

Translation

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Summary of Consolidated Financial Results for the Six Months Ended September 30, 2020 (Based on Japanese GAAP)

November 12, 2020

Company name: Japan Elevator Service Holdings Co., Ltd.
 Stock exchange listing: Tokyo
 Stock code: 6544 URL <https://www.jes24.co.jp>
 Representative: Katsushi Ishida Representative Director CEO
 Director Senior Managing Executive Officer
 Inquiries: Kimihiko Imamura CFO TEL +81-3-6262-1625
 Scheduled date to file Quarterly Securities Report: November 13, 2020
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results meeting: No

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the six months ended September 30, 2020 (from April 1, 2020 to September 30, 2020)

(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, 2020	10,967	5.8	1,617	33.6	1,703	41.3	1,105	51.8
Six months ended September 30, 2019	10,370	26.5	1,210	56.7	1,205	61.3	728	61.6

	Earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended September 30, 2020	26.57	25.19
Six months ended September 30, 2019	18.06	16.85

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2020	15,489	8,919	57.5
As of March 31, 2020	14,297	5,177	35.9

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, 2020	–	–	–	18.00	18.00
Year ending March 31, 2021	–	–	–	–	–
Year ending March 31, 2021 (Forecast)	–	–	–	11.00	11.00

(Note)

The Company is planning to conduct a two for one share split of its common shares on January 1, 2021. The fiscal year-end dividends for the year ending March 31, 2021 (forecast) presents the amount after the share split. If the share split were not taken into account, the fiscal year-end dividends for the year ending March 31, 2021 (forecast) would be 22 yen (pre-split conversion).

3. Forecast of consolidated financial results for the year ending March 31, 2021 (from April 1, 2020 to March 31, 2021)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	24,000	12.5	3,550	30.6	3,650	35.0	2,300	35.2	26.85

(Note)

The Company is planning to conduct a two for one share split of its common shares on January 1, 2021. For "Earnings per share" in the forecast of consolidated financial results, the impact of this matter is considered.

4. Notes

- (1) Changes in significant subsidiaries during the six months ended September 30, 2020
(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, 2020	44,057,600 shares	As of March 31, 2020	40,538,600 shares
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Number of treasury shares at the end of the period

As of September 30, 2020	115 shares	As of March 31, 2020	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, 2020	41,625,058 shares	Six months ended September 30, 2019	40,356,461 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of March 31, 2020	As of September 30, 2020
Assets		
Current assets		
Cash and deposits	1,145,583	1,420,086
Notes and accounts receivable - trade	2,781,798	2,791,347
Raw materials and supplies	1,816,533	1,983,158
Other	615,352	412,195
Allowance for doubtful accounts	(2,799)	(3,953)
Total current assets	6,356,468	6,602,834
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	2,897,536	2,855,761
Tools, furniture and fixtures, net	1,125,615	1,544,439
Other, net	1,649,345	1,893,605
Total property, plant and equipment	5,672,496	6,293,806
Intangible assets		
Goodwill	265,342	568,879
Other	779,257	872,375
Total intangible assets	1,044,599	1,441,255
Investments and other assets		
Other	1,248,005	1,185,978
Allowance for doubtful accounts	(24,346)	(34,427)
Total investments and other assets	1,223,659	1,151,550
Total non-current assets	7,940,755	8,886,612
Total assets	14,297,223	15,489,447
Liabilities		
Current liabilities		
Accounts payable - trade	695,229	647,797
Short-term borrowings	2,346,500	739,400
Income taxes payable	601,168	563,410
Provision for bonuses	503,500	544,252
Other	2,205,910	2,049,093
Total current liabilities	6,352,310	4,543,954
Non-current liabilities		
Long-term borrowings	1,814,174	1,027,772
Retirement benefit liability	693,074	731,202
Asset retirement obligations	250,950	253,470
Other	9,624	13,682
Total non-current liabilities	2,767,823	2,026,127
Total liabilities	9,120,133	6,570,081

(Thousands of yen)

As of March 31, 2020

As of September 30, 2020

	As of March 31, 2020	As of September 30, 2020
Net assets		
Shareholders' equity		
Share capital	700,321	2,398,678
Capital surplus	1,136,623	2,834,980
Retained earnings	3,381,715	3,757,962
Treasury shares	(112)	(209)
Total shareholders' equity	5,218,548	8,991,412
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	910	3,049
Foreign currency translation adjustment	(54,537)	(64,199)
Remeasurements of defined benefit plans	(29,267)	(26,979)
Total accumulated other comprehensive income	(82,894)	(88,128)
Share acquisition rights	23,218	625
Non-controlling interests	18,217	15,456
Total net assets	5,177,089	8,919,365
Total liabilities and net assets	14,297,223	15,489,447

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, 2019	Six months ended September 30, 2020
Net sales	10,370,793	10,967,610
Cost of sales	6,609,040	6,687,113
Gross profit	3,761,752	4,280,496
Selling, general and administrative expenses	2,551,227	2,663,206
Operating profit	1,210,525	1,617,290
Non-operating income		
Surrender value of insurance policies	2,670	94,729
Other	9,088	12,118
Total non-operating income	11,758	106,848
Non-operating expenses		
Interest expenses	7,123	6,889
Share issuance costs	–	12,108
Share of loss of entities accounted for using equity method	5,406	–
Other	4,289	2,131
Total non-operating expenses	16,819	21,128
Ordinary profit	1,205,464	1,703,009
Extraordinary income		
Gain on sales of non-current assets	70	19
Gain on step acquisitions	–	14,972
Total extraordinary income	70	14,992
Extraordinary losses		
Loss on retirement of non-current assets	273	6
Other	129	722
Total extraordinary losses	402	728
Profit before income taxes	1,205,132	1,717,274
Income taxes - current	487,383	625,088
Income taxes - deferred	(2,621)	(10,079)
Total income taxes	484,762	615,009
Profit	720,370	1,102,265
Loss attributable to non-controlling interests	(8,270)	(3,675)
Profit attributable to owners of parent	728,640	1,105,940

Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	Six months ended September 30, 2019	Six months ended September 30, 2020
Profit	720,370	1,102,265
Other comprehensive income		
Valuation difference on available-for-sale securities	926	2,139
Foreign currency translation adjustment	(7,637)	(8,747)
Remeasurements of defined benefit plans, net of tax	2,406	2,288
Share of other comprehensive income of entities accounted for using equity method	(444)	—
Total other comprehensive income	(4,748)	(4,320)
Comprehensive income	715,622	1,097,944
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	724,125	1,100,706
Comprehensive income attributable to non-controlling interests	(8,503)	(2,761)

Consolidated statements of cash flows

(Thousands of yen)

	Six months ended September 30, 2019	Six months ended September 30, 2020
Cash flows from operating activities		
Profit before income taxes	1,205,132	1,717,274
Depreciation	295,823	345,640
Amortization of goodwill	14,434	18,247
Increase (decrease) in allowance for doubtful accounts	534	9,413
Increase (decrease) in provision for bonuses	10,645	37,745
Increase (decrease) in retirement benefit liability	39,968	41,427
Interest expenses	7,123	6,889
Share of loss (profit) of entities accounted for using equity method	5,406	–
Surrender value of insurance policies	(2,670)	(94,729)
Loss (gain) on sales of non-current assets	(70)	(19)
Loss on retirement of non-current assets	273	6
Loss (gain) on step acquisitions	–	(14,972)
Decrease (increase) in trade receivables	(107,554)	43,857
Decrease (increase) in inventories	(142,762)	(176,466)
Decrease (increase) in accounts receivable - other	(106,226)	194,434
Increase (decrease) in trade payables	13,357	(51,615)
Increase (decrease) in accrued consumption taxes	(129,270)	(95,531)
Other, net	83,704	(68,343)
Subtotal	1,187,848	1,913,255
Interest and dividends received	962	618
Interest paid	(6,348)	(5,585)
Income taxes paid	(568,864)	(576,595)
Net cash provided by (used in) operating activities	613,598	1,331,693
Cash flows from investing activities		
Payments into time deposits	–	(4,200)
Purchase of property, plant and equipment	(930,014)	(758,663)
Purchase of intangible assets	(150,563)	(210,874)
Purchase of insurance funds	(88)	–
Proceeds from cancellation of insurance funds	3,085	219,924
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(217,747)	(201,778)
Other, net	(2,766)	(5,953)
Net cash provided by (used in) investing activities	(1,298,095)	(961,544)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	578,000	(1,817,100)
Proceeds from long-term borrowings	1,300,000	–
Repayments of long-term borrowings	(619,414)	(909,402)
Purchase of treasury shares	–	(97)
Dividends paid	(523,779)	(729,693)
Repayments of lease obligations	(56,559)	(23,925)
Proceeds from issuance of shares resulting from exercise of share acquisition rights	35,643	3,374,121
Other, net	–	(515)
Net cash provided by (used in) financing activities	713,890	(106,612)
Effect of exchange rate change on cash and cash equivalents	(9,034)	(2,333)
Net increase (decrease) in cash and cash equivalents	20,359	261,202
Cash and cash equivalents at beginning of period	1,045,641	1,145,583
Cash and cash equivalents at end of period	1,066,000	1,406,786