

## COMSYS Holdings Corporation

### Consolidated Financial Results for the First Quarter Ended June 30, 2022 Under Japanese GAAP

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 Stock Exchange Listings: Prime Market of Tokyo Stock Exchange (Securities code: 1721)  
 URL: <https://www.comsys-hd.co.jp>  
 Representative: Takashi Kagaya, President and Representative Director  
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 Scheduled Filing of Quarterly Securities Report: August 8, 2022  
 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, 2022)

##### (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, 2022	¥107,466	(10.6)%	¥3,560	(57.3)%	¥4,252	(52.8)%	¥2,692	(54.6)%
Three months ended June 30, 2021	120,190	14.8	8,342	129.3	9,003	115.3	5,926	105.0

Notes: 1. Comprehensive income: Three months ended June 30, 2022: ¥3,114 million [(45.0)%] Three months ended June 30, 2021: ¥5,660 million [62.4%]  
 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, 2022	¥22.03	¥22.01
Three months ended June 30, 2021	47.40	47.29

##### (2) Consolidated Financial Position

(Millions of yen, except percentages)

	Total Assets	Net Assets	Equity Ratio
As of June 30, 2022	¥471,540	¥338,764	70.7%
As of March 31, 2022	524,062	343,489	64.5

(Reference) Shareholders' Equity: As of June 30, 2022: ¥333,570 million As of March 31, 2022: ¥338,031 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, 2022	¥ —	¥45.00	¥ —	¥50.00	¥95.00
Year ending March 31, 2023	—				
Year ending March 31, 2023 (Forecast)		50.00	—	50.00	100.00

Note: Most recently announced revisions to dividend forecast: No

#### 3. Consolidated Earnings Forecast (for the fiscal year ending March 31, 2023)

(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, 2023	¥590,000	0.2%	¥40,000	(6.9)%	¥40,500	(8.0)%	¥27,000	(7.6)%	¥220.54

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: 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, 2022</u>	<u>As of March 31, 2022</u>
a) Number of shares issued (including treasury shares)	141,000,000 shares	141,000,000 shares
b) Number of treasury shares	19,176,718 shares	18,575,585 shares
	<u>Three months ended June 30, 2022</u>	<u>Three months ended June 30, 2021</u>
c) Average number of shares issued in the period	122,252,310 shares	125,034,674 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, 2022 to June 30, 2022) of the current fiscal year ending March 31, 2023, the Japanese economy continued to face challenging conditions due to COVID-19. A recovery in the economy is expected as social and economic activity begins to normalize with close attention being paid to case numbers and outbreaks of virus variants. However, it will be necessary to continue monitoring the soaring prices for raw materials due to the prolonged situation in Ukraine and other geopolitical risks, supply side constraints including shortages of various parts and materials, and turbulence in financial and capital markets.

As for the business environment surrounding the COMSYS Group, in the information and communications field we observe the ongoing development of the fiber optic network, including the installation of 5G wireless base stations and the High-Speed Wireless Environment Maintenance Promotion Project. This has been driven by the acceleration of the digitalization of all of society with an urgent requirement for the development of information and communications platforms, including 5G, as core infrastructure that is key to this digitalization. In the public and private sectors, investment in social infrastructure has been proceeding. This includes boosting initiatives on renewable energy projects, particularly solar power, with the promotion of government energy policy focused on decarbonization 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 preventative maintenance of aging facilities. In addition, with the 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 faced a challenging business environment in the communications infrastructure field, including a decrease in large-scale projects in areas such as the High-Speed Wireless Environment Maintenance Promotion Project. In these circumstances, the COMSYS Group worked to improve operational efficiency utilizing shared IT platforms and to increase productivity through a review of the business operation structure and other measures. In growth IT solutions and social system-related fields, supply delays for construction parts and materials had a negative impact on construction progress and activities focused on obtaining orders. However, the COMSYS Group increased orders by strengthening Group-wide sales collaboration utilizing the virtual company structure and expanded business domains through M&A. The Group concluded an agreement in May 2022 to acquire WORLD ECO Corporation, which became a subsidiary on July 1. The COMSYS Group will continue working to strengthen its management base, including the optimization of formation in response to the business environment, DX-based structural reform, and intensifying reform to accommodate diverse workstyles. The Group will also contribute to the realization of the society envisioned by the SDGs in line with its Basic Policy on Sustainability (established in May 2022), while striving for the sustainable growth of the COMSYS Group.

Under these circumstances, orders received in the first quarter period decreased 1.8% year on year to ¥135,122 million, due in part to a decline from the high number of orders received for large-scale projects in the previous fiscal year, and net sales decreased 10.6% year on year to ¥107,466 million. From a profit perspective, operating profit decreased by 57.3 % year on year to ¥3,560 million, while profit attributable to owners of parent decreased 54.6% year on year to ¥2,692 million.

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

Total assets as of June 30, 2022 amounted to ¥471,540 million, down ¥52,522 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 ¥47,797 million compared with the end of the previous fiscal year, to ¥132,776 million. This was largely attributable to a decrease in notes payable, accounts payable for construction contracts and other.

Net assets decreased by ¥4,725 million compared with the end of the previous fiscal year, to ¥338,764 million. This was primarily attributable to the purchase of treasury shares.

In accordance with each of the aforementioned factors, the equity ratio stood at 70.7%, compared with 64.5% 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, 2023 published in “COMSYS Holdings Announces Revision to Earnings Forecast” dated May 12, 2022.

## 2. Quarterly Consolidated Financial Statements

### (1) Consolidated Balance Sheets

	Millions of yen	
	As of March 31, 2022	As of June 30, 2022
<b>ASSETS</b>		
<b>Current assets:</b>		
Cash and deposits	35,107	45,422
Notes receivable, accounts receivable		
from completed construction contracts and other	222,954	142,632
Costs on construction contracts in progress	46,027	59,635
Other inventories	5,544	5,988
Other current assets	12,692	17,383
Allowance for doubtful accounts	(109)	(96)
<b>Total current assets</b>	<b>322,216</b>	<b>270,965</b>
<b>Non-current assets:</b>		
<b>Property, plant and equipment:</b>		
Buildings and structures, net	45,338	44,923
Land	70,714	70,357
Other, net	29,329	28,670
<b>Total property, plant and equipment</b>	<b>145,382</b>	<b>143,952</b>
<b>Intangible assets</b>		
Goodwill	2,261	2,467
Other intangible assets	5,587	5,440
<b>Total intangible assets</b>	<b>7,848</b>	<b>7,907</b>
<b>Investments and other assets:</b>		
Investment securities	22,890	23,201
Other assets	26,135	25,924
Allowance for doubtful accounts	(411)	(411)
<b>Total investments and other assets</b>	<b>48,615</b>	<b>48,714</b>
<b>Total non-current assets</b>	<b>201,846</b>	<b>200,574</b>
<b>Total assets</b>	<b>524,062</b>	<b>471,540</b>

	Millions of yen	
	As of March 31, 2022	As of June 30, 2022
<b>LIABILITIES</b>		
<b>Current liabilities:</b>		
Notes payable, accounts payable for construction contracts and other	87,514	58,304
Short-term borrowings	31,845	4,734
Income taxes payable	4,967	1,493
Advances received on construction contracts in progress	11,585	17,959
Allowances	2,757	3,135
Other current liabilities	20,093	25,580
<b>Total current liabilities</b>	<b>158,764</b>	<b>111,208</b>
<b>Non-current liabilities:</b>		
Long-term borrowings	486	329
Deferred tax liabilities for land revaluation	1,213	1,213
Retirement benefit liability	14,200	14,179
Provision for retirement benefits for directors (and other officers)	628	519
Provision for environmental measures	400	400
Other long-term liabilities	4,880	4,926
<b>Total non-current liabilities</b>	<b>21,809</b>	<b>21,567</b>
<b>Total liabilities</b>	<b>180,573</b>	<b>132,776</b>
<b>NET ASSETS</b>		
<b>Shareholders' equity:</b>		
Share capital	10,000	10,000
Capital surplus	92,700	92,702
Retained earnings	279,157	275,729
Treasury shares	(40,851)	(42,340)
<b>Total shareholders' equity</b>	<b>341,006</b>	<b>336,090</b>
<b>Accumulated other comprehensive income:</b>		
Valuation difference on available-for-sale securities	3,117	3,549
Deferred gains or losses on hedges	0	28
Revaluation reserve for land	(8,250)	(8,250)
Remeasurements of defined benefit plans	2,157	2,151
<b>Total accumulated other comprehensive income</b>	<b>(2,975)</b>	<b>(2,520)</b>
<b>Share acquisition rights</b>	<b>795</b>	<b>814</b>
<b>Non-controlling interests</b>	<b>4,662</b>	<b>4,379</b>
<b>Total net assets</b>	<b>343,489</b>	<b>338,764</b>
<b>Total liabilities and net assets</b>	<b>524,062</b>	<b>471,540</b>

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

	Millions of yen	
	Three months ended June 30, 2021	Three months ended June 30, 2022
Net sales	120,190	107,466
Cost of sales	103,011	94,678
Gross profits	17,178	12,788
Selling, general and administrative expenses	8,836	9,228
Operating profit	8,342	3,560
<b>Non-operating income:</b>		
Interest income	6	5
Dividend income	564	532
Rental income from non-current assets	71	77
Other	141	181
Total non-operating income	784	796
<b>Non-operating expenses:</b>		
Interest expenses	6	8
Rent expenses	38	31
COVID-19 related expenses	26	28
Foreign exchange losses	25	—
Other	26	35
Total non-operating expenses	122	104
Ordinary profit	9,003	4,252
<b>Extraordinary income:</b>		
Gain on sales of investment securities	199	18
Gain on sales of non-current assets	1	10
Gain on sales of shares of subsidiaries and associates	—	218
Other	35	37
Total extraordinary income	237	285
<b>Extraordinary losses:</b>		
Loss on retirement of non-current assets	29	15
Business structure reform expenses	—	51
Loss on extinguishment of tie-in shares	55	—
Special retirement expenses	3	40
Other	12	30
Total extraordinary losses	100	137
Profit before income taxes	9,140	4,400
Income taxes	3,196	1,737
Profit	5,944	2,663
Profit (loss) attributable to non-controlling interests	17	(29)
Profit attributable to owners of parent	5,926	2,692

## Consolidated Statements of Comprehensive Income

	Millions of yen	
	Three months ended June 30, 2021	Three months ended June 30, 2022
<b>Profit</b>	5,944	2,663
<b>Other comprehensive income:</b>		
Valuation difference on available-for-sale securities	(340)	428
Deferred gains or losses on hedges	(0)	28
Remeasurements of defined benefit plans	56	(5)
<b>Total other comprehensive income (loss)</b>	<b>(284)</b>	<b>451</b>
<b>Comprehensive income</b>	<b>5,660</b>	<b>3,114</b>
(Breakdown)		
Comprehensive income attributable to owners of parent	5,639	3,147
Comprehensive income (loss) attributable to non-controlling interests	20	(33)