

MAX Co., Ltd.

Financial Results Briefing for
First Half of FY 2021



October 28, 2020

Participants

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Financial Results for the Entire Company in the First Half of FY 2021

Financial Results for the Entire Company in the First Half of FY 2021

Exchange rates

(FY under review)	1 USD=106.83 JPY / 1 EUR=120.90 JPY
(Previous FY)	1 USD=109.19 JPY / 1 EUR=121.99 JPY
(Planned)	1 USD=110.00 JPY / 1 EUR=120.00 JPY

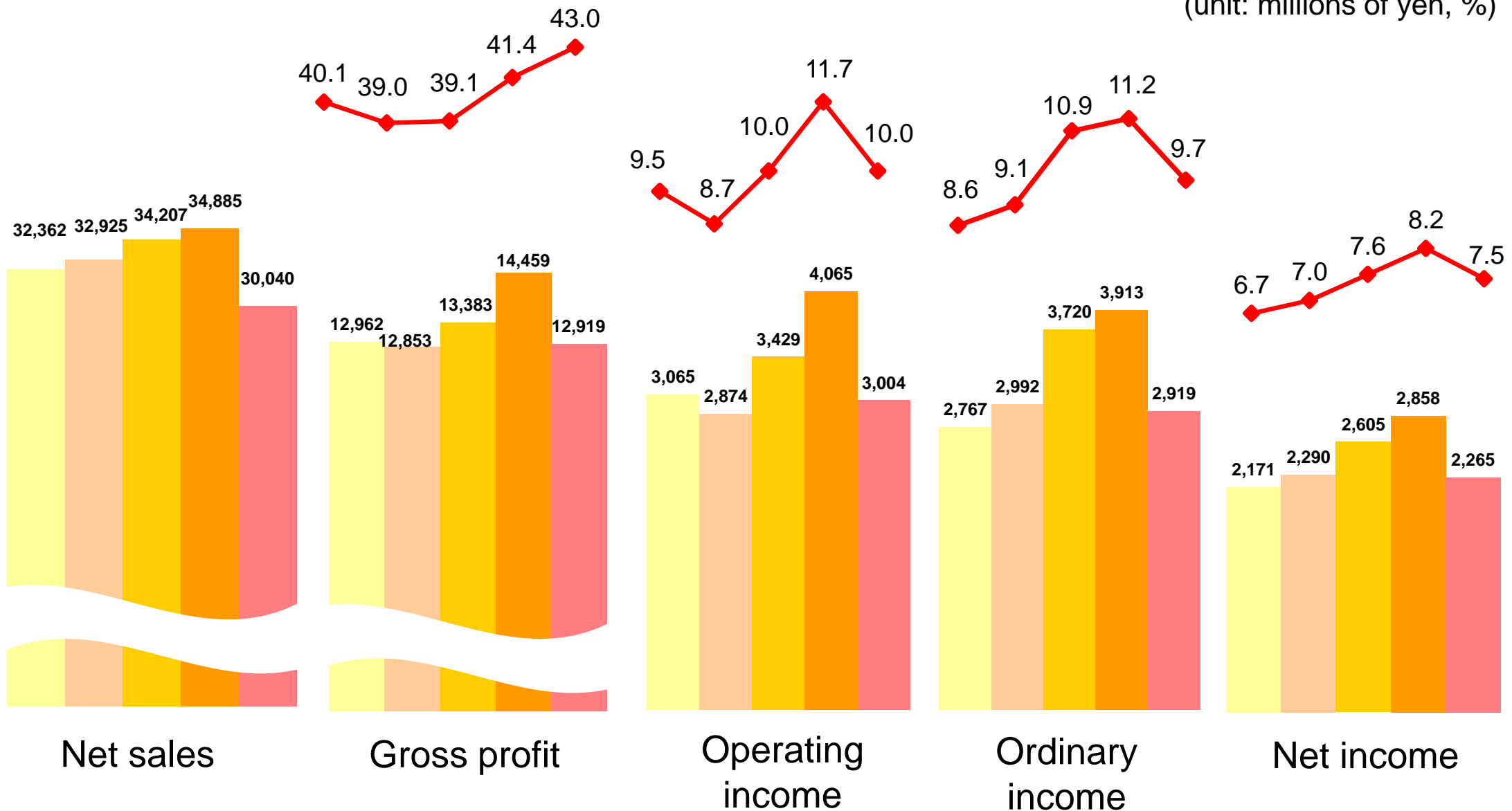
(unit: millions of yen, %)

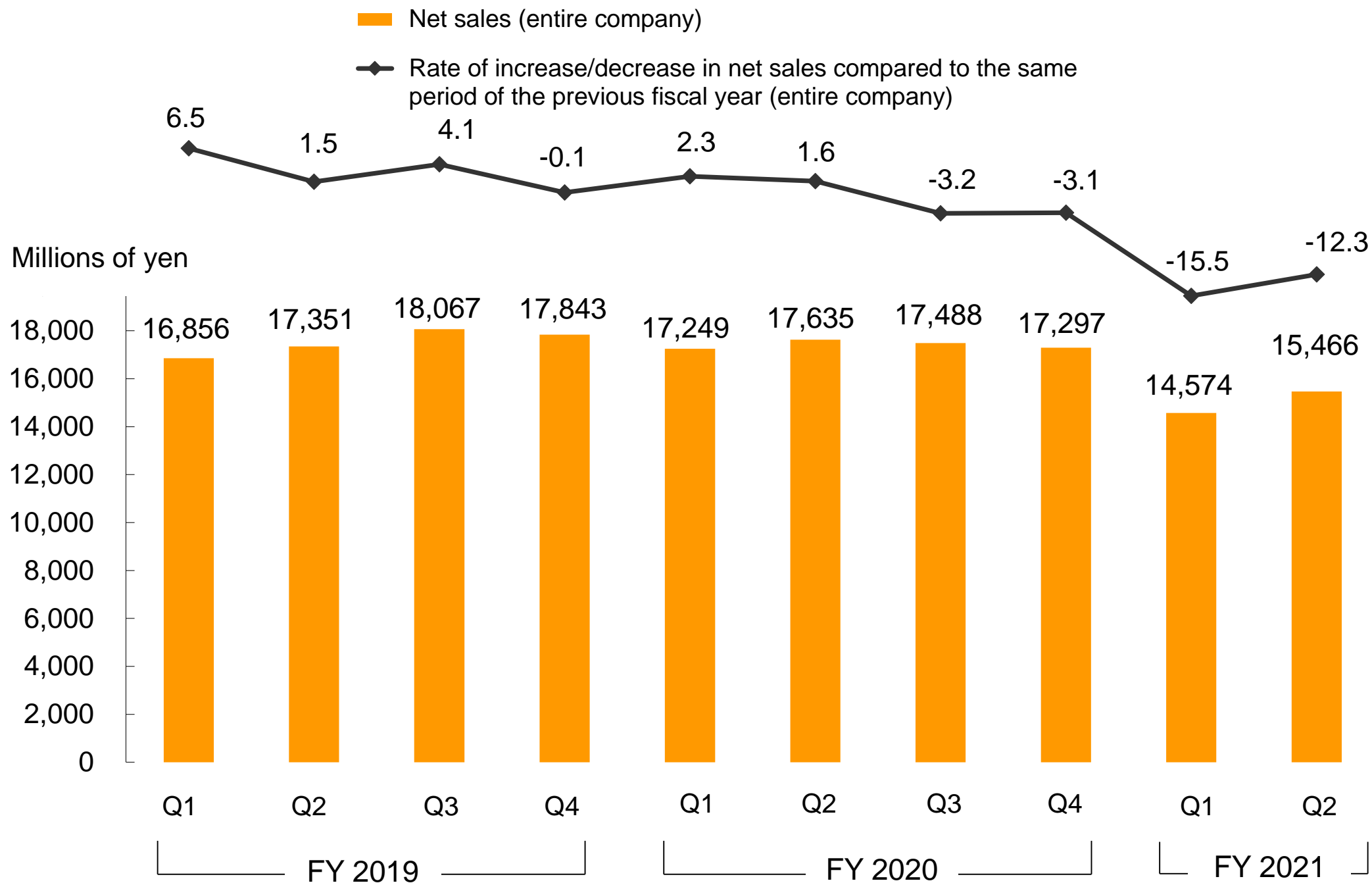
	Results in H1 for FY under review	Compared to H1 of previous FY		Compared to plan	
		Results in H1 of previous FY	% increase/ decrease	First half plan	Achievement rate
Net sales	30,040	34,885	-13.9	29,800	100.8
Gross profit Corresponding ratio	12,919 43.0	14,459 41.4	-10.7 (+1.6P)	—	—
Operating income Corresponding ratio	3,004 10.0	4,065 11.7	-26.1 (-1.7P)	2,550 8.6	117.8 (+1.4P)
Ordinary income Corresponding ratio	2,919 9.7	3,913 11.2	-25.4 (-1.5P)	2,570 8.6	113.6 (+1.1P)
Net income attributable to shareholders of parental company Corresponding ratio	2,265 7.5	2,858 8.2	-20.7 (-0.7P)	1,880 6.3	120.5 (+1.2P)
Net income per share (yen)	46.32	58.44	—	38.44	—

Changes in Financial Results for the Entire Company in the First Half of FY 2017 to FY 2021

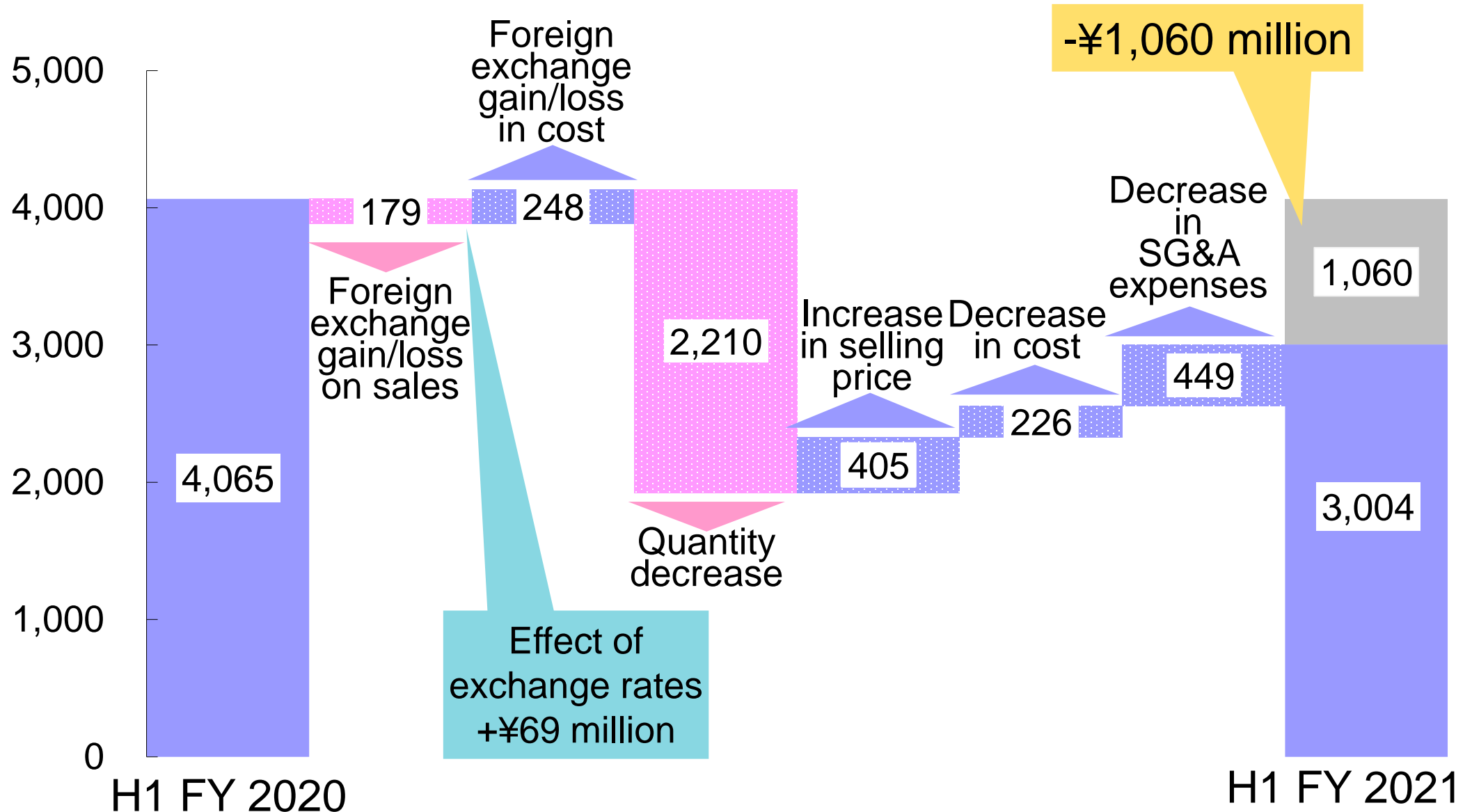
■ H1 FY 2017
 ■ H1 FY 2018
 ■ H1 FY 2019
■ H1 FY 2020
 ■ H1 FY 2021
 — Corresponding ratio

(unit: millions of yen, %)





(unit: millions of yen)



Non-operating income/expenses and extraordinary income/loss

(unit: millions of yen)

	H1 FY 2021	H1 FY 2020	YOY
Non-operating income/expenses	-85	-152	+66
Non-operating income (excluding foreign exchange effect)	169	160	+8
Non-operating expenses (excluding foreign exchange effect)	-44	-51	+6
Foreign exchange gain/loss	-210	-261	+51
Extraordinary income/loss	87	58	+29
Extraordinary income	*1 93	*2 119	-26
Extraordinary loss	-5	-61	+55

*1 Refund of customs duties from previous year: ¥93 million

*2 Gain on sales of investment securities: ¥118 million, etc.

Facilities investment, depreciation, R&D expenses

(unit: millions of yen, %)

	H1 FY 2021	H1 FY 2020	FY 2021 annual plan	Rate of progress
Facilities investment	2,314	1,472	6,193	37.4
Depreciation	1,237	1,220	2,713	45.3
R&D expenses	1,529	1,538	3,136	48.8

Recognition of the Business Environment Surrounding the Group (First Half of FY 2021)

Domestic

- Number of new housing construction starts: Down 11.2% YOY for the period from January to June 2020 (Owner-occupied construction starts: a decrease of 13.7%, rental construction starts: a decrease of 10.8%, built-for-sale construction starts: a decrease of 8.9% 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 7.7% YOY for the period from October 2019 to March 2020 (Offices: an increase of 15.4%, shops: a decrease of 20.5%, factories: a decrease of 22.0%, warehouses: an increase of 9.5%)
- 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=106.83 JPY, 1 EUR=120.90 JPY
(Previous FY: 1 USD=109.19 JPY, 1 EUR=121.99 JPY; Plan: 1 USD=110.00 JPY, 1 EUR=120.00 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: Although economic activities are gradually resuming, 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 countries and regions and new restrictions being placed on travel and transportation.

Recent new housing construction starts is increasing in the United States. The annualized rate is 1,388,000 units in August and 1,415,000 units in September (in the previous fiscal year, 1,377,000 units in August and 1,274,000 units in September)
→ **Positive effect on the overseas industrial equipment product operations**

7 Impact of the COVID-19 Pandemic



Industrial Equipment segment

Domestic industrial equipment product operations	<ul style="list-style-type: none"> ▪ Dealer open house events and other events have been canceled, thus decreasing sales opportunities. ▪ Stagnation of on-site proposal activities.
Overseas industrial equipment product operations	<ul style="list-style-type: none"> ▪ Some restrictions have been placed on the scope of activities for local salespeople in Western countries. ▪ In the North American civil engineering market, demand for rebar tying tools increased in some regions in Q2 in response to construction delays due to the impact of behavioral restrictions in Q1. ▪ In Europe, behavioral restrictions, etc., are being enforced in some countries, and economic recovery is gradual compared to North America.
Residential environmental equipment operations	<ul style="list-style-type: none"> ▪ In Q1, installations of bathroom heaters, ventilators and dehumidifiers for remodeling were delayed due to difficulties in making appointments with general customers. However, construction projects in general are proceeding smoothly from Q2.

Office Equipment segment

Domestic office operations	<ul style="list-style-type: none"> ▪ Dealer open house events and other events have been canceled, thus decreasing sales opportunities. ▪ The number of visits to factories has decreased and sales activities at customers for label-making machines have stagnated.
Overseas office operations	<ul style="list-style-type: none"> ▪ Demand for stationery-related products continues to be sluggish due to worsened economic conditions (mainly in Southeast Asia). ▪ For label-making machines, there is rising demand for infection prevention signs (mainly in Europe).
Auto-stapler operations	<ul style="list-style-type: none"> ▪ Copier market is stagnant due to the deterioration of the global economy and the increase in telecommuting.

HCR Equipment segment

▪ Conditions continued in which we were unable to conduct sufficient sales activities to rental wholesalers, etc.

Financial Results for Individual Segments in the First Half of FY 2021

Financial Results for Individual Segments in the First Half of FY 2021

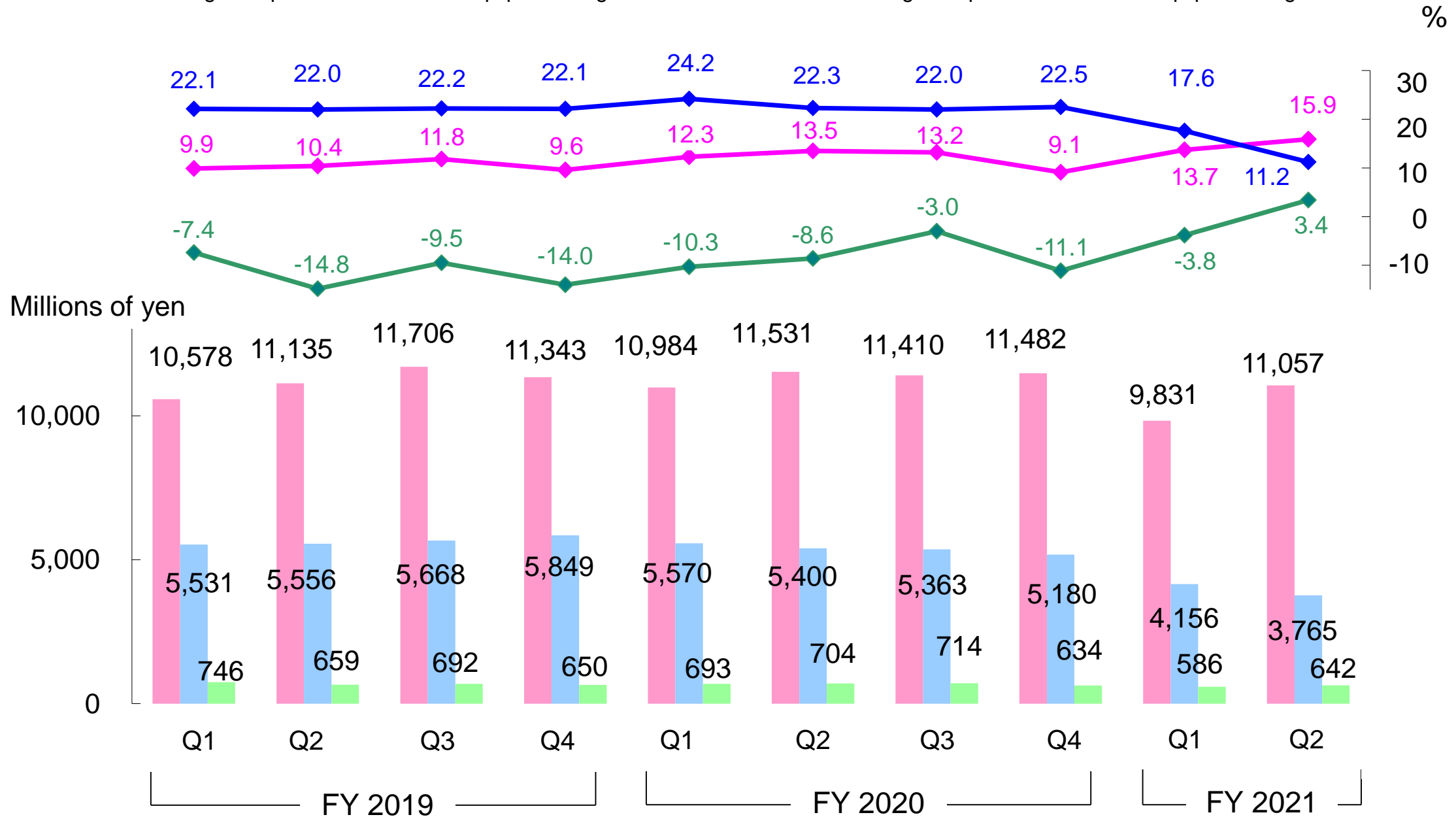
(unit: millions of yen, %)

Reported Segments	Results in H1 for FY under review	Compared to H1 of previous FY		Compared to plan		
		Results in H1 of previous FY	% increase/decrease	First half plan	Achievement rate	
Industrial Equipment segment	Net sales	20,888	22,516	-7.2	20,580	101.5
	Segment profit	3,103	2,910	+6.6	2,690	115.4
	Segment profit rate	14.9	12.9	(+2.0P)	13.1	(+1.8P)
Office Equipment segment	Net sales	7,922	10,970	-27.8	8,000	99.0
	Segment profit	1,154	2,551	-54.7	1,190	97.0
	Segment profit rate	14.6	23.3	(-8.7P)	14.9	(-0.3P)
HCR Equipment segment	Net sales	1,229	1,397	-12.1	1,220	100.7
	Segment profit	0	-132	—	-50	—
	Segment profit rate	0.0	-9.5	(+9.5P)	-4.1	(+4.1P)
Adjustment amount	-1,253	-1,264	—	-1,280	—	
Total for entire company	Net sales	30,040	34,885	-13.9	29,800	100.8
	Operating income	3,004	4,065	-26.1	2,550	117.8
	Operating margin	10.0	11.7	(-1.7P)	8.6	(+1.4P)

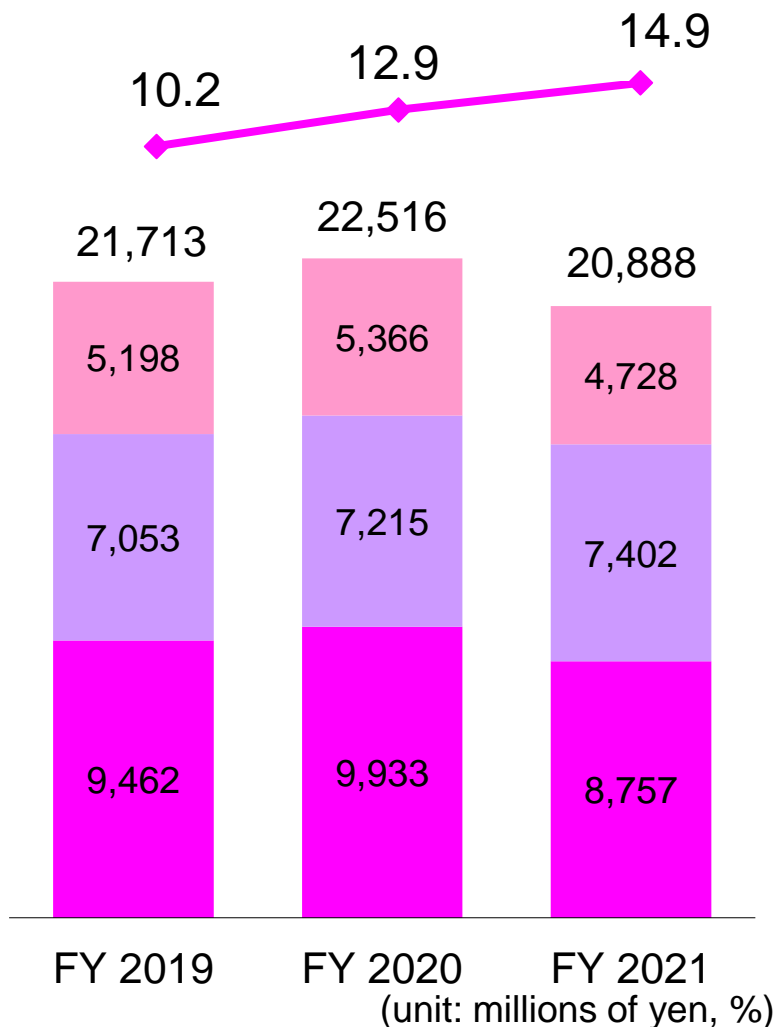
Previously, expenses related to research and development for which commercialization is uncertain were allocated to the Office Equipment segment and the Industrial Equipment segment. From the first quarter of this fiscal year, as with expenses related to the headquarters management department, these expenses are recorded as Group-wide expenses in the adjustment to segment profit or loss. For the segment information for the consolidated cumulative second 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: ¥20,888 million / Segment profit: ¥3,103 million
(down 7.2% YOY / up 6.6% YOY)

Domestic industrial equipment product operations

- Net sales: ¥8,757 million (down 11.8% YOY)

While 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.

Overseas industrial equipment product operations

- Net sales: ¥7,402 million (up 2.6% YOY)

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.

Residential environmental equipment operations

- Net sales: ¥4,728 million (down 11.9% YOY)

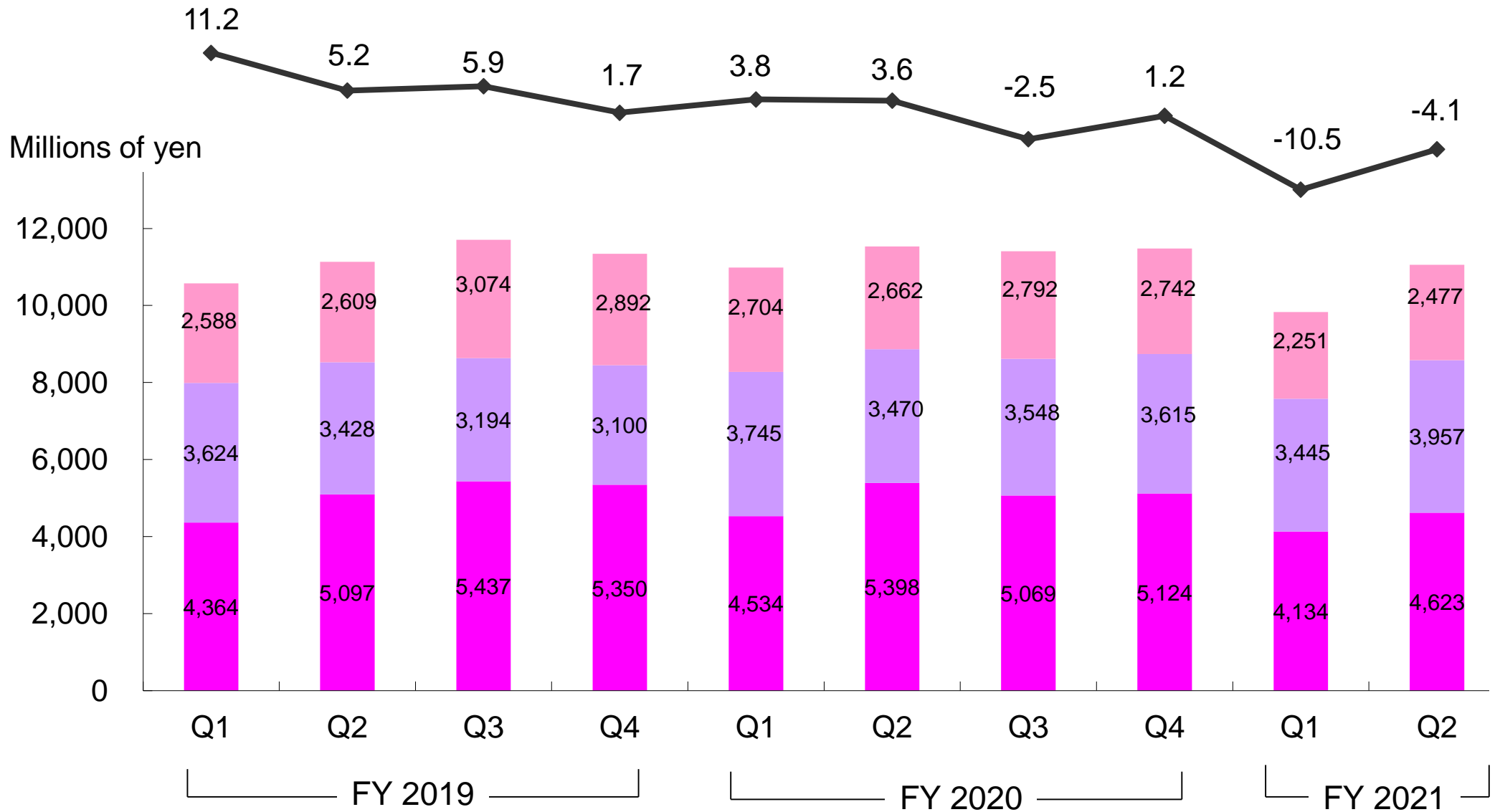
While sales of DRYFAN bathroom heaters, ventilators and dehumidifiers, which are the mainstay of the business, increased in the housing stock market for renovation, replacement, and inspection, sales for new residences decreased and sales of ventilation systems also fell. As a result, the overall revenue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

11 Industrial Equipment Segment Changes in Net Sales by Quarter

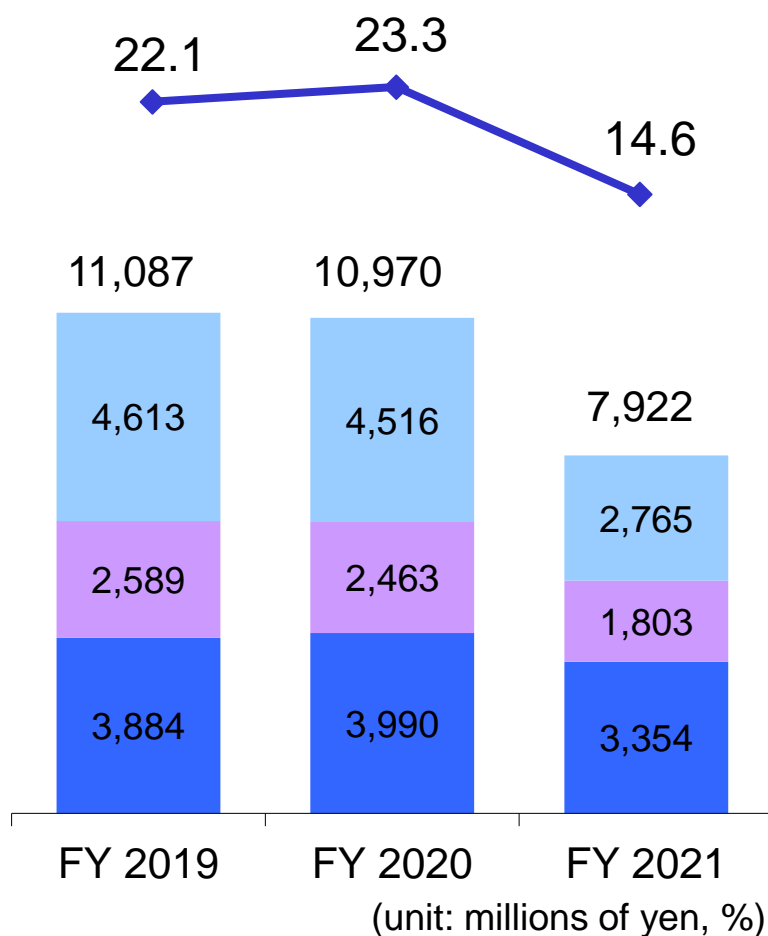


- Net sales in the residential environment operations
- Net sales in the overseas industrial equipment product operations
- Net sales in the domestic industrial equipment product operations
- ◆ Rate of change in net sales YOY for Industrial Equipment segment

%



- 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: ¥7,922 million / Segment profit: ¥1,154 million
(down 27.8% YOY / down 54.7% YOY)

Domestic office operations

- Net sales: ¥3,354 million (down 16.0% YOY)
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.

Overseas office operations

- Net sales: ¥1,803 million (down 26.8% YOY)
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.

Auto-stapler operations

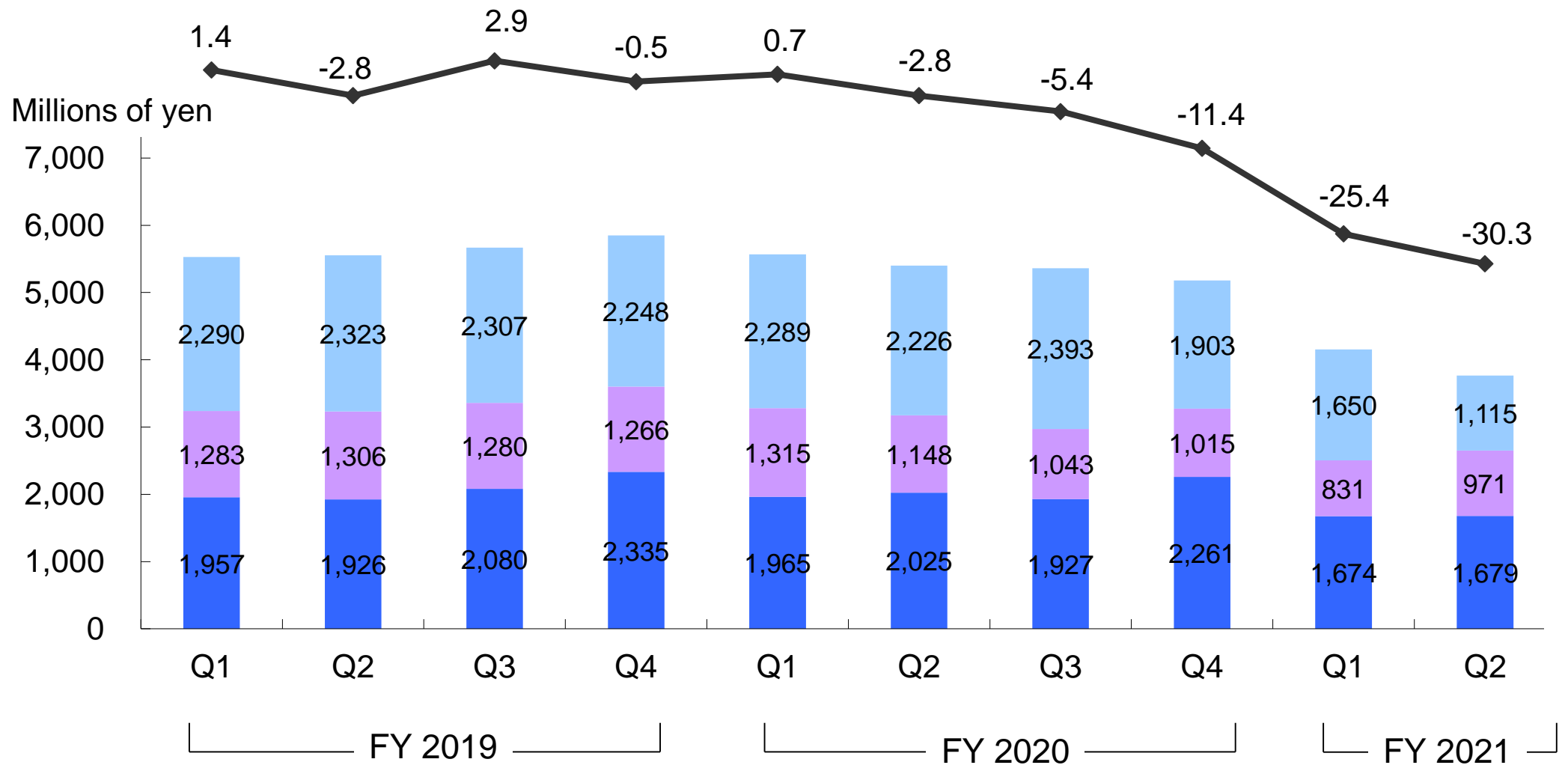
- Net sales: ¥2,765 million (down 38.8% YOY)
Business was sluggish in the copier market and sales decreased for machinery and consumables due to inventory adjustment at some business partners. As a result, the overall revenue decreased.

13 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

%

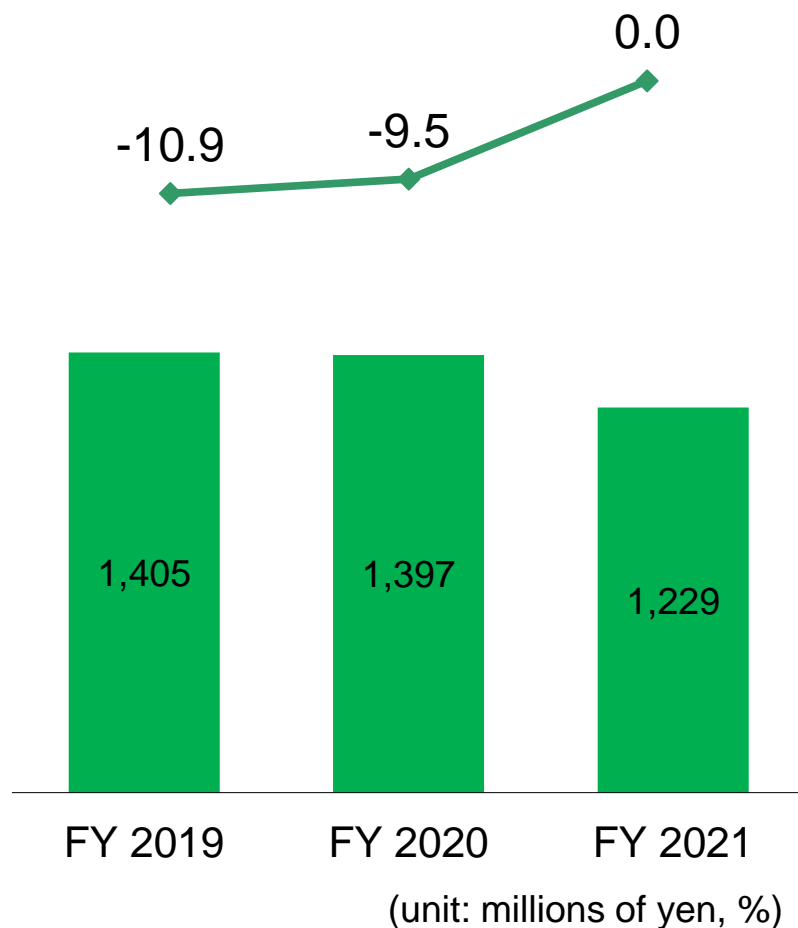


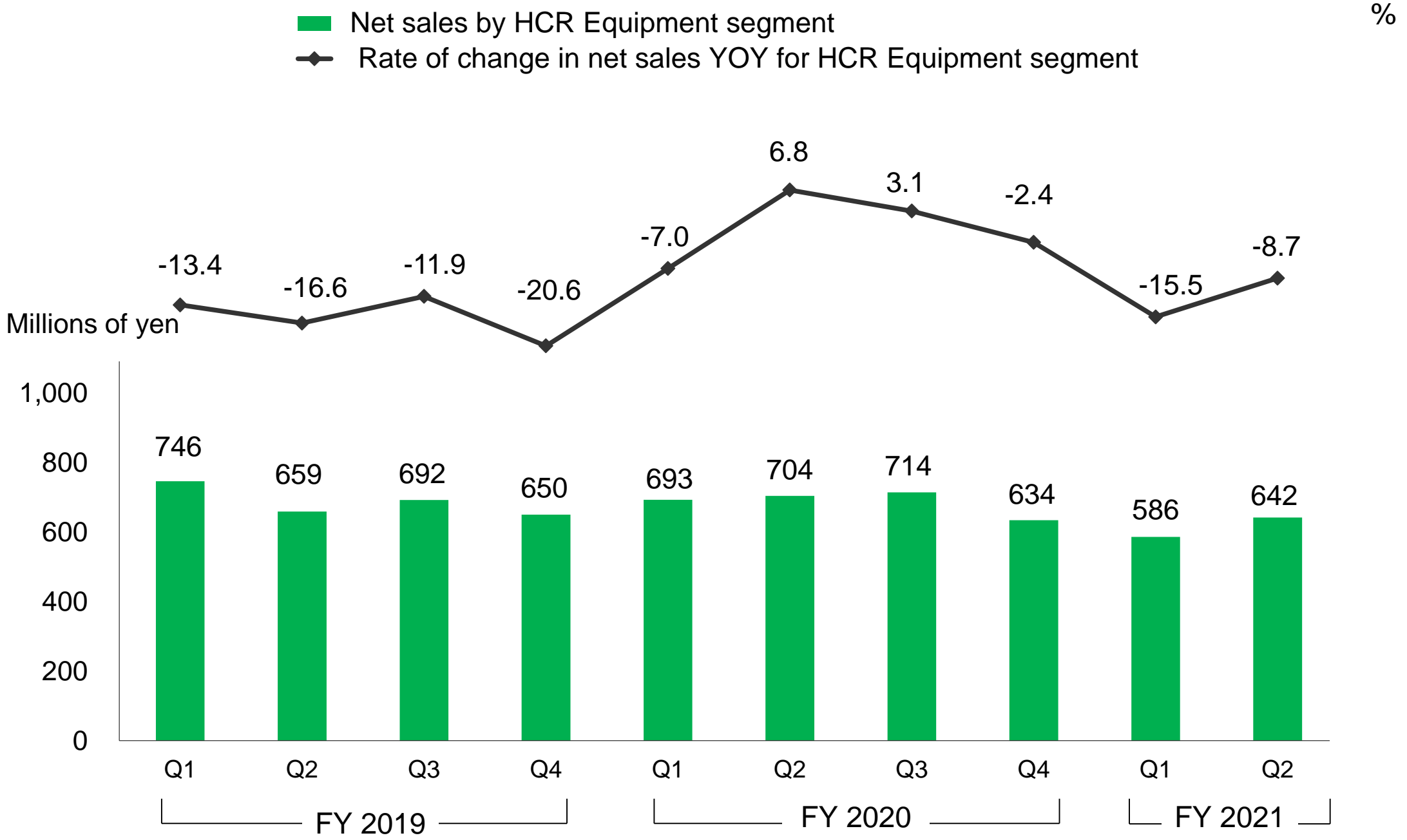
- Net sales by HCR Equipment segment
- Segment profit rate for HCR Equipment segment

Net sales: ¥1,229 million / Segment profit: ¥0 million
(down 12.1% YOY / —% YOY)

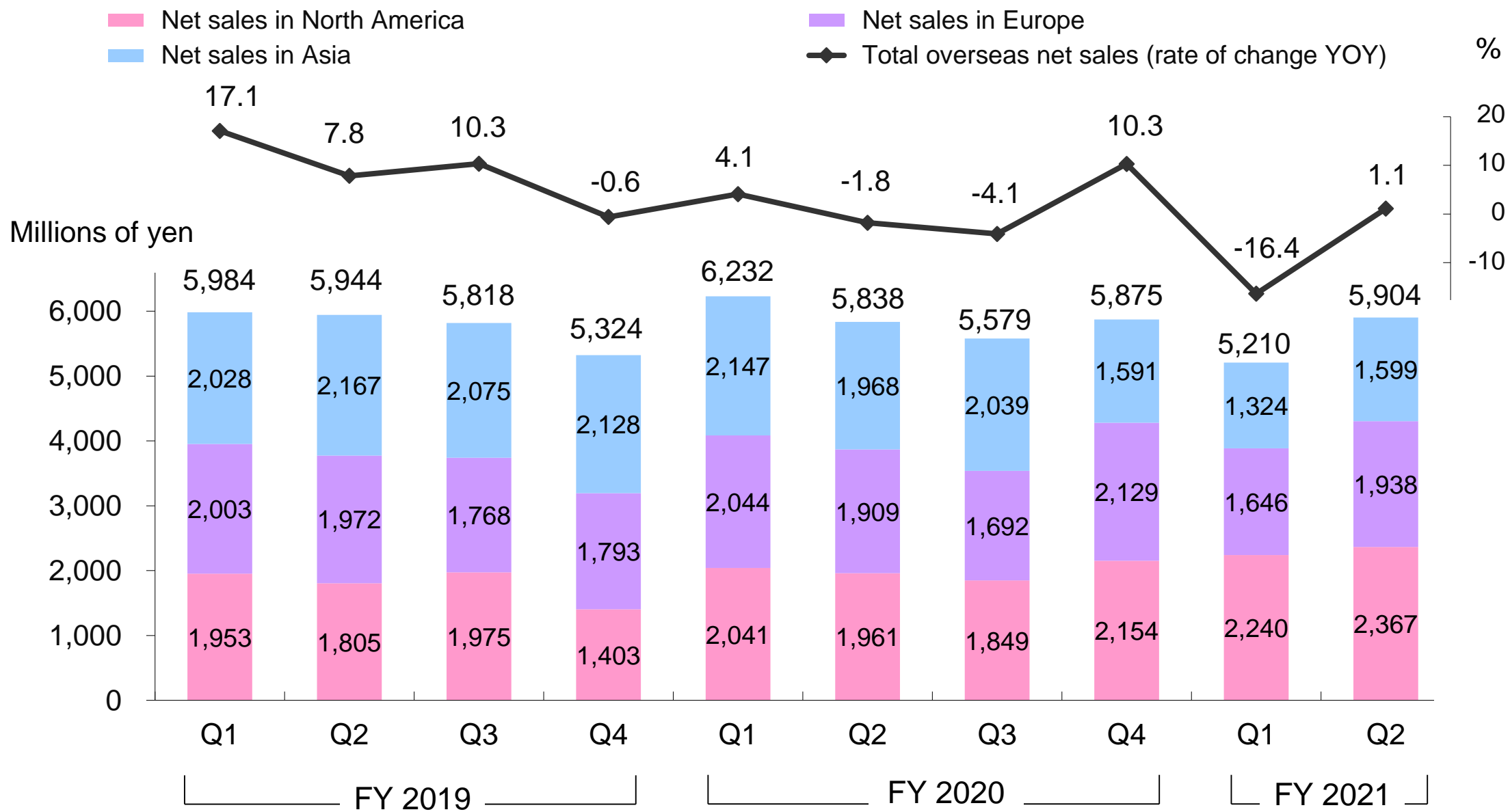
HCR Equipment segment

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.





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				33.8				37.0	

*Includes overseas net sales for auto-stapler operations.

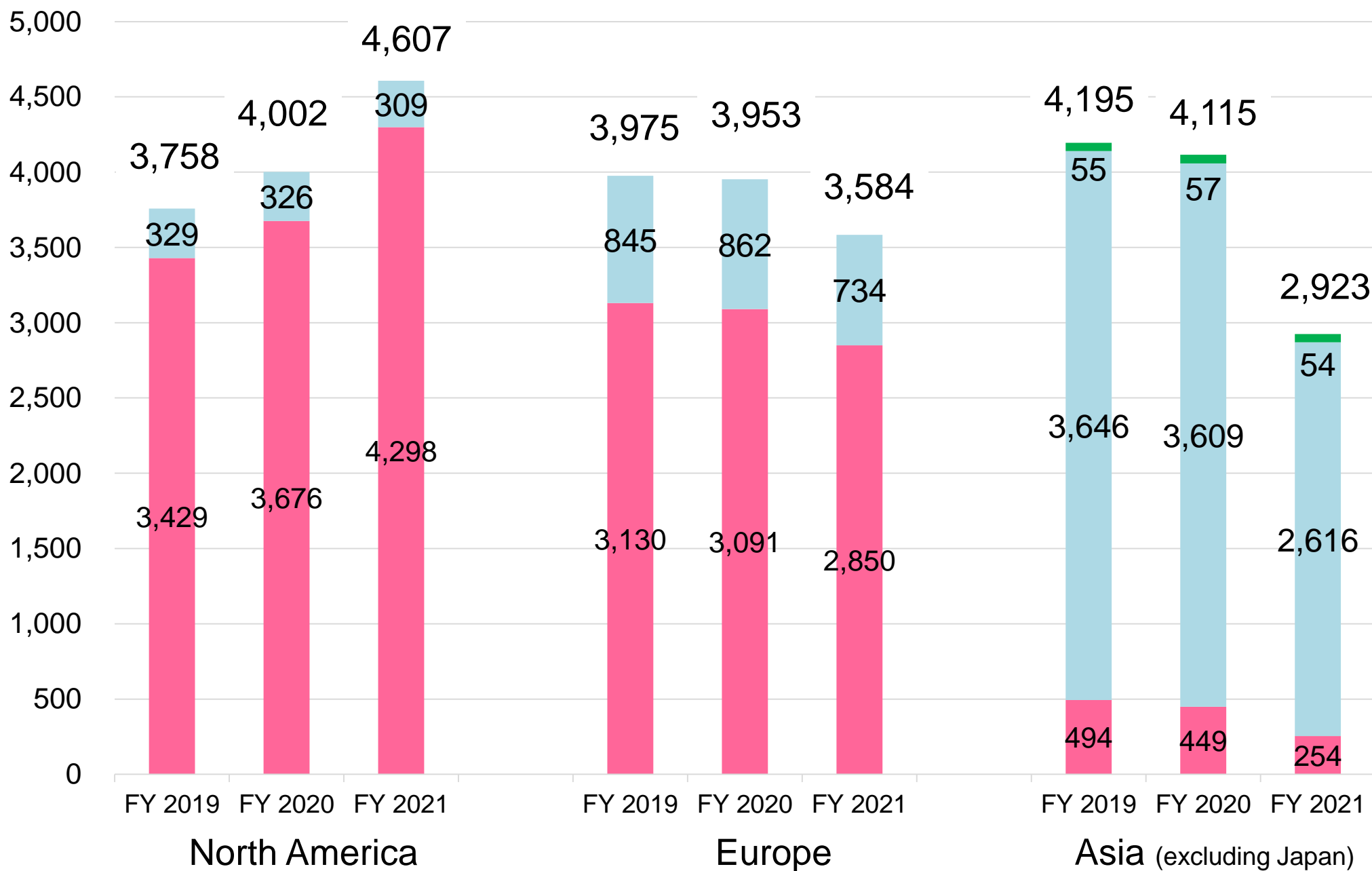
Changes in Segment Net Sales by Overseas Region

Financial Results for the First Half of FY 2021



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

Millions of yen



New Product: Rebar Tying Tool **TWINTIER** Walker Model

Rebar tying work consists of tying the intersections of rebars when constructing a reinforced concrete frame. The new product of the TWINTIER series is a new model that makes it possible to tie rebars while walking with upright posture.

■ Aim of introducing new model

- Increase the efficiency of rebar tying work and further reduce stress on the lower back.
- Disseminate to the market information on the high level of technology that meets the needs of the field, and further strengthen competitiveness by raising awareness for TWINTIER.

■ Overview of new model

Target Market

- Roads and bridge slabs
- Floor surface of large facilities such as distribution warehouses and commercial buildings

Features Note: Compared to twister tool work (manual work)

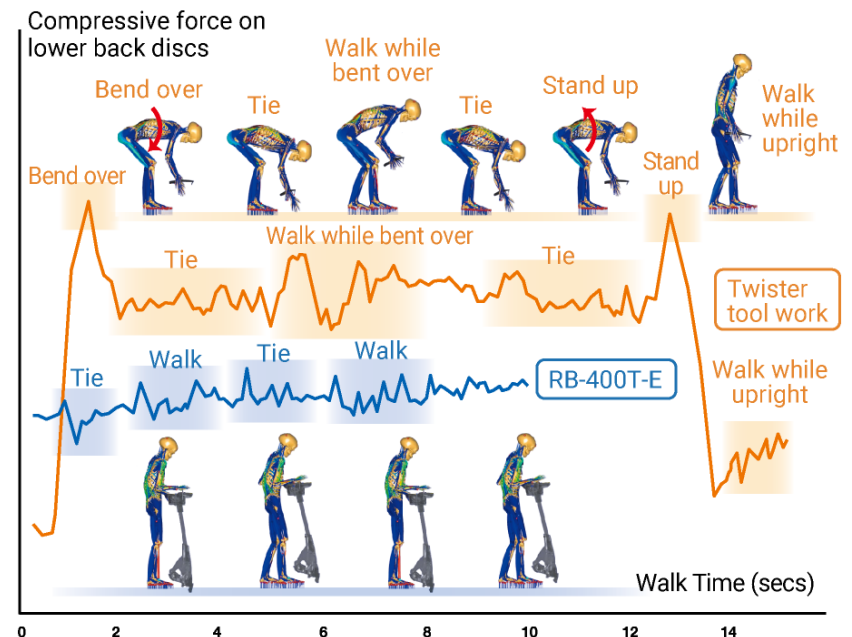
- Compressive force on lower back discs: approx. 40% decrease
- Calories burned by a worker: approx. 85% decrease
- Work time: approx. 40% decrease

Visit special website ▼



https://www.twintier.global/uk-en/rb_401te/

Difference in compressive force on lower back discs between conventional twister tool work and TWINTIER Walker Model



Full Year Forecast for FY 2021

■ Exchange rate forecast

Exchange rate forecast for the second half 1 USD=110.00 JPY / 1EUR=120.00 JPY

Previous fiscal year (full year) 1 USD=109.13 JPY / 1EUR=121.26 JPY

(unit: millions of yen, %)

	Plan for FY under review	Results in previous FY	% increase/ decrease
Net sales	63,500	69,671	-8.9
Operating income Corresponding ratio	5,700 9.0	7,586 10.9	-24.9 (-1.9P)
Ordinary income Corresponding ratio	5,800 9.1	7,405 10.6	-21.7 (-1.5P)
Net income attributable to shareholders of parental company Corresponding ratio	4,200 6.6	5,510 7.9	-23.8 (-1.3P)
Net income per share (yen)	85.88	112.67	—

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.

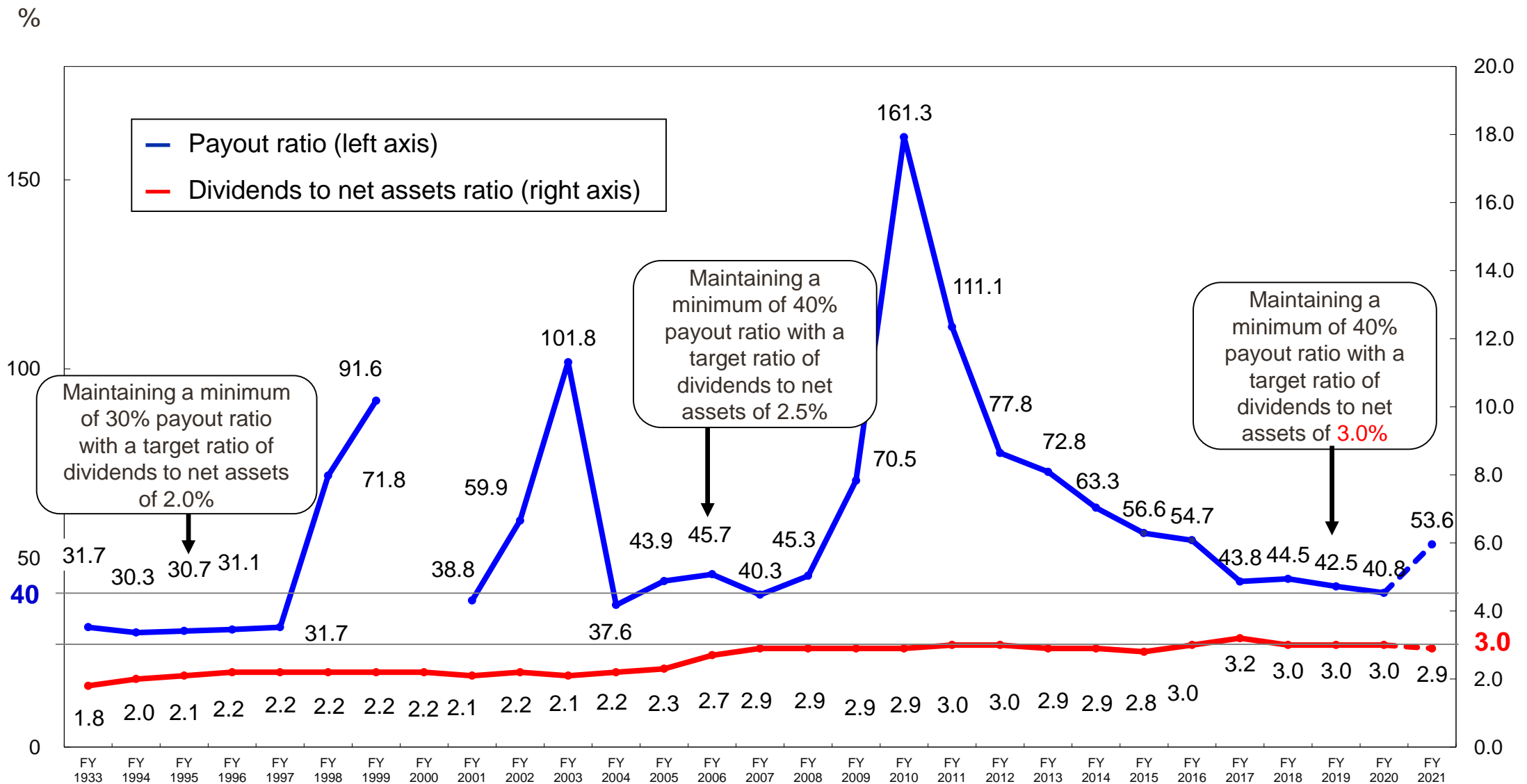
(unit: millions of yen, %)

		Plan for FY under review	Results in previous FY	% increase/ decrease
Reported Segments	Industrial Equipment segment			
	Net sales	42,850	45,409	-5.6
	Segment profit	5,550	5,454	+1.8
	Segment profit rate	13.0	12.0	(+1.0P)
	Office Equipment segment			
	Net sales	18,000	21,515	-16.3
	Segment profit	3,200	4,895	-34.6
	Segment profit rate	17.8	22.8	(-5.0P)
	HCR Equipment segment			
	Net sales	2,650	2,746	-3.5
	Segment profit	-50	-224	—
	Segment profit rate	-1.9	-8.2	(+6.3P)
Adjustment amount	-3,000	-2,538	—	
Total for entire company				
Net sales	63,500	69,671	-8.9	
Operating income	5,700	7,586	-24.9	
Operating margin	9.0	10.9	(-1.9P)	

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 second quarter in the previous fiscal year, we have listed numbers created in accordance with classifications after the change.

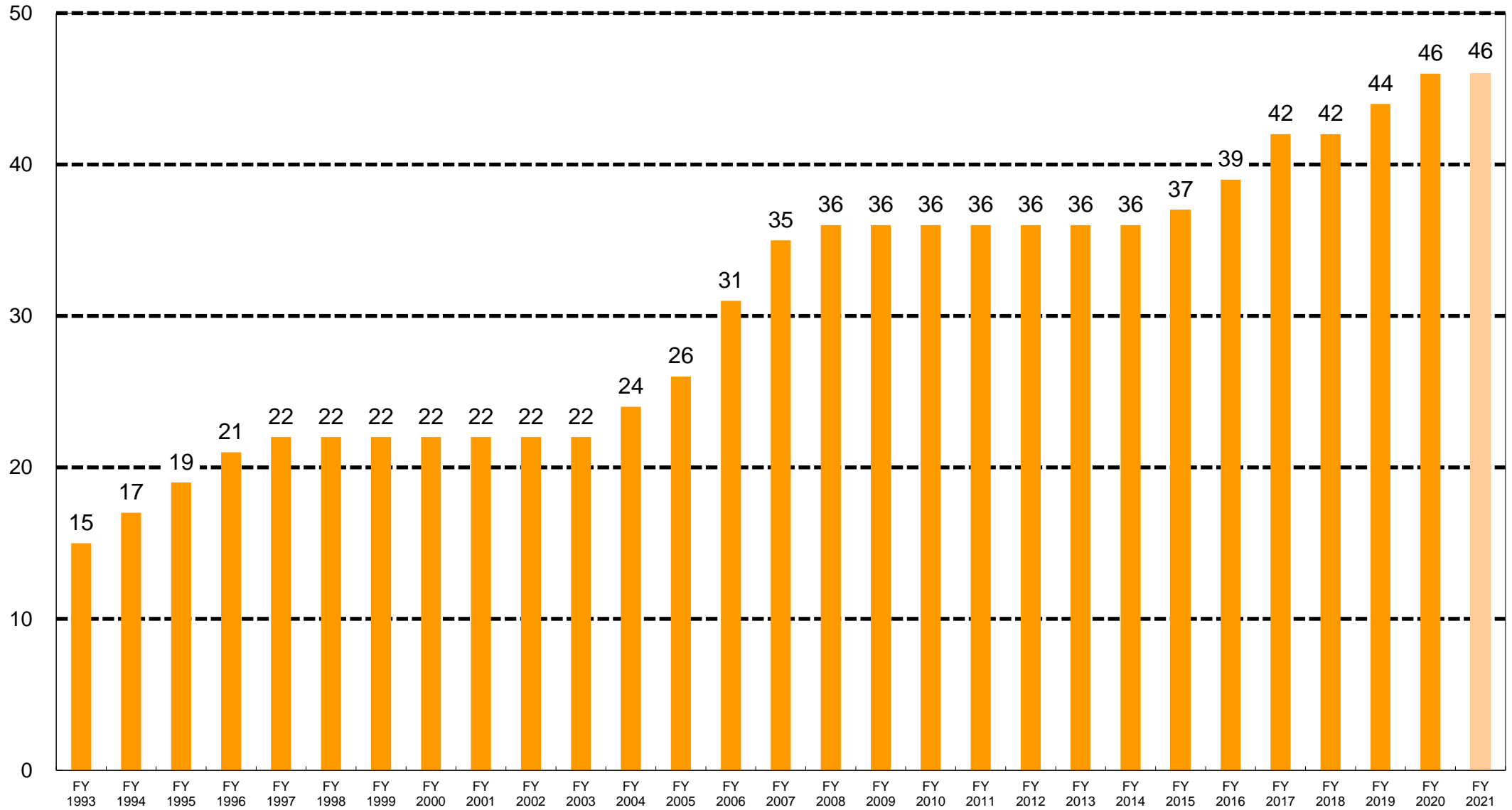
Dividends policy

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.

JPY



Plan



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.