

FY2023/3

# Business Report

April 1, 2022 >>> March 31, 2023

**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

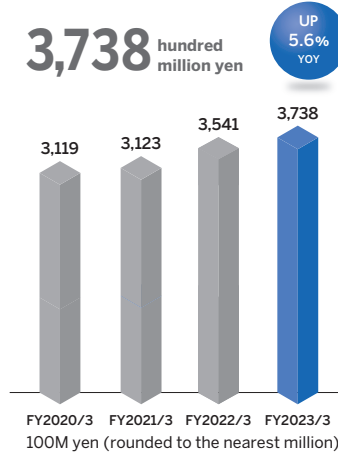


# Dear Stakeholders,

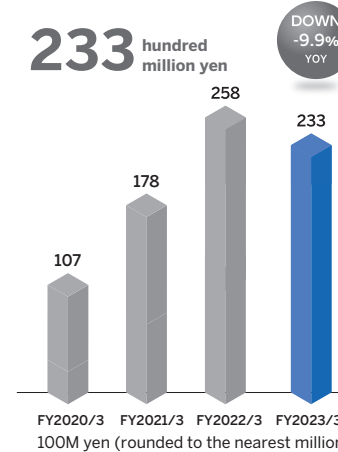
We would like to express our sincere appreciation to shareholders and investors for your continued exceptional support.

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

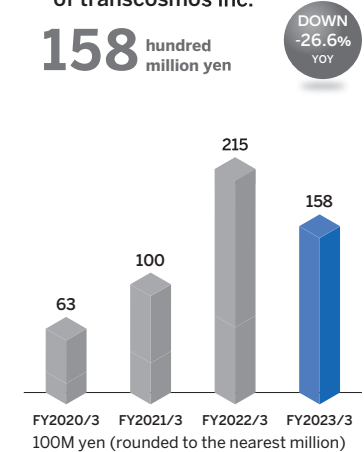
## Consolidated net sales\*



## Consolidated operating income



## Net income attributable to owners of transcosmos inc.



\* The Company has adopted the "Accounting Standard for Revenue Recognition" and the related guidance from FY2022/3. 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 FY2021/3 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), improve customer experience (CX), 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 unspecified online user-generated content such as comments, images and videos.

Against this backdrop, we have leveraged our Group's immense execution ability and played a role as a social infrastructure, providing national and local governments along with the private sector with services that assist them in carrying out various policies under the COVID-19 pandemic. Despite a slowdown in some urgent projects as social needs

subside, we have captured the solid demands for outsourcing services. As a digital transformation partner for our clients, our Group has continued to take an energetic approach, delivering both CX and Business Process Outsourcing (BPO) services that assist clients in managing and transforming their businesses. In addition, we have carried out initiatives to create and deliver services as well as reinforce the organizational structure in order to meet ever-changing business needs and the accelerated demands for DX.

## Business Growth Initiatives: CX & BPO Services

In the CX Services business domain where we provide one-stop services covering marketing, sales and customer communication - all are touchpoints between clients and their customers - we focused on two initiatives. One is to expand our unique service models that integrate digital marketing and contact center services, both of which are offered with industry-leading networks. And the other is to assist the public sector in achieving DX. Under the initiative to expand

our unique service models, we opened a new Sales Chat Center, a center that helps clients provide greater customer service online. We also launched VoC Marketing services which comes with a system that centrally manages various voice of the customers (VoC) across all channels. With the collected VoC, our CX analysts develop and present strategies as a solution to solve digital marketing-related challenges clients face, and execute strategies to deliver greater CX. In addition, we developed and released Insight BI, a tool which enables clients to readily integrate and visualize communication logs generated at multiple channels as well as online behavioral data, and manage progress. Furthermore, to promote initiatives to create new ways of communication powered by the metaverse, we launched a demonstration test with goals to use Virtual Contact Centers in the metaverse and to offer customer services in the virtual space.

As for the initiative towards assisting the public sector DX, we signed a DX collaboration agreement with Oyama town, Sunto-gun, Shizuoka prefecture. We also promoted and offered KANAMETO, our DX tool powered by LINE, to more local governments across Japan. What's more, our proposal for the FY2022 Development Demonstrations for Realizing Local 5G Services to Solve Issues run by the Ministry of Internal Affairs

and Communications was chosen as a project for solving social challenges in the medical field. In partnership with St. Marianna University Hospital, Kawasaki Municipal Tama Hospital and Kawasaki City Fire Department, we launched a demonstration experiment towards creating use cases for next-generation medical services using local 5G and other cutting-edge technologies.

In the BPO Services Business domain, where we help clients optimize their operations by simplifying and operating their business processes swiftly and accurately on their behalf with digital technologies, we prioritized our focus on reinforcing the service framework to offer more advanced, highly specialized services, and on forming and strengthening partnership with joint venture (JV)/alliance companies. With regard to the initiative towards strengthening the service framework, we opened BPO Center Osaka Yodoyabashi, our third center in Japan that provides services specifically for the construction industry to help achieve construction DX. We also opened BPO Center Sapporo Tanukikoji East, a center which focuses on helpdesk services via non-voice channels and DX solutions to offer optimal IT support services in the market where DX continues to accelerate. As for initiatives towards promoting JV/alliance partnership, we beefed up our collaboration with Works Human Intelligence Co., Ltd. to develop a system for implementing COMPANY®, an integrated HR system by Works Human Intelligence, as well as designing and operating outsourcing processes. In addition, we agreed with Tohoku Electric Power Co., Inc. to establish a new joint-company, Tohoku Electric Power Transcosmos Management Partner Company, Incorporated, a company which aims to streamline back-office operations at Tohoku Electric Power.

transcosmos Group will continue to enhance initiatives towards becoming a trusted digital transformation partner for our clients, a partner who helps clients achieve customer-focused digitalization by seamlessly connecting CX and BPO services.

## Business Growth Initiatives : Global

In the Global Business domain, our primary focus was on further expanding highly competitive services and reinforcing

systems both in each local market as well as in the global market, mainly in Asia.

For example, we launched Trust & Safety Services on a global scale, services for monitoring and policing unspecified user-generated online content including posts, images and videos. We opened dedicated centers for Trust & Safety in Indonesia, Thailand, etc.

In the South Korean market, transcosmos Korea, Inc., our subsidiary in the country, signed an official partnership agreement with Genesys, the global leader in the cloud contact center market. In addition, transcosmos Korea entered into an investment agreement with Gwanju Metropolitan City, aimed at establishing an AI-powered Contact Center, and opened a new operations base, Gwanju Center in the city. Moreover, we released our voice recognition solution “transpeech” in South Korea, expanding the service coverage from Japan.

In the Southeast Asian market, we added live commerce services to our cross-border e-commerce service portfolio for the Malaysia and Singapore markets to help clients conduct pre-market research and acquire customers. We also launched CX services powered by voicebots in Indonesia.

Today, we have a service delivery network of 100 bases across 27 countries and regions overseas. We will continue to provide a diverse range of services that help not only local companies but also international businesses entering the local markets expand sales and optimize costs.

## A Message to our Shareholders

Returning profits to shareholders is one of the Company’s top management priorities. We have therefore adopted a dividend policy that focuses on the dividend payout ratio, which is closely related to the Company’s business performance. Our fundamental policy is to increase the market value of shares by returning profits to shareholders.

In line with this policy, the Company will pay a year-end dividend of 117 yen per share for the fiscal year ended March 31, 2023.

In the fiscal year ending March 31, 2024, our Group will continue to proactively deliver both CX and BPO services that

assist our clients in managing and transforming their businesses as their digital transformation partner. 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 aim 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.

Sincerely,

**Masaaki Muta**

Representative Director, Co-president

**Takeshi Kamiya**

Representative Director, Co-president

June 2023

# Our Business

Dear Stakeholders

H2 FY2023/3 Highlights  
Our Business

Consolidated Financial Results  
FY2024/3 to FY2026/3  
New Medium-Term Business Plan Outline

## 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**

transcosmos FT HPro, transcosmos TT HAS, transcosmos TTPM, transcosmos Information Creative (China) Co., Ltd., APPLIED TECHNOLOGY CO., LTD., SKYLIGHT

## CX 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**

transcosmos online communications, transcosmos analytics, Jstream



**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.

170 sites in 28 countries/regions across the globe  
As of March 31, 2023

## 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 48 bases overseas (41,180 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**

transcosmos Partners, transcosmos China, transcosmos Korea

\*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**

GRAND DESIGN, UNQ, MAGIC PANDA INTERNATIONAL, SOFTSPACE™, VAIMO

**Global Services**      **We help our clients go global.**      Localized services for our clients operating in Asia, Europe, North and South America.



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.

# H2 FY2023/3 Highlights

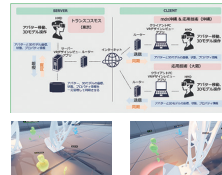
## DX Initiatives

To become an unrivaled DX partner for clients, powerfully helping & driving DX across diverse industries.

Created the Metaverse Promotion Dept. to promote metaverse enterprise solutions  
Signed business partnership with GCT JAPAN to grow sales



Tested a remote Virtual Design Review via VR in a design project



1,422 transcosmos members received Appointment Letter for Digitization Ambassadors by the Digital Agency

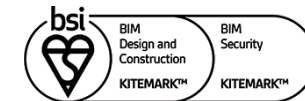


## Awards & Recognition

Recognized as a Certified Health & Productivity Management Outstanding Organizations 2023



Received BIM BSI Kitemark, a certification based on ISO 19650, by BSI Group Japan, a member of the UK national standards body



Received five-star rating from Tmall – China's largest online shopping mall – for seven straight years. Also won an Excellent Services Partner Award in the Toy Industry



## SDGs Initiatives

As a global company underpinning social infrastructure, aiming to create a sustainable society through our business and corporate activities.

Disclosed TCFD-aligned climate-related financial information



URL: <https://www.trans-cosmos.co.jp/company/sustainability/environment/climateChange.html>

Joined the Tokyo Metropolitan Government's employment support project for single-parent families - Suteki Mirai Juku Season 2 (Bright Future Academy)



Became a Kanagawa SDGs Partner



Registered to Fukuoka Prefecture SDGs Registration Program

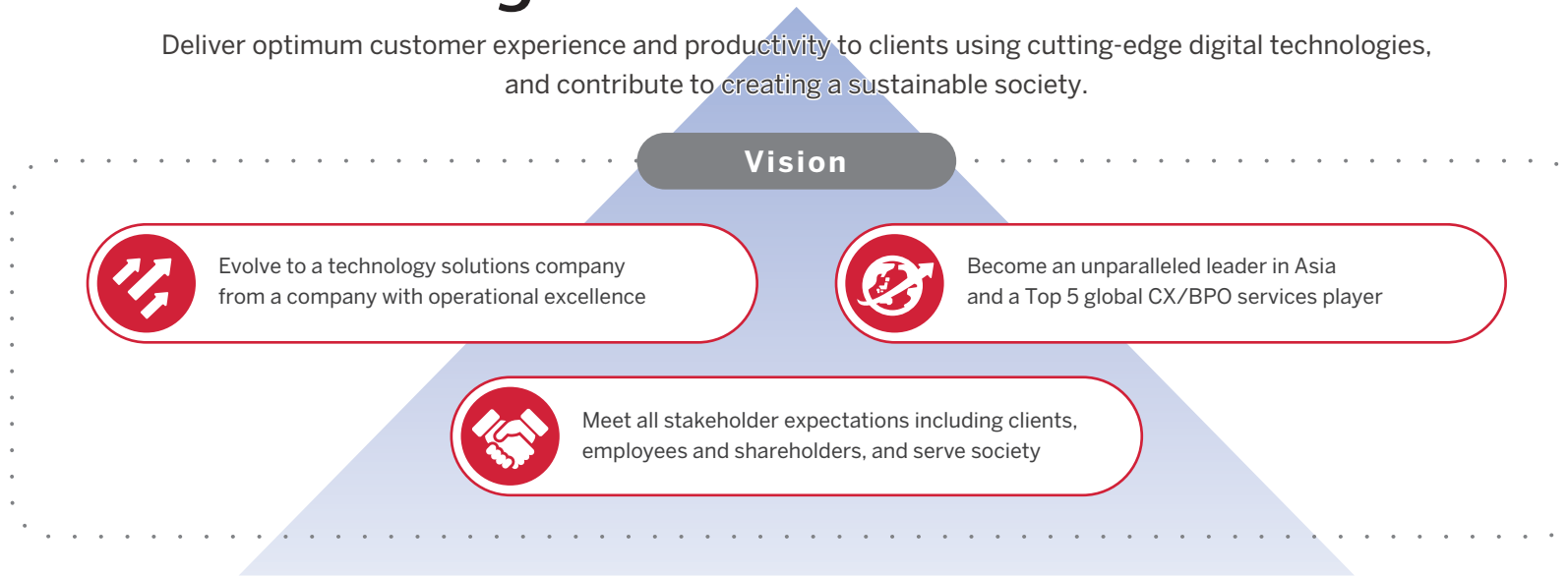


# FY2024/3 to FY2026/3 New Medium-Term Business Plan Outline

We will continue to provide high value-added services, anticipating the needs of clients by further refining the way we combine “people & technology” that our Group has developed over many years, foreseeing trends in each industry along with future substantial changes in political, economic, social and technology trends.

## Global Digital Transformation Partner

Deliver optimum customer experience and productivity to clients using cutting-edge digital technologies, and contribute to creating a sustainable society.



## Financial Targets

### ● FY2023/3 Actuals

<b>Sales</b>	¥373.8B
<b>Operating Margin</b>	6.2%



### ● FY2026/3 Targets

<b>Sales</b>	¥450B or higher
<b>Operating Margin</b>	6 to 8%

transcosmos Group  
long-term target

**Sales ¥1 trillion**

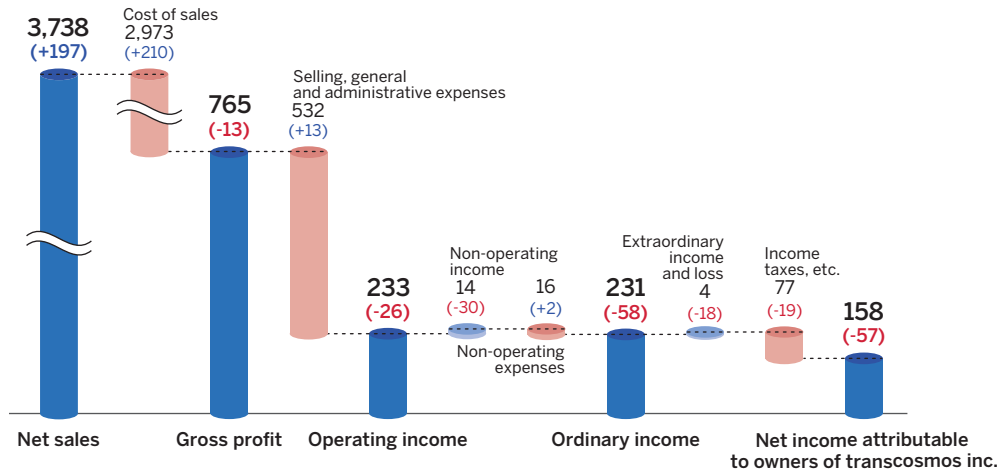


# Consolidated Financial Results

## Consolidated Statement of Income

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

FY2023/3 (April 1, 2022 – March 31, 2023)



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

Net sales grew 5.6% year-over-year, reaching a new all-time high. Looking at the results by segment, the Parent Company segment received more orders for existing businesses excluding COVID-19 related projects. In the Domestic Affiliates segment, some listed subsidiaries as well as BPO services business subsidiaries including a staffing company and a consulting company achieved higher sales. As for the Overseas Affiliates segment, subsidiaries in South Korea, Southeast Asia and China grew sales.

### Operating Income

Operating income decreased 9.9% year-over-year. Looking closer by each segment, the Parent Company generated solid earnings led primarily by private sector clients amid the uncertain economic environment, however, profits decreased due to lower profitability. The Domestic Affiliates segment hit higher profits due to an increase in a listed subsidiary and some BPO services business subsidiaries such as a consulting company. The Overseas Affiliates segment profit dropped mainly due to a temporal deterioration in profitability in Chinese subsidiaries hit by a negative exchange rate.

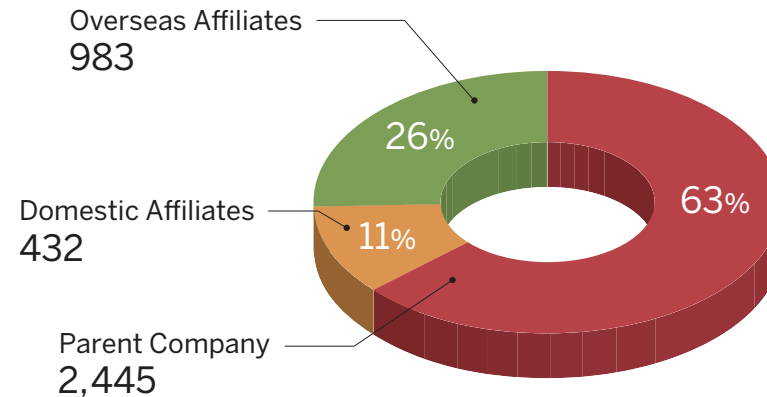
### Net Income Attributable to Owners of transcossmos inc.

Net income attributable to owners of transcossmos inc. decreased 26.6% year-over-year. The result was mainly due to a drop in non-operating income resulting from the recording of share of loss of entities accounted for using equity method, and a decrease in extraordinary income in addition to lower operating income.

## Net Sales by Segment

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

FY2023/3 (April 1, 2022 – March 31, 2023)



Notes: Figures are not adjusted for -12.2 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 March 31, 2023)

Registered Name	transcosmos inc.
Date of Foundation	June 18, 1985
Paid-in Capital	¥29,065 million
Employees	Group : 70,291 (Japan: 43,956; Overseas: 26,335)
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, 2023)

Shares Authorized for Issue	150,000,000
Shares Issued	48,794,046
Stockholders	10,566

## Principal Stockholders (As of March 31, 2023)

Name	Number of shares (thousand shares)	Ratio of shares (%)
transcosmos foundation	6,753	13.84
Masataka Okuda	6,404	13.13
The Master Trust Bank of Japan, Ltd. (Account in Trust)	3,493	7.16
Custody Bank of Japan, Ltd. (Account in Trust)	1,815	3.72
Mihoko Hirai	1,463	3.00
THE BANK OF NEW YORK MELLON 140042	1,027	2.11
GOVERNMENT OF NORWAY	735	1.51
Limited Company HM Kosan	722	1.48
Employee Shareholding Association of transcosmos inc.	697	1.43
CEPLUX- THE INDEPENDENT UCITS PLATFORM 2	541	1.11

Notes: 1. Other than the above, the Company retains 11,320 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.

## Integrated Report 2022

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/2022/inte20221208.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.