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January 31, 2025

Consolidated Financial Results for the Nine Months Ended December 31, 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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 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 nine months ended December 31, 2024 (from April 1, 2024 to December 31, 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	%
Nine months ended								
December 31, 2024	279,864	3.1	11,128	27.1	12,519	23.6	7,581	(7.3)
December 31, 2023	271,368	(1.7)	8,756	(49.2)	10,126	(39.6)	8,181	(18.0)

Note: Comprehensive income For the nine months ended December 31, 2024: ¥ 7,964 million [(20.4%)]
 For the nine months ended December 31, 2023: ¥ 10,007 million [18.6%]

	Basic earnings per share	Diluted earnings per share
Nine months ended	Yen	Yen
December 31, 2024	202.32	189.54
December 31, 2023	218.32	204.55

(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
December 31, 2024	201,257	122,766	56.0	3,005.12
March 31, 2024	199,446	118,065	54.3	2,892.32

Reference: Equity
 As of December 31, 2024: ¥ 112,610 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	-	0.00	-		
Fiscal year ending March 31, 2025 (Forecast)				-	-

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

Please note that the dividend forecast for the fiscal year ending March 31, 2025 has not been finalized.

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 December 31, 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 December 31, 2024	6,390,199 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)

Nine months ended December 31, 2024	37,472,985 shares
Nine months ended December 31, 2023	37,473,064 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 nine months ended December 31, 2024, on the Company's website on Friday, January 31, 2025.

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

ASSETS	Millions of yen		Thousands of U.S.
	As of December	As of March 31,	dollars (Note 1)
	31, 2024	2024	As of December 31, 2024
Current assets:			
Cash and deposits	¥ 71,574	¥ 64,844	\$ 452,513
Notes and accounts receivable – trade, and contract assets	65,241	67,758	412,475
Merchandise and finished goods	3,195	3,938	20,204
Work in process	345	193	2,182
Supplies	84	73	531
Others	9,678	8,408	61,192
Less - allowance for doubtful accounts	(142)	(426)	(902)
Total current assets	149,976	144,790	948,197
Non-current assets:			
Property, plant and equipment:			
Buildings and structures, net	6,700	6,864	42,362
Tools, furniture and fixtures, net	6,322	7,463	39,973
Land	707	853	4,475
Others, net	1,160	1,093	7,338
Total property, plant and equipment, net	14,891	16,275	94,150
Intangible assets:			
Goodwill	661	842	4,185
Software	3,819	3,607	24,149
Others	870	1,019	5,504
Total intangible assets	5,352	5,468	33,839
Investments and other assets:			
Investment securities	3,420	4,355	21,626
Shares of unconsolidated subsidiaries and affiliates	11,857	11,669	74,969
Investments of capital subsidiaries and affiliates	1,729	1,666	10,932
Deferred tax assets	2,621	3,526	16,572
Guarantee deposits	10,244	10,624	64,771
Others	2,040	1,405	12,897
Less - allowance for doubtful accounts	(876)	(335)	(5,543)
Total investments and other assets	31,037	32,912	196,227
Total non-current assets	51,281	54,656	324,217
Total assets	¥ 201,257	¥ 199,446	\$ 1,272,415

See accompanying notes to unaudited quarterly consolidated financial statements.

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

LIABILITIES	Millions of yen		Thousands of U.S.
	As of December 31,	As of March 31,	dollars (Note 1)
	2024	2024	As of December 31, 2024
Current liabilities:			
Accounts payable - trade	¥ 13,481	¥ 13,743	\$ 85,236
Short-term borrowings	159	114	1,009
Current portion of bonds payable	88	75	556
Current portion of long-term debt	2,059	2,066	13,023
Accounts payable – other	6,432	7,219	40,671
Accrued expenses	21,465	20,784	135,709
Income taxes payable	1,513	2,622	9,566
Accrued consumption taxes	6,329	5,607	40,016
Accrued compensation	4,046	6,039	25,586
Others	6,486	4,740	41,012
Total current liabilities	62,064	63,014	392,388
Non-current liabilities:			
Bonds payable	165	119	1,046
Convertible bond-type bonds with subscription rights to shares	10,038	10,054	63,469
Long-term debt	4,168	6,210	26,351
Liability for retirement benefits	411	413	2,601
Others	1,643	1,569	10,388
Total non-current liabilities	16,427	18,367	103,858
Total liabilities	78,491	81,381	496,246
NET ASSETS			
Shareholders' equity:			
Capital stock	29,065	29,065	183,764
Capital surplus	6,889	19,332	43,554
Retained earnings	87,999	83,452	556,357
Treasury stock, at cost	(16,125)	(28,567)	(101,948)
Total shareholders' equity	107,828	103,283	681,727
Accumulated other comprehensive income:			
Unrealized holding gain on securities	368	495	2,327
Foreign currency translation gains adjustments	4,413	4,605	27,903
Total accumulated other comprehensive income	4,781	5,100	30,230
Stock acquisition rights	0	0	4
Non-controlling interests	10,155	9,680	64,206
Total net assets	122,766	118,065	776,168
Total liabilities and net assets	¥ 201,257	¥ 199,446	\$ 1,272,415

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, 2024 and 2023

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2024	2023	2024
Net sales	¥ 279,864	¥ 271,368	\$ 1,769,392
Cost of sales	226,143	220,914	1,429,746
Gross profit	53,721	50,454	339,645
Selling, general and administrative expenses	42,593	41,697	269,289
Operating income	11,128	8,756	70,356
Non-operating income (expenses):			
Interest income	221	181	1,401
Interest expenses	(43)	(109)	(274)
Dividend income	57	23	362
Share of profits of entities accounted for using equity method	614	615	3,887
Foreign exchange gains	904	344	5,719
Provision of allowance for doubtful accounts	(486)	—	(3,073)
Gains on sale of non-current assets	97	—	616
Gains on sale of investment securities	50	3,171	316
Gains on liquidation of subsidiaries and affiliates	186	—	1,179
Losses on valuation of investment securities	(820)	(164)	(5,186)
Losses on valuation of subsidiaries and affiliates	(328)	—	(2,075)
Gains on changes in equity	—	81	—
Impairment losses on fixed assets	—	(41)	—
Losses on liquidation of subsidiaries and affiliates	—	(93)	—
Other income (expenses), net	63	326	403
Total non-operating income (expenses)	518	4,336	3,277
Profit before income taxes and non-controlling interests	11,646	13,093	73,634
Income taxes:			
Current	2,463	1,740	15,573
Deferred	956	2,358	6,047
Total income taxes	3,419	4,098	21,620
Profit	8,226	8,994	52,013
Profit attributable to non-controlling interests	645	813	4,080
Profit attributable to owners of parent.	¥ 7,581	¥ 8,181	\$ 47,933

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, 2024 and 2023

Thousands of U.S.
dollars (Note 1)

	Millions of yen		2024
	2024	2023	
Profit	¥ 8,226	¥ 8,994	\$ 52,013
Other comprehensive income:			
Unrealized holding gains (losses) on securities	(130)	(1,601)	(827)
Foreign currency translation gains (losses) adjustments	(312)	1,659	(1,978)
Share of other comprehensive income from ownership in entities accounted for using the equity method	181	955	1,146
Total other comprehensive income	(262)	1,012	(1,659)
Comprehensive income	¥ 7,964	¥ 10,007	\$ 50,354
Total comprehensive income attributable to:			
Owners of parent	¥ 7,262	¥ 9,163	\$ 45,918
Non-controlling interests	701	843	4,436

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 ¥158.17 = \$1, the approximate exchange rate of the Tokyo Foreign Exchange Market as of December 31, 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 (4,930,930 shares) 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 (\$43,554 thousand), Treasury stock is ¥ (16,125) million (\$101,948 thousand) on balance sheet as of 31 December 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 nine months ended December 31, 2024 and 2023 are as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)	
	2024	2023	2024	
Depreciation of property, plant and equipment and Amortization of intangible assets	¥ 4,326	¥ 4,146	\$ 27,351	
Amortization of goodwill	180	156	1,138	

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 nine months ended December 31, 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	¥ 181,719	¥ 26,983	¥ 71,161	¥ 279,864	¥ —	¥ 279,864
Inter-segment sales and transfers	742	5,303	4,107	10,153	(10,153)	—
Total	¥ 182,461	¥ 32,287	¥ 75,269	¥ 290,018	¥ (10,153)	¥ 279,864
Segment profit	¥ 5,433	¥ 2,282	¥ 3,510	¥ 11,226	¥ (98)	¥ 11,128

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	\$ 1,148,884	\$ 170,600	\$ 449,907	\$ 1,769,392	\$ —	\$ 1,769,392
Inter-segment sales and transfers	4,691	33,532	25,968	64,192	(64,192)	—
Total	\$ 1,153,576	\$ 204,132	\$ 475,875	\$ 1,833,584	\$ (64,192)	\$ 1,769,392
Segment profit	\$ 34,351	\$ 14,431	\$ 22,193	\$ 70,976	\$ (619)	\$ 70,356

Note A: Segment profit of ¥ (98) million (\$ (619) 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	¥ 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

Note A: Segment profit of ¥ 7 million in “Eliminations” consists of inter-segment elimination.

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