

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

Company name: MAX Co., Ltd. Stock listing: Tokyo Stock Exchange
 Securities code: 6454 URL: <https://www.max-ltd.co.jp/>
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 Date of filing of financial statements February 10, 2021
 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 Third Quarter of the Fiscal Year Ending March 31, 2021
(April 1, 2020 to December 31, 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	%
Q3/ FY ending March 2021	46,689	(10.9)	4,842	(20.7)	4,654	(23.7)	3,497	(20.1)
Q3/ FY ended March 2020	52,374	0.2	6,106	11.7	6,097	7.5	4,379	10.0

(Note) Comprehensive income

Q3/ FY ending March 2021: 4,342 million yen (-1.9%)
 Q3/ FY ended March 2020: 4,426 million yen (24.0%)

	Net Income per Share	Net Income per Share after Dilution
	Yen	Yen
Q3/ FY ending March 2021	71.50	—
Q3/ FY ended March 2020	89.54	—

(2) Consolidated Financial Position

	Total Assets	Net Assets	Equity Ratio	Net Assets per Share
	Millions of yen	Millions of yen	%	Yen
As of December 31, 2020	100,346	78,064	77.7	1,594.17
As of March 31, 2020	99,378	75,972	76.3	1,551.34

(Reference) Shareholders' equity

As of December 31, 2020: 77,965 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)	6,500	(14.3)	6,300	(14.9)	4,700	(14.7)	96.10

(Note) Revision of forecasts on the consolidated operation results: Yes

* Notes

(1) Changes in material subsidiaries during the consolidated cumulative period under review (changes in specific subsidiaries affecting the scope of consolidation): None

New: — (Company name:) Excluded: — (Company name:)

(2) Application of specific accounting procedures for the preparation of quarterly consolidated financial statements: Yes

(3) Changes in accounting principles, changes in accounting estimates and restatements

1) Changes due to revisions to accounting standards, etc.: None

2) Changes other than 1): None

3) Changes in accounting estimates: None

4) Restatements: None

(4) Number of outstanding shares (common stock)

1) Number of shares outstanding at term-end (including treasury stock)

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

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

2) Amount of treasury stock at term-end

As of December 31, 2020: 234,397 shares

As of March 31, 2020: 234,263 shares

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

Nine months ended December 31, 2020: 48,907,075 shares

Nine months ended December 31, 2019: 48,907,487 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, %)

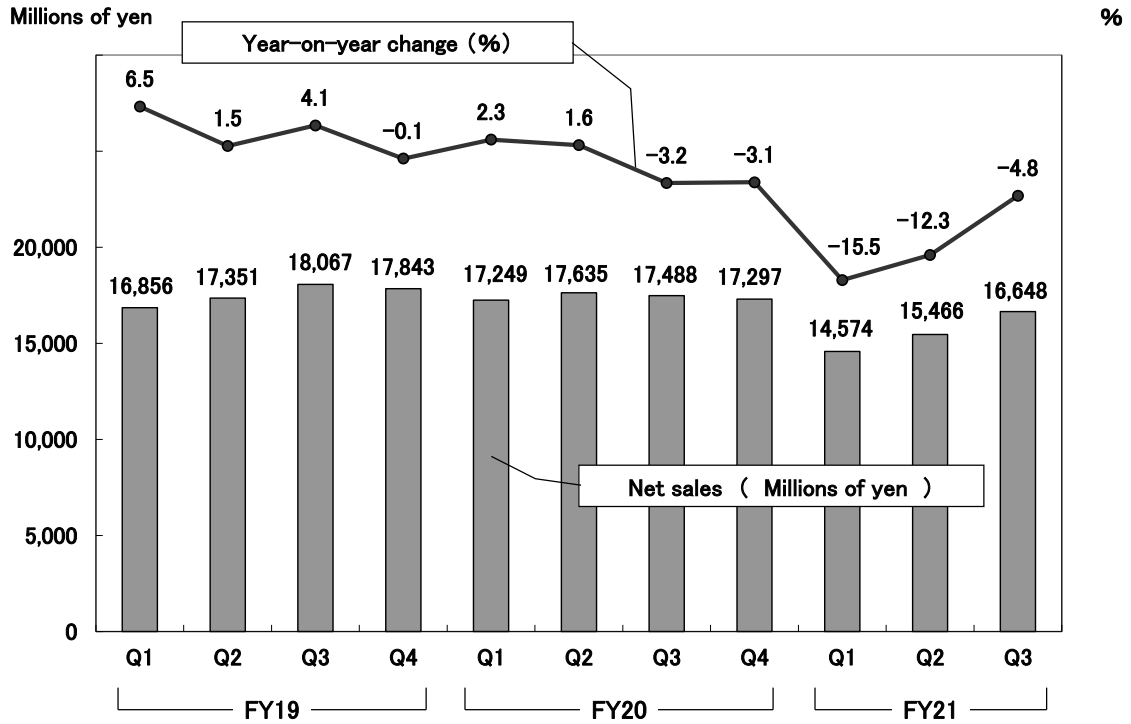
	Cumulative Q3/ FY 2021 (Ending March 2021)	Cumulative Q3/ FY 2020 (Ended March 2020)	Year-on-year Change	
			Increase (decrease)	Rate of increase (decrease)
Net Sales	46,689	52,374	(5,684)	(10.9)
Operating Income	4,842	6,106	(1,263)	(20.7)
Ordinary Income	4,654	6,097	(1,442)	(23.7)
Net Income Attributable to Shareholders of Parental Company	3,497	4,379	(882)	(20.1)
Net Income per Share (yen)	71.50 yen	89.54 yen	(18.04) yen	—
Operating Margin	10.4	11.7	(1.3) points	

In the Japanese economy during the consolidated cumulative period under review (April 1, 2020 to December 31, 2020), corporate revenue worsened due to the impact of COVID-19. Furthermore, in the housing market, the number of new housing construction starts (rental housing construction starts, etc.) in Japan fell due to increasingly strict lending by financial institutions. On the other hand, personal consumption and production activities showed signs of recovery due to the resumption of economic activities.

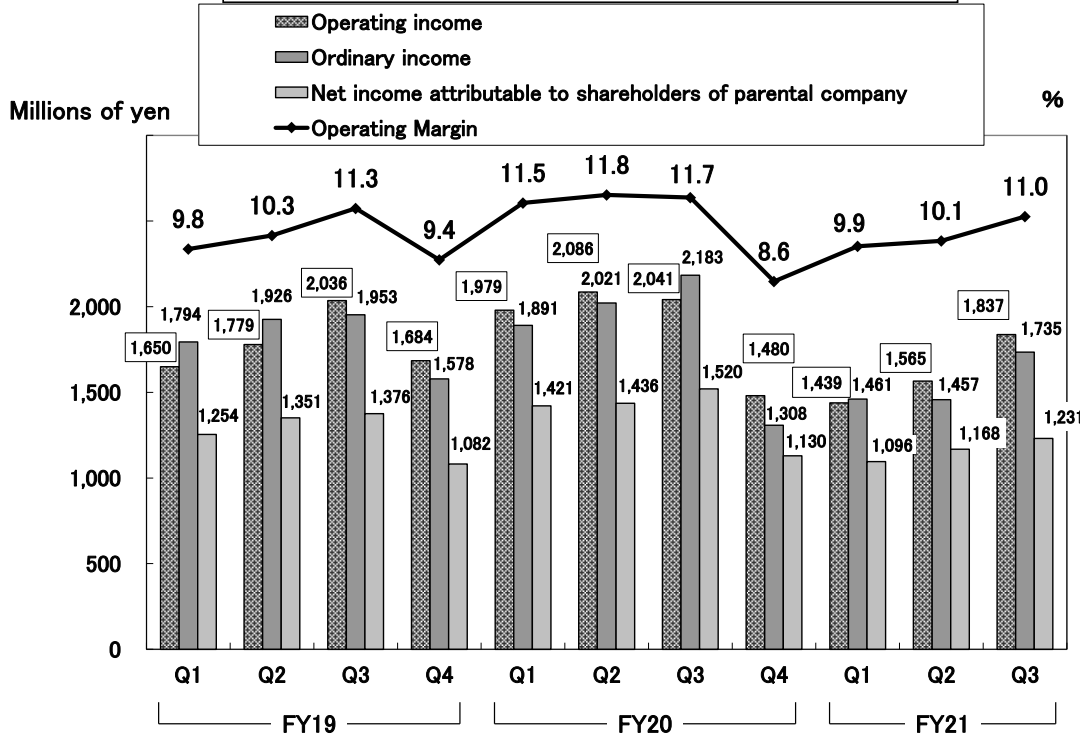
In terms of overseas economies, the United States economy showed signs of recovery in areas such as personal consumption and facilities investment. In Europe and Southeast Asia, there was a second wave of COVID-19 and new restrictions on movement were enacted in some countries and regions.

Under such circumstances, net sales decreased 10.9% from the previous corresponding period to ¥46,689 million, and operating income decreased 20.7% from the previous corresponding period to ¥4,842 million. Ordinary income decreased 23.7% from the previous corresponding period to ¥4,654 million, and net income attributable to shareholders of parental company also decreased 20.1% from the previous corresponding period to ¥3,497 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, %)

	Cumulative Q3/ FY 2021 (Ending March 2021)	Cumulative Q3/ FY 2020 (Ended March 2020)	Year-on-year Change	
			Increase (decrease)	Rate of increase (decrease)
Net Sales	12,366	16,334	(3,968)	(24.3)
Segment Profit	1,927	3,731	(1,803)	(48.3)
Segment Profit Rate	15.6	22.8	(7.2) points	

Business results for the Office Equipment segment were as follows: Net sales of ¥12,366 million (a decrease of 24.3% from the previous corresponding period), segment profit of ¥1,927 million (a decrease of 48.3% from the previous corresponding period), and segment profit rate of 15.6%.

In the domestic office operations, net sales were ¥5,266 million (a decrease of 11.0% from the previous corresponding period).

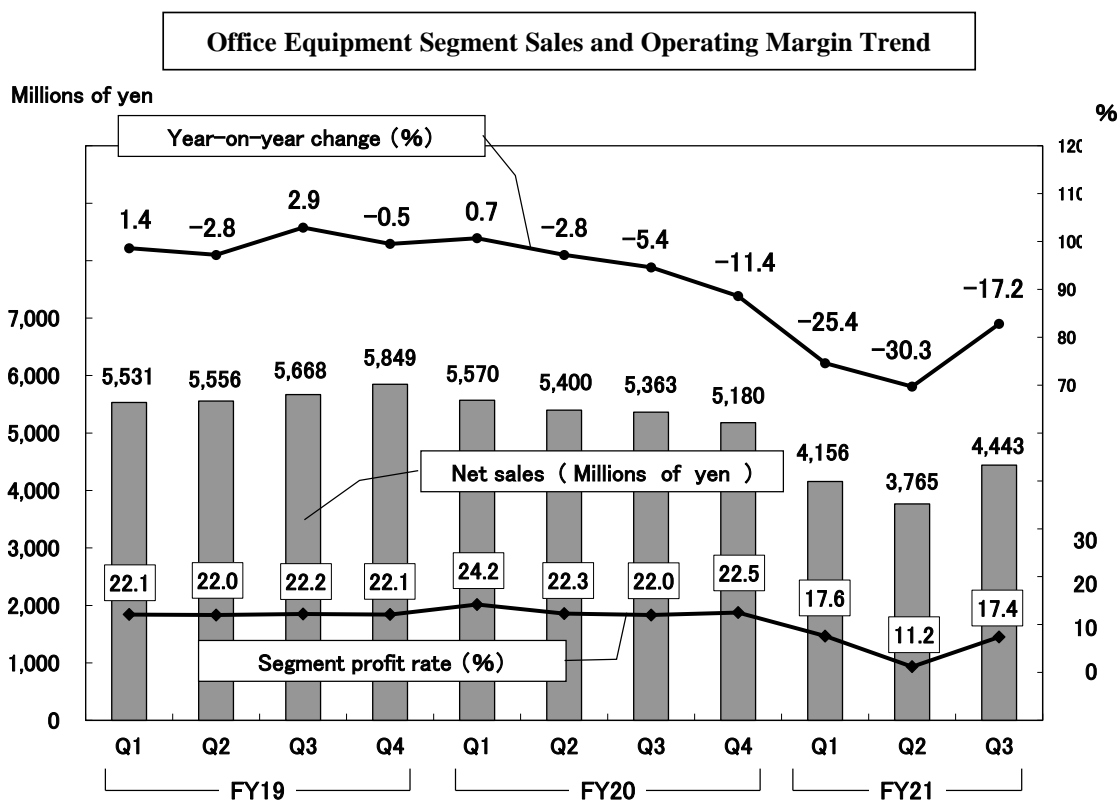
Despite a gradual recovery in economic activities and a recovering trend in sales, COVID-19 caused stagnation in sales opportunities, including for BEPOP label-making machines.

In the overseas office operations, net sales were ¥2,786 million (a decrease of 20.5% from the previous corresponding period).

In Europe, sales of the products related to BEPOP label-making machines exceeded the previous year. Sales also recovered in China. However, in Southeast Asia, the recovery of stationery-related products lagged behind.

In the auto-stapler operations, net sales were ¥4,313 million (a decrease of 37.6% from the previous corresponding period).

Although inventory adjustment by business partners has subsided and sales are showing a gradual recovery trend, operations continue to be affected by factors such as an increasing number of people working from home.



Industrial Equipment Segment

(Millions of yen, %)

	Cumulative Q3/ FY 2021 (Ending March 2021)	Cumulative Q3/ FY 2020 (Ended March 2020)	Year-on-year Change	
			Increase (decrease)	Rate of increase (decrease)
Net Sales	32,375	33,927	(1,552)	(4.6)
Segment Profit	4,828	4,414	+414	+9.4
Segment Profit Rate	14.9	13.0	+1.9 points	

Business results for the Industrial Equipment segment were as follows: Net sales of ¥32,375 million (a decrease of 4.6% from the previous corresponding period), segment profit of ¥4,828 million (an increase of 9.4% from the previous corresponding period), and segment profit rate of 14.9%.

In the domestic industrial equipment product operations, net sales were ¥13,751 million (a decrease of 8.3% from the previous corresponding period).

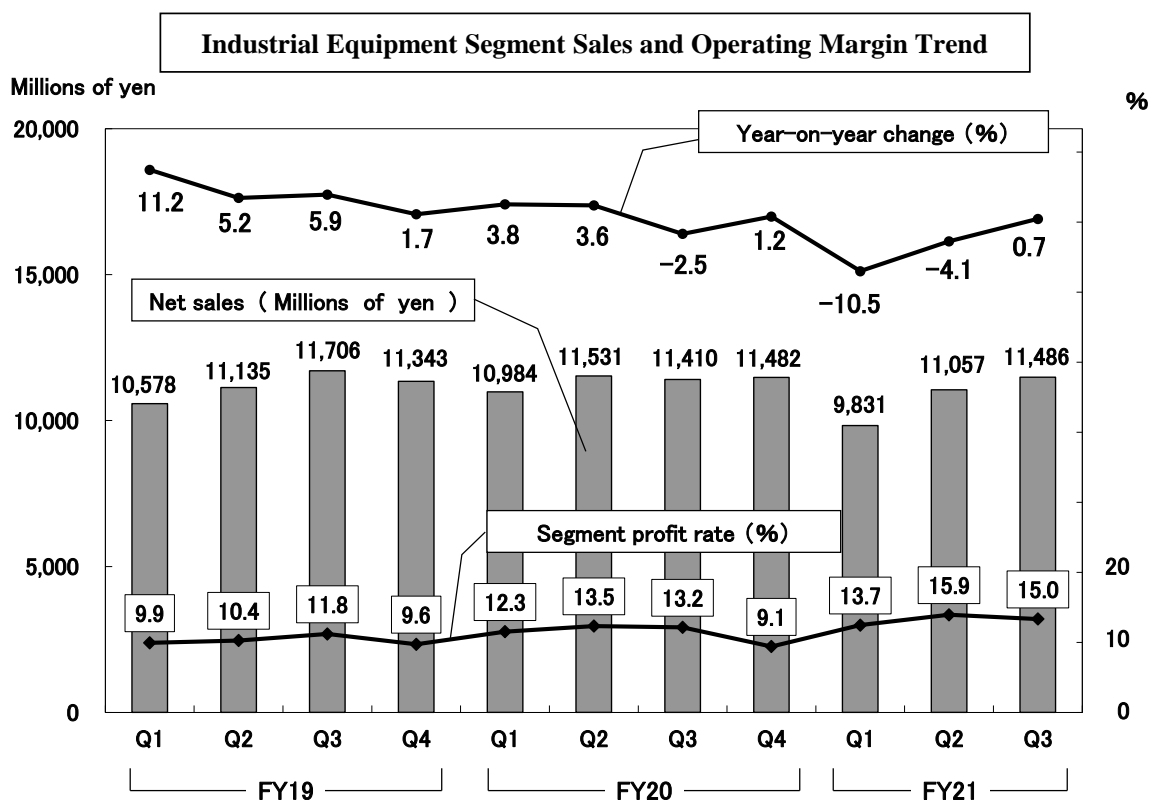
Despite increased sales of consumables for TWINTIER rebar tying tools, agricultural tools, food packaging products, and a recovery in sales of air compressors for which new products were introduced in the third quarter, sales of tools for wooden structures fell due to the decrease in the number of new housing construction starts in Japan and the stagnation of sales activities.

In the overseas industrial equipment product operations, net sales were ¥11,196 million (an increase of 4.0% from the previous corresponding period).

In Western countries, sales of TWINTIER rebar tying tools increased, which caused increased sales of tools for concrete structures. Furthermore, sales of tools for wooden structures also increased in the United States.

In the residential environmental equipment operations, net sales were ¥7,427 million (a decrease of 9.0% from the previous corresponding period).

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.



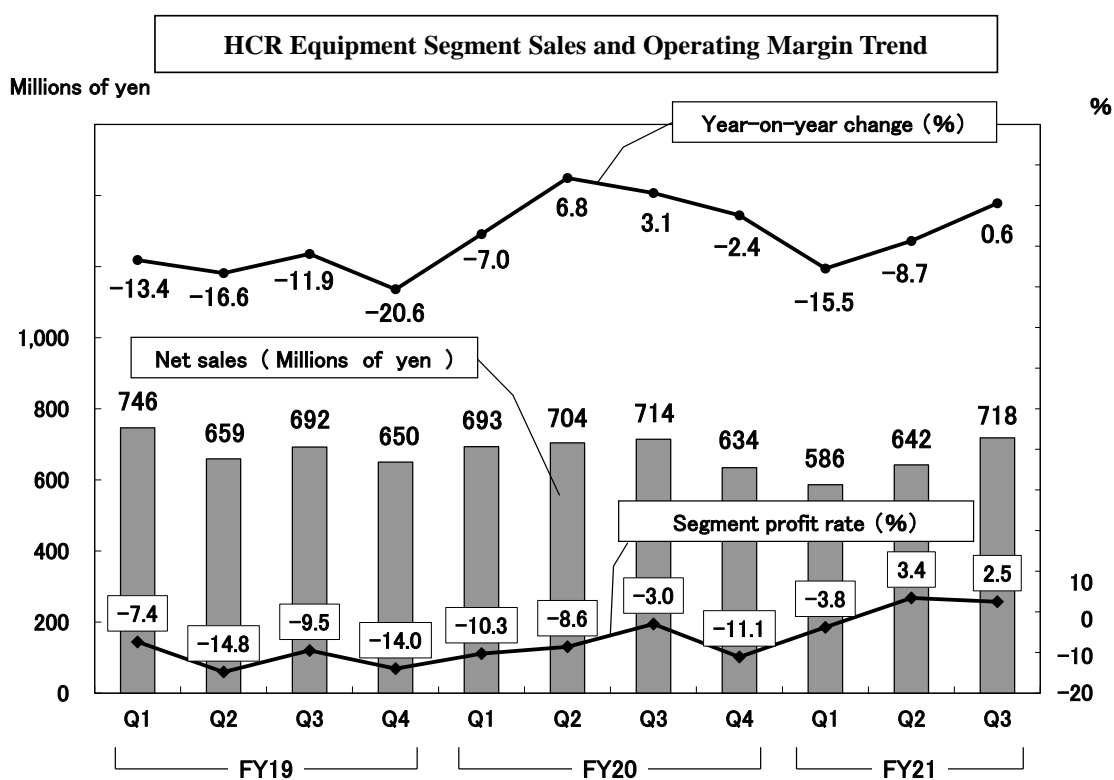
HCR Equipment Segment

(Millions of yen, %)

	Cumulative Q3/ FY 2021 (Ending March 2021)	Cumulative Q3/ FY 2020 (Ended March 2020)	Year-on-year Change	
			Increase (decrease)	Rate of increase (decrease)
Net Sales	1,947	2,112	(164)	(7.8)
Segment Profit (Loss)	17	(153)	+171	—
Segment Profit Rate	0.9	(7.3)	+8.2 points	

Business results for the HCR Equipment segment were as follows: Net sales of ¥1,947 million (a decrease of 7.8% from the previous corresponding period), segment profit of ¥17 million, and segment profit rate of 0.9%.

Sales activities for the nursing care market are gradually resuming and sales are in a recovering trend. Although sales decreased compared to the same period of the previous fiscal year, profitability improved and profits increased due to strong sales of high value-added wheelchairs and decreased fixed expenses.



(2) Explanation Concerning Financial Position

1) Summary of Consolidated Balance Sheets

(Millions of yen, %)

	Q3/ FY 2021 (As of December 31, 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	100,346	99,378	+967	+1.0
Net Assets	78,064	75,972	+2,092	+2.8
Equity Ratio	77.7	76.3	+1.4 points	

Assets increased ¥967 million compared to the end of the previous consolidated fiscal year, to ¥100,346 million. Current assets decreased ¥1,844 million due to factors such as a fall of ¥2,061 million in notes and accounts receivable-trade and a decline of ¥698 million in cash and deposits. Non-current assets increased ¥2,811 million due to factors such as a rise of ¥2,823 million in property, plant and equipment.

Liabilities decreased ¥1,124 million compared to the end of the previous consolidated fiscal year, to ¥22,281 million. Current liabilities decreased ¥764 million due to factors such as a fall of ¥800 million in provision for bonuses and a decline of ¥373 million in income taxes payable. Non-current liabilities decreased ¥360 million due to factors such as a drop of ¥415 million in net defined benefit liability.

Net assets increased ¥2,092 million compared to the end of the previous consolidated fiscal year, to ¥78,064 million. Shareholders' equity increased ¥1,247 million. One key factor was the ¥3,497 million net income attributable to shareholders of parental company, despite the ¥2,249 million paid out in cash dividends.

Accumulated other comprehensive income increased ¥847 million. This was due to factors including a rise in remeasurements of defined benefit plans of ¥487 million and an increase in valuation difference on available-for-sale securities of ¥226 million.

2) Analysis of Consolidated Cash Flow

The balance of cash and cash equivalents ("funds") during the consolidated cumulative period under review was ¥21,151 million due to a decrease of ¥710 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 ¥6,620 million. The key increases came from net income before income taxes of ¥4,744 million, a decrease of ¥2,122 million in notes and accounts receivable-trade, and depreciation of ¥1,863 million. The key decrease came from ¥1,879 million paid as income taxes.

Cash flows from investment activities

Funds used in investment activities in the consolidated cumulative period under review amounted to ¥4,882 million. The key decreases came from purchase of property, plant and equipment of ¥4,467 million and purchase of short-term and long-term investment securities of ¥2,203 million. The key increase came from proceeds of ¥2,009 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 ¥2,438 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

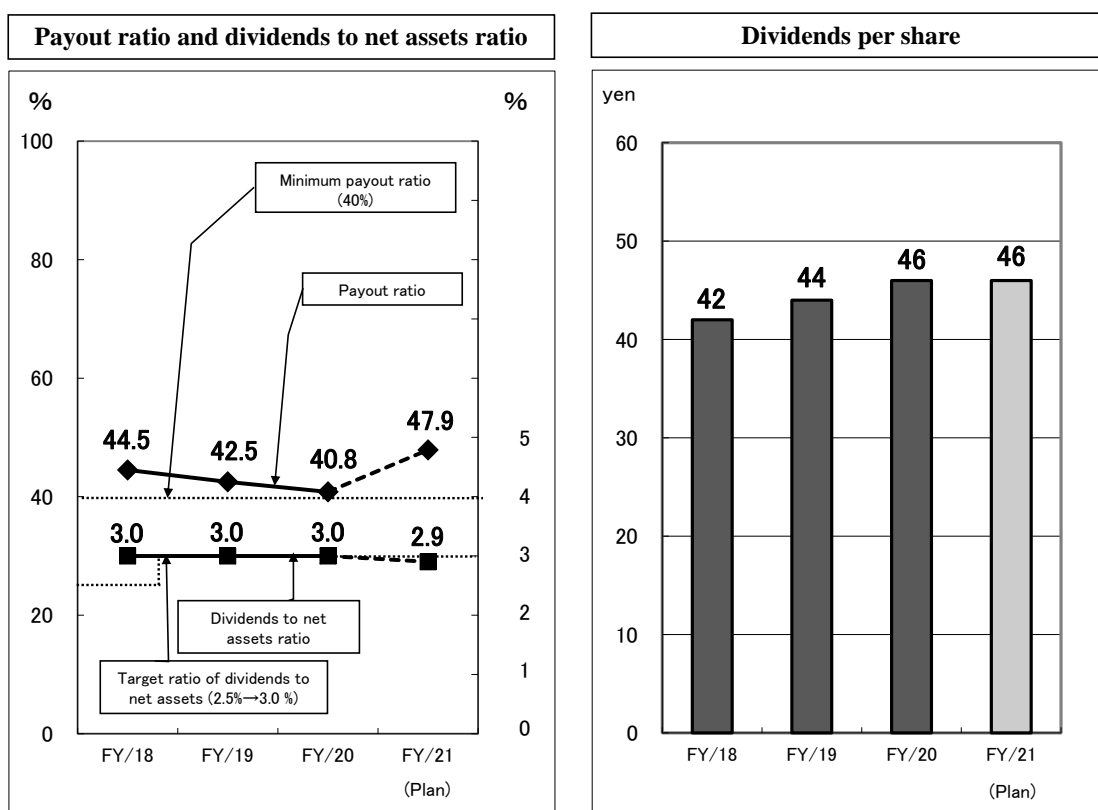
In regards to the forecast of consolidated operating results for the fiscal year ending March 31, 2021, we forecast decreased sales in the Office Equipment segment due to the increased number of people working from home as the result of the continued spread of COVID-19. However, in the Industrial Equipment segment, there are strong sales of tools for concrete structures mainly in Europe and the United States, and we forecast that profits will exceed the forecasted values that were announced on July 29, 2020. Therefore, we are making changes to the forecast of consolidated operating results.

For details, please refer to the "Notice of Changes to the Full-year Forecasts of Consolidated Operating Results" that was announced on January 29, 2021.

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, 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)	Q3/ FY 2021 (As of December 31, 2020)
ASSETS		
Current assets		
Cash and deposits	21,849	21,151
Notes and accounts receivable-trade	13,526	11,465
Marketable securities	2,805	3,109
Merchandise and finished goods	6,091	6,465
Work in process	858	857
Raw materials	1,025	1,019
Other	780	1,025
Allowance for doubtful accounts	(1)	(1)
Total current assets	46,937	45,092
Non-current assets		
Property, plant and equipment	19,649	22,473
Intangible assets	316	325
Investments and other assets		
Investment securities	27,319	27,451
Other	5,161	5,008
Allowance for doubtful accounts	(5)	(5)
Total investments and other assets	32,474	32,454
Total non-current assets	52,441	55,253
Total assets	99,378	100,346
LIABILITIES		
Current liabilities		
Accounts payable-trade	3,136	3,383
Short-term loans payable	1,850	1,850
Income taxes payable	841	468
Provision for bonuses	1,730	929
Provision for directors' bonuses	44	43
Provision for product warranties	87	74
Other	3,873	4,050
Total current liabilities	11,563	10,799
Non-current liabilities		
Long-term loans payable	150	150
Provision for product warranties	13	13
Net defined benefit liability	10,661	10,246
Asset retirement obligations	30	30
Other	987	1,042
Total non-current liabilities	11,842	11,482
Total liabilities	23,406	22,281

(Millions of yen)

	FY 2020 (As of March 31, 2020)	Q3/ FY 2021 (As of December 31, 2020)
NET ASSETS		
Shareholders' equity		
Capital stock	12,367	12,367
Capital surplus	10,518	10,518
Retained earnings	54,891	56,138
Treasury stock	(320)	(320)
Total shareholders' equity	77,456	78,703
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	361	587
Revaluation reserve for land	(339)	(339)
Foreign currency translation adjustment	(539)	(405)
Remeasurements of defined benefit plans	(1,066)	(579)
Total accumulated other comprehensive income	(1,585)	(737)
Non-controlling interests	100	98
Total net assets	75,972	78,064
Total liabilities and net assets	99,378	100,346

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

(Millions of yen)

	Cumulative Q3/ FY 2020 (From Apr. 1, 2019 to Dec. 31, 2019)	Cumulative Q3/ FY 2021 (From Apr. 1, 2020 to Dec. 31, 2020)
Net sales	52,374	46,689
Cost of sales	30,555	26,647
Gross profit	21,819	20,041
Selling, general and administrative expenses		
Salaries	4,272	4,234
Provision for bonuses	617	561
Provision for directors' bonuses	30	43
Retirement benefit expenses	757	830
Packing and delivery expenses	1,725	1,871
Promotion expenses	1,212	825
Depreciation	593	558
Other	6,504	6,274
Total selling, general and administrative expenses	15,712	15,199
Operating income	6,106	4,842
Non-operating income		
Interest income	56	52
Dividend income	137	95
Other	81	123
Total non-operating income	275	271
Non-operating expenses		
Interest expenses	29	34
Taxes and dues	10	11
Foreign exchange losses	207	396
Other	37	17
Total non-operating expenses	285	459
Ordinary income	6,097	4,654
Extraordinary income		
Gain on sales of non-current assets	1	—
Gain on sales of investment securities	118	0
Refund of customs duties from previous year	55	97
Total extraordinary income	175	97
Extraordinary loss		
Loss on sales of non-current assets	4	—
Loss on abandonment of non-current assets	195	8
Loss on sales of investment securities	—	0
Impairment loss	21	—
Total extraordinary loss	221	8
Net income before income taxes	6,051	4,744
Income taxes	1,670	1,249
Net income	4,381	3,494
Net income (loss) attributable to non-controlling interests	1	(2)
Net income attributable to shareholders of parental company	4,379	3,497

(Quarterly Consolidated Statement of Comprehensive Income)

(Millions of yen)

	Cumulative Q3/ FY 2020 (From Apr. 1, 2019 to Dec. 31, 2019)	Cumulative Q3/ FY 2021 (From Apr. 1, 2020 to Dec. 31, 2020)
Net income	4,381	3,494
Other comprehensive income		
Valuation difference on available-for-sale securities	(210)	226
Foreign currency translation adjustment	(156)	135
Adjustments relating to retirement benefits	411	487
Total other comprehensive income	44	848
Comprehensive income	4,426	4,342
(Breakdown)		
Comprehensive income attributable to shareholders of parental company	4,426	4,344
Comprehensive income attributable to non- controlling interests	(0)	(1)

(3) Quarterly Consolidated Statement of Cash Flows

(Millions of yen)

	Cumulative Q3/ FY 2020 (From Apr. 1, 2019 to Dec. 31, 2019)	Cumulative Q3/ FY 2021 (From Apr. 1, 2020 to Dec. 31, 2020)
Cash flows from operating activities		
Net income before income taxes	6,051	4,744
Depreciation	1,848	1,863
Impairment loss	21	—
Increase (decrease) in allowance for doubtful accounts	0	(0)
Increase (decrease) in provision for bonuses	(738)	(799)
Increase (decrease) in provision for directors' bonuses	(10)	(1)
Increase (decrease) in provision for product warranties	30	(12)
Increase (decrease) in net defined benefit liability	175	285
Interest and dividend income	(193)	(148)
Interest expenses	29	34
Foreign exchange losses (gains)	4	48
Loss on abandonment of non-current assets	195	8
Loss (gain) on sales of non-current assets	2	—
Refund of customs duties from previous year	(55)	(97)
Loss (gain) on sales of short-term and long-term investment securities	(118)	(0)
Increase (decrease) in deposits received from employees	237	348
Decrease (increase) in notes and accounts receivable-trade	274	2,122
Decrease (increase) in inventories	(745)	(411)
Increase (decrease) in notes and accounts payable-trade	295	252
Increase (decrease) in accrued consumption taxes	133	(100)
Decrease (increase) in other assets	(272)	(106)
Increase (decrease) in other liabilities	57	215
Subtotal	7,222	8,245
Interest and dividend income received	247	188
Interest expenses paid	(26)	(31)
Income taxes (paid) refund	(1,986)	(1,879)
Refund of customs duties from previous year	55	97
Cash flows from operating activities	5,512	6,620
Cash flows from investment activities		
Purchase of short-term and long-term investment securities	(6,316)	(2,203)
Proceeds from sales and redemption of short-term and long-term investment securities	4,077	2,009
Purchase of property, plant and equipment	(2,035)	(4,467)
Payments for retirement of property, plant and equipment	—	(150)
Proceeds from sales of property, plant and equipment	9	—
Purchase of intangible assets	(138)	(101)
Payments of loans receivable	(39)	(1)
Collection of loans receivable	34	32
Cash flows from investment activities	(4,407)	(4,882)

(Millions of yen)

	Cumulative Q3/ FY 2020 (From Apr. 1, 2019 to Dec. 31, 2019)	Cumulative Q3/ FY 2021 (From Apr. 1, 2020 to Dec. 31, 2020)
Cash flows from financing activities		
Purchase of treasury shares	(1)	(0)
Proceeds from disposal of treasury shares	0	—
Cash dividends paid	(2,150)	(2,248)
Cash dividends paid to non-controlling shareholders	(1)	(0)
Repayments of lease obligations	(190)	(188)
Cash flows from financing activities	(2,343)	(2,438)
Effect of exchange rate change on cash and cash equivalents	(129)	(10)
Net increase (decrease) in cash and cash equivalents	(1,367)	(710)
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	20,822	21,151

(4) Notes Relating to the Quarterly Consolidated Financial Statements

(Notes Relating to the Assumption of Going Concern)

None.

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

None.

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

None.

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

(Calculation of Tax Expenses)

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

(Segment Information)

Cumulative Q3 of FY 2020 (From April 1, 2019 to December 31, 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	16,334	33,927	2,112	—	52,374
Inter-segment sales or transfers	—	—	—	—	—
Total	16,334	33,927	2,112	—	52,374
Segment profit (loss)	3,731	4,414	(153)	(1,885)	6,106

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

2. The segment profit adjustment of negative ¥1,885 million includes the negative ¥1,885 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.

Cumulative Q3 of FY 2021 (From April 1, 2020 to December 31, 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	12,366	32,375	1,947	—	46,689
Inter-segment sales or transfers	—	—	—	—	—
Total	12,366	32,375	1,947	—	46,689
Segment profit	1,927	4,828	17	(1,932)	4,842

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

2. The segment profit adjustment of negative ¥1,932 million includes the negative ¥1,932 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 third quarter in the previous fiscal year, we have listed numbers created in accordance with classifications after the change.