

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 Quarter of FY 2023

Announcement Date: July 31, 2023

Participants

Yoshihiro Kaku, Senior Managing Director / Senior Executive Officer

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

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

■ Exchange rates

Q1 FY 2023 1 USD = 135.81 JPY / 1 EUR = 147.90 JPY

Q1 FY 2022 1 USD = 126.50 JPY / 1 EUR = 136.76 JPY

Planned 1 USD = 130.00 JPY / 1 EUR = 140.00 JPY

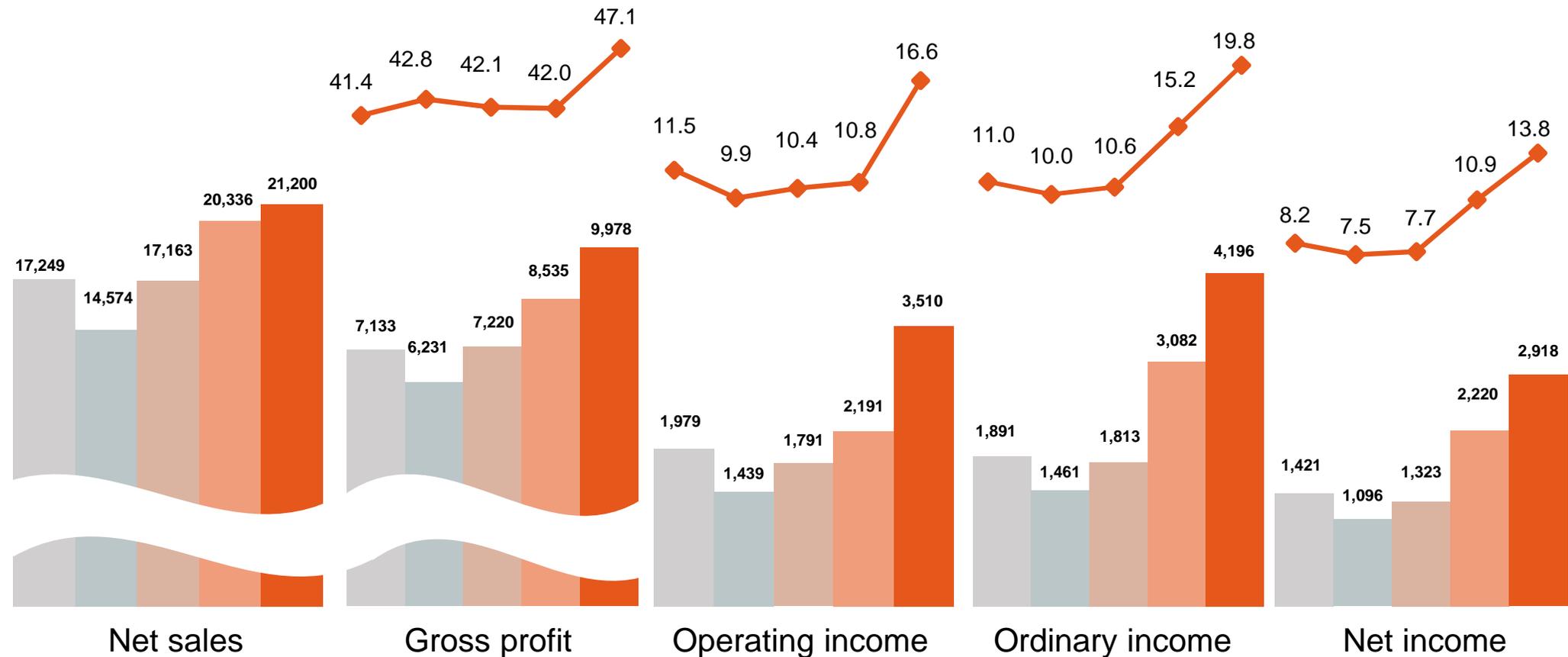
(unit: millions of yen, %)

	Results in Q1 for FY under review	Results in Q1 of previous FY	% increase/ decrease	First-half plan	Rate of progress
Net sales	21,200	20,336	+4.2	42,850	49.5
Gross profit	9,978	8,535	+16.9	—	—
Corresponding ratio	47.1	42.0		—	
Operating income	3,510	2,191	+60.2	4,950	70.9
Corresponding ratio	16.6	10.8		11.6	
Ordinary income	4,196	3,082	+36.2	4,900	85.6
Corresponding ratio	19.8	15.2		11.4	
Net income attributable to shareholders of parental company	2,918	2,220	+31.4	3,590	81.3
Corresponding ratio	13.8	10.9		8.4	
Net income per share (yen)	61.71	46.95	—	75.90	—

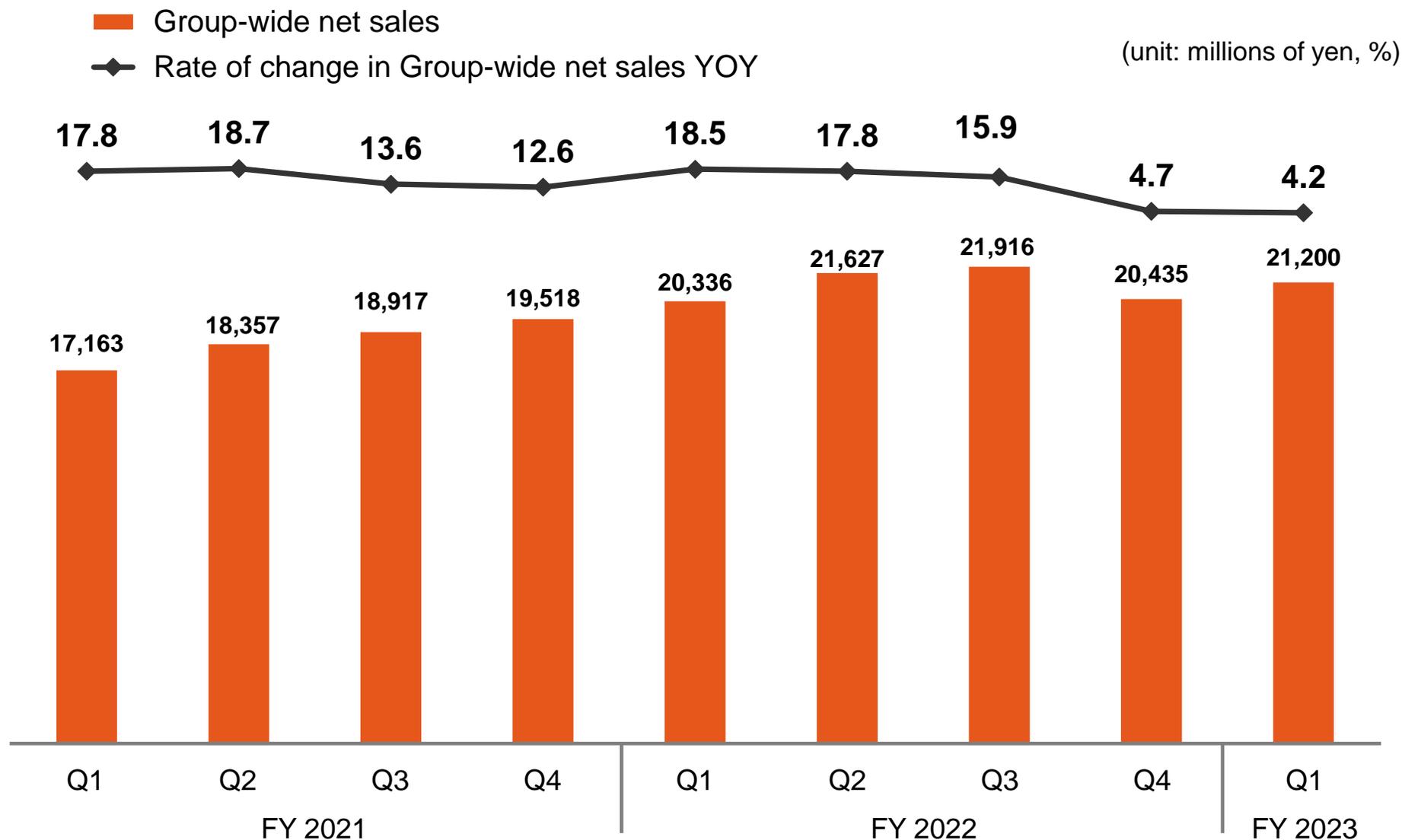
Changes in Group-Wide Financial Results in the First Quarter of FY 2019 to FY 2023



(unit: millions of yen, %)

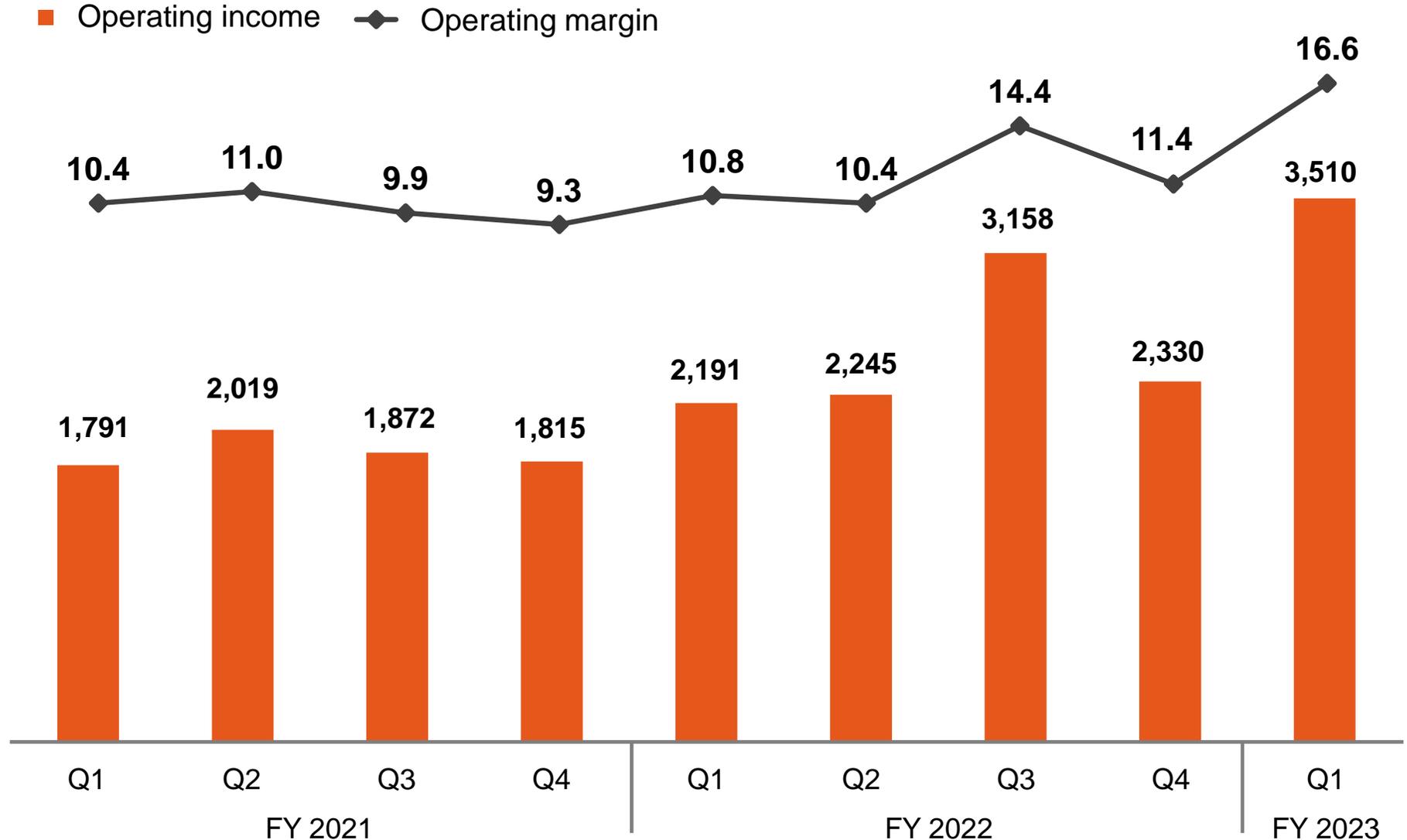


Changes in Net Sales by Quarter



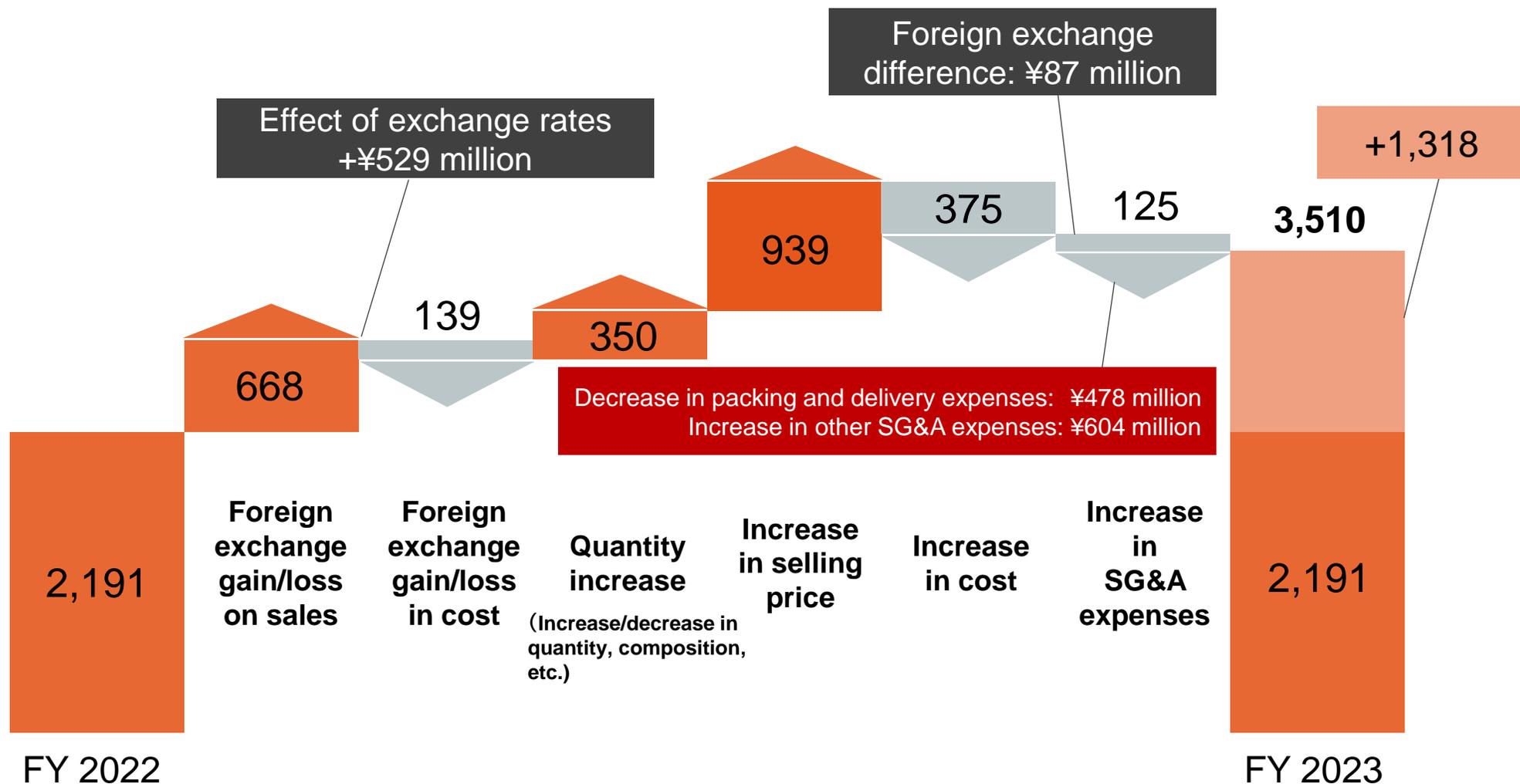
Changes in Operating Income by Quarter

(unit: millions of yen, %)



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 Q1 for FY under review	Results in Q1 of previous FY	YOY
Non-operating income/expenses	686	890	-204
Non-operating income (excluding foreign exchange effect)	152	122	+30
Non-operating expenses (excluding foreign exchange effect)	-22	-19	-2
Foreign exchange gain/loss	555	787	-232
Extraordinary income/loss	-7	-29	21
Extraordinary income	0	3	-3
Extraordinary loss	-7	-32	24

■ Facilities investment, depreciation, R&D expenses

(unit: millions of yen, %)

	Results in Q1 for FY under review	Results in Q1 of previous FY	FY 2023 annual plan	Rate of progress
Facilities investment	444	478	4,615	9.6
Depreciation	750	722	3,460	21.7
R&D expenses	1,012	835	4,545	22.3

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 Q1 for FY under review	FY 2023 annual plan	Rate of progress
Investment in operating infrastructure	28	500	5.6
Investment in digital technology	35	400	8.8
Strategic investment in R&D	27	600	4.5
Investment in corporate communication, etc.	0	100	-
Total	90	1,600	5.6

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

Domestic

Gradual recovery continued due to normalization of socioeconomic activities.

In the housing market, which affects Group's Industrial Equipment segment, the number of new housing construction increased for rentals and unit sales, although the number of owner-occupied housing was stagnant compared to the same period of the previous year.

Overseas

The global economy gradually declined due to high prices and monetary tightening on a global scale. In the United States, the deceleration of housing starts ceased, and construction investment trended firm in the non-housing market.

In Europe, economic sentiment continued to differ by country due to the uncertain economic outlook.

Reference indices

Number of new housing construction starts

- Up 0.6% YOY for the period from January to March 2023 (Owner-occupied: -8.9%, Rental: +3.0%, Unit sales: +6.5%)

→ 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 25.2% YOY for the period from October to December 2022 (Offices: -55.7%, Shops: -7.6%, Factories: +4.3%, Warehouses: -45.5%)
 - The shortage of skilled rebar workers (for construction sites) was alleviated
- Negative effect on the industrial equipment product operations (concrete related)

Currency exchange rates

- 1 USD = 135.81 JPY, 1 EUR = 147.90 JPY (Q1 FY 2022: 1 USD = 126.50 JPY, 1 EUR = 136.76 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 1,348,000 units in April 2023, 1,559,000 units in May 2023, and 1,434,000 units in June 2023 (Previous year—April: 1,805,000 units, May: 1,591,000 units, June: 1,559,000 units)



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

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

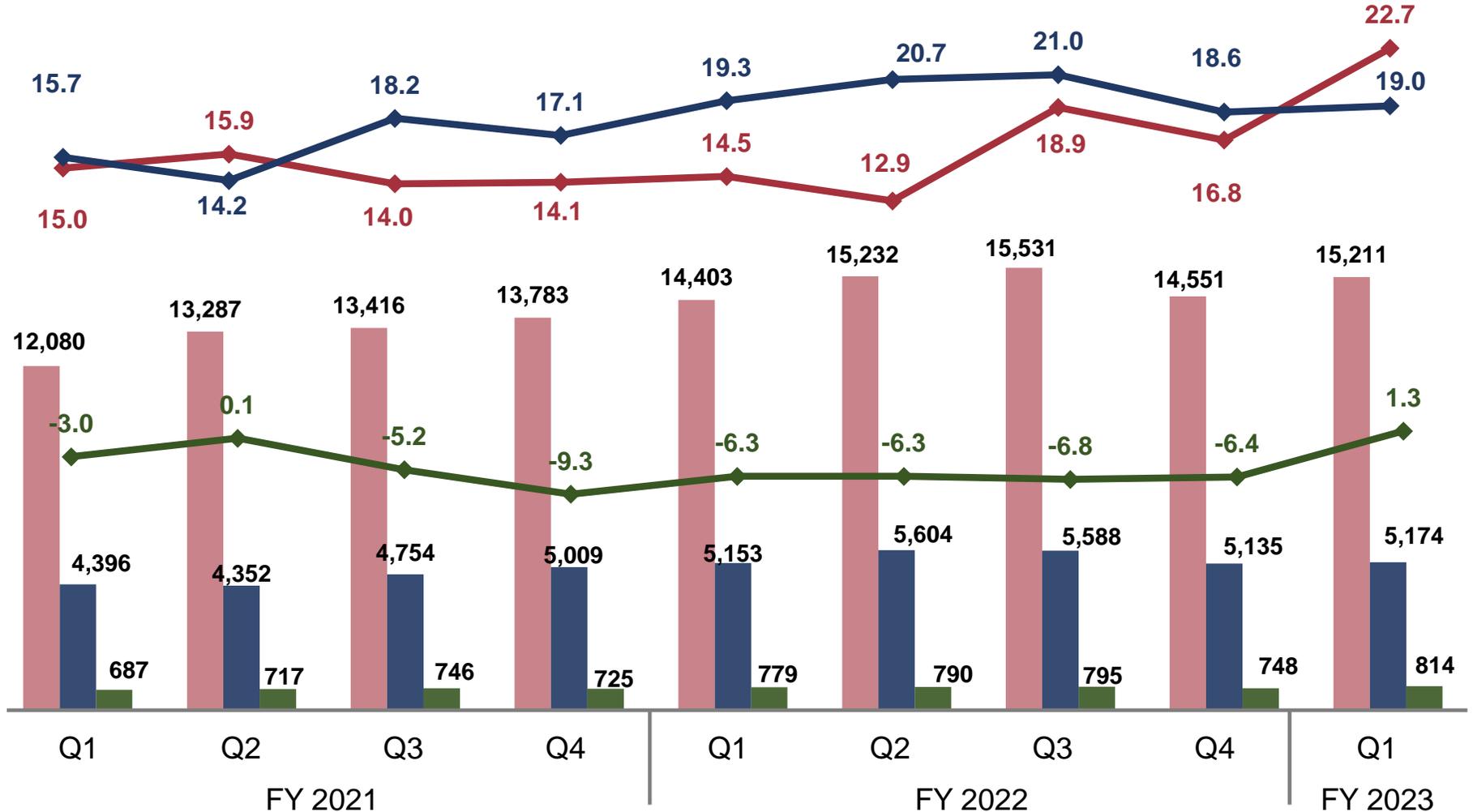
(unit: millions of yen, %)

	Results in Q1 for FY under review	Results in Q1 of previous FY	% increase/ decrease	First-half plan	Rate of progress
Industrial Equipment segment					
Net sales	15,211	14,403	+5.6	30,670	49.6
Segment profit	3,458	2,084	+66.0	5,160	67.0
Segment profit rate	22.7	14.5		16.8	
Office Equipment segment					
Net sales	5,174	5,153	+0.4	10,550	49.0
Segment profit	985	996	-1.1	1,850	53.3
Segment profit rate	19.0	19.3		17.5	
HCR Equipment segment					
Net sales	814	779	+4.5	1,630	50.0
Segment profit	10	-48	—	40	25.7
Segment profit rate	1.3	-6.3		2.5	
Adjustment amount	-944	-839	—	-2,100	—
Group-wide total					
Net sales	21,200	20,336	+4.2	42,850	49.5
Operating income	3,510	2,191	+60.2	4,950	70.9
Operating margin	16.6	10.8		11.6	

Changes in Segment Results by Quarter

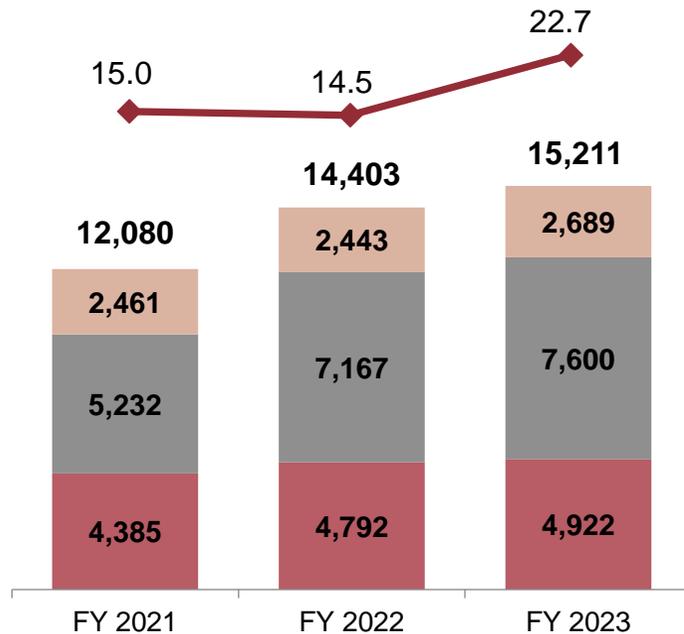
- Net sales by Industrial Equipment segment
- Net sales by Office Equipment segment
- Net sales by HCR Equipment segment
- Segment profit rate for Industrial Equipment segment
- Segment profit rate for Office Equipment segment
- Segment profit rate for HCR Equipment segment

(unit: millions of yen, %)



Industrial Equipment Segment: Financial Results for the First Quarter 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



New compressor model in limited-time color

Domestic industrial equipment product operations



Sales of air compressors continued to be strong, and sales of dedicated consumables for TWINTIER rebar tying tools remained firm.

Overseas industrial equipment product operations



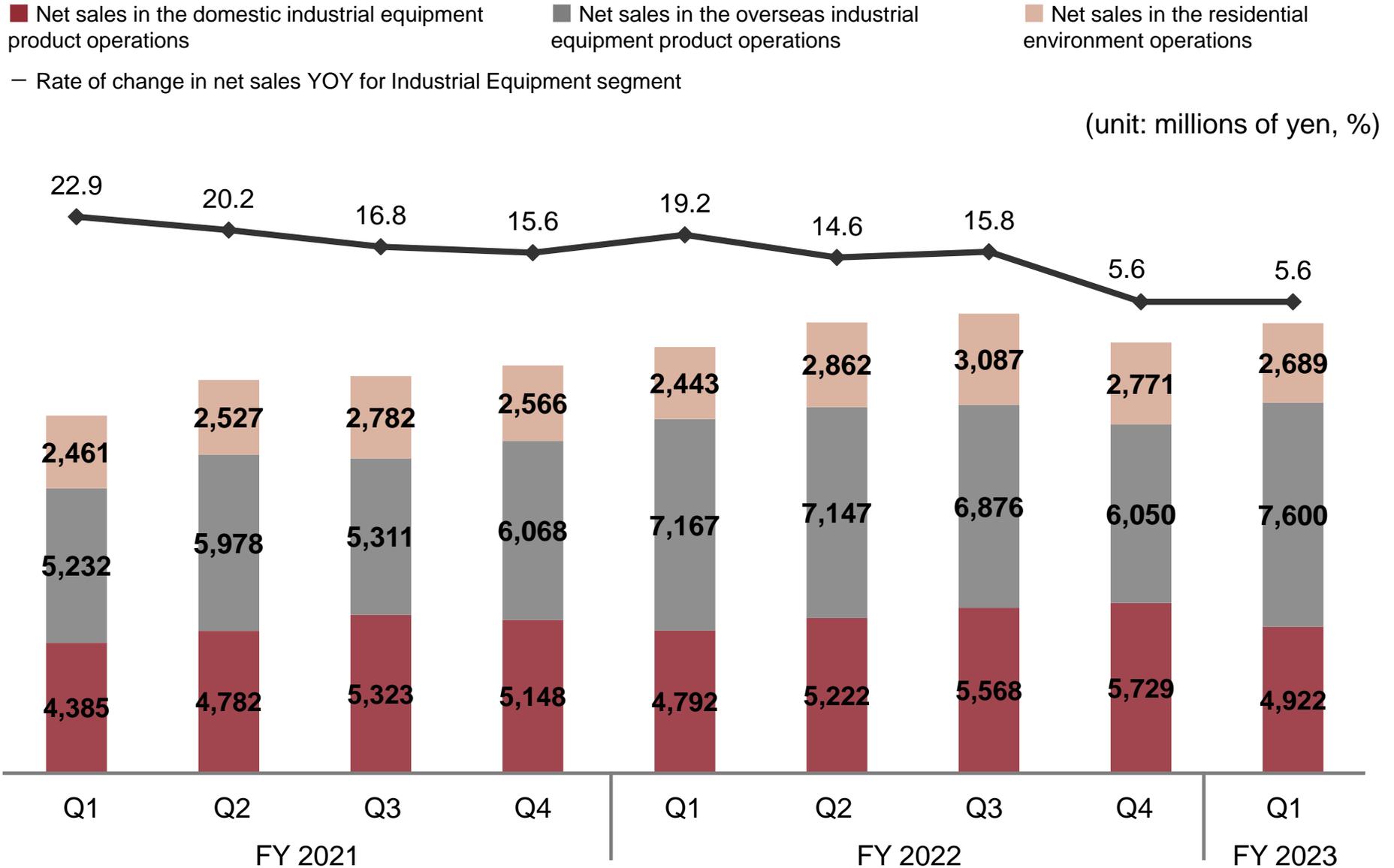
Sales of TWINTIER rebar tying tools and dedicated consumables grew in the North America due to factors such as increased construction expenditures in the non-housing construction market and alleviation of inventory adjustment in distribution. On the other hand, sales stagnated in Europe due to the uncertain economic outlook.

Residential environmental equipment operations



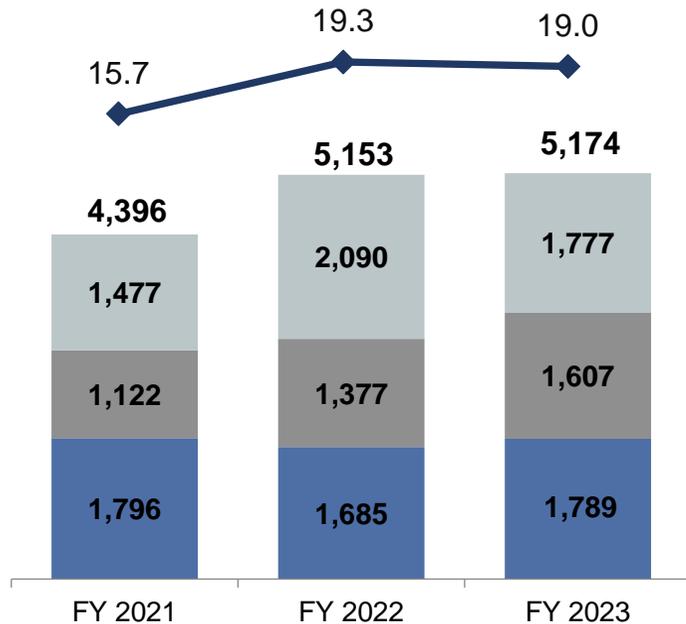
Sales of DRYFAN bathroom heaters, ventilators and dehumidifiers, which are the mainstay of the business, increased in both the housing stock for renovation & replacement, which is a focus of the segment, and the new-built housing market, with a focus on rental housing.

Industrial Equipment Segment: Changes in Net Sales by Quarter



Office Equipment Segment: Financial Results for the First Quarter 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



Sales of labelling and signage products such as BEPOP label-making machines and LETATWIN tube markers increased due to proposal-based activities using online seminars, as well as to factors such as the elimination of the shortage in electronic components which had occurred in the previous corresponding period.

Overseas office equipment product operations



Sales of BEPOP label-making machines remained firm due to measures such as increased participation in tradeshows in Europe and strengthening of face-to-face sales.

Auto-stapler product operations

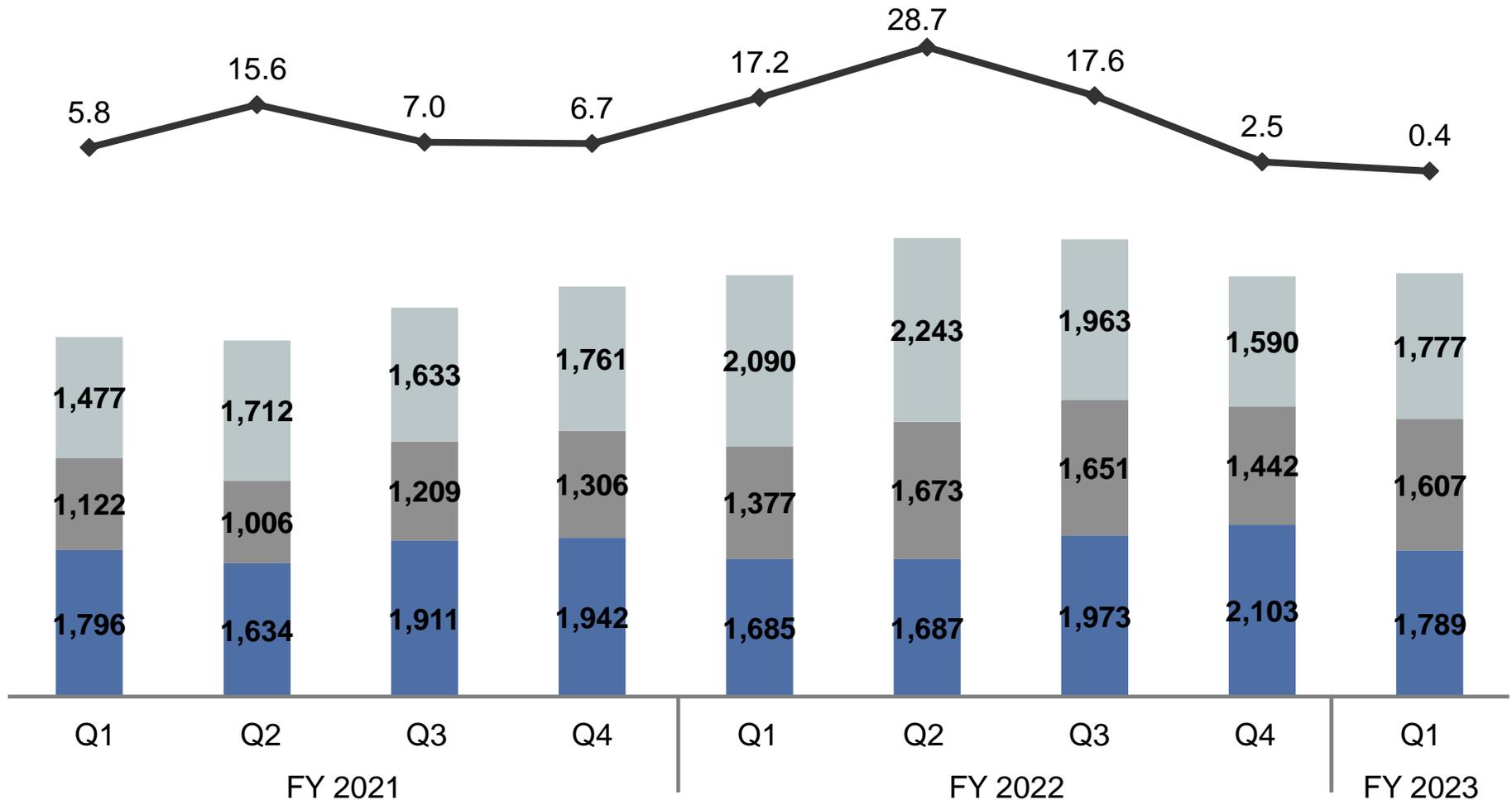


Sales of Auto Staplers and dedicated consumables decreased due to stagnating orders from customers.

Office Equipment Segment: Changes in Net Sales by Quarter

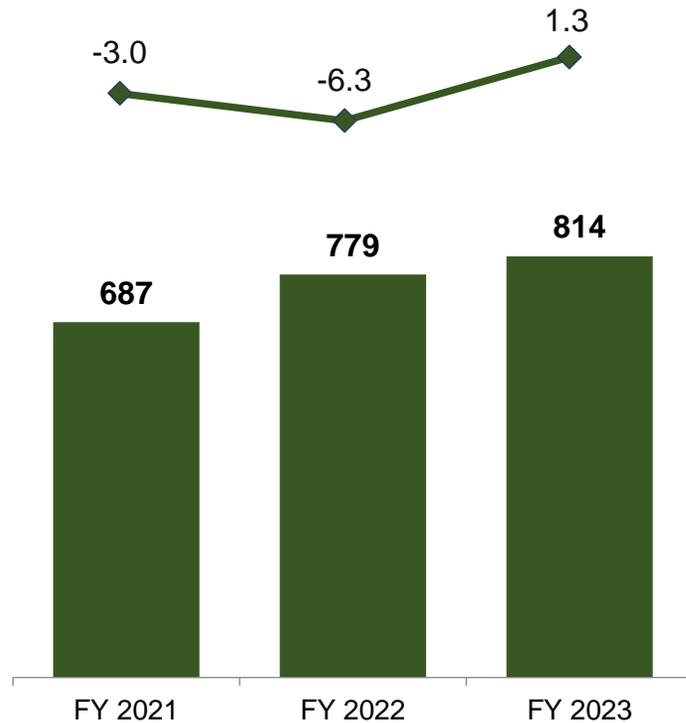
■ Net sales in the domestic office equipment product operations
 ■ Net sales in the overseas office equipment product operations
 ■ Net sales in the auto-stapler product operations
 — Rate of change in net sales YOY for Office Equipment segment

(unit: millions of yen, %)



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

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



Functionally sophisticated wheelchairs:
WAVIT Roo+



Lightweight wheelchairs:
Fuwaris

HCR Equipment segment



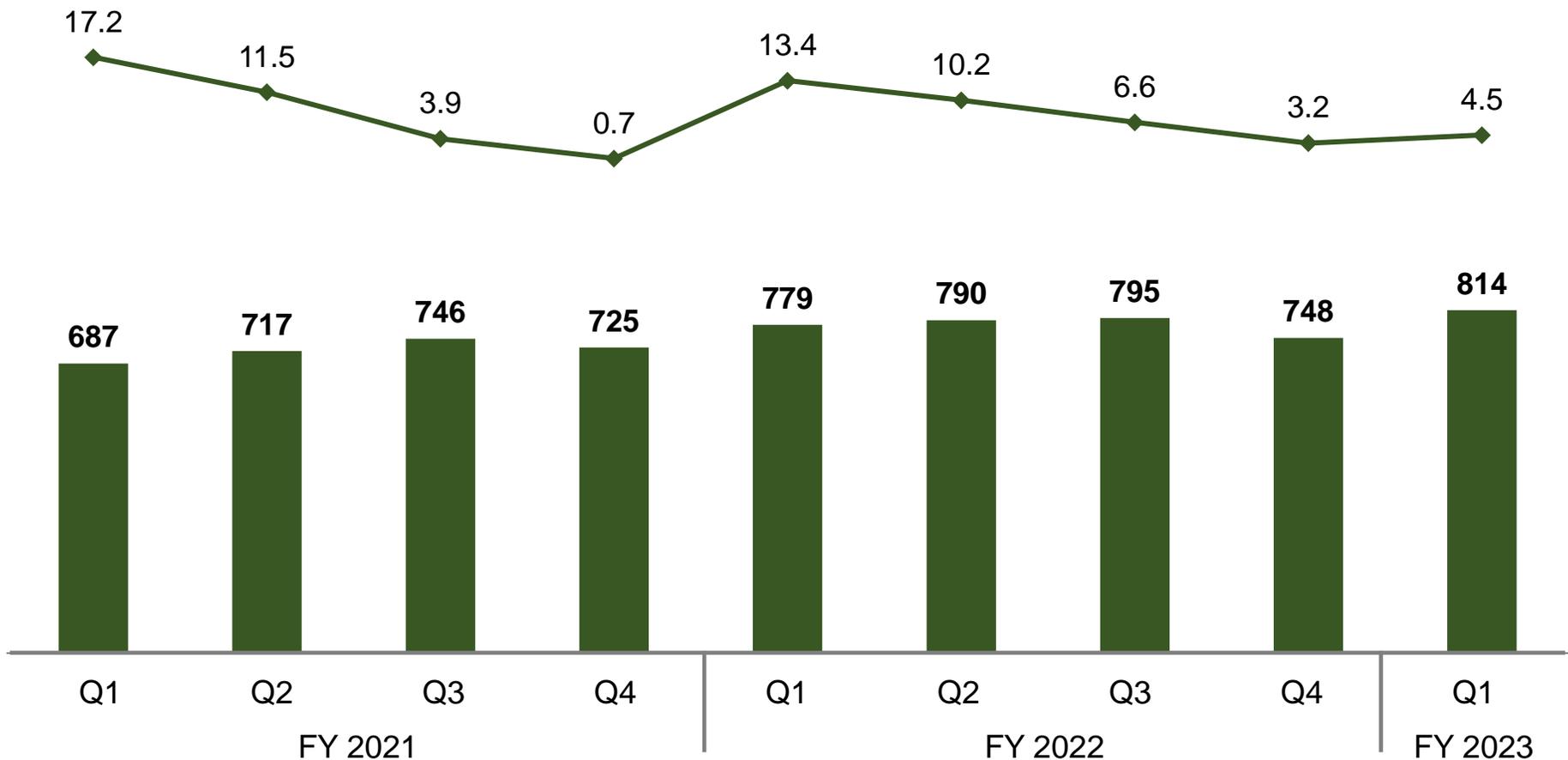
Revenue and profit increased due to measures such as promoting the usage of new products in the rental market.

HCR Equipment Segment: Changes in Net Sales by Quarter

■ Net sales by HCR Equipment segment

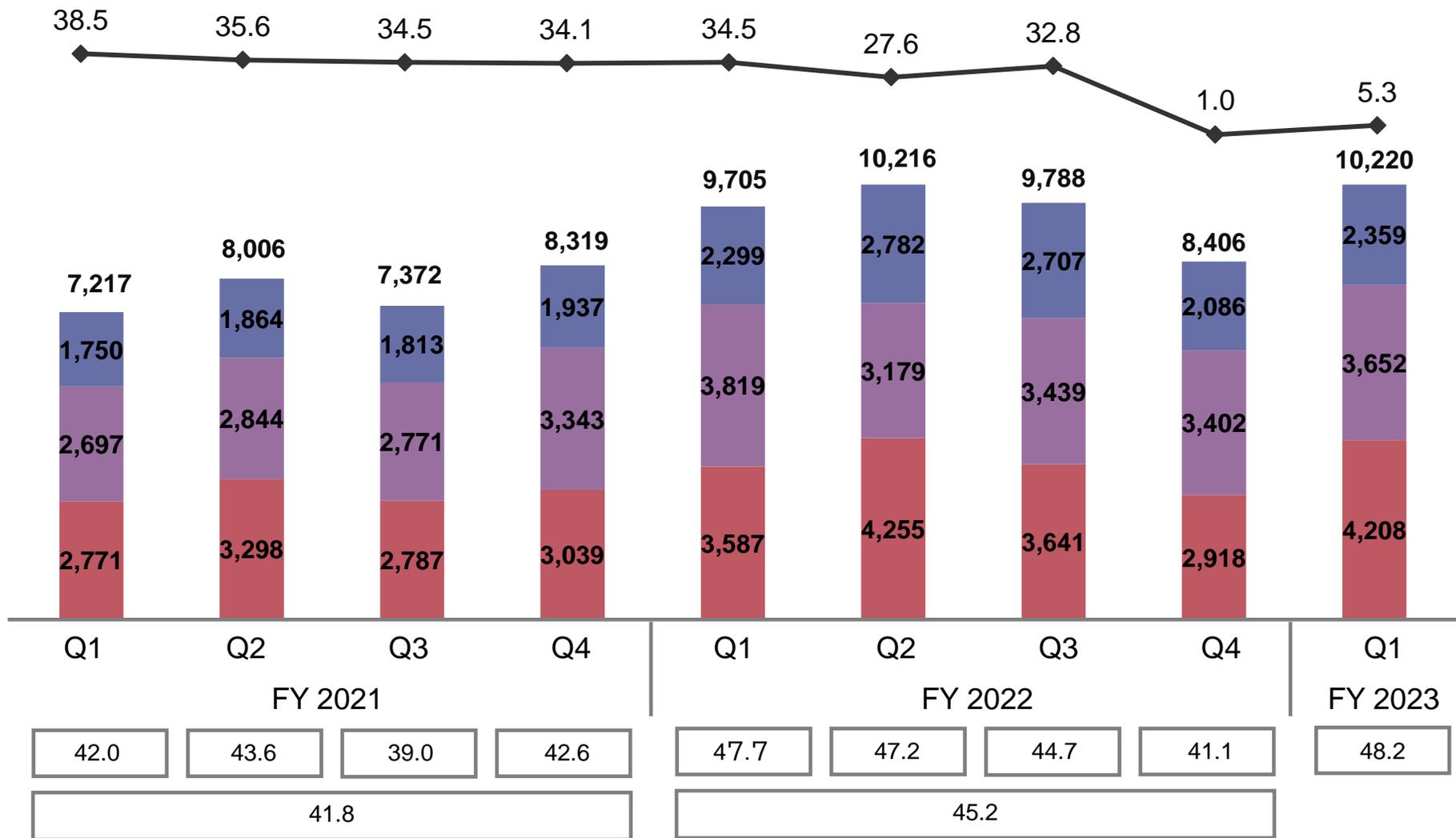
— Rate of change in net sales YOY for HCR Equipment segment

(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: **¥7.6 billion** (+8.4% year-on-year)
(Rate of progress compared to plan: **24.5%**)
- Number of concrete material dealers compared to March 31, 2021: **+52.7%**

Continued growth of the consumable Tie Wire in conjunction with rise in cumulative number of machines in operation

Overseas



North America

- Inventory adjustments at dealers which caused new orders to slow in the fourth quarter of FY 2022 were alleviated. Construction investment in the non-housing market trended firm, and machinery and consumables grew.

Europe

- The housing market worsened due to uncertain economic outlook. In the non-housing market, market sentiment differed by country. Sales are particularly slow in Germany and Sweden, and a difficult environment is expected to continue.

Common in Europe and North America

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

Japan



- Sales of machines stagnated due to a decrease in floor area of concrete construction starts. We will continue proposal activities with a view to increasing users' productivity by target applications (slabs, walls, columns, etc.).



Operating Results Forecast for FY 2023

Group-Wide Plan in the First Half of FY 2023

■ Forecasted exchange rates (from Q2)

1 USD = 135.00 JPY

1 EUR = 145.00 JPY

(unit: millions of yen, %)

	Current plan (July 31, 2023)	Initial plan (Apr. 28, 2023)	Difference	Results in H1 of previous FY	% increase/ decrease
Net sales	42,850	42,850	—	41,963	+2.1
Operating income	6,250	4,950	1,300	4,436	+40.9
Corresponding ratio	14.6	11.6		10.6	
Ordinary income	6,260	4,900	1,360	5,723	+9.4
Corresponding ratio	14.6	11.4		13.6	
Net income attributable to shareholders of parental company	4,390	3,590	800	4,129	+6.3
Corresponding ratio	10.2	8.4		9.8	
Net income per share (yen)	92.80	75.90	16.90	87.29	

• Due to factors such as recent performance and changes in the forecasted exchange rates, we expect to surpass the forecast of operating results announced on April 28, 2023. Therefore, we have revised our plans for the first half and full year.

Segment Plans in the First Half of FY 2023

(unit: millions of yen, %)	Current plan (July 31, 2023)	Previous plan (Apr. 28, 2023)	Difference	Results in H1 of previous FY	% increase/ decrease
Industrial Equipment segment					
Net sales	30,720	30,670	50	29,636	+3.7
Segment profit	6,230	5,160	1,070	4,054	+53.7
Segment profit rate	20.3	16.8		13.7	
Office Equipment segment					
Net sales	10,500	10,550	-50	10,758	-2.4
Segment profit	1,940	1,850	90	2,155	-10.0
Segment profit rate	18.5	17.5		20.0	
HCR Equipment segment					
Net sales	1,630	1,630	—	1,569	+3.9
Segment profit	20	40	-20	-98	—
Segment profit rate	1.2	2.5		-6.3	
Adjustment amount	-1,940	-2,100	160	-1,674	—
Group-wide total					
Net sales	42,850	42,850	—	41,963	+2.1
Operating income	6,250	4,950	1,300	4,436	+40.9
Operating margin	14.6	11.6		10.6	

(unit: millions of yen, %)

	Current plan (July 31, 2023)	Initial plan (Apr. 28, 2023)	Difference	Results in previous FY	% increase/ decrease
Net sales	87,800	87,800	—	84,316	+4.1
Operating income	12,000	10,700	1,300	9,926	+20.9
Corresponding ratio	13.7	12.2		11.8	
Ordinary income	11,960	10,600	1,360	10,510	+13.8
Corresponding ratio	13.6	12.1		12.5	
Net income attributable to shareholders of parental company	8,500	7,700	800	7,619	+11.6
Corresponding ratio	9.7	8.8		9.0	
Net income per share (yen)	179.57	162.78	16.79	161.07	
ROE	9.2	8.5	0.7P	8.9	

Segment Plans in FY 2023

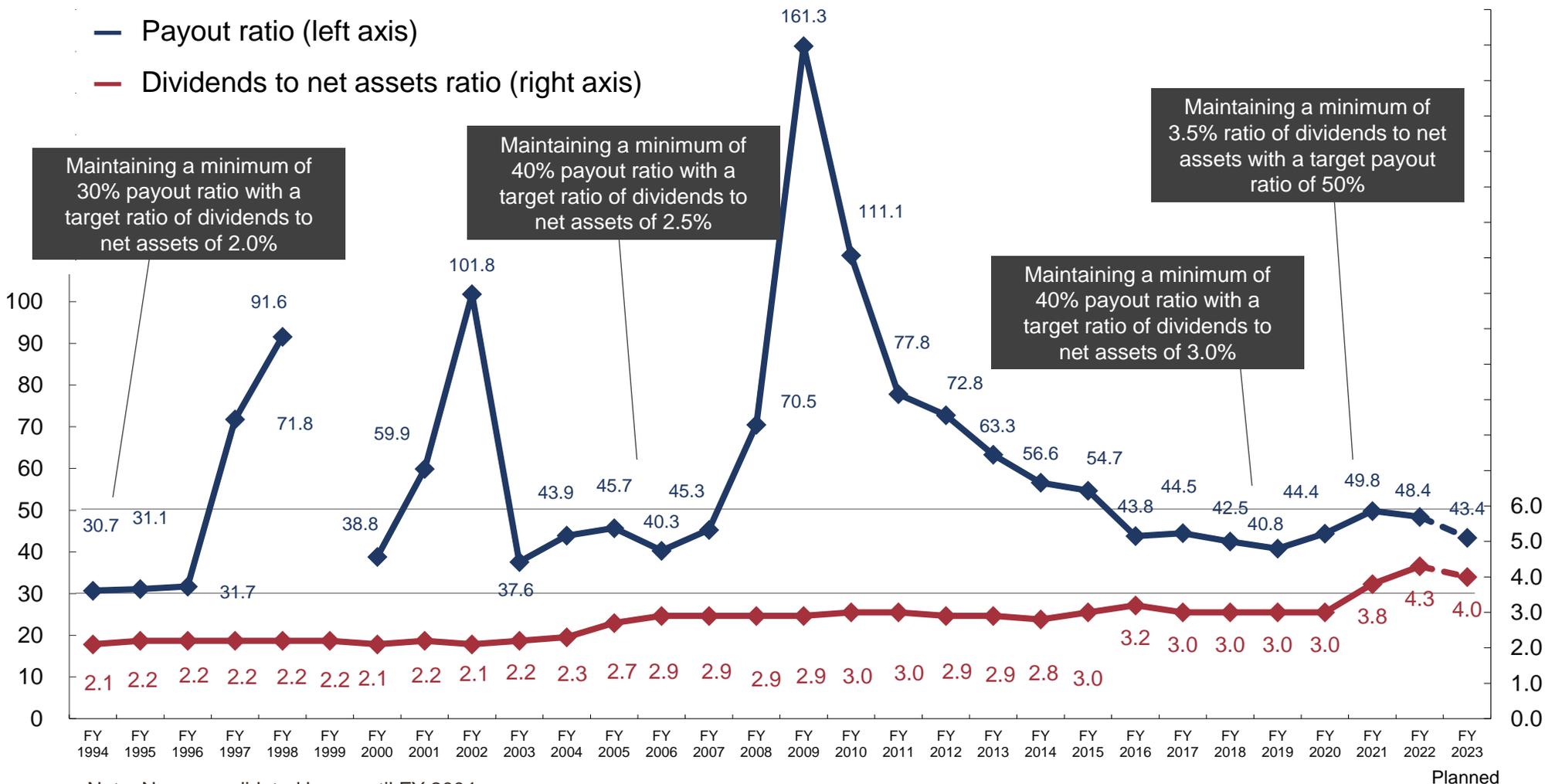
(unit: millions of yen, %)	Current plan (July 31, 2023)	Initial plan (Apr. 28, 2023)	Difference	Results in previous FY	% increase/ decrease
Industrial Equipment segment					
Net sales	62,780	62,900	-120	59,719	+5.1
Segment profit	11,940	10,950	990	9,433	+26.6
Segment profit rate	19.0	17.4		15.8	
Office Equipment segment					
Net sales	21,720	21,600	120	21,482	+1.1
Segment profit	4,030	3,850	180	4,287	-6.0
Segment profit rate	18.6	17.8		20.0	
HCR Equipment segment					
Net sales	3,300	3,300	—	3,113	+6.0
Segment profit	80	100	-20	-201	—
Segment profit rate	2.4	3.0		-6.5	
Adjustment amount	-4,050	-4,200	150	-3,594	
Group-wide total					
Net sales	87,800	87,800	—	84,316	+4.1
Operating income	12,000	10,700	1,300	9,926	+20.9
Operating margin	13.7	12.2		11.8	

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: %)

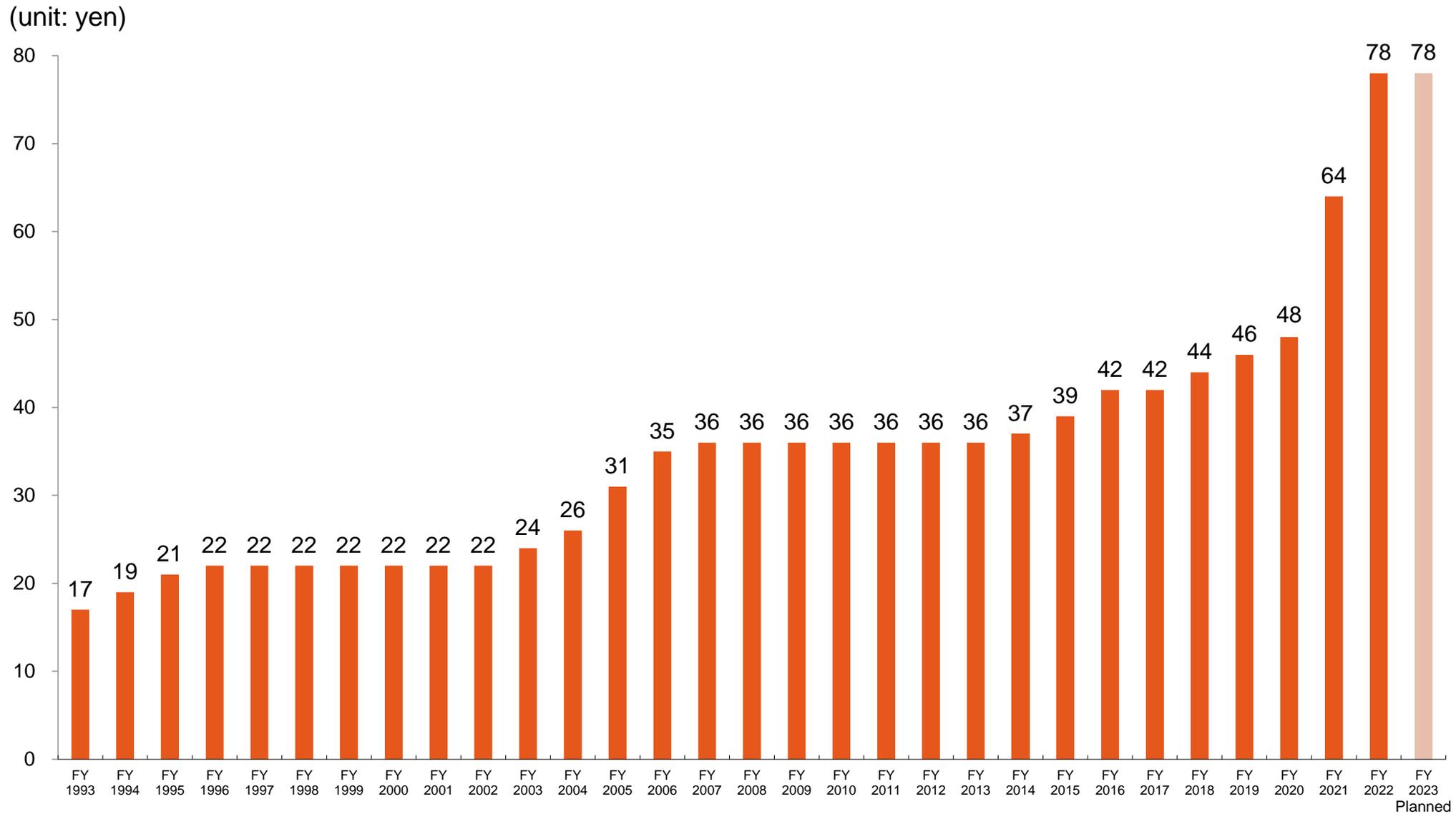
- Payout ratio (left axis)
- Dividends to net assets ratio (right axis)



Note: Non-consolidated base until FY 2004.

Planned

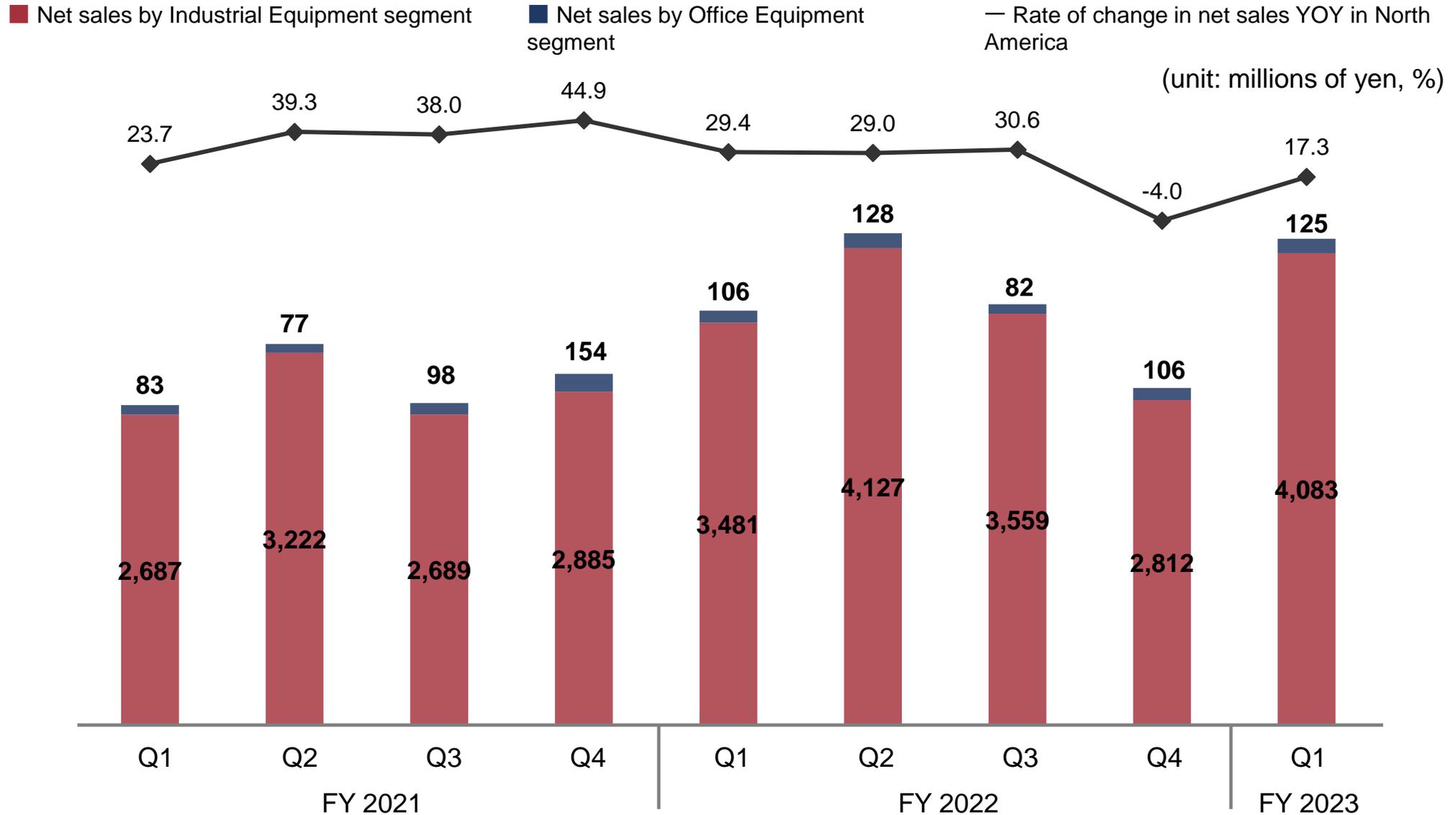
Dividends Policy: Dividends per Share





Reference Materials

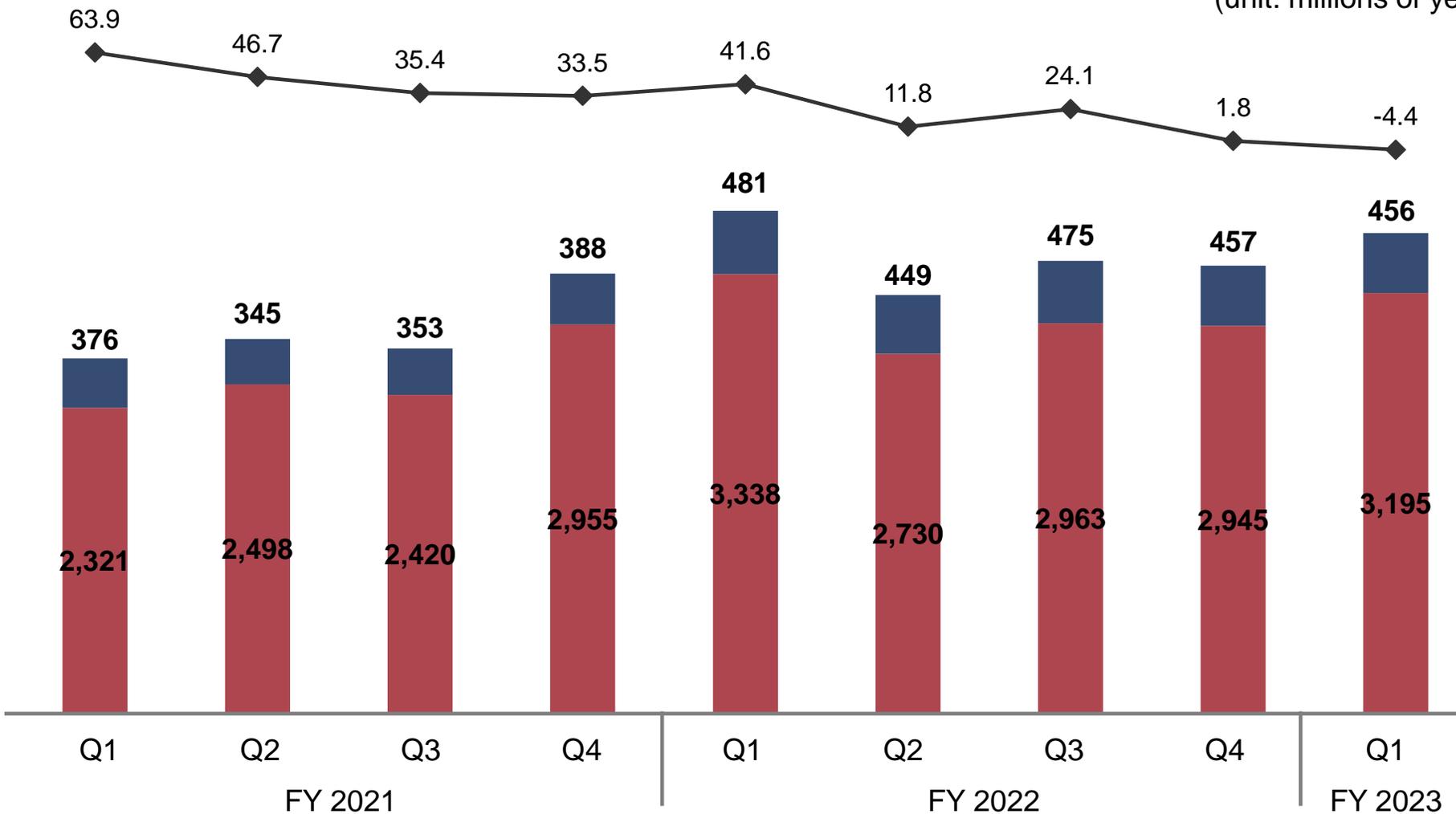
Changes in Quarterly Segment Net Sales by Overseas Region (North America)



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

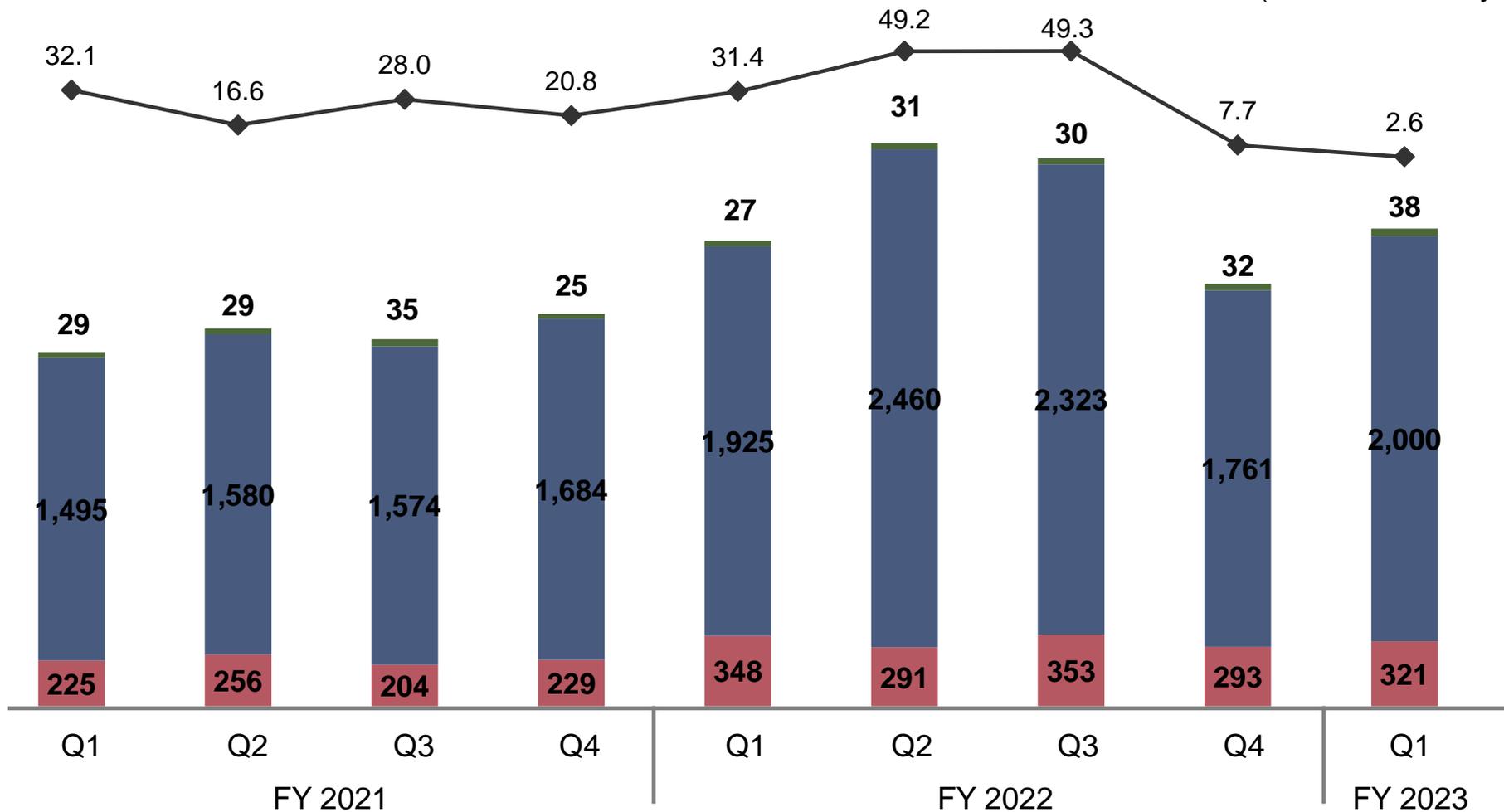
(unit: millions of yen, %)



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

- 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> 	

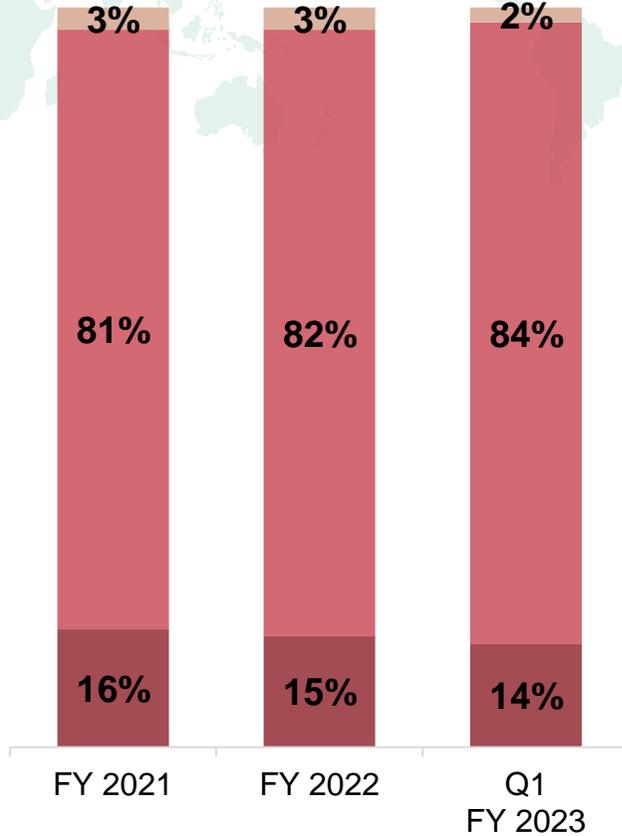
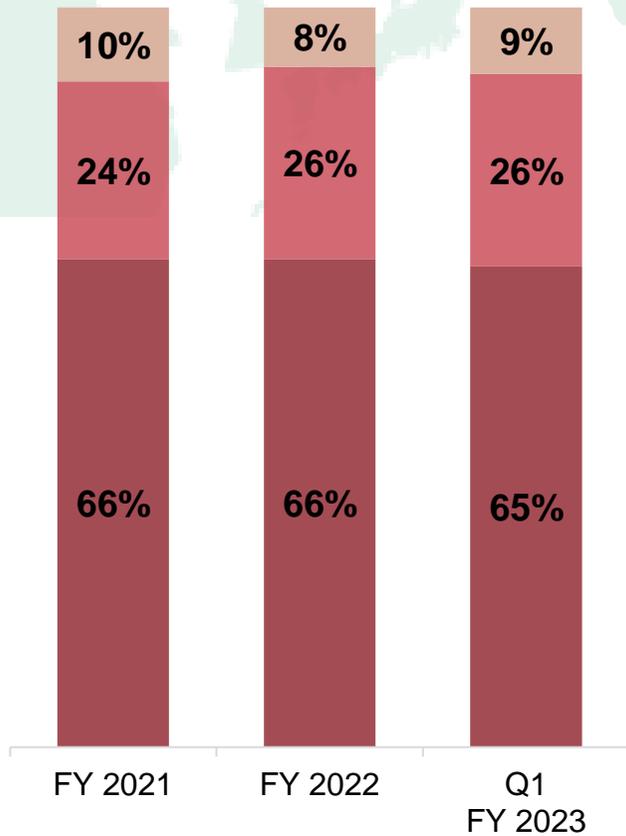
Office equipment product operations

Stationery-related products	Labelling 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

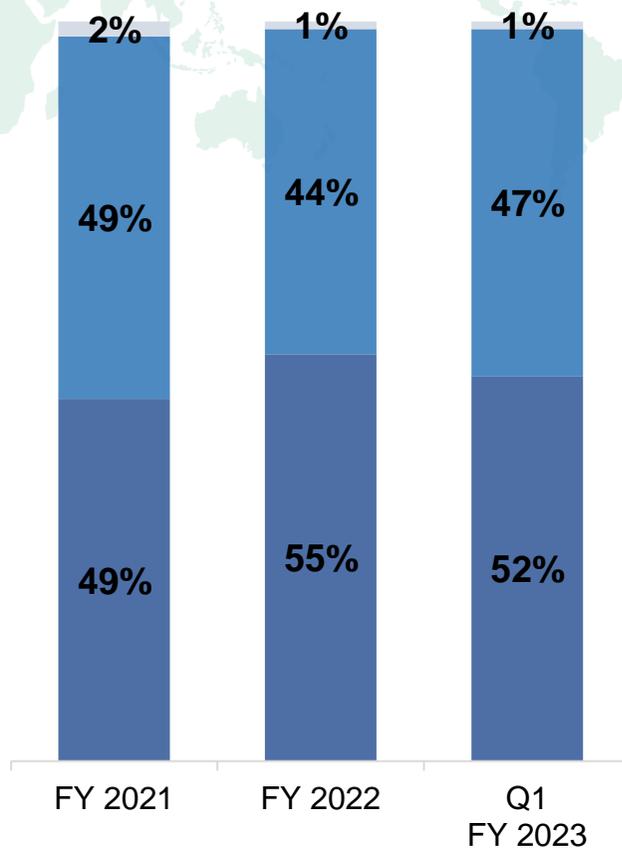
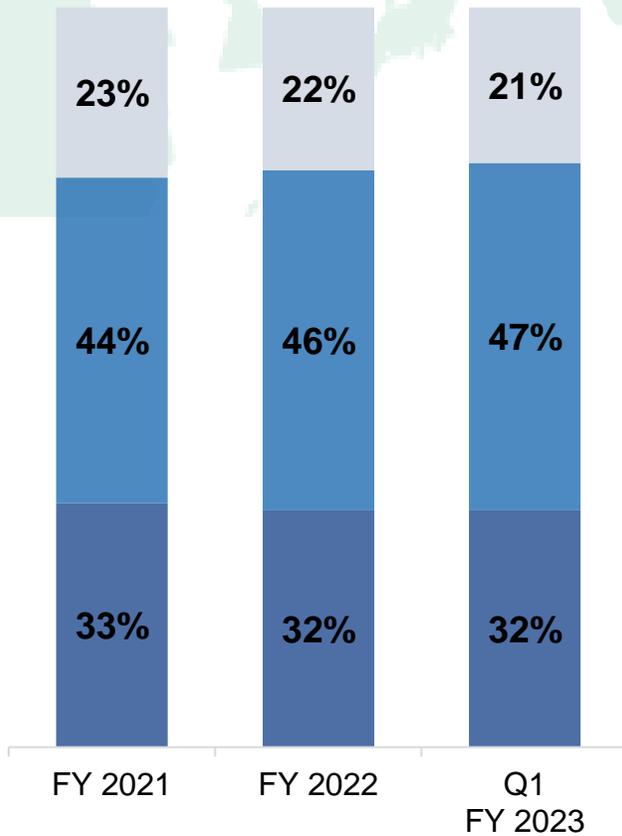


- AF (Agriculture/Food)
- Tools for concrete structures
- Tools for wooden structures

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
- 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.