

Translation

Notice: This document is an excerpt translation of the original Japanese document and is only for reference purposes. In the event of any discrepancy between this translated document and the original Japanese document, the latter shall prevail.

Summary of Consolidated Financial Results for the Six Months Ended September 30, 2018 (Based on Japanese GAAP)

November 7, 2018

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 8, 2018
 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, 2018 (from April 1, 2018 to September 30, 2018)

(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, 2018	8,200	15.8	772	45.5	747	40.8	450	30.7
Six months ended September 30, 2017	7,083	–	531	–	530	–	344	–

	Earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended September 30, 2018	11.25	10.80
Six months ended September 30, 2017	8.61	8.49

(Note)

The Company conducted a two-for-one share split of its common shares on October 1, 2017 and again 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, 2018.

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2018	10,615	3,107	28.9
As of March 31, 2018	10,624	2,870	26.5

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, 2018	–	0.00	–	14.00	14.00
Year ending March 31, 2019	–	–	–	–	–
Year ending March 31, 2019 (Forecast)	–	–	–	12.00	12.00

(Notes)

1. Year ending March 31, 2019 (Forecast)

Ordinary dividend ¥10.00, Commemorative dividend ¥2.00 (Commemorative Dividend for Transfer to TSE First Section)

2. The Company conducted a two-for-one share split of its common shares on October 1, 2018. The amount of annual dividend per share when converted into the amount of year-end dividend per share before the share split is ¥24.00 (ordinary dividend of ¥20.00 and commemorative dividend of ¥4.00).

3. Dividend amounts for the previous fiscal year are the actual amounts before the said share split.

3. Forecast of consolidated financial results for the year ending March 31, 2019 (from April 1, 2018 to March 31, 2019)

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	17,300	12.9	1,850	36.8	1,850	38.2	1,100	29.7	27.39

4. Notes

- (1) Changes in significant subsidiaries during the six months ended September 30, 2018
(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: Yes
- 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, 2018	40,128,000 shares	As of March 31, 2018	40,060,000 shares
--------------------------	-------------------	----------------------	-------------------

Number of treasury shares at the end of the period

As of September 30, 2018	56 shares	As of March 31, 2018	56 shares
--------------------------	-----------	----------------------	-----------

Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended September 30, 2018	40,077,036 shares	Six months ended September 30, 2017	40,060,000 shares
-------------------------------------	-------------------	-------------------------------------	-------------------

Quarterly consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of March 31, 2018	As of September 30, 2018
Assets		
Current assets		
Cash and deposits	1,295,477	1,027,604
Notes and accounts receivable - trade	1,993,111	1,990,305
Raw materials and supplies	1,208,354	1,459,446
Other	425,121	382,906
Allowance for doubtful accounts	(2,131)	(2,114)
Total current assets	4,919,933	4,858,149
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	3,032,019	2,983,381
Tools, furniture and fixtures, net	510,509	602,526
Other, net	646,903	572,682
Total property, plant and equipment	4,189,432	4,158,589
Intangible assets		
Other	339,780	441,018
Total intangible assets	339,780	441,018
Investments and other assets		
Other	1,180,447	1,164,323
Allowance for doubtful accounts	(5,006)	(6,798)
Total investments and other assets	1,175,440	1,157,524
Total non-current assets	5,704,653	5,757,132
Total assets	10,624,586	10,615,281
Liabilities		
Current liabilities		
Accounts payable - trade	458,762	492,668
Short-term loans payable	3,015,550	2,976,550
Income taxes payable	426,246	300,787
Provision for bonuses	467,849	458,145
Other	1,634,386	1,433,458
Total current liabilities	6,002,795	5,661,610
Non-current liabilities		
Long-term loans payable	807,750	913,549
Net defined benefit liability	553,991	592,365
Asset retirement obligations	225,419	230,919
Other	164,046	109,440
Total non-current liabilities	1,751,207	1,846,275
Total liabilities	7,754,003	7,507,885

(Thousands of yen)

As of March 31, 2018

As of September 30, 2018

	As of March 31, 2018	As of September 30, 2018
Net assets		
Shareholders' equity		
Capital stock	608,445	653,206
Capital surplus	1,044,746	1,089,507
Retained earnings	1,220,046	1,390,623
Treasury shares	(49)	(49)
Total shareholders' equity	2,873,189	3,133,288
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,721	—
Foreign currency translation adjustment	(14,896)	(26,003)
Remeasurements of defined benefit plans	(46,480)	(43,836)
Total accumulated other comprehensive income	(58,656)	(69,840)
Share acquisition rights	23,218	23,218
Non-controlling interests	32,832	20,729
Total net assets	2,870,583	3,107,396
Total liabilities and net assets	10,624,586	10,615,281

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, 2017	Six months ended September 30, 2018
Net sales	7,083,968	8,200,784
Cost of sales	4,647,227	5,284,183
Gross profit	2,436,741	2,916,601
Selling, general and administrative expenses	1,905,710	2,144,153
Operating profit	531,031	772,447
Non-operating income		
Insurance premiums refunded cancellation	7,551	6,136
Other	12,026	7,000
Total non-operating income	19,578	13,136
Non-operating expenses		
Interest expenses	13,259	10,673
Commission fee	130	19,639
Share of loss of entities accounted for using equity method	6,006	5,561
Other	706	2,588
Total non-operating expenses	20,103	38,461
Ordinary profit	530,506	747,122
Extraordinary income		
Gain on sales of investment securities	-	4,073
Other	1,007	238
Total extraordinary income	1,007	4,312
Extraordinary losses		
Loss on retirement of non-current assets	3,287	113
Other	-	704
Total extraordinary losses	3,287	817
Profit before income taxes	528,226	750,616
Income taxes - current	164,564	289,413
Income taxes - deferred	27,070	21,618
Total income taxes	191,635	311,032
Profit	336,591	439,584
Loss attributable to non-controlling interests	(8,371)	(11,412)
Profit attributable to owners of parent	344,962	450,996

Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	Six months ended September 30, 2017	Six months ended September 30, 2018
Profit	336,591	439,584
Other comprehensive income		
Valuation difference on available-for-sale securities	541	(2,721)
Foreign currency translation adjustment	(2,205)	(10,993)
Remeasurements of defined benefit plans, net of tax	1,922	2,644
Share of other comprehensive income of entities accounted for using equity method	(1,728)	(803)
Total other comprehensive income	(1,469)	(11,873)
Comprehensive income	335,121	427,710
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	342,573	439,812
Comprehensive income attributable to non-controlling interests	(7,452)	(12,102)

Consolidated statements of cash flows

(Thousands of yen)

	Six months ended September 30, 2017	Six months ended September 30, 2018
Cash flows from operating activities		
Profit before income taxes	528,226	750,616
Depreciation	185,705	255,957
Increase (decrease) in allowance for doubtful accounts	2,413	1,775
Increase (decrease) in provision for bonuses	(9,379)	(9,704)
Increase (decrease) in net defined benefit liability	34,344	42,184
Interest expenses	13,259	10,673
Share of loss (profit) of entities accounted for using equity method	6,006	5,561
Loss (gain) on sales of investment securities	–	(4,073)
Surrender value of insurance	(7,551)	(6,136)
Decrease (increase) in notes and accounts receivable - trade	(42,974)	1,105
Decrease (increase) in inventories	(105,811)	(266,247)
Decrease (increase) in accounts receivable - other	38,555	154,186
Increase (decrease) in notes and accounts payable - trade	33,411	33,905
Other, net	57,273	44,420
Subtotal	733,479	1,014,225
Interest and dividend income received	114	925
Interest expenses paid	(13,701)	(10,927)
Income taxes paid	(120,416)	(412,809)
Income taxes refund	51,659	2,627
Net cash provided by (used in) operating activities	651,134	594,041
Cash flows from investing activities		
Payments into time deposits	(57,000)	(3,000)
Proceeds from withdrawal of time deposits	65,000	40,000
Purchase of property, plant and equipment	(1,028,016)	(181,235)
Purchase of intangible assets	(112,098)	(162,372)
Purchase of insurance funds	(50,327)	(22,830)
Proceeds from cancellation of insurance funds	12,521	7,538
Other, net	(3,384)	4,529
Net cash provided by (used in) investing activities	(1,173,305)	(317,371)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	794,800	(39,000)
Proceeds from long-term loans payable	–	800,000
Repayments of long-term loans payable	(261,500)	(494,040)
Redemption of bonds	–	(400,000)
Cash dividends paid	(80,120)	(280,419)
Repayments of lease obligations	(101,810)	(76,538)
Other, net	(7,875)	(6,438)
Net cash provided by (used in) financing activities	343,494	(496,436)
Effect of exchange rate change on cash and cash equivalents	(3,934)	(11,106)
Net increase (decrease) in cash and cash equivalents	(182,610)	(230,873)
Cash and cash equivalents at beginning of period	1,105,146	1,258,477
Cash and cash equivalents at end of period	922,535	1,027,604