

MAX Co., Ltd.
Financial Results Briefing for the First Three Quarters of FY 2023
Minutes of Q&A Session

These Minutes constitute an overview of the questions received and answers given in a telephone conference on Wednesday, January 31, 2024, to brief analysts and fund managers on the Company's business results in the first three quarters of the fiscal year ending March 31, 2024 (Q1–Q3 FY 2023).

■ Industrial Equipment Segment

Q1. What were sales results of tools for concrete structures in the third quarter of this fiscal year (Q3 FY 2023)?

A1. The sales results for tools for concrete structures in Q3 FY 2023 were ¥1.5 billion in domestic sales and ¥6.1 billion in overseas sales. The total of domestic and overseas sales was ¥7.6 billion, an increase of 8%. The results for the same three-month period of the previous fiscal year were ¥1.4 billion in domestic sales and ¥5.7 billion in overseas sales, meaning that domestic sales grew by 12% and overseas sales grew by 7%.

Looking at machinery and consumables separately, domestic sales of machinery expanded by 16%, and sales of consumables increased by 15%. Overseas sales of machinery fell by 15%, while sales of consumables increased by 13%.

On a unit-sales basis, North American sales decreased by 5% for machinery and grew by 11% for consumables. In Europe, sales decreased by 37% for machinery and fell by 7% for consumables. In Japan, unit-sales expanded by 17% for machinery and remained the same for consumables.

Q2. Please provide more details in regard to the situation of rebar tying tools in Europe.

A2. Due to market conditions, we continue to face difficult conditions in our main markets of Germany and Northern Europe. On the other hand, sales are increasing in Italy, Spain, the United Kingdom, Romania, and other countries where market conditions are strong. At present, we have not been able to compensate for the decline in sales volume in Germany and Northern Europe, which are regions with a large amount of sales. However, we aim to increase overall sales volume in Europe by steadily advancing activities in areas where sales are strong.

Q3. In Q3 FY 2023, sales of rebar tying tools in Japan increased compared to the same period of the previous fiscal year. What was the reason for this increase?

A3. This increase was due to the effect of the new rebar tying tool RB-442T that we launched in December. Although we will undertake full-scale deployment of RB-442T to the market from Q4 FY2023, there seemed to be more demand for additional purchases than for replacements in Q3 FY 2023. Consequently, we believe that there is room for future sales growth.

Q4. What are your intentions in terms of reviewing sales channels in order to grow the rebar tying tool business in Japan?

A4. We estimate that the penetration rate of rebar tying tools in Japan is approximately 50%, which is faster than in other countries. In regard to sales channels, we have already established channels that can grow sales of rebar tying tools throughout Japan. Therefore, rather than developing more sales channels, we will focus on growing

sales by utilizing existing channels.

Q5. Why hasn't the sales volume of rebar tying tools increased year-on-year despite promotions in North America?

A5. Performance in North America in the previous fiscal year was unstable due to the clearance of backorders and adjustment of dealer inventory. These factors resulted in higher-than-normal fluctuations in each quarter of the previous fiscal year. As a result, in Q3 FY 2023, the sales volume of tools decreased slightly year-on-year. However, in Q1–Q3 FY 2023, sales remained strong for both tools and consumables.

Q6. Please explain your plans to sell the new TWINTIER rebar tying tools overseas.

A6. We plan to expand overseas in due course.

Q7. Please discuss the market penetration of rebar tying tools in North America.

A7. We judge the penetration rate to be approximately 20%. We also believe that there is room for further expansion.

■ Overall Condition of the Company

Q8. I feel that the liquidity of the stock is low in comparison to market capitalization. What are your views on this matter, including cross-shareholdings?

A8. We recognize that low liquidity of stock is an issue. Financial institutions account for a certain amount of our shareholder composition. We believe that our shares held by financial institutions will be released in the future. We will work to improve the liquidity of our stock, including measures for release of shares. We also plan to reduce the number of shares of cross-shareholdings that we hold.

Q9. When announcing the new Medium-term Management Plan, I would like the Company to consider disclosing information that will deepen investor's understanding.

A9. We plan to announce a new Medium-term Management Plan at the financial results briefing for the full fiscal year ending March 31, 2024. We will strive to disclose as much information that will help investors understand our company as possible.

The forecasts of business results and other forward-looking statements in this document are based on information available as of January 31, 2024 and on certain assumptions that the Company judges to be reasonable. Actual business results and other results may differ due to various factors.