

FY2025/9 **Second Quarter** Supplementary Material on Financial Results

T&S Group Inc.

TSE Growth: 4055

May 14, 2025



T & S
Technology & Service

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(Theme of current term)

Something Begins

1 Achieved **record revenue**. Significant increase from 2Q in previous year. (Compared with same quarters in the past) *

Net sales	:	2,016 million yen (YoY Up by 13.9%↑ : +245 million yen)
Operating profit	:	369 million yen (YoY Up by 17.7%↑ : +55 million yen)
Ordinary profit	:	371 million yen (YoY Up by 18.1%↑ : +56 million yen)
Quarterly profit	:	242 million yen (YoY Up by 11.1%↑ : +24 million yen)

* The figure in 2Q in previous year is actual amount from Dec to May due to the change of fiscal year end.

2 Good performance of AI Solution continues. Semiconductor Solution category has recovered as well.

- Net sales of AI Solution category became 236 million yen, significant increase of 66.3% compared with same period of previous year. Demand for AI and high-performance computing has led to a significant increase in inquiries to the Company.
- Net sales of Semiconductor Solution category recovered and became 605 million yen, increase of 15.9% compared with same period of previous year. System development project increased in conjunction with business recovery of semiconductor manufacturers.
- Net sales of DX Solution category is steady and became 1,174 million yen with 6.2% increase compared with same period of previous year, and continued stable growth as our platform category.

3 Consolidation of ex-stage corporation started. Respective subsidiaries actively developing new customers.

- Consolidation of ex-stage corporation, our subsidiary, started from 2Q in current year. Semiconductor related development system has been strengthened.
- Respective subsidiaries are strengthening efforts in finding new customers and have started business with multiple new customers.
- INT IV, Inc., our subsidiary, has formed a business partnership with CHI CO., LTD., aiming to expand AI Solution business.

Financial Results Overview

FY2025/9 **Second Quarter**

Financial Results Overview (FY2025/2Q)

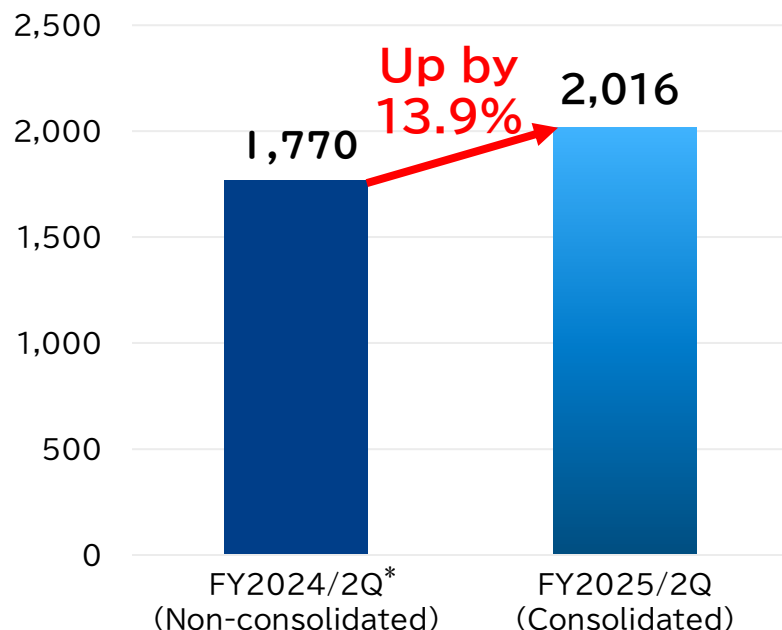
Achieved record revenue

(Compared with same quarter in the past)

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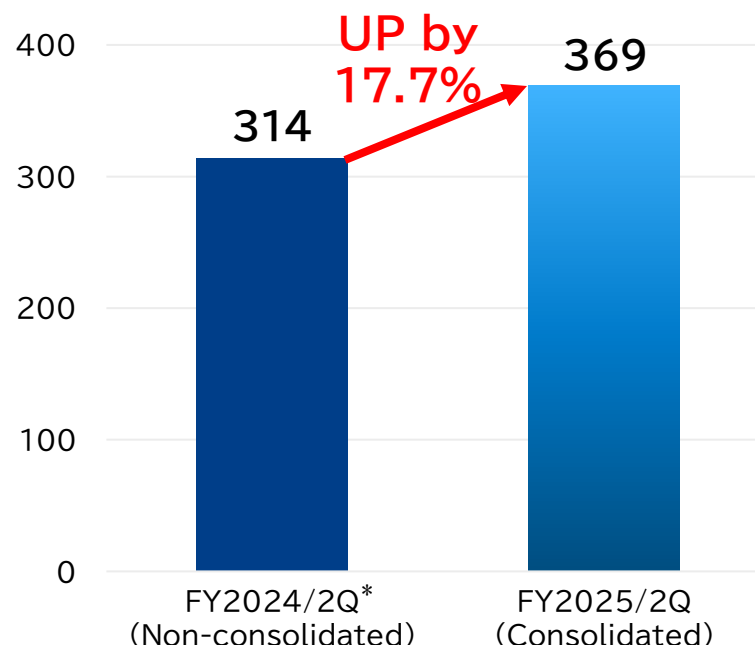
(Million yen)

Net sales



(Million yen)

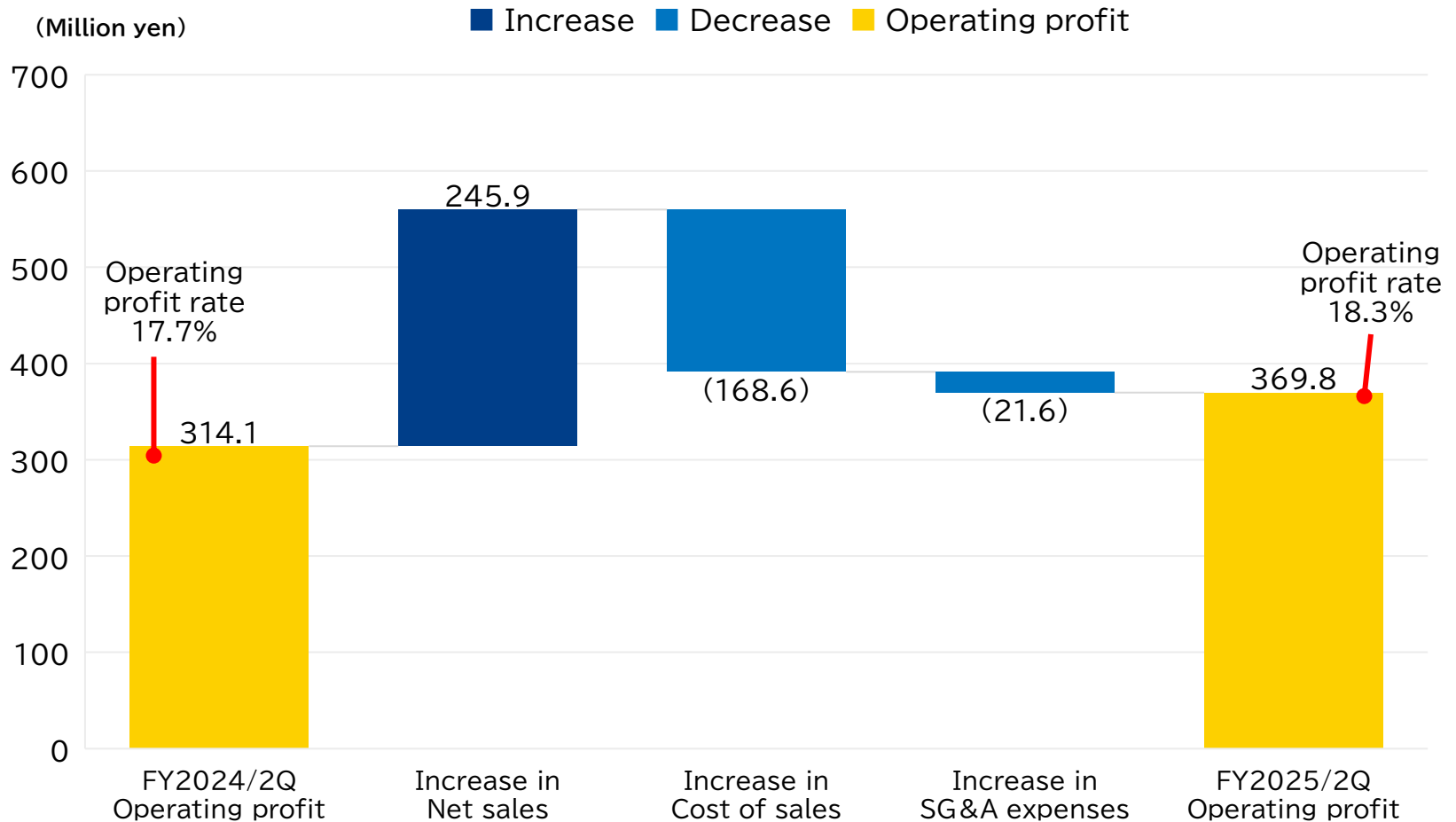
Operating profit



* The figure in FY2024/2Q is actual amount from Dec to May due to the change of fiscal year end.

Operating profit(FY2025/2Q)

Performance improvement effect thanks to the incorporation of holding company surpassed the increase of SG&A and resulted in operating profit increased by 55 million yen.
(Compare with same quarter in previous year)



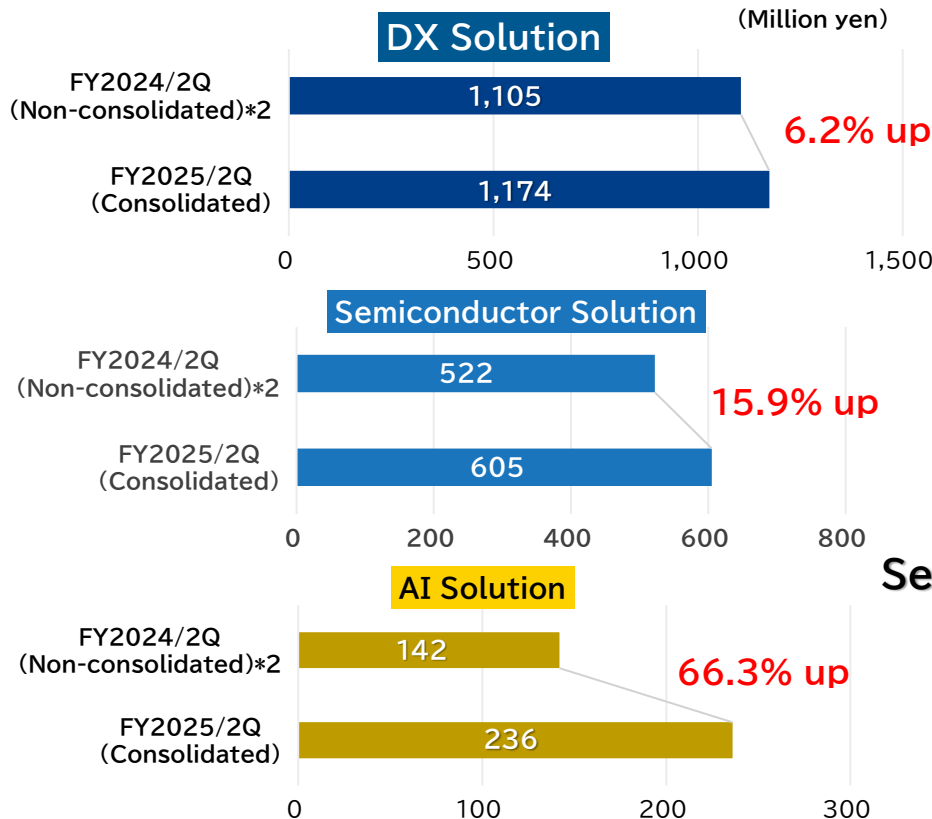
Net sales by Category (FY2025/2Q)

Net sales in AI Solution increased significantly by **66.3%**.
(Compare with same quarter in previous year)

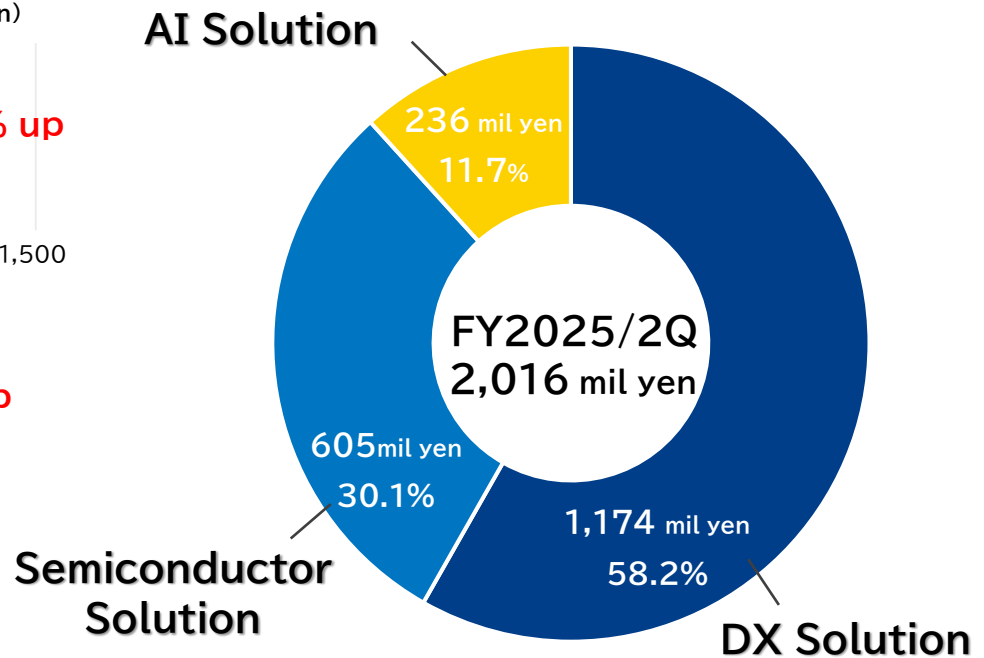
Net sales in Semiconductor Solution recovered rapidly by **15.9%**.
(Compare with same quarter in previous year)

Net sales of DX Solution remain steady with **6.2%** increase.
(Compare with same quarter in previous year)

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 FY2024/2Q are actual non-consolidated results.

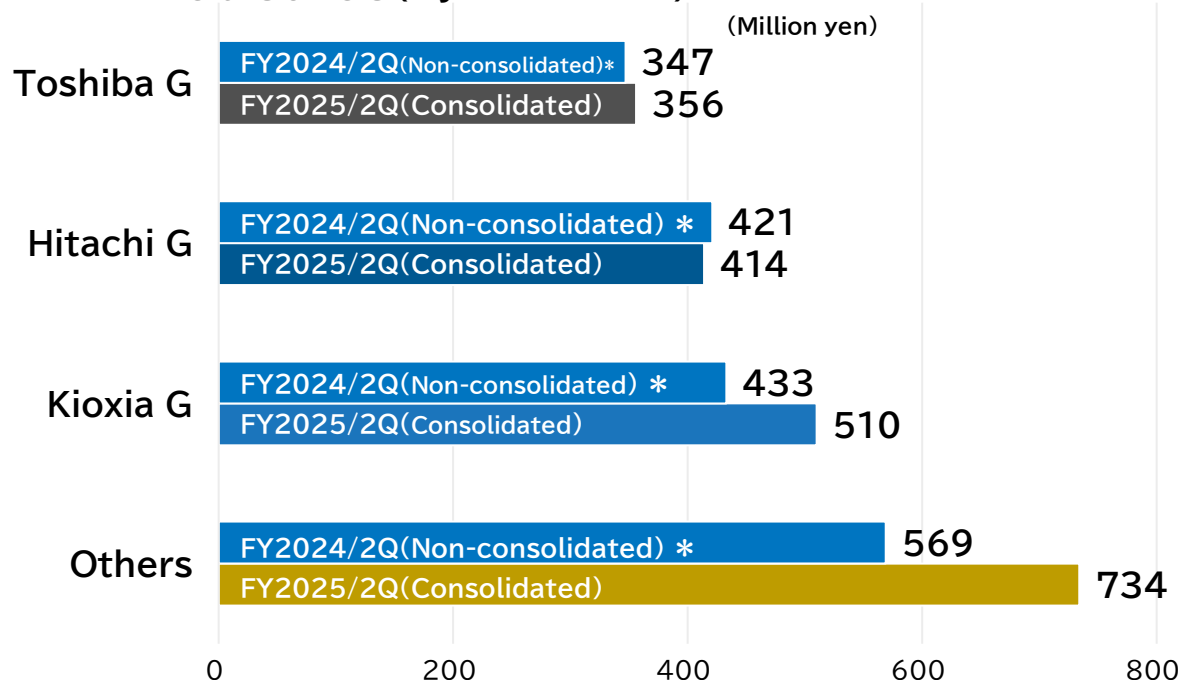
Net sales by Customer(FY2025/2Q)

Kioxia G recovered rapidly.

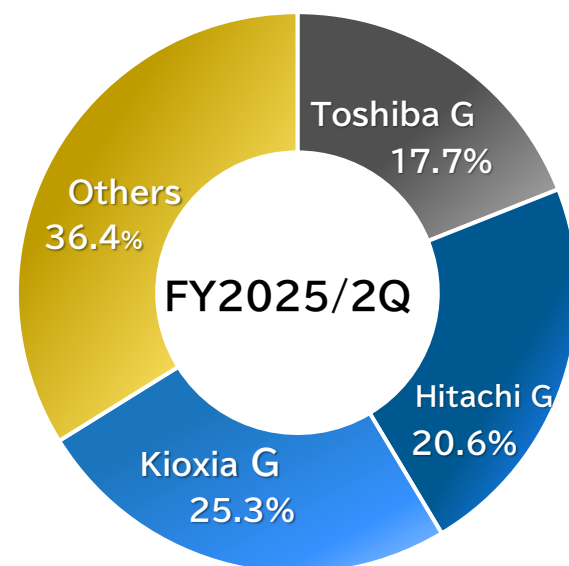
Toshiba G and **Hitachi G** progressed steadily.

Other customers also increased significantly.

Net sales(by customer)



Sales ratio(by customer)



* We have transitioned to consolidated financial statements from FY2024/3Q.
Figures for FY2024/2Q are actual non-consolidated results.

Quarterly Net sales and Operating profit(FY2025/2Q)

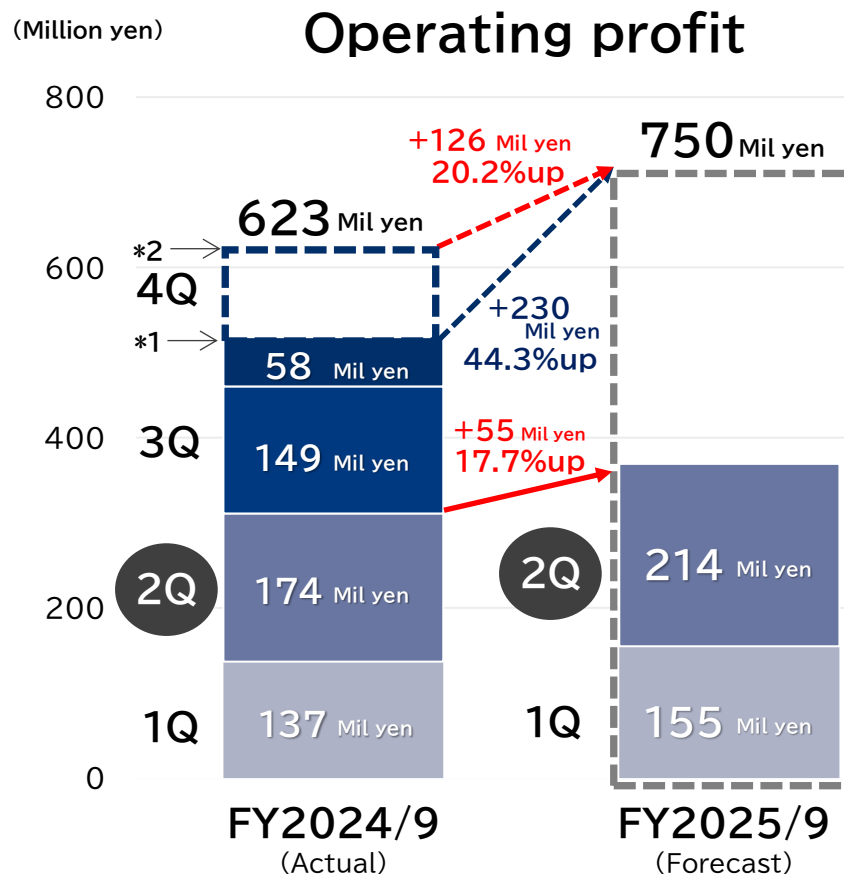
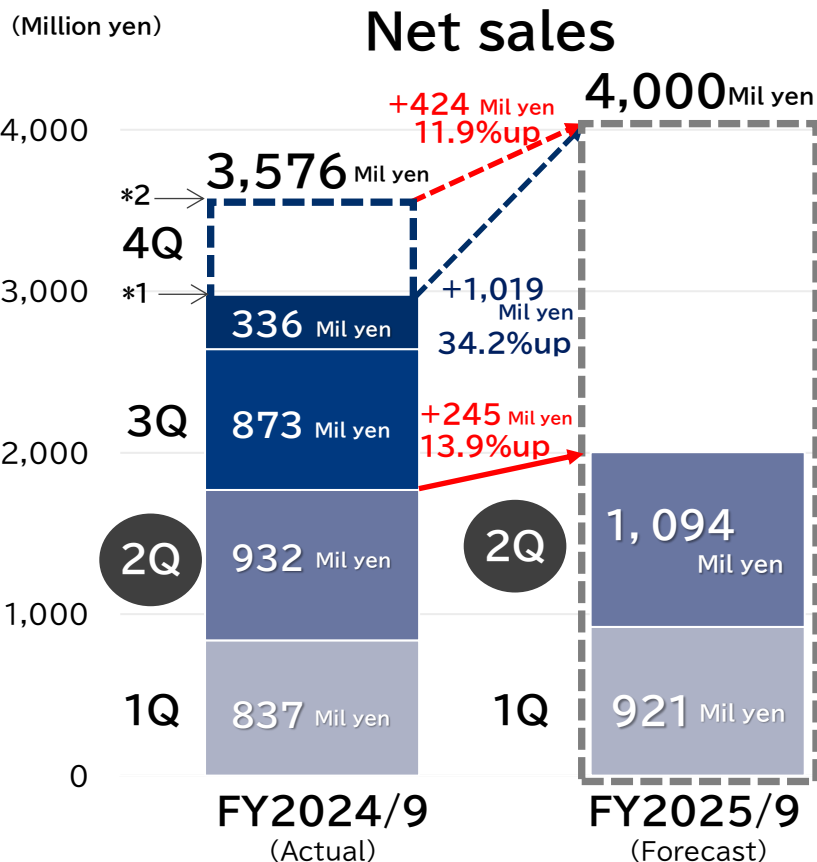
2Q cumulative Net sales

: 2,016 mil yen

Increase: +245 million yen, 13.9% Up(YoY)

2Q cumulative Operating profit : 369 mil yen

Increase: +55 million yen, 17.7% Up(YoY)



- *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

They are going well after the semiconductor market got out of the slump which continued until last year. Although some standstills remain, domestic economy is slowly recovering due to the effect of improvements in employment and income situation and various policies, and the investment demand for software is showing tendency for expansion to respond to efficiency improvement in consideration of demand for AI and high-performance computing and labor shortage. Thus, business environment surrounding our group is expected to progress steadily. On the other hand, though we expect no direct impact on our group, effects of the new policies lead by US president are continuously uncertain and therefore we are paying close attention to tariff increase, recurrence of US-China trade friction and rising geopolitical risks.

Toshiba G

Business performance is progressing steadily thanks to strong HDD and power generation system business while revenue decreased due to the effect of restructuring after its stocks were delisted. Results of management reforms are steadily reflected in business performance and inquiries to our group is recovering constantly.

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 tailwind of DX modernization, and inquiries to our group is expected to increase.

Kioxia G

9 months cumulative performance achieved record revenue after becoming independent from Toshiba G in 2018. They are expected to progress steadily as the rapid spread of AI becomes driving force of growth despite temporary weakness of demand for PC and smartphone. Along with the recovery of overall demand for flash memory, inquiries to our group is expected to increase.

Others

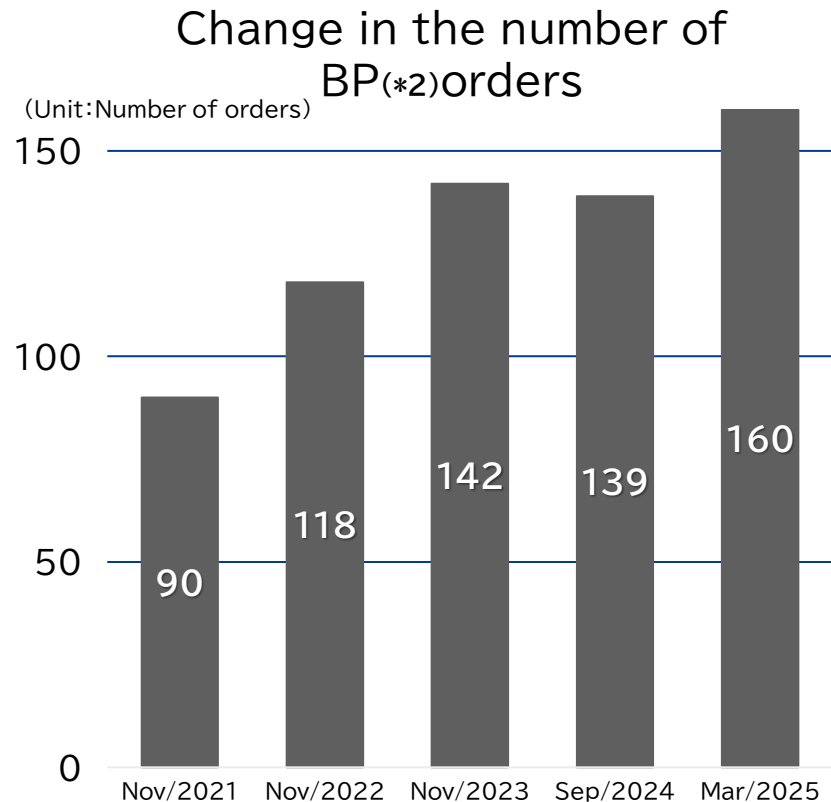
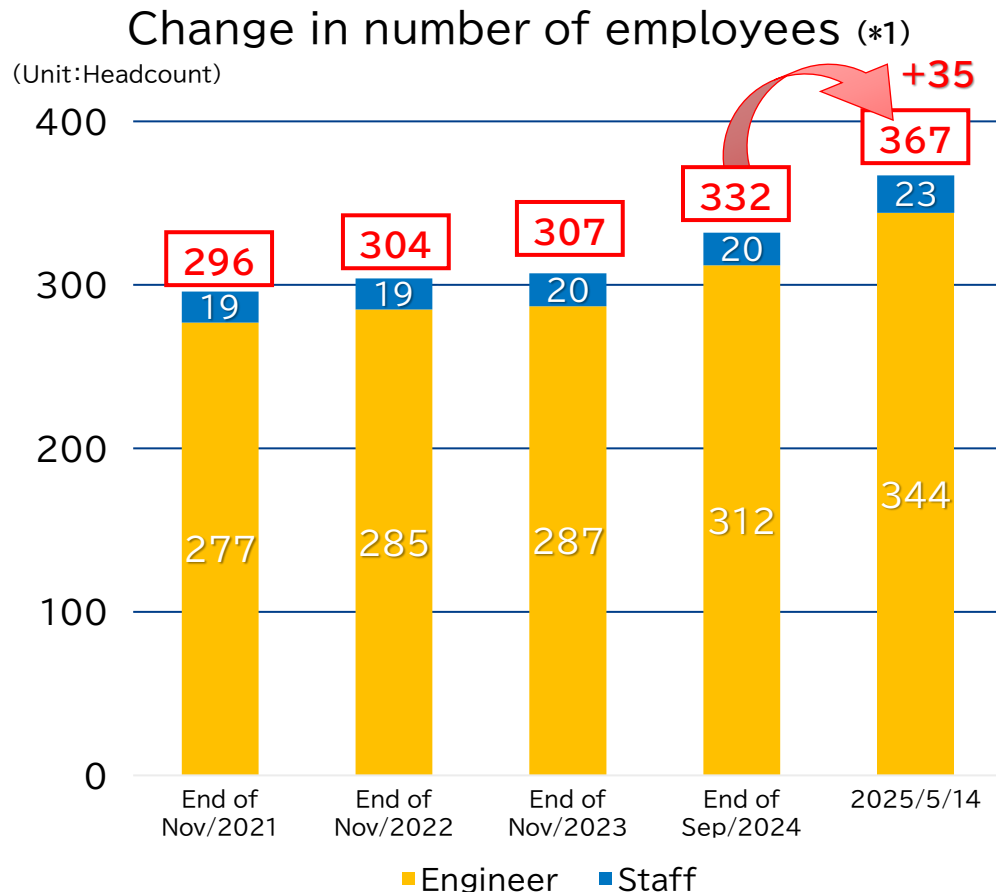
Business with new customers other than 3 biggest customers are increasing as our activities to find new customers are progressing further. Business environment such as vigorous AI demand and DX transition are expected to progress steadily and inquiries to our group is expected to increase.

(Prepared based on materials publicized by customers and newspaper reports)

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.








*1 Total of T&S group.

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

Statement of Income(FY2025/2Q)

Statement of Income(FY2025/2Q)

Unit:Thousand yen	FY2024/2Q (Non-consolidated)	FY2025/2Q (Consolidated)	+/- amount	+/-%
Net sales	1,770,648	 2,016,636	245,987	13.9%
Cost of sales	1,246,247	1,414,875	168,628	13.5%
Gross profit	524,401	 601,760	77,359	14.8%
SG&A expense	210,255	231,893	21,638	10.3%
Operating profit	314,145	 369,866	55,720	17.7%
<i>Operating profit rate</i>	<i>(17.7%)</i>	<i>(18.3%)</i>		
Ordinary profit	314,456	 371,357	56,901	18.1%
<i>Ordinary profit rate</i>	<i>(17.8%)</i>	<i>(18.4%)</i>		
Quarterly profit	218,625	 242,820	24,194	11.1%
<i>Quarterly profit rate</i>	<i>(12.3%)</i>	<i>(12.0%)</i>		

※ Transitioned to consolidated accounting from FY2024/3Q.

Balance Sheets(FY2025/2Q)

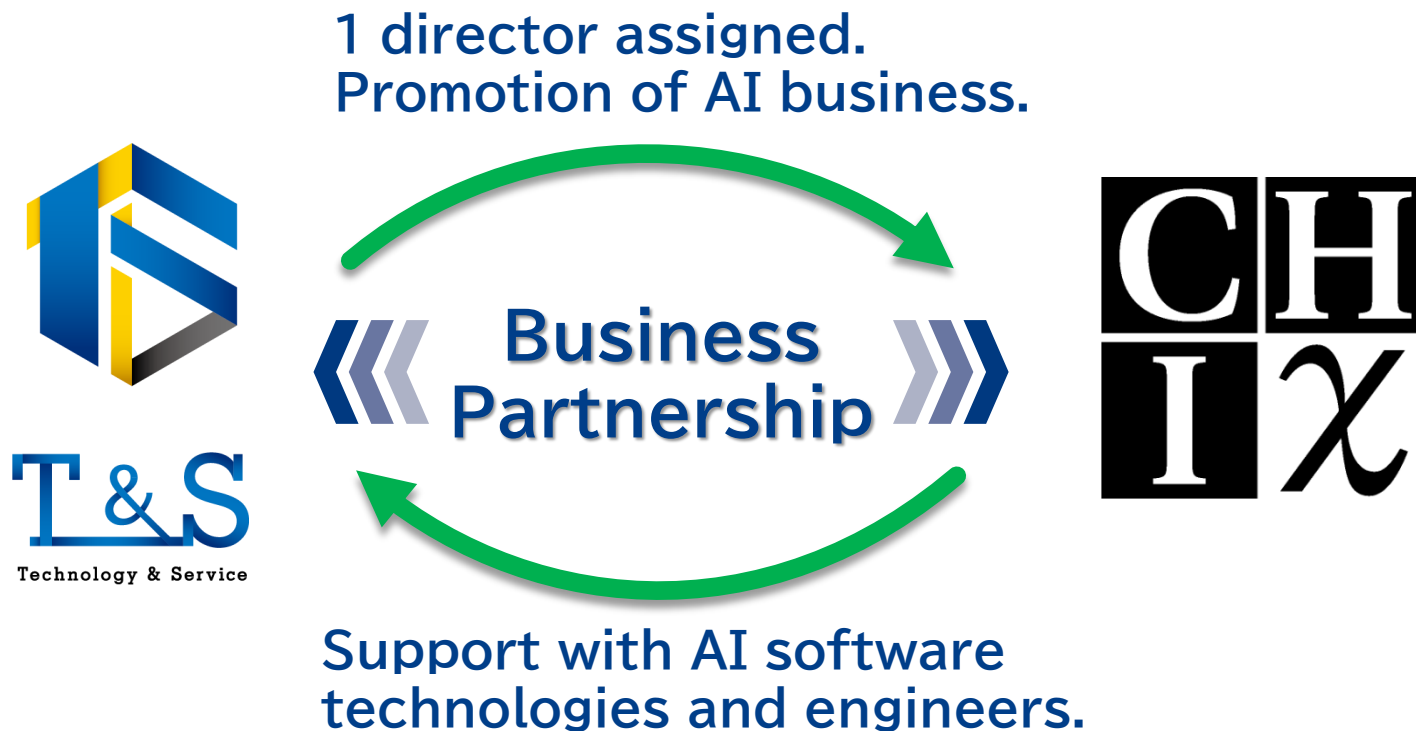
Balance Sheets(FY2025/2Q)

Unit:Thousand yen	FY2024/9 (Consolidated)	FY2025/2Q (Consolidated)	+/- amount
Current assets	2,774,116	2,948,587	174,471
Non-current assets	146,982	274,892	127,910
Total assets	2,921,098	3,223,480	302,381
Current liabilities	424,302	539,441	115,139
Non-current liabilities	60,985	64,806	3,821
Total liabilities	485,287	604,248	118,961
Total net assets	2,435,811	2,619,231	183,419
Total liabilities and net assets	2,921,098	3,223,480	302,381

Topics

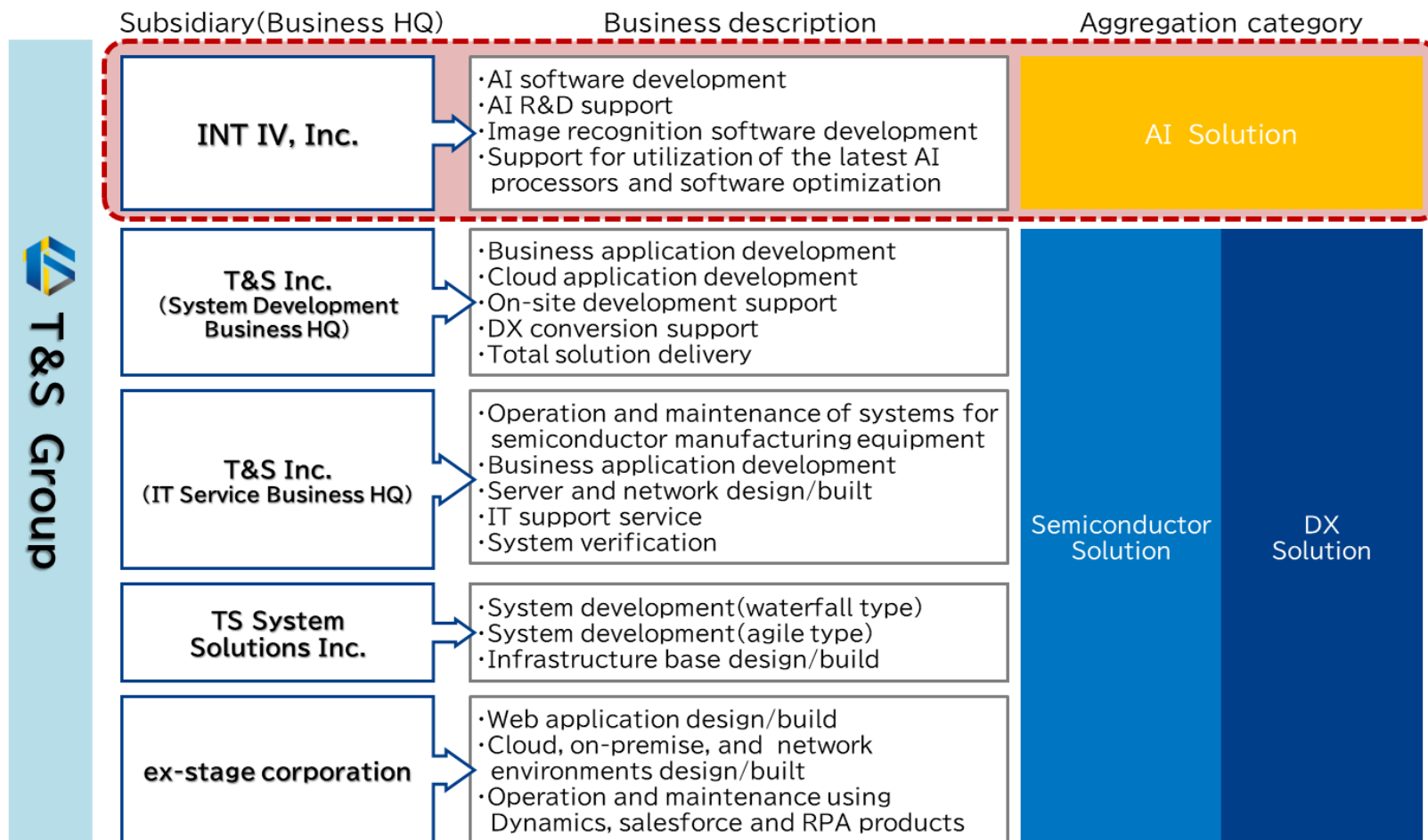
Topic① : Business partnership with CHI CO., LTD.

We have concluded a business partnership contract with CHI CO., LTD, aiming to expand AI solutions business.



Topic② : INT IV , Inc. has launched its business

INT IV, Inc. took over AI business and fully launched activities from April 1, 2025.



INT IV, Inc. will promote AI software development related business and contribute to the dramatic growth of T&S group.

Topic③ : Status of activities to find new customers

Respective subsidiaries are progressing well for finding new customers and have started business with some customers.

(alphabetical order)

■ HC Networks, Ltd.

TS System Solutions Inc. has started business with HC Networks, Ltd. formerly in Hitachi group (at Tokyo, rep director: Takashi Tanaka) to provide network engineering services for large financial service firms.

■ LAC Co., Ltd.

TS System Solutions Inc. has started business with LAC Co., Ltd. (at Tokyo, rep director: Toshikazu Murayama) to provide network engineering services for large real estate firms.

■ NTT COMWARE CORPORATION

T&S Inc. have started to provide IT services relating to information system security to NTT COMWARE CORPORATION (at Tokyo, rep director: Masato Kuroiwa) in collaboration with ex-stage corporation.

Earnings Forecast and Progress

FY2025/9 Second Quarter

Earnings Forecast

(theme) **Something begins**

Unit: million yen	FY2024/9 (Consolidated/Actual)	FY2025/9 (Consolidated/Forecast)	FY2025/9 2Q (Consolidated/Actual)	Progress rate (%)
Net sales	2,980	4,000	2,016	50.4%
Operating profit	519	750	369	49.3%
Ordinary profit	520	750	371	49.5%
Net profit	321	492	242	49.3%

Entire T&S group

Business performance of our entire group is expected to progress smoothly as a result of sales effort by respective subsidiaries to increase new customers and expand engineer resources. We will promote to expand respective business by utilizing company split and features of respective subsidiaries. We do not see, at this moment, direct impact of reciprocal tariff measures announced by the US Administration on our group's business.

T&S System Development Business HQ

Business performance is expected to progress steadily due to the constant inquiries from main customers such as semiconductor manufacturers for continuing and new projects. The transition rate from system development service to system maintenance service remains high, and therefore we expect constant and continuous business opportunities in the long run. We also expect to receive large development business from main customers, which should contribute to our business performance.

T&S IT Services Business HQ

Steady business performance is expected as inquiries from main customers continuously increasing. As semiconductor manufacturers, our main customers, are planning to expand facilities and production bases to develop cutting-edge semiconductors for the purpose of establishing a stable domestic supply system, we expect the demand for IT services from semiconductor 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.

Int IV

Continuous increase of orders are expected from both existing and new customers for the 2nd half of this year thanks to constant inquiries for generative AI and edge AI solutions. We aim for acceleration of growth by enhancing management structure as a new company from April onwards and promote business collaboration with other companies.

TS System Solutions

Customer engagement has been enhanced as business increased with existing customers. Also, activities to find new customers are going well and business performance is expected to progress steadily. We will aim for further growth mainly in the area of DX.

ex-stage

Ex-stage became a member of T&S group in January, 2025 and a consolidated subsidiary from 2Q. Contribution to the group performance is expected by enhancing internal cooperation and collaboration.

Shareholder Returns

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% (10months figure as a result of FY change)	2.5%
FY2025/9 (Forecast)	8.00yen	12.3%	2.3%

Contact

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