

**Global Digital Transformation Partner**

# **Q2 FY2024/3 Earnings Conference**

**(July 1, 2023 – October 31, 2023)**



**October 31, 2023**

**transcosmos inc.**

## 1. Q2 FY2024/3 Performance

### 1-1. Summary

- Executive Summary
- Consolidated Income Statement Summary

### 1-2. Highlights

- Consolidated Quarterly Performance Trend
- Consolidated Sales Trend by Service
- Parent Company Sales Trends  
COVID-19 related business/Existing business
- Parent Company Six-Year Sales/Operating Income Trend

### 1-3. H1 Performance Overview

- Consolidated Sales Analysis
- Consolidated Sales Analysis (by Geographic Market)
- Consolidated Operating Income Analysis
- Parent Company Operating Income Analysis
- transcosmos inc. Net Income Analysis

### 1-4. BS/CF/Other

- Consolidated Balance Sheet Summary
- Consolidated Cash Flow Statement Summary
- CAPEX, Amortization/Depreciation, Employees, Service Bases

## 2. Medium-Term Business Plan 2024/3-2026/3

### 2-1. Outline & 5 Strategic Initiatives

### 2-2. H1 Progress Update

### 2-3. Cash Allocation & Numeric Targets

1

## Q2 FY2024/3 Performance

1-1

Summary

1-2

Highlights

1-3

H1 Performance Overview

1-4

BS/CF/Other

## **1 Sales returned to positive growth in Q2 (July-September period)**

- Parent Company segment returned to positive growth offsetting reduced COVID-19 projects
- Overseas Affiliates segment maintained growth trend

## **2 Both CX & BPO Services continued to grow sales excluding COVID-19 deals**

- Actively pushed our unique, differentiated CX services built on patented TCI-DX model
- Accurately grasping social changes such as a move towards workstyle reform, aggressively delivered BPO services combining our expertise and digital technology

## **3 Profitability showed an upward trend in Q2 (July-September period)**

- Operating margin recovered to a 4% range as Parent Company segment increased profitability
- Overseas Affiliates segment's operating margin on an upward trend underpinned by strong performance achieved by ASEAN subsidiaries

## **4 Medium-term business plan initiatives achieved progress**

- Platform models evolved
- Generative AI initiatives made progress
- Carried forward ESG initiatives

# Consolidated Income Statement Summary

\*For each segment income row, figures in the Mix columns are profit margins.



In ¥100M (rounded to the nearest 100M)	H1 FY2023/3		H1 FY2024/3		Change	
	Amount	Mix	Amount	Mix	Amount	%Change
<b>Sales</b>	<b>1,834</b>	<b>100.0%</b>	<b>1,800</b>	<b>100.0%</b>	<b>-33</b>	<b>-1.8%</b>
Parent Company	1,230	67.1%	1,176	65.3%	-54	-4.4%
Domestic Affiliates	208	11.4%	211	11.7%	2	1.1%
Overseas Affiliates	455	24.8%	473	26.3%	18	4.1%
Elimination of intra segment transaction	-60	-3.3%	-60	-3.3%	0	0.5%
<b>Gross Profit</b>	<b>389</b>	<b>21.2%</b>	<b>332</b>	<b>18.5%</b>	<b>-57</b>	<b>-14.6%</b>
<b>SG&amp;A Expenses</b>	<b>262</b>	<b>14.3%</b>	<b>274</b>	<b>15.2%</b>	<b>12</b>	<b>4.5%</b>
<b>Operating Income</b>	<b>127</b>	<b>6.9%</b>	<b>58</b>	<b>3.2%</b>	<b>-69</b>	<b>-54.0%</b>
Parent Company	92	7.5%	37	3.2%	-55	-59.6%
Domestic Affiliates	22	10.3%	12	5.7%	-10	-44.7%
Overseas Affiliates	13	2.9%	9	2.0%	-4	-29.6%
Elimination of intra segment transaction	-0	-	-0	-	-0	-47.3%
<b>Non-Operating Income (Loss)</b>	<b>2</b>	<b>0.1%</b>	<b>14</b>	<b>0.8%</b>	<b>12</b>	<b>489.8%</b>
<b>Ordinary Income</b>	<b>129</b>	<b>7.1%</b>	<b>73</b>	<b>4.0%</b>	<b>-57</b>	<b>-43.7%</b>
<b>Extraordinary Income (Loss)</b>	<b>3</b>	<b>0.1%</b>	<b>-0</b>	<b>-0.0%</b>	<b>-3</b>	<b>-</b>
<b>Net Income Attributable to Shareholders of transcosmos inc.</b>	<b>79</b>	<b>4.3%</b>	<b>44</b>	<b>2.4%</b>	<b>-35</b>	<b>-44.7%</b>

1

## Q2 FY2024/3 Performance

1-1

Summary

1-2

**Highlights**

1-3

H1 Performance Overview

1-4

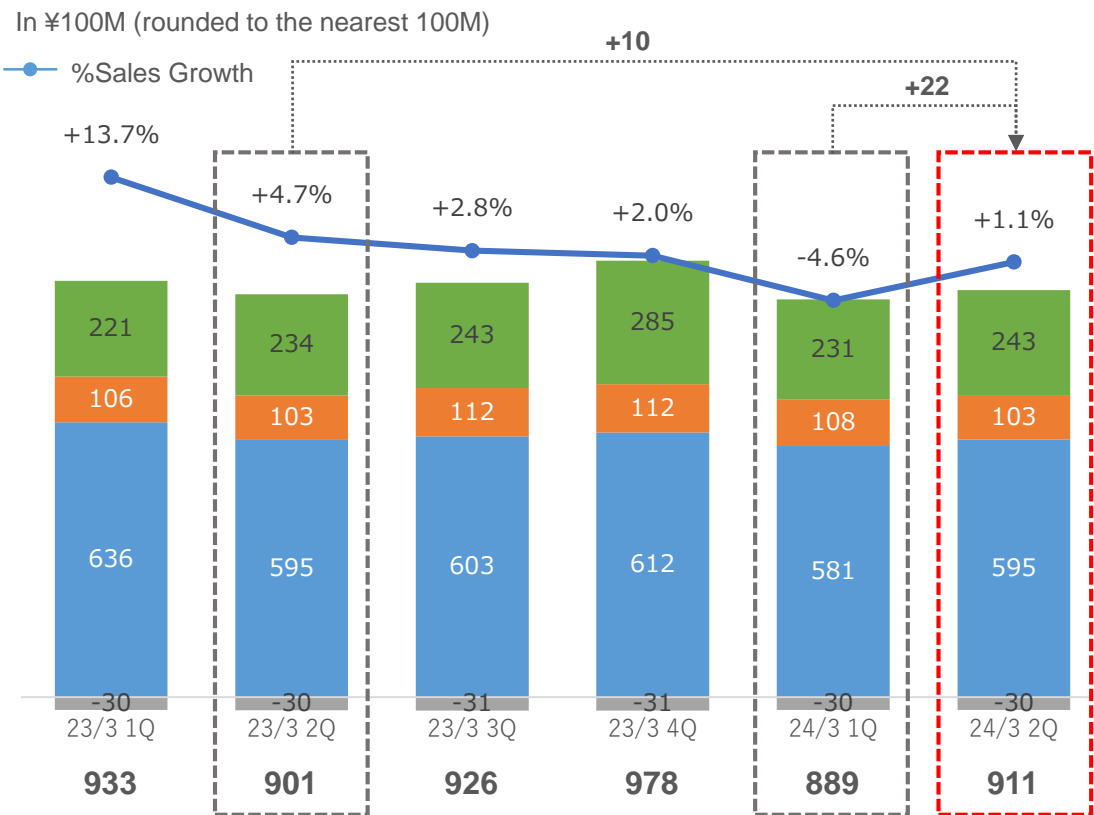
BS/CF/Other

# Consolidated Quarterly Performance Trend

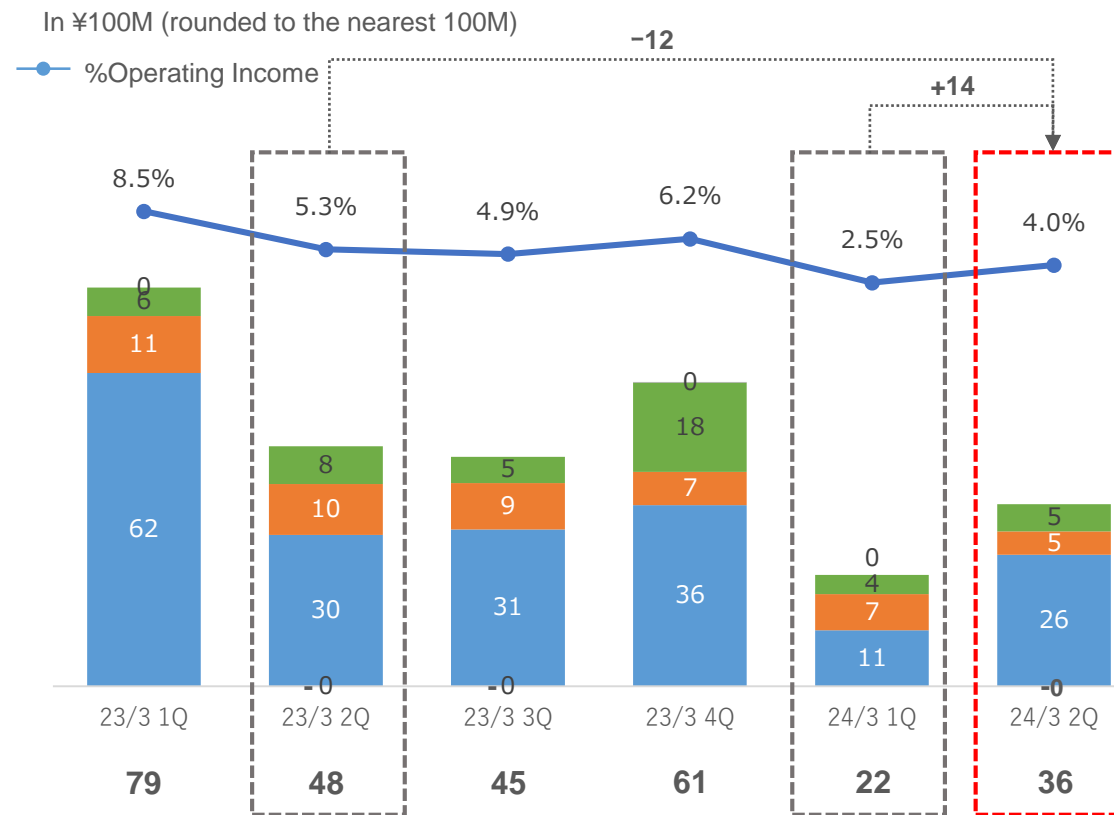


- Sales**
  - [QoQ]** Up ¥2.2B due to sales growth in the Parent Company and Overseas Affiliates segments.
  - [YoY]** Up ¥1B as the Parent Company and Overseas Affiliates segments achieved positive growth.
- Operating Income**
  - [QoQ]** Up ¥1.4B due to growth in the Parent Company and Overseas Affiliates segments led by increased orders.
  - [YoY]** Down ¥1.2B due to upfront investments made for medium-term growth amid declining COVID-19 projects and lower profits generated by both Domestic and Overseas Affiliates segments.

## Consolidated Sales



## Consolidated Operating Income



■ Parent Company ■ Domestic Affiliates ■ Overseas Affiliates ■ Elimination of intra-segment transaction

# Consolidated Sales Trend by Service

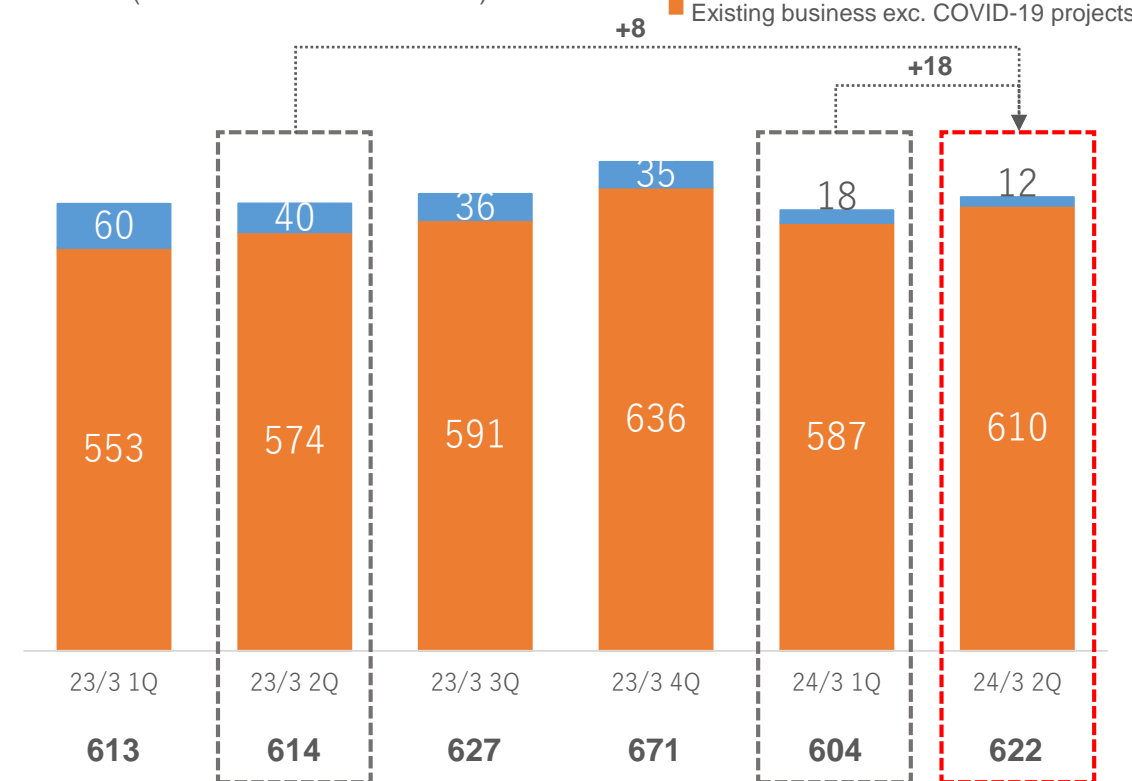


- **CX Services** [QoQ] Up ¥1.8B. Actively promoted unique, differentiated services built on our patented TCI-DX model.  
[YoY] Up ¥800M. Returned to growth, offsetting the negative impact of COVID-19 related projects.
- **BPO Services** [QoQ] Up ¥400M. Actively delivered services that combine our expertise and digital technology.  
[YoY] Despite a slight decline, recovered to the same range as the same period last year, almost offsetting the impact of reduced COVID-19 projects.

## CX Services

In ¥100M (rounded to the nearest 100M)

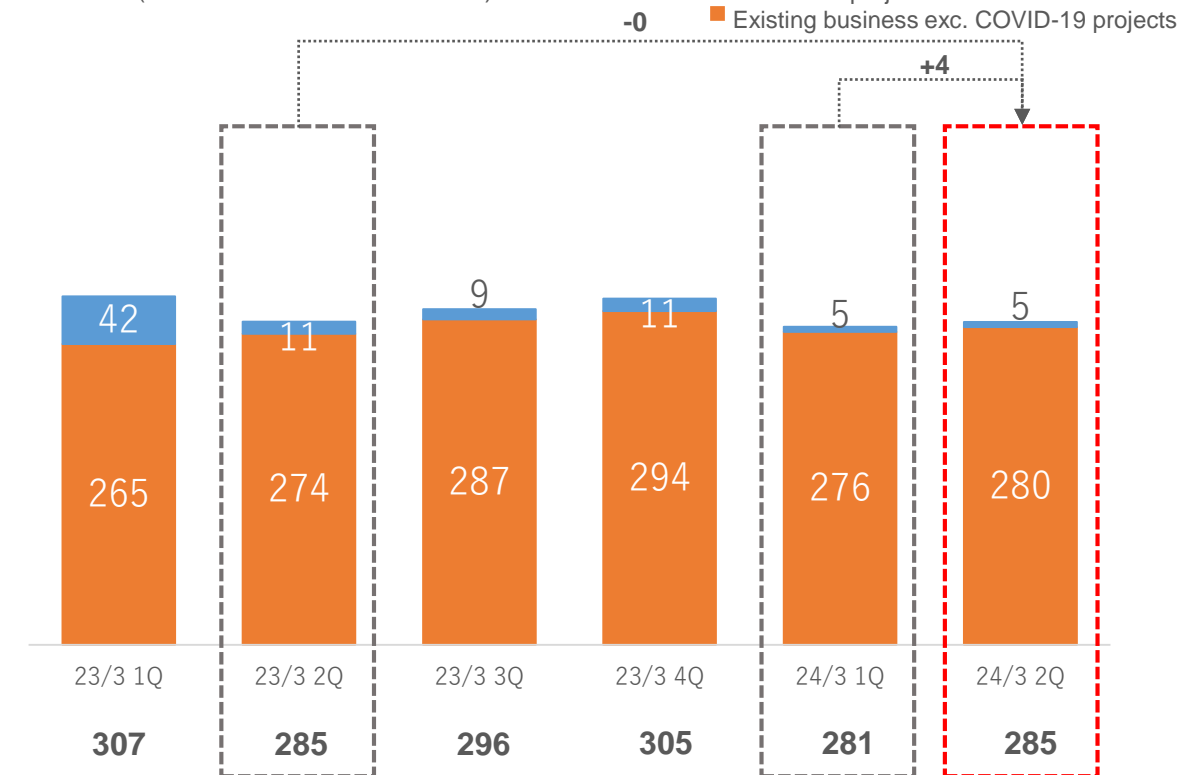
■ COVID-19 projects  
■ Existing business exc. COVID-19 projects



## BPO Services

In ¥100M (rounded to the nearest 100M)

■ COVID-19 projects  
■ Existing business exc. COVID-19 projects



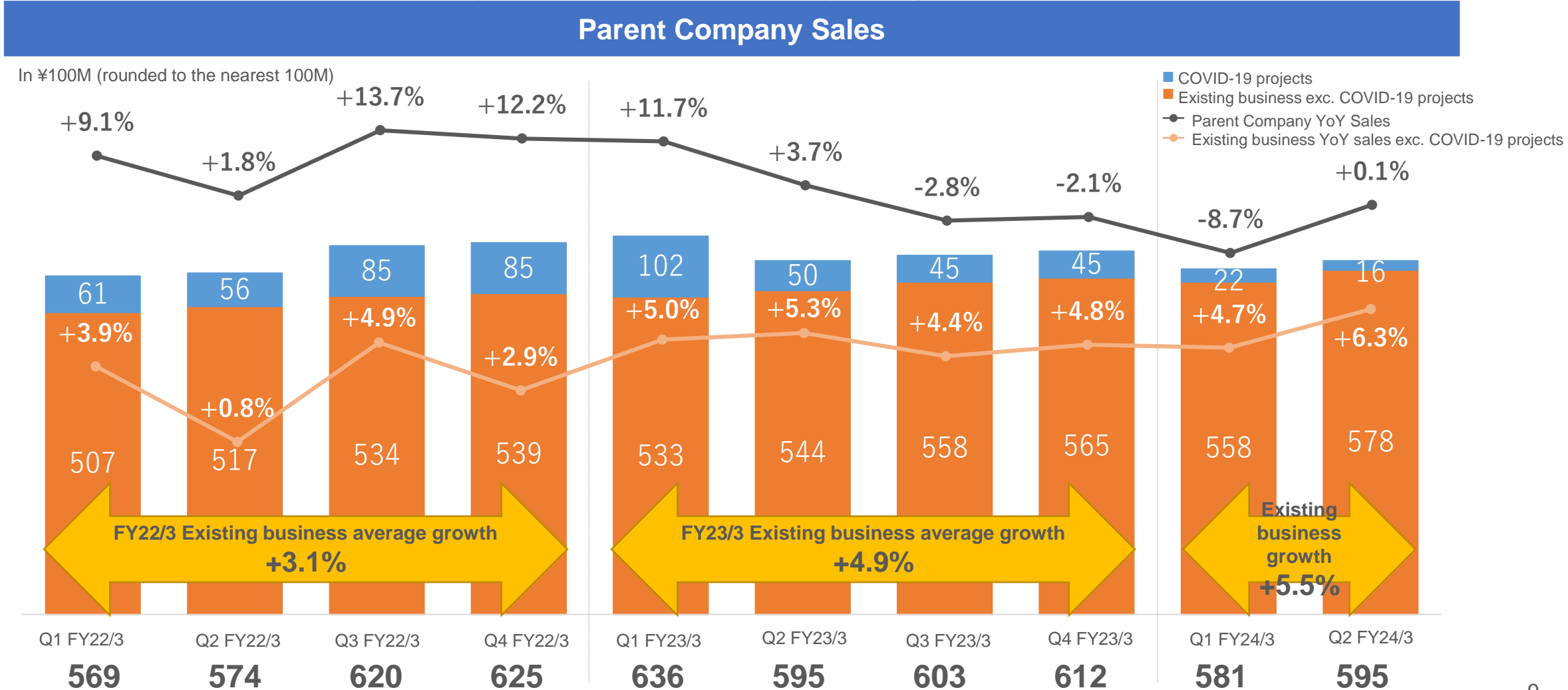
\*Sales for each service are calculated based on the sales mix used for management accounting, and are not adjusted for intra-segment transactions.



# Parent Company Sales Trends: COVID-19 related business/Existing business



- COVID-19 related business was on a downward trend as social needs subsided, while order growth for existing business excluding COVID-19 related projects accelerated.
- Parent Company sales returned to positive growth from this Q2, offsetting the negative impact of COVID-19 projects.



# Parent Company Six-Year Sales/Operating Income Trend

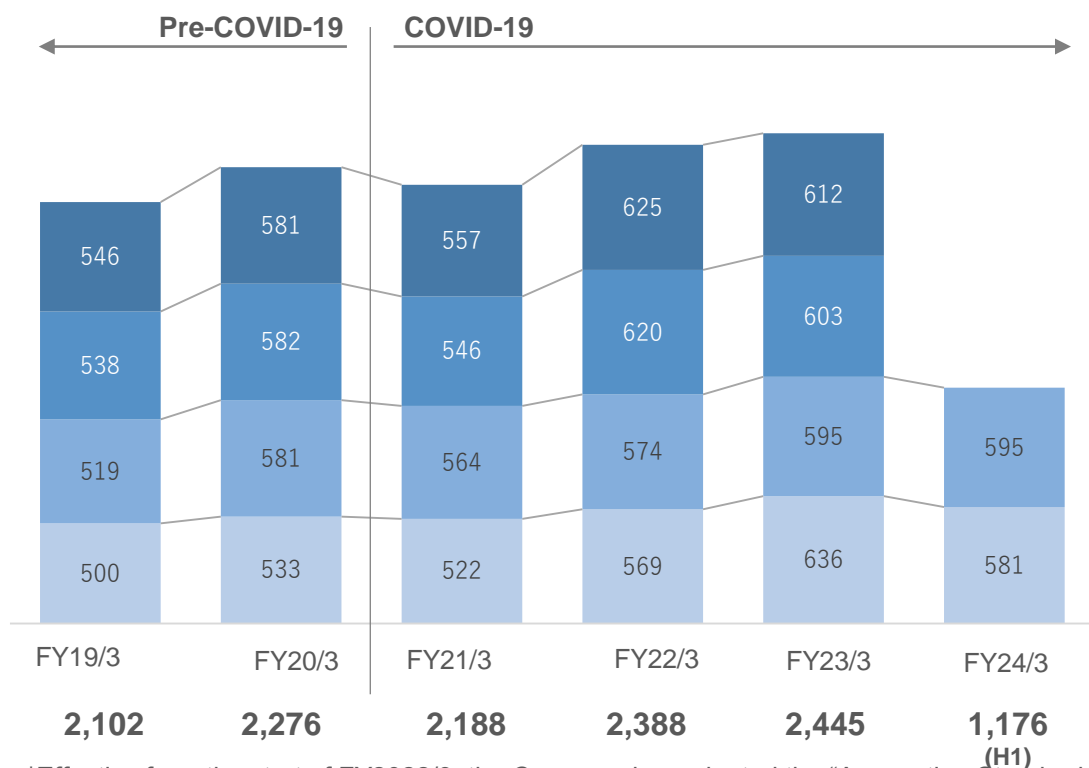


- Compared to pre-COVID-19 years, sales grew steadily. Although in a weak tone, operating income also increased.

## Parent Company Sales

In ¥100M (rounded to the nearest 100M)

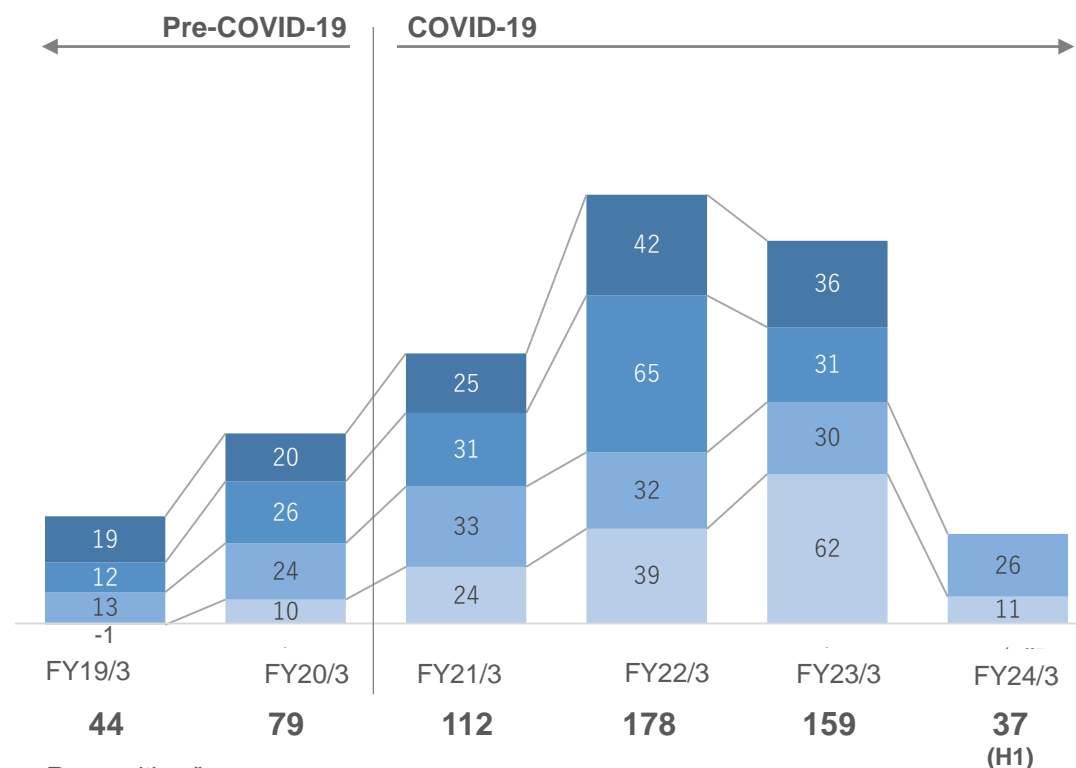
Q1 Q2 Q3 Q4



## Parent Company Operating Income

In ¥100M (rounded to the nearest 100M)

Q1 Q2 Q3 Q4



\*Effective from the start of FY2022/3, the Company has adopted the "Accounting Standard for Revenue Recognition."

- In FY21/3 sales, revenue from agent transactions has been restated using the net amount recognition method.
- In sales of FY20/3 and earlier years, revenues have not been restated with such a method.

1

## Q2 FY2024/3 Performance

1-1

Summary

1-2

Highlights

1-3

H1 Performance Overview

1-4

BS/CF/Other

# Consolidated Sales Analysis



- Sales decreased by ¥3.3B (-1.8%)

**Parent Company**

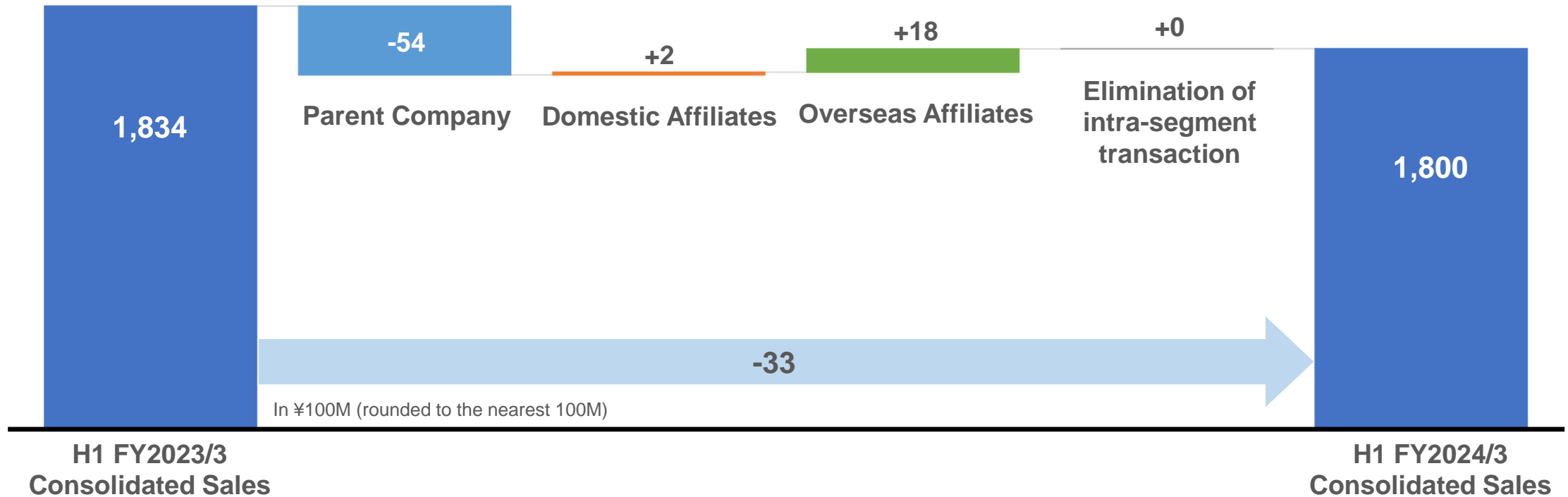
Orders for both CX and BPO services remained solid despite a YoY drop in COVID-19 business.

**Domestic Affiliates**

Sales up as a system development subsidiary and some listed subsidiaries posted higher sales.

**Overseas Affiliates**

Sales up as ASEAN subsidiaries continued to grow sales.



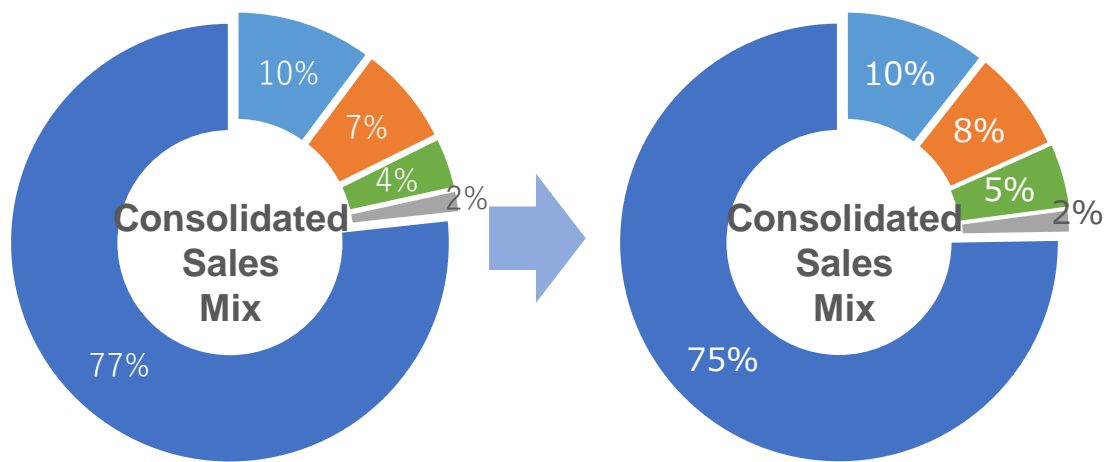
# Consolidated Sales Analysis (by Geographic Market)

\*Overseas sales are categorized by country or region based on clients' location, therefore, figures are different from the Overseas Affiliates segment.



- Overseas sales reached ¥44.5 (+¥1.8B, +4.3% YoY), bringing overseas sales ratio up to 24.7%.
- South Korea sales totaled ¥19B, up 1.9% due to increased orders for CX services.
- China sales were ¥13.9B, up 1.2% due to increased orders for CX services.
- ASEAN sales recorded ¥8.3B, up 16.7% due to increased orders for CX services.

## Sales Mix by Geographic Market



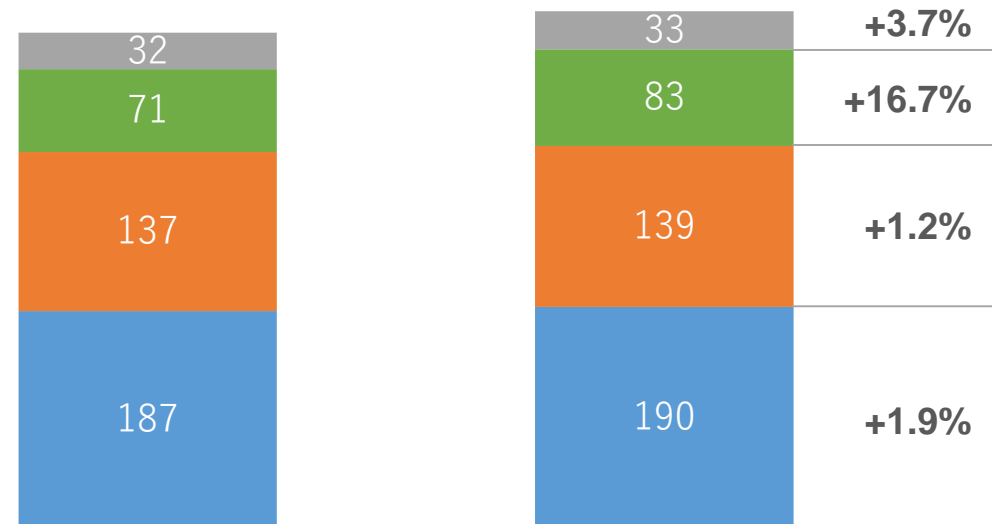
H1 FY2023/3  
%Overseas Sales  
**23.3%**

H1 FY2024/3  
%Overseas Sales  
**24.7%**

■ Japan ■ South Korea ■ China ■ ASEAN ■ Other

## Overseas Sales by Country

In ¥100M (rounded to the nearest 100M)



H1 FY2023/3  
Overseas Sales  
**427**

H1 FY2024/3  
Overseas Sales  
**445**

■ South Korea ■ China ■ ASEAN ■ Other

# Consolidated Operating Income Analysis



- Operating income decreased by ¥6.9B (-54.0%)

**Parent Company**

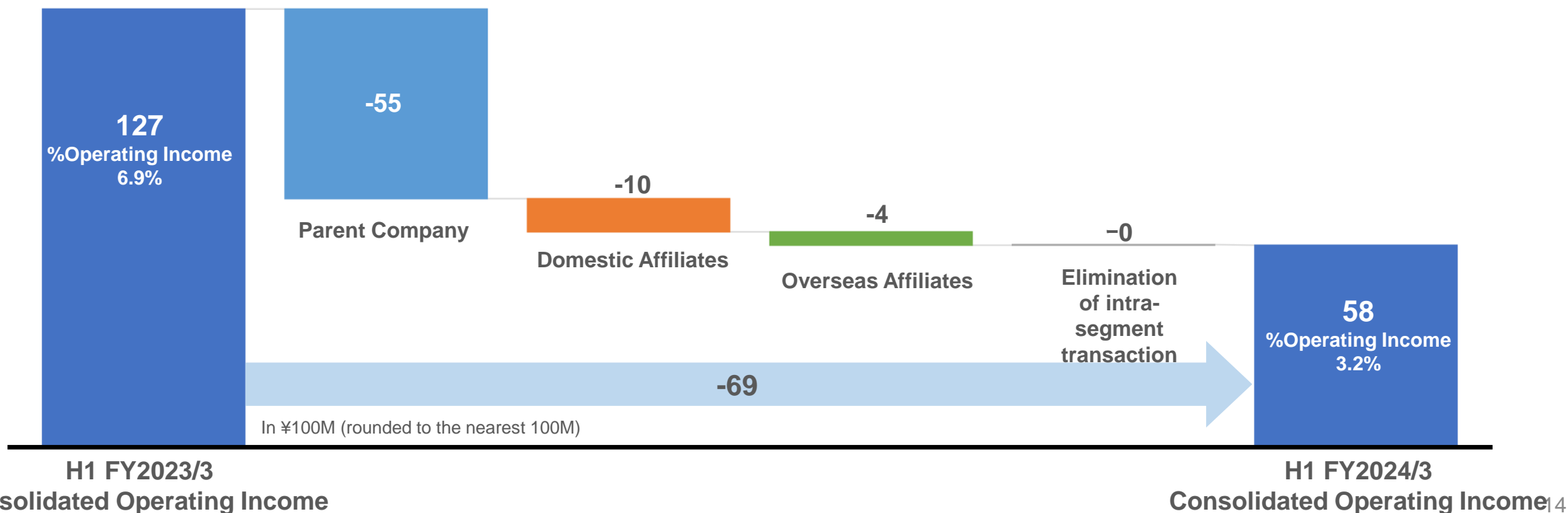
Profitability down temporarily due to upfront investments made toward medium-term growth amid declining COVID-19 related business. Goals of investments include service evolution, utilization of digital technology, and global expansion.

**Domestic Affiliates**

Operating income down due to lower profitability in listed subsidiaries and their group companies.

**Overseas Affiliates**

ASEAN subsidiaries posted higher profitability, yet, reduced work volumes in some projects and rising personnel expenses in the South Korean subsidiary affected overall profitability.



# Parent Company Operating Income Analysis

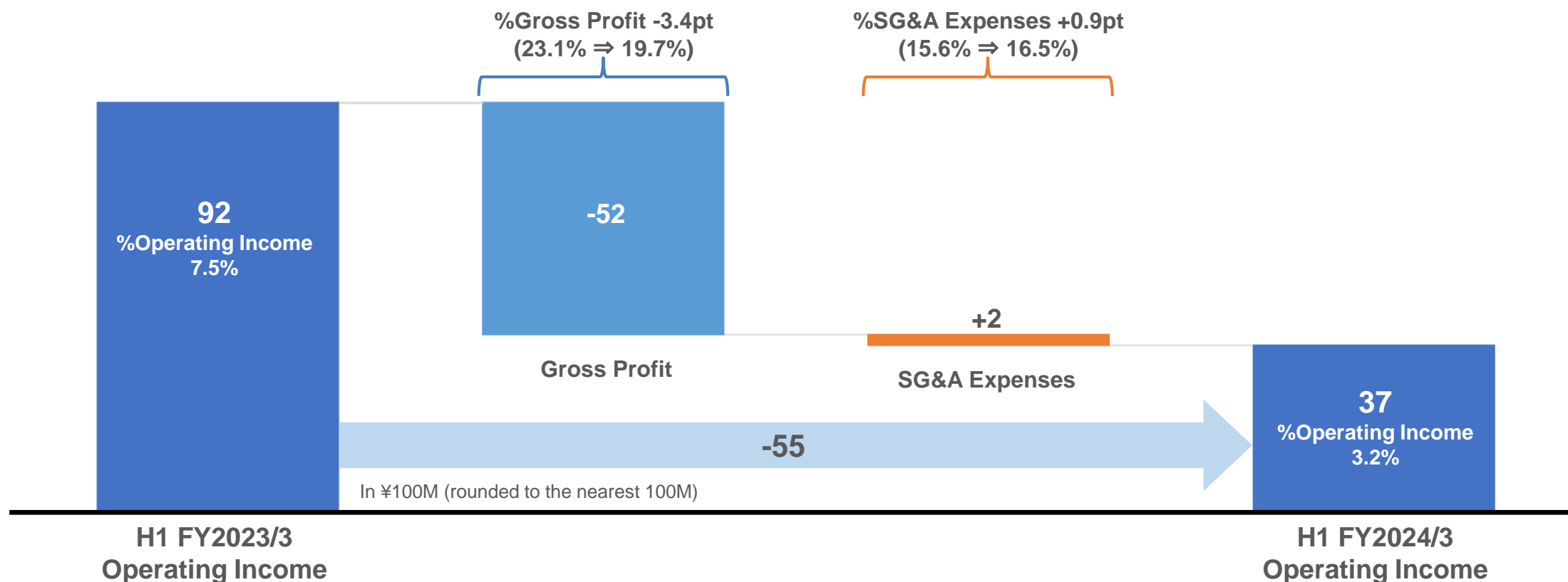
- Operating income decreased by ¥5.5B (-59.6%)

**Gross Profit**

Profitability down temporarily due to upfront investments made toward medium-term growth and upfront expenses for project launches/operational stability amid declining COVID-19 related business.

**SG&A Expenses**

Although up ¥200M, continued to manage expenses adequately. SG&A expense ratio up 0.9 points due to lower sales.



# transcosmos inc. Net Income Analysis



- transcosmos inc. net income decreased by ¥3.5 (-44.7%)

**Non-Operating Income (Loss)**

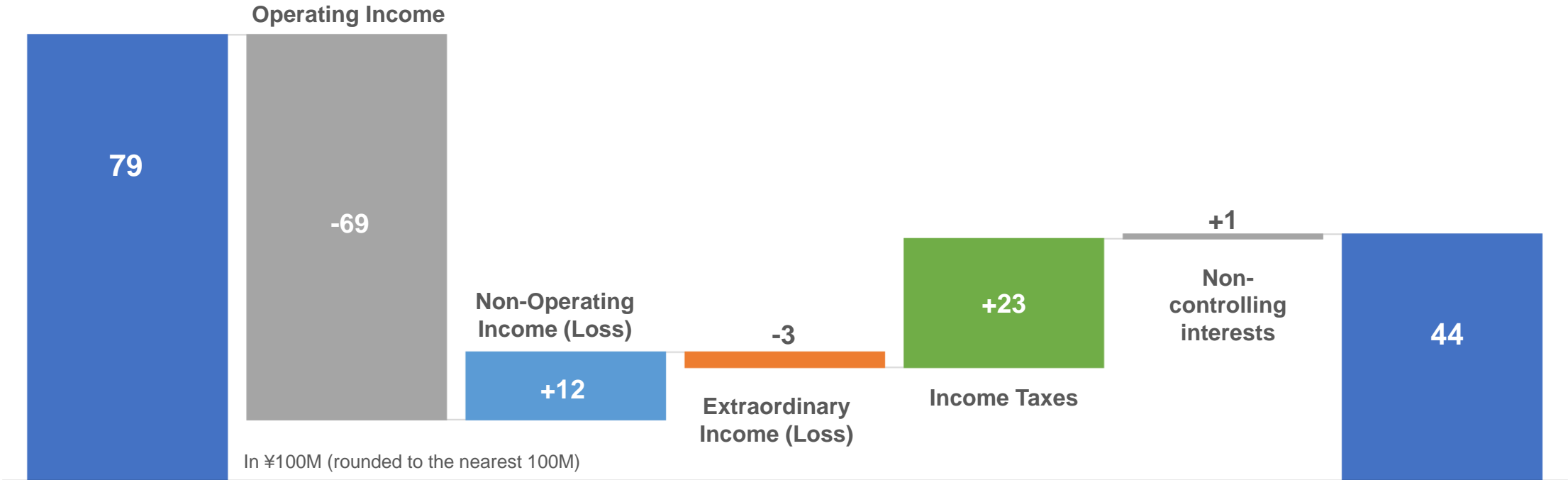
Increased by ¥1.2B due to an increase in exchange gain and the recording of share of profit of entities accounted for using equity method (share of loss posted in the same period last year).

**Extraordinary Income (Loss)**

Decreased by ¥0.3B due to the lack of gain on sale of investment securities posted in the same period last year.

**Income Taxes**

Decreased by ¥2.3B due to a decrease in income before income taxes.





1

## Q2 FY2024/3 Performance

1-1

Summary

1-2

H1 Performance Overview

1-3

Highlights

1-4

BS/CF/Other

# Consolidated Balance Sheet Summary



- **Current Assets:** Cash and deposits rose due to previous year-end AR collections and an increase in loans payable.
- **Fixed Assets:** Deferred tax assets decreased.
- **Liabilities:** The Company's long-term loans payable increased.
- **Net Assets:** Foreign currency translation adjustments recognized in accumulated other comprehensive income increased.

In ¥100M (rounded to the nearest 100M)	End of Mar. 2023	End of Sep. 2023	Change	
<b>Current Assets</b>	1,354	1,410	56	<ul style="list-style-type: none"> <li>• Cash and deposits +85</li> <li>• Notes and accounts receivables – trade -52</li> </ul>
<b>Fixed Assets</b>	584	580	-4	<ul style="list-style-type: none"> <li>• Deferred tax assets -18</li> </ul>
<b>Total Assets</b>	1,938	1,990	51	
<b>Current Liabilities</b>	664	659	-5	<ul style="list-style-type: none"> <li>• Accrued expenses +17</li> <li>• Accrued income taxes -31</li> <li>• Accrued consumption taxes +10</li> </ul>
<b>Fixed Liabilities</b>	150	185	35	
<b>Total Liabilities</b>	815	844	29	<ul style="list-style-type: none"> <li>• Long-term loans payable +40</li> </ul>
<b>Net Assets</b>	1,124	1,146	22	<ul style="list-style-type: none"> <li>• Accumulated other comprehensive income +19</li> </ul>
<b>Liabilities/Net Assets Total</b>	1,938	1,990	51	
<b>Cash and deposits</b>	512	597	85	
<b>Interest-bearing debt</b>	163	203	41	
<b>Net Cash*</b>	349	393	44	

\*Net Cash = Cash and deposits – interest-bearing debt

# Consolidated Cash Flow Statement Summary



- Operating cash flow: Profit before income taxes decreased.
- Investing cash flow: Payments for guarantee deposits and purchase of property, plant and equipment decreased.
- Financing cash flow: Repayments of long-term loans payable decreased. Proceeds from long-term loans payable increased.

In ¥100M (rounded to the nearest 100M)	H1 2023/3	H1 2024/3	Change
Cash flows from operating activities	125	113	-11
Cash flows from investing activities	-37	-24	13
Cash flows from financing activities	-183	-10	173
Balance of cash and cash equivalents	560	583	23
Free cash flow *	88	90	2

\*Free cash flow = Cash flows from operating activities + Cash flows from investing activities.

# CAPEX, Amortization/Depreciation, Employees, Service Bases



## ● Capital expenditures/Depreciation expenses

In ¥100M (rounded to the nearest 100M)	H1 2023/3	H1 2024/3	%Change
Capital expenditures	26	17	-31.7%
Depreciation expenses	25	27	7.6%

- CAPEX  
Capital expenditures decreased mainly in the Parent Company.
- Depreciation and Amortization  
Expenses increased mainly due to the openings/expansions of the Parent Company's centers in the previous year.

## ● Number of Employees

	End of Mar. 2023	End of Sep. 2023	Change
Consolidated basis	40,582	40,441	-141
(Temporary employees)	29,709	29,777	68
Parent Company	16,791	17,394	603
(Temporary employees)	22,179	21,815	-364

- Consolidated basis  
Employees decreased due to project completions in some domestic and overseas subsidiaries.
- Parent Company  
Employees increased due to new graduate hires. Temporary employees decreased due to COVID-19 project completions.

## ● Service Bases

	End of Mar. 2023	End of Sep. 2023	Change
Service bases	170	172	2
(Japan)	70	71	1
(Overseas)	100	101	1

- Japan  
Opened BPO center in Osaka.
- Overseas  
Opened Mexico City Center.

\*Service bases included the Company's own bases, head offices, branches, sales offices and bases of subsidiaries, associates, and partners.

2

## Medium-Term Business Plan 2024/3-2026/3

2-1

### Outline & 5 Strategic Initiatives

2-2

### H1 Progress Update

2-3

### Cash Allocation & Numeric Targets

## Global Digital Transformation Partner

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

### Vision

**Evolve to a Technology Solutions Company from a company with operational excellence**

**Become an unparalleled leader in Asia and a Top 5 global CX/BPO services player**

**Meet all stakeholder expectations including clients, employees and shareholders, and serve society**

Commit to fairness, trust, quality, eternity, innovation, customer success and growth, remain a partner for solving social problems with a diverse business and service portfolio

### Strategy

**Pivot to a platform business model (platform as-a-service)**

**Structural reform for greater quality/profits by service standardization**

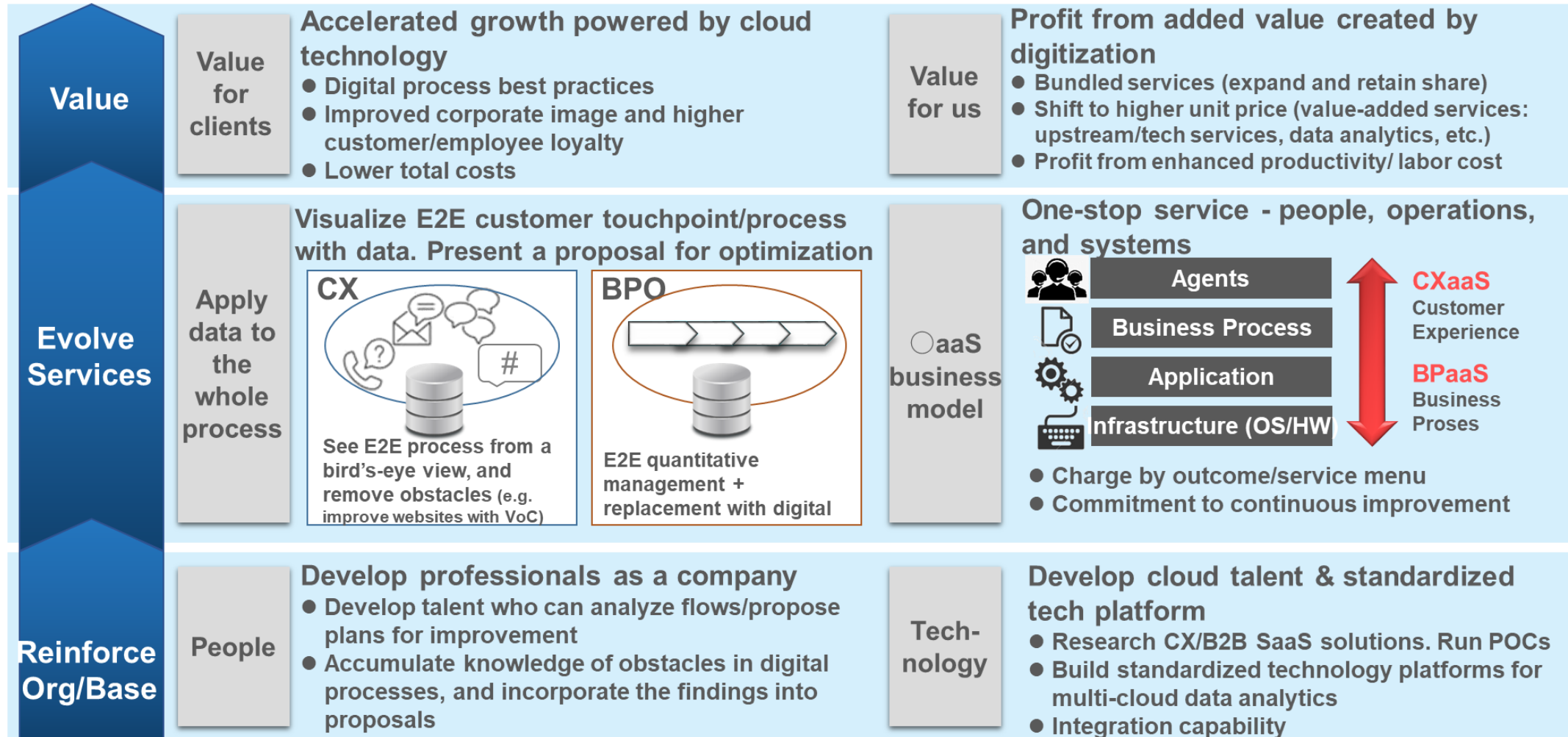
**Develop new business and drive R&D by maximizing our global network**

**Reinforce systems and develop people to win in a growing global market**

**Develop a global management base (Finance, HR, Marketing, ESG)**

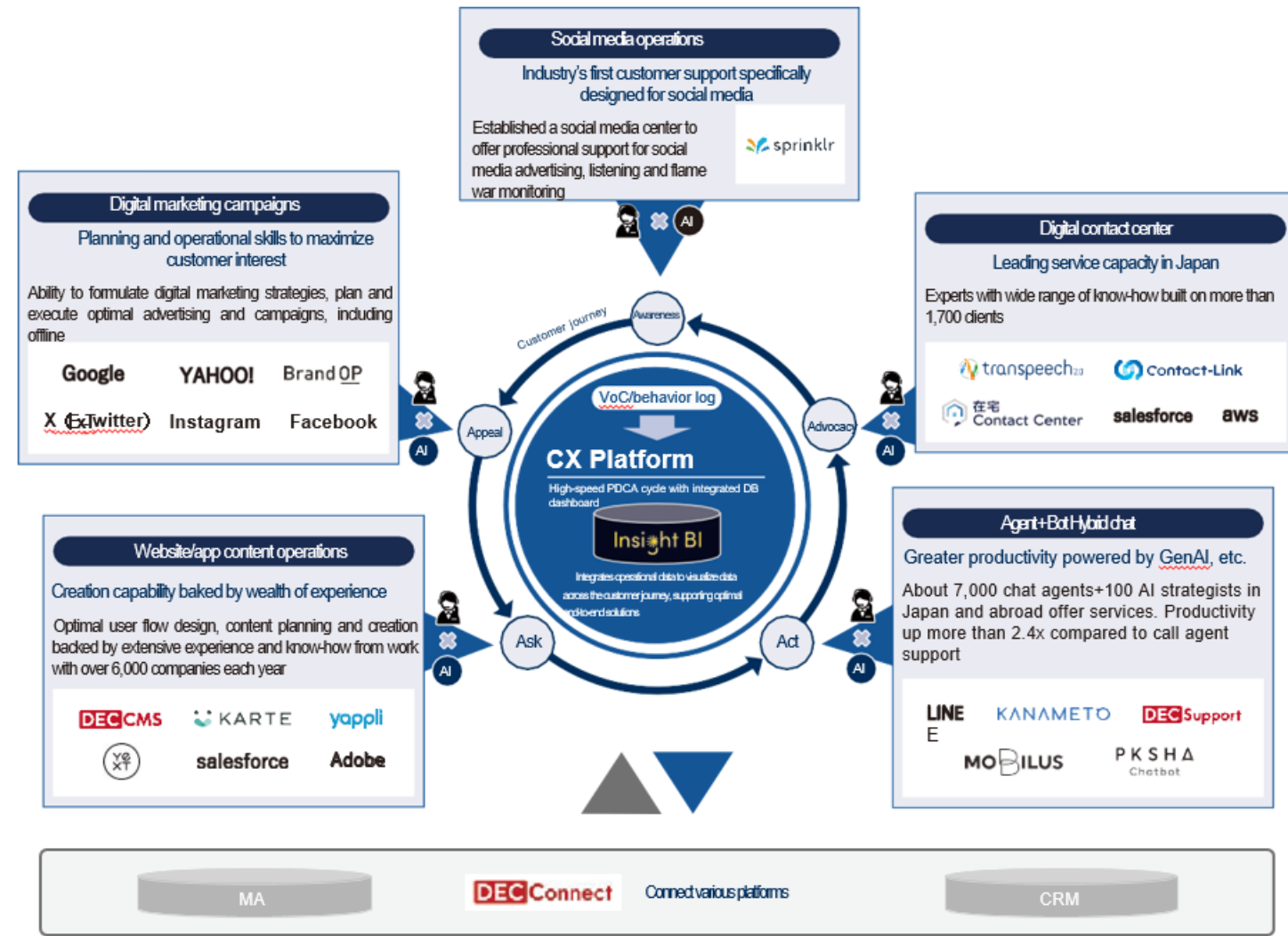
# Strategic Initiative ① Pivot to a platform business model

- Driving the initiative “Pivot to a platform business model,” a framework that monetizes added value created by digitization.
- Presenting proposals to achieve an end-to-end customer touchpoint/business process optimization with our packaged service – people, operations and systems.



# Strategic Initiative ① Pivot to a platform business model (CX Services)

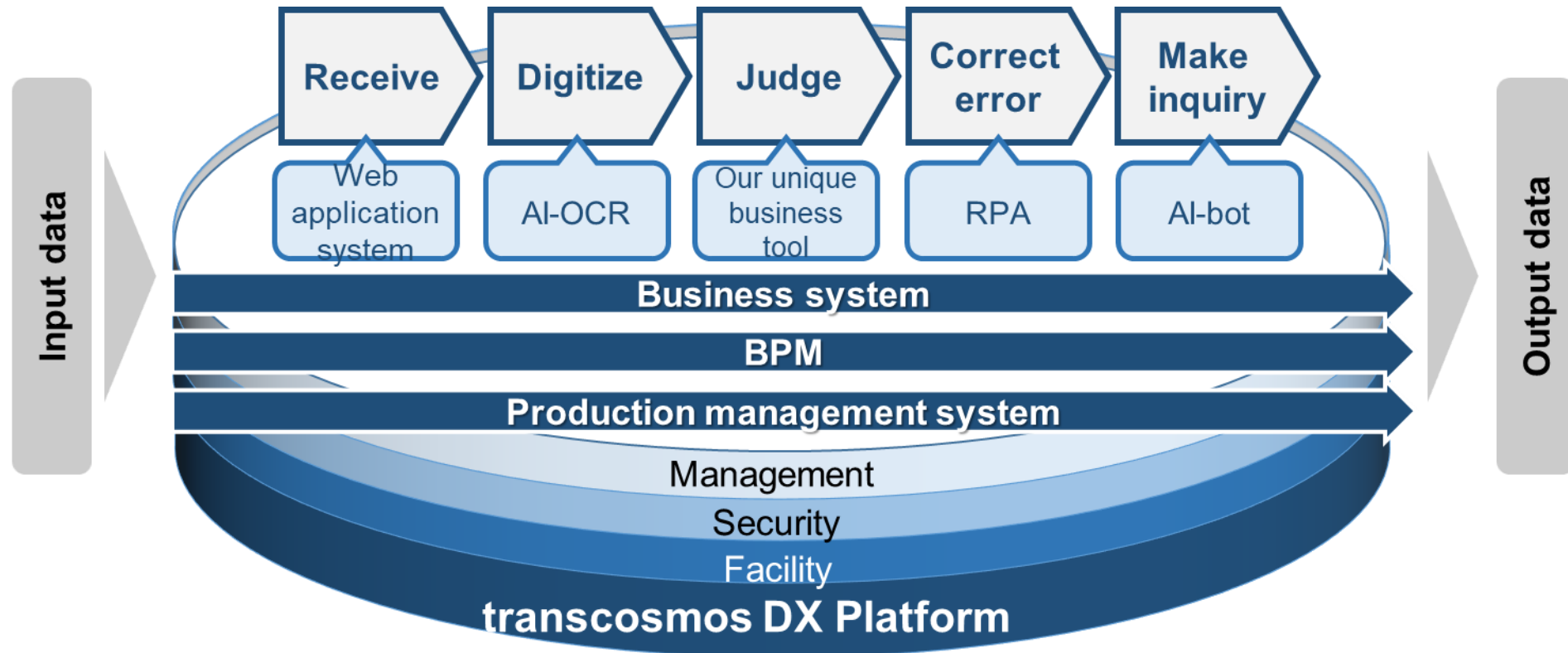
- TCI-DX for Support: Delivering the service as a platform model that helps clients optimize the entire customer support area, reduce costs, and enhance usability based on VoC (Voice of the Customer) and behavioral data.





# Strategic Initiative ① Pivot to a platform business model (BPO Services)

- Digital BPO: Delivering a shared platform that streamlines each process in diverse domains including helpdesk, corporate functions, and system development by combining “people & technology.”



# Strategic Initiative ② Structural reform for greater quality/profits

by service standardization



- Carrying forward as the top-priority initiative for quality control and generating profits.
- Establishing a framework for managing both quality and profits by building a centralized infrastructure that monitors on-site service quality with the power of digital.

## Expected Outcome

### Enhanced cost & quality

- Achieve both cost savings and higher quality at the same time by offering services in line with the defined operational quality and processes.
- Minimize management costs by reducing the operational complexity arising from differing processes among clients to a minimum.



### Advantages for talent development

- Accelerate the development cycle and enhance yield with packaged talent development programs built on standardized operations. Make people work-ready at an early stage and generate profit.
- Attract talent with development programs that help gain expertise/experience. Build competitive hiring capability to address labor shortages.



### Accelerated automation

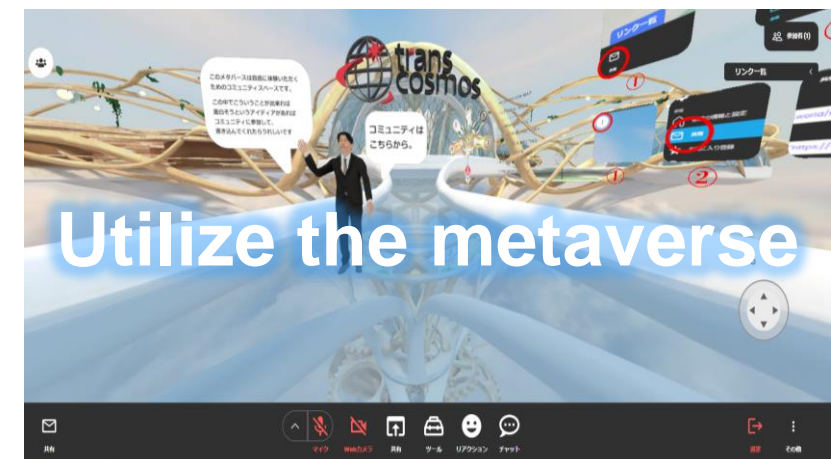
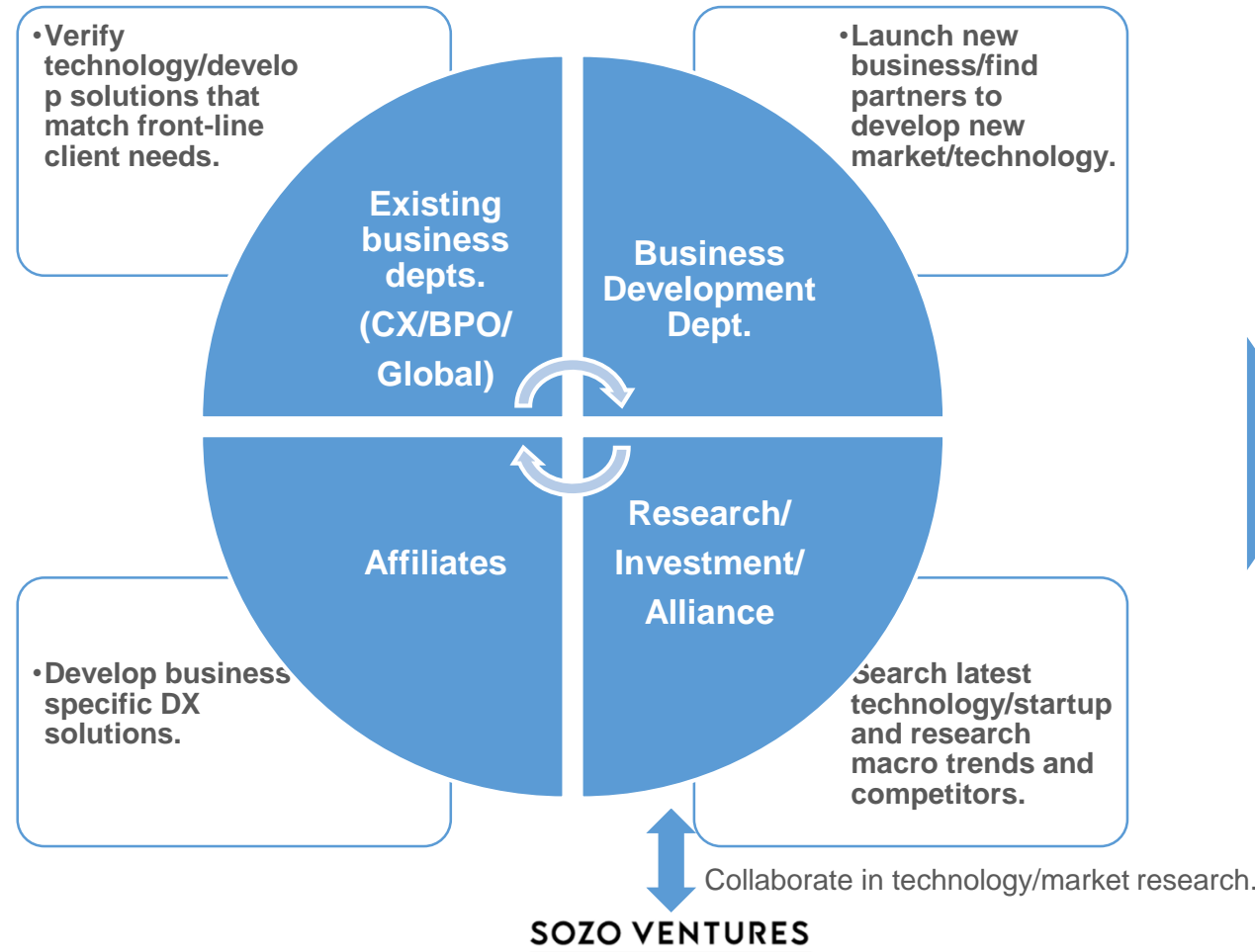
- Stabilize & enhance operational quality by standardizing processes, thereby expanding the scope of automation.
- Reduce cost factors specific to people business such as non-core work time and idle time caused by unexpected work volume fluctuations by expanding the scope of automation, which will result in higher profitability.



# Strategic Initiative ③ Develop new business and drive R&D by maximizing our global network



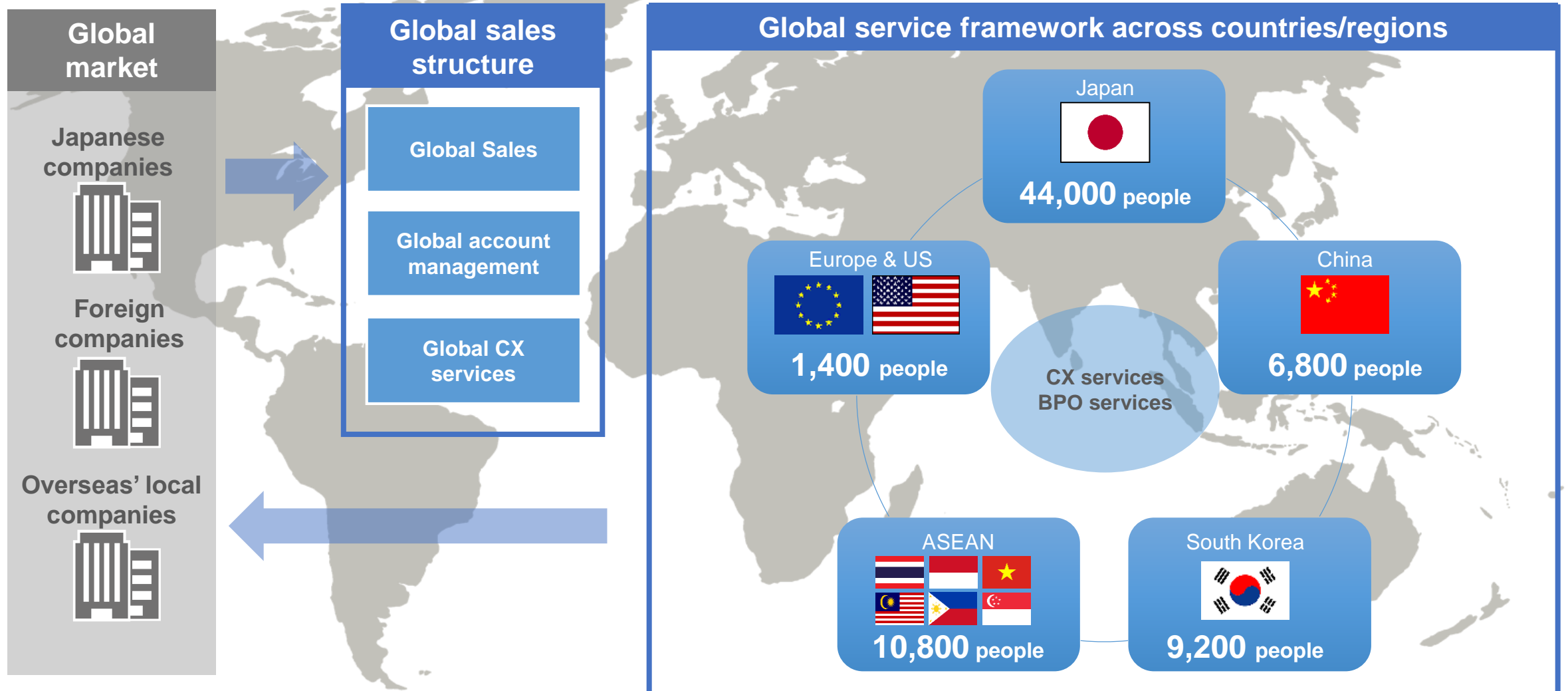
- Pushing next-gen service development powered by cutting-edge, advanced digital tech such as the metaverse and generative AI.
- Seeking ways to build high value-added service models/new businesses with our group companies' high technical skills and expertise as well as our global research network centered on the Silicon Valley office for identifying prospect investees.



Invest in prominent venture companies with a focus on Silicon Valley.

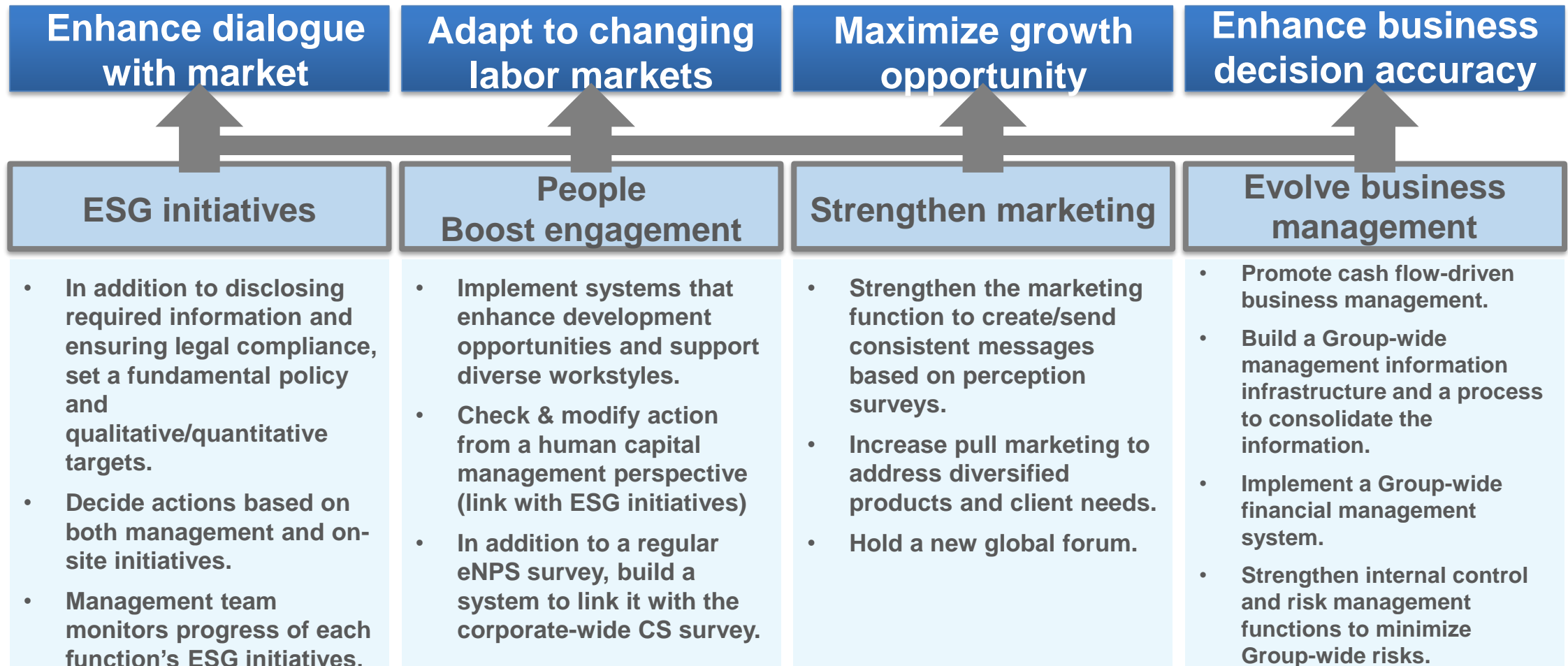
# Strategic Initiative ④ Reinforce systems and develop people to win in a growing global market

- To strengthen support for global clients, reinforcing the service network to shift to a globally unified model, uniting services and organizational structure that are currently separated by country/region.
- As a Group, building a common financial base, governance structure, and a pool of global talent.



## Strategic Initiative ⑤ Develop a global management base

- With the aim of maximizing our value as a conglomerate with diverse business domains, developing a Group-wide management base.
- Aiming to enhance our corporate value by executing initiatives and enhancing communication to meet the needs of key stakeholders.



2

## Medium-Term Business Plan 2024/3-2026/3

2-1

Outline & 5 Strategic Initiatives

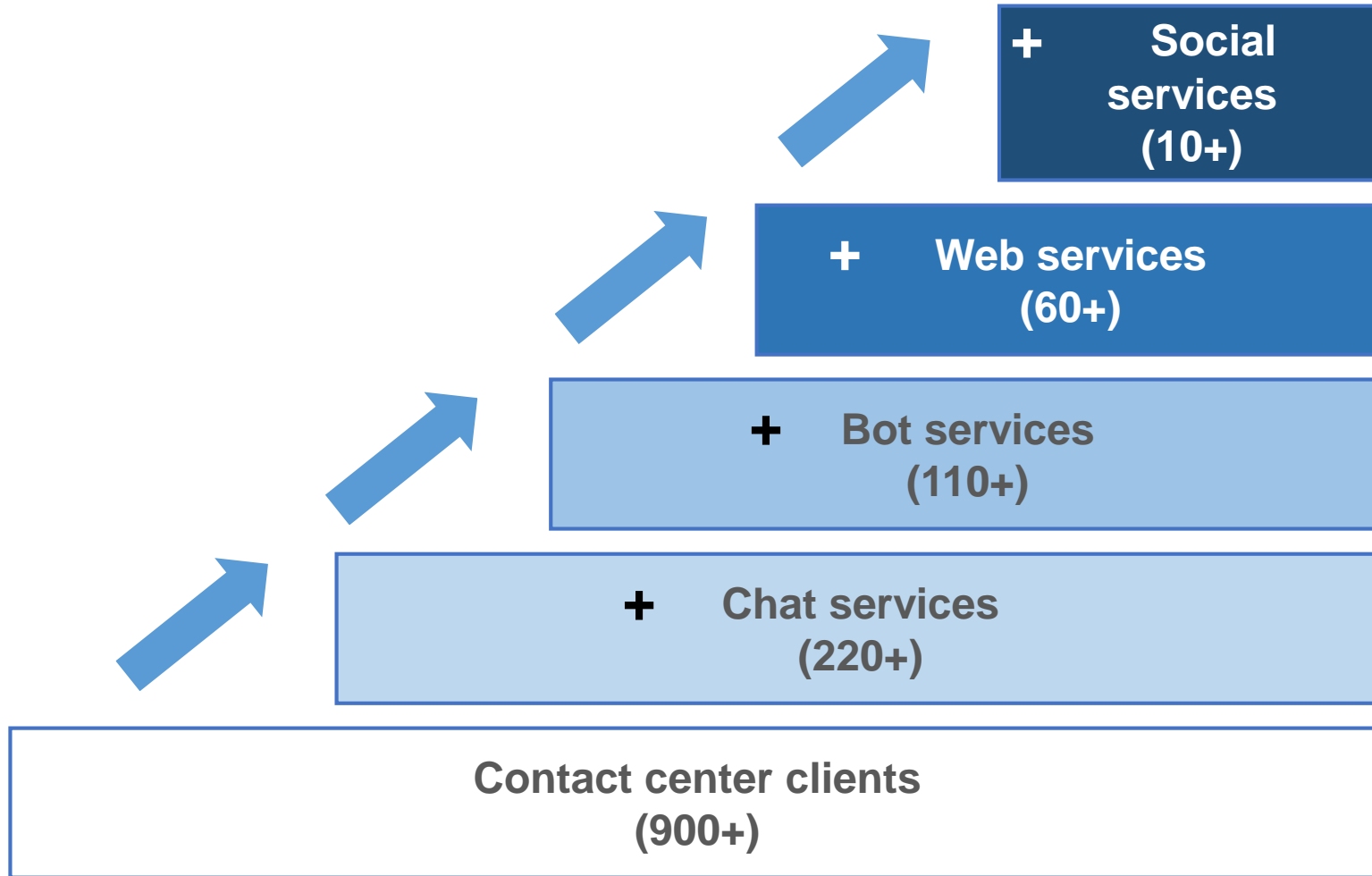
2-2

H1 Progress Update

2-3

Cash Allocation & Numeric Targets

# H1 Progress Update: TCI-DX for Support deployment



## ▼ Industry Mix

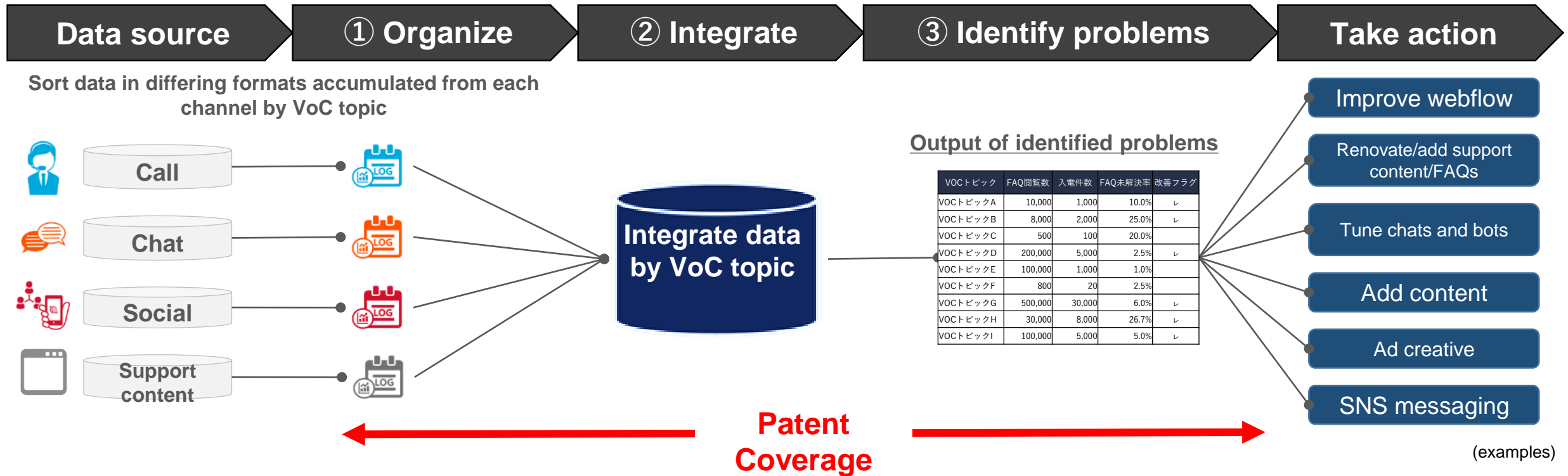
Contact Center + Chat		Contact Center + Chat + Bot	
Industry	Mix	Industry	Mix
Manufacturing	31%	Manufacturing	30%
Retail/Ecommerce	22%	Retail/Ecommerce	20%
Finance	15%	Finance	18%
Telecom	6%	Telecom	8%

Contact Center + Chat + Bot + Customer support content (Web)		Contact Center + Chat + Bot + Customer support content (Web) + Social	
Industry	Mix	Industry	Mix
Finance	28%	Retail/Ecommerce	44%
Retail/Ecommerce	21%	Finance	22%
Manufacturing	19%	Manufacturing	11%
Telecom	11%	Telecom	11%

# H1 Progress Update: TCI-DX for Support granted a patent

- Recognized as a problem solving solution powered by VoC (Voice of the Customer), TCI-DX for Support won a patent (Patent number 7319478).



**Key points**

- Established methods to remove unnecessary data at the data preparation process as well as methods to integrate data based on our expertise in managing a full-funnel marketing, website and app development, contact center services to social operations.
- Building on VoC data accumulated in contact centers, social and chats, developed a technology which comprehensively analyzes customer experience data collected at diverse customer touchpoints across the customer journey.



# H1 Progress Update: Created new BPO platform models

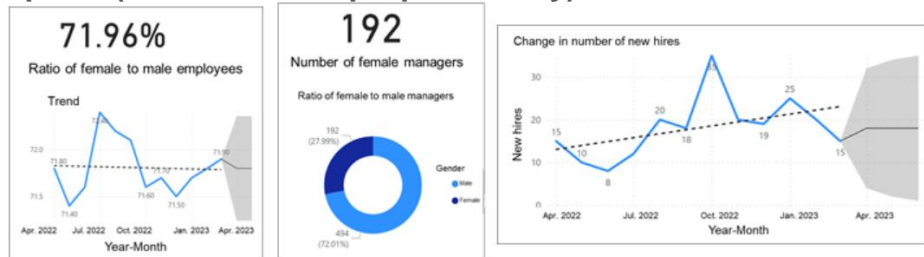
- Actively offering and developing platform models that streamline back-office business processes.
- Continue to help clients develop management strategies quantitatively with data collection/visualization/statistical analysis features of the platforms.

## Released HCM Analytics Platform which helps HR business process transformation & streamline human capital information disclosure

- Collect information for human capital information disclosure and offer 2 services: 1) reporting which visualizes status of key metrics. 2) data analytics platform which continuously collects information and monitors/analyzes trends over time.
- Support business foundations via E2E services from information disclosure for HCM to data-driven human capital strategy.



### Reports (for illustration purposes only)



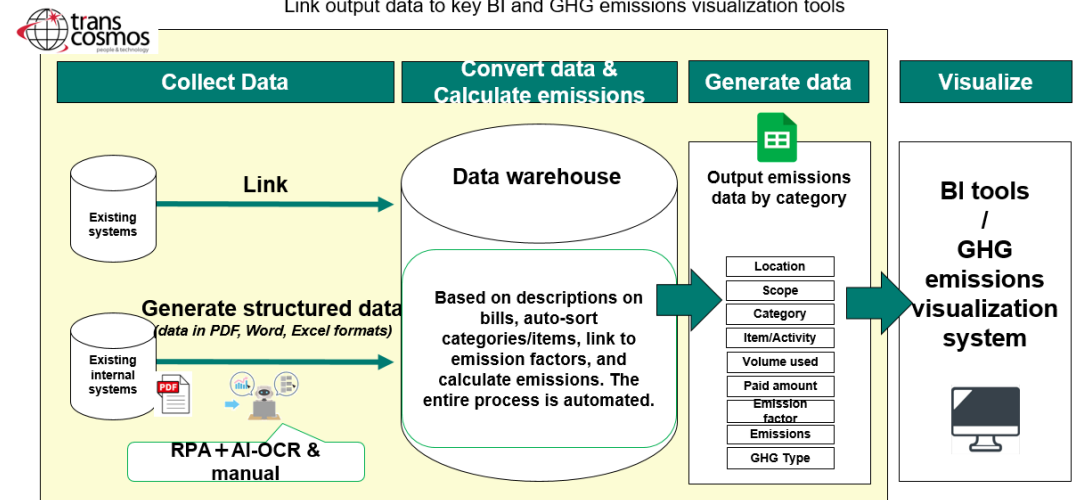
## Released GHG emissions Calculator, a solution that auto-collects/calculates GHG emissions

- Auto-connect data for GHG emissions calculation from existing systems, and drastically cut\* man-hours for data collection/calculation.
- Auto-connect with emission factors based on the data, and output a packaged data including amount/value of purchased goods, emission factors and emissions. Check and analyze monthly GHG emissions.

\*Our PoC results show the **solution saved 97% man-hour.**

### Semi-automated data collection. Auto-sort/link/calculate emissions for required outputs

Link output data to key BI and GHG emissions visualization tools



# H1 Progress Update: Developed a structure for Gen AI utilization



- Positioned Gen AI as a technology that drastically streamlines clients' business, actively driving Gen AI deployment initiatives.
- Launched a cross-divisional project with members from CX, BPO, Technology and Security team, exploring ways to utilize Gen AI focusing on three areas.

Streamline internal operations	Evolve services for clients	
	Utilize external tools (expand service menu)	Develop in-house (increase earnings/change models)
Apply to daily operations	Utilize third-party tools to boost productivity/quality of CX/BPO services	Develop tools for clients internally. Build unique models for our own business
<ul style="list-style-type: none"> <li>• Created a secure environment for testing, ensuring data privacy and compliance. 2,500 transcosmos members* are using the environment.</li> </ul>	<ul style="list-style-type: none"> <li>• Released Quick Support Cloud with Gen AI, a tool that assists support desk.</li> <li>• Developing systems to apply Gen AI to support contact center agents, automate chat, improve analytics functions, and more. Some are already in use.</li> <li>• Projects in progress towards automating website development (auto-generate RFP, etc.)</li> <li>• Preparing for POC to apply Gen AI for analyzing ad creatives via computer vision and for text-to-image (image creation by AI).</li> </ul>	<ul style="list-style-type: none"> <li>• Launched POC to apply Gen AI as a supervisor function in CX services.</li> </ul>

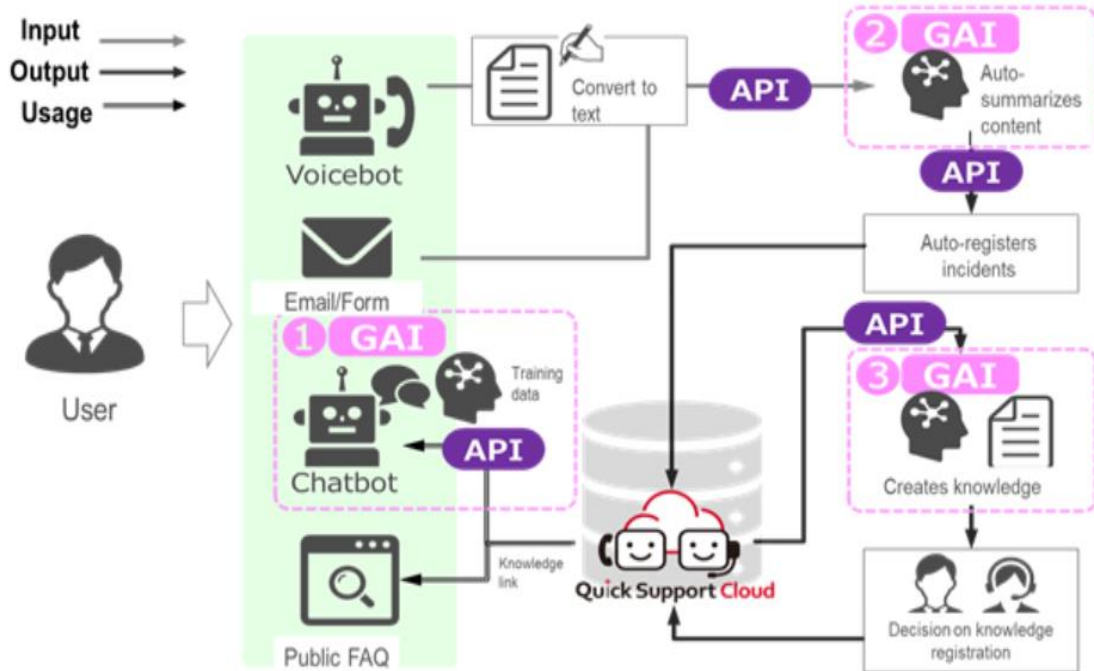
\*As of end of August, 2023.

# H1 Progress Update: Gen AI case study (BPO Services)

- Released Quick Support Cloud with GAI, a tool for assisting support desks with the power of Gen AI.
- By combining Gen AI (GAI) with three functions, offering services to cut man-hours and boost productivity with stable quality.



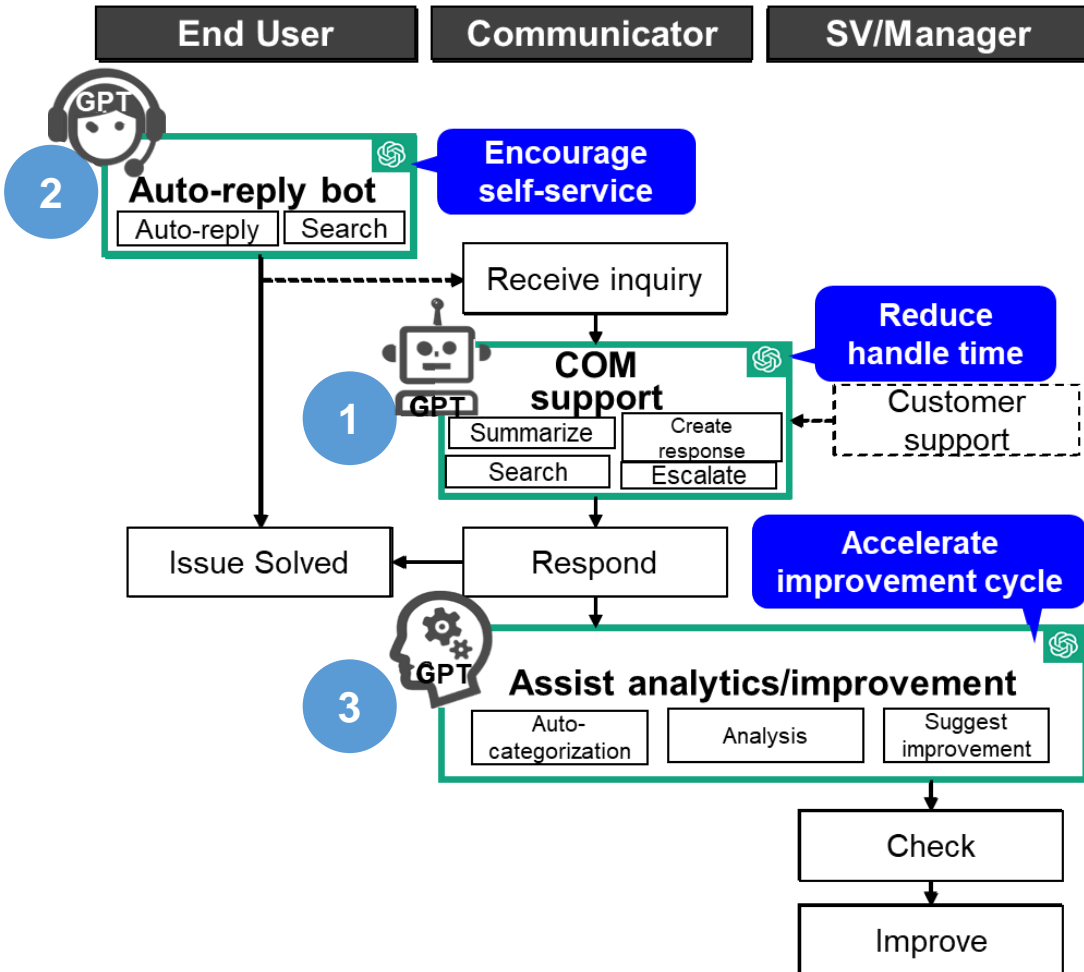
Quick Support Cloud with GAI: Feature correlation diagram



3 functions	+ Gen AI (GAI)	Outcome per case
Chatbot responds to inquiries using input knowledge and training data.	<ul style="list-style-type: none"> <li>GAI creates training data for chatbot.</li> <li>4 to 5 talk scripts per knowledge.</li> </ul>	Ave. man-hours: 5min ↓ GAI maximum: 1min (max-time saved: 4min)
Summarize incoming user inquiries via voice, voice bot and emails, and register data to a system.	<ul style="list-style-type: none"> <li>GAI summarizes inquiries.</li> <li>Add the data to Quick Support Cloud with GAI and register as knowledge.</li> </ul>	Ave. man-hours: 5min ↓ GAI maximum: 1min (max-time saved: 4min)
Create Q&As from inquiry logs.	<ul style="list-style-type: none"> <li>GAI creates the right Q&amp;A from logs.</li> <li>Able to divide questions and answers.</li> </ul>	Ave. man-hours: 30min ↓ GAI maximum: 5min (max-time saved: 25min)

# H1 Progress Update: Gen AI case study (CX Services)

- Development in progress to apply Gen AI to three areas, and solve contact center challenges.
- Improving Gen AI to from the one with standard spec to lift contact center auto-response accuracy to a practical level.



Current status	
<p>Apply to internal process to ensure service quality</p> <p>① Agent support</p> <ul style="list-style-type: none"> <li>Summarize conversation</li> <li>Create responses</li> <li>Search manuals</li> <li>Escalate inquiries</li> </ul>	<ul style="list-style-type: none"> <li>Development completed. Increasing projects.</li> </ul>
<p>Apply to external service</p> <p>② Auto-reply bot</p> <ul style="list-style-type: none"> <li>Auto-generate responses</li> <li>Search manuals</li> </ul>	<ul style="list-style-type: none"> <li>Improving accuracy to a practical level.</li> <li>Development underway for live operations.</li> </ul>
<p>Apply for enhancing PDCA</p> <p>③ Analytics support</p> <ul style="list-style-type: none"> <li>Auto-classify</li> <li>Analyze logs</li> <li>Suggest improvement</li> </ul>	<ul style="list-style-type: none"> <li>Under development.</li> </ul>

- Constantly responding to client inquiries on the metaverse business.

## Offered metaverse services to JAPAN POST INSURANCE

- Created a metaverse space in Japan Post Insurance's Parenting Support webpage, where the company posts family-friendly contents.
- This marks the first permanent web-based metaverse service in the life insurance industry in Japan\*.



\*Source: Press release dated July 28, 2023.  
\*Source: Japan Post Insurance research (as of July 28, 2023).

## Offered a metaverse space to SAKURA Law Office, led by the lawyer Kenshiro Michishita

- The space helps the law profession run consulting sessions and seminars on the metaverse.
- To offer useful services, the law office will offer a Summary Law Center (reservation only) on the metaverse to enable users who need legal advice to consult with lawyers via avatars. In addition, it plans to hold regular events to share legal information, and more.



\*Source: Press release dated July 12, 2023.

# H1 Progress Update: Pushed forward ESG initiatives

- Both internal and external stakeholders highly praise our continuous ESG initiatives.

**S Social** Received Excellence in Disability Inclusion Company Award (Tokyo Metropolitan Governor's Award)

- The Tokyo metropolitan government honors companies that demonstrate exceptional initiatives such as developing skills and knowledge of, and enhancing working conditions for people with disabilities with the award.

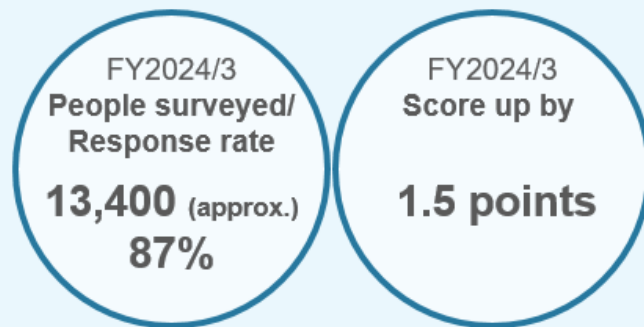
**Our major initiatives**

- Two assignment models. Team-based model: receive jobs from internal/external customers as a team. Distributed model: Each individual is assigned to internal department and works as a member of the team.
- 80% of disabled people play active role in profit center functions, directly making a huge contribution.



**S Social** Enhanced people engagement

- Conducting regular engagement survey (eNPS) since FY2021/3, covering all people including officers (except some overseas subsidiaries).
- Executed company-wide/divisional initiatives to solve challenges identified through the past surveys (HR systems, management communication, etc.)
- eNPS rose 1.5% YoY in the 4<sup>th</sup> survey in FY2024/3.



**ESG** Received higher ESG scores from external agencies

- 2023 ESG score rated by FTSE Russell rose from 2022.
- Selected a an FTSE Blossom Japan Sector Relative Index constituent for the first time.

FTSE Russell ESG score		2022	2023
E	Climate change	0	1
S	Human rights and Community	2	3
	Labor standards	3	3
G	Anti-corruption	1	2
	Corporate governance	4	4
TOTAL		1.5	2.3

2

## Medium-Term Business Plan 2024/3-2026/3

2-1

Outline & 5 Strategic Initiatives

2-2

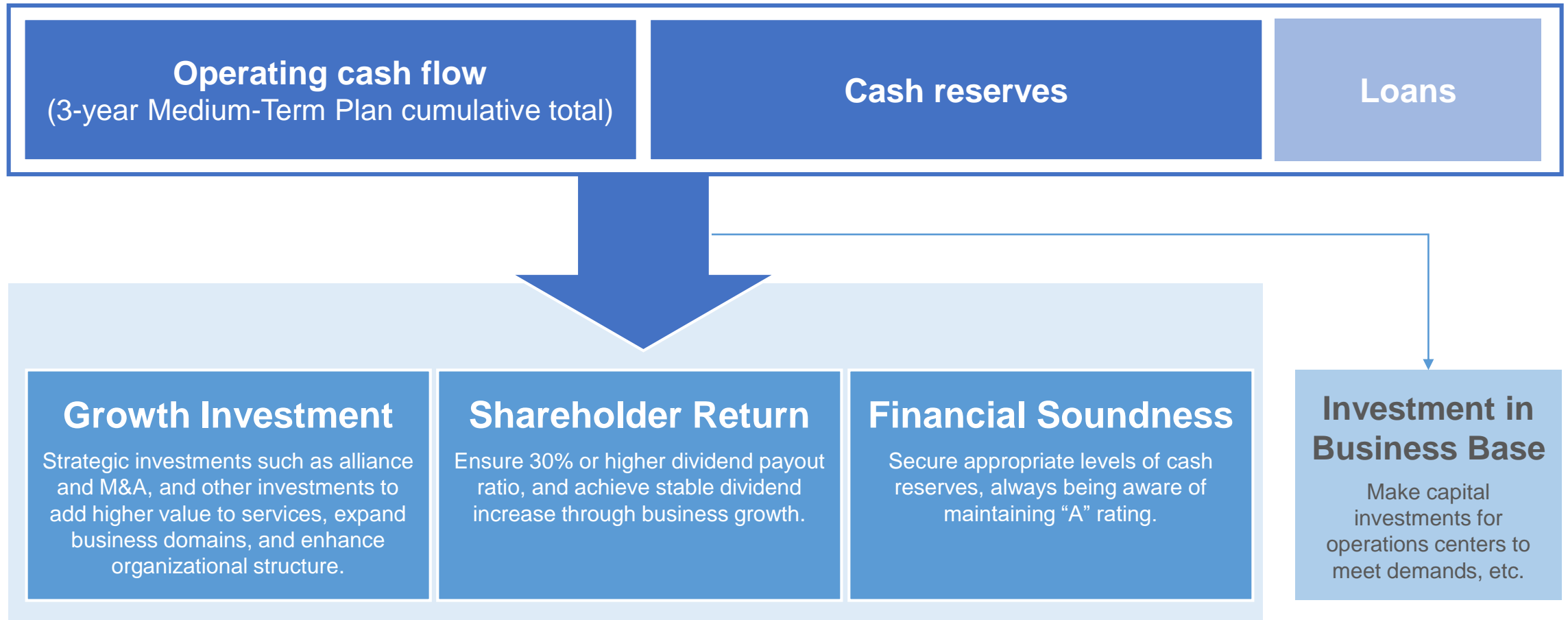
H1 Progress Update

2-3

Cash Allocation & Numeric Targets



- Towards sustainable growth and higher corporate value, we will continue to return profits to shareholders and secure investment opportunities for growth while maintaining financial soundness.





transcosmos Group Target  
**Sales: ¥1 trillion**



**2023/3  
Actuals**

**2026/3  
Targets**

Sales	¥373.8B	➔	<b>¥450.0B</b> or higher
%Operating Income	6.2%	➔	<b>6.0~8.0%</b>

- Forward-looking statements included in this document are based on information available on the date of the announcement and estimates based on reasonable assumptions. Actual future results may differ materially from these forecasts depending on Japanese economic conditions, trends in the stock market and information services industry, evolution of new services or technologies, and other diverse other factors. The company assumes no obligation to update or revise any forward-looking statements.
- In this document, yen is rounded to the nearest hundred million (figures shown in million yen is rounded to the nearest million) and the percentage is rounded to the first decimal place.



## **IR Contact**

IR Department, Corporate Management Sector, transcosmos inc.

E-Mail. [ir\\_info@trans-cosmos.co.jp](mailto:ir_info@trans-cosmos.co.jp)