

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, 2023 [J-GAAP]**

October 31, 2023

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

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

(1) Consolidated operating results (For the six months ended September 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	%
Six months ended Sep. 30, 2023	180,047	(1.8)	5,841	(54.0)	7,290	(43.7)	4,388	(44.7)
Six months ended Sep. 30, 2022	183,390	9.1	12,695	17.9	12,941	20.2	7,932	(9.6)

(Note) Comprehensive income: Six months ended September 30, 2023: 6,809 million yen 4.2%. Six months ended September 30, 2022: 6,536 million yen (64.6%)

	Earnings per share - Basic		Earnings per share - Diluted	
	Yen		Yen	
Six months ended Sep. 30, 2023	117.12		109.70	
Six months ended Sep. 30, 2022	191.27		180.39	

(2) Consolidated financial position

	Total assets		Net assets		Equity ratio		Net assets per share	
	Million yen		Million yen		%		Yen	
As of Sep. 30, 2023	198,986		114,582		53.0		2,811.83	
As of Mar. 31, 2023	193,842		112,381		53.4		2,761.61	

(Reference) Equity ratio: As of September 30, 2023: 105,367 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
Year ended Mar. 31, 2023	Yen -	Yen 0.00	Yen -	Yen 117.00	Yen 117.00
Year ending Mar. 31, 2024	-	0.00			
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 September 30, 2023 and March 31, 2023

ASSETS	Millions of yen		Thousands of U.S.
	As of September	As of March 31,	dollars (Note 1)
	30, 2023	2023	As of September
			30, 2023
<b>Current assets:</b>			
Cash and deposits	¥ 59,692	¥ 51,176	\$ 399,069
Notes and accounts receivable – trade, and contract assets	65,762	70,985	439,644
Merchandise and finished goods	5,097	4,825	34,075
Work in process	315	196	2,108
Supplies	93	92	621
Others	10,399	8,444	69,523
Less - allowance for doubtful accounts	(357)	(297)	(2,386)
Total current assets	141,002	135,423	942,657
<b>Non-current assets:</b>			
Property, plant and equipment:			
Buildings and structures, net	6,557	6,652	43,841
Tools, furniture and fixtures, net	7,354	7,779	49,168
Land	845	839	5,649
Others, net	1,211	1,279	8,097
Total property, plant and equipment, net	15,968	16,550	106,756
Intangible assets:			
Goodwill	971	604	6,496
Software	3,144	3,135	21,021
Others	1,016	783	6,798
Total intangible assets	5,133	4,523	34,316
Investments and other assets:			
Investment securities	8,266	8,111	55,266
Shares of unconsolidated subsidiaries and affiliates	11,653	10,718	77,908
Investments of capital subsidiaries and affiliates	1,575	1,442	10,535
Deferred tax assets	3,509	5,305	23,461
Guarantee deposits	10,716	10,456	71,646
Others	1,523	1,644	10,184
Less - allowance for doubtful accounts	(363)	(333)	(2,433)
Total investments and other assets	36,881	37,345	246,569
Total non-current assets	57,983	58,419	387,642
<b>Total assets</b>	<b>¥ 198,986</b>	<b>¥ 193,842</b>	<b>\$ 1,330,299</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, 2023 and March 31, 2023

	Millions of yen		Thousands of U.S. dollars (Note 1)
	As of September 30, 2023	As of March 31, 2023	As of September 30, 2023
<b>LIABILITIES</b>			
<b>Current liabilities:</b>			
Accounts payable - trade	¥ 14,526	¥ 16,230	\$ 97,114
Short-term borrowings	1,740	1,629	11,634
Current portion of bonds payable	75	79	501
Current portion of long-term debt	2,068	2,060	13,829
Accounts payable – other	6,727	7,785	44,972
Accrued expenses	20,628	18,918	137,910
Income taxes payable	1,705	4,849	11,405
Accrued consumption taxes	5,626	4,601	37,617
Accrued compensation	6,042	6,233	40,399
Others	6,783	4,046	45,352
Total current liabilities	65,925	66,433	440,737
<b>Non-current liabilities:</b>			
Bonds payable	157	194	1,049
Convertible bond-type bonds with subscription rights to shares	10,064	10,074	67,282
Long-term debt	6,243	2,222	41,737
Liability for retirement benefits	404	402	2,702
Others	1,610	2,133	10,764
Total non-current liabilities	18,478	15,027	123,535
Total liabilities	84,403	81,461	564,272
<b>NET ASSETS</b>			
Shareholders' equity:			
Capital stock	29,065	29,065	194,317
Capital surplus	19,331	19,330	129,241
Retained earnings	77,744	77,739	519,749
Treasury stock, at cost	(28,567)	(28,567)	(190,985)
Total shareholders' equity	97,574	97,568	652,322
Accumulated other comprehensive income:			
Unrealized holding gain on securities	2,437	2,452	16,297
Foreign currency translation gains adjustments	5,355	3,464	35,802
Total accumulated other comprehensive income	7,793	5,917	52,100
Stock acquisition rights	3	3	21
Non-controlling interests	9,211	8,892	61,582
Total net assets	114,582	112,381	766,027
<b>Total liabilities and net assets</b>	¥ 198,986	¥ 193,842	\$ 1,330,299

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, 2023 and 2022

	Millions of yen		Thousands of U.S.
			dollars (Note 1)
	2023	2022	2023
<b>Net sales</b>	¥ 180,047	¥ 183,390	\$ 1,203,685
<b>Cost of sales</b>	146,822	144,500	981,562
Gross profit	33,225	38,890	222,122
<b>Selling, general and administrative expenses</b>	27,383	26,194	183,069
Operating income	5,841	12,695	39,053
<b>Non-operating income (expenses):</b>			
Interest income	122	80	816
Interest expenses	(71)	(39)	(475)
Dividend income	17	39	115
Share of profits (losses) of entities accounted for using equity method	363	(510)	2,428
Foreign exchange gains	837	519	5,600
Gains on sale of investment securities	155	70	1,042
Losses on valuation of investment securities	(164)	(1)	(1,100)
Impairment losses on fixed assets	(26)	(9)	(178)
Gains on change in equity	45	4	303
Gains on sale of shares of subsidiaries and affiliates	—	373	—
Losses on change in equity	—	(182)	—
Other income (expenses), net	149	157	1,000
Total non-operating income (expenses)	1,429	500	9,553
Income before income taxes and non-controlling interests	7,270	13,196	48,607
<b>Income taxes:</b>			
Current	1,350	4,676	9,031
Deferred	1,014	(13)	6,783
Total income taxes	2,365	4,663	15,815
<b>Net income</b>	4,905	8,532	32,792
<b>Net income attributable to non-controlling interests</b>	516	600	3,450
<b>Net income attributable to shareholders of transcosmos inc.</b>	¥ 4,388	¥ 7,932	\$ 29,341

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, 2023 and 2022

	Millions of yen		Thousands of U.S.
			dollars (Note 1)
	2023	2022	2023
<b>Net income</b>	¥ 4,905	¥ 8,532	\$ 32,792
<b>Other comprehensive income:</b>			
Unrealized holding gains (losses) on securities	(13)	(6,549)	(92)
Foreign currency translation gains adjustments	1,151	2,720	7,695
Share of other comprehensive income from ownership in entities accounted for using equity method	767	1,833	5,130
<b>Total other comprehensive income</b>	<b>1,904</b>	<b>(1,996)</b>	<b>12,733</b>
<b>Comprehensive income</b>	<b>¥ 6,809</b>	<b>¥ 6,536</b>	<b>\$ 45,525</b>
<b>Total comprehensive income attributable to:</b>			
Shareholders of transcosmos inc.	¥ 6,264	¥ 5,905	\$ 41,883
Non-controlling interests	544	631	3,642

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, 2023 and 2022

	Millions of yen		Thousands of U.S. dollars (Note 1)	
	2023	2022	2023	
<b>Operating activities:</b>				
Income before income taxes and non-controlling interests	¥ 7,270	¥ 13,196	\$ 48,607	
Depreciation of property, plant and equipment	1,974	1,790	13,198	
Impairment losses on fixed assets	26	9	178	
Amortization of goodwill	91	96	611	
Amortization of intangible assets	752	744	5,033	
Increase (decrease) in allowance for doubtful accounts	60	25	407	
Increase (decrease) in accrued compensation	(219)	(15)	(1,464)	
Changes in liability for retirement benefits, nets	(1)	17	(8)	
Interest and dividend income	(139)	(119)	(932)	
Interest expenses	71	39	475	
Foreign exchange losses (gains)	(837)	(519)	(5,600)	
Share of losses (profits) of entities accounted for using equity method	(363)	510	(2,428)	
Losses (gains) on investments in investment partnerships	12	18	84	
Losses on disposal of fixed assets	12	22	83	
Losses (gains) on sales of investment securities	(155)	(70)	(1,042)	
Losses on valuation of investment securities	164	1	1,100	
Losses (gains) on sales of shares of subsidiaries and affiliates	—	(373)	—	
Losses (gains) on changes in ownership interests in subsidiaries and affiliates	(45)	177	(303)	
Decrease (increase) in notes and accounts receivable - trade	6,255	7,111	41,819	
Decrease (increase) in inventories	(194)	(340)	(1,301)	
Increase (decrease) in trade payables	(1,957)	(1,453)	(13,088)	
Increase (decrease) in accrued consumption taxes	982	(1,224)	6,566	
Others, net	1,352	(2,417)	9,043	
Subtotal	15,113	17,227	101,040	
Interest and dividends received	194	546	1,298	
Interest paid	(80)	(116)	(540)	
Income taxes paid	(4,471)	(5,174)	(29,892)	
Income taxes refund	586	—	3,921	
Net cash provided by operating activities	¥ 11,342	¥ 12,483	\$ 75,826	

## Unaudited Quarterly Consolidated Statement of Cash Flows

transcosmos inc. AND ITS CONSOLIDATED SUBSIDIARIES

For the six months ended September 30, 2023 and 2022

	2023	2022	2023
<b>Investing activities:</b>			
Payments into time deposits	¥ (330)	¥ (631)	\$ (2,208)
Proceeds from withdrawal of time deposits	819	436	5,481
Purchases of property, plant and equipment	(1,359)	(2,036)	(9,087)
Purchases of intangible assets	(705)	(536)	(4,717)
Purchases of investment securities	(128)	(466)	(862)
Proceeds from sales of investment securities	171	143	1,149
Purchase of shares of subsidiaries and affiliates	(137)	(23)	(921)
Proceeds from sale of shares of subsidiaries and affiliates	—	236	—
Payments for guarantee deposits	(245)	(985)	(1,641)
Proceeds from collection of guarantee deposits	122	948	820
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(453)	—	(3,029)
Payments of loans receivable	(75)	(90)	(508)
Collection of loans receivable	92	48	619
Other payments	(316)	(716)	(2,118)
Other proceeds	189	23	1,267
Net cash used in investing activities	<u>(2,356)</u>	<u>(3,650)</u>	<u>(15,756)</u>
<b>Financing activities:</b>			
Proceeds from short-term borrowings	11	15	76
Repayment of short-term borrowings	(111)	(16)	(748)
Proceeds from long-term borrowings	6,050	—	40,446
Repayment of long-term borrowings	(2,029)	(12,031)	(13,565)
Cash dividends paid	(4,378)	(5,775)	(29,268)
Cash dividends paid to non-controlling interests	(221)	(206)	(1,482)
Others, net	(328)	(317)	(2,195)
Net cash used in financing activities	<u>(1,007)</u>	<u>(18,332)</u>	<u>(6,737)</u>
Effect of exchange rate changes on cash and cash equivalents	954	1,653	6,383
Increase (decrease) in cash and cash equivalents	<u>8,932</u>	<u>(7,846)</u>	<u>59,716</u>
Cash and cash equivalents at the beginning of the period	<u>49,366</u>	<u>63,858</u>	<u>330,035</u>
Cash and cash equivalents at the end of the period	<u>¥ 58,299</u>	<u>¥ 56,012</u>	<u>\$ 389,752</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 ¥149.58=\$1, the approximate exchange rate on the Tokyo Foreign Exchange Market as of September 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**

(1) Information on net sales and profit or loss for each reportable segment for the six months ended September 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	¥ 117,085	¥ 17,756	¥ 45,205	¥ 180,047	¥ —	¥ 180,047
Inter-segment sales and transfers	518	3,306	2,141	5,966	(5,966)	—
Total	¥ 117,604	¥ 21,062	¥ 47,346	¥ 186,013	¥ (5,966)	¥ 180,047
Segment profit	¥ 3,726	¥ 1,191	¥ 932	¥ 5,850	¥ (8)	¥ 5,841

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	\$ 782,764	\$ 118,707	\$ 302,213	\$ 1,203,685	\$ —	\$ 1,203,685
Inter-segment sales and transfers	3,467	22,104	14,314	39,886	(39,886)	—
Total	\$ 786,231	\$ 140,812	\$ 316,528	\$ 1,243,572	\$ (39,886)	\$ 1,203,685
Segment profit	\$ 24,909	\$ 7,967	\$ 6,235	\$ 39,113	\$ (59)	\$ 39,053

Note A: Segment profit of ¥(8) million (\$59 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	¥ 122,493	¥ 17,557	¥ 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

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.

**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, 2023 and 2022

	Millions of yen			
	2023			
	Reportable segments			
	Parent company	Domestic subsidiaries and affiliates	Overseas subsidiaries and affiliates	Total
Japan	¥ 115,406	¥ 17,751	¥ 2,349	¥ 135,507
Korea	—	—	19,043	19,043
China	80	1	13,813	13,895
Southeast Asia	992	1	7,322	8,316
Other	606	1	2,675	3,283
Revenue from contracts with customers	117,085	17,756	45,205	180,047
Other revenue	—	—	—	—
Sales to third parties	¥ 117,085	¥ 17,756	¥ 45,205	¥ 180,047

	Thousands of U.S. dollars (Note 1)			
	2023			
	Reportable segments			
	Parent company	Domestic subsidiaries and affiliates	Overseas subsidiaries and affiliates	Total
Japan	\$ 771,539	\$ 118,675	\$ 15,707	\$ 905,922
Korea	—	—	127,314	127,314
China	538	11	92,348	92,898
Southeast Asia	6,632	12	48,956	55,601
Other	4,053	8	17,887	21,949
Revenue from contracts with customers	782,764	118,707	302,213	1,203,685
Other revenue	—	—	—	—
Sales to third parties	\$ 782,764	\$ 118,707	\$ 302,213	\$ 1,203,685

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	¥ 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

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