



Summary of Financial Results
for the First Quarter of the Fiscal Year 2022 (FY11/2022)
[Japan Standards] (Non-Consolidated)

April 14, 2022

Company name: T&S inc. Listing: Tokyo Stock Exchange
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Scheduled date of file of Quarterly Securities Report: April 14, 2022
 Scheduled date of to commence dividend payments: -
 Preparation of supplementary material on Quarterly Financial Results: Yes
 Holding of Quarterly financial results meeting: No

(Amounts less than one million yen are rounded down)

1. Financial results of the First Quarter of FY11/2022 (December 1, 2021 - February 28, 2022)**(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	%
1Q of FY11/2022	733	25.0	126	77.0	126	76.3	88	74.4
1Q of FY11/2021	586	-	71	-	71	-	50	-

	Quarterly net income per share	Quarterly diluted net income per share
	Yen	Yen
1Q of FY11/2022	11.65	11.47
1Q of FY11/2021	7.08	6.57

(Notes)

- Since quarterly financial statements were not prepared for the first quarter of the FY11/2020, the rate of change from the same quarter of the FY11/2021 is not shown.
- The Company conducted a 2-for-1 stock split on December 1, 2021. Quarterly net income per share and quarterly diluted net income per share has been calculated on the assumption that conducted the stock split at the beginning of the FY11/2021.

(2) Financial position

	Total assets	Net assets	Equity ratio
	Million Yen	Million Yen	%
1Q of FY11/2022	1,826	1,502	82.2
FY11/2021	1,987	1,495	75.2

(Reference) Shareholders' equity 1Q of FY11/2022: 1,502 million yen FY11/2021: 1,495 million yen

2. Dividends

	Annual dividend				
	End of Q1	End of Q2	End of Q3	End of term	Total
	Yen	Yen	Yen	Yen	Yen
FY11/2021	-	0.00	-	8.00	8.00
FY11/2022	-				
FY11/2022 (forecasts)		0.00	-	5.00	5.00

(Notes)

- Revision to dividend forecasts published most recently: No
- The Company conducted a 2-for-1 stock split on December 1, 2021.
Dividends for FY11/2021 are actual amounts of dividends before such share splitting.

3. Forecast for the FY11/2022 (December 1, 2021 - November 30, 2022)

(Percentages indicate year-on-year changes)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
Full year	Million Yen	%	Million Yen	%	Million Yen	%	Million Yen	%	Yen
	3,100	13.4	550	33.2	557	32.9	391	32.7	51.82

(Note) Revision of the most recently announced earnings forecast: No

*** Notes**

(1) Application of special accounting methods for 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: Yes
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

(Note) For details, please refer to "2. Quarterly Financial Statements and Principal Notes (3) Notes to Quarterly Financial Statements (Changes in accounting policies)" on page 6 of the attached document.

(3) Number of issued shares (common shares)

1. Total number of issued shares at the end of period (including treasury stock)
2. Number of treasury stock at the end of the period
3. Average number of shares during the period

1Q of FY11/2022	7,633,200 shares	FY11/2021	7,633,200 shares
1Q of FY11/2022	39,000 shares	FY11/2021	— shares
1Q of FY11/2022	7,622,552 shares	1Q of FY11/2021	7,190,316 shares

(Note)

The Company conducted a 2-for-1 stock split of common stock on December 1, 2021. The number of shares issued and the number of treasury stock at the end of the period, and the average number of shares during the period were calculated on the assumption that the stock split was conducted at the beginning of FY11/2021.

* Quarterly financial statements are not subject to quarterly review by a certified public accountant or 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 Quarterly Financial Results: (3) Descriptions regarding prospects such as performance forecasts".

(How to obtain supplementary references regarding quarterly financial results)

Supplementary material on quarterly financial results is concurrently disclosed on TDnet.

Table of contents: Appendix

1. Qualitative Information regarding the Quarterly Financial Results	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 statements of income	5
(The first quarter cumulative period)	5
(3) Notes on Quarterly Financial Statements	6
(Notes regarding the assumption for going concern)	6
(Notes in the event of significant changes in the amount of shareholders' equity.)	6
(Changes in accounting policies)	6
(Segment information, etc.)	6

1. Qualitative Information regarding the Quarterly Financial Results**(1) Descriptions regarding operating results**

During the first quarter of the current fiscal year, the Japanese economy continued to face a severe condition due to the nationwide spread of the new coronavirus infection, which led to the declaration of a state of emergency and the expansion of areas subject to priority measures to prevent the spread of the disease. In addition to the effects of various policies, there were expectations that socioeconomic activities would normalize as vaccinations began to progress in earnest. However, due to the emergence of new mutant strains, the timing of the convergence of the new coronavirus infection is unclear and the situation remains uncertain. Under these circumstances, the importance of IT and the trend of digitalization of business are expanding in corporate activities, such as telecommuting, use of online meetings, use of cloud services, and promotion of DX (Digital Transformation). The Company's business is a single segment of system development and related services but is divided into three categories: solution, semiconductor, and advanced technology solution.

In the economic environment described above, in the "Solution Category" we have continued to supply IT professionals without specializing in industrial areas, and we have expanded our business to support IT development.

In the "Semiconductor Category", we have been expanding our business in general IT infrastructure operation support for semiconductor factories, including in-factory system maintenance and operation services and IT help desk services.

In the "Advanced Technology Solution Category", we have expanded the provision of solutions for customers developing AI-related products. Operating results by category for the first quarter of the fiscal year under review are as follows.

① Solution Category

Net sales for the first quarter of the current fiscal year totaled 538,367 thousand yen (up 18.4% from the same period of the previous year).

Orders for contracted development projects from major clients, which began in the previous fiscal year, remained particularly strong. The ongoing large-scale development projects for in-factory systems from semiconductor manufacturers contributed to the increase in sales.

② Semiconductor Category

Net sales for the first quarter of the current fiscal year totaled 137,518 thousand yen (up 23.9% from the same period of the previous year). The Company received steady orders from major clients against the robust semiconductor market and requests for further increases in staff.

③ Advanced Technology Solution Category

Net sales for the first quarter of the current fiscal year totaled 57,258 thousand yen (up 174.3% from the same period of the previous year). Orders for AI-related R&D support services, support for research papers, and other services continued to be steady, as well as orders from new clients.

In particular, the ratio of sales in this category to the entire company expanded from 3.6% in the first quarter of the previous year to 7.8% in the first quarter under review, due to an increase in new clients in addition to projects from existing clients such as NEC Corporation, which remained strong from the previous fiscal year.

As a result, the Company's operating results for the first quarter of the current fiscal year showed growth in all categories, with net sales of 733,145 thousand yen (up 25.0% from the same period of the previous year).

The Company absorbed a provision of 15,000 thousand yen for performance-linked bonuses to employees, resulting in operating income of 126,602 thousand yen (up 77.0% from the same period of the previous year), ordinary income of 126,552 thousand yen (up 76.3% from the same period of the previous year), and net income of 88,767 thousand yen (up 74.4% from the same period of the previous year).

(2) Descriptions regarding financial position**(Assets)**

Current assets at the end of the first quarter of the current fiscal year were 1,735,761 thousand yen, a decrease of 134,184 thousand yen compared to the end of the previous fiscal year. This was mainly due to a decrease of 152,896 thousand yen in cash and deposits resulting from payment of taxes.

Fixed assets totaled 91,077 thousand yen, a decrease of 26,422 thousand yen from the end of the previous fiscal year. This was mainly due to a decrease of 26,473 thousand yen in deferred tax assets resulting from the payment of performance-linked bonuses and winter bonuses.

As a result, total assets amounted to 1,826,839 thousand yen, down 160,607 thousand yen compared to the end of the previous fiscal year.

(Liabilities)

Current liabilities at the end of the first quarter amounted to 271,952 thousand yen, down 168,898 thousand yen compared to the end of the previous fiscal year. This was mainly due to a 113,320 thousand yen decrease in accrued income taxes from the payment of taxes, a 33,369 thousand yen decrease in accrued expenses from the payment of winter bonuses, and a 25,863 thousand yen decrease in provision for bonuses from the payment of performance-linked bonuses.

Fixed liabilities amounted to 52,401 thousand yen, an increase of 888 thousand yen from the end of the previous fiscal

year. This was due to an increase of 888 thousand yen in provision for retirement benefits.

As a result, total liabilities amounted to 324,354 thousand yen, down 168,010 thousand yen compared to the end of the previous fiscal year.

(Net Assets)

Total net assets at the end of the first quarter of the current fiscal year were 1,502,485 thousand yen, an increase of 7,402 thousand yen compared to the end of the previous fiscal year. This was mainly due to an increase of 88,767 thousand yen in retained earnings due to the posting of net income for the quarter, a decrease of 30,532 thousand yen due to dividends, and a decrease of 50,832 thousand yen in treasury stock due to the acquisition of treasury stock.

(3) Descriptions regarding prospects such as performance forecasts

There is no change to the full-year earnings forecast announced in the "Summary of Financial Results for the FY11/2021 on January 13, 2022.

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

(unit: thousand yen)

	Previous fiscal year (November 30, 2021)	Current First Quarter of fiscal period (February 28, 2022)
Assets		
Current assets		
Cash and deposits	1,275,367	1,122,471
Accounts receivable - trade, and contract assets	—	342,080
Account receivable	354,021	—
Work in Progress	24,264	30,694
Accounts receivable - other	198,366	225,692
Other	19,326	16,223
Allowance for doubtful accounts	△1,400	△1,400
Total current assets	1,869,946	1,735,761
Fixed assets		
Tangible fixed assets	21,186	20,641
Intangible assets	1,692	2,599
Investments and other assets	94,621	67,836
Total fixed assets	117,500	91,077
Total assets	1,987,447	1,826,839
Liabilities		
Current liabilities		
Account payable – trade	105,474	106,966
Income taxes payable	130,134	16,813
Provision for bonuses	66,509	40,646
Other	138,732	107,526
Total current liabilities	440,851	271,952
Fixed liabilities		
Provision for retirement benefits	43,442	44,330
Other	8,071	8,071
Total fixed liabilities	51,513	52,401
Total liabilities	492,364	324,354
Net assets		
Shareholders' equity		
Capital stock	340,783	340,783
Capital surplus	292,112	292,112
Retained earnings	862,186	920,421
Treasury stock	—	△50,832
Total Shareholders' equity	1,495,082	1,502,485
Total net assets	1,495,082	1,502,485
Total liabilities and net assets	1,987,447	1,826,839

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

(unit: thousand yen)

	Previous First Quarter cumulative period (From December 1, 2020 until February 28, 2021)	Current First Quarter cumulative period (From December 1, 2021 until February 28, 2022)
Net sales	586,564	733,145
Cost of sales	413,845	514,309
Gross profit	172,718	218,835
Selling, general and administrative expenses	101,210	92,232
Operating income	71,508	126,602
Non-operating income		
Interest income	3	1
Subsidy income	330	—
Other	0	0
Total non-operating income	333	1
Non-operating expenses		
Share issuance cost	60	—
Commission expenses	—	50
Others	0	0
Total non-operating expenses	60	50
Ordinary income	71,781	126,552
Extraordinary losses		
Losses on disposal of fixed assets	—	321
Total extraordinary losses	—	321
Net income before taxes	71,781	126,231
Corporate, inhabitant and enterprise taxes	12,642	10,990
Income taxes-deferred	8,242	26,473
Total income taxes	20,884	37,463
Quarterly Net income	50,896	88,767

(3) Notes to Quarterly Financial Statements

(Notes regarding the assumption for going concern)

Not applicable.

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

Not applicable.

(Changes in accounting policies)

(Adoption of the Accounting Standard for Revenue Recognition and Related Guidance)

Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020) and related ASBJ guidance have been adopted to the Company's financial results since the beginning of the first quarter of the current fiscal year. Accordingly, the Company recognizes revenue at the amount expected to be received in exchange for the promised goods or services when such control of the promised goods or services is transferred to the customer.

Previously, the Company applied the completion basis or percentage-of-completion basis method for built-to-order software, but effective from the first quarter of the current fiscal year, for performance obligations to be fulfilled over a certain period, the Company estimates the progress toward fulfilment of the performance obligation and recognizes revenue over a certain period based on the degree of completion. In cases where the period between the transaction commencement date and the point in time when the performance obligation is expected to be fully satisfied is very short, the Company recognizes revenue when the performance obligation is fully satisfied.

As a result, there is no impact on profit and loss for the first quarter of the current fiscal year.

In addition, the adoption of the revenue recognized accounting standard, etc., in accordance with the transitional treatment stipulated in the proviso of Paragraph 84 of the revenue recognition accounting standard, etc., has no effect on the beginning balance of retained earnings.

In accordance with the adoption of the Accounting Standard for Revenue Recognition, "Accounts receivable," which was presented in "Current assets" in the balance sheet for the previous fiscal year, is included in "Accounts receivable - trade, and contract assets" from the first quarter of the current fiscal year. In this regard, in accordance with the transitional treatment stipulated in Paragraph 89-2 of the Accounting Standard for Revenue Recognition, no reclassification has been made for the previous fiscal year using the new disclosure method.

(Adoption of Accounting Standard for Fair Value Measurement and Related Standards and Guidance.)

"Accounting Standard for Fair Value Measurement" (ASBJ Statement No. 30, July 4, 2019) and related ASBJ standards and guidance have adopted to the Company's financial results since the beginning of the first quarter of the current fiscal year.

The new accounting policies stipulated in the new standards are applied into the future in accordance with the transitional treatment provided for in paragraph 19 of "Accounting Standard for Fair Value Measurement" and paragraph 44-2 of "Accounting Standard for Financial Instruments" (ASBJ Statement No.10, July 4, 2019). There is no impact on the quarterly financial statements.

(Segment information, etc.)

【Segment information】**I. Previous First Quarter Cumulative Period (Dec 1, 2020 – Feb 28, 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.

II. Current First Quarter Cumulative Period (Dec 1, 2021 – Feb 28, 2022)

Business of the Company comprises of a single segment of system development and other related services and therefore description of segment information is omitted.