

Note: This document has been translated from the Japanese original for reference purpose only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail. The Company assumes no responsibility for this translation or for direct, indirect or any other forms of damages arising from the translation.

August 7, 2024

Consolidated Business Results for the First Quarter Ended June 30, 2024 (Japan GAAP)

Company: **FUJITEC CO., LTD.**

Listed on TSE

Stock Code: 6406

URL: <https://www.fujitec.com>

Representative: Masayoshi Harada, President and CEO

TEL: +81-72-622-8151

Contact: Kosuke Sato, Director, Senior Executive Operating Officer, General Manager of Finance HQ

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 first quarter ended June 30, 2024

(April 1, 2024 to June 30, 2024)

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

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three months ended								
June 30, 2024	56,185	11.4	3,971	3.9	5,380	17.7	3,897	9.9
June 30, 2023	50,453	21.0	3,820	77.2	4,571	52.8	3,546	24.6

(Note) Comprehensive income — June 30, 2024: 11,511 million yen [94.8%], June 30, 2023: 5,909 million yen [-54.3%]

	Net income per share	Diluted net income per share
Three months ended	Yen	Yen
June 30, 2024	49.95	49.93
June 30, 2023	45.48	45.45

(Note) The Company finalized the provisional accounting treatment for a business combination in the previous consolidated fiscal year. The relevant figures for the first quarter ended June 30, 2023 reflect the details of the finalization of the provisional accounting treatment.

(2) Financial position

	Total assets	Net assets	Shareholders' equity ratio
	Millions of yen	Millions of yen	%
June 30, 2024	261,821	167,329	57.1
March 31, 2024	256,402	165,177	57.9

(Reference) Shareholders' equity — June 30, 2024: 149,434 million yen, March 31, 2024: 148,358 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, 2024	—	35.00	—	120.00	155.00
For the year ending March 31, 2025	—	—	—	—	—
March 31, 2025 (forecast)	—	75.00	—	90.00	165.00

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

Cash dividends for March 31, 2024: Regular dividend: 50.00 yen Special dividend: 70.00 yen

3. Forecasts of consolidated business performance for the fiscal year ending March 31, 2025

(April 1, 2024 – March 31, 2025)

(% change from the previous corresponding period)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
For the year ending March 31, 2025	245,000	6.8	18,100	24.2	20,000	6.9	16,000	(10.3)	205.05

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

*** Other**

- (1) Changes in significant subsidiaries in the scope of consolidation during the period: 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: 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):	Three months ended June 30, 2024: 78,900,000 shares	Year ended March 31, 2024: 78,900,000 shares
2) Treasury stock at the end of period:	Three months ended June 30, 2024: 869,390 shares	Year ended March 31, 2024: 869,385 shares
3) Weighted average number of shares outstanding during the period:	Three months ended June 30, 2024: 78,030,610 shares	Three months ended June 30, 2023: 77,980,042 shares

* Quarterly consolidated financial statements subject to quarterly financial review by a certified public accountant or auditing firm: No

* 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 First Quarter (Accompanying Materials)*.

Table of Contents

1. Qualitative Information on Quarterly Financial Performance	2
(1) Explanation of Operating Results	2
(2) Explanation of Financial Position	5
(3) Explanation of Consolidated Earnings Forecasts and Other Forecasts	5
2. Quarterly Consolidated Financial Statements and Notes	6
(1) Quarterly Consolidated Balance Sheets	6
(2) Quarterly Consolidated Statements of Income and Consolidated Statements of Comprehensive Income	8
Quarterly Consolidated Statements of Income	8
For the three months ended June 30, 2023 and June 30, 2024	8
Quarterly Consolidated Statements of Comprehensive Income	9
For the three months ended June 30, 2023 and June 30, 2024	9
(3) Notes to the Quarterly Consolidated Financial Statements	10
(Notes Regarding Assumptions of Going Concern)	10
(Notes on Significant Changes in Shareholders' Equity)	10
(Changes in Accounting Policies)	10
(Segment and Other Information)	11
(Notes to Statements of Cash Flows)	12

1. Qualitative Information on Quarterly Financial Performance

(1) Explanation of Operating Results

Despite a moderate recovery, the global economy remained uncertain throughout the consolidated first quarter due continued high interest rates in Europe and the U.S. and the sluggish economy in China. In the U.S., consumer spending remained firm, despite signs of a standstill in the manufacturing sector. The Chinese economy continued to slow due to the sluggish real estate market, weak domestic demand, and a decline in investment in China from foreign countries. In Japan, business confidence was generally favorable due to strong inbound demand and firm capital investment.

In light of changes in the business environment surrounding the Fujitec Group, we announced a new five-year medium-term management plan, Move On 5, in May 2024, which we began executing this fiscal year. This plan encompasses the fundamental corporate changes we will pursue to achieve our underlying value. Under Move On 5, we plan to improve net sales to 325 billion yen, operating income to 44 billion yen, and operating income margin to 13.5% by fiscal 2028, achieving cross-organizational growth and efficiencies in every region and every business. We established three pillars as a company-wide strategy to achieve these growth targets. The first pillar is *selection and consolidation of regions and business mix*. Under this pillar, we aim to improve profitability through clear strategic positioning in each region, defining the direction of efforts in each region and business. The second pillar is *high quality and high profitability*. Here, we aim to improve margins through the collective efforts of the Fujitec Group while also enhancing quality, which is one of our strengths. The third pillar is a *strong business foundation*, including governance, ESG, and other initiatives indispensable for pursuing these pillars. Throughout the quarter, we implemented specific measures in line with our Move On 5 company-wide strategy. In Hong Kong, we renovated and delivered 44 elevators for two high-rise office buildings in the financial district. This delivery represented the largest number of elevators from the Fujitec Group used in an office renovation project. One of our efforts to reduce environmental impact from an ESG perspective was our switch from diesel oil to biodiesel fuel for the four-ton trucks owned by Big Step, our R&D and production base for escalators. We also launched a scholarship repayment support program to help reduce the financial and psychological burden on employees, allowing them to concentrate on their work. Through this support framework, we create workplaces where our valuable employees work with peace of mind. This environment also helps us recruit and retain outstanding human resources for sustainable corporate growth.

As a result, the Fujitec Group recorded business performance for the three months ended June 30, 2024, as described below.

(Amounts less than one million yen are rounded down)

	FY2023 Q1 (April 1 – June 30, 2023)	FY2024 Q1 (April 1 – June 30, 2024)	Change (%)	Real change, after excluding the impact of foreign exchange (%)
Orders				
Japan	27,355	30,807	12.6	—
East Asia	16,043	13,785	(14.1)	(20.5)
South Asia	9,269	10,716	15.6	5.4
The Americas and Europe	14,859	10,156	(31.6)	(36.7)
Subtotal	67,529	65,466	(3.1)	—
Adjustments	(3,698)	(3,913)	—	—
Total	63,830	61,553	(3.6)	—
Order backlog				
Japan	89,309	98,793	10.6	—
East Asia	91,354	83,872	(8.2)	(14.8)
South Asia	28,488	37,275	30.8	19.2
The Americas and Europe	55,377	56,995	2.9	(5.7)
Subtotal	264,529	276,936	4.7	—
Adjustments	(4,689)	(6,056)	—	—
Total	259,840	270,879	4.2	—

Domestic orders in the New Installation Business rose year on year. Orders for stores and offices, in particular, grew significantly. Our Aftermarket Business saw an increase in the number of modernization projects. Repair work and maintenance for elevators and escalators remained firm due to an increase in the number of contracts and contract price revisions for elevator maintenance contracts.

Overseas, orders in East Asia for the New Installation Business and Aftermarket Business rose in Hong Kong. However, New Installation Business orders declined overall due to the ongoing real estate recession in China. In South Asia, Aftermarket Business orders decreased in Singapore; however, New Installation Business orders rose in Singapore and India. New Installation Business orders decreased in the Americas and Europe, mainly in the United States.

(Amounts less than one million yen are rounded down)

	FY2023 Q1 (April 1 - June 30, 2023)	FY2024 Q1 (April 1 - June 30, 2024)	Change (%)	Real change, after excluding the impact of foreign exchange (%)
Net sales	50,453	56,185	11.4	—
Japan	17,852	21,209	18.8	—
Overseas	32,601	34,975	7.3	(1.5)
Operating income	3,820	3,971	3.9	—
Ordinary income	4,571	5,380	17.7	—
Profit attributable to owners of parent	3,546	3,897	9.9	—
Net income per share	45.48 yen	49.95 yen	—	—

While sales and profits for the consolidated quarter under review decreased in East Asia, other regions compensated for this decrease, leading to gains year on year. Ordinary income and profit before income taxes rose with an increase in interest income, arising mainly due to interest rate increases and an increase in foreign exchange gains due to the weak yen.

As a result, profit attributable to owners of parent rose year on year.

The business combination with Express Lifts Limited (currently Fujitec Express Limited) on September 20, 2022, accounted for provisionally in the consolidated first quarter of the previous fiscal year, was finalized in the consolidated first quarter of the current fiscal year. In accordance, data for the previous consolidated year reflects the revised amounts of the revisions to initial allocation of acquisition costs.

The following information highlights performance by segment:

(Amounts less than one million yen are rounded down)

	Net sales				Operating income			
	FY2023 Q1	FY2024 Q1	Change (%)	Real change, after excluding the impact of foreign exchange (%)	FY2023 Q1	FY2024 Q1	Change	Real change, after excluding the impact of foreign exchange
Japan	18,708	21,851	16.8	—	202	1,659	1,456	—
East Asia	17,615	16,067	(8.8)	(15.2)	1,312	370	(942)	(990)
South Asia	7,982	8,615	7.9	(1.7)	2,251	1,689	(561)	(717)
The Americas and Europe	9,693	12,915	33.2	21.7	204	297	93	76
Subtotal	53,999	59,449	10.1	—	3,970	4,016	46	—
Adjustments	(3,546)	(3,264)	—	—	(149)	(45)	104	—
Total	50,453	56,185	11.4	—	3,820	3,971	150	—

Japan

Both sales and profits increased year on year. Sales increased significantly in the New Installation Business and for modernization projects in the Aftermarket Business. Operating income rose due to the significant impact of sales price increases on profitability. At the same time, labor costs increased due to wage hikes in response to rising prices.

East Asia

Both sales and profits decreased year on year. Sales decreased, despite increased sales in the Hong Kong Aftermarket Business. This decrease was mainly due to the significant impact of fewer New Installation Business projects on hand stemming from the ongoing real estate recession in China. Operating income decreased due to lower sales in the New Installation Business in China, as well as the impact of an increase in provision for losses on construction contracts in Hong Kong.

South Asia

Sales increased and profits decreased year on year (both sales and profits decreased when excluding the impact of foreign exchange). Net sales increased as Aftermarket Business repair work fell off in Singapore due to delays at major customers stemming from changes in customer systems, while New Installation Business rose in Singapore and India. Operating income decreased despite higher sales and improved profits in the New Installation Business in India, as we recorded an additional provision for losses on construction contracts and experienced a decrease in repair work in Singapore.

The Americas and Europe

Sales and profits increased year on year. New Installation Business sales increased outside Canada, while the Aftermarket Business saw rising sales across all areas. Operating income increased overall despite lower performance in the U.S. and Canada due to the impact of increased subcontracting costs in the New Installation Business and in modernization projects. The New Installation Business in the U.K. and Argentina made a positive contribution through improved profitability to overall performance.

(2) Explanation of Financial Position

Total assets as of the end of the consolidated first quarter amounted to 261,821 million yen, an increase of 5,418 million yen compared with the end of the prior consolidated fiscal year. This result was mainly due to increases in merchandise and finished goods, raw materials and supplies, and property, plant and equipment.

Total liabilities amounted to 94,491 million yen, an increase of 3,265 million yen compared with the end of the prior consolidated fiscal year. This result was mainly due to increases in advances from customers and a provision for bonuses.

Net assets amounted to 167,329 million yen, an increase of 2,152 million yen compared with the end of the prior consolidated fiscal year. This result was mainly due to profit attributable to owners of parent of 3,897 million yen, an increase of 6,368 million yen in foreign currency translation adjustments, and an increase of 1,076 million yen in non-controlling interests. These increases were offset in part by dividend payments of 9,363 million yen. Our shareholders' equity ratio as of June 30, 2024, was 57.1%, down 0.8 points compared to the end of the prior consolidated fiscal year. Net assets per share amounted to 1,915.07 yen, up 13.79 yen compared with the end of the prior consolidated fiscal year.

(3) Explanation of Consolidated Earnings Forecasts and Other Forecasts

We have not made any changes to the consolidated earnings forecasts for fiscal 2024 (April 1, 2024 - March 31, 2025) as announced on May 14, 2024.

2. Quarterly Consolidated Financial Statements and Notes

(1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2024	As of June 30, 2024
Assets		
Current assets		
Cash and deposits	80,560	79,830
Notes and accounts receivable-trade, and contract assets	85,141	84,354
Merchandise and finished goods	3,672	4,771
Work in process	4,322	4,410
Raw materials and supplies	12,922	14,931
Other	7,653	8,231
Allowance for doubtful accounts	(3,789)	(4,367)
Total current assets	190,484	192,162
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	19,844	20,020
Machinery and equipment, net	5,551	5,571
Tools, furniture and fixtures, net	2,869	2,980
Land	7,256	7,284
Leased assets, net	2,380	2,652
Construction in progress	1,645	2,587
Total property, plant and equipment	39,547	41,098
Intangible assets		
Goodwill	2,210	2,223
Other	3,826	3,974
Total intangible assets	6,036	6,197
Investments and other assets		
Investments securities	11,770	12,315
Long-term loans receivable	1,171	1,245
Other	8,066	9,496
Allowance for doubtful accounts	(674)	(695)
Total investments and other assets	20,334	22,362
Total non-current assets	65,917	69,658
Total assets	256,402	261,821

(Millions of yen)

	As of March 31, 2024	As of June 30, 2024
Liabilities		
Current liabilities		
Notes and accounts payable-trade	18,181	17,865
Electronically recorded obligations-operating	4,116	4,001
Short-term debt	5,733	5,742
Current portion of long-term debt	—	53
Accrued income taxes	4,431	2,835
Provision for bonuses	3,173	4,908
Provision for losses on construction contracts	10,227	10,233
Other provision	2,419	2,106
Advances from customers	20,999	23,166
Other	15,020	16,381
Total current liabilities	84,304	87,294
Non-current liabilities		
Long-term debt	128	203
Net defined benefit liability	4,595	4,572
Other	2,198	2,421
Total non-current liabilities	6,921	7,196
Total liabilities	91,225	94,491
Net assets		
Shareholders' equity		
Paid-in capital	12,533	12,533
Additional paid-in capital	14,565	14,565
Retained earnings	111,405	105,939
Treasury stock	(2,155)	(2,155)
Total Shareholders' equity	136,349	130,883
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	4,806	4,893
Deferred gains or losses on hedges	(125)	(72)
Foreign currency translation adjustments	7,473	13,841
Remeasurements of defined benefit plans	(146)	(112)
Total accumulated other comprehensive income	12,008	18,550
Stock acquisition rights	35	35
Non-controlling interests	16,783	17,860
Total net assets	165,177	167,329
Total liabilities and net assets	256,402	261,821

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

Quarterly Consolidated Statements of Income

For the three months ended June 30, 2023 and June 30, 2024

(Millions of yen)

	FY2023 Q1 (April 1 - June 30, 2023)	FY2024 Q1 (April 1 - June 30, 2024)
Net sales	50,453	56,185
Cost of sales	38,891	43,574
Gross profit	11,561	12,610
Selling, general and administrative expenses	7,741	8,639
Operating income	3,820	3,971
Other income		
Interest income	446	710
Dividend income	124	131
Foreign exchange gains	230	521
Other	160	162
Total other income	961	1,526
Other expenses		
Interest expenses	89	104
Provision of allowance for doubtful accounts	96	—
Other	24	13
Total other expenses	210	117
Ordinary income	4,571	5,380
Special gain		
Gain on sales of non-current assets	0	25
Gain on sales of investment securities	86	—
Total special gain	87	25
Special loss		
Loss on sales and retirement of non-current assets	9	5
Impairment loss	22	5
Total special loss	32	10
Profit before income taxes	4,626	5,394
Income taxes expense	1,478	1,730
Deferred taxes expense	(685)	(297)
Total income taxes	793	1,432
Profit	3,833	3,962
Profit attributable to non-controlling interests	286	64
Profit attributable to owners of parent	3,546	3,897

Quarterly Consolidated Statements of Comprehensive Income
For the three months ended June 30, 2023 and June 30, 2024

(Millions of yen)

	FY2023 Q1 (April 1 - June 30, 2023)	FY2024 Q1 (April 1 - June 30, 2024)
Profit	3,833	3,962
Other comprehensive income		
Valuation difference on available-for-sale securities	821	86
Deferred gains or losses on hedges	11	64
Foreign currency translation adjustments	1,288	7,363
Remeasurements of defined benefit plans	(43)	33
Total other comprehensive income	2,076	7,548
Comprehensive income	5,909	11,511
Comprehensive income attributable to:		
Owners of parent	5,398	10,439
Non-controlling interests	511	1,071

(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 Current Income Taxes)

The Company adopted *Accounting Standard for Current Income Taxes* (ASBJ Statement No. 27, October 28, 2022; "Revised Accounting Standard 2022," below) as of the beginning of the first quarter of the current consolidated fiscal year.

The revised classifications for income taxes (taxes on other comprehensive income) follows the transitional treatment detailed in the proviso of paragraph 20-3 of Revised Accounting Standard 2022 and the transitional treatment detailed in the proviso of paragraph 65-2(2) of Guidance on Accounting for Tax Effect Accounting (ASBJ Guidance No. 28, October 28, 2022; "Revised Guidance 2022," below). The adoption of this accounting standard did not have any impact on the quarterly consolidated financial statements and per-share information of the Company.

Further, the Company has adopted Revised Guidance 2022 as of the beginning of the first quarter of the current consolidated fiscal year for the revised treatment of consolidated financial statements when gains or losses arising from the sale of shares, etc., in subsidiaries between consolidated companies is deferred for tax purposes. The Company applied this change in accounting policy retrospectively, and we have prepared the quarterly consolidated financial statements and the consolidated financial statements for the previous consolidated fiscal year on this retrospective basis. The adoption of this change in policy had no impact on the quarterly consolidated financial statements and the consolidated financial statements for the previous consolidated fiscal year.

(Segment and Other Information)

I Three months ended June 30, 2023

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

(Millions of yen)

	Reportable Segments					Adjustments (Note 1)	Amount to quarterly consolidated statements of income (Note 2)
	Japan	East Asia	South Asia	The Americas and Europe	Total		
Net sales							
Sales to external customers	17,866	14,928	7,982	9,675	50,453	—	50,453
Intersegment sales/transfers	841	2,686	0	17	3,546	(3,546)	—
Total	18,708	17,615	7,982	9,693	53,999	(3,546)	50,453
Segment income	202	1,312	2,251	204	3,970	(149)	3,820

Notes 1. Segment income adjustments of (149) million yen include eliminations of intersegment transactions of (0) million yen and inventory adjustments of (149) million yen.

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

3. The Company finalized the provisional accounting treatment for a business combination in the previous consolidated fiscal year. Segment income reflects the details of the finalization of the provisional accounting treatment.

2. Information related to impairment of non-current assets, goodwill, etc. by reportable segment

There were no significant events or changes.

II Three months ended June 30, 2024

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

(Millions of yen)

	Reportable Segments					Adjustments (Note 1)	Amount to quarterly consolidated statements of income (Note 2)
	Japan	East Asia	South Asia	The Americas and Europe	Total		
Net sales							
Sales to external customers	21,219	13,450	8,613	12,901	56,185	—	56,185
Intersegment sales/transfers	631	2,616	1	13	3,264	(3,264)	—
Total	21,851	16,067	8,615	12,915	59,449	(3,264)	56,185
Segment income	1,659	370	1,689	297	4,016	(45)	3,971

Notes 1. Segment income adjustments of (45) million yen include eliminations of intersegment transactions of 0 million yen and inventory adjustments of (45) million yen.

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

2. Information related to impairment of non-current assets, goodwill, etc. by reportable segment

There were no significant events or changes.

(Notes to Statements of Cash Flows)

The Company did not prepare a quarterly consolidated statements of cash flows for the first quarter of the current consolidated fiscal year. Depreciation and amortization (including amortization related to intangible assets excluding goodwill) and amortization of goodwill for the first quarter of the current consolidated fiscal are as shown below.

	FY2023 Q1 April 1 - June 30, 2023	FY2024 Q1 April 1 - June 30, 2024
Depreciation and amortization	1,029	1,227
Amortization of goodwill	35	71