



February 8, 2024

# Nine Months Results for FY Mar 2024 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

Nine Months Results for Fiscal Year Ending Mar 2024

2

Fiscal Year Ending March 2024 Forecasts



# Nine Months Results for FY Mar 2024

## Maintenance contract volume maintained steady growth pace

- I The number of maintenance contracts in Japan was 96,740 units. The net increase was 8,110 units\*, maintaining a steady pace of increase in the second half
- I Against the backdrop of robust demand, the number of units renewed reached a cumulative total of 1,390 units, significantly exceeding the figure for the same period of the previous year (1,080 units), construction of JES Innovation Center Kansai (JIK) on schedule
- I The number of locations has expanded to 137 (as of February 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

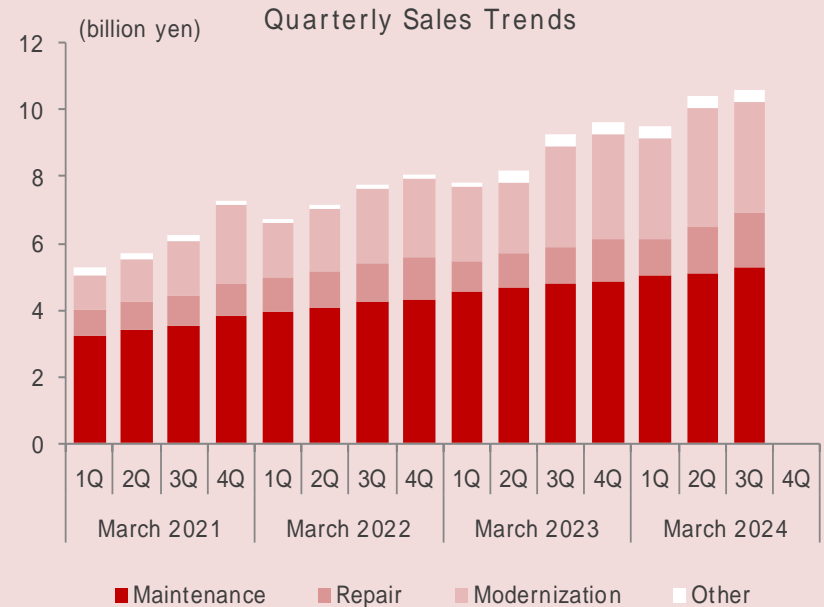
\* Includes 650 units of Emic Co., Ltd., which the Company completed the acquisition of on September 1, 2023.

(units, person)

	FY ended March 2020 Actual	FY ended March 2021 Actual	FY ended March 2022 Actual	FY ended March 2023 Actual	9 months ended December 2023 Actual	(Change YtD)
Maintenance contracts	54,800	67,500	79,000	88,630	96,740	+ 8,110
Modernization (cumulative)	820	920	1,150	1,530	1,390	+ 310
Parking equipment	--	--	18,830	22,050	24,460	+ 2,410
No. of offices	78	101	124	132	137	+ 5
No. of Employees	1,234	1,398	1,618	1,766	1,870	+ 104
Technical personnel	781	881	1,003	1,096	1,178	+ 82
Sales personnel	135	156	195	218	239	+ 21

Continued strong modernization sales and accelerated growth in repair sales resulted in a 20.6% increase in 3Q net sales YoY

- | Maintenance sales grew steadily due to an increase in the number of maintenance contracts.
- | Repair services showed improvement from delivery delays due to the shortage of semiconductors, and net sales of maintenance and repair services accelerated the growth
- | Modernization needs remained strong, and both volume and unit prices increased in Q3
- | As a result, sales increased significantly in the third quarter



(millions of yen, %)

	9 months ended December 2022		9 months ended December 2023		YoY change	
	Amount	% of sales	Amount	% of sales	Amount	%
Maintenance & Repair	17,079	67.6	19,491	63.9	2,412	14.1
Modernization	7,294	28.9	9,968	32.7	2,674	36.7
Other	904	3.6	1,027	3.4	122	13.5
Total	25,278	100.0	30,487	100.0	5,209	20.6

## Full-year forecasts remain unchanged given steady progress against revised forecasts

- l In addition to an increase in maintenance sales due to an increase in the number of maintenance contracts, repair and modernization sales increased significantly
- l In addition to a high level of shipments of modernization equipment, unit prices sustained, resulting in a quarterly improvement in gross profit and further progress in controlling SG&A expenses resulted in a 16.7% operating income margin, the highest for a single quarter
- l Nine-month results showed steady progress in both sales and profit relative to the revised forecast disclosed on August 8, and the full-year forecast was left unchanged

(millions of yen, yen, %)

	9 months ended December 2022		9 months ended December 2023		YoY change	
	Amount	% of sales	Amount	% of sales	Amount	%
Net sales	25,278	100.0	30,487	100.0	5,209	20.6
Operating profit	3,501	13.9	4,772	15.7	1,270	36.3
Ordinary profit	3,598	14.2	4,798	15.7	1,200	33.4
Profit attributable to owners of parent	2,306	9.1	3,051	10.0	745	32.3
(Depreciation)	875	3.5	1,031	3.4	155	17.8
(Amortization)	197	0.8	202	0.7	4	2.2
EBITDA	4,575	18.1	6,006	19.7	1,431	31.3
EPS	25.96	--	34.27	--	8.31	32.0

I Steady decline in net debt due to accumulation of profit, and equity ratio increased to 48.2%

( millions of yen )

	Fiscal Year ended March 2023	End of December 2023	Change
Cash and cash equivalents	2,034	2,411	+ 377
Property, plant and equipment	11,695	12,340	+ 644
Intangible assets	4,495	4,443	- 51
Borrowings	7,726	8,291	+ 564
Net assets	13,678	15,276	+ 1,597
Total assets	29,002	31,256	+ 2,254





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 Company is making steady progress, and maintains the revised forecast disclosed on August 8

(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

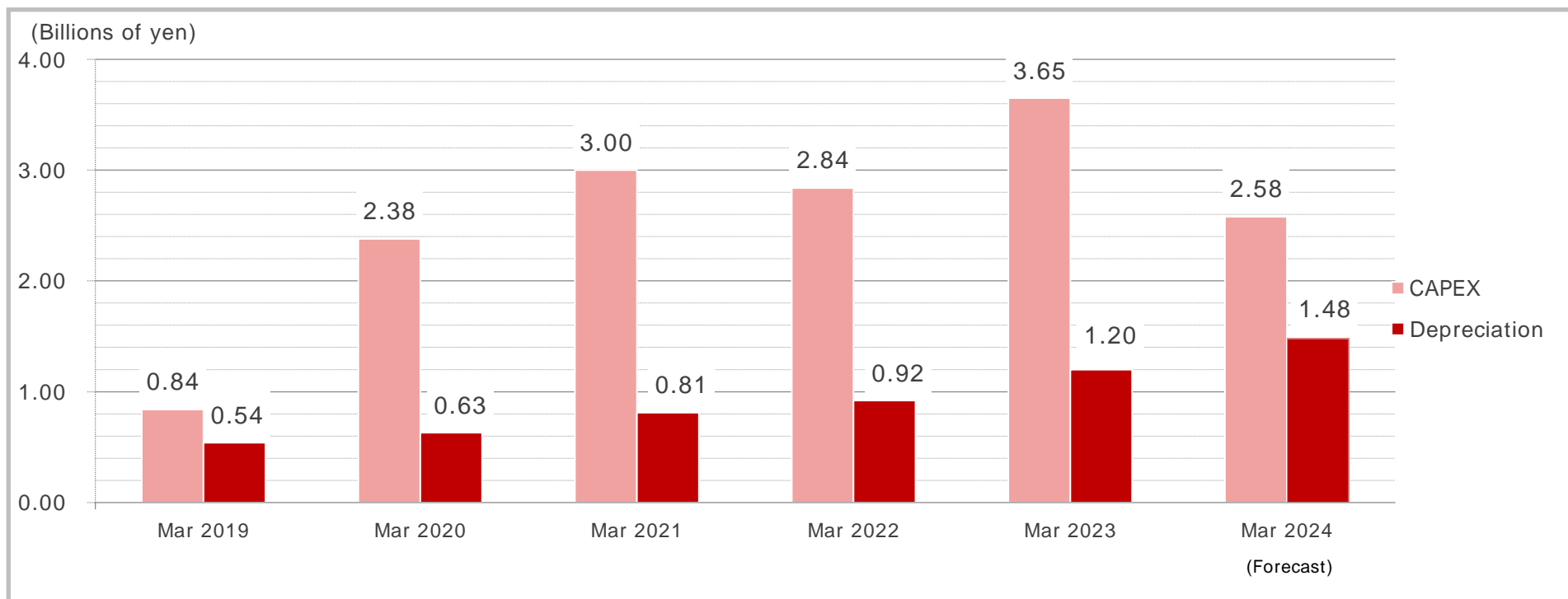
(millions of yen, %)

	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)

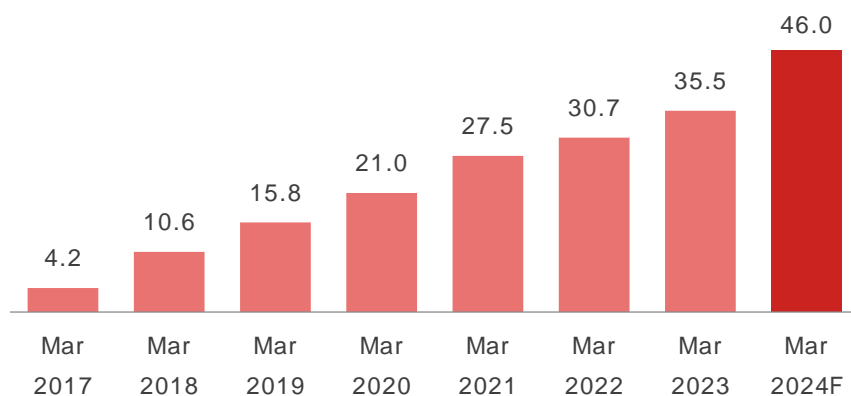
	FY2023 (Actual)	FY2024 (Forecast)	Items
Capital Expenditure	3.65	2.58	Investments related to PRIME, a remote inspection service, etc.
Depreciation	1.20	1.48	

## Capital Expenditures and Depreciation

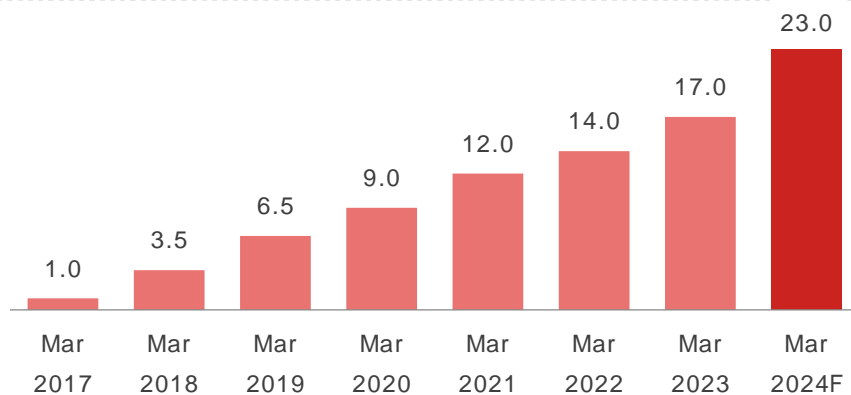


- Stable Increase in EPS and DPS, dividend payout ratio over 40%
- Full-year dividend forecast of ¥23 per share (payout ratio 50%), an increase of ¥6 per share YoY, in line with earnings growth

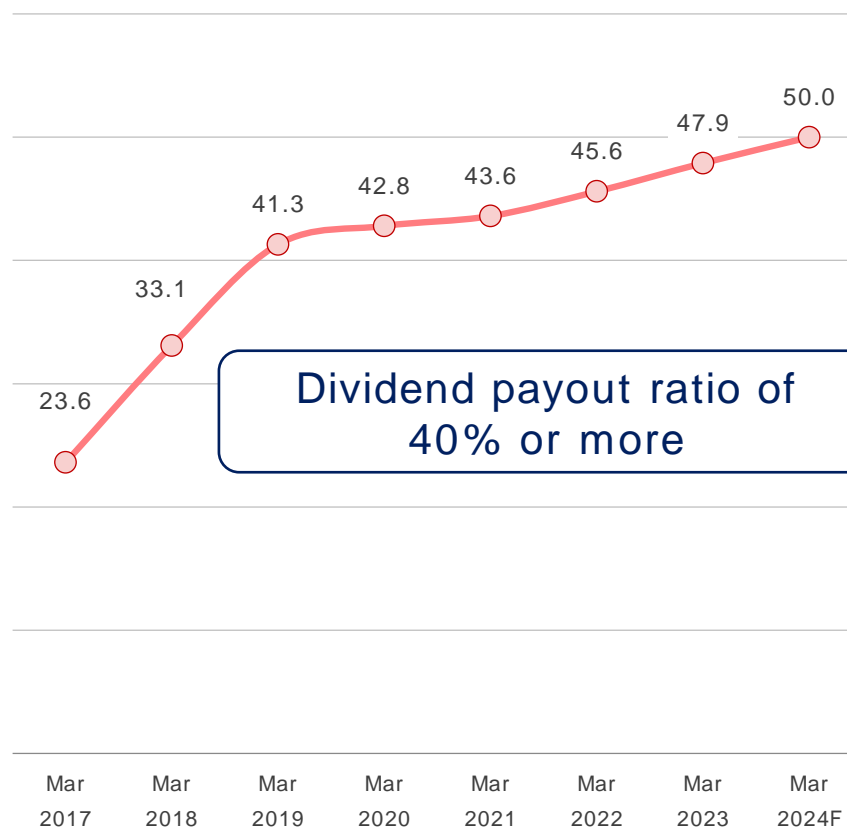
### Adjusted EPS (yen)



### Adjusted DPS (yen)



### Dividend Payout Ratio (%)





# References

## n Basic Strategy

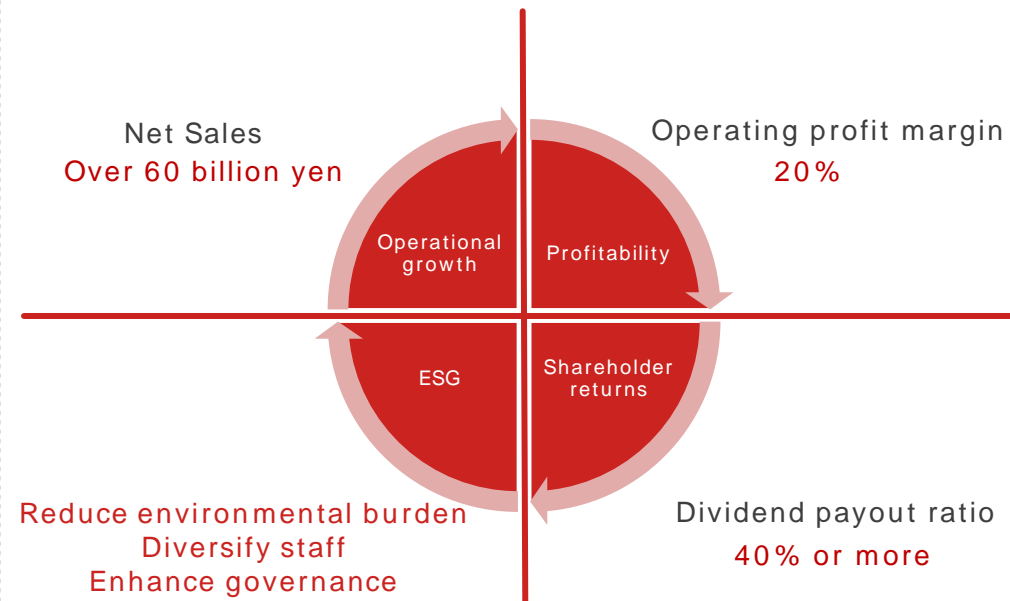
- As a company qualified for the TSE Prime Market, we aim to achieve sustainable growth and increase corporate value, adapting to changes in the social environment, by addressing not only business growth but also social and global environmental issues from a medium- to long-term perspective

## 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

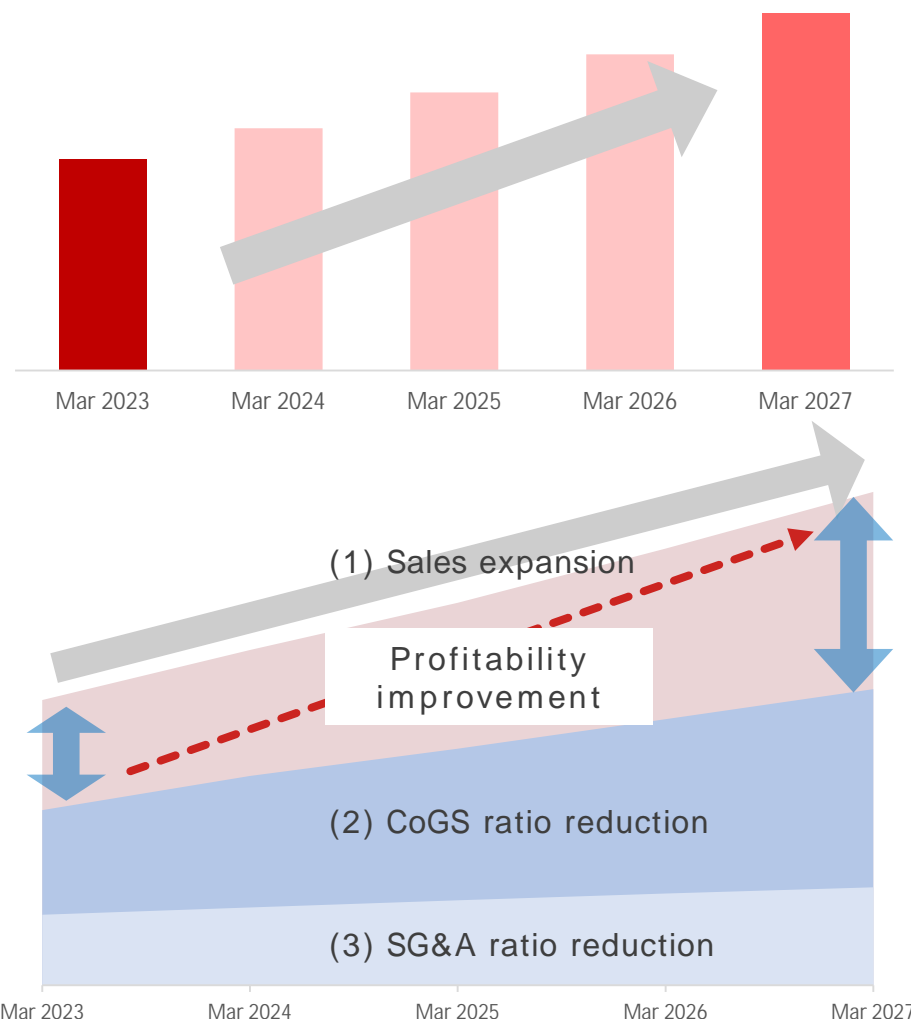
### 1. Achieve net sales of 60 billion yen by expanding the market and increasing share in Japan

- | 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

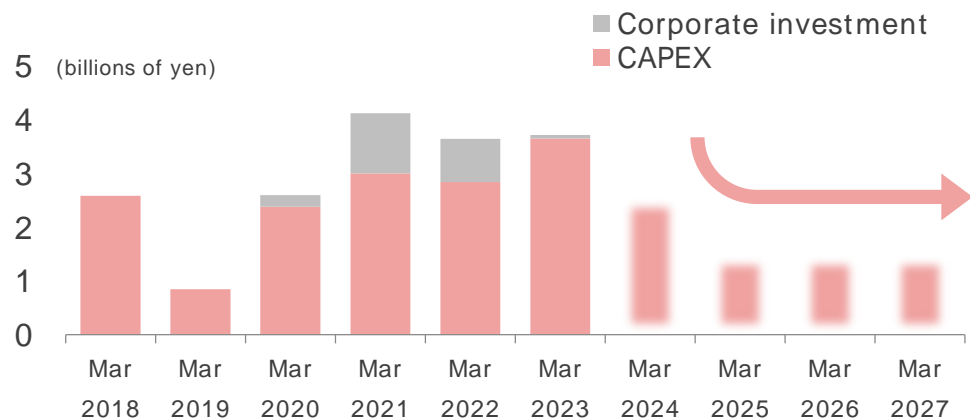
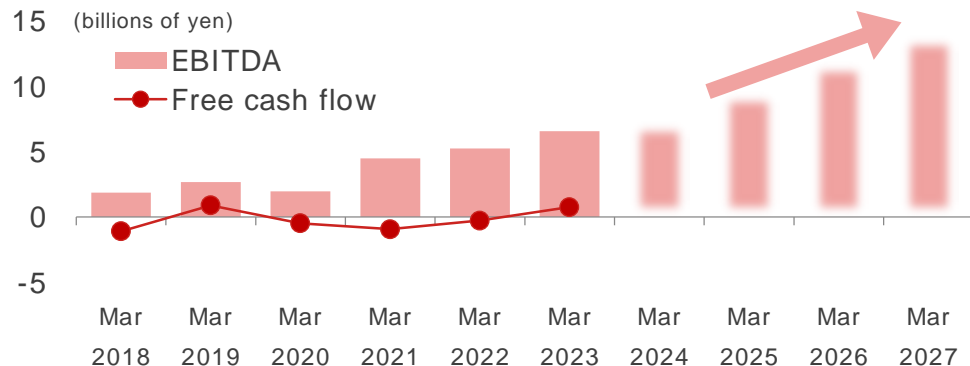
- | Increase contribution from high margin maintenance sales  
Improve margins in newly expanded areas with low market share by increasing the number of maintenance contracts
- | Reduction in CoGS ratio  
Despite our continued effort to increase the number of technical personnel, costs should be under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

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

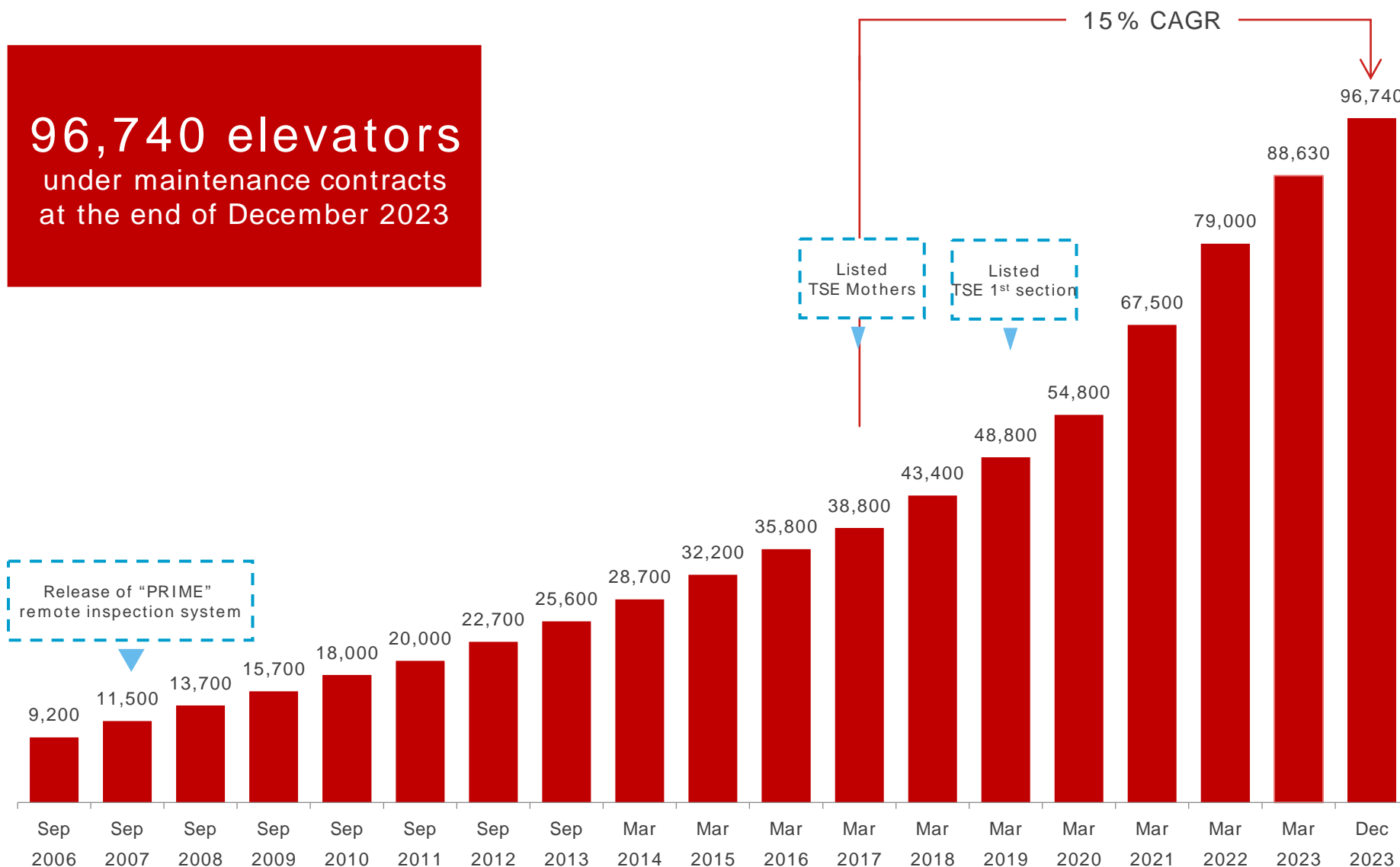
- Capital expenditures peaked in FY2023, and after the completion of the JIK in FY2024, CAPEX shall be limited to installation of PRIME and LiftSPOT terminals as contract increases, and system investments and R&D
- M&A considered only as opportunities arise



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

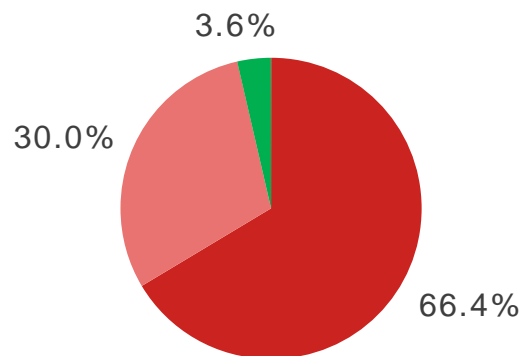
- Investment in human capital as an investment for growth
- Repayment of long-term borrowings
- Maintain a dividend payout ratio of over 40% for shareholder returns
- Considering share buybacks when the time is right

**96,740 elevators**  
under maintenance contracts  
at the end of December 2023

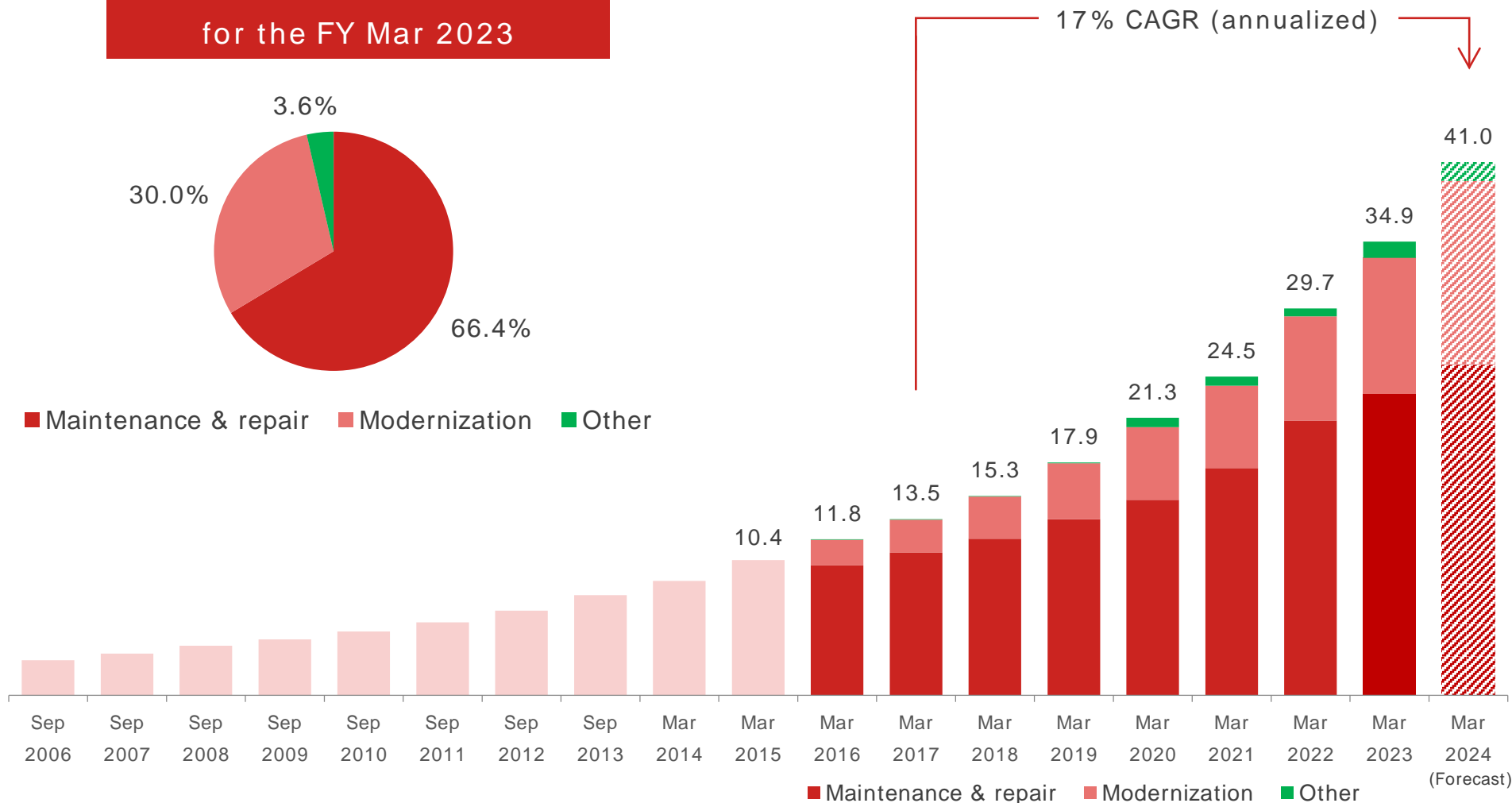


## Net sales of 34.9B

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 February 1, 2024  
**137 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

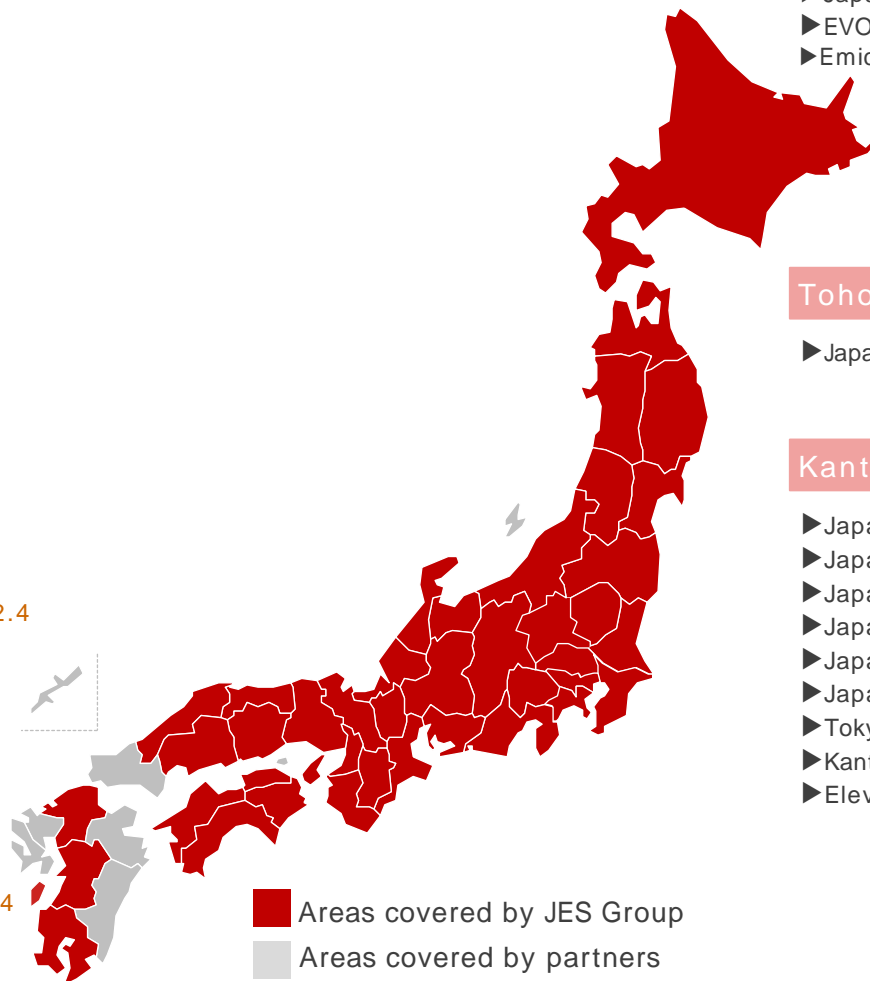
- ▶ Japan Elevator Service Hokkaido Co., Ltd.
- ▶ EVOTECH Co., Ltd. **M&A**
- ▶ Emic Co., Ltd. **M&A**

## 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**
- ▶ Kanto Elevator System Co., Ltd. **M&A**
- ▶ Elevator Media Co., Ltd. (LiftSPOT)



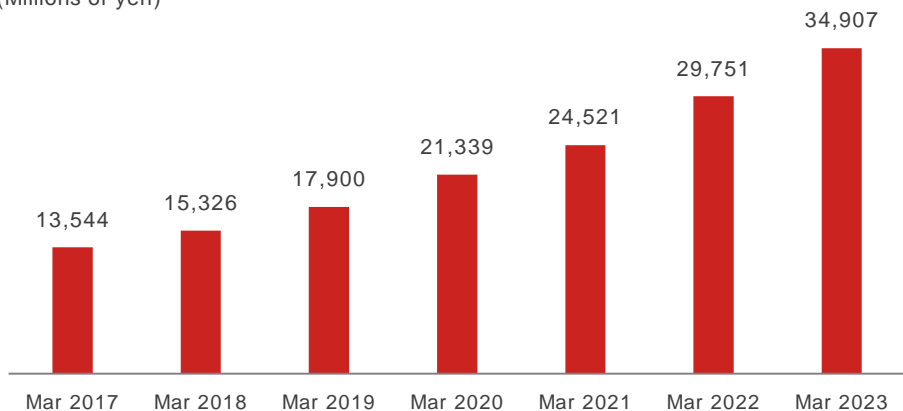
■ Areas covered by JES Group  
 ■ Areas covered by partners

(\*) 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. 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. 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. 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. Toyota Facility Service Co., Ltd., which became a subsidiary on May 13, 2021, was merged into Japan Elevator Service Jyosai Co., Ltd. on December 1, 2023. Emic Co., Ltd., which became a subsidiary on September 1, 2023 is scheduled to be merged into Japan Elevator Service Hokkaido Co., Ltd. On April 1, 2024.



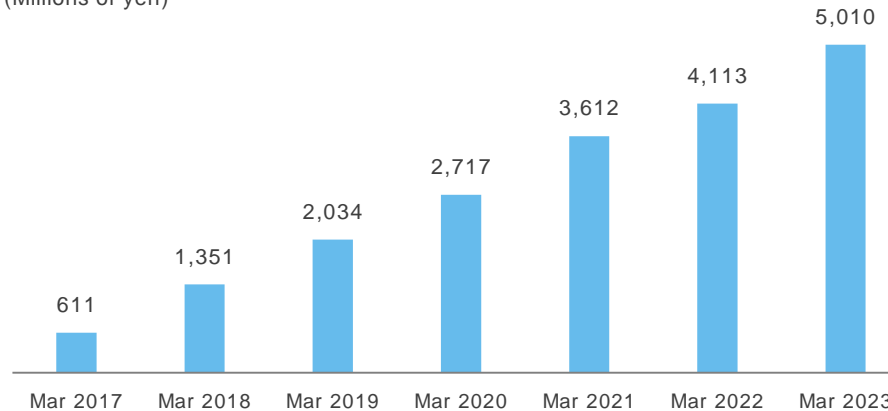
## Net sales

(Millions of yen)



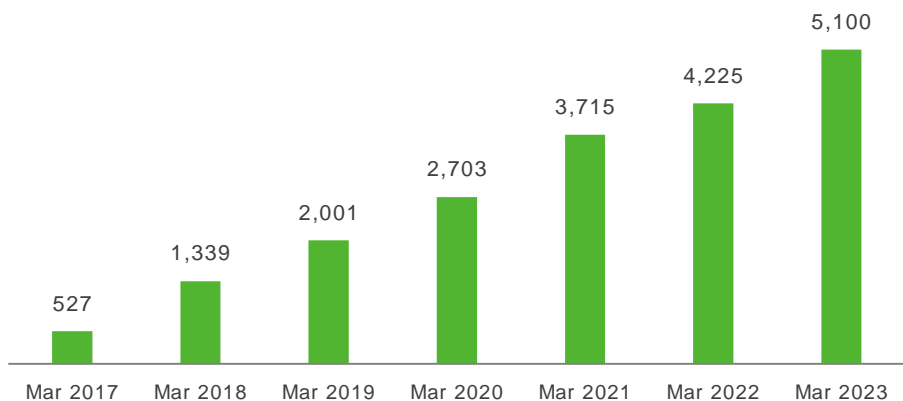
## Operating profit

(Millions of yen)



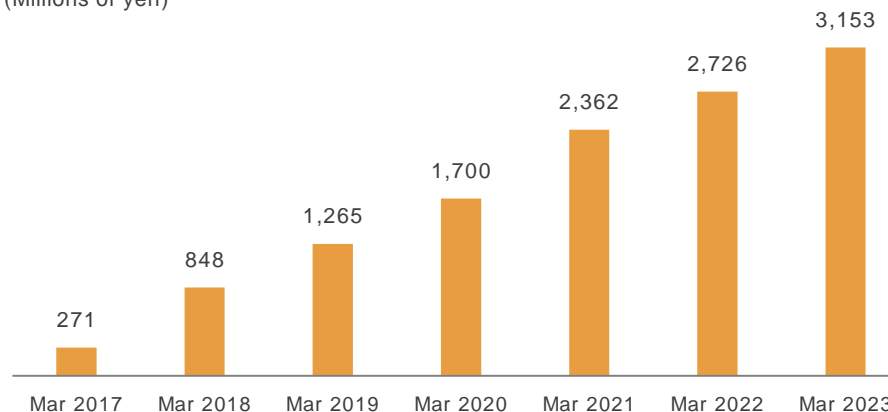
## Ordinary profit

(Millions of yen)



## Profit attributable to owners of parent

(Millions of yen)

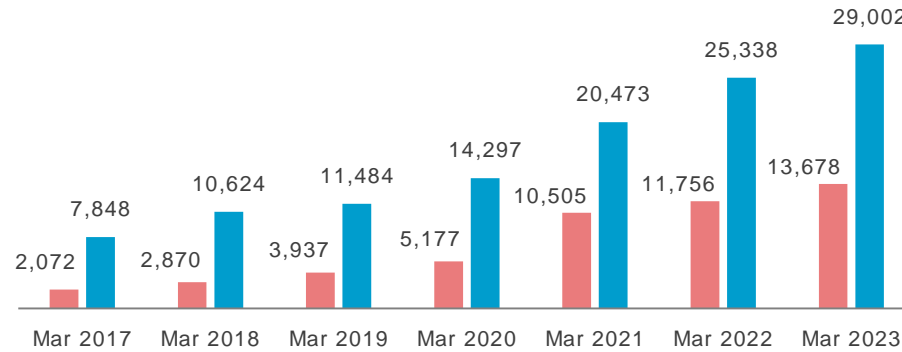


## Net assets / Total assets

(Millions of yen)

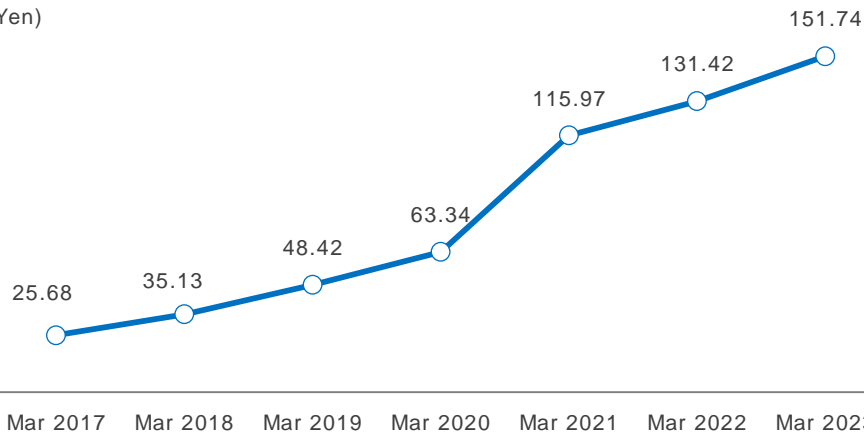
■ Net assets

■ Total assets



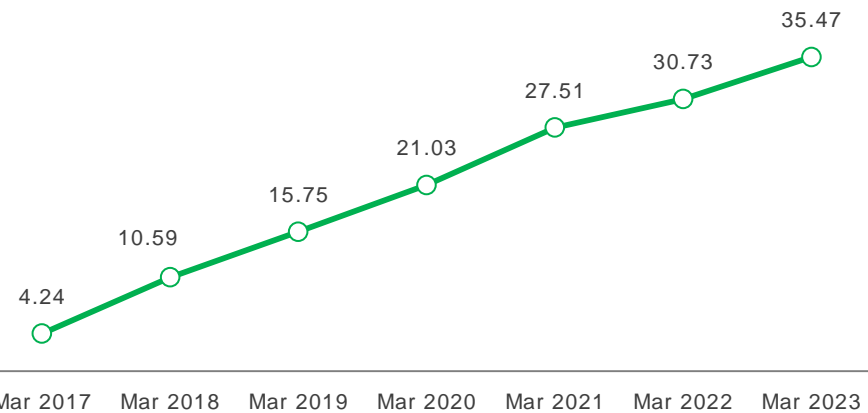
## Net assets per share

(Yen)



## Earnings per share

(Yen)



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

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- | 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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