Presentation

[Title]

[QA Available] MAX, group-wide results reached record highs in both net sales and each profit. Overseas sales ratio increased to 46%.

[Lead]

This is a transcription of the financial results for the fiscal year ended March 31, 2024, and medium-term management plan of MAX CO., LTD., which were announced on April 26, 2024.

[Speakers]

Tatsushi Ogawa, President, MAX.

Yoshihiro Kaku, Senior Managing Director, Senior Executive Officer, General Manager of Corporate Division and General Manager of Corporate Planning Office, MAX.

[Text]

Summary of Financial Results in FY2023

Summary of Financial Results in FY 2023

- **Net sales, operating income and ordinary income all reached a record high.**
- **Achieved double-digit (11.1%) ROE for FY 2023.**
- **Revised dividends upward. Plan to pay an annual dividend per share of ¥101, an increase of ¥23 from the previous fiscal year.**

Tatsushi Ogawa (hereinafter "Ogawa"): My name is Ogawa, President of MAX. The following are the key points of the financial results for the fiscal year ended March 31, 2024. Group-wide results reached record highs in both net sales and each profit. As a result, ROE for the year ended March 31, 2024 was 11.1%.

In addition, the dividend was revised upward. The annual dividend is expected to be JPY101 per share, an increase of JPY23 per share from the previous year.

Group-Wide Financial Results in FY2023

Group-Wide Financial Results in FY 2023

■ Exchange rates

(JPY)	FY 2023	FY 2022	Planned
1 USD	143.82	135.07	142.15
1 EUR	156.24	140.84	153.71

(unit: millions of yen, %)

	Results in FY under review	Results in previous FY	% increase/ decrease	Current-year plan*	Achievement rate
Net sales	86,638	84,316	+2.8	87,000	99.6
Gross profit	39,857	36,129	+10.3	—	—
Corresponding ratio	46.0	42.8		—	
Operating income	12,601	9,926	+26.9	12,300	102.4
Corresponding ratio	14.5	11.8		14.1	
Ordinary income	13,717	10,510	+30.5	12,500	109.7
Corresponding ratio	15.8	12.5		14.4	
Net income attributable to shareholders of parental company	10,435	7,619	+37.0	9,600	108.7
Corresponding ratio	12.0	9.0		11.0	
ROE	11.1	8.9	—	10.5	—
Net income per share (yen)	222.57	161.07	—	204.74	—
Dividends per share (yen)	101	78	+23	98	—

* Revised plan announced on January 31, 2024

These are group-wide results for the fiscal year ended March 31, 2024. Although sales fell slightly short of the plan, profits achieved the plan.

Sales were JPY86,638 million, up 2.8% from the previous year. Volume decreased; however, sales increased due to higher selling prices as a result of price pass-through and the impact of yen depreciation.

Operating income grew 26.9% to JPY12,601 million, and net income attributable to shareholders of parent company grew 37% to JPY10,435 million.

Revision of Annual Dividend Forecast

Revision of Annual Dividend Forecast

Based on the business results for the current fiscal year and dividend policy, the Company has **revised its forecast of the annual dividend from ¥98 per share to ¥101 per share**.

Dividend Policy

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%."

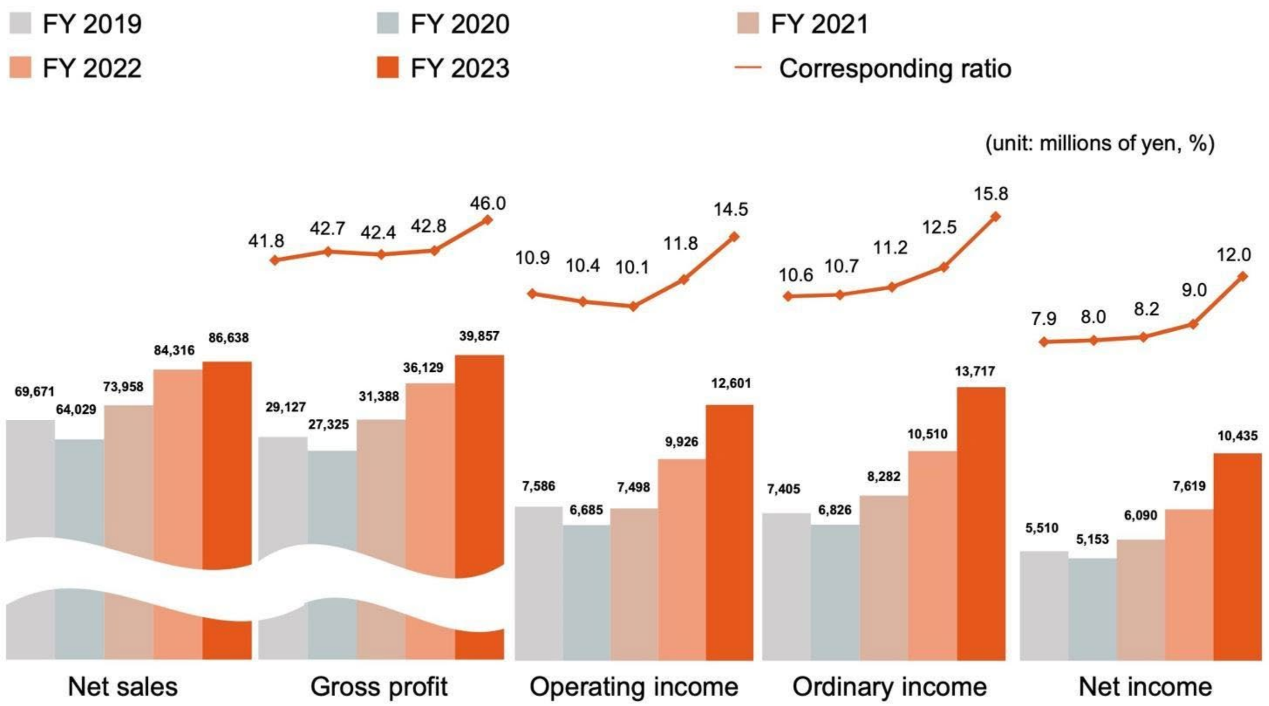
	Annual dividend		
	End of Q2	Year-end	Total
	Yen	Yen	Yen
Previous forecast (Announced on January 31, 2024)	–	98.00	98.00
Current forecast	–	101.00	101.00
Results in FY 2022	–	78.00	78.00

Ratio of dividends to net assets: 5.0%, Payout ratio: 45.4%
Plan an increase of ¥23 from previous fiscal year

Next, I would like to discuss the revision of the annual dividend. As I mentioned earlier, we have revised the annual dividend in consideration of the current year's performance and our dividend policy. The annual dividend per share is planned to be JPY101. The dividend was increased by JPY23 from the previous year, the ratio of dividends to net assets is 5%, and the dividend payout ratio is 45.4%.

Changes in Group-Wide Financial Results: FY2019 to FY2023

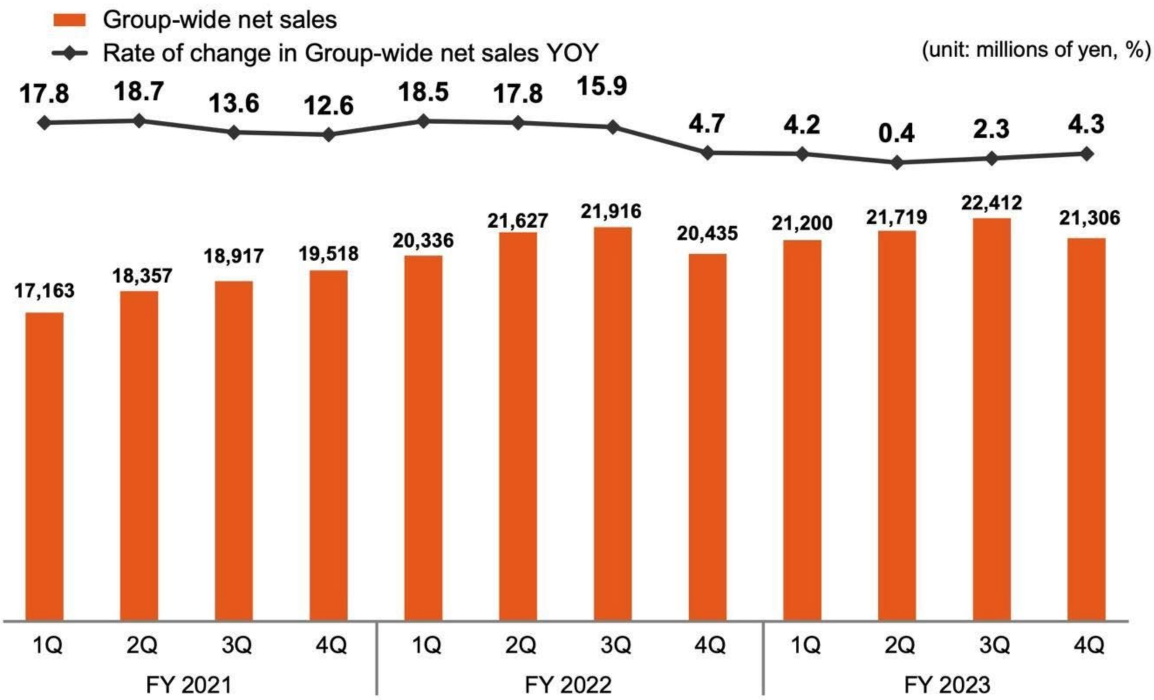
Changes in Group-Wide Financial Results: FY 2019 to FY 2023



The graph shows net sales and each profit for five periods. Gross profit margin remained high due to higher selling prices, the impact of yen depreciation, and changes in product mix. Operating income will be explained later.

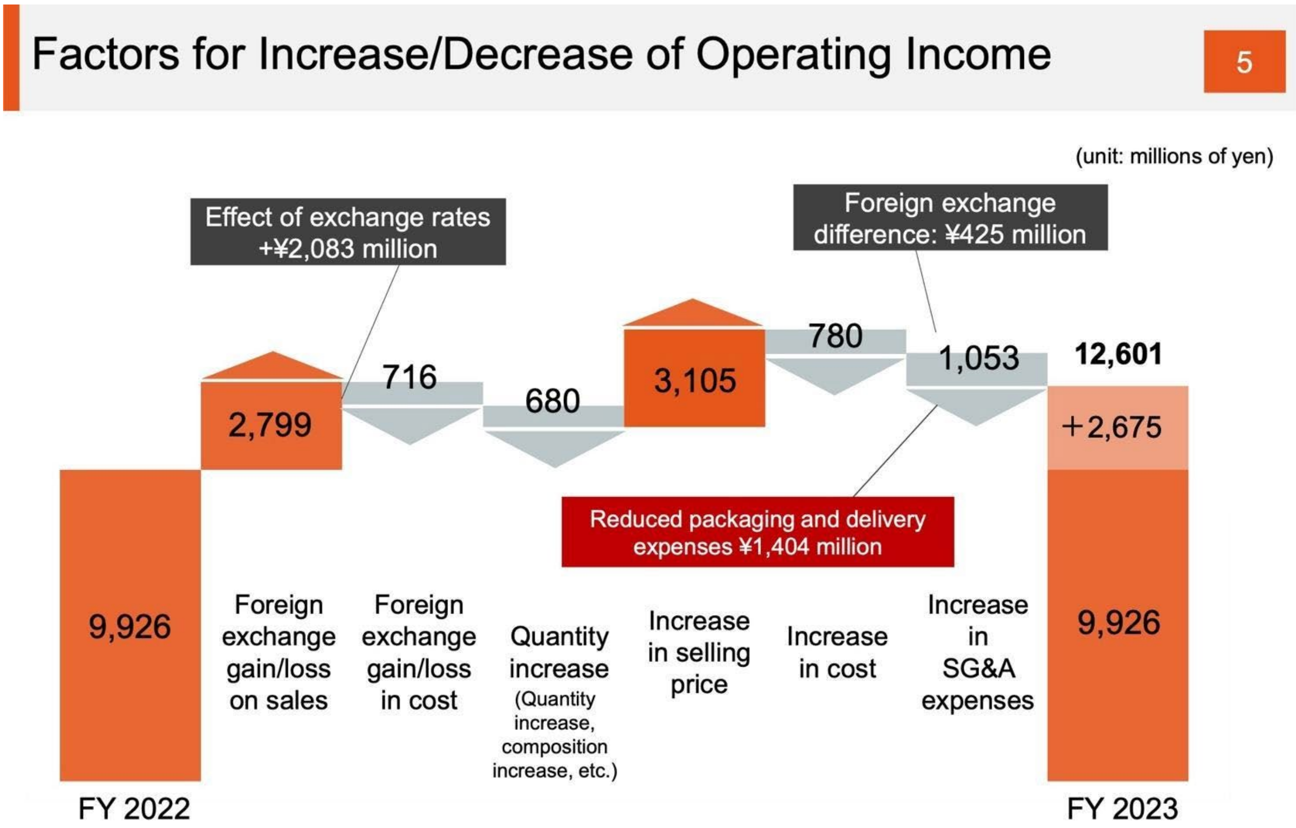
Changes in Net Sales by Quarter

Changes in Net Sales by Quarter



Here you see quarterly group-wide sales trends. Although sales volume decreased from the previous year's Q4, net sales increased YoY due to higher selling prices and the effect of foreign exchange rates.

Factors for Increase/Decrease of Operating income



Factors contributing to increase/decrease in operating income. I will start from the left side of the slide.

First, regarding the impact of exchange rates, the foreign exchange gain/loss on sales was a positive factor of JPY2,799 million for operating income due to the yen depreciation, while the foreign exchange gain/loss in cost was a negative factor of JPY 716 million yen. The quantity increase, including the composition increase, etc., was a negative factor of JPY680 million. Selling price was a positive factor of JPY3,105 million due to the increase in selling price accompanying the increase in costs. Cost increase was a negative factor of JPY780 million. Although SG&A expenses were a negative factor of JPY1,053 million, packaging and delivery expenses were down JPY1,404 million from the previous year due to the settling down of overseas freight rates and improved loading efficiency.

When the effect of exchange rates on SG&A expenses is taken into account, foreign exchange rates was a positive factor of about JPY1.6 billion for operating income, and even excluding the effect of exchange rate fluctuations, the increase in income was about JPY1 billion.

As a result of the above, operating income increased JPY2,675 million from the previous year to JPY12,601 million.

Other Financial Information

Other Financial Information

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

(unit: millions of yen)

	FY 2023	FY 2022	YOY
Non-operating income/expenses	1,116	584	+531
Non-operating income (excluding foreign exchange effect)	525	425	+100
Non-operating expenses (excluding foreign exchange effect)	-82	-84	+1
Foreign exchange gain/loss	673	244	+429
Extraordinary income/loss	-17	-210	+193
Extraordinary income	70	42	+27
Extraordinary loss	-88	-253	+165

■ Facilities investment, depreciation, R&D expenses

(unit: millions of yen, %)

	FY 2023	FY 2022	Current-year plan	Implementation rate
Facilities investment	2,865	3,542	4,615	62.1
Depreciation	3,054	3,022	3,460	88.2
R&D expenses	4,345	3,876	4,545	95.6

Other financial information. Due to the progress of yen depreciation, foreign exchange gains increased from the previous year. Actual capital expenditures, depreciation and R&D expenses are shown on the bottom of the slide.

Record of Strategic Investment

Record of Strategic Investment

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)	¥2.4 billion	/	Rate of progress compared to 3-year cumulative plan	67%

(unit: millions of yen, %)

	FY 2023	FY 2023 plan	Implementation rate
Investment in operating infrastructure	315	500	63.0
Investment in digital technology	263	400	65.8
Strategic investment in development	364	600	60.7
Investment in corporate communication	31	100	31.0
Total	973	1,600	60.8

Here you see the record of strategic investment. Actual result for the fiscal year ended March 31, 2024, was JPY973 million. The actual cumulative investment for the 3-year period beginning in the fiscal year ended March 31, 2022, was JPY2.4 billion, representing a 67% execution rate against a plan of JPY3.6 billion.

Economic Indicators

Economic Indicators

Domestic

The economy continued to recover gradually.
The number of new housing construction starts, which is related to the Group's Industrial Equipment segment, decreased year-on-year with a focus on owner-occupied housing and unit sales.
The construction floor area of non-residential structures in Japan was also sluggish.

Overseas

In the United States, construction investment trended firm for the non-housing construction market and there were signs of a recovery in housing starts.
In Europe, concern cannot be dispelled regarding future trends. In particular, there was marked stagnation in housing market conditions in Germany and Northern Europe.

■ Reference indices

Number of new housing construction starts

・Down 4.6% YOY for the period from January to December 2023
（Owner-occupied: -11.4%, Rental: -0.3%, Unit sales: -3.6%）
→ 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 17.3% YOY for the period from October 2022 to September 2023
(Offices: -28.6%, Shops: -7.8%, Factories: -13.1%, Warehouses: -24.8%)
However, there is currently a shortage of skilled rebar workers (for construction sites).
→ As a whole, negative effect on the industrial equipment product operations (concrete structure related)

Currency exchange rates

- 1 USD = 143.82 JPY, 1 EUR = 156.24 JPY
(Previous FY: 1 USD = 135.07 JPY, 1 EUR = 140.84 JPY）
- Foreign exchange sensitivity in sales (annual conversion)
(Planned value for FY 2024)
USD: 200 million JPY, EUR: 80 million JPY
- Foreign exchange sensitivity in operating income (annual conversion)
(Planned value for FY 2024)
USD: 50 million JPY, EUR: 80 million JPY

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

• The annualized rate is 1,375,000 units in January 2024, 1,549,000 units in February 2024, and 1,321,000 units in March 2024
（Previous year—January: 1,340,000 units, February: 1,436,000 units, March: 1,380,000 units)

The slide shows the external environment and other economic indicators.

Financial Results for Individual Segments in FY2023

Financial Results for Individual Segments in FY 2023

(unit: millions of yen, %)

	Results in FY under review	Results in previous FY	% increase/ decrease	Current-year plan*	Achievement rate
Industrial Equipment segment					
Net sales	62,392	59,719	+4.5	62,500	99.8
Segment profit	12,691	9,433	+34.5	12,650	100.3
Segment profit rate	20.3	15.8		20.2	
Office Equipment segment					
Net sales	21,006	21,482	-2.2	21,170	99.2
Segment profit	3,965	4,287	-7.5	3,950	100.4
Segment profit rate	18.9	20.0		18.7	
HCR Equipment segment					
Net sales	3,239	3,113	+4.0	3,330	97.3
Segment profit	-7	-201	—	0	
Segment profit rate	-0.2	-6.5		0.0	
Adjustment amount	-4,048	-3,594	—	-4,300	
Group-wide total					
Net sales	86,638	84,316	+2.8	87,000	99.6
Operating income	12,601	9,926	+26.9	12,300	102.4
Operating margin	14.5	11.8		14.1	

* Revised plan announced on January 31, 2024

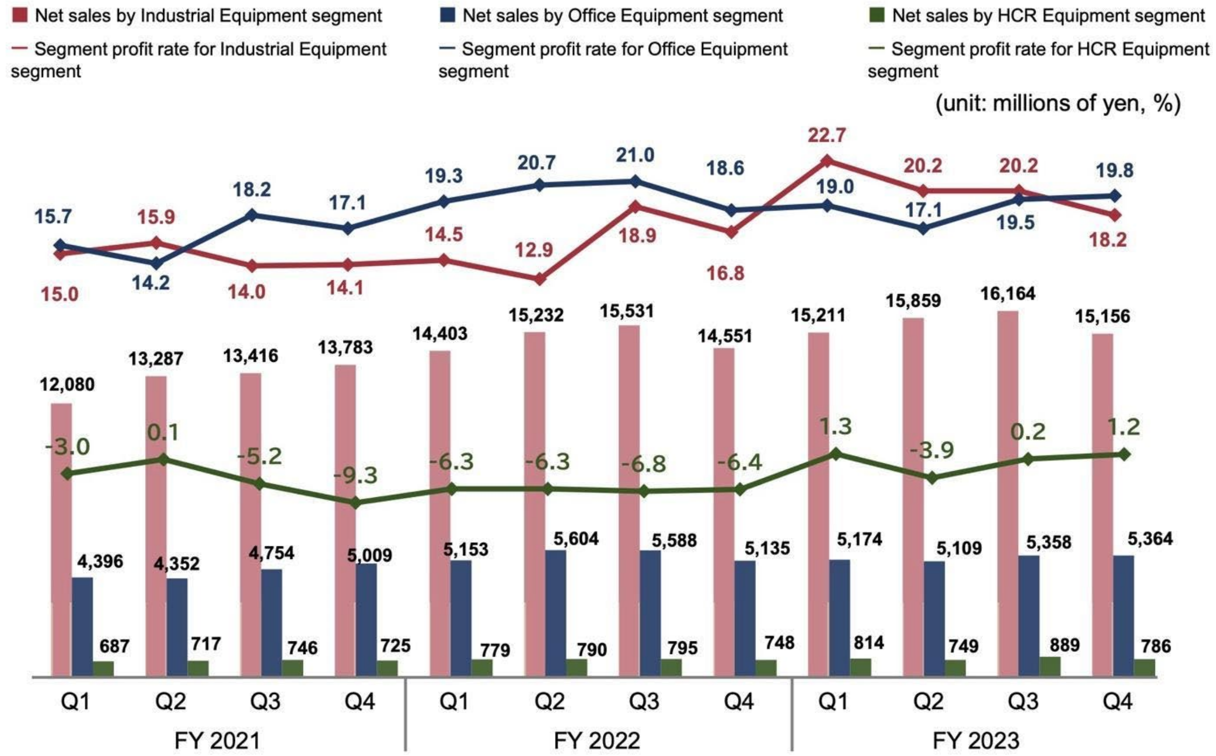
Here you see segment results. In the industrial equipment segment, net sales and segment profit increased YoY due to a steady increase of 9.1% in sales of tools for concrete structures, as well as higher selling prices and the effect of the yen's depreciation. Segment profit was JPY12,691 million, up 34.5% from the previous year, with a segment profit margin of 20.3%.

In the office equipment segment, net sales and segment profit decreased from the previous year due to declines in the auto-stapler product operations and the overseas office equipment product operations. Segment profit was JPY3,965 million, down 7.5% from the previous year, and the segment profit margin was 18.9%.

The HCR equipment segment posted YoY increases in both net sales and segment profit, and segment profit was negative JPY7 million.

Changes in Segment Results by Quarter

Changes in Segment Results by Quarter



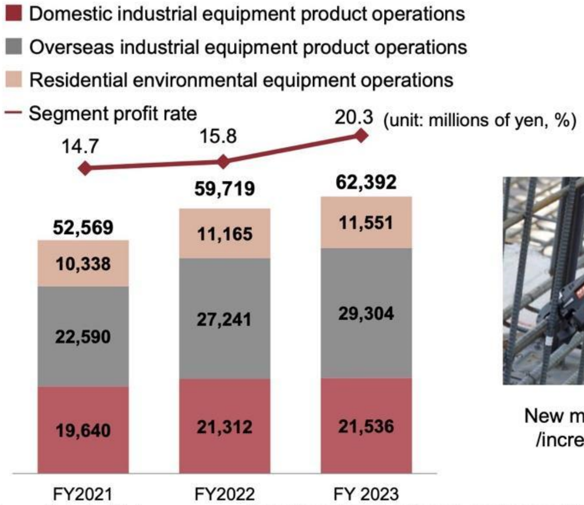
The graph shows net sales and segment profit margin by segment by quarter. Profitability improved mainly in the industrial equipment segment due to improved profitability in the domestic business, lower packaging and delivery expenses, and foreign exchange effects.

In Q4, the profit margin declined slightly due to the implementation of promotions aimed at stimulating future demand for rebar tying tool wire in the overseas industrial equipment product operations, as well as an increase in the ratio of packaging and delivery expenses.

In the HCR equipment segment, foreign exchange rates continue to be a negative factor, but profitability is steadily improving due to sales expansion of high value-added products, increased sales in overseas markets, and higher selling prices, and the segment was profitable except for Q2.

Industrial Equipment Segment: Financial Results for FY2023

Industrial Equipment Segment: Financial Results for FY 2023



New model of TWINTIER /increased tying speed

DRYFAN for newly-built housing

Domestic industrial equipment product operations	▶ Despite a tough external environment which included a decrease in the construction floor area of concrete structures, sales of tools trended firm thanks to growing sales of the new model RB-442T of rebar tying tools TWINTIER.
Overseas industrial equipment product operations	▶ In North America, sales of TWINTIER rebar tying tools and related consumables grew thanks to factors such as increased construction expenditures in the non-housing construction market and holding of sales promotions. On the other hand, in Europe, sales decreased mainly for tools in view of the uncertain economic outlook for the construction market.
Residential environmental equipment operations	▶ Sales of DRYFAN bathroom heaters, ventilators and dehumidifiers, which are the mainstay of the business, grew in the housing stock for renovation and replacement, which is a focus of the segment. Sales also trended firm in the new-built housing market.

Here you see results for the industrial equipment segment. See the graph on the left side of the slide. Results for the domestic industrial equipment product operations are shown in red. Sales for the fiscal year ended March 31, 2024, were JPY21,536 million, up 1.1% from the previous year. Although the external environment was difficult, sales of the new rebar tying tool, TWINTIER RB-442T, expanded.

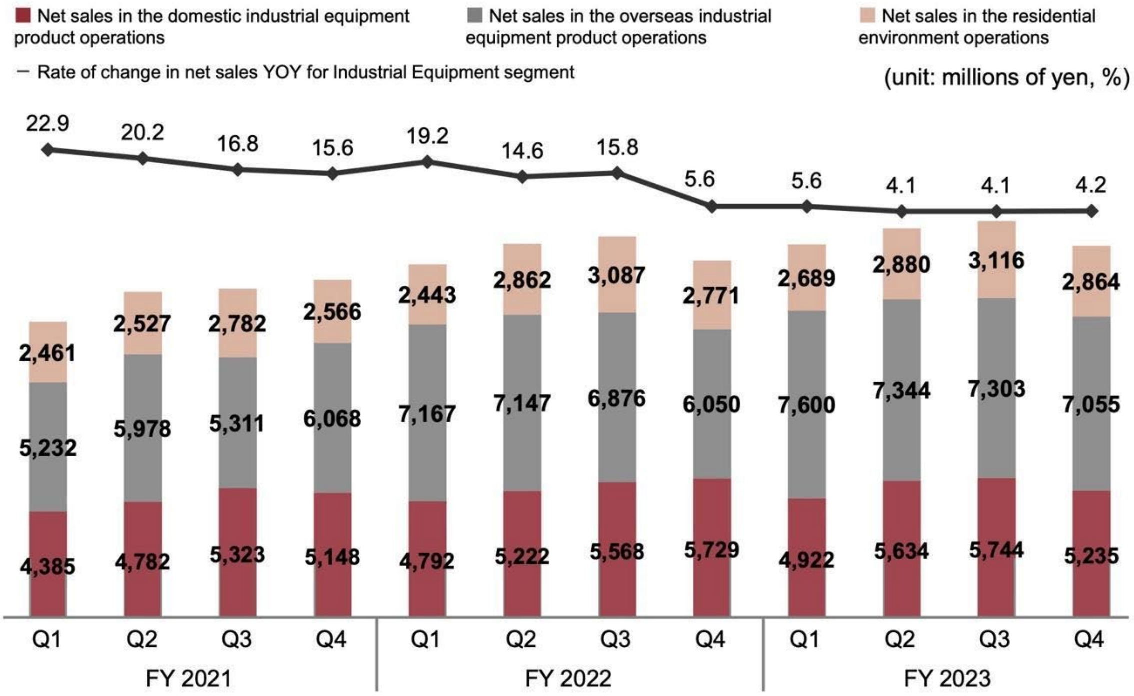
The results for the overseas industrial equipment product operations are shown in gray. Sales for the fiscal year ended March 31, 2024 were JPY29,304 million, up 7.6% from the previous year.

In North America, sales of both the TWINTIER rebar tying tools and its consumables grew due to steady construction spending on the non-housing market and promotional activities. In Europe, sales of rebar tying tools declined mainly due to deteriorating business confidence in the construction market.

The top one is the results of the residential environmental equipment operations. Net sales for the fiscal year ended March 31, 2024, were JPY11,551 million, up 3.5% from the previous year. Sales of our mainstay DRYFAN bathroom heaters, ventilators, and dehumidifiers grew in the renovation/replacement stock market, on which we are focusing, and also remained stable in the new-built housing market.

Industrial Equipment Segment: Changes in Net Sales by Quarter

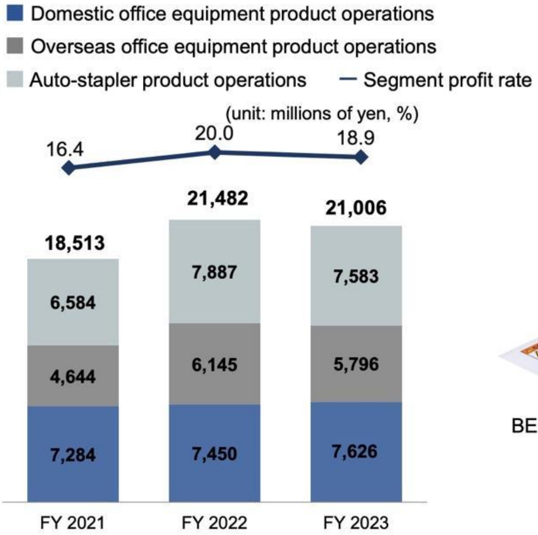
Industrial Equipment Segment: Changes in Net Sales by Quarter



The slide shows the quarterly sales trend of the industrial equipment segment.

Office Equipment segment: Financial Results for FY2023

Office Equipment Segment: Financial Results for FY 2023



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 first half of the previous fiscal year, LETATWIN tube markers trended firm and there were increased sales of consumables for BEPOP label-making machines.
Overseas office equipment product operations	Sales of stationery-related products decreased due to prolonged inventory adjustments by customers in Southeast Asia.
Auto-stapler product operations	In the first half, orders were sluggish due to inventory adjustments by customers. However, signs of recovery were observed in the second half.

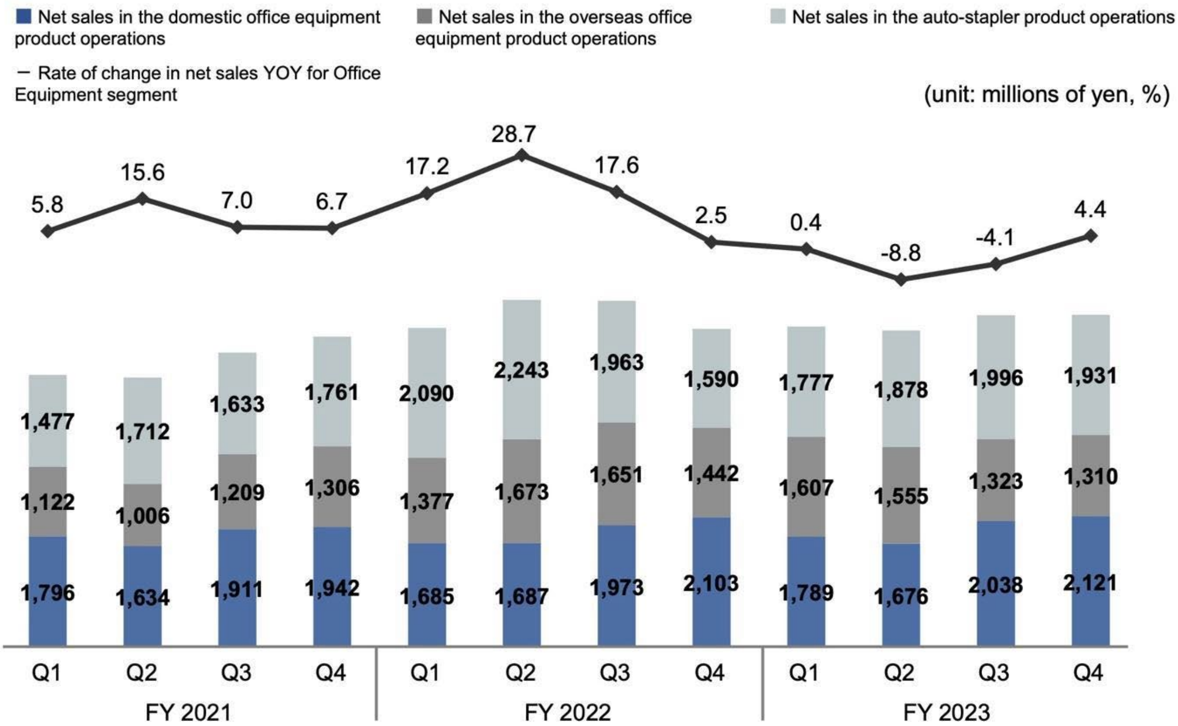
Results of the office equipment segment. See the graph on the left side of the slide. The results for the domestic office equipment product operations are shown in blue. Net sales for the fiscal year ended March 31, 2024 were JPY7,626 million, up 2.4% from the previous year. Steady sales of tube marker LETATWIN and consumables for BEPOP label-making machines, as well as higher selling prices, contributed to higher sales.

The results for the overseas office equipment product operations are shown in dark gray. Sales for the fiscal year ended March 31, 2024 were JPY5,796 million, down 5.7% from the previous year. Sales of stationery-related products declined due to the impact of prolonged inventory adjustments at customers in Southeast Asia.

At the top are the results of the auto-stapler product operations. Net sales for the fiscal year ended March 31, 2024, were JPY7,583 million, down 3.8% from the previous year, but still within the expected range.

Office Equipment Segment: Changes in Net Sales by Quarter

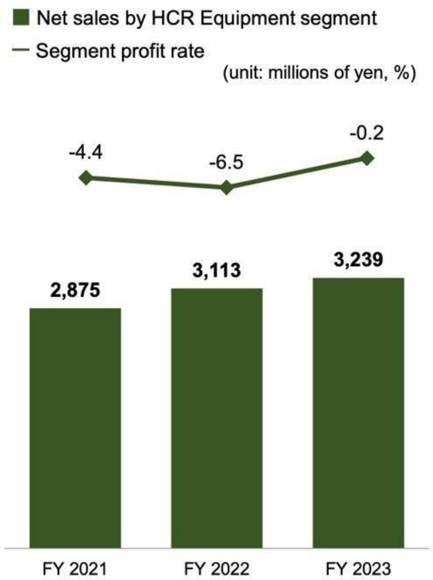
Office Equipment Segment: Changes in Net Sales by Quarter



This page shows quarterly sales trends for the office equipment segment. Please see the auto-stapler product operations at the top of the bar graph for the year ended March 31, 2024. Orders were stagnant in H1 due to inventory adjustments by clients but showed signs of recovery in H2.

HCR Equipment Segment: Financial Results for FY2023

HCR Equipment Segment: Financial Results for FY 2023



Multipurpose wheelchairs: Modern Series

Standard wheelchairs: Stayer

HCR Equipment segment

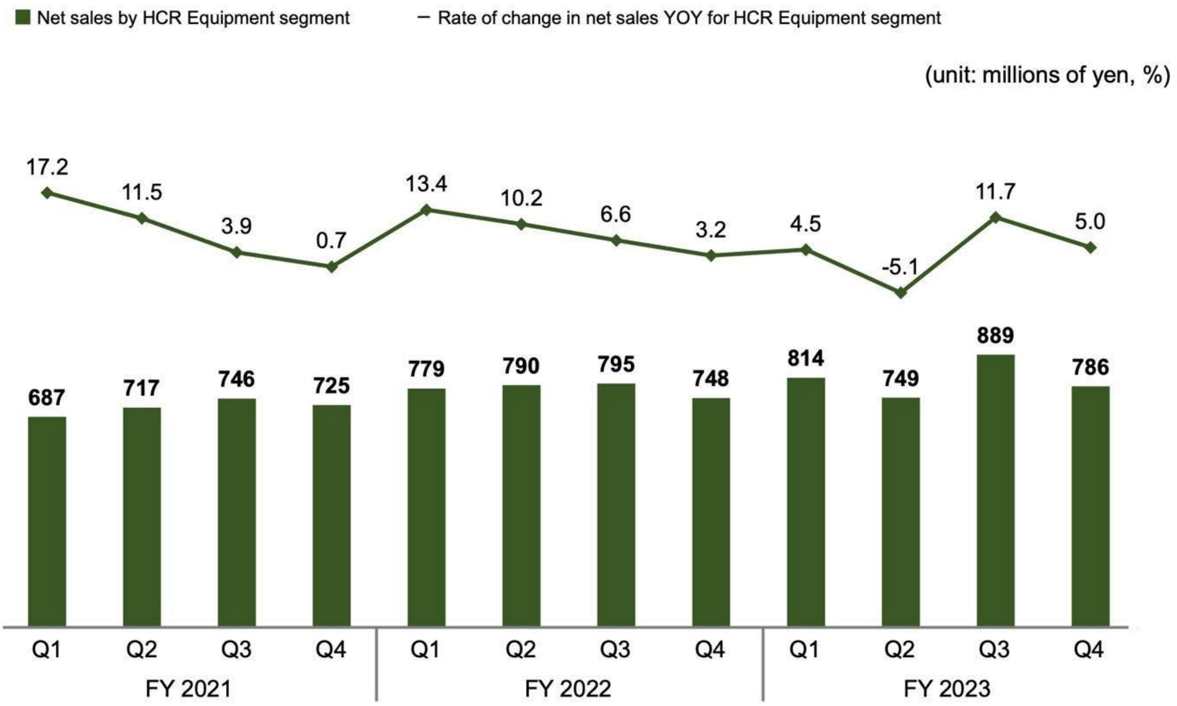
▶ Revenue increased thanks to strong sales of wheelchairs for hospitals and care facilities and to growing overseas sales, particularly to China.

This page shows results for HCR equipment segment. Sales for the fiscal year ended March 31, 2024, were JPY3,239 million, up 4% from the previous year. Segment profit margin was negative 0.2%.

Sales of wheelchairs to hospitals and institutions remained strong, and sales to China and other overseas markets grew.

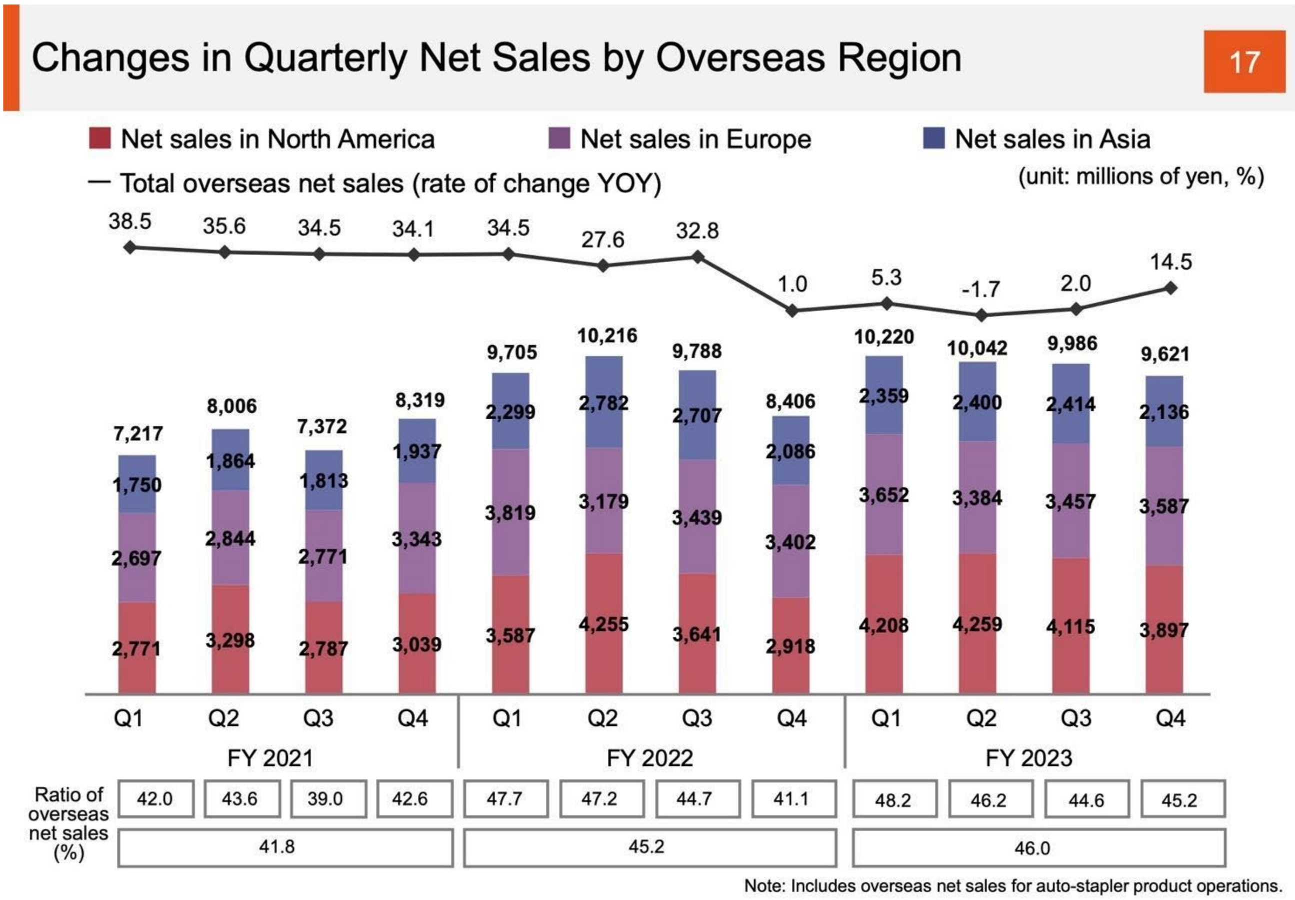
HCR Equipment segment: Changes in Net Sales by Quarter

HCR Equipment Segment: Changes in Net Sales by Quarter



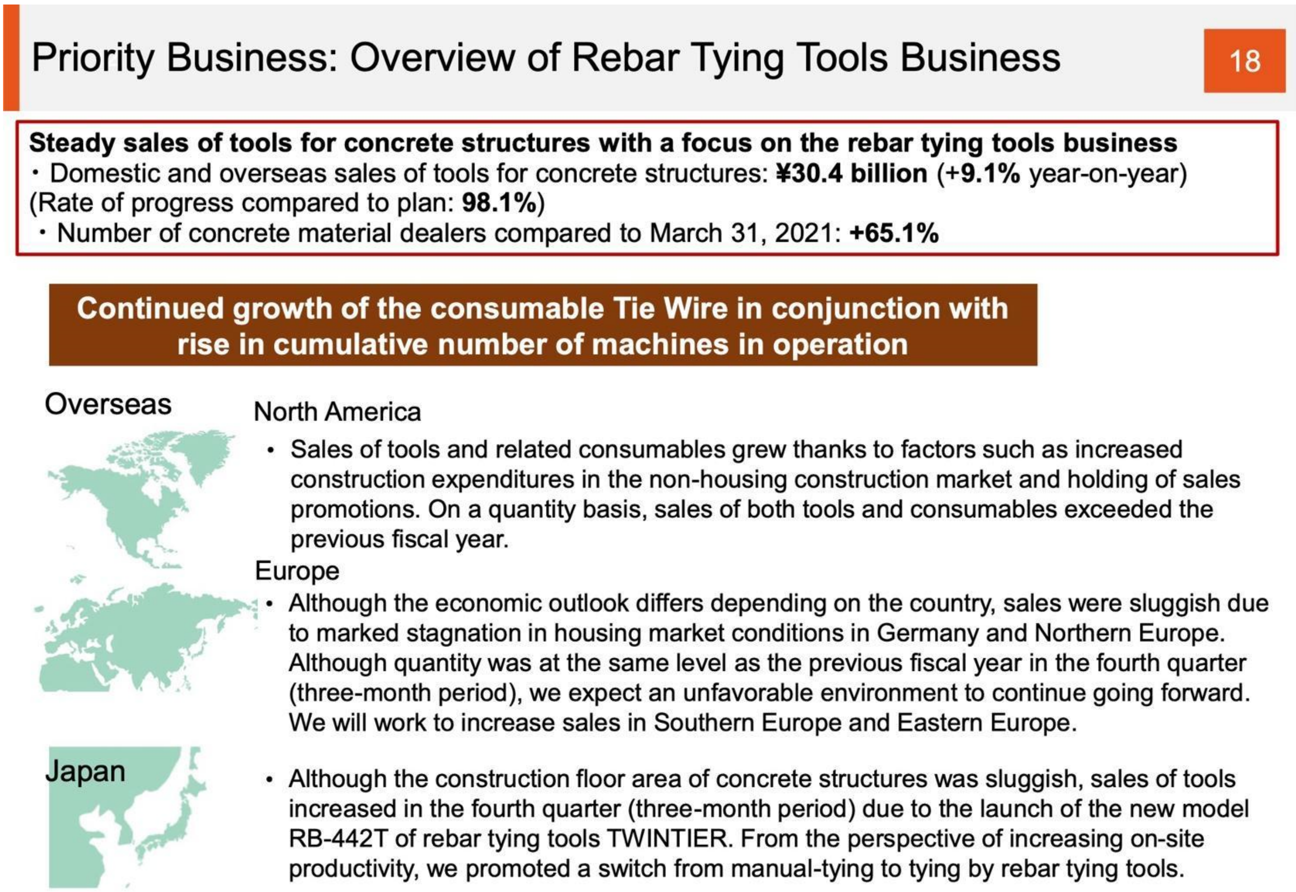
Quarterly sales trends for the HCR equipment segment are shown in the slide.

Changes in Quarterly Net Sales by Overseas Region



Quarterly sales by overseas region. The ratio of overseas sales to total sales was 46%, as shown in the lower right-hand corner of the slide.

Priority Business: Overview of Rebar Tying Tools Business



This is an overview of the rebar tying tools business, one of our priority businesses. Sales of tools for concrete structures, centered on the rebar tying tools business, totaled JPY30.4 billion. Although slightly short of projections, sales grew 9.1% over the previous year.

Explanations are provided by region. In North America, sales of machinery and consumables increased due to promotional activities and other factors, resulting in a volume-based result that exceeded the previous year's level.

In Europe, business conditions differ from country to country, but in the mainstay markets of Germany and Northern Europe, housing market conditions deteriorated markedly, and sales were sluggish. In Q4, although volumes were almost on par with the previous year, we expect the environment to continue to be less optimistic. We will promote sales expansion activities to Southern and Eastern Europe where market conditions are favorable.

In Japan, sales expanded thanks to the effect of the new product TWINTIER RB-442T. We intend to continue to promote proposal activities with productivity improvement as the starting point.

This concludes the explanation of the results for the fiscal year ended March 31, 2024.

Summary of Review

Summary of Review

Review and Current Status of Previous Medium-term Management Plan	
1	During the period of the previous Medium-term Management Plan ending in FY 2023, operating results were strong thanks to factors such as growth in the rebar tying tools business, increased selling prices, and the depreciation of the yen.
2	As a result of the strong operating results, ROE also improved to 11.1%, which exceeded the target of the previous Medium-term Management Plan (8%) and the cost of equity (6% to 7%).
3	Both stock price and PBR improved significantly during the period of the previous Medium-term Management Plan.
4	Although the amount of net cash and deposits has increased, the ratio of net cash and deposits has been maintained at a certain level through growth investments and increased shareholder returns.
5	In addition to strengthening corporate governance through measures such as abolishing takeover defense measures, enhanced information disclosure.

I will now explain our medium-term management plan. After the review of the previous medium-term management plan, I will explain the contents of the new medium-term management plan.

First, I will look back the previous medium-term management plan. Since the fiscal year ended March 31, 2024 is the final year of the previous medium-term management plan, I will briefly explain the results of the previous medium-term management plan for the period from FY2021 to FY2023, which was announced in April 2021.

Regarding business performance, sales and each profit were favorable due to growth in the rebar tying tools operations, increased selling prices, and the yen's depreciation. As a result, ROE improved to 11.1%, exceeding the target of 8% and cost of shareholders' equity of 6% to 7% in the previous medium-term management plan. Both stock price and PBR also improved significantly.

Review of Company-Wide Results

Reached all targets through growth of rebar tying tools business

■Forecasted exchange rates
1 USD = 105.00 JPY
1 EUR = 125.00 JPY

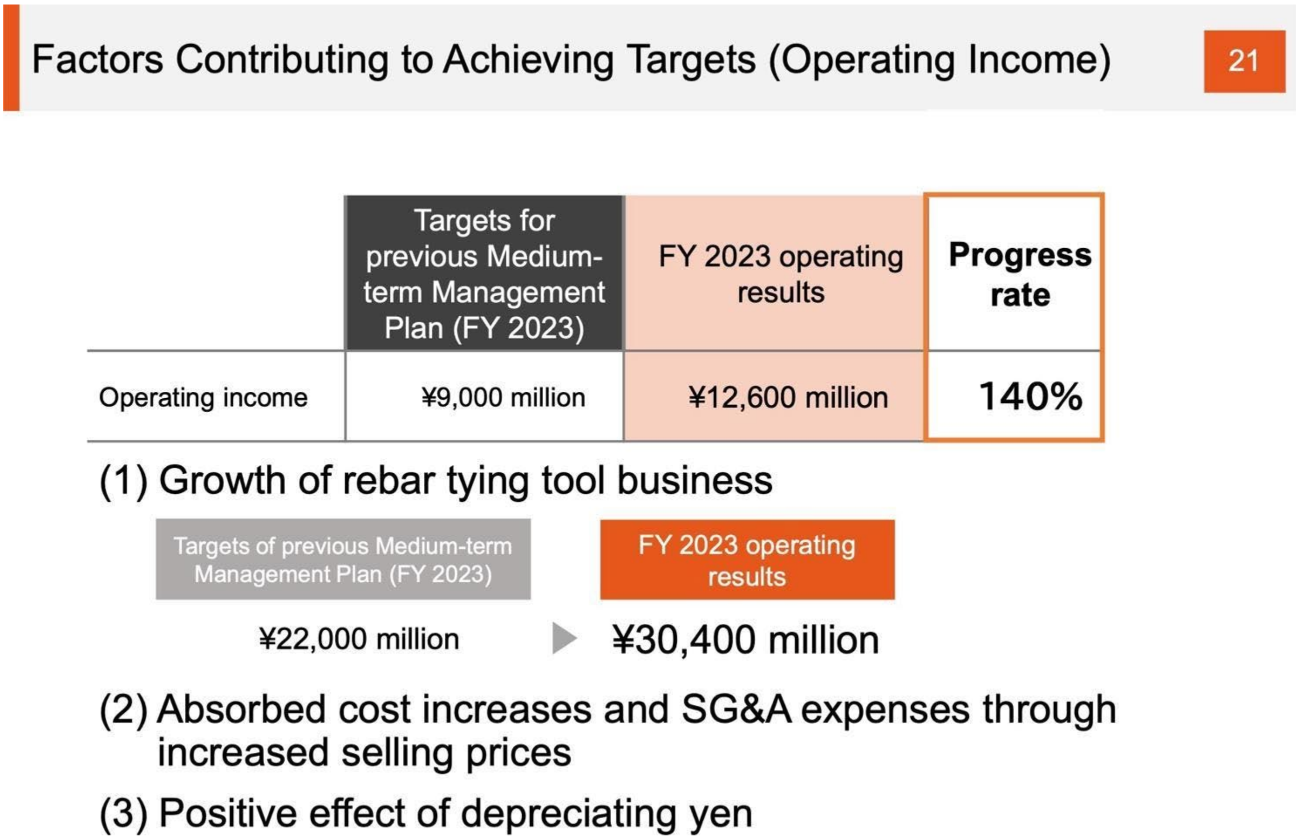
■Actual exchange rate
1 USD = 143.82 JPY
1 EUR = 156.24 JPY

	Targets for previous Medium-term Management Plan (FY 2023)	FY 2023 operating results	Progress rate
Net sales	¥72,900 million	¥86,600 million	**119%**
Operating income	¥9,000 million	¥12,600 million	**140%**
Net income attributable to shareholders of parental company	¥7,000 million	¥10,400 million	**149%**
ROE	8.0%	11.1%	**+3.1pt**

Achieved all targets

Looking at company-wide results, net sales were higher than the initial target by JPY13.7 billion, operating income by JPY3.6 billion, and ROE by 3.1 percentage points.

Factors Contributing to Achieving Targets (Operating Income)


Factors Contributing to Achieving Targets (Operating Income)

	Targets for previous Medium-term Management Plan (FY 2023)	FY 2023 operating results	Progress rate
Operating income	¥9,000 million	¥12,600 million	**140%**

(1) Growth of rebar tying tool business

Targets of previous Medium-term Management Plan (FY 2023)	FY 2023 operating results
¥22,000 million	¥30,400 million

(2) Absorbed cost increases and SG&A expenses through increased selling prices

(3) Positive effect of depreciating yen

In particular, operating income significantly exceeded the target due to growth in the rebar tying tools business, increased selling prices, and the impact of the yen's depreciation.

Measures and Evaluation for Basic Strategy

Measures and Evaluation for Basic Strategy

22

Basic Strategy for Medium-term Management Plan (FY 2021 to FY 2023)		Measures and Evaluation
Growth of Overseas Business	• Accelerate the growth of the rebar tying tools business • Overseas expansion of AF (Agriculture/Food) business • Active investment in priority regions	• Overseas sales increased by ¥17 billion during the period of the previous Medium-term Management Plan. • Rebar tying tools business grew 1.4 times more than expected. • Established sales bases in Germany etc. Completed 3rd factory in Thailand and expanded the supply capacity of consumables.
Business Model Transformation	• Strengthen the infrastructure of highly-profitable businesses • Promote activities in new markets	• In each domestic business, increased sales prices to absorb cost increases caused by soaring prices of various materials and a depreciating yen. • Shift to stock business is progressing smoothly. • Established a dedicated organization for new markets and held activities.
Launch of New Businesses	• Medium- to long-term R&D investment • Investment in domestic and overseas market development sales	• Continued R&D investment (¥11.7 billion in the last three fiscal years). • Established New Business Launch Project and utilized a subsidiary to launch the Rentool business by utilizing a subsidiary. • In the next Medium-term Management Plan, we will accelerate activities toward commercialization.
Strengthening Management Infrastructure	• Improve business productivity by utilizing digital technology • Realize a healthy and comfortable workplace at the company • Strengthen ESG and brand power	• Recognized as a "DX-certified Business Operator" by the Ministry of Economy, Trade and Industry. • Addressed the target of reducing total working hours per year to less than 1,900 hours. Actual result for FY 2023 was 1,879 hours. • Supporting the TCFD and published an Integrated Report.

Next, we will review the basic strategy. The first basic strategy of the previous medium-term management plan, Growth of Overseas Business, made steady progress due to the expansion of the rebar tying tools business in Europe and the United States. Overseas sales increased by JPY17 billion during the previous medium-term management plan, and the ratio of overseas sales to total sales increased by 10 percentage points to 46%.

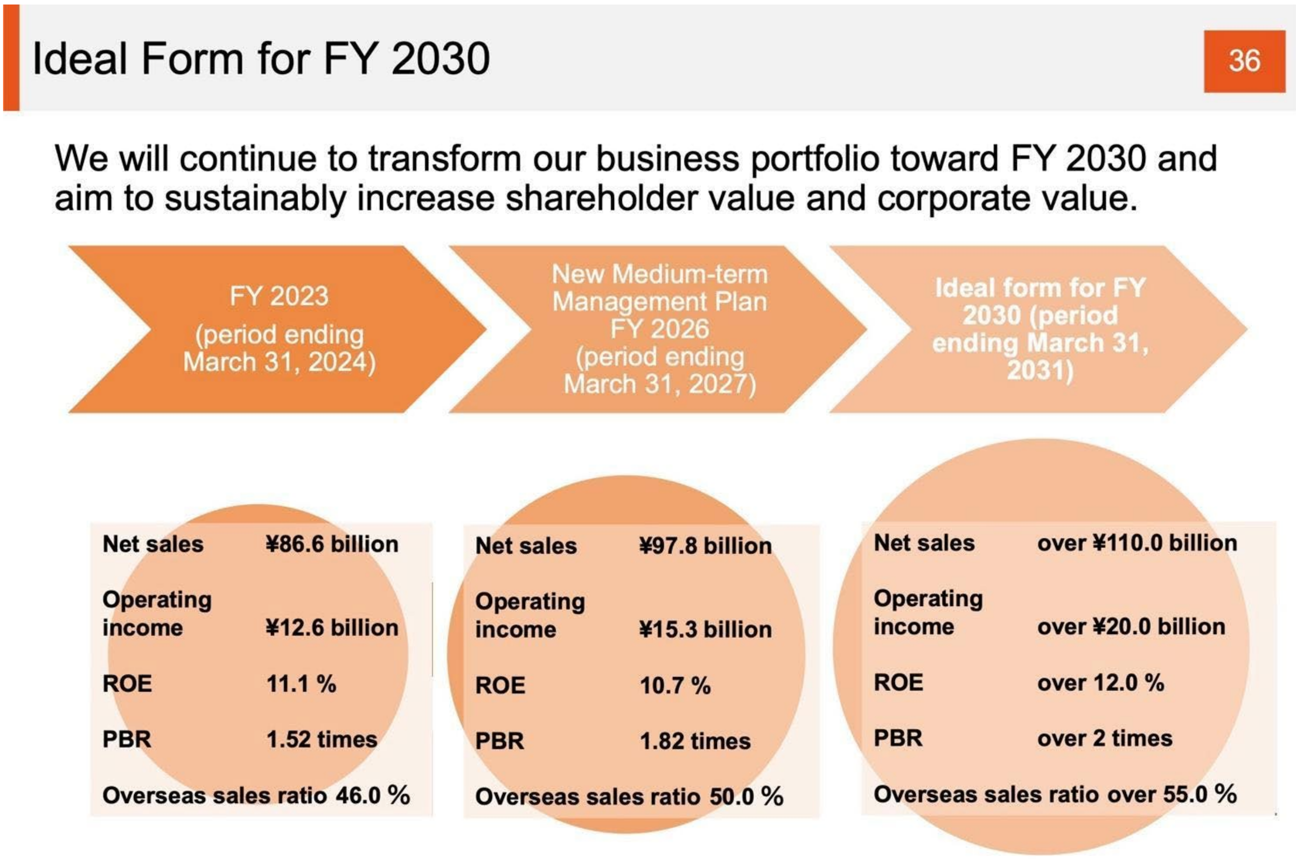
In the second strategy, Business Model Transformation, we steadily improved the profitability of our domestic business by increasing selling prices and shifting to a stock business.

The third strategy, Launch of New Businesses, is gradually taking concrete shape, such as the launch of the Rentool business from an in-house business contest. In the next mid-term management plan, we will accelerate the movement toward commercialization of various ideas.

In the fourth strategy, Strengthening Management Infrastructure, the Company promoted DX initiatives, created a comfortable work environment, and published an integrated report.

Please refer to the documents later for other details of the review.

Ideal Form for FY2030



I will now explain our newly formulated medium-term management plan for the period from FY2024 to FY2026.

The goal for FY2030 is shown on the right side of the slide. This new medium-term management plan is designed to help us reach our goal of FY2030.

In FY2030, the Company aims to achieve net sales of JPY110 billion, operating income of JPY20 billion, ROE of 12%, and P/B ratio of over 2 times. At that time, we aim to achieve an overseas sales ratio of 55%.

Basic Strategy of Medium-term Management Plan (FY2024 to FY2026)

Basic Strategy of Medium-term Management Plan (FY 2024 to FY 2026)

Create the Future

－Maximize corporate value by improving business profitability and return on capital－

1. Business Strategy	×	2. Strengthening Management Infrastructure Strategy	×	3. Growth Investment Strategy
(1) Further growth of overseas businesses		(1) Sustainability management (human capital)		(1) Business expansion investment
(2) Strengthening of domestic businesses		(2) DX promotion		(2) R&D investment
(3) Commercialization of new businesses		(3) Facilities investment		

I will explain the basic strategy of the new medium-term management plan. The common theme for the entire company is Create the Future, maximize corporate value by improving business profitability and return on capital."

To achieve this, we will focus on three strategies: Business Strategy, Strengthening Management Infrastructure Strategy, and Growth Investment Strategy. The three key issues of our business strategy are further growth of overseas businesses, strengthening of domestic businesses, and commercialization of new businesses.

In Strengthening Management Infrastructure Strategy, we will strengthen the information system infrastructure to execute the sustainability management agenda, including human capital, and to promote DX. In addition, we will strengthen our manufacturing base through facilities investment.

In Growth Investment Strategy, the Company intends to execute the JPY12 billion worth of investments necessary for business expansion, including M&A. We will also aggressively invest in R&D, which is the foundation for sustainable growth.

Medium-term Management Plan for the Entire Company (FY2024 to FY2026)

Medium-term Management Plan for the Entire Company (FY 2024 to FY 2026)

■ Forecasted exchange rates

FY 2023	1 USD = 143.82 JPY	/	1 EUR = 156.24 JPY
FY 2024 (plan)	1 USD = 145.00 JPY	/	1 EUR = 155.00 JPY
FY 2026 (plan)	1 USD = 140.00 JPY	/	1 EUR = 150.00 JPY

(unit: millions of yen, %)

		Plan for next FY		Medium-term Management Plan	
	FY 2023	FY 2024	% increase/ decrease	FY 2026	Compound Annual Growth Rate (CAGR) for the period FY 2023–FY 2026
Net sales	86,638	89,800	+3.6	97,800	4.1
Operating income	12,601	13,000	+3.2	15,300	6.7
Ordinary income	13,717	13,000	-5.2	15,300	3.7
Net income attributable to shareholders of parental company	10,435	10,000	-4.2	11,200	2.4
Operating margin	14.5	14.5	—	15.6	—
ROE	11.1	10.0	—	10.7	—

I will now explain the new medium-term management plan for the entire company. For the fiscal year ending March 31, 2027, the final year of the new medium-term management plan, the Company plans net sales of JPY97.8 billion, operating income of JPY15.3 billion, operating margin of 15.6%, and ROE of 10.7%.

For the ongoing fiscal year ending March 31, 2025, the first year of the new medium-term management plan, the Company plans net sales of JPY89.8 billion, operating income of JPY13 billion, operating margin of 14.5%, and ROE of 10%.

Both sales and operating income are projected to increase. Regarding the assumed exchange rates, although the yen is currently weakening, we expect the yen to gradually strengthen during the period. Assumed exchange rates for the fiscal year ending March 31, 2025, are JPY145 to the US dollar and JPY155 to the euro. As a result, ordinary income and net income are projected to decrease.

In the fiscal year ended March 31, 2024, the ROE was 11.1% due to improved business profitability as well as the impact of a weaker yen on foreign exchange rates. From the fiscal year ending March 31, 2025 onward, we intend to take steps to maintain and improve ROE in the 10% range in a stable manner, even without the positive impact of foreign exchange rates.

Medium-term Management Plan by Segment (FY2024 to FY2026)

Medium-term Management Plan by Segment (FY 2024 to FY 2026)

(unit: millions of yen, %)		Plan for next FY		Medium-term Management Plan	
	FY 2023	FY 2024	% increase/ decrease	FY 2026	Compound Annual Growth Rate (CAGR) for the period FY 2023–FY 2026
Industrial Equipment segment					
Net sales	62,392	64,600	+3.5	71,700	4.7
Segment profit	12,691	13,420	+5.7	16,600	9.4
Segment profit rate	20.3	20.8	—	23.2	—
Office Equipment segment					
Net sales	21,006	21,750	+3.5	22,100	1.7
Segment profit	3,965	4,010	+1.1	4,200	1.9
Segment profit rate	18.9	18.4		19.0	—
HCR Equipment segment					
Net sales	3,239	3,450	+6.5	4,000	7.3
Segment profit	-7	20	—	200	—
Segment profit rate	-0.2	0.6	—	5.0	—
Adjustment amount	-4,048	-4,450		-5,700	
Total for entire company					
Net sales	86,638	89,800	+3.6	97,800	4.1
Operating income	12,601	13,000	+3.2	15,300	6.7
Operating margin	14.5	14.5	—	15.6	—

Here you see the mid-term management plan by segment. For the fiscal year ending March 31, 2027, the industrial equipment segment plans net sales of JPY71.7 billion, segment profit of JPY16.6 billion, and a segment profit rate of 23.2%. By growing the rebar tying tools business, we will further increase profitability.

The office equipment segment plans net sales of JPY22.1 billion, segment profit of JPY4.2 billion, and a segment profit rate of 19%. We will maintain profitability by expanding sales of label-making machines.

The HCR equipment segment plans net sales of JPY4 billion, segment profit of JPY200 million, and a segment profit rate of 5%. We will aim to achieve stable profitability.

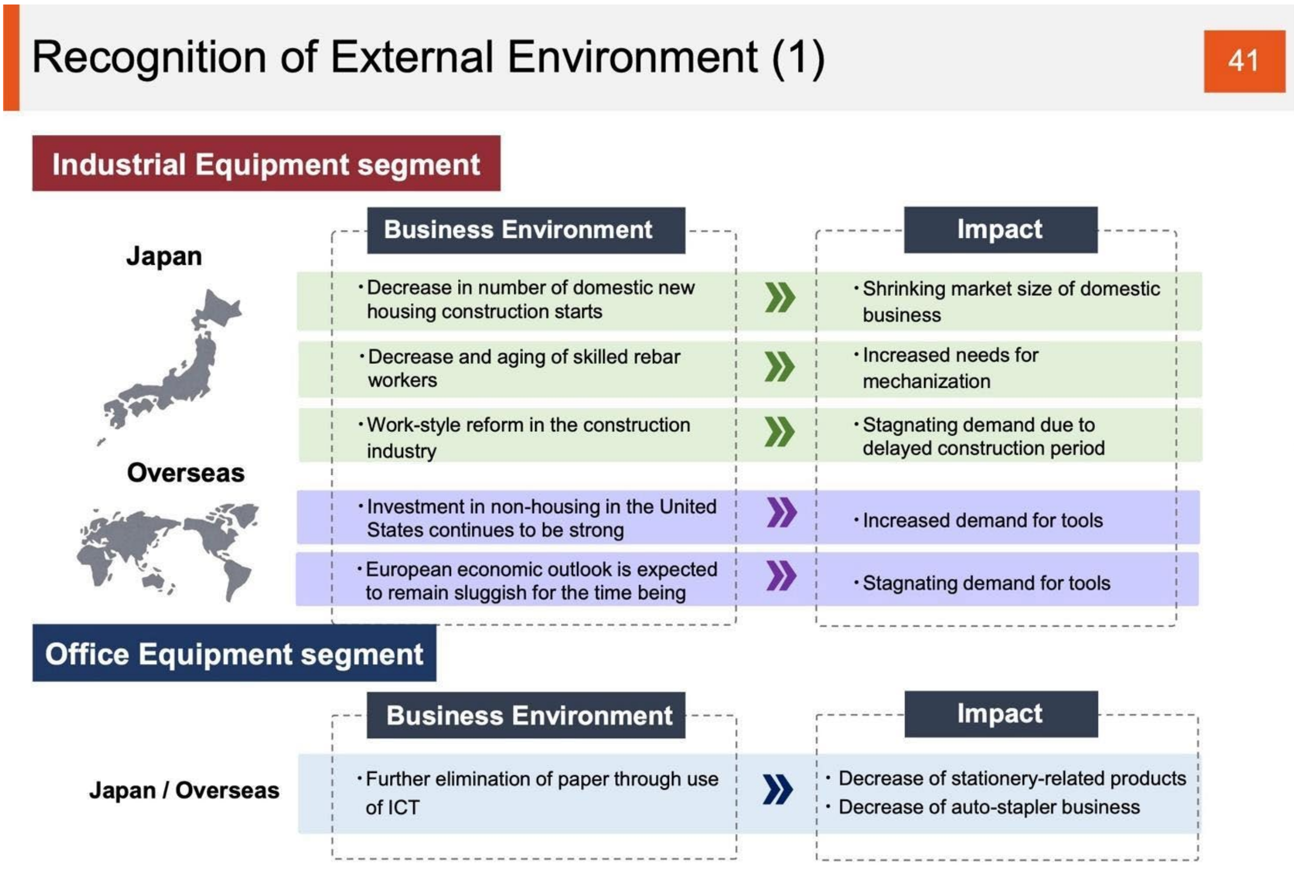
Medium-term Management Plan by Each Subsegment (FY2024 to FY2026）

Medium-term Management Plan by Each Subsegment (FY 2024 to FY 2026)

(unit: millions of yen, %)	FY 2023	Plan for next FY: FY 2024	Plan for next FY: % increase/ decrease	Medium-term Management Plan: FY 2026	Medium-term Management Plan: Compound Annual Growth Rate (CAGR) for the period FY 2023–FY 2026
Industrial Equipment segment					
Segment net sales	62,392	64, 600	+3.5	71,700	4.7
Domestic industrial equipment product operations	21,536	22,220	+3.2	22,940	2.1
Overseas industrial equipment product operations	29,304	30,750	+4.9	36,860	7.9
Residential environmental equipment product operations	11,551	11,630	+0.7	11,900	1.0
Segment profit	12,691	13,420	+5.7	16,600	9.4
Segment profit rate	20.3	20.8	—	23. 2	—
Office Equipment segment					
Segment net sales	21,006	21,750	+3.5	22,100	1.7
Domestic office equipment product operations	7,626	7,720	+1.2	7,720	0.4
Overseas office equipment product operations	5,796	6,600	+13.9	7,350	8.2
Auto-stapler product operations	7,583	7,430	-2.0	7,030	-2.5
Segment profit	3,965	4,010	+1.1	4,200	1.9
Segment profit rate	18.9	18.4	—	19.0	—

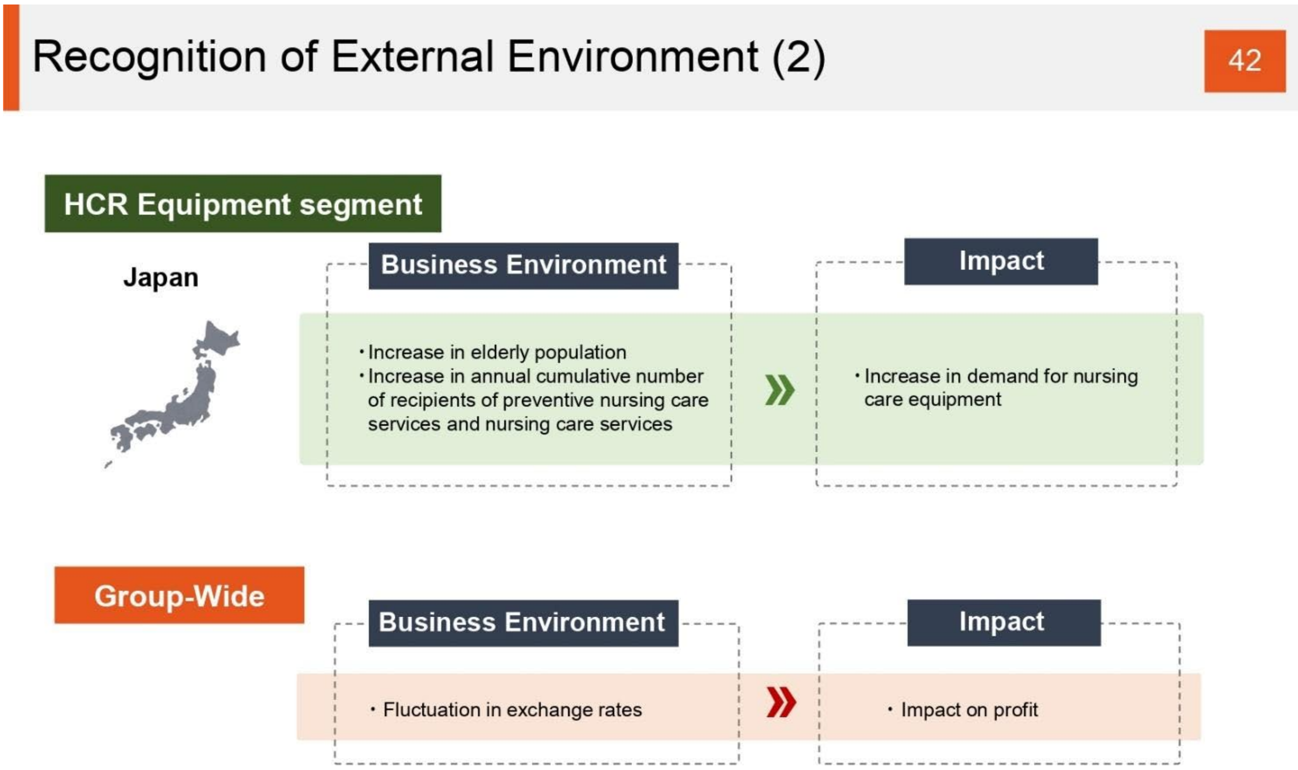
Medium-term management plan by subsegment. Sales of auto stapler product operations are planned to decrease gradually, as in the previous mid-term plan, in light of the impact of the shift to paperless.

Recognition of External Environment (1)



This page describes the perception of the external environment of the industrial equipment and office equipment segments.

Recognition of External Environment (2)



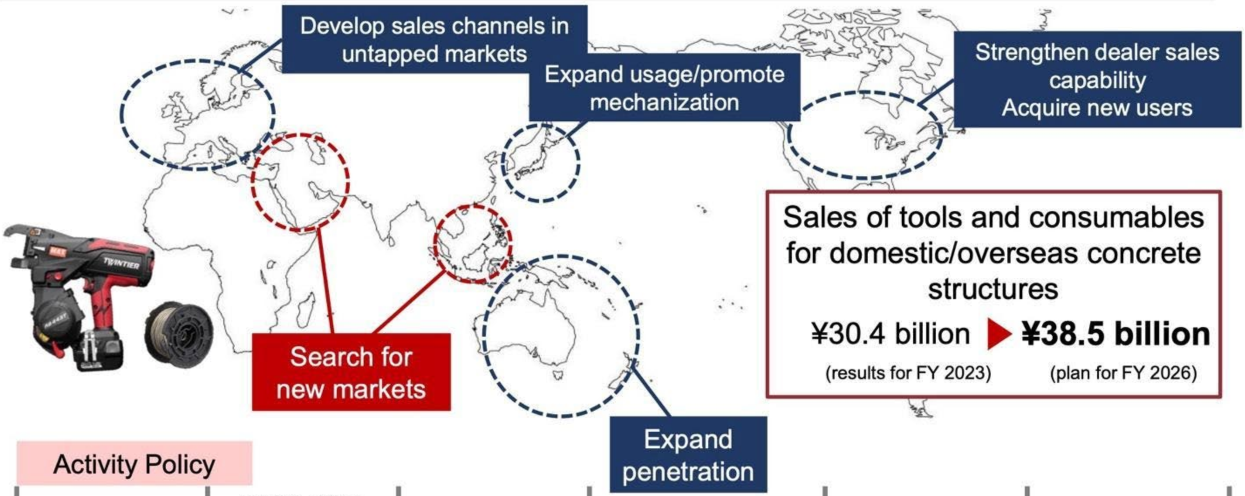
This is the perception of the external environment of the HCR equipment segment and the entire company.

Growth Strategy for Rebar Tying Tools Business

Growth Strategy for Rebar Tying Tools Business

Priority Policies

While strengthening the competitive advantages of products, etc., promote the development of sales channels and users in untapped markets



Activity Policy

Japan	ASEAN, Middle East and Oceania	Europe	United States	Production	Development
Expand application (construction/civil engineering)	Search for new markets and expand penetration	Develop sales channels in untapped markets	Dealer training Acquire new users	Continue investment to increase production of consumables	Enhance product lineup

I would like to discuss the growth strategy of the rebar tying tools business. We have set a priority policy of promoting the development of sales channels and users in markets where we have yet to introduce our products, while further strengthening the competitive advantage of our products.

We plan to reach JPY38.5 billion in sales of tools for concrete structures in Japan and overseas, centering on rebar tying tools, in the fiscal year ending March 31, 2027, up from JPY30.4 billion in the fiscal year ended March 31, 2024.

I will explain by area. Of the main markets of Europe and the United States, in the USA, the expansion of concrete dealers has been underway during the previous medium-term management plan period. In the new medium-term management plan period, in addition to strengthening sales capabilities by cultivating dealers, we will promote activities in non-residential markets such as roads and bridges, where we recognize that penetration is low, with the aim of acquiring new users.

In Europe, we will promote the expansion and development of sales channels in the non-residential market and areas where market conditions are favorable, such as Southern and Eastern Europe, where we will step up our activities.

In Japan, we will further promote proposals to replace manual work with machine tying for applications with low rates of mechanization from the viewpoint of productivity improvement.

In Australia, Korea, etc., we will expand our penetration, and in ASEAN and the Middle East, etc., we will steadily prepare for future business expansion by conducting market exploration.

In production, we will examine production systems to meet demand, and in development, we intend to expand our product lineup as needed.

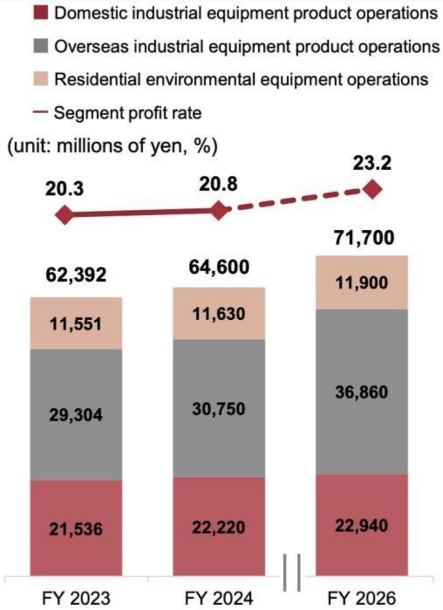
Industrial Equipment segment (FY2024 - FY2026 Plan)

Industrial Equipment Segment (FY 2024–FY 2026 Plan)

44

Priority Policies

Continue to expand business with a focus on domestic/overseas rebar tying tools business



Overseas industrial equipment product operations

- Develop new users with a focus on the non-housing market
- Strengthen sales capabilities through dealer training
- Develop after-service systems

Domestic industrial equipment product operations

- Make proposals using improved on-site productivity as the key factor
- Expand applications in construction and civil engineering markets

Domestic/overseas rebar tying tools operations

- Continuously enhance our competitive advantages through investment in new products

Residential environmental equipment operations

- Continue expansion of housing stock business for renovation and replacement with bathroom heaters, ventilators and dehumidifiers

AF (Agriculture/Food) operations

- Expand the spread of the branch induction binder TAPENER in the European, American, and Chinese markets
- Develop sales channels in untapped regions

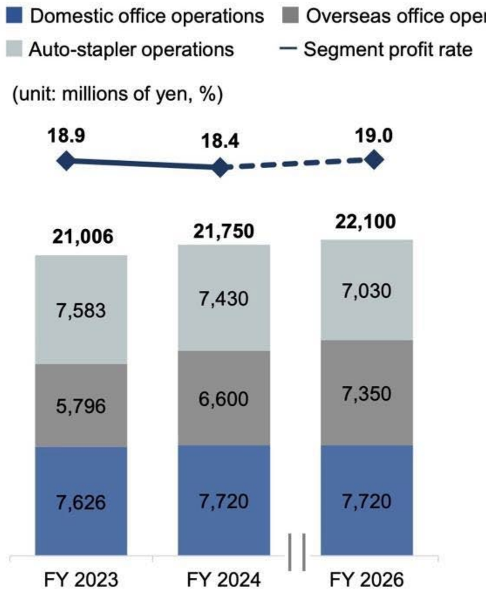
Here are priority policies of the industrial equipment segment.

Office Equipment segment (FY2024 - FY2026 Plan)

Office Equipment Segment (FY 2024–FY 2026 Plan)

Priority Policies

Secure profitability by expanding labeling and signage products and overseas markets



Overseas office operations

- Expand sales of labeling and signage products such as BEPOP label-making machines and LETATWIN tube markers in the European and American markets
- Secure stable sales of stationery-related products in ASEAN region

Domestic office operations

- Use ICT to strengthen customer contacts and improve sales productivity
- Expand sales of BEPOP label-making machines for workplace health and safety signs applications

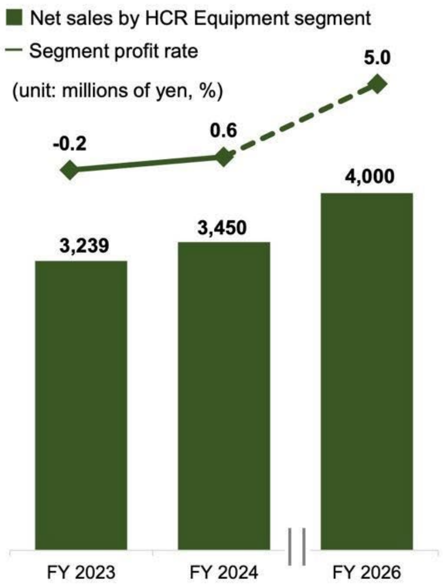
Here are priority policies of the office equipment segment.

HCR Equipment segment (FY2024 - FY2026 Plan)

HCR Equipment Segment (FY 2024–FY 2026 Plan)

Priority Policies

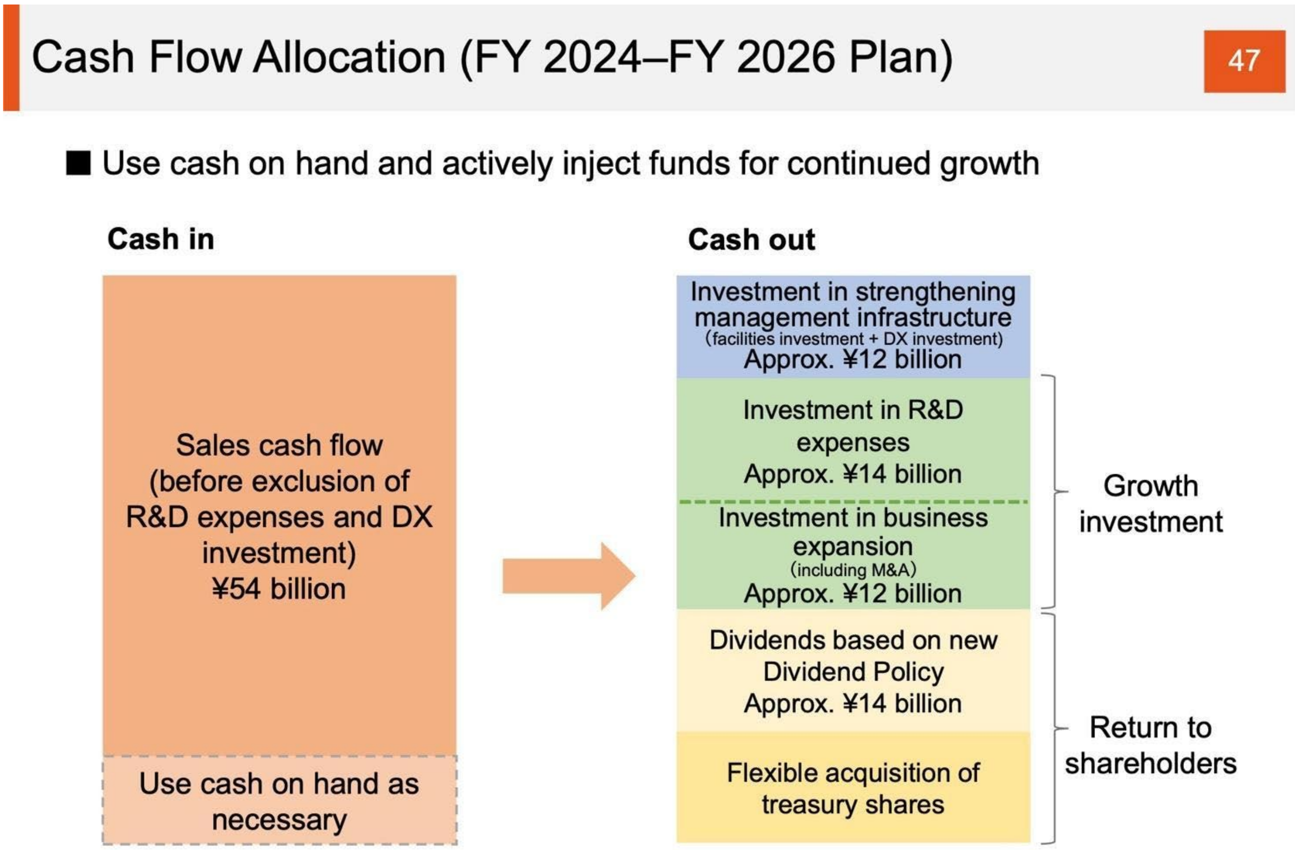
Achieve stable profitability through continued earnings improvement and expansion of overseas business



- Continue to increase profitability through productivity improvements and in-house production at factory in China
- Maintain and expand net sales through continuously launching new products
- Expand sales in overseas markets with a focus on China

Here you see priority policies of the HCR equipment segment.

Cash Flow Allocation (FY2024 - FY2026 Plan)



This page shows cash flow allocation. We will make effective use of funds generated from our core business activities and cash on hand to achieve sustainable growth.

Specifically, we plan to invest about JPY12 billion in investments to strengthen our management infrastructure, including facilities investment and DX-related investment shown in blue in the graph on the slide, and about JPY26 billion in investments for growth, including R&D expenditures and investments for business expansion including M&A, shown in green.

In addition, we will pay a dividend of about JPY14 billion based on the new dividend policy, which will be explained later, and also carry out a flexible share buyback program.

Revision of Dividend Policy

Revision of Dividend Policy

48

Our Company has positioned returning profits to shareholders as one of the highest priority management policies. Our Company has its basic policy on profit distribution to "expand profits from business activities through sustainable growth and distribute profits in a stable manner over the long term."

Based on this policy, in consideration of factors such as the current financial situation, improved business profitability, and the level of the ratio of dividends to net assets, etc., we have revised our dividend policy as follows.

Former Dividend Policy (until FY 2023)

Maintain a minimum of 3.5% ratio of dividends to net assets with a target payout ratio of 50%, as based on consolidated financial results.

New Dividend Policy (changed from FY 2024)

Guideline of a ratio of dividends to net assets of 5.0% and a dividend payout ratio of 50%, as based on consolidated financial results.

<Acquisition of treasury shares>

・We will flexibly acquire treasury shares.

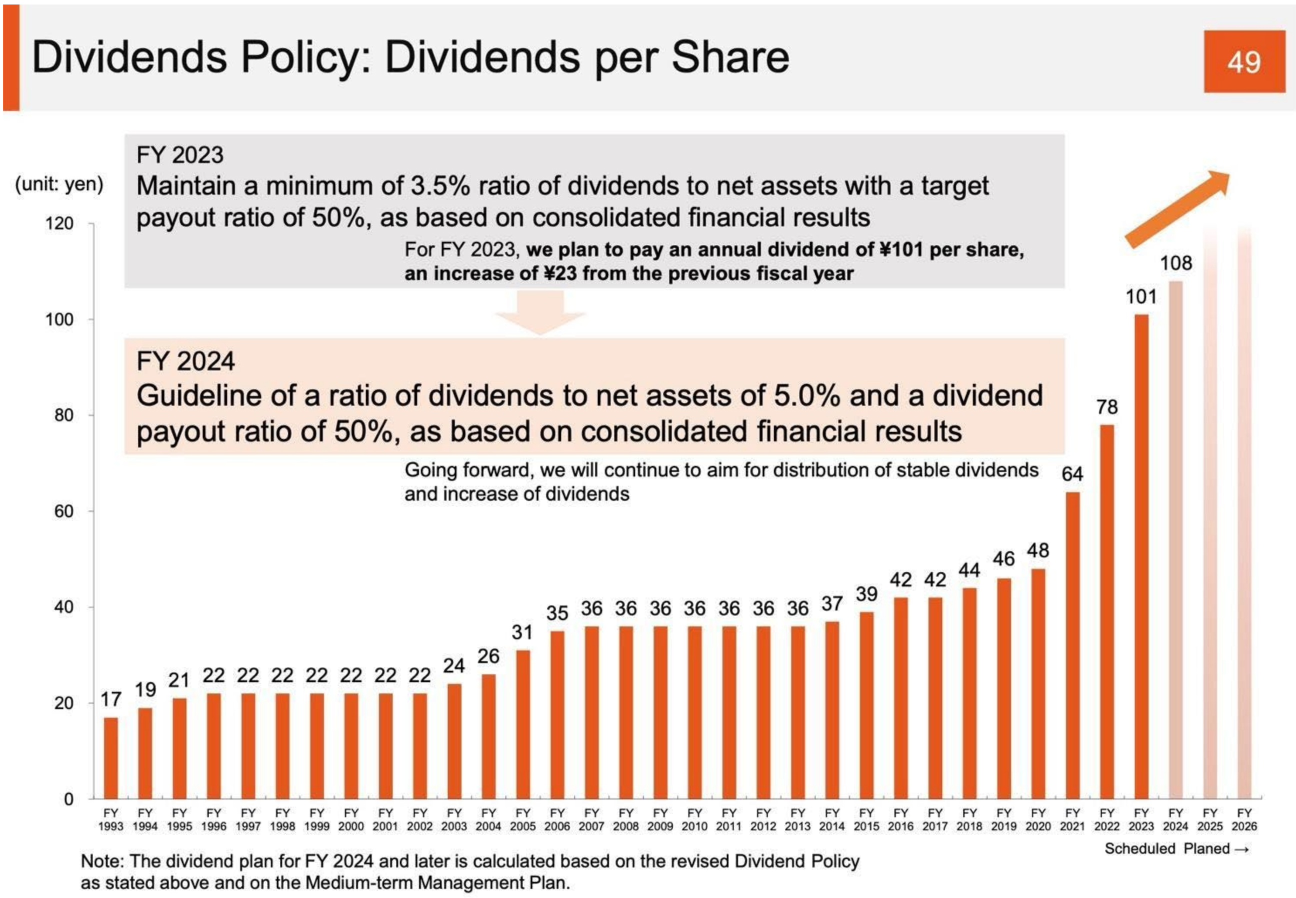
This page describes the revision of the dividend policy. We regard the return of profits to shareholders as one of our most important management policies, and our basic policy on profit distribution is to expand profits from business activities through sustainable growth and distribute profits in a stable manner over the long term.

Based on this basic policy, we have reviewed our dividend policy in light of our current financial situation, improvement in business profitability, and the level of the ratio of dividends to net assets. The current dividend policy is to maintain a minimum of 3.5% of dividends to net assets with a target payout ratio of 50% based on consolidated financial results and will be applied until the dividend for the fiscal year ended March 31, 2024.

The new dividend policy will be applied starting with the dividend for the fiscal year ending March 31, 2025, based on consolidated financial results, with a guideline of a ratio of dividends to net assets of 5% and a dividend payout ratio of 50%. This is in keeping with a ROE of 10%.

We intend to further enhance shareholder returns by changing our dividend policy.

Dividend Policy: Dividends per Share

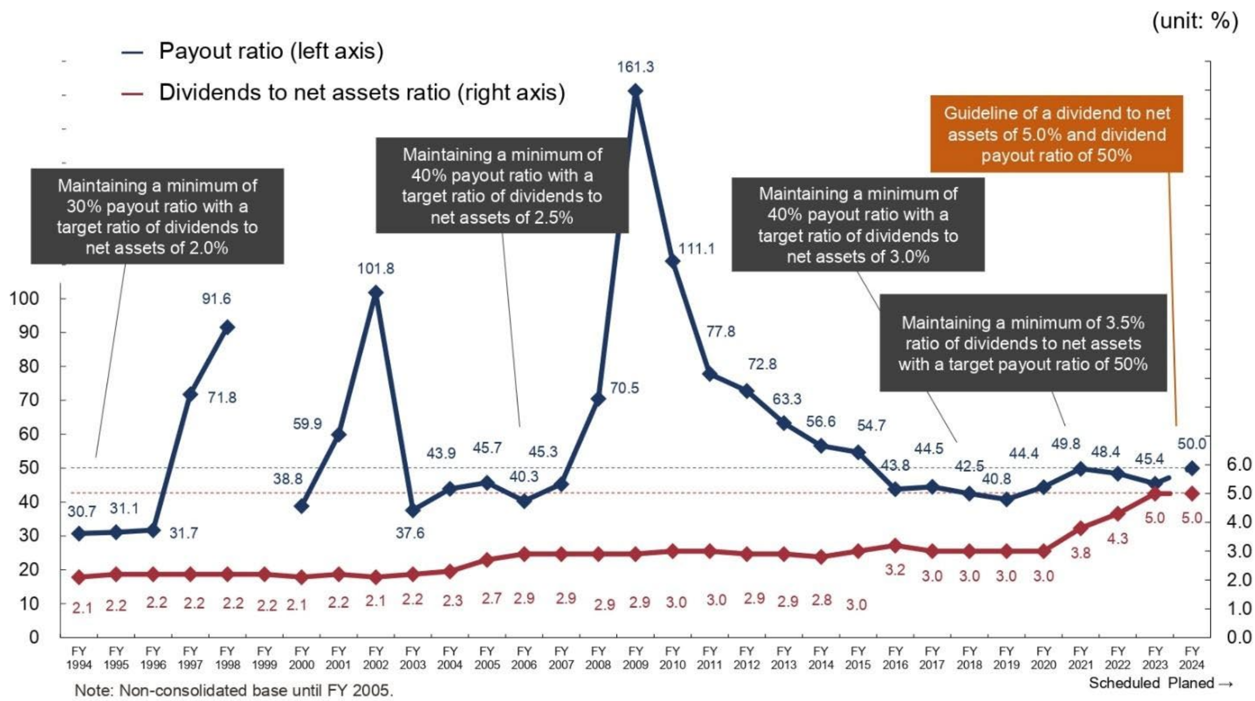


The slide shows changes in dividend per share. Based on the current dividend policy, the annual dividend per share for the fiscal year ended March 31, 2024, is JPY101, an increase of JPY23 from the previous year.

The Company plans to pay a dividend of JPY108 per share for the fiscal year ending March 31, 2025, when the new dividend policy is applied. We will continue to pay stable dividends and aim to increase dividends in the fiscal year ending March 31, 2026, and beyond.

Dividend Policy:Payout Ratio and Dividends to Net Assets Ratio

Dividend Policy: Payout Ratio and Dividends to Net Assets Ratio 50



The slide shows a graph of changes in dividend payout ratio and ratio of dividends to net assets.

Promotion of Sustainability Management

Promotion of Sustainability Management

	Materiality	Main Initiatives Plan
E (Environment)	Contribute to a sustainable Earth environment	• Strengthen initiatives to reduce CO_2 emissions • Promote development of environmentally-friendly products
S (Society)	Become a corporation that fully utilizes human resources	• Implement human rights due diligence • Establish an environment that promotes performance by female employees • Increase investment in acquisition and training of human resources to lead the future
	Promote innovation to realize making life and work easier and more enjoyable	• Actively invest in R&D expenses • Implement DX-related expenses
	Ensure responsible supply	• Strengthen quality management system
G (Governance)	Maintain and strengthen corporate governance	• Continue evaluation efficacy of Board of Directors

This is about the promotion of sustainability management. We will promote initiatives in accordance with the materiality established in the previous medium-term management plan period.

This concludes our explanation of the financial results for the fiscal year ended March 31, 2024, and our medium-term management plan.

Question & Answer

Q&A: Sales of Industrial Equipment in Japan and Overseas

Participant: Please tell us about the progress of sales of your new rebar tying tools in Japan and overseas.

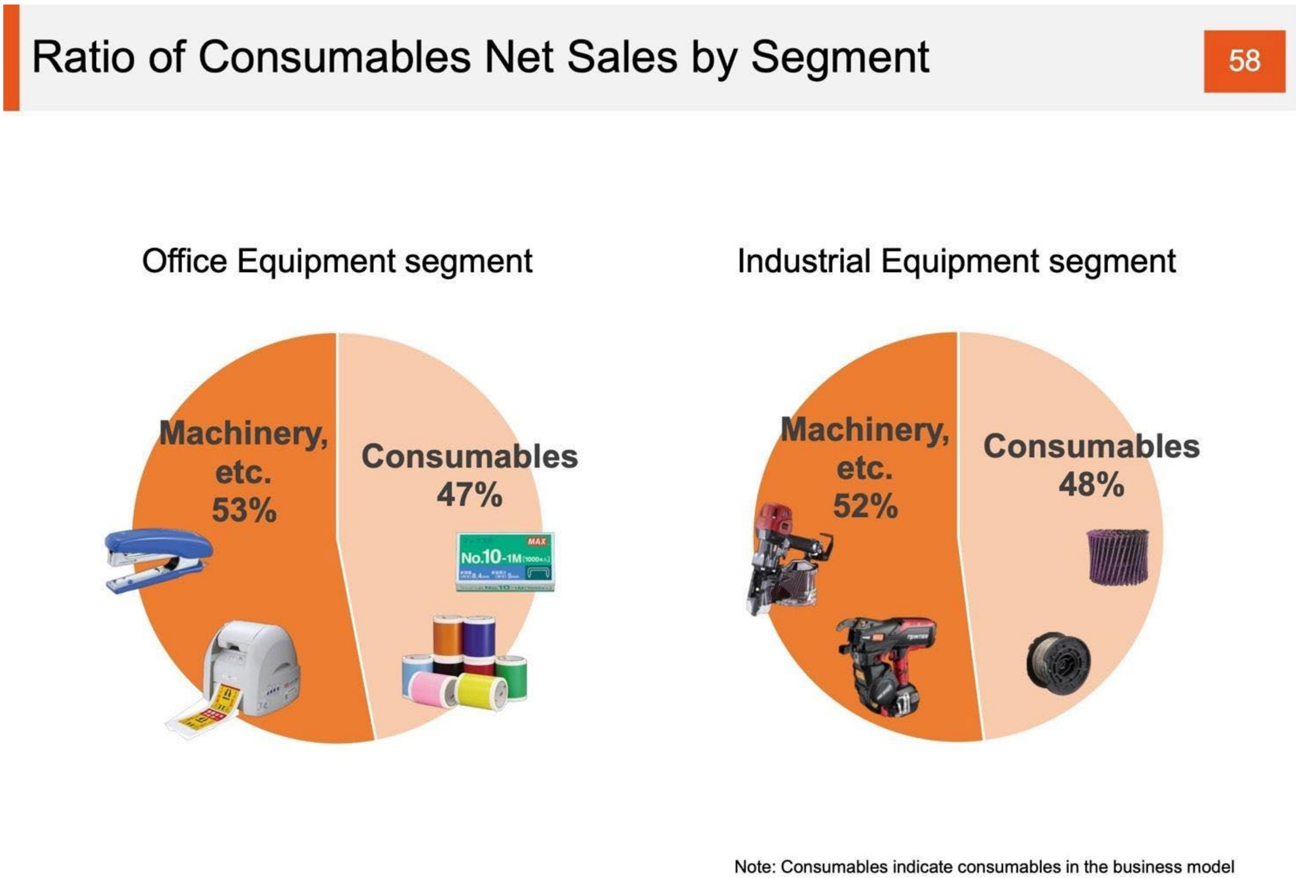
Ogawa: The new product in Japan was launched in December, and it appeals for speed in terms of performance. The results are steadily increasing.

Numerically, Q4 volume increased 46% in Japan. Overseas, it will be launched throughout Europe and in North America in the near future.

Participant: Overseas business seems to be a little behind. Is it due to a production capacity problem or is it due to another other factors?

Ogawa: The strategy is to launch the product in Japan first in order to ensure a smooth switchover in production and sales from existing machines.

Q&A: Difference in profitability and composition of consumables vs. machinery, etc.



Participant: You disclose the percentage of consumables sales by segment. Is there any difference in profitability between consumables and machinery, etc.? What is the composition ratio in the new fiscal year plan?

Ogawa: What is shown in the picture on the slide are machines and consumables. For example, rebar tying tools have a high proportion of consumables. As for the ratio of machinery to consumables, I think it will remain mostly the same.

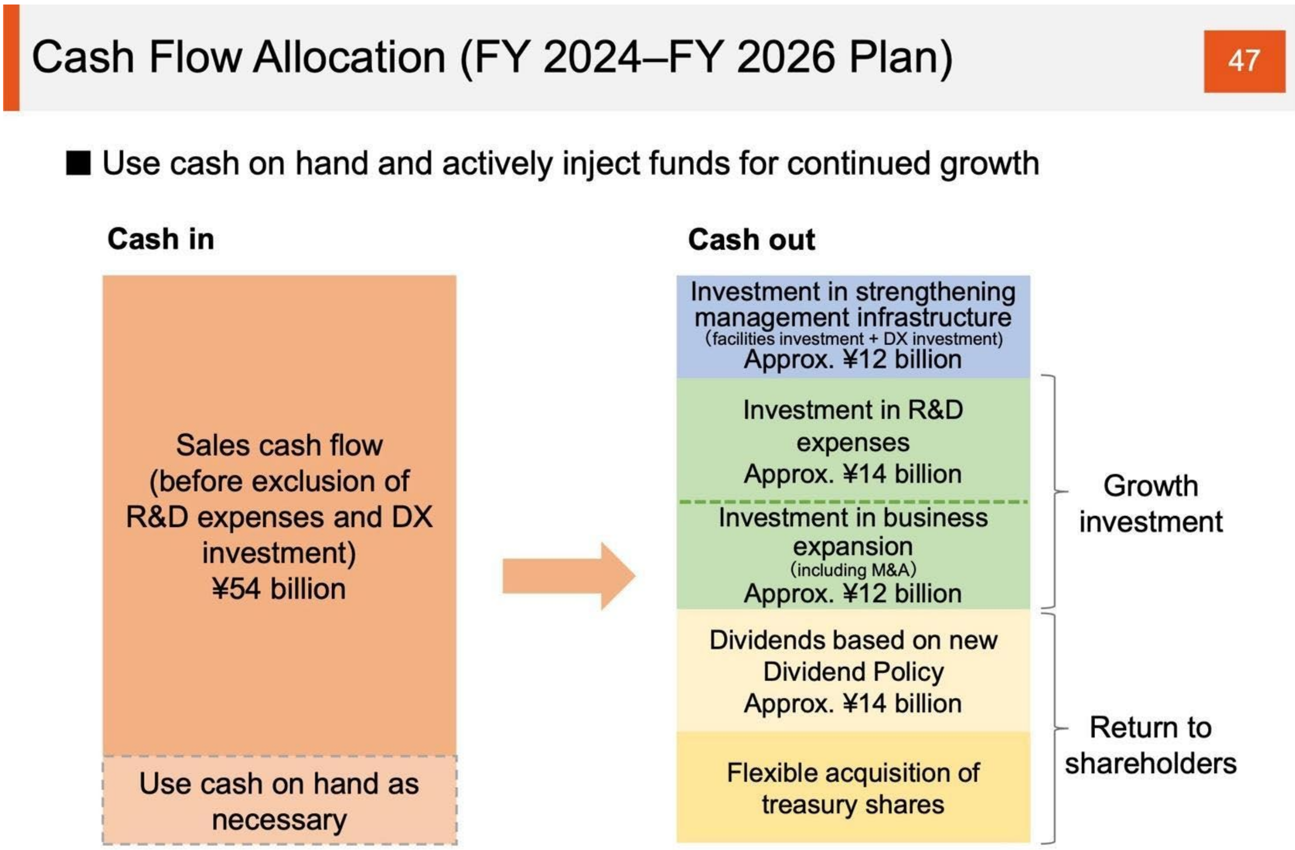
Participant: I believe that your company uses its own batteries for its products, including batteries for rebar tying tools, and that many of your customers purchase more than one battery. In fact, is the ratio of consumables actually a little higher when batteries are included?

Ogawa: There may be such a tendency, but the battery is included in the tools.

Participant: How about profitability?

Ogawa: The profitability of machinery and consumables is almost the same, or the profitability of consumables is higher.

Q&A: Flexible share buyback



Participant: The bottom right hand corner of the slide regarding cash flow allocation states flexible share buyback.

Your company's current stock price level, backed by its strong performance, is high on a historical basis. I don't think you're at the stage where you're saying things like, "The stock price is down, so we're going to buy back our own stock." By this flexible, what kind of time frame do you envision?

Looking at the shareholder structure of your company, there are a lot of fixed historical cross-holdings, with insurance companies, etc. Is it used to dissolve the cross-holdings, for example?

Ogawa: We may have to adjust to the situation of our shareholders, but our strategy is to acquire the shares in a flexible manner.

Participant: There was a part of the money that was not fully used in strategic investments. Would that be distributed?

Ogawa: There may be such a thing, but it has not been decided yet. We will continue to do so in a flexible manner.

Q&A: Effectiveness of the promotion

Participant: We have heard that you have promoted rebar tying tools in the USA. What exactly did you do? Also, promotional costs are incurred first, and over time they lead to sales and profits. Is that correct?

I know this has nothing to do with the new TWINTIER RB-442T product, which is not yet on the market, but please let us know if this phenomenon may occur as well when you launch a new product.

Ogawa: I can't disclose specific promotion details, so I will give you a brief outline. We have started to expand sales of machines in the last term to accompany consumables.

The promotion at the World of Concrete in January was quite effective and the volume of machines increased. We expect that the increase in machinery will lead to an increase in consumables after this April.

Q&A: Profitability of the TWINTIER RB-442T

Participant: As a result of TWINTIER RB-442T sales in Japan, how different is the profitability of the product compared to the existing product? Also, if the Company sells its products overseas in the future, what would be the composition ratio and how much would it contribute to improving your company's profitability?

Ogawa: I think the profitability is almost the same. Although earnings are expected to rise from the current fiscal year due to a lower depreciation burden as volume increases, earnings will basically rise due to higher volume.

Q&A: Review of Dividend Policy

Participant: I would like to confirm the issue of wording with respect to the shareholder return policy. In your previous policy, you said that the minimum ratio of dividends to net assets is 3.5%. This time, the 5% ratio of dividends to net assets is not stated as a lower limit. Is my understanding correct that this time it is not the lower limit?

Ogawa: Yes, it's correct. In the previous medium-term management plan period, we have achieved a double-digit ROE. So, in this medium-term management plan, we have drawn an overall picture of cash flow allocation as I explained earlier, based on three years of cash inflows.

In this overall picture, we have created this new dividend policy based on the balance between return on capital and shareholder return, which is "DOE 5% = ROE 10% x Dividend Payout Ratio 50%."

About results of tools for concrete structures

Moderator: As usual, I will now explain the Q4 results for tools for concrete structures.

Yoshihiro Kaku ("Kaku"): I would like to explain the results of tools for concrete structures. The sales results of tools for concrete structures for Q4 were JPY1.5 billion in Japan and JPY5.9 billion overseas. The results for the same period last year were approximately JPY1.4 billion in Japan and JPY4.9 billion overseas, with growth of 5% in Japan and 20% overseas.

If we divide this into machines and consumables, in Japan, machinery grew by approximately 50%, while consumables declined by 7%. Overseas machinery grew by 25% and consumables by 20%.

Sales in yen terms totaled JPY7.4 billion in Japan and overseas, an increase of 16%. Next, I will explain the 3-month volume for Q4 by region. The volume of machinery in North America was up 45%, due in part to the promotions mentioned earlier, and consumables are up 17%. While Europe continues to face a difficult environment, the volume of machinery declined 5%, while the volume of consumables remained almost unchanged.

As explained earlier, the sales expansion of the new product TWINTIER RB-442T has been effective in the domestic market. The volume of machines increased by 46%, while the volume of consumables decreased by 15%, mainly due to a rebound from last year's price increase.

The volume for the full year for machinery in North America was up 15% from the previous year, and the volume of consumables increased 4% over the previous year. In struggled Europe, the machinery volume was down 25%, and consumables were down 7%. In Japan, the volume of machinery increased by 4%, while consumables decreased slightly by 4%. This is a volume-based comparison between the last fiscal year and the one before that.

Q&A: Background to strong domestic sales of the new rebar tying tool

Participant: Please tell us about the background of the strong performance of your new rebar tying tool in Japan.

As for the machine, I think the faster part is behind its strong performance. Is it the so-called labor shortage in the construction industry that has led to the replacement? Apart from that, is it better to think of it as a one-time demand for renewal of the tools that are used now?

Ogawa: I don't know because I don't have the exact figures, but there are replacements, purchase of additional products, and purchase of new ones. As you say, the idea of eliminating the manpower shortage using a rebar tying tool to mechanize the part that is tied by hand is fundamental. The use of rebar tying tools to increase production efficiency will become widespread.

As for the mechanical performance, tying speed has become faster. Originally, there were hopes of fields that the new rebar tying tool is with higher tying speed, so we were able to meet the needs.

Q&A: Downsizing of rebar tying tools

Participant: While tools are getting faster, they are not getting smaller. For example, it is difficult to use in the case of corner tie-ups or small buildings. Do you believe this is not yet an issue?

Ogawa: Current rebar tying tools are basically not capable of tying all of today's rebars. Therefore, expanding applications to enable proper tying in the places you just mentioned is an issue for expanding the product lineup.

Participant: Thank you. So, can we expect to see such items in the future?

Ogawa: Yes, that's right.

Q&A: Expansion of dealers handling the product

Priority Business: Overview of Rebar Tying Tools Business

18

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: **¥30.4 billion** (+**9.1%** year-on-year) (Rate of progress compared to plan: **98.1%**)
・Number of concrete material dealers compared to March 31, 2021: **+65.1%**

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

Overseas

North America

- Sales of tools and related consumables grew thanks to factors such as increased construction expenditures in the non-housing construction market and holding of sales promotions. On a quantity basis, sales of both tools and consumables exceeded the previous fiscal year.

Europe

- Although the economic outlook differs depending on the country, sales were sluggish due to marked stagnation in housing market conditions in Germany and Northern Europe. Although quantity was at the same level as the previous fiscal year in the fourth quarter (three-month period), we expect an unfavorable environment to continue going forward. We will work to increase sales in Southern Europe and Eastern Europe.

Japan

- Although the construction floor area of concrete structures was sluggish, sales of tools increased in the fourth quarter (three-month period) due to the launch of the new model RB-442T of rebar tying tools TWINTIER. From the perspective of increasing on-site productivity, we promoted a switch from manual-tying to tying by rebar tying tools.

Participant: The increase in the number of dealers are indicated compared to the end of the fiscal year ended March 31, 2021. Is it safe to assume that this increase in the number of dealers handling these products has already run its course? Or in regions like in southern Europe, can we assume that the number will still increase?

Ogawa: Strategically, there is Southern Europe. We will also be exploring ASEAN and the Middle East in the future. So basically, the challenge is to expand sales channels in such areas.

Participant: In North America, have sales expansion almost run its course?

Ogawa: In North America, it will still increase. I cannot be more specific at this time as to how much the increase will be.

Participant: Are you saying that there is no problem with dealers in Japan?

Ogawa: There is no problem in Japan.

[END]