



August 8, 2023

# Three Months for FY Mar 2024 Results Supplement

## Japan Elevator Service Holdings Co., Ltd.

(TSE Prime Market : 6544)

< Caution >

This document is a 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.

1

Fiscal Year Ending Mar 2024 Three Months Results

2

Fiscal Year Ending March 2024 Forecasts



FY Mar 2024  
Three Months Results

## Maintenance contracts off to a good start exceeding 90,000 units

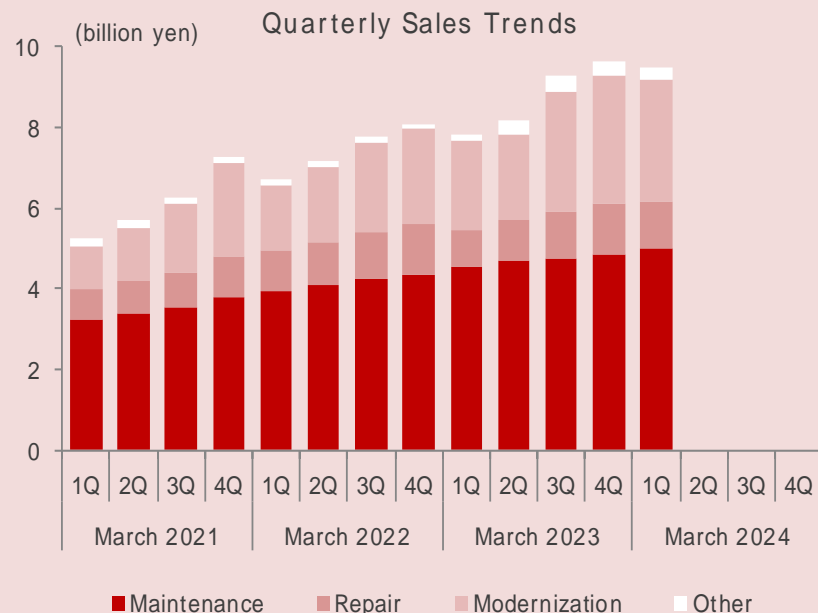
- I The number of maintenance contracts in Japan was 91,800 units. The net increase was 3,170 units, a good start to the year.
- I The number of renewals was 430 units (up 110 units YoY), on a backdrop of strong demand, which was on a par with the 4Q of the previous year.
- I The number of offices increased to 139 (as of 1 July). Branches and sales offices were opened in Niigata and Fukushima, covering almost all areas of Honshu.
- I The number of employees continues to be strengthened by recruiting a good balance of new graduates and mid-career workers, as well as engineers and sales staff.

(units, person)

	FY ended March 2020 Actual	FY ended March 2021 Actual	FY ended March 2022 Actual	FY ended March 2023 Actual	3 months ended June 2023 Actual	(Change YtD)
Maintenance contracts	54,800	67,500	79,000	88,630	91,800	+ 3,170
Modernization (cumulative)	820	920	1,150	1,530	430	+ 110
Parking equipment	--	--	18,830	22,050	22,860	+ 810
No. of offices	78	101	124	132	139	+ 7
No. of Employees	1,234	1,398	1,618	1,766	1,887	+ 121
Technical personnel	781	881	1,003	1,096	1,198	+ 102
Sales personnel	135	156	195	218	232	+ 14

Another strong sales in renewal and double-digit growth in maintenance and repair sales resulted in a 21.4% YoY increase in sales in the Q1

- ┆ Maintenance sales grew steadily in line with increased maintenance contracts. Repair work, still affected by delays in parts delivery, but completion volume recovered, and maintenance and repair sales recovered to double-digit growth.
- ┆ Demand for renewals remained strong, and full-scale production continued in Q1.
- ┆ As a result, sales in the first quarter were stronger than usual seasonal factors.



(millions of yen, %)

	3 months ended June 2022		3 months ended June 2023		YoY change	
	Amount	% of sales	Amount	% of sales	Amount	%
Maintenance & Repair	5,470	70.0	6,142	64.7	671	12.3
Modernization	2,192	28.0	3,016	31.8	824	37.6
Other	155	2.0	335	3.5	180	115.7
<b>Total</b>	<b>7,818</b>	<b>100.0</b>	<b>9,494</b>	<b>100.0</b>	<b>1,675</b>	<b>21.4</b>

Full-year forecasts have been revised upwards on the back of the first quarter exceeding initial forecasts and the improved visibility of the outlook

- l Maintenance sales grew due to an increase in the number of maintenance contracts, and maintenance and renewal sales increased significantly.
- l Although cost of sales increased due to a significant increase in renewals, the operating income margin achieved a high level for the first quarter due to the effect of SG&A cost containment.
- l Progress in signing maintenance contracts and renewal orders has increased the certainty of the full-year forecast, and the conservative forecast at the beginning of the period has been revised. Both sales and profits were revised upwards.

(millions of yen, yen, %)

	3 months ended June 2022		3 months ended June 2023		YoY change	
	Amount	% of sales	Amount	% of sales	Amount	%
Net sales	7,818	100.0	9,494	100.0	1,675	21.4
Operating profit	963	12.3	1,308	13.8	344	35.7
Ordinary profit	1,061	13.6	1,326	14.0	265	25.0
Profit attributable to owners of parent	694	8.9	837	8.8	142	20.5
(Depreciation)	269	3.4	332	3.5	62	23.2
(Amortization)	65	0.8	67	0.7	2	3.6
EBITDA	1,298	16.6	1,707	18.0	409	31.5
EPS	7.83	--	9.40	--	1.57	20.1

I Cash and cash equivalents and net assets decreased due to dividend payments and capital expenditure.

(millions of yen)

	Fiscal Year ended March 2023	End of June 2023	Change
Cash and cash equivalents	2,034	1,736	- 297
Property, plant and equipment	11,695	12,186	+ 491
Intangible assets	4,495	4,446	- 48
Borrowings	7,726	8,973	+ 1,246
Net assets	13,678	13,029	- 649
Total assets	29,002	28,903	- 98



FY Mar 2024  
Financial Forecasts



Upwardly revised due to higher-than-expected renewal operations. Continue to Expect Another Year of Record Sales and Profits

- | Maintenance and renewal work continues to expand.
- | Operating profit is forecast to reach a record high due to cost and SG&A cost controls.

(millions of yen, %)

	March 2023		March 2024				
	Amount	Margins	Initial Forecast		Revised Forecast		YoY
			Amount	% of sales	Amount	% of sales	
Maintenance & repair services	23,178	66.4	25,100	64.4	25,500	62.2	110.0
Modernization services	10,468	30.0	12,500	32.1	14,100	34.4	134.7
Other	1,259	3.6	1,400	3.5	1,400	3.4	111.1
Net Sales	34,907	100.0	39,000	100.0	41,000	100.0	117.5

(millions of yen, %)

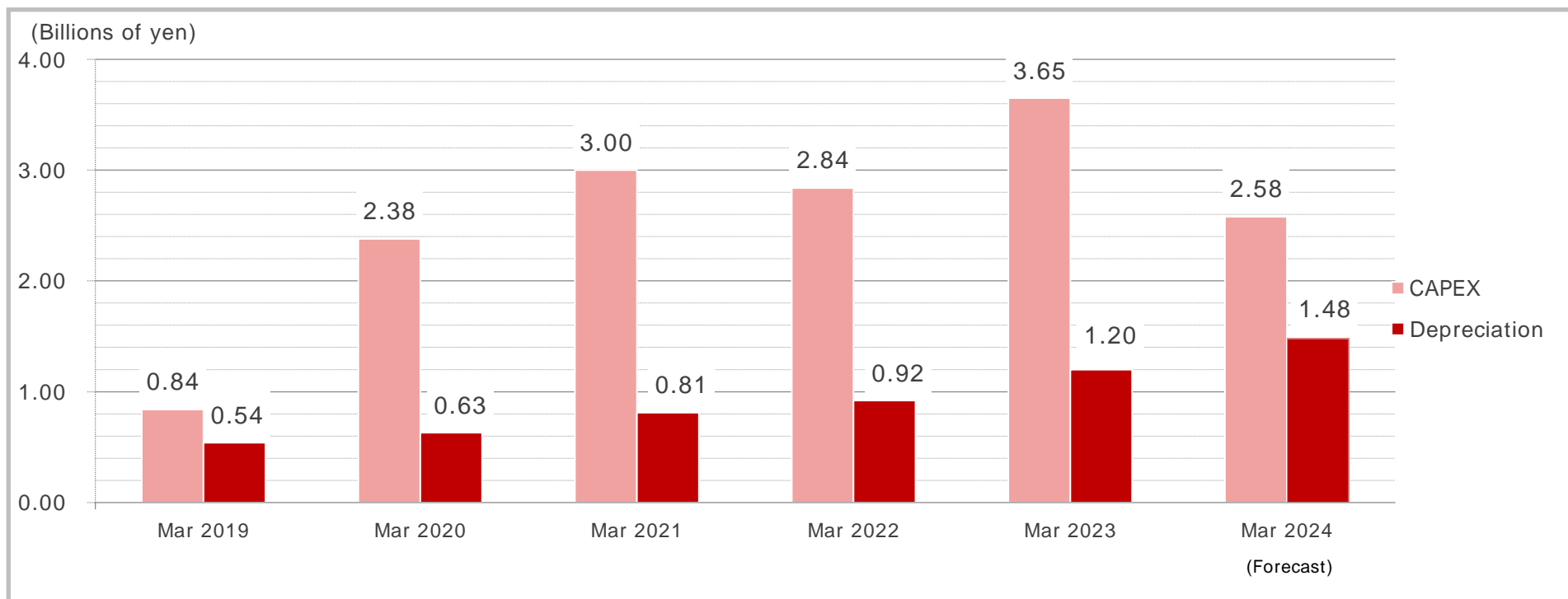
	March 2023		March 2024				
	Amount	Margins	Initial Forecast		Revised Forecast		YoY
			Amount	Margins	Amount	Margins	
Net sales	34,907		39,000		41,000		117.5
Operating profit	5,010	14.4	5,700	14.6	6,600	16.1	131.7
Ordinary profit	5,100	14.6	5,700	14.6	6,600	16.1	129.4
Profit attributable to owners of parent	3,153	9.0	3,550	9.1	4,100	10.0	130.0

# FY2024 Capital Expenditures and Depreciation Forecasts

(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

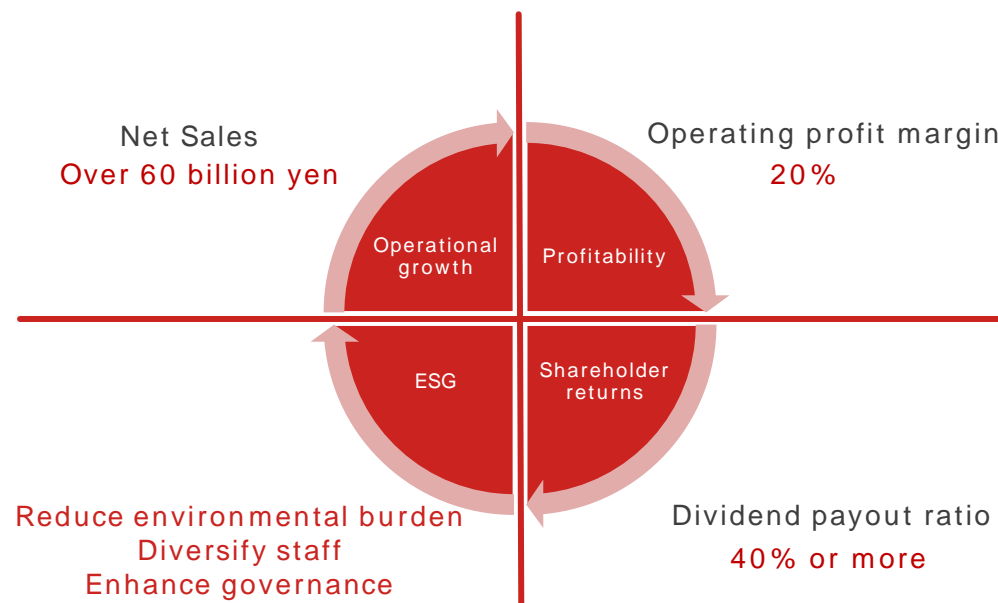
- As a company qualified for the TSE Prime Market, we aim to achieve sustainable growth and increase corporate value, adapting to changes in the social environment, by addressing not only business growth but also social and global environmental issues from a medium- to long-term perspective.

## 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

## Reconciliation of 60 billion yen in Net Sales and Operating Margin of 20% with Growing Maintenance Contracts

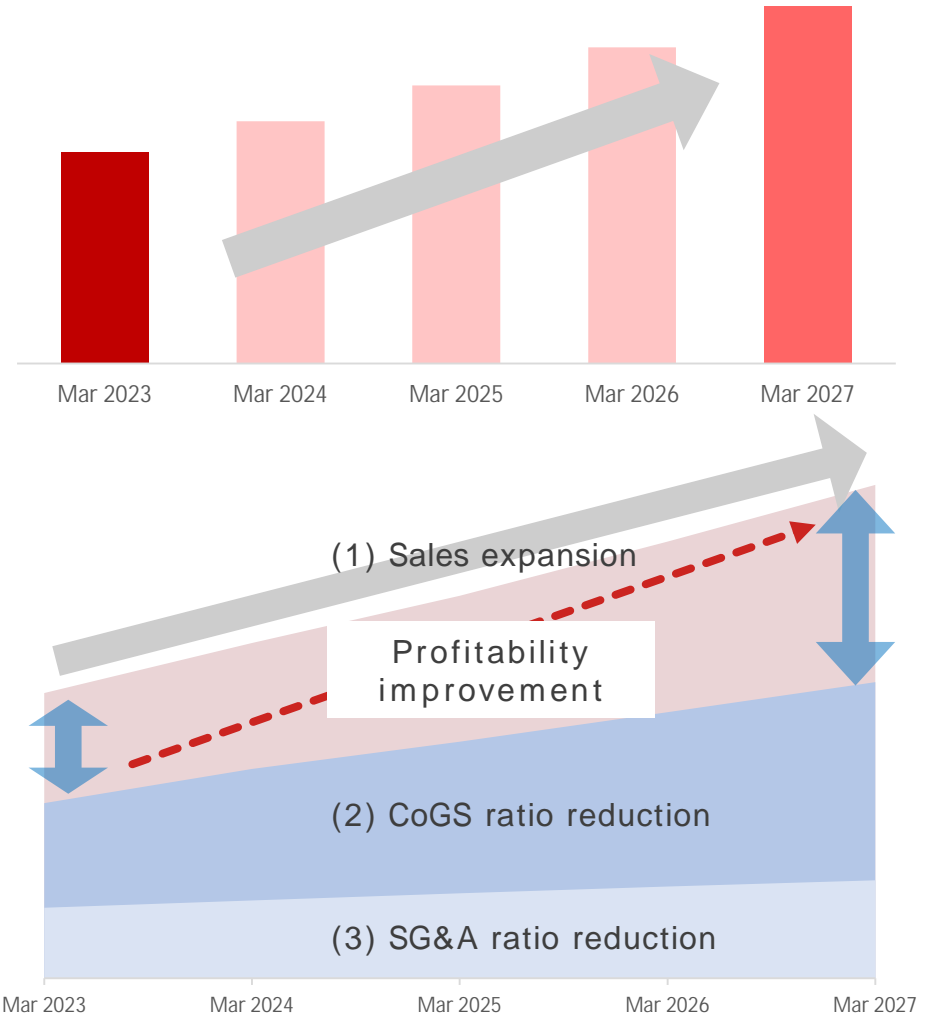
### 1. Achieve net sales of 60 billion yen by expanding the market and increasing share in Japan

- | As of March 31, 2023, our domestic maintenance market share will be approximately 8% (our estimate)
- | There is ample room to expand market share, especially in newly penetrated areas, by leveraging our high-quality, reasonably priced services, and we will expand our maintenance sales system and personnel to capture new customers
- | Sales expansion by capturing modernization demand due to increase in number of units

### 2. Improve operating profit margins through higher productivity

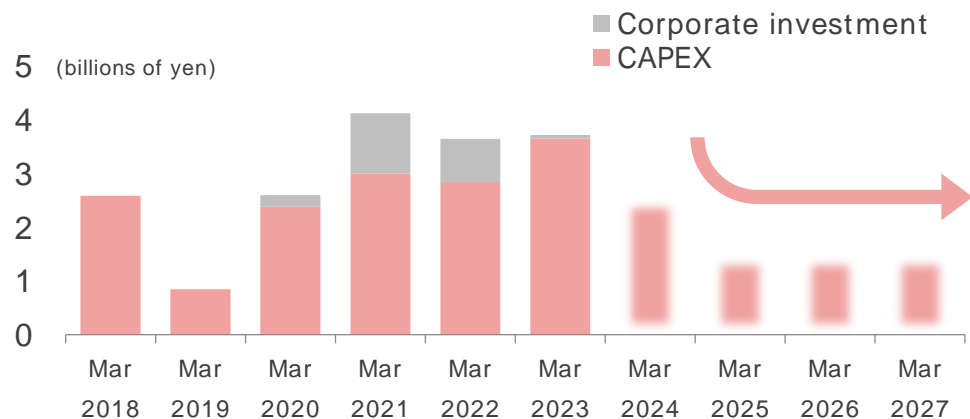
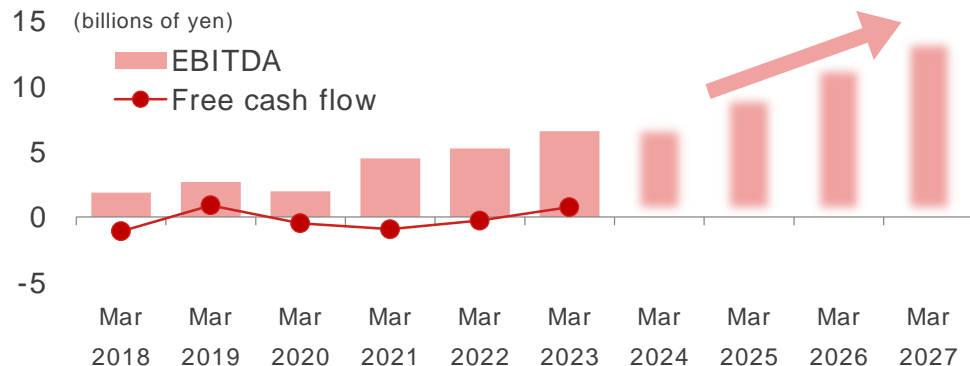
- | Increase contribution from high margin maintenance sales  
Improve margins in newly expanded areas with low market share by increasing the number of maintenance contracts
- | Reduction in CoGS ratio  
Despite our continued effort to increase the number of technical personnel, costs should be under control since we are hiring new graduates and training them  
Improve the number of units managed by technical personnel  
Curbing material costs by utilizing refurbished products
- | Reduction in SG&A ratio  
Reduce administrative costs by optimizing staffing and utilizing IT systems

**Increased number of maintenance contracts should improve profit step by step and lead to operating profit margin of 20%**



## Capital Expenditures Peaking and Positive FCF Trend Expected The Company Aims for a Strong Balance Sheet

### Trends in EBITDA, free cash flow, and growth investment



JIC Construction    JIL Construction    PRIME PHS outage support  
Kansai JIC Construction

(Note) Corporate investment represents capital spending for the acquisition of subsidiaries.

- Capital expenditures peaked in FY2023, and after the completion of the Kansai JIC (name TBD) in FY2024, CAPEX shall be limited to installation of PRIME and LiftSPOT terminals as contract increases, and system investments and R&D
- M&A considered only as opportunities arise



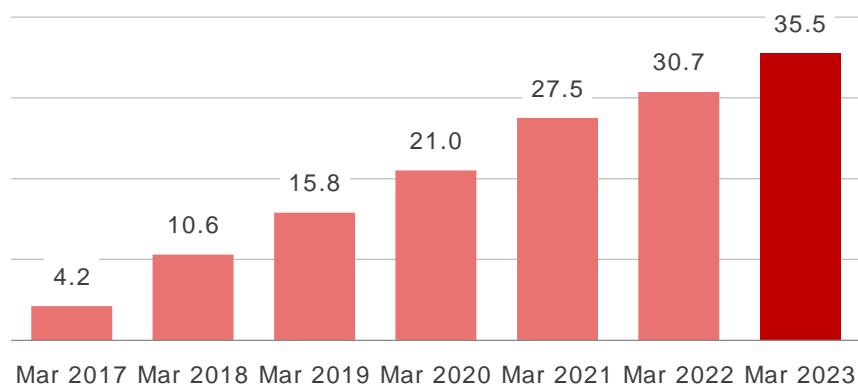
EBITDA and free cash flow expected to trend upward in parallel going forward



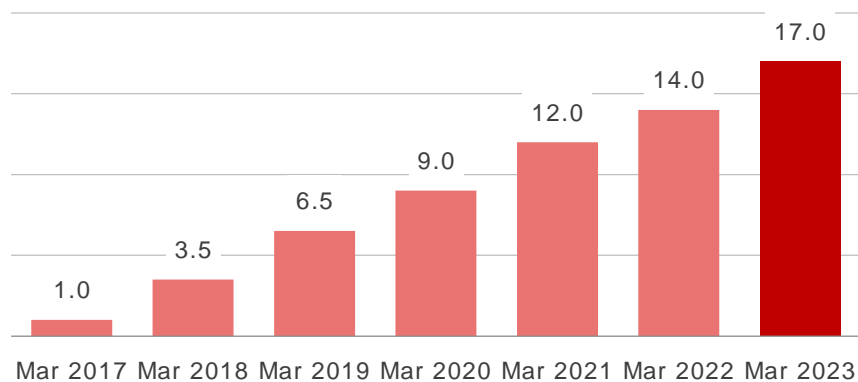
- Investment in human capital as an investment for growth
- Repayment of long-term borrowings
- Maintain a dividend payout ratio of over 40% for shareholder returns
- Considering share buybacks when the time is right

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

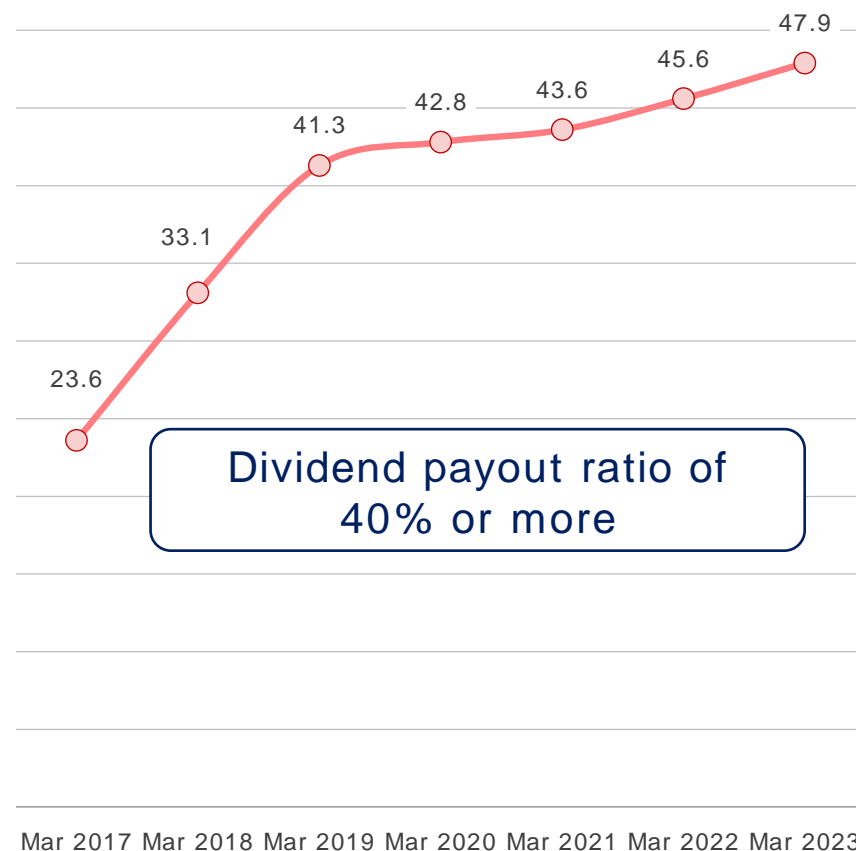
### Adjusted EPS (yen)



### Adjusted DPS (yen)



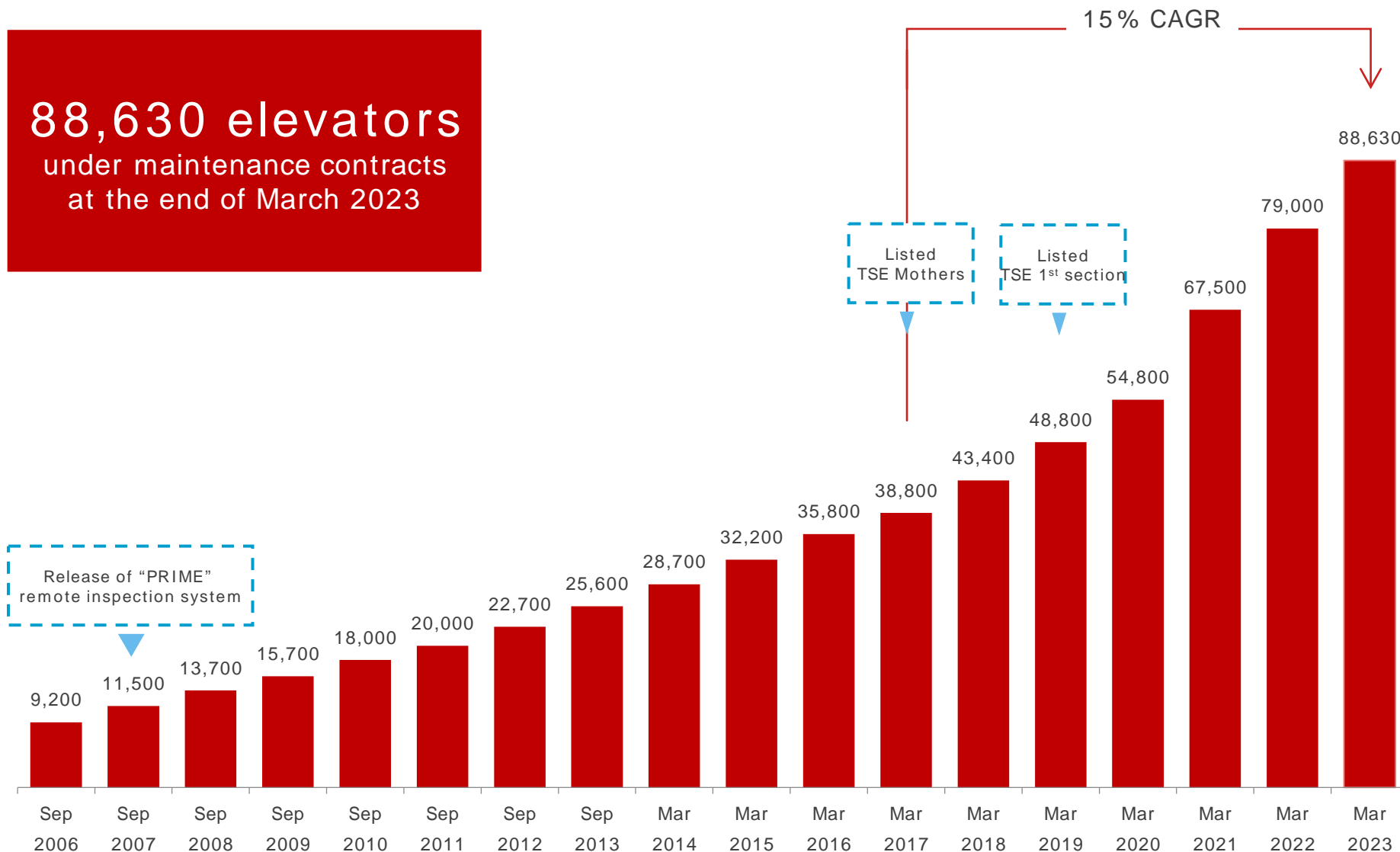
### Dividend Payout Ratio (%)





# References

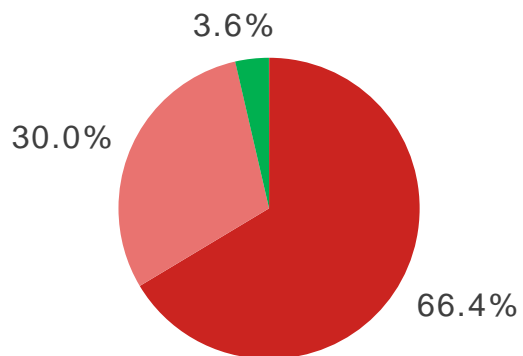
**88,630 elevators**  
under maintenance contracts  
at the end of March 2023



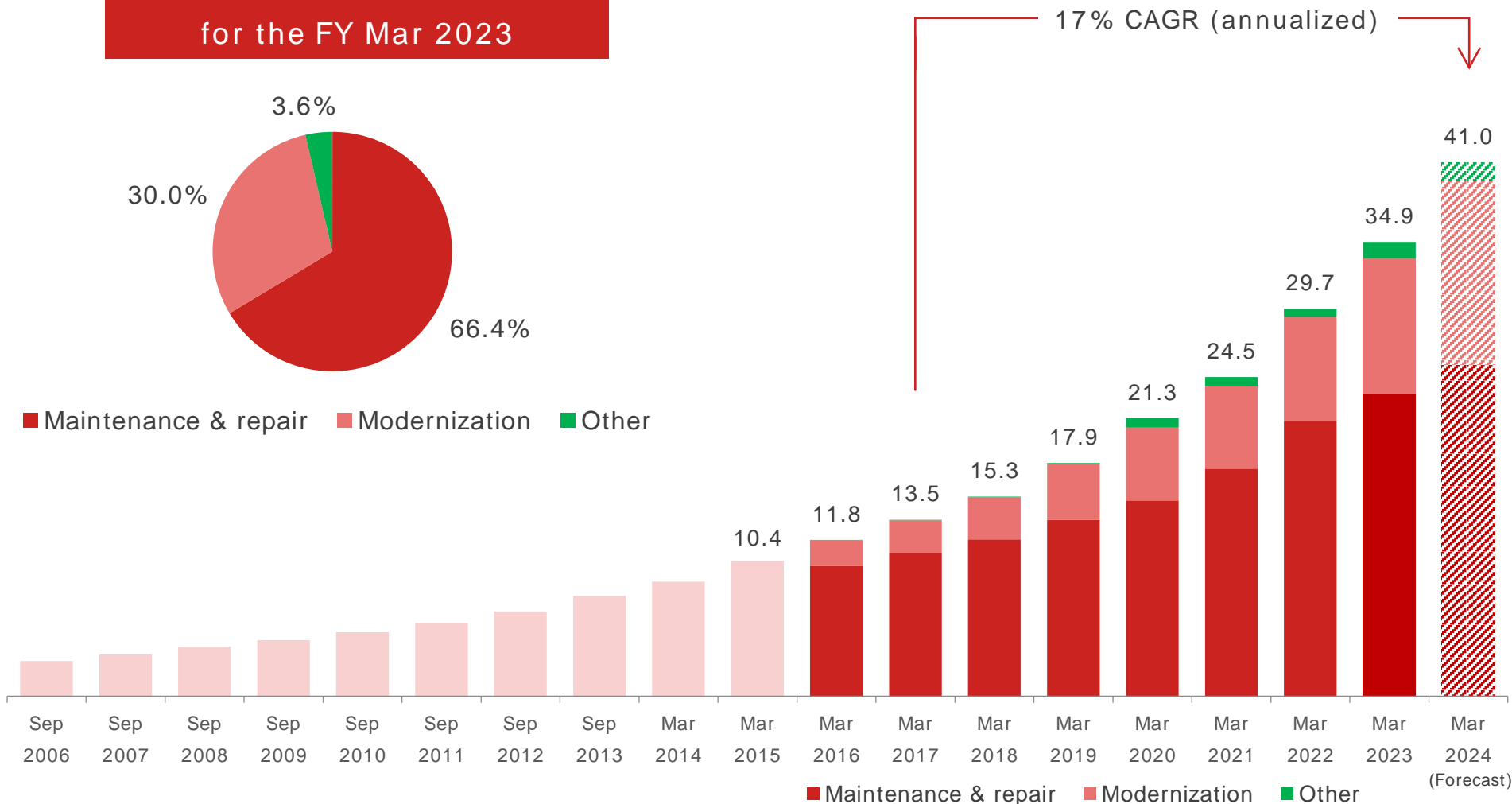


## Net sales of 34.9B

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 August 1, 2023  
139 offices

## Hokuriku

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

## Tokai / Koshinetsu

- ▶ Japan Elevator Service Tokai Co., Ltd.
- ▶ Japan Elevator Service Jyosai 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

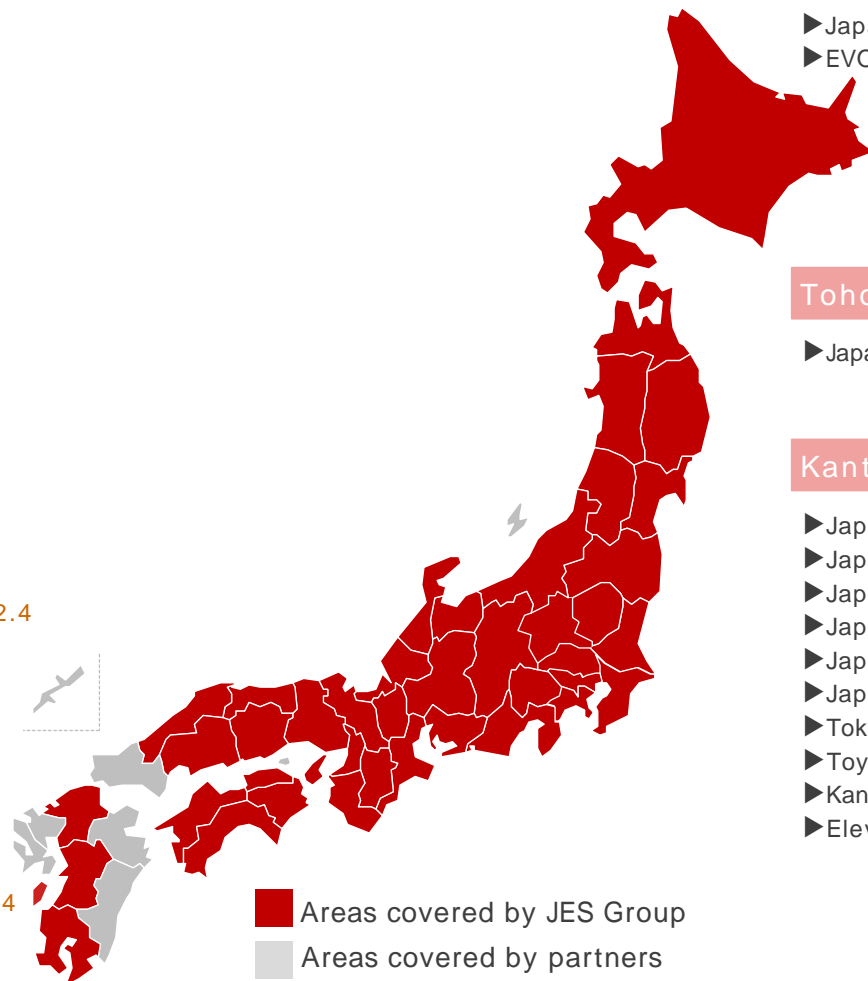
- ▶ Japan Elevator Service Hokkaido Co., Ltd.
- ▶ EVOTECH Co., Ltd. **M&A**

## 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)

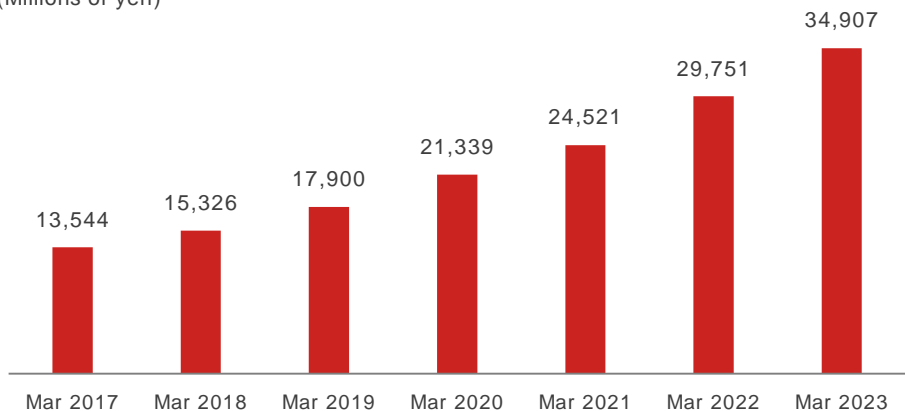


■ Areas covered by JES Group  
■ Areas covered by partners

(\*) 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, was merged into Japan Elevator Service Jyonan Co., Ltd. on July 1, 2023.  
 (Note) Ikuta Building Maintenance Co., Ltd., which became a subsidiary on October 3, 2022, is scheduled to be merged into Shikoku Elevator Service Co., Ltd. on September 1, 2023.

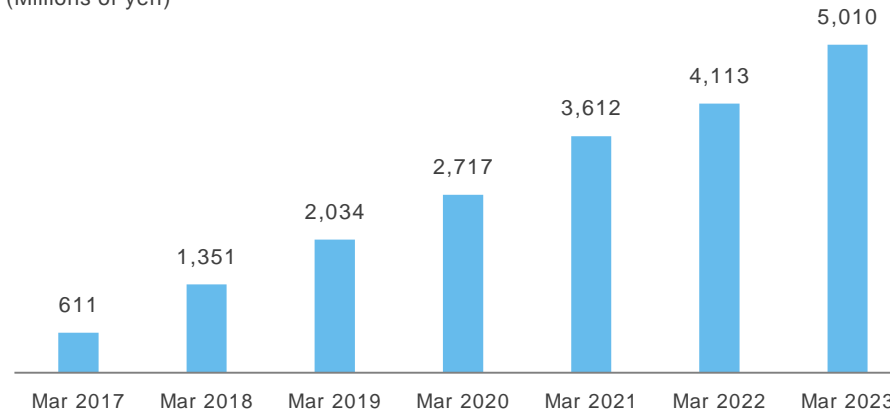
## Net sales

(Millions of yen)



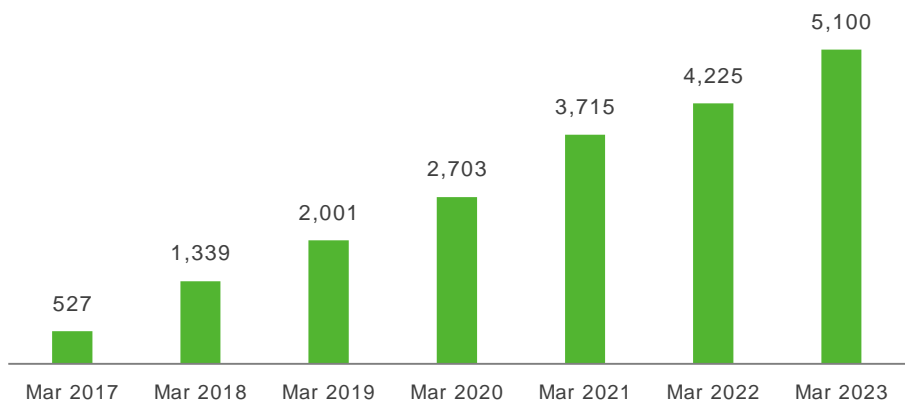
## Operating profit

(Millions of yen)



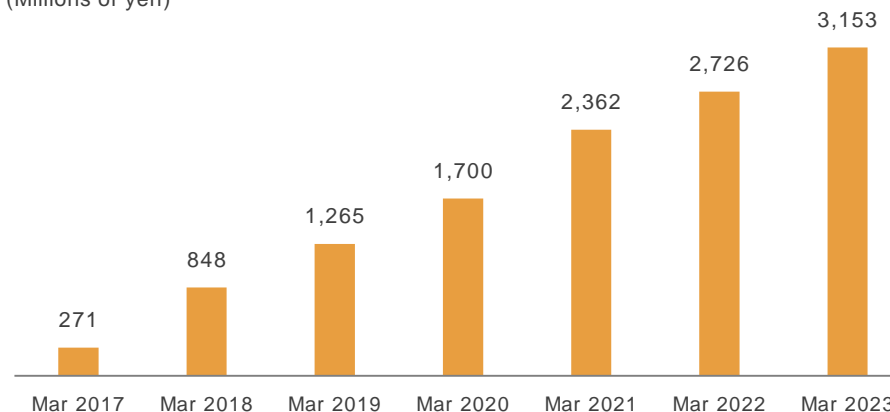
## Ordinary profit

(Millions of yen)

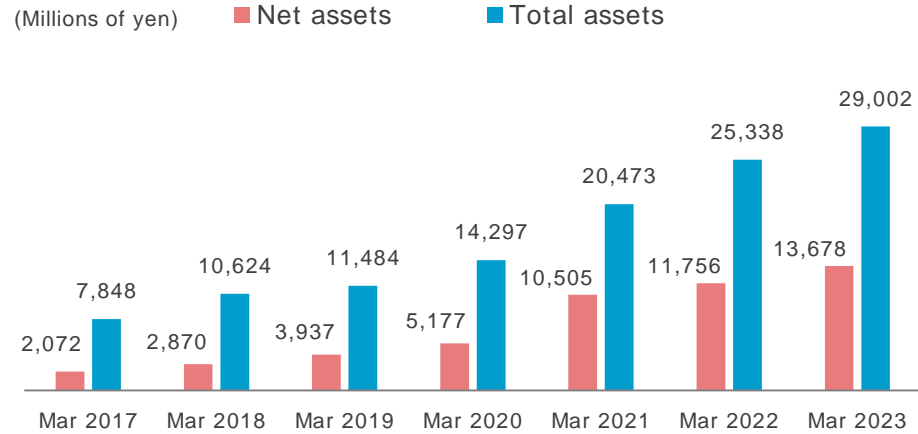


## Profit attributable to owners of parent

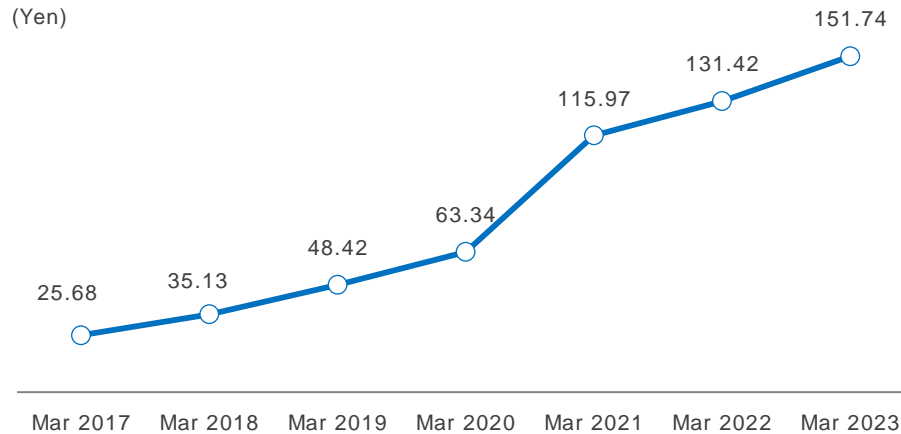
(Millions of yen)



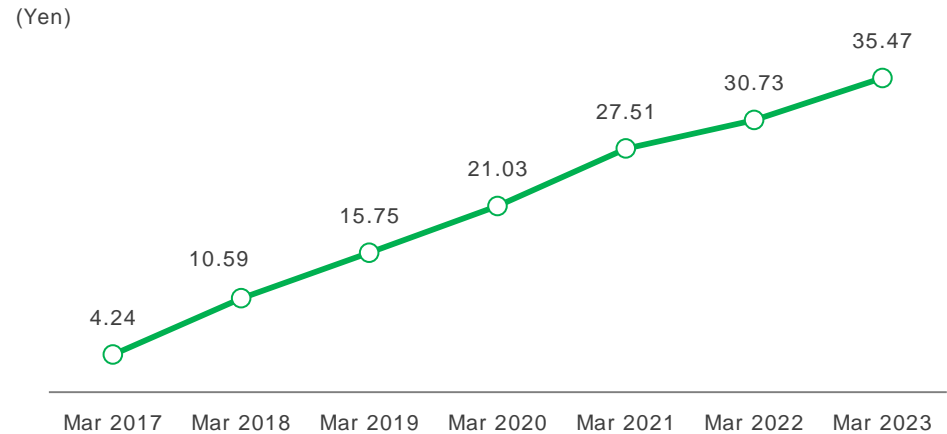
## Net assets / Total assets



## 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.

## Caution concerning forward-looking statements

- | The data and information in this presentation contains forward-looking statements. These statements are based on certain assumptions underlying current expectations, forecasts, and risks, and carry with them uncertainties which could cause actual results to substantially differ from the projected figures.
- | These risks and uncertainties include general industry and market conditions, as well as general domestic and international economic conditions, such as changes in interest rates and exchange rates.
- | The Company has no obligation to revise the forward-looking statements contained in this presentation at a later date, even if new information and/or future events emerge.