

# FY2025/9 **First Quarter** Supplementary Material on Financial Results

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**T&S Group Inc.**

TSE Growth: 4055

February 14, 2025



**T & S**  
Technology & Service

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(Theme of current term)

## Something begins

1

### **Net sales and profit in 1Q recorded the highest ever.** (Compared with same quarters in the past)

Net sales	:	921 million yen (YoY Up by 10.0% ↑ : +83 million yen) *
Operating profit	:	155 million yen (YoY Up by 12.7% ↑ : +17 million yen)
Ordinary profit	:	155 million yen (YoY Up by 12.8% ↑ : +17 million yen)
Quarterly profit	:	102 million yen (YoY Up by 1.4% ↑ : + 1 million yen)

\* The figure in 1Q in previous year is actual amount from Dec to Feb due to the change of fiscal year end.

2

### **All categories remain steady, and AI Solution are particularly strong.**

- Net sales of AI Solution category became 122 million yen, significant increase of 87.7% compared with same period of previous year. The growing demand for AI has led to a significant increase in customer inquiries.
- Net sales of DX Solution category became 524 million yen with 2.3% increase, and Semiconductor Solution category became 275 million yen with 5.6% from same period of previous year, resulting in steady growth in all categories .

3

### **Subsidiaries have begun full-scale operation.**

- TS System Solutions is steadily expanding business area.
- Decision on ex-stage's participation in our group has been made. This will lead to strengthen contract development business in the semiconductor field.
- Obtaining necessary permits are in progress for business transfer from T&S to Int IV, Inc.

# Financial Results Overview

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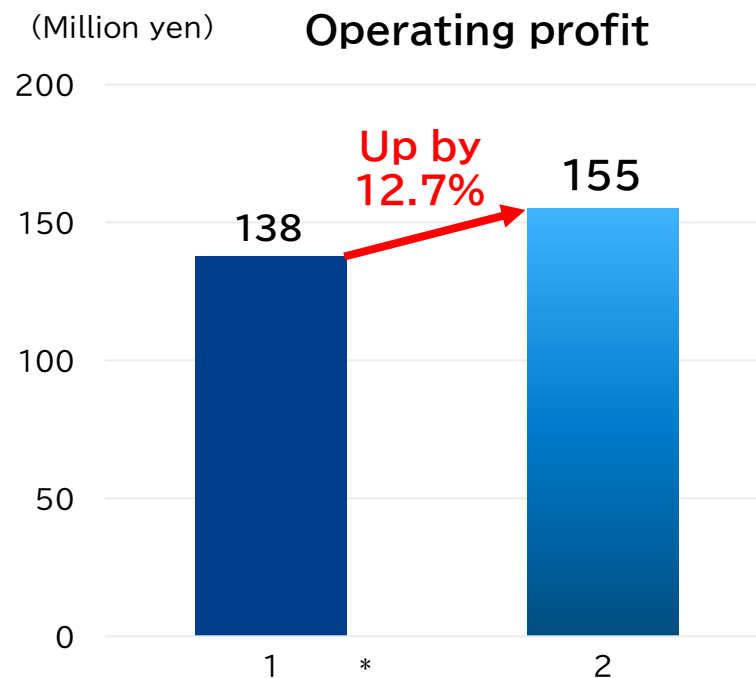
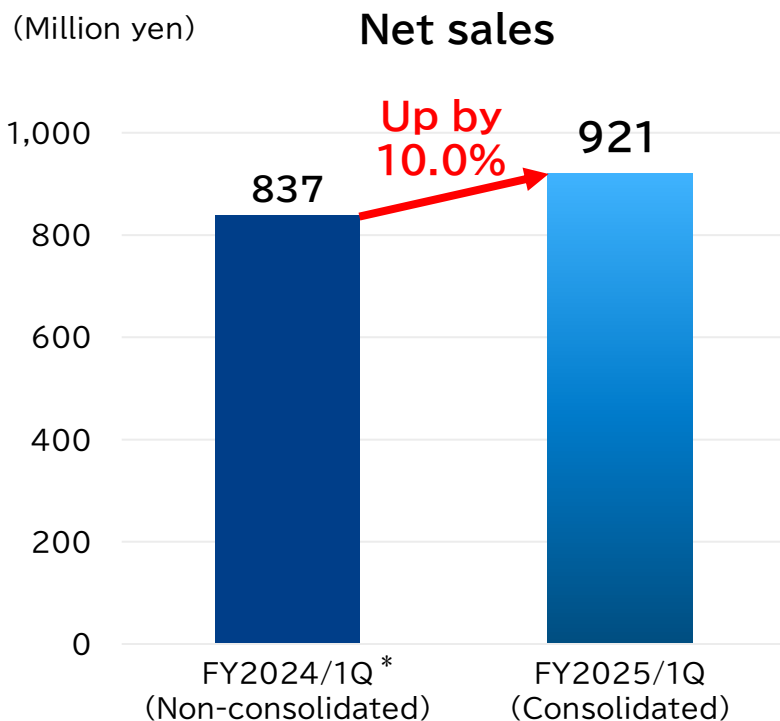
FY2025/9 **First Quarter**

# Financial Results Overview ( FY2025/1Q )

## Achieved record results of 1Q

(Compared with same quarter in the past)

Net sales	:	921 million yen (YoY <b>Up by 10.0%</b> ↑ : +83 million yen)
Operating profit	:	155 million yen (YoY <b>Up by 12.7%</b> ↑ : +17 million yen)
Ordinary profit	:	155 million yen (YoY <b>Up by 12.8%</b> ↑ : +17 million yen)
Quarterly profit	:	102 million yen (YoY <b>Up by 1.4%</b> ↑ : + 1 million yen)

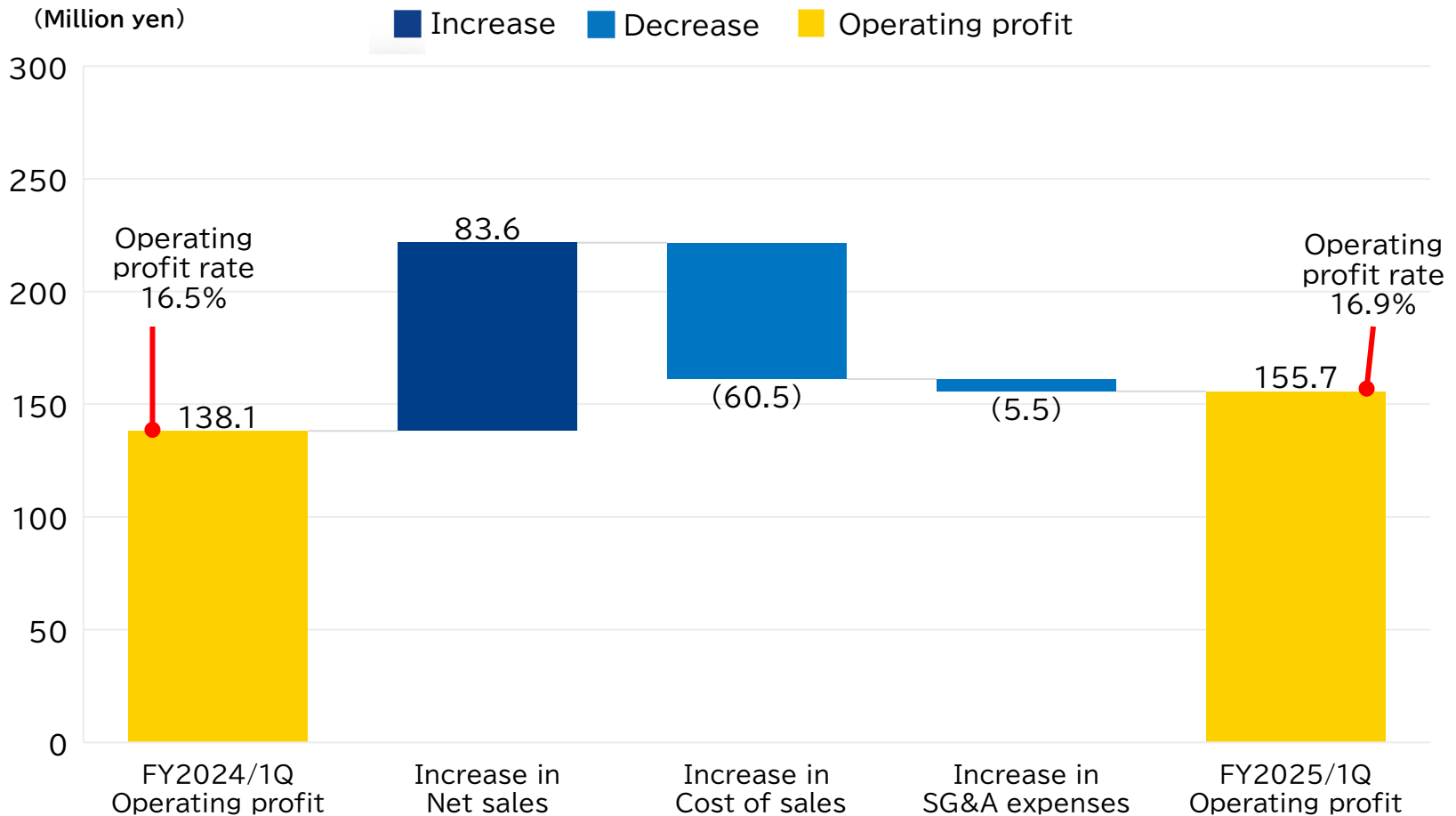


\* The figure in FY2024/1Q is actual amount from Dec to Feb due to the change of fiscal year end.

# Operating profit( FY2025/1Q )

No more special expenses for transition to a holding company and Operating profit increased by 17 million yen. Operating profit rate also improved.

(Compare with same quarter in previous year)

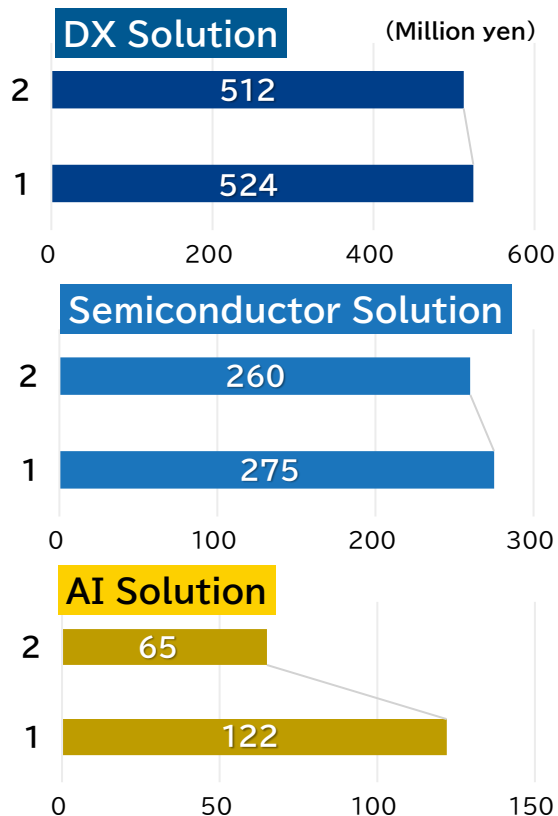


# Net sales by Category ( FY2025/1Q )

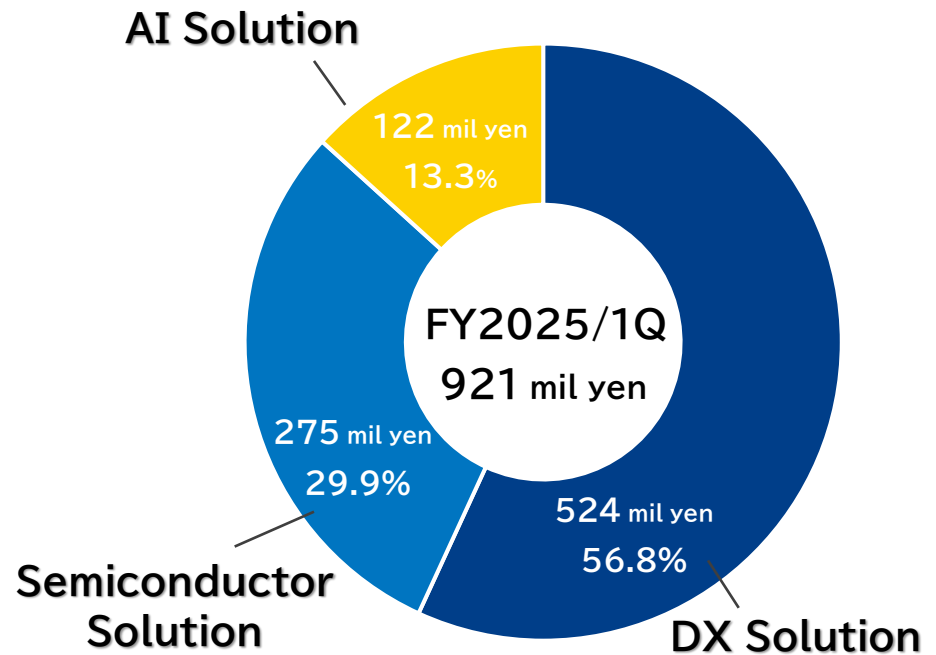
Net sales in AI Solution category are **122 million yen** with significant increase.

DX Solution and Semiconductor Solution remain steady.

Net sales(by category) \*1



Sales ratio(by category) \*1



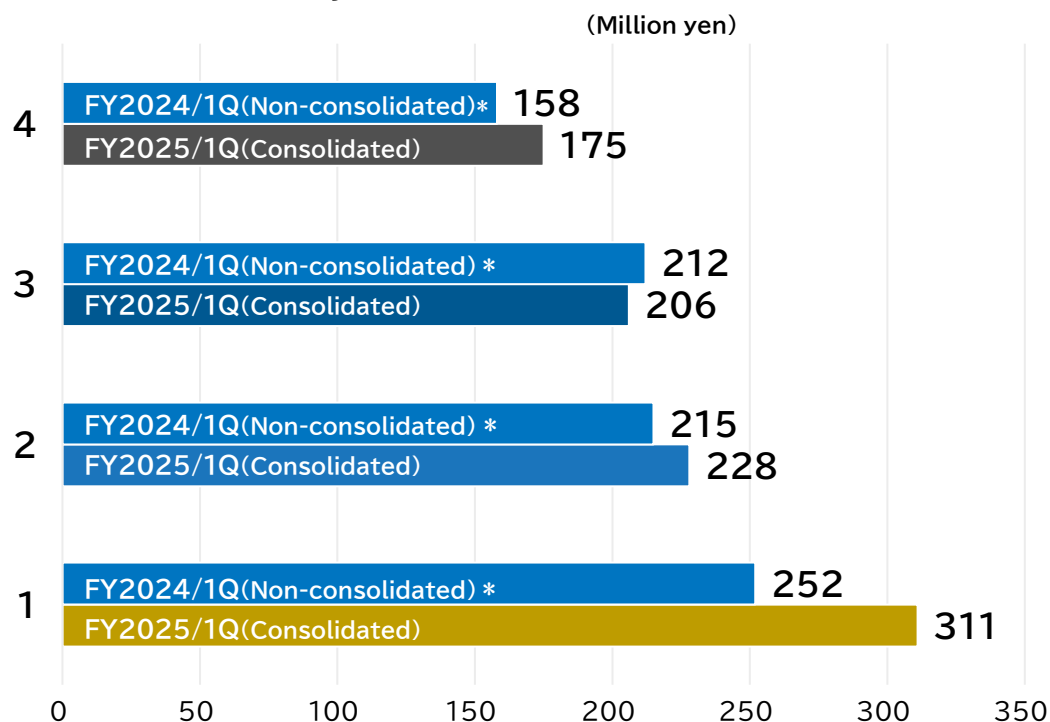
- \*1 Our business segment is a single segment. Only net sales are calculated by category.
- \*2 We have transitioned to consolidated financial statements from FY2024/3Q. Figures for FY2024/1Q are actual non-consolidated results.

# Net sales by Customer( FY2025/1Q )

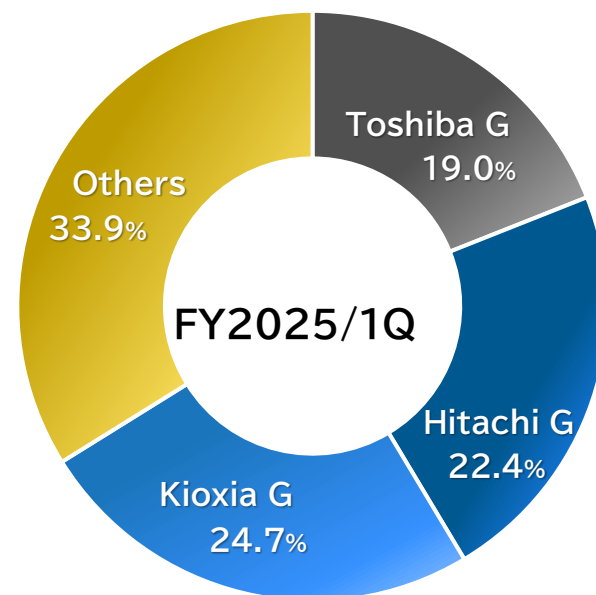
**Toshiba G** and **Kioxia G** increased steadily.

**Other customers** are also increased significantly.

## Net sales(by customer)



## Sales ratio(by customer)



\* We have transitioned to consolidated financial statements from FY2024/3Q. Figures for FY2024/1Q are actual non-consolidated results.



# Quarterly Net sales and Operating profit ( FY2025/1Q )

1Q cumulative Net sales

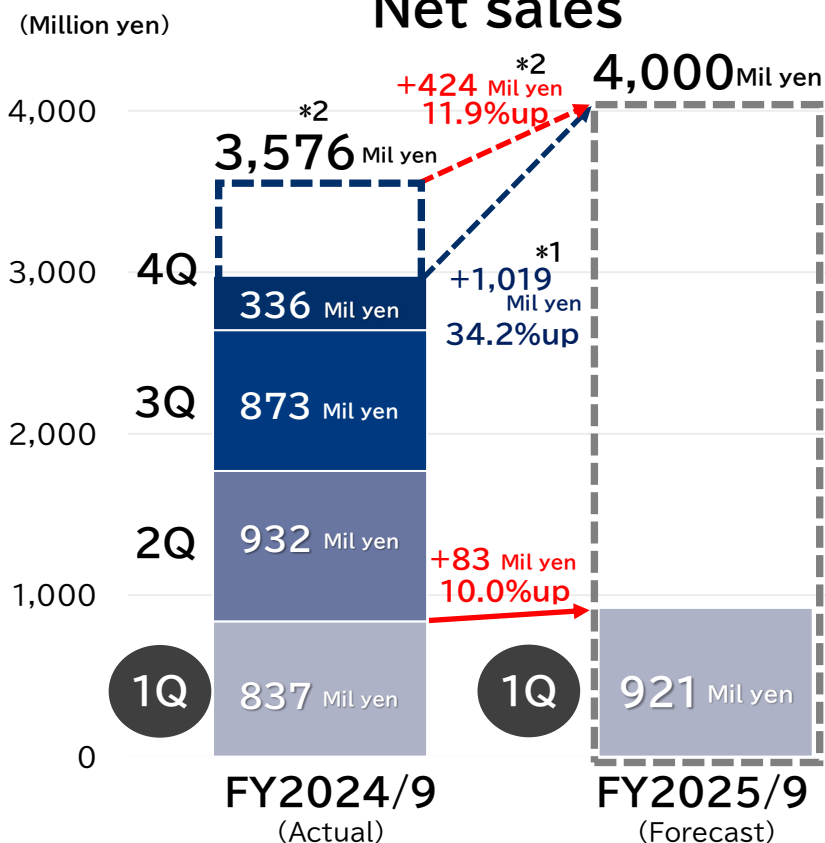
: 921 Million yen

Increase: +83 million yen, 10.0% Up (YoY)

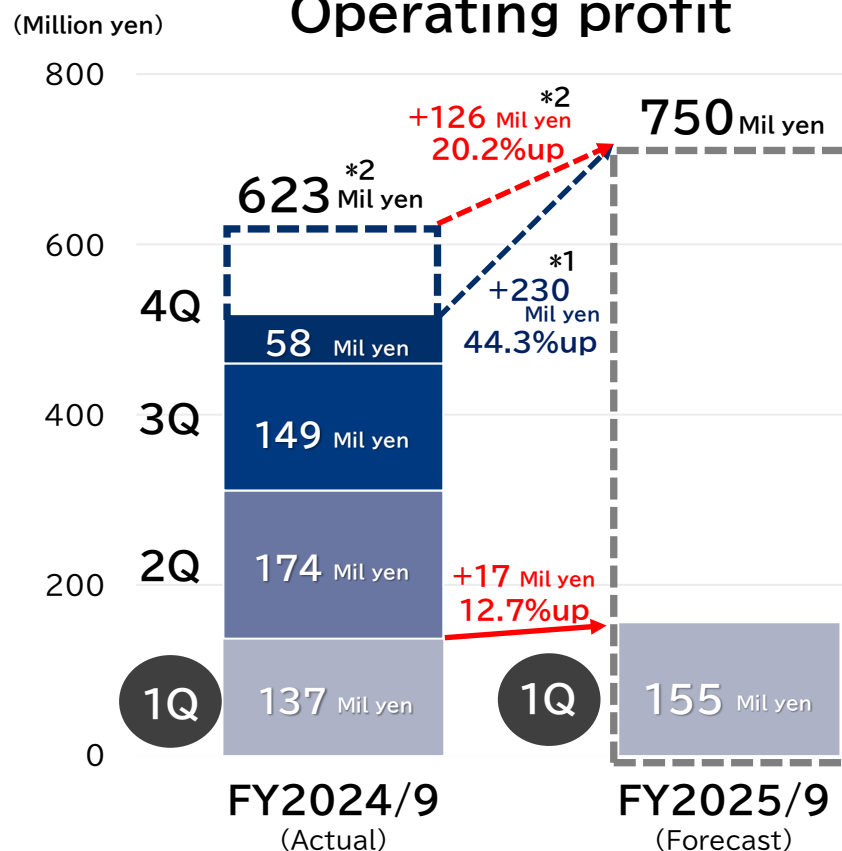
1Q cumulative Operating profit : 155 Million yen

Increase: +17 million yen, 12.7% Up (YoY)

## Net sales



## Operating profit



\*1 Simple comparison with actual FY2024 results (irregular settlement of 10 months due to change of fiscal year end).

\*2 For reference purpose on 12 months basis, the comparison is made with FY2024 results multiplied by 12/10.

# Business Environment - Trend of Major Customers

## (Overall)Trend of Major Customers

Domestic economy is slowly recovering due to the effect of improvements in employment and income and various policies. Semiconductor market is expected to grow significantly as demands are expanding in the area of AI and high performance computing. A tendency to pick up is seen in capital investments, and software investments are showing an upward trend. With these reasons, we are expecting business environment surrounding us to progress steadily. On the other hand, we are paying close attention to inflation, movements of US policies and fluctuations in financial capital market.

### Toshiba G

Business performance is steady thanks to strong HDD and power generation system business while revenue decreased due to delay in semiconductor market recovery. Inquiries to our group is steadily recovering primarily in energy and social infrastructure fields.

### Hitachi G

In the “Digital System & Service” segment, which is responsible for IT services, Lumada business regarding cloud and security is performing steadily. Increase of sales and profit is continuously expected thanks to strong domestic and overseas digital demand, and inquiries to our group is expected to increase.

### Kioxia G

Listed as a public company in December, 2024. Business performance is steady thanks to increase in sales price due to demand-supply balance improvement, recover of demand for flash memory and increased shipping amount. Mid to long term growth is expected in flash memory market as large capacity storage demand increases and expansion of AI-related services. We are expecting more inquiries to our group in preparation for the launch of operations of the 2nd manufacturing building (K2) at the Kitakami factory in the autumn of 2025.

### Others

Inquiries from customers other than 3 major customers above remain steady. We expect further increase in inquiries as business environments surrounding us, such as vigorous AI demand and DX transition, are going well.

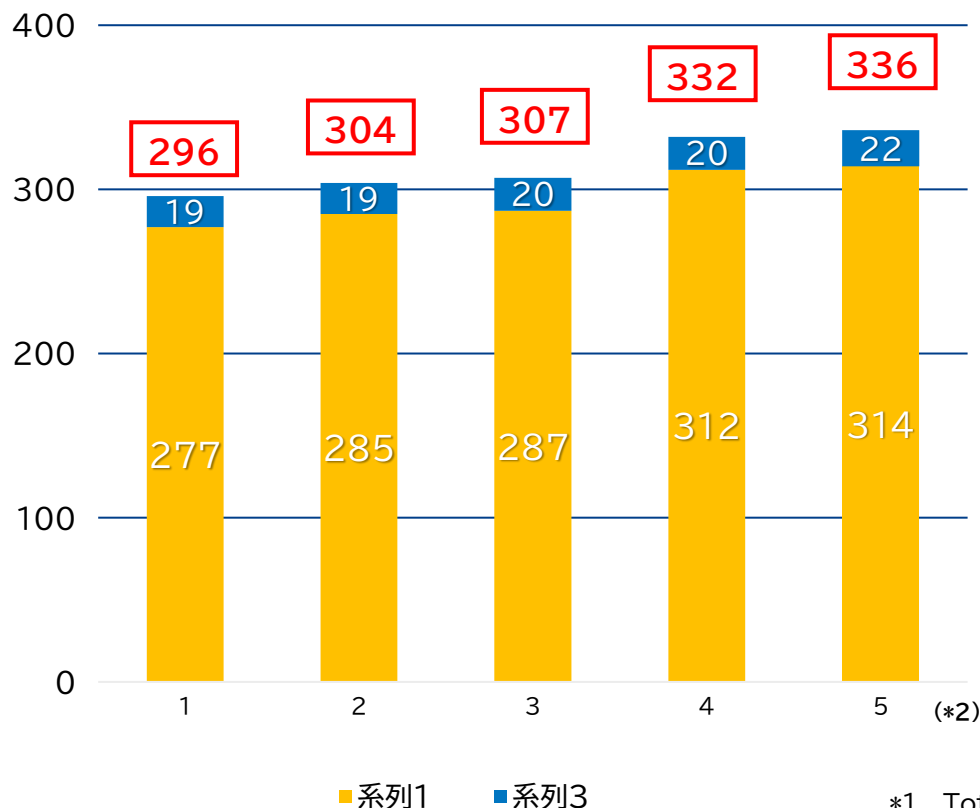
# Status of Engineers

## Moving forward to achieve the goal of this term(377 engineers)

We strive to secure engineer resources by strengthening cooperation with subsidiaries.

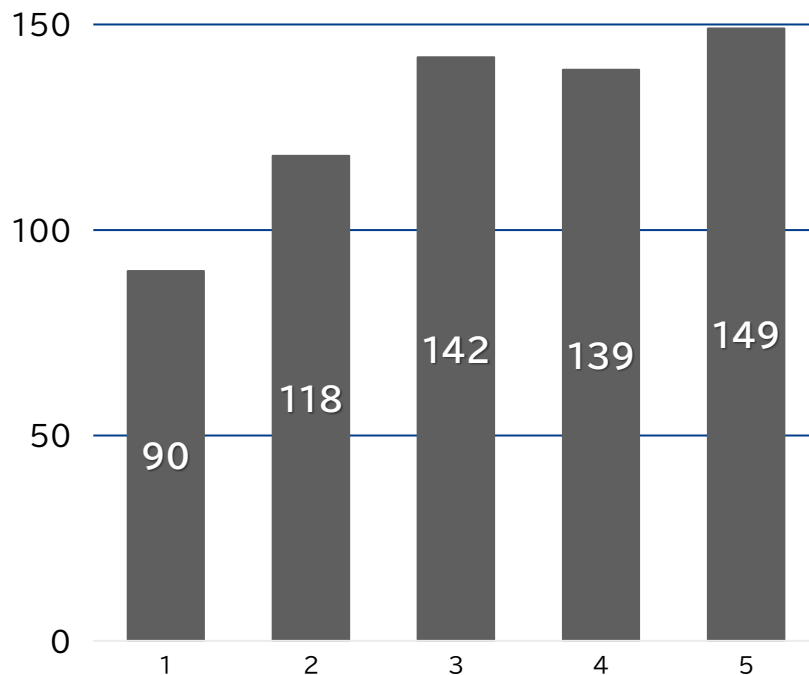
Change in number of employees (\*1)

(Unit:Headcount)



Change in the number of BP(\*3) orders






(Unit: Number of orders)



- \*1 Total of T&S group.
- \*2 At end of FY2025/1Q. (Headcount of ex-stage corporation is not included as they became our group member on 1/31)
- \*3 BP...Business partner. Engineers engaged in our business in the form of outsourcing etc.

# Statement of Income( FY2025/1Q )

## Statement of Income( FY2025/1Q )

Unit:Thousand yen	FY2024/1Q (Non-consolidated)	FY2025/1Q (Consolidated)	+/- amount	+/-%
Net sales	837,993	 921,640	83,646	10.0%
Cost of sales	595,460	656,021	60,561	10.2%
Gross profit	242,533	 265,618	23,085	9.5%
SG&A expense	104,386	109,909	5,523	5.3%
Operating profit	138,146	 155,708	17,561	12.7%
<i>Operating profit rate</i>	<i>16.5%</i>	<i>16.9%</i>		
Ordinary profit	138,260	 155,959	17,699	12.8%
<i>Ordinary profit rate</i>	<i>16.5%</i>	<i>16.9%</i>		
Quarterly profit	100,743	 102,195	1,451	1.4%
<i>Quarterly profit rate</i>	<i>12.0%</i>	<i>11.1%</i>		

※ Transitioned to consolidated accounting from FY2024/3Q.

# Balance Sheets( FY2025/1Q )

## Balance Sheets( FY2025/1Q )

Unit: Thousand yen	FY2024/9 (Consolidated)	FY2025/1Q (Consolidated)	+/- amount
Current assets	2,774,116	2,784,546	10,429
Non-current assets	146,982	161,208	14,225
<b>Total assets</b>	<b>2,921,098</b>	<b>2,945,754</b>	<b>24,655</b>
Current liabilities	424,302	414,067	(10,234)
Non-current liabilities	60,985	62,152	1,167
<b>Total liabilities</b>	<b>485,287</b>	<b>476,219</b>	<b>(9,067)</b>
<b>Total net assets</b>	<b>2,435,811</b>	<b>2,469,535</b>	<b>33,723</b>
<b>Total liabilities and net assets</b>	<b>2,921,098</b>	<b>2,945,754</b>	<b>24,655</b>

# Topics

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T&S Inc., our group company, applied for the 12th “Request for Research Proposal(RFP)” conducted by JAXA's Space Exploration Innovation Hub Center and started the joint research in December, 2024.

### ○ Research subject

(Next-generation mobility field in the Game-changing subject)

Autonomous Geo-Localization for Lunar and Martian Exploration with High-Precision, Low-Power, and Real-Time AI Technology

### ○ Research and development theme

Research and development of a unified method for self-position estimation using camera images and deployment technology for on-board edge devices

## Topic② : Conclusion of joint research contract

We have concluded a new joint research contract with the Center for Innovative Integrated Electronic Systems (CIES) of Tohoku University, National University Corporation.

### Overview of joint research

<b>Subject of Research</b>	Research of Image Recognition Technology with high robustness.
<b>Purpose of Research</b>	Realizing practical use of object recognition model by research and development of image recognition algorithm with high robustness.
<b>Research Content</b>	<ul style="list-style-type: none"><li>• Research of object recognition model for generic and specific environment, and consideration for its practical use.</li><li>• Renovation and implementation of model and improvement of data set required for improving accuracy in relevance of environment, target and object recognition models.</li><li>• Verification by use of AI accelerator after optimization such as compression of model size and shortening processing time.</li></ul>
<b>Contract Term</b>	From January 1 to December 31, 2025 (1 year)
<b>Location of Research</b>	Center for Innovative Integrated Electronic Systems of Tohoku University T&S Inc.



## Topic③ : Acquisition of stock (ownership) of ex-stage corporation

A decision is made and ex-stage corporation (Kuki City, Saitama) became a consolidated subsidiary of T&S group from FY2025/2Q.



Company Name	ex-stage corporation
Address	23-25, Kamimachi, Kuki City, Saitama
Representative	Norimitsu Kashiura, Representative Director
Date of establishment	April 8, 2008
Capital stock	10,200,000 yen
Description of business	Planning, development, production, Maintenance management and consulting of software and computer systems.
HP	<a href="https://ex-stage.co.jp/">https://ex-stage.co.jp/</a>

# Earnings Forecast and Progress

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FY2025/9 First Quarter

# Earnings Forecast and Progress

## (theme) Something begins

Unit: million yen	FY2024/9 (Consolidated/Actual)	FY2025/9 (Consolidated/Forecast)	FY2025/9 1Q (Consolidated/Actual)	Progress rate (%)
Net sales	2,980	4,000	921	23.0%
Operating profit	519	750	155	20.8%
Ordinary profit	520	750	155	20.8%
Net profit	321	492	102	20.8%

### Entire T&S group

Market environment surrounding our group is expected to change steadily and we expect business performance of overall T&S group to go successfully.

We also expect to expand our engineering resources by strengthened recruitment of new graduates and mid-career engineers and by acquisition of ex-stage corporation. Sequential contributions to sales are expected.

### T&S System Development Business HQ

We still have many new and continuing inquiries from main customers and expect business performance to remain steady. As the demand for transition of business from system development to system maintenance is high and we expect to maintain long-lasting order system continuously.

By strengthening training of new graduates and enhancing engineer resources through mid-career recruitment and BP, we will aim to get new deals with new customers as well as with existing main customers.

### T&S IT Services Business HQ

We are expecting steady business performance as inquiries from main customers continuously increasing. As semi-conductor manufacturers, our main customers, are planning to expand facilities and production bases to develop cutting-edge semi-conductors for the purpose of establishing a stable domestic supply system, we expect the demand for IT services from semi-conductor factories to remain stable.

We will proceed with new graduates and mid-career recruitment in line with annual recruitment plan to increase by 10% and aim to increase sales and expand business by proper assignment of human resources.

### T&S Advanced Technology Business HQ

Inquiries related to generative AI and cutting-edge AI solutions remain strong and business performance is expected to remain steady.

We aim to expand business by strengthening development system of cutting-edge technologies and capturing new projects.

### TS System Solutions

Aggressive recruitment of mid-career engineers continues successfully.

We have made a good start as a new company while strengthening relationship with partners and constantly processing orders from new projects.

The trend of rapid growth in orders since the start of December in the latter half of 1Q, is expected to continue steadily.

Increase in engineers at priority customers is confirmed and business performance is expected to continue successfully.

# Shareholder Returns

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# Shareholder Returns

## 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 achieving this goal shall lead to the return of profits to shareholders.

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 FY2025/9, the Company plans to pay a dividend of 8.00 yen per share, aiming for a dividend payout ratio of around 10%, in line with the above policy.

The financial indicators that take into account the above measures are as follows.

	Dividend per share	Dividend ratio	Dividend on equity ratio(DOE)
FY2024/9	8.00yen Breakdown : Ordinary dividend 7.00yen Commemorative dividend 1.00yen	18.9%	2.5%
FY2025/9 (Forecast)	8.00yen	12.3%	2.3%

## Contact

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