

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 Nine Months Ended December 31, 2020 [J-GAAP]

January 29, 2021

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

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

(1) Consolidated operating results (For the nine months ended December 31)

(% 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	%
Nine months ended Dec. 31, 2020	246,897	7.3	13,223	69.6	13,568	76.2	8,625	41.0
Nine months ended Dec. 31, 2019	230,092	10.3	7,794	169.5	7,700	142.4	6,116	2.0

(Note) Comprehensive income: Nine months ended December 31, 2020: 11,184 million yen 179.1%. Nine months ended December 31, 2019: 4,007 million yen (52.2)%

	Earnings per share - Basic	Earnings per share - Diluted
	Yen	Yen
Nine months ended Dec. 31, 2020	207.98	-
Nine months ended Dec. 31, 2019	147.48	-

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Dec. 31, 2020	165,119	90,927	51.2	2,037.40
As of Mar. 31, 2020	143,985	77,969	51.5	1,788.95

(Reference) Equity ratio: As of December 31, 2020: 84,500 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
	Yen	Yen	Yen	Yen	Yen
Year ended Mar. 31, 2020	-	0.00	-	46.00	46.00
Year ending Mar. 31, 2021	-	0.00	-		
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 December 31, 2020 and March 31, 2020

ASSETS	Millions of yen		Thousands of U.S. dollars (Note 1)
	As of December 31, 2020	As of March 31, 2020	As of December 31, 2020
Current assets:			
Cash and deposits	¥ 42,417	¥ 35,012	\$ 409,752
Notes and accounts receivable - trade	53,837	49,793	520,065
Merchandise and finished goods	5,463	4,420	52,774
Work in process	1,655	1,088	15,996
Supplies	161	56	1,560
Others	8,854	6,954	85,533
Less - allowance for doubtful accounts	(276)	(403)	(2,671)
Total current assets	112,113	¥ 96,922	1,083,011
Non-current assets:			
Property, plant and equipment:			
Buildings and structures, net	6,251	5,486	60,386
Tools, furniture and fixtures, net	5,025	4,390	48,546
Land	820	825	7,928
Others, net	1,262	977	12,192
Total property, plant and equipment, net	13,359	11,679	129,055
Intangible assets:			
Goodwill	1,037	778	10,021
Software	2,797	2,806	27,026
Others	804	729	7,769
Total intangible assets	4,639	4,314	44,817
Investments and other assets:			
Investment securities	10,960	7,196	105,873
Shares of subsidiaries and affiliates	9,384	5,506	90,657
Investments in capital of subsidiaries and affiliates	1,069	6,092	10,333
Deferred tax assets	2,660	2,183	25,696
Guarantee deposits	9,969	9,289	96,303
Others	1,249	1,088	12,069
Less - allowance for doubtful accounts	(286)	(288)	(2,765)
Total investments and other assets	35,007	31,068	338,167
Total non-current assets	53,006	47,062	512,040
Total assets	¥ 165,119	¥ 143,985	\$ 1,595,052

See accompanying notes to unaudited quarterly consolidated financial statements.

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

	Millions of yen		Thousands of U.S.
	As of December	As of March 31,	dollars (Note 1)
	31, 2020	2020	As of December
			31, 2020
LIABILITIES			
Current liabilities:			
Accounts payable - trade	¥ 11,763	¥ 12,808	\$ 113,635
Short-term loans payable	2,118	3,057	20,462
Current portion of bonds	28	28	270
Current portion of convertible bonds	—	10,007	—
Current portion of long-term debt	97	83	938
Accounts payable – other	6,896	6,809	66,624
Accrued expenses	16,666	14,512	160,997
Income taxes payable	2,953	3,151	28,533
Accrued consumption taxes	6,393	4,830	61,762
Provision for bonuses	3,030	4,766	29,276
Others	4,650	3,377	44,919
Total current liabilities	54,598	63,432	527,420
Non-current liabilities:			
Bonds payable	96	114	932
Long-term debt	16,277	142	157,244
Deferred tax liabilities	1,500	895	14,496
Liability for retirement benefits	294	295	2,845
Others	1,424	1,136	13,760
Total non-current liabilities	19,594	2,583	189,279
Total liabilities	74,192	66,015	716,700
NET ASSETS			
Shareholders' equity:			
Capital stock	29,065	29,065	280,776
Capital surplus	19,361	17,778	187,029
Retained earnings	48,079	41,061	464,448
Treasury stock	(15,237)	(15,236)	(147,190)
Total shareholders' equity	81,269	72,669	785,064
Accumulated other comprehensive income:			
Unrealized holding gain on securities	5,365	3,204	51,831
Foreign currency translation adjustments	(2,134)	(1,677)	(20,622)
Total accumulated other comprehensive income	3,230	1,527	31,208
Subscription rights to shares	3	3	31
Non-controlling interests	6,423	3,769	62,048
Total net assets	90,927	77,969	878,352
Total liabilities and net assets	¥ 165,119	¥ 143,985	\$ 1,595,052

See accompanying notes to unaudited quarterly consolidated financial statements.

Unaudited Quarterly Consolidated Statement of Income

transcosmos inc. AND ITS CONSOLIDATED SUBSIDIARIES

For the nine months ended December 31, 2020 and 2019

	Millions of yen		Thousands of U.S.
			dollars (Note1)
	2020	2019	2020
Net sales	¥ 246,897	¥ 230,092	\$ 2,385,021
Cost of sales	198,497	189,793	1,917,481
Gross profit	48,399	40,299	467,540
Selling, general and administrative expenses	35,176	32,504	339,799
Operating income	13,223	7,794	127,740
Non-operating income (expenses):			
Interest income	85	89	822
Interest expenses	(84)	(40)	(820)
Dividend income	8	18	83
Share of loss of entities accounted for using equity method	(304)	(228)	(2,945)
Subsidy income	653	118	6,314
Foreign exchange gain (loss)	(15)	31	(147)
Gain on sales of investment securities	107	1,784	1,035
Gain on change in equity	318	10	3,076
Loss on change in equity	(160)	—	(1,549)
Loss on retirement of non-current assets	(50)	(53)	(489)
Impairment loss	(106)	(22)	(1,029)
Loss on step acquisitions	—	(47)	—
Other income (expense) net	126	(61)	1,221
Total non-operating income	576	1,599	5,572
Income before income taxes and non-controlling interests	13,800	9,394	133,312
Income taxes:			
Current	4,939	2,733	47,715
Deferred	(633)	175	(6,115)
	4,306	2,908	41,599
Net income	9,494	6,485	91,712
Net income attributable to non-controlling interests	868	368	8,388
Net income attributable to shareholders of transcosmos inc.	¥ 8,625	¥ 6,116	\$ 83,324

See accompanying notes to unaudited quarterly consolidated financial statements.

Unaudited Quarterly Consolidated Statement of Comprehensive Income

transcosmos inc. AND ITS CONSOLIDATED SUBSIDIARIES

For the nine months ended December 31, 2020 and 2019

	Millions of yen		Thousands of U.S. dollars (Note1)
	2020	2019	2020
Net income	¥ 9,494	¥ 6,485	\$ 91,712
Other comprehensive income:			
Unrealized holding gain (loss) on securities	2,150	(576)	20,775
Foreign currency translation adjustments	(344)	(1,419)	(3,327)
Share of other comprehensive income of entities accounted for using equity method	(116)	(481)	(1,120)
Total other comprehensive income	1,690	(2,477)	16,326
Comprehensive income	¥ 11,184	¥ 4,007	\$ 108,039
Total comprehensive income attributable to:			
Shareholders of transcosmos inc.	¥ 10,329	¥ 3,682	\$ 99,779
Non-controlling interests	855	324	8,260

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 ¥103.52=\$1, the approximate exchange rate on the Tokyo Foreign Exchange Market as of December 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 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 nine months ended December 31, 2020 and 2019

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	¥ 177,613	¥ 24,196	¥ 45,086	¥ 246,897	¥ —	¥ 246,897
Inter-segment sales and transfers	937	4,779	3,575	9,292	(9,292)	—
Total	¥ 178,551	¥ 28,976	¥ 48,661	¥ 256,189	¥ (9,292)	¥ 246,897
Segment profit	¥ 8,767	¥ 2,705	¥ 1,774	¥ 13,247	¥ (23)	¥ 13,223

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	\$ 1,715,744	\$ 233,740	\$ 435,535	\$ 2,385,021	\$ —	\$ 2,385,021
Inter-segment sales and transfers	9,060	46,169	34,534	89,764	(89,764)	—
Total	\$ 1,724,805	\$ 279,910	\$ 470,070	\$ 2,474,785	\$ (89,764)	\$ 2,385,021
Segment profit	\$ 84,693	\$ 26,135	\$ 17,142	\$ 127,971	\$ (230)	\$ 127,740

Note A: Segment profit (loss) of ¥(23) million (\$230 thousand) in “Eliminations” consists of inter-segment elimination.

Note B: Total consolidated segment profit 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	¥ 168,998	¥ 17,370	¥ 43,723	¥ 230,092	¥ —	¥ 230,092
Inter-segment sales and transfers	578	2,959	3,828	7,366	(7,366)	—
Total	¥ 169,577	¥ 20,330	¥ 47,551	¥ 237,459	¥ (7,366)	¥ 230,092
Segment profit	¥ 5,916	¥ 1,134	¥ 757	¥ 7,808	¥ (13)	¥ 7,794

Note A: Segment profit (loss) of ¥(13) million in “Eliminations” consists of inter-segment elimination.

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