



COMSYS VISION NEXT STAGE 2023

Annual Report 2019

Fiscal Year Ended March 31, 2019

Contents

1	Profile
2	President's Message
5	Eight Integrated Business Groups
8	Business at a Glance
10	Review of Operations and Outlook
10	NTT Engineering Business
10	NCC Engineering Business
11	IT Solutions Business
11	Social System-Related Business
12	Topics
13	Corporate Governance
20	Corporate Social Responsibility (CSR)
21	Financial Statements*
21	Consolidated Balance Sheets
23	Consolidated Statements of Income
24	Consolidated Statements of Changes in Equity
26	Consolidated Statements of Cash Flows
27	Ten-Year Summary of Business Results and Financial Data
30	Information
30	Investor Information
31	COMSYS Holdings Information

Cautionary Statement with Respect to Forward-Looking Statements

Statements made in this annual report with respect to COMSYS Holdings' plans and benefits as well as other statements that are not historical facts are forward-looking statements, which involve risks and uncertainties. Potential risks and uncertainties include, without limitation, general economic conditions in COMSYS Holdings' markets, exchange rates, and COMSYS Holdings' ability to continue to win customers' acceptance of its products, which are offered in highly competitive markets characterized by continual new product introductions and rapid developments in technology.

* Compiled based on the content of COMSYS Holdings' Annual Securities Report submitted in Japanese.

How to Use



Left-click tabs at the right-hand edge of the page to jump to the relevant section.

Profile

COMSYS Holdings Corporation (the "Company") was established in September 2003 as a holding company through share transfers from three companies—Nippon COMSYS Corporation, SANWA ELEC Co., Ltd. (now SANWA COMSYS Engineering Corporation) and HIGASHI NIHON System Construction Co., Ltd. (now TOSYS Corporation).

The COMSYS Group (the "Group") consists of the Company and 89 subsidiaries and 18 affiliates, in addition to 8 core operating subsidiaries, specifically Nippon COMSYS Corporation, SANWA COMSYS Engineering Corporation, TOSYS Corporation, TSUKEN Corporation, NDS Co., Ltd., SYSKEN Corporation, Hokuriku Denwa Kouji Co., Ltd. and COMSYS JOHO SYSTEM Corporation.

The business domain of the COMSYS Group encompasses various construction businesses ranging from carrier-related electrical and telecommunications facilities to ICT related facilities and social system-related facilities, both of which have high growth potential. Social system-related businesses include improvement projects of urban environments, renewable energy projects such as solar power, and various infrastructure projects which support the foundation of social and economic activities.

COMSYS Group Management Philosophy



At the COMSYS Group, we are united as a Group and strive for strong partnership and collaboration with diverse external players in achieving our management philosophy.

- ▶ We will build a company that customers continue to choose through the construction of diverse infrastructure that carries our era forward.
- ▶ We will contribute to our country and local communities by building social infrastructure that supports affluent lifestyles.
- ▶ We will continue with unrelenting reform in our aim to further increase corporate value.

President's Message

Create the Future through Continuous Transformation

August 2019

Takashi Kagaya

Takashi Kagaya
President and Representative Director



Performance for the FY ended March 2019

Looking at our performance for the FY ended March 2019, orders received were a record-high ¥505.5 billion, up ¥103.3 billion year on year, and net sales reached a new all-time high of ¥481.7 billion, an increase of ¥101.7 billion. These results were primarily attributable to consolidation of the three companies in the telecommunications construction industry—NDS Co., Ltd., SYSKEN Corporation, and Hokuriku Denwa Kouji Co., Ltd.—effective October 2018, as well as solid trends in orders received and net sales.

On the profit front, following on from the previous fiscal year, we continued to deliver record-high profits as we steadily completed a large volume of construction projects. Operating profit was ¥35.2 billion, up ¥4.9 billion year on year, and profit attributable to owners of parent was ¥28.0 billion.

The operating profit ratio decreased 0.7 of a percentage point year on year to 7.3% due to the impact of the

consolidation. However, the operating profit ratio was 0.1 of a percentage point above target.

The contract backlog rose to its highest-ever level of ¥183.1 billion, up ¥23.5 billion year on year, due to a positive impact from the business consolidation of the three companies, in addition to solid orders received.

Business environment surrounding the COMSYS Group

In the information and communications field, the COMSYS Group's principal area of activity, value-added services such as content provisioning have been expanding amid intensifying competition among telecommunications carriers over services. With the rapid growth in higher-volume data traffic driven by the expansion of these services, mobile networks are being upgraded to cope with the burgeoning data traffic.

Moreover, in the public and private sectors, social infrastructure investment offers prospects for growth in

such areas as initiatives to build national resilience through disaster readiness and mitigation measures in preparation for increasingly severe natural disasters, policies on renewable energy, and the 2020 Tokyo Olympic and Paralympic Games. Growth is also anticipated in ICT investments that harness new innovations, such as the Internet of Things (IoT) and Artificial Intelligence (AI).

Business plan

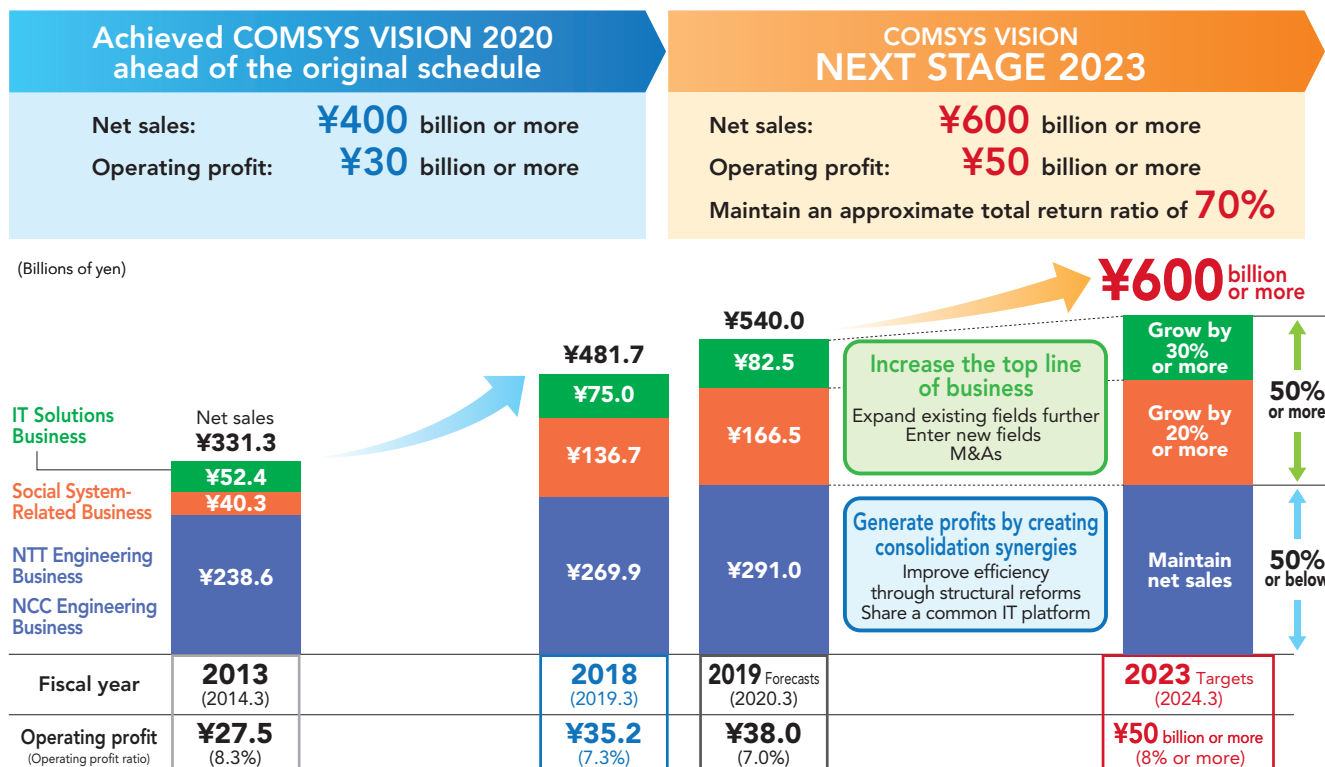
In the NTT Engineering business, we foresee substantial increases both in orders received and net sales due to the positive impact of the consolidation. Efforts will also be focused on reducing costs through the elimination and integration of redundant operations. In the NCC Engineering business, we aim to get further orders from Rakuten Mobile, Inc., a new telecommunications carrier in Japan, in addition to solid orders received from KDDI (au) and SoftBank. In the

IT Solutions and Social System-Related businesses, which are positioned as core businesses for growth, we will accelerate expansion in orders received and net sales by promoting the virtual company system which is operated by aggregating the same business segments across operating companies, including the three consolidated companies.

Based on these factors, in our business plan for the FY ending March 2020, we are targeting orders received of ¥537.0 billion, an increase of ¥31.5 billion year on year, and net sales of ¥540.0 billion, an increase of ¥58.3 billion. Operating profit is forecast at ¥38.0 billion, up ¥2.9 billion, while the operating profit ratio is projected to decrease 0.3 of a percentage point to 7.0%.

COMSYS VISION NEXT STAGE 2023

The COMSYS Group has endeavored to increase the top line of business mainly by expanding business in the private sector and conducting M&As, along with reducing



costs through drastic structural reforms. As a result, in the FY ended March 2019, we successfully realized “COMSYS VISION 2020,” which set forth our medium-term targets to date, ahead of the original schedule. In order to advance to the next stage, we have formulated a new medium-term vision titled “COMSYS VISION NEXT STAGE 2023,” which runs through the FY ending March 2024. Our specific targets are to generate (1) net sales of ¥600.0 billion or more and (2) operating profit of ¥50.0 billion or more by the FY ending March 2024, and to (3) maintain an approximate total return ratio of 70% that time frame.

We will implement the following measures to realize the medium-term vision. In the IT Solutions and Social System-Related businesses, our core businesses for growth, we will promote the virtual company system, with the aim of expanding net sales further. Moreover, we will seek to enter new fields and expand our business areas by actively implementing M&As and partnerships. In the carrier-related business, we will facilitate the generation of profits by creating consolidation synergies. Operations will be more efficient, implementing measures such as the consolidation of subsidiaries and integration of business sites at an early stage, along with sharing a common IT platform.

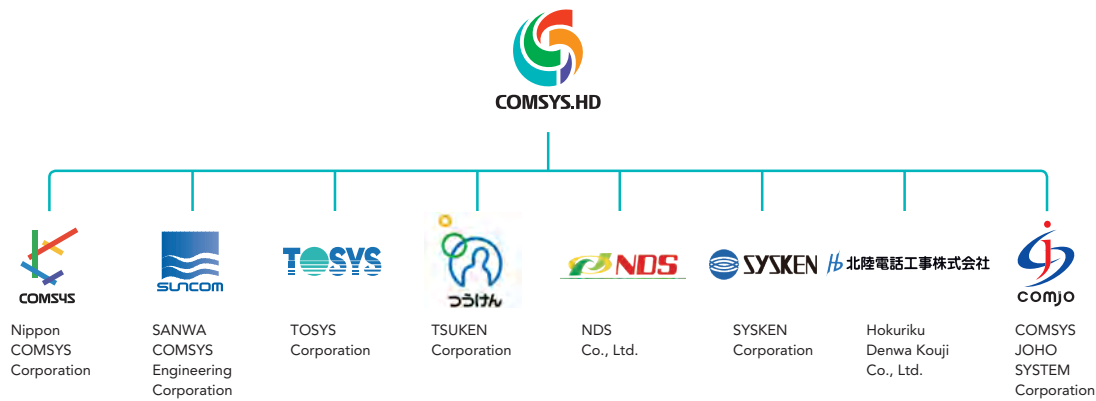
By coming together as “One COMSYS,” the COMSYS Group will work tirelessly on a daily basis to realize “COMSYS VISION NEXT STAGE 2023” ahead of the original schedule.

■ Shareholder returns

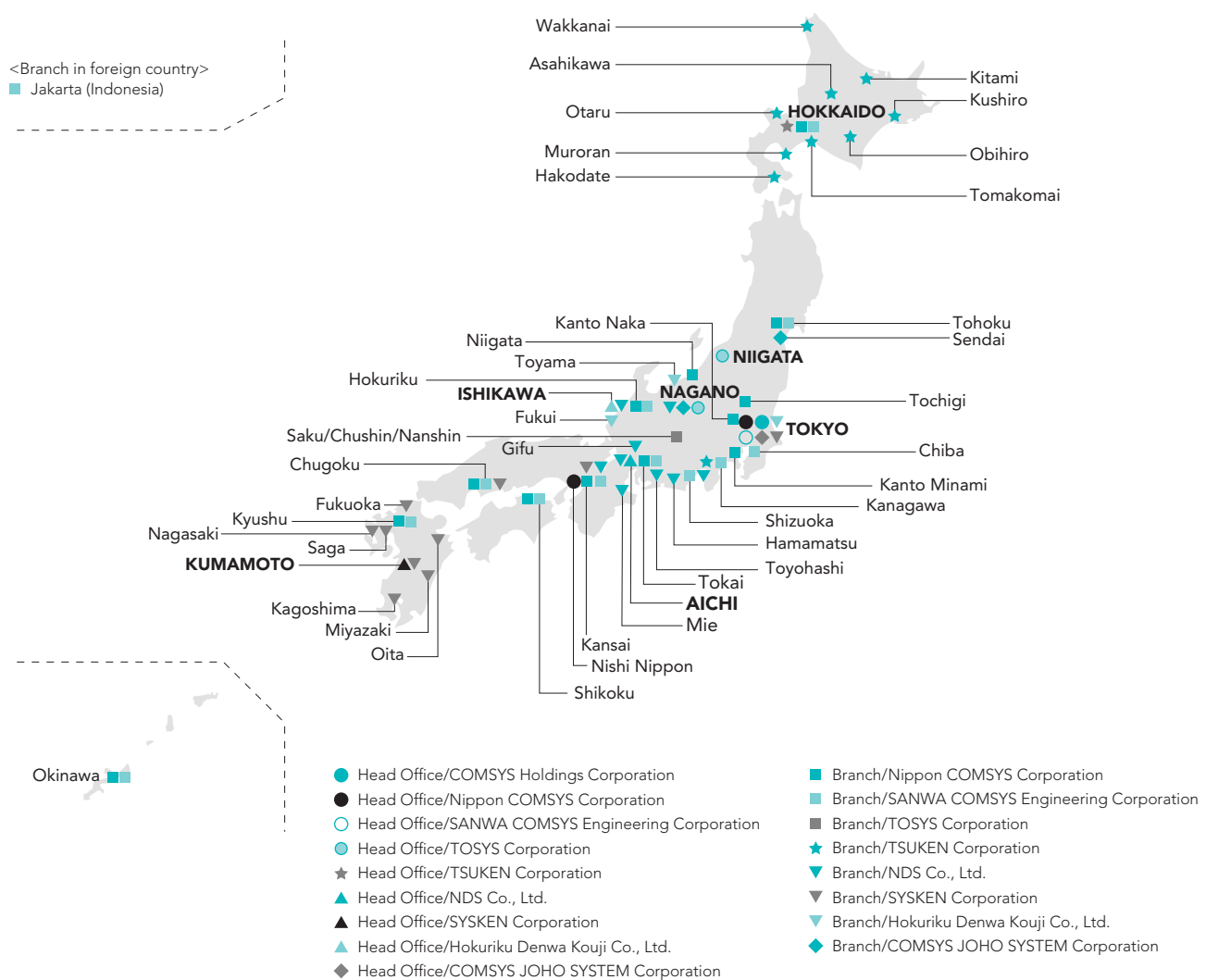
With regard to the return of profit to shareholders for the FY ended March 2019, we have set an annual dividend of ¥60 per share and acquired treasury stock of ¥8.0 billion. For the dividends per share for the FY ending March 2020, considering the expected business performance and dividend payout ratio, we plan to pay an annual dividend of ¥75 per share (¥35 for the interim dividend and ¥40 for the year-end dividend), which is an increase of ¥15. Furthermore, we have decided to acquire treasury stock of up to ¥5.0 billion.

We sincerely request the continued support and understanding of all our stakeholders, as we endeavor to reach our goals.

Eight Integrated Business Groups



As of March 2019, the COMSYS Group consists of COMSYS Holdings and 115 subsidiaries and affiliates. Its main businesses are the construction of electrical and telecommunications facilities and ICT-related facilities.





Nippon COMSYS Corporation

Business Activities

With its primary customers consisting of the NTT Group, public offices, and private enterprises, the Nippon COMSYS Group is engaged in the construction of electrical and telecommunications facilities on a nationwide scale.

Address:

17-1, Higashigotanda 2-chome, Shinagawa-ku,
Tokyo 141-8647, Japan

Establishment:

December 1951

Number of Employees:

Consolidated 6,396

Non-Consolidated 2,859

URL:

<http://www.comsys.co.jp/>
(Japanese only)

Number of Consolidated Subsidiaries:

19 companies



SANWA COMSYS Engineering Corporation

Business Activities

With its primary customers consisting of the KDDI Group and the SoftBank Group, the SANWA COMSYS Engineering Group is engaged in the construction of electrical and telecommunications facilities on a nationwide scale.

Address:

12-3, Koenji-Minami 2-chome, Suginami-ku,
Tokyo 166-0003, Japan

Establishment:

September 1947

Number of Employees:

Consolidated 1,550

Non-Consolidated 790

URL:

<http://www.sancom-eng.co.jp/>
(Japanese only)

Number of Consolidated Subsidiaries:

3 companies



TOSYS Corporation

Business Activities

With the NTT Group as its primary customer, the TOSYS Group is engaged in the construction of electrical and telecommunications facilities, mainly in Nagano and Niigata.

Address:

1108-5, Higashiyama Aza, Watauchi, Wakaho, Nagano City,
Nagano 381-0193, Japan

Establishment:

January 1960

Number of Employees:

Consolidated 1,241

Non-Consolidated 684

URL:

<http://www.tosys.co.jp/>
(Japanese only)

Number of Consolidated Subsidiaries:

4 companies



TSUKEN Corporation

Business Activities

With the NTT Group as its primary customer, the TSUKEN Group is engaged in the construction of electrical and telecommunications facilities, mainly in Hokkaido.

Address:

1-23, Kitashijounishi 15-chome, Chuo-ku, Sapporo City,
Hokkaido 060-0004, Japan

Establishment:

April 1951

Number of Employees:

Consolidated 1,988

Non-Consolidated 871

URL:

<http://www.tsuken.co.jp/>
(Japanese only)

Number of Consolidated Subsidiaries:

8 companies

NDS Co., Ltd.



Business Activities

With the NTT Group as its primary customer, the NDS Group is engaged in the construction of electrical and telecommunications facilities, mainly in the Tokai and Hokuriku areas.

Address:

2-15-18 Chiyoda, Naka-Ku, Nagoya City,
Aichi 460-0012, Japan

Establishment:

May 1954

Number of Employees:

Consolidated 3,066

Non-Consolidated 1,125

URL:

<https://www.nds-g.co.jp/en/>

Number of Consolidated Subsidiaries:

22 companies

SYSKEN Corporation



Business Activities

With the NTT Group as its primary customer, the SYSKEN Group is engaged in the construction of electrical and telecommunications facilities, mainly in the Kyushu area.

Address:

14-45 Hagiwaramachi, Chuo-ku, Kumamoto City,
Kumamoto 860-0832, Japan

Establishment:

September 1954

Number of Employees:

Consolidated 981

Non-Consolidated 586

URL:

<https://www.sysken.co.jp/>

(Japanese only)

Number of Consolidated Subsidiaries:

7 companies

Hokuriku Denwa Kouji Co., Ltd.



Business Activities

With the NTT Group as its primary customer, the Hokuriku Denwa Kouji Group is engaged in the construction of electrical and telecommunications facilities, mainly in the Hokuriku area.

Address:

10-1-153 Yonaizumimachi, Kanazawa City,
Ishikawa 921-8044, Japan

Establishment:

November 1949

Number of Employees:

Consolidated 717

Non-Consolidated 458

URL:

<https://www.hokuwa.co.jp/>

(Japanese only)

Number of Consolidated Subsidiaries:

4 companies



COMSYS JOHO SYSTEM Corporation

Business Activities

With the NTT Group as its primary customer, the COMSYS JOHO SYSTEM Group is primarily engaged in the software development business, mainly in Tokyo.

Address:

23-14, Takanawa 3-chome, Minato-ku,
Tokyo 108-0074, Japan

Establishment:

April 2009

Number of Employees:

Consolidated 537

Non-Consolidated 380

URL:

<http://www.comjo.co.jp/>

(Japanese only)

Number of Consolidated Subsidiaries:

1 company

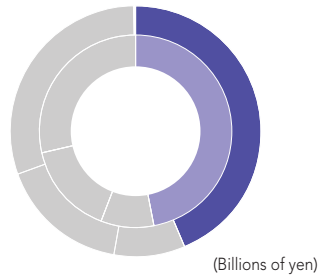
Business at a Glance

NTT Engineering Business



Business Domains

- NTT access business
- NTT network business
- NTT mobile business

Orders Received/Net Sales
(Year ended March 31, 2019)

■ Orders received	44.1%	222.9
■ Net sales	47.1%	226.8

Business Activities

In the NTT Engineering segment, the Group is mainly engaged in the construction of telecommunications infrastructure for the NTT Group, including the installation of telephone lines and exchange equipment, transition of power lines underground, and construction of fixed-line broadband and wireless base stations. This is the COMSYS Group's core business and accounts for the largest share of Group-wide net sales.

Respective Areas of Business Operations of Group Companies

Nippon COMSYS Group	■
SANWA COMSYS Engineering Group	
TOSYS Group	■
TSUKEN Group	■
NDS Group	■
SYSKEN Group	■
Hokuriku Denwa Kouji Group	■
COMSYS JOHO SYSTEM Group	

Primary Customers

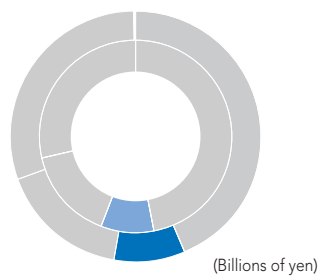
- NTT East and NTT West
- NTT Communications
- NTT DOCOMO

NCC Engineering Business



Business Domains

- Telecommunications facility construction business with telecommunications carriers other than the NTT Group

Orders Received/Net Sales
(Year ended March 31, 2019)

■ Orders received	9.2%	46.5
■ Net sales	8.9%	43.0

Business Activities

In the NCC Engineering segment, the Group undertakes construction of telecommunications and other related facilities for telecommunications carriers other than the NTT Group.

Respective Areas of Business Operations of Group Companies

Nippon COMSYS Group	
SANWA COMSYS Engineering Group	■
TOSYS Group	
TSUKEN Group	
NDS Group	■
SYSKEN Group	■
Hokuriku Denwa Kouji Group	■
COMSYS JOHO SYSTEM Group	

Primary Customers

- KDDI Group
- SoftBank Group

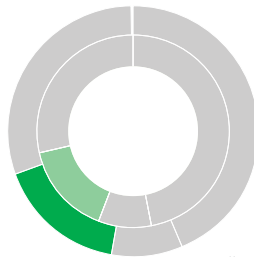
IT Solutions Business



Business Domains

- Network Integration (NI) Solutions
- System Integration (SI) Solutions
- Software development and contracted development
- Maintenance

Orders Received/Net Sales (Year ended March 31, 2019)



(Billions of yen)

■ Orders received	16.0%	80.9
■ Net sales	15.6%	75.0

Business Activities

In the IT Solutions segment, the Group combines its accumulated expertise with cutting-edge network technologies to provide comprehensive solutions and services in the IT field, ranging from planning proposals regarding optimal systems integration for customers' business operations to providing maintenance services.

Respective Areas of Business Operations of Group Companies

Nippon COMSYS Group	■
SANWA COMSYS Engineering Group	■
TOSYS Group	■
TSUKEN Group	■
NDS Group	■
SYSKEN Group	■
Hokuriku Denwa Kouji Group	■
COMSYS JOHO SYSTEM Group	■

Primary Customers

- Various private-sector companies, public offices and local government authorities

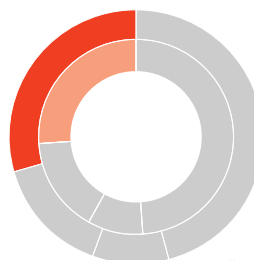
Social System-Related Business



Business Domains

- Electrical facility construction
- Communication cable box (C.C. Box) construction
- Civil engineering construction
- Building construction and associated construction
- Environment and eco-solutions
- Others

Orders Received/Net Sales (Year ended March 31, 2019)



(Billions of yen)

■ Orders received	30.7%	155.0
■ Net sales	28.4%	136.7

Business Activities

In the Social System-Related Business segment, the Group is engaged in design and construction of electrical facilities for places such as public facilities and office buildings; general civil engineering projects; the construction of office buildings, warehouses, factories, and disaster preparation facilities; as well as businesses related to the environment and eco-businesses, such as solar power generation systems, energy conservation solutions, and other urban infrastructure businesses.

Respective Areas of Business Operations of Group Companies

Nippon COMSYS Group	■
SANWA COMSYS Engineering Group	■
TOSYS Group	■
TSUKEN Group	■
NDS Group	■
SYSKEN Group	■
Hokuriku Denwa Kouji Group	■
COMSYS JOHO SYSTEM Group	■

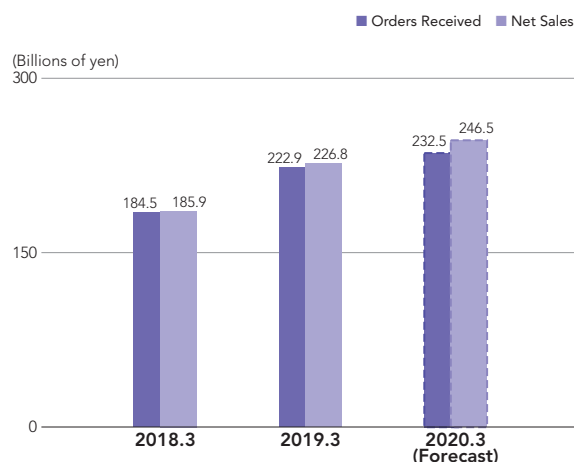
Primary Customers

- Public offices, local government authorities and various private-sector companies

Review of Operations and Outlook

NTT Engineering Business

Orders Received / Net Sales



FY ended March 2019

Performance and Business Activities

Orders received for the FY ended March 2019 were ¥222.9 billion, a ¥38.4 billion increase compared to the FY ended March 2018 and ¥7.9 billion more than planned due to the effects of consolidation, strong performance in the access line construction business and electric power equipment renewal.

Net sales were ¥226.8 billion, a ¥40.9 billion increase year on year and ¥11.3 billion over the plan due to the effects of consolidation and steadily working on the ample contract backlogs.

Outlook for FY ending March 2020

Orders received are projected to increase by ¥9.5 billion year on year to ¥232.5 billion and net sales are expected to increase by ¥19.6 billion to ¥246.5 billion due to the effects of consolidation despite a decrease in capital investment by NTT East, NTT West and NTT DOCOMO.

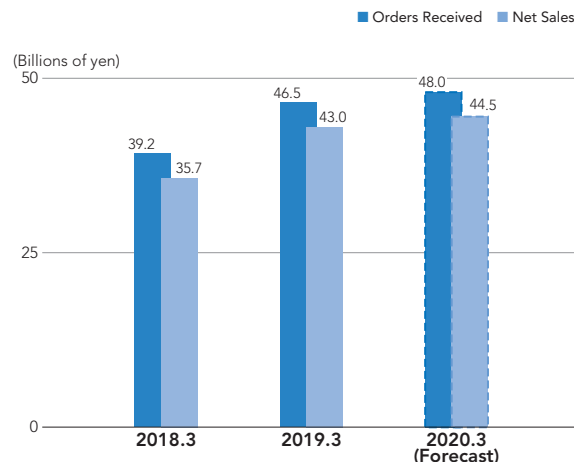
Future Outlook

In the NTT fixed-line business, net sales are forecast to gradually decline over the long term as capital investment by NTT East and NTT West continues its decreasing trend despite being supported by promotion of optical fiber services, conversion to IP based networks, expansion of the access network in conjunction with the rollout of 5G, and increase in maintenance work.

In the NTT mobile business, 5G pre-services will start from September 2019 and 5G commercial services from spring 2020, but full-scale 5G construction is thought likely to occur from 2021 onward. Net sales are projected to remain constant as NTT DOCOMO's capital investment is forecast hold steady over the long term.

NCC Engineering Business

Orders Received / Net Sales



FY ended March 2019

Performance and Business Activities

Orders received for the FY ended March 2019 were ¥46.5 billion, a significant increase of ¥7.3 billion compared to the FY ended March 2018 and ¥3.5 billion more than planned due to the effects of consolidation and brisk receipt of orders from au and SoftBank.

Net sales were also strong at ¥43.0 billion, an increase of ¥7.3 billion year on year and ¥2.0 billion more than the plan because of the effects of consolidation and front-loaded orders for au base station construction.

Outlook for FY ending March 2020

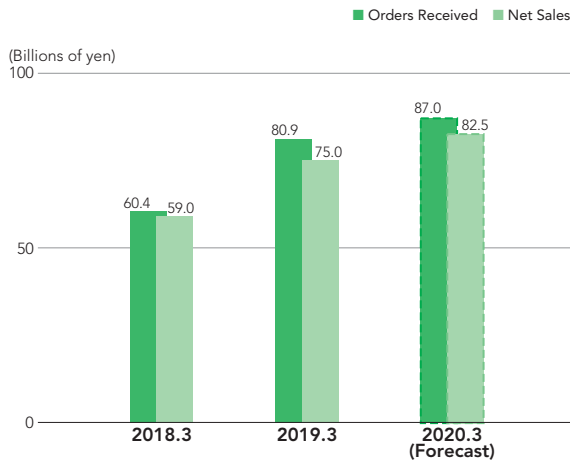
Capital investments by KDDI and SoftBank remain strong, and orders received are expected to increase by ¥1.4 billion to ¥48.0 billion compared to the FY ended March 2019 as we anticipate upgrades of SoftBank's LTE base stations to support 5G and increased orders resulting from constructions for au's new 1.7 GHz frequency band and quality improvement measures. Net sales are also projected to increase by ¥1.4 billion to ¥44.5 billion year on year.

Future Outlook

Capital investment by KDDI and SoftBank is expected to remain at a high level going forward. Rakuten Mobile, Inc., a new mobile telecommunications carrier in Japan, has plans to significantly accelerate its 4G base station deployment plan and we will actively seek to receive orders for this work. Commercial services for 5G will start from spring 2020, but full-scale 5G construction is forecast to occur from 2021 onward.

IT Solutions Business

Orders Received / Net Sales



FY ended March 2019

Performance and Business Activities

Orders received for the FY ended March 2019 were ¥80.9 billion, an increase of ¥20.4 billion compared to the FY ended March 2018 and ¥4.9 billion more than planned due to the effects of consolidation and strong project acquisition in all sectors.

Net sales were ¥75.0 billion, an increase of ¥15.9 billion year on year and ¥2.5 billion more than the plan due to the effects of consolidation and robust software development.

Outlook for FY ending March 2020

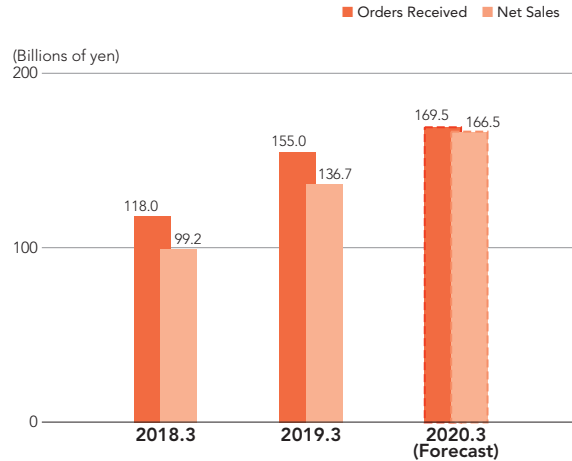
Orders received are expected to increase by ¥6.0 billion to ¥87.0 billion and net sales are projected to increase by ¥7.4 billion to ¥82.5 billion due to the effects of consolidation, software development and growth in server storage-related business.

Future Outlook

The IT market is forecast to remain strong from now on with expected average annual growth rates of 10% in the IoT market and 21% in the cloud services market. We will promote further alliances in such high growth markets as cloud services and IoT to capture new customers. We will also expand sales through cross-selling and applying the alliance business model across Group companies. Furthermore, we will promote the virtual company system and take on the challenge of creating new business by providing solutions supporting all layers including software, networks and maintenance.

Social System-Related Business

Orders Received / Net Sales



FY ended March 2019

Performance and Business Activities

Orders received for the FY ended March 2019 were ¥155.0 billion, an increase of ¥37.0 billion compared to the FY ended March 2018 due to the effects of consolidation and acquisition of large-scale projects. However, orders received marginally failed to achieve their target, falling short of the plan by ¥0.9 billion.

Net sales also increased by ¥37.5 billion year on year to ¥136.7 billion due to the effects of consolidation and an increase in solar power generation facility construction, but fell short of the plan by ¥4.2 billion due to the effects of delays in some projects.

Outlook for FY ending March 2020

Orders received are forecast to increase by ¥14.4 billion year on year to ¥169.5 billion and net sales are projected to increase by ¥29.7 billion year on year to ¥166.5 billion due to the effects of consolidation, last-minute demand of the mega-solar projects, and accelerated growth in the electrical and communications sector as well as infrastructure sector related to civil engineering for water supply, sewerage and agricultural water.

Future Outlook

Like the IT Solutions business, we position the Social System-Related business as a core business for growth. We will aim to expand the business in three sectors: electrical communications, renewable energy, and infrastructure.

In the electrical communications sector, we will promote acquisition and bolstering of peripheral businesses, such as those related to air conditioning and sanitation facilities, in addition to our core businesses in electrical and communications facilities. We will focus on nationwide expansion from the Tokyo metropolitan area.

In the renewable energy sector, we will acquire maintenance contracts for solar power systems and new renewable energy projects such as biomass power, etc.

In the infrastructure sector, we will actively take part in Private Finance Initiative (PFI) projects for undergrounding utility poles promoted by the Ministry of Land, Infrastructure, Transport and Tourism and the future PFI projects in water and sewerage as well as educational institution facilities.

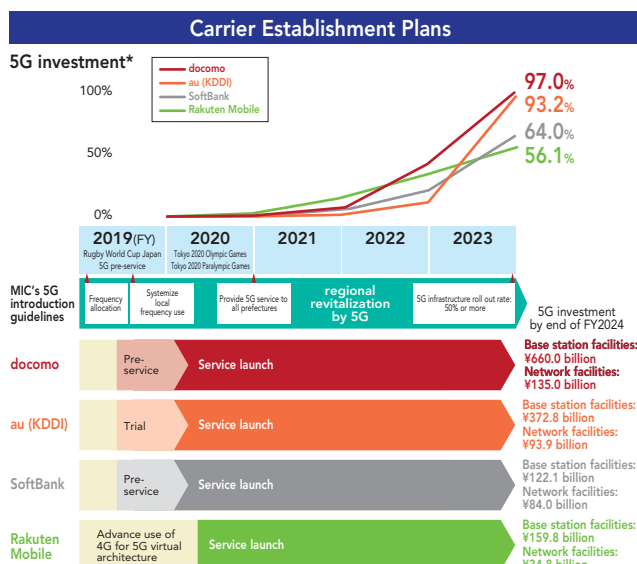
Topics

Orders start for fifth-generation mobile telecommunications systems (5G)

The Ministry of Internal Affairs and Communications allocated 5G frequencies to the four telcos in April 2019, and they have moved to start pre-5G services from fall 2019 and commercial 5G services from spring 2020.

The ministry plans to systemize Local 5G from fall 2019. Local 5G refers to 5G that can only be used in a limited area, with various envisaged uses such as smart factories that automatically control production lines, remote operation of heavy machinery, disaster-prevention systems and telemedicine.

As the largest company in the telecommunications construction industry, the COMSYS Group will not only build 5G communications networks throughout Japan, but will also contribute to implementation of various services using 5G in each of the communities.



Source: Created by COMSYS, based on the MIC's "Approval to Applications for Authorization of Establishment Plans on Specified Base Stations for Spreading 5G Mobile Communications Systems"

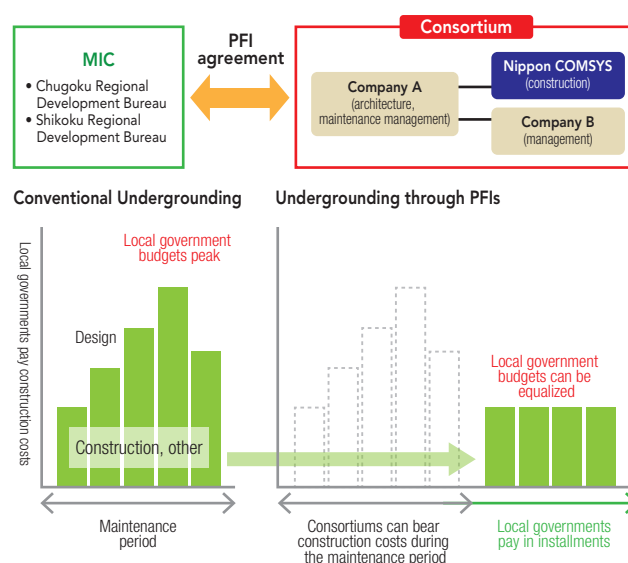
* 5G infrastructure rollout rate: Ratio of meshes established for high-capacity 5G base stations, with coverage throughout Japan divided into 100 km² meshes (about 4,500).

Order received from PFI to underground utility poles

Nippon COMSYS Corporation received orders for Private Finance Initiative (PFI) projects for putting telephone lines underground in Shimane and Ehime Prefectures for the FY ended March 2019.

The Ministry of Land, Infrastructure, Transport and Tourism is promoting projects to underground utility poles, but the rate of achievement in local governments is sluggish, ranging from 0-5% across all prefectures due to their limited budgets. PFI projects have been trialed to resolve the financial problem by equalizing payments for local governments and enabling payment necessary for construction. Nippon COMSYS Corporation recently participated in a PFI project with the ministry's Chugoku and Shikoku regional development bureaus as a consortium member and was designated as a company to perform the construction work.

Going forward, we will aim to take part in undergrounding projects rolling out throughout Japan. We can then expand our participation in other PFI projects related to water and sewer services, and cultural institutions and more by leveraging the expertise and knowledge acquired through the undergrounding projects.



Corporate Governance

Basic Corporate Governance Philosophy

The COMSYS Group recognizes that strengthening corporate governance is important to improve corporate value. By striving to achieve this, the COMSYS Group aims at becoming a company that can be trusted and highly evaluated by all stakeholders through its actual performance.

To realize stronger corporate governance, the COMSYS Group considers it is essential to establish transparency and soundness in corporate management. The COMSYS group makes all possible efforts to ensure appropriate information disclosure, to promote the observance of compliance, to strengthen risk management, to rigorously implement the COMSYS Group's code of conduct, to tighten internal control, and to contribute to society based on our business activities.

Organizational Structure

The Company transitioned to the company with the audit and supervisory committee system as its corporate governance structure at the 14th General Shareholders' Meeting held on June 29, 2017. The corporate governance system comprises a General Shareholders' Meeting, Board of Directors, Audit and Supervisory Committee and other organizations.

The audit and supervisory committee system is characterized by strong supervisory functions of the Board of Directors with a structure enabling rapid decision-making. The Company aims at achieving further increase in corporate value through the transition to this system.

The Board of Directors comprises internal directors who are well-versed in the Company's operations and outside directors who monitor management from an independent standpoint, with an aim of enhancing management effectiveness. Meanwhile, the Company has reinforced auditing functions with its Audit and Supervisory Committee members in order to ensure and enhance

soundness in management.

The Company delegates important decisions on business execution to directors in accordance with the provisions in its Articles of Incorporation and by the resolution of the Board of Directors.

This system enables swift decision-making and nimble business execution, while allowing the Board of Directors to focus exclusively on supervising business execution.

As of June 25, 2019, the Board of Directors comprises nine directors and six directors who are also Audit and Supervisory Committee members, including five outside directors. The board holds regular meetings in accordance with the Board of Directors Rules, as well as ad hoc meetings as required. The board makes decisions on statutory matters as well as important matters related to management and supervises their business execution.

Every quarter, directors responsible for each business segment report to the Board of Directors about progress of their business execution based on policies determined by the board. Also, each business segment effectively operates under the supervision of the responsible director.

The Senior Management Committee is made up of directors other than outside directors and the full time Audit and Supervisory Committee members. In principle, this committee meets once a month to examine, discuss, and pass resolutions on issues related to key decisions, in an effort to improve the efficiency of business execution.

The heads of each operating department and certain other personnel attend meetings of the Senior Management Committee as observers, as necessary, to ensure that they fully understand the basis for all management decisions.

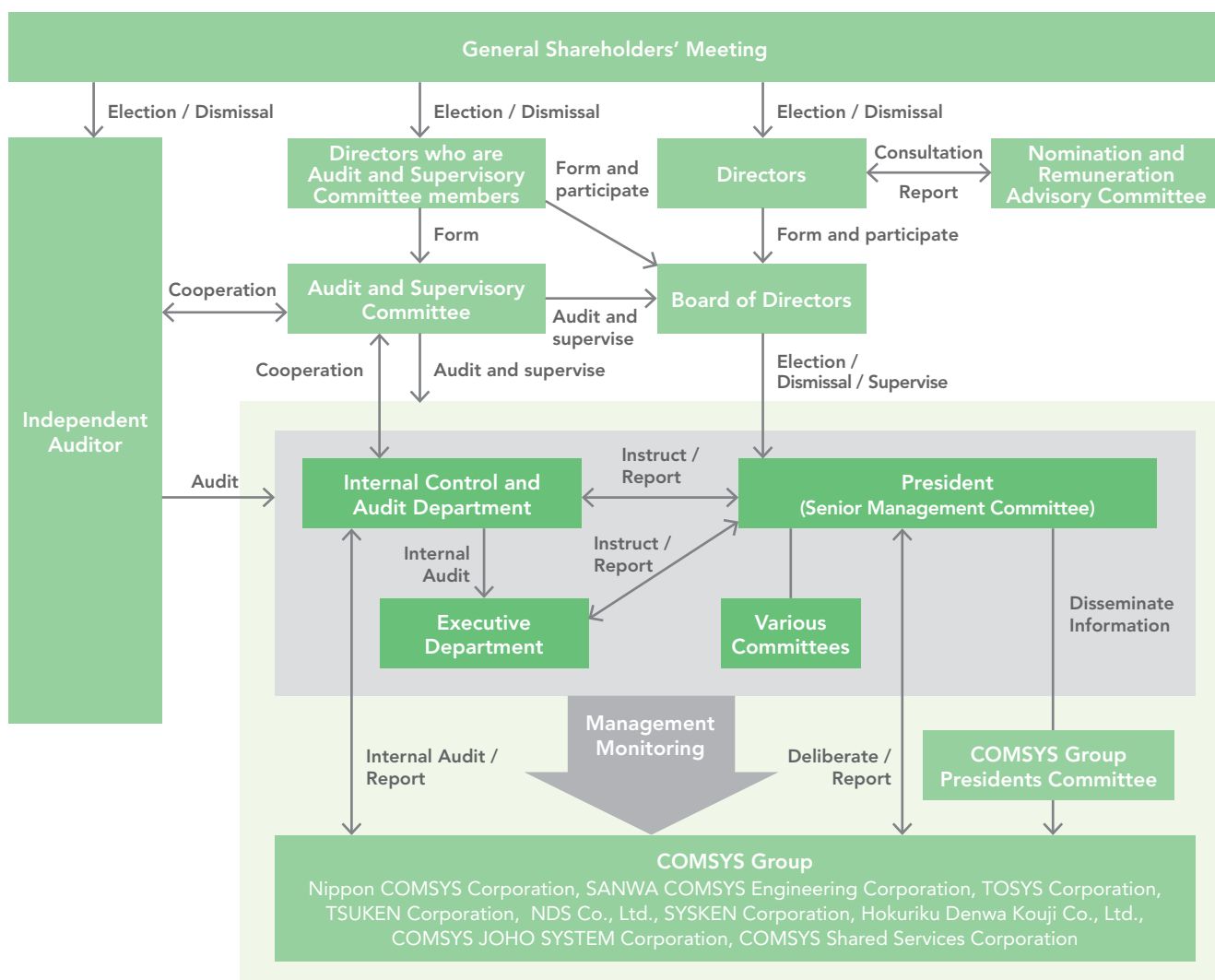
Moreover, to strengthen the independence, objectivity, and responsibility of the functions of the Board of Directors, the Company has established the Nomination and Remuneration Advisory Committee, which includes outside directors, to receive appropriate contributions and

advice from outside directors on particularly important matters such as nominations and remuneration. The

composition of the Nomination and Remuneration Advisory Committee is as follows:

Position		Name
Chairman	President and Representative Director	Takashi Kagaya
Committee	Director of Human Resources Department	Hitoshi Kumagai
Committee	Outside Director (Audit and Supervisory Committee Member)	Masahiko Miyashita
Committee	Outside Director (Audit and Supervisory Committee Member)	Kazuyoshi Onohara

Diagram of the COMSYS Group's Business Execution Framework, Management Monitoring and Internal Control System



(As of June 25, 2019)

■ Status of the Internal Control System

The Company implements its internal control system based on a "Basic Policy on Establishing an Internal Control System" that was approved by resolution of the Board of Directors as follows.

■ Establishing a Compliance Structure

The Company has formulated its internal Compliance Program, has set forth Compliance Action Guidelines within this framework, and has established the Compliance Committee.

This committee, which is chaired by the president, is made up of representatives from the Company and each of the core operating subsidiaries, as well as all Audit and Supervisory Committee members. The committee oversees compliance throughout the COMSYS Group, and strives to increase the Group's awareness of compliance and establish an effective compliance structure through various discussions. All COMSYS Group companies have set up similar compliance committees of their own. These committees work to establish an effective compliance structure by implementing educational and training programs, as part of efforts to deepen employees' understanding of the corporate policy and action guidelines of each respective COMSYS Group company.

■ Establishing a Risk Management Structure

To maintain and enhance corporate value amid a rapidly changing business environment, the COMSYS Group is aware that it faces a variety of business risks which must be managed appropriately. Therefore, the Group has established a Risk Management Committee, chaired by the president and made up of directors from the Company and each of the core operating subsidiaries.

The "Basic Policy on Risk Management" was formulated

in order to promote Group-wide risk management. Furthermore, similar risk management committees were established at each Group company. In this manner, efforts are being made to properly address the business risks each Group company faces and to minimize the seriousness of each risk.

The Company has formulated Risk Management Guidelines and Crisis Management Guidelines and will strive to maintain sustainable operations and ensure steady growth of the Company and the COMSYS Group by practicing effective risk management.

For example, the COMSYS Group manages operational risks by ensuring that Group companies operate in accordance with management systems, such as ISO 9001, ISO 14001, ISO/IEC 27001, COHSMS (Construction Occupational Health and Safety Management System), and Privacy Mark certifications based on the actual working environments at each Group company.

■ CSR Activities

The Company and the COMSYS Group have established the CSR Committee to coordinate Group-wide CSR activities with the aim of ensuring that the Group actively fulfills its economic and social responsibilities, including social contribution activities, as a good corporate citizen.

The CSR Committee is engaged in CSR activities that address various themes, such as compliance, corporate governance, risk management, information disclosure and protection, security countermeasures, social contributions, and environmental issues.

■ Establishing an Information Management Structure

Confidential documents and records related to business activities and execution of directors' duties, including minutes of the Board of Directors and Senior

Management Committee meetings and other reports, are stored and managed appropriately based on laws and regulations, as well as the Group's internal rules.

Furthermore, in order to improve the efficiency of operations and business execution, after ensuring an adequate level of information security, the Company is working to deploy various information systems to put in place a framework for sharing the latest management information.

■ Establishing a Group Management Structure

Business management of the core operating subsidiaries, which are the major subsidiaries of the COMSYS Group, is based on the "COMSYS Group Agreement." In addition, each core operating company manages their subsidiaries in which they have directly invested. The Company possesses a Group operations system that provides guidance and advice as necessary to business management conducted by the core operating subsidiaries.

Important management decisions within the COMSYS Group are reported to and discussed by the Senior Management Committee and the Board of Directors in line with Group Operation Standards, which clarify decision-making and reporting rules for the COMSYS Group. In this manner, the Group management and monitoring framework is centered on the Company.

The Company has established internal reporting liaison contacts that cover the entire COMSYS Group, both inside the Company and at an external law firm. The Company works to prevent corporate impropriety by ascertaining reports from COMSYS Group employees and others about incidents that may violate laws and regulations. The Company has also made efforts to prevent unfair treatment of whistleblowers by setting up appropriate systems in line with the Whistleblower Protection Act.

To ensure that all COMSYS Group operations are performed appropriately, the directors of each core operating subsidiary also participate as members in the various Group committees established within the Company, including the CSR Committee, the Compliance Committee, and the Risk Management Committee. In this way, the COMSYS Group ensures that all policies and decisions discussed by these groups are reported to and thoroughly implemented by each Group company.

In addition, the Group has formed the COMSYS Group Presidents Committee, which is made up of the presidents of COMSYS Group companies. This committee meets regularly and works to ensure that management policies and activities are clearly implemented by all members.

■ System to Eliminate Antisocial Forces

To fulfill our social responsibility as a company, the Company and the COMSYS Group have absolutely no relationship with any antisocial forces or groups that threaten the order and safety of civic society. Moreover, the Company and the COMSYS Group will maintain a resolute and uncompromising attitude in the face of any attempts to form a coercive relationship.

The Company and the COMSYS Group have prepared an organizational framework that enables them to block the formation of a relationship with any antisocial forces or groups, and to maintain a resolute and uncompromising attitude while cooperating with lawyers, the police, and other relevant authorities.

■ The Audit and Supervisory Committee

The Company's internal auditing organization consists of an Internal Audit Office and an Internal Control Office within the Internal Control and Audit Department.

The Internal Audit Office formulates internal auditing

policies based on top management's requirements, and conducts internal audits of the Company and all Group companies. These activities are intended to ensure that business execution is lawful and appropriate, and that each business risk faced by the Group is minimized, while maximizing the quality of business operations.

The Internal Control Office formulates operational internal control policies as regards financial reporting, and provides instructions and evaluations about the effectiveness of the internal control systems in the Company and the Group.

The Audit and Supervisory Committee comprises six members, five of whom are outside directors. To ensure the effectiveness of the Audit and Supervisory Committee's activities, the Company has established a system by which the Audit and Supervisory Committee members mutually elect a standing Audit and Supervisory Committee member who will attend important internal meetings and committees, such as the Senior Management Committee and the Compliance Committee, as a regular member to ensure that the member can constantly check the status of business execution and provide opinions.

In addition, based on the rules governing the Audit and Supervisory Committee, directors and employees of the Company and the Group are required to report on major business activities or issues that could affect the Company's operations or performance to the Audit and Supervisory Committee members. Furthermore, under the system, the Audit and Supervisory Committee members may request the directors and employees of the Company and the Group to provide the above reports or other reports considered necessary at their discretion.

The Audit and Supervisory Committee members also hold regular meetings with the president to directly express their views on issues related to business execution and other topics.

The Audit and Supervisory Committee members of the Company constantly check whether business

operations are executed appropriately and effectively by maintaining close ties with the Group's independent auditor and the Internal Control and Audit Department. For example, the Audit and Supervisory Committee members accompany the independent auditor and others on on-site internal and financial audits as observers in accordance with the audit plans. Furthermore, the Audit and Supervisory Committee members hold regular meetings with the corporate auditors of the main Group companies to share information, exchange opinions, and engage in related activities to maintain close coordination within the Group and ensure the efficacy of audits.

If the Audit and Supervisory Committee requires assistance for its duties, the Company discusses the committee's needs with the Audit and Supervisory Committee members and appoints organizations and assistants. The personnel matters and transfers of the assistants are conducted after consultation with the Audit and Supervisory Committee members.

■ Outside Directors

The Company has five outside directors, all of whom are Audit and Supervisory Committee members. There are no personal, capital, business or other relationships between the Company and its outside directors that could impair their independence.

At the same time, regarding the independence of outside directors, the Company's policy is to register all outside directors as independent directors to ensure that they have no conflicts of interest with general shareholders. The Company has notified the Tokyo Stock Exchange of those independent directors, as stipulated by the exchange.

Furthermore, there are no personal, capital, business or other relationships between the companies that the outside directors have been associated with and the Company and the COMSYS Group that could impair their independence.

Moreover, in appointing outside directors, the Company considers the conditions for independence specified by the Companies Act and the Tokyo Stock Exchange, and emphasizes personnel who are able to advise and supervise the Company's management, having either of the following experiences or qualifications.

- (1) A person who has served as a corporate officer or management team member at another company, possessing deep knowledge of corporate management
- (2) A person with expertise in law, accounting, and so forth

All of the outside directors have either a wealth of knowledge and wide-ranging insight from their lengthy

experience in various industries as corporate managers or a high-level of ability and insight into the law as attorneys. They are expected to provide appropriate advice from multiple perspectives. Furthermore, the Company judges that the outside directors will carry out their audits and supervision from an objective standpoint, and contribute to strengthening the Company's corporate governance.

■ Compensation, etc., for Directors

The following items form the basic policy for determining compensation, etc.

- The compensation structure shall drive continued enhancement of corporate value.

Type of Compensation	Item	Details
Fixed compensation	Basic compensation	Basic compensation made of position-based payment that the Company stipulates based on position and of work remuneration that is calculated according with any duties performed concurrently for the presiding company. The position-based payment and payment for presiding company duties are separated and a fixed amount is paid as cash compensation.
	Share-based compensation stock options	A share-based compensation stock option system with an exercise price of ¥1 has been vested for directors, excluding members of the Audit and Supervisory Committee. The number of shares granted is determined by the basic remuneration of each director. The percentage of compensation the Company pays is determined by the duties each director carries out for the Company or presiding company.
Long-term incentive-based compensation	Ordinary stock options	An ordinary stock option system with an exercise price of equal to or higher than the market value at the time of issuance has been introduced for directors, excluding members of the Audit and Supervisory Committee. The number of shares granted is determined by the basic remuneration of each director. The percentage of compensation the Company pays is determined by the duties each director carries out for the Company or presiding company.
Performance-based compensation	Bonus	Bonus is calculated by multiplying basic compensation and indices that take into account a set of performance evaluation metrics and is paid in cash. Performance evaluation metrics are based on consolidated net sales and consolidated operating profit growth compared to the previous year and the degree of achievement of the business plan, which are recognized as key performance indicators for the Company. In addition, a qualitative evaluation of performance of net sales and operating profit compared with those from the previous year and the business plan at presiding companies directors concurrently working is reflected in the calculation of bonus.

- Compensation shall ensure appointment of outstanding talents as directors who implement the corporate vision.

The system for compensation, etc., and a summary of performance-based compensation are outlined in the previous table. Compensation is categorized into fixed compensation, long-term incentive-based compensation, and performance-based compensation.

To ensure compensation, etc., is objectively appropriate and remains within the limit approved by the General Shareholders' Meeting, amounts are deliberated by the Nomination and Remuneration Advisory Committee, including outside directors. The Board of Directors takes into account the discussions at the committee and makes resolutions.

The following items are the basic policy on deciding the amount of compensation, etc., for directors who are members of the Audit and Supervisory Committee.

- Compensation shall attract talents who are able to perform auditing duties or supervision, etc., of execution of duties.
- Compensation shall ensure appointment of talents who are able to supervise and oversee the appropriateness of management as well as participate in management's judgment and decision-making.

To ensure directors who are members of the Audit and Supervisory Committee conduct their duties in an appropriate manner, compensation shall be a fixed payment consisting only of basic compensation in principle. To ensure compensation etc., is within the limit approved by the General Shareholders' Meeting, amounts are deliberated by the Audit and Supervisory Committee, and the Board of Directors will make resolutions.

Corporate Social Responsibility (CSR)

Basic Approach to CSR

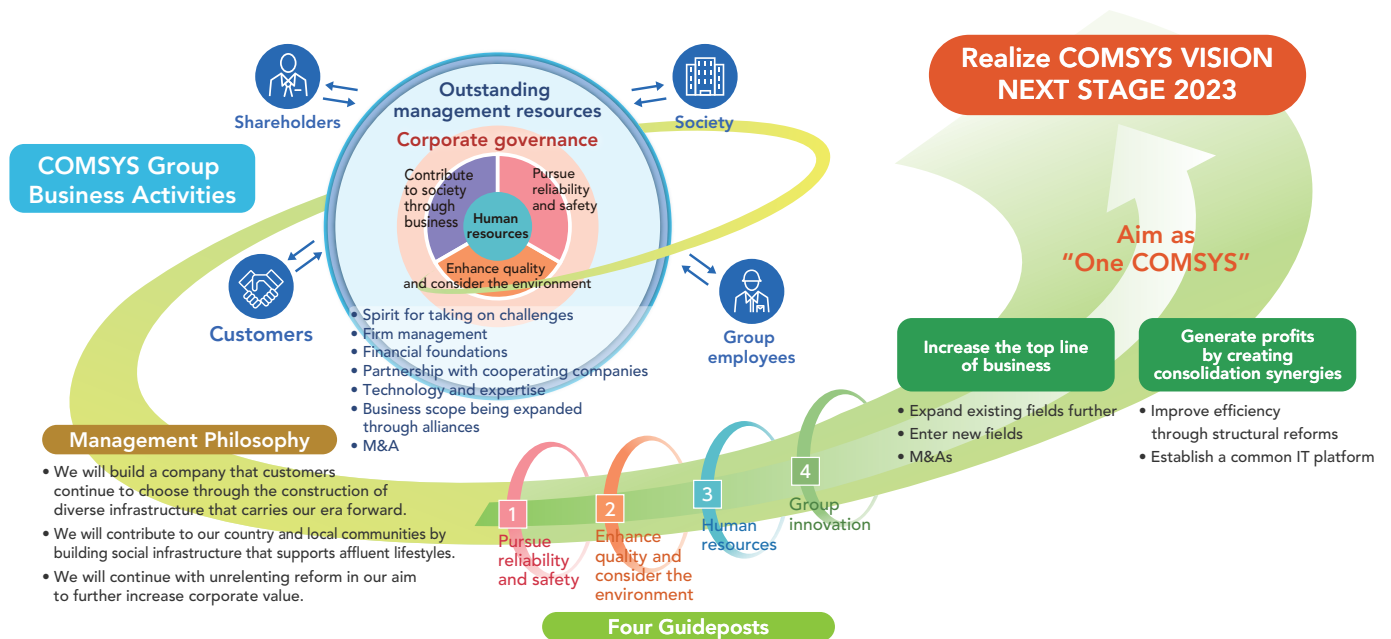
In this information-rich society, the role of the COMSYS Group is to build a reliable, safe, and convenient networked society and support the networks that connect every corner of society like clockwork. We consider this our responsibility to society as a corporation.

The COMSYS Group promotes its CSR activities under the CSR concept that we are contributing to the creation of a society where telecommunications networks foster more meaningful relationships among people, and between people and their communities. We see our basic CSR activities as a social contribution made through business activities.

Moreover, the Group cares for the environment as it undertakes development of a wider infrastructure, and will help to create an information-rich society that coexists harmoniously with the global environment.

As a member of society, the COMSYS Group aims to become a corporate entity that is trusted and loved by many stakeholders, including customers, local communities, shareholders, and employees. We will also engage in CSR activities to achieve sustainable growth.

COMSYS Group Value Creation Process



For the COMSYS Group, CSR activities are an important element in supporting value creation.

With human resources as its core, the COMSYS Group engages in business activities with a strong awareness of our priority challenges, which are to "pursue reliability and safety," "enhance quality and consider the environment," and "contribute to society through business." We strive to strengthen governance, which is the management foundation that supports these activities.

In addition, with our management philosophy, the Group aims to realize business expansion, maximize utilization of human resources, and promote structural reforms, as called for by our medium- to long-term vision.

By establishing the four guideposts, the COMSYS Group is moving through a short-term PDCA cycle for each goal, and boosting the realization of the medium- to long-term vision.

Financial Statements

Consolidated Balance Sheets

COMSYS Holdings Corporation and Consolidated Subsidiaries
As of March 31, 2018 and 2019

	Millions of yen	
	2018	2019
ASSETS		
Current assets:		
Cash and deposits	¥ 29,144	¥ 28,618
Notes receivable, accounts receivable from completed construction contracts and other	121,826	169,186
Investments in leases	2,719	5,671
Costs on construction contracts in progress	24,607	28,983
Real estate for sale	—	1,987
Merchandise	120	771
Raw materials and supplies	682	1,817
Other current assets	3,199	10,111
Allowance for doubtful accounts	(54)	(136)
Total current assets	182,246	247,013
Non-current assets:		
Property, plant and equipment		
Buildings and structures	61,982	87,826
Accumulated depreciation	(31,391)	(45,979)
Buildings and structures, net	30,591	41,847
Machinery, equipment and vehicles and tools, furniture and fixtures	35,176	55,124
Accumulated depreciation	(19,005)	(29,021)
Machinery, equipment and vehicles and tools, furniture and fixtures, net	16,171	26,103
Land	47,592	65,748
Lease assets	451	2,389
Accumulated depreciation	(287)	(1,087)
Lease assets, net	164	1,302
Construction in progress	8,228	743
Total property, plant and equipment	102,748	135,744
Intangible assets:		
Goodwill	5,969	4,999
Other intangible assets	4,094	4,606
Total intangible assets	10,063	9,606
Investments and other assets:		
Investment securities	12,956	27,712
Long-term loans receivable	1,000	963
Deferred tax assets	1,519	2,158
Retirement benefit asset	11,370	11,197
Other assets	3,304	5,886
Allowance for doubtful accounts	(166)	(356)
Total investments and other assets	29,983	47,561
Total non-current assets	142,796	192,912
Total assets	¥325,042	¥439,926

Profile

President's
MessageEight Integrated
Business GroupsBusiness at a
GlanceReview of
Operations
and OutlookTopics /
Corporate
GovernanceCorporate Social
Responsibility
(CSR)
Financial
Statements

Information

To Contents

Millions of yen

2018

2019

LIABILITIES**Current liabilities:**

Notes payable, accounts payable for construction contracts and other	¥ 59,749	¥ 77,685
Short-term borrowings	106	8,543
Income taxes payable	7,815	6,017
Advances received on construction contracts in progress	2,873	4,045
Provision for warranties for completed construction	176	246
Provision for loss on construction contracts	548	1,005
Other current liabilities	11,563	18,583
Total current liabilities	82,832	116,125

Non-current liabilities:

Long-term borrowings	5	3,212
Deferred tax liabilities	352	583
Deferred tax liabilities for land revaluation	1,369	1,369
Retirement benefit liability	7,263	13,508
Provision for retirement benefits for directors (and other officers)	271	622
Other non-current liabilities	1,180	3,044
Total non-current liabilities	10,441	22,340
Total liabilities	93,274	138,466

NET ASSETS**Shareholders' equity:**

Share capital	10,000	10,000
Capital surplus	60,883	91,549
Retained earnings	201,329	223,261
Treasury shares	(38,014)	(20,539)
Total shareholders' equity	234,199	304,271

Accumulated other comprehensive income:

Valuation difference on available-for-sale securities	3,795	2,810
Deferred gains or losses on hedges	—	(0)
Revaluation reserve for land	(7,905)	(7,905)
Remeasurements of defined benefit plans	30	(802)
Total accumulated other comprehensive income	(4,079)	(5,898)

Share acquisition rights

513

657

Non-controlling interests

1,134

2,428

Total net assets

231,767

301,459

Total liabilities and net assets

¥325,042

¥439,926

Consolidated Statements of Income

COMSYS Holdings Corporation and Consolidated Subsidiaries
Years ended March 31, 2018 and 2019

	Millions of yen	
	2018	2019
Net sales	¥380,024	¥481,783
Cost of sales	326,591	416,530
Gross profits	53,433	65,253
Selling, general and administrative expenses	23,085	29,985
Operating profit	30,347	35,267
Non-operating income:		
Interest income	14	24
Dividend income	227	442
Rental income from non-current assets	158	245
Other	248	358
Total non-operating income	647	1,070
Non-operating expenses:		
Interest expenses	7	37
Rent expenses	86	124
Provision of allowance for doubtful accounts	117	—
Other	76	105
Total non-operating expenses	288	267
Ordinary profit	30,706	36,071
Extraordinary income:		
Gain on sales of investment securities	0	87
Gain on sales of non-current assets	16	52
Gain on bargain purchase	—	5,159
Reversal of allowance for doubtful accounts	927	—
Other	30	75
Total extraordinary income	974	5,375
Extraordinary losses:		
Loss on retirement of non-current assets	83	57
Impairment loss	494	124
Loss on liquidation of business	—	432
Data recovery expenses	—	396
Loss on sale of businesses	—	256
Extra retirement payments	102	105
Other	139	473
Total extraordinary losses	819	1,846
Profit before income taxes	30,861	39,600
Income taxes:		
Current	10,857	12,422
Deferred	(440)	(899)
Total income taxes	10,417	11,522
Profit	20,444	28,077
Profit attributable to non-controlling interests	53	59
Profit attributable to owners of parent	¥ 20,390	¥ 28,018

Consolidated Statements of Changes in Equity

COMSYS Holdings Corporation and Consolidated Subsidiaries
Years ended March 31, 2018 and 2019

	Millions of yen				
	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Year ended March 31, 2018					
Balance at beginning of period	¥10,000	¥52,525	¥186,195	¥(41,028)	¥207,692
Changes in items during period:					
Dividends of surplus			(5,082)		(5,082)
Profit attributable to owners of parent			20,390		20,390
Purchase of treasury shares				(8,003)	(8,003)
Disposal of treasury shares		244		700	944
Purchase of treasury shares of subsidiaries		104			104
Purchase of shares of consolidated subsidiaries					—
Changes of scope of consolidation			(88)		(88)
Increase by share exchanges		8,009		10,317	18,326
Reversal of revaluation reserve for land			(84)		(84)
Net changes in items other than shareholders' equity					—
Total changes in items during period	—	8,358	15,134	3,013	26,506
Balance at end of period	¥10,000	¥60,883	¥201,329	¥(38,014)	¥234,199

	Millions of yen							
	Accumulated other comprehensive income							
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Share acquisition rights	Non-controlling interests	Total net assets
Year ended March 31, 2018								
Balance at beginning of period	¥2,666	¥ —	¥(7,990)	¥(650)	¥(5,974)	¥578	¥ 647	¥202,943
Changes in items during period:								
Dividends of surplus								(5,082)
Profit attributable to owners of parent								20,390
Purchase of treasury shares								(8,003)
Disposal of treasury shares								944
Purchase of treasury shares of subsidiaries								104
Purchase of shares of consolidated subsidiaries								—
Changes of scope of consolidation								(88)
Increase by share exchanges								18,326
Reversal of revaluation reserve for land								(84)
Net changes in items other than shareholders' equity	1,129	—	84	681	1,895	(65)	486	2,317
Total changes in items during period	1,129	—	84	681	1,895	(65)	486	28,823
Balance at end of period	¥3,795	¥ —	¥(7,905)	¥ 30	¥(4,079)	¥513	¥1,134	¥231,767

	Millions of yen				
	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Year ended March 31, 2019					
Balance at beginning of period	¥10,000	¥60,883	¥201,329	¥(38,014)	¥234,199
Changes in items during period:					
Dividends of surplus			(6,267)		(6,267)
Profit attributable to owners of parent			28,018		28,018
Purchase of treasury shares				(8,011)	(8,011)
Disposal of treasury shares		360		985	1,346
Purchase of treasury shares of subsidiaries					—
Purchase of shares of consolidated subsidiaries		(9)			(9)
Changes of scope of consolidation			180		180
Increase by share exchanges		30,313		24,501	54,815
Reversal of revaluation reserve for land					—
Net changes in items other than shareholders' equity					—
Total changes in items during period	—	30,665	21,931	17,475	70,072
Balance at end of period	¥10,000	¥91,549	¥223,261	¥(20,539)	¥304,271

	Millions of yen							
	Accumulated other comprehensive income							
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Share acquisition rights	Non-controlling interests	Total net assets
Year ended March 31, 2019								
Balance at beginning of period	¥3,795	¥—	¥(7,905)	¥ 30	¥(4,079)	¥513	¥1,134	¥231,76
Changes in items during period:								
Dividends of surplus								(6,267)
Profit attributable to owners of parent								28,018
Purchase of treasury shares								(8,011)
Disposal of treasury shares								1,346
Purchase of treasury shares of subsidiaries								—
Purchase of shares of consolidated subsidiaries								(9)
Changes of scope of consolidation								180
Increase by share exchanges								54,815
Reversal of revaluation reserve for land								—
Net changes in items other than shareholders' equity	(984)	(0)	—	(833)	(1,818)	143	1,294	(380)
Total changes in items during period	(984)	(0)	—	(833)	(1,818)	143	1,294	69,691
Balance at end of period	¥2,810	¥ (0)	¥(7,905)	¥(802)	¥(5,898)	¥657	¥2,428	¥301,459

Consolidated Statements of Cash Flows

COMSYS Holdings Corporation and Consolidated Subsidiaries
Years ended March 31, 2018 and 2019

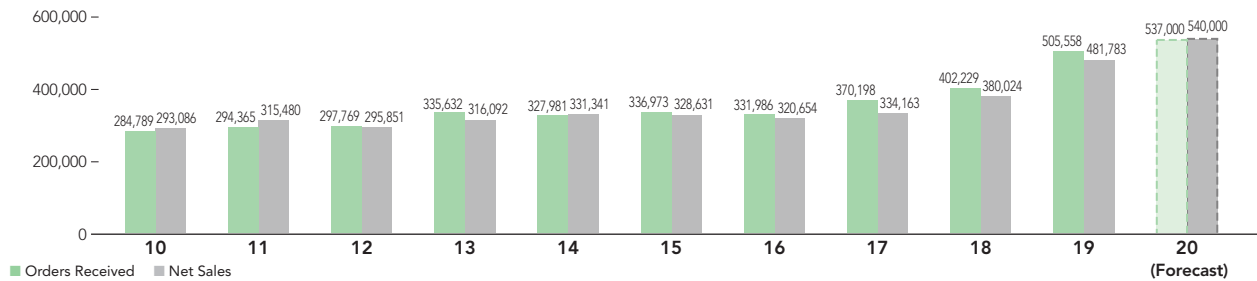
	Millions of yen	
	2018	2019
Cash flows from operating activities:		
Profit before income taxes	¥ 30,861	¥ 39,600
Depreciation	5,866	7,444
Impairment loss	494	124
Gain on bargain purchase	—	(5,159)
Amortization of goodwill	888	1,116
Loss on liquidation of business	—	432
Loss on sale of businesses	—	256
Data recovery expenses	—	396
(Decrease) increase in allowance for doubtful accounts	(1,436)	0
Increase (decrease) in retirement benefit liability	36	(78)
Interest and dividend income	(241)	(467)
Interest expenses	7	37
Increase in trade receivables	(2,510)	(22,600)
Increase in costs on construction contracts in progress	(4,717)	(1,692)
Increase in trade payables	535	8,256
Gain on sales of investment securities	(0)	(77)
Loss on valuation of investment securities	—	22
Decrease (increase) in other assets	1,106	(6,814)
Increase in other liabilities	3,137	1,934
Other, net	1,085	592
	35,114	23,326
Interest and dividends received	241	466
Interest paid	(7)	(37)
Income taxes paid	(6,516)	(14,790)
Net cash provided by operating activities	28,831	8,964
Cash flows from investing activities:		
Net (increase) decrease in time deposits	(94)	279
Purchase of investment securities	(155)	(1,603)
Proceeds from sale of investment securities	56	414
Purchase of shares of subsidiaries	—	(14)
Proceeds from sale of businesses	—	83
Purchase of property, plant and equipment	(13,139)	(9,460)
Purchase of intangible assets	(1,026)	(1,235)
Proceeds from sales of property, plant and equipment	26	608
Loan advances	(200)	(171)
Collection of loans receivable	718	162
Purchase of insurance funds	(333)	(24)
Proceeds from cancellation of insurance funds	435	54
Other, net	(184)	(642)
Net cash used in investing activities	(13,896)	(11,550)
Cash flows from financing activities:		
Net increase (decrease) in short-term borrowings	30	(1,205)
Proceeds from long-term borrowings	—	500
Repayments of long-term borrowings	(6)	(1,282)
Purchase of treasury shares	(8,019)	(8,027)
Proceeds from sales of treasury shares	668	1,072
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	—	(54)
Purchase of treasury shares of subsidiaries	(3)	—
Dividends paid	(5,082)	(6,267)
Dividends paid to non-controlling interests	(2)	(2)
Repayments of finance lease obligations	(82)	(114)
Net cash used in financing activities	(12,499)	(15,382)
Effect of exchange rate change on cash and cash equivalents	5	(0)
Net increase (decrease) in cash and cash equivalents	2,441	(17,967)
Cash and cash equivalents at beginning of period	20,879	28,957
Increase in cash and cash equivalents resulting from change in scope of consolidation	316	163
Increase in cash and cash equivalents resulting from merger	—	75
Increase in cash and cash equivalents resulting from share exchange	5,319	16,549
Cash and cash equivalents at end of period	¥ 28,957	¥ 27,778

Ten-Year Summary of Business Results and Financial Data

Years ended March 31

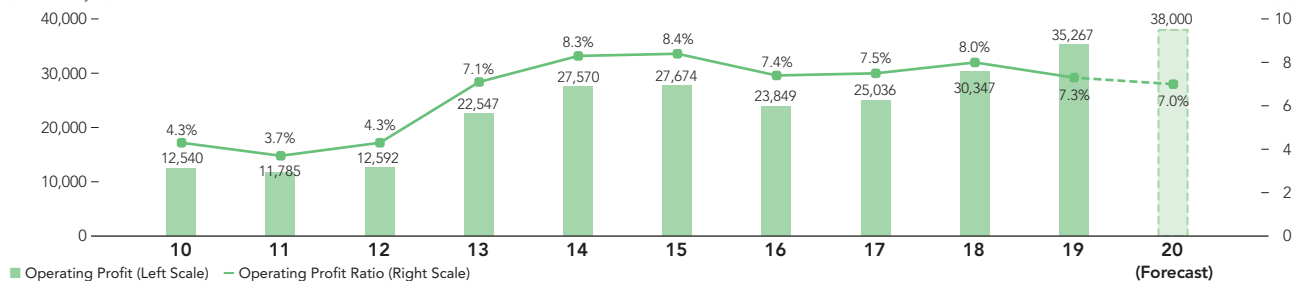
Orders Received / Net Sales

(Millions of yen)



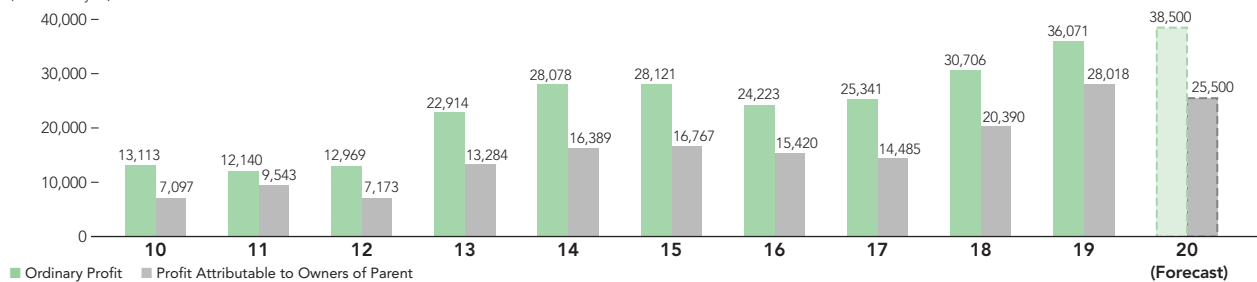
Operating Profit / Operating Profit Ratio

(Millions of yen)



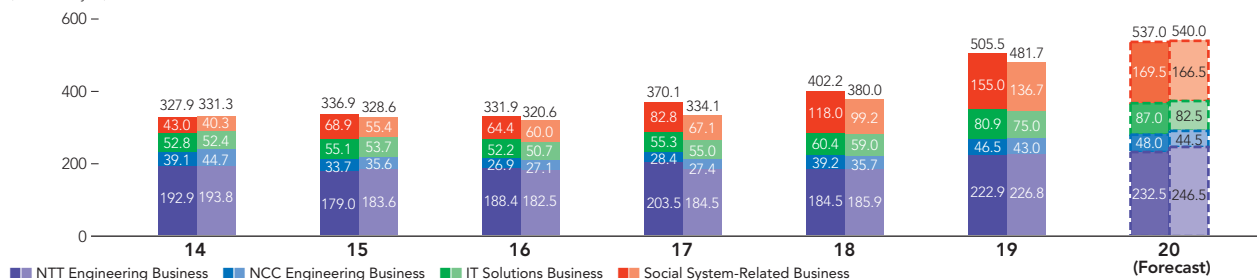
Ordinary Profit / Profit Attributable to Owners of Parent

(Millions of yen)



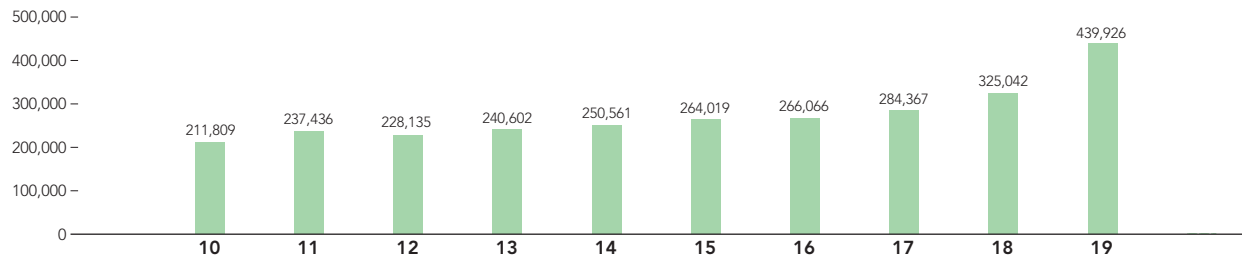
Segmental Orders Received / Net Sales

(Billions of yen)



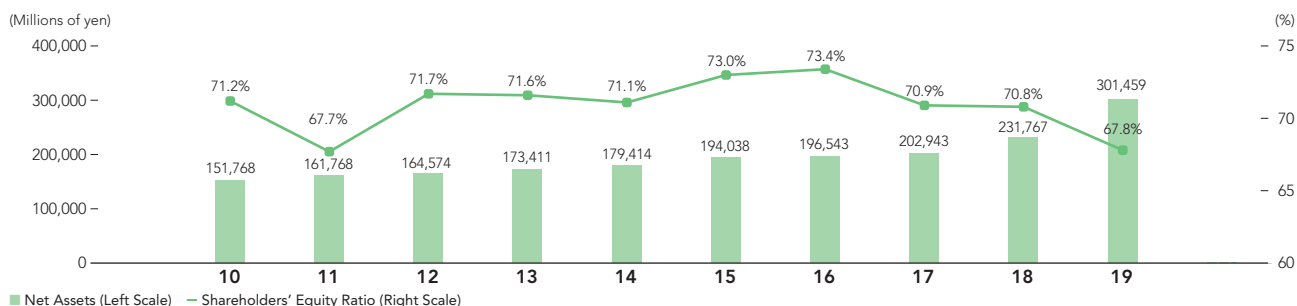
Total Assets

(Millions of yen)



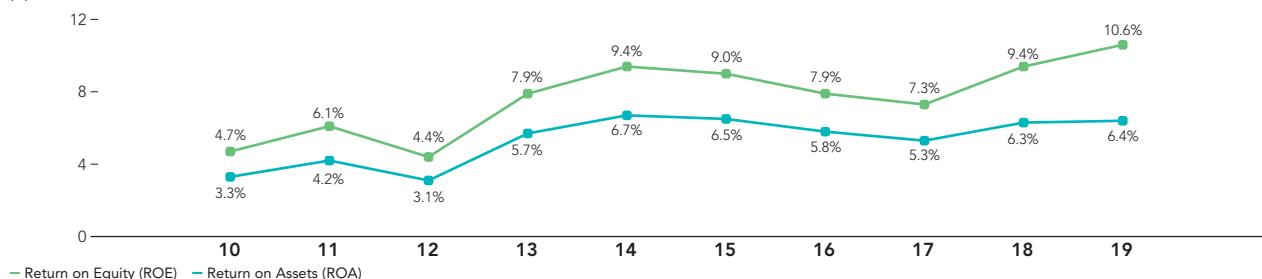
Net Assets / Shareholders' Equity Ratio

(Millions of yen)



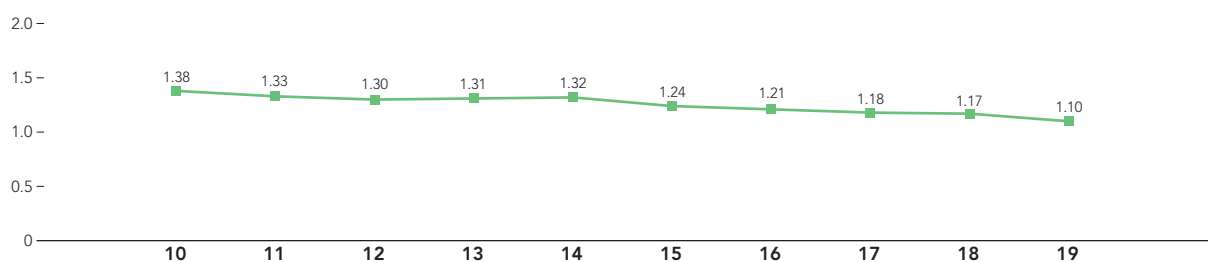
Return on Equity (ROE) / Return on Assets (ROA)

(%)

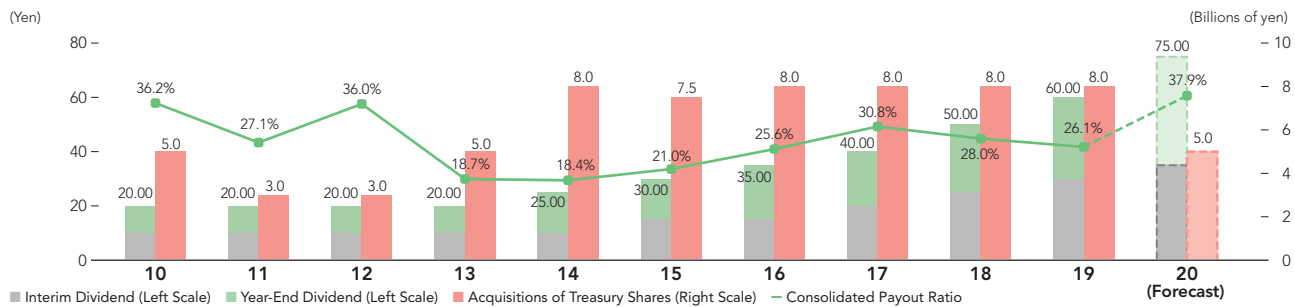


Total Asset Turnover

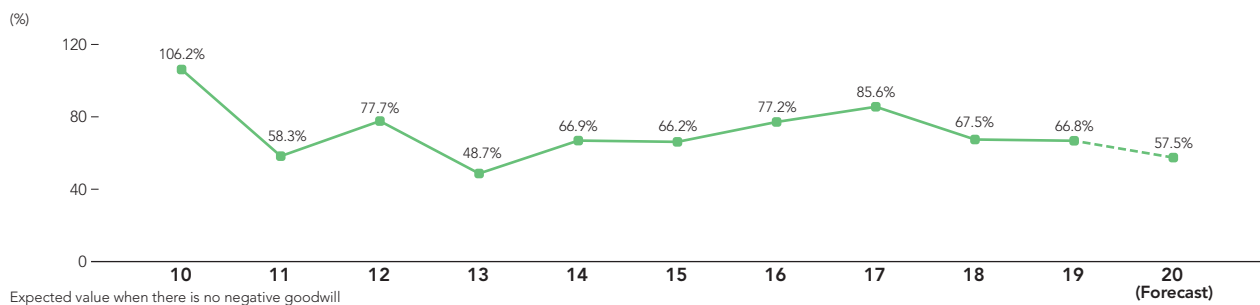
(Times)



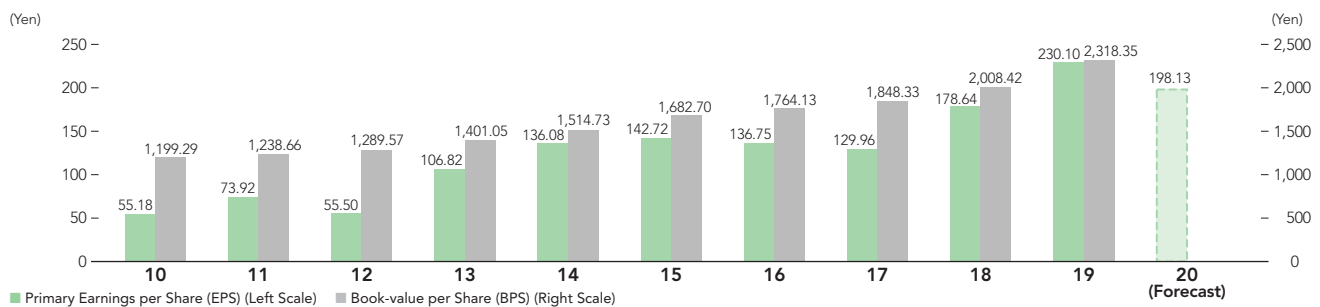
Dividends per Share / Acquisitions of Treasury Shares / Consolidated Payout Ratio



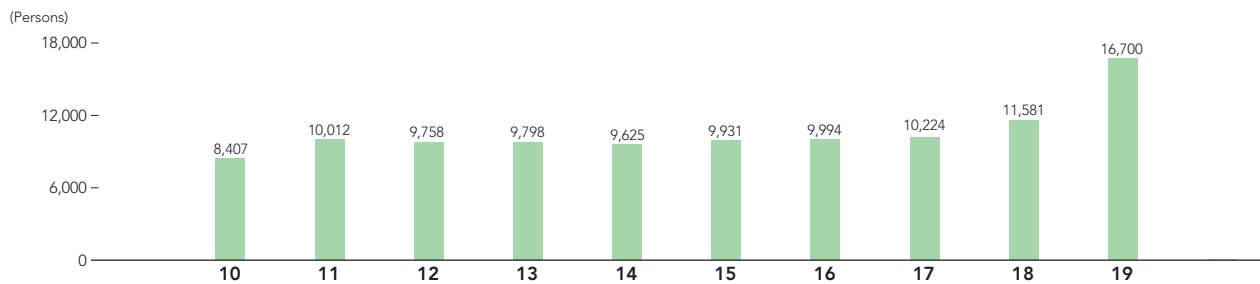
Shareholder Return Ratio



Primary Earnings per Share (EPS) / Book-value per Share (BPS)



Number of Employees



Information

Investor Information

□ Fiscal Year-End:

March 31, 2019

□ Annual Shareholders' Meeting:

June 25, 2019

□ Common Stock:

Authorized: 580,000,000 shares

Issued: 141,000,000 shares

□ Number of Shareholders:

15,123

□ Date of Listing:

September 2003

□ Stock Exchange Listing:

First Section of the Tokyo Stock Exchange
(Securities code: 1721)

□ Transfer Agent:

Mitsubishi UFJ Trust and Banking Corporation
Securities Department
1-1, Nikko-cho, Fuchu-shi, Tokyo 183-0044, Japan

□ Auditor:

GYOSEI & CO.

□ For Further Information on this Annual Report, Please Contact:

IR Department
Tel: +81-3-3448-7000 (direct)
Fax: +81-3-3448-7001
E-Mail: chd-ir@comsys.co.jp

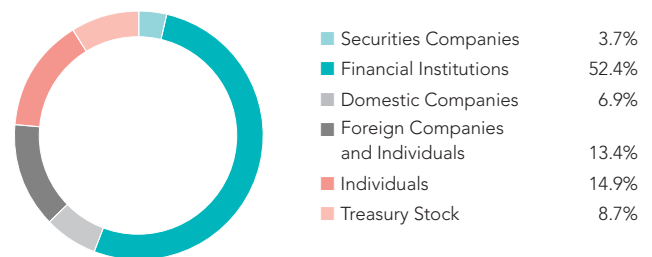
□ Major Shareholders:

As of March 31, 2019

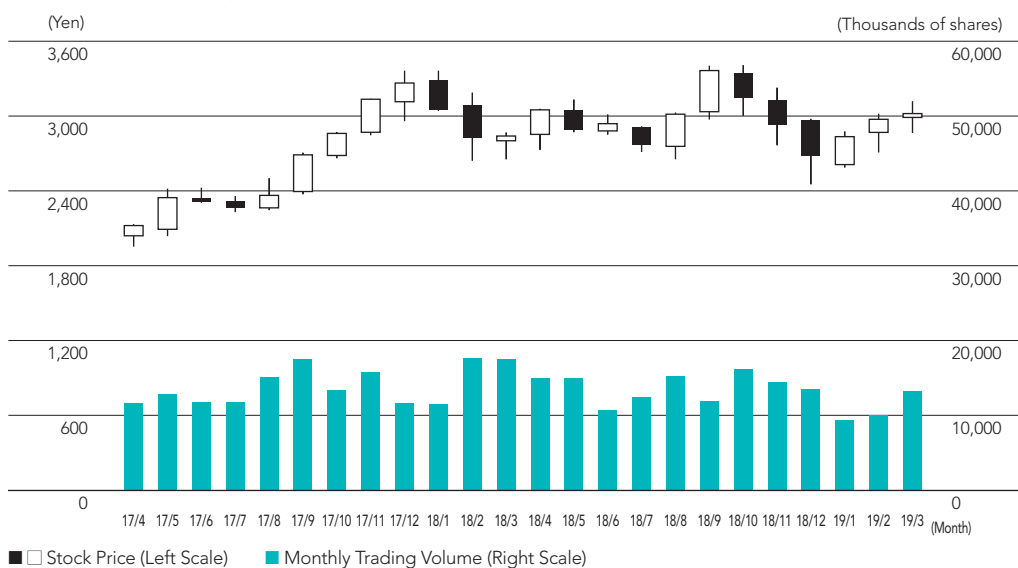
Shareholders	Shares held (Thousands)	Percentage of total (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	26,964	19.12
Japan Trustee Services Bank, Ltd. (Trust Account)	15,153	10.74
Trust & Custody Services Bank, Ltd. (Investment Trust Account)	3,632	2.57
Nippon Life Insurance Company	3,247	2.30
Japan Post Bank Co., Ltd.	3,040	2.15
COMSYS Holdings Employee Shareholding Association	2,114	1.49
Japan Trustee Services Bank, Ltd. (Trust Account No.5)	1,888	1.33
JP MORGAN CHASE BANK 385151	1,800	1.27
Sumitomo Realty & Development Co., Ltd.	1,661	1.17
Meiji Yasuda Life Insurance Company	1,554	1.10

□ Composition of Shareholders:

As of March 31, 2019



□ Stock Price Range / Monthly Trading Volume



COMSYS Holdings Information

Corporate Data

As of March 31, 2019

Name:
COMSYS Holdings Corporation

Head Office:
17-1, Higashigotanda 2-chome, Shinagawa-ku,
Tokyo 141-8647, Japan

URL:
<http://www.comsys-hd.co.jp/english/>

Date of Establishment:
September 29, 2003

Paid-In Capital:
¥10 billion

Number of Employees:
16,700 (Consolidated)

Directors and Audit and Supervisory Committee Members

As of June 25, 2019

President and Representative Director

Takashi Kagaya
(President and Representative Director of Nippon COMSYS Corporation)

Directors

Yoshihisa Omura
(President and Representative Director of TSUKEN Corporation)

Shigemi Sakamoto
(President and Representative Director of
SANWA COMSYS Engineering Corporation)

Akihiko Aoyama
(President and Representative Director of
COMSYS JOHO SYSTEM Corporation)

Satoshi Tamamura
(President and CEO of NDS Co., Ltd.)

Hidenori Fukumoto
(President and Representative Director of SYSKEN Corporation)

Hitoshi Kumagai

Kenichi Sato

Hidehiko Ozaki

Director (Full Time Audit and Supervisory Committee Member)

Koichiro Kamiwaki

Outside Directors (Audit and Supervisory Committee Members)

Kenichi Narumiya

Masahiko Miyashita

Kazuyoshi Onohara

Kenichi Nakatogawa

Koichi Kawana

(): Concurrent positions held

Corporate History

October 2018

Consolidation with NDS Co., Ltd., SYSKEN Corporation, and Hokuriku Denwa Kouji Co., Ltd. was effected.

June 2017

Changed from a company with an audit and advisory board to a company with an audit and supervisory committee.

July 2013

Delisted from Osaka Stock Exchange (currently Osaka Exchange) owing to its stock market integration with that of the Tokyo Stock Exchange.

October 2010

Consolidation of TSUKEN Corporation effected.

June 2009

Minimum share purchase unit reduced from 1,000 shares to 100 shares.

April 2009

The information systems business related to software development outsourcing was spun off from Nippon COMSYS Corporation to form COMSYS JOHO SYSTEM Corporation.

April 2007

COMSYS Holdings Corporation converted COMSYS Shared Services Corporation, previously a consolidated subsidiary of Nippon COMSYS Corporation, into a wholly owned consolidated subsidiary in order to clarify its role as a common provider of business process outsourcing services for the COMSYS Group.

October 2005

COMSYS Holdings Corporation converted Kokusai Densetsu Co., Ltd. (now COMSYS WING Corporation) into a wholly owned subsidiary through a stock exchange, and made Kokusai Densetsu a wholly owned subsidiary of Nippon COMSYS Corporation on the same day.

April 2005

SANWA ELEC Co., Ltd. was renamed SANWA COMSYS Engineering Corporation.

January 2005

The NTT Information Telecommunication Engineering Business of SANWA ELEC Co., Ltd. was centralized at Nippon COMSYS Corporation.

September 2004

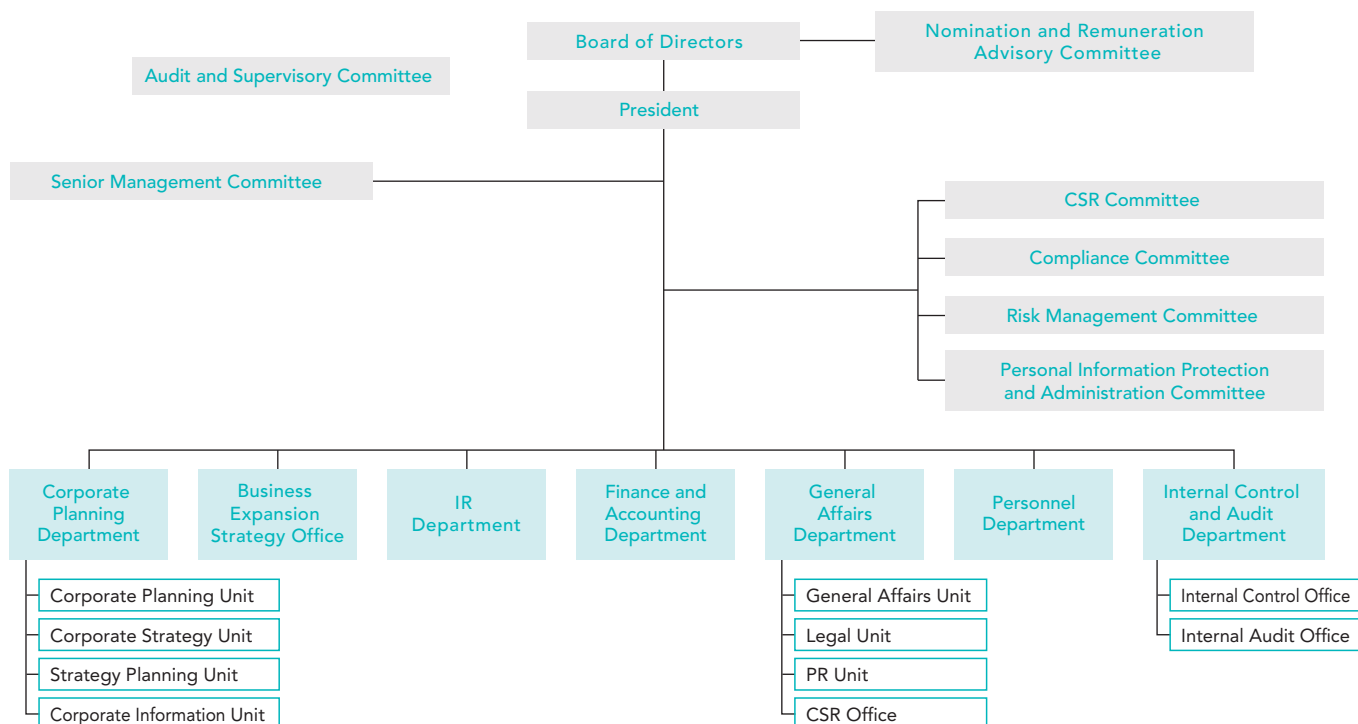
COMSYS Holdings Corporation subscribed to a third-party allotment of shares by SANWA ELEC Co., Ltd.

September 2003

COMSYS Holdings Corporation, a pure holding company, was established and listed on the First Section of the Tokyo Stock Exchange and the Osaka Securities Exchange in a three-way share transfer between Nippon COMSYS Corporation, Sanwa COMSYS Engineering Corporation, and TOSYS Corporation. Nippon COMSYS Corporation and Sanwa COMSYS Engineering Corporation were delisted concomitant with the establishment of COMSYS Holdings Corporation.

Organization Chart

As of June 25, 2019



COMSYS.HD

<http://www.comsys-hd.co.jp/>