

Translation

Notice: This document is an excerpt translation of the original Japanese document and is only for reference purposes. In the event of any discrepancy between this translated document and the original Japanese document, the latter shall prevail.

Summary of Consolidated Financial Results for the Three Months Ended June 30, 2023 (Based on Japanese GAAP)

July 31, 2023

Company name: TRANCOM CO.,LTD.
 Stock exchange listing: Tokyo, Nagoya
 Stock code: 9058 URL <https://www.trancom.co.jp/ir/>
 Representative: President Yasuhiro Jinno
 Inquiries: Executive Officer / Finance and Accounting Naoki Mitamura TEL (052)939-2011
 Scheduled date to file Quarterly Securities Report: August 4, 2023
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on quarterly financial results: No
 Holding of quarterly financial results meeting: No

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the three months ended June 30, 2023 (from April 1, 2023 to June 30, 2023)

(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, 2023	41,692	0.3	1,944	3.0	1,990	(0.4)	1,217	(7.1)
Three months ended June 30, 2022	41,556	4.9	1,888	(12.8)	1,999	(9.2)	1,310	(9.8)

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Three months ended June 30, 2023	128.30		127.98	
Three months ended June 30, 2022	134.20		133.87	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of June 30, 2023	71,274	48,978	68.0	5,151.68
As of March 31, 2023	72,045	48,953	67.3	5,090.63

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, 2023	–	68.00	–	60.00	128.00
Year ending March 31, 2024	–	–	–	–	–
Year ending March 31, 2024 (Forecast)	–	66.00	–	66.00	132.00

3. Forecast of consolidated financial results for the year ending March 31, 2024 (from April 1, 2023 to March 31, 2024)

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
Six months ending September 30, 2023	85,150	1.5	3,635	(0.7)	3,690	(3.0)	2,426	(26.9)	254.75
Full year	174,570	4.1	7,500	0.8	7,600	0.4	5,000	30.4	525.03

3. Forecast of consolidated financial results for the year ending March 31, 2024 (from April 1, 2023 to March 31, 2024)

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
Six months ending September 30, 2023	85,150	1.5	3,635	(0.7)	3,690	(3.0)	2,426	(26.9)	254.75
Full year	174,570	4.1	7,500	0.8	7,600	0.4	5,000	30.4	525.03

4. Notes

(1) Changes in significant subsidiaries during the year ended March 31, 2023

(changes in specified subsidiaries resulting in the change in scope of consolidation): No

(2) 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

(3) Number of issued shares (common shares)

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

As of March 31, 2023	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 March 31, 2023	800,929 shares	As of March 31, 2022	527,285 shares
----------------------	----------------	----------------------	----------------

Average number of shares during the period

Year ended March 31, 2023	9,637,148 shares	Year ended March 31, 2022	9,794,415 shares
---------------------------	------------------	---------------------------	------------------

Consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
Assets		
Current assets		
Cash and deposits	20,024	22,450
Notes and accounts receivable - trade, and contract assets	21,670	21,379
Electronically recorded monetary claims - operating	4,058	3,812
Merchandise	8	27
Work in process	5	2
Supplies	18	24
Prepaid expenses	794	842
Other	222	453
Allowance for doubtful accounts	(1)	(1)
Total current assets	46,800	48,991
Non-current assets		
Property, plant and equipment		
Buildings and structures	9,874	10,455
Accumulated depreciation	(5,197)	(5,520)
Buildings and structures, net	4,676	4,935
Machinery, equipment and vehicles	7,960	8,612
Accumulated depreciation	(5,764)	(6,537)
Machinery, equipment and vehicles, net	2,195	2,074
Land	3,005	3,005
Leased assets	2,376	2,336
Accumulated depreciation	(1,830)	(1,964)
Leased assets, net	545	372
Right-of-use assets	1,797	3,212
Accumulated depreciation	(605)	(1,147)
Right-of-use assets, net	1,192	2,065
Construction in progress	251	422
Other	1,596	1,875
Accumulated depreciation	(1,107)	(1,231)
Other, net	489	643
Total property, plant and equipment	12,356	13,520
Intangible assets		
Goodwill	1,489	351
Software	1,432	1,160
Software in progress	36	299
Customer Relationship	747	241
Other	154	150
Total intangible assets	3,860	2,203
Investments and other assets		
Investment securities	3,622	4,201
Deferred tax assets	755	356
Deferred tax assets for land revaluation	19	—
Guarantee deposits	2,240	2,552
Other	142	236
Allowance for doubtful accounts	(13)	(18)
Total investments and other assets	6,768	7,329
Total non-current assets	22,986	23,053
Total assets	69,786	72,045

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
Liabilities		
Current liabilities		
Accounts payable - trade	12,402	12,582
Lease liabilities	708	648
Accounts payable - other	1,727	1,723
Accrued expenses	1,355	1,302
Income taxes payable	1,024	1,247
Accrued consumption taxes	673	563
Provision for bonuses	635	614
Other	357	399
Total current liabilities	18,885	19,081
Non-current liabilities		
Lease liabilities	1,295	2,024
Deferred tax liabilities	154	60
Deferred tax liabilities for land revaluation	—	53
Provision for stocks payment	306	356
Provision for share awards for directors (and other officers)	343	374
Retirement benefit liability	94	97
Asset retirement obligations	636	681
Other	356	359
Total non-current liabilities	3,186	4,010
Total liabilities	22,072	23,091
Net assets		
Shareholders' equity		
Share capital	1,080	1,080
Capital surplus	1,815	1,642
Retained earnings	45,007	47,548
Treasury shares	(1,049)	(3,111)
Total shareholders' equity	46,853	47,159
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	241	659
Revaluation reserve for land	(44)	(44)
Foreign currency translation adjustment	141	707
Remeasurements of defined benefit plans	(5)	(3)
Total accumulated other comprehensive income	332	1,319
Share acquisition rights	100	100
Non-controlling interests	428	374
Total net assets	47,714	48,953
Total liabilities and net assets	69,786	72,045

Consolidated statements of income and consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Net sales	162,984	167,760
Cost of sales	152,076	156,779
Gross profit	10,907	10,981
Selling, general and administrative expenses	2,917	3,543
Operating profit	7,990	7,438
Non-operating income		
Interest and dividend income	37	54
Share of profit of entities accounted for using equity method	75	113
Subsidy income	207	113
Other	94	107
Total non-operating income	415	388
Non-operating expenses		
Interest expenses	122	124
Loss on retirement of non-current assets	34	5
Loss on sale of non-current assets	0	1
Commission for purchase of treasury shares	–	35
Compensation expenses	25	–
Other	33	87
Total non-operating expenses	215	254
Ordinary profit	8,190	7,573
Extraordinary income		
Gain on sale of shares of subsidiaries and associates	–	1,343
Total extraordinary income	–	1,343
Extraordinary losses		
Impairment losses	48	1,477
Loss on valuation of investment securities	40	278
Total extraordinary losses	88	1,755
Profit before income taxes	8,101	7,160
Income taxes - current	2,837	2,993
Income taxes - deferred	(87)	242
Total income taxes	2,749	3,235
Profit	5,351	3,924
Profit attributable to		
Profit attributable to owners of parent	5,291	3,835
Profit attributable to non-controlling interests	60	89
Other comprehensive income		
Valuation difference on available-for-sale securities	(244)	418
Foreign currency translation adjustment	396	603
Remeasurements of defined benefit plans, net of tax	3	2
Total other comprehensive income	154	1,024
Comprehensive income	5,506	4,949
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	5,439	4,822
Comprehensive income attributable to non-controlling interests	67	126

Consolidated statements of changes in equity

Fiscal year ended March 31, 2022

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	1,080	1,796	40,921	(1,072)	42,725
Changes during period					
Dividends of surplus			(1,205)		(1,205)
Profit attributable to owners of parent			5,291		5,291
Purchase of shares of consolidated subsidiaries		-			-
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares		19		22	42
Net changes in items other than shareholders' equity					
Total changes during period	-	19	4,085	22	4,127
Balance at end of period	1,080	1,815	45,007	(1,049)	46,853

	Accumulated other comprehensive income					Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of period	485	(44)	(248)	(8)	184	104	261	43,276
Changes during period								
Dividends of surplus								(1,205)
Profit attributable to owners of parent								5,291
Purchase of shares of consolidated subsidiaries								-
Purchase of treasury shares								(0)
Disposal of treasury shares								42
Net changes in items other than shareholders' equity	(244)	-	389	3	147	(4)	167	310
Total changes during period	(244)	-	389	3	147	(4)	167	4,438
Balance at end of period	241	(44)	141	(5)	332	100	428	47,714

Fiscal year ended March 31, 2023

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	1,080	1,815	45,007	(1,049)	46,853
Changes during period					
Dividends of surplus			(1,293)		(1,293)
Profit attributable to owners of parent			3,835		3,835
Purchase of shares of consolidated subsidiaries		(268)			(268)
Purchase of treasury shares				(2,124)	(2,124)
Disposal of treasury shares		95		62	158
Net changes in items other than shareholders' equity					
Total changes during period	–	(173)	2,541	(2,061)	306
Balance at end of period	1,080	1,642	47,548	(3,111)	47,159

	Accumulated other comprehensive income					Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of period	241	(44)	141	(5)	332	100	428	47,714
Changes during period								
Dividends of surplus								(1,293)
Profit attributable to owners of parent								3,835
Purchase of shares of consolidated subsidiaries								(268)
Purchase of treasury shares								(2,124)
Disposal of treasury shares								158
Net changes in items other than shareholders' equity	418	–	566	2	987	–	(54)	932
Total changes during period	418	–	566	2	987	–	(54)	1,239
Balance at end of period	659	(44)	707	(3)	1,319	100	374	48,953

Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Cash flows from operating activities		
Profit before income taxes	8,101	7,160
Depreciation	2,711	2,896
Amortization of goodwill	146	296
Impairment losses	48	1,477
Increase (decrease) in allowance for doubtful accounts	1	4
Increase (decrease) in provision for bonuses	0	(11)
Increase (decrease) in Provision for stocks payment	22	50
Increase (decrease) in provision for share awards for directors (and other officers)	42	31
Increase (decrease) in retirement benefit liability	(5)	4
Interest and dividend income	(37)	(54)
Share of loss (profit) of entities accounted for using equity method	(75)	(113)
Subsidy income	(207)	(113)
Interest expenses	122	124
Loss on retirement of non-current assets	34	5
Loss (gain) on sale of non-current assets	(14)	(14)
Loss (gain) on sale of shares of subsidiaries and associates	(10)	(1,343)
Loss (gain) on valuation of investment securities	40	278
Compensation expenses	25	–
Decrease (increase) in receivables and contract assets	(549)	398
Increase (decrease) in trade payables	146	139
Increase (decrease) in accounts payable - other	921	(171)
Increase (decrease) in accrued consumption taxes	(954)	(115)
Other, net	(27)	141
Subtotal	10,483	11,072
Interest and dividends received	37	54
Dividends received from entities accounted for using equity method	31	38
Subsidies received	207	113
Interest paid	(122)	(124)
Compensation expenses paid	(25)	–
Income taxes paid	(3,371)	(2,803)
Net cash provided by (used in) operating activities	7,239	8,351
Cash flows from investing activities		
Payments into time deposits	(74)	–
Purchase of property, plant and equipment	(2,150)	(1,935)
Proceeds from sale of property, plant and equipment	44	53
Purchase of intangible assets	(472)	(463)
Purchase of investment securities	(1,391)	(209)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(1,083)	–
Proceeds from sale of shares of subsidiaries resulting in change in scope of consolidation	–	1,368
Other, net	(475)	(453)
Net cash provided by (used in) investing activities	(5,605)	(1,639)

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Cash flows from financing activities		
Purchase of treasury shares	(0)	(2,124)
Proceeds from disposal of treasury shares	38	158
Dividends paid	(1,205)	(1,293)
Repayments of lease liabilities	(636)	(754)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	–	(378)
Other, net	–	(75)
Net cash provided by (used in) financing activities	(1,804)	(4,467)
Effect of exchange rate change on cash and cash equivalents	146	170
Net increase (decrease) in cash and cash equivalents	(23)	2,414
Cash and cash equivalents at beginning of period	19,973	19,949
Cash and cash equivalents at end of period	19,949	22,363