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Consolidated Financial Results for the Second Quarter (Interim) of the Fiscal Year Ending March 31, 2025

November 12, 2024

Company name Japan Elevator Service Holdings Co., Ltd.

Stock Exchange listing: Tokyo

Securities code 6544 URL <https://www.jes24.co.jp>

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Scheduled filing date of interim report November 13, 2024 Scheduled date of dividend payment -

Preparation of supplementary materials for financial results: Yes

Financial results meeting: Yes (for institutional investors and analysts)

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

1. Consolidated Financial Results for the Second Quarter (Interim) of the Fiscal Year Ending March 31, 2025 (from April 1, 2024 to September 30, 2024)

(1) Consolidated Operating Results (Cumulative)

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

	Net sales		Operating profit		Ordinary profit		Interim profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six Months Ended September 2024	23,264	17.0	3,926	30.6	3,946	30.2	2,522	30.6
Six Months Ended September 2023	19,887	24.4	3,005	45.0	3,031	39.8	1,930	37.8

(Note) Comprehensive income Six months ended September 2024: 2,583 million yen (31.1%) Six months ended September 2023: 1,971 million yen (37.9%)

	Interim earnings per share	Diluted interim earnings per share
	Yen	Yen
Six Months Ended September 2024	28.32	28.22
Six Months Ended September 2023	21.68	21.60

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2024	33,637	17,140	50.1
As of March 31, 2024	32,539	16,789	50.8

(Reference) Shareholders' equity As of September 30, 2024 16,843 million yen As of March 31, 2024 16,534 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 2024	-	-	-	25.00	25.00
Fiscal year ending March 2025	-	-			
Fiscal year ending March 2025 (forecast)			-	30.00	30.00

(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 12, 2024) for the revision of the dividend forecast.

3. Forecast of Consolidated Financial Results for the Fiscal Year Ending March 31, 2025 (from April 1, 2024 to March 31, 2025)

(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	47,000	11.3	8,000	17.3	8,000	16.8	5,100	12.9	57.27

(Note) Revision of earnings forecast from the latest announcement: None

* Notes

(1) Significant changes in scope of consolidation during the current quarter: 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)

Interim FY Mar 2025	89,067,200shares	Year ended March 2024	89,067,200shares
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(ii) Treasury shares at the end of the period

Interim FY Mar 2025	9,687shares	Year ended March 2024	9,477shares
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(iii) Average number of shares during the period
(cumulative quarterly period)

Interim FY Mar 2025	89,057,606shares	Interim FY Mar 2024	89,058,207shares
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*Financial results for the second quarter (interim) 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 interim 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.

(Changes in the display units for amounts)

The amounts for items listed in the consolidated interim financial statements and other items have hitherto been displayed in units of thousands of yen. Beginning in the consolidated interim period under review, this is changed to units of millions of yen.

For fair comparison, the amounts reported for both the of the previous interim and the entire previous fiscal year have been restated in units of millions of yen.

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1. Qualitative information on the current interim financial results

(1) Explanation of results of operation

During the interim period of the current consolidated fiscal year, the Japanese economy has been recovering moderately along with the improvement of employment and compensation conditions. 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. JES Innovation Center Kansai (JIK) was completed in Takarazuka City, Hyogo in the previous fiscal year. With the completion of JIK, the Group will be able to further improve the quality of our services in the western Japan area by establishing a system that will enable us to supply parts quickly and stably and increase our modernization capacity.

In the maintenance and repair business, the number of units under maintenance contracts remained strong, and net sales for the interim period of the current fiscal year totaled 14,691 million yen (up 16.6% YoY). In the modernization business, net sales for the interim period of the current fiscal year were 7,822 million yen (up 18.2% YoY) due to the reinforcement of the sales structure in preparation for business expansion and the strengthening of proposals for properties with suspended parts supply.

As a result of the above, consolidated business results for the interim period of the current fiscal year were as follows: net sales were 23,264 million yen (up 17.0% YoY), operating profit was 3,926 million yen (up 30.6% YoY), ordinary profit was 3,946 million yen (up 30.2% YoY), and interim profit attributable to owners of parent was 2,522 million yen (up 30.6% YoY).

(2) Explanation of financial position

(Assets)

Total assets at the end of the interim period of the current fiscal year amounted to 33,637 million yen, up 1,098 million yen from the end of the previous fiscal year. This was mainly due to an increase of 1,146 million yen in raw materials and supplies.

(Liabilities)

Total liabilities at the end of the interim period of the current fiscal year amounted to 16,496 million yen, up 747 million yen from the end of the previous fiscal year. This was mainly due to an increase of 862 million yen in long-term borrowings.

(Net assets)

Net assets at the end of the interim period of the current fiscal year were 17,140 million yen, an increase of 351 million yen from the end of the previous fiscal year. This was mainly due to a decrease of 2,226 million yen due to payment of dividends, while retained earnings increased due to the recording of 2,522 million yen in interim profit attributable to owners of parent.

(Analysis of cash flow)

Cash and cash equivalents ('cash') at the end of the interim period of the current fiscal year were 2,180 million yen, an increase of 927 million yen compared with the end of the same period of the previous fiscal year.

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

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

Net cash provided by operating activities amounted to 2,375 million yen in the interim period of the current fiscal year (2,555 million yen in the same period of the previous year). This was mainly due to such positive factors as interim profit before income taxes of 3,942 million yen and depreciation of 756 million yen, while there were negative factors such as increase in inventories of 1,261 million yen and income taxes paid of 1,500 million yen.

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

Net cash used in investing activities amounted to 738 million yen (1,693 million yen used in the same period of the previous year) in the interim period of the current fiscal year. This was mainly due to negative factors such as purchase of property, plant and equipment of 581 million yen and purchase of intangible assets of 237 million yen.

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

Net cash used in financing activities amounted to 1,357 million yen (1,578 million yen provided in the same period of the previous year) in the interim period of the current fiscal year. This was mainly due to the positive factor of 2,600 million yen in proceeds from long-term borrowings, while negative factors such as a net decrease in repayments of long-term borrowings of 1,499 million yen and dividends paid of 2,226 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, 2025 remains unchanged from the full-year earnings forecast announced on May 13, 2024.

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

2. Consolidated interim financial statements and major notes

(1) Consolidated interim balance sheets

(Unit: millions of yen)

	Previous Fiscal Year As of March 31, 2024	Current Fiscal Year As of September 30, 2024
Assets		
Current assets		
Cash and deposits	2,184	2,448
Notes and accounts receivable - trade, and contract assets	6,439	5,929
Raw materials and supplies	4,243	5,390
Other	723	1,041
Allowance for doubtful accounts	(16)	(15)
Total current assets	13,575	14,794
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	6,256	6,187
Tools, furniture and fixtures, net	4,618	4,686
Other, net	1,737	1,778
Total property, plant and equipment	12,612	12,653
Intangible assets		
Goodwill	2,093	1,967
Other	2,330	2,348
Total intangible assets	4,424	4,315
Investments and other assets		
Other	1,970	1,906
Allowance for doubtful accounts	(43)	(32)
Total investments and other assets	1,926	1,873
Total non-current assets	18,963	18,842
Total assets	32,539	33,637
Liabilities		
Current liabilities		
Accounts payable - trade	1,616	1,808
Short-term borrowings	3,535	3,313
Current portion of long-term borrowings	2,274	2,512
Income taxes payable	1,788	1,675
Provision for bonuses	948	965
Other	2,811	2,516
Total current liabilities	12,974	12,792
Non-current liabilities		
Long-term borrowings	903	1,766
Retirement benefit liability	1,287	1,345
Asset retirement obligations	445	453
Other	138	138
Total non-current liabilities	2,774	3,704
Total liabilities	15,749	16,496

(Unit: millions of yen)

	Previous fiscal year As of March 31, 2024	Current Fiscal Year As of September 30, 2024
Net assets		
Shareholders' equity		
Share capital	2,493	2,493
Capital surplus	2,576	2,570
Retained earnings	11,591	11,886
Treasury shares	(13)	(13)
Total shareholders' equity	16,647	16,936
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2	1
Foreign currency translation adjustment	(69)	(54)
Remeasurements of defined benefit plans	(44)	(40)
Total accumulated other comprehensive income	(112)	(93)
Non-controlling interests	254	297
Total net assets	16,789	17,140
Total liabilities and net assets	32,539	33,637

(2) Consolidated interim statements of income and consolidated interim statements of comprehensive income
(Consolidated interim statements of income)

(Unit: millions of yen)

	Interim period ended September 30, 2023 (from April 1, 2023 to September 30, 2023)	Interim period ended September 30, 2024 (from April 1, 2024 to September 30, 2024)
Net sales	19,887	23,264
Cost of sales	12,512	14,426
Gross profit	7,374	8,838
Selling, general and administrative expenses	4,369	4,912
Operating profit	3,005	3,926
Non-operating income		
Surrender value of insurance policies	19	19
Rental income	13	18
Other	23	23
Total non-operating income	56	61
Non-operating expenses		
Interest expenses	11	16
Foreign exchange losses	3	8
Other	15	16
Total non-operating expenses	30	40
Ordinary profit	3,031	3,946
Extraordinary income		
Gain on sale of non-current assets	3	3
Gain on bargain purchase	2	-
Total extraordinary income	5	3
Extraordinary losses		
Loss on retirement of non-current assets	0	5
Other	0	1
Total extraordinary losses	1	7
Interim profit before income taxes	3,036	3,942
Income taxes - current	1,108	1,365
Income taxes - deferred	(29)	16
Total income taxes	1,079	1,381
Interim profit	1,956	2,560
Interim profit attributable to non-controlling interests	26	38
Interim profit attributable to owners of parent	1,930	2,522

(Consolidated interim statements of comprehensive income)

(Unit: millions of yen)

	Interim period ended September 30, 2023 (from April 1, 2023 to September 30, 2023)	Interim period ended September 30, 2024 (from April 1, 2024 to September 30, 2024)
Interim profit	1,956	2,560
Other comprehensive income		
Valuation difference on available-for-sale securities	0	(0)
Foreign currency translation adjustment	9	19
Remeasurements of defined benefit plans, net of tax	4	4
Total other comprehensive income	14	22
Comprehensive interim income	1,971	2,583
Comprehensive interim income attributable to		
Comprehensive interim income attributable to owners of parent	1,935	2,540
Comprehensive interim income attributable to non-controlling interests	35	42

(3) Consolidated interim cash flow statements

(Unit: millions of yen)

	Interim period ended September 30, 2023 (from April 1, 2023 to September 30, 2023)	Interim period ended September 30, 2024 (from April 1, 2024 to September 30, 2024)
Cash flows from operating activities		
Interim profit before income taxes	3,036	3,942
Depreciation	676	756
Amortization of goodwill	134	133
Increase (decrease) in allowance for doubtful accounts	(9)	(12)
Increase (decrease) in provision for bonuses	39	16
Increase (decrease) in retirement benefit liability	40	64
Interest expenses	11	16
Gain on bargain purchase	(2)	-
Gain on sale of non-current assets	(3)	(3)
Loss on retirement of non-current assets	0	5
Surrender value of insurance policies	(19)	(19)
Decrease (increase) in trade receivables	(533)	536
Decrease (increase) in inventories	(577)	(1,261)
Decrease (increase) in accounts receivable - other	370	22
Increase (decrease) in trade payables	279	192
Increase (decrease) in accrued consumption taxes	97	(156)
Other, net	35	(341)
Subtotal	3,576	3,892
Interest and dividends received	3	0
Interest paid	(11)	(16)
Income taxes paid	(1,012)	(1,500)
Net cash provided by (used in) operating activities	2,555	2,375
Cash flows from investing activities		
Purchase of investment securities	-	(10)
Purchase of property, plant and equipment	(1,251)	(581)
Purchase of intangible assets	(302)	(237)
Proceeds from cancellation of insurance funds	53	44
Payments of leasehold and guarantee deposits	(25)	(25)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(122)	-
Other, net	(45)	70
Net cash provided by (used in) investing activities	(1,693)	(738)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(1,308)	(221)
Proceeds from long-term borrowings	2,400	2,600
Repayments of long-term borrowings	(1,147)	(1,499)
Purchase of treasury shares	(0)	-
Dividends paid	(1,513)	(2,226)
Other, net	(8)	(9)
Net cash provided by (used in) financing activities	(1,578)	(1,357)
Effect of exchange rate change on cash and cash equivalents	13	24
Net increase (decrease) in cash and cash equivalents	(702)	304
Cash and cash equivalents at beginning of period	1,955	1,875
Cash and cash equivalents at end of interim period	1,253	2,180

- (4) Notes to consolidated financial statements for the interim
 - (Notes in the event of significant changes in shareholders' equity)
 - Not applicable.
 - (Notes to going concern assumption)
 - Not applicable.
 - (Significant changes in scope of consolidation during the interim period)
 - Not applicable.

3. Other

Not applicable.