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July 14, 2022

## Non-consolidated Financial Results for the Six Months Ended May 31, 2022 (Under Japanese GAAP)

Company name: T&S inc.  
 Listing: Tokyo Stock Exchange  
 Securities code: 4055  
 URL: <https://www.tecsvc.co.jp/>  
 Representative: Yoshihiro Takekawa, President and CEO  
 Inquiries: Hiroshi Kinoshita, Director, Executive Officer and General Manager of Corporate Division  
 Telephone: +81-45-263-8286  
 Scheduled date to file quarterly securities report: July 14, 2022  
 Scheduled date to commence dividend payments: -  
 Preparation of supplementary material on quarterly financial results: Yes  
 Holding of quarterly financial results briefing: Yes (for Institutional investors and analysts)

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

### 1. Non-consolidated financial results for the Six months ended May 31, 2022 (from December 1, 2021 to May 31, 2022)

#### (1) Non-consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended								
May 31, 2022	1,567	21.8	286	66.5	294	65.3	205	64.7
May 31, 2021	1,286	15.9	172	4.6	177	6.1	124	10.6

	Basic earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
May 31, 2022	27.08	26.68
May 31, 2021	17.06	16.12

Note: The Company conducted a 2-for-1 share split on December 1, 2021. Basic earnings per share and diluted earnings per share has been calculated on the assumption that conducted the stock split at the beginning of the FY11/2021.

#### (2) Non-consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
As of	Millions of yen	Millions of yen	%
May 31, 2022	2,011	1,554	77.3
November 30, 2021	1,987	1,495	75.2

Reference: Equity

As of May 31, 2022: ¥1,554 million  
 As of November 30, 2021: ¥1,495 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 November 30, 2021	-	0.00	-	8.00	8.00
Fiscal year ending November 30, 2022	-	0.00			
Fiscal year ending November 30, 2022 (Forecast)			-	5.00	5.00

Note: 1. Revisions to the forecast of cash dividends most recently announced: None

2. The Company conducted a 2-for-1 share split on December 1, 2021. The dividend of the fiscal year ended November 30, 2021 is the actual amount as stated before the share split.

**3. Earnings Forecast of Fiscal year ending on November 30, 2022  
(from December 1, 2021 to November 30, 2022)**

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full-year	3,100	13.4	550	33.2	557	32.9	391	32.7	51.82

Note: Revisions to the earnings forecast most recently announced: None

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\* **Notes**

- (1) Adoption of accounting treatment specific to the preparation of quarterly non-consolidated financial statements: None
- (2) 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

Note: For details, please refer to the appendix, page 6, "2. Quarterly financial statements and principal notes (3) Notes on quarterly financial statements (Changes in accounting policies)".

(3) Number of issued shares (common shares)

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

As of May 31, 2022	7,633,200 shares
As of November 30, 2021	7,633,200 shares

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

As of May 31, 2022	75,100 shares
As of November 30, 2021	- shares

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

Six months ended May 31, 2022	7,597,205 shares
Six months ended May 31, 2021	7,320,026 shares

Note: The Company conducted a 2-for-1 share split on December 1, 2021. Assuming that the share split was conducted at the beginning of the fiscal year ended November 30, 2021, total number of issued shares at the end of the period, number of treasury shares at the end of the period, average number of shares outstanding during the period has been calculated.

\* Quarterly financial results reports are exempt from quarterly review conducted by certified public accountants or an audit corporation.

\* Proper use of earnings forecasts, and other special matters  
(Notes on descriptions about the future)

Descriptions about the future such as performance forecasts contained in this document are based on information currently available to the Company and certain presumptions considered as reasonable, and those are not intended to indicate the Company will achieve such forecast. Meanwhile, actual performance in the future may differ substantially, influenced by a wide variety of factors. For preconditions for performance forecasts and precaution statements in using such forecasts, please refer to the appendix, page 3, "1. Qualitative information regarding the quarterly financial results (3) Descriptions regarding prospects such as performance forecasts".

(How to obtain supplementary references regarding quarterly financial results)

Supplementary material on quarterly financial results is concurrently disclosed on TDnet.

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## 1. Qualitative information regarding the quarterly financial results

### (1) Descriptions regarding operating results

During the first half of the current fiscal year, the Japanese economy showed signs of recovery following the nationwide lifting of "priority measures to prevent the spread of the virus", however, the timing of the end of COVID-19 epidemic remains uncertain, and the market remains uncertain due to the short supply of semiconductors and rising prices of resources. Within the corporate activities, the emphasis on IT and the trend toward the use of IT in business operations are expanding, including telecommuting, online meetings, cloud services, and the promotion of DX (Digital Transformation).

Our business is composed of a single segment of system development and related services, and we are developing our business in three categories: "Solution", "Semiconductor", and "Advanced Technology Solution" categories. In such an economic environment, the "Solution Category" continued to supply IT personnel without specializing in industrial fields and expanded its business to support IT development. In the "Semiconductor Category", we have been expanding its overall IT infrastructure operation support services for semiconductor factories, including in-factory system maintenance and operation services and IT helpdesk services. In the "Advanced Technology Solution Category", we have expanded solutions for customers who are developing AI-related products.

Operating results by category for the first half of the current cumulative fiscal year under review are as follows.

#### ① Solution Category

Net sales for the first half of the current cumulative fiscal year amounted to 1,156,432 thousand yen (up 17.2% increase compared to the same period of the previous year).

Orders for contracted development projects from major customers remained strong. A large-scale development project for in-factory systems from a semiconductor manufacturer, one of our major customers, which started in the previous fiscal year, made a contribution.

#### ② Semiconductor Category

Net sales for the first half of the current cumulative fiscal year amounted to 283,980 thousand yen (up 25.2% increase compared to the same period of the previous year).

A steady growth continued with orders from major customers against the backdrop of the robust semiconductor market and requests for further increases in the number of dispatched engineers for maintenance and operation services at semiconductor factories.

#### ③ Advanced Technology Solution Category

Net sales for the first half of the current cumulative fiscal year amounted to 127,388 thousand yen (up 74.5% increase compared to same period of the previous year).

Continuous orders for AI-related R&D support services, technical treatise survey support services, and other services, as well as orders from new clients, remained steady. In the second quarter, the ratio of sales in this category as a percentage of total overall company sales expanded from 5.7% in the same period of the previous year to 8.1% in the second quarter of the current fiscal year, due to an increase in new clients as well as projects from existing clients such as NEC Corporation, which remained strong from the previous fiscal year.

As a result, the company's operating results for the second quarter cumulative period showed growth in all categories, with net sales of 1,567,800 thousand yen (up 21.8% increase compared to the same period of the previous year). With absorbing 49,000 thousand yen performance-linked bonuses reserve for employees, operating profit increased to 286,681 thousand yen (up 66.5% increase compared to the same period of the previous year), ordinary profit to 294,155 thousand yen (up 65.3% increase from the same period of the previous year), and quarterly profit to 205,717 thousand yen (up 64.7% increase from the same period of the previous year).

### (2) Descriptions regarding financial position

#### (Assets)

Current assets at the end of the second quarter of the current fiscal year totaled 1,848,880 thousand yen, a decrease of 21,066 thousand yen from the previous fiscal year end. This was mainly due to a decrease of 89,716 thousand yen in cash and deposits due to tax payments, etc., and due to an increase in transactions subject to factoring and other factors, accounts receivable-other increased by 97,326 thousand yen and accounts receivable-trade decreased by 35,279 thousand yen. Non-current assets totaled 162,391 thousand yen, an

increase of 44,890 thousand yen compared to the end of the previous fiscal year. This was mainly due to an increase of 50,400 thousand yen in investment securities, as a result of capital and business alliance with Intelligence Design, Inc.

This resulted in total assets of 2,011,272 thousand yen, an increase of 23,824 thousand yen from the end of the previous fiscal year.

(Liabilities)

Current liabilities at the end of the second quarter amounted to 411,394 thousand yen, a decrease of 29,456 thousand yen compared to the end of the previous fiscal year. This was mainly due to 39,765 thousand yen decrease in accrued expenses as a result of winter bonus payments, 33,611 thousand yen decrease in income taxes payable, 28,153 thousand yen increase in provision for bonuses, and 17,591 thousand yen increase in accounts payable. Non-current liabilities amounted to 45,742 thousand yen, a decrease of 5,771 thousand yen compared to the end of the previous fiscal year. This was mainly due to the transfer of long-term guarantee deposit of 8,071 thousand yen to current liabilities.

This resulted in total liabilities of 457,136 thousand yen, a decrease of 35,228 thousand yen from the end of the previous fiscal year.

(Net Assets)

Total net assets at the end of the second quarter of the current fiscal year totaled 1,554,135 thousand yen, an increase of 59,053 thousand yen compared to the end of the previous fiscal year. This was mainly due to an increase of 205,717 thousand yen in retained earnings as a result of quarterly net income, and a decrease of 30,532 thousand yen as a result of dividends, and a decrease of 99,675 thousand yen in treasury shares due to the acquisition and disposal of treasury shares.

**(3) Descriptions regarding prospects such as performance forecasts**

There is no change to the full-year earnings forecast announced in the "Summary of Financial Results for the Fiscal Year Ended November 30, 2021" on January 13, 2022.

**2. Quarterly financial statements and principal notes****(1) Quarterly balance sheet**

(Thousands of yen)

	As of November 30, 2021	As of May 31, 2022
<b>Assets</b>		
Current assets		
Cash and deposits	1,275,367	1,185,651
Accounts receivable – trade, and contract assets	—	318,742
Accounts receivable - trade	354,021	—
Work in process	24,264	36,831
Accounts receivable - other	198,366	295,692
Other	19,326	13,462
Allowance for doubtful accounts	△1,400	△1,500
Total current assets	1,869,946	1,848,880
Non-current assets		
Property, plant and equipment	21,186	20,452
Intangible assets	1,692	2,384
Investments and other assets	94,621	139,554
Total non-current assets	117,500	162,391
Total assets	1,987,447	2,011,272
<b>Liabilities</b>		
Current liabilities		
Accounts payable - trade	105,474	123,066
Income taxes payable	130,134	96,522
Provision for bonuses	66,509	94,662
Other	138,732	97,141
Total current liabilities	440,851	411,394
Non-current liabilities		
Provision for retirement benefits	43,442	45,742
Other	8,071	—
Total non-current liabilities	51,513	45,742
Total liabilities	492,364	457,136
<b>Net assets</b>		
Shareholders' equity		
Share capital	340,783	340,783
Capital surplus	292,112	275,656
Retained earnings	862,186	1,037,371
Treasury shares	—	△99,675
Total shareholders' equity	1,495,082	1,554,135
Total net assets	1,495,082	1,554,135
Total liabilities and net assets	1,987,447	2,011,272

**(2) Quarterly income statements**  
**Cumulative of six months ended**

	(Thousands of yen)	
	Six months ended May 31, 2021 (From December 1, 2020 to May 31, 2021)	Six months ended May 31, 2022 (From December 1, 2021 to May 31, 2022)
Net sales	1,286,741	1,567,800
Cost of sales	916,680	1,080,574
Gross profit	370,060	487,226
Selling, general and administrative expenses	197,868	200,544
Operating profit	172,192	286,681
Non-operating income		
Interest income	3	1
Grant income	330	—
Subsidy income	5,550	7,643
Other	0	0
Total non-operating income	5,883	7,644
Non-operating expenses		
Share issuance costs	90	—
Commission expenses	—	170
Other	0	0
Total non-operating expenses	90	170
Ordinary profit	177,985	294,155
Extraordinary losses		
Loss on retirement of non-current assets	—	321
Total extraordinary losses	—	321
Profit before income taxes	177,985	293,834
Income taxes - current	62,515	83,272
Income taxes - deferred	△9,407	4,844
Total income taxes	53,107	88,116
Profit	124,877	205,717



**(3) Notes on quarterly financial statements****(Notes regarding the assumption for going concern)**

Not applicable.

**(Notes on significant changes in shareholders' equity)**

Not applicable.

**(Changes in accounting policies)****(Adoption of the Accounting Standard for Revenue Recognition and Related Guidance)**

Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020) and related ASBJ guidance have been adopted to the Company's financial results since the beginning of the first quarter of the current fiscal year. Accordingly, the Company recognizes revenue at the amount expected to be received in exchange for the promised goods or services when such control of the promised goods or services is transferred to the customer. Previously, the Company applied the completion basis or percentage-of-completion basis method for built-to-order software, but effective from the first quarter of the current fiscal year, for performance obligations to be fulfilled over a certain period, the Company estimates the progress toward fulfilment of the performance obligation and recognizes revenue over a certain period based on the degree of completion. In cases where the period between the transaction commencement date and the point in time when the performance obligation is expected to be fully satisfied is very short, the Company recognizes revenue when the performance obligation is fully satisfied.

As a result, there is no impact on profit and loss for the second quarter of the current fiscal year.

In addition, the adoption of the revenue recognized accounting standard, etc., in accordance with the transitional treatment stipulated in the proviso of Paragraph 84 of the revenue recognition accounting standard, etc., has no effect on the beginning balance of retained earnings.

In accordance with the adoption of the Accounting Standard for Revenue Recognition, "Accounts receivable," which was presented in "Current assets" in the balance sheet for the previous fiscal year, is included in "Accounts receivable - trade, and contract assets" from the first quarter of the current fiscal year. In this regard, in accordance with the transitional treatment stipulated in Paragraph 89-2 of the Accounting Standard for Revenue Recognition, no reclassification has been made for the previous fiscal year using the new disclosure method.

**(Application of Accounting Standard for Fair Value Measurement)**

"Accounting Standard for Fair Value Measurement " (ASBJ Statement No. 30, July 4, 2019) and related ASBJ standards and guidance have adopted to the Company's financial results since the beginning of the first quarter of the current fiscal year. The new accounting policies stipulated in the new standards are applied into the future in accordance with the transitional treatment provided for in paragraph 19 of "Accounting Standard for Fair Value Measurement" and paragraph 44-2 of "Accounting Standard for Financial Instruments" (ASBJ Statement No.10, July 4, 2019). There is no impact on the quarterly financial statements.

**(Segment information, etc.)****【Segment information】**

- I. Previous second quarter cumulative period (December 1, 2020 – May 31, 2021)  
Business of the Company comprises of a single segment of system development and other related services and therefore description of segment information is omitted.
- II. Current second quarter cumulative period (December 1, 2021 – May 31, 2022)  
Business of the Company comprises of a single segment of system development and other related services and therefore description of segment information is omitted.