



FY2022/3 Second Quarter Results

Japan Elevator Service Holdings

(TSE 1st Section: 6544)

November 11, 2021

1**Summary****2****First Half Financial Highlights****3****FY2022/3 Second Quarter Results****4****FY2022/3 Consolidated Financial Forecasts**



Summary

【Overview of 1H FY2022/3】

- By providing support services for social infrastructure during spread of COVID-19, achieved growth in sales and profit; net sales ¥13.9bn (+126.8% YoY), OP ¥1.8bn (+113.1%)
- In addition to JES parent growth, contributions from new group companies acquired in and after FY2021/3 drove increase in elevators under maintenance to approx. 74,500 at end-Sep 2021, up approx. 7,000 from end-Mar 2021
- Maintenance and Preservation Services business recorded firm sales of ¥10.1bn (+122.7% YoY)
- Modernization Services business overcame impact from COVID-19 to record strong growth to ¥3.5bn (+148.6% YoY).
- We have been proactively recruiting staff, especially maintenance engineers, to prepare for nationwide expansion. Headcount rose by 60 in 1H in the prior year and by 152 in the current 1H, an increase of 253.3% YoY

【Outlook for 2H FY2022/3】

- Despite ongoing economic uncertainties, we see steady progress in both Maintenance and Preservation Services and Modernization Services for 2H FY2022/3. Forecast sales of ¥14.6bn, OP of ¥2.3bn (record-high profit).
- In current year we acquired independent companies with high market share in Ehime, Kochi, and Tokushima. Also opened new sales offices in Tohoku and Hokuriku-Shinetsu.
- We previously had no operations in Tohoku, Chugoku, Shikoku, and Hokuriku-Shinetsu, and securing maintenance personnel is now even more crucial for expanding business in these areas.
- From a medium/long-term perspective, we will continue proactively recruiting experienced maintenance engineers in 2H, as well as next year's new graduate intake.

【Outlook for FY2022/3】

- We expect Maintenance and Preservation Services to perform well, driven by new staff, sales expansion into new regions via M&A, and enhancements to our management framework. We now look for elevators under maintenance contracts in FY2022/3 to exceed 10,000, above plan.
- For Modernization Services, we forecast sales of ¥7.4bn (+118.2% YoY), considerably above our initial target.
- We raised FY2022/3 net sales target to ¥28.5bn, ¥1.5bn above our target as of May 2021.
- Our full-year DPS target is for ¥13 (+¥1 YoY).

	Overview
Maintenance and Preservation Services:	<ul style="list-style-type: none"> •End-Sep 2021 elevators under maintenance contracts (Japan): around 74,500 •1H net increase: around 7,000 (non-consolidated : around 4,600; M&A: around 2,400) •Net increase was highest for a 1H at the parent, on rising need for cost savings
One-time modernization:	<ul style="list-style-type: none"> •1H elevators serviced (Japan): around 520 •Much higher than 360 serviced in 1H FY2021/3 (Japan)
Quick Renewal:	<ul style="list-style-type: none"> •Development completed for 12 types of elevator •Development complete for hydraulic-control elevators, so Quick Renewal now available for hydraulic elevators
LiftSPOT:	<ul style="list-style-type: none"> •Machines under contract at end-September 2021: around 8,300 •Aim to raise number of units installed by effectively targeting advertisers (aim to install over 10,000 as soon as possible)
Multi-story car parks:	<ul style="list-style-type: none"> •Over 9,000 car park spaces across the group •Net increase at 1H: around 1,200 spaces •Opened West Japan Service Center, to support operational expansion from the Tokyo Metropolitan area to Kyoto, Osaka, and Hyogo
M&A:	<ul style="list-style-type: none"> •Acquisitions announced in 1H: 4 companies 1: Toyota Facility Service : Booked on BS in 1Q, PL in 2Q 2: Ehime Elevator Service : Booked on BS in 2Q, PL from 3Q 3: Shikoku Shoukouki Service : Booked on BS in 2Q, PL from 3Q 4: Shikoku Elevator Service : To be booked on BS from 3Q, PL from 4Q
Headcount:	<ul style="list-style-type: none"> •Employee count at end-Sep 2021: 1,550 (including acquired companies) •1H net increase: 152, 250% higher than the 60 increase in 1H FY2021/3 on proactive hiring of maintenance engineers •Aggressive hiring of maintenance engineers in preparation for national expansion



First Half Financial Highlights

Elevators under maintenance contracts in Japan

Approx. **74,500**

(As of September 30, 2021)

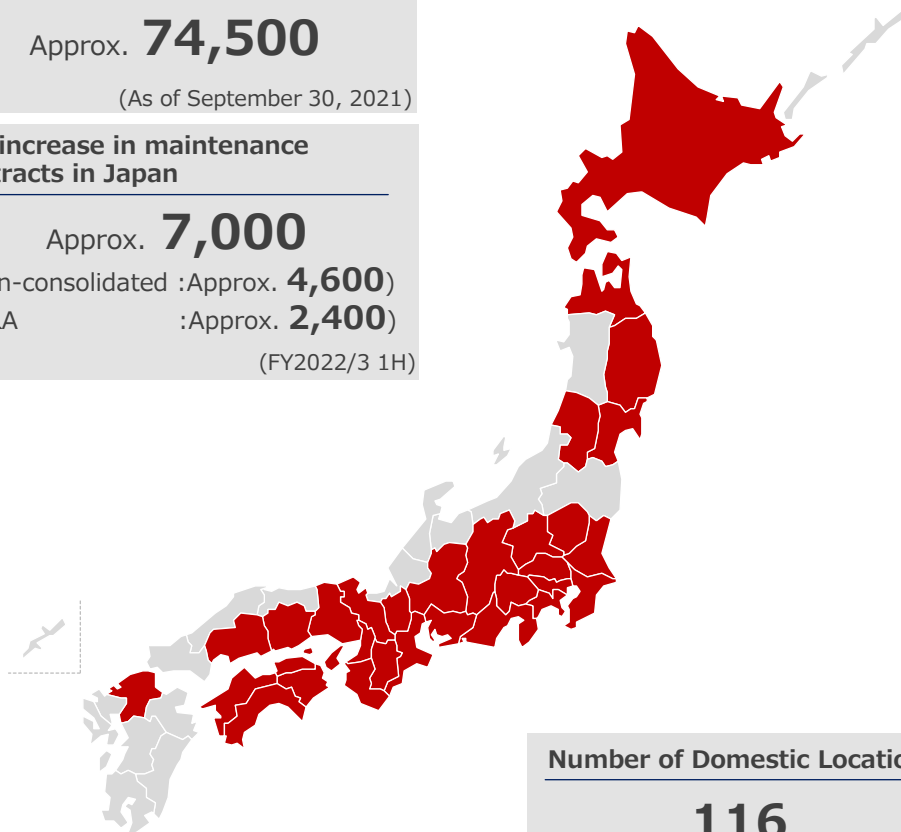
Net increase in maintenance contracts in Japan

Approx. **7,000**

(Non-consolidated : Approx. **4,600**)

(M&A : Approx. **2,400**)

(FY2022/3 1H)



Number of Domestic Locations

116

(As of September 30, 2021)

M&A (Total)

11 companies

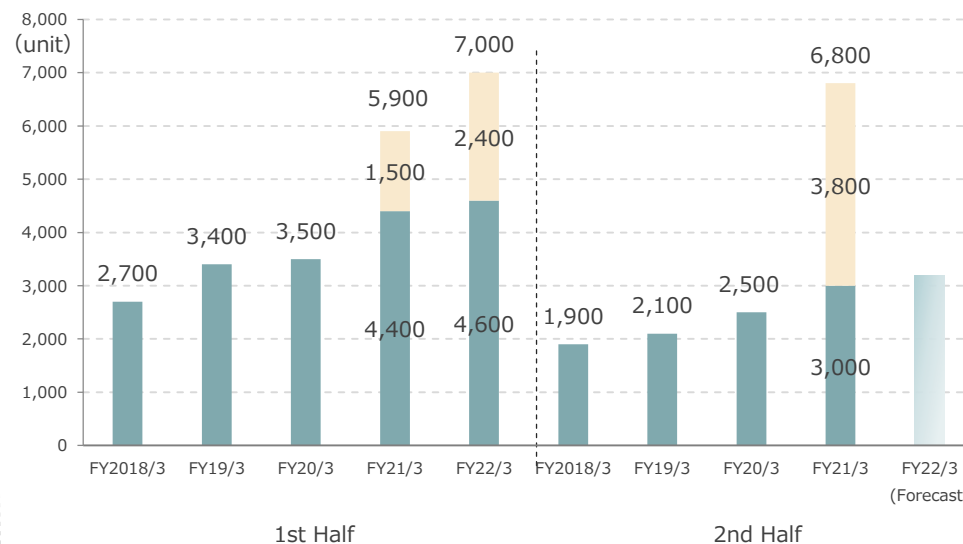
25 locations

■ Areas covered by JES Group's services

■ Areas covered by Partner companies

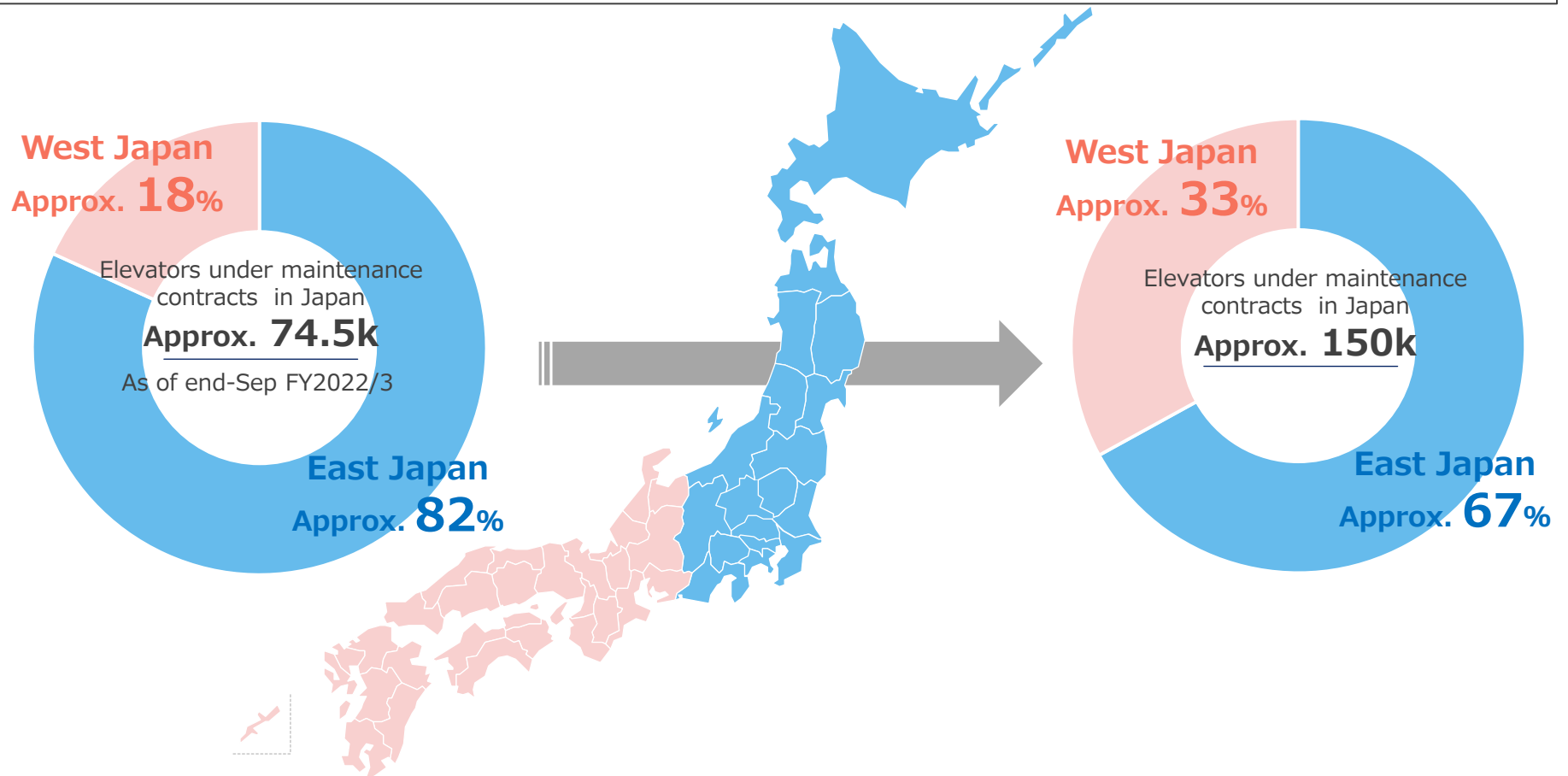
Net increase in maintenance contracts

■ Non-consolidated ■ M&A

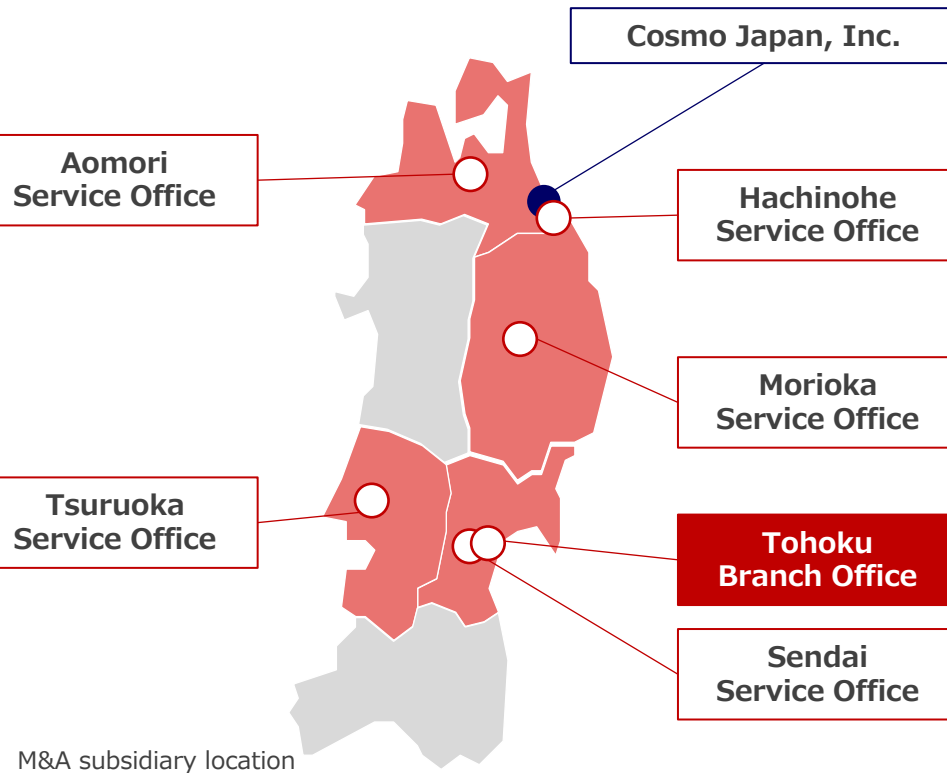


- Net increase in 1H FY2022/3 a record high at around 7,000 (inc. M&A)
- Since listing, we have achieved net growth in elevators under contract every year by expanding our geographical scope and raising client trust and brand recognition
- We aim to achieve full-year net growth of over 10,000 in the near future through further market expansion

- Used M&A to tap into new markets in both East and West Japan, where we were previously inactive (Tohoku, Chugoku, Shikoku regions)
- Carried out upfront investment to open offices and build sales networks, in order to take share in new areas
- Aim for OPM of 20% on increase in elevators under contract in each region, productivity improvements



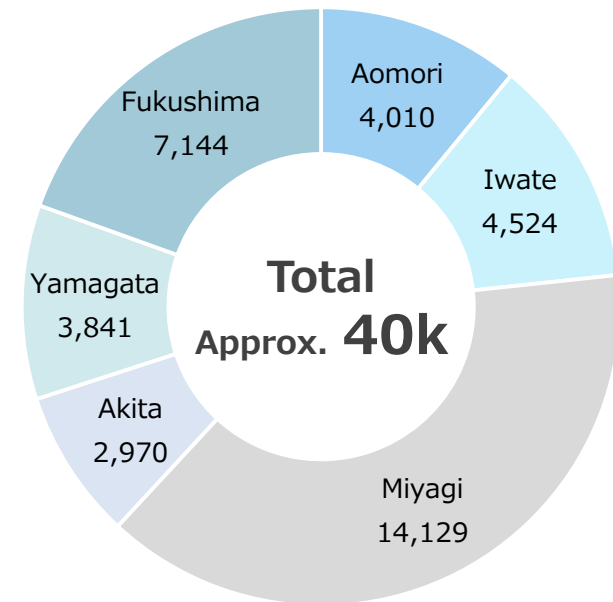
Tohoku Region



- M&A subsidiary location
- Newly established location post-M&A
- Areas covered by JES Group's services
- Areas covered by Partner companies

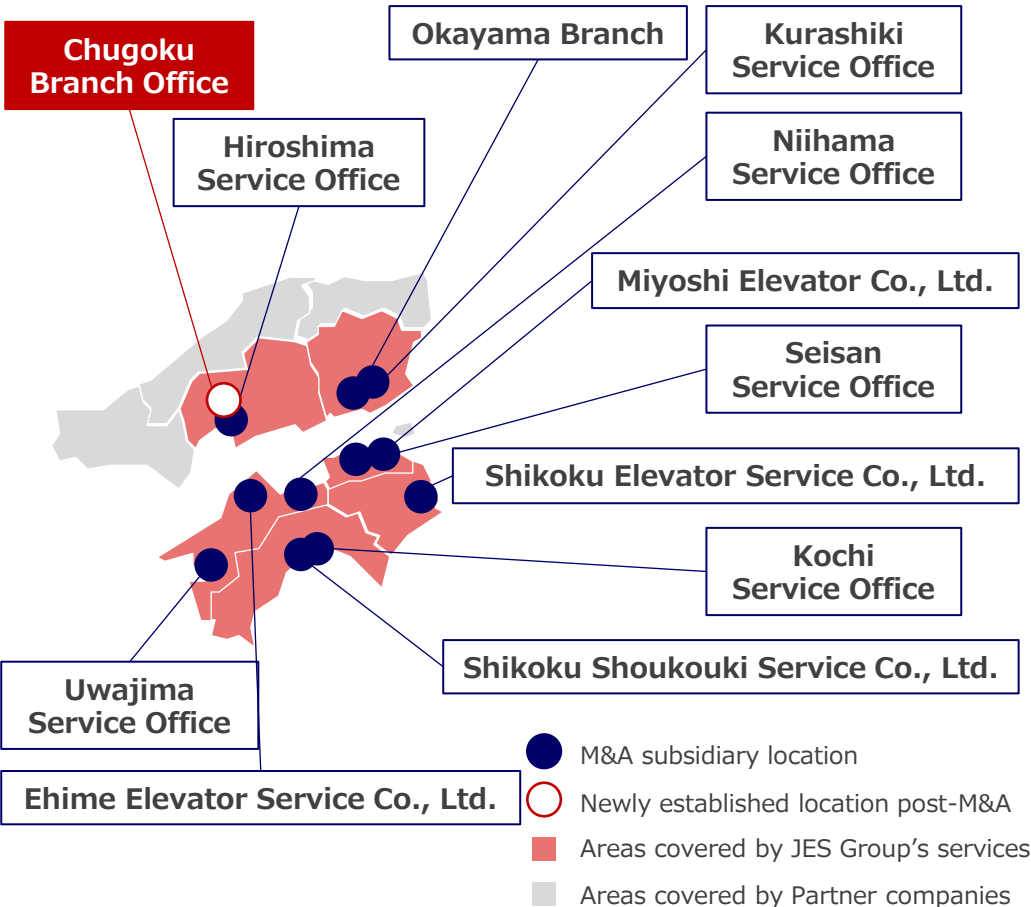
Number of elevators in scope for maintenance services in Tohoku region

From Japan Elevator Association research
(Survey of number of elevators in field in FY20)



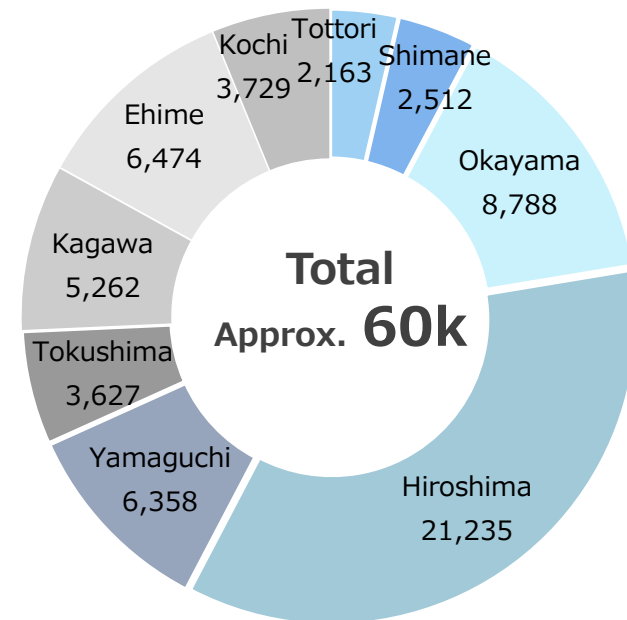
- Entered new market with around 40,000 elevators by focusing on Tohoku region
- Opened Tohoku office in Sendai, Miyagi prefecture, enhancing sales function
- Opened five new JES sales offices, enhancing maintenance function

Chugoku/Shikoku Region



Number of elevators in scope for maintenance services in Chugoku/Shikoku region

From Japan Elevator Association research
(Survey of number of elevators in field in FY20)



- Entered new market with around 60,000 elevators by focusing on Chugoku/Shikoku region
- Largest independent maintenance companies in each prefecture converted to subsidiaries
- Opened Chugoku office in Hiroshima, Hiroshima prefecture, enhancing sales function

State of PMI for acquired companies

We are steadily progressing with PMI
Specific measures include the following:

Sales growth

- Support for building sales operations, provision of materials and supplies, brand-building/establishing trust as new member of JES group

Cost reductions

- Centralized group procurement of parts, materials, and consumables provides economies of scale and lowers purchasing price
- Reduce indirect costs by sharing manufacturing and SG&A functions across the group

Product quality

- Implement JES Group's STEP24 training to maintain and improve quality across the group
- Setting JES engineer overseers in each company, integrate building management and other systems, centralized management

**Use these measures to boost net sales, lower costs,
and improve quality in acquired companies**



Raise corporate value of group overall, including acquired companies



FY2022/3 Second Quarter Results

FY2022/3 Second Quarter Results (Performance)

13



(million yen)

	FY2021/3 2Q		FY2022/3 2Q		YoY (%)	Forecast (as of May 12, 2021)	Comments
	Actual	Ratio to sales (%)	Actual	Ratio to sales (%)			
Net sales	10,967	100.0	13,906	100.0	126.8	12,400	Maintenance & Preservation Services net sales up ¥1,872mn Modernization Services net sales up ¥1,138mn
Cost of sales	6,687	61.0	8,557	61.5	128.0		
Gross profit	4,280	39.0	5,349	38.5	125.0		
SG&A	2,663	24.3	3,520	25.3	132.2		
Operating profit	1,617	14.7	1,828	13.2	113.1	1,750	OP up ¥211mn
Non-operating income	106	1.0	115	0.8	108.4		Refund on insurance cancellation ¥103mn
Non-operating expenses	21	0.2	12	0.1	57.0		Interest paid ¥7mn
Ordinary profit	1,703	15.5	1,932	13.9	113.5	1,800	
Extraordinary income	14	0.1	6	0.0	44.4		Gains on fixed asset disposal ¥6mn
Extraordinary losses	0	0.0	2	0.0	317.1		Losses on fixed asset retirement ¥2mn
Profit before income taxes	1,717	15.7	1,937	13.9	112.8		
Profit attributable to owners of parent	1,105	10.1	1,212	8.7	109.6	1,120	Increase in net profit for the quarter attributable to owners of parent ¥106mn

FY2022/3 Second Quarter Results (Sales by Business)

14



(million yen)

	FY2021/3 2Q		FY2022/3 2Q		YoY (%)	Forecast (as of May 12, 2021)	Comments
	Actual	Ratio (%)	Actual	Ratio (%)			
Maintenance and Preservation Services	8,240	75.1	10,112	72.7	122.7	9,100	Growth in net sales accompanying increase in elevators under maintenance contract
Modernization Services	2,344	21.4	3,483	25.1	148.6	3,000	Growth in net sales accompanying increase in number of elevators serviced
Other	382	3.5	310	2.2	81.3	300	
Total	10,967	100.0	13,906	100.0	126.8	12,400	

FY2022/3 Second Quarter Results (B/S)

15



(million yen)

	FY2021/3 2Q		FY2021/3		FY2022/3 2Q		YoY (%)	Comments
	Actual	Ratio (%)	Actual	Ratio (%)	Actual	Ratio (%)		
Current assets	6,602	42.6	8,168	39.9	8,639	38.9	105.8	
Cash and deposits	1,420	9.2	1,674	8.2	1,862	8.4	111.3	
Notes and accounts receivable	2,791	18.0	3,606	17.6	3,628	16.4	100.6	
Property, plant and equipment	6,293	40.6	8,175	39.9	8,638	38.9	105.7	Mainly an increase in tools, furniture & fixtures
Intangible assets	1,441	9.3	2,610	12.7	3,390	15.3	129.9	Rise in goodwill from M&A ¥578mn
Investments and other assets	1,151	7.4	1,520	7.4	1,512	6.8	99.5	
Non-current assets	8,886	57.4	12,305	60.1	13,542	61.1	110.0	
Total assets	15,489	100.0	20,473	100.0	22,181	100.0	108.3	
Current liabilities	4,543	29.3	7,242	35.4	9,001	40.6	124.3	Increase in short-term debt ¥1,814mn
Non-current liabilities	2,026	13.1	2,725	13.3	2,486	11.2	91.2	Decrease in long-term debt ¥313mn
Total liabilities	6,570	42.4	9,968	48.7	11,488	51.8	115.2	
Total net assets	8,919	57.6	10,505	51.3	10,693	48.2	101.8	
Total liabilities and net assets	15,489	100.0	20,473	100.0	22,181	100.0	108.3	



FY2022/3 Consolidated Financial Forecasts

FY2022/3 Consolidated Financial Forecasts

17

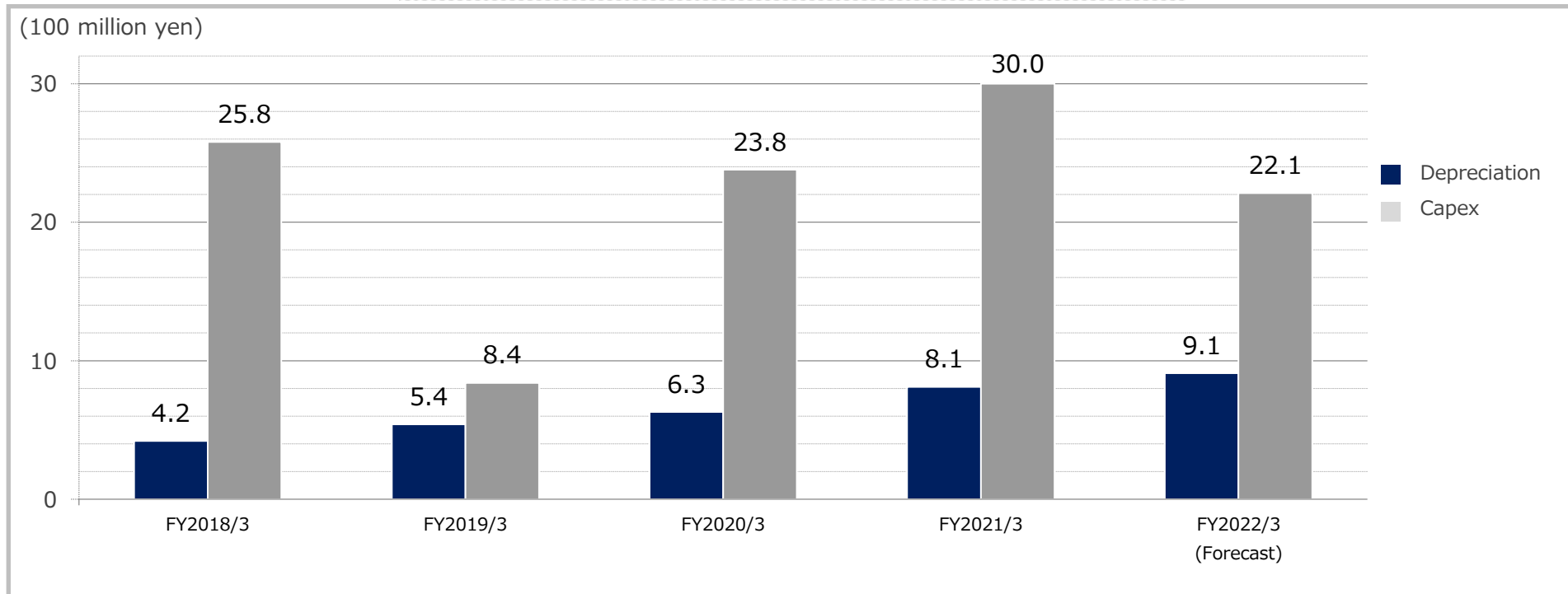
Unit: million yen; %	1H				2H				Full year			
	FY 2021/3	FY2022/3 Forecast	FY2022/3 Result		FY 2021/3	FY2022/3 Forecast (initial)	FY2022/3 Forecast		FY 2021/3	FY2022/3 Forecast (initial)	FY2022/3 Forecast	
				YoY				YoY				YoY
Net sales	10,967	12,400	13,906	126.8	13,553	14,600	14,594	107.6	24,521	27,000	28,500	116.2
Operating profit	1,617	1,750	1,828	113.1	1,994	2,350	2,272	113.9	3,612	4,100	4,100	113.5
Ordinary profit	1,703	1,800	1,932	113.5	2,012	2,400	2,268	112.7	3,715	4,200	4,200	113.0
Profit attributable to owners of parent	1,105	1,120	1,212	109.6	1,256	1,480	1,388	110.5	2,362	2,600	2,600	110.0
	Ratio to sales	Ratio to sales	Ratio to sales		Ratio to sales	Ratio to sales	Ratio to sales		Ratio to sales	Ratio to sales	Ratio to sales	
Gross profit margin	39.0	39.1	38.5		38.0	39.7	39.5		38.5	39.4	39.0	
SG&A expenses ratio	24.3	25.0	25.3		23.3	23.6	23.9		23.7	24.2	24.6	
Operating margin	14.7	14.1	13.2		14.7	16.1	15.6		14.7	15.2	14.4	
Ordinary profit margin	15.5	14.5	13.9		14.8	16.4	15.5		15.2	15.6	14.7	
Profit margin	10.1	9.0	8.7		9.3	10.1	9.5		9.6	9.6	9.1	

Unit: million yen; %	1H				2H				Full year			
	FY 2021/3	FY2022/3 Forecast	FY2022/3 Result		FY 2021/3	FY2022/3 Forecast (initial)	FY2022/3 Forecast		FY 2021/3	FY2022/3 Forecast (initial)	FY2022/3 Forecast	
	Amount	Amount	Amount	YoY	Amount	Amount	Amount	YoY	Amount	Amount	Amount	YoY
Maintenance and Preservation Services	8,240	9,100	10,112	122.7	9,235	10,300	10,297	111.5	17,476	19,400	20,410	116.8
Modernization Services	2,344	3,000	3,483	148.6	3,985	4,000	3,996	100.3	6,330	7,000	7,480	118.2
Other	382	300	310	81.3	332	300	300	90.3	714	600	610	85.4
Total	10,967	12,400	13,906	126.8	13,553	14,600	14,594	107.7	24,521	27,000	28,500	116.2

(100 million yen)

	FY2021/3	FY2022/3 (Forecast)	Comments
Depreciation	8.1	9.1	
Capex	30.0	22.1	Investment in remote inspection service PRIME

Trends in depreciation and capex



		FY2020/3	FY2021/3	FY2022/3	YoY
		Actual	Actual	Plan	
Annual dividend amount		¥18	¥12	¥13	+¥1
	Year-end dividend	¥18	¥12	¥13	+¥1
	Commemorative dividend	-	-	-	-
Total dividend amount		¥729million	¥1,062million	¥1,153million	+¥91million
Payout ratio (consolidated)		42.8%	43.6%	44.4%	+0.8p
	Except for Commemorative dividend	42.8%	43.6%	44.4%	+0.8p
DOE (consolidated)		16.1%	13.4%	10.4%	-3.0p

Financial Supplement



Acquisition and conversion into a subsidiary of independent elevator company UNIECO in Vietnam
⇒ **Name changed to Japan UNIECO Elevator Service (JUES), marking our entry to Vietnam market**

【Background】

- Mar 2020, established JES Indonesia JV with a local company, entered Indonesia market
 - Nov 2021, acquired and converted into subsidiary UNIECO, independent Vietnamese elevator company that operates mainly in capital Hanoi, as our second base in Southeast Asia
 - Aim to enter Vietnam market by combining UNIECO's client and local networks with JES's technical expertise
- Reference: UNIECO has maintenance contracts on around 100 elevators in Noi Bai International Airport (Hanoi)

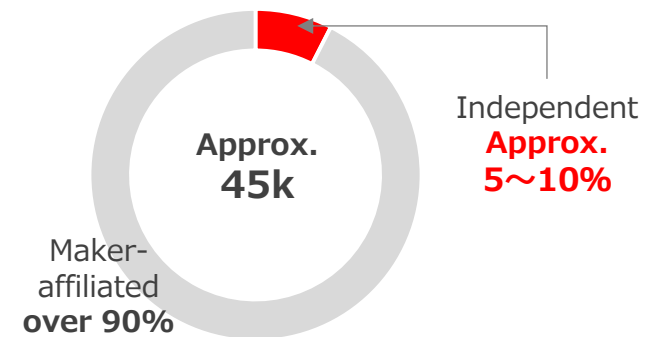
【Market】

- Construction of airports, underground rail, shopping facilities increase in Vietnam driven by high economic growth
- Strong appetite for high-rise and high-end buildings, driving sustained rise in demand for elevators. We see high growth for new installations and maintenance demand
- New installation demand especially brisk for some makers. Independent companies have low share at present, but strong demand for low-cost maintenance services so independent maintenance companies should increase share ahead

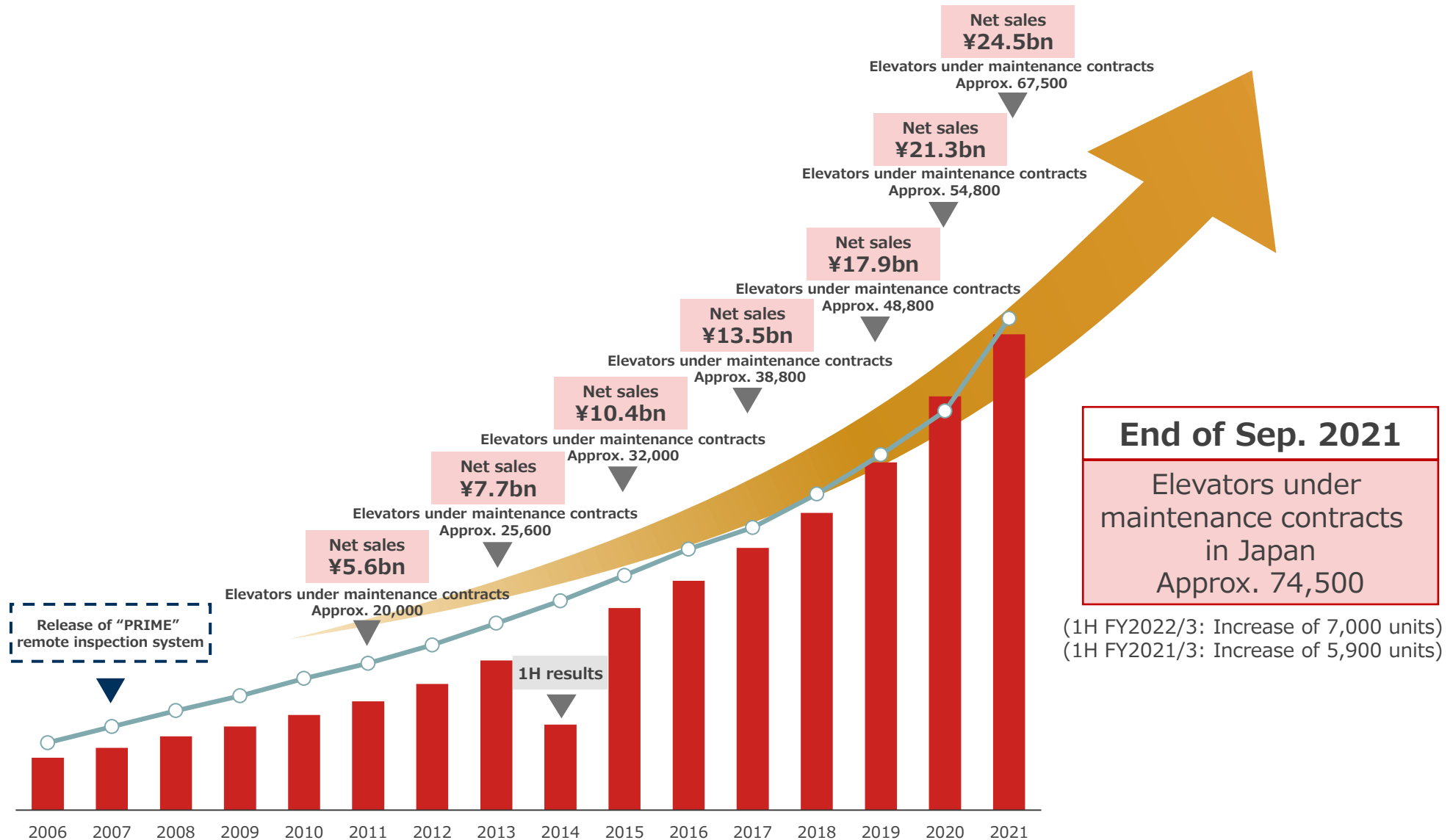
2nd Southeast Asia location after Indonesia (Jakarta)



Share of elevators under management in Vietnam for independent companies



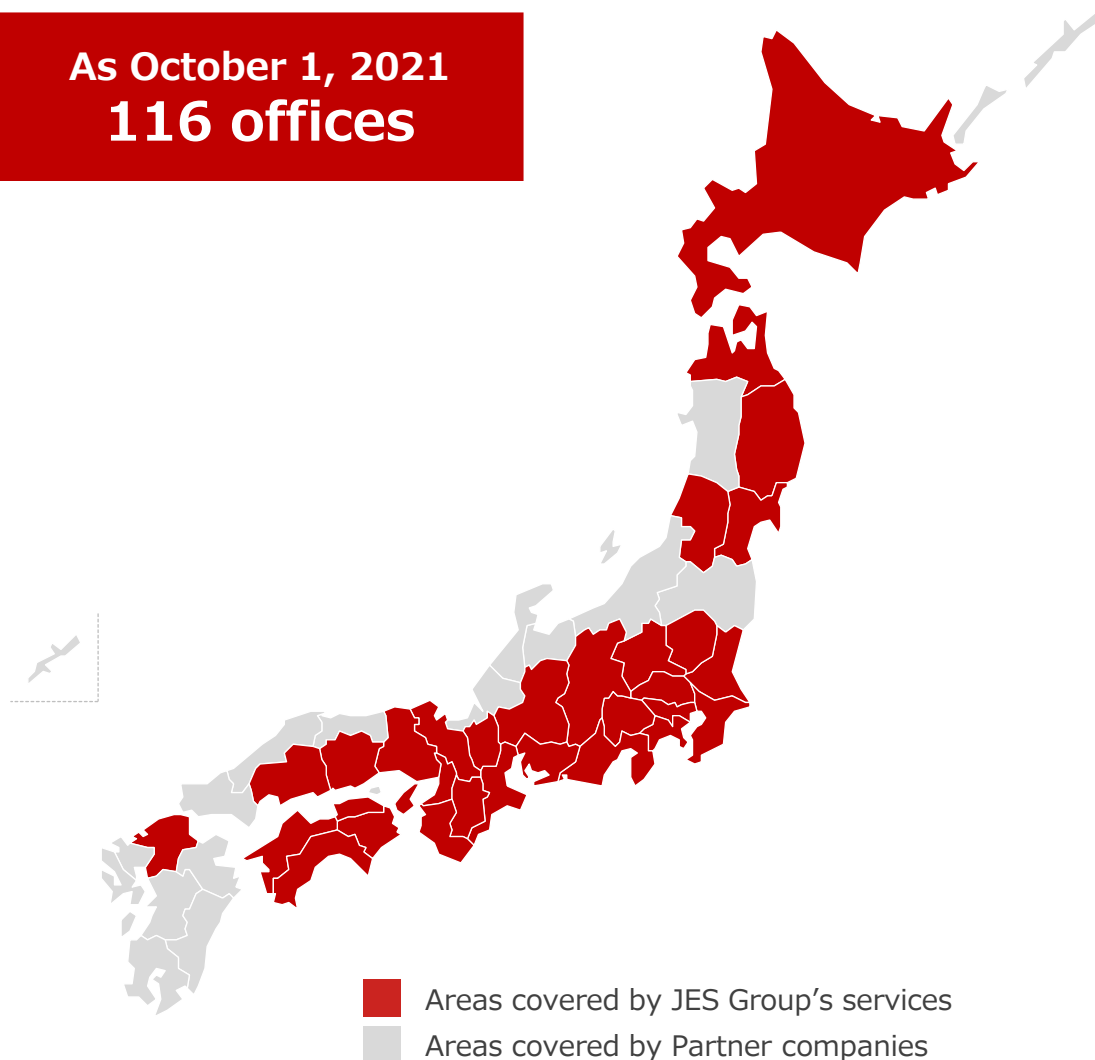
(According to our research)



Note 1: FY2014 is a 6-month period due to the fiscal year-end being adjusted

Note 2: Results are on a consolidated basis for FY2015 and onward

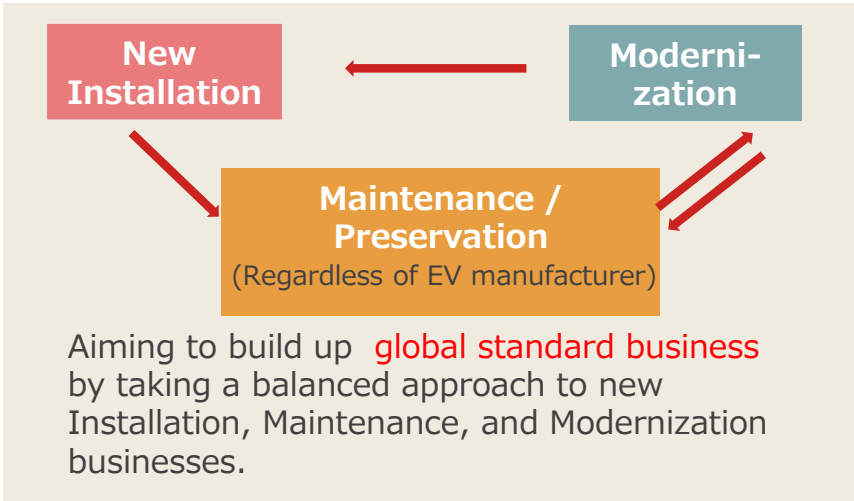
As October 1, 2021
116 offices



JES HD	: 3 offices
JES Hokkaido	: 9 offices
JES Jyonan	: 16 offices
JES Jyosai	: 22 offices (+7)
JES Kanagawa	: 19 offices (+3)
JES Tokai	: 8 offices (+1)
JES Kansai	: 7 offices
JES Kyusyu	: 1 office
Japan Elevator Parts	: 8 offices
Japan Parking Service	: 3 offices (+1)

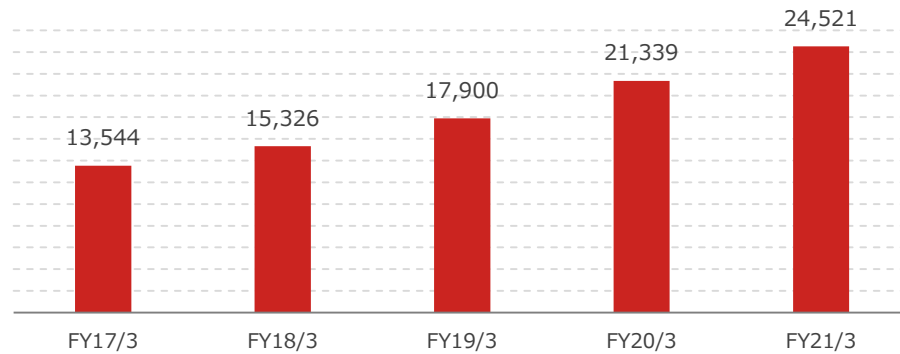
[M&A]	
Seiko Elevator Co., Ltd.	: 1 office
NS Elevator Co., Ltd.	: 2 offices
Miyoshi Elevator Co., Ltd.	: 6 offices
[Cosmo Japan, Inc.	: 5 offices]
Nagano Elevator Co., Ltd.	: 1 office
Kansai Elevator Co., Ltd.	: 1 office
Tokyo Elevator Co., Ltd.	: 1 office
Toyota Facility Service Co., Ltd.	: 3 offices (+3)
Ehime Elevator Service Co., Ltd.	: 3 offices (+3)
Shikoku Shoukouki Service Co., Ltd.	: 1 office (+1)
Shikoku Elevator Service Co., Ltd.	: 1 office (+1)

() Movement from end-March 2021
[] Shared office excluded from count

Business	Domestic		Overseas (mainly Southeast Asia)
	Now	Onwards	Now and Onwards
Maintenance and Preservation	Steady increase in number of maintenance contracts in areas where we have a presence	Aiming to reach a business scale on par with EV manufacturer-affiliated companies	Conduct research for local needs and market assessments, etc. to explore possibilities including alliance with overseas manufacturers
Modernization	One-time Modernization: Reinforced sales to clients and others Quick Renewal: Increasing number of new control cabinets	Provide quality modernization services to meet customer needs	 <p>Aiming to build up global standard business by taking a balanced approach to new Installation, Maintenance, and Modernization businesses.</p>
New Installation	No plan at present (However, substantial new installation of JES EV in Modernization business)		
New Business (Media Business)	Launch Media businesses to capture business opportunities in EV and to add value to maintenance business There are plans to promptly introduce a facial recognition system to add marketing support functionality		Developing Media businesses in overseas markets

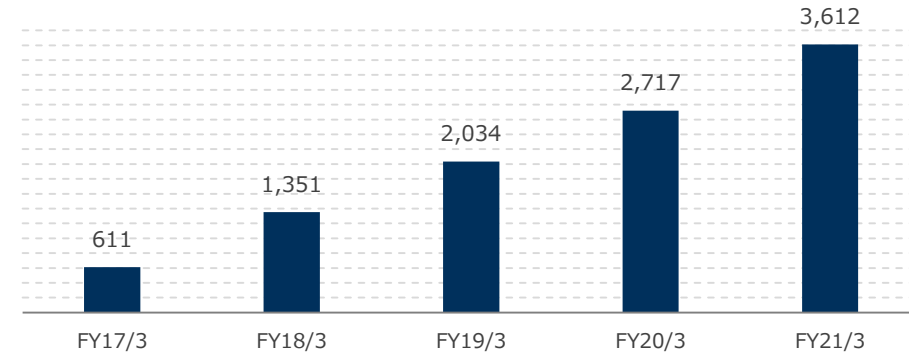
Net sales

(Million yen)



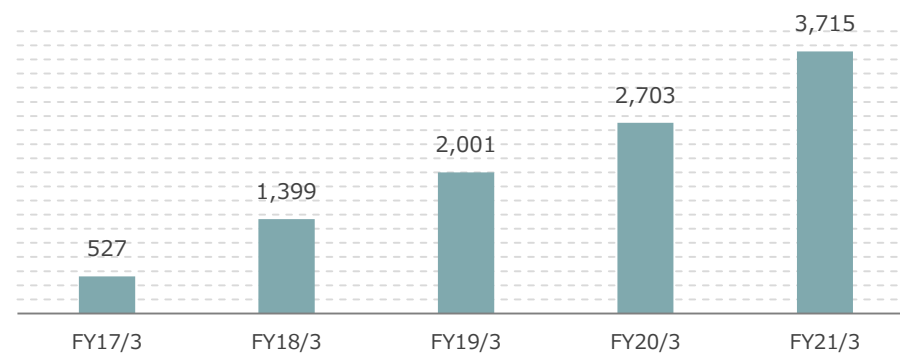
Operating profit

(Million yen)



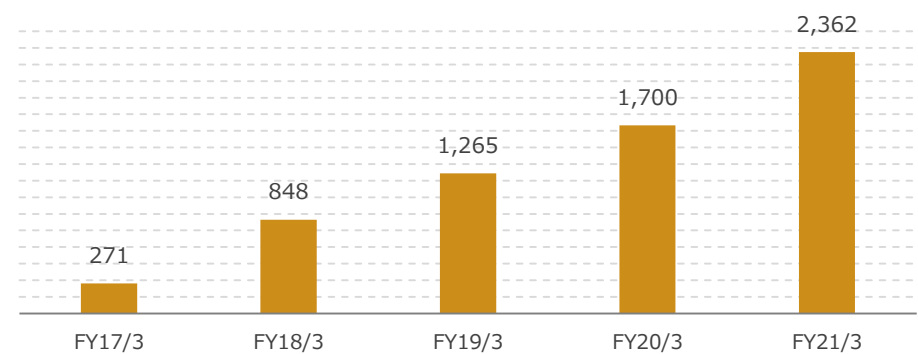
Ordinary profit

(Million yen)



Profit attributable to owners of parent

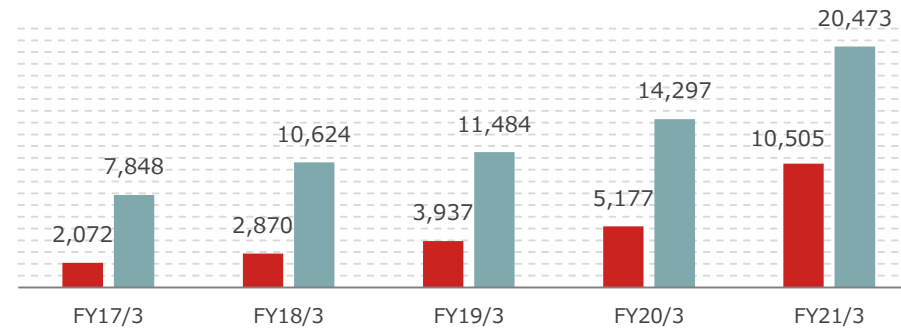
(Million yen)



Net assets / total assets

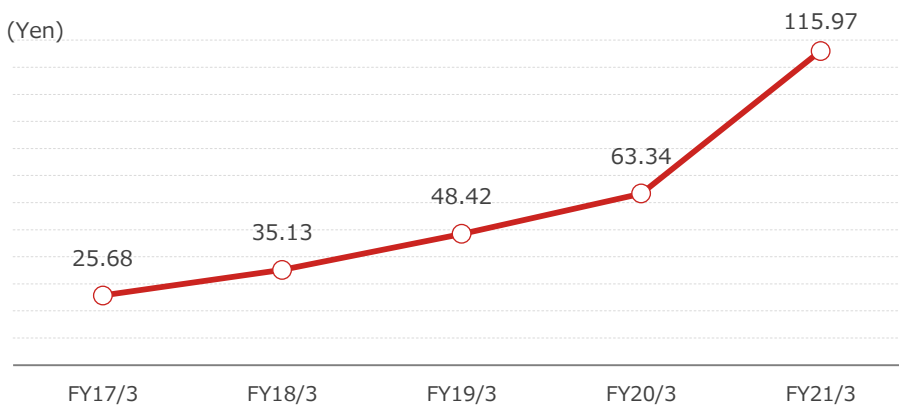
(Million yen)

■ Net assets ■ Total assets



Net assets per share

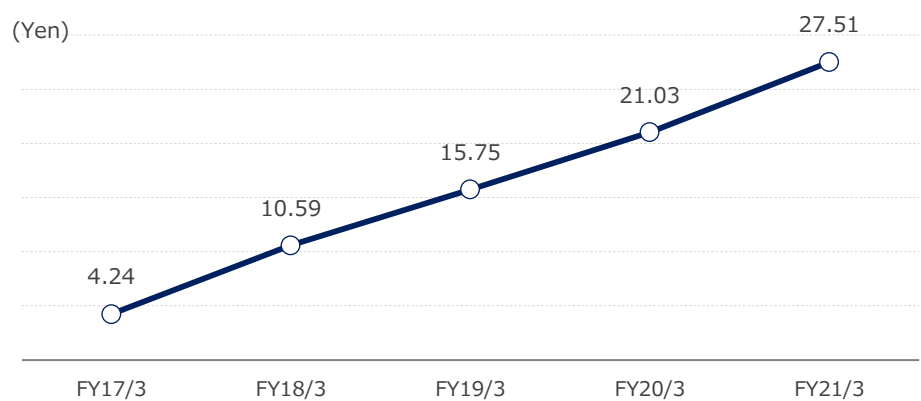
(Yen)



Note 1: Two-for-one stock split of its common shares was conducted on Jan.1,2021.Figures are considered this stock split.

Net income per share

(Yen)



Note 1: Two-for-one stock split of its common shares was conducted on Jan.1,2021.Figures are considered this stock split.

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