



Financial Results Briefing for FY 2019

Progress of Business Plan for FY 2020 and the Medium-term Management Plan

MAX Co., Ltd.

April 26, 2019

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This document has been translated from the Japanese original for the convenience of non-Japanese investors. In the event of any discrepancy between this translation and the Japanese original, the original shall prevail.



Financial Results for Entire Company and Individual Segment in FY 2019

■ Exchange rates

(FY under review)	1 USD	110.67 JPY	/	1 EUR	128.74 JPY
(Previous FY)	1 USD	110.83 JPY	/	1 EUR	129.43 JPY
(Planned)	1 USD	110.61 JPY	/	1 EUR	129.73 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	70,118	68,138	2.9	70,400	99.6
Gross profit	27,731	26,454	4.8	—	—
Corresponding ratio	39.5	38.8			
Operating income	7,150	6,139	16.5	6,650	107.5
Corresponding ratio	10.2	9.0		9.4	
Ordinary income	7,253	6,076	19.4	6,900	105.1
Corresponding ratio	10.3	8.9		9.8	
Net income attributable to shareholders of parental company	5,064	4,654	8.8	4,800	105.5
Corresponding ratio	7.2	6.8		6.8	
Net Income per Share (yen)	102.92	94.46	—	97.43	—

*FY 2019 plan that was announced on October 28, 2018.

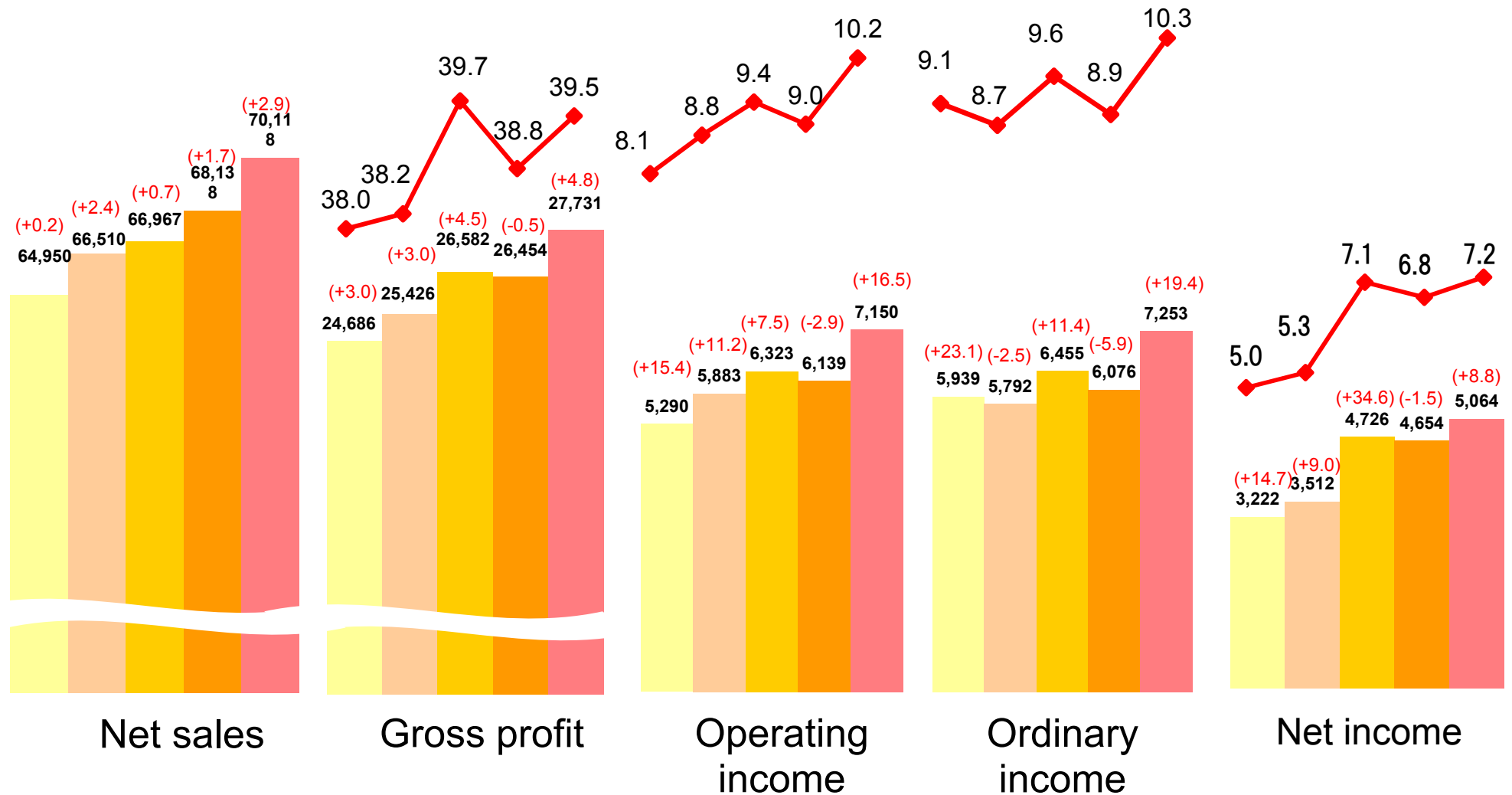
Changes in Financial Results for the Entire Company: FY 2015 to FY 2019



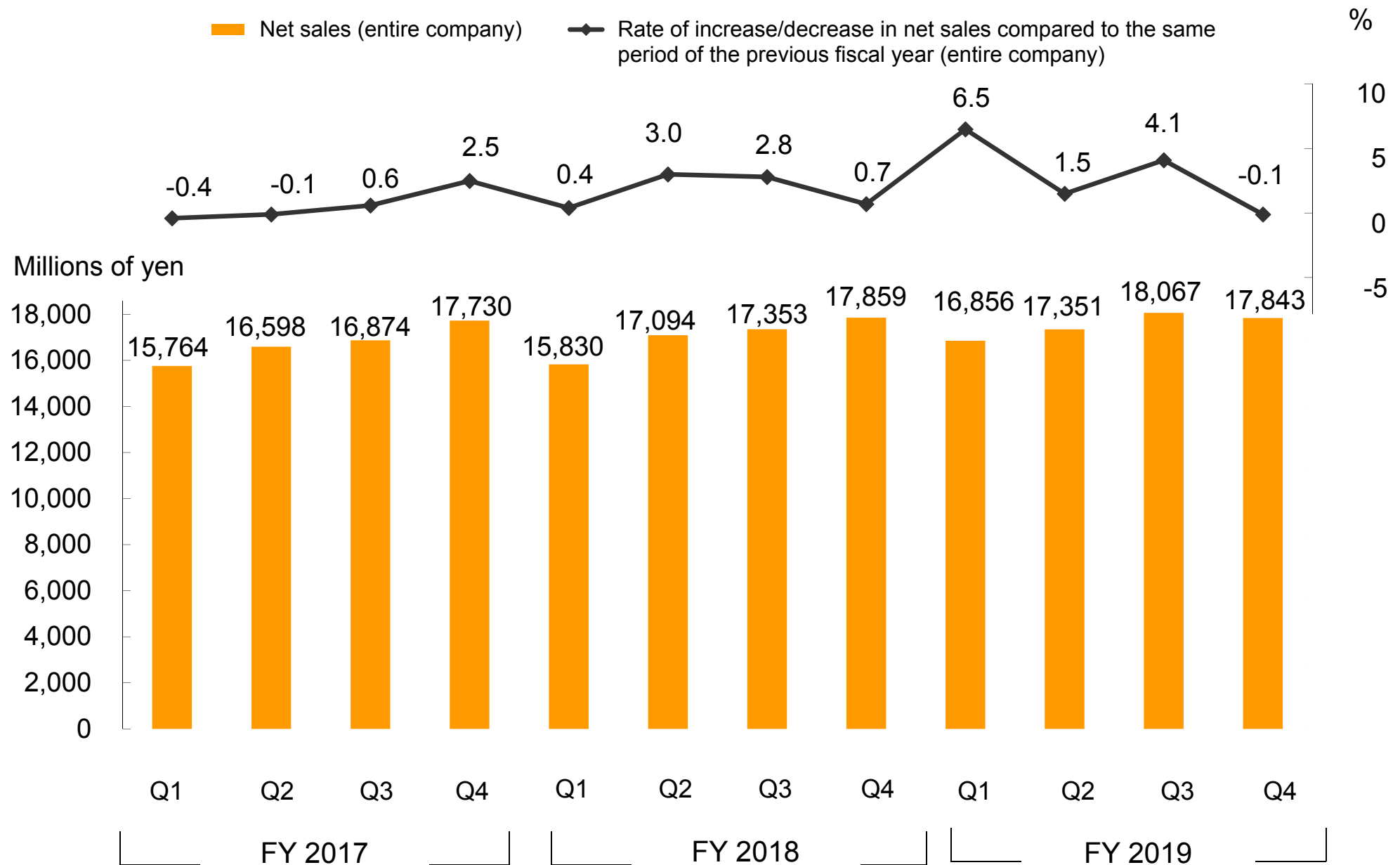
FY 2015 FY 2016 FY 2017 FY 2018 FY 2019 —Corresponding ratio

*Number in parentheses is the rate of increase/decrease year-on-year

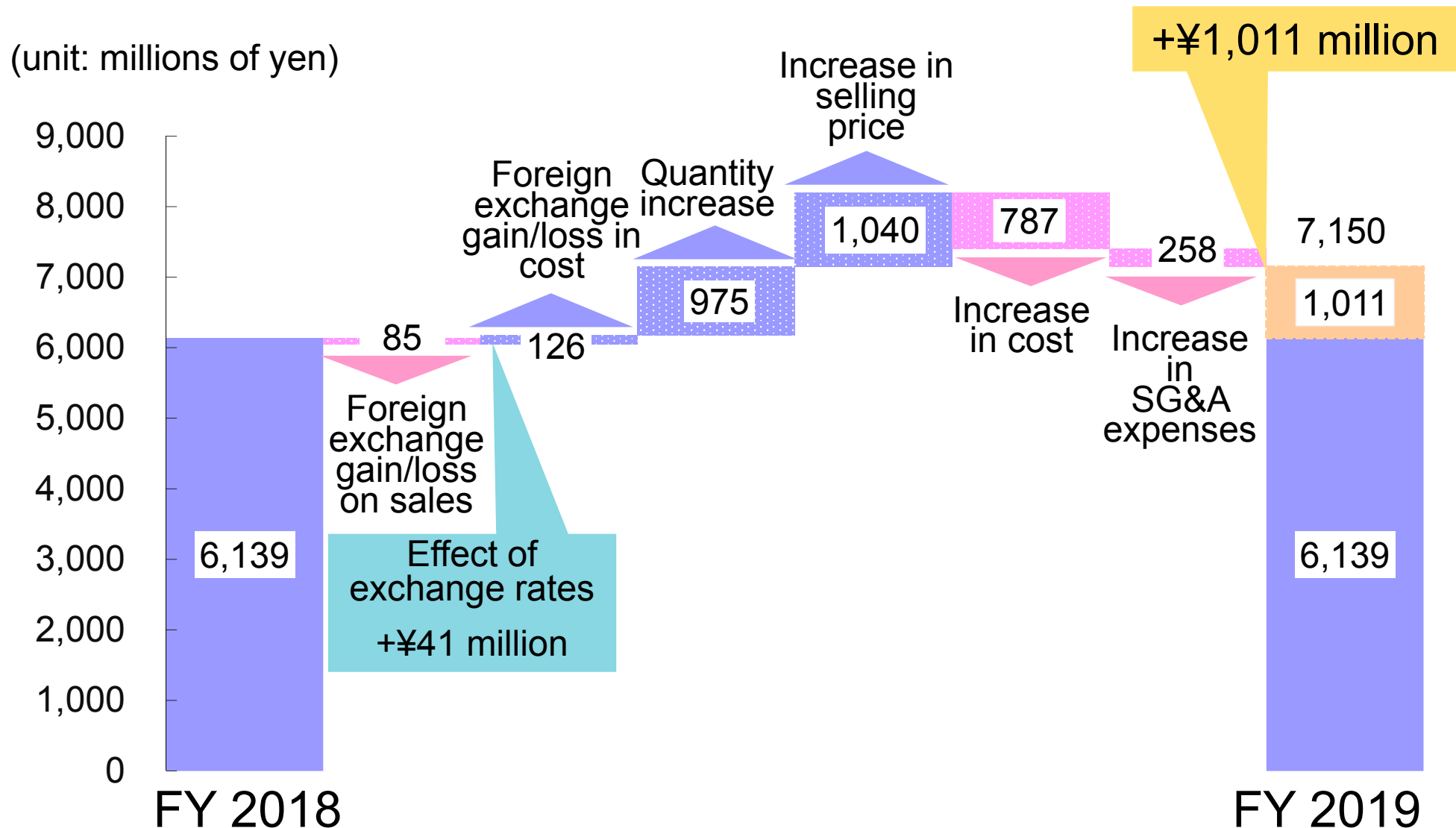
(unit: millions of yen, %)



3 Changes in Net Sales for the Entire Company by Quarter



Factors for Increase/Decrease of Operating Income (FY 2019)



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

(unit: millions of yen)

	FY 2019	FY 2018	YOY
Non-operating income/expenses	102	-62	165
Non-operating income (excluding foreign exchange effect)	347	375	-28
Non-operating expenses (excluding foreign exchange effect)	-128	-76	-51
Foreign exchange gain/loss	-116	-361	+245
Extraordinary income/loss	-129	-4	-125
Extraordinary income	77	32	+45
Extraordinary loss	-206	-36	-170

■ Facilities investment, depreciation, R&D expenses

(unit: millions of yen, %)

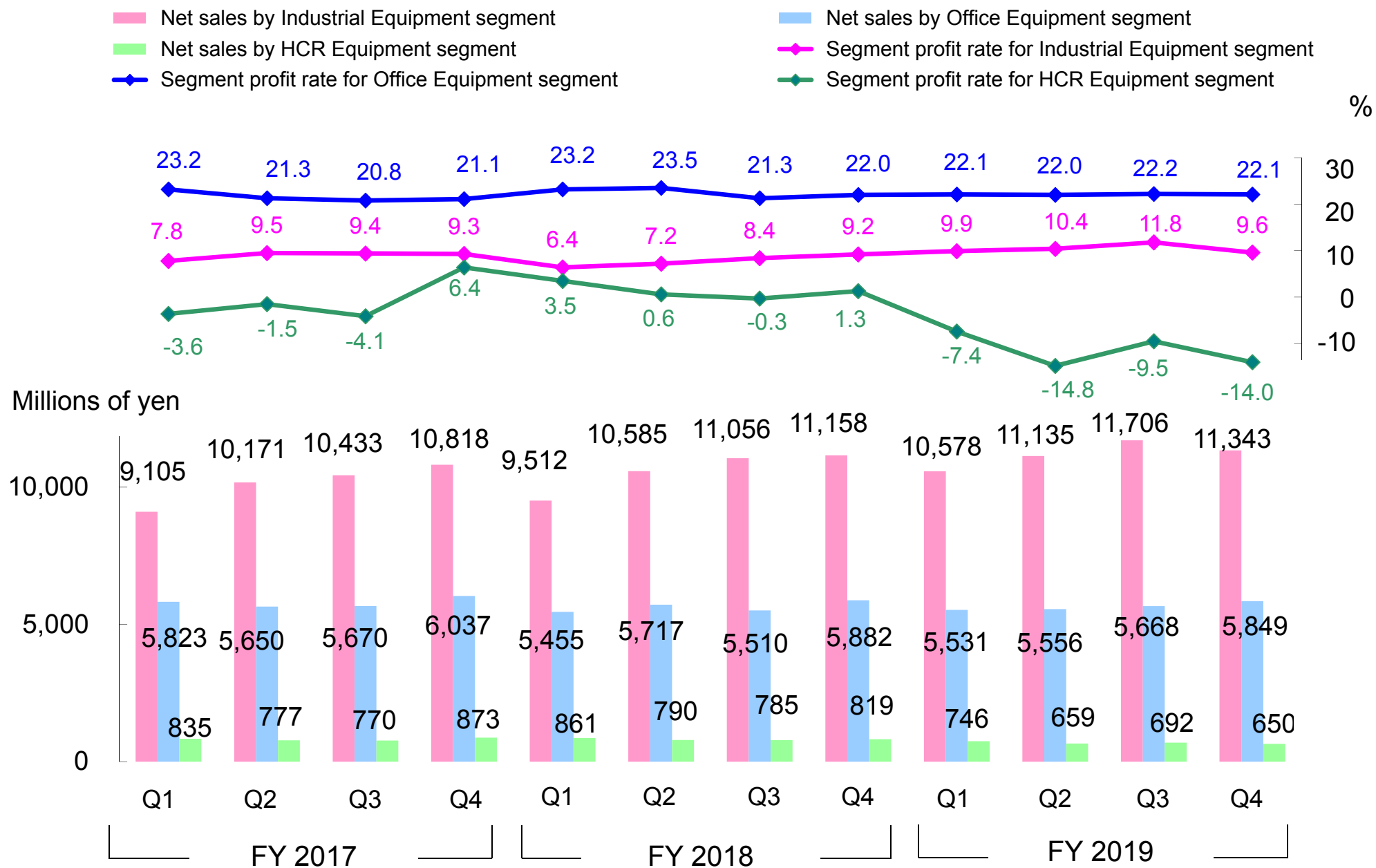
	FY 2019	FY 2018	FY 2019 annual plan	Implementation rate
Facilities investment	3,102	2,674	3,403	91.2
Depreciation	2,230	2,185	2,279	97.8
R&D expenses	2,929	2,871	2,910	100.7

Domestic	<p>Number of new housing construction starts: Down 2.3% YOY for the period from January to December 2018 (Owner-occupied construction starts: -0.4%, rental construction starts: -5.5%, built-for-sale construction starts: +0.1%) → Negative effect on the industrial equipment product operations and residential environmental equipment operations)</p> <p>Construction floor area of non-residential structures: Up 1.8% YOY for the period from October 2017 to September 2018 (Offices: -2.3%, shops: +0.6%, factories: +12.6%, warehouses +3.1%) → Positive effect on the industrial equipment product operations (concrete related)</p> <p>Although there continues to be insufficient rebar works (construction) by skilled construction workers, the rate of insufficiency is gradually decreasing → Decreasing trend in the industrial equipment product operations (concrete related)</p>
Overseas	<p>1 USD = 110.67 JPY, 1 EUR = 128.74 JPY (Previous FY: 1 USD = 110.83 JPY, 1 EUR = 129.43 JPY; Plan: 1 USD = 110.61 JPY, 1 EUR = 129.73 JPY) Regarding foreign exchange sensitivity for the entire Company, we have achieved a balance of foreign currency sales/procurement, so there is little effect on operating income.</p> <p>Global economy: The U.S. economy continues to grow due to factors such as increased personal consumption, facilities investment, etc. The European showed weakness in some areas and recovery has slowed.</p> <p>Increased import price for iron products of local subsidiaries due to additional taxation on steel/aluminum products, a trade policy of the U.S. government → The price increase has been passed on to the sale price of some products in the Industrial Equipment segment.</p> <p>Number of new housing construction starts in the U.S.: Up 11.0% YOY from January to December, 2018 Number of permitted construction projects is also increasing (up 2.7% YOY) → Positive effect on the overseas industrial equipment product operations</p> <p>Increase in prices of raw materials such as steel, petroleum products, etc.→Negative effect</p>

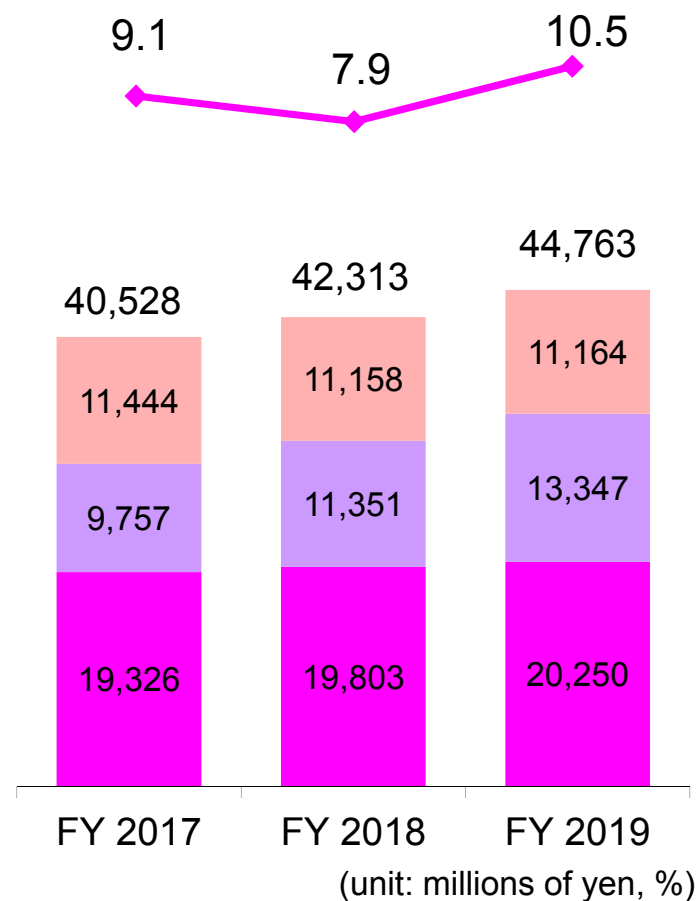
(unit: millions of yen, %)

			Compared to previous FY		Compared to Plan	
			Results in previous FY	% increase/ decrease	Full-year plan	Achievement rate
Reported Segments	Industrial Equipment segment	Results in FY under review				
	Net sales	44,763	42,313	+5.8	44,800	99.9
	Segment profit	4,684	3,328	+40.8	4,350	107.7
	Segment profit rate	10.5	7.9	(+2.6P)	9.7	
	Office Equipment segment					
	Net sales	22,606	22,566	+0.2	22,600	100.0
	Segment profit	4,999	5,075	-1.5	4,700	106.4
	Segment profit rate	22.1	22.5	(-0.4P)	20.8	
	HCR Equipment segment					
	Net sales	2,748	3,257	-15.6	3,000	91.6
	Segment profit	-310	43	—	-150	—
	Segment profit rate	-11.3	1.3	(-12.6P)	-5.0	
	Adjustment amount	-2,223	-2,308	—	-2,250	—
	Total for entire company					
	Net sales	70,118	68,138	+2.9	70,400	99.6
Operating income	7,150	6,139	+16.5	6,650	107.5	
Operating margin	10.2	9.0	(+1.2P)	9.4		

From the fiscal year under review, expenses related to the Administrative Department of headquarters which had been allocated to each segment were changed to a method of recording as an adjustment amount. This briefing material uses said method when listing the past financial results and the planned financial results.



- 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: ¥44,763 million / Segment profit: ¥4,684 million
(up 5.8% YOY / up 40.8% YOY)

Domestic industrial equipment product operations

- Net sales: ¥20,250 million (up 2.3% YOY)

Although the sales of tools for wooden structures decreased, tools for concrete structures experienced strong sales due to expanded usage and entry into new markets for the rebar tying tool TWINTIER. This resulted in an increase of the segment revenue.

Overseas industrial equipment product operations

- Net sales: ¥13,347 million (up 17.6% YOY)

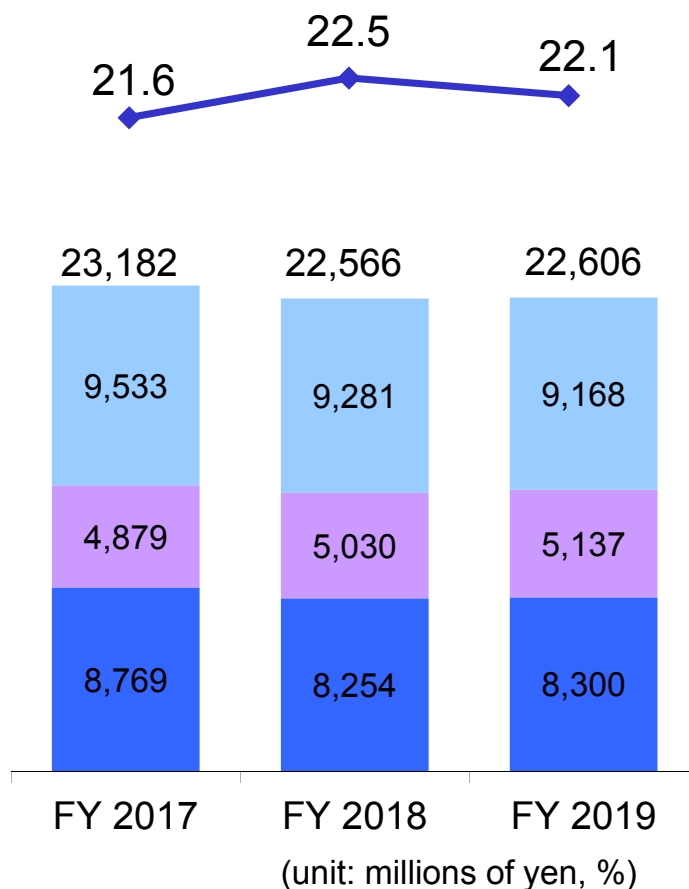
The Group is expanding our sales network in Western markets based on the rebar tying tool TWINTIER. The Group is expanding its presence in the civil engineering market and the on-site construction market. This resulted in an increase of revenue.

Residential environmental equipment operations

- Net sales: ¥11,164 million (up 0.1% YOY)

There was a decrease in sales for ventilation systems, etc. However, in the stock market for renovation, replacement, and inspection, there was an increase in sales for DRYFAN bathroom heaters, ventilators and dehumidifiers. Overall, revenue remained the same as the previous fiscal year.

- 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: ¥22,606 million / Segment profit: ¥4,999 million
(up 0.2% YOY / down 1.5% YOY)

Domestic office operations

- Net sales: ¥8,300 million (up 0.6% YOY)

Although sales of the stationery-related products decreased, sales of the "BEPOP" label-making machines, label printers for food labeling, etc. increased, resulting in a slight increase of revenue.

Overseas office operations

- Net sales: ¥5,137 million (up 2.1% YOY)

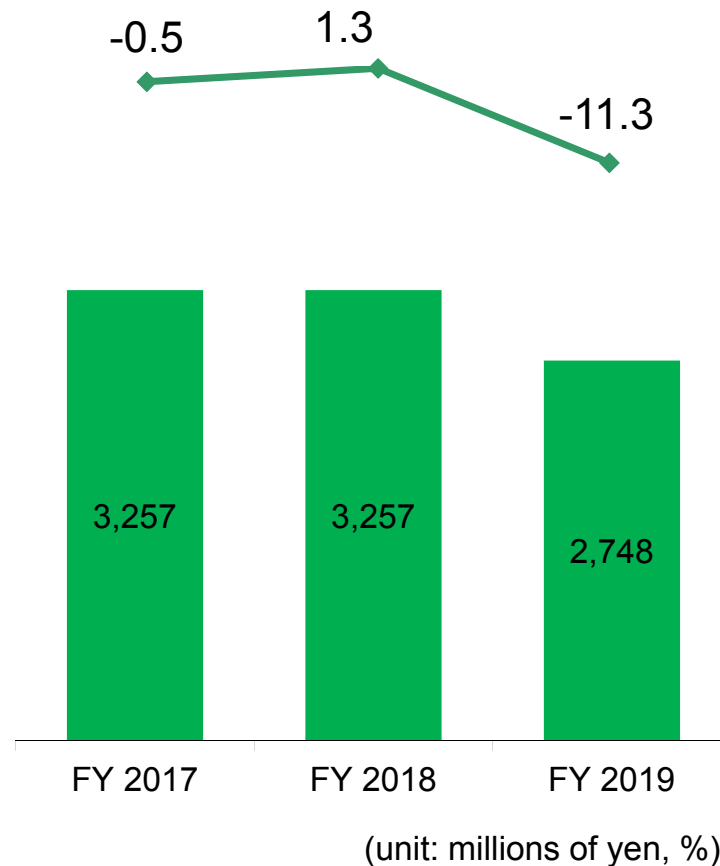
Sales of the new-model "BEPOP" label-making machines in the European market increased thanks to sales expansion by the Lighthouse (UK) Ltd. Furthermore, sales of stationery-related products also increased. This resulted in increased revenue.

Auto-stapler operations

- Net sales: ¥9,168 million (down 1.2% YOY)

Segment revenue decreased as a result of inventory adjustment at some business partners and exchange rate fluctuation.

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

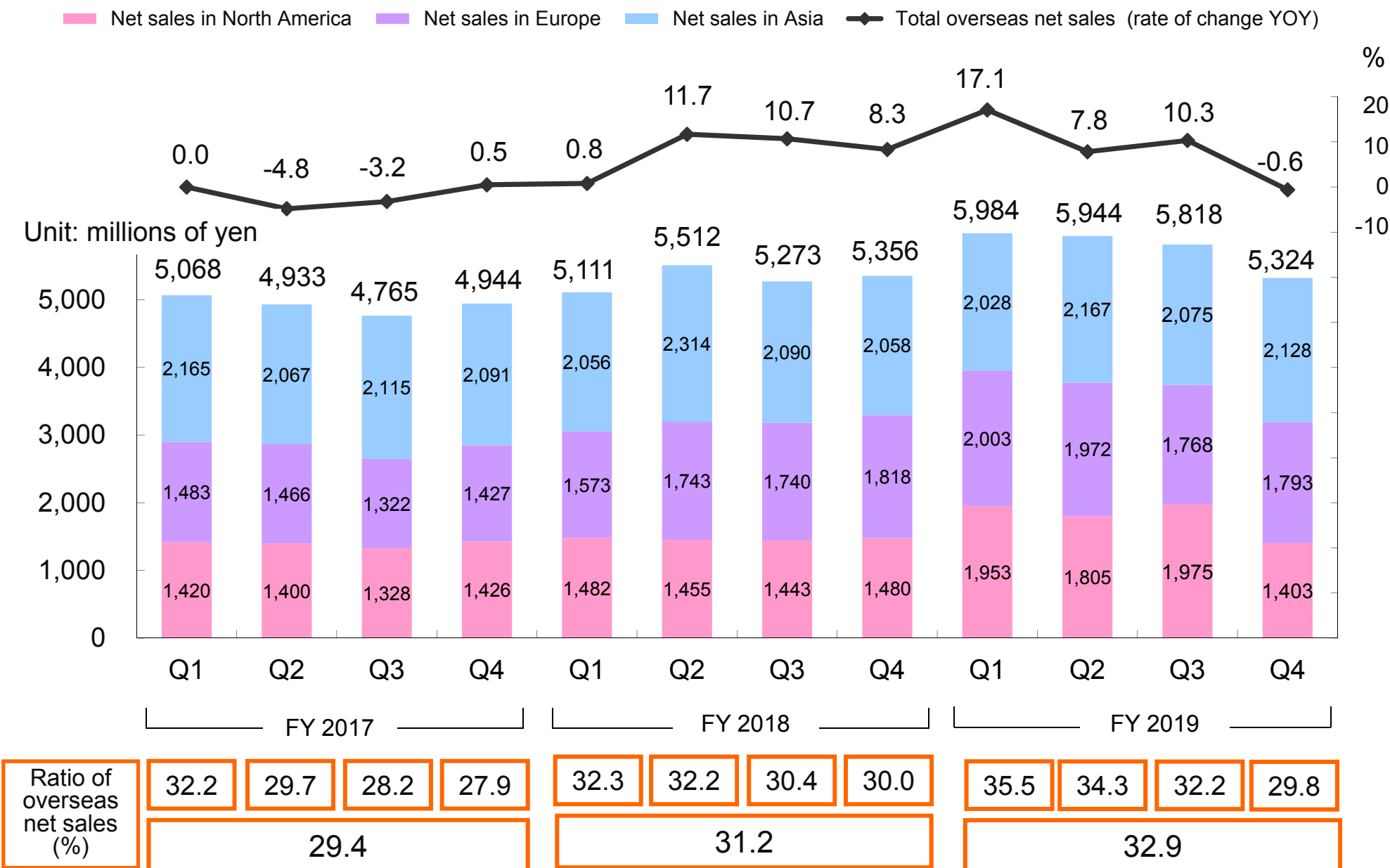


Net sales: ¥2,748 million / Segment profit: -¥310 million
(down 15.6% YOY / -% YOY)

HCR Equipment segment

Decreased due to the effect of partial revision of nursing-care insurance systems, delay in the release of new products, decreased sales of high-unit-price wheelchairs, etc.

12 Changes in Overseas Net Sales by Quarter



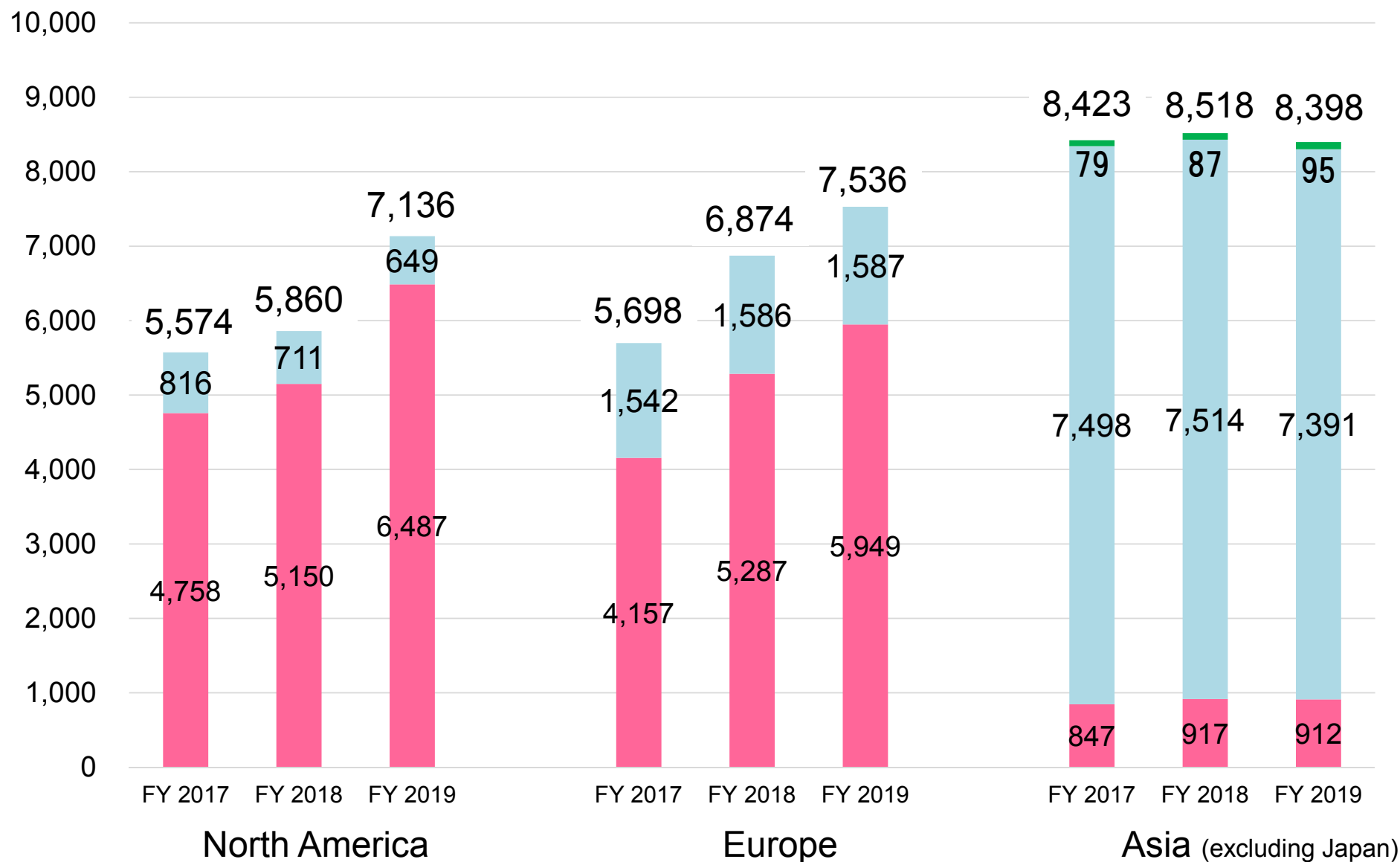
*Includes overseas net sales for auto-stapler operations.

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 2020 and the Medium-term Management Plan

(From FY 2019 to FY 2021)

(unit: 100 millions of yen)

	FY 2019 Results	FY 2020 plan	Growth rate from FY 2019 to FY 2020	Medium-term management plan for FY 2021	Growth rate from FY 2020 to FY 2021
Net sales	701.1	723.5	3.2%	782.0	8.1%
Gross profit	277.3	292.5	5.5%	317.4	8.5%
Gross profit margin	39.5%	40.4%	+0.9P	40.6%	+0.2P
Operating income	71.5	74.5	4.2%	83.4	11.9%
Operating margin	10.2%	10.3%	+0.1P	10.7%	+0.4P
Ordinary income	72.5	76.0	4.8%	85.4	12.4%
Net income	50.6	52.5	3.7%	60.0	14.3%
ROE	7.0%	7.0%		7.6%	

■ Assumed exchange rate

FY 2020 plan

1 USD = 110.00 JPY

1 EUR = 125.00 JPY

FY 2021 plan




1 USD = 110.00 JPY

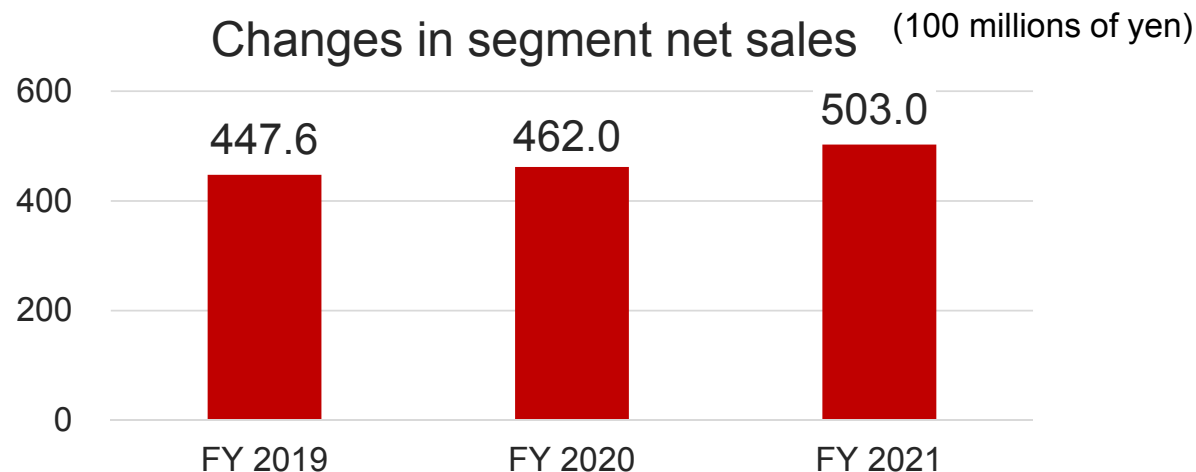
1 EUR = 130.00 JPY

(unit: 100 millions of yen)

	FY 2019 Results	FY 2020 plan	Growth rate from FY 2019 to FY 2020	Medium-term management plan for FY 2021	Growth rate from FY 2020 to FY 2021
Industrial Equipment segment					
Net sales	447.6	462.0	3.2%	503.0	8.9%
Segment profit	46.8	52.8	12.7%	63.0	19.3%
Segment profit rate	10.5%	11.4%	+0.9P	12.5%	+1.1P
Office Equipment segment					
Net sales	226.0	232.5	2.8%	247.0	6.2%
Segment profit	49.9	51.5	3.0%	54.9	6.6%
Segment profit rate	22.1%	22.2%	+0.1P	22.2%	0.0P
HCR Equipment segment					
Net sales	27.4	29.0	5.5%	32.0	10.3%
Segment profit	-3.1	-1.5	—	0.5	—
Segment profit rate	-11.3%	-5.2%	+6.1P	1.6%	+0.7P
Adjustment amount	-22.2	-28.3	—	-35.0	—
Net sales for entire Company	701.1	723.5	3.2%	782.0	8.1%
Operating income for entire Company	71.5	74.5	4.2%	83.4	11.9%

Revision of Segment Plans in the Medium-term Management Plan

	Upside factors	Downside factors	Comparison with initial plan
Industrial Equipment segment	Expanded business for the rebar tying tool TWINTIER in Japan and overseas	<p>Delayed release of new products for battery-power tools</p> <p>Delayed progress in expansion of stock business for residential environmental equipment operations</p>	
Office Equipment segment	Expanded business for binder products in auto-stapler operations	Stagnated sales of European stationery products in the Middle East and Europe	
HCR Equipment segment	_____	<p>Increase in withdrawal/bankruptcy by nursing care businesses</p> <p>Decrease in net sales in conjunction with shortened period for effect of new products</p>	



Domestic industrial equipment product operations

- Acquire new net increase in sales by developing peripheral construction markets (formworks, precast factories, civil engineering)

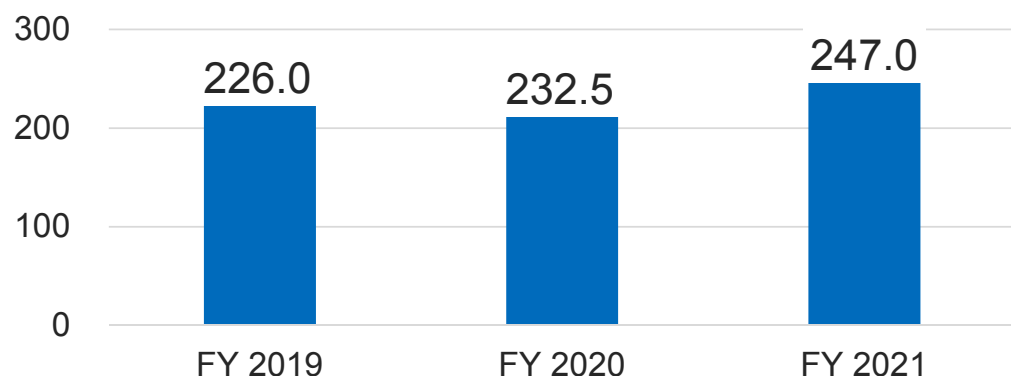
Overseas industrial equipment product operations

- Spread and expand sales of the rebar tying tool TWINTIER in the on-site construction and civil engineering markets of Western countries
- Establish a sales network for high-pressure nailers in the European construction market and the North American commercial building construction market
- Expand the size of business by developing overseas agricultural markets

Residential environmental equipment operations

- Expand the B to C stock business for renovation, replacement, and inspection of DRYFAN
- Be sure to hold inspections for existing customers

Changes in segment net sales (100 millions of yen)



Domestic office operations

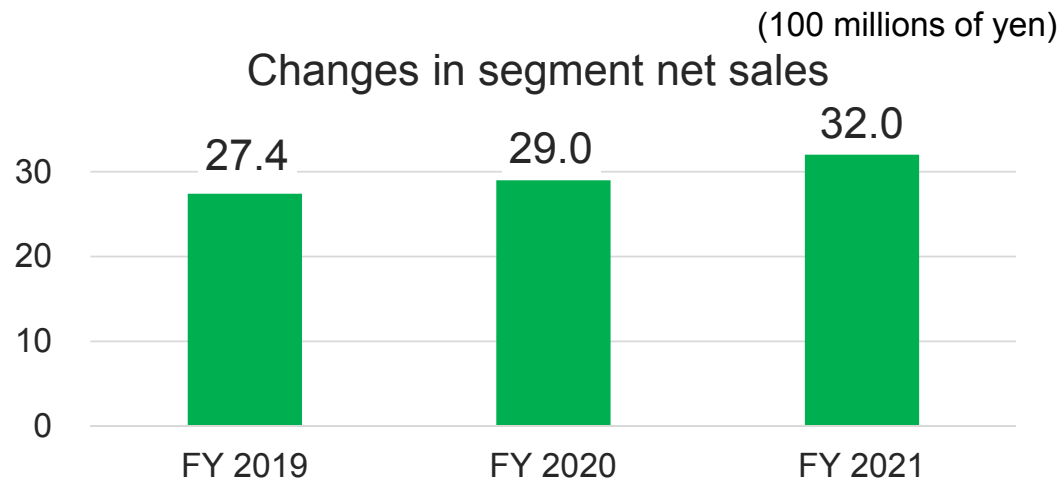
- Implement BEPOP label-making machines for use in safe labeling at factories
- Accelerate proposal activities for label printers for food labeling in conjunction with application of the Food Labeling Act
- Release a series of new stationery related products and strengthen brand power

Overseas office operations

- Strengthen sales capabilities in the European market for BEPOP label-making machines and promote the spread of BEPOP in newly developed markets
- Expand the product lineup in the Asian market for stationery business and construct a sales network in Western markets

Auto-stapler operations

- Maintain earnings power in existing business and search for document peripheral markets



Kawamura Cycle

- Expand the use of new products by major domestic rental companies
- Through facilities investment, construct a flexible production system in response to manpower reduction and demand fluctuation
- Search and practical implementation of high value-added products

	FY 2019	FY 2020 plan
Facilities investment	<p>Results: ¥3,100 million</p> <p>■ Main investments:</p> <ul style="list-style-type: none"> ▪ Enhanced production capacity at Thai Plant: ¥500 million ▪ Enhanced production capacity at domestic plants: ¥650 million ▪ Head office sales related (domestic offices, etc.): ¥500 million 	<p>Plan: ¥5,170 million</p> <p>■ Main investment plans:</p> <ul style="list-style-type: none"> ▪ Establish new logistic centers: ¥600 million (total ¥1,700 million) ▪ Enhance production capacity in the rebar tying tools operation: ¥460 million ▪ Renewal of western Japan sales offices: ¥600 million (total ¥1,900 million)
R&D investment	<p>Results: ¥2,920 million</p> <p>Main new products:</p> <p>Industrial Equipment segment: High-pressure nailers, gas nailers, rechargeable finish nailers, ventilation systems</p> <p>Office Equipment segment: Binders, label-making machines (overseas)</p> <p>HCR Equipment segment: Multifunction wheelchairs</p>	<p>Plan: ¥3,100 million</p> <p>■ Themes</p> <ul style="list-style-type: none"> ▪ Create new businesses/products ▪ Acquire core technology for expansion of core businesses ▪ Shorten development lead time

Establish an environment for creating, maintaining, and managing which makes it easy for employees to work

Promote employee health

- Annual actual working hours: 1,900
- Implementation of measures for preventing lifestyle diseases

Revise the personnel system

- Revise rules for leave due to childcare and nursing care
- Research/establish overseas personnel systems
- Research the effect of work by the elderly and related measures

Support diverse working styles

- Establish internal infrastructure
- Implement a flex-time system
- Research telecommuting

By establishing a safe and comfortable working environment, we will secure human resources, improve productivity, and achieve sustainable growth of the Company.



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.

Change in dividend policy from FY 2019.

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

For dividends in FY 2019, we plan to increase dividends by ¥2 to ¥44.

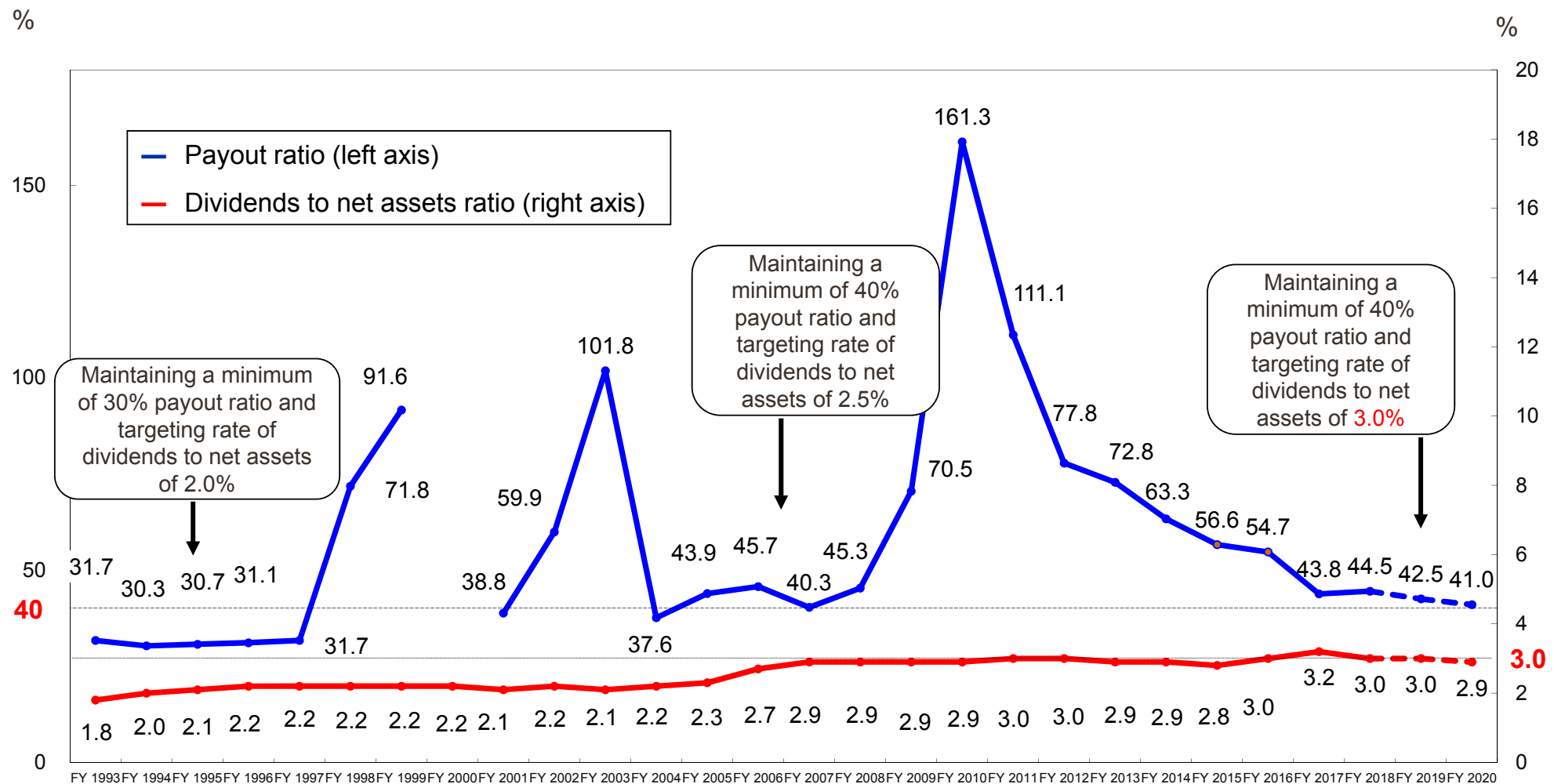
In February 2019, we acquired treasury shares of ¥531 million. (In the same month, retired all of the acquired shares.)

Change in shareholder return indices

	FY 2018 results	FY 2019 results	FY 2020 management plan
Dividends per share (yen)	42	44	44
Payout ratio (%)	44.5	42.5	41.0
Dividends to net assets ratio (%)	3.0	3.0	2.9
ROE (%)	6.7	7.0	7.0
Net income per share (yen)	94.46	102.92	107.35
Net assets per share (yen)	1,450.61	1,509.80	1,573.15

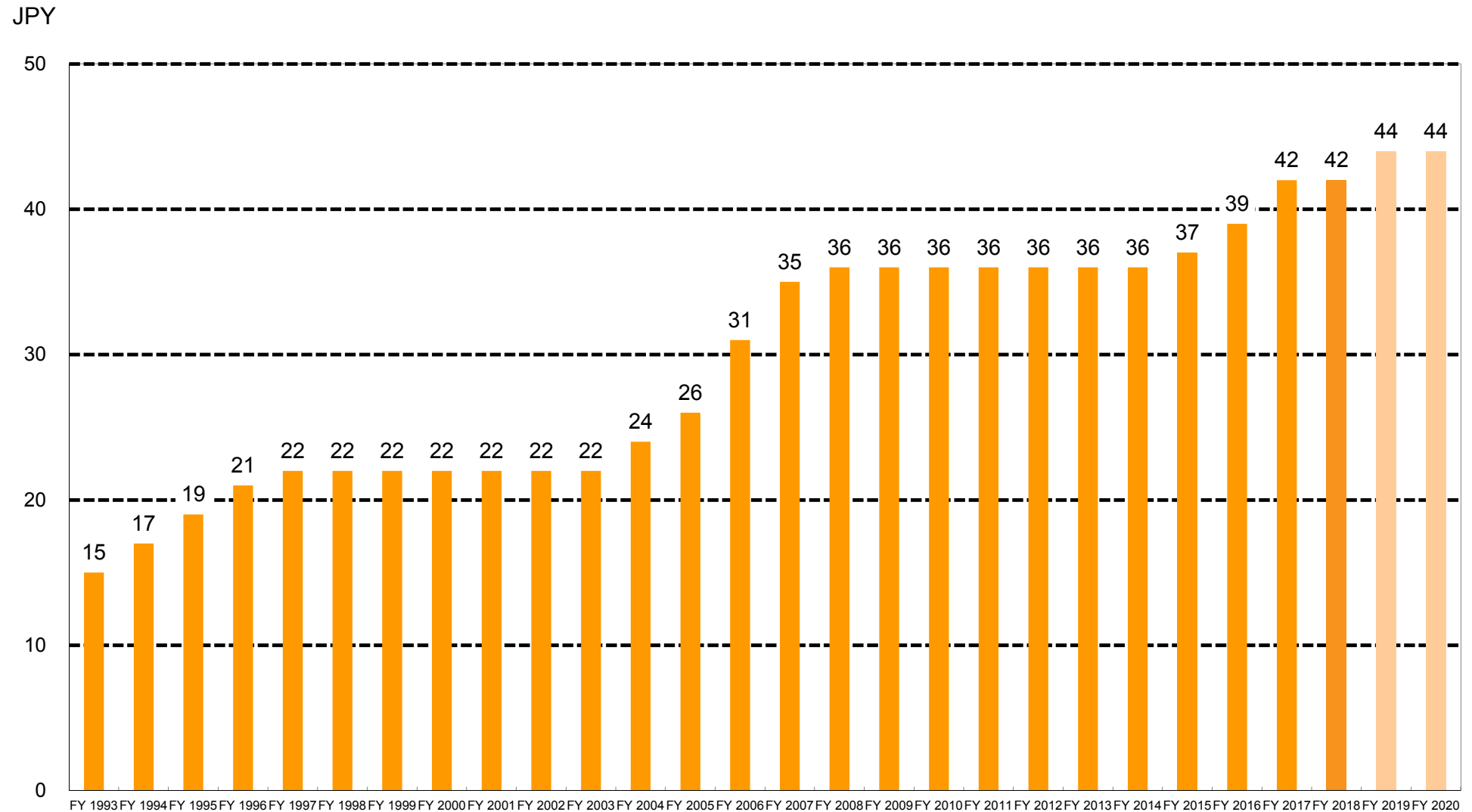
Dividends policy

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



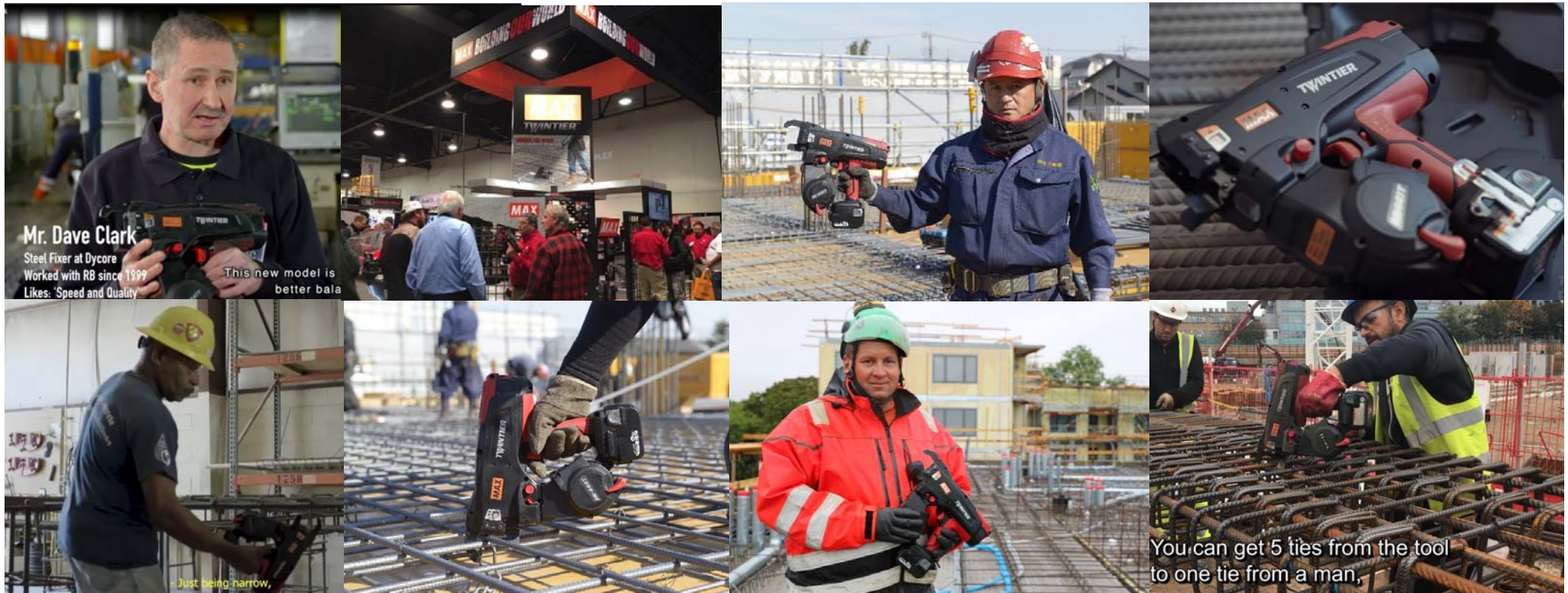
*Non-consolidated base until FY 2005.

Forecast Plan





Growth Business: Rebar Tying Tool Business



■ What is a rebar tying tool?

- 1993 Released the world's first rechargeable rebar tying tool in Japan.
- 1995 Released overseas model in Europe.
- 1998 Released second generation with tying speed of less than 1 second.
- 2017 Released of new model TWINTIER.



■ Features of the rebar tying tool **TWINTIER** (*Compared to our company's conventional tools)

Business Themes

1. Tying speed increased by 1.3 times



→ Increase work efficacy

2. Tying force increased by 1.5 times



→ Expand usage areas

3. Height of protruding wire reduced by half




→ Develop new markets

Domestic business

- Develop the civil engineering and precast concrete markets
- Spread/promote through expanded applications in the construction market and increase consumption of consumables

Overseas business

- Expand markets to on-site construction and civil engineering
- Expand sales channels by constructing new dealers, etc.
- Expand to new regions

	Building market	Construction market	Precast factories	Civil engineering market
	House foundation	Large facilities Condominiums	Building materials	Roads, Bridges
				
Domestic business	Existing markets	Existing markets	New markets	New markets
Overseas business	North America: Existing markets	Northern Europe: Existing markets Western countries: New markets	Europe: Existing markets North America: Existing markets	Western countries: New markets

House foundation: Riser

- Rebar diameter: #4 X #3
- Installation points
 - By improving tying power, enabled usage of rebar tying tools even when assembling in a vertical direction
 - Shortened work time by increasing the speed of tying



Condominium: Slab surface

- Rebar diameter: #4 X #4
- Installation points
 - Increased speed of tying work
 - Improved productivity by increasing number of ties per 1 roll of consumable material and reducing number of replacements



Bridge: Deck

- Rebar diameter: #8 X #5
- Installation points
 - Increased speed of tying work
 - Shortened construction period by improving work productivity



Precast factories

- Rebar diameter: #4 X #4
- Installation points
 - Improved base performance (tying power, etc.)
 - Enabled high-speed work even by workers without experience in tying



USA
 Company: METAL CORP
 RB in use since 1995
 Solution: Tying Speed

Netherlands
 Company: Dycore
 RB in use since 1995
 Solution: Speed Up

Norway
 Mr. Henrik Arvidsson
 Company: NCC
 RB in use since 1996
 Solution: Save Health Risk

UK
 Mr. Dave Norry
 Company: FP Mccan
 RB in use since 1995
 Solution: Tying Quality

Sweden
 Company: PEAB
 RB in use since 1995
 Solution: Tying Speed

Italy
 Mr. Davide Zanon
 Director
 Company: Zanon
 RB in use since 2002
 Solution: Increase Productivity

Japan
 Mr. Masashi Miyamoto
 Company: Miyamoto tekkin
 RB in use since 2008
 Solution: Speed & Quality

For 25 years, MAX quality has been recognized on-site in 50 countries.



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.