

July 30, 2021

Summary of Consolidated Financial Results
for the First Quarter of the Fiscal Year Ending March 31, 2022
[Japan Standards]

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 Date of filing of financial statements August 10, 2021
 Date of commencement of dividend payment —
 Supplementary explanation document for the accounts is created. Yes
 Briefing for the accounts (for investment analysts and fund managers) is held. Yes

(Millions of yen rounded down)

1. Consolidated Operating Results for the First Quarter of the Fiscal Year Ending March 31, 2022
(April 1, 2021 to June 30, 2021)

(1) Consolidated Operating Results (Cumulative)

(% figures represent year-on-year increase or decrease)

	Net Sales		Operating Income		Ordinary Income		Net Income Attributable to Shareholders of Parental Company	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Q1/ FY ending March 2022	17,163	17.8	1,791	24.5	1,813	24.0	1,323	20.7
Q1/ FY ended March 2021	14,574	(15.5)	1,439	(27.3)	1,461	(22.7)	1,096	(22.9)

(Note) Comprehensive income

Q1/ FY ending March 2022: 1,347 million yen (-4.6%)
 Q1/ FY ended March 2021: 1,412 million yen (66.4%)

	Net Income per Share	Net Income per Share after Dilution
	Yen	Yen
Q1/ FY ending March 2022	27.75	—
Q1/ FY ended March 2021	22.43	—

(2) Consolidated Financial Position

	Total Assets	Net Assets	Equity Ratio	Net Assets per Share
	Millions of yen	Millions of yen	%	Yen
As of June 30, 2021	101,049	77,714	76.8	1,627.12
As of March 31, 2021	102,538	78,696	76.7	1,647.68

(Reference) Shareholders' equity

As of June 30, 2021: 77,618 million yen
 As of March 31, 2021: 78,599 million yen

2. Dividends

	Dividends per Share				
	End of Q1	End of Q2	End of Q3	End of Q4	Total
	Yen	Yen	Yen	Yen	Yen
FY ended March 2021	—	—	—	48.00	48.00
FY ending March 2022	—	—	—	—	—
FY ending March 2022 (Forecast)	—	—	—	50.00	50.00

(Note) Revision of forecasts on the dividends: None

3. Forecasts of Consolidated Operating Results for the Fiscal Year Ending March 31, 2022 (April 1, 2021 to March 31, 2022)

(% figures represent year-on-year increase or decrease)

	Net Sales		Operating Income		Ordinary Income		Net Income Attributable to Shareholders of Parental Company		Net Income per Share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
First half	32,800	9.2	3,350	11.5	3,350	14.8	2,500	10.4	52.41
Full year	67,400	5.3	7,100	6.2	7,100	4.0	5,250	1.9	110.06

(Note) Revision of forecasts on the consolidated operation results: None

* Notes

(1) Changes in material subsidiaries during the consolidated cumulative period under review (changes in specific subsidiaries affecting the scope of consolidation): None

New: — (Company name:) Excluded: — (Company name:)

(2) Application of specific accounting procedures for the preparation of quarterly consolidated financial statements: Yes

(3) Changes in accounting principles, changes in accounting estimates and restatements

1) Changes due to revisions to accounting standards, etc.: Yes

2) Changes other than 1): None

3) Changes in accounting estimates: None

4) Restatements: None

(4) Number of outstanding shares (common stock)

1) Number of shares outstanding at term-end (including treasury stock)

As of June 30, 2021: 47,937,426 shares

As of March 31, 2021: 47,937,426 shares

2) Amount of treasury stock at term-end

As of June 30, 2021: 234,571 shares

As of March 31, 2021: 234,490 shares

3) Amount of average stock during term (quarter accumulation)

Three months ended June 30, 2021: 47,702,860 shares

Three months ended June 30, 2020: 48,907,152 shares

***This quarterly summary of consolidated financial results is excluded from quarterly review by certified public accountants or auditing corporations.**

*Explanation and other special notes regarding the appropriate use of the earnings forecast

Statements on the future of our business in these materials, including the earnings forecast, are based on information available at this moment and certain preconditions which we judge as rational and appropriate. Therefore, actual results and other achievements may differ from the above forecasts for various reasons. For the preconditions of our earnings forecast and matters to be noticed when using the forecast, please refer to page 4 of the appendix, "1. Qualitative Information on Current Quarterly Results, (3) Explanation Concerning Forward-looking Statements Such as Forecasts of Consolidated Operating Results."

The materials for briefing of the accounts and supplementary explanation documents for the accounts shall be made available on our website (https://www.max-ltd.co.jp/ir/kes_title.html).

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[Qualitative Information and Financial Statements]

1. Qualitative Information on Current Quarterly Results

(1) Explanation Concerning Qualitative Information on Operating Results

1) Business results of all companies during the consolidated cumulative period under review

(Millions of yen, %)

	Q1/ FY 2022 (Ending March 2022)	Q1/ FY 2021 (Ended March 2021)	Year-on-year Change	
			Increase (Decrease)	Rate of Increase (Decrease)
Net Sales	17,163	14,574	+2,589	+17.8
Operating Income	1,791	1,439	+352	+24.5
Ordinary Income	1,813	1,461	+351	+24.0
Net Income Attributable to Shareholders of Parental Company	1,323	1,096	+226	+20.7
Net Income per Share (yen)	27.75 yen	22.43 yen	+5.32 yen	—
Operating Margin	10.4	9.9	+0.5 points	

During the consolidated cumulative period under review (April 1, 2021 to June 30, 2021), conditions in the Japanese economy continued to be uncertain due to weakness in personal consumption, etc., caused by restrictions on economic activities in response to the impact of COVID-19. In the housing market which affects the Group's Industrial Equipment segment, the number of new housing construction starts in Japan increased compared to the previous fiscal year due to factors such as recovery trends for owner-occupied housing and rental housing.

Looking overseas, economic activities in Europe continued to be suppressed, although recovery trends can be seen in some areas. In the U.S. economy, the pace of economic recovery has accelerated due to strong personal consumption and an increase in the number of new housing construction starts.

Under such circumstances, net sales increased 17.8% from the previous corresponding period to ¥17,163 million, and operating income increased 24.5% from the previous corresponding period to ¥1,791 million. Ordinary income increased 24.0% from the previous corresponding period to ¥1,813 million, and net income attributable to shareholders of parental company also increased 20.7% from the previous corresponding period to ¥1,323 million.

2) Business results by segment for the consolidated cumulative period under review

(Millions of yen, %)

		Q1/ FY 2022 (Ending March 2022)	Q1/ FY 2021 (Ended March 2021)	Year-on-year Change	
				Increase (Decrease)	Rate of Increase (Decrease)
Office Equipment	Net Sales	4,396	4,156	+239	+5.8
	Segment Profit	691	732	(41)	(5.6)
	Segment Profit Rate	15.7	17.6	(1.9) points	
Industrial Equipment	Net Sales	12,080	9,831	+2,248	+22.9
	Segment Profit	1,813	1,349	+463	+34.4
	Segment Profit Rate	15.0	13.7	+1.3 points	
HCR Equipment	Net Sales	687	586	+101	+17.2
	Segment Profit	(20)	(22)	+1	—
	Segment Profit Rate	(3.0)	(3.8)	+0.8 points	
Adjustments (Group-wide Expenses)		(692)	(620)	(72)	—
Group-wide	Net Sales	17,163	14,574	+2,589	+17.8
	Operating Income	1,791	1,439	+352	+24.5
	Operating Margin	10.4	9.9	+0.5 points	

Office Equipment Segment

Business results for the Office Equipment segment were as follows: Net sales of ¥4,396 million (an increase of 5.8% from the previous corresponding period), segment profit of ¥691 million (a decrease of 5.6% from the previous corresponding period), and segment profit rate of 15.7%.

In the domestic office operations, net sales were ¥1,796 million (an increase of 7.3% from the previous corresponding period).

Revenue increased due to growing sales for the tube marker LETATWIN, for which new products were released in June, and for labelling and signage products such as BEPOP label-making machines.

In the overseas office operations, net sales were ¥1,122 million (an increase of 34.9% from the previous corresponding period).

Revenue increased due to growing sales of labelling and signage products such as the tube marker LETATWIN in China, and to recovery in the sales of stationery-related products in Southeast Asia.

In the auto-stapler operations, net sales were ¥1,477 million (a decrease of 10.5% from the previous corresponding period).

Revenue decreased year-on-year as people continued to work from home due to the impact of COVID-19, although recovery was observed from the low point of the second quarter of the previous fiscal year.

Industrial Equipment Segment

Business results for the Industrial Equipment segment were as follows: Net sales of ¥12,080 million (an increase of 22.9% from the previous corresponding period), segment profit of ¥1,813 million (an increase of 34.4% from the previous corresponding period), and segment profit rate of 15.0%.

In the domestic industrial equipment product operations, net sales were ¥4,385 million (an increase of 6.1% from the previous corresponding period).

Revenue increased due to growing sales of tools for wooden structures and their consumables resulting from a recovery in the number of new housing construction starts, and from growing sales of tools for concrete structures with a focus on consumables for TWINTIER rebar tying tools.

In the overseas industrial equipment product operations, net sales were ¥5,232 million (an increase of 51.9% from the previous corresponding period).

Sales of TWINTIER rebar tying tools and other tools for concrete structures increased, particularly in the civil engineering market due to growing demand for public projects in Western countries. Sales of tools for wooden structures also increased in conjunction with a strong number of new housing construction starts in the U.S.

In the residential environmental equipment operations, net sales were ¥2,461 million (an increase of 9.3% from the previous corresponding period).

Revenue increased due to growing sales of DRYFAN bathroom heaters, ventilators and dehumidifiers, which are the mainstay of the business, in the new housing market and the housing stock market for renovation and replacement.

HCR Equipment Segment

Business results for the HCR Equipment segment were as follows: Net sales of ¥687 million (an increase of 17.2% from the previous corresponding period) and a negative segment profit of ¥20 million.

Although restrictions on sales activities continued from the previous term, revenue increased due to growing sales mainly for high value-added wheelchairs thanks to enhanced proposal activities of new wheelchairs in the nursing care market.

(2) Explanation Concerning Financial Position

1) Summary of Consolidated Balance Sheets

(Millions of yen, %)

	Q1/ FY 2022 (As of June 30, 2021)	FY 2021 (As of March 31, 2021)	Comparison with Position at End of Previous Consolidated Fiscal Year	
			Increase (Decrease)	Rate of Increase (Decrease)
Total Assets	101,049	102,538	(1,489)	(1.5)
Net Assets	77,714	78,696	(982)	(1.2)
Equity Ratio	76.8	76.7	+0.1 points	

Assets decreased ¥1,489 million compared to the end of the previous consolidated fiscal year, to ¥101,049 million. Current assets decreased ¥2,388 million due to factors such as a decline of ¥3,304 million in cash and deposits, despite an increase of ¥599 million in marketable securities. Non-current assets increased ¥898 million due to factors such as a rise of ¥1,456 million in property, plant and equipment, despite a decrease of ¥790 million in investment securities.

Liabilities decreased ¥507 million compared to the end of the previous consolidated fiscal year, to ¥23,335 million. Current liabilities decreased ¥325 million due to factors such as a fall of ¥974 million in provision for bonuses. Non-current liabilities also decreased ¥181 million, as net defined benefit liability fell ¥98 million.

Net assets decreased ¥982 million compared to the end of the previous consolidated fiscal year, to ¥77,714 million. Despite having reached a net income attributable to shareholders of parental company of ¥1,323 million, shareholders' equity decreased ¥1,005 million due to a ¥2,289 million payment of cash dividends.

Accumulated other comprehensive income increased ¥25 million due to factors such as a rise of ¥132 million in foreign currency translation adjustment, despite a decrease of ¥183 million in valuation difference on available-for-sale securities.

2) Analysis of Consolidated Cash Flow

The balance of cash and cash equivalents ("funds") during the consolidated cumulative period under review was ¥18,117 million due to a decrease of ¥3,304 million.

Factors in the status of each type of cash flow in the consolidated cumulative period under review were as follows.

Cash flows from operating activities

Funds obtained from operating activities in the consolidated cumulative period under review amounted to ¥1,103 million. The key increases came from net income before income taxes of ¥1,806 million, depreciation of ¥633 million, and a decrease of ¥615 million in notes and accounts receivable-trade. The key decreases came from a decrease of ¥975 million in provision for bonuses and ¥557 million paid as income taxes.

Cash flows from investment activities

Funds used in investment activities in the consolidated cumulative period under review amounted to ¥2,189 million. The key decreases came from purchase of property, plant and equipment of ¥2,045 million and purchase of short-term and long-term investment securities of ¥601 million. The key increase came from proceeds of ¥500 million from sales and redemption of short-term and long-term investment securities

Cash flows from financing activities

Funds used in financing activities in the consolidated cumulative period under review amounted to ¥2,353 million. The key decrease was ¥2,288 million in cash dividends paid.

(3) Explanation Concerning Forward-looking Statements Such as Forecasts of Consolidated Operating Results

There is no change in the forecast of operating results announced on April 28, 2021 for the consolidated cumulative second quarter and the full year for the fiscal year ending March 31, 2022.

Dividends

Our basic dividend policy is to maintain "a minimum of 40% payout ratio with a target ratio of dividends to net assets of 3.0%," based on the consolidated financial statement.

In the fiscal year under review, there is the possibility that the Company's operating results will be impacted by factors such as the uncertain economic environment and exchange rate fluctuations. At the current point in time, operating revenue is strong and there is no change in our plan to pay an annual dividend of ¥50 per share as announced on April 28, 2021, which is an increase of ¥2 per share from the annual dividend of ¥48 that was paid in the previous fiscal year.

2. Quarterly Consolidated Financial Statements and Main Notes

(1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	FY 2021 (As of March 31, 2021)	Q1/ FY 2022 (As of June 30, 2021)
ASSETS		
Current assets		
Cash and deposits	21,421	18,117
Notes and accounts receivable-trade	12,628	12,032
Marketable securities	3,908	4,507
Merchandise and finished goods	6,616	6,943
Work in process	798	841
Raw materials	1,090	1,191
Other	785	1,226
Allowance for doubtful accounts	(1)	(2)
Total current assets	47,246	44,858
Non-current assets		
Property, plant and equipment	22,727	24,184
Intangible assets	332	362
Investments and other assets		
Investment securities	27,589	26,799
Other	4,651	4,854
Allowance for doubtful accounts	(9)	(9)
Total investments and other assets	32,231	31,644
Total non-current assets	55,292	56,191
Total assets	102,538	101,049
LIABILITIES		
Current liabilities		
Accounts payable-trade	3,561	3,547
Short-term loans payable	1,850	1,850
Income taxes payable	565	647
Provision for bonuses	1,834	860
Provision for directors' bonuses	58	13
Provision for product warranties	68	121
Other	3,862	4,435
Total current liabilities	11,800	11,475
Non-current liabilities		
Long-term loans payable	150	150
Provision for product warranties	13	12
Net defined benefit liability	10,789	10,691
Asset retirement obligations	41	41
Other	1,046	964
Total non-current liabilities	12,041	11,860
Total liabilities	23,842	23,335

(Millions of yen)

	FY 2021 (As of March 31, 2021)	Q1/ FY 2022 (As of June 30, 2021)
NET ASSETS		
Shareholders' equity		
Capital stock	12,367	12,367
Capital surplus	10,517	10,517
Retained earnings	55,872	54,866
Treasury stock	(373)	(374)
Total shareholders' equity	78,384	77,378
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,259	1,075
Revaluation reserve for land	(339)	(339)
Foreign currency translation adjustment	236	368
Remeasurements of defined benefit plans	(940)	(864)
Total accumulated other comprehensive income	215	240
Non-controlling interests	97	95
Total net assets	78,696	77,714
Total liabilities and net assets	102,538	101,049

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

(Millions of yen)

	Q1/ FY 2021 (From April 1, 2020 to June 30, 2020)	Q1/ FY 2022 (From April 1, 2021 to June 30, 2021)
Net sales	14,574	17,163
Cost of sales	8,343	9,943
Gross profit	6,231	7,220
Selling, general and administrative expenses		
Salaries	1,407	1,472
Provision for bonuses	447	506
Provision for directors' bonuses	10	13
Retirement benefit expenses	276	186
Packing and delivery expenses	578	908
Promotion expenses	199	223
Depreciation	182	205
Other	1,688	1,912
Total selling, general and administrative expenses	4,791	5,428
Operating income	1,439	1,791
Non-operating income		
Interest income	20	13
Dividend income	47	42
Other	21	48
Total non-operating income	89	104
Non-operating expenses		
Interest expenses	10	17
Taxes and dues	2	6
Foreign exchange losses	49	50
Other	4	8
Total non-operating expenses	66	83
Ordinary income	1,461	1,813
Extraordinary income		
Gain on sales of non-current assets	—	1
Refund of customs duties from previous year	59	—
Total extraordinary income	59	1
Extraordinary loss		
Loss on sales of non-current assets	—	0
Loss on abandonment of non-current assets	4	8
Total extraordinary loss	4	8
Net income before income taxes	1,516	1,806
Income taxes	422	484
Net income	1,093	1,322
Net income (loss) attributable to non-controlling interests	(3)	(1)
Net income attributable to shareholders of parental company	1,096	1,323

(Quarterly Consolidated Statement of Comprehensive Income)

(Millions of yen)

	Q1/ FY 2021 (From April 1, 2020 to June 30, 2020)	Q1/ FY 2022 (From April 1, 2021 to June 30, 2021)
Net income	1,093	1,322
Other comprehensive income		
Valuation difference on available-for-sale securities	159	(183)
Foreign currency translation adjustment	(2)	131
Adjustments relating to retirement benefits	162	76
Total other comprehensive income	318	24
Comprehensive income	1,412	1,347
(Breakdown)		
Comprehensive income attributable to shareholders of parental company	1,416	1,348
Comprehensive income attributable to non- controlling interests	(3)	(1)

(3) Quarterly Consolidated Statement of Cash Flows

(Millions of yen)

	Q1/ FY 2021 (From April 1, 2020 to June 30, 2020)	Q1/ FY 2022 (From April 1, 2021 to June 30, 2021)
Cash flows from operating activities		
Net income before income taxes	1,516	1,806
Depreciation	621	633
Increase (decrease) in allowance for doubtful accounts	(0)	1
Increase (decrease) in provision for bonuses	(944)	(975)
Increase (decrease) in provision for directors' bonuses	(33)	(44)
Increase (decrease) in provision for product warranties	(5)	(3)
Increase (decrease) in net defined benefit liability	123	11
Interest and dividend income	(68)	(56)
Interest expenses	10	17
Foreign exchange losses (gains)	(26)	15
Loss on abandonment of non-current assets	4	8
Loss (gain) on sales of non-current assets	—	(1)
Refund of customs duties from previous year	(59)	—
Increase (decrease) in deposits received from employees	374	420
Decrease (increase) in notes and accounts receivable-trade	2,207	615
Decrease (increase) in inventories	(643)	(446)
Increase (decrease) in notes and accounts payable-trade	(300)	(17)
Increase (decrease) in accrued consumption taxes	(154)	(107)
Decrease (increase) in other assets	(163)	(398)
Increase (decrease) in other liabilities	10	134
Subtotal	2,468	1,613
Interest and dividend income received	82	66
Interest expenses paid	(13)	(19)
Income taxes (paid) refund	(368)	(557)
Refund of customs duties from previous year	59	—
Cash flows from operating activities	2,228	1,103
Cash flows from investment activities		
Purchase of short-term and long-term investment securities	(0)	(601)
Proceeds from sales and redemption of short-term and long-term investment securities	500	500
Purchase of property, plant and equipment	(1,348)	(2,045)
Proceeds from sales of property, plant and equipment	—	1
Purchase of intangible assets	(48)	(53)
Payments of loans receivable	(0)	(0)
Collection of loans receivable	19	10
Cash flows from investment activities	(878)	(2,189)

(Millions of yen)

	Q1/ FY 2021 (From April 1, 2020 to June 30, 2020)	Q1/ FY 2022 (From April 1, 2021 to June 30, 2021)
Cash flows from financing activities		
Purchase of treasury shares	(0)	(0)
Cash dividends paid	(2,248)	(2,288)
Repayments of lease obligations	(65)	(64)
Cash flows from financing activities	(2,313)	(2,353)
Effect of exchange rate change on cash and cash equivalents	(32)	135
Net increase (decrease) in cash and cash equivalents	(996)	(3,304)
Balance of cash and cash equivalents, beginning of the period	21,849	21,421
Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation	11	—
Quarterly balance of cash and cash equivalents at the end of the period	20,864	18,117

(4) Notes Relating to the Quarterly Consolidated Financial Statements

(Notes Relating to the Assumption of Going Concern)

None.

(Notes on Significant Changes in the Amount of Shareholders' Equity)

None.

(Changes in Material Subsidiaries During the Consolidated Cumulative Period Under Review)

None.

(Application of Specific Accounting Procedures for the Preparation of Quarterly Consolidated Financial Statements)

(Calculation of Tax Expenses)

Tax expenses are calculated by multiplying pre-tax current net income for the fiscal year (including the first quarter currently under review) by an effective tax rate reasonably estimated by applying tax effect accounting to estimated income before income taxes.

(Changes in Accounting Principles)

(Application of Accounting Standards, etc., Related to Revenue Recognition)

From the beginning of the consolidated first quarter under review, the Company has applied the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29; March 31, 2020; hereinafter, "Revenue Recognition Accounting Standard"), etc. Accordingly, once control of the promised goods or services has been transferred to the customer, the monetary amount expected to be received in exchange for said goods or services is recognized as revenue.

In applying the Revenue Recognition Accounting Standard, etc., the Company complies with the transitional treatment stipulated in the proviso of Paragraph 84 in the Revenue Recognition Accounting Standard. The cumulative financial effect of applying the new accounting principle retroactively to events before the beginning of the consolidated first quarter under review is added to or subtracted from the retained earnings at the beginning of the consolidated first quarter under review, and the new accounting principle is applied from the balance at the beginning of the quarter onward.

The impact of this change on the balance of retained earnings at the beginning of the current fiscal year, profit (loss) for the consolidated cumulative first quarter under review, and per share information is insignificant.

(Segment Information)

Q1 of FY 2021 (From April 1, 2020 to June 30, 2020)

1) Information on the amount of sales, profit and losses for each reported segment

(Millions of yen)

	Reported segments			Adjustments	Total
	Office Equipment	Industrial Equipment	HCR Equipment		
Net sales					
Net sales to outside customers	4,156	9,831	586	—	14,574
Inter-segment sales or transfers	—	—	—	—	—
Total	4,156	9,831	586	—	14,574
Segment profit (loss)	732	1,349	(22)	(620)	1,439

(Notes) 1. Segment profit (loss) is consistent with operating income in the quarterly consolidated statement of income.

2. The segment profit adjustment of negative ¥620 million includes the negative ¥620 million of the Group-wide expenses, which are not allocated to the individual reported segments. Group-wide expenses are mainly comprised of general and administrative expenses not attributable to the reported segment.

Q1 of FY 2022 (From April 1, 2021 to June 30, 2021)

1) Information on the amount of sales, profit and losses for each reported segment

(Millions of yen)

	Reported segments			Adjustments	Total
	Office Equipment	Industrial Equipment	HCR Equipment		
Net sales					
Net sales to outside customers	4,396	12,080	687	—	17,163
Inter-segment sales or transfers	—	—	—	—	—
Total	4,396	12,080	687	—	17,163
Segment profit (loss)	691	1,813	(20)	(692)	1,791

(Notes) 1. Segment profit is consistent with operating income in the quarterly consolidated statement of income.

2. The segment profit adjustment of negative ¥692 million includes the negative ¥692 million of the Group-wide expenses, which are not allocated to the individual reported segments. Group-wide expenses are mainly comprised of general and administrative expenses not attributable to the reported segment.