

Translation

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Summary of Consolidated Financial Results for the Year Ended March 31, 2023 (Based on Japanese GAAP)

April 28, 2023

Company name: CTS Co., Ltd.
 Stock exchange listing: Tokyo
 Stock code: 4345 URL <https://www.cts-h.co.jp>
 Representative: Representative Director and President Taizo Yokoshima
 Director and Operating Officer Accounting & Finance Manager Makio Kitahara
 Inquiries: TEL 0268-26-3700
 Scheduled date of ordinary general meeting of shareholders: June 16, 2023
 Scheduled date to file Securities Report: June 16, 2023
 Scheduled date to commence dividend payments: June 1, 2023
 Preparation of supplementary material on financial results: Yes
 Holding of financial results meeting: Yes (for institutional investors and analysts)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)

(1) Consolidated operating results

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended March 31, 2023	10,797	2.4	2,691	2.4	2,722	7.4	1,758	1.6
Year ended March 31, 2022	10,542	5.8	2,628	17.9	2,535	19.2	1,731	18.8

	Earnings per share	Diluted earnings per share	Profit attributable to owners of parent/equity	Ordinary profit/total assets	Operating profit/net sales
	Yen	Yen	%	%	%
Year ended March 31, 2023	41.51	–	17.3	18.7	24.9
Year ended March 31, 2022	40.80	–	18.7	18.5	24.9

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2023	14,741	10,582	71.8	249.70
As of March 31, 2022	14,361	9,743	67.8	229.92

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended March 31, 2023	2,614	222	(1,736)	6,272
Year ended March 31, 2022	2,905	(2,262)	(1,686)	5,172

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended March 31, 2022	–	7.00	–	11.00	18.00	762	44.1	8.3
Year ended March 31, 2023	–	10.50	–	11.50	22.00	932	53.0	9.2
Year ending March 31, 2024 (Forecast)	–	10.00	–	10.00	20.00		43.9	

3. Forecast of consolidated financial results for the year ending March 31, 2024 (from April 1, 2023 to March 31, 2024)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending September 30, 2023	5,500	4.6	1,230	2.6	1,200	3.4	840	8.1	19.82
Full year	11,500	6.5	2,800	4.0	2,770	1.8	1,930	9.7	45.54

4. Notes

(1) Changes in significant subsidiaries during the year ended March 31, 2023

(changes in specified subsidiaries resulting in the change in scope of consolidation): No

(2) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements

Changes in accounting policies due to revisions to accounting standards and other regulations: No

Changes in accounting policies due to other reasons: No

Changes in accounting estimates: No

Restatement of prior period financial statements: No

(3) Number of issued shares (common shares)

Total number of issued shares at the end of the period (including treasury shares)

As of March 31, 2023	43,400,000 shares	As of March 31, 2022	43,400,000 shares
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Number of treasury shares at the end of the period

As of March 31, 2023	1,020,845 shares	As of March 31, 2022	1,020,845 shares
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Average number of shares during the period

Year ended March 31, 2023	42,379,155 shares	Year ended March 31, 2022	42,431,680 shares
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Consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
Assets		
Current assets		
Cash and deposits	5,172	6,272
Notes and accounts receivable - trade	1,795	1,672
Inventories	312	366
Other	157	401
Allowance for doubtful accounts	(14)	(2)
Total current assets	7,422	8,710
Non-current assets		
Property, plant and equipment		
Property for rental	874	880
Accumulated depreciation	(836)	(837)
Property for rental, net	37	43
Buildings and structures	1,211	1,216
Accumulated depreciation	(515)	(553)
Buildings and structures, net	695	662
Land	1,022	1,022
Leased assets	4,093	4,019
Accumulated depreciation	(1,724)	(2,102)
Leased assets, net	2,368	1,916
Other	268	265
Accumulated depreciation	(227)	(239)
Other, net	40	26
Total property, plant and equipment	4,164	3,671
Intangible assets	140	113
Investments and other assets		
Investment securities	2,329	2,140
Other	304	112
Allowance for doubtful accounts	(1)	(7)
Total investments and other assets	2,632	2,245
Total non-current assets	6,938	6,031
Total assets	14,361	14,741

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
Liabilities		
Current liabilities		
Accounts payable - trade	458	481
Electronically recorded obligations - operating	567	592
Lease liabilities	810	767
Income taxes payable	523	499
Other	394	404
Total current liabilities	2,753	2,745
Non-current liabilities		
Lease liabilities	1,590	1,183
Other	273	230
Total non-current liabilities	1,864	1,413
Total liabilities	4,617	4,159
Net assets		
Shareholders' equity		
Share capital	425	3,000
Capital surplus	2,399	–
Retained earnings	7,486	8,159
Treasury shares	(722)	(722)
Total shareholders' equity	9,589	10,437
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	154	144
Total accumulated other comprehensive income	154	144
Total net assets	9,743	10,582
Total liabilities and net assets	14,361	14,741

Consolidated statements of income and consolidated statements of comprehensive income
Consolidated statements of income

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Net sales	10,542	10,797
Cost of sales	5,313	5,350
Gross profit	5,229	5,447
Selling, general and administrative expenses	2,601	2,755
Operating profit	2,628	2,691
Non-operating income		
Dividend income	21	106
Gain on sale of investment securities	–	181
Other	8	6
Total non-operating income	29	293
Non-operating expenses		
Interest expenses	48	48
Share of loss of entities accounted for using equity method	74	197
Taxes and dues	–	18
Total non-operating expenses	122	263
Ordinary profit	2,535	2,722
Extraordinary income		
Gain on sale of investment securities	20	–
Total extraordinary income	20	–
Extraordinary losses		
Loss on valuation of investment securities	–	60
Total extraordinary losses	–	60
Profit before income taxes	2,555	2,661
Income taxes - current	827	903
Income taxes - deferred	(2)	(0)
Total income taxes	824	902
Profit	1,731	1,758
Profit attributable to owners of parent	1,731	1,758

Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Profit	1,731	1,758
Other comprehensive income		
Valuation difference on available-for-sale securities	122	(9)
Total other comprehensive income	122	(9)
Comprehensive income	1,853	1,749
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,853	1,749
Comprehensive income attributable to non-controlling interests	—	—

Consolidated statements of changes in equity

Fiscal year ended March 31, 2022

(Millions of yen)

	Shareholders' equity					Accumulated other comprehensive income		Total net assets
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Total accumulated other comprehensive income	
Balance at beginning of period	425	2,399	6,393	(460)	8,758	31	31	8,789
Changes during period								
Dividends of surplus			(638)		(638)			(638)
Profit attributable to owners of parent			1,731		1,731			1,731
Purchase of treasury shares				(261)	(261)			(261)
Transfer from legal capital surplus to share capital					-			-
Transfer from other capital surplus to share capital					-			-
Net changes in items other than shareholders' equity						122	122	122
Total changes during period	-	-	1,092	(261)	831	122	122	954
Balance at end of period	425	2,399	7,486	(722)	9,589	154	154	9,743

Fiscal year ended March 31, 2023

(Millions of yen)

	Shareholders' equity					Accumulated other comprehensive income		Total net assets
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Total accumulated other comprehensive income	
Balance at beginning of period	425	2,399	7,486	(722)	9,589	154	154	9,743
Changes during period								
Dividends of surplus			(911)		(911)			(911)
Profit attributable to owners of parent			1,758		1,758			1,758
Purchase of treasury shares					–			–
Transfer from legal capital surplus to share capital	428	(428)			–			–
Transfer from other capital surplus to share capital	2,145	(1,970)	(174)		–			–
Net changes in items other than shareholders' equity						(9)	(9)	(9)
Total changes during period	2,574	(2,399)	672	–	847	(9)	(9)	838
Balance at end of period	3,000	–	8,159	(722)	10,437	144	144	10,582

Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Cash flows from operating activities		
Profit before income taxes	2,555	2,661
Depreciation	905	945
Increase (decrease) in allowance for doubtful accounts	10	(5)
Interest and dividend income	(21)	(106)
Interest expenses	48	48
Loss (gain) on sale of property, plant and equipment	(3)	(1)
Loss (gain) on sale of investment securities	(20)	(181)
Loss (gain) on valuation of investment securities	–	60
Share of loss (profit) of entities accounted for using equity method	74	197
Decrease (increase) in trade receivables	(118)	30
Decrease (increase) in inventories	147	(53)
Increase (decrease) in trade payables	(33)	48
Other, net	75	(151)
Subtotal	3,620	3,492
Interest and dividends received	21	106
Interest paid	(48)	(48)
Income taxes paid	(688)	(936)
Net cash provided by (used in) operating activities	2,905	2,614
Cash flows from investing activities		
Purchase of property, plant and equipment	(62)	(55)
Proceeds from sale of property, plant and equipment	4	1
Purchase of intangible assets	(124)	(10)
Purchase of investment securities	(2,102)	(802)
Proceeds from sale of investment securities	22	1,097
Purchase of shares of subsidiaries and associates	–	(7)
Other, net	(1)	(1)
Net cash provided by (used in) investing activities	(2,262)	222
Cash flows from financing activities		
Purchase of treasury shares	(261)	–
Repayments of lease liabilities	(785)	(825)
Dividends paid	(640)	(910)
Net cash provided by (used in) financing activities	(1,686)	(1,736)
Net increase (decrease) in cash and cash equivalents	(1,044)	1,100
Cash and cash equivalents at beginning of period	6,216	5,172
Cash and cash equivalents at end of period	5,172	6,272