

July 26, 2019

**Summary of Consolidated Financial Results**  
**for the First Quarter of the Fiscal Year Ending March 31, 2020**  
**[Japan Standards]**

|  |   |                |   |
|--|---|----------------|---|
| Company name:  | MAX Co., Ltd.                                       | Stock listing: | Tokyo Stock Exchange  |
| Securities code:   | 6454  | URL:           | <a href="https://www.max-ltd.co.jp">https://www.max-ltd.co.jp</a> |
| Representative:  | Mitsuteru Kurosawa, President                       | TEL:           | +81-3-3669-8106   |
| Contact:   | Akio Kitaya, General Manager, General Affairs Dept. |                |   |
| Date of filing of financial statements   | August 9, 2019                                      |                |   |
| 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, 2020**  
**(April 1, 2019 to June 30, 2019)**

## (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 2020 | 17,249          | 2.3 | 1,979            | 19.9 | 1,891           | 5.4  | 1,421   | 13.3 |
| Q1/ FY ended March 2019  | 16,856          | 6.5 | 1,650            | 26.7 | 1,794           | 31.2 | 1,254   | 13.6 |

(Note) Comprehensive income

|                           |                            |
|---------------------------|----------------------------|
| Q1/ FY ending March 2020: | 848 million yen (-36.9%)   |
| Q1/ FY ended March 2019:  | 1,345 million yen (-24.3%) |

|                          | Net Income per Share | Net Income per Share after Dilution |
|--------------------------|----------------------|-------------------------------------|
|                          | Yen                  | Yen                                 |
| Q1/ FY ending March 2020 | 29.07                | —                                   |
| Q1/ FY ended March 2019  | 25.47                | —                                   |

## (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, 2019  | 95,974          | 72,644          | 75.6         | 1,483.24             |
| As of March 31, 2019 | 98,174          | 73,950          | 75.2         | 1,509.80             |

(Reference) Shareholders' equity

|                       |                    |
|-----------------------|--------------------|
| As of June 30, 2019:  | 72,541 million yen |
| As of March 31, 2019: | 73,840 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 2019             | —                   | —         | —         | 44.00     | 44.00 |
| FY ending March 2020            | —                   | —         | —         | —         | —     |
| FY ending March 2020 (Forecast) | —                   | —         | —         | 44.00     | 44.00 |

(Note) Revision of forecasts on the dividends: None

### 3. Forecasts of Consolidated Operating Results for the Fiscal Year Ending March 31, 2020 (April 1, 2019 to March 31, 2020)

(% 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 | 35,400          | 3.5 | 3,650            | 6.4 | 3,700           | (0.6) | 2,650   | 1.7 | 54.18                |
| Full year  | 72,350          | 3.2 | 7,450            | 4.2 | 7,600           | 4.8   | 5,250   | 3.7 | 107.35               |

(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, 2019: 49,141,426 shares

As of March 31, 2019: 49,141,426 shares

2) Amount of treasury stock at term-end

As of June 30, 2019: 233,785 shares

As of March 31, 2019: 233,737 shares

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

Three months ended June 30, 2019: 48,907,641 shares

Three months ended June 30, 2018: 49,267,140 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 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 2020<br>(Ending March 2020) | Q1/ FY 2019<br>(Ended March 2019) | Year-on-year Change |                                |
|---|------------------------------------|-----------------------------------|---------------------|--------------------------------|
|   |                                    |                                   | Increase (decrease) | Rate of increase<br>(decrease) |
| Net Sales   | 17,249                             | 16,856                            | +392                | +2.3                           |
| Operating Income  | 1,979                              | 1,650                             | +328                | +19.9                          |
| Ordinary Income   | 1,891                              | 1,794                             | +97                 | +5.4                           |
| Net Income Attributable<br>to Shareholders of<br>Parental Company | 1,421                              | 1,254                             | +167                | +13.3                          |
| Net Income per Share<br>(yen)                                     | 29.07 yen                          | 25.47 yen                         | +3.60 yen           | —                              |
| Operating Margin  | 11.5                               | 9.8                               | +1.7 points         |                                |

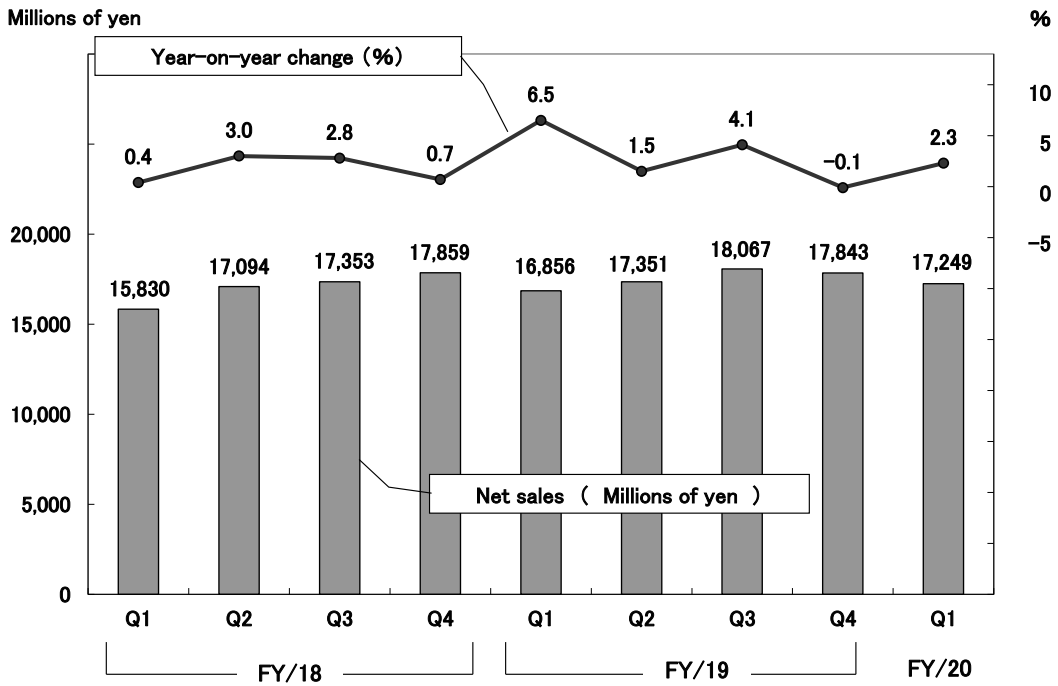
During the consolidated cumulative period under review (from April 1, 2019 to June 30, 2019), although exports and production remained on a weak note, the economy of Japan continued on the path of moderate recovery against the backdrop of recovery in personal consumption and some other favorable developments. In the housing market related to the Group's Industrial Equipment segment, as financial institutions took a stricter stance on financing, the number of new construction starts for rental housing declined, resulting in an overall decrease of the number of new housing construction starts in Japan. Overseas, the U.S. economy continued to recover with an increase in personal consumption boosted by improvements of the employment conditions, and in Europe also, while some sectors of the economy were weak, on the whole, the economy entered a gradual recovery trend.

On the other hand, due to a number of reasons including uncertainty in the global economy resulting from trade issues and an economic slowdown in China, the way forward seemed unclear with regard to the business conditions surrounding the Group.

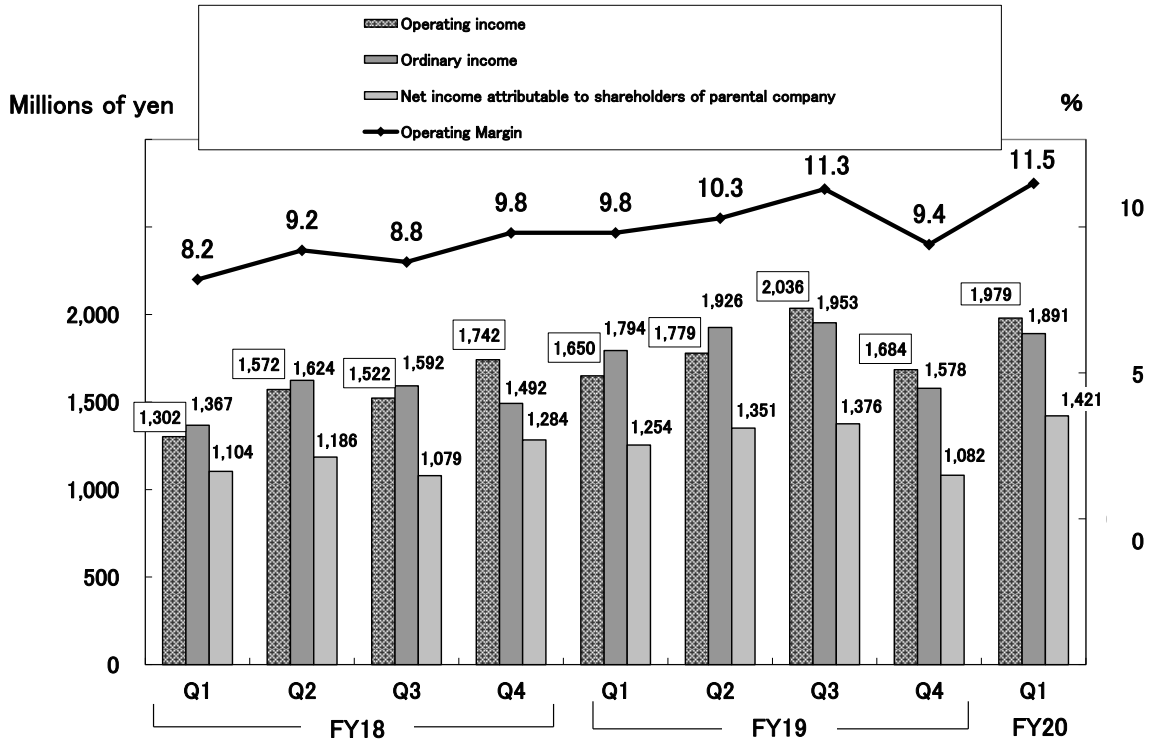
Under such circumstances, during the period under review, the Max Group posted an increase of revenue with the Industrial Equipment segment driving the overall sales.

As a result, net sales increased 2.3% from the previous corresponding period to ¥17,249 million, while operating income increased 19.9% from the previous corresponding period to ¥1,979 million. Ordinary income increased 5.4% from the previous corresponding period to ¥1,891 million, and net income attributable to shareholders of parental company also increased 13.3% from the previous corresponding period to ¥1,421 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, %)

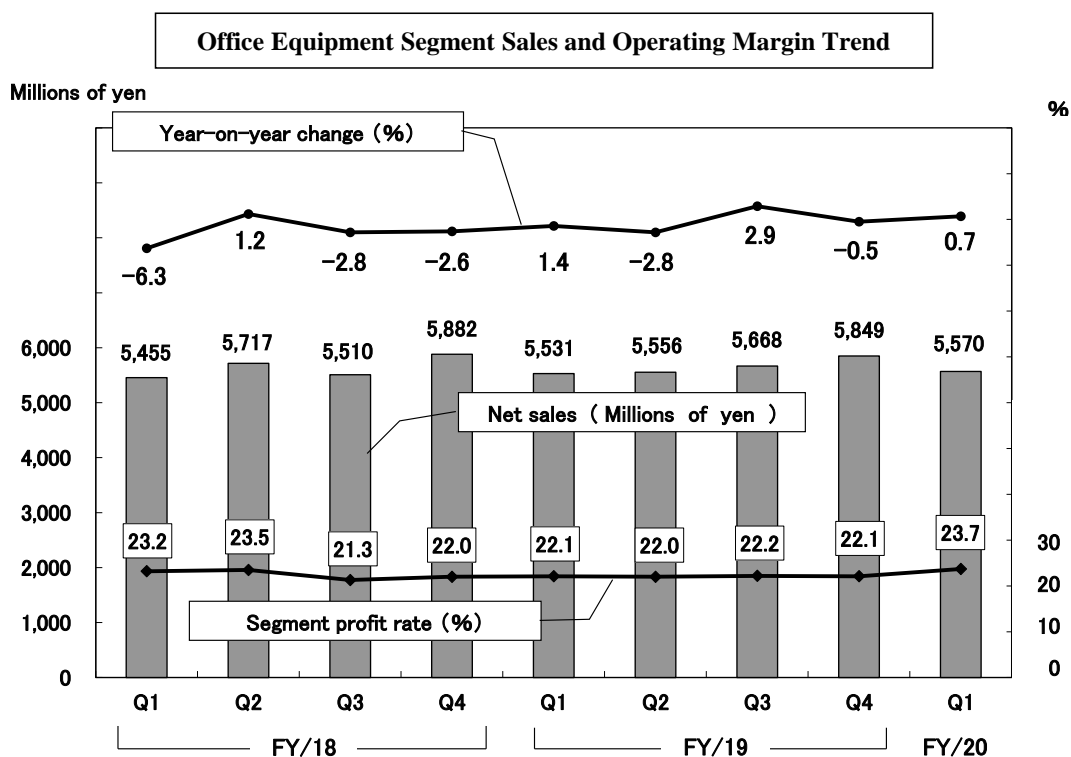
|                     | Q1/ FY 2020<br>(Ending March 2020) | Q1/ FY 2019<br>(Ended March 2019) | Year-on-year Change |                                |
|---------------------|------------------------------------|-----------------------------------|---------------------|--------------------------------|
|                     |                                    |                                   | Increase (decrease) | Rate of increase<br>(decrease) |
| Net Sales           | 5,570                              | 5,531                             | +39                 | +0.7                           |
| Segment Profit      | 1,322                              | 1,224                             | +98                 | +8.1                           |
| Segment Profit Rate | 23.7                               | 22.1                              | +1.6 points         |                                |

Business results for the Office Equipment segment were as follows: Net sales ¥5,570 million (an increase of 0.7% from the previous corresponding period), segment profit ¥1,322 million (an increase of 8.1% from the previous corresponding period), and segment profit rate 23.7%.

In the domestic office operations, although sales of the stationery-related products decreased, sales of the BEPOP label-making machines targeting plants, where they are mainly used to create safety-related signs, increased, resulting in a slight increase of revenue.

The overseas office operations posted an increase of revenue due to an increase in the European sales of the BEPOP label-making machines boosted by the Group's release in January of a new product in the series, as well as a recovery achieved with the stationery-related products.

In the auto-stapler operations, sales remained on the same level with the previous year, as although the Group benefited from the positive effects of the weak yen, there was also a decrease in sales due to inventory adjustments of some of our business partners.



## Industrial Equipment Segment

(Millions of yen, %)

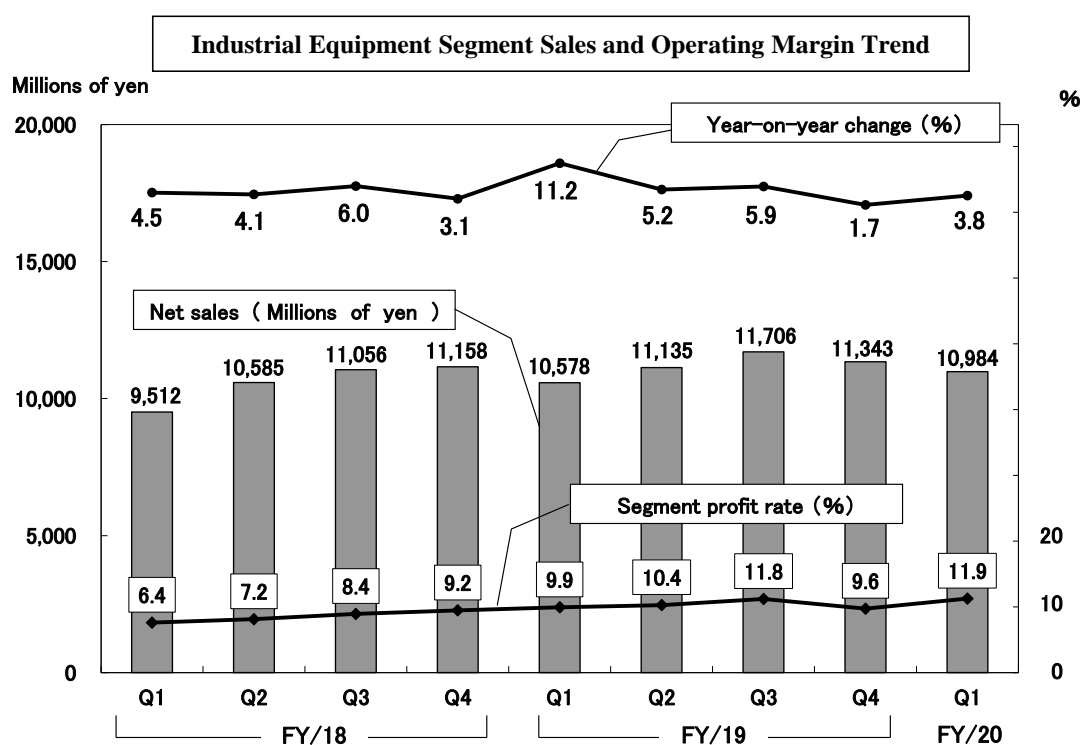
|                     | Q1/ FY 2020<br>(Ending March 2020) | Q1/ FY 2019<br>(Ended March 2019) | Year-on-year Change |                                |
|---------------------|------------------------------------|-----------------------------------|---------------------|--------------------------------|
|                     |                                    |                                   | Increase (decrease) | Rate of increase<br>(decrease) |
| Net Sales           | 10,984                             | 10,578                            | +406                | +3.8                           |
| Segment Profit      | 1,305                              | 1,045                             | +259                | +24.8                          |
| Segment Profit Rate | 11.9                               | 9.9                               | +2.0 points         |                                |

Business results for the Industrial Equipment segment were as follows: Net sales ¥10,984 million (an increase of 3.8% from the previous corresponding period), segment profit ¥1,305 million (an increase of 24.8% from the previous corresponding period), and segment profit rate 11.9%.

In the domestic industrial equipment product operations, sales of tools for concrete structures increased centering on the rebar tying tool TWINTIER, while sales of tools for wooden structures including nailers and compressors also increased, resulting in an increase of the revenue.

In the overseas industrial equipment product operations, the Group posted an increase of revenue as sales of tools for concrete structures increased with the Group's sales network in Western markets expanding, resulting in advancing adoption of the TWINTIER rebar tying tools in the civil engineering industry market and the construction-site application market.

In the residential environmental equipment operations, although the Group felt the impact of a decrease in the number of new construction starts in the rental market, sales of the DRYFAN series, which is the mainstay of the business, targeting condominiums on the one hand and the remodeling, replacement, and inspection needs in the existing housing stock increased, resulting in an increase of the revenue.

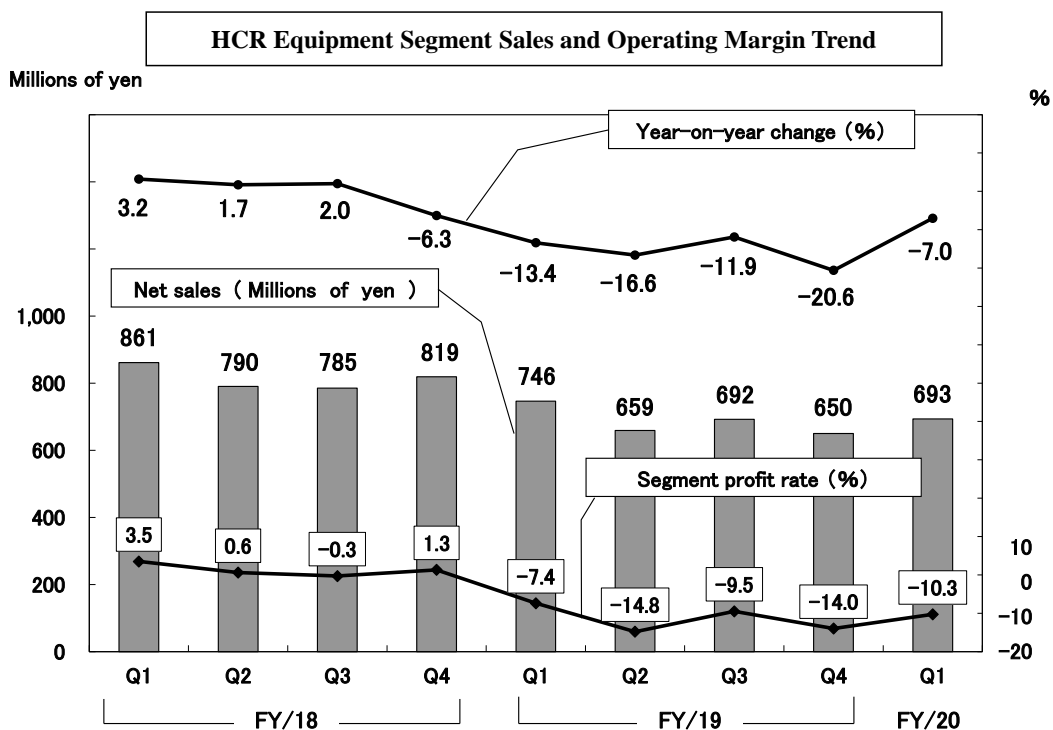


## HCR Equipment Segment

(Millions of yen, %)

|                     | Q1/ FY 2020<br>(Ending March 2020) | Q1/ FY 2019<br>(Ended March 2019) | Year-on-year Change |                                |
|---------------------|------------------------------------|-----------------------------------|---------------------|--------------------------------|
|                     |                                    |                                   | Increase (decrease) | Rate of increase<br>(decrease) |
| Net Sales           | 693                                | 746                               | (52)                | (7.0)                          |
| Segment Profit      | (71)                               | (55)                              | (16)                | —                              |
| Segment Profit Rate | (10.3)                             | (7.4)                             | (2.9) points        |                                |

In the HCR Equipment segment, the Group is currently promoting a switchover to new wheelchairs, which were released in the second half of the previous term, and, due to the fact that the former products are no longer sold as well as a decrease in sales of wheelchairs with high unit price, the segment posted net sales of ¥693 million (down 7.0% from the previous corresponding period) and segment profit of negative ¥71 million.





## (2) Explanation Concerning Financial Position

### 1) Summary of Consolidated Balance Sheets

(Millions of yen, %)

|              | Q1/ FY 2020<br>(As of June 30, 2019) | FY 2019<br>(As of March 31, 2019) | Comparison with position at end of previous consolidated fiscal year |                             |
|--------------|--------------------------------------|-----------------------------------|--|-----------------------------|
|              |                                      |                                   | Increase (decrease)  | Rate of increase (decrease) |
| Total Assets | 95,974                               | 98,174                            | (2,200)  | (2.2)                       |
| Net Assets   | 72,644                               | 73,950                            | (1,305)  | (1.8)                       |
| Equity Ratio | 75.6                                 | 75.2                              | +0.4 points  |                             |

Assets decreased ¥2,200 million compared to the position at the end of the previous consolidated fiscal year, to ¥95,974 million. Current assets decreased ¥2,981 million due to factors such as a decline of ¥1,405 million in marketable securities and a fall of ¥887 million in cash and deposits. Non-current assets increased ¥781 million due to factors such as a rise of ¥365 million in property, plant and equipment and an increase of ¥245 million in investment securities.

Liabilities decreased ¥894 million compared to the position at the end of the previous consolidated fiscal year, to ¥23,329 million. Current liabilities decreased ¥770 million due to factors such as a drop of ¥957 million in provision for bonuses. Non-current liabilities also decreased ¥124 million, as net defined benefit liability decreased ¥107 million.

Net assets decreased ¥1,305 million compared to the position at the end of the previous consolidated fiscal year, to ¥72,644 million. Despite having reached a net income attributable to shareholders of parental company of ¥1,421 million, shareholders' equity decreased ¥730 million due to a ¥2,151 million payment of cash dividends.

Accumulated other comprehensive income fell ¥569 million, as valuation difference on available-for-sale securities declined ¥495 million.

### 2) Analysis of Consolidated Cash Flow

The balance of cash and cash equivalents ("funds") during the consolidated cumulative period under review was ¥21,303 million due to a decrease of ¥887 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 ¥1,616 million. The key increases came from net income before income taxes of ¥1,985 million and depreciation of ¥640 million. The key decrease came from a decrease of ¥959 million in provision for bonuses.

#### Cash flows from investment activities

Funds used in investment activities in the consolidated cumulative period under review amounted to ¥403 million. The key increase came from proceeds of ¥2,077 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 ¥1,507 million and purchase of property, plant and equipment of ¥948 million.

#### Cash flows from financing activities

Funds used in financing activities in the consolidated cumulative period under review amounted to ¥1,990 million. The key decrease was ¥1,929 million in cash dividends paid.

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

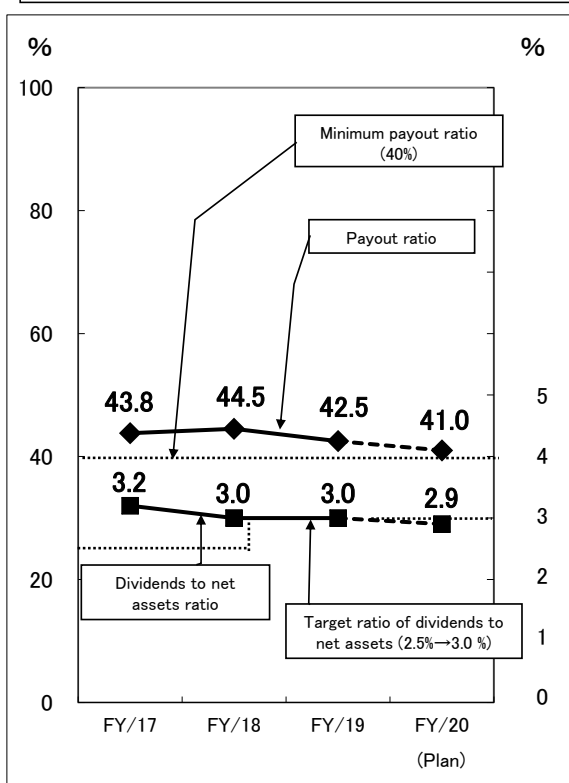
This time, there will be no changes to the forecast of consolidated operating results announced on April 26, 2019 regarding the first half or the full fiscal year.

Dividends

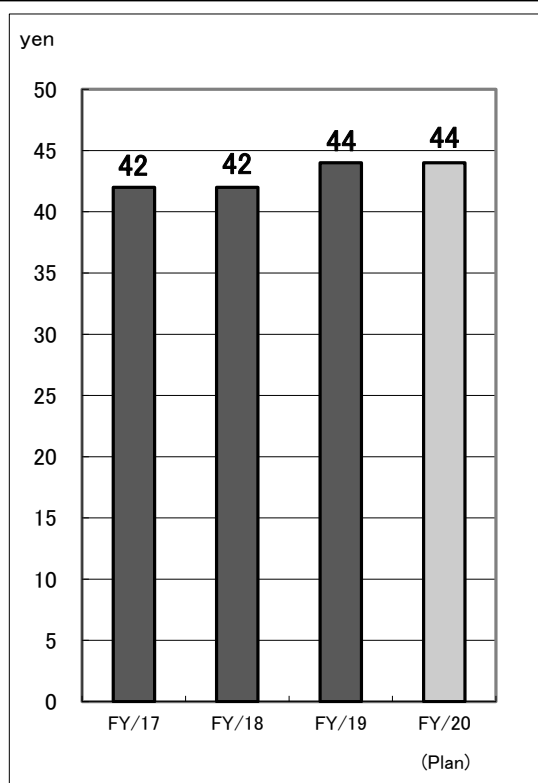
Our basic dividend policy is to maintain, based on the consolidated financial statement, "a minimum of 40% payout ratio with a target ratio of dividends to net assets of 3.0%".

For the current term, although there is a possibility for the uncertain economic environment and exchange trends negatively impacting our operating performance, the annual dividend is expected to remain unchanged at ¥44 per share.

**Payout ratio and dividends to net assets ratio**



**Dividends per share**



## 2. Quarterly Consolidated Financial Statements and Main Notes

### (1) Quarterly Consolidated Balance Sheets

(Millions of yen)

|   | FY 2019<br>(As of March 31, 2019) | Q1/ FY 2020<br>(As of June 30, 2019) |
|---|-----------------------------------|--------------------------------------|
| <b>ASSETS</b>                             |                                   |                                      |
| Current assets                            |                                   |                                      |
| Cash and deposits                         | 22,190                            | 21,303                               |
| Notes and accounts receivable-trade       | 14,394                            | 13,656                               |
| Marketable securities                     | 4,915                             | 3,509                                |
| Merchandise and finished goods            | 6,095                             | 6,182                                |
| Work in process                           | 782                               | 915                                  |
| Raw materials                             | 1,097                             | 1,054                                |
| Other                                     | 1,075                             | 948                                  |
| Allowance for doubtful accounts           | (1)                               | (1)                                  |
| <b>Total current assets</b>               | <b>50,549</b>                     | <b>47,568</b>                        |
| Non-current assets                        |                                   |                                      |
| Property, plant and equipment             | 19,188                            | 19,553                               |
| Intangible assets                         | 228                               | 244                                  |
| Investments and other assets              |                                   |                                      |
| Investment securities                     | 23,552                            | 23,797                               |
| Other                                     | 4,662                             | 4,817                                |
| Allowance for doubtful accounts           | (5)                               | (5)                                  |
| <b>Total investments and other assets</b> | <b>28,208</b>                     | <b>28,608</b>                        |
| <b>Total non-current assets</b>           | <b>47,624</b>                     | <b>48,406</b>                        |
| <b>Total assets</b>                       | <b>98,174</b>                     | <b>95,974</b>                        |
| <b>LIABILITIES</b>                        |                                   |                                      |
| Current liabilities                       |                                   |                                      |
| Accounts payable-trade                    | 3,713                             | 3,493                                |
| Short-term loans payable                  | 1,850                             | 1,850                                |
| Income taxes payable                      | 1,082                             | 555                                  |
| Provision for bonuses                     | 1,753                             | 795                                  |
| Provision for directors' bonuses          | 44                                | 9                                    |
| Provision for product warranties          | 112                               | 99                                   |
| Other                                     | 3,723                             | 4,705                                |
| <b>Total current liabilities</b>          | <b>12,279</b>                     | <b>11,508</b>                        |
| Non-current liabilities                   |                                   |                                      |
| Long-term loans payable                   | 150                               | 150                                  |
| Provision for product warranties          | 14                                | 10                                   |
| Net defined benefit liability             | 10,799                            | 10,691                               |
| Asset retirement obligations              | 29                                | 29                                   |
| Other                                     | 952                               | 938                                  |
| <b>Total non-current liabilities</b>      | <b>11,945</b>                     | <b>11,820</b>                        |
| <b>Total liabilities</b>                  | <b>24,224</b>                     | <b>23,329</b>                        |

(Millions of yen)

|   | FY 2019<br>(As of March 31, 2019) | Q1/ FY 2020<br>(As of June 30, 2019) |
|---|-----------------------------------|--------------------------------------|
| <b>NET ASSETS</b>                                     |                                   |                                      |
| Shareholders' equity                                  |                                   |                                      |
| Capital stock   | 12,367                            | 12,367                               |
| Capital surplus                                       | 10,517                            | 10,517                               |
| Retained earnings                                     | 51,533                            | 50,803                               |
| Treasury stock  | (319)                             | (319)                                |
| Total shareholders' equity                            | 74,099                            | 73,369                               |
| Accumulated other comprehensive income                |                                   |                                      |
| Valuation difference on available-for-sale securities | 1,417                             | 922                                  |
| Revaluation reserve for land                          | (339)                             | (339)                                |
| Foreign currency translation adjustment               | (82)                              | (293)                                |
| Remeasurements of defined benefit plans               | (1,253)                           | (1,116)                              |
| Total accumulated other comprehensive income          | (258)                             | (827)                                |
| Non-controlling interests                             | 109                               | 103                                  |
| Total net assets                                      | 73,950                            | 72,644                               |
| Total liabilities and net assets                      | 98,174                            | 95,974                               |

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

(Millions of yen)

|   | Q1/ FY 2019<br>(From April 1, 2018 to<br>June 30, 2018) | Q1/ FY 2020<br>(From April 1, 2019 to<br>June 30, 2019) |
|---|---|---|
| Net sales   | 16,856  | 17,249  |
| Cost of sales   | 10,281  | 10,115  |
| Gross profit  | 6,574   | 7,133   |
| Selling, general and administrative expenses                |   |   |
| Salaries  | 1,433   | 1,442   |
| Provision for bonuses                                       | 455   | 423   |
| Provision for directors' bonuses                            | 9   | 9   |
| Retirement benefit expenses                                 | 274   | 251   |
| Packing and delivery expenses                               | 553   | 573   |
| Promotion expenses  | 286   | 320   |
| Depreciation  | 155   | 241   |
| Other   | 1,754   | 1,891   |
| Total selling, general and administrative expenses          | 4,924   | 5,154   |
| Operating income  | 1,650   | 1,979   |
| Non-operating income  |   |   |
| Interest income   | 14  | 16  |
| Dividend income   | 66  | 69  |
| Amortization of negative goodwill                           | 1   | —   |
| Foreign exchange gains                                      | 59  | —   |
| Other   | 23  | 23  |
| Total non-operating income                                  | 165   | 109   |
| Non-operating expenses                                      |   |   |
| Interest expenses   | 9   | 11  |
| Taxes and dues  | 1   | 2   |
| Foreign exchange losses                                     | —   | 175   |
| Other   | 10  | 7   |
| Total non-operating expenses                                | 21  | 197   |
| Ordinary income   | 1,794   | 1,891   |
| Extraordinary income  |   |   |
| Gain on sales of non-current assets                         | —   | 0   |
| Gain on sales of investment securities                      | —   | 118   |
| Total extraordinary income                                  | —   | 119   |
| Extraordinary loss  |   |   |
| Loss on abandonment of non-current assets                   | 2   | 3   |
| Impairment loss   | —   | 21  |
| Total extraordinary loss                                    | 2   | 25  |
| Net income before income taxes                              | 1,792   | 1,985   |
| Income taxes  | 537   | 562   |
| Net income  | 1,254   | 1,422   |
| Net income (loss) attributable to non-controlling interests | (0)   | 0   |
| Net income attributable to shareholders of parental company | 1,254   | 1,421   |

## (Quarterly Consolidated Statement of Comprehensive Income)

(Millions of yen)

|  | Q1/ FY 2019<br>(From April 1, 2018 to<br>June 30, 2018) | Q1/ FY 2020<br>(From April 1, 2019 to<br>June 30, 2019) |
|--|---|---|
| Net income   | 1,254   | 1,422   |
| Other comprehensive income   |   |   |
| Valuation difference on available-for-sale securities                    | 33  | (495)   |
| Foreign currency translation adjustment                                  | (92)  | (215)   |
| Adjustments relating to retirement benefits                              | 149   | 137   |
| Total other comprehensive income   | 91  | (574)   |
| Comprehensive income   | 1,345   | 848   |
| (Breakdown)  |   |   |
| Comprehensive income attributable to shareholders<br>of parental company | 1,346   | 852   |
| Comprehensive income attributable to non-<br>controlling interests       | (0)   | (4)   |

## (3) Quarterly Consolidated Statement of Cash Flows

(Millions of yen)

|  | Q1/ FY 2019<br>(From April 1, 2018 to<br>June 30, 2018) | Q1/ FY 2020<br>(From April 1, 2019 to<br>June 30, 2019) |
|--|---|---|
| <b>Cash flows from operating activities</b>  |   |   |
| Net income before income taxes   | 1,792   | 1,985   |
| Depreciation   | 540   | 640   |
| Amortization of goodwill   | 35  | —   |
| Amortization of negative goodwill  | (1)   | —   |
| Impairment loss  | —   | 21  |
| Increase (decrease) in allowance for doubtful accounts                               | (0)   | (0)   |
| Increase (decrease) in provision for bonuses   | (1,016)   | (959)   |
| Increase (decrease) in provision for directors' bonuses                              | (32)  | (35)  |
| Increase (decrease) in provision for product warranties                              | (5)   | (16)  |
| Increase (decrease) in net defined benefit liability                                 | 118   | 89  |
| Interest and dividend income   | (80)  | (86)  |
| Interest expenses  | 9   | 11  |
| Foreign exchange losses (gains)  | 16  | (11)  |
| Loss on abandonment of non-current assets  | 2   | 3   |
| Loss (gain) on sales of non-current assets   | —   | (0)   |
| Loss (gain) on sales of short-term and long-term investment securities               | —   | (118)   |
| Increase (decrease) in deposits received from employees                              | 454   | 381   |
| Decrease (increase) in notes and accounts receivable-trade                           | 776   | 638   |
| Decrease (increase) in inventories   | (306)   | (254)   |
| Increase (decrease) in notes and accounts payable-trade                              | 69  | (86)  |
| Increase (decrease) in accrued consumption taxes                                     | (1)   | 41  |
| Decrease (increase) in other assets  | 16  | 38  |
| Increase (decrease) in other liabilities   | (17)  | 242   |
| <b>Subtotal</b>  | <b>2,369</b>  | <b>2,524</b>  |
| Interest and dividend income received  | 107   | 106   |
| Interest expenses paid   | (9)   | (14)  |
| Income taxes (paid) refund   | (877)   | (999)   |
| <b>Cash flows from operating activities</b>  | <b>1,590</b>  | <b>1,616</b>  |
| <b>Cash flows from investment activities</b>   |   |   |
| Purchase of short-term and long-term investment securities                           | (2,737)   | (1,507)   |
| Proceeds from sales and redemption of short-term and long-term investment securities | 1,800   | 2,077   |
| Purchase of property, plant and equipment  | (862)   | (948)   |
| Proceeds from sales of property, plant and equipment                                 | —   | 0   |
| Purchase of intangible assets  | (9)   | (38)  |
| Payments of loans receivable   | (0)   | —   |
| Collection of loans receivable   | 23  | 13  |
| <b>Cash flows from investment activities</b>   | <b>(1,786)</b>  | <b>(403)</b>  |

|   | (Millions of yen)                                       |  |
|---|---|--|
|   | Q1/ FY 2019<br>(From April 1, 2018 to<br>June 30, 2018) | Cumulative Q1/ FY 2020<br>(From April 1, 2019 to<br>June 30, 2019) |
| <b>Cash flows from financing activities</b>                             |   |  |
| Purchase of treasury shares   | (0)   | (0)  |
| Cash dividends paid   | (1,845)   | (1,929)  |
| Cash dividends paid to non-controlling shareholders                     | (0)   | (1)  |
| Repayments of lease obligations   | (57)  | (60)   |
| Cash flows from financing activities                                    | (1,903)   | (1,990)  |
| Effect of exchange rate change on cash and cash equivalents             | (22)  | (109)  |
| Net increase (decrease) in cash and cash equivalents                    | (2,122)   | (887)  |
| Balance of cash and cash equivalents, beginning of the period           | 23,722  | 22,190   |
| Quarterly balance of cash and cash equivalents at the end of the period | 21,600  | 21,303   |



(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.

(Segment Information)

Q1 of FY 2019 (From April 1, 2018 to June 30, 2018)

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   | 5,531             | 10,578               | 746           | —           | 16,856 |
| Inter-segment sales or transfers | —                 | —                    | —             | —           | —      |
| Total                            | 5,531             | 10,578               | 746           | —           | 16,856 |
| Segment profit (loss)            | 1,224             | 1,045                | (55)          | (563)       | 1,650  |

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

2. The segment profit adjustment of negative ¥563 million includes the negative ¥563 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 2020 (From April 1, 2019 to June 30, 2019)

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   | 5,570             | 10,984               | 693           | —           | 17,249 |
| Inter-segment sales or transfers | —                 | —                    | —             | —           | —      |
| Total                            | 5,570             | 10,984               | 693           | —           | 17,249 |
| Segment profit (loss)            | 1,322             | 1,305                | (71)          | (577)       | 1,979  |

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

2. The segment profit adjustment of negative ¥577 million includes the negative ¥577 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.