

Note: This English translation is for reference purposes only. In the event of any discrepancy between the Japanese original and this English translation, the Japanese original shall prevail.



transcosmos inc.
Consolidated Financial Results for the Three Months Ended June 30, 2020 [J-GAAP]

July 31, 2020

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

1. Consolidated Financial Results for the First Quarter of the Fiscal Year Ending March 31, 2021
(April 1, 2020 through June 30, 2020)

(1) Consolidated operating results (For the three months ended June 30)

(% 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	%
Three months ended Jun. 30, 2020	78,485	7.1	3,342	144.4	3,421	169.0	1,722	268.1
Three months ended Jun. 30, 2019	73,295	9.3	1,367	-	1,271	169.1	468	80.8

(Note) Comprehensive income: Three months ended June 30, 2020: 1,789 million yen -%. Three months ended June 30, 2019: 108 million yen -%

	Earnings per share - Basic		Earnings per share - Diluted	
	Yen		Yen	
Three months ended Jun. 30, 2020	41.54		-	
Three months ended Jun. 30, 2019	11.29		-	

(2) Consolidated financial position

	Total assets		Net assets		Equity ratio		Net assets per share	
	Million yen		Million yen		%		Yen	
As of Jun. 30, 2020	158,445		77,791		46.6		1,780.00	
As of Mar. 31, 2020	143,985		77,969		51.5		1,788.95	

(Reference) Equity ratio: As of June 30, 2020: 73,825 million yen. As of March 31, 2020: 74,196 million yen

2. Cash dividends

	Annual dividends				
	End of first quarter	End of second quarter	End of third quarter	Year-end	Total
Year ended Mar. 31, 2020	Yen -	Yen 0.00	Yen -	Yen 46.00	Yen 46.00
Year ending Mar. 31, 2021	-				
Year ending Mar. 31, 2021 (Forecast)		-	-	-	-

(Note) Revisions to the forecast of cash dividends since the latest announcement: None

Please note that the dividend forecast for the fiscal year ending March 31, 2021 has not been finalized.

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 Quarterly Consolidated Balance Sheet
transcosmos inc. AND ITS CONSOLIDATED SUBSIDIARIES
As of June 30, 2020 and March 31, 2020

ASSETS	Millions of yen		Thousands of U.S.
	As of June 30,	As of March 31,	dollars (Note1)
	2020	2020	As of June 30, 2020
Current assets:			
Cash and deposits	¥ 47,904	¥ 35,012	\$ 444,627
Notes and accounts receivable - trade	47,718	49,793	442,902
Merchandise and finished goods	3,252	4,420	30,191
Work in process	1,312	1,088	12,178
Supplies	241	56	2,237
Others	7,972	6,954	73,997
Less - allowance for doubtful accounts	(272)	(403)	(2,527)
Total current assets	108,128	96,922	1,003,607
Non-current assets:			
Property, plant and equipment:			
Buildings and structures, net	5,723	5,486	53,122
Tools, furniture and fixtures, net	4,490	4,390	41,674
Land	819	825	7,602
Others, net	1,087	977	10,097
Total property, plant and equipment, net	12,120	11,679	112,497
Intangible assets:			
Goodwill	975	778	9,058
Software	2,761	2,806	25,635
Others	741	729	6,883
Total intangible assets	4,479	4,314	41,577
Investments and other assets:			
Investment securities	8,611	7,196	79,927
Shares of subsidiaries and affiliates	9,501	5,506	88,190
Investments in capital of subsidiaries and affiliates	1,070	6,092	9,932
Deferred tax assets	4,197	2,183	38,964
Guarantee deposits	9,459	9,289	87,798
Others	1,187	1,088	11,024
Less - allowance for doubtful accounts	(311)	(288)	(2,890)
Total investments and other assets	33,716	31,068	312,946
Total non-current assets	50,316	47,062	467,021
Total assets	¥ 158,445	¥ 143,985	\$ 1,470,629

See accompanying notes to unaudited quarterly consolidated financial statements.

Unaudited Quarterly Consolidated Balance Sheet
transcosmos inc. AND ITS CONSOLIDATED SUBSIDIARIES
As of June 30, 2020 and March 31, 2020

LIABILITIES	Millions of yen		Thousands of U.S.
	As of June 31,	As of March 31,	dollars (Note 1)
	2020	2020	As of June 31, 2020
Current liabilities:			
Accounts payable - trade	¥ 9,500	¥ 12,808	\$ 88,179
Short-term loans payable	2,121	3,057	19,686
Current portion of bonds	28	28	259
Current portion of convertible bonds	10,004	10,007	92,860
Current portion of long-term debt	91	83	847
Accounts payable - other	5,829	6,809	54,104
Accrued expenses	14,633	14,512	135,826
Income taxes payable	3,576	3,151	33,194
Accrued consumption taxes	4,917	4,830	45,640
Provision for bonuses	6,627	4,766	61,514
Others	4,300	3,377	39,914
Total current liabilities	61,630	63,432	572,029
Non-current liabilities:			
Bonds payable	110	114	1,025
Long-term debt	16,218	142	150,536
Deferred tax liabilities	1,202	895	11,157
Liability for retirement benefits	293	295	2,722
Others	1,198	1,136	11,127
Total non-current liabilities	19,023	2,583	176,569
Total liabilities	80,654	66,015	748,599
NET ASSETS			
Shareholders' equity:			
Capital stock	29,065	29,065	269,778
Capital surplus	17,778	17,778	165,012
Retained earnings	40,861	41,061	379,258
Treasury stock	(15,236)	(15,236)	(141,418)
Total shareholders' equity	72,469	72,669	672,631
Accumulated other comprehensive income:			
Unrealized holding gain on securities	4,271	3,204	39,642
Foreign currency translation adjustments	(2,915)	(1,677)	(27,057)
Total accumulated other comprehensive income	1,355	1,527	12,585
Subscription rights to shares	3	3	30
Non-controlling interests	3,963	3,769	36,783
Total net assets	77,791	77,969	722,030
Total liabilities and net assets	¥ 158,445	¥ 143,985	\$ 1,470,629

See accompanying notes to unaudited quarterly consolidated financial statements.

Unaudited Quarterly Consolidated Statement of Income

transcosmos inc. AND ITS CONSOLIDATED SUBSIDIARIES

For the three months ended June 30, 2020 and 2019

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2020	2019	2020
Net sales	¥ 78,485	¥ 73,295	\$ 728,475
Cost of sales	63,155	61,217	586,180
Gross profit	15,330	12,078	142,295
Selling, general and administrative expenses	11,988	10,710	111,270
Operating income (loss)	3,342	1,367	31,024
Non-operating income (expenses):			
Interest income	27	42	256
Interest expenses	(25)	(12)	(233)
Dividend income	5	11	52
Share of loss of entities accounted for using equity method	(166)	—	(1,543)
Foreign exchange gain (loss)	168	(122)	1,567
Subsidy income	65	34	605
Gain on sales of investment securities	103	24	964
Subsidies for companies located	18	37	174
Gain on step acquisitions	—	26	—
Impairment loss on fixed assets	(41)	(5)	(386)
Other income (expenses), net	4	(89)	40
Total non-operating income (expenses)	161	(53)	1,497
Income before income taxes and non-controlling interests	3,504	1,313	32,522
Income taxes:			
Current	3,610	1,090	33,513
Deferred	(2,080)	(400)	(19,309)
	1,530	689	14,204
Net income	1,973	624	18,318
Net income (loss) attributable to non-controlling interests	250	156	2,328
Net income attributable to shareholders of transcosmos inc.	¥ 1,722	¥ 468	\$ 15,989

See accompanying notes to unaudited quarterly consolidated financial statements.

Unaudited Quarterly Consolidated Statement of Income

transcosmos inc. AND ITS CONSOLIDATED SUBSIDIARIES

For the three months ended June 30, 2020 and 2019

	Millions of yen		Thousands of U.S.
	2020	2019	dollars (Note 1)
Net income	¥ 1,973	¥ 624	\$ 18,318
Other comprehensive income:			
Unrealized holding gain (loss) on securities	1,054	(620)	9,790
Foreign currency translation adjustments	(738)	102	(6,851)
Share of other comprehensive income of entities accounted for using equity method	(500)	2	(4,644)
Total other comprehensive income	(183)	(515)	(1,705)
Comprehensive income	¥ 1,789	¥ 108	\$ 16,612
Total comprehensive income attributable to:			
Shareholders of transcosmos inc.	¥ 1,551	¥ (45)	\$ 14,399
Non-controlling interests	238	154	2,213

See accompanying notes to unaudited quarterly consolidated financial statements.

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

1. U.S. Dollar Amounts

The accompanying quarterly 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 ¥107.74=\$1, the approximate exchange rate on the Tokyo Foreign Exchange Market as of June 30, 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 Quarterly Consolidated Financial Statements
transcosmos inc. AND ITS CONSOLIDATED SUBSIDIARIES

1. Segment Information

(1) Information on net sales and profit or loss for each reportable segment for the three months ended June 30, 2020 and 2019

		Millions of yen										
		2020										
		Reportable segments										
		Domestic	Overseas									
		Parent	subsidaries and	subsidaries	Total	Eliminations	Consolidated					
		company	affiliates	and affiliates								
Net sales												
Sales to third parties	¥	56,508	¥	7,413	¥	14,563	¥	78,485	¥	—	¥	78,485
Inter-segment sales and transfers		241		1,376		1,124		2,742		(2,742)		—
Total	¥	56,749	¥	8,790	¥	15,688	¥	81,228	¥	(2,742)	¥	78,485
Segment profit (gain)	¥	2,357	¥	617	¥	362	¥	3,336	¥	5	¥	3,342

		Thousands of U.S. dollars (Note 1)										
		2020										
		Reportable segments										
		Domestic	Overseas									
		Parent	subsidaries and	subsidaries	Total	Eliminations	Consolidated					
		company	affiliates	and affiliates								
Net sales												
Sales to third parties	\$	524,490	\$	68,812	\$	135,172	\$	728,475	\$	—	\$	728,475
Inter-segment sales and transfers		2,237		12,776		10,438		25,452		(25,452)		—
Total	\$	526,727	\$	81,588	\$	145,611	\$	753,928	\$	(25,452)	\$	728,475
Segment profit (loss)	\$	21,876	\$	5,732	\$	3,361	\$	30,970	\$	54	\$	31,024

Note A: Segment profit (loss) of ¥5 million (\$54 thousand) in “Eliminations” consists of inter-segment elimination.

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

		Millions of yen										
		2019										
		Reportable segments										
		Domestic	Overseas									
		Parent	subsidaries and	subsidaries	Total	Eliminations	Consolidated					
		company	affiliates	and affiliates								
Net sales												
Sales to third parties	¥	53,095	¥	5,454	¥	14,745	¥	73,295	¥	—	¥	73,295
Inter-segment sales and transfers		184		839		1,175		2,199		(2,199)		—
Total	¥	53,279	¥	6,294	¥	15,921	¥	75,495	¥	(2,199)	¥	73,295
Segment profit (loss)	¥	991	¥	473	¥	(93)	¥	1,370	¥	(3)	¥	1,367

Note A: Segment profit (loss) of ¥ (3) million in “Eliminations” consists of inter-segment elimination.

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