

Translation

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Summary of Consolidated Financial Results for the Six Months Ended September 30, 2022 (Based on Japanese GAAP)

October 31, 2022

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 to file Quarterly Securities Report: November 14, 2022
 Scheduled date to commence dividend payments: December 1, 2022
 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. Consolidated financial results for the six months ended September 30, 2022 (from April 1, 2022 to September 30, 2022)

(1) Consolidated operating results (cumulative)

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	%
Six months ended September 30, 2022	5,258	2.9	1,198	0.1	1,160	1.2	777	(1.4)
Six months ended September 30, 2021	5,107	5.1	1,197	18.9	1,146	19.3	788	21.8

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended September 30, 2022	18.34		-	
Six months ended September 30, 2021	18.56		-	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2022	14,374	9,952	69.2
As of March 31, 2022	14,361	9,743	67.8

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen				
Year ended March 31, 2022	-	7.00	-	11.00	18.00
Year ending March 31, 2023	-	10.50	-	-	-
Year ending March 31, 2023 (Forecast)	-	-	-	11.50	22.00

3. Forecast of consolidated financial results for the year ending March 31, 2023 (from April 1, 2022 to March 31, 2023)

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
Full year	11,200	6.2	2,820	7.3	2,800	10.4	1,890	9.2	44.60

4. Notes

- (1) Changes in significant subsidiaries during the six months ended September 30, 2022
(changes in specified subsidiaries resulting in the change in scope of consolidation): No
- (2) Application of special accounting methods for preparing quarterly consolidated financial statements: No
- (3) 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

(4) Number of issued shares (common shares)

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

As of September 30, 2022	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 September 30, 2022	1,020,845 shares	As of March 31, 2022	1,020,845 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended September 30, 2022	42,379,155 shares	Six months ended September 30, 2021	42,484,205 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2022	As of September 30, 2022
Assets		
Current assets		
Cash and deposits	5,172	5,533
Notes and accounts receivable - trade	1,795	1,715
Inventories	312	413
Other	157	295
Allowance for doubtful accounts	(14)	(2)
Total current assets	7,422	7,955
Non-current assets		
Property, plant and equipment		
Leased assets, net	2,368	2,091
Other, net	1,796	1,769
Total property, plant and equipment	4,164	3,860
Intangible assets	140	132
Investments and other assets		
Investment securities	2,329	2,182
Other	304	254
Allowance for doubtful accounts	(1)	(11)
Total investments and other assets	2,632	2,425
Total non-current assets	6,938	6,418
Total assets	14,361	14,374
Liabilities		
Current liabilities		
Accounts payable - trade	458	530
Income taxes payable	523	378
Other	1,771	1,969
Total current liabilities	2,753	2,879
Non-current liabilities		
Lease liabilities	1,590	1,333
Other	273	208
Total non-current liabilities	1,864	1,541
Total liabilities	4,617	4,421
Net assets		
Shareholders' equity		
Share capital	425	3,000
Capital surplus	2,399	–
Retained earnings	7,486	7,622
Treasury shares	(722)	(722)
Total shareholders' equity	9,589	9,900
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	154	51
Total accumulated other comprehensive income	154	51
Total net assets	9,743	9,952
Total liabilities and net assets	14,361	14,374

Consolidated statements of income (cumulative) and consolidated statements of comprehensive income (cumulative)

Consolidated statements of income (cumulative)

(Millions of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Net sales	5,107	5,258
Cost of sales	2,633	2,681
Gross profit	2,474	2,576
Selling, general and administrative expenses	1,276	1,378
Operating profit	1,197	1,198
Non-operating income		
Dividend income	0	59
Other	4	3
Total non-operating income	5	63
Non-operating expenses		
Interest expenses	22	25
Share of loss of entities accounted for using equity method	33	57
Taxes and dues	–	18
Total non-operating expenses	56	100
Ordinary profit	1,146	1,160
Extraordinary income		
Gain on sale of investment securities	20	–
Total extraordinary income	20	–
Profit before income taxes	1,167	1,160
Income taxes - current	373	380
Income taxes - deferred	5	3
Total income taxes	378	383
Profit	788	777
Profit attributable to owners of parent	788	777

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Profit	788	777
Other comprehensive income		
Valuation difference on available-for-sale securities	39	(102)
Total other comprehensive income	39	(102)
Comprehensive income	827	674
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	827	674
Comprehensive income attributable to non-controlling interests	—	—

Consolidated statements of cash flows

(Millions of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Cash flows from operating activities		
Profit before income taxes	1,167	1,160
Depreciation	432	469
Increase (decrease) in allowance for doubtful accounts	0	(0)
Interest and dividend income	(0)	(59)
Interest expenses	22	25
Loss (gain) on sale of investment securities	(20)	–
Share of loss (profit) of entities accounted for using equity method	33	57
Loss (gain) on sale of property, plant and equipment	–	(0)
Decrease (increase) in trade receivables	(150)	62
Decrease (increase) in inventories	(116)	(101)
Increase (decrease) in trade payables	295	296
Other, net	(144)	(160)
Subtotal	1,520	1,748
Interest and dividends received	0	59
Interest paid	(22)	(25)
Income taxes paid	(350)	(500)
Net cash provided by (used in) operating activities	1,147	1,282
Cash flows from investing activities		
Purchase of property, plant and equipment	(21)	(28)
Proceeds from sale of property, plant and equipment	–	0
Purchase of intangible assets	(14)	(9)
Purchase of investment securities	(992)	–
Proceeds from sale of investment securities	22	–
Purchase of shares of subsidiaries and associates	–	(7)
Other, net	(0)	(1)
Net cash provided by (used in) investing activities	(1,006)	(45)
Cash flows from financing activities		
Purchase of treasury shares	(261)	–
Repayments of lease liabilities	(378)	(410)
Dividends paid	(342)	(465)
Net cash provided by (used in) financing activities	(981)	(876)
Net increase (decrease) in cash and cash equivalents	(840)	360
Cash and cash equivalents at beginning of period	6,216	5,172
Cash and cash equivalents at end of period	5,376	5,533