

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, 2022 [J-GAAP]**

October 31, 2022

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

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

(1) Consolidated operating results (For the six months ended September 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	%
Six months ended Sep. 30, 2022	183,390	9.1	12,695	17.9	12,941	20.2	7,932	(9.6)
Six months ended Sep. 30, 2021	168,088	-	10,767	-	10,766	-	8,772	-

(Note) Comprehensive income: Six months ended September 30, 2022: 6,536 million yen (64.6%). Six months ended September 30, 2021: 18,443 million yen -%

	Earnings per share - Basic		Earnings per share - Diluted	
	Yen		Yen	
Six months ended Sep. 30, 2022	191.27		180.39	
Six months ended Sep. 30, 2021	211.52		-	

(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 Second 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 Sep. 30, 2022	203,145		120,682		55.3		2,708.42	
As of Mar. 31, 2022	218,455		120,880		51.7		2,723.29	

(Reference) Equity ratio: As of September 30, 2022: 112,326 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	-	0.00			
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 September 30, 2022 and March 31, 2022

ASSETS	Millions of yen		Thousands of U.S. dollars (Note 1)
	As of September	As of March 31,	As of September
	30, 2022	2022	30, 2022
<b>Current assets:</b>			
Cash and deposits	¥ 57,346	¥ 64,834	\$ 396,013
Notes and accounts receivable – trade, and contract assets	68,196	73,708	470,940
Merchandise and finished goods	6,018	5,425	41,561
Work in process	455	227	3,146
Supplies	92	84	640
Others	8,483	6,984	58,586
Less - allowance for doubtful accounts	(292)	(274)	(2,016)
Total current assets	140,302	150,990	968,871
<b>Non-current assets:</b>			
Property, plant and equipment:			
Buildings and structures, net	6,505	6,274	44,926
Tools, furniture and fixtures, net	6,927	6,477	47,836
Land	839	829	5,793
Others, net	2,130	1,893	14,715
Total property, plant and equipment, net	16,403	15,474	113,272
Intangible assets:			
Goodwill	695	792	4,803
Software	3,120	3,271	21,549
Others	706	583	4,877
Total intangible assets	4,522	4,646	31,230
Investments and other assets:			
Investment securities	9,471	16,579	65,402
Shares of unconsolidated subsidiaries and affiliates	14,583	14,108	100,706
Investments in capital of subsidiaries and affiliates	1,525	1,324	10,537
Deferred tax assets	4,402	4,030	30,403
Guarantee deposits	10,520	10,021	72,651
Others	1,731	1,560	11,958
Less - allowance for doubtful accounts	(317)	(282)	(2,191)
Total investments and other assets	41,917	47,344	289,468
Total non-current assets	62,843	67,465	433,972
<b>Total assets</b>	<b>¥ 203,145</b>	<b>¥ 218,455</b>	<b>\$ 1,402,844</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, 2022 and March 31, 2022

	Millions of yen		Thousands of U.S. dollars (Note 1)
	As of September	As of March 31,	As of September
	30, 2022	2022	30, 2022
<b>LIABILITIES</b>			
<b>Current liabilities:</b>			
Accounts payable - trade	¥ 15,224	¥ 16,529	\$ 105,134
Short-term borrowings	1,664	1,563	11,495
Current portion of bonds payable	62	62	428
Current portion of long-term debt	2,056	12,060	14,199
Accounts payable – other	8,839	8,970	61,044
Accrued expenses	17,921	17,962	123,759
Income taxes payable	5,677	6,243	39,208
Accrued consumption taxes	4,307	5,455	29,748
Accrued compensation	6,414	6,395	44,294
Others	5,397	4,934	37,276
Total current liabilities	67,566	80,178	466,588
<b>Non-current liabilities:</b>			
Bonds payable	143	174	987
Convertible bond-type bonds with subscription rights to shares	10,084	10,094	69,636
Long-term debt	2,207	4,233	15,241
Deferred tax liabilities	480	1,025	3,318
Liability for retirement benefits	393	373	2,714
Others	1,589	1,496	10,975
Total non-current liabilities	14,897	17,396	102,873
Total liabilities	82,463	97,575	569,461
<b>NET ASSETS</b>			
Shareholders' equity:			
Capital stock	29,065	29,065	200,717
Capital surplus	19,330	19,331	133,489
Retained earnings	68,819	67,408	475,239
Treasury stock, at cost	(15,241)	(15,240)	(105,253)
Total shareholders' equity	101,974	100,564	704,192
Accumulated other comprehensive income:			
Unrealized holding gain on securities	4,775	11,324	32,974
Foreign currency translation gains adjustments	5,577	1,055	38,517
Total accumulated other comprehensive income	10,352	12,379	71,492
Stock acquisition rights	3	3	22
Non-controlling interests	8,351	7,932	57,674
Total net assets	120,682	120,880	833,382
<b>Total liabilities and net assets</b>	¥ 203,145	¥ 218,455	\$ 1,402,844

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, 2022 and 2021

	Millions of yen		Thousands of U.S.
			dollars (Note 1)
	2022	2021	2022
<b>Net sales</b>	¥ 183,390	¥ 168,088	\$ 1,266,422
<b>Cost of sales</b>	144,500	131,794	997,862
Gross profit	38,890	36,294	268,559
<b>Selling, general and administrative expenses</b>	26,194	25,527	180,887
Operating income	12,695	10,767	87,672
<b>Non-operating income (expenses):</b>			
Interest income	80	34	555
Interest expenses	(39)	(69)	(275)
Dividend income	39	10	271
Share of profits (losses) of entities accounted for using equity method	(510)	420	(3,528)
Foreign exchange gains (losses)	519	(391)	3,584
Office relocation expenses	—	(249)	—
Gains on sale of investment securities	70	511	485
Impairment losses	(9)	(46)	(66)
Gains on change in equity	4	741	30
Gains (losses) on sale of shares of subsidiaries and associates	373	(52)	2,579
Loss on valuation of shares of subsidiaries and associates	—	(55)	—
Losses on change in equity	(182)	—	(1,257)
Penalty income	—	734	—
Other income (expenses), net	155	231	1,077
Total non-operating income (expenses)	500	1,819	3,455
Income before income taxes and non-controlling interests	13,196	12,587	91,128
<b>Income taxes:</b>			
Current	4,676	2,784	32,296
Deferred	(13)	355	(93)
Total income taxes	4,663	3,140	32,203
<b>Net income</b>	8,532	9,446	58,925
<b>Net income attributable to non-controlling interests</b>	600	674	4,147
<b>Net income attributable to shareholders of transcosmos inc.</b>	¥ 7,932	¥ 8,772	\$ 54,778

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, 2022 and 2021

	Millions of yen		Thousands of U.S.
			dollars (Note 1)
	2022	2021	2022
<b>Net income</b>	¥ 8,532	¥ 9,446	\$ 58,925
<b>Other comprehensive income:</b>			
Unrealized holding gains (losses) on securities	(6,549)	7,063	(45,230)
Foreign currency translation gains adjustments	2,720	1,393	18,786
Share of other comprehensive income from ownership in entities accounted for using equity method	1,833	540	12,659
<b>Total other comprehensive income</b>	<b>(1,996)</b>	8,996	<b>(13,784)</b>
<b>Quarterly comprehensive income</b>	¥ <b>6,536</b>	¥ 18,443	\$ <b>45,140</b>
<b>Total comprehensive income attributable to:</b>			
Shareholders of transcosmos inc.	¥ 5,905	¥ 17,753	\$ 40,779
Non-controlling interests	631	690	4,360

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, 2022 and 2021

	Millions of yen		Thousands of U.S. dollars (Note 1)	
	2022	2021	2022	
<b>Operating activities:</b>				
Income before income taxes and non-controlling interests	¥ 13,196	¥ 12,587	\$ 91,128	
Depreciation of property, plant and equipment	1,790	2,211	12,364	
Impairment losses on fixed assets	9	46	66	
Amortization of goodwill	96	96	666	
Amortization of intangible assets	744	642	5,138	
Increase (decrease) in allowance for doubtful accounts	25	(18)	177	
Increase (decrease) in accrued compensation	(15)	270	(110)	
Changes in liability for retirement benefits, nets	17	21	121	
Interest and dividend income	(119)	(45)	(826)	
Interest expenses	39	69	275	
Foreign exchange losses (gains)	(519)	391	(3,584)	
Share of losses (profits) of entities accounted for using equity method	510	(420)	3,528	
Losses (gains) on investments in investment partnerships	18	(73)	126	
Penalty income	—	(734)	—	
Losses on disposal of fixed assets	22	16	155	
Gains on sales of investment securities	(70)	(511)	(485)	
Losses on valuation of investment securities	1	8	11	
Losses (gains) on sales of shares of subsidiaries and affiliates	(373)	52	(2,579)	
Losses on valuation of shares of subsidiaries and affiliates	—	55	—	
Losses (gains) on changes in ownership interests of subsidiaries and affiliates	177	(741)	1,227	
Decrease (increase) in notes and accounts receivable - trade	7,111	(1,048)	49,111	
Increase in inventories	(340)	(597)	(2,353)	
Increase (decrease) in trade payables	(1,453)	366	(10,035)	
Decrease in accrued consumption taxes	(1,224)	(1,907)	(8,457)	
Others, net	(2,417)	(1,193)	(16,696)	
Subtotal	17,227	9,543	118,968	
Interest and dividends received	546	68	3,770	
Interest paid	(116)	(61)	(802)	
Penalty income received	—	734	—	
Income taxes paid	(5,174)	(6,976)	(35,730)	
Net cash provided by operating activities	¥ 12,483	¥ 3,308	\$ 86,205	

## Unaudited Quarterly Consolidated Statement of Cash Flows

transcosmos inc. AND ITS CONSOLIDATED SUBSIDIARIES

For the six months ended September 30, 2022 and 2021

	2022	2021	2022
<b>Investing activities:</b>			
Payments into time deposits	¥ (631)	¥ (464)	\$ (4,363)
Proceeds from withdrawal of time deposits	436	523	3,011
Purchases of property, plant and equipment	(2,036)	(1,805)	(14,064)
Purchases of intangible assets	(536)	(655)	(3,705)
Purchases of investment securities	(466)	(1)	(3,218)
Proceeds from sales of investment securities	143	564	987
Purchase of shares of subsidiaries and associates	(23)	(688)	(159)
Proceeds from sale of shares of subsidiaries and associates	236	417	1,631
Payments for guarantee deposits	(985)	(727)	(6,804)
Proceeds from collection of guarantee deposits	948	551	6,547
Payments of loans receivable	(90)	(158)	(626)
Collection of loans receivable	48	64	334
Others, net	(692)	(542)	(4,781)
Net cash used in investing activities	<u>(3,650)</u>	<u>(2,923)</u>	<u>(25,210)</u>
<b>Financing activities:</b>			
Increase in short-term borrowings	15	54	103
Repayment of short-term borrowings	(16)	(1,219)	(113)
Repayment of long-term borrowings	(12,031)	(46)	(83,082)
Cash dividends paid	(5,775)	(3,851)	(39,883)
Cash dividends paid to non-controlling interests	(206)	(99)	(1,428)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	—	(31)	—
Others, net	(317)	(317)	(2,192)
Net cash used in financing activities	<u>(18,332)</u>	<u>(5,510)</u>	<u>(126,596)</u>
Effect of exchange rate changes on cash and cash equivalents	1,653	564	11,417
Decrease in cash and cash equivalents	<u>(7,846)</u>	<u>(4,560)</u>	<u>(54,183)</u>
Cash and cash equivalents at the beginning of the period	63,858	49,074	440,983
Cash and cash equivalents at the end of the period	<u>¥ 56,012</u>	<u>¥ 44,513</u>	<u>\$ 386,800</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 ¥144.81=\$1, the approximate exchange rate on the Tokyo Foreign Exchange Market as of September 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**

(1) Information on net sales and profit or loss for each reportable segment for the six months ended September 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	¥ 122,493	¥ 17,577	¥ 43,340	¥ 183,390	¥ —	¥ 183,390
Inter-segment sales and transfers	551	3,285	2,156	5,993	(5,993)	—
Total	¥ 123,044	¥ 20,842	¥ 45,496	¥ 189,384	¥ (5,993)	¥ 183,390
Segment profit	¥ 9,223	¥ 2,153	¥ 1,324	¥ 12,701	¥ (6)	¥ 12,695

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	\$ 845,889	\$ 121,243	\$ 299,289	\$ 1,266,422	\$ —	\$ 1,266,422
Inter-segment sales and transfers	3,807	22,687	14,892	41,387	(41,387)	—
Total	\$ 849,697	\$ 143,931	\$ 314,181	\$ 1,307,810	\$ (41,387)	\$ 1,266,422
Segment profit	\$ 63,694	\$ 14,872	\$ 9,147	\$ 87,714	\$ (42)	\$ 87,672

Note A: Segment profit of ¥(6) million (\$ (42) 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	¥ 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

Note A: Segment profit of ¥ 20 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 six months ended September 30, 2022 and 2021

	Millions of yen			
	2022			
	Reportable segments			
	Parent company	Domestic subsidiaries and affiliates	Overseas subsidiaries and affiliates	Total
Japan	¥ 120,922	¥ 17,535	¥ 2,223	¥ 140,681
Korea	9	—	18,675	18,685
China	45	—	13,687	13,733
Southeast Asia	1,118	1	6,004	7,125
Other	395	19	2,749	3,165
Revenue from contracts with customers	122,493	17,557	43,340	183,390
Other revenue	—	—	—	—
Sales to third parties	¥ 122,493	¥ 17,557	¥ 43,340	¥ 183,390

	Thousands of U.S. dollars (Note 1)			
	2022			
	Reportable segments			
	Parent company	Domestic subsidiaries and affiliates	Overseas subsidiaries and affiliates	Total
Japan	\$ 835,045	\$ 121,095	\$ 15,351	\$ 971,492
Korea	67	—	128,965	129,033
China	316	—	94,518	94,835
Southeast Asia	7,725	12	41,467	49,204
Other	2,733	136	18,986	21,857
Revenue from contracts with customers	845,889	121,243	299,289	1,266,422
Other revenue	—	—	—	—
Sales to third parties	\$ 845,889	\$ 121,243	\$ 299,289	\$ 1,266,422

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

**2021**

Reportable segments

	Parent company	Domestic subsidiaries and affiliates	Overseas subsidiaries and affiliates	Total
Japan	¥ 113,089	¥ 16,562	¥ 2,079	¥ 131,731
Korea	—	—	15,748	15,748
China	58	—	13,130	13,188
Southeast Asia	506	0	4,562	5,070
Other	133	—	2,216	2,349
Revenue from contracts with customers	113,788	16,562	37,737	168,088
Other revenue	—	—	—	—
Sales to third parties	¥ 113,788	¥ 16,562	¥ 37,737	¥ 168,088

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