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February 9, 2021

Consolidated Business Results for the Third Quarter Ended December 31, 2020 (Japan GAAP)

Company: **FUJITEC CO., LTD.** Listed on TSE1
 Stock Code: 6406 URL: <https://www.fujitec.com>
 Representative: Takakazu Uchiyama, President and CEO TEL: +81-72-622-8151
 Contact: Yoshiichi Kato, Director, Senior Executive Operating Officer, General Manager of Finance HQ
 Expected date of filing of quarterly report: February 12, 2021 Expected starting date of dividend payment: —
 Supplementary materials for the quarterly business results: Yes Presentation of the quarterly business results: No
(for institutional investors and analysts)

(Amounts less than one million yen are rounded down)

1. Consolidated business results for the third quarter ended December 31, 2020 (April 1, 2020 to December 31, 2020)

(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	%
Nine months ended								
December 31, 2020	123,987	(7.8)	10,037	2.5	10,920	(1.0)	7,098	(2.7)
December 31, 2019	134,463	9.9	9,792	38.0	11,032	33.7	7,297	19.3

(Note) Comprehensive income — December 31, 2020: 7,450 million yen (31.5%), December 31, 2019: 5,666 million yen (44.3%)

	Net income per share	Diluted net income per share
	Yen	Yen
Nine months ended		
December 31, 2020	87.55	87.50
December 31, 2019	90.16	90.11

(2) Financial position

	Total assets	Net assets	Shareholders' equity ratio
	Million yen	Million yen	%
December 31, 2020	198,864	121,640	55.0
March 31, 2020	193,581	118,714	55.2

(Reference) Shareholders' equity — December 31, 2020: 109,304 million yen, March 31, 2020: 106,913 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, 2020	—	20.00	—	30.00	50.00
For the year ending March 31, 2021	—	20.00	—		
March 31, 2021 (forecast)				40.00	60.00

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

3. Forecasts of consolidated business performance for the fiscal year ending March 31, 2021 (April 1, 2020 to March 31, 2021)

(% 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, 2021	169,000	(6.7)	13,300	(0.6)	147,000	0.1	9,300	(6.2)	114.69

(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: No
 - 2) Changes other than 1), above: No
 - 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, 2020: 85,300,000 shares	Year ended March 31, 2020: 90,067,000 shares
2) Treasury stock at the end of period:	Nine months ended December 31, 2020: 4,192,760 shares	Year ended March 31, 2020: 8,985,121 shares
3) Weighted average number of shares outstanding during the period:	Nine months ended December 31, 2020: 81,085,858 shares	Nine months ended December 31, 2019: 80,943,132 shares

(Note) Treasury stock as of December 31, 2020, includes 395,800 shares of Fujitec Co., Ltd. stock held by the Trust-Type Employee Shareholding Incentive Plan (E-Ship).

* **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

(Amounts less than one million yen are rounded down)

	FY2019 Q3 (April 1 - December 31, 2019)	FY2020 Q3 (April 1 - December 31, 2020)	Change (%)
Net sales	134,463	123,987	(7.8)
Japan	53,350	50,185	(5.9)
Overseas	81,112	73,801	(9.0)
Operating income	9,792	10,037	2.5
Ordinary income	11,032	10,920	(1.0)
Profit attributable to owners of parent	7,297	7,098	(2.7)
Net income per share	90.16 yen	87.55 yen	—

During the nine months ended December 31, 2020, the global economy showed signs of a general recovery, despite the impact of COVID-19. On the other hand, infections have been re-emerging in countries around the world since autumn, and the outlook has become increasingly uncertain. The economic recovery in China advanced, due in part to COVID-19 control measures. The economic recovery slowed in the U.S. and other parts of Asia as infections re-emerged. India continued to experience severe conditions; however, some signs have indicated a rebound from a low point in response to the easing of lockdowns. Japan experienced a gradual resumption of economic activity. But the pace of recovery has been slow due to the bolstered measures to curb activity caused by the re-emergence of infections.

In China, the elevator and escalator industry saw firm progress, as new installations exceeded the pace of the year-ago quarter on a per-elevator basis. In other countries, demand for new installations and modernization projects slowed in general due to the impact of COVID-19. Our maintenance business, which provides maintenance for the elevators and escalators, experienced only a limited impact as a provider of social infrastructure.

Amid these challenging circumstances, the Fujitec Group remains committed to placing the highest priority on the safety and security of our employees and other business partners. We continue to engage in telecommuting and other measures to avoid the Three Cs (closed spaces, crowded places, and close-contact settings) and prevent the spread of COVID-19. We introduced new, unique hygienic functions for the era of the *new normal* to the market. These functions are expected to help prevent the spread of disease and include our *AirTap* non-contact call buttons, operated with a wave of the hand, a current capacity status display to help passengers avoid the Three Cs (closed spaces, crowded places, close-contact settings), the IONFUL air purifier that also inhibits the action of viruses in elevators, antibacterial buttons, and more. In particular, we have expanded the applications of AirTap technology to existing elevators and other uses, leading to sales growth in Japan and overseas.

Amid the environment discussed above, the Fujitec Group recorded business performance for the nine months ended December 31, 2020, as described below.

Our new installation business experienced weaker demand from hotels, retailers, and other customers in Japan during the nine months ended December 31, 2020. Orders for new installations were slightly lower year on year. Government sector-activity rose for modernization projects, which operate under the after-sales market business and performs upgrades of existing elevators and escalators. The maintenance business, which provides maintenance for elevators and escalators, reported firm performance due to proposals tailored to customer demands, which led to higher contract closing efficiency.

Overseas, the impact of the spread of COVID-19 continued. In East Asia, orders for modernization projects increased in Hong Kong and South Korea, while orders for new installations in China decreased. In South Asia, orders for new installations

continued to decrease in India. On the other hand, orders for large-scale new construction projects increased Singapore, Indonesia, and Malaysia, while orders in the aftermarket business increased in Singapore. Our North America and Europe segment saw an increase in new installations in the U.S. related to large-scale project orders. However, orders for modernization projects in the U.S. remained sluggish. New installations were lower in Canada. Orders rose in the U.K. owing to a corporate acquisition completed in February 2020.

As a result, total orders received amounted to ¥128,560 million (down 5.4% year on year), consisting of ¥55,853 million in domestic orders received (up 2.6%) and ¥72,706 million in overseas orders received (down 10.8%; down 8.0% after excluding the impact of foreign exchange).

Total net sales amounted to ¥123,987 million (down 7.8% year on year), consisting of ¥50,185 million in domestic net sales (down 5.9%) and ¥73,801 million in overseas net sales (down 9.0%; down 6.1% after excluding the impact of foreign exchange).

Total order backlog amounted to ¥210,038 million (up 1.1% year on year), consisting of domestic order backlog in the amount of ¥71,424 million (up 8.7%) and overseas order backlog in the amount of ¥138,613 million (down 2.4%; up 0.2% after excluding the impact of foreign exchange).

Operating income amounted to ¥10,037 million (up 2.5% year on year) due to lower profitability in North America and Europe and higher profitability in East Asia. Ordinary income amounted to ¥10,920 million (down 1.0%), stemming from an increase in outlays for financial expenses and foreign exchange losses. Profit before income taxes and other adjustments amounted to ¥11,022 million (down 1.0%), mainly due to loss on sales of investment securities and valuation losses. Net profit attributable to owners of parent amounted to ¥7,098 million (down 2.7%).

The following information highlights performance by segment:

(Amounts less than one million yen are rounded down)

	Net sales			Operating income		
	FY2019 Q3	FY2020 Q3	Change (%)	FY2019 Q3	FY2020 Q3	Change
Japan	55,191	52,139	(5.5)	3,223	3,240	16
East Asia	56,035	50,846	(9.3)	4,112	4,690	578
South Asia	12,032	10,269	(14.7)	1,752	1,787	34
North America and Europe	19,106	17,468	(8.6)	766	347	(419)
Subtotal	142,366	130,723	(8.2)	9,855	10,065	210
Adjustments	(7,903)	(6,735)	—	(62)	(28)	33
Total	134,463	123,987	(7.8)	9,792	10,037	244

Japan

Net sales amounted to ¥52,139 million (down 5.5% year on year). This result was due to delays and suspensions of construction stemming from the COVID-19 pandemic, which led to lower new installation and modernization project sales. Operating income amounted to ¥3,240 million (up ¥16 million year on year). This result was mainly due to efforts to improve sales prices in the face of declining sales in new installations, as well as the support of firm maintenance performance in the aftermarket business.

East Asia

Net sales amounted to ¥50,846 million (down 9.3% year on year; down 6.0% after excluding the impact of foreign exchange). Although maintenance and repairs increased in Hong Kong, new installations and exports were lower in china. Operating

income amounted to ¥4,690 million (up ¥578 million year on year). This result was mainly due to improvements in China and Hong Kong, as well as increased service sales in Hong Kong. These positive factors were offset in part by lower profitability in new installations for large-scale projects in Taiwan.

South Asia

Net sales amounted to ¥10,269 million (down 14.7% year on year; down 11.3% after excluding the impact of foreign exchange). This result was mainly due to fewer new installations in Indonesia, Malaysia, and India, which more than offset increases in Singapore. Operating income amounted to ¥1,787 million (up ¥34 million year on year) due to services business growth in Singapore.

North America and Europe

Net sales amounted to ¥17,468 million (down 8.6% year on year; down 6.8% after excluding the impact of foreign exchange). Although new installations in the U.K. and newly consolidated subsidiaries contributed to sales increases, new installations were lower significantly in the U.S. Operating income amounted to ¥347 million (down ¥419 million year on year) due to declining profitability in new installations in the U.S.

(2) Explanation of Financial Position

Total assets as of December 31, 2020 amounted to ¥198,864 million, an increase of ¥5,283 million compared with the end of the prior consolidated fiscal year. This result was mainly due to an increase in cash and deposits, an increase in work in process, and an increase in goodwill related to a corporate acquisition in the U.K. These increases were offset in part by a decrease in notes and accounts receivable-trade.

Total liabilities amounted to ¥77,224million, an increase of ¥2,357 million compared with the end of the prior consolidated fiscal year. This result was mainly due to increases in notes and accounts payable - trade, provision for loss on construction contracts, advances received, and increases in long-term debt in connection with the adoption of the E-Ship Trust-Type Employee Shareholding Incentive Plan. These increases were offset in part by decreases in short-term debt and a provision for bonuses.

Net assets amounted to ¥121,640 million, an increase of ¥2,925 million compared with the end of the prior consolidated fiscal year. This result was mainly due to an increase in net profit attributable to owners of parent, which was offset in part by dividend payments.

In connection with the adoption of a Trust-Type Employee Shareholding Incentive Plan (E-Ship), the Company disposed of treasury stock through a third-party allotment on December 2, 2020. The Company recorded ¥929 million in treasury stock and ¥449 million in gain on disposal of treasury stock (other capital surplus). The December 11, 2020 cancellation of treasury stock in the amount of ¥5,518 million resulted in a negative balance in other capital surplus, recorded by writing down other retained earnings.

Our shareholders' equity ratio as of December 31, 2020, was 55.0%, down 0.2 points compared to the end of the prior consolidated fiscal year. Net assets per share amounted to ¥1,347.66, up ¥29.07 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 2020 (April 1, 2020 - March 31, 2021) as announced on May 13, 2020.

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 9, 2021.

Revisions to Consolidated Earnings Forecasts for the Fiscal Year Ending March 31, 2021 (April 1, 2020 - March 31, 2021)
(Amounts less than one million yen are rounded down)

	Previous forecast (A)	Revised forecast (B)	Change (%)
Net sales	165,000	169,000	2.4
Operating income	10,700	13,300	24.3
Ordinary income	11,500	14,700	27.8
Profit attributable to owners of parent	7,500	9,300	24.0
Net income per share	92.62 yen	114.69 yen	—

(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	70,000	71,000	1.4	5,000	5,200	200
East Asia	64,000	70,000	9.4	3,600	5,400	1,800
South Asia	16,000	14,000	(12.5)	1,700	2,300	600
North America and Europe	25,000	23,500	(6.0)	600	600	—
Subtotal	175,000	178,500	2.0	10,900	13,500	2,600
Adjustments	(10,000)	(9,500)	—	(200)	(200)	—
Total	165,000	169,000	2.4	10,700	13,300	2,600

Reasons for revisions

We expect net sales to exceed our previous forecast increase by 4.0 billion yen to 169.0 billion yen, mainly due to new installations in China and modernization projects in Japan.

We expect profits to increase due to sales increases in connection with new installations and improved profitability in China. We also expect the aftermarket business to be firm in Hong Kong and Singapore. As a result, we have revised our forecasts for operating income, ordinary income, and net income attributable to owners of parent to 13.3 billion yen, 14.7 billion yen, and 9.3 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, 2020	As of December 31, 2020
Assets		
Current assets		
Cash and deposits	57,024	61,612
Notes and accounts receivable-trade	61,626	58,500
Merchandise and finished goods	5,571	5,967
Work in process	5,457	6,514
Raw materials and supplies	8,291	8,498
Other	5,053	5,472
Allowance for doubtful accounts	(2,142)	(2,530)
Total current assets	140,884	144,034
Fixed assets		
Property, plant and equipment		
Buildings and structures, net	19,758	19,649
Machinery and equipment, net	3,403	3,558
Tools, furniture and fixtures, net	2,232	2,441
Land	6,909	6,901
Leased assets, net	694	577
Construction in progress	1,190	756
Total property, plant and equipment	34,188	33,886
Intangible assets		
Goodwill	115	1,382
Other	3,524	3,353
Total intangible assets	3,640	4,735
Investments and other assets		
Investments securities	7,172	8,527
Long-term loans receivable	1	21
Other	7,807	7,773
Allowance for doubtful accounts	(112)	(115)
Total investments and other assets	14,868	16,207
Total fixed assets	52,697	54,830
Total assets	193,581	198,864

(Million yen)

	As of March 31, 2020	As of December 31, 2020
Liabilities		
Current liabilities		
Notes and accounts payable-trade	14,938	16,400
Electronically recorded obligations-operating	5,373	4,539
Short-term debt	3,990	1,918
Current portion of long-term debt	217	—
Accrued income taxes	2,178	1,894
Provision for bonuses	3,124	1,774
Provision for losses on construction contracts	5,206	6,958
Other provision	1,253	1,407
Advances from customers	23,417	25,560
Other	10,383	11,000
Total current liabilities	70,083	71,455
Fixed liabilities		
Long-term debt	—	930
Net defined benefit liability	4,076	3,994
Other	706	844
Total fixed liabilities	4,783	5,768
Total liabilities	74,866	77,224
Net assets		
Shareholders' equity		
Paid-in capital	12,533	12,533
Additional paid-in capital	14,571	14,475
Retained earnings	102,355	100,328
Treasury stock	(10,401)	(5,281)
Total Shareholders' equity	119,059	122,056
Accumulated other comprehensive income		
Net unrealized gains on securities	1,194	2,286
Deferred gains or losses on hedges	(16)	(18)
Foreign currency translation adjustments	(11,935)	(13,787)
Remeasurements of defined benefit plans	(1,387)	(1,232)
Total accumulated other comprehensive income	(12,145)	(12,751)
Stock acquisition rights	40	35
Non-controlling interests	11,760	12,299
Total net assets	118,714	121,640
Total liabilities and net assets	193,581	198,864

(2) Quarterly Consolidated Statements of Income and Consolidated Statements of Comprehensive Income**Quarterly Consolidated Statements of Income****For the nine months ended December 31, 2019 and December 31, 2020**

(Million yen)

	FY2019 Q3 April 1 - December 31, 2019	FY2020 Q3 April 1 - December 31, 2020
Net sales	134,463	123,987
Cost of sales	104,922	94,613
Gross profit	29,540	29,373
Selling, general and administrative expenses	19,748	19,336
Operating income	9,792	10,037
Other income		
Interest income	962	881
Dividend income	167	178
Foreign exchange gains	40	—
Other	237	286
Total other income	1,408	1,347
Other expenses		
Interest expenses	124	126
Foreign exchange loss	—	268
Other	43	69
Total other expenses	168	463
Ordinary income	11,032	10,920
Special gain		
Gain on sales of property, plant and equipment	9	2
Gain on sales of investment securities	126	—
Subsidy income	40	246
Total special gain	175	248
Special loss		
Loss on sales and retirement of property, plant and equipment	76	13
Impairment loss	—	13
Loss on sales of investment securities	—	59
Loss on valuation of investment securities	—	51
Loss on valuation of investments in capital of subsidiaries and associates	—	8
Total special loss	76	146
Profit before income taxes	11,131	11,022
Income taxes expense	2,071	3,003
Deferred taxes expense	618	(149)
Total income taxes	2,689	2,853
Profit	8,442	8,168
Profit attributable to non-controlling interests	1,144	1,069
Profit attributable to owners of parent	7,297	7,098

Quarterly Consolidated Statements of Comprehensive Income**For the nine months ended December 31, 2019 and December 31, 2020**

(Million yen)

	FY2019 Q3 April 1 - December 31, 2019	FY2020 Q3 April 1 - December 31, 2020
Profit	8,442	8,168
Other comprehensive income		
Net unrealized gains on securities	300	1,091
Deferred gains or losses on hedges	(7)	(2)
Foreign currency translation adjustments	(3,150)	(1,962)
Remeasurements of defined benefit plans	82	155
Total other comprehensive income	(2,775)	(718)
Comprehensive income	5,666	7,450
Comprehensive income attributable to:		
Owners of parent	5,162	6,492
Non-controlling interests	504	958

(3) Notes to the Quarterly Consolidated Financial Statements

(Notes Regarding Assumptions of Going Concern)

Not applicable.

(Notes on Significant Changes in Shareholders' Equity)

Per resolution at a meeting held November 6, 2020, the Fujitec Co., Ltd. board of directors resolved to dispose of 415,300 shares of treasury stock, effective December 2, 2020. Per resolution at a meeting held December 4, 2020, the board of directors resolved to cancel 4,767,000 shares of treasury stock, effective December 11, 2020. This cancellation of treasury stock resulted in a negative balance in other capital surplus, recorded by writing down other retained earnings.

As a result, retained earnings and treasury stock for the cumulative consolidated third quarter decreased by ¥5,069 million each. As of December 31, 2020, retained earnings and treasury stock amounted to ¥100,328 million and ¥5,281 million, respectively.

(Supplemental Information)

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

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

(1) Outline of the transaction

The Plan is a Trust-Type Employee Shareholding Incentive Plan (E-Ship) available to all employees who participate in the Fujitec Employee Shareholding Association ("Shareholding Association"). Under the Plan, the company will establish the Fujitec Employee Shareholding Association Trust ("Trust") within a trust bank with whom the company has a business relationship. The Trust will acquire company stock that the Shareholding Association is expected to acquire over the next five years via third party allotment, leveraging borrowings from the company's transaction financial institutions as the source of funds.

Thereafter, the Trust will sell the company shares in question to the Shareholding Association on an ongoing basis. If, upon the conclusion of the Trust, the Trust has accumulated an amount equivalent to a gain on sale of stock, such amount equivalent to said gain shall be distributed as residual assets to those persons meeting requirements as beneficiaries. Fujitec Co., Ltd. will guarantee the loans used to acquire company shares by the Trust. Therefore, if the Trust accumulates an amount equivalent to a loss on sale of stock and the Trust has accumulated a debt balance equivalent to such loss on the sale of company stock at the conclusion of the Trust, the company will repay the remaining debt in question.

(2) Shares of the company remaining in the Trust

Company shares remaining in the Trust are recorded as treasury stock under net assets at the carrying value of the Trust (excluding incidental expenses). The carrying value and number of shares of treasury stock for the consolidated third quarter of the current fiscal year amounted to ¥886 million and 395,000 shares, respectively.

(3) Carrying value of borrowings recorded via application of the gross method

Consolidated third quarter of the current fiscal year: ¥930 million

(Segment and Other Information)

I Nine months ended December 31, 2019

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	53,400	49,957	12,032	19,072	134,463	—	134,463
Intersegment sales/transfers	1,790	6,078	0	34	7,903	(7,903)	—
Total	55,191	56,035	12,032	19,106	142,366	(7,903)	134,463
Segment income	3,223	4,112	1,752	766	9,855	(62)	9,792

Note 1 Segment income adjustments of -¥62 million include eliminations of intersegment transactions of -¥0 million and inventory adjustments of -¥62 million.

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

Not applicable.

II 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 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.

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.