

75th
FUJITEC

Elevator & Escalator

Love your ride.



FUJITEC CO., LTD.

Integrated Report 2023

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Editorial Policy

In this report, we present non-financial information such as sustainability 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's management and corporate activities.

Reporting Period

Fiscal year ended March 31, 2023 (from April 1, 2022)
(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.

1. 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.
2. The segment “North America and Europe” has been renamed “the Americas and Europe,” effective from the fiscal year ended March 31, 2023. The new segment name is used in this report.



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.”

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 Rule

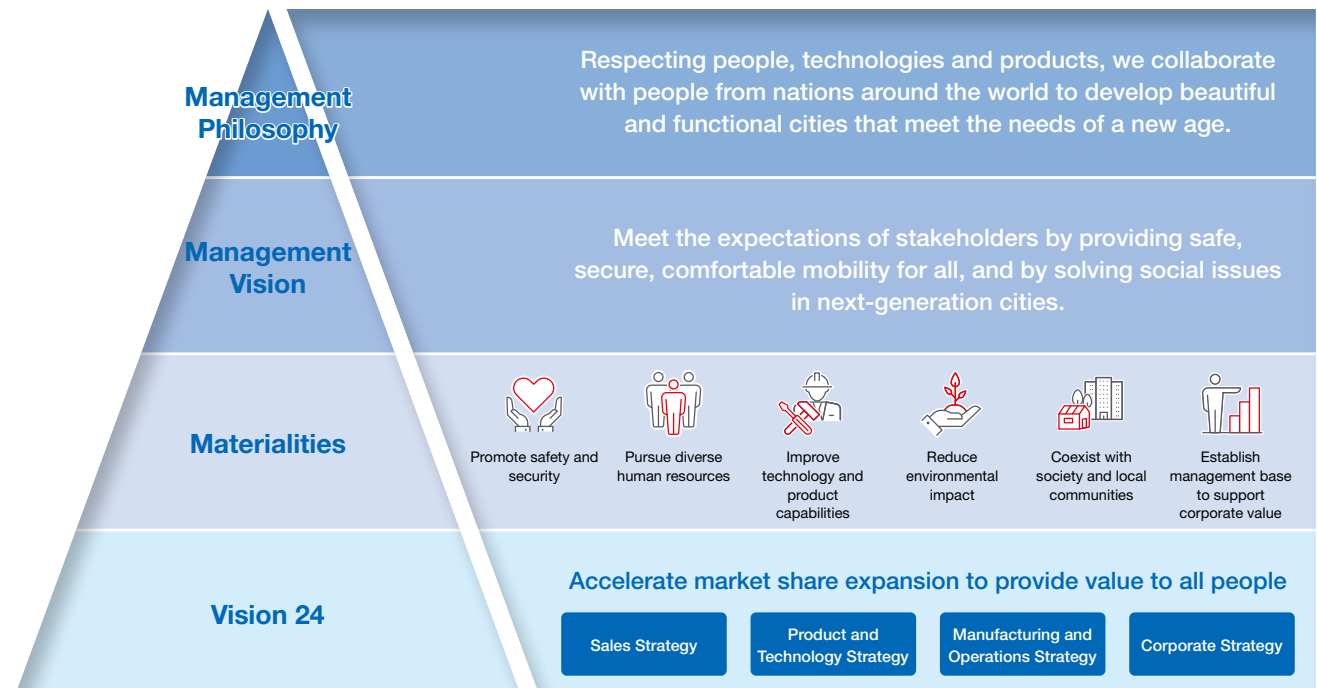
1. The first priority is on human life and protection of human rights
2. Assurance of product safety
3. Maximization of return on investment
4. Equal-footing and sound business transactions
5. Free and fair competition
6. Co-existence and co-prosperity with local communities

Management Philosophy and Vision 24

Determining our Management Philosophy, Vision, Material Issues, and Medium-Term Management Plan

As a manufacturer specializing in escalators and elevators, the Fujitec’s vertically integrated production structure meets the needs of its customers around the world. With the safety and security of our stakeholders as the utmost priority, leveraging our accumulated technological capabilities, trusted quality, and flexible responsiveness, 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.

Based on its mission statement, Fujitec has formulated its management vision and identified material issues—the most important issues for sustainability—and drew up the Vision 24 medium-term management plan that began in the fiscal year ended March 31, 2022.

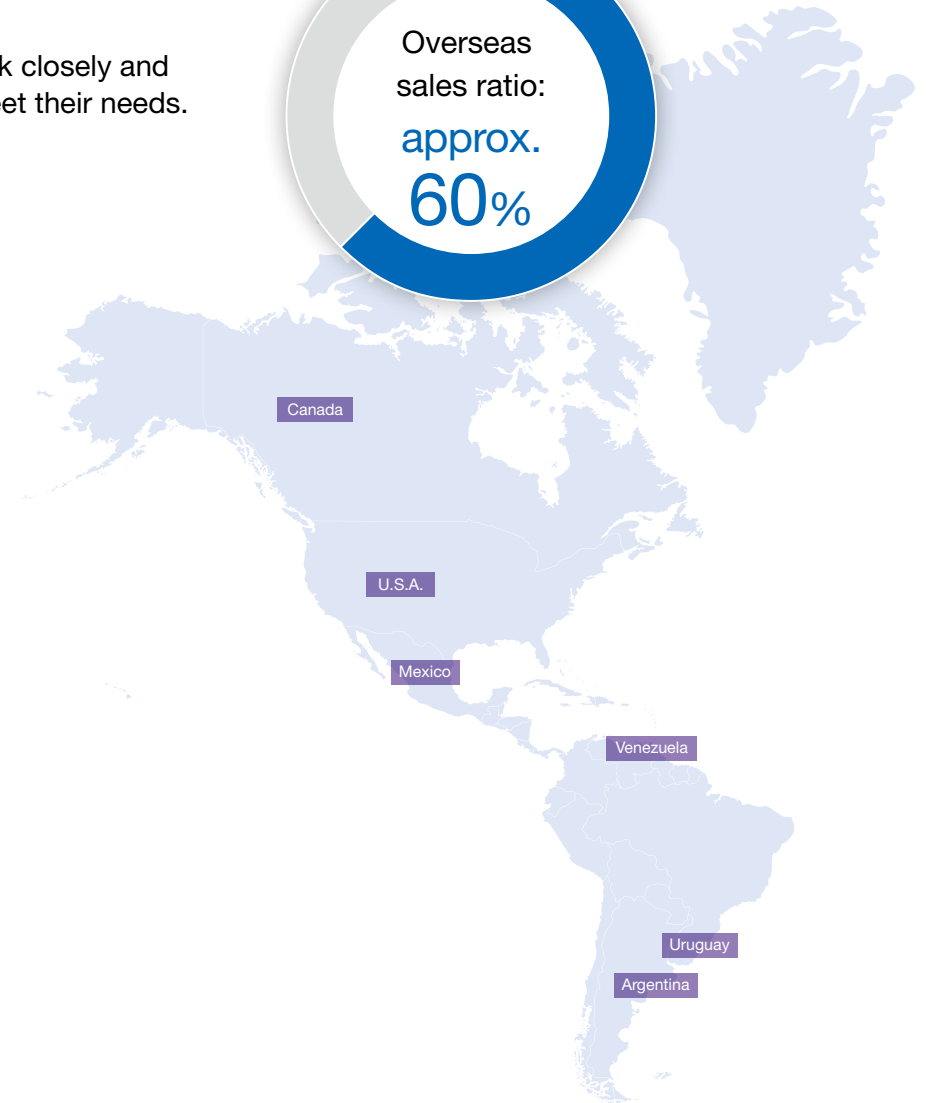


Global Operations and Regional Market Characteristics

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 business sites in 24 countries and regions.

Under the concept that “the world is a single market,” we ensure that these sites work closely and conduct business activities that are rooted in local communities and fine-tuned to meet their needs.



Japan

Market characteristics

- Japan is a mature market.

Fujitec initiatives

- Expanding sales of our standard model XIOR and raising brand awareness by completing large-scale projects in the new installation business.
- Cultivating customers through closer collaboration between the new installation business and the after-sales market business.



Big Wing

The Americas/Europe

Market characteristics

- The Americas and Europe are mature markets. There is only a limited room for growth in new installations.
- Rather, there is an ample opportunity for revenues from services such as the maintenance and modernization of aging elevators and escalators.

Fujitec initiatives

- We acquired Elevadores EV International, S.A. de C.V. of Mexico to expand business in North America with increased cost competitiveness.
- Environmental Product Declarations (EPDs) for our main product lineups of REXIA/ZEXIA, and ELSIA have been published at the International EPD® System by Environdec.





East Asia

Market characteristics

- East Asia constitutes the world's largest market with China accounting for some 60% of global new installations.
- In China, domestic demand is on a recovery trend driven by robust consumer spending. But the effects of the real estate recession linger.

Fujitec initiatives

- Building the structure for new businesses with focus on global standard models and enhancing the competitiveness of our equipment.
- Advancing plant production automation at Fujitec Taiwan to help improve profitability.



Huasheng Fujitec Elevator Co., Ltd.



Fujitec Taiwan Co., Ltd.

South Asia

Market characteristics

- The number of new installations is expected to grow rapidly
- Accounting for one-fifth of the world's population, South Asia constitutes a trading area that includes both mature and developing markets.

Fujitec initiatives

- Constructing a second plant and research tower at Fujitec India to bolster our production base in the demand growing region.
- Acquiring, via Fujitec India, Express Lifts Limited, which manufactures, sells, installs, maintains, and repairs elevators and escalators, has a plant in the western Indian state of Gujarat, and boasts the largest market share in the state.

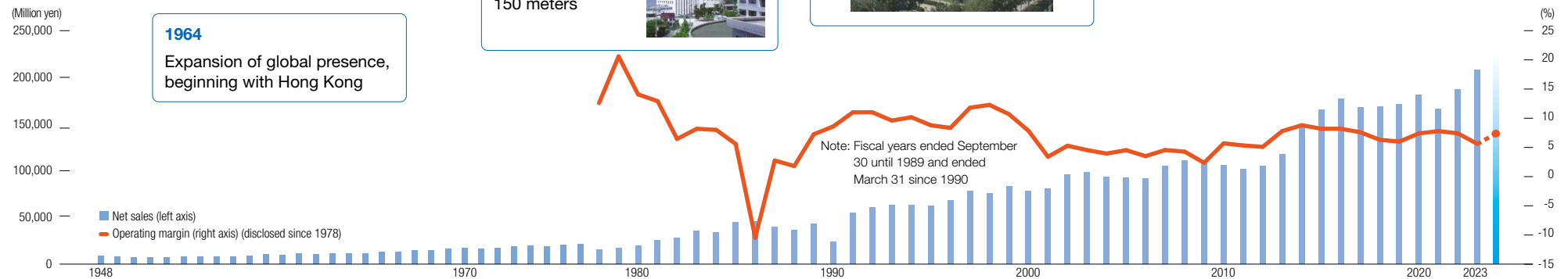


The second plant and the new research tower at Fujitec India Private Ltd.



History of Value Creation

Our management philosophy reads, “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.” Based on this philosophy, we have been building the relationship of trust with our stakeholders since our foundation in 1948. While giving top priority to “safety and reliability,” the very foundation of our business, we will continue to provide safe, reliable, and comfortable mobility for all to help solve social issues in the next-generation urban settings. In so doing, we strive for sustainable growth with our stakeholders.



1948— Foundation

Our Contribution to Urban Reconstruction
Shotaro Uchiyama founded Fujitec in 1948 as a specialized manufacturer of elevators and escalators out of his aspiration to contribute to urban reconstruction. Since then, with a global perspective based on our motto that “the world is a single market,” we have been making active inroads into East Asia, South Asia, the Americas, Europe, and the Middle East.

1970— Technological Innovation

Completion of the world's tallest and largest elevator research tower
In 1965, we began operating a 53-meter-tall elevator research tower at the Osaka manufacturing plant, which was constructed in Ibaraki City, Osaka Prefecture. Subsequently, in 1975, Fujitec finished building what was then the world's tallest and largest elevator research tower, which stood at 150 meters. The following year, the research tower was used to develop the world's first DC super high-speed gearless elevator with a speed of 600 meters per minute. Fujitec also built a computer-based control system equipped with learning functions that was a forerunner of today's Artificial intelligence technology.

1990— Expansion of Operations

Business expansion with a focus on East Asia
Aiming to build a five-pole global structure based in Japan, East Asia, South Asia, the US, and Europe, we established the joint venture Huasheng Fujitec in China in 1995 and began operating a plant in Langfang, Hebei Province in 1997. In 1995, we expanded our foundation in East Asia, for example by starting operation of a new plant in Incheon, South Korea, that tripled our elevator production capacity. In the 2000s, we opened an escalator plant and R&D base in Shanghai, China.

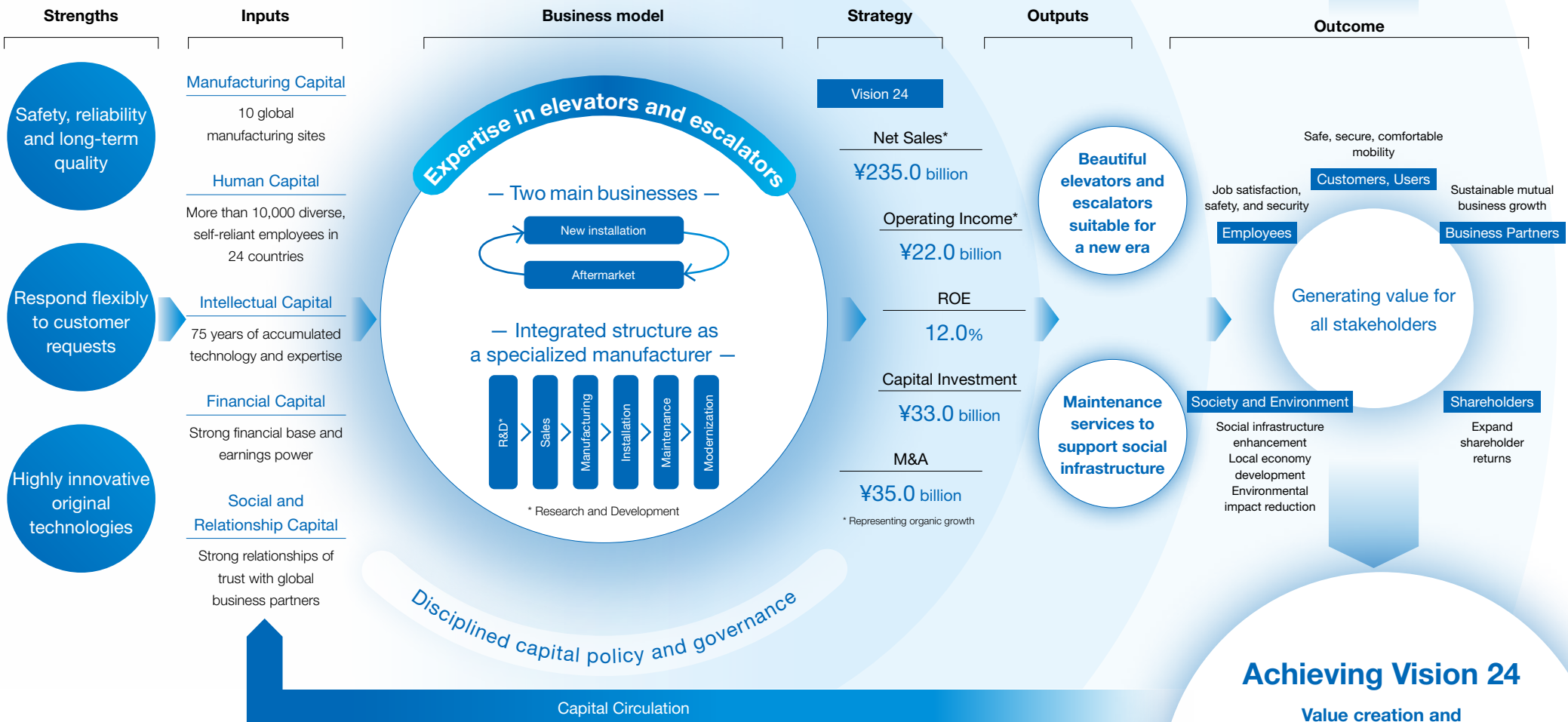
2010— Growth of the Brand

Accelerating Brand Development by Building Up Trusting Relationships with Customers
Customer trust in us and our excellent track record have enabled us to supply our elevators to landmark buildings around the world. Examples include Azabudai Hills in Japan, Wangjing SOHO in China, and Resorts World Sentosa in Singapore. Around the globe, our products are used in many landmark buildings, including hotels, office buildings, condominium buildings, commercial complexes, and public transportation facilities.

Value Creation Process

Fujitec's value creation process entails the input of resources, such as production facilities, human resources and intellectual property, into its unique business model to create products and services that support urban functions and deliver value to stakeholders. The capital created from this process is reinvested in growth to fulfill our management philosophy.

Realizing Our Management Philosophy



(Source: Compiled from the supplemental disclosure of Vision24)

Achieving Vision 24
Value creation and Capital Accumulation

Message from the President and CEO



Leading the Fujitec Group to further growth by deepening customer trust and adopting a “continuity and change” approach to management

Masayoshi Harada

President, Chief Executive Officer

Celebrating 75th year thanks to the trust of our stakeholders

This year marks the 75th anniversary of Fujitec's foundation in February 1948.

I believe this milestone has been made possible due to the trust we have built with our stakeholders through our long-term commitment to providing products and services with top priority on safety and reliability based on our management philosophy “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.”

Trust is of the utmost importance in our business. When entering into a contract with a customer, it is vital they can be fully confident that Fujitec will continue to operate steadily for decades after the initial installation of an elevator or escalator in a new building, in light of our long-term

relationship with the customer throughout the maintenance, repair, and modernization of the product's life. Coupled with the fact that elevators and escalators are a key societal infrastructure that support human mobility, I believe that trust in our management philosophy of prioritizing long-term safety and reliability has underpinned the sustainable growth we have achieved to date.

I believe that a key reason we have earned the trust of our customers and other stakeholders over the years is because they appreciate our two key strengths.

Our first strength lies in our cyclical business model that integrates the new installation and aftermarket businesses, combining research and development, production, and installation together with maintenance, repair, and modernization services throughout the product's life cycle. This trust is born from our strong collaboration between our research and development and design, production and installation, and domestic and global operations, which

enables us to provide a flexible and dynamic response to customer needs, our advanced and innovative development capabilities, and above all, our safe, reliable, and comfortable products and services that deliver outstanding quality and performance over the long term.

Our second key strength is that we are an independent, specialist global manufacturer. In the 1960s, we entered into overseas markets ahead of the industry, and today we have established a global supply chain and a network of research, production, and sales sites spanning some 24 countries and regions. Our global sites cooperate closely and operate their respective businesses in line with local characteristics and customer needs. In particular, our research and development functions, which directly contribute to enhancing our competitiveness and profitability, are conducted primarily through our R&D centers in Japan, with production taking place in regions such as China, India, and the United States. This has enabled us to create sustainable value through a business model underpinned by our proprietary technologies coupled with our flexible response capabilities. We have also actively worked to transcend industry boundaries and establish partnerships between industry, academia, and government to solve urban challenges by embracing new technologies including AI, robotics, and the Internet of Things (IoT).

A “continuity and change” approach to create an excellent company capable of sustainable growth.

As we move forward, we will continue to leverage these key strengths to contribute to the development of urban functions around the world, further solidify the trust of our stakeholders, and shape the Fujitec brand.

However, with the business environment undergoing drastic transformation, we cannot survive this era of rapid change unless we can flexibly update and upgrade our business while maintaining our core strengths.

To achieve this, we will adopt a “continuity and change” approach to management, clearly defining the areas we must maintain (continuity) and those we must transform (change).

The “continuity” that we must continue to uphold is the three pillars of our management philosophy: pursuing “safety and reliability”, pursuing quality, and a commitment to human resource development.

Meanwhile, with regard to “change”—the areas which we must transform—we will adopt a “selection and focus” approach to our portfolio, strengthen our Group management through an “All Fujitec” effort, and enhance our governance and communication.

Based on this “continuity and change” approach, our management team together with all of our employees will work to transform Fujitec into a world-leading global “Excellent Company” that achieves sustainable growth.

Fujitec’s “continuity”

I would like to touch on the areas identified as key items for “continuity”: “pursuing ‘safety and reliability,’” “a focus on quality,” and “commitment to human resource development.”

Pursuing “safety and reliability”

Providing safety and reliability to all our stakeholders is the highest priority for Fujitec across every aspect of our business activities. Our elevators and escalators are part of societal infrastructure and have a usage life of 20 to 30

years. As we are responsible for their maintenance, we are committed to providing products and services that place safety and reliability—for users, customers, and employees—above all else.

Pursuing quality

As a global company with its roots in Japan, trust in Fujitec’s quality is also vital in overseas markets. Fujitec’s quality standards, which we have developed in the Japanese market and further refined in overseas markets, will continue to serve as the standard for our products and services. Furthermore, we are committed to developing new and even higher quality benchmarks that combine cost competitiveness with quality to ensure that our products can continue to be used safely and reliably over the long term.

Commitment to human resource development

In order to fulfill Fujitec’s core values of pursuit of safety and reliability and a focus on quality, our people are our greatest asset. I believe that Fujitec’s growth from an Osaka-based company founded shortly after World War II into one of the global “Big 8” companies is the result of the sincere and committed attitude of our employees, which has earned us the trust of our customers and society. To ensure that our employees, who embody our spirit of hospitality, are healthy in both mind and body and to ensure that this corporate culture is passed on to future generations, we believe it is important to provide a healthy and nurturing workplace environment in which each employee is encouraged to take on new challenges and able to feel a sense of personal growth through the professional development they gain through their work.

Message from the President and CEO



Fujitec's "change"

Next, I would like to elaborate on our key items for "change": "selection and focus," "strengthening Group management," and "enhanced governance and communication."

Selection and focus

We anticipate that the market for elevators and escalators will continue to grow over the mid- to long-term. In the Japanese market, our orders are growing not only in the Tokyo metropolitan area and the Kansai region where urban functions are being reinforced but also in regional cities for their redevelopment projects. Amid this backdrop, we will strive for further growth and profitability in both the new installation and aftermarket businesses. Meanwhile, in overseas markets, although there is some variance between countries and regions, the new installation business is expanding in growth markets such as India, and aftermarket business is growing steadily in mature markets such as Singapore, Hong Kong, and the Americas. We will focus on the fast-growing ASEAN nations and India in particular and concentrate our managerial resources to strengthen this business, including

reviewing our supply chain. Economically, ASEAN countries are strongly influenced by Chinese immigrants. We have a long-standing business presence in Singapore and Hong Kong, and we believe that our customer base in the Chinese-speaking markets provides us with an advantage over our competitors. Going forward, we will propel this business to new heights by further strengthening communication with our customers. Our sales in India have doubled recently, and we have already established the leading market share among Japanese companies. We will continue working to expand our sales coverage in India, increase supply to countries around the world from our Chennai plant, which we expanded to boost production capacity, increase our sales, commercialize next-generation standard models, and lower manufacturing costs.

In addition, as professionals in mobility systems we will focus on solving our customers' challenges, such as improving productivity through collaboration with robots, and will actively work to provide solutions that enhance the asset value of buildings and the reputation of local areas. In doing so, we aim to further increase the market value of our elevators and escalators and secure profitability driven by robust demand.

Strengthening group management

On August 1, we implemented an organizational reform in order to further accelerate our objectives under the new management team that was formed in June 2023, as well as to achieve sustainable growth. The goal of this organizational change is to create an "All Fujitec" framework under which the technology, production, and administrative divisions will provide strong support for our two businesses, domestic and overseas, in a unified Group effort to drive our growth. We will also work to foster a

culture conducive to enhancing synergies within the Group.

In order to establish a framework for promoting Group-wide cooperation toward our goals, it is essential that we build an organizational culture that allows diverse individuals to play an active role, and we will encourage both our officers and employees to shape their actions in line with our key objectives of a "field-oriented approach" and "globalization." Regarding the first objective of adopting a field-oriented approach in our work, I believe that our key challenges lie in the field and that potential hints for future customer needs can also be found in the field. To understand the true essence of an issue, I am urging our employees to personally visit the field, see the reality firsthand, talk directly to the people involved, touch the products in question themselves, think through the matter themselves, and make their own judgments based on what they have seen and heard. With regard to the second objective of globalization, in order to grow as a global company that generates more than 60% of its sales outside Japan and whose workforce consists of 70% non-Japanese employees, we will strive to develop global talent with diverse values who can evaluate matters from a global perspective and find solutions to local challenges on a global basis.

Enhanced governance and communication

In the past, I feel we could have done better in disclosing information externally and in the ability of our top management to communicate our key messages. Going forward, we plan to strengthen both our internal and external communication strategies for all stakeholders. In addition to internal measures to strengthen communication with our employees, we will also enhance and accelerate a range of external disclosure initiatives to

establish dialogue with shareholders, investors, and the market in order to heighten our reputation as a company that maintains sound communication with markets. Through these efforts, we aim to maximize our corporate value by establishing the highest standards of corporate governance and communications systems—which is a key requirement for a publicly-listed company.

Contributing to the SDGs through our business

Regarding our efforts to protect the global environment, although our elevators and escalators consume a relatively small amount of electricity, I believe it is important that we approach this issue differently than in the past. For example, in terms of materials, if we could successfully reduce the amount of steel sheet used and the processing involved, resulting in a lighter product weight, this would have wide-ranging benefits from production to logistics, and even the installation process. We will launch a number of such projects with the aim of providing environmentally friendly elevators and escalators. In addition, with sustainability becoming an increasingly prominent concept in Japan and worldwide, there is an urgent need to make our urban environments barrier free to enable accessibility for all people, including those with young children and the elderly. As a result, demand for elevators and escalators is projected to increase further. Furthermore, as it is difficult to halt elevators and escalators for long periods of time during renovation work, I believe that there will be opportunities to create new demand by developing technologies to create elevators and escalators that can be installed quickly and easily and are user-friendly, safe, reliable, and comfortable.

We are also actively promoting digital transformation

(DX), including utilizing DX in our current operations as an integral part of our constant pursuit of “safety and reliability.” For example, we are working to improve the quality of our maintenance services, including implementing a remote monitoring system for elevators that utilizes machine learning and using smart glasses to teach technical skills from remote locations. To ensure that our elevators and escalators are disaster-resilient, we are also utilizing IT to minimize damage and developing systems to facilitate the swift restoration of operations. With regard to information security, we are working to further increase the security awareness of our employees as well as enhance the resilience of our systems against unexpected cyber-attacks. By integrating ICT into our current operations, we will continue to focus on expanding new businesses and improving profitability by pursuing process innovation and cost reductions, growing the aftermarket business by expanding our product and service lineups, and using IT to enhance profitability.

Meanwhile, risk management initiatives are a key part of our efforts to establish a management base to support corporate value. As part of our annual risk management, we have defined 18 priority operational risks and two priority business risks based on the results of a company-wide risk assessment and deliberations by the Risk Management Committee. Business risks are subdivided into seven Group-wide risks, such as compliance risks, and 11 local risks, such as business continuity in the event of a major disaster, and managed accordingly. To address each of these risks, in addition to regular committees associated with the Risk Management Committee, we encourage each business division and headquarters to participate in risk management initiatives as risk owners, according to the issue at hand. Going forward, we will

continue to enhance our risk management initiatives, including ensuring thorough compliance with all laws and regulations. As a Group, it is also important that we raise the level of risk management at our global entities while also taking into account country risk.

To our stakeholders

In order to remain a trusted company, we are committed to fulfilling the expectations of our stakeholders, and our officers and employees recognize the importance of constantly evolving and improving our operations in order to achieve sustainable growth.

To accomplish this, we will strive to build a culture of open communication in which our employees can work with greater vitality, enthusiasm, and confidence.

Our officers and employees will act in accordance with our philosophy of “continuity and change” to establish an even stronger relationship of trust with our stakeholders and further transform Fujitec into an excellent company that meets our stakeholders’ expectations. We look forward to your continued support.



Medium- to Long- Term Strategies

Pushing forward with “All Fujitec” reform efforts to enhance our corporate value



Takashige Nakajima

Representative Director Senior Executive,
Senior Executive Operating Officer,
In Charge Of Engineering & Production General Manager

Overview of business performance, etc.

During the first half of the consolidated fiscal year ended March 31, 2023, the global economy experienced a gradual upswing, despite differences in some regions. During the second half, however, the pace of recovery slowed due to global monetary tightening and rising prices. In this environment, during the consolidated fiscal year under review, total net sales amounted to 207,589 million yen (up 11.0% year-on-year), while operating income was 11,619 million yen (down 15.7% year-on-year). Although sales in South Asia and the Americas/Europe reached record highs on the back of continued robust sales in both

the new installation and aftermarket businesses, operating income in Japan and East Asia declined due to the effect of COVID-19 lockdown in Shanghai, rising raw material costs, and other factors.

Regarding the outlook for the fiscal year ending March 31, 2024, while we understand the concerns about price hikes in raw materials for new installation and modernization project and about the impact of uncertainty in global affairs on supply chains, we will endeavor to improve profitability through sales strategies tailored to market characteristics and cost reforms based on production and operations strategies. Based on the assumption that trends in economic recoveries continue,

we forecast net sales of 226,000 million yen (up 8.9% year-on-year), and operating income of 13,800 million yen (up 18.8% year-on-year).

Toward an “excellent company”

Going forward, our management will center around a “continuity and change” approach, with all our employees working as one to create a new Fujitec that can achieve further growth. The “continuity” that we must continue to uphold include constant pursuit of safety and reliability, an unwavering focus on quality, and a commitment to human resource development. Meanwhile, regarding the “change”

part of the equation, we will focus on transforming through a select and focus approach to our portfolio, strengthening the Group management and enhancing governance and communication.

We will increase our market share by expanding our new installation and aftermarket businesses while ensuring steady profitability improvements by expanding sales and promoting cost reductions. Specifically, we will cultivate new markets and customers and establish deeper ties in existing channels by expanding our product lineup, and develop and launch strategic models in collaboration with each global site while strengthening development of environment-friendly products. In addition, we will work across All Fujitec to collaborate even more closely with each global site and achieve cost reforms through procurement as well as introducing next-generation technologies. Furthermore, in order to strengthen our capital policy and governance structure, as of August 1, 2023, we reorganized our organization with the technology, production, and administrative divisions supporting our two businesses—domestic and overseas—toward achievement of growth as a united Group.

In production and operations, we are working to reduce production costs by advancing our global procurement, as well as continuing to reduce installation costs by developing innovative installation methods and improving installation skills to achieve greater efficiency in the field. With an eye to the next growth phase, we acquired the shares of Elevadores EV International, S.A. de C.V. in Mexico in the first half fiscal year. Going forward, in our capital policy we will work to improve capital efficiency while pursuing aggressive M&A activities in Japan and overseas. From an ESG perspective, we will continue to

strengthen our governance framework and contribute to the realization of a sustainable society.

Thanks to the ongoing support of our many stakeholders, in February 2023, we marked the 75th anniversary of Fujitec's foundation. We will continue to pursue further value co-creation with our valued partners.

My mission as head of technology and production

To improve efficiency and increase our profitability, I believe that we must continue to pursue safety and reliability, maintain an unwavering focus on quality, and commit to human resource development while leveraging Fujitec's unique strengths based on our proven track record and reputation in the Japanese market, which we have earned through Fujitec's steadfast commitment to safety and reliability.

For example, in order to enhance product quality, we plan to construct an elevator component analysis and evaluation center, tentatively named the Quality Laboratory Complex Project, on the grounds of our Big Wing site in Hikone City, Shiga Prefecture, Japan which incorporates our headquarter, research and development, and production functions. The new building is scheduled for completion in February 2025. This new construction will be equipped with testing facilities to evaluate the performance, reliability, and safety of a variety of elevator components, as well as elevators for conducting verification tests, including operational tests. Although testing and verification have conventionally been conducted as part of functional evaluation of technology during product development, this facility will focus specifically on quality, thereby

strengthening quality control and further improving the performance and reliability of our products. We will also study installation methods to improve the efficiency of installation work and assure the quality of existing elevators and escalators.

As a specialist manufacturer with integrated global operations spanning manufacturing, sales, installation, maintenance, and repair, we will work to further emphasize our all-round expertise, including maintenance, as an "All Fujitec" brand identity that sets us apart from our competitors.

Responding to results of employee engagement survey (strengthening dialogue)

In order to fulfill Fujitec's core values of "pursuing of 'safety and reliability'" and "pursuing quality," we believe that our people are our greatest asset. We will continue to place importance on developing employees with outstanding character and integrity, fostered by the corporate culture we have developed throughout our history.

Our recent employee engagement survey indicated a need to further expand and enhance communication with our employees.

While our senior management team is working to establish solutions to our key management challenges, I would like to build an even more effective management style in which each and every employee is aware of the challenges facing the company and proactively works to transform our organizational culture for the better.

Message from the General manager of the Finance HQ



Meeting the expectations of our stakeholders through sound, sustainable business operations

Kosuke Sato

Director, Senior Executive Operating Officer,
In Charge Of Administration,
General Manager of Finance HQ

My aspirations as General Manager of Finance HQ

My career to date has spanned a number of fields related to corporate management, including finance, accounting, and corporate planning. I joined Fujitec in January 2021 as a member of Finance HQ and later assumed responsibility for the corporate planning division when the company's planning functions were integrated into the Finance HQ as part of an organizational reform in October that year. In addition, from June this year I have been entrusted with responsibility for overseeing all of Fujitec's administrative divisions. From my experience so far, I feel that while

Fujitec's Finance HQ is extremely strong in "defensive" functions such as corporate accounting and fund management, we are less capable in "offensive" fields such as managerial analysis and financial strategy planning. Accordingly, one of my key aims is to improve the quality of our work by systematizing and streamlining routine tasks in order to increase the time we are able to devote to strategic thinking and planning. I also believe it is important to enhance our communication—not only within Finance HQ but also with related departments—to share information and create a culture and environment that encourages independent thinking. Our elevator and escalator business consists of the new installation business

and the aftermarket business, with the latter generally having a higher profit margin than the former. Accordingly, securing a solid number of units to service and maintain following new installation will help generate profits. Although laying the foundations of a business takes time, once these foundations are in place, a relatively stable business operation can be maintained. We have traditionally prioritized stable corporate management and preserved cash, now that the scale of our business has reached a certain size, I believe it is time to reconsider this policy.

Basic approach to financial strategy

The fundamentals of my financial strategy are to maximize free cash flow and ensure an appropriate WACC*.

In order to maximize free cash flow, our first priority is to improve profitability. In the fiscal year ended March 31, 2023, rapid inflation put a substantial dent in our profit margins. Although we are implementing a range of measures to recover our profitability this fiscal year, reaching the level assumed in our Vision24 will still require considerable efforts. Another priority is improving our asset efficiency. Due to disruptions in the supply chain caused by the shortage of semiconductor components following the COVID-19 lockdown in Shanghai, China last year, we unfortunately inconvenienced our customers due to delays in performing installation work. In light of these shortcomings, we built up our inventory of certain products, which has resulted in a slight delay in our efforts to improve our asset turnover ratio.

Meanwhile, in order to ensure an appropriate WACC, we will utilize a certain level of debt with the aim of achieving an appropriate capital structure and lowering our WACC. I believe that our corporate bond rating will serve as a benchmark for these efforts.

Although the Fujitec Group does not currently have a bond rating, I believe that a capital structure capable of maintaining a stable single A rating would represent an appropriate level of leverage.

Our growth investments under Vision24 include 33 billion yen in capital investment and 35 billion yen in M&A. I recognize that our capital investment has been delayed slightly due to a review of our investment plans in the face of soaring prices for construction materials and raw materials, which have pushed up the cost of planned

investments compared to our original plans.

On the other hand, with regard to M&A, we already completed several deals in India and Mexico in 2022 and in Canada and Japan this year. Although progress may appear to be behind schedule in monetary terms, I believe it is premature to draw conclusions regarding the 35 billion yen figure at this time as the potential for large-scale M&A remains.

Our basic policy on shareholder returns is to repurchase treasury shares using the balance remaining after deducting total dividends from 50% of our operating cash flow.

Although we repurchased 10 billion yen of treasury shares during the fiscal year ended March 31, 2023, we do not currently plan to conduct a share buyback during the current fiscal year as operating cash flow was negative in the previous fiscal year.

I believe that accomplishing our investment plan and shareholder return policy outlined in the aforementioned Vision 24 as planned will transform Fujitec from a “cash-rich” organization to an appropriate capital structure that utilizes a certain level of debt, which will serve to improve our capital efficiency.

While shareholder returns are among the highest priorities for a company, and going forward we will continue to flexibly combine dividend payments with repurchase of treasury stock, I believe that the ideal use of invested capital is to increase our corporate value by making astute investments to capitalize on business opportunities. Improving our profitability while achieving further business growth will serve to fulfill the expectations of our shareholders and other stakeholders.

* WACC: Weighted Average Cost of Capital. A commonly used method of calculating the cost of capital, based on the weighted average of the cost of debt and the cost of equity financing.

Utilizing discussions among our diverse Board of Directors to ensure sound, sustainable business operations

Prior to being appointed as a director, I previously attended Board of Directors meetings as Board secretariat. Although Fujitec’s Board discussions have always been robust and candid, I feel that welcoming a new lineup of outside directors following a resolution at an extraordinary general meeting of shareholders in February 2023 has dramatically enhanced the diversity of the members and opinions shared.

Although meeting time is often limited as a result of several directors living overseas, going forward we intend to further improve the effectiveness of the Board by utilizing offline meetings and other measures.

We are also planning to develop a new mid-term management plan, and we intend to actively involve our outside directors in the formulation process in order to make the new plan even more transparent and credible.

Going forward, we will continue striving to fulfill the expectations of our stakeholders and instill confidence in the future of the Fujitec Group through sound oversight and governance by the Board of Directors based on diverse discussions, working in tandem with the executive side of the company’s operations.

Customer Relations at Fujitec



Serving our customers with
sincerity and integrity to
propel our global business

Hiroshi Maruyama

Senior Executive Operating Officer
General Manager,
Global Business HQ

Shigeo Nishimura

Operating Officer
General Manager, Japan

Sales and marketing initiatives: promoting Fujitec's unique qualities and collaboration between global sites

Nishimura In our sales and marketing efforts, our biggest selling point to customers in Japan is our ability to provide a full range of services, from sales to design, installation, and after-sale service.

Since Fujitec's foundation, we have maintained an unyielding commitment to our customers, doing everything in our power to earn their approval and ensuring thorough communication even when problems occur. This culture continues to form the backbone of our sales activities.

In addition, as we provide integrated solutions, the feedback from our maintenance activities is fed back to our future products in a positive cycle that solidifies the trust of our customers.

Thanks to our proven record of success in providing mobility equipment to flagship buildings in Tokyo, Osaka, and other major cities in Japan, the Fujitec brand has become synonymous with elevators and escalators, and we can sense the high expectations of our customers during our sales and marketing activities.

Maruyama Throughout the history of our global expansion, we have consistently fulfilled the Fujitec management philosophy "to collaborate with people from nations around the world to develop

beautiful and functional cities."

Our expansion outside Japan started with Hong Kong in 1964, followed by Singapore, and in 2024 Fujitec Hong Kong will celebrate the 60th anniversary of its establishment. In every new country we have established business in, we started from scratch by firstly dispatching a team to the selected country, recruiting local staff, and building an overwhelming sales force to secure large-scale orders before establishing a local subsidiary. These first few years were typically a testing period of fierce perseverance. After establishing a proven track record, Fujitec's sales and marketing operations can proceed much more smoothly. Consistently providing sincere customer service has enabled us to establish a loyal clientele and expand our business in local markets throughout the world.

I feel that what our overseas customers expect from a Japanese manufacturer are sincerity and service that exceeds expectations. Our sales teams strive to be attentive to our customers' needs and to always uphold the trust they have placed in us.

Nishimura Among our overseas expansions, our success in Hong Kong in particular has served to raise the standard of Fujitec's operations in Japan. As an example, in our current high-rise building projects in Japan we are reimporting and utilizing the experience we have accumulated in overseas projects. This also holds true in our sales approach—our Japan sales team works with their overseas counterparts to develop attractive customer proposals based on our track record in other countries. In addition, Japanese developers are increasingly choosing Fujitec to support their overseas projects. Going forward, we aim to further raise the level of our sales, maintenance, and back-office operations by tackling new challenges in overseas markets and promoting exchange and collaboration between our global personnel.

Maruyama We currently have just under 70 employees from Japan dispatched on assignment overseas. I believe it is extremely important that these overseas delegates study and bring back to Japan the best practices from overseas, as well as utilizing Japanese trends in our global operations.

Sales and marketing operations: Japan and overseas

Nishimura When a sales department in Japan develops a business plan, the direction and goals are set from the top down, and the plan is then refined and finalized from the bottom up, incorporating feedback from the frontline sites.

The salespeople will then discuss how to bridge these gaps, for example, adopting new tactics that go beyond conventional approaches, and compile these strategies into an action plan.

Maruyama Fujitec's Global Business HQ is primarily responsible for managing overseas subsidiaries in 24 countries and regions, which are divided into five major geographic areas: Europe, the Americas, China, South Asia, East Asia, and other subsidiaries directly managed by Fujitec. We work closely with regional executives to deploy policies to each of our local subsidiaries.

Business plans for each fiscal year are developed primarily by each local subsidiary. This differs from our approach in Japan—we do not apply the same criteria to all our overseas operations, but rather take into account differences in regional characteristics, culture, and laws.

Nishimura In Japan, elevator installations tend to be weighted during the second half of the year, as many buildings are completed in March and open with the new fiscal year in April.

In December last year, we were engaged in some hectic discussions with customers regarding the possibility of postponing renovation work as the COVID-19 lockdown in Shanghai starting in March 2023 halted the supply of components and we also had new installation work scheduled, with the

deadline for contract delivery unable to be moved as building opening dates were fixed.

Maruyama In our overseas operations, the experience of the Shanghai lockdown drove home the fact that in difficult times, each site and entity must stand by each other and pull together as a united Group to overcome challenging circumstances.

Initiatives toward sustainable growth and future outlook

Nishimura The Japanese market for new installations is mature, with the number of new units installed remaining steady at around 20,000 per year. Accordingly, strengthening aftermarket sales will serve as our main growth driver. There are currently between 800,000 and 1 million elevators in operation, and approximately 2,300 are upgraded each year.

In Japan, we have conventionally maintained or modernized our own products. However, with the emergence of independent maintenance companies, customers have become extremely cost-conscious, leading to fierce competition. We are developing new models for upgrade that can be installed in models produced by other manufacturers and are expanding such services across Japan through tie-ups with partner companies who can service models produced by other manufacturers.

With the threat posed by competitors becoming an increasingly reality, remote monitoring services, which can be offered at reasonable prices, will be a key factor in strengthening our relationships with customers. I believe that enhancing such services is a key objective in our efforts to achieve sustainable growth. In addition to raising our sales prices in light of rising procurement costs, I am confident that continuing and further strengthening the relationships we have built with our customers by offering a full lineup of services that meets their needs, will allow us to achieve further growth.

Maruyama The remote monitoring system provided by Fujitec's

Safenet Center in Japan has also attracted considerable attention overseas. One country in Southeast Asia, which is struggling with labor shortages, requires elevators to be serviced on a monthly basis. We received consultation on the possibility of extending this interval to once every three months through the use of remote monitoring and are currently studying potential solutions.

Cost reductions will be key to achieving sustainable growth overseas, and we intend to leverage the strengths of our production sites in China, South Korea, and Taiwan to further drive our business forward. In India, our second plant, which was completed in 2022, is now in full operation, and its annual new installation orders have reached 2,000 units, surpassing the 1,500-unit level originally planned. We will also leverage our acquisition of Fujitec Express Limited in India to sustain our rapid growth in the country as well as expand exports to South Asia and the Middle East.

As many of our overseas customers have businesses spanning multiple countries, I believe it is important that in addition to each of our regional subsidiaries working to develop their respective businesses, we must also work together across the Fujitec Group to ensure that we maximize our business opportunities with such global customers, including major Japanese construction firms with global operations.

While we currently operate in 24 countries and regions outside Japan, there are still countries in which we have yet to establish a full-scale presence. We will therefore work closely with local distributors to further expand the reach of our products and services around the world.



Technological Capabilities of Fujitec



The technology and research underpinning trust in our safety and reliability

Michinari Fukamoto

Operating Officer,
General Manager, Engineering HQ,
General Manager, Sales Engineering
Center

Kazuhiro Shiode

Executive Operating Officer,
General Manager,
Research & Development HQ

Safe and reliable manufacturing only Fujitec can deliver

Shiode Guided by our management philosophy of “developing beautiful and functional cities,” as a specialist elevator and escalator manufacturer Fujitec develops products based on the fundamental principle of providing a safe and reliable means of transportation. We also provide added value by fulfilling comfort and convenience demands and taking the environment into consideration.

Our Research & Development HQ consists of two divisions: Development and Research. The Development Division is responsible for commercialization of products for the immediate

future, while the Research Division studies technologies with a view to the next three to five years. Research & Development HQ holds regular brainstorming sessions to discuss what the elevators and escalators of the future might look like and identify related issues. These discussions lead to development of test models with new features that deliver greater convenience and comfort, which are then tried out by clients, developers, and other customers, and their feedback is used to commercialize the products. To deliver new products to society, we must not only listen to our customers’ requests but also continue to refine our products and technologies to study how we can provide even greater added value. I believe it is this culture of constantly approaching manufacturing in a proactive

manner that enables us to create products that exceed our customers’ expectations. Our standard model XIOR elevator, which we launched for sale in 2020, is the first standard model elevator in the industry to adopt contactless “Air Tap” button technology. The standard model of this product is equipped with many attractive features, including the ability to handle speeds up to 120 m per minute, inclusion of a cooler as a standard feature, and a large LCD screen.

Fukamoto For gathering feedback from customers, from a manufacturing perspective the Engineering HQ’s Sales Engineering Center serves as the first point of contact with customers. The Center is the team positioned closest to our customers and works to support Fujitec’s technological excellence. It also serves as a “direct design” role (design of products for buildings that Fujitec has already received orders for), in which customer requests are incorporated into manufacturing drawings and conveyed to subsequent work processes.

During modernization work (renovation of existing elevators and escalators), no two buildings are identical, so it is essential to identify the requirements that must be fulfilled and study how we can provide products that are optimally suited to the building. Drawing on our long-standing technological expertise, we demonstrate our advanced technological prowess and extensive solution-provision capabilities by performing comprehensive modernization of not only our own products but also units originally manufactured by other companies.

Collaborating to create never-seen-before products that deliver “beautiful and functional cities”

Shiode Our role in Research & Development HQ is to maintain a bird’s eye view of all the divisions involved in the series of processes spanning sales, design, production, logistics, installation, maintenance, and modernization, and serve a “lubricant” function to achieve Fujitec’s objectives. If Research & Development HQ says “no” to the ideas and technologies proposed by other parts of the



business, all the efforts and creativity of these teams will be fruitless. Therefore, one policy that we strictly follow within our organization is to never simply say “no” and to cooperate, such as by offering an alternative solution even when the proposal is truly too difficult to fulfil.

Research & Development HQ also collaborates with Engineering HQ to find solutions to problems that Engineering HQ is unable to resolve alone. After

products have developed, we work together with Engineering HQ once again to streamline design specifications and standardize products in order to meet future customer delivery deadlines.

Fukamoto Yes, I would say that our respective divisions maintain the closest relationship throughout the process. For example, customers sometimes request products that are not yet commonly available. This was the case for the double-deck (two-story) elevator* that we supplied to the Azabudai Hills complex which recently opened in Tokyo’s Minato-ku district. We worked in tandem with Research & Development HQ throughout the entire project from design to completion, including obtaining the required legal approvals and verifying the technology.

*Double-deck (two-story) elevator

A two-floor elevator comprised of two interconnecting cars, allowing passengers to embark and disembark on two floors at the same time, as well as transport two carloads of passengers at once. Passengers aboard the elevator in accordance with their destination floor, for example, from the first deck for odd-numbered floors, and from the second deck for even-numbered floors.



Double-deck elevator (image)

Shiode However, until now, there had actually been a downside to this approach, as such requests often coincided with busy periods for the design work handled by Engineering HQ. The most effective way to resolve this is to reduce the amount of work requiring human input, so we are working with Engineering HQ to standardize design work that previously took two hours so that it can be completed in one hour.

Fukamoto In addition to improving efficiency and standardization, we must also take on board criticisms from inside and outside the company, such as “Fujitec doesn’t perform well enough in this area” or “You should take this approach instead,” and identify the areas we need to address.

As a specialist manufacturer, I believe our greatest strength lies in our integrated business system, which encompasses everything from installation and maintenance through to modernization, and that there is much more that can be accomplished through this integrated framework to fulfill our management philosophy of “beautiful and functional cities.”

Keeping our antennae tuned to leverage new technologies and realize our mid-term management plan Vision 24

Shiode There is now only one year remaining until the final year of our mid-term management plan Vision24, and we are currently pushing forward with Group-wide efforts to realize the plan’s objectives. However, our initial plans have been impacted by global disruptions such as the Shanghai lockdown due to the COVID-19 pandemic and semiconductor supply shortages, and during the past few years we have worked to reduce costs of current models for global markets, a measure we had not originally envisioned.

Fukamoto Although improving our profitability is a key mission, I believe it is important to make technological proposals that are both efficient and beneficial to both our customers and Fujitec, so that our customers can adopt these technologies fully satisfied of

the benefits.

One tool we use to help to ensure customers are satisfied with our products is a design simulator. Although this technology is currently only available for standard models, customers can use a virtual reality (VR) system to help develop an image of the product and determine the specifications of the models they wish to order. In the future, we will combine our wealth of expertise with new technologies to make our products even more accessible to customers. VR technology enables us to confirm the customer’s requirements and orientation at an early stage and narrow down the options, which helps Fujitec to shorten lead time and realize cost advantages.

Shiode Reducing the cost of our standard XIOR model is also an integral goal in improving our profitability. We will keep our antennae keenly tuned to identify beneficial materials and components, negotiate terms, and strive to create better products than ever before. Going forward, we will continue taking on new challenges, through trial and error, to innovate and develop new sources of competitiveness.



Image of VR system



Manufacturing at Fujitec



Aiming for all-round optimization through collaboration between field and manufacturing operations

Akira Izaki

Operating Officer,
General Manager,
Production HQ



Nobuo Fukamatsu

Operating Officer,
General Manager,
Field Engineering HQ
General Manager,
Quality Management HQ

The respective roles of Field Engineering HQ and Production HQ

Fukamatsu Elevators and escalators only become finished products once the components have been shipped from our plants and installed in the customer's building.

The main responsibilities of the Field Engineering HQ (FEHQ), which was established in April 2023, are to research and develop new installation methods that can shorten installation time and ensure efficient and safe work and to standardize and deploy these methods across Japan.

Conventional installation methods include (1) erecting scaffolding on which workers perform operations, (2) installing temporary

gondolas on buildings that are raised and lowered during installation, and (3) using the cages of elevators to be installed to install the machinery. However, to date we had not made significant improvements to these methods in order to increase efficiency.

For example, in condominiums, the installation process will be typically performed almost entirely by a single technician. As a result of our efforts to improve efficiency by improving the tools used as well as the products themselves, including reducing the time required for technicians to ascend and descend, we have almost achieved a 10% reduction in elevator installation time for a 10-story condominium building, which translates into two days fewer.

We are also developing a new Fujitec original elevated work platform in joint development with a robot manufacturer to improve

the efficiency of elevator installation in low-rise condominiums.

Izaki It is certainly true that the building where elevators and escalators are installed constitutes the final "assembly line," which represents a major difference compared to other manufacturing industries. While Production HQ is responsible for manufacturing products, another critical role we play is to ensure the timely and reliable delivery of the components that are assembled by FEHQ.

A typical elevator consists of some 20,000 to 80,000 components. The logistics of supplying these components is of crucial importance as they must be delivered to the installation site without fail.

Fukamatsu The best way to streamline the work performed on-site and shorten the installation period is to reduce the number of components that require handling at the installation site. Ideally, units of a certain weight and size should be packaged at a plant and then installed on-site, either manually or by a machine.

For example, elevator landing fixtures have traditionally been assembled on-site, including the passenger door, three-way frame, door opening/closing device, and threshold. We are currently testing the possibility of assembling this complete set of components that comprise the landing fixtures into a unit at our plant and installing it at the worksite.

As unitization makes each component larger and heavier, a variety of countermeasures are required in accordance with the conditions at each worksite, such as using hoists, suspending the unit in the elevator shaft using lifting equipment, or, in extreme cases, transporting the unit upstairs. By unitizing components into sizes that site technicians can handle with confidence, we have successfully increased installation efficiency of elevator cars for condominiums by 30% to 40%.

Through discussions in collaboration between Production HQ and Fujitec and partner company employees working at the installation sites, I believe we have succeeded in packaging our products in a way that simplifies the installation process.

It is important to keep in mind that even if the installation period at



the worksite can be shortened, it would be counterproductive if doing so led to an even greater increase in the amount of time required at the plant, so decisions must be made based on overall efficiency.

Izaki Traditionally, the production divisions have focused their efforts on eliminating unnecessary work. For example, in packaging, we previously studied ways to reduce the number of cardboard boxes

by packing products in ways that minimize gaps. Therefore, it initially took some time to get staff on the shop floor to understand that although unitization is the opposite of this approach as it increases the number of processes that must be performed at the plant, it ultimately results in greater efficiency for the company as a whole. Today, our staff understand the principle behind this approach and are working proactively toward this goal.

Another important point is that the feedback from the installation sites, such as “unitization has made our work so much smoother” has helped our plant employees realize the value that their work provides. Going forward, we will consider manufacturing not only from a plant perspective but also by visiting installation sites, witnessing firsthand the types of difficulties faced in the field, and talking to those involved in order to obtain a firm understanding of the situation and feed this information back to the plants.

Overcoming the many challenges posed by the COVID-19 pandemic through strong teamwork

Izaki In 2022, the two-month COVID-19 lockdown in Shanghai prevented our component plants in China from making or shipping

parts. We faced a difficult situation in which we were unable to deliver elevator components in time for their original delivery date as our inventories were running low while construction of the buildings in which the elevators were to be installed continued on schedule. During this period, Production HQ worked with Fujitec’s development and design teams to procure parts that could be manufactured at other plants or substituted with different components. At the same time, FEHQ and our sales teams were constantly working with clients and construction companies to find ways to rearrange dates for installation work without impacting the final completion date.

Another challenge was the rising cost of raw materials. Even in cases where we had signed contracts with suppliers two to three years before, we received requests for price increases from suppliers stating that they could not produce the product at the current price, which put pressure on our profits. As the number of units produced is much smaller than products such as automobiles and home appliances, our products can be considered a collection of components that are difficult to mass-produce, which makes them sensitive to cost increases.

We also faced other issues such as semiconductor shortages, and going forward our challenge will be to strike a balance between quantity and cost, as well as how to manage our inventory, making use of our experience of difficulties in procurement.

Fukamatsu This period was followed by the resumption of installation work that had been delayed by component supply shortages, which in turn led to a shortage of installation personnel.

FEHQ dispatched veteran installation technicians, who had been transferred to headquarters from the field when the organization was created, to the worksites to ensure that we were able to meet the delivery dates required by our customers.

For me, this experience reaffirmed the importance of cooperation between the respective headquarter divisions. This was a great example of Fujitec’s teamwork, in which we confront difficulties and are ready to provide support if any part of the Group is in need of assistance.

Evolution is not possible without constant challenge

Izaki Fujitec is a specialist manufacturer, and our strength lies in our integrated business structure, which spans sales to final maintenance.

Following the establishment of FEHQ, we have created a cycle in which our field operations and Production HQ join forces to address a range of issues, and the creation of this organization provided a valuable opportunity to consider our respective roles in the company. Meanwhile, in terms of cost reduction, Production HQ serves as a key link between the field and the design processes.

Going forward, I believe that Production HQ should assume the role of a command center for the design functions, such as communicating that drawings should be revised in a certain way or suggesting cost reductions by replacing certain components. Evolution will not occur without constant challenge.

Fukamatsu One reason behind FEHQ’s efforts to improve efficiency is the shortage of personnel. I believe we must push ahead strongly with automation and labor-saving efforts and that ultimately, we must reach a stage where automated robots can install elevators with the assistance of AI technology.

Izaki In our transformation toward full automation, we are currently advancing the automation process in small “dots,” but these must be gradually extended to “lines” and then to “whole surfaces.”

Evolution is not possible without constant challenge. I look forward to a future in which our automation initiatives will transform the manufacturing process itself.



Innovation Capabilities of Fujitec

Leveraging DX to deliver smart safety and reliability

Senior Executive Operating Officer,
General Manager, Digital Innovation HQ

Kenji Tomooka



Enhancing intelligence through services that leverage digital twin technology

Fujitec's ultimate goal for digital transformation (DX) is to provide safety and reliability to our customers. Digital Innovation HQ is responsible for promoting DX across the Fujitec Group. This organization consists of the Information Technology R&D Department, which is responsible for R&D functions; the Information Systems Department, which develops and operates core systems; and the Process Management Department, which promotes innovation in our business operations. Although one of Fujitec's strengths is the fact that we develop our core systems in-house, we also proactively utilize external cloud services in our non-core business operations. We currently employ 44 cloud services, with cloud spending accounting for 46% of our IT investment. Going forward, we will continue working to enhance the in-house development skills of our engineers and our capacity to make effective use of external services to transform work styles in our frontline operations and increase the value we provide to our customers.

Fujitec's DX vision is to realize a digital twin—a mirror image of the real world expressed in digital form that makes it possible to simulate reality as well as collect and optimize data in real time. This enables efficient monitoring and forecasting, which we at Fujitec utilize to enhance the customer experience by virtually linking the products and services such as maintenance and repair that we provide, our related employees, and our customers together on the same platform to deliver an even better customer experience.

For example, in the event of a major earthquake, a large number of elevators will be shut down to ensure safety. In preparation for such a situation, we have released "All on Maps," a service which uses artificial intelligence (AI) to recommend which field engineer should visit which site and in what order, to achieve the most efficient and successful restoration of service. This system enables us to obtain information about each elevator, such as its operational status and repair history, from a map on a smartphone, so that our engineers can check the status of other stalled elevators nearby while conducting restoration work.

Furthermore, in the event of a major earthquake, our field engineers themselves may be impacted by the disaster and unable to travel to the site. As a countermeasure, we are also working to enhance our safety confirmation system, so that we can check the safety of employees and their families, as well as their available means of transportation, and improve our matching function so that we can determine how many field engineers are available and which sites they should visit to achieve an optimum response.

Another service we offer is "Elemori," an online service for building superintendents that provides a visual overview of elevator and escalator operating status and other information. The name of this service is derived from "elevator" and "mimamori," meaning to "watch over" in Japanese. This service enables customers who have received remote inspections to view the remote inspection reports, which were previously sent by postal mail, online from their PCs or smartphones. We are currently working to expand the system's functionality to provide information on an elevator's condition in the event of an earthquake, as well as its history during past earthquakes. This enhanced intelligence will enable us to remotely monitor the situation and optimize our responses without having to visit the sites directly.

Delivering enhanced value to customers and contributing to the technological evolution of society as a whole

Our global Elemori service currently provides customers in South Asia with almost real-time monitoring of elevator operating status via a dashboard application that provides information on their specific operations. This is the first

service from Fujitec that enables real-time information to be visualized online in any office environment, rather than a specialized facility. In contrast to previous monitoring approaches that centered on providing information to people, we are shifting to delivering information via Application Programming Interfaces (APIs)—in other words, integrating our data with the programs and systems owned and operated by our customers. The All on Maps service that I mentioned earlier was accomplished by linking existing in-house systems and disaster data with the Google Maps API, and in the future, customers will increasingly use APIs to link their own platforms to Fujitec's systems.

Our society is rapidly evolving through the adoption of smart technology in the form of DX (maximization of the digital experience). Amid this evolution toward smart technology that delivers convenience and ensures safety and reliability, we recognize the critical importance of ensuring that connections to customers' systems are maintained and that data is always properly delivered. Fujitec's digital twin technology aims to enhance the value we provide to customers by seamlessly integrating our products, services, and customers via a digital platform.

I would like to take this opportunity to introduce a few more of our DX initiatives. First, our smart glasses, which we have introduced to improve safety and reliability, is used for two main purposes: (1) to enable our engineers working at maintenance sites to communicate with colleagues in remote locations, and (2) for training employees using real video footage captured during field work. In some cases, experienced employees will perform work onsite while younger employees learn via a screen in a conference room or other location. This technology also increases efficiency by enabling a single engineer to perform tasks that

previously required two people to travel to the work site. We are currently trialing using this technology to enable overseas sites to conduct real-time discussion of locally developed and procured components with the development divisions in Japan. In this way, a major benefit of digital technology is the ability to share information in real time with 20, 30, or more people.

We also use an iPhone application called "3D LiDAR," which provides spatial sensing functionality, to perform checks at sites where renovation work is being conducted. Our field engineers take a photo with the phone's camera, and the app measures the distance between the iPhone relative to the reflected infrared rays and creates a 3D image that can be rotated 360 degrees. We use this information to check the delivery route for equipment, among other applications.

The COVID-19 pandemic served as a catalyst for driving the adoption and utilization of remote monitoring at overseas sites as our staff quickly realized the benefits and possibilities. Today, it is possible for AI to constantly monitor the status of components and recommend their replacement. We will continue to expand our remote monitoring services in order to further enhance Fujitec's intelligence as we pursue safety and reliability. Ultimately, we aim to share our technology with our colleagues around the world to demonstrate how these new approaches can help deliver even better service to our customers.

I have felt firsthand that other countries face an even greater labor shortage than in Japan. We will work to overcome this challenge by eventually moving all our operations to a cloud-based system so that all of our sites can be accessed remotely from Japan.

Painting a picture of beautiful and functional cities with DX

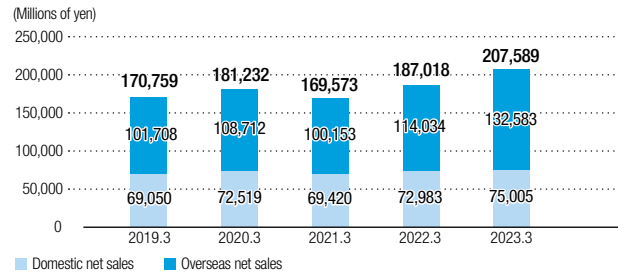
As stated in our management philosophy, Fujitec's purpose is to improve urban functions, and we view elevators and escalators as a means to achieve this. While it goes without saying that the pursuit of safety and reliability is at our top priority, we are always acutely conscious of the need to respond appropriately to our customers' most sensitive needs in the form of speed and cost competitiveness.

I firmly believe that digital technology will enable us to deliver considerable value as we work to make our urban functions smarter. The very nature of our urban centers will undoubtedly undergo a major upheaval and transformation as digitalization progresses throughout society. Even in this changing environment, we will continue striving to provide comfortable surroundings for our customers as well as create new and better spaces, without limiting ourselves to elevators and escalators.

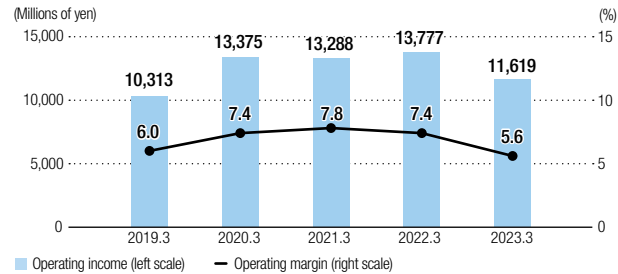
Although the word "mobility" may first bring to mind automobiles, in the context of Mobility as a Service (MaaS), Fujitec's products can also be considered mobility. We provide vertical mobility (elevators) and diagonal and lateral mobility (escalators), and there are not many other types of mobility that enable vertical, horizontal, and diagonal movement. It excites me to envision how data on vertical mobility in urban space could be integrated with other mobility data in order to provide better services and make the flow of human life smoother, what value the data on vertical mobility in urban space have in the context of other types of mobility, and how we can combine this data with the operating data from other modes of mobility to help enrich people's lives.

Financial Highlights

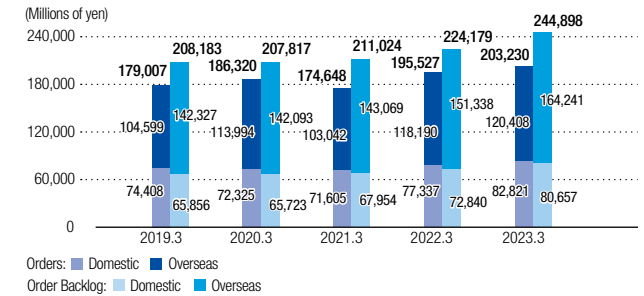
Net Sales (Domestic/Overseas)



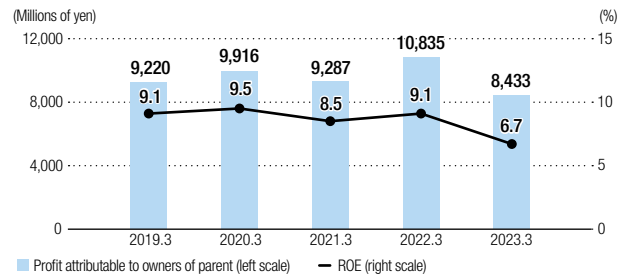
Operating Income/Operating Margin



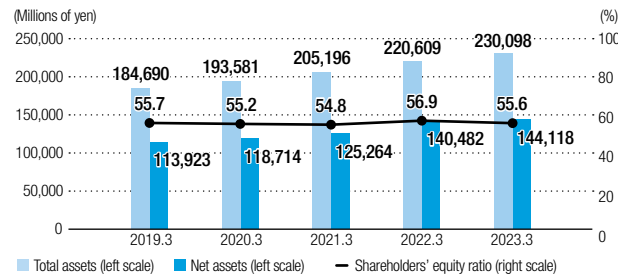
Orders/Order Backlogs (Domestic/Overseas)



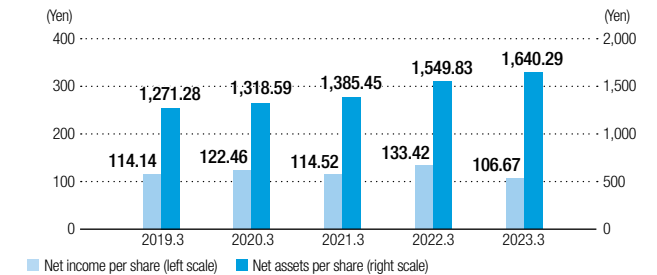
Profit Attributable to Owners of Parent/ROE



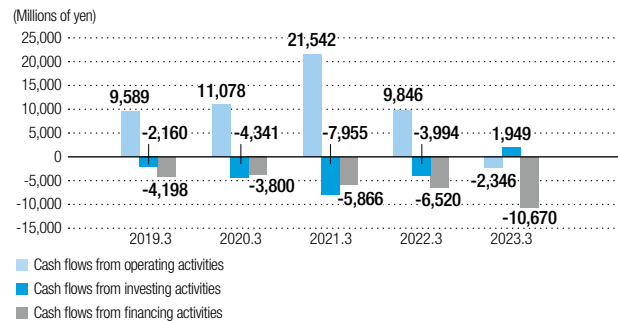
Total Assets/Net Assets/Shareholders' Equity Ratio



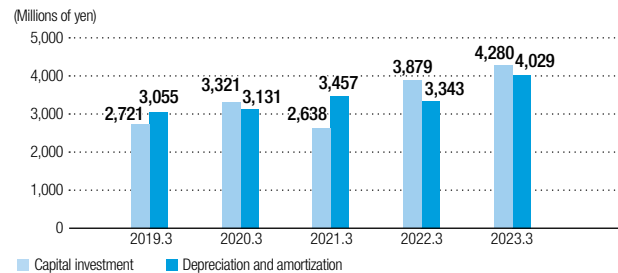
Net Income Per Share/Net Assets Per Share



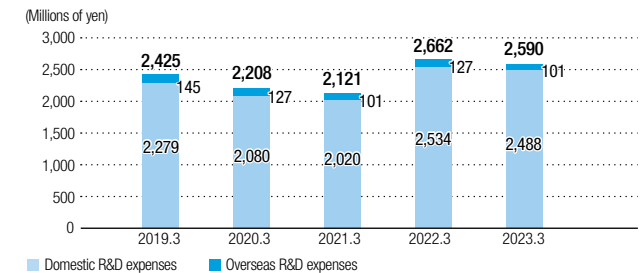
Cash Flows



Capital Investment/Depreciation and Amortization



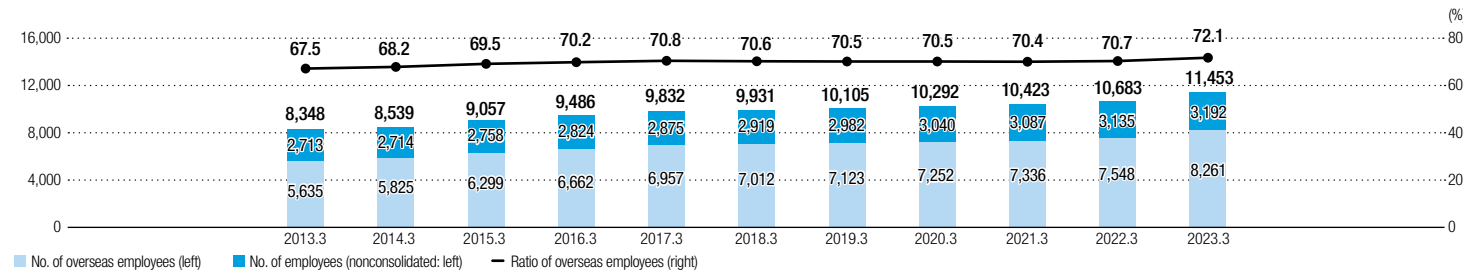
R&D Expenses (Domestic/Overseas)



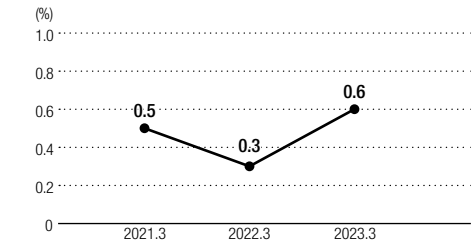
* Amounts less than ¥1 million have been rounded off.

Nonfinancial Highlights

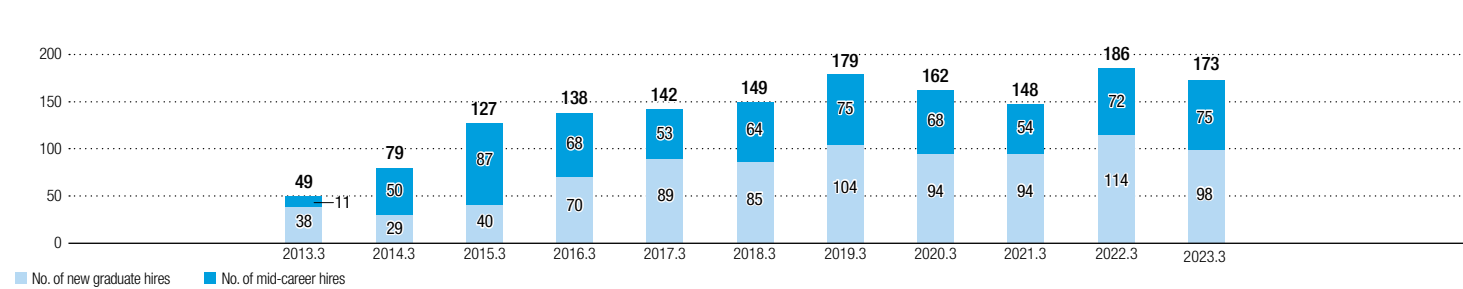
Number of Employees/Ratio of Overseas Employees



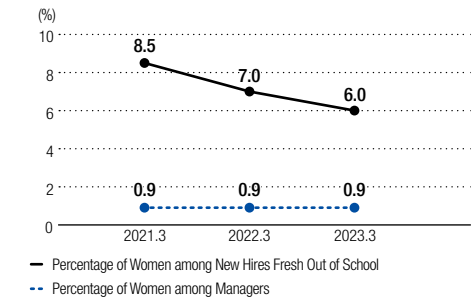
Percentage of Employees Who Are Foreign Nationals*1



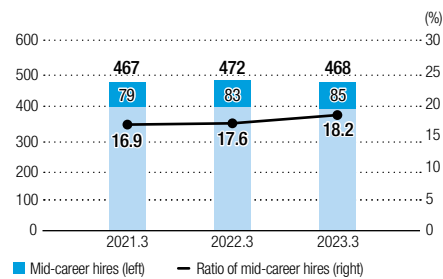
Number of New Graduate Hires/Mid-Career Hires*1



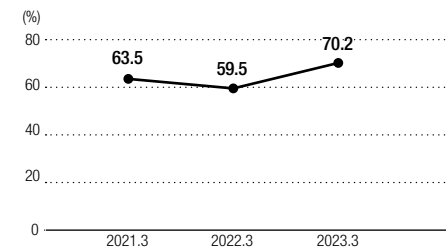
Percentage of Women among New Hires Fresh Out of School*1/ Percentage of Women among Managers



Mid-Career Hires for Management Positions*1

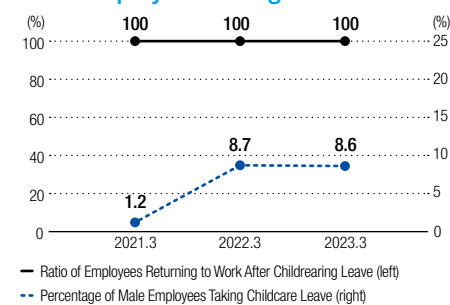


Paid Vacation Use Ratio*1

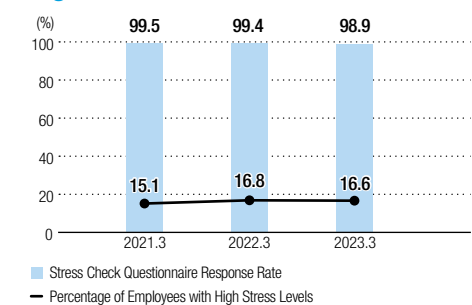


(Notes) 1. Average ratio of paid vacation used at companies with more than 1,000 employees: 61% (Ministry of Health, Labour and Welfare's General Survey on Working Conditions)
 2. Ratio of paid vacation used = number of days of paid vacation used during the fiscal year/total number of days of paid vacation for the fiscal year

Ratio of Employees Returning to Work After Childrearing Leave*1/Percentage of Male Employees Taking Childcare Leave*1



Stress Check Questionnaire Response Rate*1/Percentage of Employees with High Stress Levels*1,2



*2 Percentage of employees with a total score of 77 points or more for the items on mental and physical stress responses among the total respondents of the stress check questionnaire

*1 Domestic

Overview by Segment •

Japan

In the Japanese domestic market, order increased 6.8% (year-on-year) from the previous fiscal year due to robust orders in both the aftermarket and new installation businesses.

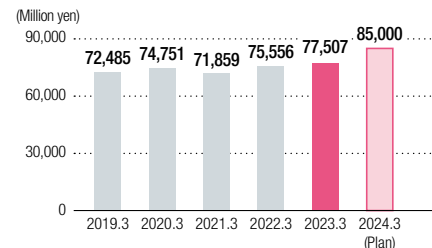
Net sales fell for the fiscal year under review as far as modernization projects in the after-sales market business are concerned. The decrease was due in large part to construction work delays caused by parts procurement disruptions associated with the Shanghai lockdowns in the first half of the year although net sales rose in the second half. Net sales of new installations grew as a whole because new installations increased due to progress in construction for large projects and because maintenance sales remained strong. Profits fell significantly after profitability worsened as materials prices soared and the weaker yen kept materials costs high in both new installation and modernization projects.

For the fiscal year ending March 31, 2024, we expect increased profits due to both growing sales and to price pass-through in the new installation business as both the new installation and after-sales market businesses grew steadily.



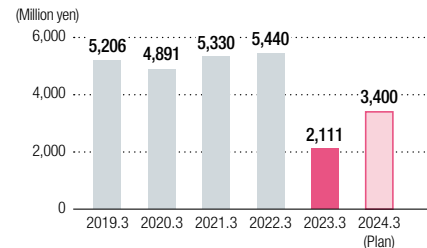
ES CON FIELD HOKKAIDO
New Installation/Completed
The Japan's first natural-turf stadium with a retractable roof.
There are 13 elevators and 14 escalators installed.

Net Sales



Note: Numbers less than 1 million yen have been rounded off.

Operating Income



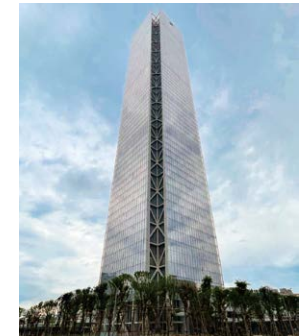
East Asia

In the East Asian market, orders fell 26.4% (year-on-year) from the previous fiscal year. Major factors included a faltering procurement caused by the Shanghai lockdowns, the real estate recession in China, and delayed projects resulting from the sluggish economy due to lockdowns and soaring materials costs.

Sales decreased in the new installation business due to plant suspensions and delays at customer construction sites stemming from China's Zero-COVID policy. In Hong Kong, sales in the after-sales market business fell. Overall sales in Hong Kong and South Korea rose owing to increases in sales in the new installation business as well as to increased amounts in yen terms due to the weak yen. Profits fell because of decreasing sales and soaring raw materials costs in the new installation business in China, provisions for losses on large construction contracts in Taiwan, and lower sales in the after-sales market business in Hong Kong.

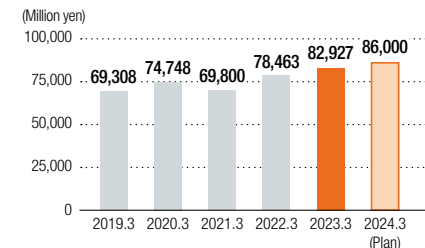
For the fiscal year ending March 31, 2024, we expect a recovery in sales in the new installation business in China, strong sales in the new installation business in South Korea, improved profitability in China and Taiwan, but we anticipate an impact of provisions for losses on construction contracts in Hong Kong.

We revised our original earnings forecasts due to the recording of gain on sales of property, plant and equipment as special gain resulting from the transfer of fixed assets from consolidated subsidiary Fujitec (HK) Company Limited.



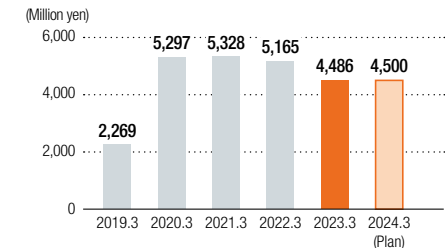
Fubon Xinyi A25 Headquarters
New Installations/Ordered
The headquarters building of Fubon Life Insurance, a major insurance company in Taiwan. The order was received for 29 elevators and 4 escalators. For 16 units among the said elevators, "Double Deck Elevator" that has two floors to carry many people by one trip of an elevator is adopted.

Net Sales



Note: Numbers less than 1 million yen have been rounded off.

Operating Income



South Asia

In the South Asia market, orders jumped 40.8% (year-on-year) from the previous fiscal year because of brisk orders, especially in India.

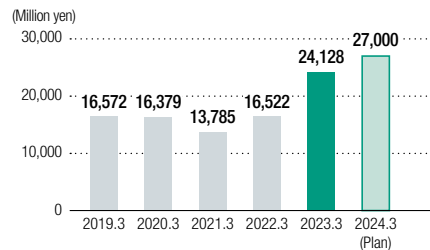
Overall sales in the region increased. Sales in the new installation business fell in Indonesia but grew in Singapore, Malaysia, and India. Sales in the after-sales market business increased due to increased repair work in Singapore. Overall profits rose due to increased sales in the after-sales market business in Singapore and improved profits in the new installation business in Indonesia even though profits decreased in India due to soaring raw materials costs in the new installation business.

For the fiscal year ending March 31, 2024, we expect increased sales in India and strong sales in Malaysia and Indonesia. We also expect increased profits as well, reflecting higher sales as well as improved profitability in India.

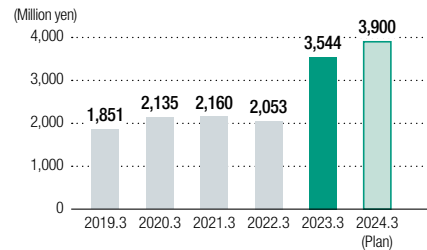


OUB Centre (Singapore)
 Modernization/Completed
 The building constructed as the tallest building in Asia in 1986. There are 19 elevators installed.

Net Sales



Operating Income



Note: Numbers less than 1 million yen have been rounded off.

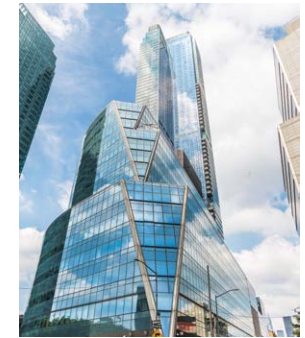
The Americas and Europe

In the Americas and Europe, both the new installation and after-sales market businesses fared well. Orders surged 69.7% (year-on-year) from the previous fiscal year.

Sales in the new installation business grew in the U.K. Those in the after-sales market business remained firm across these regions. The addition of Fujitec Argentina S.A. to the scope of consolidation also had a positive impact on performance.

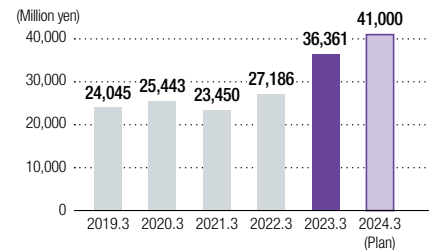
Despite lower profitability stemming from increased maintenance personnel expenses and other expenses in the after-sales market business in the U.S., profits increased, helped by the addition of the Argentine subsidiary to the scope of consolidation.

For the fiscal year ending March 31, 2024, we expect increased sales in the U.K., and the contribution of adding Mexico to the scope of consolidation will support overall sales and that improved profits in the U.S. will help prop up profits.

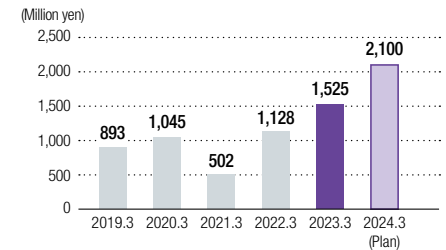


Skyline Tower (U.S.A)
 New Installations/Completed
 A super high-rise residential building in the city of New York. 11 elevators will be installed.

Net Sales



Operating Income



Note: Numbers less than 1 million yen have been rounded off.

Our Philosophy on Sustainability

Fujitec complies with our Sustainability Policy and Corporate Code of Conduct through company-wide commitment and implement 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,” thereby contributing to the realization of a sustainable society.

We relate to the merchant trader management philosophy called *sampo yoshi* in Japanese, where the aim is to engage in business for the good of society, in addition to satisfaction for sellers and buyers. We aim to fulfill our

social responsibility by contributing in ways unique to Fujitec, as a provider of social infrastructure.

We have the Sustainability Committee in place to commit ourselves to sustainability. This committee analyzes and manages risks and opportunities associated with climate change. It also controls and supervises progress in measures and activities designed to promote sustainability. Going forward, the committee will better disclose ESG-related information and report on progress in this effort in a timely manner.

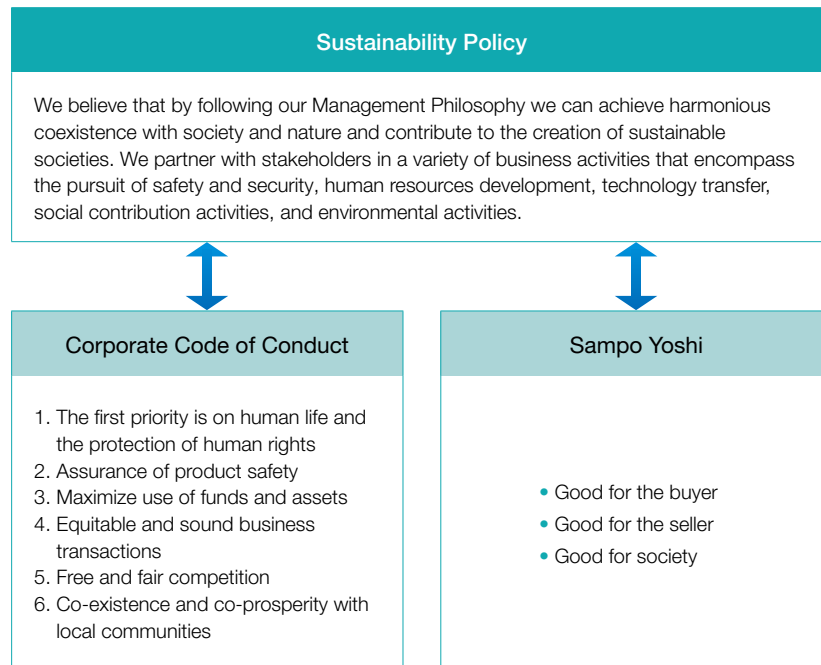
Signatory to United Nations Global Compact

On April 21, 2021, Fujitec has been committed to the UN Global Compact (UNGC) corporate responsibility initiative and its principles in the areas of human rights, labor, the environment and anti-corruption. Fujitec has also joined Global Compact Network Japan which is composed of Japanese companies and other signatories to the UNGC.

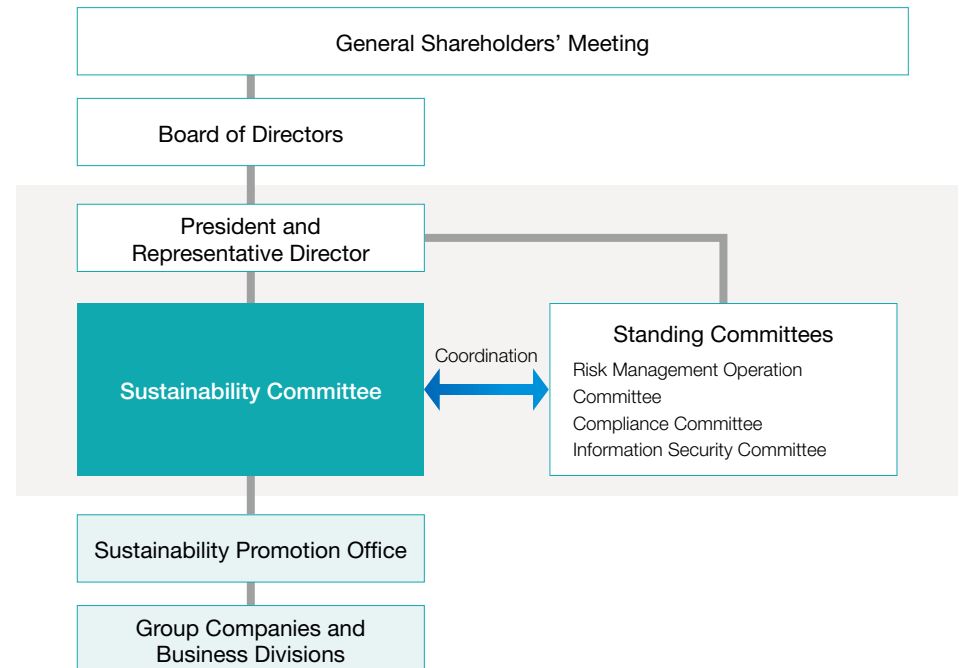
We at Fujitec endorse the UNGC’s ten principles in the four areas of human rights, labor, the environment, and anti-corruption and will continue to work toward the realization of our corporate philosophy: “Respecting people, technologies, and products, we collaborate with people from nations around the world to develop beautiful and functional cities that meet the needs of a new age.”






Sustainability Policy











Sustainability Promotion Framework



Materiality and Major Topics

Materialities	Major Topics	Initiatives
Pursuing “Safety and Reliability” SDGs   	Safety and Reliability for users	<ul style="list-style-type: none"> Prevent serious accidents involving users Pursue educational activities
	Safety and Reliability of products and services	<ul style="list-style-type: none"> Technical development of disaster-resistant elevators Technical development of escalators with advanced safety features Stable products and services enabled by advanced technical skills of field engineers
	Safety and Reliability of employees	<ul style="list-style-type: none"> Implement safety and health management guidelines consistently and thoroughly Provide safe and secure work environments for and promote the health of our employees
Encourage Diverse Human Resources SDGs    	Respect basic human rights	<ul style="list-style-type: none"> Communicate the Corporate Code of Conduct throughout the organization Implement human rights policies consistently and thoroughly through supplier vetting
	Foster a corporate culture that recognizes diverse values	<ul style="list-style-type: none"> Establish workplace environments and systems that recognize employee diversity Strengthen organizational capabilities through personnel exchange, across organizational boundaries Offer diverse work styles through the application of digital technologies
	Nurture open-minded and energetic human resources	<ul style="list-style-type: none"> Encourage skills transfer on a global level Cultivate global human resources to foster an open organizational climate Evolve our organization through comprehensive human resource development that encourages individual growth
Improve Technology and Product Capabilities SDGs  	Offer beautiful urban functions	<ul style="list-style-type: none"> Develop designs that highlight Fujitec uniqueness
	Technological innovation for a new era	<ul style="list-style-type: none"> Develop environmentally-friendly products tailored to new lifestyles and diverse societies Develop modernization packages that enhance safety and environmental performance
	Provide a robust social infrastructure	<ul style="list-style-type: none"> Develop technologies that enable predictive maintenance and early recovery from disasters through the use of AI and IoT Strengthen global deployment of remote monitoring systems Improve service quality through elevator and escalator operation diagnosis systems

Materialities	Major Topics	Initiatives
Efforts to Reduce Environmental Impact SDGs    	Contribute to a low-carbon society in response to climate change	<ul style="list-style-type: none"> Pursue management and reduction measures for energy consumption, GHG emissions, and waste based on ISO 14001 Enhance awareness of the importance of global warming counter measures and decarbonization through consistent in-house education Save resources, reduce waste materials, and recycle by improving products and construction methods
	Strengthen our ability to conserve energy	<ul style="list-style-type: none"> Expand environmentally-friendly products and services
	Implement product life cycle management	<ul style="list-style-type: none"> Improve eco-efficiency through improved operational efficiencies in collaboration with partner companies
Coexist with Society and Local Communities SDGs   	Work in harmony with society	<ul style="list-style-type: none"> Provide opportunities for mutual understanding and cultural development among diverse people
	Seek co-prosperity with local communities	<ul style="list-style-type: none"> Offer educational support for children in local communities Engage in activities to preserve the natural environment and landscape in local communities
Build a Management Infrastructure to Support Corporate Value SDGs 	Strengthen corporate governance	<ul style="list-style-type: none"> Improve the effectiveness of Board of Director operations Strengthen support systems for information sharing to outside directors
	Effective stakeholder communications	<ul style="list-style-type: none"> Expand stakeholder communication
	Conduct risk management to preserve corporate value	<ul style="list-style-type: none"> Share risk management policies on a global level and establish a centralized management system Reduce information security risks by shifting data centers to cloud computing
	Rigorously enforce compliance	<ul style="list-style-type: none"> Establish compliance promotion guidelines, communicate guidelines internally, and continue training

Pursuing “Safety and Reliability”

We at Fujitec believe that safe and reliable products and services and a safe and reliable environment surrounding our employees are prerequisites for the safe and reliable use of our elevators and escalators.

To meet these prerequisites, we commit ourselves to the prevention of serious accidents, the technical development of disaster-resistant elevators, and the improvement of the work environment. Going forward, we will continue to provide products and services based on respect for people, technologies, and products.

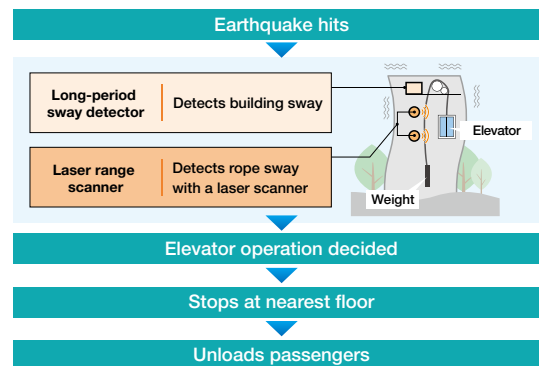


01 Developing a New Earthquake-Resistant Feature for High-Rise Buildings

Fujitec pursues the safety and reliability of elevators. To this end, we work on the technical development of earthquake-resistant elevators and work to enhance quick recovery systems.

We developed a new long-period seismic Emergency operation system that incorporates a laser range scanner (aka a laser scanner, which measures the distance to an object with a laser beam) as an earthquake-resistant technology for elevators in high-rise buildings and condominiums. This technology is capable of more precise measurement of sway than conventional technology. When it detects no safety problems, it enables elevators to continue their operations. Even when Emergency operation is activated, the technology resumes the operation as soon as possible once the sway subsides, thereby minimizing elevator downtime.

Outline of sway sensor system



02 Introducing Smart Glasses for Elevator/Escalator Maintenance and Skills Training

We have introduced *smart glasses* (glass-type wearable device) to ensure skills transfer and improve productivity for the maintenance of elevators and escalators. To enhance our staff training using IT, we worked on proof of concepts (PoC) with an eye to introducing smart glasses that allow field engineers to send images of their work hands-free. In 2022, we started to introduce the device in earnest after recent advances in the functionality of the hardware convinced us that it was already practical enough.

Now the use of smart glasses makes it possible to remotely conduct “safety patrol,” a practice in which skilled engineers supervise on-site maintenance work. Junior engineers working on-site wear smart glasses, and skilled engineers provide real-time guidance from the office via video call. This has saved the time needed for skilled engineers to go to the site and increased the frequency of safety patrols.

Going forward, we will continue to support the environment in which engineers can concentrate on high value-added operations. We will also work to provide higher levels of safety and reliability for users of elevators and escalators.



Smart glasses

03 Receiving Recognition as a DX Certified Operator from METI

Fujitec promotes digital transformation (DX) first and foremost to support the safety and reliability of elevators and escalators.

The company was recognized as a DX Certified Operator under the national Digital Transformation (DX) Certification initiative as prescribed by the Ministry of Economy, Trade and Industry (METI). We are making efforts to promote DX in all fields to create digital twins. These efforts include the provision of *elemori*, a web-based service for building managers; the development of “All on Maps,” an integrated map system that helps automate the assignment of maintenance workers during wide-area natural disasters; and the introduction of smart glasses to upgrade our elevator/escalator maintenance and related skills training.



04 Updating the Safety and Health Standards

Fujitec has developed its Safety and Health Standards in multiple languages and distributed its copies to all employees, including those at its global hubs.

In 2023, we completed the English and Spanish versions in addition to the original Japanese version. We will translate the document into other languages to ensure that employees at our global hubs keep their commitment to safety and reliability.



English version of Fujitec's Safety and Health Standards

05 Receiving Recognition as a 2023 Certified Health & Productivity Outstanding Organization

Fujitec believes that employee health is an important element in achieving the sustainable growth of the company. As such, it makes proactive efforts to promote the health of its employees. Because of these efforts, Fujitec has been recognized as a 2023 Certified Health & Productivity Outstanding Organization under the Health & Productivity Management certification program.

Specifically, it offers a telephone health consultation service around the clock and individual self-care training among other support programs for physical and mental health promotion. In addition, it is stepping up efforts to create an environment conducive to diverse work styles.

Going forward, we will remain committed to creating workplaces where each employee at Fujitec can enjoy physical and mental health and continue to thrive in a safe and comfortable environment.



06 Conducting Health and Safety Patrols by Operating Officers

Operating officers conduct health and safety patrols at field sites and plants.

Operating officers take the lead to visit work sites, inspect the site conditions and equipment there, directly listen to the voices from the field, and make improvements in a top-down manner. Through all these steps, we aim to reduce work-related injuries to zero and create an organization with high safety awareness.



Patrolling a new installation site in Hiroshima Prefecture

07 Developing Reusable Fixtures to Be Used in a Safe and Efficient Installation Method

The second half of the elevator installation process involves installing equipment at elevator landing and small instruments in the hoistway. In the conventional method, this work is done on a swaying gondola suspended by a rope. This is why we have adopted the moving platform method, which limits the sway because the car moves along the rail, thereby making the work safer and more efficient.

The moving platform method, however, had problems of its own. For one thing, fixtures (railings, scaffolds, protection panels, etc.) used for this method needed to be specifically designed and prepared for each site. For another, they were largely not reusable, and thus discarded after the work was completed.

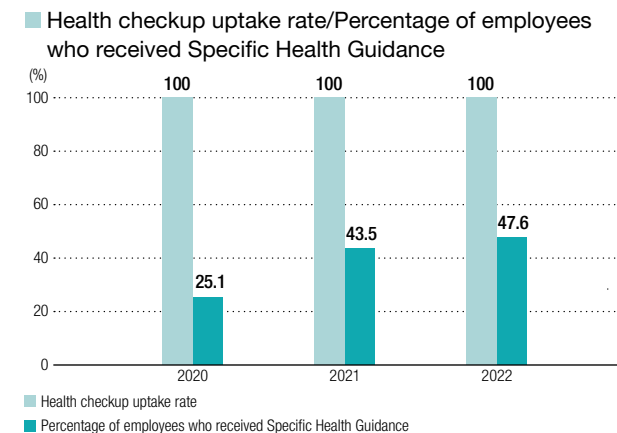
We solved these problems by developing reusable fixtures. These eco-friendly fixtures require no time for such design and preparation, reduce materials costs, and generate no scrap materials, thereby contributing to safer and more efficient installation work.

	Conventional method	Moving platform method
System	The gondola is suspended by a rope	The car moves along the rail
Sway	Large	Small
Use	Mainly for people only. Materials need to be delivered separately using a shared-use, work-dedicated elevator.	Can be used for construction materials as well.

08 Offering Specific Health Guidance

As a corporate group that delivers safe and reliable products and services, Fujitec is committed to creating workplaces where each employee can enjoy physical and mental health and continue to thrive in a safe and comfortable environment.

As part of this commitment, the company offers Specific Health Guidance for employees aged 40 or more, who are at higher risk of developing lifestyle-related diseases. In this guidance, specialized staff (public health nurses, senior nutritionists, etc.) provide support designed to encourage them to rethink their lifestyles.



Encourage Diverse Human Resources •

We at Fujitec believe that all our business activities are supported by “people,” that is, our employees and that our sustainable growth essentially requires mobilizing diverse talent. With that in mind, we respect basic human rights and work to strengthen organizational capabilities by facilitating communication beyond the boundaries between divisions in Japan and across nations. We are committed to creating an open workplace environment where each individual employee can feel his/her personal development, achieve self-fulfillment, and thereby unlock his/her full potential. We are also committed to strengthening organizational capabilities to remain a company that grows globally in collaboration with people from nations around the world.



Human Resources Development Policy

Fujitec formulated its Human Resource Development Policy in 2022, based on the Fujitec Philosophy of Human Resource Management, to promote diversity and the development of global human resources.

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.

Human Resources Development Policy

- We cultivate human resources that can provide a platform for the next stage in our development, encouraging each individual employee to upskill and adopt a proactive and open mindset.
- We are accelerating efforts to foster a sense of values and create an environment that recognizes diversity.

Develop human resources through responsible work experience and training programs

- Develop management personnel capable of working in global environments
- Cultivate engineers with high levels of expertise

Improve organizational strengths through active communications with diverse human resources and flexible work styles

- Conduct global human resource exchanges
- Hire and promote diverse human resources
- Offer flexible work styles not limited by time or place

01 Holding the Global Field Engineering Skill Competition

We held the Global Field Engineering Skill Competition at TokyoFit as part of our efforts to develop human resources. At the competition, field engineers responsible for maintaining elevators and escalators demonstrated their skills. This marked the third time the competition was held, following the second, held in 2019 in Singapore. The competition was not held in 2020 or 2021 due to COVID-19. The first competition was held in 2017 in Taiwan.

The 2022 competition was held in Japan. Thirty elite engineers from our global hubs in 13 countries including Japan competed in pairs (15 pairs in total) with their elevator maintenance skills in a tense but friendly atmosphere.

We plan to continue holding the competition to provide an opportunity for our international engineers to share their skills and interact with one another.



Logo for the Global Field Engineering Skill Competition in Tokyo



Competition at work

02 Providing Global Manufacturing Training

The Production Division organizes Global Manufacturing Training (GMT) among other employee training programs. In GMT, held every year, participants from our business hubs report on their continuous improvement activities, safety activities, and new equipment in the year in question to share information and awareness.

In the 7th GMT, held in February 2023, participants from eight production sites in East Asia, South Asia, and Japan exchanged views online, thereby deepening communication among our global hubs.

03 Nurturing Next-generation Leaders

Fujitec offers both level-specific and purpose-specific training to develop its human resources. Purpose-specific training is divided into core talent training and personal development training. Core talent training involves Fujitec Academy, a new training program designed to nurture next-generation leaders, as well as the global business leader (GBL) training program as part of our efforts to develop its global talent. The nine-month GBL training program focuses on a wide range of issues, including business skills such as a global mindset and problem-solving thinking, negotiations and presentations in English, onsite work instructions, and tax accounting literacy. Some of those who have completed the program have landed promising positions at overseas subsidiaries of the Fujitec Group. Going forward, Fujitec will continue to commit itself to developing its global human resources.

Level-specific training		Purpose-specific training	
		Core talent training	Personal development
Executives	Training for newly appointed division managers	Fujitec Academy F2 course	Correspondence course, etc.
Managers		Fujitec Academy F1 course	
Middle-ranked employees		GBL	
3-year employees	Brother-sister training		
2-year employees			
New employees			

04 Granting Qualification Badges to Motivate Employees

As part of our efforts to raise the motivation of our employees, we grant qualification badges to maintenance field engineers in the division responsible for maintaining elevators and escalators according to their skill levels. Our maintenance field engineers are given three-star and five-star qualification badges if they are recognized as an *inspection supervisor* and a *premium maintenance inspection supervisor*, respectively, in light of our inspection supervisor qualification criteria. Badge recipients can wear the badge on the chest part of their uniforms. We introduced the qualification badge program to make maintenance work for elevators and escalators rewarding. This is because such work is often considered mundane because people take it for granted that elevators and escalators work properly. Going forward, we will remain committed to raising the motivation of our employees.



Five-star qualification badge



Qualified premium maintenance inspection supervisor

05 Improving Manufacturing Skills

Since 2019, Fujitec has participated in the Precision Sheet Metal Technology Fair, which is organized by the Amada School of Vocational Training Corporation, a vocational training organization. The idea is to help junior employees to improve their manufacturing skills. The Precision Sheet Metal Technology Fair is a contest where metalworking companies from Japan and abroad compete with their sheet metal processing skills. It was launched in 1989 to improve sheet metal processing skills and techniques. Sheet metal works made with outstanding skills are awarded. Participation in this contest allows sheet metal work producers to learn skills related to basic design such as process design and CAD and to practically acquire knowledge about production equipment needed for their work. It also provides an opportunity for our junior employees to improve their manufacturing skills. The sheet metal processing skills of our junior engineers were highly evaluated outside Fujitec. In the award ceremony in March 2023, entries from three departments of the Fujitec Group (the Production Engineering Department of the Big Wing Plant, Production HQ; the Production Department of the Big Step Plant, Production HQ; and the Mechanical Production Department of Fujitec India) were all awarded a prize.



Our pendulum clock received a technical encouragement award

Improve Technology and Product Capabilities

Now that technological advances are rapidly changing the world, we believe that Fujitec's mission is to continue providing a robust social infrastructure that contributes to creating a safe, reliable, and comfortable urban environment with innovation.

In order to develop beautiful and functional cities that meet the needs of a new age, we are committed to developing reliable skills that win the trust of customers through products and services that are unique to Fujitec, a specialized manufacturer of elevators and escalators.



01 Developing a Technology That Enables Coordination between Robots and Elevators

Fujitec is a member of the Robot Friendly Asset Promotion Association (RFA), which supports the creation of a robot-friendly environment. As an RFA member, the company participated in an activity aimed at enabling elevators to coordinate with robots and mobility vehicles with an automated driving feature.

In July 2022, Fujitec took part in a demonstration experiment in which a personal mobility vehicle (PMV; personal transporter) with an automated driving feature was coordinated with an elevator at the Narita Airport International Terminal. The PMV was automatically driven from the starting point following an immigration inspection to the designated boarding gate on a different floor via an elevator ride. Such a movement between different floors was made possible by a new control feature introduced to the elevator on the automated driving route in the airport.



Demonstration experiment at Narita Airport

02 SMA-UP, a New Option for Renewing Elevators

The statutory useful life for elevators is 17 years. As the equipment wears out and spare parts will not be available for ever, elevators must be renewed if they are to be used beyond this statutory period. The renewal option "SMA-UP" makes it possible to renew existing elevators provided by Fujitec and other manufacturers. SMA-UP can reduce the conventional lead time by up to 40% (compared with the conventional options we offer) by renewing key components. The replacement of the control device allows the addition of latest functionalities such as AirTap, remote automatic inspection, and a restarting system for the time of earthquake. Now SMA-UP is widely used for condominium buildings, as well as office buildings, hospitals, welfare facilities, and other types of buildings.

We will continue to make our products for elevator renewal more appealing to meet the diverse needs of customers, thereby contributing to the provision of safe and reliable elevators.



SMA-UP brochure (without machine room)

03 Upgrading the Equipment of Fujitec Taiwan's Hsinchu Plant to Boost Price Competitiveness

The Hsinchu Plant of Fujitec Taiwan manufactures elevators primary for the domestic market while exporting modernization projects for the global market. The plant recently upgraded its facilities aiming for a greater share in the Taiwan market and greater price competitiveness. It introduced automated sheet metal fabrication lines and welding robots, enabling unattended operation of part of the plant equipment at night.



Fujitec Taiwan's Hsinchu Plant

Efforts to Reduce Environmental Impact

As global warming deepens, we believe that it is part of our social responsibility to leave the beautiful earth to generations to come.

Fujitec commits itself to contributing to a decarbonized society in response to climate change. Our efforts to fulfill this commitment include developing environmentally friendly products and services, reducing greenhouse gas (GHG) emissions based on ISO 14001, developing a TCFD-compliant environmental strategy, and improving eco-efficiency through improved operational efficiencies.



Environmental Policy (Action Guidelines)

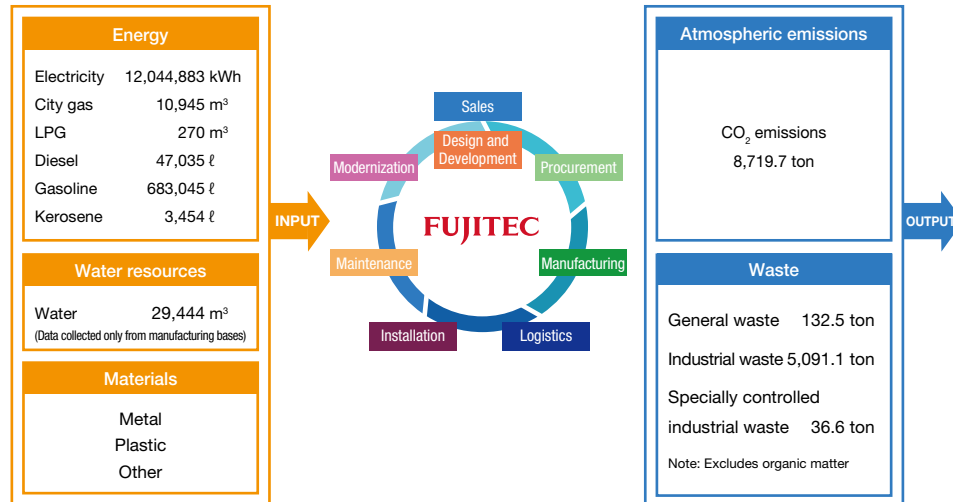
At Fujitec, we will strive to undertake environmentally friendly business activities as we work toward the creation of a sustainable society.

01 Environmental Load Reduction

Fujitec is working to reduce its environmental footprint throughout its product life cycle.

Overall Environmental Load (Fiscal Year Ended March 31, 2023: April 1, 2022, to March 31, 2023)

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



02 Reducing the Environmental Footprint of Our Logistics with Double-coupled Trucking

Discussions about CO₂ emissions from supply chains call for reductions in such emissions from all kinds of business activities, including those not only in sectors directly involved in manufacturing but also in the transport sector.

For part of its logistics, Fujitec uses double-coupled trucks that are operated and managed by Senko Co., Ltd. Each double-coupled truck is 25 meters long and able to transport two 10-ton truckloads with a single driver. Such vehicles can reduce CO₂ emissions by about 30% and the driving time by around 40%. We use such vehicles to carry elevator components from Big Wing in Hikone city, Shiga, to two of our logistics hubs: the Tokyo depot in Ota-ku, Tokyo, and the Osaka depot in Amagasaki city, Hyogo. Now, we use a total of three double-coupled trucks (equivalent to four truckloads): two vehicles that are shared with other companies and one dedicated to us.

In June 2023, this initiative won the Special Award in the 24th Logistics Environment Award from the Japan Federation of Freight Industries, as well as a categorial award under the FY2022 Excellent Green Logistics Commendation Program, which was organized by the Ministry of Land, Infrastructure, Transport and Tourism and the Ministry of Economy, Trade and Industry. As a shipper, we proactively choose the transport option that is *sampo yoshi* (good for everyone), that is, good for society, partner companies, and ourselves, thereby contributing to solving social issues and creating a sustainable society.



Transporting from Shiga, where our manufacturing center is located, to Tokyo and Hyogo

Efforts to Reduce Environmental Impact

03 Introducing Hybrid Vehicles for the Fleet for Field Operations at Kyushu Branch

Fujitec adopts hybrid vehicles as part of its efforts to protect the global environment. A hybrid vehicle is driven with a combination of an engine and a motor. Because of their higher fuel efficiency, hybrid vehicles help reduce CO₂ and exhaust emissions.

In April 2023, we introduced hybrid vehicles into our fleet for field operations at our Kyushu branch although such vehicles had already been in use for our commercial fleet. We plan to roll out this initiative to other branches across Japan.



Hybrid cars for field operations at Kyushu branch

04 Installing Solar Panels at Fujitec Argentina

Argentina often experiences power outages due to short supply of electricity largely in the months running up to summer. Fujitec Argentina S.A. installed solar panels on the roof of its office building. This source of renewable energy enables continued operations unaffected by power failures and helps reduce CO₂ emissions.



Solar panels on the roof of the office building

05 Environmental Contribution at Fujitec India's Second Plant

Fujitec India constructed its second plant to increase sales in India, where demand is growing, and to expand exports to South Asia. For its coating lines, the plant installed a new wastewater treatment plant that is approved by the pollution control committee of the Indian government. The coating process involves "zero liquid discharge (ZLD)*," where wastewater is treated through various processes and reused as clean water.

* Non-drainage operation



Fujitec India's Second Plant

06 Our Products for Europe Registered under Environmental Product Declaration (EPD)

Fujitec's core products in the global business, ZEXIA, REXIA, and ELSIA, have had Environmental Product Declarations (EPDs) registered in the International EPD® System for Europe.

EPD is a certification program for Type III environmental labels based on ISO 14025. EPDs disclose data in a leaflet format as a final report on life cycle assessment (LCA) based on the cradle-to-grave concept. By accessing information about the environmental impact of a product throughout its life cycle, consumers and users can select and purchase products that are environmentally friendly.



EPD leaflet for REXIA and ZEXIA



EPD leaflet for ELSIA

Disclosure of Climate-Related Information Based on TCFD Framework

The following is a description of our initiatives based on the Task Force on Climate-related Financial Disclosures (TCFD) framework, including scenario analysis of risks and opportunities related to climate change.

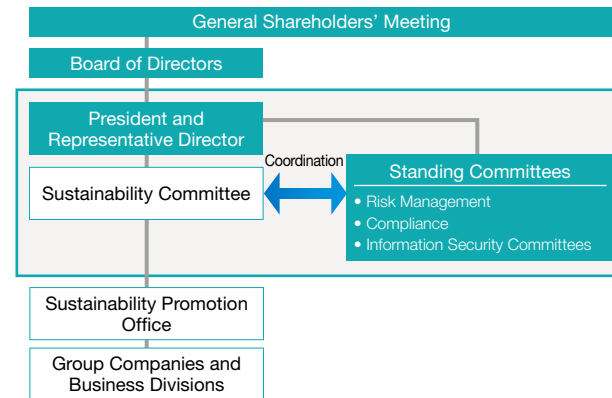
Governance

Practicing the principles of our Management Philosophy, will enable Fujitec to achieve harmonious coexistence with society and nature, as well as contribute to the creation of sustainable societies. We work together with stakeholders in a variety of business activities that include the pursuit of safety and security, human resources development, technology transfer, social contribution and environmental activities.

The Sustainability Committee, under the supervision of Fujitec's Representative Director and President, analyzes and manages risks and opportunities related to climate change. Together with other sustainability issues and initiatives, the Committee confirms alignment with management plans, managing and overseeing the implementation of relevant measures. The Sustainability Committee also reports to the Board of Directors on important sustainability issues, including climate changes, as required.

Specific analyses and measures related to climate change issues are conducted by the Sustainability Promotion Office under the supervision of the Board of Directors, the Sustainability Committees and the owner of the environmental materiality.

In addition, the Sustainability Promotion Office collaborates with Group business units, head office organizations, and subsidiaries to incorporate climate change risks and opportunities into business strategies and consider measures to address climate change-related issues, management indicators, and targets. The Office escalates and reports to the Sustainability Committee.



Strategy: Climate Change Risks and Opportunities

We conducted a qualitative analysis of the impact of climate change on business and performance based on the TCFD framework. We conducted scenario analysis based on the following two scenarios:

- Scenario below 2°C (IPCC SSP1-2.6 scenario): Scenario of transition to a low-carbon economy
- 4°C scenario (IPCC SSP5-8.51): Scenario of increased risk of physical climate change

We selected Fujitec Co., Ltd. and consolidated subsidiaries as the scope of analysis.



Risk Management

Fujitec established the Risk Management Committee, chaired by the President, to reduce business risks and eradicate risks that have a major impact on society, including ethical, legal, environmental, and quality issues. The Committee strives to ensure the early detection of risks and appropriate responses measures.

As a subordinate organization, the Risk Management Operation Committee was established to collect information, provide guidance and management of risk management functions on a company-wide basis. This Committee is also charged with taking prompt and appropriate action to deal with potential risks surrounding the company.

As with company-wide risk management processes, once analyses have been performed by the Sustainability Committee and the Global Executive Committee, the Risk Management Committee reports to the Board of Directors as appropriate about the degree of impact and management status of important risks related to climate change.



Disclosure of Climate-Related Information Based on TCFD Framework

Indicators and Targets

Greenhouse gas (GHG) emissions from the Fujitec Group are shown on the right.

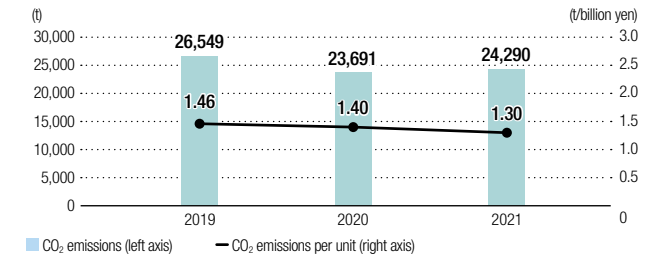
In 2021, Scopes 1 and 2 GHG emissions stood at 24,290 tons. Emissions per unit of sales decreased to 13.0 tons per 100 million yen from 14.6 tons per 100 million yen in 2019, the base year.

As a company that aims to make a positive impact on the environment and society, Fujitec takes a proactive stance to our social responsibilities. We consider how we can contribute to decarbonization and solutions to other social issues in ways only a company responsible for social infrastructure can.

As part of our decarbonization efforts, we will continue to capture Scope 3 GHG emissions while sharing information with suppliers in our supply chain.

In the future, we will formulate targets for contributing to decarbonized societies, considering the best formats for disclosure.

■ Fujitec Group's CO₂ Emissions*



* Scope consists of Fujitec CO., LTD. And consolidated subsidiary locations.

Summary of Risks and Opportunities

Category	Emerging Global Initiatives	Temperature Scenario	Business Risks (The nature and degree of qualitative impact)	Impact Assessment	Time Horizon Medium term: 2030 Long term: 2050	Opportunities (The nature and degree of qualitative impact)	Degree of Impact	
Government policy and legal risks	Energy intensity regulations for buildings	2.0°C	Greater pressure to develop energy-saving products to lower per-unit energy use in buildings; risk of lower sales if unable to respond to competition	Low-medium	Medium-term	Pursue energy-saving efficiency by reducing elevator weight and adopting regenerative power; expand sales opportunities in response to increased demand for energy-efficient elevators	Medium	
	ZEB adoption target		Tighter regulations (mandatory submission of product GHG emissions data, etc.); lost sales opportunities if unable to comply	Low-medium		Pursue energy-saving efficiency by reducing elevator weight and adopting regenerative power; expand sales opportunities in response to increased demand for energy-efficient elevators	High	
Market trends	Soaring raw materials prices (iron, aluminum, copper)		Soaring raw material prices due to increased costs of metal raw materials caused by CO ₂ emissions regulations	High		Develop EVs (elevators and escalators) that use less metal and are lighter in weight, expand sales opportunities	Medium	
	Tighter regulations on industrial waste		Cost increases due to waste management associated with modernization of existing elevators	Medium-high				
	Decarbonization of transportation		Soaring freight rates for difficult-to-electrify means of transportation such as air and sea	Medium-high				
Market reputation	Decrease in inquiries from customers for companies that are late/not ready for decarbonization		Decrease in inquiries and sales from new and existing clients due to delays in adapting to decarbonization	Medium		Raise competitiveness by developing and marketing energy-saving, resource-saving, and environmentally friendly products that contribute to customer decarbonization	Medium	
	Negative reputation among and divestment by investors related to companies that are late/not ready to decarbonize	Delay in adapting to decarbonization resulting in lower investor valuations and share price declines	Low					
Increase in average temperature	Lower labor productivity and higher costs of response due to increased heat stress	4.0°C	Increased risk of lower labor productivity, including employee health issues due to inadequate response in summer season	Medium-high	Long-term			
	Increase in the number of extremely hot days due to higher average temperatures		Decrease in capacity utilization due to shutdown restrictions when outdoor temperatures exceed certain levels	High				
Greater intensity of extreme weather events	Increased frequency of flooding due to heavy rain and more frequent precipitation	Opportunity losses due to suspension of business activities, decline in asset values and impairment losses due to damage to equipment, products, inventory, etc.	High	Maintenance and modernization opportunities due to breakdown and abandonment of existing equipment in coastal areas (Develop elevators that resist water damage by changing the layout of machine parts, etc.)		Medium-high		
	Damage to supplier sites due to weather disasters	Supply chain disruptions, transportation delays, delays in raw material procurement, cost increase	High	Reputation/increased reputation among customers and business opportunities due to quick response to disasters, including parts supply and repairs (if supply chain risk management in place)		Low		
	Increased frequency of flooding, power outages, etc., due to weather disasters	Risk of damage to reputation among customers if the company is unable to respond quickly and flexibly to restore customer facilities in the event of a disaster	Medium	Opportunities resulting from rapid recovery, increased efficiencies due to optimal allocation of recovery personnel via DX, remote monitoring, etc., during major disasters		Medium		

Coexist with Society and Local Communities

As a company that conducts business activities in countries and regions around the world, Fujitec works in harmony with local communities and societies for coexistence and co-prosperity. Corporate activities are supported by trust from local communities. As a community member, Fujitec is committed to complying with domestic and international rules and norms. The company encourages mutual understanding and cultural development among diverse people. Through activities designed to preserve local landscapes, Fujitec endeavors to build relationships with people living in the countries and regions of the world to which it supplies elevators and escalators.



01 Urban Cleanup Activity in Shanghai, China

A volunteer team from Shanghai Huasheng Fujitec Escalator, Fujitec Shanghai Sourcing Center, and Fujitec Shanghai Technologies participated in the national civilized city construction activity in Songjiang District to help make the city cleaner.



Participants in the cleanup activity in Shanghai, China

02 Fujitec America's Activity to Support Tornado Sufferers

Fujitec America supported sufferers of devastating tornados in the U.S. by providing personal care and cleaning supply through a non-profit organization, Matthew 25: Ministries.

03 Donating Work Uniforms to Volunteer Firefighters in Buenos Aires Province, Argentina

Fujitec Argentina donated work uniforms to volunteer firefighters in the city of Wilde in Buenos Aires. In Argentina, firefighting is largely done by volunteer firefighters rather than regular firefighters.

04 Tree-planting Activity by Fujitec Thailand

Eight employees of Fujitec Thailand participated in the tree-planting event organized by AssetWise Public Co., Ltd. and planted 15 trees in Wareephirom Park in the Thai capital of Bangkok. Fujitec Thailand actively takes part in environmental sustainability activities organized by major developers.



Tree-planting activity

05 Environmental Conservation Activity at Lake Biwa

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.

Reed, a perennial grass, grows around the lake. They are historically used in Japanese daily life, especially as a material for thatched roofs and *sudare* (reed screens), and Japanese people have been taking care of fields of reed grass. Cutting grown plants of reed in winter will help the plants to grow new shoots in next year. As such, companies, mainly located in Shiga Prefecture, have established a network for protecting Lake Biwa through reed management to regenerate reed fields. Fujitec takes active part in this initiative.

Harvested plants are processed into "reed paper" and sold as notebooks and copier paper. Sales proceeds are used for activities to grow reeds.

We plan to continue this activity.



Volunteers cutting reed



Notebooks made from harvested reed plants

Directors, Audit & Supervisory Board Members and Operating Officers (As of June 21, 2023)

Directors



Masayoshi Harada

Representative Director

- Apr. 1984 Joined the Company
- Apr. 2009 Operating Officer
- Apr. 2012 General Manager of Osaka Region HQ, Japan Business HQ
- Apr. 2013 General Manager of Tokyo Region HQ, Japan Business HQ
- Oct. 2016 Deputy General Manager of Japan Business HQ
- Apr. 2017 Executive Operating Officer
- Apr. 2019 President of Company subsidiary Huasheng Fujitec Elevator Co., Ltd.
- May 2019 Director of Company subsidiary Huasheng Fujitec Elevator Co., Ltd.
- Apr. 2023 Regional Director – China
- Jun. 2023 Representative Director (to the present)
President and Chief Executive Officer (to the present)



Takashige Nakajima

Representative Director
In Charge of Engineering &
Production General Manager

- Feb. 2019 Joined the Company
- Oct. 2019 General Manager of Quality Management HQ (to the present)*
- Apr. 2020 Operating Officer
- Apr. 2021 Executive Operating Officer
- Jun. 2023 Representative Director (to the present)
Senior Executive Operating Officer (to the present)
In Charge of Engineering & Production General Manager (to the present)

* Out of this position as of September 1, 2023.



Kosuke Sato

Director
In Charge of Administration
General Manager of
Finance HQ

- Jan. 2021 Joined the Company
- Mar. 2021 Auditor of Company subsidiary Fujitec Korea Co., Ltd. (to the present)
Auditor of Company subsidiary Fujitec Shanghai Sourcing Center Co., Ltd. (to the present)
- Apr. 2022 Operating Officer
- Apr. 2023 General Manager of Finance HQ (to the present)
Director of Company subsidiary Fujitec America, Inc. (to the present)
- May 2023 Director of Company subsidiary Fujitec Taiwan Co., Ltd. (to the present)
- Jun. 2023 Director (to the present)
Senior Executive Operating Officer (to the present)
In Charge of Administration (to the present)



Kazuhiro Mishina

Outside Director

- Sep. 1989 Assistant Professor, Harvard University Business School
- Oct. 1995 Assistant Professor, Japan Advanced Institute of Science and Technology, Research Center for Advanced Science and Technology
- Apr. 1997 Assistant Professor, Japan Advanced Institute of Science and Technology, School of Knowledge Science
- Oct. 2002 Assistant Professor, Kobe University, Graduate School of Business Administration
- Oct. 2004 Professor, Kobe University, Graduate School of Business Administration (to the present)
- Jun. 2012 Outside Director, Nichirei Corporation
- Jun. 2013 Outside Director, Fuji Oil Co., Ltd. (currently FUJII OIL HOLDINGS INC.)
- Jun. 2015 Chairman of Nomination & Compensation Advisory Committee, Fuji Oil Co., Ltd.
Substitute Audit & Supervisory Board Member, Sumitomo Metal Mining Co., Ltd. (to the present)
- Jun. 2016 Outside Director, Nippon Paint Holdings Co., Ltd.
- Apr. 2019 Advisory Board Member, NTT Data Corporation
- Jun. 2022 Director (to the present)



Torsten Gessner

Outside Director

- Oct. 1985 Joined Otis Elevator Company
- Oct. 1993 Business Unit Manager, Electronic Division, Otis Elevator Company
- Oct. 1997 Director, Supply Chain Management (Electronics), United Technologies Corporation
- Oct. 2003 Vice President (Supply Chain in Europe), Otis Elevator Company
- Jan. 2005 Area Director, Supply Chain Management & Logistics, Otis UK & Central Europe
- Oct. 2005 Chief Operating Officer (COO), ThyssenKrupp Elevator CENE GmbH
- Jan. 2007 Senior Vice President Manufacturing, ThyssenKrupp Elevator AG
- Jan. 2010 Chairman and CEO, ThyssenKrupp Escalator & Passenger Boarding Bridges GmbH
- Oct. 2011 Chairman and Chief Executive Officer (CEO), ThyssenKrupp North America, Inc.
- Feb. 2015 Senior Advisor and Consultant, self-employed (to the present)
- Feb. 2023 Director (to the present)



Kaoru Umino

Outside Director

- Sep. 1987 Associate, David Polk & Wardwell (New York and Tokyo) (Admitted to the New York State Bar (Second Department) in May 1988)
- Oct. 1988 Of Counsel, Paul Hastings (Tokyo)
- Oct. 1999 Partner, Paul Hastings (Tokyo)
- Apr. 2000 Registered as Gaikokuho Jimu Bengoshi, Daini Tokyo Bar Association
- Feb. 2006 Managing Director and Associate General Counsel, J.P. Morgan Securities Japan Co., Ltd.
- Jun. 2008 Partner, Jones Day (Tokyo)
- Jan. 2018 Partner, DLA Piper (Tokyo) (to the present)
- Feb. 2023 Director (to the present)

Directors



Clark Graninger

Outside Director

- Sep. 1991 Joined Nippon Shaft Co.
- Jun. 1997 Graduated from University of Chicago, Booth School of Business
- Jul. 1997 Joined Lehman Brothers Japan Inc.
- Jun. 2000 Joined Shinsei Bank, Ltd., Manager, Head of Credit Trading Team
- Sep. 2003 Shinsei Bank, Ltd., Senior Managing Executive Officer, Head of Institutional Banking
- Feb. 2007 Representative Director, Chairman and CEO, Aplus Co., Ltd.
- Nov. 2009 Executive Advisor to the CEO, Shinsei Bank, Ltd.
- Feb. 2011 Joined Aozora Bank, Ltd. as Managing Executive Officer, Head of Retail Banking
- Aug. 2017 Board Member, Managing Director, Chief Wealth Management Officer, WealthPark, Inc.
- Jun. 2021 Board Member, Managing Director, WealthPark Capital K.K. (to the present)
- Jun. 2022 Co-Founder, Representative Director, COO/CFO, Reboot K.K. (to the present)
- Feb. 2023 Director (to the present)



Ako Shimada

Outside Director

- Aug. 1999 Associate, Hancock Rotherth & Bunshoft LLP
- Mar. 2001 Associate, Coudert Brothers LLP
- May 2005 Associate, Rutan & Tucker, LLP
- May 2008 Senior Corporate Counsel, Apria Healthcare
- Jul. 2010 Assistant General Counsel, Apria Healthcare
- May 2014 Assistant General Counsel, Christie Digital Systems
- Apr. 2017 Vice President, General Counsel and Corporate Secretary, Ushio America, Inc. (to the present)
- Jun. 2019 Board of Directors (outside director), KA Imaging Inc. (to the present)
- May 2021 General Counsel, Ushio Europe (to the present)
- Feb. 2023 Director (to the present)



Anthony Black

Outside Director

- Jun. 1984 Joined United Technologies Corporation
- May 1991 Completed a master's degree in business administration (MBA) of University of Virginia Darden School of Business
- Jan. 2001 Worldwide Vice President, Field Operations, Environmental Health & Safety, and Quality, Otis Elevator Company
- Mar. 2005 Managing Director, Nippon Otis Elevator United Technologies Corporation
- Apr. 2009 Senior Vice President of Operations, Fire & Security United Technologies Corporation
- Jun. 2010 Vice President of Operations - China Region, Otis Elevator Company
- Feb. 2012 President & CEO, Otis Elevator Company, Otis China Limited
- Director & Chairman, Guangzhou Otis Elevator/Shanghai Otis Elevator/Beijing Otis Elevator United Technologies Corporation
- Mar. 2016 Global Vice President, Service & Field Operations, Otis Elevator Company
- United Technologies Corporation
- Jan. 2020 President, Service
- Husky Injection Molding Systems Ltd. (to the present)
- Jun. 2023 Director (to the present)

Audit & Supervisory Board Members

Audit & Supervisory Board Member (Standing)

Yasuo Utsunomiya

- Apr. 1976 Joined Matsushita Electric Industrial Co., Ltd. (currently Panasonic Corporation)
- Apr. 2002 Joined the Company
- Apr. 2011 Operating Officer and General Manager of Administration HQ
- Jun. 2012 Director of Fujitec Meister Co., Ltd., a subsidiary of the Company
- Apr. 2016 Executive Operating Officer of the company
- Apr. 2020 Advisor
- Jun. 2020 Audit & Supervisory Board Member (to the present)

Audit & Supervisory Board Member (Standing)

Takeharu Igaki

- Apr. 1986 Joined Fujitec Co., Ltd.
- May 2004 Assistant General Manager of Finance Department for Company subsidiary Huasheng Fujitec Elevator Co., Ltd.
- Sep. 2007 Assistant Manager of Finance Department for Finance HQ
- Oct. 2009 Manager of Finance Department for Finance HQ
- Oct. 2020 Senior Manager and Manager of Finance Department of Finance HQ
- Apr. 2021 Auditor of Company subsidiary Fujitec Shanghai Technologies Co., Ltd., (to the present)*
- Jun. 2022 Substitute Audit & Supervisory Board Member (to the present)
- Apr. 2023 Advisor and Manager of Finance Department for Finance HQ
- Jun. 2023 Audit & Supervisory Board Member (to the present)

Outside Audit & Supervisory Board Member

Tatsuo Ikeda

- Apr. 1978 Assistant Judge of Kobe District Court
- Mar. 1982 Associate Professor of Osaka University School of Law
- Nov. 1992 Professor of Osaka University School of Law
- Feb. 1995 Doctor of Laws (Ph.D.) of Kyushu University Graduate School of Law
- Apr. 2004 Professor at Osaka University Law School
- Nov. 2005 Registered as an attorney (to the present)
- Of Counsel of Kitahama Partners (to the present)
- Jun. 2016 Audit & Supervisory Board Member (to the present)

Outside Audit & Supervisory Board Member

Yoshiyuki Yamasaki

- Apr. 1979 Joined Asahi Audit Co. (currently KPMG AZSA LLC)
- Mar. 1982 Passed final assessment of CPA examination, registered as a CPA
- Dec. 1988 New York Office
- Jul. 1993 Partner
- Dec. 1998 Tokyo Office
- Jun. 2007 General Manager of Transaction Services HQ
- Apr. 2019 General Manager of the Risk Management Department, KPMG AZSA
- Jul. 2019 Senior Managing Officer, KPMG AZSA
- Jun. 2021 Retired from KPMG AZSA
- Jul. 2021 Founded Office of Yoshiyuki Yamasaki, CPA
- Apr. 2022 Outside Director, Audit and Supervisory Committee Member, Tokyo Rakutenchi Co., Ltd. (to the present)
- Jun. 2022 Audit & Supervisory Board Member (to the present)

Operating Officers

President and CEO

Masayoshi Harada*

Senior Executive Operating Officer

Takashige Nakajima*

Kosuke Sato*

Masashi Tsuchihata

Kenji Tomooka

Hiroshi Maruyama

Executive Operating Officer

Asami Araki

Ikuo Masuda

Shiro Adachi

Hiroki Tokuami

Yusuke Uchiyama

Tadahisa Nakayama

Kazuhiro Shiode

Kenichi Sugiyama

Meng Kwong William Wong

Operating Officer

Yoshitaka Nakao

Shigeo Nishimura

Kenta Fujino

Hidehito Wakabayashi

Nobuo Fukamatsu

Yuji Yoneda

Akira Izaki

Yasuyuki Kawachi

Haruaki Mukai

Michinari Fukamoto

* Concurrently serving as a director

Corporate Governance

Corporate governance at Fujitec

Our Management Philosophy reads, 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 maintain 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.

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

Quick Overview of Our Corporate Governance Structure

Organization	Company with Audit & Supervisory Board
Number of directors	9 (including 6 independent outside directors)
Number of female directors	2
Chair of the Board of Directors	Kaoru Umino (outside director)
Term of directors in the articles of incorporation	1 year
Established voluntary committees	Nomination and Compensation Advisory Committee
Chair of the Nomination and Compensation Advisory Committee	Kazuhiro Mishina (outside director)
Number of Audit & Supervisory Board members	4 (including 2 outside members)
Executive officer system	In place
Accounting Auditor	Grant Thornton Taiyo LLC

Corporate Governance Structure

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

Moreover, we have in place the Nomination and Compensation Advisory Committee as a voluntary advisory committee under the Board of Directors. The three-member committee, the majority of whose members are independent outside directors, is aimed at increasing the objectivity and transparency of decision-making processes for director nomination and compensation and at enhancing our corporate governance structure. For details on its authority and functions, please refer to the Annual Securities Report for the 76th fiscal year (from April 1, 2022, to March 31, 2023), IV. The state of the reporting company, 4. The state of corporate governance, (4) director remuneration, (i) Amounts of director remuneration and matters related to the policy of calculating them.

Members of Fujitec's Nomination and Compensation Advisory

Committee are as follows:

Chair: Kazuhiro Mishina (outside director)
 Members: Torsten Gessner (outside director),
 Ako Shimada (outside director)

Regarding the business execution structure, Fujitec has established two key bodies, namely the Global Executive Committee, which meets each quarter to discuss important matters for Group management, including the advancement of business inside and outside Japan; and the Operating Officer Meeting, which meets monthly to discuss important matters pertaining to domestic operations. The Global Executive Committee did not meet in the fiscal year ended March 31, 2023, owing to the COVID-19 pandemic, but monitored the state of deliberations about important management issues, such as standing Audit & Supervisory Board members concurrently serving on the Risk Management Committee. 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.

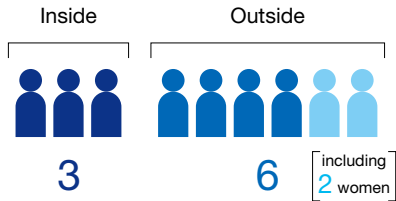
Reasons for Adopting this Corporate Governance Structure

Based on its basic approach to corporate governance, Fujitec strengthens guidance and management on the business execution side through the Risk Management Operation Committee and other standing committees, while monitoring the state of business execution by having directors concurrently serving as operating officers attend important meetings.

Moreover, the proceedings and results of important meetings are reported to outside directors so they are able to offer appropriate advice. Fujitec aims to optimize its corporate governance structure by encouraging the sharing of information among Audit & Supervisory Board members, accounting auditors and internal auditors, who are independent from the business execution side, in order to effectively facilitate their roles and functions.

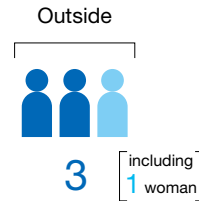
Moreover, Fujitec has voluntarily established the Nomination and Compensation Advisory Committee, which has independent outside directors as its majority of its members, with the intention of further enhancing its corporate governance structure through greater objectivity and transparency in procedures related to decisions for nominations and remunerations for directors.

Breakdown of Board of Directors

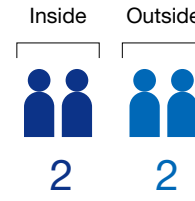


(Chairperson of the Board of Directors: outside director)

Breakdown of Nomination and Compensation Advisory Committee



Breakdown of Audit & Supervisory Board



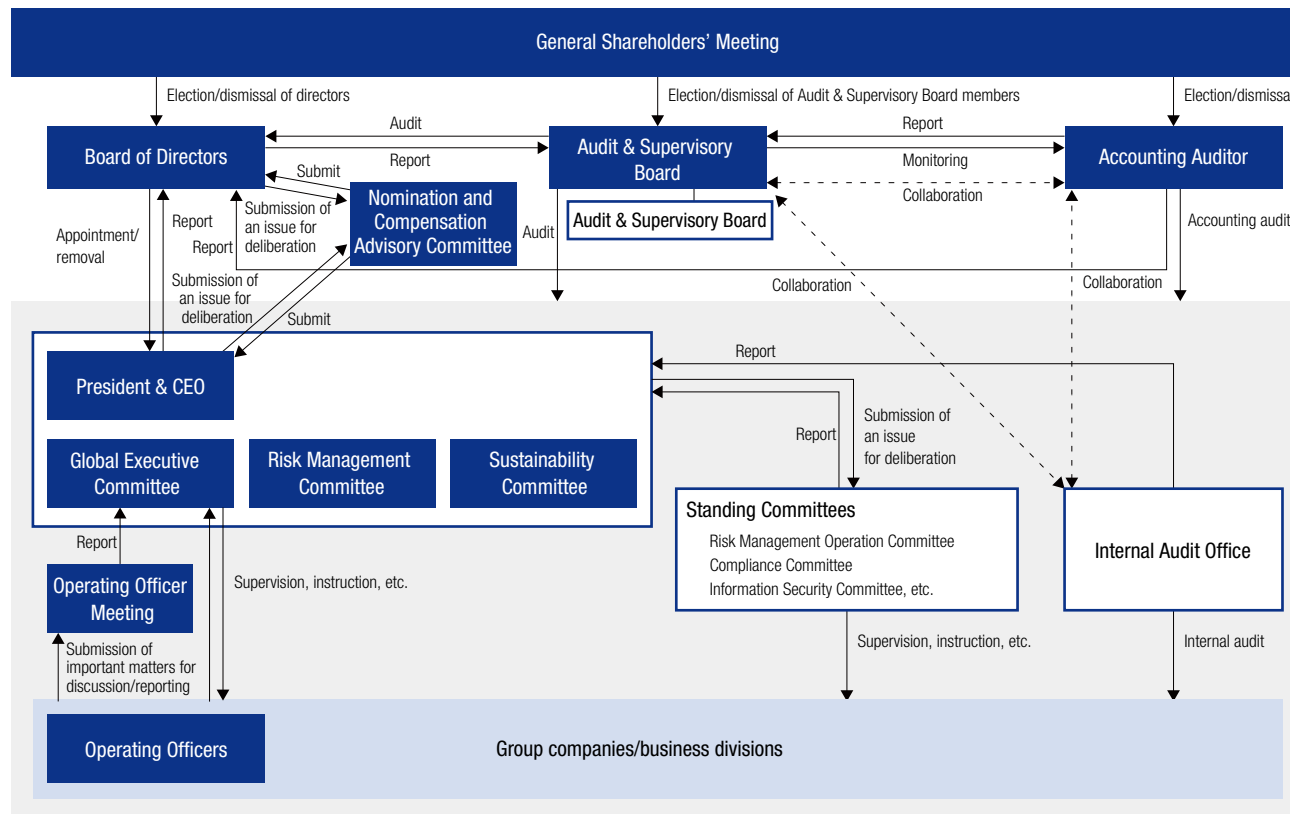
Board of Directors

The Board of Directors is composed of nine directors (including six outside directors) and is responsible for deciding important matters relating to business management and overseeing the directors' execution of their duties. Its chairperson is served by an independent outside director to ensure the transparency of decision-making processes.

Key agenda items

- Finalization of management plans and policies
- Matters related to the settlement of accounts
- Selection of directors with a specific title (including the representative director)
- Important personnel matters involving operating officers, etc.
- Disposal of important assets
- Matters related to shareholders' meetings

Corporate Governance Structure



Global Executive Committee

Our business execution framework is supported by two key meeting bodies. One is the Global Executive Committee, which meets quarterly to deliberate on important issues in Group management, including business promotion in Japan and abroad. The other is the Operating Officer Meeting, which meets monthly to deliberate on important issues regarding business in Japan. In the fiscal 2022, the Global Executive Committee did not meet due to the COVID-19 pandemic. Still, this committee monitored the discussions on important management issues. Such monitoring took the form of, for example, Audit & Supervisory Board members attending the Risk Management Committee, which will be mentioned later. The Operating Officer Meeting is attended by all directors in Japan concurrently serving as operating officers. The proceedings and results of these important meetings are reported to outside directors.

Corporate Governance

Composition of Directors

■ Experience and Expertise of Directors

Name	Position/responsibility	Independence	Experience in corporate management and expertise (main points)									
			Corporate management/ management strategies	Global	Technology	Finances and accounting	Legal affairs and compliance	Risk management	Sustainability	Governance	M&A/Capital market	
Masayoshi Harada	Representative Director, President and CEO		●	●					●		●	
Takashige Nakajima	Representative Director Senior Executive Operating Officer			●	●				●	●		
Kosuke Sato	Director Senior Executive Operating Officer		●			●					●	●
Kazuhiro Mishina	Outside Director, Independent Director Chair of Nomination and Compensation Advisory Committee	●	●	●					●	●	●	
Kaoru Umino	Outside Director, Independent Director Chairperson of the Board of Directors	●		●				●	●	●	●	●
Torsten Gessner	Outside Director, Independent Director Member of Nomination and Compensation Advisory Committee	●	●	●	●	●	●	●	●	●	●	●
Clark Graninger	Outside Director, Independent Director	●	●	●		●	●					●
Ako Shimada	Outside Director, Independent Director Member of Nomination and Compensation Advisory Committee	●	●	●				●	●		●	●
Anthony Black	Outside Director, Independent Director	●	●	●	●	●	●	●	●			

Reasons for Appointment of Outside Directors

All the Company's outside directors are independent officers as defined by the Tokyo Stock Exchange.

(June 2023)

Name	Reason for appointment
Kazuhiro Mishina Years as director: 1 year Board meetings attended: 9/10	Mr. Kazuhiro Mishina received a Ph.D in Business Economics and has been mainly engaged in the MBA program as a faculty member in operations management, general management and management strategy for over 30 years in Japan and the U.S. At the Company, as the Chairman of the Nomination and Compensation Advisory Committee since March 24, 2023, he has been energetically involved in all aspects of the said Committee, including the search for and selection of candidates for inside and outside directors, and designing of remuneration. The Company expects him to continue to contribute to the expansion of the management structure and enhancement of governance.
Kaoru Umino Years as director: 4 months Board meetings attended: All 2/2	Ms. Kaoru Umino is licensed to practice law in New York State and has experience in dealing with cross boarder M&A and structured finance projects at some of the largest international law firms for over 30 years, as well as the head of the legal and compliance department of a major securities firm. At the Company, as the chairperson of the Board of Directors since March 24, 2023, she has been leading the governance revolution by demonstrating her leadership. The Company expects her to provide useful suggestions and advice regarding ESG and sustainability.
Torsten Gessner Years as director: 4 months Board meetings attended: All 2/2	Mr. Torsten Gessner spent 20 years with Otis Elevator Company, the oldest elevator company and incumbent world market leader, in various global leadership positions and another 9 years with ThyssenKrupp Elevator AG, most recently as President and CEO of the North American Region, a company more than five times the Company's size. At the Company, as a member of the Nomination and Compensation Advisory Committee since March 24, 2023, he has been energetically involved in all aspects of the said Committee, including the search for and selection of candidates for inside and outside directors, and the designing of remuneration. Going forward, the Company expects him to make significant contributions to the growth of the Company business, by utilizing his global leadership experience in the elevator industry and the resulting network that he has built.
Clark Graninger Years as director: 4 months Board meetings attended: All 2/2	Mr. Clark Graninger received a master's degree in business administration (MBA) from the University of Chicago and gained experience in management to supervise teams of selected elites for over 20 years mainly in the financial industry in Japan. At the Company, since March 24, 2023, he has been promoting the governance revolution in shareholder relations by demonstrating his leadership, and the Company expects him to contribute to the planning of measures for enhancement of the corporate value of the Company.
Ako Shimada Years as director: 4 months Board meetings attended: All 2/2	Ms. Ako Shimada is licensed to practice law in California State. After working for over 8 years at some of the largest law firms, she gained a wide range of experience as an in-house lawyer at major U.S. companies and the local U.S. subsidiaries of a Japanese company for 15 years in a variety of areas related to intellectual property, legal affairs, M&A and governance. At the Company, as a member of the Nomination and Compensation Advisory Committee since March 24, 2023, she has been energetically involved in all aspects of the said Committee, including the search for and selection of candidates for inside and outside directors, and the designing of remuneration. The Company expects her to contribute to the revolution of the Company's governance and the enhancement of compliance and risk management, by utilizing her abundant experience related to the group management of global companies.
Anthony Black Newly appointed	Mr. Anthony Black received a master's degree in business administration (MBA) from the University of Virginia Darden School of Business. As part of his 35 years of working experience at United Technologies Corporation, the parent company of Otis Elevator Company which is a global leader of the elevator industry, he had been engaged in the elevator business for 26 years. In addition to serving as the CEO of the rapidly growing China business, in particular, and globally supervising the service department, a pillar of earnings strength, he has management experience in Japan as the Managing Director of Nippon Otis Elevator. The Company expects him to contribute to the reexamination of the Company's business strategies through useful advice based on a wide range of knowledge concerning the domestic and overseas elevator industries.

Evaluation of Effectiveness of the Board of Directors

Our Board of Directors assessed the effectiveness of the board in the year ended March 31, 2023 in accordance with the Corporate Governance Guidelines. A summary of the results is as follows. (Evaluation Summary)

The Board of Directors evaluated its effectiveness with focus on Chapter 4: Responsibilities of the Board of Directors of our Corporate Governance Code. In the process, the Board made a comprehensive review of the evaluation items and conducted a questionnaire survey of all directors. A summary of the results by category is as follows.

While the majority of respondents indicated no issues with the operation of the Board of Directors in general, certain issues were identified regarding the quality of information provided. Respondents rated the size and composition of the Board highly in terms of Board composition and skills, but cited room for improvement in training opportunities provided to directors. In terms of Board activities, certain transitions in our management structure during the period under review made it difficult to discuss long-term perspectives, including strategic directions and sustainability.

The majority of respondents answered that Board operations were issue-free for the most part, with a few areas identified having room for improvement. Therefore, we believe that the Fujitec Co., Ltd. Board of Directors operated in an effective manner during fiscal 2022. (Future initiatives)

The Board of Directors will discuss and share specific measures to address the issues identified, incorporating these issues into an action plan. The Board will then implement the action plan in the following direction to improve Board the effectiveness.

- We plan to provide more information and information focused on details deemed lacking in the past.
- We plan to provide more training opportunities necessary for understanding our organization, operating companies, and business environment.
- We plan to delve deeper into discussions on sustainability and management strategy from a medium- to long-term perspective.

Compensation for Executives

Policy for Determining Director Compensation Amounts and Method of Calculation

In addition to providing an incentive to promote the 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 decisionmaking policy for this fiscal year is detailed below.

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

The amounts of director compensation and the method for calculating them are determined according to the policy that the Board of Directors deliberates and decides on based on advice it seeks from the Nomination and Compensation Advisory Committee.

Annual limits for Audit & Supervisory Board member compensation are 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 each member is a standing member.

The 75th Ordinary General Meeting of Shareholders held on June 23, 2022, resolved to revise the said maximum remuneration for directors (maximum amount for basic remuneration and bonuses combined) to 550 million yen (including a maximum annual amount of 100 million yen for outside directors and not including the portion of salaries representing employee compensation for directors who serve concurrently as employees). As of the conclusion of the said Ordinary General Shareholders' Meeting Fujitec had nine directors (six of whom are outside directors). The decision was made at the 74th Ordinary General Shareholders Meeting held on June 22, 2021 to introduce a performance-linked restricted stock compensation system for directors (excluding outside directors), separate from their monetary compensation. 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. With this resolution, the stock compensation type stock option plan approved at the 66th Ordinary General Meeting of Shareholders held on June 25, 2013 (under which stock acquisition rights were to be issued at an annual amount not exceeding ¥100 million) was abolished, except for those shares already granted.

Furthermore, at the extraordinary general meeting of shareholders held on February 24, 2023, it was resolved to set the amount of base remuneration per outside director elected by the resolution of the same general meeting of shareholders at 12,500,000 yen per fiscal year, and to grant stock-based remuneration to outside directors as medium-term incentive remuneration with a three-year vesting period and no share price conditions. As of the conclusion of the ordinary general meeting of shareholders in question, Fujitec had six outside directors.

Corporate Governance

■ Compensation of Directors and Audit & Supervisory Board Members

(Fiscal Year Ended March 31, 2023)

Position	Compensation by type (Millions of yen)	Total compensation (Millions of yen)				Eligible officers
		Monetary compensation		Non-monetary compensation		
		Base compensation	Performance-based compensation			
			Bonuses	Restricted stock remuneration	Post-delivery stock compensation	
Directors (excluding outside directors)	143	104	27	11	—	4
Audit & Supervisory Board members (excluding outside Audit & Supervisory Board members)	17	17	—	—	—	1
Outside officers	70	58	10	—	1	15

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.
- The number of directors who received compensation include seven directors (including six outside directors) who resigned or left office during the fiscal year under review, as well as four outside directors who were elected at the extraordinary general meeting of shareholders held February 24, 2023. Likewise, the compensation amounts include those for these 11 directors.
- No stock acquisition rights (stock options for stock-linked compensation) were issued during the fiscal year under review to directors (excluding outside directors).
- On August 19, 2022, restricted stock compensation whose transfer restriction period is from that date to August 19, 2026, was granted to directors (excluding outside directors) as stock compensation, which is non-monetary compensation.
- The director retirement benefits system was abolished upon conclusion of the 60th Ordinary General Shareholders Meeting held on June 27, 2007.

Audit & Supervisory Board

The Company's Audit & Supervisory Board comprises two fulltime members and two part-time members, two of whom are outside members.

We established the Audit & Supervisory Office as a specialized organization to support the work of the Audit & Supervisory Board and its members. We have allocated one employee to support the work of Audit & Supervisory Board members. In this way, we are striving to enhance audit functions. The Audit & Supervisory Office is directly supervised by Audit & Supervisory Board members to ensure its independence, and the employee tasked with supporting the members does not have any concurrent work related to the execution of operations for the Group.

Apart from attending the meetings of the Audit & Supervisory Board, all the Board members met with the representative director and president to exchange information and opinions related to auditing issues. As necessary, they also exchanged opinions and information with operating executive directors as well as executive officers engaged in managing overseas subsidiaries. In addition, after Board of Directors meetings, independent outside directors regularly hold meetings to exchange information with the Audit & Supervisory Board, with both sides working to foster mutual collaboration.

Reason for Appointment of Outside Members

Outside members of the Audit and Supervisory Board are independent officers according to the selection standards for appointing independent officers.

(As of June 2023)

Name	Years as director	Audit & Supervisory Board meetings attended	Board of Directors meetings attended	Reason for appointment
Tatsuo Ikeda Birth date: January 6, 1952	7 years	All 10/11	13/15	Mr. Tatsuo Ikeda has a wealth of experience and insight, including many years of experience as a university professor and lawyer, and in key positions on local government councils. Mr. Ikeda is well versed in corporate legal affairs and has extensive knowledge of general corporate management, including finance and accounting.
Yoshiyuki Yamasaki Birth date: November 11, 1956	1 year	All 7/7	All 10/10	Mr. Yoshiyuki Yamasaki is well versed in corporate financial statement audits and acquisition due diligence, having worked as a certified public accountant for many years. Mr. Yamasaki has extensive knowledge of finance, accounting, and tax affairs.

Committees

Risk Management Committee

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

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. As part of these activities, in addition to group training for all employees or on-demand education through e-learning, the Company holds seminars, for employees according to their position and department as necessary to ensure that relevant case studies, laws and regulations are made known to employees while implementing activities to raise employee awareness. The Company has also established an internal reporting system to prevent fraud. This includes a Compliance Consultation Desk as a mechanism for internal reporting mechanism related to compliance that allows all employees to consult directly regardless of organizational lines. It also receives employee reports.

Information Security Committee

The Company endeavors to protect information assets by maintaining and improving security. To this end, the Information Security Committee establishes security policies and response standards, examines and deliberates on the use, handling, and management of information networks, systems, and equipment. The committee also provides guidance, education, and conducts awareness-raising activities based on in-committee considerations and deliberations. Specifically, the committee provides information security education based on examples of security incidents and cyber-attacks from external sources. As part of this education, the committee sends mock e-mails to all employees to simulate attacks and engages in other activities to raise an awareness of security among employees. In addition, we have organized a Computer Security Incident Response Team (CSIRT) as a response mechanism in the event of an information security incident or accident. We have established a system for communicating security-related information during normal times, investigating incidents, analyzing causes, conducting recovery operations, and responding to internal and external stakeholders.

Sustainability Committee

To strengthen our response to sustainability issues, we established the Sustainability Committee, chaired by the president. The committee formulates companywide policies and targets related to sustainability. The Company has established and maintains a system to put sustainability policies and targets into practice, monitoring the implementation of various measures. The Materiality Response Team is the first of two management teams organized under the Sustainability Committee to determine materiality implementation plans and monitor progress. The Climate-related Financial Disclosures Team is the second of the two management teams under the Sustainability Committee, responsible for collecting Company information related to the environment, gathering information on climate-response activities, and disclosing the financial impact of risks and opportunities related to climate change in line with the TCFD framework. The agenda and results of Sustainability Committee meetings are reported to and discussed by the Board of Directors.

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 align with medium- to long-term shareholder interests.

Dialogue with Shareholders

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

1. Considering promoting constructive dialogue with shareholders as a key management issue, we have integrated our IR departments into the IR Promotion Office, and work to enhance IR content and reinforce IR activities.
2. The IR Promotion Office will handle requests for dialogue, interviews, etc., from shareholders.
3. We disclose explanatory materials regarding plans and financial results regularly, and provides briefings related to said information as appropriate. The president and/or responsible officers provide explanations at financial results presentations.
4. The IR Promotion Office summarizes opinions and other information received from shareholders as appropriate, report them to the President, and share them with the Board of Directors.
5. 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 the 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.

11-Year Summary

Fujitec Co., Ltd. and Consolidated Subsidiaries

(Years ended March 31)	(Millions of yen)											(Thousands of U.S. Dollars)
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2023
Business Results												
Orders	¥127,910	¥165,789	¥178,823	¥191,282	¥174,966	¥182,023	¥179,007	¥186,320	¥174,648	¥195,527	¥203,230	\$1,516,647
Order backlogs	108,972	143,881	166,745	195,339	184,738	199,602	208,183	207,817	211,024	224,179	244,898	1,827,603
Net sales	117,468	147,054	165,297	177,128	167,442	168,795	170,759	181,232	169,573	187,018	207,589	1,549,172
Operating income	9,172	12,871	13,488	14,449	12,687	10,665	10,313	13,375	13,288	13,777	11,619	86,713
Ordinary income	10,066	14,187	14,826	15,162	13,110	11,911	11,922	14,682	14,633	15,713	13,332	99,495
Profit attributable to owners of parent	5,507	7,664	8,356	8,807	8,564	8,857	9,220	9,916	9,287	10,835	8,433	62,936
Comprehensive income	12,043	19,450	19,343	6,533	6,530	10,907	5,557	8,790	11,003	21,885	19,007	141,847
Net income per share (Yen)/(U.S. dollars)	58.87	82.32	90.84	109.36	106.35	109.82	114.14	122.46	114.52	133.42	106.67	0.80
Diluted net income per share (Yen)/(U.S. dollars)	—	82.31	90.79	109.28	106.26	109.73	114.07	122.40	114.46	133.36	106.62	0.80
Capital investment	1,614	1,867	4,071	4,138	4,149	2,175	2,721	3,321	2,638	3,879	4,280	31,945
Depreciation and amortization	2,083	2,237	2,373	2,748	2,751	2,915	3,055	3,131	3,457	3,343	4,029	30,073
R&D expenses	1,930	1,976	2,023	2,179	2,302	2,323	2,425	2,208	2,121	2,662	2,590	19,330
Financial Position												
Total assets	122,643	154,265	179,856	171,872	173,007	182,503	184,690	193,581	205,196	220,609	230,098	1,717,153
Net assets	78,272	93,501	104,620	100,406	103,847	111,822	113,923	118,714	125,264	140,482	144,118	1,075,508
Shareholders' equity	71,917	84,570	93,321	88,718	92,564	100,365	102,807	106,913	112,417	125,482	127,897	954,457
Net assets per share (Yen)/(U.S. dollars)	768.64	912.40	1,074.82	1,102.66	1,148.36	1,243.46	1,271.28	1,318.59	1,385.45	1,549.83	1,640.29	12.24
Interest-bearing debt	2,145	2,320	9,642	8,902	5,293	4,421	4,116	4,901	3,720	4,505	11,886	88,703

(Years ended March 31)	(Millions of yen)										(Thousands of U.S. Dollars)	
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2023
Cash Flows												
Cash flows from operating activities	¥ 7,913	¥ 9,294	¥10,753	¥ 8,932	¥14,360	¥11,870	¥ 9,589	¥11,078	¥21,542	¥ 9,846	¥ (2,346)	\$ (17,508)
Cash flows from investing activities	(232)	(2,655)	(619)	(5,319)	(6,957)	(5,345)	(2,160)	(4,341)	(7,955)	(3,994)	1,949	14,545
Cash flows from financing activities	(3,048)	(3,823)	(3,225)	(11,532)	(6,757)	(3,858)	(4,198)	(3,800)	(5,866)	(6,520)	(10,670)	(79,633)
Free cash flow	7,680	6,639	10,134	3,612	7,403	6,525	7,428	6,736	13,586	5,852	(397)	(2,963)
Cash and cash equivalents at end of year	15,519	20,903	30,602	21,833	20,910	24,043	25,902	28,181	35,840	39,042	31,463	234,803
Stock Information												
Stock issued and outstanding (thousand shares)	93,767	93,767	93,767	93,767	93,767	93,767	90,067	90,067	85,300	82,400	78,900	—
Dividends per share (Yen)/(U.S. dollars)	16.00	22.00	24.00	30.00	30.00	35.00	45.00	50.00	60.00	70.00	75.00	0.56
Dividend payout ratio (%)	27.2	26.7	26.4	27.4	28.2	31.9	39.4	40.8	52.4	52.5	70.3	—
Management Indicators												
Return on equity (ROE) (%)	8.2	9.8	9.4	9.7	9.4	9.2	9.1	9.5	8.5	9.1	6.7	—
D/E ratio (%)	3.0	2.7	10.3	10.0	5.7	4.4	4.0	4.6	3.3	3.6	9.3	—
Ratio of ordinary income to total assets (%)	8.8	10.2	8.9	8.6	7.6	6.7	6.5	7.8	7.3	7.4	5.9	—
Operating margin (%)	7.8	8.8	8.2	8.2	7.6	6.3	6.0	7.4	7.8	7.4	5.6	—
Shareholders' equity ratio (%)	58.6	54.8	51.9	51.6	53.5	55.0	55.7	55.2	54.8	56.9	55.6	—
Overseas sales ratio (%)	57.6	60.3	62.8	65.9	62.5	61.5	59.6	60.0	59.1	61.0	63.9	—
Key Non-Financial Information												
Numbers of employees	8,348	8,539	9,057	9,486	9,832	9,931	10,105	10,292	10,423	10,683	11,453	—
Overseas employees	5,635	5,825	6,299	6,662	6,957	7,012	7,123	7,252	7,336	7,548	8,261	—
Ratio of overseas employees (%)	67.5	68.2	69.5	70.2	70.8	70.6	70.5	70.5	70.4	70.7	72.1	—

* The prevailing exchange rate (1USD: 134 yen) on March 31, 2023, was used to translate Japanese yen into U.S. dollars for the convenience of foreign readers.

* Amounts less than ¥1 million or \$1,000 have been rounded off.

Global Network (As of March 31, 2023)

Global (21 Countries and 3 Regions)

Consolidated subsidiaries: 23
Manufacturing bases: 12

Japan

Head office and bases: 4
Head office and regional offices: 5
Branches: 13

Japan

Head Office Big Wing (Hikone City, Shiga)

Tokyo Head Office (Minato-ku, Tokyo)

Big Fit (Ibaraki City, Osaka)

Big Step (Toyooka City, Hyogo)

Control HQs/Offices

Tokyo Metropolitan Area Control HQ

(Minato-ku, Tokyo)

Osaka Metropolitan Area Control HQ

(Ibaraki City, Osaka)

North Japan Regional Office

(Sapporo City, Hokkaido)

Chubu Regional Office (Nagoya City, Aichi)

West Japan Regional Office

(Fukuoka City, Fukuoka)

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)

FUJITEC SHANGHAI TECHNOLOGIES CO., LTD.

(China)

SHANGHAI TECKY TRADING CO., LTD. (China)

South Asia

FUJITEC SINGAPORE CORPN. LTD. (Singapore)

FUJITEC INC. (Philippines)

FUJITEC (MALAYSIA) SDN. BHD. (Malaysia)

FUJITEC M&E SDN BHD (Malaysia)

P.T. FUJITEC INDONESIA (Indonesia)

FUJITEC VIETNAM CO., LTD. (Vietnam)

FUJITEC INDIA PRIVATE LTD. (India)

FUJITEC EXPRESS LIMITED (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 PACIFIC, INC. (Guam)

FUJITEC CANADA, INC. (Canada)

FUJITEC VENEZUELA C.A. (Venezuela)

FUJITEC ARGENTINA S.A. (Argentina)

FUJITEC URUGUAY S.A. (Uruguay)

ELEVADORES EV INTERNATIONAL, S.A. DE C.V.

(Mexico)

FUJITEC UK LTD. (U.K.)

AMALGAMATED LIFTS LIMITED (U.K)

FUJITEC SAUDI ARABIA CO., LTD. (Saudi Arabia)

FUJITEC EGYPT CO., LTD. (Egypt)

Company and Stock Information

Company Data

Company Name	Fujitec Co., Ltd.
Date of Establishment	February 9, 1948
Representative	Masayoshi Harada
Paid-in Capital*	¥12,533.93 million
Line of Business	Research and development, manufacture, sale, installation and maintenance of elevators, escalators and moving walkways
Location	Head Office (Big Wing): 591-1, Miyata-cho, Hikone, Shiga, Japan Tokyo Head Office: 1-17-3 Shirokane, Minato-ku, Tokyo
Consolidated Subsidiaries*	23
Number of Employees*	11,453 (Japan: 3,192, Overseas: 8,261)

Stock Overview

Total Number of Authorized Shares (Common Stock)	300 million shares
Total Number of Issued Shares (Common Stock)*	78.9 million shares
Number of Shareholders*	6,859
Stock Exchange Listing	Prime Market, Tokyo Stock Exchange (Ticker Code: 6406)
Annual Meeting of Shareholders	Held in June each year
Auditor	Grant Thornton Taiyo LLC
Transfer Agent	1-4-1, Marunouchi, Chiyoda-ku, Tokyo, Japan Sumitomo Mitsui Trust Bank, Limited
Transfer Agent's Business Office	Stock Transfer Agency Department 4-5-33, Kitahama, Chuo-ku, Osaka, Japan Sumitomo Mitsui Trust Bank, Limited

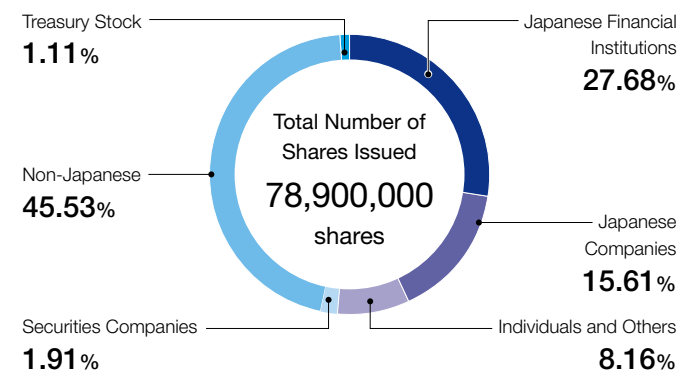
* As of March 31, 2023

Major Shareholders*

Name of Shareholders	Number of Shares Held (Thousands)	Shareholding Ratio (%)
OASIS JAPAN STRATEGIC FUND LTD.	8,068	10.34
The Master Trust Bank of Japan, Ltd. (Trust Account)	7,336	9.40
OASIS INVESTMENTS II MASTER FUND LTD.	5,578	7.15
Uchiyama International, Limited	5,043	6.46
Goldman Sachs & Co. (regular account)	4,781	6.13
Resona Bank, Limited	4,051	5.19
Santo Co., Ltd.	2,386	3.06
BNP PARIBAS LUXEMBOURG/2S/JASDEC SECURITIES/UCITS ASSETS	2,312	2.96
Mizuho Bank, Ltd.	1,989	2.55
MUFG Bank, Ltd.	1,663	2.13

(Note) The shareholding ratios are calculated based on 78,023,602 shares, being the total number of issued shares as of March 31, 2023 (78,900,000 shares) minus the number of treasury stock (876,398 shares) on the same date.

Distribution of Shareholders*



FUJITEC CO.,LTD.