

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, 2023 [J-GAAP]

July 31, 2023

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

1. Consolidated Financial Results for the First Quarter of the Fiscal Year Ending March 31, 2024
(April 1, 2023 through June 30, 2023)

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

(% of change from the previous corresponding period)

	Net sales		Operating income		Ordinary income		Net income attributable to shareholders of transcosmos inc.	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Three months ended Jun. 30, 2023	88,947	(4.6)	2,222	(72.0)	3,240	(61.7)	1,468	(71.5)
Three months ended Jun. 30, 2022	93,256	13.7	7,924	39.2	8,465	52.8	5,159	32.8

(Note) Comprehensive income: Three months ended June 30, 2023: 716 million yen -%. Three months ended June 30, 2022: (28) million yen -%

	Earnings per share - Basic	Earnings per share - Diluted
	Yen	Yen
Three months ended Jun. 30, 2023	39.19	36.68
Three months ended Jun. 30, 2022	124.41	117.36

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Jun. 30, 2023	195,907	108,490	50.8	2,655.95
As of Mar. 31, 2023	193,842	112,381	53.4	2,761.61

(Reference) Equity ratio: As of June 30, 2023: 99,526 million yen. As of March 31, 2023: 103,486 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, 2023	-	0.00	-	117.00	117.00
Year ending Mar. 31, 2024	-				
Year ending Mar. 31, 2024 (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, 2024 has not been finalized.

3. Forecasts for Consolidated Financial Results for the Fiscal Year Ending March 31, 2024
(April 1, 2023 through March 31, 2024)

Please note that this document does not include the forecasts for consolidated financial results for the fiscal year ending March 31, 2024, 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, 2023 and March 31, 2023

Thousands of U.S.
dollars (Note 1)

	Millions of yen		Thousands of U.S.
	As of June 30, 2023	As of March 31, 2023	dollars (Note 1) As of June 30, 2023
ASSETS			
Current assets:			
Cash and deposits	¥ 58,366	¥ 51,176	\$ 402,557
Notes and accounts receivable – trade, and contract assets	63,260	70,985	436,306
Merchandise and finished goods	6,118	4,825	42,197
Work in process	277	196	1,916
Supplies	101	92	701
Others	10,916	8,444	75,291
Less - allowance for doubtful accounts	(297)	(297)	(2,054)
Total current assets	138,743	135,423	956,917
Non-current assets:			
Property, plant and equipment:			
Buildings and structures, net	6,536	6,652	45,082
Tools, furniture and fixtures, net	7,395	7,779	51,004
Land	836	839	5,768
Others, net	1,203	1,279	8,300
Total property, plant and equipment, net	15,971	16,550	110,156
Intangible assets:			
Goodwill	558	604	3,851
Software	3,088	3,135	21,299
Others	853	783	5,885
Total intangible assets	4,500	4,523	31,037
Investments and other assets:			
Investment securities	6,965	8,111	48,043
Shares of unconsolidated subsidiaries and affiliates	10,930	10,718	75,390
Investments of capital subsidiaries and affiliates	1,501	1,442	10,353
Deferred tax assets	5,679	5,305	39,174
Guarantee deposits	10,423	10,456	71,892
Others	1,524	1,644	10,512
Less - allowance for doubtful accounts	(333)	(333)	(2,297)
Total investments and other assets	36,692	37,345	253,070
Total non-current assets	57,164	58,419	394,264
Total assets	¥ 195,907	¥ 193,842	\$ 1,351,181

See accompanying notes to unaudited consolidated financial statements.

Unaudited Quarterly Consolidated Balance Sheet
transcosmos inc. AND ITS CONSOLIDATED SUBSIDIARIES
As of June 30, 2023 and March 31, 2023

Thousands of U.S.
dollars (Note 1)

	Millions of yen		As of June 30, 2023
	As of June 30, 2023	As of March 31, 2023	
LIABILITIES			
Current liabilities:			
Accounts payable - trade	¥ 16,984	¥ 16,230	\$ 117,139
Short-term borrowings	1,584	1,629	10,928
Current portion of bonds payable	79	79	548
Current portion of long-term debt	2,069	2,060	14,273
Accounts payable - other	7,080	7,785	48,834
Accrued expenses	18,840	18,918	129,944
Income taxes payable	2,586	4,849	17,839
Accrued consumption taxes	5,690	4,601	39,246
Accrued compensation	8,367	6,233	57,709
Others	5,583	4,046	38,509
Total current liabilities	68,866	66,433	474,976
Non-current liabilities:			
Bonds payable	191	194	1,317
Convertible bond-type bonds with subscription rights to shares	10,069	10,074	69,446
Long-term debt	6,249	2,222	43,100
Liability for retirement benefits	391	402	2,702
Others	1,648	2,133	11,373
Total non-current liabilities	18,550	15,027	127,940
Total liabilities	87,416	81,461	602,916
NET ASSETS			
Shareholders' equity:			
Capital stock	29,065	29,065	200,468
Capital surplus	19,331	19,330	133,332
Retained earnings	74,823	77,739	516,063
Treasury stock, at cost	(28,567)	(28,567)	(197,030)
Total shareholders' equity	94,654	97,568	652,833
Accumulated other comprehensive income :			
Unrealized holding gain on securities	1,688	2,452	11,644
Foreign currency translation gains adjustments	3,183	3,464	21,958
Total accumulated other comprehensive income	4,872	5,917	33,603
Stock acquisition rights	3	3	22
Non-controlling interests	8,961	8,892	61,805
Total net assets	108,490	112,381	748,264
Total liabilities and net assets	¥ 195,907	¥ 193,842	\$ 1,351,181

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, 2023 and 2022

	Millions of yen		Thousands of U.S.
			dollars (Note 1)
	2023	2022	2023
Net sales	¥ 88,947	¥ 93,256	\$ 613,471
Cost of sales	72,980	71,998	503,345
Gross profit	15,967	21,258	110,125
Selling, general and administrative expenses	13,744	13,333	94,795
Operating income	2,222	7,924	15,330
Non-operating income (expenses):			
Interest income	53	30	370
Interest expenses	(27)	(20)	(190)
Dividend income	9	29	65
Share of profits (losses) of entities accounted for using equity method	142	(42)	980
Foreign exchange gains	754	468	5,205
Impairment losses on fixed assets	(19)	(4)	(137)
Gain on sale of investment securities	154	—	1,062
Loss on valuation of shares of subsidiaries and associates	(131)	(1)	(908)
Gain on change in equity	34	4	238
Loss on change in equity	—	(137)	—
Subsidies for companies located	—	21	—
Other income (expenses), net	97	73	673
Total non-operating income (expenses)	1,067	419	7,359
Income before income taxes and non-controlling interests	3,289	8,344	22,690
Income taxes :			
Current	2,143	3,615	14,785
Deferred	(614)	(768)	(4,236)
Total income taxes	1,529	2,847	10,549
Net income	1,760	5,497	12,140
Net income attributable to non-controlling interests	291	338	2,011
Net income attributable to shareholders of transcosmos inc.	¥ 1,468	¥ 5,159	\$ 10,129

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, 2023 and 2022

	Millions of yen		Thousands of U.S.
			dollars (Note 1)
	2023	2022	2023
Net income	¥ 1,760	¥ 5,497	\$ 12,140
Other comprehensive income :			
Unrealized holding gains (losses) on securities	(765)	(7,388)	(5,283)
Foreign currency translation gains (losses) adjustments	(424)	1,063	(2,927)
Share of other comprehensive income from ownership in entities accounted for using the equity method	146	798	1,011
Total other comprehensive income	(1,043)	(5,526)	(7,198)
Comprehensive income	¥ 716	¥ (28)	\$ 4,942
Total comprehensive income attributable to:			
Shareholders of transcosmos inc.	¥ 423	¥ (376)	\$ 2,921
Non-controlling interests	292	348	2,020

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 ¥144.99 = \$1, the approximate exchange rate of the Tokyo Foreign Exchange Market as of June 30, 2023. 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, 2023 and 2022

Millions of yen						
2023						
Reportable segments						
	Parent Company	Domestic subsidiaries and affiliates	Overseas subsidiaries and affiliates	Total	Eliminations	Consolidated
Net sales						
Sales to third parties	¥ 57,832	¥ 9,090	¥ 22,024	¥ 88,947	¥ —	¥ 88,947
Inter-segment sales and transfers	239	1,683	1,058	2,981	(2,981)	—
Total	¥ 58,072	¥ 10,773	¥ 23,083	¥ 91,928	¥ (2,981)	¥ 88,947
Segment profit	¥ 1,110	¥ 722	¥ 389	¥ 2,221	¥ 0	¥ 2,222

Thousands of U.S. dollars (Note 1)						
2023						
Reportable segments						
	Parent company	Domestic subsidiaries and affiliates	Overseas subsidiaries and affiliates	Total	Eliminations	Consolidated
Net sales						
Sales to third parties	\$ 398,871	\$ 62,694	\$ 151,904	\$ 613,471	\$ —	\$ 613,471
Inter-segment sales and transfers	1,654	11,607	7,301	20,563	(20,563)	—
Total	\$ 400,526	\$ 74,302	\$ 159,206	\$ 634,034	\$ (20,563)	\$ 613,471
Segment profit	\$ 7,656	\$ 4,985	\$ 2,683	\$ 15,325	\$ 5	\$ 15,330

Note A: Segment profit of ¥ 0 million (\$5 thousand) in “Eliminations” consists of inter-segment elimination.

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

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

Note A: Segment profit of ¥ 4 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, 2023 and 2022

	Millions of yen			
	2023			
	Reportable segments			
	Parent company	Domestic subsidiaries and affiliates	Overseas subsidiaries and affiliates	Total
Japan	¥ 57,064	¥ 9,088	¥ 1,212	¥ 67,365
Korea	—	—	9,697	9,697
China	50	0	6,295	6,346
Southeast Asia	466	0	3,553	4,019
Other	251	0	1,266	1,517
Revenue from contracts with customers	57,832	9,090	22,024	88,947
Other revenue	—	—	—	—
Sales to third parties	¥ 57,832	¥ 9,090	¥ 22,024	¥ 88,947

	Thousands of U.S. dollars (Note 1)			
	2023			
	Reportable segments			
	Parent company	Domestic subsidiaries and affiliates	Overseas subsidiaries and affiliates	Total
Japan	\$ 393,574	\$ 62,682	\$ 8,365	\$ 464,622
Korea	—	—	66,881	66,881
China	350	1	43,420	43,772
Southeast Asia	3,214	5	24,505	27,725
Other	1,732	4	8,732	10,469
Revenue from contracts with customers	398,871	62,694	151,904	613,471
Other revenue	—	—	—	—
Sales to third parties	\$ 398,871	\$ 62,694	\$ 151,904	\$ 613,471

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

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

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