A large, stylized map of Asia and Australia is positioned on the left side of the cover. The map is rendered in a light orange color against a white background. The background of the entire cover features a series of concentric, wavy orange lines that create a sense of motion and depth.

MAX CO., LTD.  
Integrated Report

2023

Profile

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

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

The MAX Company Creed	MAX Fundamental Management Policy
To take responsibility in supplying quality products. (We will maximize each employee’s ability to create and distribute the very best products.)	We aim to become a group in which everyone can grow together by creating a lively and fun atmosphere.
To strive to improve the lives of all MAX employees and develop their abilities to the fullest. (We respect each other and reward initiative.)	1. We strive to ensure our management is ethical and transparent.
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.)	2. We strive to ensure management promises that all employees participate.
	3. We strive to ensure management promises that company results are fairly shared by all stakeholders.

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Statement > Creed we value

Making work life easier and more enjoyable worldwide

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

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

Our products are designed around a simple idea:  
Making work life easier and more enjoyable worldwide

Reducing stress and maximizing performance.  
That’s how we enhance the work environment.  
That is why we keep challenging ourselves to do better—to make lives better.



Corporate Vision > What MAX is aiming for

Making work life easier and more enjoyable worldwide

Value Proposition > What MAX can do to achieve our vision

Creating new standard and maximizing life fulfilment

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

Collaborative & Energetic, Creative & Fun

The Corporate Slogan > Engineered for Performance

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

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

# **RESOLVING SOCIAL ISSUES with OUR PRODUCTS**

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

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

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

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



*Tatsushi Ogawa*

Tatsushi Ogawa  
President





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

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

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

## Record sales and profit in fiscal 2022

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

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

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

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

mix improved.

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



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

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

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

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

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



### Variety of measures to survive period of drastic change

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

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

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

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

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

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

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

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

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

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

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

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

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

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

### Moving forward together toward a MAX for a new age

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

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

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



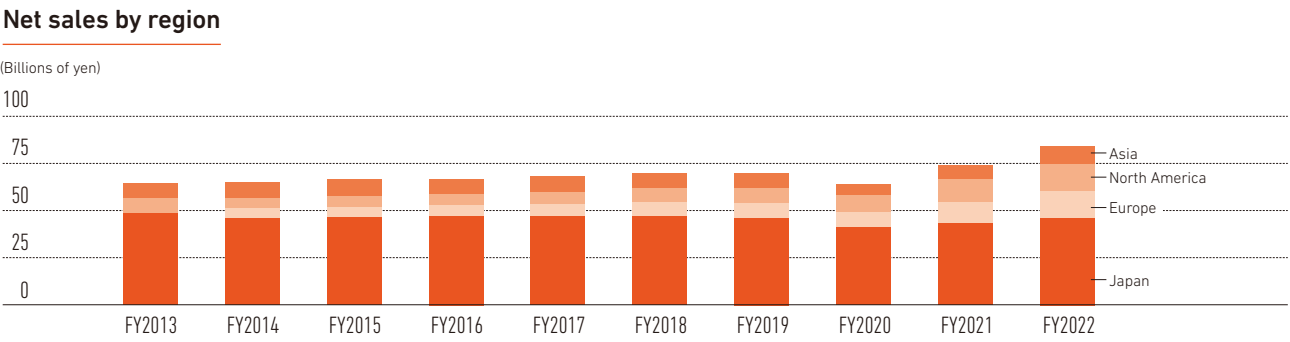
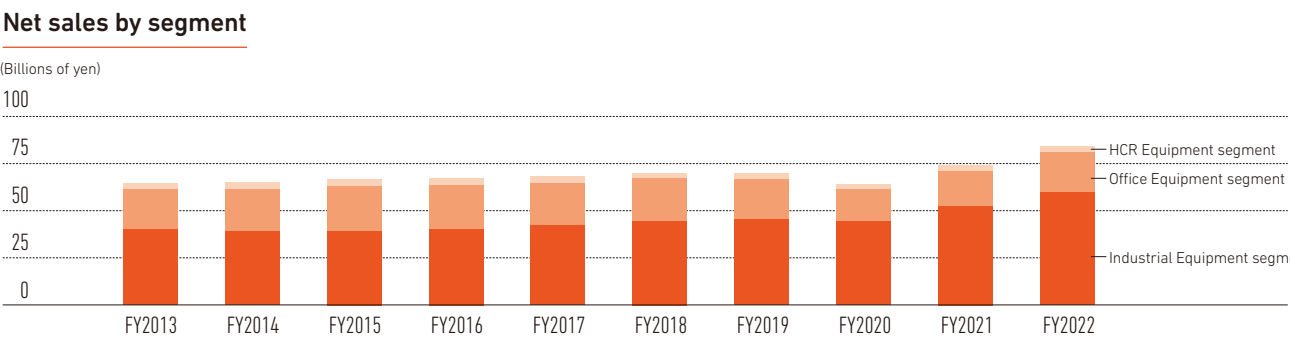
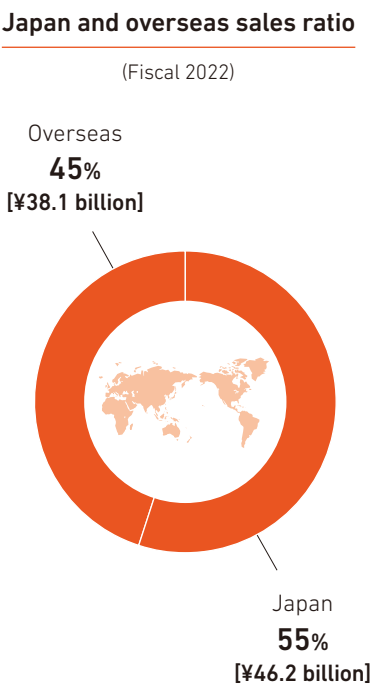
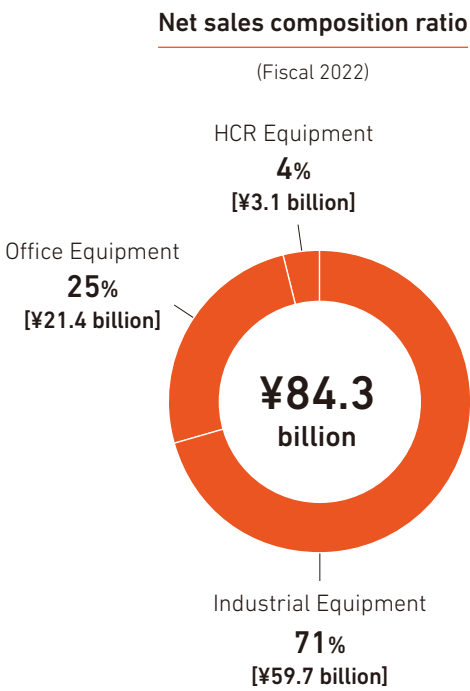


# Business Domains

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

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

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





## Our Distinctive Character

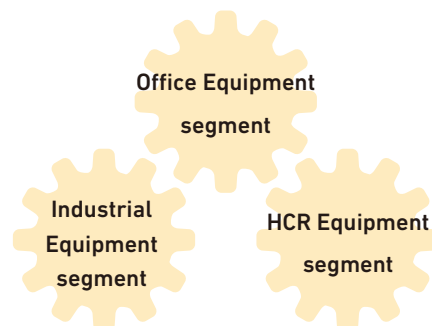
MAX works on responding to needs of our customers, understanding changes in our society, and creating and introducing unique products by following our strict jobsite-oriented and customer-first principle, thus creating new markets and establishing realms where we stand as No. 1 or the only one.

01

### Diverse business structure

Criteria for decision making about the business portfolio

- Business structure that does not rely on one industry
- Businesses that can be expected to provide stable revenue over the long term
- Businesses that can effectively leverage in-house resources



02

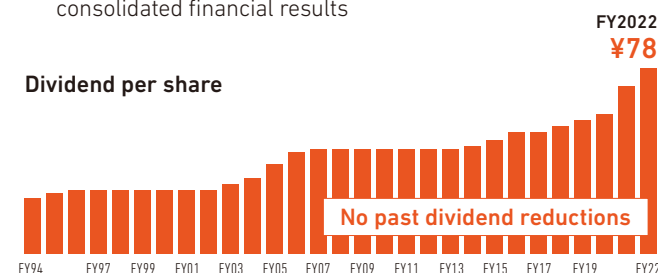
### Stable revenue base

Basic policy on profit distribution

- Expanding profits from business activities through sustainable growth and distributing profits in a stable manner over the long term

Dividend policy

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



03

### Unique business model

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



04

### Strict adherence to the principle of three realities

Creating and introducing unique products by pursuing facts on the jobsite





MAX's Value Creation Process

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



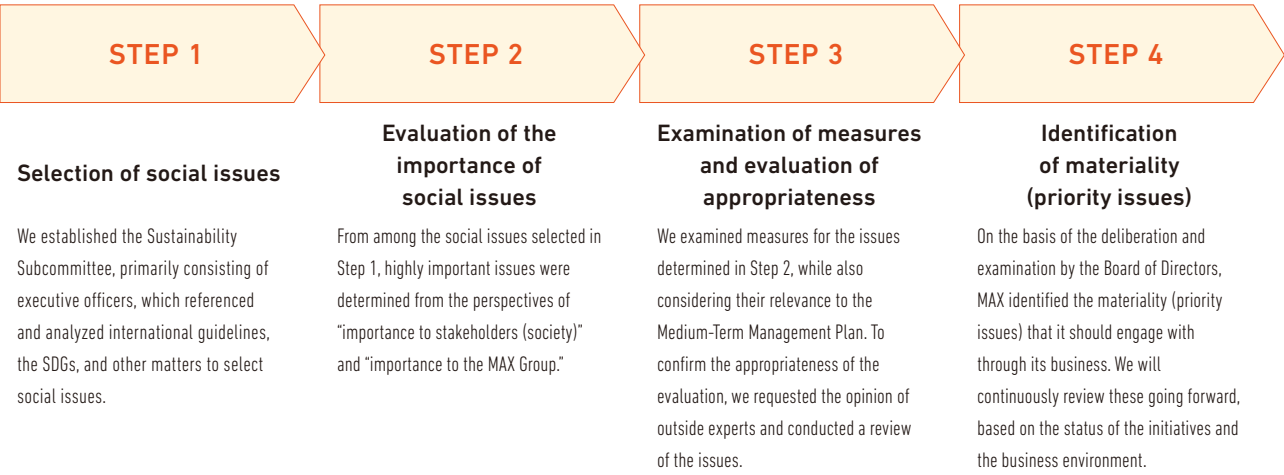
Materiality (Priority Issues)

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

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

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

Materiality (priority issues) identification process



Identified materiality (priority issues)

Materiality	Focus themes	Company goals
Realize a company that allows people to participate	<ul style="list-style-type: none"><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 style="list-style-type: none"><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 style="list-style-type: none"><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 style="list-style-type: none"><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"	<ul style="list-style-type: none"><li>Innovation</li><li>Digital transformation (DX)</li></ul>	<ul style="list-style-type: none"><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 style="list-style-type: none"><li>Quality and safety</li><li>Supply chain management</li><li>Disaster prevention and recovery</li></ul>	<ul style="list-style-type: none"><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 style="list-style-type: none"><li>Corporate governance</li><li>Compliance and risk management</li><li>Information security</li></ul>	<ul style="list-style-type: none"><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>

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

\* Past greenhouse gas (CO<sub>2</sub>) emission volumes have been retroactively adjusted to reflect revised calculation method, etc.



Message from the Director in Charge of Sustainability



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

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

With promotion structure in place, sustainability is taking root

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

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

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

Proactively addressing each priority issue and steadily building up achievements

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

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

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

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

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

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

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

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

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

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

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

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

The Group will accelerate the growth of overseas business and the business model transformation for further growth. We will also strive to launch new businesses that will serve as our future core and to strengthen the management infrastructure for supporting the Company’s continuous growth.

Basic Strategies	
1 Growth of overseas business	<div>➢ Accelerate the growth of the rebar tying tool business</div> <div>➢ Overseas expansion of agriculture and food equipment business</div> <div>➢ Active investment in priority regions</div>
2 Business model transformation	<div>➢ Strengthen the infrastructure of high-earning businesses</div> <div>➢ Promote activities in new markets</div>
3 Launch of new businesses	<div>➢ Medium- to long-term R&amp;D investment</div> <div>➢ Investment in domestic and overseas development sales</div>
4 Strengthening management infrastructure	<div>➢ Improve business productivity by utilizing digital technology</div> <div>➢ Provide a healthy company work environment</div> <div>➢ Strengthen ESG and brand power</div>

Performance Indicators (plan for fiscal 2023)				* Revised on July 31, 2023
	Net sales	Operating income	Operating income margin	ROE
	¥87.8 billion	¥12.0 billion	13.7 %	9.2 %
(Fiscal 2022)	Net sales	Operating income	Operating income margin	ROE
	¥84.3 billion	¥9.9 billion	11.8 %	8.9 %

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

Measures



Industrial Equipment segment

Priority policy

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

Overseas industrial equipment business

➢ Increase in number of sales staff for the rebar tying tool business

➢ Expansion of dealer network for concrete materials and enhancement of training

➢ Enhancement of after-sales support system

Domestic industrial equipment business

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

Agriculture and food equipment business

➢ Development of market for “TAPENER” mechanical tape binding tool in Europe and the United States

Home environment equipment business

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

“TWINTIER” rebar tying tool

“TAPENER” strong mechanical tape binding tool



Office Equipment segment

Priority policy

Maintain profitability through expansion of labelling and signage products

Overseas office equipment business

➢ Increase in sales of labelling and signage products such as “Bepop,” “LETATWIN,” etc., in Europe, the United States, and China

Domestic office equipment business

➢ Enhancement of customer contact and improvement of sales activity productivity through ICT

➢ Expansion of stock business through labelling and signage products such as “Bepop,” “Label Printer,” etc.

“Bepop” sign & label printing machine

“LETATWIN” tube marker



HCR Equipment segment

Priority policy

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

➢ Improvement of profitability through improved productivity and in-house manufacturing at the factory in China

➢ Expansion of sales of high-value-added wheelchairs and continuous introduction of new products

➢ Entry and expansion into overseas markets with a focus on the Chinese and ASEAN markets

“WAVIT Roo”



## Message from the Officer in Charge of Finance

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

### Akio Kitaya

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

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

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

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

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

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

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

## Aiming for further improvement in corporate structure to achieve sustainable growth

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

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

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

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

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

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

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

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

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

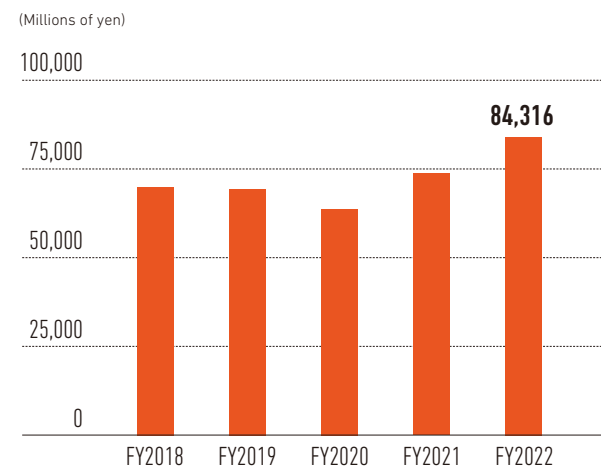
and will include the results of those discussions when we announce the next Medium-Term Management Plan.

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

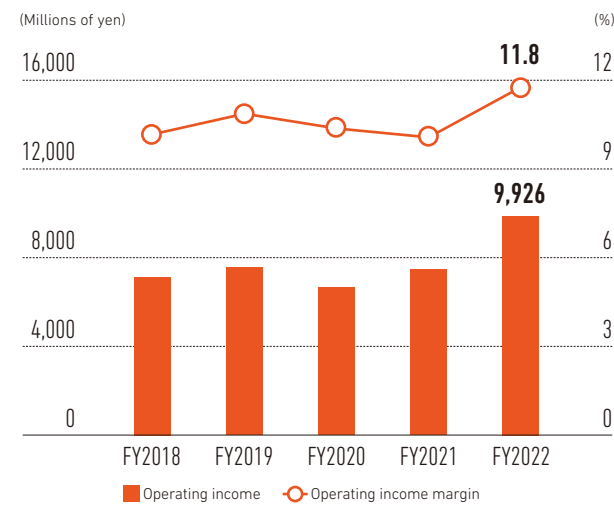
We will steadily improve our earnings structure by strengthening the overseas business and transforming the business model in the domestic business, but going forward, we aim to take MAX to an even higher level in terms of expanding businesses, especially overseas, and creating new businesses, while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

## Financial and Non-Financial Highlights

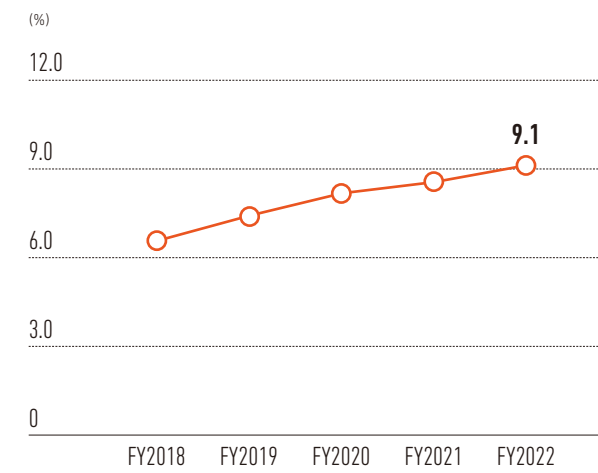
Net sales



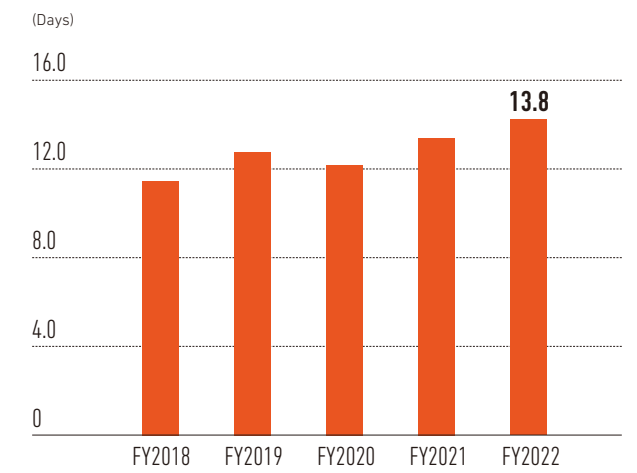
Operating income/Operating income margin



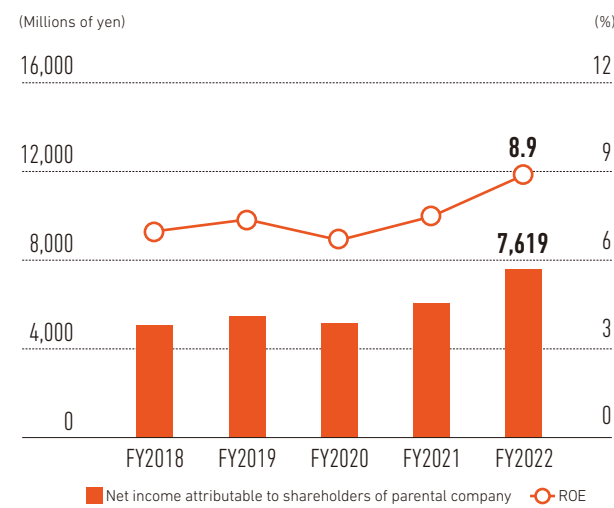
Ratio of female employees (non-consolidated)



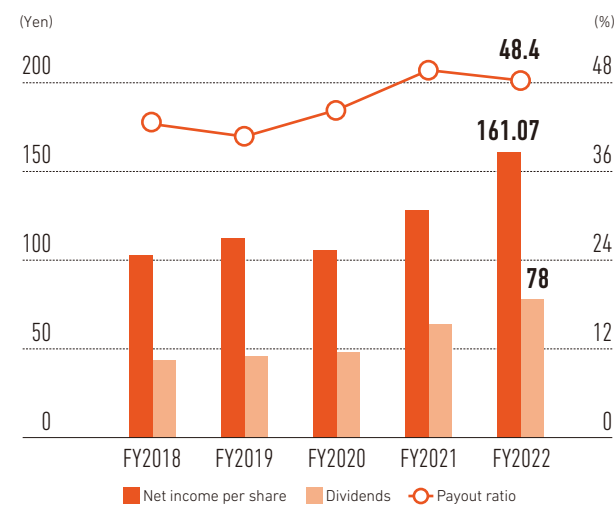
Average number of days of annual paid leave taken (non-consolidated)



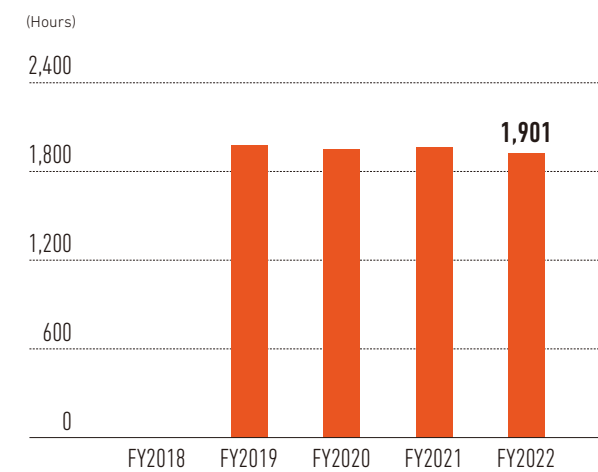
Net income attributable to shareholders of parental company/ROE



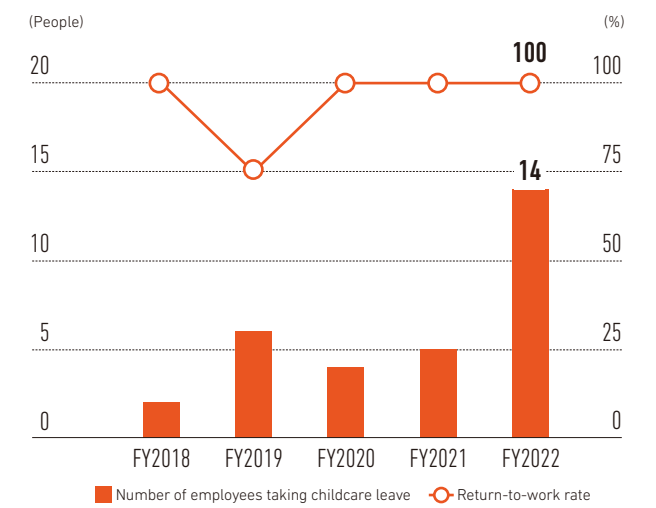
Net income per share/Dividends/Payout ratio



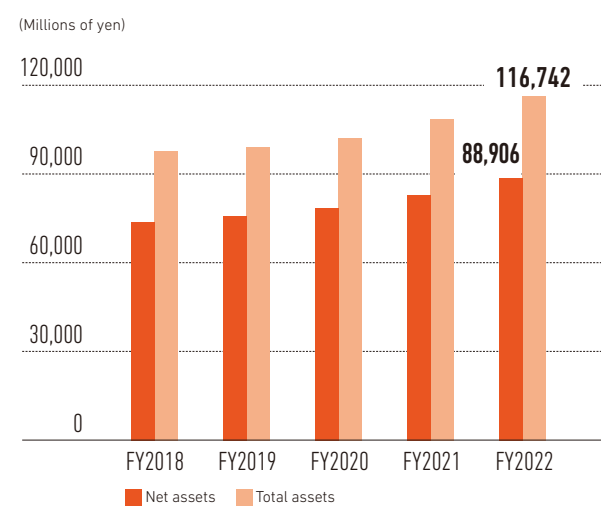
Average total annual working hours (non-consolidated)



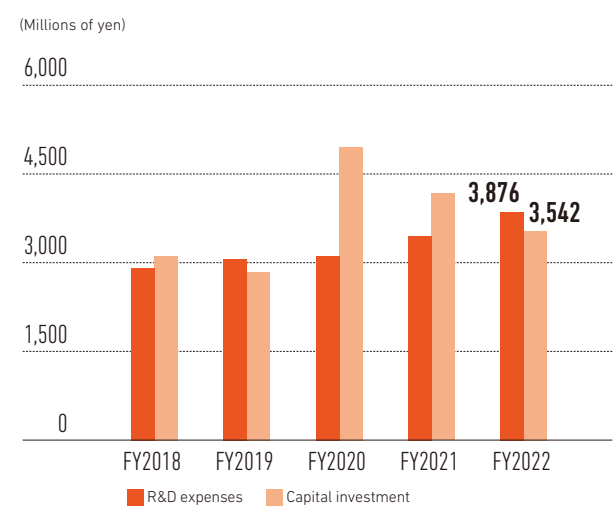
Number of employees taking childcare leave/Return-to-work rate (non-consolidated)



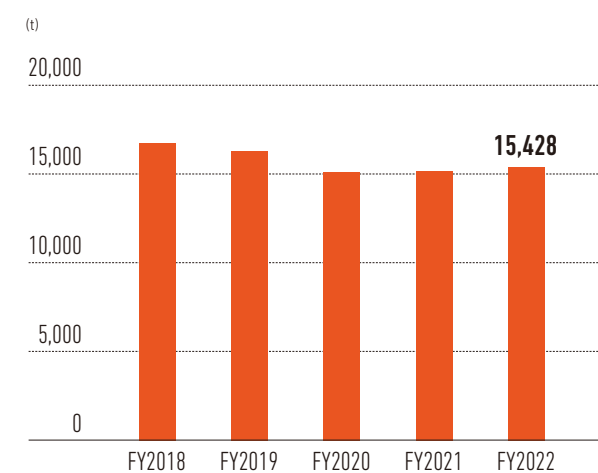
Net assets/Total assets



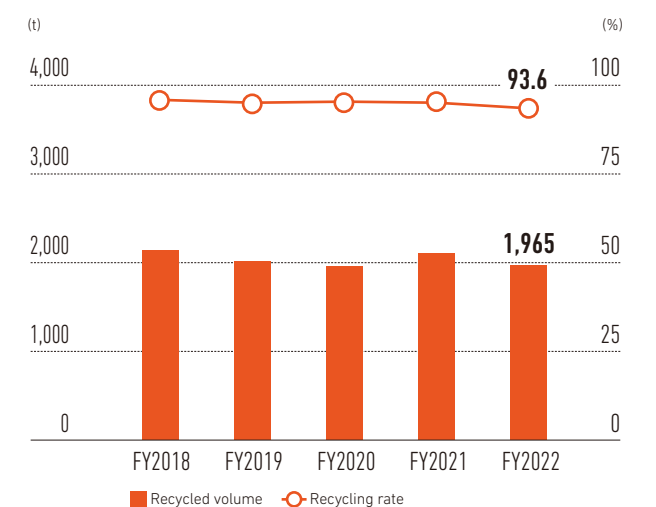
R&D expenses/Capital investment



CO<sub>2</sub> emissions (Scopes 1 and 2)



Recycled volume/Recycling rate



\* Past CO<sub>2</sub> emission volumes have been retroactively adjusted to reflect revised calculation method, etc.



MAX's Products Are Used around the World

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

### What is a rebar tying tool?



Manual operation using pliers



Same operation using "TWINTIER"

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

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

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

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

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

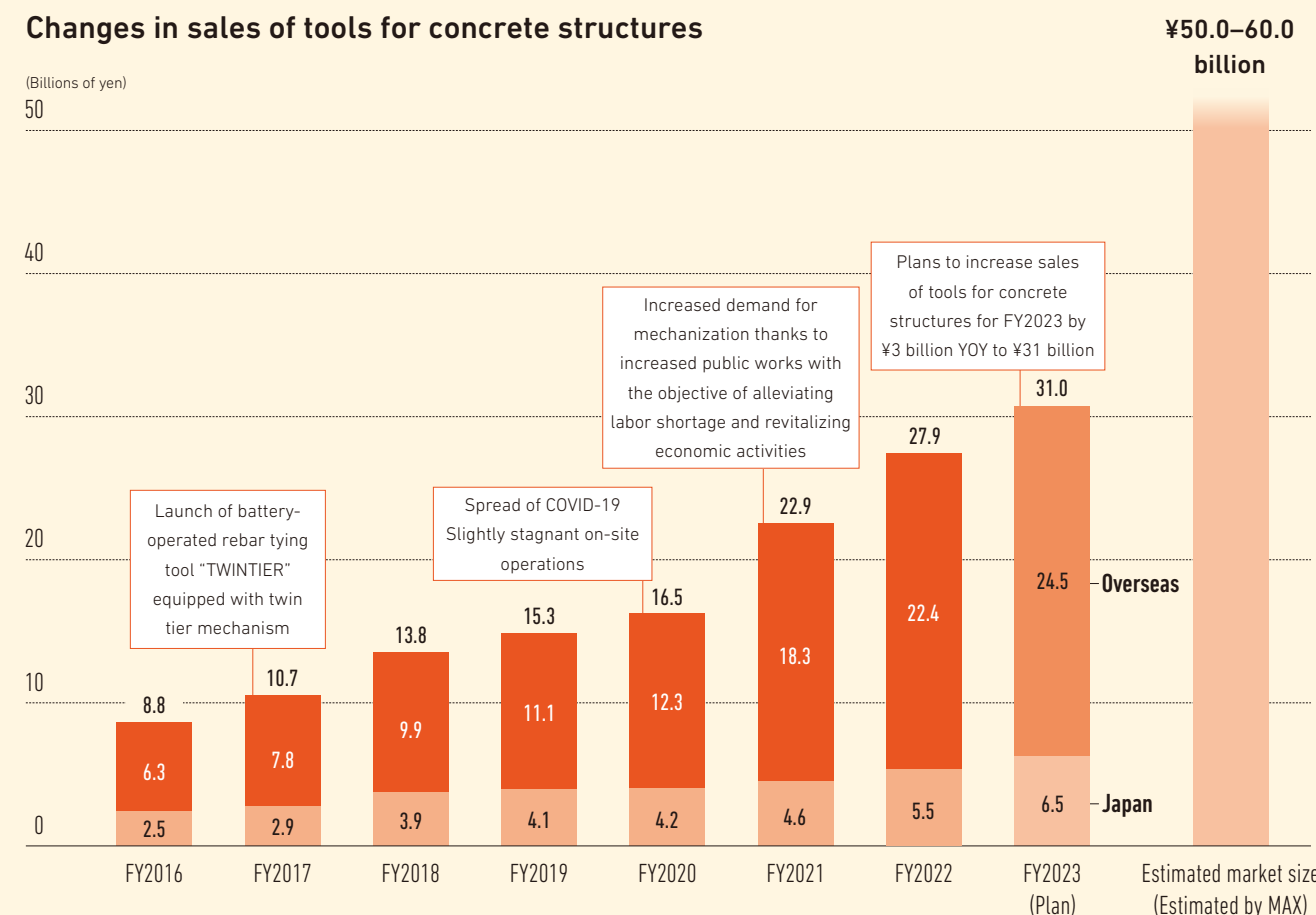
Sales of tools for concrete structures have continued to grow since the "TWINTIER" battery-operated rebar tying tool was released in November 2017.

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

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

### Changes in sales of tools for concrete structures

(Billions of yen)



### Battery-operated rebar tying tool "TWINTIER" series



Standard model launched in 2017



Large-diameter model launched in 2019



Stand-up model launched in 2020



"TIE WIRE" dedicated tying wire



## Rebar tying tool business supporting MAX's growth

### Overview of rebar tying tool business

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

The "TWINTIER" series of battery-operated rebar tying

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

### Business overview in Japan and overseas

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

#### North America

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



#### Europe

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



#### Japan

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



#### Production

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



### VOICES FROM THE FIELD

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

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

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

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



**Masayuki Senda**

President  
MAX USA CORP.

### VOICES FROM THE FIELD

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

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

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

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



**Hideaki Yoshizawa**

Deputy Manager  
Production Engineering  
Department  
Manufacturing Division

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

