

FY11/2022 Full-year Supplementary Material on Financial Results

T&S inc.
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T & S
Technology & Service

FY11/2022 Full-year

Highlights	p. 3
Financial Results Overview	p. 4
Operating Profit	p. 6
Net Sales by Category	p. 7
Net Sales by Customer	p. 8
Quarterly Net Sales and Operating profit	p. 9
Business environment	p. 10
Status of increase in engineers	p. 11
Statement of Income	p. 12
Balance Sheets	p. 13
FY Earnings Forecast	p. 14
Shareholder Returns	p. 16

Highlights (FY11/2022)

(Theme of current term)
Accelerated Growth

1 **Record-high** revenues achieved (Compared to the previous year)

Net sales	: 3,256 million yen	(Up 19.2% ↑ : +524 million yen)	(YoY)
Operating profit	: 617 million yen	(Up 49.6% ↑ : +204 million yen)	(ditto)
Ordinary profit	: 626 million yen	(Up 49.3% ↑ : +206 million yen)	(ditto)
Profit	: 440 million yen	(Up 49.5% ↑ : +145 million yen)	(ditto)

2 **Advanced technology solutions made a breakthrough.** **Other categories also performed well.**

- Sales in the Advanced Technology Solution category **increased 44.9%** YoY. Continued orders for AI-related R&D support services and image processing algorithm development, and new visual inspection system development has been performing well. In addition to projects from existing clients such as NEC Corporation, which remained stable from the previous year, business with OMRON Corporation has increased. The proportion of sales in this category to the company increased from 6.1% in the previous year to 7.4% in the fiscal year.
- Sales in the Solution category **increased 15.6%** YoY. Orders for contracted development projects from major customers remained strong. In particular, the large development projects for in-factory systems from semiconductor manufacturers contributed to the sales.
- Sales in the Semiconductor category **increased 26.0%** YoY. The number of engineers dispatched for maintenance and operation services at semiconductor plants remained strong. As well as requests for an increase in the number of outsourcing engineers.

3 **FY11/2023 will continue strong performance.** **Expected to exceed record-high.**

Net sales	: 3,700 million yen	(YoY Up 13.6% ↑ : +443 million yen)
Operating profit	: 700 million yen	(YoY Up 13.3% ↑ : + 82 million yen)

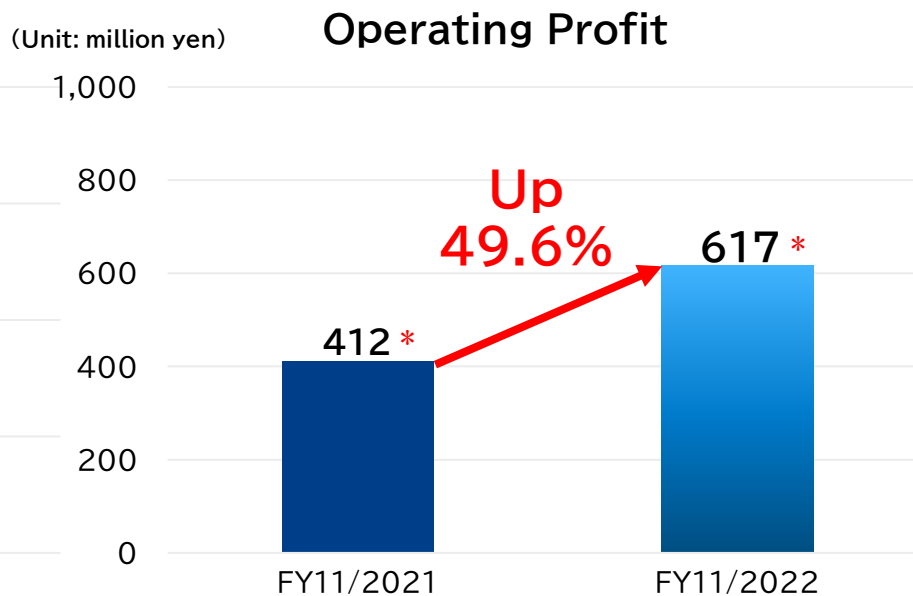
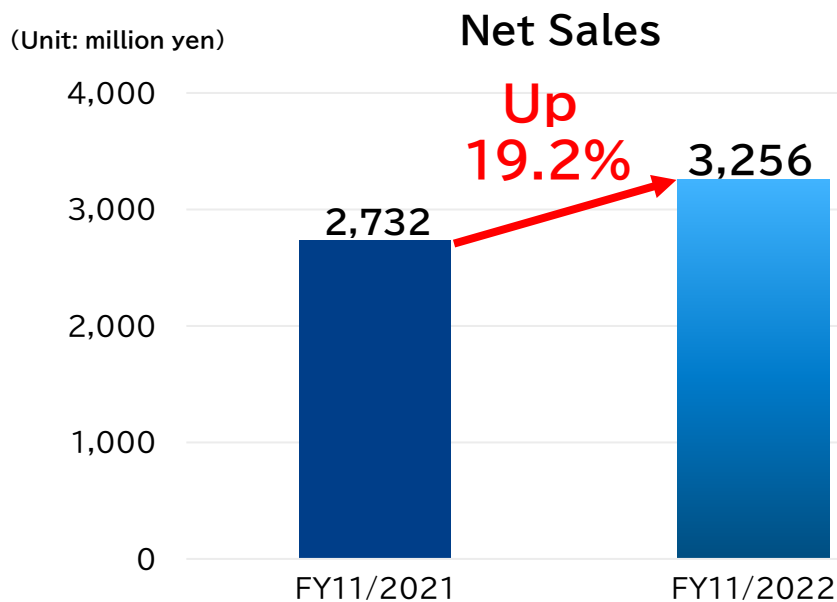
Financial Results Overview

FY11/2022 Full-year

Financial Results Overview (FY11/2022)

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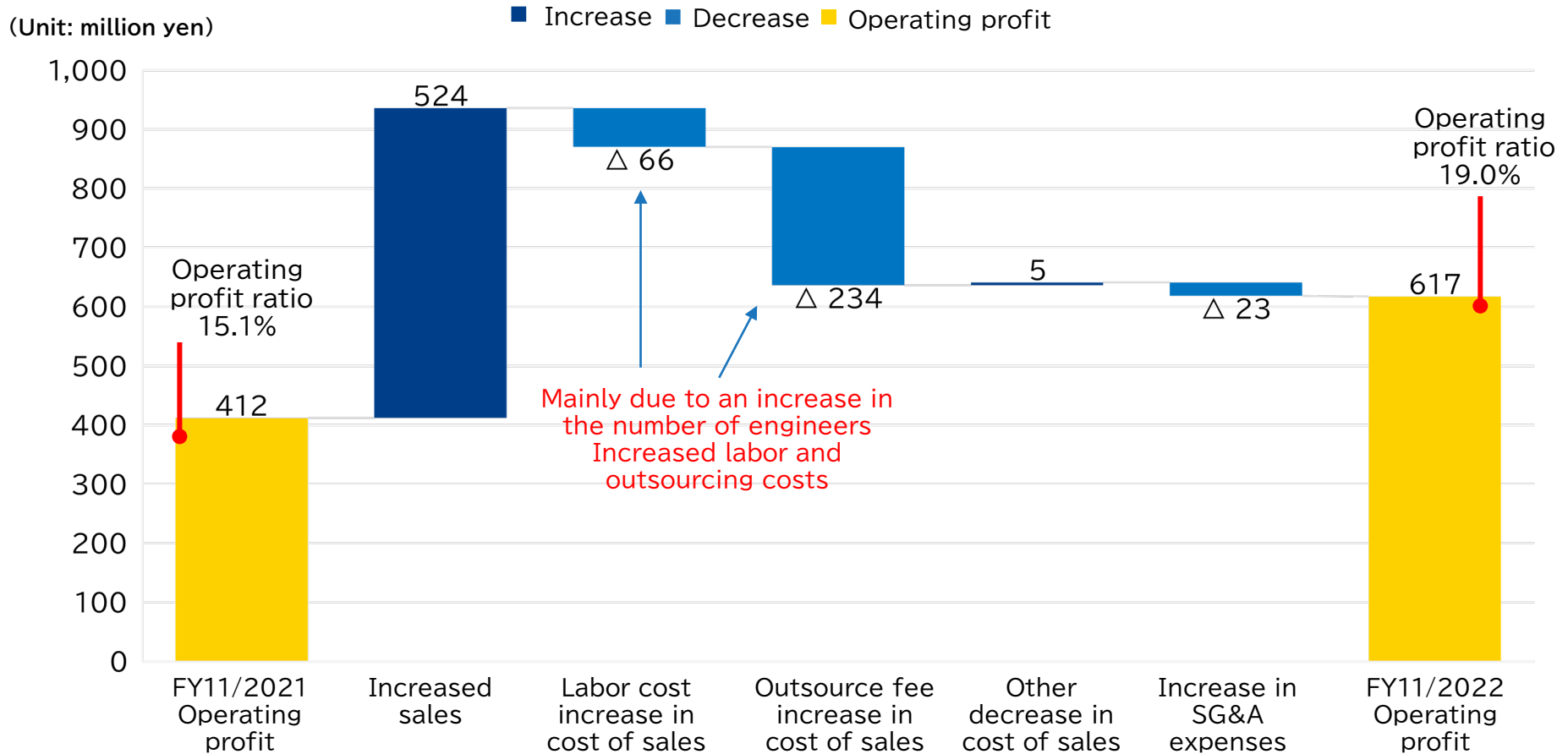


* In view of the good performance, performance-linked bonuses for employees of 61 million yen in FY11/2022 and 60 million yen in FY11/2021 were recorded.

Operating Profit (FY11/2022)

Increased operating profit by 204 million yen, absorbing performance-linked bonuses*

(compared to the previous year)



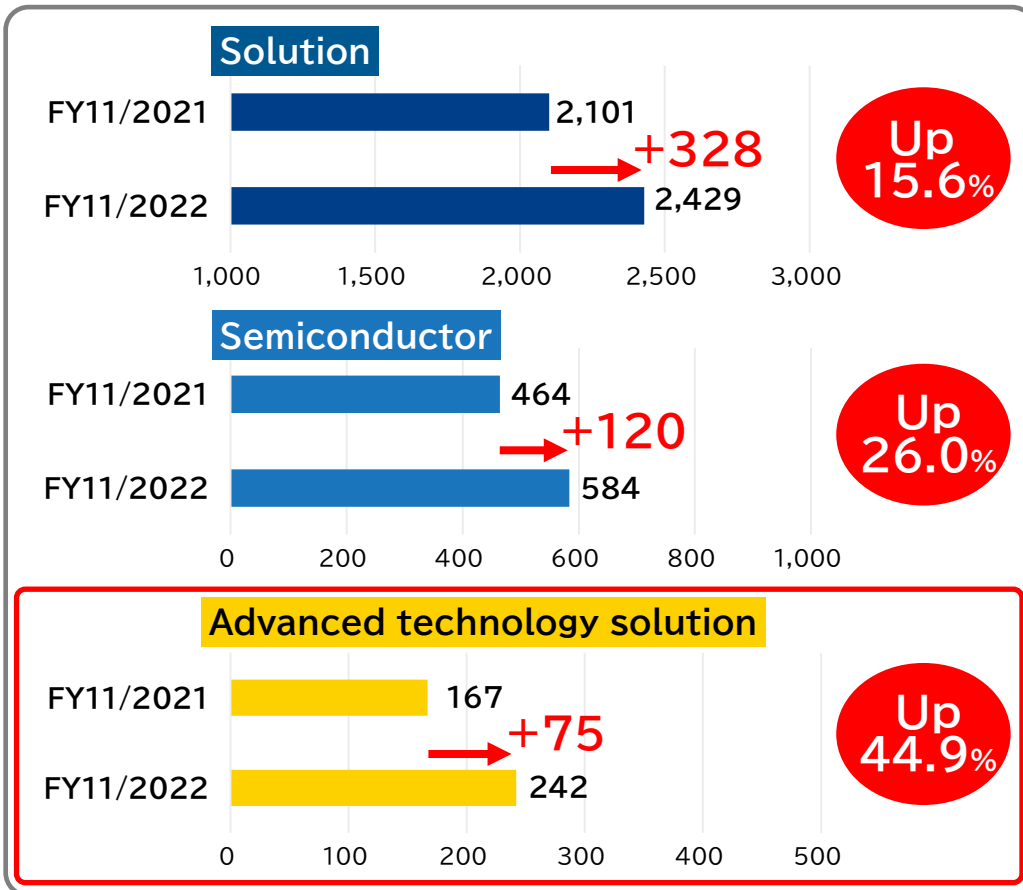
* The Company has recorded 61 million yen in FY11/2022 and 60 million yen in FY11/2021.

Net Sales by Category (FY11/2022)

Sales increased in all categories
Up 44.9% in Advanced Technology Solution
(compared to the previous year)

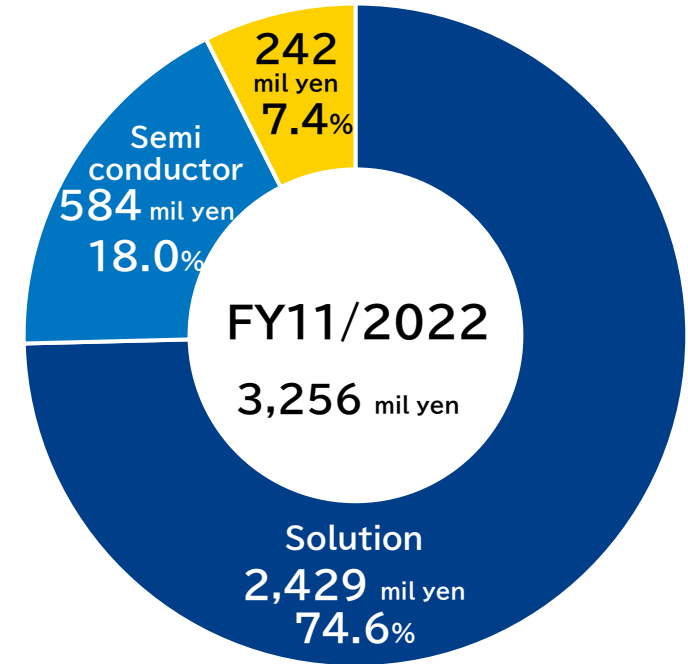
Net Sales (by category)

(Unit: million yen)



Sales proportion (by category)

Advanced Technology Solution



(Note) Our business segment is a single segment. Only net sales are calculated by category.

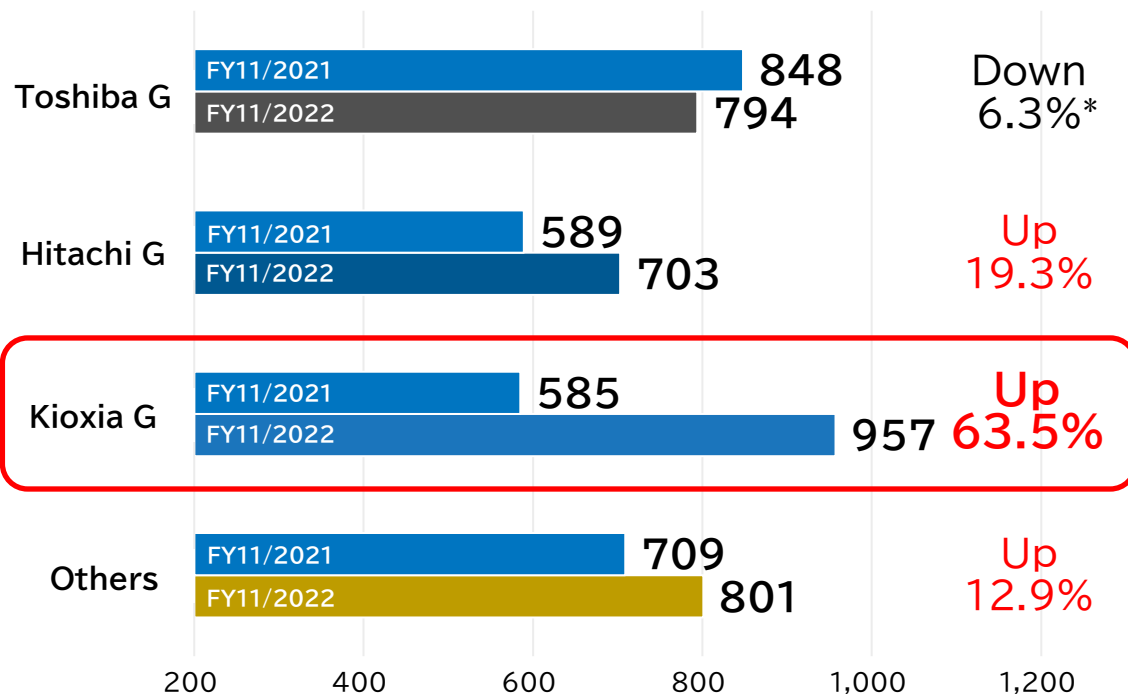
Net Sales by Customer (FY11/2022)

Toshiba G, Hitachi G, Kioxia G

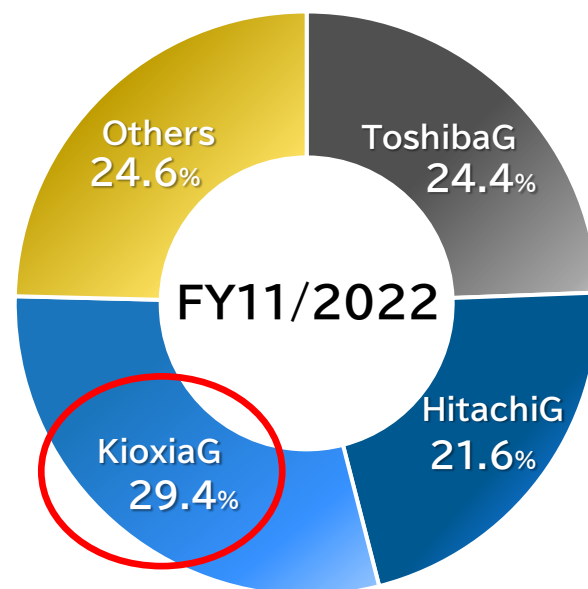
Major customers maintaining steady level
Sales to **Kioxia G** significantly increased

(Up 63.5% (YoY) Composition ratio of 29.4%)

Net Sales (by customer) (Unit: million yen)



Sales proposition (by customer)



* Following the reorganization of Toshiba G, sales of 124million yen to Kioxia Engineering Co. (former Chubu Toshiba Engineering co.) from the third quarter of this fiscal year. Taking this into account, sales to Toshiba G increased by 8.4% in real terms.

Quarterly Net Sales and Operating profit (FY11/2022)

Full-year net sales : 3,256 million yen

Increase: **+524 million yen, Up 19.2%**
(compared to the previous year)

Full-year operating profit: 617 million yen

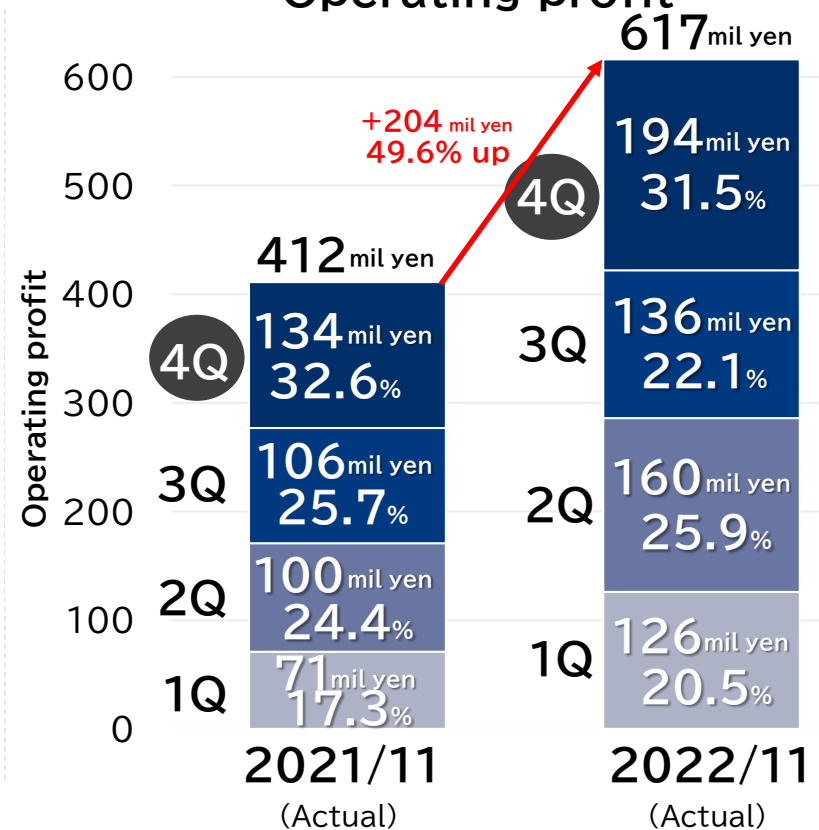
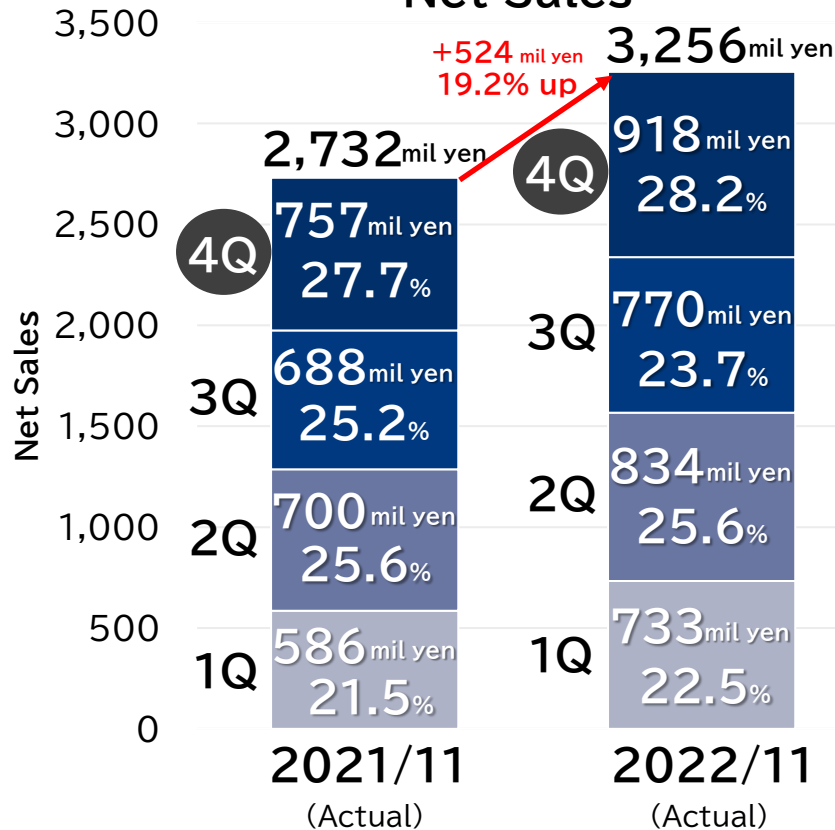
Increase: **+204 million yen, Up 49.6%**
(compared to the previous year)

(unit: million yen)

Net Sales

(unit: million yen)

Operating profit



* Some seasonal fluctuations can be observed in the company's performance due to the number of engineers and project delivery times.

Trend of Major Customers (As of January 13, 2023)

Our orders continue to be strong, and our major customers are also doing well. Even in the semiconductor industry which is said to be experiencing a slowdown, there is a strong appetite for medium-to long-term investment. Although each company has been overcoming the effects of the impact of Covid-19, the response to geopolitical risks remains a challenge.

Toshiba G

Energy systems and infrastructure-related sales grew. In particular, we see the strong performance of the power plant-related energy system solutions segment, in which we are involved in system development, as a tailwind for the Company.

Hitachi G

Strong orders, particularly in Digital Systems & Services and Clean Energy & Mobility sector. Profit for the year is forecast to reach a record-high. Capital investment in social infrastructure related to our business is also on the rise, reversing the trend of restraint due to Covid-19.

Kioxia G

Due to a drop in demand for semiconductors, for PCs and smartphones, there has been a 30% production adjustment made. The maintenance and operation of factory systems in which we are involved is not closely related to capacity utilization, so the impact is negligible. In addition, the flash memory market's long-term trend is expected to increase. In relation with significant government subsidies towards new investments towards equipment, our company expects to receive more system development orders.

Other

In the field of R&D for AI algorithm development, automotive-related manufacturers, precision machinery manufacturers, and telecommunication infrastructure companies have a strong appetite for research investment. The trend toward DX and manpower saving is accelerating in the midst of Covid-19, and inquiries to our company are expanding.

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

Status of increase in engineers

In addition to increasing the number of employee engineers, the BP* workforce was expanded.

Employee engineers increase rate **2.9%**

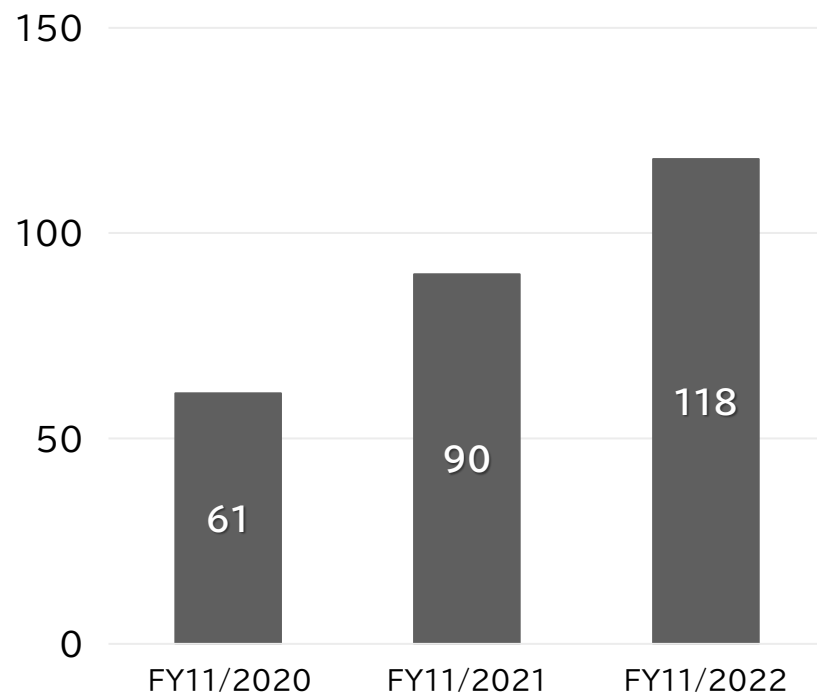
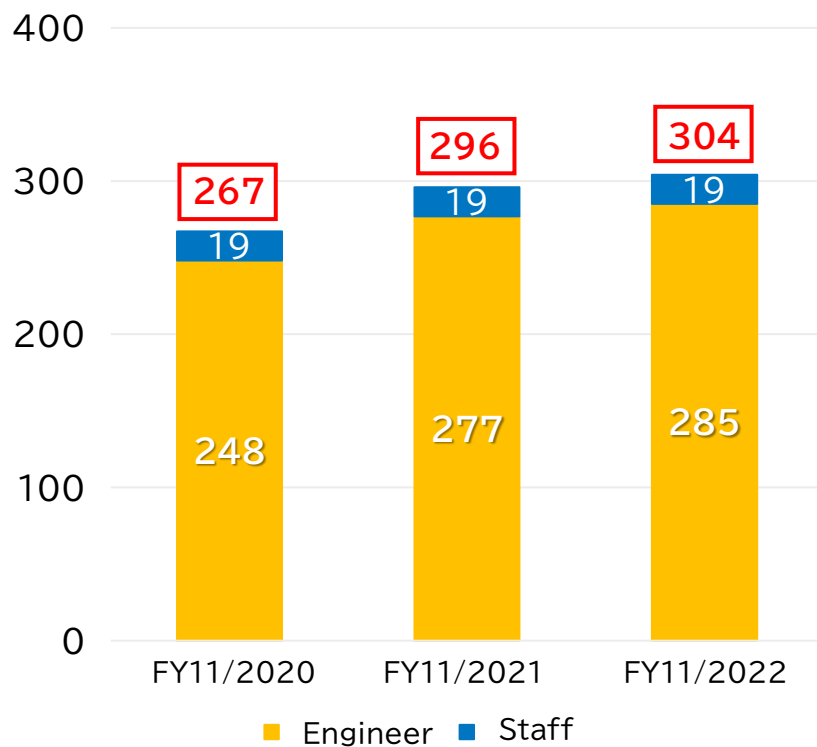
BP orders increase rate **31.1%**

(Unit: No. of employees)

Changes in number of employees

(Unit: No. of orders)

Changes in the number of BP orders



*BP is business partner. Engineers engaged in our business in the form of outsourcing etc.

Statement of Income (FY11/2022)

Statement of Income (FY11/2022)

Unit: thousand yen	FY11/2021	FY11/2022	+/- amount	+/- %
Net sales	2,732,771	3,256,855	524,083	19.2%
Cost of sales	1,947,231	2,243,118	295,886*	15.2%
Gross profit	785,539	1,013,736	228,196	29.0%
SG&A expenses	372,587	395,823	23,236*	6.2%
Operating profit	412,952	617,913	204,960	49.6%
<i>(Operating profit rate)</i>	<i>(15.1%)</i>	<i>(19.0%)</i>		
Ordinary profit	419,328	626,244	206,916	49.3%
<i>(Ordinary profit rate)</i>	<i>(15.3%)</i>	<i>(19.2%)</i>		
Profit	294,567	440,238	145,670	49.5%
<i>(Profit rate)</i>	<i>(10.8%)</i>	<i>(13.5%)</i>		

* Includes performance-linked bonuses of 61,000 thousand yen in FY11/2022 and 60,000 thousand yen FY11/2021 for employees due to good performance.

Balance Sheets (FY11/2022)

Balance Sheets (FY11/2022)

Unit: thousand yen	FY11/2021	FY11/2022	+/- amount
Current assets	1,869,946	2,110,767	240,820
Fixed assets	117,500	170,732	53,231
Total assets	1,987,447	2,281,500	294,052
Current liabilities	440,851	498,233	57,382
Fixed liabilities	51,513	49,763	△1,750
Total liabilities	492,364	547,996	55,631
Total shareholders' equity	1,495,082	1,733,503	238,420
Total net assets	1,495,082	1,733,503	238,420
Total liabilities & net assets	1,987,447	2,281,500	294,052

FY Earnings Forecast

FY11/2023 Full-year

Earnings Forecast

(theme) Sustained Growth

Strong performance is expected to continue in FY11/2023 and revenues are expected to reach a **record high**.

Unit: million yen	FY11/2022 (actual)	FY11/2023 (forecast)	+/- amount	+/- %
Net sales	3,256	3,700	443	13.6%
Operating profit	617	700	82	13.3%
Ordinary profit	626	703	77	12.3%
Net profit for fiscal year	440	495	54	12.5%

Company All categories are expected to perform well. Enquiries for development projects from major customers remain strong. No major changes in cost structures. Although the company is increasing its use of outsourcing to supplement its engineering resources, it expects to shift to more profitable projects and anticipates an operating profit margin of 18.9%.

Solution System development projects from three major corporate groups (Toshiba Group, Hitachi Group, and Kioxia Group), which are our main clients, are expected to remain strong.

Semi conductor Despite adjustments in production at the semiconductor plants, plants are operation are stable and expansion plans continue. The supply of engineering personnel for maintenance and operational services at the plants are expected to continue.

Advanced Technology Solution AI projects related to deep learning technology from major manufacturers and image processing algorithm development projects are expected to continue to increase. An ongoing and new orders for AI-related R&D support services are expected to increase, and the ratio in this sector of the company's total sales is expected to increase.

Shareholder Returns

Dividend ratio for FY11/2023 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.

As for FY11/2023, the Company forecasts to pay a dividend of 6.55 yen per share (up 0.55 yen), aiming for a dividend payout ratio of around 10%, in line with the above policy.

The financial indicators after taking into account the above measures are as follows.

	Dividend per share	Dividend ratio	Return on equity (ROE)
FY11/2022 (Planned)	6.00yen	10.3%	27.3%
FY11/2023 (Forecast)	6.55yen	10.0%	25.3%

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