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May 14, 2024

To all parties concerned:

Company	Fujitec Co., Ltd. (Stock Code 6406)
Representative	Masayoshi Harada President and CEO
Contact:	Kosuke Sato Director, Senior Executive Operating Officer, General Manager of Finance HQ (TEL 072-622-8151)

Fujitec announces New Mid-term Business Plan

Fujitec (TSE: 6406) today announced that we launch new Mid-term Business Plan “Move On 5” (FY2024-FY2028).

For details, please refer to the attachment.

FUJITEC

Move On 5

Mid-Term BUSINESS PLAN 2024-2028

May 14, 2024

Fujitec Co., Ltd.

(TSE ticker: 6406)



I Fujitec Overview

II Why Invest

III Business Strategy

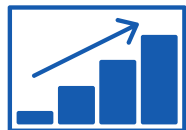
IV Capital Allocation

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Fujitec overview

Characteristics of elevator industry

The elevator & escalator industry is long-term stable and capital-efficient



Long-term CAGR of
5%~10%¹



Generate recurring
profit through
maintenance



Lifecycle-based
revenue through
modernization

Corporate Profile

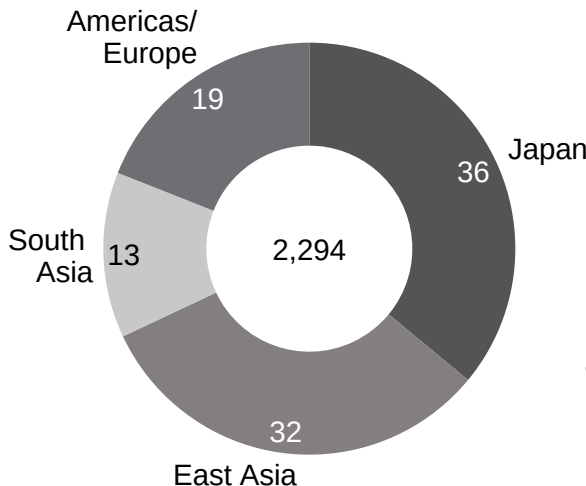
A global provider of elevators and escalators with a 76-year history

Management Vision

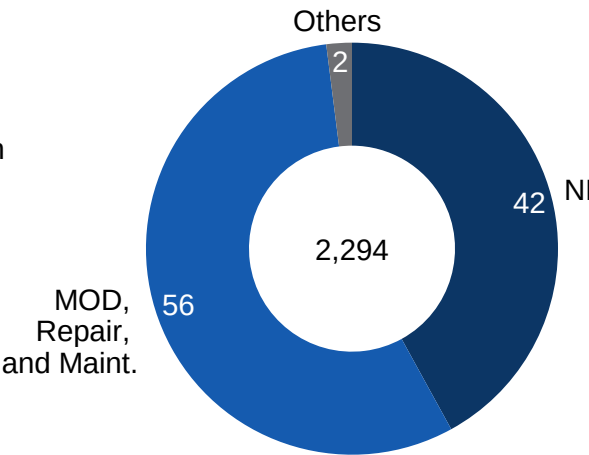


Respecting people, technologies, and products, we collaborate with people from nations around the world to develop beautiful and functional cities that meet the needs of a new age.

Regional Mix¹



Business Mix¹



1. Based on 2023 revenue
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1948
Founded

2,294
Revenue (100 million JPY)

320
Service stations

156
Sales offices

~11,800
Employees

Consistently embrace “Continuity and Change”, leveraging the quality of our products and services to deliver an exceptional riding experience to more customers



Fujitec's strength

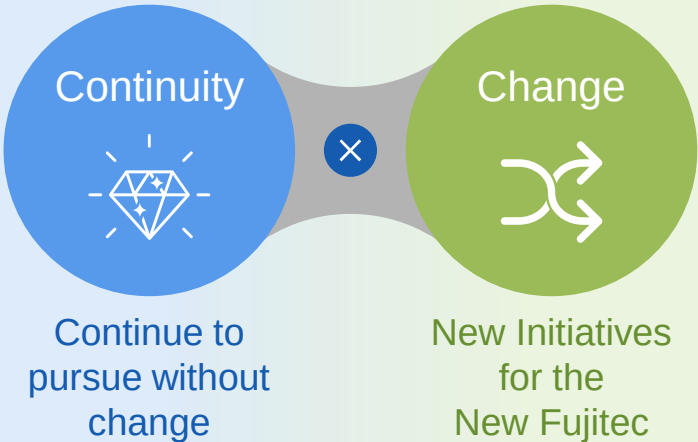


Fujitec's unique strengths that differentiate it from competitors

Pursue “Safety and Reliability”

Focus on Quality

Human Resource Development



Key areas to focus on for further enhancing corporate values

Selection and Concentration

Strengthen Group Management

Enhance governance and communication



Our 'unwavering Safety and Reliability' have gained long lasting customers' trust

Fujitec's strength

Further “Safety and Reliability”



① R&D in line with "Fail-Safe" concept



- Automatic elevator ops. data collection in the event of an earthquake
- Visualization of restoration needs and the prompt dispatch of engineers
- Further update for other natural disasters such as heavy rains

② Systems to thoroughly prevent malfunctions/ accidents

- Quality Lab to be launched in 2025
- Conduct E2E safety tests from development, procurement, prod. and installation, on various components



Diligently pursue high quality to ensure unwavering safety and security and to deliver the comfort developed in luxury sites to more customers

Fujitec's strength

Customers' First, High-quality ride



Developing products
that deliver the highest quality and comfort

- Installed in luxury hotels and high-rise offices/residences
- Highly evaluated by our customer from luxury hotels

“ So quiet while moving, I wondered if I forgot to press the button
— Representative of a luxury hotel

“ We are the best hotel in the world, adopting the best facilities, including Fujitec elevators
—Owner of a luxury hotel



Enhancing satisfaction among all stakeholders through the "Corporate Culture Transmission"

Fujitec's strength

Development of talent prioritizing hospitality



Continuing the tradition of "the spirit of hospitality" through talent development, passed down since the company's founding

- Employees' compassionate and proactive actions are highly regarded by customers, users, and partners
- Expressions of gratitude from clients for hospitality

“ During maintenance work, after confirming safety, users are guided to their destination floor via the elevator. Subsequently, the customer receives a thank-you email from the user

—Awarded a letter of appreciation from the customer



Reflection on Previous Mid-term plan (Vision24)

Though continuous sales growth has been achieved, lack of ability to implement, and unexpected market recession led to delay in key initiatives / financial progress

Achieved:  Sustained revenue growth FY2022-FY2023 Issue:  Delayed implementation of key initiatives mainly due to unexpected increase in material cost and market recession in China					
		Domestic Business	Overseas Business	Production & Operations	Corporate
Overview  Achieved  Issue 		- Expansion in NI with higher profitability by process innovation / cost reduction - Expansion in After Mkt Biz	- Expansion in NI by invest. - Expansion in After mkt biz - Cost competitiveness	Cost transformation through harmonized procurement among sites + Next-Gen, Tech.	- Stronger CF, higher dividends, and capital cost mgmt. - Disclosure/Governance
		- Complete large-scale PJs - Continuous growth in MNT. through NI/MOD	- Rapid growth in NI in growing markets (e.g., India) - After mkt biz in mature markets (e.g., NA)	- Pilot PJ with Next-Gen in Japan - AI, remote monitoring systems, etc.	- Improve capital efficiency - Environmental reporting - Initiatives on better governance scheme
		- Less cost reduction due to delay in STD. model sales - Deteriorated profitability due to higher material cost	- Limited cost competitiveness due to delay in STD. model - Deteriorated profitability due to China's real estate recession	Delay in harmonized procurement, and installation of Nex-Gen Tech.	- Growth investment and higher shareholder return not well balanced - Limited Feasibility and transparency in governance

Establish a top trusted brand in the industry where everyone can experience the unique beauty and hospitality of a dedicated Japanese manufacturer



Biz Strategy

- Create the highest value demanded in each region and provide elegant sophistication
- Establish a solid market presence in each market where Fujitec operates
- Successfully grow innovative business seeds to profitable businesses, such as remote monitoring with digital



Organizational Foundation

- Continuously improve organization foundation for further growth



People/Culture

- Foster global talents with tech./capabilities though opportunities across the globe
- Develop culture without fear of failure and with a spirit of courage



Contribution to the society

- Support infrastructures all over the world while tackling env. And social issues

Why invest

Steady growth & significant margin improvement

- Regional portfolio management with clear focus between grow and improve
- Company-wide initiatives to improve margins by enhancing the profitability of NI/MOD and the productivity of maintenance

Higher shareholder return through abundant FCF and optimal capital allocation

- Robust FCF generation based on stable maintenance revenue
- Higher shareholder returns, starting with a dividend payout ratio of 80%

Strong management commitment to ensure implementation

- PMO at HQ and region to manage the execution
- Alignment of management compensation linked to performance, including stock prices

Major KPIs and targets

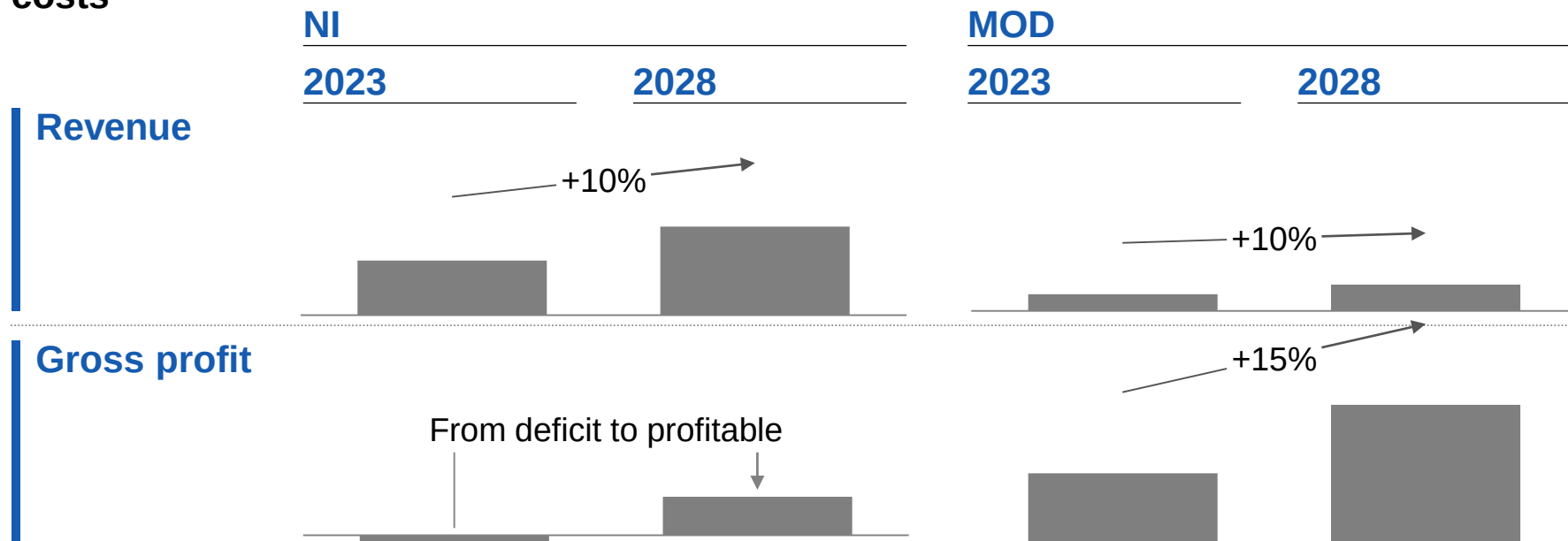
**Targeting 2.8x OP margin improvement while maintaining revenue CAGR 8%.
Stronger cash generation to ensure higher dividends payout ratio for our shareholders**

(100 million yen)

	FY2023	FY2028
Revenue	2,294	3,250 (CAGR 8%)
Gross profit (%)	484 (21%)	860 (26%)
Operating profit (%)	145 (6.4%)	440 (13.5%)
ROE	12.9%	18%
Dividends payout ratio	66.8%	80%
EPS	228.55 yen	384 yen
USD to JPY exchange rate	140.44 yen	135.00 yen

NI/MOD growth targets

Boost NI/MOD revenue with improved profitability through reduced manufacturing costs

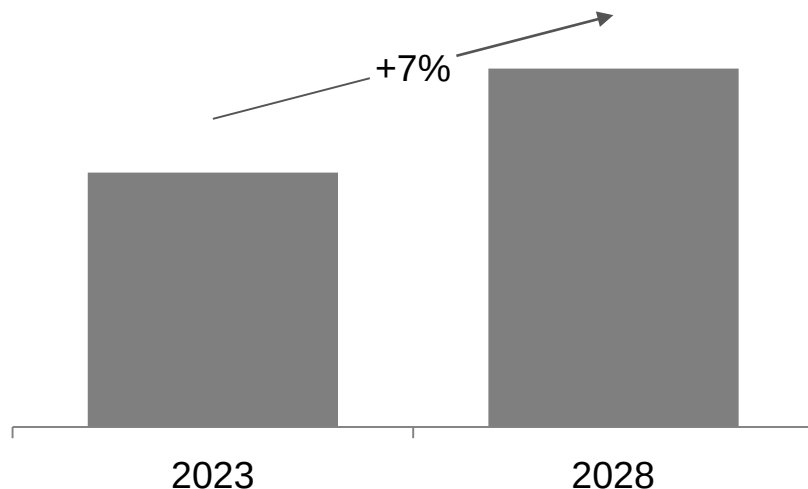


- Concentrate geographical coverage to maintain/improve profitability with increasing the number of units in stock through expansion of NI/MOD
- Optimize the supply chain and standardize production models to reduce manufacturing costs and enhance profitability to the level of peers

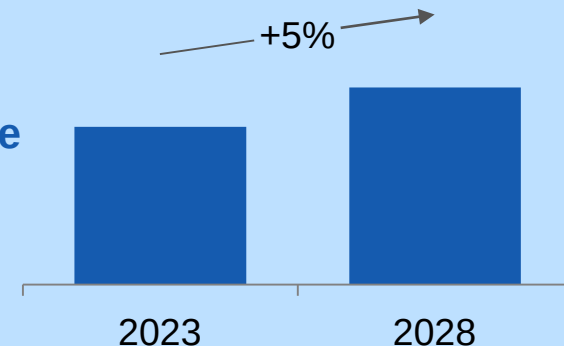
Maintenance growth targets

Increase in number of units of maint. contracts to drive sales/profit of this profitable segment

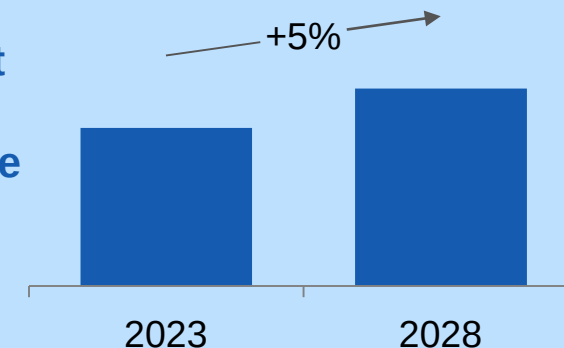
Number of units of maintenance contracts



Revenue from maintenance



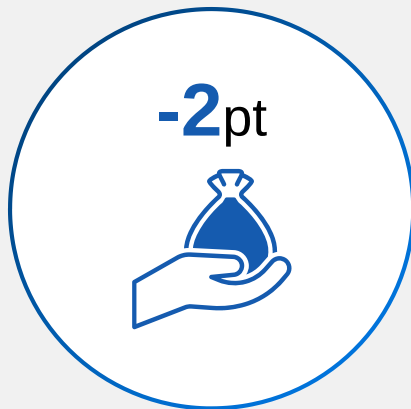
Gross profit from maintenance



- Organic and Inorganic growth (NI/MOD) in mature markets to increase maint. contracts
- Implement smart productivity and operational improvements in maintenance to enhance profitability to the level of peers

Reduce SG&A by standardizing admin and sales operations, implementing BPR, and enhancing productivity

Impact on Consolidated SG&A ratio



Total Change in SG&A Amount from FY2023 to FY2028



Improve the SG&A ratio to the level of major competitors by standardizing and streamlining operations using digital tools and controlling various expenses

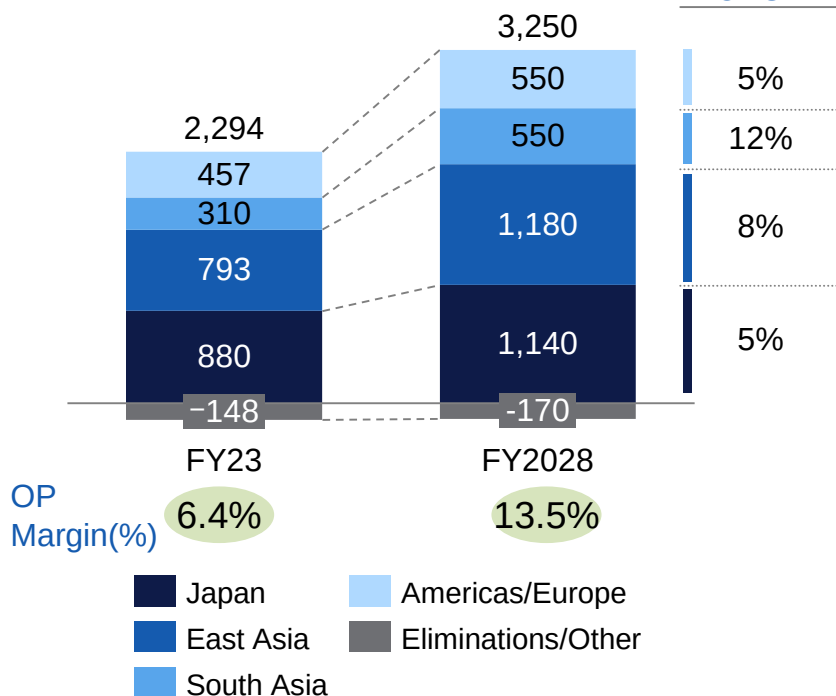
Financial targets as a result of key initiatives

Accelerate growth with well-balanced region and business mix

Revenue by region

(100 million yen)

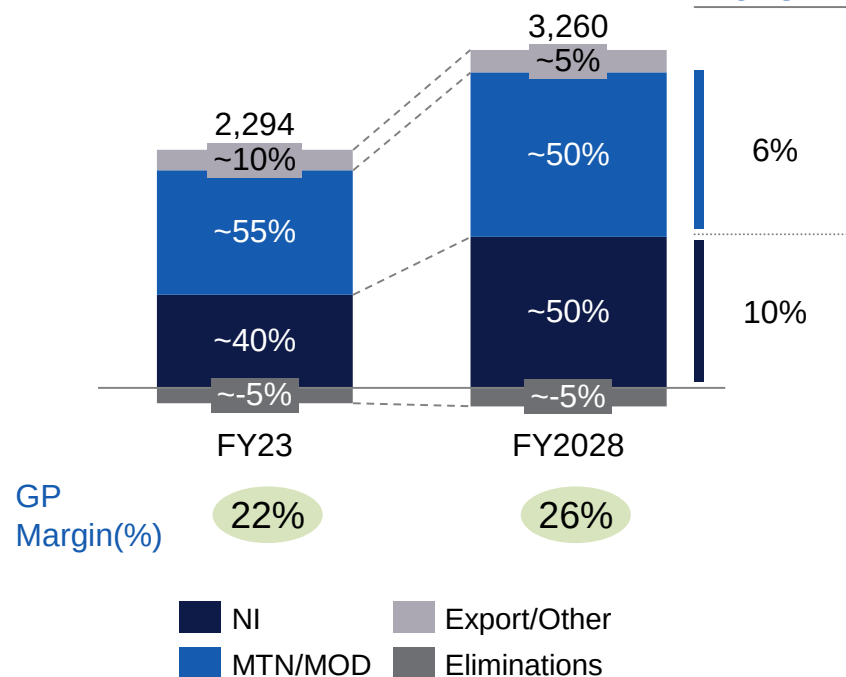
23-28
CAGR



Revenue by business

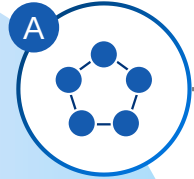
(100 million yen)

23-28
CAGR



Note: East Asia includes Korea, China, Taiwan, and Hong Kong. South Asia includes India, Sri Lanka, Myanmar, Malaysia, Singapore, Indonesia, Vietnam, Philippines, Thailand.

Three pillars of the new Mid-term plan, Move on five



Selection and concentration of regional/business mix

- Clarifying the strategic positioning of regional businesses
- Appropriately allocating resources and defining clear directions for initiatives based on the "focal points" of each region



Achieving both high quality and high profitability

- Emphasizing both quality and profitability
- Optimizing the supply chain and standardizing models and construction methods in NI and MOD
- Enhancing smart productivity and operations in maintenance through digital technology
- Reducing SG&A by standardizing admin and sales operations, implementing BPR, and improving operational productivity



Building a robust business foundation

- Establishing a group management system and building a PMO structure with clear responsibilities and roles
- Developing global talent to support high quality and business growth
- Further strengthening ESG management

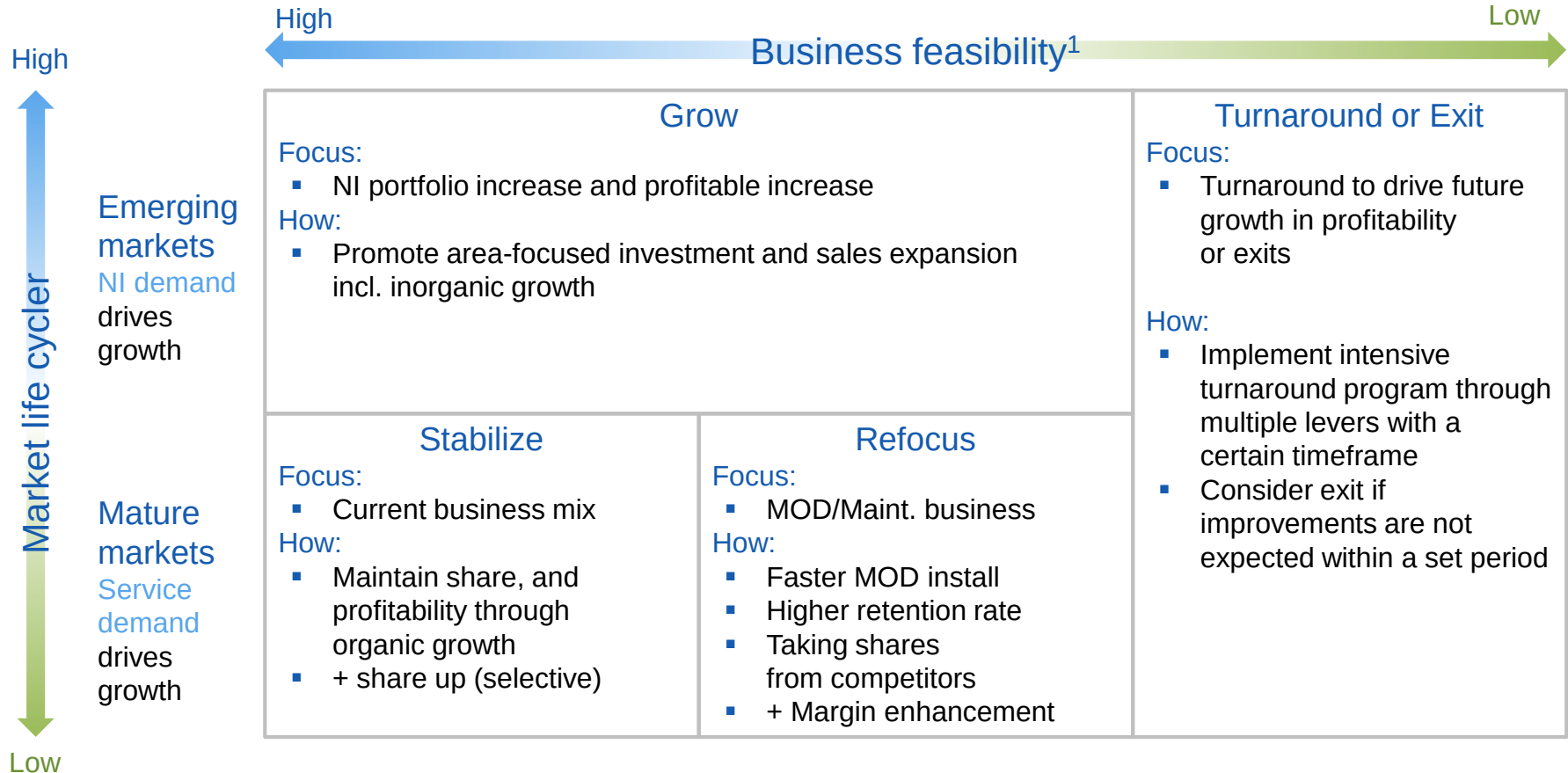
Move On 5,
Vision for
FY2028 in
the new
Mid-term
plan

Business Strategy

- ① Regional/Business
Selection & Concentration

Principle of regional selection/concentration

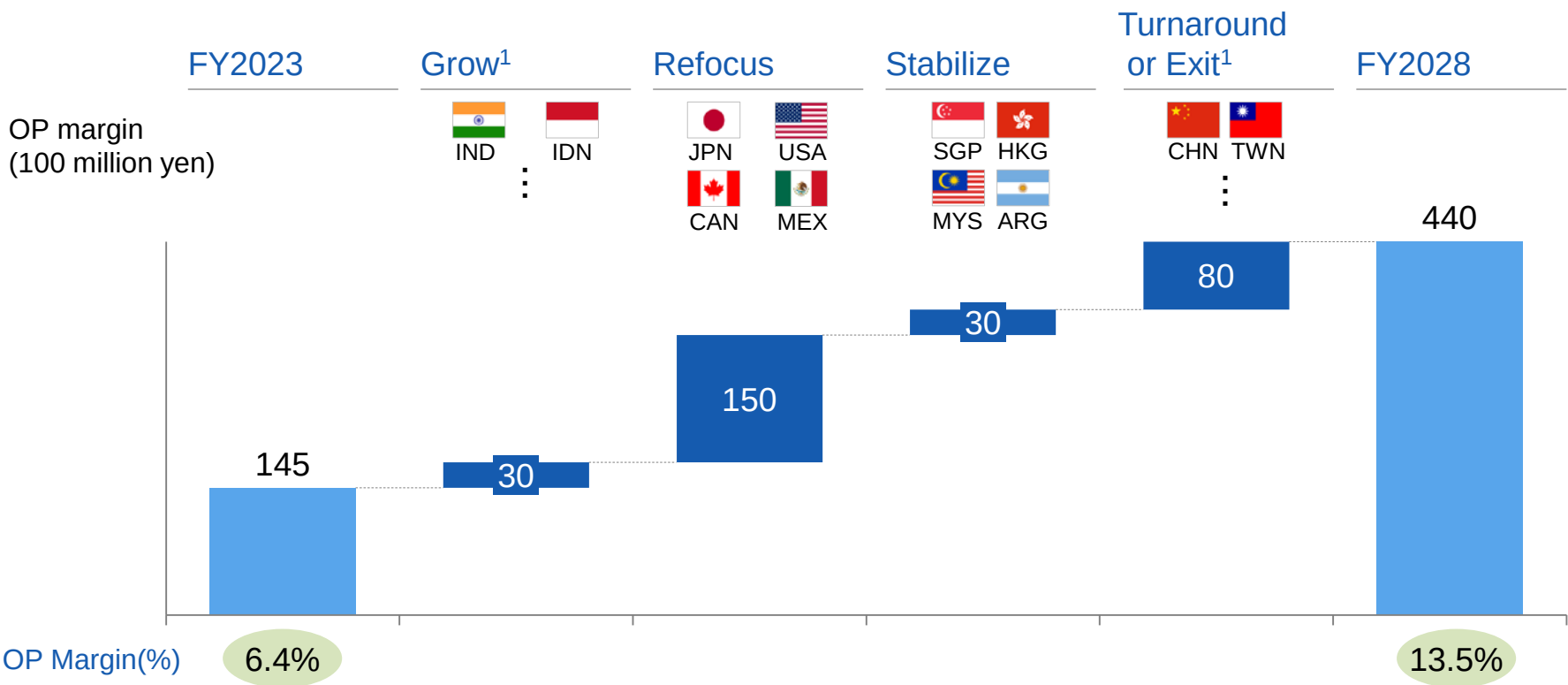
We segment regions with clear framework and identify “FOCUS” and “HOW” to implement



1. Based on multiple aspects: Sales size, OP margin(%), competitive advantage, macro-trend, etc

Impact from business strategy: Selection and concentration FUJITEC

Each regional segment will contribute to achieving both growth and margin targets



1.List only the major countries
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Regional Selection/Concentration

Deep-dive (1/4) : Grow - India

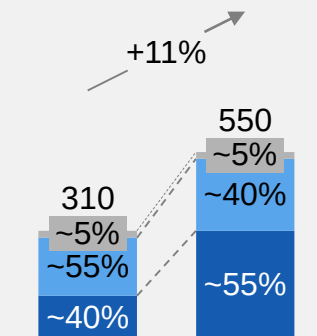
Grow		Turnaround
		
Stabilize	Refocus	

South Asia – incl. India

(100 million yen) FY2023 FY2028

Sales

- NI
- Maint./MOD
- Export/other



OP margin (%)

16%

16%

Multi-brand strategy enables accumulating NI portfolio beyond market growth

Strategy1: FUJITEC INDIA

Focuses on strategic key cities and CBDs¹ with competitive strength

Capture projects with tailored products and enhanced sales efforts

Strategy2: FUJITEC EXPRESS

Further strengthen brand of the second brand 'FUJITEC EXPRESS'

Focus on mass market and win contracts for NI & Maint.

Boost local production capacity for India-wide sales expansion



Leverage customer contact with digital tools/apps to improve both sales efficiency & customer loyalty

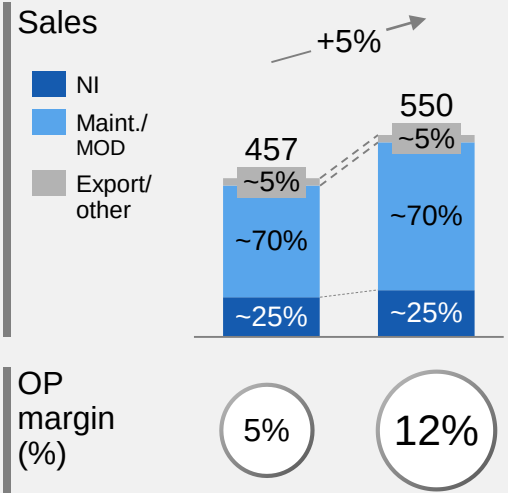
Regional Selection/Concentration

Deep-dive (2/4) : Refocus – North America

Grow		Turnaround
Stabilize	Refocus	
		

North America & Europe

(100 million yen) FY2023 FY2028



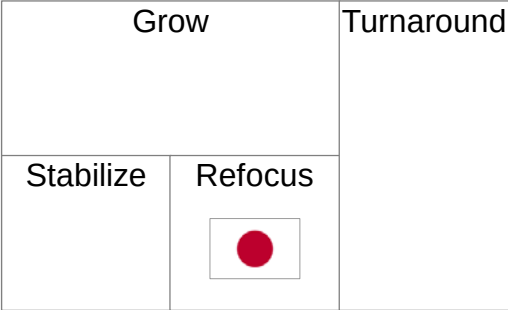
Through diversification of product and rebuilding of supply chain along with M&A, North America increase share and improve OP

Key issues and countermeasures

	Current issues and initiatives taken >>	Initiatives for Mid-term plan
Top-line 	- Intensified competition with ISP - Inorganic growth considerations for further top-line growth - Inadequate reflection of MOD market needs - Lack of competitiveness of NI models	- Maint. quality improvement - Faster Maint. services - Consideration/execution of M&A of ISPs - Expansion of MOD pkg products fulfilling market needs - Introduction of new NI products
Cost 	Insufficient production cost reduction	Further utilization of EEVI (Mexico)
Fnd. 	Difficulty in hiring skilled workers	Recruitment enhancement

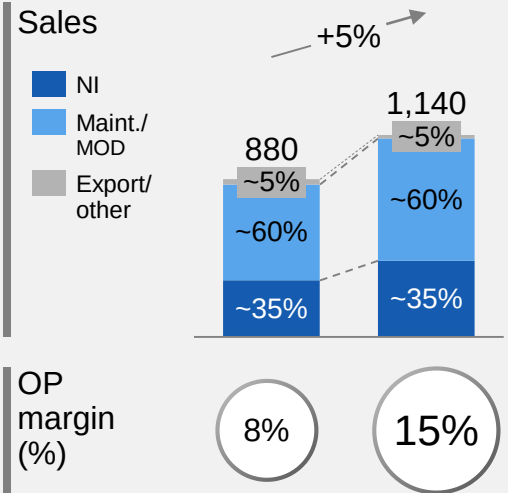
Regional Selection/Concentration

Deep-dive (3/4) : Refocus – Japan



Japan

(100 million yen) FY2023 FY2028



Japan targets to improve profitability but also grow by enhancing field personnel capabilities and introduce new product etc.,

Key issues and countermeasures

	Current issues and initiatives taken >>	Initiatives for Mid-term plan
Top-line 	- Additional raw material price increases control measures - Responding to the rise of ISPs - Acquisition of MOD projects for other companies' elevators	- Dev. & introduction of new standardized (elevator) product - Expansion of Maint. resource partnership - Expansion of MOD products
Cost 	Inflation countermeasure	Increase price based on material cost inflation outlook
Cost+ Top-line 	Staff shortage & the 2024 problem	- Productivity improvement through digital & man-hour management - HR & Compensation management improvement to secure talent

Regional Selection/Concentration

Deep-dive (4/4) : Turnaround – China (1/2)

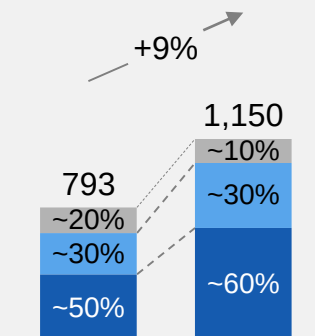


East Asia (incl. China)

(100 million yen) FY2023 FY2028

Sales

- NI
- Maint./ MOD
- Export/ other



OP margin (%)

2%

9%

Execute a turnaround by tackling six comprehensive issues from topline to operational foundation, and get back on a growth trajectory

Key issues and countermeasures

6 key issues causing downturn

6 levers to unlock turn-around

Top-line


- Insufficient selection & concentration of focus markets

- Right focus on key sub-markets and define Go-to-Market strategy

- Inadequate A&D management

- A strong A&D network establishment & collaboration enhancement

- Delay in establishing org system to expand service business

- ISP M&A and conversion rate improvement initiatives

Cost


- Lack of price competitiveness in products

- Dev. & introduction of low-cost equipment through rigorous cost management initiatives

- Inefficient sales network/ org structure

- Consolidate branch network and streamline organization

Fnd.


- Inadequate performance management functions

- Performance management operations redesign & management enhancement

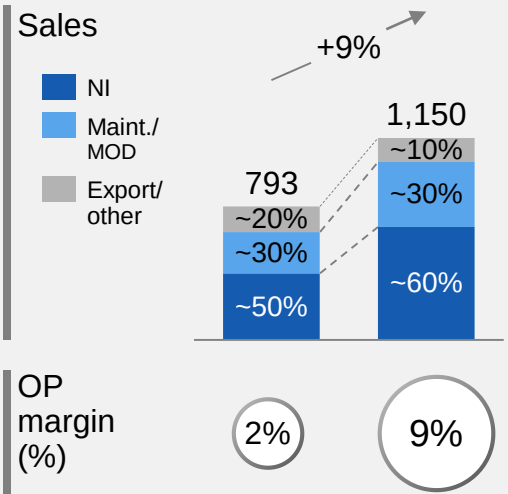
Regional Selection/Concentration

Deep-dive (4/4) : Turnaround – China (2/2)

Grow		Turnaround
Stabilize	Refocus	

East Asia (incl. China)

(100 million yen) FY2023 FY2028



Despite market stagnation due to the real estate downturn, targeting high-potential segments could leverage Fujitec's strengths can drive revenue growth.

Features of potential market



Prioritizes high quality and brand with low price sensitivity



Geographic demand focuses on prosperous coastal and high-tier cities

Examples of market segments

- | | |
|----------------|---|
| Home elevator | ▪ Demand from wealthy and youth-driven rural return trend drive market growth |
| Add-On Project | ▪ Government support and infrastructure investment drive market growth |
| Small Infra | ▪ Hospital expansion in mid-sized cities drive market growth |
| KA Residential | ▪ State-owned enterprise investment drive market growth |
- ⋮

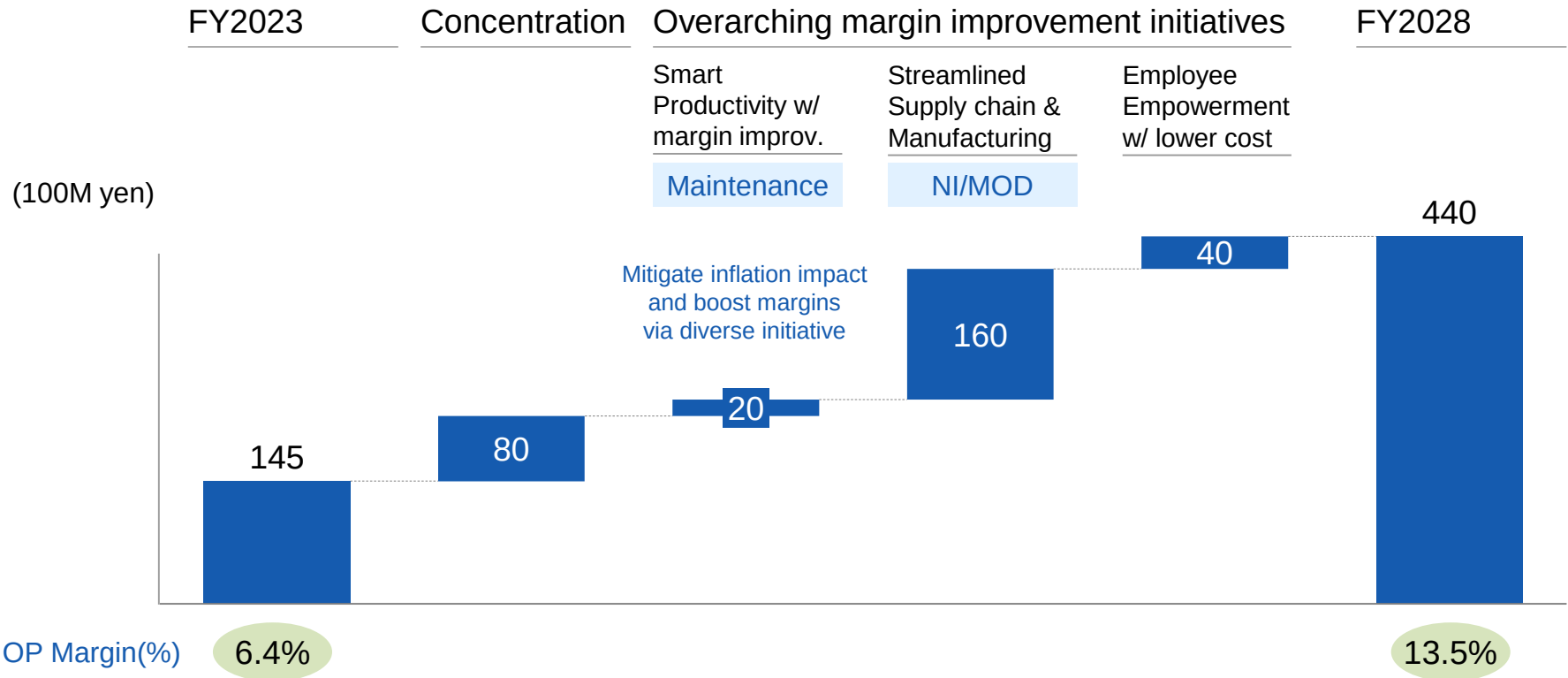
Business Strategy

B High quality & high profitability

Impact from business strategy: Company-wide margin improvement initiatives

Company-wide margin improvement initiatives largely contribute to profitability/productivity

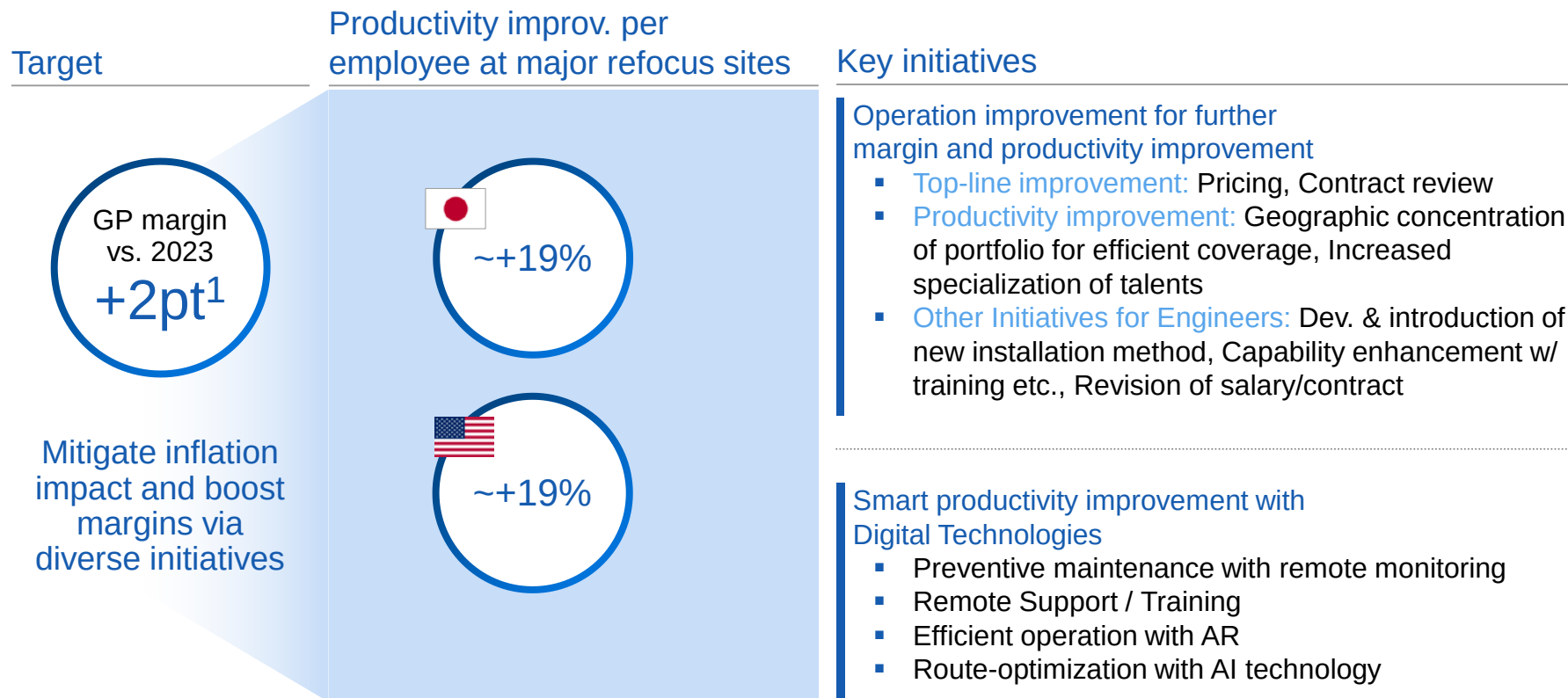
(100 million yen)



Company-wide margin improvement initiatives

Deep-dive (1/3): smart productivity with margin improvement

Smart productivity and operational Improvement to enhance field profitability

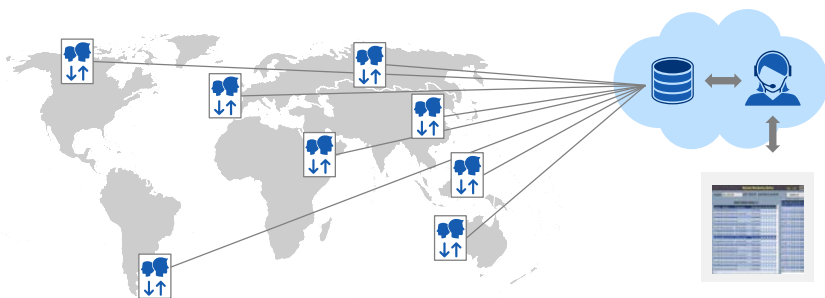


1. Estimate excluding impact from mix change. Gross profit breakdown in Japan is calculated by dividing SG&A based on sales of MOD/Maint.

Company-wide margin improvement initiatives: Examples of smart productivity initiatives with digital technologies

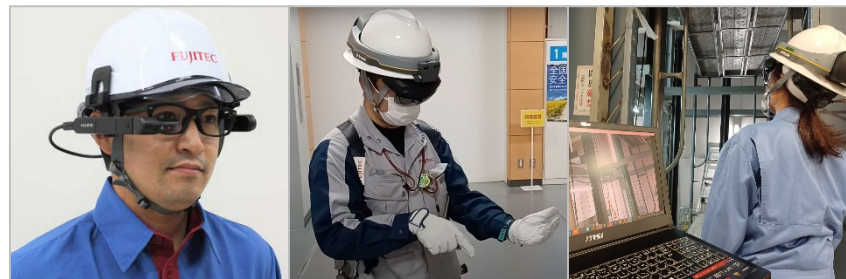
Preventive maintenance systems with remote monitoring

Deploy global remote monitoring systems (GRMS) with AI analysis capabilities in all sites and increase maint. productivity



Efficient Operation with AR

Maintenance systems and tools with AR in each site to improve maintenance productivity



Remote Support and Remote Training

Accelerate installation of smart equipment with connected tech. to shorten maint. time by allowing real-time support

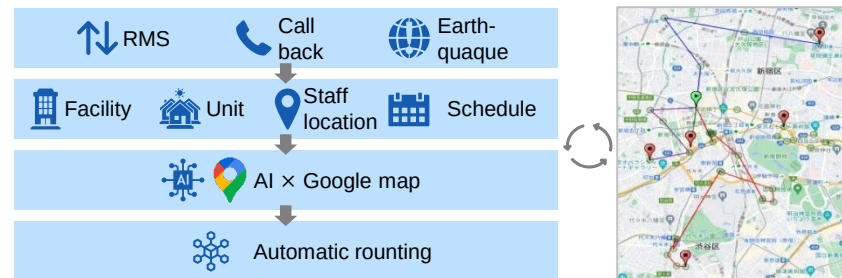


Handsfree- visual communication while working

Real time support from back office

Routes optimization for maintenance with AI

AI-based automatic routing systems for maintenance to reduce maintenance time and improve efficiency



Company-wide margin improvement initiatives

Deep-dive (2/3): Streamlined supply chain and manufacturing

Supply chain optimization and standardization PF will improve manufacturing and construction costs

Target



Gross profit margin
vs. FY2023



Gross profit margin
vs. FY2023

Key initiatives

Standard Model/Standard construction methods

- Reduce parts cost with standard models/systems
- Reduce construction time with simple structure and easy installation methodologies



Optimization of Make or Buy

- Optimize Inhouse/Outsource and Local/Global and enhance cost competitiveness



Optimization of production footprint

- Leverage sites with capacity and cost competitiveness (e.g., India, China)
- Diverse risk with multiple prod. Sites



Lead COGS reduction

- Contribute to reduction of material / labor costs

Streamlining the supply chain as a foundation for COGS reduction measure

1. Estimate excluding impact from mix change. Gross profit breakdown in Japan is calculated by dividing SG&A based on sales of MOD/Maint.

Company-wide margin improvement initiatives: Examples of streamlined supply chain and manufacturing

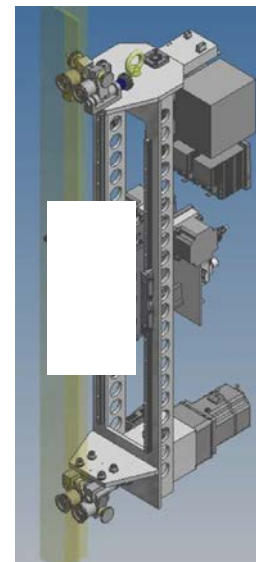
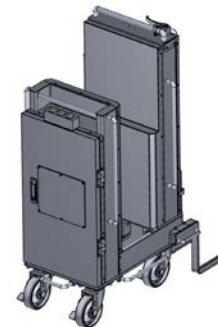
Reduce product cost through introduction of standard models

Introducing & deploying standard, simple-design models for optimal quality/cost balance regionally



Improve installation method by automation/robotization

Globally roll-out original robots/ automation equipment jointly developed with robot companies to improve efficiency



Company-wide margin improvement initiatives

Deep-dive (3/3): employee empowerment with lower cost

Improve SG&A ratio through BPR, IT infra/productivity improvement and other SG&A cost levers

Target



Operating
profit margin
vs. FY2023

Key Initiatives

Admin/Sales OPs standardization & BPR

- Efficiency improvement of routine/non-routine operations by implementation of Fujitec Gen GPI
- Efficiency improvement of admin/sales operations by RPA
- Improve operation efficiency by BPR

IT infra. Renewal and Productivity improv./Cost reduction

- Significant productivity improvement and cost reduction in Ops costs by IT infra. Renewal
- Efficiency improvement by DX promotion for sales operation

Disciplines on spends for other SG&A

- Further productivity improvement
- Review and reduce other spends – labor, rent, travel etc.

Company-wide margin improvement initiatives: Examples of potential SG&A reduction levers

Starting to review SG&A spends and reviewing several cost reduction potential levers

Major cost reduction levers

Labor



Further review of personnel cost (in addition to OPs standard. & BPR and IT infra. update)

- Benchmark other companies to set the target scale, optimize Span-of-Control
- Natural decrease due to retirement, Hiring-freeze, etc.

Rent



Review of office rent

- Consolidation/Integration of offices, maximize space utilization, etc.

Travel



Stricter rules for business trips and transportation expenses

- Air ticket booking deadline, cap on accommodation charge, frequency of business trips optimization, etc

Advertisement



Review of advertisement

- Event frequency optimization, prioritization of advertisements, etc.

Others



Scrutiny and review of contracts

- Competitive quotes, Internal/External benchmark on unit price, etc.

Business Strategy

© Strong business foundation

Strong BoD with diverse backgrounds

Directors



Masayoshi Harada

CEO from 2023
Joined Fujitec
in 1984



Takeshige Nakajima

GM of Engineering &
Production
Joined Fujitec
in 2019



Kosuke Sato

CFO
Joined Fujitec in 2021

Outside Directors



Kaoru Umino

Chairman of the
Board
Partner, DLA Piper
Tokyo



Clark Graninger

- MD of WealthPark Capital K.K
- Executive officer at Shinsei Bank and Aozora Bank¹



Anthony Black

- Service President, Husky Injection Molding Systems
- Global VP, Service & Field Operations, Otis Elevator Company¹



Torsten Gessner

- Chairman & CEO, ThyssenKrupp NA¹
- Area Director, Otis UK & Central Europe¹



Ako Shimada

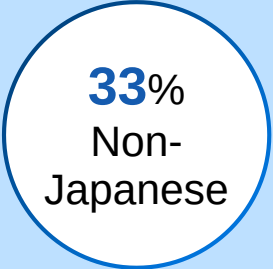
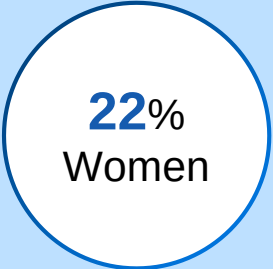
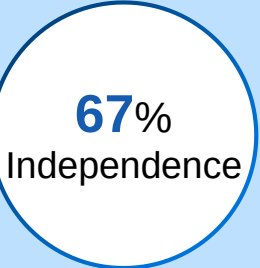
VP, General Counsel and Corporate Secretary, Ushio America



Shakil Ohara

DIGIFIT Corporation Co-CEO
Maple Associates Pte Ltd Co-CEO

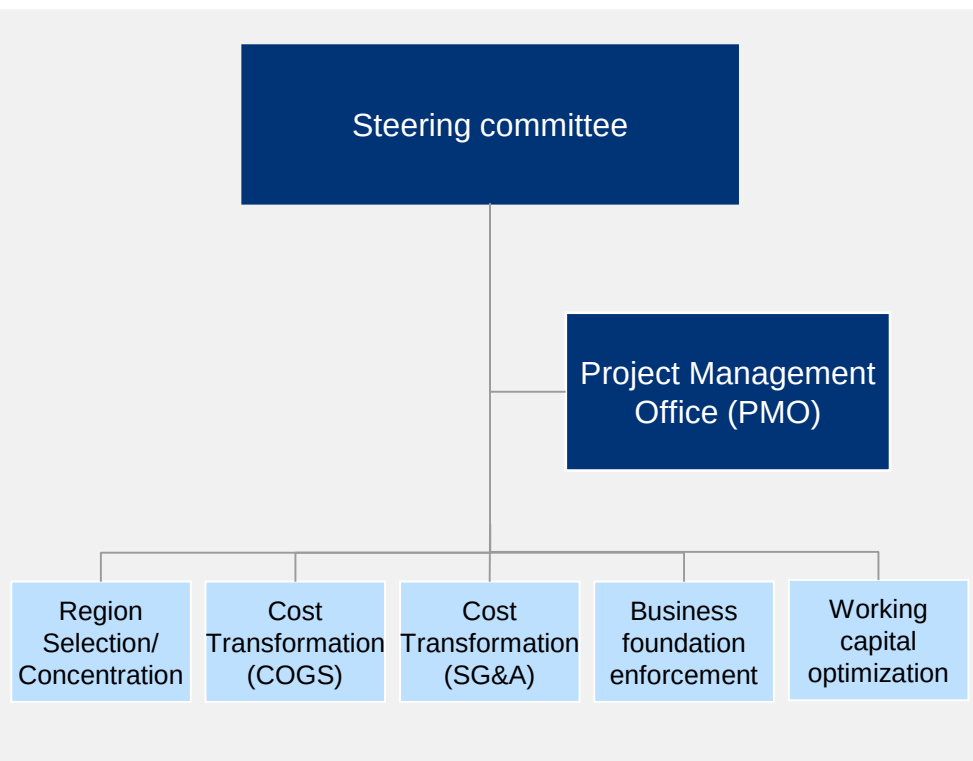
(New Candidates for Directors)



1. Past experience

Implementation structure

Establish clear roles and responsibility at execution and PMO structure, monitor corporate performance and key initiatives using KPIs



Operation System



Cadence of Meetings

Strictly define key meeting's cadence (incl. owner, responsible personnel for reporting, frequency and duration) for impact realization



KPI Monitoring

Monitor company-wide performance and the progress of key initiatives using KPIs.

- E.g., Unit price, volume, sales volume per sales personnel, etc.

Alignment of management compensation with important KPIs to ensure management commitment



Approach

- Compensation based on achievement of Mid-term management plan, stock prices and other important company-wide initiatives (TBD; e.g, ESG targets)
- Draft a compensation system through consultation with the Nomination and Compensation Advisory Committee to ensure transparency



Compensation tied to achievement of KPI



Base Salary



Bonus



RSU

We will actively address global environmental issues and contribute to the society

E: Environment



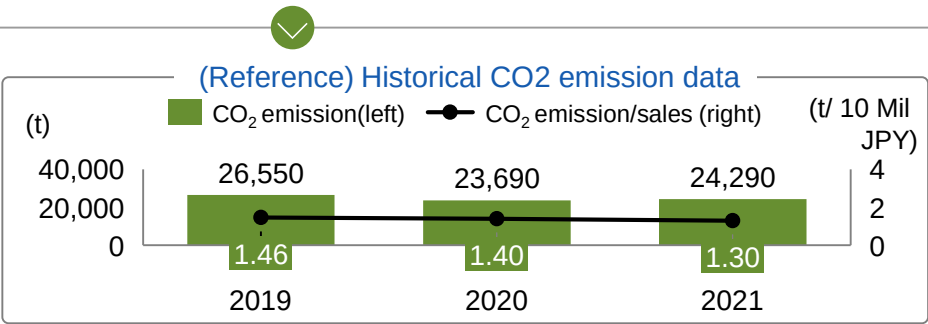
Materialities:
Initiatives to reduce
environmental impact

Related SDGs



Key Themes	Initiatives	KPI&Targets
Contributing to lower-carbon society in response to climate change	- Reduce energy consumption, greenhouse gas emissions, and waste - Strengthen sense of ownership through education on global warming prevention & decarbonization initiatives - Promote resource conservation, reduction of waste materials, and recycling by improving products and construction methods - Development and introduction of anti-flood-damage technologies	Reduce greenhouse gas by 46% from 2019 scope 1 and 2 to 2030
Energy Savings	Expand environmentally-friendly products and services such as lighter-weight products and energy-saving features (e.g., standby power reduction)	
Product Lifecycle Management	- Improve environmental efficiency by improving operational efficiency together with partner companies - Promotion of environmentally-friendly logistics, etc.	

We will continue to contribute to greenhouse gas emission reduction with the above initiatives



Various initiatives to achieve a "Safety & Reliability" and comfortable society

Product verification

Research towers in major hubs for testing & evaluating various equipment



The pursuit of quality of product & parts

Pursuit of quality and cost through parts analysis, failure analysis, etc.



Advanced tech R&D

Development, test & evaluation of advanced tech such as (touchless button) "AirTap"



Pursuit of "Safety & Reliability" & comfort



Implementation of various initiatives globally

Skill development of on-site staff

Upskilling & cultivation of on-site staff in various regions



Remote monitoring

24/7 monitoring to track the real-time status & collect info



Human Resource Development

To uphold the pursuit of “Safety and Reliability” and “Focus on Quality”, talent is unequivocally our most valuable asset



Foster a culture of challenge within the organization and provide a supportive work environment with evaluation-based reward to facilitate employee growth



Every employee embodying hospitality, maintains holistic well-being and earns high trust from stakeholders and customers



Strive to achieve balance of trusted 'people' and 'skills' for customers through diverse training programs aimed at enhancing the expertise of employee

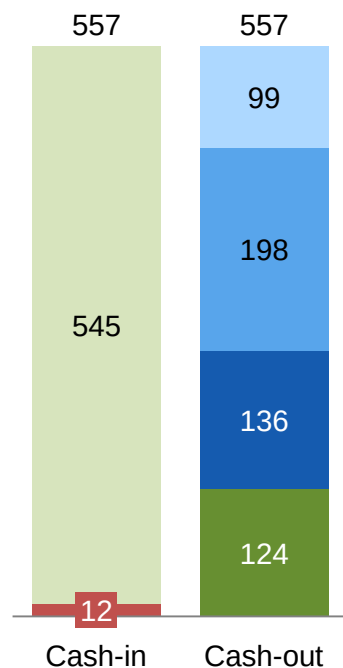
Capital Allocation

Capital allocation

Enhance capital efficiency through debt utilization, cash compression, and opt. working capital, while balancing accelerated growth investments with high shareholder returns

Last three years

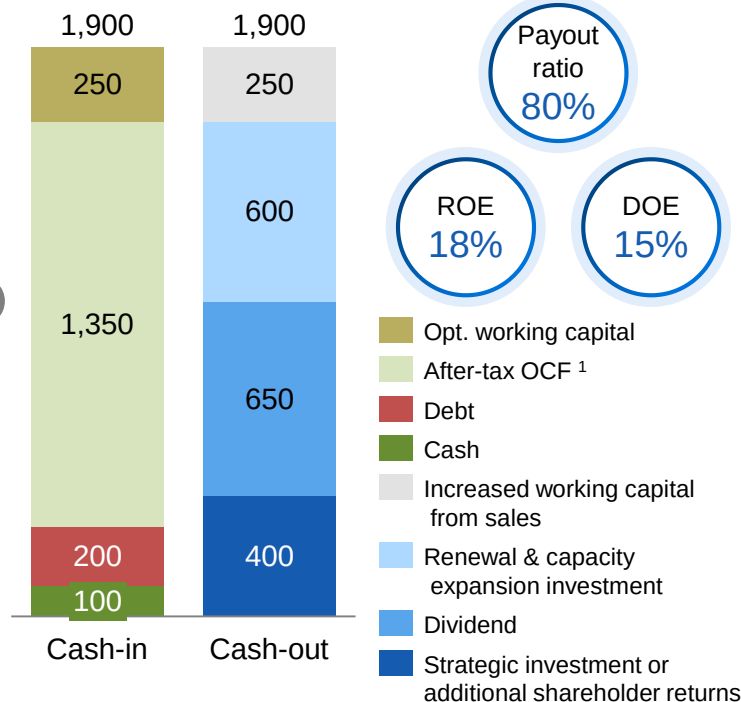
(FY2021-2023) (100M yen)



Next five years

(FY2024-2028)

(100M yen)



1 Optimize working capital

- Improve the working capital turnover in each region to industry standards to curb capital outflow

2 Leverage Liabilities

- While maintaining financial health, actively reduce cash on hand and increase debt utilization

3 Drive Strategic investment

- Invest in high-growth regions
- Conduct M&A in areas of focus

4 Higher shareholder return

- High-level shareholder returns with a target payout ratio of 80%
- Dynamically conduct share buybacks while ensuring strategic invest. for growth

1. includes investment cash flows such as dividend receipts, fixed deposit receipts, and receipts from policy-held stocks

Appendix

Acceleration of renewal & capacity expansion & strategic investment in M&A globally

Content of renewal & capacity expansion and strategic investment (overview)



Renewal & capacity expansion investment

- Investment in capacity expansion for new Elevator and Escalator plants
- Investment in production capacity for manpower-saving & automation at global plants
- Completion of quality lab
- Renewal & expansion of existing facilities & equipment
 - Expansion of MOD training facility
 - Update of service center



Strategic investment for M&A

- M&A investments in North America & Japan to strengthen capabilities and improve profitability in the services business
- M&A investment to achieve a quick win in the growth segment in China & strengthen portfolio in maint. Business
- M&A investment in South Asia to achieve a rapid growth

Upside effects by additional measures while minimizing business risks

		Opportunity	Business Risk and Countermeasure	
Business viability	Margin of NI/ MOD	✓ Further acquisition of NI/MOD units through additional M&A in South Asia and Japan	! Global economic downturns leading to NI/MOD market growth slowdown	» Review and reallocation of resources according to market conditions, regional strategies / measures
		✓ Further reduction of component costs in China	! Loss of price competitiveness due to price increases, customer attrition	» Further enhancement of high-quality service delivery to improve customer satisfaction and loyalty
		✓ Margin improvement through MOD PKG and SC optimization in mature markets such as Singapore and Hong Kong	! Damage to stable product supply and deviation from customer needs due to difficulties in introducing new models and optimizing the supply chain through consolidation of production bases	» Supply chain optimization, regular monitoring of progress and effects of new model introductions, also thorough prevention by identifying risk factors in advance
	Margin of maintenance	✓ Profitability improvement of MOD through launching specialized projects in North America and Japan, where market growth potential is significant	! Excessive resource allocation and increased costs for multifaceted measures aimed at improving conversion rates and margins	» Under a strict PMO structure, firmly monitoring both business growth and profit margin improvement
		✓ In East Asia/China, further improvement of conversion rates through providing high value-added and high-quality services	! Loss of talent and missed growth opportunities due to excessive restriction of various expenses and management costs	» Formulation of action plans that balance SG&A reduction and robust foundation building, monitoring of above measures as well
		✓ In mature markets such as Singapore and Hong Kong, development of new models/ services, utilizing unique new technologies and multifaceted measures on digital/ analog to achieve margin improvement		
	SG&A	✓ Further increase in maintenance stock in Japan through additional M&A	! Loss of talent and missed growth opportunities due to excessive restriction of various expenses and management costs	» Formulation of action plans that balance SG&A reduction and robust foundation building, monitoring of above measures as well
Business Foundation		✓ Further efficiency improvements in admin /sales operations and intensified efforts to control expenses across all regions, leading to further reduction of SG&A	! Strengthening business foundations and SG&A cost control counteract each other, failing to achieve expected effects	
		—		

(Ref.) market (TAM¹) outlook in each major regions

		 Rapid growth	 Growth	 Flat	 Sluggish growth
		NI	MOD	Maint.	
Japan		 Redevelopment in urban & local areas drives strong and continuous demand for NI	 Model changes & renewals drive higher MOD demand	 Growth in maint. of manufacturers is flat due to a slowdown in NI cases & the rise of ISPs (independent maint. companies)	
North America	  	 Growth in NI market slows, mainly due to changes in the political environment, incl. the U.S. presidential election & the economic slowdown	 Needs for updates and renewals of building facility drive higher MOD demand	 Stable demand growth in maint. is expected	
India		 Moderate & low-priced NIs remain the major products of the market, driving market growth	 MOD is expected to grow further by the government's focus on infrastructure development	 Spread of connected tech in maint. will drive market growth	
South Asia	   	 Government-led infrastructure investment & redevelopment of resorts that addresses tourism recovery drives NI growth	 Demand for connected MODs with preventive maint. functions are expected to grow	 Increased demand for maint. of infrastructure & commercial facilities drives market growth	
China		 While some segments grow, such as home elevators, NI declined due to government regulation on real estate investment	 Government incentives for MOD will likely be a tailwind for further growth	 The rapid increase in demand for maint. & after-sales service due to the aging of previously installed equipment	
East Asia	 	 Economic recession and stagnant real estate dev. have slowed the growth of the NI market	 Commercial renovation & urban redevelopment PJs drive MOD market growth	 Demand for maint. remains stable due to inflation, etc.	

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