



MAX Co., Ltd.

Financial Results Briefing for the First Half of FY 2023

Minutes of Q&A Session

These Minutes constitute an overview of the questions received and answers given in a briefing for analysts and fund managers held on Tuesday, October 31, 2023, regarding the Company's business results in the first half of the fiscal year ending March 31, 2024 (H1 FY 2023).

■ Industrial Equipment Segment

Q1. What were sales results of tools for concrete structures in the second quarter of this fiscal year (Q2 FY 2023)?

A1. The sales results for tools for concrete structures in Q2 FY 2023 were ¥1.6 billion in domestic sales and ¥6.2 billion in overseas sales. The total of domestic and overseas sales was ¥7.8 billion, an increase of 5%. The results for the same three-month period of the previous fiscal year were ¥1.4 billion in domestic sales and ¥5.9 billion in overseas sales, meaning that domestic sales have grown 9% and overseas sales have grown 4%.

Looking at machinery and consumables separately, domestic sales of machinery decreased by 23%, while sales of consumables increased by 17%. Overseas sales of machinery grew by 12%, while sales of consumables remained at the same level.

On a unit-sales basis, North American sales grew by 16% for machinery and decreased by 14% for consumables. In Europe sales decreased by 20% for machinery and fell by 8% for consumables. In Japan, unit-sales declined by 23% for machinery and increased by 2% for consumables.

Q2. Could you please provide further details about the status of tools for concrete structures in Q2 FY 2023?

A2. In North America, the volume of machinery grew as inventory adjustments at dealers, which had been a factor in stagnation of new orders, were resolved in the fourth quarter of the previous fiscal year. On the other hand, the sales volume of consumables decreased year-on-year because sales volume in the second quarter of the previous fiscal year was at a high level due to the alleviation of backorders at that time. Moving forward, we believe that the sales volume of consumables will recover in conjunction with an increase in the cumulative number of machinery in operation.

In Europe, economic uncertainty is causing difficult conditions to continue in Germany and Northern Europe, the main markets for rebar tying tools. We anticipate that the market environment will continue to be difficult in Germany and Northern Europe, so we plan to allocate sales man-hours to markets with relatively strong demand, such as France, Italy, and Southern Europe.

We do not foresee any changes in the competitive environment.

Q3. In Europe, are rebar tying tools mainly used in the housing market or infrastructure market? Also, how is market sentiment in the non-housing market in Europe?

A3. Rebar tying tools are used in both the housing market and non-housing market, including infrastructure. The housing market in Europe continues to be difficult. In the non-housing market, although there are cases in which public works projects have been suspended due to the Russia-Ukraine conflict, infrastructure investment in the UK and Southern Europe is trending firm. Market sentiment differs from country to country. Moving forward, we will strengthen our approach to countries with firm conditions in the non-housing market, including infrastructure.

The forecasts of business results and other forward-looking statements in this document are based on information available as of October 31, 2023 and on certain assumptions that the Company judges to be reasonable. Actual business results and other results may differ due to various factors.