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transcosmos inc.

Consolidated Financial Results for the Fiscal Year Ended March 31, 2023 [J-GAAP]

April 28, 2023

(Amounts are rounded down to the nearest million yen.)

1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2023

(April 1, 2022 through March 31, 2023)

(1) Consolidated operating results (cumulative total)

(% of change from the previous corresponding period)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of transcosmos inc.	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Year ended Mar. 31, 2023	373,830	5.6	23,290	(9.9)	23,072	(20.2)	15,767	(26.6)
Year ended Mar. 31, 2022	354,085	-	25,846	-	28,902	-	21,488	-

(Note) Comprehensive income: Year ended March 31, 2023: 10,545 million yen (67.1%). Year ended March 31, 2022: 32,003 million yen -%

	Earnings per share - Basic	Earnings per share - Diluted	Return on equity	Ordinary income to net assets	Operating income to net sales
	Yen	Yen	%	%	%
Year ended Mar. 31, 2023	389.22	366.60	14.6	11.2	6.2
Year ended Mar. 31, 2022	518.12	509.28	21.6	14.7	7.3

(Reference) Equity in net income of affiliated companies (for the years ended March 31): 2023 ¥(1,325) million 2022 ¥3,188 million
(Note) transcosmos has adopted the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020) and the related guidance since the beginning of the previous fiscal year. All figures for the fiscal year ended March 31, 2022 are based on the standard and the guidance. In the table above, as such, we have not presented the percentage changes compared with the previous fiscal year.

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Mar. 31, 2023	193,842	112,381	53.4	2,761.61
As of Mar. 31, 2022	218,455	120,880	51.7	2,723.29

(Reference) Equity ratio: As of March 31, 2023: 103,486 million yen. As of March 31, 2022: 112,944 million yen

(3) Consolidated cash flows

	Cash flow from operating activities	Cash flow from investing activities	Cash flow from financing activities	Cash and cash equivalents at end of period
	Million yen	Million yen	%	Yen
Year ended Mar. 31, 2023	24,253	(7,814)	(31,895)	49,366
Year ended Mar. 31, 2022	15,770	(6,223)	4,218	63,858

2. Cash dividends

	Annual dividends					Total Amount of Annual Dividends	Dividends Payout Ratio (Consolidated)	Ratio of Dividends to Equity (Consolidated)
	End of first quarter	End of second quarter	End of third quarter	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
Year ended Mar. 31, 2022	-	0.00	-	156.00	156.00	6,469	30.1	6.5
Year ended Mar. 31, 2023	-	0.00	-	117.00	117.00	4,384	30.1	4.3
Year ending Mar. 31, 2024 (Forecast)	-	-	-	-	-	-	-	-

(Note) The year-end dividend for the fiscal year ended March 31, 2023 shown on the table above is a forecast as of today. The board of directors intends to issue a declaration of dividend at the Board of Directors’ meeting scheduled to be held on May 15, 2023. The dividend forecast for the fiscal year ending March 31, 2024 is yet to be determined.

3. Forecasts for Consolidated Financial Results for the Fiscal Year Ending March 31, 2024

(April 1, 2023 through March 31, 2024)

Please note that this document does not include the forecasts for consolidated financial results for the fiscal year ending March 31, 2024, due to the difficulty in making reasonably accurate projections for such period.

Unaudited Consolidated Balance Sheet
transcosmos inc. AND ITS CONSOLIDATED SUBSIDIARIES
As of March 31, 2023, 2022 and 2021

ASSETS	Millions of yen			Thousands of U.S.
	As of March 31,	As of March 31,	As of March 31,	dollars (Note 1)
	2023	2022	2021	As of March 31, 2023
Current assets:				
Cash and deposits	¥ 51,176	¥ 64,834	¥ 49,903	\$ 383,226
Notes and accounts receivable – trade, and contract assets	70,985	73,708	56,436	531,563
Merchandise and finished goods	4,825	5,425	5,723	36,136
Work in process	196	227	1,481	1,473
Supplies	92	84	150	692
Others	8,444	6,984	7,128	63,238
Less - allowance for doubtful accounts	(297)	(274)	(293)	(2,226)
Total current assets	135,423	150,990	120,530	1,014,104
Non-current assets:				
Property, plant and equipment:				
Buildings and structures, net	6,652	6,274	6,669	49,815
Vehicles, net	41	38	34	308
Tools, furniture and fixtures, net	7,779	6,477	5,337	58,252
Land	839	829	826	6,285
Leased assets, net	1,182	1,558	1,121	8,851
Construction in progress	56	295	168	420
Total property, plant and equipment, net	16,550	15,474	14,157	123,933
Intangible assets:				
Goodwill	604	792	984	4,524
Software	3,135	3,271	3,036	23,480
Leased assets	27	5	56	206
Software in progress	429	244	253	3,218
Others	326	333	340	2,444
Total intangible assets	4,523	4,646	4,671	33,875
Investments and other assets:				
Investment securities	8,111	16,579	9,628	60,742
Shares of unconsolidated subsidiaries and affiliates	10,718	14,108	9,293	80,260
Investments of capital subsidiaries and affiliates	1,442	1,324	1,147	10,800
Long-term loans receivable	532	488	1,117	3,984
Deferred tax assets	5,305	4,030	5,009	39,732
Guarantee deposits	10,456	10,021	10,433	78,300
Others	1,112	1,072	843	8,331
Less - allowance for doubtful accounts	(333)	(282)	(950)	(2,496)
Total investments and other assets	37,345	47,344	36,522	279,656
Total non-current assets	58,419	67,465	55,352	437,465
Total assets	¥ 193,842	¥ 218,455	¥ 175,883	\$ 1,451,570

See accompanying notes to unaudited consolidated financial statements.

Unaudited Consolidated Balance Sheet
transcosmos inc. AND ITS CONSOLIDATED SUBSIDIARIES
As of March 31, 2023, 2022 and 2021

LIABILITIES	Millions of yen			Thousands of U.S. dollars (Note 1)
	As of March 31, 2023	As of March 31, 2022	As of March 31, 2021	As of March 31, 2023
Current liabilities:				
Accounts payable - trade	¥ 16,230	¥ 16,529	¥ 13,104	\$ 121,539
Short-term borrowings	1,629	1,563	2,548	12,201
Current portion of bonds payable	79	62	48	595
Current portion of long-term debt	2,060	12,060	87	15,428
Accounts payable - other	7,785	8,970	7,120	58,302
Accrued expenses	18,918	17,962	16,047	141,670
Income taxes payable	4,849	6,243	8,111	36,312
Accrued consumption taxes	4,601	5,455	6,270	34,454
Advances received	1,955	2,394	2,059	14,639
Accrued compensation	6,233	6,395	5,462	46,676
Others	2,091	2,539	3,024	15,661
Total current liabilities	66,433	80,178	63,886	497,481
Non-current liabilities:				
Bonds payable	194	174	166	1,456
Convertible bond-type bonds with subscription rights to shares	10,074	10,094	—	75,438
Long-term debt	2,222	4,233	16,246	16,643
Deferred tax liabilities	374	1,025	1,191	2,807
Liability for retirement benefits	402	373	334	3,016
Long-term guarantee deposited	23	5	19	178
Others	1,734	1,490	1,521	12,989
Total non-current liabilities	15,027	17,396	19,480	112,531
Total liabilities	81,461	97,575	83,366	610,013
NET ASSETS				
Shareholders' equity:				
Capital stock	29,065	29,065	29,065	217,657
Capital surplus	19,330	19,331	19,361	144,754
Retained earnings	77,739	67,408	49,488	582,144
Treasury stock, at cost	(28,567)	(15,240)	(15,237)	(213,922)
Total shareholders' equity	97,568	100,564	82,678	730,634
Accumulated other comprehensive income :				
Unrealized holding gain on securities	2,452	11,324	4,624	18,365
Foreign currency translation gains (losses) adjustments	3,464	1,055	(1,492)	25,944
Total accumulated other comprehensive income	5,917	12,379	3,132	44,310
Stock acquisition rights	3	3	3	24
Non-controlling interests	8,892	7,932	6,702	66,587
Total net assets	112,381	120,880	92,516	841,556
Total liabilities and net assets	¥ 193,842	¥ 218,455	¥ 175,883	\$ 1,451,570

See accompanying notes to unaudited consolidated financial statements.

Unaudited Consolidated Statement of Income
transcosmos inc. AND ITS CONSOLIDATED SUBSIDIARIES
For the years ended March 31, 2023, 2022 and 2021

	Millions of yen			Thousands of U.S. dollars (Note 1)
	2023	2022	2021	2023
Net sales	¥ 373,830	¥ 354,085	¥ 336,405	\$ 2,799,388
Cost of sales	297,308	276,306	270,518	2,226,359
Gross profit	76,522	77,779	65,887	573,028
Selling, general and administrative expenses	53,231	51,932	48,135	398,617
Operating income	23,290	25,846	17,752	174,410
Non-operating income (expenses):				
Interest income	195	126	118	1,467
Interest expenses	(84)	(157)	(108)	(633)
Dividend income	42	12	8	317
Share of profits (losses) of entities accounted for using equity method	(1,325)	3,188	(380)	(9,925)
Foreign exchange gains	272	213	214	2,039
Subsidy income	480	378	923	3,599
Provision of allowance for doubtful accounts	—	—	(660)	—
Head office relocation costs	—	(978)	—	—
Losses on retirement of non-current assets	(204)	(153)	(112)	(1,533)
Impairment losses on fixed assets	(194)	(84)	(155)	(1,458)
Penalty income	—	734	—	—
Gains on sales of investment securities	756	731	107	5,668
Gain on sale of shares of subsidiaries and associates	373	0	—	2,797
Losses on valuation of investment securities	(478)	(99)	(537)	(3,582)
Losses on valuation of shares of subsidiaries and affiliates	—	—	(100)	—
Gains on changes in ownership interests in affiliates	241	1,167	318	1,809
Losses on changes in ownership interests in affiliates	(131)	—	(162)	(986)
Subsidies for companies located	—	—	193	—
Other expenses, net	202	174	407	1,512
Total non-operating income (expenses)	145	5,254	74	1,092
Income before income taxes and non-controlling interests	23,436	31,100	17,826	175,502
Income taxes :				
Current	7,565	7,746	9,635	56,655
Deferred	(1,109)	589	(3,003)	(8,308)
Total income taxes	6,456	8,335	6,631	48,347
Net income	16,980	22,765	11,194	127,155
Net income attributable to non-controlling interests	1,212	1,276	1,172	9,078
Net income attributable to shareholders of transcosmos inc.	¥ 15,767	¥ 21,488	¥ 10,022	\$ 118,076

See accompanying notes to unaudited consolidated financial statements.

Unaudited Consolidated Statement of Comprehensive Income

transcosmos inc. AND ITS CONSOLIDATED SUBSIDIARIES

For the years ended March 31, 2023, 2022 and 2021

	Millions of yen			Thousands of U.S. dollars (Note 1)
	2023	2022	2021	2023
Net income	¥ 16,980	¥ 22,765	¥ 11,194	\$ 127,155
Other comprehensive income :				
Unrealized holding gains (losses) on securities	(8,869)	6,699	1,408	(66,421)
Foreign currency translation gains adjustments	1,716	1,563	104	12,852
Share of other comprehensive income from ownership in entities accounted for using the equity method	718	975	78	5,380
Total other comprehensive income	(6,435)	9,238	1,590	(48,188)
Comprehensive income	¥ 10,545	¥ 32,003	¥ 12,785	\$ 78,966
Total comprehensive income attributable to:				
Shareholders of transcosmos inc.	¥ 9,305	¥ 30,736	¥ 11,627	\$ 69,681
Non-controlling interests	1,239	1,267	1,157	9,285

See accompanying notes to unaudited consolidated financial statements

Unaudited Consolidated Statement of Changes in Net Assets

transcosmos inc. AND ITS CONSOLIDATED SUBSIDIARIES

For the years ended March 31, 2023, 2022 and 2021

2023					
Millions of yen					
	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock, at cost	Total shareholders' equity
Balance at April 1, 2022	¥ 29,065	¥ 19,331	¥ 67,408	¥ (15,240)	¥ 100,564
Changes during the year:					
Cash dividends paid	—	—	(6,469)	—	(6,469)
Net gain for the period	—	—	15,767	—	15,767
Purchases of treasury stock	—	—	—	(13,326)	(13,326)
Disposal of treasury shares	—	0	—	0	0
Purchase of shares of consolidated subsidiaries	—	(0)	—	—	(0)
Change of scope of equity method	—	—	1,033	—	1,033
Net changes in items other than those in shareholders' equity	—	—	—	—	—
Total changes during the year	—	(0)	10,331	(13,326)	(2,995)
Balance as of March 31, 2023	¥ 29,065	¥ 19,330	¥ 77,739	¥ (28,567)	¥ 97,568

Millions of yen						
	Accumulated other comprehensive income			Subscription rights to shares	Non-controlling interests	Total net assets
	Unrealized holding gain (loss) on securities	Foreign currency translation adjustments	Total accumulated other comprehensive income			
Balance at April 1, 2022	¥ 11,324	¥ 1,055	¥ 12,379	¥ 3	¥ 7,932	¥ 120,880
Changes during the year:						
Cash dividends paid	—	—	—	—	—	(6,469)
Net gain for the period	—	—	—	—	—	15,767
Purchases of treasury stock	—	—	—	—	—	(13,326)
Disposal of treasury shares	—	—	—	—	—	0
Purchase of shares of consolidated subsidiaries	—	—	—	—	—	(0)
Change of scope of equity method	—	—	—	—	—	1,033
Net changes in items other than those in shareholders' equity	(8,871)	2,408	(6,462)	—	959	(5,503)
Total changes during the year	(8,871)	2,408	(6,462)	—	959	(8,498)
Balance as of March 31, 2023	¥ 2,452	¥ 3,464	¥ 5,917	¥ 3	¥ 8,892	¥ 112,381

See accompanying notes to unaudited consolidated financial statements.

Unaudited Consolidated Statement of Changes in Net Assets

transcosmos inc. AND ITS CONSOLIDATED SUBSIDIARIES

For the years ended March 31, 2023, 2022 and 2021

2023					
Millions of yen					
Shareholders' equity					
	Capital stock	Capital surplus	Retained earnings	Treasury stock, at cost	Total shareholders' equity
Balance at April 1, 2022	\$ 217,657	\$ 144,758	\$ 504,778	\$ (114,127)	\$ 753,066
Changes during the year:					
Cash dividends paid	—	—	(48,448)	—	(48,448)
Net gain for the period	—	—	118,076	—	118,076
Purchases of treasury stock	—	—	—	(99,794)	(99,794)
Disposal of treasury shares	—	0	—	0	0
Purchase of shares of consolidated subsidiaries	—	(3)	—	—	(3)
Change of scope of equity method	—	—	7,738	—	7,738
Net changes in items other than those in shareholders' equity	—	—	—	—	—
Total changes during the year	—	(3)	77,366	(99,794)	(22,432)
Balance as of March 31, 2023	\$ 217,657	\$ 144,754	\$ 582,144	\$ (213,922)	\$ 730,634

Millions of yen						
Accumulated other comprehensive income						
	Unrealized holding gain (loss) on securities	Foreign currency translation adjustments	Total accumulated other comprehensive income	Subscription rights to shares	Non-controlling interests	Total net assets
Balance at April 1, 2022	\$ 84,800	\$ 7,905	\$ 92,705	\$ 24	\$ 59,401	\$ 905,197
Changes during the year:						
Cash dividends paid	—	—	—	—	—	(48,448)
Net gain for the period	—	—	—	—	—	118,076
Purchases of treasury stock	—	—	—	—	—	(99,794)
Disposal of treasury shares	—	—	—	—	—	0
Purchase of shares of consolidated subsidiaries	—	—	—	—	—	(3)
Change of scope of equity method	—	—	—	—	—	7,738
Net changes in items other than those in shareholders' equity	(66,434)	18,038	(48,395)	—	7,186	(41,208)
Total changes during the year	(66,434)	18,038	(48,395)	—	7,186	(63,641)
Balance as of March 31, 2023	\$ 18,365	\$ 25,944	\$ 44,310	\$ 24	\$ 66,587	\$ 841,556

See accompanying notes to unaudited consolidated financial statements.

Unaudited Consolidated Statement of Changes in Net Assets

transcosmos inc. AND ITS CONSOLIDATED SUBSIDIARIES

For the years ended March 31, 2023, 2022 and 2021

2022

	Millions of yen				
	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock, at cost	Total shareholders' equity
	¥	¥	¥	¥	¥
Balance at April 1, 2021	29,065	19,361	49,488	(15,237)	82,678
Cumulative effects of changes in accounting policies	—	—	212	—	212
Restated balance	29,065	19,361	49,701	(15,237)	82,891
Changes during the year:					
Cash dividends paid	—	—	(3,857)	—	(3,857)
Net gain for the period	—	—	21,488	—	21,488
Purchases of treasury stock	—	—	—	(2)	(2)
Purchase of shares of consolidated subsidiaries	—	(30)	—	—	(30)
Change of scope of equity method	—	—	75	—	75
Net changes in items other than those in shareholders' equity	—	—	—	—	—
Total changes during the year	—	(30)	17,706	(2)	17,672
Balance as of March 31, 2022	29,065	19,331	67,408	(15,240)	100,564

Millions of yen

	Accumulated other comprehensive income											
	Unrealized holding gain on securities	Foreign currency translation adjustments	Total accumulated other comprehensive income	Subscription rights to shares	Non-controlling interests	Total net assets						
							Total					
							¥	¥	¥	¥	¥	¥
Balance at April 1, 2021	4,624	(1,492)	3,132	3	6,702	92,516						
Cumulative effects of changes in accounting policies	—	—	—	—	—	212						
Restated balance	4,624	(1,492)	3,132	3	6,702	92,729						
Changes during the year:												
Cash dividends paid	—	—	—	—	—	(3,857)						
Net gain for the period	—	—	—	—	—	21,488						
Purchases of treasury stock	—	—	—	—	—	(2)						
Purchase of shares of consolidated subsidiaries	—	—	—	—	—	(30)						
Change of scope of equity method	—	—	—	—	—	75						
Net changes in items other than those in shareholders' equity	6,699	2,547	9,247	—	1,230	10,477						
Total changes during the year	6,699	2,547	9,247	—	1,230	28,150						
Balance as of March 31, 2022	11,324	1,055	12,379	3	7,932	120,880						

See accompanying notes to unaudited consolidated financial statements

Unaudited Consolidated Statement of Changes in Net Assets

transcosmos inc. AND ITS CONSOLIDATED SUBSIDIARIES

For the years ended March 31, 2023, 2022 and 2021

2021

	Millions of yen				
	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock, at cost	Total shareholders' equity
	¥	¥	¥	¥	¥
Balance at April 1, 2020	29,065	17,778	41,061	(15,236)	72,669
Changes during the year:					
Cash dividends paid	—	—	(1,907)	—	(1,907)
Net gain for the period	—	—	10,022	—	10,022
Purchases of treasury stock	—	—	—	(1)	(1)
Change in ownership interest of parent due to transactions with non-controlling interests	—	1,582	—	—	1,582
Changes in the scope of consolidation	—	—	12	—	12
Change from merger of consolidated and unconsolidated subsidiaries	—	—	(14)	—	(14)
Purchase of shares of consolidated subsidiaries	—	1	—	—	1
Change of scope of equity method	—	—	315	—	315
Net changes in items other than those in shareholders' equity	—	—	—	—	—
Total changes during the year	—	1,583	8,427	(1)	10,009
Balance as of March 31, 2021	29,065	19,361	49,488	(15,237)	82,678

Millions of yen

	Accumulated other comprehensive income											
	Unrealized holding gain on securities	Foreign currency translation adjustments	Total accumulated other comprehensive income	Subscription rights to shares	Non-controlling interests	Total net assets						
							Total					
							¥	¥	¥	¥	¥	¥
Balance at April 1, 2020	3,204	(1,677)	1,527	3	3,769	77,969						
Changes during the year:												
Cash dividends paid	—	—	—	—	—	(1,907)						
Net gain for the period	—	—	—	—	—	10,022						
Purchases of treasury stock	—	—	—	—	—	(1)						
Change in ownership interest of parent due to transactions with non-controlling interests	—	—	—	—	—	1,582						
Changes in the scope of consolidation	—	—	—	—	—	12						
Change from merger of consolidated and unconsolidated subsidiaries	—	—	—	—	—	(14)						
Purchase of shares of consolidated subsidiaries	—	—	—	—	—	1						
Change of scope of equity method	—	—	—	—	—	315						
Net changes in items other than those in shareholders' equity	1,419	185	1,604	—	2,932	4,537						
Total changes during the year	1,419	185	1,604	—	2,932	14,547						
Balance as of March 31, 2021	4,624	(1,492)	3,132	3	6,702	92,516						

See accompanying notes to unaudited consolidated financial statements.

Unaudited Consolidated Statement of Cash Flows
transcosmos inc. AND ITS CONSOLIDATED SUBSIDIARIES
For the years ended March 31, 2023, 2022 and 2021

	Millions of yen			Thousands of U.S. dollars (Note 1)
	2023	2022	2021	2023
Operating activities:				
Income before income taxes and non-controlling interests	¥ 23,436	¥ 31,100	¥ 17,826	\$ 175,502
Depreciation of property, plant and equipment	3,812	4,072	3,423	28,553
Impairment loss on fixed assets	194	84	155	1,458
Amortization of goodwill	187	192	189	1,406
Amortization of intangible assets	1,510	1,372	1,196	11,307
Increase (decrease) in allowance for doubtful accounts	41	(708)	555	308
Increase (decrease) in accrued compensation	(158)	878	674	(1,187)
Changes in liability for retirement benefits, net	112	28	27	840
Interest and dividend income	(238)	(138)	(127)	(1,784)
Interest expenses	84	157	108	633
Foreign exchange losses (gains)	(272)	(213)	(214)	(2,039)
Share of losses (profits) of entities accounted for using equity method	1,325	(3,188)	380	9,925
Losses (gains) on investments in investment partnerships	(123)	(168)	(61)	(926)
Penalty income	—	(734)	—	—
Losses on disposal of fixed assets	204	153	112	1,533
Losses (gains) on sales of investment securities	(756)	(731)	(107)	(5,668)
Losses on valuation of investment securities	478	99	537	3,582
Losses (gains) on sales of shares of subsidiaries and affiliates	(373)	52	(285)	(2,797)
Losses on valuation of shares of subsidiaries and affiliates	84	113	100	631
Losses (gains) on changes in ownership interests in subsidiaries and affiliates	(109)	(1,167)	(155)	(823)
Decrease (increase) in notes and accounts receivable - trade	3,701	(15,345)	(6,465)	27,717
Decrease (increase) in inventories	813	1,509	(1,635)	6,092
Increase (decrease) in notes and accounts payable - trade	(217)	3,068	305	(1,628)
Increase (decrease) in accrued consumption taxes	(927)	(776)	1,416	(6,947)
Others, net	(2,532)	4,582	2,638	(18,961)
Subtotal	30,277	24,294	20,596	226,730
Interest and dividends received	2,815	283	233	21,080
Interest paid	(150)	(116)	(99)	(1,123)
Penalty income received	—	734	—	—
Income taxes paid	(8,688)	(9,425)	(5,014)	(65,063)
Net cash provided by operating activities	¥ 24,253	¥ 15,770	¥ 15,715	\$ 181,623

Unaudited Consolidated Statement of Cash Flows
transcosmos inc. AND ITS CONSOLIDATED SUBSIDIARIES
For the years ended March 31, 2023, 2022 and 2021

	Millions of yen			Thousands of U.S. dollars (Note 1)
	2023	2022	2021	2023
Investing activities:				
Payments into time deposits	¥ (1,651)	¥ (851)	¥ (1,185)	\$ (12,367)
Proceeds from withdrawal of time deposits	875	805	470	6,554
Purchases of property, plant and equipment	(4,822)	(4,003)	(4,661)	(36,114)
Purchases of intangible assets	(1,211)	(1,220)	(1,155)	(9,073)
Purchases of investment securities	(625)	(68)	(15)	(4,684)
Proceeds from sales of investment securities	1,007	1,081	184	7,545
Purchases of shares of subsidiaries and affiliates	(84)	(769)	(138)	(633)
Proceeds from sale of shares of subsidiaries and associates	236	420	2	1,768
Purchase of shares of subsidiaries resulting in change in scope of consolidation	—	—	(264)	—
Payments for guarantee deposits	(1,437)	(1,566)	(1,576)	(10,763)
Proceeds from collection of guarantee deposits	1,230	1,033	558	9,214
Payments of loans receivable	(230)	(205)	(252)	(1,727)
Collection of loans receivable	119	129	118	894
Others, net	(1,219)	(1,009)	(486)	(9,134)
Net cash used in investing activities	<u>(7,814)</u>	<u>(6,223)</u>	<u>(8,402)</u>	<u>(58,520)</u>
Financing activities:				
Increase in short-term borrowings	92	679	1,771	688
Repayment of short-term borrowings	(72)	(1,842)	(2,201)	(544)
Increase in long-term borrowings	50	50	16,211	374
Repayment of long-term borrowings	(12,061)	(90)	(130)	(90,321)
Proceeds from issuance of bonds	100	66	97	748
Proceeds from issuance of convertible-bond-type bonds with share acquisition rights	—	10,040	—	—
Redemption of convertible bond-type bonds with subscription rights to shares	—	—	(10,000)	—
Purchase of treasury stock	(13,327)	(2)	—	(99,800)
Cash dividends paid	(5,778)	(3,853)	(1,908)	(43,269)
Cash dividends paid to non-controlling interests	(275)	(144)	(67)	(2,065)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	—	(31)	—	—
Proceeds from disposal of treasury shares of subsidiaries	—	—	3,419	—
Others, net	(621)	(651)	(455)	(4,654)
Net cash provided by(used in) financing activities	<u>(31,895)</u>	<u>4,218</u>	<u>6,735</u>	<u>(238,843)</u>
Effect of exchange rate changes on cash and cash equivalents	963	1,018	0	7,218
Increase (decrease) in cash and cash equivalents	<u>(14,492)</u>	<u>14,784</u>	<u>14,048</u>	<u>(108,522)</u>
Cash and cash equivalents at the beginning of the year	<u>63,858</u>	<u>49,074</u>	<u>34,920</u>	<u>478,200</u>
Increase in cash and cash equivalents resulting from change of scope of consolidation	—	—	0	—
Increase in cash and cash equivalents resulting from merger of subsidiaries and merger with unconsolidated subsidiaries	—	—	104	—
Cash and cash equivalents at the end of the year	<u>¥ 49,366</u>	<u>¥ 63,858</u>	<u>¥ 49,074</u>	<u>\$ 369,677</u>

See accompanying notes to unaudited consolidated financial statements.

Notes to Unaudited Consolidated Financial Statements
transcosmos inc. AND ITS CONSOLIDATED SUBSIDIARIES

1. U.S. Dollar Amounts

The accompanying consolidated financial statements are expressed in yen, and solely for the convenience of the reader, have been translated into United States (U.S.) dollars at the rate of ¥133.54 = \$1, the approximate exchange rate of the Tokyo Foreign Exchange Market as of March 31, 2023. This translation should not be construed as a representation that the amounts shown could be converted to U.S. dollars at such rate.

2. Segment Information

(1) Information on net sales, profit or loss and assets for each reportable segment

Millions of yen						
2023						
Reportable segments						
	Parent Company	Domestic subsidiaries and affiliates	Overseas subsidiaries and affiliates	Total	Eliminations	Consolidated
Net sales						
Sales to third parties	¥ 243,448	¥ 36,512	¥ 93,869	¥ 373,830	¥ —	¥ 373,830
Inter-segment sales and transfers	1,065	6,695	4,439	12,200	(12,200)	—
Total	¥ 244,513	¥ 43,208	¥ 98,309	¥ 386,030	¥ (12,200)	¥ 373,830
Segment profit (loss)	¥ 15,929	¥ 3,741	¥ 3,629	¥ 23,300	¥ (10)	¥ 23,290
Segment assets	108,899	30,823	70,998	210,721	(16,878)	193,842

Thousands of U.S. dollars (Note 1)						
2023						
Reportable segments						
	Parent company	Domestic subsidiaries and affiliates	Overseas subsidiaries and affiliates	Total	Eliminations	Consolidated
Net sales						
Sales to third parties	\$ 1,823,035	\$ 273,421	\$ 702,931	\$ 2,799,388	\$ —	\$ 2,799,388
Inter-segment sales and transfers	7,975	50,141	33,245	91,362	(91,362)	—
Total	\$ 1,831,010	\$ 323,563	\$ 736,177	\$ 2,890,751	\$ (91,362)	\$ 2,799,388
Segment profit (loss)	\$ 119,289	\$ 28,017	\$ 27,178	\$ 174,485	\$ (74)	\$ 174,410
Segment assets	815,481	230,816	531,666	1,577,964	(126,394)	1,451,570

Note A: Details of “Eliminations” are as follows:

- (a) Segment profit (loss) of ¥ (10) million (\$ (74) thousand) in “Eliminations” consists of inter-segment elimination.
- (b) Segment assets of ¥ (16,878) million (\$ (126,394) thousand) in “Eliminations” consist of inter-segment eliminations.

Note B: Total consolidated segment profit agrees with consolidated operating income.

Notes to Unaudited Consolidated Financial Statements
transcosmos inc. AND ITS CONSOLIDATED SUBSIDIARIES

Millions of yen

		2022										
		Reportable segments										
		Parent	Domestic	Overseas								
		company	subsidiaries and	subsidiaries	Total	Eliminations	Consolidated					
			affiliates	and affiliates								
Net sales												
Sales to third parties	¥	237,750	¥	33,975	¥	82,360	¥	354,085	¥	—	¥	354,085
Inter-segment sales and transfers		1,061		6,154		4,138		11,354		(11,354)		—
Total	¥	238,812	¥	40,129	¥	86,498	¥	365,440	¥	(11,354)	¥	354,085
Segment profit (loss)	¥	17,839	¥	3,687	¥	4,342	¥	25,869	¥	(22)	¥	25,846
Segment assets		129,763		29,836		69,492		229,091		(10,635)		218,455

Note A: Details of “Eliminations” are as follows:

- (a) Segment profit (loss) of ¥ (22) million in “Eliminations” consists of inter-segment elimination.
- (b) Segment assets of ¥ (10,635) million in “Eliminations” consist of inter-segment eliminations.

Note B: Total consolidated segment profit agrees with consolidated operating income.

Notes to Unaudited Consolidated Financial Statements
transcosmos inc. AND ITS CONSOLIDATED SUBSIDIARIES

3. Revenue recognition

Information of disaggregated revenue from contracts with customers for the fiscal year ended March 31, 2023

	Millions of yen			
	2023			
	Reportable segments			
	Parent company	Domestic subsidiaries and affiliates	Overseas subsidiaries and affiliates	Total
Japan	¥ 240,355	¥ 36,484	¥ 4,721	¥ 281,561
Korea	9	—	38,024	38,033
China	116	1	32,542	32,660
Southeast Asia	2,227	3	12,766	14,996
Other	738	23	5,815	6,578
Revenue from contracts with customers	243,448	36,512	93,869	373,830
Other revenue	—	—	—	—
Sales to third parties	¥ 243,448	¥ 36,512	¥ 93,869	¥ 373,830

	Thousands of U.S. dollars (Note 1)			
	2023			
	Reportable segments			
	Parent company	Domestic subsidiaries and affiliates	Overseas subsidiaries and affiliates	Total
Japan	\$ 1,799,876	\$ 273,207	\$ 35,357	\$ 2,108,441
Korea	72	—	284,738	284,811
China	875	8	243,688	244,573
Southeast Asia	16,676	26	95,597	112,300
Other	5,532	179	43,549	49,261
Revenue from contracts with customers	1,823,035	273,421	702,931	2,799,388
Other revenue	—	—	—	—
Sales to third parties	\$ 1,823,035	\$ 273,421	\$ 702,931	\$ 2,799,388

Note: Revenue from contracts with customers above is disaggregated based on customers' locations into countries or areas.

Notes to Unaudited Consolidated Financial Statements
transcosmos inc. AND ITS CONSOLIDATED SUBSIDIARIES

Millions of yen

	2022			
	Reportable segments			
	Parent company	Domestic subsidiaries and affiliates	Overseas subsidiaries and affiliates	Total
Japan	¥ 235,535	¥ 33,969	¥ 4,127	¥ 273,632
Korea	—	—	32,564	32,564
China	106	—	30,414	30,520
Southeast Asia	1,479	2	10,581	12,063
Other	629	3	4,672	5,304
Revenue from contracts with customers	237,750	33,975	82,360	354,085
Other revenue	—	—	—	—
Sales to third parties	¥ 237,750	¥ 33,975	¥ 82,360	¥ 354,085

Note: Revenue from contracts with customers above is disaggregated based on customers' locations into countries or areas.

4. Amounts Per Share

Net assets per share, net income per share and diluted net income per share as of March 31, 2023, 2022 and 2021, and for the years then ended are as follows:

	Yen			U.S. dollars (Note 1)
	2023	2022	2021	2023
Net assets per share:	¥ 2,761.61	¥ 2,723.29	¥ 2,069.01	\$ 20.68
Net income per share:				
Basic	¥ 389.22	¥ 518.12	¥ 241.65	\$ 2.91
Diluted	¥ 366.60	¥ 509.28	—	\$ 2.75

The basis for the calculation of net income per share and diluted net income per share for the years ended March 31, 2023, 2022 and 2021 is as follows:

	Millions of yen			Thousands of U.S. dollars (Note 1)
	2023	2022	2021	2023
Net income per share:				
Net income attributable to shareholders of transcosmos inc.	¥ 15,767	¥ 21,488	¥ 10,022	\$ 118,076
Net income not attributable to common shareholders	—	—	—	—
Net income of common stock attributable to shareholders of transcosmos inc.	15,767	21,488	10,022	118,076
Weighted-average number of shares of common stock outstanding (shares)	40,511,658	41,473,899	41,474,756	
Diluted net income per share:				
Net income adjustment attributable to shareholders of transcosmos inc.	(13)	(4)		(103)
Increase in number of common stocks (shares)	2,461,356	712,302	—	