

July 28, 2017

Summary of Consolidated Financial Results
for the First Quarter of Fiscal Year Ending March 31, 2018
[Japan Standards]

Company name:	MAX Co., Ltd.	Stock listing:	Tokyo Stock Exchange
Securities code:	6454	URL:	http://www.max-ltd.co.jp
Representative:	Mitsuteru Kurosawa, President	TEL:	+81-3-3669-8106
Contact:	Yasushi Asami, Managing Executive Officer		
Date of filing of financial statements	August 9, 2017		
Date of commencement of dividend payment	—		
The supplementary explanation document for the accounts is created.	Yes		
The briefing for the accounts is held. (for investment analysts and fund managers)	Yes		

(Millions of yen rounded down)

1. Consolidated Operating Results for the First Quarter of Fiscal Year Ending March 31, 2018
(April 1, 2017 to June 30, 2017)

(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 2018	15,830	0.4	1,302	(10.1)	1,367	11.3	1,104	2.4
Q1/ FY ended March 2017	15,764	(0.4)	1,447	10.5	1,228	(14.3)	1,078	16.8

(Note) Comprehensive income

Q1/ FY ending March 2018: 1,777 million yen (43,238.5%)
Q1/ FY ended March 2017: 4 million yen (-99.7%)

	Net Income per Share	Net Income per Share after Dilution
	Yen	Yen
Q1/ FY ending March 2018	22.41	—
Q1/ FY ended March 2017	21.89	—

(2) Consolidated Financial Position

	Total Assets	Net Assets	Equity Ratio	Net Assets per Share
	Millions of yen	Millions of yen	%	Yen
Q1/ FY ending March 2018	91,201	66,913	73.3	1,356.05
FY ended March 2017	93,000	67,210	72.2	1,362.05

(Reference) Shareholders' equity

Q1/ FY ending March 2018: 66,811 million yen
FY ended March 2017: 67,110 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 2017	—	—	—	42.00	42.00
FY ending March 2018	—	—	—	—	—
FY ending March 2018 (Forecast)	—	—	—	42.00	42.00

(Note) Revision of forecasts on the dividends: None

3. Forecasts of Consolidated Operating Results for the Fiscal Year Ending March 31, 2018 (April 1, 2017 to March 31, 2018)

(% 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	33,900	4.7	3,070	0.1	3,140	13.5	2,200	1.3	44.65
Full year	70,500	5.3	6,500	2.8	6,650	3.0	4,650	(1.6)	94.37

(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.: None

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, 2017: 49,500,626 shares

As of March 31, 2017: 49,500,626 shares

2) Number of treasury stock at term-end

As of June 30, 2017: 231,666 shares

As of March 31, 2017: 228,862 shares

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

Three months ended June 30, 2017: 49,269,797 shares

Three months ended June 30, 2016: 49,276,707 shares

* This quarterly summary of consolidated financial results is excluded from quarterly review.

*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 substantially 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 8 of the appendix, "1. Qualitative Information on Current Quarterly Results, (3) Explanation Concerning Forward-looking Statements Such as Forecasts of Consolidated Operating Results."

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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 2018 (Ending March 2018)	Q1/ FY 2017 (Ended March 2017)	Year-on-year Change	
			Increase (decrease)	Rate of increase (decrease)
Net Sales	15,830	15,764	+66	+0.4
Operating Income	1,302	1,447	(145)	(10.1)
Ordinary Income	1,367	1,228	+138	+11.3
Net Income Attributable to Shareholders of Parental Company	1,104	1,078	+25	+2.4
Net Income per Share (yen)	22.41 yen	21.89 yen	+0.52 yen	—
Operating Margin	8.2	9.2	(1.0) point	

During the consolidated cumulative period under review (from April 1, 2017 to June 30, 2017), the Japanese economy has been on a moderate recovery trend with improvements in corporate earnings, employment and income environment. The number of new housing starts affecting our operations remained firm against the background of the inheritance tax saving measures and low interest rates of the housing loans. Overseas, the U.S. economy maintained its economic expansion with a moderate recovery trend in the personal consumption spurred by improvement of the labor market, and the European economy also continued on the steady growth trend. On the other hand, the unclear future policy trend of the American government, the problems presented by the UK leaving the EU, and other uncertainties we currently see in the world economy all leave the situation surrounding the Company still uncertain.

Under such circumstances, we have established a management policy for this fiscal term as follows:

MAX will strive to continue to make ourselves receive the support of our customers.

1. We will strive to achieve business growth through our strong marketing and competitive products.
2. We will strive to enhance our job productivity, achieving both high profitability and realizing a healthy and good working environment.
3. We will strive to study job sites and understand their true nature. By doing so, we will build ourselves a high performance organization.

Working in the directions set in this policy, during the period under review the Max Group made continuous efforts to improve its organization, institutional framework and ways of working. Our aims are to strengthen our earning capacity, offer products that match the fundamental needs of job sites, and further establish the Max brand.

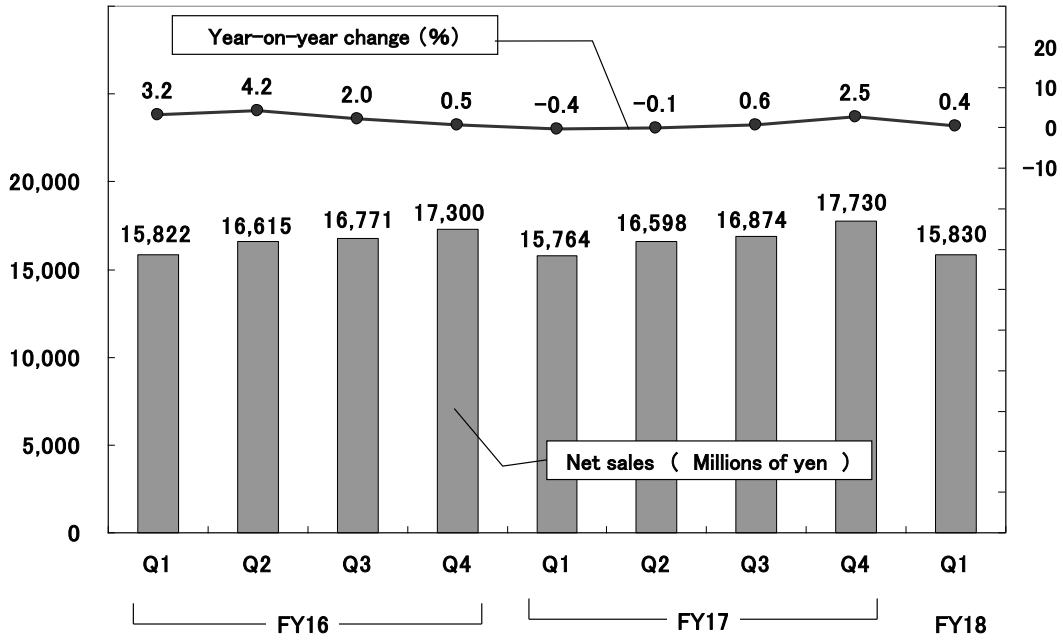
In the Office Equipment segment, domestic office operations posted a decrease of revenue due to a decrease in stationery-related sales. In the Industrial Equipment segment, both in domestic industrial equipment product operations and overseas industrial equipment product operations, there was an increase of sales of tools for concrete structures and tools for wood structures, while the residential environment business also posted increased sales of bathroom heaters, ventilators and dehumidifiers, which are the mainstay of the business, resulting in an overall increase of the revenue. In the HCR Equipment segment, installation of new products in the large-scale rental routes advanced, resulting in an increase of revenue.

As a result, net sales increased 0.4% from the previous corresponding period to ¥15,830 million, while operating income decreased 10.1% from the previous corresponding period to ¥1,302 million. As foreign exchange losses from assets denominated in foreign currency, etc. decreased from the previous fiscal year, ordinary income increased 11.3% from the previous corresponding period to ¥1,367 million. Net income attributable to shareholders of parental company increased 2.4% from the previous corresponding period to ¥1,104 million.

Quarterly Net Sales Trend and Changes Year-on-Year

Millions of yen

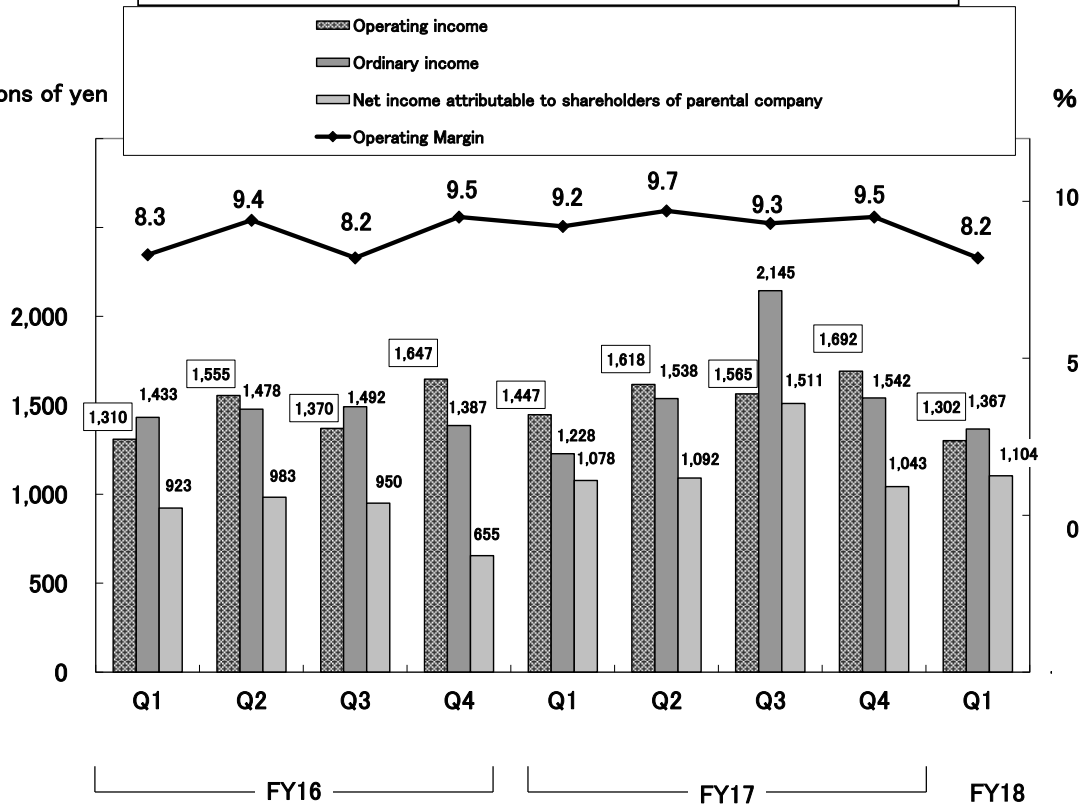
%



Quarterly Earnings Trend

Millions of yen

%



2) Results by business segment for the consolidated cumulative period under review

Office Equipment Segment

(Millions of yen, %)

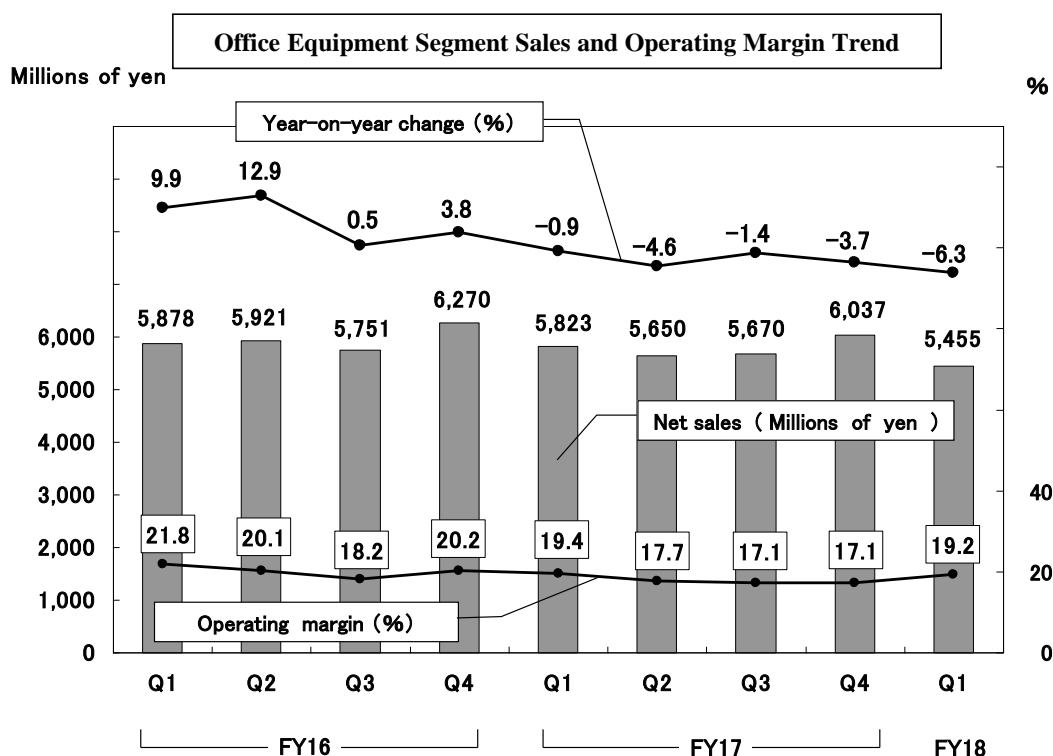
	Q1/ FY 2018 (Ending March 2018)	Q1/ FY 2017 (Ended March 2017)	Year-on-year Change	
			Increase (decrease)	Rate of increase (decrease)
Net Sales	5,455	5,823	(367)	(6.3)
Operating Income	1,047	1,130	(83)	(7.4)
Operating Margin	19.2	19.4	(0.2) points	

Business results for the Office Equipment segment during this first quarter were as follows: Net sales ¥5,455 million (a decrease of 6.3% from the previous corresponding period), operating income ¥1,047 million (a decrease of 7.4% from the previous corresponding period), and operating margin 19.2%.

In the domestic office operations, sales of stationery-related products and time recorders decreased, resulting in a decrease of the overall segment revenue.

In the overseas office operations, sales of the "BEPOP" label-making machines and the new tube markers "LETATWIN" increased in the label-making machines operations. On the other hand, due to the strong yen rate compared with the previous year, the overall segment revenue decreased.

In auto-stapler operations, sales of both machinery and consumables fell. As a result, the overall segment revenue decreased.



Industrial Equipment Segment

(Millions of yen, %)

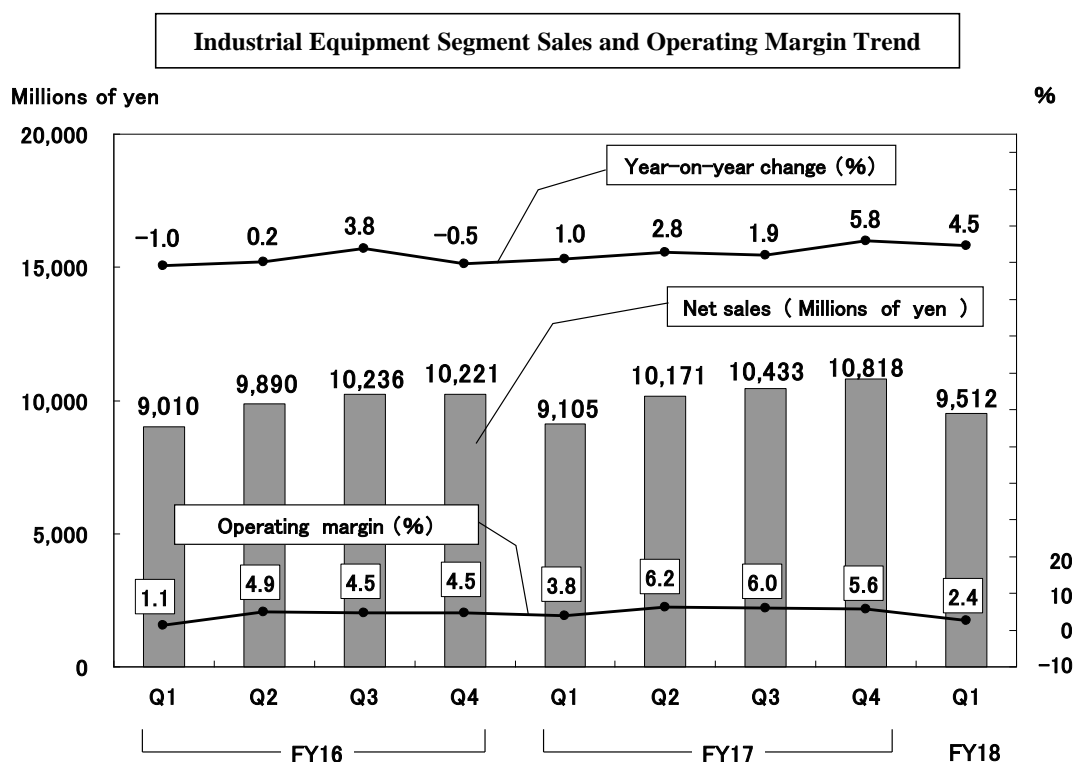
	Q1/ FY 2018 (Ending March 2018)	Q1/ FY 2017 (Ended March 2017)	Year-on-year Change	
			Increase (decrease)	Rate of increase (decrease)
Net Sales	9,512	9,105	+407	+4.5
Operating Income	224	347	(122)	(35.4)
Operating Margin	2.4	3.8	(1.4) points	

Business results for the Industrial Equipment segment during this first quarter were as follows: Net sales ¥9,512 million (an increase of 4.5% from the previous corresponding period), operating income ¥224 million (a decrease of 35.4% from the previous corresponding period), and operating margin 2.4%.

In domestic industrial equipment product operations, the number of new domestic housing starts continued to be robust, and sales of tools for wood structures centering on new compressors and nailers increased. In addition, due to a recovery in the floor area of newly built reinforced concrete structures, sales of tools for concrete structures also increased. As a result, the overall segment revenue increased.

In the overseas industrial equipment product operations, with the establishment of a new sales network in Europe and the U.S. as well as with measures implemented to strengthen our sales capabilities in the existing routes, sales of tools for wood structures as well as tools for concrete structures increased. As a result, the overall segment revenue increased.

In the residential environment operations, although sales of bathroom heaters, ventilators and dehumidifiers, which are the mainstay of the business, targeting detached houses and rental housing markets increased following the previous term, as we have stopped sales of floor heaters for facilities, the overall segment revenue decreased.



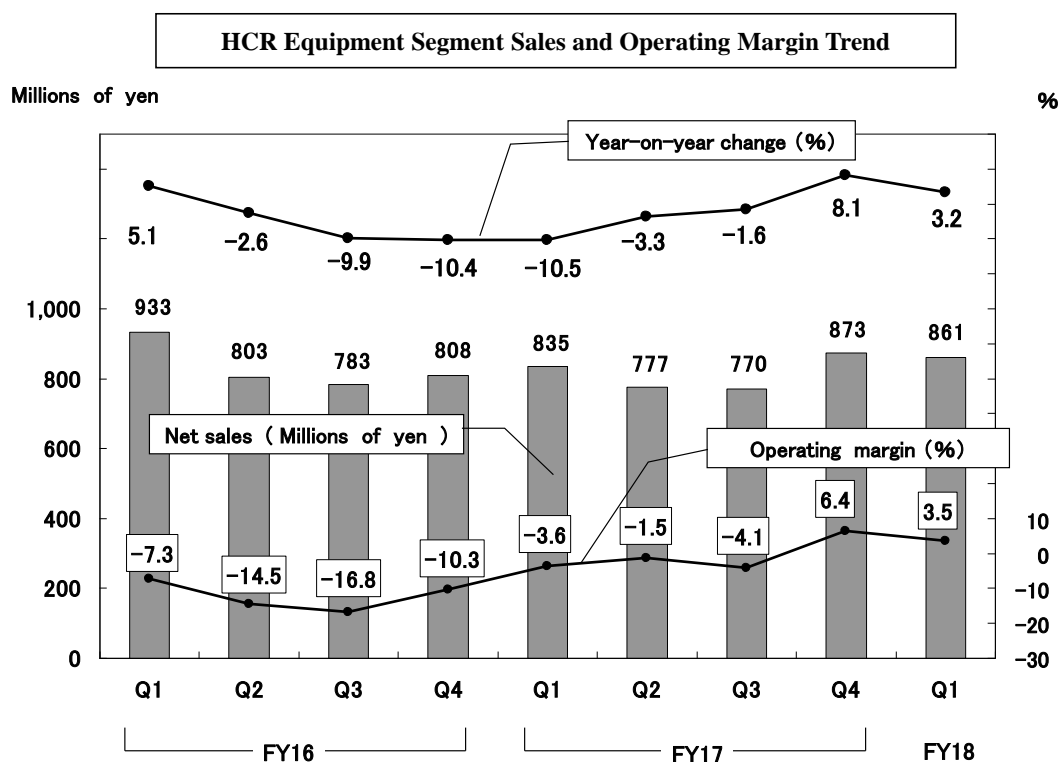
HCR Equipment Segment

(Millions of yen, %)

	Q1/ FY 2018 (Ending March 2018)	Q1/ FY 2017 (Ended March 2017)	Year-on-year Change	
			Increase (decrease)	Rate of increase (decrease)
Net Sales	861	835	+26	+3.2
Operating Income	30	(29)	+60	—
Operating Margin	3.5	(3.6)	+7.1 points	

Business results for the HCR Equipment segment during this first quarter were as follows: Net sales ¥861 million (an increase of 3.2% from the corresponding previous period) and operating income ¥30 million.

By promoting adoption of new products in large-scale rental routes, sales of wheelchairs with high unit price increased. As a result, the overall segment revenue increased. Moreover, the Group improved profitability by measures implemented to decrease fixed costs, resulting in an increase of operating income.



(2) Explanation Concerning Financial Position

1) Summary of Consolidated Balance Sheets

(Millions of yen, %)

	Q1/ FY 2018 (As of June 30, 2017)	FY 2017 (As of March 31, 2017)	Comparison with position at end of previous consolidated fiscal year	
			Increase (decrease)	Rate of increase (decrease)
Total Assets	91,201	93,000	(1,799)	(1.9)
Net Assets	66,913	67,210	(297)	(0.4)
Equity Ratio	73.3	72.2	+1.1 points	

Assets decreased ¥1,799 million in comparison with the position at the end of the previous consolidated fiscal year, to ¥91,201 million. Despite an increase of ¥1,109 million in marketable securities, current assets decreased ¥1,593 million, due to factors such as a drop of ¥2,602 million in cash and deposits. Non-current assets decreased ¥205 million due to factors such as a drop of ¥268 million in investment securities.

Liabilities decreased ¥1,501 million in comparison with the position at the end of the previous consolidated fiscal year, to ¥24,288 million. Current liabilities decreased ¥1,297 million due to factors such as a decrease of ¥1,000 million in provision for bonuses. Non-current liabilities also decreased ¥204 million, as long-term loans payable decreased ¥50 million, and net defined benefit liability decreased ¥82 million.

Net assets decreased ¥297 million in comparison with the position at the end of the previous consolidated fiscal year, to ¥66,913 million. Despite having reached a net income attributable to shareholders of parental company of ¥1,104 million, shareholders' equity decreased ¥969 million due to a ¥2,069 million payment of cash dividends.

Accumulated other comprehensive income rose ¥670 million as resulted from a rise of ¥301 million in valuation difference on available-for-sale securities, and of ¥263 million in remeasurements of defined benefit plans.

2) Analysis of Consolidated Cash Flow

The balance of cash and cash equivalents ("funds") during the consolidated cumulative period under review was ¥19,362 million due to a decrease of ¥2,602 million in cash and cash equivalents.

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 period under review amounted to ¥241 million. The key increases came from net income before income taxes of ¥1,365 million, depreciation of ¥523 million, and a decrease of ¥1,076 million in notes and accounts receivable-trade. The key decreases came from a decrease of ¥999 million in provision for bonuses, an increase of ¥571 million in inventories, and ¥984 million in income taxes (paid) refund.

Cash flows from investment activities

Funds used in investment activities in the consolidated cumulative period under review were ¥1,007 million. The key increase came from proceeds of ¥700 million from sales and redemption of short-term and long-term investment securities. The key decreases came from purchase of short-term and long-term investment securities of ¥1,117 million, and purchase of property, plant and equipment of ¥577 million.

Cash flows from financing activities

Funds used in financing activities in the consolidated cumulative period under review were ¥1,904 million. The key decrease was ¥1,843 million in cash dividends paid.

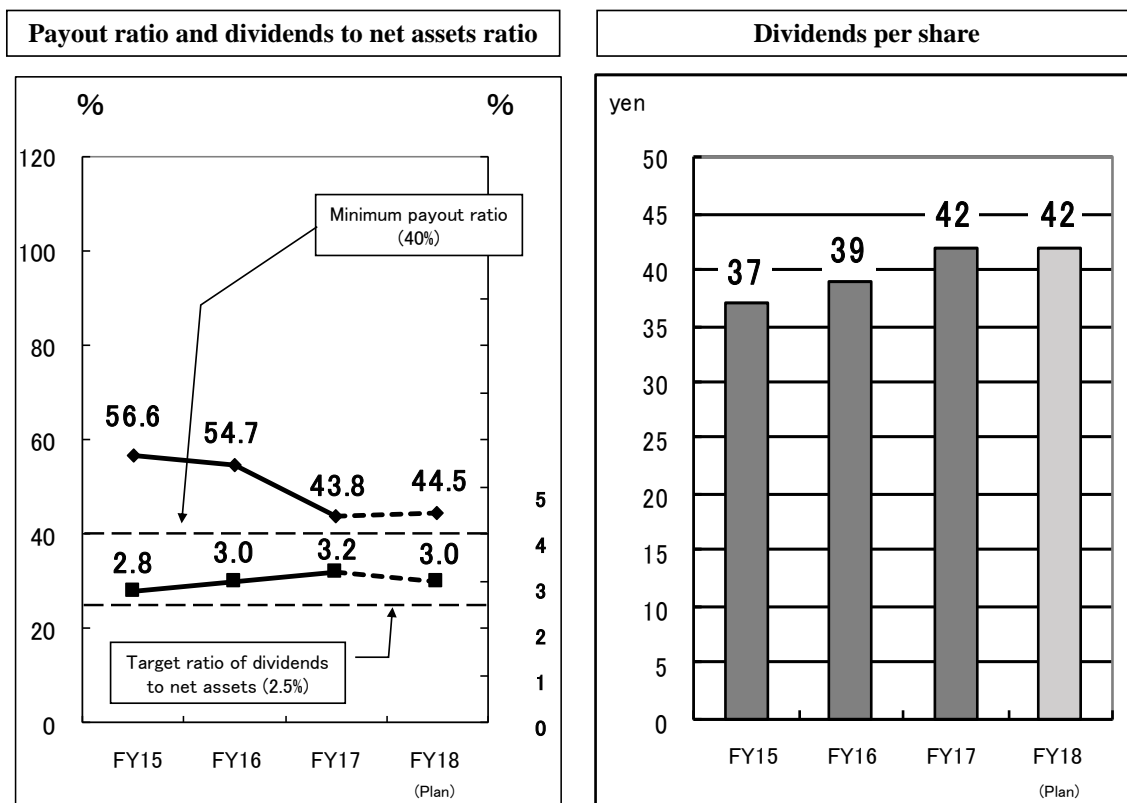
(3) Explanation Concerning Forward-looking Statements Such as Forecasts of Consolidated Operating Results

This time, there will be no changes to the forecast of consolidated operating results announced on April 27, 2017 regarding the first half or the full fiscal year.

Dividends

We have set a dividend policy of “maintaining a minimum of 40% payout ratio and targeting rate of dividends to net assets of 2.5%.”

Although the Company’s performance may be impacted by various factors such as the uncertain economic environment and exchange rate fluctuations, taking into account the Company’s current steady corporate performance and its financial position, we plan to make the same annual dividend payment of “¥42 per share” as the previous fiscal year.



2. Quarterly Consolidated Financial Statements and Main Notes

(1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	FY 2017 (As of March 31, 2017)	Cumulative Q1 in FY 2018 (As of June 30, 2017)
ASSETS		
Current assets		
Cash and deposits	21,965	19,362
Notes and accounts receivable-trade	14,748	13,733
Marketable securities	4,212	5,321
Merchandise and finished goods	5,160	5,727
Work in process	845	774
Raw materials	1,183	1,276
Other	1,802	2,127
Allowance for doubtful accounts	(1)	(1)
Total current assets	49,916	48,322
Non-current assets		
Property, plant and equipment	17,342	17,572
Intangible assets	496	476
Investments and other assets		
Investment securities	21,034	20,766
Other	4,216	4,068
Allowance for doubtful accounts	(5)	(5)
Total investments and other assets	25,245	24,829
Total non-current assets	43,084	42,879
Total assets	93,000	91,201
LIABILITIES		
Current liabilities		
Accounts payable-trade	3,864	4,110
Short-term loans payable	1,950	2,000
Income taxes payable	1,372	546
Provision for bonuses	1,719	719
Provision for directors' bonuses	53	9
Other	3,633	3,910
Total current liabilities	12,592	11,295
Non-current liabilities		
Long-term loans payable	50	—
Provision for product warranties	44	42
Net defined benefit liability	12,061	11,978
Asset retirement obligations	18	18
Negative goodwill	15	13
Other	1,007	939
Total non-current liabilities	13,197	12,992
Total liabilities	25,789	24,288

(Millions of yen)

	FY 2017 (As of March 31, 2017)	Cumulative Q1 in FY 2018 (As of June 30, 2017)
NET ASSETS		
Shareholders' equity		
Capital stock	12,367	12,367
Capital surplus	10,518	10,518
Retained earnings	46,444	45,479
Treasury stock	(271)	(276)
Total shareholders' equity	69,059	68,089
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,635	1,937
Revaluation reserve for land	(328)	(328)
Foreign currency translation adjustment	(306)	(201)
Remeasurements of defined benefit plans	(2,949)	(2,685)
Total accumulated other comprehensive income	(1,948)	(1,278)
Non-controlling interests	100	102
Total net assets	67,210	66,913
Total liabilities and net assets	93,000	91,201

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

(Millions of yen)

	Cumulative Q1 in FY 2017 (From April 1, 2016 to June 30, 2016)	Cumulative Q1 in FY 2018 (From April 1, 2017 to June 30, 2017)
Net sales	15,764	15,830
Cost of sales	9,401	9,593
Gross profit	6,362	6,237
Selling, general and administrative expenses		
Salaries	1,458	1,406
Provision for bonuses	447	443
Provision for directors' bonuses	11	11
Retirement benefit expenses	387	417
Packing and delivery expenses	482	507
Promotion expenses	269	288
Depreciation	152	154
Other	1,705	1,706
Total selling, general and administrative expenses	4,914	4,935
Operating income	1,447	1,302
Non-operating income		
Interest income	19	17
Dividend income	57	66
Amortization of negative goodwill	1	1
Other	51	20
Total non-operating income	131	105
Non-operating expenses		
Interest expenses	9	9
Taxes and dues	1	1
Foreign exchange losses	324	24
Other	14	4
Total non-operating expenses	349	40
Ordinary income	1,228	1,367
Extraordinary loss		
Loss on abandonment of non-current assets	3	1
Total extraordinary loss	3	1
Net income before income taxes	1,225	1,365
Income taxes	396	367
Income taxes for prior periods	(250)	(106)
Net income	1,079	1,104
Net income attributable to non-controlling interests	0	0
Net income attributable to shareholders of parental company	1,078	1,104

(Quarterly Consolidated Statement of Comprehensive Income)

(Millions of yen)

	Cumulative Q1 in FY 2017 (From April 1, 2016 to June 30, 2016)	Cumulative Q1 in FY 2018 (From April 1, 2017 to June 30, 2017)
Net income	1,079	1,104
Other comprehensive income		
Valuation difference on available-for-sale securities	(459)	301
Foreign currency translation adjustment	(856)	107
Adjustments relating to retirement benefits	241	263
Total other comprehensive income	(1,074)	672
Comprehensive income	4	1,777
(Breakdown)		
Comprehensive income attributable to shareholders of parental company	15	1,774
Comprehensive income attributable to non- controlling interests	(11)	3

(3) Quarterly Consolidated Statement of Cash Flows

(Millions of yen)

	Cumulative Q1 in FY 2017 (From April 1, 2016 to June 30, 2016)	Cumulative Q1 in FY 2018 (From April 1, 2017 to June 30, 2017)
Cash flows from operating activities		
Net income before income taxes	1,225	1,365
Depreciation	491	523
Amortization of goodwill	39	33
Amortization of negative goodwill	(1)	(1)
Increase (decrease) in allowance for doubtful accounts	(8)	(0)
Increase (decrease) in provision for bonuses	(655)	(999)
Increase (decrease) in provision for directors' bonuses	(32)	(43)
Increase (decrease) in provision for product warranties	(3)	(1)
Increase (decrease) in net defined benefit liability	234	296
Interest and dividend income	(77)	(83)
Interest expenses	9	9
Foreign exchange losses (gains)	55	1
Loss on abandonment of non-current assets	3	1
Decrease (increase) in notes and accounts receivable-trade	1,214	1,076
Decrease (increase) in inventories	(484)	(571)
Increase (decrease) in notes and accounts payable-trade	(31)	186
Increase (decrease) in accrued consumption taxes	39	(146)
Decrease (increase) in other assets	(39)	(394)
Increase (decrease) in other liabilities	304	(121)
Subtotal	2,285	1,131
Interest and dividend income received	91	104
Interest expenses paid	(9)	(9)
Income taxes (paid) refund	(424)	(984)
Cash flows from operating activities	1,943	241
Cash flows from investment activities		
Purchase of short-term and long-term investment securities	(100)	(1,117)
Proceeds from sales and redemption of short-term and long-term investment securities	300	700
Purchase of property, plant and equipment	(524)	(577)
Purchase of intangible assets	(20)	(36)
Payments of loans receivable	(1)	(0)
Collection of loans receivable	28	25
Payments for asset retirement obligations	(10)	—
Cash flows from investment activities	(329)	(1,007)

(Millions of yen)

	Cumulative Q1 in FY 2017 (From April 1, 2016 to June 30, 2016)	Cumulative Q1 in FY 2018 (From April 1, 2017 to June 30, 2017)
Cash flows from financing activities		
Purchase of treasury shares	(2)	(4)
Cash dividends paid	(1,698)	(1,843)
Cash dividends paid to non-controlling shareholders	(4)	(1)
Repayments of lease obligations	(55)	(56)
Cash flows from financing activities	(1,760)	(1,904)
Effect of exchange rate change on cash and cash equivalents	(548)	68
Net increase (decrease) in cash and cash equivalents	(695)	(2,602)
Balance of cash and cash equivalents, beginning of the period	17,783	21,965
Quarterly balance of cash and cash equivalents at the end of the period	17,087	19,362

(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 under review by the effective tax rate that was reasonably estimated by applying tax effect accounting to estimated income before income taxes.

(Segment Information)

Cumulative Q1 of FY 2017 (From April 1, 2016 to June 30, 2016)

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

(Millions of yen)

	Reported segments			Total
	Office Equipment	Industrial Equipment	HCR Equipment	
Net sales				
Net sales to outside customers	5,823	9,105	835	15,764
Inter-segment sales or transfers	—	—	—	—
Total	5,823	9,105	835	15,764
Segment profit (loss)	1,130	347	(29)	1,447

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

2) Difference between the total amount of income (loss) of reported segments and the amount appropriated in the quarterly consolidated statement of income, as well as key details of said difference (items related to adjustment of differences)

None.

Cumulative Q1 of FY 2018 (From April 1, 2017 to June 30, 2017)

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

(Millions of yen)

	Reported segments			Total
	Office Equipment	Industrial Equipment	HCR Equipment	
Net sales				
Net sales to outside customers	5,455	9,512	861	15,830
Inter-segment sales or transfers	—	—	—	—
Total	5,455	9,512	861	15,830
Segment profit	1,047	224	30	1,302

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

2) Difference between the total amount of income (loss) of reported segments and the amount appropriated in the quarterly consolidated statement of income, as well as key details of said difference (items related to adjustment of differences)

None.

3) Items regarding changes, etc. in reported segments

From the previous fiscal year, the Company has made a change in the reported segments due to changes of corporate structure, so that the Labeling Business, which has been a part of the Industrial Equipment segment so far, from now on will be reported as a part of the Office Equipment segment.

The segment information of the same consolidated cumulative period of the previous fiscal year provided for the purpose of comparison (from April 1, 2016 to June 30, 2016) is prepared and listed based on the segments after the change, which means that there are discrepancies between the reported segments in the same consolidated cumulative period of the previous fiscal year announced in the previous consolidated fiscal year.