

FUJITEC



FUJITEC REPORT

2021

For the fiscal year ended March 31, 2021

“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.”

— Fujitec Global Mission Statement

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Editorial Policy

In this report, we present non-financial information such as corporate social responsibility (CSR) activities in addition to information on management direction and strategy, and a review of operations. Our aim is to give an overall view of the Fujitec Group’s management and corporate activities.

Reporting Period April 1, 2020 to March 31, 2021
(Note: Includes some activities and information from before and after this period.)

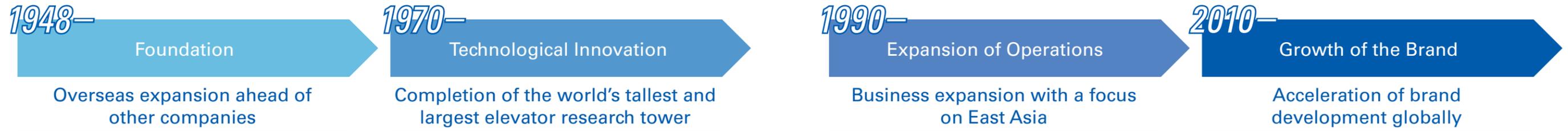
Forward-Looking Statements

This report contains forecasts and projections regarding the plans, strategies and performance of Fujitec Co., Ltd. and its consolidated subsidiaries. These forecasts and projections constitute forward-looking statements that are based on assumptions and beliefs in accordance with data currently available. These statements are subject to various risks and uncertainties that could cause results to differ from those projected or implied. These include, but are not limited to, unforeseen factors or fluctuations in the economy, industry competition, demand, foreign exchange rates, tax laws and/or regulations. In conclusion, Fujitec cautions readers that actual results may differ from those projected.

Note: Company names, products and logos used in this report are trademarks or registered trademarks of their respective companies. Trademark and registered trademark symbols are omitted for some system and product names.

History of the Fujitec Brand

Fujitec was the first Japanese elevator and escalator manufacturer to expand into overseas markets and has promoted technological achievements based on the experience it has accumulated as a specialized manufacturer. Our overseas sales ratio currently exceeds 50%, and the number of completed projects in landmark buildings in various countries is steadily increasing as we work to accelerate expansion of the Fujitec brand.



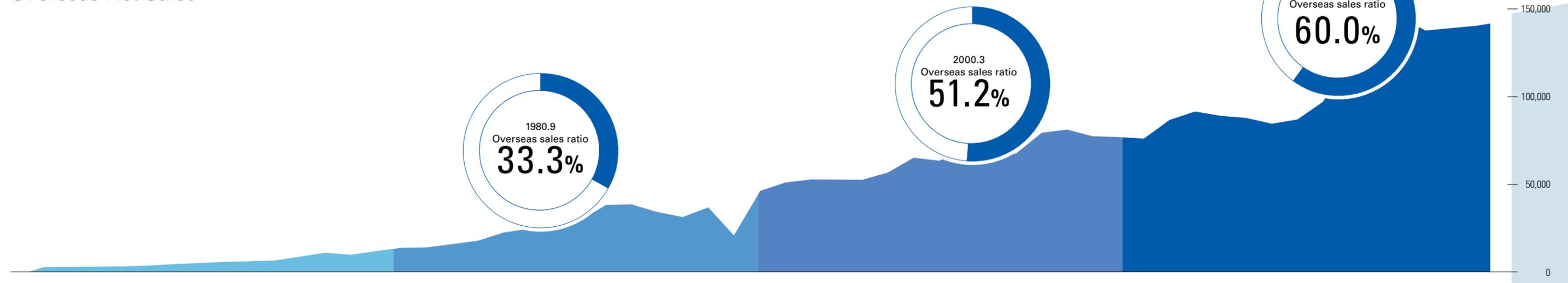
1948— Foundation
Overseas expansion ahead of other companies
 Fujitec was founded in February 1948. It began as a specialized manufacturer of elevators, and its business ranged from research and development to maintenance and modernization. In 1964, the year of the Tokyo Olympics, Fujitec started operations in Hong Kong, expanding overseas ahead of other Japanese companies in the elevator and escalator industry. With “The world is a single market” as its motto, Fujitec accelerated its business expansion worldwide.

1970— Technological Innovation
Completion of the world’s tallest and largest elevator research tower
 In 1975, Fujitec finished building what was then the world’s tallest and largest elevator research tower. Standing at 150 meters, the research tower was used to promote technological development. The following year, Fujitec developed the world’s first elevator with a speed of 600 meters per minute. It also built a computer-controlled control system equipped with learning functions that are related to today’s AI technology.

1990— Expansion of Operations
Business expansion with a focus on East Asia
 The elevator and escalator market in China began expanding in the 1990s. To keep pace with the growing demand, Fujitec established the joint venture company, Huasheng Fujitec Elevator Co., Ltd., in 1995 and commenced elevator production in China. Soon after, Fujitec set up an escalator production plant and research and development facility in Shanghai. It also established a new elevator production plant in Incheon, South Korea and expanded operations in East Asia.

2010— Growth of the Brand
Acceleration of brand development globally
 Fujitec has an excellent record in supplying elevators and escalators, which has helped to develop the trust of customers. In recent years, Fujitec has supplied elevators to landmark buildings around the world. Examples include GINZA SIX in Japan, Wangjing SOHO in China, and Resorts World Sentosa in Singapore. Going forward, Fujitec will continue to expand and develop its brand globally.

Overseas Net Sales



1964 Expansion of global presence, beginning with Hong Kong and Singapore

Fujitec continued to globally promote its outstanding technologies for meeting the demands of high-rise buildings both in Japan and overseas. As a result, Fujitec supplied 13 elevators to the Sun Hing Building—then the tallest building in Hong Kong—while utilizing its technological strengths to handle any differences in the installation environment. In Singapore, Fujitec signed the largest contract yet in the industry, completely doing away with the preconceived notion that the technological capabilities of all Japanese elevator companies were the same.



1975 Standing at 150 meters—completion of the world’s tallest and largest elevator research tower

In order to adapt to projects of different sizes in other countries, and to meet the demands of an increasing number of large-scale facilities, Fujitec built a 150-meter elevator research tower, which was unmatched at the time. For more than 40 years, the tower has been a symbol of the many unique, world-leading technologies born from Fujitec’s R&D.



1995 Establishment of Huasheng Fujitec Elevator in China, then the world’s most competitive marketplace

More than anywhere else in the world, East Asia was seeing remarkable growth, and investment in infrastructure improvement was expected to increase. Seeing a unique opportunity, especially in the Chinese market, Fujitec established Huasheng Fujitec Elevator Co., Ltd. Although traditionally elevator and elevator-related companies would share their technologies for mutual benefit, this new venture sought to utilize a nationwide network in China to provide Fujitec technologies, and thus was established through a joint venture with Chinatex, a general trading company.



2017 Installation of elevators in GINZA SIX, a landmark in Ginza, Tokyo

In 2017, Fujitec supplied a total of 84 units—38 elevators and 46 escalators—to GINZA SIX, a popular multipurpose facility in Ginza, Tokyo. Fujitec has supplied a large number of products to large-scale facilities, office buildings, hotels, condominiums, shopping centers and museums. The Company continues to take on new challenges to meet the needs of the world’s ever-evolving urban environments while anticipating future trends.



Fujitec at a Glance

Fujitec Co., Ltd. and Consolidated Subsidiaries
Year Ended / As of March 31, 2021

2020—

Next Growth Phase

Years in Business
as a Specialized
Manufacturer of
Elevators and Escalator



73 years

Net Sales

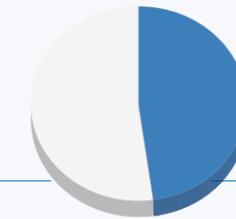


¥ **169.5** billion

Sales Ratio by Business

Aftermarket
business

52.1%



New installation
business

47.9%

Operating Income



¥ **13.2** billion

Ordinary Income



¥ **14.6** billion

Capital Investment

¥ **2,638** million



Depreciation and Amortization

¥ **3,457** million

ROE



8.5%

Number of Bases



35 bases in over
23 countries and regions

Ratio of Overseas Sales



59.1%

Number of Employees
(consolidated)



10,423 employees

Ratio of Overseas
Employees



70.4%

Business Model

The Fujitec Group is a specialized manufacturer of elevators and escalators, and its vertically integrated structure meets the needs of customers around the world. With the safety and security of our stakeholders as the utmost priority, we will boost productivity and efficiency on a global scale, extend the reach of the Fujitec brand, and contribute to the development of functional cities worldwide.

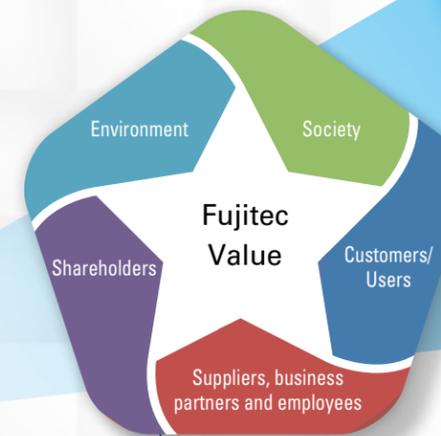


Main Business Strategies

Improve corporate value through business activities that prioritize the safety and security of our customers and employees

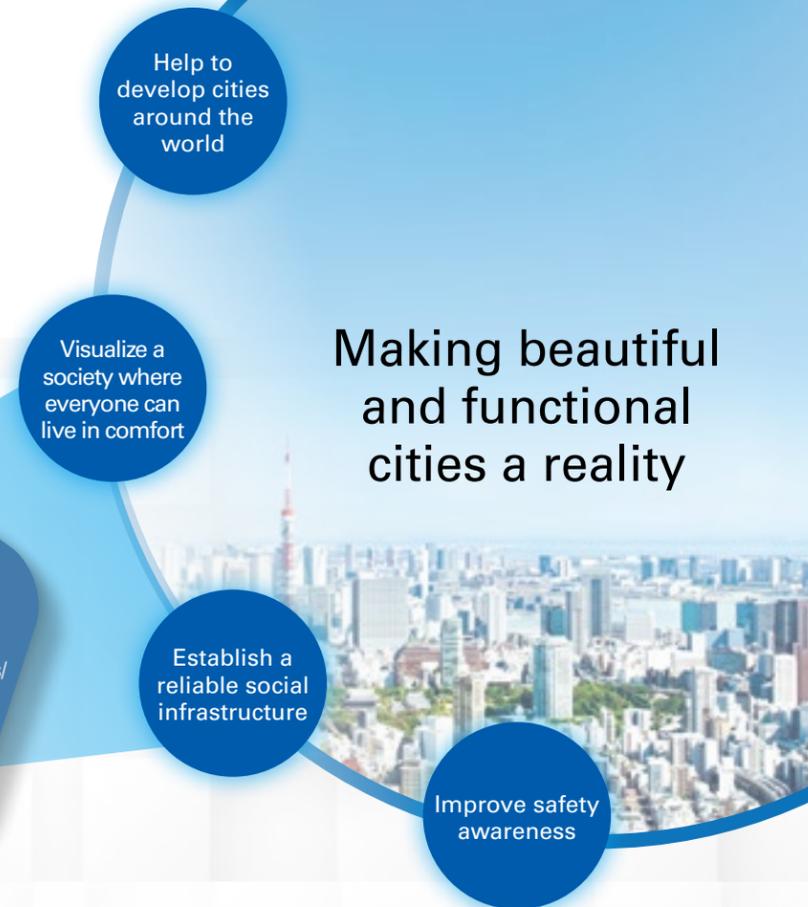
1. Focus on aftermarket business
2. Expand business in growth markets
3. Disciplined investments and M&As
4. Improve profitability

Safety Awareness/Environmental Friendliness



Creating Value Together with Our Stakeholders

Environment	Aim for sustainable development while realizing harmony between business and the environment
Society	Deliver high-quality products to people around the world
Customers/Users	Customer focus means understanding and addressing customer needs
Suppliers, business partners and employees	Partnerships, mutual prosperity and human resource development
Shareholders	Prioritize dialogue with the capital markets and work for improvement in sustainable corporate value



A Vertically Integrated Structure Unique to a Specialized Manufacturer

Based on the three core strengths (see page 9 for more details) we have cultivated as a specialized manufacturer of elevators and escalators, we have built a vertically integrated structure through which we can offer a full range of solutions, from research and development to manufacturing, sales, installation, maintenance and modernization. Furthermore, this structure enables us to develop and produce a variety of core components, including microcomputers, inverters and safety devices in-house. In this way, we have been able to accumulate proprietary expertise.

We were the first company in the Japanese elevator and escalator industry to expand into overseas markets with the establishment of a subsidiary in Hong Kong in the 1960s. Today, we have a global supply chain with research, manufacturing and sales bases in 23 countries and regions. Through close collaboration between global business sites, we offer a range of products ideally suited to local characteristics and needs. In R&D, which is directly linked to improved competitive advantage and profitability, we undertake various projects at our three domestic R&D centers. In addition, Fujitec Shanghai Technologies Co., Ltd. carefully responds to needs in the Chinese and other Asian markets. This business model, underpinned by our proprietary technologies and flexible response capabilities, ensures that we can offer sustainable value.



World-first Technologies and Products Created Using Our Advanced Technological Development Capabilities

Starting with the expansion into Hong Kong in 1964, we have differentiated ourselves from others in the industry by implementing unique strategies aimed at aggressive overseas expansion. We have also worked to strengthen our technological development capabilities.

These efforts first bore fruit in 1976 with the development of the world's first DC super high-speed gearless elevator, which could travel at 600 meters per minute. Two years later in 1978, we released the world's first elevator equipped with a microcomputer control system as standard. In the 1980s, we successfully built an elevator management system using computers with machine-learning functions. In 1995, we updated this control system in the development of NEUROS, which made use of a neurocomputer.

In the 2000s, our technological development capabilities enabled us to commercialize a range of proprietary technologies. One of these was the DOOR EDGE SENSOR, which is able to detect cord-like objects to prevent elevator accidents. More recently, we developed the AirTap technology for touchless elevator operation. These accomplishments reflect our ability to continually release unique, world-first technologies and products.



An Optimal Service Cycle Unique to Our Vertically Integrated Structure

In our after-sales market business, we offer a unique maintenance, repair and modernization cycle that takes advantage of our vertically integrated structure. Expert knowledge of our products as a specialized manufacturer and a unified component inventory management system allows us to rapidly source components and undertake repairs in the event of a breakdown. For installation, we only begin work after gaining a thorough understanding of our customers' unique needs and circumstances. This enables us to offer optimal inspection and maintenance services as we can spot any signs or abnormalities that might lead to a breakdown. Through this system, we offer modernization proposals around 20 years after installation, thus improving the probability of getting equipment renewal orders.

In the domestic market, we have signed maintenance contracts with over 90% of our new customers (corporations and organizations). Furthermore, in growing markets such as China, rising safety needs have led to a gradual increase in the percentage of customers with whom we have concluded maintenance contracts. Currently, around half of our overall sales can be attributed to the after-sales market business.



Creating High Value Products by Quickly Understanding and Flexibly Responding to Customer Needs

Our business model is based on systems and strategies that enable us to understand customer needs and provide solutions in a flexible manner. From the outset, we have built our reputation as a manufacturer that can expertly respond to customers' technical demands and offer semi-custom products based on their material and size requirements. Based on this expertise, we have been able to quickly incorporate customer demands in product development. More recently, this has included heightened awareness of hygiene due to COVID-19. One prominent example is XIOR, our new standard model elevator released in 2020. Using our proprietary technologies and in response to new ways of living, we have developed a variety of functions such as our

AirTap technology, which enables touchless elevator operation, and a congestion display that helps to promote social distancing.

Moreover, we have set up two domestic Safe Net Centers through which we can monitor and remotely control elevators in operation both in normal times and in emergencies, such as a large-scale disaster. In this way, we have established a comprehensive system that ensures the safety of our customers.



Human Resources, Collaboration and R&D Are the Foundation of New Product Creation

We have a unique ability to quickly market products that meet the needs of customers around the world. Our R&D investments have helped in this regard, but so too have our strengths in human resources and our organization. In addition to a corporate culture that enables employees to act independently with a certain amount of discretion, in our design, development and sales departments, employees have a clear desire to meet customers' complex requirements ahead of other companies. For any given theme, multiple departments engage in close collaboration and effectively communicate to promote product commercialization.

Currently, to further enhance our technological development capabilities and drive new product creation, we are promoting open innovation through collaboration between our domestic R&D centers, universities and research institutes in both Japan

and overseas, as well as companies in other industries. We are also focusing on collaboration with the Shanghai R&D Center, our overseas R&D base, and plan to successively launch strategic products ideally suited to markets in each region.



Developing Beautiful and Functional Cities That Meet the Needs of a New Age

As a specialized manufacturer of elevators and escalators that utilizes a vertically integrated structure spanning R&D, sales, manufacturing, installation, maintenance and modernization to provide safe and reliable transportation systems, Fujitec will help in the development of beautiful and functional cities that meet the needs of a new age.

Takakazu Uchiyama
President and CEO



Fujitec Global Mission Statement

“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.”

Unchanging Mindset Amid a Changing World

The world has changed rapidly since 2020 due to the COVID-19 pandemic. Lifestyles have changed too, as people have limited their face-to-face contact in order to prevent the spread of the virus, and switched to various online forms of communication using information technologies. Awareness of safety and reliability has also risen, and people’s values continue to change.

In such an uncertain environment, our Global Mission Statement remains unchanged and is the foundation of everything we do—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. Through our businesses, we will work to coexist in harmony with society.

Looking Back on the Fiscal Year Ended March 31, 2021

In the fiscal year ended March 31, 2021, demand recovered in the new installation business in China from March onwards, and the number of new units shipped was on par with the previous year. However, demand fell in other countries and regions due to the delayed start of new construction projects. In the after-sales market business, maintenance projects were not significantly impacted by market conditions. In modernization and

repair work, however, some projects restarted while others continued to be postponed.

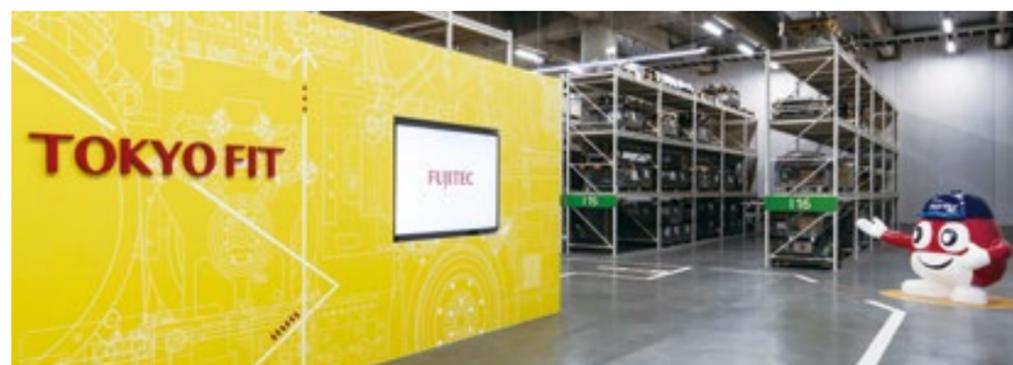
In new product development, we were one of the first companies in our industry to release products to cater to the new normal. One example is our touchless AirTap elevator buttons. While this technology already came as standard in domestic models, we expanded its use to include overseas markets and the renewal business for existing elevators. In

October 2021, this technology and its design were recognized with the Good Design Award. For escalators, we recently began sales of our EverFresh handrail sterilization device. This device uses ultraviolet rays from LEDs to sterilize escalator handrails, thus helping to ensure the safety of escalator users.

In addition, we opened Tokyo Fit in Japan in October 2020. This facility houses our Tokyo depot logistics hub and the Experience Center Tokyo training facility. At the Tokyo depot, we are moving forward with automation through the use of advanced technologies, including automated carriers. At the Experience Center, we are developing highly skilled engineers who are capable of working in the ever-increasing number of high-rise buildings in Tokyo.

Overseas, in February 2020 we welcomed Amalgamated Lifts Ltd., a maintenance

company based in the U.K., into the Fujitec Group. The company is currently working with Fujitec UK to stabilize our business foundation there. In addition, Fujitec Taiwan celebrated its 40th anniversary in September 2020, and will gradually begin operation of automated equipment at its Hsinchu Factory. Fujitec India is currently building its second factory and a new research tower, and will become our new development and production hub for South Asia.



Future Strategies

I'd like to explain how we will achieve sustainable growth and increase our corporate value. We will increase profitability through the use of clear progress indicators, with a focus on the after-sales market business and growth markets. We will also work to achieve our medium- to long-term financial targets, execute investments strategies, enhance shareholder returns and strengthen our governance system.

At Fujitec, our strengths lie in the fact that we are a specialized manufacturer that can provide elevators and escalators through a vertically integrated structure spanning R&D, sales, manufacturing, installation, maintenance and modernization. We are also a global corporation, with approximately 60% of total sales coming from overseas. Based on these strengths, we accurately respond to customer needs through our outstanding technical expertise, and offer high-quality elevators and escalators that can be used safely and reliably over many years.

To achieve further growth, we will focus on the after-sales market business, expand business in growth markets and improve profitability. Even as the business environment changes, we will continue to carry out the modernization, repair and maintenance work that is part of our after-sales market business, and work to ensure steady growth. In addition, we will implement strategies to expand the new installation business, which is the foundation for the after-sales market business. To do so, we will undertake strategic investments to, among other things, develop the necessary personnel and expand production.

The typical lifespan of elevators and escalators is more than 20 years. As such, the after-sales market business, at the core of which is modernization and maintenance work, is a key business. We will work to build a structure that can respond to customers' desires to use existing elevators and escalators over the long term. For our modernization projects, we will develop competitive package products in anticipation of further demand. In addition, we will look to grow our maintenance business through

the global expansion of our AI- and IoT-based smart maintenance services. Specifically, we will enhance the use of IT, establish AI-based fault prediction technologies and create next-generation remote maintenance services that use sophisticated IoT sensors to gauge equipment condition. We aim to implement various industry-first initiatives.

As we work to expand business in growth markets, we will place particular focus on China and South Asia. In addition to strengthening our business structure in these regions—with our global standard models at the core—we will work to reduce the cost of equipment. In turn, we hope to respond to the cost requirements and demands of customers, and enhance our competitive advantage. In India, we have already succeeded in reducing costs by reviewing the items we source, and we hope to roll out similar initiatives in other South Asian countries.

We will improve profitability by making use of our global supply system and digital technologies. In addition, we will work to reduce production costs by standardizing design specifications and using standardized components, and reduce component costs by increasing the ratio of standardized components we use in custom-made products. We will also strive to reduce the number of work processes in installation work, and by cutting down the number of components required for each piece of equipment, we hope to economize on manpower and streamline operations.

To increase corporate value over the medium to long term, we have established a set of clear financial targets. We will work to increase sales in a way that surpasses the growth potential of each market, and by increasing the profit margin, aim for ROE of more than 10%. As part of our investment strategy, we will look to strengthen our developmental and production capabilities in the new installation and after-sales market businesses, two of our priority areas, and undertake proactive investments to boost profitability.

Aiming for Sustainable Growth

At Fujitec, we aim to fulfill our Global Mission Statement through sustainable growth, and without doubt, it is our human resources that will be the driving force behind this growth. In the Fujitec Philosophy of Human Resource Management, we have set out a course of action for human resource development. Moving forward, we will further emphasize the development and training of personnel.

We have also established the Fujitec Corporate Action Rules to ensure compliance with social norms as a good corporate citizen in every element of our business activities. It is only natural that abiding by these rules is essential if we are to achieve sustainable growth.

We believe that our Global Mission Statement, Philosophy of Human Resource Management and Corporate Action Rules are essential to the achievement of sustainable growth.

Fujitec Philosophy of Human Resource Management

Refining individual qualities as a member of society pursuing an enhanced ability as a member of the organization, and expanding awareness and perception as a member of the global community, all Fujitec members achieve personal goals, sharpen leadership skills and develop a broader understanding of others, while ensuring the company's continued growth and success.

Fujitec Corporate Action Rules

1. The first priority is on human life and protection of human rights
2. Assurance of product safety
3. Maximization of return on investment
4. Equal-footing and sound business transactions
5. Free and fair competition
6. Co-existence and co-prosperity with local communities

In addition, we have made helping to achieve the SDGs* a key pillar of our corporate strategy. At Fujitec, the ancient Japanese business philosophy *sanpo-yoshi*, or "three-way benefit," is an important part of our operations. *Sanpo-yoshi* refers to business that is beneficial for the seller, the buyer and society. We believe it is closely linked to the concept of the SDGs. As an environmentally friendly and socially responsible company, we will promote diversity, decarbonization and regional contribution, and play our part in tackling social challenges. We will look at the unique contributions we can make as a company that supports social infrastructure, and proactively fulfill our social responsibility.

Specifically, we aim to make smart societies a reality through the development of elevators and

escalators with advanced functionality, promote decarbonization through modernization work using sophisticated, energy-saving technologies, and, as COVID-19 becomes an inescapable part of our lives, build low-risk environments through our touchless technologies and other products.

Looking ahead, in addition to conducting business activities based on our Global Mission Statement, we will engage in initiatives to achieve the SDGs so that we can create value for all our stakeholders.

Please also allow me this opportunity to thank all of our stakeholders for their continued support. Please look forward to the continued growth of the Fujitec Group.

* Sustainable Development Goals: A set of global goals adopted by the United Nations General Assembly in 2015 that aim to tackle global social issues by 2030.



Business Priority Areas

Regional Strategy

Execution of regional strategies

In the Fujitec Group, individual businesses develop comprehensive regional strategies for their respective products. In Japan, these plans are put together by Fujitec, and in East Asia (China, Hong Kong, Taiwan and South Korea), South Asia (mainly Singapore and India), and North America and Europe (the U.S., Canada and the U.K.), plans are created by local subsidiaries.

In Japan, we aim to increase sales and orders of standard model elevators equipped with AirTap touchless buttons, and increase our market share. In China, we are looking to

expand business by offering highly cost competitive products, and raise brand awareness by acquiring large-scale projects. In South Asia, we will work to build a regional sales structure with Singapore at the core, and get sales back on track in each country in the region. In North America, we anticipate that a recovery in economic activity will help to boost sales and increase profit.

Key Measures for the Fiscal Year Ending March 31, 2022	
Japan	<ul style="list-style-type: none"> Focus on large-scale projects already underway in the Tokyo metropolitan and Kinki areas Increase sales and orders of standard model elevators equipped with AirTap Continue to expand maintenance services business
East Asia	<ul style="list-style-type: none"> In China, expand business by offering highly cost competitive products and raise brand awareness by acquiring large-scale projects Increase sales in Hong Kong, Taiwan and South Korea. Target profit improvement in Taiwan.
South Asia	<ul style="list-style-type: none"> Build a regional sales structure with Singapore at the core Increase sales of new standard models to improve profitability
North America and Europe	<ul style="list-style-type: none"> Recovery in economic activity will help to boost sales and increase profit Expand the new installation and aftermarket businesses

Highlights

Feature 1 Installation of 54 Elevators and Escalators at Tokyo World Gate

A symbol of the international metropolis that is Tokyo, Tokyo World Gate is a new business area centered on Kamiyacho Trust Tower, a multipurpose facility with three floors below ground and 38 floors above ground. We have installed 54 of our elevators and escalators at Tokyo World Gate. For improved operational efficiency, we have made use of the EZSHUTTLE destination registration system in the office-use elevators, while for the upper floors, we have installed a shuttle elevator capable of speeds of up to 300 meters per minute.



Feature 2 Opening of the Creative Studio Showroom

In June 2020, we opened experiential Creative Studio showrooms at three of our major domestic business sites. The showrooms allow visitors to learn by experiencing the Company's technologies and features. Since its opening, the Tokyo Creative Showroom has welcomed a large number of visitors due to particularly high interest in our AirTap touchless buttons.



Aftermarket Business

Build a structure to support the expansion of modernization and maintenance services

In Japan, we recently established the Service Business Headquarters as we work to expand modernization and maintenance businesses. This has enabled us to strengthen our vertically integrated structure, which covers everything from development to maintenance. We have also set up an organization to support modernization projects on a global scale.

Moreover, we will work to expand the modernization business through development, manufacturing, sales and global networking activities. Specifically, we will develop

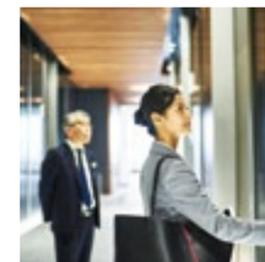
equipment designed for modernization work, release product packages that are compatible with any elevator or escalator, and enhance our cost advantage through a global production and procurement system. In the maintenance business, we will improve our contract retention rate and enhance operational efficiency through the promotion and global expansion of the "smart maintenance" system.

Key Measures for the Fiscal Year Ending March 31, 2022	
Organizational Structure	<ul style="list-style-type: none"> Utilize Service Business Headquarters to improve service integration from development to maintenance Establish dedicated team to support modernization projects in global markets
Modernization Business	<ul style="list-style-type: none"> Develop equipment specially designed for modernization work, release product packages Develop more efficient installation techniques to increase competitiveness Expand network of partner companies and help to enhance their technical skills
Maintenance Business	<ul style="list-style-type: none"> Grow business base by acquiring large-scale projects and improving the contract retention rate Leverage new innovative technologies to drive labor savings (use of IT and establishment of high-speed communications infrastructure)

Highlights

Feature 1 Modernization Options That Cater to Specific Needs

At Fujitec, we have a vast lineup of modernization options that enable us to meet the needs of our customers. For elevators, in addition to product packages that conform to the latest laws and standards, we also offer packages that improve comfort and enhance the interior appearance of elevators. Furthermore, as elevators are an essential part of social infrastructure, we have developed a method that allows us to temporarily operate elevators even during construction and maintenance work. We also have a wide range of modernization options for escalators.



Feature 2 Enhanced Efficiency through Smart Maintenance

We are currently promoting IT-based smart maintenance on a global scale. In Japan, we have centralized information that was previously managed separately—including that on customers, blueprints and maintenance history—and incorporated it into Google Maps. This has enabled employees to access information on their company smartphones, and respond smoothly even if something unexpected occurs. Going forward, we will look to roll out this system on a global scale to enhance efficiency.



Growth Markets

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

We are focusing on East Asia (particularly China) and the South Asian market, which includes India. In China, we will work to enhance our sales structure and expand new installation and after-sales market businesses. We will also work to reduce costs through the integration of models and the automation of production processes, reinforce our production and procurement structure, and raise awareness of the Fujitec brand by acquiring large-scale projects.

In South Asia, we aim to expand our businesses in growth markets such as India and the Mekong River region. Specifically, positioning India as a production and supply hub, we will expand our factory there and build a research tower. This will enable us to launch specialized, strategic products in the Indian market. In addition, we will strengthen our South Asian sales structure with Singapore at the core, and enhance our network of sales hubs.

Key Measures for the Fiscal Year Ending March 31, 2022	
Organizational Structure	<ul style="list-style-type: none"> • In China, establish direct sales structure and raise brand awareness by acquiring large-scale projects • In Singapore, build sales hub to serve South Asian markets • In India, expand factory and build a research tower to facilitate the development and production of global standard models
Cost Reductions	<ul style="list-style-type: none"> • Pursue cost savings in China and India • Establish a supply system for cost competitive global standard models

► Highlights

Feature 1

Expansion of the Chennai Factory in India

In India, our production center for South Asia, we are making progress with the expansion of the Chennai Factory, which manufactures elevators. Fujitec India was established in 2004, with the Chennai Factory commencing operations in 2011. In addition to the creation of a second factory, we will build a new elevator research tower to promote R&D based on local needs. The expansion work is scheduled to bring the factory's total annual production capacity to 2,000 units, which should also allow us to increase the Company's presence in South Asia.



Feature 2

Installation of 33 Elevators and Escalators at a New Landmark in Taiwan

Aiming for completion in December 2022, installation of new equipment at Fubon Xinyi A25 is progressing smoothly. Located in the Xinyi District of Taipei, one of the city's major downtown areas, Fubon Xinyi A25 will be approximately 270 meters tall when completed and act as a new city landmark. The building is set to be occupied by companies affiliated with Taiwan's Fubon Financial Holdings. Fujitec Taiwan has received an order to install 33 elevators and escalators in the new building, including 16 high-speed double-deck elevators.



Improving Profitability

Improve profitability through business process innovation and by leveraging global production systems and IT

Through the automation of production processes and global procurement, we will work to reduce manufacturing costs and improve profitability. Specifically, we will make use of a global supply system; automate operations and reduce the number of personnel required for design and production processes through the use of design simulators and 3D CAD software; reduce costs by reforming design and production processes for customized equipment; and make use of IT to

revamp our operational processes. Furthermore, we will work to achieve labor savings and cut costs in our installation work by developing dedicated installation tools, revamping installation methods, and improving the efficiency of installation work by preassembling equipment. We will also develop installation experts and reinforce relationships with installation companies.

Key Measures for the Fiscal Year Ending March 31, 2022	
New Installation Business	<ul style="list-style-type: none"> • Automate design, production and sales by linking 3D design simulators and core system data • Reduce costs by refining the production process for custom models • Reduce manufacturing costs through improved global procurement and automation of production processes
Aftermarket Business	<ul style="list-style-type: none"> • Reduce costs by using advanced diagnostic technology for parts and function development and failure prediction • Expand mapping system to global markets to reduce maintenance costs and improve service quality

► Highlights

Feature 1

Utilization of Design Simulation and VR to Improve Work Efficiency

The design of elevators can be undertaken using design simulators and VR technology. Unlike paper-based designs, these technologies enable designers to imagine the elevator from various perspectives. The technologies also allow designers to create designs for boarding locations and cab interiors, enabling them to strike a balance with the design of the building interior. Furthermore, by linking the finalized specifications to an in-house system, work efficiency can be improved. Sharing design data can eliminate misunderstandings and reduce the number of revisions.



Feature 2

Automation and Labor-saving Tech

In the Fujitec Group, we are promoting automation not only at production sites, but also at other locations. At our factories around the world, we have installed machining tools to automate a wide range of production processes, such as coating and the manufacture of elevator doors. At our logistics sites, we are making use of automated conveyor robots that circle each facility to promote labor-saving practices, and working to improve productivity. In addition, we are using robotic process automation technologies to enhance the efficiency of certain in-house work processes.



Message from the General Manager of the Finance HQ

Proactive Growth Investments and Improved Profitability to Meet the Expectations of Our Stakeholders

Masashi Tsuchihata

Director and Senior Executive Operating Officer



On Becoming the General Manager of the Finance HQ

I became the General Manager of the Finance HQ in 2021 after having previously been involved in the management of our global businesses. We are currently in an era of major transformation, including climate change and efforts to achieve the SDGs. We felt that our existing systems would not be able to keep up with such rapid changes so in October 2021 we established the Financial Planning Office and the IR Promotion Office inside the Finance HQ.

This is just one example of the ways in which we are working to evolve financial operations at Fujitec. As the General Manager of the Finance HQ, I will work to increase our corporate value in a way that surpasses the growth potential of each market. We will achieve this by responding to external needs and requests while maintaining strong relationships with a variety of stakeholders.

Global Market Conditions and Performance Indicators

In the global economy, the IMF expects real GDP in 2021 to grow by just under 6%, a relatively high number given the impact of the COVID-19 pandemic. By region, however, the outlook varies considerably. In Japan, for example, the IMF projects a low growth rate of approximately 2.5%, due in part to prolonged states of emergencies. At Fujitec, however, because we were able to complete large-scale projects, achieve steady progress with regional strategies, and focus on the after-sales market business, we expect both orders and net sales to grow by more than 4%. In East Asia, although we expect double-digit growth in orders due to the acquisition of large-scale projects mainly in China, we will also keep an eye on trends in the real estate market. We expect the highest growth in South Asia, with orders and net sales projected to grow by more than 20%. This is due to the reinforcement of our regional sales structure with

Singapore at the core, and the proactive introduction of standard models in South Asian markets. In North America and Europe, although there are grounds for concern due to skyrocketing real estate prices in the U.S. and the resurgence of the pandemic in both regions, overall we expect steady growth thanks to the return of economic activity.

As outlined in the new strategic direction we announced in December 2020, in mature markets where there are a large number of elevators and escalators already installed, we will work to reinforce the after-sales market business mainly through modernization projects. In growing markets such as China and South Asia, we will build our new installation business through the roll out of our new global standard models. If we are successful in doing so, we will increase sales in a way that surpasses the growth potential of each market.

Efforts to Increase Capital Efficiency

We will raise ROE by improving the profit margin. Looking ahead, we will work to further expand sales of our highly cost-competitive standard model elevators and increase the number of modernization projects. We also aim to reduce material and other variable costs. In addition, we believe that by automating production and logistics

operations using AI and robotics technologies and improving maintenance efficiency through the use of IoT technologies, we can increase the profit margin. We will also work to improve total asset turnover, and aim for ROE of 10% with an asset turnover ratio of 1.0 or more.

Growth Investments and Cash Flow

It is important that we both expand the business and improve profitability by increasing sales of standard model elevators and the number of modernization projects. We will undertake proactive growth investments using M&As and other means.

In our next mid-term management plan, we will clarify our standards for investment based on capital cost and actively invest in areas that will lead to improvements in corporate value. In principle, these investments will be from retained earnings and cash on hand. Overall, we have a sound business structure and finances. This means we have sufficient funding if we need to make further investments for growth.

	Investments
Domestic	Approx. ¥3.8 billion - Automation of elevator production, etc.: ¥1.1 billion - Automation of escalator production, etc.: ¥1.0 billion - Promotion of IT: ¥0.9 billion
Overseas	Approx. ¥3.1 billion - Expansion of factory and construction of research tower in India, etc.: ¥1.6 billion - Expansion of production facilities in China, etc.: ¥0.6 billion - Expansion of production facilities in Taiwan, etc.: ¥0.5 billion
Other	Approx. ¥5.0 billion - Establishment of a private fund, etc.

Shareholder Returns

Our top priority is to reward our shareholders over the long term. The current dividend payout ratio of more than 50% was set based on a firm balance between shareholder returns and internal reserves for use in growth investments. While maintaining the current payout ratio, we aim to continuously increase net income

per share and ROE through proactive growth investments, and meet the expectations of our shareholders. I will continue to work to increase the corporate value of Fujitec and meet the expectations of our stakeholders.

Two Key Markets for Our Next Phase of Growth

Reinforcing and Expanding the After-sales Market Business with a Comprehensive, Vertically Integrated Structure

Based on maintenance technologies, backup systems and human resources unique to a specialized manufacturer, we newly established the Service Business Headquarters, which brings together departments related to the maintenance and upgrade of equipment. This new department will focus on reinforcement and expansion of the after-sales market business.



Asami Araki
Executive Operating Officer
General Manager, Service
Business Headquarters

The Importance of the After-sales Market Business

Elevators and escalators are a key part of social infrastructure. We are a specialized manufacturer of elevators and escalators that has a vertically integrated structure incorporating research and development, manufacturing, installation, maintenance and renewal. We have a duty to ensure the safety of customers and protect the sustained value of their assets. Post-sales services, including preventive maintenance, are key to fulfilling this duty. The after-sales market business, which is based on maintenance and renewal (modernization) demand, is a core business that generates stable earnings.

Building a Vertically Integrated System and Strengthening Response Capabilities

In the new strategic direction we announced in December 2020, one of our priority areas for the medium to long term was the after-sales market business. In order to successfully grow the business, we must develop human resources—people capable of responding to customers' ever-diversifying needs and people who can handle the advanced technologies used on the frontlines of maintenance work. In addition, we must offer maintenance options as well as modernization and package products that have a price advantage over third-party companies.

To respond to these challenges, we newly established the Service Business Headquarters, bringing together all

organizations involved in our after-sales market business. We will first work to build a vertically integrated structure that can handle a whole range of processes, from product development to sales, installation and maintenance. This will enable us to quickly develop services and modernization products in line with market changes, and grow our business operations. We will also develop skilled field engineers and speed up support of skills training at partner companies.

Utilizing ICT and Capturing New Modernization Demand

Going forward, we will further utilize ICT, which continues to evolve at an unprecedented speed, and expand our service business and boost profit levels. We are looking at the development of new functions that utilize motion analysis technologies, ways in which we can economize on manpower and reduce costs in maintenance work, and expanding our mapping system, which helps to improve service quality, overseas. We will also work to develop technological and proposal capabilities in-house that can respond to highly challenging modernization work in high-rise buildings constructed during earlier periods of economic growth. Through the Service Business Headquarters, we will also seek to respond to modern social demands such as measures for improved public health and disaster reduction, while working to achieve our medium-to long-term performance targets.



Reinforcing Sales in Growing South Asian Markets and Expanding Business

With the hub of operations at our Singaporean subsidiary, where for nearly 50 years we have accumulated a range of management resources, including personnel, technology and operational expertise, we aim to expand our businesses in growing markets in India and the Mekong River region.



Shiro Adachi
Executive Operating Officer
In charge of South Asian
Operations

Mature and Developing Markets in South Asia

South Asia boasts approximately one fifth of the world's population, and it is an important trading area that includes both mature and developing markets. In the mature Singaporean market, since its establishment in 1972, Fujitec Singapore has played a key role as the hub of operations in South Asia. Currently, the company is home to one of Southeast Asia's largest elevator factories, and it has supplied numerous elevators and escalators to one of the country's tallest high-rise office buildings, One Raffles Place, as well as hotels and high-rise condominiums. Utilizing the robust business foundation it has built up over nearly 50 years, as well as its maintenance services, Fujitec Singapore continues to generate stable profit.

On the other hand, in the developing market of India, which is a potential superpower where further economic growth is expected, we hope to achieve significant growth in the elevator and escalator market. We established Fujitec India in 2004, and to facilitate the supply of products to regions throughout the country, in 2011 we opened an elevator factory in Chennai, known as the gateway to South India. Going forward, we will continue to expand our business in the country.

Competitively Priced, Market-specific Products for South Asia

One measure for South Asia that we announced in December 2020 as part of the new strategic direction was to strengthen our business structure and expand our network with Singapore at the core. Singapore is a nation with low geopolitical- and business-related risk. Furthermore, with a strong, skilled group of marketing and technical personnel at Singapore Fujitec, we clarified its position as the regional hub for operations in South Asia. Fujitec Singapore makes use of digital technologies, and by passing on this expertise to other sites in South Asia, we hope to improve business efficiency and speed up decision making.

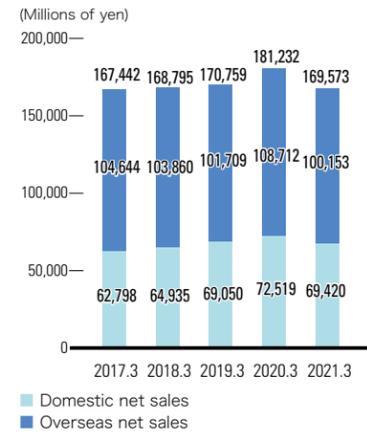
In India, we aim to roll out market-specific products. To do so, we have begun construction of a research tower for product development at Fujitec India. We are also working to expand the Chennai Factory, aiming to transform it into a center for the supply of global standard models to India, other locations in South Asia and the Middle East. Specifically, we are boosting capacity to enable the production of 2,000 units per year. By integrating manufacturing and sales bases, and offering competitively priced, standardized Indian-made elevators to neighboring nations, we hope to break into developing markets. Furthermore, to improve the safety and reliability of our products, using the training facility at the Chennai Factory, we are working to improve the technical capabilities of our field engineers, covering skills from installation to maintenance.



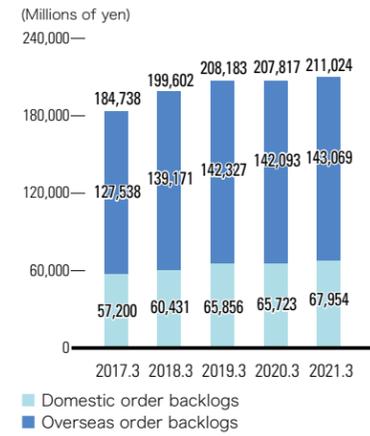
Meng Kwong William Wong
Managing Director
Fujitec Singapore Corpn. Ltd.

Financial Highlights

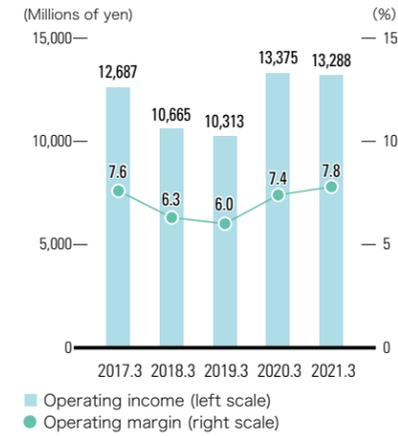
Net Sales (Domestic/Overseas)



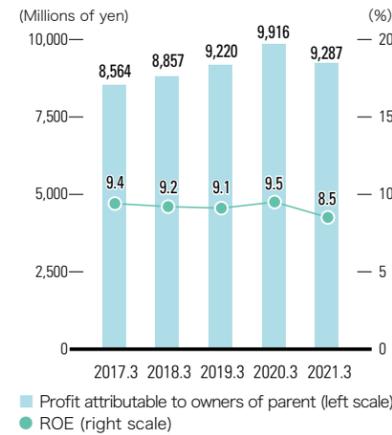
Order Backlogs (Domestic/Overseas)



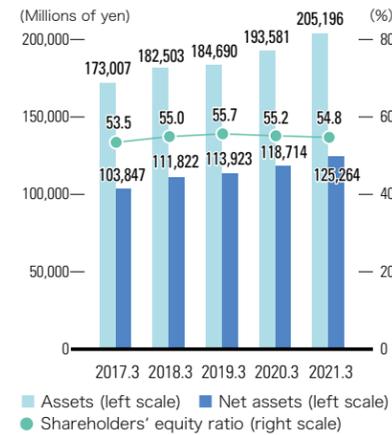
Operating Income/Operating Margin



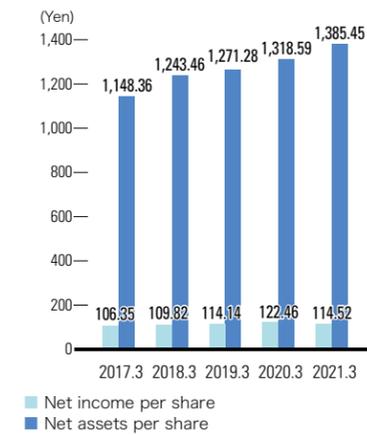
Profit Attributable to Owners of Parent/ROE



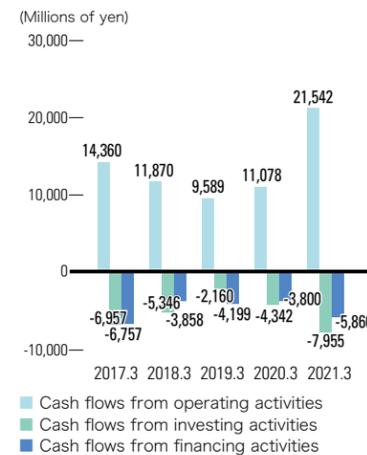
Assets/Net Assets/Shareholders' Equity Ratio



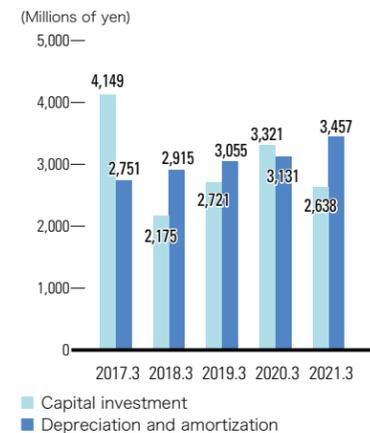
Net Income Per Share/Net Assets Per Share



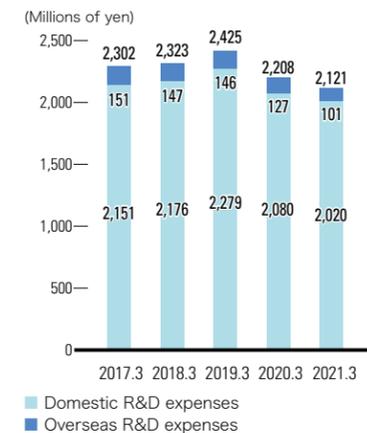
Cash Flows



Capital Investment/Depreciation and Amortization



R&D Expenses (Domestic/Overseas)

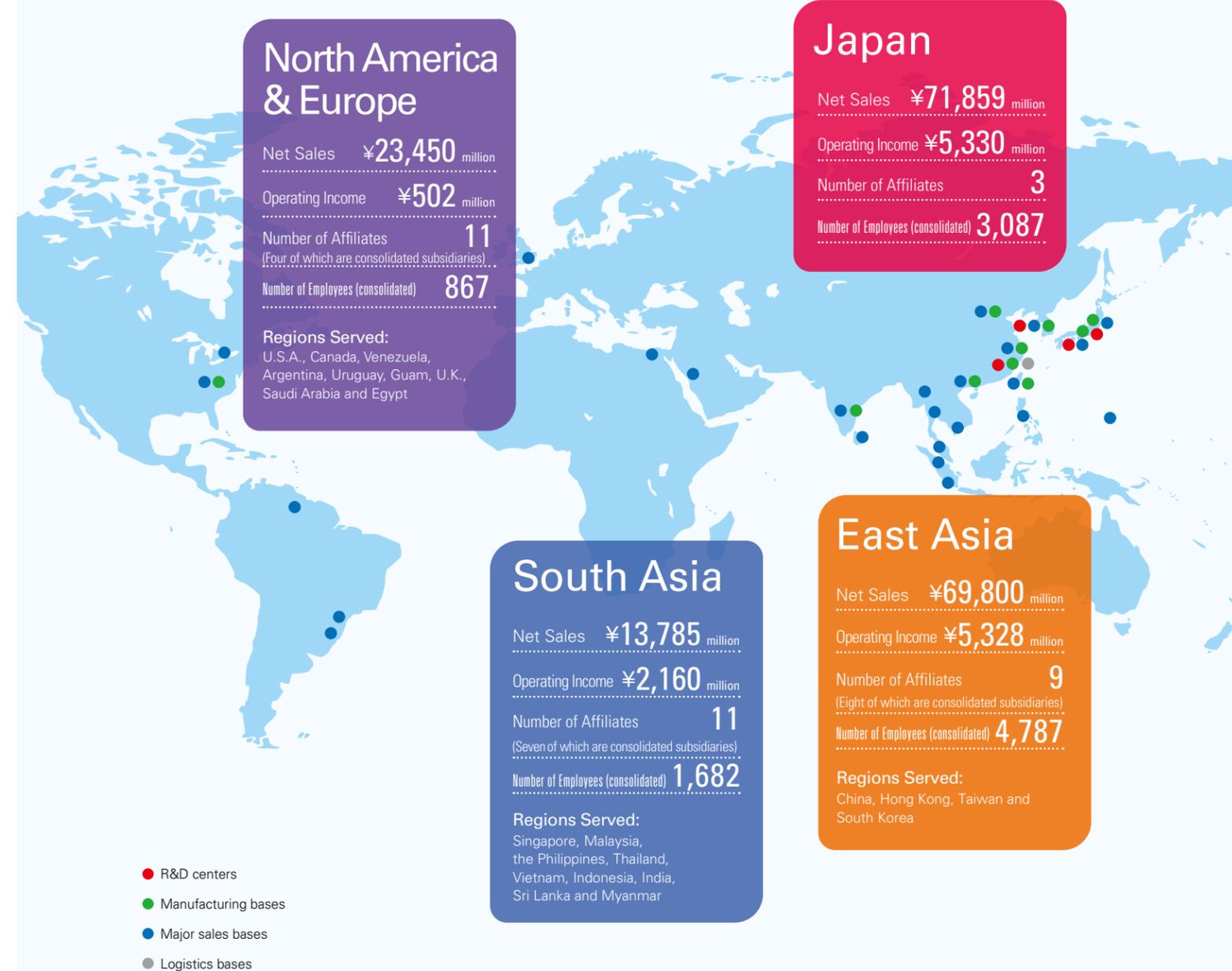


Note: For figures prior to the fiscal year ended March 31, 2020, numbers less than ¥1 million have been rounded off. Numbers less than ¥1 million have been rounded down for the fiscal year ended March 31, 2021.

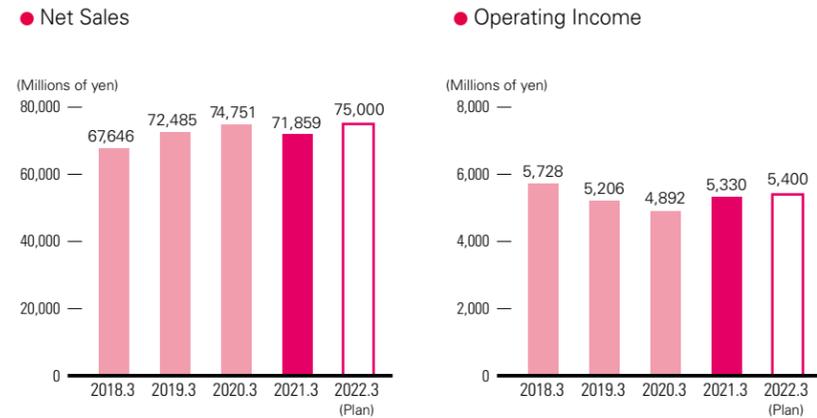
Strategy by Segment

Fujitec was the first company in the Japanese elevator and escalator industry to expand into overseas markets, establishing Fuji Engineering Co., (HK) Ltd. (currently Fujitec (HK) Co., Ltd.) in 1964. Since then, we have been proactively promoting global business (encompassing four R&D centers and 10 manufacturing bases) in over 23 countries and regions. Our sales bases are connected through our global supply chain network.

(As of March 31, 2021)



Japan



Note: For figures prior to the fiscal year ended March 31, 2020, numbers less than ¥1 million have been rounded off. Numbers less than ¥1 million have been rounded down for the fiscal year ended March 31, 2021.

Market Environment and Results for the Fiscal Year Ended March 31, 2021

In the domestic elevator and escalator market, COVID-19 led to the postponement of new installation work, as well as a drop in demand, predominantly from condominiums and hotels. As a result, both orders and net sales decreased compared with the previous fiscal year. In the after-sales market business, there was an increase in orders for modernization work from government agencies. In addition, we improved the contract retention rate by reflecting customer demands in post-delivery maintenance proposals, and the business performed strongly as a result. Together with the above factors, successful cost improvement measures—including enhanced distribution efficiency—resulted in a 9% year-on-year increase in operating income.

Future Strategies

Due to a steady number of orders and strong sales of our new XIOR standard model equipped with AirTap touchless buttons, we anticipate an approximate 4.4% increase in sales in the fiscal year ending March 31, 2022. For operating income, we expect figures to either remain on par with or marginally increase over the fiscal year ended March 31, 2021. In addition, we will invest approximately ¥3.8 billion to promote the automation of elevator and escalator production and the further adoption of IT. This will contribute to enhancing profitability. Moreover, we understand the uncertainty surrounding the COVID-19 pandemic, and will prioritize the safety of customers, partners and employees while working toward the completion of large-scale projects underway in the Tokyo metropolitan and Kinki areas. In these and other ways, we will steadily implement our regional strategies.



MIYASHITA PARK (Tokyo)

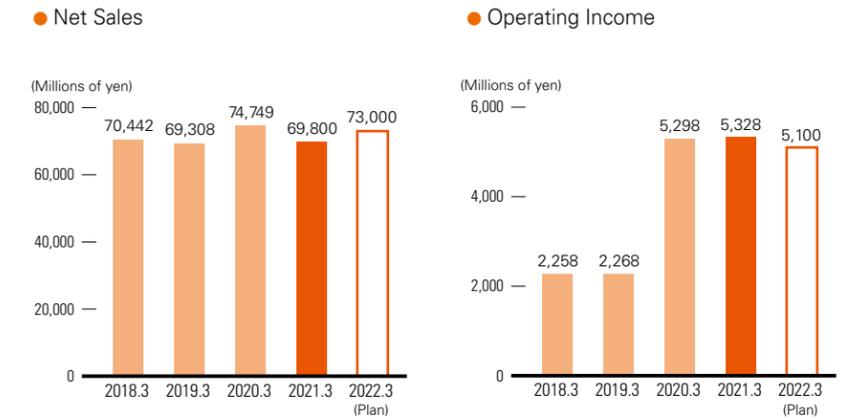
Feature

Automating 7,280 Hours of Work Annually through RPA

Robotic process automation (RPA) software is a tool that automates routine, computer-based work processes. As one element of our workstyle reform initiatives, at Fujitec we introduced the software in October 2019, and as of June 2021 we have automated work that would total around 7,280 hours annually. This has freed employees from routine operations and enabled them to focus on their main tasks. Each department has been responsible for the development of its own RPA software. Currently, 68 RPA software robots are in operation at 23 of Fujitec's development, manufacturing and field-based departments.



East Asia



Note: For figures prior to the fiscal year ended March 31, 2020, numbers less than ¥1 million have been rounded off. Numbers less than ¥1 million have been rounded down for the fiscal year ended March 31, 2021.

Market Environment and Results for the Fiscal Year Ended March 31, 2021

In East Asia, although there was an increase in modernization work in Hong Kong and South Korea, a decrease in new installation work in China resulted in an approximate 10% drop in overall orders compared with the previous fiscal year. In addition, despite an increase in new installations and growth in the after-sales market business in Hong Kong, a decrease in new small- to medium-sized installation projects in China and a fall in exports led to an overall 6.6% decrease in sales. Although operating income fell in Taiwan due to slow progress with new large-scale installation projects, an increase in sales in Hong Kong, rising export profitability in South Korea, and a higher factory utilization ratio in China resulted in a slight increase in operating income compared with the previous fiscal year.

Future Strategies

In China, we will work to expand the business through highly cost competitive products, reduce costs through the automation of production processes and raise brand awareness by acquiring large-scale projects. We will also look to increase the number of new installations—predominantly of our new global standard models—and reinforce the after-sales market business. In Hong Kong, Taiwan and South Korea, we will build a system that can respond more smoothly to rising demand for maintenance and upgrades, and particularly in Taiwan, work toward improving profit. In the fiscal year ending March 31, 2022, we expect to see a 4.6% increase in sales in East Asia. In addition, to deal with shortages in semiconductors and other components and materials, we will move forward with efforts to enhance our procurement system.



Three Garden Road (Hong Kong)

Feature

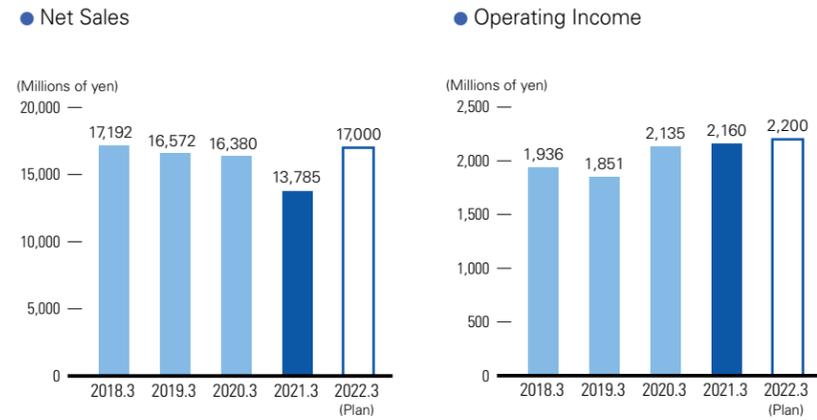
Fujitec Taiwan Celebrates Its 40th Anniversary

Fujitec Taiwan celebrated its 40th anniversary in 2020, and with thorough countermeasures in place to prevent the spread of infection, the company hosted the Fujitec Taiwan 40th Anniversary Ceremony and Family Day. The day of the event coincided with International Coastal Cleanup Day, so attendees also took part in beach cleanup activities near the office.

Currently, Fujitec Taiwan's Hsinchu Factory is the global production center for elevator modernization equipment. To address growing demand for modernization work, we will increase the factory's production capacity to ensure a stable supply of the necessary equipment.



South Asia



Note: For figures prior to the fiscal year ended March 31, 2020, numbers less than ¥1 million have been rounded off. Numbers less than ¥1 million have been rounded down for the fiscal year ended March 31, 2021.

Market Environment and Results for the Fiscal Year Ended March 31, 2021

In 2020, there was steady demand for new installations and for the after-sales market business in Singapore, while Indonesia also saw an increase in new installation projects. In India, however, a slight drop in demand for new installation projects resulted in a 3.2% fall in overall orders compared with the previous fiscal year. Sales fell 15.8% due to a decrease in new installation projects in Indonesia, Malaysia and India. Despite an increase in SG&A expenses in Singapore and lower profit from new installations in Indonesia and Malaysia, improved profitability in India led to a slight overall increase in operating income.

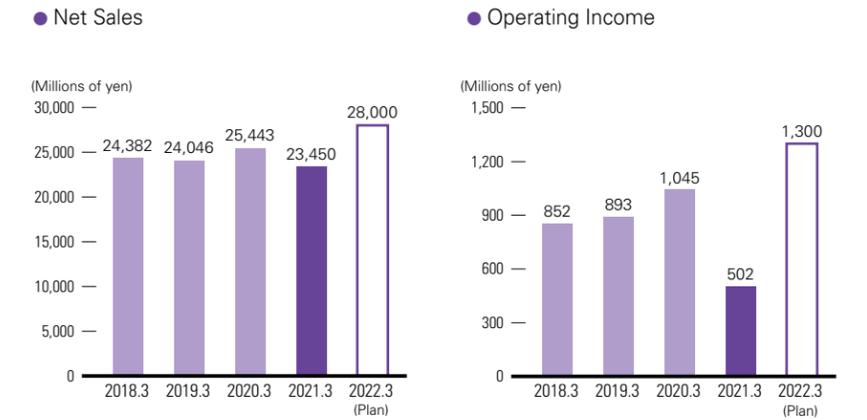
Future Strategies

South Asian countries, including India—where demand for new elevators and escalators is the second highest in the world—are a highly appealing market with outstanding potential for growth. Currently, Fujitec India is moving forward with the expansion of its factory and the construction of a new research tower to facilitate the development and production of global standard models. By exporting these standard models to Southeast Asia, Sri Lanka and other surrounding nations, we will further improve profitability. In addition, we plan to build a regional sales structure with Singapore at the core, and launch specialized, strategic products in the Indian market. For the fiscal year ending March 31, 2022, we are targeting a 23.3% increase in sales in South Asia.



One Raffles Place (Singapore)

North America & Europe



Note: For figures prior to the fiscal year ended March 31, 2020, numbers less than ¥1 million have been rounded off. Numbers less than ¥1 million have been rounded down for the fiscal year ended March 31, 2021.

Market Environment and Results for the Fiscal Year Ended March 31, 2021

The spread of COVID-19 in North America had a significant impact on business results. In the U.S., although new installation work increased due to the acquisition of large-scale projects, orders in the after-sales market business fell significantly. In addition, while orders for new installation work fell in Canada, the number of orders increased in the U.K. As a result, orders fell overall by approximately 10% compared with the previous fiscal year in North America and Europe. In the U.K., the consolidation of a local subsidiary through an M&A in February 2020 led to an increase in sales, but a fall in demand for new installations and a decline in the after-sales market business in the U.S. resulted in a 7.8% decrease in sales. Overall, declining sales in the U.S. had a significant impact on operating income, which fell by approximately half compared with the previous fiscal year.

Future Strategies

In the mature North American and European markets, economic activity shows signs of recovery, despite the emergence and spread of COVID-19 variants. At Fujitec, through the establishment of a dedicated organization that can provide support to global modernization projects, as well as the use of advanced diagnostic technology for failure detection, we will implement a range of bold measures aimed at strengthening our after-sales market business, and further improve profitability. In the fiscal year ending March 31, 2022, we are aiming for a 19.4% increase in sales in North America and Europe.



Ohio State Wexner Medical Center Inpatient Hospital (Ohio, U.S.A.)

Feature

Installation of a Total of 255 Elevators, Escalators and Autowalks in Vietnam's AEON Malls

Fujitec Vietnam has installed 53 elevators, escalators and autowalks at AEON MALL Hai Phong Le Chan, Vietnam's sixth AEON mall. Since supplying 20 escalators and autowalks to Vietnam's first AEON mall, AEON MALL Tan Phu Celadon, Fujitec Vietnam has gone on to supply the second (AEON MALL Binh Duong Canary), third (AEON MALL Long Bien) and other facilities with Fujitec equipment. With this latest facility, Fujitec has installed a total of 255 elevators, escalators and autowalks at AEON malls in Vietnam.



Feature

Modernization Work at the HSBC Head Office in London

Fujitec America, whose head office is in Ohio, has received an order for the installation of 47 elevators at the new Ohio State Wexner Medical Center Inpatient Hospital. The company has also installed 29 elevators at the Riverside Center, a residential and commercial facility in Manhattan, New York. In Europe, Fujitec UK has received an order for modernization work on 15 elevators at the HSBC head office in London, England. The elevators to be modernized are ones we installed when the office was built in 2002.



Continuous Contribution to Society

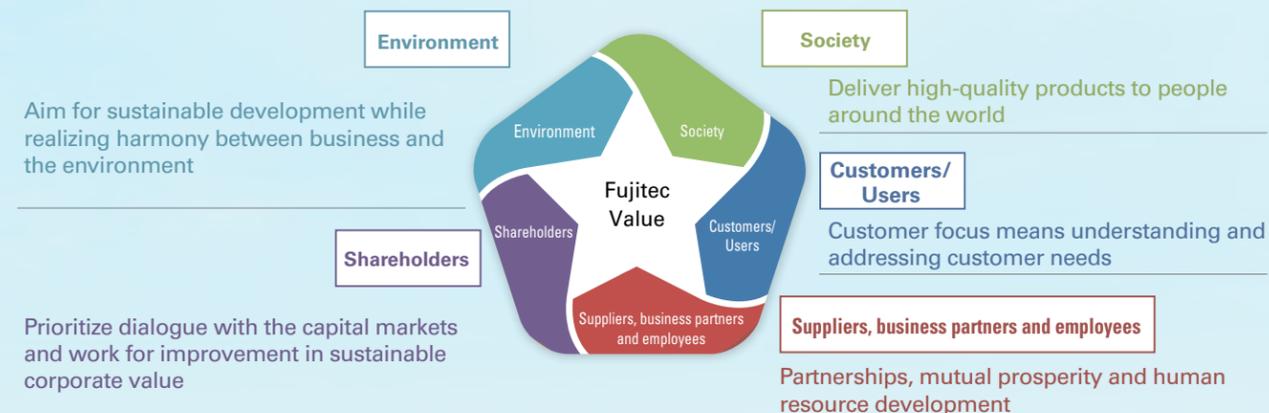
In line with our Global Mission Statement, Fujitec aims to generate sustainable growth that contributes to achievement of the SDGs and creates value for stakeholders.

Based on our Global Mission Statement—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—we aim to contribute to the development and economic advancement of countries around the world through our global business activities, promote mutual understanding among various people and cultures, and bring about co-existence and co-prosperity.

High-rise buildings are essential social infrastructure for urban development, and elevators and escalators are indispensable. We believe it is our mission to provide

safety, reliability and comfort to people everywhere through the development of social infrastructure.

To fulfill our social responsibility, since the fiscal year ended March 31, 2020, we have positioned the achievement of the 17 SDGs as a key pillar of our corporate strategy and employees across the Fujitec Group work earnestly to realize that goal.



Fujitec is working to address the following issues.

Issues	Solutions
Creating and maintaining the infrastructure of a smart society	Introduce new standard models with advanced features
Reducing environmental load	Improve employee skills on a global level
Responding to the "with-COVID-19 era"	Reduce environmental load by 45% through modernization
	Improve operational efficiency through introduction of touchless technology, DX and remote monitoring

Note: The above information is based on the new strategic direction announced on December 4, 2020.

Our Initiatives

<p>Promote digital technologies to enhance work efficiency and implement workstyle reforms</p> <p>We are using AI to predict and ascertain faults. We also use mobile devices to increase on-site work efficiency. A hybrid approach that utilizes AI to supplement our workforce will lead to both economic growth and workstyle reform.</p>		<p>Goal 8 Decent work and economic growth</p> <p>Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all</p>
<p>Developing global human resources to create safe and reliable social infrastructure</p> <p>To cultivate the skills of our field engineers, we have built employee training facilities, known as Experience Centers, in various countries around the world: Singapore (June 2019), India (August 2019) and Tokyo (October 2020). To reinforce our engineers' installation and maintenance capabilities, we are developing human resources who can undertake high-quality work, and by pursuing safety and reliability we aim to develop high-quality social infrastructure.</p>		<p>Goal 9 Industry, innovation and infrastructure</p> <p>Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation</p>
<p>Promoting renewal work to reduce environmental load</p> <p>Data suggests that by renewing existing elevators, we can reduce energy consumption by 45%. Renewal work can also save energy and reduce CO₂ emissions.</p>		<p>Goal 11 Sustainable cities and communities</p> <p>Make cities and human settlements inclusive, safe, resilient and sustainable</p>

Fujitec Signs the United Nations Global Compact

Hikone City, Japan, May 11, 2021. Fujitec Co., Ltd. (President: Takakazu Uchiyama) signed the United Nations Global Compact (UNGC) and was registered as a participating company on April 21, 2021. The UNGC is a voluntary initiative in which companies and organizations participate in the creation of a global framework to act as good members of society and achieve sustainable growth by demonstrating responsible and creative leadership. Fujitec has also joined Global Compact Network Japan, which is composed of Japanese companies and other signatories to the UNGC.

Fujitec endorses the UNGC's ten principles in the four areas of human rights, labor, the environment and anti-corruption, and will continue to work toward the realization of the Global Mission Statement: "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."





Initiatives for Safety and Reliability

We provide comfortable transportation systems with safety and reliability a top priority.

Safe Net Centers That Ensure Safety and Reliability 24 Hours a Day, 365 Days a Year

At Fujitec, we have established Safe Net Centers in Tokyo and Osaka to ensure safety and reliability for customers. Safe Net Centers monitor elevators in Japan 24 hours a day, 365 days a year. Furthermore, in the event of a wide-area disaster, such as a large-scale earthquake, both centers have functions to support one another when required.

These Safe Net Centers are integral to our proprietary maintenance system, and play a key role in facilitating rapid responses in times of emergency, and ensuring optimal preventive maintenance. This support structure has been evaluated highly by elevator owners and managers, providing them with peace of mind.



For more details on Safe Net Centers:

<https://www.fujitec.co.jp/products/maintenance/teamwork>
(Japanese only)

Utilizing IT in Maintenance Work

To guarantee the safety and reliability of our escalators and elevators, we are working to incorporate IT into maintenance work to improve efficiency and productivity. This will enable us to quickly respond to repair work during normal times.

One example is our Maintenance Map System.* Using this system, engineers can access a web portal containing core, map-based information on company elevators and escalators, allowing them to access real-time building information anytime, anywhere. Buildings with Fujitec elevators and escalators are displayed as icons on a map, with the icons providing a range of information on maintenance/sales supervisors, equipment specifications, blueprints, technological documents, and other information necessary for repairs. The system facilitates efficient operations by displaying the best route to the destination, and by allowing engineers to see site conditions through street-view technology.

Furthermore, when assigning staff to maintenance sites, the system can show the current location and daily schedules of maintenance engineers, and select the optimal candidate for the work to enable a rapid response.



* In 2020, our Maintenance Map System received the Information Technology Award (customer/business category), a first in the elevator and escalator industry. The Japan Institute of Information Technology's Information Technology Award is given to corporations and organizations who succeed in achieving business reform through the advanced use of IT.

Utilizing Big Data in Maintenance Work

Dealing with a problem during elevator maintenance work usually begins with analyzing data from operational logs on-site and identifying the cause. To standardize and speed up the response of our specialist engineers, we developed an app that informs them of fault details and the equipment required to fix the problem. We began trial operation of the app in the Kinki area in September 2020, and plan to roll out the app to the rest of Japan and to overseas subsidiaries in the future.

Use of this app eliminates time spent analyzing operational log data, and enables engineers to get right to fixing the problem.

The app was developed jointly with Shiga University's Faculty of Data Science, and the project involved analyzing more than 20 years of Fujitec Group data, including records on abnormalities, maintenance and inspection. This correlational analysis enabled the creation of a highly accurate fault prediction model, and a function that informs engineers of optimal response measures.

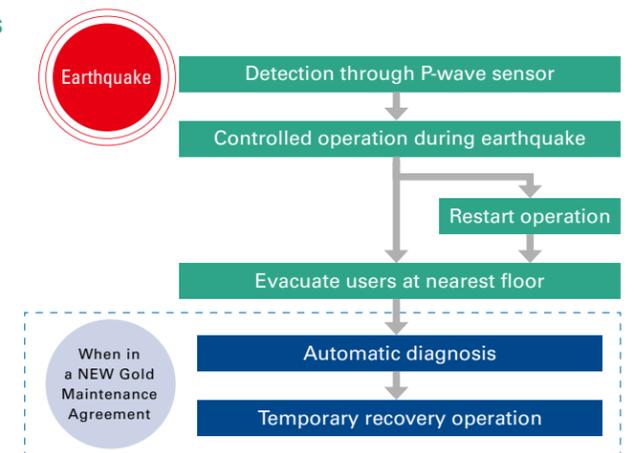
User Interface Design for Safety and Reliability

Our new standard, machine room-less elevator XIOR, which is equipped with the latest functions, features an easy-to-understand color scheme, even for those with poor color vision. As a result, both the boarding location control panel and the in-cab control panel have been certified by the Color Universal Design Organization (CUDO). We have also taken care with various other elements of user interface design to ensure that people can use our elevators in comfort. For example, we have switched to a more user-friendly experience for elevator arrival sounds, as well as for door sensor and door nudging function noises. In addition, we use large, 60 millimeter buttons that are easier to push and see.



Earthquake Countermeasures in Our Elevators

Due to the unpredictable nature of earthquakes, thorough preparation is essential for safe living. To minimize injury to users and damage to elevators during an earthquake, we have established a comprehensive set of functions and services. Through rapid detection, confinement prevention, and quick recovery, we aim to provide users with safety and security.



Developing Safety Awareness

The Fujitec Group prioritizes safety and reliability in all aspects of its business. Due to its very nature, our business is directly linked to our customers' lives. By thoroughly promoting safety awareness on a daily basis and developing safe technologies, we ensure safety and reliability for all those associated with the Fujitec Group. To ensure the safety of employees, we (1) provide educational activities to enhance safety awareness, (2) create and share manuals and videos that set out the correct order of operations to guarantee safety in the field, and (3) make use of drive recorders and other devices that help to prevent accidents.

Moreover, our business involves R&D, manufacturing, sales, installation and maintenance, and the risk factors in each line of work differ greatly. The safety education we provide, therefore, caters to the nature of each division to enhance awareness of safety among our entire workforce.

Hong Kong Safety Award

In an online ceremony held on November 24, 2020, a Fujitec (Hong Kong) employee received the Silver Award for Outstanding Lift Mechanic and Outstanding Escalator Mechanic. The prize was awarded as part of Construction Safety Promotion Campaign 2020, hosted by Hong Kong's Occupational Safety and Health Council, with support from government agencies, industry organizations and labor unions.





Environment

We will contribute to the sustainable growth of society through efforts aimed at reducing environmental load.

Environmental Management Policy

At Fujitec, we will strive to undertake environmentally friendly business activities as we work toward the creation of a sustainable society.

Groupwide Efforts to Reduce Environmental Load

Fujitec sees its interaction with the environment as an important management issue as it directly relates to the development of a sustainable society, and strives to harmonize its business activities and the environment as a responsible corporate citizen.

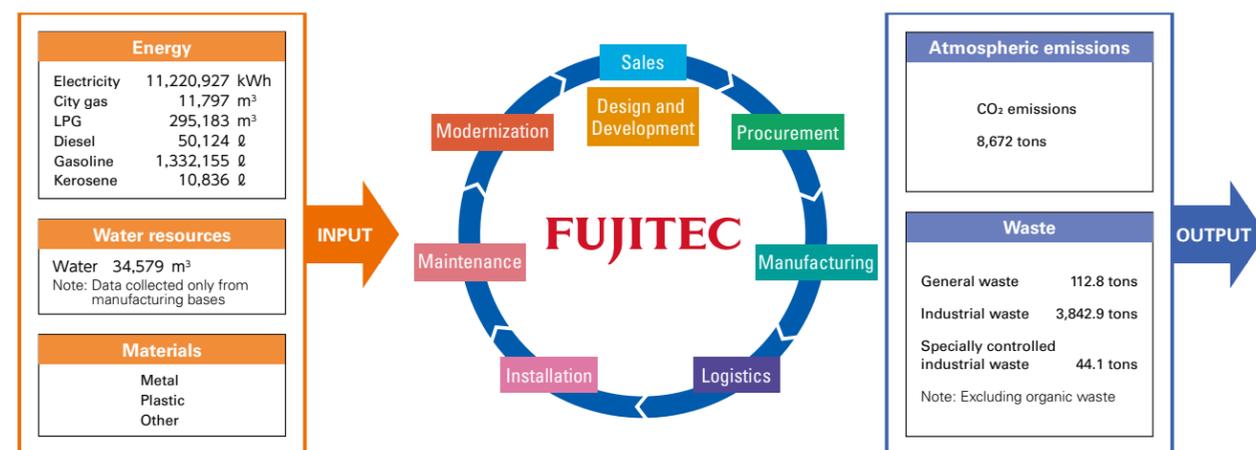
We have therefore established an Environmental Management Policy. Based on our vertically integrated business structure—which includes everything from design and development to

manufacturing, sales, installation, maintenance, and modernization—we address society's needs, and use our proprietary technologies and flexible response capabilities to continue to reduce our environmental load. This in turn leads to a better, more environmentally friendly business.

Environmental Load Reduction at Major Production Sites

● Overall Environmental Load (Fiscal Year Ended March 31, 2021: April 1, 2020 to March 31, 2021)

Scope for data collection: Head office, factories, branch offices, branch operation bases, sales offices and services centers in Japan



Products That Reduce Environmental Load

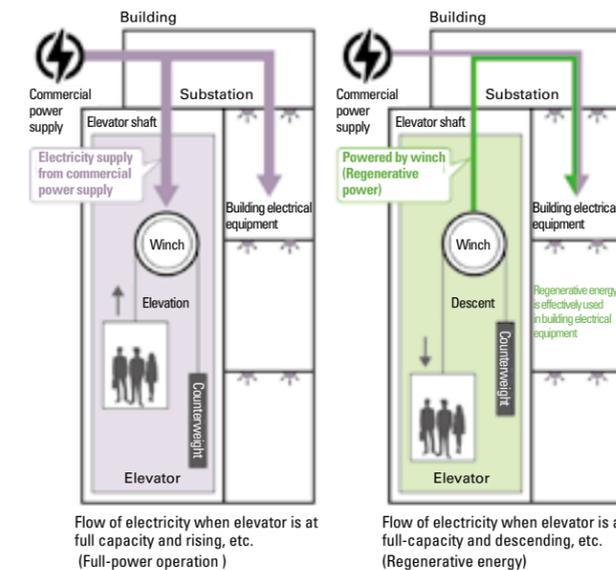
We develop and supply products that save energy and contribute to lower CO₂ emissions.

Reducing Environment Load by Offering Products Specifically Designed for Renewal Projects

We are working to reduce environmental load by offering packaged products for renewal projects that can be tailored to any model of elevator.

Use of Regenerative Energy

Conventionally, regenerative power has been used as heat. In our new standard model XIOR, however, regenerative power is effectively used in elements other than the elevator itself, contributing to reduced energy consumption for the entire building.



Reducing Energy Consumption by Up to 50% through Elevator Renewals

By switching geared winches with gearless winches, we have improved the mechanical efficiency of our elevators. Furthermore, the use of inverter control has enabled us to make more precise speed adjustments. In these ways, we are contributing to lower CO₂ emissions through reduced power consumption.

Installing Energy-saving, Long-life LED Lights in All Cab Ceilings

LED lights have many advantages. They produce almost no ultraviolet light, which means they are less likely to attract insects and more likely to maintain their external appearance over the long term, and they do not contain any mercury, which is harmful to the environment. All of our machine room-less XIOR elevators are equipped with LED lights as standard. In addition to promoting lower energy consumption and lower CO₂ emissions,* LEDs have a much longer life span than standard bulbs, reducing the time and costs incurred by replacements.

* Lower energy consumption and longer downtime in cab lighting help reduce annual CO₂ emissions.
Note: For certain ceiling lighting, customers can choose either white or yellow LED lights to ensure harmony with the building design.

Improving Environmental Performance through Escalator Renewals

Our proprietary approach to renewals, the Fit-in Truss/Unit-in-Truss Construction Method, makes use of existing trusses, and does not require any new structures or generate any waste. As such, CO₂ emissions are reduced in a range of processes, including manufacturing, transport and disposal. Furthermore, by upgrading to highly energy-efficient drive units, and switching to LED lighting, energy consumption can be reduced by up to 50%.

Reducing Environmental Load at Production Sites

We are introducing a range of new technologies to reduce environmental load during production processes.

Environmental Improvement through Automation of Escalator Production

The introduction of automated painting robots has enhanced environmental conservation and improved working environments for employees. We have also introduced a range of technologies that help to reduce our environmental load. Specifically, we have installed advanced, energy-saving equipment, and reduced weld fumes and strengthened sealing on equipment to prevent the scattering of paint.

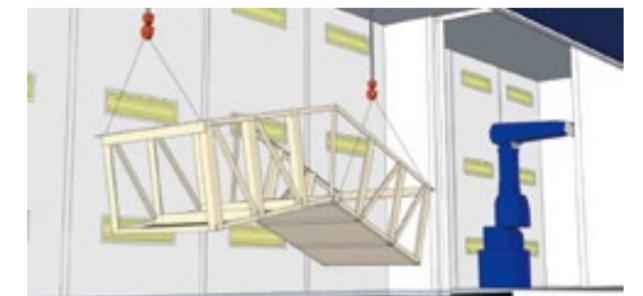


Illustration of automated painting equipment



Diversity

We are promoting diversity from a global perspective.

Creating a Comfortable Working Environment

The Fujitec Group has formulated the Fujitec Philosophy of Human Resource Management and the Fujitec Corporate Action Rules, both of which specify requirements for comfortable working environments. In the Fujitec Philosophy of Human Resource Management it states: "Through open exchange of knowledge and ideas, we will foster a sense of fellowship and improve our own knowledge and understanding." In the Fujitec

Corporate Action Rules it states: "We will protect the individual human rights of each Fujitec member. Further, we will respect Fujitec members' team work and offer a good working environment to let them reach their full maximum potential." In line with the above, our businesses in various countries and regions are working to promote teamwork and create comfortable working environments.

Flexible Workstyles

We are working to enhance our systems for flexible working hours and working from home, as well as for direct attendance and direct return both in Japan and overseas. These systems improve safety and working environments for employees. To support even more flexible workstyles, since April 2021 we have allowed employees to take their paid annual leave on an hourly basis.



Evolving Our Offices

We have adopted an open, one-floor office layout to promote smooth communication among employees. We are also working to build offices that allow for diverse workstyles, such as by creating open meeting spaces that allow employees to hold meetings at any time without reserving time slots, and adopting open-plan designs with no fixed seating.



An open meeting space (no reservations required) (Yokohama office)

Developing Human Resources for the Global Stage

The rationale behind Fujitec's commitment to human resource development is explained in the Fujitec Philosophy of Human Resource Management, which states: "Refining individual qualities as a member of society pursuing an enhanced ability as a member of the organization, and expanding awareness and perception as a member of the global community, all

Fujitec members achieve personal goals, sharpen leadership skills and develop a broader understanding of others, while ensuring the company's continued growth and success." To develop our human resources based on this philosophy, we have established various personnel development programs, which we offer on an ongoing basis.

In addition to shifting our regular training programs online, we are also introducing new online programs for employee development. By linking sites in Japan and overseas and standardizing employee skillsets, we are adopting a Groupwide approach to personnel development.

Online Hosting of Global Manufacturing Training

In 2020, we held our 5th Global Manufacturing Training event at Big Wing, with other sites in Japan and overseas participating online. The training sessions aimed to standardize implementation and improvement processes for the QCDS¹ approach, and raise the quality of manufacturing. In total, we welcomed more than 100 supervisors from across the Fujitec Group, including production supervisors from six² of our overseas subsidiaries, and supervisors from our manufacturing, quality control and production technology departments in Japan.



1. Quality, cost, delivery and safety. In addition to building a global system through which we can provide customers with the QCDS they desire, by enhancing interaction among our production sites, we are able to share the latest manufacturing technologies.
2. Fujitec Taiwan, Fujitec India, Fujitec Korea, Fujitec Shanghai Sourcing Center, Shanghai Huasheng Fujitec Escalator and Huasheng Fujitec Elevator.

Launch of the Production Division's Japan Manufacturing Training (Japan)

We have launched a new online training program to enhance the understanding, skills and other capabilities of employees working in production. The online seminars connect Big Wing to other production sites, and teach manufacturing leaders the importance of improving QCDS. Twenty-one manufacturing leaders took part in the first training program, learning about the actions and roles of frontline supervisors.



A commemorative photo with members of the Production Division—who were responsible for hosting the training program—and online participants.

To further focus on the development of our field engineers, who are at the core of our business, we have established a dedicated training facility. Through a practical, detailed training program, we are working to develop employees who can provide high-quality services to customers around the world.

Hosting a Competition to Test the Skills of Engineers (Japan and Overseas)

As one initiative to develop human resources, we hold skills-based competitions for our field engineers in Japan and overseas. In Japan, every year we alternate between the National Installation/Renovation Technique Competition and the National Maintenance Technique Competition. In addition to checking the skills of field engineers, the event provides an opportunity for technical exchanges among engineers and for improving individual skills. (Competitions both in Japan and overseas were cancelled in 2020 to prevent the spread of COVID-19.)



Establishing Experience Center Training Facilities in Each Region

We have established training facilities for field engineers at key bases in each of our operational hubs. These facilities are known as Experience Centers. In addition to elevators and escalators, each facility is equipped with other relevant equipment, such as machines and brakes. Trainees use this equipment to learn installation methods for elevators and escalators, adjustment techniques for individual components, and other standardized maintenance procedures. Moreover, due to the nature of the work, engineers face a higher level of danger than office workers, so trainees also undergo thorough safety training.

In 2019, we established two new Experience Centers (Singapore and India), and while taking thorough measures to prevent the spread of COVID-19, we are taking in trainees to develop human resources who will be key to sustaining our business operations.





Social Contributions

We are engaged in a wide range of social contribution activities around the world.

We aim to create beautiful and functional cities through a range of social contribution activities. To do so, we are working with our stakeholders to find the best ways to create new value.

Safety Classes Held around the World

Safety classes to teach children how to ride elevators and escalators safely have been conducted by Fujitec Group companies since 2013. The classes are primarily aimed at students in early elementary grades. Since many accidents involving children occur around the doors of elevators and when getting on and off escalators, the classes focus on teaching children preventative safety tips.



Lake Biwa Environmental Activities

As an initiative of the Head Office in Shiga Prefecture, Fujitec has participated in reed cutting around Lake Biwa, the largest lake in Japan, since 2014. Reeds, a perennial grass species, play an important role in purifying the water and preserving the biodiversity of the lake. By cutting reeds that grew in winter, the new reeds can grow stronger. We participate in these volunteer activities every February and December. Although these activities were cancelled in 2020 to prevent the spread of COVID-19, we will continue to engage in these activities in the future.



40th Anniversary Coastal Cleanup Activities

Fujitec Taiwan celebrated its 40th anniversary on September 19, 2020, a day which coincided with International Coastal Cleanup Day. Showing their desire to continue to take care of the environment, Fujitec Taiwan employees and their families (306 individuals) cleaned approximately 500 meters of coastline at Xinfeng Beach near the Fujitec Taiwan office, collecting 129.5 kilograms of trash.



Addressing New Ways of Life

We are enhancing our lineup of products and services that address new ways of life.

To prevent the spread of COVID-19, and to build an environment that will help us live in the “with-COVID-19 era,” we are moving forward with product development to make contributions as only we can.

Touchless Buttons as Standard

In April 2020, we commenced sales of the new standard, machine room-less elevator XIOR, and included the added option of using our touchless button technology. In line with the spread of COVID-19, and the increasing need for improved hygiene in elevators, we have begun sales of our touchless buttons for existing elevators, and applied the technology to XIOR elevators as a standard specification.



The name AirTap symbolizes a convenient, quick, smooth-to-operate touchless button that is as simple as tapping the air. AirTap received the Good Design Award in 2021.

Customer Feedback

Nationwide rollout

As awareness of the importance of hygiene rises, AirTap not only caters to customers who want to reduce contact among people as much as possible, it is also a revolutionary technology that can become a new standard for contemporary ways of life. This is why we decided to introduce the technology at our landmark facility in Ginza. We hope that use of the technology in the facility will lead to further introduction in others, and help to meet the needs of society.

Yu Isagozawa
Section Chief, Real Estate Development Group, AM Management Department, Ebisu Head Office
Section Chief, Real Estate Development Group, AM Management Department, Sapporo Head Office
Sapporo Real Estate Co., Ltd.



GINZA PLACE
Address: 5-8-1 Ginza, Chuo-ku, Tokyo
No. of floors: 2 below and 11 above ground
Uses: Exhibition halls, shops, restaurants, etc.

Escalator Handrail Sterilizing Device

Installed inside the escalator itself, our handrail sterilizing device EverFresh uses ultraviolet rays to continuously sterilize* the escalator's moving handrails. Furthermore, by displaying a label at the boarding point that shows the handrails are being sterilized, we hope to eliminate any unease among users about using them, which will promote the safe use of escalators.



* Level of sterilization may differ depending on escalator use. The device does not completely prevent the spread of viral or bacterial infections.

By combining the words Ever (constantly, always) and Fresh (new, refreshing), the name EverFresh symbolizes a hygienic device that continuously sterilizes.

Customer Feedback

First in Japan

At our store, the number of customers holding escalator handrails had fallen. Although our cleaning staff had enhanced efforts to sterilize the handrails, we decided to introduce EverFresh as it could enable continuous sterilization without the need for cleaning staff. We also believed it could greatly improve both the efficiency and effect of sterilization work. A hygienically safe and secure facility is one reason why customers visit us, so we also believe the device has helped to improve our reputation among customers.

Yuhei Motomura
Manager, Tonden Branch
Joyful AK Co., Ltd.



Address: 8-5-5-1 Tonden, Kita-ku, Sapporo, Hokkaido
No. of floors: 3 above ground
Use: Hardware store

Corporate Governance

Corporate Governance Overview

Basic Approach

- (1) Respect the rights of shareholders and ensure equal treatment.
- (2) Consider the interests of shareholders and other stakeholders and cooperate with them as necessary.
- (3) Appropriately disclose Company information and ensure thorough transparency.
- (4) Ensure effective supervisory functions by the Board of Directors concerning business execution.
- (5) Engage in constructive dialogue with shareholders who have an investment policy that aims for medium- to long-term shareholder returns.

<p>No. of directors</p> <h1 style="font-size: 2em;">9</h1>	<p>No. of Board of Director meetings held</p> <h1 style="font-size: 2em;">6</h1>	<p>No. of Audit & Supervisory Board meetings held</p> <h1 style="font-size: 2em;">8</h1>
<p>Ratio of outside directors</p>  <p>Outside 5 Inside 4</p>	<p>Ratio of female directors</p>  <p>Male 7 Female 2</p>	<p>Ratio of outside Audit & Supervisory Board members</p>  <p>Outside 3 Inside 1</p>

Establishment of a Nomination and Compensation Advisory Committee

To increase objectivity and transparency in decisions on director nomination and compensation, as well as to further enhance our corporate governance structure, in February 2021 we established the Nomination and Compensation Advisory Committee, comprising predominantly outside directors. The committee includes more than three executives appointed by a resolution of the Board of Directors, more than half of whom are independent outside directors. The committee chair is chosen from among independent outside directors by committee members who are themselves independent outside directors.

Abolition of Takeover Defense Measure

At the 72nd Ordinary General Shareholders Meeting held in June 2019, following approval from shareholders, we updated and decided to continue a policy to counter the large-scale purchase of company shares (takeover defense measures). However, following careful consideration of recent trends in takeover defense measures, the opinions of institutional investors and other shareholders both in Japan and abroad, as well as Japan's Corporate Governance Code, we concluded that the need for such a policy has decreased. As such, at a Board of Directors meeting held on December 4, 2020, board members resolved to abolish the policy upon its expiration at the 75th Ordinary General Shareholders Meeting scheduled for June 2022.

Basic Policy

Fujitec's Global Mission Statement is "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." To accomplish this mission, we believe it is essential to gain stakeholders' trust and fulfill our

social responsibilities. With our steadfast reputation, we will work to meet the expectations of all our stakeholders and to increase their trust in us. To this end, we will formulate and establish the corporate governance structure required to ensure sound and transparent Group management.

Management Structure

Fujitec is a company with a Board of Directors and an Audit & Supervisory Board. The Board of Directors is composed of nine directors (including five outside directors) and is responsible for deciding important matters relating to business management and overseeing the directors' execution of their duties. The Audit & Supervisory Board is composed of four Audit & Supervisory Board members (including three outside Audit & Supervisory Board members) and audits the directors' execution of their duties.

Furthermore, to increase objectivity and transparency in decisions on director nomination and compensation, as well as to further enhance our corporate governance structure, we have established the Nomination and Compensation Advisory Committee, the majority of whose members are independent outside directors.

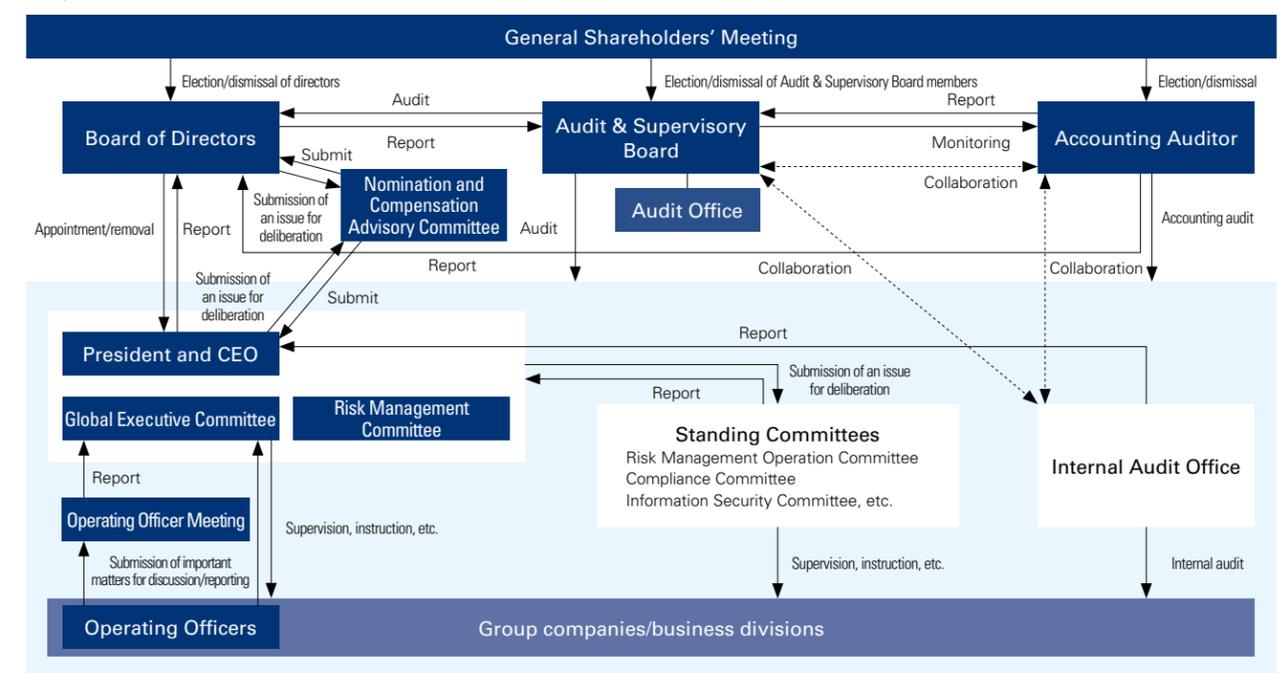
The business execution framework of the Company and its subsidiaries is the subject of the conference of the Global Executive Committee that meets on a quarterly basis to deliberate on

important issues in Group management, including business promotion in Japan and abroad. The Operating Officer Meeting is held on a monthly basis to deliberate on important issues regarding business in Japan. All operating officers serving concurrently as directors attend the Global Executive Committee, including the standing Audit & Supervisory Board members. At the Operating Officer Meeting, all directors in Japan concurrently serving as operating officers attend. In addition, the proceedings and results of these important conferences are reported to outside directors following each meeting.

Response to Corporate Governance Code

The Company implements each of the principles outlined in Japan's Corporate Governance Code issued by the Tokyo Stock Exchange.

Corporate Governance Structure



Composition of Directors

Experience and Expertise of Directors

Name	Position/responsibility	Independence (outside officers only)	Experience in corporate management and expertise (main points)					
			Corporate management		Expertise, etc.			
			Japan business	Global business	Economic policies	Finance/accounting	Corporate legal affairs	IR
Takakazu Uchiyama	Representative Director, President and CEO		●	●				●
Takao Okada	Representative Director, Executive Vice President, Member of Nomination and Compensation Advisory Committee		●	●				●
Takashi Asano	Senior Executive Operating Officer		●	●				●
Masashi Tsuchihata	Senior Executive Operating Officer		●	●			●	●
Nobuki Sugita	Director, Member of Nomination and Compensation Advisory Committee	●			●			
Shigeru Yamazoe	Director, Member of Nomination and Compensation Advisory Committee	●	●	●			●	
Kunio Endo	Director	●	●	●			●	
Keiko Yamahira	Director	●	●					●
Mami Indo	Director	●	●		●	●	●	●

Reasons for Appointment of Outside Directors

Name	Independent director	Reason for appointment
Nobuki Sugita	○	Nobuki Sugita has many years of experience as a professor of economics, and has also held important positions at finance-related government ministries. Utilizing the experience he has acquired, we believe he will offer beneficial proposals and advice on company management. Although Mr. Sugita has no previous experience in company management, we believe that he will appropriately execute his duties as an outside director for the aforementioned reasons. Mr. Sugita meets the selection criteria for independent directors as described in section II.1 of our Corporate Governance Report ("Matters Regarding Independent Directors"). Having determined that there will be no conflict of interest with our ordinary shareholders, we have appointed Mr. Sugita as an independent director.
Shigeru Yamazoe	○	Shigeru Yamazoe has many years of experience in all aspects of management at a general trading company, as well as in the management of a global business. Utilizing the experience he has acquired, we believe he will offer beneficial proposals and advice on company management. Mr. Yamazoe meets the selection criteria for independent directors as described in section II.1 of our Corporate Governance Report ("Matters Regarding Independent Directors"). Having determined that there will be no conflict of interest with our ordinary shareholders, we have appointed Mr. Yamazoe as an independent director.
Kunio Endo	○	Kunio Endo has many years of experience in important financial and accounting positions at a global corporation, and as a corporate director and auditor. Utilizing the experience he has acquired, we believe he will offer beneficial proposals and advice on company management. Mr. Endo meets the selection criteria for independent directors as described in section II.1 of our Corporate Governance Report ("Matters Regarding Independent Directors"). Having determined that there will be no conflict of interest with our ordinary shareholders, we have appointed Mr. Endo as an independent director.
Keiko Yamahira	○	Keiko Yamahira has many years of experience as an executive officer and director at a construction company, and utilizing the experience she has acquired, we believe she will offer beneficial proposals and advice on company management. Ms. Yamahira meets the selection criteria for independent directors as described in section II.1 of our Corporate Governance Report ("Matters Regarding Independent Directors"). Having determined that there will be no conflict of interest with our ordinary shareholders, we have appointed Ms. Yamahira as an independent director.
Mami Indo	○	Mami Indo has many years of experience in key planning and management roles, such as a financial analyst and consultant, and utilizing the experience she has acquired, we believe she will offer beneficial proposals and advice on company management. Ms. Indo meets the selection criteria for independent directors as described in section II.1 of our Corporate Governance Report ("Matters Regarding Independent Directors"). Having determined that there will be no conflict of interest with our ordinary shareholders, we have appointed Ms. Indo as an independent director.

Compensation for Executives

Policy Regarding the Determination of Compensation for Executives

In addition to providing an incentive to promote continued improvement of corporate value, our basic policy is to provide even greater value to our shareholders. The policy regarding compensation for directors, and decisions on what is added to the agenda at General Shareholders' Meetings, is discussed by the Board of Directors, the majority of whose members are independent outside directors. An overview of the decision-making policy for this fiscal year is detailed below.

(i) We aim to provide performance-based compensation (bonuses) and other compensation (basic compensation and transfer restricted shares) at a ratio of 1:2.

(ii) We calculate basic compensation—fixed monthly monetary compensation—for each director based on examples from other companies, as well as the responsibilities, activities and details of each director's role.

(iii) The amount, timing and conditions for the issue or transfer of restricted shares are determined by a resolution by the Board of Directors based on each director's activities and degree of contribution to Company performance, etc.

(iv) In order to enhance motivation to improve Company performance over the short to medium term, we provide performance-based compensation within four months of the end of each fiscal year, using the previous fiscal year's operating income as a performance indicator. In addition to adding or subtracting the amount paid in the previous fiscal year depending on the level of achievement of performance indicator targets, we calculate individual performance-based compensation based on each director's activities and degree of contribution to Company performance, etc.

- In line with resolutions at the 74th General Shareholders' Meeting held on June 22, 2021, we abolished our share-based stock options system and introduced restricted stock, which is allotted according to published values, period, and conditions decided by a resolution of the Board of Directors, and is based on each director's activities and degree of contribution to Company performance, etc.
- Decisions on amount and calculation method for director compensation are discussed by the Board of Directors. Questions and reports from the Nomination and Compensation Advisory Committee are also taken into consideration. Under the policy for determining the amount of Audit & Supervisory Board member compensation, the method by which it is calculated, who has authority and what areas that authority covers and the degree of discretion held, as well as annual limits for Audit & Supervisory Board member compensation, are all set by General Shareholders' Meeting resolutions. Compensation is calculated and determined in line with Audit & Supervisory Board member discussions and in response to auditing responsibilities and other factors, and whether or not he or she is a standing member.
- In accordance with a resolution made at a Board of Directors meeting held on February 9, 2021, we established the Nomination and Compensation Advisor Committee. In line with the procedures outlined in that resolution, the committee's members, the majority of whom are independent outside directors, meet when necessary to objectively and rationally discuss matters such as proposals regarding compensation to be discussed at the General Shareholders' Meeting or revisions to the policy above in response to consultations from the Board of Directors and evaluations of basic compensation and bonuses for individual directors in response to consultations from the president. The committee also compares and examines consistency across these matters.
- The decision was made at the 74th Ordinary General Shareholders Meeting held on June 22, 2021 to introduce a restricted stock compensation system for directors (excluding outside directors). We made the decision to limit the value and number of shares to no more than ¥100 million (not including salaries for directors who also serve as employees) and 200,000 shares per annum. As such, we abolished the shares-based stock options system detailed above, except in the case where shares have already been allotted.

Compensation of Directors and Audit & Supervisory Board Members in the Fiscal Year Ended March 31, 2021

Position	Compensation by type (Millions of yen)	Total compensation (Millions of yen)			Eligible officers
		Monetary compensation		Non-monetary compensation	
		Fixed compensation	Performance-based compensation		
Directors (excluding outside directors)	219	150	69	—	4
Audit & Supervisory Board members (excluding outside Audit & Supervisory Board members)	14	14	—	—	2
Outside officers	55	48	6	—	8

Notes:

- Amounts paid to directors do not include the employee wages of directors who also serve as employees, nor the expenses required for the execution of director duties.
- No stock acquisition rights (stock options for stock-linked compensation) were issued this fiscal year to Company directors (excluding outside directors).
- The director retirement benefits system was abolished upon conclusion of the 60th Ordinary General Shareholders Meeting held on June 27, 2007.
- Bonus amounts are carried over from this fiscal year's provisions for director bonuses.

Initiatives for Shareholders and Investors

At Fujitec, to achieve sustainable growth and to ensure medium- to long-term improvement of corporate value, we engage in constructive dialogue with shareholders who have an investment policy that aims for medium- to long-term shareholder returns.

- (e) We will ensure thorough management of insider information arising from our dialogue with shareholders, the aim of which is to achieve sustainable corporate growth and medium- to long-term improvement of corporate value. We will also make every effort to ensure that there are no information gaps among our shareholders.

Dialogue with Shareholders

Our policy on systems and initiatives to promote dialogue with our shareholders is as follows.

- Considering shareholder dialogue as a key management issue, we have integrated our IR departments into the Finance HQ, and will enhance IR content and reinforce IR activities.
- The Finance HQ will handle requests from shareholders for dialogue and interviews depending on the content.
- We will hold regular financial briefings and disclose the necessary financial materials. Financial briefings will be held by the president or the director responsible for finances.
- The director responsible for IR will gather information and the opinions of shareholders, report them to the president, and share them with the Board of Directors, etc.

Dividend Policy

At Fujitec, we consider the enhancement of shareholder returns as a key management issue. To ensure long-term stability of our business foundation, our basic policy is to return profits while maintaining an optimal balance with internal reserves.

Our basic policy is also to provide interim dividends and year-end dividends. Interim dividends are determined by the Board of Directors, while year-end dividends are determined at the General Shareholders' Meeting. We aim to maintain a dividend payout ratio of 50% or more, and with regard to shareholder returns, we will examine increased returns in the future in the event of excess cash. In addition, we will efficiently allocate internal reserves to capital investments in growth fields, investment and lending aimed at global business expansion, R&D expenditures, and other uses that improve corporate value. We will also examine the purchase of treasury stock in a flexible manner in order to return profits to our shareholders.

The following matters represent risks that could have a significant material impact on investors' decisions among the matters concerning business conditions and accounting conditions mentioned in this annual report. These risks do not necessarily cover all possible risks facing the Fujitec Group and there are also other risks that are difficult to forecast. The Fujitec Group's business, operating results and financial position could be significantly and adversely affected by any risk factors in the future.

Political and Economic Circumstances

The Fujitec Group has 10 manufacturing bases and numerous sales bases in 23 countries and regions around the world and carries out global business activities. Political and economic circumstances in these countries and regions where business is carried out could have an impact on the supply of and demand for the Fujitec Group's products. In particular, the Fujitec Group's products are elevators and escalators that are installed in buildings, including office buildings, hotels, commercial buildings and residences, and therefore the scale of public sector investment and economic trends in the construction industry in Japan and overseas could have an impact on the Fujitec Group's operating results.

Development of New Products

The Fujitec Group continually carries out activities for the development of new products that are matched to customer needs. In the elevator and escalator industry, where the Fujitec Group operates, customer needs are diversifying in step with the maturing of markets. On the other hand, product development competition among leading manufacturers worldwide is fierce and there is a possibility of being driven out of the market by failing to adapt in a timely manner to leading-edge technological trends.

Under such conditions, not being able to adequately forecast industry and market changes and develop appealing new products could lower the Fujitec Group's future growth and profitability and have an adverse impact on its financial position and operating results.

Price Competition

In domestic and overseas markets, where the Fujitec Group undertakes business, there is fierce competition with competitors that include leading manufacturers carrying out business on a global scale. In addition, the trend toward business dominance by increasing market share is expected to continue. In particular, there has been an intensification of price competition for products and services introduced into the market at even lower prices as part of business development of competing companies and a business strategy of business alliances that include competitors. This could have an adverse impact on the Fujitec Group's financial position and operating results.

Manufacturer's Liability

The Fujitec Group undertakes integrated manufacturing, sales, installation and maintenance of elevators, escalators and moving walkways, and in each business process conforms with the laws, regulations and guidelines applicable in each market. Also, the Fujitec Group works to assure the safety of customers and users by offering products and services verified in accordance with its own internally established technical standards and safety standards.

Nevertheless, an unforeseen product defect or usage by the user could cause an incident resulting in equipment damage or even in certain instances in an accident resulting in injury or death.

In such circumstances, responsibility as a manufacturer could be called into question. This could have an adverse impact on the Fujitec Group's financial position and operating results because of indemnification for damages or the loss of trust by society.

Joint Ventures

The Fujitec Group carries out business using its own capital. However, it undertakes business through joint ventures due to legal restrictions in some countries. One such country is China, where the Fujitec Group has extremely good relations with its joint venture partners and plans to continue mutually beneficial equitable relationships.

Nonetheless, in the event of a change in a joint venture partner's economic circumstances or policies concerning business development, the Fujitec Group cannot eliminate the possibility of having to re-evaluate the joint venture, replacing the joint venture partner or dissolving the joint relationship in the future. Such an event could have an adverse impact on the Fujitec Group's financial position and operating results.

Latent Risks Associated with Global Business Development

As the Fujitec Group carries out global business development, the following latent risks could have an adverse impact on business development and operating results.

- 1) Terrorism, wars, revolutions and other social upheaval
- 2) Occurrence of natural disasters such as earthquakes, typhoons and contagious disease pandemics
- 3) Unexpected changes in laws and regulations
- 4) Strikes by workers at seaports and airports or by persons in the transport industry
- 5) Interruption of manufacturing activities due to an infrastructure accident such as a power outage or interruption of the water supply at manufacturing bases

Raw Materials Prices

Procurement prices for raw materials such as steel stock, wire rope and stainless steel that make up the Fujitec Group's products are susceptible to the impact of steel market conditions. Therefore, a rise in prices in the steel market will push up product manufacturing costs, which could have an adverse impact on the Fujitec Group's operating results.

Financing

The Fujitec Group carries out asset liability management (ALM) at each company and works to maintain adequate liquidity. However, the emergence of instability in the financial system and a change in the lending policies of financial institutions could have an adverse impact on the Fujitec Group's financial position. Through ALM, financing is being carried out to minimize the impact of a rise in financing costs. However, a large rise in interest rates could have an adverse impact on the Fujitec Group's operating results.

Exchange Rate Fluctuations

The Fujitec Group operates global manufacturing and procurement structures for mutually supplying products and components that are advantageous in terms of cost and quality, and works to minimize the adverse impact of exchange rate fluctuations on its operating results. However, an unexpectedly rapid and large fluctuation in exchange rates could have an adverse impact on the Fujitec Group's financial position and operating results.

Share Price Fluctuations

The net asset value of "Other securities with a fair market value" held by the Fujitec Group could decrease due to a decline in share prices, which could have an adverse impact on the Fujitec Group's financial position.

Information Technology-Related Risks

Under the Information Security Policy, the Fujitec Group promotes appropriate handling, storage, secure management and the prevention of leakage of such critical information assets as confidential information and customer information.

However, in the event of unexpected disasters, an information system shutdown because of illegal access, communication failure and other reasons or an occurrence of information leakage, the resulting loss of business opportunities arising from a suspension of operations as well as the erosion of society's trust could have an adverse impact on the Fujitec Group's financial position and operating results.

Risks Associated with COVID-19

In accordance with the policies of various national governments, the Fujitec Group is implementing remote work, and will continue with various other infection prevention measures with a focus on the health and safety of its employees and clients. However, the stagnation of economic activity due to COVID-19 could have an adverse impact on the Fujitec Group's financial position and operating results.

Internal Control

The Fujitec Group has established and maintains the necessary internal control system to ensure sound management and to meet the expectations and earn the trust of its stakeholders. The Fujitec Group has enacted the Basic Policy on Internal Control by a resolution of the Board of Directors based on the Global Mission Statement, the Fujitec Philosophy of Human Resource Management and the Fujitec Corporate Action Rules. Based on this policy, Fujitec has established an Internal Control Department to promote related activities. This department also responds to evaluations and audits of the internal control system by working to understand the operation processes of each business execution division and upgrading the internal control system.

We have also established dedicated committees for compliance, risk management and information management systems, and these committees provide the necessary guidance and management for effective business execution.

Risk Management

To reduce various operating risks, the Company has established the Risk Management Committee, chaired by the CEO. The committee works to promote compliance, including risk management at all Group companies, and information security measures, as well as to achieve early detection of risk factors that could have a major social impact, such as ensuring product safety, and countermeasures for those factors. Subordinate to the committee there are standing committees that investigate and study each risk factor.

The Risk Management Operation Committee collects information swiftly and accurately and ensures proper direction and the management of business execution to ensure that risk management functions effectively throughout the Company.

Compliance

The Compliance Committee promotes compliance with the laws, regulations and corporate ethics necessary for promoting appropriate corporate activities, and disseminates information about compliance to Group employees and other concerned persons as cohesively as possible.

The committee formulates the Compliance Action Plan every year and promotes compliance activities. As part of these activities, in addition to Group training for all employees or on-demand education through e-learning, the Company holds seminars, etc. for employees according to their position and department as necessary to ensure that laws and regulations are made known to employees together with the implementation of activities to raise employee awareness.

The Company has also established an internal reporting system to prevent fraud. This includes a Compliance Consultation Desk as an internal reporting mechanism related to compliance that allows all employees to consult directly regardless of organizational lines. It also receives employee reports.

Information Management (Information Security)

To protect information assets with a view toward maintaining and improving security, the Information Security Committee formulates the security policy and countermeasure standards. Also, upon deliberating and discussing the use, handling and management of information networks, systems and devices, the committee provides instruction and promotes educational activities in these areas.

Auditing System

Internal Auditing

To raise the effectiveness of the internal control system, the Internal Audit Office, which is composed of internal auditors with appropriate knowledge on finance and accounting, formulates the auditing plan for each fiscal year based on the Internal Audit Basic Regulations decided by a resolution of the Board of Directors and implements internal audits centered on the examination and assessment of risk at Group companies.

Auditing by Audit & Supervisory Board Members

Audit & Supervisory Board members attend Board of Director meetings, voice their opinions, and listen to explanations from directors regarding important management matters. In addition, they audit directors' execution of duties predominantly from a legal compliance standpoint. For example, they observe and inspect systems that guarantee the appropriateness of operations. Audit & Supervisory Board members audit based on audit standards, policies, and plans determined at Audit & Supervisory Board meetings. Based on these audit plans, standing Audit & Supervisory Board members examine the operational and financial conditions of several major domestic sites, and, when necessary, listen to explanations from various departments regarding the status of business execution. Moreover, in addition to Board of Director meetings, standing Audit & Supervisory Board members attend the quarterly Global Executive Committee meetings to discuss important matters pertaining to Group management, working to ascertain a comprehensive view of Group management, such as conditions and issues at each Group company.

Furthermore, we have set up the Audit Office as an organization dedicated to assisting the Audit & Supervisory Board members and the Audit & Supervisory Board, with one employee working exclusively to assist Audit & Supervisory Board members with their duties. In this way, we are working to enhance our auditing functions. To ensure its independence, the Audit Office is directly under the control of the Audit & Supervisory Board, and the Audit Office assistant is not concurrently involved in any other aspect of Group operations.

Mutual Collaboration among the Internal Auditors, Audit & Supervisory Board Members and Accounting Auditors and Relationship with the Internal Control Department

The Audit & Supervisory Board members, accounting auditors and Internal Audit Office regularly hold liaison meetings for formulating audit policies and plans for each fiscal year, and share auditing information with audited departments and implement measures for carrying out effective audits.

The results of the internal audit are reported to the Board of Directors as well as the Audit & Supervisory Board and the Internal Control Department. The Internal Control Department cooperates with the Internal Audit Office and the accounting auditors, while undertaking activities to raise the level of internal control. Each half year, it reports on plans and the status of these efforts to the Board of Directors, in which outside directors and outside Audit & Supervisory Board members participate.

Directors, Audit & Supervisory Board Members and Operating Officers

(As of June 30, 2021)

Directors

	Takakazu Uchiyama Representative Director, President and CEO General Manager of Global Business HQ; In charge of North America	<p>Apr. 1976 Joined the Company</p> <p>Jun. 2002 Representative Director and President (current)</p> <p>Jul. 2005 Chief Executive Officer (current)</p> <p>Apr. 2010 General Manager of Global Business HQ (current)</p> <p>Apr. 2019 In charge of North America (current)</p>
	Takao Okada Representative Director, Executive Vice President Deputy General Manager of Global Business HQ; In charge of East Asia	<p>Apr. 1976 Joined the Company</p> <p>Apr. 2016 Deputy General Manager of Global Business HQ (current)</p> <p>Jun. 2020 Representative Director and Executive Vice President (current)</p> <p>Apr. 2021 In charge of East Asia (current)</p>
	Takashi Asano Director General Manager of Technology HQ	<p>Apr. 1977 Joined the Company</p> <p>Apr. 2017 Senior Executive Operating Officer (current)</p> <p>Jun. 2017 Director (current)</p> <p>Apr. 2021 General Manager of Technology HQ (current)</p>
	Masashi Tsuchihata Director General Manager of Finance HQ	<p>Apr. 1984 Joined the Company</p> <p>Apr. 2020 Senior Executive Operating Officer (current)</p> <p>Apr. 2021 General Manager of Finance HQ (current)</p> <p>Jun. 2021 Director (current)</p>

	Nobuki Sugita Outside Director	<p>Jun. 1995 Chief, Office of Public Affairs, Planning Division, Director General's Secretariat at the Economic Planning Agency</p> <p>Aug. 2009 Professor at the Faculty of School of Economics, Nagoya University</p> <p>Jun. 2013 President of Economic and Social Research Institute, Cabinet Office, Government of Japan</p> <p>Apr. 2015 Professor at the College of Economics, Ritsumeikan University</p> <p>Jun. 2017 Director of the Company (current)</p> <p>Apr. 2020 Specially Appointed Professor at the College of Economics, Ritsumeikan University (current)</p>
	Shigeru Yamazoe Outside Director	<p>Apr. 1978 Joined Marubeni Corporation</p> <p>Apr. 2012 Senior Managing Executive Officer of Marubeni Corporation</p> <p>Apr. 2015 Senior Executive Vice President of Marubeni Corporation</p> <p>Jun. 2018 Vice Chairman of Marubeni Corporation</p> <p>Director of the Company (current)</p> <p>Apr. 2019 Outside Audit & Supervisory Board Member of Mizuho Capital Partners Co., Ltd. (now MCP Partners Co., Ltd.) (current)</p> <p>Apr. 2020 Chairman of Marubeni Power & Infrastructure Systems Corporation (current)</p> <p>Aug. 2020 Outside Director and Audit & Supervisory Committee Member of Bewith, Inc. (current)</p>
	Kunio Endo Outside Director	<p>Apr. 1981 Joined Honda Motor Co., Ltd.</p> <p>Nov. 2010 President and Director of American Honda Finance Corporation</p> <p>President and Director of Honda Canada Finance Inc.</p> <p>Jun. 2013 Full-time Audit & Supervisory Board Member of Honda Motor Co., Ltd.</p> <p>Jun. 2019 Director of the Company (current)</p>
	Keiko Yamahira Outside Director	<p>Apr. 1983 Joined Kubota House Co., Ltd. (now Sanyo Homes Corporation)</p> <p>Jun. 2015 President and Director of Sanyo Homes Corporation</p> <p>Apr. 2017 Chairman and Representative Director of Sanyo Homes Community Corporation</p> <p>Jun. 2019 Outside Director of Joshin Denki Co., Ltd. (current)</p> <p>Director of the Company (current)</p>
	Mami Indo Outside Director	<p>Apr. 1985 Joined Daiwa Securities Co. Ltd.</p> <p>Apr. 2009 Senior Managing Director and Executive Officer of Consulting Division, Daiwa Institute of Research Ltd.</p> <p>Apr. 2013 Executive Managing Director, Deputy Executive Officer of Research Division, Daiwa Institute of Research Ltd.</p> <p>Apr. 2016 Senior Executive Director, Daiwa Institute of Research Ltd.</p> <p>Jun. 2020 Outside Director, Tokyo Gas Co., Ltd. (current)</p> <p>Audit and Supervisory Board Member (External), Ajinomoto Co., Inc. (current)</p> <p>Outside Audit & Supervisory Board Member, AIG Japan Holdings KK (current)</p> <p>Jun. 2021 Director of the Company (current)</p>

Audit & Supervisory Board Members

Kenichi Ishikawa Outside Audit & Supervisory Board Member (Standing)
Apr. 1976 Joined Daiwa Bank, Ltd. (now Resona Bank, Ltd.)
Jun. 2014 Audit & Supervisory Board Member of the Company (current)

Yasuo Utsunomiya Audit & Supervisory Board Member (Standing)
Apr. 1976 Joined Matsushita Electric Industrial Co., Ltd. (now Panasonic Corporation)
Apr. 2002 Joined the Company
Apr. 2016 Executive Operating Officer
Apr. 2020 Advisor
Jun. 2020 Audit & Supervisory Board Member (current)

Tatsuo Ikeda Outside Audit & Supervisory Board Member
Apr. 2004 Professor at Osaka University Law School
Nov. 2005 Registered as an attorney (current)
Advisor at Kitahama Partners (current)
Jun. 2016 Audit & Supervisory Board Member of the Company (current)

Satoshi Hiramitsu Outside Audit & Supervisory Board Member
Apr. 1990 Joined Tokai Bank, Ltd. (now MUFG Bank, Ltd.)
Nov. 1993 Passed third level of the Certified Public Accountant Examination
Joined Chuo Audit Corporation
Jun. 2012 Outside Audit & Supervisory Board Member of ARATA CORPORATION (current)
Nov. 2014 Representative Member of Tax Accounting Corporation, TAS (current)
Jun. 2019 Audit & Supervisory Board Member of the Company (current)

Operating Officers

<p>President and CEO Takakazu Uchiyama*</p> <p>Executive Vice President Takao Okada*</p> <p>Senior Executive Operating Officer Takashi Asano*</p> <p>Senior Executive Operating Officer Masashi Tsuchihata*</p> <p>Executive Operating Officer Masayoshi Harada</p> <p>Executive Operating Officer Kenji Tomooka</p> <p>Executive Operating Officer Hiroshi Maruyama</p>	<p>Executive Operating Officer Asami Araki</p> <p>Executive Operating Officer Ikuo Masuda</p> <p>Executive Operating Officer Shiro Adachi</p> <p>Executive Operating Officer Hiroki Tokuami</p> <p>Executive Operating Officer Yusuke Uchiyama</p> <p>Executive Operating Officer Takashige Nakajima</p>	<p>Operating Officer Kunihiko Tsutsui</p> <p>Operating Officer Tadahisa Nakayama</p> <p>Operating Officer Yoshitaka Nakao</p> <p>Operating Officer Shigeo Nishimura</p> <p>Operating Officer Kenta Fujino</p> <p>Operating Officer Hidehito Wakabayashi</p> <p>Operating Officer Nobuo Fukamatsu</p>	<p>Operating Officer Yuji Yoneda</p> <p>Operating Officer Kazuhiro Shiode</p> <p>Operating Officer Kenichi Sugiyama</p>
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* Concurrently serving as a director

Q&A with an Outside Director

Ensuring Shareholders and Management Are in Sync and Responding to Stakeholder Expectations

Shigeru Yamazoe
Outside Director



What do you think is the role of Fujitec's outside directors?

The revised Companies Act came into force in March 2021, driven by rising expectations for outside directors to monitor and supervise management from an objective standpoint, and for them to fulfill their role in supervising conflicts of interest between management and controlling and minority shareholders. This is precisely our role at Fujitec.

Fujitec conducts business in more than 20 countries and regions around the world, including in East Asia, South Asia, the Americas, Europe and the Middle East. Even in the challenging business conditions presented by the COVID-19 pandemic, the Company continues to implement a variety of initiatives aimed at further growth. To help the Company achieve sustainable growth and improve its corporate value over the medium to long term, we will make use of our expertise to provide objective advice and oversight on management policies and improvement measures, and in turn respond to the expectations of the stakeholders.

What are the key elements of the Company's new strategic direction?

In putting together the new strategic direction, we held discussions to make sure that our ideas on management were in sync with shareholders' ideas. As a result, we settled upon a number of priority issues: the establishment of key domains, the disclosure of numerical targets for ROE and the dividend payout ratio, the reinforcement of our governance structure and ESG initiatives.

When examining medium- to long-term risks resulting from changes in our business environment, we looked at ongoing uncertainties in economic activities due to the COVID-19 pandemic, the possibility of worsening real estate market conditions triggered by quantitative easing policies by the Federal Reserve Board in the U.S., and capital outflows from developing countries and fluctuating exchange rates. On the other hand, we see opportunities for modernization work in mature markets and for installation work in growth markets. With top-quality products based on its advanced, unique technological capabilities, its utmost priority on safety and reliability, and its specialized, vertically integrated structure—covering everything from R&D to manufacturing, installation, maintenance and modernization—Fujitec can quickly and flexibly respond to customer demands. This value creation, I believe, is unique to Fujitec.

Please tell us about changes related to and the impact of efforts to increase the diversity of the Board of Directors.

From a governance standpoint, ensuring the diversity of the board of directors has long been an issue for Japanese companies. At Fujitec, it seems to me as though Board of Director diversity is gradually increasing. In 2019, the number of outside directors was raised from three to five, and outside directors now make up the majority. In 2021, the number of female outside directors was increased, and now 40% of outside directors are women.

Outside directors provide appropriate advice in a wide range of fields, from management strategies and finance to investor policies. This is why outside directors who can examine company progress and provide the relevant advice are essential. Increasing the number of outside directors with specialist expertise in different fields has rejuvenated Fujitec's Board of Directors, more so than ever before, and I believe their addition will help to further reinforce the Company's corporate governance.

As an outside director, please tell us your thoughts on how Fujitec can improve corporate value.

Fujitec is a company with many strengths. By fully leveraging these strengths, Fujitec can achieve growth through the provision of both social and economic value. I think there are three important ways in which Fujitec can further enhance its corporate value. The first is to put together a growth strategy and promote healthy risk taking. The second is to communicate this growth strategy to stakeholders. Thirdly, as a going concern, the Company must create a succession plan for its executives.

Incorporating long-term, diverse perspectives, in December 2020 the Company announced its new strategic direction aimed at achieving sustainable growth, anticipating the future in line with structural changes in various markets and industries. Since then, the Company has taken further steps to ensure quality communication with its stakeholders. Furthermore, with the establishment of the Nomination and Compensation Advisory Committee, the Company has ensured fairness and transparency in its director selection process. This will enhance its sustainability over the medium to long term.

While constantly working to ensure the ideas of our shareholders and management are in sync, as outside directors, we will continue to respond to the expectations of the Company's stakeholders.

Financial Information

Financial Position and Management Discussion and Analysis

Operating Results

Net Sales

Consolidated net sales for the fiscal year ended March 31, 2021 were ¥169,573 million, a decrease of 6.4% compared with the previous fiscal year. Domestic net sales were ¥69,420 million, a decrease of 4.3% compared with the previous fiscal year, and overseas net sales were ¥100,153 million, a decrease of 7.9% compared with the previous fiscal year. Excluding the effect of foreign exchange rates, total overseas sales decreased 5.5%.

Order Backlogs

In Japan, order backlogs were ¥67,954 million, an increase of 3.4% compared with the end of the previous fiscal year. Overseas, order backlogs were ¥143,069 million, up 0.7% compared with the end of the previous fiscal year. As a result, the total amount of order backlogs was ¥211,024 million, an increase of 1.5% compared with the end of the previous fiscal year. Excluding the effect of foreign exchange rates, total order backlogs overseas increased 3.3%.

Operating Income and Profit Attributable to Owners of Parent

Operating income was ¥13,288 million, which was ¥12 million below the target, while our operating margin was 0.1 percentage points below the target at 7.8%. Profit attributable to owners of parent was ¥9,287 million, a decrease of 6.3% compared with the previous fiscal year.

Financial Position

Assets, Liabilities and Net Assets

Total assets at March 31, 2021 were ¥205,196 million, an increase of ¥11,614 million compared with the end of the previous fiscal year. This was due mainly to an increase of ¥11,324 million in cash and deposits, an increase of ¥1,099 million in goodwill related to a corporate acquisition in the U.K. and an increase in investment securities due to valuation differences, offset by a decrease in notes and accounts receivable - trade.

Total liabilities were ¥79,931 million, an increase of ¥5,064 million compared with the previous fiscal year. This was due mainly to an increase of ¥1,246 million in accrued income taxes, an increase of ¥2,555 million in provision for losses on construction contracts and an increase of ¥2,203 million in advances from customers, offset by decreases in electronically recorded obligations - operating and short-term debt.

Net assets were ¥125,264 million, an increase of ¥6,550 million compared with the end of the previous fiscal year. This was due mainly to an increase in profit attributable to owners of parent.

The shareholders' equity ratio at March 31, 2021 was 54.8%, a decrease of 0.4 percentage points compared with the end of the previous fiscal year, and net assets per share were ¥1,385.45 an increase of ¥66.86 compared with the end of the previous fiscal year.

Cash Flows

Cash and cash equivalents at March 31, 2021 were ¥35,840 million, an increase of ¥7,658 million compared with the end of the previous fiscal year.

Cash Flows from Operating Activities

Net cash provided by operating activities was ¥21,542 million, an increase of ¥10,464 million compared with the previous fiscal year. The increase was attributable to factors including ¥15,025 million in profit before income taxes, ¥3,457 million in depreciation and amortization and a ¥2,691 decrease in notes and accounts receivable - trade. Other main factors included a ¥1,992 million increase in advances received (a decrease of ¥1,075 compared with the previous fiscal year), a ¥531 million increase in profit before income taxes and the ¥2,691 million decrease in notes and accounts receivable - trade (compared with an ¥8,236 million increase in the previous fiscal year).

Cash Flows from Investing Activities

Net cash used in investing activities was ¥7,955 million, an increase of ¥3,614 million compared with the previous fiscal year. The increase was attributable to factors including an increase in time deposits, net of ¥5,093 million, purchase of property, plant and equipment of ¥2,909 million and ¥1,471 million stemming from purchase of shares of subsidiaries resulting in change in scope of consolidation, offset by interest and dividends received of ¥1,508 million. Other main factors included an increase in time deposits, net of ¥2,448 million over the previous fiscal year and the purchase of shares of subsidiaries resulting in change in scope of consolidation.

Cash Flows from Financing Activities

Net cash used in financing activities was ¥5,866 million, an increase of ¥2,065 million compared with the previous fiscal year due to payment of dividends, etc. Main factors included a ¥1,669 million decrease in short-term debt (compared with an increase of ¥726 million in the previous fiscal year) and an increase in cash dividends paid of ¥406 million, offset by a ¥930 million increase in proceeds from long-term debt.

Capital Investment

Total capital investment during the fiscal year ended March 31, 2021 was ¥2,638 million. Of that total, capital investment in Japan was ¥1,790 million, mainly for additional facilities for elevator development and manufacturing bases as well as after-sales service bases. Overseas, the Fujitec Group made capital investments of ¥848 million for manufacturing bases in East Asia and South Asia.

R&D Expenses

Total R&D expenses during the fiscal year ended March 31, 2021 were ¥2,121 million. Of that total, R&D expenses in Japan amounted to ¥2,020 million, and overseas R&D expenses were ¥101 million, mainly in East Asia.

Consolidated Balance Sheets

Fujitec Co., Ltd. and Consolidated Subsidiaries (As of March 31, 2021 and 2020)

ASSETS	Millions of Yen		Thousands of U.S. Dollars
	2021	2020	(Note 1)
Current assets:			
Cash and deposits (Note 14)	¥ 68,348	¥ 57,024	\$ 615,750
Notes and accounts receivable - trade:			
Unconsolidated subsidiaries	342	328	3,088
Other	58,680	61,298	528,649
Allowance for doubtful accounts	(2,375)	(2,142)	(21,404)
	56,646	59,484	510,333
Inventories:			
Merchandise and finished goods	5,634	5,572	50,765
Work in process	6,278	5,458	56,566
Raw materials and supplies	7,333	8,292	66,065
	19,247	19,322	173,397
Other current assets	5,150	5,054	46,404
Total current assets	149,393	140,884	1,345,885
Investments and long-term loans:			
Share of unconsolidated subsidiaries	610	715	5,501
Investment securities (Note 4)	8,161	6,457	73,525
Long-term loans receivable	23	1	212
Total investments and long-term loans	8,795	7,173	79,239
Property, plant and equipment, at cost (Note 6):			
Buildings and structures	36,242	35,326	326,512
Accumulated depreciation	(16,615)	(15,568)	(149,689)
	19,627	19,758	176,823
Machinery and equipment	12,828	12,127	115,569
Accumulated depreciation	(9,145)	(8,724)	(82,390)
	3,682	3,403	33,179
Tools, furnitures and fixtures	8,244	7,766	74,277
Accumulated depreciation	(5,898)	(5,534)	(53,140)
	2,346	2,232	21,137
Leased assets (Note 7)	982	974	8,848
Accumulated depreciation	(442)	(279)	(3,990)
	539	695	4,858
Land	6,911	6,910	62,268
Construction in progress	679	1,190	6,119
Total property, plant and equipment, at cost	33,786	34,188	304,385
Other assets:			
Deferred tax assets (Note 5)	4,374	4,705	39,409
Goodwill	1,214	116	10,945
Intangible assets	3,465	3,524	31,216
Net defined benefit asset (Note 9)	790	—	7,117
Investments in capital of unconsolidated subsidiaries	678	691	6,109
Allowance for doubtful accounts	(113)	(112)	(1,018)
Other	2,811	2,412	25,324
Total	¥205,196	¥193,581	\$1,848,615

The accompanying notes are an integral part of these statements.

LIABILITIES	Millions of Yen		Thousands of U.S. Dollars
	2021	2020	(Note 1)
Current liabilities:			
Short-term debt (Note 6)	¥ 2,317	¥ 3,990	\$ 20,874
Current portion of long-term debt (Note 6)	—	217	—
Lease obligations (Note 7)	241	247	2,178
Notes and accounts payable - trade:			
Unconsolidated subsidiaries	40	26	368
Other	14,985	14,913	135,001
Electronically recorded obligations - operating	4,734	5,374	42,653
Advances from customers	25,620	23,417	230,815
Accrued income taxes (Note 5)	3,425	2,179	30,862
Provision for bonuses	3,385	3,125	30,498
Provision for director bonuses	90	89	815
Provision for losses on construction contracts	7,761	5,207	69,926
Provision for warranties for completed construction	1,482	1,164	13,357
Other provisions	40	—	361
Other current liabilities	10,026	10,136	90,328
Total current liabilities	74,152	70,084	668,041
Non-current liabilities:			
Long-term debt (Note 6)	809	—	7,290
Lease obligations (Note 7)	351	447	3,169
Deferred tax liabilities (Note 5)	87	55	790
Net defined benefit liability (Note 9)	4,150	4,077	37,394
Long-term accounts payable - other	179	180	1,613
Asset retirement obligations	23	23	213
Other non-current liabilities	176	1	1,589
Total non-current liabilities	5,778	4,783	52,062
Total liabilities	79,931	74,867	720,104
NET ASSETS			
Shareholders' equity (Note 8):			
Common stock:			
Authorized: 300,000,000 shares			
Issued: 85,300,000 shares at March 31, 2021* and			
Issued: 90,067,000 shares at March 31, 2020	12,533	12,534	112,918
Capital surplus	14,474	14,571	130,398
Retained earnings	102,516	102,355	923,574
Treasury stock, at cost: 4,159,010 shares at March 31, 2021 and			
8,985,121 shares at March 31, 2020	(5,206)	(10,401)	(46,901)
Total shareholders' equity	124,318	119,059	1,119,989
Accumulated other comprehensive income:			
Valuation difference on available-for-sale securities	2,681	1,194	24,153
Deferred gains or losses on hedges	(27)	(16)	(244)
Foreign currency translation adjustments	(13,913)	(11,936)	(125,348)
Remeasurements of defined benefit plans	(641)	(1,387)	(5,783)
Total accumulated other comprehensive income	(11,901)	(12,145)	(107,223)
Stock acquisition rights (Note 18)	35	40	320
Non-controlling interests	12,812	11,760	115,424
Total net assets	125,264	118,714	1,128,511
Total	¥205,196	¥193,581	\$1,848,615

The accompanying notes are an integral part of these statements.

* This includes 362,000 shares held as a trust-type employee shareholding incentive plan (E-Ship).

Consolidated Statements of Income

Fujitec Co., Ltd. and Consolidated Subsidiaries (Years ended March 31, 2021 and 2020)

	Millions of Yen		Thousands of U.S. Dollars
	2021	2020	2021 (Note 1)
Net sales	¥169,573	¥181,232	\$1,527,693
Cost of sales (Note 10 and 11)	129,690	141,009	1,168,382
Gross profit	39,883	40,223	359,310
Selling, general and administrative expenses (Note 10 and 12)	26,594	26,848	239,591
Operating income	13,288	13,375	119,719
Other income:			
Interest income	1,154	1,350	10,401
Dividend income	193	188	1,740
Rental income	126	148	1,137
Miscellaneous income	272	144	2,453
Total other income	1,746	1,830	15,733
Other expenses:			
Interest expenses	150	173	1,358
Foreign exchange loss	138	138	1,248
Litigation expenses	—	80	—
Miscellaneous loss	112	132	1,010
Total other expenses	401	523	3,617
Ordinary income	14,633	14,682	131,835
Special gain:			
Gain on sales of property, plant and equipment (Note 13)	13	190	119
Gain on sales of investment securities (Note 4)	242	127	2,184
Subsidy income	537	52	4,843
Total special gain	793	369	7,147
Special loss:			
Loss on sales of property, plant and equipment (Note 13)	14	7	133
Loss on retirement of property, plant and equipment (Note 13)	24	90	224
Impairment loss	24	—	220
Loss on sales of investment securities (Note 4)	59	—	535
Loss on valuation of shares of subsidiaries and associates	265	440	2,393
Loss on valuation of investments in capital of subsidiaries and associates	12	21	111
Total special loss	401	558	3,619
Profit before income taxes	15,025	14,493	135,364
Income taxes (Note 5):			
Income taxes expense	5,062	3,747	45,610
Deferred taxes expense	(690)	(759)	(6,216)
Total income taxes	4,372	2,988	39,394
Profit	10,652	11,505	95,969
Profit attributable to non-controlling interests	1,365	1,589	12,301
Profit attributable to owners of parent	¥ 9,287	¥ 9,916	\$ 83,668
Per share information (Note 21):	Yen		U.S. Dollars (Note 1)
Net income per share	¥ 114.52	¥ 122.46	\$ 1.03
Diluted net income per share	114.46	122.40	1.03
Cash dividends per share	60.00	50.00	0.54

The accompanying notes are an integral part of these statements.

Consolidated Statements of Comprehensive Income

Fujitec Co., Ltd. and Consolidated Subsidiaries (Years ended March 31, 2021 and 2020)

	Millions of Yen		Thousands of U.S. Dollars
	2021	2020	2021 (Note 1)
Profit	¥10,652	¥11,505	\$ 95,969
Other comprehensive income (Note 3):			
Net unrealized gains on securities	1,486	(1,006)	13,393
Deferred gains or losses on hedges	(13)	(18)	(118)
Foreign currency translation adjustments	(1,868)	(1,255)	(16,833)
Remeasurements of defined benefit plans	745	(436)	6,716
Total other comprehensive income	350	(2,715)	3,157
Comprehensive income	¥11,003	¥ 8,790	\$ 99,127
Comprehensive income attributable to:			
Owners of parent	¥ 9,530	¥ 7,524	\$ 85,860
Non-controlling interests	1,472	1,266	13,267

The accompanying notes are an integral part of these statements.

Consolidated Statements of Changes in Net Assets

Fujitec Co., Ltd. and Consolidated Subsidiaries (Years ended March 31, 2021 and 2020)

	Thousand shares	Millions of Yen				
	Number of shares of common stock issued	Shareholders' equity				
		Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Total
Balance at April 1, 2019	90,067	¥12,534	¥14,569	¥ 96,087	¥(10,631)	¥112,559
Change in ownership interest of parent due to transactions with non-controlling interests			2			2
Dividends from surplus				(3,648)		(3,648)
Profit attributable to owners of parent			9,916			9,916
Purchase of treasury stock					(0)	(0)
Disposal of treasury stock					230	230
Net changes of items other than shareholders' equity						
Balance at April 1, 2020	90,067	12,533	14,571	102,355	(10,401)	119,059
Change in ownership interest of parent due to transactions with non-controlling interests			(3)			(3)
Dividends from surplus				(4,054)		(4,054)
Change in scope of consolidation			(93)			(93)
Profit attributable to owners of parent			9,287			9,287
Purchase of treasury stock					(930)	(930)
Disposal of treasury stock			449	(2)	607	1,054
Cancellation of treasury stock	(4,767)		(5,518)		5,518	—
Transfer from retained earnings to capital surplus			5,069	(5,069)		—
Net changes of items other than shareholders' equity						
Balance at March 31, 2021	85,300	¥12,533	¥14,474	¥102,516	¥(5,206)	¥124,318

	Millions of Yen							
	Accumulated other comprehensive income							
	Net unrealized gains on securities	Deferred gains or losses on hedges	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total	Stock acquisition rights	Non-controlling interests	Total net assets
Balance at April 1, 2019	¥ 2,200	¥(1)	¥ (11,000)	¥ (951)	¥ (9,752)	¥40	¥11,076	¥113,923
Change in ownership interest of parent due to transactions with non-controlling interests								2
Dividends from surplus								(3,648)
Profit attributable to owners of parent								9,916
Purchase of treasury stock								(0)
Disposal of treasury stock								230
Net changes of items other than shareholders' equity	(1,006)	(15)	(936)	(436)	(2,393)	—	684	(1,709)
Balance at April 1, 2020	1,194	(16)	(11,935)	(1,387)	(12,145)	40	11,760	118,714
Change in ownership interest of parent due to transactions with non-controlling interests								(3)
Dividends from surplus								(4,054)
Change in scope of consolidation								(93)
Profit attributable to owners of parent								9,287
Purchase of treasury stock								(930)
Disposal of treasury stock								1,054
Cancellation of treasury stock								—
Transfer from retained earnings to capital surplus								—
Net changes of items other than shareholders' equity	1,486	(11)	(1,977)	745	243	(4)	1,052	1,290
Balance at March 31, 2021	¥ 2,681	¥ (27)	¥(13,913)	¥(641)	¥(11,901)	¥35	¥12,812	¥125,264

	Thousand shares	Thousands of U.S. Dollars (Note 1)				
	Number of shares of common stock issued	Shareholders' equity				
		Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Total
Balance at April 1, 2020	90,067	\$112,918	\$131,272	\$922,119	\$(93,705)	\$1,072,604
Change in ownership interest of parent due to transactions with non-controlling interests			(30)			(30)
Dividends from surplus				(36,524)		(36,524)
Change in scope of consolidation			(843)			(843)
Profit attributable to owners of parent				83,668		83,668
Purchase of treasury stock					(8,380)	(8,380)
Disposal of treasury stock			4,045	(18)	5,468	9,496
Cancellation of treasury stock	(4,767)		(49,715)		49,715	—
Transfer from retained earnings to capital surplus			45,669	(45,669)		—
Net changes of items other than shareholders' equity						
Balance at March 31, 2021	85,300	\$112,918	\$130,398	\$923,574	\$(46,901)	\$1,119,989

	Thousands of U.S. Dollars (Note 1)							
	Accumulated other comprehensive income							
	Net unrealized gains on securities	Deferred gains or losses on hedges	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total	Stock acquisition rights	Non-controlling interests	Total net assets
Balance at April 1, 2020	\$10,760	\$(144)	\$(107,531)	\$(12,500)	\$(109,415)	\$364	\$105,946	\$1,069,499
Change in ownership interest of parent due to transactions with non-controlling interests								(30)
Dividends from surplus								(36,524)
Change in scope of consolidation								(843)
Profit attributable to owners of parent								83,668
Purchase of treasury stock								(8,380)
Disposal of treasury stock								9,496
Cancellation of treasury stock								—
Transfer from retained earnings to capital surplus								—
Net changes of items other than shareholders' equity	13,393	(99)	(17,817)	6,716	2,192	(44)	9,477	11,626
Balance at March 31, 2021	\$24,153	\$(244)	\$(125,348)	\$(5,783)	\$(107,223)	\$320	\$115,424	\$1,128,511

The accompanying notes are an integral part of these statements.

Consolidated Statements of Cash Flows

Fujitec Co., Ltd. and Consolidated Subsidiaries (Years ended March 31, 2021 and 2020)

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2021	2020	2021
	Cash flows from operating activities:		
Profit before income taxes	¥15,025	¥14,493	\$135,364
Depreciation and amortization	3,457	3,131	31,144
Increase (decrease) in allowance for doubtful accounts	221	166	1,997
Increase (decrease) in provision for bonuses to employees	221	638	1,994
Increase (decrease) in provision for losses on construction contracts	2,659	521	23,957
Interest and dividends income	(1,347)	(1,538)	(12,142)
Interest expenses	150	173	1,358
Decrease (increase) in notes and accounts receivable - trade	2,691	(8,236)	24,245
Decrease (increase) in inventories	14	1,190	135
Increase (decrease) in notes and accounts payable - trade	(940)	(568)	(8,470)
Loss (gain) on sales of investment securities	(183)	(127)	(1,649)
Increase (decrease) in advances received	1,992	3,068	17,954
Loss (gain) on sales and retirement of property, plant and equipment	26	(93)	238
Increase (decrease) in net defined benefit liability	361	215	3,259
Other, net	1,013	1,458	9,130
Subtotal	25,365	14,491	228,519
Income taxes paid	(3,822)	(3,413)	(34,438)
Net cash provided by (used in) operating activities	21,542	11,078	194,080
Cash flows from investing activities:			
Payments into time deposits	(22,535)	(16,040)	(203,024)
Proceeds from withdrawal of time deposits	17,442	13,396	157,138
Purchase of property, plant and equipment	(2,909)	(2,562)	(26,211)
Proceeds from sales of property, plant and equipment	24	210	221
Purchase of investment securities	(167)	(401)	(1,513)
Proceeds from sales of investment securities	600	419	5,406
Purchase of intangible assets	(190)	(208)	(1,712)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(1,471)	—	(13,258)
Collection of loans receivable	94	410	853
Interest and dividends received	1,508	1,383	13,591
Other, net	(351)	(949)	(3,166)
Net cash provided by (used in) investing activities	(7,955)	(4,342)	(71,675)
Cash flows from financing activities:			
Net increase (decrease) in short-term debt	(1,669)	726	(15,037)
Proceeds from long-term debt	930	—	8,378
Repayment of long-term debt	(332)	(253)	(2,993)
Purchase of treasury stock	(0)	(0)	(3)
Interest paid	(95)	(103)	(860)
Cash dividends paid	(4,053)	(3,647)	(36,521)
Dividends paid to non-controlling interests	(674)	(571)	(6,072)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(4)	(7)	(39)
Other, net	33	55	302
Net cash provided by (used in) financing activities	(5,866)	(3,800)	(52,847)
Effect of exchange rate changes on cash and cash equivalents	(62)	(657)	(558)
Net increase (decrease) in cash and cash equivalents	7,658	2,279	68,999
Cash and cash equivalents at beginning of year	28,181	25,902	253,883
Cash and cash equivalents at end of year (Note 14)	¥35,840	¥28,181	\$322,882

The accompanying notes are an integral part of these statements.

Notes to Consolidated Financial Statements

Fujitec Co., Ltd. and Consolidated Subsidiaries (Years ended March 31, 2021 and 2020)

1. Basis of Presentation

The accompanying consolidated financial statements of Fujitec Co., Ltd. (the "Company") and its consolidated subsidiaries have been restructured and translated into English from the consolidated financial statements issued domestically, prepared in accordance with accounting principles generally accepted in Japan and filed with the Financial Services Agency, as required by the Financial Instruments and Exchange Act of Japan. For the purpose of this Annual Report, certain reclassifications have been made to present the accompanying financial statements in a form more familiar to readers outside Japan.

U.S. dollar amounts, included in the accompanying consolidated financial statements solely for the convenience of readers, have been arithmetically translated from all yen

amounts on a basis of ¥111=\$1, the prevailing exchange rate as of March 31, 2021. The translation should not be construed as a representation that yen could be converted into U.S. dollars at the above or any other rate.

The amounts in the consolidated financial statements and associated notes are shown in millions of yen and thousands of U.S. dollars and shares for the year ended March 31, 2020 and prior periods are rounded. On the other hand, such amounts for the year ended March 31, 2021 are rounded down. Some amounts for the year ended do not match with the previous period and the totals do not necessarily match with the sum of the individual accounts for the year ended March 31, 2021.

2. Summary of Significant Accounting Policies

(A) Principles of consolidation and accounting for investments in unconsolidated subsidiaries and affiliates

The consolidated financial statements as of March 31, 2021 include the accounts of the Company and the following 19 significant subsidiaries (together the "Companies").

Fujitec America, Inc. (U.S.A.)
Fujitec Canada, Inc. (Canada)
Fujitec UK Ltd. (United Kingdom)
Amalgamated Lifts Limited (United Kingdom)
Fujitec Singapore Corpn. Ltd. (Singapore)
FSP Pte. Ltd. (Singapore)
P.T. Fujitec Indonesia (Indonesia)
Fujitec (Malaysia) Sdn. Bhd. (Malaysia)
Fujitec M&E Sdn. Bhd. (Malaysia)
Fujitec India Private Ltd. (India)
Fujitec Lanka (Private) Ltd. (Sri Lanka)
Huasheng Fujitec Elevator Co., Ltd. (China)
Shanghai Huasheng Fujitec Escalator Co., Ltd. (China)
Fujitec Shanghai Sourcing Center Co., Ltd. (China)
Shanghai Tecky Trading Co., Ltd. (China)
Fujitec (HK) Co., Ltd. (Hong Kong)
Rich Mark Engineering Limited (Hong Kong)
Fujitec Taiwan Co., Ltd. (Taiwan)
Fujitec Korea Co., Ltd. (Korea)

As of the current consolidated fiscal year, the Company acquired all outstanding shares of Amalgamated Lifts Limited through wholly owned subsidiary Fujitec UK Ltd., making the aforementioned Company a new subsidiary and adding it as a consolidated entity.

The unconsolidated subsidiaries, which are "Fujitec Argentina S.A." etc., are small in scale and have no material impact on the consolidated financial statements in terms of total assets, net sales, net income (amount corresponding to equity) and retained earnings (amount corresponding to equity). Therefore, they are excluded from the scope of consolidation.

The Company has no unconsolidated subsidiaries and affiliates accounted for under the equity method. The unconsolidated subsidiaries not accounted for under the equity method have no material impact on the consolidated financial statements in terms of net income (amount corresponding to equity) and retained earnings (amount corresponding to equity), and are immaterial as a whole. Therefore, they are excluded from the application of the equity method.

The closing date of the above consolidated subsidiaries is December 31.

In preparing the consolidated financial statements, using consolidated subsidiaries' accounts based on their own closing dates, the necessary adjustments have been made for the significant intercompany transactions incurred from the consolidated subsidiaries' closing date to the consolidated balance sheet date.

All significant intercompany transactions and accounts have been eliminated. Investments in unconsolidated subsidiaries (more than 50% owned) and affiliates (20% to 50% owned) are carried at cost due to their immateriality as a whole. If a decline in value below the cost of an individual security is judged to be material, and other than temporary, the carrying value of the individual security is written down.

(B) Translation of foreign currency transactions

Every monetary asset and liability denominated in foreign currency is translated into Japanese yen at the rate of exchange in effect at each individual balance sheet date, and the resulting exchange gains or losses are recognized in the consolidated statements of income.

(C) Translation of consolidated foreign subsidiaries' accounts

All assets and liabilities of foreign consolidated subsidiaries are translated into Japanese yen at the exchange rates in effect at their balance sheet date. When a significant change in the exchange rates occurs between the foreign consolidated subsidiaries' balance sheet date and the consolidated balance sheet date, the assets and liabilities are translated into Japanese yen at the exchange rates in effect at the consolidated balance sheet date. The items of shareholders' equity are translated at the historical rates at the dates of acquisition, and profit and loss accounts are translated into Japanese yen at the annual average rates.

Any resulting foreign currency translation differences are shown as "Foreign currency translation adjustments" and "Non-controlling interests" in a separate component of net assets.

(D) Cash and cash equivalents

Cash and cash equivalents on the consolidated statements of cash flows are composed of cash on hand, deposits on demand placed at banks and highly liquid investments with insignificant risk of changes in value which have maturities of three months or less when purchased.

(E) Investments in securities

The Companies classify their securities into equity investments in unconsolidated subsidiaries and affiliates, or other securities that are not classified in any of the above categories.

Investments in unconsolidated subsidiaries and affiliates are valued at cost, as determined by the moving-average method. Marketable equity securities and debt securities not classified as held-to-maturity are classified as other securities.

Other securities with a fair market value are stated at fair value with unrealized gains and losses, net of tax, reported as a separate component of net assets. Realized gains and losses, and significant declines in value judged to be other than temporary on those securities, are charged to income.

Other securities without a fair market value are stated at cost, as determined by the moving-average method.

Realized gains and losses on the sale of other securities are computed using moving average method.

(F) Inventories

Inventories are generally stated at cost determined by the specific identification method or the weighted average method. (Balance sheet amounts are written down based on any decline in profitability.)

(G) Property, plant and equipment and depreciation (except for leased assets)

Property, plant and equipment, including significant renewals and additions, are stated at cost.

Depreciation is mainly computed by the declining-balance method. Some foreign consolidated subsidiaries uses the straight-line method.

Buildings (except for accompanying facilities) of the Company which were acquired on or after April 1, 1998 are depreciated by the straight-line method, while the depreciation for buildings was computed by the declining-balance method until the year ended March 31, 1998.

Furthermore, facilities attached to buildings and structures of the Company which were acquired on or after April 1, 2016 are depreciated by the straight-line method, while the depreciation for facilities attached to buildings and structures was computed by the declining-balance method until the year ended March 31, 2016.

The estimated useful life for depreciation:

Buildings and structures : 3 to 50 years
Machinery, equipment, vehicles, tools, furniture and fixtures : 2 to 20 years

(H) Goodwill and other intangible assets (except for leased assets)

Goodwill is amortized on a straight-line basis over a period of 14 or 20 years for consolidation.

Other intangible assets are stated at cost determined by the straight-line method. Own-use software is stated at cost determined by the straight-line method over its estimated useful life (5 years).

(I) Impairment of long-lived assets

The Company has adopted the Japanese accounting standard "Accounting Standard for Impairment of Fixed Assets" and evaluates the carrying value of long-lived assets to be held for use in the business. If the carrying value of a long-lived asset is impaired, a loss is recognized based on the amount by which the carrying value exceeds its recoverable amount. The recoverable amount is the higher of the net selling price or the value in use of the assets, which is determined as the discounted cash flows generated from continuing use of the individual asset or the asset's group.

(J) Income taxes

Income taxes comprise corporate income tax, inhabitant tax and enterprise tax. The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts of assets and liabilities in the financial statements and their respective tax bases.

(K) Provisions

(1) Allowance for doubtful accounts

An allowance for doubtful accounts is stated to provide against the bad debt loss of trade receivables and loans receivable, etc. An allowance for general receivables is calculated by the percentage-of-receivables method, and doubtful receivables are estimated by analysis of specific individual receivables.

(2) Provision for bonuses to employees

Provision for bonuses to employees is calculated on an accrual basis for the financial year on the expected amount to be paid to the employees.

(3) Provision for bonuses to directors

Provision for bonuses to directors is calculated on an accrual basis for the financial year on the expected amount to be paid to the directors.

(4) Provision for losses on construction contracts

When it is estimated reliably that the total construction costs will exceed total construction revenue, an estimated loss on the contract is recognized by providing for losses on construction contracts.

(5) Provision for warranties for completed construction

Provision for warranties for completed construction is recognized at an estimated amount of compensation to be incurred in the future for completed construction.

(L) Accounting method for retirement benefits

Net defined benefit liability is provided for employees' retirement benefits by deducting the pension assets from the retirement benefit obligations, based on estimated balances at the end of the current consolidated fiscal year.

(1) Period allocation method for the estimated retirement benefit amount

Retirement benefit obligations are calculated by allocating the estimated retirement benefit amount until the end of the current consolidated fiscal year on a benefit formula basis.

(2) Amortization of actuarial gains and losses and prior service costs

Unrecognized actuarial gains or losses are amortized beginning in the following consolidated fiscal year by the straight-line method over a specified number of years (10 years) within the average remaining service period of employees at the time the difference arose.

Prior service costs are amortized by the straight-line method over a specified number of years (10 years) within the average remaining service period of employees at the time the cost was incurred.

For certain consolidated subsidiaries, a simplified method is applied for the calculation of net defined benefit liability and retirement benefit expenses in which the necessary retirement benefit provisions for voluntary resignations at the end of the consolidated fiscal year are recorded as retirement benefit obligations.

(M) Derivative and hedging activities

(1) Basis and method for valuation of derivatives

The Company applies the market value method.

(2) Method of hedge accounting

Hedging activities are principally accounted for under the deferred hedge accounting. Hedge accounting is not applied to foreign currency forward contracts of some consolidated subsidiaries.

(3) Hedging instruments and hedged items

(Hedging instruments)

Foreign currency forward contracts

(Hedged items)

Forecasted transaction denominated in foreign currencies and deposits

(4) Hedging policies

Derivative transactions are made for the purpose of hedging risks in the respective financial departments. The fluctuation risk in interests rates related to the hedged item and the market fluctuation risk in foreign currency exchange rates are hedged against within a certain range.

(5) Evaluation of hedge effectiveness

The Company compares cumulative cash flow variations for hedged items and hedging instruments with market fluctuation semi-annually and assesses the effectiveness of hedges based on the amounts of variation in both cases.

(N) Leases

Finance leases, other than those which are deemed to transfer the ownership of leased assets to the lessee, are accounted for in a way similar to purchases, and depreciation for lease assets is computed using the straight-line method with zero residual value over the lease term.

Some foreign subsidiaries prepare the financial statements based on IFRS, and they adopt IFRS 16 (Lease). In line with IFRS 16, the Company generally recognizes all leases as a lessee as assets or liabilities on the consolidated balance sheets.

(O) Revenue recognition

The Company applies the percentage-of-completion method if the outcome of a construction contract can be estimated

reliably. Otherwise, the completed-contract method is applied. The percentage of construction progress is estimated based on the percentage of the cost incurred to the estimated total cost.

Generally, foreign subsidiaries record income from construction contracts using the percentage-of-completion method.

Maintenance services not covered by warranty are provided on a fee basis and revenues from such services are included in net sales.

Currently, the Company and its foreign subsidiaries recognize the total estimated loss when estimates indicate that a loss will be incurred on a contract.

(P) Research and development costs

Research and development costs are charged against income as incurred.

(Q) Net income and cash dividends per share

Net income per share of common stock is computed by net income available to common shareholders divided by the weighted-average number of shares of common stock outstanding during each year.

Diluted net income per share assumes the dilution that would occur if stock acquisition rights were exercised.

Cash dividends per share represent actual amounts applicable to the respective years for which the dividends were proposed by the Board of Directors of the Company. Dividends are charged to retained earnings in the year in which they are paid.

(R) Reclassification of accounts

Certain reclassifications have been made in the 2020 financial statements to conform to the presentation in 2021.

(S) Consumption taxes

Consumption taxes and local consumption taxes are accounted for by the tax exclusion method.

(T) Significant accounting estimates

The following are estimated items expected to have a particularly large impact on the Companies' consolidated financial statements for the following fiscal year.

Provision for losses on construction contracts

(1) Amount recorded in the consolidated financial statements for the current consolidated fiscal year

Provision for losses on construction contracts ¥7,761 million

(2) Details regarding significant accounting estimates for the identified item

The Companies record an estimated amount of loss in the event that, of the undelivered work at the end of the consolidated fiscal year, there is a high probability that the estimated total cost of the work in question will exceed the amount of orders, and that the expected loss amount

can be reasonably estimated. The estimated total cost of work is calculated from available information, such as contract detail and actual costs from past work with the same model. Assumptions used in this calculation will fluctuate due to a variety of factors, including contract changes, construction conditions, and trends in materials/outsourcing prices. Therefore, estimates will be continuously re-verified and revised.

If these estimates are revised, or if actual manufacturing costs incurred differ from estimates, such may have a significant impact on provision for loss on construction contracts and gross profit for the next consolidated fiscal year.

(U) Accounting standards issued but not yet effective

* Accounting Standard for Revenue Recognition (ASBJ Statement No. 29 issued on March 31, 2020)

* Implementation Guidance on Accounting Standard for Revenue Recognition (ASBJ Guidance No. 30 issued on March 26, 2021)

(1) Summary

Accounting Standard is the comprehensive accounting standards on revenue recognition. Revenue recognition is applied using the following five steps:

- 1) Identify the contracts with customer
- 2) Identify the performance obligations in the contract
- 3) Determine the transaction price
- 4) Allocate the transaction price to the performance obligations in the contract
- 5) Recognize revenue when (or as) the entity satisfies a performance obligation

(2) Effective dates

The Company intends to adopt this accounting standard and guidance from the beginning of the consolidated fiscal year ending March 31, 2022.

(3) Impact of adoption of the standard and guidance

The impact of adopting this accounting standard and guidance is currently under evaluation.

* Accounting Standard for Fair Value Measurement (ASBJ Statement No. 30 issued on July 4, 2019)

* Implementation Guidance on Accounting Standard for Fair Value Measurement (ASBJ Guidance No. 31 issued on July 4, 2019)

* Accounting Standard for Measurement of Inventories (ASBJ Statement No. 9 issued on July 4, 2019)

* Accounting Standard for Financial Instruments (ASBJ Statement No. 10 issued on July 4, 2019)

* Implementation Guidance on Disclosures about Fair Value of Financial Instruments (ASBJ Guidance No. 19 issued on March 31, 2020)

(1) Summary

“Accounting Standard for Fair Value Measurement” and “Implementation Guidance on Accounting Standard for Fair Value Measurement” (hereinafter, “Accounting Standards for Fair Value Measurement, etc.”) have been developed as guidance on the method of fair value measurement in order to improve comparability with international accounting standards. “Accounting Standards for Fair Value Measurement, etc.” are applied to the fair values of the following items.

* Financial instruments in “Accounting Standard for Financial Instruments”

* Inventories held for trading in “Accounting Standard for Measurement of Inventories”

“Implementation Guidance on Disclosures about Fair Value of Financial Instruments” has been revised to include notes regarding the breakdown by level of fair values of financial instruments.

(2) Effective dates

The Company intends to adopt this accounting standard and guidance from the beginning of the consolidated fiscal year ending March 31, 2022.

(3) Impact of adoption of the standard and guidance

The impact of adopting this accounting standard and guidance is currently under evaluation.

(V) Change in presentation method

Changes due to the adoption of “Accounting Standard for Disclosure of Accounting Estimates”

We adopted “Accounting Standard for Disclosure of Accounting Estimates (ASBJ Statement No. 31 issued on March 31, 2020)” beginning with the current consolidated fiscal year.

This disclosure is included as Notes on Accounting Estimates in the Notes to Consolidated Financial Statements.

However, in accordance with the transitional treatment as stipulated in the proviso under Paragraph 11 of the said Accounting Standard, descriptions pertaining to the prior fiscal year are not stated in the said notes.

(W) Additional information

Transaction to deliver Fujitec Co., Ltd. shares to employees, etc. via trust

At a meeting held November 6, 2020, the Fujitec Co., Ltd. Board of Directors resolved to adopt a Trust-Type Employee Shareholding Incentive Plan (E-Ship; “Plan”). The purpose of this plan is to incentivize employees to raise corporate value over the medium and long term, to expand employee welfare benefits, and to encourage steady Company growth by motivating employees through equity participation.

(1) Outline of the transactions

The Plan is a Trust-Type Employee Shareholding Incentive Plan (E-Ship) available to all employees who participate in the Fujitec Employee Shareholding Association (“Shareholding Association”). Under the Plan, the Company will establish the Fujitec Employee Shareholding Association Trust (“Trust”) within a trust bank with whom the Company has a business relationship. The Trust will acquire Company stock that the Shareholding Association is expected to acquire over the next five years via third party allotment, leveraging borrowings from the Company’s transaction financial institutions as the source of funds. Thereafter, the Trust will sell the Company shares in question to the Shareholding Association on an ongoing basis. If, upon the conclusion of the Trust, the Trust has accumulated an amount equivalent to a gain on sale of stock, such amount equivalent to said gain shall be distributed as residual assets to those persons meeting requirements as beneficiaries. Fujitec Co., Ltd. will guarantee the loans used to acquire Company shares by the Trust. Therefore, if the Trust accumulates an amount equivalent to a loss on sale of stock and the Trust has accumulated a debt balance equivalent to such loss on the sale of Company stock at the conclusion of the Trust, the Company will repay the remaining debt in question.

(2) Shares of the Company remaining in the Trust

Company shares remaining in the Trust are recorded as treasury stock under net assets at the carrying value of the Trust (excluding incidental expenses). The carrying value and number of shares of treasury stock for the year ended March 31, 2021 amounted to ¥810 million (US\$7,301 thousand) and 362 thousand shares, respectively.

(3) Carrying value of borrowings recorded via application of the gross method for the year ended March 31, 2021 is ¥809 million (US\$7,290 thousand).

Impact of COVID-19 on accounting estimates

The spread of COVID-19 has had a negative impact on Fujitec Group business activities. However, it is difficult to predict when COVID-19 infections will slow, due to the reemergence of infections and other developments. The Group has made accounting estimates for the impairment of fixed assets and recoverability of deferred tax assets assuming that wider vaccinations and other measures in countries around the world will lead to a slowing in infections beginning in the second half of the next consolidated fiscal year.

3. Other Comprehensive Income

Reclassification adjustments and tax effect of each component of other comprehensive income for the years ended March 31, 2021 and 2020 are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2021	2020	(Note 1)
Net unrealized gains on securities:			2021
Arising during the fiscal year	¥2,302	¥(1,331)	\$20,741
Reclassification adjustment	(183)	(127)	(1,649)
Sub-total, before tax	2,119	(1,458)	19,092
Tax effect	(632)	452	(5,699)
Net unrealized gains on securities	1,486	(1,006)	13,393
Deferred gains or losses on hedges:			
Arising during the fiscal year	(13)	(18)	(124)
Reclassification adjustment	0	(0)	5
Sub-total, before tax	(13)	(18)	(118)
Tax effect	—	—	—
Deferred gains or losses on hedges	(13)	(18)	(118)
Foreign currency translation adjustments:			
Arising during the fiscal year	(1,868)	(1,255)	(16,833)
Reclassification adjustment	—	—	—
Sub-total, before tax	(1,868)	(1,255)	(16,833)
Tax effect	—	—	—
Foreign currency translation adjustments	(1,868)	(1,255)	(16,833)
Remeasurements of defined benefit plans			
Arising during the fiscal year	751	(753)	6,770
Reclassification adjustment	322	158	2,908
Sub-total, before tax	1,074	(595)	9,679
Tax effect	(328)	159	(2,962)
Remeasurements of defined benefit plans	745	(436)	6,716
Total other comprehensive income			
Sub-total, before tax	1,311	(3,326)	11,819
Tax effect	(961)	611	(8,661)
Total other comprehensive income	¥ 350	¥(2,715)	\$ 3,157

4. Investment Securities

(1) Available-for-sale securities at March 31, 2021 and 2020 are summarized as follows:

	Millions of Yen					
	2021			2020		
	Book value (Estimated fair value)	Acquisition cost	Gross unrealized gains (losses)	Book value (Estimated fair value)	Acquisition cost	Gross unrealized gains (losses)
Securities whose book value exceeds their acquisition cost:						
Equity securities	¥7,819	¥3,927	¥3,892	¥4,669	¥2,396	¥2,273
Sub-total	7,819	3,927	3,892	4,669	2,396	2,273
Securities whose book value does not exceed their acquisition cost:						
Equity securities	229	302	(73)	1,675	2,249	(574)
Sub-total	229	302	(73)	1,675	2,249	(574)
Total	¥8,048	¥4,229	¥3,818	¥6,344	¥4,645	¥1,699

	Thousands of U.S. Dollars (Note 1)		
	2021		
	Book value (Estimated fair value)	Acquisition cost	Gross unrealized gains (losses)
Securities whose book value exceeds their acquisition cost:			
Equity securities	\$70,445	\$35,380	\$35,064
Sub-total	70,445	35,380	35,064
Securities whose book value does not exceed their acquisition cost:			
Equity securities	2,063	2,724	(660)
Sub-total	2,063	2,724	(660)
Total	\$72,508	\$38,105	\$34,403

Since unlisted stocks and investment in unconsolidated subsidiaries and affiliates have no quoted market prices and they are extremely difficult to determine their fair values, these stocks are not included in the above table. The carrying amounts of these stock are shown in Note 16 (2).

(2) Available-for-sale securities sold for the years ended March 31, 2021 and 2020 are summarized as follows:

	Millions of Yen					
	2021			2020		
	Sales proceeds	Gains on sales	Losses on sales	Sales proceeds	Gains on sales	Losses on sales
Equity securities	¥600	¥242	¥59	¥154	¥126	¥—
Other	—	—	—	100	1	—
Total	¥ 600	¥ 242	¥59	¥254	¥127	¥—

	Thousands of U.S. Dollars (Note 1)		
	2021		
	Sales proceeds	Gains on sales	Losses on sales
Equity securities	\$5,406	\$2,184	\$535
Other	—	—	—
Total	\$5,406	\$2,184	\$535

(3) Securities subject to the recognition of impairment losses for the year ended March 31, 2021 and 2020 are summarized as follows:

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2021	2020	2021
Share of unconsolidated subsidiaries	¥265	¥440	\$2,393
Total	¥265	¥440	\$2,393

5. Income Taxes

The Company is subject to corporate income tax, inhabitant tax and enterprise tax, based on income which, in the aggregate, indicates a normal statutory tax rate of approximately 30.62% for the years ended March 31, 2021 and 2020. Income tax rates of the consolidated foreign subsidiaries range from 16.39% to 33.99% for the years ended March 31, 2021 and from 16.35% to 33.99% for the years ended March 31, 2020.

(1) The major components of deferred tax assets and liabilities at March 31, 2021 and 2020 are summarized as follows:

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2021	2020	2021
Deferred tax assets:			
Tax loss carryforwards*2	¥ 2,069	¥ 2,248	\$ 18,642
Net defined benefit liability	852	1,077	7,680
Provision for bonuses to employees	590	576	5,322
Provision for losses on construction contracts	1,475	1,009	13,292
Allowance for doubtful accounts	607	559	5,475
Other	2,368	1,743	21,336
Subtotal deferred tax assets	7,964	7,212	71,749
Valuation allowance related to net tax loss carryforwards*2	(1,276)	(1,301)	(11,499)
Valuation allowance related to the total of future deductible amount, etc.	(810)	(518)	(7,302)
Subtotal valuation allowance*1	(2,086)	(1,819)	(18,801)
Total deferred tax assets	5,877	5,393	52,948
Deferred tax liabilities:			
Valuation difference on available-for-sale securities	(1,137)	(505)	(10,250)
Dividend income received from subsidiaries	(227)	(46)	(2,052)
Other	(224)	(192)	(2,026)
Total deferred tax liabilities	(1,590)	(743)	(14,329)
Net deferred tax assets	¥ 4,286	¥ 4,650	\$ 38,618

*1 The valuation allowance increased by ¥268 million. The main reason for this increase is the recognition of the valuation allowance ¥281 million for the gain on transfer of equity due to the transfer of sub-subsidiary.

*2 The amount of net tax loss carryforwards and amounts of deferred tax assets by carryforwards period at March 31, 2021 and 2020 is as follows:

	Millions of Yen					
	2021					
	Within 1 year	After 1 years through 2 years	After 2 years through 3 years	After 3 years through 4 years	After 4 years through 5 years	After 5 years
Net tax loss carryforwards	¥ 45	¥ 70	¥ 84	¥ 65	¥ 58	¥1,744
Valuation allowance	(45)	(70)	(84)	(65)	(58)	(951)
Deferred tax assets	—	—	—	—	—	792

	Millions of Yen						Total
	2020						
	Within 1 year	After 1 years through 2 years	After 2 years through 3 years	After 3 years through 4 years	After 4 years through 5 years	After 5 years	
Net tax loss carryforwards	¥ 83	¥ 49	¥ 77	¥ 92	¥ 70	¥1,877	¥ 2,248
Valuation allowance	(83)	(49)	(77)	(92)	(70)	(930)	(1,301)
Deferred tax assets	—	—	—	—	—	947	947

	Thousands of U.S. Dollars (Note 1)						Total
	2021						
	Within 1 year	After 1 years through 2 years	After 2 years through 3 years	After 3 years through 4 years	After 4 years through 5 years	After 5 years	
Net tax loss carryforwards	\$ 408	\$ 636	\$ 765	\$ 589	\$ 525	\$ 15,716	\$ 18,642
Valuation allowance	(408)	(636)	(765)	(589)	(525)	(8,573)	(11,499)
Deferred tax assets	—	—	—	—	—	7,143	7,143

a) The net tax loss carryforwards is an amount multiplied by the statutory tax rate.

(2) A reconciliation between the Company's statutory tax rate and the effective tax rate at March 31, 2021 and 2020 is as follows:

	2021	2020
Statutory tax rate	30.62%	30.62%
Non-deductible expenses	0.17	0.29
Valuation allowance for deferred tax assets	2.85	(3.61)
Per capita inhabitant tax	0.86	0.88
Net loss of consolidated subsidiaries	(0.01)	(1.07)
Effect of foreign tax rate differences	(6.15)	(6.07)
Other	0.76	(0.43)
Effective tax rate	29.10%	20.61%

6. Short-term Debt and Long-term Debt

(1) Short-term debt at March 31, 2021 and 2020 consists of the following:

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2021	2020	2021
Loans, mainly from banks at weighted-average interest rates of 1.36% in 2021 and 1.86% in 2020.	¥2,317	¥3,990	\$20,874

(2) Long-term debt at March 31, 2021 and 2020 consists of the following:

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2021	2020	2021
Loans, mainly from banks and insurance companies at weighted-average interest rates of 3.94% in 2020 for current portion of long-term debt.	¥809	¥217	\$7,290
	809	217	7,290
Less: portion due within one year	—	217	—
	¥809	¥ —	\$7,290

Notes: (1) Long-term debt at March 31, 2021 ¥809 million (US\$7,290 thousand) is for the Trust-Type Employee Shareholding Incentive Plan (E-Ship) and the redemption amount cannot be expected.

(2) As of March 31, 2021, the following assets and liabilities are pledged as collateral for transactions with a bank:

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2021	2020	2021
Building and structure (at net book value)	¥2,106	¥2,179	\$18,974
Machinery, equipment and vehicles (net book value)	99	116	892
Land	252	252	2,271
	¥2,457	¥2,547	\$22,139
Short-term debt	¥ —	¥ —	\$ —

7. Leases

(1) The amounts related to finance lease assets at March 31, 2021 and 2020 are as follows:

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2021	2020	2021
Machinery and equipment:			
Acquisition costs	¥ 982	¥ 974	\$ 8,848
Accumulated depreciation	(442)	(280)	(3,990)
Book value	¥ 539	¥ 694	\$ 4,858
Future minimum lease payments:			
Due within one year	¥ 241	¥ 247	\$ 2,178
Due after one year	351	447	3,169
Total	¥ 593	¥ 694	\$ 5,348

The acquisition costs and future minimum lease payments under finance leases include imputed interest expense.

(2) The annual repayment schedule of lease payments (excluding due within one year) over a period of five years from March 31, 2021 are as follows:

	Millions of Yen	Thousands of U.S. Dollars (Note 1)
	2021	2021
Due after one year within two years	¥168	\$1,514
Due after two years within three years	117	1,061
Due after three years within four years	55	501
Due after four years within five years	4	41

(3) The amounts related to non-cancellable operating lease assets at March 31, 2021 and 2020 are as follows:

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2021	2020	2021
Future minimum lease payments:			
Due within one year	¥1,147	¥1,333	\$10,336
Due after one year	1,712	2,795	15,426
Total	¥2,859	¥4,128	\$25,763

8. Shareholders' Equity

Under the Corporate Law of Japan (the "Companies Act"), the entire amount paid for new shares must be designated as common stock. However, a company may, by resolution of the Board of Directors, designate an amount not exceeding one-half of the price of the new shares as additional paid-in capital.

The Companies Act provides that an amount equal to 10% of dividends must be appropriated as a legal reserve (a component of retained earnings) or as additional paid-in capital, depending on the equity account charged upon the payment of such

dividends, until the aggregate amount of legal reserve and additional paid-in capital equals 25% of common stock. Under the Companies Act, the total amount of additional paid-in capital and legal reserve may be reversed without limitation. The Companies Act also provides that common stock, legal reserve, additional paid-in capital, other capital surplus, and retained earnings can be transferred among the accounts under certain conditions by resolution of the shareholders.

(1) Issued shares

Increase and decrease in issued shares for the years ended March 31, 2021 and 2020 are summarized as follows:

Type of share	Number of shares (Thousands)			
	2021			
	April 1, 2020	Increase	Decrease	March 31, 2021
Common stock	90,067	—	4,767	85,300

* Reason for change
The breakdown of increases and decreases is as follows:
Decrease due to cancellation of treasury stock: 4,767 thousand shares

Type of share	Number of shares (Thousands)			
	2020			
	April 1, 2019	Increase	Decrease	March 31, 2020
Common stock	90,067	—	—	90,067

(2) Treasury stock

Increase and decrease in treasury stock for the years ended March 31, 2021 and 2020 are summarized as follows:

Type of share	Number of shares (Thousands)			
	2021			
	April 1, 2020	Increase	Decrease	March 31, 2021
Common stock	8,985	415	5,241	4,159

Note: The number of treasury shares of common stock as of March 31, 2021, was 216 thousand shares due to purchase of fractional shares, 362 thousand shares held as a trust-type employee shareholding incentive plan (E-Ship), and 3,580 thousand shares due to acquisition of treasury stock.

* Reason for change
The details of increases and decreases are as follows:
Increase due to purchase of fractional shares: 0 thousand shares
Increase due to introduction of the E-Ship Trust-Type Employee Shareholding Incentive Plan: 415 thousand shares
Cancellation of treasury stock by resolution of Board of Directors' meeting held on December 4, 2020: 4,767 thousand shares
Disposal of treasury stock by resolution of Board of Directors' meeting held on November 6, 2020: 415 thousand shares
Decrease due to sale to the Company's employee stock ownership association due to the E-Ship Trust-Type Employee Shareholding Incentive Plan: 53 thousand shares
Decrease due to exercise of stock acquisition rights: 6 thousand shares

Type of share	Number of shares (Thousands)			
	2020			
	April 1, 2019	Increase	Decrease	March 31, 2020
Common stock	9,198	0	213	8,985

Note: The number of treasury shares of common stock as of March 31, 2020, was 216 thousand shares due to purchase of fractional shares and 8,769 thousand shares due to acquisition of treasury stock.

* Reason for change
The details of increases and decreases are as follows:
Decrease due to sales of shares by the ESOP Trust supporting the employee shareholding association to the Company's employees shareholding association: 73 thousand shares
Decrease due to sales of shares from the ESOP Trust supporting the employee shareholding association to the market: 140 thousand shares

(3) Stock acquisition rights

Increase and decrease in stock acquisition rights for the years ended March 31, 2021 and 2020 are summarized as follows:

Company name	Breakdown	Type of share	2021					Thousands of U.S. Dollars (Note1)
			April 1, 2020	Number of shares (Thousands)		March 31, 2021	Millions of Yen	
				Increase	Decrease			
Fujitec Co., Ltd.	Stock acquisition rights as stock options resolved by Resolution of Board of Directors' meeting on November 8, 2013	—	—	—	—	—	¥21	\$192
Fujitec Co., Ltd.	Stock acquisition rights as stock options resolved by Resolution of Board of Directors' meeting on August 7, 2014	—	—	—	—	—	¥11	\$103
Fujitec Co., Ltd.	Stock acquisition rights as stock options resolved by Resolution of Board of Directors' meeting on August 7, 2015	—	—	—	—	—	¥ 2	\$ 25
Total			—	—	—	—	¥35	\$320

Company name	Breakdown	Type of share	2020					Millions of Yen
			April 1, 2019	Number of shares (Thousands)		March 31, 2020	Ended balance	
				Increase	Decrease			
Fujitec Co., Ltd.	Stock acquisition rights as stock options resolved by Resolution of Board of Directors' meeting on November 8, 2013	—	—	—	—	—	¥21	
Fujitec Co., Ltd.	Stock acquisition rights as stock options resolved by Resolution of Board of Directors' meeting on August 7, 2014	—	—	—	—	—	¥16	
Fujitec Co., Ltd.	Stock acquisition rights as stock options resolved by Resolution of Board of Directors' meeting on August 7, 2015	—	—	—	—	—	¥ 3	
Total			—	—	—	—	¥40	

(4) Dividends

(A) Dividends paid for the years ended March 31, 2021 and 2020 are as follows:

Resolution	Type of share	2021				Recorded date	Effective date
		Total dividends		Dividends per share			
		Millions of Yen	Thousands of U.S. Dollars (Note 1)	Yen	U.S. Dollars (Note 1)		
Annual Meeting of Shareholders on June 23, 2020	Common stock	¥2,432	\$21,914	¥30.00	\$0.27	March 31, 2020	June 24, 2020
Board of Directors' Meeting on November 6, 2020	Common stock	¥1,621	\$14,610	¥20.00	\$0.18	September 30, 2020	December 1, 2020

2020					
Resolution	Type of share	Total dividends	Dividends per share	Recorded date	Effective date
		Millions of Yen	Yen		
Annual Meeting of Shareholders on June 21, 2019* ¹	Common stock	¥2,027	¥25.00	March 31, 2019	June 24, 2019
Board of Directors' Meeting on November 8, 2019* ²	Common stock	¥1,621	¥20.00	September 30, 2019	December 2, 2019

*1 Total dividends resolved at Annual Meeting of Shareholders on June 21, 2019 include dividends of ¥5 million on the Company's shares held by the ESOP Trust Supporting Employee Shareholding Association.

*2 Total dividends resolved at Board of Directors' Meeting on November 8, 2019 include dividends of ¥2 million on the Company's shares held by the ESOP Trust Supporting Employee Shareholding Association.

(B) Dividends with a record date for the years ended March 31, 2021 and 2020, payable in the following fiscal year are as follows:

2021								
Resolution	Type of share	Resource of dividends	Total dividends		Dividends per share		Recorded date	Effective date
			Millions of Yen	Thousands of U.S. Dollars (Note 1)	Yen	U.S. Dollars (Note 1)		
Annual Meeting of Shareholders on June 22, 2021* ¹	Common stock	Retained earnings	¥3,260	\$29,370	¥40.00	\$0.36	March 31, 2021	June 23, 2021

*1 Total dividends include dividends of 14 million (US\$130 thousand) for the Company's shares held as the E-Ship Trust-Type Employee Shareholding Incentive Plan.

2020						
Resolution	Type of share	Resource of dividends	Total dividends	Dividends per share	Recorded date	Effective date
			Millions of Yen	Yen		
Annual Meeting of Shareholders on June 23, 2020	Common stock	Retained earnings	¥2,432	¥30.00	March 31, 2020	June 24, 2020

9. Retirement Benefits

The Company and its consolidated subsidiaries adopt funded and non-funded defined benefit plans, and defined contribution plans, which cover substantially all employees.

The Company adopts defined benefit pension plans and lump-sum severance payment plans. Its consolidated subsidiaries adopt mainly lump-sum severance payment plans and defined contribution pension plans.

Certain consolidated subsidiaries calculate net defined benefit liability and retirement benefit expenses using the simplified accounting method.

1. Defined benefit plans

(1) Changes to the balance of retirement benefit obligations at the beginning and end of the period as of March 31, 2021 and 2020 (except adoption of the simplified accounting method)

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2021	2020	2021
Beginning balance of retirement benefit obligations	¥15,961	¥14,391	\$143,799
Service cost	1,060	1,183	9,558
Interest cost	67	68	609
Actuarial gains and losses	151	128	1,368
Retirement benefits paid	(829)	(860)	(7,468)
Other	(2)	1,052	(25)
End balance of retirement benefit obligations	¥16,410	¥15,962	\$147,841

(2) Changes to the balance of pension assets at the beginning and end of the period as of March 31, 2021 and 2020 (except adoption of the simplified accounting method)

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2021	2020	2021
Beginning balance of pension assets	¥11,943	¥12,206	\$107,598
Expected return on plan assets	238	244	2,151
Actuarial gains and losses	909	(550)	8,197
Employer contribution	500	507	4,507
Retirement benefits paid	(487)	(464)	(4,387)
End balance of pension assets	¥13,105	¥11,943	\$118,066

(3) Changes to the balance of net defined benefit liability at the beginning and end of the period as of March 31, 2021 and 2020 (only adoption of the simplified accounting method)

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2021	2020	2021
Beginning balance of net defined benefit liability	¥58	¥ 1,124	\$525
Retirement benefit expenses	9	33	82
Retirement benefits paid	(9)	(6)	(84)
Other	(2)	(1,093)	(20)
End balance of net defined benefit liability	¥55	¥ 58	\$502

(4) Changes to the balance of retirement benefit obligations and pension assets at the end of the period as of March 31, 2021 and 2020, and net defined benefit liability and asset recorded in the consolidated balance sheets (included adoption of the simplified accounting method)

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2021	2020	2021
Funded retirement benefit obligations	¥ 12,315	¥ 12,001	\$ 110,948
Pension assets	(13,105)	(11,943)	(118,066)
	(790)	58	(7,117)
Non-funded retirement benefit obligations	4,150	4,019	37,394
Net liabilities and assets recorded in the consolidated balance sheets	3,360	4,077	30,276
Net defined benefit liability	4,150	4,077	37,394
Net defined benefit asset	(790)	—	(7,117)
Net liabilities and assets recorded in the consolidated balance sheets	¥ 3,360	¥ 4,077	\$ 30,276

(5) Retirement benefit expenses and the breakdown of amounts

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2021	2020	2021
Service cost	¥1,060	¥1,183	\$ 9,558
Interest cost	67	68	609
Expected return on plan assets	(238)	(244)	(2,151)
Amortization of actuarial gains and losses	313	154	2,826
Amortization of prior service costs	2	2	19
Retirement benefit expenses calculated by the simplified accounting method	9	33	82
Retirement benefit expenses under defined benefit plans	¥1,214	¥1,196	\$10,944

(6) Remeasurements of defined benefit plans

The breakdown of items recorded in remeasurements of defined benefit plans (before deduction of tax effects) as of March 31, 2021 and 2020 is as follows:

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2021	2020	2021
Prior service costs	¥ 2	¥ 2	\$ 19
Actuarial gains and losses	1,072	(597)	9,659
Total	¥1,074	¥(595)	\$9,679

(7) Accumulated remeasurements of defined benefit plans

The breakdown of items recorded in accumulated remeasurements of defined benefit plans (before deduction of tax effects) as of March 31, 2021 and 2020 is as follows:

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2021	2020	2021
Unrecognized prior service costs	¥ 0	¥ 2	\$ 3
Unrecognized actuarial gains and losses	892	1,964	8,039
Total	¥892	¥1,966	\$8,042

(8) Items related to pension assets

(A) Breakdown of main items

Ratio for each main classification for total pension assets

	Millions of Yen	
	2021	2020
Bonds	45%	60%
Equity securities	34	17
General accounts	10	10
Other	13	13
Total	100%	100%

(B) Method for determining expected long-term rate of return

In determining the expected long-term rate of return, the Company considers current and expected distributions of pension assets and the current and expected long-term rate of return from the various assets composed of pension assets.

(9) Items related to the basis for actuarial calculation

Main basis for actuarial calculation as of March 31, 2021 and 2020 is as follows:

	2021	2020
Discount rate	0.2%	0.2%
Expected long-term rate of return	2.0%	2.0%

2. Defined contribution plans

Required contributions to defined contribution plans by the Company and its consolidated subsidiaries for the year ended March 31, 2021 and 2020 are ¥96 million (US\$865 thousand) and ¥94 million, respectively.

10. Research and Development Costs

Research and development costs included in manufacturing costs and general and administrative expenses for the years ended March 31, 2021 and 2020 are ¥2,121 million (US\$19,114 thousand) and ¥2,208 million, respectively.

11. Provision for Losses on Construction Contracts

Provision for losses on construction contracts included in cost of sales for the years ended March 31, 2021 and 2020 are ¥8,168 million (US\$73,589 thousand) and ¥7,355 million, respectively.

12. Selling, General and Administrative Expenses

Primary selling, general and administrative expenses for the years ended March 31, 2021 and 2020 are as follows:

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2021	2020	2021
Salaries and allowances	¥9,466	¥9,601	\$85,281
Provision for bonuses	1,288	1,393	11,606
Provision for directors' bonuses	90	88	815
Retirement benefit expenses	583	539	5,252
Provision of allowance for doubtful accounts	323	392	2,911

13. Gain or Loss on Sales and Retirement of Non-current Assets

(1) Details of gain on sales of non-current assets for the years ended March 31, 2021 and 2020 are as follows;

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2021	2020	2021
Machinery, equipment and vehicles	¥ 8	¥ 3	\$ 81
Tools, furniture and fixtures	0	0	0
Land	—	176	—
Lease assets	4	11	37
Total	¥13	¥190	\$119

(2) Details of loss on sales of non-current assets for the years ended March 31, 2021 and 2020 are as follows;

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2021	2020	2021
Machinery, equipment and vehicles	¥12	¥2	\$111
Tools, furniture and fixtures	1	1	16
Lease assets	0	4	5
Total	¥14	¥7	\$133

(3) Details of loss on retirement of non-current assets for the years ended March 31, 2021 and 2020 are as follows:

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2021	2020	2021
Buildings and structures	¥ 3	¥15	\$ 34
Machinery, equipment and vehicles	11	18	106
Tools, furniture and fixtures	7	15	66
Lease assets	0	42	0
Intangible assets	1	—	16
Total	¥24	¥90	\$224

14. Cash and Cash Equivalents

The reconciliation between cash and cash equivalents in the consolidated statements of cash flows and cash and deposits in the consolidated balance sheets at March 31, 2021 and 2020 are as follows:

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2021	2020	2021
Cash and deposits	¥ 68,348	¥ 57,024	\$ 615,750
Time deposits with original maturities exceeding three months	(32,508)	(28,843)	(292,867)
Cash and cash equivalents	¥ 35,840	¥ 28,181	\$ 322,882

15. Segment Information

(1) Overview of reporting segments

The Companies' reporting segments are components for which separate financial information is available, and whose operating results are reviewed regularly by the chief operating decision maker in order for the Board of Directors to determine the allocation of resources and assess segment performance.

The Companies mainly manufacture, sell, install and maintain elevators and escalators. The Company takes charge of the domestic market, and overseas, each of the independent local subsidiaries is responsible for markets in East Asia (China, Hong Kong, Taiwan, and Korea), South Asia (mainly Singapore and India), and North America & Europe (U.S.A., Canada, and United Kingdom). Each regional business unit develops comprehensive strategies for selling products and operating its business.

Therefore, the Fujitec Group is composed of regional segments based on the consistent system of manufacturing, sales, installation and maintenance, and has four reporting segments: Japan, East Asia, South Asia, and North America & Europe.

As a result of the acquisition of all outstanding shares of Amalgamated Lifts Limited through Fujitec UK LTD., a wholly owned subsidiary of Fujitec Co., Ltd., the Company included Amalgamated Lifts within the scope of consolidation under North America & Europe beginning in the current consolidated first quarter.

(2) Methods of measurement for sales, income (loss), assets, and other items for reporting segments

The methods of accounting procedure for reporting segments are almost similar to "2. Summary of Significant Accounting Policies." The amount of segment income (loss) corresponds to its operating income.

Intersegment sales and transfer prices are calculated mainly based on market value or manufacturing cost.

(3) Information on amounts of sales, income (loss), assets and other items by reporting segment for the years ended March 2021 and 2020 is summarized as follows:

	Millions of Yen						
	2021						
	Reporting Segment					Total	Reconciliations
Japan	East Asia	South Asia	North America & Europe				
Sales to external customers	¥69,452	¥62,908	¥13,781	¥23,431	¥169,573	¥ —	¥169,573
Intersegment sales	2,407	6,892	3	18	9,321	(9,321)	—
Total sales	71,859	69,800	13,785	23,450	178,895	(9,321)	169,573
Segment expenses	66,528	64,472	11,624	22,948	165,573	(9,288)	156,285
Segment income	5,330	5,328	2,160	502	13,321	(32)	13,288
Segment assets	92,106	100,840	21,905	16,000	230,853	(25,657)	205,196
Other items:							
Depreciation and amortization	2,110	876	246	223	3,457	—	3,457
Amortization of goodwill	—	—	—	159	159	—	159
Impairment loss	24	—	—	—	24	—	24
Increase in property, plant and equipment and intangible assets	1,942	333	485	262	3,024	—	3,024

	Millions of Yen						
	2020						
	Reporting Segment					Total	Reconciliations
Japan	East Asia	South Asia	North America & Europe				
Sales to external customers	¥72,583	¥66,867	¥16,380	¥25,402	¥181,232	¥ —	¥181,232
Intersegment sales	2,168	7,882	0	41	10,091	(10,091)	—
Total sales	74,751	74,749	16,380	25,443	191,323	(10,091)	181,232
Segment expenses	69,859	69,451	14,245	24,398	177,953	(10,096)	167,857
Segment income	4,892	5,298	2,135	1,045	13,370	5	13,375
Segment assets	87,064	94,606	20,908	13,985	216,563	(22,982)	193,581
Other items:							
Depreciation and amortization	1,866	876	231	158	3,131	—	3,131
Amortization of goodwill	—	—	—	95	95	—	95
Increase in property, plant and equipment and intangible assets	2,392	468	457	209	3,526	—	3,526

	Thousands of U.S. Dollars (Note 1)						
	2021						
	Reporting Segment					Total	Reconciliations
Japan	East Asia	South Asia	North America & Europe				
Sales to external customers	\$625,694	\$566,741	\$124,160	\$211,096	\$1,527,693	\$ —	\$1,527,693
Intersegment sales	21,685	62,092	28	170	83,977	(83,977)	—
Total sales	647,380	628,834	124,189	211,266	1,611,670	(83,977)	1,527,693
Segment expenses	599,357	580,832	104,727	206,739	1,491,656	(83,682)	1,407,973
Segment income	48,022	48,002	19,461	4,526	120,014	(294)	119,719
Segment assets	829,792	908,474	197,349	144,144	2,079,761	(231,145)	1,848,615
Other items:							
Depreciation and amortization	19,015	7,897	2,218	2,013	31,144	—	31,144
Amortization of goodwill	—	—	—	1,438	1,438	—	1,438
Impairment loss	220	—	—	—	220	—	220
Increase in property, plant and equipment and intangible assets	17,501	3,008	4,375	2,361	27,247	—	27,247

Notes: (1) Description of reconciliations is as follows:

a) Reconciliations of segment income for the years ended March 31, 2021 and 2020 were minus ¥32 million (minus US\$294 thousand) and ¥5 million, respectively, consisting of intersegment transaction eliminations of null and minus ¥0 million, and adjustment of inventories of minus ¥32 million (minus US\$294 thousand) and ¥5 million, respectively.

b) Reconciliations of segment assets for the years ended March 31, 2021 and 2020 were minus ¥25,657 million (minus US\$231,145 thousand) and minus ¥22,982 million, respectively, consisting of intersegment transaction eliminations of minus ¥25,503 million (minus US\$229,761 thousand) and minus ¥22,855 million, and adjustment of inventories of minus ¥153 million (minus US\$1,384 thousand) and minus ¥127 million, respectively.

(2) Segment income is adjusted with operating income in the consolidated statements of income.

(4) Information related to reporting product and service

The companies' main business is the manufacturing, sales, installation and maintenance of elevators and escalators, and the provide integrated new installation and maintenance in the elevators and escalators market. The sales to external customers of this business exceed 90% of net sales in the consolidated statements of income, so the description is omitted.

(5) Information related to reporting segments

(A) Sales by geographical area are as follows:

Millions of Yen					
2021					
	Japan	East Asia	South Asia	The Americas & Others	Total
Sales to customers	¥69,420	¥61,251	¥14,584	¥24,317	¥169,573

Millions of Yen					
2020					
	Japan	East Asia	South Asia	The Americas & Others	Total
Sales to customers	¥72,520	¥64,160	¥17,291	¥27,261	¥181,232

Thousands of U.S. Dollars (Note 1)					
2021					
	Japan	East Asia	South Asia	The Americas & Others	Total
Sales to customers	\$625,409	\$551,815	\$131,391	\$219,076	\$1,527,693

Note: Sales are classified in countries or regions based on the location of customers.

(B) Property, plant and equipment by geographical area are as follows:

Millions of Yen					
2021					
	Japan	East Asia	South Asia	North America & Europe	Total
Property, plant and equipment	¥23,552	¥8,076	¥1,516	¥641	¥33,786

Millions of Yen					
2020					
	Japan	East Asia	South Asia	North America & Europe	Total
Property, plant and equipment	¥23,719	¥8,524	¥1,354	¥591	¥34,188

Thousands of U.S. Dollars (Note 1)					
2021					
	Japan	East Asia	South Asia	North America & Europe	Total
Property, plant and equipment	\$212,184	\$72,759	\$13,658	\$5,782	\$304,385

(6) Information by major customer

There are no external customers who accounted over 10% of sales in the consolidated statements of income for the years ended March 31, 2021 and 2020.

(7) Impairment loss on fixed assets by reporting segment is as follows:

Millions of Yen							
2021							
Reporting Segment							
	Japan	East Asia	South Asia	North America & Europe	Total	Reconciliations	Consolidated
Impairment loss on fixed assets	¥ 24	¥ —	¥ —	¥ —	¥ 24	¥ —	¥ 24

Millions of Yen							
2020							
Reporting Segment							
	Japan	East Asia	South Asia	North America & Europe	Total	Reconciliations	Consolidated
Impairment loss on fixed assets	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —

Thousands of U.S. Dollars (Note 1)							
2021							
Reporting Segment							
	Japan	East Asia	South Asia	North America & Europe	Total	Reconciliations	Consolidated
Impairment loss on fixed assets	\$ 220	\$ —	\$ —	\$ —	\$ 220	\$ —	\$ 220

(8) Amortization and balance of goodwill by reporting segment are as follows:

Millions of Yen							
2021							
Reporting Segment							
	Japan	East Asia	South Asia	North America & Europe	Total	Reconciliations	Consolidated
Goodwill	¥ —	¥ —	¥ —	¥1,214	¥1,214	¥ —	¥1,214

Millions of Yen							
2020							
Reporting Segment							
	Japan	East Asia	South Asia	North America & Europe	Total	Reconciliations	Consolidated
Goodwill	¥ —	¥ —	¥ —	¥116	¥116	¥ —	¥116

Thousands of U.S. Dollars (Note 1)							
2021							
Reporting Segment							
	Japan	East Asia	South Asia	North America & Europe	Total	Reconciliations	Consolidated
Goodwill	\$ —	\$ —	\$ —	\$10,945	\$10,945	\$ —	\$10,945

Note: Information on amortization of goodwill is omitted as similar information is provided in "Information on amounts of sales, profit (loss), assets and other items by reporting segment."

16. Financial Instruments and Related Disclosures

(A) Policy for financial instruments

The Companies raise necessary funds for capital investment needs for manufacturing, sales, installation and maintenance operations mainly through internal or debt financing. The Companies invest cash surpluses, if any, in low-risk and highly liquid financial instruments. The Companies also raise short-term operating funds through internal or short-term debt financing. The Companies use derivative financial instruments to manage risk arising from foreign exchange or interest rate fluctuations and do not enter into derivatives for trading or speculative purposes.

(B) Nature of financial instruments, associated risk and risk management system

Receivables, such as trade notes and accounts receivable, are exposed to customer credit risk. The Companies manage, according to the credit management rules of the individual company, the due date and the balance of trade receivables from business partners, and regularly monitor the status of major counterparties. Receivables in foreign currencies are exposed to the market risk of fluctuations in foreign currency exchange rates. Foreign currency forward contracts are utilized to hedge the fluctuation risk, if necessary.

Investment securities are mainly equity securities of the entities with a business relationship and exposure to the market price fluctuation risk. The Company continuously monitors the issuer's status and fair value and reviews its holdings considering their relationship with the Company.

Payables, such as trade notes and accounts payable, are mainly due within one year. A portion arising from the import of supplies is denominated in foreign currencies and is exposed

to the market risk of fluctuation in foreign currency exchange rates. The balance of payables denominated in foreign currencies is always less than the receivables denominated in foreign currencies.

Of debt payables, short-term debts are mainly related to operating activities and long-term debts are raised mainly for capital investments. Some long-term debts are exposed to the interest rate fluctuation risk due to variable interest rates and are hedged using interest rate swap contracts as necessary.

Derivatives consist of foreign currency forward contracts used to manage the market risk of fluctuations in foreign currency exchange rates. Derivative transactions are made for the purpose of hedging risks in the respective financial departments in the Companies. The results are reported to the Finance Headquarters or the officer in charge of finance in the Company. These derivative transactions are limited to financial institutions with high credit ratings to reduce the counterparty's credit risk.

Hedging instruments, hedged items, hedging policies and evaluation of hedge effectiveness are shown in Note 2 (M).

(C) Supplementary explanation regarding fair values of financial instruments

Fair values of financial instruments are based on the quoted market price. If a quoted market price is not available, fair value is reasonably estimated. The reasonable valuation assumption may result in different fair values because various factors are included in estimating the fair value. Also, the contract or notional amounts of derivatives do not measure the exposure to market risk. Please see Note 17 for details of fair value for derivatives.

(1) Carrying amount, fair value and differences of financial instruments are as follows:

	Millions of Yen					
	2021			2020		
	Carrying amount	Fair value	Difference	Carrying amount	Fair value	Difference
Assets:						
Cash and deposits	¥ 68,348	¥ 68,348	¥ —	¥ 57,024	¥ 57,024	¥ —
Notes and accounts receivable-trade (Before less allowance for doubtful accounts)	59,022	57,195	(1,827)	61,626	59,812	(1,814)
Investment securities	8,048	8,048	—	6,344	6,344	—
Long-term loans receivable	23	23	(0)	1	1	(0)
Total	¥135,443	¥133,615	¥(1,827)	¥124,995	¥123,181	¥(1,814)
Liabilities:						
Notes and accounts payable-trade	15,026	15,026	—	¥ 14,939	¥ 14,939	¥ —
Electronically recorded obligations-operating	4,734	4,734	—	5,374	5,374	—
Short-term debt	2,317	2,317	—	3,990	3,990	—
Long-term debt *1	809	809	—	217	217	—
Lease obligations	593	566	(27)	694	687	(7)
Total	¥ 23,480	¥ 23,453	(27)	¥ 25,214	¥ 25,207	¥ (7)
Derivatives *2:						
Derivatives without hedge accounting	¥ (0)	¥ (0)	¥ —	¥ 9	¥ 9	¥ —
Derivatives with hedge accounting	(32)	(32)	—	(19)	(19)	—
Total	¥ (32)	¥ (32)	¥ —	¥ (10)	¥ (10)	¥ —

	Thousands of U.S. Dollars (Note 1)		
	2021		
	Carrying amount	Fair value	Difference
Assets:			
Cash and deposits	\$ 615,750	\$ 615,750	\$ —
Notes and accounts receivable-trade (Before less allowance for doubtful accounts)	531,737	515,273	(16,463)
Investment securities	72,508	72,508	—
Long-term loans receivable	212	210	(1)
Total	\$1,220,209	\$1,203,743	(16,465)
Liabilities:			
Notes and accounts payable-trade	135,370	135,370	—
Electronically recorded obligations-operating	42,653	42,653	—
Short-term debt	20,874	20,874	—
Long-term debt *1	7,290	7,290	—
Lease obligations	5,348	5,103	(244)
Total	\$ 211,537	\$ 211,292	\$ (244)
Derivatives *2:			
Derivatives without hedge accounting	\$ (2)	\$ (2)	\$ —
Derivatives with hedge accounting	(291)	(291)	—
Total	\$ (294)	\$ (294)	\$ —

*1 Long-term debt includes current portion of long-term debt.

*2 The assets and liabilities arising from derivatives are shown at the net value with the amount in parentheses representing net liability.

Note: The methods described below are used to determine the estimated fair value of financial instruments, securities and derivatives.

Assets

1) Cash and deposits:

The carrying values approximate fair value because of their short maturities.

2) Notes and accounts receivable-trade:

The fair value of these items is determined based on the present carrying value, grouped by term of settlement, discounted at an interest rate determined taking into account the remaining period of these notes and accounts receivable-trade and credit risk.

3) Investment securities:

With regard to the fair values of investment securities, they are determined based on the prices quoted on the stock exchange for stocks.
The information about investment securities by classification is shown in Note 4.

4) Long-term loans receivable:

The fair value is determined by discounting the cash flows of principal and interest related to the loans at an assumed rate based on their collectability and maturity.

Liabilities

1) Notes and accounts payable-trade, electronically recorded obligations-operating and short-term debt:

The carrying values approximate fair value because of their short maturities.

2) Long-term debt:

At March 31, 2020, the fair value is determined by discounting the cash flows related to the debt at an assumed rate based on its maturity and credit risk.

The carrying values approximate fair value, because all amounts are portion due within one year.

At March 31, 2021, long-term debt consists of borrowings from financial institutions in a trust account associated with the adoption of the E-Ship Trust-Type Employee Shareholding Incentive Plan. As the associated interest reflects the market interest rate over a short period of time, the fair value is essentially equal to carrying value. Therefore, we have recorded the amount at carrying value.

3) Lease obligations:

Lease obligations are calculated by discounting the total amount of principal and interest at the assumed interest rate when a similar new transaction is made.

Derivatives

The information on the fair value for derivatives is included in Note 17.

(2) Financial instruments whose fair value cannot be reliably determined at March 31, 2021 and 2020 are as follows:

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2021	2020	2021
Investment securities:			
Unlisted shares	¥112	¥113	\$1,017
Shares of unconsolidated subsidiaries	¥610	¥715	\$5,501

Since no quoted market price is available and future cash flows cannot be reliably estimated, it is extremely difficult to determine the fair value, therefore these financial instruments are not included in "(1) Investment securities" above.

(3) A maturity analysis for cash and deposits, notes and accounts receivable-trade, and long-term loans receivable at March 31, 2021 and 2020 is summarized as follows:

	Millions of Yen			
	2021			
	Due within one year	Due after one year through five years	Due after five years through ten years	Due after ten years
Cash and deposits	¥ 68,348	¥ —	¥ —	¥ —
Notes and accounts receivable-trade	55,387	2,971	664	—
Long-term loans receivable	0	22	—	—
Total	¥123,736	¥2,994	¥664	¥ —

	Millions of Yen			
	2020			
	Due within one year	Due after one year through five years	Due after five years through ten years	Due after ten years
Cash and deposits	¥ 57,024	¥ —	¥ —	¥ —
Notes and accounts receivable-trade	57,685	3,235	706	—
Long-term loans receivable	0	1	—	—
Total	¥114,709	¥3,236	¥706	¥ —

Thousands of U.S. Dollars (Note 1)

	2021			
	Due within one year	Due after one year through five years	Due after five years through ten years	Due after ten years
Cash and deposits	\$ 615,750	\$ —	\$ —	\$ —
Notes and accounts receivable-trade	498,985	26,768	5,984	—
Long-term loans receivable	5	206	—	—
Total	\$1,114,741	\$26,975	\$5,984	\$ —

(4) A maturity analysis for short-term debt, long-term debt and lease obligations at March 31, 2021 and 2020 is summarized as follows:

	Millions of Yen			
	2021			
	Due within one year	Due after one year through five years	Due after five years through ten years	Due after ten years
Short-term debt	¥2,317	¥ —	¥—	¥ —
Long-term debt	—	—	—	—
Lease obligations	241	346	5	—
Total	¥2,558	¥346	¥ 5	¥ —

	Millions of Yen			
	2020			
	Due within one year	Due after one year through five years	Due after five years through ten years	Due after ten years
Short-term debt	¥3,990	¥ —	¥—	¥ —
Long-term debt	217	—	—	—
Lease obligations	247	420	27	—
Total	¥4,454	¥420	¥27	¥ —

	Thousands of U.S. Dollars (Note 1)			
	2021			
	Due within one year	Due after one year through five years	Due after five years through ten years	Due after ten years
Short-term debt	\$20,874	\$ —	\$—	\$ —
Long-term debt	—	—	—	—
Lease obligations	2,178	3,118	51	—
Total	\$23,052	\$3,118	\$51	\$ —

(Notes)

Long-term debt ¥809 million (US\$7,290 thousand) is not included in the above because it is for the Trust-Type Employee Shareholding Incentive Plan (E-Ship) and the redemption amount cannot be expected.

17. Derivative Financial Instruments

(1) Derivative transactions, to which hedge accounting is not applied, as of March 31, 2021 and 2020 are as follows:

	Millions of Yen							
	2021				2020			
	Contract amount	Due after one year	Fair value	Unrealized gain (loss)	Contract amount	Due after one year	Fair value	Unrealized gain (loss)
Foreign currency forward contracts:								
Buying								
U.S. dollars	¥258	¥—	¥(0)	¥(0)	¥1,581	¥272	¥9	¥9
Total	¥258	¥—	¥(0)	¥(0)	¥1,581	¥272	¥9	¥9

	Thousands of U.S. Dollars (Note1)			
	2021			
	Contract amount	Due after one year	Fair value	Unrealized gain (loss)
Foreign currency forward contracts:				
Buying				
U.S. dollars	\$2,333	\$—	\$(2)	\$(2)
Total	\$2,333	\$—	\$(2)	\$(2)

Notes:

1. The fair value of derivative transactions is measured at the quoted price obtained from counterparty financial institutions.

2. The above foreign currency forward contracts were concluded for the purpose of hedging the market risk of fluctuations in foreign currency exchange rates for deposits.

(2) Derivative transactions, to which hedge accounting is applied, as of March 31, 2021 and 2020 are as follows:

	Millions of Yen					
	2021			2020		
	Contract amount	Due after one year	Fair value	Contract amount	Due after one year	Fair value
Foreign currency forward contracts:						
Buying						
U.S. dollars	¥ 703	¥141	¥(40)	¥ 519	¥121	¥ (7)
Chinese yuan	916	305	8	1,646	105	(12)
Total	¥1,619	¥446	¥(32)	¥2,165	¥226	¥(19)

	Thousands of U.S. Dollars (Note1)		
	2021		
	Contract amount	Due after one year	Fair value
Foreign currency forward contracts:			
Buying			
U.S. dollars	\$ 6,333	\$1,275	\$(366)
Chinese yuan	8,254	2,750	75
Total	\$14,587	\$4,025	\$(291)

Note: The fair value of derivative transactions is measured at the quoted price obtained from counterparty financial institutions.

18. Stock Options, etc.

(1) Contents, scale, and changes in stock options

a) Contents of the stock options

Resolution date	Person granted	Number of stock options by type of stock	Grant date	Vesting conditions	Service period	Exercise period
November 8, 2013	4 directors of the Company (excluding outside directors)	36,000 shares of common stock	November 25, 2013	—	—	From November 26, 2013 to November 25, 2043
August 7, 2014	4 directors of the Company (excluding outside directors)	24,000 shares of common stock	August 25, 2014	—	—	From August 26, 2014 to August 25, 2044
August 7, 2015	4 directors of the Company (excluding outside directors)	7,000 shares of common stock	August 25, 2015	—	—	From August 26, 2015 to August 25, 2045

b) Scale and changes in stock options

Stock options outstanding for the year ended March, 2021, are covered, and the number of stock options is converted into the number of shares.

Number of stock options

1st Stock Acquisition Rights of Fujitec Co., Ltd.

Resolution date	Before vesting (shares)					Vested (shares)				
	At the end of March 31, 2020	Granted	Lapsed	Vested	Unvested	At the end of March 31, 2020	Vested	Exercised	Lapsed	Unexercised
November 8, 2013	—	—	—	—	—	21,000	—	—	—	21,000

2nd Stock Acquisition Rights of Fujitec Co., Ltd.

Resolution date	Before vesting (shares)					Vested (shares)				
	At the end of March 31, 2020	Granted	Lapsed	Vested	Unvested	At the end of March 31, 2020	Vested	Exercised	Lapsed	Unexercised
August 7, 2014	—	—	—	—	—	20,000	—	6,000	—	14,000

3rd Stock Acquisition Rights of Fujitec Co., Ltd.

Resolution date	Before vesting (shares)					Vested (shares)				
	At the end of March 31, 2020	Granted	Lapsed	Vested	Unvested	At the end of March 31, 2020	Vested	Exercised	Lapsed	Unexercised
August 7, 2015	—	—	—	—	—	4,000	—	—	—	4,000

Unit price information

1st Stock Acquisition Rights of Fujitec Co., Ltd.

Resolution date	Exercise price (Yen)	Average stock price at the time of exercise (Yen)	Fair value as of the grant date (Yen)
November 8, 2013	1	—	1,016

2nd Stock Acquisition Rights of Fujitec Co., Ltd.

Resolution date	Exercise price (Yen)	Average stock price at the time of exercise (Yen)	Fair value as of the grant date (Yen)
August 7, 2014	1	1,840	815

3rd Stock Acquisition Rights of Fujitec Co., Ltd.

Resolution date	Exercise price (Yen)	Average stock price at the time of exercise (Yen)	Fair value as of the grant date (Yen)
August 7, 2015	1	—	696

(2) Evaluation method of fair value per unit of stock options for the year ended March 31, 2021

Not applicable

(3) Method of estimating the number of vested stock options

As there are no vesting conditions, all of the stock acquisition rights are vested when granted.

19. Business Combination

Business combination through acquisition

1. Overview of acquisition

(1) Name and nature of business of acquired company

Name of acquired company: Amalgamated Lifts Limited
Business overview: Sales, installation, maintenance of vertical transportation system

(2) Main reason for business combination

The Company moves to further business expansion in UK, where the market of vertical transportation system is expected to continue steady growth. To move forward this achievement, the Company decides to further enhance the base of the operations in UK by acquiring the 100% shares of Amalgamated Lifts Limited which has high-quality technologies and know-hows, and builds strong customer bases in UK.

(3) Date of business combination

February 10, 2020 (Share acquisition date)
March 31, 2020 (Deemed trading date)

(4) Legal form of business combination

Cash acquisition of shares

(5) Company name after business combination

No change

(6) Ratio of voting rights acquired

100%

(7) Main grounds for decision on acquiring company

Due to acquisition of shares by the Company in cash through the Company's wholly-owned subsidiary, Fujitec UK LTD.

2. Performance period of acquired company included in consolidated financial statements

From April 1, 2020 to December 31, 2020

3. Acquisition cost of acquired company and breakdown of each type of consideration

This information is not disclosed due to agreement between the parties.

4. Details and amount of major acquisition-related costs

Compensation and fees, etc. for advisors: ¥35 million (US\$321 thousand)

5. Amount of goodwill incurred, cause, and method and period of amortization

(1) Amount of goodwill incurred

¥1,205 million (US\$10,886 thousand)

(2) Cause

Excess earning capacity expected from future business development

(3) Method and period of amortization

To be amortized equally over 14 years

6. Amount allocated to intangible assets other than goodwill and component by type, and weighted average amortization period

Type	Amount		Weighted average amortization period (years)
	Millions of Yen	Thousands of U.S. Dollars (Note 1)	
Customer relationships	¥166	\$1,504	5
Orders backlog	26	236	1

7. Assets acquired and liabilities assumed on the date of business combination

	Amount	
	Millions of Yen	Thousands of U.S. Dollars (Note 1)
Current assets	¥769	\$6,950
Non-current assets	187	1,690
Total assets	¥956	\$8,640
Current liabilities	¥670	\$6,055
Non-current liabilities	39	358
Total liabilities	¥710	\$6,413

Transaction under common control

1. Overview of transaction

(1) Name and nature of business of target company

Name of target company: Shanghai Huasheng Fujitec Escalator Co., Ltd.

Business overview: Manufacturing, sales, installation and maintenance of escalators

(2) Date of business combination

September 2, 2020

(3) Legal form of business combination

The Company etc. has made a contribution in kind of all shares in Shanghai Huasheng Fujitec Escalator Co., Ltd., a consolidated subsidiary of the Company (hereinafter "Shanghai Huasheng") to Huasheng Fujitec Elevator Co., Ltd., a consolidated subsidiary of the Company (hereinafter "Huasheng Fujitec"), thereby making Shanghai Huasheng a wholly-owned subsidiary of Huasheng Fujitec (Sub-subsidiary of the Company).

(4) Company name after business combination

No change

(5) Other items regarding overview of transaction

By placing Shanghai Huasheng, the escalator business base, under the control of Huasheng Fujitec, the elevator business base, the elevator business and the escalator business will be integrated to build an agile and efficient management system.

2. Overview of accounting procedures applied

The transaction was accounted for as transactions under common control in accordance with the "Accounting Standard for Business Combinations" and the "Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures."

20. Related Party Transactions

1. Transactions with related parties

(1) Transactions between the Company and related parties (the Company's directors and key individual shareholders etc.) for the year ended March 31, 2021 and 2020 are summarized as follows:

2021												
Description	Name of the company or individual	Location	Paid in capital or investment in capital (Millions of Yen)	Natures of business	Ownership ratio of voting rights	Nature of relationship	Nature of transaction	Amount of transaction*1			Balance at year ended	
								Millions of Yen	Thousands of U.S. Dollars (Note 1)	Accounts	Millions of Yen	Thousands of U.S. Dollars (Note 1)
Company in which directors and their relatives hold more than one-half of voting rights	Sunto Co., Ltd.*3	Kita-ku, Osaka	¥10	Real estate leasing, buying and selling Investment and operation for securities	Direct 1.30%	Real estate leasing	Building leasing*5	¥0	\$0	Lease deposits	¥0	\$0

2020												
Description	Name of the company or individual	Location	Paid in capital or investment in capital (Millions of Yen)	Natures of business	Ownership ratio of voting rights	Nature of relationship	Nature of transaction	Amount of transaction*1		Accounts	Balance at year ended	
								Millions of Yen	Thousands of U.S. Dollars (Note 1)		Millions of Yen	Thousands of U.S. Dollars (Note 1)
Company in which directors and their relatives hold more than one-half of voting rights	Uchiyama International, Limited*2	Ibaraki, Osaka*4	¥50	Real estate leasing, buying and selling Investment and operation for securities	Direct 6.22%	Real estate leasing Interlocking directors	Building leasing*5	¥ 5		Lease deposits	¥ 1	
	Sunto Co., Ltd.*3	Kita-ku, Osaka	¥10	Real estate leasing, buying and selling Investment and operation for securities	Direct 1.31%	Real estate leasing	Building leasing*5	¥48		Lease deposits	¥45	

*1 Consumption taxes are not included in amount of transaction.

*2 President and chief executive officer, Takakazu Uchiyama and his relative directly hold 100% of the voting rights of Uchiyama International, Limited.

*3 The relative of President and Chief Executive Officer Takakazu Uchiyama directly holds 90% of the voting rights of Sunto Co., Ltd.

*4 Uchiyama International, Limited moved to Kita-ku, Osaka on September 26, 2020.

*5 Conditions of the transactions and the policy for deciding the conditions of the transactions
Rental fees are determined with reference to transaction price in the neighborhood.

(2) Transactions between subsidiaries of the Company and related parties for the year ended March 31, 2021 and 2020 are not applicable.

2. Notes on the parent company or significant affiliates

Not applicable

21. Per Share Information

Net assets per share, net income per share and diluted net income per share for the year ended March 31, 2021 and 2020 are as follows;

	Yen		U.S. Dollars (Note 1)
	2021	2020	2021
Net assets per share	¥1,385.45	¥1,318.59	\$12.48
Net income per share	114.52	122.46	1.03
Diluted net income per share	114.46	122.40	1.03

- For the year ended March 31, 2020, the Company's shares held by the ESOP Trust Supporting Employee Shareholding Association are included in the treasury stock to be deducted in the calculation of the average number of shares during the year for the purpose of calculation of the net income per share and are also included in the number of treasury stock to be deducted from the aggregate number of shares issued and outstanding as of the year for the purpose of calculation of the net assets per share. The number of treasury stock as of the end of the year, which is deducted in calculation of the net assets per shares, is null for the year ended March 31, 2020. The average number of treasury stock during the year, which is deducted for the purpose of calculation of the net income per share, is 104,399 shares for the year ended March 31, 2020.
- For the year ended March 31, 2021, the Company's shares held by the Trust-Type Employee Shareholding Incentive Plan (E-Ship) are included in the treasury stock to be deducted in calculation of the average number of shares during the year for the purpose of calculation of the net income per share and are also included in the number of treasury stock to be deducted from the aggregate number of shares issued and outstanding as of the year for the purpose of calculation of the net assets per share. The number of treasury stock as of the end of the year, which is deducted in calculation of the net assets per shares, is 362,000 shares for the year ended March 31, 2021. The average number of treasury stock during the year, which are deducted for the purpose of calculation of the net income per share, is 127,670 shares for the year ended March 31, 2021.
- The basis for the calculation of net income per share and diluted net income per share for the year ended March 31, 2021 and 2020 are as follows;

(A) Net income per share

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2021	2020	2021
Profit attributable to owners of parent	¥9,287	¥9,916	\$83,668
Amount not attributable to holder of common stock	—	—	—
Profit attributable to owners of parent for common stock	9,287	9,916	83,668

	Thousand shares	
	2021	2020
Average number of common stock issued and outstanding during the year	81,094	80,977

(B) Diluted net income per share

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2021	2020	2021
Profit attributable to owners of parent adjustment	¥—	¥—	\$—

	Thousand shares	
	2021	2020
Increase of common stock	41	44
Of which: stock acquisition rights	41	44

4. The basis for the calculation of net assets per share for the year ended March 31, 2021 and 2020 is as follows;

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2021	2020	2021
Total net assets	¥125,264	¥118,714	\$1,128,511
Amount deducted from total net assets	12,847	11,800	115,745
Of which: stock acquisition rights	35	40	320
Of which: non-controlling interests	12,812	11,760	115,424
Total net assets for common stock	¥112,417	¥106,914	\$1,012,766

	Thousand shares	
	2021	2020
Number of common stock issued and outstanding at the end of fiscal year for the purpose of calculation of net assets per share	81,140	81,081

22. Quarterly Information

Quarterly information for the years ended March 31, 2021 is as follows:

(1) Cumulative period

	Millions of Yen			
	2021			
	1st quarter	2nd quarter	3rd quarter	Year ended
Net sales	¥34,103	¥76,418	¥123,987	¥169,573
Profit before income taxes	1,746	5,528	11,022	15,025
Profit attributable to owners of parent	1,293	3,438	7,098	9,287
Net income per share (Yen)	15.96	42.41	87.55	114.52

	Thousands of U.S. Dollars (Note 1)			
	2021			
	1st quarter	2nd quarter	3rd quarter	Year ended
Net sales	\$307,237	\$688,457	\$1,117,003	\$1,527,693
Profit before income taxes	15,731	49,806	99,303	135,364
Profit attributable to owners of parent	11,656	30,978	63,952	83,668
Net income per share (U.S. Dollars)	0.14	0.38	0.79	1.03

Notes: The Companies has used the provisional accounting treatment from the 1st quarter to the 3rd quarter, but they has finalized at the 4th quarter. Therefore, the above amounts from the 1st quarter to 3rd quarter reflect the content of the provisional accounting treatment.

(2) Quarterly period

	Yen			
	2021			
	1st quarter	2nd quarter	3rd quarter	4th quarter
Net income per share	¥15.96	¥26.45	¥45.14	¥26.98

	U.S. Dollars (Note 1)			
	2021			
	1st quarter	2nd quarter	3rd quarter	4th quarter
Net income per share	\$0.14	\$0.24	\$0.41	\$0.24

23. Subsequent Event

Adoption of a Restricted Stock Compensation Plan

At a meeting held on May 12 2021, the Fujitec Co., Ltd. Board of Directors conducted a review of the Company's officer compensation system, resolving to adopt a restricted stock compensation plan ("Plan") for Fujitec directors other than outside directors ("Eligible Directors") and executive officers not concurrently serving as Company directors (collectively "Eligible Directors, Etc." including Eligible Directors). In conjunction with this resolution, the Company submitted and resolved the adoption of the Plan for Eligible Directors to the 74th Ordinary General Meeting of Shareholders held on June 22, 2021 ("General Meeting of Shareholders").

(1) Purpose of adopting the Plan

The purpose of the Plan is to provide incentives for Eligible Directors, Etc. to improve the corporate value of the Company on an ongoing basis, as well as to encourage a greater sense of shared values with shareholders.

(2) Plan overview

The Company will pay monetary claims for grants of restricted stock to Eligible Directors, Etc. based on the Plan. The total amount of said monetary claims shall be 100 million yen or less per annum for Eligible Directors, Etc. (not including salaries for directors who also serve as employees). The total amount of common stock to be issued or disposed of by the Company shall be 200,000 shares or less per annum for Eligible Directors (however, in the event of a common stock split with an effective date after the resolution at the General Meeting of Shareholders (including gratis allotments of the Company's common stock) or a stock consolidation, or in the event of reason requiring an adjustment of total Company common stock issued or disposed of as other restricted stock, the number of shares in question may, as necessary, be adjusted within a scope deemed rational in accordance with the stock split ratio or stock consolidation ratio occurring after the effective date in question). The total amount of monetary claims to be paid to executive officers who do not concurrently serve as directors of the Company and the total number of shares of common stock to be newly issued or disposed of will be announced as soon as such matters have been determined.

Eligible Directors, Etc. shall pay all monetary claims from the Company under the Plan as contributions in kind, receiving issuances, or disposals of Company common stock. The amount to be paid per share shall be determined by the board of directors based on the closing price of the Company's common stock on the Tokyo Stock Exchange on the business day immediately preceding the date of the resolution of each Board of Directors meeting (or, if no trading of shares is conducted on the day in question, the closing price on the business day immediately preceding), to the extent that the

amount is not particularly favorable to the Eligible Directors, Etc. who are to receive said common stock. Further, the timing and allocation of the payment to Eligible Directors, Etc. will be determined by the Board of Directors after consultation with the Nomination and Compensation Advisory Committee.

In addition, the issuance or disposal of shares of common stock of the Company ("Shares") under the Plan is subject to the execution of a restricted stock allotment agreement ("Allotment Agreement") between the Company and Eligible Directors, Etc. that includes the following conditions.

a) Restriction period

Eligible Directors, Etc. may not transfer, grant a security interest in, or otherwise dispose ("Transfer Restrictions") of Company common stock ("Allotted Stock") allocated under Allotment Agreement for a period of between 3 and 40 years as determined beforehand by the Company's Board of Directors from the day an allotment is received under Allotment Agreement ("Restriction Period").

b) Treatment upon resignation, etc.

If Eligible Directors, Etc. resign from his or her position as an officer or employee at the Company or a Company subsidiary as determined beforehand by the Company's Board of Directors prior to the expiration of the Restriction Period, the Company shall naturally acquire Allotted Stock without consideration, excluding cases in which said resignation is justifiable, including the expiration of term of office or death. The Company may also acquire as a matter of course Allotted Stock in other cases determined by the Company's Board of Directors to be reasonable that the company acquires all Allotted Stock without compensation.

c) Removal of restrictions

The Company will remove restrictions on the transfer of all Allotted Stock upon expiration of the Restriction Period, provided that Eligible Directors, Etc. have held the position set forth in b) above on a continued basis during the Restriction Period. Notwithstanding the provisions of a) above, if Eligible Directors, Etc. resign from his or her position stipulated in b) above prior to the expiration of the Restriction Period due to expiration of the term of office,

death, or other justifiable reason as stipulated in b) above, the number of the Allotted Stock to be released from Transfer Restrictions and the timing of Transfer Restrictions shall be adjusted rationally as necessary. In addition, the Company shall acquire as a matter of course, without compensation, Allotted Stock for which Transfer Restrictions have not been removed at the point in time immediately after Transfer Restrictions have been removed in accordance with the provisions above.

d) Treatment in the event of organizational restructuring, etc. Regardless of the provisions of (a) above, if, during the Restriction Period, the Company's General Meeting of Shareholders (or Company's Board of Directors if approval by the Company's General Meeting of Shareholders is not required for the restructuring, etc., in question) approves a merger agreement in which the Company is the dissolved company, a stock exchange agreement in which the Company becomes a wholly-owned subsidiary, or stock transfer plan or other organizational restructuring, etc., then, under a resolution of the Company's Board of Directors, Transfer Restrictions shall be removed prior to the effective date of the organizational restructuring, etc., for a number of Allotted Stock determined to be rational based on the period between the beginning day of the Restriction Period to the date of the approval of said organizational restructuring, etc. In addition, in the case specified above, the Company shall naturally acquire Allotted Stock for which Transfer Restrictions removed without compensation at the point in time immediately following the removal of Transfer Restrictions.

Shares will be managed in a dedicated account opened by Eligible Directors, Etc. at Nomura Securities Co., Ltd. during the Restriction Period to ensure Shares cannot be transferred, granted as a security interest, or otherwise disposed of during the Restriction Period.

Disposal of Treasury Shares as Restricted Stock Compensation

At a meeting held on June 22, 2021, the Fujitec Co., Ltd. Board of Directors resolved to dispose of treasury shares ("Treasury Stock Disposal" or "Disposal").

(1) Overview of Disposal

- a) Date of Disposal
July 21, 2021
- b) Class and Number of Shares for Disposal
12,468 shares of Fujitec Co., Ltd. common stock
- c) Disposal Price
2,397 yen per share
- d) Total Value of Disposal
29,885,796 yen
- e) Disposal Beneficiaries, Number of Beneficiaries, and Number of Shares for Disposal
Directors (excluding outside directors): 4 6,707 shares
Executive officers: 19 5,761 shares
(not concurrently serving as Company directors)
- f) Other
A securities notice has been filed regarding the Treasury Stock Disposal pursuant to the Financial Instruments and Exchange Act.

(2) Purpose for Disposal

As described "Adoption of a Restricted Stock Compensation Plan"



INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Fujitec Co., Ltd.

Opinion

We have audited the consolidated financial statements of Fujitec Co., Ltd. and its consolidated subsidiaries (the Group), which comprise the Consolidated Balance Sheets as at March 31, 2021, and the Consolidated Statements of Income, Comprehensive Income, Changes in Net Assets and Cash Flows for the year then ended, and Notes to Consolidated Financial Statements, including a summary of significant accounting policies, all expressed in Japanese yen.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2021, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Grant Thornton Tokyo LLC is a member firm of Grant Thornton International LM ("GTIL"). GTIL and the member firms are not a worldwide partnership. Services are delivered independently by the member firms. GTIL does not provide services to clients. GTIL and its member firms are not agents of, and do not obligate, one another and are not liable for one another's acts or omissions.

Responsibilities of Management, Audit & Supervisory Board Members and the Audit & Supervisory Board for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan.

Audit & Supervisory Board Members and the Audit & Supervisory Board are responsible for overseeing the Directors' execution of duties relating to the design and operating effectiveness of the controls over the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in Japan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate whether the presentation and disclosures of the consolidated financial statements are in accordance with accounting standards generally accepted in Japan, the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with Audit & Supervisory Board Members and the Audit & Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide Audit & Supervisory Board Members and the Audit & Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

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Grant Thornton Taiyo LLC
Osaka, Japan
23, December, 2021

Global (20 Countries and 3 Regions)

Consolidated subsidiaries: 19

Manufacturing bases: 10

Japan

Head Office and bases: 4

Divisions and offices: 5

Branch offices: 14

Japan

●● Head Office Big Wing (Hikone City, Shiga)

Research and development and manufacturing base

● Tokyo Head Office (Minato-ku, Tokyo)

● Big Fit (Ibaraki City, Osaka)

After-sales services base

●● Big Step (Toyooka City, Hyogo)

Escalator development and manufacturing base

Divisions/Offices

● North Japan Regional Office (Sapporo City, Hokkaido)

● Tokyo Metropolitan Area Control HQ (Minato-ku, Tokyo)

● Chubu Regional Office (Nagoya City, Aichi)

● Osaka Metropolitan Area Control HQ (Ibaraki City, Osaka)

● West Japan Regional Office (Fukuoka City, Fukuoka)

● R&D centers ● Manufacturing bases ● Sales bases ● Logistics base

East Asia

●● Fujitec (HK) Co., Ltd. (Hong Kong)

●● Fujitec Taiwan Co., Ltd. (Taiwan)

●●● Fujitec Korea Co., Ltd. (South Korea)

●● Huasheng Fujitec Elevator Co., Ltd. (China)

●● Shanghai Huasheng Fujitec Escalator Co., Ltd. (China)

● Fujitec Shanghai Sourcing Center Co., Ltd. (China)

● Shanghai Tecky Trading Co., Ltd. (China)

●● Fujitec Shanghai Technologies Co., Ltd. (China)

South Asia

● Fujitec Singapore Corpn. Ltd. (Singapore)

● FSP Pte. Ltd. (Singapore)

● Fujitec, Inc. (Philippines)

● Fujitec (Malaysia) Sdn. Bhd. (Malaysia)

● P.T. Fujitec Indonesia (Indonesia)

● Fujitec Vietnam Co., Ltd. (Vietnam)

●● Fujitec India Private Ltd. (India)

● Fujitec (Thailand) Co., Ltd. (Thailand)

● Fujitec Lanka (Private) Ltd. (Sri Lanka)

● Fujitec Myanmar Co., Ltd. (Myanmar)

The Americas, Europe and Middle East

●● Fujitec America, Inc. (U.S.A.)

● Fujitec Canada, Inc. (Canada)

● Fujitec Venezuela C.A. (Venezuela)

● Fujitec Argentina S.A. (Argentina)

● Fujitec Uruguay S.A. (Uruguay)

● Fujitec Pacific, Inc. (Guam)

● Fujitec UK Ltd. (U.K.)

● Amalgamated Lifts Ltd. (U.K.)

● Fujitec Saudi Arabia Co., Ltd. (Saudi Arabia)

● Fujitec Egypt Co., Ltd. (Egypt)

Company Data

Company Name	Fujitec Co., Ltd.	Total Number of Authorized Shares (Common Stock)	300,000,000 shares
Date of Establishment	February 9, 1948	Total Number of Issued Shares (Common Stock)	85,300,000 shares
Representative	Takakazu Uchiyama	Number of Shareholders	4,045
Paid-in Capital	¥12,533,933,095	Stock Exchange Listing	First Section, Tokyo Stock Exchange (Ticker Code: 6406)
Line of Business	Research and development, manufacture, sale, installation and maintenance of elevators, escalators and moving walkways	Annual Meeting of Shareholders	Held in June each year at 591-1, Miyata-cho, Hikone, Shiga, Japan
Location	Head Office (Big Wing): 591-1, Miyata-cho, Hikone, Shiga, Japan Tokyo Head Office: 1-17-3 Shirokane, Minato-ku, Tokyo	Auditor	Grant Thornton Taiyo LLC
Consolidated Subsidiaries	19	Transfer Agent	Sumitomo Mitsui Trust Bank, Limited 1-4-1, Marunouchi, Chiyoda-ku, Tokyo, Japan
Number of Employees	10,423 (Japan: 3,087, Overseas: 7,336)	Transfer Agent's Business Office	Sumitomo Mitsui Trust Bank, Limited Stock Transfer Agency Department 4-5-33, Kitahama, Chuo-ku, Osaka, Japan

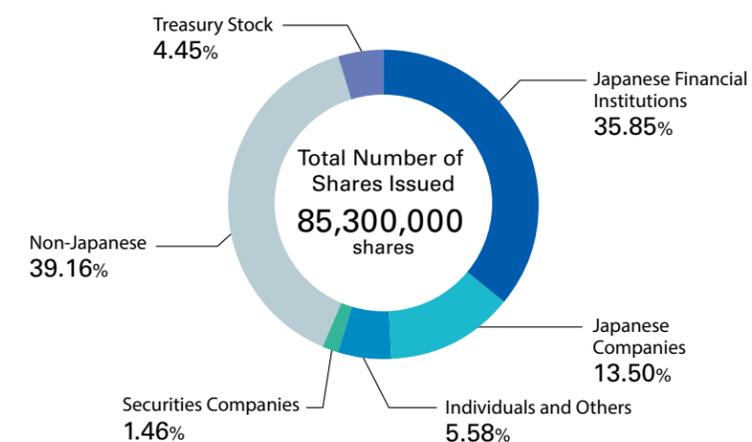
Major Shareholders

	Number of Shares Held (Thousands)	Shareholding Ratio (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	6,645	8.15
Uchiyama International, Limited	5,043	6.19
Resona Bank, Limited	4,051	4.97
JP Morgan Chase Bank 385632	3,991	4.90
JP Morgan Bank Luxembourg SA 381572	3,859	4.74
Custody Bank of Japan, Ltd. (Trust Account 4)	3,239	3.97
Custody Bank of Japan, Ltd. (Trust Account)	2,708	3.32
JP Morgan Chase Bank 380055	2,525	3.10
Mizuho Bank, Ltd.	1,989	2.44
SSBTC CLIENT OMNIBUS ACCOUNT	1,767	2.17

1. The shareholding ratios are calculated based on 81,502,990 shares, being the total number of issued shares as of March 31, 2021 (85,300,000 shares) minus the number of treasury shares (3,797,010 shares) on the same date.

2. Fujitec Co., Ltd. holds 3,797,010 shares of treasury stock but is excluded from the above list.

Distribution of Shareholders



FUJITEC