



Summary of Financial Results
for the Third Quarter of the Fiscal Year 2021 (FY11/2021)
[Japan Standards] (Non-Consolidated)

October 15, 2021

Company name: T&S inc. Listing: Tokyo Stock Exchange
 Securities code: 4055 URL: <https://www.tecsvc.co.jp/>
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Scheduled date of file of Quarterly Securities Report: October 15, 2021
 Scheduled date of to commence dividend payments: -
 Preparation of supplementary material on financial results: Yes
 Holding of financial results meeting: No

(Amounts less than one million yen are rounded down)

1. Financial results of the Third Quarter of FY11/2021 (December 1, 2020 - August 31, 2021)

(1) Operating results (cumulative)

(Percentages indicate year-on-year changes)

	Net Sales		Operating income		Ordinary income		Quarterly Net Income	
	Million Yen	%	Million Yen	%	Million Yen	%	Million Yen	%
3Q of FY11/2021	1,975	19.6	278	28.9	284	31.6	199	34.0
3Q of FY11/2020	1,652	—	215	—	216	—	148	—

	Net Income per share	Diluted net income per share
	Yen	Yen
3Q of FY11/2021	53.79	51.51
3Q of FY11/2020	46.63	42.61

(Notes)

- As of August 7, 2020, the company got listed on the Tokyo Stock Exchange, after the 3Q of FY11/2020 adjustment was made with diluted shares, the average share price for the period from the date of initial public offering to the end of the 3Q of FY11/2020 is deemed to be the average share price.
- As of April 14, 2020, the company carried out a 1,100-for-1 share split of its ordinary shares. On December 1, 2020, the company carried out a 2-for-1 stock split of its ordinary shares. Net income per share and adjusted diluted net income per share has been calculated based on the assumption that the stock split was carried out at the beginning of FY11/2020.

(2) Financial Position

	Total Assets	Net Assets	Equity Ratio
	Million Yen	Million Yen	%
3Q of FY11/2021	1,766	1,400	79.3%
FY11/2020	1,502	1,212	80.7%

(Reference) Shareholders' equity 3Q of FY11/2021: 1,400 million yen

FY11/2020: 1,212 million yen

2. Dividends

	Annual dividends per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
FY11/2020	Yen —	Yen 0.00	Yen —	Yen 13.50	Yen 13.50
FY11/2021	—	0.00	—	—	—
FY11/2021 (forecasts)	—	—	—	6.75	6.75

(Notes)

1. Revisions to dividend forecasts published most recently: No
2. The Company carried out share splitting to split one share into two shares, on December 1, 2020.
Dividends for FY11/2020 are actual amounts of dividends before such share splitting.

3. Performance forecasts for FY11/2021 (December 1, 2020 - November 30, 2021)

(Percentages indicate year-on-year changes)

Full year	Net Sales		Operating Income		Ordinary income		Net income		Net income per share
	Million Yen	%	Million Yen	%	Million Yen	%	Million Yen	%	Million Yen
	2,720	20.0	405	33.0	410	34.7	287	21.9	77.09

(Note)

Revisions to performance forecasts published most recently: Yes

*** Notes**

- (1) Application of special accounting methods to the preparation of quarterly financial statements: No
- (2) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements
 1. Changes in accounting policies due to revisions to accounting standards and other regulations: No
 2. Changes in accounting policies due to other reasons (mentioned in 1.): No
 3. Changes in accounting estimates: No
 4. Restatement of prior period financial statements: No

(3) Number of issued shares (common shares)

1. Total number of issued shares at the end of period (including treasury stock)	3Q FY11/2021	3,816,600 shares	FY11/2020	3,585,600 shares
2. Number of treasury stock at the end of the period	3Q FY11/2021	— shares	FY11/2020	— shares
3. Average number of shares during the period	3Q FY11/2021	3,709,378 shares	3Q FY11/2020	3,193,545 shares

(Note) The company carried out share splitting to split one share into 1,100 shares, on April 14, 2020, and further carried out share splitting to split one share into two shares, on December 1, 2020. Total number of issued shares at the end of the period, number of treasury stock at the end of the period, and average number of shares during the period are calculated assuming that such share splitting was carried out at the beginning of FY11/2020.

* Summary of financial results is not covered by audit by a certified public accountant or an auditing firm.

* Explanation regarding appropriate use of performance forecasts and other special notes

(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 should assure that it would realize 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 see the appendix, page 3, "1. Qualitative Information regarding the Financial Results for the Current Quarter: (3) Descriptions regarding prospects such as performance forecasts".

(How to obtain supplementary references regarding quarterly results)

Quarterly supplementary material on financial results is concurrently disclosed on TDnet.

Table of contents: Appendix

1. Qualitative Information regarding the Financial Results for the Current Quarter	2
(1) Descriptions regarding operating results	2
(2) Descriptions regarding financial position	2
(3) Descriptions regarding prospects such as performance forecasts	3
2. Quarterly Financial Statements and Principal Notes	4
(1) Quarterly Balance Sheet	4
(2) Quarterly statement of income	5
(The third quarter cumulative period)	5
(3) Notes on Quarterly Financial Statements	6
(Going Concern Assumption)	6
(Notes in case of Significant Changes in amount of Shareholders' Equity	6
(Segment information)	6

1. Qualitative Information regarding the Financial Results for the Current Quarter

(1) Descriptions regarding operating results

During the current Third Quarter cumulative period, the Japanese economy faced a difficult situation due to the nationwide spread of the virus (covid-19), which led to the declaration of a state of emergency and priority measures to prevent the spread of the disease. In addition to the effects of various policies and improvements in overseas economies, there were expectations of a return to normalization of socioeconomic activities as vaccinations began to progress in earnest, but the timing of the end of covid-19 remains uncertain. On the other hand, the importance of IT and the trend toward IT in business operations continues to grow within corporate activities, including the use of telecommunication and online meetings, cloud service, and the advancement of DX (Digital Transformation).

Our business is in a single segment of system development and related services; we are developing our business in three-category structures - Solution, Semiconductor, and Advanced Technology solution. Despite the economic environment mentioned above, the Solution business continued to provide IT human resources without specializing in industrial fields and expanded its business to support IT development. In the Semiconductor business, our business grew in the maintenance and operation of factory systems, IT helpdesk services and other general support services for the operation of IT infrastructure in semiconductor factories. In the Advanced Technology solution category, we sought to expand the provision of solutions into the company developing AI-related products.

As a result, in the current Third Quarter cumulative period, net sales were 1,975,571 thousand yen (up 19.6% year-on-year), with a good business performance granted a performance-linked bonus of 45,000 thousand yen to employees. Operating income was 278,209 thousand yen (up 28.9% year-on-year), ordinary income was 284,274 thousand yen (up 31.6% year-on-year), and quarterly net income was 199,544 thousand yen (up 34.0% year-on-year). In addition, although hiring new engineers has slowed down, the number of recent graduates and mid-career engineers employed has progressed to 45 employees.

Operating results by category for the current fiscal year are as follows.

① Solution Category

Net sales in the current Third Quarter cumulative period were 1,518,241 thousand yen (up 14.9%, year-on-year).

Orders for contract development projects from our major clients continued to be strong. A great demand from one of the major semiconductor manufacturers Kioxia Corporation (our major clients) for developing an in-plant system contributed to a significant increase in revenue.

② Semiconductor Category

Net sales in the current Third Quarter cumulative period were 345,540 thousand yen (up 33.0%, year-on-year).

The number of dispatched engineers involved in maintenance and operation services at semiconductor plants increased significantly, as major clients expanded their facilities on the back of growing demand for semiconductors.

③ Advanced Technology Solution Category

Net sales in the current Third Quarter cumulative period were 111,789 thousand yen (up 57.2%, year-on-year).

Orders for AI-related R&D support services and support for technical treatise survey continued to grow steadily, as well as orders from new clients. Especially the expansion of business with NEC Corporation, which began in the previous fiscal year, has contributed to our sales, and the development of new business partners resulted in sales growth of more than 50% compared to the same quarter of the previous fiscal year.

(2) Descriptions regarding financial positions

(Assets)

Current assets at the end of the third quarter of the current fiscal year were 1,633,170 thousand yen, increasing 255,673 thousand yen compared to the end of the previous fiscal year. This was mainly due to an increase of 151,515 thousand yen in cash and deposits due to the recording of net income for the quarter, 41,815 thousand yen in accounts receivable-other and an increase of 38,503 thousand yen in notes and accounts receivable-trade due to growth in sales. Fixed assets total 103,204 thousand yen, increasing 7,779 thousand yen compared to the end of the previous fiscal year. This was mainly due to an increase in deferred tax assets of 9,307 thousand yen due to the rise in the provision for bonuses.

As a result, total assets amounted to 1,766,375 thousand yen, increasing 263,452 thousand yen compared to the end of the previous fiscal year.

(Liabilities)

Total current liabilities were 316,432 thousand yen at the end of the third quarter of the current fiscal year, i.e. increase by 72,828 thousand yen compared to the end of the previous fiscal year. Mainly due to an increase of 65,444 thousand yen in the provision for bonuses, an increase of 25,515 thousand yen in income taxes payable, an increase of 25,118 thousand yen in

accounts payable, a decrease of 28,999 thousand yen in accrued expenses due to the payment of winter bonuses. Long-term liabilities totaled 49,883 thousand yen, increasing by 2,917 thousand yen from the end of the previous fiscal year. Due to an increase of 2,917 thousand yen in the provision for retirement benefits.

As a result, total liabilities were 366,316 thousand yen, i.e. increase by 75,745 thousand yen as compared to the end of the previous fiscal year.

(Net Assets)

Total net assets were 1,400,058 thousand yen at the end of the current Third Quarter fiscal period, i.e. increase of 187,707 thousand yen compared to the end of the previous fiscal year. This is mainly because of retained increase of 199,544 thousand yen through recording quarterly net income, whereas it decreased by 24,202 thousand yen due to dividends.

(3) Descriptions regarding prospects such as performance forecasts

The Company has revised its full-year forecasts for the fiscal year ending, as net sales, operating income, ordinary income, and current net income are each expected to exceed the previous forecasts.

For more details, please refer to the "Notice Concerning Revision of Earnings Forecast"(Japanese only) released today (October 15, 2021).

2. Quarterly Financial Statements and Principal Notes

(1) Quarterly Balance Sheets

(Thousands of yen)

	Previous fiscal year (Nov. 30, 2020)	Current Third Quarter of Fiscal period (Aug. 31, 2021)
Assets		
Current assets		
Cash and deposits	1,016,928	1,168,443
Notes and accounts receivable - trade	250,442	288,946
Work in progress	6,147	30,770
Accounts receivable - other	121,206	163,021
Other	13,672	13,089
Allowance for doubtful accounts	△900	△1,100
Total current assets	1,407,497	1,663,170
Non-current assets		
Property, plant and equipment	23,542	22,056
Intangible assets	1,178	1,860
Investments and other assets	70,704	79,287
Total non-current assets	95,425	103,204
Total assets	1,502,923	1,766,375
Liabilities		
Current liabilities		
Accounts payable - trade	64,473	89,592
Income taxes payable	42,326	67,841
Provision for bonuses	5,822	71,266
Other	130,981	87,731
Total current liabilities	243,604	316,432
Non-current liabilities		
Provision for retirement benefits	38,895	41,812
Other	8,071	8,071
Total non-current liabilities	46,966	49,883
Total liabilities	290,571	366,316
Net assets		
Shareholders' equity		
Capital stock	334,600	340,783
Capital surplus	285,929	292,112
Retained earnings	591,821	767,162
Total shareholders' equity	1,212,351	1,400,058
Total net assets	1,212,351	1,400,058
Total liabilities and net assets	1,502,923	1,766,375

(2) Quarterly statements of income
(The third quarter cumulative period)

(Thousands of yen)

	Former Third Quarter Cumulative Period (Dec. 1, 2019 – Aug.31, 2020)	Current Third Quarter Cumulative Period (Dec. 1, 2020 – Aug. 31, 2021)
Net sales	1,652,086	1,975,571
Cost of sales	1,153,694	1,414,880
Gross profit	498,391	560,691
Selling, general and administrative expenses	282,568	282,481
Operating income	215,823	278,209
Non-operating income		
Interest income	1	4
Grant income	—	660
Subsidy income	3,000	5,550
Other	22	0
Total non-operating income	3,024	6,215
Non-operating expenses		
Share issuance cost	2,785	150
Other	0	0
Total non-operating expenses	2,785	150
Ordinary income	216,061	284,274
Net income before income taxes	216,061	284,274
Income taxes-current	42,987	94,038
Income taxes-deferred	24,168	△9,307
Total income taxes	67,155	84,730
Quarterly Net income	148,905	199,544

(3) Notes on Quarterly Financial Statements

(Going Concern Assumption)

Not applicable

(Notes in case of Significant Changes in the amount of Shareholders' Equity)

Not applicable

(Segment information)

I. Former Third Quarter Cumulative Period (Dec 1, 2019 – Aug 31, 2020)

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 Third Quarter Cumulative Period (Dec 1, 2020 – Aug 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.