

The logo for MAX, consisting of the letters "MAX" in a bold, white, sans-serif font inside an orange square.

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PERFORMANCE

MAX Co., Ltd.

Financial Results Briefing for First Half of FY 2023

Announcement Date: October 31, 2023

Participants

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Summary of Financial Results in the First Half of FY 2023

- **Both net sales and income reached a record high for the first half.**
- **We revised the full-year forecast of consolidated operating results for FY 2023 and now plan a ROE of 10.1%.**
- **We revised our forecasted dividend and now plan to pay an annual dividend of ¥95 per share, an increase of ¥17 yen.**



Group-Wide Financial Results in the First Half of FY 2023

Group-Wide Financial Results in the First Half of FY 2023

1

■ Exchange rates

H1 FY 2023 1 USD = 139.94 JPY / 1 EUR = 152.73 JPY

H1 FY 2022 1 USD = 131.58 JPY / 1 EUR = 138.20 JPY

Planned 1 USD = 135.41 JPY / 1 EUR = 146.45 JPY

(unit: millions of yen, %)

	Results in H1 for FY under review	Results in H1 of previous FY	% increase/ decrease	First-half plan*	Achievement rate
Net sales	42,920	41,963	+2.3	42,850	100.2
Gross profit	19,794	17,483	+13.2	—	—
Corresponding ratio	46.1	41.7		—	
Operating income	6,649	4,436	+49.9	6,250	106.4
Corresponding ratio	15.5	10.6		14.6	
Ordinary income	7,436	5,723	+29.9	6,260	118.8
Corresponding ratio	17.3	13.6		14.6	
Net income attributable to shareholders of parental company	5,587	4,129	+35.3	4,390	127.3
Corresponding ratio	13.0	9.8		10.2	
Net income per share (yen)	118.51	87.29	—	92.80	—

*Revised plan announced on July 31, 2023

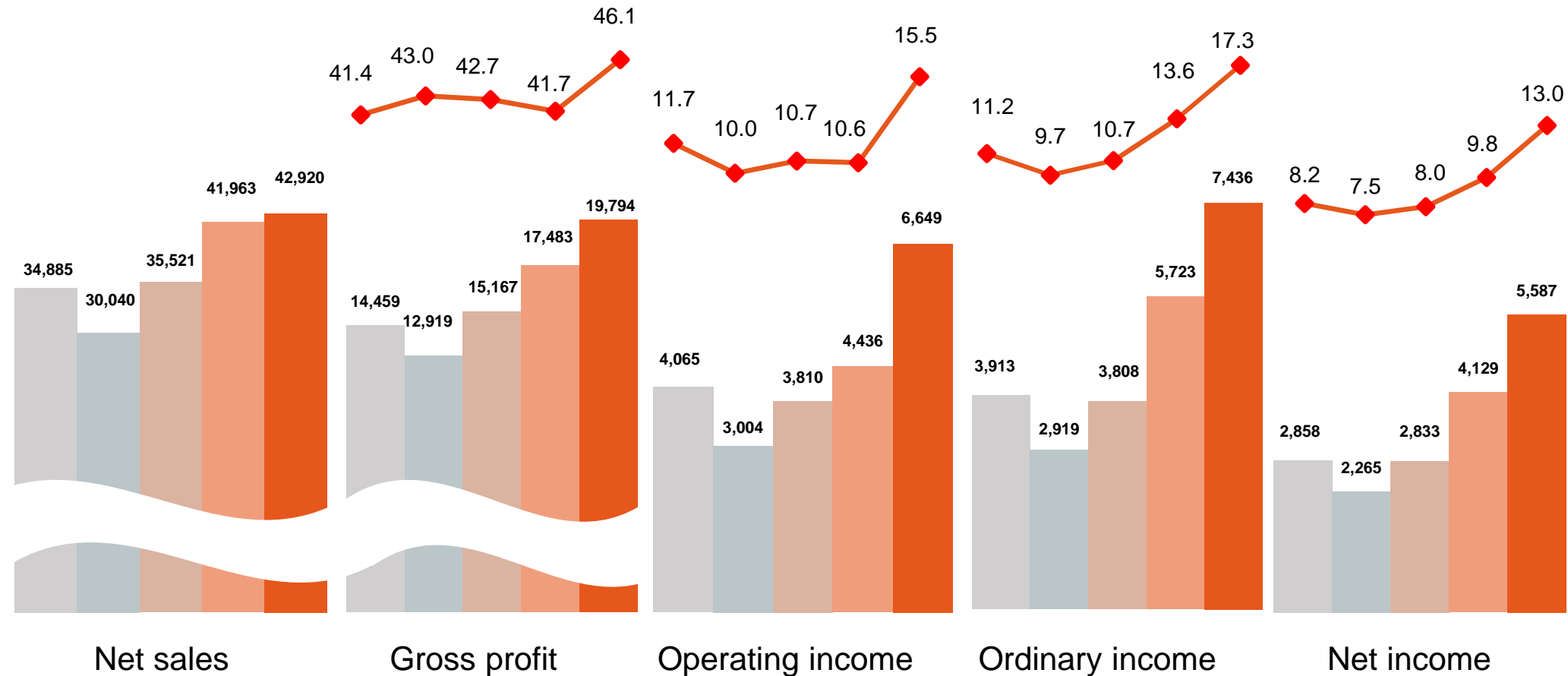
Changes in Group-Wide Financial Results in the First Half of FY 2019 to FY 2023

■ H1 FY 2019
■ H1 FY 2022

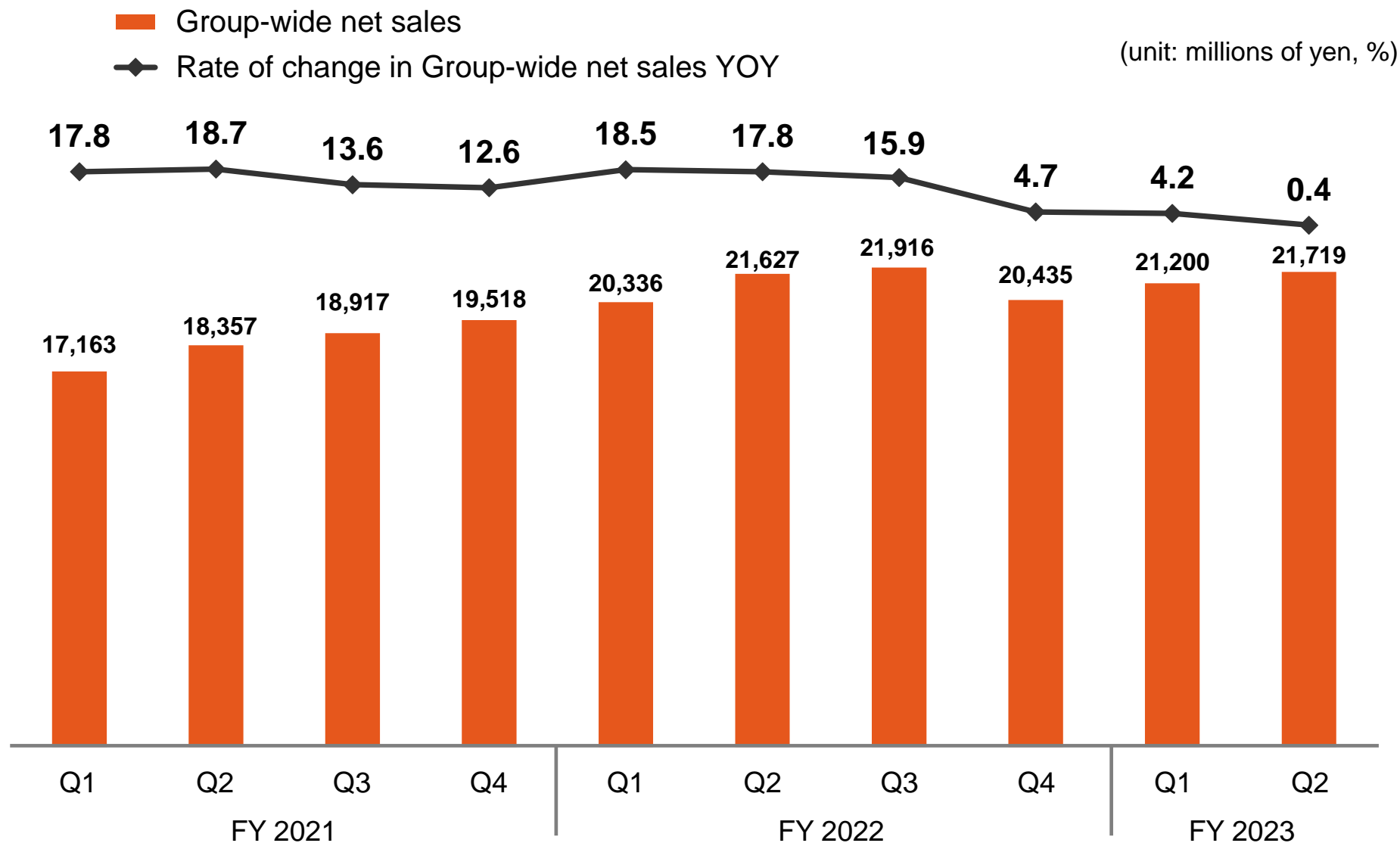
■ H1 FY 2020
■ H1 FY 2023

■ H1 FY 2021
— Corresponding ratio

(unit: millions of yen, %)

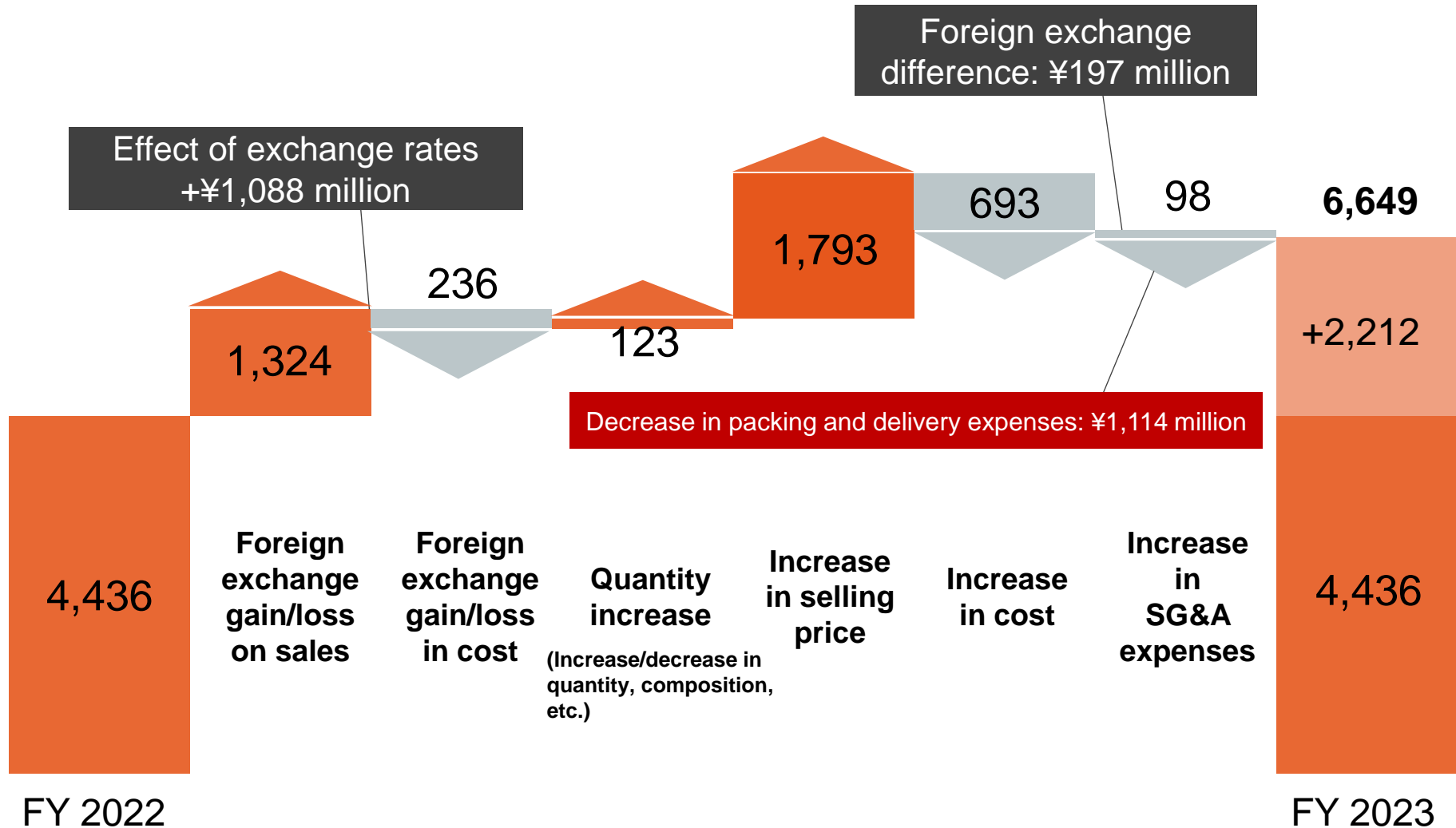


Changes in Net Sales by Quarter



Factors for Increase/Decrease of Operating Income

(unit: millions of yen)



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

(unit: millions of yen)

	Results in H1 for FY under review	Results in H1 of previous FY	YOY
Non-operating income/expenses	787	1,287	-499
Non-operating income (excluding foreign exchange effect)	237	206	+30
Non-operating expenses (excluding foreign exchange effect)	-46	-46	-0
Foreign exchange gain/loss	596	1,126	-530
Extraordinary income/loss	55	-27	+82
Extraordinary income	69	13	+56
Extraordinary loss	-14	-40	+26

■ Facilities investment, depreciation, R&D expenses

(unit: millions of yen, %)

	Results in H1 for FY under review	Results in H1 of previous FY	FY 2023 annual plan	Rate of progress
Facilities investment	926	1,227	4,615	20.1
Depreciation	1,509	1,453	3,460	43.6
R&D expenses	2,089	1,760	4,545	46.0

Priority Policy

Contribute to business growth by expanding priority businesses and actively investing in the launch of new businesses

Strategic investment for mid- and long-term business growth

Cumulative investment amount over 3 years (FY 2021 to FY 2023) **¥3.6 billion**

(unit: millions of yen, %)

	Actual investment in H1 for FY under review	FY 2023 annual plan	Rate of progress
Investment in operating infrastructure	147	500	29.4
Investment in digital technology	103	400	25.8
Strategic investment in R&D	71	600	11.8
Investment in corporate communication, etc.	2	100	2.0
Total	323	1,600	20.2

Raw material prices and exchange rate fluctuations continued to impact corporate earnings

Domestic

The economy continues to show signs of gradual recovery.

In the housing market, which affects the Group's Industrial Equipment segment, the number of new housing construction starts increased for rentals and remained constant for unit sales, although the number of owner-occupied housing was stagnant year-on-year. The floor area of construction starts for non-residential structures decreased significantly year-on-year.

Overseas

In the United States, despite the impact of rising interest rates, there are currently signs of a recovery in housing starts, and construction investment trended firm for the non-housing construction market such as commercial buildings and expressways.

In Europe, some regions are showing signs of weakness and concern cannot be dispelled regarding future trends such as a slowdown in the housing market.

Reference indices

Number of new housing construction starts

- Down 2.2% YOY for the period from January to June 2023 (Owner-occupied: -10.5%, Rental: +2.5%, Unit sales: -0.2%)

→ Negative effect on the industrial equipment product operations (wooden structure related)

Floor area of construction starts of non-residential structures / Supply and demand for skilled construction workers

- Down 15.9% YOY for the period from October 2022 to March 2023 (Offices: -32.7%, Shops: +0.5%, Factories: +4.5%, Warehouses: -31.2%)
- Supply and demand of skilled rebar workers (for construction sites) repeatedly fluctuates between shortage and excess

→ Negative effect on the industrial equipment product operations (concrete related)

Currency exchange rates

- 1 USD = 139.94 JPY, 1 EUR = 152.73 JPY (H1 FY 2022: 1 USD = 131.58 JPY, 1 EUR = 138.20 JPY)
- Foreign exchange sensitivity in sales (annual conversion) (Planned value for FY 2023) USD: 200 million JPY, EUR: 90 million JPY
- Foreign exchange sensitivity in operating income (annual conversion) (Planned value for FY 2023) USD: 50 million JPY, EUR: 90 million JPY

Number of new housing construction starts in the U.S.

- The annualized rate is 1,451,000 units in July 2023, 1,269,000 units in August 2023, and 1,358,000 units in September 2023 (Previous year—July: 1,371,000 units, August: 1,505,000 units, September: 1,463,000 units)



Financial Results for Individual Segments in the First Half of FY 2023

Financial Results for Individual Segments in the First Half of FY 2023

(unit: millions of yen, %)

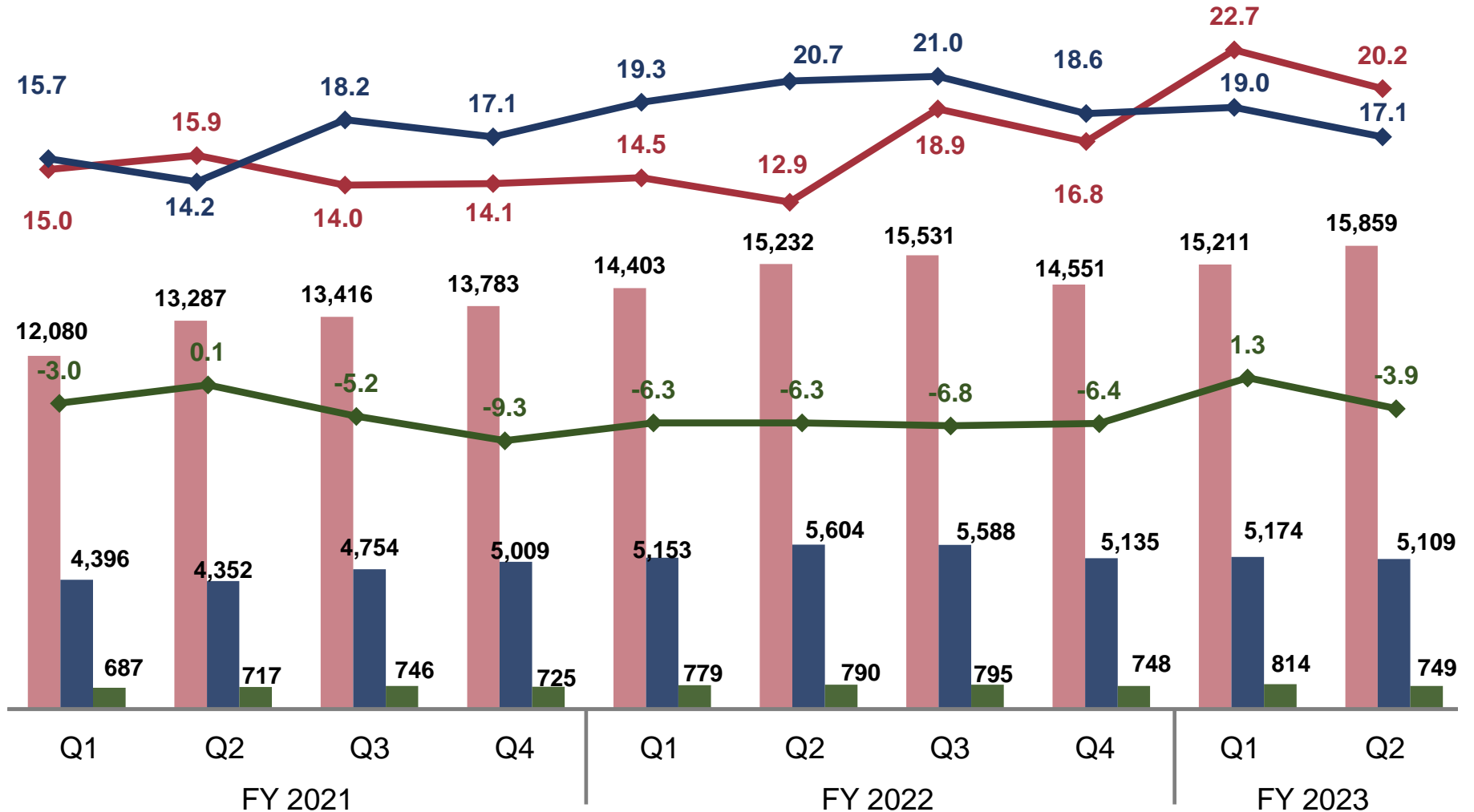
	Results in H1 for FY under review	Results in H1 of previous FY	% increase/ decrease	First-half plan*	Achievement rate
Industrial Equipment segment					
Net sales	31,071	29,636	+4.8	30,720	101.1
Segment profit	6,656	4,054	+64.2	6,230	106.8
Segment profit rate	21.4	13.7		20.3	
Office Equipment segment					
Net sales	10,284	10,758	-4.4	10,500	97.9
Segment profit	1,859	2,155	-13.8	1,940	95.8
Segment profit rate	18.1	20.0		18.5	
HCR Equipment segment					
Net sales	1,564	1,569	-0.3	1,630	96.0
Segment profit	-19	-98	—	20	—
Segment profit rate	-1.2	-6.3		1.2	
Adjustment amount	-1,846	-1,674	—	-1,940	—
Group-wide total					
Net sales	42,920	41,963	+2.3	42,850	100.2
Operating income	6,649	4,436	+49.9	6,250	106.4
Operating margin	15.5	10.6		14.6	

*Revised plan announced on July 31, 2023

Changes in Segment Results by Quarter

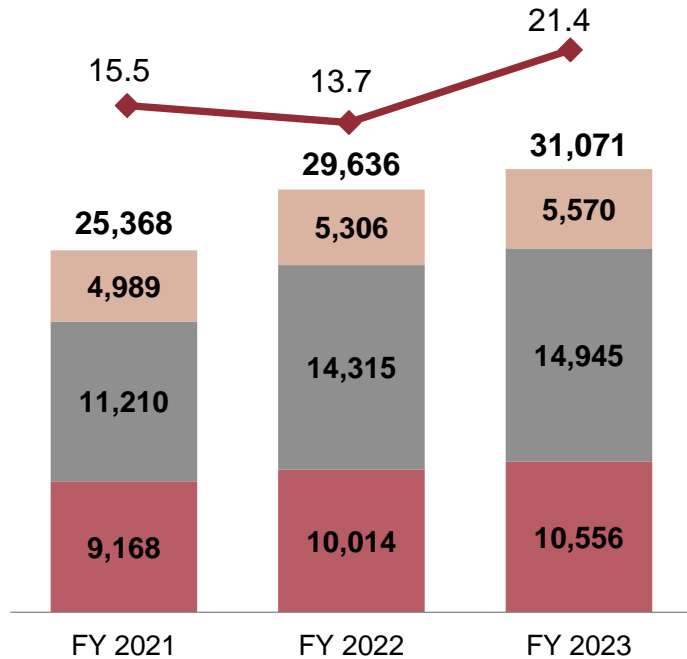
- Net sales by Industrial Equipment segment
- Net sales by Office Equipment segment
- Net sales by HCR Equipment segment
- Segment profit rate for Industrial Equipment segment
- Segment profit rate for Office Equipment segment
- Segment profit rate for HCR Equipment segment

(unit: millions of yen, %)



Industrial Equipment Segment: Financial Results for the First Half of FY 2023

- Domestic industrial equipment product operations
 - Overseas industrial equipment product operations
 - Residential environmental equipment operations
 - Segment profit rate
- (unit: millions of yen, %)



TWINTIER rebar tying tools



DRYFAN bathroom heaters, ventilators and dehumidifiers

Domestic industrial equipment product operations



Sales of air compressors, which are the mainstay of the business, trended favorably. Although sales of TWINTIER rebar tying tools slowed due to factors such as the impact of a decrease in the floor area of concrete construction starts, sales of their consumables trended firm thanks to a rise in the cumulative number of tools in operation.

Overseas industrial equipment product operations



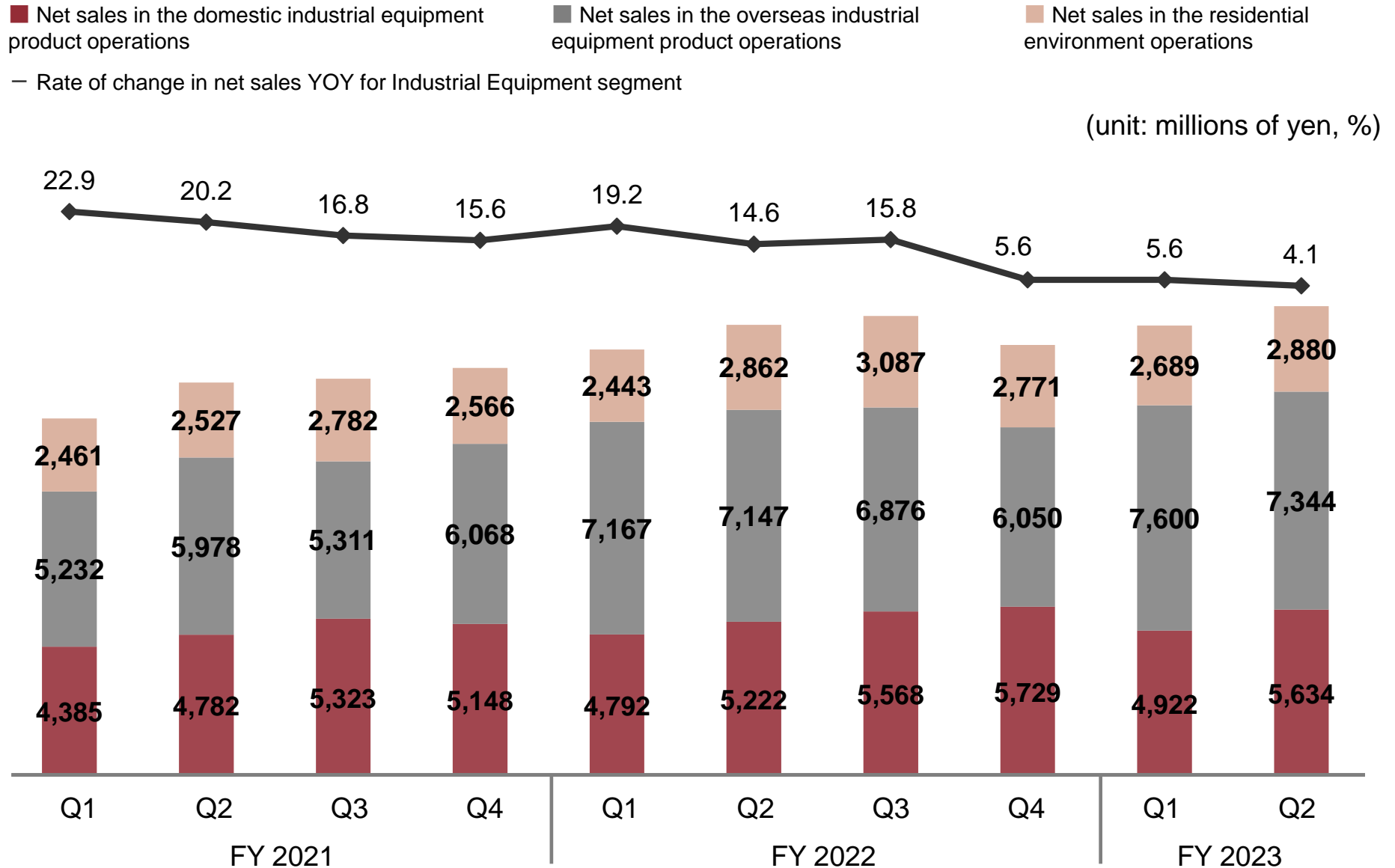
Sales of TWINTIER rebar tying tools grew in North America due to factors such as firm trends in construction expenditures in the non-housing construction market and holding of sales promotions. On the other hand, sales stagnated in Europe in view of the uncertain economic outlook.

Residential environmental equipment operations



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

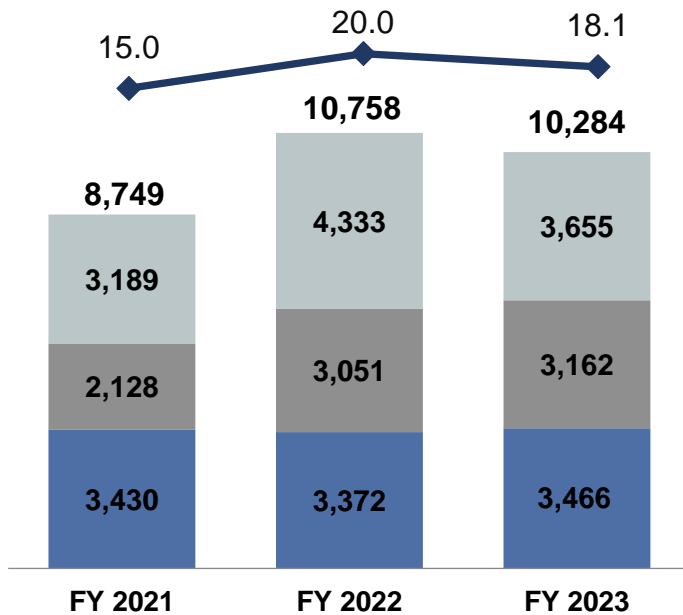
Industrial Equipment Segment: Changes in Net Sales by Quarter



Office Equipment Segment: Financial Results for the First Half of FY 2023

- Domestic office equipment product operations
- Overseas office equipment product operations
- Auto-stapler product operations
- Segment profit rate

(unit: millions of yen, %)



BEPOP label-making machines



LETATWIN tube markers

Domestic office equipment product operations



Due to the elimination of the shortage in electronic components which had occurred in the previous corresponding period, sales of labeling and signage products trended firm, with a focus on LETATWIN tube markers.

Overseas office equipment product operations



Sales of BEPOP label-making machines trended firm due to measures such as generating sales leads through increased participation in tradeshows in Europe and strengthening of face-to-face visiting demonstrations with prospective customer, despite decreased sales of stationery-related products because of the impact of inventory adjustments at customers.

Auto-stapler product operations



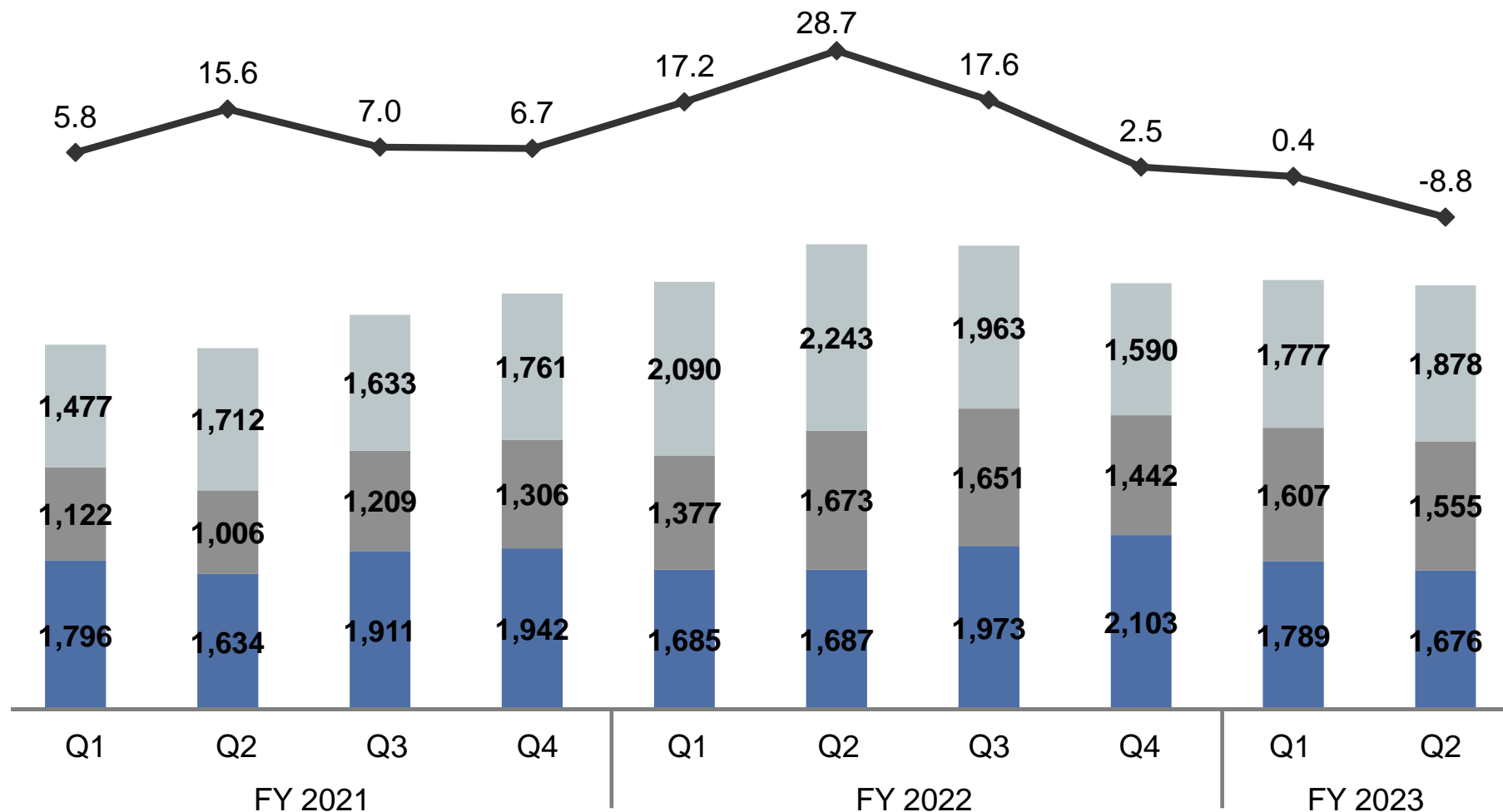
Sales of Auto Staplers and dedicated consumables decreased due to continued stagnating orders from customers.

Office Equipment Segment: Changes in Net Sales by Quarter

■ Net sales in the domestic office equipment product operations
 ■ Net sales in the overseas office equipment product operations
 ■ Net sales in the auto-stapler product operations

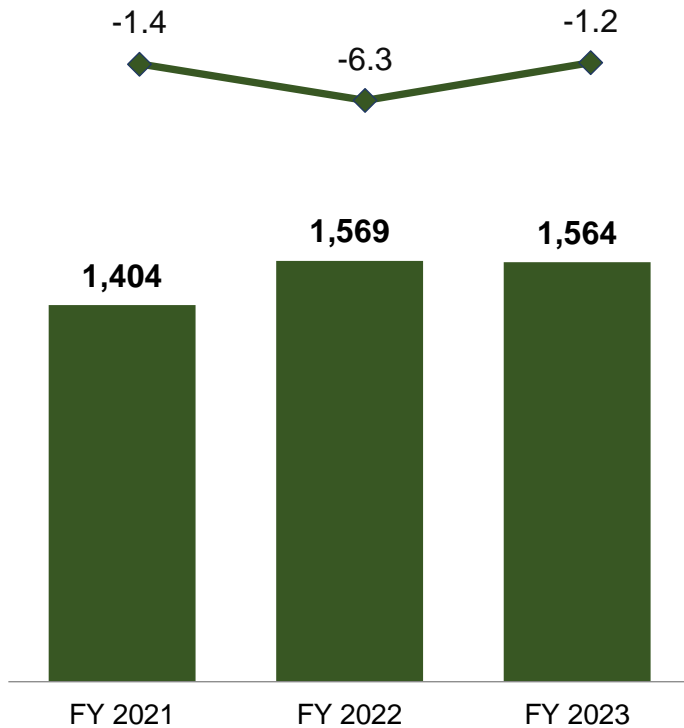
— Rate of change in net sales YOY for Office Equipment segment

(unit: millions of yen, %)



HCR Equipment Segment: Financial Results for the First Half of FY 2023

■ Net sales by HCR Equipment segment
— Segment profit rate
(unit: millions of yen, %)



Functionally sophisticated wheelchairs:
WAVIT Roo+



Multifunctional wheelchairs:
Modern Series

HCR Equipment segment



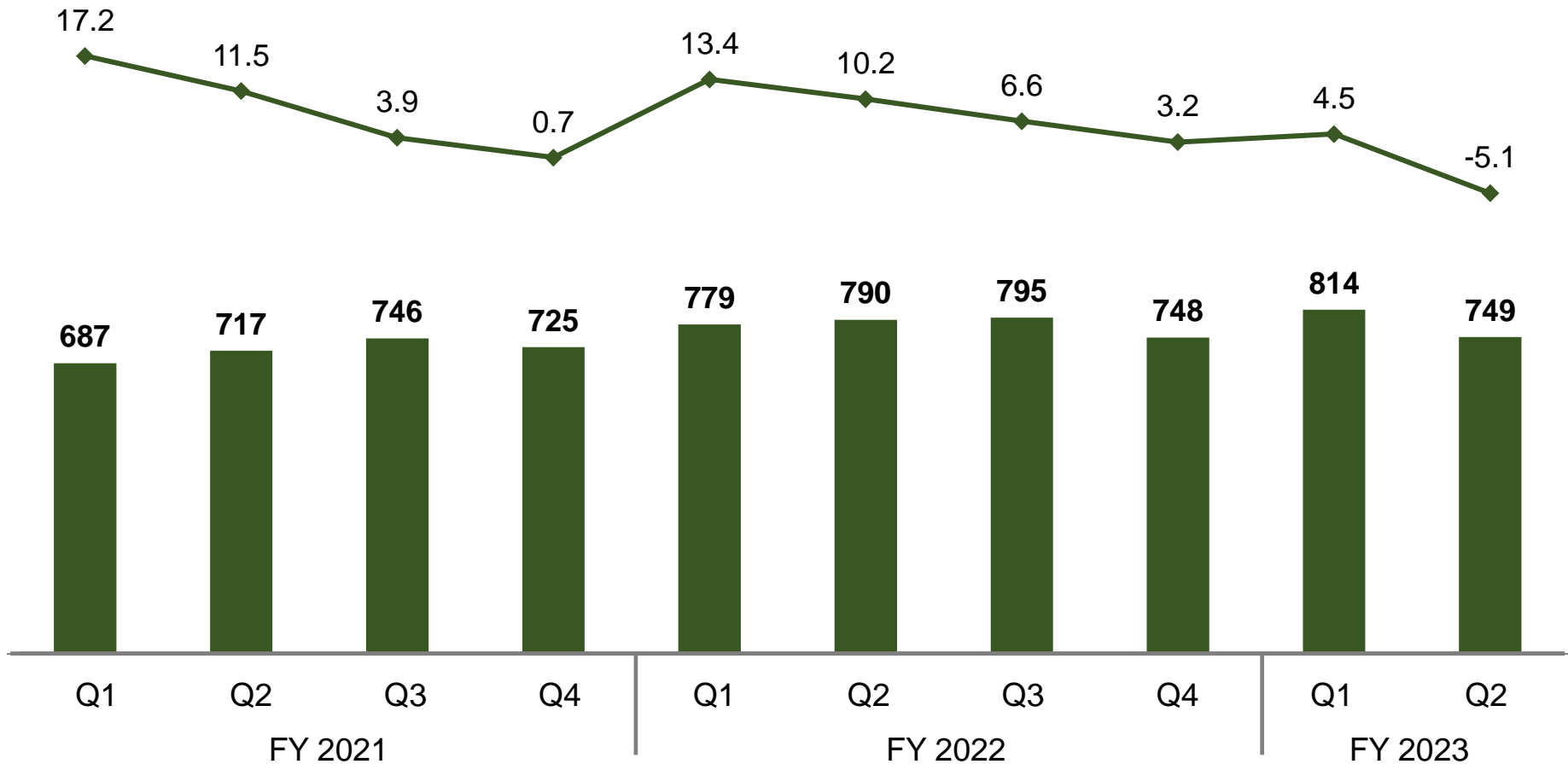
Revenue decreased due to stagnating orders from customers; for example, a decrease in rental demand.

HCR Equipment Segment: Changes in Net Sales by Quarter

■ Net sales by HCR Equipment segment

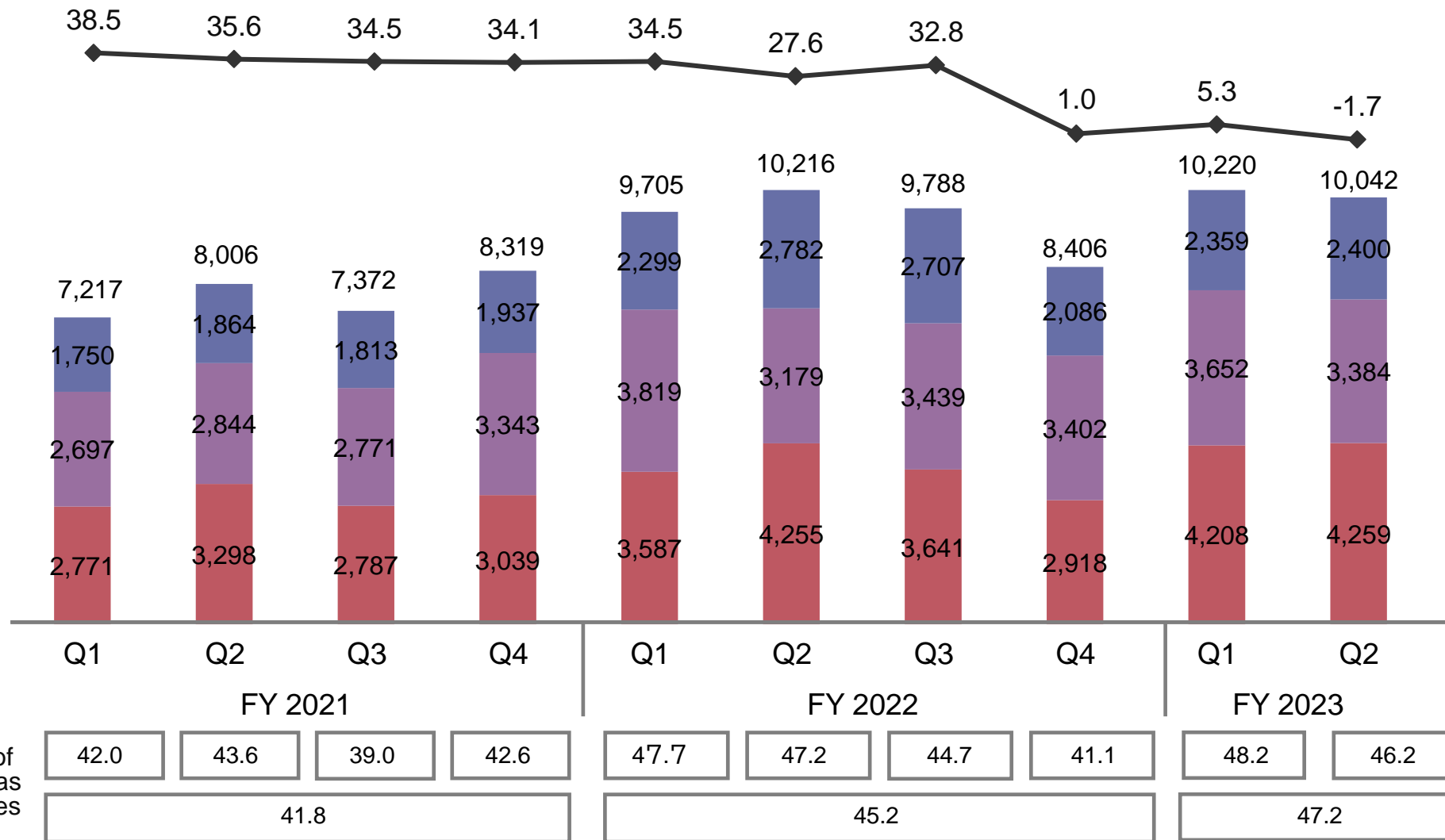
— Rate of change in net sales YOY for HCR Equipment segment

(unit: millions of yen, %)



Changes in Quarterly Net Sales by Overseas Region

■ Net sales in North America
 ■ Net sales in Europe
■ Net sales in Asia
 — Total overseas net sales (rate of change YOY)
 (unit: millions of yen, %)



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

Steady sales of tools for concrete structures with a focus on the rebar tying tools business

- Domestic and overseas sales of tools for concrete structures: **¥15.4 billion (+6.7% year-on-year)**
(Rate of progress compared to plan: **49.7%**)
- Number of concrete material dealers compared to March 31, 2021: **+56.2%**

Firm trend for the consumable Tie Wire in conjunction with rise in cumulative number of tools in operation

Overseas



North America

- Sales of tools grew due to factors such as continued firm trends in construction investment in the non-housing market and holding of sales promotions. Sales of consumables maintained a high level despite a slight decrease in quantity due to the impact of alleviating backorders in the first half of FY 2022.

Europe

- The housing market worsened due to factors such as uncertain economic outlook, and sales stagnated in regions such as Germany and Sweden. A difficult environment is expected to continue.

Common in Europe and North America

- Continued to strengthen approach to the stable non-housing market, which includes commercial buildings, bridges, expressways, etc.

Japan



- Although sales of tools stagnated due to a decrease in floor area of concrete construction starts, sales of consumables trended firm due to a rise in the cumulative number of tools in operation. We will continue proposal activities with a focus on increasing users' productivity by target applications (slabs, walls, columns, etc.).



Operating Results Forecast for FY 2023

Group-Wide Plan in FY 2023

■ Forecasted exchange rates (from Q3)

1 USD = 140.00 JPY

1 EUR = 150.00 JPY

(unit: millions of yen, %)

	Current plan (Oct. 31, 2023)	Previous plan (July 31, 2023)	Difference	Results in previous FY	% increase/ decrease
Net sales	87,000	87,800	-800	84,316	+3.2
Operating income	12,300	12,000	300	9,926	+23.9
Corresponding ratio	14.1	13.7		11.8	
Ordinary income	12,500	11,960	540	10,510	+18.9
Corresponding ratio	14.4	13.6		12.5	
Net income attributable to shareholders of parental company	9,380	8,500	880	7,619	+23.1
Corresponding ratio	10.8	9.7		9.0	
Net income per share (yen)	199.53	179.57		161.07	
ROE	10.1	9.2	0.9P	8.9	

- We now predict that we will surpass the forecast of income due to factors such as strong business performance, increased revenue in the domestic business, and changes made to the forecasted exchange rate. Furthermore, we now predict that we will not reach the forecast of net sales due to continued stagnation of sales of tools for concrete structures in Europe.

Segment Plans in FY 2023

(unit: millions of yen, %)	Current plan (Oct. 31, 2023)	Previous plan (July 31, 2023)	Difference	Results in previous FY	% increase/ decrease
Industrial Equipment segment					
Net sales	62,500	62,780	-280	59,719	+4.7
Segment profit	12,650	11,940	710	9,433	+34.1
Segment profit rate	20.2	19.0		15.8	
Office Equipment segment					
Net sales	21,320	21,720	-400	21,482	-0.8
Segment profit	3,950	4,030	-80	4,287	-7.9
Segment profit rate	18.5	18.6		20.0	
HCR Equipment segment					
Net sales	3,180	3,300	-120	3,113	+2.1
Segment profit	0	80	-80	-201	—
Segment profit rate	0.0	2.4		-6.5	
Adjustment amount	-4,300	-4,050	-250	-3,594	
Group-wide total					
Net sales	87,000	87,800	-800	84,316	+3.2
Operating income	12,300	12,000	300	9,926	+23.9
Operating margin	14.1	13.7		11.8	

Plans for Each Subsegment (Business) in FY 2023

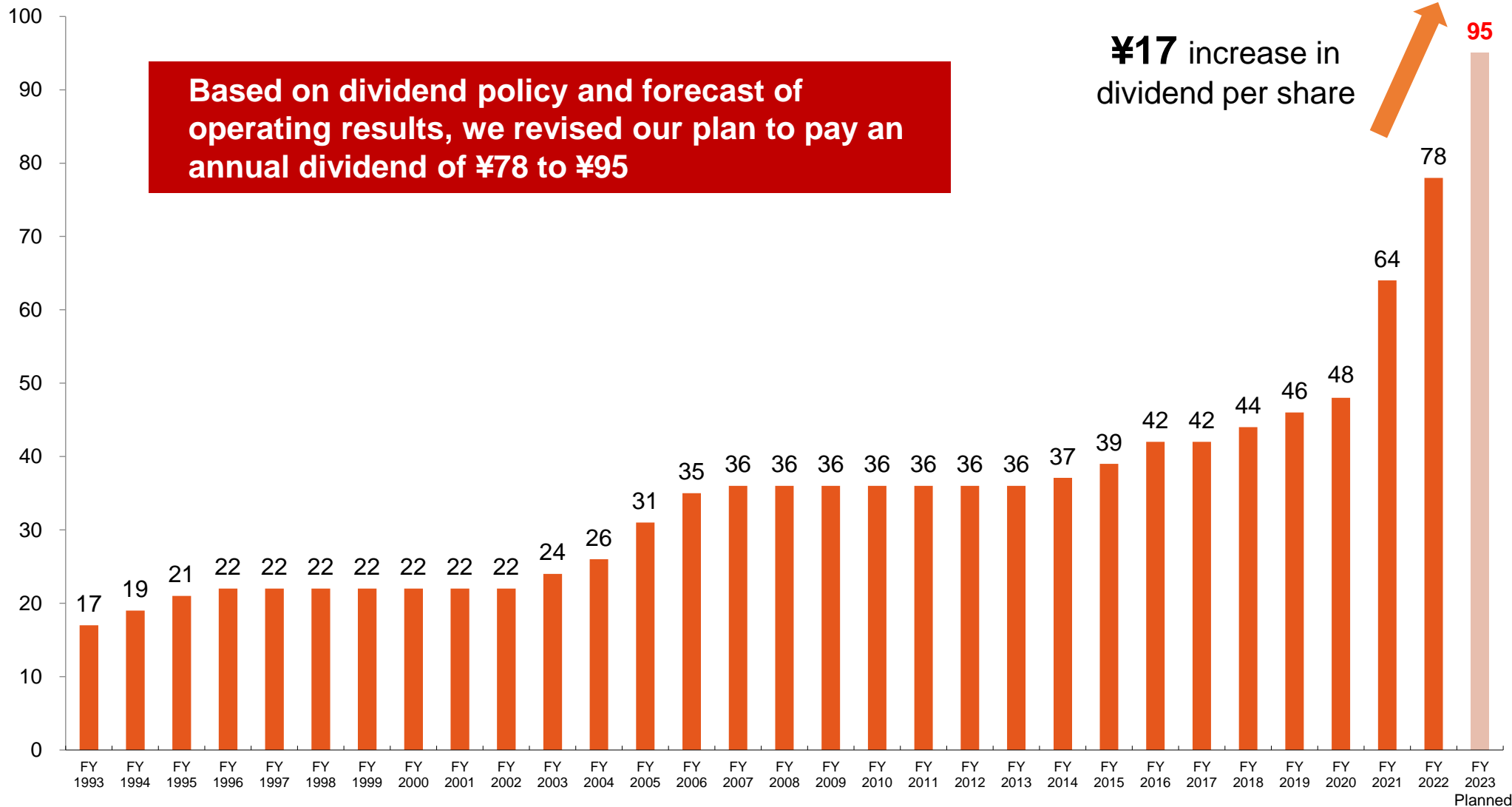
(unit: millions of yen, %)

	Current plan (Oct. 31, 2023)	Results in previous FY	% increase/decrease
Industrial Equipment segment			
Segment net sales	62,500	59,719	+4.7
Domestic industrial equipment product operations	21,800	21,312	+2.3
Overseas industrial equipment product operations	29,070	27,241	+6.7
Residential environmental equipment operations	11,630	11,165	+4.2
Segment profit	12,650	9,433	+34.1
Segment profit rate	20.2	15.8	

	Current plan (Oct. 31, 2023)	Results in previous FY	% increase/decrease
Office Equipment segment			
Segment net sales	21,320	21,482	-0.8
Domestic office equipment product operations	7,690	7,450	+3.2
Overseas office equipment product operations	6,220	6,145	+1.2
Auto-stapler product operations	7,410	7,887	-6.0
Segment profit	3,950	4,287	-7.9
Segment profit rate	18.5	20.0	

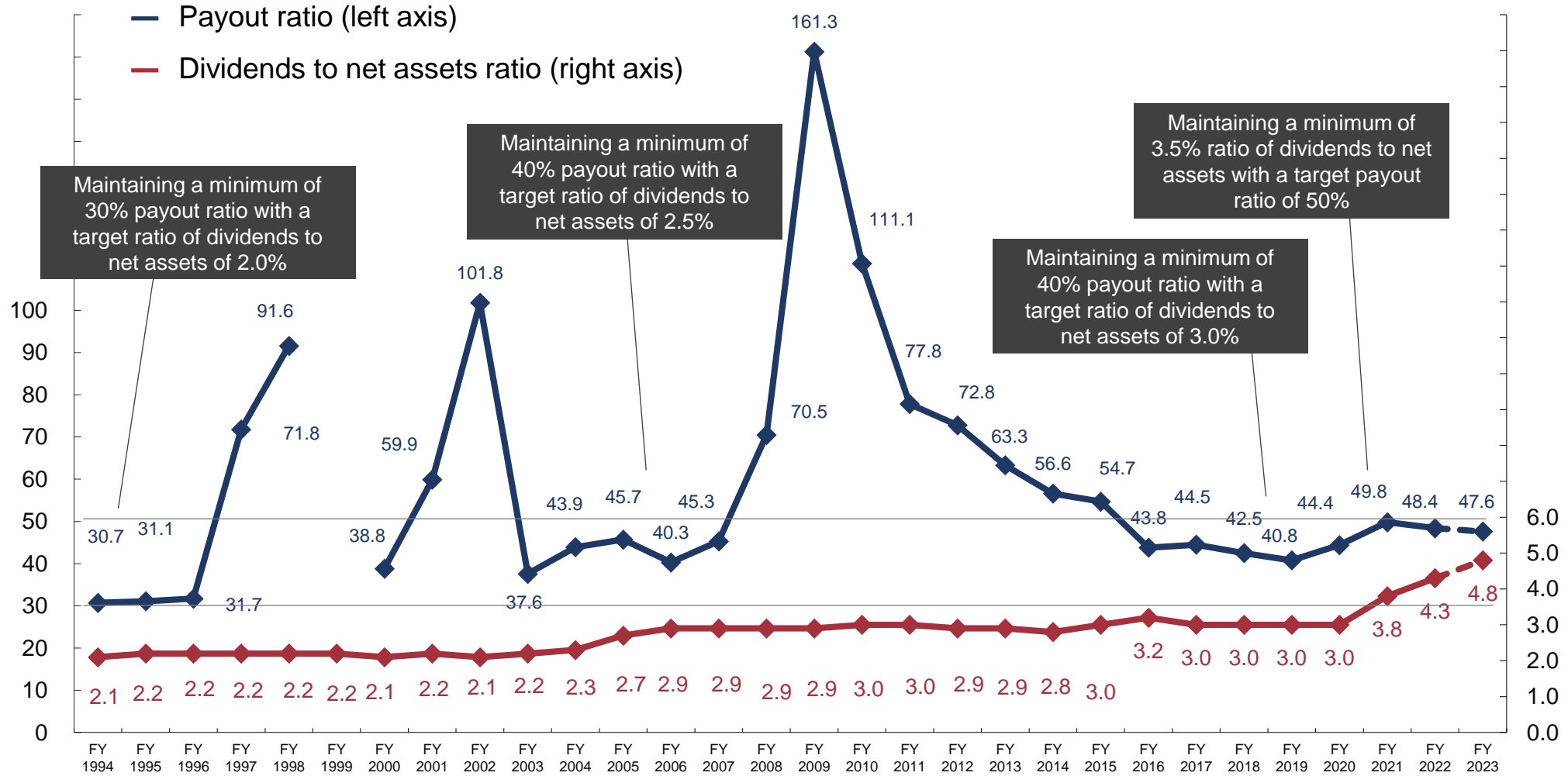
Dividend Policy: Dividends per Share

Based on consolidated financial results, “maintain a minimum of 3.5% ratio of dividends to net assets” and “seek to achieve a target payout ratio of 50%.”
(unit: yen)



Dividend Policy: Payout Ratio and Dividends to Net Assets Ratio

(unit: %)



Note: Non-consolidated base until FY 2004.

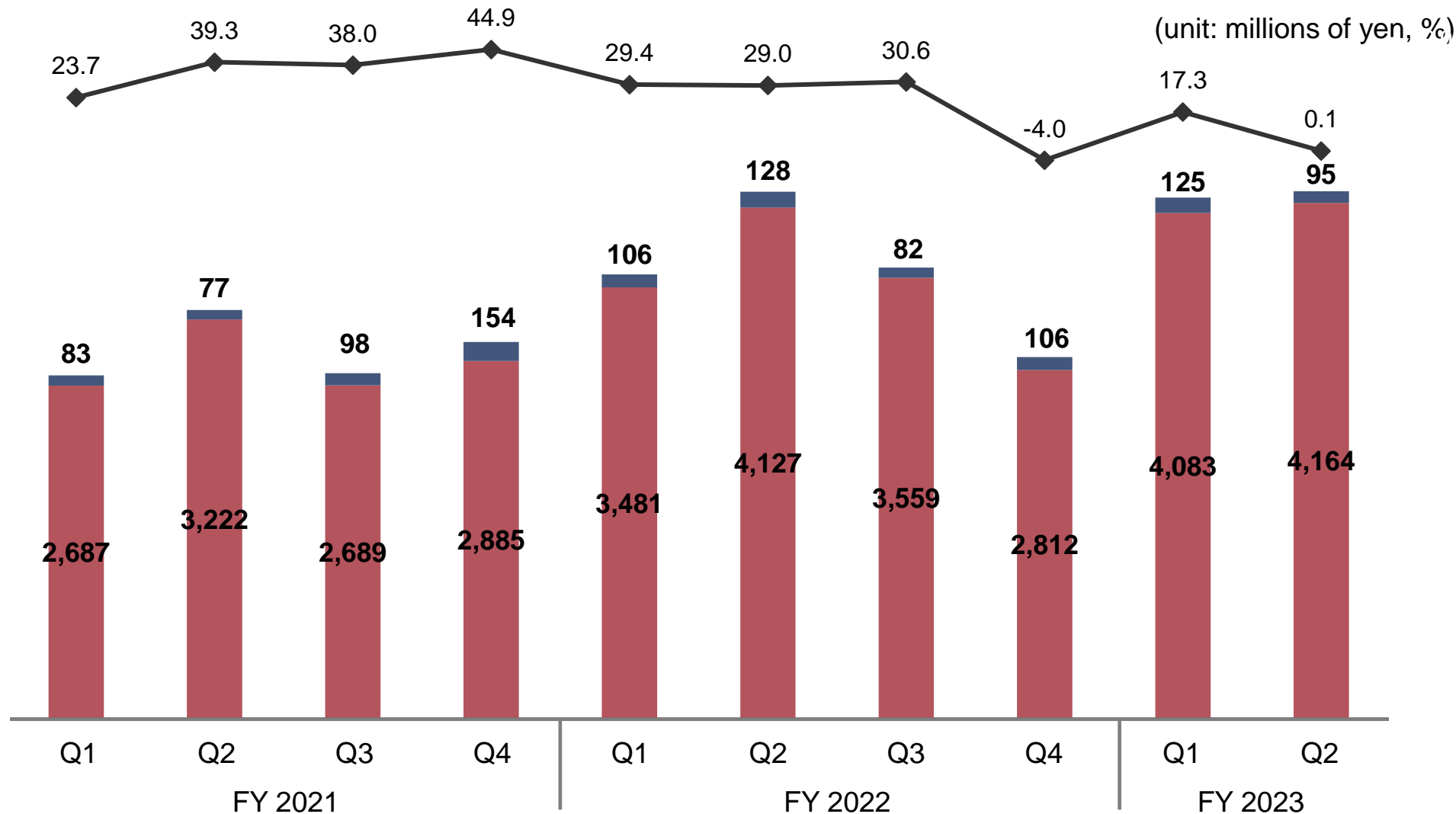
Planned



Reference Materials

Changes in Quarterly Segment Net Sales by Overseas Region (North America)

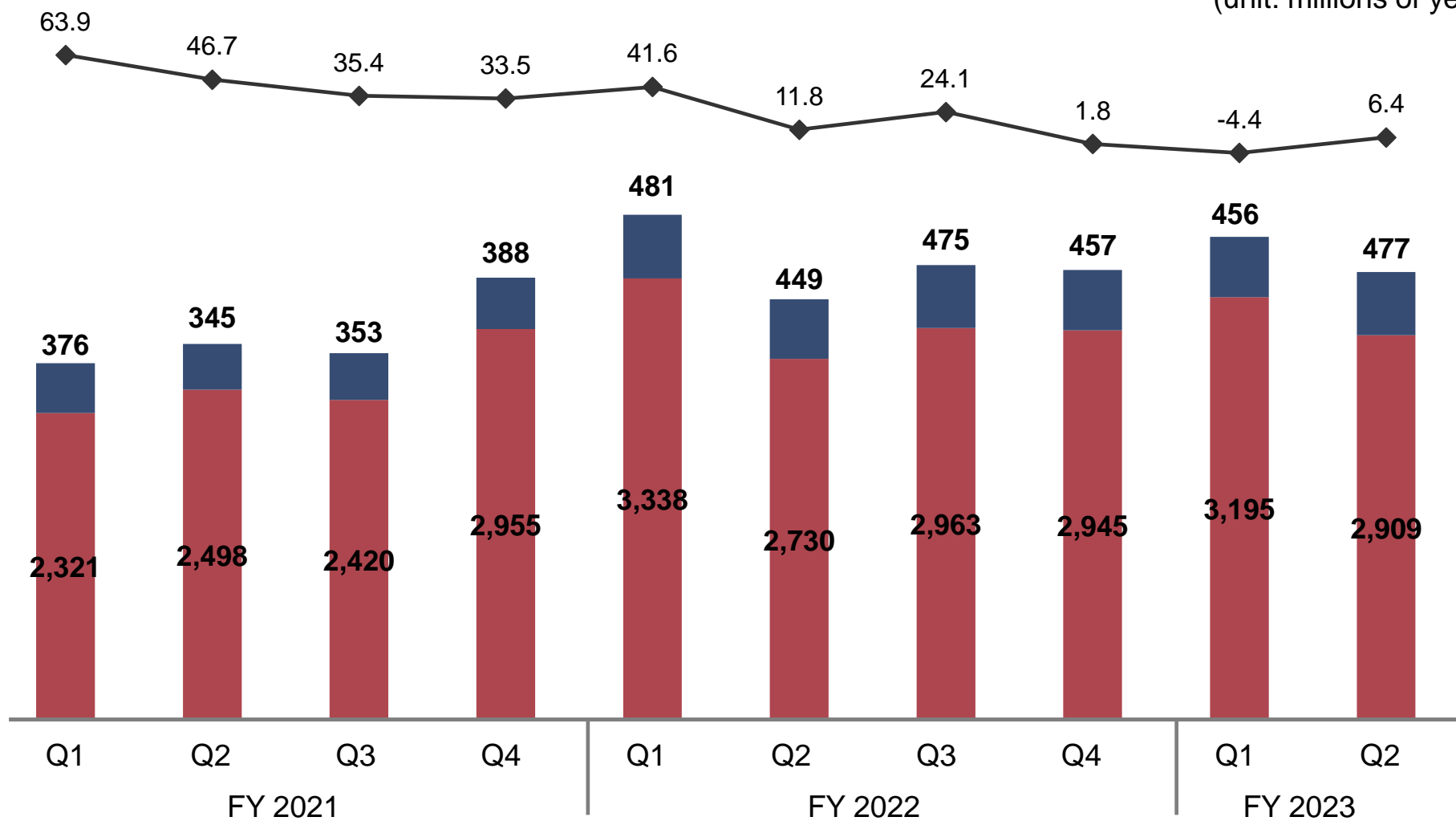
■ Net sales by Industrial Equipment segment ■ Net sales by Office Equipment segment — Rate of change in net sales YOY in North America



Changes in Quarterly Segment Net Sales by Overseas Region (Europe)

■ Net sales by Industrial Equipment segment
 ■ Net sales by Office Equipment segment
 — Rate of change in net sales YOY in Europe

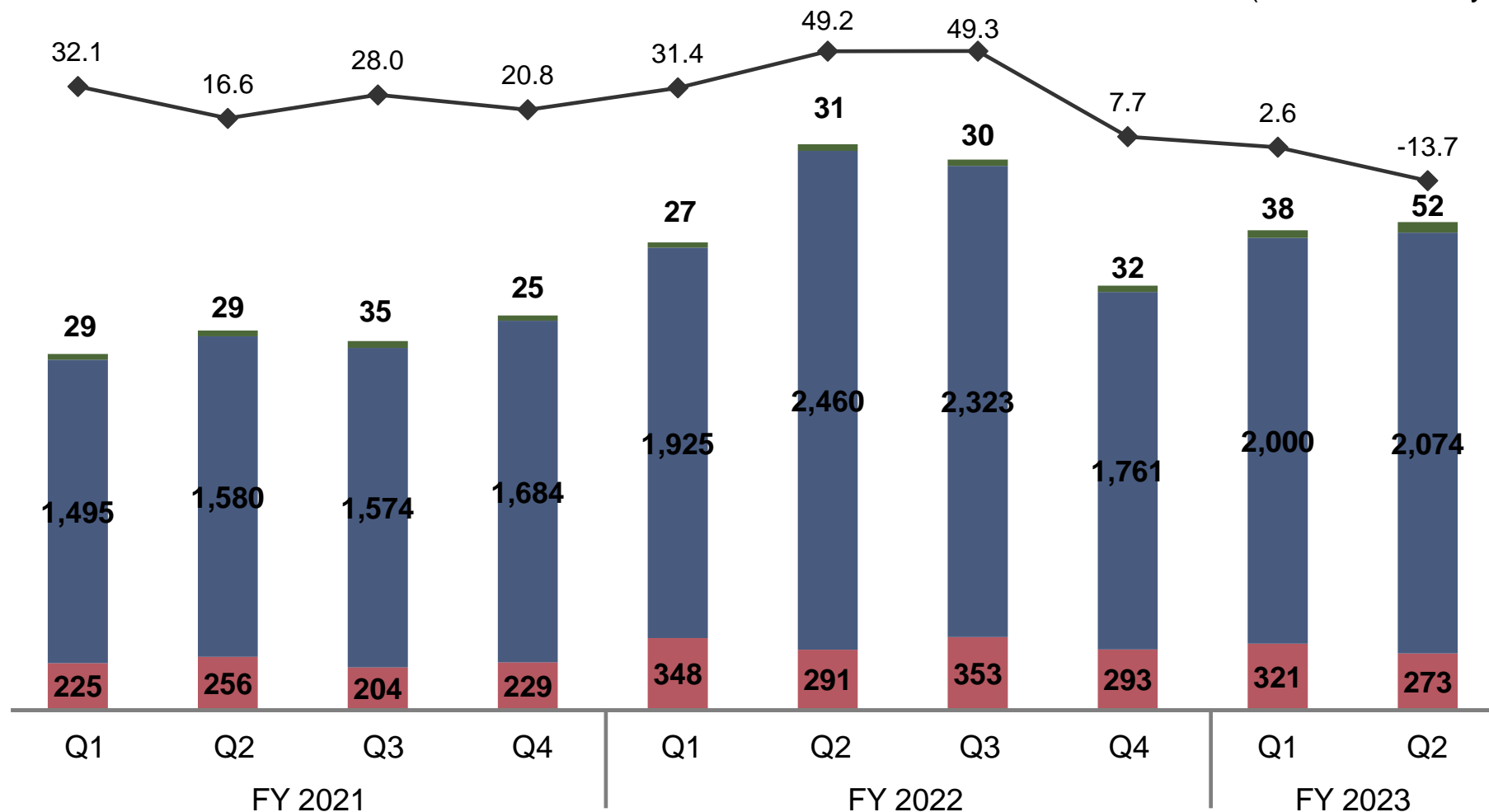
(unit: millions of yen, %)



Changes in Quarterly Segment Net Sales by Overseas Region (Asia Excluding Japan)

- Net sales by Industrial Equipment segment
- Net sales by Office Equipment segment
- Net sales by HCR Equipment segment
- Rate of change in net sales YOY in Asia

(unit: millions of yen, %)



Main Products in Industrial Equipment Product Operations and Office Equipment Product Operations

Industrial equipment product operations

Tools for wooden structures	Tools for concrete structures	AF (Agriculture/Food)
<p>Nailers</p> 	<p>TWINTIER rebar tying tools</p> 	<p>Branch induction binders for horticulture</p>  
<p>Air compressors</p> 	<p>Concrete nailers</p> 	<p>Bag closing machines</p>  
<p>Battery-power tools</p> 	<p>Gas nailers</p> 	

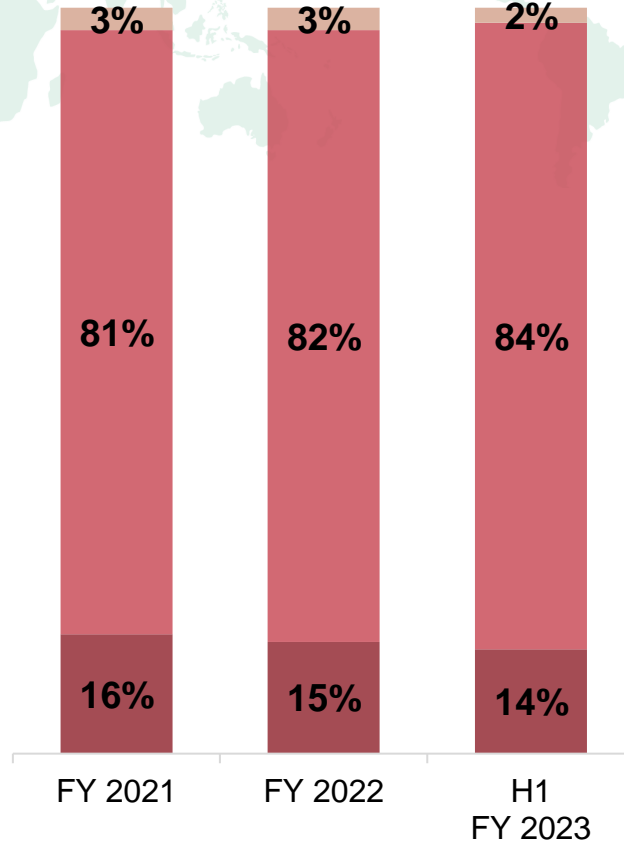
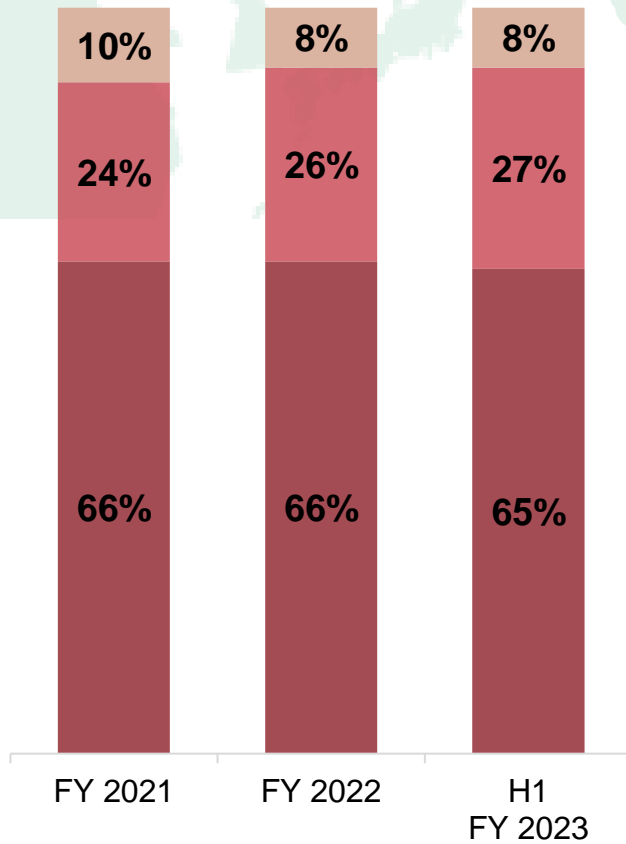
Office equipment product operations

Stationery-related products	Labeling and signage products	Other
<p>Staplers</p> 	<p>BEPOP label-making machines</p> 	<p>Time recorders</p> 
<p>Hole punches</p>  <p>Roller stamp for protecting personal information, and other products</p> 	<p>LETATWIN tube markers</p>  <p>Label printers for food labeling</p> 	<p>Calligraphy printer</p> 

Industrial Equipment Segment: Product Breakdown of the Domestic/Overseas Industrial Equipment Product Operations

Product breakdown for the domestic industrial equipment product operations

Product breakdown for the overseas industrial equipment product operations

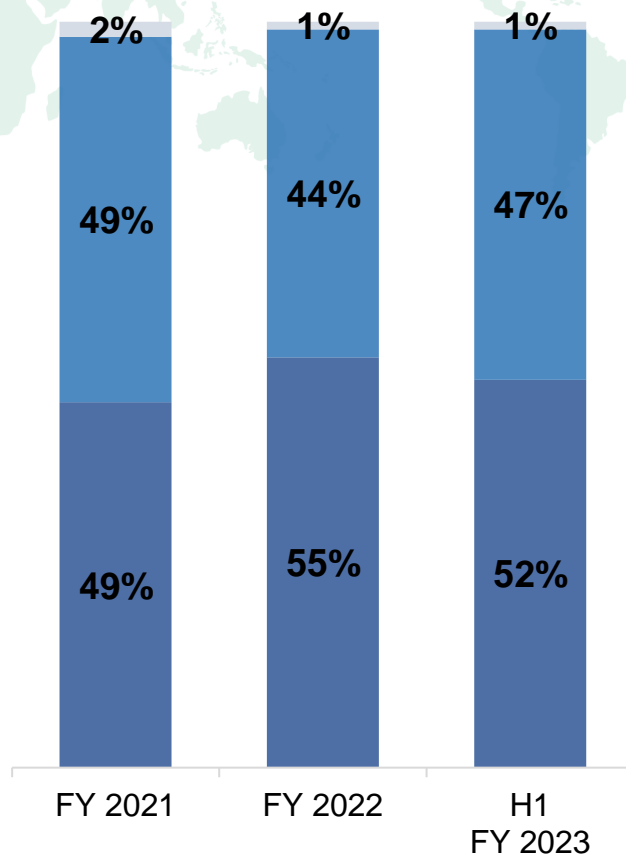
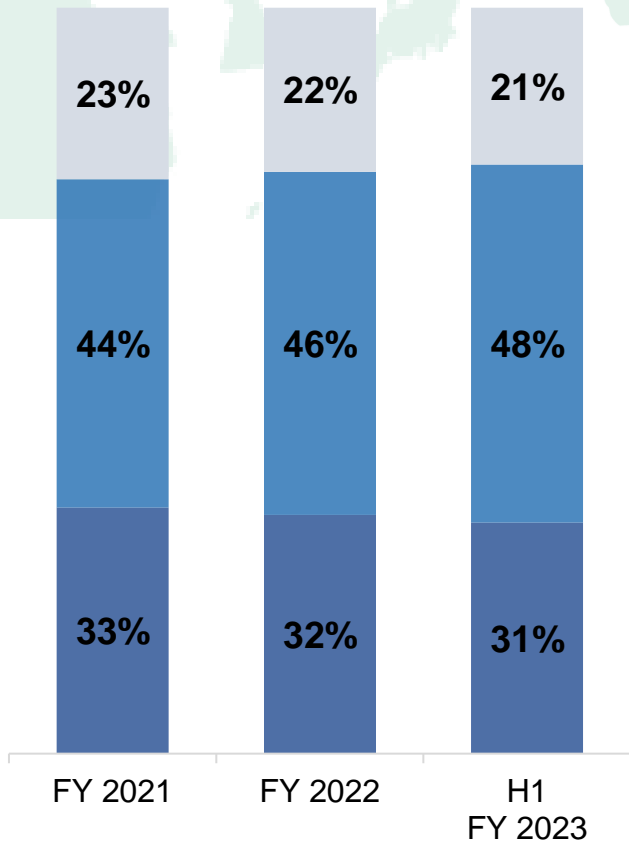


- AF (Agriculture/Food)
- Tools for concrete structures
- Tools for wooden structures

Office Equipment Segment: Product Breakdown of the Domestic/Overseas Office Equipment Product Operations

Product breakdown for the domestic office equipment product operations

Product breakdown for the overseas office equipment product operations



- Other
- Labeling and signage products
- Stationery-related products



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 future business results, etc., may differ considerably depending on various factors.