

# FY2024/9 Full-year Supplementary Material on Financial Results

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**T&S Group Inc.**

TSE Growth: 4055

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**T & S**  
Technology & Service

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# Highlights(FY2024/9)

(Theme of current term) **Moving forward the next stage**

## **1 Irregular period of 10 months for FY 2024/9 due to change of FY end.**

FY2024/9(Consolidated)

|                  |   |                   |
|------------------|---|-------------------|
| Net Sales        | : | 2,980 million yen |
| Operating profit | : | 519 million yen   |
| Profit           | : | 321 million yen   |

## **2 Transition to a holding company completed and M&A started.**

- A holding company structure started from June 1, 2024, and consolidated financial statements started from the 3rd quarter.
- Negotiations have started with ex-stage corporation to acquire their stocks (to make it a subsidiary of T&S group).
- A spin-off of AI Division is planned.
- Business partnership with Needs Well Inc. in semi-conductor field has been concluded.

## **3 Significant increase of net sales and profit expected in the next 12 months fiscal year results.**

FY2025/9 will be 12 months period and a simple comparison for the full year is expected to improve earnings significantly.

|                  |   |  |
|------------------|---|--|
| Net Sales        | : | 4,000 million yen(YoY <b>Up by 34.2% ↑</b> : +1,019 million yen) |
| Operating profit | : | 750 million yen(YoY <b>Up by 44.3% ↑</b> : + 230 million yen)    |
| Profit           | : | 492 million yen(YoY <b>Up by 53.2% ↑</b> : + 170 million yen)    |

# Financial Results Overview

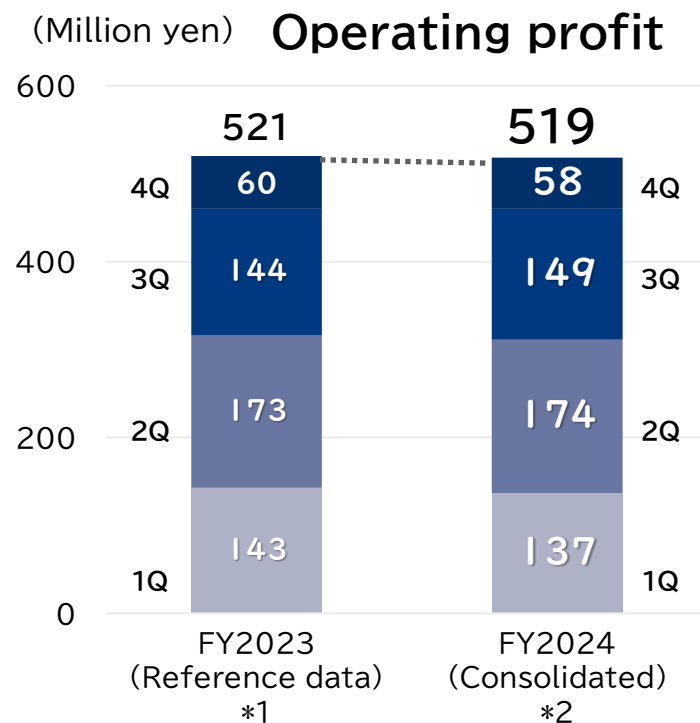
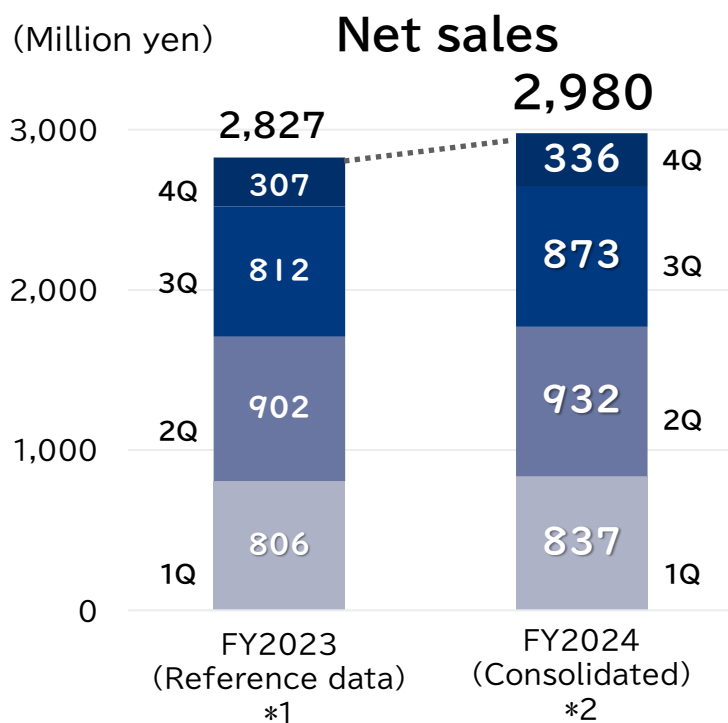
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FY2024/9 Full-year

# Financial Results Overview ( FY2024/9 )

FY2024/9 is **irregular period of 10 months.**

|                  |   |                  |
|------------------|---|------------------|
| Net sales        | : | 2,980million yen |
| Operating profit | : | 519million yen   |
| Ordinary profit  | : | 520million yen   |
| Profit           | : | 321million yen   |

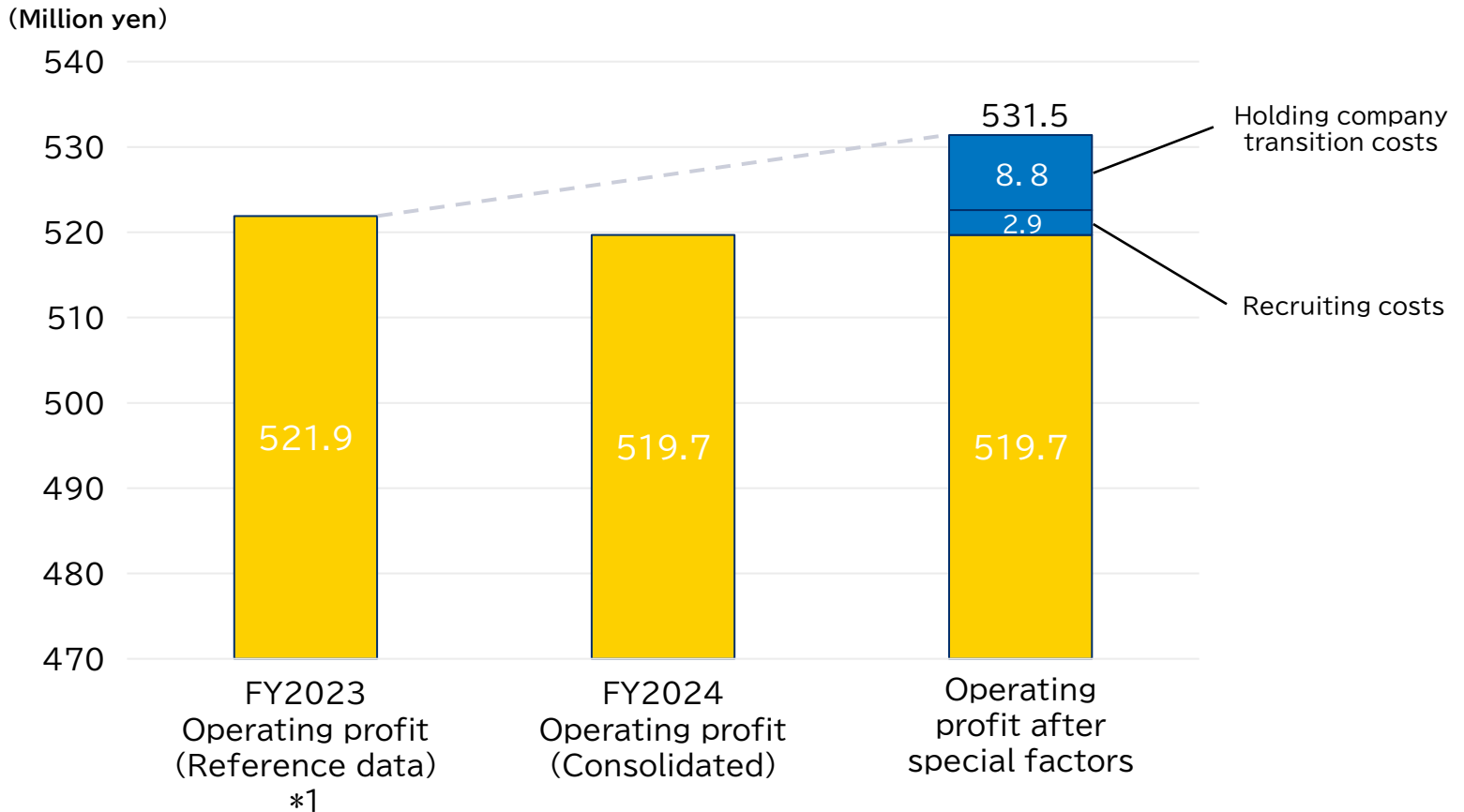


\*1 Due to the change in the fiscal year end, comparisons with the previous period cannot be made. For comparison with the current year, we used the total of actual results in 1Q-3Q and 1/3 of 4Q in FY2023/11 for reference purpose.

\*2 We have transitioned to consolidated financial statements from FY2024/3Q.

# Operating profit( FY2024/9 )

Operating profit after special factors such as recruiting costs and transition to a holding company costs is 531 million yen.



\*1 Due to the change in the fiscal year end, comparisons with the previous period cannot be made. For comparison with the current year, we used the total of actual results in 1Q-3Q and 1/3 of 4Q in FY2023/11 for reference purpose.

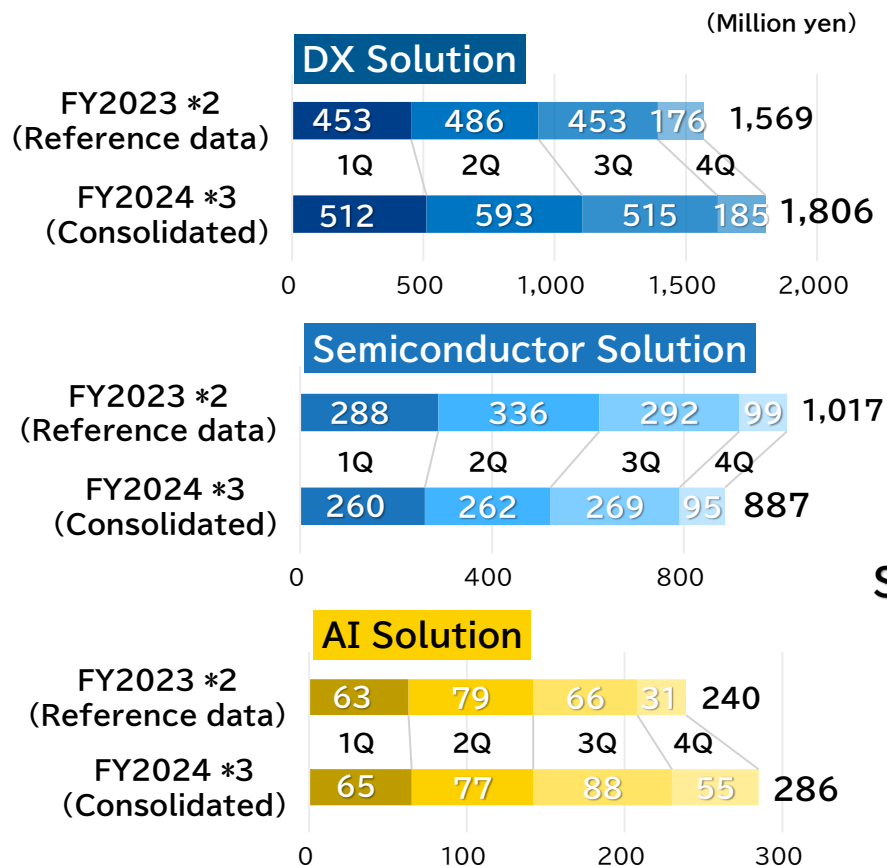
# Net sales by Category ( FY2024/9 )

Net sales of DX Solution category are 1,806 million yen.

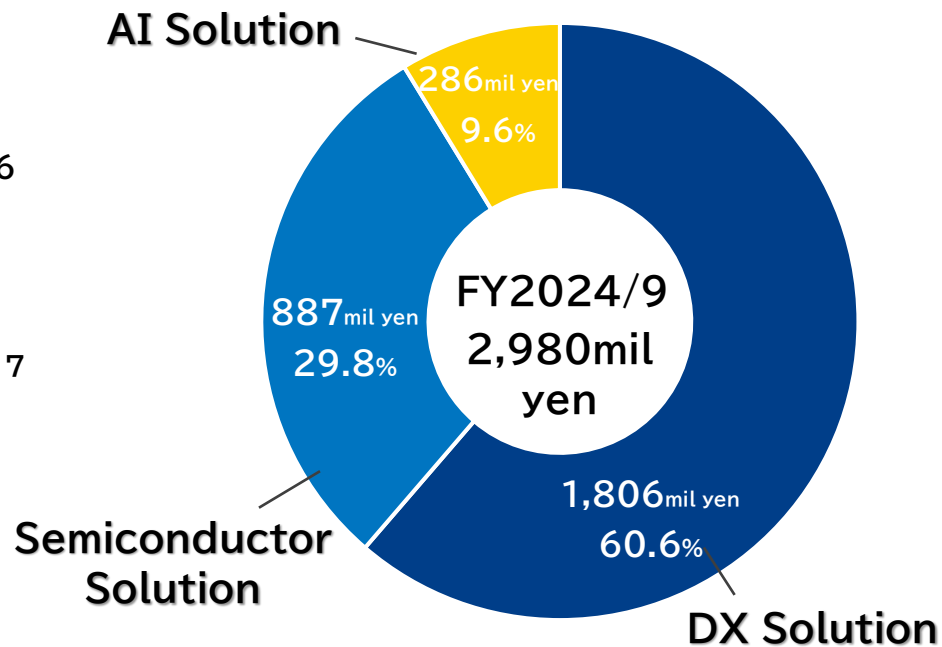
Net sales of Semiconductor Solution category are 887 million yen.

Net sales of AI Solution category are 286 million yen.

### Net sales(by category) \*1



### Sales Ratio(by category) \*1



- \*1 Our business segment is a single segment. Only net sales are calculated by category. The category classification changed from current year.
- \*2 For comparison with the current year, we used the total of actual results in 1Q-3Q and 1/3 of 4Q in FY2023/11 for reference purpose.
- \*3 We have transitioned to consolidated financial statements from FY2024/3Q.

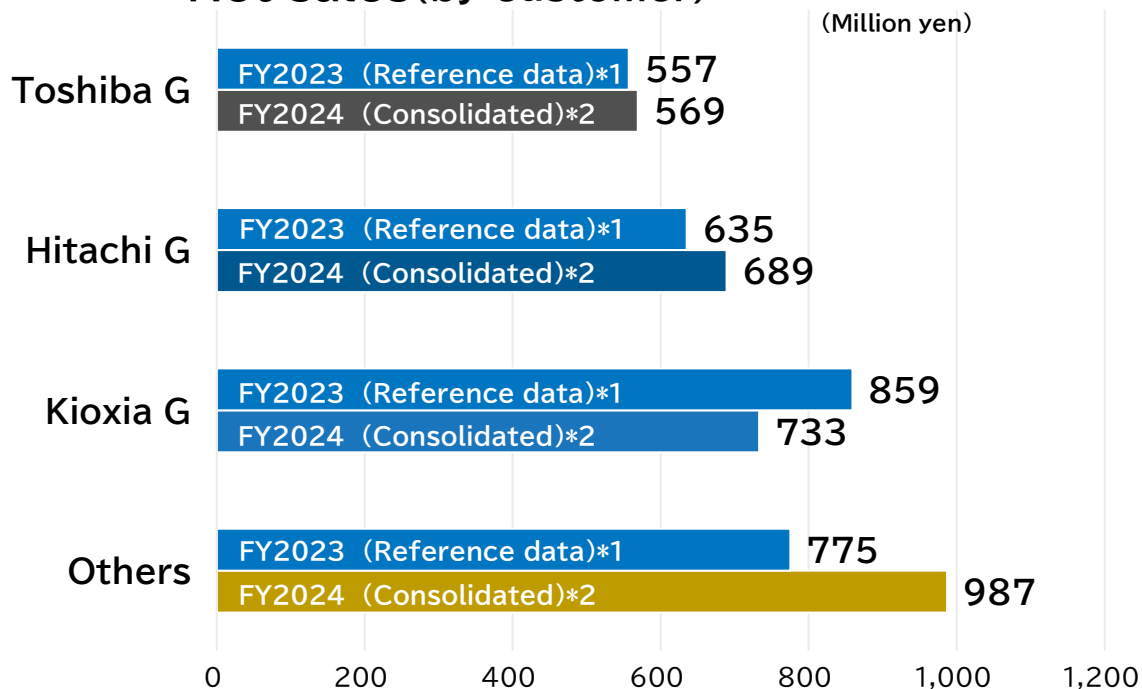
# Net sales by Customer( FY2024/9 )

Net sales to **Toshiba G** and **Hitachi G** increased.

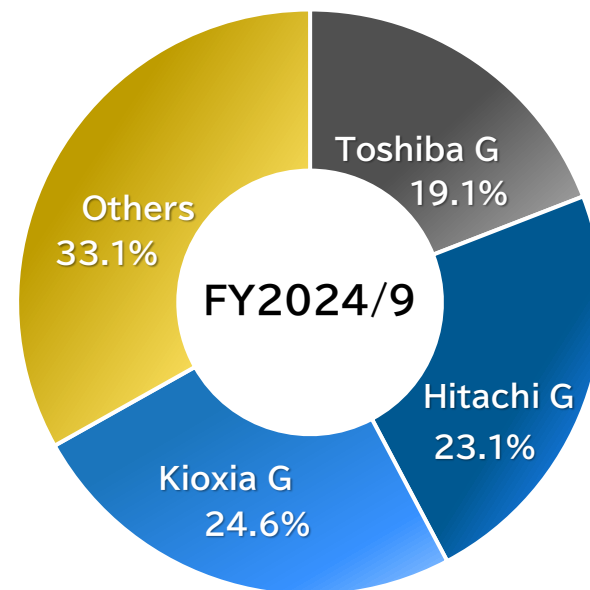
A portion of net sales to Kioxia G is delayed to next term due to delay in restart of normal production.

Net sales to **Others** are significantly increasing.

## Net sales(by customer)



## Sales Ratio(by customer)



\*1 For comparison with the previous year, we used the total of actual results in 1Q-3Q and 1/3 of 4Q in FY2023/11 for reference purpose.

\*2 We have transitioned to consolidated financial statements from FY2024/3Q.



# Business Environment - Trend of Major Customers

## (Overall) Trend of Major Customers

(No change from October 15, 2024)

Domestic economy remains in good condition while weak yen, rising raw material costs and shortage of human resources are concerned. The semiconductor market is expected to re-enlarge by virtue of vigorous investment in AI-related areas. There are recovery trend in capital investment and increasing trend in software investment. Like this, the business environment surrounding our company is expected to remain strong. On the other hand, adequate attention should be paid to the impact of geopolitical risks, rising prices, and fluctuations in financial capital markets.

### Toshiba G

During the 1st quarter financial statements in the “Toshiba’s Revitalization plan” formulated by a new management team, business performance is progressing steadily and the company got off to a good start. Inquiries to us are increasing, mainly in the fields of energy and social infrastructure.

### Hitachi G

In the Digital Systems & Services segment, responsible for IT services, net sales and operating profit are increasing. An investment in generative AI and for other growth are planned and their inquiries to us are increasing.

### Kioxia G

Business performance is going well thanks to the improvement of supply-demand balance and recovery of flash memory demand. Medium- and long-term growth of flash memory market and consequent corporate performances are expected to improve as data center and AI are spreading. Further, The 2nd manufacturing building in Kitakami factory is completed and their inquiries to us are expected to increase towards the start of operation in autumn 2025.

### Others

Inquiries to us from the customers other than the above 3 biggest customers are increasing steadily. We are meeting demands from such customers by securing engineering resources.

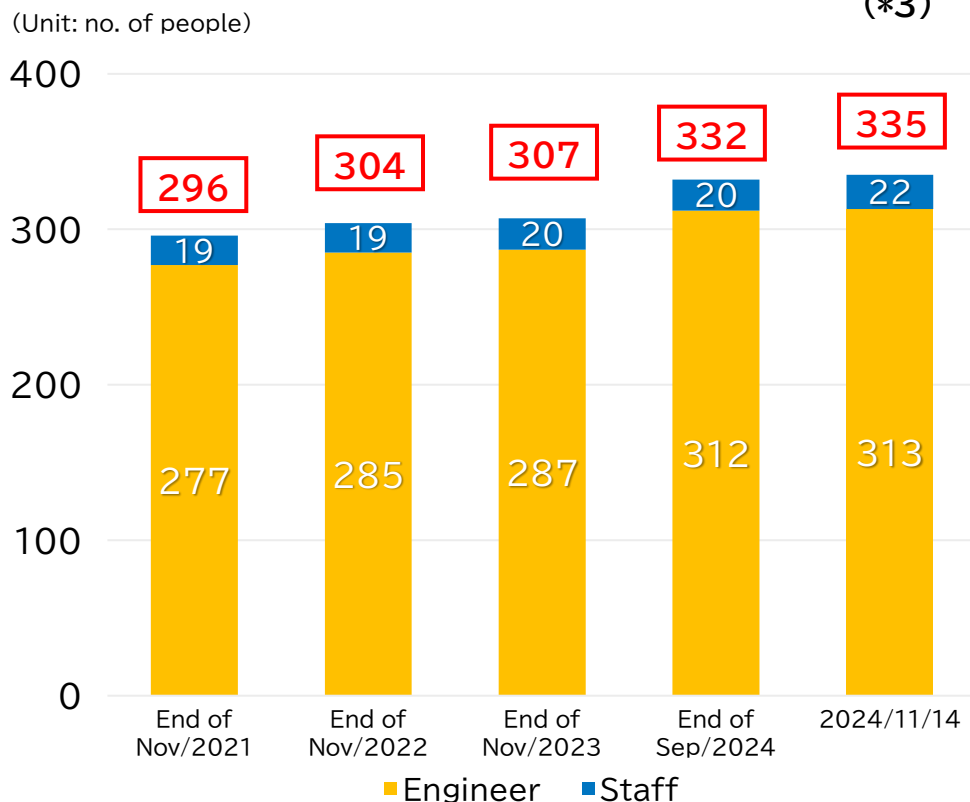
(Compiled from publicly available information and media reports by the respective companies)

# Status of Engineers

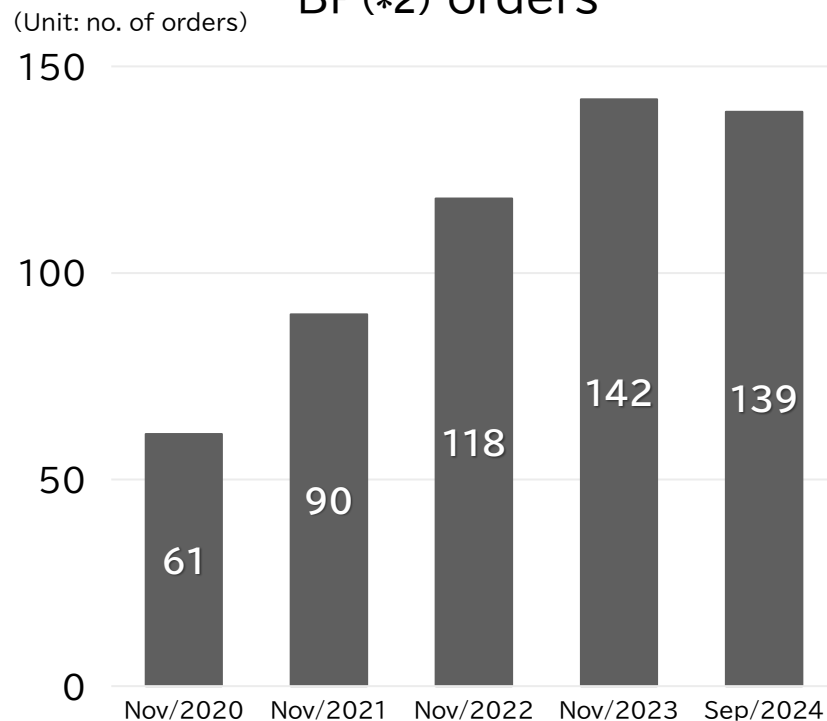
## Achieved annual goals(\*1).

We are reinforcing recruitment activities for new graduates and mid-career professionals as well as striving to secure engineer resources in collaboration with subsidiaries.

### Changes in number of employees (\*3)



### Changes in the number of BP(\*2) orders



\*1 Annual goal set before the change of fiscal year end was 335 for FY2024/11.

\*2 BP...Business partner. Engineers engaged in our business in the form of outsourcing etc.

\*3 As a whole group of T&S Group.

# Statement of Income( FY2024/9 )

## Statement of Income( FY2024/9 )

| Unite:thousand yen           | FY2024/9<br>(Consolidated) |
|------------------------------|----------------------------|
| Net sales                    | 2,980,491                  |
| Cost of sales                | 2,114,114                  |
| Gross profit                 | 866,376                    |
| SG&A expense                 | 346,576                    |
| Operating profit             | 519,799                    |
| <i>Operating profit rate</i> | <i>17.4%</i>               |
| Ordinary profit              | 520,496                    |
| <i>Ordinary profit rate</i>  | <i>17.5%</i>               |
| Profit                       | 321,357                    |
| <i>Profit rate</i>           | <i>10.8%</i>               |

(Note)

- We have transitioned to consolidated financial statements from FY2024/3Q.
- Due to a change in the fiscal year end, FY2024/9 is an irregular 10-month accounting period, so comparisons with the previous year are not made.

# Balance Sheets( FY2024/9 )

## Balance Sheets( FY2024/9 )

| Unit: thousand yen                        | FY2023/11<br>(Non-consolidated) | FY2024/9<br>(Consolidated) | +/- amount     |
|---|---------------------------------|----------------------------|----------------|
| Current assets                            | 2,452,145                       | 2,774,116                  | 321,970        |
| Non-current assets                        | 164,315                         | 146,982                    | (17,333)       |
| <b>Total assets</b>                       | <b>2,616,461</b>                | <b>2,921,098</b>           | <b>304,637</b> |
| Current liabilities                       | 395,820                         | 424,302                    | 28,481         |
| Non-current liabilities                   | 57,392                          | 60,985                     | 3,593          |
| <b>Total liabilities</b>                  | <b>453,212</b>                  | <b>485,287</b>             | <b>32,074</b>  |
| Total shareholders' equity                | 2,163,249                       | 2,435,811                  | 272,562        |
| Total net assets                          | 2,163,249                       | 2,435,811                  | 272,562        |
| <b>Total liabilities &amp; net assets</b> | <b>2,616,461</b>                | <b>2,921,098</b>           | <b>304,637</b> |

(Note)

- We have transitioned to consolidated financial statements from FY2024/3Q.
- Financial statements for FY2023/11 are non-consolidated results.
- “+/- amount” is calculated by comparing non-consolidated and consolidated results.

# Topics

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# Topic① : Starting negotiations with ex-stage corporation

We started negotiations to acquire stocks of ex-stage corporation (Kuki City, Saitama Pref.) to make it a subsidiary of T&S group.



| Oct/2024        | Nov/2024      | Dec/2024                    | Jan/2025                                    | Feb/2025 |
|-----------------|---------------|-----------------------------|---|----------|
| MOU*1 is signed | Due diligence | SPA*2 is signed (Scheduled) | The stocks transfer is executed (Scheduled) |          |

\*1 MOU: Memorandum of understanding

\*2 SPA: Stock purchase agreement

We have concluded a business partnership with Needs Well Inc. to expand semiconductor business in Kyushu area.



### ○ Areas of collaboration

System integration for semi-conductor business in Kyushu area such as Nagasaki and Kumamoto.

### ○ Objective

Synergy effect utilizing development know-how and IT resources of both companies.

Acceleration of growth strategies for both companies

## Topic③ : Establishment of subsidiary(INT IV, Inc.)

We have newly established 「INT IV, Inc.」 to promote further business development.

INT IV, Inc. is promoting business centered on AI-related areas based on the recognition that an expansion of cutting-edge AI business is essential to sustainable growth of our entire group.

### Overview of subsidiary

|                                |   |
|--------------------------------|---|
| <b>Company name</b>            | INT IV, Inc.  |
| <b>Address</b>                 | 6-3, Minatomirai 3-chome, Nishi-ku, Yokohama-shi, Kanagawa Pref.                                      |
| <b>Representative</b>          | Shigehiro Kobayashi, Representative Director  |
| <b>Description of business</b> | AI-related business, which is currently conducted by Advance Technoloty Business HQ of T&S Group Inc. |
| <b>Capital</b>                 | 10 million yen  |
| <b>Date of establishment</b>   | 2024/11/1   |



# Earnings Forecast

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FY2024/9 Full-year

# Earnings Forecast

## (theme) Something begins

| Unit: million yen | FY2024/9<br>(Consolidated/Actual) | FY2025/9<br>(Consolidated/Forecast) | +/- amount | +/- % |
|-------------------|-----------------------------------|-------------------------------------|------------|-------|
| Net sales         | 2,980                             | 4,000                               | 1,019      | 34.2% |
| Operating profit  | 519                               | 750                                 | 230        | 44.3% |
| Ordinary profit   | 520                               | 750                                 | 230        | 44.2% |
| Net profit        | 321                               | 492                                 | 170        | 53.2% |

### Entire T&S group

As the fiscal year returns to ordinary 12 months from irregular 10 months, we expect significant increase of net sales and profit compared with the previous fiscal year.  
Market environment surrounding our group is expected to change steadily.  
Impact of acquisition of ex-stage corporation is still under evaluation and is not reflected in the above figures.

### T&S System Development Business HQ

Sales forecast are expected to remain strong, mainly thanks to ongoing and new projects from our major customers. As the transition of business from system development to system maintenance is increasing, we are expecting to maintain long-lasting order system continuously.  
By strengthening training of new graduates and enhancing engineer resources through mid-career recruitment and BP, we will aim to get new deals with new customers as well as with existing customers.

### T&S IT Services Business HQ

We are expecting steady change of business results as inquiries from main customers continuously increasing. Supply of engineers to memory factory(Kitakami), which was expanded by semiconductor factories in 2024, is expected to newly start and IT services for semiconductor factories are expected to continue constantly. We will proceed with new graduates and mid-career recruitment in line with annual recruitment plan to increase by 10% and aim to increase sales and expand business by proper assignment of human resources.

### T&S Advanced Technology Business HQ

Inquiries related to cutting-edge AI technologies are increasing mainly from existing customers. Inquiries of generative AI services and latest Edge AI Processor solution are mainly for PoC (Proof of Concept). Business results may fluctuate depending on the number of transactions which proceed to the next step after PoC. We will continue to focus on the research and development activities and consider acquisition of new technologies and new commercialization.  
We will promote alignment with external organizations in the areas of business/technologies/research by utilizing group reorganization to aim to strengthen the business system.

### TS System Solutions

We will aim to strengthen promotion and competitiveness of innovation in our group by utilizing synergy with aggressive recruitment of mid-career engineers mainly, recruitment and training with expanded scope and supply of resources within our group.  
We will aggressively conclude new deals such as collaboration with growing companies and consulting companies, but not limited to major companies, and aim to secure new and sustainable sources of revenue by creating new core customers for our group.

# Shareholder Returns

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# Shareholder Returns

## Dividend ratio is targeted at 10%

### Basic Policy on dividends

The Company considers it an important management task to **increase corporate value through investment in the acquisition of new technologies in fields where future growth is expected**, and believes that achieving this goal shall lead to the return of profits to shareholders.

Our basic policy for profit distribution is to continue to pay appropriate dividends in consideration of business performance, while giving priority to securing the internal reserves necessary to improve our corporate value.

As for FY2025/9, the Company plans to pay a dividend of 8.00 yen per share, aiming for a dividend payout ratio of around 10%, in line with the above policy.

The financial indicators that take into account the above measures are as follows.

|                         | Dividend per share  | Dividend ratio | Dividend on equity ratio(DOE) |
|-------------------------|---|----------------|-------------------------------|
| FY2024/9<br>(Scheduled) | 8.00yen<br>Breakdown :<br>Ordinary dividend 7.00yen<br>Commemorative dividend 1.00yen | 18.9%          | 2.5%                          |
| FY2025/9<br>(Forecast)  | 8.00yen   | 12.3%          | 2.3%                          |

## Contact

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