

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 Nine Months Ended December 31, 2023 [J-GAAP]**

January 31, 2024

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

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

(1) Consolidated operating results (For the nine months ended December 31)

(% 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	%
Nine months ended Dec. 31, 2023	271,368	(1.7)	8,756	(49.2)	10,126	(39.6)	8,181	(18.0)
Nine months ended Dec. 31, 2022	276,037	6.9	17,235	(10.0)	16,777	(11.3)	9,979	(28.6)

(Note) Comprehensive income: Nine months ended December 31, 2023: 10,007 million yen 18.6%. Nine months ended December 31, 2022: 8,436 million yen (64.8%)

	Earnings per share - Basic		Earnings per share - Diluted	
	Yen		Yen	
Nine months ended Dec. 31, 2023	218.32		204.55	
Nine months ended Dec. 31, 2022	242.86		228.89	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Dec. 31, 2023	199,138	117,779	54.4	2,889.17
As of Mar. 31, 2023	193,842	112,381	53.4	2,761.61

(Reference) Equity ratio: As of December 31, 2023: 108,266 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	-	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 December 31, 2023 and March 31, 2023

ASSETS	Millions of yen		Thousands of U.S. dollars (Note 1)
	As of December 31, 2023	As of March 31, 2023	As of December 31, 2023
<b>Current assets:</b>			
Cash and deposits	¥ 60,498	¥ 51,176	\$ 426,587
Notes and accounts receivable – trade, and contract assets	67,886	70,985	478,679
Merchandise and finished goods	5,475	4,825	38,606
Work in process	337	196	2,378
Supplies	84	92	594
Others	9,883	8,444	69,687
Less - allowance for doubtful accounts	(372)	(297)	(2,627)
Total current assets	143,792	135,423	1,013,906
<b>Non-current assets:</b>			
Property, plant and equipment:			
Buildings and structures, net	6,720	6,652	47,389
Tools, furniture and fixtures, net	7,246	7,779	51,097
Land	853	839	6,021
Others, net	1,118	1,279	7,886
Total property, plant and equipment, net	15,939	16,550	112,394
Intangible assets:			
Goodwill	906	604	6,394
Software	3,455	3,135	24,364
Others	1,064	783	7,502
Total intangible assets	5,426	4,523	38,261
Investments and other assets:			
Investment securities	5,101	8,111	35,968
Shares of unconsolidated subsidiaries and affiliates	12,034	10,718	84,858
Investments of capital subsidiaries and affiliates	1,674	1,442	11,805
Deferred tax assets	3,129	5,305	22,065
Guarantee deposits	10,958	10,456	77,272
Others	1,419	1,644	10,006
Less - allowance for doubtful accounts	(336)	(333)	(2,375)
Total investments and other assets	33,980	37,345	239,602
Total non-current assets	55,346	58,419	390,259
<b>Total assets</b>	¥ 199,138	¥ 193,842	\$ 1,404,165

See accompanying notes to unaudited quarterly consolidated financial statements.

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

	Millions of yen		Thousands of U.S.
	As of December	As of March 31,	dollars (Note 1)
	31, 2023	2023	As of December
			31, 2023
<b>LIABILITIES</b>			
<b>Current liabilities:</b>			
Accounts payable - trade	¥ 14,357	¥ 16,230	\$ 101,240
Short-term borrowings	116	1,629	817
Current portion of bonds payable	75	79	528
Current portion of long-term debt	2,065	2,060	14,566
Accounts payable – other	6,593	7,785	46,491
Accrued expenses	21,562	18,918	152,044
Income taxes payable	892	4,849	6,290
Accrued consumption taxes	5,475	4,601	38,608
Accrued compensation	3,851	6,233	27,157
Others	8,048	4,046	56,754
Total current liabilities	63,039	66,433	444,501
<b>Non-current liabilities:</b>			
Bonds payable	153	194	1,082
Convertible bond-type bonds with subscription rights to shares	10,059	10,074	70,928
Long-term debt	6,227	2,222	43,914
Liability for retirement benefits	410	402	2,895
Others	1,468	2,133	10,355
Total non-current liabilities	18,319	15,027	129,175
Total liabilities	81,358	81,461	573,677
<b>NET ASSETS</b>			
Shareholders' equity:			
Capital stock	29,065	29,065	204,949
Capital surplus	19,331	19,330	136,312
Retained earnings	81,536	77,739	574,929
Treasury stock, at cost	(28,567)	(28,567)	(201,435)
Total shareholders' equity	101,366	97,568	714,756
Accumulated other comprehensive income:			
Unrealized holding gain on securities	850	2,452	5,999
Foreign currency translation gains adjustments	6,048	3,464	42,648
Total accumulated other comprehensive income	6,899	5,917	48,647
Stock acquisition rights	3	3	22
Non-controlling interests	9,510	8,892	67,060
Total net assets	117,779	112,381	830,488
<b>Total liabilities and net assets</b>	¥ 199,138	¥ 193,842	\$ 1,404,165

See accompanying notes to unaudited quarterly consolidated financial statements.

## Unaudited Quarterly Consolidated Statement of Income

transcosmos inc. AND ITS CONSOLIDATED SUBSIDIARIES

For the nine months ended December 31, 2023 and 2022

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2023	2022	2023
<b>Net sales</b>	¥ 271,368	¥ 276,037	\$ 1,913,474
<b>Cost of sales</b>	220,914	219,561	1,557,712
Gross profit	50,454	56,476	355,761
<b>Selling, general and administrative expenses</b>	41,697	39,240	294,015
Operating income	8,756	17,235	61,746
<b>Non-operating income (expenses):</b>			
Interest income	181	117	1,282
Interest expenses	(109)	(59)	(774)
Dividend income	23	41	167
Share of profits (losses) of entities accounted for using equity method	615	(940)	4,340
Foreign exchange gains	344	161	2,427
Gains on sales of investment securities	3,171	329	22,365
Gains on sales of shares of subsidiaries and affiliates	—	373	—
Losses on valuation of investment securities	(164)	(16)	(1,160)
Gains (losses) on changes in equity	81	(141)	578
Impairment losses on fixed assets	(41)	(175)	(295)
Losses on liquidation of subsidiaries and affiliates	(93)	—	(656)
Other income (expenses), net	326	262	2,302
Total non-operating income (expenses)	4,336	(47)	30,575
Income before income taxes and non-controlling interests	13,093	17,188	92,321
<b>Income taxes:</b>			
Current	1,740	5,006	12,270
Deferred	2,358	1,288	16,630
Total income taxes	4,098	6,295	28,900
<b>Net income</b>	8,994	10,893	63,421
<b>Net income attributable to non-controlling interests</b>	813	913	5,733
<b>Net income attributable to shareholders of transcosmos inc.</b>	¥ 8,181	¥ 9,979	\$ 57,687

See accompanying notes to unaudited quarterly consolidated financial statements.

## Unaudited Quarterly Consolidated Statement of Comprehensive Income

transcosmos inc. AND ITS CONSOLIDATED SUBSIDIARIES

For the nine months ended December 31, 2023 and 2022

	Millions of yen		Thousands of U.S.
			dollars (Note 1)
	2023	2022	2023
<b>Net income</b>	¥ 8,994	¥ 10,893	\$ 63,421
<b>Other comprehensive income:</b>			
Unrealized holding gains (losses) on securities	(1,601)	(6,671)	(11,293)
Foreign currency translation gains adjustments	1,659	2,979	11,698
Share of other comprehensive income from ownership in entities accounted for using the equity method	955	1,234	6,736
<b>Total other comprehensive income</b>	<b>1,012</b>	<b>(2,457)</b>	<b>7,141</b>
<b>Comprehensive income</b>	<b>¥ 10,007</b>	<b>¥ 8,436</b>	<b>\$ 70,562</b>
<b>Total comprehensive income attributable to:</b>			
Shareholders of transcosmos inc.	¥ 9,163	¥ 7,486	\$ 64,612
Non-controlling interests	843	949	5,950

See accompanying notes to unaudited quarterly 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 ¥141.82=\$1, the approximate exchange rate on the Tokyo Foreign Exchange Market as of December 31, 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 nine months ended December 31, 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	¥ 176,819	¥ 26,642	¥ 67,907	¥ 271,368	¥ —	¥ 271,368
Inter-segment sales and transfers	812	5,100	3,357	9,271	(9,271)	—
Total	¥ 177,632	¥ 31,742	¥ 71,264	¥ 280,640	¥ (9,271)	¥ 271,368
Segment profit	¥ 5,628	¥ 1,648	¥ 1,473	¥ 8,749	¥ 7	¥ 8,756

Thousands of U.S. dollars (Note 2)						
2023						
Reportable segments						
	Parent company	Domestic subsidiaries and affiliates	Overseas subsidiaries and affiliates	Total	Eliminations	Consolidated
Net sales						
Sales to third parties	\$ 1,246,787	\$ 187,860	\$ 478,826	\$ 1,913,474	\$ —	\$ 1,913,474
Inter-segment sales and transfers	5,731	35,965	23,676	65,373	(65,373)	—
Total	\$ 1,252,518	\$ 223,825	\$ 502,502	\$ 1,978,847	\$ (65,373)	\$ 1,913,474
Segment profit	\$ 39,687	\$ 11,621	\$ 10,387	\$ 61,696	\$ 49	\$ 61,746

Note A: Segment profit of ¥ 7 million (\$49 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	¥ 182,551	¥ 27,022	¥ 66,463	¥ 276,037	¥ —	¥ 276,037
Inter-segment sales and transfers	803	4,990	3,322	9,116	(9,116)	—
Total	¥ 183,355	¥ 32,013	¥ 69,785	¥ 285,154	¥ (9,116)	¥ 276,037
Segment profit	¥ 12,334	¥ 3,074	¥ 1,849	¥ 17,258	¥ (23)	¥ 17,235

Note A: Segment profit of ¥ (23) 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 nine months ended December 31, 2023

	Millions of yen			
	<b>2023</b>			
	Reportable segments			
	Parent company	Domestic subsidiaries and affiliates	Overseas subsidiaries and affiliates	Total
Japan	¥ 174,295	¥ 26,636	¥ 3,667	¥ 204,598
Korea	0	—	29,073	29,073
China	113	1	19,521	19,636
Southeast Asia	1,541	2	11,396	12,941
Other	868	1	4,248	5,118
Revenue from contracts with customers	<u>176,819</u>	<u>26,642</u>	<u>67,907</u>	<u>271,368</u>
Other revenue	—	—	—	—
Sales to third parties	<u>¥ 176,819</u>	<u>¥ 26,642</u>	<u>¥ 67,907</u>	<u>¥ 271,368</u>

	Thousands of U.S. dollars (Note 1)			
	<b>2023</b>			
	Reportable segments			
	Parent company	Domestic subsidiaries and affiliates	Overseas subsidiaries and affiliates	Total
Japan	\$ 1,228,991	\$ 187,816	\$ 25,858	\$ 1,442,665
Korea	0	—	205,002	205,002
China	798	11	137,649	138,459
Southeast Asia	10,872	20	80,359	91,252
Other	6,126	11	29,956	36,094
Revenue from contracts with customers	<u>1,246,787</u>	<u>187,860</u>	<u>478,826</u>	<u>1,913,474</u>
Other revenue	—	—	—	—
Sales to third parties	<u>\$ 1,246,787</u>	<u>\$ 187,860</u>	<u>\$ 478,826</u>	<u>\$ 1,913,474</u>

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	¥ 180,344	¥ 26,996	¥ 3,441	¥ 210,782
Korea	9	—	28,274	28,284
China	82	—	21,369	21,452
Southeast Asia	1,566	2	9,116	10,685
Other	549	23	4,261	4,833
Revenue from contracts with customers	182,551	27,022	66,463	276,037
Other revenue	—	—	—	—
Sales to third parties	¥ 182,551	¥ 27,022	¥ 66,463	¥ 276,037

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