



Consolidated Financial Results for the Second Quarter of the Fiscal Year Ending March 31, 2024

November 10, 2023

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Scheduled filing date of quarterly report November 13, 2023 Scheduled date of dividend payment -
 Preparation of supplementary materials for quarterly financial results: Yes
 Quarterly financial results meeting: Yes

(Millions of yen, rounded down to the nearest million)

1. Consolidated Financial Results for the Second Quarter of the Fiscal Year Ending March 31, 2024 (from April 1, 2023 to September 30, 2023)

(1) Consolidated Operating Results (Cumulative)

(Percentage figures represent changes from the same period of the previous year.)

	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 2023	19,887	24.4	3,005	45.0	3,031	39.8	1,930	37.8
Six Months Ended September 2022	15,987	15.0	2,073	13.4	2,168	12.2	1,401	15.6

(Note) Comprehensive income Six months ended September 2023: 1,971 million yen (37.9%) Six months ended September 2022: 1,429 million yen (14.8%)

	Earnings per share	Diluted earnings per share
	Yen	Yen
Six Months Ended September 2023	21.68	21.60
Six Months Ended September 2022	15.79	15.68

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2023	29,676	14,135	47.0
As of March 31, 2023	29,002	13,678	46.6

(Reference) Shareholders' equity As of September 30, 2023 13,935million yen As of March 31, 2023 13,513million yen

2. Dividends

	Annual dividend per share				
	End of 1st quarter	End of 2nd quarter	End of 3rd quarter	End of fiscal year	Total amount
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 2023	-	-	-	17.00	17.00
Fiscal year ending March 2024	-	-	-	-	-
Fiscal year ending March 2024 (forecast)	-	-	-	23.00	23.00

(Notes) 1. Revision of dividend forecast from the latest announcement: Yes

2. Please refer to the "Notice of Revision to the Dividend Forecast" released today (November 10, 2023) for the revision of the dividend forecast.

3. Forecast of Consolidated Financial Results for the Fiscal Year Ending March 31, 2024 (from April 1, 2023 to March 31, 2024)

(Percentage figures are changes from the previous year)

	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	41,000	17.5	6,600	31.7	6,600	29.4	4,100	30.0	46.04

(Note) Revision of earnings forecast from the latest announcement: No

* Notes

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in changes in scope of consolidation):

None

Newly added: -, Excluded: -

(2) Adoption of accounting methods specific to the preparation of quarterly consolidated financial statements: None

(3) Changes in accounting policies, changes in accounting estimates, and restatements

(i) Changes in accounting policies due to revision of accounting standards : None

(ii) Changes in accounting policies other than (i) : None

(iii) Changes in accounting estimates : None

(iv) Restatement : None

(4) Number of shares issued and outstanding (common stock)

(i) Number of shares outstanding at end of period (including treasury shares)

2Q FY Mar 2024	89,067,200shares	Year ended March 2023	89,067,200shares
2Q FY Mar 2024	9,197shares	Year ended March 2023	8,819shares
2Q FY Mar 2024	89,058,207shares	2Q FY Mar 2023	88,741,829shares

(ii) Treasury shares at the end of the period

(iii) Average number of shares during the period (cumulative quarterly period)

* The quarterly financial results are not subject to quarterly review by a certified public accountant or auditing firm.

* Explanation of appropriate use of earnings forecasts and other special notes

(Cautionary statement regarding forward-looking statements, etc.)

The forward-looking statements in this document are based on information currently available to the Company and certain assumptions that the Company deems reasonable, and are not intended as a promise by the Company that they will be achieved. Actual results may differ significantly due to various factors. Please refer to "1. Qualitative information on the current quarterly financial results (3) Explanation of consolidated earnings forecasts and other forward-looking information" on page 3 of the attached materials for the assumptions used in forecasting business results and precautions regarding the use of business results forecasts.

Table of Contents of the Attachments

1. Qualitative information on the current quarterly financial results	2
(1) Explanation of results of operation	2
(2) Explanation of financial position	2
(3) Explanation of consolidated earnings forecasts and other forward-looking information	3
2. Quarterly consolidated financial statements and major notes	4
(1) Quarterly consolidated balance sheets	4
(2) Quarterly consolidated statements of income and quarterly consolidated statements of comprehensive income	6
Quarterly consolidated statements of income	
Six months cumulative.....	6
Quarterly consolidated statements of comprehensive income	
Six months cumulative	7
(3) Quarterly consolidated cash flow statements	8
(4) Notes to quarterly consolidated financial statements	9
(Notes on going concern assumption)	9
(Notes in the event of significant changes in shareholders' equity)	9
(Changes in significant subsidiaries during the period).....	9
3. Other	9

Qualitative information on the current quarterly financial results

(1) Explanation of results of operation

During the second quarter of the current consolidated fiscal year, the Japanese economy has been recovering moderately due to the normalization of economic activities, which has been accompanied by the easing of behavioral restrictions caused by the new type of coronavirus infection. However, the outlook remains uncertain due to the prolonged situation in Ukraine, rising prices associated with the rapid depreciation of the yen, and other factors, and companies' needs for cost reduction are expected to increase more than ever.

In the maintenance for elevator and other equipment industry, the market is on a gradual expansion trend due to the steady increase in the number of condominium units in stock and the increase in the supply of office buildings.

In this market environment, the Group has been working to respond to the cost reduction needs of companies by switching contracts to independent maintenance companies, improving its nationwide network, acquiring and training personnel to strengthen quality and safety, and reinforcing its sales structure.

As for maintenance and repair services, the number of maintenance contracts remained steady, and net sales of maintenance and repair services for the second quarter of the current consolidated fiscal year amounted to 12,599 million yen (up 12.7% YoY). In modernization operations, sales of modernization operations for the second quarter of the current consolidated fiscal year were 6,616 million yen (up 54.3% YoY), thanks to a strengthened net sales structure in preparation for business expansion and stronger proposals for properties where parts supply has been suspended.

As a result of the above, the Company reported net sales of 19,887 million yen (up 24.4% YoY), operating income of 3,005 million yen (up 45.0% YoY), ordinary income of 3,031 million yen (up 39.8% YoY), and net income attributable to owners of the parent of 1,930 million yen (up 37.8% YoY) for the second quarter of the current consolidated fiscal year.

(2) Explanation of financial condition

(i) Assets, Liabilities and Net Assets

(Assets)

Total assets at the end of the second quarter of the current consolidated fiscal year amounted to 29,676 million yen, up 673 million yen from the end of the previous fiscal year. This was mainly due to a 579 million yen increase in raw materials and supplies and a 589 million yen increase in property, plant and equipment, while cash and deposits decreased by 548 million yen.

(Liabilities)

Total liabilities at the end of the second quarter amounted to 15,540 million yen, up 216 million yen from the end of the previous fiscal year. This was mainly due to a 281 million yen increase in accounts payable - trade and a 1,055 million yen increase in current portion of long-term borrowings, while short-term borrowings decreased by 1,308 million yen.

(Net assets)

Net assets at the end of the second quarter were 14,135 million yen, up 457 million yen from the end of the previous fiscal year. This was mainly due to a 1,513 million yen decrease in retained earnings resulting from dividend payments, while retained earnings increased due to the recording of 1,930 million yen in net income attributable to owners of parent.

(ii) Cash Flows

Cash and cash equivalents ("cash") at the end of the second quarter decreased 1,000 million yen from the end of the previous fiscal year to 1,253 million yen.

The status of each cash flow and their factors during the first half of the current fiscal year are as follows.

(Net cash provided by (used in) operating activities)

Net cash provided by operating activities amounted to 2,555 million yen in the second quarter of the current fiscal year (1,726 million yen in the same period of the previous year). This was mainly due to such positive factors as profit before income taxes of 3,036 million yen and depreciation of 676 million yen, while there were such negative factors as income taxes paid 1,012 million yen.

(Net cash provided by (used in) investing activities)

Net cash used in investing activities amounted to 1,693 million yen (1,710 million yen used in the same period of the previous year) in the second quarter of the current fiscal year. This was mainly due to negative factors such as purchase of property, plant and equipment of 1,251 million yen and purchase of intangible assets of 302 million yen.

(Net cash provided by (used in) financing activities)

Net cash used in financing activities amounted to 1,578 million yen (55 million yen provided in the same period of the previous year) in the second quarter of the current fiscal year. This was mainly due to the positive factor of 2,400 million yen in proceeds from long-term borrowings, while negative factors such as a net decrease in short-term borrowings of 1,308 million yen and dividends paid 1,513 million yen were the main reasons.

(3) Explanation of consolidated earnings forecasts and other forward-looking information

The consolidated earnings forecast for the fiscal year ending March 31, 2024 remains unchanged from the full-year earnings forecast announced on August 8, 2023.

The forecasts are based on currently available information, but actual results may differ from the forecasts due to various factors.

2. Quarterly consolidated financial statements and major notes

(1) Quarterly consolidated balance sheets

(Unit: thousands of yen)

	Previous fiscal year (as of March 31, 2023)	Second quarter of the current fiscal year (as of September 30, 2023)
Assets		
Current assets		
Cash and deposits	2,034,193	1,486,155
Notes and accounts receivable - trade, and contract assets	4,865,280	5,417,941
Raw materials and supplies	2,964,343	3,543,942
Other	1,125,235	747,936
Allowance for doubtful accounts	(17,010)	(5,818)
Total current assets	10,972,042	11,190,157
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	5,317,299	5,299,907
Tools, furniture and fixtures, net	4,364,989	4,470,624
Other, net	2,013,026	2,514,505
Total property, plant and equipment	11,695,315	12,285,037
Intangible assets		
Goodwill	2,352,242	2,220,657
Other	2,142,989	2,223,648
Total intangible assets	4,495,232	4,444,306
Investments and other assets		
Other	1,871,196	1,789,132
Allowance for doubtful accounts	(31,637)	(32,521)
Total investments and other assets	1,839,558	1,756,610
Total non-current assets	18,030,106	18,485,954
Total assets	29,002,148	29,676,112
Liabilities		
Current liabilities		
Accounts payable - trade	1,331,046	1,612,963
Short-term borrowings	4,526,557	3,217,698
Current portion of long-term borrowings	1,434,958	2,490,258
Income taxes payable	1,279,598	1,345,729
Provision for bonuses	799,746	842,973
Other	2,466,168	2,273,396
Total current liabilities	11,838,076	11,783,020
Non-current liabilities		
Long-term borrowings	1,765,017	1,962,466
Retirement benefit liability	1,211,296	1,263,268
Asset retirement obligations	428,030	433,943
Other	81,104	97,620
Total non-current liabilities	3,485,449	3,757,300
Total liabilities	15,323,526	15,540,321

(Unit: thousands of yen)

	Previous fiscal year (as of March 31, 2023)	Second quarter of the current fiscal year (as of September 30, 2023)
Net assets		
Shareholders' equity		
Share capital	2,493,058	2,493,058
Capital surplus	2,576,830	2,576,830
Retained earnings	8,589,342	9,005,875
Treasury shares	(13,579)	(13,679)
Total shareholders' equity	13,645,652	14,062,085
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	955	1,387
Foreign currency translation adjustment	(75,401)	(75,209)
Remeasurements of defined benefit plans	(57,488)	(52,880)
Total accumulated other comprehensive income	(131,935)	(126,703)
Non-controlling interests	164,905	200,408
Total net assets	13,678,622	14,135,790
Total liabilities and net assets	29,002,148	29,676,112

(2) Quarterly consolidated statements of income and quarterly consolidated statements of comprehensive income
(Quarterly consolidated statements of income)
(Six months cumulative)

(Unit: thousands of yen)

	Six months ended September 30, 2022 (from April 1, 2022 to September 30, 2022)	Six months ended September 30, 2023 (from April 1, 2023 to September 30, 2023)
Net sales	15,987,324	19,887,012
Cost of sales	9,906,664	12,512,134
Gross profit	6,080,659	7,374,877
Selling, general and administrative expenses	4,007,569	4,369,783
Operating profit	2,073,090	3,005,094
Non-operating income		
Surrender value of insurance policies	71,517	19,758
Rental income	7,048	13,295
Other	55,278	23,170
Total non-operating income	133,844	56,224
Non-operating expenses		
Interest expenses	10,266	11,192
Depreciation	5,249	7,326
Other	23,098	11,486
Total non-operating expenses	38,614	30,006
Ordinary profit	2,168,320	3,031,312
Extraordinary income		
Gain on sale of non-current assets	15,444	3,096
Gain on bargain purchase	-	2,729
Total extraordinary income	15,444	5,826
Extraordinary losses		
Loss on retirement of non-current assets	324	582
Other	631	481
Total extraordinary losses	955	1,063
Profit before income taxes	2,182,809	3,036,074
Income taxes - current	790,431	1,108,350
Income taxes - deferred	(22,634)	(29,132)
Total income taxes	767,797	1,079,218
Profit	1,415,012	1,956,855
Profit attributable to non-controlling interests	13,861	26,329
Profit attributable to owners of parent	1,401,151	1,930,525

(Quarterly consolidated statements of comprehensive income)
(Six months cumulative)

(Unit: thousands of yen)

	Six months ended September 30, 2022 (from April 1, 2022 to September 30, 2022)	Six months ended September 30, 2023 (from April 1, 2023 to September 30, 2023)
Profit	1,415,012	1,956,855
Other comprehensive income		
Valuation difference on available-for-sale securities	(261)	432
Foreign currency translation adjustment	11,131	9,365
Remeasurements of defined benefit plans, net of tax	3,985	4,608
Total other comprehensive income	14,855	14,405
Comprehensive income	1,429,867	1,971,261
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,411,644	1,935,758
Comprehensive income attributable to non-controlling interests	18,222	35,502

(3) Quarterly consolidated statements of cash flows

(Unit: thousands of yen)

	Six months ended September 30, 2022 (from April 1, 2022 to September 30, 2022)	Six months ended September 30, 2023 (from April 1, 2023 to September 30, 2023)
Cash flows from operating activities		
Profit before income taxes	2,182,809	3,036,074
Depreciation	561,695	676,430
Amortization of goodwill	131,975	134,843
Increase (decrease) in allowance for doubtful accounts	(6,352)	(9,846)
Increase (decrease) in provision for bonuses	40,395	39,547
Increase (decrease) in retirement benefit liability	47,272	40,293
Interest expenses	10,266	11,192
Gain on bargain purchase	-	(2,729)
Gain on sale of non-current assets	(15,444)	(3,096)
Loss on retirement of non-current assets	324	582
Surrender value of insurance policies	(71,517)	(19,758)
Decrease (increase) in trade receivables	66,524	(533,176)
Decrease (increase) in inventories	(407,666)	(577,787)
Decrease (increase) in accounts receivable - other	244,819	370,592
Increase (decrease) in trade payables	(59,062)	279,738
Increase (decrease) in accrued consumption taxes	(228,658)	97,911
Other, net	12,850	35,212
Subtotal	2,510,231	3,576,023
Interest and dividends received	1,577	3,504
Interest paid	(7,866)	(11,384)
Income taxes paid	(777,676)	(1,012,204)
Net cash provided by (used in) operating activities	1,726,266	2,555,938
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,377,645)	(1,251,206)
Purchase of intangible assets	(419,428)	(302,079)
Proceeds from cancellation of insurance funds	127,722	53,013
Payments of leasehold and guarantee deposits	(18,399)	(25,334)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(57,527)	(122,106)
Other, net	34,331	(45,483)
Net cash provided by (used in) investing activities	(1,710,946)	(1,693,197)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	2,372,717	(1,308,859)
Proceeds from long-term borrowings	-	2,400,000
Repayments of long-term borrowings	(947,516)	(1,147,251)
Purchase of treasury shares	(39)	(100)
Dividends paid	(1,242,286)	(1,513,992)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(117,333)	-
Other, net	(9,958)	(8,399)
Net cash provided by (used in) financing activities	55,582	(1,578,603)
Effect of exchange rate change on cash and cash equivalents	20,209	13,457
Net increase (decrease) in cash and cash equivalents	91,111	(702,404)
Cash and cash equivalents at beginning of period	2,161,938	1,955,417
Cash and cash equivalents at end of period	2,253,049	1,253,013

(4) Notes to quarterly consolidated financial statements

(Notes on going concern assumption)

Not applicable.

(Notes in the event of significant changes in shareholders' equity)

Not applicable.

(Changes in significant subsidiaries during the period)

Not applicable.

Although not applicable to changes in specified subsidiaries, Emic Co., Ltd. became a consolidated subsidiary during the second quarter of the current fiscal year due to the acquisition of its shares.

3. Other

Not applicable.