February 8, 2022

Consolidated Business Results for the Third Quarter Ended December 31, 2021 (Japan GAAP)

Company:	**FUJITEC CO., LTD.**	Listed on TSE1
Stock Code:	6406	URL: https://www.fujitec.com
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Expected date of filing of quarterly report: February 14, 2022
Expected starting date of dividend payment: —
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 third quarter ended December 31, 2021 (April 1, 2021 to December 31, 2021)

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

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
Nine months ended	Million yen	%	Million yen	%	Million yen	%	Million yen	%
December 31, 2021	137,041	10.5	12,051	20.1	13,618	24.7	9,843	38.7
December 31, 2020	123,987	(7.8)	10,037	2.5	10,920	(1.0)	7,098	(2.7)

(Note) Comprehensive income — December 31, 2021: 17,946 million yen [140.9%], December 31 2020: 7,450 million yen [31.5 %]

	Net income per share	Diluted net income per share
Nine months ended	Yen	Yen
December 31, 2021	121.22	121.16
December 31, 2020	87.55	87.50

(2) Financial position

	Total assets	Net assets	Shareholders' equity ratio
	Million yen	Million yen	%
December 31, 2021	218,427	137,535	56.4
March 31, 2021	205,196	125,264	54.8

(Reference) Shareholders' equity — December 31, 2021: 123,251 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)				45.00	70.00

(Note) Revision to the dividend forecasts from the latest announcement: Yes

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	186,000	9.7	14,100	6.1	15,400	5.2	11,000	18.4	135.46

(Note) Revision to the business performance forecasts from the latest announcement: Yes

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):	Nine months ended December 31, 2021: 85,300,000 shares	Year ended March 31, 2021: 85,300,000 shares
2) Treasury stock at the end of period:	Nine months ended December 31, 2021: 4,006,549 shares	Year ended March 31, 2021: 4,159,010 shares
3) Weighted average number of shares outstanding during the period:	Nine months ended December 31, 2021: 81,207,647 shares	Nine months ended December 31, 2020: 81,085,858 shares

(Note) Treasury stock as of the end of fiscal year ended March 31, 2021 and as of the nine months ended December 31, 2021 includes shares of Fujitec Co., Ltd. stock held by the Trust-Type Employee Shareholding Incentive Plan (E-Ship).
Nine months ended December 31, 2021: 221,900 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 Third Quarter (Accompanying Materials)*.

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1. Qualitative Information on Quarterly Financial Performance

(1) Explanation of Operating Results

During the nine months ended December 31, 2021, the global economy continued to show signs of recovery as countries eased restrictions on economic activities in the wake of the COVID-19 pandemic. Although certain non-manufacturing industries faced difficult conditions in Japan, the Japanese economy continued to pick up, particularly in the manufacturing sector. On the other hand, uncertainty about the future remained due to the rapid spread of new COVID-19 strains and soaring raw materials prices.

Meanwhile, the global elevator and escalator market continued to recover from the decline in demand in the prior year caused by the COVID-19 pandemic. New installations and modernization projects experienced sales unit growth in China, while remaining stable in Japan, other Asian regions, and North America. Our maintenance business, which provides maintenance for elevators and escalators as part of the social infrastructure, continued to experience strong 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. We also expanded our product lineup by developing new modernization package products that offer superior safety and environmental performance. To expand our business in growth markets, we focused on the markets of China and South Asia. Here, we enhanced systems for conducting business in each region and improved cost competitiveness, mainly through global standard models. We completed the construction of an additional manufacturing building and a new research tower at our plant in India. This construction is part of our progress toward an integrated system spanning from R&D to production in the South Asian market. To improve profitability, we endeavored to expand global procurement and reduce manufacturing costs through automation for global models. At the same time, we used information technology such as design simulators and RPA to reduce labor hours and improve service quality.

As a result, the Fujitec Group recorded business performance for the nine months ended December 31, 2021 as described below.

(Amounts less than one million yen are rounded down)

		FY2020 Q3 (April 1 - December 31, 2020)	FY2021 Q3 (April 1 - December 31, 2021)	Change (%)	Real change, after excluding the impact of foreign exchange (%)
Orders		128,560	143,885	11.9	—
	Japan	55,853	59,548	6.6	—
	Overseas	72,706	84,337	16.0	10.2
Order backlog		210,038	220,822	5.1	—
	Japan	71,424	75,395	5.6	—
	Overseas	138,613	145,427	4.9	(0.6)
Net sales		123,987	137,041	10.5	—
	Japan	50,185	52,639	4.9	—
	Overseas	73,801	84,402	14.4	8.4
Operating income		10,037	12,051	20.1	—
Ordinary income		10,920	13,618	24.7	—
Profit attributable to owners of parent		7,098	9,843	38.7	—
Net income per share		87.55 yen	121.22 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, orders for new installations in India and the Aftermarket Business in Singapore increased; however, new installation orders in Singapore and Indonesia decreased. Orders in North America and Europe, as well as in the U.S. and Canada, increased for modernization projects, repairs, and other Aftermarket Business services.

Both sales and profits increased year on year for the nine months ended December 31, 2021, partly due to a rebound from the COVID-19 pandemic. Ordinary income and profit before income taxes increased. Dividend income and the recording of foreign exchange gains contributed to the former, while subsidy income and the recording of a gain on sales of investment securities contributed to the latter.

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 third quarter of the current fiscal year increased 1,863 million yen. Cost of sales increased 916 million yen, while selling, general and administrative expenses increased 21 million yen. Operating income, ordinary income, and profit before income taxes each increased by 925 million yen, respectively. Changes to our method for depreciating property, plant and equipment resulted in an increase of 210 million yen each for operating income, ordinary income, and profit before income taxes for the cumulative consolidated third 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 Q3	FY2021 Q3	Change (%)	Real change, after excluding the impact of foreign exchange (%)	FY2020 Q3	FY2021 Q3	Change	Real change, after excluding the impact of foreign exchange
Japan	52,139	54,638	4.8	—	3,240	4,021	781	—
East Asia	50,846	58,103	14.3	6.7	4,690	5,111	421	228
South Asia	10,269	12,332	20.1	15.8	1,787	1,941	153	71
North America and Europe	17,468	19,763	13.1	10.1	347	1,024	677	660
Subtotal	130,723	144,838	10.8	—	10,065	12,099	2,033	—
Adjustments	(6,735)	(7,796)	—	—	(28)	(47)	(18)	—
Total	123,987	137,041	10.5	—	10,037	12,051	2,014	—

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 form the COVID-19 pandemic and large-scale jobs. Maintenance performance continued to be strong. Operating income for the New Installation business declined due to rising costs, including soaring raw materials prices. However, the Aftermarket Business recorded firm operating income results.

Due to the adoption of Revenue Recognition Standard, net sales increased 268 million yen, while operating income rose 469 million yen. Due to the change in depreciation for property, plant and equipment, operating income rose 210 million yen.

East Asia

Both sales and profits increased year on year. Net sales increased in Hong Kong due to growth in the Aftermarket business, including maintenance and modernization projects. Net sales increased in Taiwan due to the progress of large-scale new installation projects. In China, we saw an increase in both new installations and modernization projects. Operating income decreased in China due to lower profits in new installations and an increase in selling, general and administrative expenses. However, the Service business improved in Hong Kong, while profit for new installations improved significantly in Taiwan.

Due to the adoption of Revenue Recognition Standard, net sales increased 1,594 million yen, while operating income increased 456 million yen.

South Asia

Both sales and profits increased year on year. Net sales decreased for new installations in Singapore, while sales increased in India and Indonesia. Net sales also increased in Singapore in the Aftermarket Business. Operating income decreased for new installations in Indonesia; however, the increase in Aftermarket Business net sales in Singapore made a positive contribution.

North America and Europe

Both sales and profits increased year on year. In the U.S., sales increased in new installations and in the Service business, including sales of repair work, while modernization projects declined. In the U.K., sales increased in the Aftermarket Business. Operating income experienced the positive contribution of improved profitability in the Aftermarket 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 third quarter amounted to 218,427 million yen, an increase of 13,230 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). In addition, property, plant and equipment increased due to increased capital investment by overseas subsidiaries.

Total liabilities amounted to 80,891 million yen, an increase of 960 million yen compared with the end of the prior consolidated fiscal year. This result was mainly due to an increase in notes and accounts payable-trade, short-term debt and provision for losses on construction contracts, which were offset in part by decreases in electronically recorded obligations-operating and accrued income taxes.

Net assets amounted to 137,535 million yen, an increase of 12,270 million yen compared with the end of the prior consolidated fiscal year. This result was mainly due to an increase of 9,843 million yen in profit attributable to owners of parent stemming from the recording of retained earnings, a decrease of 5,298 million yen due to payments of dividends, an increase of 140 million yen in real terms due to the application of revenue recognition accounting standards, an increase of 5,525 million yen due to foreign currency translation adjustments, and an increase of 1,436 million yen in non-controlling interests. Our shareholders' equity ratio as of December 31, 2021, was 56.4%, up 1.6 points compared to the end of the prior consolidated fiscal year. Net assets per share amounted to 1,516.13 yen, up 130.68 yen compared with the end of the prior consolidated fiscal year.

(3) Explanation of Consolidated Earnings Forecasts and Other Forecasts

We have made revisions to the consolidated earnings forecasts for fiscal 2021 (April 1, 2021 - March 31, 2022) as announced on May 12, 2021.

Based on this revision to our consolidated earnings forecasts, we have also revised our dividends forecasts.

For more details, see *Notice Concerning Revisions to Earnings Forecasts and Dividends Forecasts*, published today, February 8, 2022.

Revisions to Consolidated Earnings Forecasts for the Fiscal Year Ending March 31, 2022 (April 1, 2021 - March 31, 2022)

(Amounts less than one million yen are rounded down)

	Previous forecast (A)	Revised forecast (B)	Change (%)
Net sales	184,000	186,000	1.1
Operating income	13,900	14,100	1.4
Ordinary income	14,400	15,400	6.9
Profit attributable to owners of parent	9,300	11,000	18.3
Net income per share	114.68 yen	135.46yen	—

(Amounts less than one million yen are rounded down)

	Net sales			Operating income		
	Previous forecast (A)	Revised forecast (B)	Change (%)	Previous forecast (A)	Revised forecast (B)	Change (B-A)
Japan	75,000	75,000	—	5,400	5,900	500
East Asia	73,000	78,000	6.8	5,100	5,100	—
South Asia	17,000	16,000	(5.9)	2,200	2,100	(100)
North America and Europe	26,000	27,000	(3.6)	1,300	1,100	(200)
Subtotal	193,000	196,000	1.6	14,000	14,200	200
Adjustments	(9,000)	(10,000)	—	(100)	(100)	—
Total	184,000	186,000	1.1	13,900	14,100	200

Reasons for revisions

We expect net sales to exceed our previous forecast by 2.0 billion yen, amounting to 186.0 billion yen, mainly due to new installations in China.

We project profits to decrease in China due to soaring raw materials prices; however, profits should increase in Japan and Hong Kong due to steady growth in the Aftermarket Business. We forecast interest income and foreign exchange gains under other income to be higher than expected originally. As a result, we revised our forecasts for operating income, ordinary income, and net income attributable to owners of parent to 14.1 billion yen, 15.4 billion yen, and 11.0 billion yen, respectively.

(Note) The earnings forecasts above are based on 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

2. Quarterly Consolidated Financial Statements and Notes

(1) Quarterly Consolidated Balance Sheets

(Million yen)

	As of March 31, 2021	As of December 31, 2021
Assets		
Current assets		
Cash and deposits	68,348	73,571
Notes and accounts receivable-trade	59,022	—
Notes and accounts receivable-trade, and contract assets	—	66,456
Merchandise and finished goods	5,634	4,426
Work in process	6,278	2,686
Raw materials and supplies	7,333	9,029
Other	5,150	8,696
Allowance for doubtful accounts	(2,375)	(3,089)
Total current assets	149,393	161,776
Fixed assets		
Property, plant and equipment		
Buildings and structures, net	19,627	19,057
Machinery and equipment, net	3,682	3,815
Tools, furniture and fixtures, net	2,346	2,376
Land	6,911	6,836
Leased assets, net	539	626
Construction in progress	679	1,695
Total property, plant and equipment	33,786	34,408
Intangible assets		
Goodwill	1,214	1,214
Other	3,465	3,570
Total intangible assets	4,680	4,784
Investments and other assets		
Investments securities	8,772	8,749
Long-term loans receivable	23	24
Other	8,653	8,805
Allowance for doubtful accounts	(113)	(121)
Total investments and other assets	17,336	17,458
Total fixed assets	55,803	56,650
Total assets	205,196	218,427

(Million yen)

	As of March 31, 2021	As of December 31, 2021
Liabilities		
Current liabilities		
Notes and accounts payable-trade	15,026	17,855
Electronically recorded obligations-operating	4,734	3,315
Short-term debt	2,317	3,033
Accrued income taxes	3,425	1,765
Provision for bonuses	3,385	2,158
Provision for losses on construction contracts	7,761	8,559
Other provision	1,613	1,799
Advances from customers	25,620	24,946
Other	10,268	11,970
Total current liabilities	74,152	75,405
Fixed liabilities		
Long-term debt	809	585
Net defined benefit liability	4,150	4,122
Other	818	779
Total fixed liabilities	5,778	5,486
Total liabilities	79,931	80,891
Net assets		
Shareholders' equity		
Paid-in capital	12,533	12,533
Additional paid-in capital	14,474	14,490
Retained earnings	102,516	107,202
Treasury stock	(5,206)	(4,878)
Total Shareholders' equity	124,318	129,348
Accumulated other comprehensive income		
Net unrealized gains on securities	2,681	2,705
Deferred gains or losses on hedges	(27)	25
Foreign currency translation adjustments	(13,913)	(8,388)
Remeasurements of defined benefit plans	(641)	(439)
Total accumulated other comprehensive income	(11,901)	(6,097)
Stock acquisition rights	35	35
Non-controlling interests	12,812	14,248
Total net assets	125,264	137,535
Total liabilities and net assets	205,196	218,427

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

Quarterly Consolidated Statements of Income

For the nine months ended December 31, 2020 and December 31, 2021

(Million yen)

	FY2020 Q3 April 1 – December 31, 2020	FY2021 Q3 April 1 – December 31, 2021
Net sales	123,987	137,041
Cost of sales	94,613	104,063
Gross profit	29,373	32,978
Selling, general and administrative expenses	19,336	20,926
Operating income	10,037	12,051
Other income		
Interest income	881	623
Dividend income	178	356
Foreign exchange gains	—	259
Other	286	570
Total other income	1,347	1,809
Other expenses		
Interest expenses	126	71
Foreign exchange loss	268	—
Provision of allowance for doubtful accounts	—	93
Other	69	77
Total other expenses	463	242
Ordinary income	10,920	13,618
Special gain		
Gain on sales of property, plant and equipment	2	15
Gain on sales of investments securities	—	103
Subsidy income	246	468
Total special gain	248	588
Special loss		
Loss on sales and retirement of property, plant and equipment	13	27
Impairment loss	13	13
Loss on sales of investment securities	59	—
Loss on valuation of investment securities	51	43
Loss on valuation of investments in capital of subsidiaries and associates	8	22
Loss related to infectious diseases	—	58
Total special loss	146	164
Profit before income taxes	11,022	14,042
Income taxes expense	3,003	2,679
Deferred taxes expense	(149)	478
Total income taxes	2,853	3,158
Profit	8,168	10,884
Profit attributable to non-controlling interests	1,069	1,040
Profit attributable to owners of parent	7,098	9,843

Quarterly Consolidated Statements of Comprehensive Income

For the nine months ended December 31, 2020 and December 31, 2021

(Million yen)

	FY2020 Q3 April 1 – December 31, 2020	FY2021 Q3 April 1 – December 31, 2021
Profit	8,168	10,884
Other comprehensive income		
Net unrealized gains on securities	1,091	24
Deferred gains or losses on hedges	(2)	62
Foreign currency translation adjustments	(1,962)	6,773
Remeasurements of defined benefit plans	155	201
Total other comprehensive income	(718)	7,062
Comprehensive income	7,450	17,946
Comprehensive income attributable to:		
Owners of parent	6,492	15,647
Non-controlling interests	958	2,299

(3) 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 nine months ended December 31, 2021 increased by 1,863 million yen compared with the previous accounting method. Cost of sales increased by 916 million yen, while selling, general and administrative expenses increased by 21 million yen. Operating income, ordinary income, and profit before income taxes each increased by 925 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 nine months ended December 31, 2021 increased by 210 million yen, respectively, compared with the amounts based on the previous method.

(Segment and Other Information)

I Nine months ended December 31, 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	50,212	46,057	10,266	17,451	123,987	—	123,987
Intersegment sales/transfers	1,927	4,788	3	16	6,735	(6,735)	—
Total	52,139	50,846	10,269	17,468	130,723	(6,735)	123,987
Segment income	3,240	4,690	1,787	347	10,065	(28)	10,037

Note 1 Segment income adjustment of (28) 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 1,339 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 third quarter of the current consolidated fiscal year.

II Nine months ended December 31, 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	52,711	52,263	12,332	19,734	137,041	—	137,041
Intersegment sales/transfers	1,927	5,840	—	28	7,796	(7,796)	—
Total	54,638	58,103	12,332	19,763	144,838	(7,796)	137,041
Segment income	4,021	5,111	1,941	1,024	12,099	(47)	12,051

Note 1 Segment income adjustments of (47) million yen include eliminations of intersegment transactions of 0 million yen and inventory adjustments of (48) 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 nine months ended December 31, 2021 increased by 268 million yen and 469 million yen, respectively, when compared to the previous method. Net sales and segment income for East Asia increased by 1,594 million yen and 456 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 nine months ended December 31, 2021 increased by 210 million yen compared to the previous method.