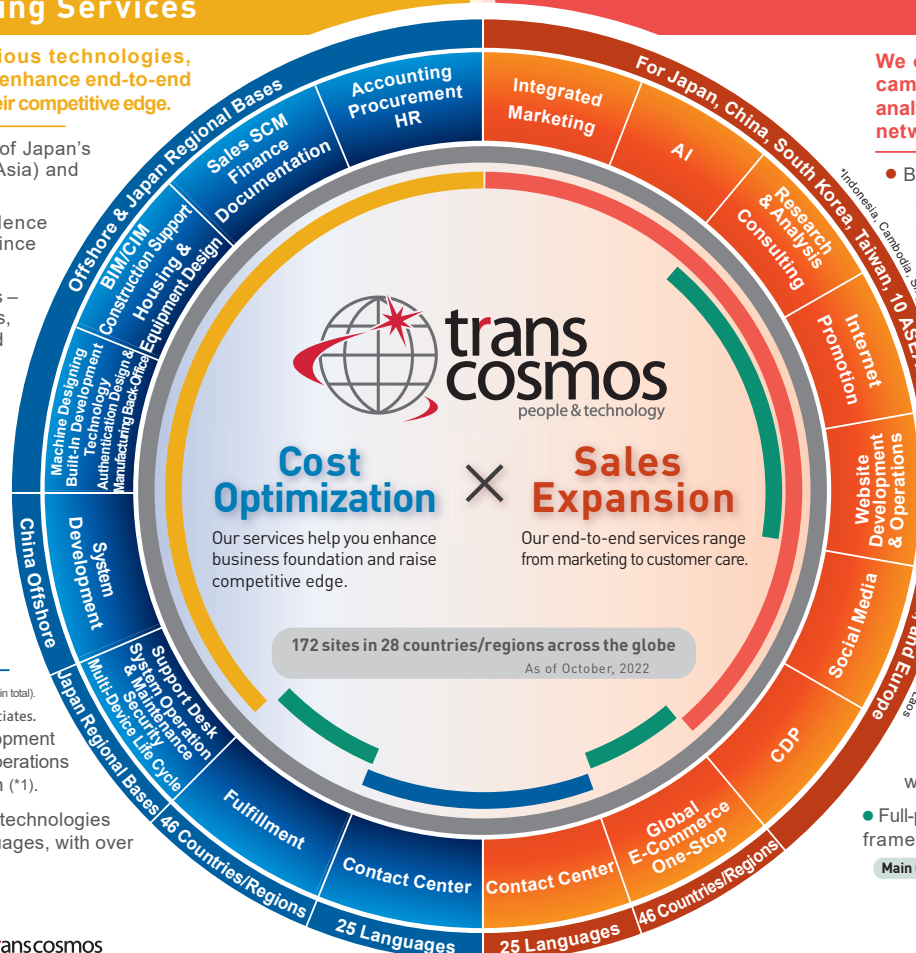


E-Commerce One-Stop Services

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.



Named a Leader for two straight years, and a Star Performer for the first time in Everest Group's CXM Services in APAC PEAK Matrix® Assessment 2022.



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

H1 FY2023/3 Highlights

DX Initiatives

Aiming to become the one and only digital transformation (DX) partner for our clients, we are actively helping diverse industries achieve DX.

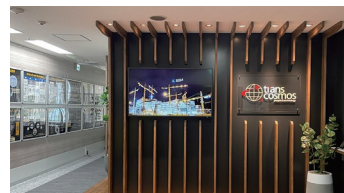
Signed a collaboration agreement on DX with Oyama town, Sunto-gun, Shizuoka prefecture



Launched a demonstration test of customer services in virtual space in the metaverse with NTT Com



Opened BPO Center Osaka Yodoyabashi to help construction industry achieve DX



SDG Initiatives

As a global company that underpins social infrastructures, we aim to create a sustainable society through our business activities.

Declared support for the Task Force on Climate-related Financial Disclosures (TCFD)



Joined Tokyo Metropolitan Government's employment support project for single-parent families



Became a Tokyo-metropolis certified Social Firm



Joined My Future Project, an employment support program



Awards & Recognition

Recognized as a DX Certified Business Operator by METI



Named a Noteworthy DX Company 2022 by METI/TSE



Named a Leader and a Star Performer in Everest Group's CXM Services in APAC PEAK Matrix® Assessment 2022

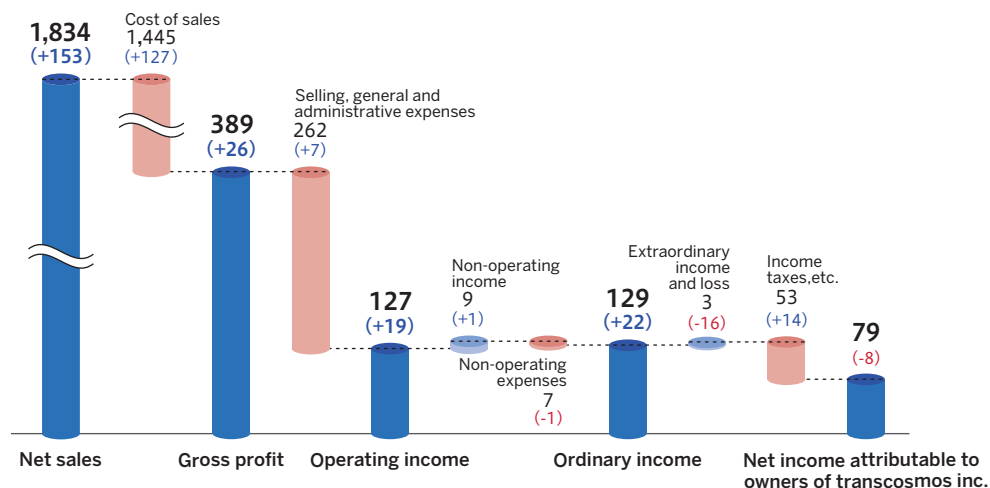


Consolidated Financial Results

Consolidated Statement of Income

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

First half of FY2023/3 (April 1, 2022 – September 30, 2022)



Notes: 1. Bar graphs are not proportionate to corresponding values for ease of understanding.
2. Figures in parentheses are year-over-year changes.

Net sales

Sales increased by 9.1% year-over-year. The growth in the Parent Company segment was driven by an order increase for services that meet growing market demands under the COVID-19 pandemic. In the Domestic Affiliates segment, some BPO subsidiaries including a staffing company and a consulting company achieved higher sales. Subsidiaries in South Korea, Southeast Asia and China achieved robust sales performance, contributing to the growth of the Overseas Affiliates segment.

Operating income

Operating income increased by 17.9% year-over-year. The Parent Company segment achieved greater project profitability in addition to order growth. Operating income also rose in the Domestic Affiliates segment, primarily due to higher profits achieved by some BPO subsidiaries including a consulting company. Despite the sales growth, the Overseas Affiliates segment income decreased. Although subsidiaries in South Korea and Southeast Asia grew profits, profitability deteriorated in some Chinese subsidiaries due to the negative impact of exchange rates.

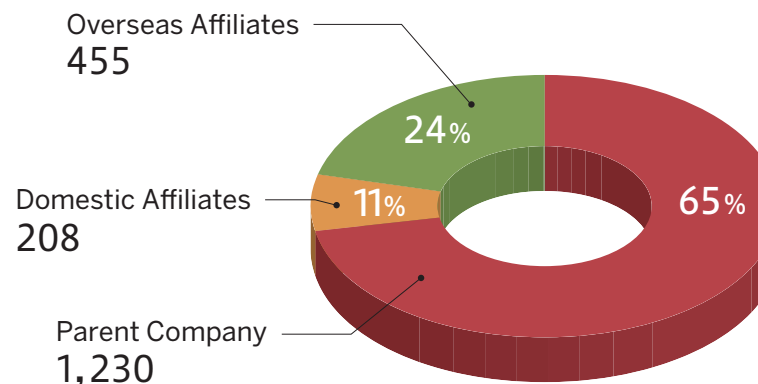
Net income attributable to owners of transcosmos inc.

Quarterly net income attributable to owners of transcosmos inc. decreased by 9.6% year-over-year. This was primarily due to lack of 1) gains from changes in equity interests, 2) penalty income related to the breach of an equity transfer agreement, and 3) gains on sales of investment securities recorded in the same quarter last year.

Net Sales by Segment

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

First half of FY2023/3 (April 1, 2022 – September 30, 2022)



Notes: Figures are not adjusted for -6 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 September 30, 2022)

Registered Name	transcosmos inc.
Date of Foundation	June 18, 1985
Paid-in Capital	¥29,065 million
Employees	Group : 68,909 (Japan: 43,800; Overseas: 25,109)
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 September 30, 2022)

Shares Authorized for Issue	150,000,000
Shares Issued	48,794,046
Stockholders	9,936

Principal Stockholders (As of September 30, 2022)

Name	Number of shares (thousand shares)	Ratio of shares (%)
Masataka Okuda	7,183	14.72
transcosmos foundation	6,753	13.84
The Master Trust Bank of Japan, Ltd. (Account in Trust)	3,968	8.13
Custody Bank of Japan, Ltd. (Account in Trust)	1,850	3.79
Mihoko Hirai	1,463	3.00
Kimiko Okuda	1,282	2.63
THE BANK OF NEW YORK MELLON 140042	979	2.01
GOVERNMENT OF NORWAY	927	1.90
Limited Company HM Kosan	722	1.48
Employee Shareholding Association of transcosmos inc.	689	1.41

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.

