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Financial Results Briefing for the Six Months of the FY Mar 2025

November 18 2024



Japan Elevator Service Holdings Co., Ltd.

(TSE Prime Market : 6544)





Management Review of the Six Months of the FY Mar 2025

Confirming Steady Progress in both Sales and Profit

- Repair & Modernization continue to be strong
- Continued growing as high as 17% even after impact of parts supply subdued

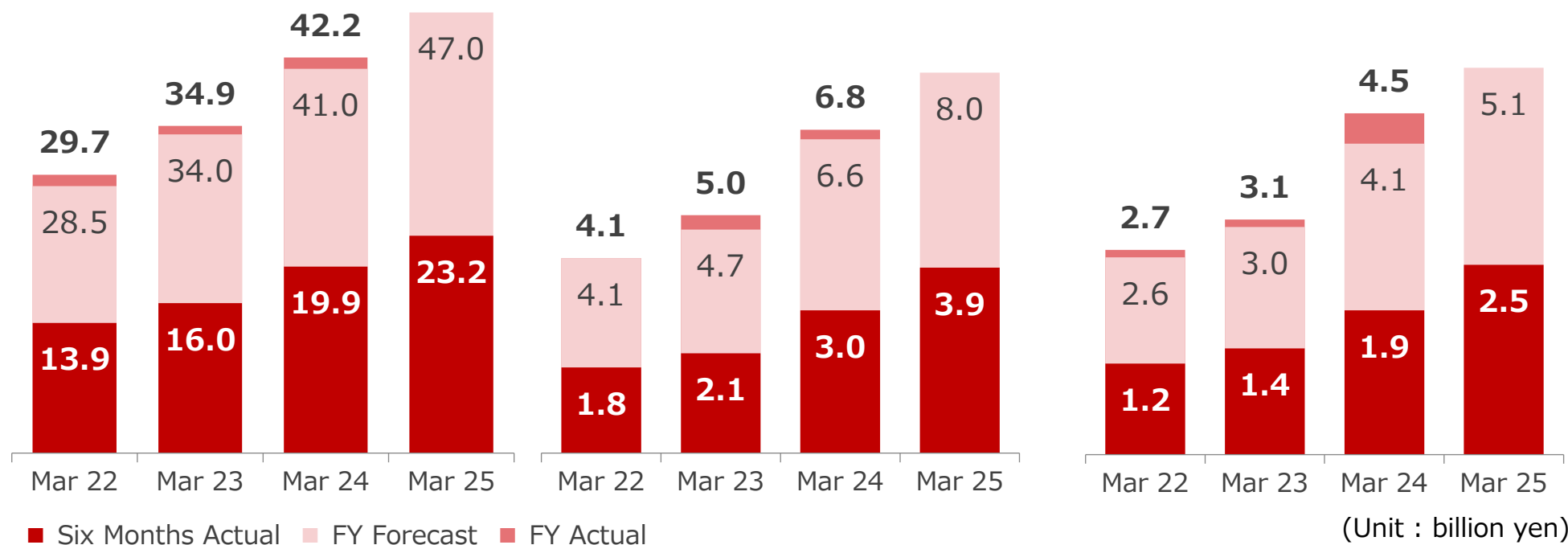
- OP up 30% YoY, way above sales growth
- OP margin improved to 16.9%

- Net profit increased as a result of growth in sales and OP
- Up 30% YoY to break record

Net Sales

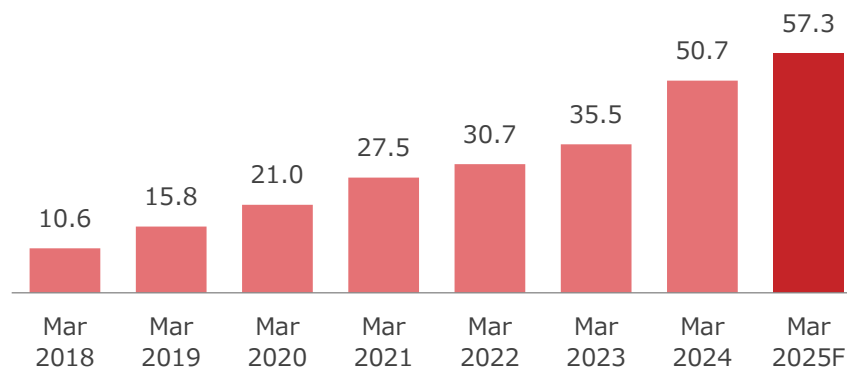
Operating Profit

Net Profit

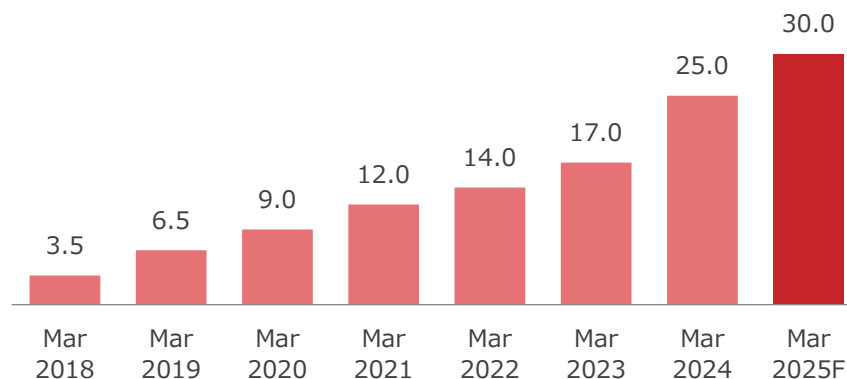


- Our shareholder return policy is based on a dividend payout ratio of at least 40% and aims for stable increases in EPS and DPS
- Dividend for the fiscal year is set at 30 yen (payout ratio 52.4%), an increase of 5 yen from the previous fiscal year due to favorable business performance

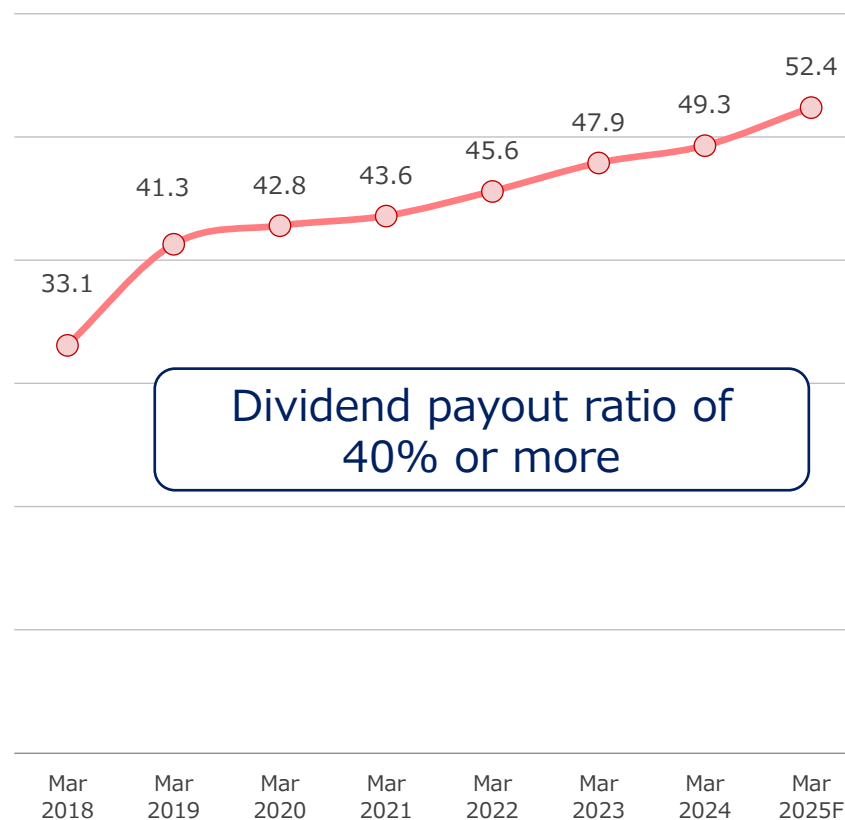
Adjusted EPS (yen)



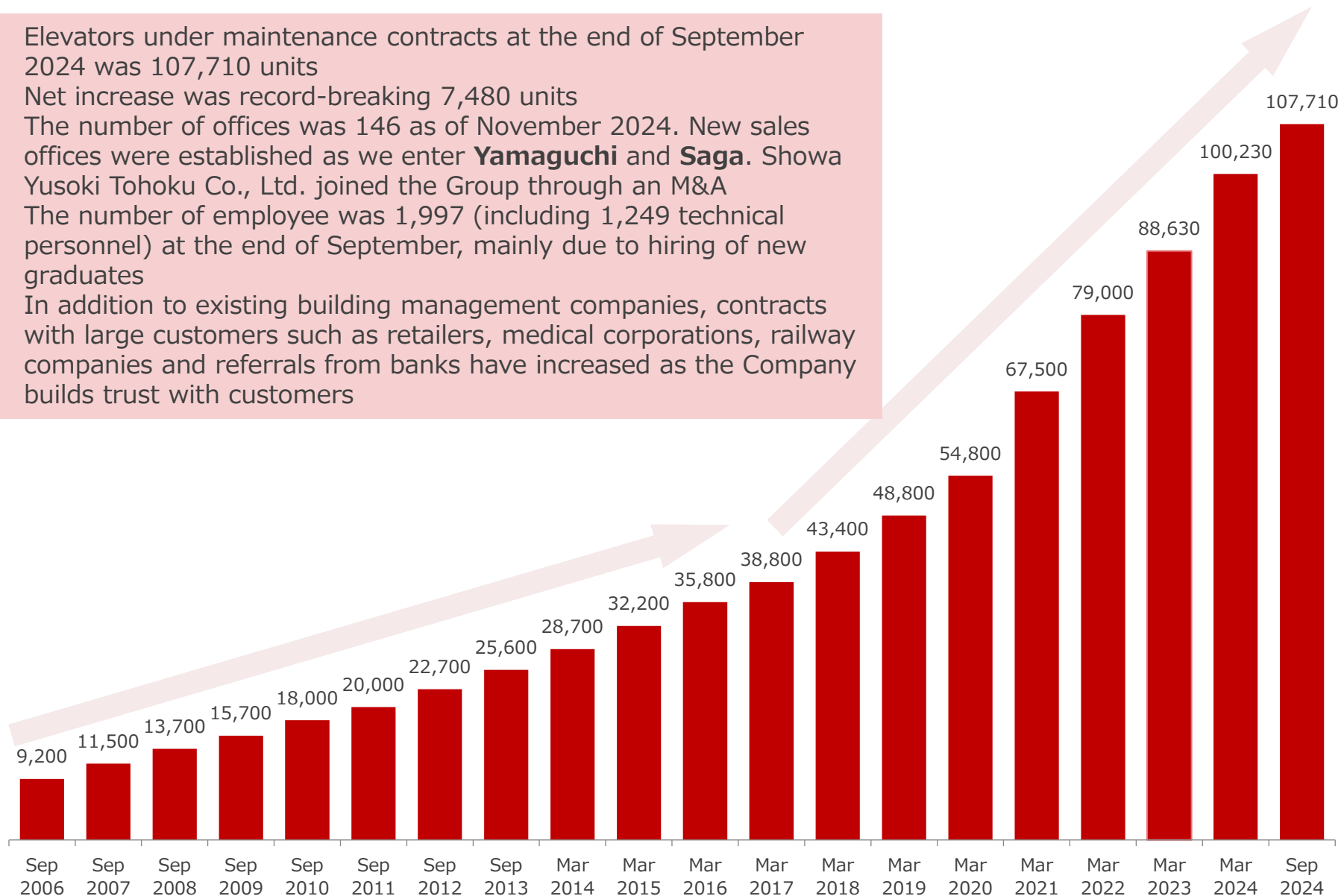
Adjusted DPS (yen)



Dividend Payout Ratio (%)



- Elevators under maintenance contracts at the end of September 2024 was 107,710 units
- Net increase was record-breaking 7,480 units
- The number of offices was 146 as of November 2024. New sales offices were established as we enter **Yamaguchi** and **Saga**. Showa Yusoki Tohoku Co., Ltd. joined the Group through an M&A
- The number of employee was 1,997 (including 1,249 technical personnel) at the end of September, mainly due to hiring of new graduates
- In addition to existing building management companies, contracts with large customers such as retailers, medical corporations, railway companies and referrals from banks have increased as the Company builds trust with customers





Progress of the Medium-term Management Plan

■ 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

■ 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

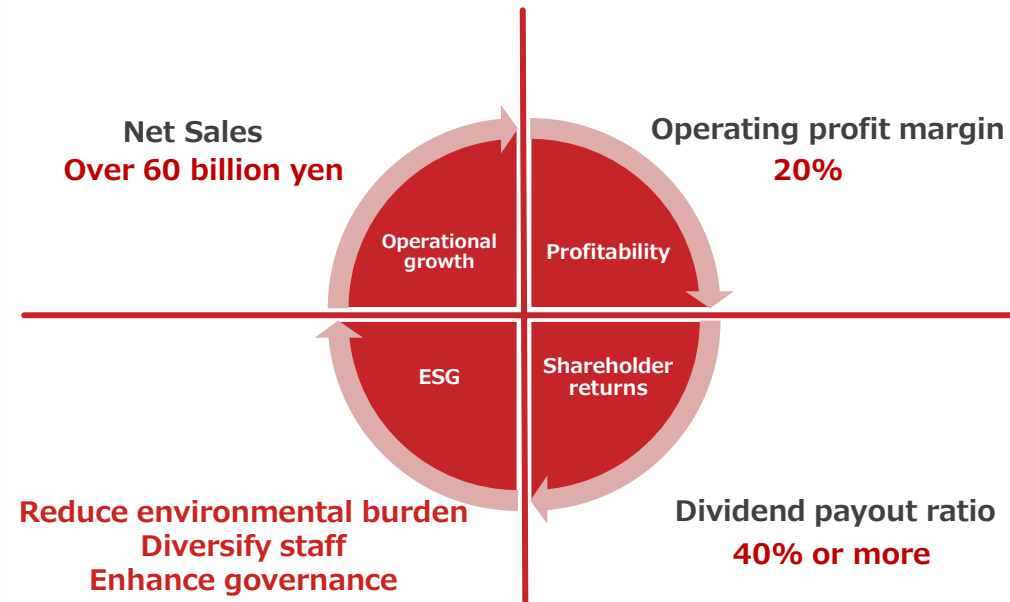
=> **Net sales of 60 billion yen**

- 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)

■ Key Indicators

**Raise corporate value through growth,
prosper together with all stakeholders**

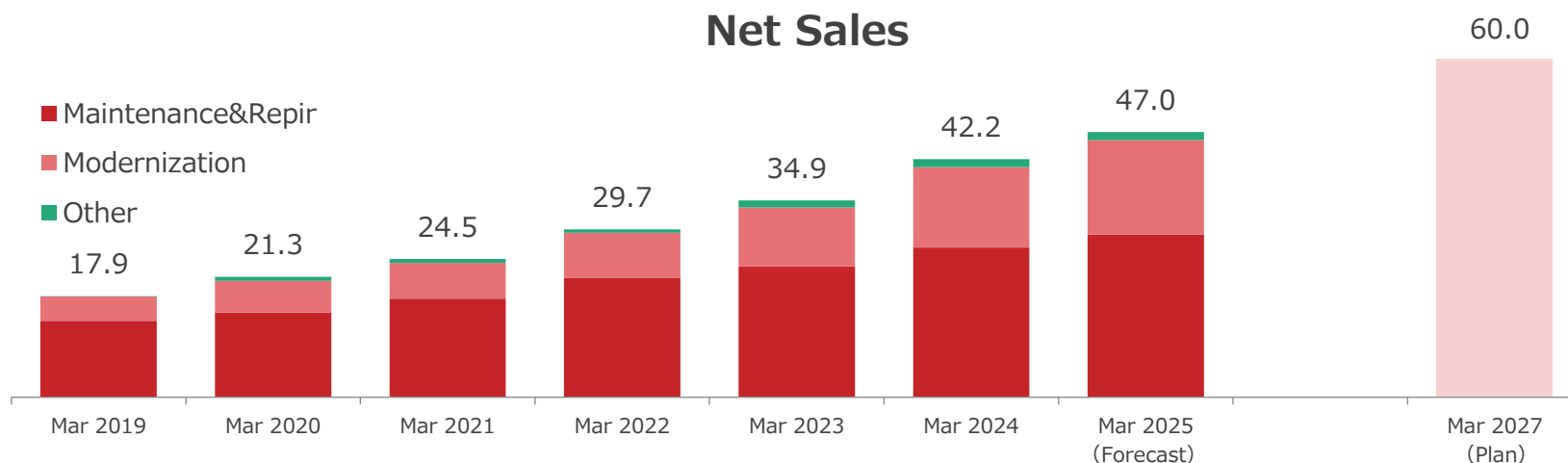


- Growth and profitability metrics to be met by FY Mar 2027
- OP Margin excludes goodwill amortization

- **Establishing a business base to sustain net growth of more than 10,000 units per year** by expanding coverage and increasing density
 - ✓ **Expand into new areas , increase market share in existing areas**
 - ✓ Improve quality, expand network of offices, secure human resources
- **Demand for modernization increases** as OEMs stop supplying genuine parts for more models
- Promoting **a favorable business cycle from modernization to maintenance contracts**

	Before Mid-term Management plan (Mar2020~2022)	First Half of the Mid-term Management Plan (Mar2023~2025)
Average organic net growth in number of maintenance contracts	6,920	10,250
Average growth rate of modernization shipments	19.9%	22.6%

*Annualized based on the first half results



	Mar 2022	Mar 2023	Mar 2024	Mar 2025 1H
Average number of contracts (A)	73,230	83,820	94,430	103,970
Average number of technical personnel (B) ※	942	1,050	1,128	1,204
Number of contracts per technical personnel (A/B)	78	80	84	86
Number of new graduate technical personnel	64	103	123	138

※ include personnel undergoing training



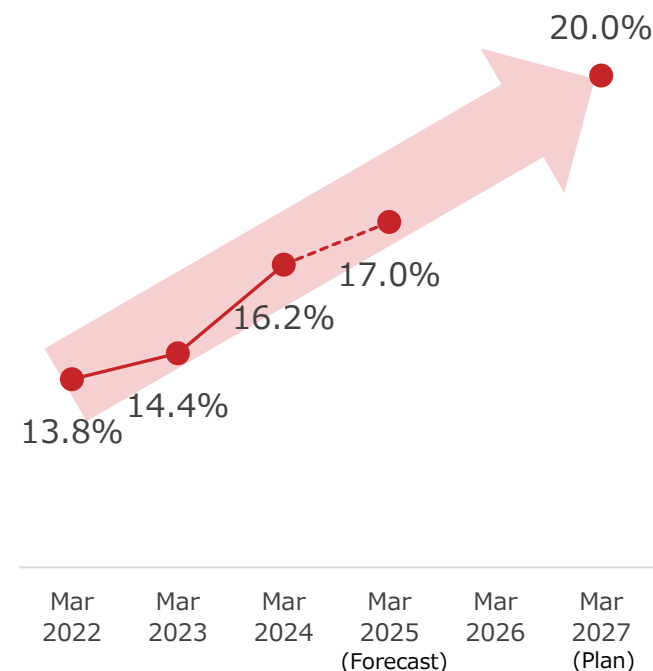
- Increased productivity of technical personnel through increased number of maintenance contracts
- Curbing labor costs by switching to hiring new graduates

CoGs to net sales	61%	62%	62%	62%
Labor cost	24%	23%	21%	21%
Materials cost	19%	19%	21%	21%
Outsourcing cost	10%	11%	12%	12%
SG&A expenses to net sales	25%	24%	22%	21%
Personnel expenses	13%	12%	11%	10%
Total Personnel expenses to net sales	37%	35%	32%	31%
Goodwill amortization	0.7%	0.8%	0.6%	0.6%
OP Margin	13.8%	14.4%	16.2%	16.9%

OP Margin should improve moderately, as higher variable costs associated with accelerated sales of repair and modernization would be offset by the effect of labor cost containment.

Operating profit margin
20% in FY Mar 2027
(before amortization of goodwill)

Operating profit margin





Financial Review of the Six Months Results for the FY Mar 2025 and FY 2025 Earnings Forecasts

Steady progress in both sales and profits, with a 17% increase in sales and a 30% increase in profits YoY

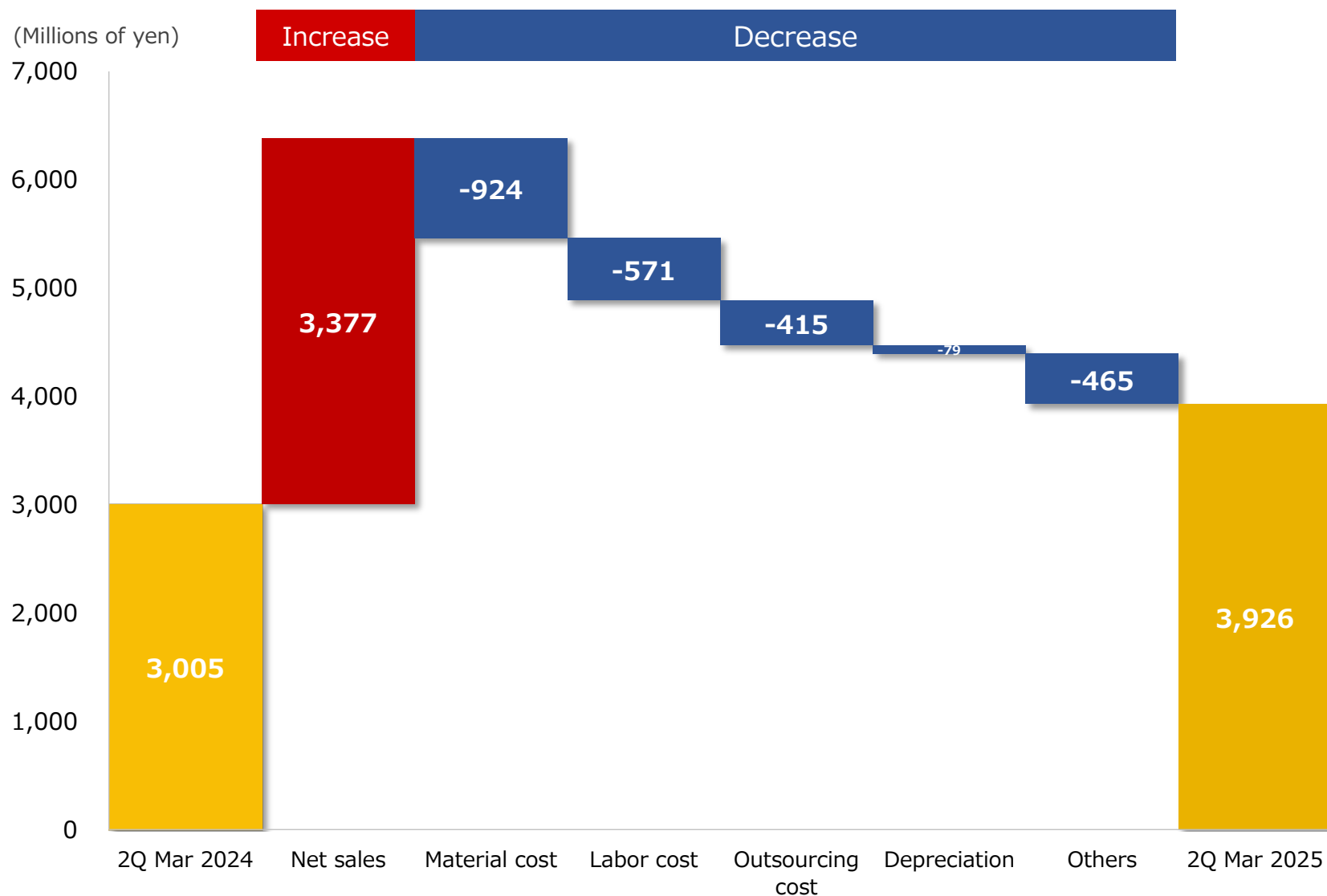
- The increase of net sales was due to higher maintenance sales resulting from an increase in the number of maintenance contracts, as well as a high level of repair and modernization sales
- The operating margin improved 1.8 points YoY to 16.9% as the ratio of labor cost to sales fell and SG&A cost containment continued. As a result, operating profit and other profit indicators were all up by approximately 30% YoY

(millions of yen, yen, %)

	6 months ended September 2023		6 months ended September 2024		YoY change	
	Amount	% of sales	Amount	% of sales	Amount	%
Net sales	19,887	100.0	23,264	100.0	3,377	17.0
Operating profit	3,005	15.1	3,926	16.9	921	30.6
Ordinary profit	3,031	15.2	3,946	17.0	914	30.2
Intreim profit attributable to owners of parent	1,930	9.7	2,522	10.8	591	30.6
(Depreciation)	676	3.4	756	3.3	79	11.8
(Amortization)	134	0.7	133	0.6	-1	-0.8
EBITDA	3,816	19.2	4,816	20.7	999	26.2
EPS	21.68	--	28.32	--	6.64	30.6

Factors for Change in Operating Profit

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Earnings forecast unchanged as steady progress confirmed, full-year dividend forecast is now set 30 yen per share

- Stable growth in Maintenance & repair services due to strong net increase in contracts and Modernization services is also expected to grow in terms of volume and unit price due to strong demand and the new operation of JIK. OP margin should continue to improve and reach a record high through CoGS and SG&A cost controls
- Full-year dividend forecast disclosed as the Company confirms steady progress

(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

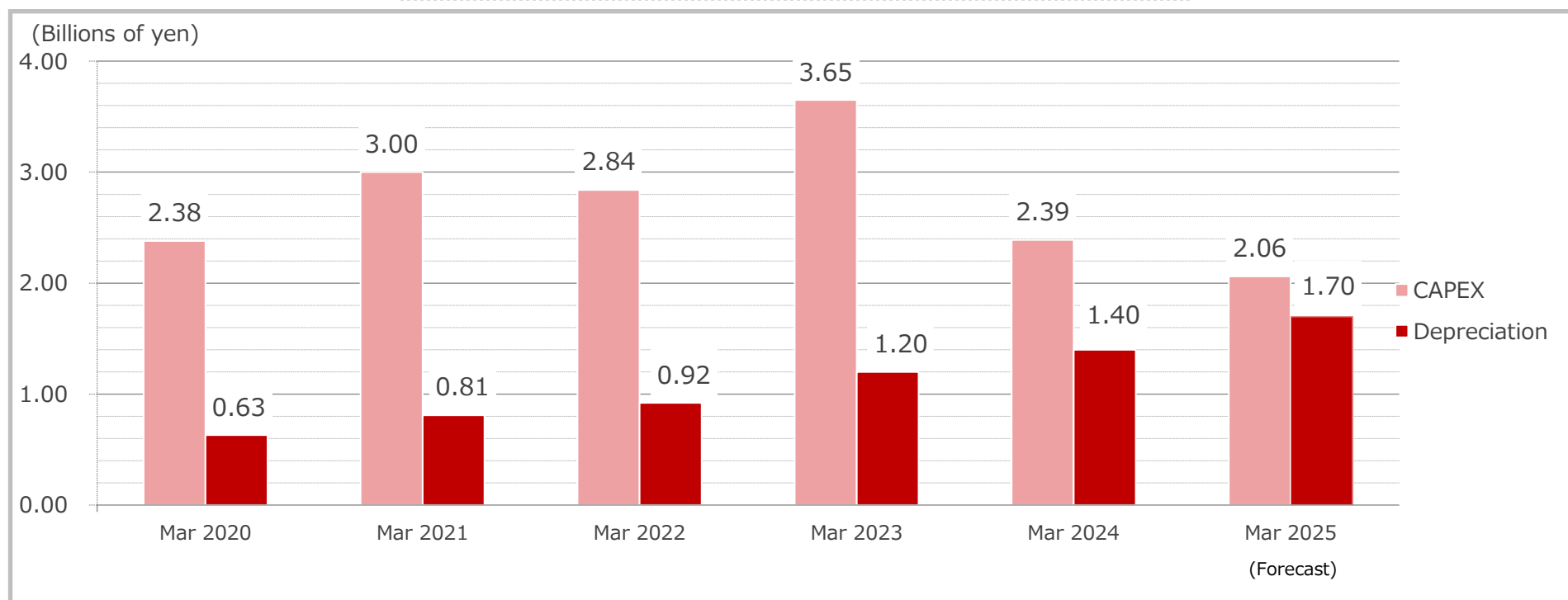
Capital Expenditures and Depreciation Forecasts

14

(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	

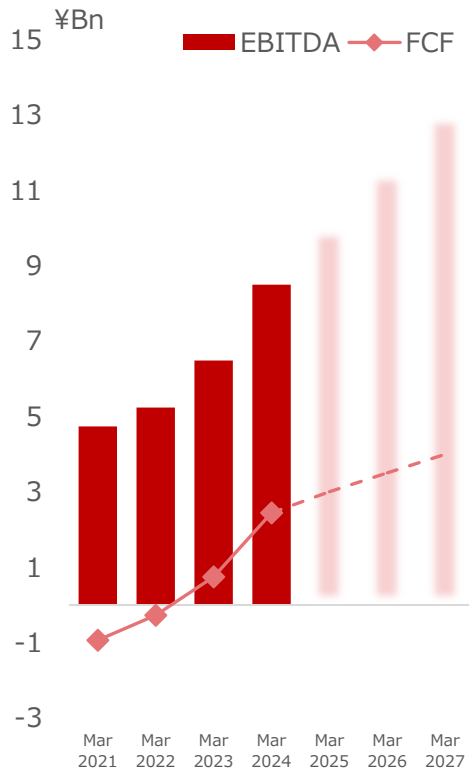
Capital Expenditures and Depreciation



Sharing free cash flow with stakeholders for sustainable growth

- Capital investment peaked in FY 2023 and then begin to decline
- Free cash flow should be on an upward trend due to business expansion as number of maintenance contracts increases and improve profitability

EBITDA FCF Forecast



Cash flow management

Shareholder returns

Dividend payout ratio
40% or more
Sharing profit growth with
shareholder

- Increase dividend payout ratio from 49.3% to 52.4%
- Dividend is 30 yen, an increase of 5 yen YoY
- Sharing profit growth with shareholder through dividends

Investment in inorganic growth

Continue domestic M&A
Prepare for full-scale
expansion overseas

- Aiming for net cash for the time being
- Continue bolt-on acquisition in Japan taking advantage of share expansion and succession issues
- Overseas business is currently positioned as a period of know-how accumulation
- Strengthening risk tolerance through domestic business expansion and prepare for full-scale expansion in the future

Investment in continuing business

Investment in human
resources, DX promotion,
R&D, etc.

- Continue to invest in improving service quality which is the source of competition
- Profitability should improve along with top-line growth as a business characteristic
- Investment in human resources should accelerate once OP margin exceeded 20%



Medium-term Management Plan "VISION 2027"

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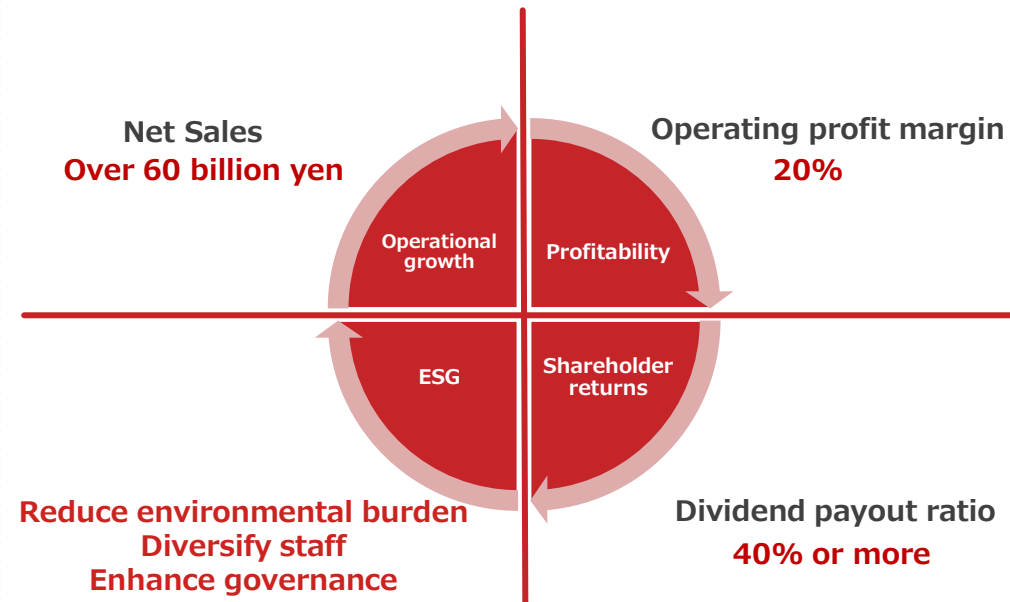
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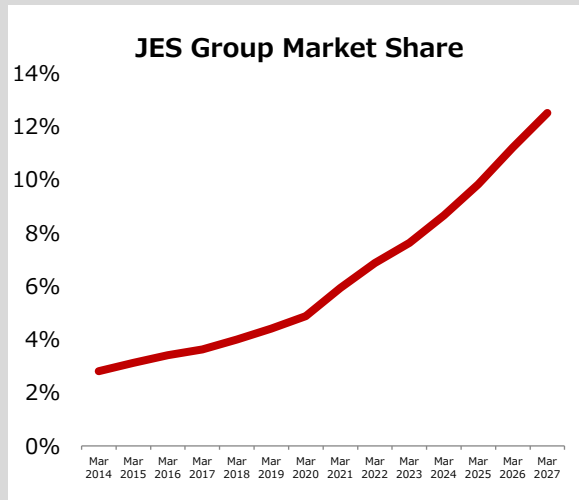
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Elevator maintenance market in Japan:

- There are an estimated 1.1 million elevators installed & maintained
- 1-2% annual growth to 1.2 million in Mar 2027
- Five OEMs* and affiliated companies handle manufacturing, installation, and maintenance
- Approximately 300 independent companies generally specialize in maintenance

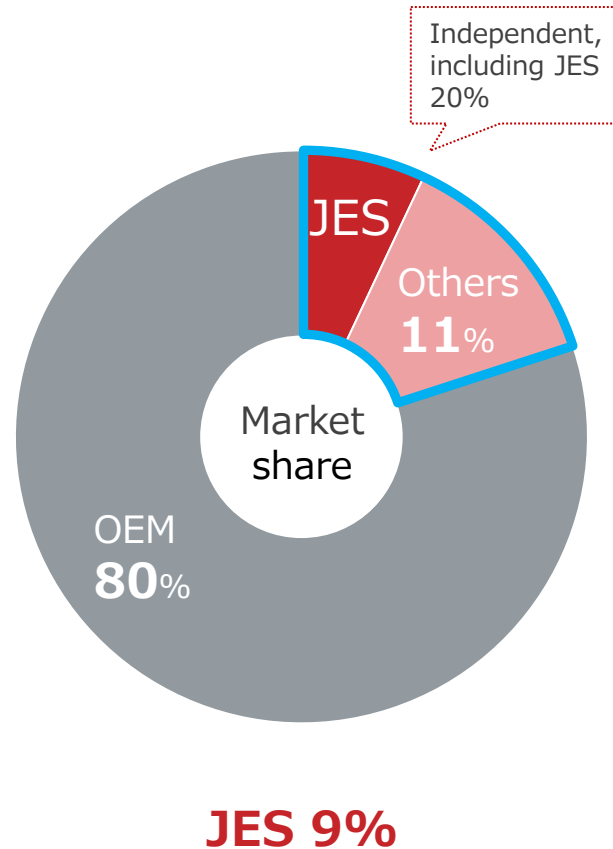
Market share:

- OEM market share is approximately 80%
- Independents' share is expected to grow moderately, reaching 25% by 2027 (generally 50-60% in European and U.S. markets)
- The Group's market share is expected to be over 13%, the majority of the independent

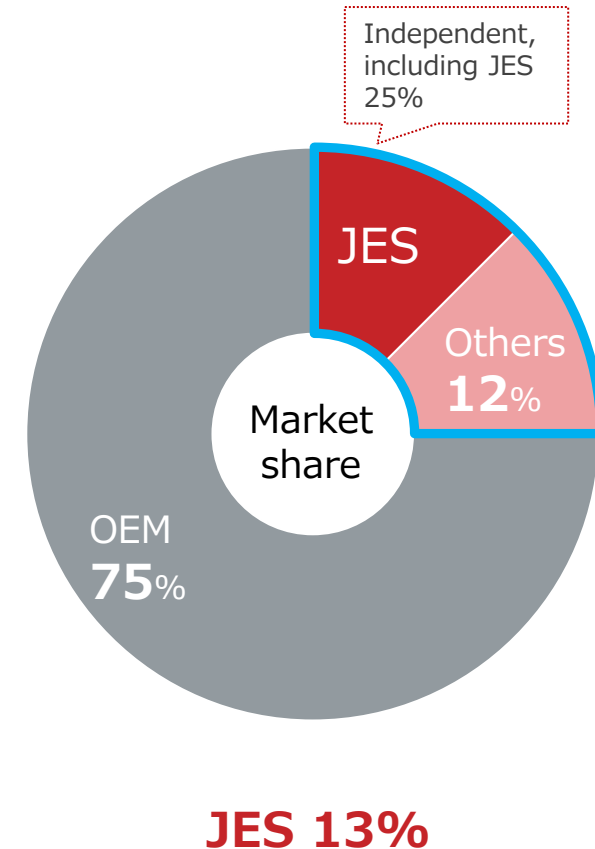


*Mitsubishi Electric Building Solutions, Hitachi Building Systems, Toshiba Elevator and Building Systems, Otis Elevator Japan, Fujitec

Year ended March 2024

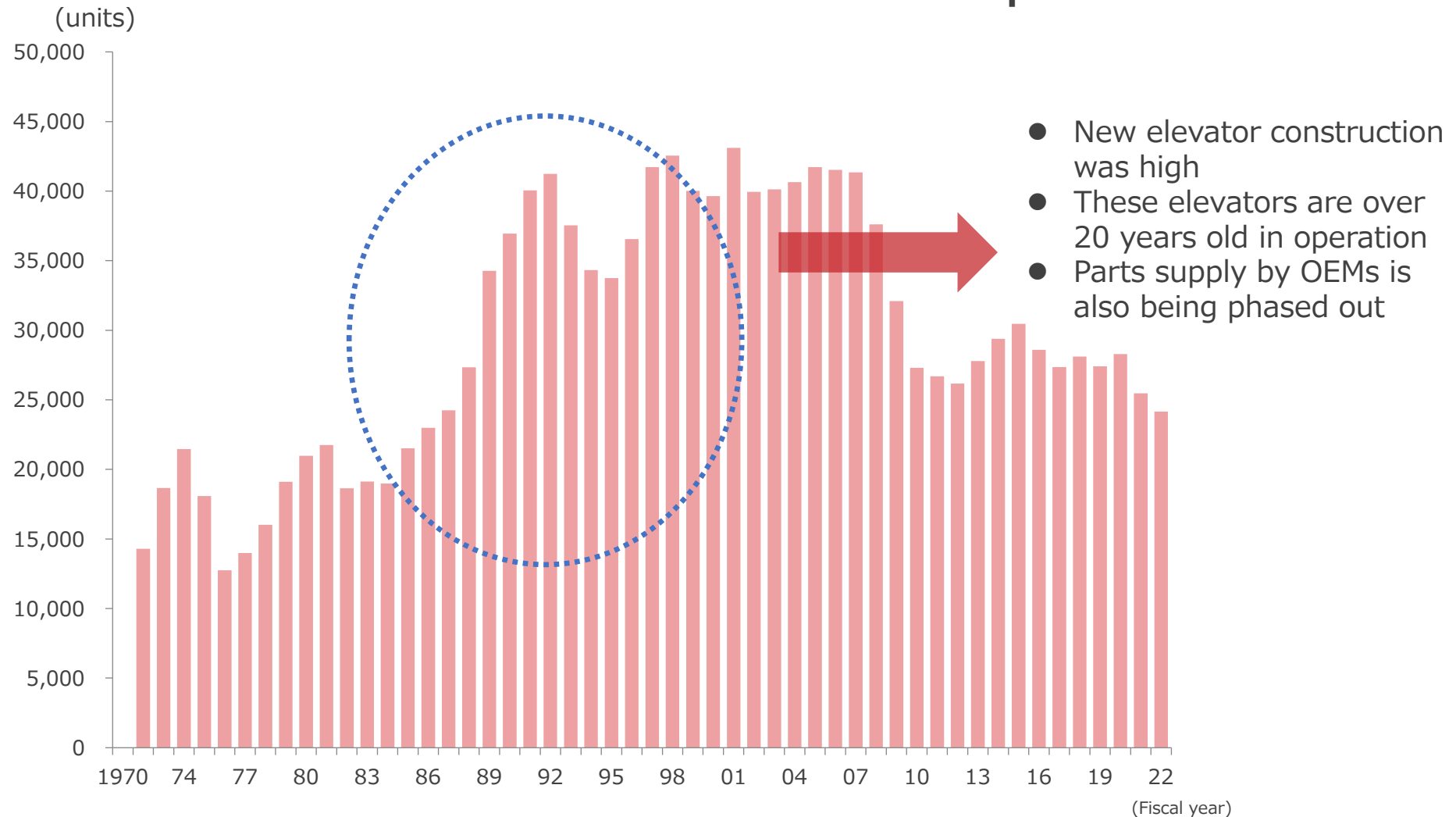


VISION2027



(Source) Japan Elevator Service Holdings Co., Ltd. estimates based on data from Japan Elevator Association.

Number of New Elevators Installed in Japan



(Source) Compiled by Japan Elevator Service Holdings Co., Ltd. from various issues of Elevator Journal, published by Japan Elevator Association.

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

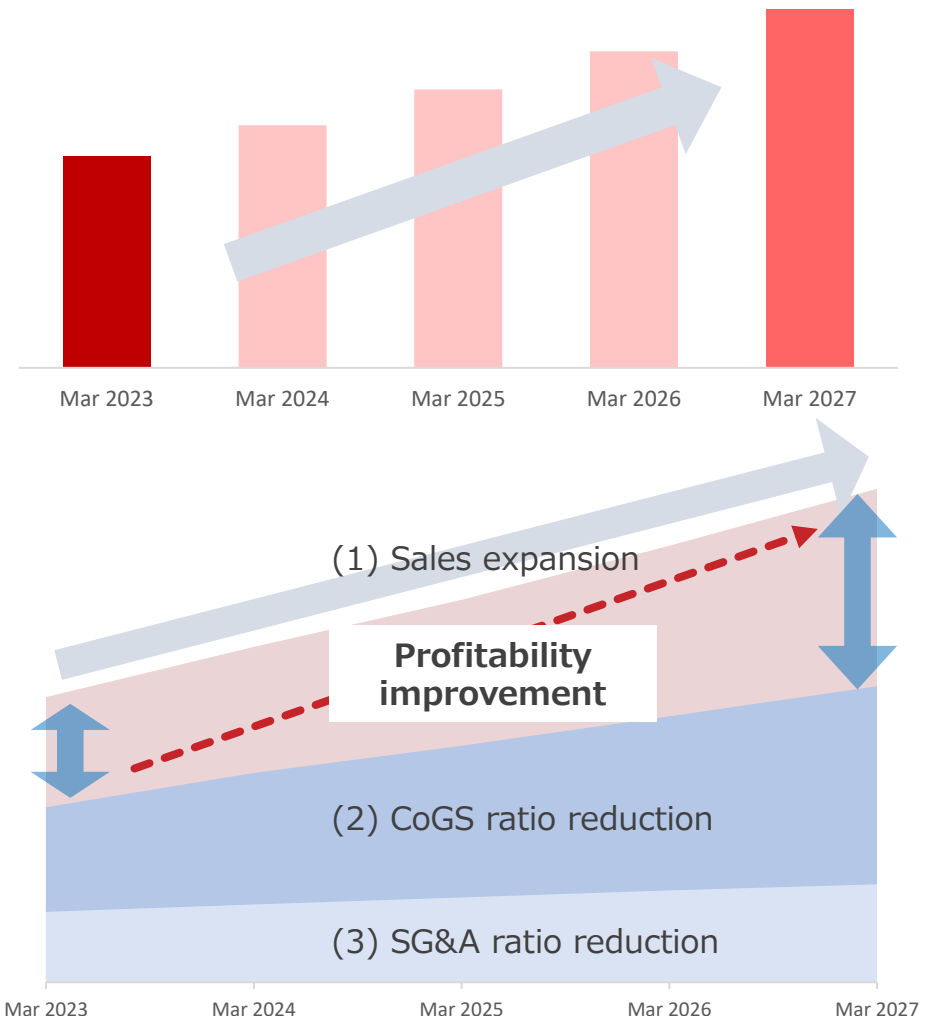
1. Achieve net sales of 60 billion yen by expanding the market and increasing share in Japan

- 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

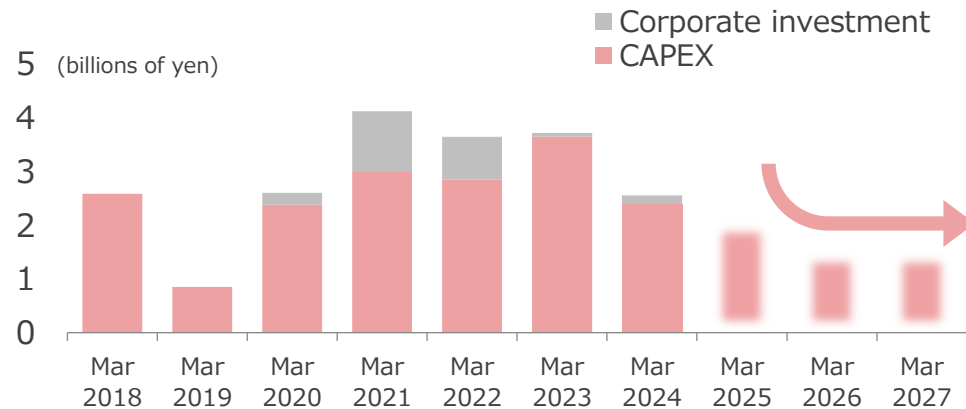
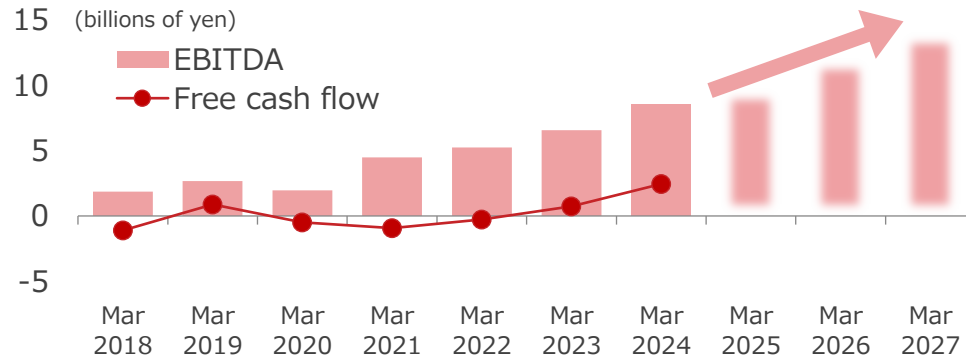
- Increase contribution from high margin maintenance sales
Improve margins in newly expanded areas with low market share by increasing the number of maintenance contracts
- Reduction in CoGS ratio
Despite our continued effort to increase the number of technical personnel, costs should be under control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



About Us

Company Name	Japan Elevator Service Holdings Co., Ltd.
Established	October 3, 1994
Listed Market	TSE Prime Market (6544) since April 4, 2022
Headquarters	Tokyo Tatemono Nihonbashi Bldg. 5F, 1-3-13 Nihonbashi, Chuo-ku, Tokyo 103-0027
CEO	Katsushi Ishida (Born on March 25, 1966)
Number of Employees	1,997 (as of September 2024, consolidated basis)
Paid-in Capital	¥2,493 million (end of March 2024)
Net Sales	¥42,216 million (for the FY2024, consolidated basis)



Safety Above Anything Else

Safety is our lifeblood above anything else
We are committed to monitoring 24 hours a day, 365 days a year

No Cutting Corners

We do not cut corners because people don't see, and we work for safe operation

Building on Trust

Building relationships of trust with customers based on our position and strengths as an expert specializing in maintenance

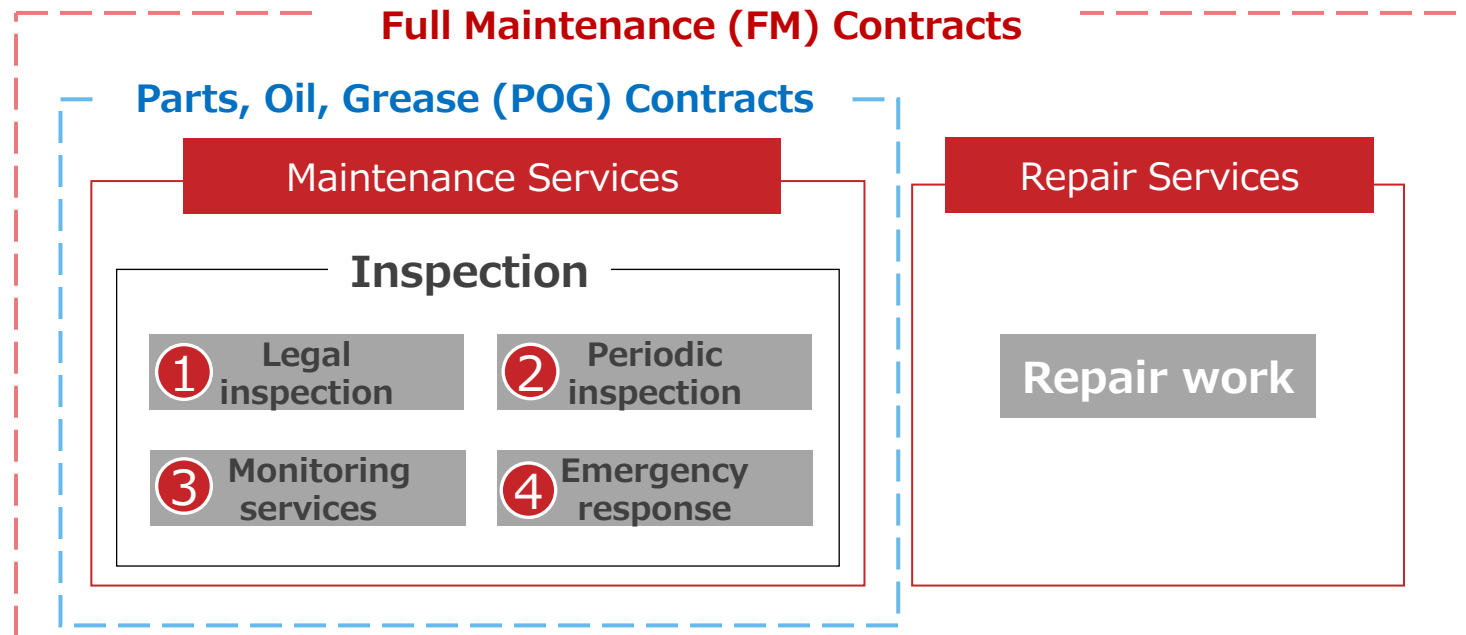
Maintenance Services



- ① Legal inspection stipulated in the Building Standards Act
- ② Periodic inspection (cleaning, oiling, adjustment, replacement of consumables, etc.)
- ③ Monitoring services (including examination, remote monitoring, and remote inspection for abnormalities and defects)
- ④ Emergency response

Repair Services

Replacement and repair of deteriorated parts based on our reasonable judgement in light of inspection results



Modernization Services



- The legal depreciable life of a lift is 17 years. The Life Cycle Cost Assessment Index planned service life proposed by the Building Maintenance and Preservation Association is 25 years
- For some models, the OEM may stop supplying parts, so modernization is carried out after 20-25 years to ensure continued safe and reliable operation
- Service will be suspended for about one week and replace major components such as control panels, traction machines, etc.

Traction Machine

before



after



Control Panel

before



after

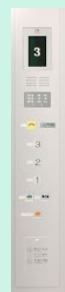


Operation Panel

before

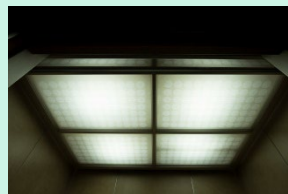


after



Lighting

before



after



Safer

Eliminate steps
Wheelchair-ready
Preparation for earthquake
Seismic retrofitting



Ecological

Inverter control
Operation panel

- Digital sign
- LED display

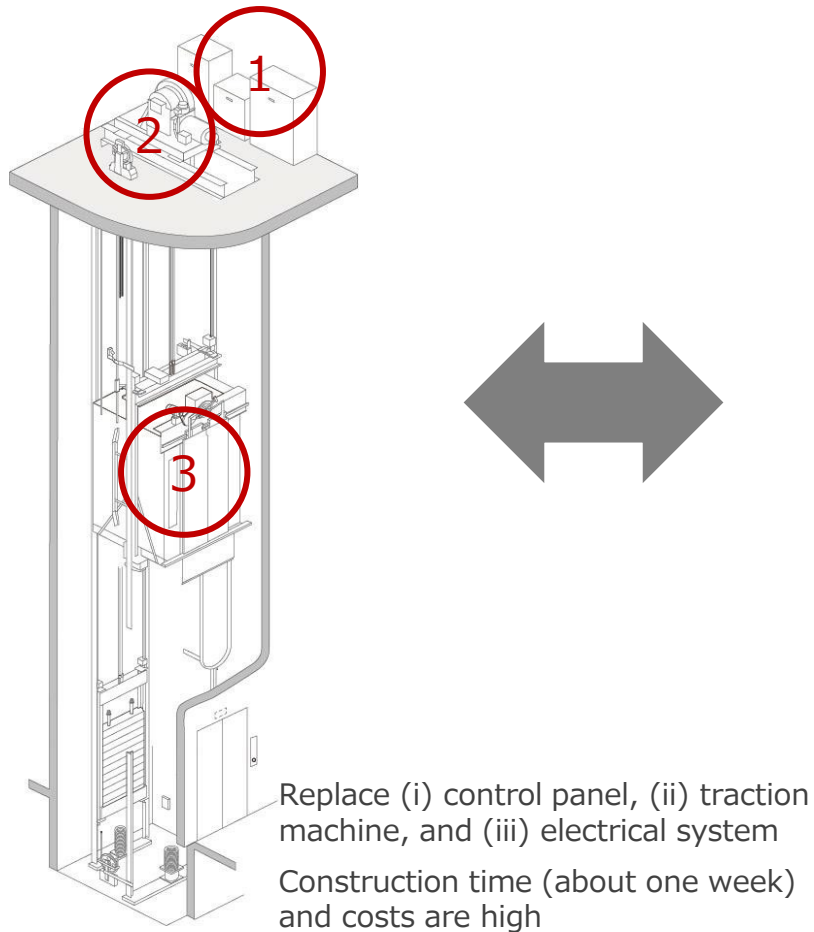


Stylish

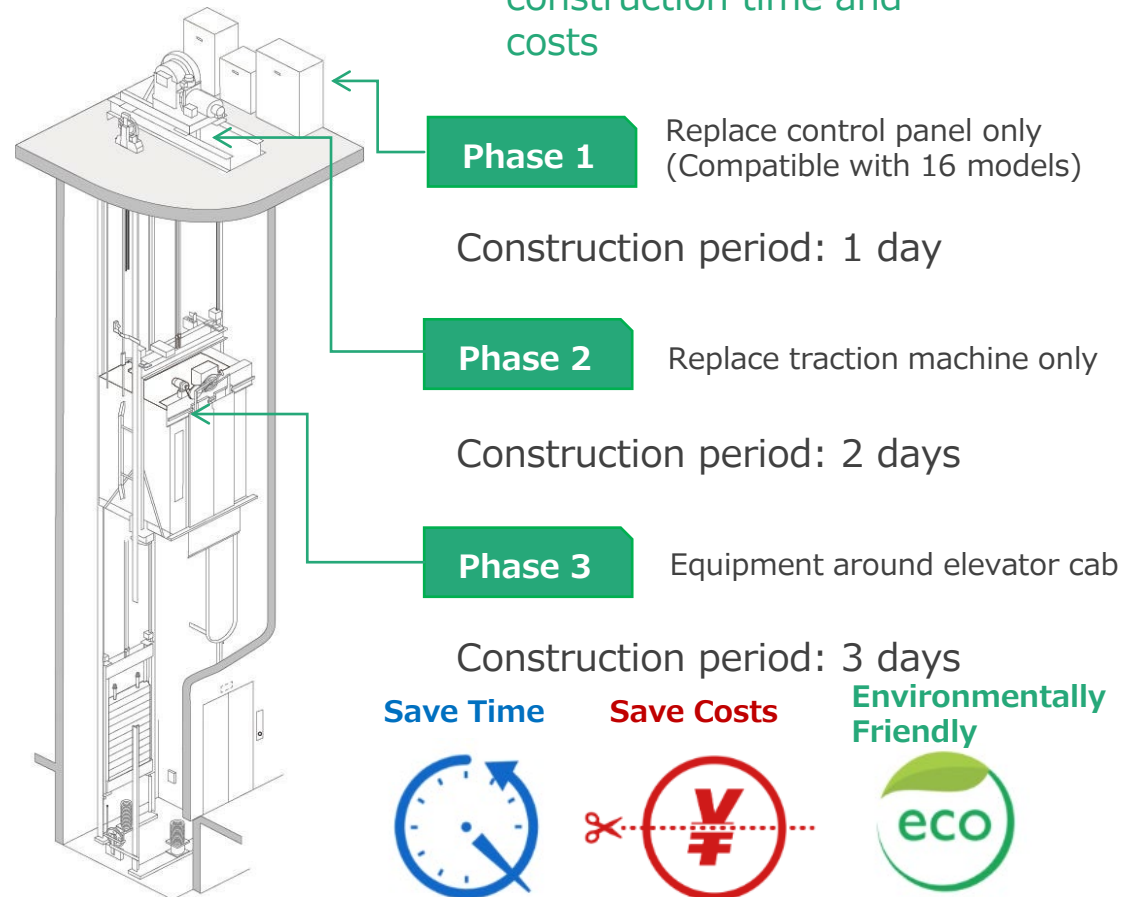
LED lighting, wall
• Entrance
Materials or colors of choice

Quick Renewal enables flexible modernization reflecting customer needs

One time modernization



Major components are replaced in stages, significantly reducing construction time and costs



- Escalators account for 5% of maintenance contracts and are expected to increase along with the increase in maintenance contracts
- Established organization to train technical staff specialized in escalators to improve service quality
- Commence renewal support for some models in the FY Mar 2024, and gradually increase the number of models that can be renewed

Initiating Escalator Modernization

Successfully developed control panels in Mar 2024

Also succeeded in the development of hoisting machines, and we will expand the number of compatible models sequentially

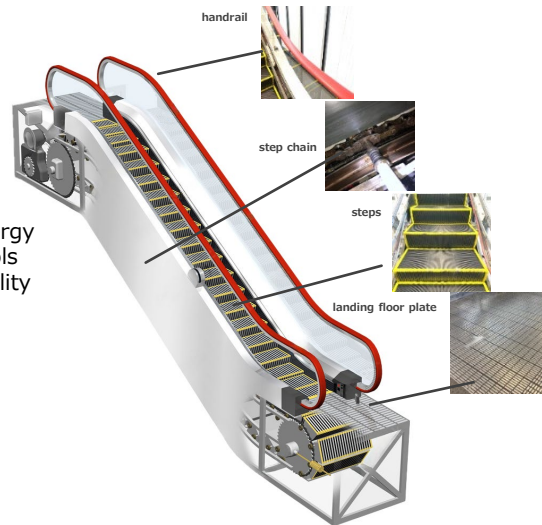
In Mar 2025, we will promote modernization of escalators, focusing on models that have reached modernization period.



<Control Panel>
• Inverter will save energy
• Variable speed controls
• ECO operation capability



<Gear Reducer>
• Low noise
• Low vibration



Training Escalator Experts

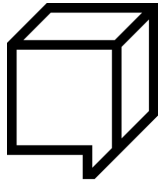
We are accumulating expertise for escalator technology
As the number of escalators to be managed is expected to increase, we will establish a specialized organization and train experts specialized in escalators

ES Group

Experts

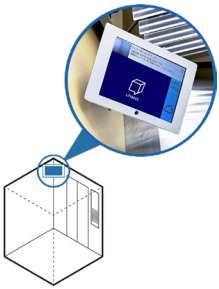
Improve service quality

Build organization for increased number of contracts



LiftSPOT

- LiftSPOT is a service that combines digital signage with security cameras, helping prevent crime in elevators while providing a display for advertising and other content (patent acquired for security camera with ad display function)
- Audio-enabled digital signage media for elevators, has grown to largest business of its kind in Japan by number of installations (**over 10,000 units**)
- We aim to increase installation, mainly in **Tokyo area office and residential buildings**, thereby lift media value and boost advertising revenue



LiftSPOT features

1. New medium, not relegated to background
2. Audio-enabled ads means high impact
3. Medium aligns naturally with daily activity

Advertising plans/main client industries

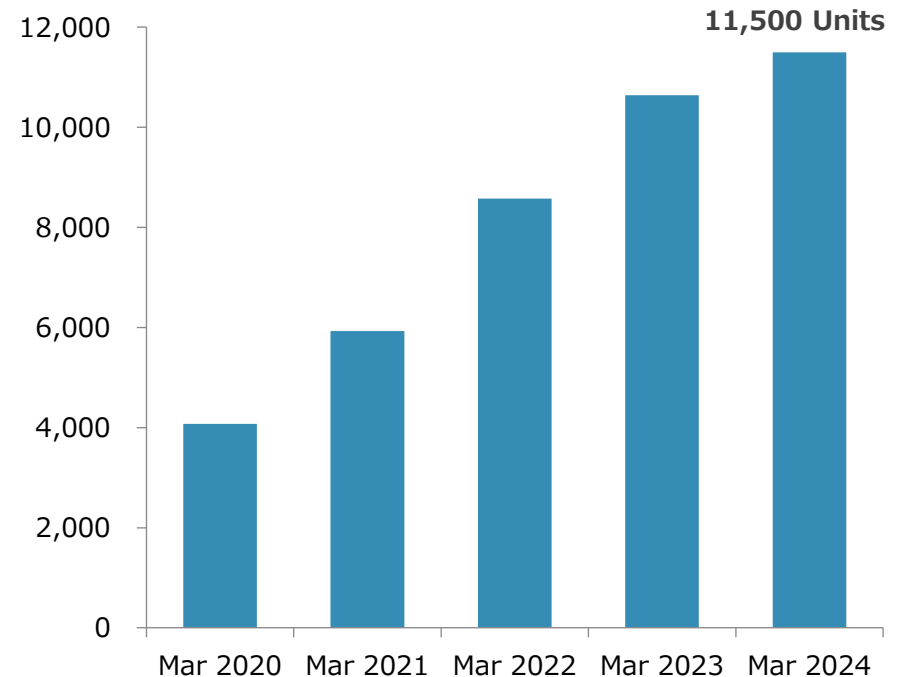
1. BtoC Residential building plan

Banks, securities brokerages, retail, restaurants/bars, cram schools, general consumer goods

2. BtoB Office building plan

Marketing/sales support, HR solutions, accounting/management, security, employee benefits

Units installed





Refurbished parts are products collected during parts replacement, then repaired and refurbished. Components that pass our QA testing are certified as JES Authorized Refurbished Parts. JES Group is focusing on obtaining recycled parts and promoting growth in the refurbished parts business to ensure stable parts supply and address environmental issues.

1. Greenhouse Gas Reduction

Refurbished products can reduce the production and manufacture of components, helping lower industrial waste. JES can create products that are in terms of quality, and using these can help reduce GHG emissions.



2. Resolving social issue of parts shortages

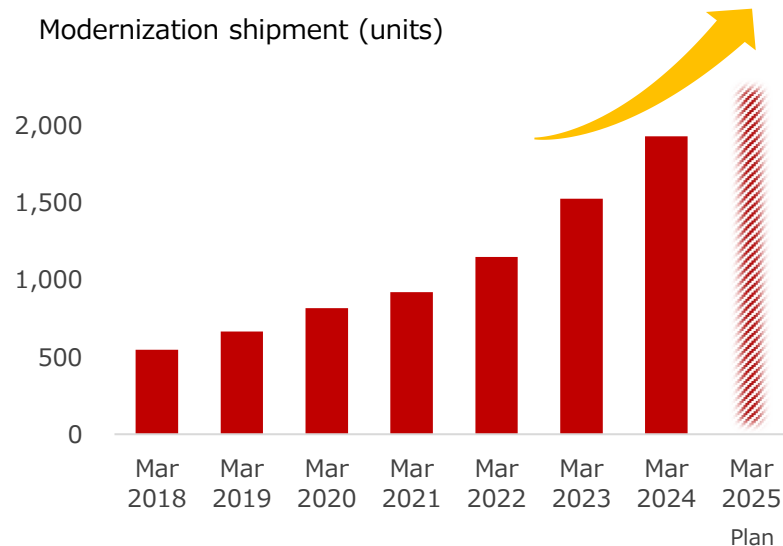
Supply delays may occur for some components due to supply chain disruptions. The use of refurbished products can help in the following ways:

- Rapid response for customers who want elevators back in working order quickly
- Mitigates business risk of delayed supply of JES parts



- JES Innovation Center Kansai (JIK) should add 100 per months capacity
- Logistics in western Japan region expedited with lower costs
- Highly evaluated as an energy-efficient building
- Strong BCP system including redundant control center (CRC)

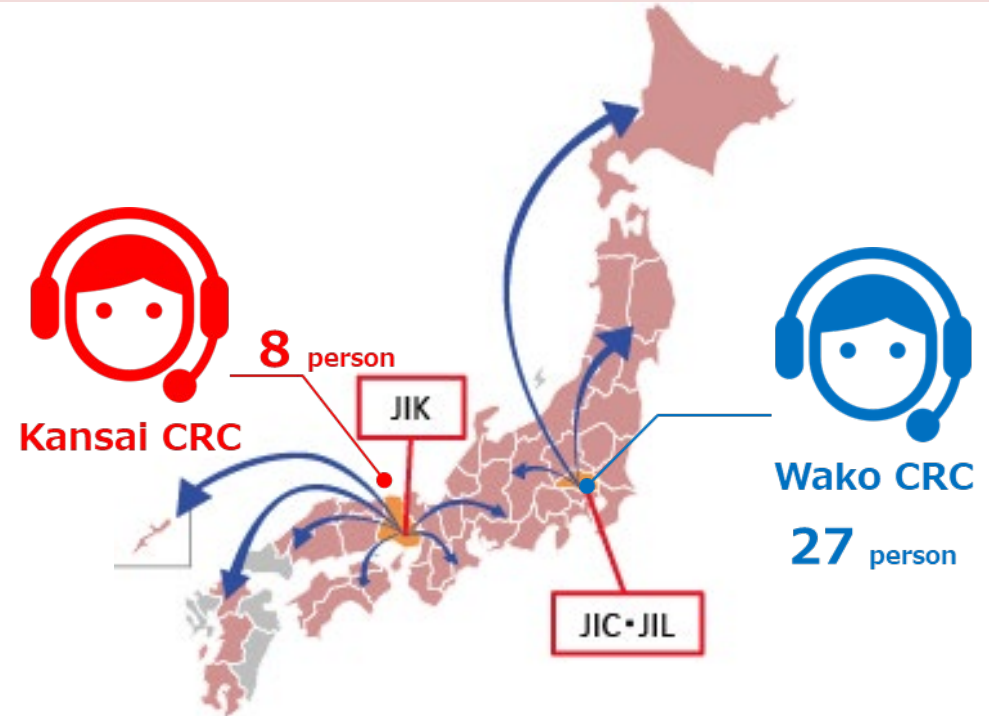
Modernization shipment (units)



Rainwater tank capable of storing 820L



Solar panels for 78 hours of emergency power generation



BELS Building-Housing
Energy-efficiency
Labeling
System

CASBEE®

Evaluated Highest (★★★★★) on Building-Housing
Energy-efficiency Labeling System (BELS)

Evaluated Rank-A (★★★★) on Comprehensive
Assessment System for Built Environment
Efficiency (CASBEE) System

Japan Elevator Service India Private Limited
Established in Feb 2016

Japan Elevator Service Hong Kong Company Limited

In Jul 2014 the Company established vehicle for research and investment in SE Asia

jes japan elevator service group
Japan Unieco Elevator Service

Acquired 51% interest
in Unieco of Vietnam in
Nov 2021



Acquired 80% interest
in Cofreth of Malaysia
in Jun 2022

jes japan elevator service group
Japan Elevator Service Indonesia

Set up joint venture in which the
Company took 40% share in Mar 2020

Business Conditions at ASEAN Subsidiaries Remained Strong Since Becoming a JES Group

- Dispatched Japanese technical personnel to subsidiaries in Indonesia and Vietnam, which engage in the elevator business, to improve quality
- Promote training system conducted in Japan and increase loyalty of local technical personnel
- Referrals from local Japanese clients, etc., have led to an increase in the number of units under management



PT. Japan Elevator Service Indonesia

①

- Referrals from a major Japanese retailer and a real estate development company contributed to a steady growth in maintenance contract volume and a significant growth in net sales compared to the previous year
- Introduced in-house training curriculum to raise the level of technical skills

JAPAN UNIECO ELEVATOR SERVICE COMPANY LIMITED

②

- This fiscal year the Company established a new office in Ho Chi Minh City in the southern part of the country and contracted with a state-owned company and a major retail company for large contracts, resulting in a significant increase in net sales
- Dispatched technical personnel from Japan to improve quality

COFRETH (M) SDN.BHD.

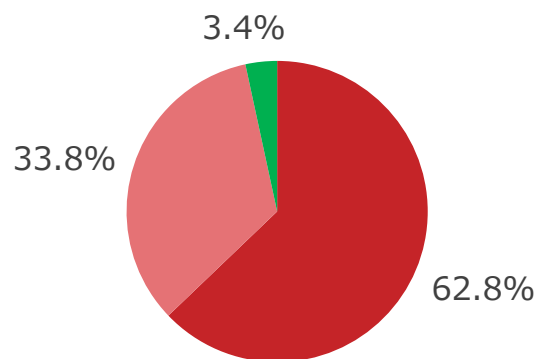
③

- Facility management business expanded with the acquisition of a project from a major Japanese retailer
- Net sales progressed at a higher level than the previous year

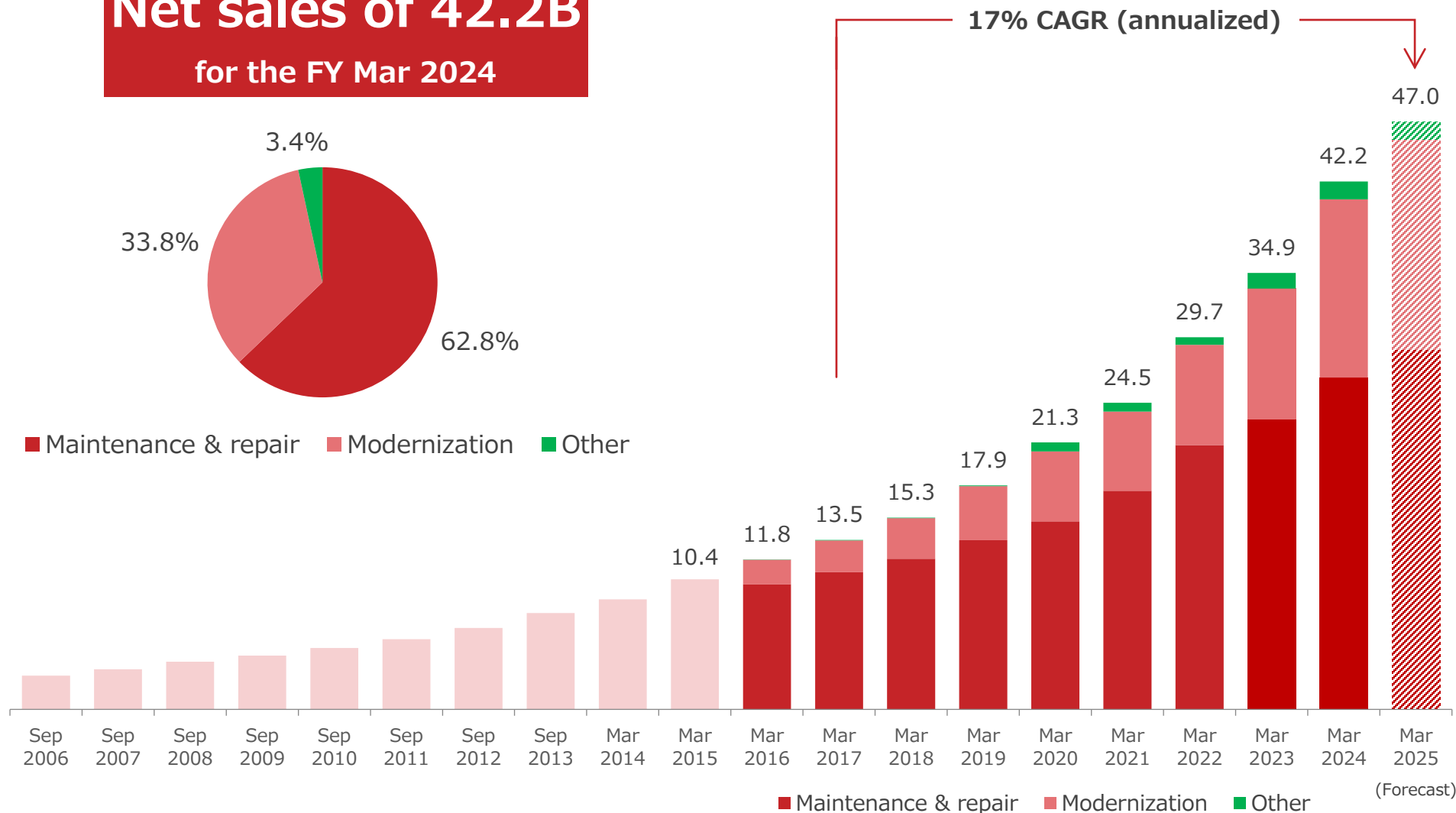
References



Net sales of 42.2B
for the FY Mar 2024



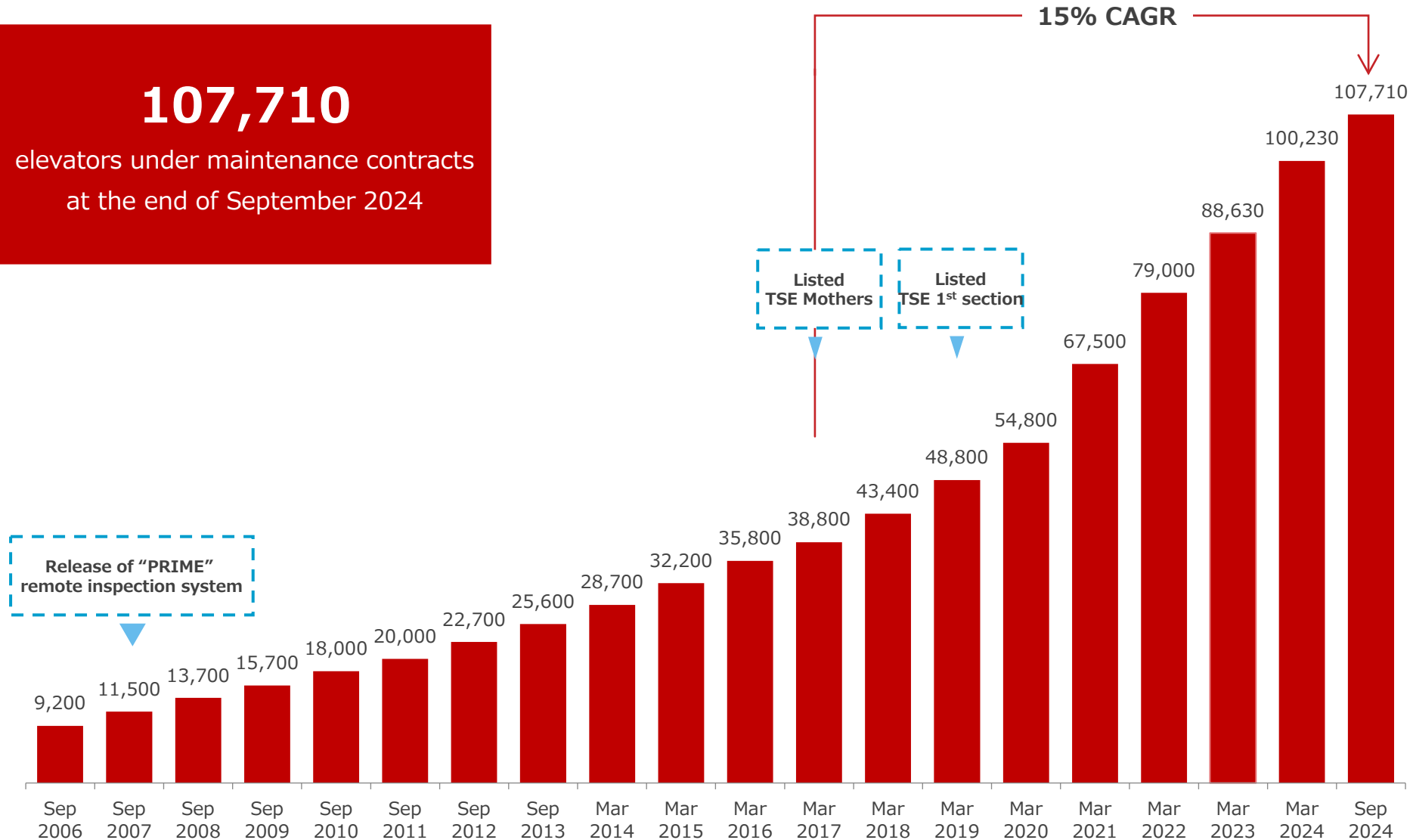
■ Maintenance & repair ■ Modernization ■ Other



(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.)

107,710

elevators under maintenance contracts
at the end of September 2024

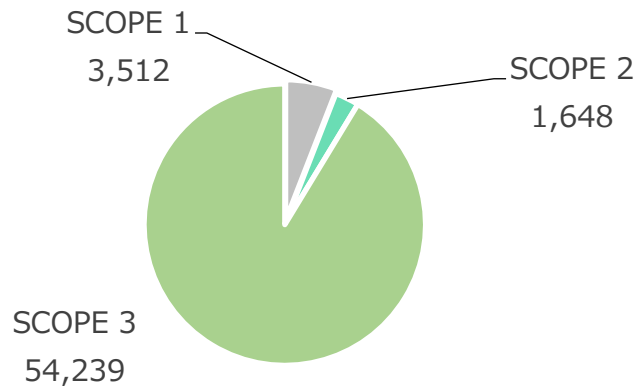


E

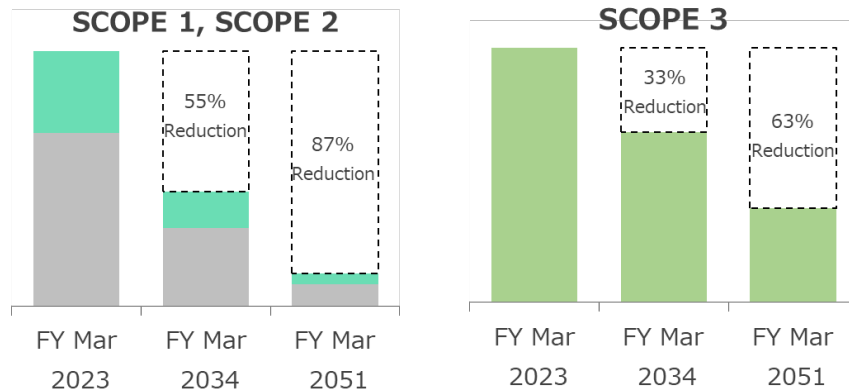
Strengthening efforts to maintain the environment

- Aggregate greenhouse gas emissions throughout the supply chain
- Examine long-term reduction targets based on intensity

Group GHG Emissions (t-co2)



GHG Reduction Targets with FY Mar 2023 as Base



S

Promotion of Good Working Environment

- Expansion of allowances due to revision of the personnel system (e.g. housing allowance)
- Judo Club held a judo class for students

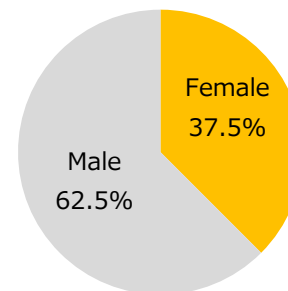


G

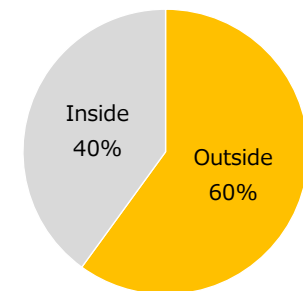
Continued efforts to strengthen governance

- Outside director assumed chair of the Nomination and Remuneration Committee
- Female represent 37.5% or 3 out of 8 senior management
- Outside director accounts 60% or 3 out of 5 board members

Senior Management

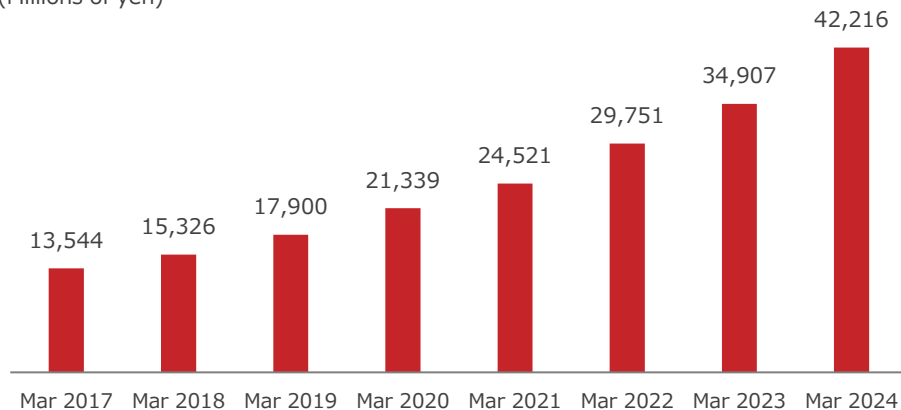


Outside Directors



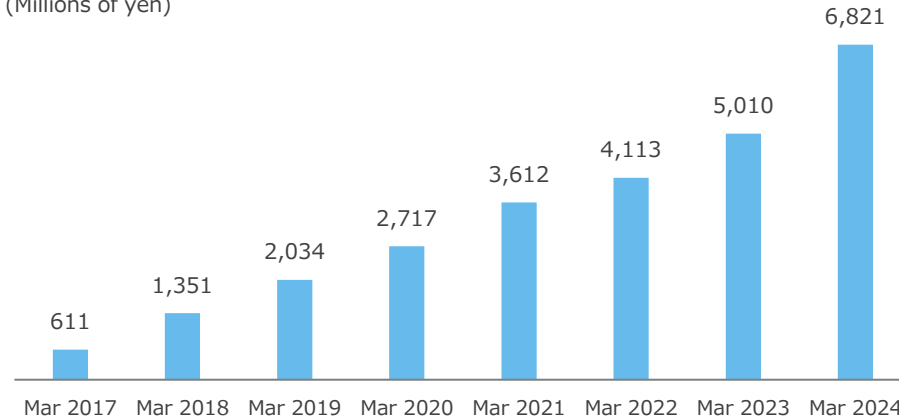
Net sales

(Millions of yen)



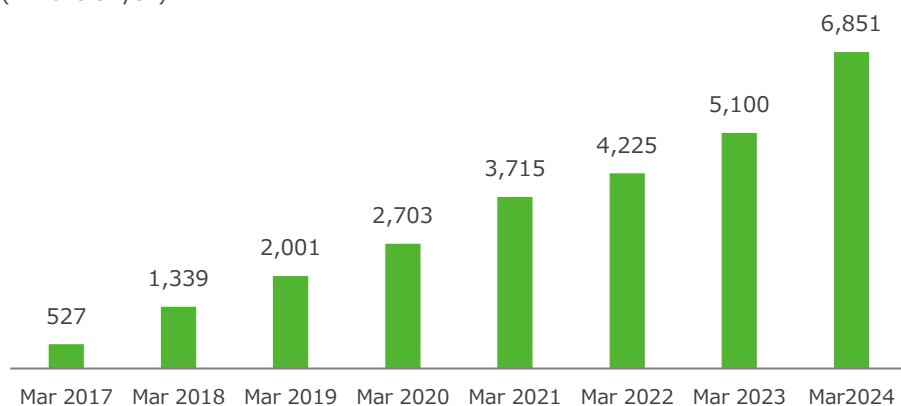
Operating profit

(Millions of yen)



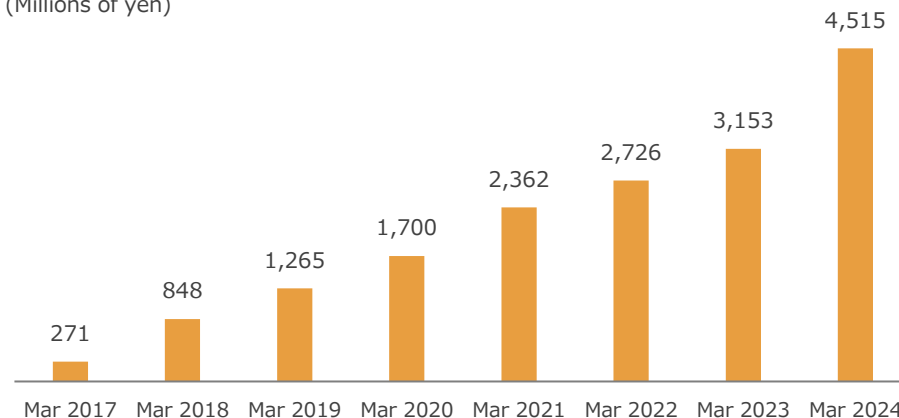
Ordinary profit

(Millions of yen)



Profit attributable to owners of parent

(Millions of yen)

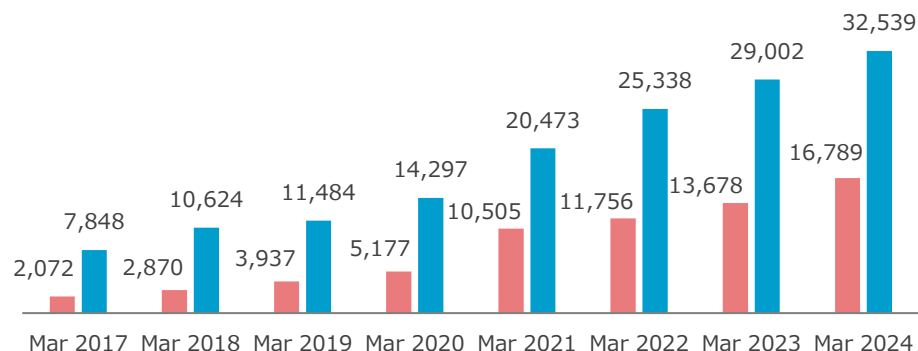


Net assets / Total assets

(Millions of yen)

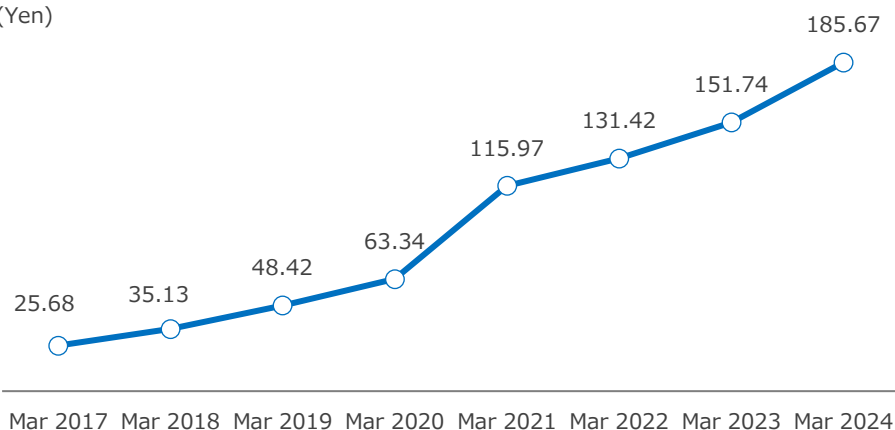
Net assets

Total assets



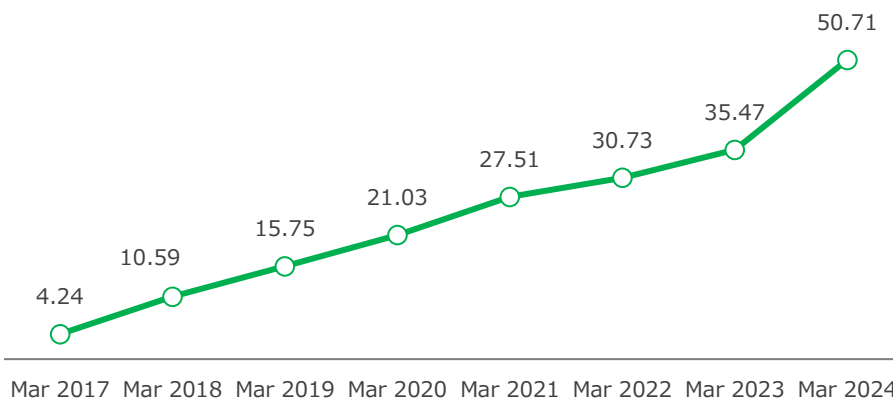
Net assets per share

(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

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.