

Max Co., Ltd.

Briefing on Financial Results for FY 2023 and Medium-term Management Plan for the Period FY 2024-FY 2026  
Minutes of Q&A Session

These Minutes constitute an overview of the questions received and answers given in regards to the Company's financial results to analysts and fund managers who attended the briefing on Friday, April 26, 2024.

■ Industrial Equipment Segment

Q1. What were sales results of tools for concrete structures in the fourth quarter of this fiscal year (Q4 FY 2023) and the full year?

A1. The sales results for tools for concrete structures in Q4 FY 2023 were ¥5.9 billion overseas and ¥1.5 billion in domestic sales. The total for overseas and domestic sales was ¥7.4 billion, an increase of 16%. The results for the same three-month period of the previous fiscal year were ¥4.9 billion in overseas sales and ¥1.4 billion in domestic sales, meaning that overseas sales have grown 20% and domestic sales have grown 5%.

Looking at machinery and consumables separately, overseas sales of machinery increased by 25% and sales of consumables increased by 20%. Domestic sales of machinery increased by 50%, while sales of consumables decreased by 7%.

On a unit-sales basis, in North America, sales of machinery increased by 45% and sales of consumables increased by 17%. In Europe, machinery decreased by 5%, while consumables remained unchanged. In Japan, machinery increased by 46%, while consumables decreased by 15%.

The full-year sales results for tools for concrete structures were ¥24.5 billion overseas and ¥5.9 billion in domestic sales. The total for overseas and domestic sales was ¥30.4 billion, an increase of 9%.

Looking at machinery and consumables separately, overseas sales of machinery increased by 4% and sales of consumables increased by 10%. Domestic sales of machinery increased by 4% and sales of consumables increased by 8%.

On a unit-sales basis, in North America, sales of machinery increased by 15% and sales of consumables increased by 4%. In Europe, machinery decreased by 25% and consumables decreased by 7%. In Japan, machinery increased by 4%, while consumables decreased by 4%.

Q2. Please clarify the domestic and overseas sales trends of the new model of rebar tying tools TWINTIER.

A2. Sales of the new model in Japan are progressing steadily. In Q4 FY 2023, domestic sales volume of rebar tying tools increased by 46%. We plan to release the new model of the rebar tying tools TWINTIER overseas in the near future.

Q3. Why are the release dates for the new model of rebar tying tools TWINTIER different in Japan and overseas?

A3. We launched the new model of TWINTIER in Japan first in order to smoothly transition production and sales from existing tools.

Q4. What is the difference in profitability between tools and consumables?

A4. Profitability differs depending on each product. There is not a significant difference between rebar tying tools and consumables; however, consumables have a slightly higher profit margin.

Q5. What future changes do you anticipate in the sales composition of rebar tying tools and consumables?

A5. There are more consumables than rebar tying tools. During the period of the new Medium-term Management Plan, we expect the sales ratio of tools and consumables to remain the same as before.

Q6. Will the sales ratio of tools and consumables change if batteries for rebar tying tools are classified as consumables?

A6. Batteries are currently tabulated as tools. If batteries were to be classified as consumables, the ratio of consumables might increase slightly.

Q7. What are the specific details of the promotions conducted in North America?

A7. We took measures to increase the sales of rebar tying tools with the aim of stimulating demand for consumables for tools.

Partly thanks to the effects of promotions for the World of Concrete 2024 exhibition that was held in January 2024, sales of tools increased significantly in the fourth quarter. We believe that the increase in sales of tools thanks to this promotion will lead to increased demand for consumables in the future.

Q8. What is the difference in profitability of the new domestic model tool compared to the previous model of TWINTIER tools?

A8. The profitability of the new product RB-442T and the old product RB-440T is nearly the same.

Q9. What are the reasons behind the strong sales of the new TWINTIER tool in Japan?

A9. In order to address the root problem of a labor shortage, mechanization is spreading with the aim of improving production efficiency. We believe that sales of rebar tying tools are increasing in the form of additional purchases, replacements, and adoption by new customers. We also believe that another reason for strong sales of the new TWINTIER tool is our successful response to requests for improved tying speed at sites where the tools are actually used.

Q10. What is your approach to expanding the number of concrete material dealers overseas?

A10. Although the number of dealers in North America is increasing faster than in other regions, we believe there is still room to increase the number of dealers going forward, especially in areas for which we have yet to implement full-scale entry.

We are also planning to strengthen our activities in Southern Europe and explore markets in ASEAN and the Middle East. The expansion of sales channels in these regions is an important challenge.

Q11. Are you considering solutions for applications that cannot be covered by existing tools; for example, introducing compact rebar tying tools?

A11. We recognize that providing solutions for unsupported applications is important in expanding our product lineup.

■ Overall Condition of the Company

Q12. MAX announced that it will acquire treasury shares in a flexible manner. Under what circumstances do you anticipate acquiring treasury shares?

A12. For an example, acquisition of treasury shares may be based on the ownership status of major shareholders, etc. However, we have yet to decide on details.

We will flexibly acquire treasury shares according to conditions in the future.

Q13. What are your thoughts on the newly announced dividend policy?

A13. Based on how we are currently establishing a foundation for achieving double-digit ROE and in the process of considering our new Medium-term Management Plan, we formulated an overall vision of cash allocation based on our current financial situation and cash inflow over the upcoming 3-year period. Based on these assumptions, we have established a new dividend policy that balances return on capital and shareholder returns. We consider a dividend to net assets ratio of 5.0% to be a guideline, not a lower limit.

The forecasts of business results and other forward-looking statements in this document are based on information available as of April 26, 2024 and on certain assumptions that the Company judges to be reasonable. Actual business results and other results may differ due to various factors.