

Summary of Consolidated Financial Results
for the Third 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	February 9, 2018		
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 Third Quarter of Fiscal Year Ending March 31, 2018
(April 1, 2017 to December 31, 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	%
Q3/ FY ending March 2018	50,278	2.1	4,397	(5.1)	4,584	(6.7)	3,369	(8.5)
Q3/ FY ended March 2017	49,237	0.1	4,631	9.3	4,912	11.5	3,683	28.9

(Note) Comprehensive income

Q3/ FY ending March 2018: 5,656 million yen (26.1%)
Q3/ FY ended March 2017: 4,484 million yen (59.4%)

	Net Income per Share	Net Income per Share after Dilution
	Yen	Yen
Q3/ FY ending March 2018	68.40	—
Q3/ FY ended March 2017	74.75	—

(2) Consolidated Financial Position

	Total Assets	Net Assets	Equity Ratio	Net Assets per Share
	Millions of yen	Millions of yen	%	Yen
Q3/ FY ending March 2018	95,200	70,789	74.2	1,434.65
FY ended March 2017	93,000	67,210	72.2	1,362.05

(Reference) Shareholders' equity

Q3/ FY ending March 2018: 70,681 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
Full year	68,200	1.8	6,000	(5.1)	6,200	(4.0)	4,500	(4.8)	91.34

(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.: 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 December 31, 2017: 49,500,626 shares

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

2) Amount of treasury stock at term-end

As of December 31, 2017: 233,375 shares

As of March 31, 2017: 228,862 shares

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

Nine months ended December 31, 2017: 49,268,350 shares

Nine months ended December 31, 2016: 49,275,283 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."

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.....	7
(3) Explanation Concerning Forward-looking Statements Such as Forecasts of Consolidated Operating Results ...	8
2. Quarterly Consolidated Financial Statements and Main Notes	9
(1) Quarterly Consolidated Balance Sheets	9
(2) Quarterly Consolidated Statements of Income and Comprehensive Income	11
(3) Quarterly Consolidated Statement of Cash Flows	13
(4) Notes Relating to the Quarterly Consolidated Financial Statements	15
(Notes Relating to the Assumption of Going Concern).....	15
(Notes on Significant Changes in the Amount of Shareholders' Equity)	15
(Changes in Material Subsidiaries During the Consolidated Cumulative Period Under Review).....	15
(Application of Specific Accounting Procedures for the Preparation of Quarterly Consolidated Financial Statements)	15
(Segment Information).....	15

[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, %)

	Q3/ FY 2018 (Ending March 2018)	Q3/ FY 2017 (Ended March 2017)	Year-on-year Change	
			Increase (decrease)	Rate of increase (decrease)
Net Sales	50,278	49,237	+1,040	+2.1
Operating Income	4,397	4,631	(233)	(5.1)
Ordinary Income	4,584	4,912	(328)	(6.7)
Net Income Attributable to Shareholders of Parental Company	3,369	3,683	(313)	(8.5)
Net Income per Share (yen)	68.40 yen	74.75 yen	(6.35) yen	—
Operating Margin	8.7	9.4	(0.7) points	

During the consolidated cumulative period under review (from April 1, 2017 to December 31, 2017), the Japanese economic recovery continued, as can be seen in the firm conditions of employment and income, the improvements in corporate earnings, and a gradual increase in the capital investment. Looking overseas, the U.S. economy continued to recover as consumer spending and capital investment increased, and in Europe also the economy entered a gradual recovery trend.

On the other hand, there has been a sense of uncertainty with regard to the business conditions surrounding the Company due to a number of reasons including the fact that the number of new housing construction starts in Japan, which affects the Company's Industrial Equipment segment, decreased for both owned houses and rental housing, notwithstanding the support measures for house acquisition implemented by the government.

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.

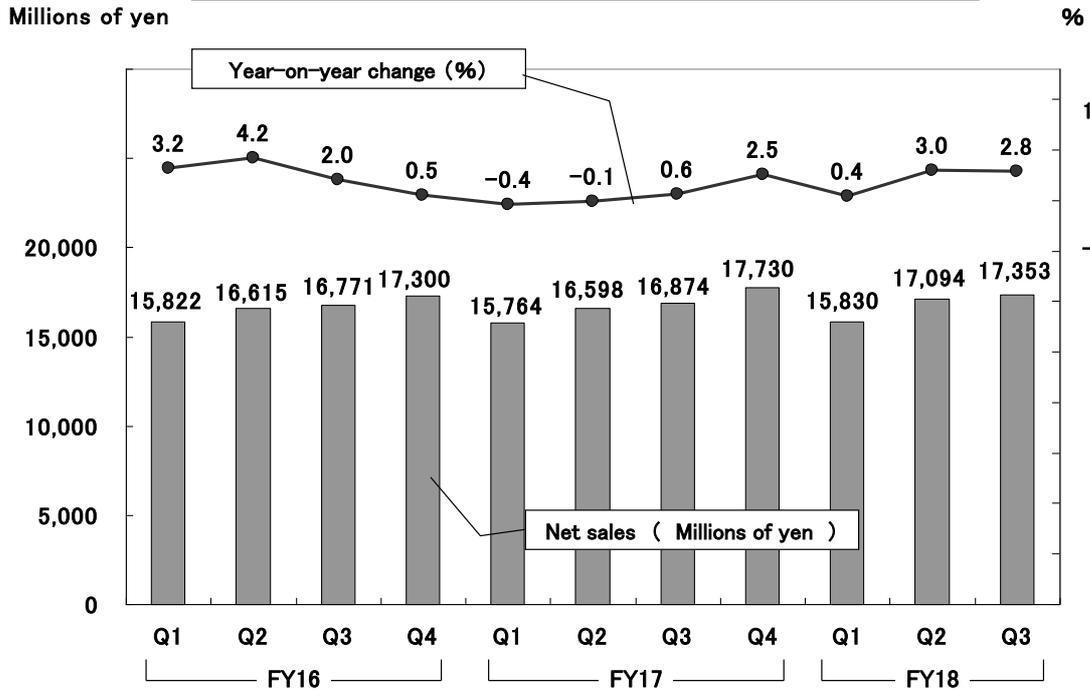
1. We will strive to achieve business growth through our strong marketing and competitive products.
2. We will strive to enhance our job productivity, achieving both high profitability and realizing a healthy and good working environment.
3. We will strive to study job sites and understand their true 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 essential needs of job sites, and further establish the Max brand.

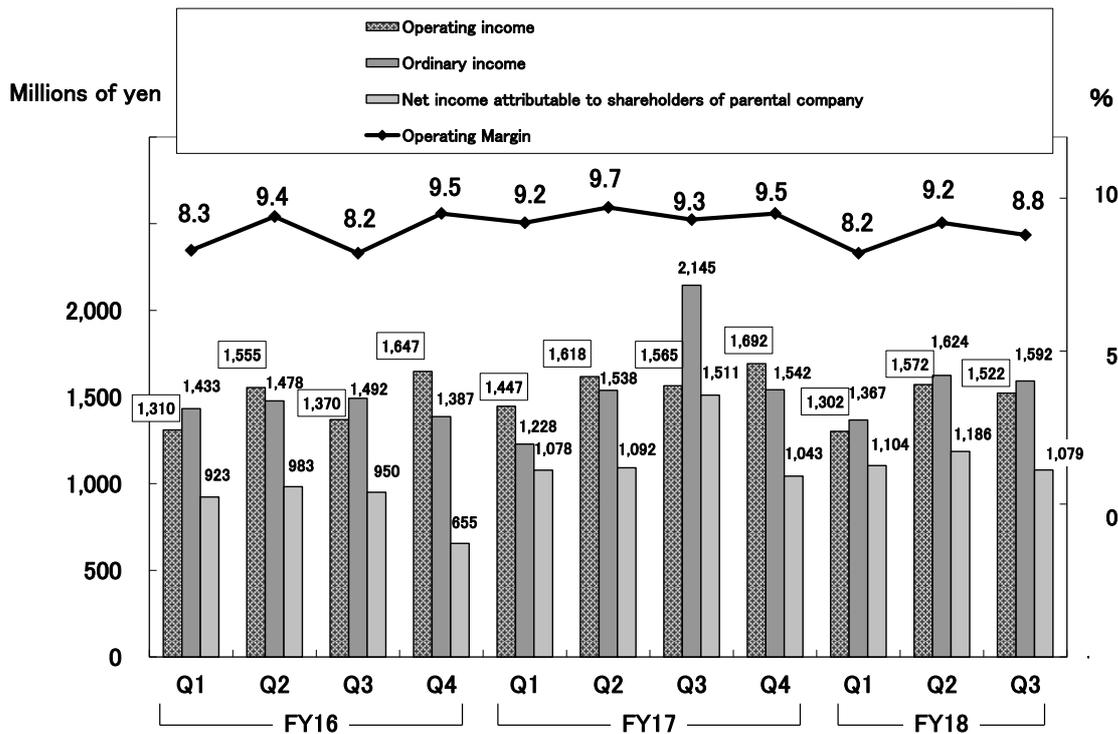
In the Office Equipment segment, domestic office operations posted a decrease of revenue due to a decrease in sales of stationery-related products. In the Industrial Equipment segment, the overall sales increased driven again by tools for wooden structures and tools for concrete structures both in the domestic and the overseas industrial equipment product operations, and, as a result, the overall segment revenue increased. In the HCR Equipment segment, adoption of the high value-added wheelchairs in the large-scale rental routes advanced, resulting in an increase of the revenue.

As a result, net sales increased 2.1% from the previous corresponding period to ¥50,278 million, while operating income decreased 5.1% from the previous corresponding period to ¥4,397 million. Ordinary income decreased 6.7% from the previous corresponding period to ¥4,584 million, and net income attributable to shareholders of parental company also decreased 8.5% from the previous corresponding period to ¥3,369 million.

Quarterly Net Sales Trend and Changes Year-on-Year



Quarterly Earnings Trend



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

Office Equipment Segment

(Millions of yen, %)

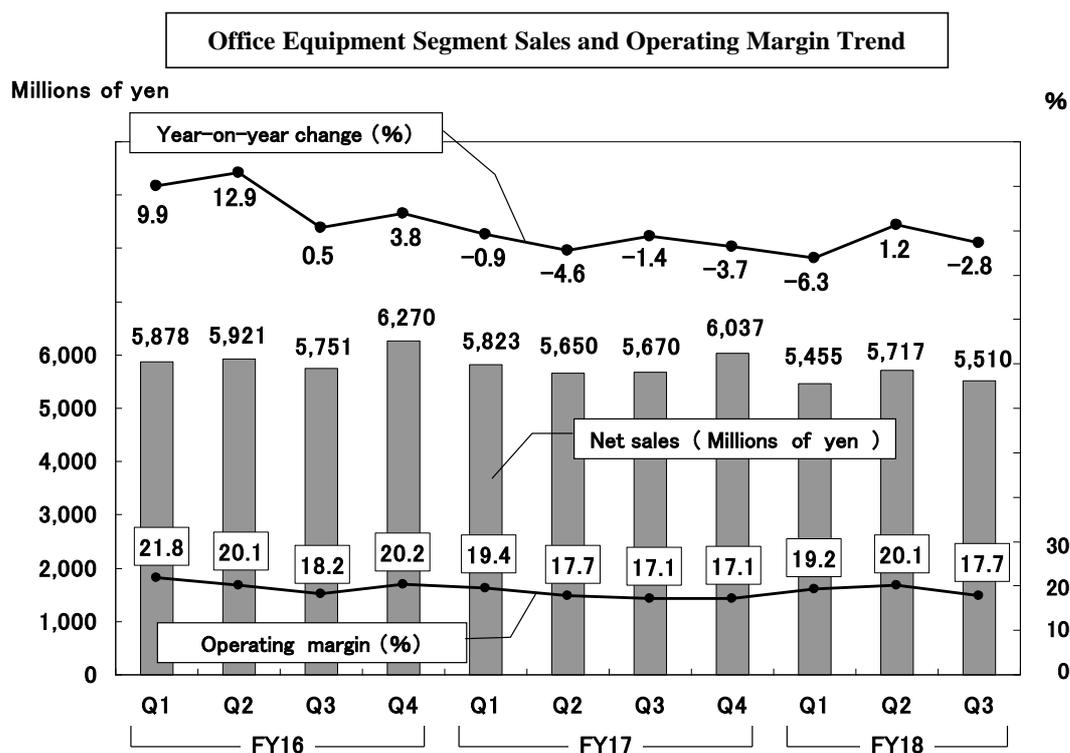
	Q3/ FY 2018 (Ending March 2018)	Q3/ FY 2017 (Ended March 2017)	Year-on-year Change	
			Increase (decrease)	Rate of increase (decrease)
Net Sales	16,684	17,144	(460)	(2.7)
Operating Income	3,171	3,096	+74	+2.4
Operating Margin	19.0	18.1	+0.9 points	

Business results for the Office Equipment segment during this third quarter were as follows: Net sales ¥16,684 million (a decrease of 2.7% from the previous corresponding period), operating income ¥3,171 million (an increase of 2.4% from the previous corresponding period), and operating margin 19.0%.

In the domestic office operations, the Group posted an increase of sales of LETATWIN tube markers for electric equipment thanks to a favorable performance by the new models released, but sales of stationery-related products as well as time recorders decreased, resulting in a decrease of the overall segment revenue.

In the overseas office operations, sales of the "BEPOP" label-making machines increased thanks to the sales expansion in Europe by the Lighthouse (UK) Ltd., a subsidiary of the Company in the UK, and a good progress that has been made with introduction of the product in Asia, which for us is a frontier market. Also, sales of LETATWIN tube markers increased due to favorable performance by the new models released, resulting in an increase of the segment revenue.

In auto-stapler operations, sales of both machinery and consumables fell, resulting in a decrease of the segment revenue.



Industrial Equipment Segment

(Millions of yen, %)

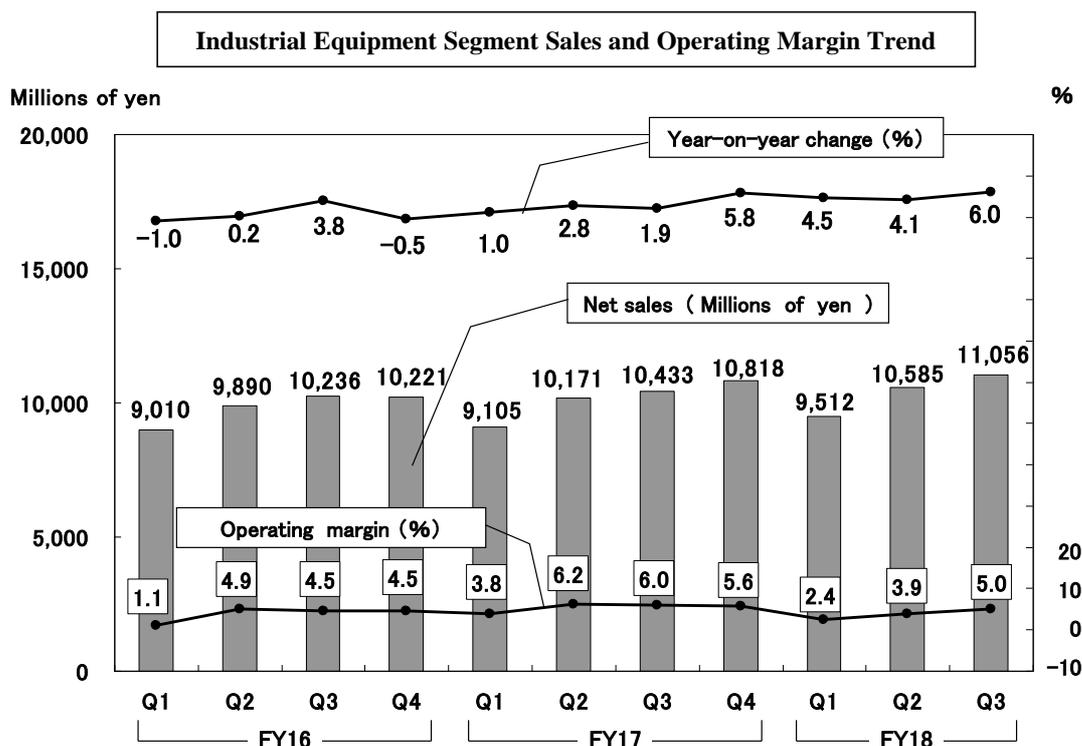
	Q3/ FY 2018 (Ending March 2018)	Q3/ FY 2017 (Ended March 2017)	Year-on-year Change	
			Increase (decrease)	Rate of increase (decrease)
Net Sales	31,155	29,709	+1,445	+4.9
Operating Income	1,192	1,607	(415)	(25.8)
Operating Margin	3.8	5.4	(1.6) points	

Business results for the Industrial Equipment segment during this third quarter were as follows: Net sales ¥31,155 million (an increase of 4.9% from the previous corresponding period), operating income ¥1,192 million (a decrease of 25.8% from the previous corresponding period), and operating margin 3.8%.

In the domestic industrial equipment product operations, the sales of tools for wooden structures increased due to a number of causes including the sales expansion of the handy compressors released in June. Sales of tools for concrete structures also increased mainly centering on the TWINTIER, a newly released rebar tying tool, resulting in an increase of the segment revenue.

In the overseas industrial equipment product operations, against the background of the robust construction market in Europe and the U.S., the Group made efforts to establish a new sales network and find new clients in cooperation with the existing routes, which resulted in an increase in the sales of tools for concrete structures including RE·BER-TIER, a rebar tying tool. As a result, the segment revenue increased.

In the residential environmental equipment operations, there was a continued increase of sales, targeting both detached houses and apartment houses, of DRYFAN bathroom heaters, ventilators and dehumidifiers, which are the mainstay of the business. On the other hand, the sales of floor heaters decreased, and the overall segment revenue decreased.



HCR Equipment Segment

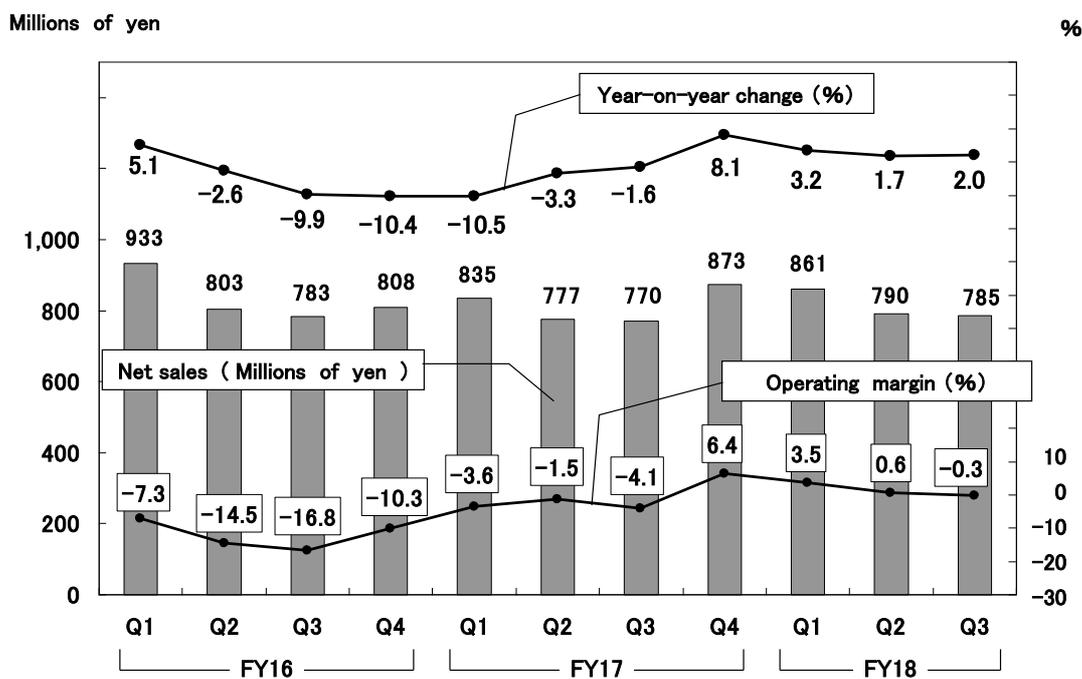
(Millions of yen, %)

	Q3/ FY 2018 (Ending March 2018)	Q3/ FY 2017 (Ended March 2017)	Year-on-year Change	
			Increase (decrease)	Rate of increase (decrease)
Net Sales	2,438	2,383	+55	2.3
Operating Income	33	(72)	+106	—
Operating Margin	1.4	(3.1)	+4.5 points	

Business results for the HCR Equipment segment during this third quarter were as follows: Net sales ¥2,438 million (an increase of 2.3% from the corresponding previous period) and operating income ¥33 million.

In the HCR Equipment segment, the Group implemented a range of activities to introduce our products to the large-scale rental routes, and, as adoption of new high value-added wheelchairs among clients accelerated, the segment posted an increase of revenue. Also, the segment achieved an increase in profitability due to measures conducted to reduce fixed costs.

HCR Equipment Segment Sales and Operating Margin Trend



(2) Explanation Concerning Financial Position

1) Summary of Consolidated Balance Sheets

(Millions of yen, %)

	Q3/ FY 2018 (As of December 31, 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	95,200	93,000	2,200	2.4
Net Assets	70,789	67,210	3,578	5.3
Equity Ratio	74.2	72.2	+2.0 points	

Assets increased ¥2,200 million in comparison with the position at the end of the previous consolidated fiscal year, to ¥95,200 million. Current assets increased ¥1,578 million due to factors such as a rise of ¥1,609 million in marketable securities. Non-current assets increased ¥621 million due to factors such as a rise of ¥690 million in property, plant and equipment.

Liabilities decreased ¥1,378 million in comparison with the position at the end of the previous consolidated fiscal year, to ¥24,411 million. Current liabilities decreased ¥956 million due to factors such as a fall of ¥868 million in provision for bonuses. Non-current liabilities also decreased ¥421 million due to factors such as a drop of ¥330 million in net defined benefit liability.

Net assets increased ¥3,578 million in comparison with the position at the end of the previous consolidated fiscal year, to ¥70,789 million.

Shareholders' equity increased ¥1,293 million. Key factors were cash dividends paid of ¥2,069 million, offset by a net income attributable to shareholders of parental company of ¥3,369 million.

Accumulated other comprehensive income increased ¥2,277 million, as valuation difference on available-for-sale securities expanded ¥907 million, and remeasurements of defined benefit plans rose ¥791 million.

2) Analysis of Consolidated Cash Flow

The balance of cash and cash equivalents ("funds") during the consolidated cumulative period under review was ¥21,564 million due to a decrease of ¥401 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 cumulative period under review amounted to ¥4,260 million. The key increases came from net income before income taxes of ¥4,596 million, a depreciation of ¥1,603 million, and an increase of ¥807 million in net defined benefit liability. The key decreases came from income taxes paid of ¥2,053 million and a decrease of ¥868 million in provision for bonuses.

Cash flows from investment activities

Funds used in investment activities in the consolidated cumulative period under review were ¥2,744 million. The key increase came from proceeds of ¥2,900 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 ¥3,678 million, and purchase of property, plant and equipment of ¥2,019 million.

Cash flows from financing activities

Funds used in financing activities in the consolidated cumulative period under review were ¥2,222 million. The key decrease was ¥2,069 million in cash dividends paid.

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

(Millions of yen, %)

	Forecast of operating results for the full fiscal year after this time's revision	Forecast of operating results for the full fiscal year announced last time	Difference with last time		Full fiscal year results of the previous year	Difference with previous year	
			Increase (decrease)	Rate of increase (decrease)		Increase (decrease)	Rate of increase (decrease)
Net Sales	68,200	70,500	(2,300)	(3.3)	66,967	+1,232	+1.8
Operating Income	6,000	6,500	(500)	(7.7)	6,323	(323)	(5.1)
Ordinary Income	6,200	6,650	(450)	(6.8)	6,455	(255)	(4.0)
Net Income Attributable to Shareholders of Parental Company	4,500	4,650	(150)	(3.2)	4,726	(226)	(4.8)
Net Income per Share (yen)	91.34 yen	94.37 yen	(3.03) yen		95.93 yen	(4.59) yen	

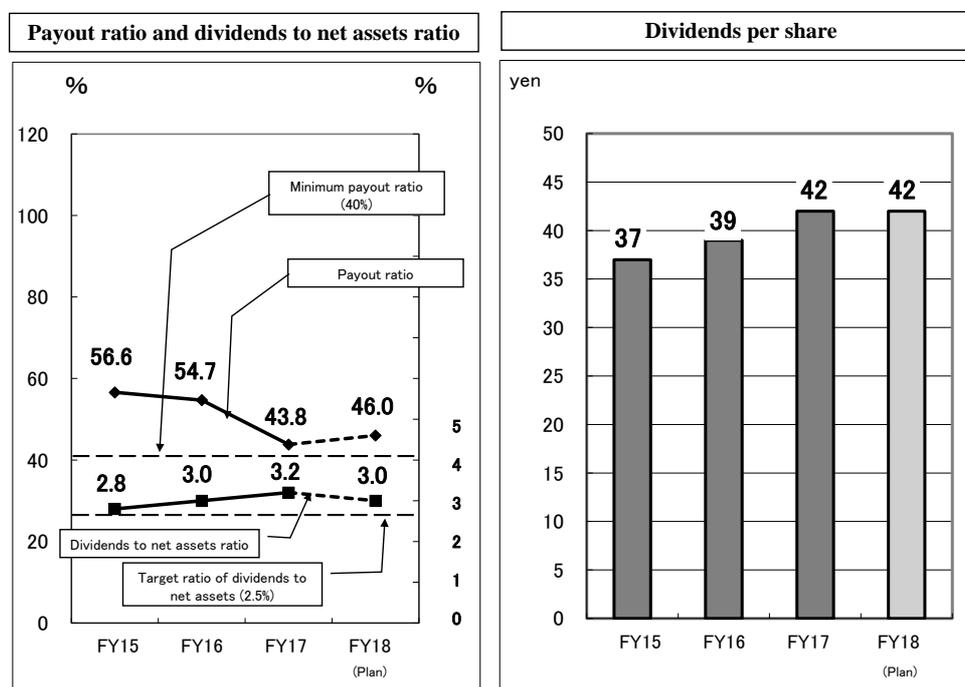
This time, the Group made a revision of its forecast of consolidated operating results for the fiscal year ending March 31, 2018 released on April 27, 2017.

Backed by solid construction market conditions in Japan as well as in Europe and the U.S., the sales of Industrial Equipment segment are making a good progress. Nevertheless, having taken into account a decrease of profits resulting from a number of causes including a decreasing sales trend of the Office Equipment segment and an increase in prices for steel materials, we came to the conclusion that the forecast of operating results for the full fiscal year announced last time needs to be revised downward.

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 the market for raw materials, comprehensively taking into account the Company's financial position, we plan to make the same annual dividend payment of "¥42 per share" as the previous term.



2. Quarterly Consolidated Financial Statements and Main Notes

(1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	FY 2017 (As of March 31, 2017)	Cumulative Q3 in FY 2018 (As of December 31, 2017)
ASSETS		
Current assets		
Cash and deposits	21,965	21,564
Notes and accounts receivable-trade	14,748	14,481
Marketable securities	4,212	5,821
Merchandise and finished goods	5,160	5,482
Work in process	845	939
Raw materials	1,183	1,162
Other	1,802	2,045
Allowance for doubtful accounts	(1)	(1)
Total current assets	49,916	51,494
Non-current assets		
Property, plant and equipment	17,342	18,033
Intangible assets	496	404
Investments and other assets		
Investment securities	21,034	21,401
Other	4,216	3,872
Allowance for doubtful accounts	(5)	(5)
Total investments and other assets	25,245	25,267
Total non-current assets	43,084	43,706
Total assets	93,000	95,200
LIABILITIES		
Current liabilities		
Accounts payable-trade	3,864	4,060
Short-term loans payable	1,950	2,000
Income taxes payable	1,372	855
Provision for bonuses	1,719	851
Provision for directors' bonuses	53	30
Other	3,633	3,839
Total current liabilities	12,592	11,636
Non-current liabilities		
Long-term loans payable	50	—
Provision for product warranties	44	44
Net defined benefit liability	12,061	11,730
Asset retirement obligations	18	18
Negative goodwill	15	9
Other	1,007	971
Total non-current liabilities	13,197	12,775
Total liabilities	25,789	24,411

(Millions of yen)

	FY 2017 (As of March 31, 2017)	Cumulative Q3 in FY 2018 (As of December 31, 2017)
NET ASSETS		
Shareholders' equity		
Capital stock	12,367	12,367
Capital surplus	10,518	10,518
Retained earnings	46,444	47,745
Treasury stock	(271)	(278)
Total shareholders' equity	69,059	70,352
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,635	2,543
Revaluation reserve for land	(328)	(328)
Foreign currency translation adjustment	(306)	270
Remeasurements of defined benefit plans	(2,949)	(2,157)
Total accumulated other comprehensive income	(1,948)	328
Non-controlling interests	100	107
Total net assets	67,210	70,789
Total liabilities and net assets	93,000	95,200

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

(Millions of yen)

	Cumulative Q3 in FY 2017 (From Apr. 1, 2016 to Dec. 31, 2016)	Cumulative Q3 in FY 2018 (From Apr. 1, 2017 to Dec. 31, 2017)
Net sales	49,237	50,278
Cost of sales	29,669	30,806
Gross profit	19,568	19,472
Selling, general and administrative expenses		
Salaries	4,315	4,196
Provision for bonuses	565	535
Provision for directors' bonuses	38	30
Retirement benefit expenses	1,157	1,244
Packing and delivery expenses	1,476	1,594
Promotion expenses	945	989
Depreciation	451	467
Other	5,986	6,015
Total selling, general and administrative expenses	14,937	15,074
Operating income	4,631	4,397
Non-operating income		
Interest income	62	55
Dividend income	117	133
Amortization of negative goodwill	5	5
Foreign exchange gains	52	—
Other	108	109
Total non-operating income	346	304
Non-operating expenses		
Interest expenses	29	29
Taxes and dues	5	3
Foreign exchange losses	—	58
Other	29	25
Total non-operating expenses	64	116
Ordinary income	4,912	4,584
Extraordinary income		
Gain on sales of non-current assets	16	32
Gain on sales of investment securities	—	0
Total extraordinary income	16	32
Extraordinary loss		
Loss on abandonment of non-current assets	14	20
Total extraordinary loss	14	20
Net income before income taxes	4,914	4,596
Income taxes	1,479	1,333
Income taxes for prior periods	(250)	(106)
Net income	3,685	3,369
Net income (loss) attributable to non-controlling interests	2	(0)
Net income attributable to shareholders of parental company	3,683	3,369

(Quarterly Consolidated Statement of Comprehensive Income)

(Millions of yen)

	Cumulative Q3 in FY 2017 (From Apr. 1, 2016 to Dec. 31, 2016)	Cumulative Q3 in FY 2018 (From Apr. 1, 2017 to Dec. 31, 2017)
Net income	3,685	3,369
Other comprehensive income		
Valuation difference on available-for-sale securities	642	907
Foreign currency translation adjustment	(566)	587
Adjustments relating to retirement benefits	723	791
Total other comprehensive income	799	2,286
Comprehensive income	4,484	5,656
(Breakdown)		
Comprehensive income attributable to shareholders of parental company	4,492	5,647
Comprehensive income attributable to non- controlling interests	(8)	8

(3) Quarterly Consolidated Statement of Cash Flows

(Millions of yen)

	Cumulative Q3 in FY 2017 (From Apr. 1, 2016 to Dec. 31, 2016)	Cumulative Q3 in FY 2018 (From Apr. 1, 2017 to Dec. 31, 2017)
Cash flows from operating activities		
Net income before income taxes	4,914	4,596
Depreciation	1,506	1,603
Amortization of goodwill	108	101
Amortization of negative goodwill	(5)	(5)
Increase (decrease) in allowance for doubtful accounts	(11)	(0)
Increase (decrease) in provision for bonuses	(589)	(868)
Increase (decrease) in provision for directors' bonuses	(4)	(23)
Increase (decrease) in provision for product warranties	(4)	(0)
Increase (decrease) in net defined benefit liability	647	807
Interest and dividend income	(180)	(188)
Interest expenses	29	29
Foreign exchange losses (gains)	(6)	(1)
Loss on abandonment of non-current assets	14	20
Loss (gain) on sales of non-current assets	(16)	(32)
Decrease (increase) in notes and accounts receivable-trade	(644)	461
Decrease (increase) in inventories	(130)	(302)
Increase (decrease) in notes and accounts payable-trade	68	(7)
Increase (decrease) in accrued consumption taxes	95	(173)
Decrease (increase) in other assets	4	(115)
Increase (decrease) in other liabilities	359	190
Subtotal	6,156	6,090
Interest and dividend income received	247	253
Interest expenses paid	(29)	(29)
Income taxes (paid) refund	(829)	(2,053)
Cash flows from operating activities	5,544	4,260
Cash flows from investment activities		
Purchase of short-term and long-term investment securities	(1,217)	(3,678)
Proceeds from sales and redemption of short-term and long-term investment securities	1,600	2,900
Purchase of property, plant and equipment	(1,582)	(2,019)
Proceeds from sales of property, plant and equipment	18	45
Purchase of intangible assets	(63)	(55)
Payments of loans receivable	(0)	(2)
Collection of loans receivable	91	64
Payments for asset retirement obligations	(10)	—
Cash flows from investment activities	(1,164)	(2,744)

(Millions of yen)

	Cumulative Q3 in FY 2017 (From Apr. 1, 2016 to Dec. 31, 2016)	Cumulative Q3 in FY 2018 (From Apr. 1, 2017 to Dec. 31, 2017)
Cash flows from financing activities		
Purchase of treasury shares	(6)	(6)
Proceeds from sales of treasury shares	0	—
Cash dividends paid	(1,921)	(2,069)
Cash dividends paid to non-controlling shareholders	(4)	(1)
Repayments of lease obligations	(163)	(144)
Cash flows from financing activities	(2,095)	(2,222)
Effect of exchange rate change on cash and cash equivalents	(302)	305
Net increase (decrease) in cash and cash equivalents	1,982	(401)
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	19,765	21,564

(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 third 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 Q3 of FY 2017 (From April 1, 2016 to December 31, 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	17,144	29,709	2,383	49,237
Inter-segment sales or transfers	—	—	—	—
Total	17,144	29,709	2,383	49,237
Segment profit (loss)	3,096	1,607	(72)	4,631

(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 Q3 of FY 2018 (From April 1, 2017 to December 31, 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	16,684	31,155	2,438	50,278
Inter-segment sales or transfers	—	—	—	—
Total	16,684	31,155	2,438	50,278
Segment profit	3,171	1,192	33	4,397

(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.