

July 29, 2020

**Summary of Consolidated Financial Results**  
**for the First Quarter of the Fiscal Year Ending March 31, 2021**  
**[Japan Standards]**

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 Date of filing of financial statements August 7, 2020  
 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, 2021**  
**(April 1, 2020 to June 30, 2020)**

## (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 2021 | 14,574          | (15.5) | 1,439            | (27.3) | 1,461           | (22.7) | 1,096                                                       | (22.9) |
| Q1/ FY ended March 2020  | 17,249          | 2.3    | 1,979            | 19.9   | 1,891           | 5.4    | 1,421                                                       | 13.3   |

(Note) Comprehensive income

Q1/ FY ending March 2021: 1,412 million yen (66.4%)  
 Q1/ FY ended March 2020: 848 million yen (-36.9%)

|                          | Net Income per Share | Net Income per Share after Dilution |
|--------------------------|----------------------|-------------------------------------|
|                          | Yen                  | Yen                                 |
| Q1/ FY ending March 2021 | 22.43                | —                                   |
| Q1/ FY ended March 2020  | 29.07                | —                                   |

## (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, 2020  | 97,385          | 75,135          | 77.1         | 1,534.29             |
| As of March 31, 2020 | 99,378          | 75,972          | 76.3         | 1,551.34             |

(Reference) Shareholders' equity

As of June 30, 2020: 75,038 million yen  
 As of March 31, 2020: 75,871 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 2020             | —                   | —         | —         | 46.00     | 46.00 |
| FY ending March 2021            | —                   | —         | —         | —         | —     |
| FY ending March 2021 (Forecast) | —                   | —         | —         | 46.00     | 46.00 |

(Note) Revision of forecasts on the dividends: Yes

### 3. Forecasts of Consolidated Operating Results for the Fiscal Year Ending March 31, 2021 (April 1, 2020 to March 31, 2021)

(% 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 | 29,800          | (14.6) | 2,550            | (37.3) | 2,570           | (34.3) | 1,880                                                       | (34.2) | 38.44                |
| Full year  | 63,500          | (8.9)  | 5,700            | (24.9) | 5,800           | (21.7) | 4,200                                                       | (23.8) | 85.88                |

(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 June 30, 2020: 49,141,426 shares

As of March 31, 2020: 49,141,426 shares

2) Amount of treasury stock at term-end

As of June 30, 2020: 234,294 shares

As of March 31, 2020: 234,263 shares

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

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

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

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

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

Statements on the future of our business in these materials, including the earnings forecast, are based on information available at this moment and certain preconditions which we judge as rational and appropriate. Therefore, actual results and other achievements may differ from the above forecasts for various reasons. For the preconditions of our earnings forecast and matters to be noticed when using the forecast, please refer to page 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, %)

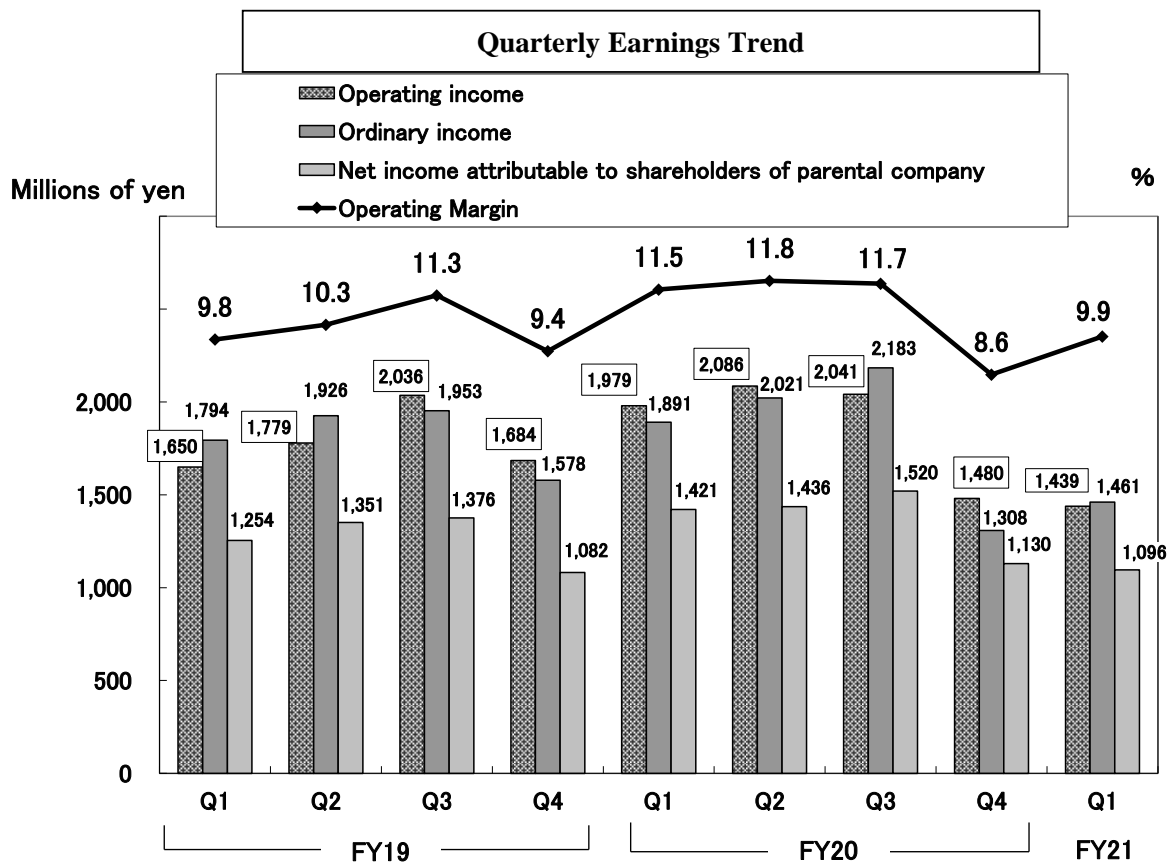
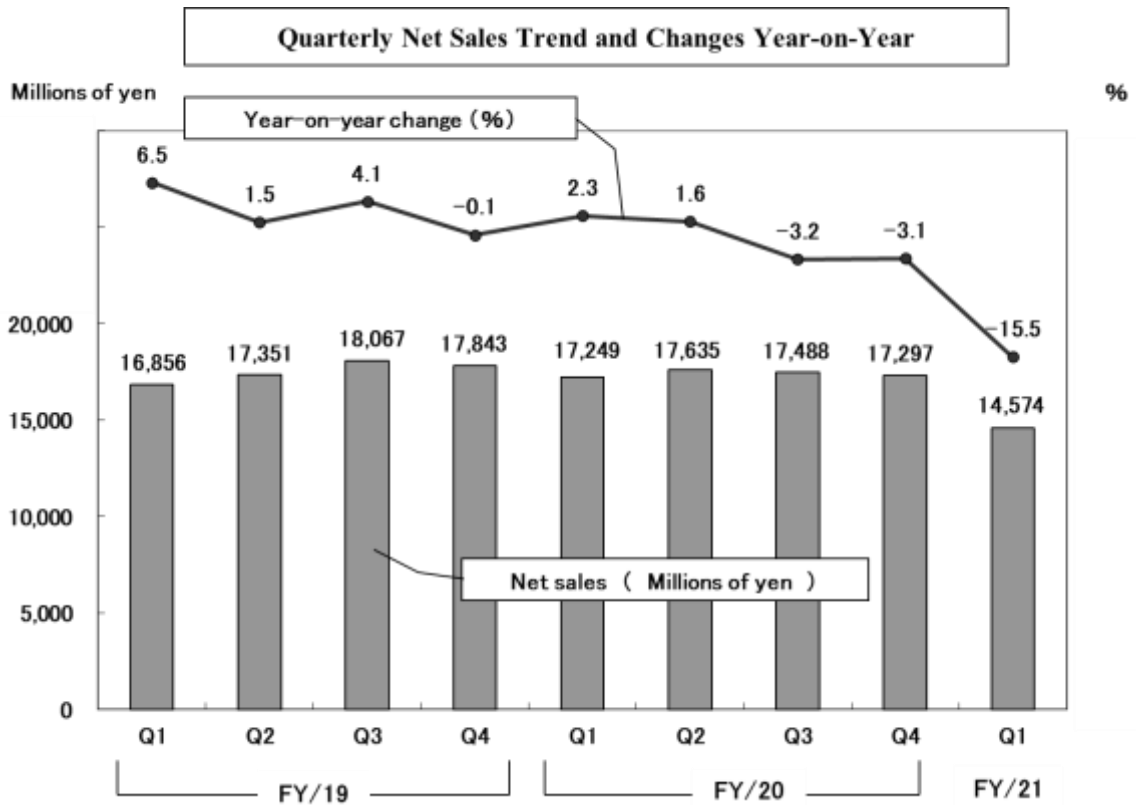
|                                                                   | Q1/ FY 2021<br>(Ending March 2021) | Q1/ FY 2020<br>(Ended March 2020) | Year-on-year Change |                                |
|-------------------------------------------------------------------|------------------------------------|-----------------------------------|---------------------|--------------------------------|
|                                                                   |                                    |                                   | Increase (decrease) | Rate of increase<br>(decrease) |
| Net Sales                                                         | 14,574                             | 17,249                            | (2,674)             | (15.5)                         |
| Operating Income                                                  | 1,439                              | 1,979                             | (539)               | (27.3)                         |
| Ordinary Income                                                   | 1,461                              | 1,891                             | (429)               | (22.7)                         |
| Net Income Attributable<br>to Shareholders of<br>Parental Company | 1,096                              | 1,421                             | (324)               | (22.9)                         |
| Net Income per Share<br>(yen)                                     | 22.43 yen                          | 29.07 yen                         | (6.64) yen          | —                              |
| Operating Margin                                                  | 9.9                                | 11.5                              | (1.6) points        |                                |

During the consolidated cumulative period under review (April 1, 2020 to June 30, 2020), conditions in the Japanese economy were extremely tough due to factors including a decrease in exports caused by the COVID-19 global pandemic and a fall in personal consumption in conjunction with the emergency declaration by the Japanese government. Looking overseas, many countries and regions have implemented behavioral restrictions such as stay-at-home regulations, which have worsened economies.

In the housing market which affects the Group's Industrial Equipment segment, the number of new housing construction starts in Japan decreased due to a decrease in rental housing construction starts and housing construction starts.

Although economic activities in Japan and overseas are restarting in stages, there is concern for worsened corporate profits due to the COVID-19 situation and for a second wave of the virus, and the uncertain conditions are expected to continue in the future. Overall, the business environment surrounding the Group is forecasted to remain tough.

Under such circumstances, net sales decreased 15.5% from the previous corresponding period to ¥14,574 million, and operating income decreased 27.3% from the previous corresponding period to ¥1,439 million. Ordinary income decreased 22.7% from the previous corresponding period to ¥1,461 million, and net income attributable to shareholders of parental company also decreased 22.9% from the previous corresponding period to ¥1,096 million.



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

Office Equipment Segment

(Millions of yen, %)

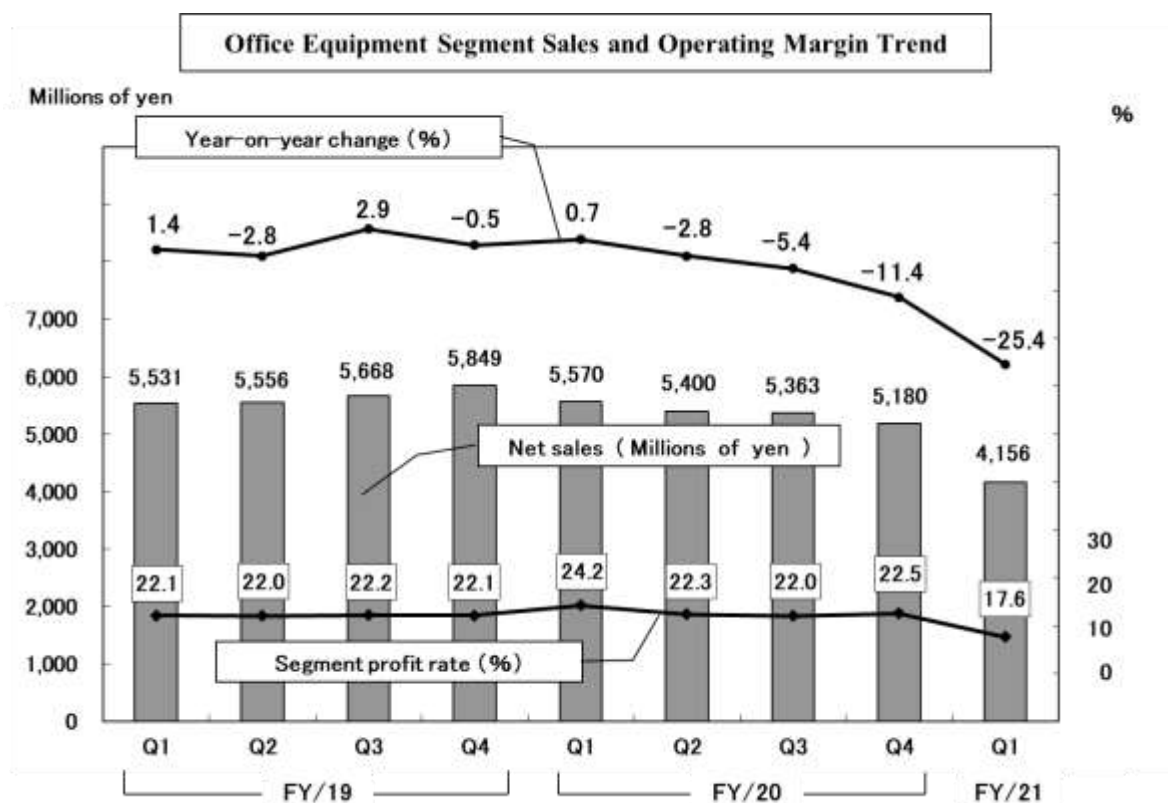
|                     | Q1/ FY 2021<br>(Ending March 2021) | Q1/ FY 2020<br>(Ended March 2020) | Year-on-year Change |                                |
|---------------------|------------------------------------|-----------------------------------|---------------------|--------------------------------|
|                     |                                    |                                   | Increase (decrease) | Rate of increase<br>(decrease) |
| Net Sales           | 4,156                              | 5,570                             | (1,414)             | (25.4)                         |
| Segment Profit      | 732                                | 1,345                             | (613)               | (45.6)                         |
| Segment Profit Rate | 17.6                               | 24.2                              | (6.6) points        |                                |

Business results for the Office Equipment segment were as follows: Net sales of ¥4,156 million (a decrease of 25.4% from the previous corresponding period), segment profit of ¥732 million (a decrease of 45.6% from the previous corresponding period), and segment profit rate of 17.6%.

In the domestic office operations, sales of the tube marker LETATWIN and BEPOP label-making machines decreased due to factors including the cancellation of exhibitions and the stagnation of proposal activities. Furthermore, sales decreased for stationary-related products. As a result, the overall revenue decreased.

In the overseas office operations, sales decreased in areas such as stationary-related products, particularly in the Asian market, due to stagnation of economic activities caused by factors including stay-at-home regulations in each country. As a result, the overall revenue decreased.

In the auto-stapler operations, sales decreased for machinery and consumables due to sluggish business in the copier market. As a result, the overall revenue decreased.



## Industrial Equipment Segment

(Millions of yen, %)

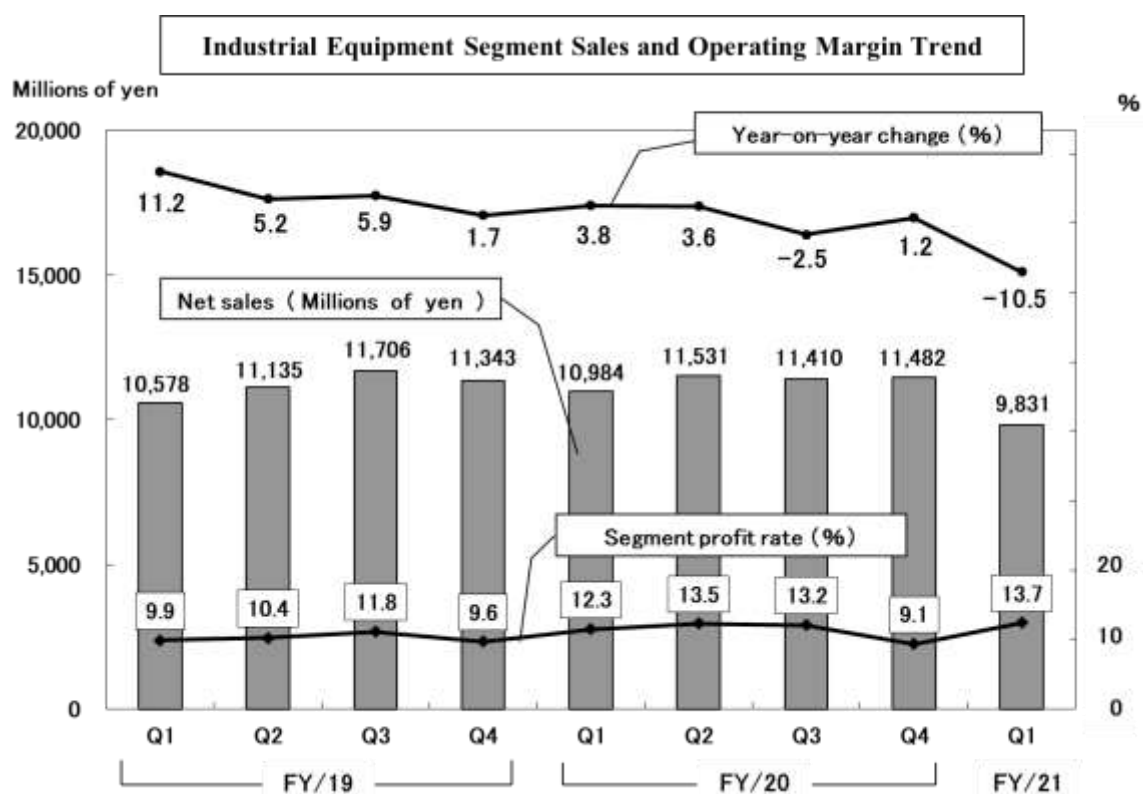
|                     | Q1/ FY 2021<br>(Ending March 2021) | Q1/ FY 2020<br>(Ended March 2020) | Year-on-year Change |                                |
|---------------------|------------------------------------|-----------------------------------|---------------------|--------------------------------|
|                     |                                    |                                   | Increase (decrease) | Rate of increase<br>(decrease) |
| Net Sales           | 9,831                              | 10,984                            | (1,152)             | (10.5)                         |
| Segment Profit      | 1,349                              | 1,354                             | (4)                 | (0.4)                          |
| Segment Profit Rate | 13.7                               | 12.3                              | +1.4 points         |                                |

Business results for the Industrial Equipment segment were as follows: Net sales of ¥9,831 million (a decrease of 10.5% from the previous corresponding period), segment profit of ¥1,349 million (a decrease of 0.4% from the previous corresponding period), and segment profit rate of 13.7%.

In the domestic industrial equipment product operations, although there was continued growth in sales of consumables for TWINTIER rebar tying tools, sales decreased for tools for wooden structures due to a decrease in the number of new housing construction starts in Japan and to stagnation in sales activities. As a result, the overall revenue decreased.

In the overseas industrial equipment product operations, sales decreased for tools for wooden structures and tools for concrete structures (rebar tying tools, etc.) due to stagnation in sales activities caused by factors including stay-at-home regulations in regions of Western countries. As a result, the overall revenue decreased.

In the residential environmental equipment operations, in addition to falling sales of ventilation systems, a decrease in the number of new housing construction starts in Japan led to decreased sales of bathroom heaters, ventilators and dehumidifiers to new residences such as detached houses. As a result, the overall revenue decreased.

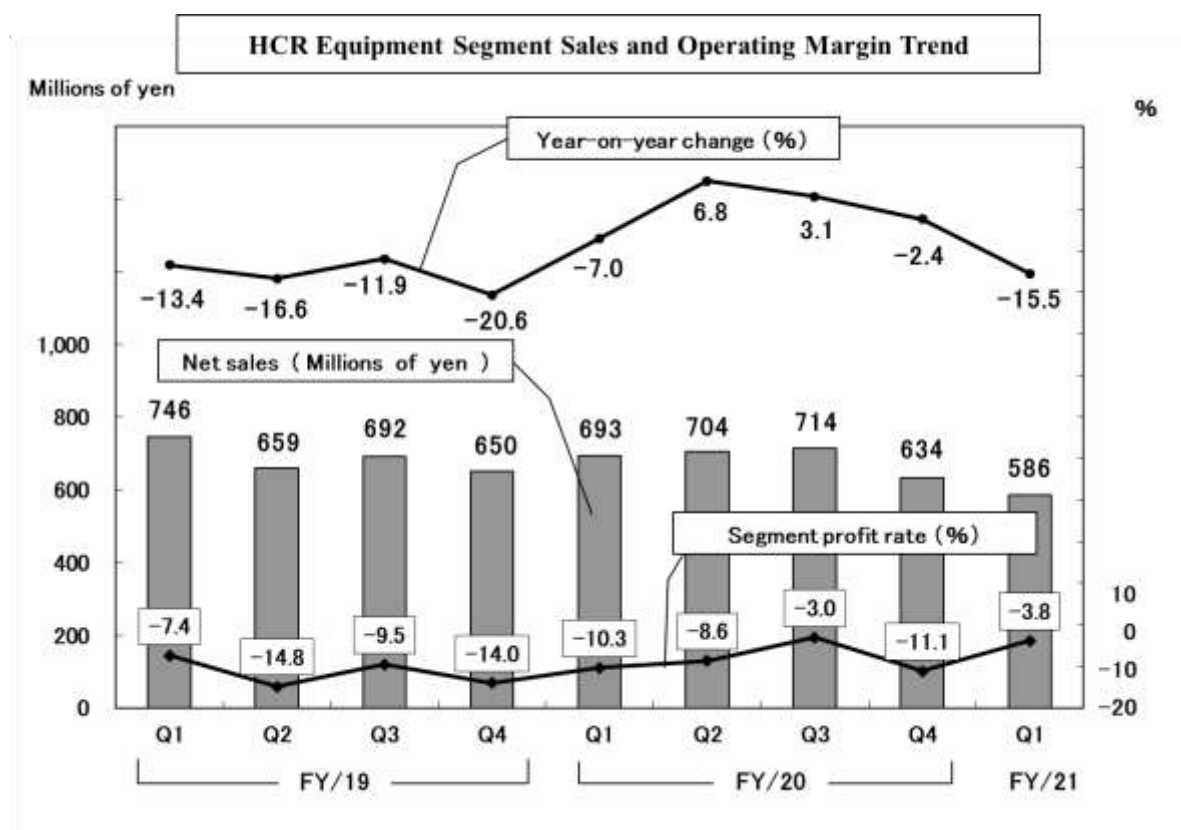


## HCR Equipment Segment

(Millions of yen, %)

|                     | Q1/ FY 2021<br>(Ending March 2021) | Q1/ FY 2020<br>(Ended March 2020) | Year-on-year Change |                                |
|---------------------|------------------------------------|-----------------------------------|---------------------|--------------------------------|
|                     |                                    |                                   | Increase (decrease) | Rate of increase<br>(decrease) |
| Net Sales           | 586                                | 693                               | (107)               | (15.5)                         |
| Segment Profit      | (22)                               | (71)                              | +49                 | —                              |
| Segment Profit Rate | (3.8)                              | (10.3)                            | +6.5 points         |                                |

Business results for the HCR Equipment segment were as follows: Net sales of ¥586 million (down 15.5% compared to the same period of the previous fiscal year) and a negative segment profit of ¥22 million. This was due to factors such as sluggish sales of wheelchairs, the mainstay product of the segment, caused by a decrease in the number of visits to medical and welfare institutions, despite cuts in fixed expenses.





## (2) Explanation Concerning Financial Position

### 1) Summary of Consolidated Balance Sheets

(Millions of yen, %)

|              | Q1/ FY 2021<br>(As of June 30, 2020) | FY 2020<br>(As of March 31, 2020) | Comparison with position at end of previous consolidated fiscal year |                             |
|--------------|--------------------------------------|-----------------------------------|----------------------------------------------------------------------|-----------------------------|
|              |                                      |                                   | Increase (decrease)                                                  | Rate of increase (decrease) |
| Total Assets | 97,385                               | 99,378                            | (1,993)                                                              | (2.0)                       |
| Net Assets   | 75,135                               | 75,972                            | (837)                                                                | (1.1)                       |
| Equity Ratio | 77.1                                 | 76.3                              | +0.8 points                                                          |                             |

Assets decreased ¥1,993 million compared to the end of the previous consolidated fiscal year, to ¥97,385 million. Current assets decreased ¥1,764 million due to factors such as a decline of ¥2,193 million in notes and accounts receivable-trade and a fall of ¥985 million in cash and deposits. Non-current assets decreased ¥229 million due to factors such as a decline of ¥898 million in investment securities.

Liabilities decreased ¥1,156 million compared to the end of the previous consolidated fiscal year, to ¥22,249 million. Current liabilities decreased ¥1,026 million due to factors such as a drop of ¥944 million in provision for bonuses. Non-current liabilities also decreased ¥129 million, as net defined benefit liability fell ¥110 million.

Net assets decreased ¥837 million compared to the end of the previous consolidated fiscal year, to ¥75,135 million. Despite having reached a net income attributable to shareholders of parental company of ¥1,096 million, shareholders' equity decreased ¥1,152 million due to a ¥2,249 million payment of cash dividends.

Accumulated other comprehensive income rose ¥319 million, as valuation difference on available-for-sale securities climbed ¥159 million.

### 2) Analysis of Consolidated Cash Flow

The balance of cash and cash equivalents ("funds") during the consolidated cumulative period under review was ¥20,864 million due to a decrease of ¥996 million.

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

#### Cash flows from operating activities

Funds obtained from operating activities in the consolidated cumulative period under review amounted to ¥2,228 million. The key increases came from a decrease of ¥2,207 million in notes and accounts receivable-trade and net income before income taxes of ¥1,516 million. The key decrease came from a decrease of ¥944 million in provision for bonuses.

#### Cash flows from investment activities

Funds used in investment activities in the consolidated cumulative period under review amounted to ¥878 million. The key decrease came from purchase of property, plant and equipment of ¥1,348 million. The key increase came from proceeds of ¥500 million from sales and redemption of short-term and long-term investment securities

#### Cash flows from financing activities

Funds used in financing activities in the consolidated cumulative period under review amounted to ¥2,313 million. The key decrease was ¥2,248 million in cash dividends paid.

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

The Group had set the consolidated operating results forecast for the fiscal year ending March 31, 2021 as undecided due to how the influence of COVID-19 had made it difficult to rationally estimate the forecast. However, after observing trends in the restarting of economic activities in Japan and countries throughout the world, we have formulated a forecast based on information that is currently available.

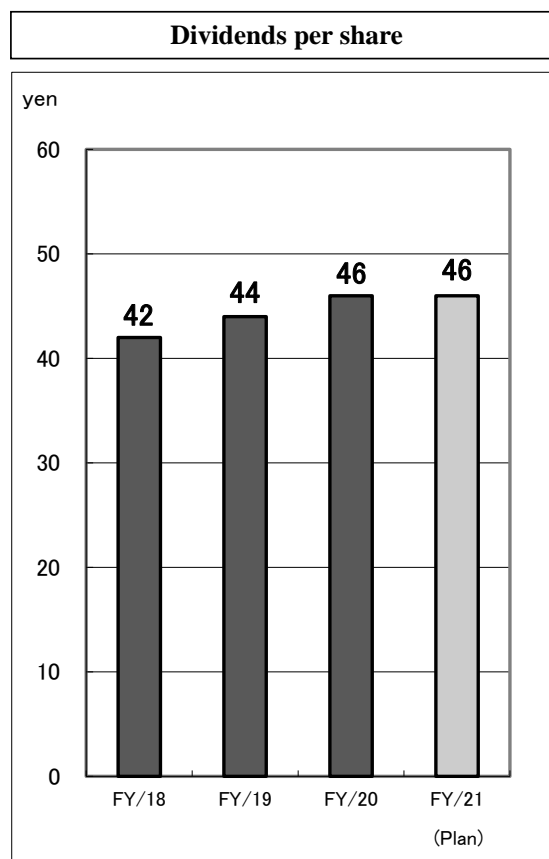
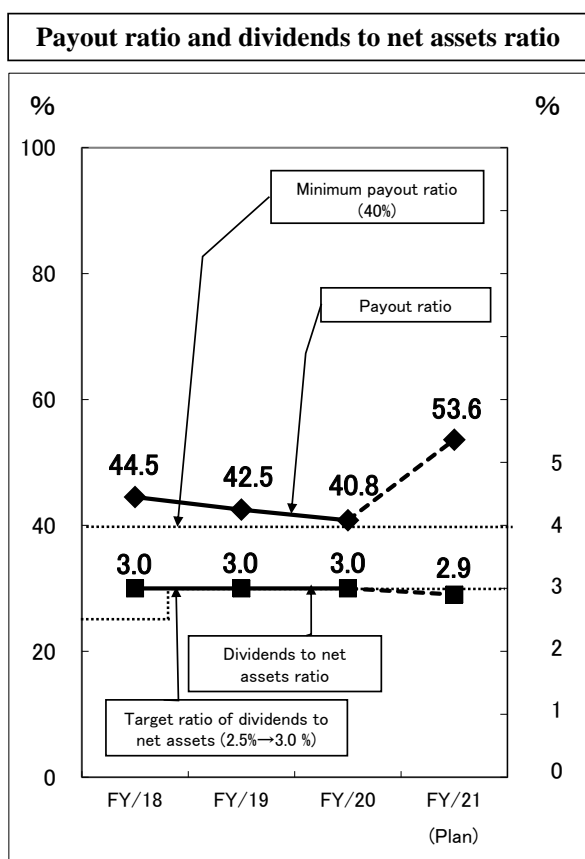
Although it is not possible to predict when COVID-19 will end, we do not foresee measures such as the reissuance of an emergency declaration.

For details, please refer to the “Announcement Regarding Operating Results Forecast and Dividends Forecast” that was released on July 29, 2020.

#### 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 ¥46 per share.



## 2. Quarterly Consolidated Financial Statements and Main Notes

### (1) Quarterly Consolidated Balance Sheets

(Millions of yen)

|                                           | FY 2020<br>(As of March 31, 2020) | Q1/ FY 2021<br>(As of June 30, 2020) |
|-------------------------------------------|-----------------------------------|--------------------------------------|
| <b>ASSETS</b>                             |                                   |                                      |
| Current assets                            |                                   |                                      |
| Cash and deposits                         | 21,849                            | 20,864                               |
| Notes and accounts receivable-trade       | 13,526                            | 11,332                               |
| Marketable securities                     | 2,805                             | 3,410                                |
| Merchandise and finished goods            | 6,091                             | 6,914                                |
| Work in process                           | 858                               | 684                                  |
| Raw materials                             | 1,025                             | 1,013                                |
| Other                                     | 780                               | 953                                  |
| Allowance for doubtful accounts           | (1)                               | (1)                                  |
| <b>Total current assets</b>               | <b>46,937</b>                     | <b>45,173</b>                        |
| Non-current assets                        |                                   |                                      |
| Property, plant and equipment             | 19,649                            | 20,440                               |
| Intangible assets                         | 316                               | 329                                  |
| Investments and other assets              |                                   |                                      |
| Investment securities                     | 27,319                            | 26,421                               |
| Other                                     | 5,161                             | 5,026                                |
| Allowance for doubtful accounts           | (5)                               | (5)                                  |
| <b>Total investments and other assets</b> | <b>32,474</b>                     | <b>31,441</b>                        |
| <b>Total non-current assets</b>           | <b>52,441</b>                     | <b>52,211</b>                        |
| <b>Total assets</b>                       | <b>99,378</b>                     | <b>97,385</b>                        |
| <b>LIABILITIES</b>                        |                                   |                                      |
| Current liabilities                       |                                   |                                      |
| Accounts payable-trade                    | 3,136                             | 2,831                                |
| Short-term loans payable                  | 1,850                             | 1,850                                |
| Income taxes payable                      | 841                               | 980                                  |
| Provision for bonuses                     | 1,730                             | 786                                  |
| Provision for directors' bonuses          | 44                                | 10                                   |
| Provision for product warranties          | 87                                | 82                                   |
| Other                                     | 3,873                             | 3,995                                |
| <b>Total current liabilities</b>          | <b>11,563</b>                     | <b>10,537</b>                        |
| Non-current liabilities                   |                                   |                                      |
| Long-term loans payable                   | 150                               | 150                                  |
| Provision for product warranties          | 13                                | 12                                   |
| Net defined benefit liability             | 10,661                            | 10,551                               |
| Asset retirement obligations              | 30                                | 30                                   |
| Other                                     | 987                               | 968                                  |
| <b>Total non-current liabilities</b>      | <b>11,842</b>                     | <b>11,712</b>                        |
| <b>Total liabilities</b>                  | <b>23,406</b>                     | <b>22,249</b>                        |

(Millions of yen)

|                                                       | FY 2020<br>(As of March 31, 2020) | Q1/ FY 2021<br>(As of June 30, 2020) |
|-------------------------------------------------------|-----------------------------------|--------------------------------------|
| <b>NET ASSETS</b>                                     |                                   |                                      |
| Shareholders' equity                                  |                                   |                                      |
| Capital stock                                         | 12,367                            | 12,367                               |
| Capital surplus                                       | 10,518                            | 10,518                               |
| Retained earnings                                     | 54,891                            | 53,738                               |
| Treasury stock                                        | (320)                             | (320)                                |
| Total shareholders' equity                            | 77,456                            | 76,304                               |
| Accumulated other comprehensive income                |                                   |                                      |
| Valuation difference on available-for-sale securities | 361                               | 520                                  |
| Revaluation reserve for land                          | (339)                             | (339)                                |
| Foreign currency translation adjustment               | (539)                             | (542)                                |
| Remeasurements of defined benefit plans               | (1,066)                           | (904)                                |
| Total accumulated other comprehensive income          | (1,585)                           | (1,265)                              |
| Non-controlling interests                             | 100                               | 97                                   |
| Total net assets                                      | 75,972                            | 75,135                               |
| Total liabilities and net assets                      | 99,378                            | 97,385                               |

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

(Millions of yen)

|                                                             | Q1/ FY 2020<br>(From April 1, 2019 to<br>June 30, 2019) | Q1/ FY 2021<br>(From April 1, 2020 to<br>June 30, 2020) |
|-------------------------------------------------------------|---------------------------------------------------------|---------------------------------------------------------|
| Net sales                                                   | 17,249                                                  | 14,574                                                  |
| Cost of sales                                               | 10,115                                                  | 8,343                                                   |
| Gross profit                                                | 7,133                                                   | 6,231                                                   |
| Selling, general and administrative expenses                |                                                         |                                                         |
| Salaries                                                    | 1,442                                                   | 1,407                                                   |
| Provision for bonuses                                       | 423                                                     | 447                                                     |
| Provision for directors' bonuses                            | 9                                                       | 10                                                      |
| Retirement benefit expenses                                 | 251                                                     | 276                                                     |
| Packing and delivery expenses                               | 573                                                     | 578                                                     |
| Promotion expenses                                          | 320                                                     | 199                                                     |
| Depreciation                                                | 241                                                     | 182                                                     |
| Other                                                       | 1,891                                                   | 1,688                                                   |
| Total selling, general and administrative expenses          | 5,154                                                   | 4,791                                                   |
| Operating income                                            | 1,979                                                   | 1,439                                                   |
| Non-operating income                                        |                                                         |                                                         |
| Interest income                                             | 16                                                      | 20                                                      |
| Dividend income                                             | 69                                                      | 47                                                      |
| Other                                                       | 23                                                      | 21                                                      |
| Total non-operating income                                  | 109                                                     | 89                                                      |
| Non-operating expenses                                      |                                                         |                                                         |
| Interest expenses                                           | 11                                                      | 10                                                      |
| Taxes and dues                                              | 2                                                       | 2                                                       |
| Foreign exchange losses                                     | 175                                                     | 49                                                      |
| Other                                                       | 7                                                       | 4                                                       |
| Total non-operating expenses                                | 197                                                     | 66                                                      |
| Ordinary income                                             | 1,891                                                   | 1,461                                                   |
| Extraordinary income                                        |                                                         |                                                         |
| Gain on sales of non-current assets                         | 0                                                       | —                                                       |
| Gain on sales of investment securities                      | 118                                                     | —                                                       |
| Refund of customs duties from previous year                 | —                                                       | 59                                                      |
| Total extraordinary income                                  | 119                                                     | 59                                                      |
| Extraordinary loss                                          |                                                         |                                                         |
| Loss on abandonment of non-current assets                   | 3                                                       | 4                                                       |
| Impairment loss                                             | 21                                                      | —                                                       |
| Total extraordinary loss                                    | 25                                                      | 4                                                       |
| Net income before income taxes                              | 1,985                                                   | 1,516                                                   |
| Income taxes                                                | 562                                                     | 422                                                     |
| Net income                                                  | 1,422                                                   | 1,093                                                   |
| Net income (loss) attributable to non-controlling interests | 0                                                       | (3)                                                     |
| Net income attributable to shareholders of parental company | 1,421                                                   | 1,096                                                   |

## (Quarterly Consolidated Statement of Comprehensive Income)

(Millions of yen)

|                                                                          | Q1/ FY 2020<br>(From April 1, 2019 to<br>June 30, 2019) | Q1/ FY 2021<br>(From April 1, 2020 to<br>June 30, 2020) |
|--------------------------------------------------------------------------|---------------------------------------------------------|---------------------------------------------------------|
| Net income                                                               | 1,422                                                   | 1,093                                                   |
| Other comprehensive income                                               |                                                         |                                                         |
| Valuation difference on available-for-sale securities                    | (495)                                                   | 159                                                     |
| Foreign currency translation adjustment                                  | (215)                                                   | (2)                                                     |
| Adjustments relating to retirement benefits                              | 137                                                     | 162                                                     |
| Total other comprehensive income                                         | (574)                                                   | 318                                                     |
| Comprehensive income                                                     | 848                                                     | 1,412                                                   |
| (Breakdown)                                                              |                                                         |                                                         |
| Comprehensive income attributable to shareholders<br>of parental company | 852                                                     | 1,416                                                   |
| Comprehensive income attributable to non-<br>controlling interests       | (4)                                                     | (3)                                                     |

## (3) Quarterly Consolidated Statement of Cash Flows

(Millions of yen)

|                                                                                      | Q1/ FY 2020<br>(From April 1, 2019 to<br>June 30, 2019) | Q1/ FY 2021<br>(From April 1, 2020 to<br>June 30, 2020) |
|--------------------------------------------------------------------------------------|---------------------------------------------------------|---------------------------------------------------------|
| <b>Cash flows from operating activities</b>                                          |                                                         |                                                         |
| Net income before income taxes                                                       | 1,985                                                   | 1,516                                                   |
| Depreciation                                                                         | 640                                                     | 621                                                     |
| Impairment loss                                                                      | 21                                                      | —                                                       |
| Increase (decrease) in allowance for doubtful accounts                               | (0)                                                     | (0)                                                     |
| Increase (decrease) in provision for bonuses                                         | (959)                                                   | (944)                                                   |
| Increase (decrease) in provision for directors' bonuses                              | (35)                                                    | (33)                                                    |
| Increase (decrease) in provision for product warranties                              | (16)                                                    | (5)                                                     |
| Increase (decrease) in net defined benefit liability                                 | 89                                                      | 123                                                     |
| Interest and dividend income                                                         | (86)                                                    | (68)                                                    |
| Interest expenses                                                                    | 11                                                      | 10                                                      |
| Foreign exchange losses (gains)                                                      | (11)                                                    | (26)                                                    |
| Loss on abandonment of non-current assets                                            | 3                                                       | 4                                                       |
| Loss (gain) on sales of non-current assets                                           | (0)                                                     | —                                                       |
| Refund of customs duties from previous year                                          | —                                                       | (59)                                                    |
| Loss (gain) on sales of short-term and long-term investment securities               | (118)                                                   | —                                                       |
| Increase (decrease) in deposits received from employees                              | 381                                                     | 374                                                     |
| Decrease (increase) in notes and accounts receivable-trade                           | 638                                                     | 2,207                                                   |
| Decrease (increase) in inventories                                                   | (254)                                                   | (643)                                                   |
| Increase (decrease) in notes and accounts payable-trade                              | (86)                                                    | (300)                                                   |
| Increase (decrease) in accrued consumption taxes                                     | 41                                                      | (154)                                                   |
| Decrease (increase) in other assets                                                  | 38                                                      | (163)                                                   |
| Increase (decrease) in other liabilities                                             | 242                                                     | 10                                                      |
| Subtotal                                                                             | 2,524                                                   | 2,468                                                   |
| Interest and dividend income received                                                | 106                                                     | 82                                                      |
| Interest expenses paid                                                               | (14)                                                    | (13)                                                    |
| Income taxes (paid) refund                                                           | (999)                                                   | (368)                                                   |
| Refund of customs duties from previous year                                          | —                                                       | 59                                                      |
| <b>Cash flows from operating activities</b>                                          | <b>1,616</b>                                            | <b>2,228</b>                                            |
| <b>Cash flows from investment activities</b>                                         |                                                         |                                                         |
| Purchase of short-term and long-term investment securities                           | (1,507)                                                 | (0)                                                     |
| Proceeds from sales and redemption of short-term and long-term investment securities | 2,077                                                   | 500                                                     |
| Purchase of property, plant and equipment                                            | (948)                                                   | (1,348)                                                 |
| Proceeds from sales of property, plant and equipment                                 | 0                                                       | —                                                       |
| Purchase of intangible assets                                                        | (38)                                                    | (48)                                                    |
| Payments of loans receivable                                                         | —                                                       | (0)                                                     |
| Collection of loans receivable                                                       | 13                                                      | 19                                                      |
| <b>Cash flows from investment activities</b>                                         | <b>(403)</b>                                            | <b>(878)</b>                                            |

|                                                                                                 | (Millions of yen)                                       |                                                         |
|-------------------------------------------------------------------------------------------------|---------------------------------------------------------|---------------------------------------------------------|
|                                                                                                 | Q1/ FY 2020<br>(From April 1, 2019 to<br>June 30, 2019) | Q1/ FY 2021<br>(From April 1, 2020 to<br>June 30, 2020) |
| <b>Cash flows from financing activities</b>                                                     |                                                         |                                                         |
| Purchase of treasury shares                                                                     | (0)                                                     | (0)                                                     |
| Cash dividends paid                                                                             | (1,929)                                                 | (2,248)                                                 |
| Cash dividends paid to non-controlling shareholders                                             | (1)                                                     | —                                                       |
| Repayments of lease obligations                                                                 | (60)                                                    | (65)                                                    |
| Cash flows from financing activities                                                            | (1,990)                                                 | (2,313)                                                 |
| Effect of exchange rate change on cash and cash equivalents                                     | (109)                                                   | (32)                                                    |
| Net increase (decrease) in cash and cash equivalents                                            | (887)                                                   | (996)                                                   |
| Balance of cash and cash equivalents, beginning of the period                                   | 22,190                                                  | 21,849                                                  |
| Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation | —                                                       | 11                                                      |
| Quarterly balance of cash and cash equivalents at the end of the period                         | 21,303                                                  | 20,864                                                  |



(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 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)            | 1,345             | 1,354                | (71)          | (649)       | 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 ¥649 million includes the negative ¥649 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 2021 (From April 1, 2020 to June 30, 2020)

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

(Millions of yen)

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

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

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

2) Notes relating to changes, etc., to reported segments

Business management classifications were revised from the consolidated first quarter under review and some changes were made to the profit and loss calculation method for the reported segments. Previously, expenses related to research and development for which commercialization is uncertain were allocated to the Office Equipment segment and the Industrial Equipment segment. Now,

as with expenses related to the headquarters management department, these expenses are recorded as Group-wide expenses in the adjustment to segment profit or loss.

For the segment information for the consolidated cumulative first quarter in the previous fiscal year, we have listed numbers created in accordance with classifications after the change.