



November 10, 2023

Six Months Results for FY Mar 2024 Supplement

Japan Elevator Service Holdings Co., Ltd.

(TSE Prime Market : 6544)

< Caution >

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1

Six Months Results for Fiscal Year Ending Mar 2024

2

Fiscal Year Ending March 2024 Forecasts



Six Months Results for FY Mar 2024

Maintenance contract volume maintained steady growth pace due to organic growth as well as a bolt-on M&A

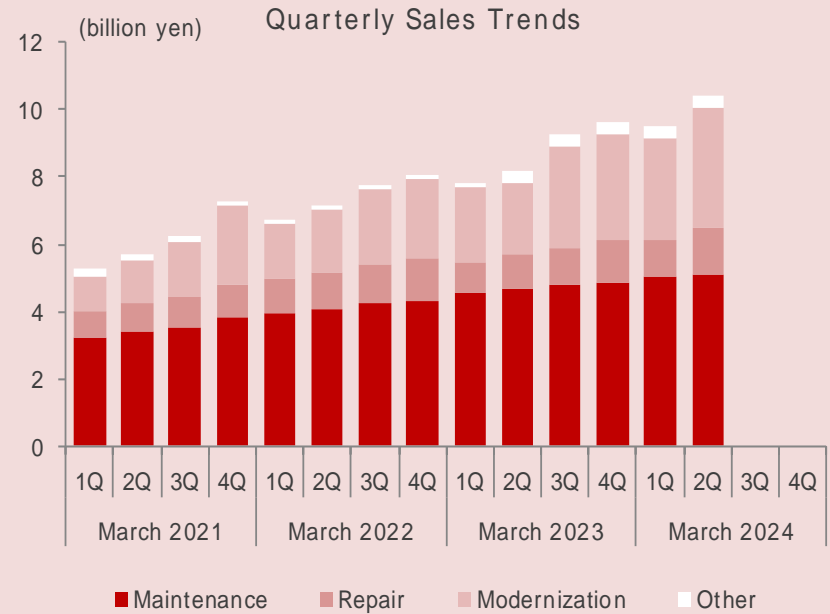
- I The number of maintenance contracts in Japan was 94,660 units. The net increase was 6,030 units, including 650 units of Emic Co., Ltd., maintaining a steady pace of increase
- I Against the backdrop of robust demand, the number of units renewed in 2Q alone reached a record high, reaching a cumulative total of 930 units, significantly exceeding the figure for the same period of the previous year (640 units)
- I The number of locations has expanded to 138 (as of November 1). Established branches and sales offices in Niigata and Fukushima, covering almost all areas of Honshu. The Group continues to reinforce work force in strategic areas such as engineering and sales

(units, person)

| | FY ended March 2020 Actual | FY ended March 2021 Actual | FY ended March 2022 Actual | FY ended March 2023 Actual | 6 months ended September 2023 Actual | (Change YtD) |
|----------------------------|----------------------------------|----------------------------------|----------------------------------|----------------------------------|--|--------------|
| Maintenance contracts | 54,800 | 67,500 | 79,000 | 88,630 | 94,660 | + 6,030 |
| Modernization (cumulative) | 820 | 920 | 1,150 | 1,530 | 930 | + 290 |
| Parking equipment | -- | -- | 18,830 | 22,050 | 23,600 | + 1,550 |
| No. of offices | 78 | 101 | 124 | 132 | 138 | + 6 |
| No. of Employees | 1,234 | 1,398 | 1,618 | 1,766 | 1,872 | + 106 |
| Technical personnel | 781 | 881 | 1,003 | 1,096 | 1,189 | + 93 |
| Sales personnel | 135 | 156 | 195 | 218 | 232 | + 14 |

Continued strong modernization sales and double-digit growth in maintenance and repair sales resulted in a 24.4% increase in 2Q net sales YoY

- I Maintenance sales grew steadily due to an increase in the number of maintenance contracts. Repair services also showed improvement from delivery delays due to the shortage of semiconductors, and maintenance and repair services maintained double-digit sales growth
- I Modernization needs remained strong, and both volume and unit prices increased in Q2
- I As a result, sales increased significantly in the second quarter



(millions of yen, %)

| | 6 months ended September 2022 | | 6 months ended September 2023 | | YoY change | |
|----------------------|-------------------------------|--------------|-------------------------------|--------------|--------------|-------------|
| | Amount | % of sales | Amount | % of sales | Amount | % |
| Maintenance & Repair | 11,184 | 70.0 | 12,599 | 63.4 | 1,414 | 12.7 |
| Modernization | 4,287 | 26.8 | 6,616 | 33.3 | 2,328 | 54.3 |
| Other | 514 | 3.2 | 670 | 3.4 | 156 | 30.4 |
| Total | 15,987 | 100.0 | 19,887 | 100.0 | 3,899 | 24.4 |

Forecast dividend of 23 yen per share based on steady earnings growth in line with the revised forecast

- I In addition to an increase in maintenance sales due to an increase in the number of maintenance contracts, repair and modernization sales increased significantly
- I In addition to a high level of shipments of modernization equipment, unit prices also improved, resulting in a quarterly improvement in gross profit and further progress in controlling SG&A expenses resulted in a 16.3% operating income margin, the highest for a single quarter
- I With the steady progress of earnings against the revised forecast announced on August 8, the company expects to pay a dividend of 23 yen per share, an increase of 6 yen per share over the previous year

(millions of yen, yen, %)

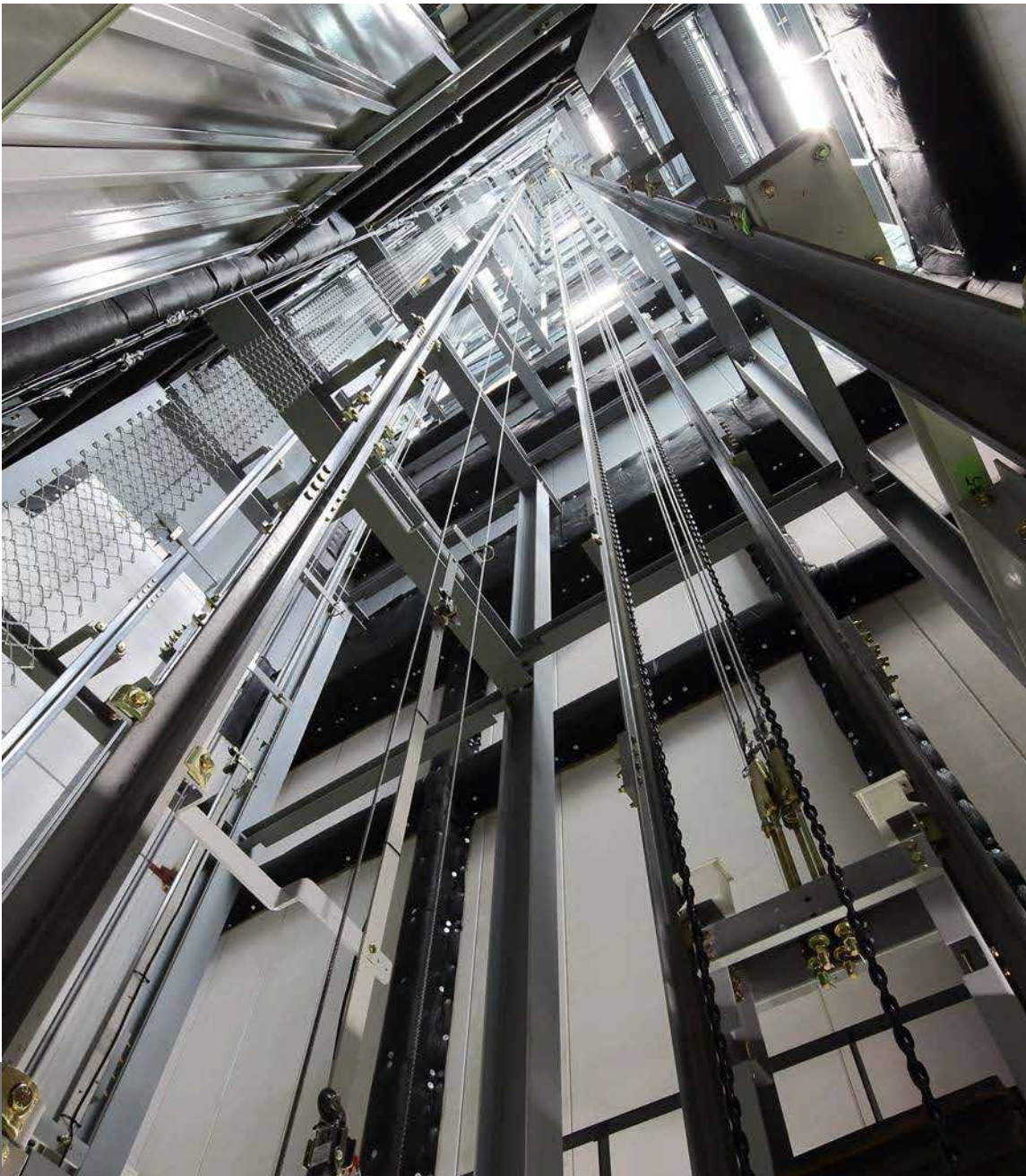
| | 6 months ended September 2022 | | 6 months ended September 2023 | | YoY change | |
|--|----------------------------------|------------|----------------------------------|------------|------------|------|
| | Amount | % of sales | Amount | % of sales | Amount | % |
| Net sales | 15,987 | 100.0 | 19,887 | 100.0 | 3,899 | 24.4 |
| Operating profit | 2,073 | 13.0 | 3,005 | 15.1 | 932 | 45.0 |
| Ordinary profit | 2,168 | 13.6 | 3,031 | 15.2 | 862 | 39.8 |
| Profit attributable to owners of parent | 1,401 | 8.8 | 1,930 | 9.7 | 529 | 37.8 |
| (Depreciation) | 561 | 3.5 | 676 | 3.4 | 114 | 20.4 |
| (Amortization) | 131 | 0.8 | 134 | 0.7 | 2 | 2.2 |
| EBITDA | 2,766 | 17.3 | 3,816 | 19.2 | 1,049 | 37.9 |
| EPS | 15.79 | -- | 21.68 | -- | 5.89 | 37.3 |

I Cash flow was negative due to dividend payments and capital expenditures, but the equity ratio increased due to a decrease in borrowings

(millions of yen)

| | Fiscal Year ended March 2023 | End of September 2023 | Change |
|-------------------------------|---------------------------------|--------------------------|--------|
| Cash and cash equivalents | 2,034 | 1,486 | - 548 |
| Property, plant and equipment | 11,695 | 12,285 | + 589 |
| Intangible assets | 4,495 | 4,444 | - 50 |
| Borrowings | 7,726 | 7,670 | - 56 |
| Net assets | 13,678 | 14,135 | + 457 |
| Total assets | 29,002 | 29,676 | + 673 |

| | 6 months ended September 2022 | 6 months ended September 2023 | Change |
|--|----------------------------------|----------------------------------|---------|
| Cash flows from operating activities | + 1,726 | + 2,555 | + 829 |
| Depreciation | + 561 | + 676 | + 114 |
| Amortization of goodwill | + 131 | + 134 | + 2 |
| Cash flows from investing activities | - 1,710 | - 1,693 | + 17 |
| Purchase of property, plant and equipment | - 1,377 | - 1,251 | + 126 |
| Cash flows from financing activities | + 55 | - 1,578 | - 1,634 |
| Increase (decrease) in borrowings | + 1,425 | - 56 | - 1,481 |
| Increase in issued shares | + 0 | + 0 | + 0 |
| Dividend paid | - 1,242 | - 1,513 | - 271 |
| Net increase (decrease) in cash and cash equivalents | + 91 | - 702 | - 793 |



FY Mar 2024
Financial Forecasts

Record sales and profit expected on the back of recovery in repair sales and strong modernization business

- | Maintenance and repair sales and modernization sales continue to expand
- | Record-high operating income is expected due to CoGS and SG&A cost controls
- | The revised forecast disclosed on August 8 remains unchanged

(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 |

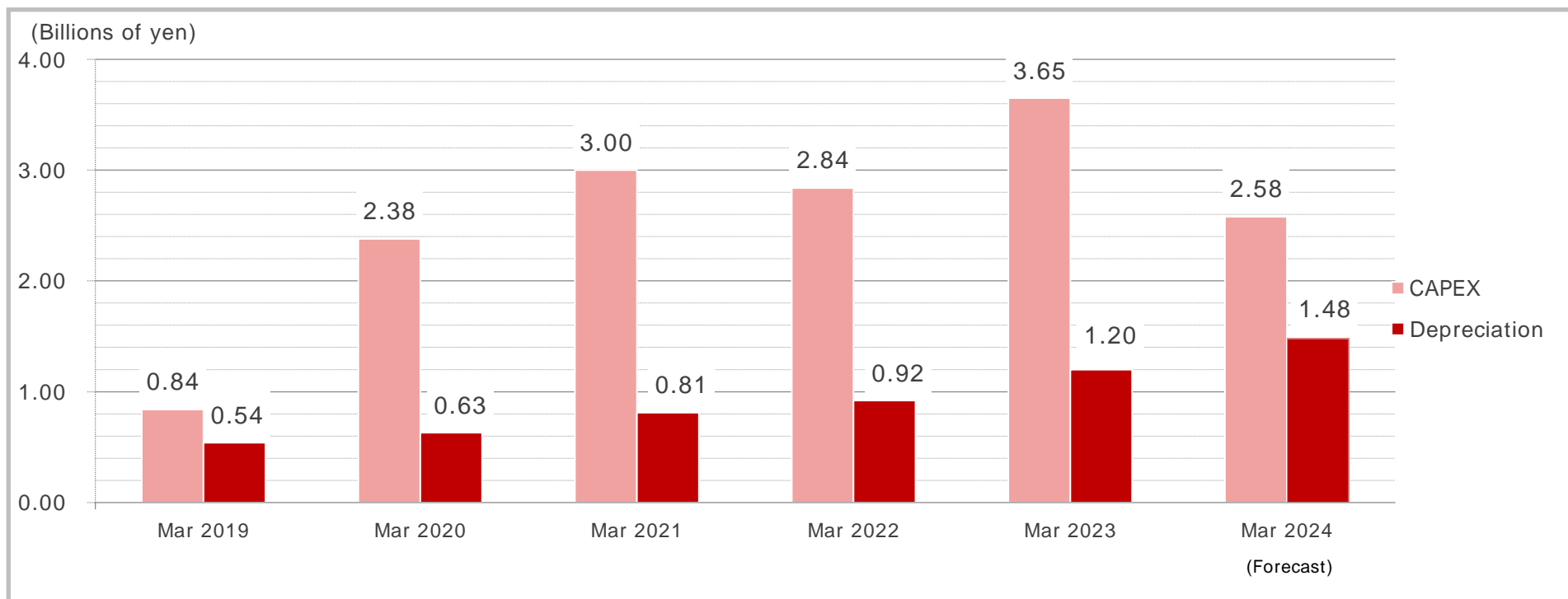
(millions of yen, %)

| | 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 |

(Billions of yen)

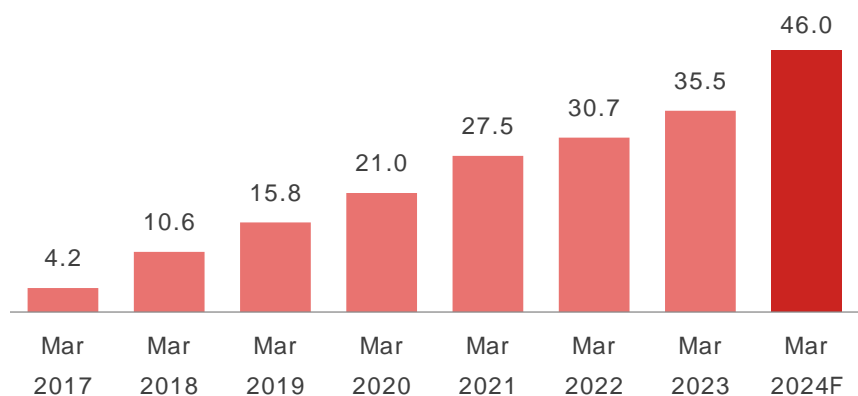
| | FY2023 (Actual) | FY2024 (Forecast) | Items |
|---------------------|-----------------|-------------------|---|
| Capital Expenditure | 3.65 | 2.58 | Investments related to PRIME, a remote inspection service, etc. |
| Depreciation | 1.20 | 1.48 | |

Capital Expenditures and Depreciation

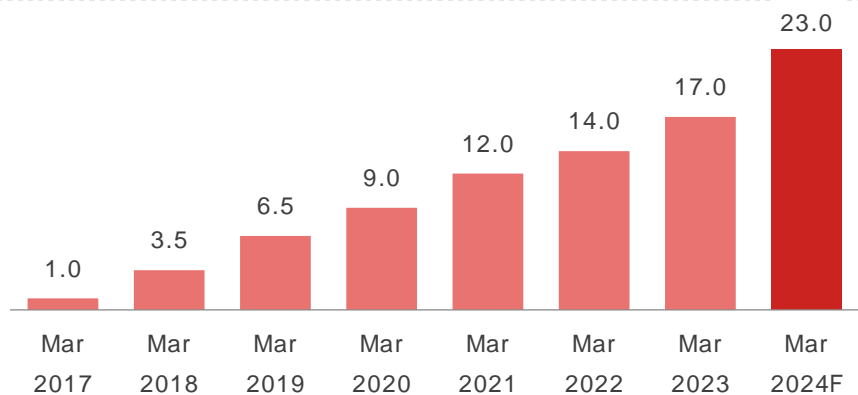


- Stable Increase in EPS and DPS, dividend payout ratio over 40%
- Full-year dividend forecast of ¥23 per share (payout ratio 50%), an increase of ¥6 per share YoY, in line with earnings growth

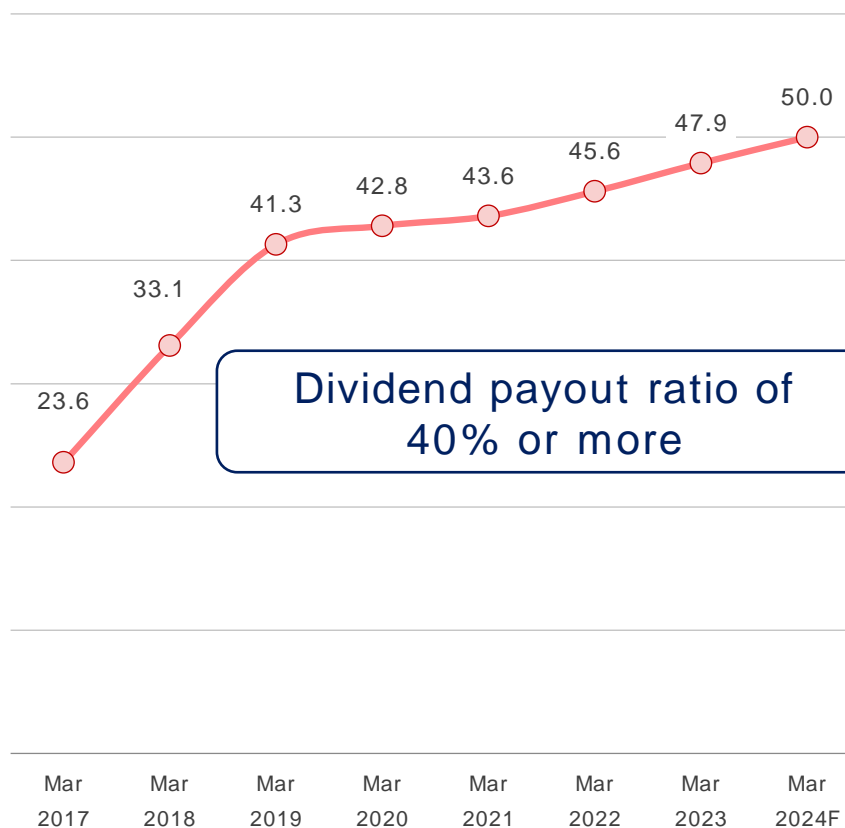
Adjusted EPS (yen)



Adjusted DPS (yen)



Dividend Payout Ratio (%)





References

n Basic Strategy

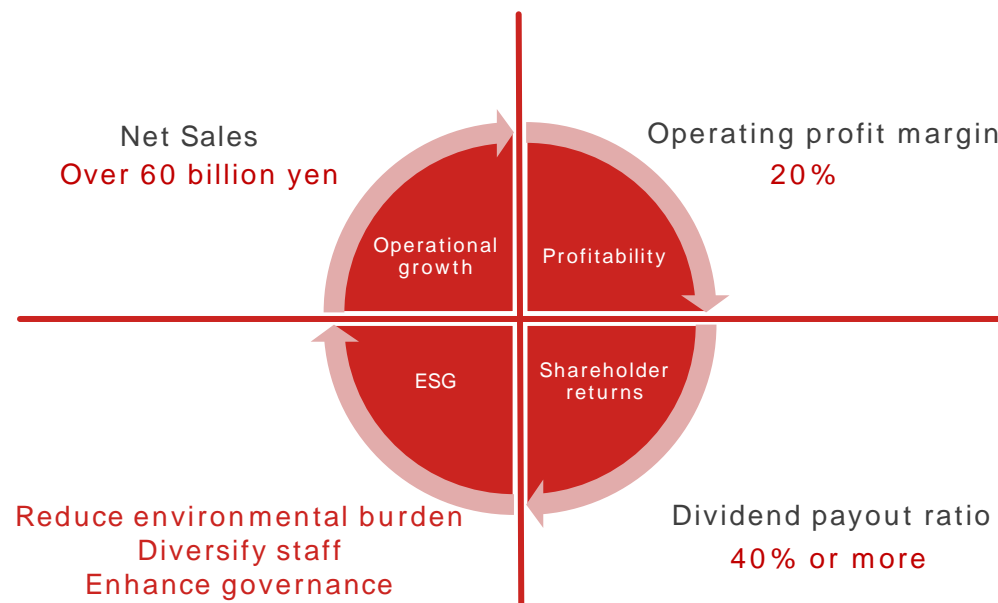
- As a company qualified for the TSE Prime Market, we aim to achieve sustainable growth and increase corporate value, adapting to changes in the social environment, by addressing not only business growth but also social and global environmental issues from a medium- to long-term perspective

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

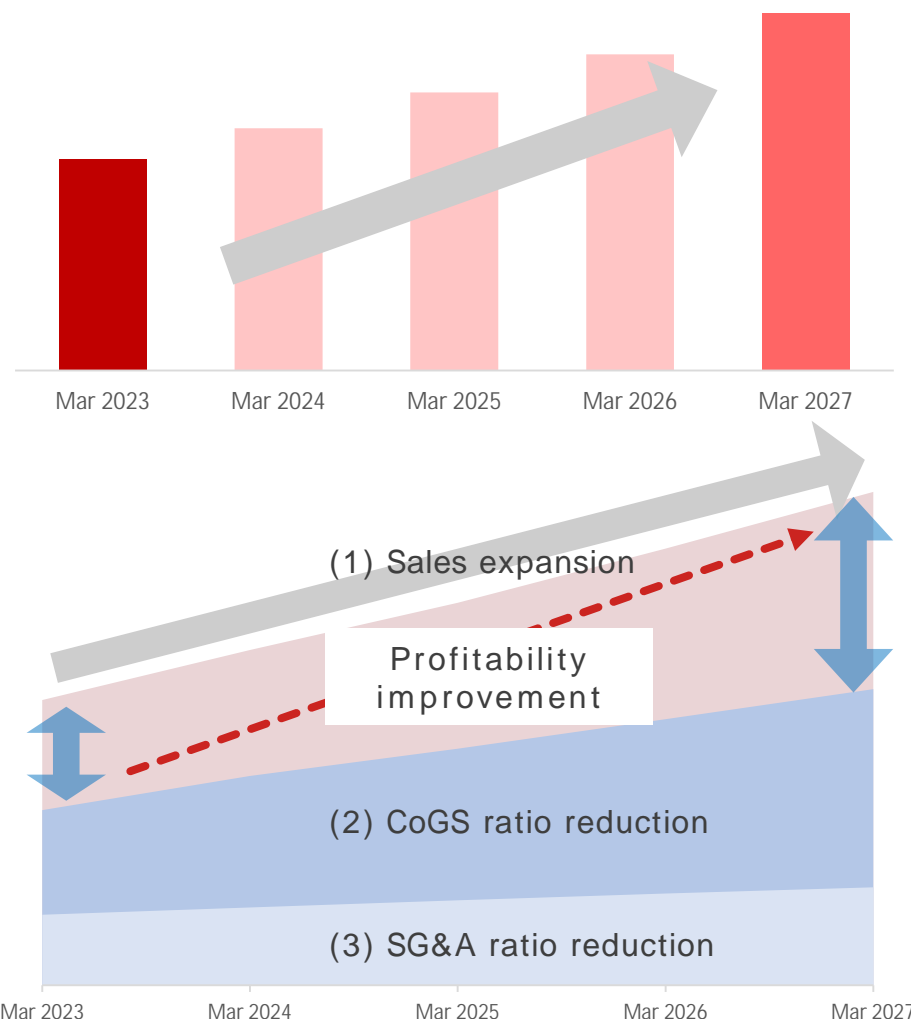
1. Achieve net sales of 60 billion yen by expanding the market and increasing share in Japan

- | 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

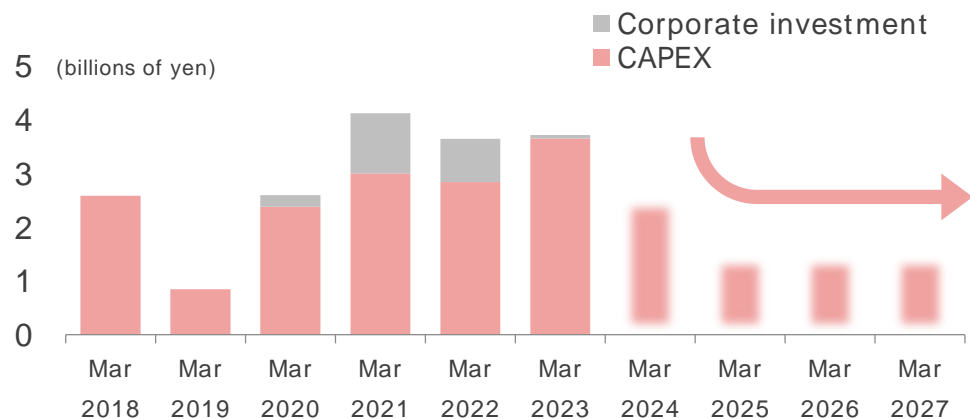
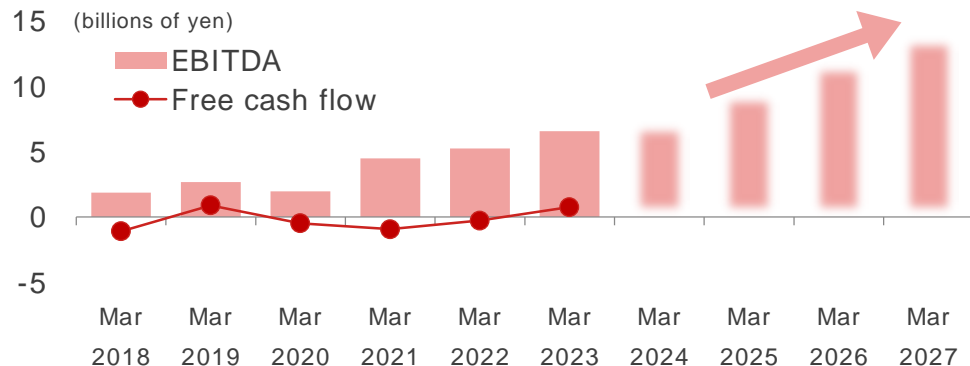
- | Increase contribution from high margin maintenance sales
Improve margins in newly expanded areas with low market share by increasing the number of maintenance contracts
- | Reduction in CoGS ratio
Despite our continued effort to increase the number of technical personnel, costs should be under control 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

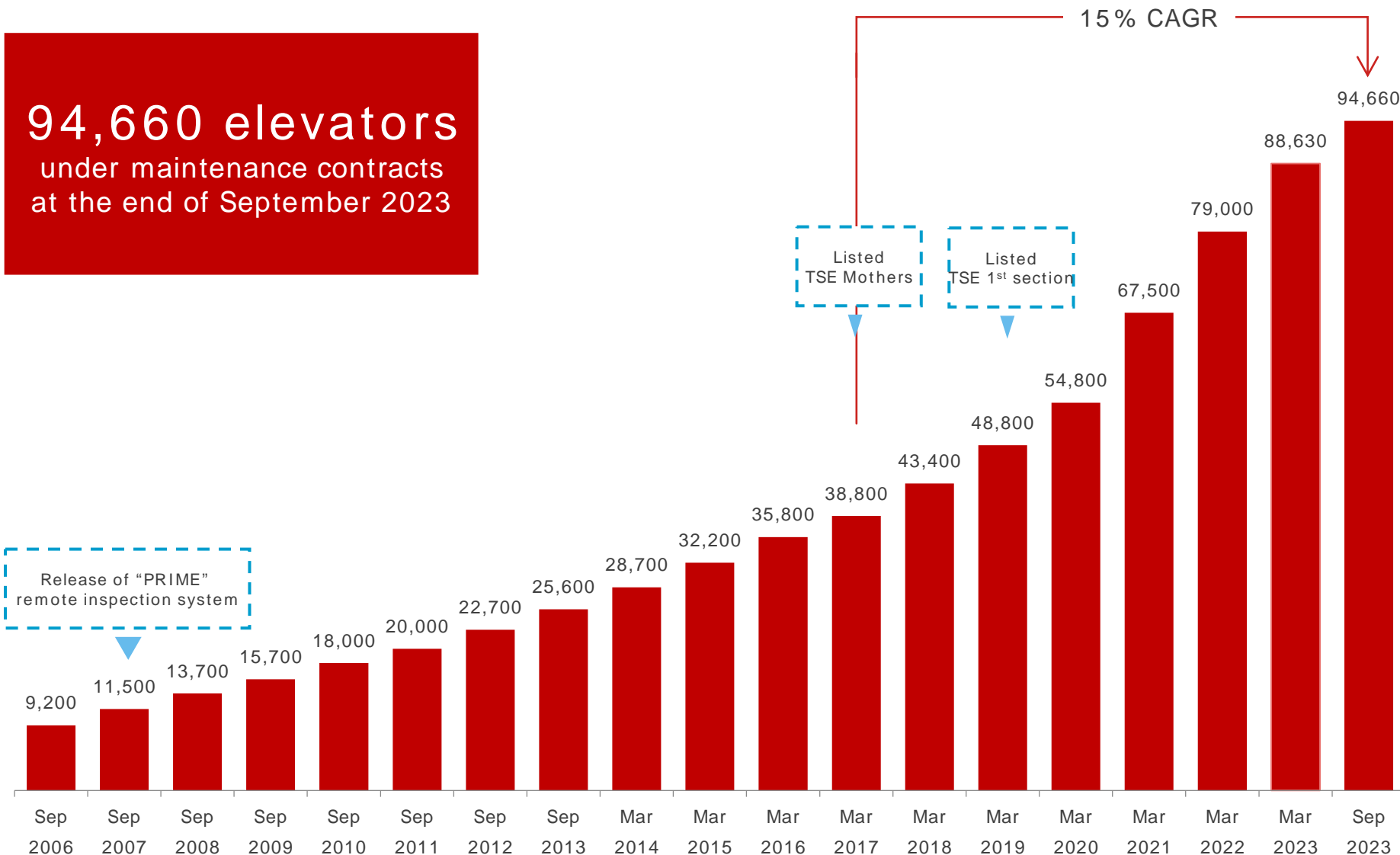


EBITDA and free cash flow expected to trend upward in parallel going forward



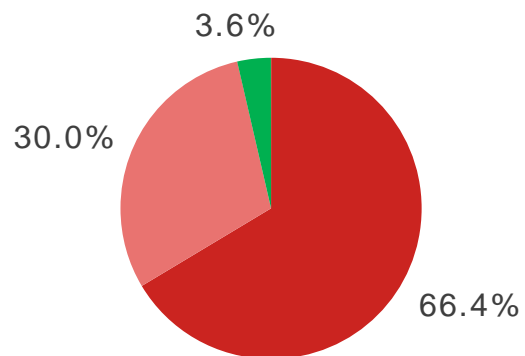
- Investment in human capital as an investment for growth
- Repayment of long-term borrowings
- Maintain a dividend payout ratio of over 40% for shareholder returns
- Considering share buybacks when the time is right

94,660 elevators
under maintenance contracts
at the end of September 2023

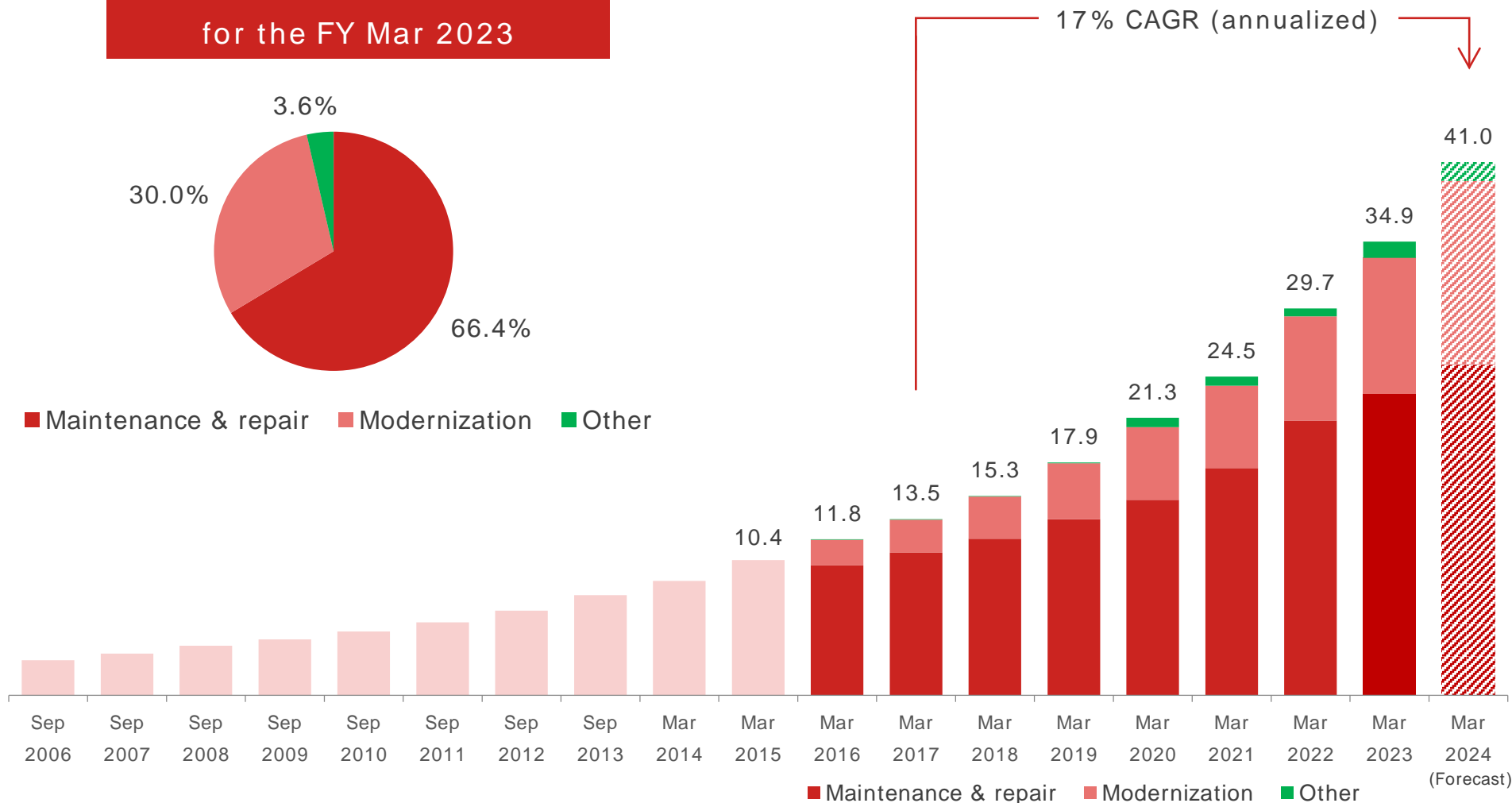


Net sales of 34.9B

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 November 1, 2023
138 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**

Kyushu

Established 2019.4

- ▶ Japan Elevator Service Kyushu Co., Ltd.

Hokkaido

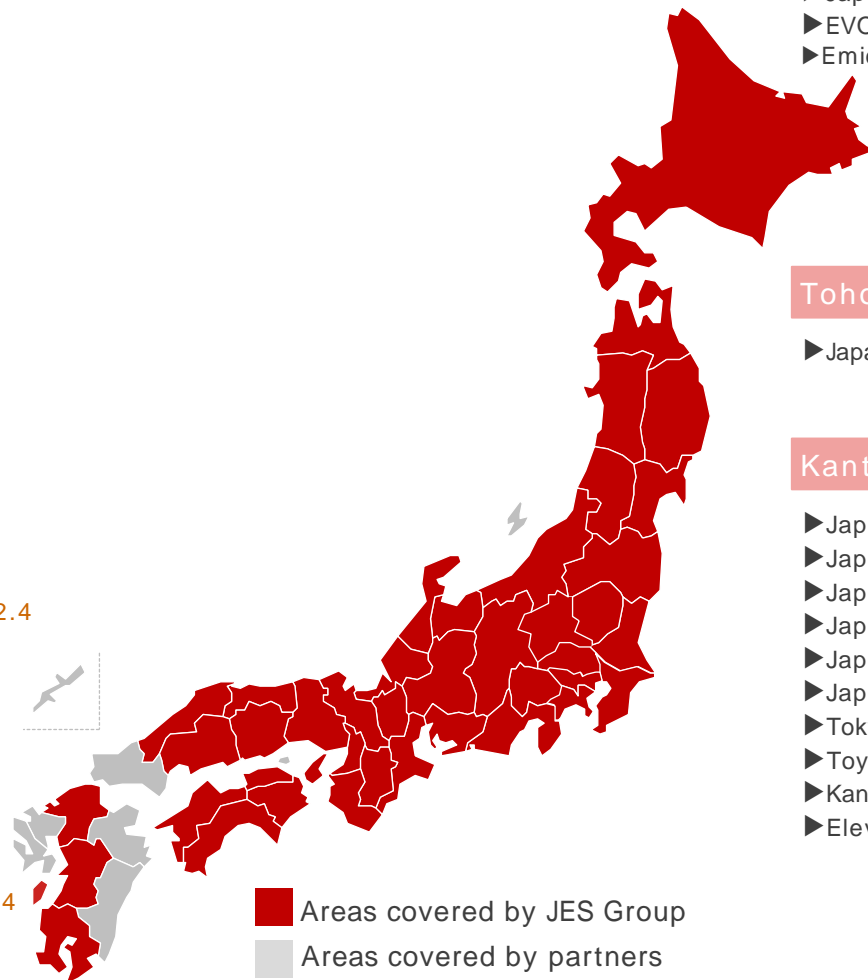
- ▶ Japan Elevator Service Hokkaido Co., Ltd.
- ▶ EVOTECH Co., Ltd. **M&A**
- ▶ Emic Co., Ltd. **M&A**

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)

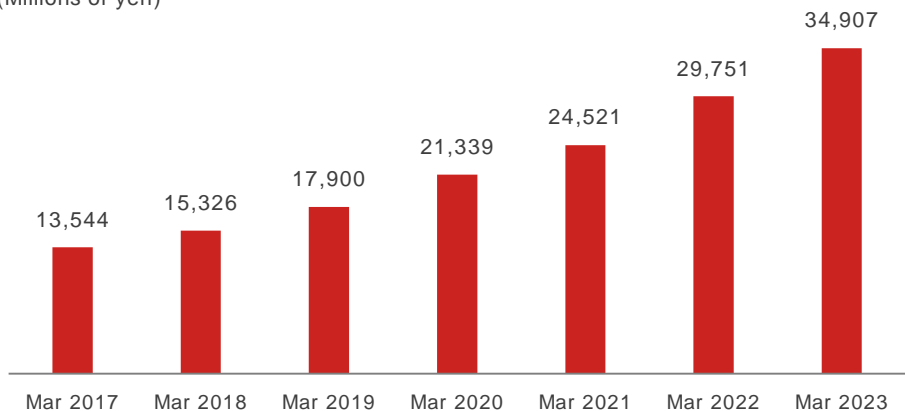


■ Areas covered by JES Group
 ■ Areas covered by partners

(*) 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, was merged into Shikoku Elevator Service Co., Ltd. on September 1, 2023.
 (Note) Toyota Facility Service Co., Ltd., which became a subsidiary on May 13, 2021, is scheduled to be merged into Japan Elevator Service Jyosai Co., Ltd. on December 1, 2023.

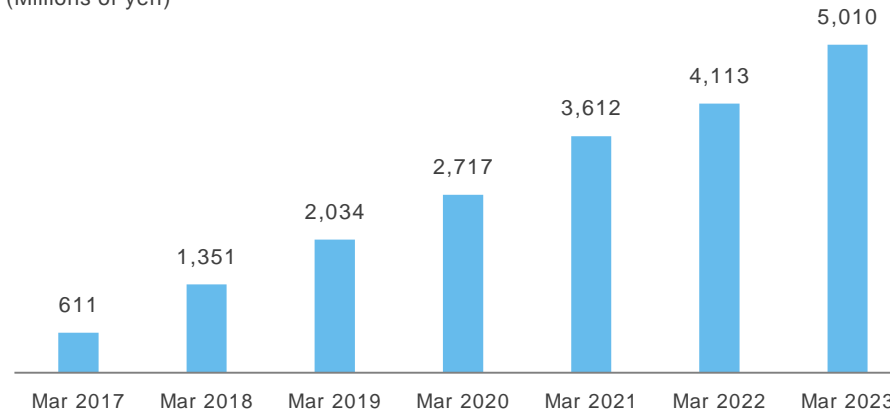
Net sales

(Millions of yen)



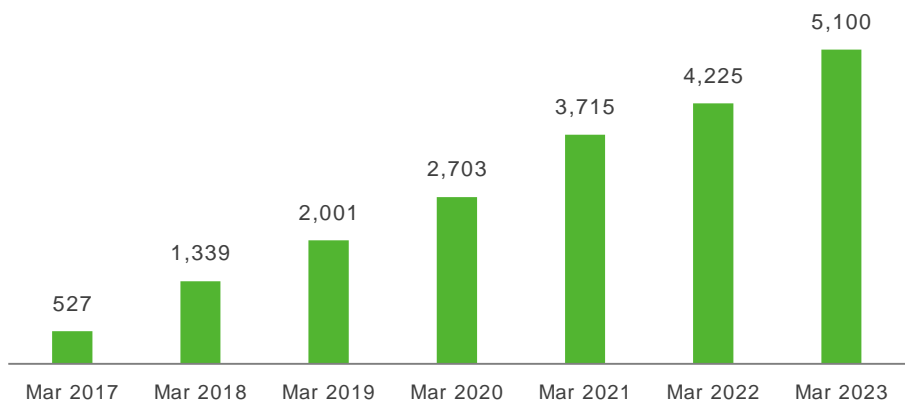
Operating profit

(Millions of yen)



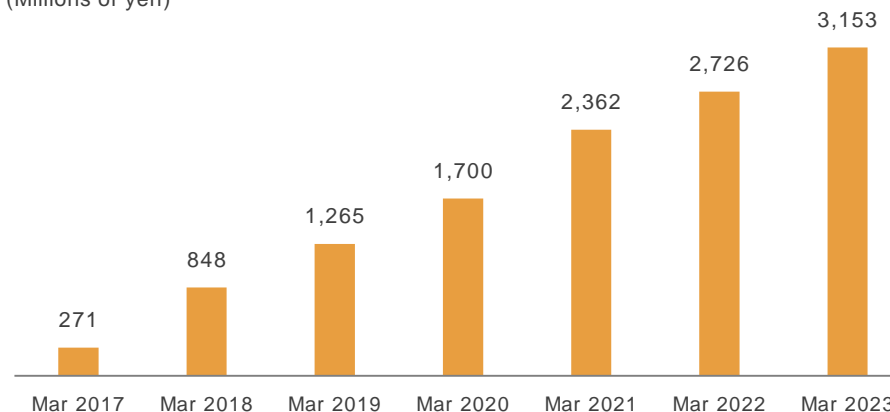
Ordinary profit

(Millions of yen)

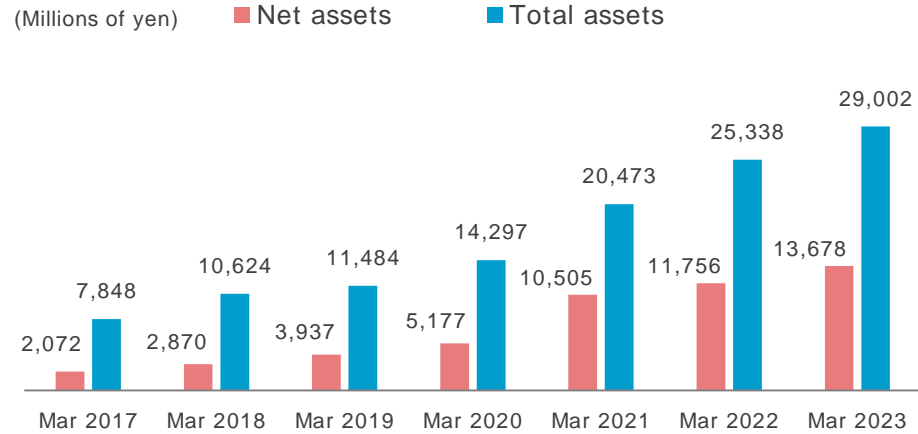


Profit attributable to owners of parent

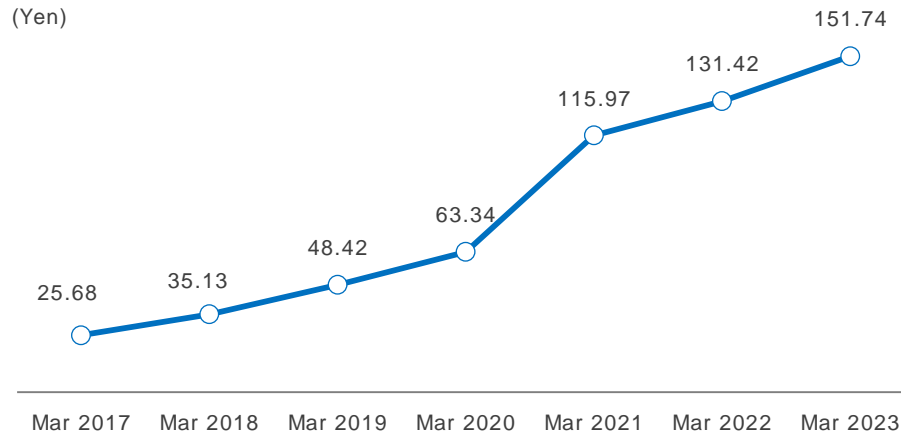
(Millions of yen)



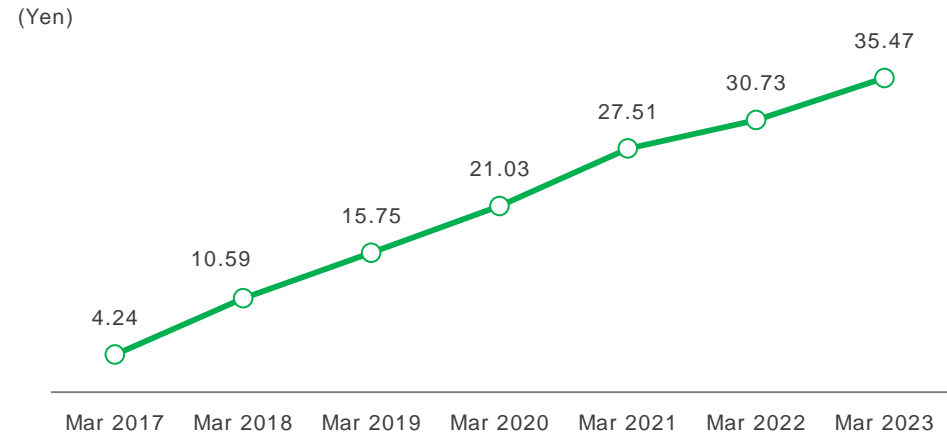
Net assets / Total assets



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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