

Translation

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Summary of Consolidated Financial Results for the Year Ended March 31, 2020 (Based on Japanese GAAP)

May 11, 2020

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 Senior Managing Executive Officer
 CFO
 Inquiries: Kimihiko Imamura TEL +81-3-6262-1625
 Scheduled date of ordinary general meeting of shareholders: June 24, 2020
 Scheduled date to file Securities Report: June 25, 2020
 Scheduled date to commence dividend payments: June 25, 2020
 Preparation of supplementary material on financial results: Yes
 Holding of financial results meeting: No

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the year ended March 31, 2020 (from April 1, 2019 to March 31, 2020)

(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, 2020	21,339	19.2	2,717	33.6	2,703	35.1	1,700	34.4
Year ended March 31, 2019	17,900	16.8	2,034	50.5	2,001	49.4	1,265	49.2

	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, 2020	42.05	39.29	37.6	21.0	12.7
Year ended March 31, 2019	31.50	29.88	37.7	18.1	11.4

(Note)

The Company conducted a two-for-one share split of its common shares 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, 2019.

(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, 2020	14,297	5,177	35.9	126.69
As of March 31, 2019	11,484	3,937	34.0	96.84

(Note)

The Company conducted a two-for-one share split of its common shares on October 1, 2018. Therefore, net assets per share is calculated on the assumption that the share splits were conducted at the beginning of the fiscal year ended March 31, 2019.

(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, 2020	1,963	(2,454)	593	1,145
Year ended March 31, 2019	1,617	(736)	(1,094)	1,045

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, 2019	—	—	—	13.00	13.00	523	41.3	15.6
Year ended March 31, 2020	—	—	—	18.00	18.00	729	42.8	16.1
Year ending March 31, 2021 (Forecast)	—	—	—	—	—		—	

(Note)

Year ending March 31, 2019

Ordinary dividend ¥11.00, Commemorative dividend ¥2.00 (Commemorative Dividend for Transfer to TSE First Section)

3. Forecast of consolidated financial results for the year ending March 31, 2021 (from April 1, 2020 to March 31, 2021)

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, 2020	11,000	6.1	1,350	11.5	1,350	12.0	800	9.8	19.73
Full year	23,000	7.8	3,100	14.1	3,100	14.7	1,900	11.7	46.87

4. Notes

(1) Changes in significant subsidiaries during the year ended March 31, 2020

(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:

No

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, 2020	40,538,600 shares	As of March 31, 2019	40,290,800 shares
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Number of treasury shares at the end of the period

As of March 31, 2020	86 shares	As of March 31, 2019	86 shares
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Average number of shares during the period

Year ended March 31, 2020	40,442,154 shares	Year ended March 31, 2019	40,169,932 shares
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Consolidated financial statements

Consolidated balance sheets

(Thousands of yen)

	As of March 31, 2019	As of March 31, 2020
Assets		
Current assets		
Cash and deposits	1,045,641	1,145,583
Notes and accounts receivable - trade	2,544,093	2,781,798
Work in process	37,678	40,431
Raw materials and supplies	1,634,764	1,816,533
Other	308,776	574,920
Allowance for doubtful accounts	(2,340)	(2,799)
Total current assets	5,568,613	6,356,468
Non-current assets		
Property, plant and equipment		
Buildings and structures	3,302,786	3,360,687
Tools, furniture and fixtures	1,329,887	1,924,607
Land	289,034	375,514
Leased assets	596,058	340,842
Construction in progress	6,061	1,199,857
Other	100,005	84,283
Accumulated depreciation and impairment loss	(1,443,901)	(1,613,296)
Total property, plant and equipment	4,179,931	5,672,496
Intangible assets		
Goodwill	3,427	265,342
Software	569,301	749,760
Other	1,723	29,496
Total intangible assets	574,453	1,044,599
Investments and other assets		
Investment securities	31,536	27,985
Leasehold and guarantee deposits	405,295	415,083
Deferred tax assets	449,529	517,023
Other	281,197	287,912
Allowance for doubtful accounts	(6,360)	(24,346)
Total investments and other assets	1,161,198	1,223,659
Total non-current assets	5,915,583	7,940,755
Total assets	11,484,197	14,297,223

	(Thousands of yen)	
	As of March 31, 2019	As of March 31, 2020
Liabilities		
Current liabilities		
Accounts payable - trade	644,854	695,229
Short-term borrowings	2,599,000	2,346,500
Current portion of long-term borrowings	353,760	737,304
Accounts payable - other	364,151	566,252
Income taxes payable	583,060	601,168
Accrued consumption taxes	284,820	323,470
Provision for bonuses	501,261	503,500
Other	574,287	578,883
Total current liabilities	5,905,196	6,352,310
Non-current liabilities		
Long-term borrowings	736,669	1,814,174
Retirement benefit liability	618,906	693,074
Asset retirement obligations	235,914	250,950
Other	50,246	9,624
Total non-current liabilities	1,641,738	2,767,823
Total liabilities	7,546,934	9,120,133
Net assets		
Shareholders' equity		
Share capital	671,195	700,321
Capital surplus	1,107,497	1,136,623
Retained earnings	2,204,884	3,381,715
Treasury shares	(112)	(112)
Total shareholders' equity	3,983,464	5,218,548
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	—	910
Foreign currency translation adjustment	(45,223)	(54,537)
Remeasurements of defined benefit plans	(36,440)	(29,267)
Total accumulated other comprehensive income	(81,663)	(82,894)
Share acquisition rights	23,218	23,218
Non-controlling interests	12,244	18,217
Total net assets	3,937,263	5,177,089
Total liabilities and net assets	11,484,197	14,297,223

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

(Thousands of yen)

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Net sales	17,900,056	21,339,756
Cost of sales	11,419,742	13,523,490
Gross profit	6,480,313	7,816,265
Selling, general and administrative expenses	4,446,020	5,098,516
Operating profit	2,034,293	2,717,749
Non-operating income		
Interest income	987	3,229
Surrender value of insurance policies	7,765	14,945
Subsidy income	4,008	5,156
Other	9,312	6,234
Total non-operating income	22,073	29,565
Non-operating expenses		
Interest expenses	19,269	13,668
Commission expenses	21,620	6,695
Share of loss of entities accounted for using equity method	9,525	19,273
Other	4,858	4,152
Total non-operating expenses	55,274	43,791
Ordinary profit	2,001,092	2,703,523
Extraordinary income		
Gain on sales of non-current assets	4,385	470
Gain on sales of investment securities	4,073	—
Total extraordinary income	8,459	470
Extraordinary losses		
Impairment loss	—	19,887
Loss on retirement of non-current assets	113	454
Loss on sales of investment securities	700	—
Other	704	1,849
Total extraordinary losses	1,517	22,190
Profit before income taxes	2,008,034	2,681,803
Income taxes - current	802,134	1,044,751
Income taxes - deferred	(38,593)	(54,482)
Total income taxes	763,541	990,269
Profit	1,244,492	1,691,534
Loss attributable to non-controlling interests	(20,764)	(9,076)
Profit attributable to owners of parent	1,265,257	1,700,610

Consolidated statements of comprehensive income

(Thousands of yen)

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Profit	1,244,492	1,691,534
Other comprehensive income		
Valuation difference on available-for-sale securities	(2,721)	910
Foreign currency translation adjustment	(29,561)	(9,081)
Remeasurements of defined benefit plans, net of tax	10,040	7,172
Share of other comprehensive income of entities accounted for using equity method	(588)	(262)
Total other comprehensive income	(22,831)	(1,260)
Comprehensive income	1,221,661	1,690,273
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,242,249	1,699,380
Comprehensive income attributable to non-controlling interests	(20,587)	(9,106)

Consolidated statements of changes in equity

Fiscal year ended March 31, 2019

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	608,445	1,044,746	1,220,046	(49)	2,873,189
Changes 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 in items other than shareholders' equity					
Total changes during period	62,750	62,750	984,837	(63)	1,110,275
Balance at end of 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 period	2,721	(14,896)	(46,480)	(58,656)	23,218	32,832	2,870,583
Changes 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 in items other than shareholders' equity	(2,721)	(30,326)	10,040	(23,007)	–	(20,587)	(43,595)
Total changes during period	(2,721)	(30,326)	10,040	(23,007)	–	(20,587)	1,066,679
Balance at end of period	–	(45,223)	(36,440)	(81,663)	23,218	12,244	3,937,263

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	671,195	1,107,497	2,204,884	(112)	3,983,464
Changes during period					
Issuance of new shares	4,056	4,056			8,112
Exercise of share acquisition rights	25,070	25,070			50,140
Dividends of surplus			(523,779)		(523,779)
Profit attributable to owners of parent			1,700,610		1,700,610
Net changes in items other than shareholders' equity					
Total changes during period	29,126	29,126	1,176,831	–	1,235,084
Balance at end of period	700,321	1,136,623	3,381,715	(112)	5,218,548

	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 period	–	(45,223)	(36,440)	(81,663)	23,218	12,244	3,937,263
Changes during period							
Issuance of new shares							8,112
Exercise of share acquisition rights							50,140
Dividends of surplus							(523,779)
Profit attributable to owners of parent							1,700,610
Net changes in items other than shareholders' equity	910	(9,313)	7,172	(1,230)	–	5,972	4,742
Total changes during period	910	(9,313)	7,172	(1,230)	–	5,972	1,239,826
Balance at end of period	910	(54,537)	(29,267)	(82,894)	23,218	18,217	5,177,089

Consolidated statements of cash flows

(Thousands of yen)

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Cash flows from operating activities		
Profit before income taxes	2,008,034	2,681,803
Depreciation	541,091	634,995
Amortization of goodwill	183	28,868
Increase (decrease) in allowance for doubtful accounts	1,562	16,708
Increase (decrease) in provision for bonuses	33,412	1,077
Increase (decrease) in retirement benefit liability	79,386	83,034
Interest and dividend income	(1,069)	(3,547)
Interest expenses	19,269	13,668
Share of loss (profit) of entities accounted for using equity method	9,525	19,273
Loss (gain) on sales of investment securities	(3,373)	—
Impairment loss	—	19,887
Surrender value of insurance policies	(7,759)	(14,945)
Decrease (increase) in trade receivables	(551,365)	(182,159)
Decrease (increase) in inventories	(428,726)	(183,293)
Decrease (increase) in accounts receivable - other	178,839	(287,438)
Increase (decrease) in trade payables	186,091	47,516
Increase (decrease) in accrued consumption taxes	118,224	38,900
Other, net	97,210	28,037
Subtotal	2,280,535	2,942,388
Interest and dividends received	1,069	3,505
Interest paid	(19,382)	(12,546)
Income taxes paid	(647,052)	(970,262)
Income taxes refund	2,627	—
Net cash provided by (used in) operating activities	1,617,798	1,963,085
Cash flows from investing activities		
Payments into time deposits	(3,000)	—
Proceeds from withdrawal of time deposits	40,000	—
Proceeds from sales of investment securities	60,406	—
Purchase of shares of subsidiaries resulting in change in scope of consolidation	—	(217,747)
Purchase of property, plant and equipment	(459,641)	(1,865,586)
Proceeds from sales of property, plant and equipment	56,625	604
Purchase of intangible assets	(366,136)	(387,181)
Purchase of insurance funds	(22,830)	(115)
Proceeds from cancellation of insurance funds	7,538	28,069
Payments of leasehold and guarantee deposits	(56,495)	(14,827)
Proceeds from refund of leasehold and guarantee deposits	7,168	6,064
Other, net	(62)	(3,852)
Net cash provided by (used in) investing activities	(736,428)	(2,454,573)

	(Thousands of yen)	
	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(416,550)	(292,500)
Proceeds from long-term borrowings	800,000	2,350,000
Repayments of long-term borrowings	(670,920)	(899,932)
Redemption of bonds	(400,000)	—
Proceeds from share issuance to non-controlling shareholders	—	15,079
Dividends paid	(280,419)	(523,779)
Repayments of lease obligations	(141,499)	(98,967)
Proceeds from issuance of shares resulting from exercise of share acquisition rights	35,978	50,140
Other, net	(21,087)	(6,062)
Net cash provided by (used in) financing activities	(1,094,497)	593,978
Effect of exchange rate change on cash and cash equivalents	290	(2,548)
Net increase (decrease) in cash and cash equivalents	(212,836)	99,942
Cash and cash equivalents at beginning of period	1,258,477	1,045,641
Cash and cash equivalents at end of period	1,045,641	1,145,583