

The logo for MAX, consisting of the letters "MAX" in a bold, white, sans-serif font inside an orange square.The slogan "ENGINEERED FOR PERFORMANCE" in a smaller, orange, sans-serif font, positioned below the MAX logo and flanked by two curved orange lines.

MAX Co., Ltd.

Financial Results Briefing for First Half of FY 2022

Announcement Date: October 28, 2022

Participants

Mitsuteru Kurosawa, President

Yoshihiro Kaku, Managing Director / Senior Executive Officer

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Table of Contents

Group-Wide Financial Results in the First Half of FY 2022

1. Group-Wide Financial Results in the First Half of FY 2022
2. Changes in Group-Wide Financial Results in the First Half of FY 2018 to FY 2022
3. Changes in Group-Wide Financial Results by Quarter
4. Factors for Increase/Decrease of Operating Income
5. Other Financial Information
6. Record of Strategic Investment
7. Economic Indicators

Financial Results for Individual Segments in the First Half of FY 2022

8. Financial Results for Individual Segments in the First Half of FY 2022
9. Changes in Segment Results by Quarter
10. Industrial Equipment Segment: Financial Results for the First Half of FY 2022
11. Industrial Equipment Segment: Changes in Financial Results by Quarter
12. Office Equipment Segment: Financial Results for the First Half of FY 2022
13. Office Equipment Segment: Changes in Financial Results by Quarter
14. HCR Equipment Segment: Financial Results for the First Half of FY 2022
15. HCR Equipment Segment: Changes in Financial Results by Quarter
16. Changes in Quarterly Net Sales by Overseas Region
17. Priority Business: Overview of Rebar Tying Tools Business
18. Efforts on Sustainability

Operating Results Forecast for FY 2022

19. Group-Wide Plan in FY 2022
20. Segment Plans in FY 2022
21. Plans for Each Subsegment (Operation) in FY 2022
22. Dividend Policy: Payout Ratio and Dividends to Net Assets Ratio
23. Dividends Policy: Dividends per Share

Reference Materials

24. Changes in Quarterly Segment Net Sales by Overseas Region (North America)
25. Changes in Quarterly Segment Net Sales by Overseas Region (Europe)
26. Changes in Quarterly Segment Net Sales by Overseas Region (Asia Excluding Japan)
27. Main Products in Industrial Equipment Product Operations and Office Equipment Product Operations
28. Industrial Equipment Segment: Product Breakdown of the Domestic/Overseas Industrial Equipment Product Operations
29. Office Equipment Segment: Product Breakdown of the Domestic/Overseas Office Equipment Product Operations



Group-Wide Financial Results in the First Half of FY 2022

Group-Wide Financial Results in the First Half of FY 2022

1

■ Exchange rates

(JPY)	H1 FY 2022	H1 FY 2021	Planned
1 USD	131.58	109.92	125.75
1 EUR	138.20	131.18	135.88

(unit: millions of yen, %)

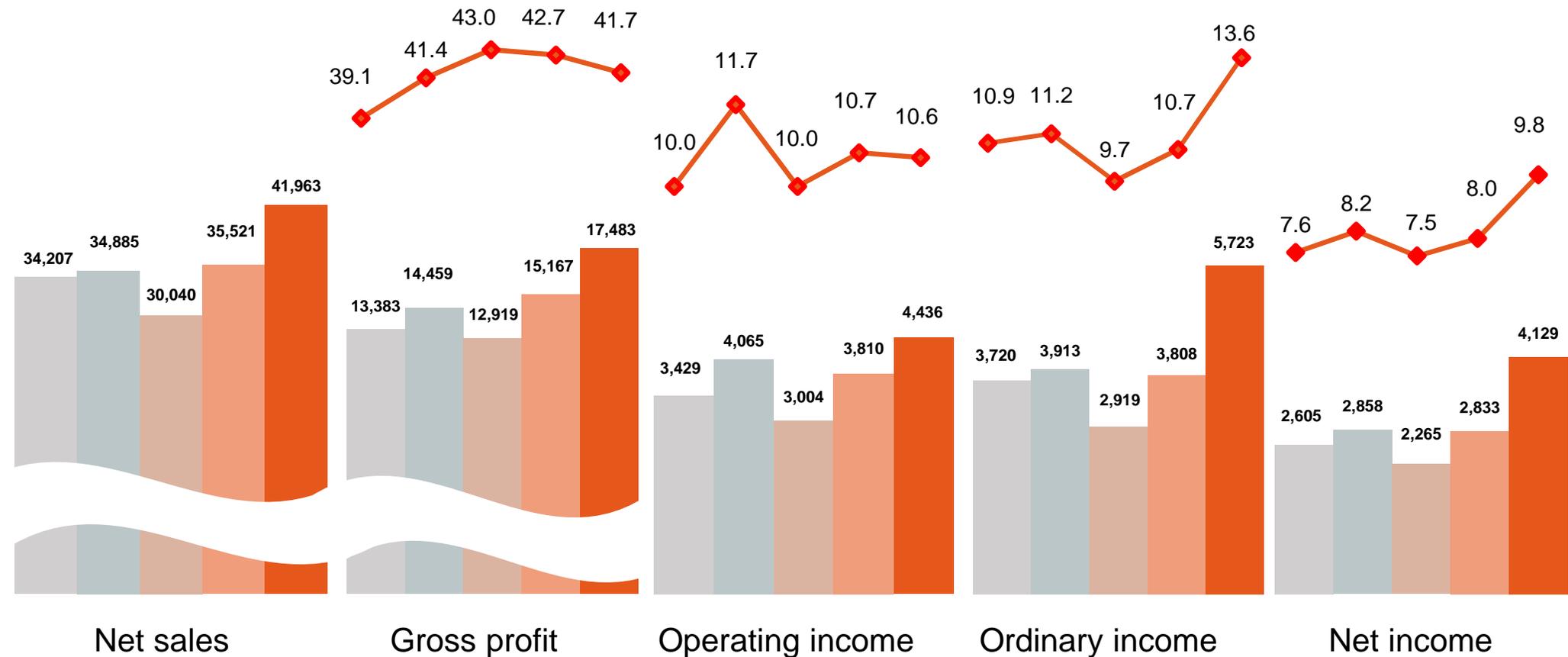
	Results in H1 for FY under review	Results in H1 of previous FY	% increase/ decrease	First-half plan*	Achievement rate
Net sales	41,963	35,521	+18.1	41,300	101.6
Gross profit	17,483	15,167	+15.3	—	—
Corresponding ratio	41.7	42.7	—	—	—
Operating income	4,436	3,810	+16.4	4,380	101.3
Corresponding ratio	10.6	10.7	—	10.6	—
Ordinary income	5,723	3,808	+50.3	4,770	120.0
Corresponding ratio	13.6	10.7	—	11.5	—
Net income attributable to shareholders of parental company	4,129	2,833	+45.7	3,450	119.7
Corresponding ratio	9.8	8.0	—	8.4	—
Net income per share (yen)	87.29	59.56	—	72.93	—

*Revised plan announced on July 29, 2022

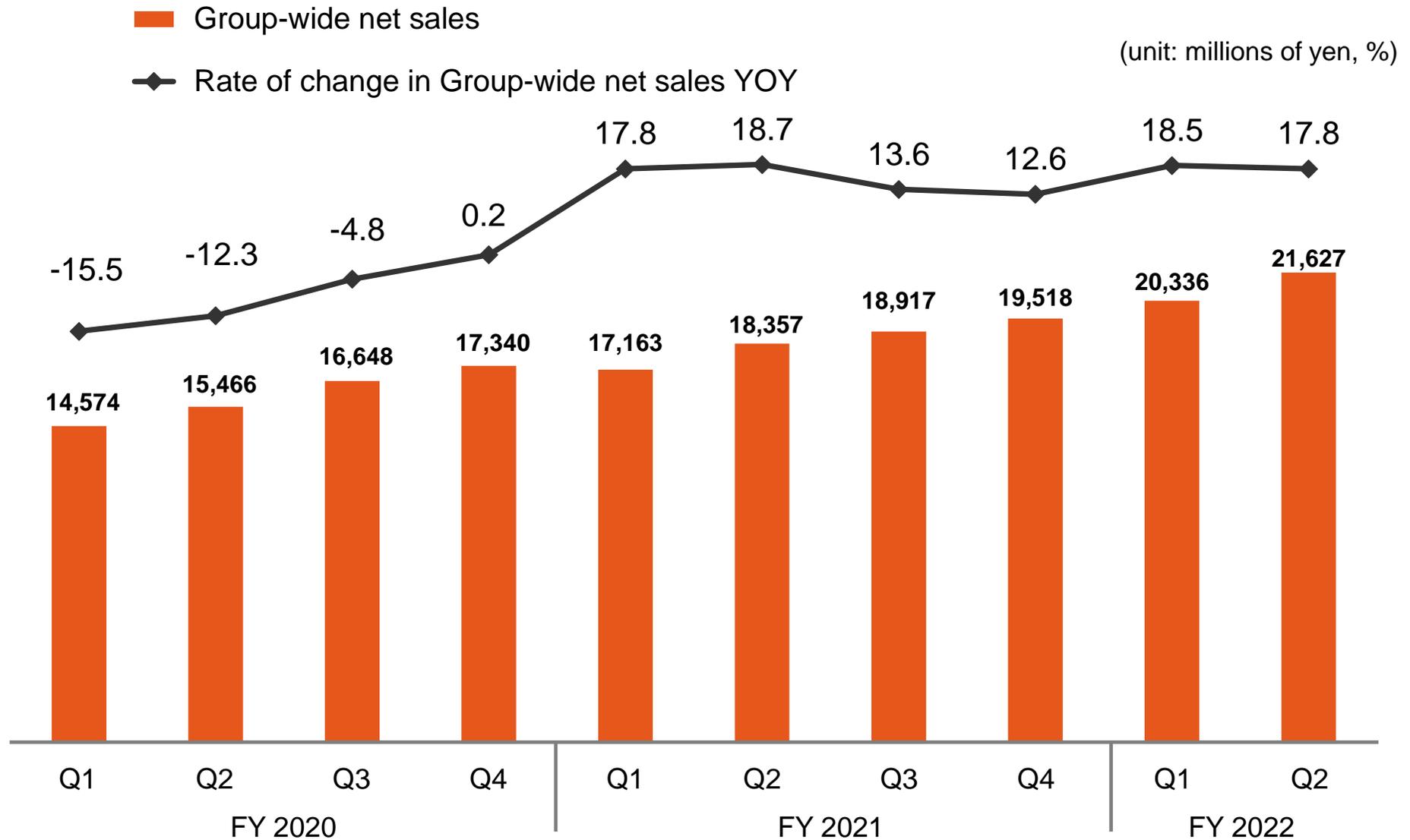
Changes in Group-Wide Financial Results in the First Half of FY 2018 to FY 2022



(unit: millions of yen, %)

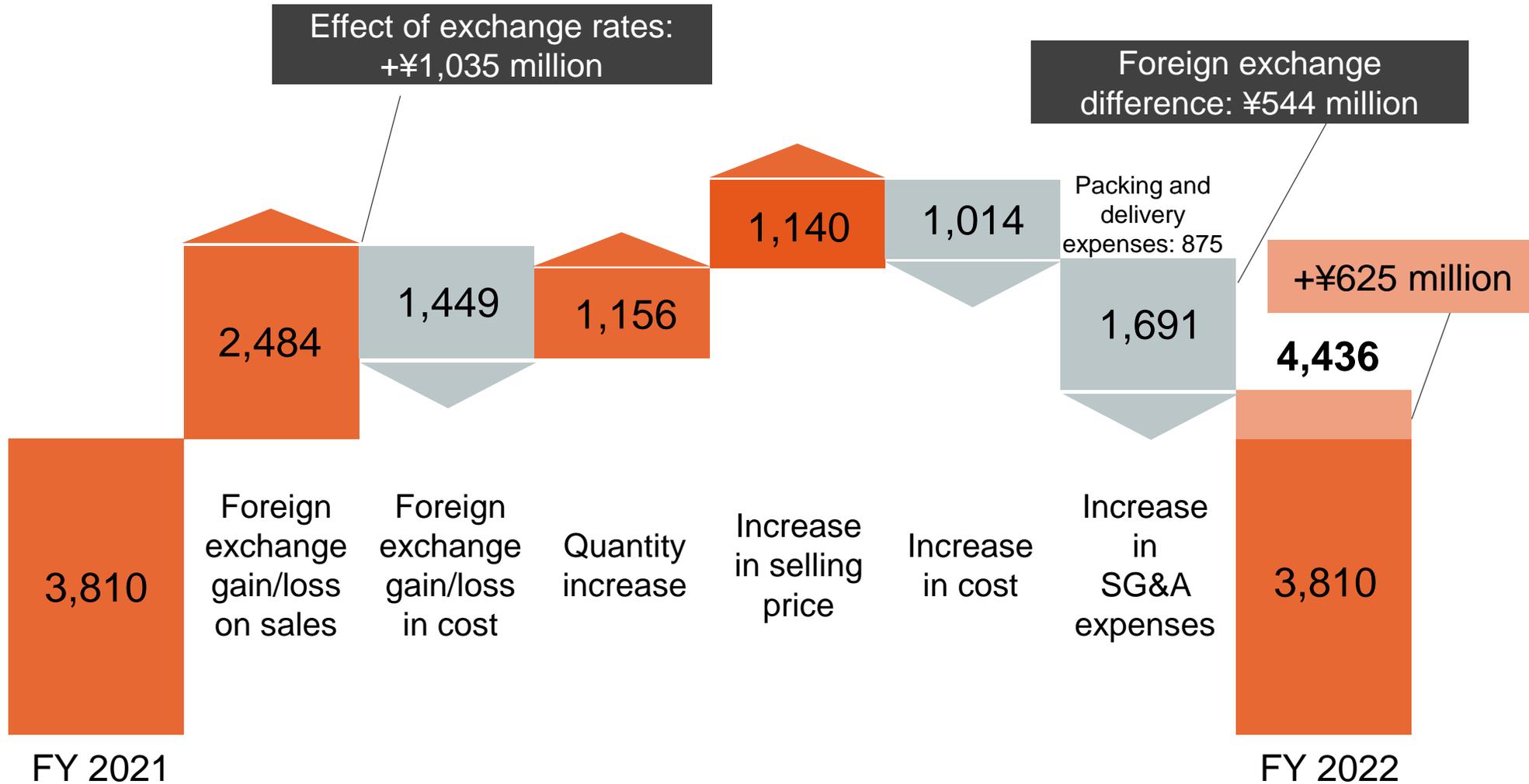


Changes in Group-Wide Financial Results by Quarter



Factors for Increase/Decrease of Operating Income

(unit: millions of yen)



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

(unit: millions of yen)

	H1 FY 2022	H1 FY 2021	YOY
Non-operating income/expenses	1,287	-2	+1,289
Non-operating income (excluding foreign exchange effect)	206	162	+43
Non-operating expenses (excluding foreign exchange effect)	-46	-50	+4
Foreign exchange gain/loss	1,126	-114	+1,241
Extraordinary income/loss	-27	-10	-16
Extraordinary income	13	2	+10
Extraordinary loss	-40	-12	-27

■ Facilities investment, depreciation, R&D expenses

(unit: millions of yen, %)

	H1 FY 2022	H1 FY 2021	FY 2022 annual plan	Rate of progress
Facilities investment	1,227	2,674	4,464	27.5
Depreciation	1,453	1,339	3,161	46.0
R&D expenses	1,760	1,604	3,852	45.7

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)

FY 2022	H1 actual investment	Full-year plan	Rate of progress
Investment in operating infrastructure	146	500	29.2%
Investment in digital technology	57	200	28.5%
Strategic investment in development	84	500	16.8%
Investment in corporate communication	5	100	5.0%
Total	292	1,300	22.5%

Domestic

With the normalization of economic and social activities, the Japanese economy continued on a keynote of gradual recovery.

In the housing market, which affects the Group's Industrial Equipment segment, although the number of new housing construction starts fell below the same month of last year in some area, it remained firm overall, with a focus on rentals and unit sales.

Overseas

The impact of the COVID-19 pandemic eased, supporting a recovery footing.

In the U.S., housing starts continued to slow, impacted by rising mortgage interest rates and construction costs, but construction investment trended firm. In Europe, construction demand continued to increase, including large-scale public investment. Construction and civil engineering sites remained active in Europe and the U.S.

Reference indices

Number of new housing construction starts

- Up 1.6% YOY for the period from January to June 2022 (Owner-occupied: -8.0%, Rental: +7.5%, Unit sales: +5.0%)

→ Positive effect on the industrial equipment product operations (wooden structure related) and residential environmental equipment operations

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

- Up 15.2% YOY for the period from October 2021 to March 2022 (Offices: +40.3%, Shops: -9.3%, Factories: +34.3%, Warehouses: +29.3%)
 - Some shortages of skilled rebar workers (for construction sites) occurred.
- Positive effect on the industrial equipment product operations (concrete related)

Currency exchange rates

- 1 USD = 131.58 JPY, 1 EUR = 138.20 JPY (H1 FY 2021: 1 USD = 109.92 JPY, 1 EUR = 131.18 JPY)
- Foreign exchange sensitivity in sales (annual conversion)
USD: 190 million JPY, EUR: 80 million JPY
- Foreign exchange sensitivity in operating income (annual conversion)
USD: 30 million JPY, EUR: 80 million JPY

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

- The annualized rate is 1,377,000 units in July 2022, 1,566,000 units in August 2022, and 1,439,000 units in September 2022 (Previous year—July: 1,562,000 units, August: 1,580,000 units, September: 1,555,000 units)



Financial Results for Individual Segments in the First Half of FY 2022

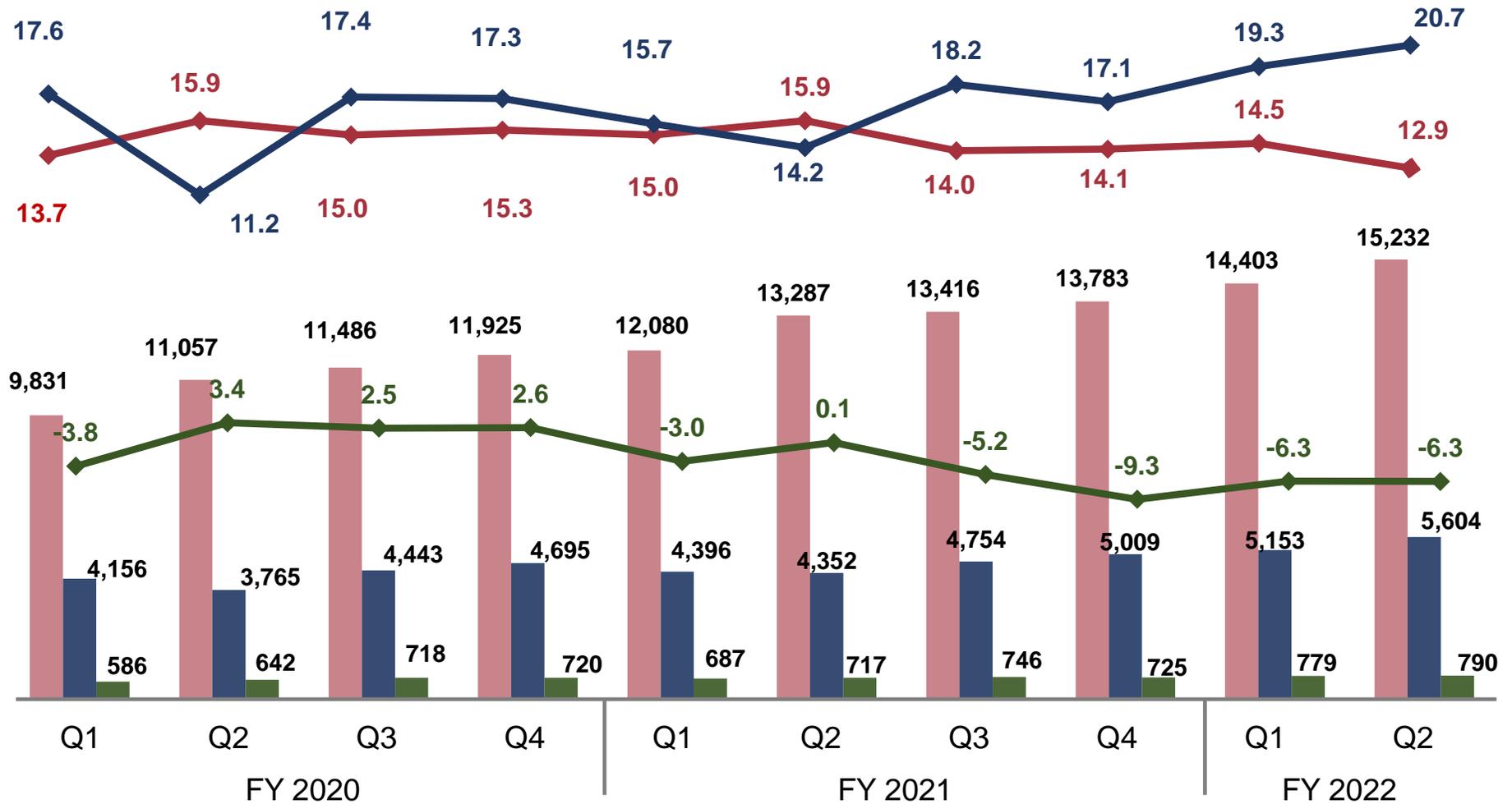
Financial Results for Individual Segments in the First Half of FY 2022

	Results in H1 for FY under review	Results in H1 of previous FY	% increase/ decrease	(unit: millions of yen, %)	
				First-half plan*	Achievement rate
Industrial Equipment segment					
Net sales	29,636	25,368	+16.8	29,450	100.6
Segment profit	4,054	3,922	+3.4	4,360	93.0
Segment profit rate	13.7	15.5		14.8	
Office Equipment segment					
Net sales	10,758	8,749	+23.0	10,280	104.7
Segment profit	2,155	1,309	+64.6	1,860	115.9
Segment profit rate	20.0	15.0		18.1	
HCR Equipment segment					
Net sales	1,569	1,404	+11.8	1,570	99.9
Segment profit	-98	-19	—	-90	
Segment profit rate	-6.3	-1.4		-5.7	
Adjustment amount	-1,674	-1,401	—	-1,750	95.7
Group-wide total					
Net sales	41,963	35,521	+18.1	41,300	101.6
Operating income	4,436	3,810	+16.4	4,380	101.3
Operating margin	10.6	10.7		10.6	

*Revised plan announced on July 29, 2022

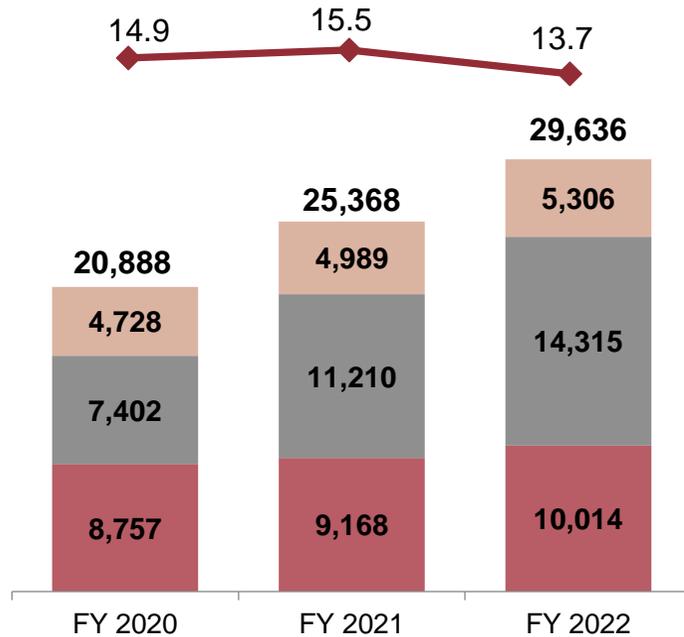
Changes in Segment Results by Quarter

■ 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 2022

- 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



New compressor model

Domestic industrial equipment product operations



Sales of TWINTIER rebar tying tools and dedicated consumables trended favorably, due to factors such as successful proposal activities regarding large-jaw machines for tying thick reinforcing bars.

Overseas industrial equipment product operations



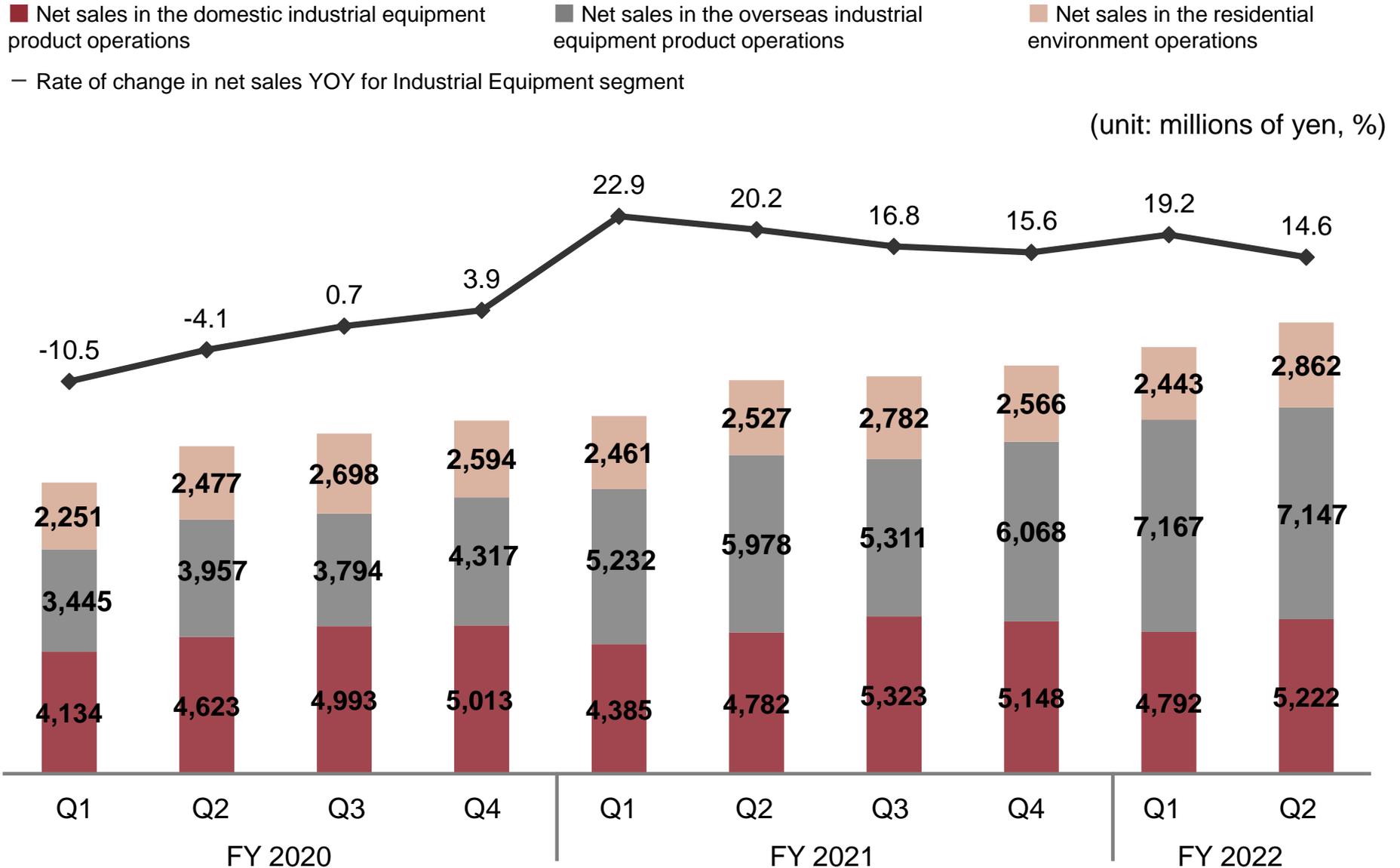
Sales of TWINTIER rebar tying tools and dedicated consumables advanced, against a background of heightened demand for mechanization due to firm market conditions and normalization of personnel shortages. Sales of tools for wooden structures also expanded.

Residential environmental equipment operations



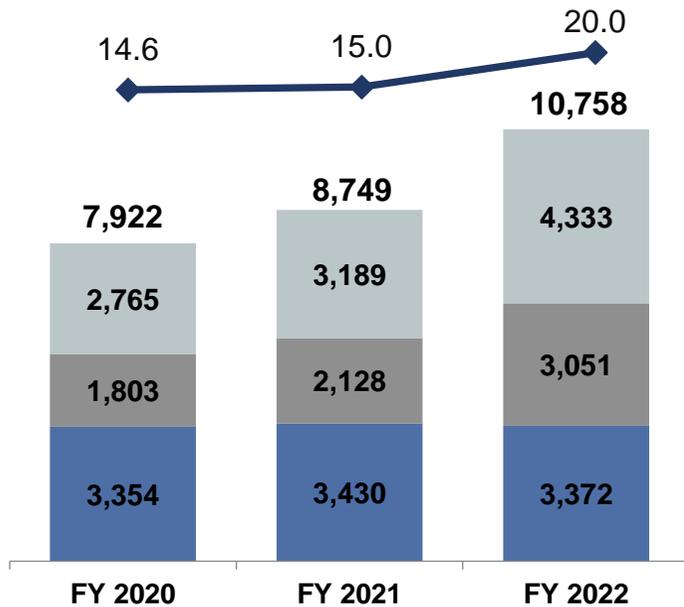
Sales of DRYFAN bathroom heaters, ventilators and dehumidifiers, which are the mainstay of the business, advanced in the new-built housing market.

Industrial Equipment Segment: Changes in Financial Results by Quarter



Office Equipment Segment: Financial Results for the First Half of FY 2022

■ 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



Staplers (overseas models)

Domestic office equipment product operations



Though sales of BEPOP label-making machines increased, shortages of electronic components resulted in a decline in sales of LETATWIN tube markers.

Overseas office equipment product operations



Sales of stationery-related products rose, particularly in Southeast Asia, while easing of restrictions on sales activities in regions/countries such as Europe and China supported favorable sales of BEPOP label-making machines.

Auto-stapler product operations

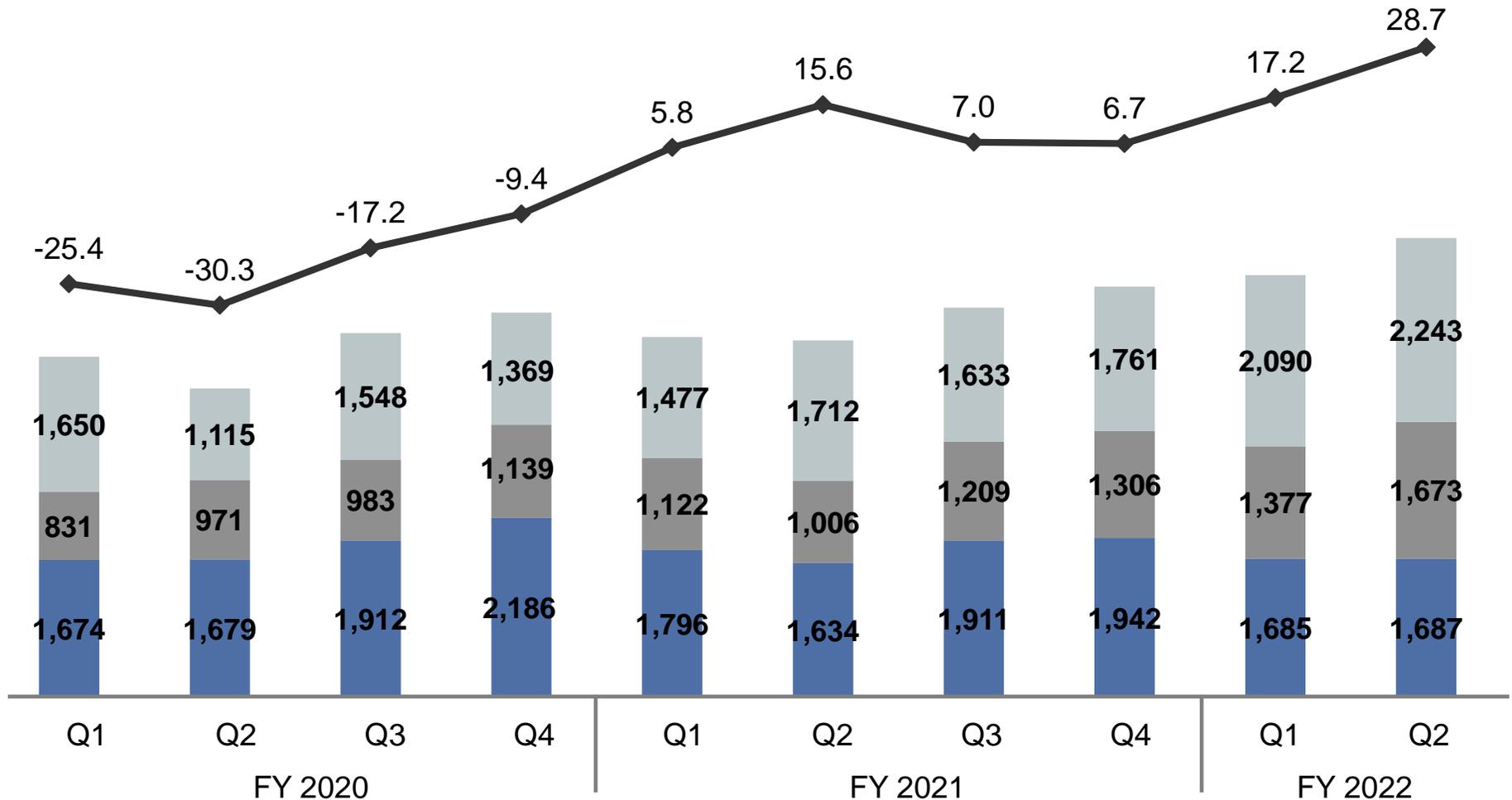


Orders from business partners rose in response to recovery in office occupancy rates, driving an increase in sales of Auto Staplers and dedicated consumables.

Office Equipment Segment: Changes in Financial Results 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

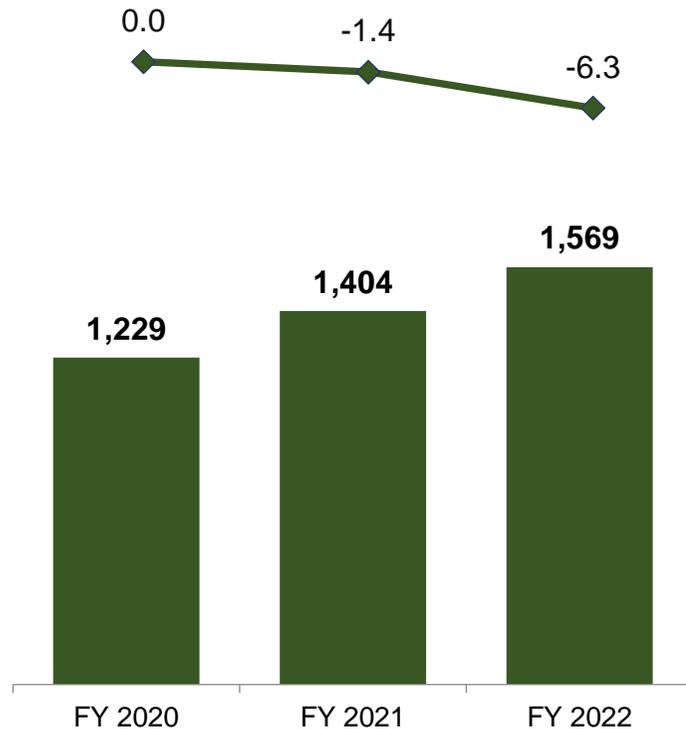
(unit: millions of yen, %)



HCR Equipment Segment: Financial Results for the First Half of FY 2022

■ Net sales by HCR Equipment segment
— Segment profit rate

(unit: millions of yen, %)



Multifunction wheelchairs:
Modern Series



Lightweight wheelchairs:
Fuwaris

HCR Equipment segment



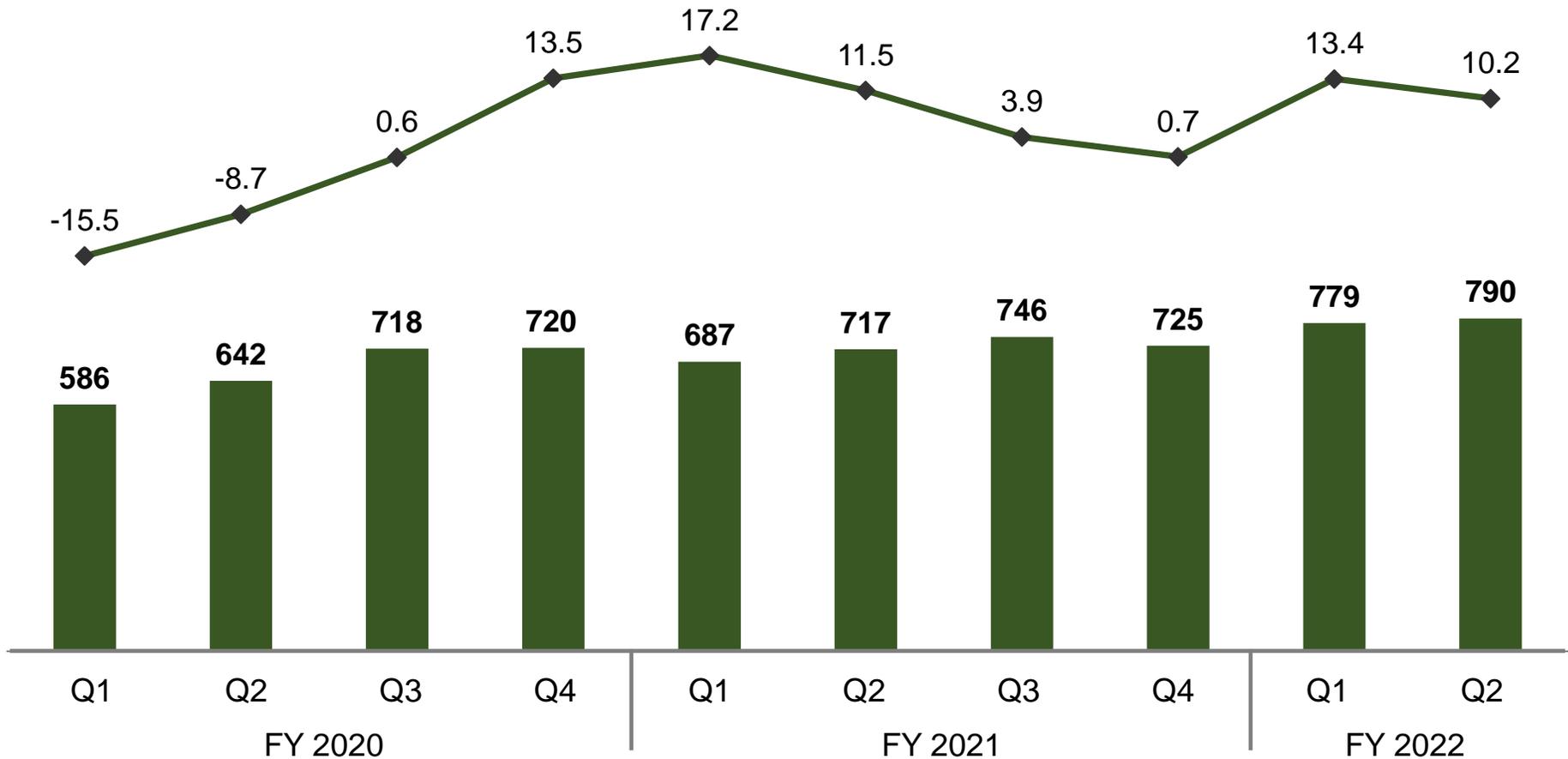
Although sales activities with respect to some hospitals and facilities continued to stall, revenue increased overall, as sales of high value-added wheelchairs to rental wholesalers were favorable. However, profitability deteriorated amid the ongoing weakening of the Japanese yen.

HCR Equipment Segment: Changes in Financial Results by Quarter

■ Net sales by HCR Equipment segment

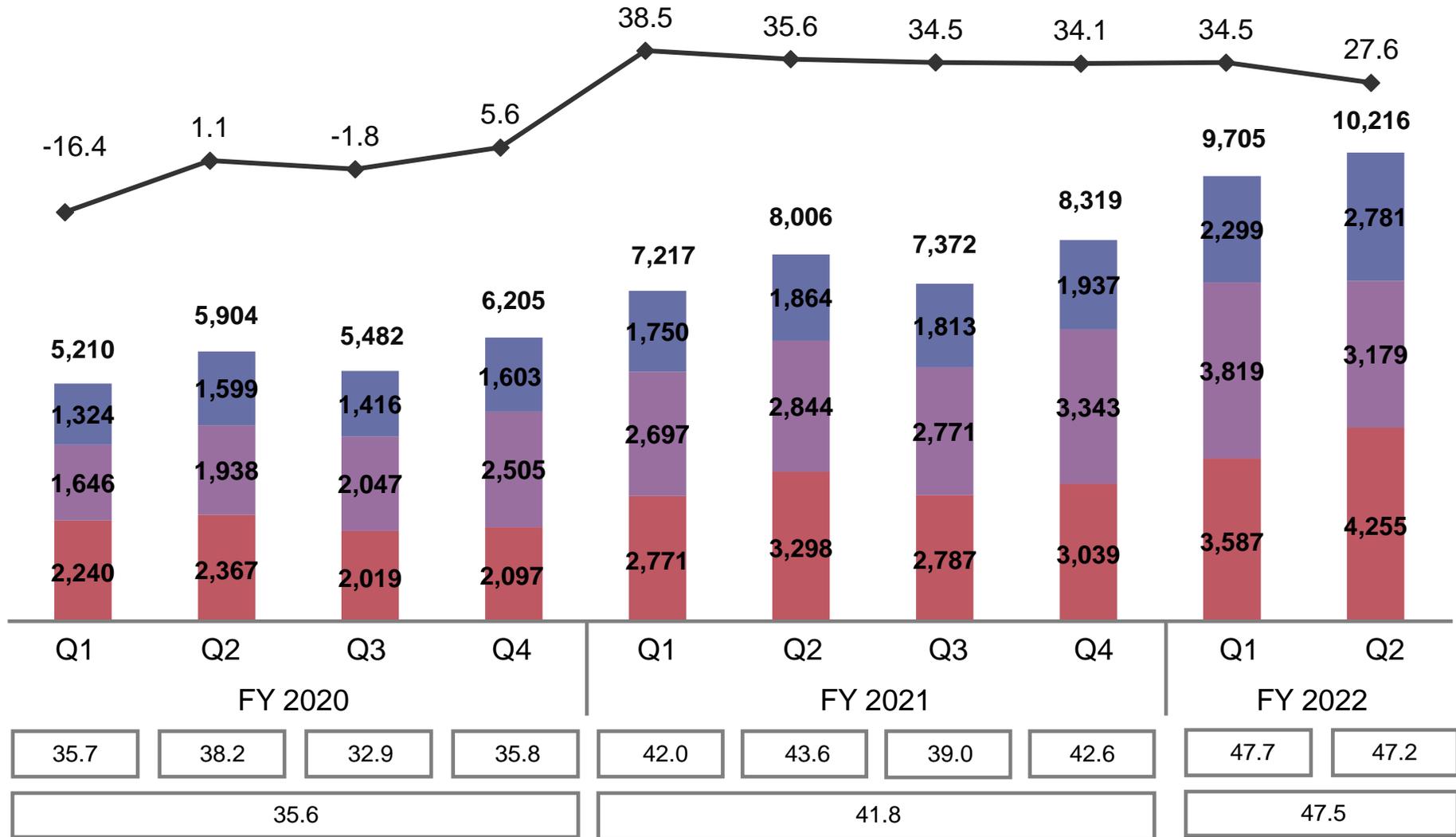
— Rate of change in net sales YOY for HCR Equipment segment

(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.

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

- Domestic and overseas sales of tools for concrete structures: **¥14.4 billion** (+26.7% year-on-year)

(Rate of progress compared to plan: **55.6%**)

- Number of concrete material dealers compared to March 31, 2021: **+43.8%**

Overseas



North America

- Increased production of consumables (Tie Wire) and easing of logistical congestion supported brisk sales of consumables.
- Continued to develop concrete material dealers, contributing to growth of the rebar tying tools business.

Europe

- Despite inventory adjustments by dealers in Q2, sellouts trended firmly in H1.
- Focused on further strengthening of sales capabilities, such as through training of dealer sales staff.

Japan



- Shortages of work-site personnel drove rising demand for mechanization, powering expanded sales of both machinery and consumables.
- Continue to penetrate both the construction and civil engineering markets through proposals for large-jaw machines for thick reinforcing bars such as beams and columns and proposals for standard models for walls with numerous tying locations.

■ Endorsement of the TCFD Recommendations

Details are listed in the Integrated Report.

MAX declared its endorsement of the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). Based on the recognition that responding to the problem of climate change is a vital management issue, the Company stipulates the following indicators and targets and is moving forward with efforts to reduce greenhouse-gas emissions.

Item	Medium-to-long-term targets	Results in FY 2021
Scopes 1 and 2 Carbon neutrality	1) Reduction of CO ₂ emissions by 50% from FY 2018 levels by 2030 2) Achievement of net zero CO ₂ emissions (carbon neutrality) by 2042	14,803 t
Scope 3 Reductions in Category 11	Reduction of CO ₂ emissions in category 11 of Scope 3 (emissions from use of sold products) by 30% from FY 2018 levels by 2030	2,506,777 t

■ Publication of Integrated Reports

To obtain stakeholders' deeper understanding of the MAX Group, the Group published its first Integrated Report. In addition to a message from the president of the MAX Group, this report includes the Group's business scope and its condition, its value creation process and the Group's approach to sustainability.

We invite you to view the 2022 Integrated Report at the link below.

<https://www.max-ltd.co.jp/about/ir/>

The English-language version will be published in late December 2022.



■ Development of Eco-friendly Products

Development of products (consumables) incorporating eco-friendly biomass

MAX has developed and launched products that reduce environmental impact by incorporating plant-based biomass.

Biomass is a renewable resource that can be used sustainably. Biomass plastics (plastics that incorporate biomass) are attracting attention as materials capable of reducing greenhouse-gas emissions in comparison with oil-based plastics.

MAX will continue to work proactively to develop eco-friendly products, to contribute to a sustainable society and improve enterprise value.



Find out more at:

<https://www.max-ltd.co.jp/product/af/>



Operating Results Forecast for FY 2022

Group-Wide Plan in FY 2022

■ Exchange rates

(JPY)	FY 2022		FY 2021
	Full-year, expected	H2, expected	Full-year result
1 USD	133.29	135.00	112.08
1 EUR	136.60	135.00	130.56

(unit: millions of yen, %)

	Current plan (Oct. 28, 2022)	Previous plan (July 29, 2022)	Difference	Results in previous FY	% increase/ decrease
Net sales	85,400	82,400	3,000	73,958	+15.5
Operating income	9,000	9,000	—	7,498	+20.0
Corresponding ratio	10.5	10.9		10.1	
Ordinary income	9,800	9,400	400	8,282	+18.3
Corresponding ratio	11.5	11.4		11.1	
Net income attributable to shareholders of parental company	7,200	6,800	400	6,090	+18.2
Corresponding ratio	8.4	8.3		8.2	
Net income per share (yen)	152.21	143.76	8.45	128.40	
ROE	8.3	8.0	0.3P	7.5	

• As a result of solid recent business results and changes in expected exchange rates, actual results are expected to exceed the forecast published on July 29, 2022. The Company has therefore revised its full-year plans.

Segment Plans in FY 2022

(unit: millions of yen, %)	Current plan (Oct. 28, 2022)	Previous plan (July 29, 2022)	Difference	Results in previous FY	% increase/ decrease
Industrial Equipment segment					
Net sales	60,400	58,770	1,630	52,569	+14.9
Segment profit	8,750	9,200	-450	7,739	+13.1
Segment profit rate	14.5	15.7		14.7	
Office Equipment segment					
Net sales	21,850	20,430	1,420	18,513	+18.0
Segment profit	4,230	3,670	560	3,034	+39.4
Segment profit rate	19.4	18.0		16.4	
HCR Equipment segment					
Net sales	3,150	3,200	-50	2,875	+9.5
Segment profit	-200	-90	-110	-126	—
Segment profit rate	-6.4	-2.8		-4.4	
Adjustment amount	-3,780	-3,780	—	-3,148	
Group-wide total					
Net sales	85,400	82,400	3,000	73,958	+15.5
Operating income	9,000	9,000	—	7,498	+20.0
Operating margin	10.5	10.9		10.1	

Plans for Each Subsegment (Business) in FY 2022

(unit: millions of yen, %)

	Current plan (Oct. 28, 2022)	Results in previous FY	% increase/decrease
Industrial Equipment segment			
Segment net sales	60,400	52,569	+14.9
Domestic industrial equipment product operations	21,000	19,640	+6.9
Overseas industrial equipment product operations	28,100	22,590	+24.4
Residential environmental equipment operations	11,300	10,338	+9.3
Segment profit	8,750	7,739	+13.1
Segment profit rate	14.5	14.7	

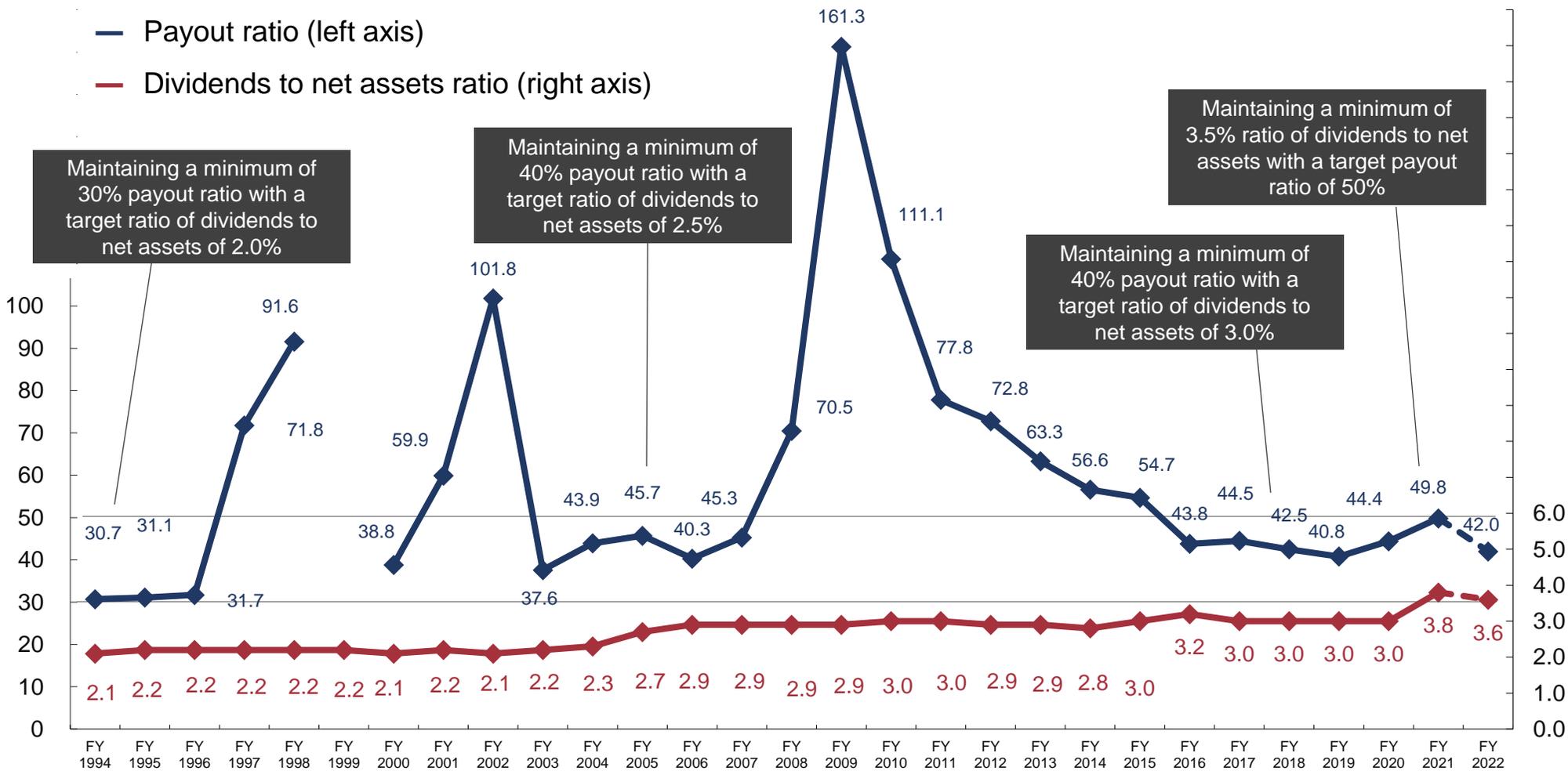
	Current plan (Oct. 28, 2022)	Results in previous FY	% increase/decrease
Office Equipment segment			
Segment net sales	21,850	18,513	+18.0
Domestic office equipment product operations	7,650	7,284	+5.0
Overseas office equipment product operations	6,000	4,644	+29.2
Auto-stapler product operations	8,200	6,584	+24.5
Segment profit	4,230	3,034	+39.4
Segment profit rate	19.4	16.4	

Dividend Policy: Payout Ratio and Dividends to Net Assets Ratio

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: %)

- Payout ratio (left axis)
- Dividends to net assets ratio (right axis)

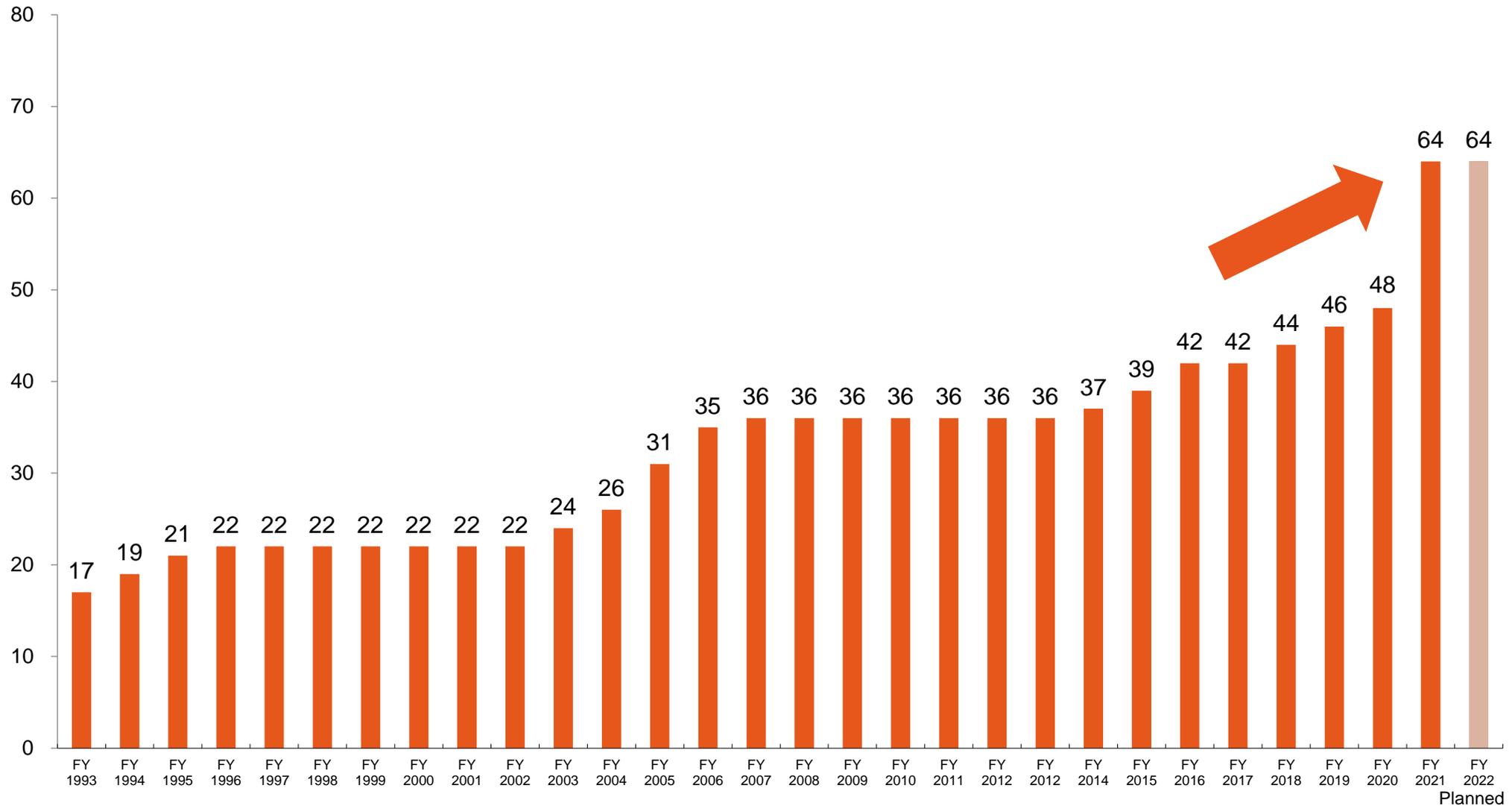


Note: Non-consolidated base until FY 2004.

Planned

Dividends Policy: Dividends per Share

(unit: yen)

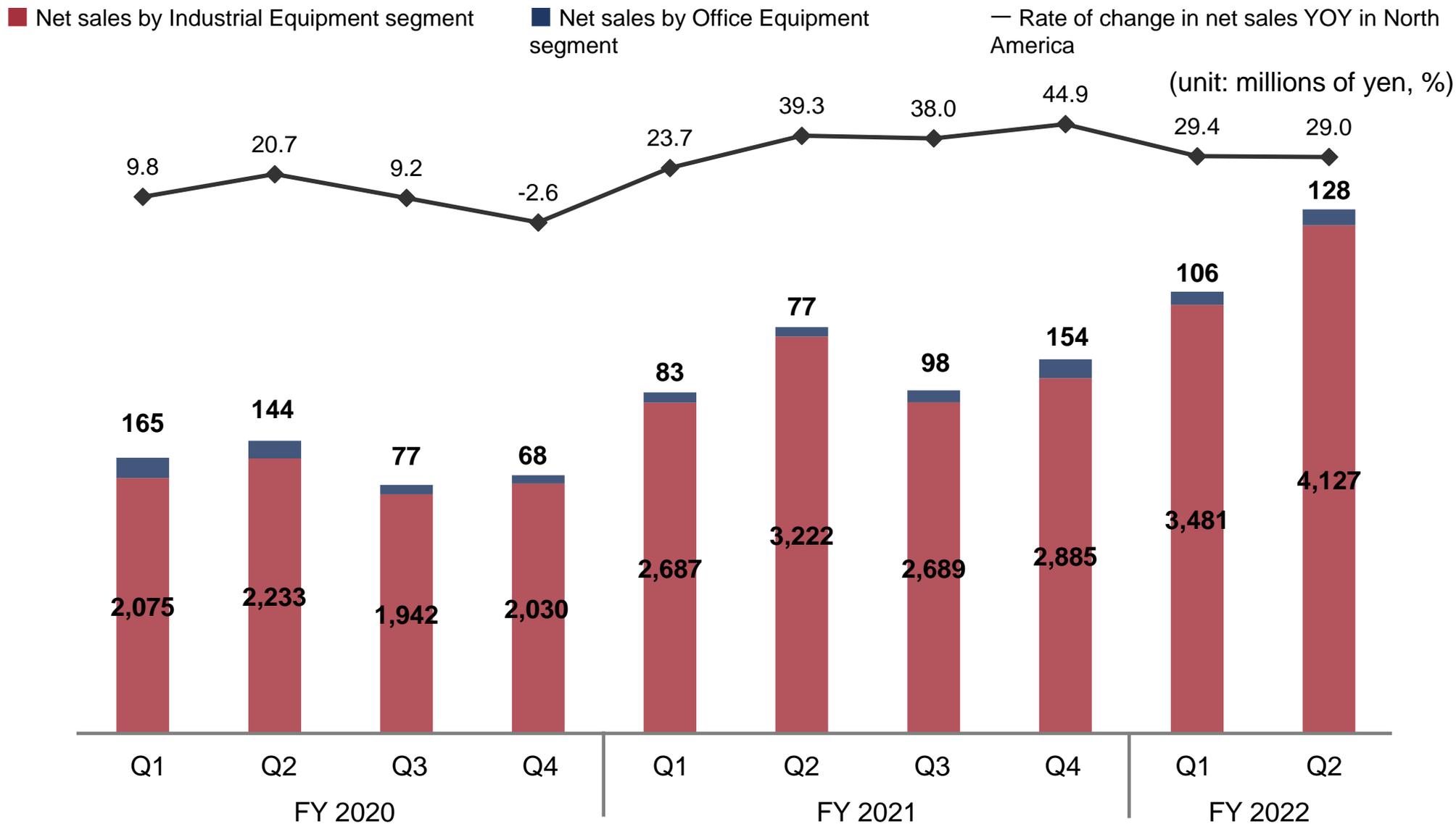


Planned



Reference Materials

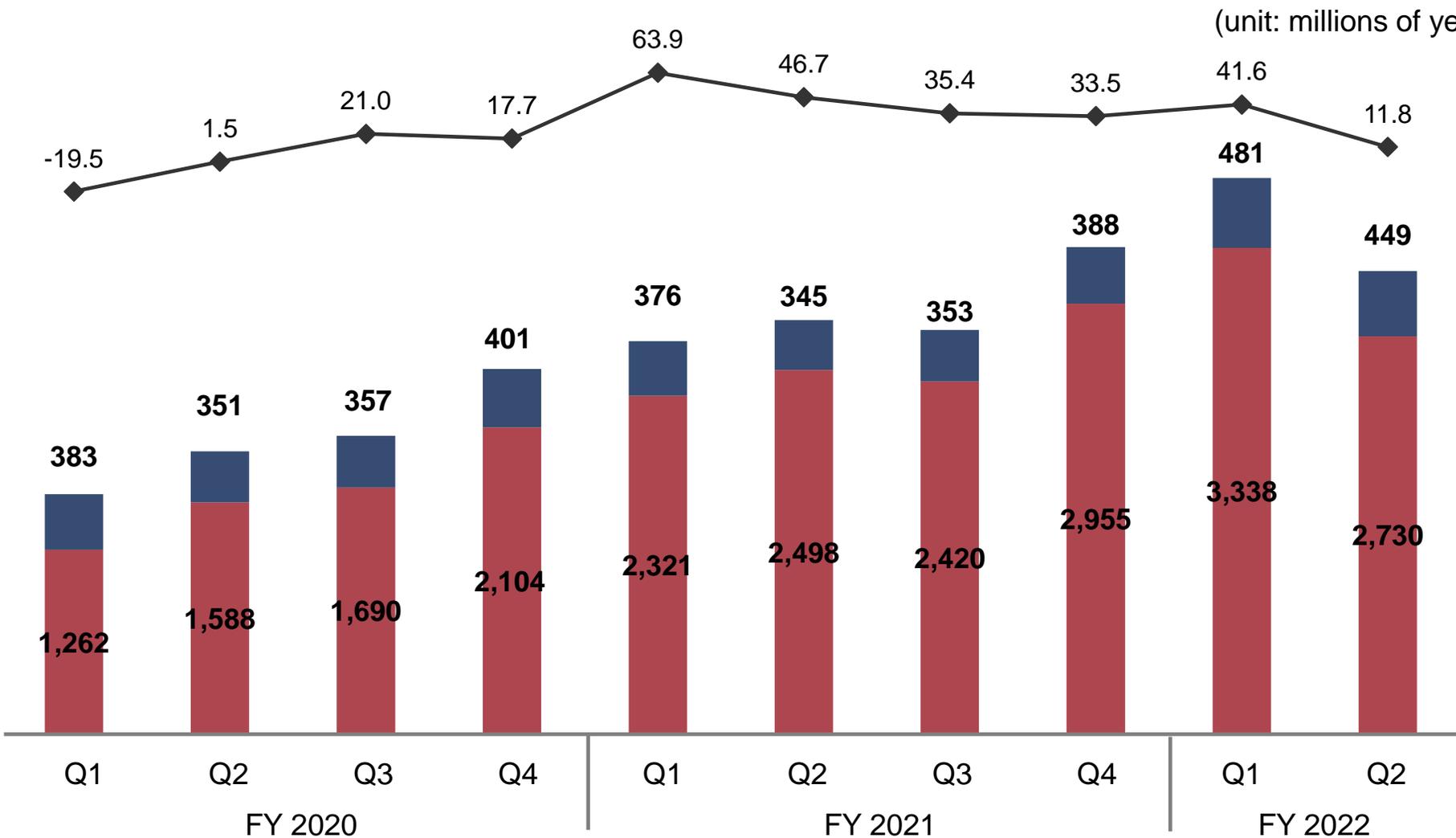
Changes in Quarterly Segment Net Sales by Overseas Region (North America)



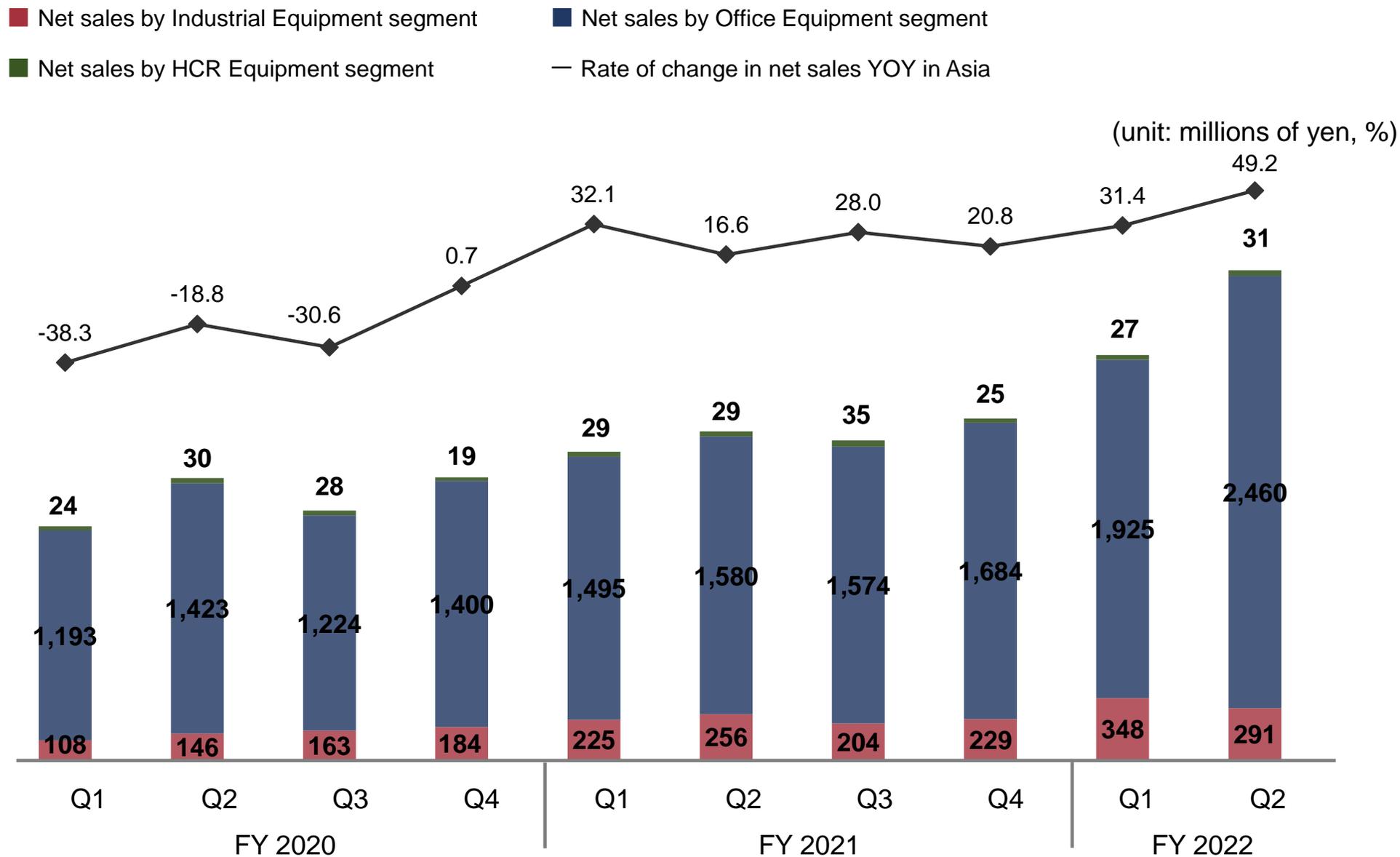
Changes in Quarterly Segment Net Sales by Overseas Region (Europe)

■ 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)



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> 	  

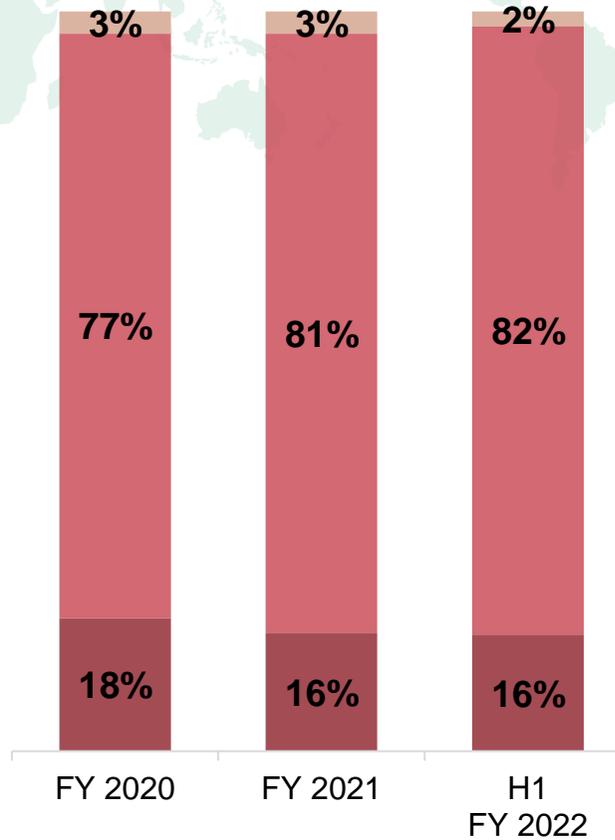
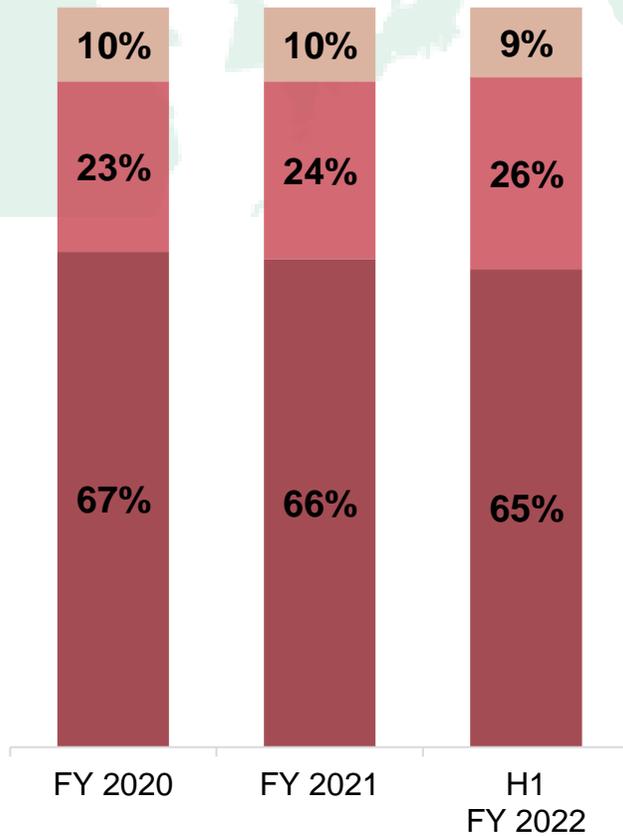
Office equipment product operations

Stationery-related products	Labelling and signage products	Other
<p>Staplers</p> 	<p>BEPOP label-making machines</p> 	<p>Time recorders</p> 
<p>Hole punches</p> 	<p>LETATWIN tube markers</p> 	<p>Calligraphy printer</p> 
<p>Stampers</p> 	<p>Label printers for food labeling</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

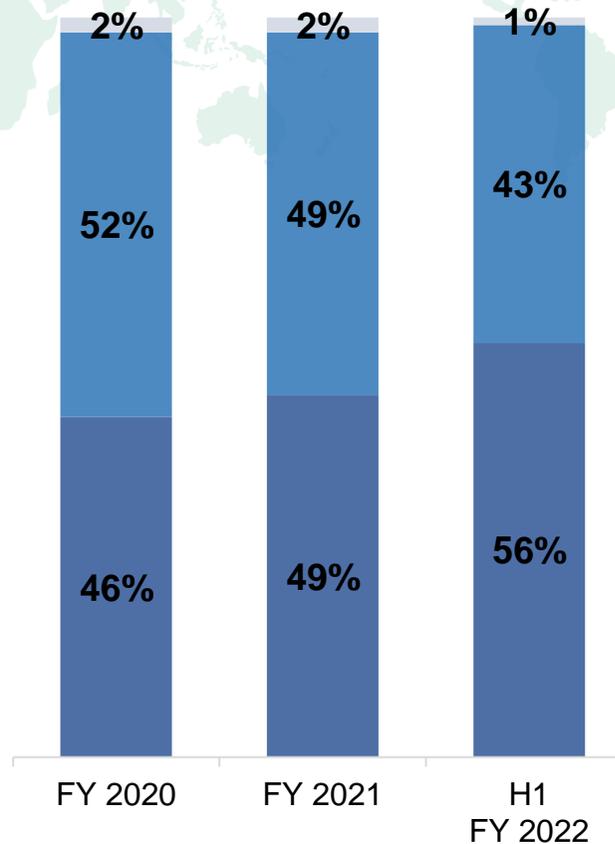
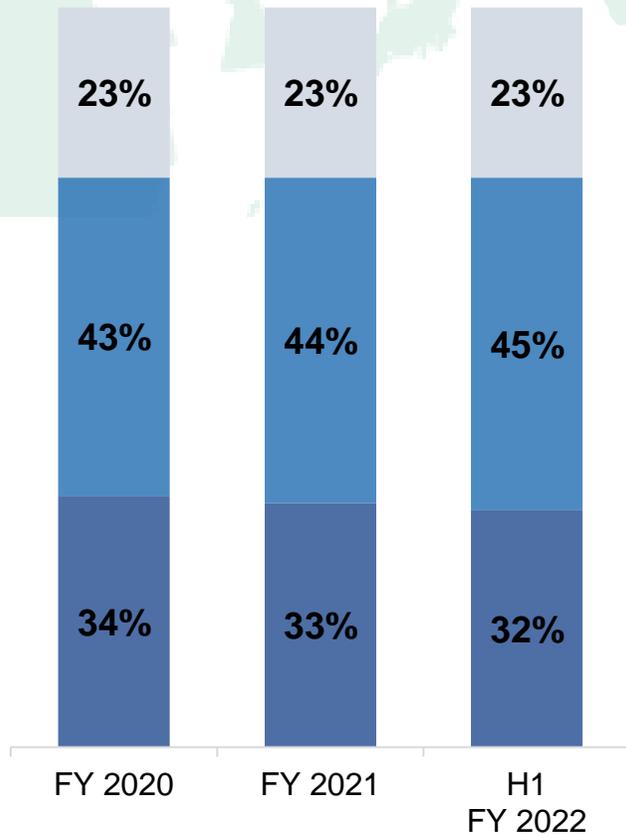


- AF (Agriculture/Food)
- Tools for concrete structures
- Tools for wooden structures

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
- Labelling 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.