

MAX Co., Ltd.

Financial Results Briefing for



First Three Quarters of FY 2021

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February 3, 2021

Participants

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# Financial Results for the Entire Company in the First Three Quarters of FY 2021

# Financial Results for the Entire Company in the First Three Quarters of FY 2021

## Exchange rates

(Q1–Q3 FY 2021) 1 USD=106.14 JPY / 1 EUR =121.78 JPY

(Q1–Q3 FY 2020) 1 USD=109.06 JPY / 1 EUR =121.33 JPY

(Planned) 1 USD=110.00 JPY / 1 EUR =120.00 JPY

(unit: millions of yen, %)

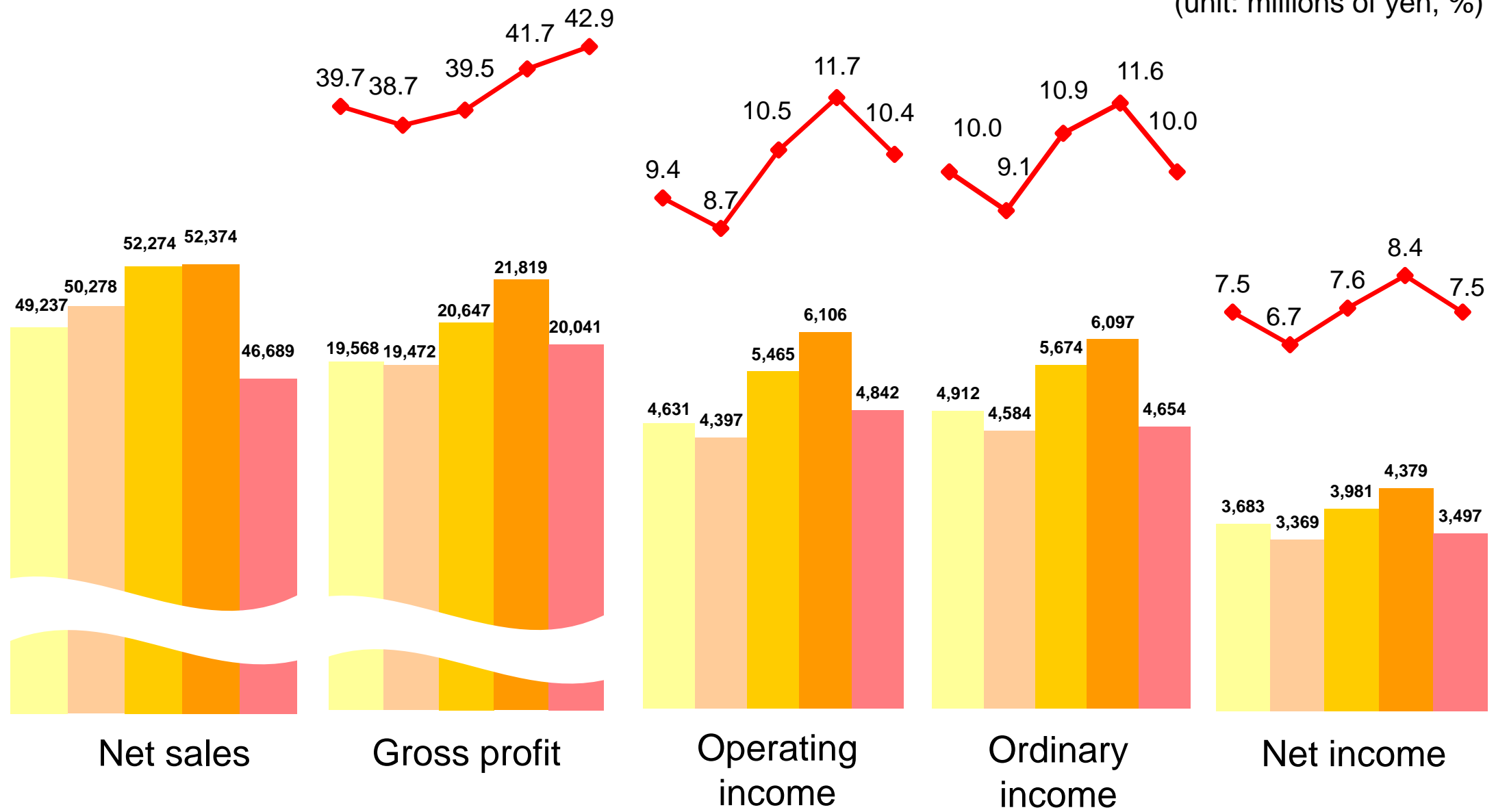
	Results in Q1–Q3 for FY under review	Compared to Q1–Q3 of previous FY		Compared to plan	
		Results in Q1–Q3 of previous FY	% increase/ decrease	Full-year plan*	Rate of progress
Net sales	46,689	52,374	-10.9	63,500	73.5
Gross profit Corresponding ratio	20,041 42.9	21,819 41.7	-8.1 (+1.2P)	—	—
Operating income Corresponding ratio	4,842 10.4	6,106 11.7	-20.7 (-1.3P)	5,700 9.0	85.0 (+1.4P)
Ordinary income Corresponding ratio	4,654 10.0	6,097 11.6	-23.7 (-1.6P)	5,800 9.1	80.3 (+0.9P)
Net income attributable to shareholders of parental company Corresponding ratio	3,497 7.5	4,379 8.4	-20.1 (-0.9P)	4,200 6.6	83.3 (+0.9P)
Net income per share (yen)	71.50	89.54	—	85.88	—

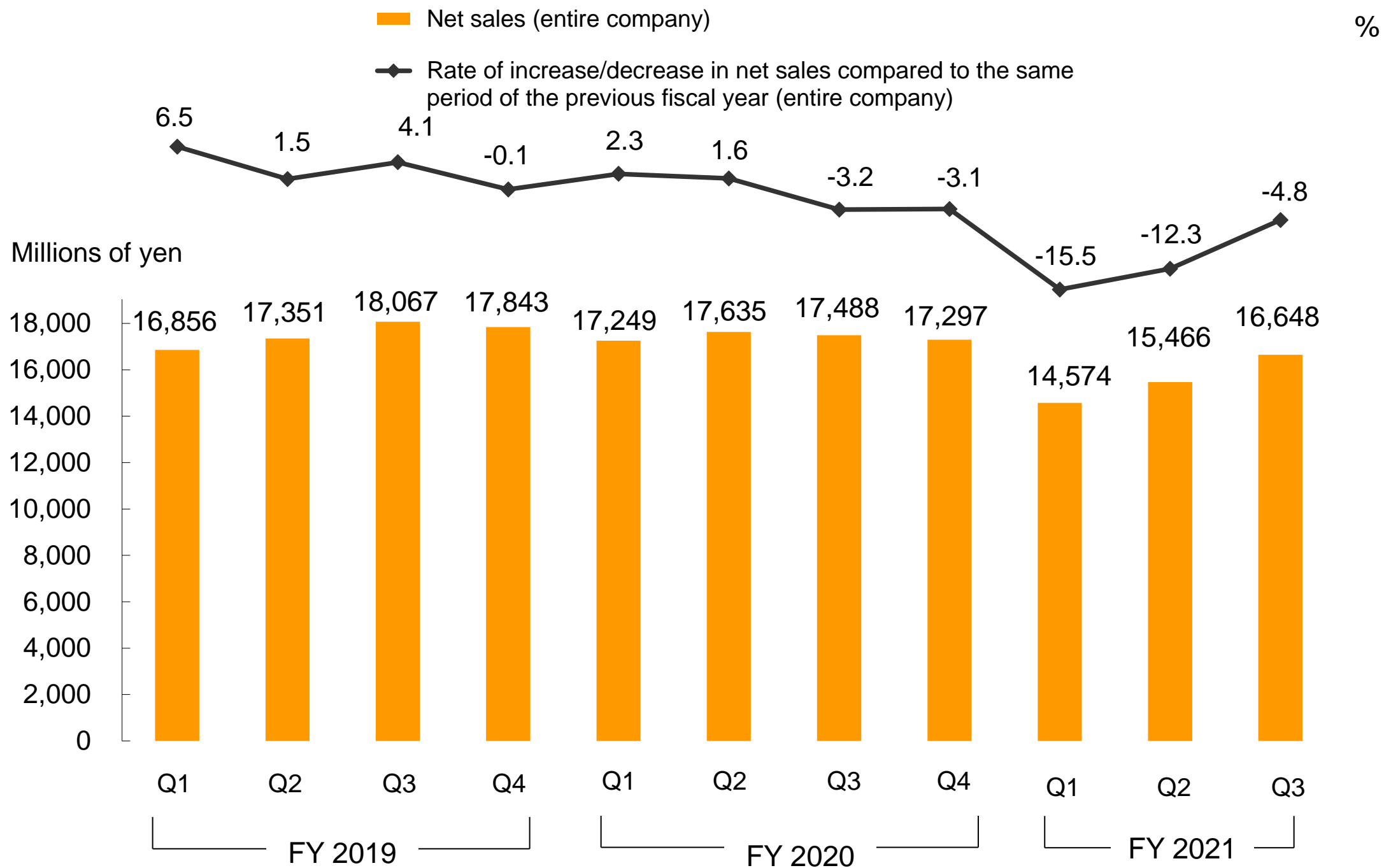
\*Previous plan announced on July 29, 2020

# Changes in Financial Results for the Entire Company in the First Three Quarters of FY 2017 to FY 2021

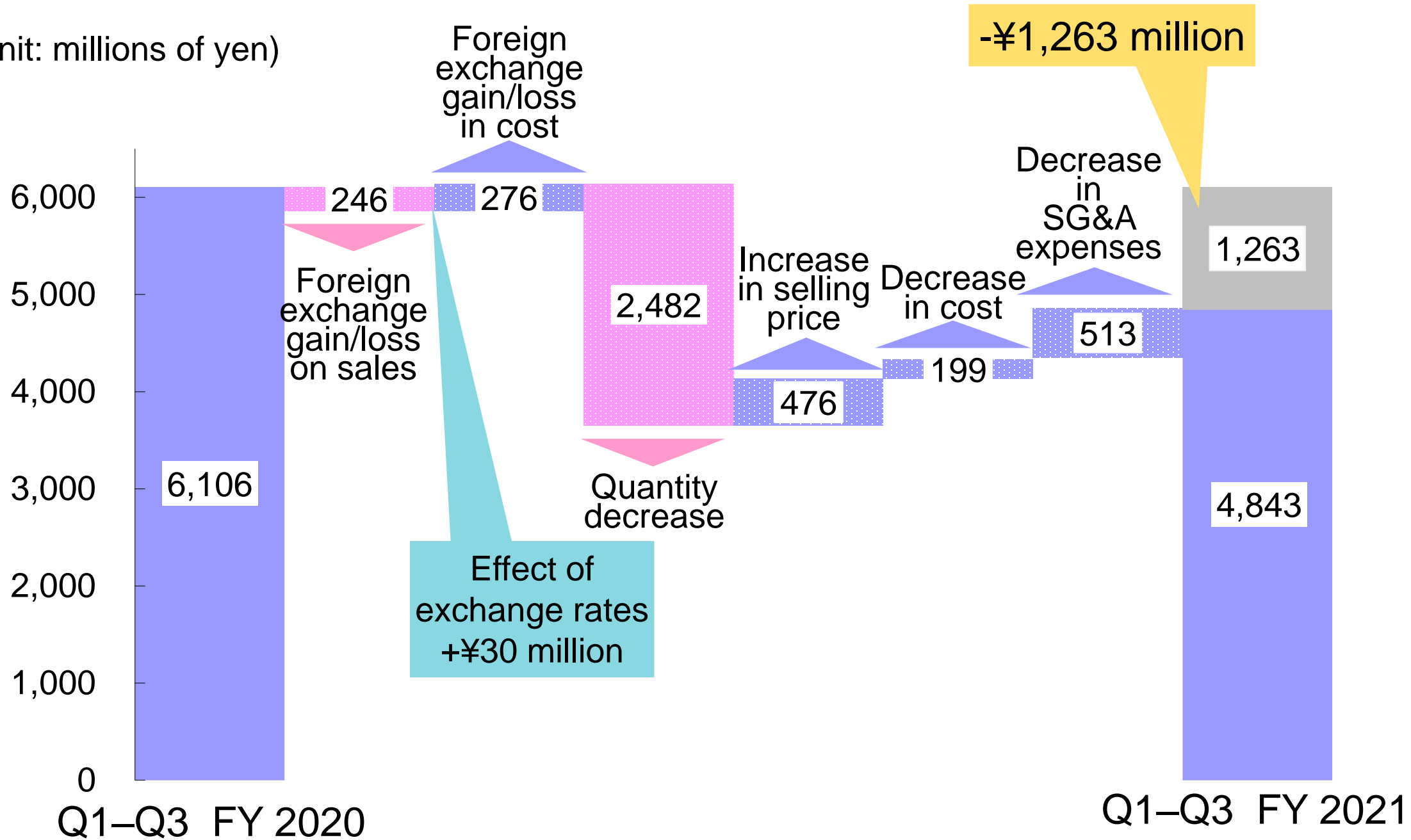
■ Q1–Q3 FY 2017   
 ■ Q1–Q3 FY 2018   
 ■ Q1–Q3 FY 2019  
■ Q1–Q3 FY 2020   
 ■ Q1–Q3 FY 2021   
 — Corresponding ratio

(unit: millions of yen, %)





(unit: millions of yen)



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

(unit: millions of yen)

	Q1–Q3 FY 2021	Q1–Q3 FY 2020	YOY
Non-operating income/expenses	-187	-9	-178
Non-operating income (excluding foreign exchange effect)	271	275	-4
Non-operating expenses (excluding foreign exchange effect)	-63	-77	+14
Foreign exchange gain/loss	-396	-207	-188
Extraordinary income/loss	89	-45	+134
Extraordinary income	*1 97	*2 175	-78
Extraordinary loss	-8	*3 -221	+212

\*1 Refund of customs duties from previous year: ¥97 million

\*2 Gain on sales of investment securities: ¥118 million, refund of customs duties from previous year: ¥55 million, etc.

\*3 Loss on abandonment of non-current assets such as the cost of dismantling the former building of the Osaka Branch: ¥195 million yen, etc.

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

(unit: millions of yen, %)

	Q1–Q3 FY 2021	Q1–Q3 FY 2020	FY 2021 annual plan	Rate of progress
Facilities investment	4,339	2,036	6,193	70.1
Depreciation	1,863	1,848	2,713	68.7
R&D expenses	2,322	2,367	3,136	74.0



# Recognition of the Business Environment Surrounding the Group (First Three Quarters of FY 2021)

## Domestic

- Number of new housing construction starts: Down 10.9% YOY for the period from January to September 2020  
(Owner-occupied construction starts: a decrease of 12.4%, rental construction starts: a decrease of 10.4%, built-for-sale construction starts: a decrease of 9.9% from the same period of the previous year)  
⇒ **Negative effect on the industrial equipment product operations (wooden structure related) and residential environmental equipment operations**
- Construction floor area of non-residential structures: Down 8.2% YOY for the period from October 2019 to June 2020  
(Offices: an increase of 10.0%, shops: a decrease of 22.0%, factories: a decrease of 22.4%, warehouses: an increase of 7.9%)
- There continues to be neither an excess or lack in the supply and demand of skilled rebar workers (for construction sites).  
⇒ **Neutral impact on industrial equipment product operations (concrete related)**

## Overseas

1 USD=106.14 JPY, 1 EUR=121.78 JPY  
(Previous FY: 1 USD=109.06 JPY, 1 EUR=121.33 JPY)  
Regarding foreign exchange sensitivity for the consolidated financial results, we have achieved a balance of foreign currency sales/procurement, so there is little effect on operating income.

Global economy: Economic activities have gradually resumed and there are signs of recovery. However, conditions continue to be uncertain due to a second wave of COVID-19 in some countries and regions, the implementation of new restrictions on movement, etc.

Recently, new housing construction starts is increasing in the United States.  
The annualized rate is 1,578,000 units in November and 1,669,000 units in December (in the previous fiscal year, 1,371,000 units in November and 1,587,000 units in December)  
→ **Positive effect on the overseas industrial equipment product operations**

# Financial Results for Individual Segments in the First Three Quarters of FY 2021

# Financial Results for Individual Segments in the First Three Quarters of FY 2021

(unit: millions of yen, %)

Results in  
Q1–Q3 for FY  
under reviewCompared to Q1–Q3 of  
previous FYResults in  
Q1–Q3 of  
previous FY%  
increase/  
decrease

Compared to plan

Full-year  
planRate of  
progress

Reported Segments

## Industrial Equipment segment

Net sales

32,375

33,927

-4.6

42,850

75.6

Segment profit

4,828

4,414

+9.4

5,550

87.0

Segment profit rate

14.9

13.0

(+1.9P)

13.0

(+1.9P)

## Office Equipment segment

Net sales

12,366

16,334

-24.3

18,000

68.7

Segment profit

1,927

3,731

-48.3

3,200

60.2

Segment profit rate

15.6

22.8

(-7.2P)

17.8

(-2.2P)

## HCR Equipment segment

Net sales

1,947

2,112

-7.8

2,650

73.5

Segment profit

17

-153

—

-50

—

Segment profit rate

0.9

-7.3

(+8.2P)

-1.9

(+2.8P)

## Adjustment amount

-1,932

-1,885

—

-3,000

—

## Total for entire company

Net sales

46,689

52,374

-10.9

63,500

73.5

Operating income

4,842

6,106

-20.7

5,700

85.0

Operating margin

10.4

11.7

(-1.3P)

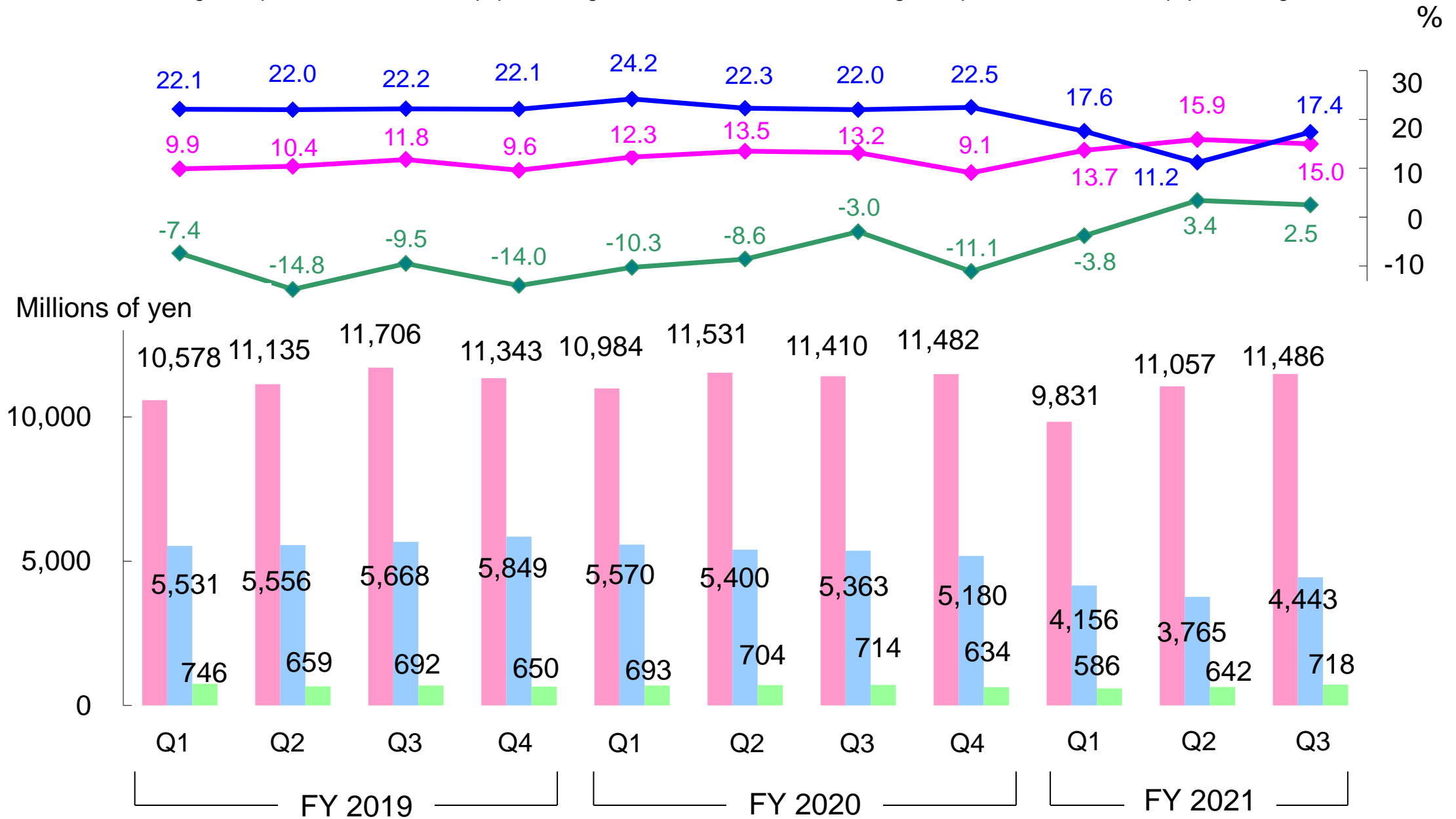
9.0

(+1.4P)

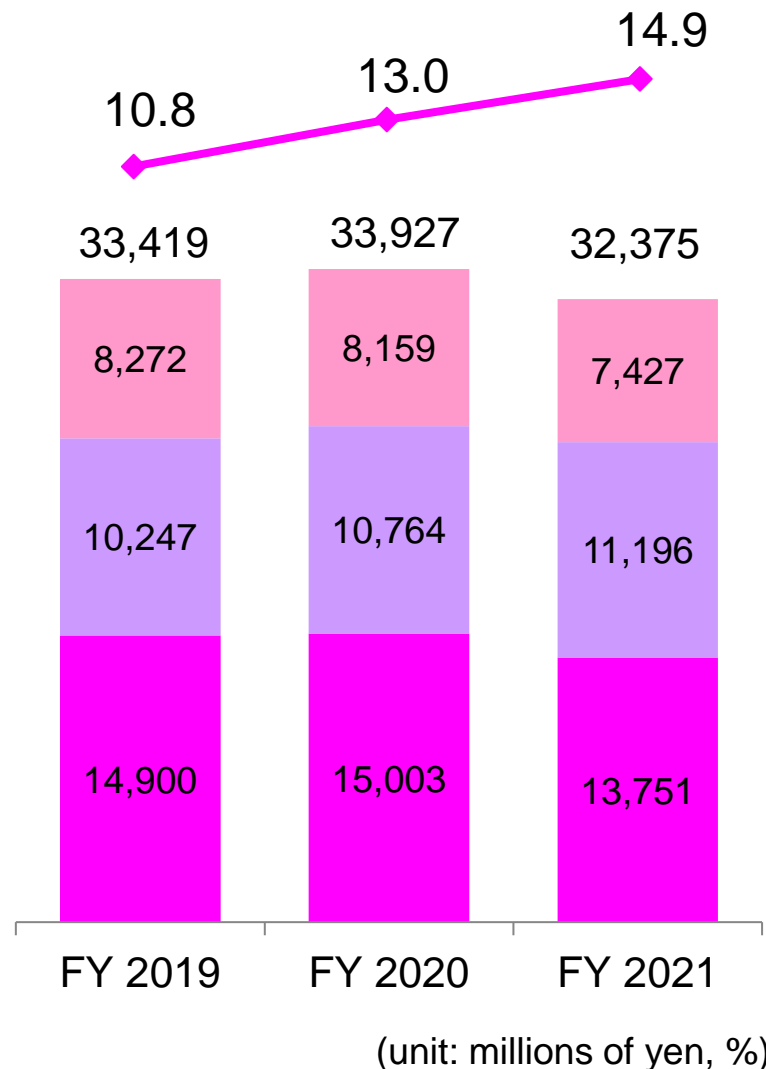
Previously, expenses related to research and development for which commercialization is uncertain were allocated to the Office Equipment segment and the Industrial Equipment segment. From the first quarter of this fiscal year, as with expenses related to the headquarters management department, these 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.

# Changes in Segment Net Sales by Quarter

- Net sales by Industrial Equipment segment
- Net sale by Office Equipment segment
- Net sales by HCR Equipment segment
- ◆ Segment profit rate for Industrial Equipment segment
- ◆ Segment profit rate for Office Equipment segment
- ◆ Segment profit rate for HCR Equipment segment



- 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: ¥32,375 million / Segment profit: ¥4,828 million**  
(down 4.6% YOY / up 9.4% YOY)

### Domestic industrial equipment product operations

- Net sales: ¥13,751 million (down 8.3% YOY)  
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.

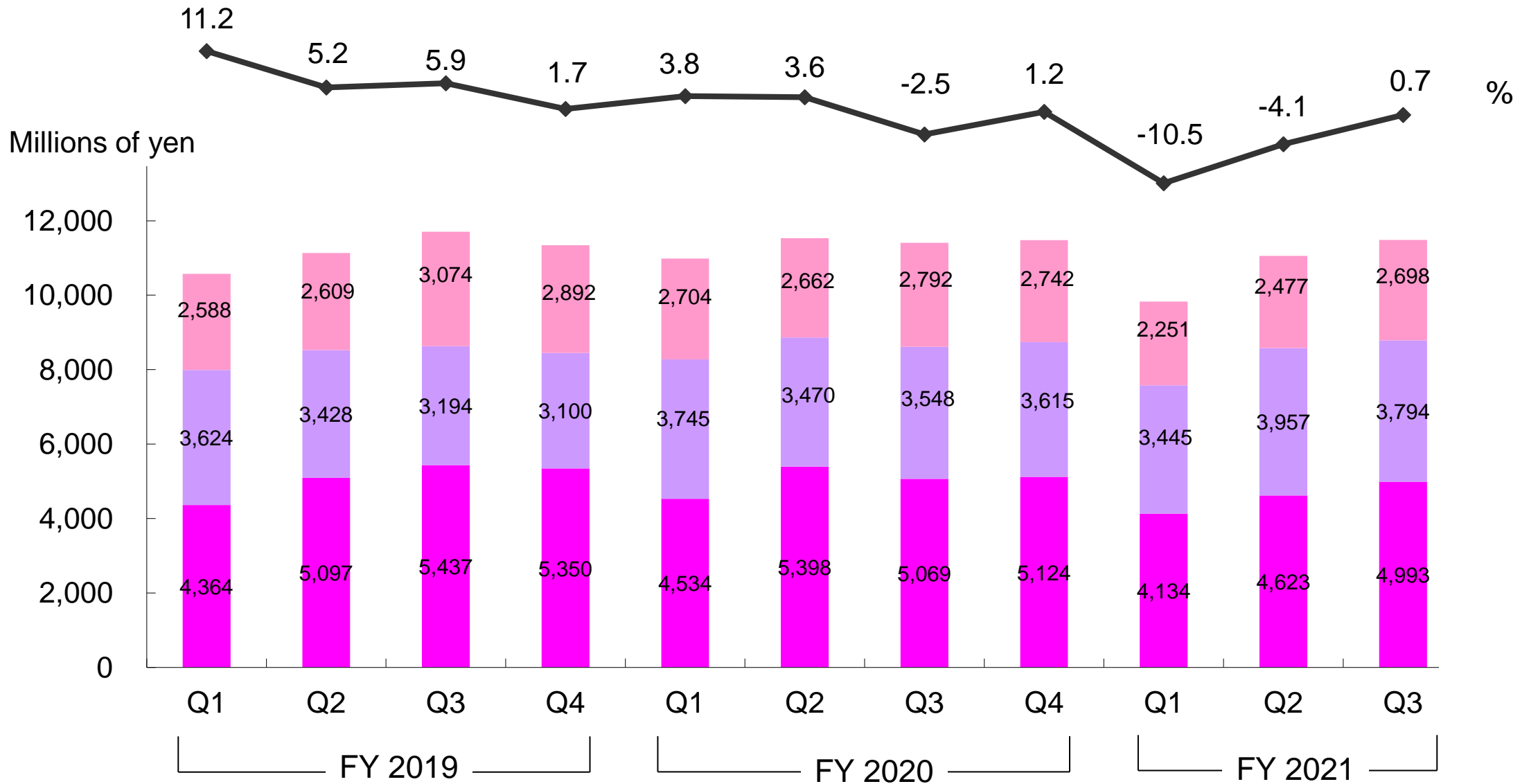
### Overseas industrial equipment product operations

- Net sales: ¥11,196 million (up 4.0% YOY)  
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.

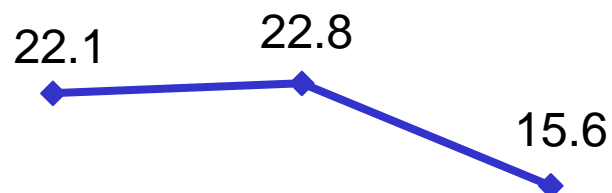
### Residential environmental equipment operations

- Net sales: ¥7,427 million (down 9.0% YOY)  
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.

- Net sales in the residential environment operations
- Net sales in the overseas industrial equipment product operations
- Net sales in the domestic industrial equipment product operations
- ◆ Rate of change in net sales YOY for Industrial Equipment segment



- 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: ¥12,366 million / Segment profit: ¥1,927 million  
(down 24.3% YOY / down 48.3% YOY)

### Domestic office operations

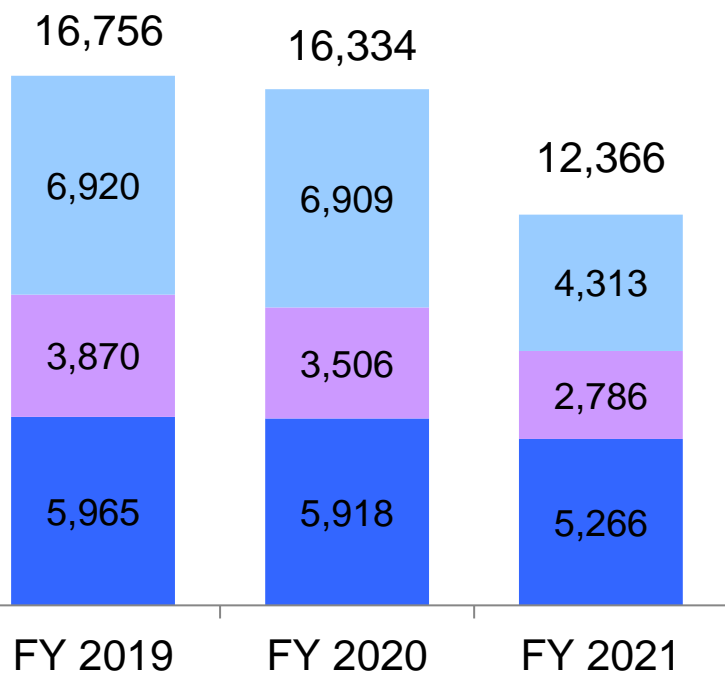
- Net sales: ¥5,266 million (down 11.0% YOY)  
Despite a gradual recovery in economic activities and a recovering trend in sales, COVID-19 caused stagnation in sales opportunities, including for BEPOP label-making machines.

### Overseas office operations

- Net sales: ¥2,786 million (down 20.5% YOY)  
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.

### Auto-stapler operations

- Net sales: ¥4,313 million (down 37.6% YOY)  
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.



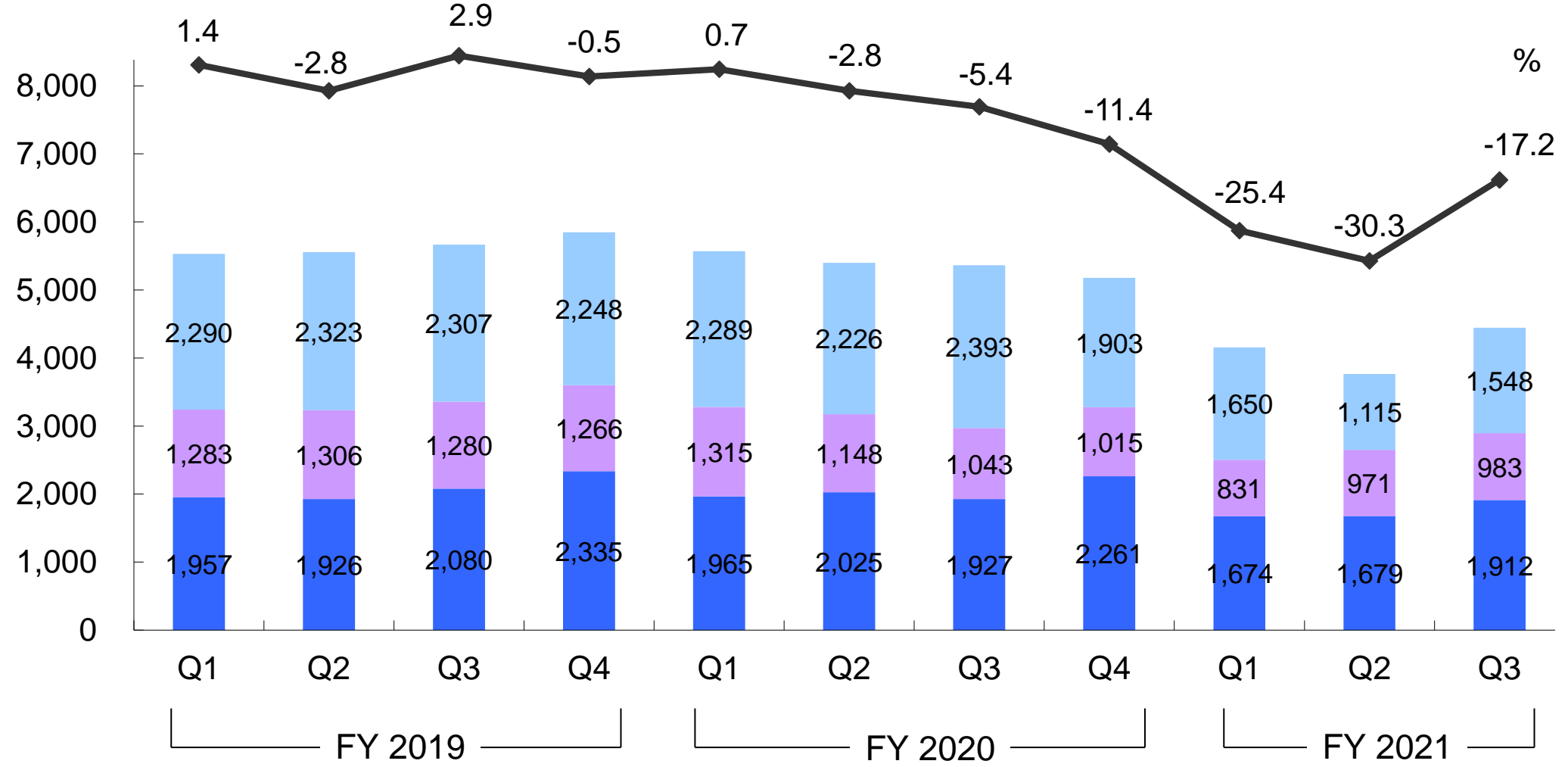
(unit: millions of yen, %)

# 12 Office Equipment Segment Changes in Net Sales by Quarter



- Net sales in the auto-stapler operations
- Net sales in the overseas office operations
- Net sales in the domestic office operations
- ◆ Rate of change in net sales YOY for Office Equipment segment

Millions of yen



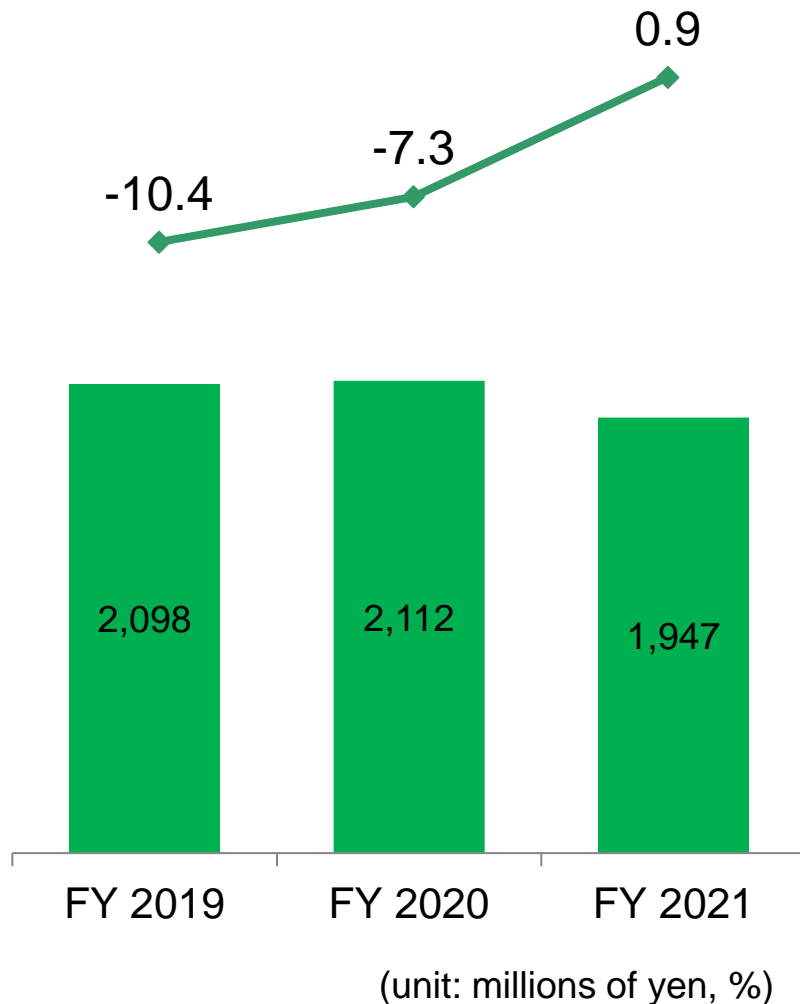


- Net sales by HCR Equipment segment
- Segment profit rate for HCR Equipment segment

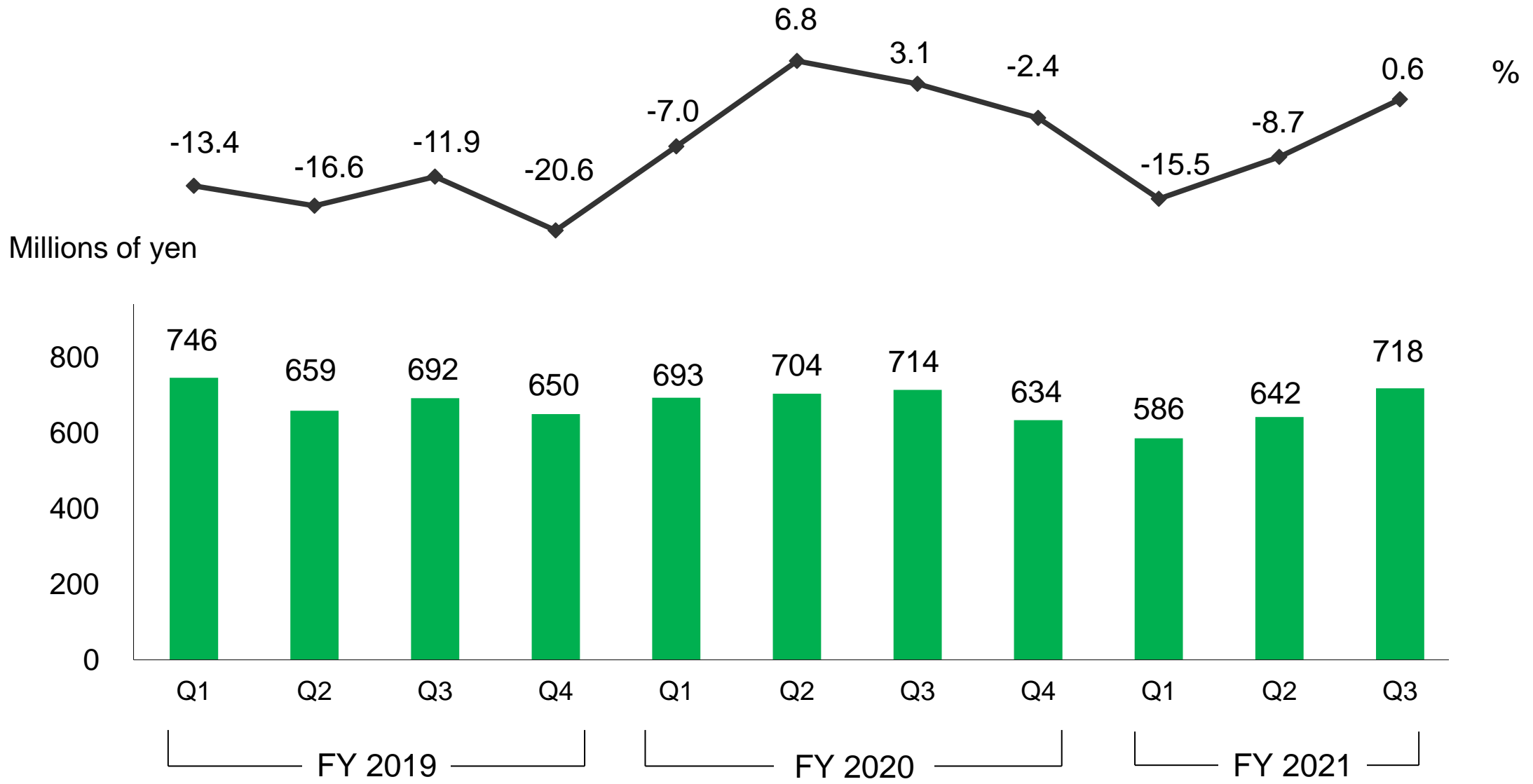
Net sales: ¥1,947 million / Segment profit: ¥17 million  
(down 7.8% YOY / —% YOY)

### HCR Equipment segment

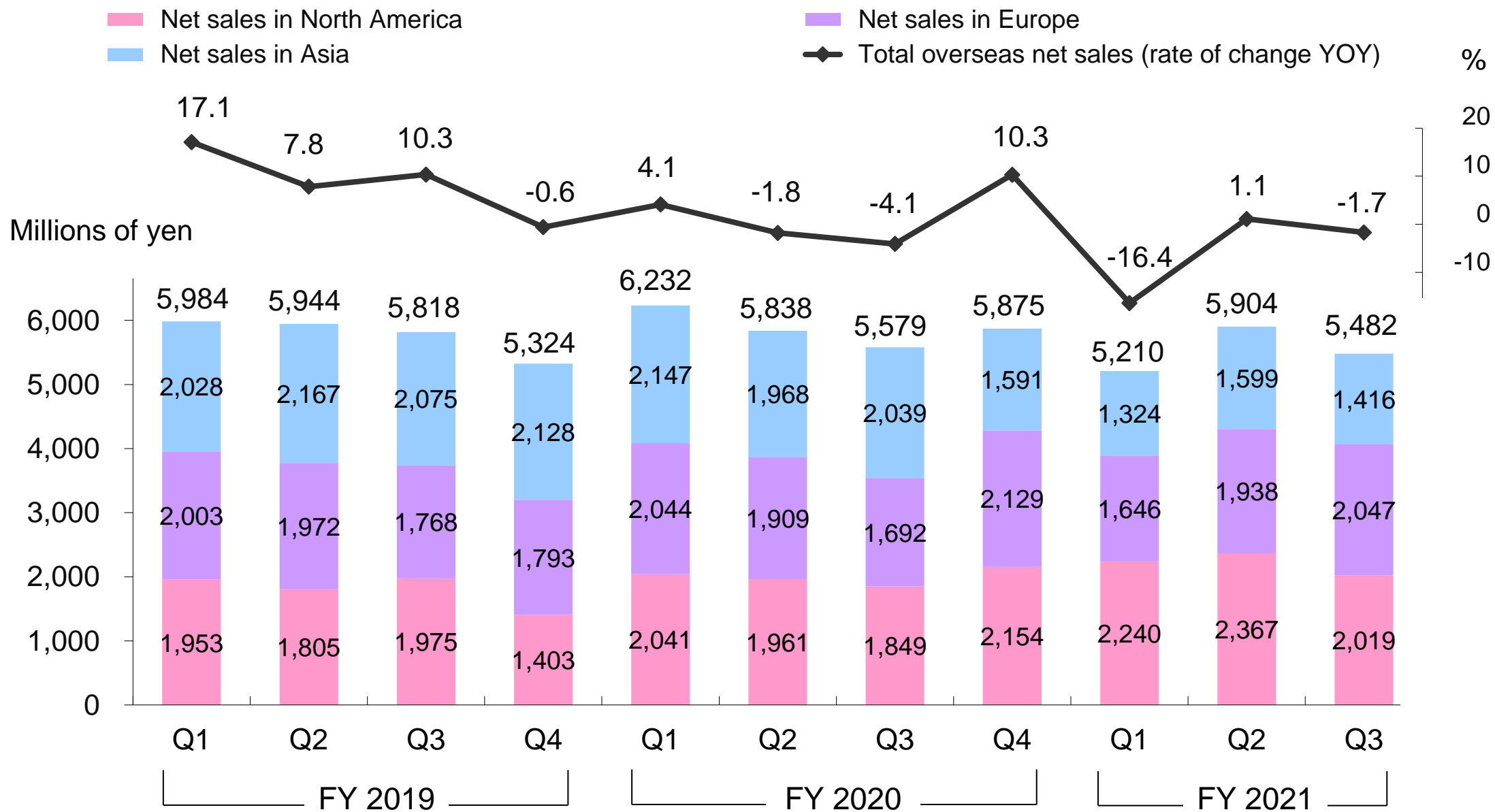
Sales activities for the nursing care market are gradually resuming and sales are in a recovering trend. Although sales decreased compared to the same period of the previous fiscal year, profitability improved and profits increased due to strong sales of high value-added wheelchairs and decreased fixed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



■ Net sales by HCR Equipment segment  
◆ Rate of change in net sales YOY for HCR Equipment segment



# Changes in Overseas Net Sales by Quarter



Ratio of overseas net sales (%)	35.5	34.3	32.2	29.8	36.1	33.1	32.0	34.0	35.7	38.2	32.9	
	32.9				33.8				35.5			

Note: Includes overseas net sales for auto-stapler operations.

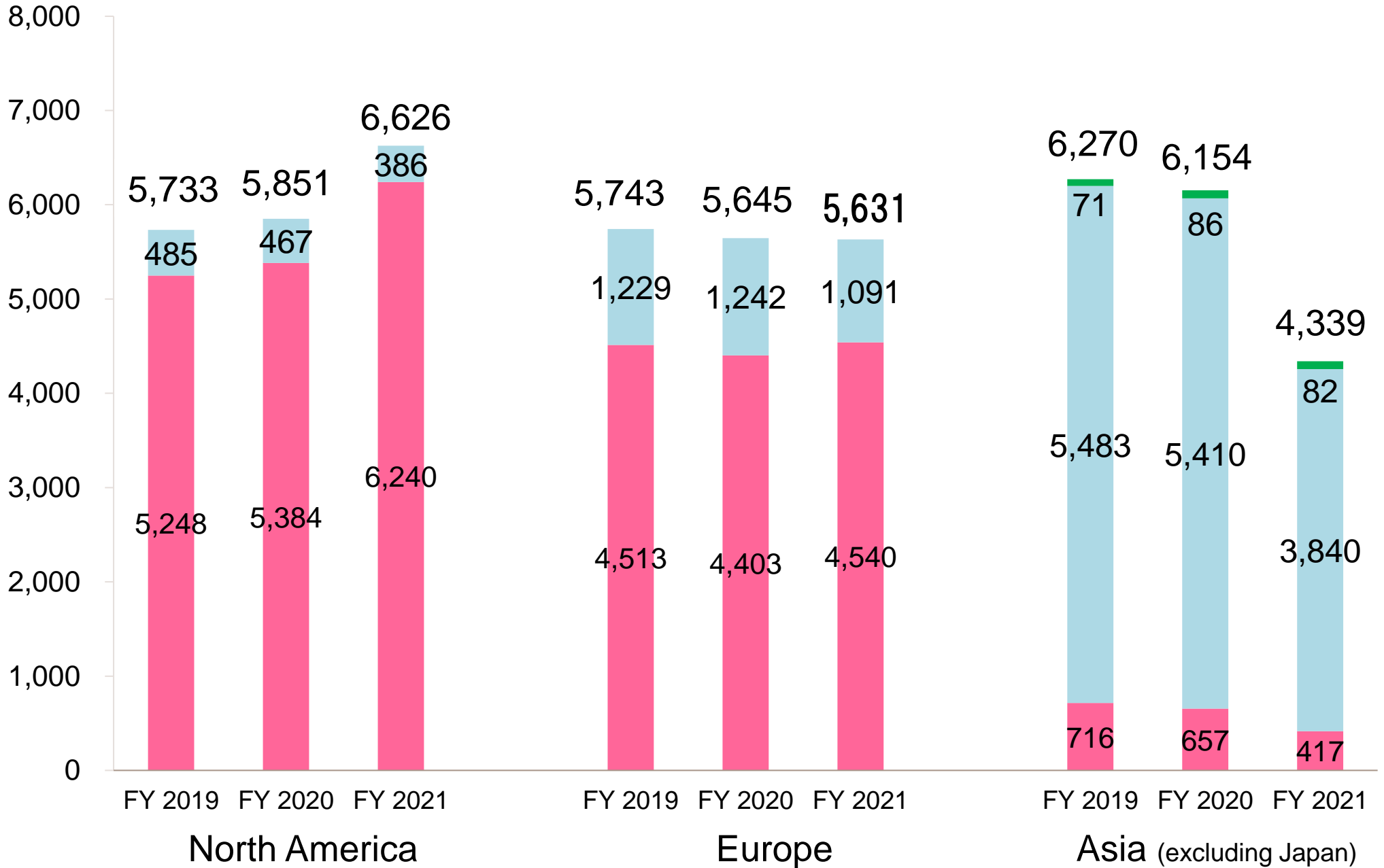
# Changes in Segment Net Sales by Overseas Region

Financial Results for the First Three Quarters of FY 2021



■ Industrial Equipment segment
 ■ Office Equipment segment
 ■ HCR Equipment segment

Millions of yen



## TWINTIER rebar tying tools

have been registered for the Evaluation Grade VE of



(NETIS Registration No.: KT-180090-VE)



### What is NETIS?

A database created by the Ministry of Land, Infrastructure, Transport and Tourism for the purpose of sharing and providing information related to new technologies.

#### Differences indicated by end of the registration number

A	Technology for which evaluation information is not posted
V	Technology for which evaluation information is posted
VR	Technology for which evaluation information is posted and which is subject to continuous investigation (= further investigation/evaluation is required)
VE	Technology for which evaluation information is posted and which is not subject to continuous investigation (= stable effect is expected)

TWINTIER was registered as Evaluation Grade VE (technology for which utilization effect has been evaluated) on December 7, 2020. In addition, it was selected as an excellent technology for Utilization Promotion Technology (New Technology Utilization and Evaluation Conference (Chubu Regional Development Bureau)).

### Effect of registration for NETIS Evaluation Grade VE

For public works, using NETIS registered technology results in points being added via a "comprehensive evaluation tender system" used to judge the party winning the tender. Additionally, if the utilization results are good, "construction performance evaluation points" are also added. (This creates an advantage at tender.) TWINTIER has been designated as an Evaluation Grade VE and Utilization Promotion Technology, the number of points added will be more than the previously registered technology (Evaluation Grade A).  
 ⇒ This will be a decisive factor for promoting TWINTIER to be adopted at civil engineering sites.

# Full Year Forecast for FY 2021

## ■ Full-year forecasted exchange rates

FY under review 1 USD=105.86 JPY / 1 EUR=122.59 JPY

Previous FY 1 USD=109.13 JPY / 1 EUR=121.26 JPY

(unit: millions of yen, %)

	Plan after changes	Compared to plan		Compared to previous FY	
		Previous plan	Difference	Results in previous FY	YOY
Net sales	63,500	63,500	—	69,671	-8.9
Gross profit Corresponding ratio	6,500 10.2	5,700 9.0	+800 (+1.2P)	7,586 10.9	-14.3 (-0.7P)
Operating income Corresponding ratio	6,300 9.9	5,800 9.1	+500 (+0.8P)	7,405 10.6	-14.9 (-0.7P)
Ordinary income Corresponding ratio	4,700 7.4	4,200 6.6	+500 (+0.8P)	5,510 7.9	-14.7 (-0.5P)
Net income attributable to shareholders of parental company Corresponding ratio	96.10	85.88	+10.22	112.67	—

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.

(unit: millions of yen, %)

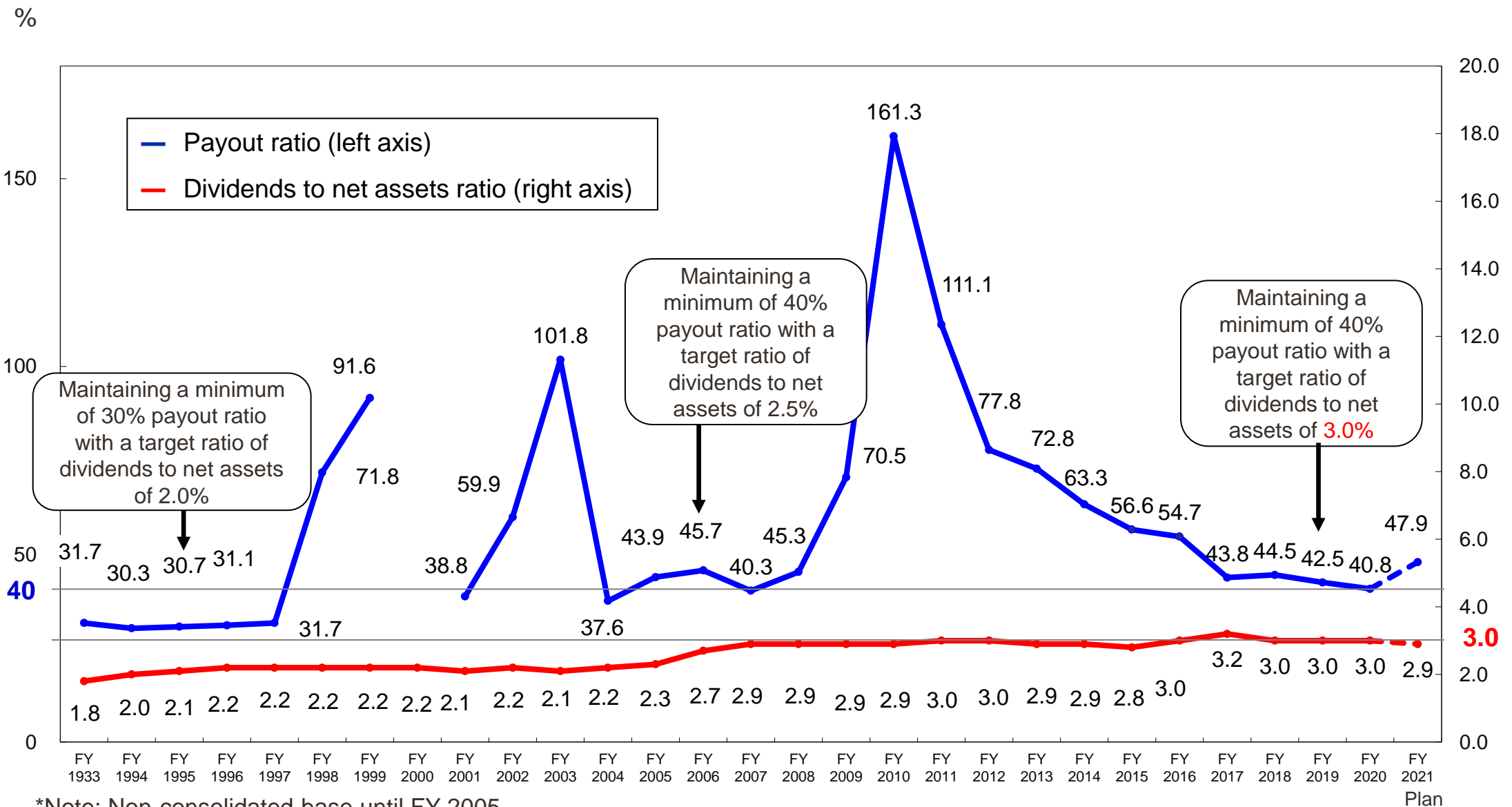
Reported Segments	Plan after changes	Compared to plan		Compared to previous FY		
		Previous plan	Difference	Results in previous FY	YOY	
Industrial Equipment segment	Net sales	43,850	42,850	+1,000	45,409	-3.4
	Segment profit	6,450	5,550	+900	5,454	+18.3
	Segment profit rate	14.7	13.0	(+1.7P)	12.0	(+2.7P)
Office Equipment segment	Net sales	17,000	18,000	-1,000	21,515	-21.0
	Segment profit	2,770	3,200	-430	4,895	-43.4
	Segment profit rate	16.3	17.8	(-1.5P)	22.8	(-6.5P)
HCR Equipment segment	Net sales	2,650	2,650	—	2,746	-3.5
	Segment profit	30	-50	+80	-224	—
	Segment profit rate	1.1	-1.9	(+3.0P)	-8.2	(+9.3P)
Adjustment amount	-2,750	-3,000	+250	-2,538	—	
Total for entire company	Net sales	63,500	63,500	—	69,671	-8.9
	Operating income	6,500	5,700	+800	7,586	-14.3
	Operating margin	10.2	9.0	(+1.2P)	10.9	(-0.7P)





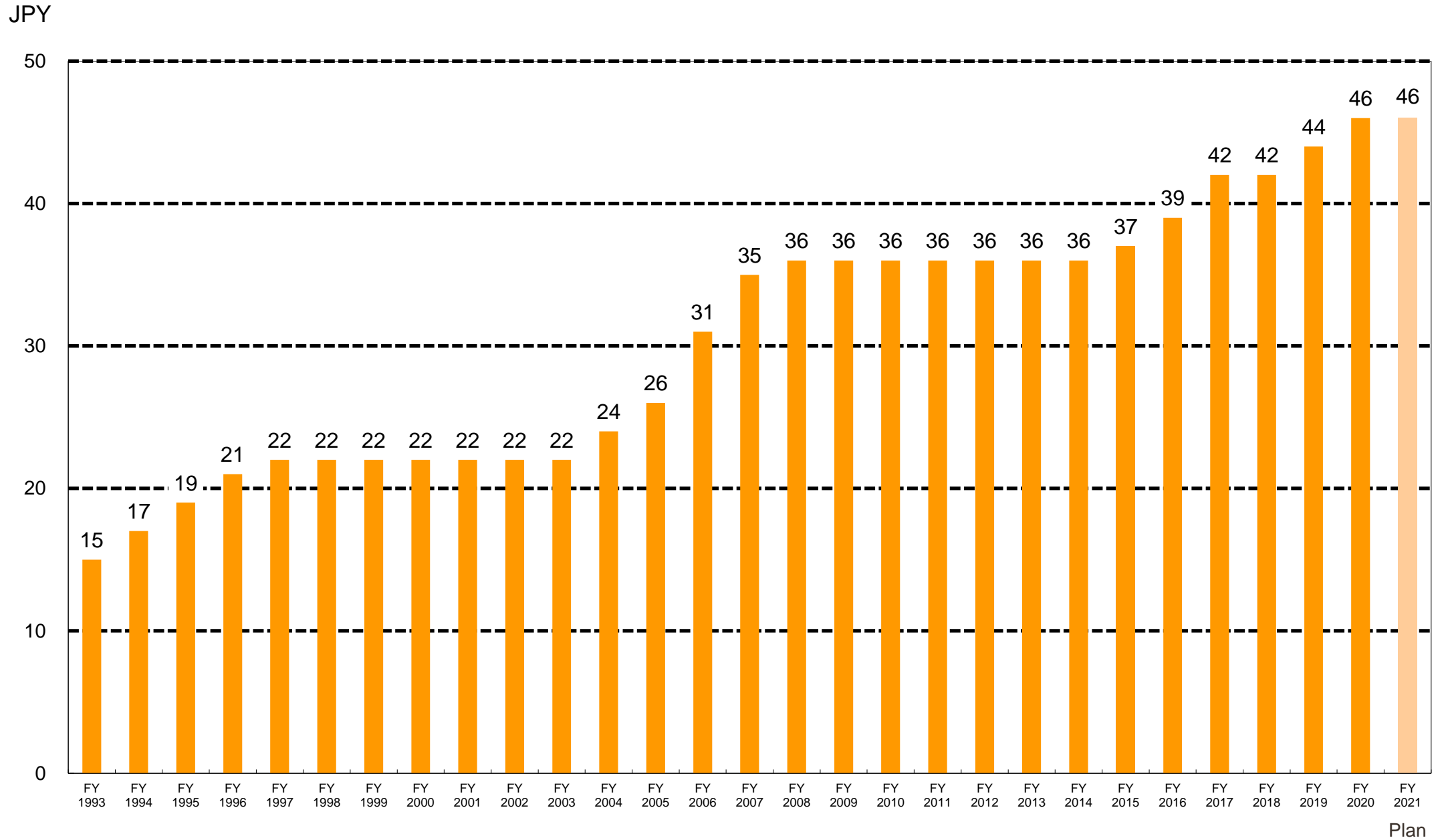
## Dividends policy

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%.”



\*Note: Non-consolidated base until FY 2005.

# 21 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 considerably depending on various factors.