

Translation

Notice: This document is an excerpt translation of the original Japanese document and is only for reference purposes. In the event of any discrepancy between this translated document and the original Japanese document, the latter shall prevail.

**Summary of Consolidated Financial Results
for the Year Ended March 31, 2020
(Based on Japanese GAAP)**

April 30, 2020

Company name: CTS Co., Ltd.
 Stock exchange listing: Tokyo
 Stock code: 4345 URL <http://www.cts-h.co.jp>
 Representative: Representative Director and President Taizo Yokoshima
 Operating Officer Accounting & Finance Manager Makio Kitahara TEL 0268-26-3700
 Scheduled date of ordinary general meeting of shareholders: June 19, 2020
 Scheduled date to file Securities Report: June 19, 2020
 Scheduled date to commence dividend payments: June 1, 2020
 Preparation of supplementary material on financial results: Yes
 Holding of financial results meeting: No

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the year ended March 31, 2020 (from April 1, 2019 to March 31, 2020)

(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, 2020	9,172	6.5	1,852	16.5	1,818	16.6	1,248	17.1
Year ended March 31, 2019	8,613	0.4	1,590	5.5	1,559	6.4	1,066	3.9

	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, 2020	29.24	–	16.7	15.3	20.2
Year ended March 31, 2019	24.63	–	15.1	12.8	18.5

(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, 2020	11,720	7,842	66.9	183.75
As of March 31, 2019	12,057	7,120	59.1	166.84

(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, 2020	1,973	(420)	(2,259)	5,536
Year ended March 31, 2019	1,724	(224)	(1,647)	6,243

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, 2019	–	5.00	–	6.00	11.00	473	44.7	6.7
Year ended March 31, 2020	–	6.00	–	6.20	12.20	520	41.7	7.0
Year ending March 31, 2021 (Forecast)	–	6.00	–	6.70	12.70		44.1	

3. Forecast of consolidated financial results for the year ending March 31, 2021 (from April 1, 2020 to March 31, 2021)

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, 2020	4,500	0.5	820	0.5	760	(5.3)	530	(3.9)	12.42
Full year	9,600	4.7	1,920	3.6	1,790	(1.6)	1,230	(1.4)	28.82

4. Notes

(1) Changes in significant subsidiaries during the year ended March 31, 2020

(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, 2020	43,400,000 shares	As of March 31, 2019	43,400,000 shares
----------------------	-------------------	----------------------	-------------------

Number of treasury shares at the end of the period

As of March 31, 2020	720,845 shares	As of March 31, 2019	720,845 shares
----------------------	----------------	----------------------	----------------

Average number of shares during the period

Year ended March 31, 2020	42,679,155 shares	Year ended March 31, 2019	43,298,101 shares
---------------------------	-------------------	---------------------------	-------------------

Consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2019	As of March 31, 2020
Assets		
Current assets		
Cash and deposits	6,243	5,536
Notes and accounts receivable - trade	1,543	1,630
Inventories	763	427
Other	140	233
Allowance for doubtful accounts	(7)	(6)
Total current assets	8,683	7,822
Non-current assets		
Property, plant and equipment		
Property for rental	925	858
Accumulated depreciation	(839)	(832)
Property for rental, net	86	26
Buildings and structures	912	942
Accumulated depreciation	(426)	(451)
Buildings and structures, net	486	490
Land	949	949
Leased assets	3,586	3,733
Accumulated depreciation	(1,972)	(1,849)
Leased assets, net	1,614	1,883
Other	253	260
Accumulated depreciation	(230)	(240)
Other, net	23	19
Total property, plant and equipment	3,160	3,370
Intangible assets	43	52
Investments and other assets		
Other	170	476
Allowance for doubtful accounts	(1)	(1)
Total investments and other assets	169	475
Total non-current assets	3,373	3,898
Total assets	12,057	11,720

(Millions of yen)

	As of March 31, 2019	As of March 31, 2020
Liabilities		
Current liabilities		
Notes and accounts payable - trade	789	464
Electronically recorded obligations - operating	817	569
Current portion of long-term borrowings	1,000	–
Lease obligations	709	690
Income taxes payable	293	361
Other	239	400
Total current liabilities	3,850	2,487
Non-current liabilities		
Lease obligations	937	1,216
Other	147	173
Total non-current liabilities	1,085	1,390
Total liabilities	4,936	3,878
Net assets		
Shareholders' equity		
Share capital	425	425
Capital surplus	2,399	2,399
Retained earnings	4,721	5,457
Treasury shares	(460)	(460)
Total shareholders' equity	7,085	7,821
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	34	20
Total accumulated other comprehensive income	34	20
Total net assets	7,120	7,842
Total liabilities and net assets	12,057	11,720

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

(Millions of yen)

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Net sales	8,613	9,172
Cost of sales	4,858	5,036
Gross profit	3,754	4,136
Selling, general and administrative expenses	2,163	2,283
Operating profit	1,590	1,852
Non-operating income		
Dividend income	2	1
Rental income from land and buildings	2	2
Insurance claim income	0	13
Gain on sales of non-current assets	3	–
Other	2	3
Total non-operating income	10	20
Non-operating expenses		
Interest expenses	41	37
Share of loss of entities accounted for using equity method	–	17
Other	0	–
Total non-operating expenses	41	54
Ordinary profit	1,559	1,818
Extraordinary income		
Gain on sales of investment securities	–	9
Total extraordinary income	–	9
Profit before income taxes	1,559	1,827
Income taxes - current	495	583
Income taxes - deferred	(2)	(3)
Total income taxes	493	579
Profit	1,066	1,248
Profit attributable to owners of parent	1,066	1,248

Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Profit	1,066	1,248
Other comprehensive income		
Valuation difference on available-for-sale securities	(11)	(14)
Total other comprehensive income	(11)	(14)
Comprehensive income	1,054	1,233
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,054	1,233
Comprehensive income attributable to non-controlling interests	—	—

Consolidated statements of changes in equity

Fiscal year ended March 31, 2019

(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	4,089	(0)	6,913	46	46	6,960
Changes during period								
Dividends of surplus			(433)		(433)			(433)
Profit attributable to owners of parent			1,066		1,066			1,066
Purchase of treasury shares				(460)	(460)			(460)
Net changes in items other than shareholders' equity						(11)	(11)	(11)
Total changes during period	–	–	632	(460)	172	(11)	(11)	160
Balance at end of period	425	2,399	4,721	(460)	7,085	34	34	7,120

Fiscal year ended March 31, 2020

(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	4,721	(460)	7,085	34	34	7,120
Changes during period								
Dividends of surplus			(512)		(512)			(512)
Profit attributable to owners of parent			1,248		1,248			1,248
Purchase of treasury shares								
Net changes in items other than shareholders' equity						(14)	(14)	(14)
Total changes during period	–	–	735	–	735	(14)	(14)	721
Balance at end of period	425	2,399	5,457	(460)	7,821	20	20	7,842

Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Cash flows from operating activities		
Profit before income taxes	1,559	1,827
Depreciation	814	817
Increase (decrease) in allowance for doubtful accounts	2	(1)
Interest and dividend income	(2)	(1)
Interest expenses	41	37
Loss (gain) on sales of property, plant and equipment	(3)	–
Loss (gain) on sales of investment securities	–	(9)
Share of loss (profit) of entities accounted for using equity method	–	17
Decrease (increase) in trade receivables	348	(89)
Decrease (increase) in inventories	(389)	336
Increase (decrease) in trade payables	(67)	(572)
Other, net	(65)	153
Subtotal	2,237	2,515
Interest and dividends received	2	1
Interest paid	(41)	(37)
Income taxes paid	(473)	(505)
Net cash provided by (used in) operating activities	1,724	1,973
Cash flows from investing activities		
Purchase of property, plant and equipment	(251)	(56)
Proceeds from sales of property, plant and equipment	35	–
Purchase of intangible assets	(3)	(29)
Proceeds from sales of investment securities	–	25
Purchase of shares of subsidiaries and associates	–	(348)
Other, net	(5)	(11)
Net cash provided by (used in) investing activities	(224)	(420)
Cash flows from financing activities		
Purchase of treasury shares	(460)	–
Repayments of long-term borrowings	–	(1,000)
Repayments of lease obligations	(754)	(748)
Dividends paid	(432)	(511)
Net cash provided by (used in) financing activities	(1,647)	(2,259)
Net increase (decrease) in cash and cash equivalents	(147)	(706)
Cash and cash equivalents at beginning of period	6,390	6,243
Cash and cash equivalents at end of period	6,243	5,536