

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, 2021 [J-GAAP]

July 30, 2021

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

1. Consolidated Financial Results for the First Quarter of the Fiscal Year Ending March 31, 2022
(April 1, 2021 through June 30, 2021)

(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, 2021	82,038	-	5,692	-	5,540	-	3,886	-
Three months ended Jun. 30, 2020	78,485	7.1	3,342	144.4	3,421	169.0	1,722	268.1

(Note) Comprehensive income: Three months ended June 30, 2021: 16,429 million yen -%. Three months ended June 30, 2020: 1,789 million yen -%

	Earnings per share - Basic		Earnings per share - Diluted	
	Yen		Yen	
Three months ended Jun. 30, 2021	93.70		-	
Three months ended Jun. 30, 2020	41.54		-	

(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 current first quarterly consolidated accounting period. All figures for the first quarter of the fiscal year ending March 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 corresponding period of 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 Jun. 30, 2021	181,028		105,259		54.3		2,368.65	
As of Mar. 31, 2021	175,883		92,516		48.8		2,069.01	

(Reference) Equity ratio: As of June 30, 2021: 98,237 million yen. As of March 31, 2021: 85,811 million yen

(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 current first quarterly consolidated accounting period. All figures for the first quarter of the fiscal year ending March 2022 are based on the standard and the guidance.

2. Cash dividends

	Annual dividends				
	End of first quarter	End of second quarter	End of third quarter	Year-end	Total
Year ended Mar. 31, 2021	Yen -	Yen 0.00	Yen -	Yen 93.00	Yen 93.00
Year ending Mar. 31, 2022	-				
Year ending Mar. 31, 2022 (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, 2022 has not been finalized.

3. Forecasts for Consolidated Financial Results for the Fiscal Year Ending March 31, 2022
(April 1, 2021 through March 31, 2022)

Please note that this document does not include the forecasts for consolidated financial results for the fiscal year ending March 31, 2022, 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, 2021 and March 31, 2021

ASSETS	Millions of yen		Thousands of U.S.
	As of June 30,	As of March 31,	dollars (Note1)
	2021	2021	As of June 30, 2021
Current assets:			
Cash and deposits	¥ 46,050	¥ 49,903	\$ 416,332
Notes and accounts receivable – trade, and contract assets	55,529	56,436	502,028
Merchandise and finished goods	5,472	5,723	49,480
Work in process	452	1,481	4,092
Supplies	128	150	1,158
Others	7,631	7,128	68,994
Less - allowance for doubtful accounts	(289)	(293)	(2,621)
Total current assets	114,975	120,530	1,039,466
Non-current assets:			
Property, plant and equipment:			
Buildings and structures, net	6,431	6,669	58,146
Tools, furniture and fixtures, net	5,204	5,337	47,054
Land	829	826	7,503
Others, net	1,473	1,324	13,323
Total property, plant and equipment, net	13,940	14,157	126,028
Intangible assets:			
Goodwill	936	984	8,468
Software	3,062	3,036	27,687
Others	732	650	6,621
Total intangible assets	4,731	4,671	42,777
Investments and other assets:			
Investment securities	21,869	9,628	197,715
Shares of subsidiaries and affiliates	9,360	9,293	84,622
Investments in capital of subsidiaries and affiliates	1,235	1,147	11,167
Deferred tax assets	3,374	5,009	30,512
Guarantee deposits	10,396	10,433	93,994
Others	2,097	1,960	18,966
Less - allowance for doubtful accounts	(952)	(950)	(8,609)
Total investments and other assets	47,381	36,522	428,369
Total non-current assets	66,053	55,352	597,175
Total assets	¥ 181,028	¥ 175,883	\$ 1,636,641

See accompanying notes to unaudited quarterly consolidated financial statements.

Unaudited Quarterly Consolidated Balance Sheet
transcosmos inc. AND ITS CONSOLIDATED SUBSIDIARIES
As of June 30, 2021 and March 31, 2021

	Millions of yen		Thousands of U.S. dollars (Note 1)
	As of June 30,	As of March 31,	As of June 30,
	2021	2021	2021
LIABILITIES			
Current liabilities:			
Accounts payable - trade	¥ 10,723	¥ 13,104	\$ 96,945
Short-term loans payable	1,541	2,548	13,934
Current portion of bonds	48	48	433
Current portion of long-term debt	12,072	87	109,146
Accounts payable - other	5,451	7,120	49,281
Accrued expenses	16,449	16,047	148,718
Income taxes payable	1,939	8,111	17,534
Accrued consumption taxes	5,711	6,270	51,638
Provision for bonuses	7,527	5,462	68,049
Others	6,849	5,084	61,928
Total current liabilities	68,314	63,886	617,612
Non-current liabilities:			
Bonds payable	162	166	1,469
Long-term debt	4,236	16,246	38,297
Deferred tax liabilities	1,209	1,191	10,933
Liability for retirement benefits	350	334	3,173
Others	1,496	1,540	13,529
Total non-current liabilities	7,455	19,480	67,402
Total liabilities	75,769	83,366	685,015
NET ASSETS			
Shareholders' equity:			
Capital stock	29,065	29,065	262,778
Capital surplus	19,361	19,361	175,047
Retained earnings	49,730	49,488	449,603
Treasury stock	(15,238)	(15,237)	(137,765)
Total shareholders' equity	82,920	82,678	749,663
Accumulated other comprehensive income:			
Unrealized holding gain on securities	15,124	4,624	136,736
Foreign currency translation adjustments	193	(1,492)	1,746
Total accumulated other comprehensive income	15,317	3,132	138,483
Subscription rights to shares	3	3	29
Non-controlling interests	7,018	6,702	63,450
Total net assets	105,259	92,516	951,626
Total liabilities and net assets	¥ 181,028	¥ 175,883	\$ 1,636,641

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, 2021 and 2020

	Millions of yen		Thousands of U.S.
			dollars (Note 1)
	2021	2020	2021
Net sales	¥ 82,038	¥ 78,485	\$ 741,689
Cost of sales	63,718	63,155	576,067
Gross profit	18,319	15,330	165,621
Selling, general and administrative expenses	12,627	11,988	114,159
Operating income	5,692	3,342	51,462
Non-operating income (expenses):			
Interest income	13	27	118
Interest expenses	(34)	(25)	(310)
Dividend income	7	5	63
Bounty income	54	—	490
Share of loss of entities accounted for using equity method	(45)	(166)	(410)
Foreign exchange gain (loss)	(241)	168	(2,181)
Subsidy income	84	65	768
Gain on sales of investment securities	—	103	—
Impairment loss on fixed assets	(42)	(41)	(384)
Loss on sale of shares of subsidiaries and associates	(52)	—	(477)
Loss on valuation of shares of subsidiaries and associates	(38)	(6)	(349)
Subsidies for companies located	10	18	94
Other income (expenses), net	(5)	10	(46)
Total non-operating income (expenses)	(290)	161	(2,623)
Income before income taxes and non-controlling interests	5,402	3,504	48,838
Income taxes:			
Current	1,339	3,610	12,111
Deferred	(174)	(2,080)	(1,579)
	1,164	1,530	10,531
Net income	4,237	1,973	38,306
Net income attributable to non-controlling interests	350	250	3,172
Net income attributable to shareholders of transcosmos inc.	¥ 3,886	¥ 1,722	\$ 35,134

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, 2021 and 2020

	Millions of yen		Thousands of U.S.
			dollars (Note 1)
	2021	2020	2021
Net income	¥ 4,237	¥ 1,973	\$ 38,306
Other comprehensive income:			
Unrealized holding gain on securities	10,500	1,054	94,934
Foreign currency translation adjustments	1,056	(738)	9,554
Share of other comprehensive income of entities accounted for using equity method	635	(500)	5,742
Total other comprehensive income	12,192	(183)	110,231
Comprehensive income	¥ 16,429	¥ 1,789	\$ 148,538
Total comprehensive income attributable to:			
Shareholders of transcosmos inc.	¥ 16,071	¥ 1,551	\$ 145,299
Non-controlling interests	358	238	3,239

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 ¥110.61=\$1, the approximate exchange rate on the Tokyo Foreign Exchange Market as of June 30, 2021. 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, 2021 and 2020

		Millions of yen										
		2021										
		Reportable segments										
		Domestic	Overseas									
		Parent	subsidaries and	subsidaries	Total	Eliminations	Consolidated					
		company	affiliates	and affiliates								
Net sales												
Sales to third parties	¥	56,577	¥	8,268	¥	17,192	¥	82,038	¥	—	¥	82,038
Inter-segment sales and transfers		358		1,237		986		2,582		(2,582)		—
Total	¥	56,935	¥	9,506	¥	18,178	¥	84,620	¥	(2,582)	¥	82,038
Segment profit	¥	3,944	¥	1,032	¥	704	¥	5,680	¥	11	¥	5,692

		Thousands of U.S. dollars (Note 1)										
		2021										
		Reportable segments										
		Domestic	Overseas									
		Parent	subsidaries and	subsidaries	Total	Eliminations	Consolidated					
		company	affiliates	and affiliates								
Net sales												
Sales to third parties	\$	511,507	\$	74,752	\$	155,429	\$	741,689	\$	—	\$	741,689
Inter-segment sales and transfers		3,236		11,191		8,916		23,344		(23,344)		—
Total	\$	514,744	\$	85,943	\$	164,345	\$	765,033	\$	(23,344)	\$	741,689
Segment profit	\$	35,663	\$	9,331	\$	6,365	\$	51,360	\$	102	\$	51,462

Note A: Segment profit of ¥11 million (\$102 thousand) in “Eliminations” consists of inter-segment elimination.

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

		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	¥	2,357	¥	617	¥	362	¥	3,336	¥	5	¥	3,342

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

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