



# Financial Results Presentation for the Year Ended March 31, 2023 (FY2022)

May 12, 2023

FUJITEC CO., LTD.  
(TSE Prime Section: 6406)

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*AirTap  
(Touchless elevator button)*

## FY2022 Earnings Overview

- Sales increased but income fell YoY. Net sales was 207,589 million yen (up 11.0%), reaching an all time high, while operating income was 11,619 million yen (down 15.7%).
- Orders received totaled 203,230 million yen (up 3.9%).
- Sales increased across all segments. Both the new installation and aftermarket businesses performed well in Japan and overseas.
- Operating Income fell sharply in Japan and China, impacted by the lockdown in Shanghai, raw materials price hikes, and other factors.
- Share buyback was completed.

## Consolidated Earnings Forecast for FY2023

- Net sales of 223,000 million yen (up 7.4% YoY) and operating income of 13,400 million yen (up 15.3% YoY) are forecast, net sales to reach all time high.
- Increase in sales is forecast across all segments. While operating income is expected to grow significantly in Japan, South Asia, and the Americas and Europe due to gains in the aftermarket business and improved profitability.
- Capital investment totaling 6,400 million yen (up 1,900 million yen YoY) is planned in line with Vision24 medium-term management plan.
- An annual dividend of 75 yen per share is planned for FY2023. The dividend payout ratio is expected to be 56.2%.

## Highlights

- Fujitec celebrated its 75th anniversary in February 2023. Its mission in business is to provide comfortable elevators and escalators giving top priority to safety and reliability. Fujitec will contribute to the development of urban infrastructure that meets the needs of a new age.



- Fujitec Singapore celebrated its 50th anniversary.



## **Earnings Overview for FY2022**

# Earnings Highlights

- Sales increased while income declined YoY. Net sales reached record high.
- Operating Income declined in Japan and China, impacted by the lockdown in Shanghai and raw materials price hikes.

(in millions of yen)

	FY2021	FY2022	Change (%)
Net sales	187,018	207,589	11.0
Operating income	13,777	11,619	(15.7)
Operating margin	7.4%	5.6%	—
Ordinary income	15,713	13,332	(15.2)
Profit attributable to owners of the parent	10,835	8,433	(22.2)
Net income per share	133.42 yen	106.67 yen	—
ROE	9.1%	6.7%	—

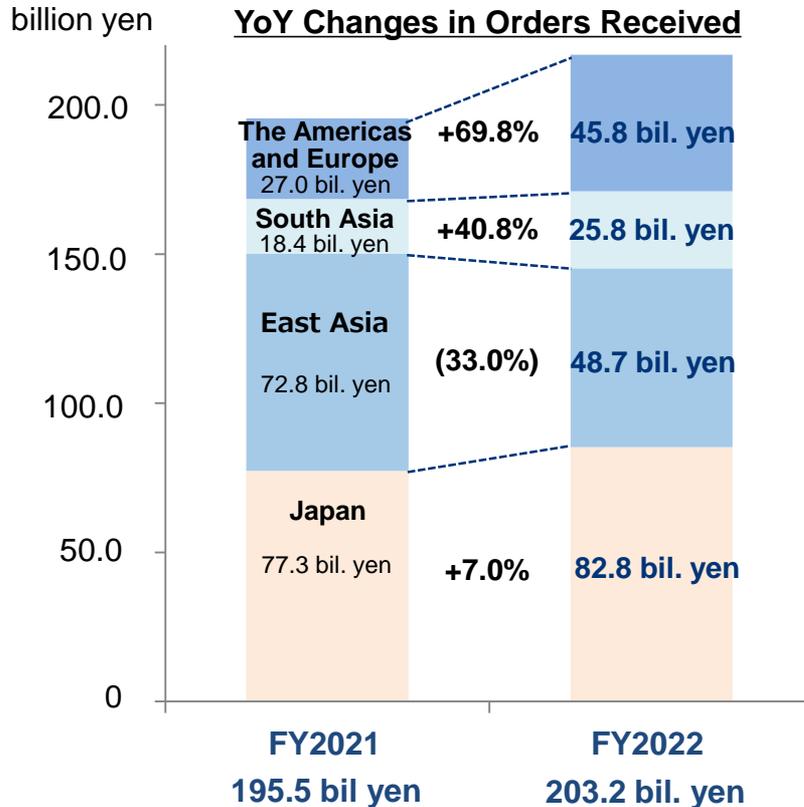
JPY/USD ex. rate

109.41 yen

130.61 yen

# Orders Received

- Orders received increased 3.9% YoY.
- Orders in Japan remained firm; aside from China, overseas orders increased substantially for new installation and modernization projects.



Japan

## ● New installation business

- Orders increased mainly for commercial buildings as well as for factories and warehouses.

## ● Aftermarket business

- Growth achieved by meeting demand for a broad range of renewal projects with new products, including the SMA-UP packaged product for modernization projects.
- The maintenance business remained strong, achieving YoY growth through continued high contract rates.

Overseas

## ● New installation business

- East Asia: increased in Taiwan and South Korea but decreased in China.
- South Asia: increased in Singapore, Malaysia, and India.
- The Americas and Europe: increased in the US and Canada.

## ● Aftermarket business

- Firm demand for modernization projects in the UK.
- Decline in orders for modernization projects in Singapore and Indonesia.

# Earnings by Segment

- Net sales increased across all segments. Strong sales continued especially in South Asia and in the Americas and Europe.
- Operating income grew in South Asia and in the Americas and Europe, buoyed by the robust growth of the aftermarket business. In Japan and East Asia, operating income fell due to reduced profitability resulting from factors including raw materials price hikes.

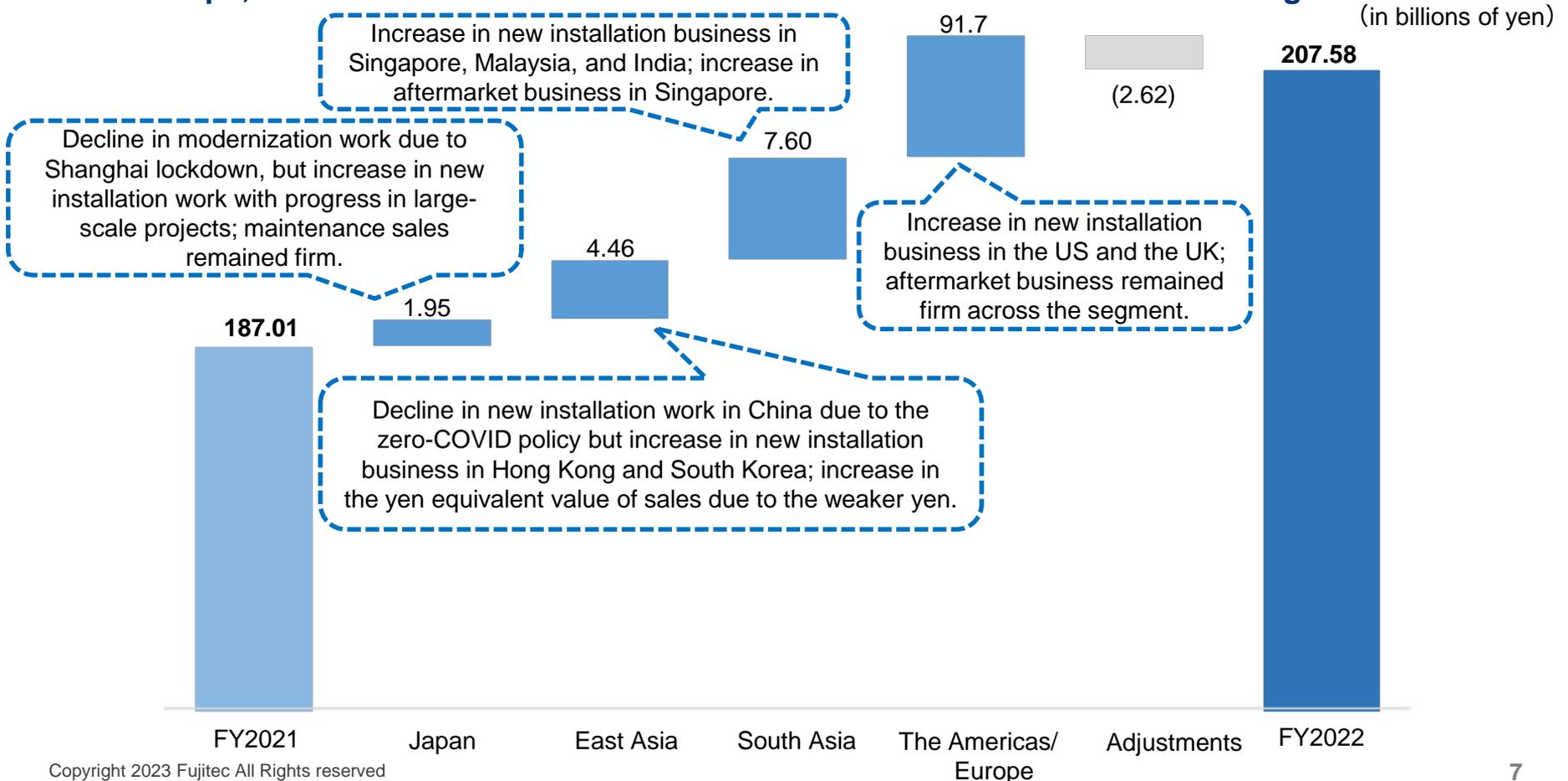
(in millions of yen)

	Net sales			Operating income		
	FY2021	FY2022	Change (%)	FY2021	FY2022	Change
Japan	75,556	<b>77,507</b>	2.6	5,440	<b>2,111</b>	(3,329)
East Asia	78,463	<b>82,927</b>	5.7	5,165	<b>4,486</b>	(678)
South Asia	16,522	<b>24,128</b>	46.0	2,053	<b>3,544</b>	1,490
The Americas and Europe	27,186	<b>36,361</b>	33.8	1,128	<b>1,525</b>	397
Subtotal	197,729	<b>220,925</b>	11.7	13,788	<b>11,668</b>	(2,119)
Adjustments	(10,711)	<b>(13,336)</b>	—	(10)	<b>(48)</b>	(38)
Total	187,018	<b>207,589</b>	11.0	13,777	<b>11,619</b>	(2,157)

Effective as of the first quarter of the fiscal year ending March 31, 2023, we changed the segment name from *North America and Europe* to *The Americas and Europe* in conjunction with the inclusion of Fujitec Argentina S.A. in the scope of consolidation

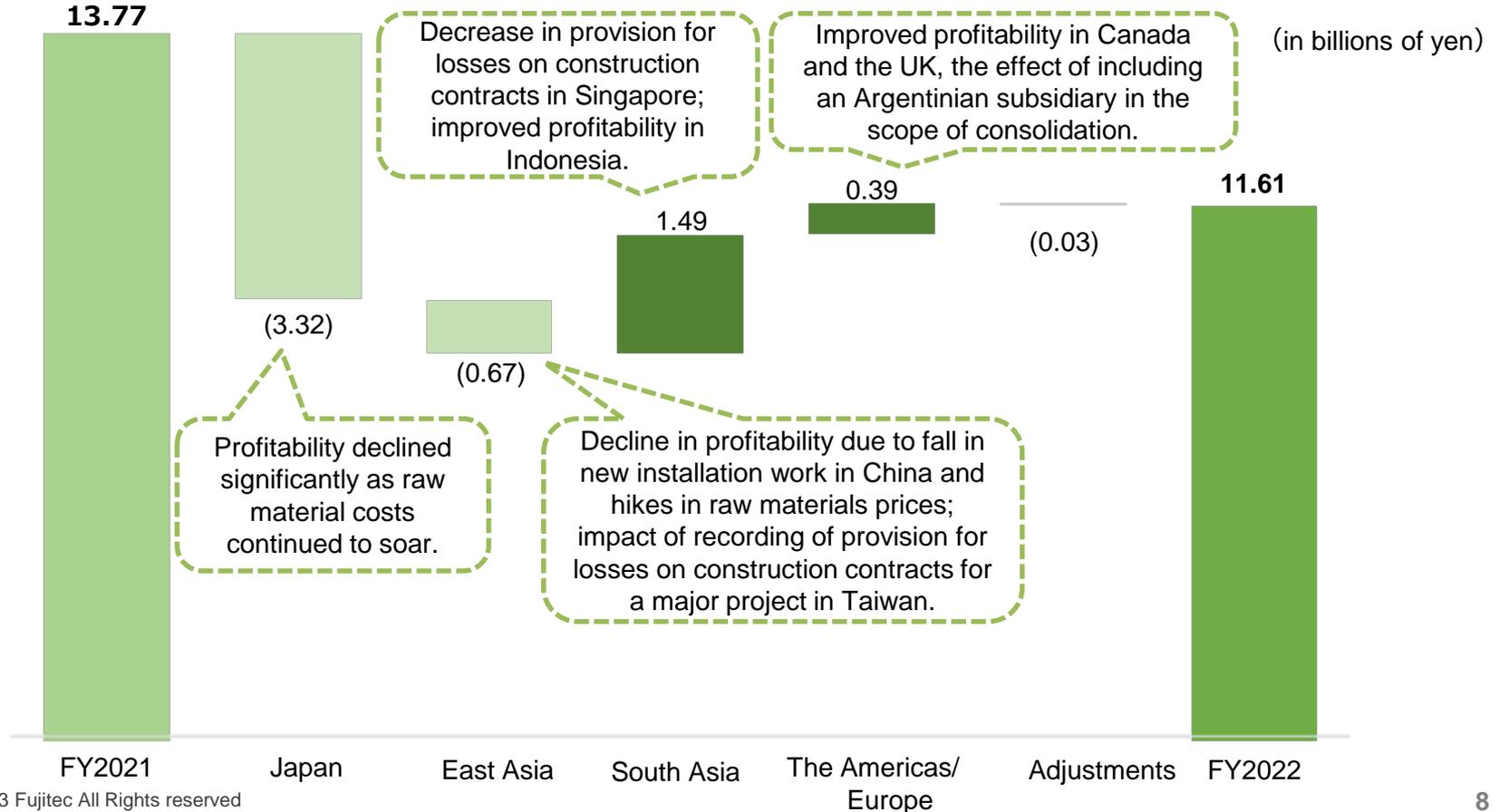
# Breakdown of Net Sales

- In Japan and East Asia, new installation business increased. In South Asia and in the Americas and Europe, both the new installation and aftermarket businesses remained strong.



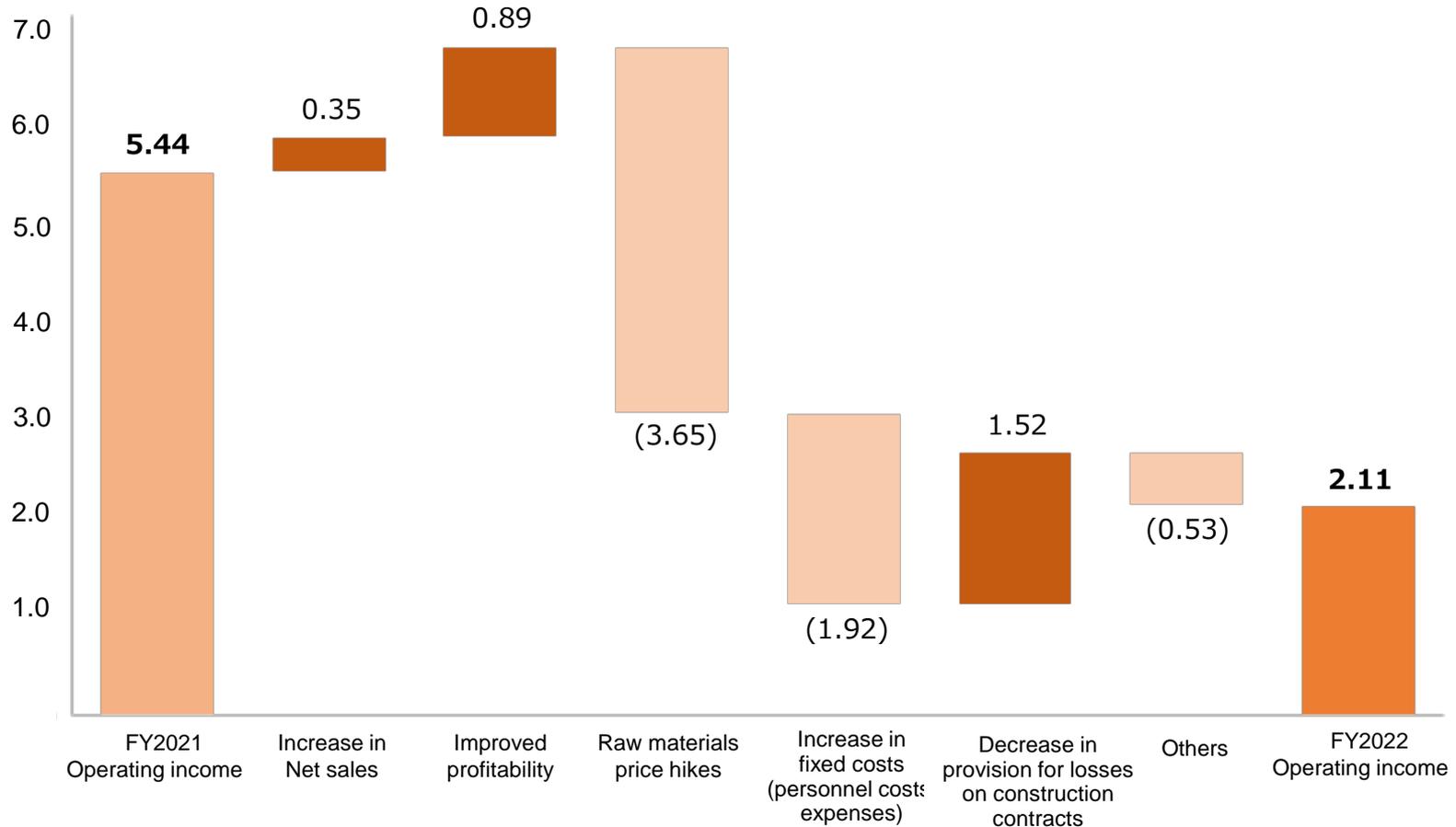
# Breakdown of Operating Income

- In Japan and China, operating income decreased as a result of reduced profitability, affected by the continued rise in costs owing to raw materials price hikes. In South Asia and in the Americas and Europe, operating income grew thanks to sales increases in the new installation and aftermarket businesses.



# Operating Income Factor Analysis for FY2022 (Japan)

(in billions of yen)



# Overview of FY2022 Earnings by Segment

- Orders were strong around the world, supporting solid sales, but profitability declined due to shifts in the external environment, including the lockdown in Shanghai, sharp exchange rate fluctuations, and inflation-induced raw materials price hikes.

Japan		<ul style="list-style-type: none"> <li>Orders were strong in both new installation and aftermarket businesses.</li> <li>Income was impacted by external factors including the lockdown in Shanghai, difficulty in procuring semiconductors and other components, soaring resource prices, and the weaker yen.</li> </ul>
East Asia	Overall	<ul style="list-style-type: none"> <li>Procurement delay due to the lockdowns in Shanghai.</li> </ul>
	China	<ul style="list-style-type: none"> <li>The real estate slump, sluggish economy resulting from lockdowns, raw materials price hikes, and other factors caused delays in plans.</li> </ul>
South Asia	Overall	<ul style="list-style-type: none"> <li>Pursue cost reductions in response to raw materials price hikes.</li> <li>Production capacity was expanded as planned, with completion of second factory in India and the acquisition of Express Lifts.</li> </ul>
	India	<ul style="list-style-type: none"> <li>Boom in orders.</li> </ul>
The Americas/ Europe	Overall	<ul style="list-style-type: none"> <li>Both new installations and aftermarket businesses were strong.</li> </ul>
	The Americas	<ul style="list-style-type: none"> <li>Sales capabilities in North America were strengthened through the acquisition of Elevadores EV International, S.A. de C.V.</li> </ul>

## Advantages of AirTap

- AirTap now featured in over 90% of all new installations, as demand expanded amid spread of the new normal lifestyle.
- AirTap was also widely used in the modernization work of existing housing and commercial facility elevators, with strong sales of the new lifestyle package.
- New model combining superior design with touchless functionality was added to the product lineup. Use is expanding in hotels, commercial facilities, etc.



## Strong performance of elevator modernization package

- The new SMA-UP package, which improves the basic functions of elevators by replacing drive and control systems critical for safe operation, performed well. We pursued lead-time reductions of up to approximately 40%, as well as cost reductions, and we captured a wide range of renovation demand.



## Completion of Fujitec India's second factory and new elevator research tower



- A second factory and new elevator research tower was completed.
- This marks the completion of the manufacturing base to meet growing demand in India and the rest of South Asia.

## Further business expansion through M&As



- Acquired shares in Express Lifts Limited with the aim of strengthening our business foundation in the Indian Market, where rapid growth is expected, by enhancing production capacity and expanding sales channels.



- Acquired shares in Elevadores EV International, S.A. de C.V., to expand business in North America by raising cost competitiveness utilizing the equipment the company manufactures.

# Enhancing our Management Foundation for Increased Profitability

## Introduction of smart glasses for elevator/escalator maintenance and skills training



- In order to ensure skills transfer and improve productivity, smart glasses (glasses-type wearable device) were introduced for field engineers who perform maintenance of elevators and escalators.
- The device helps create an environment in which engineers can focus on high-value-added operations and ensure higher levels of safety and security for users of elevators and escalators.

## Installation process innovation

- An organization dedicated to safety-conscious installation process reform in field engineering was established. It pursued installation cost reduction by developing new installation methods and raising engineers' skills. The new methods are now being used at construction sites.



## Production automation at Fujitec Taiwan



- Higher productivity will make products more price competitive, helping to further expand global business.
- The factory will contribute to increased profitability, featuring automated sheet metal fabrication lines and welding robots, with parts of the facility operational unattended at night.

## Completion of facility expansion at Fujitec Taiwan

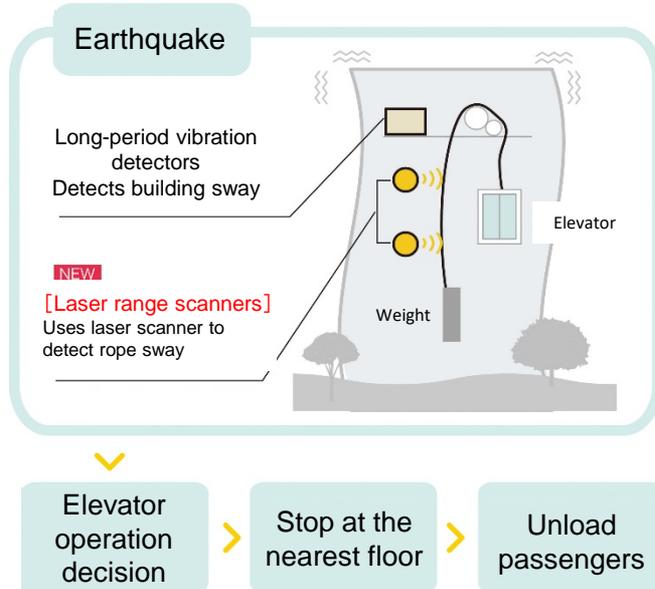
- Introduced double-trailer trucks that enable one driver to transport two large truckloads of cargo and reduced logistics costs.



- The adoption of articulated trucks has been effective in reducing labor for long-distance transportation and in promoting decarbonization (nearly 30% reduction in CO2 emissions).

## Development of earthquake protection function for high-rise elevators

- As protection for elevators in high-rise buildings and condominiums in case of long-period earthquakes, a new seismic operation system incorporating laser range scanners\* was developed.
- Precise measurement of sway by laser range scanners shortens elevator downtime in the event of an earthquake, supporting rapid service restoration.



## Launch of elemori—an online service for building administrators

- Launched a new online service for building administrators that enables them to check the operating status and other information on elevators/escalators on their smartphones.



## Development of robotics-linked technologies

- We are pursuing robotics-linked technologies, which connect elevators and robots via the internet for autonomous movement between floors. Currently, several proof-of-concept tests are underway.
- We are striving to develop products and services that support a diverse society. At the same time, we aim to deliver safe, secure, and comfortable mobility suitable for the new era.



## Information disclosure in compliance with the TCFD

- Disclosure of climate-related financial information based on the TCFD framework
- Aiming to offer beautiful urban functions that are environmentally and socially friendly



In October 2022, Fujitec announced its endorsement of the TCFD recommendations

## Overseas mainstay products registered under Environmental Product Declaration

- We registered ZEXIA, REXIA and ELSIA, our main global business products, under Environmental Product Declaration (EPD)\*

\*Environmental Product Declaration



## DX Certification received from METI

- Received the Digital Transformation (DX) Certification under an initiative by the Ministry of Economy, Trade and Industry. Fujitec will accelerate DX to pursue the safety and reliability of elevators and escalators.



## Certified Health & Productivity Outstanding Organization

- We were certified as a 2023 Certified Health & Productivity Outstanding Organization\* under the Health & Productivity Management certification program .
- We believe that employee health is an important element in achieving the sustainable growth of the Fujitec Group. We address employee health proactively and strengthen our response to create environments that allow for diverse work styles.



\*A system under which the Ministry of Economy, Trade and Industry (METI) and the Nippon Kenko Kaigi honor corporations that practice particularly excellent health management.

# **Consolidated Earnings Forecast for FY2023**

# Consolidated Earnings Forecast

- YoY growth is forecast for both sales and income. Net sales to reach all time high two years in a row.
- Profitability will start to improve despite raw materials prices remaining high in both Japan and China.

(in millions of yen)

	FY2022	FY2023	Change (%)
Net sales	207,589	223,000	7.4
Operating income	11,619	13,400	15.3
Operating margin	5.6%	6.0%	—
Ordinary income	13,332	15,100	13.3
Profit attributable to owners of the parent	8,433	10,400	23.3
Net income per share	106.67yen	133.38yen	—

JPY/USD ex. rate

130.61yen

125.00yen

# Consolidated Earnings Forecast by Segment

- Net sales expected to increase across all segments. Strong sales continued especially in Japan and the Americas and Europe. China began to recover in East Asia.
- Operating income is expected to increase, although costs of some raw materials continued to soar.

(in millions of yen)

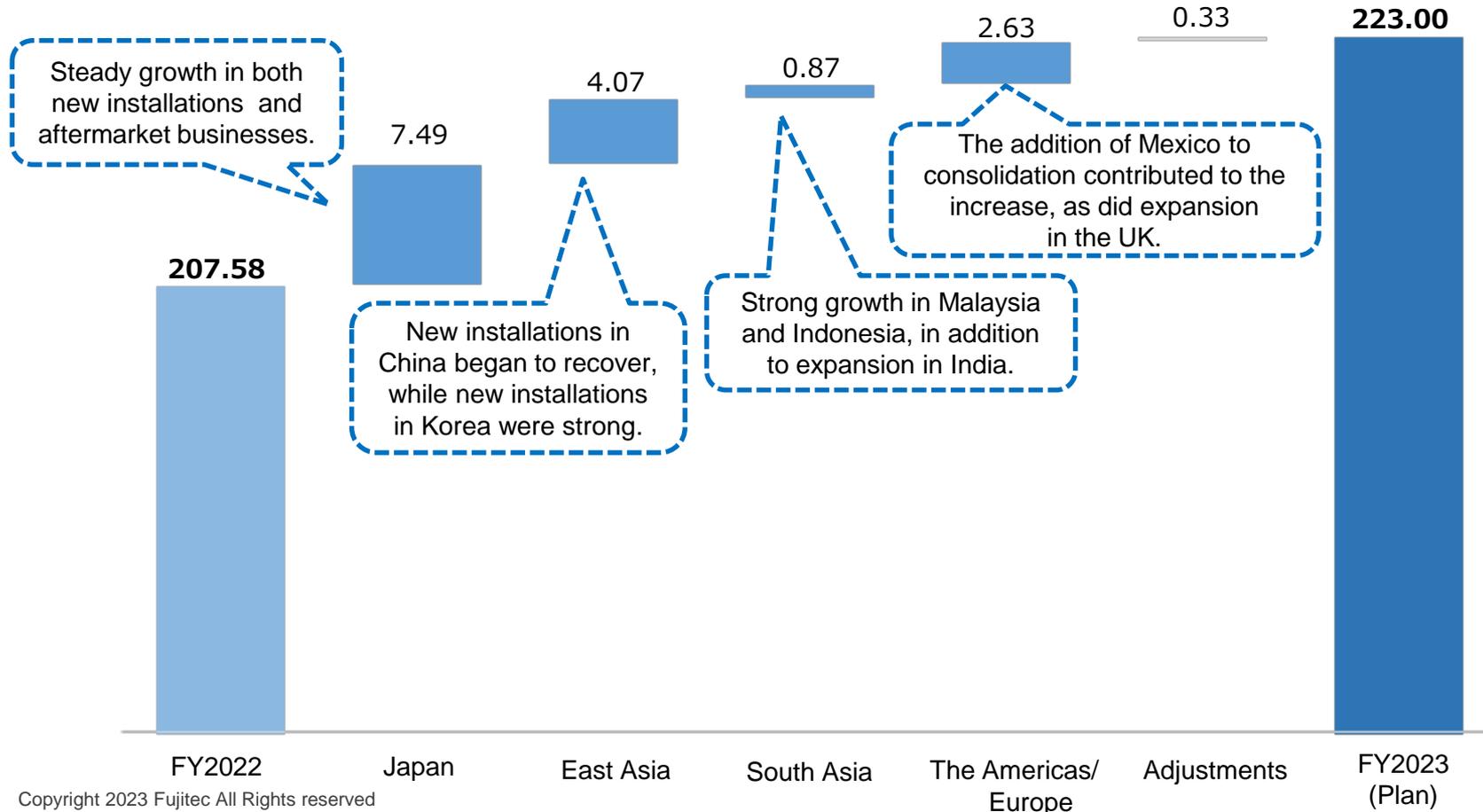
	Net sales			Operating income		
	FY2022	FY2023	Change (%)	FY2022	FY2023	Change
Japan	77,507	<b>85,000</b>	9.7%	2,111	<b>3,400</b>	1,288
East Asia	82,927	<b>87,000</b>	4.9%	4,486	<b>4,400</b>	△86
South Asia	24,128	<b>25,000</b>	3.6%	3,544	<b>3,700</b>	155
The Americas and Europe	36,361	<b>39,000</b>	7.3%	1,525	<b>2,000</b>	474
Subtotal	220,925	<b>236,000</b>	6.8%	11,668	<b>13,500</b>	1,831
Adjustments	△13,336	△ <b>13,000</b>	—	△48	△ <b>100</b>	△51
Total	207,589	<b>223,000</b>	7.4%	11,619	<b>13,400</b>	1,780

# Breakdown of Net Sales Target

- YoY increase of 15,400 million yen is targeted.

(in billions of yen)

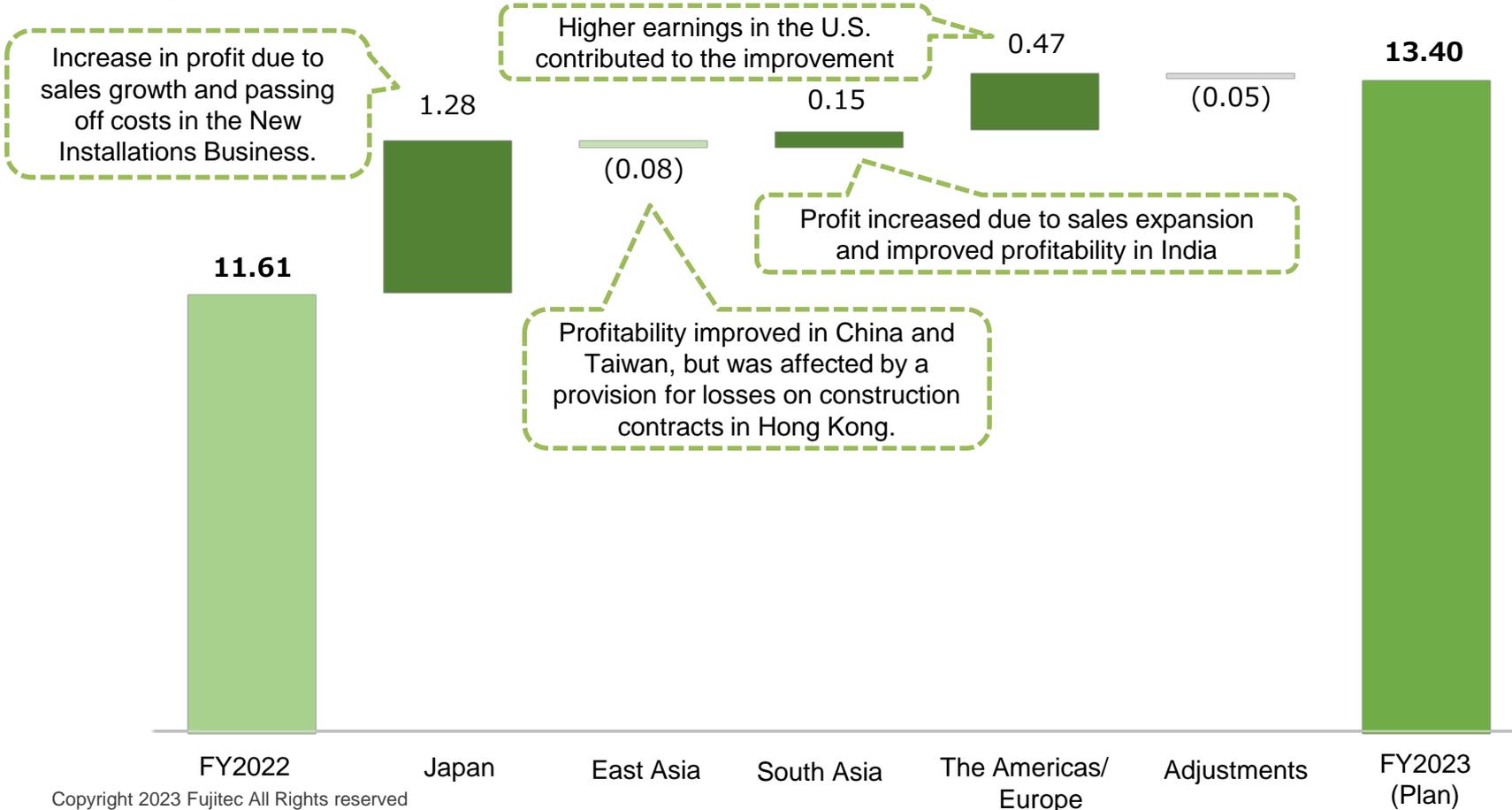
- Aiming for increase in sales across all segments, and especially in Japan and East Asia.



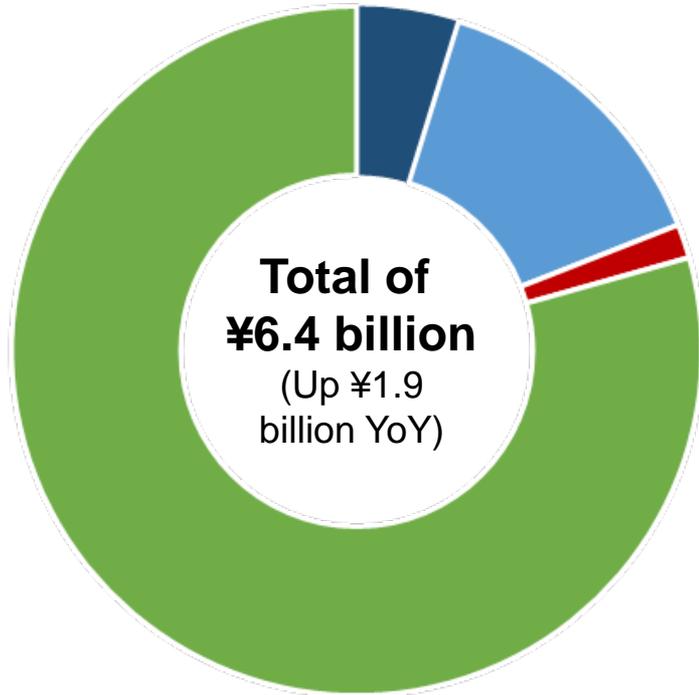
# Breakdown of Operating Income Target

- Targeting YoY increase of 1,700 million yen.
- Aiming for income gains in both the new installation and aftermarket businesses.

(in billions of yen)

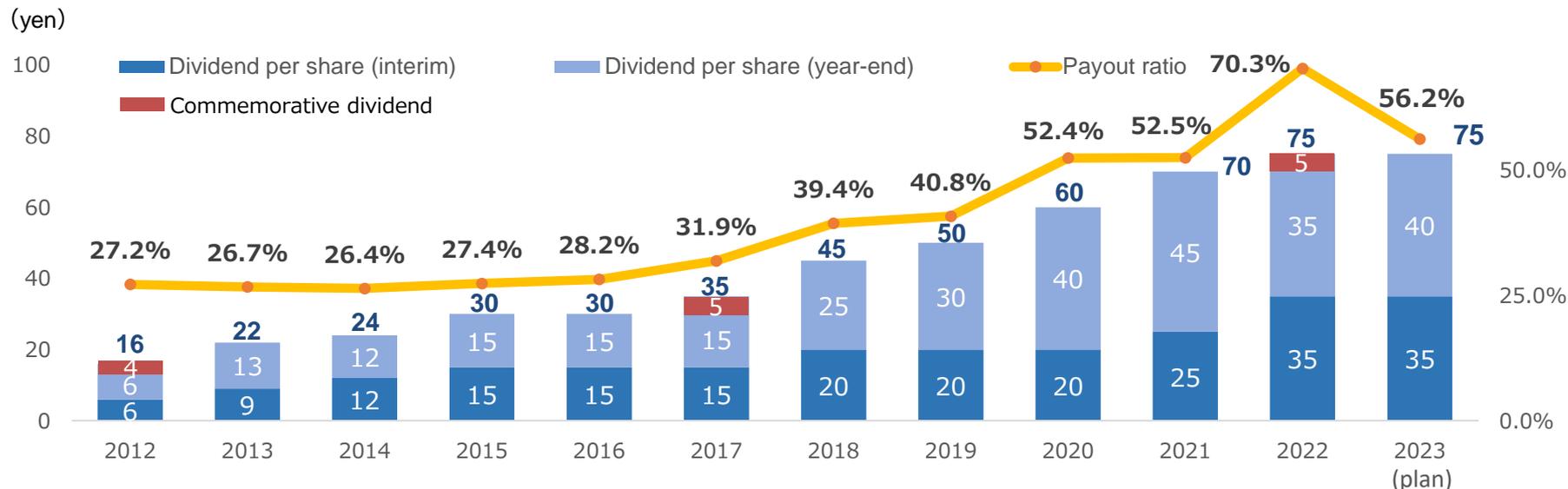


- In FY2023, capital investment totaling 6.4 billion yen, up 1.9 billion yen from the previous year, is planned to implement Vision 24 strategies.



- **Business growth: 0.3 bil. yen**
  - Address growing markets: increase manufacturing capacity of factories in India
- **Profitability improvement: 0.9 bil. yen**
  - Reduce procurement and manufacturing costs: establish procured parts and technology analysis center
  - Promote IT utilization: expand use of remote monitoring system
- **Promotion of ESG initiatives: 0.1 bil. yen**
  - Enhance disaster prevention and safety measures: strengthen security measures
  - Reduce CO<sub>2</sub> emissions and address other environmental issues
- **Equipment and facility upgrades: 5.0 bil. yen**
  - Upgrade manufacturing equipment and facilities: invest in upgrading existing equipment, machinery, and factories

## Dividend per share and payout ratio



## Progress of share buyback (as of March 31, 2023)

- Progress and completion in line with plan.

	Plan	Actual
<b>No. of shares</b>	3,500	<b>3,500</b>
<b>Amount</b>	10,000	<b>9,936</b>

(no. of shares: thousand shares;  
amount: million yen)

# Action Plan: Key Items

- While factors including price hikes in raw materials for new installation and modernization work and the impact of uncertainty in global affairs on supply chains remain a concern, strive to improve profitability and aim to achieve Vision 24 through sales strategy in line with market characteristics, cost structure reform by way of production and operation strategies, and other means.

## Japan

- Expand sales of core products (standard models and modernization package “SMA-UP”).
- Expand installation manpower by hiring installation personnel and leveling the load on personnel.
- Pursue cost reductions through the fundamental review of product designs, developing component devices, and automating production.
- Proceed with cost pass-through.

## Overseas

- China: Create a base of new priority customers and expand sales of general residential-use models.
- India: expand geographic reach and steadily build up production capacity.
- US: expand sales of modernization package for hydraulic elevators and increase the number of elevators/escalators under service maintenance contracts.
- Create synergies with M&A companies as quickly as possible.
- Pursue cost reduction by developing component devices, switching suppliers, and improving production efficiency.

## Capital allocation policy

- Strengthen global cash management through mechanisms for funds repatriation.
- Ensure disciplined balance sheet management to increase working capital efficiency.

# Reference Materials

- Operating cash flows turned negative due to inventory build-up to meet increase in sales, as well as to deal with the effects of the lockdown in Shanghai and difficulty in procuring semiconductors and other components.
- Growth investment and shareholder returns were funded partially with borrowings as well as by withdrawing time deposits and using cash on hand.

(in millions of yen)

	FY2021	FY2022	Change
Cash and cash equivalents at beginning of year	35,840	<b>39,042</b>	3,202
Net cash provided by (used in) operating activities	9,846	<b>(2,346)</b>	(12,192)
Net cash provided by (used in) investing activities	(3,994)	<b>1,949</b>	5,943
Free cash flow	5,852	<b>(397)</b>	(6,249)
Net cash provided by (used in) financing activities	(6,520)	<b>(10,670)</b>	(4,150)
Cash and cash equivalents at end of year	39,042	<b>31,463</b>	(7,578)

# Consolidated Balance Sheet as of March 31, 2023 **FUJITEC**

(in millions of yen)

	March 31, 2022	March 31, 2023	Change	Comments
<b>Current assets</b>	163,273	159,132	(4,141)	
Cash and deposits	76,956	58,297	(18,659)	Declines in Japan, East Asia, and South Asia
Notes and accounts receivable-trade and contract assets	66,123	75,545	9,421	Increases in Japan, South Asia, and the Americas and Europe
Inventories	15,099	20,654	5,555	Increase in East Asia
Other	8,213	7,771	(441)	
Allowance for doubtful accounts	(3,119)	(3,135)	(16)	
<b>Fixed assets</b>	57,335	70,966	13,630	
Property, plant and equipment	35,283	38,506	3,223	Capital investment + 4,280, depreciation (3,713), foreign exchange, etc. +2,656
Intangible assets	4,837	5,368	531	
Investments and other assets	17,215	27,090	9,875	
<b>Total assets</b>	220,609	230,098	9,489	
<b>Current liabilities</b>	74,691	79,888	5,196	Short-term debt +6,295, notes and accounts payable-trade +1,911, advances from customers (1,417), provision for losses on construction contracts (1,600)
<b>Fixed liabilities</b>	5,435	6,092	656	
<b>Net assets</b>	140,482	144,118	3,635	Foreign currency translation adjustments +7,892, non-controlling interests +1,220, retained earnings (5,103)
<b>Shareholders' equity ratio</b>	56.9%	55.6%	(1.3 pts)	
<b>B P S</b>	1,549.83 yen	1,640.29 yen	90.46 yen	

# Overview of CAPEX, Depreciation and Amortization, and R&D Expenses **FUJITEC**

(in millions of yen)

	FY2022	FY2023(plan)	Change
<b>CAPEX</b>	4,527	<b>6,400</b>	1,873
<b>Japan</b>	2,703	<b>4,200</b>	1,497
<b>Overseas</b>	1,823	<b>2,200</b>	377
<b>Depreciation and amortization</b>	4,029	<b>4,200</b>	171
<b>R&amp;D expenses</b>	2,590	<b>3,000</b>	410

# Major Orders and Completed Projects

## New installations

Completed



**TOKYU KABUKICHO TOWER**  
( Tokyo, Japan )  
7 elevators

Completed



**ES CON FIELD HOKKAIDO**  
( Hokkaido, Japan )  
13 elevators and 14 escalators

Ordered



**Xiong An Dian Jian Zhi Hui Cheng**  
( Hebei, China )  
276 elevators, 66 escalators,  
and 2 moving walkways

Ordered



**London Campus 03**  
( London, UK )  
8 elevators

## Modernization projects

Completed



**The St.Regis Jakarta**  
( Jakarta, Indonesia )  
16 elevators  
and  
2 escalators

Company:	FUJITEC CO., LTD.
Established:	February 1948 (75 years in business) (Listed on TSE First Section in February 1974, moved to Prime Market in April 2022)
Head Office:	Big Wing at 591-1, Miyata-cho, in Hikone, Shiga Prefecture, Japan
Business lines:	R&D, manufacturing, marketing, installation, and maintenance of elevators and escalators
Paid-in Capital	¥12,533 million (78,900,000 shares issued and outstanding)
Directors	President and CEO Takao Okada Eight directors (including five independent directors) Four members of Audit & Supervisory Board (including three outside members)
Number of employees	Consolidated: 11,453 (non-consolidated: 3,192)
Group companies	38, including 23 consolidated subsidiaries, in Americas, East Asia, South Asia, Europe, Middle East

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

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

Forward-looking statements in this document are statements of the company based on information available as of May 12, 2023. These forward-looking statements do not include updates or changes reflecting future events or circumstances.

May 12, 2023

# FUJITEC CO., LTD.

Financial Results Presentation for the Year Ended  
March 31, 2023 (FY2022)

