

Summary of Consolidated Financial Results
for the First Half of the Fiscal Year Ending March 31, 2023
[Japan Standards]

Company name: MAX Co., Ltd.	Stock listing: Tokyo Stock Exchange
Securities code: 6454	URL: https://www.max-ltd.co.jp/
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Date of filing of financial statements	November 11, 2022
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 Half of the Fiscal Year Ending March 31, 2023
(April 1, 2022 to September 30, 2022)

(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	%
H1/ FY ending March 2023	41,963	18.1	4,436	16.4	5,723	50.3	4,129	45.7
H1/ FY ended March 2022	35,521	18.2	3,810	26.8	3,808	30.5	2,833	25.1

(Note) Comprehensive income

H1/ FY ending March 2023:	6,387 million yen (120.5%)
H1/ FY ended March 2022:	2,896 million yen (3.5%)

	Net Income per Share	Net Income per Share after Dilution
	Yen	Yen
H1/ FY ending March 2023	87.29	—
H1/ FY ended March 2022	59.56	—

(2) Consolidated Financial Position

	Total Assets	Net Assets	Equity Ratio	Net Assets per Share
	Millions of yen	Millions of yen	%	Yen
As of September 30, 2022	113,644	86,495	76.0	1,826.21
As of March 31, 2022	109,043	83,136	76.1	1,755.41

(Reference) Shareholders' equity

As of September 30, 2022:	86,384 million yen
As of March 31, 2022:	83,035 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 2022	—	—	—	64.00	64.00
FY ending March 2023	—	—	—	—	—
FY ending March 2023 (Forecast)	—	—	—	64.00	64.00

(Note) Revision of forecasts on the dividends: None

3. Forecasts of Consolidated Operating Results for the Fiscal Year Ending March 31, 2023 (April 1, 2022 to March 31, 2023)

(% 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
Full year	85,400	15.5	9,000	20.0	9,800	18.3	7,200	18.2	152.21

(Note) Revision of forecasts on the consolidated operation results: Yes

* 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 September 30, 2022: 47,537,426 shares

As of March 31, 2022: 47,537,426 shares

2) Amount of treasury stock at term-end

As of September 30, 2022: 235,114 shares

As of March 31, 2022: 234,892 shares

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

Six months ended September 30, 2022: 47,302,440 shares

Six months ended September 30, 2021: 47,569,439 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."

Table of Contents of the appendix

1. Qualitative Information on Current Quarterly Results	2
(1) Explanation Concerning Qualitative Information on Operating Results	2
(2) Explanation Concerning Financial Position.....	4
(3) Explanation Concerning Forward-looking Statements Such as Forecasts of Consolidated Operating Results ...	4
2. Quarterly Consolidated Financial Statements and Main Notes	6
(1) Quarterly Consolidated Balance Sheets	6
(2) Quarterly Consolidated Statements of Income and Comprehensive Income.....	8
(3) Quarterly Consolidated Statement of Cash Flows	10
(4) Notes Relating to the Quarterly Consolidated Financial Statements	12
(Notes Relating to the Assumption of Going Concern).....	12
(Notes on Significant Changes in the Amount of Shareholders' Equity).....	12
(Changes in Material Subsidiaries During the Consolidated Cumulative Period Under Review).....	12
(Application of Specific Accounting Procedures for the Preparation of Quarterly Consolidated Financial Statements).....	12
(Changes in Accounting Principles).....	12
(Segment Information).....	13

[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, %)

	H1/ FY 2022 (Ending March 2023)	H1/ FY 2021 (Ended March 2022)	Year-on-year Change	
			Increase (Decrease)	Rate of Increase (Decrease)
Net Sales	41,963	35,521	+6,442	+18.1
Operating Income	4,436	3,810	+625	+16.4
Ordinary Income	5,723	3,808	+1,915	+50.3
Net Income Attributable to Shareholders of Parental Company	4,129	2,833	+1,296	+45.7
Net Income per Share (yen)	87.29 yen	59.56 yen	+27.73 yen	—
Operating Margin	10.6	10.7	(0.1) points	

During the consolidated cumulative period under review (April 1 to September 30, 2022), the global economy continued to show signs of recovery due to normalization of economic and social activities.

In the housing market, which affects the Group's Industrial Equipment segment, the number of new housing construction starts in Japan remained firm, with a focus on rentals and unit sales. In the U.S., though housing starts continued to slow, impacted by rising mortgage interest rates and construction costs, but construction investment trended firm. The European market continued a gradual recovery, although some faltering of this trend was seen, for example in weakened consumer sentiment caused by rising energy prices.

Corporate earnings were also affected by globally elevated material prices and logistical costs, which created restrictions in procurement and supply, and by a depreciating trend in the Japanese yen.

Under such circumstances, net sales increased 18.1% from the previous corresponding period to ¥41,963 million, and operating income increased 16.4% from the previous corresponding period to ¥4,436 million. Ordinary income increased 50.3% from the previous corresponding period to ¥5,723 million, and net income attributable to shareholders of parental company also increased 45.7% from the previous corresponding period to ¥4,129 million.

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

(Millions of yen, %)

		H1/ FY 2022 (Ending March 2023)	H1/ FY 2021 (Ended March 2022)	Year-on-year Change	
				Increase (Decrease)	Rate of Increase (Decrease)
Office Equipment	Net Sales	10,758	8,749	+2,008	+23.0
	Segment Profit	2,155	1,309	+846	+64.6
	Segment Profit Rate	20.0	15.0	+5.0 points	
Industrial Equipment	Net Sales	29,636	25,368	+4,268	+16.8
	Segment Profit	4,054	3,922	+131	+3.4
	Segment Profit Rate	13.7	15.5	(1.8) points	
HCR Equipment	Net Sales	1,569	1,404	+165	+11.8
	Segment Profit	(98)	(19)	(79)	—
	Segment Profit Rate	(6.3)	(1.4)	(4.9) points	
Adjustments (Group-wide Expenses)		(1,674)	(1,401)	(273)	—
Group-wide	Net Sales	41,963	35,521	+6,442	+18.1
	Operating Income	4,436	3,810	+625	+16.4
	Operating Margin	10.6	10.7	(0.1) points	

Office Equipment Segment

Business results for the Office Equipment segment were as follows: Net sales of ¥10,758 million (an increase of 23.0% from the previous corresponding period), segment profit of ¥2,155 million (an increase of 64.6% from the previous corresponding period), and segment profit rate of 20.0%.

In domestic office equipment product operations, net sales were ¥3,372 million (a decrease of 1.7% from the previous corresponding period).

Though sales of BEPOP label-making machines increased, shortages of electronic components resulted in a decline in sales of LETATWIN tube markers.

In overseas office equipment product operations, net sales were ¥3,051 million (an increase of 43.4% from the previous corresponding period).

Sales of stationery-related products rose, particularly in Southeast Asia, while easing of restrictions on sales activities in regions/countries such as Europe and China supported favorable sales of BEPOP label-making machines.

In auto-stapler product operations, net sales were ¥4,333 million (an increase of 35.9% from the previous corresponding period).

Orders from business partners rose in response to recovery in office occupancy rates, driving an increase in sales of Auto Staplers and dedicated consumables.

Industrial Equipment Segment

Business results for the Industrial Equipment segment were as follows: Net sales of ¥29,636 million (an increase of 16.8% from the previous corresponding period), segment profit of ¥4,054 million (an increase of 3.4% from the previous corresponding period), and segment profit rate of 13.7%.

In domestic industrial equipment product operations, net sales were ¥10,014 million (an increase of 9.2% from the previous corresponding period).

Sales of TWINTIER rebar tying tools and dedicated consumables trended favorably, due to factors such as successful proposal activities regarding large-jaw machines for tying thick reinforcing bars.

In overseas industrial equipment product operations, net sales were ¥14,315 million (an increase of 27.7% from the previous corresponding period).

Sales of TWINTIER rebar tying tools and dedicated consumables advanced, against a background of heightened demand for mechanization due to firm market conditions and normalization of personnel shortages. Sales of tools for wooden structures also expanded.

In residential environmental equipment operations, net sales were ¥5,306 million (an increase of 6.4% from the previous corresponding period).

Sales of DRYFAN bathroom heaters, ventilators and dehumidifiers, which are the mainstay of the business, advanced in the new-built housing market.

HCR Equipment Segment

Business results for the HCR Equipment segment were as follows: Net sales of ¥1,569 million (an increase of 11.8% from the previous corresponding period) and a negative segment profit of ¥98 million.

Although sales activities with respect to some hospitals and facilities continued to stall, revenue increased overall, as sales of high value-added wheelchairs to rental wholesalers were favorable. However, profitability deteriorated amid the ongoing weakening of the Japanese yen.

(2) Explanation Concerning Financial Position

1) Summary of Consolidated Balance Sheets

(Millions of yen, %)

	Q2/ FY 2022 (As of September 30, 2022)	FY 2021 (As of March 31, 2022)	Comparison with Position at End of Previous Consolidated Fiscal Year	
			Increase (Decrease)	Rate of Increase (Decrease)
Total Assets	113,644	109,043	+4,601	+4.2
Net Assets	86,495	83,136	+3,359	+4.0
Equity Ratio	76.0	76.1	(0.1) points	

Assets increased ¥4,601 million compared to the end of the previous consolidated fiscal year, to ¥113,644 million. Current assets increased ¥5,624 million mainly due to increases of ¥1,156 million in cash and deposits, ¥1,923 million in notes and accounts receivable-trade, and ¥1,433 million in merchandise and finished goods. Non-current assets decreased ¥1,023 million due to factors such as a reduction of ¥1,817 million in investment securities.

Liabilities increased ¥1,241 million compared to the end of the previous consolidated fiscal year, to ¥27,148 million. Current liabilities increased ¥1,418 million mainly due to increases of ¥425 million in accounts payable-trade and ¥338 million in provision for bonuses. Non-current liabilities decreased ¥176 million, as net defined benefit liability fell ¥356 million.

Net assets increased ¥3,359 million compared to the end of the previous consolidated fiscal year, to ¥86,495 million. Shareholders' equity increased ¥1,101 million. One key factor was the ¥4,129 million net income attributable to shareholders of parental company, despite the ¥3,027 million paid out in cash dividends.

Accumulated other comprehensive income increased ¥2,247 million due to factors such as a rise of ¥1,794 million in foreign currency translation adjustment.

2) Analysis of Consolidated Cash Flow

The balance of cash and cash equivalents (“funds”) during the consolidated cumulative period under review was ¥24,458 million due to an increase of ¥1,156 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 ¥2,603 million. The key increases came from net income before income taxes of ¥5,696 million and depreciation of ¥1,453 million. The key decreases came from an increase of ¥1,569 million in notes and accounts receivable-trade, an increase of ¥1,278 million in inventories, and ¥1,956 million paid as income taxes.

Cash flows from investment activities

Funds obtained from investment activities in the consolidated cumulative period under review amounted to ¥230 million. The key increase came from proceeds of ¥1,818 million from sales and redemption of short-term and long-term investment securities. The key decrease came from purchase of property, plant and equipment of ¥1,267 million.

Cash flows from financing activities

Funds used in financing activities in the consolidated cumulative period under review amounted to ¥3,156 million. The key decrease was ¥3,023 million in cash dividends paid.

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

As a result of a solid trend in business results and changes in expected exchange rates, the Company has revised upward its forecast of full-year consolidated operating results from the forecast announced on July 29, 2022.

For further details, please refer to the “Notice of Changes to the Full-year Forecasts of Consolidated Operating Results” that was released on October 28, 2022.

Dividends

Our basic dividend policy is to “maintain a minimum of 3.5% ratio of dividends to net assets with a target payout ratio of 50%, as based on consolidated financial results.”

Although the Company’s operating revenues are currently firm, the possibility exists that the Company’s operating results will be impacted by a variety of factors in the socioeconomic environment, such as high raw material prices worldwide, elevated distribution costs and prolongation of the conflict in Ukraine, as well as exchange rate fluctuations. As of this writing, however, the Company’s plan to pay an annual dividend of ¥64 per share as announced on April 28, 2022 remains unchanged.

2. Quarterly Consolidated Financial Statements and Main Notes

(1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	FY 2021 (As of March 31, 2022)	Q2/ FY 2022 (As of September 30, 2022)
ASSETS		
Current assets		
Cash and deposits	23,302	24,458
Notes and accounts receivable-trade	13,785	15,708
Marketable securities	4,810	5,506
Merchandise and finished goods	8,705	10,139
Work in process	992	1,208
Raw materials	1,487	1,980
Other	1,851	1,557
Allowance for doubtful accounts	(4)	(4)
Total current assets	54,930	60,555
Non-current assets		
Property, plant and equipment	24,963	25,162
Intangible assets	440	490
Investments and other assets		
Investment securities	23,766	21,949
Other	4,952	5,497
Allowance for doubtful accounts	(9)	(9)
Total investments and other assets	28,709	27,436
Total non-current assets	54,113	53,089
Total assets	109,043	113,644
LIABILITIES		
Current liabilities		
Accounts payable-trade	4,223	4,648
Short-term loans payable	2,000	2,000
Income taxes payable	1,597	1,800
Provision for bonuses	1,834	2,173
Provision for directors' bonuses	49	35
Provision for product warranties	213	186
Asset retirement obligations	—	8
Other	4,132	4,617
Total current liabilities	14,051	15,469
Non-current liabilities		
Provision for product warranties	12	13
Net defined benefit liability	10,618	10,261
Asset retirement obligations	154	121
Other	1,070	1,282
Total non-current liabilities	11,855	11,678
Total liabilities	25,907	27,148

(Millions of yen)

	FY 2021 (As of March 31, 2022)	Q2/ FY 2022 (As of September 30, 2022)
NET ASSETS		
Shareholders' equity		
Capital stock	12,367	12,367
Capital surplus	10,517	10,517
Retained earnings	58,929	60,031
Treasury stock	(413)	(413)
Total shareholders' equity	81,401	82,503
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,143	1,477
Revaluation reserve for land	(339)	(339)
Foreign currency translation adjustment	1,773	3,568
Remeasurements of defined benefit plans	(943)	(825)
Total accumulated other comprehensive income	1,633	3,880
Non-controlling interests	100	111
Total net assets	83,136	86,495
Total liabilities and net assets	109,043	113,644

(2) Quarterly Consolidated Statements of Income and Comprehensive Income
(Quarterly Consolidated Statement of Income)
Consolidated First Half Period

(Millions of yen)

	H1/ FY 2021 (From April 1, 2021 to September 30, 2021)	H1/ FY 2022 (From April 1, 2022 to September 30, 2022)
Net sales	35,521	41,963
Cost of sales	20,354	24,480
Gross profit	15,167	17,483
Selling, general and administrative expenses		
Salaries	2,957	3,020
Provision for bonuses	1,144	1,249
Provision for directors' bonuses	25	35
Retirement benefit expenses	370	333
Packing and delivery expenses	1,850	2,725
Promotion expenses	481	681
Depreciation	465	555
Other	4,060	4,446
Total selling, general and administrative expenses	11,356	13,046
Operating income	3,810	4,436
Non-operating income		
Interest income	25	37
Dividend income	55	87
Foreign exchange gains	—	1,126
Subsidy income	34	—
Other	47	80
Total non-operating income	162	1,333
Non-operating expenses		
Interest expenses	31	25
Taxes and dues	3	2
Foreign exchange losses	114	—
Other	15	18
Total non-operating expenses	165	46
Ordinary income	3,808	5,723
Extraordinary income		
Gain on sales of non-current assets	2	3
Gain on sales of investment securities	—	9
Total extraordinary income	2	13
Extraordinary loss		
Loss on sales of non-current assets	0	—
Loss on abandonment of non-current assets	12	36
Impairment loss	—	4
Total extraordinary loss	12	40
Net income before income taxes	3,797	5,696
Income taxes	969	1,563
Net income	2,828	4,132
Net income (loss) attributable to non-controlling interests	(4)	3
Net income attributable to shareholders of parental company	2,833	4,129

(Quarterly Consolidated Statement of Comprehensive Income)
Consolidated First Half Period

(Millions of yen)

	H1/ FY 2021 (From April 1, 2021 to September 30, 2021)	H1/ FY 2022 (From April 1, 2022 to September 30, 2022)
Net income	2,828	4,132
Other comprehensive income		
Valuation difference on available-for-sale securities	(158)	333
Foreign currency translation adjustment	73	1,802
Adjustments relating to retirement benefits	152	118
Total other comprehensive income	67	2,254
Comprehensive income	2,896	6,387
(Breakdown)		
Comprehensive income attributable to shareholders of parental company	2,900	6,376
Comprehensive income attributable to non- controlling interests	(4)	10

(3) Quarterly Consolidated Statement of Cash Flows

(Millions of yen)

	H1/ FY 2021 (From April 1, 2021 to September 30, 2021)	H1/ FY 2022 (From April 1, 2022 to September 30, 2022)
Cash flows from operating activities		
Net income before income taxes	3,797	5,696
Depreciation	1,339	1,453
Impairment loss	—	4
Increase (decrease) in allowance for doubtful accounts	1	0
Increase (decrease) in provision for bonuses	61	338
Increase (decrease) in provision for directors' bonuses	(32)	(14)
Increase (decrease) in provision for product warranties	(6)	(26)
Increase (decrease) in net defined benefit liability	(16)	(188)
Interest and dividend income	(80)	(125)
Interest expenses	31	25
Foreign exchange losses (gains)	4	(920)
Loss on abandonment of non-current assets	12	36
Loss (gain) on sales of non-current assets	(2)	(3)
Loss (gain) on sales of short-term and long-term investment securities	—	(9)
Increase (decrease) in deposits received from employees	1	2
Decrease (increase) in notes and accounts receivable-trade	65	(1,569)
Decrease (increase) in inventories	(958)	(1,278)
Increase (decrease) in notes and accounts payable-trade	111	298
Decrease (increase) in consumption taxes refund receivable	(593)	651
Increase (decrease) in accrued consumption taxes	(114)	6
Decrease (increase) in other assets	(182)	(508)
Increase (decrease) in other liabilities	42	574
Subtotal	3,482	4,444
Interest and dividend income received	104	140
Interest expenses paid	(36)	(24)
Income taxes (paid) refund	(788)	(1,956)
Cash flows from operating activities	2,761	2,603
Cash flows from investment activities		
Purchase of short-term and long-term investment securities	(1,202)	(202)
Proceeds from sales and redemption of short-term and long-term investment securities	1,100	1,818
Purchase of property, plant and equipment	(2,646)	(1,267)
Payments for retirement of property, plant and equipment	—	(10)
Proceeds from sales of property, plant and equipment	5	4
Purchase of intangible assets	(92)	(136)
Payments of loans receivable	(0)	—
Collection of loans receivable	16	23
Cash flows from investment activities	(2,819)	230

(Millions of yen)

	H1/ FY 2021 (From April 1, 2021 to September 30, 2021)	H1/ FY 2022 (From April 1, 2022 to September 30, 2022)
Cash flows from financing activities		
Purchase of treasury shares	(744)	(0)
Cash dividends paid	(2,288)	(3,023)
Repayments of lease obligations	(125)	(132)
Cash flows from financing activities	(3,158)	(3,156)
Effect of exchange rate change on cash and cash equivalents	154	1,478
Net increase (decrease) in cash and cash equivalents	(3,062)	1,156
Balance of cash and cash equivalents, beginning of the period	21,421	23,302
Quarterly balance of cash and cash equivalents at the end of the period	18,359	24,458

(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 second 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 the United States Financial Accounting Standards Board's Accounting Standards Codification (ASC) No. 842 on Leasing)

Some of our overseas consolidated subsidiaries that have adopted US GAAP have applied ASC No. 842 on leasing since the beginning of the consolidated first quarter of this fiscal year.

As a result, in principle, all leases of the lessee's lease transactions at the overseas consolidated subsidiary will be recorded as assets and liabilities on the balance sheet.

In applying ASC No. 842, we have adopted the method of recognizing the cumulative impact of the application of the accounting standards on the date of starting application, as permitted in the transitional measures.

As a result, at the beginning of the consolidated first quarter of this fiscal year, "Other" for investments and other assets increased by ¥268 million, "Other" for current liabilities increased by ¥36 million, and "Other" for non-current liabilities increased by ¥232 million.

There will be no impact on profit or loss for the second quarter of the consolidated cumulative period under review.

(Application of Implementation Guidance on Accounting Standard for Fair Value Measurement)

The Company has applied the "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31; June 17, 2021; hereinafter, "Fair Value Measurement Implementation Guidance") since the beginning of the consolidated first quarter of this fiscal year. In accordance with the transitional treatment defined in Paragraph 27-2 of the Fair Value Measurement Implementation Guidance, the Company has decided to henceforward apply the new accounting principles stipulated by the Fair Value Measurement Implementation Guidance.

This will not impact the quarterly consolidated financial statements.

(Segment Information)

H1 of FY 2021 (From April 1, 2021 to September 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	8,749	25,368	1,404	—	35,521
Inter-segment sales or transfers	—	—	—	—	—
Total	8,749	25,368	1,404	—	35,521
Segment profit (loss)	1,309	3,922	(19)	(1,401)	3,810

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

2. The segment profit adjustment of negative ¥1,401 million includes the negative ¥1,401 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.

H1 of FY 2022 (From April 1, 2022 to September 30, 2022)

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	10,758	29,636	1,569	—	41,963
Inter-segment sales or transfers	—	—	—	—	—
Total	10,758	29,636	1,569	—	41,963
Segment profit (loss)	2,155	4,054	(98)	(1,674)	4,436

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

2. The segment profit adjustment of negative ¥1,674 million includes the negative ¥1,674 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.

2) Information on impairment loss on non-current assets, goodwill, etc., by reported segment

(Significant impairment loss on non-current assets)

An impairment loss of ¥4 million has been recorded for idle assets that we do not expect to use in the future.

The breakdown is ¥0 million in the “Office Equipment” segment and ¥4 million in the “Industrial Equipment” segment.