

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 Six Months Ended September 30, 2021 [J-GAAP]**

October 29, 2021

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

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

(1) Consolidated operating results (For the six months ended September 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	%
Six months ended Sep. 30, 2021	168,088	-	10,767	-	10,766	-	8,772	-
Six months ended Sep. 30, 2020	163,734	7.8	8,485	85.7	8,677	99.0	5,569	66.2

(Note) Comprehensive income: Six months ended September 30, 2021: 18,443 million yen -%. Six months ended September 30, 2020: 7,073 million yen 347.7%

	Earnings per share - Basic		Earnings per share - Diluted	
	Yen		Yen	
Six months ended Sep. 30, 2021	211.52		-	
Six months ended Sep. 30, 2020	134.27		-	

(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 second 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 Sep. 30, 2021	183,538		107,240		54.4		2,408.46	
As of Mar. 31, 2021	175,883		92,516		48.8		2,069.01	

(Reference) Equity ratio: As of September 30, 2021: 99,887 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 second 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	-	0.00			
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 September 30, 2021 and March 31, 2021

ASSETS	Millions of yen		Thousands of U.S.
	As of September	As of March 31,	dollars (Note 1)
	30, 2021	2021	As of September
			30, 2021
<b>Current assets:</b>			
Cash and deposits	¥ 45,340	¥ 49,903	\$ 405,009
Notes and accounts receivable – trade, and contract assets	59,087	56,436	527,799
Merchandise and finished goods	7,091	5,723	63,347
Work in process	338	1,481	3,023
Supplies	106	150	947
Others	7,371	7,128	65,849
Less - allowance for doubtful accounts	(283)	(293)	(2,531)
Total current assets	119,052	¥ 120,530	1,063,445
<b>Non-current assets:</b>			
Property, plant and equipment:			
Buildings and structures, net	6,337	6,669	56,613
Tools, furniture and fixtures, net	5,406	5,337	48,296
Land	829	826	7,413
Others, net	1,716	1,324	15,332
Total property, plant and equipment, net	14,291	14,157	127,656
Intangible assets:			
Goodwill	888	984	7,936
Software	3,155	3,036	28,185
Others	750	650	6,704
Total intangible assets	4,794	4,671	42,827
Investments and other assets:			
Investment securities	16,982	9,628	151,701
Shares of subsidiaries and affiliates	11,065	9,293	98,843
Investments in capital of subsidiaries and affiliates	1,261	1,147	11,270
Deferred tax assets	4,240	5,009	37,876
Guarantee deposits	10,701	10,433	95,591
Others	2,104	1,960	18,796
Less - allowance for doubtful accounts	(955)	(950)	(8,539)
Total investments and other assets	45,400	36,522	405,540
Total non-current assets	64,485	55,352	576,024
<b>Total assets</b>	<b>¥ 183,538</b>	<b>¥ 175,883</b>	<b>\$ 1,639,469</b>

See accompanying notes to unaudited quarterly consolidated financial statements.

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

	Millions of yen		Thousands of U.S. dollars (Note 1)
	As of September	As of March 31,	As of September
	30, 2021	2021	30, 2021
<b>LIABILITIES</b>			
<b>Current liabilities:</b>			
Accounts payable - trade	¥ 13,667	¥ 13,104	\$ 122,087
Short-term loans payable	1,543	2,548	13,785
Current portion of bonds	48	48	428
Current portion of long-term debt	12,063	87	107,760
Accounts payable – other	6,283	7,120	56,130
Accrued expenses	16,201	16,047	144,721
Income taxes payable	3,698	8,111	33,035
Accrued consumption taxes	4,392	6,270	39,232
Provision for bonuses	5,759	5,462	51,445
Others	5,160	5,084	46,099
Total current liabilities	<b>68,818</b>	<b>63,886</b>	<b>614,727</b>
<b>Non-current liabilities:</b>			
Bonds payable	142	166	1,268
Long-term debt	4,224	16,246	37,738
Deferred tax liabilities	1,065	1,191	9,513
Liability for retirement benefits	356	334	3,185
Others	1,691	1,540	15,105
Total non-current liabilities	<b>7,479</b>	<b>19,480</b>	<b>66,812</b>
Total liabilities	<b>76,298</b>	<b>83,366</b>	<b>681,540</b>
<b>NET ASSETS</b>			
Shareholders' equity:			
Capital stock	29,065	29,065	259,633
Capital surplus	19,331	19,361	172,678
Retained earnings	54,617	49,488	487,872
Treasury stock	(15,240)	(15,237)	(136,133)
Total shareholders' equity	<b>87,774</b>	<b>82,678</b>	<b>784,051</b>
Accumulated other comprehensive income:			
Unrealized holding gain on securities	11,686	4,624	104,385
Foreign currency translation adjustments	427	(1,492)	3,814
Total accumulated other comprehensive income	<b>12,113</b>	<b>3,132</b>	<b>108,200</b>
Subscription rights to shares	3	3	28
Non-controlling interests	7,349	6,702	65,648
Total net assets	<b>107,240</b>	<b>92,516</b>	<b>957,929</b>
<b>Total liabilities and net assets</b>	<b>¥ 183,538</b>	<b>¥ 175,883</b>	<b>\$ 1,639,469</b>

See accompanying notes to unaudited quarterly consolidated financial statements.

## Unaudited Quarterly Consolidated Statement of Income

transcosmos inc. AND ITS CONSOLIDATED SUBSIDIARIES

For the six months ended September 30, 2021 and 2020

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2021	2020	2021
<b>Net sales</b>	¥ 168,088	¥ 163,734	\$ 1,501,462
<b>Cost of sales</b>	131,794	131,673	1,177,260
Gross profit	36,294	32,061	324,202
<b>Selling, general and administrative expenses</b>	25,527	23,575	228,022
Operating income	10,767	8,485	96,180
<b>Non-operating income (expenses):</b>			
Interest income	34	56	308
Interest expenses	(69)	(50)	(621)
Dividend income	10	7	95
Share of profit(loss) of entities accounted for using equity method	420	(55)	3,759
Foreign exchange gain (loss)	(391)	(16)	(3,494)
Subsidy income	127	273	1,142
Office relocation expenses	(249)	—	(2,224)
Impairment loss	(46)	(77)	(416)
Gain on sales of investment securities	511	107	4,568
Loss on sale of shares of subsidiaries and associates	(52)	—	(471)
Loss on valuation of shares of subsidiaries and associates	(55)	(6)	(497)
Gain on change in equity	741	242	6,627
Penalty income	734	—	6,558
Other income (expense), net	103	35	922
Total non-operating income (expenses)	1,819	516	16,254
Income before income taxes and non-controlling interests	12,587	9,002	112,434
<b>Income taxes:</b>			
Current	2,784	4,709	24,874
Deferred	355	(1,819)	3,174
	3,140	2,890	28,049
<b>Net income</b>	9,446	6,111	84,385
<b>Net income attributable to non-controlling interests</b>	674	542	6,021
Net income attributable to shareholders of transcosmos inc.	¥ 8,772	¥ 5,569	\$ 78,363

See accompanying notes to unaudited quarterly consolidated financial statements.

## Unaudited Quarterly Consolidated Statement of Comprehensive Income

transcosmos inc. AND ITS CONSOLIDATED SUBSIDIARIES

For the six months ended September 30, 2021 and 2020

	Millions of yen		Thousands of U.S.
	2021	2020	dollars (Note 1)
<b>Net income</b>	¥ 9,446	¥ 6,111	\$ 84,385
<b>Other comprehensive income:</b>			
Unrealized holding gain (loss) on securities	7,063	1,845	63,095
Foreign currency translation adjustments	1,393	(475)	12,444
Share of other comprehensive income of entities accounted for using equity method	540	(407)	4,823
<b>Total other comprehensive income</b>	<b>8,996</b>	<b>962</b>	<b>80,364</b>
<b>Comprehensive income</b>	<b>¥ 18,443</b>	<b>¥ 7,073</b>	<b>\$ 164,749</b>
<b>Total comprehensive income attributable to:</b>			
Shareholders of transcosmos inc.	¥ 17,753	¥ 6,544	\$ 158,585
Non-controlling interests	690	529	6,163

*See accompanying notes to unaudited quarterly consolidated financial statements.*

## Unaudited Quarterly Consolidated Statement of Cash Flows

transcosmos inc. AND ITS CONSOLIDATED SUBSIDIARIES

For the six months ended September 30, 2021 and 2020

	Millions of yen		Thousands of U.S. dollars (Note 1)	
	2021	2020	2021	
<b>Operating activities:</b>				
Income before income taxes and non-controlling interests	¥ 12,587	¥ 9,002	\$	112,434
Depreciation of property, plant and equipment	2,211	1,432		19,757
Impairment loss	46	77		416
Amortization of goodwill	96	89		861
Amortization of intangible assets	642	513		5,739
Increase (decrease) in allowance for doubtful accounts	(18)	(107)		(166)
Increase (decrease) in provision for bonuses	270	687		2,414
Changes in liability for retirement benefits, nets	21	59		188
Interest and dividend income	(45)	(64)		(403)
Interest expenses	69	50		621
Foreign exchange loss (gain)	391	16		3,494
Share of loss (profit) of entities accounted for using equity method	(420)	55		(3,759)
Loss (gain) on investments in partnership	(73)	6		(656)
Penalty income	(734)	—		(6,558)
Loss on disposal of fixed assets	16	16		151
Loss (gain) on sales of investment securities	(511)	(107)		(4,568)
Loss on valuation of investment securities	8	1		74
Loss (gain) on sales of shares of subsidiaries and affiliates	52	(72)		471
Loss on valuation of shares of subsidiaries and affiliates	55	6		497
Loss (gain) on changes in ownership interests of subsidiaries and affiliates	(741)	(220)		(6,627)
Decrease (increase) in notes and accounts receivable - trade	(1,048)	(5,352)		(9,368)
Decrease (increase) in inventories	(597)	(103)		(5,340)
Increase (decrease) in trade payables	366	(851)		3,270
Increase (decrease) in accrued consumption taxes	(1,907)	(204)		(17,036)
Others, net	(1,193)	563		(10,659)
Subtotal	9,543	5,494		85,250
Interest and dividends received	68	152		609
Interest paid	(61)	(33)		(547)
Penalty income received	734	—		6,558
Income taxes paid	(6,976)	(3,082)		(62,316)
Net cash provided by (used in) operating activities	¥ 3,308	¥ 2,530	\$	29,554

## Unaudited Quarterly Consolidated Statement of Cash Flows

transcosmos inc. AND ITS CONSOLIDATED SUBSIDIARIES

For the six months ended September 30, 2021 and 2020

	2021	2020	2021
<b>Investing activities:</b>			
Purchases of property, plant and equipment	¥ (1,805)	¥ (2,243)	\$ (16,126)
Purchases of intangible assets	(655)	(518)	(5,857)
Purchases of investment securities	(1)	(11)	(10)
Proceeds from sales of investment securities	564	102	5,039
Purchase of shares of subsidiaries and associates	(688)	(85)	(6,152)
Proceeds from sale of shares of subsidiaries and associates	417	—	3,726
Proceeds from withdrawal of time deposits	523	—	4,674
Payments into time deposits	(464)	(100)	(4,149)
Payments for guarantee deposits	(727)	(1,000)	(6,498)
Proceeds from collection of guarantee deposits	551	92	4,927
Payments of loans receivable	(158)	(89)	(1,419)
Collection of loans receivable	64	45	577
Others, net	(542)	(215)	(4,846)
Net cash used in investing activities	<u>(2,923)</u>	<u>(4,023)</u>	<u>(26,115)</u>
<b>Financing activities:</b>			
Increase in short-term borrowings	54	1,359	488
Repayment of short-term borrowings	(1,219)	(1,741)	(10,890)
Increase in long-term borrowings	—	16,184	—
Repayment of long-term borrowings	(46)	(67)	(413)
Cash dividends paid	(3,851)	(1,907)	(34,400)
Cash dividends paid to non-controlling interests	(99)	(44)	(886)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(31)	—	(277)
Others, net	(317)	(216)	(2,839)
Net cash provided by (used in) financing activities	<u>(5,510)</u>	<u>13,565</u>	<u>(49,220)</u>
Effect of exchange rate changes on cash and cash equivalents	564	(413)	5,045
Increase in cash and cash equivalents	(4,560)	11,658	(40,736)
Cash and cash equivalents at the beginning of the period	49,074	34,920	438,356
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 period	<u>¥ 44,513</u>	<u>¥ 46,683</u>	<u>\$ 397,619</u>

See accompanying notes to unaudited quarterly consolidated financial statement

## **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 ¥111.95=\$1, the approximate exchange rate on the Tokyo Foreign Exchange Market as of September 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 six months ended September 30, 2021 and 2020

Millions of yen						
2021						
Reportable segments						
	Parent company	Domestic subsidiaries and affiliates	Overseas subsidiaries and affiliates	Total	Eliminations	Consolidated
Net sales						
Sales to third parties	¥ 113,788	¥ 16,562	¥ 37,737	¥ 168,088	¥ —	¥ 168,088
Inter-segment sales and transfers	517	2,676	1,894	5,087	(5,087)	—
Total	¥ 114,305	¥ 19,239	¥ 39,632	¥ 173,176	¥ (5,087)	¥ 168,088
Segment profit	¥ 7,123	¥ 1,791	¥ 1,832	¥ 10,747	¥ 20	¥ 10,767

Thousands of U.S. dollars (Note 1)						
2021						
Reportable segments						
	Parent company	Domestic subsidiaries and affiliates	Overseas subsidiaries and affiliates	Total	Eliminations	Consolidated
Net sales						
Sales to third parties	\$ 1,016,418	\$ 147,949	\$ 337,093	\$ 1,501,462	\$ —	\$ 1,501,462
Inter-segment sales and transfers	4,618	23,904	16,922	45,445	(45,445)	—
Total	\$ 1,021,037	\$ 171,854	\$ 354,015	\$ 1,546,907	\$ (45,445)	\$ 1,501,462
Segment profit	\$ 63,628	\$ 15,999	\$ 16,371	\$ 95,999	\$ 180	\$ 96,180

Note A: Segment profit of ¥20 million (\$180 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						
	Parent company	Domestic subsidiaries and affiliates	Overseas subsidiaries and affiliates	Total	Eliminations	Consolidated
Net sales						
Sales to third parties	¥ 117,735	¥ 15,765	¥ 30,232	¥ 163,734	¥ —	¥ 163,734
Inter-segment sales and transfers	551	3,106	2,335	5,994	(5,994)	—
Total	¥ 118,287	¥ 18,872	¥ 32,568	¥ 169,728	¥ (5,994)	¥ 163,734
Segment profit	¥ 5,699	¥ 1,700	¥ 1,078	¥ 8,479	¥ 6	¥ 8,485

Note A: Segment profit of ¥6 million in “Eliminations” consists of inter-segment elimination.

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