

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, 2022 [J-GAAP]**

July 29, 2022

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

1. Consolidated Financial Results for the First Quarter of the Fiscal Year Ending March 31, 2023  
(April 1, 2022 through June 30, 2022)

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

(% of change from the previous corresponding period)

	Net sales		Operating income		Ordinary income		Quarterly net income attributable to owners of transcosmos inc.	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Three months ended Jun. 30, 2022	93,256	13.7	7,924	39.2	8,465	52.8	5,159	32.8
Three months ended Jun. 30, 2021	82,038	-	5,692	-	5,540	-	3,886	-

(Note) Comprehensive income: Three months ended June 30, 2022: (28) million yen -%. Three months ended June 30, 2021: 16,429 million yen -%

	Earnings per share - Basic		Earnings per share - Diluted	
	Yen		Yen	
Three months ended Jun. 30, 2022	124.41		117.36	
Three months ended Jun. 30, 2021	93.70		-	

(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 previous first quarterly consolidated accounting period. All figures for the first quarter of the fiscal year ended 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, 2022	197,540		114,173		53.7		2,558.19	
As of Mar. 31, 2022	218,455		120,880		51.7		2,723.29	

(Reference) Equity ratio: As of June 30, 2022: 106,097 million yen. As of March 31, 2022: 112,944 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, 2022	-	0.00	-	156.00	156.00
Year ending Mar. 31, 2023	-				
Year ending Mar. 31, 2023 (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, 2023 has not been finalized.

3. Forecasts for Consolidated Financial Results for the Fiscal Year Ending March 31, 2023  
(April 1, 2022 through March 31, 2023)

Please note that this document does not include the forecasts for consolidated financial results for the fiscal year ending March 31, 2023, 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, 2022 and March 31, 2022

Thousands of U.S.  
dollars (Note 1)

	Millions of yen		As of June 30, 2022
	As of June 30, 2022	As of March 31, 2022	
<b>ASSETS</b>			
<b>Current assets:</b>			
Cash and deposits	¥ 57,916	¥ 64,834	\$ 423,704
Notes and accounts receivable – trade, and contract assets	64,324	73,708	470,584
Merchandise and finished goods	5,536	5,425	40,503
Work in process	365	227	2,675
Supplies	91	84	668
Others	8,579	6,984	62,767
Less - allowance for doubtful accounts	(288)	(274)	(2,108)
Total current assets	136,525	150,990	998,794
<b>Non-current assets:</b>			
Property, plant and equipment:			
Buildings and structures, net	6,357	6,274	46,510
Tools, furniture and fixtures, net	6,707	6,477	49,072
Land	834	829	6,103
Others, net	1,911	1,893	13,985
Total property, plant and equipment, net	15,811	15,474	115,672
Intangible assets:			
Goodwill	743	792	5,441
Software	3,294	3,271	24,099
Others, net	558	583	4,085
Total intangible assets	4,596	4,646	33,627
Investments and other assets:			
Investment securities	8,217	16,579	60,117
Shares of unconsolidated subsidiaries and affiliates	14,335	14,108	104,878
Investments of capital in unconsolidated subsidiaries and affiliates	1,428	1,324	10,447
Deferred tax assets	5,147	4,030	37,658
Guarantee deposits	10,102	10,021	73,908
Others	1,661	1,560	12,157
Less - allowance for doubtful accounts	(286)	(282)	(2,094)
Total investments and other assets	40,607	47,344	297,075
Total non-current assets	61,014	67,465	446,374
<b>Total assets</b>	¥ 197,540	¥ 218,455	\$ 1,445,169

See accompanying notes to unaudited consolidated financial statements.

**Unaudited Quarterly Consolidated Balance Sheet**  
transcosmos inc. AND ITS CONSOLIDATED SUBSIDIARIES  
As of June 30, 2022 and March 31, 2022

Thousands of U.S.  
dollars (Note 1)

	Millions of yen		As of June 30, 2022
	As of June 30, 2022	As of March 31, 2022	
<b>LIABILITIES</b>			
<b>Current liabilities:</b>			
Accounts payable - trade	¥ 13,811	¥ 16,529	\$ 101,041
Short-term borrowings	1,625	1,563	11,888
Current portion of bonds payable	62	62	453
Current portion of long-term debt	2,057	12,060	15,051
Accounts payable - other	7,524	8,970	55,050
Accrued expenses	18,156	17,962	132,828
Income taxes payable	4,505	6,243	32,962
Accrued consumption taxes	6,023	5,455	44,065
Accrued compensation	8,799	6,395	64,372
Others	5,925	4,934	43,353
<b>Total current liabilities</b>	<b>68,490</b>	<b>80,178</b>	<b>501,067</b>
<b>Non-current liabilities:</b>			
Bonds payable	170	174	1,247
Convertible bond-type bonds with subscription rights to shares	10,089	10,094	73,810
Long-term debt	2,221	4,233	16,249
Deferred tax liabilities	460	1,025	3,366
Liability for retirement benefits	368	373	2,696
Others	1,566	1,496	11,461
<b>Total non-current liabilities</b>	<b>14,876</b>	<b>17,396</b>	<b>108,831</b>
<b>Total liabilities</b>	<b>83,367</b>	<b>97,575</b>	<b>609,899</b>
<b>NET ASSETS</b>			
Shareholders' equity:			
Capital stock	29,065	29,065	212,641
Capital surplus	19,330	19,331	141,421
Retained earnings	66,097	67,408	483,559
Treasury stock, at cost	(15,240)	(15,240)	(111,500)
<b>Total shareholders' equity</b>	<b>99,253</b>	<b>100,564</b>	<b>726,123</b>
Accumulated other comprehensive income :			
Unrealized holding gain on securities	3,936	11,324	28,798
Foreign currency translation gains adjustments	2,907	1,055	21,267
<b>Total accumulated other comprehensive income</b>	<b>6,843</b>	<b>12,379</b>	<b>50,065</b>
Stock acquisition rights	3	3	23
Non-controlling interests	8,072	7,932	59,058
<b>Total net assets</b>	<b>114,173</b>	<b>120,880</b>	<b>835,270</b>
<b>Total liabilities and net assets</b>	<b>¥ 197,540</b>	<b>¥ 218,455</b>	<b>\$ 1,445,169</b>

See accompanying notes to unaudited consolidated financial statements.

## Unaudited Quarterly Consolidated Statement of Income

transcosmos inc. AND ITS CONSOLIDATED SUBSIDIARIES

For the three months ended June 30, 2022 and 2021

	Millions of yen		Thousands of U.S.
	2022	2021	dollars (Note 1)
			2022
<b>Net sales</b>	¥ 93,256	¥ 82,038	\$ 682,249
<b>Cost of sales</b>	71,998	63,718	526,725
Gross profit	21,258	18,319	155,524
<b>Selling, general and administrative expenses</b>	13,333	12,627	97,547
Operating income	7,924	5,692	57,977
<b>Non-operating income (expenses):</b>			
Interest income	30	13	220
Interest expenses	(20)	(34)	(149)
Dividend income	29	7	218
Share of losses of entities accounted for using equity method	(42)	(45)	(309)
Foreign exchange gains (losses)	468	(241)	3,427
Impairment losses	(4)	(42)	(36)
Loss on sale of shares of subsidiaries and associates	—	(52)	—
Loss on valuation of shares of subsidiaries and associates	—	(38)	—
Loss on change in equity	(137)	(0)	(1,007)
Subsidies for companies located	21	10	153
Other income (expenses), net	75	134	555
Total non-operating income (expenses)	419	(290)	3,072
Income before income taxes and non-controlling interests	8,344	5,402	61,049
<b>Income taxes :</b>			
Current	3,615	1,339	26,449
Deferred	(768)	(174)	(5,621)
Total income taxes	2,847	1,164	20,828
<b>Net income</b>	5,497	4,237	40,221
<b>Net income attributable to non-controlling interests</b>	338	350	2,475
<b>Net income attributable to shareholders of transcosmos inc.</b>	¥ 5,159	¥ 3,886	\$ 37,746

See accompanying notes to unaudited consolidated financial statements.

## Unaudited Quarterly Consolidated Statement of Comprehensive Income

transcosmos inc. AND ITS CONSOLIDATED SUBSIDIARIES

For the three months ended June 30, 2022 and 2021

	Millions of yen		Thousands of U.S.
			dollars (Note 1)
	2022	2021	2022
<b>Net income</b>	¥ 5,497	¥ 4,237	\$ 40,221
<b>Other comprehensive income :</b>			
Unrealized holding gains (losses) on securities	(7,388)	10,500	(54,052)
Foreign currency translation gains adjustments	1,063	1,056	7,783
Share of other comprehensive income from ownership in entities accounted for using the equity method	798	635	5,838
<b>Total other comprehensive income</b>	<b>(5,526)</b>	<b>12,192</b>	<b>(40,429)</b>
<b>Quarterly comprehensive income</b>	¥ <b>(28)</b>	¥ 16,429	\$ <b>(207)</b>
<b>Total comprehensive income attributable to:</b>			
Shareholders of transcosmos inc.	¥ <b>(376)</b>	¥ 16,071	\$ <b>(2,757)</b>
Non-controlling interests	<b>348</b>	358	<b>2,549</b>

See accompanying notes to unaudited 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 ¥136.69 = \$1, the approximate exchange rate of the Tokyo Foreign Exchange Market as of June 30, 2022. 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

**2. Segment Information**

Information on net sales, profit or loss and assets for each reportable segment for the three months ended June 30, 2022 and 2021

Millions of yen						
2022						
Reportable segments						
	Parent Company	Domestic subsidiaries and affiliates	Overseas subsidiaries and affiliates	Total	Eliminations	Consolidated
Net sales						
Sales to third parties	¥ 63,330	¥ 8,867	¥ 21,058	¥ 93,256	¥ —	¥ 93,256
Inter-segment sales and transfers	243	1,696	1,018	2,958	(2,958)	—
Total	¥ 63,574	¥ 10,564	¥ 22,076	¥ 96,215	¥ (2,958)	¥ 93,256
Segment profit	¥ 6,217	¥ 1,136	¥ 567	¥ 7,920	¥ 4	¥ 7,924

Thousands of U.S. dollars (Note 1)						
2022						
Reportable segments						
	Parent company	Domestic subsidiaries and affiliates	Overseas subsidiaries and affiliates	Total	Eliminations	Consolidated
Net sales						
Sales to third parties	\$ 463,317	\$ 64,874	\$ 154,058	\$ 682,249	\$ —	\$ 682,249
Inter-segment sales and transfers	1,784	12,410	7,449	21,643	(21,643)	—
Total	\$ 465,101	\$ 77,284	\$ 161,507	\$ 703,893	\$ (21,643)	\$ 682,249
Segment profit	\$ 45,485	\$ 8,311	\$ 4,149	\$ 57,945	\$ 31	\$ 57,977

Note A: Segment profit of ¥ 4 million (\$31 thousand) in “Eliminations” consists of inter-segment elimination.

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

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	¥ 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

Note A: Segment profit of ¥ 11 million in “Eliminations” consists of inter-segment elimination.

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

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

**3. Revenue recognition**

Information of disaggregated revenue from contracts with customers for the three months ended June 30, 2022 and 2021

	Millions of yen			
	2022			
	Reportable segments			
	Parent company	Domestic subsidiaries and affiliates	Overseas subsidiaries and affiliates	Total
Japan	¥ 62,576	¥ 8,856	¥ 1,133	¥ 72,565
Korea	—	—	9,085	9,085
China	27	—	6,492	6,519
Southeast Asia	511	0	2,988	3,500
Other	216	10	1,358	1,585
Revenue from contracts with customers	63,330	8,867	21,058	93,256
Other revenue	—	—	—	—
Sales to third parties	¥ 63,330	¥ 8,867	¥ 21,058	¥ 93,256

	Thousands of U.S. dollars (Note 1)			
	2022			
	Reportable segments			
	Parent company	Domestic subsidiaries and affiliates	Overseas subsidiaries and affiliates	Total
Japan	\$ 457,795	\$ 64,790	\$ 8,290	\$ 530,876
Korea	—	—	66,468	66,468
China	198	—	47,495	47,694
Southeast Asia	3,739	6	21,862	25,608
Other	1,583	77	9,940	11,601
Revenue from contracts with customers	463,317	64,874	154,058	682,249
Other revenue	—	—	—	—
Sales to third parties	\$ 463,317	\$ 64,874	\$ 154,058	\$ 682,249

Note: Revenue from contracts with customers above is disaggregated based on customers' locations into countries or areas.

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

	Millions of yen			
	<b>2021</b>			
	Reportable segments			
	Parent company	Domestic subsidiaries and affiliates	Overseas subsidiaries and affiliates	Total
Japan	¥ 56,206	¥ 8,268	¥ 1,165	¥ 65,640
Korea	—	—	7,671	7,671
China	15	—	5,143	5,159
Southeast Asia	291	0	2,082	2,373
Other	65	—	1,128	1,194
Revenue from contracts with customers	56,577	8,268	17,192	82,038
Other revenue	—	—	—	—
Sales to third parties	¥ 56,577	¥ 8,268	¥ 17,192	¥ 82,038

Note: Revenue from contracts with customers above is disaggregated based on customers' locations into countries or areas.