

Translation

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Summary of Consolidated Financial Results for the Six Months Ended September 30, 2021 (Based on Japanese GAAP)

November 8, 2021

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 Deputy President and Executive
 Officer CFO TEL +81-3-6262-1625
 Inquiries: Kimihiko Imamura
 Scheduled date to file Quarterly Securities Report: November 9, 2021
 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, 2021 (from April 1, 2021 to September 30, 2021)

(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, 2021	13,906	26.8	1,828	13.1	1,932	13.5	1,212	9.6
Six months ended September 30, 2020	10,967	5.8	1,617	33.6	1,703	41.3	1,105	51.8

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended September 30, 2021	13.66		13.57	
Six months ended September 30, 2020	13.28		12.59	

(Note)

The Company conducted a two for one share split of its common shares on January 1, 2021. 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, 2021.

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2021	22,181	10,693	46.9
As of March 31, 2021	20,473	10,505	50.2

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, 2021	–	–	–	12.00	12.00
Year ending March 31, 2022	–	–	–	–	–
Year ending March 31, 2022 (Forecast)	–	–	–	13.00	13.00

3. Forecast of consolidated financial results for the year ending March 31, 2022 (from April 1, 2021 to March 31, 2022)

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	28,500	16.2	4,100	13.5	4,200	13.0	2,600	10.0	29.30

4. Notes

- (1) Changes in significant subsidiaries during the six months ended September 30, 2021
(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
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|--|-----|
| Changes in accounting policies due to revisions to accounting standards and other regulations: | Yes |
| Changes in accounting policies due to other reasons: | Yes |
| Changes in accounting estimates: | Yes |
| 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, 2021	88,753,600 shares	As of March 31, 2021	88,574,000 shares
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Number of treasury shares at the end of the period

As of September 30, 2021	273 shares	As of March 31, 2021	230 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, 2021	88,728,472 shares	Six months ended September 30, 2020	83,250,116 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of March 31, 2021	As of September 30, 2021
Assets		
Current assets		
Cash and deposits	1,674,107	1,862,900
Notes and accounts receivable - trade	3,606,693	–
Notes and accounts receivable - trade, and contract assets	–	3,628,305
Raw materials and supplies	2,126,781	2,324,304
Other	767,712	829,819
Allowance for doubtful accounts	(6,998)	(6,035)
Total current assets	8,168,296	8,639,293
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	4,683,704	4,690,296
Tools, furniture and fixtures, net	1,995,000	2,382,343
Other, net	1,496,341	1,566,336
Total property, plant and equipment	8,175,047	8,638,976
Intangible assets		
Goodwill	1,661,929	2,240,632
Other	948,130	1,149,618
Total intangible assets	2,610,060	3,390,251
Investments and other assets		
Other	1,571,283	1,559,829
Allowance for doubtful accounts	(50,948)	(46,962)
Total investments and other assets	1,520,335	1,512,866
Total non-current assets	12,305,442	13,542,094
Total assets	20,473,739	22,181,387
Liabilities		
Current liabilities		
Accounts payable - trade	970,930	925,197
Short-term borrowings	2,038,180	3,852,350
Income taxes payable	938,528	646,046
Provision for bonuses	614,130	687,684
Other	2,680,810	2,889,945
Total current liabilities	7,242,580	9,001,223
Non-current liabilities		
Long-term borrowings	1,418,034	1,104,448
Retirement benefit liability	865,134	911,722
Asset retirement obligations	393,532	405,540
Other	49,103	65,116
Total non-current liabilities	2,725,803	2,486,827
Total liabilities	9,968,384	11,488,051

(Thousands of yen)

	As of March 31, 2021	As of September 30, 2021
Net assets		
Shareholders' equity		
Share capital	2,460,276	2,480,044
Capital surplus	2,896,577	2,871,529
Retained earnings	5,014,612	5,164,042
Treasury shares	(209)	(320)
Total shareholders' equity	10,371,256	10,515,296
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,035	1,497
Foreign currency translation adjustment	(67,544)	(74,576)
Remeasurements of defined benefit plans	(35,102)	(32,292)
Total accumulated other comprehensive income	(99,611)	(105,371)
Non-controlling interests	233,710	283,411
Total net assets	10,505,355	10,693,336
Total liabilities and net assets	20,473,739	22,181,387

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, 2020	Six months ended September 30, 2021
Net sales	10,967,610	13,906,860
Cost of sales	6,687,113	8,557,480
Gross profit	4,280,496	5,349,380
Selling, general and administrative expenses	2,663,206	3,520,478
Operating profit	1,617,290	1,828,902
Non-operating income		
Surrender value of insurance policies	94,729	103,262
Other	12,118	12,580
Total non-operating income	106,848	115,842
Non-operating expenses		
Interest expenses	6,889	7,127
Foreign exchange losses	383	2,616
Other	13,856	2,308
Total non-operating expenses	21,128	12,052
Ordinary profit	1,703,009	1,932,691
Extraordinary income		
Gain on sale of non-current assets	19	6,650
Gain on step acquisitions	14,972	–
Total extraordinary income	14,992	6,650
Extraordinary losses		
Loss on retirement of non-current assets	6	2,083
Other	722	226
Total extraordinary losses	728	2,309
Profit before income taxes	1,717,274	1,937,033
Income taxes - current	625,088	706,265
Income taxes - deferred	(10,079)	(19,120)
Total income taxes	615,009	687,144
Profit	1,102,265	1,249,888
Profit (loss) attributable to non-controlling interests	(3,675)	37,573
Profit attributable to owners of parent	1,105,940	1,212,315

Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	Six months ended September 30, 2020	Six months ended September 30, 2021
Profit	1,102,265	1,249,888
Other comprehensive income		
Valuation difference on available-for-sale securities	2,139	(1,537)
Foreign currency translation adjustment	(8,747)	(6,035)
Remeasurements of defined benefit plans, net of tax	2,288	2,809
Total other comprehensive income	(4,320)	(4,763)
Comprehensive income	1,097,944	1,245,124
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,100,706	1,206,554
Comprehensive income attributable to non-controlling interests	(2,761)	38,569

Consolidated statements of cash flows

(Thousands of yen)

	Six months ended September 30, 2020	Six months ended September 30, 2021
Cash flows from operating activities		
Profit before income taxes	1,717,274	1,937,033
Depreciation	345,640	426,390
Amortization of goodwill	18,247	85,030
Increase (decrease) in allowance for doubtful accounts	9,413	(5,044)
Increase (decrease) in provision for bonuses	37,745	61,018
Increase (decrease) in retirement benefit liability	41,427	15,073
Interest expenses	6,889	7,127
Surrender value of insurance policies	(94,729)	(103,262)
Gain on sale of non-current assets	(19)	(6,650)
Loss on retirement of non-current assets	6	2,083
Loss (gain) on step acquisitions	(14,972)	–
Decrease (increase) in trade receivables	43,857	55,236
Decrease (increase) in inventories	(176,466)	(249,269)
Decrease (increase) in accounts receivable - other	194,434	170,075
Increase (decrease) in trade payables	(51,615)	(55,036)
Increase (decrease) in accrued consumption taxes	(95,531)	(57,636)
Other, net	(68,343)	(50,617)
Subtotal	1,913,255	2,231,550
Interest and dividends received	618	559
Interest paid	(5,585)	(10,753)
Income taxes paid	(576,595)	(901,218)
Net cash provided by (used in) operating activities	1,331,693	1,320,138
Cash flows from investing activities		
Purchase of property, plant and equipment	(758,663)	(628,387)
Purchase of intangible assets	(210,874)	(355,277)
Proceeds from cancellation of insurance funds	219,924	239,163
Payments of leasehold and guarantee deposits	(6,926)	(26,551)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(201,778)	(327,432)
Other, net	(3,226)	5,663
Net cash provided by (used in) investing activities	(961,544)	(1,092,822)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(1,817,100)	1,297,170
Proceeds from long-term borrowings	–	1,100,000
Repayments of long-term borrowings	(909,402)	(1,397,522)
Purchase of treasury shares	(97)	(110)
Dividends paid	(729,693)	(1,062,885)
Proceeds from issuance of shares resulting from exercise of share acquisition rights	3,374,121	14,076
Other, net	(24,441)	644
Net cash provided by (used in) financing activities	(106,612)	(48,625)
Effect of exchange rate change on cash and cash equivalents	(2,333)	6,201
Net increase (decrease) in cash and cash equivalents	261,202	184,892
Cash and cash equivalents at beginning of period	1,145,583	1,660,207
Cash and cash equivalents at end of period	1,406,786	1,845,100