



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

February 8, 2024

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Scheduled filing date of quarterly report February 9, 2024 Scheduled date of dividend payment -
 Preparation of supplementary materials for quarterly financial results: Yes
 Quarterly financial results meeting: No

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

1. Consolidated Financial Results for the Third Quarter of the Fiscal Year Ending March 31, 2024 (from April 1, 2023 to December 31, 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	%
Nine Months Ended December 2023	30,487	20.6	4,772	36.3	4,798	33.4	3,051	32.3
Nine Months Ended December 2022	25,278	16.6	3,501	18.9	3,598	17.9	2,306	21.4

(Note) Comprehensive income Nine months ended December 2023: 3,118 million yen (32.2%) Nine months ended December 2022: 2,357 million yen (21.2%)

	Earnings per share	Diluted earnings per share
	Yen	Yen
Nine Months Ended December 2023	34.27	34.15
Nine Months Ended December 2022	25.96	25.81

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of December 31, 2023	31,256	15,276	48.2
As of March 31, 2023	29,002	13,678	46.6

(Reference) Shareholders' equity As of December 31, 2023 15,066 million yen As of March 31, 2023 13,513 million 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

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

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)

3Q FY Mar 2024	89,067,200shares	Year ended March 2023	89,067,200shares
3Q FY Mar 2024	9,307shares	Year ended March 2023	8,819shares
3Q FY Mar 2024	89,058,121shares	3Q FY Mar 2023	88,845,527shares

(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 2 of the attached materials for the assumptions used in forecasting business results and precautions regarding the use of business results forecasts.

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Qualitative information on the current quarterly financial results

(1) Explanation of results of operation

During the third 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 and the effects of rising prices resulting from the yen's depreciation 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 third quarter of the current consolidated fiscal year amounted to 19,491 million yen (up 14.1% YoY). In modernization services, net sales of modernization services for the third quarter of the current consolidated fiscal year were 9,968 million yen (up 36.7% YoY), thanks to a strengthened 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 30,487 million yen (up 20.6% YoY), operating income of 4,772 million yen (up 36.3% YoY), ordinary income of 4,798 million yen (up 33.4% YoY), and profit attributable to owners of the parent of 3,051 million yen (up 32.3% YoY) for the third quarter of the current fiscal year.

(2) Explanation of financial condition

(Assets)

Total assets at the end of the third quarter of the current fiscal year amounted to 31,256 million yen, up 2,254 million yen from the end of the previous fiscal year. This was mainly due to a 658 million yen increase in notes and accounts receivable - trade, and contract assets, a 1,080 million yen increase in raw materials and supplies, and a 644 million yen increase in property, plant and equipment.

(Liabilities)

Total liabilities at the end of the third quarter of the current fiscal year amounted to 15,979 million yen, up 656 million yen from the end of the previous fiscal year. This was mainly due to a 945 million yen increase in current portion of long-term borrowings, while long-term borrowings decreased by 329 million yen.

(Net assets)

Net assets at the end of the third quarter of the current fiscal year were 15,276 million yen, up 1,597 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 3,051 million yen in profit attributable to owners of parent.

(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)	Third quarter of the current fiscal year (as of December 31, 2023)
Assets		
Current assets		
Cash and deposits	2,034,193	2,411,372
Notes and accounts receivable - trade, and contract assets	4,865,280	5,523,756
Raw materials and supplies	2,964,343	4,044,843
Other	1,125,235	896,707
Allowance for doubtful accounts	(17,010)	(5,630)
Total current assets	10,972,042	12,871,048
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	5,317,299	5,284,539
Tools, furniture and fixtures, net	4,364,989	4,528,598
Other, net	2,013,026	2,526,971
Total property, plant and equipment	11,695,315	12,340,109
Intangible assets		
Goodwill	2,352,242	2,154,903
Other	2,142,989	2,289,063
Total intangible assets	4,495,232	4,443,967
Investments and other assets		
Other	1,871,196	1,627,734
Allowance for doubtful accounts	(31,637)	(26,447)
Total investments and other assets	1,839,558	1,601,287
Total non-current assets	18,030,106	18,385,364
Total assets	29,002,148	31,256,413
Liabilities		
Current liabilities		
Accounts payable - trade	1,331,046	1,654,797
Short-term borrowings	4,526,557	4,474,691
Current portion of long-term borrowings	1,434,958	2,380,865
Income taxes payable	1,279,598	959,908
Provision for bonuses	799,746	516,972
Other	2,466,168	2,736,233
Total current liabilities	11,838,076	12,723,469
Non-current liabilities		
Long-term borrowings	1,765,017	1,435,709
Retirement benefit liability	1,211,296	1,281,090
Asset retirement obligations	428,030	440,111
Other	81,104	99,453
Total non-current liabilities	3,485,449	3,256,365
Total liabilities	15,323,526	15,979,834

(Unit: thousands of yen)

	Previous fiscal year (as of March 31, 2023)	Third quarter of the current fiscal year (as of December 31, 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	10,127,206
Treasury shares	(13,579)	(13,679)
Total shareholders' equity	13,645,652	15,183,415
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	955	2,199
Foreign currency translation adjustment	(75,401)	(69,027)
Remeasurements of defined benefit plans	(57,488)	(50,576)
Total accumulated other comprehensive income	(131,935)	(117,404)
Non-controlling interests	164,905	210,567
Total net assets	13,678,622	15,276,578
Total liabilities and net assets	29,002,148	31,256,413

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

(Unit: thousands of yen)

	Nine months ended December 31, 2022 (from April 1, 2022 to December 31, 2022)	Nine months ended December 31, 2023 (from April 1, 2023 to December 31, 2023)
Net sales	25,278,177	30,487,206
Cost of sales	15,643,854	19,044,210
Gross profit	9,634,323	11,442,996
Selling, general and administrative expenses	6,132,504	6,670,228
Operating profit	3,501,818	4,772,768
Non-operating income		
Surrender value of insurance policies	74,950	21,956
Rental income	11,544	19,768
Other	67,046	31,805
Total non-operating income	153,542	73,529
Non-operating expenses		
Interest expenses	17,335	16,637
Depreciation	9,186	11,009
Other	30,697	20,092
Total non-operating expenses	57,220	47,740
Ordinary profit	3,598,140	4,798,558
Extraordinary income		
Gain on sale of non-current assets	15,444	3,771
Gain on bargain purchase	-	2,729
Total extraordinary income	15,444	6,500
Extraordinary losses		
Loss on retirement of non-current assets	1,777	8,349
Other	1,689	2,339
Total extraordinary losses	3,466	10,688
Profit before income taxes	3,610,118	4,794,371
Income taxes - current	1,158,529	1,565,588
Income taxes - deferred	118,760	136,361
Total income taxes	1,277,290	1,701,949
Profit	2,332,827	3,092,421
Profit attributable to non-controlling interests	26,703	40,565
Profit attributable to owners of parent	2,306,124	3,051,856

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

(Unit: thousands of yen)

	Nine months ended December 31, 2022 (from April 1, 2022 to December 31, 2022)	Nine months ended December 31, 2023 (from April 1, 2023 to December 31, 2023)
Profit	2,332,827	3,092,421
Other comprehensive income		
Valuation difference on available-for-sale securities	(10)	1,244
Foreign currency translation adjustment	19,136	17,644
Remeasurements of defined benefit plans, net of tax	5,978	6,912
Total other comprehensive income	25,104	25,801
Comprehensive income	2,357,932	3,118,223
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,324,802	3,066,387
Comprehensive income attributable to non-controlling interests	33,130	51,836

(3) 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.