

MAX Co., Ltd.

Financial Results Briefing for FY 2020

(April 1, 2019 to March 31, 2020)

Progress of Business Plan for FY 2021

(April 1, 2020 to March 31, 2021)

---



May 19, 2020

Participants

Mitsuteru Kurosawa, President

Akio Kitaya, Executive Officer / General Manager, General Affairs Dept.

# Table of Contents

1. Financial Results for Entire Company and Individual Segment in FY 2020
2. Progress of Business Plan for FY 2021



# Financial Results for Entire Company and Individual Segment in FY 2020

## ■ Exchange rates

(FY under review)	1 USD =109.13 JPY	/	1 EUR =121.26 JPY
(Previous FY)	1 USD =110.67 JPY	/	1 EUR =128.74 JPY
(Planned)	1 USD =109.30 JPY	/	1 EUR =121.00 JPY

(unit: millions of yen, %)

	Results in FY under review	Compared to previous FY		Compared to plan	
		Results in previous FY	% increase/ decrease	Full-year plan*	Achievement rate
Net sales	69,671	70,118	-0.6	70,500	98.8
Gross profit	29,127	27,731	5.0	—	—
Corresponding ratio	41.8	39.5			
Operating income	7,586	7,150	6.1	7,900	96.0
Corresponding ratio	10.9	10.2		11.2	
Ordinary income	7,405	7,253	2.1	7,800	94.9
Corresponding ratio	10.6	10.3		11.1	
Net income attributable to shareholders of parental company	5,510	5,064	8.8	5,400	102.0
Corresponding ratio	7.9	7.2		7.7	
Net income per share (yen)	112.67	102.92	—	110.41	—

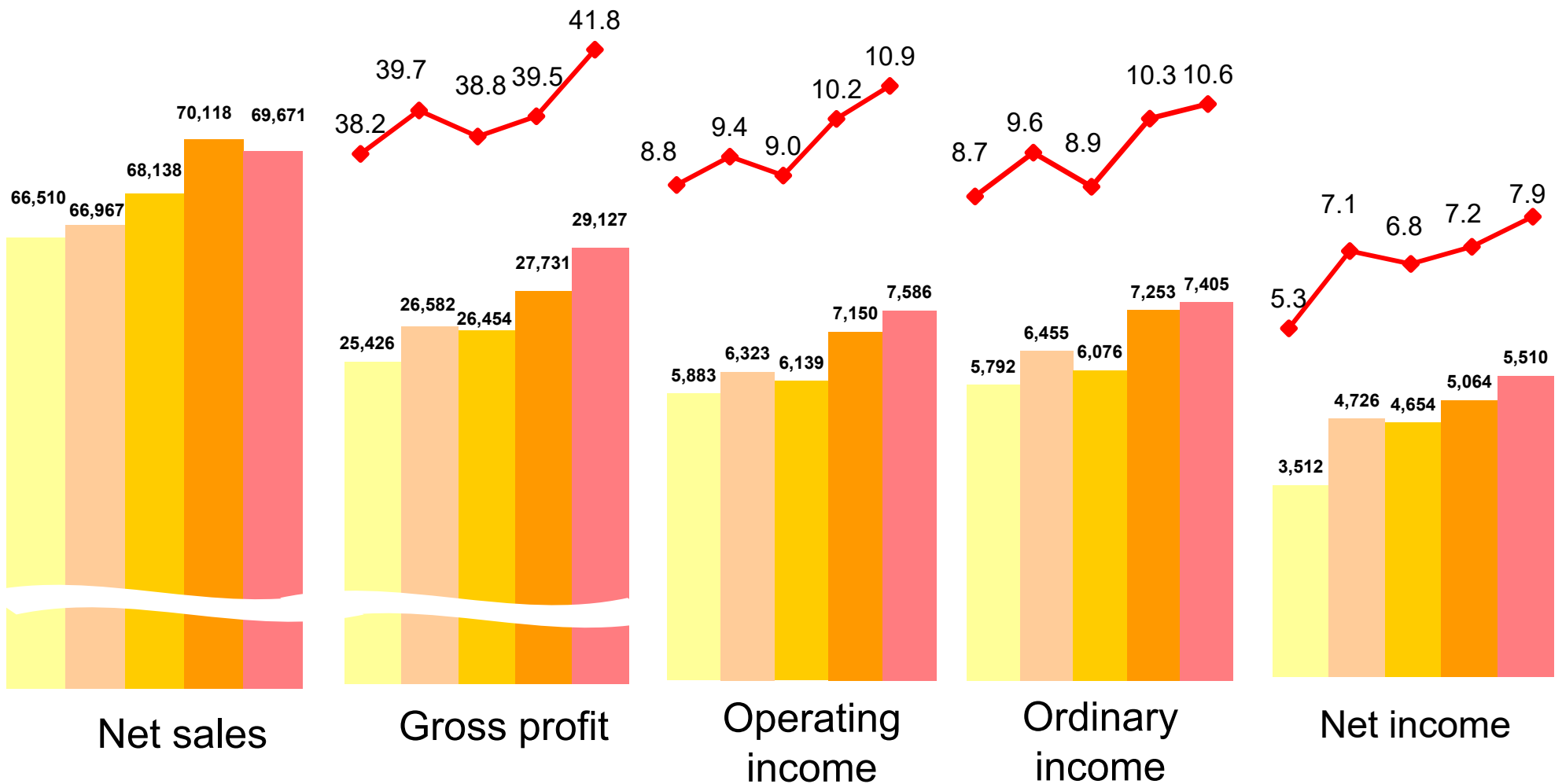
\*Revised plan announced as of October 30, 2019

# Changes in Financial Results for the Entire Company: FY 2016 to FY 2020

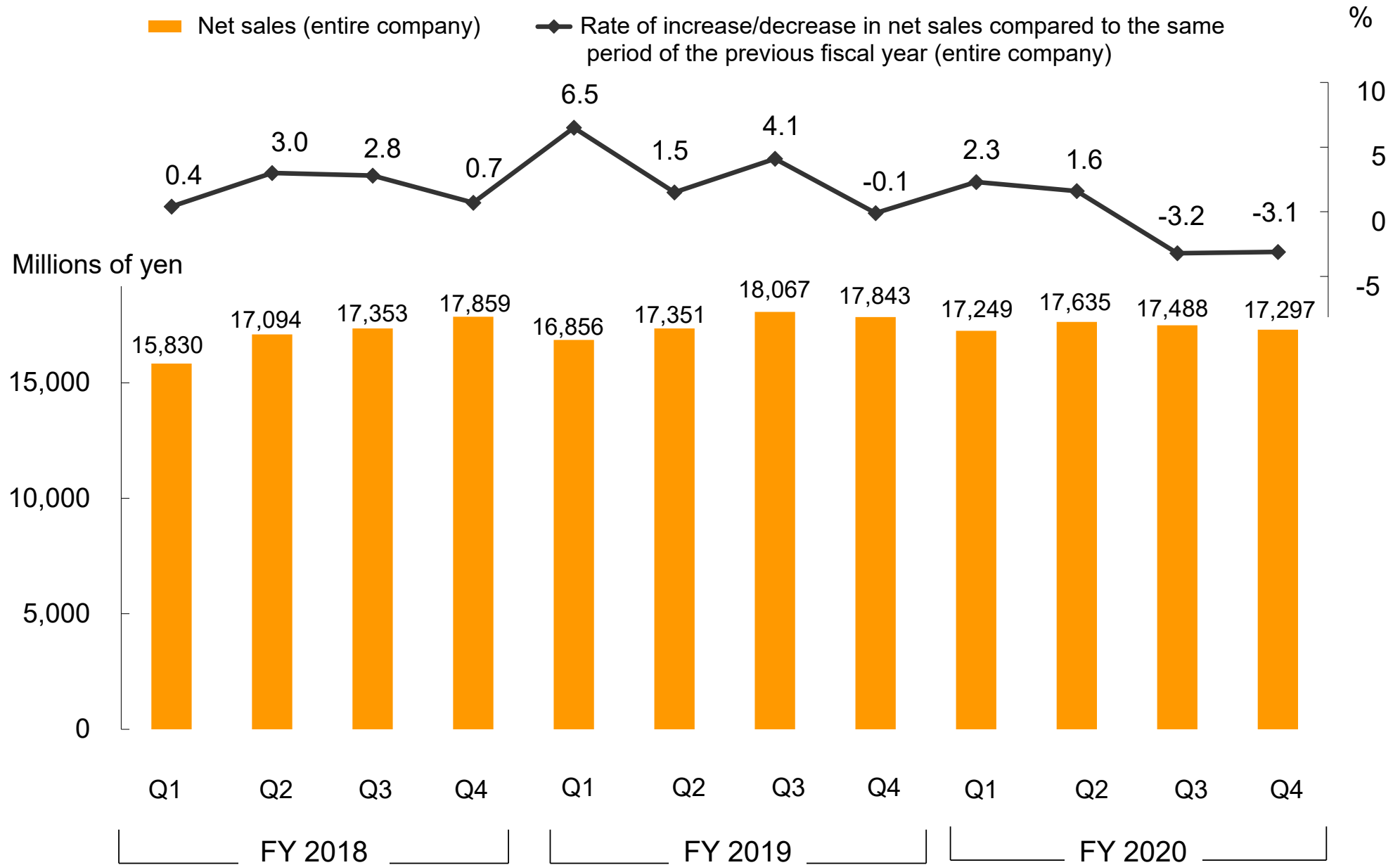


■ FY 2016  
 ■ FY 2017  
 ■ FY 2018  
 ■ FY 2019  
 ■ FY 2020  
 —◆— Corresponding ratio

(unit: millions of yen, %)



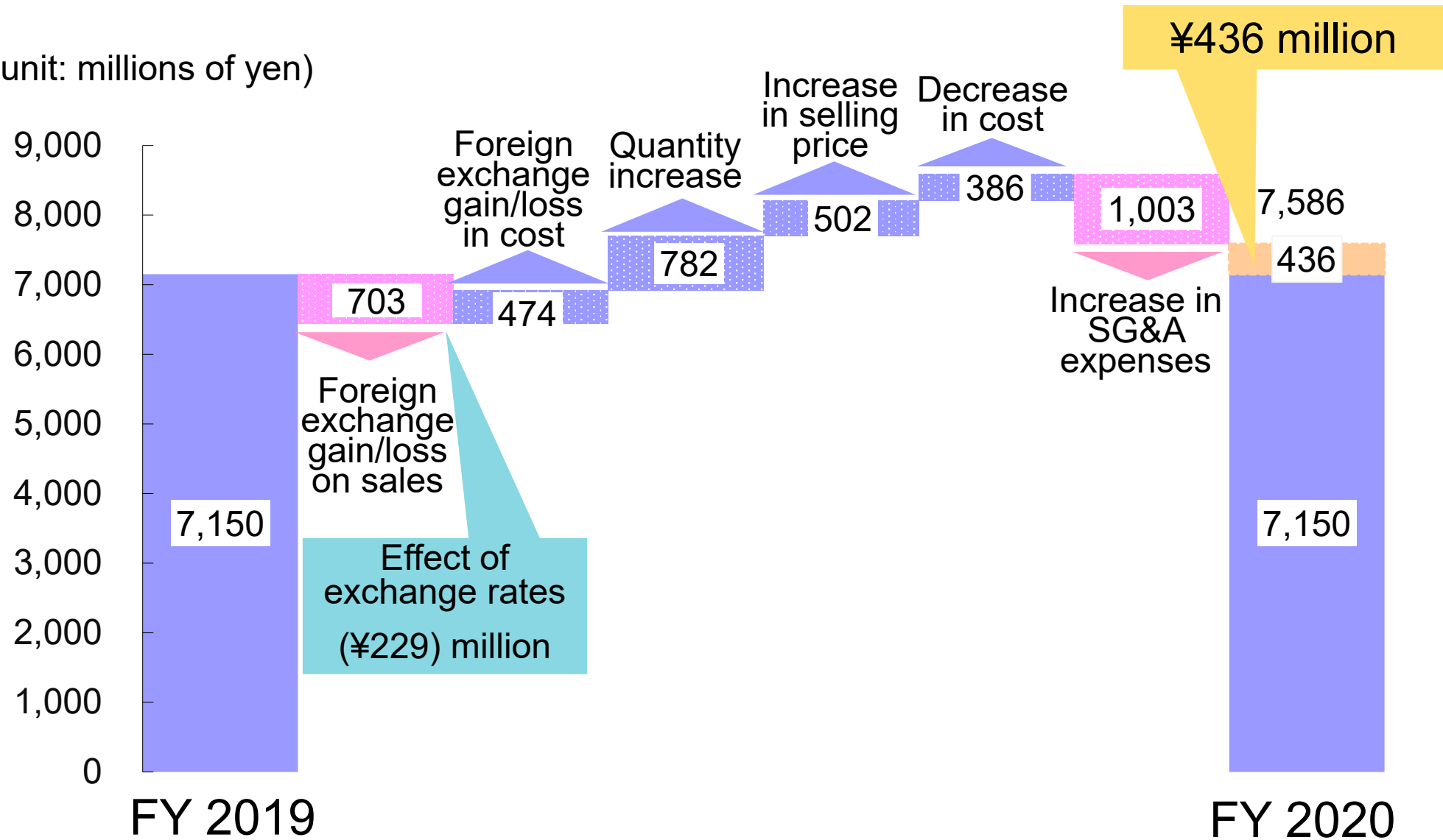
# 3 Changes in Net Sales for the Entire Company by Quarter



# 4 Factors for Increase/Decrease of Operating Income (FY 2020)



(unit: millions of yen)



## ■ Non-operating income/expenses and extraordinary income/loss

(unit: millions of yen)

	FY 2020	FY 2019	YOY
Non-operating income/expenses	(180)	102	(283)
Non-operating income (excluding foreign exchange effect)	335	347	(11)
Non-operating expenses (excluding foreign exchange effect)	(103)	(128)	24
Foreign exchange gain/loss	(412)	(116)	(296)
Extraordinary income/loss	26	(129)	155
Extraordinary income*1	553	77	475
Extraordinary loss*2	(526)	(206)	(319)

\*1 Gain on sale of investment securities: ¥315 million; Refund of customs duties from previous year: ¥217 million

\*2 Loss on valuation of investment securities: (¥289) million

## ■ Facilities investment, depreciation, R&D expenses

(unit: millions of yen, %)

	FY 2020	FY 2019	FY 2020 annual plan	Implementation rate
Facilities investment	2,853	3,102	5,177	55.1
Depreciation	2,350	2,230	2,552	92.1
R&D expenses	3,076	2,929	3,106	99.0



# Recognition of the Business Environment Surrounding the Group (FY 2020)

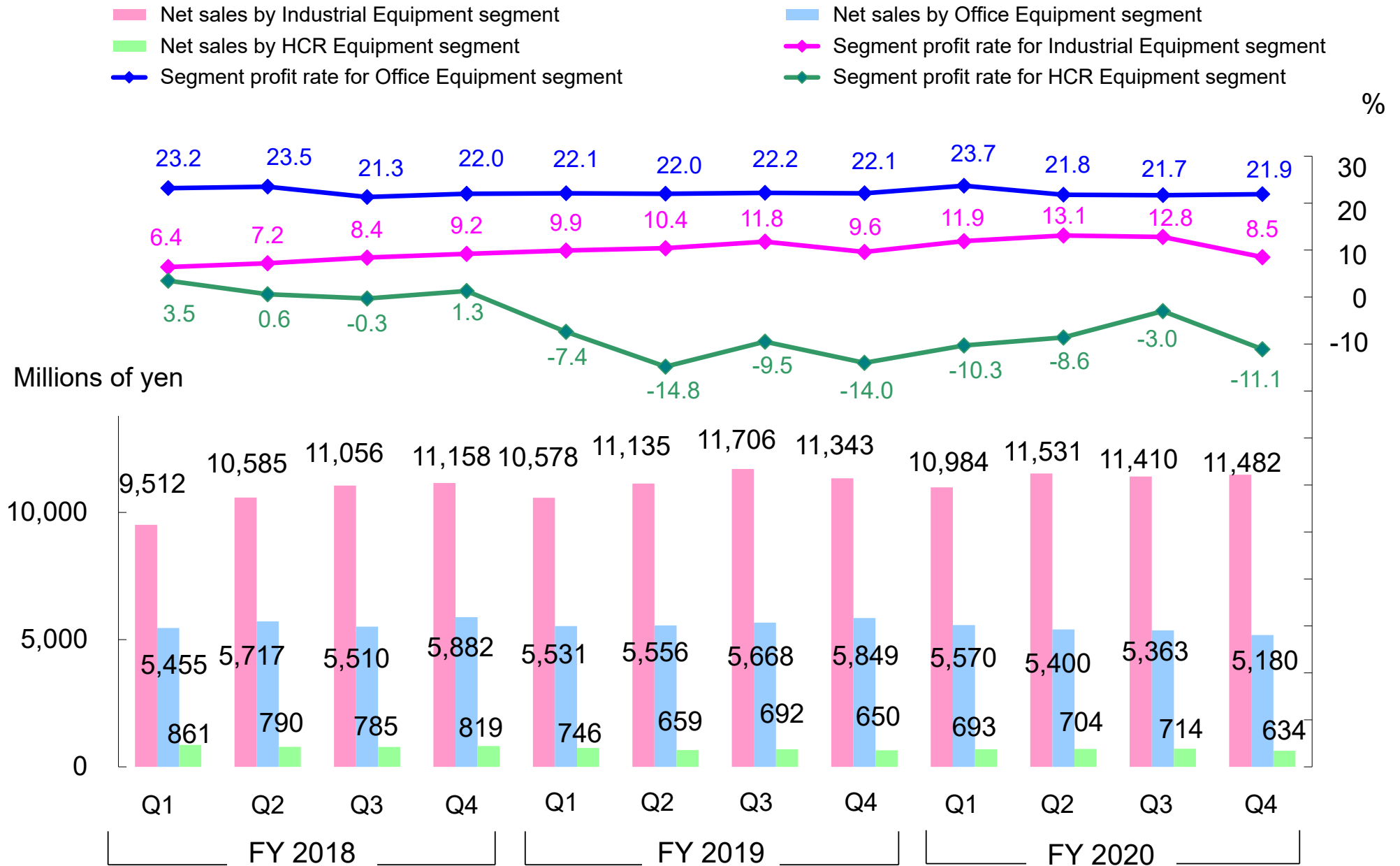
<b>Domestic</b>	<p>Number of new housing construction starts: Down 4.0% YOY for the period from January to December 2019 (Owner-occupied housing construction starts: an increase of 1.9%, rental housing construction starts: a decrease of 13.7%, built-for-sale construction starts: an increase of 4.9% from previous year) → <b>Negative effect on the industrial equipment product operations and residential environmental equipment operations</b>)</p> <p>Construction floor area of non-residential structures: Down 4.9% YOY for the period from October 2018 to September 2019 (Offices: a decrease of 9.6%, shops: a decrease of 14.5%, factories: a decrease of 13.6%, warehouses: an increase of 5.4%) → <b>Negative effect on the industrial equipment product operations (concrete related)</b></p> <p>Number of skilled rebar workers (for construction sites) turned to a state of overabundance in the latter half of the fiscal year. → <b>Decreasing trend in the industrial equipment product operations (concrete related)</b></p>
<b>Overseas</b>	<p>In response to the COVID-19 pandemic, orders restricting movement have been issued in virtually every country. Sales and supply chains stagnated in Q4 FY 2020. → <b>Negative effect on the Office Equipment segment, which is characterized by high sales volume in Asia ex-Japan</b> → <b>Negative effect on procurement from Asia ex-Japan, including subsidiaries in China</b></p> <p>1 USD=109.13 JPY, 1 EUR=121.26 JPY (Previous FY: 1 USD=110.67 JPY, 1 EUR=128.74 JPY; Plan: 1 USD=109.30 JPY, 1 EUR=121.00 JPY) Regarding foreign exchange sensitivity for the consolidated financial results, we have achieved a balance of foreign currency sales/procurement, so there is <b>little effect on operating income</b>.</p> <p>Global economy: Employment was growing in the US economy, driving continuing economic expansion, including growth in personal consumption. With the recent COVID-19 outbreak, this growth was thrown into reverse. The European economy saw a weak recovery amid uncertainty over conditions following Brexit.</p>

# 7 Segment Financial Results (FY 2020)

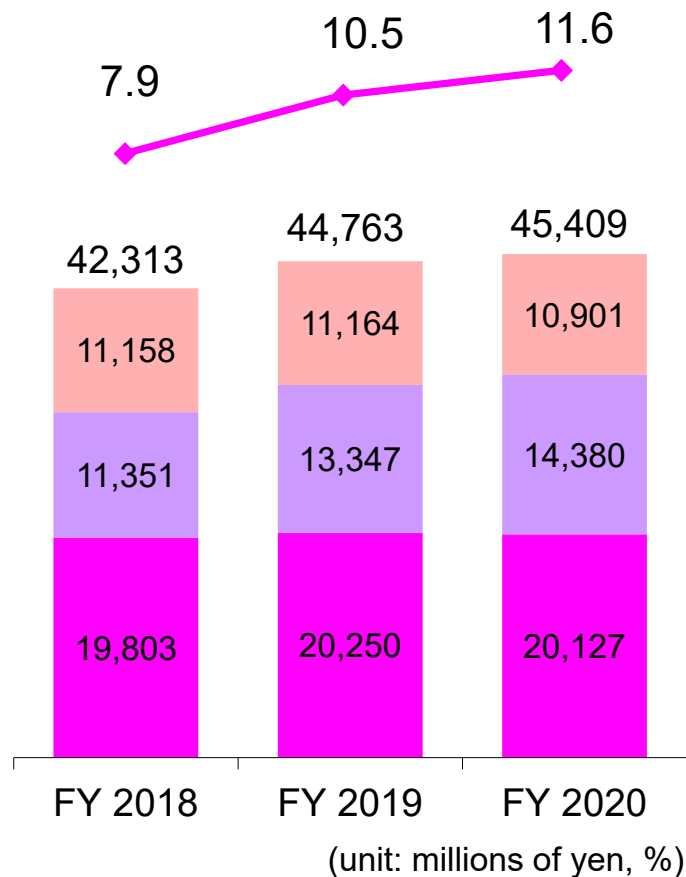


(unit: millions of yen, %)

	Results in FY under review	Compared to previous FY		Compared to plan		
		Results in previous FY	% increase/decrease	Full-year plan	Achievement rate	
Reported Segments	Industrial Equipment segment					
	Net sales	45,409	44,763	+1.4	45,300	100.2
	Segment profit	5,262	4,684	+12.3	5,400	97.5
	Segment profit rate	11.6	10.5	(+1.1P)	11.9	
	Office Equipment segment					
	Net sales	21,515	22,606	-4.8	22,300	96.5
	Segment profit	4,797	4,999	-4.1	5,000	95.9
	Segment profit rate	22.3	22.1	(+0.2P)	22.4	
	HCR Equipment segment					
	Net sales	2,746	2,748	-0.1	2,900	94.7
	Segment profit	-224	-310	-	-180	-
	Segment profit rate	-8.2	-11.3	(+3.1P)	-6.2	
Adjustment amount	-2,248	-2,223	-	-2,320	-	
Total for entire company						
Net sales	69,671	70,118	-0.6	70,500	98.8	
Operating income	7,586	7,150	+6.1	7,900	96.0	
Operating margin	10.9	10.2	(+0.7P)	11.2		



- Net sales in the domestic industrial equipment product operations
- Net sales in the overseas industrial equipment product operations
- Net sales in the residential environmental equipment operations
- Segment profit rate for Industrial Equipment segment



Net sales: ¥45,409 million / Segment profit: ¥5,262 million  
(up 1.4% YOY / up 12.3% YOY)

### Domestic industrial equipment product operations

▪ Net sales: ¥20,127 million (down 0.6% YOY)  
Advancing adoption in new markets for the TWINTIER rebar tying tools continued, thus resulting in increased sales for consumable products and increased sales of tools for concrete structures. However, the sales of tools for wooden structures decreased. Overall, this resulted in a decrease of revenue.

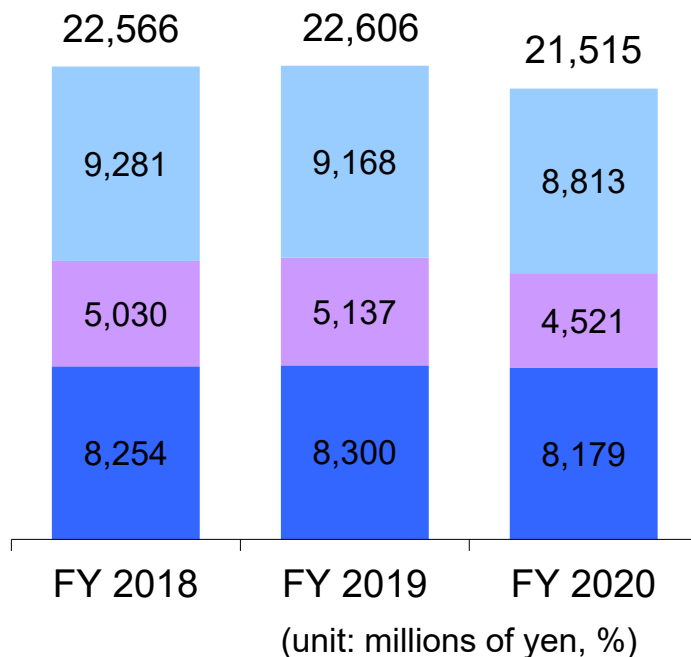
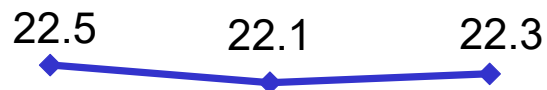
### Overseas industrial equipment product operations

▪ Net sales: ¥14,380 million (up 7.7% YOY)  
As the result of the Group expanding its presence in the existing construction market and the civil engineering market, introduction of the TWINTIER rebar tying tools proceeded smoothly for both machinery and consumables. Overall, this resulted in an increase of revenue.

### Residential environmental equipment operations

▪ Net sales: ¥10,901 million (down 2.4% YOY)  
Although there was an increase in sales of DRYFAN bathroom heaters, ventilators and dehumidifiers in the housing stock market, there was a decrease in sales for ventilation systems. Overall, this resulted in a decrease of revenue.

- Net sales in the domestic office operations
- Net sales in the overseas office operations
- Net sales in the auto-stapler operations
- Segment profit rate for Office Equipment segment



Net sales: ¥21,515 million / Segment profit: ¥4,797 million  
(down 4.8% YOY / down 4.1% YOY)

## Domestic office operations

- Net sales: ¥8,179 million (down 1.5% YOY)

Although sales increased for BEPOP label-making machines, which are being introduced to manufacturing plants in order to make safety-related signs, and for label printers for food labeling in conjunction with revision of food labeling regulations, sales decreased for stationery-related products and LETATWIN tube markers. Overall, this resulted in a decrease of revenue.

## Overseas office operations

- Net sales: ¥4,521 million (down 12.0% YOY)

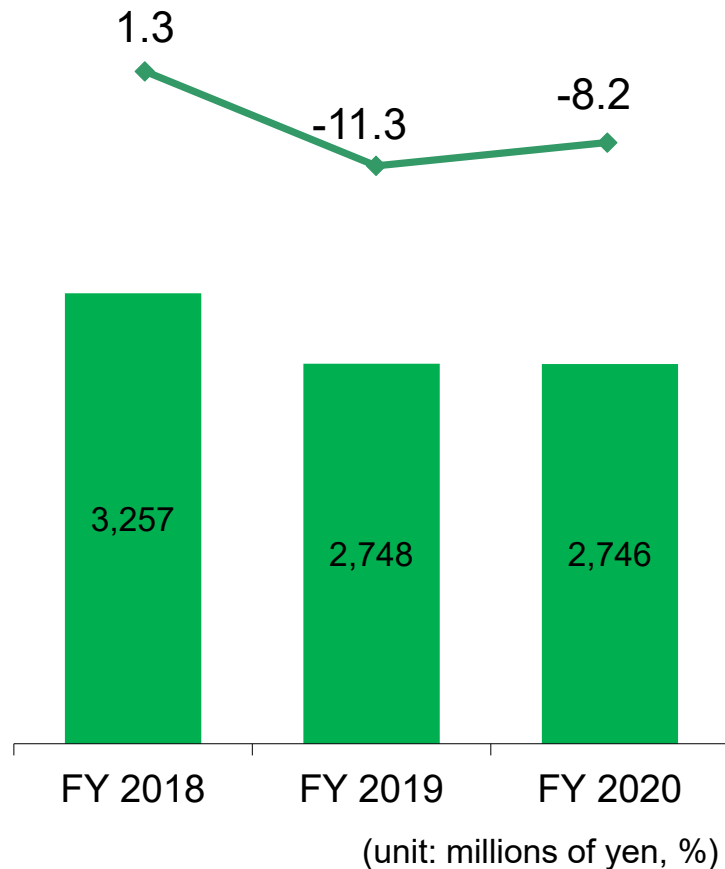
Sales of BEPOP label-making machines in the European market increased thanks to sales expansion by the Lighthouse (UK) Ltd. However, sales of stationery-related products decreased in the Asian market. This resulted in overall decreased revenue.

## Auto-stapler operations

- Net sales: ¥8,813 million (down 3.9% YOY)

Sales decreased due to a fall in production at copy machine manufacturers caused by the spread of COVID-19. Furthermore, revenue decreased due to appreciation of the yen.

- Net sales by HCR Equipment segment
- Segment profit rate for HCR Equipment segment

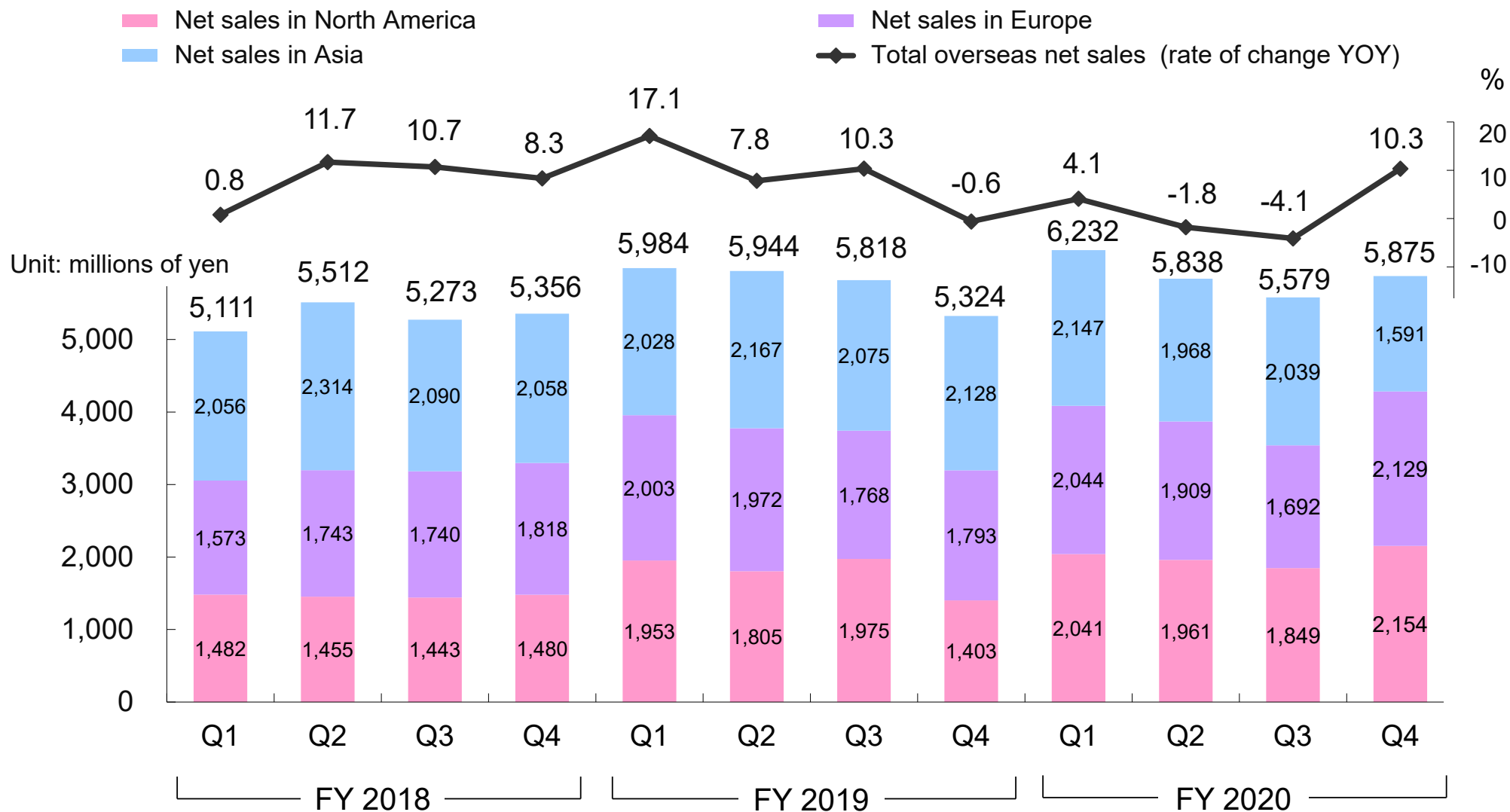


Net sales: ¥2,746 million / Segment profit: (¥224) million  
(down 0.1% YOY / -% YOY)

## HCR Equipment segment

Although sales of high-unit-price wheelchairs increased, product launches struggled and operation at production plants declined under the impact of COVID-19. Net sales were little changed from the previous fiscal year.

# 12 Changes in Overseas Net Sales by Quarter



Ratio of overseas net sales (%)	FY 2018				FY 2019				FY 2020			
		32.3	32.2	30.4	30.0	35.5	34.3	32.2	29.8	36.1	33.1	32.0
	31.2				32.9				33.8			

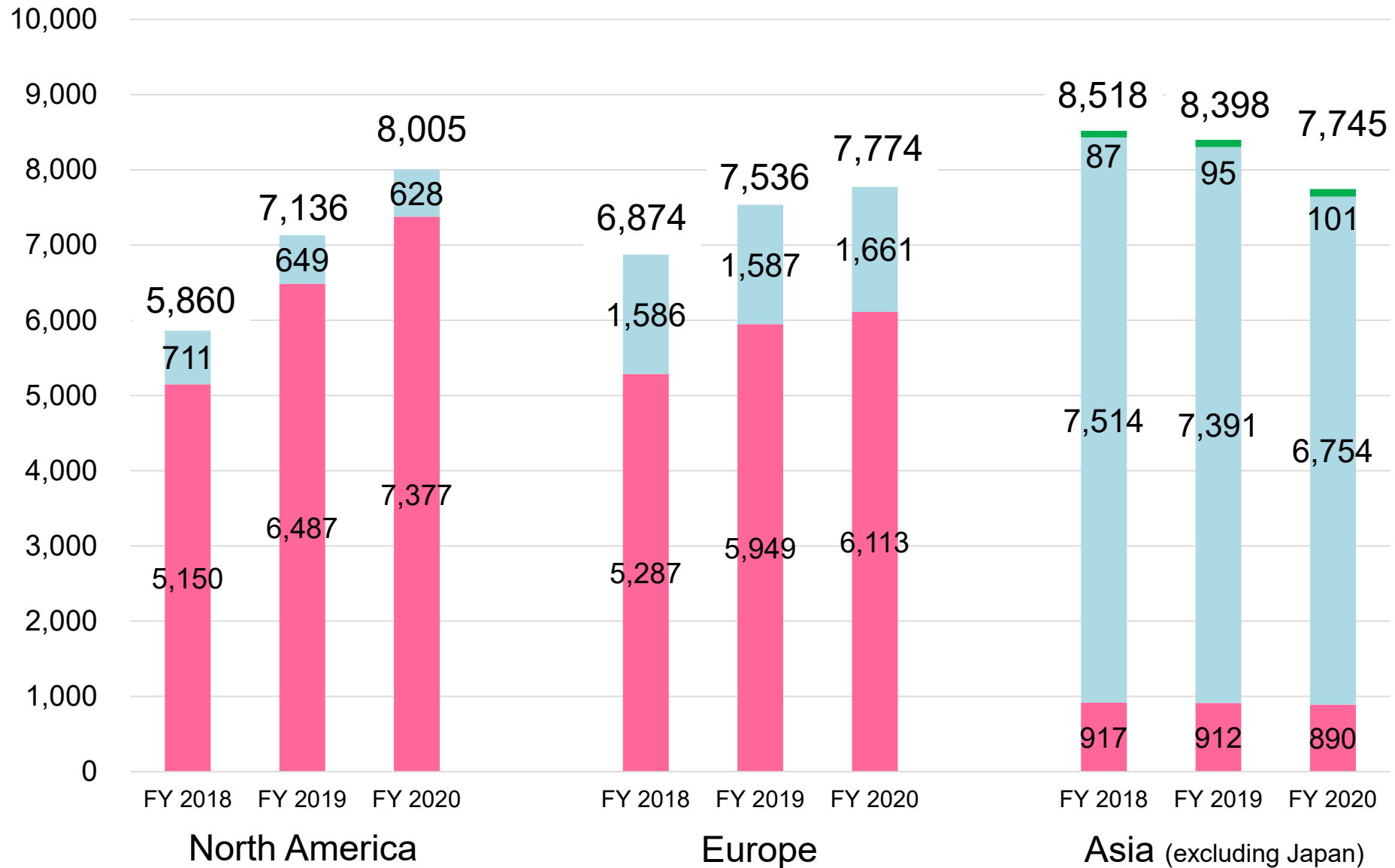
\*Includes overseas net sales for auto-stapler operations.

# 13 Changes in Segment Net Sales by Overseas Region



Industrial Equipment segment   Office Equipment segment   HCR Equipment segment

Unit: millions of yen







# Progress of Business Plan for FY 2021

## Impact on the Production Segment

- The Malaysia plant suspended operations on March 18 but resumed from the week of May 11.
- The Group's three plants in China resumed operations in mid-February. Plants in Japan and Thailand operated as normal.
- Operations are being adjusted according to sales levels. For example, the number of days of operation has decreased at plants in Japan.

## Impact on the Sales Segment

- In the Japanese economy, businesses are cutting costs and consumer demand is slackening.
  - Businesses are cancelling or postponing events and exhibitions. Sales activities have slowed down.
- ⇒ **Negative effect on all segments**
- “Stay Home” orders in Western countries are stifling sales activities.
- ⇒ **Overseas industrial equipment product operations are negatively affected.**
- Sales activities in Asia ex-Japan have stagnated amid “Stay Home” orders and movement restricting orders by governments.
- ⇒ **Negative effect on overseas office operations**
- Auto-stapler and residential environmental equipment operations face reduced production at client manufacturers.

The Group has not yet prepared a forecast, as it is impossible to calculate the impact of the COVID-19 pandemic at this stage.

When it becomes possible to disclose a forecast of business results, the Group will publish it promptly.



The Group is advancing into new markets, focused on rebar tying tools, aiming for further business growth.

### Domestic industrial equipment product operations

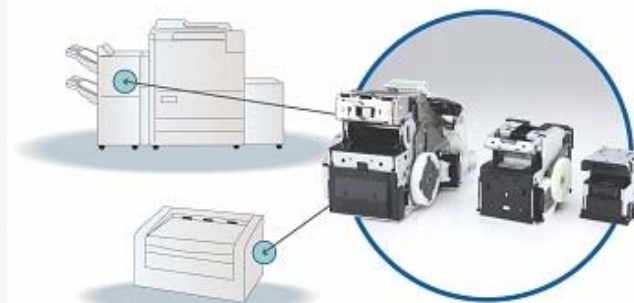
- Expanding market penetration of TWINTIER rebar tying tools
- Acquiring new net increases in sales by advancing into markets peripheral to construction, such as building of interior works, formworks and sheet metal works

### Overseas industrial equipment product operations

- Spread and expand sales of TWINTIER rebar tying tools in the on-site construction and civil engineering markets of Western countries
- Promoting high-pressure tools in the North American construction market and European wooden housing construction market
- Opening overseas agricultural markets to expand sales and operations for the TAPENER horticultural binder

### Residential environmental equipment operations

- Expanding stock business by promoting replacement sales of DRYFAN bathroom heaters, ventilators and dehumidifiers



The Group aims to maintain profitability while aiming for further growth, by expanding operations in products such as label-making machines and strengthening competitiveness in stationery-related products.

## Domestic office operations

- Promotion of safety-related-sign activities in partnership with large company customers, using BEPOP label-making machines
- For label printers for food labeling, expansion in the confectionery market and opening of new markets in food ingredients management applications
- Maintenance and improvement of brand strength in stationery-related products through introduction of new products

## Overseas office operations

- Strengthening sales of BEPOP label-making machines in Western markets with focus on Lighthouse (UK) Ltd.
- In stationery-related products, expansion of sales volume for staplers and staples in Asia ex-Japan

## Auto-stapler operations

- Maintenance of profitability and enhancement of penetration into new markets through introduction of high-value-added products



The Group is aiming for improving profitability by expanding operations centered on high-value-added products.

## HCR Equipment Segment

- Expansion of sales of high-value-added products
- Expansion of adoption by major rental wholesalers in Japan and wholesalers operating nationwide
- Through facilities investment, saving worker-hours required for production and building a flexible production system in response to demand fluctuation



## Maximizing performance by creating ideal workplaces and educating personnel

### Promoting employee health

- Annual actual working hours: 1,900h
- Supporting mental health and improving workplace environments
- Implementation of measures for preventing from lifestyle diseases

### Designing personnel systems and educating personnel

- Designing human resource systems based on life cycles
- Facilitating job rotation
- Upgrading skills through outside training, etc.

### Supporting diverse working styles

- Establishing internal IT infrastructure
- Implementation of flextime system
- Examination of telework and satellite offices

Preparing an environment where employees work actively and happily, securing capable personnel and improving productivity lead to sustainable growth for the Group.



The Company has positioned returning profits to shareholders as one of the highest priority policies and it is the Company's fundamental policy to stably distribute results supported by corporate performance by pursuing growth of the business and business profits.

Based on consolidated financial results, seek to “maintain a minimum of 40% payout ratio with a target ratio of dividends to net assets of 3.0%.”

For dividends in FY 2020, we plan to increase dividends by ¥2 to ¥46 per share.

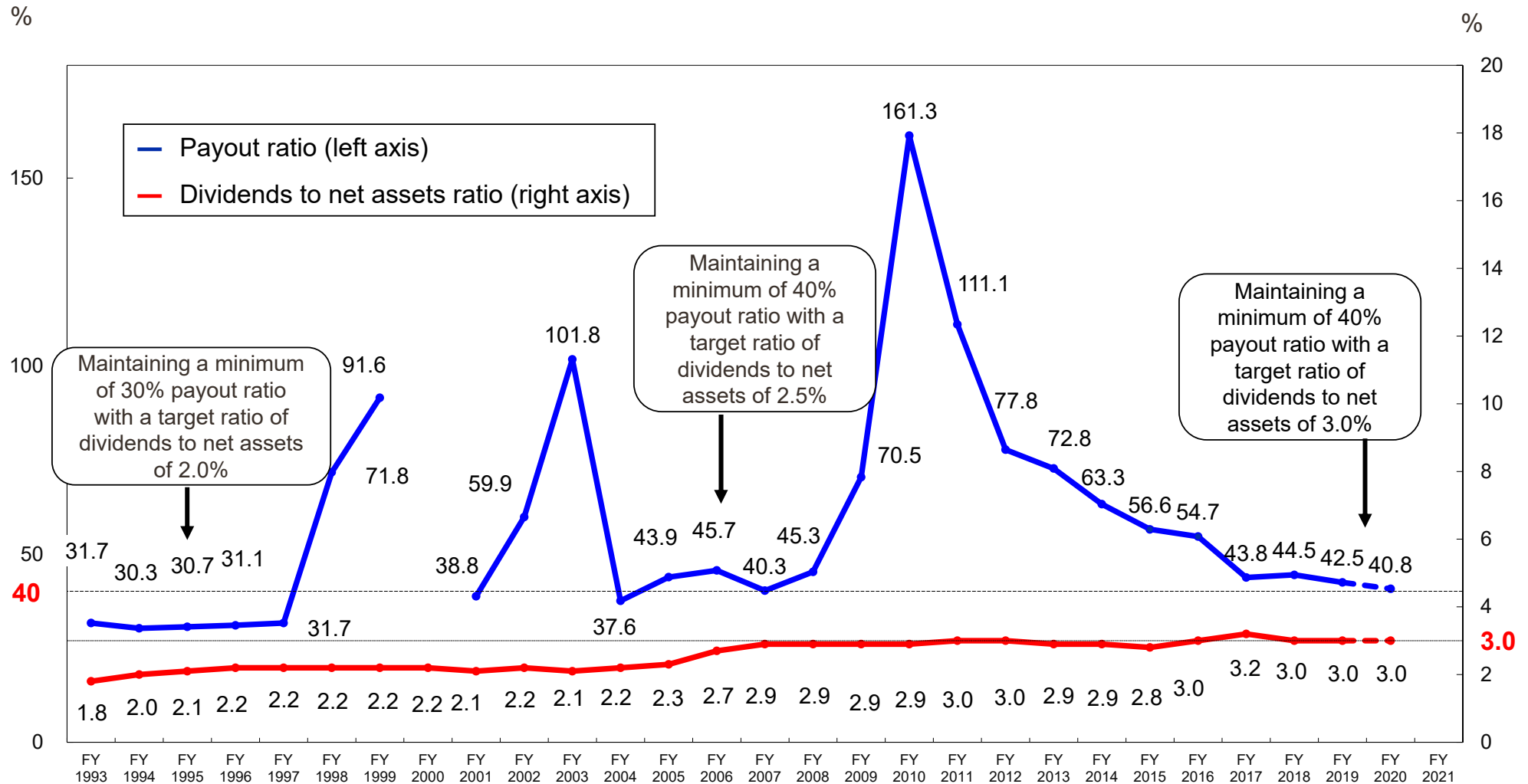
### Change in shareholder return indices

	FY 2018	FY 2019	FY 2020
Dividends per share (yen)	42	44	46
Payout ratio (%)	44.5	42.5	40.8
Dividends to net assets ratio (%)	3.0	3.0	3.0
ROE (%)	6.7	7.0	7.4
Net income per share (yen)	94.46	102.92	112.67
Net assets per share (yen)	1,450.61	1,509.80	1,551.34



### Dividends policy

Based on consolidated financial results, seek to “maintain a minimum of 40% payout ratio with a target ratio of dividends to net assets of 3.0%.”

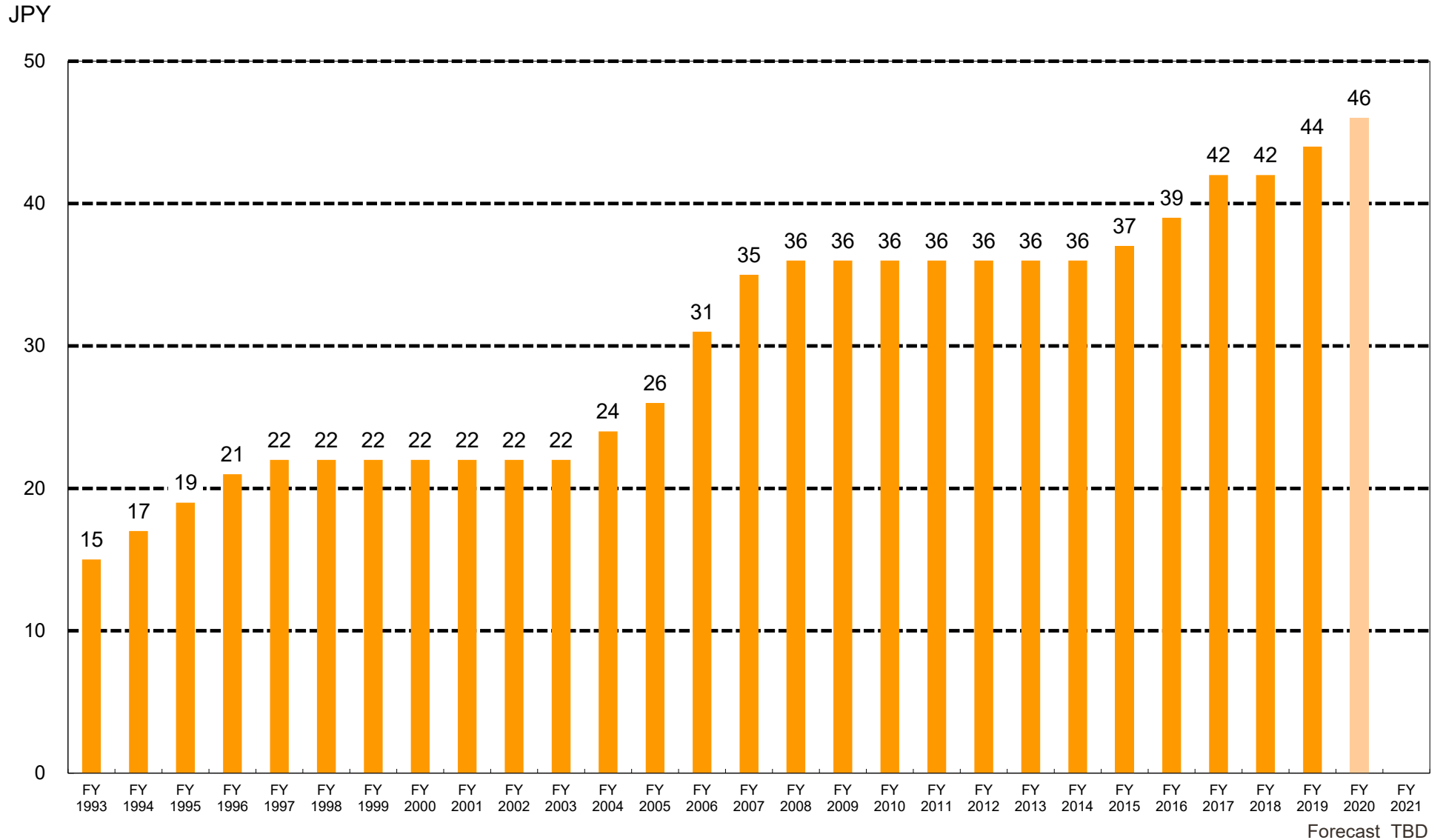


\*Non-consolidated base until FY 2005.

Forecast TBD

# 22 Dividends Policy

Dividends per Share





The contents listed in this document are based on information currently available to the Company and certain assumptions that are deemed as reasonable. Please be aware that actual business results, etc., may differ greatly depending on various factors.