

January 31, 2024

Summary of Consolidated Financial Results
for the Third Quarter of the Fiscal Year Ending March 31, 2024
[Japan Standards]

Company name: MAX Co., Ltd. Stock listing: Tokyo Stock Exchange
Securities code: 6454 URL: <https://www.max-ltd.co.jp/>
Representative: Tatsushi Ogawa, President TEL: +81-3-3669-8106
Contact: Yoshihiro Kaku, Senior Managing Director / Senior Executive Office
Date of filing of financial statements February 9, 2024
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, 2024
(April 1, 2023 to December 31, 2023)

(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 2024	65,332	2.3	9,879	30.1	10,463	26.8	7,989	36.1
Q3/ FY ended March 2023	63,880	17.3	7,595	33.6	8,249	38.9	5,871	35.3

(Note) Comprehensive income

Q3/ FY ending March 2024: 10,420 million yen (42.7%)
Q3/ FY ended March 2023: 7,302 million yen (54.9%)

	Net Income per Share	Net Income per Share after Dilution
	Yen	Yen
Q3/ FY ending March 2024	169.94	—
Q3/ FY ended March 2023	124.14	—

(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, 2023	119,093	93,397	78.3	2,005.30
As of March 31, 2023	116,742	88,906	76.1	1,877.19

(Reference) Shareholders' equity

As of December 31, 2023: 93,283 million yen
As of March 31, 2023: 88,795 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 2023	—	—	—	78.00	78.00
FY ending March 2024	—	—	—		
FY ending March 2024 (Forecast)				98.00	98.00

(Note) Revision of forecasts on the dividends: Yes

3. Forecasts of Consolidated Operating Results for the Fiscal Year Ending March 31, 2024 (April 1, 2023 to March 31, 2024)

(% figures represent year-on-year increase or decrease)

	Net Sales		Operating Income		Ordinary Income		Net Income Attributable to Shareholders of Parental Company		Net Income per Share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	87,000	3.2	12,300	23.9	12,500	18.9	9,600	26.0	204.74

(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, 2023: 47,537,426 shares

As of March 31, 2023: 47,537,426 shares

2) Amount of treasury stock at term-end

As of December 31, 2023: 1,018,943 shares

As of March 31, 2023: 235,275 shares

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

Nine months ended December 31, 2023: 47,011,217 shares

Nine months ended December 31, 2022: 47,302,387 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.

Table of Contents of the appendix

1. Qualitative Information on Current Quarterly Results	2
(1) Explanation Concerning Qualitative Information on Operating Results	2
(2) Explanation Concerning Financial Position.....	4
(3) Explanation Concerning Forward-looking Statements Such as Forecasts of Consolidated Operating Results ...	4
2. Quarterly Consolidated Financial Statements and Main Notes	6
(1) Quarterly Consolidated Balance Sheets	6
(2) Quarterly Consolidated Statements of Income and Comprehensive Income	8
(3) Quarterly Consolidated Statement of Cash Flows	10
(4) Notes Relating to the Quarterly Consolidated Financial Statements	12
(Notes Relating to the Assumption of Going Concern).....	12
(Notes on Significant Changes in the Amount of Shareholders' Equity).....	12
(Changes in Material Subsidiaries During the Consolidated Cumulative Period Under Review).....	12
(Application of Specific Accounting Procedures for the Preparation of Quarterly Consolidated Financial Statements).....	12
(Segment Information).....	13

[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 2023 (Ending March 2024)	Cumulative Q3/ FY 2022 (Ended March 2023)	Year-on-year Change	
			Increase (Decrease)	Rate of Increase (Decrease)
Net Sales	65,332	63,880	+1,451	+2.3
Operating Income	9,879	7,595	+2,284	+30.1
Ordinary Income	10,463	8,249	+2,214	+26.8
Net Income Attributable to Shareholders of Parental Company	7,989	5,871	+2,117	+36.1
Net Income per Share	169.94 yen	124.14 yen	+45.80 yen	—
Operating Margin	15.1	11.9	+3.2 points	

During the consolidated cumulative period under review (April 1 to December 31, 2023), the global economy showed signs of gradual recovery in regions such as Japan and the United States, but stagnation continued in Europe.

In the housing market, which affects the Group's Industrial Equipment segment, the number of new housing construction starts and the construction floor area of non-residential structures in Japan were sluggish. In the United States, there are signs of a recovery in housing starts, and construction investment trended firm for the non-housing construction market. In Europe, concern cannot be dispelled regarding future trends such as the prolonged situation in Ukraine and concern regarding inflation. In Germany and Northern Europe, housing market conditions worsened markedly due to factors such as rising interest rates.

Furthermore, raw material prices and exchange rate fluctuations continued to affect corporate earnings.

Under such circumstances, net sales increased 2.3% from the previous corresponding period to ¥65,332 million, and operating income increased 30.1% from the previous corresponding period to ¥9,879 million. Ordinary income increased 26.8% from the previous corresponding period to ¥10,463 million, and net income attributable to shareholders of parental company also increased 36.1% from the previous corresponding period to ¥7,989 million.

2) Business results by segment for the consolidated cumulative period under review

(Millions of yen, %)

		Cumulative Q3/ FY 2023 (Ending March 2024)	Cumulative Q3/ FY 2022 (Ended March 2023)	Year-on-year Change	
				Increase (Decrease)	Rate of Increase (Decrease)
Office Equipment	Net Sales	15,642	16,346	(704)	(4.3)
	Segment Profit	2,903	3,331	(427)	(12.8)
	Segment Profit Rate	18.6	20.4	(1.8) points	
Industrial Equipment	Net Sales	47,236	45,168	+2,068	+4.6
	Segment Profit	9,926	6,989	+2,936	+42.0
	Segment Profit Rate	21.0	15.5	+5.5 points	
HCR Equipment	Net Sales	2,453	2,365	+88	+3.7
	Segment Profit	(17)	(153)	+136	—
	Segment Profit Rate	(0.7)	(6.5)	+5.8 points	
Adjustments (Group-wide Expenses)		(2,932)	(2,571)	(361)	—
Group-wide	Net Sales	65,332	63,880	+1,451	+2.3
	Operating Income	9,879	7,595	+2,284	+30.1
	Operating Margin	15.1	11.9	+3.2 points	

Office Equipment Segment

Business results for the Office Equipment segment were as follows: Net sales of ¥15,642 million (a decrease of 4.3% from the previous corresponding period), segment profit of ¥2,903 million (a decrease of 12.8% from the previous corresponding period), and segment profit rate of 18.6%.

In domestic office equipment product operations, net sales were ¥5,505 million (an increase of 3.0% from the previous corresponding period).

Due to the elimination of the shortage in electronic components which had occurred in the first half of the previous fiscal year, LETATWIN tube markers trended firm and there were increased sales of consumables for BEPOP label-making machines.

In overseas office equipment product operations, net sales were ¥4,485 million (a decrease of 4.6% from the previous corresponding period).

Sales of stationery-related products continued to be sluggish due to inventory adjustments by customers, and sales of LETATWIN tube markers decreased due to the slumping Chinese market.

In auto-stapler product operations, net sales were ¥5,651 million (a decrease of 10.2% from the previous corresponding period).

During the third quarter, sales of Auto Staplers and dedicated consumables trended firm due to recovery in orders from customers.

Industrial Equipment Segment

Business results for the Industrial Equipment segment were as follows: Net sales of ¥47,236 million (an increase of 4.6% from the previous corresponding period), segment profit of ¥9,926 million (an increase of 42.0% from the previous corresponding period), and segment profit rate of 21.0%.

In domestic industrial equipment product operations, net sales were ¥16,301 million (an increase of 4.6% from the previous corresponding period).

Although there was a decrease in the construction floor area of concrete structures, sales of tools increased during the third quarter due to the launch of the new rebar tying tool TWINTIER RB-442T in December. Sales of air compressors, which are the mainstay of the business, also trended favorably.

In overseas industrial equipment product operations, net sales were ¥22,248 million (an increase of 5.0% from the previous corresponding period).

In North America, sales of consumables for TWINTIER rebar tying tools grew due to factors such as increased construction expenditures in the non-housing construction market and holding of sales promotions at large-scale tradeshows. On the other hand, sales of tools decreased in Europe in view of the uncertain economic outlook for the construction market.

In residential environmental equipment operations, net sales were ¥8,686 million (an increase of 3.5% from the previous corresponding period).

Sales of DRYFAN bathroom heaters, ventilators and dehumidifiers, which are the mainstay of the business, continued to increase in the housing stock for renovation & replacement, which is a focus of the segment.

HCR Equipment Segment

Business results for the HCR Equipment segment were as follows: Net sales of ¥2,453 million (an increase of 3.7% from the previous corresponding period) and a segment loss of ¥17 million.

Revenue increased due to the promotion of usage of wheelchairs to main customers in the rental market.

(2) Explanation Concerning Financial Position

1) Summary of Consolidated Balance Sheets

(Millions of yen, %)

	Q3/ FY 2023 (As of December 31, 2023)	FY 2022 (As of March 31, 2023)	Comparison with Position at End of Previous Consolidated Fiscal Year	
			Increase (Decrease)	Rate of Increase (Decrease)
Total Assets	119,093	116,742	+2,350	+2.0
Net Assets	93,397	88,906	+4,490	+5.1
Equity Ratio	78.3	76.1	+2.2 points	

Assets increased ¥2,350 million compared to the end of the previous consolidated fiscal year, to ¥119,093 million. Current assets increased ¥1,947 million mainly due to increases of ¥912 million in cash and deposits, ¥516 million in notes and accounts receivable-trade and ¥325 million in raw materials. Non-current assets increased ¥403 million due to factors such as a rise of ¥439 million in investment securities.

Liabilities decreased ¥2,140 million compared to the end of the previous consolidated fiscal year, to ¥25,696 million. Current liabilities decreased ¥1,538 million mainly due to a decrease of ¥1,791 million in income taxes payable. Non-current liabilities decreased ¥601 million due to factors such as a reduction of ¥515 million in net defined benefit liability.

Net assets increased ¥4,490 million compared to the end of the previous consolidated fiscal year, to ¥93,397 million. Shareholders' equity increased ¥2,061 million mainly due to net income attributable to shareholders of parental company of ¥7,989 million, despite dividends of surplus of ¥3,689 million and purchase of treasury shares of ¥2,432 million.

Accumulated other comprehensive income increased ¥2,426 million due to factors such as a rise of ¥1,556 million in foreign currency translation adjustment.

2) Analysis of Consolidated Cash Flow

The balance of cash and cash equivalents ("funds") during the consolidated cumulative period under review decreased ¥192 million compared to the end of the previous consolidated fiscal year, to ¥26,795 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 ¥8,651 million. The key increases came from net income before income taxes of ¥10,484 million and depreciation of ¥2,259 million. The key decreases came from ¥4,180 million paid as income taxes and a decrease of ¥1,096 million in provision for bonuses.

Cash flows from investment activities

Funds used in investment activities in the consolidated cumulative period under review amounted to ¥3,269 million. The key decreases came from purchase of short-term and long-term investment securities of ¥4,807 million and purchase of property, plant and equipment of ¥2,143 million. The key increase came from proceeds from sales and redemption of short-term and long-term investment securities of ¥4,984 million.

Cash flows from financing activities

Funds used in financing activities in the consolidated cumulative period under review amounted to ¥6,429 million. The key decreases were ¥3,686 million in cash dividends paid and ¥2,432 million in purchase of treasury shares.

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

As the result of reviewing our outlook for the amount of tax-abatement policy by the Japanese government, we have revised the net income attributable to shareholders of parental company, which is expected to exceed the forecast announced on October 31, 2023.

For further details, please refer to the "Announcement of Revision of Full-Year Consolidated Earnings Forecasts and Dividend Forecasts" that was released on January 31, 2024.

Dividends

Our basic dividend policy is to “maintain a minimum of 3.5% ratio of dividends to net assets with a target payout ratio of 50%, as based on consolidated financial results.”

In the fiscal year under review, there is the possibility that the Company’s operating results will be impacted by factors such as the prolonged situation in Ukraine, the uncertain economic outlook in Europe and other aspects of the socioeconomic environment, and exchange rate fluctuations. However, the Company’s operating revenues are currently firm.

Based on the dividend policy and forecast of operating results discussed above, we revised our plan to pay an annual dividend of ¥78 per share in the previous fiscal year to ¥98 per share, an increase of ¥20 per share.

For further details, please refer to the “Announcement of Revision of Full-Year Consolidated Earnings Forecasts and Dividend Forecasts” that was released on January 31, 2024.

2. Quarterly Consolidated Financial Statements and Main Notes

(1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	FY 2022 (As of March 31, 2023)	Q3/ FY 2023 (As of December 31, 2023)
ASSETS		
Current assets		
Cash and deposits	27,615	28,528
Notes and accounts receivable-trade	14,720	15,237
Marketable securities	6,203	6,498
Merchandise and finished goods	11,070	10,549
Work in process	989	1,166
Raw materials	1,806	2,131
Other	1,287	1,527
Allowance for doubtful accounts	(4)	(4)
Total current assets	63,688	65,636
Non-current assets		
Property, plant and equipment	26,017	26,229
Intangible assets	454	502
Investments and other assets		
Investment securities	20,701	21,141
Other	5,890	5,593
Allowance for doubtful accounts	(9)	(9)
Total investments and other assets	26,582	26,725
Total non-current assets	53,054	53,457
Total assets	116,742	119,093
LIABILITIES		
Current liabilities		
Accounts payable-trade	4,204	4,007
Short-term loans payable	1,850	1,750
Income taxes payable	2,378	587
Provision for bonuses	2,622	1,531
Provision for directors' bonuses	80	81
Provision for product warranties	154	200
Other provisions	—	26
Asset retirement obligations	—	5
Other	4,370	5,931
Total current liabilities	15,660	14,121
Non-current liabilities		
Long-term loans payable	125	125
Provision for product warranties	15	17
Net defined benefit liability	10,669	10,153
Asset retirement obligations	141	116
Other	1,224	1,162
Total non-current liabilities	12,176	11,574
Total liabilities	27,836	25,696

(Millions of yen)

	FY 2022 (As of March 31, 2023)	Q3/ FY 2023 (As of December 31, 2023)
NET ASSETS		
Shareholders' equity		
Capital stock	12,367	12,367
Capital surplus	10,517	10,535
Retained earnings	63,521	67,820
Treasury stock	(414)	(2,670)
Total shareholders' equity	85,992	88,054
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,547	2,152
Revaluation reserve for land	(339)	(339)
Foreign currency translation adjustment	2,854	4,411
Remeasurements of defined benefit plans	(1,260)	(995)
Total accumulated other comprehensive income	2,802	5,228
Non-controlling interests	110	113
Total net assets	88,906	93,397
Total liabilities and net assets	116,742	119,093

(2) Quarterly Consolidated Statements of Income and Comprehensive Income
(Quarterly Consolidated Statement of Income)
Consolidated Cumulative Third Quarter

(Millions of yen)

	Cumulative Q3/ FY 2022 (From Apr. 1, 2022 to Dec. 31, 2022)	Cumulative Q3/ FY 2023 (From Apr. 1, 2023 to Dec. 31, 2023)
Net sales	63,880	65,332
Cost of sales	36,517	35,240
Gross profit	27,363	30,092
Selling, general and administrative expenses		
Salaries	4,537	4,664
Provision for bonuses	959	916
Provision for directors' bonuses	61	81
Retirement benefit expenses	496	604
Packing and delivery expenses	3,833	2,446
Promotion expenses	1,048	1,115
Depreciation	837	889
Other	7,994	9,494
Total selling, general and administrative expenses	19,768	20,212
Operating income	7,595	9,879
Non-operating income		
Interest income	66	129
Dividend income	163	174
Foreign exchange gains	352	210
Other	134	115
Total non-operating income	717	629
Non-operating expenses		
Interest expenses	32	27
Other	29	17
Total non-operating expenses	62	44
Ordinary income	8,249	10,463
Extraordinary income		
Gain on sales of non-current assets	5	1
Gain on sales of investment securities	9	69
Total extraordinary income	14	70
Extraordinary loss		
Loss on sales of non-current assets	—	0
Loss on abandonment of non-current assets	38	50
Loss on sales of investment securities	—	0
Impairment loss	47	—
Total extraordinary loss	85	50
Net income before income taxes	8,178	10,484
Income taxes	2,302	2,492
Net income	5,876	7,991
Net income attributable to non-controlling interests	4	2
Net income attributable to shareholders of parental company	5,871	7,989

(Quarterly Consolidated Statement of Comprehensive Income)
Consolidated Cumulative Third Quarter

(Millions of yen)

	Cumulative Q3/ FY 2022 (From Apr. 1, 2022 to Dec. 31, 2022)	Cumulative Q3/ FY 2023 (From Apr. 1, 2023 to Dec. 31, 2023)
Net income	5,876	7,991
Other comprehensive income		
Valuation difference on available-for-sale securities	504	605
Foreign currency translation adjustment	743	1,558
Adjustments relating to retirement benefits	177	265
Total other comprehensive income	1,425	2,428
Comprehensive income	7,302	10,420
(Breakdown)		
Comprehensive income attributable to shareholders of parental company	7,294	10,415
Comprehensive income attributable to non- controlling interests	7	4

(3) Quarterly Consolidated Statement of Cash Flows

(Millions of yen)

	Cumulative Q3/ FY 2022 (From Apr. 1, 2022 to Dec. 31, 2022)	Cumulative Q3/ FY 2023 (From Apr. 1, 2023 to Dec. 31, 2023)
Cash flows from operating activities		
Net income before income taxes	8,178	10,484
Depreciation	2,214	2,259
Impairment loss	47	—
Increase (decrease) in allowance for doubtful accounts	0	0
Increase (decrease) in provision for bonuses	(363)	(1,096)
Increase (decrease) in provision for directors' bonuses	11	1
Increase (decrease) in provision for product warranties	(27)	47
Increase (decrease) in other provisions	—	26
Increase (decrease) in net defined benefit liability	(219)	(174)
Interest and dividend income	(230)	(303)
Interest expenses	32	27
Foreign exchange losses (gains)	(288)	(254)
Loss on abandonment of non-current assets	38	50
Loss (gain) on sales of non-current assets	(5)	(1)
Loss (gain) on sales of short-term and long-term investment securities	(9)	(69)
Increase (decrease) in deposits received from employees	476	737
Decrease (increase) in notes and accounts receivable-trade	(1,092)	(287)
Decrease (increase) in inventories	(2,270)	531
Increase (decrease) in notes and accounts payable-trade	490	(239)
Decrease (increase) in consumption taxes refund receivable	639	116
Increase (decrease) in accrued consumption taxes	(51)	315
Decrease (increase) in other assets	(454)	(176)
Increase (decrease) in other liabilities	539	562
Subtotal	7,654	12,556
Interest and dividend income received	251	302
Interest expenses paid	(31)	(27)
Income taxes (paid) refund	(2,847)	(4,180)
Cash flows from operating activities	5,027	8,651
Cash flows from investment activities		
Payments into time deposits	(433)	(1,441)
Proceeds from withdrawal of time deposits	638	345
Purchase of short-term and long-term investment securities	(1,404)	(4,807)
Proceeds from sales and redemption of short-term and long-term investment securities	3,418	4,984
Purchase of property, plant and equipment	(2,631)	(2,143)
Payments for retirement of property, plant and equipment	(29)	(10)
Proceeds from sales of property, plant and equipment	6	2
Purchase of intangible assets	(156)	(176)
Payments of loans receivable	—	(40)
Collection of loans receivable	27	18
Payments for asset retirement obligations	(7)	(0)
Cash flows from investment activities	(572)	(3,269)

	(Millions of yen)	
	Cumulative Q3/ FY 2022 (From Apr. 1, 2022 to Dec. 31, 2022)	Cumulative Q3/ FY 2023 (From Apr. 1, 2023 to Dec. 31, 2023)
Cash flows from financing activities		
Repayments of loans payable	—	(100)
Purchase of treasury shares	(0)	(2,432)
Proceeds from disposal of treasury shares	—	0
Cash dividends paid	(3,024)	(3,686)
Cash dividends paid to non-controlling shareholders	—	(1)
Repayments of lease obligations	(200)	(209)
Cash flows from financing activities	(3,225)	(6,429)
Effect of exchange rate change on cash and cash equivalents	550	855
Net increase (decrease) in cash and cash equivalents	1,780	(192)
Balance of cash and cash equivalents, beginning of the period	22,435	26,987
Quarterly balance of cash and cash equivalents at the end of the period	24,215	26,795

(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 2022 (From April 1, 2022 to December 31, 2022)

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	16,346	45,168	2,365	—	63,880
Inter-segment sales or transfers	—	—	—	—	—
Total	16,346	45,168	2,365	—	63,880
Segment profit (loss)	3,331	6,989	(153)	(2,571)	7,595

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

2. The segment profit adjustment of negative ¥2,571 million includes the negative ¥2,571 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) Information on impairment loss on non-current assets, goodwill, etc., by reported segment

(Significant impairment loss on non-current assets)

An impairment loss of ¥47 million has been recorded for idle assets that we do not expect to use in the future.

The breakdown is ¥0 million in the “Office Equipment” segment and ¥47 million in the “Industrial Equipment” segment.

Cumulative Q3 of FY 2023 (From April 1, 2023 to December 31, 2023)

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	15,642	47,236	2,453	—	65,332
Inter-segment sales or transfers	—	—	—	—	—
Total	15,642	47,236	2,453	—	65,332
Segment profit (loss)	2,903	9,926	(17)	(2,932)	9,879

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

2. The segment profit adjustment of negative ¥2,932 million includes the negative ¥2,932 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.