



May 12, 2023

# FY Mar 2023 Results Supplement

Japan Elevator Service Holdings Co., Ltd.

(TSE Prime Market : 6544)

< Caution >

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1

Fiscal Year ended March 2023 Results

2

Fiscal Year ending March 2024 Forecasts



# FY Mar 2023 Results

## Maintenance Contract Achieved 10,000 Net Organic Growth

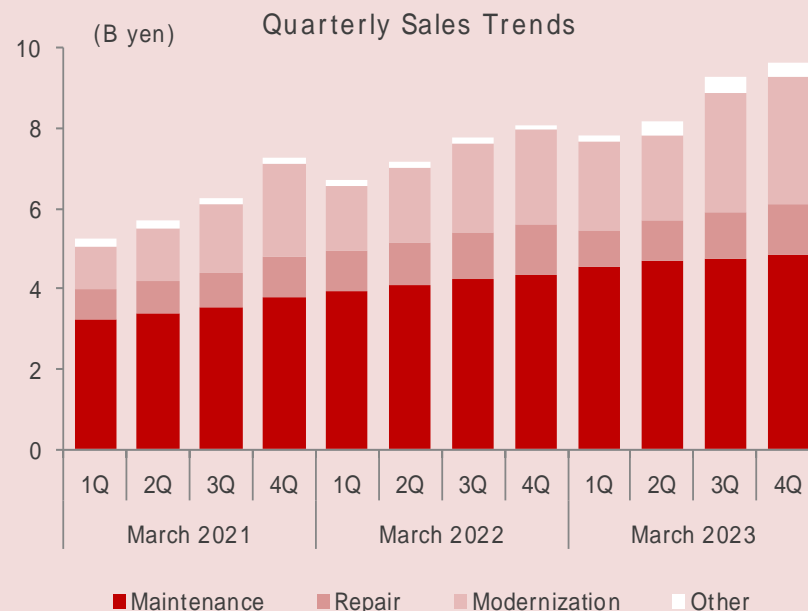
- | Net increase in domestic maintenance contracts was a record high of over 9,630 units in organic terms, bringing the total number of contracts to 88,630 units
- | Strong demand led to modernization unit shipment of 1,530 units, an increase of 380 units YoY
- | The number of LiftSPOT contracts exceeded 10,000 units
- | The number of locations expanded to 132 (including Ikuta Building Maintenance and Hokuriku Shisetsu). In newly expanded areas, bases were established in Akita and Kumamoto
- | Balanced employment of new graduates and mid-career personnel and strengthened engineers and sales force

(units, person)

	FY ended March 2019 Actual	FY ended March 2020 Actual	FY ended March 2021 Actual	FY ended March 2022 Actual	Fiscal Year ended March 2023 Actual	(Change YtD)
Maintenance contracts	48,800	54,800	67,500	79,000	88,630	+ 9,630
Modernization (cumulative)	670	820	920	1,150	1,530	+ 380
Parking equipments	--	--	--	18,830	22,050	+ 3,220
No. of offices	71	78	101	124	132	+ 8
No. of Employees	1,093	1,234	1,398	1,618	1,766	+ 148
Technical personnel	708	781	881	1,003	1,096	+ 93
Sales personnel	108	135	156	195	218	+ 23

## Stable Growth in Maintenance and Accelerated Modernization Shipment Led to a 17.3% Increase in Sales YoY

- I Maintenance sales grew steadily as contracts increased. The impact of delays in the repair work due to a shortage of parts was approximately 1.1 billion yen, affected the growth in maintenance and repair sales. Meanwhile, the Group successfully captured the needs of the market and sales of modernization service increased by 30% YoY.
- I Media business sales grew steadily. The Malaysian subsidiary, which became a consolidated subsidiary from the 2Q made a significant contribution to other sales.



(millions of yen, %)

	Fiscal Year ended March 2022		Fiscal Year ended March 2023		YoY change	
	Amount	% of sales	Amount	% of sales	Amount	%
Maintenance & Repair	21,137	71.0	23,178	66.4	2,041	9.7
Modernization	8,020	27.0	10,468	30.0	2,448	30.5
Other	593	2.0	1,259	3.6	665	112.1
Total	29,751	100.0	34,907	100.0	5,155	17.3

## A Year of Record Sales and Profits

- I Higher maintenance sales on the back of an increase in the number of contracts and higher-than-expected modernization sales contributed to the increase in revenue. Slower sales of repair was offset by contributions from overseas subsidiaries and growth in media sales, all of which accelerating the pace of revenue growth.
- I Operating income growth was driven by growth in modernization sales, growth in new regions including M&A, and contributions from overseas operations engaged in building maintenance.

(millions of yen, yen, %)

	Fiscal Year ended March 2022		Fiscal Year ended March 2023		YoY change	
	Amount	% of sales	Amount	% of sales	Amount	%
Net sales	29,751	100.0	34,907	100.0	5,155	17.3
Operating profit	4,113	13.8	5,010	14.4	897	21.8
Ordinary profit	4,225	14.2	5,100	14.6	874	20.7
Profit attributable to owners of parent	2,726	9.2	3,153	9.0	426	15.6
(Depreciation)	927	3.1	1,207	3.5	280	30.3
(Amortization)	196	0.7	266	0.8	70	35.6
EBITDA	5,236	17.6	6,485	18.6	1,248	23.8
EPS	30.73	--	35.47	--	4.74	15.4

I Capital expenditure was high, but was covered by operating cash flow and free cash flow turned positive. The equity ratio increased as a result of the repayment of long-term debt.

(millions of yen)

	Fiscal Year ended March 2022	Fiscal Year ended March 2023	Change
Cash and cash equivalents	2,179	2,034	- 145
Property, plant and equipment	9,559	11,695	+ 2,135
Intangible assets	4,307	4,495	+ 187
Borrowings	7,296	7,726	+ 430
Net assets	11,756	13,678	+ 1,922
Total assets	25,338	29,002	+ 3,663

	Fiscal Year ended March 2022	Fiscal Year ended March 2023	Change
Cash flows from operating activities	+ 3,005	+ 4,253	+ 1,247
Depreciation	+ 927	+ 1,207	+ 280
Amortization of goodwill	+ 196	+ 266	+ 70
Cash flows from investing activities	- 3,279	- 3,509	- 230
Purchase of property, plant and equipment	- 1,577	- 2,657	- 1,079
Cash flows from financing activities	+ 765	- 954	- 1,719
Increase (decrease) in borrowings	+ 2,271	+ 392	- 1,879
Increase in issued shares	+ 31	+ 26	- 5
Dividend paid	- 1,062	- 1,242	- 179
Net increase (decrease) in cash and cash equivalents	+ 501	- 206	- 708





FY Mar 2024  
Financial Forecasts



## Another Year of Record Sales and Profits on the Back of Steady Contract Growth

- l Maintenance and renewal work continues to expand. Although the company is emerging from the effects of parts shortages, delivery times are not expected to shorten and the company has adopted a conservative forecast.
- l Operating profit is forecast to reach a record high due to cost and SG&A cost controls.

(millions of yen, %)

	First Half			Second Half			Fiscal Year		
	March 2023 Amount	March 2024 Amount	YoY	March 2023 Amount	March 2024 Amount	YoY	March 2023 Amount	March 2024 Amount	YoY
Net sales	15,987	18,100	113.2	18,919	20,900	110.5	34,907	39,000	111.7
Operating profit	2,073	2,200	106.1	2,937	3,500	119.1	5,010	5,700	113.8
Ordinary profit	2,168	2,200	101.5	2,932	3,500	119.4	5,100	5,700	111.8
Profit attributable to owners of parent	1,401	1,405	100.3	1,752	2,145	122.4	3,153	3,550	112.6
	% of sales	% of sales		% of sales	% of sales		% of sales	% of sales	
Gross profit margins	38.0	36.5		38.0	38.8		38.0	37.7	
SG&A to sales	25.1	24.4		22.5	22.0		23.7	23.1	
Operating profit margins	13.0	12.2		15.5	16.7		14.4	14.6	
Ordinary profit margins	13.6	12.2		15.5	16.7		14.6	14.6	
Profit margins	8.8	7.8		9.3	10.3		9.0	9.1	

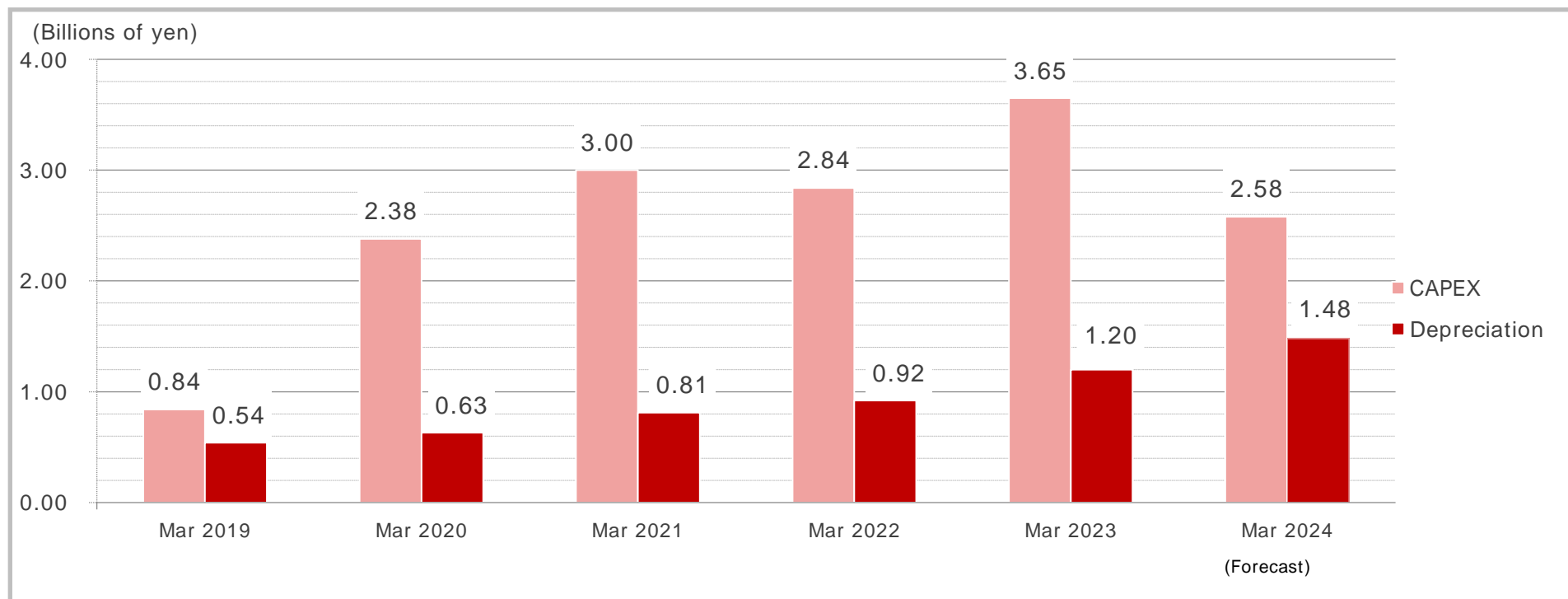
(millions of yen, %)

	First Half			Second Half			Fiscal Year		
	March 2023 Amount	March 2024 Amount	YoY	March 2023 Amount	March 2024 Amount	YoY	March 2023 Amount	March 2024 Amount	YoY
Maintenance & repair services	11,184	12,100	108.2	11,993	13,000	108.4	23,178	25,100	108.3
Modernization services	4,287	5,300	123.6	6,180	7,200	116.5	10,468	12,500	119.4
Other	514	700	136.1	745	700	94.0	1,259	1,400	111.2
Net Sales	15,987	18,100	113.2	18,919	20,900	110.5	34,907	39,000	111.7

(Billions of yen)

	FY2023 (Actual)	FY2024 (Forecast)	Items
Capital Expenditure	3.65	2.58	Investments related to PRIME, a remote inspection service, etc.
Depreciation	1.20	1.48	

## Capital Expenditures and Depreciation



## n Basic Strategy

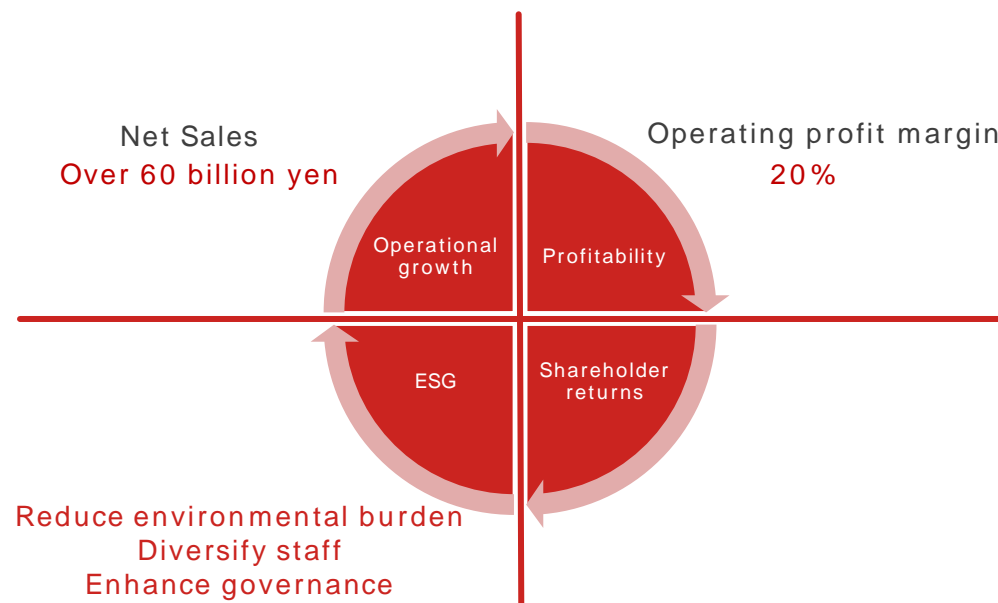
- As a company qualified for the TSE Prime Market, we aim to achieve sustainable growth and increase corporate value, adapting to changes in the social environment, by addressing not only business growth but also social and global environmental issues from a medium- to long-term perspective.

## n Growth Strategy

- Grow Maintenance and repair Services sales driven by expanded domestic market share (organic & M&A)
- Tap demand for modernization through increase in number of elevators under contract
  - => Net sales of 60 billion yen
- Improve profitability by enhancing business productivity and operational efficiency through human resource development and the use of digital technology
  - => Operating margin of 20% (before amortization)

## nKey Indicators

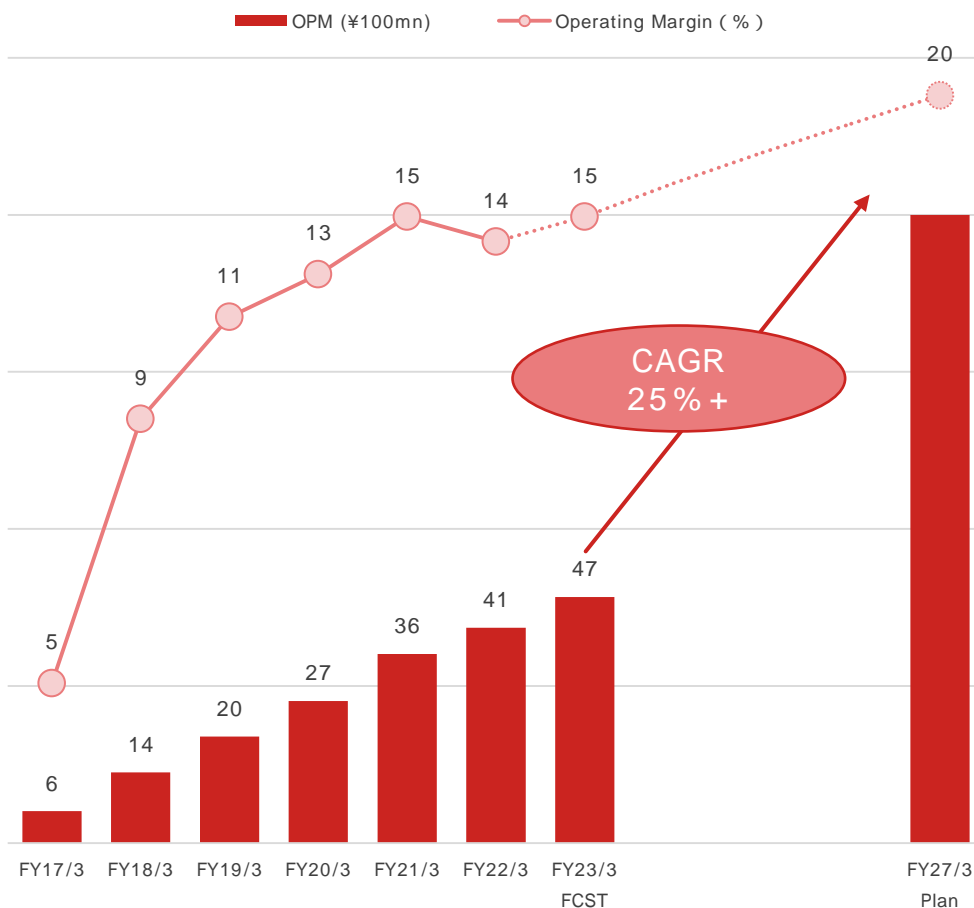
Raise corporate value through growth, prosper together with all stakeholders



- Growth and profitability metrics to be met by FY2027/3
- OP Margin excludes goodwill amortization

## Productivity-driven profitability improvements through increase in elevators under contract, staff training, digitalization

OPM (%) Trends



1. Sales growth through increase in elevators under contract
  - Win contracts on 100,000 elevators, chiefly in East Japan area
  - Obtain market share of 10%, chiefly in West Japan area
  - Potential for growth in Modernization revenue in proportion with growth in elevators under contract
2. Raise productivity, service capacity
  - Increase in number of elevators per employee on increase in number of elevators under contract
  - Improve service capacity through staff training using internal training systems
  - Higher productivity, service capacity on completion of Kansai JIC (tentative name)
3. Cost reductions
  - Use recycled or refurbished products to contribute to ESG
  - Reduce indirect fixed costs, procurement costs as increase in elevators under contract boosts economies of scale

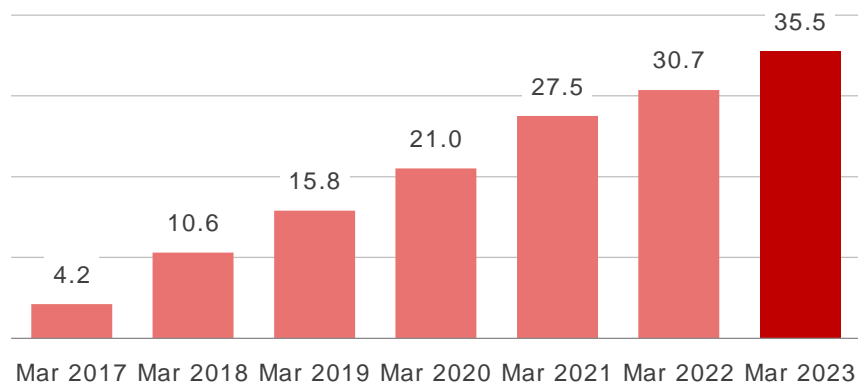
Improved profitability as we grow the number of elevators under contract

**OP Margin: 20%**

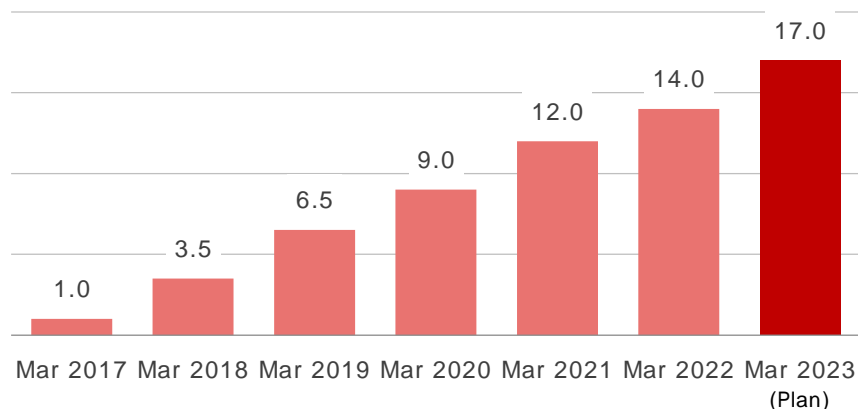
(When elevators under contract reaches 150,000; ex. goodwill amortization)

## Stable Increase in EPS and DPS, Dividend Payout Ratio Over 40%

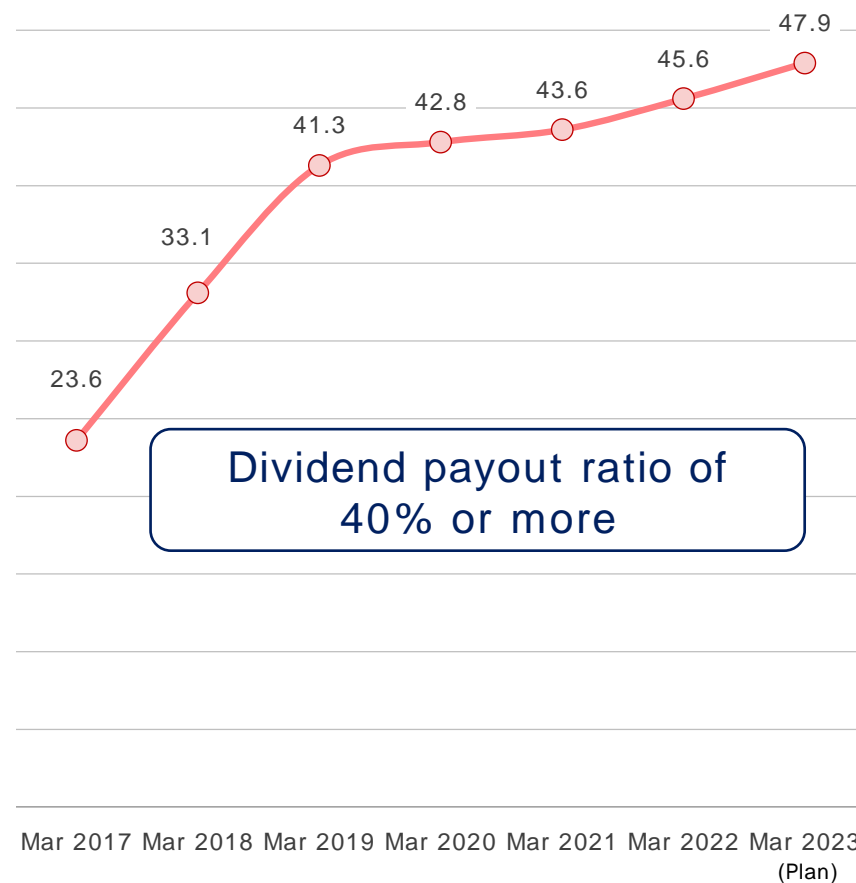
### Adjusted EPS (yen)



### Adjusted DPS (yen)



### Dividend Payout Ratio (%)

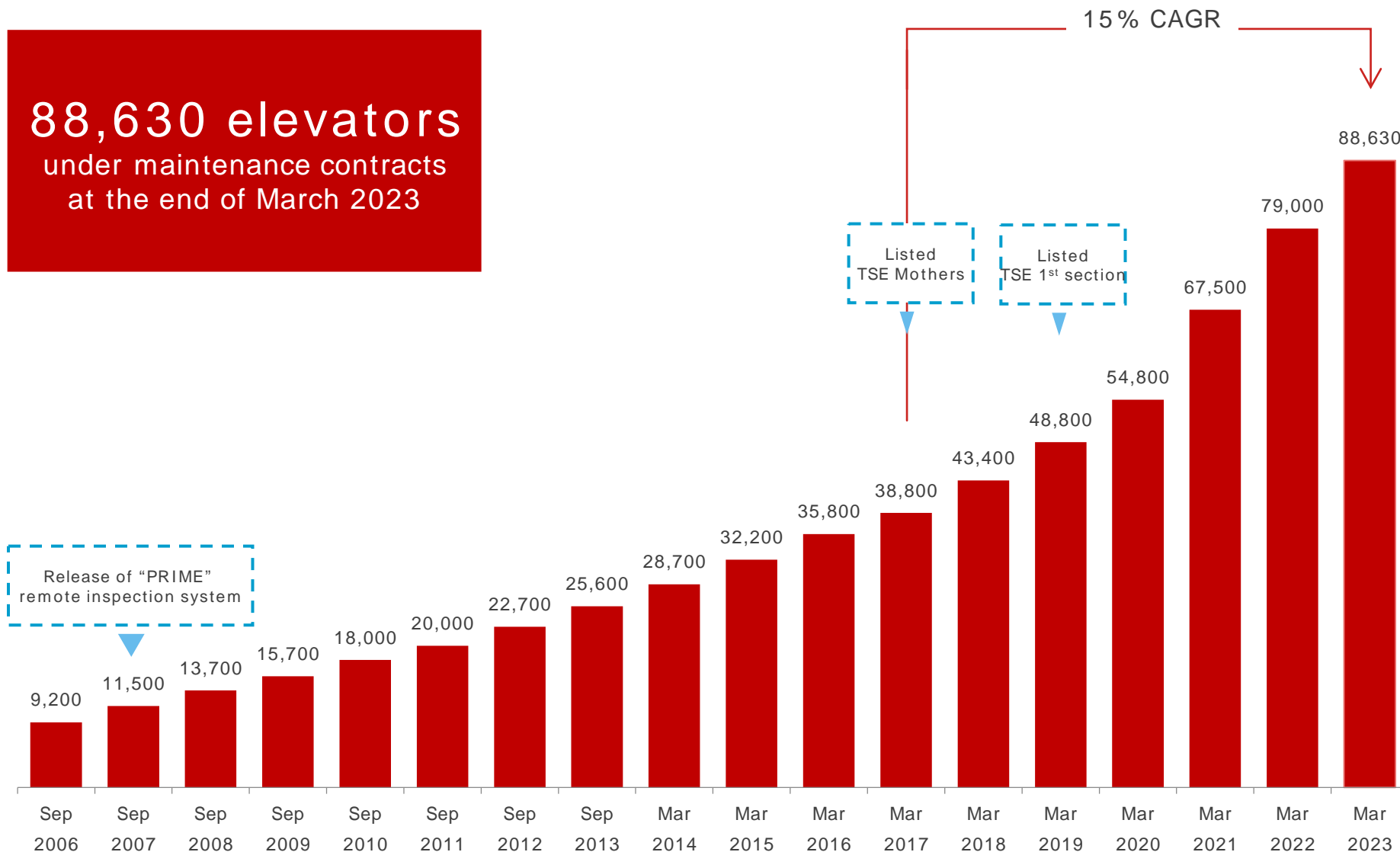




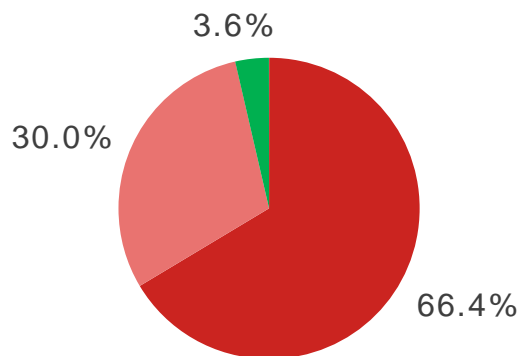


# References

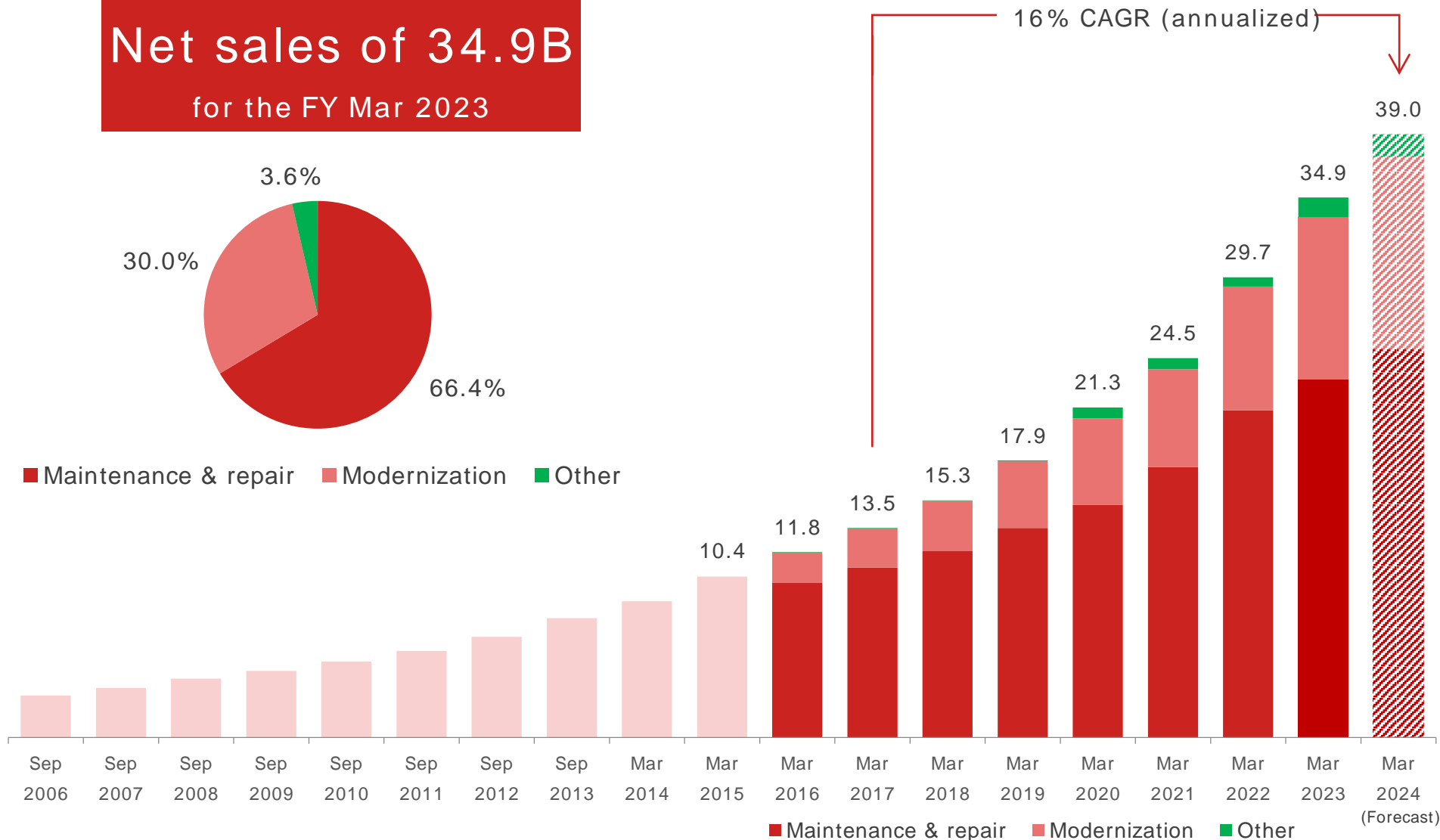
**88,630 elevators**  
under maintenance contracts  
at the end of March 2023



**Net sales of 34.9B**  
for the FY Mar 2023



■ Maintenance & repair ■ Modernization ■ Other



(Note: Due to a change in the fiscal year end, the fiscal year ended March 31, 2014 is a six-month period. The above figures are annualized.)

As of May 1, 2023  
135 offices

## Hokuriku

- ▶ Hokuriku Shisetsu Co., Ltd. (equity method affiliate)

## Tokai / Koshinetsu

- ▶ Japan Elevator Service Tokai Co., Ltd.
- ▶ Nagano Elevator Co., Ltd. **M&A**
- ▶ Joshin Building Service Co., Ltd. **M&A** (Building maintenance)

## Kansai

- ▶ Japan Elevator Service Kansai Co., Ltd.
- ▶ NS Elevator Co., Ltd. **M&A**

## Chugoku / Shikoku

Established 2022.4

- ▶ Japan Elevator Service Chushikoku Co., Ltd.
- ▶ Miyoshi Elevator Co., Ltd. **M&A**
- ▶ Ehime Elevator Service Co., Ltd. **M&A**
- ▶ Shikoku Shoukouki Service Co., Ltd. **M&A**
- ▶ Shikoku Elevator Service Co., Ltd. **M&A**
- ▶ Ikuta Building Maintenance Co., Ltd. **M&A**

## Kyushu

Established 2019.4

- ▶ Japan Elevator Service Kyushu Co., Ltd.

## Hokkaido

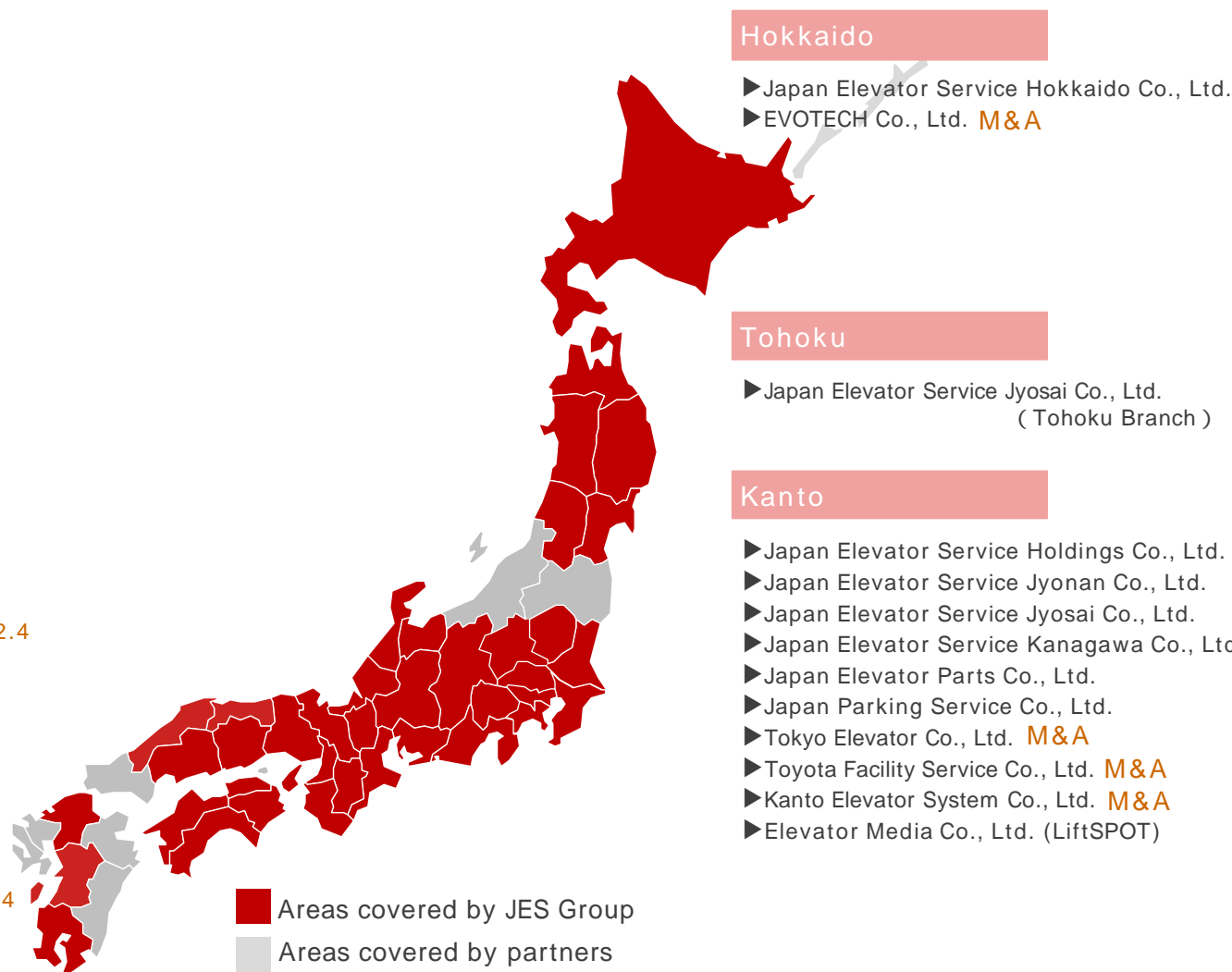
- ▶ Japan Elevator Service Hokkaido Co., Ltd.
- ▶ EVOTECH Co., Ltd. **M&A**

## Tohoku

- ▶ Japan Elevator Service Jyosai Co., Ltd. (Tohoku Branch)

## Kanto

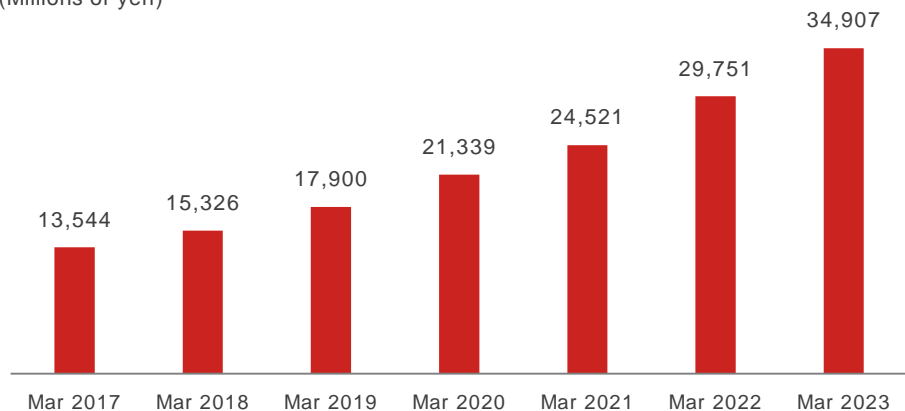
- ▶ Japan Elevator Service Holdings Co., Ltd.
- ▶ Japan Elevator Service Jyonan Co., Ltd.
- ▶ Japan Elevator Service Jyosai Co., Ltd.
- ▶ Japan Elevator Service Kanagawa Co., Ltd.
- ▶ Japan Elevator Parts Co., Ltd.
- ▶ Japan Parking Service Co., Ltd.
- ▶ Tokyo Elevator Co., Ltd. **M&A**
- ▶ Toyota Facility Service Co., Ltd. **M&A**
- ▶ Kanto Elevator System Co., Ltd. **M&A**
- ▶ Elevator Media Co., Ltd. (LiftSPOT)



(\*) Group companies other than maintenance and repair and modernization operations such as elevators  
 (Note) Cosmo Japan Co., Ltd., which became a subsidiary on October 2, 2020, was merged into Japan Elevator Service Jyosai Co., Ltd. on September 1, 2022.  
 (Note) Kansai Elevator Corporation, which became a subsidiary on November 11, 2020, was merged into Japan Elevator Service Kansai Co., Ltd. as of May 1, 2023.  
 (Note) Seiko Elevator Co., Ltd., which became a subsidiary on May 20, 2020, is scheduled to be merged into Japan Elevator Service Jyonan Co., Ltd. on July 1, 2023.

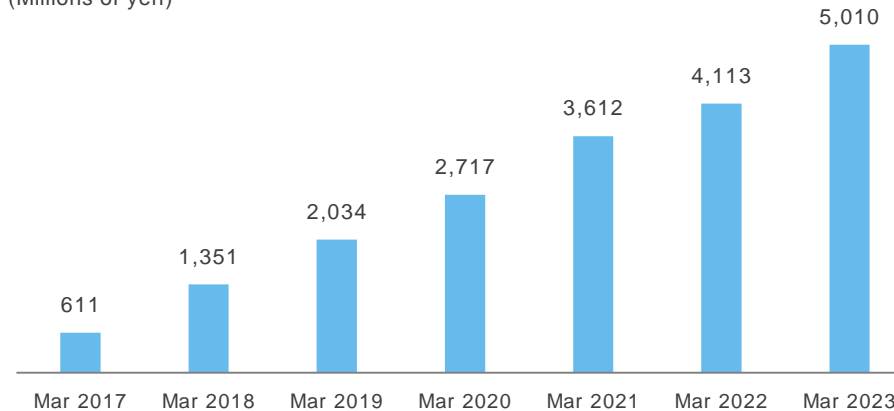
## Net sales

(Millions of yen)



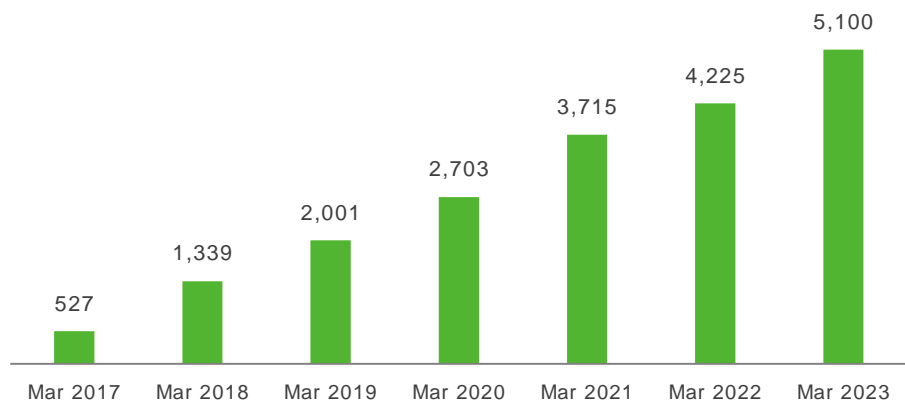
## Operating profit

(Millions of yen)



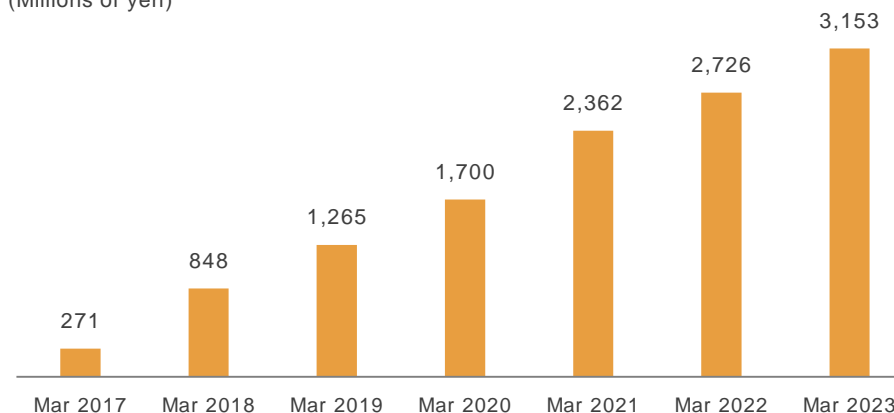
## Ordinary profit

(Millions of yen)



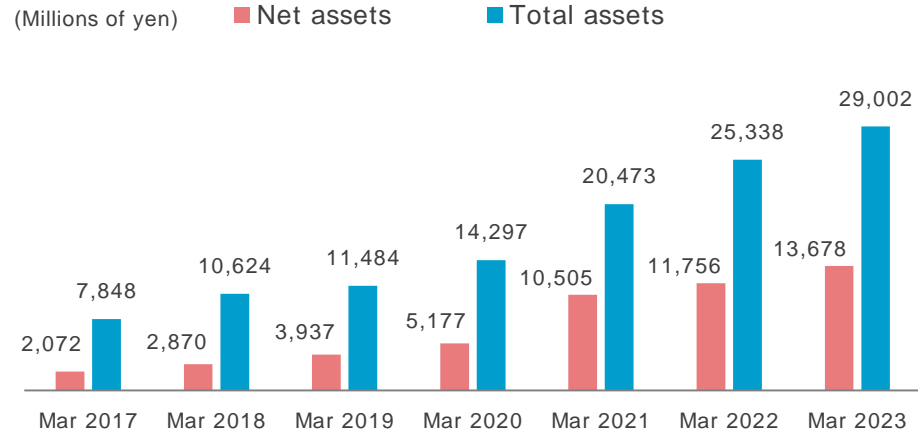
## Profit attributable to owners of parent

(Millions of yen)

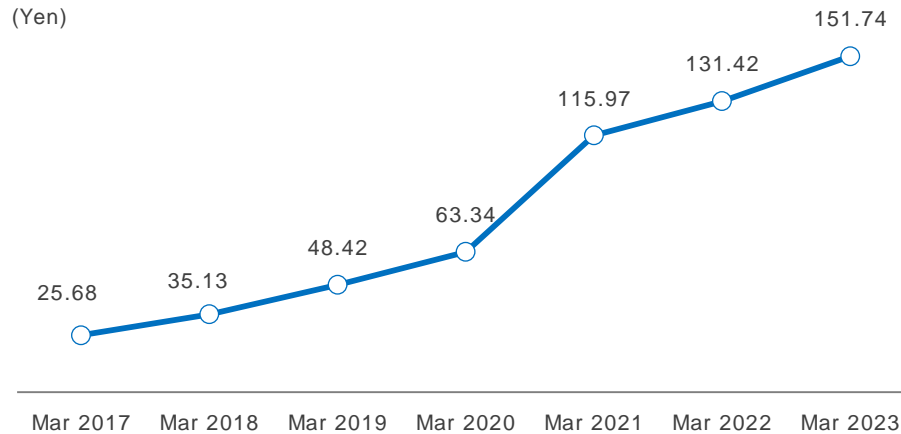




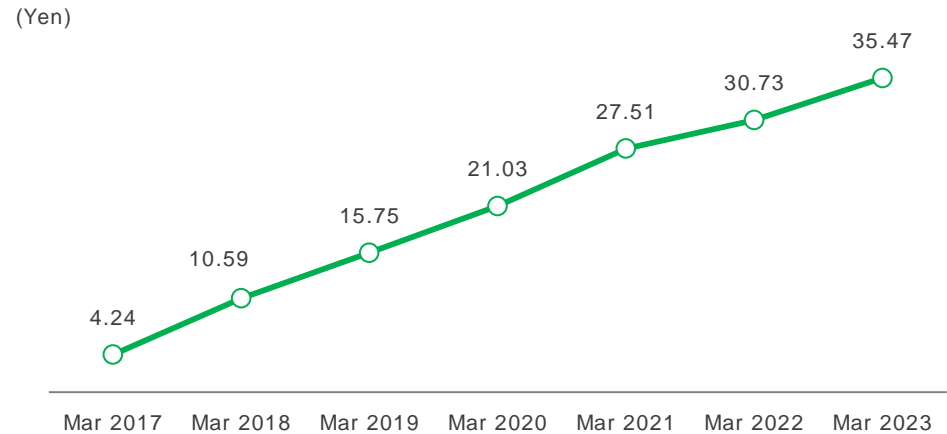
## Net assets / Total assets



## Net assets per share



## Earnings per share



Stock splits history: two-for-one effective on October 1, 2017 two-for-one effective on October 1, 2018 two-for-one effective on January 1, 2021

## Disclaimer

- | Japan Elevator Service Holdings (the “Company”) has prepared these materials for your reference, so that you may understand the current status of the Company.
- | While these materials have been prepared based on generally-known economic and social conditions and certain assumptions that we have determined to be reasonable, the information contained herein is subject to change without prior notice for reasons such as changes in the business environment.

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