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July 31, 2024

Consolidated Financial Results for the Three Months Ended June 30, 2024 (Under Japanese GAAP)

Company name: transcosmos inc.
 Listing: Tokyo Stock Exchange
 Securities code: 9715
 URL: <https://www.trans-cosmos.co.jp/english/>
 Representative: Masaaki Muta, Representative Director, Co-president
 Takeshi Kamiya, Representative Director, Co-president
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 Responsible for Accounting & Finance Division, Corporate Headquarters
 Telephone: +81-50-1748-0265
 Scheduled date to commence dividend payments: —
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results briefing: None

(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Consolidated financial results for the three months ended June 30, 2024 (from April 1, 2024 to June 30, 2024)

(1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three months ended June 30, 2024	91,083	2.4	3,043	36.9	3,763	16.1	1,610	9.6
June 30, 2023	88,947	(4.6)	2,222	(72.0)	3,240	(61.7)	1,468	(71.5)

Note: Comprehensive income For the three months ended June 30, 2024: ¥3,101 million [332.8%]
 For the three months ended June 30, 2023: ¥716 million [-%]

	Basic earnings per share	Diluted earnings per share
Three months ended	Yen	Yen
June 30, 2024	43.44	40.64
June 30, 2023	39.19	36.68

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
June 30, 2024	199,942	117,903	54.1	2,884.74
March 31, 2024	199,446	118,065	54.3	2,892.32

Reference: Equity
 As of June 30, 2024: ¥108,099 million
 As of March 31, 2024: ¥108,383 million

2. Cash dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2024	-	0.00	-	81.00	81.00
Fiscal year ending March 31, 2025	-				
Fiscal year ending March 31, 2025 (Forecast)		-	-	-	-

Note: Revisions to the forecast of cash dividends most recently announced: None

3. Forecasts for consolidated financial results for the fiscal year ending March 31, 2025 (April 1, 2024 to March 31, 2025)

Please note that this document does not include the forecasts for consolidated financial results for the fiscal year ending March 31, 2025, due to the difficulty in making reasonably accurate projections for such period.

* Notes

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): None
Newly included: —
Excluded: —
- (2) Adoption of accounting treatment specific to the preparation of quarterly consolidated financial statements: None
- (3) Changes in accounting policies, changes in accounting estimates, and restatement
 - (i) Changes in accounting policies due to revisions to accounting standards and other regulations: Yes
 - (ii) Changes in accounting policies due to other reasons: None
 - (iii) Changes in accounting estimates: None
 - (iv) Restatement: None
- (4) Number of issued shares (common shares)

- (i) Total number of issued shares at the end of the period (including treasury shares)

As of June 30, 2024	43,863,116 shares
As of March 31, 2024	48,794,046 shares

- (ii) Number of treasury shares at the end of the period

As of June 30, 2024	6,390,102 shares
As of March 31, 2024	11,321,012 shares

- (iii) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

Three months ended June 30, 2024	37,066,635 shares
Three months ended June 30, 2023	37,473,119 shares

* Proper use of earnings forecasts, and other special matters

(Cautionary statement with respect to forward-looking statements, and other information)

Forward-looking statements contained in this document are based on the information currently available to transcosmos inc. (the Company) and estimates based on reasonable assumptions. Actual operating results may differ materially from these forecasts due to various factors.

(Access to supplemental material for the consolidated financial results)

The Company will post the supplemental material for the consolidated financial results for the three months ended June 30, 2024, on the Company's website on Wednesday, July 31, 2024.

Unaudited Quarterly Consolidated Balance Sheet
transcosmos inc. AND ITS CONSOLIDATED SUBSIDIARIES
As of June 30, 2024 and March 31, 2024

Thousands of U.S.
dollars (Note 1)

	Millions of yen		As of June 30, 2024
	As of June 30, 2024	As of March 31, 2024	
ASSETS			
Current assets:			
Cash and deposits	¥ 64,501	¥ 64,844	\$ 400,284
Notes and accounts receivable – trade, and contract assets	65,179	67,758	404,491
Merchandise and finished goods	3,897	3,938	24,187
Work in process	340	193	2,110
Supplies	83	73	519
Others	10,532	8,408	65,360
Less - allowance for doubtful accounts	(442)	(426)	(2,743)
Total current assets	144,092	144,790	894,209
Non-current assets:			
Property, plant and equipment:			
Buildings and structures, net	6,859	6,864	42,566
Tools, furniture and fixtures, net	7,105	7,463	44,097
Land	848	853	5,264
Others, net	1,219	1,093	7,569
Total property, plant and equipment, net	16,033	16,275	99,497
Intangible assets:			
Goodwill	777	842	4,823
Software	3,574	3,607	22,180
Others	1,153	1,019	7,158
Total intangible assets	5,504	5,468	34,162
Investments and other assets:			
Investment securities	3,735	4,355	23,184
Shares of unconsolidated subsidiaries and affiliates	12,339	11,669	76,575
Investments of capital subsidiaries and affiliates	1,744	1,666	10,827
Deferred tax assets	4,287	3,526	26,607
Guarantee deposits	11,030	10,624	68,454
Others	1,510	1,405	9,374
Less - allowance for doubtful accounts	(337)	(335)	(2,094)
Total investments and other assets	34,311	32,912	212,930
Total non-current assets	55,849	54,656	346,590
Total assets	¥ 199,942	¥ 199,446	\$ 1,240,799

See accompanying notes to unaudited consolidated financial statements.

Unaudited Quarterly Consolidated Balance Sheet
transcosmos inc. AND ITS CONSOLIDATED SUBSIDIARIES
As of June 30, 2024 and March 31, 2024

Thousands of U.S.
dollars (Note 1)

	Millions of yen		As of June 30, 2024
	As of June 30, 2024	As of March 31, 2024	
LIABILITIES			
Current liabilities:			
Accounts payable - trade	¥ 13,857	¥ 13,743	\$ 85,996
Short-term borrowings	99	114	617
Current portion of bonds payable	75	75	465
Current portion of long-term debt	2,061	2,066	12,793
Accounts payable - other	6,541	7,219	40,595
Accrued expenses	20,810	20,784	129,148
Income taxes payable	2,554	2,622	15,855
Accrued consumption taxes	5,871	5,607	36,436
Accrued compensation	8,269	6,039	51,316
Others	5,319	4,740	33,014
Total current liabilities	<u>65,461</u>	<u>63,014</u>	<u>406,240</u>
Non-current liabilities:			
Bonds payable	116	119	719
Convertible bond-type bonds with subscription rights to shares	10,049	10,054	62,362
Long-term debt	4,196	6,210	26,044
Liability for retirement benefits	401	413	2,489
Others	1,813	1,569	11,257
Total non-current liabilities	<u>16,577</u>	<u>18,367</u>	<u>102,873</u>
Total liabilities	<u>82,038</u>	<u>81,381</u>	<u>509,113</u>
NET ASSETS			
Shareholders' equity:			
Capital stock	29,065	29,065	180,377
Capital surplus	6,889	19,332	42,755
Retained earnings	82,027	83,452	509,046
Treasury stock, at cost	(16,124)	(28,567)	(100,067)
Total shareholders' equity	<u>101,858</u>	<u>103,283</u>	<u>632,111</u>
Accumulated other comprehensive income :			
Unrealized holding gain on securities	371	495	2,306
Foreign currency translation gains adjustments	5,869	4,605	36,425
Total accumulated other comprehensive income	<u>6,241</u>	<u>5,100</u>	<u>38,732</u>
Stock acquisition rights	0	0	3
Non-controlling interests	9,803	9,680	60,838
Total net assets	<u>117,903</u>	<u>118,065</u>	<u>731,685</u>
Total liabilities and net assets	<u>¥ 199,942</u>	<u>¥ 199,446</u>	<u>\$ 1,240,799</u>

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, 2024 and 2023

	Millions of yen		Thousands of U.S.
	2024	2023	dollars (Note 1)
			2024
Net sales	¥ 91,083	¥ 88,947	\$ 565,242
Cost of sales	73,708	72,980	457,416
Gross profit	17,375	15,967	107,826
Selling, general and administrative expenses	14,331	13,744	88,940
Operating profit	3,043	2,222	18,885
Non-operating income (expenses):			
Interest income	75	53	466
Interest expenses	(53)	(27)	(334)
Dividend income	39	9	246
Share of profits (losses) of entities accounted for using equity method	(17)	142	(111)
Foreign exchange gains	641	754	3,980
Impairment losses on fixed assets	—	(19)	—
Gains on sale of investment securities	—	154	—
Gains on sale of non-current assets	49	—	308
Losses on valuation of shares of subsidiaries and associates	(553)	(131)	(3,432)
Gains on change in equity	—	34	—
Other income (expenses), net	32	97	203
Total non-operating income (expenses)	213	1,067	1,327
Profit before income taxes and non-controlling interests	3,257	3,289	20,212
Income taxes :			
Current	1,996	2,143	12,387
Deferred	(677)	(614)	(4,204)
Total income taxes	1,318	1,529	8,183
Profit	1,938	1,760	12,029
Profit attributable to non-controlling interests	328	291	2,036
Profit attributable to owners of parent	¥ 1,610	¥ 1,468	\$ 9,993

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, 2024 and 2023

	Millions of yen		Thousands of U.S.
			dollars (Note 1)
	2024	2023	2024
Profit	¥ 1,938	¥ 1,760	\$ 12,029
Other comprehensive income :			
Unrealized holding gains (losses) on securities	(123)	(765)	(766)
Foreign currency translation gains (losses) adjustments	659	(424)	4,091
Share of other comprehensive income from ownership in entities accounted for using the equity method	627	146	3,892
Total other comprehensive income	1,163	(1,043)	7,217
Comprehensive income	¥ 3,101	¥ 716	\$ 19,246
Total comprehensive income attributable to:			
Owners of parent	¥ 2,751	¥ 423	\$ 17,074
Non-controlling interests	350	292	2,172

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 ¥161.14 = \$1, the approximate exchange rate of the Tokyo Foreign Exchange Market as of June 30, 2024. This translation should not be construed as a representation that the amounts shown could be converted to U.S. dollars at such rate.

2. Uncertainties of entity's ability to continue as going concern

None.

3. Accounting Changes

Application of “Accounting Standard for Current Income Taxes,” and other applicable standards.

Effective from 1 April 2024, the Group has applied the “Accounting Standard for Current Income Taxes” (Accounting Standards Board of Japan (ASBJ) Standard No.27, 28 October 2022).

The amendment to categories in which current income taxes should be recorded (taxes on other comprehensive income) follows the transitional treatment prescribed in the proviso of paragraph 20-3 of the ASBJ Standard No.27 and the transitional treatment prescribed in the proviso (2) of paragraph 65-2 of the “Implementation Guidance on Tax Effect Accounting” (ASBJ Guidance No.28, 28 October 2022). This accounting changes have no impact on the quarterly consolidated financial statements.

For the amendment related to the revised accounting treatment for consolidated financial statements when gains or losses on sale of shares in subsidiaries resulting from transactions between consolidated companies were deferred for tax purposes, ASBJ Guidance No.28 has been applied from 1 April 2024. This accounting changes was applied retrospectively. Hence, the quarterly consolidated financial statements for the same quarter of the prior fiscal year and the consolidated financial statements for the prior fiscal year have been modified retrospectively. This accounting changes does not affect on the quarterly consolidated financial statements for both the same quarter of the prior fiscal year and the consolidated financial statements for the prior fiscal year.

4. When there are significant changes in amounts of equity

Based on a board of directors resolution on 30 April 2024, treasury stocks (4,930,930shares) was cancelled on 24 May 2024. As a result of that, Capital surplus and Treasury stock have decreased each ¥ 12,442 million (\$79,157 thousand*). Furthermore, the amounts of Capital surplus is ¥ 6,889 million (\$42,755 thousand), Treasury stock is ¥ (16,124) million (\$100,067) thousand) on balance sheet as of 30 June 2024.

*That translated into U.S. dollars at the rate of ¥157.19 = \$1.

5. Quarterly statement of cash flows

Quarterly consolidated statement of cash flows is not prepared. The amounts of Depreciation of property, plant and equipment and Amortization of intangible assets, Amortization of goodwill for the three months ended June 30, 2024 and 2023 are as follows:

	Millions of yen		Thousands of U.S.
	2024	2023	dollars (Note 1)
Depreciation of property, plant and equipment and Amortization of intangible assets	¥ 1,408	¥ 1,346	\$ 8,737
Amortization of goodwill	64	45	402

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

6. Segment Information

Information on net sales, profit or loss and assets for each reportable segment for the three months ended June 30, 2024 and 2023

Millions of yen						
2024						
Reportable segments						
	Parent company	Domestic subsidiaries and affiliates	Overseas subsidiaries and affiliates	Total	Eliminations	Consolidated
Net sales						
Sales to third parties	¥ 59,259	¥ 8,763	¥ 23,059	¥ 91,083	¥ —	¥ 91,083
Inter-segment sales and transfers	306	1,642	1,334	3,283	(3,283)	—
Total	¥ 59,566	¥ 10,406	¥ 24,394	¥ 94,366	¥ (3,283)	¥ 91,083
Segment profit	¥ 1,318	¥ 709	¥ 1,020	¥ 3,048	¥ (5)	¥ 3,043

Thousands of U.S. dollars (Note 1)						
2024						
Reportable segments						
	Parent company	Domestic subsidiaries and affiliates	Overseas subsidiaries and affiliates	Total	Eliminations	Consolidated
Net sales						
Sales to third parties	\$ 367,752	\$ 54,385	\$ 143,104	\$ 565,242	\$ —	\$ 565,242
Inter-segment sales and transfers	1,901	10,192	8,283	20,377	(20,377)	—
Total	\$ 369,653	\$ 64,577	\$ 151,388	\$ 585,619	\$ (20,377)	\$ 565,242
Segment profit	\$ 8,181	\$ 4,400	\$ 6,334	\$ 18,917	\$ (31)	\$ 18,885

Note A: Segment profit of ¥ (5) million (\$31 thousand) in “Eliminations” consists of inter-segment elimination.

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

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

Note A: Segment profit of ¥ 0 million in “Eliminations” consists of inter-segment elimination.

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