

FY11/2011
Second Quarter
Supplementary Material
on Financial Results

2021.7.14

T&S inc.
TSE Mothers: 4055



T&S
Technology & Service

FY11/2021 Second Quarter

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(Theme of the current term)

First Step towards Proof

1 Record-high revenues achieved (Compared to the previous 2Q)

Net sales: 1,286 million yen (**Up 15.9%↑**, + 176 million yen) (YoY)
Operating income: 172 million yen (**Up 4.6%↑**, + 7 million yen) (ditto)
Ordinary income: 177 million yen (**Up 6.1%↑**, + 10 million yen) (ditto)
Net income: 124 million yen (**Up 10.6%↑**, + 11 million yen) (ditto)

2 Net Sales: All categories significantly grew

Strongest growth in advanced technology solutions category
Sales: 72 million yen (**Up 48%**, +23 million yen) (YoY)

3 New performance-based bonus for employees

A provision of **25 million yen** for an additional bonus on top of the normal bonus.
This offset an increase in cost of sales and SG&A expenses, resulting in an increase in operating of 7 million yen YoY.

4 Renewal of joint R&D agreement (April., 2021)

The joint research agreement with the International Research and Development Center for Integrated Electronics (CIES) at Tohoku University was extended for another year.

Financial Results Overview

FY11/2021 **Second Quarter**

Record-high revenues achieved

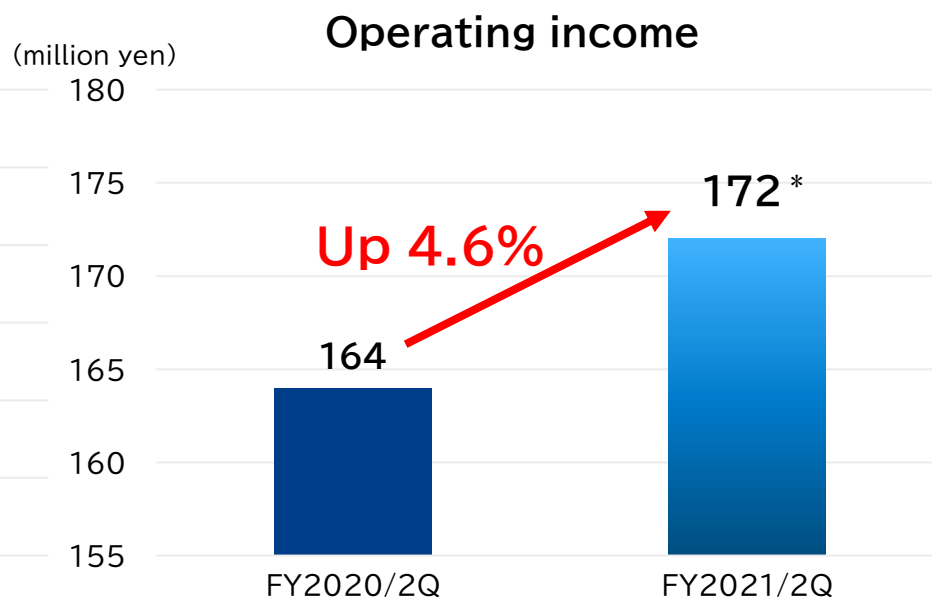
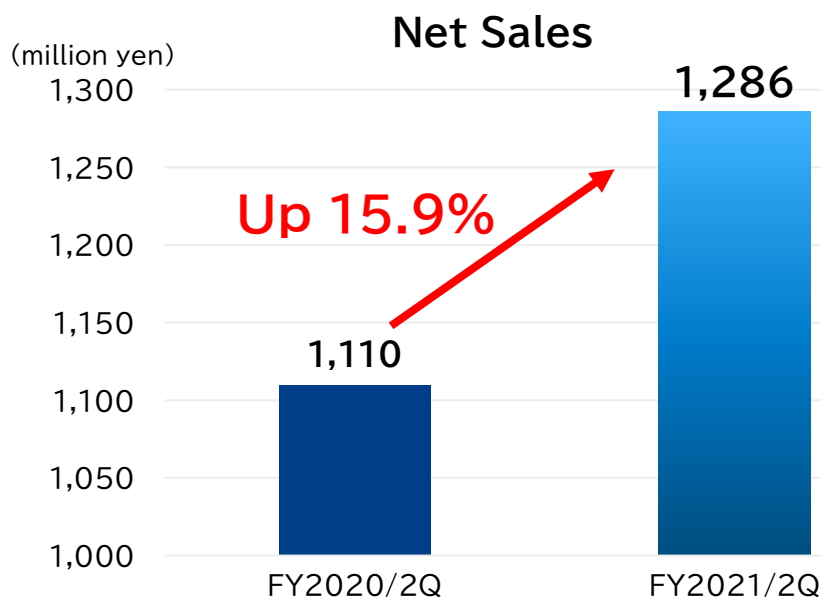
(compared to the previous 2Q)

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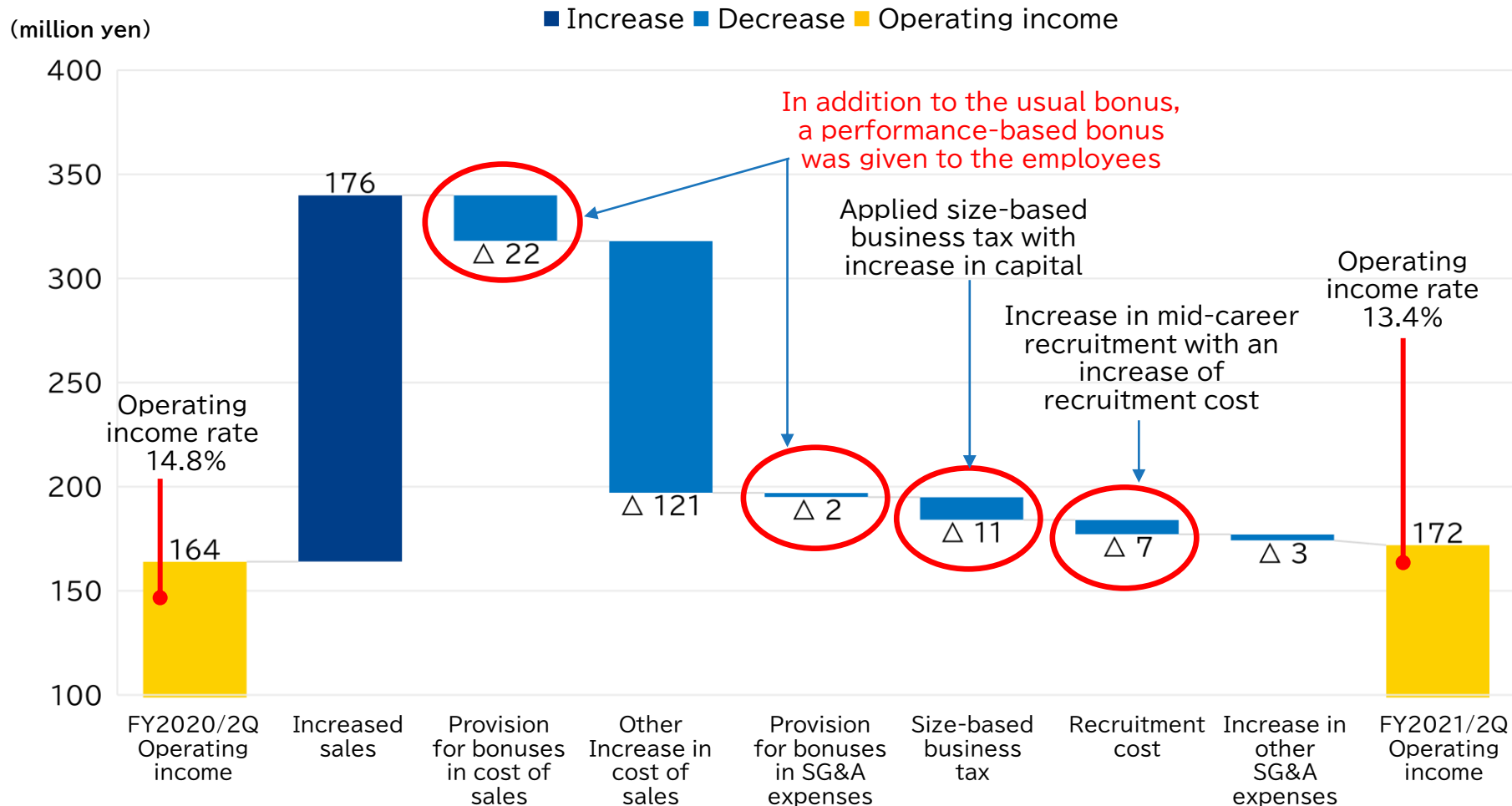
Ordinary income: 177 million yen (**Up6.1%↑**, + 10 million yen) (ditto)

Net income: 124 million yen (**Up10.6%↑**, + 11 million yen) (ditto)



* In view of the good performance, a performance-linked bonus for employees of 25 million.

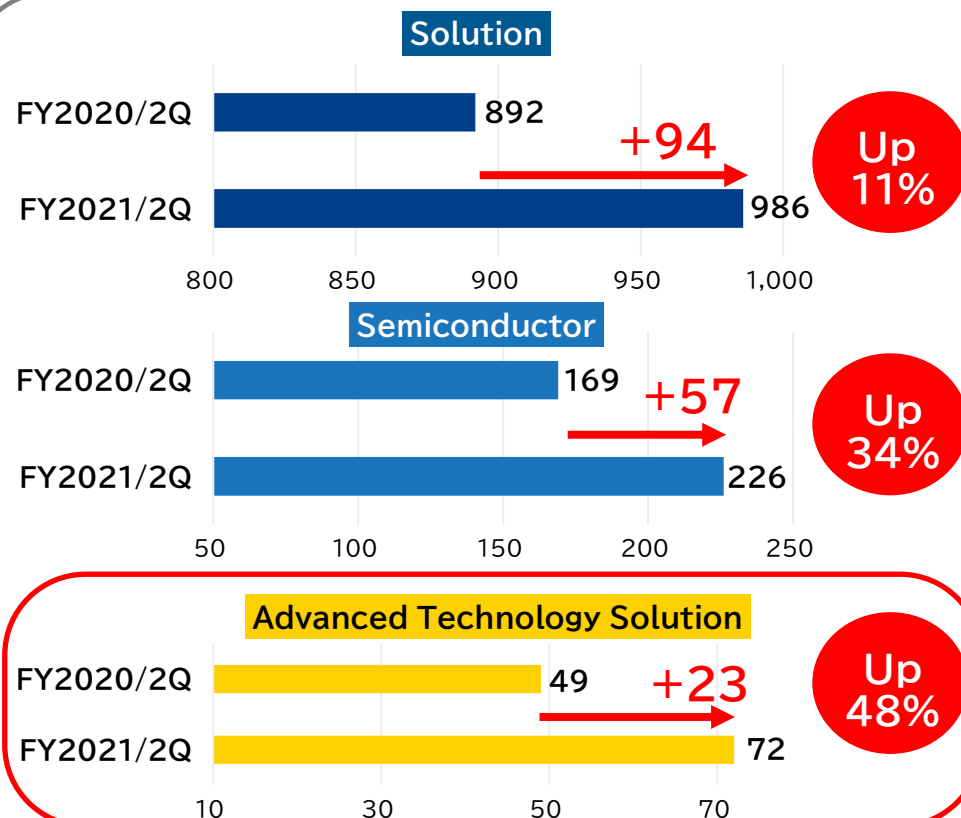
Including SG&A expenses,
7 million yen **increase in operating income** (YoY)



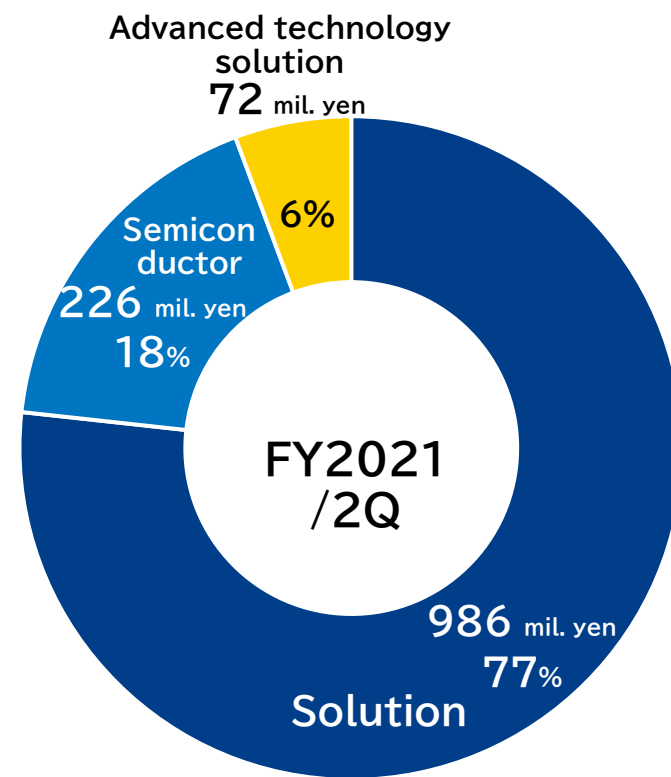
Higher revenues in every category
Up 48% Advanced Technology category

(YoY)

Net sales (by category) (million yen)



Sales proportion (by category)

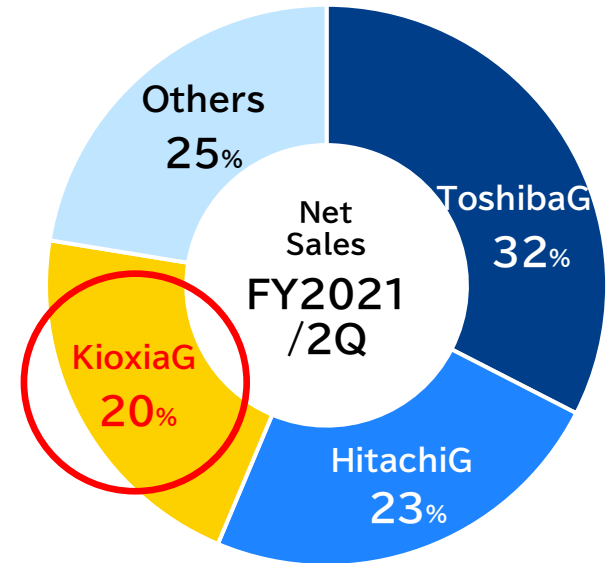
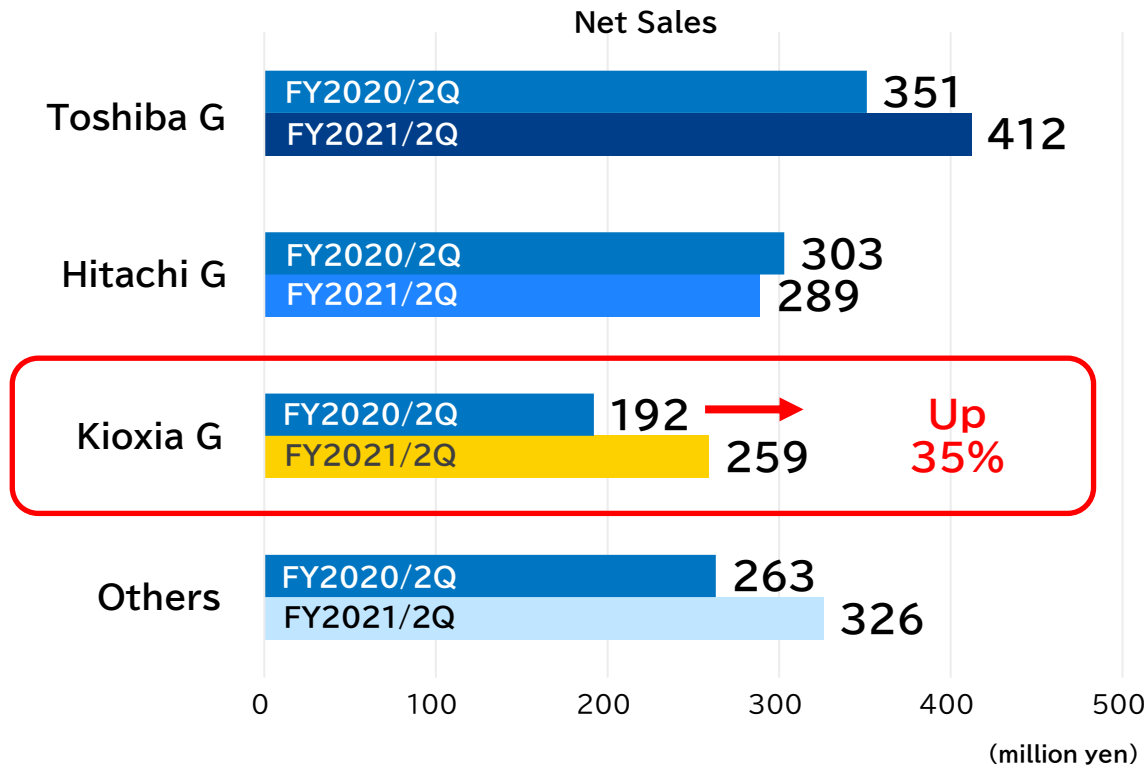


(NOTE) Our business segment is a single segment, so only Net sales of each category could be calculated.

Net Sales by Customer (FY2021/2Q)

Toshiba G, Hitachi G, Kioxia G

Major customers maintaining steady level
Sales to Kioxia G significantly increased
(Up 35% (YoY) 20% of the total)



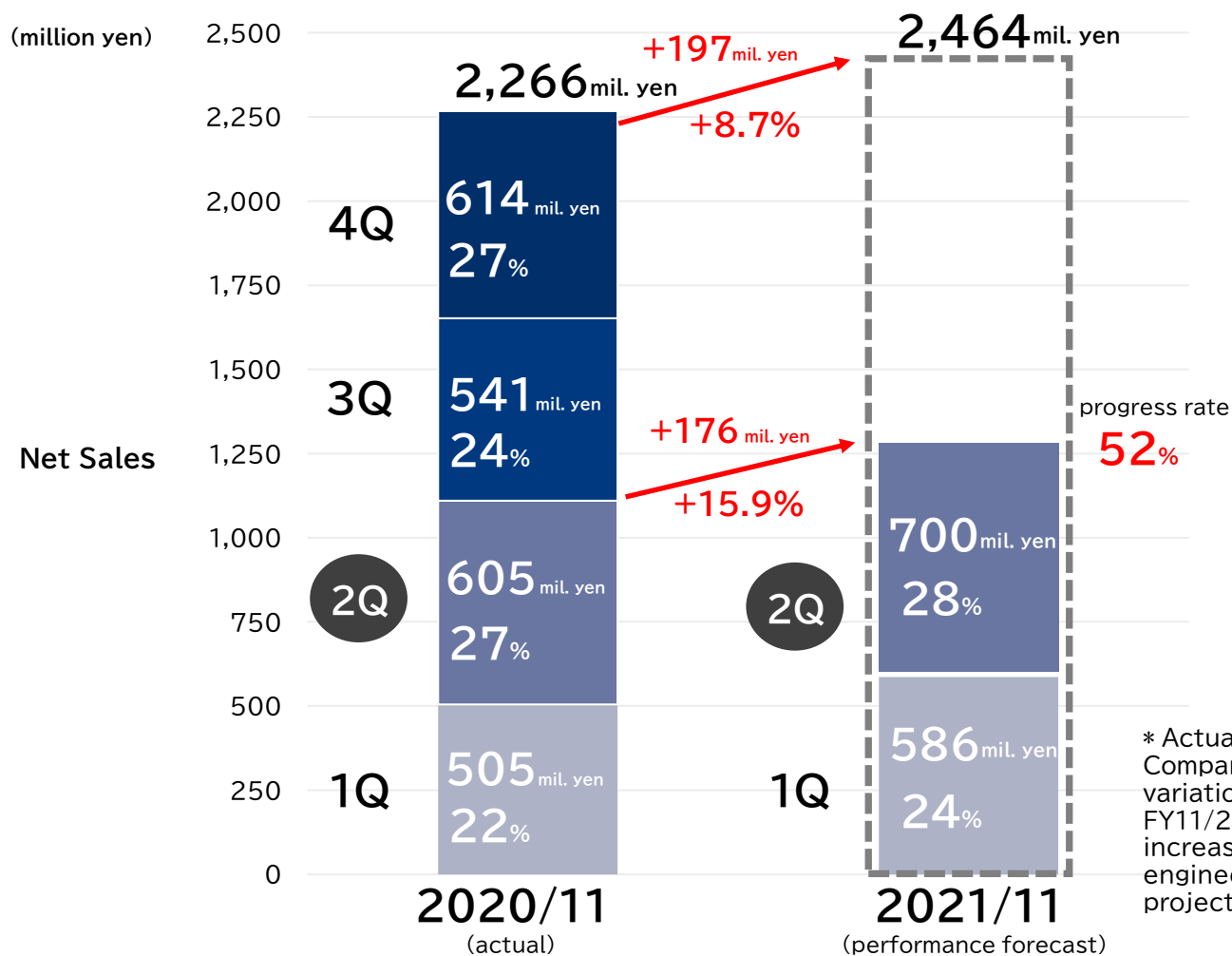
Net Sales by Quarter (FY2021/2Q)

Net sales in 2Q: 1,286 million yen

Additions: **+176 million yen, Up 15.9%** Progress rate: **52%**

(YoY)

(Achievement rate of full year performance forecast)



(Overall) Trend of Major customers (as of 14 July, 2021)

Our orders continue to be strong, as do those of our major customers overall. Despite the impact of Covid-19, the outlook for each company is going towards a positive recovery.

Toshiba G

With the announcement of an investment of 21 billion yen, the company aims to achieve a stable growth as an infrastructure services company, we expect this to have a positive impact on our related key areas and others.

Hitachi G

The company expects sales and profits to increase in the year under review and has announced that it will invest in growth in the key areas of IT, energy and industry. We expect to see an increase in the number of enquiries for our social innovation business, which uses digital technology to solve social and business challenges.

Kioxia G

In the context of semiconductor market going strong, shortage of supply of semiconductors still continues and as such Kioxia has vigorous willingness for investment, notably new building construction (Yokkaichi Plant) and site acquisition (Kitakami Plant) are underway for increased production. It is expected that the Company would receive more orders for operation and maintenance work along with additional semiconductor fabrication plants constructed.

Recruitment achieved

143%

Recruitment goal of the current term has
already **met as 143%** (as of July 14, 2021)

**Recruitment
objective**

(Annual new recruits)

ca. 10% of total employees

Total employees: ca. 300

Recruitment goal: 30

(FY11/2021)

Number of recruits

Recruitment goal
(annual)

30

Actual (2Q end)

39

(3Q., to date)

4

Total

(as of 14 July, 2021)

43

Statement of Income (FY2021/2Q)

Statements of income (FY2021/2Q)

(thousand yen)	FY2020/2Q	FY2021/2Q	+/- amount	+/- %
Net sales	1,110,500	 1,286,741	176,240	15.9%
Cost of sales	773,159	916,680	143,520*	18.6%
Gross profit	337,340	370,060	32,719	9.7%
SG&A expenses	172,647	197,868	25,221*	14.6%
Operating income	164,693	 172,192	7,498	4.6%
<i>(Operating income rate)</i>	<i>(14.8%)</i>	<i>(13.4%)</i>		
Non-operating income	3,000	5,883	2,882	96.1%
Ordinary income	167,694	 177,985	10,291	6.1%
<i>(Ordinary income rate)</i>	<i>(15.1%)</i>	<i>(13.8%)</i>		
Net income	112,890	 124,877	11,986	10.6%
<i>(Net income rate)</i>	<i>(10.2%)</i>	<i>(9.7%)</i>		

* This includes a performance-linked bonus of 25,000 thousand yen to employees for good performance.

Balance sheet (FY2021/2Q)

(thousand yen)	2020/11 end	FY2021/2Q end	+/- amount
Current assets	1,407,497	1,572,352	164,855
Fixed assets	95,425	104,847	9,421
Total assets	1,502,923	1,677,199	174,276
Current liabilities	243,604	303,133	59,528
Fixed liabilities	46,966	50,119	3,153
Total liabilities	290,571	353,252	62,681
Total shareholders' equity	1,212,351	1,323,946	111,595
Total net assets	1,212,351	1,323,946	111,595
Total liabilities & Net assets	1,502,923	1,677,199	174,276

Performance Forecasts

FY11/2021 Full-year

Steady progress against **full-year forecast**

(No change to the full year forecast)

(million yen)	FY11/2020 (actual)	FY11/2021 (forecasts)	FY11/2021 2Q (actual)	Up/Down%
Net Sales	2,266	2,464	1,286	52.2 %
Operating income	304	322	172	53.5 %
Ordinary income	304	328	177	54.2 %
Net income	236	229	124	54.4 %

Company	We forecast an 8.7% increase in sales and a 7.9% increase in recurring profit compared to the previous year. The operating margin is expected to be 13.1%. In 2Q (actual), the ratio was 13.4%, absorbing 25 million yen in performance-linked bonuses.
Solution	Orders for system development projects from the three major corporate groups (Toshiba G, Hitachi G, and Kioxia G), our main clients, continued with the demand. As well as an Increased orders for contract development work at the Totsuka office and head office, which opened in October 2020.
Semi conductor	With the strong semiconductor market, customers are expanding their facilities and the supply of engineering personnel is steadily increasing.
Advanced Technology Solution	AI-related business expanded steadily, such as business concerning deep learning technologies with NEC Corp, which newly started trading with us during the previous term, and technical treatise survey.

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