FUJITEC

Financial Results Presentation for the Fiscal Year Ended March 31, 2021 (FY2020)

(April 1, 2020 to March 31, 2021)

May 12, 2021

FUJITEC CO., LTD.

(TSE First Section: 6406)

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Executive Summary

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FY2020 Earnings Overview

- Due to the impact of COVID-19, Fujitec consolidated net sales fell 6.4% year-on-year, while operating income was on par with the previous year.
- Constraints on economic activity led to a decline in the New Installation Business. In the Aftermarket Business, maintenance services were robust as these services are a critical part of the social infrastructure.
- By geographical segment, operating income in Japan, East Asia, and South Asia rose while North America and Europe reported decreases.
- Fujitec expanded its product lineup for both new and existing installations, with new designs adapted for the “new normal”. Fujitec saw a strong start for sales of AirTap installations, (featuring touchless elevator call and floor buttons) and launched a new handrail sterilization device for escalators.

Consolidated Earnings Forecast for FY2021

- Fujitec forecasts higher sales and profits, driven by the anticipated normalization of economic activity, increased efficiency in manufacturing operations, and the expansion of maintenance services.
- Fujitec plans to invest ¥11.9 billion in FY2021 in plants and equipment. The Company plans proactive new investment to support business growth, including extending its plant in India.
- Fujitec will establish a private equity fund to drive M&A activity domestically and overseas.

Initiatives to Strengthen Corporate Governance

- In February, Fujitec launched the Nomination and Compensation Advisory Committee and appointed two new directors.
- The company plans to adopt a new restricted stock compensation system.

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FY2020 Earnings Overview



Creative Studio Tokyo (Minato-ku, Tokyo)

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Earnings Highlights for FY2020

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- **Sales declined 6.4% year-on-year, with operating income on par. The impact of COVID-19 trended towards recovery**

(Million yen)

	FY2019	FY2020	Change (%)
Net sales	181,232	169,573	(6.4)
Operating income	13,375	13,288	(0.6)
Operating profit margin	7.4%	7.8%	–
Ordinary income	14,682	14,633	(0.3)
Profit attributable to owners of parent	9,916	9,287	(6.3)
Net income per share	122.46 yen	114.52 yen	–
ROE	9.5%	8.5%	–
U.S. dollar-yen exchange rate	109.36 yen	106.94 yen	

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Orders Received for FY2020

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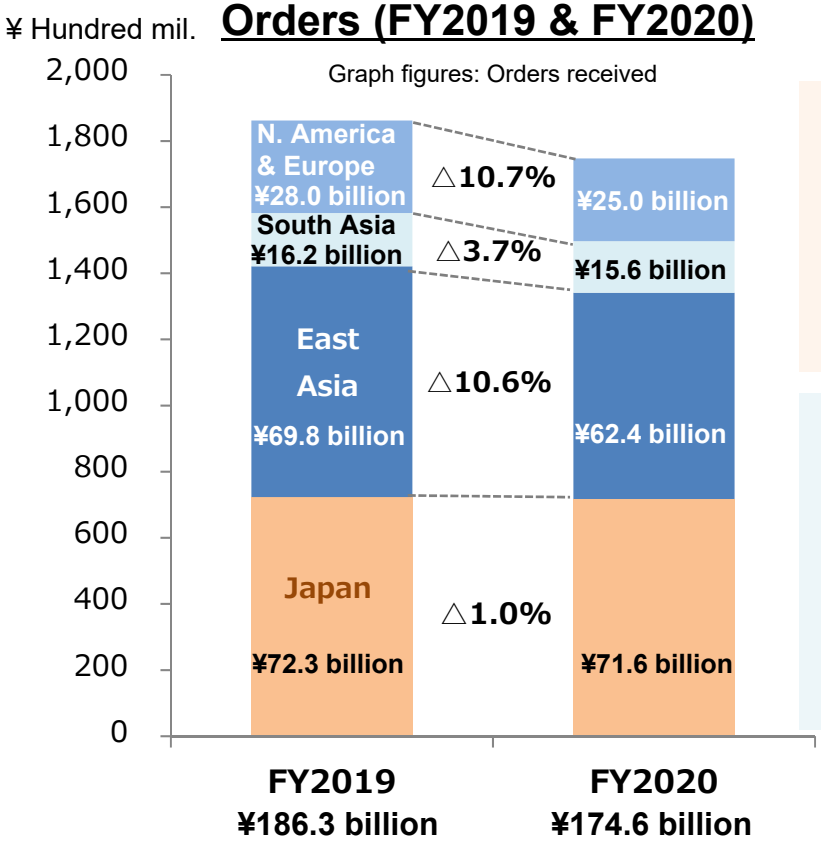
- **Orders received decreased 6.3% from the previous year. The Aftermarket business was strong in Japan and Singapore**

Orders (FY2019 & FY2020)



Overview of Orders for FY2020

【 Domestic Orders 】¥71.6 billion (-1.0% year-on-year)

- Demand for new installations in residential buildings and hotels was subdued as a result of COVID-19.
- The Aftermarket business was strong. Modernization projects in the public sector increased and the maintenance contract rate rose.

【 Global Orders 】¥103.0 billion (-9.6% year-on-year)

- The number of new installations in China decreased.
- In South Asia, the aftermarket business in Singapore was strong.
- North American orders were impacted by declines in the US aftermarket and fewer new installations in Canada.

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Earnings by Segment for FY2020

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- **While sales decreased year-on-year in all segments, Japan, East Asia and South Asia secured gains in operating income**

(Million yen)

	Net sales			Operating income		
	FY2019	FY2020	Change (%)	FY2019	FY2020	Change
Japan	74,751	71,859	(3.9)	4,891	5,330	438
East Asia	74,748	69,800	(6.6)	5,297	5,328	30
South Asia	16,379	13,785	(15.8)	2,135	2,160	25
North America and Europe	25,443	23,450	(7.8)	1,045	502	(542)
Subtotal	191,323	178,895	(6.5)	13,370	13,321	(48)
Adjustments	(10,091)	(9,321)	—	5	(32)	(37)
Total	181,232	169,573	(6.4)	13,375	13,288	(86)

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Earnings Analysis for FY2020, by Segment

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	Highlights
Japan	● Impact of COVID-19 led to lower demand from residential buildings and hotels, which impacted sales. ● In the Aftermarket business, maintenance services performed strongly. Modernization projects picked up from Q3. ● Profits were supported by gains from cost improvement measures in areas including automation at manufacturing facilities, efficiency gains in logistics, as well as contribution from Aftermarket business. ● In Maintenance services, an improvement in the maintenance contract rate and cost savings contributed to profits.
East Asia	● In China, small & medium-sized projects decreased. ● In Hong Kong, new installations and maintenance services performed strongly. However, sales in Taiwan and South Korea declined. ● Higher plant utilization rates in China and cost savings from product model consolidation, led to positive contributions to profits. ● Profitability improved in Hong Kong and South Korea but decreased in Taiwan.
South Asia	● In Singapore, Fujitec secured new large-scale repair projects that contributed to profits. ● In Indonesia, Malaysia and India, sales fell due to fewer new installation projects. ● In India, cost savings generated an improvement in profitability.
North America and Europe	● In the UK, the consolidation of a new subsidiary increased sales. ● In the US and Canada, the effects of COVID-19 impacted sales and led to a significant decline in profit.

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Operational highlights for FY2020

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Sales launch of the XIOR standard machine-room-less elevator



- Fujitec's XIOR lineup underwent a full model change. In an industry-first, XIOR is now equipped with advanced technology such as a dedicated air-conditioning unit and AirTap touchless buttons, included as standard. Focusing on functionality, performance, and design that exceeds previous models, Fujitec aims to increase its share of the standard elevator market by expanding the scope of potential applications.

AirTap (Touchless Elevator Buttons) Commercialization



- There has been increased demand for this function in elevators as a result of heightened public health awareness. Work is in progress on both new and existing installations at major developments including GINZA PLACE, and Yokohama Hammerhead.
- Fujitec expanded applications designed for the "new normal" with a new handrail sterilization device for escalators.

AirTap

Opening of Creative Studios and Tokyo Fit

- In June 2020, "Creative Studio" showrooms were opened at Fujitec's Big Wing, Tokyo HQ and Big Step locations.
- In October 2020, Fujitec opened the TOKYO FIT, that houses the Experience Center Tokyo, a training facility for field technicians, and the Tokyo Depot logistics hub.

IT Award for Maintenance Mapping System

- Fujitec received the Japan Institute of Information Technology IT Award for the development of its mapping system that enables access to real-time information from installation sites via smartphones.

IT賞
Japan Institute of Information Technology
Information Technology Award

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Consolidated Earnings Forecast for FY2021



Creative Studio Big Wing (Hikone city, Shiga)

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Consolidated Earnings Forecast for FY2021

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- **Increases in consolidated sales and profit for FY2021**
- **Outlook for record-high net sales of 184 billion yen. Continuing improvement in operating income driven by cost reduction measures**

(Amounts less than one million yen are rounded down)

	2020/3	2021/3	2022/3 (Forecast)	Year-on-Year Change (%)
Net sales	181,232	169,573	**184,000**	8.5
Operating income	13,375	13,288	**13,900**	4.6
Ordinary income	14,682	14,633	**14,400**	(1.6)
Profit attributable to owners of parent	9,916	9,287	**9,300**	0.1
Net income per share	122.46 yen	114.52 yen	**114.68yen**	–

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Consolidated Earnings Forecast for FY2021, by Segment

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- **Significant recovery in sales, with anticipated growth in all segments**
- **Rise in operating income driven by improvement in North America & Europe**

(Amounts less than one million yen are rounded down)

	Net Sales				Operating income			
	2020/3	2021/3	**2022/3 (Plan)**	Change (%)	2020/3	2021/3	**2022/3 (plan)**	Change
Japan	74,751	71,859	**75,000**	4.4	4,891	5,330	**5,400**	69
East Asia	74,748	69,800	**73,000**	4.6	5,297	5,328	**5,100**	(228)
South Asia	16,379	13,785	**17,000**	23.3	2,135	2,160	**2,200**	39
North America & Europe	25,443	23,450	**28,000**	19.4	1,045	502	**1,300**	797
Subtotal	191,323	178,895	**193,000**	7.9	13,370	13,321	**14,000**	678
Change	(10,091)	(9,321)	**(9,000)**	—	5	(32)	**(100)**	(67)
Total	181,232	169,573	**184,000**	8.5	13,375	13,288	**13,900**	611

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Overview of Management Focus for FY2021

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- **Fujitec will continue to operate placing the highest priority on the safety and security of employees, customers and other stakeholders**
- **Aim for record-high sales and greater earnings power to further drive corporate value**

(Key Targets)

- Execution of regional strategies, including completion of large-scale domestic projects in Japan and overseas.
- Focus on the Aftermarket business with expansion of the modernization and maintenance businesses.
- Business expansion in growth markets of China and South Asia.
- Profitability gains from enhancements to operational processes.

(Strengthen~~ing~~ management foundations)

- Make proactive investments and build a management operating structure to drive Fujitec's "Future Strategic Direction Plan".
- Strengthen corporate governance (establish advisory committee).

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Key Targets: Geographical Segment

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Japan:

- Emphasis on large-scale projects in metro markets and the Kinki region.
- Grow sales and order pipeline of standard model elevators featuring popular touchless button “AirTap”.
- Continue to expand maintenance services business.



AirTap

East Asia:

- In China, develop more competitively priced products to grow business, secure large-scale projects and raise brand awareness.
- Expand sales in Hong Kong, Taiwan and South Korea. Target profit improvement in Taiwan.

South Asia:

- Build regional sales hub in Singapore.
- Grow sales of new standard models to improve profitability.

North America and Europe:

- Increase sales growth and earnings recovery in North America as economic activity rebounds.

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Key Targets : Aftermarket Business

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- **Build a Structure to Support the Expansion of Modernization & Maintenance Services**

(Organizational Structure)

- Launch new Services Business headquarters to improve service integration from development through to maintenance.
- Establish dedicated team to support modernization projects in global markets.

(Modernization Business)

- Develop equipment for modernizations, launch packaged products, and develop efficient installation techniques to increase competitiveness.
- Extend network of partner companies and help to enhance their technical skills.

(Maintenance Business)

- Grow business base by winning large-scale projects and improving the maintenance contract rate.
- Leverage new innovative technologies to drive labor savings such as IT application and high-speed communications infrastructure.

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Key Targets : Growth Markets

FUJITEC

- **Focus on China and South Asia. Strengthen new business promotion and pursue cost reductions centered on global standard models**

(Organizational Structure)

- In China, develop direct sales structure and secure large-scale projects to raise brand awareness.
- In Singapore, build sales hub to serve South Asian markets.
- In India, expand plant, and build a research tower to facilitate the development and production of global standard models.



India plant & research tower
Completed image

(Cost reduction)

- Pursue cost savings in China and India.
- Establish a supply system for cost competitive global standard models.

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Key Targets : Improving Profitability

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- **Raise profitability through business process innovation, leveraging global production systems and IT**

(New Installation business)

- Automate sales, design and production by linking 3D design simulators and core system data.
- Promote cost savings by refining the production process for custom models.
- Reduce manufacturing costs through improved global procurement and automation.

(Aftermarket business)

- Promote cost savings by using advanced diagnostics technology for parts and function development, and failure prediction.
- Expand mapping system to global markets to reduce maintenance costs and improve service quality.



Image of 3D design simulator

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Investment Plan

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- **Invest a total of 11.9 billion yen**

(Japan) Approximately 3.8 billion yen

- Elevator manufacturing automation: 1.1 billion yen
- Escalator manufacturing automation: 1.0 billion yen
- IT: 900 million yen

(Global) Approximately 3.1 billion yen

- India plant & research tower: 1.6 billion yen
- Expand China production base: 600 million yen
- Expand production base in Taiwan: 500 million yen

(Other) Investment budget 5.0 billion yen

- Establish a private fund to accelerate domestic & overseas M&A.



Elevator manufacturing automation equipment

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Establish Private Fund

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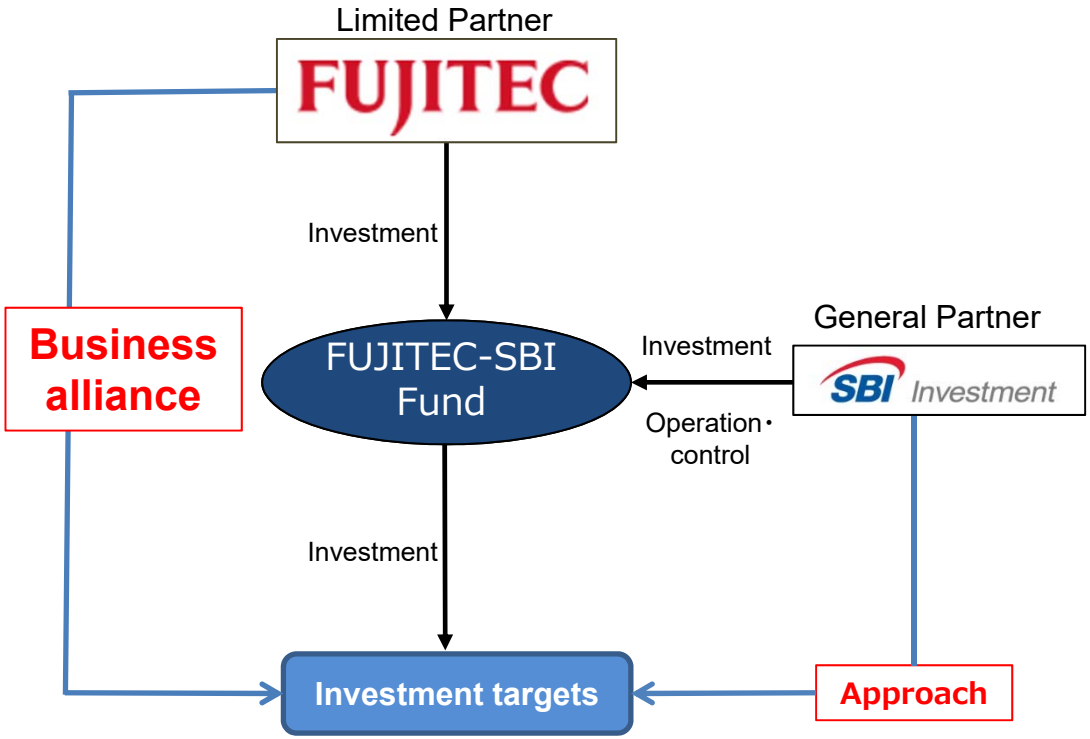
- **Establish Private fund (FUJITEC-SBI Fund) to accelerate domestic and overseas M&A**

Scheme for FUJITEC-SBI Fund



Fund Overview

Launch date: May 12, 2021

Operating period: 5 years

Operating company: SBI Investment

Investment targets: Domestic or overseas privately-owned companies that have synergies with our business operations

Fund size: 5 billion yen

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Executing our “Future Strategic Direction”

Major Progress

- Treasury Stock Cancellation
  - Cancellation date: December 11, 2020.
  - Total shares cancelled: 4,767,000 shares (Approximately 5% of outstanding shares).
  - Outstanding treasury stock after cancellation will be used for employee stock ownership trust, executive compensation plans, and M&A.
- Establishment of Nomination and Compensation Advisory Committee
  - Establishment date: February 9, 2021.
  - Structure: Chair (external director), Members: Two external, one internal.
  - Recent activities: Appointment of two new directors.
- Diversify Board Membership
  - Plan for five external independent directors (total of nine) including two female directors.
- Planned Adoption of Restricted Stock Compensation System
- Increase Frequency of Board of Director Meetings
  - Meetings to be held more than eight times per year. Focus on accelerating decision-making.

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Shareholder Dividend

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- **Fujitec plans a total annual dividend of ¥60**
- **Reflects Fujitec's drive to proactively strengthen shareholder returns to achieve an annual dividend payout ratio above 50%. The year-end dividend payout ratio for FY2021 now forecast at 52.3%**

(Unit: yen)

		2020/3	2021/3	2022/3 (plan)
Dividend		50	60	60
	Interim	20	20	25
	Year-End	30	40	35
Payout ratio		40.8%	52.4%	52.3%

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Realizing a sustainable society

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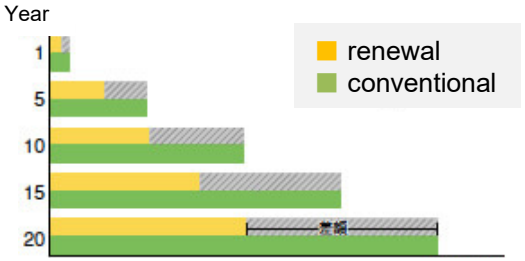
Elevator renewal reduces power consumption by up to 50%

- Replacing the hoisting machine with a gearless motor from a geared machine, improves machine efficiency. Switching from the power control, to an inverter system enables fine speed adjustment. This, in turn, results in lower power consumption, which contributes to CO2 reduction.



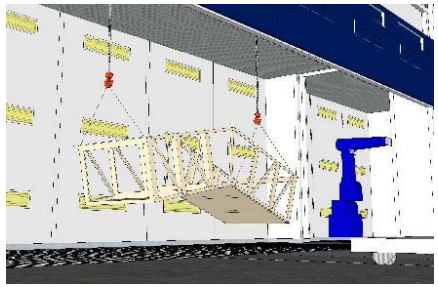
Changes in electricity usage rates following renewal
(From our company website)

Elevator renewal enhances environmental performance

- Our original remodeling technique (fit in truss/unit in truss) uses the existing structure (truss) to eliminate the need for new construction and disposal. This technique reduces CO2 emissions from manufacturing, transportation and disposal. In addition, we can achieve power savings of up to 50% by upgrading to highly energy-efficient drive units and by using LED lighting.

Environmental benefits of escalator manufacturing automation

- The introduction of automatic painting robots benefits both the natural environment and the working environment for employees. Deploying the latest equipment helps reduce environmental impact by lowering energy consumption, reducing welding fumes and strengthening facility seals to prevent the scattering of paint dust.



Automatic painting equipment (image)

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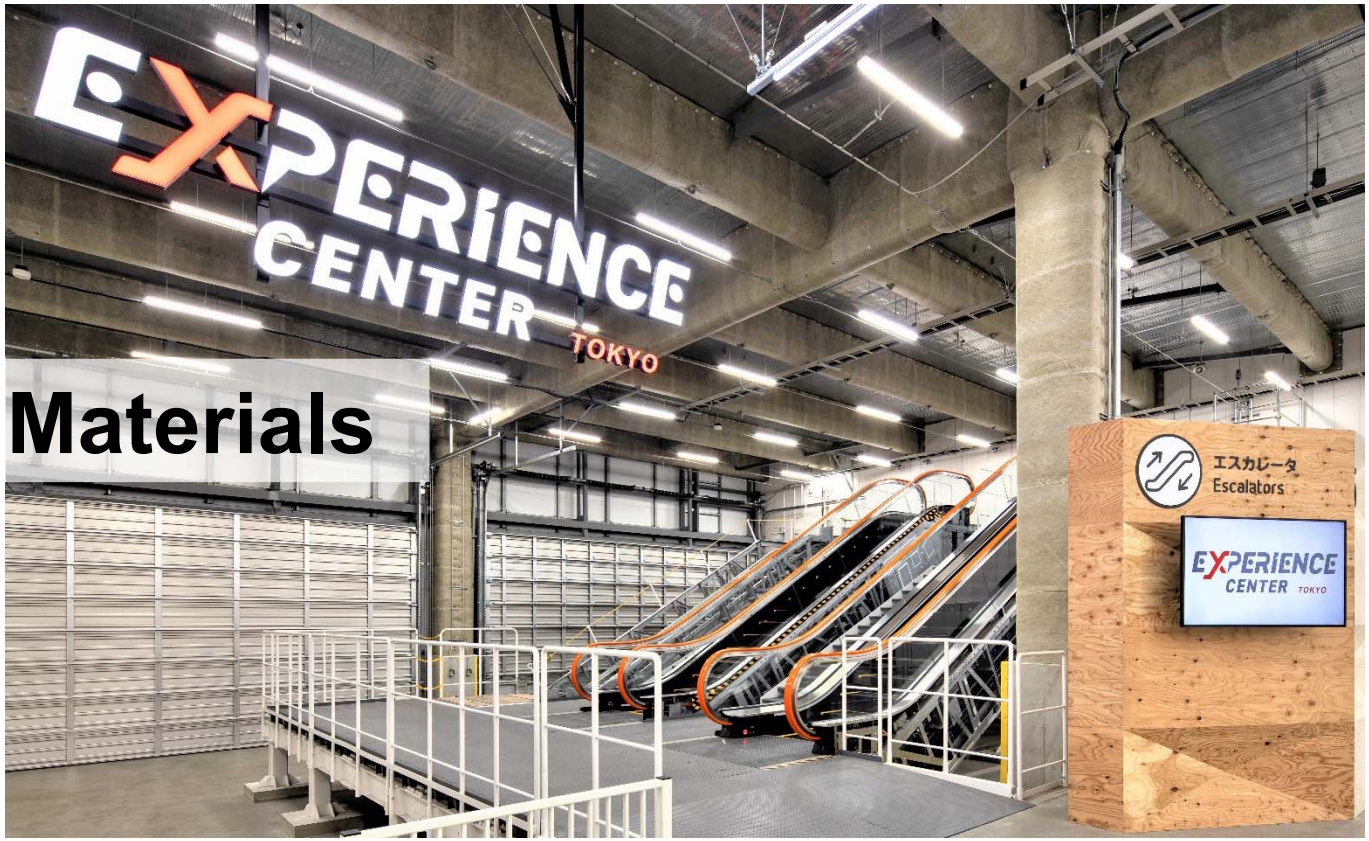
Reference Materials



Experience Center Tokyo (Ota-ku, Tokyo)

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Consolidated Balance Sheet

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(Million yen)

	March 31, 2020	March 31, 2021	Change	Comments
Current assets	140,884	149,393	8,509	
Cash and deposits	57,024	68,348	11,324	Increases in Japan and East Asia
Notes and accounts receivable-trade	61,626	59,022	(2,603)	Decrease in Japan
inventories	19,321	19,247	(74)	
Other	5,053	5,150	96	
Allowance for doubtful accounts	(2,142)	(2,375)	(233)	
Fixed assets	52,697	55,803	3,105	
Property, plant and equipment	34,188	33,786	(401)	Capital Investment +2,638 Depreciation (3,130) Foreign exchange, etc. +91
Intangible assets	3,640	4,680	1,039	Increase in goodwill due to a business acquisition in the U.K. +1,196
Investments and other assets	14,868	17,336	2,467	Increase in valuation of investment securities due to stock price increases +2,119
Total assets	193,581	205,196	11,614	
Current liabilities	70,083	74,152	4,068	Provision for losses on construction contracts +2,555 Advances from customers +2,203 Accrued income taxes +1,246 Short-term debt (1,672)
Fixed liabilities	4,783	5,778	995	
Net assets	118,714	125,264	6,550	Profit attributable to owners of parent +9,287 Dividends (4,054) Net unrealized gain on securities +1,486 Foreign currency translation adjustments (1,977)
Shareholders' equity ratio	55.2%	54.8%	(0.4%)	
B P S:	1,318.59 Yen	1,385.45 yen	66.86yen	

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Cash Flows

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(Million yen)

	FY2019	FY2020	Change
Cash and Cash Equivalents at Beginning of Period	25,902	28,181	2,278
Cash Flows From Operating Activities	11,078	21,542	10,464
Cash Flows From Investing Activities	(4,341)	(7,955)	(3,614)
Free Cash Flows	6,736	13,586	6,850
Cash Flows From Financing Activities	(3,800)	(5,866)	(2,065)
Cash and Cash Equivalents at End of Period	28,181	35,840	7,658

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Impact of and response to COVID-19

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- **Enhanced Safety Measures**
  - ✓ Preventing the spread of infection, and ensuring the safety and security of employee, customers and stakeholders remain our highest priorities.
  - ✓ We continue to encourage flexible working initiatives such as telecommuting, travel directly to and from work, and other counter-measures to help employees avoid closed spaces with poor ventilation, crowded places, and close contact settings, and to ensure we operate in accordance with local conditions and government requirements.

- **Continuing Maintenance Services**
  - ✓ As an essential part of the social infrastructure, we are committed to maintaining the “safety and reliability" of elevators and escalators, while preventing infection among our employees.

- **Status of Business Activities**
  - ✓ Orders: We are seeing a gradual recovery of orders worldwide. Large-scale/government projects have been resilient, while small- and medium-sized projects remain sluggish due to a more uncertain outlook.
  - ✓ Net Sales: Construction work for planned projects is proceeding smoothly in every country.
  - ✓ Product Development: Fujitec is proactively engaged on new projects adapted to the *new normal* such as our *AirTap* technology (touchless elevator operation) and a handrail sterilization device for escalators.

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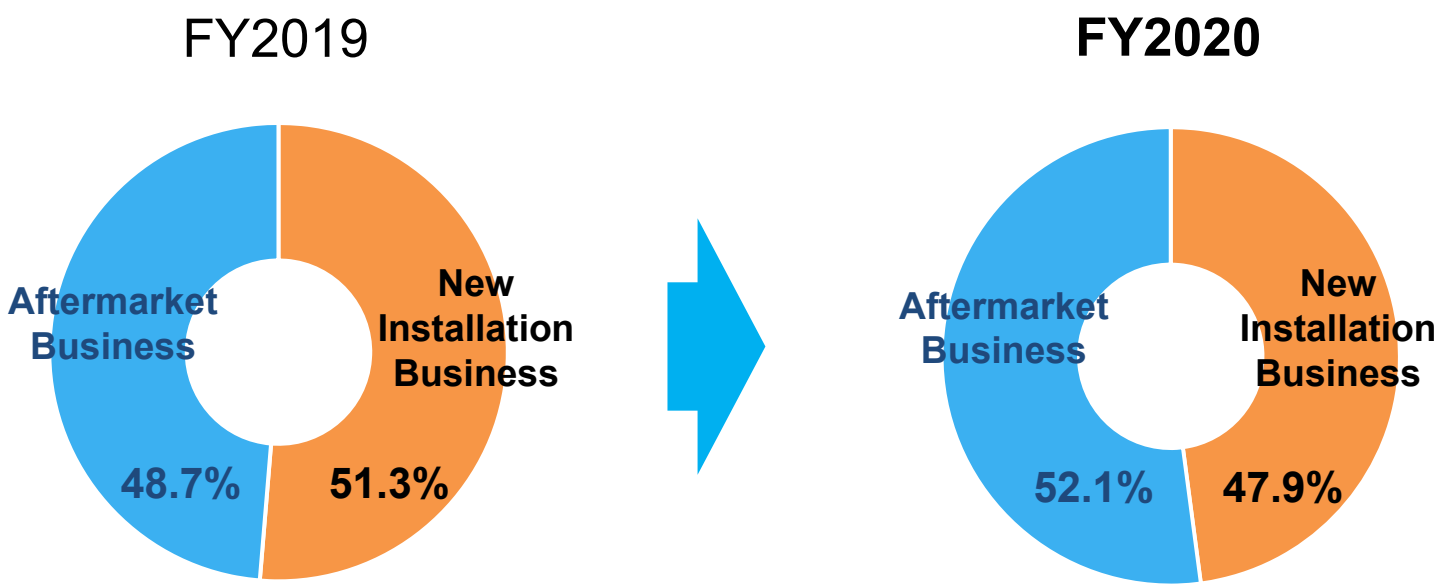
Changes in Sales Breakdown by Business Type

- **The Aftermarket business was strong, due to the impact of COVID-19 and an increase in the maintenance contract rate**



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Major Orders, Deliveries

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New installations

Completed



THE KAHALA HOTEL & RESORT YOKOHAMA
YOKOHAMA BAYCOURT CLUB HOTEL & SPA RESORT
(Yokohama, Japan)
Total of 12 elevators

Ordered



Ohio State Wexner Medical Center Inpatient Hospital
(Ohio, USA)
Total of 47 elevators

Modernization projects

Ordered



HSBC Headquarter
(London, UK)
Total of 15 elevators

In progress



Three Garden Road
(Hong Kong)
Total of 44 elevators

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Company Overview

FUJITEC

Company:	FUJITEC CO., LTD.
Established:	February, 1948 (Listed on TSE First Section since February 1974)
Head Office:	Hikone, Shiga (Big Wing) Japan
Business lines:	R&D, manufacturing, marketing, installation, and maintenance of elevators and escalators
Paid-in Capital	¥12,533 million (85,300,000 shares issued and outstanding)
Directors	President and CEO Takakazu Uchiyama Nine directors (including five outside directors) Four members of the Audit & Supervisory Board (including three outside members)
Number of employees	Consolidated: 10,423 (non-consolidated: 3,087)
Group companies	Total 34 companies (including 19 consolidated subsidiaries) (Americas, East Asia, South Asia, Europe, Middle East)

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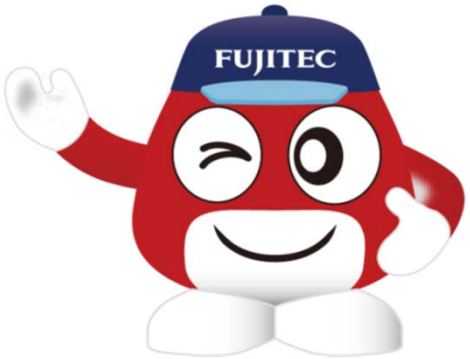
This document includes forward-looking statements regarding based current company plans, estimates, expectations, and projections with respect to our business and industry trends. These forward-looking statements involve a variety of risks and uncertainties.

Risks, uncertainties, and other factors that are already known or not yet known may lead to results different than those discussed in forward-looking statements herein. We make no promises as to the accuracy of forward-looking statements or projections. Results may differ significantly from forward-looking statements.

Forward-looking statements in this document are statements of the company based on information available as of May 12, 2021. These forward-looking statements do not include updates or changes reflecting future events or circumstances.

May 12, 2021

FUJITEC CO., LTD.



Financial Results Presentation for the Fiscal Year Ended March 31, 2021 (FY2020)

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