

Translation

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Summary of Consolidated Financial Results for the Year Ended March 31, 2019 (Based on Japanese GAAP)

May 9, 2019

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
 CFO
 Inquiries: Kimihiko Imamura TEL +81-3-6262-1625
 Scheduled date of ordinary general meeting of shareholders: June 25, 2019
 Scheduled date to file Securities Report: June 26, 2019
 Scheduled date to commence dividend payments: June 26, 2019
 Preparation of supplementary material on financial results: Yes
 Holding of financial results meeting: Yes (for institutional investors and analysts)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the year ended March 31, 2019 (from April 1, 2018 to March 31, 2019)

(1) Consolidated operating results

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	%
Year ended March 31, 2019	17,900	16.8	2,034	50.5	2,001	49.4	1,265	49.2
Year ended March 31, 2018	15,326	13.2	1,351	121.2	1,339	154.0	848	211.8

	Earnings per share	Diluted earnings per share	Profit attributable to owners of parent/equity	Ordinary profit/total assets	Operating profit/net sales
	Yen	Yen	%	%	%
Year ended March 31, 2019	31.50	29.88	37.7	18.1	11.4
Year ended March 31, 2018	21.17	20.72	34.8	14.5	8.8

(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	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2019	11,484	3,937	34.0	96.84
As of March 31, 2018	10,624	2,870	26.5	70.26

(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.

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended March 31, 2019	1,617	(736)	(1,094)	1,045
Year ended March 31, 2018	1,725	(2,828)	1,257	1,258

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended March 31, 2018	—	0.00	—	14.00	14.00	280	33.1	11.5
Year ended March 31, 2019	—	—	—	13.00	13.00	523	41.3	15.6
Year ending March 31, 2020 (Forecast)	—	—	—	—	—		—	

(Notes)

1. Year ending March 31, 2019

Ordinary dividend ¥11.00, 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 ¥26.00 (ordinary dividend of ¥22.00 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, 2020 (from April 1, 2019 to March 31, 2020)

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
Six months ending September 30, 2019	9,600	17.1	950	23.0	950	27.2	530	17.5	13.15
Full year	20,000	11.7	2,300	13.1	2,300	14.9	1,350	6.7	33.51

4. Notes

(1) Changes in significant subsidiaries during the year ended March 31, 2019

(changes in specified subsidiaries resulting in the change in scope of consolidation):

No

(2) 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

(3) Number of issued shares (common shares)

Total number of issued shares at the end of the period (including treasury shares)

As of March 31, 2019	40,290,800 shares	As of March 31, 2018	40,060,000 shares
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Number of treasury shares at the end of the period

As of March 31, 2019	86 shares	As of March 31, 2018	56 shares
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Average number of shares during the period

Year ended March 31, 2019	40,169,932 shares	Year ended March 31, 2018	40,059,980 shares
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Consolidated financial statements

Consolidated balance sheets

(Thousands of yen)

	As of March 31, 2018	As of March 31, 2019
Assets		
Current assets		
Cash and deposits	1,295,477	1,045,641
Notes and accounts receivable - trade	1,993,111	2,544,093
Work in process	35,362	37,678
Raw materials and supplies	1,208,354	1,634,764
Other	389,759	308,776
Allowance for doubtful accounts	(2,131)	(2,340)
Total current assets	4,919,933	5,568,613
Non-current assets		
Property, plant and equipment		
Buildings and structures	3,281,288	3,302,786
Tools, furniture and fixtures	916,041	1,329,887
Land	317,638	289,034
Leased assets	818,621	596,058
Construction in progress	—	6,061
Other	118,300	100,005
Accumulated depreciation and impairment loss	(1,262,457)	(1,443,901)
Total property, plant and equipment	4,189,432	4,179,931
Intangible assets		
Other	339,780	574,453
Total intangible assets	339,780	574,453
Investments and other assets		
Investment securities	102,666	31,536
Leasehold and guarantee deposits	355,967	405,295
Deferred tax assets	414,165	449,529
Other	307,647	281,197
Allowance for doubtful accounts	(5,006)	(6,360)
Total investments and other assets	1,175,440	1,161,198
Total non-current assets	5,704,653	5,915,583
Total assets	10,624,586	11,484,197

	(Thousands of yen)	
	As of March 31, 2018	As of March 31, 2019
Liabilities		
Current liabilities		
Accounts payable - trade	458,762	644,854
Short-term loans payable	3,015,550	2,599,000
Current portion of bonds	400,000	—
Current portion of long-term loans payable	153,600	353,760
Lease obligations	157,530	113,615
Accounts payable - other	343,061	364,151
Income taxes payable	426,246	583,060
Accrued consumption taxes	166,596	284,820
Provision for bonuses	467,849	501,261
Other	413,598	460,672
Total current liabilities	6,002,795	5,905,196
Non-current liabilities		
Long-term loans payable	807,750	736,669
Lease obligations	164,046	50,246
Retirement benefit liability	553,991	618,906
Asset retirement obligations	225,419	235,914
Total non-current liabilities	1,751,207	1,641,738
Total liabilities	7,754,003	7,546,934
Net assets		
Shareholders' equity		
Capital stock	608,445	671,195
Capital surplus	1,044,746	1,107,497
Retained earnings	1,220,046	2,204,884
Treasury shares	(49)	(112)
Total shareholders' equity	2,873,189	3,983,464
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,721	—
Foreign currency translation adjustment	(14,896)	(45,223)
Remeasurements of defined benefit plans	(46,480)	(36,440)
Total accumulated other comprehensive income	(58,656)	(81,663)
Share acquisition rights	23,218	23,218
Non-controlling interests	32,832	12,244
Total net assets	2,870,583	3,937,263
Total liabilities and net assets	10,624,586	11,484,197

Consolidated statements of income and consolidated statements of comprehensive income
Consolidated statements of income

(Thousands of yen)

	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
Net sales	15,326,377	17,900,056
Cost of sales	10,011,207	11,419,742
Gross profit	5,315,170	6,480,313
Selling, general and administrative expenses	3,963,212	4,446,020
Operating profit	1,351,958	2,034,293
Non-operating income		
Interest income	1,740	987
Insurance premiums refunded cancellation	8,529	7,765
Refunded consumption taxes	7,687	2,369
Subsidy income	1,900	4,008
Gain on sales of scraps	3,033	2,738
Other	7,502	4,204
Total non-operating income	30,393	22,073
Non-operating expenses		
Interest expenses	28,683	19,269
Commission expenses	1,248	21,620
Share of loss of entities accounted for using equity method	9,921	9,525
Other	3,401	4,858
Total non-operating expenses	43,255	55,274
Ordinary profit	1,339,096	2,001,092
Extraordinary income		
Gain on sales of non-current assets	—	4,385
Gain on sales of investment securities	—	4,073
Other	1,107	—
Total extraordinary income	1,107	8,459
Extraordinary losses		
Loss on retirement of non-current assets	5,772	113
Office transfer expenses	35,613	—
Loss on sales of investment securities	—	700
Other	1,975	704
Total extraordinary losses	43,361	1,517
Profit before income taxes	1,296,841	2,008,034
Income taxes - current	453,892	802,134
Income taxes - deferred	12,067	(38,593)
Total income taxes	465,959	763,541
Profit	830,881	1,244,492
Loss attributable to non-controlling interests	(17,205)	(20,764)
Profit attributable to owners of parent	848,087	1,265,257

Consolidated statements of comprehensive income

(Thousands of yen)

	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
Profit	830,881	1,244,492
Other comprehensive income		
Valuation difference on available-for-sale securities	11	(2,721)
Foreign currency translation adjustment	1,379	(29,561)
Remeasurements of defined benefit plans, net of tax	(10,584)	10,040
Share of other comprehensive income of entities accounted for using equity method	(1,610)	(588)
Total other comprehensive income	(10,803)	(22,831)
Comprehensive income	820,078	1,221,661
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	835,395	1,242,249
Comprehensive income attributable to non-controlling interests	(15,316)	(20,587)

Consolidated statements of changes in equity

Fiscal year ended March 31, 2018

(Thousands of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	608,445	1,044,746	452,078	–	2,105,270
Changes of items during period					
Dividends of surplus			(80,120)		(80,120)
Profit attributable to owners of parent			848,087		848,087
Purchase of treasury shares				(49)	(49)
Net changes of items other than shareholders' equity					
Total changes of items during period	–	–	767,967	(49)	767,918
Balance at end of current period	608,445	1,044,746	1,220,046	(49)	2,873,189

	Accumulated other comprehensive income				Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of current period	2,710	(14,666)	(35,896)	(47,852)	–	14,823	2,072,241
Changes of items during period							
Dividends of surplus							(80,120)
Profit attributable to owners of parent							848,087
Purchase of treasury shares							(49)
Net changes of items other than shareholders' equity	11	(230)	(10,584)	(10,803)	23,218	18,008	30,423
Total changes of items during period	11	(230)	(10,584)	(10,803)	23,218	18,008	798,341
Balance at end of current period	2,721	(14,896)	(46,480)	(58,656)	23,218	32,832	2,870,583

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	608,445	1,044,746	1,220,046	(49)	2,873,189
Changes of items during period					
Issuance of new shares	44,761	44,761			89,522
Exercise of share acquisition rights	17,989	17,989			35,978
Dividends of surplus			(280,419)		(280,419)
Profit attributable to owners of parent			1,265,257		1,265,257
Purchase of treasury shares				(63)	(63)
Net changes of items other than shareholders' equity					
Total changes of items during period	62,750	62,750	984,837	(63)	1,110,275
Balance at end of current period	671,195	1,107,497	2,204,884	(112)	3,983,464

	Accumulated other comprehensive income				Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of current period	2,721	(14,896)	(46,480)	(58,656)	23,218	32,832	2,870,583
Changes of items during period							
Issuance of new shares							89,522
Exercise of share acquisition rights							35,978
Dividends of surplus							(280,419)
Profit attributable to owners of parent							1,265,257
Purchase of treasury shares							(63)
Net changes of items other than shareholders' equity	(2,721)	(30,326)	10,040	(23,007)	–	(20,587)	(43,595)
Total changes of items during period	(2,721)	(30,326)	10,040	(23,007)	–	(20,587)	1,066,679
Balance at end of current period	–	(45,223)	(36,440)	(81,663)	23,218	12,244	3,937,263

Consolidated statements of cash flows

(Thousands of yen)

	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
Cash flows from operating activities		
Profit before income taxes	1,296,841	2,008,034
Depreciation	423,455	541,274
Increase (decrease) in allowance for doubtful accounts	(9,237)	1,562
Increase (decrease) in provision for bonuses	63,836	33,412
Increase (decrease) in retirement benefit liability	78,821	79,386
Interest and dividend income	(1,898)	(1,069)
Interest expenses	28,683	19,269
Share of loss (profit) of entities accounted for using equity method	9,921	9,525
Loss (gain) on sales of investment securities	356	(3,373)
Office transfer expenses	35,613	—
Surrender value of insurance	(8,314)	(7,759)
Loss on retirement of non-current assets	5,772	113
Decrease (increase) in notes and accounts receivable - trade	(268,519)	(551,365)
Decrease (increase) in inventories	(131,380)	(428,726)
Decrease (increase) in accounts receivable - other	19,654	178,839
Increase (decrease) in notes and accounts payable - trade	135,216	186,091
Increase (decrease) in accrued consumption taxes	148,929	118,224
Other, net	47,816	97,096
Subtotal	1,875,568	2,280,535
Interest and dividend income received	1,898	1,069
Interest expenses paid	(28,061)	(19,382)
Income taxes paid	(175,797)	(647,052)
Income taxes refund	51,659	2,627
Net cash provided by (used in) operating activities	1,725,267	1,617,798
Cash flows from investing activities		
Payments into time deposits	(117,000)	(3,000)
Proceeds from withdrawal of time deposits	115,000	40,000
Purchase of investment securities	(54,505)	—
Proceeds from sales of investment securities	2,703	60,406
Payments of loans receivable	(50,000)	—
Purchase of property, plant and equipment	(2,404,823)	(459,641)
Proceeds from sales of property, plant and equipment	244	56,625
Purchase of intangible assets	(248,954)	(366,136)
Purchase of insurance funds	(55,097)	(22,830)
Proceeds from cancellation of insurance funds	12,521	7,538
Payments for leasehold and guarantee deposits	(22,189)	(56,495)
Proceeds from collection of leasehold and guarantee deposits	39,696	7,168
Other, net	(46,302)	(62)
Net cash provided by (used in) investing activities	(2,828,707)	(736,428)

	(Thousands of yen)	
	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	1,005,350	(416,550)
Proceeds from long-term loans payable	1,500,000	800,000
Repayments of long-term loans payable	(1,045,650)	(670,920)
Redemption of bonds	—	(400,000)
Proceeds from share issuance to non-controlling shareholders	52,927	—
Cash dividends paid	(80,120)	(280,419)
Repayments of lease obligations	(188,529)	(141,499)
Proceeds from issuance of share acquisition rights	23,218	—
Proceeds from issuance of shares resulting from exercise of share acquisition rights	—	35,978
Other, net	(10,192)	(21,087)
Net cash provided by (used in) financing activities	1,257,002	(1,094,497)
Effect of exchange rate change on cash and cash equivalents	(230)	290
Net increase (decrease) in cash and cash equivalents	153,331	(212,836)
Cash and cash equivalents at beginning of period	1,105,146	1,258,477
Cash and cash equivalents at end of period	1,258,477	1,045,641