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November 10, 2021

Consolidated Business Results for the Second Quarter Ended September 30, 2021 (Japan GAAP)

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 Expected date of filing of quarterly report: November 12, 2021 Expected starting date of dividend payment: December 1, 2021
 Supplementary materials for the quarterly business results: Yes Presentation of the quarterly business results: No

(Amounts less than one million yen are rounded down)

1. Consolidated business results for the second quarter ended September 30, 2021 (April 1, 2021 to September 30, 2021)

(1) Operating results (cumulative) (% change from the previous corresponding period)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Six months ended								
September 30, 2021	86,622	13.4	8,374	66.1	9,407	67.6	6,993	103.4
September 30, 2020	76,418	(11.0)	5,041	(18.9)	5,611	(19.0)	3,438	(25.0)

(Note) Comprehensive income — September 30, 2021: 14,051 million yen [405.3%], September 30 2020: 2,780 million yen [(12.1)%]

	Net income per share	Diluted net income per share
Six months ended	Yen	Yen
September 30, 2021	86.14	86.10
September 30, 2020	42.41	42.39

(2) Financial position

	Total assets	Net assets	Shareholders' equity ratio
	Million yen	Million yen	%
September 30, 2021	216,337	136,099	56.3
March 31, 2021	205,196	125,264	54.8

(Reference) Shareholders' equity — September 30, 2021: 121,720 million yen, March 31, 2021: 112,417 million yen

2. Cash dividends

	Cash dividends per share				
	End of 1st quarter	End of 2nd quarter	End of 3rd quarter	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
For the year ended March 31, 2021	—	20.00	—	40.00	60.00
For the year ending March 31, 2022	—	25.00			
March 31, 2022 (forecast)			—	35.00	60.00

(Note) Revision to the dividend forecasts from the latest announcement: No

3. Forecasts of consolidated business performance for the fiscal year ending March 31, 2022 (April 1, 2021 – March 31, 2022)

(% change from the previous corresponding period)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
For the year ending March 31, 2022	184,000	8.5	13,900	4.6	14,400	(1.6)	9,300	0.1	114.55

(Note) Revision to the business performance forecasts from the latest announcement: No

4. Other

- (1) Changes in significant subsidiaries during the period
(changes in specified subsidiaries due to changes in the scope of consolidation): No
- (2) Application of specific accounting procedures for quarterly financial statements: No
- (3) Changes in accounting policies, changes in accounting estimates, and retrospective restatements
- 1) Changes in accounting policies due to revision of accounting standards: Yes
- 2) Changes other than 1), above: Yes
- 3) Changes in accounting estimates: No
- 4) Retrospective restatements: No

(4) Number of shares outstanding (common stock)

1) Number of shares outstanding at the end of period (including treasury stock):	Six months ended September 30, 2021: 85,300,000 shares	Year ended March 31, 2021: 85,300,000 shares
2) Treasury stock at the end of period:	Six months ended September 30, 2021: 4,060,549 shares	Year ended March 31, 2021: 4,159,010 shares
3) Weighted average number of shares outstanding during the period:	Six months ended September 30, 2021: 81,183,835 shares	Six months ended September 30, 2020: 81,083,687 shares

(Note) Treasury stock as of the end of fiscal year ended March 31, 2021 and as of the six months ended September 30, 2021 includes shares of Fujitec Co., Ltd. stock held by the Trust-Type Employee Shareholding Incentive Plan (E-Ship).
Six months ended September 30, 2021: 275,900 shares, Year ended March 31, 2021: 362,000 shares

* This summary is not subject to audit procedures by certified public accountants or audit firms

* Explanation regarding appropriate use of business forecasts and other special instructions

The forecasts regarding future performance in this report are based on the information currently available to the Company and certain assumptions that the Company deems to be reasonable at the time this report was prepared. These forecasts are not a guarantee of performance. Actual results may differ significantly from forecasts due to a variety of factors.

For more on business forecasts, see *Explanation of Consolidated Earnings Forecasts and Other Forecasts* on P.5 of *Consolidated Business Results for the Second Quarter (Accompanying Materials)*.

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1. Qualitative Information on Quarterly Financial Performance

(1) Explanation of Operating Results

During the six months ended September 30, 2021, the global economy continued to recover in general, despite the lingering effects of the COVID-19 pandemic. Positive factors included the economic policies of various countries and the impact of expanded vaccinations. At the same time, uncertainty about the future remained due to the re-emergence of COVID-19 infections, caused by mutated strains, and trade frictions between the U.S. and China. Despite a gradual economic recovery in Japan, mainly in the manufacturing sector, the non-manufacturing sector continued to face challenges due to prolonged state of emergency declarations.

Meanwhile, the global elevator and escalator market continued to recover from the decline in demand caused by the COVID-19 pandemic. Our new installations and modernization projects saw sales unit growth in China, as well as continued year-on-year growth in other countries. Our maintenance business, which provides maintenance for elevators and escalators as part of the social infrastructure, experienced ongoing stable performance.

In response to these circumstances, the Fujitec Group continued to engage in measures to prevent the spread of infectious disease, placing the highest priority on the safety and security of our employees and other individuals. At the same time, we endeavored to implement key measures to achieve the new strategic direction we announced in December 2020. In our focus on the Aftermarket business, we launched a specialized organization to strengthen our structure for pursuing business from development to maintenance in our service business. Also as part of this focus, we created a structure for expanding our modernization and maintenance business, which included establishing systems to support the modernization business on a global scale. To expand our business in growth markets, we focused on the markets of South Asia, including China and India. Here, we enhanced systems for conducting business in each region and improved cost competitiveness, mainly through global standard models. To improve profitability, we endeavored to expand global procurement and reduce manufacturing costs through automation for global standard models. At the same time, we used information technology such as design simulators and RPA to innovate our business processes.

As a result, the Fujitec Group recorded business performance for the six months ended September 30, 2021 as described below.

(Amounts less than one million yen are rounded down)

	FY2020 Q2 (April 1 - September 30, 2020)	FY2021 Q2 (April 1 - September 30, 2021)	Change (%)	Real change, after excluding the impact of foreign exchange (%)
Orders	86,713	96,733	11.6	—
Japan	37,418	40,710	8.8	—
Overseas	49,294	56,022	13.6	9.5
Order backlog	216,541	222,903	2.9	—
Japan	71,993	75,653	5.1	—
Overseas	144,547	147,250	1.9	(2.2)
Net sales	76,418	86,622	13.4	—
Japan	31,168	33,534	7.6	—
Overseas	45,250	53,088	17.3	12.9
Operating income	5,041	8,374	66.1	—
Ordinary income	5,611	9,407	67.6	—
Profit attributable to owners of parent	3,438	6,993	103.4	—
Net income per share	42.41 yen	86.14 yen	—	—

In the Japanese market, orders for new installations and modernization projects to upgrade existing elevators and escalators increased year on year, stemming from a rebound from the COVID-19 pandemic, as well as orders for large-scale projects. Our maintenance business, which provides maintenance for elevators and escalators, experienced ongoing strong performance.

In overseas markets, new installation orders increased in East Asia, mainly in China. In South Asia, new installations decreased in Singapore and Indonesia due to a rebound decline from year-ago quarter; however, new installations increased in Malaysia in connection with orders for large-scale projects. New installations also increased significantly in India. Orders in North America and Europe increased for modernization projects, while New Installations and Aftermarket Business orders increased in Canada. Orders for the Aftermarket Business in the U.K. also increased.

Both sales and profits increased year on year, partly due to a rebound from the COVID-19 pandemic. Ordinary income rose due a combination of dividend income and foreign exchange gains. Profit before income taxes increased due to the recording of subsidy income and gain on sales of investment securities. As a result, profit attributable to owners of parent rose year on year.

Due to the adoption of Accounting Standard for Revenue Recognition (ASBJ Statement No.29, March 31, 2020) (“Revenue Recognition Standard”, below) net sales for the cumulative consolidated second quarter of the current fiscal year increased 1,021 million yen. Cost of sales increased 735 million yen, while selling, general and administrative expenses increased 15 million yen. Operating income, ordinary income, and profit before income taxes each increased by 270 million yen, respectively. Changes to our method for depreciating property, plant and equipment resulted in an increase of 125 million yen each for operating income, ordinary income, and profit before income taxes for the cumulative consolidated second quarter of the current fiscal year.

The following information highlights performance by segment:

(Amounts less than one million yen are rounded down)

	Net sales				Operating income			
	FY2020 Q2	FY2021 Q2	Change (%)	Real change, after excluding the impact of foreign exchange (%)	FY2020 Q2	FY2021 Q2	Change	Real change, after excluding the impact of foreign exchange
Japan	32,550	34,940	7.3	—	1,593	2,858	1,264	—
East Asia	29,994	36,048	20.2	13.9	2,256	3,516	1,260	1,179
South Asia	6,880	7,966	15.8	12.5	1,124	1,372	247	197
North America and Europe	11,347	12,764	12.5	11.2	68	707	639	638
Subtotal	80,772	91,720	13.6	—	5,042	8,455	3,412	—
Adjustments	(4,353)	(5,097)	—	—	(1)	(80)	(79)	—
Total	76,418	86,622	13.4	—	5,041	8,374	3,333	—

Japan

Both sales and profits increased year on year. Net sales increased in conjunction with increased sales of new installations and modernization projects, mainly due to a rebound from the COVID-19 pandemic and large-scale jobs. Maintenance performance continued to be firm. Operating income rose due to the positive effect of higher sales on the profitability of our New Installations and Aftermarket Businesses.

Due to the adoption of Revenue Recognition Standard, net sales increased 58 million yen, while operating income rose 107 million yen. Due to the change in depreciation for property, plant and equipment, operating income rose 125 million yen.

East Asia

Both sales and profits increased year on year. Net sales increased in the Aftermarket Business in Hong Kong, and New Installations Business grew in Taiwan and China. Operating income decreased in China due to an increase in selling, general and administrative expenses; however, Service Business improved in Hong Kong, while profit for New Installations Business improved significantly in Taiwan.

Due to the adoption of Revenue Recognition Standard, net sales increased 962 million yen, while operating income increased 162 million yen.

South Asia

Both sales and profits increased year on year. Net sales increased for new installations in India and Malaysia, and in the Service Business in Singapore. Operating income decreased in Indonesia due to a decline in profitability for New Installations; however, Service Business growth in Singapore contributed to the increase in operating income for the region.

North America and Europe

Both sales and profits increased year on year. Net sales benefited from increases in new installations and the Service Business in the U.S.. Operating income experienced the positive contribution of improved profitability in the Service Business and lower selling, general and administrative expenses in the U.S.

(2) Explanation of Financial Position

a. Financial Position

Total assets as of the end of the cumulative consolidated second quarter amounted to 216,337 million yen, an increase of 11,140 million yen compared with the end of the prior consolidated fiscal year. This result was mainly due to increases in cash and deposits and notes and accounts receivable-trade, and contract assets (presented as notes and accounts receivable-trade in the prior year).

Total liabilities amounted to 80,237 yen million, an increase of 306 million yen compared with the end of the prior consolidated fiscal year. This was mainly due to an increase notes and accounts payable-trade and short-term debt, which were offset in part by decreases in electronically recorded obligations-operating and accrued income taxes.

Net assets amounted to 136,099 million yen, an increase of 10,834 million yen compared with the end of the prior consolidated fiscal year. This result was mainly due to an increase of 6,993 million yen in profit attributable to owners of parent stemming from the recording of retained earnings, a decrease of 3,260 million yen due to payments of year-end dividends, an increase of 140 million yen in real terms due to the application of revenue recognition accounting standards, an increase of 5,003 million yen due to foreign currency translation adjustments, and an increase of 1,531 million yen in non-controlling interests. Our shareholders' equity ratio as of September 30, 2021, was 56.3%, up 1.5 points compared to the end of the prior consolidated fiscal year. Net assets per share amounted to 1,498.29 yen, up 112.84 yen compared with the end of the prior consolidated fiscal year.

b. Cash Flows

Cash and equivalents as of September 30, 2021, amounted to 41,360 million yen, an increase of 5,520 million yen compared with the end of the prior consolidated fiscal year.

The following describes cash flows from each source and change factors for the six months ended September 30, 2021.

Cash Flows From Operating Activities

Net cash provided by operating activities amounted to 6,478 million yen, compared to net cash used of 5,814 million yen in the year-ago period. This result was mainly due to profit before income taxes of 9,790 million yen and depreciation and

amortization of 1,583 million yen. These amounts were offset in part by an increase in inventories of 4,213 million yen.

Cash Flows From Investing Activities

Net cash used in investing activities amounted to 289 million yen, a decrease of 7,404 million yen compared with the year-ago quarter. This result was mainly due to purchases of property, plant and equipment of 1,449 million yen, offset in part by interest and dividends received of 691 million yen and proceeds from sales of property, plant and equipment of 383 million yen.

Cash Flows From Financing Activities

Net cash used in financing activities amounted to 3,078 million yen, a decrease of 1,001 million yen compared with the year-ago quarter. This result was mainly due to cash dividends paid.

(3) Explanation of Consolidated Earnings Forecasts and Other Forecasts

We have not made any changes to the consolidated earnings forecasts for fiscal 2021 (April 1, 2021 - March 31, 2022) as announced on May 12, 2021.

2. Quarterly Consolidated Financial Statements and Notes

(1) Quarterly Consolidated Balance Sheets

(Million yen)

	As of March 31, 2021	As of September 30, 2021
Assets		
Current assets		
Cash and deposits	68,348	75,704
Notes and accounts receivable-trade	59,022	—
Notes and accounts receivable-trade, and contract assets	—	60,999
Merchandise and finished goods	5,634	4,668
Work in process	6,278	2,957
Raw materials and supplies	7,333	9,646
Other	5,150	8,419
Allowance for doubtful accounts	(2,375)	(2,937)
Total current assets	149,393	159,456
Fixed assets		
Property, plant and equipment		
Buildings and structures, net	19,627	19,253
Machinery and equipment, net	3,682	3,680
Tools, furniture and fixtures, net	2,346	2,396
Land	6,911	6,843
Leased assets, net	539	666
Construction in progress	679	1,479
Total property, plant and equipment	33,786	34,321
Intangible assets		
Goodwill	1,214	1,253
Other	3,465	3,565
Total intangible assets	4,680	4,818
Investments and other assets		
Investments securities	8,772	8,818
Long-term loans receivable	23	24
Other	8,653	9,016
Allowance for doubtful accounts	(113)	(119)
Total investments and other assets	17,336	17,740
Total fixed assets	55,803	56,880
Total assets	205,196	216,337

(Million yen)

	As of March 31, 2021	As of September 30, 2021
Liabilities		
Current liabilities		
Notes and accounts payable-trade	15,026	17,639
Electronically recorded obligations-operating	4,734	3,008
Short-term debt	2,317	3,029
Accrued income taxes	3,425	2,650
Provision for bonuses	3,385	3,259
Provision for losses on construction contracts	7,761	8,199
Other provision	1,613	1,800
Advances from customers	25,620	25,070
Other	10,268	10,013
Total current liabilities	74,152	74,670
Fixed liabilities		
Long-term debt	809	585
Net defined benefit liability	4,150	4,168
Other	818	814
Total fixed liabilities	5,778	5,567
Total liabilities	79,931	80,237
Net assets		
Shareholders' equity		
Paid-in capital	12,533	12,533
Additional paid-in capital	14,474	14,490
Retained earnings	102,516	106,390
Treasury stock	(5,206)	(4,999)
Total Shareholders' equity	124,318	128,415
Accumulated other comprehensive income		
Net unrealized gains on securities	2,681	2,721
Deferred gains or losses on hedges	(27)	11
Foreign currency translation adjustments	(13,913)	(8,910)
Remeasurements of defined benefit plans	(641)	(518)
Total accumulated other comprehensive income	(11,901)	(6,695)
Stock acquisition rights	35	35
Non-controlling interests	12,812	14,343
Total net assets	125,264	136,099
Total liabilities and net assets	205,196	216,337

(2) Quarterly Consolidated Statements of Income and Consolidated Statements of Comprehensive Income**Quarterly Consolidated Statements of Income**

For the six months ended September 30, 2020 and September 30, 2021

(Million yen)

	FY2020 Q2 April 1 - September 30, 2020	FY2021 Q2 April 1 - September 30, 2021
Net sales	76,418	86,622
Cost of sales	59,002	64,610
Gross profit	17,416	22,011
Selling, general and administrative expenses	12,375	13,637
Operating income	5,041	8,374
Other income		
Interest income	595	418
Dividend income	114	282
Foreign exchange gains	—	76
Other	190	421
Total other income	899	1,199
Other expenses		
Interest expenses	94	47
Foreign exchange loss	145	—
Provision of allowance for doubtful accounts	2	62
Other	87	55
Total other expenses	329	165
Ordinary income	5,611	9,407
Special gain		
Gain on sales of property, plant and equipment	1	13
Gain on sales of investments securities	—	103
Subsidy income	—	360
Total special gain	1	477
Special loss		
Loss on sales and retirement of property, plant and equipment	9	25
Impairment loss	13	5
Loss on valuation of investment securities	52	—
Loss on valuation of investments in capital of subsidiaries and associates	8	22
Loss related to infectious diseases	—	41
Total special loss	84	94
Profit before income taxes	5,528	9,790
Income taxes expense	2,255	2,230
Deferred taxes expense	(658)	(148)
Total income taxes	1,597	2,081
Profit	3,931	7,708
Profit attributable to non-controlling interests	492	715
Profit attributable to owners of parent	3,438	6,993

Quarterly Consolidated Statements of Comprehensive Income**For the six months ended September 30, 2020 and September 30, 2021**

(Million yen)

	FY2020 Q2 April 1 - September 30, 2020	FY2021 Q2 April 1 - September 30, 2021
Profit	3,931	7,708
Other comprehensive income		
Net unrealized gains on securities	869	40
Deferred gains or losses on hedges	22	46
Foreign currency translation adjustments	(2,144)	6,132
Remeasurements of defined benefit plans	101	123
Total other comprehensive income	(1,150)	6,342
Comprehensive income	2,780	14,051
Comprehensive income attributable to:		
Owners of parent	2,625	12,199
Non-controlling interests	155	1,851

(3) Quarterly Consolidated Statements of Cash Flows

(Million yen)

	FY2020 Q2 April 1 - September 30, 2020	FY2021 Q2 April 1 - September 30, 2021
Cash flows from operating activities		
Profit before income taxes	5,528	9,790
Depreciation and amortization	1,578	1,583
Increase (decrease) in allowance for doubtful accounts	433	371
Interest and dividend income	(709)	(700)
Increase (decrease) in provision for bonuses to employees	(602)	(467)
Increase (decrease) in provision for loss on construction contracts	1,272	(159)
Decrease (increase) in notes and accounts receivable-trade	6,342	2,981
Decrease (increase) in inventories	(1,441)	(4,213)
Increase (decrease) in notes and accounts payable-trade	(1,860)	(555)
Loss (gain) on sales of investment securities	—	(103)
Increase (decrease) in advances received	3,840	2,359
Loss (gain) on sales and retirement of property, plant and equipment	7	12
Increase (decrease) in net defined benefit liability	420	382
Other, net	(596)	(1,292)
Subtotal	14,215	9,988
Income taxes paid	(1,923)	(3,510)
Net cash provided by (used in) operating activities	12,292	6,478
Cash flows from investing activities		
Payments into time deposits	(12,094)	(8,032)
Proceeds from withdrawal of time deposits	7,015	8,223
Purchase of property, plant and equipment	(1,680)	(1,449)
Proceeds from sales of property, plant and equipment	5	383
Purchase of investment securities	(1)	(1)
Proceeds from sales of investment securities	—	124
Interest and dividends received	716	691
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(1,477)	—
Other, net	(177)	(228)
Net cash provided by (used in) investing activities	(7,693)	(289)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(1,454)	613
Repayments of long-term borrowings	—	(224)
Purchase of treasury shares	(0)	(0)
Interest paid	(56)	(33)
Cash dividends paid	(2,431)	(3,244)
Dividends paid to non-controlling interests	(16)	(246)
Other, net	(121)	57
Net cash provided by (used in) financing activities	(4,080)	(3,078)
Effect of exchange rate change on cash and cash equivalents	(869)	2,411
Net increase (decrease) in cash and cash equivalents	(351)	5,520
Cash and cash equivalents at beginning year	28,181	35,840
Cash and cash equivalents at end of the period	27,829	41,360

(4) Notes to the Quarterly Consolidated Financial Statements

(Notes Regarding Assumptions of Going Concern)

Not applicable.

(Notes on Significant Changes in Shareholders' Equity)

Not applicable.

(Changes in Accounting Policies)

(Adoption of Accounting Standard for Revenue Recognition)

At the beginning of the consolidated first quarter of the current fiscal year, we adopted Accounting Standard for Revenue Recognition (ASBJ Statement No.29, March 31, 2020) ("Revenue Recognition Standard," below) and other standards. With the adoption of this standard, the company now recognizes revenue when the control of promised goods or services is transferred to the customer in the amount expected to be received in exchange for said goods or services.

As a result, we have changed our method for recognizing revenue for free maintenance services included in new installation and modernization contracts, which we perform over a certain period of time subsequent to the completion of the work in question, as we did not recognize revenue in the past as no consideration was received. We will now recognize such services as a performance obligation separate from new installations or modernization, recognizing revenue over the maintenance service period after allocating the transaction price based on an arm's length transaction. Some overseas subsidiaries have changed their revenue recognition method for certain equipment sales to the point at which control of the equipment is transferred to the customer. Revenue recognition for installation construction contracts for these subsidiaries has changed from recognition upon completion of installation to recognition of revenue over the period of construction for the installation work.

The company and our overseas subsidiaries estimate the progress of completion of construction projects for which performance obligations are to be satisfied over a certain period of time. These entities recognize revenue over a certain period of time based on the progress in question. For construction projects involving a very short period of time, we recognize revenue upon completion of construction. We estimate percentage of completion based on the ratio of the costs incurred to the total cost of construction (input method).

In adopting the change in question, the company follows the transitional treatment as prescribed in the proviso of Paragraph 84 of the Revenue Recognition Standard. The cumulative effect of applying the new accounting policy retrospectively for periods prior to the beginning of the first quarter of the current consolidated fiscal year has been added to or deducted from retained earnings at the beginning of the first quarter of the current consolidated fiscal year, and the new accounting policy has been applied beginning with the relevant beginning balance.

As a result, net sales for the six months ended September 30, 2021 increased by 1,021 million yen compared with the previous accounting method. Cost of sales increased by 735 million yen, while selling, general and administrative expenses increased by 15 million yen. Operating income, ordinary income, and profit before income taxes each increased by 270 million yen. The balance of retained earnings at the beginning of the period increased by 140 million yen.

As a result of the application of the Revenue Recognition Accounting Standard, notes and accounts receivable - trade presented under current assets in the consolidated balance sheet of the previous fiscal year is now included under notes and accounts receivable - trade and contract assets beginning with the first quarter of the current consolidated fiscal year. In accordance with the transitional treatment prescribed in Paragraph 89-2 of the Revenue Recognition Standard, no reclassification has been made for the previous fiscal year using the new presentation method.

(Adoption of fair value measurement accounting standard)

We adopted Accounting Standard for Fair Value Measurement (ASBJ Statement No.30, July 4, 2019) (“Fair Value Measurement Standard,” below) as of the beginning of first quarter of the current consolidated fiscal year. In accordance with the transitional treatment provided in Paragraph 19 of the Fair Value Measurement Standard and Paragraph 44-2 of the Accounting Standard for Financial Instruments (ASBJ Statement No. 10, July 4, 2019), we will apply the new accounting policy provided in Fair Value Measurement Standard prospectively. The adoption of this accounting standard will have no impact on the quarterly consolidated financial statements of the company.

(Change in Depreciation Method for Tangible Fixed Assets)

In past periods, we mainly used the declining-balance method to depreciate property, plant and equipment (excluding leased assets). Beginning with the first quarter of the current consolidated fiscal year, we have changed to the straight-line depreciation method.

Over the past several years, the Japanese market for elevators and escalators has matured, and demand trends have been stable. Our investments in Japan have been mainly for the maintenance and upgrade of equipment, rather than for an increase in production volume.

We announced our new strategic direction in December 2020. We took the opportunity in connection with this new direction to define policies for investment plans related to automation and labor-savings aimed at improving profitability. At the same time, we conducted a review of our depreciation methods in light of how we used the equipment in question. Since we expect our property, plant and equipment to be in stable operation over an extended period of time, we determined that the adopting the straight-line method of depreciation reflects the actual business conditions of the company more appropriately. The straight-line method allocates the average cost of the fixed asset over its useful life.

As a result of this change, operating income, ordinary income, and profit before income taxes for the six months ended September 30, 2021 increased by 125 million yen, respectively, compared with the amounts based on the previous method.

(Segment and Other Information)

I Six months ended September 30, 2020

1. Information on operating revenue and profit (loss) of each reportable segment

(Million yen)

	Reportable Segments					Adjustments (Note 1)	Amount to quarterly consolidated statements of income (Note 2)
	Japan	East Asia	South Asia	North America and Europe	Total		
Net sales							
Sales to external customers	31,186	27,015	6,880	11,336	76,418	—	76,418
Intersegment sales/transfers	1,363	2,978	0	11	4,353	(4,353)	—
Total	32,550	29,994	6,880	11,347	80,772	(4,353)	76,418
Segment income	1,593	2,256	1,124	68	5,042	(1)	5,041

Note 1 Segment income adjustment of (1) million yen is due to inventory adjustments.

2 Segment income has been adjusted to operating income on the quarterly consolidated statements of income.

2. Information related to impairment of fixed assets, goodwill, etc. by reportable segment

(Significant changes in goodwill)

During the first quarter of the current consolidated fiscal year, the Company acquired all outstanding shares of Amalgamated Lifts Limited through wholly owned subsidiary FUJITEC UK LIMITED, adding the aforementioned company as a consolidated entity. As a result of this transaction, goodwill in the North America and Europe segment increased 1,328 million yen.

The balance of goodwill is based on a provisional calculation since we have not completed allocations of acquisition cost as of the end of the second quarter of the current consolidated fiscal year.

II Six months ended September 30, 2021

1. Information on operating revenue and profit (loss) of each reportable segment

(Million yen)

	Reportable Segments					Adjustments (Note 1)	Amount to quarterly consolidated statements of income (Note 2)
	Japan	East Asia	South Asia	North America and Europe	Total		
Net sales							
Sales to external customers	33,549	32,354	7,966	12,752	86,622	—	86,622
Intersegment sales/transfers	1,391	3,693	—	12	5,097	(5,097)	—
Total	34,940	36,048	7,966	12,764	91,720	(5,097)	86,622
Segment income	2,858	3,516	1,372	707	8,455	(80)	8,374

Note 1 Segment income adjustments of (80) million yen include eliminations of intersegment transactions of 0 million yen and inventory adjustments of (81) million yen.

2 Segment income has been adjusted to operating income on the quarterly consolidated statements of income.

2. Information related to impairment of fixed assets, goodwill, etc. by reportable segment

There were no significant events or changes.

3. Matters Related to Changes in Reportable Segments, Etc.

(Adoption of Accounting Standard for Revenue Recognition)

As stated in the Changes in Accounting Policies, we applied the Revenue Recognition Standard at the beginning of the first quarter of the current consolidated fiscal year. As we have changed our accounting method for revenue recognition, we have changed our method for calculating the profit or loss of reportable segments in a similar fashion.

As a result of this change, net sales and segment income in Japan for the six months ended September 30, 2021 increased by 58 million yen and 107 million yen, respectively, when compared to the previous method. Net sales and segment income for East Asia increased by 962 million yen and 162 million yen, respectively.

(Change in Depreciation Method for Tangible Fixed Assets)

As stated in Changes in Accounting Policies, in past periods, we mainly used the declining-balance method to depreciate property, plant and equipment (excluding leased assets). Beginning with the first quarter of the current consolidated fiscal year, we have changed to the straight-line depreciation method.

As a result of this change, segment income in Japan for the six months ended September 30, 2021 increased by 125 million yen compared to the previous method.

3. Other

(1) Orders and Sales

a. Orders

The table below shows orders and order backlog in Japan and overseas for the six months ended September 30, 2021.

	Orders (Million yen)	YoY (%)	Order backlog (Million yen)	YoY (%)
Japan	40,710	8.8	75,653	5.1
Overseas	56,022	13.6	147,250	1.9
Total	96,733	11.6	222,903	2.9

(Major properties for which we received orders during the six months ended September 30, 2021)

Location	Delivery Destination	Overview
Penang State, Malaysia	The Light City, Penang	Installed a total of 126 elevators and escalators for a complex consisting of commercial facilities, the largest convention center in Penang, an international hotel, office towers, and residential condominiums
New York State, U.S.	595 Dean Street	Installed 13 elevators for a mixed-use building in Brooklyn consisting of public open space, retail stores, sports facilities, and housing
Buenos Aires, Argentina	Maipu II	Replaced 9 existing elevators in the office building of a leading energy company in Argentina
London, U.K.	Christchurch Court	Installed 14 elevators for a commercial facility consisting of 10 floors above ground and 2 floors below ground, located on the north side of St. Paul's Cathedral
Tokyo, Japan	SHINJUKU i-LAND	Replaced 11 existing elevators in a 44-story building complex located in the skyscraper district of Nishi-Shinjuku

b. Sales (net sales)

The table below shows sales performance (net sales) in Japan and overseas for the six months ended September 30, 2021.

	Net sales (Million yen)	YoY (%)
Japan	33,534	7.6
Overseas	53,088	17.3
Total	86,622	13.4

(Note) The above amounts do not include consumption tax.

(Major projects completed during the six months ended September 30, 2021)

Location	Delivery Destination	Overview
Hebei Province, China	Beijing Daxing International Airport Langfang Airport Economic Zone Service Center	Completed a total of 44 elevators and escalators for the airport service center in Langfang Airport Economic Zone, Beijing Daxing International Airport
Taipei, Taiwan	China Life Insurance HQ	Completed 22 elevators for the head office building (also functioning as a hotel and resort) of a major Taiwanese financial group consisting of 18 floors above ground and 5 floors below ground in Taipei, Taiwan
Karnataka State, India	Kingfisher Tower	Completed 16 elevators for luxury apartments consisting of three 34-story towers, including a clubhouse, swimming pool and tennis courts in Bengaluru
Metro Manila, Philippines	The RISE Makati	Completed a total of 25 elevators and escalators for a 63-story high-rise condominium consisting of three buildings in the North Makati area
New York State, U.S.	250 South Street	Completed 14 elevators for an 80-story residential skyscraper in Manhattan's Two Bridges neighborhood
Guam, U.S. territory	The Tsubaki Tower	Completed 9 elevators for a 27-story hotel along Gun Beach
Tokyo, Japan	Tokyo Women's Medical University Adachi Medical Center	Completed a total of 24 elevators and escalators for the Tokyo Women's Medical University's East Medical Center, a medical facility affiliated with the university that relocated to Kohoku, Adachi-ku, Tokyo