

# FY2024/9 **First Quarter** Supplementary Material on Financial Results

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**T&S inc.**  
TSE Growth: 4055  
April 12, 2024



**T & S**  
Technology & Service

# Table of Contents

## FY2024/9 First Quarter

<b>Highlights</b>	<b>p. 3</b>
<b>Financial Results Overview</b>	<b>p. 4</b>
<b>Operating profit</b>	<b>p. 6</b>
<b>Net sales by Category</b>	<b>p. 7</b>
<b>Net sales by Customer</b>	<b>p. 8</b>
<b>Business Environment</b>	<b>p. 9</b>
<b>Status of Engineers</b>	<b>p. 10</b>
<b>Statement of Income</b>	<b>p. 11</b>
<b>Balance Sheets</b>	<b>p. 12</b>
<b>Topics</b>	<b>p. 13</b>
<b>Earnings Forecast and Progress</b>	<b>p. 15</b>
<b>Shareholder Returns</b>	<b>p. 17</b>

(Theme of current term)

## Moving forward the next stage

### 1 Record-high net sales continues.

Net sales	:	837 million yen
Operating profit	:	138 million yen
Ordinary profit	:	138 million yen
Quarterly profit	:	100 million yen

### 2 DX Solutions remain steady. Semiconductor Solutions expected to recover from 2Q.

- Sales in the DX Solutions category **increased by 13.0%** compared to the same quarter in the previous year, expanding orders for contracted development projects from other customers and maintaining stable orders from major customers.
- Production adjustments completed in the semiconductor manufacturing industry. Sales in the Semiconductor Solutions category are expected to recover from 2Q onwards.
- Sales in the AI Solutions category **increased by 2.4%** compared to the same quarter in the previous year, maintaining stable orders from other customers.

### 3 Recruitment of new personnel is doubled. Organizational restructuring by transition to a holding company in progress.

- Strengthen recruitment. 20 new graduates are joining in April 2024(220% increase from previous year).
- Restructuring including transition to a holding company in progress. Consolidated accounting is scheduled to commence in June.

# Financial Results Overview

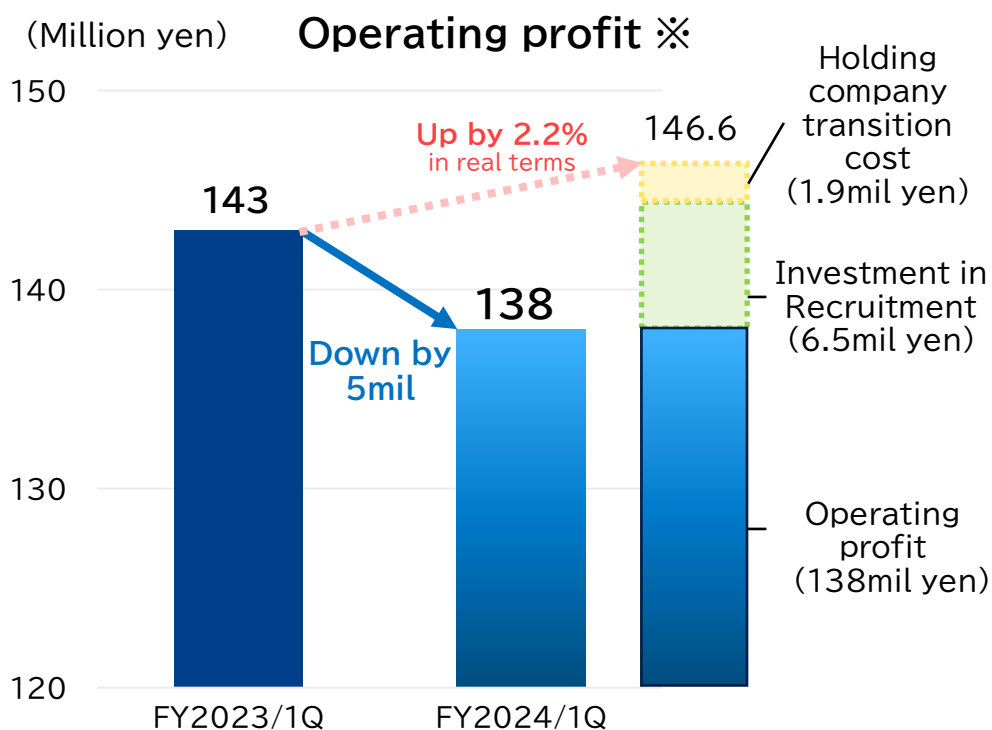
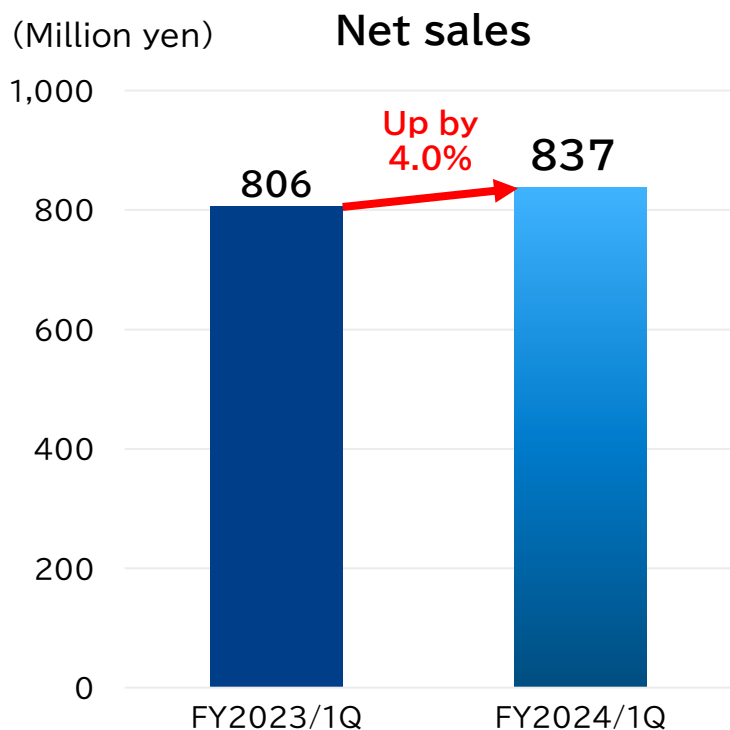
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FY2024/9 **First Quarter**

# Financial Results Overview( FY2024/1Q )

## Record-high net sales continues

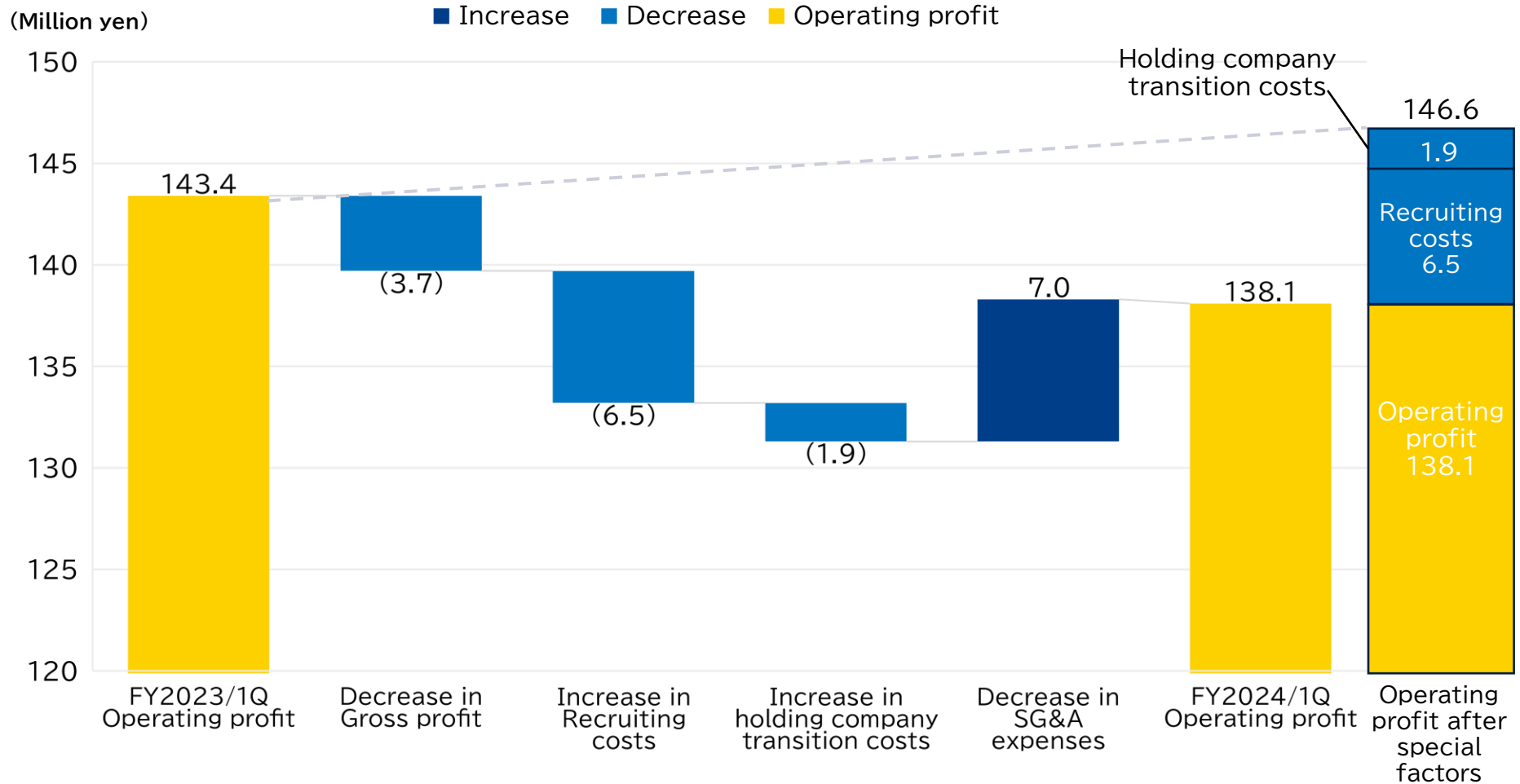
Net sales	:	837 million yen
Operating profit	:	138 million yen
Ordinary profit	:	138 million yen
Quarterly profit	:	100 million yen



※ please see the next page for more details.

# Operating profit( FY2024/1Q )

Operating profit in the current year has substantially increased by 2.2% before deducting up-front costs for special factors such as recruiting and transition to a holding company.



# Net sales by Category ( FY2024/1Q )

DX Solution's business are performing steadily with a **13.0% increase**.

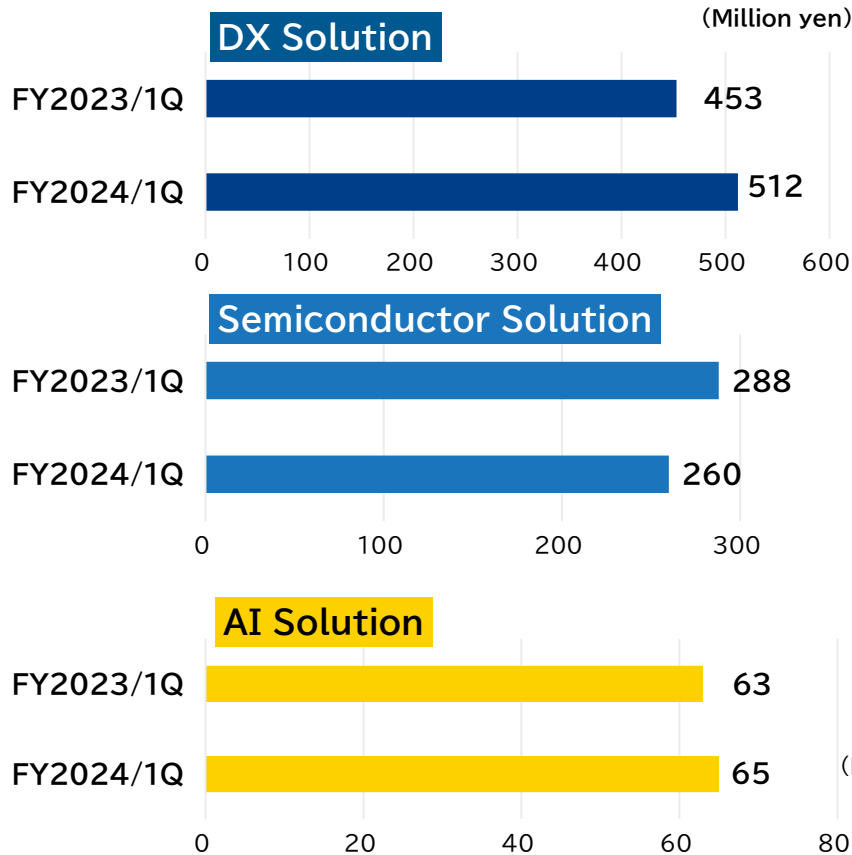
(compared to the previous same quarter)

Semiconductor Solution's business are expected to recover from 2Q onward, although the effect of production adjustments in the semiconductor manufacturing industry will remain until 1Q.

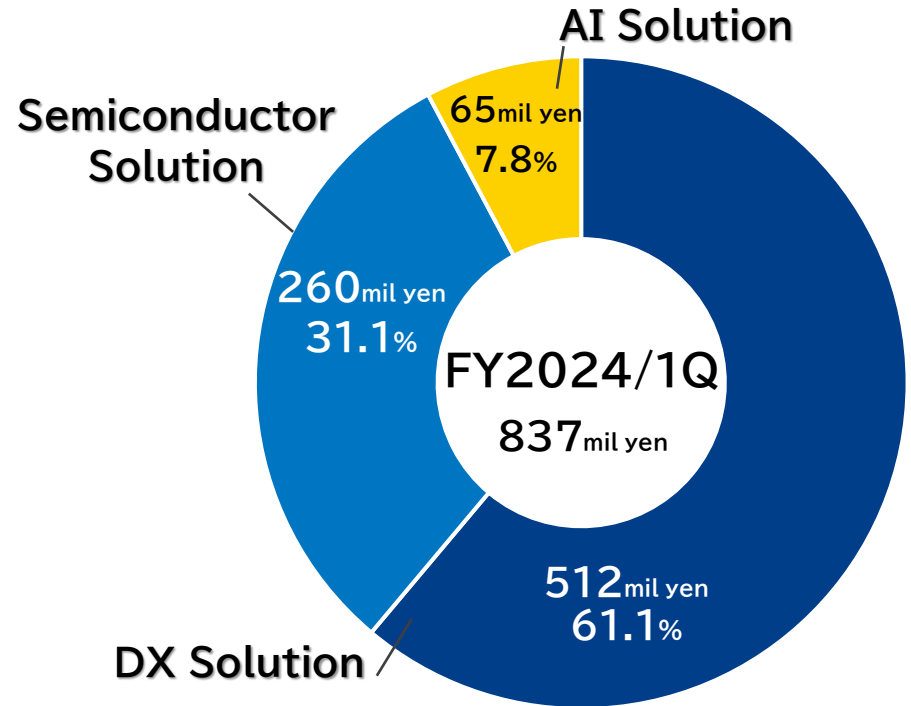
AI Solution's business **increased by 2.4%**.

(compared to the previous same quarter)

Net sales(by category)



Sales proportion(by category)



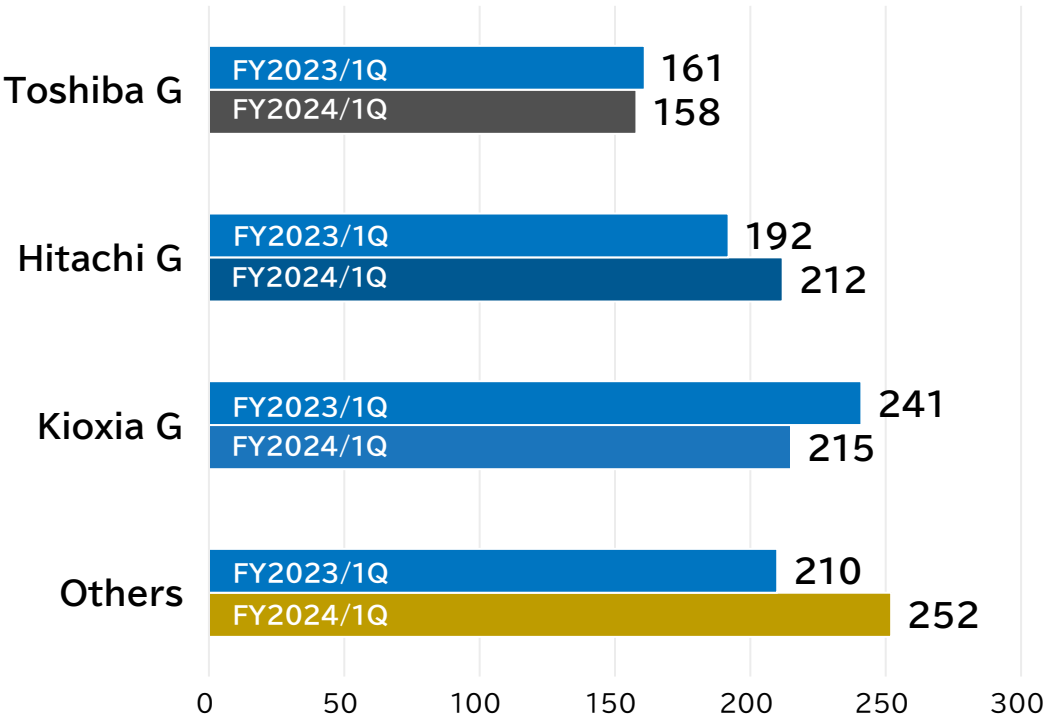
(Note) Our business segment is a single segment. Only Net sales are calculated by category. The category classification was changed in this period. For comparison with the previous same quarter, the quarter's Net sales were recalculated and compared under the new category classification.

# Net sales by Customer ( FY2024/1Q )

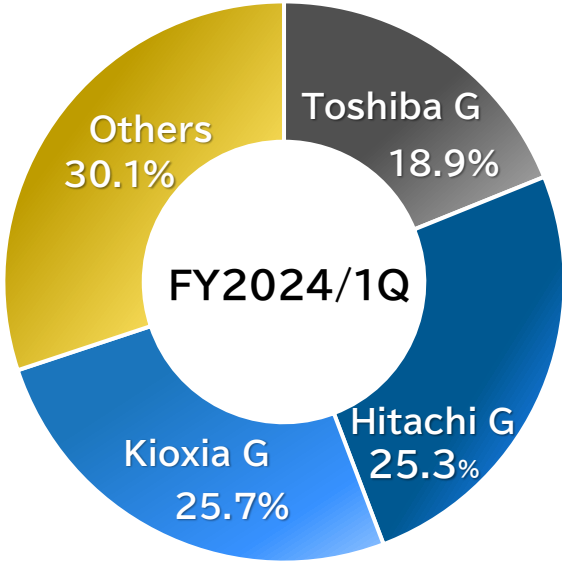
**Sales to Others and Hitachi G increased**  
(Up by 19.7%) (Up by 10.5%)  
(compared to the previous same quarter) (Compared to the previous same quarter)

Net sales(by customer)

(Million yen)



Sales proportion (by customer)





# Business Environment -Trend of Major Customers

## (Overall)Trend of Major Customers

(As of April 12, 2024)

The business environment surrounding our company is expected to remain strong. The semiconductor market, which has continued to decline, is expected to see a recovery in growth as production adjustments increase good effect throughout the supply chain. On the other hand, the impact of global monetary tightening, concerns over the Chinese economic outlook, rising prices, and geopolitical risks such as those surrounding the Middle East region remains as our challenges.

### Toshiba G

The company's stock was de-listed on December 20, 2023, and at the same time a new management structure was established. A recovery in business performance is anticipated, going forward, by drastic measures for improving profit and future growth strategy.

### Hitachi G

In the "Digital Systems & Services" segment, responsible for IT services, order status have been strong, especially for large-scale projects. In addition, orders related to generative AI are expanding. Business expansion is expected to continue based on digital transformation demand, and inquiries to our company are also expected to increase further.

### Kioxia G

The supply-demand balance is improving due to continued production adjustments by flash memory manufacturers. Although production adjustments are expected to continue in line with demand trends, there has been no significant change in our view of the medium- to long-term growth trend of the flash memory market, and a recovery is expected.

### Others

We have joined Hailo Partners Ecosystem as a design partner and, taking this as an opportunity, started to offer software solutions for Hailo Edge AI processor. We will meet demands from customers by working closely with Hailo.

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

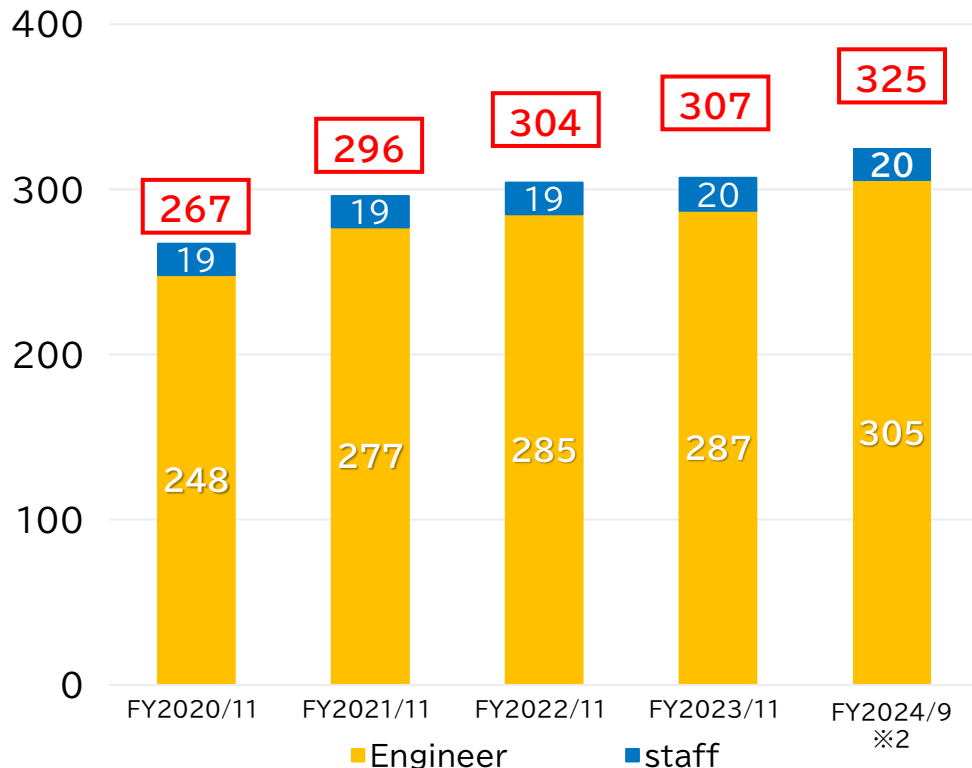
# Status of Engineers

Strengthen recruitment of new graduates in FY2024/9.  
20 new graduates joined on April 1.

Promoting in-house production. BP(※1) orders on a downward trend.

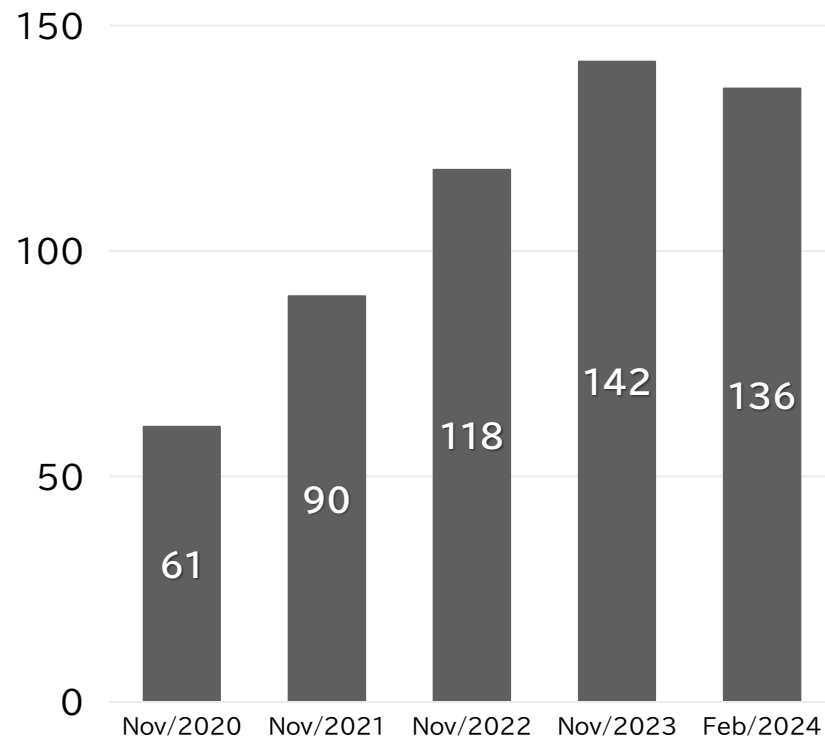
### Changes in Number of Employees

(unit: no. of people)



### Changes in the number of BP orders

(unit: no. of orders)



※1 BP...Business partner. Engineers engaged in our business in the form of outsourcing etc.

※2 as of April 12, 2024

# Statement of Income( FY2024/1Q )

## Statement of Income( FY2024/1Q )

Unit: thousand yen	FY2023/1Q	FY2024/1Q	+/- amount	+/- %
Net sales	806,016	837,993	31,977	4.0%
Cost of sales	559,687	595,460	35,772	6.4%
Gross profit	246,328	242,533	(3,795)	(1.5%)
SG&A expense	102,910	104,386	1,476	1.4%
Operating profit	143,418	138,146	(5,271)	(3.7%)
<i>Operating profit rate</i>	<i>17.8%</i>	<i>16.5%</i>		
Ordinary profit	143,246	138,260	(4,986)	(3.5%)
<i>Ordinary profit rate</i>	<i>17.8%</i>	<i>16.5%</i>		
Quarterly profit	100,916	100,743	(173)	(0.2%)
<i>Quarterly profit rate</i>	<i>12.5%</i>	<i>12.0%</i>		



# Balance Sheets( FY2024/1Q )

## Balance Sheets( FY2024/1Q )

Unit: thousand yen	FY2023	FY2024/1Q	+/- amount
Current assets	2,452,145	2,331,064	(121,081)
Non-current assets	164,315	265,136	100,820
<b>Total assets</b>	<b>2,616,461</b>	<b>2,596,201</b>	<b>(20,260)</b>
Current liabilities	395,820	323,462	(72,358)
Non-current liabilities	57,392	58,477	1,085
<b>Total liabilities</b>	<b>453,212</b>	<b>381,939</b>	<b>(71,273)</b>
Total shareholders' equity	2,163,249	2,214,261	51,012
Total net assets	2,163,249	2,214,261	51,012
<b>Total liabilities &amp; net assets</b>	<b>2,616,461</b>	<b>2,596,201</b>	<b>(20,260)</b>

# Topics

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# Topics: Transition to holding company structure progress

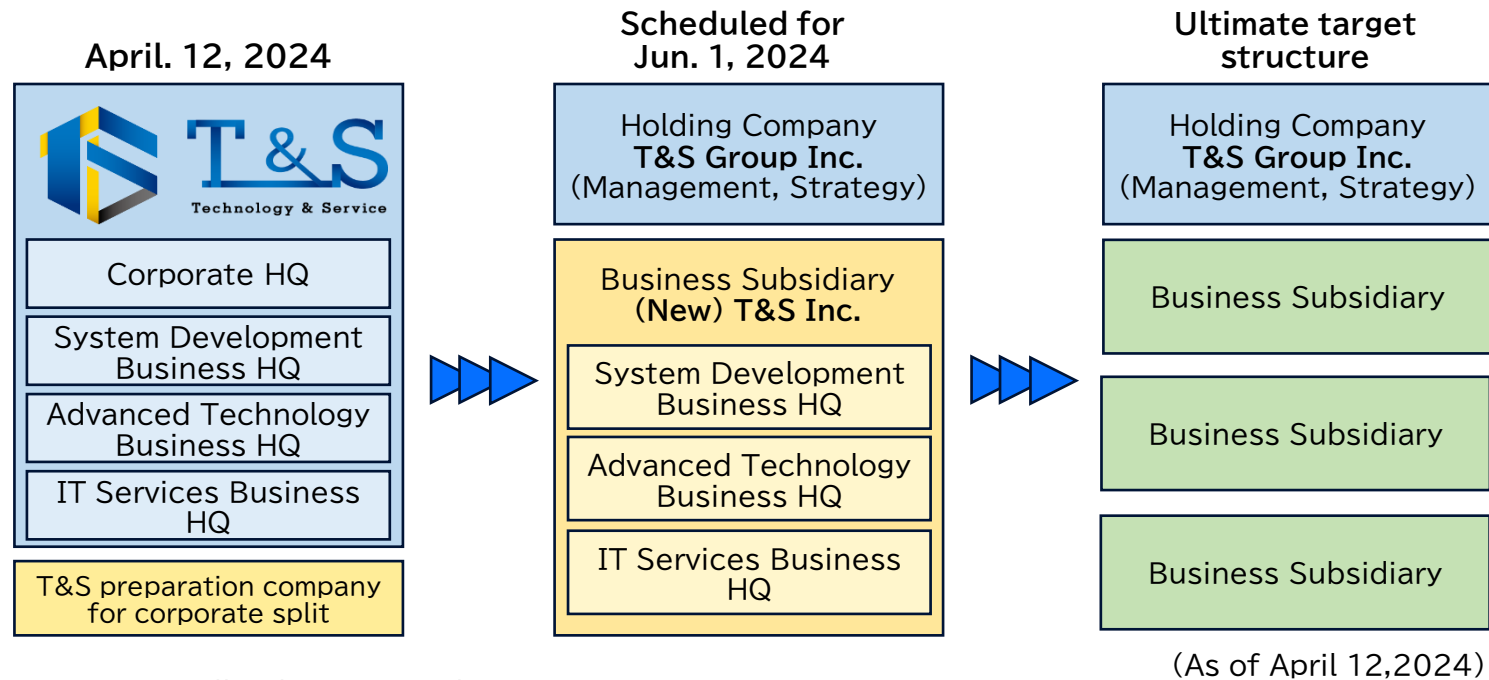
Our company has decided on **the transition to a holding company structure** through a corporate split.

## Goals

- ✓ Achieving agile and detailed management
- ✓ Ensuring the independence of operating companies
- ✓ Efficient resource allocation
- ✓ Achieving effective corporate governance
- ✓ Creating new businesses
- ✓ Achieving business expansion through M&A

## Schedule

- ✓ Establishing preparation company for corporate split on Jan. 12
- ✓ Concluding absorption-type split agreement on Jan.30
- ✓ Obtaining approval at the shareholders' meeting for the split contract on Feb. 28
- ✓ Taking effect of the absorption-type split (scheduled for Jun. 1)



# Earnings Forecast and Progress

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FY2024/9 **First Quarter**

# Earnings Forecast and Progress

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

(No change in forecast for whole FY)

Unit: million yen	FY 2024/9 (Forecast)	FY 2024/9 1Q (Actual)	Progress rate(%)
Net sales	3,142	837	26.7%
Operating profit	588	138	23.4%
Ordinary profit	589	138	23.5%
Net profit(quarterly)	401	100	25.1%

### Company

All Business HQ are performing well. Inquiries status for development projects from existing customers remain strong. No major changes are expected in the cost structure, and the use of BP is expected to continue due to supplement technical personnel resources. On the other hand, in FY2024, the company will significantly increase the number of new graduates hired and strengthen its education system. Including mid-career hires, as in the past, we expect to see a sequential contribution to sales.

### System Development Business HQ

Sales forecast are expected to remain strong, mainly due to ongoing projects from our major customers. We expects to maintain its order structure over the long term, as an increasing percentage of customers are shifting to system operation and maintenance contract after system development contract. We will increase our engineering resources by hiring mid-career personnel and using BP to acquire new projects not only from our main customers.

### IT Services Business HQ

Production adjustments at semiconductor factories are downsizing towards an end, factories are operating stably, the market is expected to recover, and the supply of engineers for operation and maintenance services at factories is continuing. We will increase the hire of new graduates, and aggressively secure and educate appropriate personnel for the expansion in expected business area.

### Advanced Technology Business HQ

We expect steady growth in the business centered on continued projects from existing customers and its lateral expansion, mainly in image recognition AI projects. We plan to expand projects related to generative AI and the latest AI processors, which started in the previous fiscal year, and expect to expand business by utilizing more advanced technologies. We will also focus on acquiring new customers more aggressively than in the previous fiscal year.



# Shareholder Returns

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## 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 the return of profits to shareholders is the key to achieving this goal.

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.

For reference, the dividend forecast for the FY2024/11 (before the change of FY end), announced on January 12, 2024, is as follows.

	Dividend per share	Dividend ratio	Return on equity (ROE)
FY2023/11	6.55yen	10.5%	24.3%
FY2024/11 (Forecast)	7.00yen	11.0%	20.2%

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