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transcosmos inc.

Consolidated Financial Results for the Fiscal Year Ended March 31, 2020 [J-GAAP]

April 30, 2020

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

1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2020
(April 1, 2019 through March 31, 2020)

(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, 2020	311,871	9.5	10,689	99.6	8,954	66.0	6,279	41.6
Year ended Mar. 31, 2019	284,696	6.8	5,355	(12.1)	5,394	199.3	4,433	-

(Note) Comprehensive income: Year ended March 31, 2020: 4,386 million yen (27.7)%. Year ended March 31, 2019: 6,070 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, 2020	151.40	-	8.6	6.4	3.4
Year ended Mar. 31, 2019	106.90	-	6.4	4.1	1.9

(Reference) Equity in net income of affiliated companies (for the years ended March 31): 2020 ¥(1,231) million 2019 ¥(853) million

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Mar. 31, 2020	143,985	77,969	51.5	1,788.95
As of Mar. 31, 2019	135,268	74,915	52.9	1,725.27

(Reference) Equity ratio: As of March 31, 2020: 74,196 million yen. As of March 31, 2019: 71,555 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, 2020	8,093	(6,885)	(2,093)	34,920
Year ended Mar. 31, 2019	3,889	4,344	(3,165)	35,979

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, 2019	-	0.00	-	33.00	33.00	1,368	30.9	2.0
Year ended Mar. 31, 2020	-	0.00	-	46.00	46.00	1,907	30.4	2.6
Year ending Mar. 31, 2021 (Forecast)	-	-	-	-	-		-	

(Note) The dividend forecast for Fiscal Year ending March 31, 2021 is not yet to be determined.

3. Forecasts for Consolidated Financial Results for the Fiscal Year Ending March 31, 2021
(April 1, 2020 through March 31, 2021)

Please note that this document does not include the forecasts for consolidated financial results for the fiscal year ending March 31, 2021, 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, 2020, 2019 and 2018

	Millions of yen			Thousands of U.S. dollars (Note 1)
	As of March 31, 2020	As of March 31, 2019	As of March 31, 2018	As of March 31, 2020
ASSETS				
Current assets:				
Cash and deposits	¥ 35,012	¥ 36,032	¥ 31,937	\$ 321,714
Notes and accounts receivable – trade	49,793	44,746	42,238	457,536
Merchandise and finished goods	4,420	2,850	2,595	40,613
Work in process	1,088	1,090	914	10,004
Supplies	56	48	42	516
Others	6,954	5,324	5,566	63,905
Less - allowance for doubtful accounts	(403)	(258)	(304)	(3,704)
Total current assets	96,922	89,835	82,989	890,586
Non-current assets:				
Property, plant and equipment:				
Buildings and structures, net	5,486	4,851	4,738	50,413
Vehicles, net	40	47	37	368
Tools, furniture and fixtures, net	4,390	3,877	4,035	40,340
Land	825	831	840	7,588
Leased assets, net	850	730	566	7,813
Construction in progress	86	60	58	798
Total property, plant and equipment, net	11,679	10,398	10,276	107,323
Intangible assets:				
Goodwill	778	417	3,570	7,156
Software	2,806	2,538	2,215	25,789
Leased assets	9	10	16	87
Software in progress	382	286	104	3,515
Others	336	280	332	3,096
Total intangible assets	4,314	3,534	6,238	39,645
Investments and other assets:				
Investment securities	7,196	8,737	4,654	66,129
Shares of subsidiaries and affiliates	5,506	6,782	9,482	50,598
Investments in capital of subsidiaries and affiliates	6,092	5,948	6,664	55,978
Long-term loans receivable	330	347	388	3,039
Deferred tax assets	2,183	1,785	1,385	20,064
Guarantee deposits	9,289	7,638	6,604	85,354
Others	758	782	880	6,965
Less - allowance for doubtful accounts	(288)	(522)	(499)	(2,655)
Total investments and other assets	31,068	31,501	29,561	285,474
Total non-current assets	47,062	45,433	46,077	432,442
Total assets	¥ 143,985	¥ 135,268	¥ 129,067	\$ 1,323,029

See accompanying notes to unaudited consolidated financial statements.

Unaudited Consolidated Balance Sheet
transcosmos inc. AND ITS CONSOLIDATED SUBSIDIARIES
As of March 31, 2020, 2019 and 2018

	Millions of yen			Thousands of U.S. dollars (Note 1)
	As of March 31, 2020	As of March 31, 2019	As of March 31, 2018	As of March 31, 2020
LIABILITIES				
Current liabilities:				
Accounts payable - trade	¥ 12,808	¥ 11,554	¥ 11,474	\$ 117,688
Short-term borrowings	3,057	1,763	1,286	28,090
Current portion of bonds	28	7	7	257
Current portion of convertible bonds	10,007	—	—	91,953
Current portion of long-term debt	83	1,758	1,737	767
Accounts payable - other	6,809	5,319	5,202	62,568
Accrued expenses	14,512	14,446	13,404	133,353
Income taxes payable	3,151	2,323	2,352	28,961
Accrued consumption taxes	4,830	4,031	3,759	44,385
Advances received	1,320	1,773	1,197	12,130
Provision for bonuses	4,766	3,793	3,639	43,798
Others	2,057	1,351	1,138	18,901
Total current liabilities	63,432	48,121	45,201	582,857
Non-current liabilities:				
Bonds payable	114	25	32	1,047
Convertible bond-type bonds with subscription rights to shares	—	10,017	10,027	—
Long-term debt	142	96	1,796	1,307
Deferred tax liabilities	895	1,261	111	8,228
Liability for retirement benefits	295	26	26	2,715
Long-term guarantee deposited	19	20	29	182
Others	1,116	783	643	10,256
Total non-current liabilities	2,583	12,232	12,666	23,737
Total liabilities	66,015	60,353	57,867	606,594
NET ASSETS				
Shareholders' equity:				
Capital stock	29,065	29,065	29,065	267,076
Capital surplus	17,778	17,755	18,263	163,356
Retained earnings	41,061	36,261	33,381	377,298
Treasury stock, at cost	(15,236)	(15,235)	(15,234)	(140,000)
Total shareholders' equity	72,669	67,847	65,477	667,731
Accumulated other comprehensive income :				
Unrealized holding gain on securities	3,204	4,470	1,265	29,444
Foreign currency translation adjustments	(1,677)	(761)	878	(15,410)
Total accumulated other comprehensive income	1,527	3,708	2,144	14,033
Subscription rights to shares	3	3	3	29
Non-controlling interests	3,769	3,355	3,574	34,638
Total net assets	77,969	74,915	71,199	716,434
Total liabilities and net assets	¥ 143,985	¥ 135,268	¥ 129,067	\$ 1,323,029

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, 2020, 2019 and 2018

	Millions of yen			Thousands of U.S. dollars (Note 1)
	2020	2019	2018	2020
Net sales	¥ 311,871	¥ 284,696	¥ 266,645	\$ 2,865,672
Cost of sales	257,262	237,494	219,377	2,363,897
Gross profit	54,608	47,202	47,267	501,775
Selling, general and administrative expenses	43,918	41,846	41,175	403,550
Operating income	10,689	5,355	6,092	98,224
Non-operating income (expenses):				
Interest income	130	99	69	1,198
Interest expenses	(64)	(56)	(39)	(592)
Dividend income	18	125	31	172
Share of loss of entities accounted for using equity method	(1,231)	(853)	(4,448)	(11,313)
Foreign exchange gains (loss)	(221)	95	(1)	(2,034)
Gain on investments in partnership	16	519	49	149
Subsidy income	215	238	134	1,976
Office transfer expenses	(302)	—	—	(2,780)
Gain on sales of investment securities	2,194	882	328	20,164
Gain on sales of shares of subsidiaries and affiliates	—	6,664	1,009	—
Impairment loss on fixed assets	(741)	(3,068)	(213)	(6,817)
Loss on valuation of investment securities	—	—	(1,216)	—
Loss on valuation of shares of subsidiaries and affiliates	(227)	(540)	(623)	(2,094)
Other expenses, net	(375)	(189)	(130)	(3,454)
Total non-operating income (expenses)	(590)	3,914	(5,047)	(5,426)
Income before income taxes and non-controlling interests	10,099	9,270	1,044	92,797
Income taxes :				
Current	3,689	4,906	2,845	33,902
Deferred	(205)	(220)	207	(1,890)
	3,483	4,686	3,052	32,012
Net income	6,615	4,584	(2,008)	60,785
Net income attributable to non-controlling interests	336	151	168	3,088
Net income (loss) attributable to shareholders of transcosmos inc.	¥ 6,279	¥ 4,433	¥ (2,176)	\$ 57,697

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, 2020, 2019 and 2018

	Millions of yen			Thousands of U.S. dollars (Note 1)
	2020	2019	2018	2020
Net income (loss)	¥ 6,615	¥ 4,584	¥ (2,008)	\$ 60,785
Other comprehensive income :				
Unrealized holding gain (loss) on securities	(1,314)	3,153	(5,247)	(12,074)
Unrealized gain (loss) on hedging instruments	—	—	(5,193)	—
Foreign currency translation adjustments	(634)	(913)	801	(5,834)
Share of other comprehensive income of entities accounted for using equity method	(280)	(754)	560	(2,573)
Total other comprehensive income	(2,229)	1,485	(9,079)	(20,482)
Comprehensive income	¥ 4,386	¥ 6,070	¥ (11,087)	\$ 40,303
Total comprehensive income attributable to:				
Shareholders of transcosmos inc.	¥ 4,098	¥ 5,997	¥ (11,249)	\$ 37,655
Non-controlling interests	288	72	161	2,648

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, 2020, 2019 and 2018

2020

	Millions of yen				
	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock, at cost	Total shareholders' equity
	¥	¥	¥	¥	¥
Balance at April 1, 2019	29,065	17,755	36,261	(15,235)	67,847
Changes during the year:					
Cash dividends paid	—	—	(1,368)	—	(1,368)
Net gain for the period	—	—	6,279	—	6,279
Purchases of treasury stock	—	—	—	(0)	(0)
Changes in the scope of consolidation	—	—	(14)	—	(14)
Purchase of shares of consolidated subsidiaries	—	22	—	—	22
Change of scope of equity method	—	—	(96)	—	(96)
Net changes in items other than those in shareholders' equity	—	—	—	—	—
Total changes during the year	—	22	4,800	(0)	4,822
Balance as of March 31, 2020	29,065	17,778	41,061	(15,236)	72,669

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, 2019	4,470	(761)	3,708	3	3,355	74,915
Changes during the year:						
Cash dividends paid	—	—	—	—	—	(1,368)
Net gain for the period	—	—	—	—	—	6,279
Purchases of treasury stock	—	—	—	—	—	(0)
Changes in the scope of consolidation	—	—	—	—	—	(14)
Purchase of shares of consolidated subsidiaries	—	—	—	—	—	22
Change of scope of equity method	—	—	—	—	—	(96)
Net changes in items other than those in shareholders' equity	(1,266)	(915)	(2,181)	—	413	(1,767)
Total changes during the year	(1,266)	(915)	(2,181)	—	413	3,054
Balance as of March 31, 2020	3,204	(1,677)	1,527	3	3,769	77,969

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Unaudited Consolidated Statement of Changes in Net Assets

transcosmos inc. AND ITS CONSOLIDATED SUBSIDIARIES

For the years ended March 31, 2020, 2019 and 2018

2020

	Thousands of U.S. dollars (Note 1)				
	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock, at cost	Total shareholders' equity
Balance at April 1, 2019	\$ 267,076	\$ 163,150	\$ 333,190	\$ (139,993)	\$ 623,423
Changes during the year:					
Cash dividends paid	—	—	(12,576)	—	(12,576)
Net gain for the period	—	—	57,697	—	57,697
Purchases of treasury stock	—	—	—	(6)	(6)
Changes in the scope of consolidation	—	—	(130)	—	(130)
Purchase of shares of consolidated subsidiaries	—	206	—	—	206
Change of scope of equity method	—	—	(882)	—	(882)
Net changes in items other than those in shareholders' equity	—	—	—	—	—
Total changes during the year	—	206	44,108	(6)	44,307
Balance as of March 31, 2020	\$ 267,076	\$ 163,356	\$ 377,298	\$ (140,000)	\$ 667,731

Thousands of U.S. dollars (Note 1)

	Accumulated other comprehensive income					Total net assets
	Unrealized holding gain (loss) on securities	Foreign currency translation adjustments	Total accumulated other comprehensive income	Subscription rights to shares	Non-controlling interests	
Balance at April 1, 2019	\$ 41,077	\$ (7,001)	\$ 34,076	\$ 29	\$ 30,837	\$ 688,367
Changes during the year:						
Cash dividends paid	—	—	—	—	—	(12,576)
Net loss for the period	—	—	—	—	—	57,697
Purchases of treasury stock	—	—	—	—	—	(6)
Changes in the scope of consolidation	—	—	—	—	—	(130)
Purchase of shares of consolidated subsidiaries	—	—	—	—	—	206
Change of scope of equity method	—	—	—	—	—	(882)
Net changes in items other than those in shareholders' equity	(11,633)	(8,409)	(20,042)	—	3,801	(16,240)
Total changes during the year	(11,663)	(8,409)	(20,042)	—	3,801	28,067
Balance as of March 31, 2020	\$ 29,444	\$ (15,410)	\$ 14,033	\$ 29	\$ 34,638	\$ 716,434

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, 2020, 2019 and 2018

2019

	Millions of yen				
	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock, at cost	Total shareholders' equity
Balance at April 1, 2018	¥ 29,065	¥ 18,263	¥ 33,381	¥ (15,234)	¥ 65,477
Cumulative effects of changes in accounting policies	—	—	7	—	7
Restated balance	29,065	18,263	33,389	(15,234)	65,484
Changes during the year:					
Cash dividends paid	—	—	(953)	—	(953)
Net gain for the period	—	—	4,433	—	4,433
Purchases of treasury stock	—	—	—	(1)	(1)
Changes in the scope of consolidation	—	—	(67)	—	(67)
Purchase of shares of consolidated subsidiaries	—	(508)	—	—	(508)
Change of scope of equity method	—	—	(540)	—	(540)
Net changes in items other than those in shareholders' equity	—	—	—	—	—
Total changes during the year	—	(508)	2,871	(1)	2,362
Balance as of March 31, 2019	¥ 29,065	¥ 17,755	¥ 36,261	¥ (15,235)	¥ 67,847

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, 2018	¥ 1,265	¥ 878	¥ 2,144	¥ 3	¥ 3,574	¥ 71,199
Cumulative effects of changes in accounting policies		(2)	(2)	—	—	4
Restated balance	1,265	876	2,141	3	3,574	71,203
Changes during the year:						
Cash dividends paid	—	—	—	—	—	(953)
Net gain for the period	—	—	—	—	—	4,433
Purchases of treasury stock	—	—	—	—	—	(1)
Changes in the scope of consolidation	—	—	—	—	—	(67)
Purchase of shares of consolidated subsidiaries	—	—	—	—	—	(508)
Change of scope of equity method	—	—	—	—	—	(540)
Net changes in items other than those in shareholders' equity	3,204	(1,638)	1,566	—	(218)	1,348
Total changes during the year	3,204	(1,638)	1,566	—	(218)	3,711
Balance as of March 31, 2019	¥ 4,470	¥ (761)	¥ 3,708	¥ 3	¥ 3,355	¥ 74,915

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, 2020, 2019 and 2018

2018

	Millions of yen				
	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock, at cost	Total shareholders' equity
Balance at April 1, 2017	¥ 29,065	¥ 18,908	¥ 37,737	¥ (15,232)	¥ 70,478
Changes during the year:					
Cash dividends paid	—	—	(2,156)	—	(2,156)
Net loss for the period	—	—	(2,176)	—	(2,176)
Purchases of treasury stock	—	—	—	(1)	(1)
Disposal of treasury stock	—	0	—	0	0
Changes in the scope of consolidation	—	—	158	—	158
Purchase of shares of consolidated subsidiaries	—	(644)	—	—	(644)
Change of scope equity method	—	—	(180)	—	(180)
Net changes in items other than those in shareholders' equity	—	—	—	—	—
Total changes during the year	—	(644)	(4,355)	(1)	(5,001)
Balance as of March 31, 2018	¥ 29,065	¥ 18,263	¥ 33,381	¥ (15,234)	¥ 65,477

Millions of yen

	Accumulated other comprehensive income						
	Unrealized holding gain (loss) on securities	Unrealized loss on hedging instruments	Foreign currency translation adjustments	Total accumulated other comprehensive income	Subscription rights to shares	Non-controlling interests	Total net assets
Balance at April 1, 2017	¥ 6,509	¥ 5,193	¥ (485)	¥ 11,217	¥ 3	¥ 3,489	¥ 85,188
Changes during the year:							
Cash dividends paid	—	—	—	—	—	—	(2,156)
Net loss for the period	—	—	—	—	—	—	(2,176)
Purchases of treasury stock	—	—	—	—	—	—	(1)
Disposal of treasury stock	—	—	—	—	—	—	0
Changes in the scope of consolidation	—	—	—	—	—	—	158
Purchase of shares of consolidated subsidiaries	—	—	—	—	—	—	(644)
Change of scope equity method	—	—	—	—	—	—	(180)
Net changes in items other than those in shareholders' equity	(5,243)	(5,193)	1,364	(9,072)	—	84	(8,987)
Total changes during the year	(5,243)	(5,193)	1,364	(9,072)	—	84	(13,989)
Balance as of March 31, 2018	¥ 1,265	¥ —	¥ 878	¥ 2,144	¥ 3	¥ 3,574	¥ 71,199

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, 2020, 2019 and 2018

	Millions of yen			Thousands of U.S.
				dollars (Note 1)
	2020	2019	2018	2020
Operating activities:				
Income before income taxes and non-controlling interests	¥ 10,099	¥ 9,270	¥ 1,044	\$ 92,797
Depreciation of property, plant and equipment	2,571	2,394	2,220	23,628
Impairment loss on fixed assets	741	3,068	213	6,817
Amortization of goodwill	161	533	519	1,482
Amortization of intangible assets	995	893	858	9,147
Increase (decrease) in allowance for doubtful accounts	463	3	314	4,263
Increase (decrease) in provision for bonuses	816	168	(224)	7,507
Changes in liability for retirement benefits, net	130	0	9	1,198
Interest and dividend income	(149)	(224)	(101)	(1,370)
Interest expenses	64	56	39	592
Foreign exchange gain(loss)	221	(95)	1	2,034
Gain on sales of investment securities	(16)	(519)	(49)	(149)
Share of loss (profit) of entities accounted for using equity method	1,231	853	4,448	11,313
Loss on disposal of fixed assets	92	30	17	847
Gain on sales of investment securities	(2,194)	(882)	(328)	(20,164)
Loss on valuation of investment securities	107	28	1,216	989
Gain on sales of shares of subsidiaries and affiliates	1	(6,616)	(1,009)	15
Loss on valuation of shares of subsidiaries and affiliates	227	540	623	2,094
Loss on changes in ownership interests in subsidiaries and affiliates	(67)	(162)	87	(618)
Gain on step acquisitions	20	—	—	188
Decrease in notes and accounts receivable - trade	(4,290)	(3,064)	(1,920)	(39,427)
Decrease in inventories	(1,579)	(577)	(805)	(14,517)
Increase in notes and accounts payable - trade	1,068	251	(1,174)	9,814
Increase (decrease) in accrued consumption taxes	754	304	610	6,935
Others, net	(645)	2,377	3,124	(5,927)
Subtotal	10,828	8,635	9,738	99,497
Interest and dividends received	306	271	343	2,819
Interest paid	(88)	(73)	(40)	(815)
Income taxes paid	(2,952)	(4,943)	(2,787)	(27,133)
Income taxes refund	—	—	560	—
Net cash provided by operating activities	¥ 8,093	¥ 3,889	¥ 7,814	\$ 74,366

9Unaudited Consolidated Statement of Cash Flows
transcosmos inc. AND ITS CONSOLIDATED SUBSIDIARIES
For the years ended March 31, 2020, 2019 and 2018

	Millions of yen			Thousands of U.S. dollars (Note 1)
	2020	2019	2018	2020
Investing activities:				
Payments into time deposits	¥ (198)	¥ (90)	¥ (511)	\$ (1,828)
Proceeds from withdrawal of time deposit accounts	163	195	844	1,505
Purchases of property, plant and equipment	(3,085)	(2,630)	(3,160)	(28,352)
Purchases of intangible assets	(1,819)	(1,300)	(1,177)	(16,717)
Purchases of investment securities	(501)	(295)	(523)	(4,611)
Proceeds from sales of investment securities	2,319	1,901	621	21,313
Purchases of shares of subsidiaries and affiliates	(466)	(626)	(3,115)	(4,283)
Payments for investments in capital of subsidiaries and associates	(1,288)	—	—	(11,837)
Proceeds from sales of shares of subsidiaries and affiliates	22	7,898	1,059	204
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(139)	—	(39)	(1,283)
Payments for guarantee deposits	(2,553)	(1,568)	(949)	(23,466)
Proceeds from collection of guarantee deposits	783	401	379	7,198
Payments of loans receivable	(2,882)	(164)	(569)	(26,484)
Collection of loans receivable	2,283	792	595	20,984
Others, net	477	(168)	(113)	4,392
Net cash used in investing activities	(6,885)	4,344	(6,658)	(63,267)
Financing activities:				
Increase in short-term borrowings	2,835	1,894	1,707	26,055
Repayment of short-term borrowings	(1,627)	(1,344)	(925)	(14,958)
Increase in long-term borrowings	168	78	150	1,543
Repayment of long-term borrowings	(1,834)	(1,757)	(1,724)	(16,855)
Proceeds from issuance of bonds	115	—	—	1,064
Proceeds from sales of treasury stock	—	—	0	—
Cash dividends paid	(1,370)	(957)	(2,157)	(12,594)
Proceeds from share issuance to non-controlling interests	30	—	164	275
Cash dividends paid to non-controlling interests	(73)	(62)	(483)	(672)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	—	(736)	(532)	—
Others, net	(337)	(280)	(247)	(3,098)
Net cash provided by(used in) financing activities	(2,093)	(3,165)	(4,049)	(19,240)
Effect of exchange rate changes on cash and cash equivalents	(231)	(935)	418	(2,125)
Increase (decrease) in cash and cash equivalents	(1,117)	4,132	(2,474)	(10,266)
Cash and cash equivalents at the beginning of the year	35,979	31,772	33,422	330,601
Increase in cash and cash equivalents resulting from change of scope of consolidation	58	74	824	537
Cash and cash equivalents at the end of the year	¥ 34,920	¥ 35,979	¥ 31,772	\$ 320,872

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 ¥108.83 = \$1, the approximate exchange rate of the Tokyo Foreign Exchange Market as of March 31, 2020. This translation should not be construed as a representation that the amounts shown could be converted to U.S. dollars at such rate.

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

2. Segment Information

(1) Overview of reportable segments

The reportable segments of the Group are components for which discrete financial information is available and whose operating results are regularly reviewed by the Board of Directors to make decisions about resource allocation and assess performance.

The Group's operation consists of the following three reportable segments: "Parent company," as the outsourcing service operations provided by the Company, and "Domestic subsidiaries and affiliates," "Overseas subsidiaries and affiliates," which are business provided by the consolidated subsidiaries divided by domestic and overseas.

Parent company:	The Company's outsourcing service operations
Domestic subsidiaries and affiliates:	Outsourcing service operations provided by domestic subsidiaries
Overseas subsidiaries and affiliates:	Outsourcing service operations provided by overseas subsidiaries

(2) Basis of measurement of net sales, segment income or losses, and segment assets for each reportable segment

The accounting policies and treatments applied in preparation of segment information are identical with those applied in preparation of the consolidated financial statements

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

Millions of yen							
2020							
Reportable segments							
	Parent Company	Domestic subsidiaries and affiliates	Overseas subsidiaries and affiliates	Total	Eliminations	Consolidated	
Net sales							
Sales to third parties	¥ 226,844	¥ 24,082	¥ 60,943	¥ 311,871	¥ —	¥ 311,871	
Inter-segment sales and transfers	799	4,194	5,105	10,098	(10,098)	—	
Total	¥ 227,643	¥ 28,277	¥ 66,048	¥ 321,970	¥ (10,098)	¥ 311,871	
Segment profit (loss)	¥ 7,912	¥ 1,362	¥ 1,413	¥ 10,688	¥ 1	¥ 10,689	
Segment assets	81,792	17,652	49,020	148,466	(4,480)	143,985	

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

Thousands of U.S. dollars (Note 1)

2020						
Reportable segments						
	Parent company	Domestic subsidiaries and affiliates	Overseas subsidiaries and affiliates	Total	Eliminations	Consolidated
Net sales						
Sales to third parties	\$ 2,084,392	\$ 221,289	\$ 559,990	\$ 2,865,672	\$ —	\$ 2,865,672
Inter-segment sales and transfers	7,346	38,540	46,908	92,795	(92,795)	—
Total	<u>\$ 2,091,738</u>	<u>\$ 259,829</u>	<u>\$ 606,899</u>	<u>\$ 2,958,468</u>	<u>\$ (92,795)</u>	<u>\$ 2,865,672</u>
Segment profit (loss)	\$ 72,708	\$ 12,515	\$ 12,988	\$ 98,212	\$ 12	\$ 98,224
Segment assets	751,559	162,207	450,436	1,364,202	(41,173)	1,323,029

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

- (a) Segment profit (loss) of ¥1 million (\$12 thousand) in “Eliminations” consists of inter-segment elimination.
- (b) Segment assets of ¥(4,480) million (\$ (41,173) thousand) in “Eliminations” consist of inter-segment eliminations.

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

Millions of yen

2019						
Reportable segments						
	Parent company	Domestic subsidiaries and affiliates	Overseas subsidiaries and affiliates	Total	Eliminations	Consolidated
Net sales						
Sales to third parties	¥ 209,841	¥ 17,183	¥ 57,671	¥ 284,696	¥ —	¥ 284,696
Inter-segment sales and transfers	382	3,847	4,302	8,533	(8,533)	—
Total	<u>¥ 210,224</u>	<u>¥ 21,030</u>	<u>¥ 61,974</u>	<u>¥ 293,229</u>	<u>¥ (8,533)</u>	<u>¥ 284,696</u>
Segment profit (loss)	¥ 4,415	¥ 624	¥ 313	¥ 5,353	¥ 2	¥ 5,355
Segment assets	77,145	15,393	47,528	140,068	(4,800)	135,268

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

- (a) Segment profit (loss) of ¥2 million in “Eliminations” consists of inter-segment elimination.
- (b) Segment assets of ¥(4,800) million in “Eliminations” consist of inter-segment eliminations.

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

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

3. Amounts Per Share

Net assets per share and net income (loss) per share as of March 31, 2020, 2019 and 2018, and for the years then ended are as follows:

	Yen			U.S. dollars (Note 1)
	2020	2019	2018	2020
Net assets per share:	¥ 1,788.95	¥ 1,725.27	¥ 1,630.39	\$ 16.44
Net income (loss) per share:				
Basic	¥ 151.40	¥ 106.90	¥ (52.47)	\$ 1.39

Note: No diluted net income (loss) per share has been presented because there were no shares with dilutive effect.

The basis for the calculation of net income (loss) per share for the years ended March 31, 2020, 2019 and 2018 is as follows:

	Millions of yen			Thousands of U.S. dollars (Note 1)
	2020	2019	2018	2020
Net income (loss) per share:				
Net income (loss) attributable to shareholders of transcosmos inc.	¥ 6,279	¥ 4,433	¥ (2,176)	\$ 57,697
Net income (loss) not attributable to common shareholders	—	—	—	—
Net income (loss) of common stock attributable to shareholders of transcosmos inc.	6,279	4,433	(2,176)	57,697
Weighted-average number of shares of common stock outstanding (shares)	41,475,123	41,475,483	41,475,941	