

February 7, 2020

# COMSYS Holdings Corporation

## Consolidated Financial Results for the Third Quarter Ended December 31, 2019

### Under Japanese GAAP

Company name: COMSYS Holdings Corporation  
 Stock exchange listing: First Section of Tokyo Stock  
 Stock code: 1721  
 URL: <https://www.comsys-hd.co.jp/english/index.html>  
 Representative: Takashi Kagaya, President and Representative Director  
 Contact: Hidehiko Ozaki, Director and General Manager of Finance & Accounting Department  
 Tel. +81-3-3448-7000

Scheduled date for filing of securities report: February 12, 2020  
 Scheduled date of commencement of dividend payment: –  
 Supplementary documents for quarterly results: Attached  
 Quarterly results briefing: None

(Amounts of less than one million yen are rounded down to the nearest million yen.)

#### 1. Consolidated Financial Results for the Nine Months Ended December 31, 2019 (April 1, 2019 – December 31, 2019)

##### (1) Consolidated Results of Operations (Accumulated Total) (Percentages show year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Nine months ended								
December 31, 2019	374,769	23.2	21,158	7.1	22,219	8.7	14,459	(20.9)
December 31, 2018	304,303	24.9	19,764	17.4	20,436	19.4	18,272	55.4

(Note) Comprehensive income: 15,046 million yen (-7.3%) for the nine months ended December 31, 2019  
 16,229 million yen (24.0%) for the nine months ended December 31, 2018

	Earnings per share (basic)		Earnings per share (diluted)	
	Yen		Yen	
Nine months ended				
December 31, 2019	112.60		112.30	
December 31, 2018	153.11		152.51	

##### (2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of			
December 31, 2019	440,333	303,943	68.3
March 31, 2019	439,926	301,459	67.8

(Reference) Shareholders' equity: As of December 31, 2019: 300,864 million yen  
 As of March 31, 2019: 298,373 million yen

#### 2. Dividends

	Dividend per share				
	End of first quarter	End of second quarter	End of third quarter	Year-end	Annual
	Yen		Yen		Yen
Year ended March 31, 2019	–	30.00	–	30.00	60.00
Year ending March 31, 2020	–	35.00	–		
Year ending March 31, 2020 (forecasts)				40.00	75.00

(Note) Revisions to dividend forecasts published most recently: None

#### 3. Consolidated Forecasts for the Fiscal Year Ending March 31, 2020 (April 1, 2019 – March 31, 2020)

(Percentage figures represent the changes from the previous year.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Profit per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Year ending March 31, 2020	540,000	12.1	38,000	7.7	38,500	6.7	25,500	(9.0)	198.13

(Note) Revisions to financial forecasts published most recently: None

\* Notes

- (1) Changes of important subsidiaries during the period  
(changes of specific subsidiaries resulting in a change in the scope of consolidation): None
- (2) Application of particular accounting procedures to the preparation of quarterly consolidated financial statements: Yes
- (3) Changes in accounting policies and changes or restatement of accounting estimates
- |  |      |
|--|------|
| (i) Changes in accounting policies caused by revision of accounting standards: | None |
| (ii) Changes in accounting policies other than (i):                            | Yes  |
| (iii) Changes in accounting estimates:   | None |
| (iv) Restatement:  | None |
- (4) Number of shares outstanding (common shares):
- |   |                    |
|---|--------------------|
| (i) Number of shares outstanding at end of period (including treasury shares) |                    |
| As of December 31, 2019:  | 141,000,000 shares |
| As of March 31, 2019:   | 141,000,000 shares |
| (ii) Number of treasury shares at end of period                               |                    |
| As of December 31, 2019:  | 13,585,447 shares  |
| As of March 31, 2019:   | 12,299,356 shares  |
| (iii) Average number of shares outstanding during the term                    |                    |
| Nine months ended December 31, 2019:  | 128,419,419 shares |
| Nine months ended December 31, 2018:  | 119,340,113 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.*

## *Accompanying Materials*

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

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

In the first nine months ended December 31, 2019, the Japanese economy was expected to recover moderately on the back of continued improvements in the employment and income conditions and corporate earnings and the effects of economic policies. However, there were uncertainties about trends in overseas economies, including trends in trade issues, the outlook for the Chinese economy and the situation in the Middle East, the effects of changes in financial and capital markets, and trends in the domestic economy following the consumption tax hike.

In the information and communications field, where the COMSYS Group operates, competition among telecommunications carriers is intensifying, chiefly reflecting the entry of new businesses and the revision to the Telecommunications Business Act, and value-added services, including content, are expanding. In this environment, mobile networks are advancing to deal with large amounts of traffic, which is increasing rapidly. Investment in social infrastructure is expected to expand in both the public and private sectors, including investment related to the National Resilience initiative, including disaster prevention and disaster mitigation measures in anticipation of serious natural disasters, renewable energy policies and the Tokyo Olympics and Paralympics. Investment in ICT utilizing innovations such as IoT, artificial intelligence (AI) and 5th generation mobile communications (5G) is also expected to increase.

The COMSYS Group sought to expand its top line in an effort to expand the renewable energy business, particularly the installation of solar power generation facilities and the building of biomass power generation facilities, and new business domains that respond to increasing public investment and ICT investment for a smart society. Meanwhile, the Group sought to promptly create synergies from the consolidation of new companies and strove to improve profitability, particularly improving efficiency in construction work and cutting expenses, by allocating human resources to growth businesses and changing working practices.

These initiatives resulted in orders of 452.97 billion yen (up 25.1% year on year) and net sales of 374.76 billion yen (increasing 23.2% year on year) on a consolidated basis in the first nine months under review. Operating profit stood at 21.15 billion yen (rising 7.1% year on year). Profit attributable to owners of parent came to 14.45 billion yen (falling 20.9% year on year). The main reason for the year-on-year decrease in profit attributable to owners of parent was a gain on negative goodwill purchase posted as extraordinary income in the previous fiscal year as a result of the consolidation of new companies.

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

At the end of the first nine months under review, total assets rose 0.4 billion yen from the end of the previous fiscal year, to 440.33 billion yen, chiefly reflecting an increase in property, plant and equipment. Liabilities decreased 2.07 billion yen, to 136.39 billion yen, chiefly due to a fall in notes payable, accounts payable for construction contracts and other.

Net assets increased 2.48 billion yen, to 303.94 billion yen, mainly due to an increase in retained earnings as a result of profit attributable to owners of parent and the purchase of treasury shares.

The equity ratio stood at 68.3% (67.8% at the end of the previous fiscal year).

#### ***(3) Information on the Future Outlook, Including Consolidated Business Results Forecasts***

The consolidated business performance forecast for the fiscal year ending March 31, 2020 remains unchanged from the business performance forecast announced on May 10, 2019.

## 2. Quarterly Consolidated Financial Statements and Key Notes

### (1) Quarterly Consolidated Balance Sheets

(Million yen)

	End of previous fiscal year (As of March 31, 2019)	End of third quarter of the fiscal year under review (As of December 31, 2019)
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	28,618	53,277
Notes receivable, accounts receivable from completed construction contracts and other	169,186	116,627
Costs on construction contracts in progress	28,983	48,882
Other inventories	4,576	5,863
Other	15,783	18,150
Allowance for doubtful accounts	(136)	(81)
<b>Total current assets</b>	<b>247,013</b>	<b>242,718</b>
<b>Non-current assets</b>		
<b>Property, plant and equipment</b>		
Buildings and structures, net	41,847	43,455
Land	65,748	67,762
Other, net	28,148	28,230
<b>Total property, plant and equipment</b>	<b>135,744</b>	<b>139,448</b>
<b>Intangible assets</b>		
Goodwill	4,999	4,176
Other	4,606	4,093
<b>Total intangible assets</b>	<b>9,606</b>	<b>8,270</b>
<b>Investments and other assets</b>		
Investment securities	27,712	29,861
Other	20,205	20,390
Allowance for doubtful accounts	(356)	(356)
<b>Total investments and other assets</b>	<b>47,561</b>	<b>49,896</b>
<b>Total non-current assets</b>	<b>192,912</b>	<b>197,615</b>
<b>Total assets</b>	<b>439,926</b>	<b>440,333</b>

(Million yen)

	End of previous fiscal year (As of March 31, 2019)	End of third quarter of the fiscal year under review (As of December 31, 2019)
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes payable, accounts payable for construction contracts and other	77,685	57,316
Short-term borrowings	8,543	31,983
Income taxes payable	6,017	658
Advances received on construction contracts in progress	4,045	7,694
Allowances	1,251	979
Other	18,583	16,843
<b>Total current liabilities</b>	<b>116,125</b>	<b>115,476</b>
<b>Non-current liabilities</b>		
Long-term borrowings	3,212	1,301
Deferred tax liabilities for land revaluation	1,369	1,369
Retirement benefit liability	13,508	13,633
Provision for retirement benefits for directors (and other officers)	622	580
Other	3,628	4,028
<b>Total non-current liabilities</b>	<b>22,340</b>	<b>20,914</b>
<b>Total liabilities</b>	<b>138,466</b>	<b>136,390</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Share capital	10,000	10,000
Capital surplus	91,549	92,149
Retained earnings	223,261	229,376
Treasury shares	(20,539)	(25,226)
<b>Total shareholders' equity</b>	<b>304,271</b>	<b>306,299</b>
<b>Other accumulated comprehensive income</b>		
Valuation difference on available-for-sale securities	2,810	3,334
Deferred gains or losses on hedges	(0)	3
Revaluation reserve for land	(7,905)	(7,905)
Remeasurements of defined benefit plans	(802)	(867)
<b>Total other accumulated comprehensive income</b>	<b>(5,898)</b>	<b>(5,434)</b>
<b>Share acquisition rights</b>	<b>657</b>	<b>599</b>
<b>Non-controlling interests</b>	<b>2,428</b>	<b>2,479</b>
<b>Total net assets</b>	<b>301,459</b>	<b>303,943</b>
<b>Total liabilities and net assets</b>	<b>439,926</b>	<b>440,333</b>

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

### Quarterly Consolidated Statements of Income

(First nine-month period)

(Million yen)

	First nine-month period of previous fiscal year (April 1, 2018 – December 31, 2018)	First nine-month period of the fiscal year under review (April 1, 2019 – December 31, 2019)
<b>Net sales</b>	304,303	374,769
<b>Cost of sales</b>	263,926	327,520
<b>Gross profit</b>	40,377	47,249
<b>Selling, general and administrative expenses</b>	20,612	26,091
<b>Operating profit</b>	19,764	21,158
<b>Non-operating income</b>		
Interest income	14	20
Dividend income	428	707
Rental income from non-current assets	166	256
Other	224	308
<b>Total non-operating income</b>	833	1,292
<b>Non-operating expenses</b>		
Interest expenses	20	38
Rental expenses	81	134
Other	60	57
<b>Total non-operating expenses</b>	161	231
<b>Ordinary profit</b>	20,436	22,219
<b>Extraordinary income</b>		
Gain on sales of investment securities	44	39
Gain on sales of non-current assets	22	25
Compensation income	–	84
Gain on negative goodwill	5,159	–
Other	20	20
<b>Total extraordinary income</b>	5,246	170
<b>Extraordinary losses</b>		
Loss on retirement of non-current assets	28	44
Impairment loss	329	–
Extra retirement payments	60	80
Other	176	56
<b>Total extraordinary losses</b>	595	180
<b>Profit before income taxes</b>	25,087	22,209
<b>Income taxes</b>	6,786	7,634
<b>Profit</b>	18,301	14,575
<b>Profit (loss) attributable to non-controlling interests</b>	28	115
<b>Profit attributable to owners of parent</b>	18,272	14,459

**Quarterly Consolidated Comprehensive Income**  
**(First nine-month period)**

(Million yen)

	First nine-month period of previous fiscal year (April 1, 2018 – December 31, 2018)	First nine-month period of the fiscal year under review (April 1, 2019 – December 31, 2019)
<b>Profit</b>	18,301	14,575
<b>Other comprehensive income</b>		
Valuation difference on available-for-sale securities	(1,930)	531
Deferred gains or losses on hedges	(2)	3
Remeasurements of defined benefit plans, net of tax	(137)	(64)
<b>Total other comprehensive income (loss)</b>	<b>(2,071)</b>	<b>470</b>
<b>Comprehensive income</b>	<b>16,229</b>	<b>15,046</b>
Comprehensive income attributable to owners of parent	16,208	14,923
Comprehensive income (loss) attributable to non-controlling interests	21	123