

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

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 Date of filing of financial statements November 11, 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 Half of the Fiscal Year Ending March 31, 2021
(April 1, 2020 to September 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	%
H1/ FY ending March 2021	30,040	(13.9)	3,004	(26.1)	2,919	(25.4)	2,265	(20.7)
H1/ FY ended March 2020	34,885	2.0	4,065	18.5	3,913	5.2	2,858	9.7

(Note) Comprehensive income

H1/ FY ending March 2021: 2,797 million yen (20.0%)
 H1/ FY ended March 2020: 2,331 million yen (-19.5%)

	Net Income per Share	Net Income per Share after Dilution
	Yen	Yen
H1/ FY ending March 2021	46.32	—
H1/ FY ended March 2020	58.44	—

(2) Consolidated Financial Position

	Total Assets	Net Assets	Equity Ratio	Net Assets per Share
	Millions of yen	Millions of yen	%	Yen
As of September 30, 2020	98,519	76,519	77.6	1,562.59
As of March 31, 2020	99,378	75,972	76.3	1,551.34

(Reference) Shareholders' equity

As of September 30, 2020: 76,421 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: None

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
Full year	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
	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: 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 September 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 September 30, 2020: 234,393 shares

As of March 31, 2020: 234,263 shares

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

Six months ended September 30, 2020: 48,907,098 shares

Six months ended September 30, 2019: 48,907,590 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, %)

	H1/ FY 2021 (Ending March 2021)	H1/ FY 2020 (Ended March 2020)	Year-on-year Change	
			Increase (decrease)	Rate of increase (decrease)
Net Sales	30,040	34,885	(4,844)	(13.9)
Operating Income	3,004	4,065	(1,060)	(26.1)
Ordinary Income	2,919	3,913	(994)	(25.4)
Net Income Attributable to Shareholders of Parental Company	2,265	2,858	(592)	(20.7)
Net Income per Share (yen)	46.32 yen	58.44 yen	(12.12) yen	—
Operating Margin	10.0	11.7	(1.7) points	

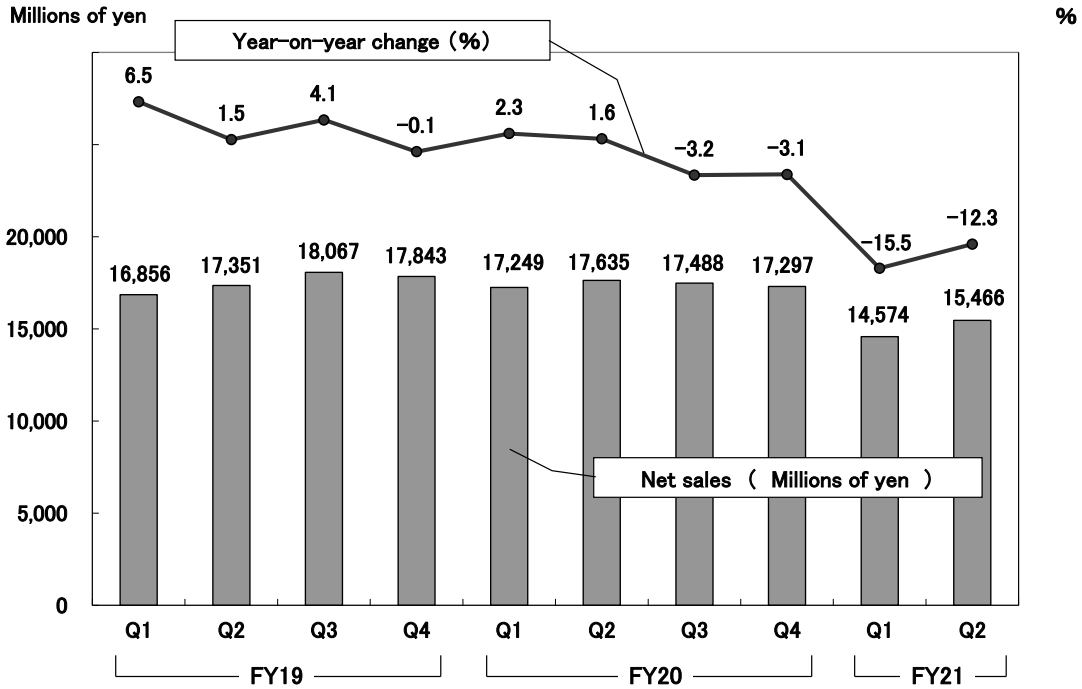
During the consolidated cumulative period under review (April 1, 2020 to September 30, 2020), COVID-19 resulted in extremely tough conditions in the Japanese economy, including a decrease in personal consumption as the result of restrictions on consumption activities and people staying at home, and a decrease in facilities investment as the result of worsened corporate revenue.

In the housing market which affects the Group's Industrial Equipment segment, the number of new housing construction starts in Japan fell due to a decrease in rental housing construction starts and housing construction starts, which was caused by a reactionary decline after last-minute demand prior to the consumption tax increase in autumn of last year and by stricter loan conditions from financial institutions.

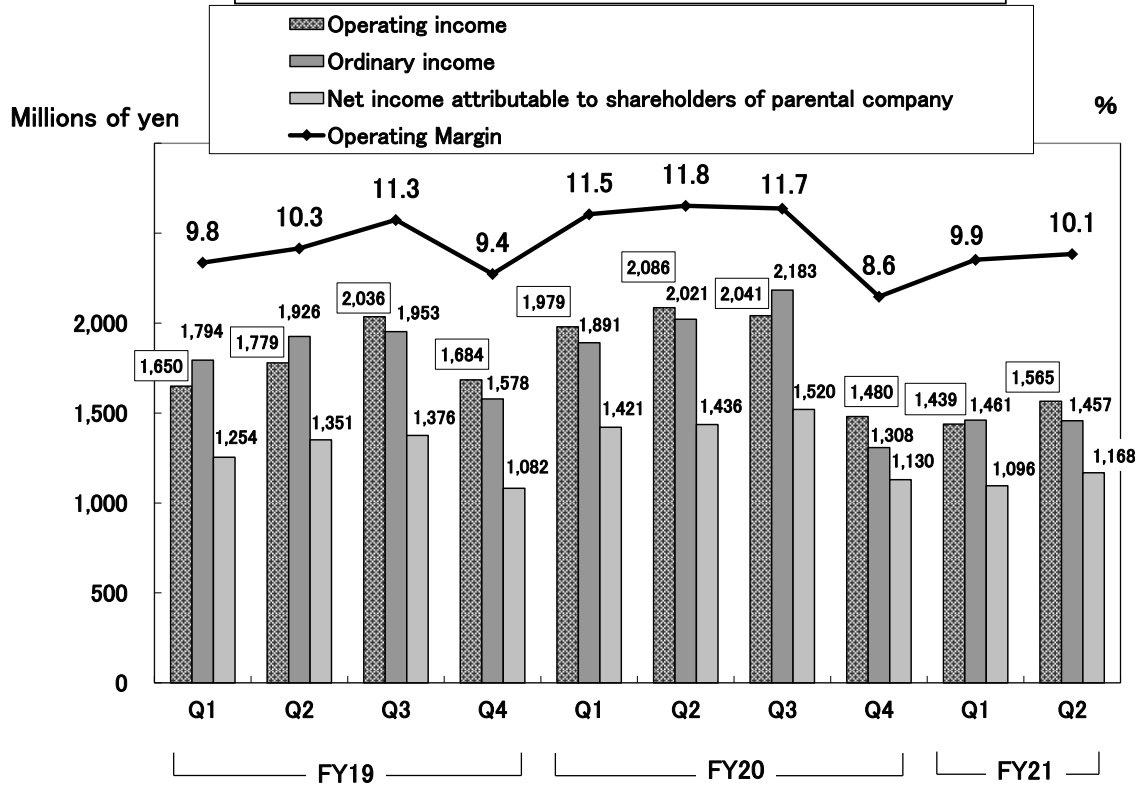
Although economic activities in Japan and overseas are resuming in stages, we predict that normalization of economic activities will require a significant amount of time. This prediction is based on factors such as a second wave of COVID-19 occurring in some regions and new restrictions being placed on travel and transportation. Therefore, the business environment surrounding the Group is forecasted to remain tough.

Under such circumstances, net sales decreased 13.9% from the previous corresponding period to ¥30,040 million, and operating income decreased 26.1% from the previous corresponding period to ¥3,004 million. Ordinary income decreased 25.4% from the previous corresponding period to ¥2,919 million, and net income attributable to shareholders of parental company also decreased 20.7% from the previous corresponding period to ¥2,265 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, %)

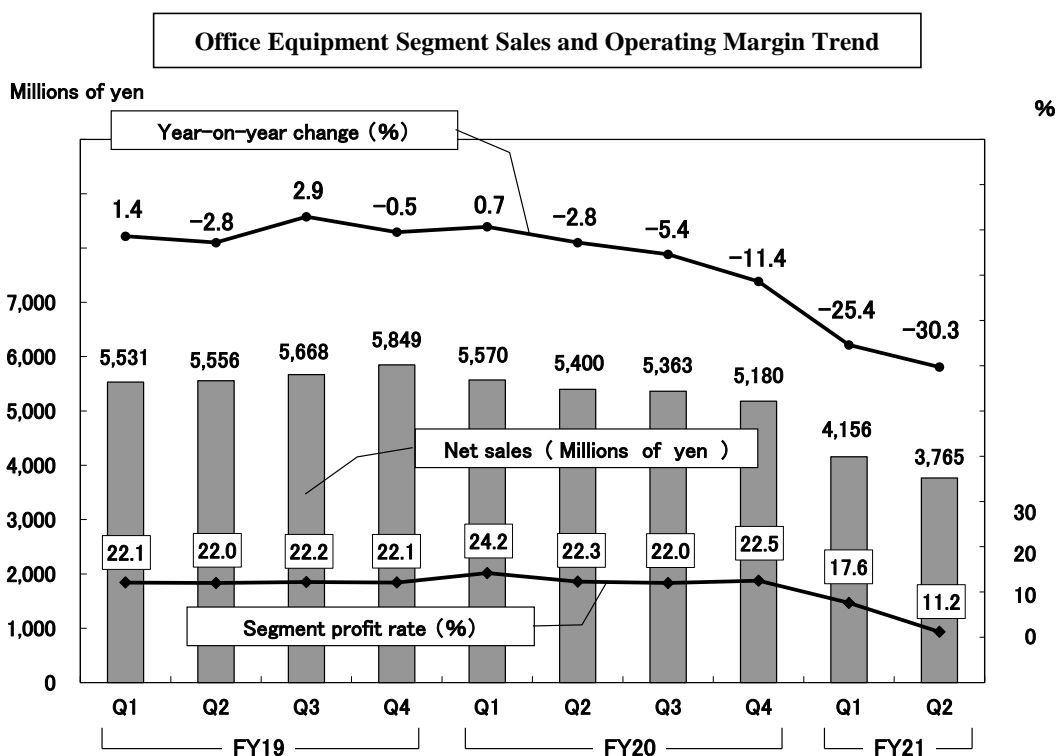
	H1/ FY 2021 (Ending March 2021)	H1/ FY 2020 (Ended March 2020)	Year-on-year Change	
			Increase (decrease)	Rate of increase (decrease)
Net Sales	7,922	10,970	(3,048)	(27.8)
Segment Profit	1,154	2,551	(1,396)	(54.7)
Segment Profit Rate	14.6	23.3	(8.7) points	

Business results for the Office Equipment segment were as follows: Net sales of ¥7,922 million (a decrease of 27.8% from the previous corresponding period), segment profit of ¥1,154 million (a decrease of 54.7% from the previous corresponding period), and segment profit rate of 14.6%.

In the domestic office operations, sales of BEPOP label-making machines and the tube marker LETATWIN decreased due to the impact of stagnating economic activities. Furthermore, sales decreased for stationery-related products. As a result, the overall revenue decreased.

In the overseas office operations, despite increased sales of BEPOP label-making machines in the European market, the overall revenue fell due to continued decreased sales of stationery-related products resulting from the impact of economic stagnation in Southeast Asian countries.

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



Industrial Equipment Segment

(Millions of yen, %)

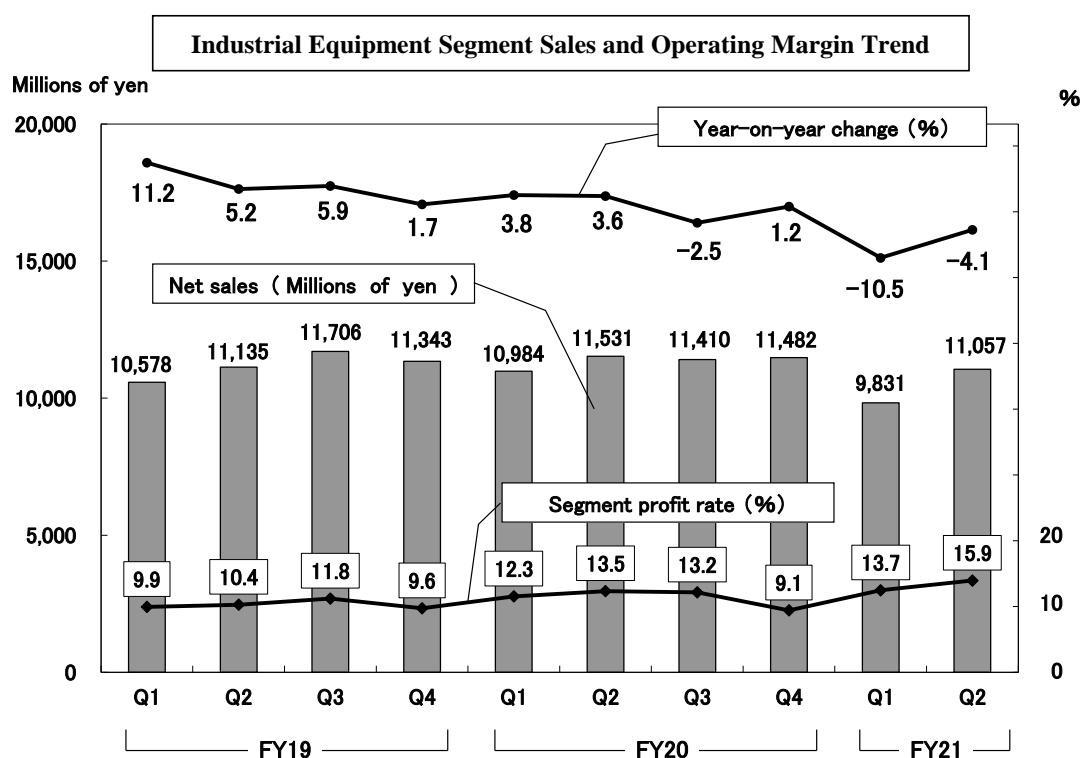
	H1/ FY 2021 (Ending March 2021)	H1/ FY 2020 (Ended March 2020)	Year-on-year Change	
			Increase (decrease)	Rate of increase (decrease)
Net Sales	20,888	22,516	(1,627)	(7.2)
Segment Profit	3,103	2,910	+192	+6.6
Segment Profit Rate	14.9	12.9	+2.0 points	

Business results for the Industrial Equipment segment were as follows: Net sales of ¥20,888 million (a decrease of 7.2% from the previous corresponding period), segment profit of ¥3,103 million (an increase of 6.6% from the previous corresponding period), and segment profit rate of 14.9%.

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

In the overseas industrial equipment product operations, in addition to increased sales of TWINTIER rebar tying tools in the North American market, sales of consumables for TWINTIER rebar tying tools also rose steadily, which caused increased sales of tools for concrete structures. As a result, the overall revenue increased.

In the residential environmental equipment operations, although sales of DRYFAN bathroom heaters, ventilators and dehumidifiers, which are the mainstay of the business, increased in the housing stock market for renovation, replacement, and inspection, sales for new residences decreased and sales of ventilation systems also fell. As a result, the overall revenue decreased.



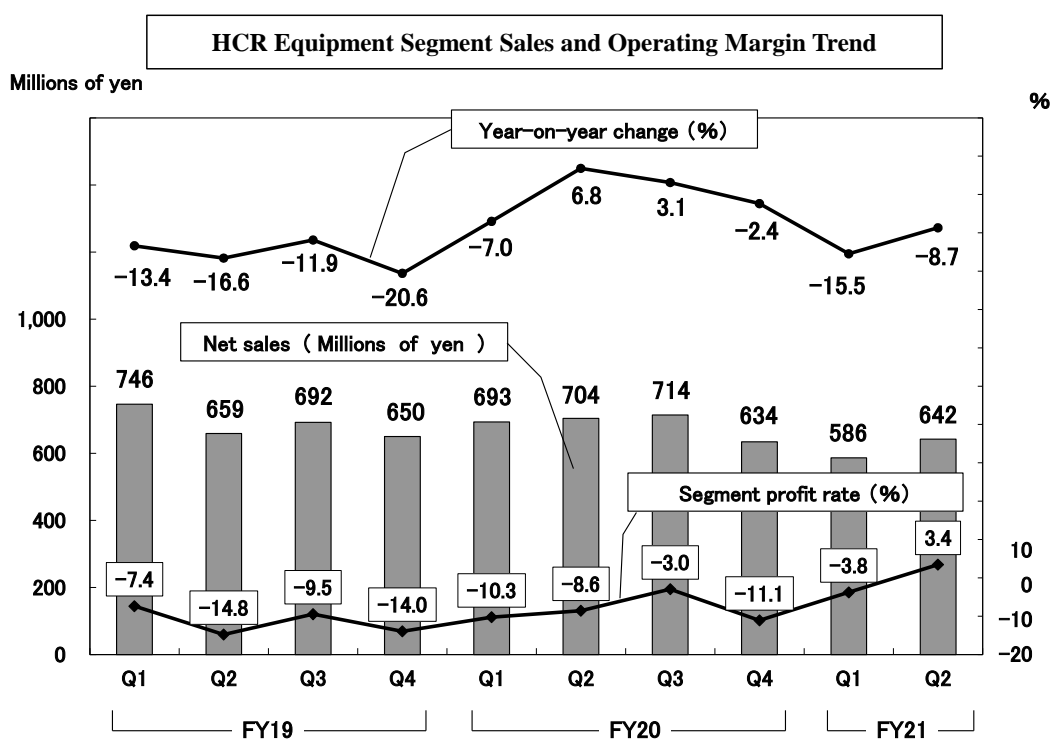
HCR Equipment Segment

(Millions of yen, %)

	H1/ FY 2021 (Ending March 2021)	H1/ FY 2020 (Ended March 2020)	Year-on-year Change	
			Increase (decrease)	Rate of increase (decrease)
Net Sales	1,229	1,397	(168)	(12.1)
Segment Profit (Loss)	0	(132)	+132	—
Segment Profit Rate	0.0	(9.5)	+9.5 points	

In the HCR Equipment segment, although sales of the multifunctional wheelchair Modern Series increased, conditions continued in which we were unable to conduct sufficient sales activities to rental wholesalers, etc., which resulted in decreased revenue. On the other hand, profitability rose due to decreased fixed expenses at the Chinese plant and exchange rates with an appreciating yen.

As a result, segment net sales were ¥1,229 million (down 12.1% compared to the same period of the previous fiscal year) and segment profit increased year-on-year.



(2) Explanation Concerning Financial Position

1) Summary of Consolidated Balance Sheets

(Millions of yen, %)

	Q2/ FY 2021 (As of September 30, 2020)	FY 2020 (As of March 31, 2020)	Comparison with position at end of previous consolidated fiscal year	
			Increase (decrease)	Rate of increase (decrease)
Total Assets	98,519	99,378	(859)	(0.9)
Net Assets	76,519	75,972	+546	+0.7
Equity Ratio	77.6	76.3	+1.3 points	

Assets decreased ¥859 million compared to the end of the previous consolidated fiscal year, to ¥98,519 million. Current assets decreased ¥2,492 million due to factors such as a fall of ¥2,223 million in notes and accounts receivable-trade and a decline of ¥764 million in cash and deposits. Non-current assets increased ¥1,633 million due to factors such as a rise of ¥1,255 million in property, plant and equipment.

Liabilities decreased ¥1,406 million compared to the end of the previous consolidated fiscal year, to ¥22,000 million. Current liabilities decreased ¥1,180 million due to factors such as a decline of ¥295 million in accounts payable-trade, a fall of ¥169 million in income taxes payable, and a decrease of ¥136 million in provision for bonuses. Non-current liabilities decreased ¥225 million due to factors such as a fall of ¥269 million in net defined benefit liability.

Net assets increased ¥546 million compared to the end of the previous consolidated fiscal year, to ¥76,519 million. Shareholders' equity increased ¥15 million. One key factor was the ¥2,265 million net income attributable to shareholders of parental company, despite the ¥2,249 million paid out in cash dividends.

Accumulated other comprehensive income increased ¥534 million. This was due to factors including a rise in remeasurements of defined benefit plans of ¥324 million and an increase in valuation difference on available-for-sale securities of ¥244 million.

2) Analysis of Consolidated Cash Flow

The balance of cash and cash equivalents ("funds") during the consolidated cumulative period under review was ¥21,085 million due to a decrease of ¥776 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 ¥4,432 million. The key increases came from net income before income taxes of ¥3,006 million and a decrease of ¥2,253 million in notes and accounts receivable-trade. The key decrease came from ¥951 million paid as income taxes.

Cash flows from investment activities

Funds used in investment activities in the consolidated cumulative period under review amounted to ¥2,790 million. The key decreases came from purchase of property, plant and equipment of ¥2,381 million and purchase of short-term and long-term investment securities of ¥1,302 million. The key increase came from proceeds of ¥1,100 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 ¥2,374 million. The key decrease was ¥2,246 million in cash dividends paid.

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

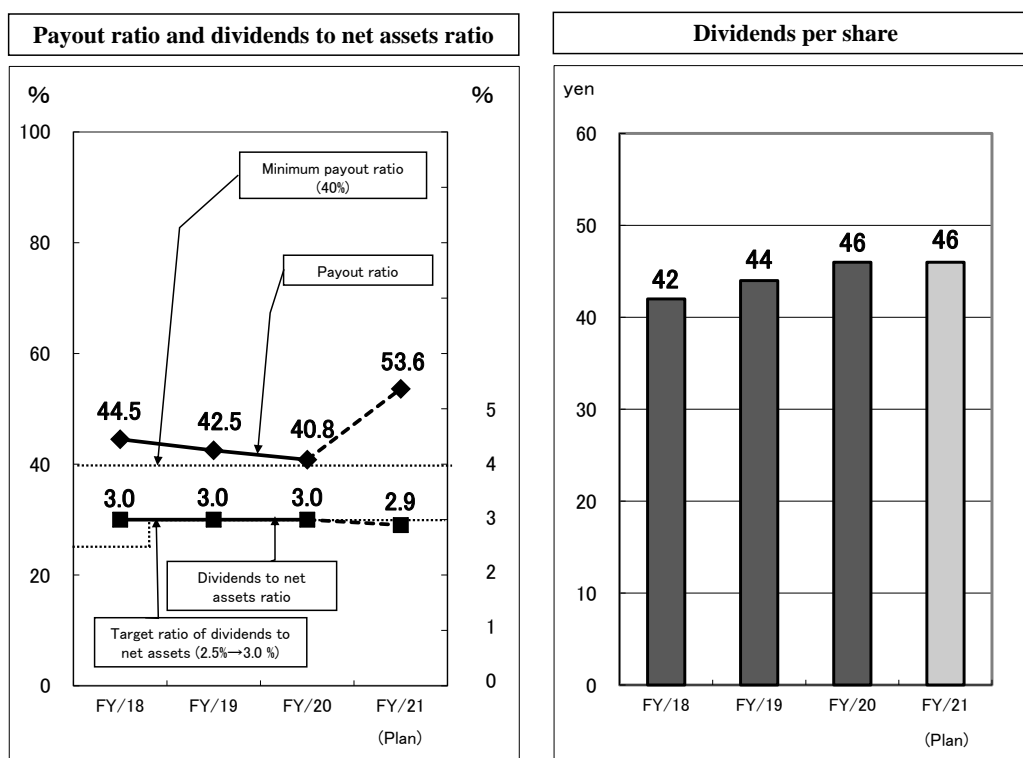
Operating results for the Group in the consolidated cumulative period under review (April 1, 2020 to September 30, 2020) exceeded the operating results forecast that was announced on July 29, 2020. However, the business environment surrounding the Group is expected to remain uncertain due to factors such as a second wave of COVID-19 in some countries and regions.

In consideration of these circumstances, we have not made any changes to the forecast of consolidated operating results for the fiscal year ending March 31, 2021 announced on July 29, 2020.

Dividends

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

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 (As of March 31, 2020)	Q2/ FY 2021 (As of September 30, 2020)
ASSETS		
Current assets		
Cash and deposits	21,849	21,085
Notes and accounts receivable-trade	13,526	11,303
Marketable securities	2,805	2,806
Merchandise and finished goods	6,091	6,570
Work in process	858	760
Raw materials	1,025	984
Other	780	935
Allowance for doubtful accounts	(1)	(1)
Total current assets	46,937	44,445
Non-current assets		
Property, plant and equipment	19,649	20,905
Intangible assets	316	327
Investments and other assets		
Investment securities	27,319	27,841
Other	5,161	5,006
Allowance for doubtful accounts	(5)	(5)
Total investments and other assets	32,474	32,841
Total non-current assets	52,441	54,074
Total assets	99,378	98,519
LIABILITIES		
Current liabilities		
Accounts payable-trade	3,136	2,840
Short-term loans payable	1,850	1,850
Income taxes payable	841	671
Provision for bonuses	1,730	1,594
Provision for directors' bonuses	44	26
Provision for product warranties	87	74
Other	3,873	3,324
Total current liabilities	11,563	10,382
Non-current liabilities		
Long-term loans payable	150	150
Provision for product warranties	13	12
Net defined benefit liability	10,661	10,392
Asset retirement obligations	30	30
Other	987	1,032
Total non-current liabilities	11,842	11,617
Total liabilities	23,406	22,000

(Millions of yen)

	FY 2020 (As of March 31, 2020)	Q2/ FY 2021 (As of September 30, 2020)
NET ASSETS		
Shareholders' equity		
Capital stock	12,367	12,367
Capital surplus	10,518	10,518
Retained earnings	54,891	54,907
Treasury stock	(320)	(320)
Total shareholders' equity	77,456	77,472
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	361	606
Revaluation reserve for land	(339)	(339)
Foreign currency translation adjustment	(539)	(575)
Remeasurements of defined benefit plans	(1,066)	(742)
Total accumulated other comprehensive income	(1,585)	(1,050)
Non-controlling interests	100	97
Total net assets	75,972	76,519
Total liabilities and net assets	99,378	98,519

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

(Millions of yen)

	H1/ FY 2020 (From Apr. 1, 2019 to Sept. 30, 2019)	H1/ FY 2021 (From Apr. 1, 2020 to Sept. 30, 2020)
Net sales	34,885	30,040
Cost of sales	20,425	17,121
Gross profit	14,459	12,919
Selling, general and administrative expenses		
Salaries	2,838	2,805
Provision for bonuses	887	921
Provision for directors' bonuses	19	26
Retirement benefit expenses	504	553
Packing and delivery expenses	1,155	1,211
Promotion expenses	830	492
Depreciation	412	365
Other	3,744	3,538
Total selling, general and administrative expenses	10,394	9,914
Operating income	4,065	3,004
Non-operating income		
Interest income	33	35
Dividend income	80	58
Other	47	76
Total non-operating income	160	169
Non-operating expenses		
Interest expenses	19	22
Taxes and dues	8	9
Foreign exchange losses	261	210
Other	23	12
Total non-operating expenses	312	254
Ordinary income	3,913	2,919
Extraordinary income		
Gain on sales of non-current assets	0	—
Gain on sales of investment securities	118	—
Refund of customs duties from previous year	—	93
Total extraordinary income	119	93
Extraordinary loss		
Loss on abandonment of non-current assets	39	5
Loss on sales of investment securities	—	0
Impairment loss	21	—
Total extraordinary loss	61	5
Net income before income taxes	3,971	3,006
Income taxes	1,111	744
Net income	2,859	2,262
Net income (loss) attributable to non-controlling interests	1	(3)
Net income attributable to shareholders of parental company	2,858	2,265

(Quarterly Consolidated Statement of Comprehensive Income)

(Millions of yen)

	H1/ FY 2020 (From Apr. 1, 2019 to Sept. 30, 2019)	H1/ FY 2021 (From Apr. 1, 2020 to Sept. 30, 2020)
Net income	2,859	2,262
Other comprehensive income		
Valuation difference on available-for-sale securities	(382)	244
Foreign currency translation adjustment	(420)	(34)
Adjustments relating to retirement benefits	274	324
Total other comprehensive income	(528)	535
Comprehensive income	2,331	2,797
(Breakdown)		
Comprehensive income attributable to shareholders of parental company	2,335	2,799
Comprehensive income attributable to non- controlling interests	(4)	(2)

(3) Quarterly Consolidated Statement of Cash Flows

(Millions of yen)

	H1/ FY 2020 (From Apr. 1, 2019 to Sept. 30, 2019)	H1/ FY 2021 (From Apr. 1, 2020 to Sept. 30, 2020)
Cash flows from operating activities		
Net income before income taxes	3,971	3,006
Depreciation	1,220	1,237
Impairment loss	21	—
Increase (decrease) in allowance for doubtful accounts	(0)	(0)
Increase (decrease) in provision for bonuses	(277)	(135)
Increase (decrease) in provision for directors' bonuses	(24)	(17)
Increase (decrease) in provision for product warranties	43	(12)
Increase (decrease) in net defined benefit liability	93	197
Interest and dividend income	(113)	(93)
Interest expenses	19	22
Foreign exchange losses (gains)	12	10
Loss on abandonment of non-current assets	39	5
Loss (gain) on sales of non-current assets	(0)	—
Refund of customs duties from previous year	—	(93)
Loss (gain) on sales of short-term and long-term investment securities	(118)	0
Increase (decrease) in deposits received from employees	(79)	(8)
Decrease (increase) in notes and accounts receivable-trade	391	2,253
Decrease (increase) in inventories	(2)	(371)
Increase (decrease) in notes and accounts payable-trade	(102)	(282)
Increase (decrease) in accrued consumption taxes	75	(180)
Decrease (increase) in other assets	31	(264)
Increase (decrease) in other liabilities	(256)	(74)
Subtotal	4,945	5,198
Interest and dividend income received	150	120
Interest expenses paid	(25)	(28)
Income taxes (paid) refund	(1,039)	(951)
Refund of customs duties from previous year	—	93
Cash flows from operating activities	4,030	4,432
Cash flows from investment activities		
Purchase of short-term and long-term investment securities	(3,510)	(1,302)
Proceeds from sales and redemption of short-term and long-term investment securities	3,077	1,100
Purchase of property, plant and equipment	(1,446)	(2,381)
Payments for retirement of property, plant and equipment	—	(150)
Proceeds from sales of property, plant and equipment	0	—
Purchase of intangible assets	(78)	(75)
Payments of loans receivable	(0)	(1)
Collection of loans receivable	20	20
Cash flows from investment activities	(1,937)	(2,790)

(Millions of yen)

	H1/ FY 2020 (From Apr. 1, 2019 to Sept. 30, 2019)	H1/ FY 2021 (From Apr. 1, 2020 to Sept. 30, 2020)
Cash flows from financing activities		
Purchase of treasury shares	(0)	(0)
Cash dividends paid	(2,148)	(2,246)
Cash dividends paid to non-controlling shareholders	(1)	(0)
Repayments of lease obligations	(114)	(127)
Cash flows from financing activities	(2,264)	(2,374)
Effect of exchange rate change on cash and cash equivalents	(285)	(44)
Net increase (decrease) in cash and cash equivalents	(456)	(776)
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	21,733	21,085

(4) Notes Relating to the Quarterly Consolidated Financial Statements

(Notes Relating to the Assumption of Going Concern)

None.

(Notes on Significant Changes in the Amount of Shareholders' Equity)

None.

(Changes in Material Subsidiaries During the Consolidated Cumulative Period Under Review)

None.

(Application of Specific Accounting Procedures for the Preparation of Quarterly Consolidated Financial Statements)

(Calculation of Tax Expenses)

Tax expenses are calculated by multiplying pre-tax current net income for the fiscal year (including the second quarter currently under review) by an effective tax rate reasonably estimated by applying tax effect accounting to estimated income before income taxes.

(Segment Information)

H1 of FY 2020 (From April 1, 2019 to September 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	10,970	22,516	1,397	—	34,885
Inter-segment sales or transfers	—	—	—	—	—
Total	10,970	22,516	1,397	—	34,885
Segment profit (loss)	2,551	2,910	(132)	(1,264)	4,065

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

2. The segment profit adjustment of negative ¥1,264 million includes the negative ¥1,264 million of the Group-wide expenses, which are not allocated to the individual reported segments. Group-wide expenses are mainly comprised of general and administrative expenses not attributable to the reported segment.

H1 of FY 2021 (From April 1, 2020 to September 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	7,922	20,888	1,229	—	30,040
Inter-segment sales or transfers	—	—	—	—	—
Total	7,922	20,888	1,229	—	30,040
Segment profit	1,154	3,103	0	(1,253)	3,004

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

2. The segment profit adjustment of negative ¥1,253 million includes the negative ¥1,253 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 of this fiscal year 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 second quarter in the previous fiscal year, we have listed numbers created in accordance with classifications after the change.