

## COMSYS Holdings Corporation

### Consolidated Financial Results for the Second Quarter Ended September 30, 2019 Under Japanese GAAP

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 Stock Exchange Listings: First Section of Tokyo Stock Exchange (Securities code: 1721)  
 URL: <http://www.comsys-hd.co.jp>  
 Representative: Takashi Kagaya, President and Representative Director  
 For Inquiry: Hidehiko Ozaki, Director and General Manager of Finance & Accounting Department (Telephone:81-3-3448-7000)  
 Scheduled Filing of Quarterly Securities Report: November 12, 2019  
 Scheduled Commencement of Dividend Payment: December 4, 2019  
 Supplementary Materials on Quarterly Results: Attached  
 IR Presentation on Quarterly Results: Scheduled (For Institutional Investors and Analysts)

Amounts less than one million yen have been omitted.

#### 1. Consolidated Financial Results (for the six months ended September 30, 2019)

##### (1) Consolidated Operating Results

(Millions of yen, except per share data and percentages)

	Net Sales		Operating Profit		Ordinary Profit		Profit Attributable to Owners of Parent	
	Amount	Change (%)	Amount	Change (%)	Amount	Change (%)	Amount	Change (%)
Six months ended September 30, 2019	¥243,024	36.6%	¥12,959	18.1%	¥13,631	21.4%	¥8,855	24.2%
Six months ended September 30, 2018	177,854	16.9	10,974	12.5	11,232	12.5	7,129	4.6

Notes: 1. Comprehensive income: Six months ended September 30, 2019: ¥8,542 million [8.5%] Six months ended September 30, 2018: ¥7,870 million [2.6%]  
 2. Percentages indicate the percentage change from the corresponding period of the previous fiscal year.

	Primary Earnings per Share	Diluted Earnings per Share
Six months ended September 30, 2019	¥68.79	¥68.61
Six months ended September 30, 2018	62.45	62.20

##### (2) Consolidated Financial Position

(Millions of yen, except percentages)

	Total Assets	Net Assets	Equity Ratio
As of September 30, 2019	¥426,855	¥304,176	70.6%
As of March 31, 2019	439,926	301,459	67.8

(Reference) Shareholders' Equity: As of September 30, 2019: ¥301,210 million As of March 31, 2019: ¥298,373 million

#### 2. Cash Dividends for Shareholders of Common Stock

(Yen)

	Cash Dividends per Share over the Fiscal Year				
	End of 1st Quarter	End of 2nd Quarter	End of 3rd Quarter	Year-End	Annual
Year ended March 31, 2019	¥ —	¥30.00	¥ —	¥30.00	¥60.00
Year ending March 31, 2020	—	30.00			
Year ending March 31, 2020 (Forecast)			—	40.00	75.00

Note: Most recently announced revisions to dividend forecast: No

#### 3. Consolidated Earnings Forecast (for the fiscal year ending March 31, 2020)

(Millions of yen, except per share data and percentages)

	Net Sales		Operating Profit		Ordinary Profit		Profit Attributable to Owners of Parent		Primary Earnings per Share
	Amount	Change (%)	Amount	Change (%)	Amount	Change (%)	Amount	Change (%)	Amount
Year ending March 31, 2020	¥540,000	12.1%	¥38,000	7.7%	¥38,500	6.7%	¥25,500	(9.0)%	¥198.13

Notes: 1. Most recently announced revisions to consolidated earnings forecast: No  
 2. For fiscal-year figures, percentages indicate the percentage change from the previous fiscal year.

**\*Notes:**

(1) Changes in significant subsidiaries during the period under review (changes to subsidiaries that would alter the scope of consolidation): No

(2) Adoption of accounting methods specific to quarterly consolidated financial statements: Yes

(3) Changes in accounting policies, changes in accounting estimates and restatements of prior period financial statements due to error correction

a) Changes in accounting policies due to revisions of accounting standards: No

b) Changes in accounting policies due to other reasons: Yes

c) Changes in accounting estimates: No

d) Restatements of prior period financial statements due to error correction: No

**(4) Number of shares issued (common stock)**

	<u>As of September 30, 2019</u>	<u>As of March 31, 2019</u>
a) Number of shares issued (including treasury stock)	141,000,000 shares	141,000,000 shares
b) Number of treasury stock	12,884,748 shares	12,299,356 shares
	<u>Six months ended September 30, 2019</u>	<u>Six months ended September 30, 2018</u>
c) Average number of shares issued in the period	128,737,967 shares	114,160,725 shares

*\*This Quarterly Consolidated Financial Results report has not been subjected to quarterly review procedures by certified public accountants or an audit corporation.*

***\*Disclaimer concerning the Proper Use of Business Results Forecasts and Other Relevant Specific Items***

- Forward-looking statements including earnings forecasts contained in this document are based on certain reasonable assumptions and beliefs in light of information currently available to management. Readers are advised that actual results may differ materially from forecasts due to a variety of factors. With respect to the conditions that underpin earnings forecasts as well as cautionary statements regarding the proper use of earnings forecasts, please refer to “(3) Discussion of Forward-Looking Information, including Consolidated Earnings Forecasts” under “1. Qualitative Information Regarding Consolidated Financial Results for the Period under Review” of this Consolidated Financial Results report in the Accompanying Materials section on page 3.*
- COMSYS Holdings Corporation plans to hold an IR presentation on its financial results for institutional investors and analysts on Thursday November 14, 2019. Other materials distributed during the IR presentation will be posted on the Company’s website in a timely manner after the presentation.*

## *Accompanying Materials*

### **1. Qualitative Information Regarding Consolidated Financial Results for the Period under Review**

#### *(1) Discussion of Operating Results*

During the cumulative second quarter period (April 1, 2019 to September 30, 2019) of the current fiscal year ending March 31, 2020, the Japanese economy maintained a moderate recovery amid continued improvements in the employment and income environment and corporate earnings, due in part to various effectual government policies. However, it will be necessary to adequately monitor the tension surrounding trade problems, the trends in overseas economies, including the outlook for the Chinese economy, the fluctuations in financial and capital markets and the impact of a series of natural disasters on the economy.

In the information and communications field, the COMSYS Group's principal area of activity, there has been expansion in value-added services such as content provision, and the upgrading of the mobile network was promoted to accommodate the sharply increasing, higher-volume traffic. Moreover, in both the public and private sectors, extensive investments are anticipated in various business undertakings. This includes building national resilience, such as disaster prevention and mitigation measures for intensifying natural disasters, as well as development of renewable energy policies and social infrastructure investment in preparation for the Tokyo Olympic and Paralympic Games. Also, investment expansion is expected in information and communication technology (ICT) utilizing innovations such as IoT, AI, and 5th generation mobile communications (5G).

The COMSYS Group has taken initiatives for top-line expansions, which included entering the renewable energy business, particularly solar power and biomass power construction projects. Also, in response to the rise in public-sector and ICT investment aimed at the development of a smart society, it ventured into new business domains and conducted M&As. Moreover, in addition to seeking to generate synergies from the integration of the three corporate groups as soon as possible, the Group has been working to improve profit by transferring personnel to growth business sectors and implementing measures such as increasing construction efficiency and cutting costs by promoting workstyle innovation.

Under these circumstances, orders received in the second quarter period increased 67.6% year on year to ¥318,827 million, and net sales rose 36.6% year on year to ¥243,024 million. From a profit perspective, operating profit increased by 18.1% year on year to ¥12,959 million, while profit attributable to owners of parent increased 24.2% year on year to ¥8,855 million.

#### *(2) Discussion of Financial Position*

Total assets as of September 30, 2019 amounted to ¥426,855 million, down ¥13,070 million compared with the end of the previous fiscal year. This was mainly attributable to a decrease in notes receivable, accounts receivable from completed construction and other. Liabilities decreased by ¥15,788 million compared with the end of the previous fiscal year, to ¥122,678 million. This was largely attributable to a decrease in notes payable, accounts payable for construction contracts and other.

Net assets increased by ¥2,717 million compared with the end of the previous fiscal year, to ¥304,176 million. This was primarily the result of an increase in retained earnings due to profit and the purchase of treasury shares.

In accordance with each of the aforementioned factors, the equity ratio stood at 70.6%, compared with 67.8% at the end of the previous fiscal year.

#### *(3) Discussion of Forward-Looking Information, including Consolidated Earnings Forecasts*

There are no changes in the consolidated earnings forecast for the full fiscal year ending March 31, 2020 published in "COMSYS Holdings Announces Revision to Earnings Forecast" dated May 10, 2019.

## 2. Quarterly Consolidated Financial Statements

### (1) Consolidated Balance Sheets

	Millions of yen	
	As of March 31, 2019	As of September 30, 2019
<b>ASSETS</b>		
<b>Current assets:</b>		
Cash and deposits	28,618	41,450
Notes receivable, accounts receivable from completed construction contracts and other	169,186	123,633
Inventories:		
Costs on construction contracts in progress	28,983	42,022
Other	4,576	4,968
Other current assets	15,783	19,282
Allowance for doubtful accounts	(136)	(86)
<b>Total current assets</b>	<b>247,013</b>	<b>231,272</b>
<b>Non-current assets:</b>		
Property, plant and equipment:		
Buildings and structures, net	41,847	41,482
Land	65,748	67,529
Other, net	28,148	29,550
<b>Total property, plant and equipment</b>	<b>135,744</b>	<b>138,562</b>
Intangible assets		
Goodwill	4,999	4,451
Other intangible assets	4,606	4,166
<b>Total intangible assets</b>	<b>9,606</b>	<b>8,617</b>
Investments and other assets:		
Investment securities	27,712	28,479
Other assets	20,205	20,280
Allowance for doubtful accounts	(356)	(356)
<b>Total investments and other assets</b>	<b>47,561</b>	<b>48,403</b>
<b>Total non-current assets</b>	<b>192,912</b>	<b>195,582</b>
<b>Total assets</b>	<b>439,926</b>	<b>426,855</b>

	Millions of yen	
	As of March 31, 2019	As of September 30, 2019
<b>LIABILITIES</b>		
<b>Current liabilities:</b>		
Notes payable, accounts payable for construction contracts and other	77,685	60,076
Short-term borrowings	8,543	16,866
Income taxes payable	6,017	3,529
Advances received on construction contracts in progress	4,045	7,843
Allowances	1,251	1,017
Other current liabilities	18,583	12,264
<b>Total current liabilities</b>	<b>116,125</b>	<b>101,597</b>
<b>Non-current liabilities:</b>		
Long-term borrowings	3,212	1,653
Deferred tax liabilities for land revaluation	1,369	1,369
Retirement benefit liability	13,508	13,542
Provision for retirement benefits for directors (and other officers)	622	544
Other long-term liabilities	3,628	3,970
<b>Total non-current liabilities</b>	<b>22,340</b>	<b>21,080</b>
<b>Total liabilities</b>	<b>138,466</b>	<b>122,678</b>
<b>NET ASSETS</b>		
<b>Shareholders' equity:</b>		
Share capital	10,000	10,000
Capital surplus	91,549	92,091
Retained earnings	223,261	228,255
Treasury shares	(20,539)	(22,861)
<b>Total shareholders' equity</b>	<b>304,271</b>	<b>307,485</b>
<b>Accumulated other comprehensive income:</b>		
Valuation difference on available-for-sale securities	2,810	2,464
Deferred gains or losses on hedges	(0)	0
Revaluation reserve for land	(7,905)	(7,905)
Remeasurements of defined benefit plans	(802)	(834)
<b>Total accumulated other comprehensive income</b>	<b>(5,898)</b>	<b>(6,275)</b>
<b>Share acquisition rights</b>	<b>657</b>	<b>562</b>
<b>Non-controlling interests</b>	<b>2,428</b>	<b>2,404</b>
<b>Total net assets</b>	<b>301,459</b>	<b>304,176</b>
<b>Total liabilities and net assets</b>	<b>439,926</b>	<b>426,855</b>

(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income  
 Consolidated Statements of Income

	Millions of yen	
	Six months ended September 30, 2018	Six months ended September 30, 2019
<b>Net sales</b>	177,854	243,024
<b>Cost of sales</b>	155,099	212,630
<b>Gross profits</b>	22,755	30,393
<b>Selling, general and administrative expenses</b>	11,780	17,434
<b>Operating profit</b>	10,974	12,959
<b>Non-operating income:</b>		
Interest income	6	13
Dividend income	176	429
Rental income from non-current assets	84	164
Other	79	217
<b>Total non-operating income</b>	<b>347</b>	<b>824</b>
<b>Non-operating expenses:</b>		
Interest expenses	3	27
Rent expenses	40	92
Other	45	31
<b>Total non-operating expenses</b>	<b>89</b>	<b>152</b>
<b>Ordinary profit</b>	11,232	13,631
<b>Extraordinary income:</b>		
Gain on sales of non-current assets	8	23
Gain on sales of investment securities	44	39
Compensation income	—	84
Other	4	13
<b>Total extraordinary income</b>	<b>58</b>	<b>161</b>
<b>Extraordinary losses:</b>		
Loss on retirement of non-current assets	18	28
Impairment loss	214	—
Special retirement expenses	60	70
Compensation for damage	90	—
Other	8	54
<b>Total extraordinary losses</b>	<b>391</b>	<b>152</b>
<b>Profit before income taxes</b>	10,899	13,640
<b>Income taxes</b>	3,787	4,722
<b>Profit</b>	7,111	8,918
<b>Profit (loss) attributable to non-controlling interests</b>	(18)	62
<b>Profit attributable to owners of parent</b>	7,129	8,855

## Consolidated Statements of Comprehensive Income

	Millions of yen	
	Six months ended September 30, 2018	Six months ended September 30, 2019
<b>Profit</b>	7,111	8,918
<b>Other comprehensive income:</b>		
Valuation difference on available-for-sale securities	851	(344)
Deferred gains or losses on hedges	—	0
Remeasurements of defined benefit plans	(91)	(31)
Total other comprehensive income (loss)	759	(375)
<b>Comprehensive income</b>	7,870	8,542
(Breakdown)		
Comprehensive income attributable to owners of parent	7,886	8,478
Comprehensive income (loss) attributable to non-controlling interests	(15)	64