

#### 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.

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.



# **CONTENTS**

OUR FEATURES	3
History of MAX's Products and Technologies	6
Business Domains	8
Message from the President	10
Overview of New Medium-Term Management Plan (Fiscal 2024 through Fiscal 2026)	16
Message from the Director and General Manager of the Corporate Operations Division	22
Message from the Director and General Manager of the Sales Division	26
MAX's Value Creation Process	28
Materiality (Priority Issues)	30
Financial and Non-Financial Highlights	32
SPECIAL FEATURE: Toward Further Growth of the Rebar Tying Tool Business	34
Review of Operations by Segment	38
Industrial Equipment Segment	38
Office Equipment Segment	40
HCR Equipment Segment	42
Solving Social Issues through Our Activities	44
Our Approach to Sustainability	46
Realizing a Company That Allows People to Participate	48
Considering Human Rights	52
Contributing to a Sustainable Global Environment	56
Ensuring Responsible Supply	60
Dialogue among Outside Directors	62
Corporate Governance	66
Management Team/Skills Matrix	72
Compliance and Risk Management	74
Consolidated Financial Statement	76
Company Overview	82
Stock Information	83
Editorial Policy	84

# **OUR FEATURES**



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

Office Equipment segment

Industrial Equipment segment

HCR Equipment





# Unique business model

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











#### 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

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

#### Annual dividend per share

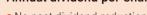
No past dividend reductions



04

# Strict adherence to the principle of three realities

Creating and introducing unique products by pursuing facts on the jobsite





collated nails released



Became a top nailer manufacturer by developing

Air compressor for nailers released



"TAPENER" mechanical tape

binding tool released

Electronic time recorder released

"Bepop" sign & label printing

machine released



Built-in auto stapler for multifunction copiers released



Hammer drills, concrete tools for professionals, released







**Entered the HCR business** 

Entered the concrete tool business and home environment equipment business

>2009

Acquired shares of

New concept products developed through the introduction of electronics technologies

in 1942

Business base established with stapler and hand tacker

pneumatic technology







"SUPER NAILER" highpressure nailer released



>2014

Acquired shares of

"TWINTIER" battery-operated rebar tying tool featuring the twin tier mechanism released

2023

Net sales

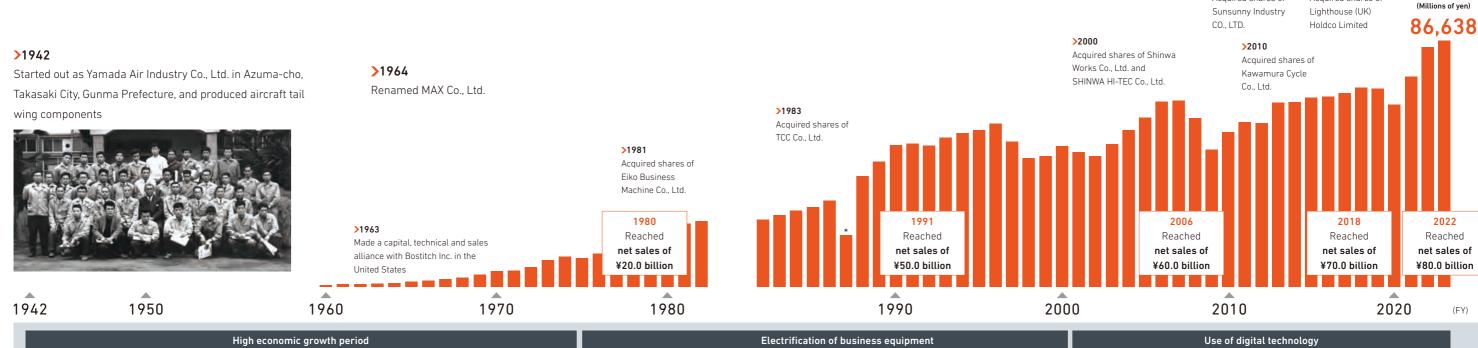
1970 High economic growth period

• Spotlight on export industries

• Central focus on paper materials

#### IT revolution

- Use of digital technology
- Further evolution of digital technology • Expansion of network environments
- Acceleration of digitalization and mobilization intelligence (AI)
- Promotion of digital transformation (DX) • Increased use of generative artificial



Automation of office work

for business machines

• Expansion of personal market

 $^{\star}$  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.

Advance of digital technology

• Popularization of the Internet

MAX CO., LTD. I Integrated Report 2024

Changes in Japan

and markets

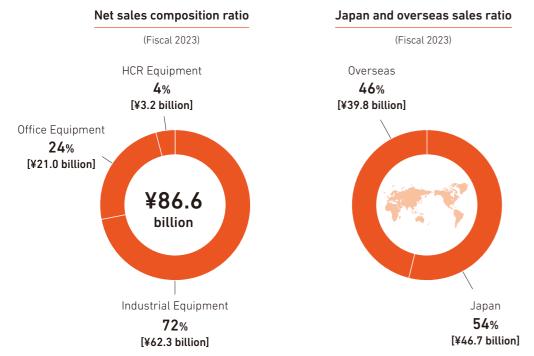
• Expansion of housing supply

• Growth of furniture industry

#### **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.

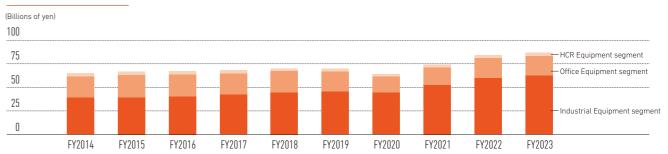




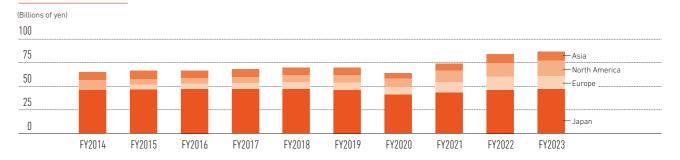
#### Office Equipment Segment Auto stapler equipment business Office equipment business Stationery-related products Labelling and signage products Auto staplers Staplers and staples Sign & label printing machines Auto staplers Punches Tube markers Main products Main products Staplers, punches, stamps, etc. Auto staplers, etc. Sign & label printing machines, tube markers, label printers, etc. Main customers and users Main customers and users Consumers, factories, confectionery shops, etc. Multifunction copier manufacturers, etc. Main sales areas Main sales areas Japan, Asia, Europe Japan, North America, Europe

# HCR Equipment Segment HCR business Nursing care and welfare equipment Standard wheelchairs Multifunction wheelchairs Main products Wheelchairs, walkers, etc. Main customers and users Consumers, hospitals, nursing care facilities, welfare equipment leasing service providers, etc. Main sales areas Japan, Asia

#### Net sales by segment



#### Net sales by region



#### Message from the President





# RESOLVING SOCIAL ISSUES with OUR PRODUCTS

With targets for the future, we will continuously pursue the challenge of achieving ongoing creation of corporate value.

Fiscal 2023, ended March 31, 2024, was the final year of the previous Medium-Term Management Plan and also the year during which we formulated and announced a new Medium-Term Management Plan. The year gave us a sense of dynamism as we prepared for our future vision while addressing the issues immediately in front of us.

The basic strategy of the new Medium-Term Management Plan is for MAX to "Create the Future." The plan sets targets and tasks for their achievement, and policies were formulated taking into account the opinions of various internal organizations. We will continuously pursue this challenge to achieve high corporate value in the future.

Achieving record profit and targets under previous Medium-Term

Management Plan in fiscal 2023

In fiscal 2023, the final year under the previous Medium-Term Management Plan, we were able to achieve record sales and profits at all levels. We were able to achieve record profits thanks to major progress in increasing earnings at domestic businesses, with a substantial 34.5% year-on-year increase in profit in the Industrial Equipment segment. As a result, ROE increased to 11.1%, surpassing our initial target of 8%.

In particular, sales of tools for concrete structures, which includes the rebar tying tool business, significantly surpassed the initial target of ¥22.0 billion, coming in at ¥30.4 billion. The overseas business benefitted from the yen's depreciation, and also saw growth in demand for rebar tying tools reflecting labor shortages and solid demand in non-housing construction markets. The European economy contracted owing to weak housing construction markets in Germany and northern Europe, but business in the United States was supported by solid continued investment in construction. We also adjusted prices in domestic and overseas businesses to reflect sharply higher raw material prices, which contributed to improved earnings along with strategic sales of priority products. The home environment equipment business also showed results from focusing on the housing stock market for renovation and replacement of heater-ventilator-dryers for bathrooms, the business's main product.

For investment for research and development, we have made ongoing investment totaling ¥11.7 billion over the past three years and acquired new technologies for market launches. In terms of creating new businesses, successful results included the launch of a "Rentool" business, which emerged from a Companywide internal business contest. In the area of digital transformation (DX) to strengthen our business foundation, we pursued DX strategies on the four themes along with our DX vision, leading to being named a "DX-certified Business Operator" by the Ministry of Economy, Trade and Industry in September 2023. Recently, under the central direction of the Integrated Digital Innovation Department, businesses and divisions (the Home Environment

Equipment Sales Department, customer service divisions, etc.) have been producing successful cross-organization results, and the domestic office equipment business and the domestic industrial equipment business have begun offering services using the Internet of Things (IoT).

These results show that during the period of the previous Medium-Term Management Plan, we recorded favorable business results overall and launched new initiatives, but the pace of final-year sales growth slowed from the previous year. If we take into account the positive effect on earnings from foreign exchange factors, we have reached a plateau. For the final year, it was time to stop and think about whether we have achieved satisfactory results when we look at the individual business and organizational levels, and we believed it was necessary to reflect this in the new Medium-Term Management Plan without forgetting the perspective of how every employee feels about the past three years. In terms of investment for growth, we have achieved only about 60% of our target. I believe we invested appropriately to the extent possible, but we need to increase the accuracy of our plans and execution. In addition, there was the issue of further increasing our planning capabilities and the speed of implementing initiatives.

In non-financial areas, we continued to strengthen our corporate governance and have made steady progress in environmental and social initiatives. At our Fujioka Factory in Gunma Prefecture, we have reduced our energy use and CO<sub>2</sub> emissions and improved work styles by thoroughly increasing operational efficiency and reducing late-night work. In response to the "2024 issue" of limits on truck drivers' overtime, MAX Logistics Warehouse Co., Ltd., which handles storage and shipment operations for MAX products, has worked with outside transportation companies and the Sales Division to change operations and reform work styles. In terms of environmentally friendly product development, for staplers in the "Re:max" sustainable stationery series launched in 2023, we continue to offer new solutions including a model packaged in a paper box, a model using scrap plastic and biomass plastic in the stapler cover, and a model with the stapler cover made by artisans upcycling leather and wood scraps. In the packaging market, we have begun selling biomass plastic staples for battery-operated bag closing tools. Sales of these products are not large at this time, but demand could shift toward sustainable stationery and consumables, and we intend to continue these activities going forward.



Launching new Medium-Term

Management Plan to lay foundation

for future growth

I consider our business environment for the period of the new Medium-Term Management Plan to be extremely uncertain, with concerns including foreign exchange rate movements, geopolitical risks including wars, sluggish economies in Germany and northern Europe, and rising costs. In addition, with regard to price revisions for products that supported earnings during the period of the previous Medium-Term Management Plan, price revisions not consistent with product value will lead to a decrease in the sales volume and negatively affect earnings. Our strategic concept under the new Medium-Term Management Plan, therefore, is first to aim for increased sales volumes, but given the uncertain business environment, we also need to strike a balance with costs.

Our deliberations on the new Medium-Term Management Plan were based on this business environment. Previous medium-term management plans at MAX set their sights three years into the future, which can lead to a limited short-term perspective looking only at those three years, while things like business growth strategies and investment for growth do not produce results until after the preparation period and period covered by the plan. Taking this into account, the new plan took the approach of setting a vision for where we want to be further into the future, in fiscal 2030. The three years covered by the new Medium-Term Management Plan are part of that process, so we examined the issues we need to address during those three years.

First and foremost is the importance of building a foundation for MAX's sustainable growth. Today, MAX's business results are underpinned by rebar tying tools, but in addition to an uncertain business environment, we see various

forms of competition emerging. In addition to addressing this competition and growing the business, at the same time, we need to cultivate several businesses as next core businesses to maintain earnings without interruption. Laying the course and building a solid foundation, and aiming for and achieving significant growth in the future is what we mean by "Create the Future." We have therefore decided to pursue the challenge to "Maximize corporate value by improving business profitability and return on capital."

The basic strategy of the new Medium-Term Management Plan has three strategies: "business strategy," "strengthening management infrastructure strategy," and "growth investment strategy." None of these three has priority over the others; we see them being linked with each other and intend to integrate their effects to produce growth. We previously emphasized business strategies, but strengthening the management infrastructure is essential for business growth and we cannot pursue major challenges without investment for growth. So, we will move forward with an awareness of the relationships among the three pillars. For example, one of our business strategies is "further growth of overseas businesses," and we have set targets of having overseas sales account for 50% of net sales during the period covered by the new Medium-Term Management Plan and more than 55% of net sales by fiscal 2030. At the same time, during this period, supporting earnings by "strengthening of domestic businesses" will be very important. To achieve these goals, acquiring, retaining, and training employees will be indispensable; this requires the strengthening of our "sustainability management (human capital)." In this way, we will work to increase the degree of integration of initiatives under each strategy and see this leading to achieving sustainable corporate growth.

The "launch of new businesses," one of the basic strategies of the previous Medium-Term Management Plan, underlies to some extent the "commercialization of new businesses" objective under the new plan. We are strongly aware internally of the necessity of strengthening existing



businesses including rebar tying tools while establishing new core businesses. The speed at which ideas become products and are introduced in markets is extremely important. We have put into place implementation policies to resolve various issues at related divisions for market launches. In addition, in terms of originating ideas, we continuously pursued activities for taking ideas for new businesses based on individual employee's experience and findings through to execution.

One of the three basic strategies is a growth investment strategy, and in the new Medium-Term Management Plan, we have laid out cash flow allocations for the three-year period,

business, we will implement policies for the further expansion of the housing stock business of renovation and replacement of heater-ventilator-dryers for bathrooms.

lead to MAX's growth.

The Office Equipment segment has significant growth potential in labelling and signage products including "Bepop" sign & label printing machines and "LETATWIN" tube markers, and will pursue proactive market development in the European and United States markets. In Japan, the relevant government and ministerial ordinances of the Industrial Safety and Health Act are being revised from 2023 through 2024, and new restrictions on chemical substances have been introduced, which require more autonomous management, such as the use of labeling, than ever before. We therefore strengthen further our initiatives to support the creation of labels and various safety displays by using "Bepop," which conforms to the new chemical substance regulations.

The HCR Equipment segment's business structure is easily affected by the yen's depreciation, in part because a large portion of its products are manufactured in China for sale in Japan. We are therefore putting greater effort into improving earnings through increased manufacturing efficiency and by bringing production in-house, and also aim to increase sales through the introduction of new products. Sales in Asia,

including a specific allocation of ¥12.0 billion as investment in business expansion, and have also clearly set a direction of expansion including mergers and acquisitions as one option. In addition to expanding sales channels, which is an important issue in determining where to invest for growth, we are considering business creation and looking at entire supply chains. Going forward, we will ascertain our own core operations and technologies with a view toward opportunities through cooperation with outside parties. I believe that this will

Closely following direction of growth
at each segment for balanced
investment of capital

Allow me to outline the policies and goals for each segment under the new Medium-Term Management Plan.

In the Industrial Equipment segment, we see the overseas industrial equipment business, including the agriculture and food equipment business, continuing to drive overall growth, and expanding our product lineups and sales channels are important themes. While working to improve earnings, the domestic industrial equipment business is also offering products and services to raise productivity at construction and building sites in the pursuit of efficient and safe operations at customers' building and construction sites. In December 2023, we carried out a full model change with the "TWINTIER RB-442T" battery-operated rebar tying tool, which was well received in the domestic market. We also began developing the product as RB443T for Europe and the United States in May 2024, and see this product contributing to us maintaining our competitive advantage. In the home environment equipment

including China, are showing a growth trend, and going forward we will work to increase sales and achieve stable profitability.

Addressing rising costs is a common issue for all businesses, and in addition to joint initiatives with cooperating companies, we will carry out capital investment as a strategy for strengthening management infrastructure to achieve further advances in areas including improved productivity, automation, and integrated manufacturing at production sites. We intend to carry out capital investment with a view toward the future while considering various related risks.

Human capital measures to become a "group in which everyone can grow together"

As we embark on new challenges for the future, a shortage of employees has become an issue. Businesses are growing while headcount increases are limited, and this is causing a sense of crisis at various divisions. We also are facing the situation of workers aging while the number of employees to whom they can pass on their skills is decreasing. We are therefore proactively pursuing a number of measures, and intend to hire 200 new graduates and mid-career hires during the period of the new Medium-Term Management Plan.

In addition, operations will come to a standstill if various divisions do not work together to address the complex issues involved in addressing recent business expansion and technological and environmental changes. This will require having unrestrained communication across divisions and

working across the organization. For example, we are beginning to see a certain degree of success in brand rebuilding and DX initiatives, and I believe that this is the result of the culture that has been cultivated.

Recognizing this situation, we are considering things like what kinds of skills are to be acquired, what careers (experience) need to be provided, and how to facilitate cooperation both internally and externally for employees and organizations in the future as policies for enhancing human capital, and we are planning their concrete introduction. There are a variety of Companywide, cross-organization, and business division issues including developing sales channels, creating innovation, transforming productivity, branding, promoting DX, and reforming the human resources system. Understanding the situation and planning implementation policies for employees and organizations will simultaneously increase the skills of both employees and organizations. I believe this will create significant strength for MAX to "Create the Future."

"Maximizing customers' potential" is the actual value MAX provides

MAX's corporate vision is "Making work life easier and more enjoyable worldwide." The value that MAX offers to achieve this vision is "Creating new standard and maximizing life fulfilment."

I see creating new standards being represented by the many products that MAX was the first to introduce to markets around the world and has since cultivated. When providing products and services, we hope that they are easy for users to use, that they increase operational efficiency, and that they can be used comfortably and safely, and by thoroughly pursuing what users really desire we can create new standards. Creating new standards also means creating global standards, and that is a major proposition.

In the fall of 2024, we released new products (stapler,

pneumatic tool, rebar tying tool using the loT, etc.) that pursue the challenge of these new standards. We are introducing these in a variety of ways in addition to exhibitions and press conferences. The value that MAX provides through our products and services addresses labor shortages, saves labor, and improves health and safety environments in the workplace and home. To do this, we use original technologies and concepts to create products and services the world has not seen, carry out optimal production that ensures quality, and provide products to customers. My hope is that turning this into a cyclical function by delivering products and services to customers and improving those based on customer feedback will lead to new standards. This makes it that much more important to maintain and emphasize the principle of three realities by visiting customers' worksites and listening directly to their feedback.

I hope you look forward to achieving the targets of the new Medium-Term Management Plan and pursuing the challenge of creating a future beyond that.

# Overview of New Medium-Term Management Plan (Fiscal 2024 through Fiscal 2026)

MAX announced a new Medium-Term Management Plan (fiscal 2024 through fiscal 2026) in April 2024. The new Medium-Term Management Plan is based on a review of the previous Medium-Term Management Plan, clarifies our ideal form for fiscal 2030, and sets out a plan toward its achievement.

We will pursue the new Medium-Term Management Plan with a view toward our ideal form for fiscal 2030, with the aim of continuously enhancing corporate value from a more medium- to long-term perspective.

#### Review of Previous Medium-Term Management Plan (Fiscal 2021 through Fiscal 2023)

- We recorded strong sales and profit at all levels during the period of the previous Medium-Term Management Plan on factors including growth in the rebar tying tool business, price revisions, and the yen's depreciation.
- As a result of the strong operating results, ROE improved to 11.1%, which exceeded the target of the previous Medium-Term Management Plan (8%) and the cost of equity (6% to 7%). The share price and PBR also rose significantly.
- Although the amount of net cash and deposits has increased, the ratio of net cash and deposits has been maintained at a certain level through growth investments and increased shareholder returns.
- Along with strengthened corporate governance, including the abolishment of anti-takeover measures
  and the appointment of a female outside director, information disclosure was expanded.

#### Results

All of the initial targets (announced in April 2021) were achieved, with a large contribution from growth of the rebar tying tool business

	Targets for previous Medium-Term Management Plan (FY2023)	FY2023 operating results	Progress rate
Net sales	¥72.9 billion	¥86.6 billion	119%
Operating profit	¥9.0 billion	¥12.6 billion	140%
Profit attributable to shareholders of parent company	¥7.0 billion	¥10.4 billion	149%
ROE	8.0%	11.1%	+3.1 ppt

#### Measures and evaluation for basic strategy

#### Basic strategy for Medium-Term Management Plan (FY2021 to FY2023) Growth of Accelerate the growth of the rebar tying tool business • Overseas expansion of agriculture and food equipment business overseas Active investment in priority regions business tying tools. Strengthen the infrastructure of highly profitable businesses usiness mod (domestic business) transformatio Promote activities in new markets Medium- to long-term R&D investment Launch of new Investment in domestic and overseas market development sales businesses commercialization. Strengthening Improve business productivity by utilizing digital technology Trade and Industry. · Realize a healthy and comfortable workplace at the Company management Strengthen ESG and brand power infrastructure

#### Measures and evaluation

- Overseas sales increased by ¥17 billion during the period of the previous Medium-term Management Plan.
- Rebar tying tool business grew 1.4 times more than expected.
   Established sales bases in Germany, etc. Completed the third factory in Thailand and expanded our supply capacity of consumables for rebar tying tools.
- In each domestic business, increased sales prices to absorb cost increases
- caused by soaring prices of various materials and a depreciating yen.
- Shift to stock business is progressing smoothly.
- Established a dedicated organization for new markets and held activities.
- Continued R&D investment (¥11.7 billion in the last three fiscal years).
- Established New Business Launch Project and utilized a subsidiary to launch the "Rentool" business.
- In the next Medium-Term Management Plan, we will accelerate activities toward commercialization.
- Recognized as a "DX-certified Business Operator" by the Ministry of Economy, Trade and Industry.
- Addressed the target of reducing total working hours per year to less than 1,900 hours. Actual result for fiscal 2023 was 1,879 hours.
- Supporting the TCFD and published an Integrated Report.

#### Significant improvement in both ROE and PBR

# The improvement in ROE was due to an increase in a profit margin resulting from a higher operating profit margin



#### Use of cash

#### Increased use of cash in growth investment and return to shareholders



Period of previous Medium-Term
Management Plan

#### New Medium-Term Management Plan (Fiscal 2024 through Fiscal 2026)

#### Ideal form for FY2030

We will continue to transform our business portfolio toward fiscal 2030 and aim to sustainably increase shareholder value and corporate value.



#### Basic strategy

#### Create the Future

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



#### Numerical targets (as of April 26, 2024)

For fiscal 2026, the final year of the new Medium-Term Management Plan, we are planning for net sales of ¥97.8 billion, with operating profit of ¥15.3 billion, an operating profit margin of 15.6%, and ROE of 10.7%.

	Plan		Medium-Term Man	agement Plan
	FY2024	% increase/ decrease	FY2026	Compound Annual Growth Rate (CAGR) for the period FY2023-FY2026
Net sales	¥89,800 million	+3.6%	¥97,800 million	4.1%
Operating profit	¥13,000 million	+3.2%	¥15,300 million	6.7%
Ordinary profit	¥13,000 million	-5.2%	¥15,300 million	3.7%
Profit attributable to shareholders of parent company	¥10,000 million	-4.2%	¥11,200 million	2.4%
Operating profit margin	14.5%	_	15.6%	_
ROE	10.0%	_	10.7%	_

#### Plan by Segment

Industrial Equipment Segment FY2026 net sales (plan)

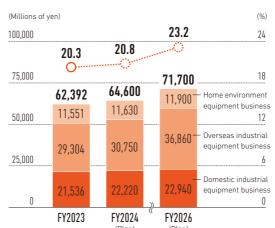
FY2023-2026 CAGR

¥71,700 million

4.7%

#### Priority policy Continue to expand business with a focus on domestic/overseas rebar tying tool business

#### Net sales by business, segment profit rate



#### Overseas industrial equipment business

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

#### Domestic industrial equipment business

- Make proposals using improved jobsite productivity as the key factor
- $\bullet$  Expand applications in construction and civil engineering markets

"TWINTIER" reb tying tool

#### products

Domestic/overseas rebar tying tool business

Home environment equipment business

• Continue expansion of housing stock business for renovation and replacement

• Continuously enhance our competitive advantages through investment in new

with heater-ventilator-dryers for bathrooms

#### Agriculture and food equipment business

- Expand the spread of "TAPENER" mechanical tape binding tools in the European, American, and Chinese markets
- Develop sales channels in untapped regions

Office Equipment
Segment

FY2026 net sales (plan)

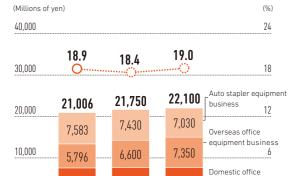
FY2023-2026 CAGR

¥22,100 million

**1.**7<sub>%</sub>

Priority policy Secure profitability by expanding labelling and signage products and overseas markets

#### Net sales by business, segment profit rate



FY2024

FY2026

FY2023

#### Overseas office equipment business

- Expand sales of labelling and signage products such as "Bepop" sign & label printing machines and "LETATWIN" tube markers in the European and American markets
- Secure stable sales of stationery-related products in ASEAN region

#### Domestic office equipment business

- Use ICT to strengthen customer contacts and improve sales productivity
- Expand sales of "Bepop" sign & label printing machines for workplace health and safety signs applications



equipment busines

"Bepop" sign 8 label printing machine



HCR Equipment Segment FY2026 net sales (plan)

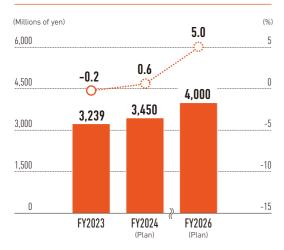
FY2023-2026 CAGR

¥4,000 million

7.3%

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

#### Net sales by business, segment profit rate

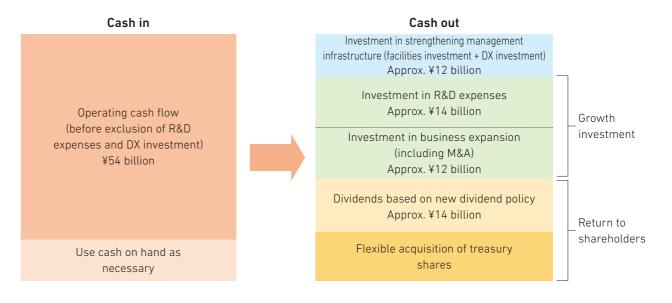


- Continue to increase profitability through productivity improvements and in-house production at factory in China
- Maintain and expand net sales through continuously launching new products
- Expand sales in overseas markets with a focus on China



#### **Cash Flow Allocation**

Making effective use of the cash generated by main businesses and cash on hand will lead to continuous growth while also providing appropriate shareholder returns.



#### Dividends Policy and Dividends per Share

#### New dividend policy (changed from FY2024)

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

#### Annual dividend per share





# Significant results achieved under previous Medium-Term Management Plan in terms of both business performance and structure

Looking back at the previous Medium-Term Management Plan, we achieved all of our major performance indicators, with net sales of ¥86.6 billion versus the Plan's final-year target of ¥72.9 billion, operating profit of ¥12.6 billion versus a ¥9.0 billion target, profit attributable to shareholders of parent company of ¥10.4 billion versus a ¥7.0 billion target, our first double-digit ROE of 11.1% versus a target of 8.0%, and a PBR of 1.52 compared with 0.99 in fiscal 2020. Over the past two fiscal years, we have set record highs for major performance

indicators while also achieving an operating profit margin of 14.5%, giving a sense that we have firmly established earnings strength. We are also aware that investors and markets have recognized to some degree our increase in the PBR along with the higher ROE.

These results can be seen as the result of sales growth at the rebar tying tool business, primarily in overseas markets, and the steady implementation of business model transformation and price revisions primarily in domestic operations. Exchange rate movements with the yen's depreciation also had a positive impact, making the results appear better than they actually were. Looking at individual businesses, it is true that there are some businesses where profitability remains an issue. This makes me believe even more that we cannot be satisfied with these results and that we need to add strength to increase earnings and grow businesses while also working to enhance return on capital and corporate value.

The previous Medium-Term Management Plan contained four basic strategies: "growth of overseas business," "business model transformation," "launch of new businesses," and "strengthening management infrastructure."

In terms of the growth of overseas business, the size of our business in overseas markets has grown significantly, to \$39.8 billion and the overseas sales ratio was 46.0%.

We have pursued business model transformation primarily through initiatives in Japan. We have steadily implemented a transformation of the business portfolio with the office equipment business shifting from stationery to labelling and signage products, the industrial equipment business shifting from tools for wooden structures to tools for concrete structures, and the home environment equipment business shifting from new installations to replacement.

To launch new businesses, we established a new dedicated department that is working to promote new businesses, and in September 2023, successes included the launch of the "Rentool" business, a service created as part of an internal business contest.

We are strengthening management infrastructure using digital technologies to create new customer value and increase operational productivity. Under our DX vision of "With DX that connects, we create new inspiration," we continue to work on 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," and in September 2023 we were recognized as a "DX-certified Business Operator" by the Ministry of Economy, Trade and Industry. We are also emphasizing investment in human capital, making priority investments in human resources training and career development, while working to allow each employee to have both stable daily lives and active participation at the Company through initiatives including carrying out an engagement survey and achieving the targeted average total annual working hours under 1,900 hours.

Another item to mention is the proactive injection of funds made during the period covered by the previous Medium-Term Management Plan compared with the preceding period. This included ¥11.7 billion for R&D investment, which is essential for business growth, and ¥10.9 billion for capital investment that underpins business operations. Regarding returns to shareholders, we revised our dividend policy in 2022 and during the period covered by the previous Medium-Term Management Plan we paid dividends totaling ¥9.0 billion, while also carrying out treasury share purchases in the amount of ¥3.2 billion.

We also worked to strengthen corporate governance during the period covered by the previous Medium-Term Management Plan. First, recognizing that the enhancement of corporate value is itself a management issue for all stakeholders, we abolished the anti-takeover measures that had been in place for many years. We also worked to strengthen the governance structure and increase diversity by increasing the number of outside directors and by electing female directors. In 2023, we also introduced restricted share-based remuneration (RS) for directors and employees. These measures are intended to provide an incentive for directors and employees to increase corporate value and align their outlook with those of outside stakeholders.

In addition, we are strengthening information disclosure and dialogue so that all investors can understand these initiatives. We are having more individual meetings with institutional investors, and I feel that through this direct dialogue we have had many opportunities to get an impression of the high evaluation and expectations being placed on MAX. We are also expanding disclosure through our investor relations website and the Integrated Report.

These proactive activities in a range of areas have led to results that have surpassed our targets, but issues remain.

In terms of business operations, I believe the overseas rebar tying tool business, which drives our growth, needs to aim to increase sales in existing markets while also expanding into undeveloped areas. Domestically, price revisions and business restructuring have strengthened our underlying structure, and we recognize that we have to achieve continuous growth by increasing priority business and product sales volumes. If we can achieve these goals, I believe we will be able to achieve stable growth even if foreign exchange rates move in the direction of a stronger yen.

# New Medium-Term Management Plan includes new challenges in terms of financial indicators and capital policies

Previous medium-term management plans were formulated based on earnings plans, with issues for their achievement

identified and proposals to be carried out by each business division outlined, and then were approved by the Board of

Directors. In the course of deliberating the new Medium-Term Management Plan, we took a completely new approach by looking to fiscal 2030—beyond the three-year period—and at what ideal form we wanted the Company to take and the level of major management indicators. We then backcast to propose business strategies, financial strategies, and non-financial strategies for the next three years. The process also took the approach of sharing information while taking up issues for deliberation by the Board of Directors. This approach is incorporated in the new Medium-Term Management Plan's theme of "Create the Future."

We have set a concrete sub-theme of "Maximize corporate value by improving business profitability and return on capital," and our management indicators reflect this. Our indicators for business profitability in fiscal 2026 are net sales of ¥97.8 billion, operating profit of ¥15.3 billion, ROE (as an indicator of return on capital) of 10.7%, and a PBR (as an indicator of corporate value) of 1.82. We are also targeting an overseas sales ratio of 50%. These indicators are derived from our targeted position in fiscal 2030 of having more than ¥110.0 billion in net sales with operating profit of more than ¥20.0 billion, ROE of more than 12%, a PBR of at least 2.0, and an overseas sales ratio above 55%. The new Medium-Term Management Plan's targets represent a concrete approach toward achieving these challenging goals for fiscal 2030.

The new Medium-Term Management Plan contains three basic strategies—a "business strategy," a "strengthening management infrastructure strategy," and a "growth investment strategy." To refine further the earnings structure that was strengthened under the previous Medium-Term Management Plan, we will continue to increase sales volumes in priority areas with a focus on business portfolio transformation, and see this leading to higher business profitability.

With regard to the allocation of cash flow, we have set a direction of injecting funds more proactively than under the previous Medium-Term Management Plan, while using cash on hand for continuous growth. In addition to achieving a ¥54.0 billion cash inflow from operating activities, we will use cash on hand as necessary to invest in strengthening management infrastructure, investment for growth, and returns to shareholders. We plan to invest roughly ¥12.0 billion to strengthen management infrastructure, including for DX to improve operations and create new value, in addition to capital investment. As investment for growth, we are planning to invest roughly ¥14.0 billion in R&D, which is essential for a manufacturer, and also plan to allocate roughly ¥12.0 billion

for business expansion, including through M&As. Given that the rebar tying tool business and overseas markets are the pillars for growth during the period covered by the new Medium-Term Management Plan, we will bear in mind that investment for business expansion will be for growth in those areas.

For returns to shareholders, we have revised and strengthened our dividend policy to "Guideline of a ratio of dividends to net assets of 5.0% and a dividend payout ratio of 50%," taking into consideration factors including our current financial situation, increasing business profitability, and the ratio of dividends to net assets. On the basis of this policy, we plan to pay roughly ¥14.0 billion as dividends. At the same time, we will flexibly consider the acquisition of treasury shares while closely watching things like our financial situation, share price trends, and shareholder trends.

In terms of capital and finance, when we revised our plan during 2022, the second year under the previous Medium-Term Management Plan, we discussed internally our capital and financial strategies in light of return on capital as shown by ROE, the cost of capital, corporate value including the PBR, and current conditions and plans going forward. Subsequently, at the end of March 2023, the Tokyo Stock Exchange announced its "Action to Implement Management that is Conscious of Cost of Capital and Stock Price," but as the items requested were already being discussed internally, this did not come as a surprise or source of concern. We included these requests as we were formulating the new Medium-Term Management Plan, and at the same time considered and proposed capital strategies and financial strategies based on the business strategy, and in April 2024 we announced our major indicators, policy for returns to shareholders, and cash flow allocations for the next three years.

Recognizing that our cost of equity calculated on a CAPM basis was roughly 6%–7%, the large increase in ROE to 11.1% in fiscal 2023 from 8.9% in the previous fiscal year exceeded our estimated cost of capital. Looking at the breakdown of ROE using a DuPont analysis, there was a contribution from an increase in the profit margin to 12.0% from 8.0% in fiscal 2020, showing that an increase in business profitability is tied to a higher ROE. ROE of 11.1% included a large impact on profit from the yen's depreciation, but in actual terms we recognize that we reached the 10% level. Going forward, therefore, in addition to exceeding the cost of capital, we will aim to achieve even higher ROE targets on an actual basis.

With a higher market valuation during the period covered by the previous Medium-Term Management Plan, the PER rose to

14.6 and the PBR reached 1.52. Going forward, through dialogue with investors and other stakeholders, we will present a concrete path toward enhancing corporate value by implementing the new

Medium-Term Management Plan. In this way, we aim to further improve our PER and achieve our PBR target.

#### Accelerating non-financial and sustainability initiatives will lead to further value creation

One of the strategies for strengthening management infrastructure under the new Medium-Term Management Plan is "sustainability management (human capital)." We created an operational structure during the period covered by the previous Medium-Term Management Plan and currently have a Sustainability Promotion Committee operating as a subordinate body of the Sustainability Committee to carry out actual operations. With the addition of a female employee in 2022 and an outside director in 2023, the Sustainability Promotion Committee is able to reflect a diverse range of viewpoints.

We have also endorsed the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), and are stepping up cross-division activities including specific activities to reduce greenhouse gas emissions and carrying out human rights due diligence, while also increasing internal training on sustainability to raise employees' awareness of its importance. In addition, each division considered and itemized issues related to sustainability in the process of considering the new Medium-Term Management Plan, and things like the successive launch of products in the "Re:max" sustainable stationery series have also helped to cultivate awareness internally.

MAX has designated "realizing a company that allows people to participate" as one of its materiality issues. The new Medium-Term Management Plan emphasizes investment in human capital, and I want to put even greater effort into acquiring and training the human resources who represent MAX's future. Going forward, we will not only continue to hire new graduates but also work to step up our mid-career hiring. At the same time, we will carry out training to enhance the skills of current employees with the intention of further promoting their career paths. We also continue to promote diversity and a healthy work-life balance. We also intend to review our treatment of employees, including wages, to reflect changes in the external environment.

We were able to achieve the KPI of holding average total annual working hours below 1,900 hours under the previous Medium-Term Management Plan, and I believe we have achieved a degree of success in increasing ease of work and productivity. As a next step, we will target ease of work and job satisfaction while increasing employee engagement.

In fiscal 2024, we launched a Companywide Diversity Promotion Project. The project is geared primarily toward women, with the hope that it will function as a bottom-up venue for discussion regarding what is needed to make it easier for female employees to work and participate. We see these opinions raised combined with top-down management directives driving the promotion of women's active participation, and see this creating an environment that will enable us to clear the benchmark of having women account for 30% of the Board of Directors by fiscal 2030.

We have also been engaged in human rights due diligence since 2023, and created a clear human rights risk map for MAX. Given that we want to grow overseas businesses further in the future, addressing human rights will be essential for our business. I believe that going forward, we will need to address designated risks more effectively and more in-depth.

With regard to environmental issues, we recognize the need to accelerate our internal initiatives to achieve our KPI of reducing  $\rm CO_2$  emissions 50% by fiscal 2030. While pursuing independent measures to reduce emissions, primarily at the Manufacturing Division, I believe we can also consider the use of carbon credits to achieve our targets.

As we aim to expand the overseas business, Europe in particular is seeing an accelerated pace of stricter environmental regulations, and complying with these regulations is an essential issue for our business continuity and growth. We are therefore proactively collecting information related to environmental regulations, and need to respond by anticipating changes having a sense of being a half a step ahead. This of course requires understanding and action on the part of each employee, but I also see management decisionmaking taking on increased importance going forward.

I view the business, financial, and non-financial (sustainability) strategies under the new Medium-Term Management Plan as a single entity for the creation of MAX's future. We have just embarked on this three-year plan, and I hope to move steadily forward toward the achievement of its goals while confirming our progress and correcting course as needed. I hope that shareholders, investors, and all stakeholders have high expectations for MAX's future growth.



#### Masahito Yamamoto

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

Accelerating business growth around the world for steady advances toward a MAX with even greater corporate value

#### Solid rebar tying tool business made major contribution to achievement of previous Medium-Term Management Plan

One of the basic strategies under the previous Medium-Term Management Plan was the "growth of overseas business." As a result, overseas net sales rose ¥17.0 billion during the three-year period, making a significant contribution to the achievement of the Plan's overall targets. The rebar tying tool business was a major driver of these strong results.

Following the COVID-19 pandemic, there has been an impact globally from labor shortages along with growth in public investment, resulting in continued solid demand for rebar tying tools. With this strong demand in Europe and the United States, in 2022 we established an office in Germany and have been working proactively to expand our support services there and in neighboring countries. The European market has experienced a sharp slowdown since Russia's invasion of Ukraine, however, and market conditions remain challenging today. We have therefore been shifting our focus to France, which has a strong market in part from recently held international sporting events, and to eastern and southern Europe, where there is significant potential for growth. We are also seeing growth in Italy and Spain, where the economies are relatively strong, along with solid results in countries including Poland, Romania, and Hungary, but this has not been enough to offset the weakness in Germany and northern Europe. We will work to strengthen further our sales channels and sales offices while closely watching developments.

On the other hand, the U.S. market remains strong. In terms of general residential construction, demand for new construction has declined as a result of higher interest rates and the used housing market is also sluggish. Public investment remains strong, however, and there is still room for growth for rebar tying tools. We are therefore systematically adding staff and increasing our number of locations to expand sales channels and service offices, and will follow the situation.

In March 2023, we completed construction of a third factory in Thailand, a dedicated factory for tying wire for rebar tying tools, putting in place a production structure that facilitates stable supplies globally. We also established a representative office in Australia in September 2023 to strengthen our support structure for local distributors. We will continue to study the market, including New Zealand, and are considering the possibility of establishing a sales company in the future.

Through these initiatives, during the period covered by the previous Medium-Term Management Plan, we built a solid foundation for the rebar tying tool business in locations around the world. There has also been a positive effect from the yen's depreciation, but even discounting this, on a sales volume basis, I believe we were able to achieve solid growth. During

the three-year period, the overseas sales ratio rose to 46%, which I view as a successful achievement as well.

# A more proactive approach for further growth in overseas businesses

Under the new Medium-Term Management Plan, we have again designated "further growth of overseas businesses" as one of our business strategies, and we continue to work toward this. At the rebar tying tool business, we are proactively studying markets where our products have yet to be introduced and working to develop sales channels and customers, while strengthening our competitiveness in existing markets. We are forecasting solid growth in particular in countries and regions where there is a good match between local labor costs and the convenience and value of MAX's products. We should also be able to take advantage of the major potential in the European market if the economy recovers. There are current areas of uncertainty, but we are looking toward the future through initiatives including the expansion of sales channels and cultivation of dealers.

We are also looking to enter markets in ASEAN and the Middle East. We are currently focusing on identifying which markets to enter, and will consider how to move forward while deepening our understanding of things like each country's demand, sales channels, and local industry structures. For ASEAN in particular, we have determined that low local labor costs mean that the environment is not conducive to rebar tying tools becoming popular. If we take a passive approach and wait for wages to rise, however, similar products could infiltrate the market, so we need to establish a foothold for market entry at an early stage.

Given this situation, we have formed a group within the International Sales Department to engage in market development. We have made attempts to enter markets in the Middle East and ASEAN in the past, but without a structure for expansion of scale and following up they were not successful. This time, therefore, we will build a new organizational structure with the aim of continuous entry and expansion.

To implement these plans, the new Medium-Term Management Plan sets a target for investment in business expansion. If we pursue these efforts in countries around the world while considering mergers and acquisitions, we expect to achieve our overseas sales ratio targets of 50% by fiscal 2026 and more than 55% by fiscal 2030.

# Making domestic businesses more efficient while pursuing the challenge of new businesses

Turning to the domestic business, we faced an extremely adverse business environment during the period covered by

the previous Medium-Term Management Plan. Both the number of new housing starts and floor area of construction starts for non-residential structures were weak, while factors including the yen's depreciation increased costs and various other factors had a negative impact on business profitability.

To overcome this situation, we are pursuing digital transformation (DX) in our sales activities. Examples include the use of social media to approach end users and more efficient order placement and order receipt operations using a dedicated web-based system for sales channels. We are also pursuing efficiency by integrating service offices and aggregating products for repair, and having repaired products sent to customers. We are also making steady moves to have the effect of higher raw material and other costs reflected in sales prices, which has been leading to a stronger revenue base for domestic businesses.

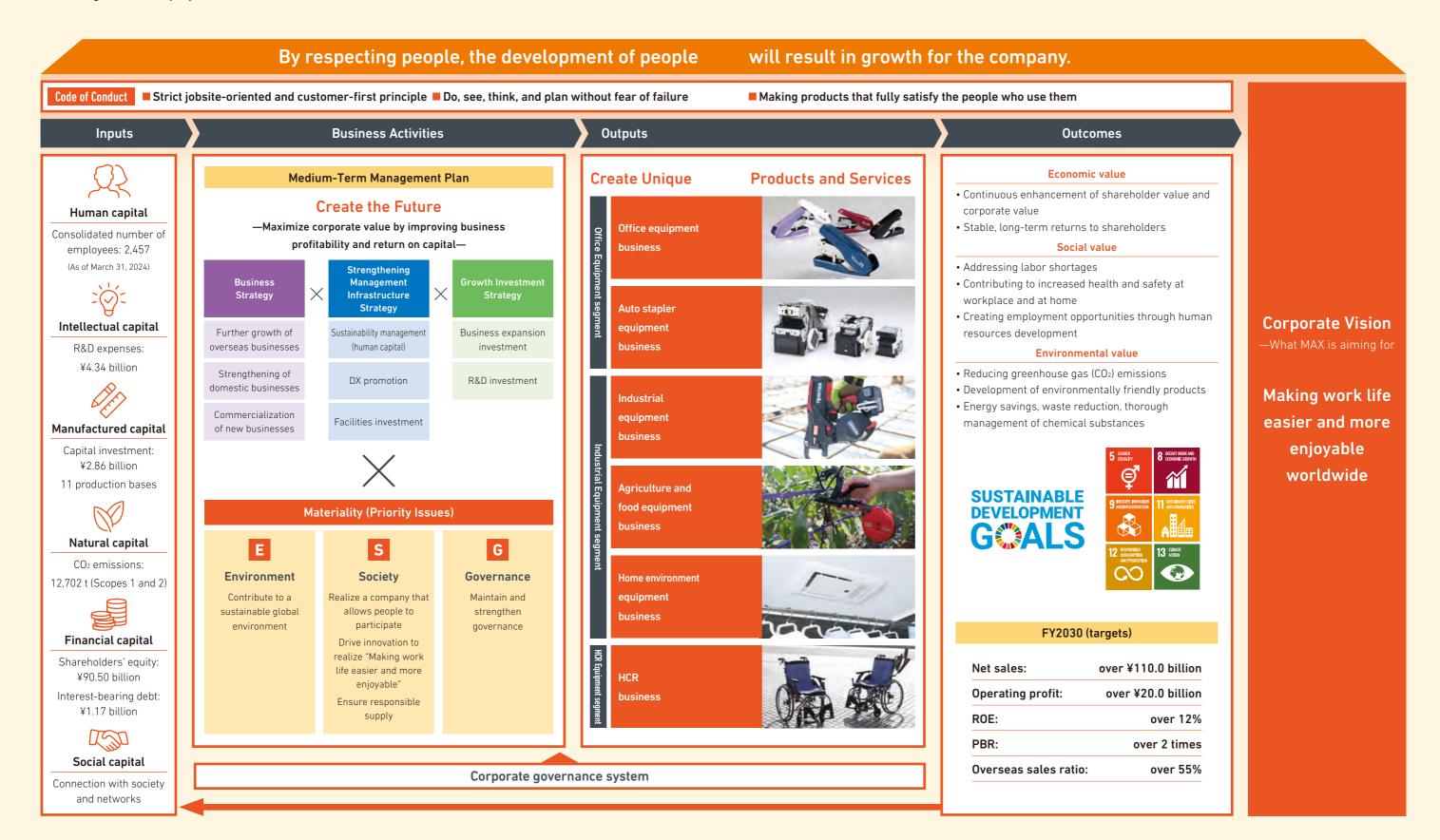
Given these developments, I believe we need to increase domestic businesses' profitability going forward. Along with shifting resources to businesses like the strong rebar tying tool business and labelling and signage products like the "Bepop" sign & label printing machine, I believe we also need to step up further areas including heater-ventilator-dryers for bathrooms growing in the housing stock market for renovation and replacement. We will also put even greater effort into the commercialization of new businesses. During 2023 the new "Rentool" business, which was the result of an internal business contest, began operating, and I believe this has become an internal flagship as well. To give these activities even greater momentum, I believe we need to be more proactive in areas like identifying businesses internally and cooperating with outside parties, with a focus on the New Business Development Department that has been established within the Sales Division.

We also established an ICT Promotion Department in 2021 and are emphasizing DX, and going forward I believe that we should develop our business based on the assumption that MAX's products will be connected rather than stand-alone equipment. In label printers, we are offering cloud-based support services using an annual contract format, and I see how to use this model for other business development as an issue going forward.

To cultivate these possibilities, we need to strengthen both our organization and our human resources. Customer groups, sales routes, and approaches for every MAX's product differ. Using this diversity as a strength, we should be able to share expertise internally and assign human resources with expertise in one product to other divisions to come up with new ideas and ways of doing things. I hope to increase opportunities as a company to provide each employee with an environment that allows them to build up experience and pursue challenges, not only domestically but also overseas.

#### 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.



#### 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> <li>Human resources development</li> <li>Diversity</li> <li>Respect for human rights</li> <li>Work-life balance</li> <li>Occupational safety and health</li> </ul>	<ul> <li>Continuously producing human resources as described in "our ideal personnel"</li> <li>Ensuring diversity, including active participation of women</li> <li>By respecting people, the development of people will result in growth for the company</li> <li>Maintaining balance between work and life</li> <li>Supporting the development of mental and physical health that will allow our employees to be active over the long term</li> </ul>
Contribute to a sustainable global environment	<ul> <li>Environmental management and compliance</li> <li>Development of environmentally friendly products</li> <li>Response to climate change</li> <li>Resource recycling and waste</li> </ul>	<ul> <li>Harmony between our business and the environment</li> <li>Promoting the development of environmentally friendly products</li> <li>Reduction in greenhouse gas (CO<sub>2</sub>) emissions</li> <li>Waste reduction based on the 3Rs</li> </ul>
Drive innovation to realize "Making work life easier and more enjoyable"	Innovation     Digital transformation (DX)	<ul> <li>Creation of environment and culture that promotes challenges, and continuous challenges to innovate and develop new markets</li> <li>Supply of products and services and organization creation to realize DX vision</li> </ul>
Ensure responsible supply	<ul><li> Quality and safety</li><li> Supply chain management</li><li> Disaster prevention and recovery</li></ul>	<ul> <li>Ensuring high quality in products and operations</li> <li>Promotion of responsible procurement</li> <li>Rapid recovery from large-scale natural disasters, etc.</li> </ul>
Maintain and strengthen governance	<ul><li>Corporate governance</li><li>Compliance and risk management</li><li>Information security</li></ul>	<ul> <li>Taking initiatives to enhance corporate governance</li> <li>Internal promotion of compliance and implementation of risk management</li> <li>Protection of information assets</li> </ul>

#### Materiality (priority issues) identification process

STEP 1

STEP 2

STEP 3

STEP 4

#### Selection of social issues

We established a Sustainability
Subcommittee, comprising primarily of
executive officers; the subcommittee is
the predecessor of the Sustainability
Promotion Committee. The subcommittee
refers to and analyzes subjects including
international guidelines and the SDGs to
identify social issues.

#### Evaluation of the importance of social issues

From among the social issues selected in Step 1, highly important issues were determined from the perspectives of "importance to stakeholders (society)" and "importance to the MAX Group."

#### Examination of measures and evaluation of appropriateness

We examined measures for the issues determined in Step 2, while also considering their relevance to the Medium-Term Management Plan. To confirm the appropriateness of the evaluation, we requested the opinion of outside experts and conducted a review of the issues.

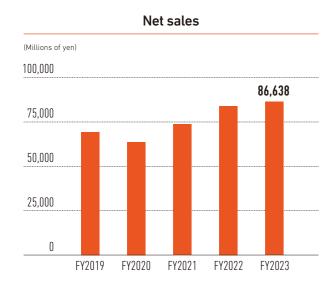
#### Identification of materiality (priority issues)

On the basis of the deliberation and examination by the Board of Directors, MAX identified the materiality (priority issues) that it should engage with through its business. We will continuously review these going forward, based on the status of the initiatives and the business

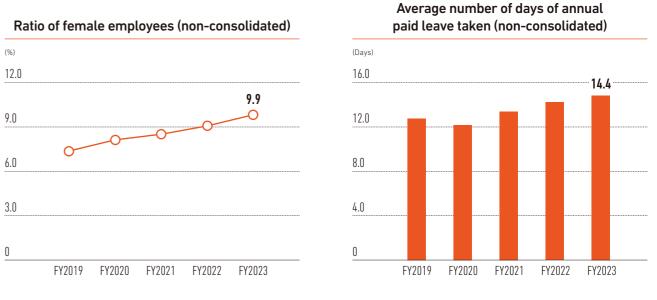
Indicators	Res	ults	Targets	Related SDGs
	Fiscal 2022	Fiscal 2023		
Engagement survey	0	0	Above-average scores	
Consolidated ratio of women in management positions	6.1%	7.6%	10% by 2030	
Non-consolidated ratio of female recruitment for new graduates	18.9%	26.5%	20%	5 GENORE EQUALITY 8 DECENT WORK AND ECONOMIC GROWTH
Number of major human rights incidents	0	0	0	
Average total annual working hours (Unit: hours)	1,901	1,879	Below 1,900	
Scopes 1 and 2 (Unit: tons)	15,585	12,702	50% reduction by 2030 vs. FY2018	
Scope 3 Category 11 (Unit: 1,000 tons)	2,515	2,287	30% reduction by 2030 vs. FY2018	13 CLEMATE ACTION
Recycling rate	93.6%	92.7%	_	
R&D ratio	4.6%	5.0%	_	9 NOUSTIFY INNOVATION AND INFRASTRUCTURE
R&D expenses (Unit: billions of yen)	3.87	4.34	_	
Number of major product incidents	0	0	0	11 SIGNAMARIE CITIES AND COMMUNICIES AND COMMU
Continuous effectiveness evaluation of Board of Directors	Implemented	Implemented	Ongoing	12 RESPONSIBLE CONCUMPTION AND PRODUCTION
Number of serious compliance violations	0	0	0	$\infty$

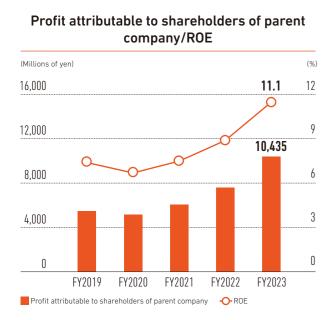
 $<sup>{}^*\</sup>text{Past greenhouse gas (CO}_2) \text{ emission volumes have been retroactively adjusted to reflect revised calculation method, etc.}$ 

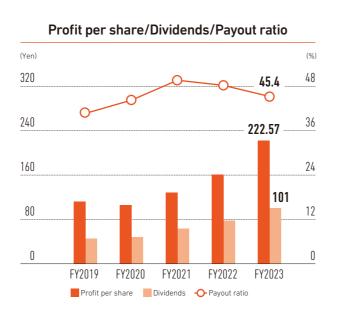
#### Financial and Non-Financial Highlights

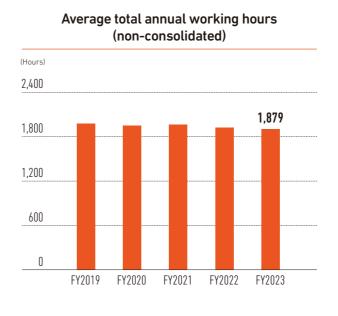


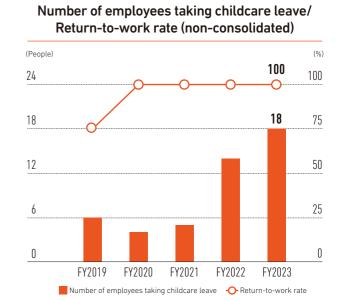






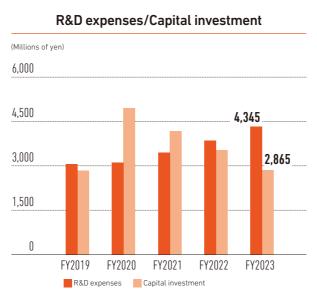


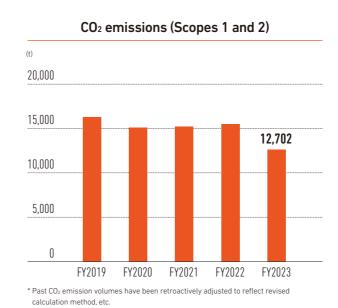


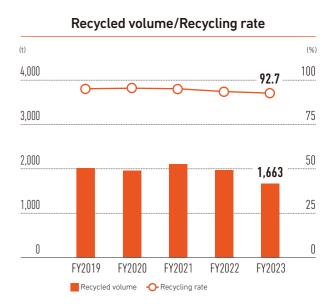


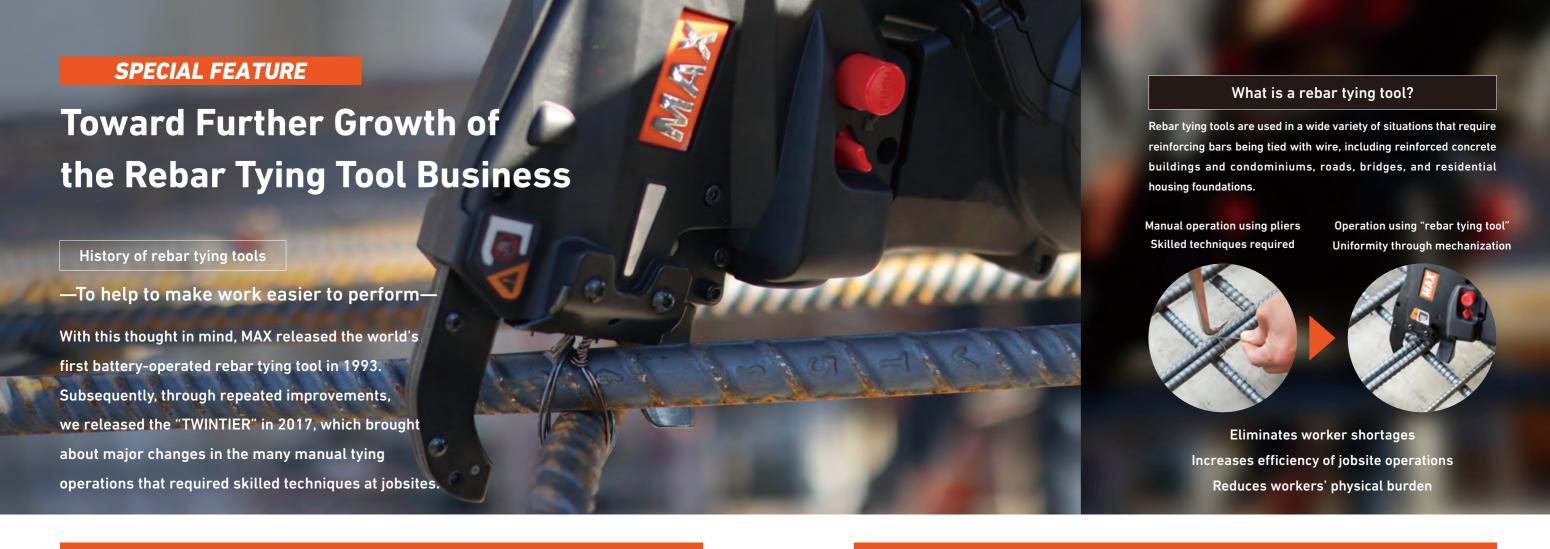


Net assets/Total assets









#### Rebar Tying Tools (Single Wire)



RB-260

The world's first battery-operated rebar tying tool. The history of rebar tying tools begins here. They were not accepted at jobsites for some time, however, for reasons including resistance to machinery and insufficient tying speed.



RB-390

The second generation was developed with the aim of jobsite acceptance. The issue of tying speed was addressed with the speed reduced from 1.2 seconds. In addition to the original target of reinforcement construction, the Company succeeded in expanding the use of rebar tying tools to residential foundation builders.



RB-395

Through repeated improvements stressing ease of use, rebar tying tools came to be widely used at jobsites, and their use expanded beyond Japan to overseas markets. The rebar tying tool business has overcome its initial difficulties and made great strides.



2009 RB-399

Use of a brushless motor and lithium-ion battery extends the time it can be continuously used, further increasing ease of use. Design improvements resulted in the current "red and black" design.

#### "TWINTIER" Series



RB-440T (Standard model)

Representing the evolution of rebar tying tools through original ideas, we developed a new rebar tying tool that uses two wires.

The "TWINTIER" is currently our flagship model, and is rapidly being introduced at jobsites around the world.



RB-610T (Large-diameter model)

The "TWINTIER" series's large-diameter model. The ability to handle larger-diameter reinforcing bars expanded the scope of possibilities for mechanized tying to include pillars, beams, and pressure slabs at construction sites that previously required manual operations, as well as for roads, bridges and other civil engineering sites.



RB-400T-E (Stand-up model)

The ability to perform tying operations while walking in an upright position reduces the burden on the operator's lower back and arms and improves maneuverability. Maintaining the "TWINTIER" series's tying force and speed, this model can be used for efficient tying operations



RB-442T
(Full model change)

Fully remodeled the model released in 2017. A 1.4 times increase in tying speed achieves a speed of 0.5 seconds per tie. A "wire loading assist mechanism" further increased the model's ease of use.



#### **Growth Strategy for Rebar Tying Tool Business**

Tools for concrete structures, primarily rebar tying tools, have been showing high growth triggered by the release of the "TWINTIER" series in 2017, which offered drastic advances in functionality. In addition to Japan, rebar tying tools are widely used at construction sites and precast concrete plants in Europe, the United States, and other locations around the world. In addition, by continuously supplying wire consumables in addition to the main machine unit, we have

established a business model that keeps us continuously connected to customers.

Going forward, we will look to expand our presence beyond our main markets of North America, Europe, and Japan to Oceania, and will explore markets in ASEAN and the Middle East as we pursue activities for the further rapid growth of the rebar tying tool business.

While strengthening the competitive advantages of products, etc., promote the development of sales channels and users in untapped markets **Activity policy** ASEAN. Middle East Japan Europe Production and Oceania **United States** Development Expand application Develop sales Continue investment Search for new Enhance product Dealer training (construction/civil channels in untapped to increase production markets and expand Acquire new users lineup engineering) markets of consumables penetration

Changes in sales of tools for concrete structures ¥50.0-60.0 Business has grown by more than three times billion (Billions of yen) since the ¥8.8 billion recorded (in fiscal 2016) 50 prior to the "TWINTIER" release Planning for ¥1.5 billion increase 40 Increased demand for mechanization 38.5 from FY2023 thanks to increased public works with the objective of alleviating labor shortage 32.0 and revitalizing economic activities 30.4 30 27 9 Spread of COVID-19 Launch of battery-Slightly stagnant onoperated rebar tving 22.9 site operations tool "TWINTIFR" 20 - Overseas eauipped with twin 16.5 tier mechanism 15.3 13.8 10.7 10 12.3 6.5 - Japan 5.9 5.5 4.6 4.1 4.2 3.9 2.9 2.5 FY2016 FY2017 FY2018 FY2019 FY2020 FY2021 FY2022 FY2023 FY2024 FY2026 Estimated market size (Plan)

We will accelerate the growth
of our rebar tying tool business
in North America by introducing
new products of rebar tying tool
"TWINTIER."

I started working for MAX USA CORP. ("MUC"), the U.S. subsidiary of MAX, in 1999 and am currently the Senior Vice President of Sales.

When I first joined MUC, we had just introduced rebar tying tools to the North American market, and a large percentage of our business was tools for wooden structures, such as nailers. At that time, MUC had no personnel with skills in sales, marketing, and service of rebar tying tools. This was a learning period for all of us, selling and researching.

In the course of selling and researching rebar tying tools, we discovered that they can dramatically improve productivity on jobsites. Our marketing slogan is "Save Time, Save Money," and rebar tying tools not only save money through increased productivity, but also reduce the physical strain on jobsite workers. There is scientific validation by government agencies showing this reduction effect, which reinforces their credibility in the market. I am convinced that the productivity gains that users enjoy by using rebar tying tools are more than worth the money they invest.

When introducing rebar tying tools to the market, we also needed to develop new sales channels. We began by developing dealers whose customers were concrete contractors, replacing our existing sales network of tools for wooden structures, such as nailers.

In addition, the use of trade shows is also important to





expand sales. The most important trade show for the concrete industry is the World of Concrete (hereinafter referred to as WOC), where you can communicate with many of MAX's rebar tying tool users and gain maximum exposure to your target market.

The new RB443T rebar tying tool, the TWINTIER, launched in May 2024, should give us an even greater competitive advantage in the market. The new product is even faster than the RB441T released in 2017, but we did not expect to be able to make a faster model than the RB441T. I have a record of 70 ties in 60 seconds on a rebar tying tool, and I hope that someone at WOC will beat that record.

Over the past five years, MUC has invested in improving its after-sales service capabilities by opening service centers with repair capabilities in Texas, California, and North Carolina, in addition to its New York office. We believe it is critical to have the ability to reduce shipping time for repaired items and to repair tools with a guick turnaround time.

The U.S. construction market has been relatively steady since 2007, when the country was hit by the housing recession. Looking ahead, the market is expected to remain strong for the foreseeable future due to the passage of major infrastructure spending bills. Most of these projects involve rebar tying tool business, such as road and bridge improvements.

Now is the time to leverage our ever-expanding sales network to introduce new products and further expand our market share. I believe that with the right "products," the right "human resources," and the "investment in sales infrastructure" to support them, we can achieve this. Let us all work together to overcome the obstacles to further growth in the rebar tying tool business.

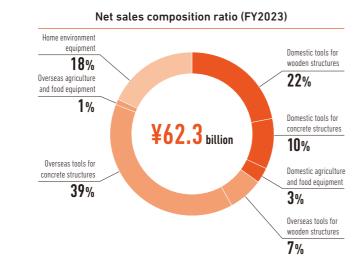
MAX CO., LTD. | Integrated Report 2024

(Estimated by MAX)

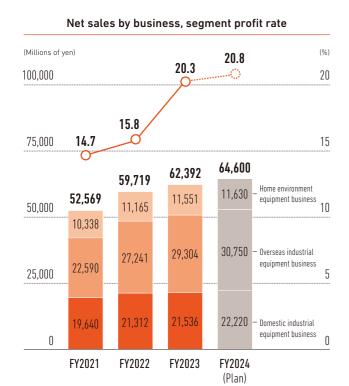


#### **Main Business Activities**

- Tools for wooden structures
   Nailers, air compressors, screw-driving machines,
   battery-operated pin nailers, and nails, screws, and
   other consumables
- Tools for concrete structures
   Rebar tying tools and TIE WIRE, concrete nailers, gas nailers, and their consumables, etc.
- Agriculture and food equipment Garden-use "TAPENER" mechanical tape binding tools, produce- and food-use bag closing tools, and their consumables, etc.
- Home environment equipment
   Heater-ventilator-dryers for bathrooms, etc.



#### Fiscal 2023 Results and Fiscal 2024 Plan



#### Domestic industrial equipment business

Despite an adverse external environment, including a decrease in floor area of construction starts for concrete structures, sales of the new "TWINTIER RB-442T" rebar tying tool grew, and sales of tools for concrete structures were solid.

#### Overseas industrial equipment business

In North America, increased non-housing construction expenditures, sales promotions, and other factors led to sales growth for "TWINTIER" rebar tying tools and their consumables. In Europe, however, a weaker construction market resulted in lower sales, mainly for "TWINTIER" rebar tying tools.

#### Home environment equipment business

Sales of the business's mainstay "DRYFAN" heater-ventilatordryers for bathrooms rose in the housing stock market for renovation and replacement, which is a focus of the segment, and were solid in the new-housing market.

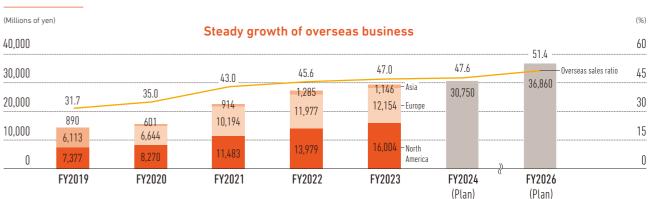
#### **Business Environment and Impact**



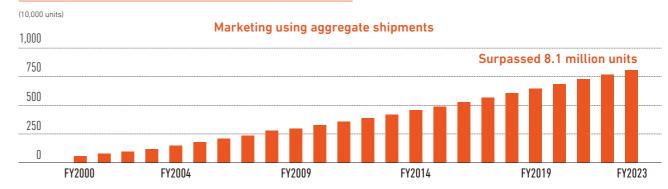
#### **Business Strategy**

Further growth in overseas business and strengthening of domestic business

#### Overseas sales



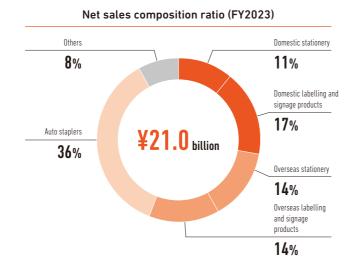
#### $\label{lem:aggregate} \textbf{Aggregate shipments of heater-ventilator-dryers for bathrooms}$



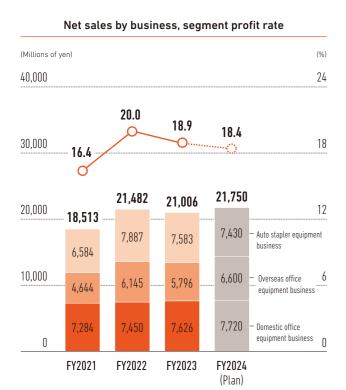


#### **Main Business Activities**

- Stationery
  Staplers, staples, punches, stamp pads, etc.
- Labelling and signage products
   "Bepop" sign & label printing machines, "LETATWIN" tube markers, food label printers, and their consumables
- Auto staplers
   Built-in electric staplers and staples for multifunction copiers
- Others
   Time recorders, time cards, check writers, etc.



#### Fiscal 2023 Results and Fiscal 2024 Plan



#### Domestic office equipment business

With the end to shortages of electronic parts that emerged in the first half of the previous year, sales of "LETATWIN" tube markers were solid, and sales of consumables for "Bepop" sign & label printing machines grew.

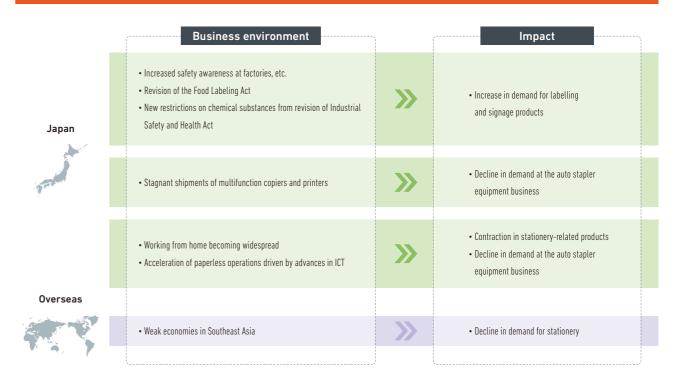
#### Overseas office equipment business

Sales of stationery-related products declined from the effect of protracted inventory adjustments by business partners in Southeast Asia.

#### Auto stapler equipment business

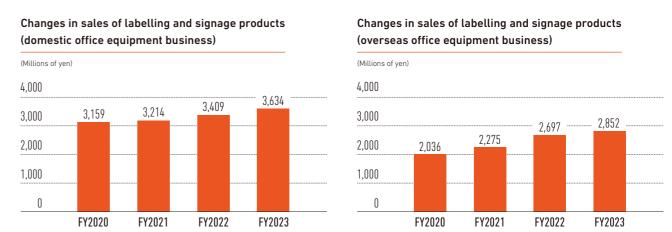
Orders were stagnant in the first half from inventory adjustments at business partners, but showed a recovery trend from the second half.

#### **Business Environment and Impact**

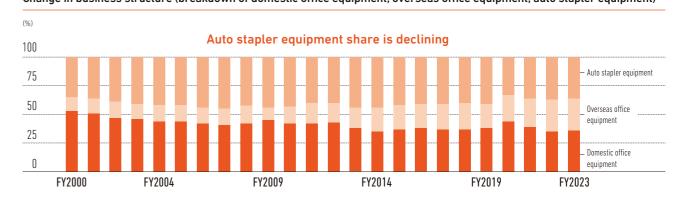


#### **Business Strategy**

#### Maintaining profitability through growth in labelling and signage products



#### Change in business structure (breakdown of domestic office equipment, overseas office equipment, auto stapler equipment)

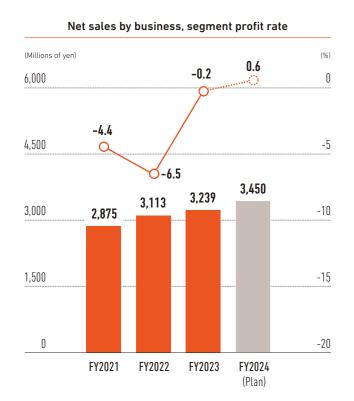




#### **Main Business Activities**

• Manufacture and sale of wheelchairs and other welfare products

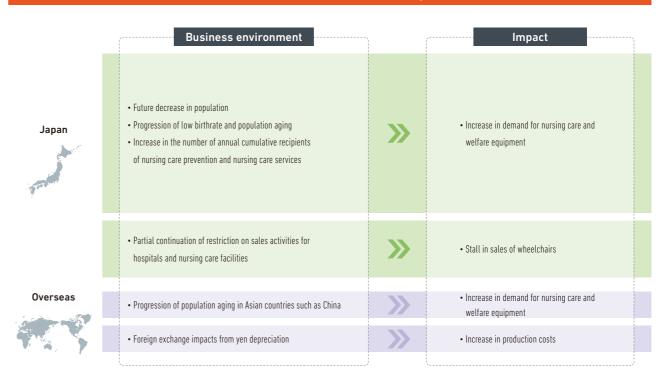
#### Fiscal 2023 Results and Fiscal 2024 Plan



#### HCR business

Sales rose on solid sales of wheelchairs to hospitals and other facilities and from growth in overseas sales, primarily in China.

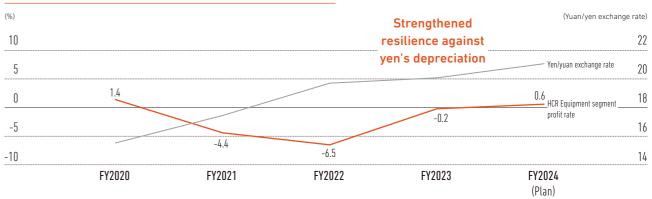
#### **Business Environment and Impact**



#### **Business Strategy**

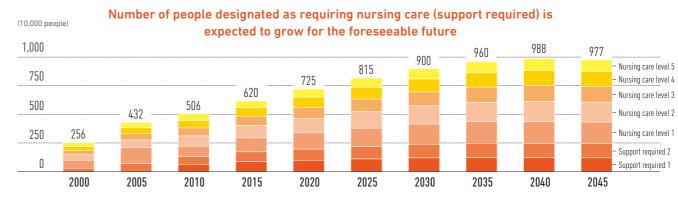
Growth in the overseas business assuming improved earnings at the domestic business

#### Segment profit rate, Japanese yen/Chinese yuan exchange rate



#### Estimated number of people designated as requiring nursing care (support required)

Source: Ministry of Economy, Trade and Industry, "Study Council on Elderly Care System for Future Nursing Care Demand and Support" (March 2018)



#### Solving Social Issues through Our Activities

#### Environmental considerations and initiatives to revitalize local industries

MAX has developed the "Re:max" environmentally friendly stationery series that features reduced use of plastic. The third round of the series is a stapler that uses "leather" and "wood" as materials for the main unit's cover, and was jointly planned with the companies that supply the wood and leather scraps that are used for the material. The scraps that are left over from the manufacturing of bags and furniture are upcycled, and the product is produced completely by hand using the skilled techniques of artisans. In addition to the environmental aspect of utilizing these scraps for which previously there was little use, we also believe that this joint endeavor is leading to the revitalization of our partners' local industries.

#### Leather stapler

This product was jointly planned with Maison Def, which is located in Toyooka City, Hyogo Prefecture. The product came about through the alignment of MAX's desire to revitalize a local industry using environmentally friendly materials and Maison Def's desire to use materials left over from the bag-making processes to create new value. The product uses KOBE LEATHER® and taurillon leather (made from a young bull), and comes in innovative, stylish colors. The rivets used in the structural material and as ornamentation accent the overall design.





#### Wooden stapler

This product was jointly planned with furniture&lifestyle factory and kochi, which are located in Takayama City, Gifu Prefecture, an area with a vibrant woodworking industry. The wood materials provided by furniture&lifestyle factory come from broad-leaved trees in the forests of nearby Hida Takayama, with scraps left over from furniture manufacturing upcycled into staplers. The artisans at kochi carefully make each item by hand. Four types of wood are currently being used: mountain cherry, chestnut, walnut, and beech.





#### Toward achieving a society that accelerates superior community-building

#### "Rentool" tool subscription/rental service

MAX's subsidiary Rentool Co., Ltd. operates a tool subscription/rental service covering Tokyo and six neighboring prefectures. The system originated from an internal business contest, and allows users to use tools on either a subscription or rental basis in accordance with their own circumstances.

In recent years, the construction industry has been experiencing a decline in the number of young carpenters. Rentool offers a long-term subscription service to address needs like "wanting to have required tools up front" as a way of lowering the barrier to entry for young people becoming carpenters by holding down the initial cost of purchasing tools. A short-term rental service is also available to address needs like "tools needed only



at this jobsite" and "wanting to give new products a try." Providing opportunities to use a variety of tools also helps to enhance the skills of young carpenters.

Our aim is to resolve the social issues of "a high percentage of young carpenters leaving their jobs" and "an insufficient number of new carpenters," while also "invigorating the housing market and achieving a society that accelerates superior community-building."

#### Contributing to society through wheelchairs

Since its founding in 1995, the MAX Group company Kawamura Cycle Co., Ltd. has been developing wheelchairs that match the lifestyles of caregivers and users to contribute to the creation of comfortable living. Wheelchairs are not simply a convenience, they are welfare products that are indispensable to the lives of the people who use them. As a manufacturer handling welfare products, Kawamura Cycle is proactively working to contribute to society with the hope of providing what help it can to people who need it. Kawamura Cycle will continue to strive to support people's full lives through the development, manufacturing, and sales of wheelchairs.



#### Workplace experience at special support schools

In March 2024, we hosted a workplace experience program for a special support school. The school was looking for companies that students could visit in areas where they lived, and asked Kawamura Cycle to participate. The company was a bit nervous as it was its first time participating in the program, but it hosted one student who spent a week experiencing the workplace.

The experience began with a tour of Kawamura Cycle to familiarize the student with the company, followed by the student experiencing various clerical operations and concluding with a discussion with young employees. In addition to experiencing actual operations, the student was encouraged to express "greetings," which is one of the most important things for a working adult.

Having the student proactively engage in greetings and experience the workplace also gave stimulation to the employees, while at the same time reminding them that their work contributes to society.

#### Wheelchair donations

In March 2023, we provided 10 new wheelchairs through a volunteer organization that is sending wheelchairs to Ukraine following that country's invasion by Russia. We continue to support this effort with packaging materials that are used to send wheelchairs donated from around Japan.





#### Contributing to local communities

We outsource operations for boxing staples and bagging wheelchair instruction manuals as a way to support employment for people with disabilities.







#### **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

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 reports to the Board of Directors on the status of deliberations and other matters and reflects these in the Medium-Term Management Plan and business plans. By integrating sustainability-related activities and business strategies, it works 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







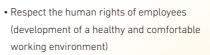




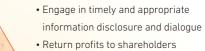
#### Stakeholder engagement

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



- A company where it is rewarding to work
- MAX Fundamental Management Policy





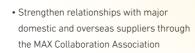






Regional

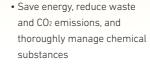




· Build trusting relationships through supplier audits and green procurement bagging of wheelchair instruction manuals as a way to support employment for people with disabilities

Outsource boxing of staples and

- 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/ (Jananese only)



MAX CO., LTD. I Integrated Report 2024 MAX CO., LTD. | Integrated Report 2024



#### **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.

	"Management that believes in people and brings out their best"
Basic policy	MAX believes that by respecting people, the development of people will result in growth for the company.
	"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
Our ideal	2. People who think things through and step forward
personnel	3. People who take the lead and can work well in a team
p =	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  Respect for human rights, personality, and individuality
	In the spirit of respect for people, we respect the human rights, personality, and individuality of everyone.
	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
	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
	Treatment
Personnel	We aim for a system where people can use 100% of their abilities, while finding their work rewarding.
policies and	(1) Treatment that considers stability in daily life
	(2) Treatment based on growth, contributions, and results
management policy	(3) Fair distribution of profits derived from performance results
policy	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
	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
	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

#### 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 profit. 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 profit. 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 (skilled-specialist hires) based on the needs of the organization at any given time. As of March 2024, mid-career hires accounted for 10.3% of our workforce.

To promote the active participation of women, we aim for a female recruitment ratio of 20% for new graduates. In fiscal 2023, nine of 34 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 7.6% (as of March 31, 2024). 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 2.5% in fiscal 2023.

#### 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

The average total annual working hours in fiscal 2023 was 1,879 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, compliance, harassment, and whistleblowing. General employees conducted self-checks on the Group Employee Code of Conduct, daily activities, harassment, whistleblowing, and responses to wrongdoing and scandals.

#### I consider it important to listen to the other person and understand what each individual is thinking.



► Fujioka Factory

Manufacturing Division

Joined the Company

in 1990

After being involved in staple manufacturing at the Fujioka Factory, I moved to the factory of our subsidiary in Malaysia.

I was also involved in staple manufacturing in Malaysia, but initially I struggled considerably because I had trouble communicating with local team members. Looking back, I decided that this was unavoidable because of differences in culture and language problems and I was focused on managing business results, and now I believe I did not pay sufficient attention to understanding the thinking of the other members. When I was having this difficulty, the other members spoke to me using the Japanese that they had learned, and this triggered a change in the way I worked. Using things like photographs and graphs to exchange views in addition to just speaking, they were able to tell me about things they noticed about the equipment that they wanted to check.

Having now returned to the Fujioka Factory, I have been using this experience from Malaysia. Previously, I only gave instructions for things like processes for improvement, but now I am conscious of listening to other members and thinking about things together.

Creating an environment in which it is easy for team members to speak up and is comfortable to work is leading to members' growth and maximum results.

# I am using experience from my previous company to contribute to higher operational productivity by building systems and using IT tools.



Integrated Digital
Innovation Department
Corporate Operations
Division
Joined the Company
in 2021

I joined MAX as a skilled specialist in 2021. Using my experience from my previous job as a systems engineer, I am involved in the development of production-related systems and the Companywide introduction of things like Office 365.

When I started working here, my first impression was a surprising emphasis on "First, give it a try," that is, work, analyze, improve, and produce results on your own. I believe the atmosphere is one that promotes challenges, with a reasonable degree of tolerance for failures that emerge in this process, and places value on reflecting on failures and building on that experience.

I started working on the Companywide introduction of Office 365 without knowing where to start. I repeatedly considered and thought about it, and strove to become the person with the best understanding of Office 365. I felt a strong sense of accomplishment when we started the actual introduction, and that I had grown both in a technical sense and mentally.

Going forward, I want to approach my daily work with a constant focus on how to approach management issues in terms of information technology (IT).

#### Taking childcare leave allowed me to cooperate with my wife in both work and childcare after returning to work.



► Corporate Planning
Department
Corporate Operations
Division
Joined the Company

in 2017

The number of male employees at MAX taking childcare leave has been increasing, and I had almost no misgivings about taking leave.

When I was looking into taking childcare leave and did detailed research into childbirth and childcare, I learned that childcare during the period just after birth is the most challenging, and decided to take three months of childcare leave. Both my wife and I work, which meant that we both had to approach work and childcare so that the burden would be equally shared. I feel that the experience of taking leave and spending time with my wife and newborn child caring for the baby enabled both my wife and me to strike a good balance between work and childcare after we returned to work.

Men are increasingly taking childcare leave, and I feel that there is little sense of "I would like to take leave but cannot." It does mean, however, that other members have to make up for the work that you are unable to do while on leave.

Going forward, I think that while promoting the taking of childcare leave, work has to be done to come up with ways to increase acceptance by those other members.

#### Human resources data

Item	Breakdown	Unit	FY2023	FY2022	FY2021	FY2020	FY2019	YoY difference
	Number of employees	People	979	976	971	953	942	3
	Men	People	882	887	888	876	873	-5
	Male ratio	%	90.1	90.9	91.5	91.9	92.7	-0.8 ppt
	Women	People	97	89	83	77	69	8
	Female ratio	%	9.9	9.1	8.5	8.1	7.3	0.8 ppt
	Average age of employees	Years old	41.8	42.2	42.7	42.9	43.2	-0.4
	Men	Years old	42.7	43.1	43.6	43.7	43.9	-0.4
	Women	Years old	33.5	33.6	33.3	33.6	33.8	-0.1
	Average years of service for employees	Years	16.9	17.2	17.6	17.6	17.8	-0.3
Employee	Men	Years	17.7	17.9	18.3	18.2	18.3	-0.2
status	Women	Years	9.7	10.0	9.7	10.3	10.8	-0.3
	New hires	People	34	37	39	41	40	-3
	Men	People	25	30	34	31	31	-5
	Male ratio	%	73.5	81.1	87.2	75.6	77.5	-7.6 ppt
	Women	People	9	7	5	10	9	2
	Female ratio	%	26.5	18.9	12.8	24.4	22.5	7.6 ppt
	Average salary	Yen	9,445,315	8,115,504	8,142,133	7,850,495	7,858,535	1,329,811
	Number of employees with disabilities	People	21	18	18	18	18	3
	Employment ratio of people with disabilities	%	2.5	2.3	2.3	2.2	2.2	0.2 ppt
	Part-time workers	People	259	279	281	286	273	-20
	Men	People	42	47	47	45	40	-5
Reference)	Male ratio	%	16.2	16.8	16.7	15.7	14.7	-0.6 ppt
	Women	People	217	232	234	241	233	-15
	Female ratio	%	83.8	83.2	83.3	84.3	85.3	0.6 ppt
	Number of managers	People	260	263	265	254	239	-3
Composition	Men	People	257	260	262	251	236	-3
of managers	Male ratio	<u></u>	98.8	98.9	98.9	98.8	98.7	-0.1 ppt
	Women	People	3	3	3	3	3	
	Female ratio	<u></u> %	1.2	1.1	1.1	1.2	1.3	0.1 ppt
	Number of employees taking childcare leave	People	18	14	5	4	6	4
	Men	People	14	7	5	1	1	7
Childcare	Women	People	4	7	0	3	5	-3
leave	Return-to-work rate for employees							
	who took childcare leave	0/	100.0	1000	100.0	100.0	100.0	
	Men	%	100.0	100.0	100.0	100.0	100.0	
	Number of employees taking	% People	100.0	100.0	100.0	100.0	0	_
Nursing care	nursing care leave	Doople						
leave	Men	People						
Total working	Women  Average total annual working hours	People Hours	1,879	1,901	1,941	1,929	1,956	-22
nours		%						70 22
Annual paid eave	Paid leave usage ratio		68.4	61.4	57.6	51.8	52.3	7.0 ppt
Overtime	Number of days of paid leave taken	Days	14.4	13.8	13.0	11.8	12.4	0.6
hours	Average annual overtime hours	Hours	160	178	206	194	232	-18
Turnover	Turnover rate (including retirees)	<u></u>	1.9	2.2	1.9	1.8	2.7	-0.3 ppt
Labor union	Number of union members are for MAX Co., Ltd. (non-consolidated).	People	698	695	685	672	669	3

#### **Considering Human Rights**



#### Respect for human rights

The MAX Group 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 have therefore formulated the MAX Group Human Rights Policy. On the basis of this policy, we carry out business activities that respect human rights and strive to become a company trusted by society.

#### Promotion of occupational safety and health

MAX is promoting initiatives based on safety and health management in accordance with laws and regulations and the MAX Group Safety and Health Basic Policy. 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.

Seven occupational accidents occurred in fiscal 2023. 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

To fulfill our responsibility to respect human rights, the MAX Group is building and implementing a human rights due diligence framework based on our Human Rights Policy, to identify, prevent, and mitigate negative impacts on human rights. During fiscal 2023, the Group identified human rights risks that should be addressed with the highest priority.

#### Human rights risk identification process

#### STEP 1

#### Organizing human rights issues

Human rights issues related to MAX's supply chains are organized.

<Reference>

United Nations' "Guiding Principles on Business and Human Rights" and "Universal Declaration of Human Rights," "OECD Guidelines for Multinational Enterprises," ILO's "International Labour Standards," SA8000, METI's "Guidelines on Respecting Human Rights in Responsible Supply Chains," practical reference materials, etc.

#### STEP 2

#### Evaluating human rights issues

The seriousness, correlation to our businesses, and likelihood of occurrence are evaluated based on the results of the following surveys.

- Surveys and interviews with business divisions related to awareness of human rights risks
- Desktop survey results from nonprofit organizations' and nongovernmental organizations' statements and requests, etc.
- Risks deemed important by industry peers and global companies in Japan
- Various guidelines and media reports related to human rights
- Results of reviews by human rights specialists

#### STEP 3

#### Deliberation by Sustainability Promotion Committee

Results of Steps 1 and 2 are compiled, discussed three times by the Sustainability Promotion Committee, and priority human rights risks to be addressed are proposed.

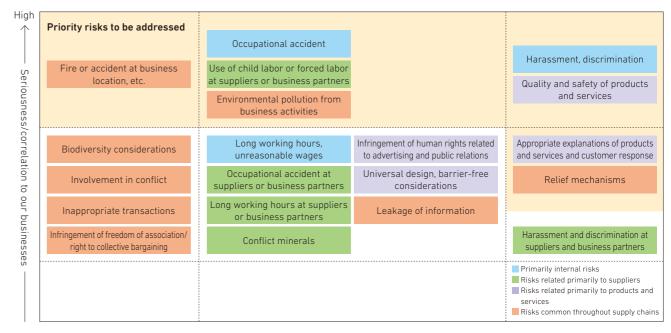
#### STEP 4

#### Designation of priority risks to be addressed

Periodic reports are made to the Board of Directors, which makes the final decision on the priority risks to be addressed.

#### Human rights risk map

After investigation, the following risks were identified.



- Likelihood of occurrence

 $\rightarrow$  High

#### Initiatives in response to priority risks to be addressed

We will respond to the risks shown on the human rights risk map in order of priority risks to be addressed.

Priority risks to be addressed	Risk overview	Response policy
Occupational accident  • Injury or accident at factory or other location, occupational accident caused by exposure to chemical substances, etc.		Each factory's Safety and Health Committee promotes initiatives based on an annual plan     When an occupational accident occurs, information is shared with all factories and improvement measures to prevent a reoccurrence are implemented     Reorganize safety and health policy and accelerate activities
Harassment, discrimination	Harassment or discrimination occurs at a workplace	• Systematically implement regular training related to harassment and discrimination
Use of child labor or forced labor at suppliers or business partners	A raw materials supplier, outsourced manufacturer, etc., uses child labor or forced labor	Carry out SAQs at suppliers, plan to identify suppliers' human rights issues and consider countermeasures
Quality and safety of products and services	Consumer is injured in an accident with a product     Consumers' right to know is infringed by covering up of defective product or accident caused by recalled product	Each factory is building and operating quality management systems based on ISO 9001     Understand and respond to safety standards for all products
Appropriate explanations of products and services and customer response	Insufficient explanation of product or response to customer claim, etc., disadvantages a customer, leading to "customer harassment"	Establish customer service desk, implement initiatives to enhance quality of response
Environmental pollution from business activities	<ul> <li>Environmental pollution from wastewater, waste oil, etc., discharged from a factory has an adverse impact on local residential environment</li> <li>Design and development of products that are difficult to dispose of as waste leads to environmental pollution in area of waste processing site</li> </ul>	Building and operating environmental management systems based on ISO 14001     Developing environmentally friendly products
Fire or accident at business location, etc.	Large-scale accident, fire, etc., at business location has an adverse impact on neighboring residents' residential environment	Each factory's Safety and Health Committee promotes initiatives based on an annual plan
Relief mechanisms	Failure to establish consultation desk to handle complaints, harassment, etc., from stakeholders disadvantages stakeholders	Planning to establish and expand consultation desks in Japan and overseas in stages

#### Initiatives going forward

The consideration and progress of risk countermeasures are monitored by the Sustainability Promotion Committee.

During fiscal 2024, we also plan to carry out selfassessment questionnaires (SAQs) at suppliers to assess the status of human rights risks including the use of child labor and forced labor throughout the supply chain. We will identify issues and consider countermeasures based on the results of those SAQs.

#### MAX Group Safety and Health Basic Policy

The MAX Group 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. The safety and health of employees is an essential element for the realization of respect for people. We also believe that measures to ensure the safety and health of employees will lead to coexistence and mutual benefit with stakeholders and local communities.

#### 1. Ensuring the safety and health of employees

- (1) We will strive to prevent all kinds of accidents and disasters with the safety and health of employees given the highest priority.
- (2) We will create workplaces that provide a safe environment for operations and healthy workplace environments so that employees can work vigorously and safely.

# 2. Having all employees participate in safety and health activities

- (1) In accordance with the spirit of "management in which all employees participate" under the MAX Fundamental Management Policy, all employees will take the initiative in safety and health activities.
- (2) We will cultivate a corporate culture in which every employee can proactively suggest improvements for safety and health.

# 3. Creating a safety and health structure and investing management resources

(1) We will comply with both the letter and spirit of all laws, regulations, and standards related to occupational safety and health.

- (2) We will compile internal guidelines (including manuals) related to occupational safety, ensure that they are followed, and review them as appropriate.
- (3) We will create a safety and health management structure with a clear role, authority, and responsibility.
- (4) We will invest appropriately in human, technological, and financial resources to create workplaces in which employees can work vigorously and safely.

#### 4. Risk assessment and continuous improvement

- (1) We will regularly evaluate and consider appropriate countermeasures for potential risks that exist in working environments and operational processes.
- (2) We will introduce and continuously improve a PDCA (Plan, Do, Check, Act) cycle for safety and health management.

#### Enhancing employees' awareness and capabilities toward safety and health

- (1) We will provide safety and health training for all employees.
- (2) Through safety and health training, we will develop human resources responsible for creating workplaces in which employees can work vigorously and safely and improving safety and health continuously.

#### 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.



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.
- 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). 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

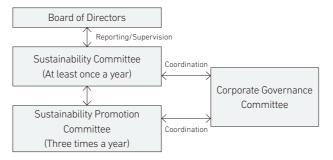
The Company has taken the following steps to promote sustainability activities, including its response to the issue of climate change. We established the Sustainability Committee (chaired by the President), as the decision-making body on sustainability strategies under the supervision of the Board of 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 met five times during fiscal 2023, with deliberations incorporating the expertise of outside directors. In addition, given the importance of activities related to sustainability, the deliberations of the Sustainability Promotion Committee are reported to the Board of Directors at its meeting the following month. Furthermore, the Manufacturing Division, which has the most CO<sub>2</sub> emissions, pursues energy-saving activities 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

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	Scenarios of increased physical risks, such as more severe natural disasters, rising sea levels, and more extreme weather events			
Model	Regulations on climate change are strengthened, such as the introduction of a carbon tax. Consumer preferences shift to an environmental focus.	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.	The RCP 8.5 scenario was used, by referring to information from the IPCC and the IEA.			
	Mainly transition risks/opportunities are manifested.	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.  Risk There is a risk of factory shutdowns and sup disruptions due to an increase in natural disa				
Overview of results	Opportunity Growth in the ZEH (net zero energy house) and ZEB (net zero energy building) market and the use of wooden buildings, which have a decarbonization effect, could increase demand for decarbonization products.	Opportunity The need to reinforce infrastructure, including buildings, is becoming apparent.			
Countermeasures	Capital investment and R&D investment have been focused on energy conservation. Going forward, in light of stricter regulations for decarbonization and growing environmental awareness, we will not only promote energy conservation but also R&D investments including the review of product materials.	Until now, we have prepared for natural disasters, etc., using a BCMS (Business Continuity Management System). We will continue our BCMS activities and strengthen our risk response measures to natural disasters.			
	Points common to both scenarios				
	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
		Introduction of carbon tax	The introduction of a carbon tax increases the cost of CO <sub>2</sub> emissions.	Medium	Medium term
	Policies and	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 $\rm CO_2$ emission reduction targets.	Major	Short term to medium term
	regulations	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	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 risks	risks	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
SKS		Shrinking product demand	Growing environmental awareness stifles demand for products with high CO <sub>2</sub> emissions.	Major	Medium term to long term
	Market risks	Market uncertainty	Unexpected fluctuations in energy costs arise.	Minor	Medium term
		High raw material costs	Profit declines due to an inability to pass on rising raw material costs to sales prices.	Major	Medium term
	Reputation	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 <sub>2</sub> emissions decline as consumers avoid them due to their image as disposable items.	Medium	Medium term to long term
		Corporate reputation	A slow environmental response impacts our corporate image, hampering hiring efforts and causing a decline in the share price.	Non- calculated	Short term to medium term
Phy	Acute Increase in natural disasters		Flooding caused by extreme weather leads to factory shutdowns and supply chain disruptions.	Major	Short term to medium term
Physical ri		Rising sea levels	Rising sea levels lead to flooding at our business locations.	Minor	Long term
risks	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 <sub>2</sub> 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
Opportunity	Products and services	Changes in demand	Improve competitiveness by developing and marketing products with reduced environmental impact by using renewable/recycled raw materials, etc.		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

#### Company itself.

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 2023, CO<sub>2</sub> emissions were 1,710 tons for Scope 1 (direct emissions from business), 10,992 tons for Scope 2

(indirect emissions from power consumption), and 2,569,525 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 2,286,801 tons.

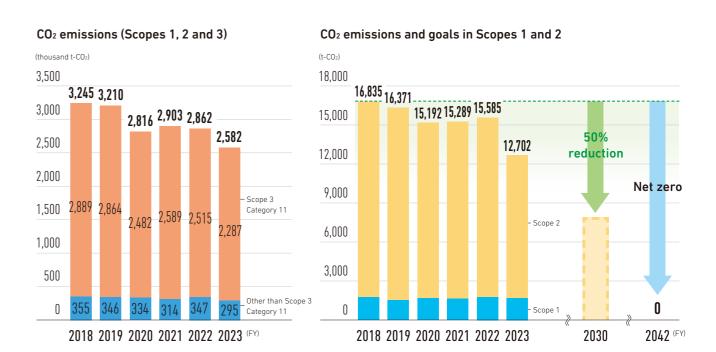
In light of our high  $CO_2$  emissions in Scope 3 Category 11, we have set the following medium- to long-term goals for minimizing climate change-related risks with  $CO_2$  emissions as the indicator.

#### Initiatives and plans

In addition to increasing the efficiency of air conditioning, converting lighting to LEDs, eliminating air leaks at factory facilities, and reducing equipment operation at night at some factories, we are pursuing initiatives including the installation of solar power systems and purchases of nonfossil-fuel certificates.

We will promote these activities while constantly examining and implementing new measures and investments for reducing  $\text{CO}_2$  emissions.

Item	Medium- to long-term goals	Fiscal 2023 actual
Scopes 1 and 2 carbon neutral	1. Reduce CO <sub>2</sub> emissions 50% from fiscal 2018 level by 2030 2. Achieve net zero CO <sub>2</sub> emissions (carbon neutral) by 2042	12,702 t
Reduction of Scope 3 Category 11	Reduce CO <sub>2</sub> emissions 30% from fiscal 2018 level by 2030 for Scope 3 Category 11 (emissions from the use of products sold)	2,286,801 t



 $<sup>^{*}</sup>$  Past CO $_{^{2}}$  emission volumes have been retroactively adjusted to reflect revised calculation method, etc.



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.

MAX has 11 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



1 Tamamura Factory Nailers, air compressors, rebar tying tools, auto staplers, electronic office equipment, etc.



2 Fujioka Factory Consumables such as staples, staples for auto staplers, and TIE WIRF etc.



Kuragano Factory Staplers, air compressor tanks, etc.



MAX ELECTRONICS MACHINE CO... (SHENZHEN) LTD.

Auto staplers, electronic office equipment, etc.



(3) MAX ELECTRONICS MACHINE (SUZHOU) CO., LTD. Heater-ventilator-drvers for bathrooms, etc.



9 ZHANGZHOU LEATAI MEDICAL INSTRUMENTS CO., LTD.

Wheelchairs, welfare products, etc.



4 Yoshii Factory Heater-ventilator-dryers for bathrooms, 24-hour total heat exchange-type ventilation systems, etc.



5 MAX Joban Co., Ltd. Various coil nails, TIE WIRE, etc.



6 Kawamura Cycle Co., Ltd. Wheelchairs, welfare products, etc.



MAX (THAILAND) CO., LTD.

Staplers, nailers, TIE WIRE, auto staplers, TAPENER, etc.



MAX FASTENERS(M) SDN. BHD.



Staplers, staples, etc.

#### Dialogue among Outside Directors



Kako Kurasawa
Outside Director

Asaka Kanda

Outside Director (Audit and Supervisory Committee Member)

Shoji Kiuchi

Outside Director (Audit and Supervisory Committee Member)

Although the previous Medium-Term Management Plan came to a solid conclusion, issues going forward are also clear

Kiuchi
The targets set under the previous Medium-Term Management Plan were all met by a wide margin. ROE rose to a high level of 11.1%, and the PBR, which was below 1 when I took office as an Outside Director, moved to 1.6–1.7, results that I think we can be proud of. If I were to point out any issues, I would say that although we set a budget for investment for growth, we may have been somewhat cautious in our investment in new businesses. Developing new businesses is extremely important, and although we did make some progress in commercializing businesses during the period covered by the previous Medium-Term Management Plan, I recognize that we still have work to do.

Considering that the rebar tying tool business will not necessarily continue to grow in a drastically changing business environment, we will lose our competitiveness unless we create new businesses as a centerpiece for MAX's future. I believe we should proactively invest in pursuing the challenge of creating new things, without fear of failure.

Kanda The fact that we were able to keep pace with changes in the management environment swiftly and accurately, including by appropriately adjusting prices in response to sharply higher prices for raw materials, can be viewed positively. It is true that we were somewhat cautious

in our investment for growth, but looking only at the period to fiscal 2023, I believe there was also an absence of opportunities for timely and appropriate investment. Reflecting carefully on this, I believe we will need to think about what kinds of investments to look for and how to move toward implementation. We commercialized the "Rentool" business during fiscal 2023, but it is very difficult for any company to launch a new business. At MAX, ideas themselves are assets, and at times ideas will emerge that conflict with existing businesses, which could result in an innovation dilemma. I believe that those are the times when our outside perspectives and opinions become important. How to have each individual employee share and implement the new Medium-Term Management Plan's policy of "Create the Future" will be important.

Kurasawa I took office as an Outside Director during the final year under the previous Medium-Term Management Plan. Prior to that, I had a strong impression of MAX as a stapler company, and was actually surprised to learn that rebar tying tools and other construction tools are the main business. In addition, when I first encountered the corporate vision of "Making work life easier and more enjoyable worldwide," I became very excited. My impression of the Company, as having an unpretentious corporate culture and



a solid jobsite-oriented approach using creative possibilities to provide value to customers, has been the same before and after taking office. During fiscal 2023, we formulated the new Medium-Term Management Plan, and during that process, Outside Directors received reports on its progress and were repeatedly given opportunities to express their opinions, giving a strong impression that the plan aimed to incorporate outside perspectives and be firmly grounded.

#### Ideal corporate governance for achieving the new Medium-Term Management Plan

Kiuchi
Achieving an overseas sales ratio of more than 55% is one of MAX's objectives for fiscal 2030, and going forward, I believe we will be expanding locations overseas. The issue is how we will identify and reduce risks at that time. It will be very important for the Internal Audit Office, Audit and Supervisory Committee Members, and others to work together to assess accurately risks at overseas subsidiaries and to address carefully the individual risks that are identified. I also believe that introducing the domestic whistleblowing system at overseas subsidiaries is an issue we should take up going forward.

Kanda At the moment when the whistleblowing system functions and reports improprieties to senior levels, the fact that an event has occurred that is not consistent with the Company's governance tends to be viewed negatively. However, sharing information about negative events as quickly as possible proves that governance is functioning,

and is good because it means the company can move quickly to prevent a reoccurrence. There are problematic events underneath the surface at any company, and they can only be noticed by employees in the workplace. It is management's responsibility to convey the message that the more inconvenient information is and the more employees may not want to raise it, the more that management wants them to share that information, and to strive to ensure that the meaning of using the whistleblowing system and the fact that there will be no adverse consequences for sharing information is widely understood internally. I also consider it important to build a governance system that shows that it is functioning effectively by ensuring that managers themselves are responsible for maintaining transparency and external accountability.

Kiuchi Many companies evaluate the effectiveness of



their board of directors, and at MAX, items that receive poor evaluations are presented for discussion to the Board of Directors, which takes measures to improve them. I believe that for items identified as falling short in effectiveness evaluations, the fact that there are opportunities for Directors to discuss and share information among themselves to resolve the issue in the following year plays a

significant role in increasing effectiveness.

Kanda The deliberations of the advisory committees are also important opportunities for exchanging opinions in a different way than at the Board of Directors. I want the advisory committees on nominations and remuneration to follow the Company's opinions to the extent possible, while items not deemed appropriate from an outside perspective are fully pointed out. The Company has appointed female directors as a way to ensure the Board's diversity, but I believe the issue going forward will be how to elicit those perspectives in the Board's proceedings and be able to act on them, rather than just being a superficial device.

Kurasawa My impression as a female director is that I am often asked for my opinion on how Max is seen from diverse outside perspectives, including women's perspectives, and whether the thinking behind execution is appropriate. My approach is to be supportive while also speaking up when there are things that need to be pointed out, even if they are critical. I feel that we have free and lively discussions with officers responsible for execution, that problems identified are often reflected in subsequent actions, and that MAX is a company that is inclined to listen.

#### Resolving materiality issues to set the path to become a truly sustainable company

Kurasawa I have been involved in sustainability operations for a long time, and I feel that the attention being placed on how to integrate businesses including through mediumterm management plans and sustainability to create social value is increasing. This requires clarifying what kinds of sustainability initiatives society needs and how a company's strengths can be used to their fullest for effective sustainability. I believe that operating businesses with an awareness of ensuring that the advantages to the environment and society outweigh the disadvantages leads to enhanced corporate value. MAX offers products like staplers and rebar tying tools that make life easier for people from the perspective of labor savings and automation, and I believe this can be recognized to some extent as creating social value. I also feel that using feedback obtained through dialogue with stakeholders in MAX's sustainability initiatives has created management that integrates businesses and sustainability.

Kiuchi We designated materiality during the period

covered by the previous Medium-Term Management Plan, and during that process, I felt that the elements of sustainability were included in MAX's original corporate spirit including the company creed and fundamental management policy. I believe that increasing employee engagement through training human resources and achieving a favorable work-life balance under one of the materiality issues, "realize a company that allows people to participate," is especially important.

Kanda A policy for investment in human resources training is included in the new Medium-Term Management Plan, but first we have to secure and retain superior human resources. Right now, acquiring human resources is very difficult regardless of the industry. I feel that young people's attitudes toward work are different than when I was their age, and we need to be open-minded about accepting that difference in values. In addition, developing and selling environmentally friendly products to "contribute to a sustainable global environment" itself

contributes to the resolution of social issues, while at the same time sending a message to society. I believe that instilling a MAX brand image in society and conveying the Company's attributes to society will also become important in acquiring human resources.

**Kurasawa** Many of today's younger generation want to work for a company that plays a useful role. Making employees feel useful, able to participate, and able to pursue challenges will lead to retention and continued motivation. Going forward, as we work toward achieving an overseas sales ratio above 55%, developing human resources who can plan an active role in overseas businesses will be essential.

Kiuchi With regard to "maintain and strengthen governance" to support corporate activities, we can be seen as having built a quite solid system over the past few years, but I believe that going forward, dialogue with investors is an issue that needs to receive greater attention. We have not had opportunities to date, but I think that having Outside Directors meet personally with investors, directly listen to their requests, and use those perspectives in management will become increasingly important.

Kurasawa It is important for the Board of Directors to fulfill its responsibility for oversight and supervision of the Company's sustainability, and to identify latent risks and



discuss them promptly. The basic foundation, including the setting of materiality and establishment of a Sustainability Committee, is in place and steady progress is being made in things like human rights due diligence. It is important to have clear standards for decision-making for top management down to individual employees and a foundation for ethical conduct, and if MAX can build on this using the manufacturing capabilities it has developed, I believe it can become a truly sustainable company.

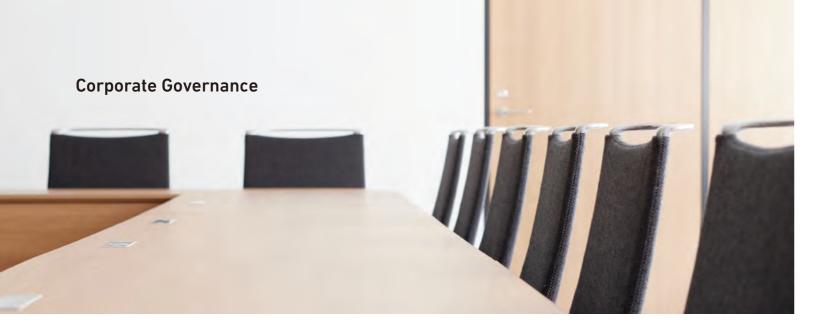
# Greeting from new director

# Contributing to corporate value through effective corporate governance

Over its long history, MAX has developed superb technologies and expertise. We cannot be content with this, however. It is extremely important to identify opportunities for corporate growth in a drastically changing environment and make decisions proactively. At the same time, based on my experience in the three areas of auditing—independent accounting audit, internal audit, and corporate auditors' audit—I feel that it is also important to have a framework in which the accelerator can be firmly applied with a brake to be applied as necessary, and to achieve an appropriate balance between the accelerator and the brake. Taking this perspective, I hope to make a contribution to corporate governance with a view toward enhancing MAX's sound and medium—to long-term corporate value.







#### 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

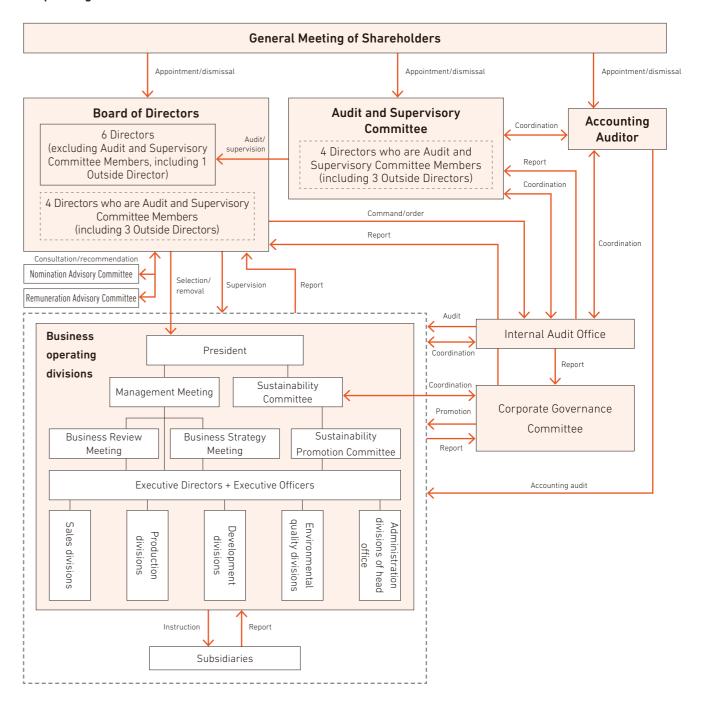
#### Overview of corporate governance system

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")
2020	Established the Nomination Advisory Committee and the Remuneration Advisory Committee
2021	Resolved on the basic policy on remuneration for Directors
2023	Abolished anti-takeover measures Appointed a female outside director Introduced restricted share-based remuneration plan for officers

#### Corporate governance chart (as of June 26, 2024)



#### **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 2023.

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 a total of four members, one full-time Audit and Supervisory

Committee Member who is a Director and three part-time Audit and Supervisory Committee Members who are Independent Outside Directors. The reason for selecting a full-time Audit and Supervisory Committee Member is to strengthen the audit and supervisory functions of the Audit and Supervisory Committee in gathering information from Directors (excluding Directors who are Audit and Supervisory Committee Members) and sharing information at important internal meetings, as well as to ensure thorough coordination between the internal audit divisions and the Audit and Supervisory Committee. The committee is chaired by a full-time Audit and Supervisory Committee Member.

It meets once a month and as necessary, and met 17 times in fiscal 2023.

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 four times in fiscal 2023. 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, Shoji Kiuchi, and Kako Kurasawa were appointed as committee members, and Shoji Kiuchi was selected as the chairperson.

#### **Remuneration Advisory Committee**

The Company established the Remuneration Advisory Committee, the majority of whose members are Independent

Outside Directors, as an advisory body to the Board of Directors to enhance transparency and objectivity regarding remuneration, etc., for Directors (excluding Directors who are Audit and Supervisory Committee Members) and Executive Officers. The committee met three times in fiscal 2023. 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 Kako Kurasawa were appointed as committee members, and Asaka Kanda was selected as the chairperson.

#### Management Meeting

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

The Management Meeting consists of 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

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 Promotion Committee (hereinafter "Promotion Committee") met five times in fiscal 2023 to discuss topics such as the results of the engagement survey and how to proceed with human rights due diligence, while also leveraging the knowledge of Outside Directors. Given the importance of sustainability-related activities, the content of discussions by the Promotion Committee is reported at the Board of Directors meeting held the month following the Promotion Committee meeting.

The Sustainability Committee met once in fiscal 2023 to review the activities of the Promotion Committee and discuss future initiatives.

#### Name and members of the body (as of October 1, 2024)

		Main bodies established								
Name	Position	Board of Directors	Audit and Supervisory Committee	Nomination Advisory Committee	Remuneration Advisory Committee	Management Meeting	Corporate Governance Committee	Sustainability Committee		
Tatsushi Ogawa	President	Chairperson	_	0	0	Host	Host	Chairperson		
Yoshihiro Kaku	Senior Managing Director and Senior Executive Officer	0	_	_	_	0	0	0		
Masahito Yamamoto	Managing Director and Senior Executive Officer	0	_	_	_	0	0	0		
Hideyuki Ishii	Director and Executive Officer	0	_	_	_	0	0	0		
Koji Kato	Director and Executive Officer	0	_	_	_	0	0	0		
Kako Kurasawa	Outside Director	0	_	0	0		0	0		
Tomohiko Nakamura	Director (Full-time Audit and Supervisory Committee Member)	0	Chairperson	_	_	_	0	_		
Asaka Kanda	Outside Director (Audit and Supervisory Committee Member)	0	0	_	Chairperson	_	0	_		
Shoji Kiuchi	Outside Director (Audit and Supervisory Committee Member)	0	0	Chairperson	_	_	0	_		
Mari Yajima	Outside Director (Audit and Supervisory Committee Member)	0	0	_	_	_	0	_		
Takashi Iwamoto	Senior Executive Officer	_	_	_	_	0	0	_		
Katsunori Manabe	Senior Executive Officer	_	_	_	_		0	0		
Daisuke Yasue	Executive Officer	_	_	_	_	_	0	_		
Shintaro Yoshida	Executive Officer	_	_	_	_		0	_		
Akio Kitaya	Executive Officer			_		0	0	0		
Hitoshi Igarashi	Executive Officer					_	0	0		
Hideo Kashihara	Executive Officer	_	_	_	_	_	0	_		
Mitsugu Takezaki	Executive Officer	_	_	_	_	_	0	_		
Makoto Hisatomi	Executive Officer			_			0	_		
Nobuo Suda	Executive Officer	_					0	0		

#### Reasons for election of Outside Director and status of activities

Name	Reasons for election	Status of activities
Kako Kurasawa	The Company 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.	Attendance at meetings of the Board of Directors 13/13
Asaka Kanda	The Company 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 knowledge 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 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 knowledge as an attorney-at-law and careers serving as a domestic affairs conciliation commissioner, member of a committee on administrative complaints, and others.	Attendance at meetings of the Board of Directors 17/17
Mari Yajima	The Company has determined that she is qualified to serve as Outside Director who is an Audit and Supervisory Committee Member of the Company, considering that she has professional knowledge as a certified public accountant and deep insight into corporate governance gained through her experience as an auditor at other companies and as General Manager of the Internal Audit Department of an insurance company.	_

We have formulated the Medium-Term Management Plan and business plans based on these discussions, and we are working to integrate sustainability-related activities and business strategies so as to continuously enhance our 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 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 2024 showed the effectiveness of the Board of Directors. With regard to discussions mainly concerning sustainability initiatives, which were addressed as an ongoing challenge in the previous fiscal year, the evaluation results remained at a high level owing to repeated discussions focusing on initiatives related to human rights due diligence. However, the Company continues to recognize this matter as a challenge.

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

#### **Executive remuneration**

The Company's executive remuneration, etc., comprises three elements: monthly remuneration (fixed remuneration), performance-linked remuneration (executive bonus), and restricted share-based remuneration. Regarding the share-based remuneration, the Company's prescribed restricted transfer agreement is to be concluded, which restricts

subject Directors from disposing of their granted 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

#### Composition of executive remuneration

	Monthly remuneration	Performance-linked remuneration	Restricted share-based remuneration
	(fixed remuneration)	(executive bonus)	(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 profit, 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

	Total remuneration	Subtota			
Category	(millions of yen)	Monthly remuneration (fixed remuneration)	Performance-linked remuneration, etc.	Non-monetary remuneration, etc.	Number of recipients
Directors (excluding Directors who are Audit and Supervisory Committee Members)	229	106	103	19	7
(Outside Directors)	(6)	(6)	(-)	(-)	(1)
Directors (Directors who are Audit and Supervisory Committee Members)	43	43	_	_	4
(Outside Directors)	(25)	(25)			(3)
Total	272	149	103	19	11
(Outside Directors)	(31)	(31)	103	17	(4)

#### Notes

- 1. The table above includes one Director (who is not an Audit and Supervisory Committee Member) who retired at the conclusion of the 92nd Ordinary General Meeting of Shareholders held on June 28, 2023.
- 2. The amounts paid to Directors (excluding Directors who are Audit and Supervisory Committee Members) do not include compensation, etc., for the employee portion of Directors who serve concurrently as employees.
- 3. Performance-linked remuneration, etc., consists of an executive bonus resolved at the 93rd Ordinary General Meeting of Shareholders.
- 4. The actual amount of the result distribution profit for fiscal 2023, which serves as a performance indicator, was ¥18,260 million

biannual Internal Audit Summit with participation by auditrelated organizations such as the Internal Audit Office, Integrated Digital Innovation Department, and Environment and Quality Assurance Department. At the Summit, participants share information on the status of internal audits and risk response at each department. We also have all employees conduct self-checks for the purpose of reflecting on their own activities, identifying risks in the Group, and taking appropriate measures.

#### Dialogue with shareholders

To oversee constructive dialogue with shareholders, the Company has established a department in charge of investor relations under the officer in charge of investor relations. Through coordination with divisions such as corporate planning, general affairs, and accounting, the department in charge of investor relations 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 officer in charge of investor relations. 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 officer in charge of investor relations. We also actively respond to requests for dialogue from shareholders and investors.

The department in charge of investor relations 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 October 1, 2024)



#### Directors\*

\* Excludes Directors who are Audit and Supervisory Committee Members

April 2007

April 2017

3 Masahito Yamamoto

Joined the Company

Representative Director and President of MAX

USA CORP. (attached to the International Sales

Department, Sales Division of the Company)

International Sales Department, Sales Division, General Manager of IP Division and in charge of

ternational Sales Department, Sales Divisior

RB Business Planning Department Director, Senior Executive Officer and General

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

(present position)

Executive Officer, General Manager of

RB Business Planning Department

Managing Director

#### 1 Tatsushi Ogawa

President

Joined the Company Executive Officer, General Manager of Design 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 Senior Executive Officer, General Manager of Research and Development Division, General Manager of Design Development Department and General Manager of Design Quality Evaluation Group

lune 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 President (present position)

#### 2 Yoshihiro Kaku

Senior Managing Director

April 2012 Executive Officer and General Manager of Corporate Planning Department Director, Executive Officer and General Manager of Corporate Planning Department
Director, Executive Officer and General Manager of International Sales Department, Sales Divisior June 2015

Resigned as Director due to the Company's transition to a company with an Audit and Supervisory Committee; Managing Executive Officer and General Manager of International Sales Department, Sales Division
Managing Executive Officer and General Manager of Sales Management, Sales Division Managing Executive Officer in charge of Office Equipment Segment and General Manager of Sales Management, Sales Division

April 2018 October 2018 June 2021 Senior Executive Officer in charge of Office Equipment Segment and General Manager of Sales Management, Sales Division Director, Senior Executive Officer in charge of Office Equipment Segment, General Manager of Administration Group and General Manager of Sales Management, Sales Division

Anril 2022

Relations and Public Relations, ESB Promotion, Internal Audit, Humanger or Corporate Planning Department in charge of Investor Managing Director, Senior Executive Officer and General Manager of Corporate Planning Department in charge of Investor

lune 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 April 2024 Senior Managing Director, Senior Executive Officer, General Manager of Corporate Operations Division and General Manager of

Corporate Planning Department (present position)

Executive Officer, General Manager of General Manager of IP Division and in charge 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 of RB Business Planning Department and Industrial Equipment Segment Managing Director, Senior Executive Officer and General Manager of Corporate Planning Department in charge of Investor Senior Executive Officer in charge of Industrial Equipment Segment, Sales Division, General Manager of International Sales Department, Relations and Public Relations, ESG Promotion, Human Resources, IT Systems General Manager of IP Division and in charge of

#### 4 Hideyuki Ishii Director

April 1989 Inined the Company Representative Director and President of MAX (THAILAND) CO., LTD. (attached to the Manufacturing Division of the Company) Executive Officer, Representative Director and President of MAX (THAILAND) CO., LTD. (attached to the Manufacturing Division of the Company) Executive Officer and General Manager of Manufacturing and Logistics System Department, Manufacturing Division

June 2023

Executive Officer and General Manager of Manufacturing Department, Manufacturing Nirector: Executive Officer and General Manage of Manufacturing Division (present position)

#### 5 Koji Kato

#### Director

October 2004

October 2023

Joined the Company Executive Officer and General Manager of Design Development Department, Research and Development Division Executive Officer, General Manager of Research and Development Division and General Manager of Design Development Department Executive Officer, General Manager of Research and Development Division and General Manager of Residential Environment OP Design Department Director, Executive Officer, General Manager of Research and Development Division and General Manager of Residential Environment OP
Design Department
Director, Executive Officer and General Manager

of Research and Development Division (presen

#### 6 Kako Kurasawa

Outside Director

April 1986 General Manager of CSR Division, Komatsu Ltd. Trustee of Foundation for Advanced Studies on April 2019 International Development (present position) Deputy General Manager of Sustainability
Promotion Division and General Manager of CSR Division, Komatsu Ltd. Principal of Sustainability Division, CEO Office Tokio Marine Holdings, Inc. June 2023 Outside Director of the Company (present

[Significant concurrent positions outside the Company] Trustee of Foundation for Advanced Studies on International

#### Directors' Skills Matrix

	Position	Basic business function							The Compa	ny's strategy
Name	in the Company	Business management	Sales	Technology	Sustainability	Accounting	Legal affairs	Human resources	Global business	Planning/New business
Tatsushi Ogawa	President	0		0						0
Yoshihiro Kaku	Senior Managing Director	0	0		0	0		0	0	0
Masahito Yamamoto	Managing Director	0	0	0					0	$\circ$
Hideyuki Ishii	Director	0		0	0				0	
Koji Kato	Director			0	0					0
Kako Kurasawa	Outside Director				0				0	0
Tomohiko Nakamura	Director (Full-time Audit and Supervisory Committee Member)		0							
Asaka Kanda	Outside Director (Audit and Supervisory Committee Member)						0	0		
Shoji Kiuchi	Outside Director (Audit and Supervisory Committee Member)						0			
Mari Yajima	Outside Director (Audit and Supervisory Committee Member)					0				

<sup>\*</sup> The symbol "O" indicates experience for three or more years, and "O" for two or more years.

#### **Directors who are Audit and Supervisory Committee Members**

#### 7 Tomohiko Nakamura

Director Joined the Company Δnril 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 October 2021 General Manager of Corporate Planning Director (Audit and Supervisory Committee

#### 8 Asaka Kanda

Outside Director

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

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

#### 9 Shoji Kiuchi

Outside Director

Joined Kodaira City Hall Left Kodaira City Hall 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 Established Tsunokamizaka Law Office (to July 2004 April 2006 Domestic Affairs Conciliation Commissioner of Tokyo Family Court (present position) April 2012 Member of Information Disclosure Review Committee of Kodaira City Deputy Chairman of Daini Tokyo Bar Association May 2013 Legal Advisor of Kodaira City Member of the Administrative Complaint Review Committee of Kodaira City June 2018 Substitute Outside Director (Audit and Supervisory Committee Member) of the Company Executive Governor of Japan Federation of Bar April 2019 Associations Outside Director (Audit and Supervisory Committee Member) of the Company (present nosition)

[Significant concurrent positions outside the Company] Attornev-at-law of Tsunokamizaka Law Office

#### 10 Mari Yajima

Outside Director

December 2007 Joined Shin Nihon & Co. (currently, Ernst & Young ShinNihon LLC)
Registered as certified public accountant
Manager of Shin Nihon & Co. (currently, Ernst & October 2017 Young ShinNihon LLC)
Joined AXA Life Insurance Co., Ltd. Concurrently served in Internal Audit Department of AXA Life Insurance Co., Ltd. and Internal Audit Division of AXA Holdings Japan October 2021 General Manager of Internal Audit Department AXA Direct Life Insurance Co., Ltd. (currently, AXA Life Insurance Co., Ltd.) June 2023 Outside Full-time Corporate Auditor of ZIGExN Co., Ltd. (present position)
Outside Director (Audit and Supervisor) Committee Member) of the Company (present position) [Significant concurrent positions outside the Company] Outside Full-time Corporate Auditor of ZIGExN Co., Ltd

MAX CO., LTD. | Integrated Report 2024 MAX CO., LTD. I Integrated Report 2024

<sup>\*</sup> Human resources include experience in the nomination and compensation committees of other companies.

#### 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 Intellectual Property 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 Integrated Digital Innovation 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 2023.

#### 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.

#### 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 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)

	(Millions			
	<b>FY2022</b> (As of March 31, 2023)	<b>FY2023</b> (As of March 31, 2024)		
ASSETS				
Current assets				
Cash and deposits	27,615	31,624		
Notes receivable-trade	350	363		
Electronically recorded monetary claims-operating	1,276	1,487		
Accounts receivable-trade	13,094	13,919		
Marketable securities	6,203	6,595		
Merchandise and finished goods	11,070	10,839		
Work in process	989	1,026		
Raw materials	1,806	2,082		
Other	1,287	1,456		
Allowance for doubtful accounts	(4)	(3)		
Total current assets	63,688	69,392		
Non-current assets				
Property, plant and equipment				
Buildings and structures, net	11,317	11,196		
Machinery, equipment and vehicles, net	4,334	4,242		
Land	7,191	7,211		
Leased assets, net	670	619		
Construction in progress	754	1,387		
Other, net	1,749	1,699		
Total property, plant and equipment	26,017	26,357		
Intangible assets				
Other	454	514		
Total intangible assets	454	514		
Investments and other assets				
Investment securities	20,701	21,408		
Long-term loans receivable	75	98		
Deferred tax assets	4,721	2,772		
Other	1,092	1,183		
Allowance for doubtful accounts	(9)	(9)		
Total investments and other assets	26,582	25,453		
Total non-current assets	53,054	52,324		
Total assets	116,742	121,717		

	(Millions of		
	FY2022	FY2023	
	(As of March 31, 2023)	(As of March 31, 2024)	
LIABILITIES			
Current liabilities			
Accounts payable-trade	4,204	3,671	
Short-term loans payable	1,850	1,050	
Lease obligations	247	243	
Accounts payable	2,032	2,683	
Profit taxes payable	2,378	989	
Accrued consumption taxes	110	416	
Provision for bonuses	2,622	2,855	
Provision for directors' bonuses	80	103	
Provision for product warranties	154	189	
Allowance for non-current asset removal costs		26	
Other	1,979	2,068	
Total current liabilities	15,660	14,297	
Non-current liabilities			
Long-term loans payable	125	125	
Lease obligations	426	348	
Deferred tax liabilities	6	10	
Deferred tax liabilities for land revaluation	474	474	
Provision for product warranties	15	15	
Net defined benefit liability	10,669	6,135	
Asset retirement obligations	141	135	
Other	318	330	
Total non-current liabilities	12,176	7,573	
Total liabilities	27,836	21,870	
NET ASSETS			
Shareholders' equity			
Capital stock	12,367	12,367	
Capital surplus	10,517	10,535	
Retained earnings	63,521	70,267	
Treasury stock	(414)	(2,670)	
Total shareholders' equity	85,992	90,500	
Accumulated other comprehensive profit			
Valuation difference on available-for-sale securities	1,547	2,721	
Revaluation reserve for land	(339)	(339)	
Foreign currency translation adjustment	2,854	5,388	
Remeasurements of defined benefit plans	(1,260)	1,460	
Total accumulated other comprehensive profit	2,802	9,230	
Non-controlling interests	110	116	
Total net assets	88,906	99,847	
Total liabilities and net assets	116,742	121,717	

#### **Consolidated Statement of Profit**

(Millions of yen)

		(Millions of yen)
	FY2022  From April 1, 2022 to March 31, 2023	FY2023  From April 1, 2023 to March 31, 2024
Net sales	84,316	86,638
Cost of sales	48,187	46,781
Gross profit	36,129	39,857
Selling, general and administrative expenses	26,203	27,256
Operating profit	9,926	12,601
Non-operating profit		
Interest income	80	192
Dividend income	174	188
Rent income	20	19
Foreign exchange gains	244	673
Other	148	124
Total non-operating profit	669	1,198
Non-operating expenses		
Interest expenses	41	35
Taxes and dues	5	3
Commission expenses	_	22
Other	37	21
Total non-operating expenses	84	82
Ordinary profit	10,510	13,717
Extraordinary profit		
Gain on sales of non-current assets	33	1
Gain on sales of investment securities	9	69
Total extraordinary profit	42	70
Extraordinary loss		
Loss on sales of non-current assets	0	0
Loss on abandonment of non-current assets	48	46
Provision of allowance for non-current asset removal costs	_	26
Loss on valuation of investment securities	18	_
Loss on sales of investment securities	_	0
Impairment loss	185	15
Total extraordinary loss	253	88
Profit before profit taxes	10,300	13,699
Profit taxes-current	3,456	2,927
Profit taxes-deferred	(780)	335
Total profit taxes	2,675	3,262
Profit	7,624	10,437
Profit attributable to non-controlling interests	5	1
Profit attributable to shareholders of parent company	7,619	10,435

# **Consolidated Statement of Comprehensive Profit**

(Millions of yen)

	FY2022	FY2023
	From April 1, 2022 to March 31, 2023	From April 1, 2023 to March 31, 2024
Profit	7,624	10,437
Other comprehensive profit		
Valuation difference on available-for-sale securities	404	1,173
Foreign currency translation adjustment	1,084	2,539
Adjustments relating to retirement benefits	(316)	2,720
Total other comprehensive profit	1,172	6,434
Comprehensive profit	8,797	16,871
(Breakdown)		
Comprehensive profit attributable to shareholders of parent company	8,788	16,863
Comprehensive profit attributable to non-controlling interest	9	7

#### **Consolidated Statements of Changes in Net Assets**

iscal	year	ended	March 31	, 2023	[From April	1, 2022 to	March 31, 2023]
-------	------	-------	----------	--------	-------------	------------	-----------------

- 1	N 4	311	۱: ۵	-	- f	1101
- 1	. IVI	ш	UU	115	UΙ	ver

Shareholders' equity				
ck Total s	shareholders' equity			
(413)	81,401			
	(3,027)			
	7,619			
(0)	(0)			
(0)	4,590			
(414)	85,992			
	(-/			

	Accumulated other comprehensive profit						
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive profit	Non-controlling interests	Total net assets
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)
Profit attributable to shareholders of parent 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

#### Fiscal year ended March 31, 2024 [From April 1, 2023 to March 31, 2024]

#### (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	63,521	(414)	85,992
Changes of items during the period					
Dividends of surplus			(3,689)		(3,689)
Profit attributable to shareholders of parent company			10,435		10,435
Purchase of treasury shares				(2,433)	(2,433)
Retirement of treasury shares		17		176	194
Net changes of items other than shareholders' equity					
Total changes of items during the period	_	17	6,746	(2,256)	4,507
Balance at end of the year	12,367	10,535	70,267	(2,670)	90,500

	Accumulated other comprehensive profit						
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive profit	Non-controlling interests	Total net assets
Balance at beginning of the year	1,547	(339)	2,854	(1,260)	2,802	110	88,906
Changes of items during the period							
Dividends of surplus							(3,689)
Profit attributable to shareholders of parent company							10,435
Purchase of treasury shares							(2,433)
Retirement of treasury shares							194
Net changes of items other than shareholders' equity	1,173	_	2,533	2,720	6,427	5	6,433
Total changes of items during the period	1,173	_	2,533	2,720	6,427	5	10,940
Balance at end of the year	2,721	(339)	5,388	1,460	9,230	116	99,847

#### **Consolidated Statement of Cash Flows**

		(Millions of yen
	FY2022	FY2023
	From April 1, 2022	From April 1, 2023
<u></u> -	_ to March 31, 2023 _	_ to March 31, 2024 _
Cash flows from operating activities		
Profit before profit taxes	10,300	13,699
Depreciation	3,022	3,054
Impairment loss	185	15
Increase (decrease) in allowance for doubtful accounts	(0)	(1)
Increase (decrease) in provision for bonuses	787	222
Increase (decrease) in provision for directors' bonuses	30_	23
Increase (decrease) in provision for product warranties	(55)	34
Increase (decrease) in allowance for non-current asset removal costs		26
Increase (decrease) in net defined benefit liability	(404)	(629)
Interest and dividend income	(255)	(381)
Interest expenses	41	35
Foreign exchange losses (gains)	(321)	(576)
Loss on abandonment of non-current assets	48	46
Loss (gain) on sales of non-current assets	(33)	(1)
Loss (gain) on sales of investment securities	(9)	(69)
Loss (gain) on valuation of investment securities	18	_
Increase (decrease) in deposits received from employees	0	86
Decrease (increase) in notes and accounts receivable-trade	(714)	(632)
Decrease (increase) in inventories	(2,329)	887
Increase (decrease) in notes and accounts payable-trade	(70)	(610)
Decrease (increase) in consumption taxes refund receivable	665	112
Increase (decrease) in accrued consumption taxes	(66)	318
Decrease (increase) in other assets	(115)	(129)
Increase (decrease) in other liabilities	199	536
Subtotal	10,924	16,069
Interest and dividend income	280	381
Interest and dividend income	(40)	(32)
Profit taxes (paid) refund	(2,915)	(4,298)
Cash flows from operating activities	8,248	12,120
Cash flows from investment activities	0,240	12,120
	(727)	(1,960)
Payments into time deposits	976	(1,760)
Proceeds from withdrawal of time deposits		
Purchase of short-term and long-term investment securities  Proceeds from sales and redemption of short-term and long-term	(2,603)	(5,907)
investment securities	4,818	6,484
Purchase of property, plant and equipment	(3,387)	(2,708)
Payments for retirement of property, plant and equipment	(32)	(18)
Proceeds from sales of property, plant and equipment	39	2
Purchase of intangible assets	(186)	(236)
Payments of loans receivable	(1)	(41)
Collection of loans receivable	31	21
Payments for asset retirement obligations	(14)	(0)
Cash flows from investment activities	(1,085)	(3,715)
Cash flows from financing activities	(1,000)	(0,7.10)
Proceeds from loans payable	125	750
Repayments of loans payable	(150)	(1,550)
Purchase of treasury shares	(0)	(2,433)
Proceeds from disposal of treasury shares	(0)	(2,433)
Cash dividends paid	(3,024)	(3,687)
	(3,024)	
Cash dividends paid to non-controlling shareholders	(202)	(1) (274)
Repayments of lease obligations	(282)	
Cash flows from financing activities	(3,332)	(7,196)
Effect of exchange rate change on cash and cash equivalents	721	1,383
Net increase (decrease) in cash and cash equivalents	4,552	2,591
Balance of cash and cash equivalents, beginning of the period	22,435	26,987
Balance of cash and cash equivalents, end of the period	26,987	29,579

#### **Company Overview**

Company name	MAX CO., LTD.
Foundation date	November 26, 1942
Capital stock	12,367 million yen
Consolidated number of employees	2,457 (as of March 31, 2024)
Fiscal year-end	March 31 (once a year)

Stock exchange registration	Tokyo Stock Exchange (Prime)
Stock code	6454
	Industrial Equipment Business
Main businesses	Office Equipment Business
	HCR Equipment Business



#### 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	
NORTH CAROLINA 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.	

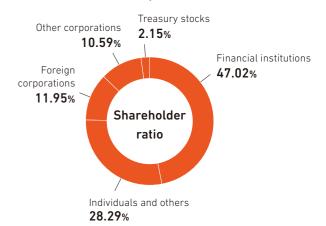
#### **Stock Information**

(As of March 31, 2024)

#### Number of Shares and Shareholders

Authorized number of shares	145,983,000 shares		
Number of shares issued and outstanding	47,537,426 share:		
Number of shareholders	10,067 persons		
Minimum trading units	100 shares		

#### Distribution of Shares by Shareholder

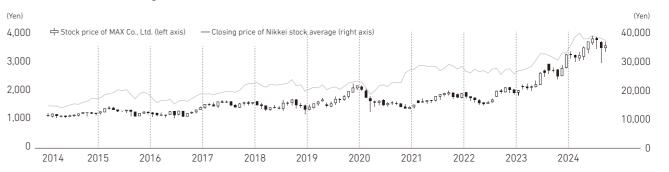


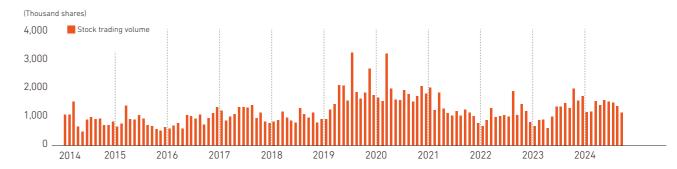
#### **Major Shareholders**

Shareholder name	Number of shares held (thousand shares)	Holding ratio (%)
The Dai-ichi Life Insurance Company, Ltd.	4,284	9.21
The Master Trust Bank of Japan, Ltd. (trust account)	4,126	8.87
Nippon Life Insurance Company	3,762	8.09
MAX Kyoei Kai Dai-ichi Shareholding Association	3,690	7.93
MAX Kyoei-kai Dai-ni Shareholding Association	3,352	7.21
Custody Bank of Japan, Ltd. (trust account)	2,818	6.06
Mizuho Bank, Ltd.	2,234	4.80
The Gunma Bank, Ltd.	2,114	4.55
MAX Employee Stock Ownership Plan	1,168	2.51
Nippon Steel Corporation	1,044	2.25

 $<sup>^{\</sup>ast}$  The shareholding ratio is calculated by deducting 1,020,076 shares of treasury stock.

#### Stock Price/Stock Trading Volume (As of September 30, 2024)





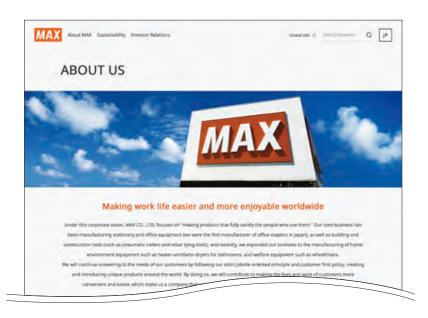
#### **Editorial Policy**

This report is a comprehensive communication tool that combines financial information and nonfinancial 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, 2024 (April 1, 2023–March 31, 2024)

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

A total of 20 companies consisting of MAX Co., Ltd. and 19 consolidated subsidiaries (as of March 31, 2024)

"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 CO.,LTD.

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

Telephone: +81-3-3669-0311

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