

Translation

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Summary of Consolidated Financial Results for the Six Months Ended September 30, 2022 (Based on Japanese GAAP)

October 24, 2022

Company name: TRANCOM CO.,LTD.
 Stock exchange listing: Tokyo, Nagoya
 Stock code: 9058 URL <https://www.trancom.co.jp/ir/>
 Representative: Representative Director ,President Atsunori Takabe
 Inquiries: Executive Officer / Finance and Accounting Naoki Mitamura TEL (052)939-2011
 Scheduled date to file Quarterly Securities Report: November 4, 2022
 Scheduled date to commence dividend payments: December 6, 2022
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results meeting: Yes (for analysts)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the six months ended September 30, 2022 (from April 1, 2022 to September 30, 2022)

(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 | % |
| Six months ended September 30, 2022 | 83,889 | 5.2 | 3,660 | (7.5) | 3,805 | (5.1) | 3,320 | 27.7 |
| Six months ended September 30, 2021 | 79,716 | 9.7 | 3,959 | 10.2 | 4,010 | 9.4 | 2,600 | 1.5 |

| | Earnings per share | | Diluted earnings per share | |
|-------------------------------------|--------------------|--|----------------------------|--|
| | Yen | | Yen | |
| Six months ended September 30, 2022 | 341.91 | | 341.06 | |
| Six months ended September 30, 2021 | 265.54 | | 264.88 | |

(2) Consolidated financial position

| | Total assets | Net assets | Equity ratio | Net assets per share |
|--------------------------|-----------------|-----------------|--------------|----------------------|
| | Millions of yen | Millions of yen | % | Yen |
| As of September 30, 2022 | 71,963 | 50,076 | 68.8 | 5,145.78 |
| As of March 31, 2022 | 69,636 | 47,636 | 67.8 | 4,816.37 |

2. Cash dividends

| | Annual dividends per share | | | | |
|---------------------------------------|----------------------------|-----------------|-----------------|-----------------|--------|
| | 1st quarter-end | 2nd quarter-end | 3rd quarter-end | Fiscal year-end | Total |
| | Yen | | | | |
| Year ended March 31, 2022 | – | 62.00 | – | 64.00 | 126.00 |
| Year ending March 31, 2023 | – | 68.00 | | | |
| Year ending March 31, 2023 (Forecast) | | | – | 68.00 | 136.00 |

3. Forecast of consolidated financial results for the year ending March 31, 2023 (from April 1, 2022 to March 31, 2023)

Percentages indicate year-on-year changes

| | Net sales | | Operating profit | | Ordinary profit | | Profit attributable to owners of parent | | Earnings per share |
|-----------|-----------------|-----|------------------|-------|-----------------|-------|---|------|--------------------|
| | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % | Yen |
| Full year | 171,500 | 5.2 | 7,800 | (2.4) | 8,000 | (2.3) | 6,000 | 13.4 | 617.90 |

4. Notes

- (1) Changes in significant subsidiaries during the six months ended September 30, 2022
(changes in specified subsidiaries resulting in the change in scope of consolidation): No
- (2) Application of special accounting methods for preparing quarterly consolidated financial statements: No
- (3) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements
- Changes in accounting policies due to revisions to accounting standards and other regulations: Yes
- Changes in accounting policies due to other reasons: No
- Changes in accounting estimates: No
- Restatement of prior period financial statements: No

(4) Number of issued shares (common shares)

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

| | | | |
|--------------------------|-------------------|----------------------|-------------------|
| As of September 30, 2022 | 10,324,150 shares | As of March 31, 2022 | 10,324,150 shares |
|--------------------------|-------------------|----------------------|-------------------|

Number of treasury shares at the end of the period

| | | | |
|--------------------------|----------------|----------------------|----------------|
| As of September 30, 2022 | 697,529 shares | As of March 31, 2022 | 527,285 shares |
|--------------------------|----------------|----------------------|----------------|

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

| | | | |
|-------------------------------------|------------------|-------------------------------------|------------------|
| Six months ended September 30, 2022 | 9,710,302 shares | Six months ended September 30, 2021 | 9,792,434 shares |
|-------------------------------------|------------------|-------------------------------------|------------------|

Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

| | As of March 31, 2022 | As of September 30, 2022 |
|--|----------------------|--------------------------|
| Assets | | |
| Current assets | | |
| Cash and deposits | 20,024 | 20,439 |
| Notes and accounts receivable - trade, and contract assets | 25,728 | 25,395 |
| Merchandise | 8 | 14 |
| Work in process | 5 | 3 |
| Supplies | 18 | 23 |
| Prepaid expenses | 794 | 910 |
| Deposits paid | – | 798 |
| Other | 222 | 403 |
| Allowance for doubtful accounts | (1) | (1) |
| Total current assets | 46,800 | 47,987 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Buildings and structures | 9,874 | 10,209 |
| Accumulated depreciation | (5,197) | (5,371) |
| Buildings and structures, net | 4,676 | 4,838 |
| Machinery, equipment and vehicles | 7,960 | 8,346 |
| Accumulated depreciation | (5,764) | (6,210) |
| Machinery, equipment and vehicles, net | 2,195 | 2,136 |
| Land | 3,005 | 3,005 |
| Leased assets | 2,376 | 2,336 |
| Accumulated depreciation | (1,830) | (1,858) |
| Leased assets, net | 545 | 478 |
| RightOfUseAssets | 1,797 | 2,072 |
| Accumulated depreciation | (605) | (953) |
| RightOfUseAssets, net | 1,192 | 1,119 |
| Construction in progress | 251 | 293 |
| Other | 1,596 | 1,794 |
| Accumulated depreciation | (1,107) | (1,178) |
| Other, net | 489 | 616 |
| Total property, plant and equipment | 12,356 | 12,488 |
| Intangible assets | | |
| Goodwill | 1,761 | 1,849 |
| Software | 1,432 | 1,322 |
| Software in progress | 36 | 96 |
| Customer Relationship | 325 | 313 |
| Other | 154 | 152 |
| Total intangible assets | 3,711 | 3,735 |
| Investments and other assets | | |
| Investment securities | 3,622 | 3,988 |
| Deferred tax assets | 755 | 730 |
| Deferred tax assets for land revaluation | 19 | 19 |
| Guarantee deposits | 2,240 | 2,559 |
| Other | 142 | 473 |
| Allowance for doubtful accounts | (13) | (18) |
| Total investments and other assets | 6,768 | 7,752 |
| Total non-current assets | 22,836 | 23,976 |
| Total assets | 69,636 | 71,963 |

(Millions of yen)

| | As of March 31, 2022 | As of September 30, 2022 |
|---|----------------------|--------------------------|
| Liabilities | | |
| Current liabilities | | |
| Accounts payable - trade | 12,402 | 12,188 |
| Current portion of long-term borrowings | – | 156 |
| Lease liabilities | 708 | 786 |
| Accounts payable - other | 1,727 | 1,731 |
| Accrued expenses | 1,355 | 1,301 |
| Income taxes payable | 1,024 | 1,237 |
| Accrued consumption taxes | 673 | 579 |
| Provision for bonuses | 635 | 677 |
| Provision for bonuses for directors (and other officers) | – | 15 |
| Other | 357 | 311 |
| Total current liabilities | 18,885 | 18,986 |
| Non-current liabilities | | |
| Lease liabilities | 1,295 | 1,054 |
| Deferred tax liabilities | 82 | 79 |
| Provision for share awards | 306 | 333 |
| Provision for share awards for directors (and other officers) | 343 | 369 |
| Retirement benefit liability | 94 | 93 |
| Asset retirement obligations | 636 | 611 |
| Other | 356 | 359 |
| Total non-current liabilities | 3,115 | 2,901 |
| Total liabilities | 22,000 | 21,887 |
| Net assets | | |
| Shareholders' equity | | |
| Share capital | 1,080 | 1,080 |
| Capital surplus | 1,815 | 1,871 |
| Retained earnings | 45,007 | 47,620 |
| Treasury shares | (1,049) | (2,287) |
| Total shareholders' equity | 46,853 | 48,284 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | 241 | 440 |
| Revaluation reserve for land | (44) | (44) |
| Foreign currency translation adjustment | 141 | 860 |
| Remeasurements of defined benefit plans | (5) | (4) |
| Total accumulated other comprehensive income | 332 | 1,251 |
| Share acquisition rights | 100 | 100 |
| Non-controlling interests | 350 | 439 |
| Total net assets | 47,636 | 50,076 |
| Total liabilities and net assets | 69,636 | 71,963 |

Consolidated statements of income (cumulative) and consolidated statements of comprehensive income (cumulative)

(Millions of yen)

| | Six months ended September 30, 2021 | Six months ended September 30, 2022 |
|--|--|--|
| Net sales | 79,716 | 83,889 |
| Cost of sales | 74,357 | 78,398 |
| Gross profit | 5,358 | 5,490 |
| Selling, general and administrative expenses | 1,398 | 1,830 |
| Operating profit | 3,959 | 3,660 |
| Non-operating income | | |
| Interest and dividend income | 19 | 26 |
| Share of profit of entities accounted for using equity method | 36 | 57 |
| Subsidy income | 86 | 80 |
| Other | 50 | 63 |
| Total non-operating income | 192 | 228 |
| Non-operating expenses | | |
| Interest expenses | 66 | 53 |
| Loss on retirement of non-current assets | 31 | 0 |
| Compensation expenses | 25 | – |
| Other | 19 | 29 |
| Total non-operating expenses | 142 | 83 |
| Ordinary profit | 4,010 | 3,805 |
| Extraordinary income | | |
| Gain on sale of shares of subsidiaries and associates | – | 1,343 |
| Total extraordinary income | – | 1,343 |
| Extraordinary losses | | |
| Impairment losses | 46 | 19 |
| Loss on valuation of investment securities | – | 75 |
| Total extraordinary losses | 46 | 95 |
| Profit before income taxes | 3,964 | 5,053 |
| Income taxes - current | 1,381 | 1,773 |
| Income taxes - deferred | (53) | (82) |
| Total income taxes | 1,327 | 1,690 |
| Profit | 2,636 | 3,363 |
| Profit attributable to | | |
| Profit attributable to owners of parent | 2,600 | 3,320 |
| Profit attributable to non-controlling interests | 35 | 43 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | 27 | 199 |
| Revaluation reserve for land | – | – |
| Foreign currency translation adjustment | 233 | 760 |
| Remeasurements of defined benefit plans, net of tax | 2 | 1 |
| Total other comprehensive income | 264 | 961 |
| Comprehensive income | 2,900 | 4,324 |
| Comprehensive income attributable to | | |
| Comprehensive income attributable to owners of parent | 2,858 | 4,239 |
| Comprehensive income attributable to non-controlling interests | 42 | 85 |

Consolidated statements of cash flows

(Millions of yen)

| | Six months ended September 30, 2021 | Six months ended September 30, 2022 |
|---|--|--|
| Cash flows from operating activities | | |
| Profit before income taxes | 3,964 | 5,053 |
| Impairment losses | 46 | 19 |
| Depreciation | 1,285 | 1,387 |
| Amortization of goodwill | 70 | 171 |
| Increase (decrease) in allowance for doubtful accounts | 1 | 4 |
| Increase (decrease) in provision for bonuses | 64 | 52 |
| Increase (decrease) in provision for bonuses for directors (and other officers) | 18 | 15 |
| Increase (decrease) in provision for share awards | 18 | 27 |
| Increase (decrease) in provision for share awards for directors (and other officers) | 14 | 26 |
| Increase (decrease) in retirement benefit liability | (1) | (1) |
| Interest and dividend income | (19) | (26) |
| Share of loss (profit) of entities accounted for using equity method | (36) | (57) |
| Subsidy income | (86) | (80) |
| Interest expenses | 66 | 53 |
| Loss on retirement of non-current assets | 31 | 0 |
| Loss (gain) on sale of non-current assets | (4) | (7) |
| Loss (gain) on sale of shares of subsidiaries and associates | – | (1,343) |
| Loss (gain) on valuation of investment securities | – | 75 |
| Compensation expenses | 25 | – |
| Decrease (increase) in receivables and contract assets | 1,060 | 268 |
| Decrease (increase) in deposits paid | – | (798) |
| Increase (decrease) in trade payables | (1,123) | (333) |
| Increase (decrease) in accounts payable - other | (311) | (56) |
| Increase (decrease) in accrued consumption taxes | (969) | (98) |
| Other, net | 745 | (271) |
| Subtotal | 4,858 | 4,081 |
| Interest and dividends received | 19 | 26 |
| Dividends received from entities accounted for using equity method | 31 | 38 |
| Subsidies received | 86 | 80 |
| Interest paid | (66) | (53) |
| Compensation expenses paid | (25) | – |
| Income taxes paid | (1,990) | (1,652) |
| Net cash provided by (used in) operating activities | 2,914 | 2,519 |
| Cash flows from investing activities | | |
| Payments into time deposits | (72) | – |
| Purchase of property, plant and equipment | (911) | (910) |
| Proceeds from sale of property, plant and equipment | 28 | 14 |
| Purchase of intangible assets | (238) | (204) |
| Purchase of investment securities | (111) | (134) |
| Proceeds from sale of shares of subsidiaries resulting in change in scope of consolidation | – | 1,201 |
| Other, net | (295) | (231) |
| Net cash provided by (used in) investing activities | (1,602) | (264) |

(Millions of yen)

| | Six months ended September 30, 2021 | Six months ended September 30, 2022 |
|---|--|--|
| Cash flows from financing activities | | |
| Purchase of treasury shares | (0) | (1,256) |
| Proceeds from disposal of treasury shares | – | 74 |
| Dividends paid | (592) | (707) |
| Repayments of lease liabilities | (339) | (416) |
| Other, net | – | 156 |
| Net cash provided by (used in) financing activities | (933) | (2,149) |
| Effect of exchange rate change on cash and cash equivalents | 84 | 297 |
| Net increase (decrease) in cash and cash equivalents | 463 | 404 |
| Cash and cash equivalents at beginning of period | 19,973 | 19,949 |
| Cash and cash equivalents at end of period | 20,436 | 20,353 |