

Message from the President



Aiming to be a “Value Creation Company” that can directly contribute to the realization of a sustainable society

Keiji Nakamura
President and
Representative Director

growth with profits, towards the start of the new medium-term management plan Maximum Excellence 2023 (“MEX23”) in fiscal 2021. This was accompanied by decisive implementation of large-scale, painful business reforms, including business portfolio reforms and the implementation of an early retirement support program. In light of the review of the previous medium-term management plan, MEX23 has made “Commit to value” a major policy. In business portfolio strategy, we will thoroughly implement financial discipline and strengthen cross-divisional functions as an organizational strategy. In this way,

we will aim to grow with profits.

In fiscal 2020, despite negative impacts such as lower demand for automotive-related products due to the impact of the Novel Corona-Virus infectious disease, operating income profits were secured by the positive impact of increased demand for anti-bacterial deodorizers and lithium-ion batteries supported by Stay-at-Home demand, as well as enhanced profit governance including thorough profit-and-loss control by individual model. We believe that we are well prepared for the start of MEX23.

	Review of Previous Medium-Term Management Plan	MEX23
Vision and policy	<ul style="list-style-type: none"> • Short-term perspective • Focus on sales 	<ul style="list-style-type: none"> • MVSS • Emphasis on value
Business portfolio	<ul style="list-style-type: none"> • Lack of thorough discipline • Sticking to existing businesses 	<ul style="list-style-type: none"> • Thorough Financial Discipline • ROIC management
Management	<ul style="list-style-type: none"> • Dispersion of resources • Vertical division 	<ul style="list-style-type: none"> • Concentration of resources • Cross-divisional functions

Review of the Years until Fiscal 2020

Although Maxell was able to secure a certain level of business growth under the Medium-Term Management Plan during FY2015–2017 (NMI17), based on the management judgment that sustainable business scale growth centered on existing businesses is difficult, under the previous Medium-Term Management Plan (FY2018–2020, MG20), we adopted a business growth strategy in which acquiring new businesses from outside the Group was the driving force. Also, in October 2017, we had transitioned to a holding company structure in order to accelerate the implementation of these business scale expansion plans.

Nonetheless, we have achieved some results,

such as acquiring new technologies that will lead to future business growth and expanding commercial distribution. On the other hand, the rapid expansion of our business domains and the expansion of our product lineup has led to a lack of thorough financial discipline. As a result, the achievement of the medium-term management plan has become extremely difficult. In addition, in terms of business operations, we think it was regrettable that rapid organizational expansion had led to the dispersion of resources and abuses caused by sectionalism.

Against this backdrop, fiscal 2020 was positioned as a year for preparing for a return to

MVSS: Ideal Feature to Be Realized in 10 Years

Under the previous Medium-Term Management Plan (MG20), the business domain had expanded too much by obtaining business from outside the company. In order to maximize organizational strength in order to maximize corporate value, we considered it necessary to redefine “what company Maxell is,” “what we are aiming for,” and “what are the strengths.” Discussions began in summer 2019 with the corporate strategy division, and we spent a long time to review them in order to build the system of Maxell’s philosophy reflecting the intentions of top management and the thoughts of our employees.

As a result, we reaffirmed Maxell’s purpose in becoming a company that creates the highest value in the realization of a sustainable society through innovation based on our unique Analog Core Technologies, which we have cultivated over the years amid a situation in which the global environment and economic environment change dramatically and society’s sustainability is being questioned. In response, in July 2020 we established a new basic management policy, “MVSS (MISSION, VISION, VALUE, SPIRIT, SLOGAN),” which sets forth the MISSION as “Contribute to a sustainable society by innovating unique, original technologies.”

Message from the President

Maxell continues to be “an indispensable company” in the realization of a sustainable society, and all employees will work together to

continue to be the company “The future is within” under the slogan.

Value Provided by Maxell

I would like to clarify the Maxell’s ideal feature to be realized in 10 years and what value we will provide to our stakeholders.

First, the driving force behind the creation of corporate value is the creation of value for each and every employee. We want to provide employees with value other than remuneration, such as self-fulfillment and a sense of accomplishment through rewarding work, as well as remuneration commensurate with the value they have demonstrated. For example, the value Maxell provides to its employees is to provide an open organizational culture and a comfortable working environment in order to encourage them to engage in rewarding work.

For customers, we want Maxell’s business activities to be strongly linked to enhancing the value that customers provide. The timely provision of the high-value-added technologies, products, and services that are necessary for this purpose is the greatest value that our Group can

demonstrate. We aim to be a company that can firmly provide value to customers and other stakeholders by developing high-value-added products and services by innovating our unique and original technologies.

Furthermore, for society, it is natural for Maxell to contribute to society by providing the Group’s technologies, products, and services to customers who seek to contribute to the realization of a sustainable society through our businesses. In this chain, it is our purpose to become an indispensable company.

For our shareholders and investors, in addition to appropriate dividends and the value that we naturally have to demonstrate as a listed company, such as improving stock prices, we hope that investors will continue to be able to provide support with the sense that they are making a significant contribution to a sustainable society through their investment in Maxell.

Value Provided by Maxell **Maximum Excellence**

For Employees	Compensation aligned with value creation, challenging work, and a comfortable place to work: An attractive company that everyone can challenge toward a higher target
For Customers	High-value-added products and services based on unique technologies: An indispensable company in developing high-value-added products
For Society	Products, services, and solutions for solving social issues: An indispensable company in realizing a sustainable society
For Shareholders	Adequate return on investment (stock price appreciation, dividends): A company that attracts continuous support through enhancement of Corporate Value

Three Focus Areas Extracted from MegaTrends

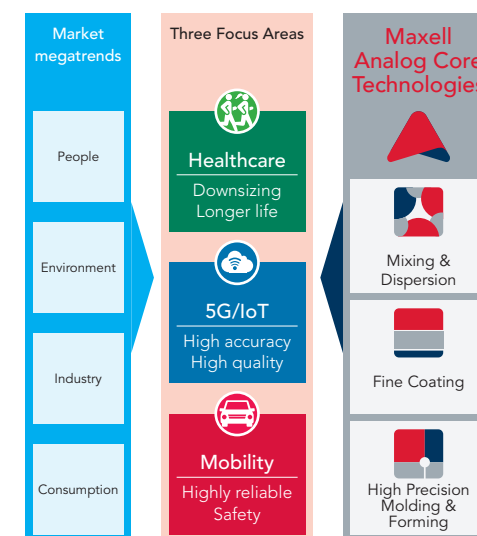
Within the major segments of the market megatrends of “People,” “Environment,” “Industry,” and “Consumption,” we held repeated discussions from the viewpoint of what value our products and services can create with the Analog Core Technologies, which are Maxell’s strengths, and made “Healthcare,” “5G/IoT,” and “Mobility” the three new focus areas.

In “Healthcare” area, we believe that demand related to health, security, and safety will continue as a major trend, even in light of the impact of the Novel Corona Virus infectious disease. One of the requirements here is the downsizing and prolonging of batteries incorporated into equipment. Maxell can provide more compact, long-life, and reliable batteries by using its unique, original Analog Core Technologies. We believe that providing safe and long-life batteries for wearable devices that monitor biometric information will also contribute to society. Also, health and beauty care equipments for healthy, secure, and safe lifestyles such as anti-bacterial deodorizers can contribute to the creation of safe, secure, and smart spaces, too.

In “5G/IoT” area, we expect medium- to long-term growth in demand for semiconductors to support higher networking speeds. We will use our Analog Core Technologies to create high-precision circuit and control boards, and adhesive tapes used in semiconductor manufacturing processes to create high-performance products. In addition, in recent years, electricity and water meters, which are becoming increasingly smartified, batteries for power supplies are required to have long-term reliability of more than about 10 years, and we believe that Maxell

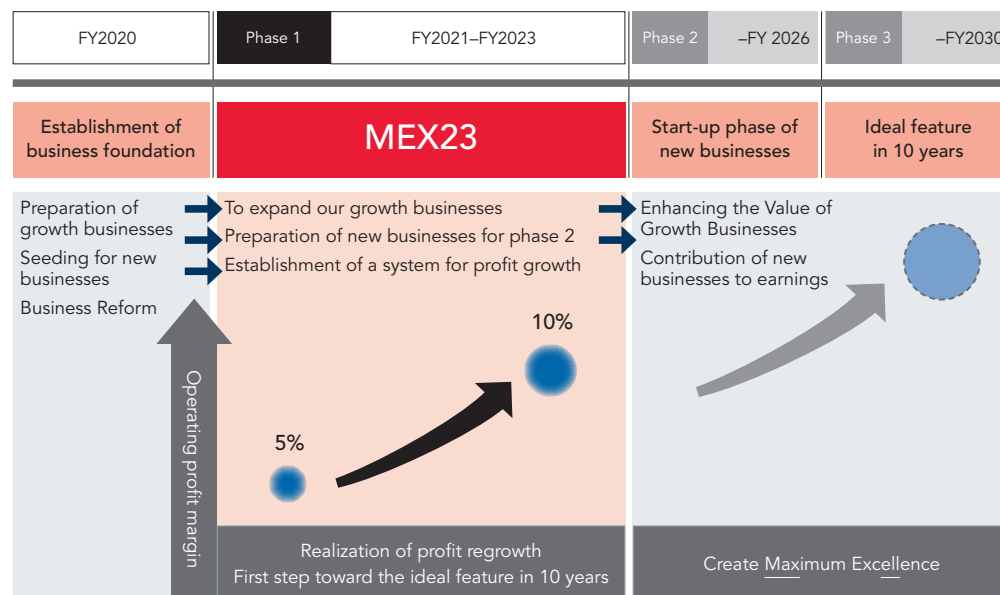
can further contribute to this area as well.

In “Mobility” area, technological development is advancing in autonomous driving and safe driving support systems. In addition to heat-resistant coin-type lithium batteries for tire pressure monitoring systems and in-car camera lens units, which boast the world’s top class market share, and LED headlamp lenses, we will continue to secure a firm position in products centered on optical, imaging, and battery technologies by leveraging our Analog Core Technologies, such as head-up displays (HUDs) that display virtual images to assist safe driving and we will strive for continuous growth.



Message from the President

Positioning of MEX23 in the Long-Term Plan and Fiscal 2023 Management Targets



Basic MEX23 Policy

Reflecting on the emphasis on pursuing business scale under the previous medium-term management plan (MG20), under MEX23, we will shift from pursuing business scale to a strategy of “Commit to value” for profit growth. Our management target for phase 1 (fiscal 2023) aimed at realizing the ideal feature in 10 years is net sales of ¥125 billion. This is the same net sales as original forecast for fiscal 2021. Operating profit is ¥12.5 billion compared to ¥6

billion in fiscal 2021, and the operating profit margin is 10%. We have clarified our stance of increasing profit without pursuing scale. In Phase 2, we plan to expand the overall scale of sales, including new products and businesses.

We will conduct “seeding” firmly during the MEX23 period.

Management Targets for Fiscal 2023

(Reference) ROE 10%



Segment Growth Strategy

Starting in fiscal 2021, we have changed the business segments we disclose externally from three to four. By linking our segments and organizational structure more closely, we will strengthen profit governance and ensure transparency.

In the Energy segment, we will expand the “healthcare” area, where a large number of needs for batteries, including primary and secondary batteries, is expected to continue. Specifically, we expect growing demand for highly reliable, long life batteries, such as the expansion of the rechargeable hearing aid market and the spread of blood glucose meters that can be monitored 24 hours a day. In response to these needs, we will continue to contribute to the development of society and safety by innovating batteries and systems through Maxell’s original technologies.

The Functional Materials segment mainly produces tapes for construction and building materials, adhesive tapes for semiconductor manufacturing processes, and tapes for industrial processes. We aim to become an excellent supplier of converting products by expanding profit in niche and high-value-added fields through highly functional adhesive tapes in response to demand for housing construction in the U.S. and Southeast Asia, as well as dicing tapes used in the semicon-

ductor manufacturing process.

The Optics & Systems segment focuses on rear-view and front-view applications for in-vehicle camera lens units, but in the future, we will shift to sensing applications that determine obstacles in front and back vehicles and surrounding areas towards autonomous driving, which will require more precise optical products. Demand for LED headlamp lenses is also expected to grow due to further progress in replacing halogen lamps with LEDs. Enhancing product competitiveness through Analog Core Technologies, we will expand our business by capturing this demand.

In the Life Solution segment, we will provide value-appealing products such as anti-bacterial deodorizers and shavers with the keywords of health, security, and comfort in health and beauty care equipment. In hydraulic tools, we will expand our business in the U.S. based on our product development capabilities that leverage hydraulic technology and our high domestic market share. This segment, which is centered on consumer products, is positioned as a value co-creation business, and we will continue to secure a certain level of profit as a business that supports synergies and brands both inside and outside the company.

Message from the President

Strategy for Strengthening the Management Foundation

Under the previous Medium-Term Management Plan (MG20), the rapid incorporation of various businesses has made it difficult to create group-wide synergies between the technologies and commercial distribution possessed by each business, as the sectional structure has progressed. Taking advantage of the start of MEX23, we established the New Business Produce Division and the Sales & Marketing Division in April 2021 as an organization to promote the optimal allocation of resources by sharing market information and sales information across the Group and consolidating the development and sales activities of business divisions as a whole. By promoting large-scale development projects on a company-wide basis, we aim to achieve sustainable growth through optimal allocation of development resources.

As of fiscal 2020, there were approximately 60 businesses at Maxell, including those with small operations. However, we have executed business replacement by thoroughly implementing financial discipline based on the review of the previous medium-term management plan, and have now narrowed down to approximately 40 businesses. Going forward, we will continue to create rules based on objective figures for decision time and profit, and promote business replacement. Currently, each business has different life cycles, but the most important point for Maxell's sustainable growth is to constantly create new things through disciplined management.

Strengthen Sustainability Management (Identification of Materiality)

Maxell has been committed to sustainability management centered on ESG, and we are striving to meet the standards demanded by society. The challenge for the future is to improve communication with evaluation organizations by strengthening information dissemination capabilities.

Fiscal 2021 was also a year of restart under MEX23, and in order to rearrange the issues and initiatives needed to realize our ideal feature to be realized in 10 years, we worked to identify materiality as a further strengthening of sustainability management. We finally identified this issue after discussing such matters as the weightings of management based on a questionnaire of stakeholders, including executives,

employees, customers, and business partners.

It is important to select what to do as materiality, but the important point is to actually do what we have set out to do. This requires the strong will of our management team. On the other hand, all employees must feel a sense of reality and practice it in their daily work. We will strive to ensure that front-line employees understand that they need to take care of these things and that they need to improve them.

Regarding governance, members of the Board of Directors changed in fiscal 2020. In particular, foreign nationals and female directors were appointed as outside directors, and there were changes from the perspective of diversity in

management. The Board of Directors also operates with the awareness that the discussion should be continued until opinions are fully exchanged, and we feel that more enthusiastic discussions are taking place and that the Company is moving forward in a good direction.

Important Issues for Thorough Pursuit of Value (Materiality)

Identified materiality
Creating Innovation through Unique, Original Technologies
Solving Social Issues through Growth Businesses
Creating Human Resources and Organizations that Generate Value
Maximization of Customer Value
Creation of Economic Value through Environmental Activities
Strengthen of Business Portfolio Management
Strengthen Ggroup Governance

Message to Our Stakeholders

From year-end of fiscal 2019 to fiscal 2020, we did not pay a dividend due to poor business performance, and we will first return to a growth path from fiscal 2021 so that we can provide our shareholders with essential value. We feel that

we are responding as we make necessary preparations, including the establishment of MVSS and business reform. We will do our utmost to make Maxell an indispensable presence in the realization of a sustainable society.



October 2021
Keiji Nakamura
President and
Representative Director