



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

July 14, 2021

Company name: T&S inc. Listing: Tokyo Stock Exchange
 Securities code: 4055 URL: <https://www.tecsvc.co.jp/>
 Representative: President and CEO Yoshihiro Takekawa
 Contact: Director, Executive Officer and General Manager of Corporate Division
 Hiroshi Kinoshita Tel: 81-45-263-8286

Scheduled date of file of Quarterly Securities Report: July 14, 2021
 Scheduled date of to commence dividend payments: -
 Preparation of supplementary material on financial results: Yes
 Holding of financial results meeting: Yes (For Corporate investor and Analysts)

(Amounts less than one million yen are rounded down)

1. Financial results of the Second Quarter of FY11/2021 (December 1, 2020 until May 31, 2021)**(1) Operating results (cumulative)**

(Percentages indicate year-on-year changes)

	Net sales		Operating income		Ordinary income		Net income	
	Million Yen	%	Million Yen	%	Million Yen	%	Million Yen	%
2Q of FY11/2021	1,286	15.9	172	4.6	177	6.1	124	10.6
2Q of FY11/2020	1,110	—	164	—	167	—	112	—

	Net income per share	Diluted net income per share
	Yen	Yen
2Q of FY11/2021	34.12	32.24
2Q of FY11/2020	35.71	—

(Notes)

- As for the 2Q of FY11/2021 on the diluted net income per share, although the dilutive shares exist, the company was not listed on the stock exchange at the time. Therefore, the average share price has not been calculated during the period and omitted.
- As of the 14th of April 2020, the company carried out a 1,100-for-1 share split of its ordinary shares. On the 1st of December 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	%
2Q of FY11/2021	1,677	1,323	78.9%
FY11/2020	1,502	1,212	80.7%

(Reference) Shareholders' equity 2Q of FY11/2021: 1,323 million yen
 FY11/2020: 1,212 million yen

2. Dividends

	Annual dividends per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
FY11/2020	—	0.00	—	13.50	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 until November 30, 2021)

(Percentages indicate year-on-year changes)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Million Yen	%	Million Yen	%	Million Yen	%	Million Yen	%	Million Yen
Full year	2,464	8.7	322	5.7	328	7.9	229	△2.9	61.37

(Note)

Revisions to performance forecasts published most recently: No

*** 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)	2Q FY11/2021	3,799,000 shares	FY11/2020	3,585,600 shares
2. Number of treasury stock at the end of the period	2Q FY11/2021	— shares	FY11/2020	— shares
3. Average number of shares during the period	2Q FY11/2021	3,660,013 shares	2Q FY11/2020	3,161,400 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 future 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 future prospects such as performance forecasts	3
2. Quarterly Financial Statements and Principal Notes	4
(1) Quarterly Balance Sheet	4
(2) Quarterly Statements of Income	5
(The second quarter cumulative period)	5
(3) Notes on Quarterly Financial Statements	6
(Going concern assumption)	6
(Notes in case of significant changes in the 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 Second Quarter cumulative period, the Japanese economy was hit by renewed restrictions on socio-economic activities due to the declaration of a state of emergency and the imposition of priority measures to prevent the spread of the virus (covid-19) - the movement towards economic normalization. On the other hand, within corporate activities, the importance of Information technology (IT) and the trend towards IT in business continue to grow, with telecommunication and online meetings establishing and rapidly advancing towards DX (Digital Transformation). Although the economy is continuing to pick up, partly due to various policies and improvements in overseas economies, some weaknesses are increasing. We need to continue to pay attention to the downside risks to the economy and the impact on the employment environment.

Our business is in a single segment of system development and related services; we are developing our business in three-category structures - Solutions, Semiconductors, and Advanced Technology solutions. Despite the economic environment mentioned above, the Solutions 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, the Group sought to expand the provision of solutions into developing AI-related products.

As a result, in the current Second Quarter cumulative period, net sales were 1,286,741 thousand yen (up 15.9% year-on-year), with a good business performance granted a performance-linked bonus of 25,000 thousand yen to employees. Operating income was 172,192 thousand yen (up 4.6% year-on-year), ordinary income was 177,985 thousand yen (up 6.1% year-on-year), and net income was 124,877 thousand yen (up 10.6% year-on-year). All levels of profit increased year-on-year. We also made good progress in recruiting engineers, with 39 new graduates and mid-career workers in the first half of the current fiscal year.

The operating results for each business line-up (categories) for the first half of the current fiscal year are as follows.

① Solution Category

Net sales in the current Second Quarter cumulative period were 986,950 thousand yen (up 10.6%, year-on-year).

Sales grew by more than 10% compared to the same period the previous year. Continued orders for the development of management systems for factories and plants resulted in increased contract development projects from major clients.

② Semiconductor Category

Net sales in the current Second Quarter cumulative period were 226,790 thousand yen (up 34.0%, 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 Second Quarter cumulative period were 72,999 thousand yen (up 48.5%, year-on-year).

Steady growth with ongoing orders from existing clients, mainly for AI algorithm R&D support services and technical paper research support, orders from new clients also contributed to sales.

(2) Descriptions regarding financial positions

(Assets)

Current assets at the end of the second quarter of the current fiscal year were 1,572,352 thousand yen, increasing 164,855 thousand yen compared to the end of the previous fiscal year. This was mainly due to an increase of 105,357 thousand yen in cash and deposits and 48,496 thousand yen in accounts receivable-trade. Fixed assets total 104,847 thousand yen, increasing 9,421 thousand yen compared to the end of the previous fiscal year. This was mainly due to an increase in deferred tax assets of 9,407 thousand yen due to the rise in the provision for bonuses.

As a result, total assets amounted to 1,677,199 thousand yen, increasing 174,276 thousand yen compared to the end of the previous fiscal year.

(Liabilities)

Total current liabilities were 303,133 thousand yen at the end of the second quarter of the current fiscal year, i.e. increase by 59,528 thousand yen compared to the end of the previous fiscal year. Mainly due to an increase of 61,609 thousand yen in the provision for bonuses, an increase of 31,780 thousand yen in income taxes payable, an increase of 17,490 thousand yen in accounts payable, a decrease of 32,554 thousand yen in accrued expenses, and 20,300 thousand yen in accrued consumption tax due to the payment of winter bonuses. Total non-current liabilities were 50,119 thousand yen, i.e. increase of 3,153 thousand yen compared to the end of the previous fiscal year, due to an increase in provision for retirement benefits of 3,153 thousand yen.

As a result, total liabilities were 353,252 thousand yen, i.e. increase by 62,681 thousand yen as compared to the end of the previous fiscal year.

(Net assets)

Total net assets were 1,323,946 thousand yen at the end of the current Second Quarter fiscal period, i.e. increase of 111,595 thousand yen compared to the end of the previous fiscal year. This is mainly because of retained increase of 124,877 thousand yen through recording quarterly net income, whereas it decreased by 24,202 thousand yen due to dividends.

(3) Descriptions regarding future prospects such as performance forecasts

There is no change in performance forecasts for the full year, as announced in the "Summary of Financial Results for Fiscal Year Ended November 30, 2020 (FY11/2020)" published on January 14, 2021.

2. Quarterly Financial Statements and Principal Notes**(1) Quarterly Balance Sheets**

(Thousands of yen)

	Previous fiscal year (Nov. 30, 2020)	Current second quarter of fiscal period (May. 31, 2021)
Assets		
Current assets		
Cash and deposits	1,016,928	1,122,286
Notes and accounts receivable - trade	250,442	298,939
Work in progress	6,147	14,086
Accounts receivable - other	121,206	129,685
Other	13,672	8,454
Allowance for doubtful accounts	△900	△1,100
Total current assets	1,407,497	1,572,352
Non-current assets		
Property, plant and equipment	23,542	22,927
Intangible assets	1,178	2,010
Investments and other assets	70,704	79,908
Total non-current assets	95,425	104,847
Total assets	1,502,923	1,677,199
Liabilities		
Current liabilities		
Accounts payable - trade	64,473	81,963
Income taxes payable	42,326	74,106
Provision for bonuses	5,822	67,432
Other	130,981	79,630
Total current liabilities	243,604	303,133
Non-current liabilities		
Provision for retirement benefits	38,895	42,048
Other	8,071	8,071
Total non-current liabilities	46,966	50,119
Total liabilities	290,571	353,252
Net assets		
Shareholders' equity		
Capital stock	334,600	340,060
Capital surplus	285,929	291,390
Retained earnings	591,821	692,496
Total shareholders' equity	1,212,351	1,323,946
Total net assets	1,212,351	1,323,946
Total liabilities and net assets	1,502,923	1,677,199

(2) Quarterly Statements of Income
(The second quarter cumulative period)

(Thousands of yen)

	Former second quarter cumulative period (Dec. 1, 2019 – May.31, 2020)	Current second quarter cumulative period (Dec. 1, 2020 – May. 31, 2021)
Net sales	1,110,500	1,286,741
Cost of sales	773,159	916,680
Gross profit	337,340	370,060
Selling, general and administrative expenses	172,647	197,868
Operating income	164,693	172,192
Non-operating income		
Interest income	0	3
Grant income	—	330
Subsidy income	3,000	5,550
Other	0	0
Total non-operating income	3,000	5,883
Non-operating expenses		
Share issuance cost	—	90
Other	—	0
Total non-operating expenses	—	90
Ordinary income	167,694	177,985
Net income before income taxes	167,694	177,985
Income taxes-current	38,484	62,515
Income taxes-deferred	16,318	△9,407
Total income taxes	54,803	53,107
Net income	112,890	124,877

(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 and other information)

< Segment information >

1. Former second quarter cumulative period (Dec 1, 2019 – May 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.

2. Current second quarter cumulative period (Dec 1, 2020 – May 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.