

Translation

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Summary of Consolidated Financial Results for the Six Months Ended September 30, 2019 (Based on Japanese GAAP)

November 8, 2019

Company name: Japan Elevator Service Holdings Co., Ltd.
 Stock exchange listing: Tokyo
 Stock code: 6544 URL <https://www.jes24.co.jp>
 Representative: Katsushi Ishida President CEO
 Director Deputy President and Executive Officer
 Inquiries: Kimihiko Imamura TEL +81-3-6262-1625
 CFO
 Scheduled date to file Quarterly Securities Report: November 11, 2019
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results meeting: Yes (for institutional investors and analysts)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the six months ended September 30, 2019 (from April 1, 2019 to September 30, 2019)

(1) Consolidated operating results (cumulative)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended September 30, 2019	10,370	26.5	1,210	56.7	1,205	61.3	728	61.6
Six months ended September 30, 2018	8,200	15.8	772	45.5	747	40.8	450	30.7

	Earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended September 30, 2019	18.06	16.85
Six months ended September 30, 2018	11.25	10.80

(Note)

The Company conducted a two-for-one share split of its common shares on October 1, 2018. Therefore, earnings per share is calculated on the assumption that the share splits were conducted at the beginning of the fiscal year ended March 31, 2019.

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2019	13,060	4,172	31.7
As of March 31, 2019	11,484	3,937	34.0

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2019	–	–	–	13.00	13.00
Year ending March 31, 2020	–	–			
Year ending March 31, 2020 (Forecast)			–	16.00	16.00

(Note)

Year ending March 31, 2019

Ordinary dividend ¥11.00, Commemorative dividend ¥2.00 (Commemorative Dividend for Transfer to TSE First Section)

3. Forecast of consolidated financial results for the year ending March 31, 2020 (from April 1, 2019 to March 31, 2020)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
Full year	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
	21,100	17.9	2,600	27.8	2,600	29.9	1,560	23.3	38.59

4. Notes

- (1) Changes in significant subsidiaries during the six months ended September 30, 2019
(changes in specified subsidiaries resulting in the change in scope of consolidation): No
- (2) Application of special accounting methods for preparing quarterly consolidated financial statements: No
- (3) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements
- Changes in accounting policies due to revisions to accounting standards and other regulations: No
- Changes in accounting policies due to other reasons: No
- Changes in accounting estimates: No
- Restatement of prior period financial statements: No

(4) Number of issued shares (common shares)

Total number of issued shares at the end of the period (including treasury shares)

As of September 30, 2019	40,473,000 shares	As of March 31, 2019	40,290,800 shares
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Number of treasury shares at the end of the period

As of September 30, 2019	86 shares	As of March 31, 2019	86 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended September 30, 2019	40,356,461 shares	Six months ended September 30, 2018	40,077,036 shares
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Quarterly consolidated financial statements

Consolidated balance sheets

(Thousands of yen)

	As of March 31, 2019	As of September 30, 2019
Assets		
Current assets		
Cash and deposits	1,045,641	1,066,000
Notes and accounts receivable - trade	2,544,093	2,722,807
Raw materials and supplies	1,634,764	1,748,549
Other	346,454	425,888
Allowance for doubtful accounts	(2,340)	(3,045)
Total current assets	5,568,613	5,960,199
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	2,950,234	2,944,931
Tools, furniture and fixtures, net	758,907	881,221
Other, net	470,789	1,122,315
Total property, plant and equipment	4,179,931	4,948,468
Intangible assets		
Goodwill	3,427	282,929
Other	571,025	676,075
Total intangible assets	574,453	959,005
Investments and other assets		
Other	1,167,558	1,200,413
Allowance for doubtful accounts	(6,360)	(7,926)
Total investments and other assets	1,161,198	1,192,487
Total non-current assets	5,915,583	7,099,961
Total assets	11,484,197	13,060,161
Liabilities		
Current liabilities		
Accounts payable - trade	644,854	661,070
Short-term borrowings	2,599,000	3,217,000
Income taxes payable	583,060	416,642
Provision for bonuses	501,261	513,068
Other	1,577,019	1,895,783
Total current liabilities	5,905,196	6,703,565
Non-current liabilities		
Long-term borrowings	736,669	1,254,344
Retirement benefit liability	618,906	656,877
Asset retirement obligations	235,914	244,967
Other	50,246	27,546
Total non-current liabilities	1,641,738	2,183,734
Total liabilities	7,546,934	8,887,300

	(Thousands of yen)	
	As of March 31, 2019	As of September 30, 2019
Net assets		
Shareholders' equity		
Share capital	671,195	693,073
Capital surplus	1,107,497	1,129,374
Retained earnings	2,204,884	2,409,745
Treasury shares	(112)	(112)
Total shareholders' equity	3,983,464	4,232,080
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	—	926
Foreign currency translation adjustment	(45,223)	(53,072)
Remeasurements of defined benefit plans	(36,440)	(34,033)
Total accumulated other comprehensive income	(81,663)	(86,179)
Share acquisition rights	23,218	23,218
Non-controlling interests	12,244	3,741
Total net assets	3,937,263	4,172,860
Total liabilities and net assets	11,484,197	13,060,161

Consolidated statements of income (cumulative) and consolidated statements of comprehensive income (cumulative)

Consolidated statements of income (cumulative)

	(Thousands of yen)	
	Six months ended September 30, 2018	Six months ended September 30, 2019
Net sales	8,200,784	10,370,793
Cost of sales	5,284,183	6,609,040
Gross profit	2,916,601	3,761,752
Selling, general and administrative expenses	2,144,153	2,551,227
Operating profit	772,447	1,210,525
Non-operating income		
Surrender value of insurance policies	6,136	2,670
Subsidy income	613	4,236
Other	6,386	4,851
Total non-operating income	13,136	11,758
Non-operating expenses		
Interest expenses	10,673	7,123
Commission expenses	19,639	3,823
Share of loss of entities accounted for using equity method	5,561	5,406
Other	2,588	465
Total non-operating expenses	38,461	16,819
Ordinary profit	747,122	1,205,464
Extraordinary income		
Gain on sales of non-current assets	238	70
Gain on sales of investment securities	4,073	—
Total extraordinary income	4,312	70
Extraordinary losses		
Loss on retirement of non-current assets	113	273
Other	704	129
Total extraordinary losses	817	402
Profit before income taxes	750,616	1,205,132
Income taxes - current	289,413	487,383
Income taxes - deferred	21,618	(2,621)
Total income taxes	311,032	484,762
Profit	439,584	720,370
Loss attributable to non-controlling interests	(11,412)	(8,270)
Profit attributable to owners of parent	450,996	728,640

Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	Six months ended September 30, 2018	Six months ended September 30, 2019
Profit	439,584	720,370
Other comprehensive income		
Valuation difference on available-for-sale securities	(2,721)	926
Foreign currency translation adjustment	(10,993)	(7,637)
Remeasurements of defined benefit plans, net of tax	2,644	2,406
Share of other comprehensive income of entities accounted for using equity method	(803)	(444)
Total other comprehensive income	(11,873)	(4,748)
Comprehensive income	427,710	715,622
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	439,812	724,125
Comprehensive income attributable to non-controlling interests	(12,102)	(8,503)

Consolidated statements of cash flows

(Thousands of yen)

	Six months ended September 30, 2018	Six months ended September 30, 2019
Cash flows from operating activities		
Profit before income taxes	750,616	1,205,132
Depreciation	255,870	295,823
Amortization of goodwill	86	14,434
Increase (decrease) in allowance for doubtful accounts	1,775	534
Increase (decrease) in provision for bonuses	(9,704)	10,645
Increase (decrease) in retirement benefit liability	42,184	39,968
Interest expenses	10,673	7,123
Share of loss (profit) of entities accounted for using equity method	5,561	5,406
Loss (gain) on sales of investment securities	(4,073)	—
Surrender value of insurance policies	(6,136)	(2,670)
Loss (gain) on sales of non-current assets	(238)	(70)
Loss on retirement of non-current assets	113	273
Decrease (increase) in trade receivables	1,105	(107,554)
Decrease (increase) in inventories	(266,247)	(142,762)
Decrease (increase) in accounts receivable - other	154,186	(106,226)
Increase (decrease) in trade payables	33,905	13,357
Increase (decrease) in accrued consumption taxes	(9,745)	(129,270)
Other, net	54,290	83,704
Subtotal	1,014,225	1,187,848
Interest and dividends received	925	962
Interest paid	(10,927)	(6,348)
Income taxes paid	(412,809)	(568,864)
Income taxes refund	2,627	—
Net cash provided by (used in) operating activities	594,041	613,598
Cash flows from investing activities		
Payments into time deposits	(3,000)	—
Proceeds from withdrawal of time deposits	40,000	—
Purchase of property, plant and equipment	(181,235)	(930,014)
Purchase of intangible assets	(162,372)	(150,563)
Purchase of insurance funds	(22,830)	(88)
Proceeds from cancellation of insurance funds	7,538	3,085
Purchase of shares of subsidiaries resulting in change in scope of consolidation	—	(217,747)
Other, net	4,529	(2,766)
Net cash provided by (used in) investing activities	(317,371)	(1,298,095)

(Thousands of yen)

	Six months ended September 30, 2018	Six months ended September 30, 2019
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(39,000)	578,000
Proceeds from long-term borrowings	800,000	1,300,000
Repayments of long-term borrowings	(494,040)	(619,414)
Redemption of bonds	(400,000)	—
Dividends paid	(280,419)	(523,779)
Repayments of lease obligations	(76,538)	(56,559)
Proceeds from issuance of shares resulting from exercise of share acquisition rights	—	35,643
Other, net	(6,438)	—
Net cash provided by (used in) financing activities	(496,436)	713,890
Effect of exchange rate change on cash and cash equivalents	(11,106)	(9,034)
Net increase (decrease) in cash and cash equivalents	(230,873)	20,359
Cash and cash equivalents at beginning of period	1,258,477	1,045,641
Cash and cash equivalents at end of period	1,027,604	1,066,000