

COMSYS Holdings Corporation

Consolidated Financial Results for the Second Quarter Ended September 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: <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, 2021
 Scheduled Commencement of Dividend Payment: December 3, 2021
 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, 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 (%)
Six months ended September 30, 2021	¥253,746	8.3%	¥18,079	45.8%	¥18,711	44.7%	¥12,375	38.5%
Six months ended September 30, 2020	234,262	(3.6)	12,402	(4.3)	12,934	(5.1)	8,934	0.9

Notes: 1. Comprehensive income: Six months ended September 30, 2021: ¥12,741 million [20.0%] Six months ended September 30, 2020: ¥10,621 million [24.3%]
 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, 2021	¥99.19	¥99.00
Six months ended September 30, 2020	70.59	70.44

(2) Consolidated Financial Position

(Millions of yen, except percentages)

	Total Assets	Net Assets	Equity Ratio
As of September 30, 2021	¥452,129	¥335,174	73.4%
As of March 31, 2021	479,419	330,807	68.3

(Reference) Shareholders' Equity: As of September 30, 2021: ¥332,016 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	—	45.00			
Year ending March 31, 2022 (Forecast)			—	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 stock)

	As of September 30, 2021	As of March 31, 2021
a) Number of shares issued (including treasury stock)	141,000,000 shares	141,000,000 shares
b) Number of treasury stock	16,845,701 shares	15,961,855 shares
	Six months ended September 30, 2021	Six months ended September 30, 2020
c) Average number of shares issued in the period	124,765,183 shares	126,559,675 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.*
- The Company plans to stream a video of the results briefing for institutional investors and analysts on Tuesday, November 18, 2021 (available only in Japanese). The materials for the briefing will be uploaded to the corporate website before the video is streamed.*

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, 2021 to September 30, 2021), the Japanese economy continued to face challenging conditions due to the COVID-19 pandemic. Although revitalization in social and economic activity and economic recovery is expected, going forward, with promotion of vaccinations and other factors, it will be necessary to continue monitoring infection trends in and outside Japan and their impacts across the supply chain, 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 digitalization of society as a whole is demanding the further development of information and communications infrastructure, which is an important piece of core social infrastructure. Fiber optic networks are being promoted, including installation of 5G wireless base stations and the High-speed Wireless Environment Maintenance Promotion Project. In the public and private sectors, and investment in development of social infrastructure is proceeding. This includes boosting initiatives on renewable energy projects, particularly solar power, which is expected to become a major power source in the future. Other investment in the development of social infrastructure 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, in the IT solutions field, the expansion of ICT-related investment is expected, including in the development of data platforms and in AI, IoT, and cloud computing. This is occurring against the background of the public and private sectors working together to promote digital transformation (DX), including digitalization and data collaboration in various fields such as government, healthcare, nursing care, education, and finance.

In the period under review, the COMSYS Group conducted its business activities with thorough infection control measures in place for COVID-19. In order to respond to the accelerating development and building of information and communications infrastructure, the COMSYS Group worked to strengthen its construction system and to increase productivity by computerizing and consolidating construction-related operations, making maximum use of Group resources. It also strengthened Group-wide sales collaboration utilizing the virtual company structure to increase orders and expanded business domains through M&A. Going forward, the Group will continue working to strengthen its management base through structural reform focused on DX, to improve the working environment to adapt to normalization of teleworking, and to deepen workstyle reform to accommodate diverse workstyles.

Under these circumstances, orders received in the second quarter period decreased 2.5% year on year to ¥272,484 million, and net sales increased 8.3% year on year to ¥253,746 million. From a profit perspective, operating profit increased by 45.8% year on year to ¥18,079 million, while profit attributable to owners of parent increased 38.5% year on year to ¥12,375 million.

(2) Discussion of Financial Position

Total assets as of September 30, 2021 amounted to ¥452,129 million, down ¥27,290 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 ¥31,656 million compared with the end of the previous fiscal year, to ¥116,955 million. This was largely attributable to a decrease in notes payable, accounts payable for construction contracts and other.

Net assets increased by ¥4,366 million compared with the end of the previous fiscal year, to ¥335,174 million. This was primarily attributable to an increase in earnings resulting from the recording of profit attributable to owners of parent and the purchase of treasury shares.

In accordance with each of the aforementioned factors, the equity ratio stood at 73.4%, 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 September 30, 2021
ASSETS		
Current assets:		
Cash and deposits	33,259	47,408
Notes receivable, accounts receivable from completed construction contracts and other	194,671	138,338
Inventories:		
Costs on construction contracts in progress	28,178	47,059
Other	6,261	6,709
Other current assets	16,629	14,244
Allowance for doubtful accounts	(139)	(98)
Total current assets	278,860	253,663
Non-current assets:		
Property, plant and equipment:		
Buildings and structures, net	43,679	42,828
Land	67,483	67,993
Other, net	29,531	30,005
Total property, plant and equipment	140,694	140,827
Intangible assets		
Goodwill	3,062	2,760
Other intangible assets	4,414	4,810
Total intangible assets	7,477	7,570
Investments and other assets:		
Investment securities	25,098	23,530
Other assets	27,714	26,961
Allowance for doubtful accounts	(425)	(423)
Total investments and other assets	52,387	50,068
Total non-current assets	200,559	198,466
Total assets	479,419	452,129

	Millions of yen	
	As of March 31, 2021	As of September 30, 2021
LIABILITIES		
Current liabilities:		
Notes payable, accounts payable for construction contracts and other	87,812	61,684
Short-term borrowings	5,141	4,904
Income taxes payable	9,251	4,750
Advances received on construction contracts in progress	5,346	8,428
Allowances	1,226	1,274
Other current liabilities	19,451	15,552
Total current liabilities	128,229	96,594
Non-current liabilities:		
Long-term borrowings	464	220
Deferred tax liabilities for land revaluation	1,303	1,303
Retirement benefit liability	13,535	13,904
Provision for retirement benefits for directors (and other officers)	612	506
Other long-term liabilities	4,466	4,425
Total non-current liabilities	20,382	20,360
Total liabilities	148,611	116,955
NET ASSETS		
Shareholders' equity:		
Share capital	10,000	10,000
Capital surplus	92,552	92,695
Retained earnings	260,846	267,709
Treasury shares	(33,284)	(36,144)
Total shareholders' equity	330,114	334,260
Accumulated other comprehensive income:		
Valuation difference on available-for-sale securities	3,322	3,583
Deferred gains or losses on hedges	0	1
Revaluation reserve for land	(8,046)	(8,046)
Remeasurements of defined benefit plans	2,163	2,218
Total accumulated other comprehensive income	(2,559)	(2,243)
Share acquisition rights	764	727
Non-controlling interests	2,489	2,430
Total net assets	330,807	335,174
Total liabilities and net assets	479,419	452,129

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

	Millions of yen	
	Six months ended September 30, 2020	Six months ended September 30, 2021
Net sales	234,262	253,746
Cost of sales	205,351	218,486
Gross profits	28,910	35,259
Selling, general and administrative expenses	16,508	17,180
Operating profit	12,402	18,079
Non-operating income:		
Interest income	11	11
Dividend income	513	588
Rental income from non-current assets	148	136
Other	231	216
Total non-operating income	904	951
Non-operating expenses:		
Interest expenses	18	11
Rent expenses	80	74
COVID-19 related expenses	192	82
Other	81	150
Total non-operating expenses	372	319
Ordinary profit	12,934	18,711
Extraordinary income:		
Gain on sales of investment securities	681	212
Gain on sales of non-current assets	6	16
Gain on transfer of business	273	210
Other	78	40
Total extraordinary income	1,039	479
Extraordinary losses:		
Loss on retirement of non-current assets	14	47
Business structure improvement expenses	—	156
Special retirement expenses	50	21
Impairment loss	78	—
Other	66	98
Total extraordinary losses	209	323
Profit before income taxes	13,763	18,867
Income taxes	4,894	6,446
Profit	8,869	12,420
Profit (loss) attributable to non-controlling interests	(64)	44
Profit attributable to owners of parent	8,934	12,375

Consolidated Statements of Comprehensive Income

	Millions of yen	
	Six months ended September 30, 2020	Six months ended September 30, 2021
Profit	8,869	12,420
Other comprehensive income:		
Valuation difference on available-for-sale securities	1,624	265
Deferred gains or losses on hedges	(32)	0
Remeasurements of defined benefit plans	160	54
Total other comprehensive income	1,752	321
Comprehensive income	10,621	12,741
(Breakdown)		
Comprehensive income attributable to owners of parent	10,676	12,691
Comprehensive income (loss) attributable to non-controlling interests	(54)	49

(Significant Subsequent Event)

Acquisition of Treasury Stock

The meeting of the Board of Directors held on November 10, 2021 resolved as follows on the matters related to the acquisition of treasury stock in accordance with Article 156 of Japan's Companies Act, as applied pursuant to paragraph 3, Article 165 of the Act.

(a) Reason for Purchase

The Company will acquire treasury stock in order to facilitate enhancement of shareholder returns and the execution of flexible capital policies that respond to changes in the corporate environment.

(b) Details of Matter Related to the Acquisition

1) Type of Shares to be Acquired	Common shares of the Company
2) Total Number of Shares to be Acquired	Up to 2,000,000 shares
3) Total Acquisition Price	Up to ¥4,000,000,000
4) Acquisition Period	From November 11, 2021 to March 31, 2022
5) Method of Acquisition	Market purchase on the Tokyo Stock Exchange