

COMSYS Holdings Corporation

Consolidated Financial Results for the First Quarter Ended June 30, 2021 Under Japanese GAAP

Head Office: 17-1, Higashigotanda 2-chome, Shinagawa-ku, Tokyo 141-8647, Japan
 Stock Exchange Listings: First Section of Tokyo Stock Exchange (Securities code: 1721)
 URL: <https://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: August 6, 2021
 Scheduled Commencement of Dividend Payment: —
 Supplementary Materials on Quarterly Results: Attached
 IR Presentation on Quarterly Results: Not scheduled

Amounts less than one million yen have been omitted.

1. Consolidated Financial Results (for the three months ended June 30, 2021) (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
Three months ended June 30, 2021	¥120,190	14.8%	¥8,342	129.3%	¥9,003	115.3%	¥5,926	105.0%
Three months ended June 30, 2020	104,703	(6.4)	3,637	(26.9)	4,182	(24.1)	2,891	(17.6)

Notes: 1. Comprehensive income: Three months ended June 30, 2021: ¥5,660 million [62.4%] Three months ended June 30, 2020: ¥3,485 million [26.0%]
 2. Percentages indicate the percentage change from the corresponding period of the previous fiscal year.

	Primary Earnings per Share	Diluted Earnings per Share
Three months ended June 30, 2021	¥47.40	¥47.29
Three months ended June 30, 2020	22.80	22.75

(2) Consolidated Financial Position

(Millions of yen, except percentages)

	Total Assets	Net Assets	Equity Ratio
As of June 30, 2021	¥445,002	¥330,139	73.5%
As of March 31, 2021	479,419	330,807	68.3

(Reference) Shareholders' Equity: As of June 30, 2021: ¥326,947 million As of March 31, 2021: ¥327,554 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, 2021	¥ —	¥40.00	¥ —	¥45.00	¥85.00
Year ending March 31, 2022	—				
Year ending March 31, 2022 (Forecast)		45.00	—	50.00	95.00

Note: Most recently announced revisions to dividend forecast: No

3. Consolidated Earnings Forecast (for the fiscal year ending March 31, 2022)

(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, 2022	¥580,000	3.0%	¥43,000	3.4%	¥43,500	1.3%	¥29,000	(1.3)%	¥231.93

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: Yes
- b) Changes in accounting policies due to other reasons: No
- c) Changes in accounting estimates: No
- d) Restatements of prior period financial statements due to error correction: No

(4) Number of shares issued (common shares)

	<u>As of June 30, 2021</u>	<u>As of March 31, 2021</u>
a) Number of shares issued (including treasury shares)	141,000,000 shares	141,000,000 shares
b) Number of treasury shares	16,170,726 shares	15,961,855 shares
	<u>Three months ended June 30, 2021</u>	<u>Three months ended June 30, 2020</u>
c) Average number of shares issued in the period	125,034,674 shares	126,811,606 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) Discussion of Operating Results

During the cumulative first quarter period (April 1, 2021 to June 30, 2021) of the current fiscal year ending March 31, 2022, the Japanese economy continued to face challenging conditions, including some restrictions on social activities, due to the prolonged COVID-19 pandemic. Although a recovery in economic activity is expected going forward with the full-scale launch of vaccinations and the effect of various government policies, it will be necessary to continue monitoring infection trends in Japan and overseas as well as turbulence in financial and capital markets.

As for the business environment surrounding the COMSYS Group, in the information and communications field, the acceleration in the digitization of society as a whole is demanding the rapid improvement and development of information and communications infrastructure, including 5G standards, which is an important core technology. Fiber optic networks are being promoted while 5G base stations are being installed, and the High-speed Wireless Environment Maintenance Promotion Project is in progress. In the public and private sectors, social infrastructure investment is proceeding. This includes boosting initiatives on renewable energy projects, particularly solar power, with the promotion of government energy policy focused on decarbonization, among other measures, to achieve an environmentally friendly society. Other social infrastructure investment includes disaster prevention and mitigation measures in response to increasingly severe and frequent natural disasters, as well as the preventive maintenance of aging facilities. In addition, due to concerted promotion of digitization by the public and private sectors, an expansion in ICT-related investment is expected, including the development of data platforms related to healthcare, nursing care, education, infrastructure, and disaster prevention, as well as the use of digital technologies such as AI, IoT, and cloud computing in these areas.

The COMSYS Group continued to conduct its business activities with thorough infection control measures in place for COVID-19 as in the previous fiscal year. In order to respond to the accelerating building and development of information and communications infrastructure, the COMSYS Group worked to strengthen the construction system, making maximum use of Group resources. It also strengthened Group-wide sales collaboration utilizing the virtual company structure to increase orders and expand business domains. Moreover, the Group worked to strengthen its management base through structural reform focused on DX and to increase productivity, which included normalizing teleworking and deepening workstyle reform to accommodate diverse workstyles.

Under these circumstances, orders received in the first quarter period increased 5.9% year on year to ¥137,612 million, and net sales increased 14.8% year on year to ¥120,190 million. From a profit perspective, operating profit increased by 129.3% year on year to ¥8,342 million, while profit attributable to owners of parent increased 105.0% year on year to ¥5,926 million.

(2) Discussion of Financial Position

Total assets as of June 30, 2021 amounted to ¥445,002 million, down ¥34,417 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 ¥33,749 million compared with the end of the previous fiscal year, to ¥114,862 million. This was largely attributable to a decrease in notes payable, accounts payable for construction contracts and other.

Net assets decreased by ¥668 million compared with the end of the previous fiscal year, to ¥330,139 million. This was primarily attributable to the purchase of treasury shares.

In accordance with each of the aforementioned factors, the equity ratio stood at 73.5%, compared with 68.3% 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, 2022 published in “COMSYS Holdings Announces Revision to Earnings Forecast” dated May 14, 2021.

2. Quarterly Consolidated Financial Statements

(1) Consolidated Balance Sheets

	Millions of yen	
	As of March 31, 2021	As of June 30, 2021
ASSETS		
Current assets:		
Cash and deposits	33,259	61,056
Notes receivable, accounts receivable		
from completed construction contracts and other	194,671	126,988
Costs on construction contracts in progress	28,178	38,376
Other inventories	6,261	6,991
Other current assets	16,629	13,631
Allowance for doubtful accounts	(139)	(106)
Total current assets	278,860	246,938
Non-current assets:		
Property, plant and equipment:		
Buildings and structures, net	43,679	43,329
Land	67,483	67,696
Other, net	29,531	29,383
Total property, plant and equipment	140,694	140,409
Intangible assets		
Goodwill	3,062	2,996
Other intangible assets	4,414	4,691
Total intangible assets	7,477	7,687
Investments and other assets:		
Investment securities	25,098	23,150
Other assets	27,714	27,245
Allowance for doubtful accounts	(425)	(427)
Total investments and other assets	52,387	49,967
Total non-current assets	200,559	198,063
Total assets	479,419	445,002

	Millions of yen	
	As of March 31, 2021	As of June 30, 2021
LIABILITIES		
Current liabilities:		
Notes payable, accounts payable for construction contracts and other	87,812	58,514
Short-term borrowings	5,141	4,969
Income taxes payable	9,251	1,282
Advances received on construction contracts in progress	5,346	7,653
Allowances	1,226	1,232
Other current liabilities	19,451	20,917
Total current liabilities	128,229	94,569
Non-current liabilities:		
Long-term borrowings	464	333
Deferred tax liabilities for land revaluation	1,303	1,303
Retirement benefit liability	13,535	13,714
Provision for retirement benefits for directors (and other officers)	612	498
Other long-term liabilities	4,466	4,443
Total non-current liabilities	20,382	20,293
Total liabilities	148,611	114,862
NET ASSETS		
Shareholders' equity:		
Share capital	10,000	10,000
Capital surplus	92,552	92,587
Retained earnings	260,846	261,259
Treasury shares	(33,284)	(34,053)
Total shareholders' equity	330,114	329,794
Accumulated other comprehensive income:		
Valuation difference on available-for-sale securities	3,322	2,979
Deferred gains or losses on hedges	0	0
Revaluation reserve for land	(8,046)	(8,046)
Remeasurements of defined benefit plans	2,163	2,219
Total accumulated other comprehensive income	(2,559)	(2,847)
Share acquisition rights	764	696
Non-controlling interests	2,489	2,496
Total net assets	330,807	330,139
Total liabilities and net assets	479,419	445,002

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

	Millions of yen	
	Three months ended June 30, 2020	Three months ended June 30, 2021
Net sales	104,703	120,190
Cost of sales	92,619	103,011
Gross profits	12,084	17,178
Selling, general and administrative expenses	8,446	8,836
Operating profit	3,637	8,342
Non-operating income:		
Interest income	6	6
Dividend income	483	564
Rental income from non-current assets	90	71
Other	158	141
Total non-operating income	738	784
Non-operating expenses:		
Interest expenses	9	6
Rent expenses	52	38
COVID-19 related expenses	87	26
Foreign exchange losses	—	25
Other	44	26
Total non-operating expenses	193	122
Ordinary profit	4,182	9,003
Extraordinary income:		
Gain on sales of investment securities	183	199
Gain on sales of non-current assets	2	1
Gain on transfer of business	273	—
Other	69	35
Total extraordinary income	527	237
Extraordinary losses:		
Loss on retirement of non-current assets	2	29
Loss on extinguishment of tie-in shares	—	55
Special retirement expenses	26	3
Loss on sales of shares of subsidiaries and associates	22	—
Other	12	12
Total extraordinary losses	64	100
Profit before income taxes	4,645	9,140
Income taxes	1,805	3,196
Profit	2,840	5,944
Profit (loss) attributable to non-controlling interests	(51)	17
Profit attributable to owners of parent	2,891	5,926

Consolidated Statements of Comprehensive Income

	Millions of yen	
	Three months ended June 30, 2020	Three months ended June 30, 2021
Profit	2,840	5,944
Other comprehensive income:		
Valuation difference on available-for-sale securities	556	(340)
Deferred gains or losses on hedges	(1)	(0)
Remeasurements of defined benefit plans	90	56
Total other comprehensive income (loss)	645	(284)
Comprehensive income	3,485	5,660
(Breakdown)		
Comprehensive income attributable to owners of parent	3,525	5,639
Comprehensive income (loss) attributable to non-controlling interests	(40)	20