



MAX CO., LTD.
Integrated Report

2022

Profile

MAX was established in 1942 as a manufacturer of airplane parts, which required the highest level of metalworking technologies of that time. After WWII, MAX established a business base by leveraging press technologies and wire rod processing technologies it cultivated over the years. Thereafter, MAX has introduced and developed technologies through corporate acquisitions and other means to expand its business.

Going forward, MAX will take on challenges to realize the corporate vision of “Making work life easier and more enjoyable worldwide.”

The MAX Company Creed

To take responsibility in supplying quality products.
(We will maximize each employee’s ability to create and distribute the very best products.)

To strive to improve the lives of all MAX employees and develop their abilities to the fullest.
(We respect each other and reward initiative.)

To accomplish steady progress for ourselves in order to provide continuous service to society and make contributions to the culture.
(We are devoted to reliable production and sales.)

MAX Fundamental Management Policy

We aim to become a group in which everyone can grow together by creating a lively and fun atmosphere.

1. We strive to ensure our management is ethical and transparent.
2. We strive to ensure management promises that all employees participate.
3. We strive to ensure management promises that company results are fairly shared by all stakeholders.

CONTENTS

Message from the President	P2	Roundtable Meeting with Sustainability Subcommittee	
History of MAX’s Products and Technologies	P8	Members	P36
Business Domains	P10	Initiatives to Solve Social Issues through Our Activities	P38
Our Distinctive Character	P12	Our Approach to Sustainability	P40
MAX’s Value Creation Process	P14	Contributing to a Sustainable Global Environment	P42
Materiality (Priority Issues)	P16	Realizing a Company That Allows People to Participate	P46
Message from the Director in Charge of Sustainability	P18	Considering Human Rights	P49
Overview of the Medium-Term Management Plan (Fiscal 2021 through Fiscal 2023)	P20	Ensuring Responsible Supply	P51
Message from the Officer in Charge of Finance	P22	Interview with Outside Directors	P52
Financial and Non-Financial Highlights	P24	Corporate Governance	P54
Message from the Director and General Manager of the Manufacturing Division	P26	Management Team/Skills Matrix	P60
Message from the Director and General Manager of the Sales Division	P28	Compliance and Risk Management	P62
Review of Operations by Segment		Consolidated Financial Statement	P64
• Industrial Equipment Segment	P30	Company Overview	P70
• Office Equipment Segment	P32	Stock Information	P71
• HCR Equipment Segment	P34		

Statement > Creed we value

Making work life easier and more enjoyable worldwide

Working to create new standards, we have developed a deep familiarity with the people who use our products.

This encourages us to think boldly, as we aim to bring the world a unique style of convenience.

Our products are designed around a simple idea:

Making work life easier and more enjoyable worldwide

Reducing stress and maximizing performance.

That’s how we enhance the work environment.

That is why we keep challenging ourselves to do better—to make lives better.



Corporate Vision > What MAX is aiming for

Making work life easier and more enjoyable worldwide

Value Proposition > What MAX can do to achieve our vision

Creating new standard and maximizing life fulfilment

Our Personality > As a member of MAX, how to think and behave in a way that we value

Collaborative & Energetic, Creative & Fun

The Corporate Slogan > Engineered for Performance

“Engineered for Performance” means that we will continue to create a “new standard” that is valuable to society from the viewpoint of customers and with our technology. It is our promise to our customers to not only maximize their work performance, but also to maximize the potential of their own lives through the time and mental space that are created by our products.

This is a declaration that we ourselves will continue to be close to people, notice problems that users may not be aware of, and solve them with MAX’s unique and creative ideas.

Mitsuteru Kurosawa

Mitsuteru Kurosawa
President



RESOLVING SOCIAL ISSUES *with* OUR PRODUCTS



We will leverage
MAX's distinctive qualities
to realize growth
by solving social issues.

Results for fiscal 2021 and revised Medium-Term Management Plan

In fiscal 2021, ended March 31, 2022, the global situation was unstable, with the continuing COVID-19 pandemic and the situation in Ukraine, but we found that those events did not have a significant impact on MAX's business. On the other hand, skyrocketing raw material prices, delays in parts procurement, an increase in selling, general and administrative expenses centered on container costs for exporting to Europe and the United States, along with an increase in costs due to the weak yen, all had an impact on profit and loss. We dealt with the high cost of raw materials to a certain extent by passing it on to sales prices, which increased sales and profits, but the operating income margin decreased 0.3 of a percentage point, from 10.4% to 10.1%.

In our initial forecast, we thought sales could slump due to the COVID-19 pandemic but, in the end, net sales increased around ¥10.0 billion. The major factor supporting this favorable performance was growth in sales of concrete construction tools, mainly rebar tying tools. In this field, growth in sales of the tools is accompanied by growth in demand for TIE WIRE, which is a consumable product.

However, because demand for consumables can fluctuate depending on how often the tools are used, making forecasts is difficult. Under these conditions, in fiscal 2021, we experienced extremely high order activity for consumables, giving rise to exceptionally high demand. As background to this, we saw the impact of higher utilization for rebar tying tools at construction sites, as our current tools securely tie various kinds of reinforcement bars ranging from thin to thick. In response, our International Sales Department and production divisions coordinated to keep informed about one another's status through web conferences, thereby estimating consumable demand while adjusting production and promoting capital investment. We encountered various hurdles, such as global container transport issues disrupting delivery schedules and tight inventories at dealers due to rising demand. While keeping an eye on these issues, we managed to set up a structure that responded to demand. I view this achievement as a demonstration of our strengths as a highly capable team.

Moreover, as new housing starts increased overseas,

sales volumes of nailers reached record highs. These two items, rebar tying tools and nailers, drove extremely favorable performance in overseas business, which contributed significantly to sales growth.

In April 2022, the Company announced a revision of its Medium-Term Management Plan ending in fiscal 2023. The Medium-Term Management Plan announced in April 2021 contained four basic strategies: "growth of overseas business," "business model transformation," "launch of new

businesses," and "strengthening management infrastructure," and these remain unchanged. On the other hand, we set new targets for net sales of ¥81.0 billion, operating income of ¥9.4 billion, operating income margin of 11.6%, and ROE of 8.1%. In light of our current situation, we see these targets as achievable, though I have renewed my determination that we remain sensitive to changes in the business environment and respond swiftly.

increase sales operation efficiency. To further accelerate these initiatives, we are promoting a Companywide effort to acquire DX certification from the Ministry of Economy, Trade and Industry, and this has helped integrate the DX initiatives made by each division so far.

In addition, we are starting initiatives such as research activities for developing new businesses and markets, as well as organizing teams in-house and setting themes for them. These activities do not produce visible results in a single fiscal year, and foreseeing future results is rather difficult. Still, I

want the teams to operate with free imagination, looking five to 10 years ahead. Until now, MAX's new development has often been driven by products, and we have continuously made proposals and improvements targeting well-known customers. Going forward, I believe we need to engage in new domains with new ideas, such as fields adjacent to our existing domains, and create value through completely new product lines, IoT technology, and software. We will continue taking up further challenges with a view toward presenting a more specific direction externally as quickly as possible.



We have created a virtuous cycle, using the results obtained in business to fuel our next phase of growth.

Goals of the four basic strategies and progress

I would like to delve a little deeper into the four basic strategies of the Medium-Term Management Plan and explain them.

In "growth of overseas business," we have achieved remarkable results in sales of concrete construction tools like the rebar tying tools previously mentioned, reaching our target for fiscal 2023 two years early. Moreover, we are making steady progress on construction of a third factory in Thailand, aiming to start operations in March 2023. We expect the operation of this new plant to increase our production capacity for TIE WIRE and realize a structure able to cope with future demand. Looking ahead, we will drive further growth as we expand our dealer network, increase our sales force, and establish new sales bases.

In "business model transformation," earnings results have increased in the renovation and replacement market for labelling and signage products in the office equipment business and for heater-ventilator-dryers for bathrooms in the home environment equipment business. Our stock

business (business based on recurring revenue) is performing strongly. Moreover, we will respond to cost increases by continuing to revise sales prices as necessary, in line with the high raw materials prices, transportation costs, and other factors.

In "launch of new businesses" and "strengthening management infrastructure," we intend to actively make strategic investments for medium- to long-term business growth. We have set a budget of ¥3.6 billion over three years that can be used with a degree of freedom including for operating expenses and personnel costs if they are connected to business growth and operational reform. For example, we have received proposals from our sales divisions for recruitment of new local sales personnel, establishment of branches, and improvement of websites targeting overseas viewers in our overseas business, and these measures are already being implemented. We are also considering investment in digital transformation (DX) by such measures as introducing digital marketing to

"Our personality" cultivated during our 80-year history

On November 26, 2022, MAX will mark the 80th anniversary of its founding.

In 1942, Yamada Air Industry Co., Ltd. was established as an aircraft components manufacturer involved in making aircraft tail wing components with the highest levels of metal-processing technology. After World War II, the Company's name was changed to Yamada Industry Co., Ltd., and it began producing office equipment. The Company surprised the world by launching the first stapler produced in Japan and subsequently entered the industrial equipment business. In 1973, the Company's investment share in US-based partner Textron, Inc., with which it had a capital, technical, and sales alliance, became 50%. Investments in US shares at that time were valued using management methods such as discounted cash flows, and the acquisition of Textron's various technologies is thought to have formed a foundation for the Company's subsequent growth. One result of this investment was arguably the achievement of high profitability with various nailer products such as the launch of Japan's first coil nailer.

Thereafter, the Company used its nailer earnings

to introduce electronics technologies and began selling check writers and built-in auto staplers for multifunction copiers. The Company also aggressively developed software. As it became able to propose integrated packages of mechatronics, hardware, and software, the Company used the earnings to invest in next product development, creating a virtuous cycle of steady growth. Today, it is rebar tying tools that are generating high earnings and enabling investment for future growth.

One factor that makes this cycle possible is that MAX operates in niche markets. Even though we are a front-runner in the auto stapler equipment business, for example, the market itself has a scale of around ¥10 billion. This situation allows us to build extremely close relationships with customers, and we have built this business by having planners and designers visit customers' sites to identify their issues and refine our products to capture market share. By applying this approach to manufacturing in various fields, we have established leadership and dominance in diverse markets and achieved high profitability.

"MAX brand" reorganized through spontaneous initiatives by employees

In 2021, MAX formulated its corporate slogan, "Engineered for Performance," and announced its brand statement and its corporate vision, "Making work life easier and more enjoyable worldwide." Behind their creation is the spontaneous recognition of issues mainly by younger employees.

In 2018, the Company had little awareness of the concept

of branding, and each business was independently promoting its own products and services. Around that time, TWINTIER was spreading and expanding, and we had started looking into branding with regard to rebar tying tools. Amid this discussion, we had feedback from employees saying that since the branding direction of MAX itself was

unclear, determining the brand for the rebar tying tool was also unclear. The employees taking part in the discussion offered to redefine MAX's branding. Until then, I had felt that with the MAX Company Creed in place, there was no reason for confusion, but with younger employees saying that they were unsure of which direction to follow, I reconsidered and saw that we needed to restate our aims as a company. In this way, we came to establish a team of young employees for producing branding.

The members of the branding team conducted interviews with employees in Japan and overseas to identify MAX's unique characteristics ("our personality") and its value proposition. After much earnest discussion, the team produced our brand slogan, our brand statement, and an internal brand book to communicate the MAX brand in an easily understandable way. In response to those activities, we have also accelerated the renewal of our corporate website.

Creating an environment where every individual can take on new challenges

I believe that MAX employees are, for the most part, serious and relatively quiet people. At the same time, I have the impression that if you show them a direction and encourage them a bit, they will leap into action. For this reason, in addition to our theoretical MAX Company Creed and MAX Fundamental Management Policy, I strongly felt that presenting employees with a more specific direction in a clear and understandable way would enable them to further demonstrate their capabilities. Therefore, I have expressed our management policy in three points: "Continue to be a company that customers can stand by," "Provide a healthy company work environment," and "Do not fear failure, learn and grow by trying new ideas." If we can achieve these three points, employees will feel an increased sense of psychological security that enables them to grow even further with the Company, and we will thereby realize our basic belief that "By respecting people, the development of people will result in growth for the company."

Shortly after the management policy was presented, the human resources divisions produced various proposals to help make work more comfortable. The divisions became active in their efforts to realize a comfortable working environment by changing the human resources system with such measures as enhancing the flextime system, making

Thinking about it now, I see this series of activities as an initiative for realizing purpose management and also an expression of employee engagement. It is extremely fortunate for MAX that we have been able to clarify the direction in which we should head as a company and that this was created by the spontaneous initiative of our employees. As the Company president, I am extremely grateful.

At our ceremony for welcoming new recruits in April 2022, I described these activities to the new employees and told them that in 10 years from now, I wanted them to think of the direction that MAX should aim for. Today, the environment surrounding MAX's businesses is changing rapidly. In five or 10 years, we may need different concepts. I expect the employees that lead MAX through each era to continue to think seriously about the Company's direction and engage in thoughtful and sincere discussions.

annual paid leave available in hourly units, extending the period of short working hours for childcare, and introducing working from home. Other activities included the creation of a comfortable environment by renewing the workspace and employee lounge. Furthermore, in our efforts to improve work styles, we are taking steps to keep the total annual number of work hours below 1,900, a goal we now seem close to achieving.

In setting the budget of ¥3.6 billion for strategic investments, we also openly encouraged employees to freely propose ideas for using the money, and a range of different ideas resulted. Naturally, it is important to form a proper plan and consider the process through the recovery of the investment, but emphasizing that alone could force employees to lose their motivation. The Company will grow by developing employees who try without fear of failure and who will learn and grow from any failure. It will also create a virtuous cycle in which the employees developed this way will produce further results, leading to MAX's sustainable growth. If we can prepare an environment in the Company where employees feel secure enough to try things without fear of failure, I believe they will take on new challenges with peace of mind. I intend to continue fostering such an environment.

Building a foundation for future growth

From fiscal 2022 through fiscal 2023, we will make steady progress toward achieving our revised Medium-Term Management Plan. We will actively engage in the four basic strategies and, in regard to "launch of new businesses" in particular, I would like to create a format that allows us to announce specific details externally. In fiscal 2023, we must also move forward with discussions for formulating the medium-term management plan ending in fiscal 2026, whose preparations we have already started. Now, with the impact of the weak yen, our operating results are experiencing an upswing, and we therefore need to monitor foreign exchange

impacts carefully as we discern the direction for our business. We also need to collect materials for determining numerical targets for ROE and other indicators.

In an era of dramatic changes, defining our image for MAX in the future is difficult. However, I think that our approach of staying close to customers in niche markets and solving their issues will remain unchanged. Meanwhile, we are certain to continue to advance the use of digital technology with a view toward adding higher value. We will do this by such means as introducing IoT technology for identifying customers' headaches and AI-driven data

The spontaneous challenges of individual employees will be the driving force behind MAX's growth going forward.



analysis technology for analysis to support formulation of solutions and development of new products. Digital skills will therefore be in even higher demand in the future.

Even more important than these skills is the sharing of jobsite facts. MAX has always valued "facts," but the use of digital technology is dramatically increasing the speed with which they can be shared, enabling even more accumulation and analysis of facts than before. Identifying jobsite facts by executing ideas without fear of failure, sharing ideas and analyzing them, then moving on to the next activity will stimulate learning that will lead to better products and services.

As I have explained, throughout its 80-year history, MAX has identified both financial and non-financial issues and solved them with various approaches. We believe that disclosing our materiality (priority issues) by publishing this integrated report is an excellent opportunity to clarify our

position anew. The integrated report serves as a mirror showing MAX in its current form. It is a fine tool for reviewing the state of our business, looking ahead to our vision for the future, considering how to aim for that vision, and identifying anything needing revision. I hope that the report will not only present MAX's position to the world but also inspire employees to think about the future.

MAX will continue to contribute to society by being a robust company, using all its capabilities and technologies to make customers' lives and work more convenient and more comfortable. I hope that all our stakeholders will have expectations for MAX to fulfill this role and give us their frank and honest opinions.

In closing, I would like to thank everyone who has supported MAX thus far, and I ask for your continued encouragement and support.

History of MAX's Products and Technologies



Japan's first No. 10 stapler released

Founded in 1942

Business base established with stapler and hand tacker

Electronic time recorder released



Built-in auto stapler for multifunction copiers released



Entered the HCR business

Became a top nailer manufacturer by developing pneumatic technology



Japan's first hand tacker released



Japan's first pneumatic nailer released



"TAPENER" mechanical tape binding tool released



"Coil nailer" for wire collated nails released



Air compressor for nailers released

New concept products developed through the introduction of electronics technologies



"Bepop" sign & label printing machine released



"RE-BAR-TIER" rechargeable rebar tying tool released



"SUPER NAILER" high-pressure nailer released



24-hour total heat exchange-type ventilation system released



Hammer drills, concrete tools for professionals, released



"TWINTIER" rechargeable rebar tying tool featuring the twin tier mechanism released

Entered the concrete tool business and home environment equipment business

>1942

Started out as Yamada Air Industry Co., Ltd. in Azuma-cho, Takasaki City, Gunma Prefecture, and produced aircraft tail wing components



1942

1950

1960

1970

1980

1990

2000

2010

2020 (FY)

>1963

Made a capital, technical and sales alliance with Bostitch Inc. in the United States

>1981

Acquired shares of Eiko Business Machine Co., Ltd.

1980 Reached net sales of ¥20.0 billion

>1983

Acquired shares of TCC Co., Ltd.

1991 Reached net sales of ¥50.0 billion

2006 Reached net sales of ¥60.0 billion

2018 Reached net sales of ¥70.0 billion

2021 Net sales (Millions of yen) 73,958

>2009

Acquired shares of Sunshiny Industry Co., LTD.

>2014

Acquired shares of Lighthouse (UK) Holdco Limited

>2010

Acquired shares of Kawamura Cycle Co., Ltd.

>2000

Acquired shares of Shinwa Works Co., Ltd. and SHINWA HI-TEC Co., Ltd.


Changes in Japan and markets	High economic growth period	Electrification of business equipment	IT revolution	Use of digital technology
<ul style="list-style-type: none"> Expansion of housing supply Growth of furniture industry 	<ul style="list-style-type: none"> Spotlight on export industries Central focus on paper materials 	<ul style="list-style-type: none"> Automation of office work Expansion of personal market for business machines 	<ul style="list-style-type: none"> Advance of digital technology Popularization of the Internet 	<ul style="list-style-type: none"> Further evolution of digital technology Expansion of network environments Acceleration of digitalization and mobilization

* In 1987, the Company changed its fiscal year-end from September 20 to March 31. To accommodate this change, net sales for fiscal 1987, the transitional period of the change, are for an irregular fiscal period from September 21, 1987 to March 31, 1988.

Business Domains

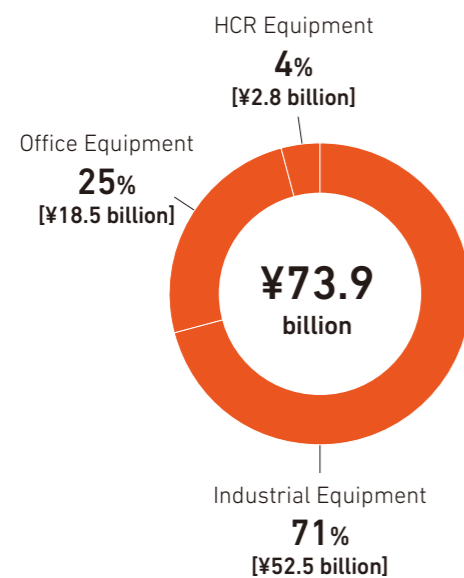
MAX develops unique products centered on staplers and building and construction tools, and has provided a large number of world-first and Japan-first products with leading market shares. In this section, we introduce MAX's core business divisions. MAX will continue its dedication to "making products that fully satisfy the people who use them," and to providing high-value-added products.

Industrial Equipment Segment		
Industrial equipment business Tools for wooden structures, tools for concrete structures  Nailers Air compressors  Rebar tying tools Consumables	Agriculture and food equipment business Agricultural and food packaging equipment  Mechanical tape binding tools Bag closing tools	Home environment equipment business Residential equipment  Heater-ventilator-dryers for bathrooms 24-hour ventilation systems
Main products Nailers, air compressors, rechargeable tools, etc. Rebar tying tools, concrete nailers, gas nailers, etc.	Main products Mechanical tape binding tools, bag closing tools, rechargeable pruning scissors, etc.	Main products Heater-ventilator-dryers for bathrooms, 24-hour ventilation systems, etc.
Main customers and users Carpenters, reinforcement workers, precast concrete plants, etc.	Main customers and users Farmers, supermarkets, etc.	Main customers and users System bath manufacturers, general households, etc.
Main sales areas Japan, North America, Europe	Main sales areas Japan, Europe	Main sales areas Japan

Office Equipment Segment		HCR Equipment Segment
Office equipment business Stationery-related products  Staplers and staples  Sign & label printing machines	Auto stapler equipment business Auto staplers  Auto staplers  Punches Tube markers	HCR business Nursing care and welfare equipment  Standard wheelchairs  Multifunction wheelchairs
Main products Staplers, punches, stamps, etc. Sign & label printing machines, tube markers, label printers, etc.	Main products Auto staplers, etc.	Main products Wheelchairs, walkers, etc.
Main customers and users Consumers, factories, confectionery shops, etc.	Main customers and users Multifunction copier manufacturers, etc.	Main customers and users Consumers, hospitals, nursing care facilities, welfare equipment leasing service providers, etc.
Main sales areas Japan, Asia, Europe	Main sales areas Japan, North America, Europe	Main sales areas Japan, Asia

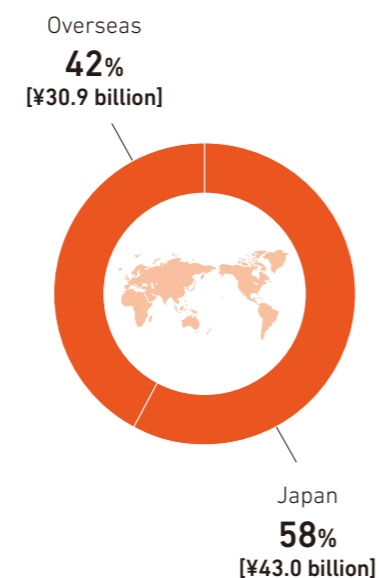
Net sales composition ratio

(Fiscal 2021)



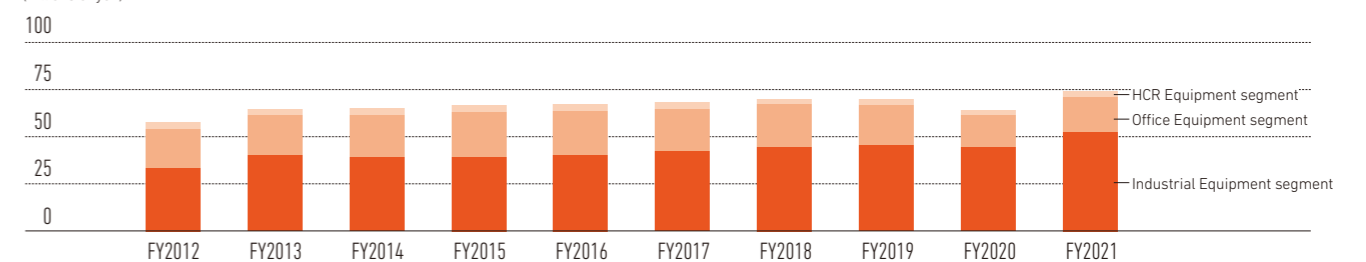
Japan and overseas sales ratio

(Fiscal 2021)



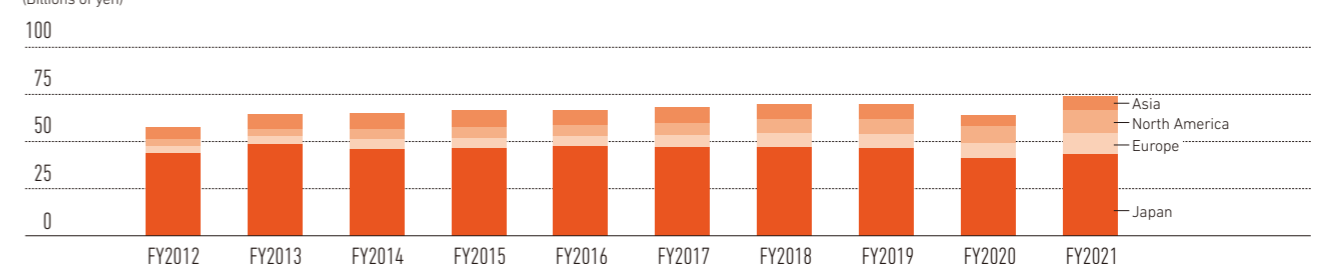
Net sales by segment

(Billions of yen)



Net sales by region

(Billions of yen)



Our Distinctive Character

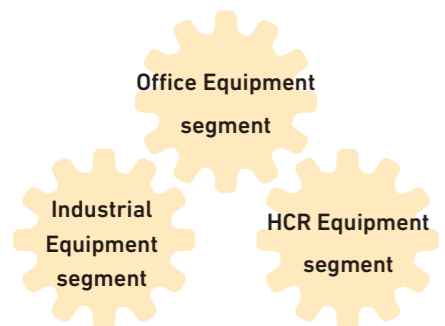
MAX works on responding to needs of our customers, understanding changes in our society, and creating and introducing unique products by following our strict jobsite-oriented and customer-first principle, thus creating new markets and establishing realms where we stand as No. 1 or the only one.



01

Diverse business structure

- Criteria for decision making about the business portfolio
- Business structure that does not rely on one industry
 - Businesses that can be expected to provide stable revenue over the long term
 - Businesses that can effectively leverage in-house resources



03

Unique business model

- Creating a competitive advantage in niche markets
- Business model that continues to connect with customers through the supply of consumables

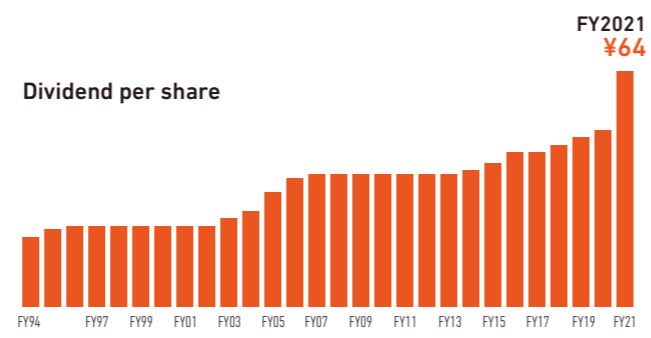


02

Stable financial base

- Generating profit through high-earning businesses
- Continuous stable dividends (no past dividend reductions)

Operating income margin	Dividend per share
10.1%	¥64



04

Identification of needs and realization of solutions through a thoroughly jobsite-oriented approach

Creating and introducing unique products by pursuing facts on the jobsite



MAX's Value Creation Process

Our mission is to fully utilize our capabilities and technologies to create excellent products needed by our customers and society and continuously supply them. By fulfilling this mission, we aim to contribute to the sustainability of society, while being a robust company.

By respecting people, the development of people will result in growth for the company.



Materiality (Priority Issues)

MAX has identified five materiality issues that are important to stakeholders while also having a significant impact on the management of the Company.

In identifying materiality, we have referred to international frameworks such as the SDGs, the United Nations Global Compact, ISO 26000, and the GRI Standards, as well as wide-ranging stakeholder perspectives and the perspective

of impact on the Company. In addition, we conducted questionnaires for officers and employees and held multiple active discussions led by the Sustainability Subcommittee, both internally and externally, such as exchanging opinions with outside directors and outside experts, and then identified materiality by receiving approval from the Board of Directors.

Materiality (priority issues) identification process



Identified materiality (priority issues)

Priority issues	Focus themes	Company goals	Major KPIs and monitoring indicators
Realize a company that allows people to participate	<ul style="list-style-type: none"> Human resources development Diversity Respect for human rights Work-life balance Occupational safety and health 	<ul style="list-style-type: none"> Continuously producing human resources as described in "our ideal personnel" Ensuring diversity, including active participation of women By respecting people, the development of people will result in growth for the company Maintaining balance between work and life Supporting the development of mental and physical health that will allow our employees to be active over the long term 	<ul style="list-style-type: none"> Engagement survey Consolidated ratio of women in management positions of 10% by 2030 Non-consolidated ratio of female recruitment for new graduates of 20% Zero major human rights incidents Total annual working hours below 1,900 (in Japan)
Contribute to a sustainable global environment	<ul style="list-style-type: none"> Environmental management and compliance Development of environmentally friendly products Response to climate change Resource recycling and waste 	<ul style="list-style-type: none"> Harmony between our business and the environment Promoting the development of environmentally friendly products Reduction in greenhouse gas (CO₂) emissions Waste reduction based on the 3Rs 	<ul style="list-style-type: none"> Emissions and recycling rate
Drive innovation to realize "Making work life easier and more enjoyable"	<ul style="list-style-type: none"> Innovation Digital transformation (DX) 	<ul style="list-style-type: none"> Creation of environment and culture that promotes challenges, and continuous challenges to innovate and develop new markets Supply of products and services and organization creation to realize DX vision 	<ul style="list-style-type: none"> R&D ratio
Ensure responsible supply	<ul style="list-style-type: none"> Quality and safety Supply chain management Disaster prevention and recovery 	<ul style="list-style-type: none"> Ensuring high quality in products and operations Promotion of responsible procurement Rapid recovery from large-scale natural disasters, etc. 	<ul style="list-style-type: none"> Zero major product incidents
Maintain and strengthen governance	<ul style="list-style-type: none"> Corporate governance Compliance and risk management Information security 	<ul style="list-style-type: none"> Taking initiatives to enhance corporate governance Internal promotion of compliance and implementation of risk management Protection of information assets 	<ul style="list-style-type: none"> Continuous effectiveness evaluation of Board of Directors Zero serious compliance violations

Message from the Director in Charge of Sustainability

**To promote sustainability activities,
we will advance the unique characteristics of
MAX ("our personality") to the forefront,
with everyone working together and
taking a proactive approach.**

Yoshihiro Kaku

Managing Director, Senior Executive Officer, and
General Manager of Corporate Planning Department
in charge of Investor Relations and Public Relations,
ESG Promotion, Human Resources, IT Systems



We have decided a sustainability system and policy, and made preparations at our organization.

The MAX Company Creed, formulated in 1960 and revised to its current form in 1964, has been passed down for more than half a century. I think the creed has an extremely close affinity with ESG and sustainability. In fact, MAX's ESG and sustainability initiatives can be seen as synonymous with the process of our activities to realize the MAX Company Creed.

Specifically, in a changing world, MAX's unchanging mission is to fully utilize our capabilities and technologies to create excellent products needed by our customers and society, continuously supplying them to make our customers' lives and work more convenient and more comfortable. In other words, we aim to contribute to the sustainability of society through our main business and realize a robust company that can survive and continue.

In creating systems to accomplish these goals, in August 2021, we established the Sustainability Subcommittee, which is made up mainly of executive officers. The subcommittee led discussions on matters such as formulating a basic policy

on sustainability, identifying materiality (priority issues), and setting KPIs. It also examined those actions in conjunction with MAX's distinctive characteristics and situation, made proposals to the Board of Directors as necessary, and conducted activities based on the board's judgments.

One result was the announcement of a Basic Policy on Sustainability in the Company's corporate governance report in December 2021. The policy reiterates MAX's basic philosophy, which was developed based on the MAX Company Creed, and breaks down the content into an organized format.

In identifying materiality, we incorporated knowledge from outside experts and tried to present MAX's own distinctive characteristics even for universal issues. We also focused on connecting our main business and practical operations, without departing from our actual business, and identified five priority issues. Three of these, "realize a company that allows people to participate," "drive innovation to realize 'Making work life easier and more enjoyable,'" and

"ensure responsible supply," actually present the unique characteristics of MAX ("our personality") expressed in the MAX Company Creed. MAX holds the distinctive view that "By respecting people, the development of people will result in growth for the company," and we are focused first and foremost on "allowing people to participate" in our materiality. Furthermore, we consider "contribute to a sustainable global environment" and "maintain and strengthen governance" universal issues that MAX must

naturally pursue as a company.

The Sustainability Committee, headed by the president, will review the status of practical implementation of measures to address our important sustainability issues. Below the committee we have positioned the Sustainability Promotion Committee as a frontline organization to strengthen our system to ensure steady progress on sustainability-related issues.

We will collaborate with internal and external stakeholders, leveraging MAX's strengths to promote our initiatives.

I hold numerous dialogues with institutional investors, whose questions in the past mainly focused on business- and finance-related matters. Recently, however, I have observed investors becoming more interested in non-financial information (ESG and sustainability) and placing greater emphasis on it. Looking ahead, I believe that dialogue about non-financial information will become increasingly important. Proactively disclosing non-financial information alongside business and financial information will deepen investors' understanding of MAX, increase their engagement, and ultimately boost MAX's corporate value.

Until now, MAX has not made a systematic effort to disclose information in accordance with the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD). However, partly due to the revision of Japan's Corporate Governance Code, in October 2021, after launching the Sustainability Subcommittee, we began incorporating the TCFD recommendations. Subsequently, our production, development, sales, and head office divisions worked in unison, involving frontline workers as well, to disclose the information in about one year. This rapid response was largely due to employees who had an awareness of the issues and took it upon themselves to investigate and prepare the disclosures. The result also demonstrates the full expression of MAX's distinctive character, in which employees work together as a team across divisions once a task is decided.

As we continue to promote sustainability initiatives, we will need to promote practical measures to address issues and rigorously apply numerical measures such as KPIs. On the other hand, it is also important that we are careful not to focus only on form and figures. I aim to thoroughly implement

the straightforward, fact-based practical measures that MAX primarily excels at and to enhance the establishment and continuity of our activities and initiatives.

The sustainability initiatives that MAX is set to promote are based on the MAX Company Creed and follow themes of "solving social issues through our main business" and "practical implementation of straightforward business activities based on facts." These are not a complete departure from the direction that we followed in the past but rather a reorganization of all our practical daily activities with a view toward addressing issues that exist by extension from those activities. I think it will take time for our employees to embrace this concept, but I intend to work on it steadily and accumulate gains. We will share information with employees using internal media such as the Company intranet and our in-house magazine, "MAX Dayori," to encourage them to incorporate the initiatives in their daily activities. We will also promote various in-house initiatives and increase employee engagement.

We will communicate with our external stakeholders by such means as providing information on our website and publishing our integrated report, continuously informing them of MAX's approach to sustainability and the status of its initiatives.

Our sustainability-related activities to date have been a succession of trial and error as many were new to us. Now that our policy and systems are in place, we are about to commence practical implementation. We will continue to demonstrate MAX's strengths by having everyone cooperate as a team, as we work continuously to set up and promote our activities.

Overview of the Medium-Term Management Plan (Fiscal 2021 through Fiscal 2023)

The Group will accelerate the growth of overseas business and the business model transformation to realize our management policy of "Continue to be a company that customers can stand by." We will also strive to launch new businesses that will serve as our future core and to strengthen the management infrastructure for supporting the Company's continuous growth.

Basic Strategies	
1	<p>Growth of overseas business</p> <ul style="list-style-type: none"> > Accelerate the growth of the rebar tying tool business > Overseas expansion of agriculture and food equipment business > Active investment in priority regions
2	<p>Business model transformation</p> <ul style="list-style-type: none"> > Strengthen the infrastructure of high-earning businesses > Promote activities in new markets
3	<p>Launch of new businesses</p> <ul style="list-style-type: none"> > Medium- to long-term R&D investment > Investment in domestic and overseas development sales
4	<p>Strengthening management infrastructure</p> <ul style="list-style-type: none"> > Improve business productivity by utilizing digital technology > Provide a healthy company work environment > Strengthen ESG and brand power

Performance Indicators (plan for fiscal 2023)			
Net sales	Operating income	Operating income margin	ROE
¥81.0 billion	¥9.4 billion	11.6 %	8.1 %

* Revised on April 28, 2022

Strategic Investments for Medium- to Long-Term Business Growth	
Priority policy	Contribute to business growth by expanding priority businesses and actively investing in the launch of new businesses
> Investment in enhancing operating infrastructure	¥1.4 billion
> Investment in digital technology	¥0.5 billion
> Strategic investment in development	¥1.0 billion
> Investment in corporate communications	¥0.7 billion
Total ¥3.6 billion	

Measures



Industrial Equipment segment

Priority policy Achieve growth of rebar tying tool business in overseas market, with a focus on Europe and the United States

Overseas industrial equipment business

- > Increase in number of sales staff for the rebar tying tool business
- > Expansion of dealer network for concrete materials and enhancement of training
- > Enhancement of after-sales support system

Domestic industrial equipment business

- > Development of civil engineering market for rebar tying tool business and proposal of new applications in existing market

Agriculture and food equipment business

- > Development of market for "TAPENER" mechanical tape binding tool in Europe and the United States

Home environment equipment business

- > Expansion of stock business and enhancement of construction system for renovation and replacement of heater-ventilator-dryers for bathrooms



"TWINTIER" rebar tying tool



"TAPENER" strong mechanical tape binding tool



Office Equipment segment

Priority policy Maintain segment profitability through expansion of labelling and signage products

Overseas office equipment business

- > Increase in sales of labelling and signage products such as "Bepop," "LETATWIN," etc., in Europe, the United States, and China

Domestic office equipment business

- > Enhancement of customer contact and improvement of sales activity productivity through ICT
- > Expansion of stock business through labelling and signage products such as "Bepop," "Label Printer," etc.
- > Launch of new products into markets where demand is expected for electric specification and industrial applications, etc.



"Bepop" sign & label printing machine



"LETATWIN" tube marker



HCR Equipment segment

Priority policy Improve profitability through sales promotion activities for high-value-added wheelchairs, expansion of sales in overseas markets, and improvement in productivity at the factory in China

- > Improvement of profitability through improved productivity and in-house manufacturing at the factory in China
- > Expansion of sales of high-value-added wheelchairs and continuous introduction of new products
- > Entry and expansion into overseas markets with a focus on the Chinese and ASEAN markets



"WAVIT Roo"

Message from the Officer in Charge of Finance

Record highs in net sales, ordinary income, and net income attributable to shareholders of parental company

In fiscal 2021, ended March 31, 2022, the Company recorded net sales of ¥73,958 million, operating income of ¥7,498 million (operating income margin of 10.1%), ordinary income of ¥8,282 million, and net income attributable to shareholders of parental company of ¥6,090 million. These results represent double-digit increases in sales and profits, and while operating income did not reach the pre-COVID-19 level of fiscal 2019, ended March 31, 2020, net sales, ordinary income, and net income attributable to shareholders of parental company all reached record highs.

To a large degree, these results reflect the waning of the impact of COVID-19 and growth in sales overseas, mainly in the rebar tying tool business. There were also impacts from the high prices of raw materials and high shipping rates on imports and exports, among others, but we were able to minimize the decline in profit margins by such means as passing on the cost increases to sales prices.

By segment, both sales and profits were led by the Industrial Equipment segment. In particular, growth in sales of rebar tying tools and associated consumables in the

European and US markets exceeded our expectations.

In the Office Equipment segment, sales in auto-stapler product operations and overseas office equipment product operations increased. Partly because working from home became widespread, sales have not fully returned to pre-COVID-19 levels, but they have recovered somewhat and are driving an improving trend in profitability. Looking ahead, if sales activities such as business trips become possible again, we expect to see even further recovery.

The HCR Equipment segment is based mainly on selling overseas products in Japan. Although sales were higher year on year, impacts such as the weak yen and increased costs for raw materials and shipping rates weakened profitability, resulting in a segment loss. Due to the characteristics of the business, it is difficult to pass costs on to sales prices, but we will strive to gain customers' understanding through careful explanations.

Thus, in terms of achieving Companywide growth based on the key overseas rebar tying tool business, which is a pillar of the Medium-Term Management Plan, our results have surpassed expectations, and we steadily increased our

overseas sales bases in Germany and other countries. Meanwhile, changes in the external environment such as the yen's depreciation and high raw materials prices have created a need to take action such as passing costs on to sales prices.

Due to these changes in the external environment, in fiscal 2022, ending March 31, 2023, it will be necessary to continue monitoring changes such as those for raw materials prices, shipping rate movements, impacts related to semiconductors, and exchange rate effects. We need to

understand this external environment and promote timely changes to pass costs to sales prices to maintain profitability. Moreover, for rebar tying tools and consumables, which have seen sales growth exceeding that in the Medium-Term Management Plan, we recognize that our task is to ensure production capacity and steady supplies. Going forward, I believe it is important to continue undertaking initiatives in this direction, increase our speed, and deliver results.

We will actively strive for higher targets, looking ahead to medium- to long-term business growth.

On the back of the strong performance of fiscal 2021, in April 2022, we announced a revised Medium-Term Management Plan from fiscal 2022 through fiscal 2023. We have raised our numerical targets without significantly changing our basic policy. In addition, we have paid more attention to increasing ROE. Under the revised Medium-Term Management Plan, we aim to achieve ROE of 8.1%, and going further, we are thinking to aim for ROE of 10% for the following three years.

As one means of supporting the necessary business growth to attain this target, we will continue to invest proactively. Apart from ordinary capital investment and R&D investment, we have also established a category called strategic investment, and we are conducting proactive investment that includes not only expenses but also personnel costs and capital expenditures. With this approach, we are gradually beginning to make steady investments in projects with upfront expenses, such as creating new businesses and increasing overseas sales bases. In fiscal 2021, our investments totaled nearly ¥700 million, including those related to creating new businesses and for increasing overseas sales bases. This is the result for the first year in a three-year period in which we plan to make cumulative investments totaling ¥3.6 billion, and we will continue to make investments. In this way, we aim not only to boost earnings for a single fiscal year but also to grow our businesses systematically from a medium- to long-term perspective.

In addition to strategic investment, we will make preparations to enable flexible and effective use of cash, including M&As and share repurchases. As these activities increase profits, we will return them to stakeholders to increase ROE. Moreover, MAX's capital policy is basically not to use debt to increase ROE.

A look at our shareholder composition shows that we

currently have a high ratio of stable shareholders, including cross-shareholding shareholders, which is one factor for the low liquidity of our shares. In conversation with institutional investors, I have heard them sometimes comment that they would prefer a higher level of liquidity. In line with the trend toward reducing cross shareholdings, we intend to look at increasing the liquidity of our shares.

We also reviewed our dividend policy and decided to "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," while keeping our basic approach largely unchanged. We will clearly communicate to our shareholders and investors The MAX Company Creed of "steady progress" and our Basic Policy on Sustainability of "allocating results fairly and appropriately." At the same time, our dividend policy reflects our thinking to "expand profits through sustainable business growth and deliver stable shareholder returns and allocation of profits."

As you see from our performance over the past few years, MAX appears to have again entered a growth period after a long pause. On the one hand, the acceptance of working from home and further advance of paperless operations are having an impact on the Office Equipment segment, and a drop in new housing construction starts in Japan is expected to decrease domestic sales to a certain degree in some businesses in the Industrial Equipment segment. On the other hand, overseas business growth is accelerating, mainly in rebar tying tools, and there appears to be significant room for further growth. Profitability is also improving more than before in tandem with sales growth, enabling us to conduct capital investments from a medium- to long-term perspective. I would like you to expect even further business growth and improved profitability as we go forward.

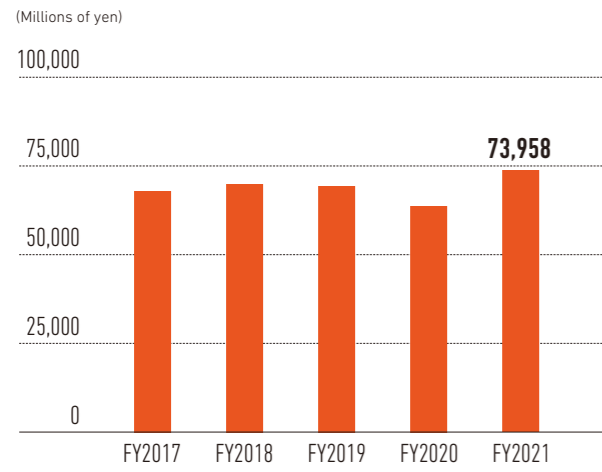


Facing a new growth period,
we will aim to realize further results,
proactively investing and steadily allocating
results fairly and appropriately.

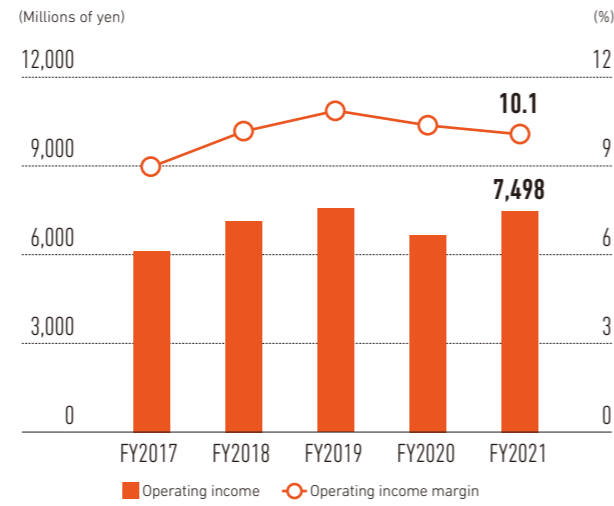
Akio Kitaya
Executive Officer and General Manager
of Accounting Department
in charge of General Affairs

Financial and Non-Financial Highlights

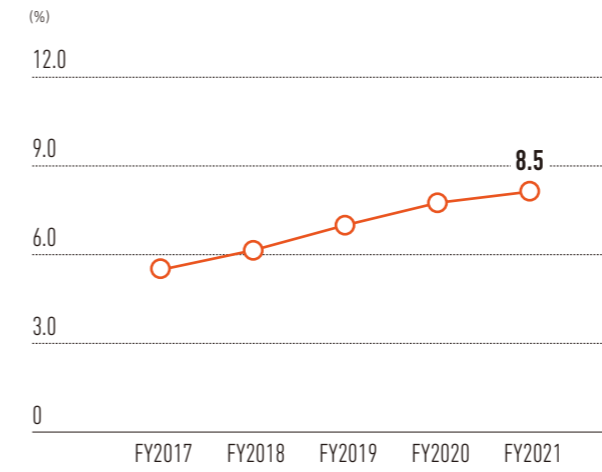
Net sales



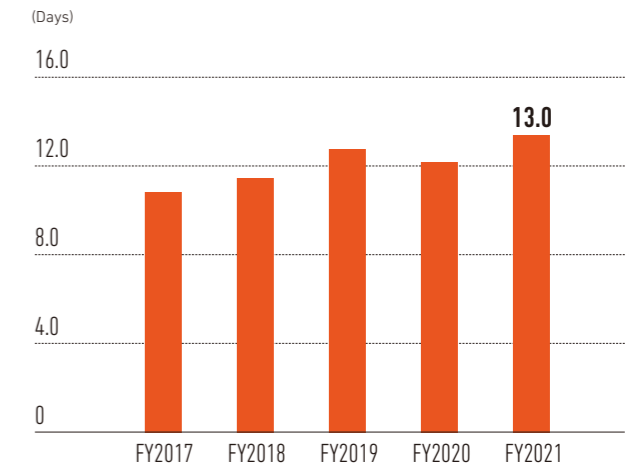
Operating income/Operating income margin



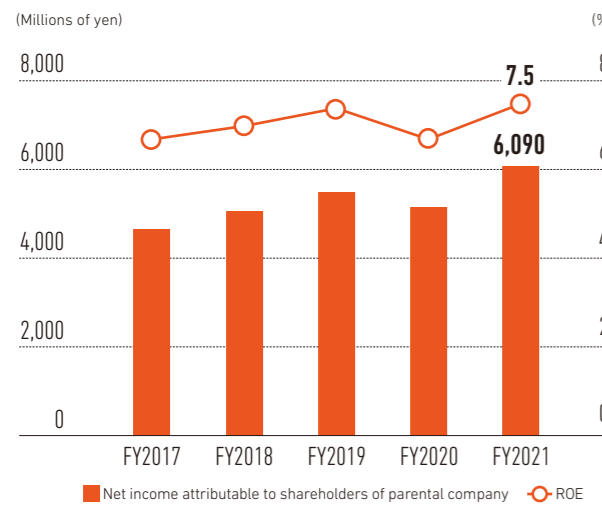
Ratio of female employees (non-consolidated)



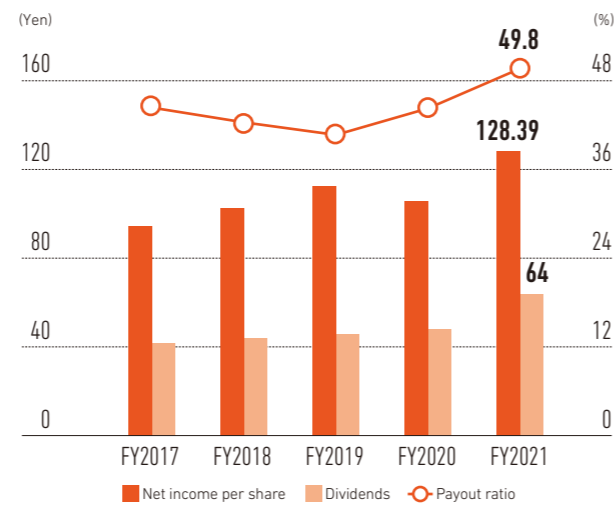
Number of days of annual paid leave taken (non-consolidated)



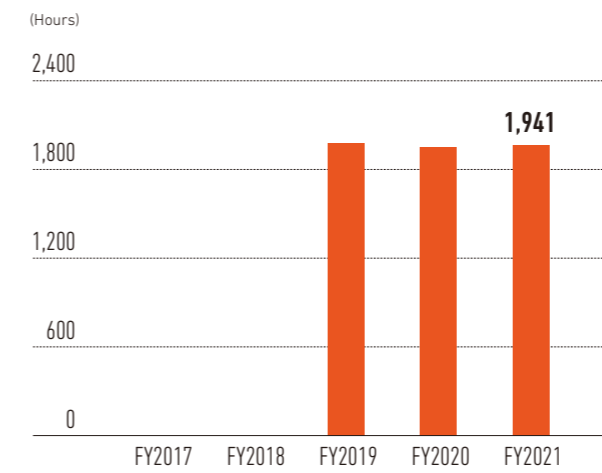
Net income attributable to shareholders of parental company/ROE



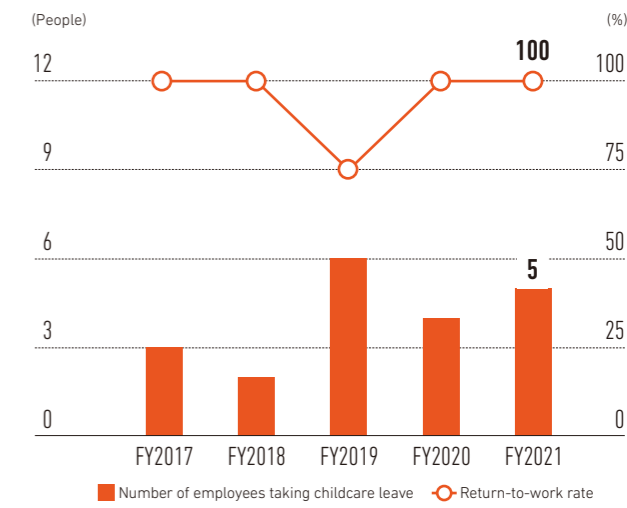
Net income per share/Dividends/Payout ratio



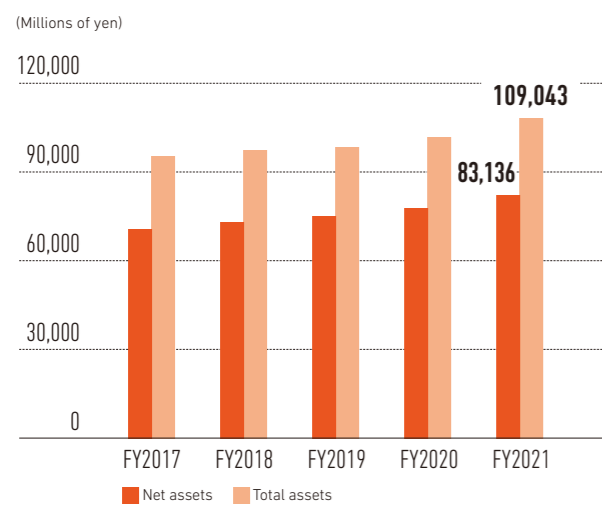
Total annual working hours (non-consolidated)



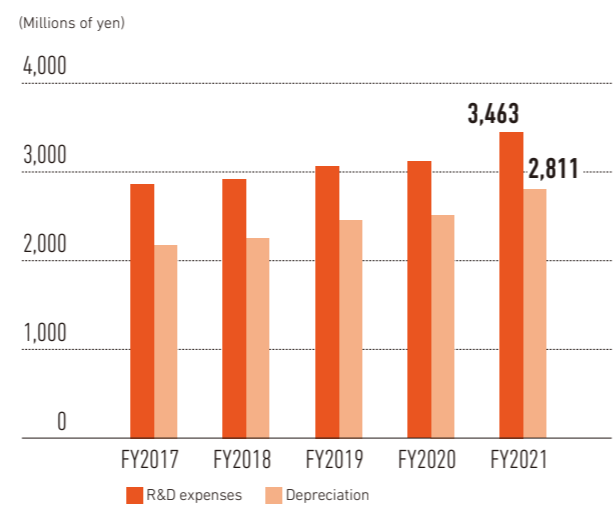
Number of employees taking childcare leave/Return-to-work rate (non-consolidated)



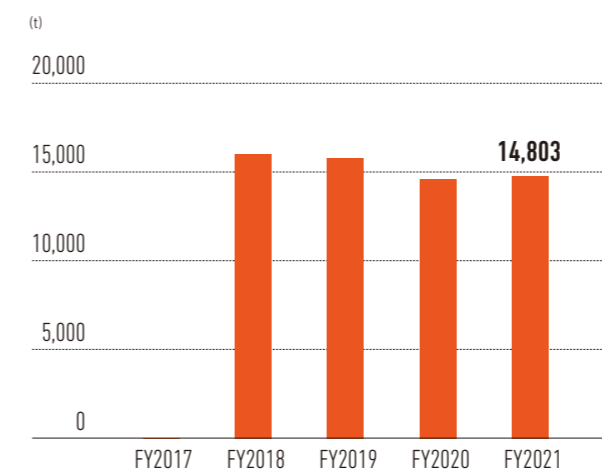
Net assets/Total assets



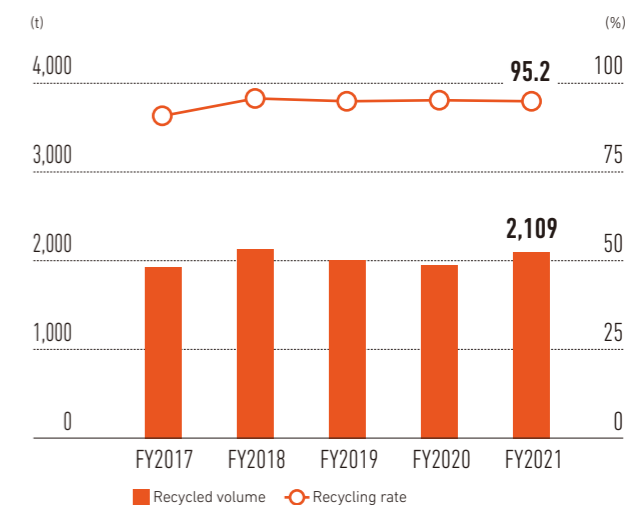
R&D expenses/Depreciation



CO₂ emissions (Scopes 1 and 2)



Recycled volume/Recycling rate





Message from the Director and General Manager of the Manufacturing Division

Our unchanging mission in any era is to continue making new proposals that can transform customers' lives and their work by making them convenient and comfortable.

Tatsushi Ogawa

Managing Director, Senior Executive Officer, and General Manager of Manufacturing Division

A strict jobsite-oriented and customer-first principle to manufacturing has supported MAX's growth.

Throughout MAX's 80-year history, we have always been committed to "making products that fully satisfy the people who use them." We have a proud history of exploring the needs of customers in situations where the products are used, from the product-planning stage, to determine the specifications that will satisfy customers, then create technologies and products to meet those specifications. For those aims, it is essential to have the production capability to supply products stably and properly timed, while retaining quality, for reliable delivery to customers.

MAX not only develops and produces machinery for the home environment equipment business, such as heater-ventilator-dryers for bathrooms, but also develops and produces both machines and consumables, such as staplers and staples. For product groups that include both machines and consumables, the design of products is carried out by the development division, while the design of consumables is done by the development and manufacturing divisions working in collaboration. A basic model of in-house production makes possible the best match between machines and consumables, allowing us to complete our own specifications and ensure quality. In product design, members of the production and quality assurance divisions also participate from the initial stage for practical implementation in new

product development, sharing issues that they identify to achieve "parallel practical implementation." The Manufacturing Division and Research and Development Division are both located at our main Tamamura Factory, near the Fujioka Factory, which manufactures consumables, facilitating easy collaboration between development and production. However, even more important than achieving best matching machines and consumables, and more than aiming for just parallel practical implementation, I think the top priority is for project members themselves to have a solid grasp of jobsite information.

To create highly reliable products, a product testing standard and a design standard are essential for ensuring reliability. We spend ample time on investigations that make sure the product testing standard in prototype evaluation at the practical implementation stage matches the standard required by the market. Moreover, we repeatedly conduct user testing that focuses on how the products are used, also taking care to eliminate factors that could lead to complaints. Even if unexpected claims arise after products are marketed, we have embedded systems for recreating conditions and conducting various tests, then reflect our responses in the next product to strengthen quality even further. To supply products with stable quality, we use various testing systems in the production process to monitor standards based on theory, such as analysis and verification, and build audit systems for internal and external process partners to enhance quality over the entire supply chain.

In addition, for timely delivery of products to customers, we need to establish a flexible and speedy production system. We have worked to supply customers promptly by minimizing

inventories and conducting daily production to reduce lead times. Over the past few years, manufacturing has been carried out based on inventory strategies decided in cooperation with the Sales Division. Amid this, various factors arose that suddenly caused production stoppages or quality issues, which are not easy to avoid. Therefore, we will strive to create value through digital transformation such as building a production system utilizing various data while linking it to our quality management system.

Such use of digital technology will increase the sophistication and penetration of our analysis technologies, enabling us to pursue the true essence of processing technologies that manage quality. It will also provide valid data to be used in integrated production equipment for in-house developed consumables and automated equipment for processing, measurement, assembly, and packaging. Digital technology incorporated to standardize our frontline operations can also work effectively for human resources development and skills transfer. We believe we will be able to accumulate and use the data to discover the causes of issues, leading to improvements in work systems and working environments.

In an era of dramatic change, we will take on new challenges to pioneer the future.

Today, MAX's business situation is changing dramatically. During the COVID-19 pandemic, the spread of telecommuting and shift to paperless operations led to a slowdown in print demand. In addition, from the perspective of environmental impacts, amid a drive to reduce CO₂ emissions, there is a demand for energy-saving products and products that reduce emissions across the entire life cycle. As an example, the Company's customers in the distribution and retail industries are proactively engaged in environmental responses and have approached us specifically with their desire to introduce environmentally friendly plastic, such as bioplastic. Customers' needs for products are also diversifying and becoming more sophisticated, covering not only quality but other aspects such as design and convenience.

While the rebar tying tools currently driving MAX's growth contribute to labor saving at construction sites, we must also look ahead to a shrinking workforce on sites in the future. For now, overseas sales are expanding and requiring us to strengthen our global raw material procurement, production, logistics, and sales systems. We also need to invest quickly in personnel, facilities, technology, and other areas.

Amid the remarkable changes in our environment, I believe that taking on new challenges will be indispensable. We must respond quickly to change, as we strengthen and

transform our existing businesses. At the same time, we must aim to transform our business model and establish new earnings pillars to become an organization that can continue to grow.

Throughout its history, MAX has met its customers' needs by proactively acquiring technologies suitable for each era and expanding its business domains. Currently, it is necessary to provide added value using IoT, and we have our own ideas about how to do that. To do so, we need to further expand our technology domains to include software development and other areas. Both the Research and Development Division and Manufacturing Division are advancing collaboration with external consultants and universities, which is exposing them to diverse kinds of knowledge and widening their learning opportunities. Looking ahead, we expect to see more opportunities for exchanges with external specialist personnel and collaborative development.

MAX has generated numerous world-first and industry-first products to date, and I believe we should continue to aim for innovation going forward. Since we compete in niche markets, protection of intellectual property is of primary importance, and we have obtained profits by establishing a firm position in one-of-a-kind and top-quality products. For such achievements, it is particularly important to launch products that develop new markets. Recently, we have organized our new product development into three categories: market development projects, lineup expansion projects, and model change projects, and aimed to aggressively launch new market development products without focusing on only one indicator. We believe that a clear product concept enables more strategic allocation of investment and other results.

The ability to set tasks for taking on new challenges is crucial for MAX's growth. Obviously, making step-by-step improvements based on our achievements to date is important, and we will do that. At the same time, we need to gain a firm understanding of the gap between our ideals and reality, set new tasks, and use completely new methods to undertake the challenge of investigating unexplored domains. This is likely to be a difficult undertaking, one often questioned internally and one requiring various preparations. However, if we overcome such difficulties and move forward to create one or two successful examples that break down our preconceptions of what is possible, such success will become the source of our future growth.

Even in a dramatically changing environment, we will constantly propose value aimed at customer satisfaction and continuously put all our efforts into taking on new challenges. I believe this is what will make all of us feel that our jobs are worthwhile.

Message from the Director and General Manager of the Sales Division



With the business environment undergoing dramatic changes, now is the time for MAX to face new challenges that will shape its future.

Masahito Yamamoto
Managing Director, Senior Executive Officer,
and General Manager of Sales Division

Using our refined product capabilities, we will focus our efforts on “expanding, deepening, and creating” businesses.

MAX has built new markets over many years by providing highly distinctive products in niche markets. With our philosophy of the “principle of three realities” (go to the actual place, know the actual situation, and be realistic), we are proud of our ability to continue to listen to customers’ desires and troubles after a product is launched, then use that information to refine our products and strengthen our product lines. This ability will form the foundation on which we will aim to further “expand, deepen, and create” our businesses. We will consciously increase our efforts to widen the circle of support from a product to expand our businesses, making deeper refinements for usability and range of use, and from there, create something new again. In addition, to continue demonstrating our presence in the market, we will strengthen our intellectual property protection and work to build higher barriers to market entry by competitors.

Participating in diverse businesses helps avoid risk to a certain degree, but it also presents the issue of less efficient production and sales activities as limited resources are dispersed and mass effects are difficult to obtain. Furthermore, as various manufacturers in different countries compete fiercely for survival, MAX recognizes that its domains are valuable markets that could be taken away by rivals. We aim to maintain a competitive advantage in those markets while entering and creating new markets. We also realize that we will need to choose which markets to retain and which to discard according to the situation.

While leveraging our product capabilities in each segment, we will aim to provide value through new products and services.

In the Industrial Equipment segment, over the past few years, our rebar tying tool business, including TWINTIER, has delivered remarkable results. Surging construction investment and a decrease in jobsite workers, mainly in Europe and the United States, have enabled us to make steady gains in market recognition and penetration. We have established an unrivaled position by listening to feedback from the jobsite, increasing jobsite productivity, and launching products with improved usability, while also adding new models. Meanwhile, we developed our TIE WIRE consumables, and manufacturing these in-house is one of our strengths. We consider the growth potential for this business significant as there remain areas, such as Eastern Europe and Asia, where market

growth can be expected. On the other hand, in Japan, tools for wooden structures are on a declining trend, but the decrease and aging of the jobsite workforce are significant issues. Going forward, we expect to see further increases in demand for labor-saving devices. We will also be proactive in launching tools for concrete structures that comply with new construction methods. In the home environment equipment business, we have secured a dominant market share as a pioneer in electric heater-ventilator-dryers for bathrooms. Looking ahead, we will aim to respond to remodeling and replacement demand and capture latent demand with a business model that includes not only sales of equipment but also installation services. In the agriculture and food equipment business, the Company’s customers in the distribution and retail industries are proactively engaging in environmental responses, and we responded to their needs by launching consumables made with biomass materials. Going forward, we will launch environmentally friendly products to meet market needs.

In the Office Equipment segment, the stapler, stationery, and auto stapler equipment businesses that have been primary drivers for MAX for many years are undoubtedly set to decline alongside contracted demand for printing. On the other hand, labelling and signage products are expected to grow stably. For example, the “Bepop” sign & label printing machine can easily make recognizable safety labels. We have actively supported customers by holding webinars that offer our expertise in creating safety labels as well as introduce the Age Friendly Subsidy, provided by the Ministry of Health, Labour and Welfare, to support elderly workers. In addition, for our Label Printer, which easily produces food labels, the COVID-19 pandemic provided a business opportunity as demand increased for use in takeout and delivery services. Here also we held webinars to introduce revisions of the food-labeling system based on case studies, which proved popular with customers.

In the HCR Equipment segment, although this business is still small in scale, the market is expected to expand in Japan and overseas as populations grow older. Anticipating these trends, we plan to promote sales of high-value-added wheelchairs, continuously launch new products, and improve productivity and profitability.

Our overseas sales ratio has passed 40%. While the yen’s depreciation has had an impact, we recognize that in office equipment and industrial equipment our market share and recognition level are still low. In particular, room for expansion exists in industrial equipment. In Europe and the United States, where an economic slowdown is expected, the construction market may experience a temporary impact. However, with public investment undertaken as an economic stimulus measure, the market is expected to be maintained

and to continue expanding. Many untapped areas also exist in other businesses, and we see many opportunities around the world where we intend to enter and expand our businesses.

Taking advantage of current favorable operating results, we will take on new challenges to lay a foundation for the future.

As I mentioned, MAX is currently enjoying favorable performance supported by the rebar tying tool business. Taking advantage of this opportunity, we are increasing our investments for exploration and entry into new businesses. For example, in the development divisions, we established a department for planning new technologies and businesses and are preparing to launch new products. We have also assembled a project team of mainly young employees that is accelerating our moves to create new businesses with external consultants. Ideas that we have discussed within the project are now advancing to the stage where we are actually considering launching products. At this stage, predicting whether these projects will be successful is difficult, but I believe the experience of taking a step toward the future is important for providing a sense of opening up to the world and opening up to new opportunities. The whole Company shares a sense of urgency that we have to take on new challenges now, while we have favorable operating results, so as not to miss our window of opportunity. We are working to deliver concrete results.

Furthermore, I think that aggressive product launches and product development in the IoT-related field will be essential going forward. We will also need to study new developments such as the fusion of devices and software, the use of cloud computing, and the possibilities of subscription-based business models. We will continue to investigate these fields with a view toward building a new business model five to 10 years in the future.

As social situations change and globalization progresses, stakeholders such as shareholders and investors are changing the way they view companies. While MAX’s characteristic robustness is valued highly, we feel that stakeholders also want us to deliver results more quickly. To meet their expectations and continue growing, we need to work quickly to undertake multiple transformations to keep up with the times and business environment, while continuing to move forward steadily. This is a difficult challenge, but we will learn through trial and error as we grow, aiming to continue our journey while staying true to MAX’s distinctive character.

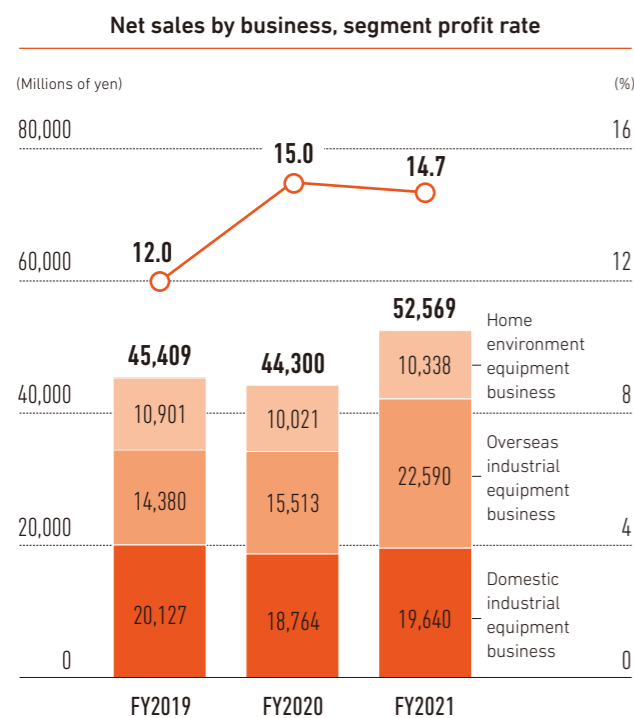
Industrial Equipment Segment



Main Business Activities

Manufacture and sale of nailers, hand tackers, screw driving machines, staples, nails, screws, air compressors, laser markers, rebar tying tools, pin insertion machines for concrete, gas nailers, hammer drills, rechargeable impact drivers, rechargeable circular saws, rechargeable pin nailers, vegetable binding tools, mechanical tape binding tools, bag closing tools, rechargeable pruning scissors, heater-ventilator-dryers for bathrooms, 24-hour ventilation systems, floor heating systems, disposer systems, residential fire alarms, etc.

Financial Results for Fiscal 2021



Domestic industrial equipment business

Against a background of a steady increase in the number of new housing construction starts in Japan compared to the previous year, sales of consumables for tools for wooden structures increased, and sales of dedicated consumables for "TWINTIER" rebar tying tools also grew.

Overseas industrial equipment business

Against a background of favorable market conditions such as an increase in construction expenditures and the number of housing starts in the United States and growing infrastructure demand in Europe, sales of "TWINTIER" rebar tying tools and their dedicated consumables grew significantly, and sales of tools for wooden structures also increased.

Home environment equipment business

Sales of "DRYFAN" heater-ventilator-dryers for bathrooms, which are the mainstay of the business, increased in both the housing stock market for renovation and replacement and the new-housing market.

Business Environment and Impact

	Business environment	Impact
Japan	• Labor shortage becoming permanent	• Increased needs for mechanization
	• Fall in number and increase in age of skilled construction workers	
	• Increase in the number of domestic new housing construction starts	
Overseas	• Increasing and persistently high steel prices	• Recovery in market scale
	• Increase in construction expenditures and the number of housing starts in the United States	• Increase in production cost
	• Growing infrastructure demand in Europe, driving market recovery	• Increase in tool demand
	• Long-term interest rate rise in the United States	• Slowdown in housing construction

Introduction of Main Products

Industrial equipment business



"TWINTIER" rechargeable rebar tying tool

Equipped with the world's first twin tier mechanism that feeds two wires simultaneously and twists them together, the "TWINTIER" contributes significantly to improving the efficiency of rebar tying operations.



"SUPER NAILER" high-pressure nailer

Using three times the air pressure of previous nailers, the MAX "SUPER NAILER" was designed to deliver a powerful driving force, in a compact, lightweight tool.



"TAPENER" mechanical tape binding tool

In 1969, MAX commercialized the world's first mechanical tape binding tool for farming. The "TAPENER" is used for fixing the stalks or vines of tomatoes, grapes, and other produce.



"DRYFAN" heater-ventilator-dryer for bathroom

Since its launch in 1985, over 7.3 million "DRYFAN" units have been shipped, and it has maintained the top share in Japan's market for electric heater/dryers for bathrooms.

TOPICS

Toward further business expansion—construction of a production factory in Thailand for dedicated consumables for rebar tying tools (TIE WIRE)

The "TWINTIER" launched in 2017 has led significant ongoing growth in the rebar tying tool business, and the Company is building a new factory to create a structure that will cope with soaring demand from the market. The factory is scheduled for completion in March 2023.

Against a background of labor shortages in construction work and upgrades to infrastructure, demand for rebar tying tools is expected to increase even further. We will continue to actively make the necessary investments for business expansion while carefully monitoring market conditions.



TIE WIRE production factory under construction

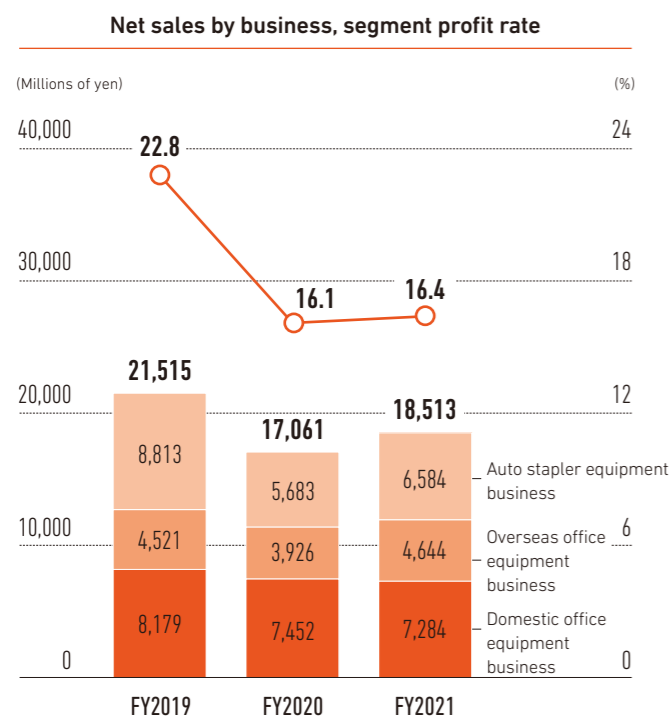
Office Equipment Segment



Main Business Activities

Manufacture and sale of staplers, staples, paper-made staple staplers, electric staplers, electric staple removers, auto staplers, automatic binding machines, numbering machines, punches, stamp pads, red ink pads, time recorders, time cards, check writers, sign & label printing machines, label printers, tube markers, signboard creation software, signboard creation machines, parallel rulers, etc.

Financial Results for Fiscal 2021



Domestic office equipment business

In addition to decreased sales of stationery-related products, sales of labelling and signage products were sluggish due to the impact of a shortage in electronic components in the fourth quarter.

Overseas office equipment business

Although sales of "Bepop" sign & label printing machines stagnated in Europe due to the impact of partial restriction on sales activities during the COVID-19 pandemic, sales of stationery-related products increased in Southeast Asia, and sales of "LETATWIN" tube markers were strong in China.

Auto stapler equipment business

Sales of auto staplers and dedicated consumables increased amid a gradual recovery in the office occupancy rate.

Business Environment and Impact

	Business environment	Impact
Japan	• Increased safety awareness at factories, etc. • Revision of laws around food labeling	• Increase in demand for labelling and signage products
	• Gradual recovery in the office occupancy rate	• Increase in demand for machines and consumables
	• Shortage in procurement of electronic components	• Stall in sales of labelling and signage products
	• Decrease in shipments of multifunction copiers and printers • Increase in working from home and establishment of this workstyle • Acceleration of paperless operations driven by advances in ICT	• Contraction in stationery-related products • Fall in demand in the auto stapler equipment business
Overseas	• Economic recovery of Southeast Asia	• Recovery in demand for stationery
	• Partial restriction on sales activities in Europe	• Stall in sales of labelling and signage products

Introduction of Main Products

Office equipment business



"Staplers" and "staples (consumables)"



"Bepop" sign & label printing machine



"Label Printer"



"Auto staplers"

Since launching Japan's first compact office stapler in 1952, cumulative sales have surpassed 0.5 billion units, becoming a highly popular item along with standard staples.

"Bepop" enables simple and free creation of original signs and labels, such as safety and warning labels, construction signage, and guidance signs.

This tool allows simple creation of food labels and shipping labels. We also provide a full support system covering label data creation and diagnostic services.

Since our launch in 1985 of an electronic stapler to be built into a multifunction copier, the high quality and precision led to the units being included in multifunction copiers and printers around the world.

TOPICS

Initiatives to reduce environmental impact—switching from plastic packaging (blister packs) to cardboard

MAX is making progress with initiatives to reduce environmental impact.

For our 20-product lineup of "Fast Drying Red Ink Premio" and "Fast Drying Stamp Pad" series with ink that dries in three seconds after stamping, we have changed from plastic to cardboard packing, and completely renewed the package design to increase the sense of brand consistency. By changing to these cardboard packages, we expect to reduce plastic waste by 1.3 tons per year.



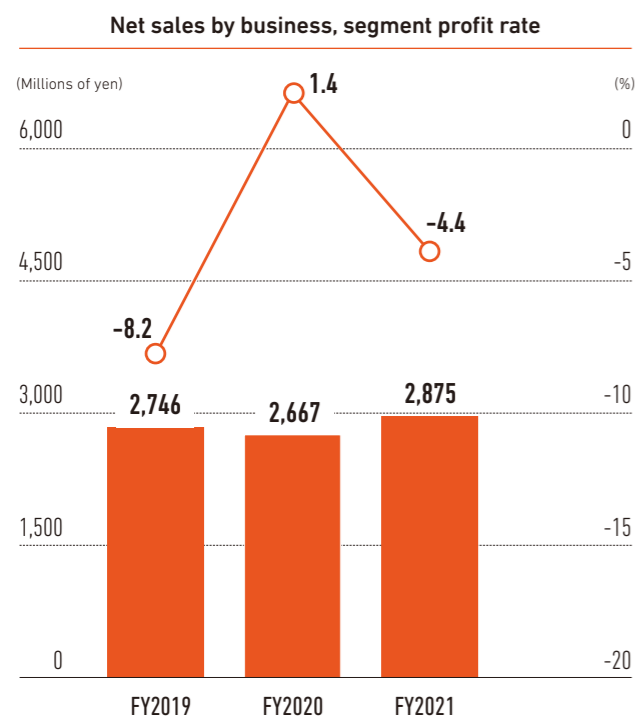
HCR Equipment Segment



Main Business Activities

Manufacture and sale of wheelchairs and other welfare products

Financial Results for Fiscal 2021



HCR business

Although there were restrictions on some sales activities due to the COVID-19 pandemic, revenue increased due to steady growth in sales to hospitals and other facilities, and in sales to rental wholesalers. On the other hand, profitability decreased due to increased raw material prices and transportation costs, and to a weakening yen exchange rate.

Business Environment and Impact

	Business environment	Impact
Japan	<ul style="list-style-type: none"> • Future decrease in population • Progression of low birthrate and population aging • Increase in the number of annual cumulative recipients of nursing care prevention and nursing care services 	<ul style="list-style-type: none"> • Increase in demand for nursing care and welfare equipment
	<ul style="list-style-type: none"> • Restriction on sales activities for hospitals and nursing care facilities 	<ul style="list-style-type: none"> • Stall in sales of wheelchairs
Overseas	<ul style="list-style-type: none"> • Progression of population aging in Asian countries such as China 	<ul style="list-style-type: none"> • Increase in demand for nursing care and welfare equipment
	<ul style="list-style-type: none"> • Foreign exchange impacts reflecting the weaker yen 	<ul style="list-style-type: none"> • Increase in production costs

Introduction of Main Products



"WAVIT Roo" next-generation standard wheelchair



"Modern Series" multifunction wheelchair



"Fuwaris" lightweight wheelchair

This next-generation standard wheelchair is designed from a new perspective, pursuing functional beauty, with a proprietary curved frame that follows the lines of the human body.

This model offers a choice of specifications to suit various situations and conditions, including the body size of the user, their living environment, and the caregiver's perspective.

A model that is both robust and lightweight. Able to fold down to a compact size, the "Fuwaris" can be smoothly stowed in a car to make outings easy.

TOPICS

Supporting work for people with disabilities

Kawamura Cycle Co., Ltd. has outsourced the operations of packaging instruction manuals as part of its efforts to support work for people with disabilities.

Our employees include wheelchair users, as we work to create an inclusive working environment where each employee can make use of their abilities.



Roundtable Meeting with Sustainability Subcommittee Members

The Sustainability Subcommittee was organized in August 2021 with the primary goals of discussing the best direction for MAX's sustainability and identifying its materiality. The subcommittee has held numerous discussions. In this roundtable meeting, the members talked about the results of their yearly activities and offered their thoughts on sustainability.

What we found by bringing up and sharing activities across the whole Company

Manabe: Participating in the subcommittee has again shown me that various initiatives are in progress outside the sales divisions. Recently, key terms such as "circular economy" have been used to examine new businesses and so forth. Such approaches and the subcommittee's activities have struck a chord with me, and now I am thinking specifically about what kind of contribution the Company can make.

Kato: In the development divisions, we already had a perspective on how business based on our intellectual property strategy should continue. However, the activities of the subcommittee made me again realize the importance of thinking about the continuity of society. I also recognized that it is very important to actively promote the Company's stance and activities externally.

Ishii: In the manufacturing divisions, we have been working on reducing CO₂ emissions and so forth, but since joining the subcommittee, I have recognized the importance of holistic initiatives that cover human resources development, diversity, and governance, and I have a real sense that we have made concrete progress in these areas. I have come to think that it is important to see social issues as linked to management

issues and to aim to solve those issues through business.

Igarashi: In the Environment and Quality Assurance Department, I often responded to CSR inquiries from customers and business partners. We began to have more questions that we were unable to answer on our own and for which we were unable to guarantee accuracy. Participating in the subcommittee has been beneficial for allowing me to learn about the status of sustainability trends and the activities of other departments. I think it would be excellent to decide on the direction for MAX through continued discussions, then make all employees aware of what was decided so they would all give the same answer, no matter who was asked.

Kaku: There were other working members of the subcommittee besides ourselves, and I am grateful to them for their extraordinary efforts in gathering and organizing information that produced results.

Kitaya: Through the working members' efforts, I feel that the subcommittee got off to a great start. Furthermore, by setting concrete targets for formulating materiality and issuing the Integrated Report, I think that the activities moved faster.

Materiality clearly indicates MAX's direction internally and externally

Igarashi: MAX is a company that values its uniqueness. However, in the process of identifying materiality, I came to again see the importance of aligning the direction that the Company is aiming for with the direction of society overall.

Kitaya: In identifying materiality, we conducted interviews and distributed a questionnaire, mainly targeting the Executive Officers. Looking at the results, I get a sense that in many areas everyone's awareness is aligned. That made me feel that our values as a company have penetrated the organization.

Manabe: Now we are at the stage of implementing our materiality. In the sales divisions, we naturally want to take a people-centric approach. One of our materiality themes is

"realize a company that allows people to participate." To do this, we must consider work styles that suit individual employees, and from a perspective of diversity, we should also put more effort into promoting the active participation of women.

Ishii: With regard to the theme of "contribute to a sustainable global environment," we are making progress on preparing environmental data. Internal data that fall under Scopes 1 and 2 are easily aggregated, but if the scope is extended to overseas business partners, obtaining data becomes difficult due to legal restrictions and different methods of aggregation. It is also important to consider those people in factories working in different employment formats.



Koji Kato

Executive Officer and General Manager of Research and Development Division

Katsunori Manabe

Executive Officer in charge of Office Equipment Segment and General Manager of Sales Management, Sales Division

Hideyuki Ishii

Executive Officer and General Manager of Manufacturing Department, Manufacturing Division

Yoshihiro Kaku

Managing Director, Senior Executive Officer, and General Manager of Corporate Planning Department in charge of Investor Relations and Public Relations, ESG Promotion, Human Resources, IT Systems

Akio Kitaya

Executive Officer and General Manager of Accounting Department in charge of General Affairs

Hitoshi Igarashi

Executive Officer and General Manager of Environment and Quality Assurance Department

Kato: The result of calculating MAX's CO₂ emissions showed a very large impact from heater-ventilator-dryers for bathrooms. This means that some products account for a very large percentage of the environmental impact compared to their business scale. This will have an impact on our stance on new product development and approach to

resource investment.

Kaku: Executing all the materiality themes perfectly right away will be difficult. It is important to communicate to each employee and conscientiously sow the idea that our approach is to move forward on the basis of our previous activities, rather than trying to suddenly do everything differently.

Steady implementation to allow sustainability to take root

Kitaya: In response to the discussion by the subcommittee, the amount of time spent discussing sustainability at the Board of Directors and other meetings also began to increase, and I feel that our approach to the issue has taken shape. As our direction as a company becomes clear, we will in turn feel confident to explain it. This will give the stakeholders a sense of security.

Kato: Through our activities, we have seen TCFD-related data put forward to those in charge of development, and there is a growing sense of self-awareness about the impacts of each business. I believe that the development divisions can contribute significantly to the materiality of "drive innovation to realize 'Making work life easier and more enjoyable.'" We will promote these activities, while looking ahead to our output several years from now.

Ishii: In the manufacturing divisions, we will renew our commitment to promoting efforts to reduce the environmental impact of manufacturing. We recognize the need to promote human resources development and diversity at factories as well. Right now, our efforts are mainly in-house and inside Japan, so I would like us to expand our initiatives to overseas bases and business partners.

Igarashi: When environment-related laws are revised, we tend to see an increase in inquiries from outside the

Company. Partly to respond to such inquiries, I would like to see even closer coordination with other departments. There are many themes that the entire Company must address together, such as energy conservation initiatives, so I think it would be preferable to cooperate internally as we go forward.

Manabe: We planned and conducted factory tours for young employees in sales who had had no training at factories since they joined the Company, partly due to the COVID-19 pandemic. Seeing the manufacturing jobsites with their own eyes seemed to make them develop their awareness as sales representatives of a manufacturer for the first time. This reaffirmed to me the importance of understanding through firsthand experience what kind of consideration goes into each process of design, production, and sales. By increasing their contact with each division and getting to know each other, in other words, by strengthening internal engagement, I believe the sales representatives will come to implement sustainability practices on their own.

Kaku: Sharing information with each division and organizing the Company's materiality through the activities of the subcommittee have been wonderful experiences. Looking ahead, I want to increase engagement with stakeholders through internal promotion and external disclosure, and advance steadily and surely to increase MAX's corporate value.

Initiatives to Solve Social Issues through Our Activities

MAX's thoroughly jobsite-oriented approach to manufacturing has created a number of "products only we can create" and "our unique and quality products" in various niche markets, and such products have contributed to creating healthy, safe, and secure living and working environments.

Reducing physical burden and providing solutions for labor shortages

Rebar tying tool "Stand-up TWINTIER"

Before MAX started to sell the world's first rechargeable rebar tying tool in 1993, the tying of concrete reinforcing bars at construction sites had been done manually with pliers. After several model changes, in 2017, we developed the TWINTIER mechanism, which ties concrete reinforcing bars with two wires. Because we succeeded in improving its binding force and shortening its tying time to 0.7 seconds from 0.9 seconds, our TWINTIER has established an overwhelming leading position in the market. Furthermore, in 2020, we started to sell the "Stand-up TWINTIER," which allows its user to do tying while standing and walking. Since concrete reinforcing bar tying is often done under the scorching sun, in this current environment where aging and the reduction of reinforcement workers are ongoing, we believe that "Stand-up TWINTIERs" are an innovative product that can reduce the physical burden and working time of workers at the same time.



NETIS (New Technology Information System) is a database operated by the Ministry of Land, Infrastructure, Transport and Tourism to share and provide information related to new technology. The TWINTIER series was highly evaluated in NETIS as a technology expected to produce stable results. The series was registered as "VE Evaluation" in December 2020 (NETIS Registration Number: KT-180090-VE). Furthermore, the TWINTIER series has been recognized as an outstanding technology and selected for Utilization Promotion Technology (New Technology Utilization Evaluation Conference [Chubu Regional Development Bureau]).

Reduction of occupational accidents

The contest for safety signs and safety awareness training

Every year in Japan, MAX holds a "contest for safety signs and safety awareness training," in which participants use our sign & label printing machine "Bepop" to reduce occupational accidents. During the contest, participants work together to check dangerous places and create signs to warn about such places. We believe that by having participants do so, they can learn how to eliminate dangers and issues in their workplace together. The fundamental reason for holding this contest is to encourage people to conduct "voluntary" improvement activities. We believe this reason shares some similarities with the MAX Fundamental Management Policy, which is "to become a group in which everyone can grow together by creating a lively and fun atmosphere." MAX will continue contributing to reducing occupational accidents by "creating a workplace with a positive and lively atmosphere."



Safe and secure food

A stapler using paper-made staples

In 2013, MAX launched the industry's first staplers using paper-made staples for food companies. Previously, food companies widely used staples made from metal wire for egg cartons and *bento* (lunchbox) lids. However, since the 1990s, the use of metal staples has decreased due to safety concerns. Afterward, bringing metal staples into factories or offices was prohibited in order to prevent the intrusion of foreign substances. It took seven years of development to realize the idea of binding with paper. The paper-made staples that securely fasten documents and remain affixed for a long time are an "only-one" product of MAX. We also offer a lineup of antibacterial models certified with the SIAA mark and paper-made staples that are colored blue so that they are easily seen in the unlikely event of contamination.



Toward realization of a fulfilling lifestyle for seniors

Wheelchairs designed for a comfortable life

Since its founding in 1995, the MAX Group company Kawamura Cycle Co., Ltd. has promoted manufacturing that incorporates opinions from nursing-care sites. The company contributes to the creation of comfortable living by developing wheelchairs that match the lifestyles of caregivers and users, such as wheelchairs that enable easy transfer to beds, easy handling in small Japanese houses, and use in bathrooms.

Currently, in preparation for the arrival of an ultra-aging society, Kawamura Cycle is developing lightweight wheelchairs that reduce the burden on caregivers and wheelchairs with easy-to-see operating features during use.

The Group will continue to work toward the realization of a fulfilling lifestyle for seniors through the development, manufacturing, and sale of wheelchairs.



Initiatives to reduce environmental impact and contribute to local communities

At MAX, we have set annual targets for energy conservation, resource conservation and recycling, and recycling rates and are promoting initiatives to achieve these targets.

Energy conservation

We achieved 93.2%, meeting the fiscal 2021 target of curbing energy consumption per basic unit to 99.0% or less compared to that of the previous fiscal year.

Resource conservation/Recycling

The result was 99.3% against the fiscal 2021 target of curbing total emissions per basic unit to 99.0% or less compared to that of the previous fiscal year.

Recycling rate

The result was 95.2% against the fiscal 2021 target of a recycling rate of 96.3% or more.

Compliance with environmental laws and regulations

Every production base at MAX clarifies related laws and regulations according to their production lineup and complies with requirements.

- Planned improvement of energy efficiency based on the Energy Saving Act
- Regular measurement of air and water quality
- Appropriate disposal of waste
- Management of substances prohibited in products based

- on laws and regulations such as the EU RoHS directive
- Management of chemical substances based on the PRTR Law

Reduction of environmental impact using solar power system

In 2021, we installed a solar power system at the newly built Yoshii Logistics Warehouse, eliminating 110 tons of carbon emissions per year. The Group as a whole is expanding its use of renewable energy. For example, we are introducing a solar power system at our third factory in Thailand, which is currently under construction.

Local communities

As a social contribution to areas around our factories, we have outsourced staple packaging work to facilities for people with disabilities.



Our Approach to Sustainability



Basic Policy on Sustainability

Our mission is to fully utilize our capabilities and technologies to create excellent products needed by our customers and society and continuously supply them. By fulfilling this mission, we aim to contribute to the sustainability of society, while being a robust company. To this end, we have established the following Basic Policy on Sustainability.

Through business growth, MAX will contribute to the realization of a sustainable society.

1. We respect people, draw out the abilities of diverse people, and empower people.
2. We continuously invest in people and technology to create new things and experiences.
3. We deliver user-friendly and environmentally friendly products and services to people all over the world.
4. We allocate results fairly and appropriately.
5. We engage in appropriate dialogue with stakeholders and continue to enhance governance.

Strengthening our system for promoting sustainability initiatives

In September 2022, we established the Sustainability Committee (the "Committee," chaired by the President). The purpose of this body, which is supervised by the Board of Directors, is to determine sustainability strategies to promote sustainability initiatives. We also established the Sustainability Promotion Committee (chaired by the director in charge of sustainability) as a subordinate body of the Sustainability Committee to promote various sustainability-related activities. The Committee will report to the Board of Directors on the status of deliberations and other matters and reflect these in the Medium-Term Management Plan and business plans. By integrating sustainability-related activities and business strategies, it will work to sustainably enhance our corporate value.

Increasing interest in SDGs as opportunities for new growth

The growing interest in SDGs (Sustainable Development Goals) has caused the business environment around MAX to

change significantly. In the past, our focus was on jobsite customers such as construction companies for rebar tying tools, carpenters for nailers, and farmers for bag-closing machines. However, due to increased awareness for the overall supply chain of major corporations, there are increasing opportunities to make proposals to companies such as general contractors for rebar tying tools, house manufacturers for nailers, and supermarkets for bag-closing machines. As a result, MAX will be able to contribute to "making work life easier" for even more people by creating products based on the views of jobsite customers and proposing those products to our customers' entire supply chain.

Moving forward, MAX will strengthen our approach to the entire supply chain of our customers. Through dialogue with shareholders and investors, we will review our ESG initiatives and work to solve even more social issues through our business.

Stakeholder engagement

MAX recognizes the importance of accurately grasping and responding to the requests to and expectations of the Group through constructive dialogue with all stakeholders, including customers, shareholders, employees, society, and suppliers.



Contributing to a Sustainable Global Environment

On the basis of the MAX Environmental Declaration and Basic Environmental Guidelines, MAX has set up an EMS Committee, chaired by the General Manager of the Environment and Quality Assurance Department. Environmental committees promote activities at each manufacturing site to reduce the environmental burden.

MAX Environmental Declaration

Providing environment-friendly products and services is the starting point for MAX's goal of creating customer value. In essence, it is the very practice of "to take responsibility in supplying quality products" as stated in the MAX Company Creed.

We have established the following Basic Environmental Guidelines as a code of conduct in environmental conservation efforts related to all of the MAX Group's corporate activities. We will work on environment-friendly manufacturing and aim to achieve harmony between our business and the environment.

Basic Environmental Guidelines

1. We will strive to reduce the environmental burden through actions such as conserving resources, saving energy, reducing harmful substances, and decreasing the amount of waste, at each stage from product planning, development, and design to production, distribution, use, and disposal.
2. We will comply with environment-related laws, regulations, etc., establish voluntary standards, etc., and strive to improve management.
3. We will continue to carry out in-house public relations and provide education for raising environmental awareness so that each employee engages in environment-friendly behavior.
4. To implement these guidelines, we will set environmental objectives and targets, and promote a positive cycle of improvement activities.
5. As necessary, we will disclose the implementation status for development and management of environment-friendly technologies, materials, products, services, etc.

Response to TCFD recommendations

In August 2021, the Company established the Sustainability Subcommittee, led by executive officers ("the Subcommittee"), to promote activities related to climate change and other sustainability issues. At the same time, recognizing that addressing climate change is one of our most important management issues, we launched a Companywide project ("the project") with the help of outside experts. Through this project, we have been working to understand the current situation and consider measures to reduce greenhouse gas (hereinafter referred to as "CO₂," since CO₂ accounts for most of the greenhouse gases emitted by the Company). In September 2022, the Board approved a resolution to endorse the TCFD recommendations.

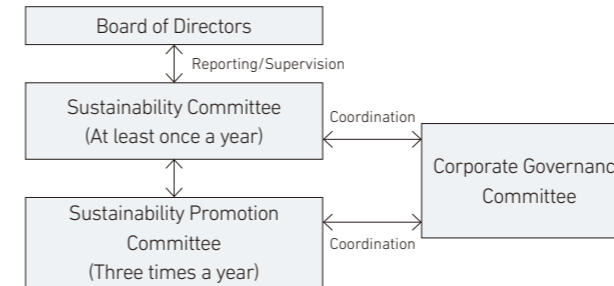
Governance

Our first disclosure of information in line with the TCFD recommendations was led by the project drawing from outside experts that identified the current status of our CO₂ emissions, analyzed scenarios, and drafted strategies, indicators, and targets. The Board of Directors and the Management Meeting discussed draft documentation, and the Board of Directors decided on our disclosure after passing a resolution at its meeting in September 2022.

On the basis of previous activities, we established the Sustainability Committee (the "Committee," chaired by the President). The purpose of this body, which is supervised by the Board of Directors, is to promote activities related to sustainability including activities to address climate change and determine sustainability strategies. We also established the Sustainability Promotion Committee (chaired by the director in charge of sustainability) as a subordinate body of the Committee to promote various sustainability-related activities. The Committee reports to the Board of Directors on its deliberations and on any climate change-related risks and opportunities it identifies. In addition, the Committee reflects these in the Medium-Term Management Plan and business

plans. By integrating sustainability-related activities and business strategies, it will work to sustainably enhance our corporate value.

With this approach, the Committee will take the lead on our next disclosure as well as on our subsequent disclosures, under the supervision of the Board of Directors.



Strategy

In this initial scenario analysis, the project used external experts to identify and assess the significance of climate change-related risks and opportunities to define scenarios, quantitatively assess business and financial impacts, and consider measures to address the risks and opportunities.

The scenario analysis requires selecting and setting up several temperature range scenarios including scenarios of a rise of 2°C or less. We thereafter considered the impact on the Group by drawing up models for the following two scenarios based on scientific information such as that of the IPCC (Intergovernmental Panel on Climate Change) and that of the IEA (International Energy Agency).

Item	1.5°C scenario where climate change countermeasures, regulations, etc., are advanced	4°C scenario where climate change countermeasures, regulations, etc., are not advanced
Overview of scenarios	Scenarios in which severe measures are taken against climate change and the temperature rise is suppressed to about 1.5°C or less by 2100 compared to before the industrial revolution	Scenarios in which effective measures against climate change are not in place and temperatures rise by about 4°C by 2100 compared to before the industrial revolution
Model	Scenarios of increased transition risks in policy and regulation, markets, technology, and reputation Regulations on climate change are strengthened, such as the introduction of a carbon tax. Consumer preferences shift to an environmental focus.	Scenarios of increased physical risks, such as more severe natural disasters, rising sea levels, and more extreme weather events Climate change causes more extreme weather events and more natural disasters.
Parameters used when estimating impact	The RCP 2.6 scenario was used, by referring to information from the IPCC (Intergovernmental Panel on Climate Change) and the IEA (International Energy Agency).	The RCP 8.5 scenario was used, by referring to information from the IPCC (Intergovernmental Panel on Climate Change) and the IEA (International Energy Agency).
Overview of results	Mainly transition risks/opportunities are manifested. Risk Climate change regulations and changes in consumer preferences will require increased costs and the development of environment-friendly products.	Mainly physical risks/opportunities are manifested. Risk There is a risk of factory shutdowns and supply chain disruptions due to an increase in natural disasters.
	Opportunity Growth in the ZEH (net zero energy house) and ZEB (net zero energy building) market and the use of wooden buildings, which have a decarbonization effect, could increase demand for decarbonization products.	Opportunity The need to reinforce infrastructure, including buildings, is becoming apparent.
Countermeasures	Capital investment and R&D investment have been focused on energy conservation. Going forward, in light of stricter regulations for decarbonization and growing environmental awareness, we will not only promote energy conservation but also R&D investments including the review of product materials.	Until now, we have prepared for natural disasters, etc., using a BCMS (Business Continuity Management System). We will continue our BCMS activities and strengthen our risk response measures to natural disasters.
Points common to both scenarios		
Through our activities for this disclosure, which is our first disclosure of information based on the TCFD recommendations, we established a system to promote activities related to sustainability, including climate change issues. In the future, we will further deepen our response measures as well as refine the risks and opportunities in the system that we have developed.		

We have confirmed that under any of the scenarios in this analysis it is possible to conduct resilient management. In the 1.5°C scenario, it is assumed that regulations for decarbonization will be strengthened. The introduction of a carbon tax, combined with soaring raw material prices, will drive demand

for the creation of more decarbonized products and services. On the other hand, in the 4°C scenario, the impact of physical risks will increase, giving rise to the need to respond to risks such as factory shutdowns and supply chain disruptions, as well as demand for infrastructure reinforcements.

Details of analysis

Category	Event	Major potential financial impact	Financial impact	Time frame of occurrence	
Policies and regulations	Introduction of carbon tax	The introduction of a carbon tax increases the cost of CO ₂ emissions.	Medium	Medium term	
	Enforcement of energy conservation standards	Sales slow down due to higher transition costs and failure to meet standards as a result of the reinforcement of the Act on Rationalizing Energy Use and stricter CO ₂ emission reduction targets.	Major	Short term to medium term	
	Shift to renewable energy	Costs increase due to higher prices for renewable energy.	Medium	Medium term	
	Stricter regulations on waste disposal	Waste disposal costs increase and a shift to reusable or recyclable products is required.	Minor	Medium term to long term	
Technological risks	Need for environment-friendly products	Costs increase due to switching to components that address climate change, and sales opportunities are lost due to delays in responding to climate change.	Major	Short term to medium term	
	Transition to low-emission technologies	Product competitiveness weakens on higher costs associated with the transition to low-carbon materials.	Minor	Short term to medium term	
Market risks	Shrinking product demand	Growing environmental awareness stifles demand for products with high CO ₂ emissions.	Major	Medium term to long term	
	Market uncertainty	Unexpected fluctuations in energy costs arise.	Minor	Medium term	
Reputation	High raw material costs	Profit declines due to an inability to pass on rising raw material costs to sales prices.	Major	Medium term	
	Changes in consumer preferences	Sales opportunities are lost due to a slow environmental response.	Major	Medium term to long term	
	Consumable materials avoided by consumers	Sales of consumables that cause CO ₂ emissions decline as consumers avoid them due to their image as disposable items.	Medium	Medium term to long term	
	Corporate reputation	A slow environmental response impacts our corporate image, hampering hiring efforts and causing a decline in the share price.	Non-calculated	Short term to medium term	
Physical risks	Acute	Increase in natural disasters	Flooding caused by extreme weather leads to factory shutdowns and supply chain disruptions.	Major	Short term to medium term
	Chronic	Rising sea levels	Rising sea levels lead to flooding at our business locations.	Minor	Long term
Opportunity	Chronic	Average temperature rise	More forest fires increase the cost of lumber, while longer construction periods due to avoidance of heat-related risks decrease the number of buildings, mainly those made of wood.	Major	Medium term to long term
	Resource efficiency	Changes in the market environment	Increase in the number of wooden buildings, which have the effect of reducing CO ₂ emissions, and the expansion of the ZEH and ZEB market lead to an increase in the number of new buildings.	Medium	Medium term
	Energy sources	Energy costs	Reduce cost volatility by installing renewable energy facilities	Minor	Medium term
	Products and services	Changes in demand	Improve competitiveness by developing and marketing products with reduced environmental impact by using renewable/recycled raw materials, etc.	Major	Medium term to long term
Resilience	Market	Changes in demand	Building reconstruction needs increase due to the need to reinforce structures.	Major	Medium term to long term
	Products and services	Products and services	It is likely that the need for labor-saving equipment will increase due to shorter work times at construction sites caused by rising temperatures. Resilience is also enhanced by continuously strengthening the BCP of the entire supply chain in preparation for disasters.	Medium	Short term to long term

Time horizons

In assessing the risks and opportunities associated with climate change, we have established the following time horizons:

- short term: up to about two years
- medium term: about three to 10 years
- long term: 10 years or more

Risk management

As part of our sustainability activities, we have identified materiality (priority issues). The Subcommittee prepared drafts and adopted resolutions of the Management Meeting and the Board of Directors. As a result, we have positioned addressing climate change as an extremely important issue both from our stakeholders' perspective and from our own perspective.

The project carried out risk identification and assessment this time. Going forward, however, the Sustainability Committee will lead those activities. Our detailed promotion system is centered on the Sustainability Promotion Committee, which is the subordinate body of the Sustainability Committee. The Sustainability Promotion Committee identifies, assesses, and manages risks, which are then deliberated upon and decided by the Sustainability Committee. In the scenario analysis, risk management will be ensured with periodic assessments of the business or financial impact of each risk quantitatively, including new regulatory assessments.

The results of the climate change risk assessment are reported to the Board of Directors and reflected in thinking

for the Medium-Term Management Plan and business plans. These risks are integrated with Companywide risk management in coordination with the Corporate Governance Committee (which is attended by all directors, including outside directors, and held four times a year), a body whose purpose includes promoting corporate ethics, legal compliance, and risk management.

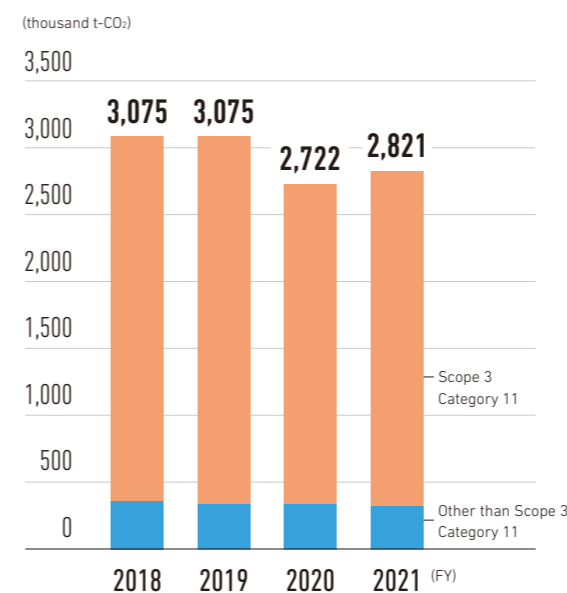
Indicators and goals

In fiscal 2021, CO₂ emissions were 1,200 tons for Scope 1 (direct emissions from business), 13,604 tons for Scope 2 (indirect emissions from power consumption), and 2,806,049 tons for Scope 3 (indirect emissions other than Scopes 1 and 2 [emissions by other companies related to business activities]). Of Scope 3, Category 11 emissions (emissions from the use of products sold) were 2,506,777 tons.

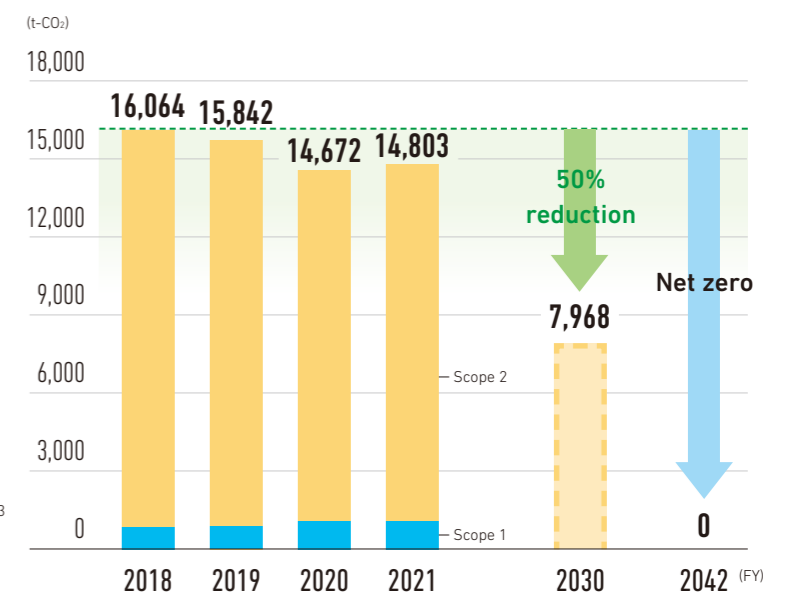
In light of our high CO₂ emissions in Scope 3 Category 11, we have set the following medium- to long-term goals for environmental activities for minimizing climate change-related risks with CO₂ emissions as the indicator.

Item	Medium- to long-term goals	Fiscal 2021 actual
Scopes 1 and 2 carbon neutral	1. Reduce CO ₂ emissions 50% from fiscal 2018 level by 2030 2. Achieve net zero CO ₂ emissions (carbon neutral) by 2042	14,803 t
Reduction of Scope 3 Category 11	Reduce CO ₂ emissions 30% from fiscal 2018 level by 2030 for Scope 3 Category 11 (emissions from the use of products sold)	2,506,777 t

CO₂ emissions (Scopes 1, 2 and 3)



CO₂ emissions and goals in Scopes 1 and 2



Realizing a Company That Allows People to Participate



Basic Policy on People

Our corporate color, “human red,” visually represents our spirit of respect for people, signifying personal warmth and growth. In keeping with this spirit, we aim to be lively and fun, and have established the Basic Policy on People.

Basic policy	<p>“Management that believes in people and brings out their best” MAX believes that by respecting people, the development of people will result in growth for the company.</p>
Our ideal personnel	<p>“People who are willing to keep taking on new challenges without fear of failure and who are willing to learn and grow with others.” 1. People who trust others and are trusted by others; people who are worthy of trust 2. People who think things through and step forward 3. People who take the lead and can work well in a team 4. People who take facts as a shared value, who gather public information, and make the unknown known 5. People who have a spirit of being a half a step ahead, who use their work for endless self-growth 6. People who have a wide range of knowledge and expertise as global talent and who never stop trying new approaches</p>
Personnel policies and management policy	<p>Respect for human rights, personality, and individuality In the spirit of respect for people, we respect the human rights, personality, and individuality of everyone.</p> <p>Personal growth as a foundation We aim to realize co-learning, through which workers grow together. We invest in people who strive for growth, and we strive to find talented human resources. (1) Improving skills through friendly competition based on facts (2) Nurturing and discovering talent through rotations (3) Emphasizing self-directed learning and supporting self-improvement</p> <p>Evaluation for development The purpose of evaluation is to develop our human resources and to ensure fair treatment. Evaluations are based not only on results but also on processes including motivation, challenges, and actions. (1) Pursuing a suitable evaluation system (2) Carrying out fact-based evaluations (3) Providing evaluation feedback that leads to growth</p> <p>Treatment We aim for a system where people can use 100% of their abilities, while finding their work rewarding. (1) Treatment that considers stability in daily life (2) Treatment based on growth, contributions, and results (3) Fair distribution of profits derived from performance results</p> <p>Building a strong organization We strive to be an efficient organization resilient to environmental changes to ensure the sustainable growth of the Company. (1) Actively promoting motivated and capable personnel (2) Pursuing the optimal organizational hierarchy and organization size (3) Training the next generation</p> <p>Developing the work environment We create a comfortable working environment so that we can devote ourselves to our work while keeping a balance with our personal lives. (1) Enabling communication (2) Improving productivity through creativity and ingenuity (3) Maintaining balance between work and life</p> <p>Maintaining good health Employee health is the foundation of company management. We support the development of mental and physical health that will allow our employees to be active over the long term. (1) Supporting the maintenance and improvement of physical and mental health (2) Promoting mental and physical revitalization</p>

Human resources cultivation and skills development

MAX has established a training system that enables human resources to grow in gradual steps, from team members who contribute to their teams to leaders who direct their teams. In particular, our “essay test” is a unique system that leads to the cultivation of human resources only found at MAX.

As part of our examination for promotion, MAX asks employees to write an essay on the theme of “working as a team to solve problems.” The essay calls for a practical description focused on “Do, See, Think.” Supervisors are always expected to provide subordinates with opportunities to practice teamwork based on known facts.

Fair evaluation and treatment

MAX operates a fair evaluation system designed to ascertain the strengths and weaknesses of our employees and to allow employees to grow while maximizing their abilities. For personnel evaluations, we have introduced a self-assessment system in which self-assessments are carried out twice a year. First, the employee writes a detailed, objective, and fact-based description of the status of implementations for his or her own goals during the half-year period. The employee then discusses and reviews the description together with his or her supervisor. MAX places great importance on feedback that leads to the growth of our employees. The supervisors provide feedback on evaluations of results and processes, thus facilitating future skills development and growth of individual abilities. By fairly ascertaining and treating the abilities and achievements of each employee and linking them to future growth, MAX fosters motivation and fulfillment for employees. In this way, we value human growth.

In addition, on the basis of the MAX Fundamental Management Policy of “We strive to ensure management promises that company results are fairly shared by all stakeholders,” we emphasize profits in our core business and have established a bonus system linked to consolidated operating income. The total source of bonuses for officers and employees is 28% of the profit distribution derived from performance results and calculated from the amount of consolidated operating income. Profits are returned to officers and employees by calculating bonuses based on internal rules.

Active participation by diverse human resources (initiatives to promote diversity)

MAX recognizes the importance of incorporating diverse human resources and values, and utilizing those resources and values to create new value. Following this belief, MAX is working to promote diversity.

We hire regardless of gender and nationality, and foreign nationals contribute to the growth of our business. In addition,

our overseas subsidiaries actively hire local human resources, ensuring the multinational diversity of the Group. We carry out mid-career hires based on the needs of the organization at any given time. As of March 2022, mid-career hires accounted for 8.4% of our workforce.

To promote the active participation of women, we aim for a female recruitment ratio of 20% for new graduates. In fiscal 2021, 10 of 41 new graduates were female. Moreover, as more women enter science fields, we continue to hire more women with a background in science. As for women in management positions, the percentage in the Group is 6.4% (as of June 30, 2022). We are focusing on improving this number, targeting a percentage of 10% of management positions being held by women by 2030.

Regarding employment of older people, even after the retirement age of 60, MAX employees can continue working until 65. We continue employment for nearly 100% of employees who wish to keep on working.

The employment rate of persons with disabilities was 2.3% in fiscal 2021.

Promotion of work-life balance

MAX is enhancing our efforts to achieve a work-life balance with the aim of creating an environment where diverse human resources can work comfortably and maximize their abilities. We have established the target of keeping total annual working hours under 1,900 hours. To achieve this target, we are promoting the reduction of overtime hours and an increased rate of taking annual paid leave. As measures for promoting work-life balance, we have introduced a flextime system and an hourly paid-leave system. In 2019, we extended reduced working hours after childcare leave until the time children enter junior high school. Furthermore, we operate a system in which employees must apply to use their computer after 7:00 p.m.

The total annual working hours in fiscal 2021 was 1,941 hours, and the annual paid-leave usage rate exceeded 50%.

Initiatives to create a healthy and comfortable working environment

To create a healthy and comfortable working environment, MAX has improved the environment of offices and employee cafeterias. We also promote “self-checks” by employees every year and have a consultation desk staffed by industrial physicians and external experts for providing mental health care.

The most recent self-checks for department managers and other managers covered self-checks on the Group Employee Code of Conduct, conduct required of department managers, work-life balance, and SDGs. General employees conducted self-checks on the Group Employee Code of Conduct, daily activities, working environments, and whistleblowing.

Human resources data

Item	Breakdown	Unit	FY2021	FY2020	FY2019	YoY difference
Employee status	Number of employees	People	971	953	942	18
	Men	People	888	876	873	12
	Male ratio	%	91.5	91.9	92.7	-0.4 ppt
	Women	People	83	77	69	6
	Female ratio	%	8.5	8.1	7.3	0.4 ppt
	Average age of employees	Years old	42.7	42.9	43.2	-0.2
	Men	Years old	43.6	43.7	43.9	-0.1
	Women	Years old	33.3	33.6	33.8	-0.3
	Average years of service for employees	Years	17.6	17.6	17.8	0
	Men	Years	18.3	18.2	18.3	0.1
	Women	Years	9.7	10.3	10.8	-0.6
	New hires	People	41	40	37	1
	Men	People	31	31	27	0
	Male ratio	%	75.6	77.5	73.0	-1.9 ppt
Women	People	10	9	10	1	
Female ratio	%	24.4	22.5	27.0	1.9 ppt	
Average salary	Yen	8,142,133	7,850,495	7,858,535	291,638	
Number of employees with disabilities	People	18	18	18	0	
Employment ratio of people with disabilities	%	2.3	2.2	2.2	0.1 ppt	
(Reference)	Part-time workers	People	281	286	273	-5
	Men	People	47	45	40	2
	Male ratio	%	16.7	15.7	14.7	1.0 ppt
	Women	People	234	241	233	-7
Female ratio	%	83.3	84.3	85.3	-1.0 ppt	
Composition of managers	Number of managers	People	265	254	239	11
	Men	People	262	251	236	11
	Male ratio	%	98.9	98.8	98.7	0.1 ppt
	Women	People	3	3	3	0
Female ratio	%	1.1	1.2	1.3	-0.1 ppt	
Childcare leave	Number of employees taking childcare leave	People	5	4	6	1
	Men	People	5	1	1	4
	Women	People	0	3	5	-3
	Return-to-work rate for employees who took childcare leave					
Men	%	100.0	100.0	100.0	—	
Women	%	100.0	100.0	66.7	—	
Nursing care leave	Number of employees taking nursing care leave	People	0	0	0	0
	Men	People				
	Women	People				
Total working hours	Average total annual working hours	Hours	1,941	1,929	1,956	12
	Paid leave usage ratio	%	57.6	51.8	52.3	5.8 ppt
Annual paid leave	Number of days of paid leave taken	Days	13.0	11.8	12.4	1.2
	Average annual overtime hours	Hours	206	194	232	12
Overtime hours						
Turnover	Turnover rate (including retirees)	%	1.9	1.8	2.7	0.1 ppt

Note: Data categories are for MAX Co., Ltd. (non-consolidated).

Considering Human Rights



Respect for human rights

In our Group Employee Code of Conduct, the MAX Group states the following: "We respect the dignity and rights of individuals. We will never engage in unfair discrimination for any reason, including nationality, race, ethnicity, gender, religion, age, educational background, thoughts, beliefs, social status, illnesses, disabilities, physical characteristics, or social vulnerabilities."

The Board of Directors resolved on September 12, 2022 to adopt the MAX Group Human Rights Policy in the belief that respecting human rights is the global standard of conduct required of all companies. Since our founding, we have carried out business activities that respect human rights, guided by the spirit of respect for people. Having set forth our human rights policy, we are now more firmly committed than ever to respecting human rights as we strive to become a company trusted by society.

Initiatives to prevent harassment

The Group Employee Code of Conduct states the following: "We will not engage in sexual harassment, power harassment, or any form of harassment that violates the character or dignity of a person." MAX also holds compliance study sessions on themes such as harassment.

Promotion of occupational safety and health

MAX is promoting various initiatives to create a safe working environment based on safety management in accordance with laws and regulations. The Safety and Health Committee at each factory promotes initiatives based on an annual plan for the continuous improvement of occupational safety and health. Furthermore, 5S study sessions are held once every three months. As part of the meetings, patrols and checks for dangerous areas are conducted under the leadership of the General Manager of Manufacturing Division.

Ten occupational accidents occurred in fiscal 2021. In the event of an occupational accident, MAX shares information at all factories and implements improvement measures aimed at preventing any recurrence.

MAX Group Human Rights Policy

The MAX Group (“MAX”) believes that by respecting people, the development of people will result in growth for the company. Since our founding, respect for people has been the guiding spirit. Recognizing that human rights, the universal birthrights of all human beings that are essential capital for the Company’s sustainable growth, must never be jeopardized, we hereby establish the MAX Group Human Rights Policy.

Basic concept

MAX recognizes that its own business activities could potentially have or actually have had an impact on human rights. On the basis of this understanding, MAX will take the utmost care not to infringe on the human rights of anyone involved in its business activities. MAX will continue to scrutinize the United Nations International Bill of Human Rights, including the Universal Declaration of Human Rights, and other internationally recognized human rights norms such as the Guiding Principles on Business and Human Rights, as we address human rights issues.

This policy is designed to ensure that MAX respects human rights and complies with local laws in the countries and regions where it operates. In the unlikely event that a country’s laws and regulations differ from international human rights norms, we will follow the higher standard. In any conflict, we will seek ways to maximize respect for internationally recognized human rights.

Scope

This policy applies to all officers and employees of MAX. We also expect our suppliers, business partners, and all other associates of MAX to understand and comply with this policy.

Human rights due diligence

MAX is committed to identifying, preventing, and mitigating negative impacts on human rights to fulfill our responsibility to respect human rights.

Corrective and remedial measures

If it becomes clear that MAX’s business activities have caused, facilitated, or contributed to a negative impact on human rights, we will take appropriate measures to correct the situation. In addition, we will continue to expand our consultation desk and develop effective remedial mechanisms.

Education and engagement to promote respect for human rights

MAX will work to ensure that this policy is communicated both internally and externally. We will provide appropriate training and skills development to all officers and employees while engaging in dialogue and consultation with external stakeholders.

Disclosure

MAX will continuously monitor compliance with this policy and make improvements as necessary. Using the MAX website and other channels, we will appropriately disclose information about our commitment to respect human rights.

Stance on specific issues related to respect for human rights

- Prohibition of discrimination and respect for diversity

MAX respects diverse individuality and will never engage in unfair discrimination for any reason, including nationality, race, ethnicity, gender, religion, age, educational background, thoughts, beliefs, social status, illnesses, disabilities, physical characteristics, social vulnerabilities, sexual orientation, gender identity, marital status, and presence or absence of children.

In hiring activities, we respect and protect the human rights of applicants and conduct fair selection based on suitability and ability. We do not violate the human rights of foreign national employees by treating them unfairly because of their nationality.

We encourage all our employees to take the lead in working toward their own growth. We believe that growth depends on respecting a variety of people and personalities, and engaging in friendly competition with each other.

- Prohibition of harassment

MAX does not tolerate any form of harassment, including sexual harassment, power harassment, maternity harassment, peer pressure, or any other behavior that offends personal dignity.

One quality of our ideal personnel is “people who trust others and are trusted by others; people who are worthy of trust.” We use that definition as an evaluation factor and, since our founding, have endeavored to realize the guiding spirit of respect for people.

- Prohibition of forced labor and child labor

MAX does not tolerate forced labor, child labor, or other unfair labor practices.

- Providing a rewarding work environment

MAX complies with labor laws and other laws and regulations, manages its working hours properly, guarantees minimum wages, and provides a safe and healthy work environment. We aim to ensure that employees can work in a lively and fun atmosphere, as stated in the MAX Fundamental Management Policy.

- Respect for freedom of association and the right to collective bargaining

MAX respects the fundamental rights of our employees to freedom of association, the right to collective bargaining, and the right to collective action.

Ensuring Responsible Supply



With the aim of producing high-quality products with short lead times, MAX is building a strong production infrastructure based on a global production control system, 5S activities with full employee participation, and a traceability system that utilizes IT.

MAX’s domestic manufacturing sites are the Tamamura Factory, Fujioka Factory, Kuragano Factory, and Yoshii Factory in Gunma Prefecture. Our Group companies include MAX Joban Co., Ltd. in Ibaraki Prefecture and Kawamura Cycle Co., Ltd. in Hyogo Prefecture. Overseas, we conduct manufacturing in Malaysia, China (Shenzhen and Suzhou), and Thailand. Kawamura Cycle Co., Ltd. also operates a factory in the city of Zhangzhou, Fujian Province, China.

Improvement of quality and costs through 5S activities

MAX’s factories hold 5S activities with full employee participation. At our factories in Japan and overseas, teams hold morning meetings to share issues and results by discussing quality and costs. By conducting 5S patrols, we identify dangerous areas and improve the working environment. In Japan, the 5S study sessions are held once every three months under the leadership of the General Manager of Manufacturing Division. At the sessions, the results of activities by each team are announced and evaluated. Departments indirectly involved also participate in the 5S study sessions, which leads to business reforms such as reducing paper documents.

Quality assurance through traceability

MAX operates a traceability system that utilizes IT. At our domestic and overseas factories, we conduct inspections of all manufacturing processes, from receiving parts from suppliers to storing, selecting, assembling, and shipping. These efforts contribute to the quality assurance of products and the strengthening of production systems.

Responsible procurement

MAX works with our business partners to achieve responsible procurement for fulfilling our social responsibilities throughout the supply chain. We consider business partners who supply us with items such as raw materials and parts to be our important partners. MAX strives to build trusting relationships through open, fair, and impartial transactions. To earn the trust of society as a company, we are promoting responsible procurement in the supply chain including our business partners.

MAX procures parts from about 300 domestic and 50 overseas suppliers. When starting transactions with business partners, we ensure that they understand the basic posture of the Group regarding material procurement. In addition, to conduct procurement using unified standards, we select business partners based on our evaluation criteria such as quality, stable supply, and soundness of management. MAX also continues to regularly reassess the suppliers with whom we do business and reviews our business relationships. If business partners do not meet our criteria, we ask them to submit an improvement plan and visit them directly to check whether the necessary corrections have been made.

Supply chain support for customers

MAX is taking measures such as increasing the number of manufacturing sites so that we can maintain the supplies of products that are important for our customers and our business continuity even in the event of a risk such as a large-scale disaster. We are also taking risk measures in terms of our suppliers, such as increasing the number of suppliers of important parts.

Logistics

MAX has nine delivery centers in Japan for timely transport of products to our customers. MAX Logistics Warehouse Co., Ltd. handles storage and transportation management for products made in Japan. Actual transportation of both domestic and overseas products is outsourced to a transportation company.

Interview with Outside Directors



Shoji Kiuchi

Outside Director (Audit and
Supervisory Committee Member)

Minoru Hirata

Outside Director (Audit and
Supervisory Committee Member)

Asaka Kanda

Outside Director (Audit and
Supervisory Committee Member)

Strengths and issues in MAX's governance

Hirata: My impression of previous meetings of MAX's Board of Directors is that they resolved prepared themes. However, as they want to implement the Corporate Governance Code and other protocols practically, I feel that the meetings have changed into a forum where people can talk and discuss matters more freely. One reason for this is probably the beneficial influence of President Kurosawa's strong desire to make improvements based on the results of the Board of Directors effectiveness evaluations. If I had to point out an issue, it would be that we do not receive information about discussion points other than those raised as themes for the Board of Directors meetings unless we take the initiative to request it. To make up for this, we are provided opportunities to interview executive directors and others in the Audit and Supervisory Committee meetings. Furthermore, I would like to see increased opportunities for interviews with people responsible for front-line operations to deepen our understanding.

Kanda: Since about two years ago, in addition to items to be resolved and items that were reported, the Board of Directors agenda has included matters for discussion. This approach gives us the time to discuss medium- to long-term issues, a practice that I find extremely beneficial both for the Company and for us. Furthermore, we are able to receive the necessary materials beforehand and read them, so we can have a more measured and focused discussion. Looking ahead, I would like to have more opportunities to exchange opinions in casual settings outside the Board of Directors as well. I think we should probably increase opportunities for communication even further, for example, by hearing directly from executive directors about issues and visiting factories and other front-line locations. I think it will be important to strengthen our

communication abilities to allow us to clearly relay to stakeholders and employees results of the various discussions in the Board of Directors to make the Company better.

Kiuchi: I appreciate the way we have reduced the number of items to be resolved by the Board of Directors and used that time for lively discussion. It shows the aspirations of President Kurosawa, who is working to realize better governance. Moreover, since last year, a forum outside the Board of Directors has been provided for Audit and Supervisory Committee members to hear directly from executive directors what they are thinking. This enables us to understand more deeply the president and other executive directors both personally and about how they think. I would like to see even more opportunities to hear opinions directly from executive officers. I feel there is a lack of communication about how the Board of Directors intends to increase MAX's corporate value, so I want to work on encouraging communication inside and outside the Company as much as possible.

Hirata: To comply with the Corporate Governance Code, MAX has taken steps such as increasing the number of outside directors. However, the Board of Directors itself should probably discuss governance mechanisms regarding the medium-term plan. Specifically, one pressing issue is how to increase the number of female directors. I believe this will become a focus going forward.

Kanda: Diversity on the Board of Directors has become an important issue. In particular, including female directors has become an urgent priority. Naturally, this does not simply mean achieving a certain number of people as a formality. The important thing is having a practical perspective about why diversity is required in the Company's management. The Board of Directors needs to continue its own independent discussions.

Kiuchi: MAX has finally achieved a percentage of approximately

20% for female recruits. Under the current circumstances, it is extremely difficult to nurture officer candidates. We need to take action to increase the number of female managers and, to that end, we need to make workstyle reforms such as making it easy for both men and women to take childcare leave and reducing overtime hours. These reforms will take time, but I believe it is important to make steady progress on them. On top of that, I think we should also consider bringing in female directors from outside the Company.

Medium-Term Management Plan and ESG promotion

Hirata: In formulating the Medium-Term Management Plan, I felt it was necessary to look 10 and 20 years into the future and then discuss what to do in the next three years. For example, we should consider what kind of development can be expected from our current businesses and products and what kind of possibilities exist over the long term. For example, many companies continue to use machinery after its depreciation has finished, but we can increase the probability of achieving the Medium-Term Management Plan by making foresighted capital investment for the future.

Kanda: I think it is important to share my opinions from the standpoint of an outside director for MAX to be in step with the times or, rather, a little ahead of the times. There is no guarantee that businesses performing strongly will continue to do so indefinitely. Having ongoing discussions about the creation of new businesses and medium- to long-term investment is important.

Kiuchi: The growth and expansion of the rebar tying tool business are important issues to focus on. However, we do not have an accurate grasp of the market volume or how many more years we will be able to continue selling. After researching these points properly, we need to refine the investment plan more carefully. In addition, we should investigate specific initiatives for realizing the 10% ROE target for increasing MAX's corporate value. I think one factor why MAX's stock price may not appear to increase is that investors do not understand the changes in MAX's profit structure. The Company should communicate this more proactively.

Hirata: Awareness about ESG and sustainability is spreading inside the Company, and I have no concerns about its promotion. However, the current social environment is difficult to predict, while there are also various risks. Many will not be understood until they begin to occur. For this reason, it is important to try and eliminate unimagined events with risk assessment and other measures, widening the scope of what we can envisage.

Kanda: MAX may still be in the developing stage with regard to ESG and the SDGs, but we are slowly but surely promoting activities. Consumers and society are gradually wanting to know more about the impacts of a product on society and nature before making purchases. I think it is of supreme importance to proactively think while considering the causes of changes in social opinion, rather than simply responding passively to social trends.

Kiuchi: I think that employees are also becoming more aware of the importance of environmental considerations. Looking ahead, I think that developing human resources, which corresponds to the S in ESG, will become extremely important. It is important that people within the Company appreciate the value of diversity, respecting human rights and work-life balance, and that the Company invest proactively in developing the abilities of employees.

Expectations for MAX going forward

Hirata: MAX has the experience of growing the rebar tying tool business over a long period. That has been one success story, but when growth takes too long, investors and society will not wait. It will be important to consider how to generate a virtuous cycle in a short period and how to create new markets. Firmly acquiring the know-how to reliably develop business, not just develop products, is the key to the Company's growth.

Kanda: In the future, companies will be required to both grow economically and to solve social issues. It is important to work proactively to achieve these goals and to communicate details of the Company's activities. In particular, much is expected from the young generation of employees able to think proactively about solutions to social issues. I would like to see proactive investment in human resources who will carry MAX forward into the future and the creation of systems that reflect diverse approaches in corporate management.

Kiuchi: I feel that MAX is currently in a period of dynamic transformation. In the rebar tying tool business, overseas sales have overtaken domestic sales, and the gap is continuing to widen. Responding appropriately to this rapid change is extremely important. We need to strengthen governance of manufacturing and sales subsidiaries, particularly overseas. In addition, looking ahead to the future, we need to develop a next-generation growth driver to replace the rebar tying tool business. In the not-too-distant future, we will certainly have to discuss entering new businesses through M&A. I expect the Company to strive actively for further transformation, without being satisfied with its current situation.

Corporate Governance



Basic concept

The Company established the company creed as follows, and aims to further grow its business and increase its corporate value by continuing to be a company that customers can stand by.

To achieve this goal, we recognize the importance of taking the initiative to enhance our corporate governance.

The MAX Company Creed

To take responsibility in supplying quality products.

To strive to improve the lives of all MAX employees and develop their abilities to the fullest.

To accomplish steady progress for ourselves in order to provide continuous service to society and make contributions to the culture.

In addition, we believe that the growth of the company shall be achieved by respecting people and helping people grow, whose spirit is set in the MAX Fundamental Management

Policy, "We aim to become a group in which everyone can grow together by creating a lively and fun atmosphere," to realize the MAX Company Creed.

The Company believes that it is important for officers and employees who are to take initiatives to enhance corporate governance to properly understand the company creed and fundamental management policy, and is working to raise awareness thereof.

The Company also believes that it is crucial to build trusting relationships not only with officers and employees but also with stakeholders to enhance corporate governance. Accordingly, the Company has established the basic policy on corporate governance as follows:

- 1) Conduct proper and appropriate information disclosure
- 2) Strengthen our management supervision function
- 3) Ensure stable corporate management
- 4) Accelerate decision making
- 5) Respect people

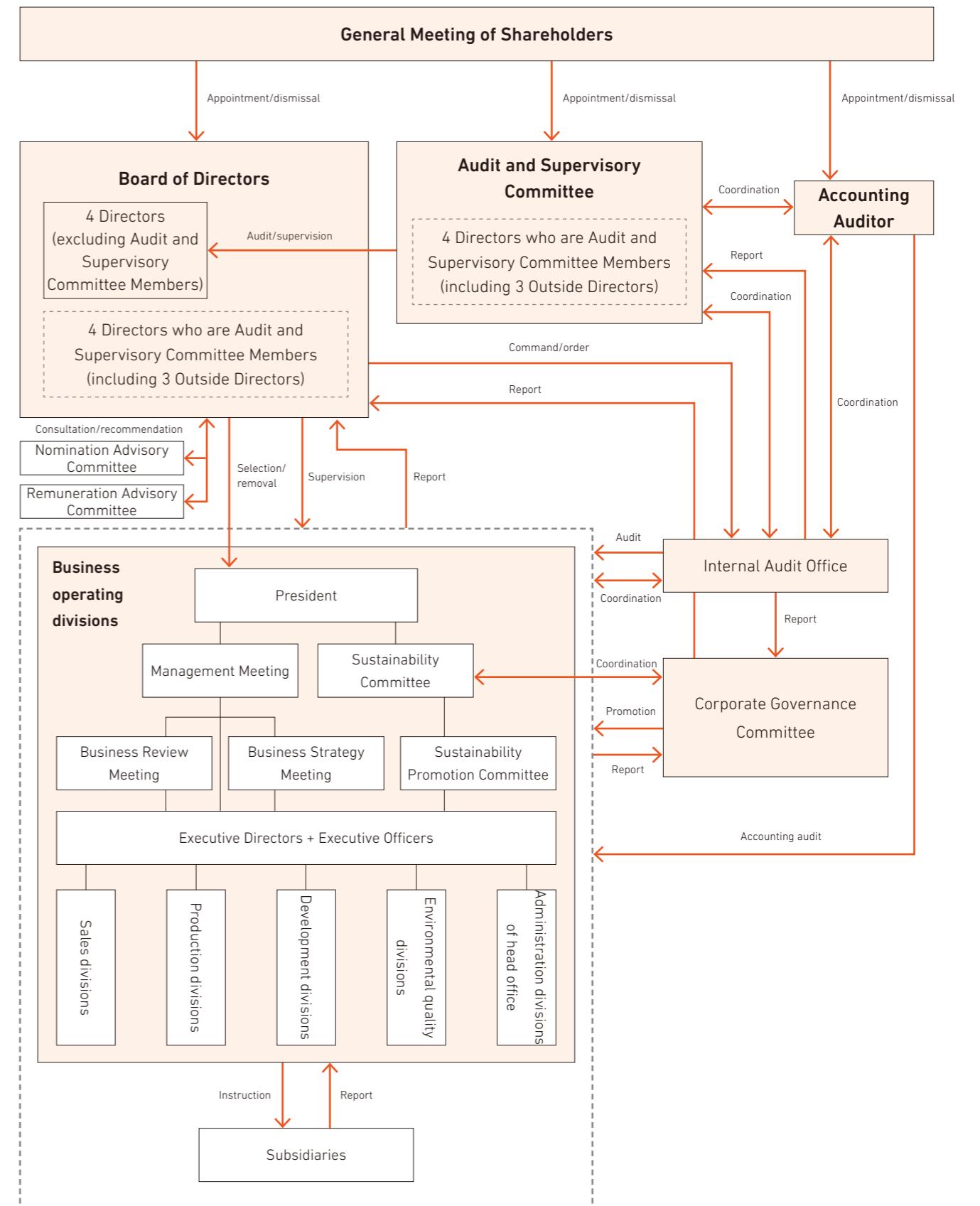
Overview of corporate governance system

Main items	Details
Organizational form	Company with an Audit and Supervisory Committee
Number/tenure of Directors (excluding Directors who are Audit and Supervisory Committee Members)	4 persons/1 year
Number/tenure of Directors who are Audit and Supervisory Committee Members	4 persons/2 years
Number of Outside Directors	3 persons
Voluntary committees	Nomination Advisory Committee, Remuneration Advisory Committee
Number of Outside Directors who are designated by independent officers	3 persons
Audit corporation	KPMG AZSA LLC

Initiatives for strengthening corporate governance

2015	Determined the basic policy on the establishment of internal control systems
2016	Transitioned to a company with an Audit and Supervisory Committee
2018	Formulated the basic policy on corporate governance
2020	Revised Rules of the Board of Directors (newly established "Matters for discussion") Established the Nomination Advisory Committee and the Remuneration Advisory Committee
2021	Resolved on the basic policy on remuneration for Directors

Corporate governance chart (as of September 30, 2022)



Board of Directors

The Company's Board of Directors consists of four Directors (excluding Directors who are Audit and Supervisory Committee Members) and four Directors who are Audit and Supervisory Committee Members (including three Independent Outside Directors). The Board is chaired by the President.

It meets once a month and as necessary, and met 18 times in fiscal 2021.

The Board of Directors is positioned as a body that makes decisions on matters stipulated in laws, regulations, and the Articles of Incorporation, as well as important matters concerning management stipulated in the Company's Rules of the Board of Directors, such as management policies, business plans, investment plans, and establishment of and investment in subsidiaries, and supervises the execution of operations, to promote the Company's sustainable growth and enhancement of medium- to long-term corporate value in an effort to improve profitability and capital efficiency based on fiduciary responsibilities and accountability to shareholders.

Audit and Supervisory Committee

The Company's Audit and Supervisory Committee consists of one full-time Audit and Supervisory Committee Member and three part-time Audit and Supervisory Committee Members who are Independent Outside Directors. The reason for selecting a full-time Audit and Supervisory Committee Member is to strengthen the audit/supervisory function of the Audit and Supervisory Committee in gathering information from Directors (excluding Directors who are Audit and Supervisory Committee Members) and sharing information at important internal meetings as well as ensuring thorough coordination with the internal audit department and the Audit and Supervisory Committee. The committee is chaired by a full-time Audit and Supervisory Committee Member.

It meets once a month and as necessary, and met 19 times in fiscal 2021.

As an organization that plays a role in the company's supervisory function and as a statutory independent institution entrusted by the shareholders, the committee performs the duties stipulated in the laws, regulations, and the Company's Rules of the Audit and Supervisory Committee, including auditing the execution of duties of Directors, preparing audit reports; deciding the details of proposals regarding the appointment, dismissal, and non-reappointment of the accounting auditor; and deciding the opinions of the Audit and Supervisory Committee regarding the appointment/dismissal or resignation of and remuneration for Directors (excluding Directors who are Audit and Supervisory Committee Members).

Nomination Advisory Committee

The Company established the Nomination Advisory Committee,

the majority of whose members are Independent Outside Directors, as an advisory body to the Board of Directors to enhance transparency and objectivity of the nomination of Directors. The committee met twice in fiscal 2021. The Board of Directors respects and takes into account the committee's recommendation when deciding the nomination of Directors.

The Nomination Advisory Committee deliberates on the validity and appropriateness of the overall process for appointing Directors, and makes reports or statements to the Board of Directors. The members of the committee are appointed from Directors by a resolution of the Board of Directors, with the majority of committee members consisting of Independent Outside Directors. The chairperson of the committee is selected by the committee. Mitsuteru Kurosawa, Asaka Kanda, and Shoji Kiuchi were appointed as committee members, and Shoji Kiuchi was selected as the chairperson.

Remuneration Advisory Committee

The Company established the Remuneration Advisory Committee, the majority of whose members are Independent Outside Directors, as an advisory body to the Board of Directors to enhance transparency and objectivity regarding remuneration, etc., for Directors (excluding Directors who are Audit and Supervisory Committee Members) and Executive Officers. The committee met three times in fiscal 2021. The Board of Directors respects and takes into account the committee's recommendation when resolving on remuneration, etc., for Directors (excluding Directors who are Audit and Supervisory Committee Members).

The Remuneration Advisory Committee deliberates on the validity and appropriateness of the overall process for determining remuneration, and then makes reports or statements to the Board of Directors. Committee members are appointed from Directors by a resolution of the Board of Directors, with the majority of committee members consisting of Independent Outside Directors. The chairperson of the committee is selected by the committee. Mitsuteru Kurosawa, Minoru Hirata, and Asaka Kanda were appointed as committee members, and Asaka Kanda was selected as the chairperson.

Management Meeting

The Company holds the Management Meeting hosted by the President, once a month as a body executing operations, thereby reviewing in advance the matters to be referred to the Board of Directors for discussion and supporting the President's decision making.

The Management Meeting consists of four Directors (excluding Directors who are Audit and Supervisory Committee Members) and relevant staff nominated by the President. It is working to improve the quality of decision making to enable flexible response to changes in the business environment

and decisions to be made based on on-site information.

In addition, the Business Review Meeting has been established to confirm the plans and results of each quarter, and the Business Strategy Meeting has been established to advance companywide, cross-functional initiatives. Both meetings, which are subordinate bodies of the Management Meeting, are hosted by the President. Matters discussed at the Business Review Meeting are reported to the Board of Directors meeting to be held in the month following the date of the Business Review Meeting.

Corporate Governance Committee

The Company convenes the Corporate Governance Committee, which is headed by the President and held quarterly, as an

organization that promotes corporate ethics, legal compliance, risk management, and other compliance issues at the Company.

The Corporate Governance Committee is composed of Directors, Executive Officers, and division representatives, and is attended by the four Audit and Supervisory Committee Members.

The Corporate Governance Committee is working to improve and make progress in risk management companywide, based on the main themes of internal audit reports, case studies of other companies, risk management status by division, review of rules, and information security audits.

Name and members of the body (as of June 29, 2022)

Name	Position	Main bodies established					
		Board of Directors	Audit and Supervisory Committee	Nomination Advisory Committee	Remuneration Advisory Committee	Management Meeting	Corporate Governance Committee
Mitsuteru Kurosawa	President	Chairperson	—	○	○	Host	Host
Masahito Yamamoto	Managing Director, Senior Executive Officer, and General Manager of Sales Division	○	—	—	—	○	○
Tatsushi Ogawa	Managing Director, Senior Executive Officer, and General Manager of Manufacturing Division	○	—	—	—	○	○
Yoshihiro Kaku	Managing Director, Senior Executive Officer, and General Manager of Corporate Planning Department in charge of Investor Relations and Public Relations, ESG Promotion, Internal Audit, Human Resources, IT Systems	○	—	—	—	○	○
Tomohiko Nakamura	Director, full-time Audit and Supervisory Committee Member	○	Chairperson	—	—	—	○
Minoru Hirata	Outside Director (Audit and Supervisory Committee Member)	○	○	—	○	—	○
Asaka Kanda	Outside Director (Audit and Supervisory Committee Member)	○	○	○	Chairperson	—	○
Shoji Kiuchi	Outside Director (Audit and Supervisory Committee Member)	○	○	Chairperson	—	—	○
Hiroshi Nakamura	Senior Executive Officer, Manufacturing Division President of Kawamura Cycle Co., Ltd.	—	—	—	—	—	○
Daisuke Yasue	Executive Officer, Sales Division, and General Manager of ICT Promotion Department	—	—	—	—	—	○
Akio Kitaya	Executive Officer, and General Manager of Accounting Department in charge of General Affairs	—	—	—	—	○	○
Takashi Iwamoto	Executive Officer in charge of Industrial Equipment Segment, and General Manager of Administration Group, Sales Division	—	—	—	—	○	○
Shintaro Yoshida	Executive Officer, General Manager of Production Technology Department, and General Manager of No. 2 Production Technology Department, Manufacturing Division	—	—	—	—	—	○
Hideyuki Ishii	Executive Officer, and General Manager of Manufacturing Department, Manufacturing Division	—	—	—	—	—	○
Katsunori Manabe	Executive Officer in charge of Office Equipment Segment, General Manager of Administration Group, and General Manager of Sales Management, Sales Division	—	—	—	—	○	○
Hitoshi Igarashi	Executive Officer, General Manager of Environment and Quality Assurance Department, and General Manager of Environment and Quality Group	—	—	—	—	—	○
Koji Kato	Executive Officer, General Manager of Research and Development Division, and General Manager of Design Development Department	—	—	—	—	○	○
Hideo Kashihara	Executive Officer, and General Manager of Sales Management, Sales Division	—	—	—	—	—	○

Reasons for election of Outside Director and status of activities

Name	Reasons for election	Status of activities
Minoru Hirata	The Company has elected Minoru Hirata because it has determined that he is qualified to serve as Outside Director who is an Audit and Supervisory Committee Member based on the belief that he will utilize the knowledge and wealth of experience he has cultivated as a certified public accountant for the Company's management.	Attendance at meetings of the Board of Directors 18/18
Asaka Kanda	The Company has elected Asaka Kanda because it has determined that he is qualified to serve as Outside Director who is an Audit and Supervisory Committee Member of the Company, considering that he has professional insight as an attorney-at-law and experience involved in corporate management as Outside Corporate Auditor and Outside Director (Audit and Supervisory Committee Member) at other companies.	Attendance at meetings of the Board of Directors 18/18
Shoji Kiuchi	The Company has elected Shoji Kiuchi because it has determined that he is qualified to serve as Outside Director who is an Audit and Supervisory Committee Member of the Company, considering that he has professional insight as an attorney-at-law and careers serving as a domestic affairs conciliation commissioner, member of a committee on administrative complaints, and others, as well as a wealth of experience and broad insight gained from serving in such positions.	Attendance at meetings of the Board of Directors 18/18

Evaluation of effectiveness of the Board of Directors

The Company analyzes and evaluates the effectiveness of the Board of Directors (hereinafter "effectiveness evaluation") to improve the function of the Board of Directors. Since 2018, the effectiveness has been evaluated by self-evaluation based on an anonymous questionnaire using an outside institution, with the evaluation items consisting of the composition and operation method of the Board of Directors, and the support system for Directors, among other things.

The results of the effectiveness evaluation conducted in April 2022 showed the effectiveness of the Board of Directors. With regard to discussions mainly concerning sustainability initiatives which received a relatively low evaluation in the previous fiscal year, the evaluation results showed some improvements due to the response to the revision of the Corporate Governance Code and repeated discussions on themes such as ensuring human resource diversity. However, the Company continues to recognize this matter as a challenge.

Going forward, the Company will share issues on taking the initiative to enhance our corporate governance at the Board of Directors and take action toward a resolution of these issues step by step.

Executive remuneration

The Company's executive remuneration, etc., comprises three components: monthly remuneration (fixed remuneration), performance-linked remuneration (executive bonus), and the funding of the Executive Stock Ownership Plan. The funding of the Executive Stock Ownership Plan requires contribution of a certain amount from the monthly remuneration and performance-linked remuneration (executive bonus) specified for each executive position to the Executive Stock Ownership Plan. Moreover, officers are required to continue holding the said Company shares provided by the Executive Stock Ownership Plan while they are in office.

In addition, although the focus is not placed on the ratios of monthly remuneration and performance-linked remuneration (executive bonus), the amount of performance-linked

remuneration (executive bonus) is determined according to the policy concerning performance-linked remuneration, etc., so that it acts as a sound incentive toward consolidated performance. As a result, due consideration is given to enable the appropriate setting of the ratio of each remuneration.

Remuneration for Directors who are Audit and Supervisory Committee Members

Remuneration for Directors who are Audit and Supervisory Committee Members is determined by discussion among Directors who are Audit and Supervisory Committee Members based on their roles and responsibilities as executives within the remuneration limits resolved at the Ordinary General Meeting of Shareholders. Regarding executive remuneration, only monthly remuneration is paid.

Method for determining remuneration, etc., for each individual Director

Regarding remuneration, etc., for Directors (excluding Directors who are Audit and Supervisory Committee Members), monthly remuneration for each executive position (including the amount of funding of the Executive Stock Ownership Plan), the executive remuneration proposal to be submitted to the General Meeting of Shareholders, and the amount of executive bonus for each individual Director (including the amount of funding of the Executive Stock Ownership Plan) are resolved at the meeting of the Board of Directors following deliberations by the Remuneration Advisory Committee, an advisory body to the Board of Directors, the majority of whose members are Independent Outside Directors, and reports to the Board of Directors. Resolutions of the Board of Directors will be made by taking into account the Remuneration Advisory Committee's opinion.

Response for strengthened internal controls

To strengthen internal controls, MAX holds the biannual Internal Audit Summit with participation by audit-related organizations such as the Internal Audit Office, System Control Department, and Environment and Quality Assurance

Composition of executive remuneration

	Monthly remuneration (fixed remuneration)	Performance-linked remuneration (executive bonus)	Funding of Executive Stock Ownership Plan (non-monetary remuneration)
Recipients	Directors (excluding Outside Directors and Directors who are Audit and Supervisory Committee Members), Outside Directors, Directors who are Audit and Supervisory Committee Members	Directors (excluding Outside Directors and Directors who are Audit and Supervisory Committee Members)	Directors (excluding Outside Directors and Directors who are Audit and Supervisory Committee Members)
Method of provision	Monetary	Monetary	Stock
Evaluation indicator	—	The total source of bonuses for officers (excluding Directors who are Audit and Supervisory Committee Members) and employees is 28% of the result distribution profit calculated based on the amount of consolidated operating income, and performance-linked remuneration (executive bonus) for each individual linked to monthly remuneration is calculated according to calculations based on internal rules.	A certain amount from the monthly remuneration and performance-linked remuneration (executive bonus) specified for each executive position is required to be contributed to the Executive Stock Ownership Plan. Moreover, officers are required to continue holding the said Company shares provided by the Executive Stock Ownership Plan while they are in office.
Method of provision	Monthly monetary payment	Monetary payment after the end of the General Meeting of Shareholders	Shares corresponding to the amount contributed during the period covered

Total remuneration by officer category, subtotal by type of remuneration, and number of recipients

Category	Total remuneration (millions of yen)	Subtotal by type of remuneration (millions of yen)			Number of recipients
		Monthly remuneration (fixed remuneration)	Performance-linked remuneration, etc.	Non-monetary remuneration, etc.	
Directors (who are not Audit and Supervisory Committee Members)	137	87	49	—	5
Directors (who are Audit and Supervisory Committee Members) (Outside Directors)	42 (25)	42 (25)	— (—)	— (—)	4 (3)
Total (Outside Directors)	179 (25)	129 (25)	49 (—)	— (—)	9 (3)

Notes:

- The table above includes one Director (who is not an Audit and Supervisory Committee Member) who retired at the conclusion of the 90th Ordinary General Meeting of Shareholders held on June 29, 2021.
- The amounts paid to Directors (who are not Audit and Supervisory Committee Members) do not include compensation, etc., for the employee portion of Directors who serve concurrently as employees.
- Performance-linked remuneration, etc., consists of an executive bonus resolved at the 91st Ordinary General Meeting of Shareholders held on June 29, 2022.
- The actual amount of the result distribution profit for fiscal 2021, which serves as a performance indicator, was ¥11,220 million.

Department. At the Summit, participants share information on the status of internal audits and risk response at each department. We also have all employees conduct self-checks for the purpose of reflecting on their own activities, identifying risks in the Group, and taking appropriate measures.

Dialogue with shareholders

To oversee constructive dialogue with shareholders, MAX has established a department in charge of IR under the officer in charge of IR. Through coordination with divisions such as corporate planning, general affairs, and accounting, the department in charge of IR engages in fair and timely disclosure of situations related to management, finance, etc. At the end of the year and the end of the second quarter, MAX holds a financial results briefing attended by the

President and the IR officer. At the end of the first quarter and the end of the third quarter, we hold a financial results briefing by teleconference attended by the IR officer. We also actively respond to requests for dialogue from shareholders and investors.

The department in charge of IR examines the content of opinions and requests from shareholders and investors, and issues reports to management executives as necessary. At the time of dialogue with shareholders and investors, based on our disclosure policy, we take sufficient caution regarding the management of insider information in accordance with our internal rules. We also limit dialogue with shareholders, investors, etc., for a certain period as a "silent period" before the announcement of financial results information.

Management Team/Skills Matrix



Directors' Skills Matrix

Name	Position in the Company	Basic business function						The Company's strategy	
		Business management	Sales	Technology	Accounting	Legal affairs	Human resources	Global business	Planning/New business
Mitsuteru Kurosawa	President	◎		◎				◎	◎
Masahito Yamamoto	Managing Director	◎	◎	◎				◎	◎
Tatsushi Ogawa	Managing Director	○		◎					◎
Yoshihiro Kaku	Managing Director	◎	◎		◎			◎	◎
Tomohiko Nakamura	Director (Audit and Supervisory Committee Member)		◎						
Minoru Hirata	Outside Director (Audit and Supervisory Committee Member)				◎				
Asaka Kanda	Outside Director (Audit and Supervisory Committee Member)					◎	◎		
Shoji Kiuchi	Outside Director (Audit and Supervisory Committee Member)					◎			

* The symbol "◎" indicates experience for three or more years, and "○" for two or more years.
* Human resources include experience in the nomination and compensation committees of other companies.

Directors*

* Excludes Directors who are Audit and Supervisory Committee Members

A Mitsuteru Kurosawa President	B Masahito Yamamoto Managing Director	C Tatsushi Ogawa Managing Director	D Yoshihiro Kaku Managing Director
<p>April 1979 September 2005</p> <p>Joined the Company Representative Director and President of MAX (THAILAND) CO., LTD. (attached to the Manufacturing Division of the Company)</p> <p>April 2010</p> <p>Executive Officer, General Manager of Tamamura Factory, Manufacturing Division and in charge of Fujioka Factory</p> <p>November 2010</p> <p>Executive Officer and General Manager of Quality Assurance Department</p> <p>January 2011</p> <p>Executive Officer and General Manager of Environment and Quality Assurance Department</p> <p>June 2012</p> <p>Director, Executive Officer and General Manager of Environment and Quality Assurance Department</p> <p>April 2014</p> <p>Director, Senior Executive Officer and General Manager of Research and Development Division</p> <p>April 2015</p> <p>Managing Director, Senior Executive Officer and General Manager of Research and Development Division</p> <p>April 2017</p> <p>President (present position)</p>	<p>April 1987 April 2007</p> <p>Joined the Company Representative Director and President of MAX USA CORP. (attached to the International Sales Department, Sales Division of the Company)</p> <p>April 2017</p> <p>Executive Officer, General Manager of International Sales Department, Sales Division, General Manager of IP Division and in charge of RB Business Planning Department</p> <p>April 2018</p> <p>Executive Officer, General Manager of International Sales Department, Sales Division, General Manager of IP Division and in charge of RB Business Planning Department and Industrial Equipment Segment</p> <p>October 2018</p> <p>Senior Executive Officer in charge of Industrial Equipment Segment, Sales Division, General Manager of International Sales Department, General Manager of IP Division and in charge of RB Business Planning Department</p> <p>June 2020</p> <p>Director, Senior Executive Officer and General Manager of Sales Division</p> <p>April 2021</p> <p>Managing Director, Senior Executive Officer and General Manager of Sales Division (present position)</p>	<p>April 1988 April 2015</p> <p>Joined the Company Executive Officer, General Manager of Design Development Department, Research and Development Division and General Manager of Design Quality Evaluation Group</p> <p>April 2017</p> <p>Executive Officer, General Manager of Research and Development Division, General Manager of Design Development Department and General Manager of Design Quality Evaluation Group</p> <p>October 2019</p> <p>Senior Executive Officer, General Manager of Research and Development Division, General Manager of Design Development Department and General Manager of Design Quality Evaluation Group</p> <p>June 2020</p> <p>Director, Senior Executive Officer and General Manager of Research and Development Division</p> <p>June 2021</p> <p>Managing Director, Senior Executive Officer and General Manager of Manufacturing Division (present position)</p>	<p>April 1985 April 2012</p> <p>Joined the Company Executive Officer and General Manager of Corporate Planning Department</p> <p>June 2013</p> <p>Director, Executive Officer and General Manager of Corporate Planning Department</p> <p>October 2013</p> <p>Director, Executive Officer and General Manager of International Sales Department, Sales Division</p> <p>June 2015</p> <p>Resigned as Director due to the Company's transition to a company with an Audit and Supervisory Committee, Managing Executive Officer and General Manager of International Sales Department, Sales Division</p> <p>April 2017</p> <p>Managing Executive Officer and General Manager of Sales Management, Sales Division</p> <p>April 2018</p> <p>Managing Executive Officer in charge of Office Equipment Segment and General Manager of Sales Management, Sales Division</p> <p>October 2018</p> <p>Senior Executive Officer in charge of Office Equipment Segment and General Manager of Sales Management, Sales Division</p> <p>June 2021</p> <p>Director, Senior Executive Officer in charge of Office Equipment Segment, General Manager of Administration Group and General Manager of Sales Management, Sales Division</p> <p>October 2021</p> <p>Director, Senior Executive Officer and General Manager of Corporate Planning Department in charge of Investor Relations and Public Relations, ESG Promotion, Internal Audit, Human Resources, IT Systems</p> <p>April 2022</p> <p>Managing Director, Senior Executive Officer and General Manager of Corporate Planning Department in charge of Investor Relations and Public Relations, ESG Promotion, Internal Audit, Human Resources, IT Systems</p> <p>October 2022</p> <p>Managing Director, Senior Executive Officer and General Manager of Corporate Planning Department in charge of Investor Relations and Public Relations, ESG Promotion, Human Resources, IT Systems (present position)</p>

Directors who are Audit and Supervisory Committee Members

E Tomohiko Nakamura Director	F Minoru Hirata Outside Director	G Asaka Kanda Outside Director	H Shoji Kiuchi Outside Director
<p>April 1984 April 2017</p> <p>Joined the Company Deputy Manager of Marketing Group, Industrial Equipment Sales Department, Sales Division and Deputy Manager of Product Planning Group</p> <p>October 2019</p> <p>General Manager of Marketing Group, Industrial Equipment Sales Department, Sales Division</p> <p>October 2021</p> <p>General Manager of Corporate Planning Department</p> <p>June 2022</p> <p>Director (Audit and Supervisory Committee Member) (present position)</p>	<p>September 1977</p> <p>Joined Motoshima CPA Joint Auditing Office</p> <p>March 1982</p> <p>Registered as certified public accountant</p> <p>July 1991</p> <p>Employee of Asahi Shinwa Accounting Company (currently, KPMG AZSA LLC)</p> <p>June 2002</p> <p>Senior Partner of Asahi Accounting Company (currently, KPMG AZSA LLC)</p> <p>August 2011</p> <p>Established CPA Hirata Minoru Accounting Office (to present)</p> <p>June 2012</p> <p>Outside Corporate Auditor of KANTO ISUZU MOTOR Co., Ltd. (present position)</p> <p>June 2015</p> <p>Outside Director of the Company Member of Special Committee (present position)</p> <p>June 2016</p> <p>Outside Director (Audit and Supervisory Committee Member) (present position)</p> <p>June 2017</p> <p>Outside Auditor of Saitama Prefectural Credit Federation of Agricultural Cooperatives</p> <p>June 2021</p> <p>Auditor of The Takasaki Shinkin Bank (present position)</p> <p>[Significant concurrent positions outside the Company] Certified public accountant of CPA Hirata Minoru Accounting Office Outside Corporate Auditor of KANTO ISUZU MOTOR Co., Ltd. Auditor of The Takasaki Shinkin Bank</p>	<p>April 1993</p> <p>Registered as attorney-at-law (Daini Tokyo Bar Association), Attorney-at-law of Ginza Higashi Law Office</p> <p>April 1999</p> <p>Partner of Lexwell Partners</p> <p>May 2002</p> <p>Partner of Nishi Shimbashi General Law Office</p> <p>June 2008</p> <p>Outside Corporate Auditor of WIN INTERNATIONAL CO., LTD.</p> <p>December 2009</p> <p>Partner of Waseda University Legal Clinic (present position)</p> <p>April 2010</p> <p>Deputy Chairman of Daini Tokyo Bar Association</p> <p>June 2011</p> <p>Substitute Outside Corporate Auditor of the Company</p> <p>April 2014</p> <p>Outside Corporate Auditor of WIN-Partners Co., Ltd.</p> <p>March 2015</p> <p>Vice President of Japan Federation of Bar Associations</p> <p>June 2015</p> <p>Outside Director (Audit and Supervisory Committee Member) of WIN-Partners Co., Ltd. (present position)</p> <p>June 2016</p> <p>Substitute Outside Director (Audit and Supervisory Committee Member) of the Company Member of Special Committee (present position)</p> <p>June 2018</p> <p>Outside Director (Audit and Supervisory Committee Member) (present position)</p> <p>April 2019</p> <p>Executive Governor of Japan Federation of Bar Associations</p> <p>April 2021</p> <p>Chairman of Daini Tokyo Bar Association, Vice President of Japan Federation of Bar Associations</p> <p>[Significant concurrent positions outside the Company] Partner of Waseda University Legal Clinic Outside Director (Audit and Supervisory Committee Member) of WIN-Partners Co., Ltd.</p>	<p>April 1983</p> <p>Joined Kodaira City Hall</p> <p>June 1985</p> <p>Left Kodaira City Hall</p> <p>April 1995</p> <p>Registered as attorney-at-law (Daini Tokyo Bar Association)</p> <p>April 2001</p> <p>Partner of Murayama Law Office</p> <p>Member of the Fixed Asset Evaluation Council of Kodaira City</p> <p>July 2004</p> <p>Established Tsunokamizaka Law Office (to present)</p> <p>April 2006</p> <p>Domestic Affairs Conciliation Commissioner of Tokyo Family Court (present position)</p> <p>April 2012</p> <p>Member of Information Disclosure Review Committee of Kodaira City</p> <p>April 2013</p> <p>Deputy Chairman of Daini Tokyo Bar Association</p> <p>May 2013</p> <p>Legal Advisor of Kodaira City (present position)</p> <p>April 2016</p> <p>Member of the Administrative Complaint Review Committee of Kodaira City (present position)</p> <p>June 2018</p> <p>Substitute Outside Director (Audit and Supervisory Committee Member) of the Company Member of Special Committee (present position)</p> <p>April 2019</p> <p>Executive Governor of Japan Federation of Bar Associations</p> <p>June 2020</p> <p>Outside Director (Audit and Supervisory Committee Member) of the Company (present position)</p> <p>[Significant concurrent positions outside the Company] Attorney-at-law of Tsunokamizaka Law Office</p>

Compliance and Risk Management

Compliance Education

MAX conducts the following compliance education in order to spread compliance within the Company. Additionally, since December 2020, we have distributed the monthly Compliance Newsletter on our intranet.

- Education on protection of personal information, compliance with intellectual property rights, and information security (ISMS education)
 - Biannually for all employees (including part-time employees and temporary employees who use personal computers)
- Compliance education on environment and quality (general environmental education)
 - Annually for all employees at manufacturing bases
- Compliance study sessions (harassment, handling of complaints, transactions and contracts, Antimonopoly Act, precautions when creating advertisements, etc.)
 - Annually for sales-related employees

Whistleblowing System

MAX has established an in-house consultation desk and an external consultation desk as contact points for whistleblowing. In accordance with the contents of whistleblowing reports, we consider matters and take necessary measures. We also report the number of received whistleblowing reports to the Corporate Governance Committee, which meets quarterly.

Risk Management and BCP

MAX acquired certification for business continuity management systems (ISO 22301) in 2016. We are working to increase the number of manufacturing bases and suppliers for priority product groups in case of risks such as natural disasters and infectious diseases. For our supply chain, we ascertain the production location of secondary suppliers. When a risk occurs, we forecast the impact on our company and take swift action according to predefined procedures.

In terms of risk associated with natural disasters, we assume earthquakes and flood damage due to rivers overflowing. Although we assume that there is little risk of large-scale earthquakes occurring in Gunma Prefecture, where our main production bases are located, we assume occurrence in Tokyo, Osaka, Nagoya, and Sendai, where our head office and branch offices are located. Therefore, in those locations, we are taking measures such as carrying out seismic retrofitting and formulating business continuity plans centered on systems.

Information Security

Based on our Information Security Basic Policy, MAX acquired certification for information security management systems (ISO 27001) in 2004. We acquired this certification for the purpose of protecting customer information, information related to orders and shipping, and technical drawing information. In addition to constructing an information security system that covers all bases in Japan and overseas, the System Control Department is responsible for training all employees, conducting internal audits, and constructing a system that prevents information from being removed from the Company. Moreover, if a security incident occurs, we ensure swift reporting and respond in accordance with procedures.

Reports on information security education, the status of internal audits, and new security measures and related progress are given at the Information Security Committee, which is held quarterly with all officers as members.

Efforts to Prevent Corruption

At MAX, our Group Employee Code of Conduct prohibits the giving and receiving of private interests, prohibits excessive gifts, entertainment, and bribery, and requires compliance with the Antimonopoly Act and the Unfair Competition Prevention Act. We also conduct internal audits of domestic and overseas bases. An internal audit was conducted in the procurement divisions and other divisions in fiscal 2020.

There were no serious compliance violations in fiscal 2021.

Business Risks

MAX constantly takes measures to identify, evaluate, and analyze events that may have a serious impact on business performance and financial position and hinder smooth business operation and growth.

Risk factors that may have a significant influence on investors' decision include the following.

1 Trends in the number of new housing starts in Japan

Among the Group's businesses, the main products of the Industrial Equipment segment include nailers for the construction market, pneumatic machinery including air compressors, rechargeable tools, consumables such as staples, nails, and screws, and home environment equipment including heater-ventilator-dryers for bathrooms and 24-hour ventilation systems. As such, a decrease in the number of new housing starts in Japan may adversely affect demand for such products and the business performance of the Industrial Equipment segment, while an increase in the number may have a positive impact.

2 Exchange rate fluctuations

A portion of the Group's sales to overseas and procurement from overseas includes transactions denominated in foreign currencies. Although the impact of exchange rate fluctuations is being reduced by offsetting foreign currency-denominated sales with foreign currency-denominated procurement and vice versa, sharp exchange rate fluctuations may impact business performance.

3 Fluctuations in raw material prices

Among the Group's products, consumables such as staples, nails, and screws, as well as wires for rebar tying tools use common wires as raw materials. Prices of such wires may fluctuate as a result of shortages of raw materials such as iron ore, coal, and oil and trends in demand in other countries. Although the Group continues striving to enhance profitability, sharp fluctuations in raw material prices may adversely affect business performance.

4 Factors related to product quality

The Group places a premium on product quality and deploys quality control and quality assurance systems, including obtaining ISO 9001 certification in development and production. However, there is no guarantee that every product will be defect-free. Product accidents and other events may incur costs for notifications to customers and inspection or recall of products, and adversely affect business performance.

5 Information leakage, information system breakdown and damage

Regarding the confidentiality of customer information and availability of order information, the Group aims to maintain and improve information security through initiatives such as obtaining information security management system (ISMS) certification (obtained ISO/IEC 27001 on April 27, 2004). In addition, the Group has drawn up an ISMS risk response plan, including establishing a basic policy on information security, and has implemented measures to prevent information leakages from the personnel, organizational, physical, and technological perspectives. With regard to system breakdowns and damages as well, the Group has formulated business continuity plans and conducted appropriate training for these events. However, the occurrence of information leakages and system breakdowns and damages may adversely affect business.

6 Limitation on intellectual property protection

The Group has enhanced the trust of customers through the MAX brand mainly by accumulating unparalleled technologies and know-how and developing products that meet customer needs. The Group also recognizes the importance of

intellectual property it has developed and takes protective measures. However, the Group may be unable to prevent third parties from manufacturing similar products in some cases, which in turn may adversely affect the Group's market competitiveness. In addition, although the Group pays close attention to avoid infringing on intellectual property held by third parties, it may be possible that the Group is deemed to be infringing on their intellectual property in some cases, which in turn may adversely affect business.

7 Retirement benefit obligations

At the Group, retirement benefit expenses and obligations are calculated based on actuarial assumptions such as the discount rate and the expected rate of return on pension assets. In addition, the discount rate is set by taking into account market yields on Japanese government bonds. If the actual expenses and obligations differ from the actuarial assumptions, or if the assumptions are altered, the effect is accumulated and will be recognized regularly in the future, which generally affects the expenses recognized and the obligations recorded in future periods. A further decline in the discount rate and a deterioration of yield may adversely affect business performance.

8 Country risk

In some regions where the Group operates, there are risks including the existence or occurrence of economically unfavorable factors such as unforeseen changes in laws and regulations, and social or political turmoil stemming from terrorism, war, and other factors. The manifestation of such risks may hinder overseas business activities, thereby affecting the Group's performance and future plans.

9 Natural disasters, infections, etc.

The occurrence of natural disasters, such as earthquakes, typhoons, and floods, and infections on a larger-than-expected scale may adversely affect business, mainly as a result of causing damage to the assets at sales bases and production bases and making it difficult for employees to maintain the business operation structure. Although the end of the COVID-19 pandemic is nowhere in sight, the Group is pushing ahead with initiatives to minimize the impact on production and sales through changes in workstyles, among other things. Nevertheless, the spread of COVID-19 may further adversely affect business performance in the future. In response to such risks, the Group will devise various preventive measures while controlling risks mainly by making flexible responses to particular situations.

In addition, MAX acquired certification for business continuity management systems (BCMS) (ISO 22301) on March 25, 2016.

Consolidated Balance Sheets

(Millions of yen)

	FY2020 (As of March 31, 2021)	FY2021 (As of March 31, 2022)
ASSETS		
Current assets		
Cash and deposits	21,421	23,302
Notes and accounts receivable-trade	12,628	—
Notes receivable-trade	—	323
Electronically recorded monetary claims-operating	—	1,102
Accounts receivable-trade	—	12,358
Marketable securities	3,908	4,810
Merchandise and finished goods	6,616	8,705
Work in process	798	992
Raw materials	1,090	1,487
Other	785	1,851
Allowance for doubtful accounts	(1)	(4)
Total current assets	47,246	54,930
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	6,483	10,445
Machinery, equipment and vehicles, net	3,536	4,231
Land	7,181	7,193
Leased assets, net	602	634
Construction in progress	3,649	1,042
Other, net	1,274	1,415
Total property, plant and equipment	22,727	24,963
Intangible assets		
Other	332	440
Total intangible assets	332	440
Investments and other assets		
Investment securities	27,589	23,766
Long-term loans receivable	129	101
Deferred tax assets	3,607	3,974
Other	914	876
Allowance for doubtful accounts	(9)	(9)
Total investments and other assets	32,231	28,709
Total non-current assets	55,292	54,113
Total assets	102,538	109,043

(Millions of yen)

	FY2020 (As of March 31, 2021)	FY2021 (As of March 31, 2022)
LIABILITIES		
Current liabilities		
Accounts payable-trade	3,561	4,223
Short-term loans payable	1,850	2,000
Lease obligations	222	195
Accounts payable	2,048	2,058
Income taxes payable	565	1,597
Accrued consumption taxes	252	162
Provision for bonuses	1,834	1,834
Provision for directors' bonuses	58	49
Provision for product warranties	68	213
Other	1,338	1,715
Total current liabilities	11,800	14,051
Non-current liabilities		
Long-term loans payable	150	—
Lease obligations	379	438
Deferred tax liabilities	41	15
Deferred tax liabilities for land revaluation	474	474
Provision for product warranties	13	12
Net defined benefit liability	10,789	10,618
Asset retirement obligations	41	154
Other	151	142
Total non-current liabilities	12,041	11,855
Total liabilities	23,842	25,907
NET ASSETS		
Shareholders' equity		
Capital stock	12,367	12,367
Capital surplus	10,517	10,517
Retained earnings	55,872	58,929
Treasury stock	(373)	(413)
Total shareholders' equity	78,384	81,401
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,259	1,143
Revaluation reserve for land	(339)	(339)
Foreign currency translation adjustment	236	1,773
Remeasurements of defined benefit plans	(940)	(943)
Total accumulated other comprehensive income	215	1,633
Non-controlling interests	97	100
Total net assets	78,696	83,136
Total liabilities and net assets	102,538	109,043

Consolidated Statement of Income

(Millions of yen)

	FY2020 [From April 1, 2020 to March 31, 2021]	FY2021 [From April 1, 2021 to March 31, 2022]
Net sales	64,029	73,958
Cost of sales	36,704	42,569
Gross profit	27,325	31,388
Selling, general and administrative expenses	20,639	23,889
Operating income	6,685	7,498
Non-operating income		
Interest income	74	68
Dividend income	104	130
Rent income	15	19
Foreign exchange gains	—	486
Subsidy income	50	36
Other	79	133
Total non-operating income	324	874
Non-operating expenses		
Interest expenses	42	57
Taxes and dues	14	5
Foreign exchange losses	94	—
Other	32	27
Total non-operating expenses	183	90
Ordinary income	6,826	8,282
Extraordinary income		
Gain on sales of non-current assets	0	3
Gain on sales of investment securities	29	—
Refund of customs duties from previous year	226	—
Total extraordinary income	256	3
Extraordinary loss		
Loss on sales of non-current assets	—	0
Loss on abandonment of non-current assets	16	36
Loss on sales of investment securities	0	—
Restructuring expenses	33	—
Total extraordinary loss	50	36
Net income before income taxes	7,032	8,249
Income taxes-current	1,838	2,462
Income taxes-deferred	48	(298)
Total income taxes	1,887	2,164
Net income	5,145	6,085
Net income (loss) attributable to non-controlling interests	(8)	(5)
Net income attributable to shareholders of parental company	5,153	6,090

Consolidated Statement of Comprehensive Income

(Millions of yen)

	FY2020 [From April 1, 2020 to March 31, 2021]	FY2021 [From April 1, 2021 to March 31, 2022]
Net income	5,145	6,085
Other comprehensive income		
Valuation difference on available-for-sale securities	897	(115)
Foreign currency translation adjustment	782	1,546
Adjustments relating to retirement benefits	126	(3)
Total other comprehensive income	1,805	1,426
Comprehensive income	6,950	7,512
(Breakdown)		
Comprehensive income attributable to shareholders of parental company	6,953	7,508
Comprehensive income attributable to non-controlling interest	(2)	3

Consolidated Statements of Changes in Net Assets

Fiscal year ended March 31, 2021 [From April 1, 2020 to March 31, 2021]

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of the year	12,367	10,518	54,891	(320)	77,456
Changes of items during the period					
Dividends of surplus			(2,249)		(2,249)
Net income attributable to shareholders of parental company			5,153		5,153
Change in scope of consolidation			(0)		(0)
Purchase of treasury shares				(1,976)	(1,976)
Retirement of treasury shares		(0)	(1,922)	1,922	—
Net changes of items other than shareholders' equity					—
Total changes of items during the period	—	(0)	980	(53)	927
Balance at end of the year	12,367	10,517	55,872	(373)	78,384

	Accumulated other comprehensive income						Total net assets
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Non-controlling interests	
Balance at beginning of the year	361	(339)	(539)	(1,066)	(1,585)	100	75,972
Changes of items during the period							
Dividends of surplus							(2,249)
Net income attributable to shareholders of parental company							5,153
Change in scope of consolidation							(0)
Purchase of treasury shares							(1,976)
Retirement of treasury shares							—
Net changes of items other than shareholders' equity	897	—	776	126	1,800	(3)	1,797
Total changes of items during the period	897	—	776	126	1,800	(3)	2,724
Balance at end of the year	1,259	(339)	236	(940)	215	97	78,696

Fiscal year ended March 31, 2022 [From April 1, 2021 to March 31, 2022]

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of the year	12,367	10,517	55,872	(373)	78,384
Cumulative effects of changes in accounting policies			(39)		(39)
Restated balance	12,367	10,517	55,832	(373)	78,344
Changes of items during the period					
Dividends of surplus			(2,289)		(2,289)
Net income attributable to shareholders of parental company			6,090		6,090
Purchase of treasury shares				(743)	(743)
Retirement of treasury shares			(704)	704	—
Net changes of items other than shareholders' equity					—
Total changes of items during the period	—	—	3,096	(39)	3,057
Balance at end of the year	12,367	10,517	58,929	(413)	81,401

	Accumulated other comprehensive income						Total net assets
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Non-controlling interests	
Balance at beginning of the year	1,259	(339)	236	(940)	215	97	78,696
Cumulative effects of changes in accounting policies							(39)
Restated balance	1,259	(339)	236	(940)	215	97	78,657
Changes of items during the period							
Dividends of surplus							(2,289)
Net income attributable to shareholders of parental company							6,090
Purchase of treasury shares							(743)
Retirement of treasury shares							—
Net changes of items other than shareholders' equity	(115)	—	1,537	(3)	1,418	3	1,421
Total changes of items during the period	(115)	—	1,537	(3)	1,418	3	4,479
Balance at end of the year	1,143	(339)	1,773	(943)	1,633	100	83,136

Consolidated Statement of Cash Flows

(Millions of yen)

	FY2020 [From April 1, 2020 to March 31, 2021]	FY2021 [From April 1, 2021 to March 31, 2022]
Cash flows from operating activities		
Net income before income taxes	7,032	8,249
Depreciation	2,522	2,811
Increase (decrease) in allowance for doubtful accounts	3	2
Increase (decrease) in provision for bonuses	104	(1)
Increase (decrease) in provision for directors' bonuses	13	(8)
Increase (decrease) in provision for product warranties	(18)	88
Increase (decrease) in net defined benefit liability	309	(174)
Interest and dividend income	(178)	(198)
Interest expenses	42	57
Foreign exchange losses (gains)	(166)	(391)
Loss on abandonment of non-current assets	16	36
Loss (gain) on sales of non-current assets	(0)	(3)
Refund of customs duties from previous year	(226)	—
Loss (gain) on sales of investment securities	(29)	—
Increase (decrease) in deposits received from employees	(7)	(1)
Decrease (increase) in notes and accounts receivable-trade	1,042	(940)
Decrease (increase) in inventories	(401)	(2,230)
Increase (decrease) in notes and accounts payable-trade	338	523
Decrease (increase) in consumption taxes refund receivable	—	(778)
Increase (decrease) in accrued consumption taxes	(95)	(90)
Decrease (increase) in other assets	(0)	(26)
Increase (decrease) in other liabilities	193	229
Subtotal	10,497	7,154
Interest and dividend income received	230	240
Interest expenses paid	(44)	(62)
Income taxes (paid) refund	(2,112)	(1,703)
Refund of customs duties from previous year	226	—
Cash flows from operating activities	8,798	5,629
Cash flows from investment activities		
Purchase of short-term and long-term investment securities	(3,011)	(1,204)
Proceeds from sales and redemption of short-term and long-term investment securities	2,848	3,900
Purchase of property, plant and equipment	(4,943)	(4,160)
Payments for retirement of property, plant and equipment	(150)	—
Proceeds from sales of property, plant and equipment	—	10
Purchase of intangible assets	(136)	(227)
Proceeds from sales of intangible assets	0	—
Payments of loans receivable	(2)	(1)
Collection of loans receivable	46	36
Payments for asset retirement obligations	—	(4)
Cash flows from investment activities	(5,349)	(1,651)
Cash flows from financing activities		
Purchase of treasury shares	(1,976)	(744)
Cash dividends paid	(2,248)	(2,290)
Cash dividends paid to non-controlling shareholders	(0)	—
Repayments of lease obligations	(258)	(238)
Cash flows from financing activities	(4,483)	(3,274)
Effect of exchange rate change on cash and cash equivalents	594	1,177
Net increase (decrease) in cash and cash equivalents	(440)	1,880
Balance of cash and cash equivalents, beginning of the period	21,849	21,421
Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation	11	—
Balance of cash and cash equivalents, end of the period	21,421	23,302

Company Overview

Company name	MAX CO., LTD.	Stock exchange registration	Tokyo Stock Exchange (Prime)
Foundation date	November 26, 1942	Stock code	6454
Capital stock	12,367 million yen	Main businesses	Office Equipment Business Industrial Equipment Business HCR Equipment Business
Consolidated number of employees	2,478 (as of March 31, 2022)		
Fiscal year-end	March 31 (once a year)		



● Our Main Bases in Japan

Name
Head Office
Sapporo Branch
Sendai Branch
Tokyo Branch
Nagoya Branch
Osaka Branch
Hiroshima Branch
Fukuoka Branch
MAX Sales Co., Ltd.
Research & Development Division
Tamamura Factory
Fujioka Factory
Yoshii Factory
Kuragano Factory
MAX Joban Co., Ltd.
MAX Logistics Warehouse Co., Ltd.
MAX Engineering Service Co., Ltd.
Kawamura Cycle Co., Ltd.

● Our Overseas Sales Bases

Name
North America
MAX USA CORP.
TEXAS OFFICE
CALIFORNIA OFFICE
Europe
MAX EUROPE B.V.
GERMAN OFFICE
Lighthouse(UK)Ltd.
Lighthouse Europe B.V.
Asia
MAX ASIA PTE. LTD.
MUMBAI OFFICE
HO CHI MINH OFFICE
MAX CO.,(H.K.)LTD.
MAX (SHANGHAI) CO.,LTD.

● Our Overseas Manufacturing Bases

Name
Asia
MAX FASTENERS(M) SDN. BHD.
MAX (THAILAND) CO., LTD.
MAX ELECTRONICS MACHINE (SHENZHEN) CO., LTD.
MAX ELECTRONICS MACHINE (SUZHOU) CO., LTD.
ZHANGZHOU LEATAI MEDICAL INSTRUMENTS CO., LTD.

Stock Information

(As of March 31, 2022)

Number of Shares and Shareholders

Authorized number of shares	145,983,000 shares
Number of shares issued and outstanding	47,537,426 shares
Number of shareholders	4,412 persons
Minimum trading units	100 shares

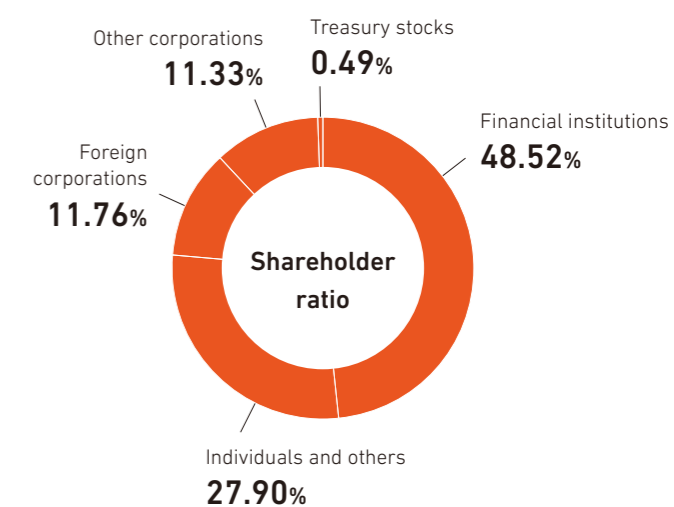
Major Shareholders

Shareholder name	Number of shares held (thousand shares)	Holding ratio (%)
The Master Trust Bank of Japan, Ltd. (trust account)	5,179	10.95
The Dai-ichi Life Insurance Company, Ltd.	4,284	9.06
MAX Kyoei Kai Dai-ichi Shareholding Association	3,810	8.06
Nippon Life Insurance Company	3,762	7.95
MAX Kyoei-kai Dai-ni Shareholding Association	3,168	6.70
Mizuho Bank, Ltd.	2,234	4.72
Custody Bank of Japan, Ltd. (trust account)	2,198	4.65
The Gunma Bank, Ltd.	2,114	4.47
MAX Employee Stock Ownership Plan	1,141	2.41
Nippon Steel Corporation	1,044	2.21

* The shareholding ratio is calculated by deducting 234,892 shares of treasury stock.

Distribution of Shares by Shareholder

Ownership distinction	Number of shares held (thousand shares)
Financial institutions	23,063
Individuals and others	13,262
Foreign corporations	5,588
Other corporations	5,388
Treasury stocks	234



Editorial Policy

This report is a comprehensive communication tool that combines financial information and non-financial information. Through this report, the Group aims to provide a wide range of stakeholders including shareholders and investors with a deeper understanding of MAX Co., Ltd.

In this report, basic information, financial data, management strategy, sustainability information, and other information that the readers of this report particularly require are extracted and provided in accordance with major guidelines.

Please refer to the Company's website which provides detailed information, in addition to this report.



<https://www.max-ltd.co.jp/en/about/>

80th Anniversary Special Website



<https://www.max-ltd.co.jp/80th/en/>

Period covered by the report

Fiscal year ended March 31, 2022 (April 1, 2021–March 31, 2022)

*Some sections include information for periods other than the period indicated above.

Scope of report

A total of 20 companies consisting of MAX Co., Ltd. and 19 consolidated subsidiaries (as of March 31, 2022)

Guidelines referred to

"International Integrated Reporting Framework" by International Integrated Reporting Council (IIRC)

"Guidance for Integrated Corporate Disclosure and Company-Investor Dialogue for Collaborative Value Creation,"
by the Ministry of Economy, Trade and Industry

Disclaimer regarding forward-looking statements

Forward-looking statements such as the Company's plans, forecasts, and strategies in this report are based on certain assumptions considered to be reasonable by the Company at the time of disclosure, and the actual results may differ materially from those forward-looking statements due to a variety of factors.

MAX

*ENGINEERED FOR
PERFORMANCE*

MAX CO.,LTD.

6-6, Nihonbashi Hakozaki-cho, Chuo-ku, Tokyo, 103-8502

Telephone: +81-3-3669-0311

<https://www.max-ltd.co.jp/en/about/>

