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FY Mar 2024 Results Supplement

May 13 2024

japan elevator service



Japan Elevator Service Holdings Co., Ltd.

(TSE Prime Market : 6544)

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Results for Fiscal Year Ended Mar 2024

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Fiscal Year Ending March 2025 Forecasts



Results for FY Mar 2024

The First Independent Maintenance Company to Surpass 100,000 Mark

- The number of maintenance contracts in Japan was 100,230 units. The net increase was 11,600 units*, and organic growth exceeded 10,000 units for the first time
- Against the backdrop of robust demand, the number of units renewed reached a cumulative total of 1,930 units, significantly exceeding the figure for the same period of the previous year (1,530 units), JES Innovation Center Kansai (JIK) is now operating on schedule
- The number of locations increased to 141 as of May 1. Established branches and sales offices in Niigata and Fukushima, covering almost all areas of Honshu and entered Okinawa. The Group continues to reinforce work force in strategic areas such as engineering and sales

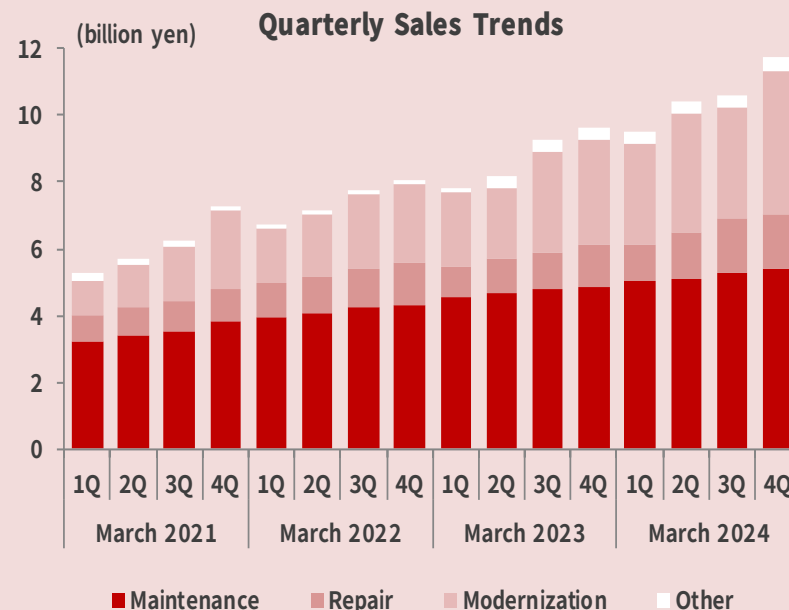
* Includes 650 units of Emic Co., Ltd. and 890 units of Eledoc Okinawa Co., Ltd., which the Company completed the acquisition of on September 1, 2023 and February 8, 2024.

(units, person)

	FY ended March 2020 Actual	FY ended March 2021 Actual	FY ended March 2022 Actual	FY ended March 2023 Actual	Fiscal Year ended March 2024 Actual	(Change YtD)
Maintenance contracts	54,800	67,500	79,000	88,630	100,230	+ 11,600
Modernization (cumulative)	820	920	1,150	1,530	1,930	+ 400
Parking equipment	--	--	18,830	22,050	24,660	+ 2,610
No. of offices	78	101	124	132	141	+ 9
No. of Employees	1,234	1,398	1,618	1,766	1,868	+ 102
Technical personnel	781	881	1,003	1,096	1,159	+ 63
Sales personnel	135	156	195	218	248	+ 30

Continued strong modernization sales and accelerated growth in repair sales resulted in a 20.9% increase in 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
- ┆ As a result, net sales increased by 20.9% almost entirely through organic growth



(millions of yen, %)

	Fiscal Year ended March 2023		Fiscal Year ended March 2024		YoY change	
	Amount	% of sales	Amount	% of sales	Amount	%
Maintenance & Repair	23,178	66.4	26,531	62.8	3,352	14.5
Modernization	10,468	30.0	14,255	33.8	3,787	36.2
Other	1,259	3.6	1,429	3.4	169	13.5
Total	34,907	100.0	42,216	100.0	7,309	20.9

Both sales and profits exceeded revised forecasts, marking consecutive increases in sales and profits and a new record high

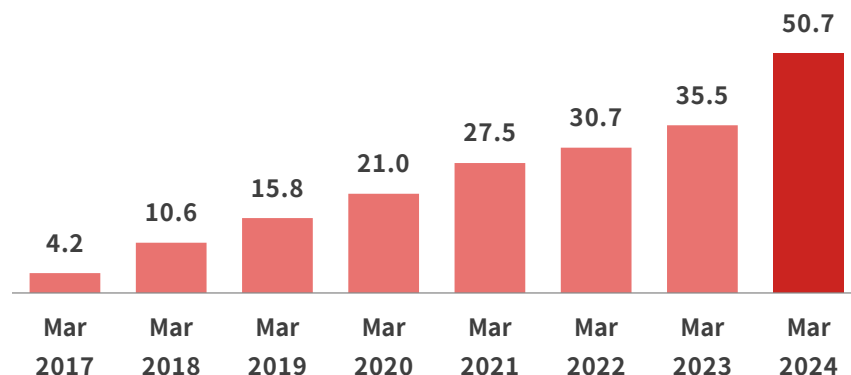
- ┆ In addition to an increase in maintenance sales due to an increase in the number of maintenance contracts, repairs and renewals sales increased significantly
- ┆ Modernization shipments and unit prices increased significantly, and the operating profit margin improved by 1.8 percentage points YoY to 16.2% as SG&A expenses remained under control
- ┆ Net profit attributable to the parent company increased significantly by 43.2% YoY, partly due to tax benefits from wage increases

(millions of yen, yen, %)

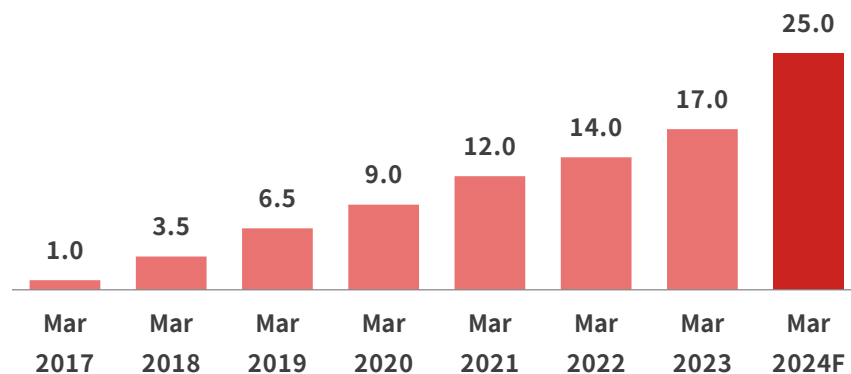
	Fiscal Year ended March 2023		Fiscal Year ended March 2024		YoY change	
	Amount	% of sales	Amount	% of sales	Amount	%
Net sales	34,907	100.0	42,216	100.0	7,309	20.9
Operating profit	5,010	14.4	6,821	16.2	1,810	36.1
Ordinary profit	5,100	14.6	6,851	16.2	1,750	34.3
Profit attributable to owners of parent	3,153	9.0	4,515	10.7	1,362	43.2
(Depreciation)	1,207	3.5	1,403	3.3	195	16.2
(Amortization)	266	0.8	269	0.6	3	1.2
EBITDA	6,485	18.6	8,494	20.1	2,008	31.0
EPS	35.47	--	50.71	--	15.24	43.0

- Our shareholder return policy is based on a dividend payout ratio of at least 40% and aims for stable increases in EPS and DPS
- Dividend for the fiscal year will be 25 yen (payout ratio 49%), an increase of 8 yen YoY, and an upward revision of the initial forecast (23 yen, an increase of 6 yen), against the backdrop of earnings growth that exceeded the initial forecast.

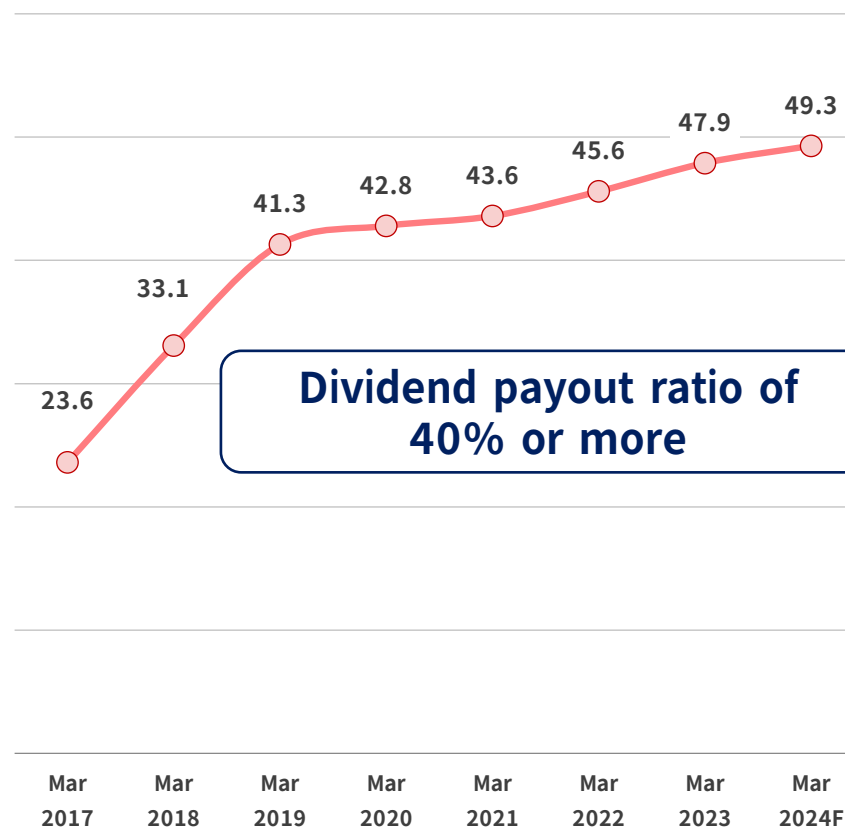
Adjusted EPS (yen)



Adjusted DPS (yen)



Dividend Payout Ratio (%)

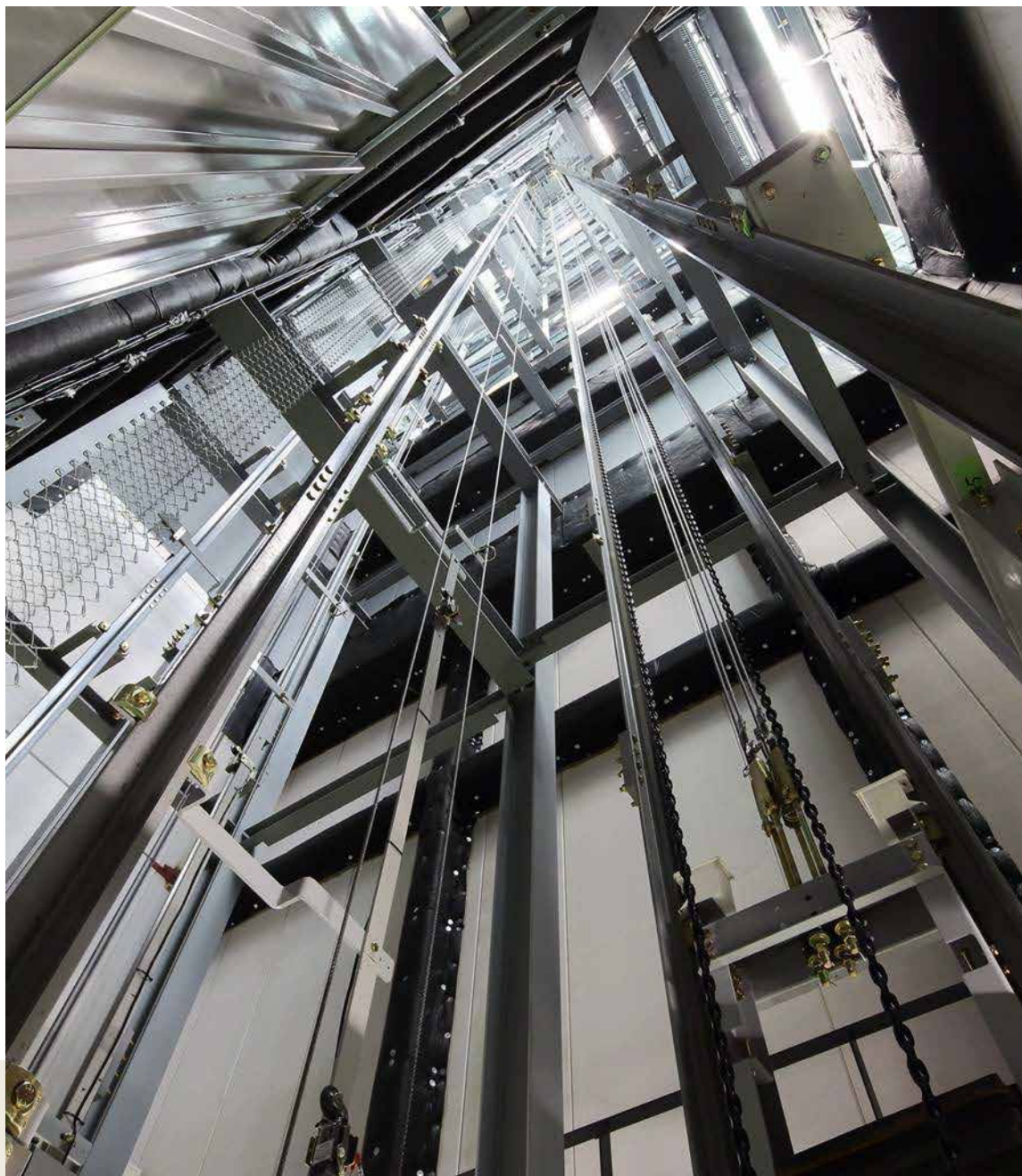


- Free cash flow increased due to the build-up of profits. Net debt steadily reduced, equity ratio increased to 50.8% and ROE improved to 30.1%

(millions of yen)

	Fiscal Year ended March 2023	Fiscal Year ended March 2024	Change
Cash and cash equivalents	2,034	2,184	+ 150
Property, plant and equipment	11,695	12,612	+ 917
Intangible assets	4,495	4,424	- 70
Borrowings	7,726	6,714	- 1,012
Net assets	13,678	16,789	+ 3,110
Total assets	29,002	32,539	+ 3,536

	Fiscal Year ended March 2023	Fiscal Year ended March 2024	Change
Cash flows from operating activities	+ 4,253	+ 5,280	+ 1,027
Depreciation	+ 1,207	+ 1,403	+ 195
Amortization of goodwill	+ 266	+ 269	+ 3
Cash flows from investing activities	- 3,509	- 2,841	+ 668
Purchase of property, plant and equipment	- 2,657	- 1,958	+ 699
Cash flows from financing activities	- 954	- 2,529	- 1,575
Increase (decrease) in borrowings	+ 392	- 1,012	- 1,405
Increase in issued shares	+ 26	+ 0	- 26
Dividend paid	- 1,242	- 1,513	- 271
Net increase (decrease) in cash and cash equivalents	- 206	- 79	+ 126



FY Mar 2025 Financial Forecasts

Expect record sales and profits on the back of stable growth in maintenance and repair, and a strong modernization business

- Stable growth in maintenance services due to strong net increase in contracts, and maintenance services also on track for stable growth after sharp increase in the previous year. Modernization services is also expected to grow in terms of volume and unit price, backed by strong demand, and as JIK is now operational
- Operating profit margin should continue to improve and reach a record high due to CoGS and SG&A cost controls

(millions of yen, %)

	March 2024		March 2025 Forecast		
	Amount	% of sales	Amount	% of sales	YoY
Maintenance & repair services	26,531	62.8	28,800	61.3	108.6
Modernization services	14,255	33.8	16,800	35.7	117.8
Other	1,429	3.4	1,400	3.0	97.9
Net Sales	42,216	100.0	47,000	100.0	111.3

(millions of yen, %)

	March 2024		March 2025 Forecast		
	Amount	Margins	Amount	Margins	YoY
Net sales	42,216		47,000		111.3
Operating profit	6,821	16.2	8,000	17.0	117.3
Ordinary profit	6,851	16.2	8,000	17.0	116.8
Profit attributable to owners of parent	4,515	10.7	5,100	10.9	112.9

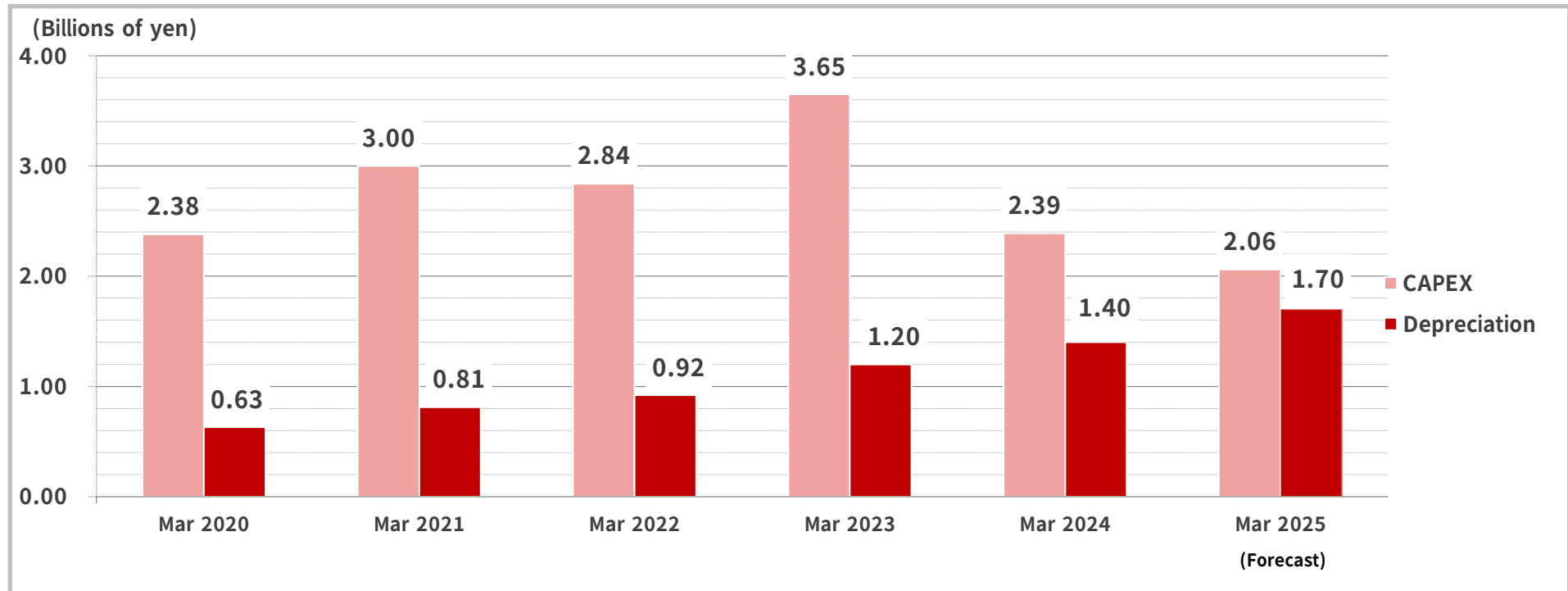
FY2025 Capital Expenditures and Depreciation Forecasts

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(Billions of yen)

	FY2024 (Actual)	FY2025 (Forecast)	Items
C a p i t a l Expenditure	2.39	2.06	Investments related to PRIME, a remote inspection service, etc.
Depreciation	1.40	1.70	

Capital Expenditures and Depreciation





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

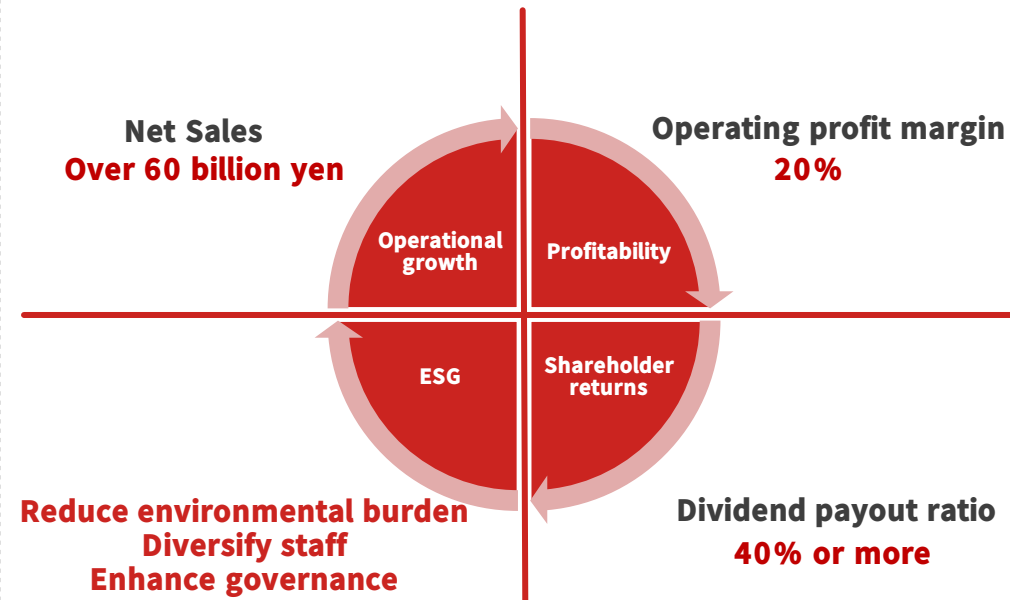
=> **Net sales of 60 billion yen**

- 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)**

n Key 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

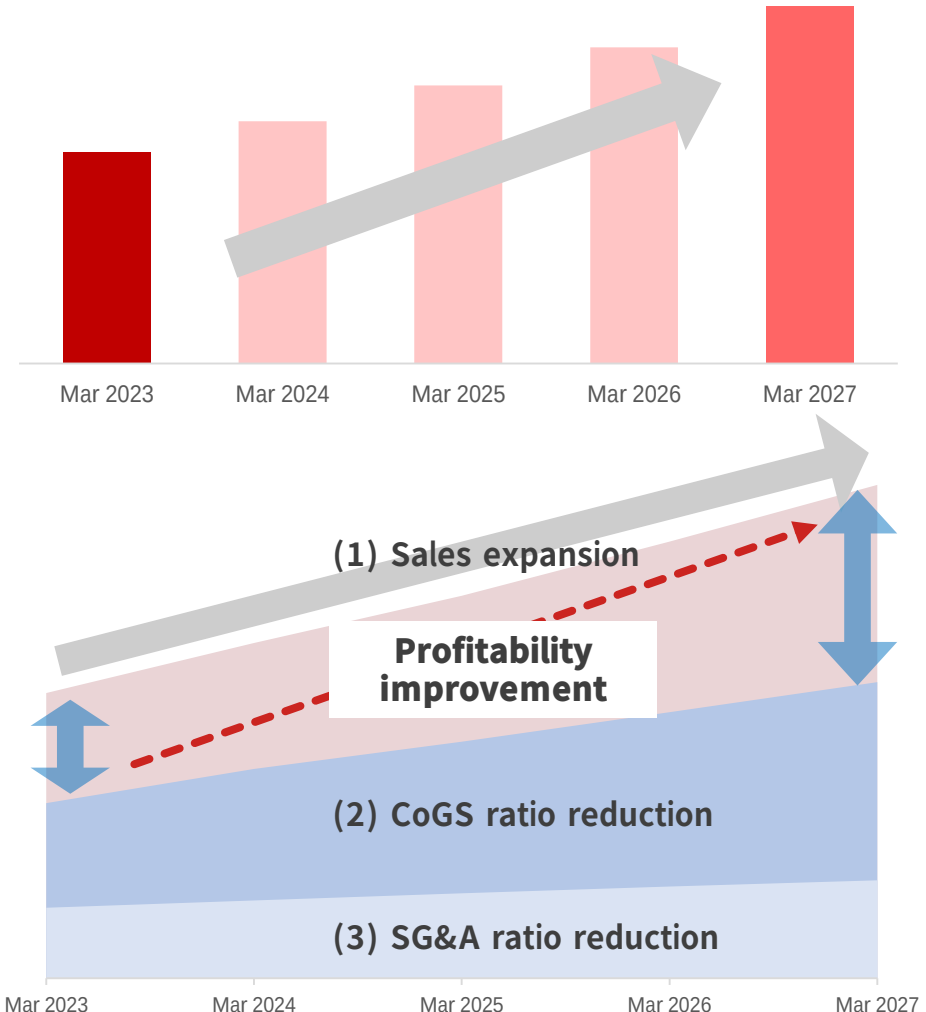
1. Achieve net sales of 60 billion yen by expanding the market and increasing share in Japan

- | As of March 31, 2024, our domestic maintenance market share will be approximately 9% (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

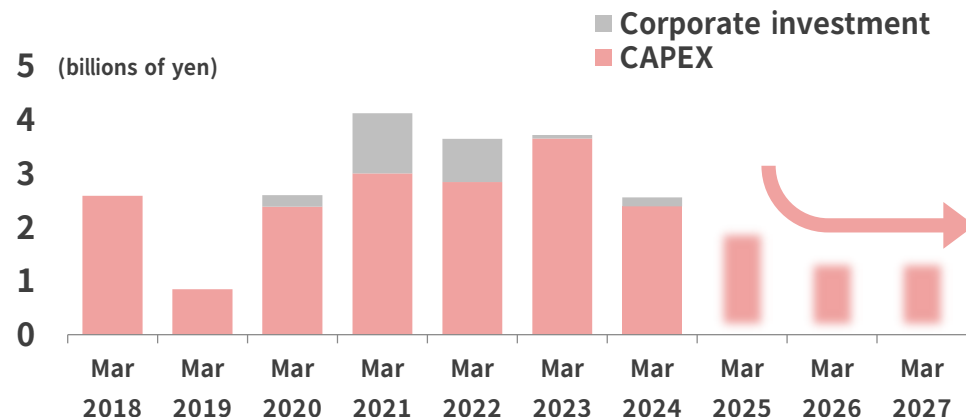
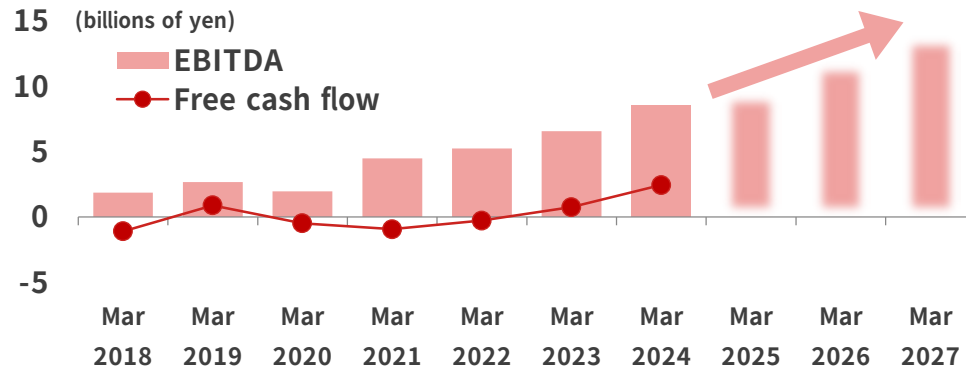
- | Increase contribution from high margin maintenance sales
Improve margins in newly expanded areas with low market share by increasing the number of maintenance contracts
- | Reduction in CoGS ratio
Despite our continued effort to increase the number of technical personnel, costs should be under control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

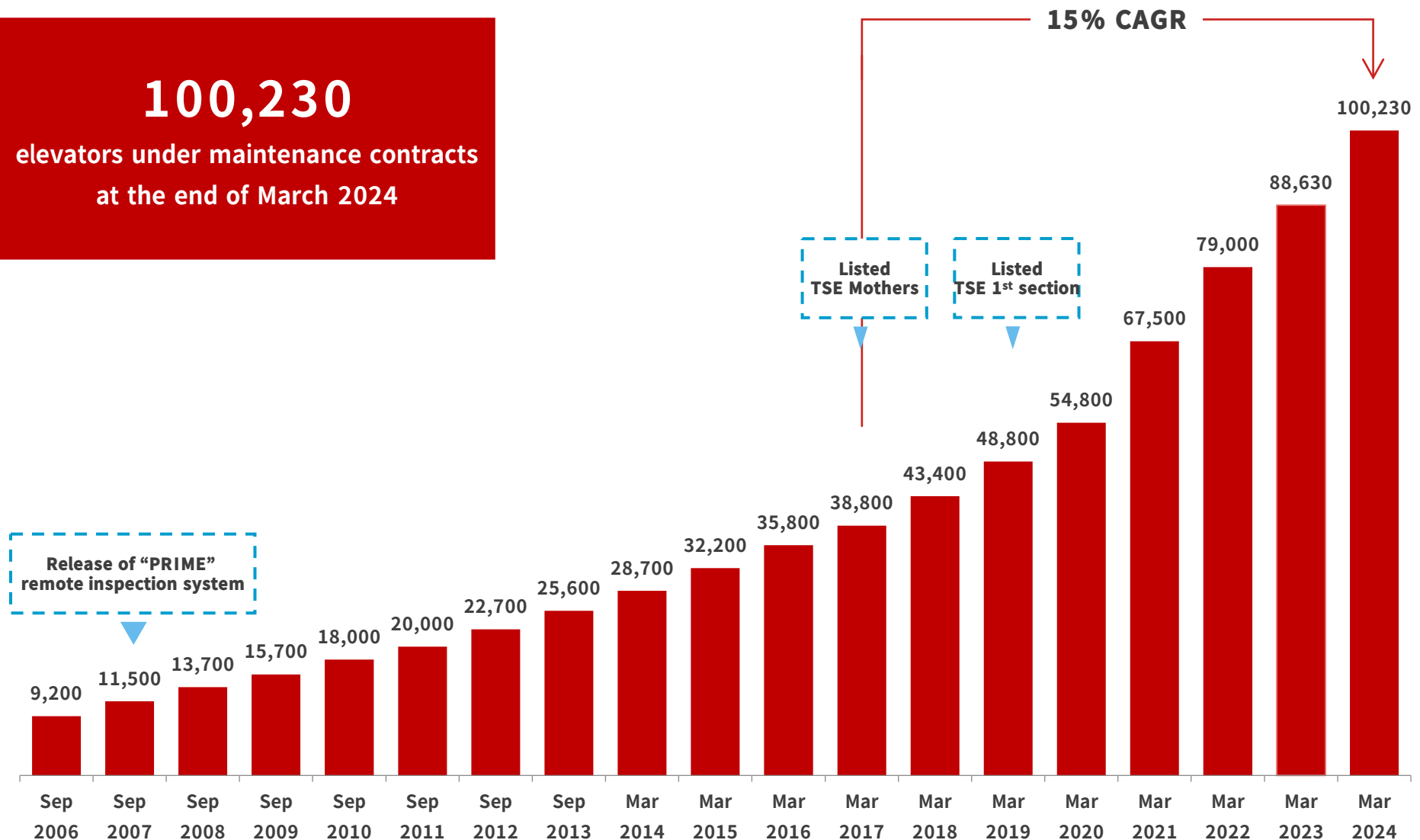
- Capital expenditures peaked in FY2023, and after the completion of the JIK in FY2024, CAPEX shall be limited to installation of PRIME and LiftSPOT terminals as contract increases, and system investments and R&D
- M&A considered only as opportunities arise

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

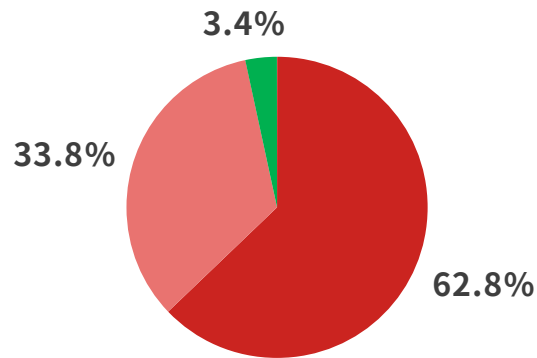
- Investment in human capital as an investment for growth
- Repayment of long-term borrowings
- Maintain a dividend payout ratio of over 40% for shareholder returns
- Considering share buybacks when the time is right

100,230

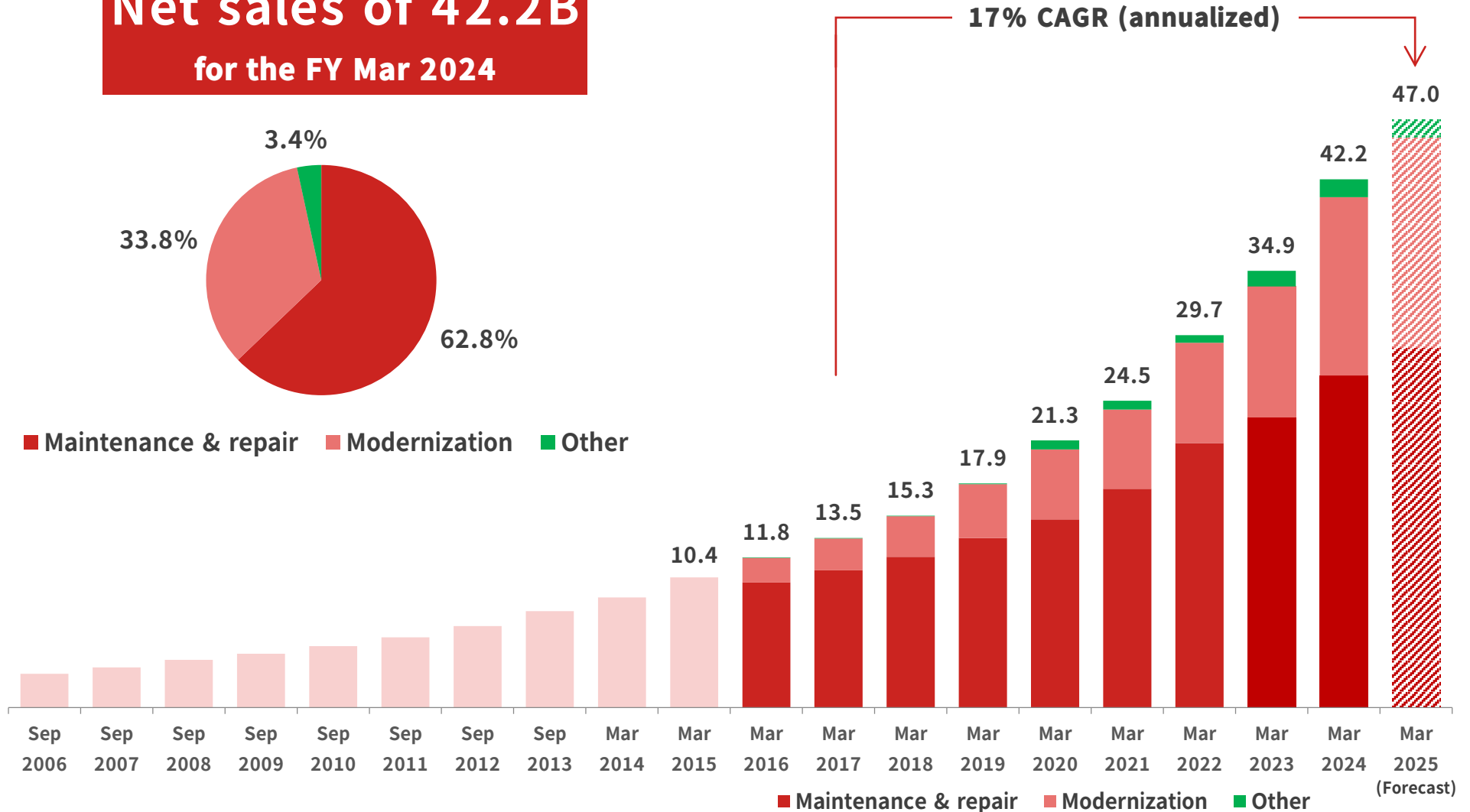
elevators under maintenance contracts
at the end of March 2024



Net sales of 42.2B
for the FY Mar 2024



■ 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, 2024
141 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/Okinawa

Established 2019.4

- ▶ Japan Elevator Service Kyushu Co., Ltd.
- ▶ Eledoc Okinawa Co., Ltd. **M&A**

Hokkaido

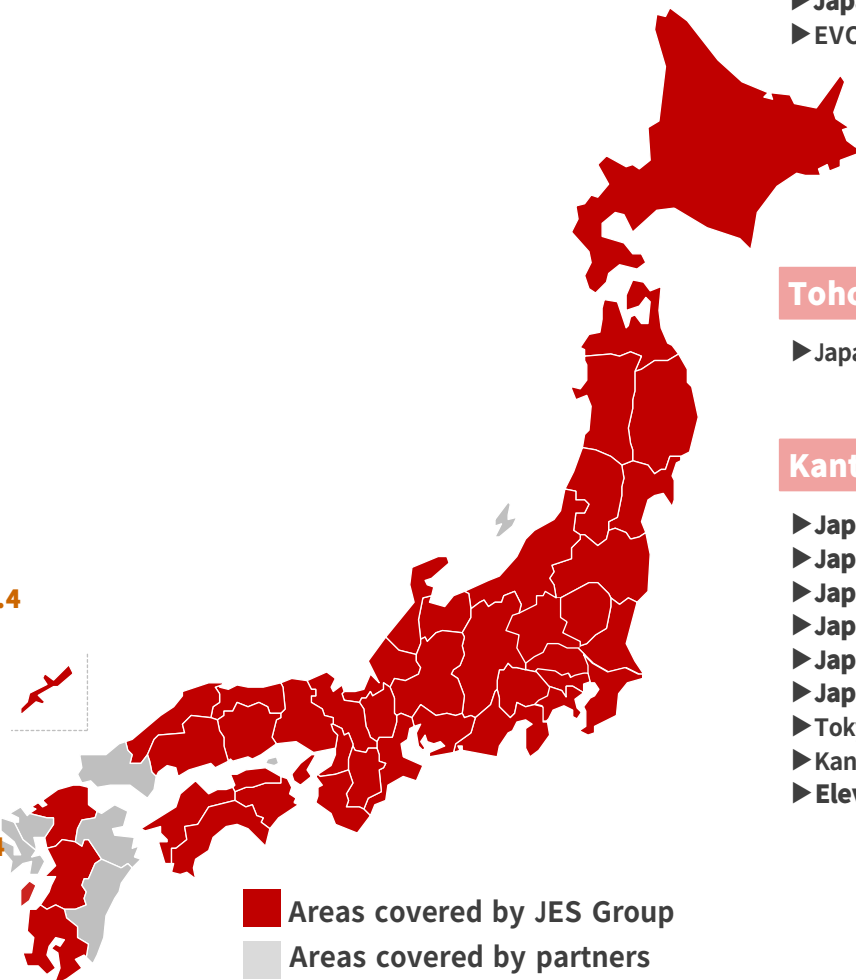
- ▶ Japan Elevator Service Hokkaido Co., Ltd.
- ▶ EVOTECH Co., Ltd. **M&A**

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

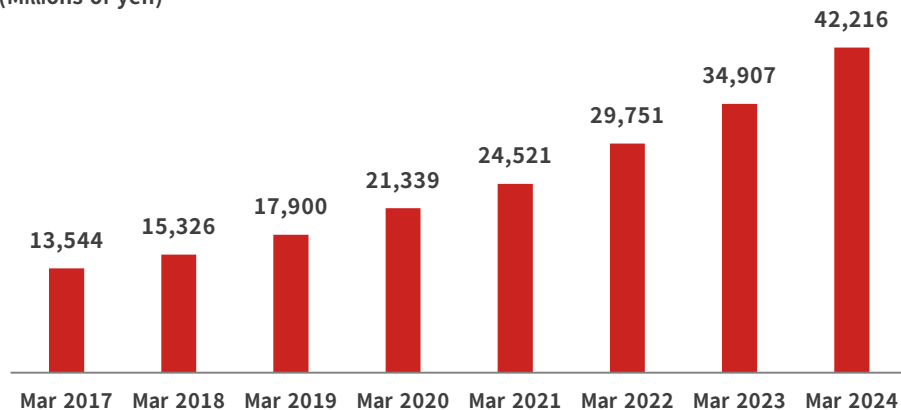


■ Areas covered by JES Group
■ Areas covered by partners

(*) 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 was merged into Japan Elevator Service Hokkaido Co., Ltd. on April 1, 2024.

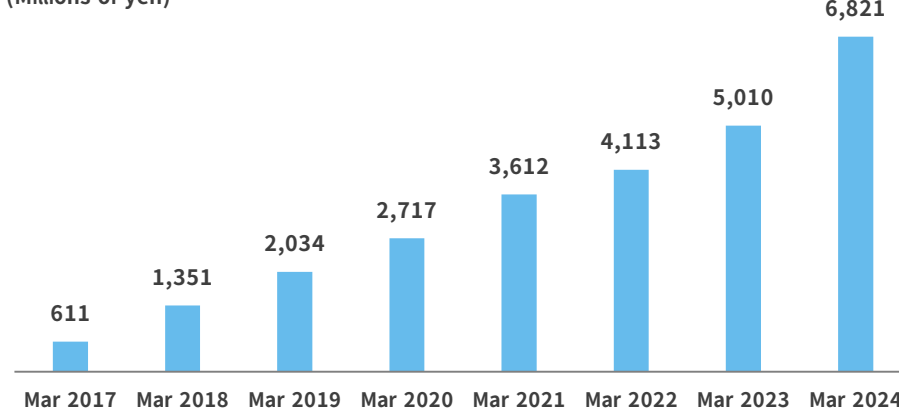
Net sales

(Millions of yen)



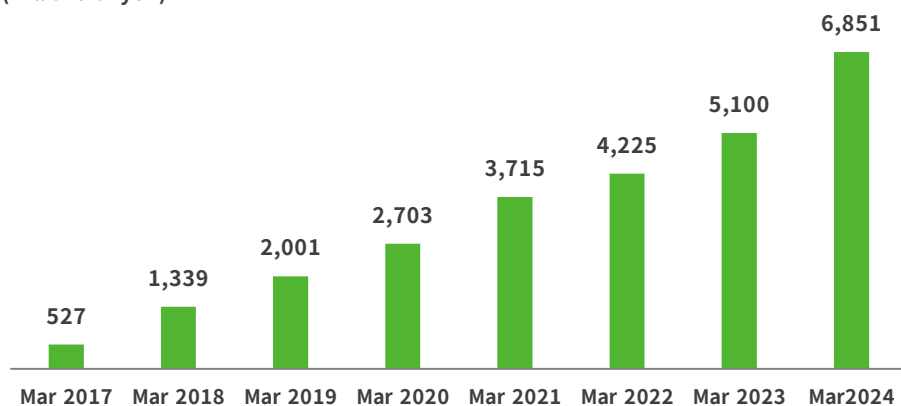
Operating profit

(Millions of yen)



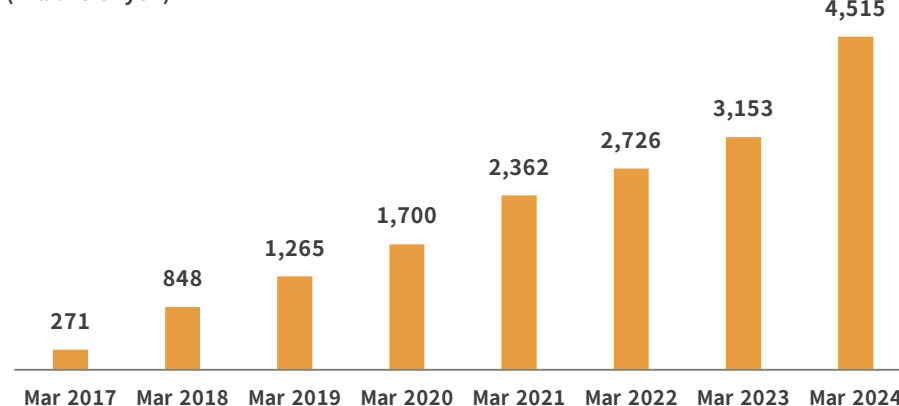
Ordinary profit

(Millions of yen)



Profit attributable to owners of parent

(Millions of yen)

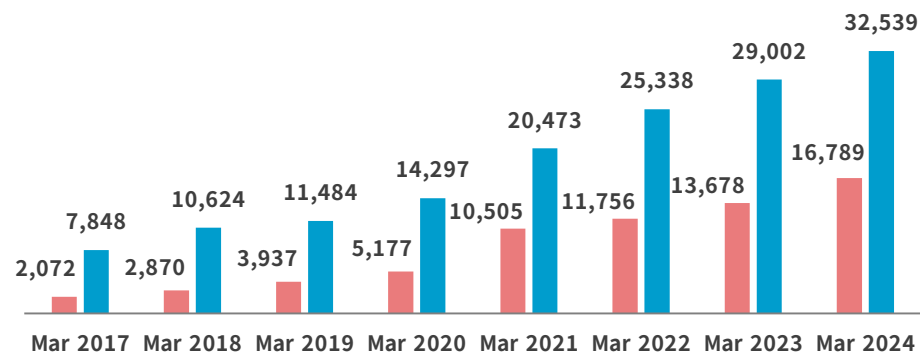


Net assets / Total assets

(Millions of yen)

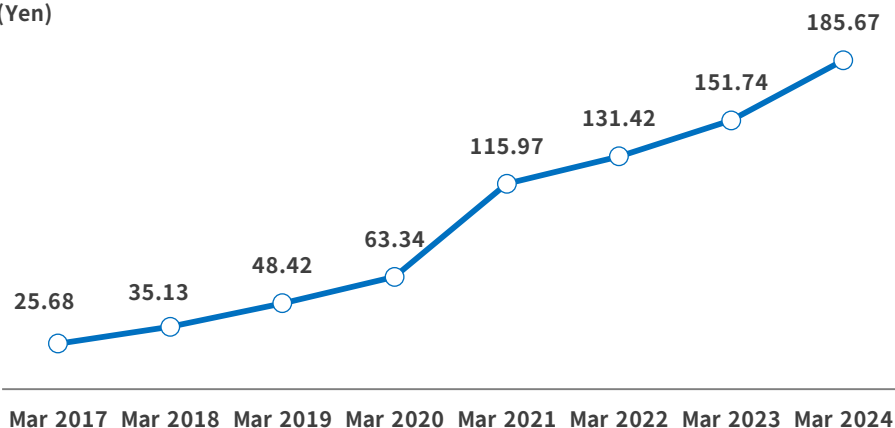
Net assets

Total assets



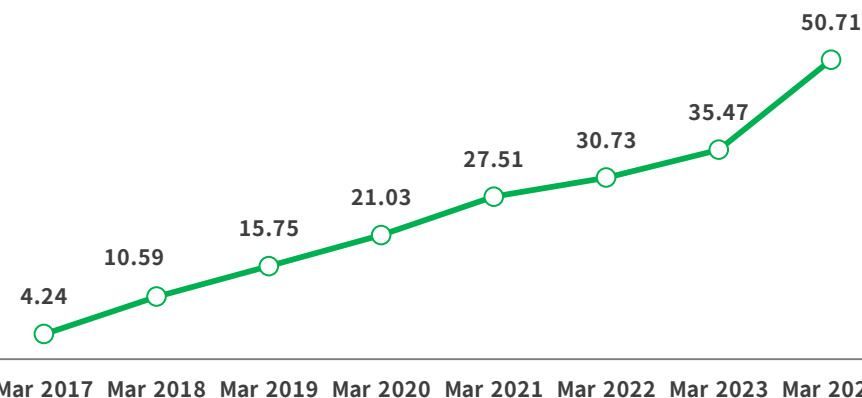
Net assets per share

(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.
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