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May 30, 2025

Company Name: CTS Co., Ltd.
Name of representative: Taizo, Yokoshima
Representative Director and President
(Code number: 4345, TSE Prime Market)
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Notice of Release of Transcript of Financial Results Briefing for the Fiscal Year Ending March 31, 2025

We are pleased to announce that we have published a transcript of the "Fiscal Year Ending March 2025 Financial Results Briefing" for institutional investors and analysts held on May 9, 2025.

We hope that this information will help investors deepen their understanding of our Group and our business.

Transcript of financial results presentation (including Q&A)

Please refer to the attached document.

End

CTS Co., Ltd.

Financial Results Briefing for the Fiscal Year Ended March 2025

May 09, 2025

Event Summary

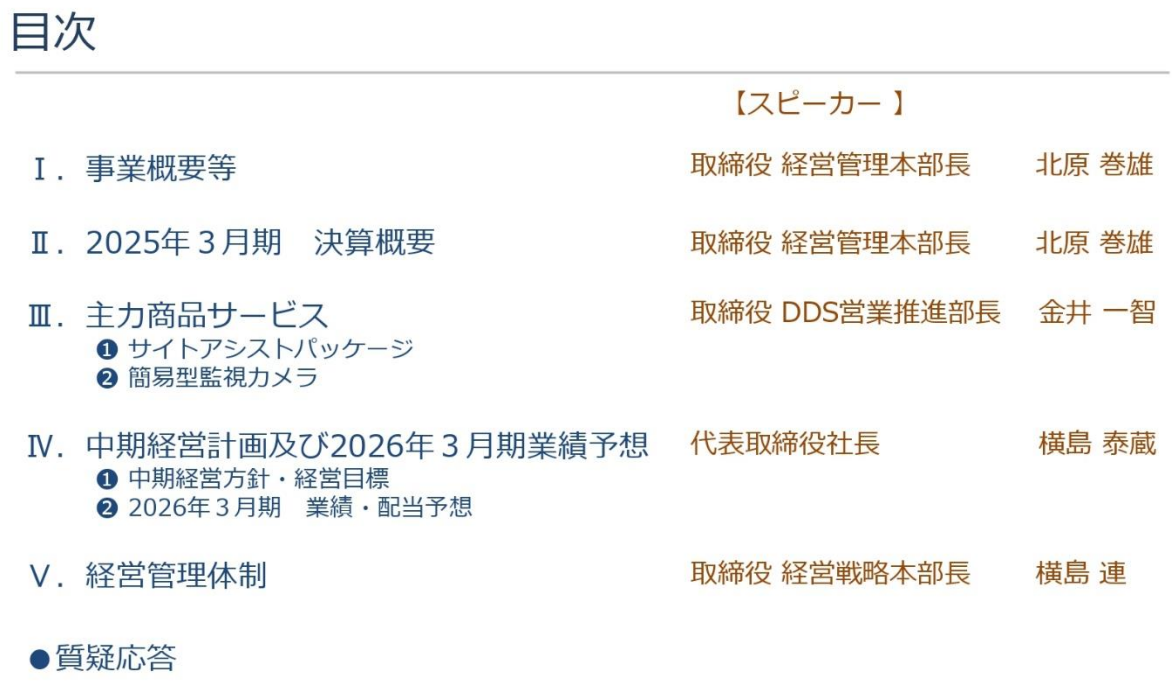
[Company Name]	CTS Co., Ltd.
[Company ID]	4345-QCODE
[Event Language]	JPN
[Event Type]	Earnings Announcement
[Event Name]	Financial Results Briefing for the Fiscal Year Ended March 2025
[Fiscal Period]	FY2025 Annual
[Date]	May 09, 2025
[Number of Pages]	48
[Time]	11:00 – 12:03 (Total: 63 minutes, Presentation: 50 minutes, Q&A: 13 minutes)
[Venue]	Webcast
[Venue Size]	
[Participants]	
[Number of Speakers]	4

Taizo Yokoshima	Representative Director and President
Makio Kitahara	Director, General Manager, Business Administration Division
Kazutoshi Kanai	Director, General Manager of DDS Sales Promotion Dept.
Ren Yokoshima	Director, General Manager of Corporate Planning Dept.

Presentation

Nagai: We will now begin the presentation of the financial results briefing for the fiscal year ended March 2025 of CTS Co., Ltd.

Thank you very much for taking time out of your busy schedule to attend our financial results briefing today. My name is Nagai from Accounting Division, and I will be your moderator. Thank you very much for your cooperation.



I would like to begin by explaining the contents of today's presentation and the question-and-answer session.

First, Mr. Makio Kitahara, Director and General Manager of the Business Administration Division, will explain section one — the business overview, etc., and section two — the summary of financial results for the fiscal year ended March 31, 2025.

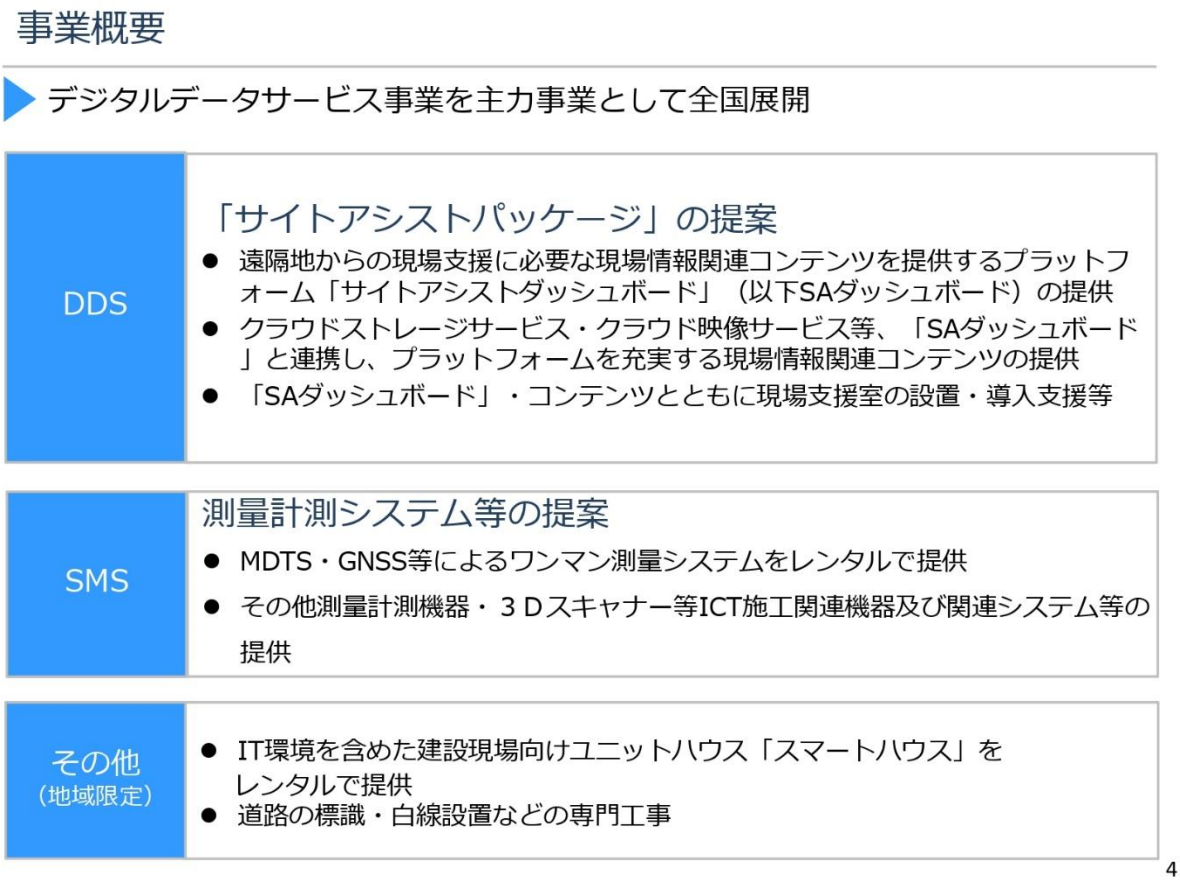
Next, Mr. Kazutoshi Kanai, Director and General Manager of the DDS Sales Promotion Department, will explain section three — the main products and services, which include the Site Assist package and simple surveillance cameras.

Then, Mr. Taizo Yokoshima, Representative Director and President, will explain section four — the medium-term management plan and earnings forecast for the fiscal year ending March 31, 2026. This includes the medium-term management policy and management targets, and the earnings and dividend forecast for the same fiscal year.

Next, Mr. Ren Yokoshima, Director and General Manager of the Corporate Planning Department, will give an explanation of section five — the management control system.

After we have finished our briefings, we would like to take a moment for the question-and-answer session. Finally, this briefing is scheduled to end at 12:00 PM.

Let me now turn to the presentation of the full-year financial results for the fiscal year ended March 31, 2025. First, Mr. Makio Kitahara, Director and General Manager of the Business Administration Division, will explain section one — the business overview, etc., and section two — the summary of financial results for the fiscal year ended March 31, 2025.



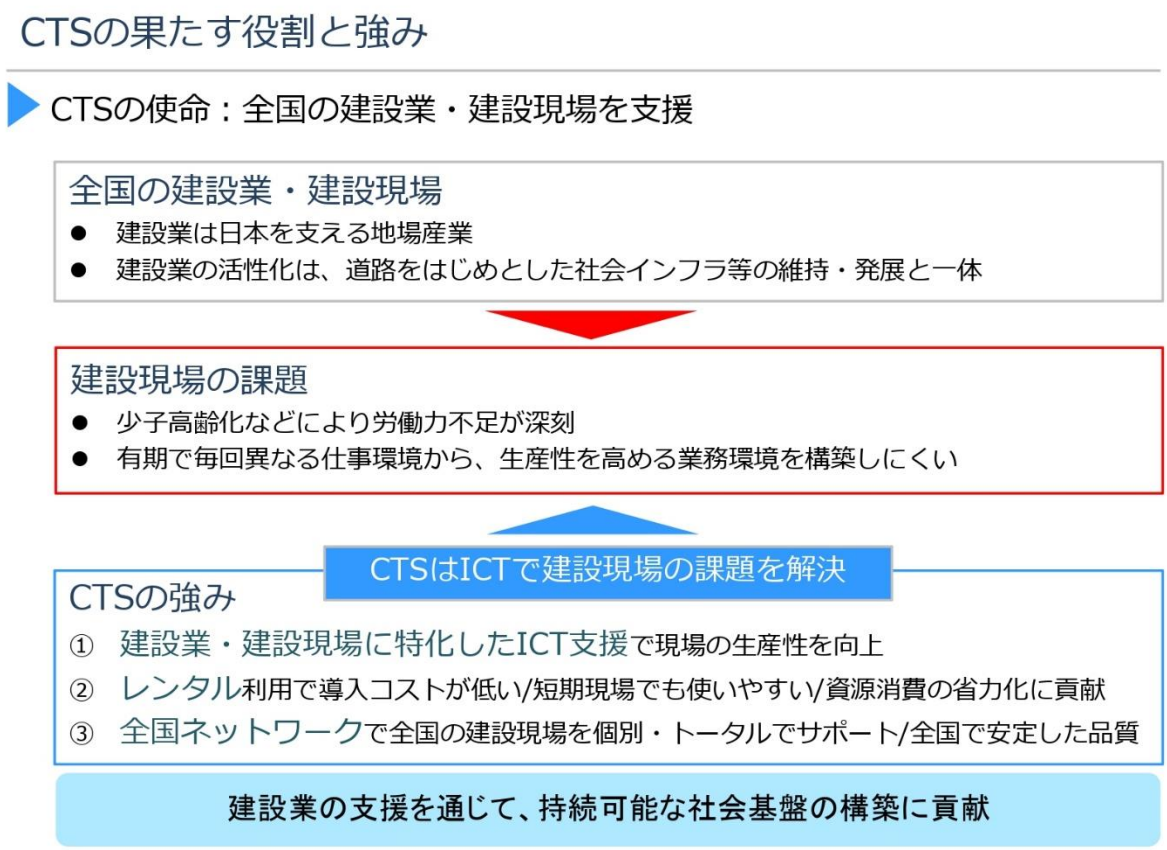
Kitahara: I am Makio Kitahara, Director, General Manager, Business Administration Division.

First, let me give you an overview of our business. With companies in construction and construction sites as its main customers, the Company operates its mainstay digital data services business, hereafter referred to as the DDS business, nationwide.

In the DDS business, we have traditionally focused on supporting productivity improvement through the use of ICT, especially at construction sites. In this medium-term management plan, we are focusing on proposing the Site Assist package. The details will be explained in the following main products and services section.

The surveying and measuring systems business, hereafter referred to as the SMS business, is mainly engaged in the rental of surveying and measuring systems and other equipment used at construction sites.

In other businesses, we also provide unit house rentals and smart houses for construction sites, as well as specialized construction work to install road signs and markings, but this is in a very limited area.



I will now explain the role and strengths of CTS.

Our mission is to support the construction industry and construction sites nationwide. The construction industry and construction sites throughout Japan are local industries that support Japan, and we view them as an integral part of the maintenance and development of roads and other social infrastructure.

As shown in the middle of the slide, the construction industry is currently facing very serious issues, including a labor shortage due to the declining birthrate and aging population, as well as the so-called "2024 problem," in which a maximum overtime work limit with penalties applied to the construction industry after April 1, 2024.

In addition, the industry's unique work environment, which varies each time due to the fixed-term nature of the work, makes it difficult to create a work environment that increases productivity. We will contribute to solving these issues at construction sites through ICT.

With this situation, our strengths are the three listed at the bottom of the slide.

First, the ability to provide ICT support specific to the construction industry and construction sites. Second, we are able to propose rentals. Third, we have a nationwide network and can individually support sites nationwide with consistent quality.

By leveraging these strengths and providing support in the construction industry, we will contribute to building a sustainable social infrastructure.



I will now explain the status of the national network.

Currently, we have 31 office locations, from Hokkaido in the north to Okinawa in the south. In addition, a digital equipment management center and a surveying equipment management center have been established near the head office to centrally manage rental products provided through these nationwide locations.

通期計画対比

- 売上高は未達成も、営業利益・経常利益・当期純利益は計画達成
- 当期純利益は計画値を10%超過

単位：百万円

	2025/3期計画	2025/3期実績	計画比		
			増減額	増減率	コメント
DDS事業	7,300	6,896	△403	94.5%	・FFC・クラウド映像サービス中心に進捗するも、「サイトアシストダッシュボード」の開発及び体制構築の遅れなどにより未達
SMS事業	3,300	3,506	206	106.3%	・販売案件を確保できたことにより、達成
その他	1,400	1,419	19	101.4%	
売上高合計	**12,000**	**11,821**	**△178**	**98.5%**	
営業利益	**3,000**	**3,077**	**77**	**102.6%**	・DDS事業でレンタル・サブスクリプションサービスの伸長による利益率向上が寄与 ・SMS事業の売上計画超過が寄与
(営業利益率)	25.0%	26.0%	1.0%	―	
経常利益	**2,950**	**3,162**	**212**	**107.2%**	・営業利益の計画超過に加え、当社の持分法適用会社であるファイルフォース株式会社の業績改善も貢献し、達成
親会社株主に帰属する当期純利益	**1,980**	**2,190**	**210**	**110.6%**	

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I will provide an overview of the financial results for the fiscal year ended March 31, 2025. This is the summary of the financial results for the fiscal year ended March 31, 2025.

First, let me explain from the perspective of comparison with the published external plan.

Actual net sales were JPY11,821 million, 98.5% of the plan. Operating income was JPY3,077 million, 102.6% of the plan. Ordinary income was JPY3,162 million, 107.2% of the plan. Profit attributable to owners of the parent was JPY2,190 million, 110.6% of the plan.

As a result, only sales were not achieved, but operating income, ordinary income, and profit attributable to owners of parent achieved the plan, with operating income exceeding JPY3 billion for the first time.

On an ordinary income basis, the Company substantially achieved its plan, mainly due to a decrease in equity in losses of affiliates resulting from the improved performance of Fileforce, Inc., a strategic investee. As a result, profit attributable to owners of the parent also achieved the double-digit projected net income.

全社損益概要

単位：百万円

	2024/3期 通期	2025/3期 通期	前期対比		
			増減額	前期比	コメント
売上高	11,090	11,821	731	106.6%	・既存顧客を中心に、DDS商品・サービスの受注が増加
売上総利益	5,704	6,076	371	106.5%	・付加価値の高いDDS事業のレンタル・サブスクリプションサービスの売上高の増加が寄与
(売上総利益率)	51.4%	51.4%	—	—	
販管費	2,839	2,998	159	105.6%	・処遇改善等による人件費の増加に加え、マーケティング活動を含む営業活動費用等が増加したことによるもの
営業利益	2,865	3,077	211	107.4%	
(営業利益率)	25.8%	26.0%	0.2%	—	
経常利益	2,785	3,162	376	113.5%	・純投資による投資有価証券の受取配当金が増加 ・ファイルフォース株式会社の業績改善により、持分法投資損失が減少
親会社株主に帰属する当期純利益	1,858	2,190	331	117.8%	

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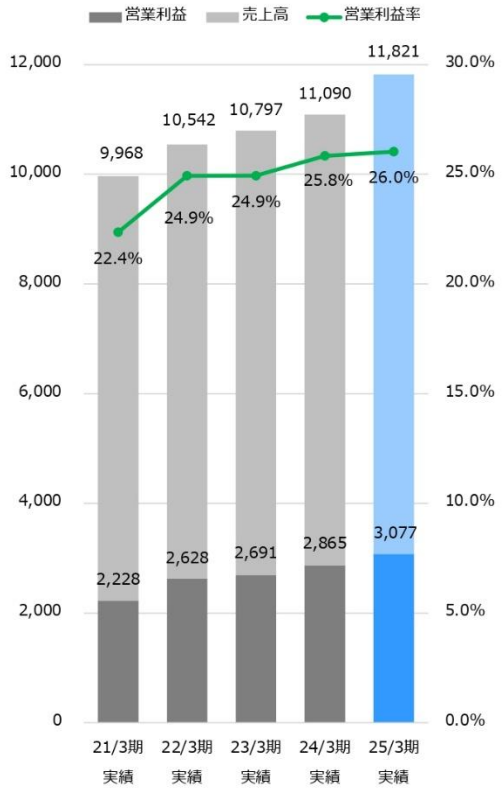
I will now explain from the perspective of comparison with the fiscal year ended March 31, 2024.

Net sales were 106.6%, gross profit was 106.5%, and the gross profit margin was 51.4%, which are about the same as the previous year. This was mainly due to an increase in orders for products and services in the mainstay DDS business, mainly from existing customers, which led to an increase in net sales and gross profit.

Meanwhile, SG&A expenses are 105.6% YoY. This was due to an increase in personnel expenses resulting from improved compensation and other factors, as well as an increase in operating expenses, including marketing activity expenses.

As a result, operating income improved by 107.4% YoY, and the operating margin improved by 0.2 points. Ordinary income and profit attributable to owners of parent are 113.5% and 117.8% YoY, respectively, as explained earlier. All items exceeded the previous year's results.

全社損益概要



単位：百万円

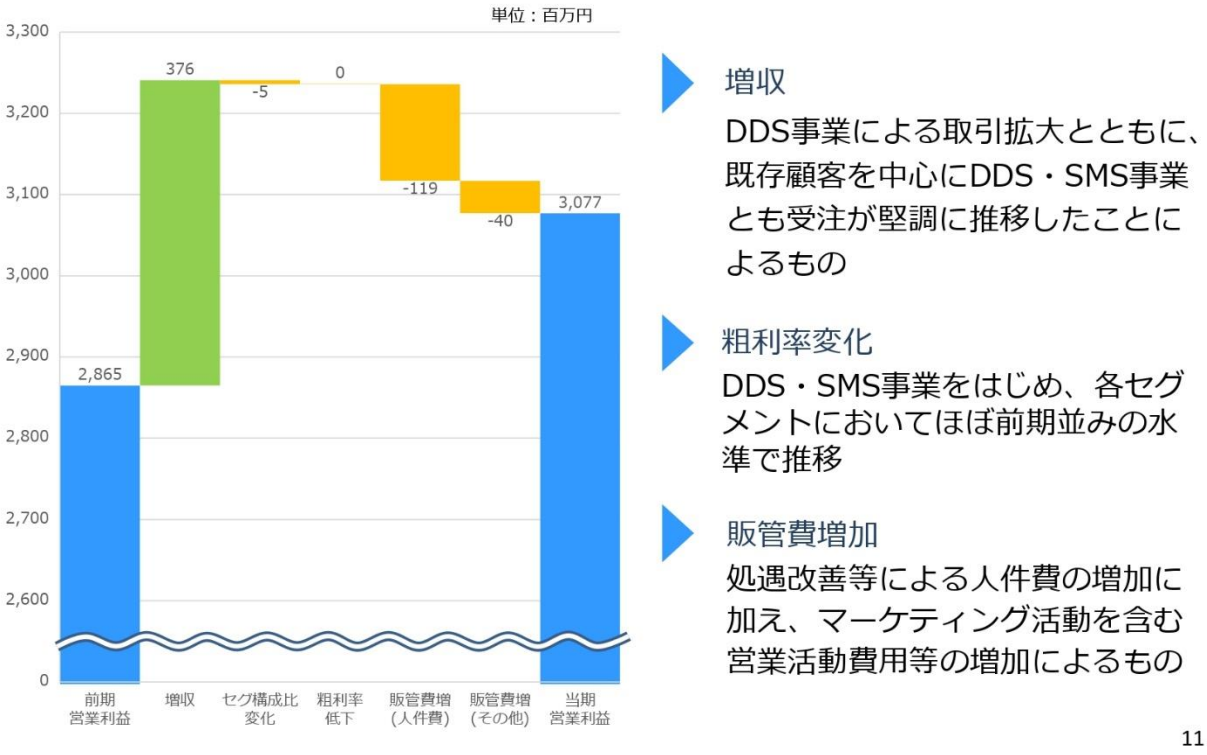
	2024/3期 通期	2025/3期 通期	期対比 増減額	期対比 前期比
売上高	11,090	11,821	731	106.6%
営業利益	2,865	3,077	211	107.4%
営業利益率	25.8%	26.0%	0.2%	—

- 売上高・営業利益・営業利益率いずれも過去最高
- 売上高 16期連続で増収
  営業利益 14期連続で増益
- 営業利益で初の30億円を計上

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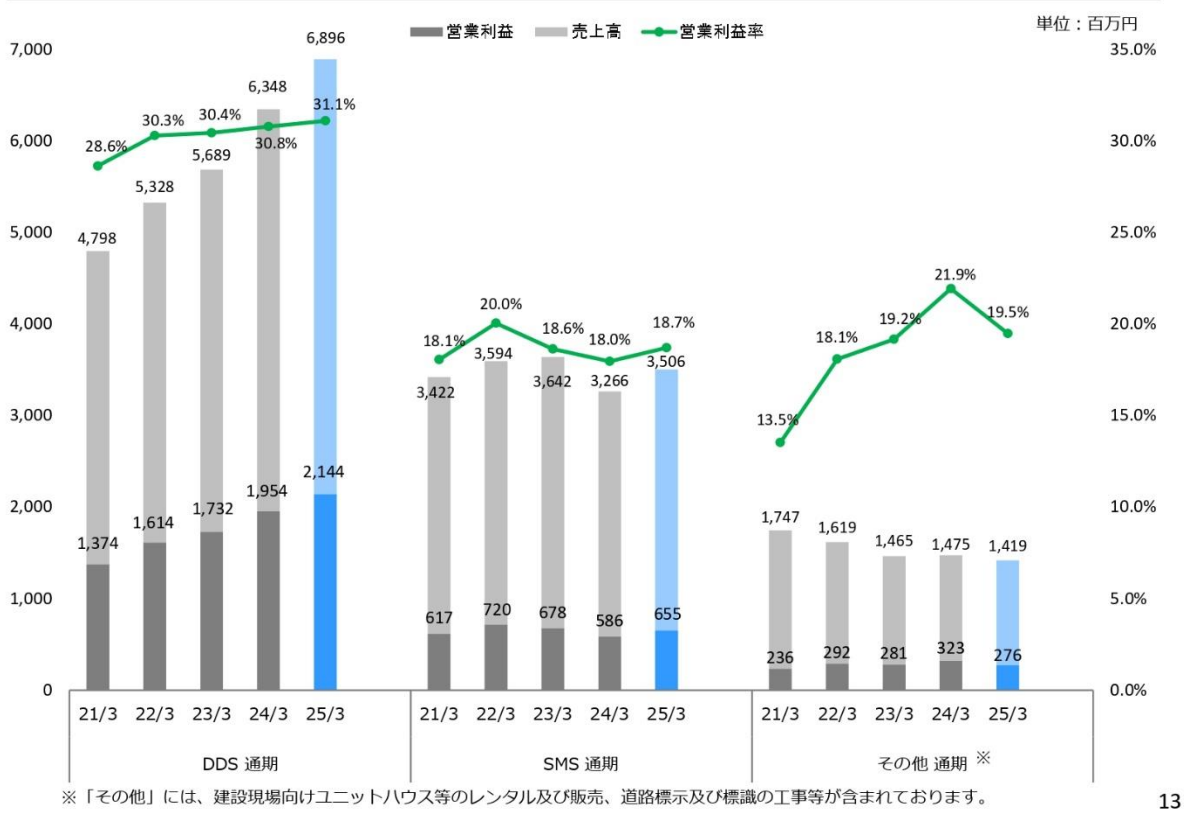
This section provides an overview of company-wide profit and loss, focusing on sales and operating income.

Net sales increased for the 16th consecutive year, and operating income increased for the 14th consecutive year. Both of these are record highs.



This graph shows a breakdown of the factors that contributed to the increase or decrease in operating income.

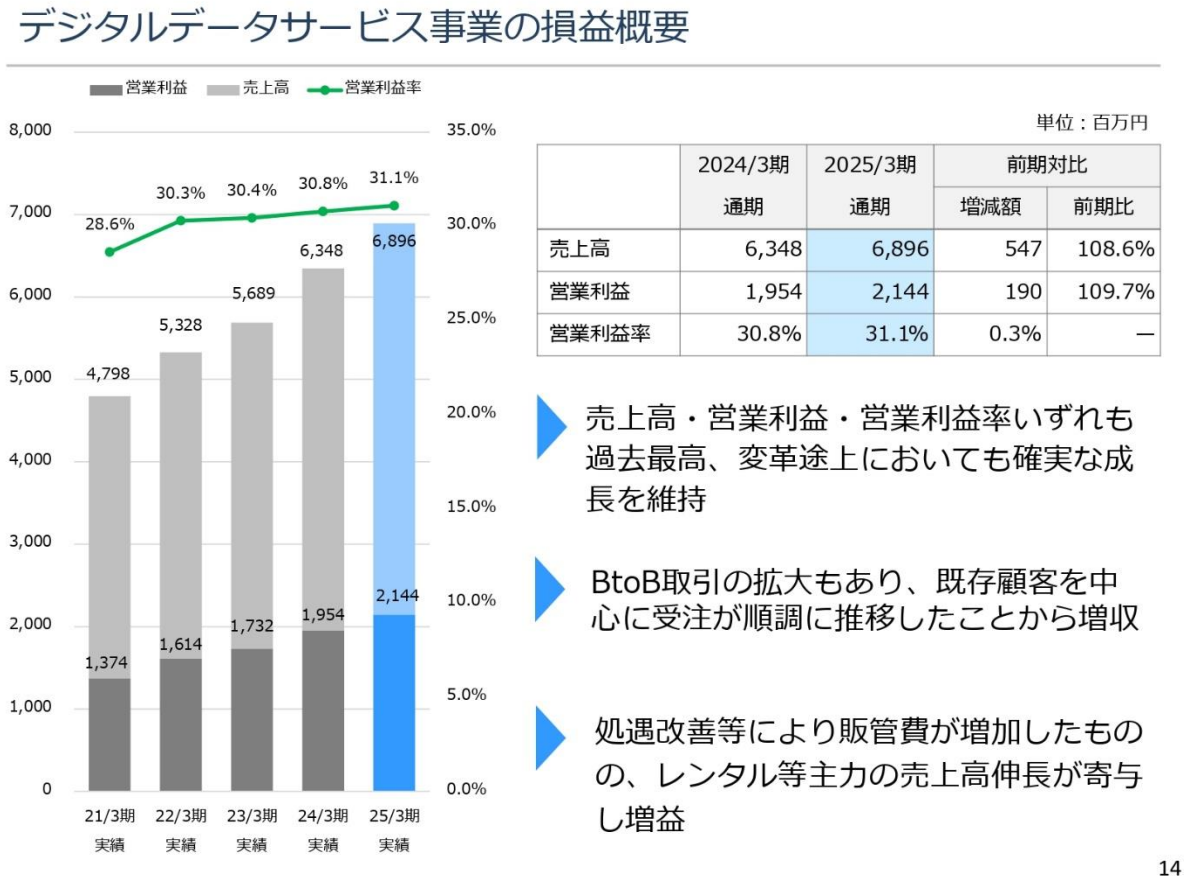
The main reason for the increase is the rise in revenues. Sales increased by JPY376 million due to higher sales. Meanwhile, SG&A expenses increased by JPY119 million in personnel costs and JPY40 million in other items, but these increases were offset by increases in net sales and gross profit.



I will then provide an overview of the segments. This slide shows a graph comparing our three segments on the same numerical axis.

The SMS business accounts for about half of the total sales of the DDS business, followed by the other businesses, which account for about half of the total sales.

While the DDS business is steadily increasing sales and operating income, the SMS business and other businesses have remained almost flat, but this is due to the DDS business being the growth driver as per the medium-term management policy.

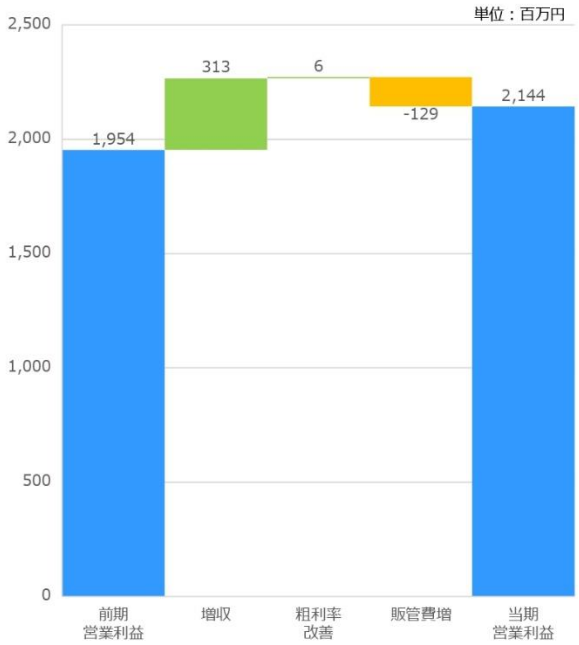


I will now explain the status of individual projects.

First, this is the DDS business. Sales JPY6,896 million, 108.6% YoY. Operating income was JPY2,144 million, 109.7% YoY. The operating margin was 31.1%, plus 0.3 percentage points. Sales have increased for 16 consecutive fiscal years, and operating income has increased for 11 consecutive fiscal years, both record highs.

デジタルデータサービス事業の損益概要

■営業利益の増加要因(デジタルデータサービス事業)



増収・粗利率改善

継続して統合的なサービス提案活動に努めた結果、BtoB取引の拡大もあり、既存顧客を中心に受注が順調に推移し増収

販管費増加

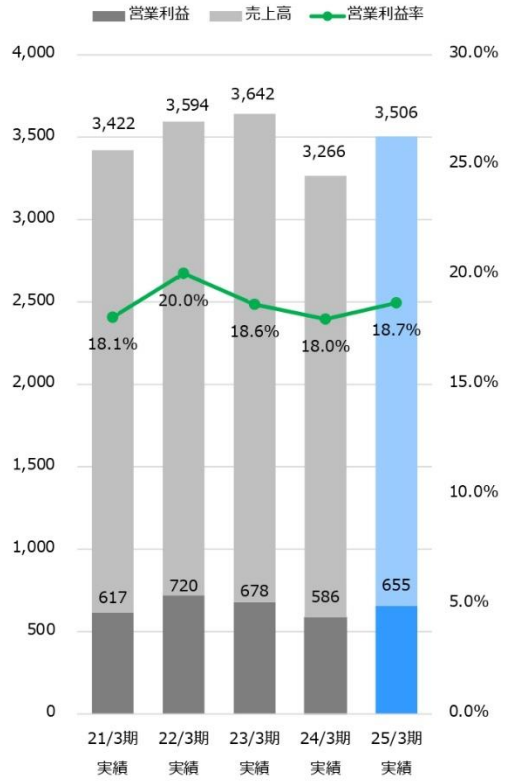
処遇改善による人件費の増加及び営業活動費用の増加等によるもの

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This is a breakdown of the changes in operating income in the DDS business.

Operating income increased by JPY313 million due to increased revenues, which is the majority of the total. On the other hand, SG&A expenses increased due to an increase in sales activity expenses and personnel costs associated with the strengthening of the digital equipment management center, but we were able to offset these expenses with increased revenue in the end.

測量計測システム事業の損益概要



単位：百万円

	2024/3期 通期	2025/3期 通期	前期対比 増減額	前期対比 前期比
売上高	3,266	3,506	240	107.4%
営業利益	586	655	69	111.8%
営業利益率	18.0%	18.7%	0.7%	—

- DDS事業を中心とした取引基盤の拡大等によりレンタルが堅調に推移したことに加え、販売案件の増加が大きく、増収
- 処遇改善により人件費が増加するも、取引基盤の拡大が営業活動に寄与したこともあり、増益

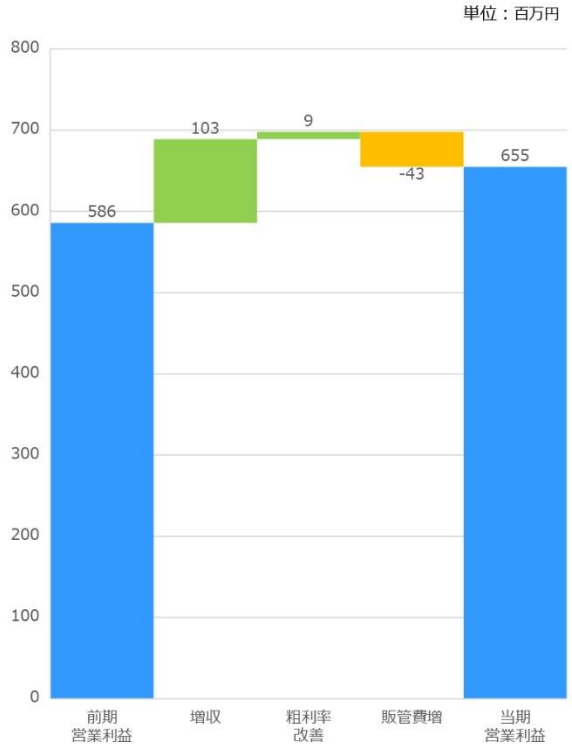
16

This is the SMS business.

Net sales were JPY3,506 million, 107.4% YoY. Operating income was JPY655 million, 111.8% YoY. The operating margin was 18.7%, plus 0.7 percentage points.

測量計測システム事業の損益概要

■営業利益の増加要因(測量計測システム事業)



増収

取引基盤の拡大・マーケティング活動等により、主に販売案件が増加したことによるもの

粗利率改善

レンタル売上が堅調に推移したことによるもの

販管費増加

処遇改善による人件費の増加及び営業活動費用の増加等によるもの

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The increase in sales was the most significant factor in the increase or decrease in operating income.

貸借対照表概要

単位：百万円

	2024/3期 3月末	2025/3期 3月末	増減額	主な増減内容
流動資産	9,536	7,002	△2,534	・現金及び預金：△2,422百万円 ・受取手形及び売掛金：△81百万円 ・電子記録債権：△29百万円 ・棚卸資産：+44百万円 ・その他流動資産：△46百万円
固定資産	7,174	10,078	2,904	・有形固定資産：+46百万円 ・無形固定資産：+13百万円 ・その他投資：△12百万円 ・投資有価証券：+2,856百万円
資産合計	**16,710**	**17,080**	**369**	
流動負債	2,926	2,393	△532	・買掛金：+1百万円 ・電子記録債務：△530百万円 ・未払法人税等：+53百万円 ・その他流動負債：△5百万円
固定負債	1,553	1,814	261	・リース債務：+57百万円 ・その他固定負債：+204百万円
負債合計	4,479	4,208	△271	
株主資本	11,385	11,611	226	・当期純利益計上：2,190百万円 ・自己株式取得：△909百万円 ・配当金支払：△1,054百万円
その他の包括利益累計額	845	1,260	414	・その他有価証券評価差額金：+414百万円
純資産合計	12,230	12,872	641	
負債・純資産合計	**16,710**	**17,080**	**369**	

自己資本比率	73.2%	75.4%	2.2%	

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Next, I will explain the financial information and management indices.

This is the balance sheet summary. Total assets amounted to JPY17,080 million, up JPY369 million YoY. This was mainly due to an increase of JPY2,856 million in acquisition and revaluation gains on investment securities, while cash and deposits decreased by JPY2,422 million.

On the other hand, total liabilities and net assets are as shown on the slide.

Although net assets decreased due to the acquisition of treasury stock and dividend payments, they increased overall due to net income for the period and valuation gains on investment securities. As a result, the equity ratio increased by 2.2 percentage points.

キャッシュ・フロー計算書概要

単位：百万円

	2024/３期 通期	2025/３期 通期	2025/3期 通期の主な内容
営業活動による キャッシュ・フロー	2,982	2,842	・税引前当期純利益：+3,162百万円 ・減価償却費：+1,002百万円 ・持分法による投資損益：+22百万円 ・売上債権の減少額(△増加)：+111百万円 ・棚卸資産の減少額(△増加)：△44百万円 ・仕入債務の増加額(△減少)：△529百万円 ・法人税等の支払額：△982百万円
投資活動による キャッシュ・フロー	△ 553	△2,447	・投資有価証券の取得による支出：△2,238百万円 ・有形固定資産の取得による支出：△139百万円 ・無形固定資産の取得による支出：△65百万円 ・関係会社株式の取得による支出：△2百万円
財務活動による キャッシュ・フロー	△ 1,749	△2,816	・自己株式の取得による支出：△909百万円 ・リース債務の返済による支出：△853百万円 ・配当金の支払額：△1,053百万円
現金及び 現金同等物の期末残高	6,952	4,529	

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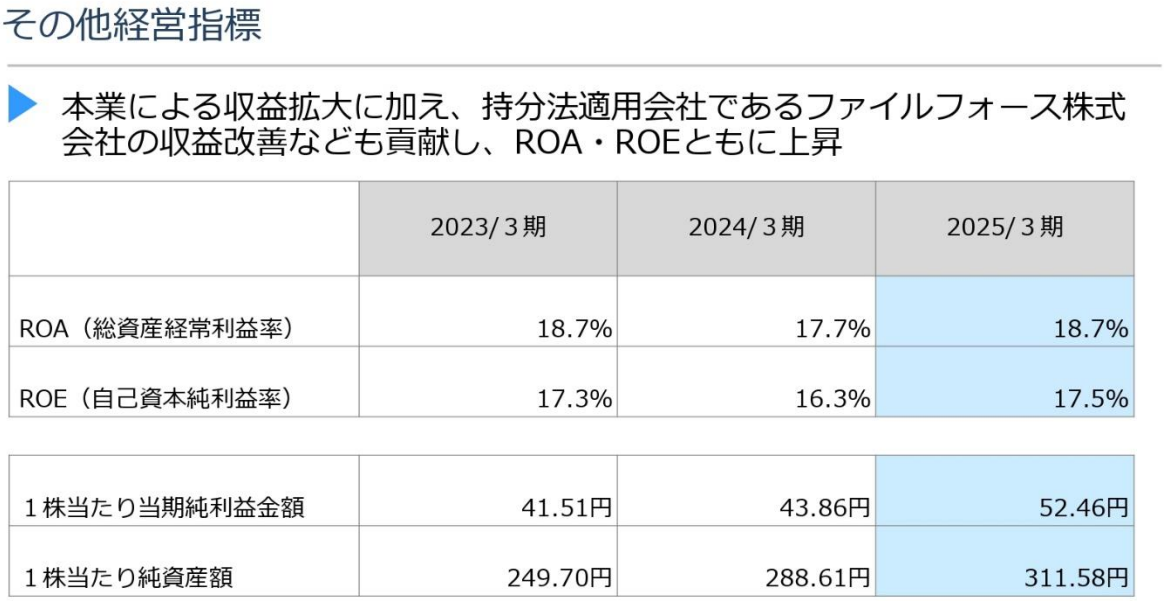
This is the summary of the statement of cash flows.

Cash and cash equivalents at the end of FY2025 totaled JPY4,529 million, resulting in a decrease of approximately JPY2.4 billion over the year.

The factors from operating, investing, and financing activities are shown on the slide, respectively, and cash flow from operating activities was JPY2,842 million, which is a solid cash earner.

Net cash used in investing activities was JPY2,447 million. This was mainly due to the acquisition of investment securities, amounting to JPY2,238 million.

Net cash provided by financing activities totaled JPY2,816 million. This was mainly due to the repurchase of treasury stock and dividend payments.

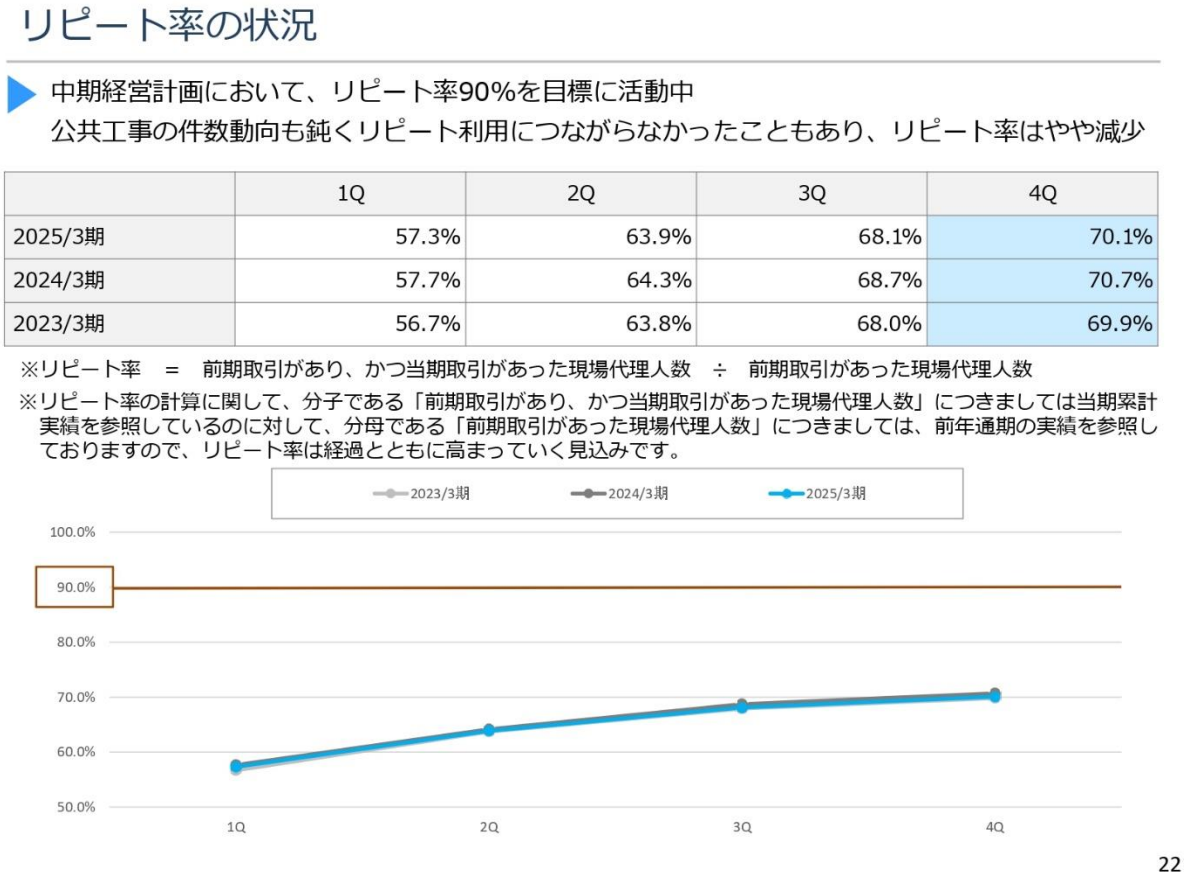


These are the other management indicators.

I will explain ROA and ROE as key indicators. ROA and ROE were 18.7% and 17.5%, respectively. In both cases, we were able to increase these figures YoY.

This increase was due to the earnings growth from the core business as explained earlier, as well as the improved performance of Fileforce, Inc., in which we have a strategic investment.

With regard to the increase in ROA and ROE, we will strive to achieve the goals of the medium-term management plan, especially by improving earnings and steadily increasing profits in each fiscal year.

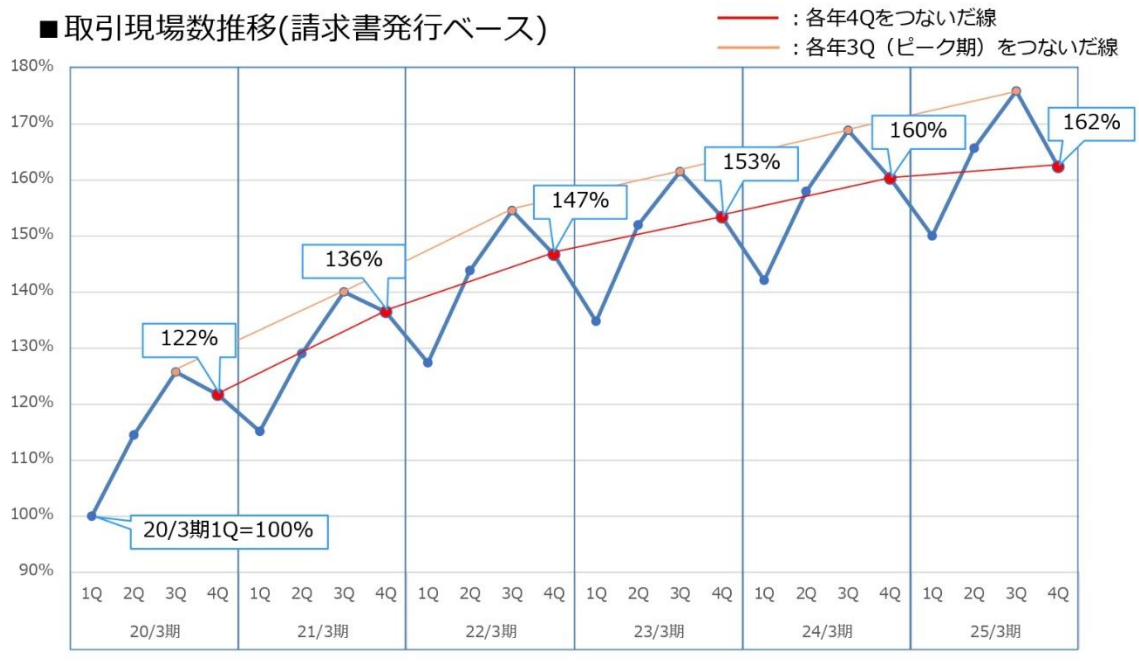


This is the status of repeat business.

The result for the year ended March 31, 2025 is 70.1%. This was a decrease of 0.6 percentage points YoY. This was mainly due to slow trends in the number of public works projects, which did not lead to repeat usage.

取引現場数推移

- DDS商品・サービスの営業に注力した結果、取引現場数も堅調に推移
- 例年に比べ4Qの落ち幅がやや大きいものの、一過性のものと想定



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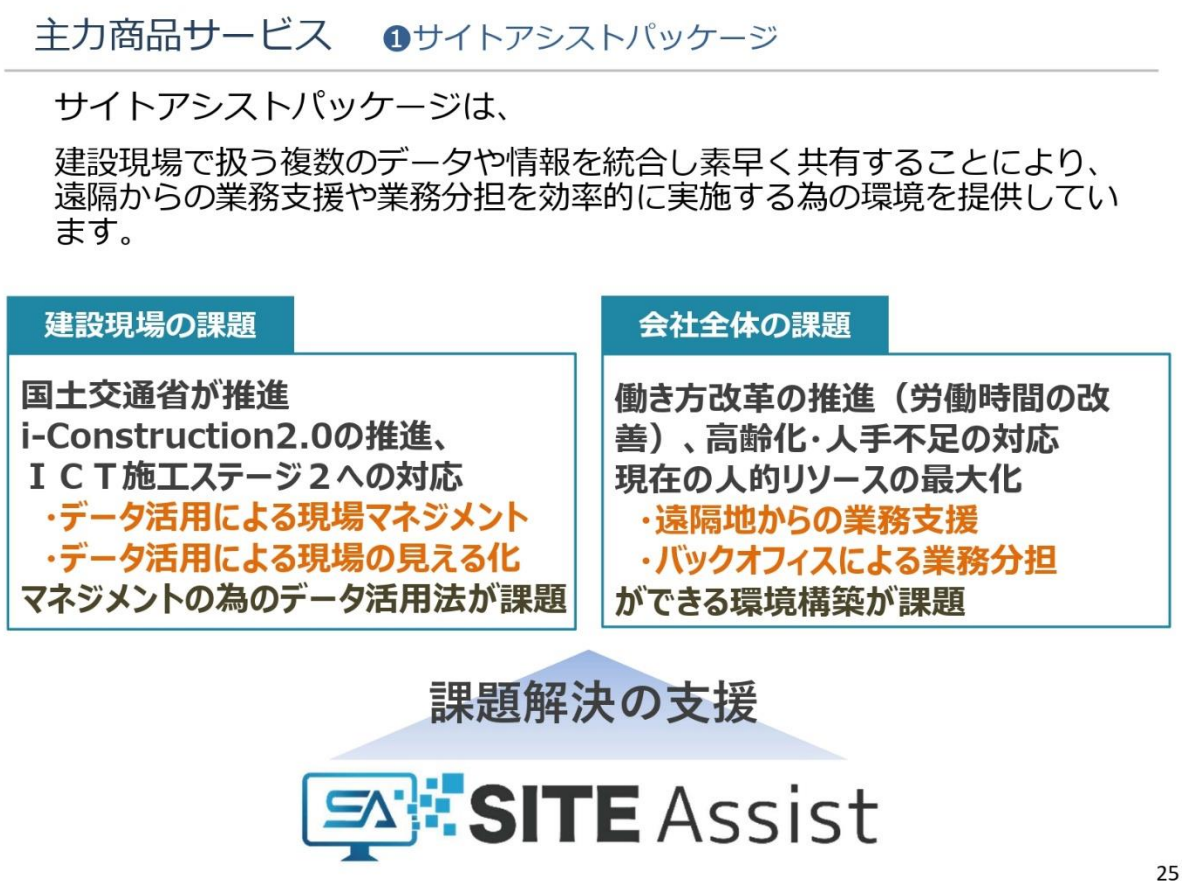
This is the transition in the number of transaction sites. The number of transaction sites is expressed as an index.

When the actual results for Q1 of the fiscal year ended March 31, 2020, were set at 100%, the figure for FY2025 was 162%, an increase of more than 60%.

The graph shows increases and decreases, but these take into account seasonal fluctuations based on the industry and our company's business type. Therefore, for the same timing comparison, the red dots represent Q4, and the orange dots represent Q3.

As you can see, we expect the decline in Q4 compared to previous years to be transitory, and the number of transaction sites has remained steady. This concludes my explanation. Thank you very much.

Nagai: Next, Mr. Kazutoshi Kanai, Director and General Manager of the DDS Sales Promotion Department, will explain section three — our main products and services.



Kanai: I am Kazutoshi Kanai, Director, General Manager of DDS Sales Promotion Dept. I will explain our main products and services.

First, I will talk about the Site Assist package. The Site Assist package provides an environment for the efficient implementation of work support and work sharing from remote locations by integrating and quickly sharing multiple data and information handled at construction sites.

Recently, as ICT construction has become more common in construction sites under the direct control of Ministry of Land, Infrastructure, Transport and Tourism, there is a need to promote i-Construction 2.0, the next stage of ICT construction, and to respond to ICT Construction Stage II.

In this section, there is a policy of on-site management through the use of data and the visualization of the site, and the policy has shifted from construction to the management of the entire site. The issue is how to utilize the data here.

As for company-wide issues, it is said to be important to maximize human resources on the site by promoting reforms in work styles and responding to the aging of the workforce and the shortage of human resources. The challenge is to build an environment that enables remote business support and work sharing by the back office. We provide support in resolving these issues through our Site Assist package.



The Site Assist package is offered in three components.

The first is the Site Assist dashboard, an on-site information-sharing platform. This function integrates and utilizes data and information handled on the site and also has the ability to share this data and information.

Second, it is the content related to on-site information. It provides a variety of content related to information specific to the construction industry that is necessary for on-site management.

Third, we provide hardware, multi-functional displays, and multi-functional mobile devices that enable the effective use of the dashboard, the first component, and the content related to on-site information, the second component.

We provide these three as a package and support problem-solving by having them utilized on-site.



I will now explain in a little more detail what is inside.

First, the Site Assist dashboard, an information sharing platform, provides a dashboard for integrating and utilizing a variety of information necessary for on-site management.

There are three main characteristics.

The first is the ability to create arbitrary layouts of the dashboard. You can use a fixed dashboard layout, as shown on the left, or you can freely design your own screen layout with just the operation of the mouse, as shown on the right.

Depending on the on-site environment, for example, important information can be displayed in a larger size, or multiple pieces of on-site information can be added. Various information contents can be set for this arbitrary layout, enabling the creation of customized dashboards.

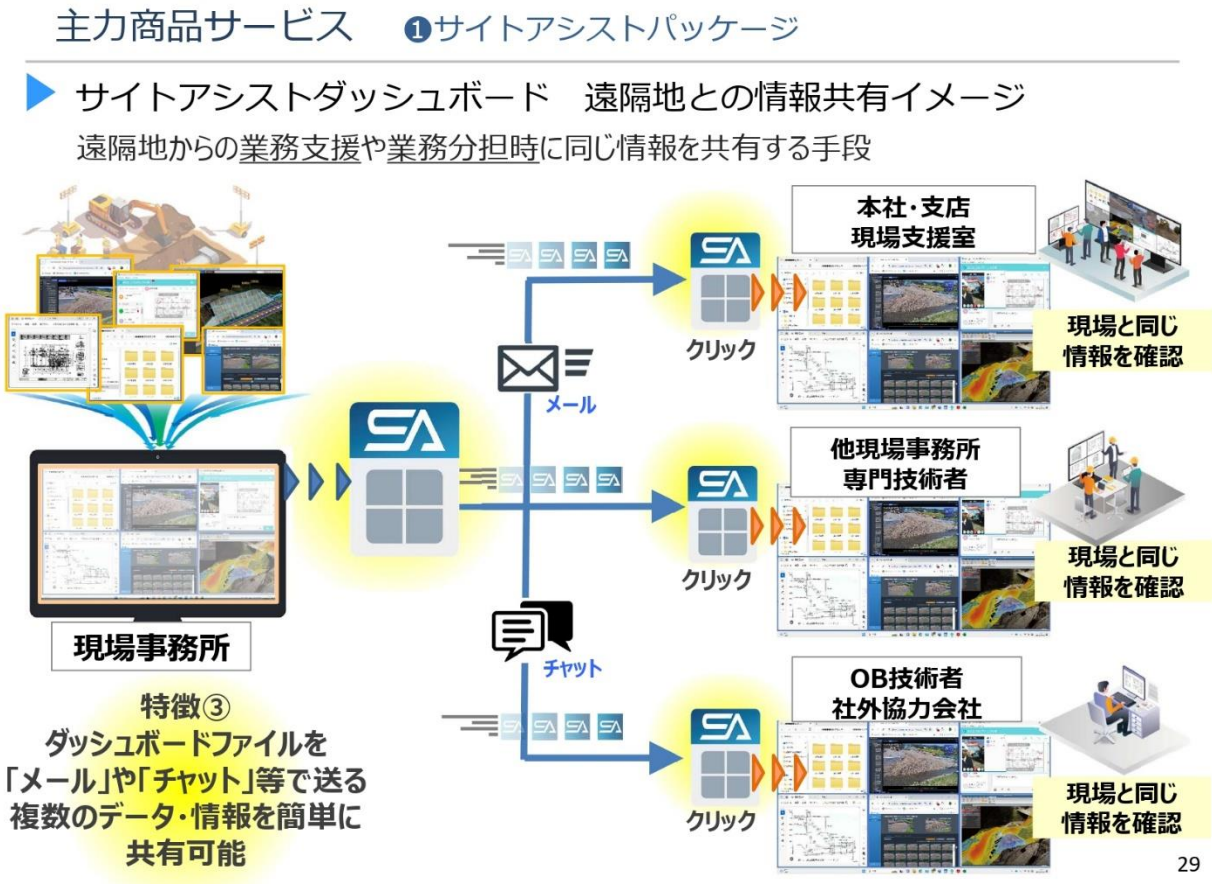
The second feature is the ability to save the created dashboard as a file. You can save the dashboard as a single file, as shown on the desktop screen at lower left.

Once set up, multiple pieces of information can be displayed on a single screen by launching the dashboard file the next time, eliminating the need to search for information and allowing for more efficient on-site management.



Please take a look at the slide which shows this function of the dashboard. A large, customized dashboard is displayed in the middle.

The dashboard shown contains seven pieces of information, but you do not have to start each piece of information one by one. You can click the dashboard file at upper left, and the necessary information are displayed all at once for you to start using right away. Its use is expanding as a useful tool for on-site management, utilizing multiple data.



The third feature is the ability to easily share this dashboard file with related parties. The dashboard file they create can be sent to the related parties who will be assisting them via email or chat.

As you can see on the left side of the slide, the file is sent to the support office at the head office or branch office, to a professional engineer at another field office, or to an alumnus or person in charge at another subcontractor, etc., who can click on the file and see the same information as at the site.

This ease of information sharing is also highly valued, and it enables them to provide accurate business support based on accurate information.

主力商品サービス　❶サイトアシストパッケージ

▶ ②現場情報関連コンテンツ

PBコンテンツ

カテゴリ	サービス名	概要	特記事項	提供形態
クラウドストレージ（データ管理、共有）	fileforce For Construction	建設業に特化（共有・検索・承認）クラウドストレージ	資本業務提携	サブスク
	iCONBOX	Fileforce for Constructionの工事期間レンタルサービス		レンタル
クラウド映像（知覚情報の9割）	CAMSTREAMER	フルHD画質対応のライブ映像＆クラウド録画サービス	国内サーバーを設置 日本国内代理店	レンタル
	PictureMaker	映像施工記録となる全工程のタイムラプス動画サービス	資本業務提携 NETIS取得（2023/7）	レンタル
IoT連携システム	D.E. IoT SmartHub	AIカメラとIoT機器の連携と可視化　（安全・品質・防犯管理）	資本業務提携 2024/1 サービス開始	レンタル
IoT気象情報 NEW	ソラテナPro®	現場の気象データを、IoTSmart HUBと連携させた安全管理	ウェザーニューズ社 2024/11　サービス開始	レンタル

PBハードウェア

カテゴリ	サービス名	概要	特記事項	提供形態
多機能ディスプレイ NEW	MAXHUB	社内or社外、対面or遠隔など複雑化する会議の情報共有をスピードアップ	業務提携 メーカーサポート付きで レンタル提供はCTSのみ	レンタル

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I would like to explain the second point regarding the contents related to on-site information.

As for private content, we offer a service called Fileforce for Construction, a form of cloud storage that allows you to manage all of your on-site data, in a specialized form for the construction industry.

We also offer iCONBOX, a cloud storage service specialized for the construction industry, which can be rented on a per-site basis for the duration of construction projects.

In addition, CAMSTREAMER Cloud, a cloud video service, provides high-quality live video in full HD quality and cloud recording service. This service is provided by an overseas manufacturer, but we collaborated with the manufacturer to install a server in Japan last year. This has made it more convenient for our customers.

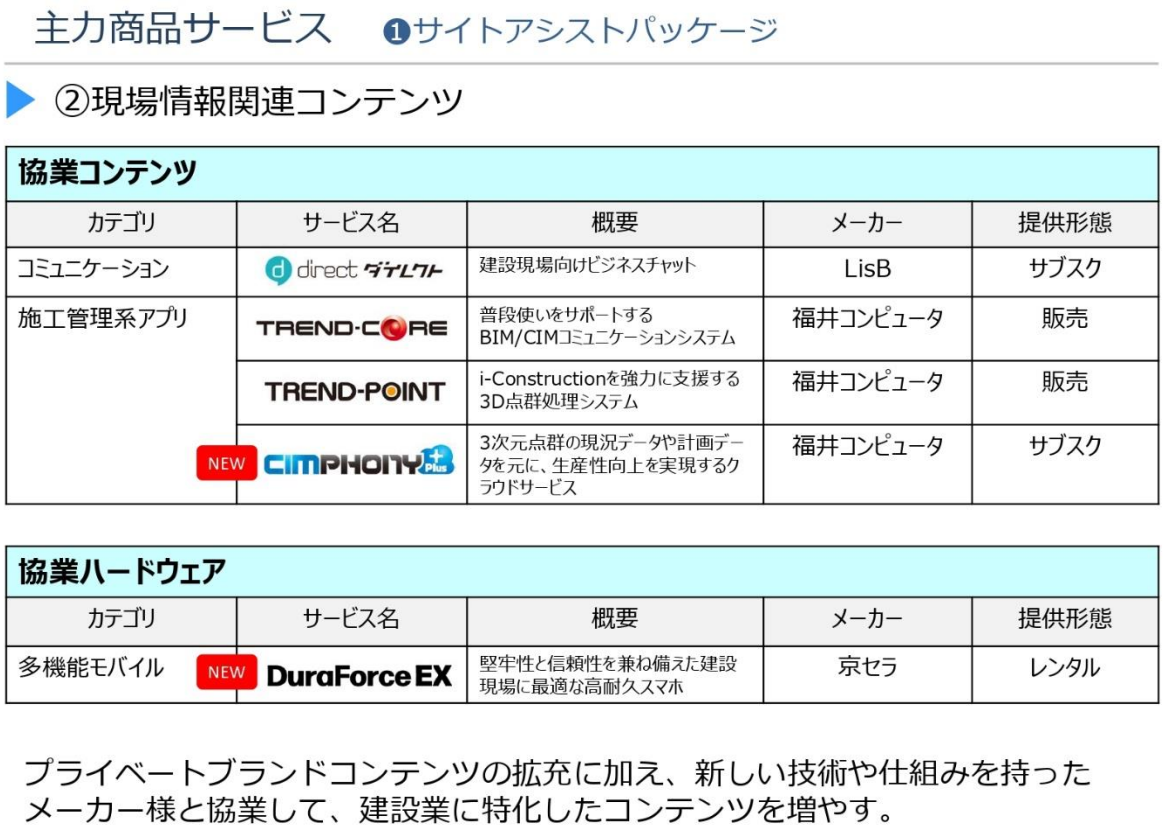
In addition, PictureMaker is the service that will allow the creation of a short time-lapse video recording of the entire construction process. This service can be used to pass on skills at construction sites and as evidence of construction work, etc. This service was registered with NETIS in FY2023.

We also offer an IoT-related service called IoT SmartHub. This service is designed to link AI cameras with IoT devices and visualize the acquired IoT information. The service started in January of last year.

As a new IoT-related service, we have linked weather information and on-site weather data with the IoT SmartHub to provide a service that can be used for safety management, which is called SoratenaPro, and we started the service last year in collaboration with Weathernews Inc.

As for private hardware, we provide a multi-function display service called MAXHUB. The system is used to share information in increasingly complex meetings, both internally and externally, in person and remotely.

In cooperation with the manufacturer, we also offer rental services with manufacturer support, available exclusively through our company.



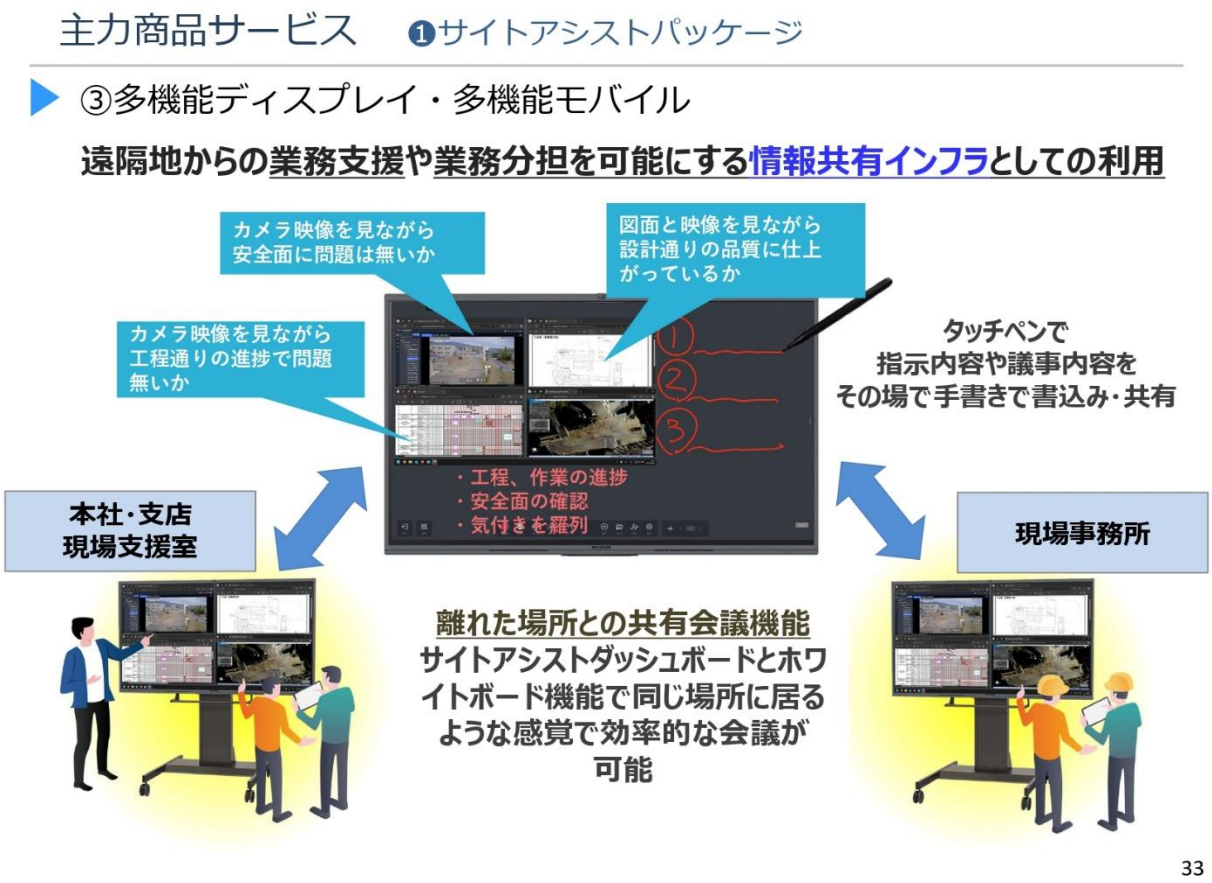
We have also collaborated with various companies to add new services in the area of cooperative content. In addition to the expansion of private brand contents as explained earlier, we will continue to increase content specific to the construction industry through collaboration with manufacturers that have new technologies and mechanisms.



The third part is the multifunctional display and multifunctional mobile device.

We provide the information infrastructure necessary for business support and work sharing by offering hardware and networking to make the functions of the Site Assist Dashboard and the information-related content handled there more useful on-site.

We offer a wide range of displays, from large displays for large support rooms to smaller displays to be handled in on-site offices.



Specifically, the Site Assist Dashboard can be used as an information infrastructure for visualizing work support and work assignment from remote locations, and information can be shared between each work site and support personnel. The whiteboard function allows meetings to be held with remote sites as if the participants were at the same site.



There is another useful use of the Site Assist Dashboard: it can be used for providing multiple information-based management of the site. The content used in meetings, etc., can be quickly shared to smartphones and tablets via QR codes, so that the information can be immediately taken to the site and used for on-site work.



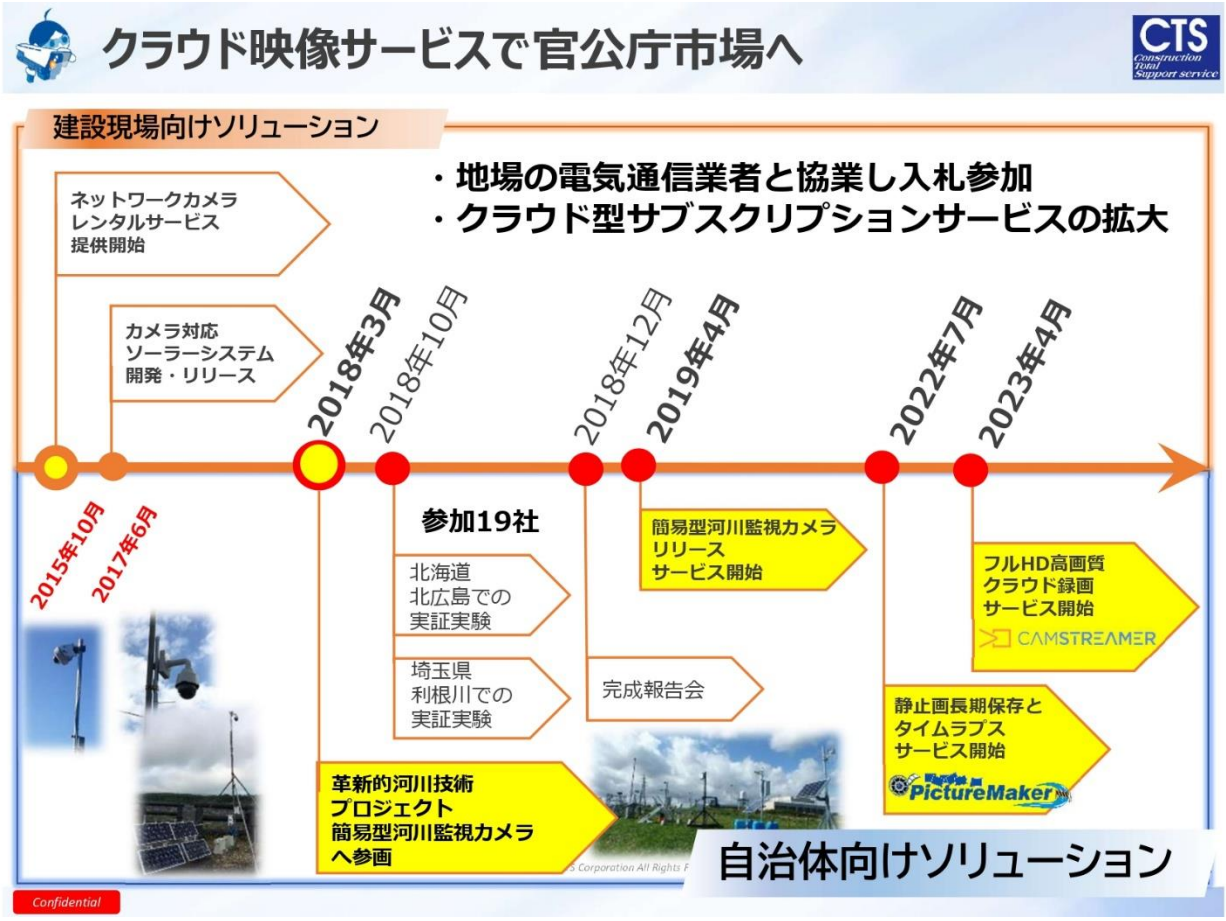
By providing the three elements I have just described as a package, we can support our customers' on-site management using data at the site. For the company as a whole, we can provide support for on-site operations from remote locations using the Site Assist package, including the operating environment, so that our customers can carry out their operations effectively.



Let me also explain the second point about simple surveillance cameras. We provide cloud video services for the government agencies, which are the new market.

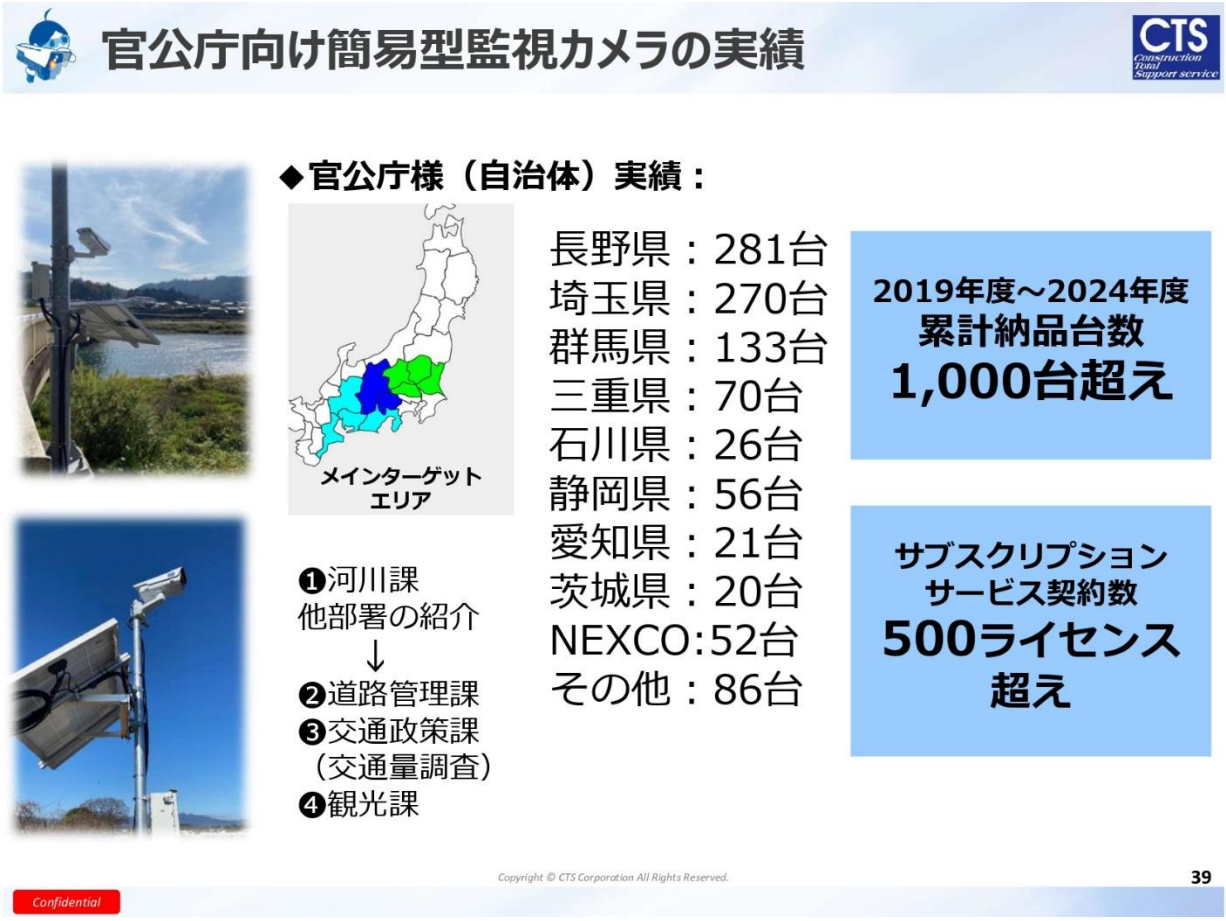
We started this project as the third phase of the 2018 Innovative River Technology Project, and participated in the development of a simplified river surveillance camera, which was led by the Ministry of Land, Infrastructure, Transport and Tourism. We have developed and released this simple river surveillance camera from the standpoint of a manufacturer.

We have already been providing network cameras and solar systems for use with network cameras, available for rent at the site, and we have used that know-how to develop this simple river camera.

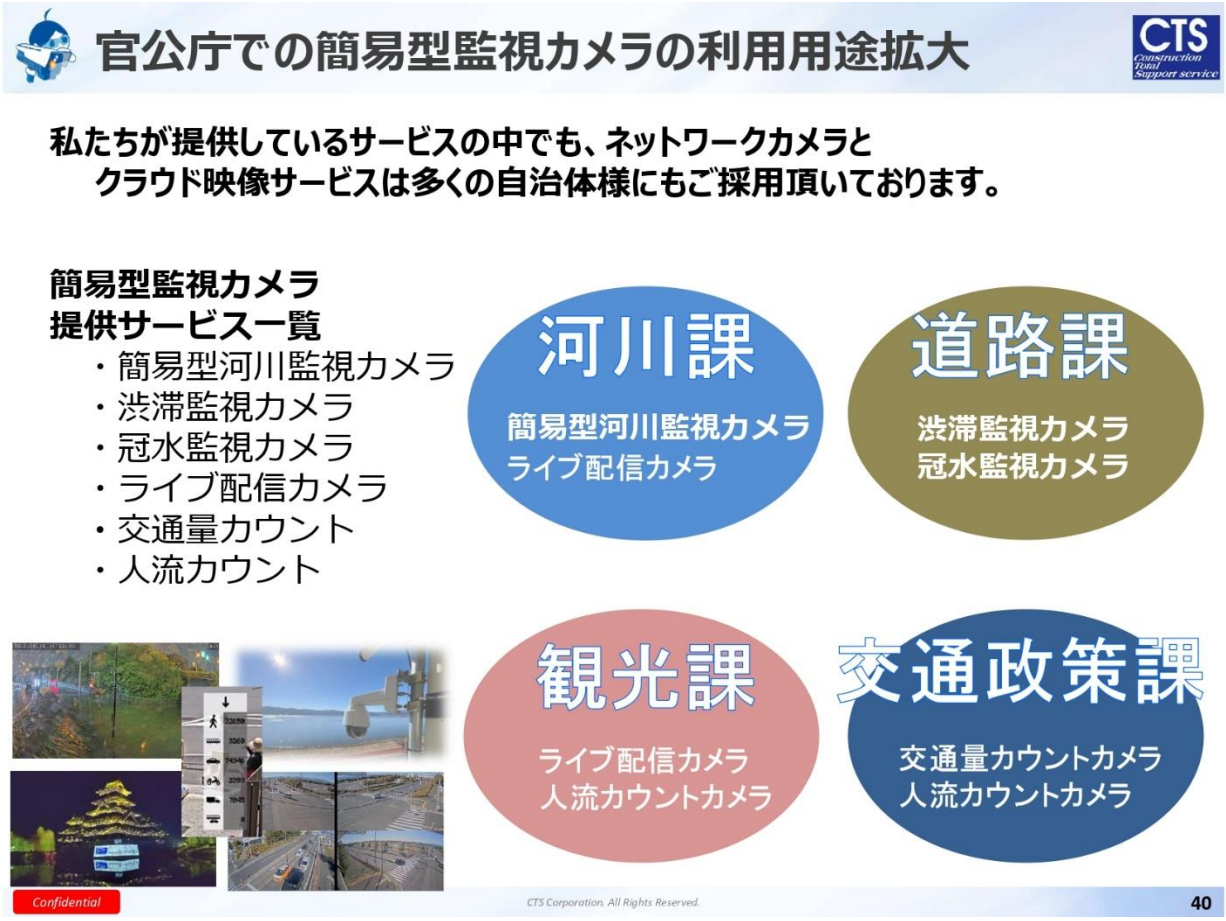


We started in March 2018 and were able to release and install a simple river camera in April 2019.

In the meantime, we have expanded not only our hardware offerings but also our cloud-based subscription services. PictureMaker, which provides long-term storage of still images and time-lapse services, and CAMSTREAMER Cloud, a full HD cloud recording service, are also available for government agencies.



As for our track record, we have delivered a cumulative total of more than 1,000 units, mainly to neighboring prefectures around Nagano Prefecture. In addition, we have contracted more than 500 licenses for our subscription service.

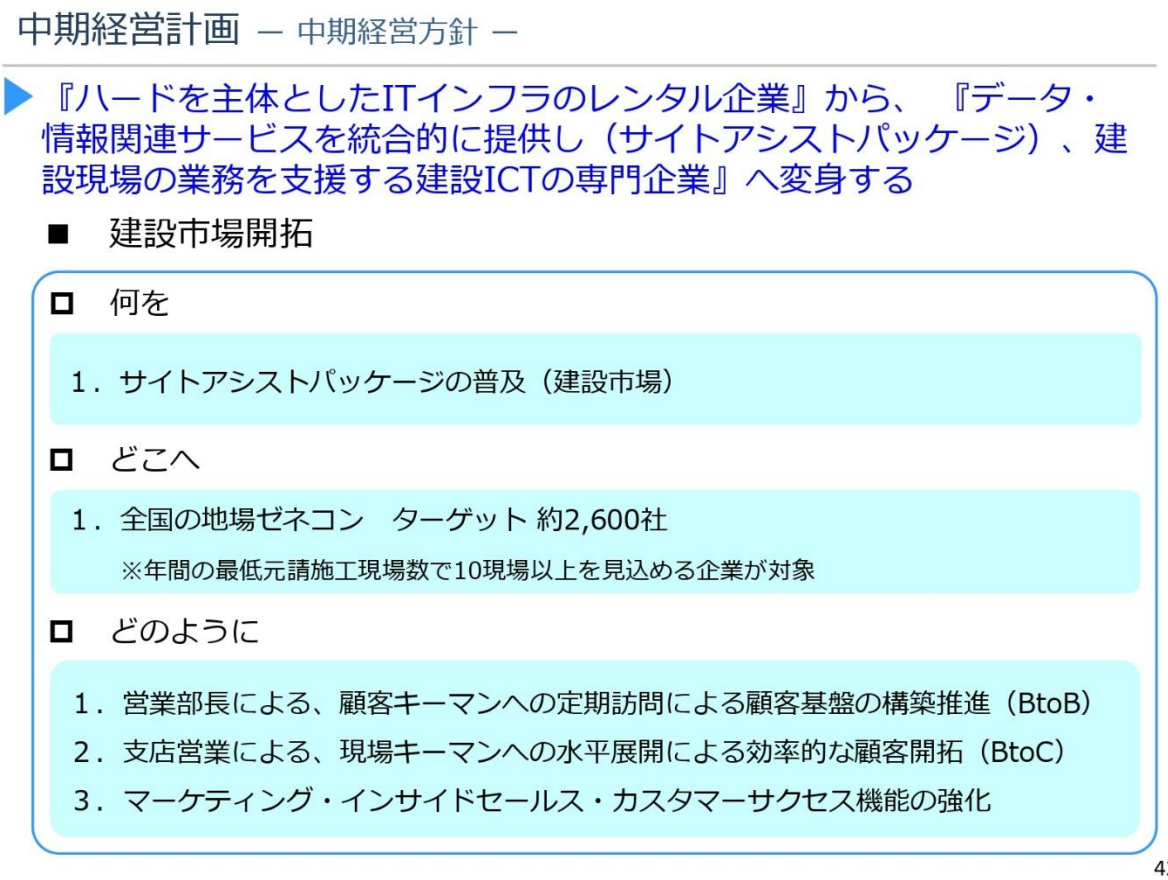


As for the future development of this simple surveillance camera, we started this service for government agencies with a focus on river surveillance cameras, and now we see it expanding to the road division, tourism division, and traffic policy division.

In addition, as I explained earlier, there are now an increasing number of services that can respond to various needs by linking not only the camera itself, but also its accompanying cloud-based subscription service and the IoT SmartHub, which is the AI function of the camera. We will continue to develop and expand into new markets, where these services will become more prevalent.

That is all the explanation from me. Thank you very much.

Nagai: Next, we will have Mr. Taizo Yokoshima, Representative Director and President, explain section four — the medium-term management plan and the forecast for the fiscal year ending March 31, 2026.



Taizo Yokoshima: I am Taizo Yokoshima, Representative Director and President. I would now like to explain our medium-term management plan and the forecast for the fiscal year ending March 31, 2026.

As a policy of our mid-term management plan, we are aiming for a major change in our business format. The policy is to transform itself from a hardware-focused IT infrastructure rental company into a construction ICT company that provides integrated data and information-related services to support construction site operations.

Regarding the expansion of our business in the existing construction market, the first thing to do is to promote the Site Assist package. Next, we are targeting approximately 2,600 local general contractors nationwide.

Regarding the Site Assist package, it was already explained earlier by the person in charge. First, we provide this service as an infrastructure for internal information within each company, and as a service to facilitate the sharing of information onsite, including that of subcontractors.

For that part of the project, we are targeting about 2,600 local general contractors nationwide, all of which are by-name in this regard. Approximately 1,200 of the 2,600 companies are existing users who have business accounts with us.

As for the sales strategy for these 2,600 companies, the first step is for the sales managers to build a customer base by making regular visits to key people in the customer's organization. This will strengthen the relationship with the company's management.

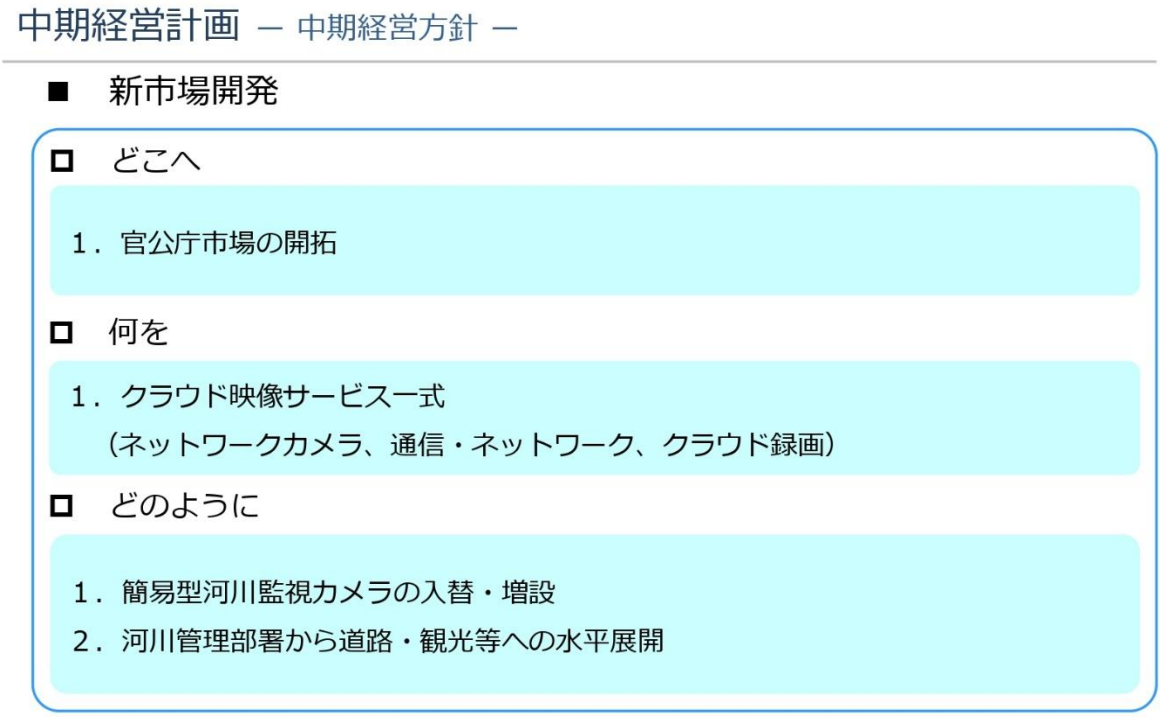
Second, we will carry out efficient customer development through horizontal development to key personnel on-site through branch sales. This will strengthen the relationship with the individual responsible for the site.

Third, we will enhance marketing, inside sales, and customer success.

As for inside sales, the company will promote the efficiency of sales activities by utilizing outsourcing. For example, our branch sales staff will directly visit the top level of existing customers, while for smaller or new customers, we will promote sales activities through outsourced direct mail marketing, telemarketing, etc.

As for the enhancement of customer success functions, we aim to improve the actual utilization of our customers through these enhancements. In part, this has led to upselling Fileforce for Construction, etc.

As a result of these activities, there have been no cancellations of business-to-business contracts for Fileforce for Construction and video services.



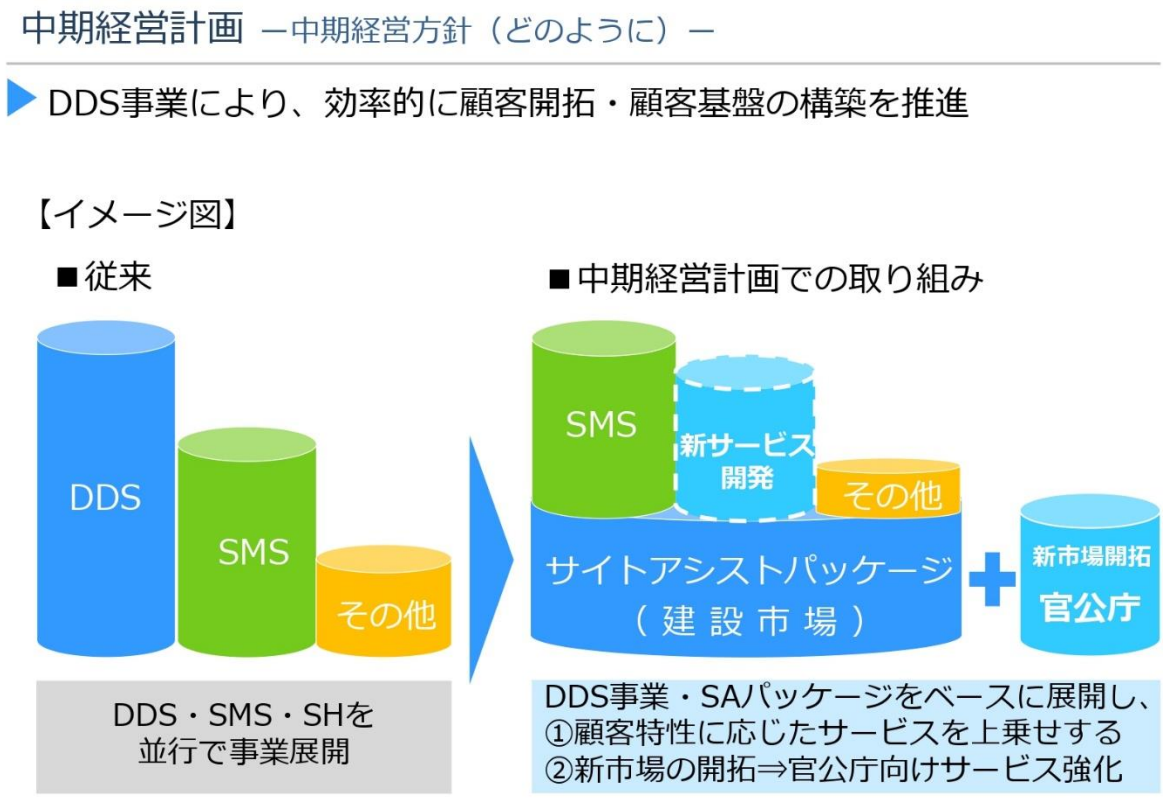
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Next, I will explain new market development. This was also explained earlier by the person in charge.

Currently, it is expected to be utilized in various situations ranging from river management to road management and tourism. More recently, usage for the subscriber charges, such as the use of cloud video and CIM, has also increased.

Also, for the simple surveillance cameras, in addition to the traditional usage of purchasing, the usage by rental is expanding. For example, in the event of a disaster or tourist event, or in the case of Nagano Prefecture, to check the situation during winter snowfall.

In the future, we would like to develop products like the Site Assist package mentioned earlier for government agencies that would be useful in disaster and crisis response situations.



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Next, I will explain how we will develop each business under our medium-term management policy.

The DDS business will promote efficient client development and customer base building. To visualize these visions, we have put the illustration on the slide. In the past, we have developed our business in three segments in parallel.

The illustration on the left shows our previous strategy, and the illustration on the right shows our strategy going forward. The ongoing strategy is to build a customer base mainly for DDS, especially the Site Assist package, and then expand transactions for other services such as SMS.

At the sites of DDS transactions, we are actually starting to see such situations where SMS leads are acquired through inside sales and orders are received.

In addition, several hardware and software manufacturers in SMS cooperate with each other. Hardware and software differentiation is hard to come by in such a situation.

As a dealer, we have a world-class service department and a surveying instrument management center, as explained earlier. By having such a service department, we differentiate ourselves from our competitors in terms of accuracy, including after-sales service. Although there will be some delay in the growth of DDS in the future, we believe that this will certainly lead to the growth of SMS.

中期経営計画 ― 中期経営目標 ―

▶ 中期経営目標は2025年４月28日開示の通り一部修正

売上高	営業利益	営業利益率	ROE	リピート率※
128億円 2023年3月期比 ＋18%	33億円 2023年3月期比 ＋22%	25%超	20%超	90%超

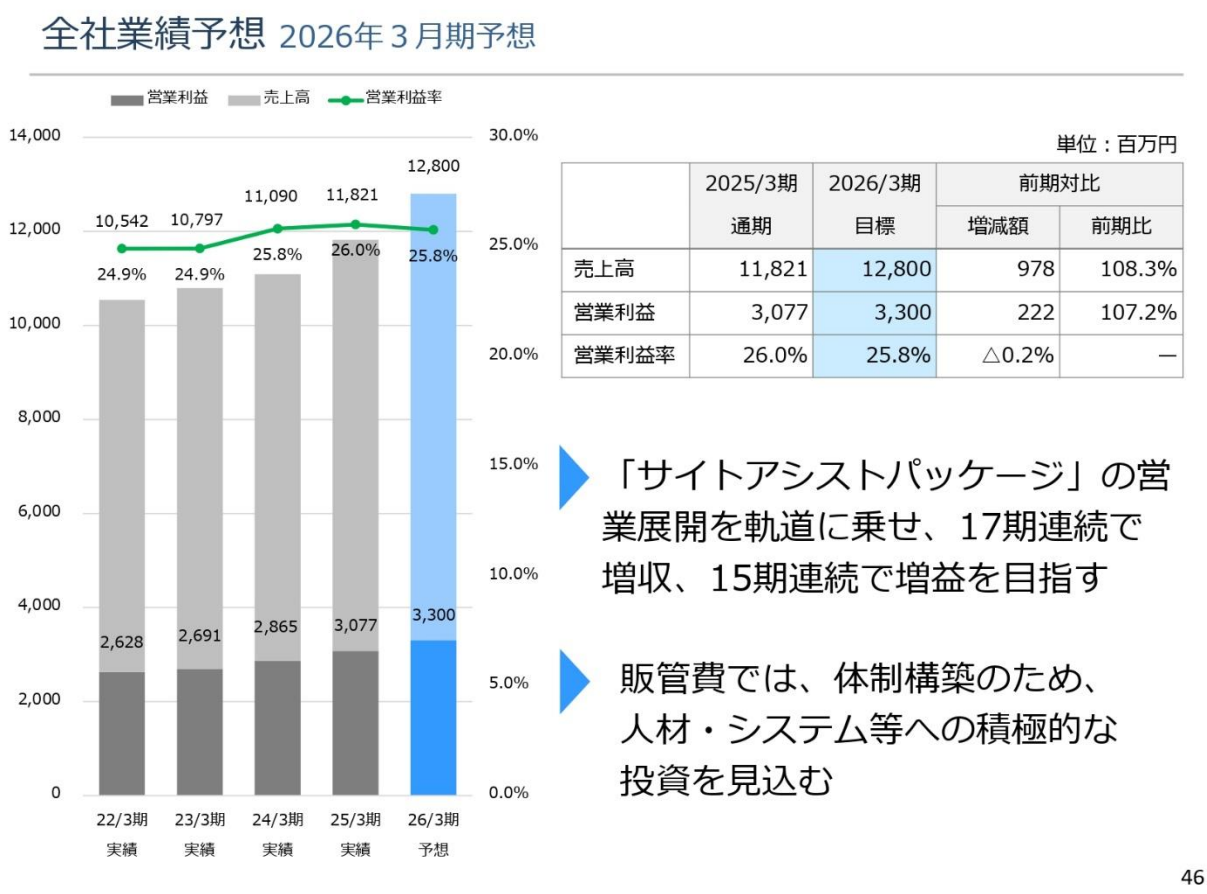
※リピート率は、直接的なユーザーである現場代理人を対象に、下記の計算式で算出しております。

リピート率　＝　前期取引があり、かつ当期取引があった現場代理人数
÷　前期取引があった現場代理人数

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Next, I will explain the management targets of the medium-term management plan.

The medium-term management targets have been partially revised as disclosed on April 28, 2025. The revised targets are net sales of JPY12.8 billion, operating income of JPY3.3 billion, operating margin of over 25%, ROE of over 20%, and repeat business ratio of over 90%.



Next, I would like to explain the company-wide earnings forecast for the fiscal year ending March 31, 2026.

Some data here are repetitive, but we forecast JPY12.8 billion in sales, 108.3% YoY. Operating income forecast is JPY3.3 billion, 107.2% YoY. Operating margin forecast is 25.8%, a negative 0.2% YoY.

We are aiming for a 17th consecutive fiscal year of revenue growth and 15th consecutive fiscal year of profit growth by getting the sales development of the Site Assist package on track. In SG&A expenses, we expect to invest aggressively in human resources and systems to build a framework.

First, with regard to human resources, we will strengthen our organizational structure for business expansion by making the prevention of turnover and smooth recruitment our top priorities through a major revision of the salary system starting this June.

In addition, with respect to welfare benefits, the Company will promote increased paid leave utilization, reduced overtime hours, and relocation of some offices, etc., with a focus on improving the workplace environment.

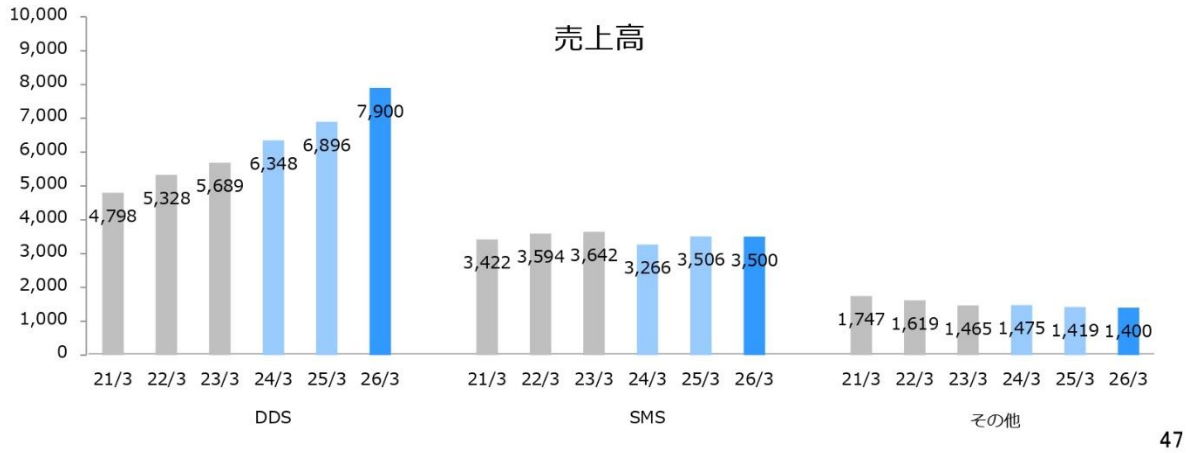
In terms of investment, we will focus on developing contents for the Site Assist package instead of the traditional hardware focus, and we will actively invest in this area, including capital and business alliances. We are still in the process of developing contents in collaboration with several companies.

セグメント別売上高予想 2026年３月期業績予想

単位：百万円

	2025/3期	2026/3期	前期対比	
	実績	予想	増減額	増減率
DDS事業	6,896	7,900	1,003	114.6%
SMS事業	3,506	3,500	△6	99.8%
その他（※）	1,419	1,400	△19	98.7%
売上高合計	**11,821**	**12,800**	**978**	**108.3%**

※「その他」には、建設現場向けユニットハウス等のレンタル及び販売、道路標示及び標識の工事等が含まれております。



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Next, I will explain the sales forecast by segment.

As you can see from the graph, as explained earlier, we have been concentrating our management resources on the DDS business for the past three years. We are also in the midst of a major business transformation based on our mid-term management policy.

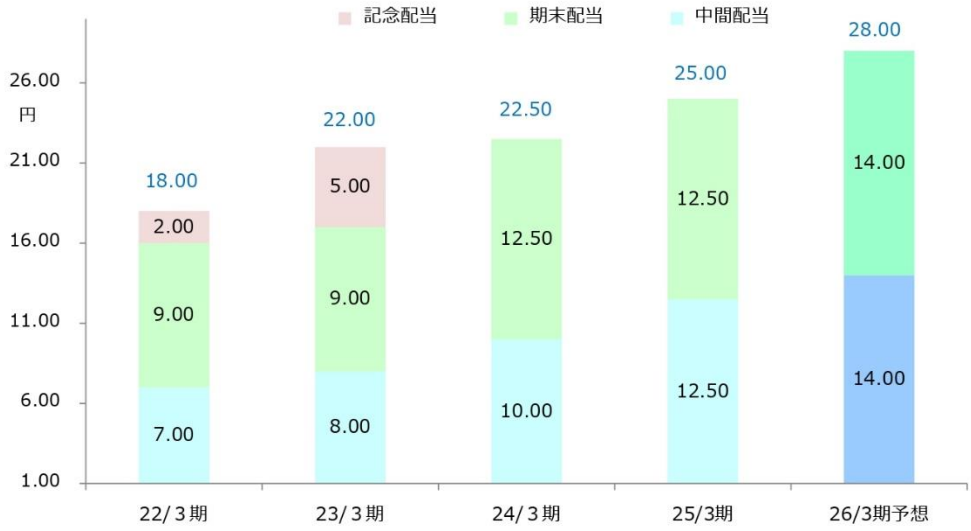
If we were to compare CTS to an airplane, our main goal for the fiscal year ending March 31, 2026, is to have the front wheels of the airplane, called CTS, take off from the runway in the business of the Site Assist package. If we can take off, I am confident that we can transform ourselves into a company that can grow sustainably and stably over the long term in the ever-expanding construction DX market.

We also believe that in the future construction DX market, SaaS services with numerous new technologies will help many construction companies improve their productivity through the Site Assist Dashboard.

We believe that this change in business format will significantly alter the positioning of the relationship between CTS and its customers, from a single supplier rental company to a partner company that provides information-sharing infrastructure centered on SaaS. We hope you will continue to look forward to CTS taking on the challenges of the times and leading the market in this way.

配当予想 2026年３月期予想

- 当中期経営計画期間（2024年３月期～2026年３月期）においては、累進配当方針を採用
- 一株当たり配当金は2025年3期対比で3.0円増配し、14期連続での増配を想定



※　記念配当の内訳：22/3期 上場20周年記念配当2.00円、23/3期 創立50周年記念配当5.00円

48

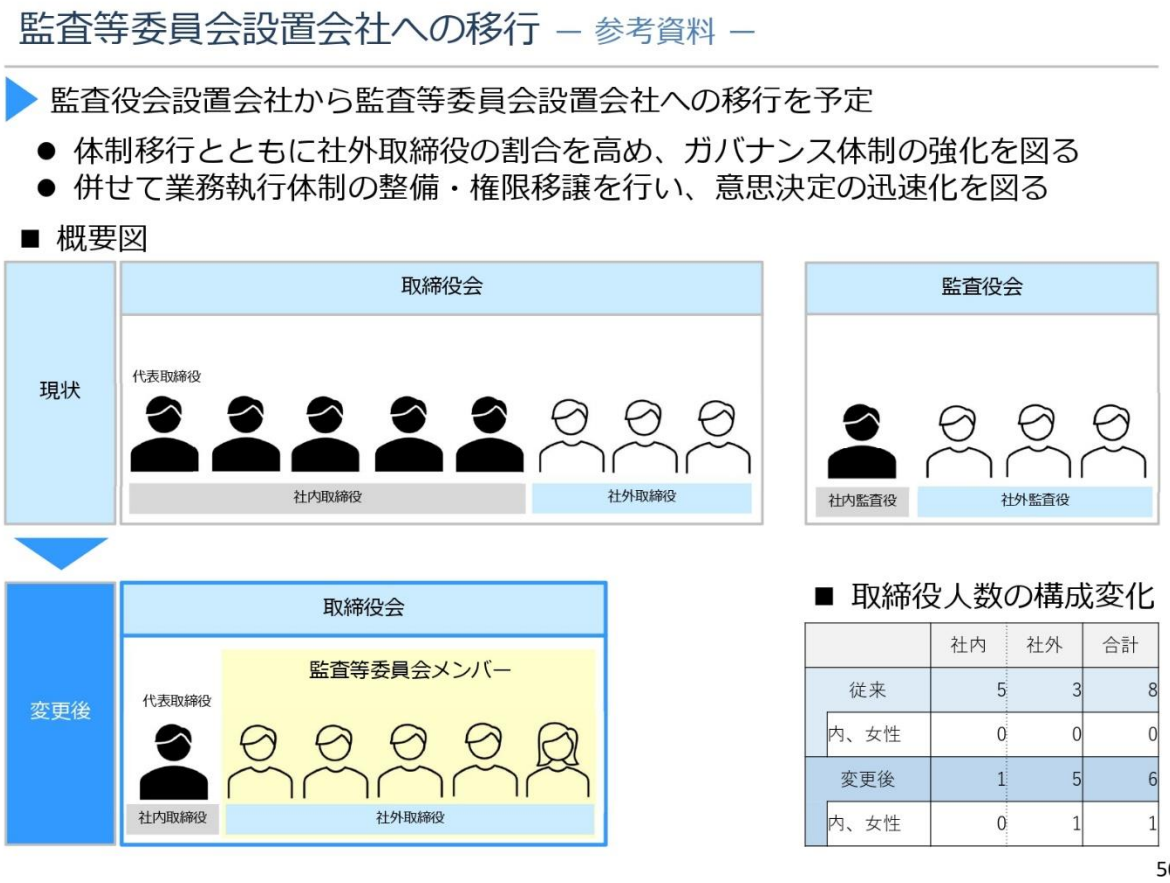
Next, I will explain the dividend forecast.

During the period of this medium-term management plan, we have adopted a progressive dividend policy. This year's dividend is expected to be JPY28, an increase of JPY3 YoY.

This is the 14th consecutive term of dividend increase. Going forward, we intend to continue to increase sales, profits, and dividends through aggressive investment in business expansion.

This concludes my explanation.

Nagai: Next, Mr. Ren Yokoshima, Director and General Manager of the Corporate Planning Department, will explain section five — the management control system.



Ren Yokoshima: I am Ren Yokoshima, Director, General Manager of Corporate Planning Dept. I would like to explain our management control system.

As already disclosed, the Company's Board of Directors has passed a resolution regarding the transition from a company with a board of corporate auditors to a company with an audit committee, and the matter will be submitted for approval at the general meeting of shareholders in June.

There are mainly two points as the purposes of this change, as shown on the slide.

One point is to strengthen the governance structure. The second point is to speed up decision-making. These are the two main aims of the change. In order to firmly achieve this objective, both in name and in reality, we are now shifting the system design to a company with an audit committee and envision that we will also make significant changes within the Company by taking advantage of this system.

As shown in the upper part of the diagram on the slide, we have the Board of Directors and the Board of Corporate Auditors. The Board of Directors consists of five internal directors and three external directors, for a total of eight members.

We have gradually strengthened our outside directors in order to enhance governance and to incorporate their various expertise. The current system, in which the Board of Directors makes decisions on important

business operations, is a so-called "management-type" Board of Directors, and it is difficult to make further changes if the current situation remains unchanged.

Under these circumstances, we have repeatedly considered what kind of structure and form we should adopt in the future in order to achieve the aforementioned objectives, and as a result, we have decided that it is appropriate to transition to a company with an audit committee system.

In addition, in order to achieve this objective, we are considering not only a pure transition to a company with an audit committee, but also an organizational setup that will make full use of the flexibility of the system design to significantly shift the internal structure from a conventional management-type organization to a monitoring-type organization, and to pivot it.

The image after the change is shown at the lower portion of the outline diagram on the slide.

After the change, the Board of Directors will consist of one director who is responsible for internal business execution and five outside directors who are equal to the members of the Audit Committee, for a total of six members.

In conjunction with this, by substantially delegating authority over business execution to outside directors to the greatest extent possible, decision-making on business execution will be carried out speedily among the members of the business execution team, mainly internal directors.

On the other hand, in terms of governance, we expect that the members of the Audit Committee will also be greatly strengthened by having this committee entirely composed of outside directors.

If this proposal is successfully passed at the general meeting of shareholders, we will use this new structure to promote business expansion through speedier decision making.

That is all from me. Thank you very much.

Question & Answer

Nagai [M]: We will now move on to the question-and-answer session.

Mr. Kitamura, Deputy General Manager, Accounting Department, Business Administration Division, will now proceed.

Kitamura [M]: I am Kitamura, Deputy General Manager, Accounting Department, Business Administration Division.

We will now begin the question-and-answer session. As explained in the introduction, please enter your question into the question-and-answer section. We will answer as many of your submitted questions as time permits.

Now that I received a question, I will read it out.

Participant [Q]: What are the percentages in sales of the Site Assist package and the services for municipalities as the growth drivers, among total DDS sales? Also, how do you expect each percentage to change in the current fiscal year and beyond? If you don’t mind, I would appreciate your response.

Kitamura [M]: President Yokoshima, could you answer this question?

Taizo Yokoshima [A]: I would like to answer the question.

Regarding the ratio of sales of the Site Assist package and services for municipalities to DDS, the Site Assist package is a package, so there is no single product called "Site Assist Package". We call it the Site Assist package because it combines our cloud storage service, cloud video service, cloud communication service, and various other services on the dashboard I mentioned earlier.

At present, as I mentioned earlier, if I were to compare it to an airplane, the question is whether the front wheels can lift off, but the number of customers using cloud storage is steadily increasing. The number of registered users is now more than 45,000, and the number of storage users is increasing.

However, we are not exactly aiming for the situation where customers use the storage only, as this is not exactly the usage intended for the Site Assist package. Cloud storage is more of a memory part for people. And yet, it is a part where memories can be shared.

In contrast, the cloud video service is intended to replace the visual part, which accounts for 80% to 90% of cognitive information, but it can also be used in combination with the visual part. For example, if we want to construct a construction site, we have a plan, a set of books, and the final goal is to convert these into 3D data.

Then, in the process of constructing the plan, the current status is determined by the dos and don'ts, and the differences between the two are examined and worked out. We call it "the Site Assist package" when all these services are used together as a whole by the customer.

In that sense, only a small percentage of our customers are still using everything in that way. Therefore, we would like to increase the number of customers who use our products in an integrated manner.

If that is the case, it is not partial use, but rather the introduction for the company as a whole, because it is done locally. This is why the focus is on the localized general contractor.

In this way, it becomes a business relationship between companies, so sales activities are not about selling products, but about providing an environment in which we can do the kind of work that our customers have ordered, up to the point of making a commitment. I also believe that our main job will be to continue to provide that environment until the end.

In that sense, it is difficult to answer the question about the ratio of this part of the Site Assist package at present.

In the area of government agencies, the overall sales are still only a few percent of the total.

This concludes my response. I hope I answered the question.

Kitamura [M]: Thank you. I will now read out the next question.

Participant [Q]: I believe you have revised the targets for the fiscal year ending March 31, 2026, when the mid-term management plan ends, and I would appreciate it if you could tell me if there are any priorities among the targets. For example, are sales and profit targets the most important, or are they all equally important, etc.?

Also, I have another question. I would appreciate it if you could provide us with any current discussions on the dividend policy after the end of the current mid-term plan, if you don't mind.

Kitamura [M]: President Yokoshima, please take care of this as well.

Taizo Yokoshima [A]: I, Yokoshima, will answer.

To answer these two questions, we have revised the targets for the fiscal year ending March 31, 2026, which marks the end of the mid-term plan, because we initially included the profit increase of DDS only for these three years in the sales forecast.

The reason for this is that we wanted to be able to offer the full range of services that I mentioned earlier, the Site Assist package, but to be honest, the development of the dashboard was delayed by a year. The development of content has not yet caught up with what we are doing now in some areas, which means that the whole project has been delayed considerably.

In terms of priorities, regarding sales, we place the highest priority on sales of digital data services. I mentioned earlier that I could not clearly explain the sales composition of the Site Assist package, but in the DDS business as a whole, recurring sales, rental sales, and sales related to rentals, as well as subscription sales, etc., currently account for about 85% of total sales.

In contrast, roughly 95% of the gross profit in the DDS business comes from that 85% sales. I think that the situation is generally like that. Therefore, the first priority is sales, and the highest priority is DDS sales.

Also, regarding the dividend policy, as I mentioned earlier, we have a progressive dividend policy. We have maintained this progressive dividend policy, but we have been able to do almost exactly the same thing as we did when we checked the traditional concept of a dividend payout ratio based on earnings

However, if we look at the current world situation and take into account CTS's current capital adequacy ratio, we believe that dividends should continue in the current direction in the future.

This is the answer to the question.

Kitamura [M]: This will be the last question since we have limited time. I will read it out.

Participant [Q]: I think the operating margin is flat in the current year's plan. Please provide some background on this and any prospects for improvement in profit margins.

Kitamura [M]: President Yokoshima, please take care of this as well.

Taizo Yokoshima [A]: I will give my answer.

As for the operating margin being flat and decreasing by 0.2%, as I mentioned earlier, we are making a major change in the salary structure in June, not only in salary increases, but also in the salary structure itself. We expect expenses, including such items, to increase significantly first.

At the same time, as we mentioned earlier about new investment, we are placing great emphasis on investment in the creation of content. Regarding the DDS sales mentioned earlier, for example, in the case of cloud video services, customers want on-site information or video data, but in order to obtain this on-site information, a high-function camera must be installed at the site.

In that sense, the video part is more of an investment in both hardware and application development. Also, the cloud computing part is involved in the maintenance and management.

For example, Fileforce for Construction or the new IoT SmartHub we are working on now, there is no hardware investment. Therefore, if we continue to develop new applications, the operating profit margin of DDS was about 31% in the previous fiscal year, which is about 1% higher than the year before.

Conversely, the ratio of subscriptions and cloud services to applications in DDS will increase in the future. If it goes up, it will certainly increase the operating margin of DDS. The percentage of DDS sales to total sales will continue to increase, and as a result, we believe that the overall profit margin will also increase.

This is my answer to the question.

Kitamura [M]: Thank you very much. We have reached the end of our time, so we will conclude the question-and-answer session. Thank you for asking the questions.

Nagai [M]: This concludes the briefing.

Finally, a transcript of today's briefing, including the question-and-answer session, will be sent at a later date to the email address you provided when registering for the briefing. We appreciate your patience until it is sent.

This concludes the presentation of the financial results briefing for the fiscal year ended March 2025 for CTS. Thank you very much for taking time out of your busy schedule to join us today.

[END]

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