



MAX CO., LTD.
Integrated Report

2023

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.

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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.

RESOLVING SOCIAL ISSUES with OUR PRODUCTS

**Aiming to be a creative company
that continuously provides
the world with new value**

My name is Tatsushi Ogawa, and I took office as President of MAX in June 2023.

MAX marked the 80th anniversary of its founding in November 2022, and for fiscal 2022, ended March 31, 2023, we achieved our second consecutive year of double-digit growth with record sales and profit. I would therefore like to express my sincere thanks to all of our customers, shareholders and investors, business partners, and members of local communities, as well as the employees and officers who have worked so hard to support MAX to date.

We will continue to move forward to contribute to the resolution of social issues through our business activities, as a company that plays a meaningful role for customers and society through our dedication to “making products that fully satisfy the people who use them.”



Tatsushi Ogawa

Tatsushi Ogawa
President



The value that MAX provides is the result of our thorough dedication to actual places and actual situations

Over its 80-year history, MAX has constantly followed its strict jobsite-oriented and customer-first principle. By understanding customer needs and social changes, we have given the world many products that were the first to be made in Japan or the world's first, and we are proud that this has created new markets and enabled us to establish No. 1 and only one positions. Our major strength is being able to make maximum use of our capabilities and technologies to develop new markets, including our ability to plan and develop projects that anticipate market needs, our production capabilities for in-house manufacturing of equipment and consumables, our sales capabilities for proposing and developing solutions with a deep understanding of customer needs, and our after-sales service that identifies potential issues with products.

I have personally experienced this approach in actual jobsites. In the product development process, I have visited users' jobsites, listened to feedback from various customers, and inspected actual operations and workplace environments. I feel that personally visiting and experiencing jobsites, both in Japan and overseas, has provided me with feedback in various aspects of product development, including in ways that are difficult to put into words. When quality issues arose with our nailers in the mid-1990s, designers including me were part of a team that visited dealers nationwide to obtain their feedback. Speaking directly with individual dealers was a valuable, irreplaceable experience. Understanding what actually occurred over a product's life cycle and what the customer wanted led to more in-depth consideration of what functions, designs, and materials customers desired, as well as evaluation methods and services, and I believe that this leads to providing true

customer value. It is very important to find out how products are used and anticipate issues that may arise, but when defects do arise, the cycle of thoroughly investigating the cause and releasing improved products further enhances quality and functionality. I consider this to be particularly important with new products.

This is the approach we have taken with rebar tying tools, which are currently our main product. Since releasing the world's first battery-operated rebar tying tool in 1993, we have listened to customers at jobsites and pursued the quality and functionality they desire. We have also studied the environments in which they are used at jobsites, revised our evaluation criteria accordingly, and manufactured products with repeated, rigorous testing. I believe this Companywide effort is what has resulted in rebar tying tools having grown and developed into the product that drives MAX's growth.

At the same time, looking back on our new product releases to date, there is the issue of the long period of time from coming up with an idea to market launch. Even with our products that have been successful, there are instances where several years passed from the time an idea was being considered until it produced results. Through even greater cooperation across development, production, and sales, we will make improvements in a variety of areas including operational flows, workloads, human resource allocation, and methods for creating technologies, to establish a cycle that operates with a sense of speed while maintaining quality. I also believe that our sales information, methods for collecting jobsite information, and interaction methods will evolve as digital transformation (DX) progresses.

Record sales and profit in fiscal 2022

Fiscal 2022 was the second year covered by our Medium-Term Management Plan, and we were able to achieve record sales and profit. There was a positive effect from foreign exchange rate movements. In addition, this result was due to the fact that sales divisions reacted quickly so that higher costs including for raw materials were passed on in sales prices, the overseas sales ratio increased, and the product

mix improved.

In the Industrial Equipment segment, July 2023 marked 30 years since the world's first battery-operated rebar tying tool was launched. With the release of "TWINTIER" in 2017, the rebar tying tool business has continued to grow both in Japan and overseas, becoming one of the pillars of MAX's growth. Japan's market is facing a shortage of technicians



and an aging workforce at construction sites, which is boosting the market for equipment that contributes to improved operational efficiency, labor savings, and a reduced burden on workers. Issues like shortages of workers are also appearing overseas. Given this market environment, demand for rebar tying tools is growing, and we are forecasting further growth for sales of "TIE WIRE" consumables as the aggregate number of tools in use increases. To prepare for this growth, in March 2023, we completed construction of a third factory in Thailand exclusively for "TIE WIRE" production. This has raised our supply capacity by 25% compared with prior to the facility's completion, and capacity can be increased by up to 75% with additional capital investment in line with demand. MAX's consumables are patented and produced in-house, based on the idea that we can maintain production capacity by steadily adjusting our supply structure. We will strive to maintain stable supplies going forward while closely following future trends in demand.

Although the home environment equipment business recorded solid sales, profitability weakened from the yen's depreciation. However, sales of "DRYFAN" heater-ventilator-dryers for bathrooms, the main product of the business, grew in the housing stock market for renovation and replacement, and operational improvements were made through the use of digital technologies to support housing stock market growth. I feel that we are making progress toward transforming the business model.

The Office Equipment segment has in recent years been anticipating the effect on the business from the accelerating trend toward paperless operations and considering responses to it, but the business suffered a blow as the COVID-19 pandemic accelerated this trend beyond expectations. The pandemic effect has subsided and in general workers are returning to offices, but we do not see a pre-pandemic environment returning.

At the same time, labelling and signage products like the "Bepop" sign & label printing machine and the "LETATWIN" tube marker are an area where we can expect further sales growth both in Japan and overseas. We are therefore proactively developing activities including web-based seminars to introduce effective ways of using these products and a "contest for safety signs and safety awareness training" where "Bepop" is used to produce safety labels, with the aim of promoting further use of our products at customer sites. In label printers, we launched the cloud-based "Raku-Labe Support" service using a dedicated app in February 2023. We believe that this will be able to contribute to a reduced workload for producing labels at food retailers and improved customer satisfaction.

Although the HCR Equipment segment maintained solid sales, profit margins deteriorated as a result of the yen's depreciation. Going forward, we intend to raise profitability through improved productivity at the factory in China, while emphasizing sales of high-value-added wheelchairs.



Variety of measures to survive period of drastic change

Even though we have recorded solid results for the past two fiscal years, rebar tying tools and other current positive factors will not last forever. How to create new businesses that will be our next pillars is an important issue going forward, and we have already begun that process and have moved to the stage of considering how concepts will be introduced to the market. Our basic strategies are to invest proactively in the growing overseas business to expand the business and bolster earnings, to improve earnings at domestic businesses, and to use these earnings to invest in next-generation, new businesses. We are examining issues we have identified at both existing and new businesses, and plan to introduce new products proactively in line with market conditions and development stages.

For fiscal 2023, the final year of our Medium-Term Management Plan, we are planning for net sales of ¥87.8 billion, with operating income of ¥12.0 billion and an operating income margin of 13.7%. We will first work to improve earnings at domestic businesses for a recovery in terms of volume, and make strategic investments of ¥1.6 billion for medium- to long-term business growth.

The market environment is changing for a variety of reasons, and one that has been having a major effect in recent years is advances in DX. DX initiatives had been progressing in society in general, but the COVID-19 pandemic brought about rapid advances. With growing

needs for products using Internet of Things (IoT) technologies and products and services using applications and cloud computing, we need to keep pace and not fall behind.

This is why MAX has launched a DX Promotion Project, while pursuing a strategy of integrating initiatives at respective divisions under the four themes of “DX in products and services,” “DX in production and quality assurance,” “DX in data and operational platforms,” and “DX in human resources and organization.” We believe that DX will deliver new added value to our products and services, while strengthening internal teamwork. In terms of “DX in production and quality assurance,” we will consider using technologies including machine learning to detect and diagnose quality problems to enable mass production of high-quality products. If successful, this will be useful for providing even more stable supplies.

We also believe that sustainability in our products is an area that we should pursue further. We are proactively introducing products that address customers’ growing environmental awareness, and in October 2022, released “Biomass CONI-CLIP” containing 28% biomass plastic as a dedicated consumable for our “CONI-CLIPPER” bag closing tool. In February 2023, we released “Paper Tape” that biodegrades in roughly three months as a dedicated consumable for our “TAPENER” mechanical tape binding

tool. We also launched the “Re:max” sustainable stationery series in July 2023 as an environmentally friendly product line that was developed using materials that take environmental considerations into account, including not using plastic in the product or packaging. We have set three objectives of “Designing products for long life,” “Being easy

for people to use,” and “Pursuing alternative materials to plastic,” and as a first product have launched a stapler that is packaged using only paper materials. We intend to continue to expand our lineup of products that realize “Making work life easier and more enjoyable,” while contributing to a sustainable global environment.

All employees working energetically is what drives the Company’s growth

After taking office as President, I held internal briefings on our management policy going forward. On the basis of the idea of being a company that is healthy and comfortable to work for, I said that I want MAX to be a company that emphasizes personal and organizational growth. I believe it is important to share the individual values and satisfaction of employees and the Company’s values and to continue to grow. I am confident we can achieve this.

Over the past few years, various opinions and plans have been expressed at MAX, and I feel that a number of things are changing. For example, younger employees set up a branding team. When we redefine our branding as a company, the approach has generally been top-down, but we have begun to include activities led by younger employees. This was the result of the fact that at one time, our rebar tying tools were highly regarded in the market, but there was no awareness that they were MAX products. Some customers even thought that they were other companies’ products, creating a dilemma for us internally. Through the branding team, we reexamined what it means to be a MAX product to clarify the direction we target and disseminated this through media like brand books and our corporate website. I believe these activities have achieved results and can support businesses going forward. In addition, there are many examples where business divisions’ and related team members’ awareness of problems and intentions have yielded issues and achievements, including in DX-related initiatives, the search

for new businesses, safety initiatives at the Manufacturing Division, improvements in Companywide operations, and exploration into the manufacturing of the future.

At MAX, we believe that by respecting people, the development of people will result in growth for the company, and have been guided by the spirit of respect for people since our founding. We encourage all our employees to take the lead in working toward their own growth, as stated in the MAX Fundamental Management Policy. How should the Company support work so that each employee is able to grow? While keeping this important perspective in mind, I want to support our employees through enhanced communication and action that will emphasize the cultivation of the will to implement future reforms.

At the same time, as our current employees become older and retire and the number of younger employees increases, passing on technologies and skills has become an urgent issue. We need to address this issue by documenting tacit knowledge, and making plans that address how to train various employees and what kinds of teams are actually needed to train employees. To date, we have supported employees’ individual growth through a framework of financial support for voluntary learning and the introduction of training programs that use online courses and other digital tools. Nevertheless, there is a lot that employees want to learn, and I believe we need to be more proactive in implementing programs and providing more robust support.

Moving forward together toward a MAX for a new age

This fiscal year, we are discussing and will formulate our next Medium-Term Management Plan, marking our starting point for a new age. The core elements will be the creation of new businesses, the expansion of existing businesses, and the improvement of earnings at domestic businesses, and we are holding multiple discussions internally to set targets and strategies to achieve those objectives. We are also setting policies and targets for addressing important management issues including social issues, and formulating capital

policies and investment plans along with business strategies. All divisions will work together to achieve strategic targets to accelerate further MAX’s social initiatives.

Going forward, MAX will continue to provide products and services as a company that plays a useful role for customers and society by “Making work life easier and more enjoyable worldwide.” I ask for your continued support so that we can continue to meet your expectations as a company that grows together with all of our stakeholders.

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" battery-operated rebar tying tool released



"SUPER NAILER" high-pressure nailer released



"DRYFAN" heater-ventilator-dryer for bathroom released



Hammer drills, concrete tools for professionals, released



"TWINTIER" battery-operated 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



>1964
Renamed MAX Co., Ltd.

>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

>2000
Acquired shares of Shinwa Works Co., Ltd. and SHINWA HI-TEC Co., Ltd.

2006
Reached net sales of ¥60.0 billion

>2010
Acquired shares of Kawamura Cycle Co., Ltd.

2018
Reached net sales of ¥70.0 billion

>2009
Acquired shares of Sunsunny Industry CO., LTD.

>2014
Acquired shares of Lighthouse (UK) Holdco Limited

2022
Net sales (Millions of yen)
84,316

2022
Reached net sales of ¥80.0 billion



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

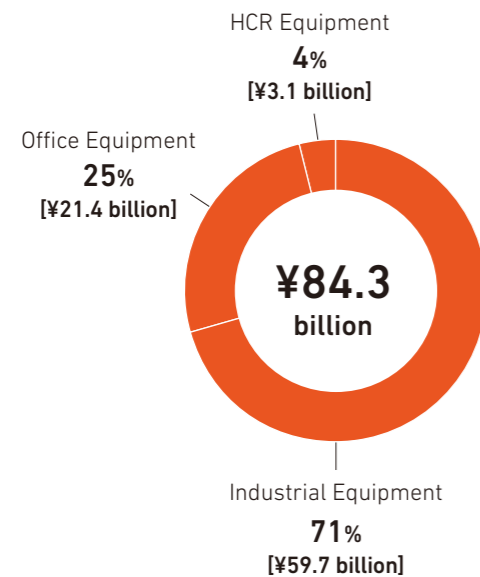
MAX develops unique products centered on staplers and building and construction tools, and has provided a large number of world-first and Japan-first products with leading market shares. In this section, we introduce MAX's core business divisions. MAX will continue its dedication to "making products 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, battery-operated tools, etc. Rebar tying tools, concrete nailers, gas nailers, etc.	Main products Mechanical tape binding tools, bag closing tools, battery-operated 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

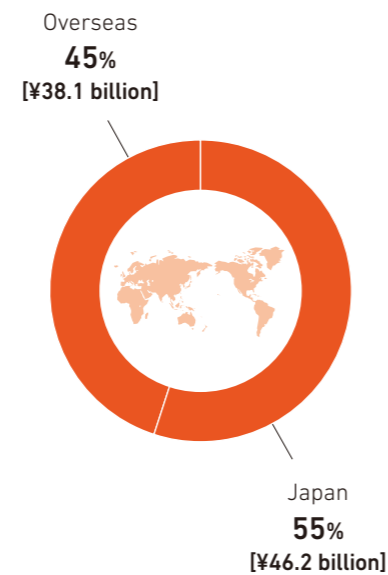
Net sales composition ratio

(Fiscal 2022)



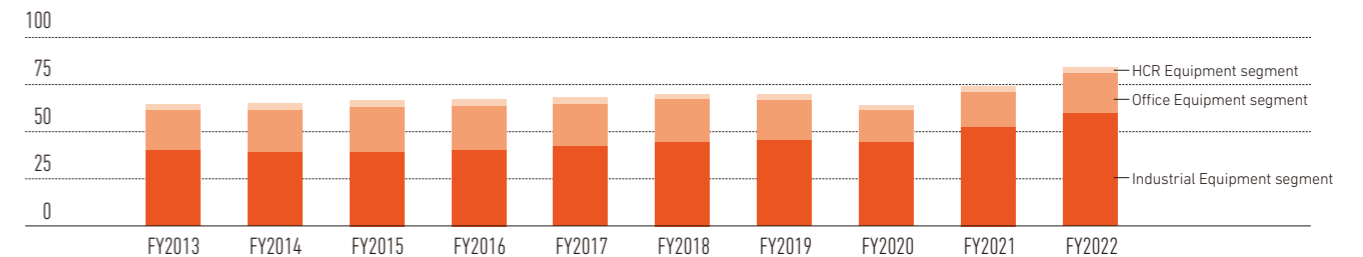
Japan and overseas sales ratio

(Fiscal 2022)



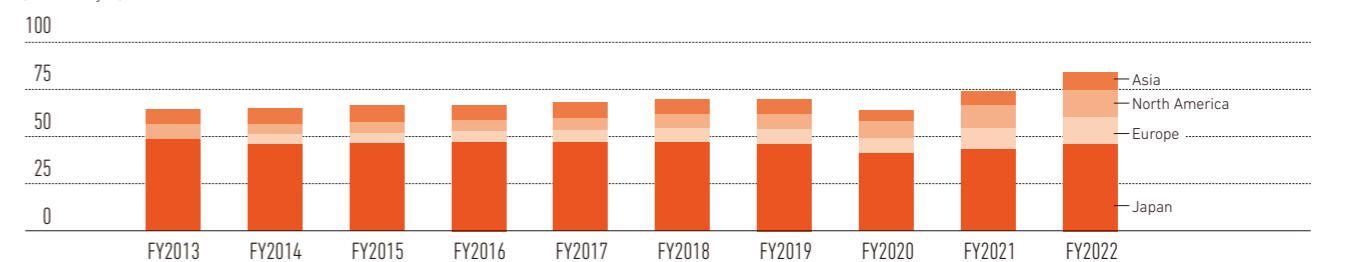
Net sales by segment

(Billions of yen)



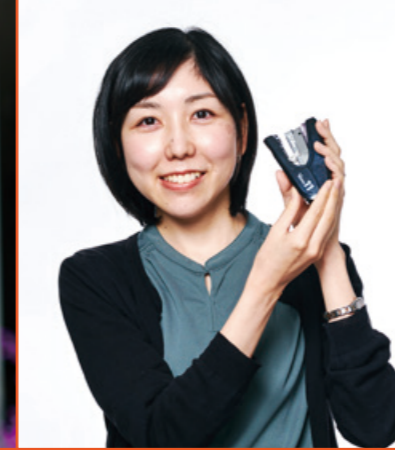
Net sales by region

(Billions of yen)



Our Distinctive Character

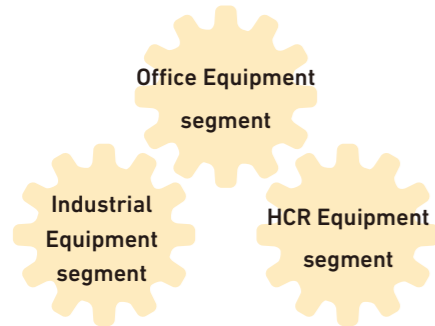
MAX works on responding to needs of our customers, understanding changes in our society, and creating and introducing unique products by following our strict jobsite-oriented and customer-first principle, thus creating new markets and establishing realms where we stand as No. 1 or the only one.



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

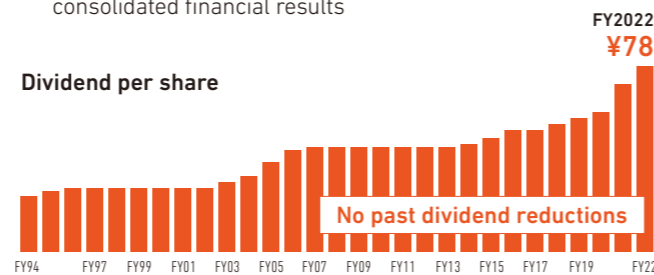
- Creating a competitive advantage in niche markets
- Business model that continues to connect with customers through the supply of consumables



02

Stable revenue base

- Basic policy on profit distribution**
- Expanding profits from business activities through sustainable growth and distributing profits in a stable manner over the long term
- Dividend policy**
- Maintaining a minimum of 3.5% ratio of dividends to net assets with a target payout ratio of 50%, as based on consolidated financial results



04

Strict adherence to the principle of three realities

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.

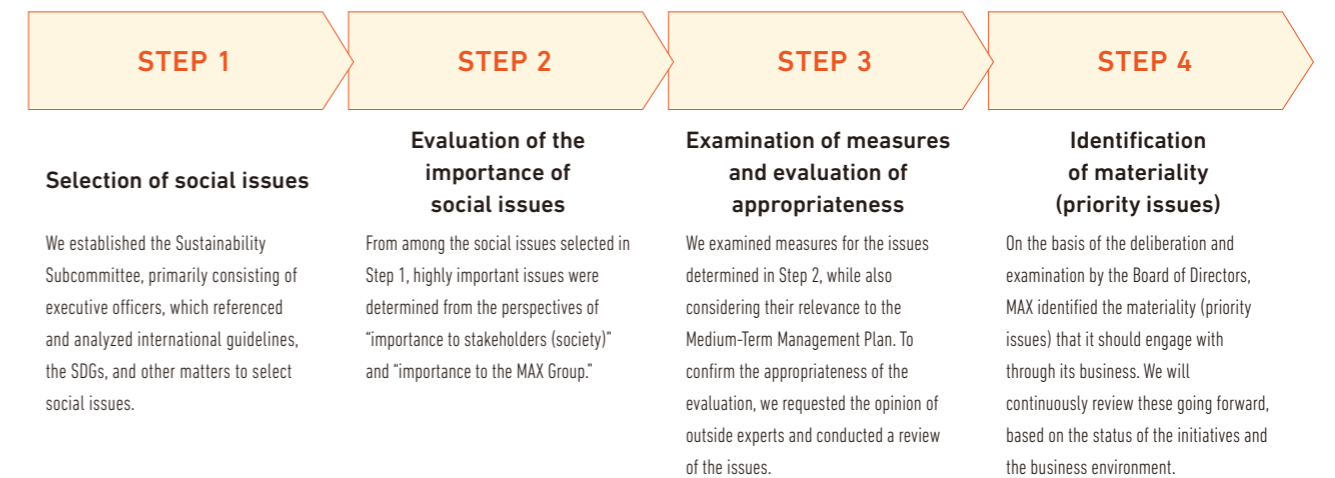
In identifying materiality, we have referred to international frameworks such as the SDGs, the United Nations Global Compact, ISO 26000, and the GRI Standards, as well as wide-ranging stakeholder perspectives and the perspective

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.

Identified materiality (priority issues)

Materiality	Focus themes	Company goals
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
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
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
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.
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

Materiality (priority issues) identification process



Indicators	Results			Targets
	Fiscal 2020	Fiscal 2021	Fiscal 2022	
Engagement survey	—	—	○	Above-average scores
Consolidated ratio of women in management positions	—	6.4%	6.1%	10% by 2030
Non-consolidated ratio of female recruitment for new graduates	24.4%	12.8%	18.9%	20%
Number of major human rights incidents	0	0	0	0
Average total annual working hours (Unit: hours)	1,929	1,941	1,901	Below 1,900
Scopes 1 and 2 (Unit: tons)	15,177	15,236	15,428	50% reduction by 2030 vs. FY2018
Scope 3 Category 11 (Unit: 1,000 tons)	2,482	2,589	2,515	30% reduction by 2030 vs. FY2018
Recycling rate	95.5%	95.2%	93.6%	—
R&D ratio	4.89%	4.68%	4.60%	—
R&D expenses (Unit: billions of yen)	3.12	3.46	3.87	—
Number of major product incidents	0	0	0	0
Continuous effectiveness evaluation of Board of Directors	Implemented	Implemented	Implemented	Ongoing
Number of serious compliance violations	0	0	0	0

* Past greenhouse gas (CO₂) emission volumes have been retroactively adjusted to reflect revised calculation method, etc.

Message from the Director in Charge of Sustainability



Raising Companywide awareness through implementation of full-fledged sustainability management and converting this into strength, while accelerating activities to achieve targets

Yoshihiro Kaku

Senior 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

With promotion structure in place, sustainability is taking root

In 2021, MAX established a Sustainability Subcommittee to formulate a basic policy on sustainability, identify materiality (priority issues), and set KPIs. A Sustainability Committee, headed by the president, was established in 2022 with a Sustainability Promotion Committee operating under its auspices as an organization to promote full-scale implementation.

The Sustainability Promotion Committee meets four times a year and engages in various deliberations to enhance effectiveness. Members are selected to incorporate diverse

perspectives without regard to their division, position, or gender. Outside Director Kako Kurasawa, who has a great deal of expertise regarding sustainability, has joined the committee from this fiscal year and the committee has discussed what measures are to be taken as a company. I feel that these activities have raised awareness of the importance of sustainability among officers and employees, and expect the committee's activities to instill sustainability in ways that are appropriate for various workplaces.

Proactively addressing each priority issue and steadily building up achievements

Among our priority issues, the one that MAX considers most important is to "realize a company that allows people to participate." This reflects both the MAX Company Creed and the MAX Fundamental Management Policy, and I consider this to be the foundation that supports the Company's growth. To understand first where things stand currently, we conducted our first engagement survey in 2022. The results were better than we had expected overall, clearly showing that each individual employee understands the unique characteristics

of MAX expressed in the MAX Company Creed and that the groundwork has been laid for a high level of engagement. At the same time, scores were slightly lower among employees in their 30s, so I believe we need to follow up carefully on this to raise engagement between the Company and employees, and among employees, further.

We have set keeping average total annual working hours under 1,900 hours as a KPI, but in fiscal 2022, even though we reduced the number by roughly 40 hours from the previous

year, the resulting 1,901 hours almost reached our target. With officers confirming progress and following up with their respective divisions, we are promoting the proactive taking of annual paid leave and reducing overtime, and I believe that in cooperation with employees, these measures will bear fruit. I also see us making steady progress in increasing productivity so that we can achieve sales and profit growth even while reducing working hours. I want to continue to work toward reducing working hours to below 1,900 hours by further increasing productivity through the use of information and communications technology (ICT) and by promoting digital transformation (DX). We are also pursuing measures to promote even greater active participation of women. With 6.1% of the consolidated ratio of women in management positions and 18.9% of the non-consolidated ratio of female recruitment for new graduates, we are still on our way to achieving our targets, and we are considering things like how to implement career rotation going forward and will continue to follow up on this. I also want to give priority to training and strengthening human resources. In terms of training, we are proactively investing to raise the level of employees' skills and support their growth. In terms of strengthening human resources, I want to pursue measures like hiring specialists with increasingly important skills like having a global perspective and DX for career positions.

To "contribute to a sustainable global environment," we are working to meet the challenging targets of reducing Scope 1 and Scope 2 greenhouse gas emissions 50% from the fiscal 2018 level by 2030, and to achieve net zero by 2042. We are steadily making large-scale investments for things like the installation of solar power systems, while also emphasizing practical measures that can be implemented in workplaces. For example, we have identified and are taking measures against air leakage in factory equipment and introducing two work shifts at factories that previously had three. These measures will contribute to a reduced environmental impact, and I believe they will also be effective in terms of risk management, reduced workloads, and cost reductions.

Further promoting sustainability management as a foundation to support MAX's growth

In the first year since embarking on sustainability management, I feel we achieved some successes even though there was much that we were unfamiliar with. Results in terms of KPIs and monitoring indicators are also showing steady progress, and I want to accelerate our activities to achieve our targets.

Going forward, the importance of sustainability is bound to grow as our business becomes increasingly global. We

In terms of "driving innovation to realize 'Making work life easier and more enjoyable,'" we are pursuing the challenge of launching new businesses with a target set in the Medium-Term Management Plan. We are also emphasizing DX promotion as a Companywide issue and have obtained DX certification from the Ministry of Economy, Trade and Industry. We have initiated cross-division projects on these themes and have begun to roll them out on a wider basis, with the aim of having various departments involved in resolving issues from a variety of perspectives.

"Ensuring responsible supply" can be considered the most important issue in the manufacturing industry, and we aim to build a structure that maintains high quality while appropriately responding to increases in demand. The completion of our third factory in Thailand in March 2023 has increased our supply capacity for TIE WIRE consumables for our rebar tying tools. Going forward, I want to achieve stable supplies while also being able to maintain our KPI of "zero major product incidents."

To "maintain and strengthen governance," we are setting a course for the continuous enhancement of corporate value while also taking initiatives to bolster corporate governance. We are working to invigorate deliberations of the Board of Directors, and in addition to items to be resolved and items that were reported, with the setting of "matters for discussion" in 2020, the Board has been able to engage in deeper deliberation on a variety of themes. Extremely important themes for the maintenance and enhancement of MAX's corporate governance include the abolition of anti-takeover measures that were in place, determining how officers should be compensated, and the appointment of female directors from the standpoint of management diversity, and these are being discussed and decisions are being made. Due to these initiatives, the results of the Board of Directors effectiveness evaluation have been improving year by year. We see the maintenance and strengthening of governance as a process that never ends and will continue with these activities going forward.

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 for further growth. 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	Growth of overseas business <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	Business model transformation <ul style="list-style-type: none"> > Strengthen the infrastructure of high-earning businesses > Promote activities in new markets
3	Launch of new businesses <ul style="list-style-type: none"> > Medium- to long-term R&D investment > Investment in domestic and overseas development sales
4	Strengthening management infrastructure <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
	¥87.8 billion	¥12.0 billion	13.7 %
			9.2 %
(Fiscal 2022)	Net sales	Operating income	Operating income margin
	¥84.3 billion	¥9.9 billion	11.8 %
			8.9 %

* Revised on July 31, 2023

Strategic Investments for Medium- to Long-Term Business Growth (plan for fiscal 2023)	
Priority policy	Contribute to business growth by expanding priority businesses and actively investing in the launch of new businesses
> Investment in enhancing operating infrastructure	¥0.5 billion
> Investment in digital technology	¥0.4 billion
> Strategic investment in development	¥0.6 billion
> Investment in corporate communications, etc.	¥0.1 billion
	Total ¥1.6 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 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.



"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



Pursuing further improvements for a strong corporate structure that can produce solid results no matter how the external environment changes, and leading to medium- to long-term growth

Akio Kitaya

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

Two consecutive years of sales and profit growth with record net sales and income at all levels

In fiscal 2022, ended March 31, 2023, the Company recorded net sales of ¥84.3 billion, with operating income of ¥9.9 billion (for an operating income margin of 11.8%), ordinary income of ¥10.5 billion, and net income attributable to shareholders of parental company of ¥7.6 billion. This marked the second consecutive year of double-digit sales and profit growth, as well as record highs for net sales and income at all levels. The main reasons were that we were able to pass on in sales prices higher costs for raw materials and the impact of a weaker yen, while strengthening our corporate structure by transforming our earnings structure. In addition, the waning of the effects of the COVID-19 pandemic contributed to sales and profit growth at all business segments.

The Industrial Equipment segment recorded solid results at all three of its main businesses—domestic industrial equipment, overseas industrial equipment, and home environment equipment—but saw growth slow at the overseas industrial equipment business in the fourth quarter. In the North American market, major dealers carried out inventory adjustments as maritime transport returned to normal and new orders were limited, but sellouts were solid

and distribution inventory adjustments were mostly completed. On the other hand, the European market was affected by factors including the situation in Ukraine and new orders were weak on an uncertain economic outlook, and we expect the market environment to remain somewhat challenging going forward.

The Office Equipment segment recorded sales growth at all three of its main businesses of domestic office equipment, overseas office equipment, and auto stapler equipment. Some of this can be seen as a one-time result of workers returning to offices as the pandemic receded, but we were also able to maintain profitability by passing on cost increases in sales prices.

At the HCR Equipment segment, proposals using tradeshows and other activities increased recognition of the “WAVIT” series, our main product line, and wheelchair sales to rental wholesalers showed solid growth, leading to increased segment sales. At the same time, profitability deteriorated because of the yen’s depreciation, and a segment loss was recorded.

Aiming for further improvement in corporate structure to achieve sustainable growth

During fiscal 2022, we continued to focus on the priority issues in the Medium-Term Management Plan. The overseas business continued to grow, primarily related to rebar tying tools, and anticipating further growth in demand, we will maintain future supply capacity with the completion of our third factory in Thailand, which commenced operations in March 2023. Looking at the domestic business, in terms of the transformation of the business model, sales in stock businesses including labelling and signage products and heater-ventilator-dryers for bathrooms were solid. At the same time, the yen has continued to weaken beyond what we had envisioned when the Medium-Term Management Plan was initially announced in April 2021, and although this has had a positive effect on the overseas business, it has had a negative impact on profitability at the home environment equipment business and the HCR Equipment segment, which are primarily based on overseas production and domestic sales. We were unable to offset this during the year, and will continue to strive for improvement.

For fiscal 2023, ending March 2024, as of the end of the first quarter, the yen continued to weaken further than we had expected at the beginning of the fiscal year, and this has had a major positive effect at the overseas business. The domestic business has seen improved earnings by passing on higher costs in sales prices, and solid progress in transforming the business model is also contributing to earnings.

Against this backdrop, we raised our fiscal 2023 projections when we announced first-quarter results. Although there are

many elements of uncertainty in the external environment, including economic stagnation in Europe, we are strengthening our earnings structure and aiming for results above plan through steady growth and while accelerating the creation of new businesses.

The Medium-Term Management Plan also places a priority on strategic investment, calling for total investment of ¥3.6 billion over the three years from fiscal 2021 to fiscal 2023. During fiscal 2022, investments totaled roughly ¥0.74 billion, equivalent to 56.7% of our planned ¥1.3 billion. Investments included increasing overseas bases, research into new business areas, and digital marketing, but implementation will require more time than we had anticipated. We have therefore set a target of ¥1.6 billion for fiscal 2023. This will bring the total to roughly ¥3.0 billion, which is slightly behind schedule, but we will continue to move proactively with activities that will lead to new business creation from a medium- to long-term perspective.

We have maintained our dividend policy of “maintaining a minimum of 3.5% ratio of dividends to net assets (DOE) with a target payout ratio of 50%” based on consolidated financial results. For fiscal 2022, we increased the dividend by ¥14 per share, to ¥78 per share, for a dividend payout ratio of 48.4%, and with the sharp rise in profitability the DOE came in at 4.3%. The DOE has been significantly above 3.5% for two consecutive years, so I believe we need to reexamine our dividend policy.

Continuously pursuing the challenge of meeting the expectations of shareholders and investors

MAX’s shareholder composition has a large portion of stable shareholders, but we expect this portion to decline in the future as listed companies in particular reduce their cross shareholdings. We will consider purchasing treasury shares when cross-shareholdings are released, and respond flexibly by utilizing treasury shares for things like share-based remuneration while taking into account capital efficiency, returns to shareholders, and the stock’s liquidity.

In March 2023, the Tokyo Stock Exchange called on listed companies to take “Action to Implement Management that is Conscious of Cost of Capital and Stock Price,” and we see greater attention being placed on raising capital efficiency going forward. This is an issue that we intend to focus on in the next Medium-Term Management Plan, which we are currently formulating. We are holding ongoing, increasingly specific discussions not only on the capital structure and returns to shareholders, but also on the effective use of cash,

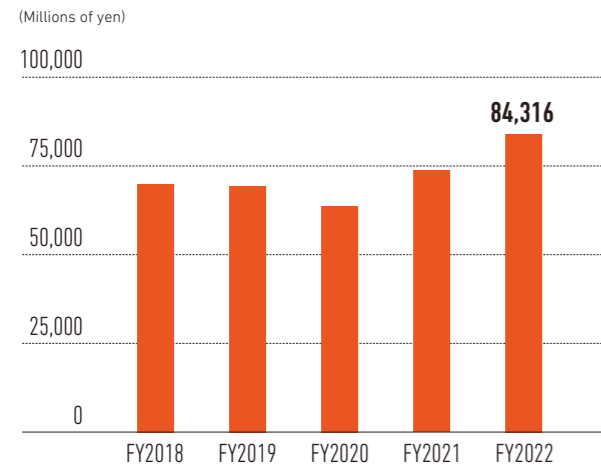
and will include the results of those discussions when we announce the next Medium-Term Management Plan.

As I have mentioned previously, Companywide results have continued to benefit from the yen’s depreciation over the past two fiscal years. Economic trends going forward are unclear, however, and I believe we need to strive to improve our corporate structure to generate sales and profit growth even without a foreign exchange effect.

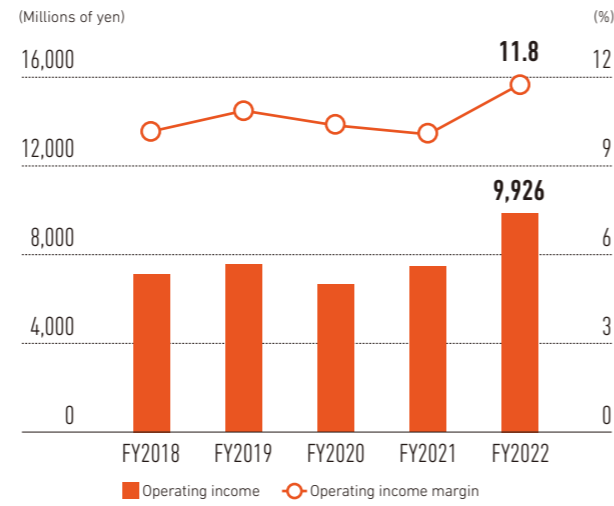
We will steadily improve our earnings structure by strengthening the overseas business and transforming the business model in the domestic business, but going forward, we aim to take MAX to an even higher level in terms of expanding businesses, especially overseas, and creating new businesses, while using cash effectively for things like M&As and treasury share purchases in addition to strategic investment.

Financial and Non-Financial Highlights

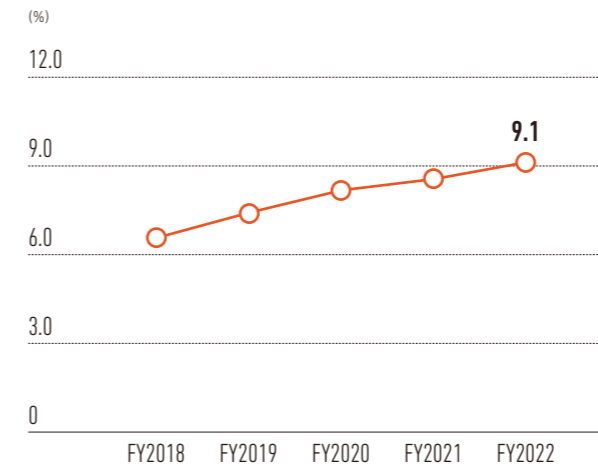
Net sales



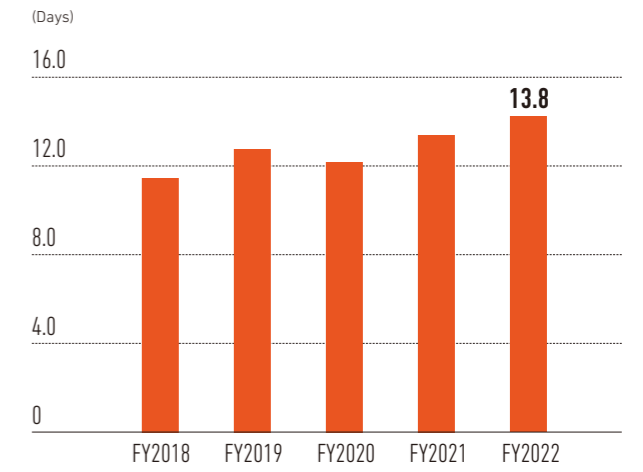
Operating income/Operating income margin



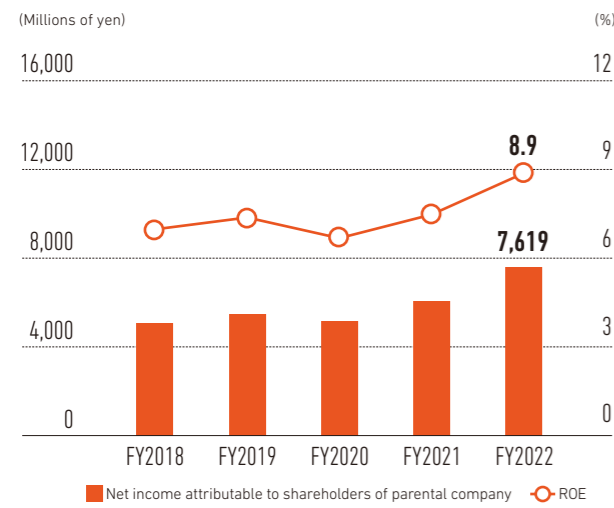
Ratio of female employees (non-consolidated)



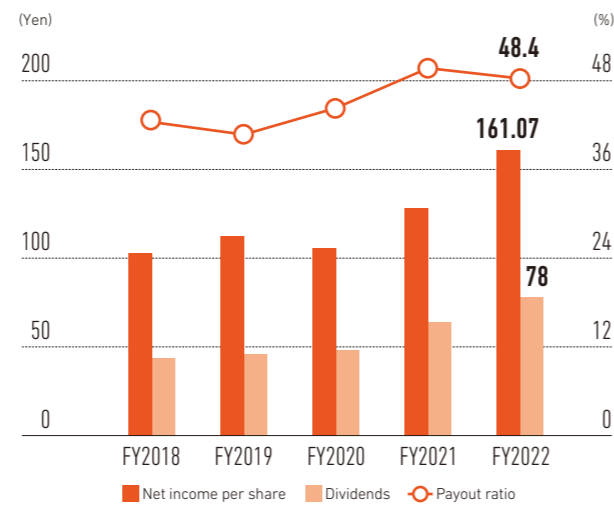
Average number of days of annual paid leave taken (non-consolidated)



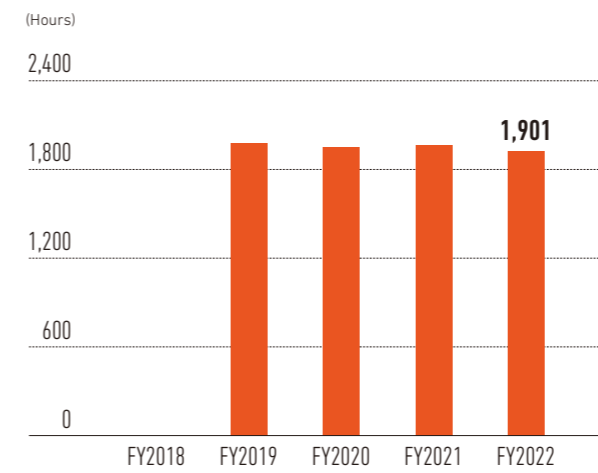
Net income attributable to shareholders of parental company/ROE



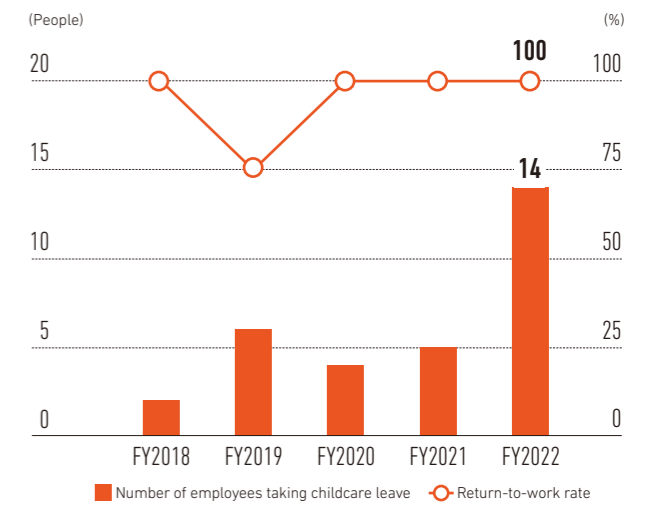
Net income per share/Dividends/Payout ratio



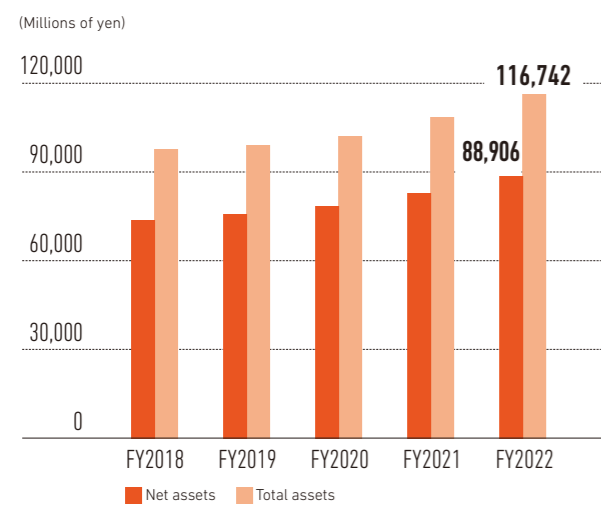
Average total annual working hours (non-consolidated)



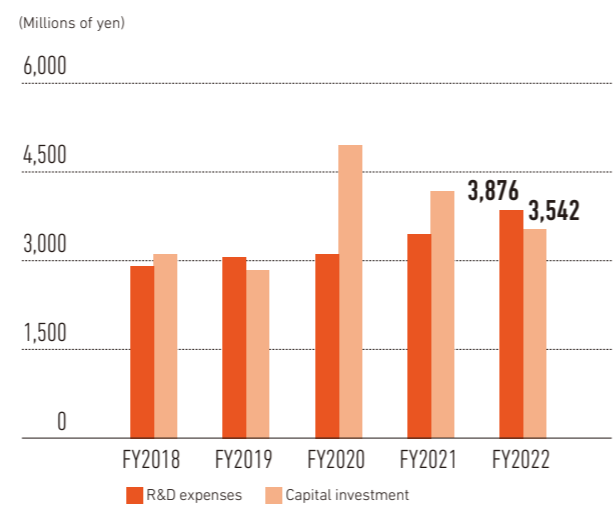
Number of employees taking childcare leave/Return-to-work rate (non-consolidated)



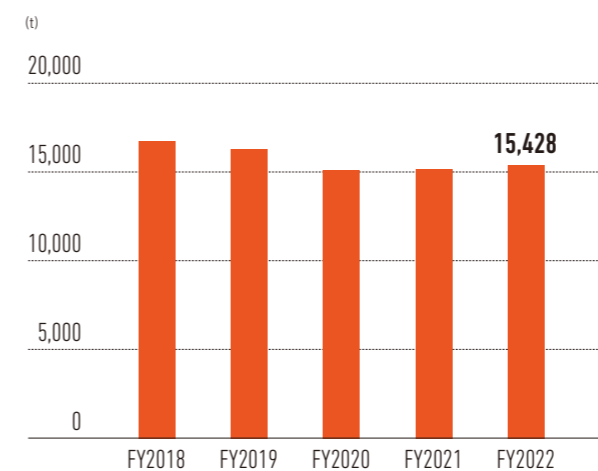
Net assets/Total assets



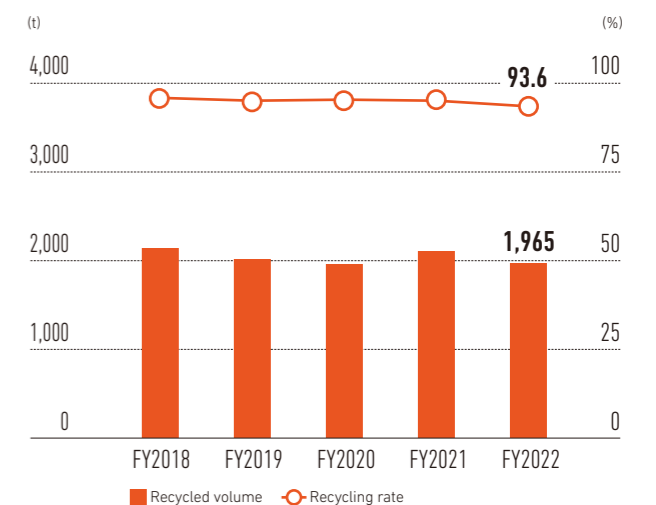
R&D expenses/Capital investment



CO₂ emissions (Scopes 1 and 2)



Recycled volume/Recycling rate



* Past CO₂ emission volumes have been retroactively adjusted to reflect revised calculation method, etc.

MAX's Products Are Used around the World

Growth of overseas business, led by rebar tying tools, driving Companywide results

What is a rebar tying tool?



Manual operation using pliers



Same operation using "TWINTIER"

Rebar tying tools are used in a wide range of situations that require reinforcing bars to be bound together in reinforced concrete construction of structures including buildings, condominiums, roads, bridges, and housing foundations.

"Rebar tying" is an indispensable operation in the construction of concrete structures. Reinforcing bars (rebars) form the skeleton of the structure and are assembled in shapes designated in the blueprint, and need to maintain that shape until the concrete hardens. Given the necessity of firmly fixing the position of the reinforcing bars, rebar tying uses wires to tie reinforcing bars together at points where they meet. Traditionally, this was done manually using pliers, and the need for skilled workers created a heavy burden.

MAX released the world's first battery-operated rebar tying tool in 1993 to help to make this work easier to perform. We have made various improvements since then, and the launch of "TWINTIER" in 2017 brought about major changes in the many manual tying operations at construction sites. For 30 years, our rebar tying tools have contributed to greater operational efficiency and a reduction in physical workloads at construction sites around the world.

Growth in rebar tying tools and other tools for concrete structures is accelerating overseas business growth

In fiscal 2023, we will accelerate the growth of the overseas business, one of the basic strategies under the Medium-Term Management Plan. We see tools for concrete structures, mainly rebar tying tools, as the pillar of overseas business growth.

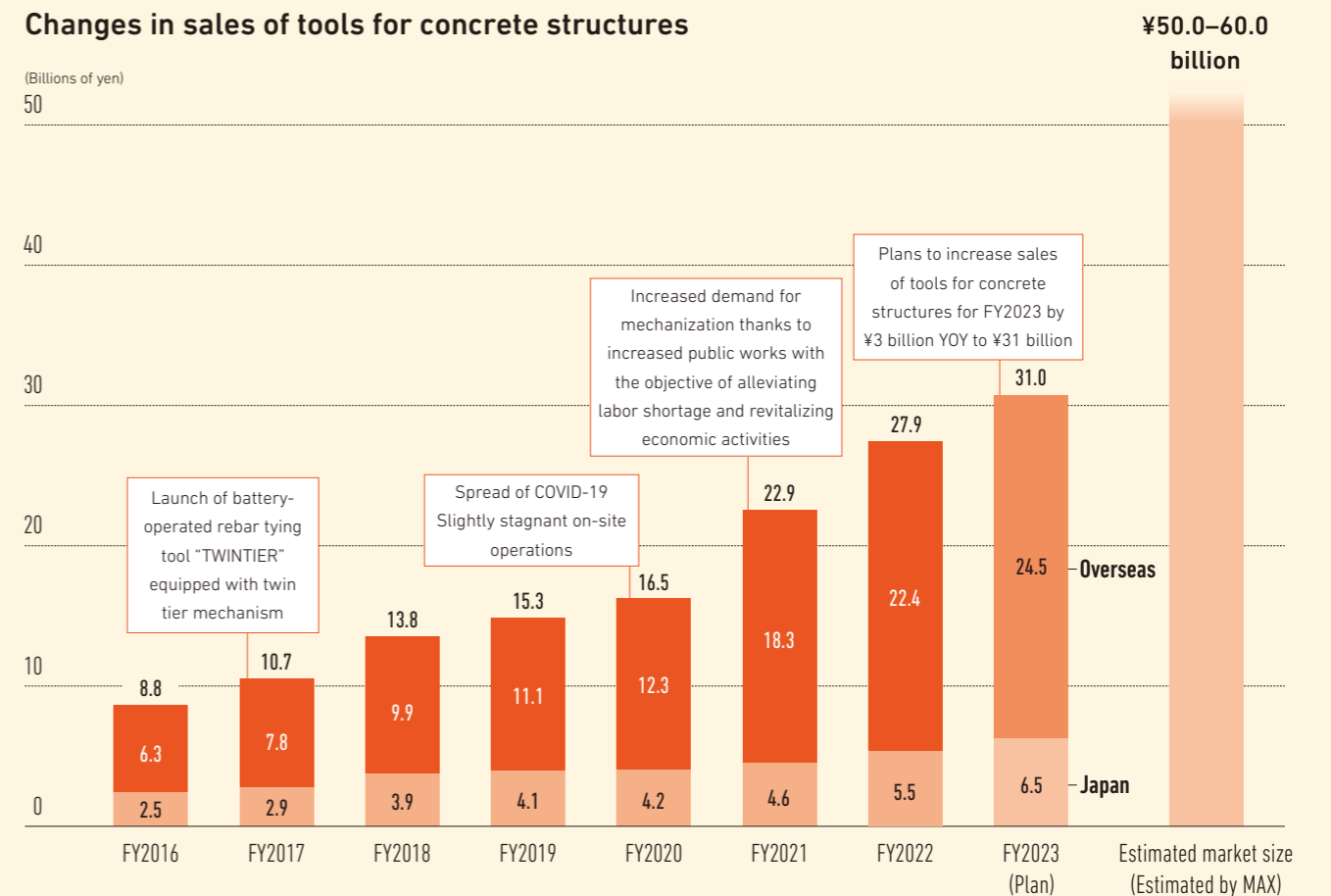
Sales of tools for concrete structures have continued to grow since the "TWINTIER" battery-operated rebar tying tool was released in November 2017.

Fiscal 2022 sales totaled ¥27.9 billion (of which, ¥22.4 billion was overseas), which was more than three times fiscal 2016 sales of ¥8.8 billion, and this growth in the size of the business also raised the overseas portion of Companywide sales to 45.2% from 29.4%.

Our plan for fiscal 2023 is for sales of ¥31.0 billion (of which, overseas sales of ¥24.5 billion).

Changes in sales of tools for concrete structures

(Billions of yen)
50



Battery-operated rebar tying tool "TWINTIER" series



Standard model launched in 2017



Large-diameter model launched in 2019



Stand-up model launched in 2020



"TIE WIRE" dedicated tying wire

Rebar tying tool business supporting MAX's growth

Overview of rebar tying tool business

In addition to Japan, the use of rebar tying tools is rapidly spreading at construction sites in Europe and the United States as well as in precast concrete plants.

The "TWINTIER" series of battery-operated rebar tying

tools is the rebar tying tool business's main product, and we have established a business model that creates an ongoing connection with customers through the continuous supply of the wire consumables, in addition to the tools themselves.

Business overview in Japan and overseas

Sales of tools for concrete structures, mainly rebar tying tools, are solid.

North America

MAX USA CORP. was established in New York in 1993. With the addition of locations in Texas and California, we are working to raise user satisfaction through initiatives including the reinforcement of our after-sales service structure. We are introducing rebar tying tools as robust investment in the non-housing construction market and worker shortages increase needs for mechanization.



Europe

MAX EUROPE B.V. was established in the Netherlands in 2006. With the addition of an office in Germany in 2022, our in-house service system is in place, and we are working to expand the European business by strengthening our sales capabilities and enhancing user convenience. The housing construction market is currently weak, so we are stepping up our approach to the non-housing construction market, which is solid, while developing dealer relationships in various countries and implementing other measures to strengthen our sales network.



Japan

We are strengthening our sales structure with the establishment of a dedicated department that promotes market development and shifting man-hours to the rebar tying tool business. We are also proposing solutions from the perspective of increasing productivity in uses like floors, walls, and pillars to help resolve customers' issues.



Production

MAX's mission is to provide the products customers need, when they need them, in the number that they need. Related divisions are working together to establish a stable supply structure, including through the capacity increase from the dedicated factory in Thailand for "TIE WIRE" consumables in March 2023.



VOICES FROM THE FIELD

We aim to expand the North American business using the appeal of higher operational efficiency with "TWINTIER."

Fiscal 2022 saw an increase in construction expenditures in North America, primarily through public investment, and this has given a major boost to demand for the rebar tying tool business. Nevertheless, the rapid recovery in economic activity as the COVID-19 pandemic was brought under control created disruptions in logistics that made it difficult to keep up with this demand.

Conveying the convenience of "TWINTIER" through thorough jobsite demonstrations, which are one of our fundamental sales activities, has led to their use at major precast concrete plants and for the construction of bridges and expressways. We are also strengthening our sales capabilities by developing new dealer relationships and training existing dealers, and this is leading to business growth.

There are still many undeveloped geographic areas and user groups, and we recognize that there is still significant growth potential for "TWINTIER." This year marks the 30th anniversary of our launch of a battery-operated rebar tying tool. By increasing our sales force and strengthening our sales channels, we are working together to expand the business and make this year one of further rapid growth for "TWINTIER."



Masayuki Senda

President
MAX USA CORP.

VOICES FROM THE FIELD

With the third factory in Thailand, we have increased production capacity to meet growing demand in the rebar tying tool business.

The third factory in Thailand, a dedicated factory for tying wire used by rebar tying tools, began operating in March 2023. The factory has added value by taking over the wire drawing and annealing previously done at the second factory and bringing in-house processes that had been outsourced.

The third factory was built during the COVID-19 pandemic. Normally, staff from Japan would go to the construction site, but this was difficult because of travel restrictions. This called for an irregular response including sending instructions via the Internet, but using our experience from the construction of the second factory in 2018, we were able to complete the line using only local staff. With the cooperation of all parties involved, we were able to commence operations on schedule.

The growth of the rebar tying tool business is MAX's most important issue. With construction operations facing worker shortages and abundant infrastructure investment in various countries, we expect demand at the business to grow going forward. We will continue to make capital investment proactively and strive to expand our production structure to be able to provide products that satisfy even more customers in a timely manner.



Hideaki Yoshizawa

Deputy Manager
Production Engineering
Department
Manufacturing Division

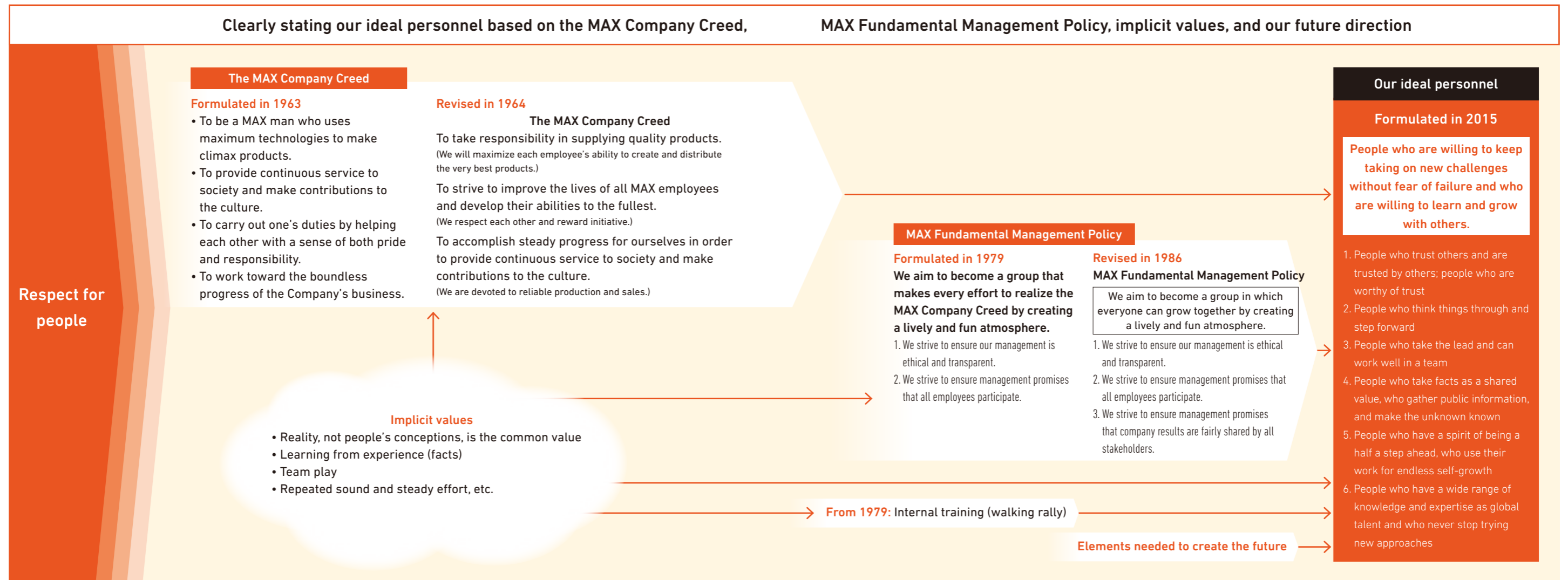
Overview of third factory in Thailand
Name: MAX (THAILAND) CO., LTD. Factory No. 3
Floor space: 4,800 square meters
Investment amount: approx. ¥1.7 billion
Solar power system: Output of approx. 1,000 kW (three factories combined)
Generates roughly 15% of factories' annual electricity consumption



The Power Supporting MAX's Growth

The strength of each individual is the power that drives growth

Lineage of our ideal personnel



At MAX, each individual employee plays the lead in their work, and this creates a cycle of ongoing improvement as people develop by producing results, and produce even greater results by developing people. In addition, through "cooperation" we are continuously aiming to achieve results that exceed the

combined strength of individuals and cannot be achieved by individuals alone, as well as the growth of each individual. Here, we introduce "our ideal personnel" under our Basic Policy on People and our progress toward achieving ideal personnel.

Q1
Why did you formulate a Basic Policy on People?

We formulated the policy as a guide when we restructured our human resources system in 2016. The restructuring aimed to "create an organizational culture in which employees learn and act on their own initiative" with the ultimate goal of "creating human resources that are able to build businesses."

Q2
How do you position the Basic Policy on People?

We view the policy as connecting the MAX Company Creed, MAX Fundamental Management Policy, and our human resources system, with the aim of clearly stating the principles of conduct to which MAX implicitly aspires. We also added elements required to create a future for MAX as times change.

Q3
How do you use "our ideal personnel" internally?

The development of the required qualification chart under the human resources system is a representative example. This specified "actions to aim for" by qualification level, and is part of the "evaluation of demonstrated behavior" that is part of our semiannual employee evaluations. By discussing the evaluation results with the employee and having them recognize their own strengths and weaknesses, we can expect them to grow.

Q4
Under "our ideal personnel," No. 5 mentions a "spirit of being a half a step ahead." This is something we don't ordinarily hear, what does it mean?

It means adapting as times change. If you don't anticipate the future, you will be left behind, but there is also a major risk of loss if you are two or three steps ahead, so it means having a sense of being a half a step ahead. An executive at MAX at the time is believed to have borrowed this from another company's creed soon after the end of World War II.

Q5
What did you have in mind when you formulated "our ideal personnel"?

There is a strong sense of the "personal growth" contained in the title. We clarified this with the following concepts in mind.

- 1) Don't hide mistakes, so that you learn from them.
- 2) Prioritize actions that address issues that do not have answers.
- 3) You can learn from all kinds of work opportunities, and you never stop learning.
- 4) Don't just learn things, use what you have learned in your work.

The strength of each individual is the power that drives growth



I am always trying to convey to members the background behind what the Company or organization wants to do, to help them understand, think about, and implement it.

When doing our work, I consider it very important for individuals to understand the background behind what we are being asked to do. Members' approaches change depending on whether they understand this.

If they understand "why," members will think for themselves about how to reach a goal, and this becomes the driving force for moving forward and makes it possible for their supervisor to provide appropriate support. I believe that repeatedly doing this builds relationships of mutual trust and leads to growth.

I also want younger members to speak out without hesitation when they notice something or have questions. Two-way communication vitalizes an organization. Personally, I want to become able to pull members along when the organization reaches an impasse.

▶ Administration Group
Office Equipment Segment
Sales Division
Joined the Company in 1992



**To come up with unique ideas, you need to have "fun."
I want to develop products that will go down in history.**

Since joining the Company, I have mostly been engaged in developing and designing nailer products. As the market environment changed, however, I increasingly wanted to pursue the challenge of developing products from an overseas perspective, and I applied for an overseas assignment.

I consider my most important mission to be to create new value (in products and services). This means that in addition to pursuing existing paths, I also need to abandon preconceived notions and search for new paths. I also believe that to come up with creative ideas, you need to have a sense of playfulness. This approach gives me enthusiasm in my work, improves my performance, and helps to open up new possibilities for the future.

Through my experience in product development and design, I have learned that it is essential to look at everything including jobsites, processes, and hypotheses, and not just at parts and products. Noticing things in an actual part or product through a cycle of "Do, See Think" leads to next steps that in turn lead to success. I want to use my ability to observe things that I have developed through my experience to date to contribute to MAX's further growth by continuously pursuing the challenge of new manufacturing.

▶ MAX EUROPE B.V.
Joined the Company in 2003

**The important thing is to pursue the facts and think carefully.
I repeatedly ask "why" until I am satisfied.**

I am involved in general compliance operations including checking contracts, various legal consultations, and corporate legal affairs. The role of legal affairs is to provide legal support to the business activities of divisions involved in areas like sales, development, and production, and I like the fact that I am able to be involved in different kinds of projects with different divisions. In particular, I always feel nervous when I work on projects with highly specialized legal and regulatory aspects, knowing that I cannot fail, but this also gives me a sense of satisfaction when the deal closes and motivates me going forward.

Also, due to the nature of our operations, we cannot make an accurate legal judgement if we do not fully grasp or misunderstand the "facts" that are preconditions for a project. To make accurate decisions, I always make sure to clarify the "facts." This is the same with regard to the growth of team members. We need to grasp the "facts," analyze the situation, and reach a decision. This means that it is important that we first carefully think things through ourselves.



▶ Legal Affairs Section
General Affairs Department
Joined the Company in 2005

Exciting experiences motivate me and lead to my own growth.

It is important to express my own thoughts and ideas without hesitation.

Immediately after I joined the Company and was assigned to the International Sales Department, I was not very good at languages and nervous about having to communicate with staff and customers overseas. After numerous overseas business trips, however, I became motivated to see directly the reactions of customers to work that I was involved with, and speaking became enjoyable.

I felt that conveying my own thoughts and ideas and discussing them led to deeper mutual understanding and also gave me good ideas.

The products I was involved in are disseminated to the world, and I hear the joy of those who actually find it useful.

I hope to have more exciting opportunities like this in the future.



▶ International Sales Department
Sales Division
Joined the Company in 2019



Always pursuing the very best leads to my own growth as well.

I am primarily involved in trade operations for importing products and parts from overseas business partners and exporting parts used in production at our factories overseas. Trade operations like customs clearance inquiries and preparing documents that need to be submitted are directly related to the delivery date. Much of this was paper based and I felt that operations need to be done quickly, so I worked to improve operations and make them more efficient. With cooperation from other divisions, we have been able to systemize operations for major time reductions and sharing operations within the team, so that operations continue without delay even when the person in charge is not present.

Systemization is not the ultimate goal, and going forward I will continue to pursue the best and have this lead to my own growth.

▶ Procurement Department
Manufacturing Division
Joined the Company in 2021



I will work with other members to "transform the Company."

I am currently responsible for designing industrial equipment. MAX aims to develop products that are continuously supported by customers in niche markets, which means that it is essential to understand users' needs and incorporate unique technologies. Therefore, I believe that doing things the way they have been done in the past will not suffice.

When designing and creating new things, nothing will change unless we act on our own. Succeeding on one's own is impossible. In my department, many members discuss things together and occasionally disagree, but we have developed technologies and built relationships of trust.

As a manager, I also think about my subordinates' growth. I look closely at the areas in which each individual member excels, and aim to "develop specialists" by refining the areas in which they have confidence. There is still more to do, but I want to continue to work with other members to pursue challenges and "transform the Company" in a good way.

▶ IP Design Department
Research and Development Division
Joined the Company in 2001

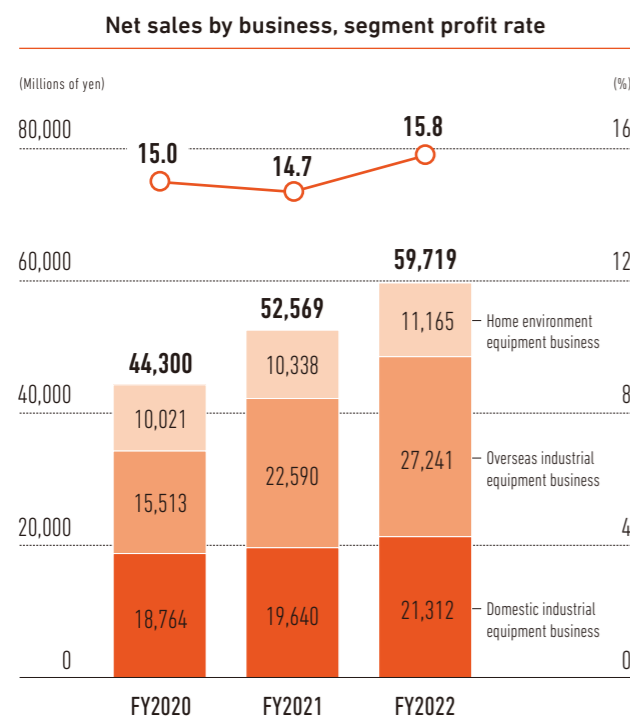
Industrial Equipment Segment



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, battery-operated impact drivers, battery-operated circular saws, battery-operated pin nailers, vegetable binding tools, mechanical tape binding tools, bag closing tools, battery-operated pruning scissors, heater-ventilator-dryers for bathrooms, 24-hour ventilation systems, floor heating systems, disposer systems, residential fire alarms, etc.

Financial Results for Fiscal 2022



Domestic industrial equipment business

Sales of "TWINTIER" rebar tying tools and their dedicated consumables increased, driven by the further promotion of proposal-based activities aimed at raising productivity and the development of organizational systems. Strong sales also continued for new air compressor products.

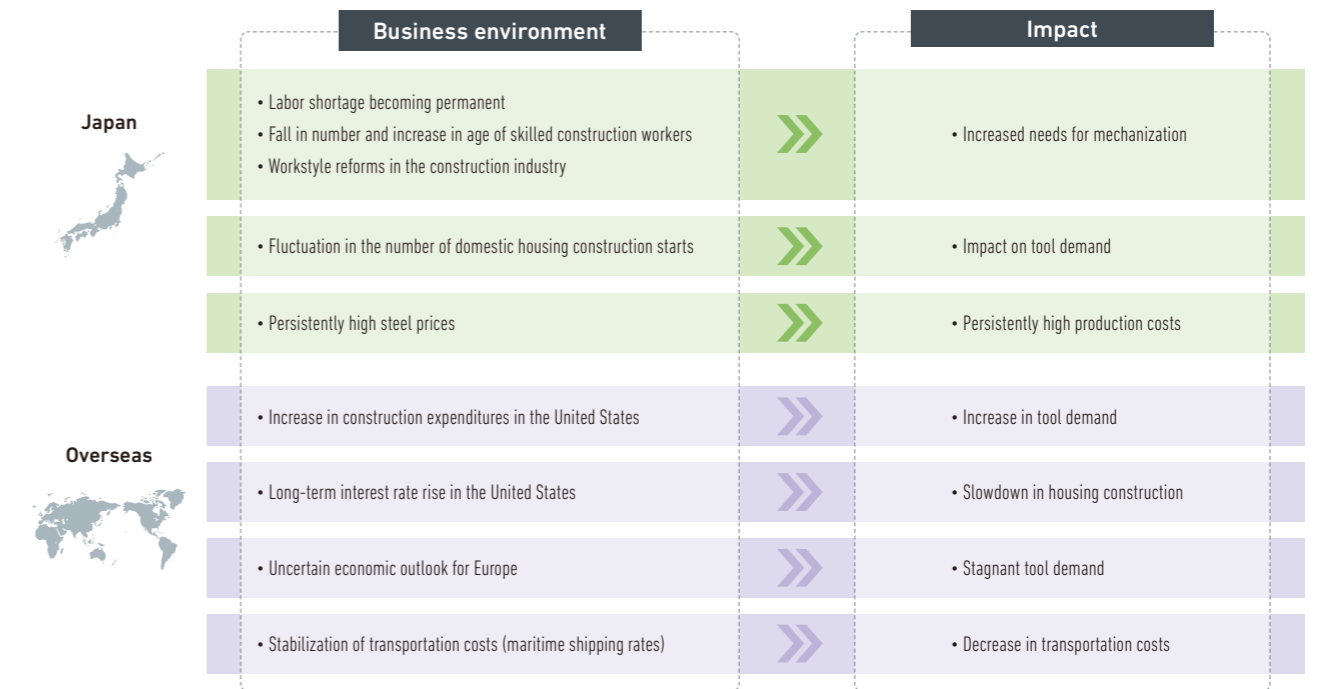
Overseas industrial equipment business

Sales of consumables for "TWINTIER" rebar tying tools grew against a background of insufficient labor at construction sites and robust investment in the non-housing construction market, which includes commercial buildings and expressways.

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, which is a focus of the segment, and the new-housing market.

Business Environment and Impact



Voices from the Field



▶ Industrial Equipment Sales Department
Sales Division
Joined the Company in 2014

I can confidently recommend our new air compressor product.

Our new air compressor product was launched in September 2022. I had to consider how best to communicate to our customers the appeal of our new products, the first full model change in about eight years. Working with my team, we conducted a comparison with existing compressors and product study sessions for our business partners. We also explored how our compressors are being used and are helping on the jobsite by visiting customers' jobsites and gathering feedback from the people who are actually using them, which enabled us to offer proposals better tailored to customers' needs. Customers gave positive reactions, telling us that they found the increased high-pressure zone discharge volume had improved operability, and that the easily detachable triple air tanks were just what they had wanted. As a sales representative, this has given me real confidence in recommending this product. We will continue to make proposals aligned to customers' jobsite needs based on their actual situations with the aim of contributing to more efficient jobsites.



▶ Home Environment Equipment Sales Department
Sales Division
Joined the Company in 2018

We will deliver products that enrich customers' lifestyles.

I have been working on expanding sales of "DRYFAN" for the renovation market. I collaborate with renovation service providers and distributors on proposal activities to help ensure safe and comfortable use of our products for many years. Different customers seek different value from a bathroom dehumidifier. Some are interested in the heating function as they live in a cold area; others have their eyes on the clothes drying function because they live in areas where it rains often. Therefore, I always start by ascertaining the problems that customers are facing. Moreover, through communication with our business partners, I am aware of picking up live feedback from the jobsites. Conversations with our business partners enable us to pick up live feedback, including points where "DRYFAN" is superior to other companies' products, the strengths of "DRYFAN" from the customers' perspective, and conversely, points for improvement. By doing this, I think that we can contribute to the creation of better products.

"DRYFAN" enriches our daily lives with a host of functions in addition to ventilation, including heating, clothes drying, and providing a cool breeze. We will continue to deliver products that enrich customers' lifestyles going forward.

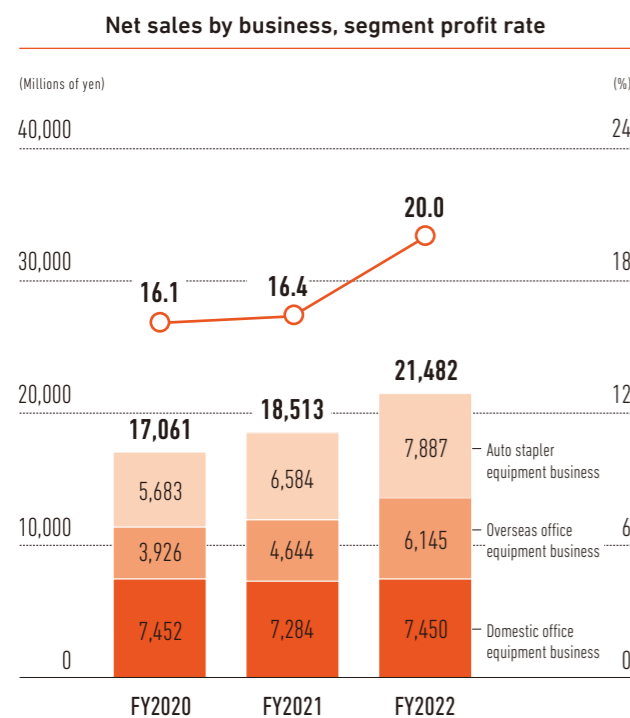
Office Equipment Segment



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 2022



Domestic office equipment business

Sales of labelling and signage products increased (for example, "Bepop" sign & label printing machines) due to proposal-based activities using web-based seminars and tradeshows.

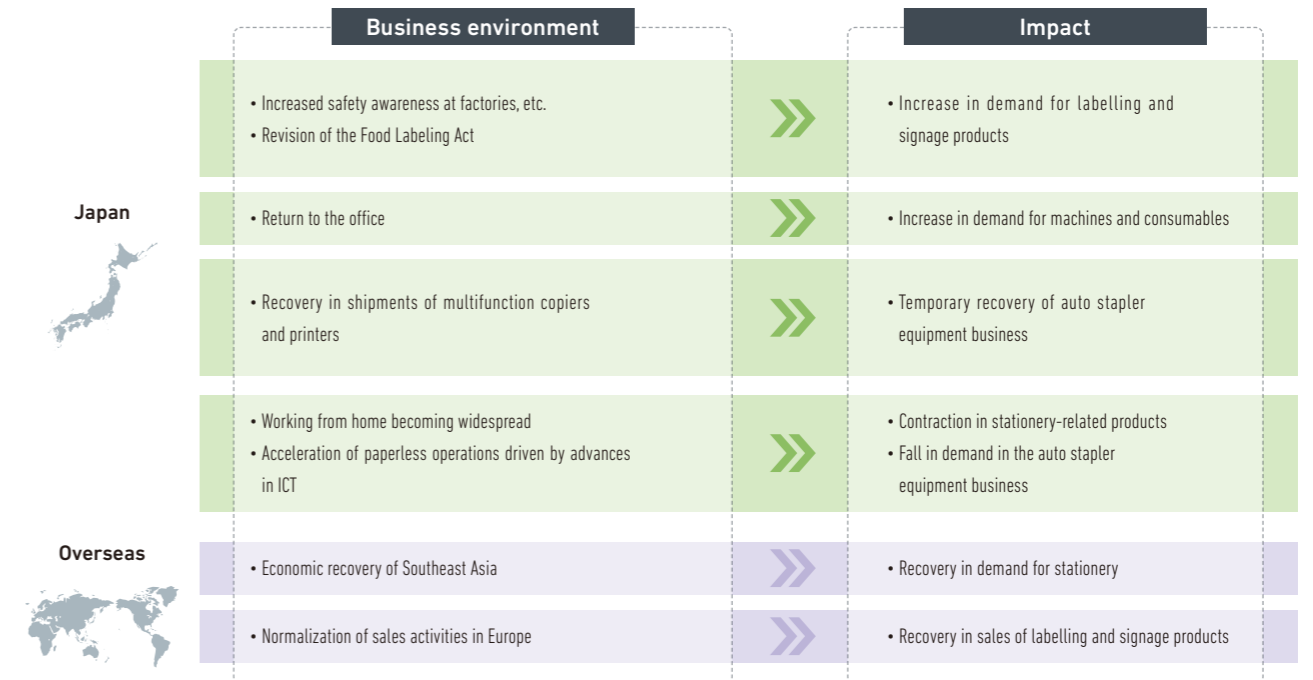
Overseas office equipment business

Sales of stationery-related products rose mainly in Southeast Asia, while sales of machinery and consumables for "Bepop" sign & label printing machines advanced thanks to strengthening of the Company's sales organization in Europe.

Auto stapler equipment business

Sales of auto staplers and dedicated consumables performed strongly in response to a shift of workers back to offices from remote work.

Business Environment and Impact



Voices from the Field



Office Products Sales Department
Sales Division
Joined the Company in 2021

MAX's strength lies in valuing its connection with customers.

I have been focusing on sales expansion activities for "Label Printer." This is a machine that prints the food labels created by establishments such as confectionery shops. The labels contain information such as the ingredients and best-before date of the product being sold. I visit the shops and listen to feedback directly in my proposal activities so that I can solve any issues that customers are having with creating labels. MAX uses a sales support tool to centrally manage day-to-day sales activities and customer information. In this way, even if the sales representative assigned to a customer changes, the new representative can pick up the customer's information and respond smoothly, even to sudden inquiries. We often hear from customers that they continue to use our products because they appreciate our detailed customer care. I think that MAX's strength lies in valuing its connection with customers. Moreover, I also studied the Food Labeling Act so that I can communicate correct labeling knowledge to customers, and I have obtained a qualification as a Food Labeling Adviser. I would like customers to feel confident that they can consult with MAX regarding labeling.



International Sales Department
Sales Division
Joined the Company in 2007

I will meet the needs of customers while listening to market feedback.

I have been assigned responsibility for overseas markets, primarily in Southeast Asia. As I was prevented from visiting the front lines during the COVID-19 pandemic, it was difficult for some time to ascertain changes in the markets, distribution, and consumer purchasing behavior. Although my activities were restricted, by taking measures such as proactively holding web conferences with local bases close to the market, I was able to plan and execute strategies for introducing and promoting the sales of new products, which resulted in year-on-year growth. By carefully listening to feedback from customers who actually sell or use MAX products, I strive to make proposals aligned with their needs. For our new stapler product (HD-10P), we employed soft colors that bring the essence of Japan to mind, and created sales promotion materials with Japanese seasonal themes, aiming to appeal to overseas customers unable to visit Japan due to COVID-19. This product was highly rated by our distributors and customers, and was popular alongside usual colors from its launch. Looking ahead, we plan to expand our product lineup in accordance with customer needs, while paying close attention to market feedback.

HCR Equipment Segment

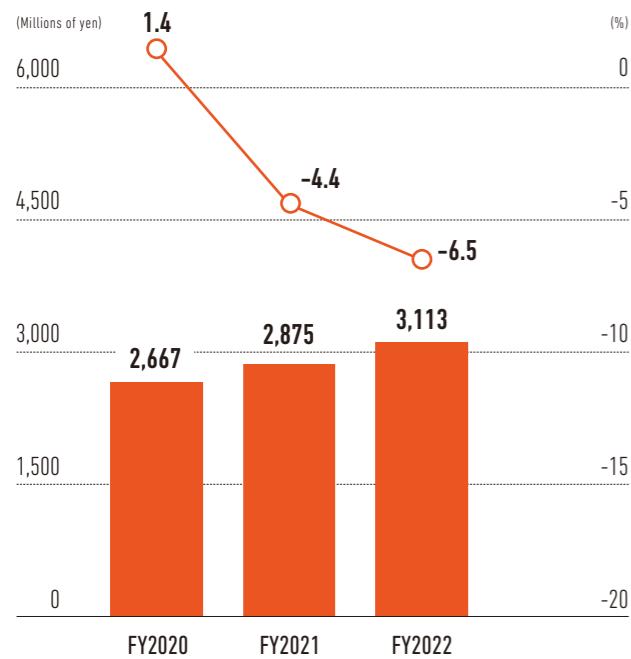


Main Business Activities

Manufacture and sale of wheelchairs and other welfare products

Financial Results for Fiscal 2022

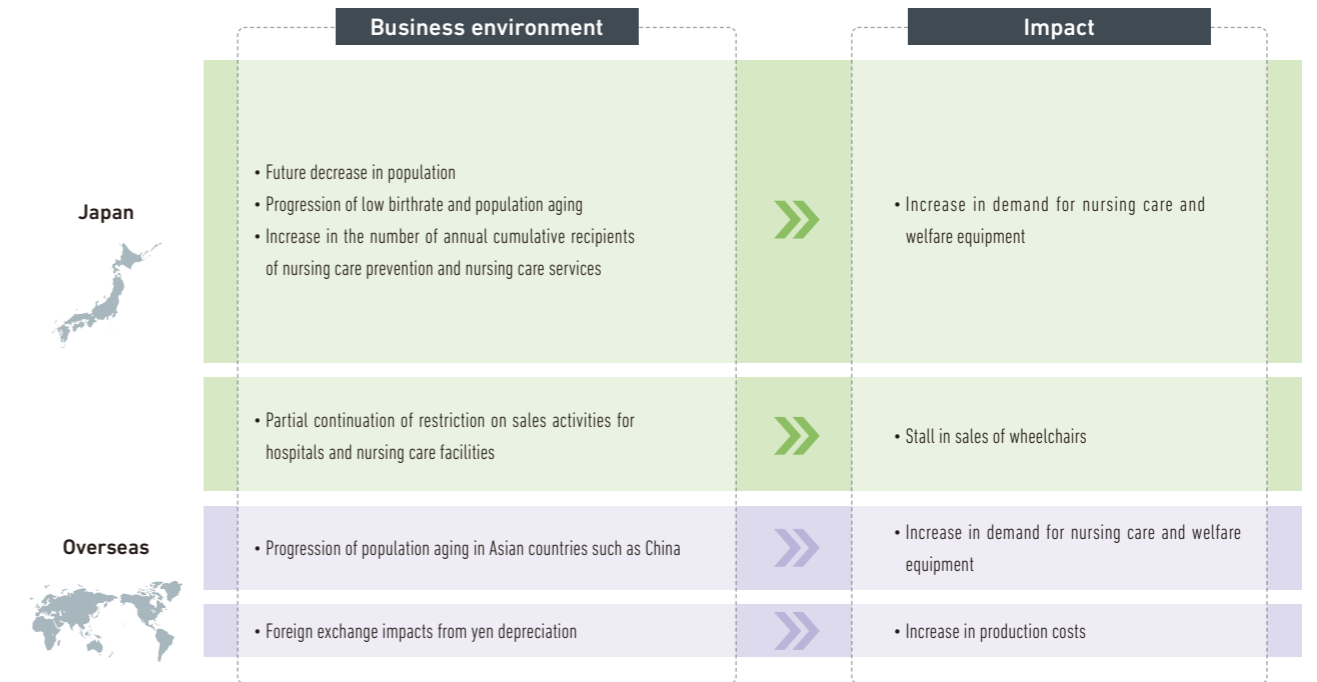
Net sales by business, segment profit rate



HCR business

As the result of proposals using tradeshows, etc., sales increased as awareness grew about the "WAVIT" series, the segment's core product line, and sales of wheelchairs to rental wholesalers were solid. However, profitability faltered under the impact of yen depreciation.

Business Environment and Impact



Voices from the Field



▶ CS & Sales Group
Kawamura Cycle Co., Ltd.
Joined the company in 2011

I think it is important to like the products myself.

In my role as a sales representative, I strive to communicate with customers and grasp their demands and challenges. Building trust relationships with them and understanding their thinking enables me to make proposals that meet their needs. Also, I feel that I can communicate my own thoughts by liking the products myself and enjoying my work.

My top recommended product is the "KXL" series. It was launched over 10 years ago and has been a popular product for many years. Simple, and yet highly functional, it has earned tremendous trust for customers. I can provide this product with confidence to both welfare equipment leasing service providers and medical equipment sellers.

My top recommended product
"KXL" series
<https://www.kawamura-cycle.co.jp/products/45>
(Japanese only)



▶ CS & Sales Group
Kawamura Cycle Co., Ltd.
Joined the company in 2017

When people try the product for themselves, they can feel the quality immediately.

I emphasize having people try our wheelchairs for themselves so that they can really understand the quality. When they actually sit in the wheelchair and push themselves around in it, they can immediately feel the difference. Furthermore, we make use of digital tools to increase operational efficiency so that we can focus on visiting customers. Sales representatives cover a wide area, and with cooperation from MAX, we have set up systems that enable us to respond to customers even when we are outside the office. Customers have voiced their appreciation for the speed of our responses. Looking ahead, we will work to achieve more efficiency so that we can respond even more quickly to even more customers.

My top recommended product
"WAVIT Roo+"
<https://www.kawamura-cycle.co.jp/products/86>
(Japanese only)



Solving 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 battery-operated 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]).



Promotion of environmentally friendly initiatives

Introduction of environmentally friendly products

Use of biomass materials

We have developed "Biomass Plastic Staple" and "Biomass CONI-CLIP" containing biomass materials as dedicated consumables for our "AIR PACKNER" and "CONI-CLIPPER" bag closing tools.

Previously, we used petroleum-derived plastics, but we are now working to reduce our environmental impact by incorporating a mix of plant-derived biomass material. Biomass plastic containing biomass material has been drawing attention for its ability to curb emissions of greenhouse gases compared with petroleum-derived plastics.



Paper tape that decomposes in soil

We have developed paper tape that decomposes in soil in about three months as a dedicated consumable for our "TAPENER" mechanical tape binding tool.

In the past, used tape has been incinerated together with discarded branches and stems, but an increasing number of regions have placed restrictions on incineration. In these cases, the tape is either buried or collected, but there has been an increasing resistance to burying among producers, while collection is problematic because of the required effort. Tape made from paper material will decompose in soil in about three months, reducing environmental impact and resolving these issues.



Switching from plastic packaging to cardboard

We launched a sustainable stationery series called "Re:max." With this series, we will contribute to the environment by developing stationery that moves away from plastic items and packaging and uses environmentally friendly materials. Our first initiative is the renewal of the "HD-10TL" stapler, changing from plastic packaging to cardboard.



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."



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 further progress in the 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, production, 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

The result was 99.5% against the fiscal 2022 target of curbing energy consumption per basic unit to 99.0% or less compared to that of the previous fiscal year.

Resource conservation/Recycling

We achieved 97.8%, meeting the fiscal 2022 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 93.6% against the fiscal 2022 target of a recycling rate of 96.1% 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 has been expanding its use of renewable energy, including the introduction of a solar power system at our third factory in Thailand, which started operations in March 2023.

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

We have selected six of the SDGs where MAX aims to contribute in particular based on our materiality (priority issues) and business characteristics. We believe we can contribute to the achievement of these six goals through our activities to resolve materiality issues and our business activities. We will think of a range of measures to achieve the SDGs and implement them, while identifying new opportunities for business growth, reducing our overall risk, and increasing value related to corporate sustainability.

Main SDGs targeted for contribution by MAX



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.

- Contribute to the creation of a comfortable working environment and living environment (decrease physical burden on jobsite workers, reduce occupational accidents, etc.)
- Provide manufacturing and customer support based on a thoroughly jobsite-oriented approach
- Construct mechanisms to maintain product supply even when risks such as disasters occur

- Respect the human rights of employees (development of a healthy and comfortable working environment)
- A company where it is rewarding to work
- MAX Fundamental Management Policy

- Engage in timely and appropriate information disclosure and communication
- Return profits to shareholders

- Strengthen relationships with major domestic and overseas suppliers through the MAX Collaboration Association
- Build trusting relationships through supplier audits and green procurement

- Save energy, reduce waste, and thoroughly manage chemical substances in manufacturing, etc.

- Make social contributions to areas around our factories (outsourcing staple packaging work to facilities for people with disabilities)
- Give donations in the event of a disaster (based on internal standards)
- "MAX's stories to be stapled on your heart" (a project to call up memories and events that you want to keep on your heart forever)

https://www.max-ltd.co.jp/about/cocoro_story/
(Japanese only)



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 2023, mid-career hires accounted for 9.4% of our workforce.

To promote the active participation of women, we aim for a female recruitment ratio of 20% for new graduates. In fiscal 2022, seven of 37 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 6.1% (as of March 31, 2023). 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 2022.

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 average 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. We also offer 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 average total annual working hours in fiscal 2022 was 1,901 hours, and the annual paid-leave usage rate exceeded 60%.

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, harassment, workplace communication, and whistleblowing. General employees conducted self-checks on the Group Employee Code of Conduct, daily activities, whistleblowing, and workplace communication.

As an industrial engineering (IE) examination certificate holder, I use my knowledge in team activities to develop young employees and help to increase the number of certified personnel.



▶ Tamamura Factory
Manufacturing Division
Joined the Company in 1996

I work in a team that enhances productivity, where we conduct jobsite improvements. Last year, I worked on standardizing parts picking operations, and achieved a Grade 1 certification in our in-house IE examination. In jobsite improvements, I think it is important to make use of data obtained from inspection and analysis. Previously, I used non-quantitative methods for communicating, saying "this way is faster" or "this way we can shorten the distance," but I found that people did not always understand my thinking. In studying IE methods, I recognized the importance of data. This has enabled me to communicate in a way that workers can accept, and have appropriate consultations with colleagues and supervisors. I also think it is important to listen to the opinions of the workers when making jobsite improvements. Whatever improvement measures are taken, ultimately it is the workers who do the work. Understanding problems from the workers' perspective and listening carefully to their opinions can build a trust relationship, and can also reveal issues and ideas that are not apparent in the data. Going forward, I will value communication with all the relevant parties and aim to achieve productivity improvements in an optimal environment where workers can work comfortably.

I am working daily to expand my technology knowledge and increase my skill to ensure that I can offer better products and services to our customers.



▶ IP Design Department
Research and Development Division
Joined the Company in 2021

Since joining the Company, I have been involved in designing power tools. Immediately after my assignment to this department, I learned about the basic operation and features of the products, while performing measurement operations such as signal waveform acquisition and current value measurement. Having acquired a deeper understanding of mechanical operations, I also conduct product data analysis. I conduct data analysis with the aim of improving functionality during development from the Company's perspective and improving jobsite productivity from the customer's perspective. In addition to the analysis, I also create operation improvement proposal documents from the analysis results, visit the actual jobsites and listen to the opinions of our customers. When we get positive feedback, I feel a real sense of job satisfaction, and this can also lead to the discovery of new challenges. Now when I look at a construction site, I find myself staring with interest to see what kind of tools are being used. Looking ahead, I aim to hone my data analysis skills while enhancing my observation powers, including jobsite environments, to continue creating value for customers.

Taking childcare leave gave me an opportunity to spend irreplaceable time with my family in a healthy way with my partner and child.



▶ Home Environment Equipment Sales
Department
Sales Division
Joined the Company in 1998

Due to circumstances at home, I took childcare leave twice (2012, 2016). The first time I took it, I had never heard of a man taking childcare leave, and I felt unsure about it. However, my boss and fellow team members accepted the idea easily, and I felt better about it. However, the fact is that the team members that I left behind had an increased load to bear. Before going on leave, I spent time on handing over my work, and carefully allocated my duties to others. Even so, I was aware that my colleagues would have an increased burden. These days, I feel that an increasing number of men take childcare leave. I think one of the reasons for this is that our work environment has changed and become more accommodating, with systems such as working from home and flextime. In the future, I would like to see work environments become even easier for people taking childcare leave. For example, in addition to systems that secure human resources, such as decentralization of work, and communication of stories from people who have taken leave, such as myself, I also think it would be effective to have communications from the Company in particular to encourage use of childcare leave.

Human resources data

Item	Breakdown	Unit	FY2022	FY2021	FY2020	FY2019	YoY difference
Employee status	Number of employees	People	976	971	953	942	5
	Men	People	887	888	876	873	-1
	Male ratio	%	90.9	91.5	91.9	92.7	-0.6 ppt
	Women	People	89	83	77	69	6
	Female ratio	%	9.1	8.5	8.1	7.3	0.6 ppt
	Average age of employees	Years old	42.2	42.7	42.9	43.2	-0.5
	Men	Years old	43.1	43.6	43.7	43.9	-0.5
	Women	Years old	33.6	33.3	33.6	33.8	0.3
	Average years of service for employees	Years	17.2	17.6	17.6	17.8	-0.4
	Men	Years	17.9	18.3	18.2	18.3	-0.4
Women	Years	10.0	9.7	10.3	10.8	0.3	
New hires	New hires	People	37	39	41	40	-2
	Men	People	30	34	31	31	-4
	Male ratio	%	81.1	87.2	75.6	77.5	-6.1 ppt
	Women	People	7	5	10	9	2
	Female ratio	%	18.9	12.8	24.4	22.5	6.1 ppt
Average salary	Yen	8,115,504	8,142,133	7,850,495	7,858,535	-26,629	
Number of employees with disabilities	People	18	18	18	18	0	
Employment ratio of people with disabilities	%	2.3	2.3	2.2	2.2	0.0 ppt	
(Reference)	Part-time workers	People	279	281	286	273	-2
	Men	People	47	47	45	40	0
	Male ratio	%	16.8	16.7	15.7	14.7	0.1 ppt
	Women	People	232	234	241	233	-2
	Female ratio	%	83.2	83.3	84.3	85.3	-0.1 ppt
Composition of managers	Number of managers	People	263	265	254	239	-2
	Men	People	260	262	251	236	-2
	Male ratio	%	98.9	98.9	98.8	98.7	-0.0 ppt
	Women	People	3	3	3	3	0
Female ratio	%	1.1	1.1	1.2	1.3	0.0 ppt	
Childcare leave	Number of employees taking childcare leave	People	14	5	4	6	9
	Men	People	7	5	1	1	2
	Women	People	7	0	3	5	7
	Return-to-work rate for employees who took childcare leave						
	Men	%	100.0	100.0	100.0	100.0	—
Women	%	100.0	100.0	100.0	66.7	—	
Nursing care leave	Number of employees taking nursing care leave	People	0	0	0	0	0
	Men	People					
	Women	People					
Total working hours	Average total annual working hours	Hours	1,901	1,941	1,929	1,956	-40
	Paid leave usage ratio	%	61.4	57.6	51.8	52.3	3.8 ppt
Annual paid leave	Number of days of paid leave taken	Days	13.8	13.0	11.8	12.4	0.8
	Average annual overtime hours	Hours	178	206	194	232	-28
Turnover	Turnover rate (including retirees)	%	2.2	1.9	1.8	2.7	0.3 ppt
Labor union	Number of union members	People	695	685	672	669	10

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 2022. In the event of an occupational accident, MAX shares information at all factories and implements improvement measures aimed at preventing any recurrence.

Human rights due diligence

The MAX Group has commenced due diligence initiatives for identifying, preventing, and mitigating negative impacts on human rights to fulfill our responsibility to respect human rights.

Going forward, we will take an overview of our business domains and supply chains to identify all human rights risks, and evaluate the seriousness of each risk to identify priority issues and examine specific countermeasures.

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.

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.

Endorsement of TCFD recommendations

The Company declared its endorsement of the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) by a resolution of the Board of Directors in September 2022. Recognizing that responding to climate change is one of our most important management issues, we will promote initiatives and information disclosure to reduce greenhouse gas emissions (hereinafter referred to as "CO₂," since CO₂ accounts for most of the greenhouse gases emitted by the Company), including identifying and addressing climate change-related risks and opportunities.

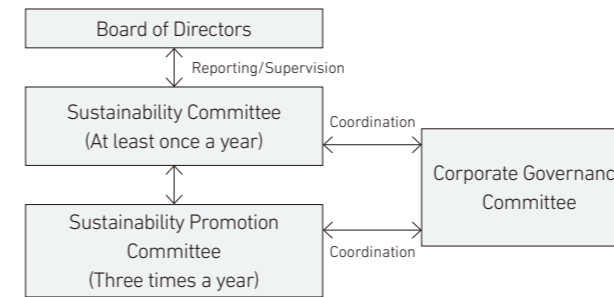
Governance

The Company has taken the following steps to promote sustainability activities, including its response to the issue of climate change. We established the Sustainability Committee (chaired by the President), as the decision-making body on sustainability strategies under the supervision of the Board of Directors. In addition, the Sustainability Promotion Committee (chaired by the director in charge of sustainability) was established as a subordinate body to the Sustainability Committee to promote various sustainability-related activities. The Sustainability Promotion Committee has met four times since October 2022. Since this was the initial fiscal year of its establishment, the status of deliberations was reported to the Board of Directors immediately after the meetings and sustainability activities have been promoted under supervision of the Board of Directors. Furthermore, in the Manufacturing Division, which has the most CO₂ emissions, energy-saving activities have been implemented under the supervision of the environmental committees, which were established in accordance with ISO 14001.

The Sustainability Committee reports to the Board of Directors regarding the status of its deliberations and recognized risks and opportunities related to climate change. It also reflects these in the Medium-Term Management Plan and business plans, aiming to integrate sustainability-related

activities and business strategies so as to sustainably increase corporate value.

Climate change-related activities are promoted through a system centered on the Sustainability Committee under the supervision of the Board of Directors.



Strategy

A scenario analysis was conducted regarding the impacts on the Company from climate change risks and opportunities.

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

Furthermore, to select and set up multiple temperature

range scenarios, we envisaged the world under two scenarios of an increase in average temperature based on scientific information, such as that of the Intergovernmental Panel on Climate Change (IPCC) and the International Energy Agency (IEA), to consider the impacts on the Group.

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.

Risk management

We conducted an identification of materiality (priority issues) as one of our sustainability-related activities. As a result, we found that our response to climate change is an extremely important issue from the perspectives of both our stakeholders and the Company itself.

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 and the IEA. Mainly transition risks/opportunities are manifested.	The RCP 8.5 scenario was used, by referring to information from the IPCC and the IEA. Mainly physical risks/opportunities are manifested.
Overview of results	Risk Climate change regulations and changes in consumer preferences will require increased costs and the development of environment-friendly products. 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.	Risk There is a risk of factory shutdowns and supply chain disruptions due to an increase in natural disasters. 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		
The Sustainability Committee is the central component of our system for promoting activities related to sustainability, including climate change issues. Under this system, we will refine our assessment of risks and opportunities and further develop our response measures.		

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	
Physical risks	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	
	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
	Market	Changes in demand	Building reconstruction needs increase due to the need to reinforce structures.	Major	Medium term to long term
Resilience	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

Climate change-related activities are promoted mainly by the Sustainability Promotion Committee, which is a subordinate body to 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.

Goals and results

In fiscal 2022, CO₂ emissions were 1,770 tons for Scope 1 (direct emissions from business), 13,658 tons for Scope 2 (indirect

emissions from power consumption), and 2,848,031 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 2,515,136 tons.

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

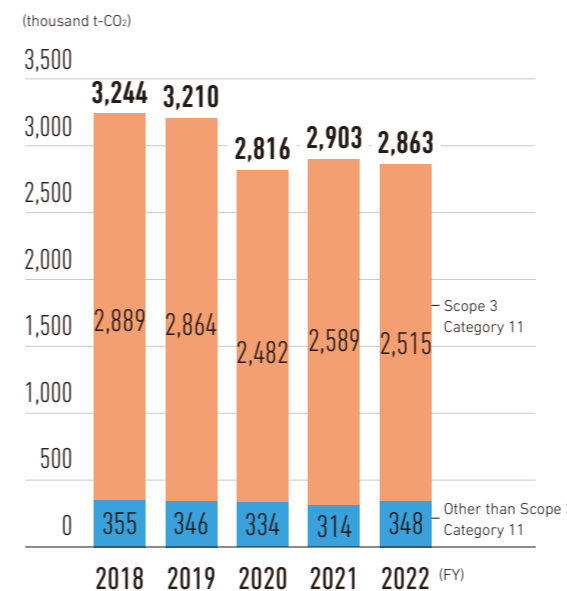
Initiatives and plans

Initiatives included increasing efficiency of air conditioning, converting lighting to LEDs, identifying and eliminating air leaks from air ducting in factory facilities, and switching from three shifts to two shifts for certain operations at factories to reduce equipment operation at night, as well as proactive capital investments for installation of solar power systems.

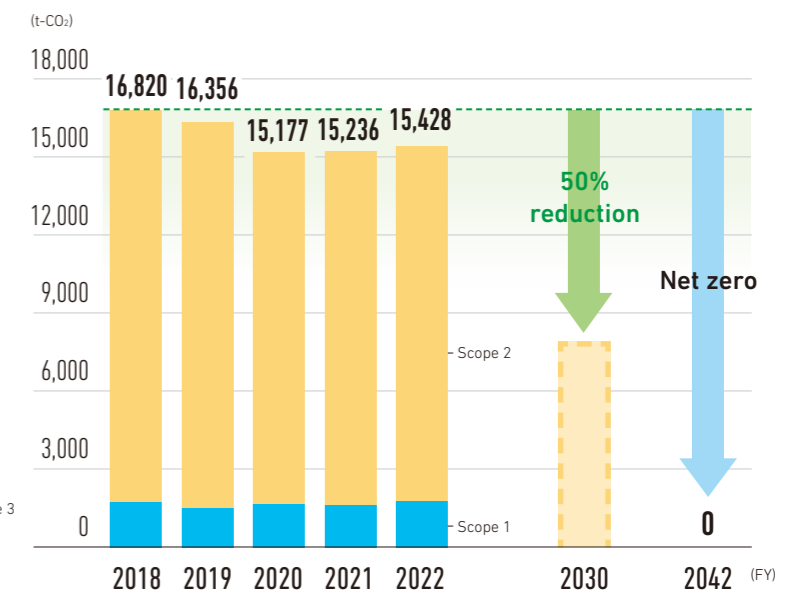
Looking ahead, we will promote these activities at even more locations, while constantly examining and implementing new measures and investments for reducing CO₂ emissions.

Item	Medium- to long-term goals	Fiscal 2022 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	15,428 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)	2,515,136 t

CO₂ emissions (Scopes 1, 2 and 3)



CO₂ emissions and goals in Scopes 1 and 2



* Past CO₂ emission volumes have been retroactively adjusted to reflect revised calculation method, etc.

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 production 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 Thailand, Malaysia, and China (Shenzhen and Suzhou). Kawamura Cycle Co., Ltd. also operates a factory in the city of Zhangzhou, Fujian Province, China.

Responsible procurement

MAX is committed to ensuring responsible procurement in order to realize a sustainable society.

We consider our suppliers of raw materials, parts, and other materials as important partners and strive to build relationships of trust through open, fair, and impartial transactions, and we promote responsible procurement throughout the supply chain.

Specifically, we have formulated the "MAX Group Sustainability Guidelines for Business Partners" and ask our suppliers to thoroughly respect human rights, protect the environment, and comply with laws and regulations throughout the entire supply chain, including suppliers of our suppliers.

In addition, we will visit our suppliers' factories and other sites as necessary to confirm compliance with these guidelines and for mutual communication. In the unlikely event that a problem that violates these guidelines should arise, we request that it be promptly reported and that efforts be made to remedy the situation. If appropriate improvements are not made by the supplier, we may take action such as suspending transactions.

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.

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.

MAX's production bases and main production items



Interview with Outside Director



Minoru Hirata
Outside Director
(Audit and Supervisory Committee Member)

Q What is your impression of MAX as a company?

My involvement with MAX began in 1977, when I was responsible for audit operations at the Company. After that, I covered MAX as a certified public accountant at the audit corporation until July 2011. Since that time, I have felt that a major defining feature of the Company is that even though its main products have changed over the course of its 80-year history, the Company's foundation as expressed in the MAX Company Creed and the MAX Fundamental Management Policy has remained unchanged. These clearly show the Company's true colors, and even today with the emphasis being placed on ESG and the SDGs, I realize once again that these do not need to be changed.

I have also had the impression, which has not changed since that time, that the concepts contained in the MAX Fundamental Management Policy are firmly instilled within the Company. The fact that monthly accounting reports are disclosed to employees and that divisions are made clearly aware of developments at other divisions can be seen as one aspect of "ethical and transparent management." In addition, each employee thinks about the Company from the perspective of a stakeholder, and there is little distance between officers and employees, which facilitates "management in which all employees participate." I believe that these aspects form the foundation that supports MAX's

current strong business performance.

I also have a high opinion of the enthusiasm that goes into development. It is by no means a coincidence that the "TWINTIER" battery-operated rebar tying tool featuring a new mechanism was released at the same time that growth in office equipment slowed as offices introduced paperless operations. Ideas and technologies that have been examined for a long time are incorporated into products based on market trends, leading to product value. Patent applications are also filed appropriately, so that when a patent is about to expire the next product is ready to be launched. I believe that this ability to continue releasing products that meet the needs of the time, with a sense of speed, is what makes MAX unique and sets us apart.

On the other hand, I also have a strong impression that MAX is a very solid company. It is true that the Company focuses on profitability rather than pursuing volume, things like capital investment are restrained, and there is little talk of M&As. It has been said in the past that the Company is excessively cautious and unwilling to take risks. Nevertheless, we are aggressively pursuing the target for strategic investment set in the current Medium-Term Management Plan, and I see the seeds being planted for new future businesses and expect these to yield results.

Q What is your view with regard to enhancing corporate governance?

I took office as an Outside Director in 2015, the year Japan's Corporate Governance Code was announced. Initially, we took the "Comply or Explain" approach that was prevalent at that time and issued our compliance status through the corporate governance report or other means. As for shortcomings in the compliance initiatives, we had no choice but to release them as is.

From 2018, however, we used an outside institution to conduct an anonymous questionnaire, and based on those results, an evaluation of the effectiveness of the Board of Directors was introduced, which in turn led to former President Mitsuteru Kurosawa taking the lead in working to improve items with low scores and laying out the improvement policy within the Board. For those of us who were Audit and Supervisory Committee Members, this change was extremely fortunate. It made it easier to express our opinions for improvement and played a major role in helping to get our ideas across.

After that, we introduced a variety of measures in rapid succession. In 2020, the Rules of the Board of Directors were revised with the introduction, in addition to items to be resolved and items that were reported, of "matters for discussion" on which opinions could be expressed before being put forward as resolutions. The Nomination Advisory Committee and the Remuneration Advisory Committee were also established. The whistleblowing system was also enhanced with the establishment of a third-party consultation desk in addition to the existing in-house consultation desk. In addition, a female outside director was elected at the General Meeting of Shareholders held in June 2023, and I feel that these changes are ongoing.

I believe that MAX's current structure can be seen as generally meeting the level expected in the Corporate Governance Code in terms of form. The next phase will be to use this in actual management and how we will act going forward.

Q What do you see as our future issues, and what direction the Company should aim for?

Bodies like the Corporate Governance Committee and the Sustainability Committee are in place, but what concrete results they produce can be seen as an issue going forward. And as I mentioned previously, greater risk sensitivity and faster growth are important. Although we have almost established structures for constant risk assessment and self-checks for managers and employees to reflect on their actions, risks change as business stages change. I would like to see further discussion of how to create a management structure that is able to anticipate future risks based on economic and social trends and to implement various countermeasures.

Furthermore, going forward, I believe we need to consider long-term strategies that go beyond the Medium-Term Management Plan. For a long time, the approach at MAX has been to set and work toward short-term targets for the next fiscal year based on a three-year plan, which has been the operational standard. We have not been trained to

act based on long-term plans, and I expect there to be situations going forward where difficult decisions will be involved. In addition, the Medium-Term Management Plan includes targets of ROE and PBR, but familiarity with these indices within the Company is weak and I believe we need to promote understanding through simple explanations that employees can understand.

MAX formulated a brand concept in 2021. This began with listening to proposals from employees, and this is producing an image of what MAX uniquely aspires to be in the future. This is the culmination of employees' awareness, so I believe we will be able to move forward in the direction set by this concept.

I hope that MAX will continue to advance with the aim to be a company that acts appropriately under any circumstances, plays a useful role in society, and generates profit, while utilizing the benefits of the management style developed to date in which all employees participate.

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 relentlessly pursue "customer value."

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

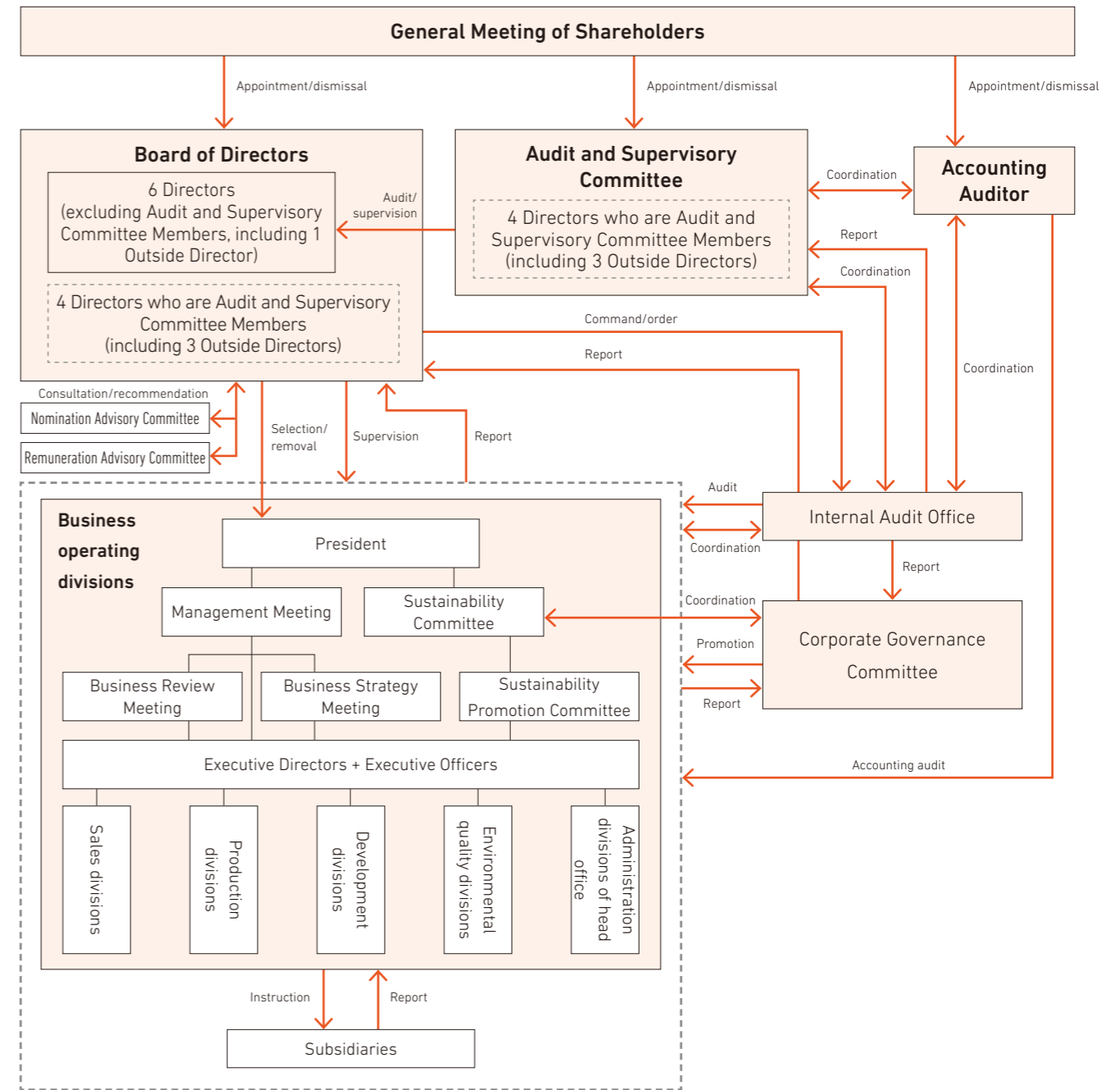
Overview of corporate governance system

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)	6 persons/1 year
Number/tenure of Directors who are Audit and Supervisory Committee Members	4 persons/2 years
Number of Outside Directors	4 persons
Voluntary committees	Nomination Advisory Committee, Remuneration Advisory Committee
Number of Outside Directors who are designated by independent officers	4 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
2023	Introduced restricted share-based remuneration plan Appointed a female outside director

Corporate governance chart (as of September 30, 2023)



Board of Directors

The Company's Board of Directors consists of six Directors (excluding Directors who are Audit and Supervisory Committee Members and including one Independent Outside Director) 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 17 times in fiscal 2022.

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 committee is chaired by a full-time Audit and Supervisory Committee Member.

It meets once a month and as necessary, and met 17 times in fiscal 2022.

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 five times in fiscal 2022. 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. Tatsushi Ogawa, Minoru Hirata, and Shoji Kiuchi were appointed as committee members, and Minoru Hirata 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 2022. 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. Tatsushi Ogawa, Asaka Kanda, and Shoji Kiuchi were appointed as committee members, and Shoji Kiuchi 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 five Directors (excluding Outside Directors and 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.

Sustainability Committee

In September 2022, the Company established the Sustainability Committee (chaired by the President) as a decision-making body for sustainability strategies under the supervision of the Board of Directors, and the Sustainability Promotion Committee (chaired by the director in charge of sustainability) as a subordinate body of the Sustainability Committee to promote various activities related to sustainability. The Sustainability Committee reports the

status of deliberations and other matters to the Board of Directors, reflects them in the Medium-Term Management Plan and business plan, and integrates sustainability-related activities and business strategies with the aim of sustainable enhancement of corporate value.

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

Name and members of the body (as of September 30, 2023)

Name	Position	Main bodies established						
		Board of Directors	Audit and Supervisory Committee	Nomination Advisory Committee	Remuneration Advisory Committee	Management Meeting	Corporate Governance Committee	Sustainability Committee
Tatsushi Ogawa	President	Chairperson	—	○	○	Host	Host	Chairperson
Yoshihiro Kaku	Senior 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	○	—	—	—	○	○	○
Masahito Yamamoto	Managing Director, Senior Executive Officer and General Manager of Sales Division in charge of Industrial Equipment Segment	○	—	—	—	○	○	○
Hideyuki Ishii	Director, Executive Officer and General Manager of Manufacturing Division	○	—	—	—	○	○	○
Koji Kato	Director, Executive Officer, General Manager of Research and Development Division and General Manager of Residential Environment OP Design Department	○	—	—	—	○	○	○
Kako Kurasawa	Outside Director	○	—	—	—	—	○	○
Tomohiko Nakamura	Director (Full-time Audit and Supervisory Committee Member)	○	Chairperson	—	—	—	○	—
Minoru Hirata	Outside Director (Audit and Supervisory Committee Member)	○	○	Chairperson	—	—	○	—
Asaka Kanda	Outside Director (Audit and Supervisory Committee Member)	○	○	—	○	—	○	—
Shoji Kiuchi	Outside Director (Audit and Supervisory Committee Member)	○	○	○	Chairperson	—	○	—
Daisuke Yasue	Executive Officer, Sales Division and General Manager of ICT Promotion Department	—	—	—	—	—	○	—
Takashi Iwamoto	Executive Officer in charge of Office Equipment Segment and General Manager of New Business Promotion Department, Sales Division	—	—	—	—	○	○	—
Shintaro Yoshida	Executive Officer, General Manager of Production Technology Department and General Manager of No. 2 Production Technology Department, Manufacturing Division	—	—	—	—	—	○	—
Akio Kitaya	Executive Officer and General Manager of Accounting Department in charge of General Affairs	—	—	—	—	○	○	○
Katsunori Manabe	Executive Officer, Manufacturing Division President of Kawamura Cycle Co., Ltd.	—	—	—	—	—	○	○
Hitoshi Igarashi	Executive Officer, General Manager of Environment and Quality Assurance Department and General Manager of Environment and Quality Group	—	—	—	—	—	○	○
Hideo Kashihara	Executive Officer and General Manager of Sales Management, Sales Division	—	—	—	—	—	○	—
Mitsugu Takezaki	Executive Officer and General Manager of IP Design Department, Research and Development 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 17/17
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 17/17
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 17/17
Kako Kurasawa	The Company has elected Kako Kurasawa because it has determined that she is qualified to serve as Outside Director of the Company, considering that she has been involved in sustainability-related business in her previous and current positions, and in addition to her expertise in sustainability, she has experience working overseas in the manufacturing industry.	—

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 2023 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 repeated discussions on themes such as initiatives for improving sustainability and ensuring diversity of human resources, along with the publication of the Integrated Report in October 2022. 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 introduced restricted share-based remuneration at the 92nd Ordinary General Meeting of Shareholders in June 2023. As a result, the Company's executive remuneration, etc., comprises three elements: monthly remuneration (fixed remuneration), performance-linked remuneration (executive bonus), and restricted share-based remuneration. With respect to the shares granted, the Company's prescribed restricted transfer agreement is to be concluded, which restricts subject Directors from disposing of the shares through transfer until they retire or resign from the position predetermined by the Board of Directors of the Company. The ratio of each remuneration is designed to be generally 50% for fixed remuneration, 35% for executive bonuses, and 15% for share-based remuneration, although the ratio of executive bonuses

may vary depending on the Company's business performance.

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, the executive bonus proposal to be submitted to the General Meeting of Shareholders, the amount of executive bonus for each individual Director, and the amount of restricted share-based remuneration to be granted to each individual Director are resolved at the meeting of the Board of Directors following deliberations by the Remuneration Advisory Committee, which is an advisory body to the Board of Directors and consists of a majority of 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, the Company 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 Department. At the Summit, participants share information on the status of internal audits and risk

Composition of executive remuneration

	Monthly remuneration (fixed remuneration)	Performance-linked remuneration (executive bonus)	Restricted share-based remuneration (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 Outside Directors and 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.	The amount of remuneration credits to be granted to each subject Director is calculated by multiplying the base remuneration amount by a coefficient established for each executive position based on his/her role and responsibilities, and after determining the number of shares corresponding to the calculated amount, it is granted based on a resolution of the Board of Directors.
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 (excluding Directors who are Audit and Supervisory Committee Members)	182	102	80	—	4
Directors (Directors who are Audit and Supervisory Committee Members) (Outside Directors)	43 (25)	43 (25)	—	—	5 (3)
Total (Outside Directors)	225 (25)	145 (25)	80	—	9 (3)

Notes:

- The amounts paid to Directors (Directors who are 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 92nd Ordinary General Meeting of Shareholders held on June 28, 2023.
- The actual amount of the result distribution profit for fiscal 2022, which serves as a performance indicator, was ¥14,338 million.

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, the Company 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, the Company 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

(As of September 30, 2023)



Directors*

* Excludes Directors who are Audit and Supervisory Committee Members

A Tatsushi Ogawa

President

April 1988 Joined the Company
 April 2015 Executive Officer, General Manager of Design Development Department, Research and Development Division and General Manager of Design Quality Evaluation Group
 April 2017 Executive Officer, General Manager of Research and Development Division, General Manager of Design Development Department and General Manager of Design Quality Evaluation Group
 October 2019 Senior Executive Officer, General Manager of Research and Development Division, General Manager of Design Development Department and General Manager of Design Quality Evaluation Group
 June 2020 Director, Senior Executive Officer and General Manager of Research and Development Division
 June 2021 Managing Director, Senior Executive Officer and General Manager of Manufacturing Division
 June 2023 President (present position)

B Yoshihiro Kaku

Senior Managing Director

April 1985 Joined the Company
 April 2012 Executive Officer and General Manager of Corporate Planning Department
 June 2013 Director, Executive Officer and General Manager of International Sales Department, Sales Division
 October 2013 Resigned as Director due to the Company's transition to a company with an Audit and Supervisory Committee; Managing Director, Senior Executive Officer and General Manager of International Sales Department, Sales Division
 June 2015 Executive Officer and General Manager of International Sales Department, Sales Division
 April 2017 Managing Executive Officer and General Manager of Sales Management, Sales Division
 April 2018 Managing Executive Officer in charge of Office Equipment Segment and General Manager of Sales Management, Sales Division
 October 2018 Senior Executive Officer in charge of Office Equipment Segment and General Manager of Sales Management, Sales Division
 June 2021 Director, Senior Executive Officer in charge of Office Equipment Segment, General Manager of Administration Group and General Manager of Sales Management, Sales Division
 October 2021 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
 April 2022 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
 October 2022 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
 June 2023 Senior 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)

C Masahito Yamamoto

Managing Director

April 1987 Joined the Company
 April 2007 Representative Director and President of MAX USA CORP. (attached to the International Sales Department, Sales Division of the Company)
 April 2017 Executive Officer, General Manager of International Sales Department, Sales Division, General Manager of IP Division and in charge of RB Business Planning Department
 April 2018 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
 October 2018 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
 June 2020 Director, Senior Executive Officer and General Manager of Sales Division
 April 2021 Managing Director, Senior Executive Officer and General Manager of Sales Division
 April 2023 Managing Director, Senior Executive Officer and General Manager of Sales Division in charge of Industrial Equipment Segment (present position)

D Hideyuki Ishii

Director

April 1989 Joined the Company
 April 2014 Representative Director and President of MAX (THAILAND) CO., LTD. (attached to the Manufacturing Division of the Company)
 October 2019 Executive Officer, Representative Director and President of MAX (THAILAND) CO., LTD. (attached to the Manufacturing Division of the Company)
 April 2020 Executive Officer and General Manager of Manufacturing and Logistics System Department, Manufacturing Division
 October 2020 Executive Officer and General Manager of Manufacturing Department, Manufacturing Division
 June 2023 Director, Executive Officer and General Manager of Manufacturing Division (present position)

E Koji Kato

Director

October 2004 Joined the Company
 April 2021 Executive Officer and General Manager of Design Development Department, Research and Development Division
 June 2021 Executive Officer, General Manager of Research and Development Division and General Manager of Design Development Department
 April 2022 Executive Officer, General Manager of Research and Development Division and General Manager of Residential Environment OP Design Department
 June 2023 Director, Executive Officer, General Manager of Research and Development Division and General Manager of Residential Environment OP Design Department (present position)

F Kako Kurasawa

Outside Director

April 1986 Joined Komatsu Ltd.
 April 2009 General Manager of CSR Division, Komatsu Ltd.
 April 2019 Trustee of Foundation for Advanced Studies on International Development (present position)
 April 2021 Deputy General Manager of Sustainability Promotion Division and General Manager of CSR Division, Komatsu Ltd.
 September 2022 Principal of Sustainability Division, CEO Office, Tokio Marine Holdings, Inc.
 June 2023 Outside Director of the Company (present position)
 [Significant concurrent positions outside the Company]
 Trustee of Foundation for Advanced Studies on International Development

Directors' Skills Matrix

Name	Position in the Company	Basic business function						The Company's strategy		
		Business management	Sales	Technology	Sustainability	Accounting	Legal affairs	Human resources	Global business	Planning/New business
Tatsushi Ogawa	President	◎		◎						◎
Yoshihiro Kaku	Senior Managing Director	◎	◎		○	◎			◎	◎
Masahito Yamamoto	Managing Director	◎	◎	◎					◎	○
Hideyuki Ishii	Director	◎		◎	○				◎	
Koji Kato	Director			◎	○					◎
Kako Kurasawa	Outside Director				◎				◎	◎
Tomohiko Nakamura	Director (Full-time 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 who are Audit and Supervisory Committee Members

G Tomohiko Nakamura

Director

April 1984 Joined the Company
 April 2017 Deputy Manager of Marketing Group, Industrial Equipment Sales Department, Sales Division and Deputy Manager of Product Planning Group
 October 2019 General Manager of Marketing Group, Industrial Equipment Sales Department, Sales Division
 October 2021 General Manager of Corporate Planning Department
 June 2022 Director (Audit and Supervisory Committee Member) (present position)

H Minoru Hirata

Outside Director

September 1977 Joined Motoshima CPA Joint Auditing Office
 March 1992 Registered as certified public accountant
 July 1991 Employee of Asahi Shinwa Accounting Company (currently, KPMG AZSA LLC)
 June 2002 Senior Partner of Asahi Accounting Company (currently, KPMG AZSA LLC)
 August 2011 Established CPA Hirata Minoru Accounting Office (to present)
 June 2012 Outside Corporate Auditor of KANTO ISUZU MOTOR Co., Ltd. (present position)
 June 2015 Outside Director of the Company
 June 2016 Outside Director (Audit and Supervisory Committee Member) (present position)
 June 2017 Outside Auditor of Saitama Prefectural Credit Federation of Agricultural Cooperatives
 June 2021 Auditor of The Takasaki Shinkin Bank (present position)

[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

I Asaka Kanda

Outside Director

April 1993 Registered as attorney-at-law (Daini Tokyo Bar Association), Attorney-at-law of Ginza Higashi Law Office
 April 1999 Partner of Lexwell Partners
 May 2002 Partner of Nishi Shimbashi General Law Office
 June 2008 Outside Corporate Auditor of WIN INTERNATIONAL CO., LTD.
 December 2009 Partner of Waseda University Legal Clinic
 April 2010 Deputy Chairman of Daini Tokyo Bar Association
 June 2011 Substitute Outside Corporate Auditor of the Company
 April 2014 Outside Corporate Auditor of WIN-Partners Co., Ltd.
 March 2015 Vice President of Japan Federation of Bar Associations
 June 2015 Outside Director (Audit and Supervisory Committee Member) of WIN-Partners Co., Ltd. (present position)
 June 2016 Substitute Outside Director (Audit and Supervisory Committee Member) of the Company
 June 2018 Outside Director (Audit and Supervisory Committee Member) (present position)
 April 2019 Executive Governor of Japan Federation of Bar Associations
 April 2021 Chairman of Daini Tokyo Bar Association, Vice President of Japan Federation of Bar Associations
 June 2023 Outside Director of NIHON KAGAKU SANGYO CO., LTD. (present position)
 September 2023 Director of Tokyo Frontier Fund Legal Office (present position)

[Significant concurrent positions outside the Company]
 Director of Tokyo Frontier Fund Legal Office
 Outside Director (Audit and Supervisory Committee Member) of WIN-Partners Co., Ltd.
 Outside Director of NIHON KAGAKU SANGYO CO., LTD.

J Shoji Kiuchi

Outside Director

April 1983 Joined Kodaira City Hall
 June 1985 Left Kodaira City Hall
 April 1995 Registered as attorney-at-law (Daini Tokyo Bar Association), Partner of Murayama Law Office
 April 2001 Member of the Fixed Asset Evaluation Council of Kodaira City
 July 2004 Established Tsunokimizaka Law Office (to present)
 April 2006 Domestic Affairs Conciliation Commissioner of Tokyo Family Court (present position)
 April 2012 Member of Information Disclosure Review Committee of Kodaira City
 April 2013 Deputy Chairman of Daini Tokyo Bar Association
 May 2013 Legal Advisor of Kodaira City (present position)
 April 2016 Member of the Administrative Complaint Review Committee of Kodaira City (present position)
 June 2018 Substitute Outside Director (Audit and Supervisory Committee Member) of the Company
 April 2019 Executive Governor of Japan Federation of Bar Associations
 June 2020 Outside Director (Audit and Supervisory Committee Member) of the Company (present position)

[Significant concurrent positions outside the Company]
 Attorney-at-law of Tsunokimizaka Law Office

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 compliance with the Act on the Protection of Personal Information and the Copyright Act, 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 information 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.

There were no serious compliance violations in fiscal 2022.

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' decisions 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, battery-operated 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

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. 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 new infectious disease similar to 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)

	FY2021 (As of March 31, 2022)	FY2022 (As of March 31, 2023)
ASSETS		
Current assets		
Cash and deposits	23,302	27,615
Notes receivable-trade	323	350
Electronically recorded monetary claims-operating	1,102	1,276
Accounts receivable-trade	12,358	13,094
Marketable securities	4,810	6,203
Merchandise and finished goods	8,705	11,070
Work in process	992	989
Raw materials	1,487	1,806
Other	1,851	1,287
Allowance for doubtful accounts	(4)	(4)
Total current assets	54,930	63,688
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	10,445	11,317
Machinery, equipment and vehicles, net	4,231	4,334
Land	7,193	7,191
Leased assets, net	634	670
Construction in progress	1,042	754
Other, net	1,415	1,749
Total property, plant and equipment	24,963	26,017
Intangible assets		
Other	440	454
Total intangible assets	440	454
Investments and other assets		
Investment securities	23,766	20,701
Long-term loans receivable	101	75
Deferred tax assets	3,974	4,721
Other	876	1,092
Allowance for doubtful accounts	(9)	(9)
Total investments and other assets	28,709	26,582
Total non-current assets	54,113	53,054
Total assets	109,043	116,742

(Millions of yen)

	FY2021 (As of March 31, 2022)	FY2022 (As of March 31, 2023)
LIABILITIES		
Current liabilities		
Accounts payable-trade	4,223	4,204
Short-term loans payable	2,000	1,850
Lease obligations	195	247
Accounts payable	2,058	2,032
Income taxes payable	1,597	2,378
Accrued consumption taxes	162	110
Provision for bonuses	1,834	2,622
Provision for directors' bonuses	49	80
Provision for product warranties	213	154
Other	1,715	1,979
Total current liabilities	14,051	15,660
Non-current liabilities		
Long-term loans payable	—	125
Lease obligations	438	426
Deferred tax liabilities	15	6
Deferred tax liabilities for land revaluation	474	474
Provision for product warranties	12	15
Net defined benefit liability	10,618	10,669
Asset retirement obligations	154	141
Other	142	318
Total non-current liabilities	11,855	12,176
Total liabilities	25,907	27,836
NET ASSETS		
Shareholders' equity		
Capital stock	12,367	12,367
Capital surplus	10,517	10,517
Retained earnings	58,929	63,521
Treasury stock	(413)	(414)
Total shareholders' equity	81,401	85,992
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,143	1,547
Revaluation reserve for land	(339)	(339)
Foreign currency translation adjustment	1,773	2,854
Remeasurements of defined benefit plans	(943)	(1,260)
Total accumulated other comprehensive income	1,633	2,802
Non-controlling interests	100	110
Total net assets	83,136	88,906
Total liabilities and net assets	109,043	116,742

Consolidated Statement of Income

(Millions of yen)

	FY2021 [From April 1, 2021 to March 31, 2022]	FY2022 [From April 1, 2022 to March 31, 2023]
Net sales	73,958	84,316
Cost of sales	42,569	48,187
Gross profit	31,388	36,129
Selling, general and administrative expenses	23,889	26,203
Operating income	7,498	9,926
Non-operating income		
Interest income	68	80
Dividend income	130	174
Rent income	19	20
Foreign exchange gains	486	244
Subsidy income	36	—
Other	133	148
Total non-operating income	874	669
Non-operating expenses		
Interest expenses	57	41
Taxes and dues	5	5
Other	27	37
Total non-operating expenses	90	84
Ordinary income	8,282	10,510
Extraordinary income		
Gain on sales of non-current assets	3	33
Gain on sales of investment securities	—	9
Total extraordinary income	3	42
Extraordinary loss		
Loss on sales of non-current assets	0	0
Loss on abandonment of non-current assets	36	48
Loss on valuation of investment securities	—	18
Impairment loss	—	185
Total extraordinary loss	36	253
Net income before income taxes	8,249	10,300
Income taxes-current	2,462	3,456
Income taxes-deferred	(298)	(780)
Total income taxes	2,164	2,675
Net income	6,085	7,624
Net income (loss) attributable to non-controlling interests	(5)	5
Net income attributable to shareholders of parental company	6,090	7,619

Consolidated Statement of Comprehensive Income

(Millions of yen)

	FY2021 [From April 1, 2021 to March 31, 2022]	FY2022 [From April 1, 2022 to March 31, 2023]
Net income	6,085	7,624
Other comprehensive income		
Valuation difference on available-for-sale securities	(115)	404
Foreign currency translation adjustment	1,546	1,084
Adjustments relating to retirement benefits	(3)	(316)
Total other comprehensive income	1,426	1,172
Comprehensive income	7,512	8,797
(Breakdown)		
Comprehensive income attributable to shareholders of parental company	7,508	8,788
Comprehensive income attributable to non-controlling interest	3	9

Consolidated Statements of Changes in Net Assets

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

Fiscal year ended March 31, 2023 [From April 1, 2022 to March 31, 2023] (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	58,929	(413)	81,401
Changes of items during the period					
Dividends of surplus			(3,027)		(3,027)
Net income attributable to shareholders of parental company			7,619		7,619
Purchase of treasury shares				(0)	(0)
Net changes of items other than shareholders' equity					
Total changes of items during the period	—	—	4,591	(0)	4,590
Balance at end of the year	12,367	10,517	63,521	(414)	85,992

	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	1,143	(339)	1,773	(943)	1,633	100	83,136
Changes of items during the period							
Dividends of surplus							(3,027)
Net income attributable to shareholders of parental company							7,619
Purchase of treasury shares							(0)
Net changes of items other than shareholders' equity	404	—	1,081	(316)	1,168	9	1,178
Total changes of items during the period	404	—	1,081	(316)	1,168	9	5,769
Balance at end of the year	1,547	(339)	2,854	(1,260)	2,802	110	88,906

Consolidated Statement of Cash Flows

(Millions of yen)

	FY2021 [From April 1, 2021 to March 31, 2022]	FY2022 [From April 1, 2022 to March 31, 2023]
Cash flows from operating activities		
Net income before income taxes	8,249	10,300
Depreciation	2,811	3,022
Impairment loss	—	185
Increase (decrease) in allowance for doubtful accounts	2	(0)
Increase (decrease) in provision for bonuses	(1)	787
Increase (decrease) in provision for directors' bonuses	(8)	30
Increase (decrease) in provision for product warranties	88	(55)
Increase (decrease) in net defined benefit liability	(174)	(404)
Interest and dividend income	(198)	(255)
Interest expenses	57	41
Foreign exchange losses (gains)	(391)	(321)
Loss on abandonment of non-current assets	36	48
Loss (gain) on sales of non-current assets	(3)	(33)
Loss (gain) on sales of investment securities	—	(9)
Loss (gain) on valuation of investment securities	—	18
Increase (decrease) in deposits received from employees	(1)	0
Decrease (increase) in notes and accounts receivable-trade	(940)	(714)
Decrease (increase) in inventories	(2,230)	(2,329)
Increase (decrease) in notes and accounts payable-trade	523	(70)
Decrease (increase) in consumption taxes refund receivable	(778)	665
Increase (decrease) in accrued consumption taxes	(90)	(66)
Decrease (increase) in other assets	(26)	(115)
Increase (decrease) in other liabilities	229	199
Subtotal	7,154	10,924
Interest and dividend income received	240	280
Interest expenses paid	(62)	(40)
Income taxes (paid) refund	(1,703)	(2,915)
Cash flows from operating activities	5,629	8,248
Cash flows from investment activities		
Payments into time deposits	(791)	(727)
Proceeds from withdrawal of time deposits	—	976
Purchase of short-term and long-term investment securities	(1,204)	(2,603)
Proceeds from sales and redemption of short-term and long-term investment securities	3,900	4,818
Purchase of property, plant and equipment	(4,160)	(3,387)
Payments for retirement of property, plant and equipment	—	(32)
Proceeds from sales of property, plant and equipment	10	39
Purchase of intangible assets	(227)	(186)
Payments of loans receivable	(1)	(1)
Collection of loans receivable	36	31
Payments for asset retirement obligations	(4)	(14)
Cash flows from investment activities	(2,442)	(1,085)
Cash flows from financing activities		
Proceeds from loans payable	—	125
Repayments of loans payable	—	(150)
Purchase of treasury shares	(744)	(0)
Cash dividends paid	(2,290)	(3,024)
Repayments of lease obligations	(238)	(282)
Cash flows from financing activities	(3,274)	(3,332)
Effect of exchange rate change on cash and cash equivalents	1,102	721
Net increase (decrease) in cash and cash equivalents	1,014	4,552
Balance of cash and cash equivalents, beginning of the period	21,421	22,435
Balance of cash and cash equivalents, end of the period	22,435	26,987

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	Industrial Equipment Business Office Equipment Business HCR Equipment Business
Consolidated number of employees	2,486 (as of March 31, 2023)		
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 Takasaki Co., Ltd.
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 Production Bases

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

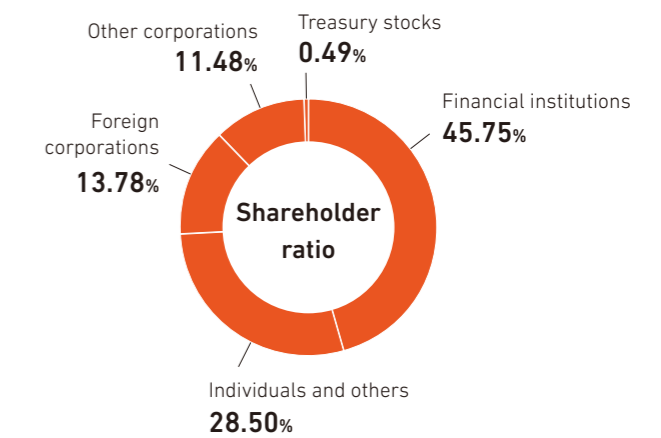
Stock Information

(As of March 31, 2023)

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	6,649 persons
Minimum trading units	100 shares

Distribution of Shares by Shareholder

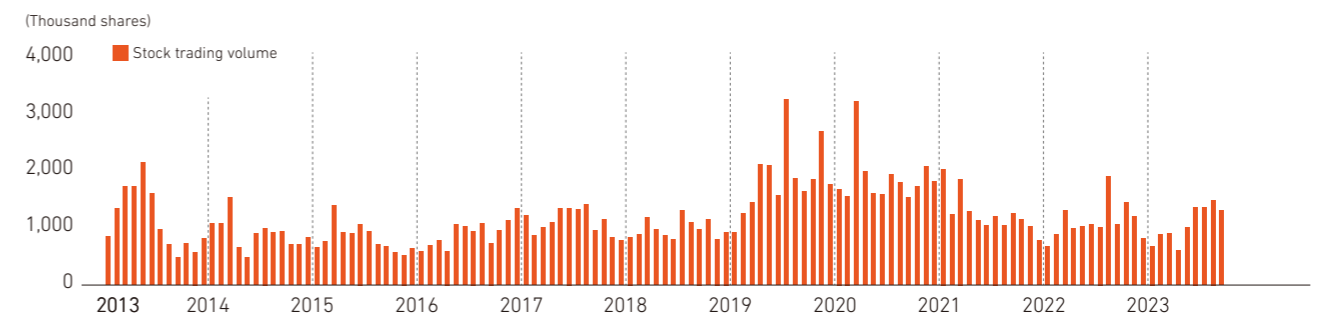
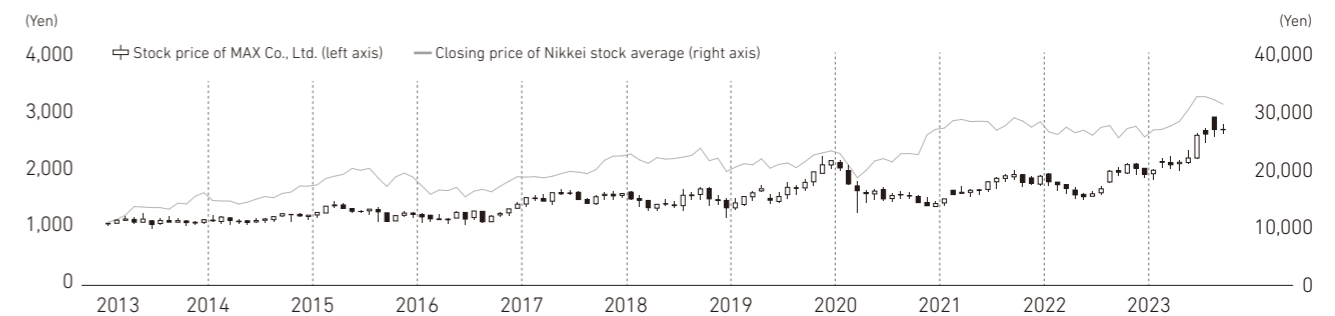


Major Shareholders

Shareholder name	Number of shares held (thousand shares)	Holding ratio (%)
The Dai-ichi Life Insurance Company, Ltd.	4,284	9.06
The Master Trust Bank of Japan, Ltd. (trust account)	4,180	8.84
MAX Kyoei Kai Dai-ichi Shareholding Association	3,909	8.27
Nippon Life Insurance Company	3,762	7.95
MAX Kyoei-kai Dai-ni Shareholding Association	3,298	6.97
Mizuho Bank, Ltd.	2,234	4.72
The Gunma Bank, Ltd.	2,114	4.47
Custody Bank of Japan, Ltd. (trust account)	1,946	4.12
MAX Employee Stock Ownership Plan	1,153	2.44
Nippon Steel Corporation	1,044	2.21

* The shareholding ratio is calculated by deducting 235,275 shares of treasury stock.

Stock Price/Stock Trading Volume (As of September 30, 2023)



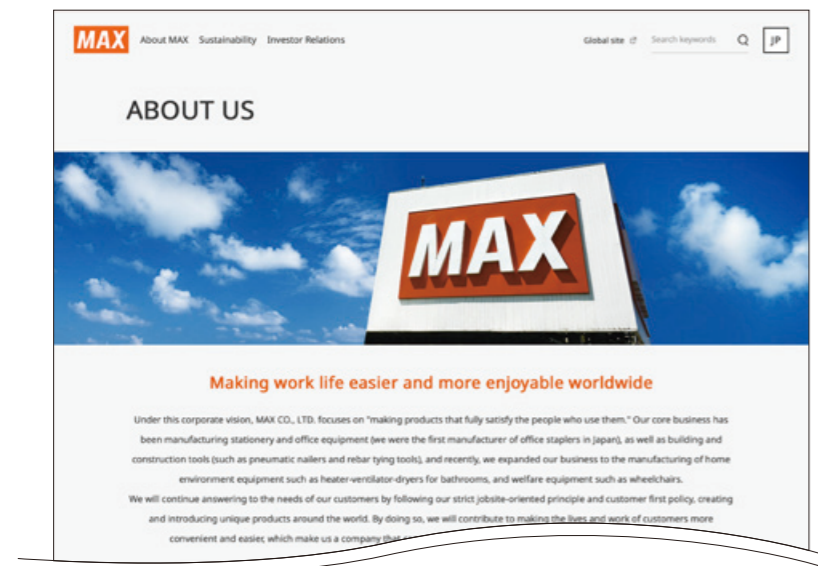
Editorial Policy

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/>



Period covered by the report

Fiscal year ended March 31, 2023 (April 1, 2022–March 31, 2023)

*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, 2023)

Guidelines referred to

"International Integrated Reporting Framework" by the IFRS Foundation

"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*

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