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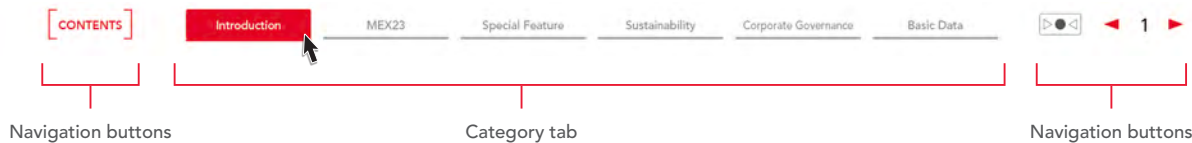
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As of October 1, 2021, Maxell Group has executed an absorption-type merger with Maxell Holdings, Ltd. as the surviving company and Maxell, Ltd. as the absorbed company, and changed the company name from Maxell Holdings, Ltd. to Maxell, Ltd.

To clarify business responsibilities and growth strategies, in fiscal 2021 the business segments were changed to four segments: Energy, Functional Materials, Optics & Systems, and Life Solution.

## Editorial Policy

This report is issued for the purpose of sharing information on Maxell Group, whose business is based on harmonious coexistence with society, shareholders, investors, and all other stakeholders. This integrated report details the Group's businesses and financial results as well as its sustainability activities and the outcomes of these activities. Detailed financial and sustainability related information not published in full in this report is disclosed on the Company's website.

### Reporting Period

This report primarily covers fiscal 2020 (April 1, 2020–March 31, 2021). However, it includes some events from fiscal 2021.

### Referenced Guidelines

Value Reporting Foundation (VRF)  
The International IR Framework  
GRI Sustainability Reporting Guidelines\*  
The Ministry of the Environment's Environmental Reporting Guidelines (2018)  
The Ministry of the Environment's Guide for Contents to Be Disclosed in an Environmental Report, Third Edition (May 2014)  
Environmental Consideration Law  
ISO26000:2010

\* International sustainability reporting guidelines compiled by the Global Reporting Initiative

Issued  
November 2021

### Referencing of "Guidance for Collaborative Value Creation"

This report refers to the "Guidance for Collaborative Value Creation" prepared by the Ministry of Economy, Trade and Industry.



## Participation in the United Nations Global Compact

Maxell Group supports the United Nations Global Compact, supporting the 10 principles of human rights, labor, the environment, and anti-corruption, and is engaged in activities in each field.



## Support for TCFD (Task Force on Climate-related Financial Disclosures)

In October 2021, Maxell Group expressed its support for the recommendations of the TCFD.

Maxell Group will contribute to the realization of a sustainable society by analyzing the risks and opportunities associated with climate change, and making efforts to resolve the issues.



## External Evaluations

### Certified as a "2021 Certified Health and Productivity Management Organization"

Maxell was certified as a "2021 Certified Health and Productivity Management Organization" in the large-scale corporate sector as a corporation that considers employee health management from a managerial perspective and works with it strategically.



### 2020 Chairman's Award of the IEC Activities Promotion Council (IEC-APC)



Portable power supply "MES-TR470", alkaline dry batteries "VOLTAGE (Voltage)" and alkaline dry batteries "GD (Global Design)" obtained certification as "Recommended products for disaster prevention."



Mote-Care Foot, a leg EMS exercise device, is certified as a health promotion device.



Seven models of Maxell's ozone antibacterial deodorizers and ozone water generators are certified by the Japan Ozone Association by July 2021.



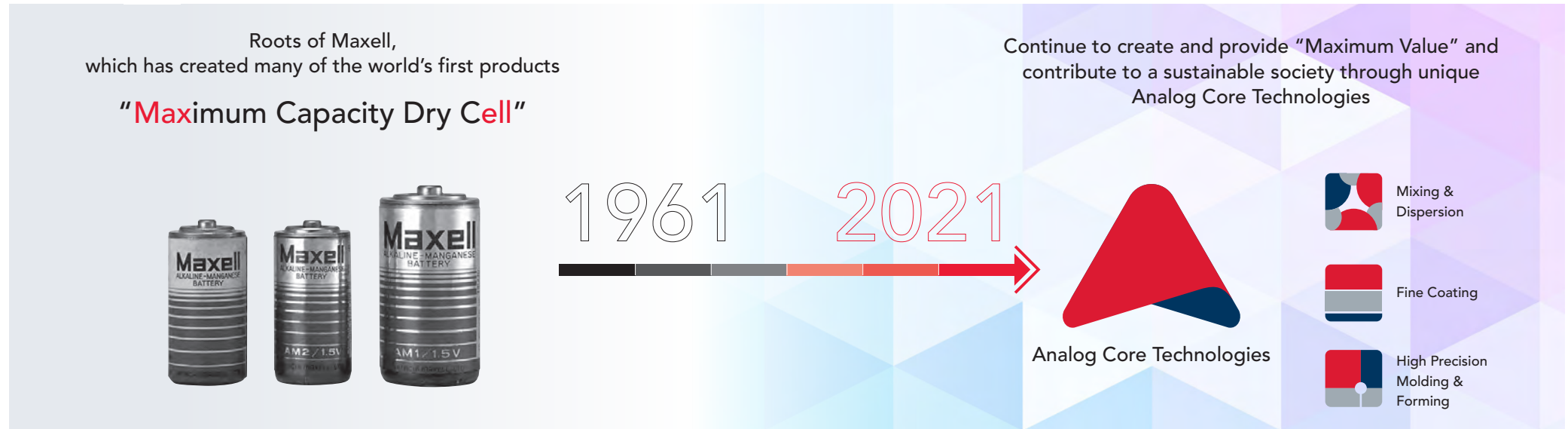
\* The accreditation system is a system for accrediting manufacturers and products that meet the standards independently established by the Japan Ozone Association.

## Notes on the statements about the future:

This report contains statements on our performance outlook, plans, strategies, and other statements, out of which performance outlook are not historical facts. These forward-looking statements are based on information available to the Company as of March 31, 2021 and are subject to a number of risks and uncertainties. In this regard, please do not rely solely on these earnings forecasts in making investment decisions.

## 60-Year History of Progress Responding to the Changing Times

Maxell Group has been making progress while changing its shape in accordance with the changing times, and celebrated its 60th anniversary since foundation in 1961. "Analog Core Technologies," a core competence, is a generic term for "Mixing & Dispersion," "Fine Coating," and "High Precision Molding & Forming" technologies developed from the magnetic tape and dry battery manufacturing processes. We will continue to contribute to a sustainable society by leveraging the technological capabilities that have been evolved and passed down as Maxell's unique technologies through the passion and challenges of the people who came before us.



### 1961 – 1980

Popularization and miniaturization of home appliances

Commercialized the first audio cassette tapes into the Japanese market

In the 1960s, high economic growth led to the rapid spread of consumer electronics products. While a variety of consumer electronics products greatly change people's lives, Maxell became the first company in Japan to commercialize cassette tapes. Since then, the company has continued to evolve in response to the music boom, contributing to the formation of a culture of portable music that continues up to now.

Technologies for applying magnetic powder accumulated with cassette tapes are now being used in a variety of products as "Fine Coating" technologies through further evolution.



### 1981 – 2000

Growing popularity of personal computers and increased storage capacity

Commercialized the world's first rewritable DVD-RAM discs

PCs became popular in earnest in the 1980s. As the volume of data handled has grown day by day, recording media have also made remarkable progress. In 1998, Maxell became the first company in the world to commercialize a rewritable DVD-RAM. It supported the transformation of the age from analog to digital. Molding die and molding technologies, which are crucial to producing high-quality DVD-RAM, have led to the manufacturing process of optical components as a "High-Precision Molding & Forming" technology.



### 2001 – 2021

Increasing interest in electrification and safety performance of automobiles

Commercialization of Heat-Resistant Coin-type Lithium Batteries (Heat-Resistant CR)

In the 21st century, automotive electronics progressed in order to reduce the environmental burden. In addition, interest in safety performance has been expanding and various safety functions have been added, including TPMS modules (tire pressure monitoring systems) that have been installed to prevent tire burst incidents, particularly in foreign countries. Maxell commercialized Heat-Resistant Coin-type Lithium Batteries for TPMS modules in 2004. We use the "Mixing & Dispersion" technology that we have accumulated over many years since the development of dry batteries as our founded products, and provide batteries that can be used safely even in harsh environments.



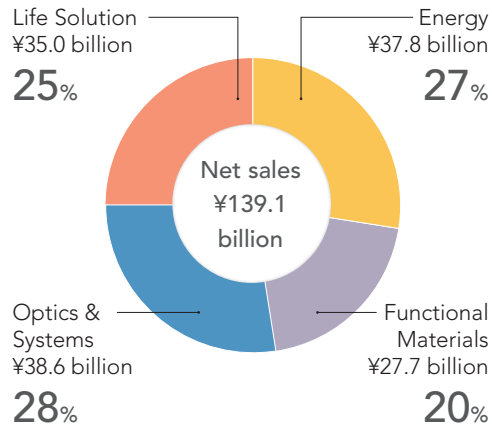
# About Maxell Group

Established in 1961, Maxell Group has been aggressively expanding its business overseas since 1969, based on its refined quality and trust fostered in Japan. We will continue to expand our business in emerging countries and other countries while strengthening products and services to solve social issues.

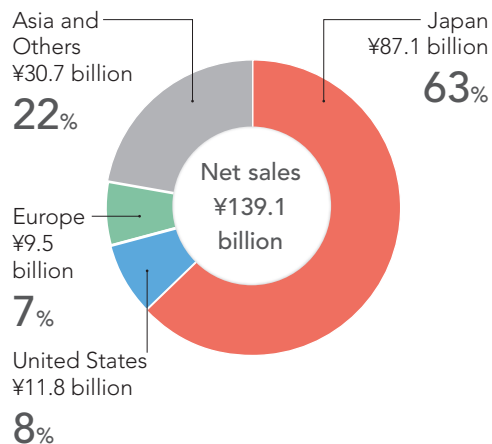
## Business Segments and Major Group Companies

<p><b>Energy</b></p> <p>Manufactures and sells primary and rechargeable batteries such as lithium primary batteries, silver oxide batteries, coin-type lithium rechargeable batteries, and prismatic lithium-ion batteries, and manufactures and sells battery-related products such as chargers and electrode-applied products. It also is selling electricity through solar power generation.</p>	<p><b>Functional Materials</b></p> <p>Manufactures and sells adhesive tapes, including tapes for construction and construction materials, functional materials such as ink, film and coated separators, and industrial rubber products.</p>
	<p>Ube Maxell Kyoto Co., Ltd. Maxell Kureha Co., Ltd.</p>
<p><b>Optics &amp; Systems</b></p> <p>Manufactures and sells optical components, electroforming and precision components, semiconductor-related embedded systems, molding die and plastic molded products, IC cards, projectors, and video equipment.</p>	<p><b>Life Solution</b></p> <p>Manufactures and sells health care and beauty care equipment, small electrical equipment, audio accessories, recording media, batteries and chargers, hydraulic tools, and other products.</p>
	<p>Maxell Frontier Co., Ltd. Maxell Izumi Co., Ltd.</p>

## Net Sales by Segment

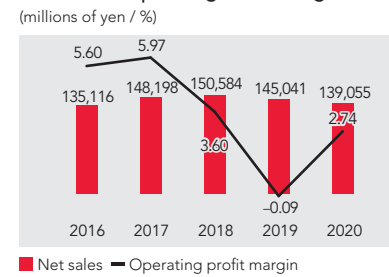


## Regional Net Sales Breakdown

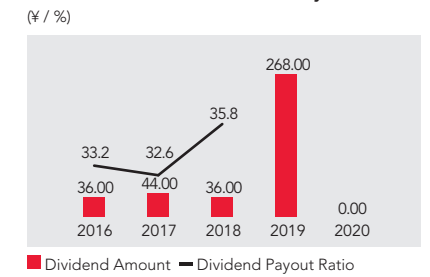


## Financial and Non-Financial Highlights

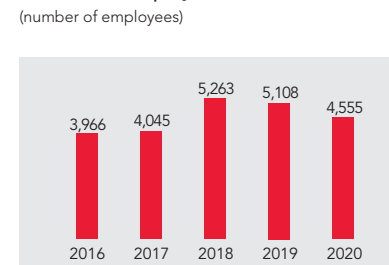
### Net Sales / Operating Profit Margin



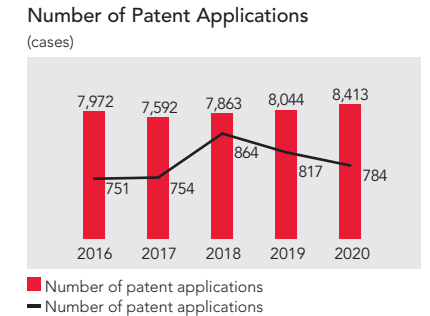
### Dividend Amount / Dividend Payout Ratio



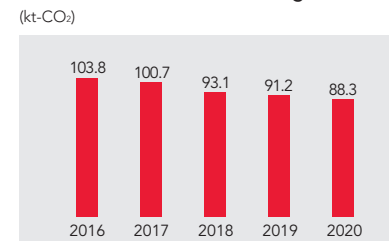
### Number of Employees



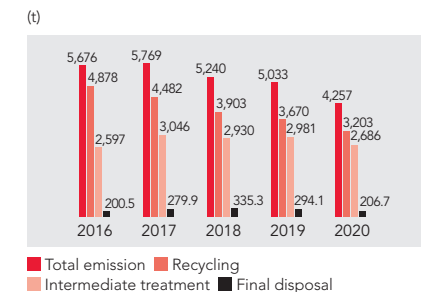
### Number of Patent Assets / Number of Patent Applications



### Amount of CO<sub>2</sub> Waste Discharged\*



### Waste Emission



\* Scope 1: Direct emissions due to fuel incineration, etc. at business sites  
Scope 2: Indirect emissions from purchased electricity, etc.



# Maxell Group Philosophy

Maxell Group celebrated its 60th anniversary in 2021. While our founding spirit has been passed down, we established MVVSS "MISSION, VISION, VALUE, SPIRIT, SLOGAN" in July 2020 in order to show our new management direction in line with the changes of the times and to share with all employees the direction we aim to achieve. We will share the values within the whole group and will realize our VISION to create Maximum Excellence for our employees, customers and society. As a way to realize VISION, we will provide three VALUES: "Technological Value," "Customer Value" and "Social Value" based on our advantage of Analog Core Technologies.



## MISSION

The "Mission" Maxell must carry out

"Contribute to a sustainable society by innovating unique, original technologies"

## VISION

The "Future" Maxell wants to realize

"Create **Maximum Excellence** for employees, customers and society by leveraging unique analog core technologies"

## VALUE

The "Value" and "Strengths" Maxell commits to provide

**Maxell commits to maximizing corporate value for all stakeholders through three key sources of value**

Technological Value Create new value through the sincere pursuit of originality and technological excellence

Customer Value Respond to customer needs with safe and secure products created by Monozukuri (Manufacturing) above and beyond customer expectations

Social Value Take on the many challenges of a changing world to create a prosperous and sustainable society

## SPIRIT

The "Spirit" Maxell must cherish

Corporate Creed

"Harmony and cooperation, working with heart and soul, and contributing to society"

## SLOGAN

The "Shared Slogan" of Maxell group

Brand Slogan

"Within, the Future" - The future is within -

# Sources of Value Creation

The core of Maxell, the element without which we cannot be who we are, is our Analog Core Technologies. Human senses such as seeing, hearing, and touching traverse the border between digital and analog, and lie beyond it. We believe that the analog world has the ability to stimulate these senses and express them without limit.

## The Meaning of the Analog Core Technologies Icon

We developed an icon to represent a visual impression of the Analog Core Technologies at the root of Maxell's *Monozukuri* manufacturing. The icon is based on our corporate color, "Maxell red," and has a design that symbolizes each technology.



### Analog Core Technologies

The soft-cornered triangle symbolizes "Analog Core Technologies," forming an "A" motif that stands for "Analog Core." Maxell red represents the power to pioneer the future, while blue represents a sincere attitude to technology. The gray color used for the three elements offsets the red and blue and provides a harmonized image.



### Mixing & Dispersion

An image representing uniform Mixing & Dispersion of materials of different sizes and Natures



### Fine Coating

An image representing fine thick and thin coatings on a base material



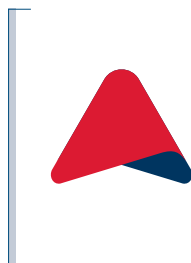
### High Precision Molding & Forming

An image representing a precision molding die able to mass produce intricate molded objects



Link to simplishow video

<https://www2.maxell.co.jp/corporate/analogcore.html>



## Analog Core Technologies

Analog Core Technologies connect the analog to the digital, and play an indispensable role in realizing *Monozukuri* manufacturing in complex and delicate fields that cannot be achieved by digital technology alone.

Mixing & Dispersion technology, Fine Coating technology, and High Precision Molding & Forming technology are three technology elements that form the source of our value creation. We will use these to create unique functions with high quality and provide completely new products and services.

Technology for mixing materials uniformly, regardless of their size, hardness, and viscosity. In addition to uniform mixing and dispersion, includes technologies to make materials into a suitable state for coating. (Suitable state for coating = viscosity adjustment, etc.)

### Value Provided

Higher performance products can be offered by maximizing the characteristics of materials (e.g., maximizing battery capacity).



### Mixing & Dispersion

Dispersion stability  
Non-solvent adhesive mixing  
Uniform granulation process  
2D inks  
Pigment dispersion  
Uniform dispersion of conductive material  
Mechanochemical processing  
Dilution

Lithium ion batteries  
Electrodes  
Coated separators

Adhesive tapes  
Electromagnetic wave absorbers

Cylindrical CR batteries  
Heat-resistant CR coin-type batteries  
3D inks

Pelletization  
Physical foaming  
Precision molding  
Head-up displays (HUDs)  
Electron beam (EB) bridge

Plating  
Resin flow analysis  
Metal mask forming  
Ultra-precision molding dies  
Aspherical molding  
Freeform molding

High viscosity liquid uniform coating  
Coating flow simulation  
Fine pattern printing  
Thin-film coating  
Heat-resistant coating  
Uniform compound coating  
Striped coating  
Intermittent coating  
Multi-layer coating  
Antireflective coating



### Fine Coating

Technology for coating adhesives and materials onto wide areas with even thickness, regardless of their viscosity. In addition to various coatings, includes printing and laminating technologies. (This includes drying technology for after coating.)

### Value Provided

Able to increase the stability of performance demanded by customers through uniform coating (e.g., provision of tapes for industrial processes in line with customer needs, etc.)



### High Precision Molding & Forming

All-solid-state batteries  
Rubber sheets  
In-car camera lenses  
Light-emitting diode (LED) headlamp lenses

Vulcanizing condition control  
Lead frames  
Foam molding products

Technology for producing ultra-high precision molding die and precision forming cultivated through manufacturing of optical discs and lenses. In addition to injection molding and other molding, includes technology for broader definition of forming (wiring, filling, bridging). Moreover, includes technology for incorporating components that fulfill necessary functions in limited space and machining into product form (cutting and slitting).

### Value Provided

Able to respond to a variety of requests from customers. It is also possible to increase the safety of products by high precision molding (e.g., realization of safe autonomous driving with a high-precision in-car camera lens unit).

Note: Items in red are products and materials. Items in black are technologies.

# Path to Sustainable Growth (Business Foundation Establishment → Medium-Term Management Plan MEX23)

In June 2020, Keiji Nakamura was appointed as president and representative director, and had announced to both inside and outside the Company to evolve Maxell Group into a "Value Creating Company" that can directly contribute to the realization of a sustainable society.

To achieve this, in fiscal 2020 we reviewed the past and carried out business reforms and portfolio reforms to establish a business foundation. In fiscal 2021, we started full-fledged reforms aimed at becoming a "Value Creating Company." We will divide the decade into three phases, and in the first phase (fiscal 2021–2023) our medium-term management plan, MEX23, will realize profit regrowth based on a policy of "Commit to Value."

## Path to Sustainable Growth (Business Foundation Establishment → MEX23)

FY2020	Phase 1 FY2021–FY2023	Phase 2 –FY2026	Phase 3 –FY2030
Business foundation establishment	<b>MEX23</b>	New business launch period	Feature to be realized in 10 years

## Medium-Term Management Plan, MEX23 (Maximum Excellence 2023)

### Policy: Commit to Value

Rather than seeking the business value of the company alone, we will provide value to each stakeholder from society to employees, and will aim to become an indispensable company. For the purpose of realizing a sustainable society, we will provide high-value-added products with the support of our customers and shareholders, while providing fulfilling work to the employees.

### 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

## MEX23 Strategy and Management Targets Please refer to "MEX23" on page 10 for details.

### MEX23 Strategy

We will carry out the plan by judging the best balance between ① a segment growth strategy centered on businesses and products and ② a management foundation enhancement strategy centered on organization and discipline.

















Segment Growth Strategy	Management Foundation Enhancement Strategy
Acceleration of business replacement Strengthen sales and profitability of growth businesses Concentration on three focus areas	Promote portfolio management Cross-divisional operation of development and sales Enhance financial discipline

### Management Targets for Fiscal 2023

Rather than prioritizing sales growth, we will establish a strong financial structure, adding indicators for improvement of earnings growth and ROIC, and promote them while constantly judging the balance.

Net sales ¥125 billion	Operating profit ¥12.5 billion	Operating profit margin 10%	ROIC Over 7%
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## MEX23 Three Focus Areas and Growth Businesses

 <b>Healthcare</b> Downsizing Long life	Providing spaces for people's health and safety	 Coin-type lithium battery (High-quality CR)	 Coin-type rechargeable battery (CLB)	 Tape for construction	 Health care products	 Beauty care products
 <b>5G/IoT</b> High precision High quality	Creating New Value through the linkage of people, products, and information	 Cylindrical type lithium battery (CR)	 Dicing tape	 Tape for industrial process	 Semiconductor related embedded systems	 Hydraulic tools
 <b>Mobility</b> Highly reliable Safety	Realize technological innovations such as automated driving and sensing	 Heat-resistant coin-type lithium battery (heat-resistant CR)	 LED headlamp lens	 In-car camera lens unit		



# Foundation for Sustainable Growth

In conjunction with the establishment of MVVSS, we have defined our Corporate Sustainability Vision stating our aim to increase corporate value over the long term with an emphasis on the relationships with a diverse range of stakeholders. In 2021, we newly identified the priority issues (materiality) to be addressed by Maxell based on this concept. Going forward, we will take concrete actions to resolve these priority issues.

## Establishment of MVVSS

Jul. 2020

We will work to resolve social issues in a unique way of Maxell Group toward our new vision "Create Maximum Excellence for employees, customers and society by leveraging unique Analog Core Technologies."

## Formulation of Sustainability Vision

Aug. 2020

We have stated that we will contribute to the long-term improvement of corporate value and the achievement of SDGs with an emphasis on the relationships with a diverse range of stakeholders.

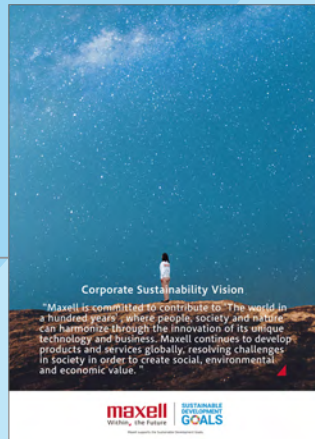
## Materiality Identification

Aug. 2021

In order to realize our vision of "Create Maximum Excellence for employees, customers and society," we have identified priority issues that Maxell should focus on.

2020

2021



## Seven Materialities for Realizing the Corporate Sustainability Vision

1 Creating Innovation through Unique, Original Technologies



2 Solving Social Issues through Growth Businesses



3 Creating Human Resources and Organizations that Generate Value



4 Maximization of Customer Value



5 Creation of Economic Value through Environmental Activities



6 Strengthen of Business Portfolio Management

7 Strengthen Group Governance

# Maxell Group's Value Creation Model

Maxell Group views society issues as the starting point for value creation. Our employees will make MVVSS, our corporate philosophy, our backbone and will commit strongly to provide value in the medium-term management plan MEX23 by leveraging our advantage of Analog Core Technologies. We will also continue to be an indispensable company for realizing a sustainable society by strengthening sustainability management.

## Value Provided to Stakeholders

P34

### Shareholders



### Employees



### Customers



### Management Targets for Fiscal 2023

Net sales	Operating profit
¥125 billion	¥12.5 billion
Operating profit margin	ROIC
10%	Over 7%

### Business partners



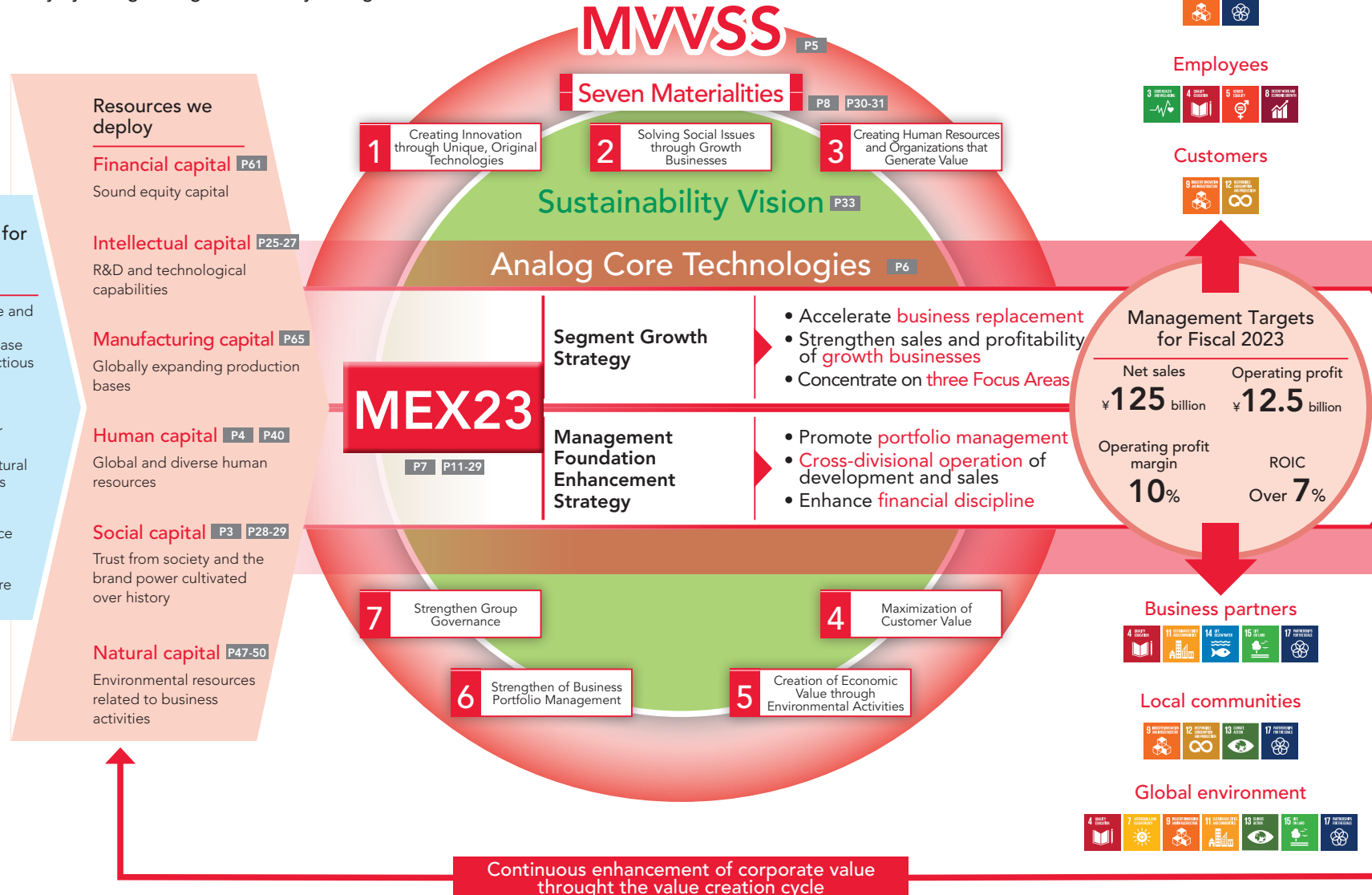
### Local communities



### Global environment



Implementation of the feature to be realized in 2030: **Maximum Excellence**

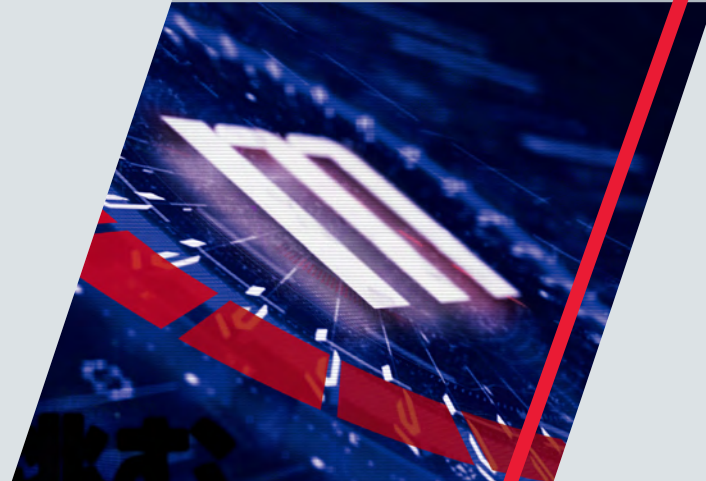


### Starting Points for Value Creation (Social Issues)

- Declining birthrate and aging population
- Medical cost increase
- Fight against infectious diseases
- Labor shortage
- Abnormal weather
- Natural disasters
- Responding to natural resource shortages
- Coexistence with artificial intelligence
- Shift to renewable energy
- Aging infrastructure

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## 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"> <li>• Short-term perspective</li> <li>• Focus on sales</li> </ul>	<ul style="list-style-type: none"> <li>• <b>MVSS</b></li> <li>• <b>Emphasis on value</b></li> </ul>
Business portfolio	<ul style="list-style-type: none"> <li>• Lack of thorough discipline</li> <li>• Sticking to existing businesses</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Thorough Financial Discipline</b></li> <li>• <b>ROIC management</b></li> </ul>
Management	<ul style="list-style-type: none"> <li>• Dispersion of resources</li> <li>• Vertical division</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Concentration of resources</b></li> <li>• <b>Cross-divisional functions</b></li> </ul>

### 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: <b>An attractive company that everyone can challenge</b> toward a higher target
For Customers	High-value-added products and services based on unique technologies: An indispensable company in <b>developing high-value-added products</b>
For Society	Products, services, and solutions for solving social issues: An indispensable company in realizing a <b>sustainable society</b>
For Shareholders	Adequate return on investment (stock price appreciation, dividends): A company that attracts continuous support through <b>enhancement of Corporate Value</b>

### Three Focus Areas Extracted from MegaTrends

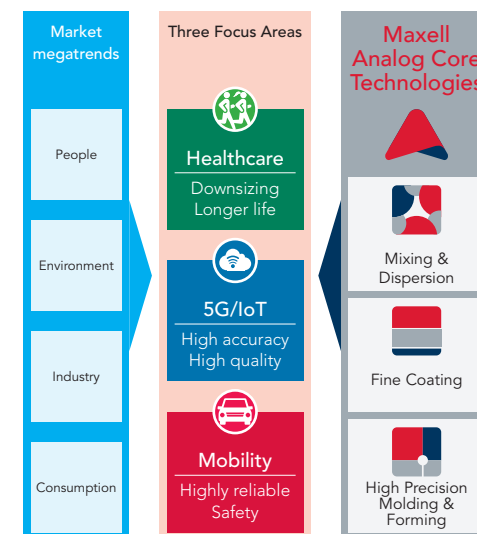
Within the major segments of the market megatrends of “People,” “Environment,” “Industry,” and “Consumption,” we held repeated discussions from the viewpoint of what value our products and services can create with the Analog Core Technologies, which are Maxell’s strengths, and made “Healthcare,” “5G/loT,”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

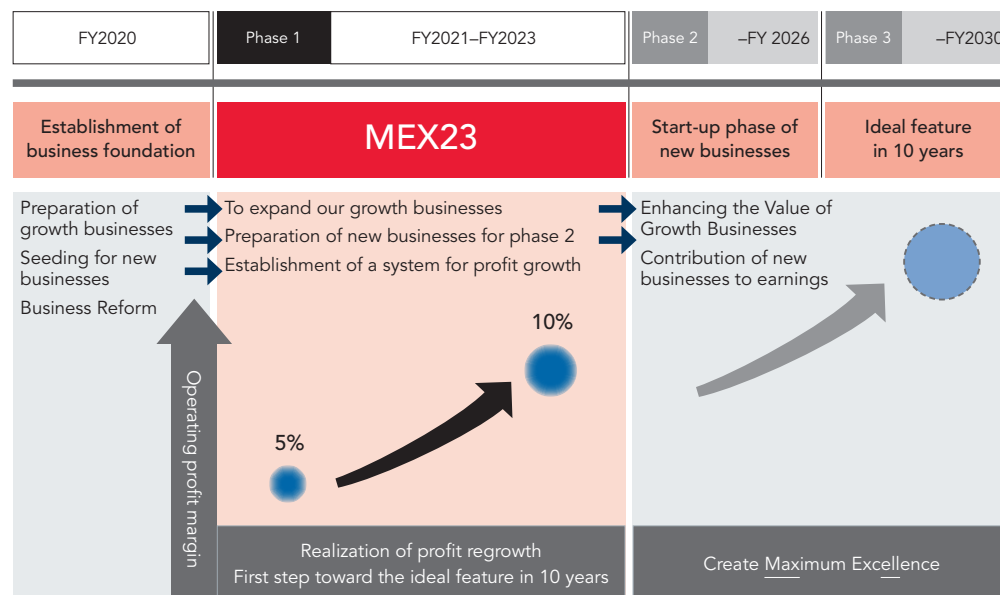
In “Mobility” area, technological development is advancing in autonomous driving and safe driving support systems. In addition to heat-resistant coin-type lithium batteries for tire pressure monitoring systems and in-car camera lens units, which boast the world’s top class market share, and LED headlamp 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

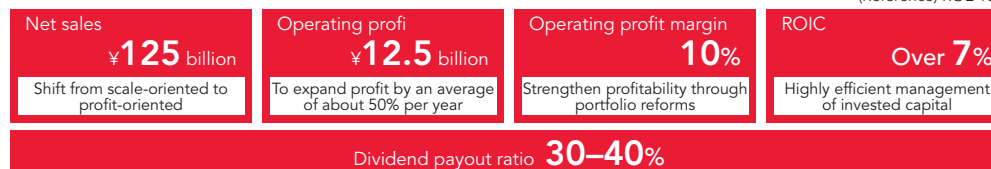
Reflecting on the emphasis on pursuing business scale under the previous medium-term management plan (MG20), under MEX23, we will shift from pursuing business scale to a strategy of “Commit to value” for profit growth. Our management target for phase 1 (fiscal 2023) aimed at realizing the ideal feature 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

# Growth Strategies by Segment

## Energy Segment



Shinichiro Takao  
General Manager, Energy  
Division

The division manufactures and sells primary and secondary batteries such as lithium primary batteries, silver oxide batteries, coin-type lithium secondary batteries, and prismatic-type lithium-ion batteries, and manufactures and sells battery-related products such as chargers and electrode-applied products. We are also engaged in the business of selling electricity through solar power generation.

<b>Vision</b>	Continue to contribute to the development, safety, and security of society by <b>innovating batteries and systems through original, unique technologies</b>
<b>Business strategy</b>	Strengthen and expand small battery businesses in the healthcare, 5G/IoT and automotive areas

### Product List

Classification	Major Products
Primary battery	Heat-resistant coin-type lithium battery
	Coin-type lithium battery
	Cylindrical-type lithium battery
	Silver oxide battery
	Air Patch™ Battery
Secondary battery	Prismatic-type lithium-ion battery
	Coin-type lithium rechargeable battery
Battery-related products, etc.	Charger
	Battery pack
	Electrode application products (oxygen sensors, hydrogen gas generators)
Solar power generation	Power Sales Business



## Growth Strategies by Segment

### Energy Segment



Healthcare



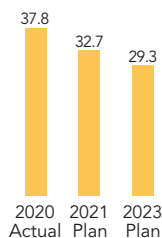
5G/IoT



Mobility

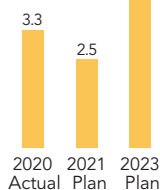
#### Net Sales

(billions of yen)



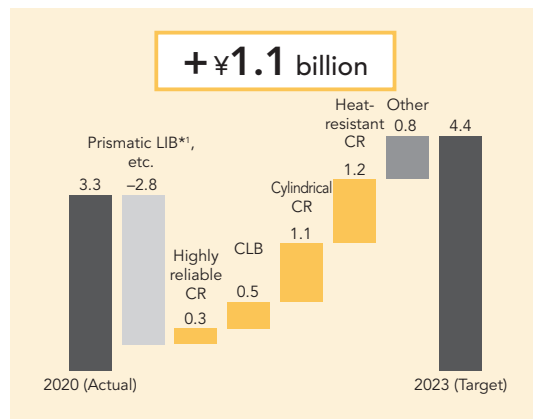
#### Operating Profit

(billions of yen)



#### Operating Profit Change (FY2020 to FY2023)

(billions of yen)



\*1 LIB: Lithium ion battery

### Situation in Fiscal 2020

Sales of prismatic-type lithium-ion batteries increased more than expected due to continued Stay-at-Home demand due to the impact of the Novel Coronavirus infectious disease.

On the other hand, sales of heat-resistant coin-type lithium batteries were significantly affected by the sluggish automotive market, and the net sales of the Energy segment were ¥37.8 billion.

Operating profit was ¥3.3 billion, mainly due to an increase in profits from prismatic lithium-ion batteries.

### Growing Businesses that Drive MEX23

Growth Businesses	Market Position	Strengths	Future Development
<b>Coin-type lithium battery (highly reliable CR)</b> 	"Market Expansion in the Healthcare area" • Blood glucose meters market expands as the number of patients with diabetes increases	• Materials and sealing technologies cultivated in heat-resistant CR ensure safety and high reliability	• Build cooperative relationships with medical device manufacturers • Build a product management system for batteries
<b>Coin-type lithium rechargeable battery (CLB)</b> 	"Increase our share in the wearable market" • Responding to accelerated conversion of hearing aids market to secondary batteries	• Contribute to longer product life by high charge/discharge cycle characteristics with original stacked electrode structure	• Expansion of sales channels in the hearing aid market • Cost reduction by improving production processes and increasing production
<b>Cylindrical-type lithium batteries (cylindrical CR)</b> 	"Increase market share in the expanding smart meter market" • Acceleration of IoT feature of smart meters • Providing high-capacity batteries in response to an increase in demand power accompanying the adoption of IoT feature for automated meter reading systems	• Realize high energy density in batteries by original electrode technology. Contributing to miniaturization of products.	• Leverage the strengths cultivated in overseas markets to expand market share in the smart meter market • Expansion into sensors and IoT areas
<b>Heat-resistant coin-type lithium battery (heat-resistant CR)</b> 	"Global Top Share in TPMS Market*2" • While market expansion will moderate, maintain market position by leveraging long-term track record as a strength. • Maintain a strong relationship with major manufacturers of the tire pressure monitoring system (TPMS)	• Realize miniaturization and ensure high performance in harsh environments by using original material and sealing technologies	• Maintain and strengthen partnerships with TPMS manufacturers • Cost reductions in line with market conditions • Expansion of applications other than TPMS

\*2 Top share of the global market: as of September 2021. According to research by Maxell.

## Growth Strategies by Segment

### Functional Materials Segment



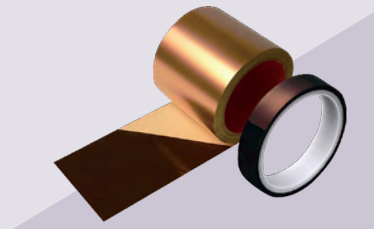
Yukinobu Yamazaki  
General Manager, Functional  
Materials Division

The division manufactures and sells adhesive tapes, including tapes for construction and construction materials, functional materials such as ink, film and coated separators, and industrial rubber products.

Vision	Aim to be an <b>excellent supplier</b> of converting products
Business strategy	Increase earnings in niche and high-value-added fields

#### Product List

Classification	Major Products
Adhesive tape	Tape for construction and construction materials
	Tape for semiconductor manufacturing processes
	Tape for industrial processes
Functional materials	Ink
	Film
	Coated separator
Industrial rubber products	Rubber sheet
	Wear protection materials
	Precision specialty products, etc.



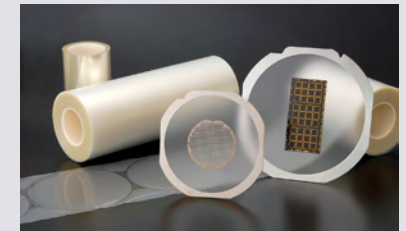
Electronics tape (conductive)



Butyl (two-sided) tape



Adhesive tape



Dicing tape



Rubber sheet



Coated separator



## Growth Strategies by Segment



## Functional Materials Segment

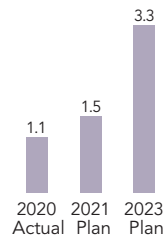
## Net Sales

(billions of yen)



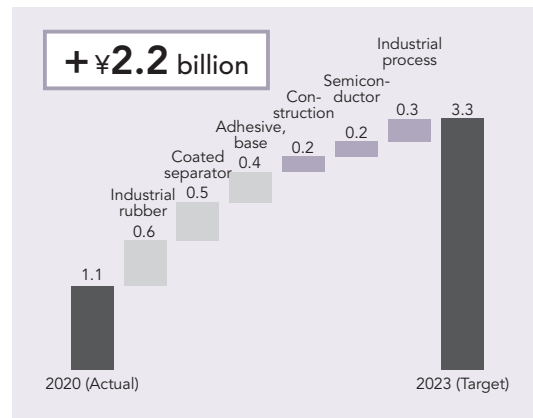
## Operating Profit

(billions of yen)



## Operating Profit Change (FY2020 to FY2023)

(billions of yen)



## Situation in Fiscal 2020

Sales of coated separators showed signs of recovery from the third quarter onward due to the recovery trend in the automotive market, but declines in sales along with adhesive tapes and other products resulted in net sales in the Functional Materials segment of ¥27.7 billion.

Operating profit was ¥1.1 billion due to a decrease in profit from coated separators and other products.

## Growing Businesses that Drive MEX23

Growth Businesses	Market Position	Strengths	Future Development
 Tape for construction and construction materials	<p>“Develop markets in North America and Southeast Asia”</p> <ul style="list-style-type: none"> <li>In North America, respond to the expansion of high air-tight housing, and in Southeast Asia, conduct educational activities and expansion of waterproofing methods for houses and buildings</li> <li>Utilize strengths in the domestic market for overseas expansion. Aiming to expand market share in North America and Southeast Asia.</li> </ul>	<ul style="list-style-type: none"> <li>Utilize technology of mixing and dispersion of adhesive materials, and technology of fine coating for base materials</li> </ul>	<ul style="list-style-type: none"> <li>Raise brand awareness by continuing to introduce new air-tight materials in North America</li> <li>Promoting the spread of sheet waterproofing methods in Southeast Asia</li> </ul>
 Tape for semiconductor manufacturing processes	<p>“Secure market position by introducing original products into the expanding semiconductor market”</p> <ul style="list-style-type: none"> <li>Expansion of the semiconductor market due to higher capacity and wider adoption of mobile devices and expansion of data centers</li> <li>Further expansion of market position in dicing tape for DDF*1 and expansion of product lineup and sales of back grind tape</li> </ul>	<ul style="list-style-type: none"> <li>Utilize technology of mixing and dispersion of adhesive materials, technology of fine coating for base materials, and UV-release adhesive technology</li> </ul>	<ul style="list-style-type: none"> <li>Continuous development of competitive products in dicing tapes for DDF</li> <li>Expand sales to China and Taiwan</li> </ul>
 Tape for industrial processes	<p>“Expand sales of tapes for eyeglass lens molding and develop tapes for micro lens manufacturing processes”</p> <ul style="list-style-type: none"> <li>Demand for eyeglasses increased mainly in developing countries, and demand for micro lenses increased due to the widespread use of smartphones.</li> <li>Increase share of tapes for eyeglass lens molding process</li> <li>Development and new entry of process tapes compatible with WLO*2, a micro lens manufacturing technology</li> </ul>	<ul style="list-style-type: none"> <li>In addition to utilization of technology of mixing and dispersion of adhesive materials, and technology of fine coating for base materials, utilize UV-release adhesive technology cultivated in semiconductor manufacturing process tapes for WLO manufacturing technology</li> </ul>	<ul style="list-style-type: none"> <li>Early commercialization through joint development with WLO lens manufacturers</li> <li>Introduce high-value-added products and improve productivity</li> </ul>

\*1 DDF: Dicing die bonding integrated film \*2 WLO: Wafer Level Optics

## Growth Strategies by Segment

### Optics & Systems Segment



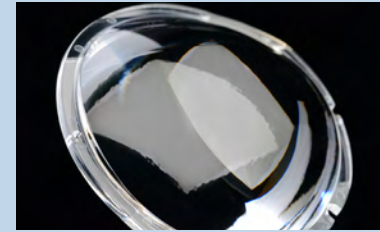
Hiroyuki Ota  
General Manager, Optics & Systems Division

In the Optics & Systems segment, we engage in the production and sales of optical components, electroforming and precision components, semiconductor related embedded systems, molds and plastic molded products, RFID systems, IC cards, projectors, and imaging equipment.

<b>Vision</b>	Enhance Analog Core Technologies and contribute to people's lives and society with <b>optical and system component products</b> , shifting from products to services
<b>Business strategy</b>	Transformation and growth from projectors to automotive and semiconductor business fields

#### Product List

Classification	Major Products
Optical components	In-car camera lens unit
	LED headlamp lens
	Single lenses, etc. (lenses for smartphones, eyeglasses for camera lenses, etc.)
Molds and plastic molded products	Ultra-precision molding dies
	Plastic molded products
Electronic components	Semiconductor-related embedded systems
	Image recognition system
	Electronic equipment assembly business
Projector	Projector
Precision electroforming products	Masks for organic EL deposition (electroforming), masks for IC package connection, precision electroformed molds and transfer leads for electronic components)
RFID and IC cards	RFID systems, Contactless IC cards and IC card reader/writers



LED headlamp lens



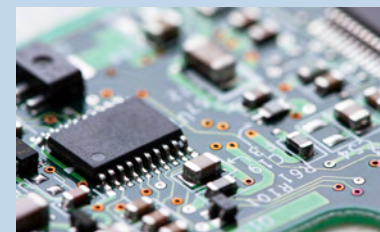
Contactless IC cards and IC card reader/writers



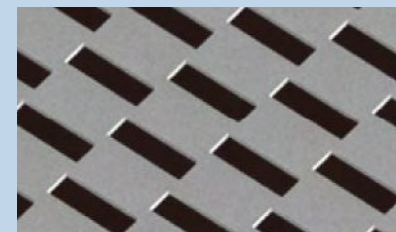
Lens mold



Semiconductor related embedded system



In-car camera lens unit (for viewing)



Mask for organic EL deposition (electroforming)

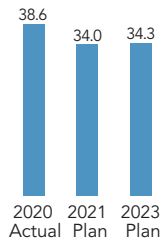
## Growth Strategies by Segment

### Optics & Systems Segment



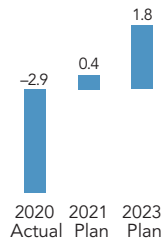
#### Net Sales

(billions of yen)



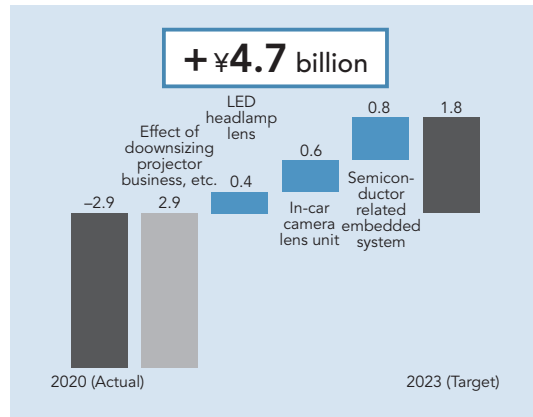
#### Operating Profit (Loss)

(billions of yen)



#### Operating Profit Change (FY2020 to FY2023)

(billions of yen)



### Situation in Fiscal 2020

Sales of semiconductor related embedded systems and other products increased due to the recovery trend in the semiconductor market. In addition, optical components for the automotive market showed signs of recovery from the third quarter onward due to the recovery trend in the automotive market, but projector sales declined. As a result, net sales in the Optics & Systems segment were ¥38.6 billion.

Although operating profit of semiconductor related embedded systems and precision electroforming products, etc., increased, due to decreased operating profit of optical components for the automotive market, the operating loss amounted to ¥2.9 billion, despite the efforts to reduce fixed costs for projectors, etc.

### Growing Businesses that Drive MEX23

Growth Businesses	Market Position	Strengths	Future Development
LED headlamp lens 	<p>"Maintain global top market share*1"</p> <ul style="list-style-type: none"> <li>Market expands as automobile headlamps are shifting to LED</li> </ul>	<ul style="list-style-type: none"> <li>Utilize technologies of free form optical design and high-precision molding, and respond to evolution of headlamps such as ADB*2 and diversifying designs</li> <li>Ability to respond to components surrounding headlamps, such as light guides</li> </ul>	<ul style="list-style-type: none"> <li>Consider to enter to the high-value-added unit business from a single lens business</li> <li>To expand sales in China, ASEAN, and India</li> <li>Cost reduction by multi-cavity molding and higher molding cycle</li> </ul>
In-car camera lens unit 	<p>"Continue to secure market position as a major manufacturer of high-precision plastic lenses"</p> <ul style="list-style-type: none"> <li>The markets for both sensing and viewing are expanding. Continue to secure a position as a major manufacturer.</li> <li>Demand for higher precision increased in line with growing demand for sensing applications</li> </ul>	<ul style="list-style-type: none"> <li>Realize high accuracy, high durability, and low cost with hybrid lens units that combine aspherical glass and plastic lenses by utilizing optical design and high-precision molding technologies</li> </ul>	<ul style="list-style-type: none"> <li>Realize higher resolution using high-precision plastic lenses</li> <li>Expansion into camera markets other than automotive applications such as security applications</li> </ul>
Semiconductor related embedded system 	<p>"Further strengthen relationships with semiconductor manufacturing equipment manufacturers"</p> <ul style="list-style-type: none"> <li>Semiconductor market is expanding following increasing data capacity and popularity of mobile devices and expanding data centers. In line with this trend, the demand for embedded systems used in semiconductor manufacturing equipments also increases.</li> <li>Maintain the top share of semiconductor manufacturing equipment manufacturers, which are major customers</li> </ul>	<ul style="list-style-type: none"> <li>Integrated response from design, development and assembly to meet the requirements of semiconductor manufacturing equipment manufacturers</li> <li>Utilize multiple domestic manufacturing bases to respond flexibly to the supply of multiple and high-quality products in line with customer requirements</li> </ul>	<ul style="list-style-type: none"> <li>Early acquisition of next-generation manufacturing equipment development projects and long-term continuous orders</li> <li>Cost and lead time reduction</li> </ul>

\*1 Global top market share: Maxell survey as of September 2021

\*2 ADB: Adaptive driving beam

## Growth Strategies by Segment

### Life Solution Segment



Shuji Wada  
General Manager,  
Life Solution Division

In the Life Solution segment, we engage in the production and sales of health and beauty care equipment, small electronic appliances, audio equipment and accessories, recording media, batteries and chargers, and hydraulic tools.

<b>Vision</b>	Enriching people's minds through <b>creation of safe, comfortable, and smart spaces</b>
<b>Business strategy</b>	Rebuilding the Maxell brand by creating "Only One" products and expanding sales channels

#### Product List

Classification	Major Products
Health and beauty care Other small electronic appliances	Ozone anti-bacterial deodorizer
	EMS device, low-frequency pulse massager (medical device)
	Shaver
	Hair dryer
	Facial treatment systems
Audio equipment and accessories	Cooking appliances and other small electronic appliances
	Headphones, speakers
Recording media	Computer peripherals and other accessories
	Optical disk, USB memory, flash memory
Batteries and chargers	Cassette tape
	Dry batteries, coin-type batteries
Hydraulic tool	Mobile batteries, portable storage batteries
	Crimping, compression and cutting tools, other hydraulic tools



Ozone anti-bacterial deodorizer



Hydraulic tool



Shaver



Mobile batteries,  
portable storage batteries



EMS device



Hair dryer

## Growth Strategies by Segment



## Life Solution Segment

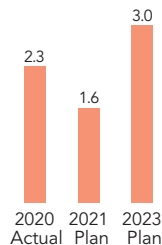
## Net Sales

(billions of yen)



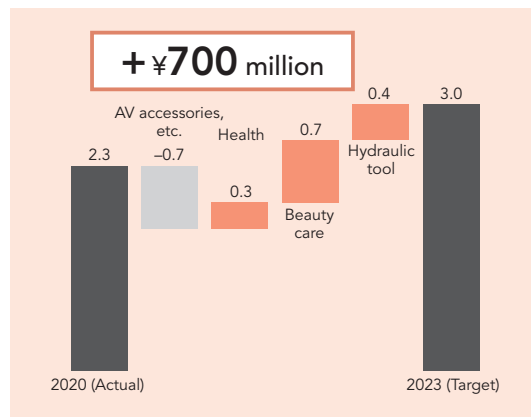
## Operating Profit

(billions of yen)



## Operating Profit Change (FY2020 to FY2023)

(billions of yen)



## Situation in Fiscal 2020

Sales of health-related products, such as ozone anti-bacterial deodorizers, increased due to heightened hygiene awareness due to the spread of the Novel Coronavirus infectious disease. However, sales of beauty care products, such as shavers and hair dryers, declined.

Net sales in the Life Solution segment amounted to ¥35.0 billion.

Operating profit was ¥2.3 billion, mainly due to an increase in sales of health-related products.

## Growing Businesses that Drive MEX23

Growth Businesses	Market Position	Strengths	Future Development
<b>Health equipment</b> 	"Maintain the top share of the domestic market for ozone anti-bacterial deodorizers" <ul style="list-style-type: none"> <li>With the spread of the Novel Coronavirus infectious disease, health and hygiene awareness has improved, and demand for products expected to have viral removal effects is increasing</li> <li>Maintain the top share*1 in the domestic ozone anti-bacterial deodorizer market by expanding the product lineup</li> </ul>	<ul style="list-style-type: none"> <li>Holds a wide range of sales channels for both BtoC and professionals</li> <li>Verification of anti-bacterial effects through academic-industrial collaboration, acquisition of certification by industry organizations as needed</li> <li>Control technology of low concentration ozone</li> </ul>	<ul style="list-style-type: none"> <li>Strengthen product development and sales to meet customer needs</li> <li>Establishment of overseas anti-bacterial business centered on Asia</li> <li>Expand business by leveraging the strengths of certified plants under the Act on Securing Quality, Efficacy and Safety of Products Including Pharmaceuticals and Medical Devices</li> </ul>
<b>Beauty care equipment</b> 	"Global expansion centered on shavers and beauty care equipment" <ul style="list-style-type: none"> <li>Brand business centered on electric shavers</li> <li>ODM/OEM expansion to beauty care equipment manufacturers and cosmetics manufacturers</li> </ul>	<ul style="list-style-type: none"> <li>Reliability backed up by over 50 years of blade manufacturing and processing technologies based on electroforming plating and ODM/OEM businesses</li> <li>Build a flexible production system with manufacturing sites both domestic and in China</li> </ul>	<ul style="list-style-type: none"> <li>Expansion of ODM/OEM businesses for cosmetics and beauty care appliance manufacturers</li> <li>Strengthen product development and sales of brand businesses that meet customer needs</li> </ul>
<b>Hydraulic tool</b> 	"Maintain the top domestic market share*2 and increase overseas market share, mainly in North America" <ul style="list-style-type: none"> <li>Increase market share in the domestic and North American markets following an increasing trend in infrastructure investment</li> </ul>	<ul style="list-style-type: none"> <li>Holds high power hydraulic technologies from design, development and production</li> <li>Strong relationships of trust with overseas distributors in North America ODM, Europe, Australia, and China</li> </ul>	<ul style="list-style-type: none"> <li>Strengthen participation in ODM and other industries to expand domestic and overseas market shares</li> <li>Accelerate development of own brands in North America</li> </ul>

\*1 Maxell's top share in the domestic sterilization and deodorization market as of September 2021

\*2 Top domestic market share: Maxell survey as of September 2021



## Message from the Financial Director



We will achieve sustainable improvements in corporate value by penetrating ROIC management.

Noritoshi Masuda  
Director

### Review of Fiscal 2020

In fiscal 2020, amid a challenging business environment characterized by the spread of the Novel Coronavirus infectious disease, we were able to largely proceed as planned in terms of our business, on a profit basis exceeding the previous year's level, and in terms of our finances we were able to secure the liquidity of our cash on hand, which was one of our objectives, and to finance our business reforms. On the other hand, I feel responsibility as the Financial Director for the fact that, despite the implementation of business reforms, the Company posted a final loss for the second consecutive fiscal year

due to the extraordinary loss associated with these reforms.

In the previous medium-term management plan (MG20), we actively invested in expanding the scale of our business to acquire technologies and commercial distribution. On the other hand, the expansion of our product lineup in line with the expansion of our business domains meant that we were unable to successfully govern profitability. For this reason, the new medium-term management plan, MEX23, sets out a policy of emphasizing profit growth and corporate value rather than expanding scale.

### Promoting ROIC Management

In management, considering only the immediate future, we tend to focus on PL (profit and loss statement), such as net sales and operating

profit. However, in order to increase corporate value, we need to promote management that emphasizes BS (balance sheet) and CF (cash

flow). Maxell Group has been accelerating the penetration of ROIC (return on invested capital), which was introduced in fiscal 2019, as a shared core indicator for the Group. ROIC emphasizes this as an indicator that reveals whether a business's earning power exceeds its cost of invested capital (WACC: weighted-average cost of capital) and improves its corporate value.

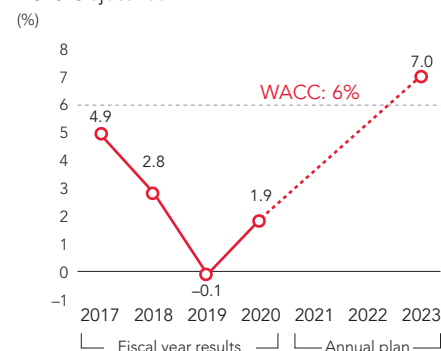
Until fiscal 2020, it was the "penetration phase" of ROIC, but from fiscal 2021, it will be positioned as the "full-scale operation phase," and targets will be set under MEX23, and implemented and evaluated. Previously, there had been a discrepancy in the target between the Company as a whole and business divisions, so we will again set common company-wide targets, replace them with targets that have been incorporated into each business division, and

regularly follow up on progress.

As I have mentioned, the primary objective of introducing ROIC is to increase corporate value. As can be seen from the fact that ROIC is derived from operating profit after tax on invested capital, corporate value will not increase without generating a return in excess of the cost of invested capital. MEX23 has set a goal of ROIC over 7%, and is promoting activities to improve ROIC under a company-wide project to achieve this goal. We will design a company-wide framework and implement a PDCA cycle in which progress is assessed and improved by each business division at quarterly portfolio meetings.

Among the initiatives to improve ROIC, the first initiative to contribute to improving operating profit is PIPJ Project (Profit and Loss Promotion Project by Model).

### ROIC Objectives



### Implementation Items

Goal	FY2023 ROIC over 7%
Assessment	Introduction of executive evaluation/performance evaluation
Structure	Promote company-wide projects Promotion of quarterly PDCA control
Details of execution	[Profit drivers] Expand profit in growth businesses Efficient investments carefully selected
	[Efficiency drivers] Optimization of working capital Fixed asset monitoring Response to non-operating assets

### Message from the Financial Director

Whereas ROIC is the financial discipline for the company-wide and for each division, PIPJ Project is the financial discipline for each model.

It is profit and loss management activities per single product that is penetrated within business divisions as a company-wide activity, and

## Message from the Financial Director

we are expanding the number of profitable models and reducing the number of unprofitable models.

Whereas PIPJ Project is an initiative to increase profits that will become the numerator of ROIC, the appropriate management of the invested capital which is the denominator is Profit Potential (PP) and the Maspro (Project name of improving working capital), which will contribute to improve working capital and, in particular reduce inventories. There are several ways to shrink inventories, but “procure at the

minimum unit required, manufacture at the minimum lot required, and sell the products out” is the best way for cash flow. In short, PP is a project that makes large profit with proper inventory. As a result of PP and Maspro activities, inventory value decreased by ¥5 billion at the end of fiscal 2020 compared to the previous fiscal year. If we pursue good practice and invest less capital, the denominator becomes smaller, leading to improved ROIC. Under MEX23, we will set numerical targets and promote initiatives accordingly.

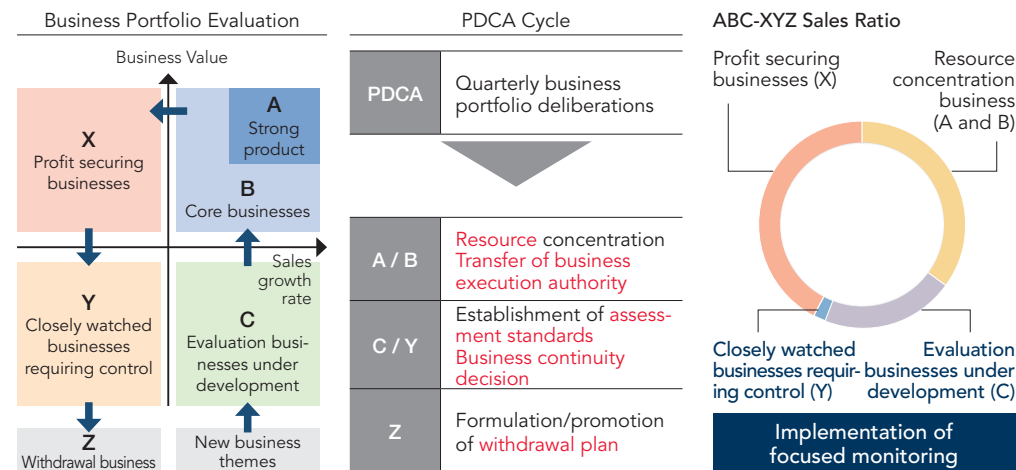
### Accelerate Business Portfolio Turnover Based on ABC-XYZ Control

ABC-XYZ control is a broader management category for businesses rather than for each model. We rank all businesses according to their operating profit margins, growth potential, and other factors, and aim to efficiently advance business strategies according to the rank. Ranks A and B will promote investment as growth businesses, and C will distinguish whether to aim for growth businesses or shift to closely monitored businesses. Y aims to improve profitability by setting a period for evaluation as they are low-profit businesses, but if no improvement is expected, we will formulate a strategy to withdraw from these businesses. In fiscal 2020, the number of businesses was compressed by approximately 30%. Learning from the lack of thorough enforcement of financial discipline in the past, MEX23 determines whether or not to continue in business by establishing quantitative judgment criteria. This assessment will be conducted at the portfolio meeting held every three months.

Also, the Investment Committee holds meetings

when making new investments in optimizing invested capital for ROIC management and growing investments under ABC-XYZ control. In the committee, the person in charge of technology, marketing, finance, and the environment, etc., examines if the investment will lead to an increase in corporate value or if an investment should really be made based on the confirmation items. The process of making objective investment decisions is based on deliberations that are submitted to the Board of Directors. After investment, monitoring is conducted regularly to check progress.

While we will clarify businesses with lower ROIC, launching new businesses will also be crucial for new growth. For MEX23, we established the New Business Produce Division and the Sales & Marketing Division as a system for promoting development projects on a company-wide basis. New businesses are classified as the phases of D (Development) and S (Startup) before evaluation under ABC-XYZ control.



### To Our Stakeholders

The Company's basic policy on profit distribution is to continue to appropriately distribute profits, comprehensively taking into account shareholder returns, current short-term investments, and investment funds with an eye to future business development. We intend to maintain a dividend payout ratio of 30% to 40% to our shareholders, but we did not pay dividends from the year-end of fiscal 2019 to fiscal 2020. I would like to express my deep apologies to our shareholders and strive for an early recovery in our business performance.

Following business reforms through fiscal 2020, Maxell Group started again with a management policy of “commit to value” that emphasizes

corporate value and profit growth. I will make further management efforts to improve Maxell Group's financial position and increase corporate value through sustainable growth. We ask for your continued support of Maxell Group.



## Establishment of a New Company-Wide Organization to Improve the Effectiveness of New Business Development and Sales Functions

Maxell aims to quickly launch new businesses and strengthen existing growth businesses. To this end, we are promoting company-wide development projects and unifying sales divisions through a company-wide cross-divisional organization that transcends the boundaries of business divisions. We will prepare new businesses and realize sustainable growth toward the next phase (Phase 2) following MEX23.

Until now, Maxell had development function within each business division, along with the development division at the headquarters, which carry out basic and applied research and development. Even though we could create new products that were extended from our existing businesses, we were unable to create new businesses as a major solidification from our limited resources.

To solve this issue, we established the New Business Produce Division in April 2021 as an organization dedicated to promote the creation of new businesses by gathering development themes and resources within each business division. The major change was that we were able to gather engineers who had been in charge of new development at each business division, and lay the groundwork for generating technological synergies across Maxell Group.

Technologies are only viable when all of quality, cost, delivery, and service are available. Therefore, it is necessary to change development operations to design operations. The New Business Produce Division not only develops products but also conducts design operations (engineering concept) to make them saleable products. The mission of the New Business Produce Division is to combine Maxell's technologies from customer information, and to complete products that can be sold as valuable technologies needed to solve customers' problems by collaborating with our sales divisions, and to contribute to the performance of new businesses.

At the same time, sales divisions had previously been structured under business divisions, and there was an essential issue of handling mainly

products of their own business divisions. To resolve this issue, sales divisions also need cross-divisional functions across the Company. Therefore, the Sales & Marketing Division has separated the sales divisions that had been in place within each business division and made them a single organization. It is also one of the purpose to set up new organization to shift the business model from product-out to market-in, by shifting the business initiative from business division to sales & marketing division. As a new attempt after its establishment, we have begun cross-selling across the boundaries of business divisions. Until now, the activities have been limited, such as the sales activity of battery division was limited to sell only batteries, but we are attempting to actively propose products handled by other divisions.

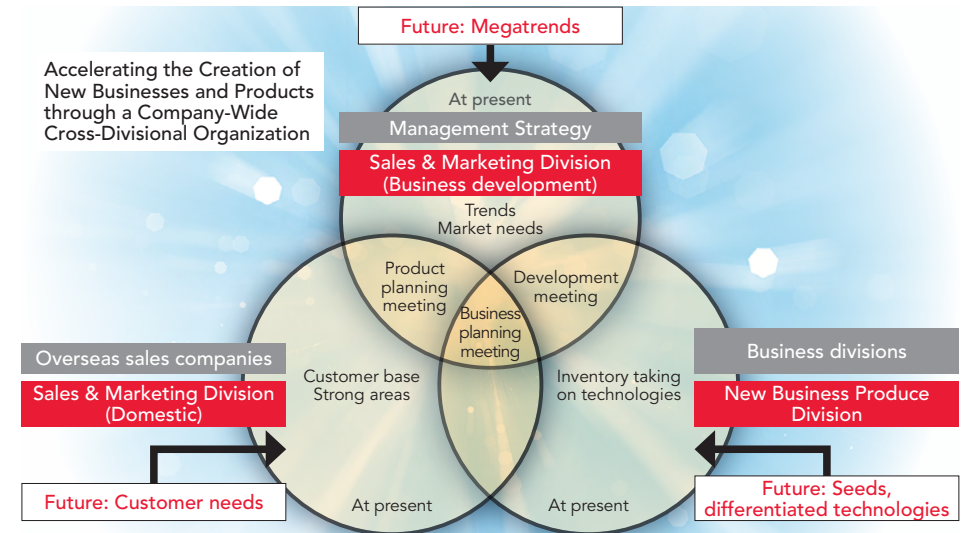
Another important point for Sales & Marketing Division is the development of new businesses that will lead to the future in collaboration with the New Business Produce Division. We share information on the sales channels and commercial distribution of existing businesses, as well as what issues customers face, listing up Maxell's technologies, select areas, product and technologies in which Maxell can compete in the future, and formulate policies and strategies. We will grow our business by combining our core technologies to make up new products, which are not an extension of existing products. In the Americas, Europe and Asia, we will strengthen our four-region global sales structure by establishing a similar cross-divisional structure in which Japan does not play a central role in expanding our business overseas, but expanding it equally and globally.










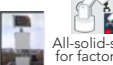

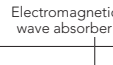








Kenichi Sano  
General Manager,  
New Business Produce Division



Masazumi Ishiwata  
General Manager,  
Sales & Marketing Division



### Direction of Technology Development toward 2030

	In 2023	In 2026	In 2030
Healthcare	 All-solid-state battery	 All-solid-state batteries for vital sensing	 All-solid-state batteries for medical equipment
		 Hygiene control device (bacteria detection device can be used by everyone)	 Image processing for medical equipment
5G/IoT	 MID products	 Electromagnetic wave absorber	 Transparent electromagnetic wave absorbing sheet
	 Aerial display	 Infrastructure IoT system	 Electromagnetic absorber (terahertz compatible)
Mobility	 AR-HUD	 Materials for energy-saving vehicles	 LIB life diagnosis AI (contribution to reuse/recycle)
		 In-car sensor	 Biodegradable resin, degradation recycling
		 Road surface projection headlamp	 Metal-integrated MID



## Establishment of a New Company-Wide Cross-Divisional Organization to Improve the Effectiveness of New Business Development and Sales Functions



### Examples of New Business Development

As examples of Maxell Group's efforts to generate synergies, we introduce the status of HUDs (Head-Up Displays) and Electromagnetic Wave Absorber, as well as future developments.

## HUD (Head-Up Display)

		
<b>Market</b>	<ul style="list-style-type: none"> <li>• HUD-equipped vehicle sales: W/W approx. 10 million units (2022) (Maxell's survey)</li> <li>• AR-HUD installation will expand 2023 onwards due to innovations in CASE* technology and safety improvements. (Maxell AR-HUD products began mass production in April 2021.)</li> </ul>	
<b>Features</b>	Realize high-specification products using Maxell's original imaging and optical technologies <ul style="list-style-type: none"> <li>• Imaginary image distance 13 m, world's smallest class, etc. (Maxell's survey)</li> </ul> 	
<b>Maxell's Strengths</b>	<ul style="list-style-type: none"> <li>• Integration of technologies cultivated through the development of projector (optical technology, distant display, high-quality imaging technology, downsizing and power saving)</li> <li>• Ultra-high-precision mold technology and in-house molding technology</li> <li>• Downsizing by self-developed mirrors/lenses, etc.</li> <li>• AR-HUD assembly technology</li> </ul>	






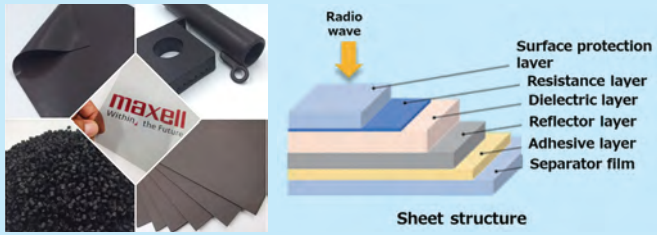
\* CASE: C (Connected), A (Autonomous), S (Shared & Service), E (Electric)

### Future Development

In the Automotive Imaging System (AIS) business, we will leverage the advantages of imaging technologies and optical technologies to expand globally after entering the largest market of China.

We introduced AR-HUD as an in-car imaging product, but we believe that Maxell's imaging technology is extremely likely to be able to develop video products that include entertainment as in-car and out-of-car imaging devices, as well as imaging products for a variety of fields other than automotive use. Maxell is also ahead of other developments aimed at meeting new needs, such as contactless aerial displays. We will leverage the strengths of technologies that can realize high brightness and high visibility to develop new products in new areas.

## Electromagnetic Wave Absorber

		    
<b>Market</b>	<ul style="list-style-type: none"> <li>• Noise Suppressing Components for Automotive Equipment (Millimeter-wave Radar, etc.)</li> <li>• 5G and Noise-Suppressing Materials for Next-Generation High-Speed Communications</li> </ul>	
<b>Features</b>	<ul style="list-style-type: none"> <li>• Lineup of transparent thin-film sheets, rubber sheets, and engineering plastics</li> <li>• Absorption characteristics of transmittant-type</li> <li>• Respond to various frequency bands: In-vehicle: 76–81 GHz Mobile equipment: 28-GHz</li> <li>• Stable Absorption Performance even at Wide Incidence Angle</li> </ul>	
<b>Maxell's Strengths</b>	<ul style="list-style-type: none"> <li>• Analog Core Technologies such as uniform dispersion and thin film coating</li> <li>• Basic patents held (19 domestically, 11 overseas PCT in Europe, North America, China and Taiwan)</li> </ul>  <p style="text-align: center;"><b>Sheet structure</b></p>	

### Future Development

The base technology is Maxell's Analog Core Technologies. By combining our "Mixing & Dispersion," "Fine Coating," and "High Precision Molding & Forming" technologies, we can respond to a variety of absorption characteristics tailored to customer demands. In the future, we will continue to research and develop absorption materials compatible with terahertz waves, which are expected to be put into practical use in 2030, and contribute to the practical application of next-generation high-speed communications such as 6G.



# Intellectual Properties (IP) to support new and existing businesses

Ensure Maxell's superiority and support the realization of technologies that create a sustainable society through the cycle of IP Basic Duties – IP Utilization – Innovation Activity

## Basic Policy for Intellectual Property Activities

With a focus on Maxell's original Analog Core Technologies, we are promoting business activities that integrate our technological strategy with our intellectual property strategy. In addition, we strive to secure Maxell's superiority and contribute to a sustainable society by conducting basic duties to create, develop, and manage rights intended for adequate protection of the Maxell brand and other intellectual properties. We also actively utilize intellectual property and pursue innovation in original technologies. At the same time, we firmly maintain a stance of respecting the intellectual property of other companies in order to build a fair business environment, such as carefully checking other companies' patents from the early stages of research and development.

In order to protect original technologies, we will reliably conduct basic operations in intellectual property, such as intellectual property creation, know-how identification, rights acquisition, and management, and defend Analog Core Technologies and the applied products with intellectual property.

## Intellectual Property Strategy to Support Business

Based on the business environment, business strategy, and intellectual property information analysis, in order to maximize the contribution of intellectual property to our business, we are conducting IP ground design activities to plan intellectual property activities through a back-cast that looks back on the present from the ideal future utilization of intellectual property for each business.

In addition, we are conducting strategic inventions to foster intellectual property rights with a focus on key technologies that form the core of our new business, including "head up displays," "electro-magnetic wave absorber," and "all-solid-state batteries."

Through these activities, we will steadily build an intellectual property portfolio that will be active in five or ten years.

Promoting the creation of original and unique technologies that realize a sustainable society through cross-divisional support for cutting-edge research and development

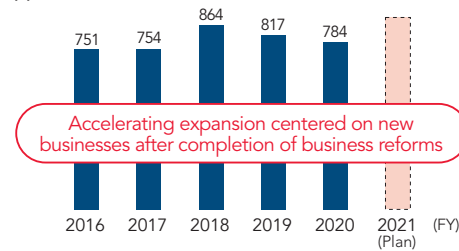
## Contributing to SDGs through Activities for Invention

To deepen internal SDGs efforts and promote innovations that contribute to them, we strive to create intellectual property by being conscious of links with SDGs from the discovery stage of inventions.

In addition, in order for inventors to be more conscious of SDGs, we are conducting activities to include in statements the development targets for SDGs to which inventions contribute.

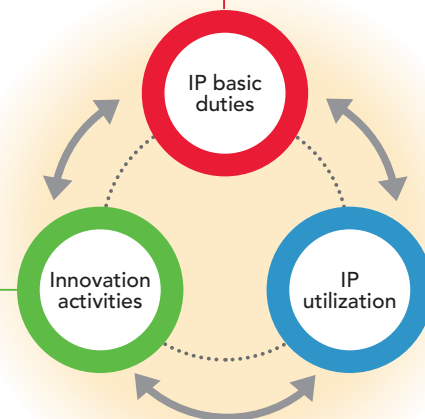
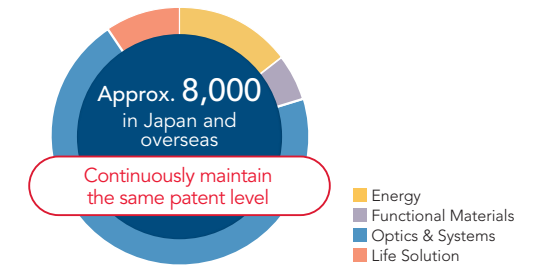
## Status of Patent Assets

Number of Domestic and Overseas Patent Applications



\* As of March 2021

Patent Asset Ratio by Segment\*



Direct contribution and indirect contribution through protection and expansion of business with intellectual property

## Intellectual Property Utilization Policy

In addition to protecting our own business through intellectual property rights, we will promote the appropriate release of our own technologies to other companies and make a direct contribution to our own earnings by acquiring implementation fees.

## To Deal with Counterfeiting

In order to reduce the risk of brand impairment due to third-party brand fraud and other factors, we take firm measures against manufacturing and selling counterfeit designs and products disguising the Maxell brand, and applying for and registering similar trademarks improperly in major countries, such as by registering customs and monitoring e-commerce websites.



# Enhancing the Value of the Corporate Brand

We are promoting corporate branding aimed at enhancing “corporate value” while pursuing Maxell’s uniqueness and expanding contact points with society.

With a branding strategy linked to our management strategy at the core, we are building a consistent corporate identity by linking and deploying to DESIGN→APPLICATION from the starting point of our PHILOSOPHY “MVSS.”

## Approach to the Corporate Brand

In October 2017, we formulated our brand logo and brand slogan, “Within, the Future—The future is within—.” Since then, we have worked together as a group to disseminate the Maxell brand.

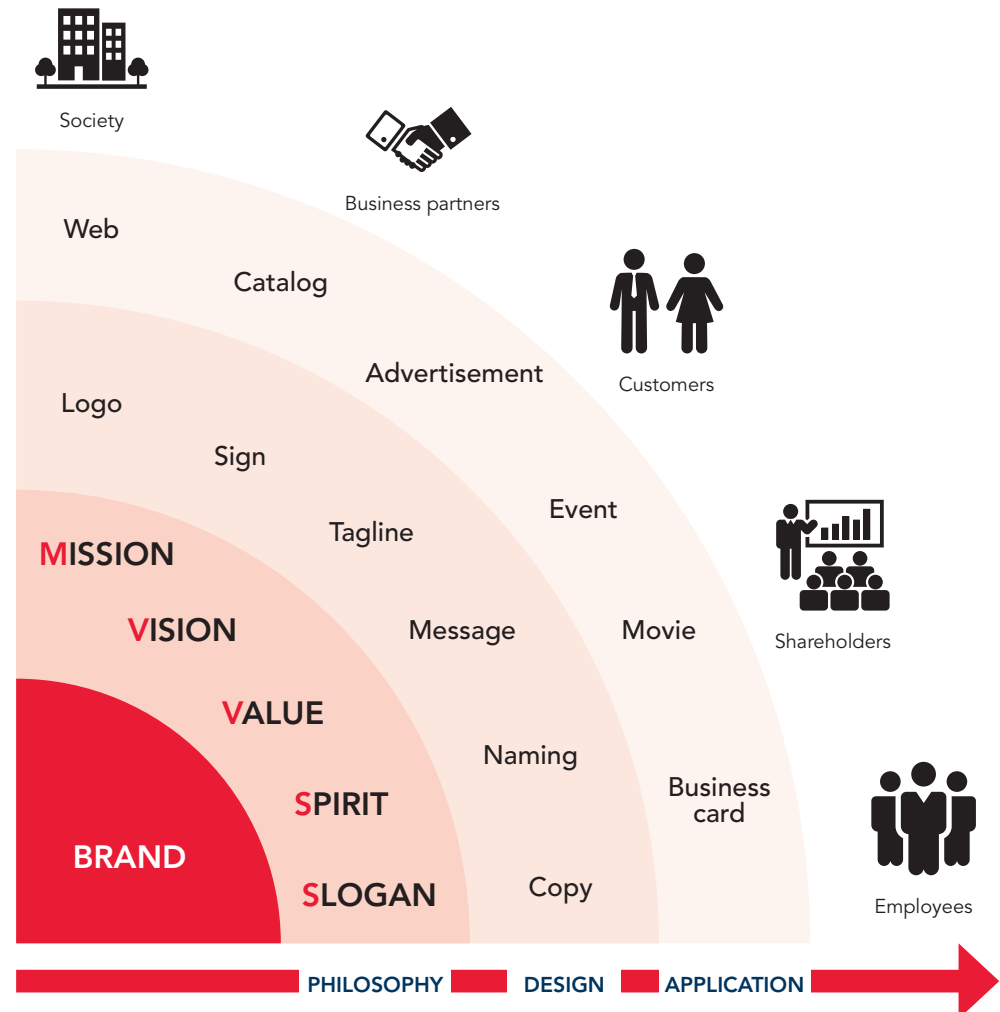
Even now, Maxell’s image of cassette tapes and dry batteries is strong, and it has a strong presence in recording media and batteries. In recent years, Maxell Group has been offering a wide range of products, transcending barriers such as BtoC and BtoB, and we believe that, in order to grow over the medium to long term, it will be key objective to get recognition and understanding of Maxell’s corporate brand from consumers other than our traditional products, particularly from younger generation.

Inner branding aimed at fostering a sense of unity within Maxell Group is also an important issue, and we are aiming to build a consistent corporate brand.

### Our Three Branding Missions

1	Strengthening approaches to young people	Communication to acquire future employees and fans
2	Strengthening inner branding	Enhancing employee engagement
3	Building a brand story	Organize brand stories that earn the understanding and sympathy of employees, customers, and society

## Concept of Corporate Branding



## Enhancing the Value of the Corporate Brand

### 1 Strengthening approaches to young people

Brand appeal to the 10s–20s people requires communication through a variety of media.

One of these is communication using SNS, radio commercials, and naming rights at facilities to attract customers. Through utilization of owned media and radio commercials at FM802 and FM TOKYO, and strengthen further partnership with Maxell Aqua Park Shinagawa, we are working to

deepen brand awareness, as the first opportunities to learn about Maxell.

We also participate in events for elementary students as an approach to parents and children to make aware of the enjoyment of *Monozukuri* (manufacturing), brand recognition, and understanding of Maxell.



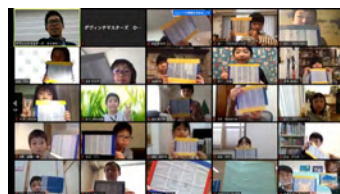
Through collaboration with major apparel brands, we worked to increase awareness of Maxell and the Maxell brand logo by promoting communication focused on younger customers.

### ダヴィンチマスターズ

"The 23rd Davinci Masters"  
(sponsored by Davinci Masters)  
Period: Tuesday, November 3, 2020  
Participants: Approximately 60 first- to third-grade elementary schools

We have implemented a "original message board" making program that uses adhesive tapes in an online format using Zoom.

In the first half of the program, we introduced Maxell and adhesive tapes in a quiz format, and were also interested in adhesive tapes and *Monozukuri* at a video viewing of the manufacturing process at our Kobuchizawa Works.



### COMMENT

In recent years, awareness of the Maxell brand has declined among younger people. As a result of measures focused on "communication with younger people," there has been an increase in the number voices of students that they "listened to commercials of FM stations!" and "know Aqua Park Shinagawa!" In addition, interest in Maxell through the dissemination of SNS is appearing in the number of student applications. In the future, we hope that we will be able to recruit future Maxell employees from people who participated in events targeting children.

(From recruitment staff)

Atsuki Onishi, Human Resources & General Affairs Department, Maxell, Ltd.

### 2 Strengthening inner branding



Since April 2021, we have been publishing a renewed communication tool for all Maxell Group employees, which was originally launched in fiscal 2019. The intranet-based internal newsletter is continuously used to prioritize the immediacy of information, and "Maxell Square" is published and distributed on paper to ensure that internal information is delivered.

Issuance frequency is quarterly, and each issue features one employee on the cover, with interviews linked to the connection between MVSS and his/her work. It also covers information that should be delivered to all employees across the organization, including management information, messages from executives, information from business divisions and operating companies.

We translate and edit multiple languages in English, Chinese and Indonesian, and distribute them through data to overseas bases as well.

### COMMENT

Based on the concept of "easy to understand and interesting for anyone," we have started PR on our image recognition technology in the form of blogs. In addition to the operation of this blog, the implementation of blog PR at Maxell's official SNS greatly improved the number of people accessing the Maxell Frontier corporate website, and the SNS response also confirmed Maxell's growing interest in image recognition solutions.

### 3 Building a brand story



This is a video that explains Maxell's history and technological records.

It was created with the aim of deepening Maxell's strengths and understanding of the future.

In 2021, the 60th anniversary of the Company's foundation, we reviewed our history to date, and not only explored the origins, attractiveness, and strengths of Analog Core Technologies, but also understood the future of Maxell, which will create Maximum Excellence as a company "Within, the Future—The future is within—." This is a documentary video that explains why Maxell is surviving and how it is trying to grow. We also produced and distributed English- and Chinese-language translations to overseas bases.

Click here for the introduction page  
[https://www.maxell.co.jp/corporate/history\\_channel.html](https://www.maxell.co.jp/corporate/history_channel.html)  
(in Japanese only)



Ryota Nakamura, DMS Division, Maxell Frontier Co., Ltd.

# Materiality

Maxell has identified key management issues (materiality) in order to improve corporate value.

## Background of Identifying Materiality

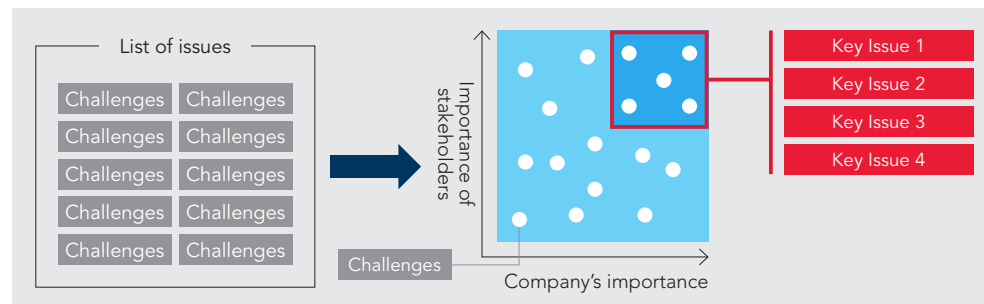
Maxell regards materiality as an “important issue for thoroughly pursuing value” related to its own company. In order to realize sustainable value creation, we will identify materiality in response to risks and opportunities in an uncertain age, and improve management quality, which will lead to the improvement of the triple bottom line of social value, environmental value, and economic value.

In fiscal 2020, Maxell systematized its Management Guidelines as a MVSS and further drew up its Corporate Sustainability Vision. To realize these goals, we identified important issues in fiscal 2021 and will continue dialogue with stakeholders to translate them into concrete results.

## Process of Identifying Materiality

In identifying materiality, we identified 33 social issues related to our company from international guidelines such as SDGs, ISO26001, GRIs, MSCI, SASB, etc. As a key management issue for Maxell, we have incorporated opinions from both internal and external stakeholders, and executives have held several discussions to identify seven materialities and 20 action plans.

In August 2021, it was approved by the Board of Directors and gained an internal consensus.



### STEP 1

Identification of social issues and recognition of the Company's direction

In order to identify, list, and narrow down global society issues, we identify issues related to our company from guidelines such as SDGs, ISO26001, GRI, MSCI, SASB, and global risk reports. Consistent with the medium-term management plan MEX23, 33 items were selected as candidates, according to the ideal feature of the Company 10–20 years from now, as well as items expected by the public and the Company's own issues.

### STEP 2

Analysis and identification of importance

Questionnaires and interviews were conducted with stakeholders (investors, customers, business partners, and outside directors) and Maxell Group executives and employees to analyze the level of importance from the 33 issue candidates, and items of high importance were further narrowed down.

### STEP 3

Evaluation of stakeholder perspectives

As for stakeholders, we provided feedback on the opinions of investors, experts, and specialists, and objectively evaluated important items for us.

### STEP 4

Selection of importance at the management level and determination of action plans

We selected 14 items from 33 items from STEP 1 through STEP 3, which are important items for both stakeholders and the Company. In addition, we proceeded with additions, integrations, and eliminations through discussions with outside directors, and finally summarized them in seven items. At the same time, we examined the action plan necessary for solving the issues and decided on the content of the 20 plans.

### STEP 5

Internal approval

The Board of Directors approved these seven items and 20 action plans and decided on them as materialities for Maxell.

## Future Policies

- KPI and target setting
- Implementation of management and internal penetration

Dialogue with stakeholders and information disclosure



## Materiality

Maxell has established 20 action plans that take into account risks and opportunities in response to seven material issues. Going forward, we will set targets for each action plan and steadily implement them with the aim of realizing our vision for 2030.

### Materiality 1 Creating Innovation through Unique, Original Technologies

- Evolution of unique, original technologies that generate new value
- Strengthening marketing for efficient R&D
- Strengthening partnerships to create new businesses

1



### Materiality 2 Solving Social Issues through Growth Businesses

- Contributing to the advanced information society through 5G/IoT related businesses
- Contribution in advanced medical and health areas through healthcare-related businesses
- Contributing to a safe and secure society through high-reliability sensing through mobility-related businesses

2



### Materiality 3 Creating Human Resources and Organizations that Generate Value

- Strengthen management to leverage human resources (build a human resource strategy, promote the right person in the right place and talent management)
- Establishment of a system for human resource development and evaluation that creates proactive human assets capable to generate one from zero
- Promoting diversity and inclusion (utilizing diverse human resources and accepting different values)
- Improve productivity and promote the transmission of skills through the standardization of business processes

3



### Materiality 4 Maximization of Customer Value

- Transformation into manufacturing that solves social issues ahead of customer issues
- Establishment of a system that prioritizes quality and product safety based on the integrity
- Enhancing the value of the Maxell brand's core products and services

4



### Materiality 5 Creation of Economic Value through Environmental Activities

- Strengthening environmental technologies and environmentally conscious products
- Conserving resources and energy, and promoting the introduction of renewable energy

5



### Materiality 6 Strengthen Business Portfolio Management

- Continuously improve the business portfolio through the two axes of market growth and business earnings (ABC-XYZ control)
- Implementing portfolio strategies that anticipate market changes
- Promoting efficiency at global production sites

6

### Materiality 7 Strengthen Group Governance

- To build effective governance in group management
- Implementing governance to Maximize group synergies

7

# Sustainability

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# Sustainability Management

Established in April 2020, the Corporate Sustainability Department (Corporate Sustainability Division from October 2021) will play a promotional role in realizing our mission.

In implementing our policies, we will instill throughout the Group the following two concepts: “Think and evaluate our business activities in the medium to long term (do not pursue short term profit),” and “Achieve both social and environmental value creation and economic value.”

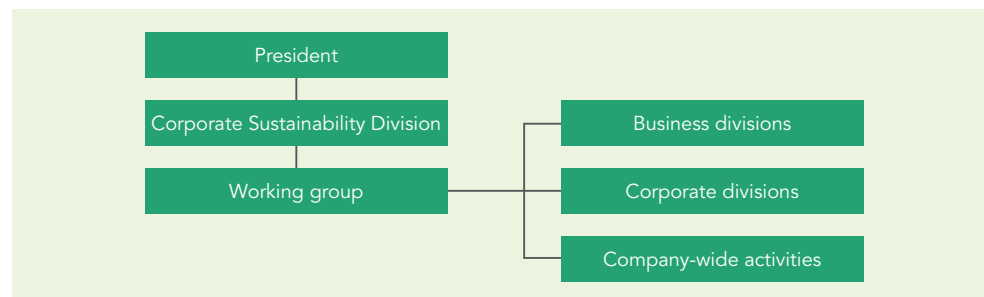
## Maxell Group’s Sustainability

Based on its basic management policy of MWSS, Maxell will realize its VISION of “Create Maximum Excellence for employees, customers, and society by leveraging unique Analog Core Technologies” by solving social issues through its businesses.

To achieve this, we believe it is important to identify important issues that Maxell should focus on, set specific initiatives and targets in its medium- to long-term strategy, and resolve them through its businesses.

Basic Policy	Through its business activities, Maxell Group contributes to solving social, environmental, and economic issues in global markets, and supports the implementation of sustainability management that leads to sustainable growth and maximization of corporate value.
Mission	<ol style="list-style-type: none"> <li>1. Contributing to the achievement of SDGs targets through CSR/CSV initiatives</li> <li>2. Formulation of key issues in addressing ESG/SDGs</li> <li>3. Establishment and support of company-wide activities by business divisions and headquarters divisions</li> <li>4. Promote education and enlightenment activities for inside and outside the Company</li> <li>5. Visualization of activities and strengthening of communication ability to stakeholders (customers, employees, business partners, investors)</li> <li>6. Improving the rating of ESG ratings</li> <li>7. Support for integrating SDGs and management (linking business activities)</li> <li>8. Strengthening branding capabilities through SDGs activities</li> </ol>

## Sustainability Promotion System



## Implementation of the Corporate Sustainability Vision

### Activities of the Corporate Sustainability Division

The Corporate Sustainability Division works in collaboration with business divisions, group companies, corporate divisions, and working groups composed of sustainability promotion committee members for company-wide activities.

Liaison meetings are held regularly to promote sustainability measures while sharing direction.

- Important points for unified management between the representative contact of business divisions and the head office divisions
- Establish a company-wide promotion system that includes group companies
- The Corporate Sustainability Division organizes cross-sectional working groups to promote sustainability activities.

### Major Activities in Fiscal 2020

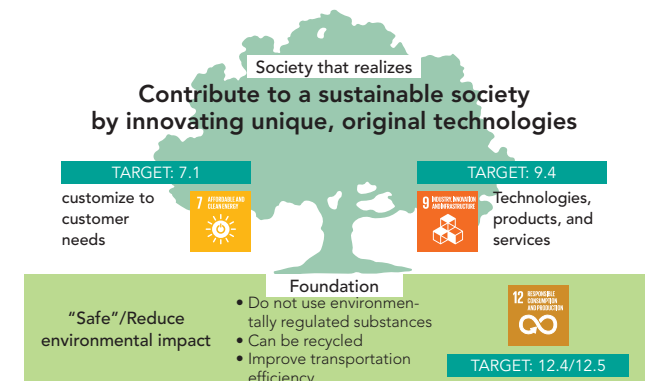
- Formulation of Corporate Sustainability Vision
- Establishment of a sustainability site and disclosure of ESG information
- Sustainability awareness activities (education, lectures by outside experts, etc.)
- Revision of long-term CO<sub>2</sub> emission reduction targets and promotion of specific measures
- Relationship between business activities and SDGs (level of contribution to social and environmental issues)



## CLOSE UP 2021

In fiscal 2020, Maxell Group organized a working group to discuss and evaluate the degree of social and environmental contribution made by its businesses so that Maxell’s products and services can propose specific social and environmental values that are closely related to the SDGs. In response to the major plans outlined in the medium-term management plan, MEX23, we are evaluating the degree to which we can contribute to social and environmental values that can be utilized by Maxell as a whole.

### Summary of Social Contributions by Business Division (Example)



# Stakeholder Engagement

“Harmony and cooperation, working with heart and soul, and contributing to society.”

Guided by the spirit expressed in this creed, Maxell Group benefits society by developing outstanding proprietary technologies and products. In addition, we take measures to build favorable relationships with many different stakeholders.



## Dialogue with Stakeholders

Maxell Group engages in ongoing dialogue with stakeholders with the goal of reflecting their input regarding social and environmental activities into future efforts. These proactive engagements enable us to maintain an understanding of the topics of interest to stakeholders as well as the impact of our corporate activities on stakeholders, thereby allowing us to provide services and advance CSR activities matched to their needs.

## Major Opportunities for Communication with Stakeholders

Stakeholder	Major Communications Opportunities	Involvement with SDGs
Customers	<ul style="list-style-type: none"> <li>Introduction of environment-friendly products and display of environmental certification symbols</li> <li>Adoption of universal design</li> <li>Establishment of help desks</li> <li>Questionnaires</li> </ul>	
Business partners	<ul style="list-style-type: none"> <li>Announcement of Supply-Chain CSR Guidelines</li> <li>Construction of Green Procurement System</li> <li>Acceptance of Value Engineering (VE)* proposals</li> <li>Promotion of green delivery</li> <li>Responsible procurement of minerals</li> <li>Environmental activities throughout the supply chain</li> </ul>	
Employees	<ul style="list-style-type: none"> <li>Holding of meetings between the president and employees</li> <li>Compensation that is fair and clearly understood</li> <li>Promotion of occupational health and safety and health-oriented business management</li> <li>Promotion of diversity-oriented management</li> <li>Holding of labor-management councils and social gatherings to maintain and enhance mutual trust</li> <li>Regular surveys of employees' attitudes</li> </ul>	
Shareholders and other investors	<ul style="list-style-type: none"> <li>General Meeting of Shareholders</li> <li>Briefings and provision of information for analysts and institutional investors</li> <li>Briefings and events for individual investors</li> <li>Disclosure via website</li> <li>Issuance of integrated reports and other reports for investors</li> </ul>	
Local communities	<ul style="list-style-type: none"> <li>Plant tours</li> <li>Participation in neighborhood greening and beautification</li> <li>Sustainable ecosystems and forest preservation</li> <li>Opening of sports fields and gymnasiums</li> <li>Acceptance of interns from local universities and technical colleges and acceptance of technical interns from overseas</li> <li>Support for educational initiatives focused on the next generation</li> </ul>	
Administrative organizations, NPOs, and NGOs	<ul style="list-style-type: none"> <li>Compliance with laws and regulations</li> <li>Participation in projects for development of “welfare towns”</li> <li>Conclusion of ethics agreements with municipal authorities</li> <li>Joint development with universities and NPOs</li> <li>Cooperation to resolve environmental issues</li> </ul>	

\* VE: Value Engineering: A systematic method of improving value based on analysis of the relationship between the function and cost of a product or service.

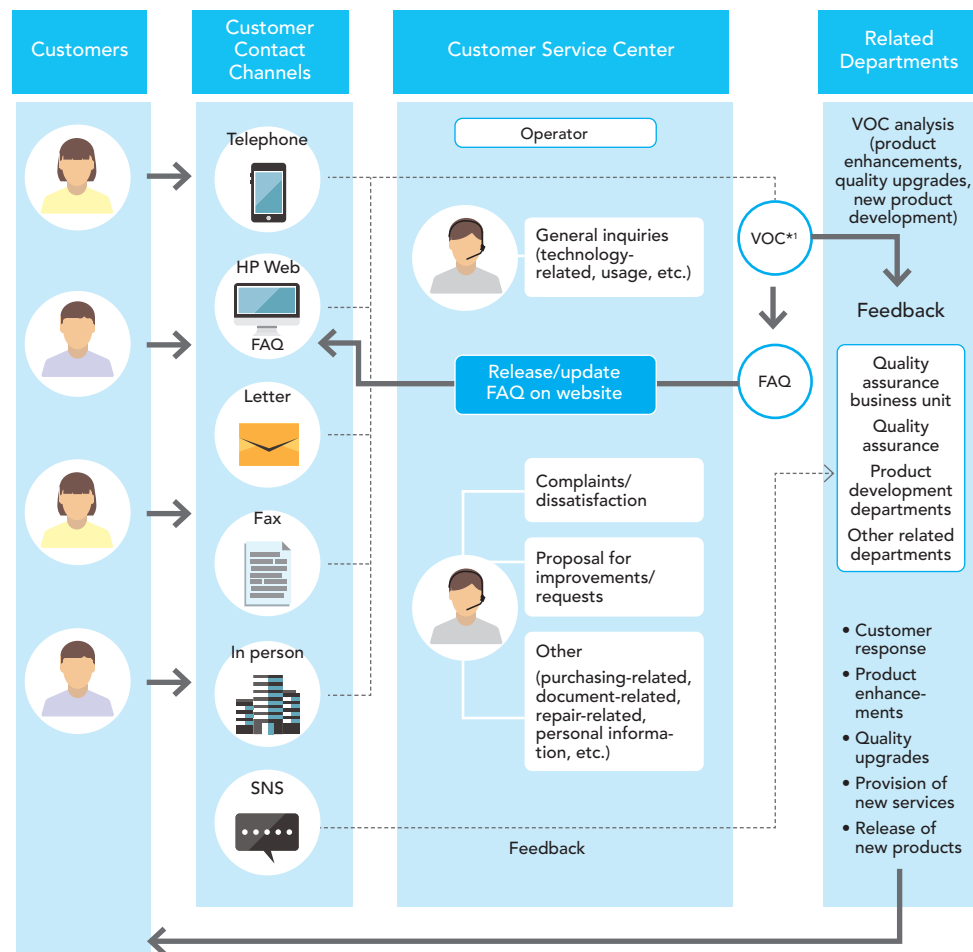


# With Customers

## Basic Policy

We enhance customer satisfaction and product quality through a range of concerted efforts involving our employees. In providing products and services that satisfy customers, we anticipate changes in society's needs while giving the highest priority to quality and customer feedback.

## ▶ Maxell Group's Customer Service Center



\*1 Voice of the customer

## Enhancing Customer Satisfaction

### ■ Customer Service Center Initiatives to Sincerely Face Customer Feedback

At our Customer Service Center, employees with experience in sales and quality assurance handle all types of inquiries. The center shares feedback at monthly sales meetings comprising members of all consumer product related departments, and this feedback is used to help enhance customer satisfaction and upgrade and develop products. As customer satisfaction indices, the Customer Service Center uses response and gratitude call percentages.

As products become more complex and diverse, the response rate reached 79% partly due to the impact of the COVID-19. The center will continue its policy of kindness, politeness, and quickness, and will work to improve its response system and upgrade the skills of its staff.

#### Response and Gratitude Call Percentages

	FY2018	FY2019	FY2020
Response percentage*2	81%	84%	79%
Gratitude call percentage*3	5.7%	5.6%	5.1%

\*2 Percentage of telephone calls received to which operators respond

\*3 Percentage of telephone calls received to which operators respond that subsequently lead to customers expressing gratitude

### ■ Creating and Improving Products to Address VOCs

To market better products by listening to customers, we refer to all customer feedback received through our Customer Service Center when developing new products or making improvements to existing products.

#### (Examples of development and improvement in fiscal 2020)

<ul style="list-style-type: none"> <li>Ozone anti-bacterial deodorizer OZONEO AERO MXAP-AE270: Developed a model that responds to the breadth of residential living rooms and other areas in line with growing demand for anti-bacterials and antiviral measures. A body design that is familiar with interiors.</li> </ul>	<ul style="list-style-type: none"> <li>"Izumi Shaver with six-blade": Developed the industry's first six-edge shaver in response to customer comments that "I want a quick and clean shaver" and "I want a skin-friendly shaver."</li> </ul>
<ul style="list-style-type: none"> <li>Ozone anti-bacterial deodorizer OZONEO MXAP-AEA255: In collaboration with Maxell Izumi Co., Ltd. in line with growing demand for commercial-use products, the Company has developed a model that can accommodate hotel rooms and medical examination rooms at hospitals. Compact size that is easy to move.</li> </ul>	<ul style="list-style-type: none"> <li>"Emergency Power Supply and MES-TG1000 with UPS Function": Developed an emergency power supply with an uninterruptible power supply that enables business continuity even in the event of a power failure due to a disaster at a store or office in response to a request for an emergency power supply in the event of a power failure caused by a disaster, etc.</li> </ul>
<ul style="list-style-type: none"> <li>"Ilexam Hand Massagers": Development hand massaging equipment that can be used at home, incorporating the expertise and experiences of beauty salons in response to concerns about hands that tend to change with aging.</li> </ul>	



## With Customers

### Increasing Product Quality and Reliability

#### ■ Advancing Quality Management

Maxell Group delivers products and services of a quality that satisfies customers by continually strengthening quality management based on the SQM\*1 Movement, which is set out in the Product Safety Voluntary Action Plan.

We are promoting activities to verify the certainty of the process, which is the basis of manufacturing, from the perspectives of “generation” and “leakage.” In addition, the Company regularly holds review meetings to prevent product accidents at domestic and overseas plants, presenting quality accidents, complaints, and notable examples of quality improvement, and exchanging opinions to help foster expertise and raise awareness of quality control. In addition, as part of our educational activities, we will give young and mid-level employees practical courses focusing on human error behavior at the workplace.

\* SQM: Super Quality Management for Maxell Group

#### ■ Quality Management System Standard

The International Organization for Standardization’s quality management system standard (ISO9001) was switched to company-wide integrated auditing in fiscal 2014, and approval was renewed in fiscal 2020. We are working to further improve quality by horizontally expanding best practices and the like.

In the future, we will develop quality control initiatives at all companies that have joined the Group.

In addition, we will thoroughly manage the quality of products in accordance with the Quality Management System Standards (ISO/IATF16949) for the automotive industry, which requires a more sophisticated quality control system, and the Quality Management System Standards (ISO13485) for medical devices.

### Local Employees Supporting Global Growth

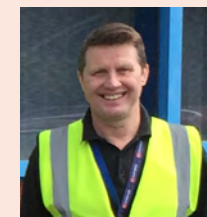
In July 1984 I joined Maxell (UK) Ltd as a Warehouse operative. MUK had been officially operating for several months meeting the global demand for VHS magnetic media. In 1989 the introduction of Audio & Floppy disc production was added. After the demise of magnetic media from 1996 MUK turned its attention to break into the automotive sector utilising machinery and available capacity that once produced media products. A diversification strategy clearly identified us as a trusted contractor and integral supplier to tier 1 automotive companies, utilising unique engineering capabilities and skill sets already existing within the business.

In 2003 we started production of medical devices which in addition to the automotive sector allowed for us to dedicate fully into a contract moulder. This tied in perfectly with the end of multimedia production in 2008 in Telford.

Having personally witnessed from early beginnings a complete change in commodity production it demonstrated a commitment to support growth within the group. Establish our position within contract moulding as a whole in the UK and internationally by maintaining high quality standards required within the very challenging medical and automotive sectors.

I am currently Production Manager at Maxell Europe Ltd Manufacturing Division known locally as (Maxell Moulding Services). Not only have we evolved as a diverse business but so have the dedicated workforce, as we have had to re-adapt our understanding, mind set, work ethic, whilst continually pursuing other business opportunities to ensure we are integral as part of a global success story.

They do say, “growth is based upon the expertise of others”. Our motto here in the Telford factory is “can do together!” and by continuing to do this we will have a bright & successful future.



John Phillips

#### Status of Quality Management System Standards Acquisitions

(As of April 2021)

Name	Acquisition Division	
ISO9001	Domestic	Maxell (Energy Division, Functional Materials Division, Optics & Systems Division, Life Solution Division) / Maxell Frontier Co., Ltd. / Ube Maxell Kyoto Co., Ltd. / Maxell Izumi Co., Ltd. / Maxell Kureha Co., Ltd.
	Overseas	Wuxi Maxell Energy Co., Ltd. / Maxell Europe Ltd. Telford Plant / Maxell Tohshin (Malaysia) Sdn.Bhd. / Maxell Digital Products China Co., Ltd. / PT. SLIONTEC EKADHARMA INDONESIA / GANGQUAN PRECISION (SHENZHEN) CO., LTD.
IATF16949	Maxell Ono Works / Maxell Yokohama Works (automotive lens design division) / Maxell Frontier Gifu Works / Maxell Digital Products China Co, Ltd. / Maxell Tohshin (Malaysia) Sdn. Bhd.	
ISO13485	Maxell Life Solution Division, Kyushu Office	

# With Business Partners

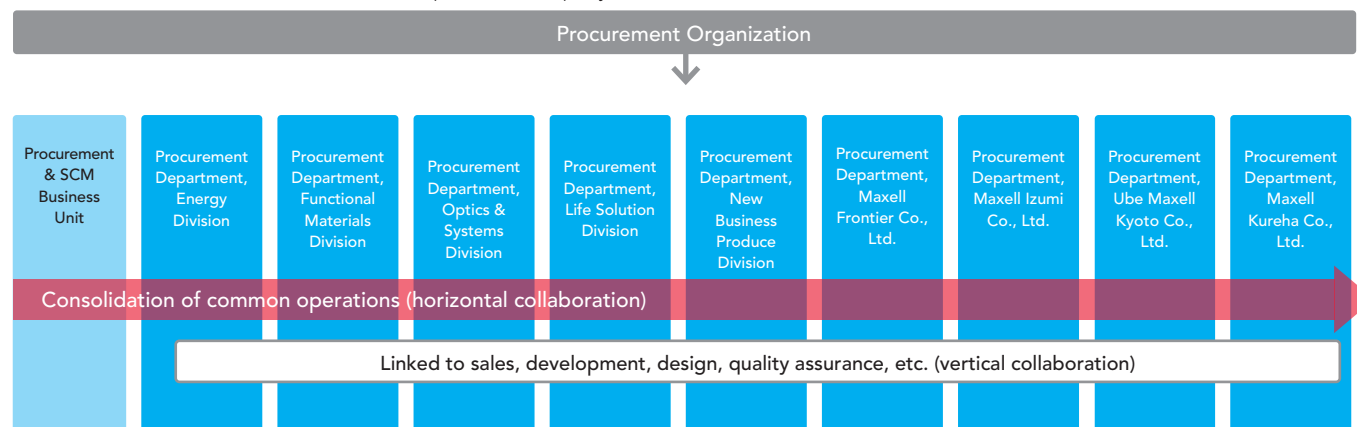


## Basic Policy

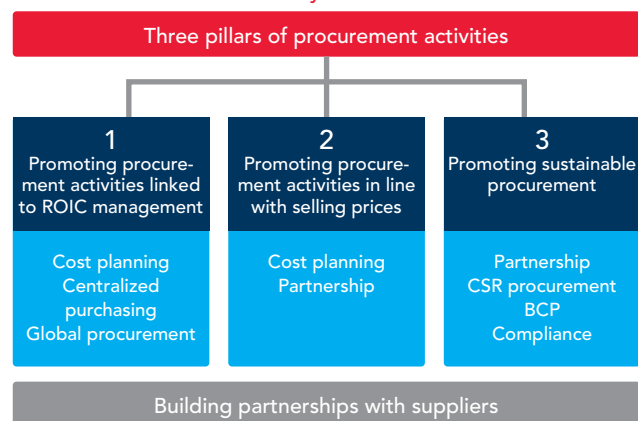
Suppliers of raw materials and parts, indirect materials, facilities, etc., subcontractors for production of products, and business partners that are contractors for distribution are indispensable to our business activities, as well as partners that together fulfill our responsibilities to society.

Based on this recognition, Maxell Group will develop CSR activities in concert with its business partners and implement activities that sincerely respond to the expectations and demands of each business activity.

▶ **Structure** Procurement departments in each business division and horizontal collaboration and vertical collaboration between business divisions will be established to promote company-wide activities.



## ▶ Outline of Procurement Policy



## Fiscal 2021 Procurement Policy

### ■ Key Measures in the Three Pillars of Procurement Activities

Based on MVSS, which is the company-wide basic management policy, we have reorganized our procurement activities into the Three Pillars of Procurement Activities. We will achieve results by promoting activities in line with this procurement policy (see the left chart) through collaboration with business partners while responding to changes in the market environment.

#### 1 Procurement activities linked to ROIC management

We will promote procurement measures in conjunction with the P/L Improvement by Model Project (PIPJ) and P/L management

by business (ABC-XYZ management). Specifically, we are strengthening cost planning engineering and global procurement activities as measures and improvement activities for unprofitable products.

In addition, we are continuing our efforts to streamline operations by promoting the consolidation of indirect materials and common products, which had been independently procured by business divisions, into Procurement & SCM Business Unit.

#### 2 Procurement Activities in Line with Selling Prices

We will set and implement cost targets that follow the reduction in selling prices through actual budget management of the ratio of material costs to sales.

Specifically, through corporate procurement and activities in collaboration with business divisions and related departments, we will incorporate the added value, improvements, and new ideas of our business partners while predicting and analyzing market trends, and take measures against cost targets.

In addition, we will provide new proposals (original technologies, advanced development, new materials, etc.) to our business partners, which will lead to mutual co-creation and co-prosperity activities.

#### 3 Sustainable Procurement

##### • CSR procurement

We will promote supply chain CSR-based procurement activities based on the revised 2020 CSR Procurement Guidelines. Since June 2021, we have been participating in the Supply Chain Subcommittee of the United Nations Global Compact and will strive to further raise the level of our activities.

##### • Strengthening BCP\*

Procurement risks are rising due to natural disasters, soaring raw material prices, and a shortage of electronic devices, and we are strengthening our supplier BCP management. In fiscal 2021, we are also conducting BCP surveys at overseas Group companies.

\*BCP: Business continuity planning





## With Business Partners

### • Strengthening Compliance

Regarding compliance, we continue to conduct compliance education within the Company and strive to ensure appropriate transactions with suppliers.

• **Announcement of endorsement of the “White Logistics” movement**  
In Japan, the “White Logistics” movement began in 2019 with the aim of stabilizing logistics and contributing to the growth of the Japanese economy in order to respond to the shortage of drivers in the transportation and logistics industries, which are continuing to face serious conditions.

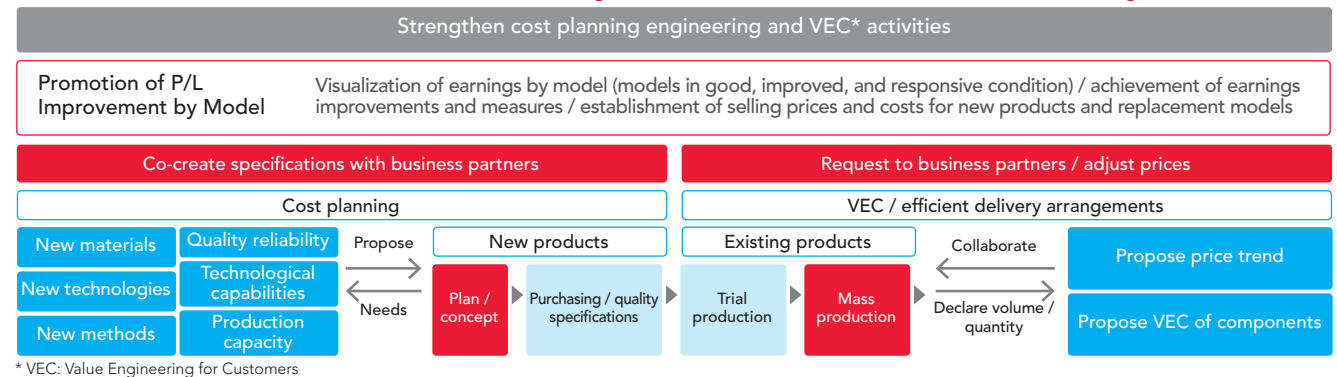
From the perspectives of sustainable growth, compliance, and ESG, we consider logistics improvement to be one of our management issues, and express our endorsement of the objectives of the campaign and participate in it.

In addition to improving the transportation methods we are currently working on, we will shorten the waiting time for

shipments by carrying out production and packing in line with shipments, and we will secure sufficient lead times by allowing shippers time to arrive with a wide range of time. In this way, we

will continuously strive to improve the working environment for drivers and improve logistics productivity. We will continue to promote efficiency throughout the supply chain.

### ▶ Outline of 1 Procurement Activities Linked to ROIC Management and 2 Procurement Activities in Line with Selling Prices



## Responsible Mineral Procurement

Due to the growing international interest in responsible mineral procurement, the procurement of minerals from conflict areas and high-risk areas requires responsible responses not to be a source of funds for conflict through mining and trading or to be involved in human rights infringement or child labor.

Maxell Group is engaged in responsible mineral procurement activities with a policy of not purchasing minerals that could cause social problems such as human rights. We will also conduct and continue to conduct surveys in accordance with the Due Diligence Guidance for Responsible Supply Chains for Minerals from Conflict Areas and High-Risk Areas issued by the Organisation for Economic Co-operation and Development (OECD).

In the past, we conducted an independent survey of smelters across the supply chain of materials and components, including 3TG (tantalum, tin, tungsten, gold) and cobalt, in our

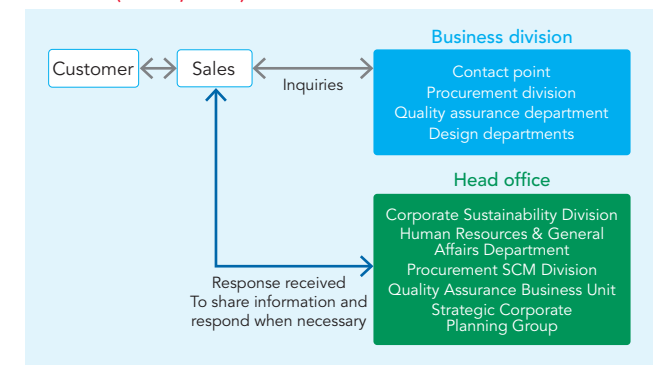
business divisions. In fiscal 2019, we changed to a system for sharing information in parallel with the head office organization (environmental, general affairs, procurement, legal, and quality assurance), and strengthened management.

In response to requests from customers, we submitted 122 Conflict Minerals Reporting Template (CMRT) and 11 Cobalt Reporting Template (CRT) forms issued by RMI\*. There were no cases of using minerals from problematic smelters, as a result of fiscal 2020(company-wide).

\* RMI (Responsible Minerals Initiative): Body that is leading conflict minerals efforts with more than 300 companies and organizations worldwide

\* Please refer to the URL below for the latest version of the Supply Chain CSR Procurement Guidelines.  
[https://www.maxell.co.jp/procurement/pdf/csr\\_procurement\\_guideline\\_eng.pdf](https://www.maxell.co.jp/procurement/pdf/csr_procurement_guideline_eng.pdf)

### ▶ Structure for Information-Sharing on Conflict Minerals Survey Forms (CMRT, CRTs)





## With Business Partners

### CSR Procurement

#### Supply Chain Management

Maxell considers its business partners to be important business partners in its business activities, and conducts procurement activities aimed at building mutually trusting relationships and fostering mutual development based on the principle of fairness and co-existence and co-prosperity.

#### CSR Procurement Promotion Program

In fiscal 2019, we launched a CSR-based procurement promotion program. The program calls for compliance with the Procurement Guidelines, supplier self-evaluations, on-site surveys, and PDCA cycles for improvement activities. Through this initiative, we are conducting improvement activities in cooperation with our business partners to raise the level of CSR procurement.

#### CSR Self-Assessment\*

Since fiscal 2019, the CSR Self-Assessment Questionnaire has been used to confirm the status of CSR procurement and make improvements to important suppliers in Japan. CSR self-assessment is conducted using Maxell's own questionnaire (SAQ: Self-Assessment Questionnaire) formulated based on the on-site auditing standards of the RBA (Responsible Business Alliance) for key suppliers of direct materials (80% of procurement value and parts suppliers that do not have the effect of alternative procurement).

If the SAQ evaluation results indicate a rating of D grade, we conduct on-site surveys and provide support for improvement activities. If a rating of C grade is determined, we receive a written response to the improvement plan and follow up, which leads to improvement activities, and we promote them to be B grade or higher.

This initiative is being pursued in a three-year plan with a three-year period starting in fiscal 2019. In fiscal 2020, the second year of the plan, we received SAQ responses from 357 of

#### Self-Assessment Evaluation Rank

Rank	Evaluation points	Explanation
A grade	85% or more	<ul style="list-style-type: none"> <li>Actions are being taken at the required level of the CSR Procurement Guidelines.</li> <li>Items requiring improvement can be improved voluntarily.</li> </ul>
B grade	65–84%	<ul style="list-style-type: none"> <li>There are items that are not able to respond with the necessary level of the CSR Procurement Guidelines, and improvements are required.</li> <li>Items requiring improvement can be improved voluntarily.</li> </ul>
C grade	50–64%	<ul style="list-style-type: none"> <li>There are items for which action is not being taken at the required level in the CSR Procurement Guidelines, and improvement is necessary.</li> <li>An action plan should be prepared to improve items that need improvement, and improvements should be checked and reported based on this plan.</li> </ul>
D grade	49% or below	<ul style="list-style-type: none"> <li>There are items for which action is not being taken at the required level in the CSR Procurement Guidelines, and improvement is necessary.</li> <li>It is necessary to prepare an action plan to improve items that need improvement, and to confirm the status of improvement based on it. The status of the improvement should be audited.</li> </ul>

our important suppliers of direct materials. Compared to the results in fiscal 2019, the ratio of large companies to the respondent suppliers has increased, resulting in an increase in A grade. There are 10% (36 companies) of C grades, and we are continuing to follow up on the improvement plan. In addition, as a topic for fiscal 2020, we have begun expanding the program to overseas suppliers and are expanding CSR procurement activities on a global basis.

\* CSR self-assessment: Self-assessment of compliance with Maxell Group Supply Chain CSR Procurement Guidelines Evaluation items: Labor, safety and health, environmental, ethics, quality and information security, management systems

#### Evaluation Results of Primary Suppliers

	FY2019	FY2020
Target	Direct material suppliers	
Survey supplier	253 companies	357 companies
Medium-term target	Reduce C grade or lower to 0% by fiscal 2023	
A grade (85% or more)	34%	61%
B grade (65–84%)	56%	29%
C grade (50–64%)	10%	10%
D grade (49% or below)	0%	0%



# With Employees

Maxell Group conducts a variety of initiatives with the aim of respecting the individuality of each and every employee and realizing a rewarding workplace.

We are promoting the development of human resources to realize diversity and work-life management, and to pass on the technologies that are our strengths as a company to the next generation.

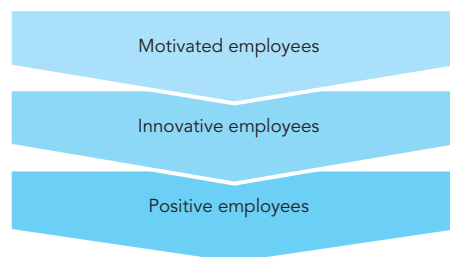
## Seeking Talented Personnel

### Basic Policy

We have three keywords for required human resources: autonomous, ingenious, and positive. For Maxell to achieve sustainable growth, we need human resources who can autonomously identify issues to be addressed with regard to changes such as customer needs and the market environment, then think by themselves and take action. Our initiatives to date have brought together employees with many fields of expertise. Our task is to instill in our employees the drive to create new value by leveraging this diverse competence and by combining and coordinating their specialties. The keys to Maxell Group's continued growth are the increased promotion of personnel diversity, the creation of workplaces that are more employee-friendly, and the progression into a corporate culture that is conducive to realizing synergy.

Going forward, we will further focus on recruiting and developing talented human resources in order to further enhance our trust in the Maxell brand and become a company that is indispensable in a sustainable society.

### The Personnel We Seek



## Developing Personnel

### Personnel Development Policy

Maxell has established three basic educational policies and is implementing education programs based on priority initiatives.

#### Basic educational policies

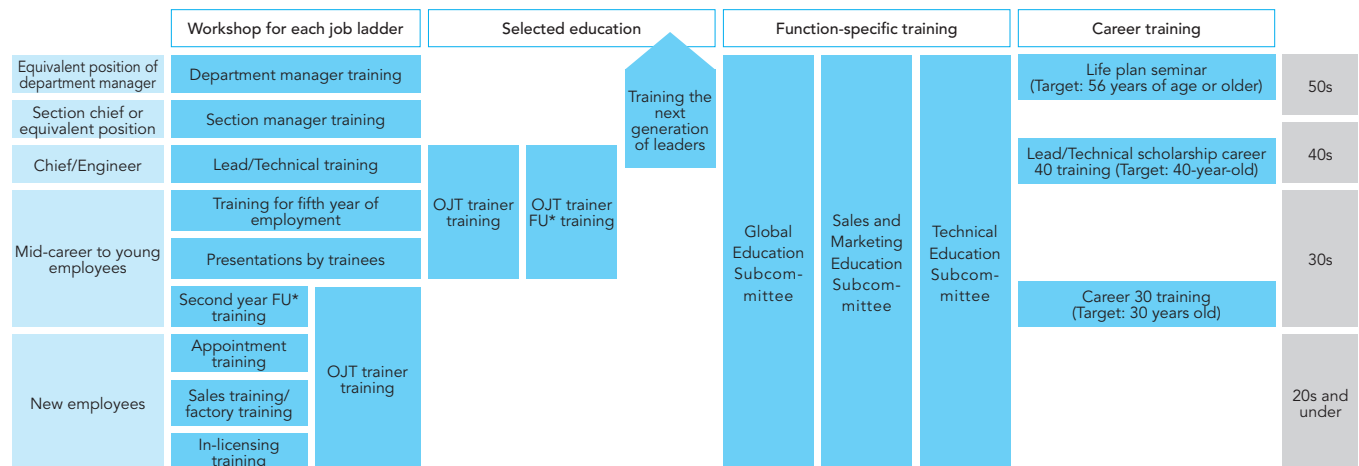
- Human resources are the most important management resource for a company, and in addition to fostering an educational culture, we aim to be a company in which people develop.
- Capturing changes in the world, sincerely pursuing creativity and technological capabilities, and cultivating human resources that can provide value to employees, customers, and society
- Develop human resources capable of promoting global and diversity

Based on our policies, we are implementing human resource

development measures in each of the three fields of "global," "sales and marketing," and "technology," in addition to stratified, selective, and career education. We cultivate human resources who can create new value through a variety of educational curriculums, including training tailored to the level of each specialized field, global education such as overseas training, and regular refinements to educational themes and methods in line with the times.

Regarding the development of successors, we are strengthening our human foundation to create strong businesses and new businesses by selecting candidates for management in the next fiscal year and successively planning and promoting education, rotation, and other measures.

### Personnel Development System



\*FU: Follow-up

## With Employees

### Human Resource Development

#### ■ Promoting the Creation of a Pleasant Workplace

Maxell has put in place a diverse work system that allows all employees to work in a flexible manner according to their lifestyles and life stages. In particular, in order to balance work and family life, we have established a system that exceeds statutory standards for child care and family care. The percentage of employees who take childcare and nursing care leave to return to work is 100%.

In fiscal 2020, as many employees work from home due to the impact of the Novel Coronavirus infectious disease, we prepared a "Work at Home Manual" to provide support so that we can transition to a "new way of working" without losing productivity from the perspective of working styles and management.

#### Use of Childcare and Nursing Care Leave Systems

	FY2018	FY2019	FY2020
Childcare leave (person)	14	9	9
Nursing care leave (person)	1	1	1

### Diversity Management

#### ■ Diversity Promotion Project "M-Wing"

Maxell aims to improve organizational problem-solving abilities, creativity, and flexibility by emphasizing diversity and leveraging human resources with differing values, sensibilities, and experiences. We are putting effort into "M-Wing" activities, which are internal projects.

Under the slogan "Creating Companies and Workplaces Where Everyone Can Work," M-Wing activities are divided into working groups to promote diversity throughout the Company. These include the establishment of websites for promoting diversity, implementation of e-learning, and consideration of mechanisms for work-life balance, among others, selected from business divisions. In fiscal 2020, activities were conducted 3WG the Communications Style Innovation Working Group, the Diversity Management Behavior Innovation Working Group, and the Work-Lifestyle Innovation Working Group.

The Communication Style Innovation Working Group prepared a communication handbook that summarizes best practices at each workplace and other companies and how to use IT communication tools through a Q&A method in order to explore ways of communication that can demonstrate creativity in "new ways of working." In the Work-Lifestyle Innovation Working Group, amid an increase in telecommuting due to the impact of the novel Coronavirus infectious disease, we worked to improve productivity through well-balanced work styles by distributing stretch and other refreshed content that can be easily worked at home.

The Diversity Management Behavior Innovation Working Group focused on manufacturing sites to conduct hearings on the current situation and identify



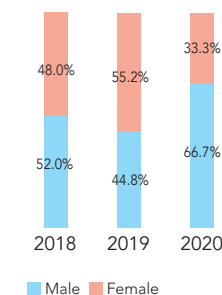
issues for disseminating diversity in order to propose a mechanism for continuous implementation of diversity in the workplace.

Going forward, M-Wing will continue to promote activities aimed at creating a company in which diverse human resources can work in a comfortable and enthusiastic manner.

#### ■ Empowering Women

Maxell is raising awareness of diversity and reviewing its corporate rules, while promoting the active recruitment and promotion of women in an effort to cultivate role models. In fiscal 2019, we won the two stars of the "Eruboshi" certification mark, which is issued to companies with outstanding status on promoting the active role of women, and we are working to further promote women's participation in the workplace. Regarding recruitment, we are expanding recruitment with the aim of raising the percentage of female recruitment in regular recruitment to 50% or more.

#### Male/Female Ratio of New Graduate Hires\*



\* Percentage of men and women about recruiting university graduates or more



## With Employees

### Work Style Innovation

#### Digitization to Assist Work Style Reforms

Maxell is actively promoting digitization as an important measure in strengthening its management foundation and advancing work style reforms.

The recent COVID-19 pandemic has forced a shift from the conventional face-to-face and three-way principle

(GENBA, GENJITSU, GENBUTSU) to remote. Telework, such as telecommuting, is expanding and taking root domestically and overseas. At the same time, online meetings and business digitization are rapidly advancing.

To strengthen our management foundation, we are reforming our operations and revamping our core systems to standardize operations, from the form of management in which each domestic and overseas base establishes its own business foundation individually. In this way, we are working to strengthen low-cost operations and governance and optimize the use of human resources.

In particular, indirect departments such as general affairs, accounting, and business operations realize automation of operations and operational efficiency as much as possible, and we are working to improve productivity and reduce costs by promoting the following digitization measures.

#### Work Style Reforms and Digitization Measures to Improve Productivity

- Improving and strengthening the telework environment
- Promoting rules, efficiency, stabilization, and efficient meetings for online meetings
- Paperless operations
- Cloud utilization
- Computerized application for approval and circulation procedures
- Improve operational efficiency and digitize by utilizing robotic process automation (RPA)
- Strengthen security for cloud utilization and expansion of telework use



### Promoting Health and Safety

#### Maxell Group's Activities on Health and Safety

Maxell Group carries out occupational health and safety activities in concert with the Group under the basic occupational health and safety policy that "protecting safety and health is of utmost priority."

We are working to improve the level of safety and health by implementing reciprocal safety inspections at each domestic Group company site. At the same time, we have formulated safety standards that can also be applied to overseas manufacturing sites based on the Minimum Safety Standards, which are commonly used worldwide safety standards, and are gradually introducing them to overseas manufacturing sites.

In fiscal 2020, we saw an increase in the number of accidents not requiring lost-time injuries, but we are strengthening our efforts to eliminate recurrence accidents by thoroughly implementing basic actions and conducting "5W for accidents" (a set of five "why" questions). In fiscal 2021, we will continue to develop these initiatives to eliminate work-related accidents.

In addition, under the basic policy of "placing top priority on ensuring the health of employees, customers, business partners, and society as a whole, and striving to prevent the spread of infectious diseases," we are implementing measures in response to changing conditions on a daily basis to ensure safety and business continuity.



Safety patrol inspections



BCP disaster prevention drill

### Maintaining and Improving Employee Health

#### Strengthening Health Management

Maxell believes that the ability of its employees to thrive is indispensable to corporate growth and the enhancement of corporate value. Accordingly, we are focusing on health management initiatives aimed at maintaining and improving employee health.

Employee medical checkups and health insurance claims data are used to implement prevention programs targeted at persons with lifestyle-related diseases and their reserves. Employees seconded overseas are also undergoing thorough health checkups to strengthen health management.

With regard to mental health, through EAP\*, we utilize counseling provided by an external consultation desk for a variety of employee concerns. In addition, we have introduced a rework program as part of our mental health program to assist employees returning to work, and respond individually with the advice of our specialist staff.

Stress checks have been conducted since June 2016 in accordance with laws and regulations. We have evolved into preventive activities that do not lead to high stress through new initiatives, such as conducting diagnostics focusing on the resilience of employees to stress, explaining how to use test results at seminars, and providing guidance by lecturers.

#### Health and Productivity Management

Maxell has acquired the 2021 Certified Health and Productivity Management Organization (Large Corporate Sector). Aiming to promote the acquisition of certificates by newly joined Group companies and to achieve White 500, we will enhance our welfare and promote various initiatives to create a company that values the health of all Group employees.



\* EAP: Employee Assistance Program





# With Shareholders and Investors

Maxell Group is strengthening its investor relations (IR) activities, which value communication with domestic and overseas shareholders and investors.

By disclosing information on management policies, business strategies, and financial and non-financial matters in a timely and appropriate manner, we aim to deepen understanding of Maxell Group and build a long-term relationship of trust through constructive dialogue. We also strive to prevent insider trading in order to contribute to the protection of our shareholders and investors and the formation of a sound stock market.

## IR Basic Policy

### IR Basic Policy

To contribute to the sustainable growth of Maxell Group and the enhancement of corporate value over the medium to long term, we have established a basic policy on dialogue with shareholders and investors in our Corporate Governance Guidelines. In addition, we have established the Corporate Communication Department in Corporate Strategy Business Unit to manage investor relations (IR). Through organic collaboration with other related divisions, we are promoting constructive dialogue with shareholders and investors as well as stock market participants and enhancing corporate value and brand value.

## Communication with Shareholders and Investors

### Direct Dialogue through Briefings and Meetings

Maxell Group is actively engaged in IR activities, including holding various IR events for shareholders and investors. In addition to quarterly financial results briefings, we strive to enhance constructive dialogue by participating in medium-term management plan briefings and small meetings, IR conferences sponsored by securities companies and corporate briefings for individual investors, and by having meetings with domestic and overseas institutional investors and analysts by management and the IR department from time to time.

### Dialogue amid the Expansion of COVID-19

As a result of the spread of COVID-19, it has become difficult to engage in direct dialogue with shareholders and investors, for example, since January 2020 we have had to stop overseas IR. However, we use telephone calls, web meetings, and other means to continuously disseminate information on the latest management measures and performance.

### Disseminating Information through Various IR Tools

Maxell Group actively communicates with shareholders and investors through a variety of IR tools, including business reports, integrated reports, and results briefing materials. In addition, in consideration of fair disclosure, we constantly disseminate new information and make timely disclosures of important management decisions (in Japanese and English) on the Tokyo Stock Exchange website, in addition to these IR tools and earnings reports, so that there are no differences in information both domestically and overseas.

We will further strengthen the dissemination of this information in light of the medium- to long-term interests of our shareholders and investors.

### Results of Major Activities in Fiscal 2020

Activities and Events	Fiscal 2020 Results
Individual meetings with institutional investors	176 times
Individual meetings with overseas institutional investors	43 times (North America: 14, Europe: 10, Asia: 19)
Financial results briefings and business briefings for analysts and institutional investors	Four times
Small meetings to introduce companies	Twice
Individual investors' meetings	Once



General Meeting of Shareholders

### Communication Tools

Disseminating Information to Institutional and Individual Investors



Corporate website/IR information  
<https://www2.maxell.co.jp/>  
<https://www2.maxell.co.jp/ir/>



Integrated report



Business report



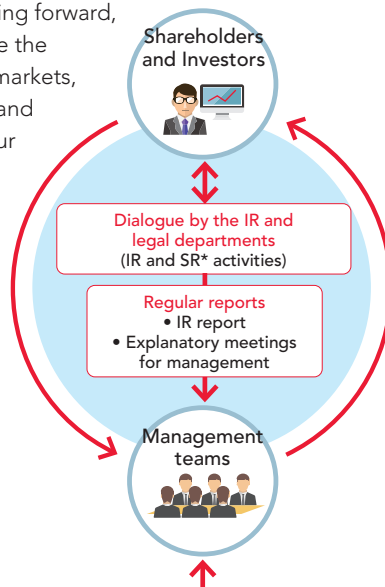
## With Shareholders and Investors

### Reflecting the Opinions of Shareholders and Investors

#### ■ Systems for Reflecting the Opinions of Shareholders and Investors

The opinions, interests and concerns of shareholders and investors identified through dialogue are reported to our management team in a timely manner according to their content. In addition, information related to our business, such as market and technological trends, is fed back to relevant divisions within the Group as appropriate to assist in business activities.

Since fiscal 2018, we have held IR study seminars for management and managers. In fiscal 2020, we held study sessions on the latest trends in SDGs, inviting experts and heads of sustainability strategies from other companies, and study sessions on the automotive marketplace, which is closely related to the Group's businesses. Going forward, we will continue to share the opinions of the capital markets, including shareholders and investors, throughout our management team and utilize them in our business strategies and capital policies.



\* Shareholder Relations

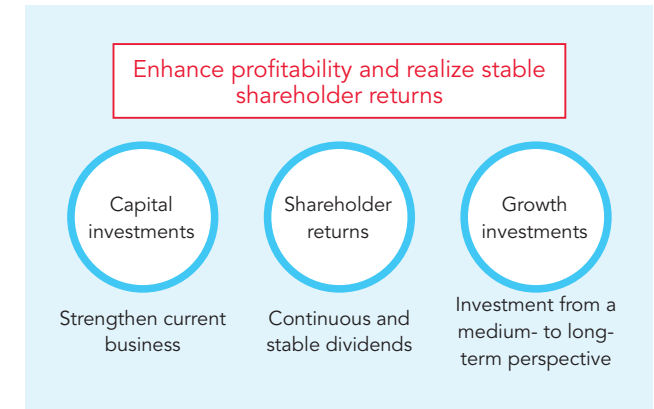
#### ■ Return to Shareholders

Maxell Group's basic profit allocation policy is to implement three balanced measures: returning profits to shareholders, current short-term investments, and growth investments with an eye to medium- to long-term business development. Our basic policy on direct shareholder returns is to pay continuous and stable dividends. We maintain a dividend payout ratio of approximately 30% to 40% for ordinary dividends, and to pay dividends twice a year, interim and year-end dividends. In fiscal 2020, we recorded a large net loss due to the impact of the Novel Coronavirus infectious disease and an extraordinary loss for the Group's business reforms. Accordingly, we did not pay a dividend for both the interim dividend and the year-end dividend. In fiscal 2021, we plan to resume dividend payments as we seek to return to growth in earnings.

In addition, Maxell Group is aiming to improve its return on invested capital (ROIC) in the three-year medium-term management plan MEX23 from fiscal 2021 to fiscal 2023. (FY2023 target: over 7%)

To improve ROIC, we will identify growth businesses by thoroughly implementing financial discipline and work to revitalize our business portfolio. At the same time, we will focus on strengthening growth businesses and creating new businesses in the future, thereby increasing the profitability of Maxell Group as a whole and achieving higher returns to shareholders.

#### Fundamental Policy for the Payment of Dividends



#### ■ Thorough Prevention of Insider Trading

In order to contribute to the protection of shareholders and investors and the formation of a sound stock market, Maxell Group has established rules for the control of insider information and the prevention of insider trading by executives and employees of Maxell Group, and thoroughly prevents insider trading.

# With Local Communities and Society



Maxell Group believes that its responsibility as a good corporate citizen is to develop community-based activities as a member of local communities, in addition to solving social issues through its business.

We actively promote a variety of social contribution activities in order to realize a better society.

## Approach to Social Contribution Activities

Maxell Group is deeply aware that it is a member of society, and its basic philosophy is to devote itself to fair and transparent corporate behavior. At the same time, we strive to realize a truly affluent society as a good citizen through harmony with the environment and proactive social contribution activities. In order for Maxell Group, which has bases around the world, to coexist and co-prosper with society, employees take the initiative in conducting social contribution activities under the three pillars of “environmental conservation,” “next-generation education,” and “coexistence with the community.”



Environmental preservation

Next-generation education



Coexistence with communities



## Major Activities in Fiscal 2020

Classification	Activities	Applicable site
Environmental preservation	Provided Blue Seafood at employee cafeterias	Kyoto, Kawasaki, and Kobuchizawa
	Began activities to reduce food loss at employee cafeterias	Kyoto
	Continue to hold flower planting event twice a year in cooperation with local elementary schools	Kyoto
	Installation of green curtains to reduce the burden on air-conditioning equipment as part of measures to prevent global warming	Kyushu and Gifu
	Light-down was conducted on June 21, the summer, and July 7, Cool Earth Day, to raise awareness of energy conservation.	Kyoto, Kyushu, Kawasaki, Kobuchizawa, Gifu, and Miyagi
	In response to the microplastics problem, marine plastic garbage cleaning activities were conducted in September and March. 52 participants	Kyoto
	Conducted beautification activities in the vicinity of the plant in June and October. 130 participants	Yonezawa
	In order to prevent the spread of COVID-19, we reduced the scale of our cleanup activities around the plant.	Kyoto
	Cleanup activities were conducted around the plant in September and November. 390 participants	Kyushu
	Cleanup activities were conducted around the factory in May and November. 21 people participated. In addition, we conducted cleanup activities in neighboring suburbs as a community contribution activity.	Gifu
	Participated in Healthy Earth activities in Tama-ku and conducted cleanup activities from Noborito Station to the vicinity of the plant. 14 participants	Kawasaki
	Participated in the Ono City Cleanup Campaign and conducted cleanup activities. 22 participants	Ono
	Conducted cleanup activities in the vicinity of the plant. 48 participants	Tsu, and Kameyama
	Cleanup activities in the vicinity of the factory were conducted mainly by the basketball department. 89 participants	Nagano
	Implementation of Eco-cap Recovery Campaign	Kyushu and Kawasaki
Aluminum can collection boxes have been installed at six locations within the plant. Started activities to purchase wheelchairs and donate them through collection	Kawasaki	
Next-generation education	Visited classes on rechargeable batteries at Honda Technical College Kanto	Kyoto
	Held a visiting class on secondary batteries and examples of their use at Keio University's Faculty of Science and Technology	Kyoto
	Participating in the “Davin Cheese Masters” campaign, holding online classes on adhesive tapes for lower grades of elementary school	Kawasaki and Obuchizawa
	Visiting classes on adhesive tapes held at a nearby Caritas Elementary School	Kawasaki
	Accepting on-the-job training from schools supporting people with disabilities	Miyagi
Coexistence with communities	Implementation of internship programs for Kobe University graduate students	Kyoto
	Promotion of local production for local consumption at employee cafeterias	Kyoto
	Started trials of MONO-DRIVE activities in a joint SDGs project of Kyoto industry-government-academia	Kyoto
	Donated 60 ozone anti-bacterial deodorizers to 11 hospitals in Wuhan City	MSH
	Supported United Way, an initiative for assisting academic success for students in Passaic County. MCA employees donated 74 headphones	MCA
Indonesia donates non-standard interim materials to neighboring villages, mosques, and schools for Islamic practice (three times a year).	SLEI	
Donations to children without parents living in the neighborhood in Indonesia	SLEI	

SLEI: PT. Sliontec Ekadharna Indonesia MCA: Maxell Corporation of America MSH: Maxell (Shanghai) Trading Co., Ltd.

## With Local Communities and Society



### Environmental preservation

#### ■ Ocean Plastic Waste Cleanup Activities

The second marine garbage pick-up project was held on March 27, 2021 at the Kanzaki Seaside Resort in Maizuru City, Kyoto Prefecture, sponsored by the Corporate Sustainability Division, Maxell, Ltd.

On the day, 25 volunteers from the Energy business unit and Headquarters of Maxell, Ltd., Maxell Kureha Co., Ltd. and Vehicle Energy Japan Inc. participated in the event, enabling us to collect 140 kg of garbage in approximately one hour. This is five times more than the 28 kg collected on the Nishikinohama Beach in Kaizuka City, Osaka Prefecture in the previous survey (conducted in September 2020). Major waste included plastics, polystyrene foam, PET bottles, and spray cans.

We will continue to carry out such activities in the future to respond to the ever-increasing problem of ocean waste and to raise employees' awareness of waste reduction.



### Next-generation education

#### ■ Visiting Classes at Caritas Gakuen Elementary School to Support Next-Generation Education

On December 9, 2020, the Kawasaki Works of the Slientec Division of Maxell, Ltd. held a classroom visit at the Caritas Gakuen Elementary School near the Kawasaki Works, focusing on explanations of adhesive tapes, with the theme of "How Manufacturing Class Tapes Are Produced." The target is 104 children in three classes in the fifth grade of elementary school. This was the first time that we have tried the course, and we proposed and implemented it as a substitute for a plant tour that could not be conducted due to the impact of the Novel CoronaVirus infections disease. In the course, we projected a video taking a picture of the manufacturing process for fabric adhesive tapes and filamen tapes, and members of the technical division explained in detail how adhesive tapes were made, their structure, and their characteristics.

The children listened with great interest, and after the class, they said, "It was very stimulating to hear the interviews and stories in the Corona disaster" and "I want to be a person who thinks like that when I work in the future." after they heard our thoughts that we want customers to buy and use our products safely. "If I work in the future, I want to be a person who looks like that too." We received comments such as. Maxell Group will continue to provide support for next-generation education.



### Coexistence with communities

#### ■ Indonesian PT. Slientec Ekadharm Indonesia (SLEI) Regional Exchange

Every year, the Indonesian affiliate plant SLEI invites about 100 unfamiliar children to the plant for charity events. At this charity event, employees set up a venue on the plant grounds to play with children in the game they created, enjoy dinner, and give stationery and other gifts to each and every child. This is a very important event that not only children but also employees are looking forward to.

In 2020, affected by the Novel CoronaVirus infections disease, we concealed the event at the factory, and employees went to facilities with children, divided into several groups, and gave gifts. I could not play with them, so we got a lot of energy from the children's smiles. We will continue to conduct exchanges as a member of the local community.





# With the Environment



Maxell Group sees global warming and other global environmental issues as an urgent issue. To resolve this issue, we have introduced a company-wide environmental management system and are promoting Group-wide initiatives.

## ■ Environmental Management

With the adoption of SDGs and the Paris Agreement, companies are required to contribute even more toward the realization of a sustainable society. In this context, Maxell Group must also contribute significantly to global environmental conservation as well as increase corporate value.

Maxell Group is committed to implementing measures to prevent global warming in accordance with the Environmental Conservation Action Guidelines<sup>\*1</sup>. Maxell Group's activities are conducted through the operation of an environmental management system, with top management serving as the president. In addition to ensuring compliance with laws and regulations such as the REACH regulations and RoHS directives, and to steadily implementing countermeasures and strengthening compliance, we are upgrading our efforts to focus on activities aimed at achieving environmental results based on ISO14001 2015 edition.

In addition, the Financial Stability Board (FSB) recently launched the Task Force on Climate-related Financial Disclosures (TCFD), worried about the risks and opportunities that climate change poses to businesses and financial markets.

Maxell Group also announced its endorsement of TCFD recommendation (October 2021) and will proceed with scenario analysis.

<sup>\*1</sup> Environmental Conservation Action Guidelines:  
[https://www.maxell.co.jp/csr/csr2/csr\\_guideline.html](https://www.maxell.co.jp/csr/csr2/csr_guideline.html) (in Japanese only)

## ■ Formulation of Maxell Group Long-Term CO<sub>2</sub> Emissions Reduction Plan

Previously, CO<sub>2</sub> emissions were calculated using fixed values for CO<sub>2</sub> emission factors in order to visualize the reduction efforts at individual business sites. However, in recent years, the acceleration

of global warming countermeasures is being required worldwide, and we have switched to a calculation method based on the GHG Protocol, which is the de facto standard. Maxell Group has been promoting energy-saving activities with the goal of reducing CO<sub>2</sub> emissions by 30% by 2030 compared to fiscal 2013. In view of the status of raising social-wide CO<sub>2</sub> reduction targets, we have decided to raise the target to a 50% reduction. Currently, we are continually working to formulate action plans through 2030 and increase the feasibility of specific measures.

In January 2019, we participated in the Climate Change Initiative (JCI)<sup>\*2</sup> and will promote additional measures to achieve virtually zero CO<sub>2</sub> by 2050.

<sup>\*2</sup> Climate Change Initiative (JCI): <https://japanclimate.org/english/>

## ■ Maxell Group Environmental Action Plan for Fiscal 2021

Based on the belief that environmental activities and contributes to business performance are integrated operations, Maxell Group uses indicators (on a per-unit sales basis: costs/sales) for which the earnings results of environmental activities are visible. We also strive to raise motivation by managing the index (per unit of production: consumption/production) in conjunction with indicators where improvement efforts are visible. In fiscal 2019, the basic unit worsened compared to the previous fiscal year due to the sluggish economic activities in the second half of the fiscal year due to the impact of the Novel Coronavirus infectious disease. In fiscal 2020, we achieved our target thanks to our efforts to improve profitability and reduce expenses in line with the Coronavirus situation, which counteracted the worsening performance of the previous year. In particular, the energy consumption per unit of net sales has reached almost the same level as in fiscal 2018, which was the lowest ever. We will continue to strive for improvement activities in fiscal 2021.

There were no serious environmental-related accidents, fines, or complaints in fiscal 2020. In addition, following the enforcement of the Fluorocarbon Emissions Control Law, we carried out statutory inspections, and as a result, the amount of CFC leaks was at a level that did not require reporting.

## Quantitative Action Targets<sup>\*3</sup>

Assessment : ●●● Achievement of targets ●● Achievement rate of 95% or more ● Achievement rate less than 95%

No.	Action Targets	Classification <sup>*4</sup>	FY2020			FY2021	
			Goal	Actual	Assessment	Goal	
1	Net sales ratio of eco-friendly, CSR/CSV products (%)	Japan / Overseas	95	100	●●●	100	
2	Percentage of eco-friendly, CSR/CSV products registered using new assessments (%)	Japan / Overseas	100	100	●●●	100	
3	"Eco mind" education enrollment rate (%)	Japan / Overseas	90	100	●●●	100	
4	"Eco mind" education participation rate (%)	Japan / Overseas	100	100	●●●	100	
5	Maintenance of zero emissions (annual) (target: manufacturing bases) (Quantity of final disposal: fewer than five tons; final disposal rate: less than 1%)	Japan	20	20	●●●	21	
6	Energy	Per unit of production × 10 <sup>-3</sup> (kL/million yen)	Japan / Overseas	416	386	●●●	405
			Plants in Japan	395	337	●●●	351
	Per unit of net sales × 10 <sup>-2</sup> (%)	Domestic and overseas plants	172	155	●●●	168	
		Plants in Japan	161	138	●●●	144	
	Per employee and surface area (kL/person and km <sup>2</sup> )	Offices in Japan and overseas	18	18	●●●	22	
7	Waste	Per unit of production × 10 <sup>-4</sup> (t/million yen)	Plants in Japan and overseas	482	409	●●●	470
		Per unit of net sales × 10 <sup>-4</sup> (%)	Plants in Japan and overseas	789	788	●●●	974
		Recycling rate (%)	Plants in Japan and overseas	70.0	74.0	●●●	70.0
8	Water	Per unit of production × 10 <sup>2</sup> (m <sup>3</sup> /million yen)	Plants overseas	600	488	●●●	600
		Per unit of net sales × 10 <sup>-4</sup> (%)	Plants overseas	540	407	●●●	525

Overseas plants: MDCN, WME, MTM, MEL (MMS), SLEI

<sup>\*3</sup> Quantitative action targets: Maxell Izumi, Ube Maxell Kyoto, and Maxell Kureha are not included.

<sup>\*4</sup> Classification: Domestic production and sales at overseas plants are translated into yen at fixed exchange rates.



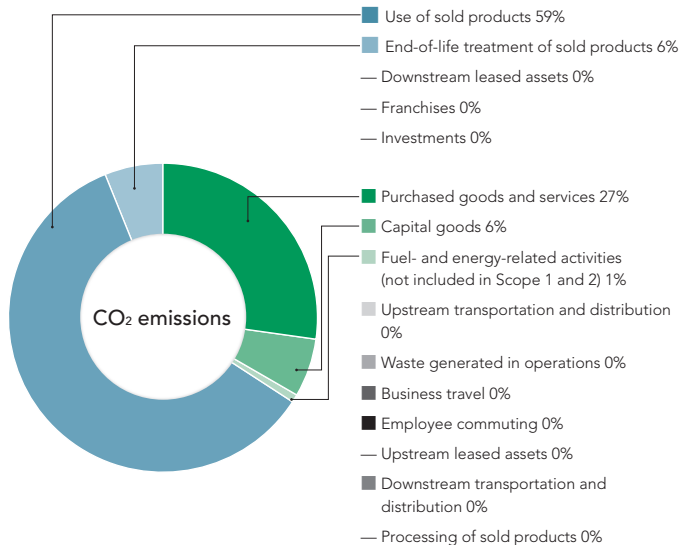
## With the Environment

### Scope 3

Maxell Group calculates CO<sub>2</sub> emissions for the entire supply chain, including Scope 3. Scope 3 is indirect emissions other than Scope 1 and 2. In calculating emissions, results are tabulated in accordance with the Ministry of the Environment and the Ministry of Economy, Trade and Industry's Basic Guidelines for Calculating Greenhouse Gas Emissions Throughout the Supply Chain.

CO<sub>2</sub> emissions during product use, which account for more than half of the total, will be reduced by promoting energy-saving designs.

Breakdown of Scope 3 CO<sub>2</sub> Emissions by Category



## Accomplishments and Progress of Environmental Activities

### Prevention of Global Warming

Maxell Group is working to conserve electricity by visualizing power consumption patterns, operating efficiently through the control of equipment demand, upgrading air conditioning and lighting, installing green curtains, and conducting light-down activities. In fiscal 2020, we succeeded in reducing CO<sub>2</sub> by more than 400 tons at the Kawasaki Works, in particular, by replacing energy-saving products with boilers and managing the optimal amount of steam used in the recovery of solvents.

In addition, the Ono, Fukuchiyama, and Kobuchizawa business sites conduct solar power generation, generating approximately 3,041 MWh annually.



Domestic CO<sub>2</sub> emissions in fiscal 2020 increased by 1.9% compared to the previous fiscal year, while overseas emissions decreased by 8.8%. Overall, emissions decreased by 3.2%.

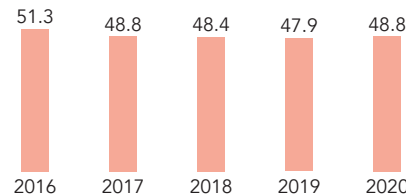
Japan's medium-term greenhouse gas reduction target has been raised from a 26% reduction to a 46% reduction in 2030 compared to fiscal 2013. Against this target, Maxell Group's fiscal 2020 results were 37.3% lower than in fiscal 2013.

In addition, in fiscal 2016, businesses added a system for evaluating the division of companies according to the Energy Conservation Act. For the fourth consecutive year, Maxell Frontier (formerly Maxell Joei Tech) received an S-rank rating as an outstanding operator for six consecutive years.

CO<sub>2</sub> Emissions (Scope 1, 2\*)

#### Domestic

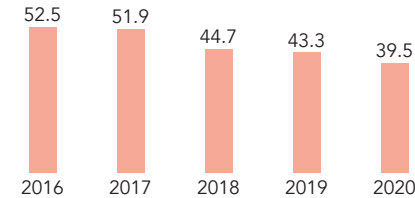
(kt-CO<sub>2</sub>)



\*1 Scope 1: Direct emissions due to fuel incineration, etc. at business sites  
Scope 2: Indirect emissions from purchased electricity, etc.

#### Overseas\*\*

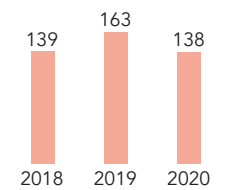
(kt-CO<sub>2</sub>)



\*\*2 Power/CO<sub>2</sub> conversion factors: Domestic 0.36, UK 0.487, Malaysia 0.656, China 0.745, Indonesia 0.726 (all units are t-CO<sub>2</sub>/MWh)

Energy Consumption per Unit Sales

(×10<sup>-2</sup> (%))



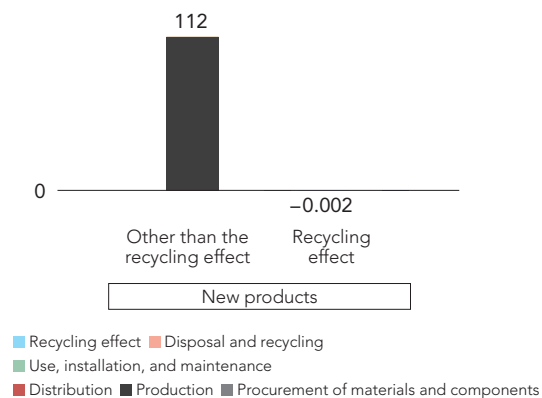
## Accomplishments and Progress of Environmental Activities



### Visualization of Environmental Performance through LCAs

We made efforts to visualize environmental performance in terms of CO<sub>2</sub> emissions, waste, and water consumption based on life cycle assessments (LCAs) for all solid-state batteries currently being developed. There are no comparative products due to differences in shape, performance, and application. As a result, CO<sub>2</sub> emissions, waste, and water consumption throughout the entire life cycle, from materials manufacturing to production, distribution, use, and disposal, have been clarified, and we will use this clarification to improve environmental value in the future based on this.

CO<sub>2</sub> Emissions of All Solid-State Batteries (New Products) (kg)



### Reduction of the Environmental Burden through Environment-Friendly Products

Maxell Group quantitatively evaluates and utilizes the environmental impact at each stage of the life cycle in accordance with environmentally conscious design assessment items at the design stage of new products, and registers products that exceed certain standards as "environmentally conscious products." In fiscal 2020, we registered a total of 25 products, including laser light source liquid crystal projectors and various optional parts, lens units for in-vehicle cameras, silicon

double-sided adhesive tapes, various tapes for UV peeling-type dicing tapes, and all-solid-state batteries.

#### Product recycling

Under the Act on the Promotion of the Effective Use of Resources, Maxell Ltd. joins JBRC and displays the recycle mark for lithium-ion batteries it produces and sells. Customers are enlightened and promoted the use of its collection and recycling system. Although we do not know the volume of batteries collected in-house, the volume of small lithium-ion batteries collected is increasing year by year through support of JBRC activities (collected 730 tons in JBRC Database in fiscal 2020 (160% compared to the previous year)).

In April 2019, the Ministry of the Environment approved a wide-area certification system for projectors for the purpose of promoting recycling. Hair dryers and electric razors are subject to the Small-Scale Home Appliance Recycling Law, and collection is conducted by each municipality.



Laser light source liquid crystal projector

### Determining Transportation Energy Consumption per Unit of Production

Since Maxell Group handles a variety of products, we ascertain the basic unit of transportation energy based on production output for each manufacturing base. In fiscal 2020, the total of all sites decreased by 23% from the previous fiscal year. Maxell is not a specified consigner under the Act on the Rational Use of Energy.

	Production (millions of yen)	Use (10,000 ton-kilometers)	Per Unit (ton-kilometers/millions of yen)
FY2018	58,919	1,138.1	193
FY2019	56,543	1,108.4	196
FY2020	60,112	909.9	151

### Chemical Substance Management

Maxell Group manages the chemical substances used in its products in response to various international regulations, including the REACH regulations and RoHS directive. Specifically, we incorporate the latest information in our Control Standard for Handling Chemical Substances in Products, Parts and Materials\* and promote thorough chemical management activities. Batteries are not subject to RoHS Directive, but we have been studying the use of mercury-free batteries, and the various types of primary and secondary batteries manufactured and sold by Maxell meet RoHS standards.

"Lead," a substance subject to RoHS Directive, is a hazardous chemical substance. Therefore, risks such as soil contamination, marine contamination, and effects on human bodies have become issues. In recent years, ordinary home appliances have been made lead-free, but oxygen sensors, for which alternative technologies have not been established, are applicable to exemptions and lead is still being used. Through years of R&D, Maxell has commercialized a galvanic cell-type lead-free oxygen sensor with a long life and high reliability that is less susceptible to the effects of CO<sub>2</sub> and other acid gases by realizing lead-free galvanic cell oxygen sensors and at the same time developing a weakly acidic electrolyte that is ideal for lead-free negative electrodes.

In addition, the storage and treatment status of equipment using PCBs is controlled. In fiscal 2020, the Maxell Kyoto Works and Maxell Frontier Gifu Works handled high-concentration PCBs, and completed them before the deadline.

Equipment using PCBs waiting for treatment containing low concentrations and small amounts of PCBs will be processed sequentially in the future.

\* Control Standards for Handling Chemical Substances:  
[https://www.maxell.co.jp/csr/chemical\\_control/index2.html](https://www.maxell.co.jp/csr/chemical_control/index2.html) (in Japanese only)

## Accomplishments and Progress of Environmental Activities



### Waste Reduction and Recycling

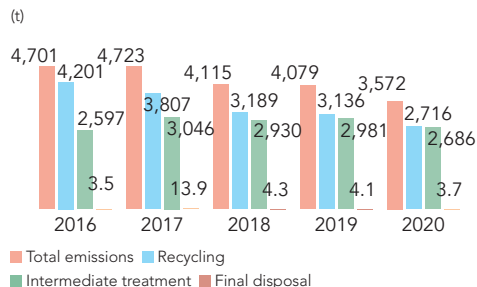
In order to achieve zero emissions\*1, Maxell Group is thoroughly implementing measures such as thoroughly sorting waste, promoting the use of valuable materials by sharing information at each business site, and expanding intermediate treatment within the Company. In the lithium-ion battery manufacturing process, for example, we sort the fractions and paint residuals generated in each process and pass them to the appropriate suppliers to recycle rare metals, such as cobalt, copper, and aluminum (213 tons in fiscal 2020). The Ono Works also recycles silver oxide (2.0 tons in fiscal 2020).

The amount of waste and recyclable materials the Group generated domestically in fiscal 2020 was 12.4% lower than the previous year. As a result of stepped-up recycling efforts, domestic manufacturing sites achieved zero emissions for 20 consecutive years.

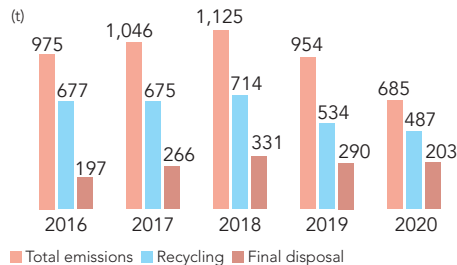
\*1 Criteria for zero emissions (criteria for each business site): Final waste disposal amount less than five tons/year and final disposal rate less than 1%/year

#### Waste Situation

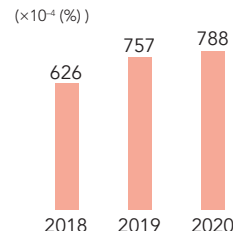
##### Japan



##### Overseas



#### Waste per Unit of Sales



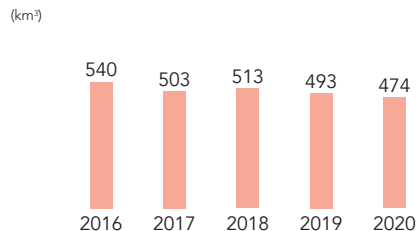
### Water Consumption Reduction Activity

Maxell Group strives to conserve water resources by striving to reduce water consumption in the manufacturing process and by reusing water once used. For example, the Kyoto Works has remodeled the system to recover and reuse 100% of drain water in line with the increase in steam consumption associated with the increase in the electrode production of lithium-ion batteries. This has resulted in an annual saving of 34 km<sup>3</sup> of water. Domestic Group business sites saw a 3.9% reduction compared to the previous fiscal year. However, Maxell Group as a whole saw a 7.4% reduction compared to the previous fiscal year due to heightened awareness of water conservation at overseas Group business sites with particularly high water risk\*2, resulting in a 17.1% reduction in water consumption and a significant reduction in consumption.

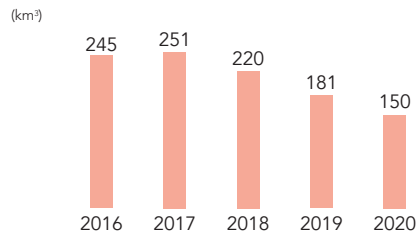
\*2 WRI Aqueduct Water-Risk Assessment

#### Water Consumption

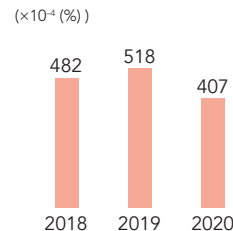
##### Japan



##### Overseas



#### Water Consumption per Unit of Net Sales



### Biodiversity

Regarding biodiversity, we signed a letter of consent for the Private Sector Engagement Partnership for Biodiversity in fiscal 2018. In fiscal 2020, activities were refrained due to the impact of COVID-19, so we decided not to do any other than cleanup activities. However, in response to the worldwide problem of microplastics, we launched a new attempt to clean up marine plastics waste. We solicited volunteers from employees to collect 168 kg of garbage during two cleanups at the Nishikinohama Beach in Kaizuka City, Osaka Prefecture and the Kanzaki Seaside Resort in Maizuru City, Kyoto Prefecture. Our first target is 500 kg, and we will continue our activities in the future.

Furthermore, as a contribution to achieving the SDGs, we became an affiliated partner of the Blue Seafood Guide, an activity by Sailors for the Sea Japan. As part of this membership, we are working actively to incorporate Blue Seafood\*3 items in the menus at our employee cafeterias. Currently, we provide Blue Seafood items at the Kyoto Works, Kawasaki Works, and Kobuchizawa Works. In addition to promoting local production for local consumption at the Kyoto Works, we are working to reduce food loss by increasing the accuracy of meal counts and conducting additional cooking while monitoring conditions.

\*3 Blue Seafood: <https://sailorsforthesea.jp/>



Menu featuring Blue Seafood offered at the employee cafeteria of Maxell's Kyoto Works

# Corporate Governance

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# Corporate Governance

One of Maxell Group's basic management policies is to improve corporate value over the medium to long term by implementing management measures from the perspectives of all stakeholders, including shareholders, investors, customers, and employees. In accordance with this policy, we strive to strengthen corporate governance by simultaneously accelerating management decision-making and business execution and enhancing the monitoring system.

## Corporate Governance System

### Management Structure

Our Board of Directors is responsible for establishing management policies for the Group as a whole and medium- to long-term business strategies, as well as overseeing the execution of duties by directors and executive officers and the execution of operations by each operating company. The Board of Directors is chaired by the President and Chief Executive Officer, and as of June 29, 2021, the Board of Directors consisted of nine members, including four outside directors.

Since June 2016, we have been strengthening the auditing and supervisory functions of the Board of Directors through an independent Audit and Supervisory Committee as a company with an Audit and Supervisory Committee. In addition, with the aim of ensuring objectivity and transparency in the determination of matters related to the nomination and compensation of directors and improving the effectiveness of the oversight function of the Board of Directors, we have established the Nomination and Remuneration Committee, which is composed of a majority of members and the chairperson of the committee as independent outside directors as an advisory body to the Board of Directors.

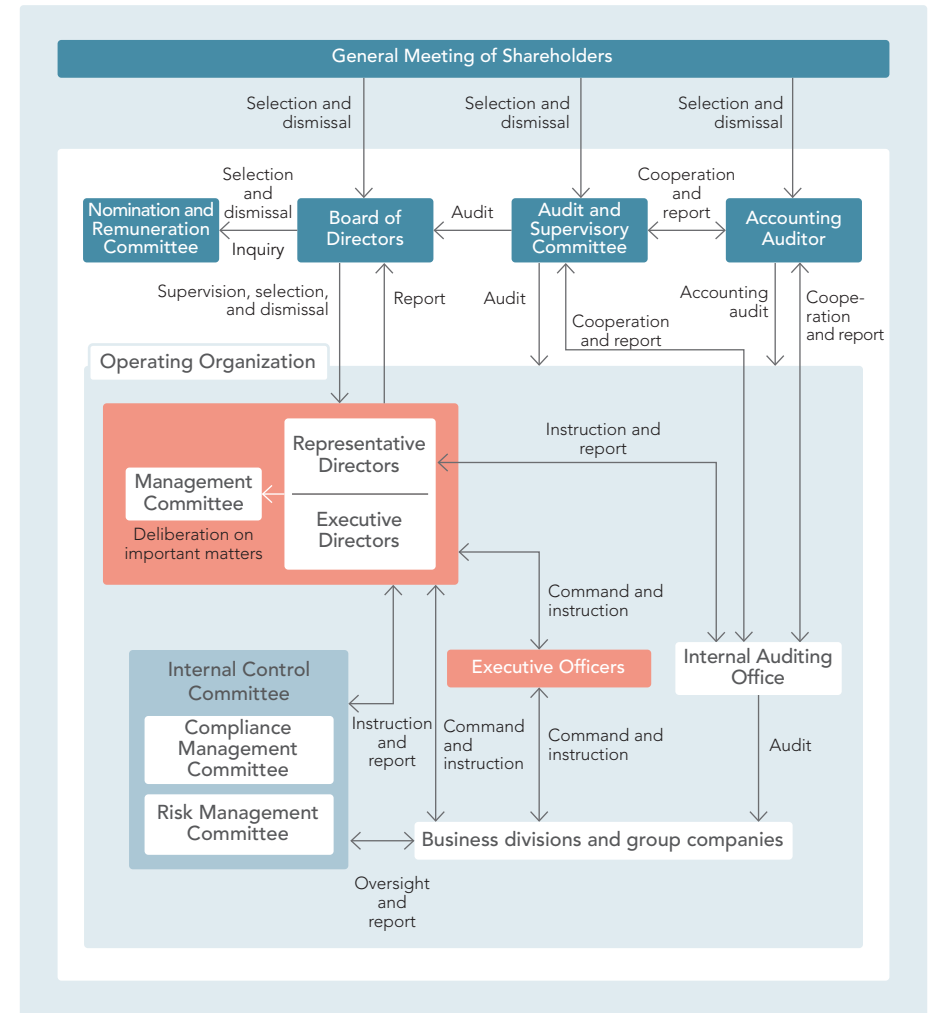
In addition, we have adopted an executive officer system to ensure prompt decision-making and management efficiency related to business execution.

### Corporate Governance Guidelines

In order to achieve sustainable growth of Maxell Group and increase its corporate value over the medium to long term, we have established the Corporate Governance Guidelines\*, which set out Maxell Group's basic philosophy and basic policies on corporate governance. We will strive to ensure appropriate information disclosure and transparency, appropriately fulfill the roles and responsibilities of the Board of Directors, and further invigorate constructive dialogue (engagement) with shareholders and investors.

\* Corporate Governance Guidelines: <https://www2.maxell.co.jp/ir/governance/>

## Corporate Governance System





## Corporate Governance

### ■ Appointment of Outside Directors

We ensure a system of outside director oversight by appointing outside directors and expressing their opinions at meetings of the Board of Directors from an independent and objective standpoint.

#### Reasons for Appointing Outside Directors

Name	Reason for Appointment
Brian K. Heywood	As the CEO of a global investment fund, he has a track record of investing in numerous Japanese companies and experience in business revitalization and development support, so he is expected to contribute to our business reforms and the enhancement of corporate value.
Sachiko Murase	She has abundant experience and expertise as an attorney with a focus on corporate legal affairs, and has experience as an outside officer of listed companies. She is therefore expected to contribute to strengthening our corporate governance and enhancing corporate value.
Tatsuhiko Izumi	He has abundant management experience in the automotive-related business and also has experience in business portfolio reform and management reform, so he is expected to contribute to our growth strategy, promotion of corporate governance, and enhancement of corporate value.
Shinobu Watanabe	He is expected to contribute to the promotion of our group governance and the enhancement of corporate value due to his abundant management experience and global insight and experience in listed companies.

Notes: 1. The Company has entered into agreements with outside directors Brian K. Heywood, Sachiko Murase, Tatsuhiko Izumi, and Shinobu Watanabe wherein their liability is limited to the minimum amount provided for in Article 427, Paragraph 1, and Article 425, Paragraph 1, of the Companies Act of Japan.

2. The Company has appointed the three outside directors Sachiko Murase, Tatsuhiko Izumi, and Shinobu Watanabe as independent directors in accordance with the standards defined by the Tokyo Stock Exchange and has submitted notification of this to the exchange.

#### Activities of Outside Directors (April 1, 2020–March 31, 2021)

Name	Status of Activities
Brian K. Heywood	<ul style="list-style-type: none"> <li>Attendance at meetings of the Board of Directors: Attended 11 of 11 meetings</li> <li>Status of comments at meetings of the Board of Directors: The Board of Directors makes comments as appropriate from a specialist perspective on overall management.</li> <li>Outline of roles expected to be fulfilled by outside directors: Based on his abundant experience and broad insight as a manager of global investment funds, he actively points out issues related to overall management and makes proactive proposals that contribute to improving corporate value.</li> </ul>
Sachiko Murase	<ul style="list-style-type: none"> <li>Attendance at meetings of the Board of Directors: Attended 11 of 11 meetings</li> <li>Status of comments at meetings of the Board of Directors: From an expert's point of view on corporate legal affairs as an attorney, I make comments as appropriate.</li> <li>Outline of roles expected to be fulfilled by outside directors: Given the high level of expertise cultivated as an attorney, the outside directors positively point out issues related to the promotion of corporate governance and make recommendations that contribute to enhancing corporate value.</li> </ul>

Tatsuhiko Izumi	<ul style="list-style-type: none"> <li>Attendance at meetings of the Board of Directors: Attended 16 of 16 meetings</li> <li>Attendance at Audit and Supervisory Committee: Attended 13 of 13 meetings</li> <li>Status of statements by the Board of Directors and the Audit and Supervisory Committee: The Board of Directors makes comments as appropriate from a specialist perspective on overall management.</li> <li>Outline of duties performed in relation to the roles expected to be performed by outside directors: Based on his wealth of experience and broad insight as a corporate manager, he is actively making recommendations regarding management reforms and contributing to the enhancement of corporate value. In addition, as the chairman of the Nomination and Remuneration Committee, which deliberates on the personnel and compensation of our senior management, we actively make recommendations on the establishment of an executive officer system and compensation systems from an objective standpoint.</li> </ul>
Shinobu Watanabe	<ul style="list-style-type: none"> <li>Attendance at meetings of the Board of Directors: Attended 16 of 16 meetings</li> <li>Attendance at Audit and Supervisory Committee: Attended 17 of 17 meetings</li> <li>Status of statements by the Board of Directors and the Audit and Supervisory Committee: The Board of Directors makes comments as appropriate from a specialist perspective on overall management.</li> <li>Outline of duties performed in relation to the roles expected to be performed by outside directors: Based on his wealth of experience and broad insight as a corporate manager, he proactively provide advice on global management and recommendations that contribute to enhancing corporate value. In addition, as a member of the Nomination and Remuneration Committee, which deliberates on the personnel and compensation of our executives, he actively make recommendations on the establishment of an executive officer system and compensation systems from an objective standpoint.</li> </ul>

### ■ Directors' Remuneration

#### Basic Policy

1. We will adopt a compensation system that meets the mandates of stakeholders and contributes to sustainable growth and enhancement of corporate value.
2. Remuneration is to that enables the recruitment of diverse and competent human resources who are responsible for group management.
3. From the viewpoint of accountability, we will design a system that emphasizes transparency, objectivity, and rationality.

#### Decision-Making Policy

As an advisory body to the Board of Directors, the Nomination and Remuneration Committee, which consists of a majority of independent outside directors and is chaired by an independent outside director, deliberates on the appropriateness of the policy and decides the policy by the Board of Directors based on the committee's recommendations.

#### Remuneration Structure

Remuneration for outside directors (excluding outside directors and directors serving on the Audit and Supervisory Committee) consists of a fixed monthly "basic remuneration" (monetary remuneration), "bonuses" (monetary remuneration) to be paid as short-term incentives, and "share-based remuneration" to be paid as medium- to long-term incentives.

## Corporate Governance

Directors and Auditors	Types of Remuneration	Summary
Directors (excluding outside directors and directors serving on the Audit and Supervisory Committee)	Basic compensation	A fixed amount is paid monthly in accordance with the position and responsibilities.
	Short-term incentives (bonuses)	In order to achieve the performance targets for a single fiscal year, bonuses will be paid in June or July of the following fiscal year in an amount calculated in the range of 0% to 200% of the standard amount for each position, depending on the degree of achievement of company-wide performance (operating income and ROIC) and individual performance (results of efforts to address management issues) for the relevant fiscal year.
	Medium- to long-term incentive (stock compensation)	As a performance-linked stock grant trust system aimed at sustainable medium-to long-term performance improvement and maximization of corporate value, points calculated in the range of 0% to 200% will be granted in June or July of the following fiscal year, depending on the degree of achievement of performance (ROIC) during the term of office, and shares will be granted in accordance with such points at the time of retirement.
Outside Directors Directors serving on the Audit and Supervisory Committee	Basic compensation	As it is independent from business execution, it consists only of monthly fixed basic remuneration.

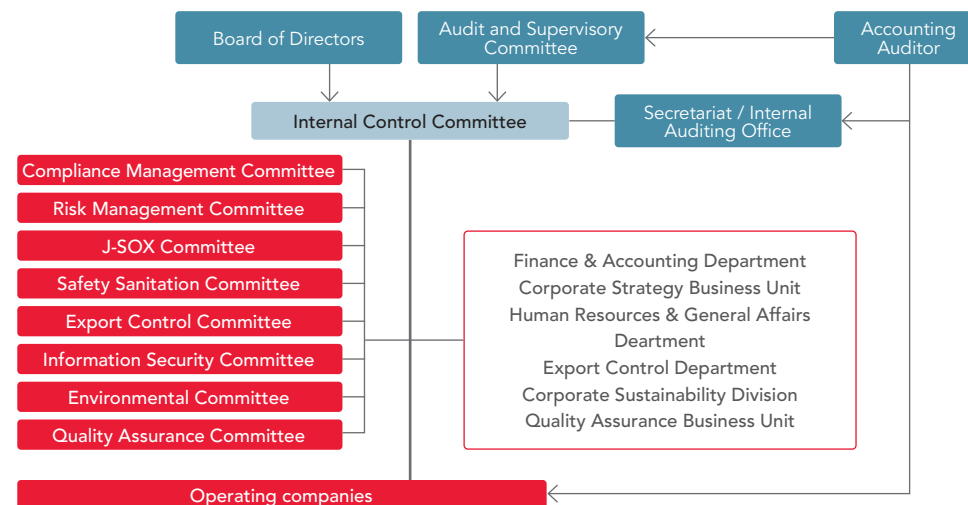
### Remuneration for Directors and Audit and Supervisory Committee Members in Fiscal 2020

Classification	Number of Employees to Be Paid	Total Remuneration (Millions of yen)
Directors (excluding directors serving on the Audit and Supervisory Committee and outside directors)	5	156
Directors serving on the Audit and Supervisory Committee (excluding outside directors)	2	20
Outside directors	6	25

### Strengthening Internal Control Systems

Maxell Group has established the Internal Control Committee to ensure and strengthen the effectiveness of corporate governance aimed at enhancing the corporate value of the Group as a whole and achieving management objectives. Through committee activities, we are striving to improve the Group-wide management system, including compliance and risk management, and to strengthen its functions, thereby enhancing our internal control system.

### Maxell Group Internal Control System Organizational Structure for Fiscal 2021



### Evaluation of the Effectiveness of the Board of Directors

The directors were given an anonymous survey covering the following topics.

Based on the results, the Board of Directors analyzed and evaluated its effectiveness as well as examined ways to make improvements.

#### 1. Method of Analysis and Evaluation of the Effectiveness of the Board of Directors

Based on the results of an anonymous questionnaire and a questionnaire for all directors covering the following items, hearings were held with outside directors. Based on the results, the Board of Directors analyzed and evaluated the effectiveness of the Board of Directors and examined future responses.

- Structure of the Board of Directors
- Effectiveness of the Board of Directors
- Effectiveness of the Nomination and Remuneration System for outside directors and executive officers
- Operations of the Board of Directors
- Individual evaluation
- System related to the support and coordination of outside directors

## Corporate Governance

- Roles of Audit and Supervisory Committee Members and Expectations of Audit and Supervisory Committee Members
- Relationships with Shareholders and Other Stakeholders

### 2. Summary of Results of Analysis and Evaluation of the Effectiveness of the Board of Directors

Our Board of Directors, as a whole, ensures diversity. Discussions are conducted from a wide range of perspectives that contribute to the improvement of the functions of the Board of Directors. We also recognize that business execution appropriately responds to the issues pointed out by the Board of Directors, and that the supervisory functions of the Board of Directors are strengthened. On the other hand, we reaffirmed that enhancement of discussions on medium- to long-term management plans, strengthening of group governance, and establishment of successor training plan are issues that we need to continue to address.

We reaffirmed that we need to continue to address these issues in the future.

### 3. Future Responses Based on Analysis and Evaluation of the Effectiveness of the Board of Directors

Our Board of Directors will work to further enhance discussions on medium- to long-term issues, restructure Group governance as we dissolve the holding company structure, and create a skills matrix for directors in light of our business strategy, and establish a succession development plan based on this.

## ■ Strengthening Compliance and Fostering Ethical Awareness

Maxell Group is constantly working to strengthen its compliance system in order to realize its basic philosophy of “ensuring fair and transparent corporate activities.” Specifically, we have established the Compliance Management Committee and are working to establish a system to strengthen compliance in Maxell Group. The committee is chaired by the director in charge of risk management, and is chaired by the directors and executive officers in charge of the sales, procurement, development, finance, general affairs, and IT divisions, and the heads of the legal & internal audit divisions. In addition, the president and directors, who are full-time Audit and Supervisory Committee members, meet regularly as observers. The committee deliberates and decides on policies for responding to issues that need to be strengthened, such as issues related to compliance promotion activities and corporate ethics activities, including education, issues that need to be strengthened through audits of each business division and Group companies, including overseas companies, and matters related to compliance violations, and reports the results of these activities.

In addition, the general managers of each business division and the presidents of each Group company are designated as their respective compliance promotion officers, and at the same time, through the compliance promotion officers assigned to each business division and each Group company, a system has been put in place to disseminate and execute decisions made by the Compliance Management Committee throughout the Group.

The Group distributes messages from the president, who is top management, calling on Maxell Group employees worldwide to emphasize and ensure “Basics and Ethics” and “Morality over Profit”. In order to strengthen employee awareness of compliance and foster an awareness of ethics, and from the perspectives of preventing competition law violations, anti-bribery, anti-social trade, and prevention of harassment, we are implementing various measures, including holding lectures by external teachers, conducting individual learning through e-learning, and holding workplace meetings to discuss the content of Maxell Group Code of Conduct at each workplace. To this end, we are striving to strengthen employee awareness of compliance and foster an awareness of ethics through various measures, including holding lectures by external lecturers, conducting individual learning through e-learning, and holding workplace discussion meetings to discuss the content of Maxell Group Code of Conduct at each workplace.

### Anti-Bribery

Maxell Group has been implementing anti-bribery initiatives in its relationships with civil servants and non-civil servants. Furthermore, in October 2021, we established Maxell Group Anti-Bribery Guidelines with the aim of continuing to maintain fair relationships with society by complying with applicable bribery-related laws and regulations in all countries and regions involved in Maxell Group’s business activities and acting in a highly ethical manner. The guidelines stipulate eight specific action guidelines, including the prohibition of facilitation payments, and we will continue working to prevent corruption in all forms, including bribery.

### Export Control

With regard to security trade control, the Export Control Committee closely evaluates export license requirements and conducts rigorous application and user reviews (catch-all regulatory reviews) in order to prevent the diversion of its products to weapons of mass destruction and ordinary weapons and to comply with relevant laws and regulations. In November 2014, we acquired a special general license\*, and we will continue to strive for responsible self-management.

\* A system under which a corporation submits its internal rules on export controls and related information to the Minister of Economy, Trade and Industry, which then provides bulk licenses for a combination of certain destinations and items that would previously have required individual approval.

### Establishing an External Compliance Helpline

Maxell Group has established the Maxell Compliance Helpline as an internal reporting system to recognize illegal and fraudulent activities at an early stage and enhance the self-cleansing capabilities within the organization. In order to promote compliance management, we have also established a whistle-blowing hotline to access directly to an attorney who is independent from management as a contact point for cases that are difficult to investigate internally. Furthermore, we have already established a contact point that allows employees of overseas Group companies to report directly to us in each country’s languages, and the internal reporting system is permeating globally. In fiscal

## Corporate Governance

2020, one internal report was reported and was resolved, but there were no significant violations of laws or regulations.

### Respect for Human Rights

Maxell Group recognizes respect for human rights as one of its most important management issues. In September 2013, we established Maxell Group Human Rights Policy based on the International Charter of Human Rights and the Declaration on Basic Principles and Rights of Labor by the International Labour Organization (ILO). To raise awareness of respect for human rights among all employees, we continue to conduct training for each employee level and e-learning every year.

In addition, as part of efforts to address harassment, consultants selected from both labor and management have been assigned to each business site, and awareness-raising activities are being conducted to maintain and strengthen the internal system and prevent harassment, such as thoroughly disseminating the internal whistle-blowing system within the Company.

### ■ Risk Management

Maxell Group identifies and reviews company-wide risks, establishes divisions responsible for managing each risk item, and decides and manages response policies.

The Risk Management Committee, which meets once a year, makes decisions on important risk management matters related to strategy, finance, hazards, and operations, and summarizes each risk management activity. The results are reported to the Internal Control Committee.

### Information Security

Maxell Group has established an Information Security Policy and is thoroughly implementing rules, systems, and safety measures related to security. We are also conducting thorough employee education to raise the security awareness of each and every employee. In fiscal 2020, we provided education on information security and personal information protection. We also regularly conduct "target-type email training" as part of our education on cyber attacks. We have also acquired the Privacy Mark as a thorough measure to protect personal information, and we are currently updating it.

### Promotion of Business Continuity Plans

Maxell Group is working to strengthen its business continuity plan in order to reduce the risk of business interruption due to large-scale disasters, such as earthquakes, and accidents.

In addition to establishing an employee safety confirmation system, we have formulated initial action plans and business recovery plans for emergencies, and in order to ensure the execution of these plans, we conduct drills at each business site in anticipation of large-scale disasters. In addition, in order to respond to the contingencies of our business partners, we are gradually developing a database that includes information on the bases of our primary to secondary suppliers.

Maxell Group's overseas sales and manufacturing bases have formulated and implemented overseas crisis management manuals, and we are striving to ensure thorough crisis management even in the event of concerns about the situation, such as terrorism, and the Novel CoronaVirus infections disease.

We will continue to be vigilant in our ongoing efforts to minimize the risk of the activities of Group employees around the world, and improve our response and other initiatives in the event of an emergency.



Please refer to the Corporate Governance Report for detailed information such as the implementation status of the Corporate Governance Code.

<https://www2.maxell.co.jp/ir/governance/>

### ■ Global Tax Policy

As a global corporation, we believe that paying the right amount of tax at the right time is an important part of our contribution to society and local communities overseas.

The Global Tax Policy\* comprises three topics: "Governance and risk management," "Compliance and reporting," and "Arranging our taxes." These topics have been publicly disclosed in order to enhance the transparency of the Group's tax governance as well as to meet any country-specific disclosure requirements.

\* Global Tax Policy: <https://www2.maxell.co.jp/corporate/taxpolicy.html>

## Corporate Governance

### Directors and Executive Officers (As of October 1, 2021)

#### Directors

	<b>Keiji Nakamura</b> President and Representative Director		<b>Yoshiharu Katsuta</b> Director		<b>Seiji Sumoto</b> Director		<b>Noritoshi Masuda</b> Director		<b>Brian K. Heywood</b> Outside Director
Apr. 1990	Joined Hitachi Maxell, Ltd.	Apr. 1980	Joined Hitachi Maxell, Ltd.	Apr. 1990	Joined Hitachi Maxell, Ltd.	Apr. 1987	Joined Hitachi Maxell, Ltd.	Sep. 1991	Joined J.D. Power and Associates
Jan. 2013	Deputy General Manager of Energy Division of Hitachi Maxell	Mar. 2003	General Manager of Rechargeable Battery Division, Energy Solutions Business Group of Hitachi Maxell	Jan. 2013	Deputy General Manager of Energy Division of Hitachi Maxell	Oct. 2017	General Manager, Finance Department, Maxell Holdings, Ltd.	Aug. 1997	Director of Belron International
Jul. 2014	Executive Officer of Hitachi Maxell	Apr. 2005	Executive Officer of Hitachi Maxell	Jul. 2014	Executive Officer and General Manager of Energy Division of Hitachi Maxell		Deputy General Manager and Senior Manager of the Finance & Accounting Department of Maxell, Ltd.	Aug. 1999	Vice President of Citibank, N.A.
Apr. 2015	Executive Officer and General Manager of Energy Division of Hitachi Maxell	Apr. 2008	Vice President and Executive Officer of Hitachi Maxell	Apr. 2015	Executive Officer and General Manager of Siontec Division of Hitachi Maxell	Apr. 2019	Executive Officer and General Manager, Finance Department, Maxell Holdings	Jan. 2001	Managing Partner and CEO of Taiyo Pacific Partners L.P. (incumbent)
Oct. 2017	Executive Officer of Maxell, Ltd.	Jun. 2010	Executive Managing Director of Hitachi Maxell	Oct. 2017	Executive Officer and General Manager of Siontec Division of Hitachi Maxell		Director and Senior Manager of Finance & Accounting Department of Maxell	Dec. 2009	Outside Director, Ohizumi Manufacturing Co., Ltd.
Apr. 2018	President and Representative Director of Maxell	Apr. 2011	Executive Vice President, Board of Directors of Hitachi Vehicle Energy, Ltd. (currently Vehicle Energy Japan Inc.)	Apr. 2018	Executive Officer and General Manager of Siontec Division of Maxell, Ltd.	Jun. 2019	Director and General Manager of Finance Department of Maxell Holdings	Nov. 2011	Director of SEIRYU Asset Management, Ltd.
Jun. 2018	Director of Maxell Holdings, Ltd. President and Representative Director of Maxell, Ltd.	Apr. 2013	President and Representative Director of Hitachi Vehicle Energy	Apr. 2019	Executive Officer and General Manager of Sales Strategy Department of Maxell Holdings Director and General Manager of Sales Division of Maxell	Oct. 2019	Director of Maxell Holdings	Nov. 2014	Outside Director, Roland Corporation
Jun. 2020	President and Representative Director of Maxell Holdings	Apr. 2016	Senior Vice President and Executive Officer of Hitachi Maxell	Oct. 2021	Director of Maxell, Ltd. (incumbent)	Oct. 2021	Director, Maxell Holdings, Ltd. and Director of Maxell, Led. (incumbent)	Mar. 2020	Outside Director of Roland DG Corporation (incumbent)
Oct. 2021	President and Representative Director of Maxell, Ltd. (incumbent)	Jun. 2016	President and Representative Director of Hitachi Maxell					Jun. 2020	Outside Director of Nifco Inc. (incumbent)
		Oct. 2017	President and Representative Director of Maxell Holdings, Ltd. President and Representative Director of Maxell, Ltd.					Oct. 2021	Director of Maxell, Ltd. (incumbent)
		Jun. 2020	Director of Maxell Holdings						
		Oct. 2021	Director of Maxell, Ltd. (incumbent)						

#### Outside Directors Serving on the Audit and Supervisory Committee

	<b>Sachiko Murase</b> Outside Director		<b>Hiroyuki Suzuki</b> Director		<b>Tatsuhiko Izumi</b> Outside Director		<b>Shinobu Watanabe</b> Outside Director	<b>Executive Officers</b> Kenichi Sano Tomohiro Suzuki
Apr. 1995	Joined Nichiha Corporation	Apr. 1983	Joined Hitachi Maxell, Ltd.	Apr. 1976	Joined Clarion Co., Ltd.	Apr. 1977	Joined Ube Industries, Ltd.	
Sep. 2008	Registered as an attorney	Jun. 2008	Deputy General Manager, Finance & Accounting Division of Hitachi Maxell	Jun. 1999	Director of Clarion	Jun. 1999	Chairman and President of Ube Corporation Europe, S.A.	
Nov. 2015	Joined Seiwa Meitetsu Law Office	Apr. 2018	Executive Officer of Maxell Holdings, Ltd.	May 2001	President and Representative Director of Clarion	Jun. 2003	Executive Officer of Ube Industries and Chairman and President of Ube Corporation Europe	
	Outside Audit & Supervisory Board Member of Bunkyo Group Holdings Co., Ltd. (incumbent)	Apr. 2019	Auditor of Maxell	Apr. 2014	Chairman, Representative Director, and CEO of Clarion	Jun. 2006	President and Representative Director of UMG ABS, Ltd.	
Sep. 2018	Joined Kudanzaka Law Office (incumbent)	Jun. 2020	Director of Maxell Holdings (Full-Time Audit and Supervisory Committee Member)	Jun. 2016	Chairman, CEO, and Director of Clarion	Jun. 2009	Managing Executive Officer of Ube Industries	
Jun. 2019	Outside Audit & Supervisory Board Member, Nichias Corporation (incumbent)	Oct. 2021	Director of Maxell, Ltd. (Full-Time Audit and Supervisory Committee Member)	Apr. 2017	Director of Clarion	Jun. 2015	President and Representative Director of Ube Exsymo Co., Ltd.	
Jun. 2020	Outside Director, Maxell Holdings, Ltd.			Jun. 2017	Advisor of Clarion	Apr. 2017	Corporate Advisor of Ube Exsymo	
Mar. 2021	Outside Director, Roland Corporation (incumbent)			Jun. 2018	Director of Maxell Holdings, Ltd. (Audit and Supervisory Committee Member)	Jun. 2018	Director of Maxell Holdings, Ltd. (Audit and Supervisory Committee Member) Director of Maxell, Ltd.	
Oct. 2021	Director of Maxell, Ltd. (incumbent)			Jun. 2020	Director of Maxell Holdings, Ltd. (Audit and Supervisory Committee Member)	Oct. 2021	Director of Maxell, Ltd. (Audit and Supervisory Committee Member) (incumbent)	



## Message from the Outside Directors



Release ideas that are dormant in the organization to support Maxell's transformation

Brian K. Heywood  
Outside Director

In fiscal 2020, we took a comprehensive look at Maxell Group as a whole and thoroughly discussed what is strong and what is weak, what can be done to make the strong parts even stronger, and to what extent can the weak parts be corrected. We also had various discussions about what Maxell is aiming for and shared the idea that we are aiming to become an excellent company. To make our strong points even stronger, we first need to clarify what our strong points are. The important thing is to create synergies among the business units where we have strengths. I feel that we have not yet done enough in this regard.

The new medium-term management plan, MEX23, incorporates a growth story in which Maxell will create new value by clarifying and leveraging its strengths. I am very encouraged by the Company's specific direction of promoting a management system that emphasizes ROIC. If a company cannot generate profits, it will not be able to provide new value to its customers, pay sufficient compensation to its employees, or spend money to contribute to society. It is very important to share and promote the concept of ROIC throughout the Company to ensure that profits are generated.

I believe one of the primary benefits I can provide to Maxell is to help unleash the good ideas that are lying dormant in the Company. One of the ways to do this is "Mieru-ka." When we use data and analysis to "Mieru-ka" and unleash the common sense within the Company, it helps eliminate doubt,

and make it easier to handle difficult decisions.

Maxell's technological capabilities are sufficiently differentiated from those of other companies. If we concentrate our management resources on our strengths, we can exert market leadership. Maxell has strong IP and has the ability to create new IP in the future. The reason we focused on building a foundation in fiscal 2020 is to leverage this capability. I have high expectations for Maxell as it begins to move forward to a new stage.



Important role is to properly take risks necessary for growth and to support the pursuit of innovation

Sachiko Murase  
Outside Director

In fiscal 2020, the Board of Directors discussed business portfolio reforms through thorough financial discipline, including a review of business domains, and achieved certain results in order to promote selection and concentration in businesses that create value in order to increase corporate value in the future. Nonetheless, we believe that business portfolio reform is an endless initiative in order for Maxell to continue responding to the rapidly changing business environment and aiming to become a "value-creating company" that provides the best value to all stakeholders. We therefore intend to continue to effectively supervise the turnover of our business portfolio.

While the digitization of society continues to advance, situations where "Analog Core Technologies" are needed everywhere in society as long as there are things exist. We believe that Maxell's corporate value will never be lost in the future, as our business is based on Analog Core Technologies centered on our unique strengths of blending, precision coating, and high-precision molding. Nevertheless, "Analog Core Technologies" will generate corporate value and realize profit growth.

In order to constantly meet the ever-changing demands of society, we need to monitor ourselves so that we do not neglect to do so, and we hope to contribute to Maxell's 10-year-ahead vision of "creating Maximum Excellence for our employees, customers, and society through our proprietary Analog Core Technologies."

We believe that the ideal form of governance changes according to the business environment and the ideal style of the Company and the stage of growth. However, Maxell's unchanging mission is to "contribute to a sustainable society through the pursuit of innovation in original technologies." Pursuing innovation sometimes entails new risks, so it is one of roles of the Board of Directors to support appropriate risk-taking, and it is important as a form of governance

We believe this is one of the factors. At Maxell's Board of Directors meetings, lively discussions are held every time. In order to understand management's proposals and engage in lively discussions, it is important for outside directors and outside Audit and Supervisory Committee members to share information in a timely manner. However, a certain information gap tends to arise both inside and outside the Company. Therefore, I personally strive to actively obtain information and express my opinions on the beginning of risks and anticipated risks by making use of my past experience in corporate legal affairs. We want to do our utmost to ensure that Maxell continues to create value by appropriately taking risks and pursuing innovation.

## Message from the Outside Directors



**With a sense of confidence in our strengths and a sense of vitality**

Tatsuhiko Izumi  
Outside Director

Fiscal 2020 was a year in which we moved forward with business reforms to break through the challenging phases up to the previous fiscal year and achieved a certain effect of solidifying our foundations. Going forward, we will need to steer ourselves in an offensive and defensive manner with an eye to 2030, and the most important point will be to invest in a balanced manner in people, goods, and money.

It is important to see how much of the sales and profit targets in the new medium-term management plan are based on investment in new things. I would like to take a firm look at whether we are able to make investments for future growth in a rapidly changing environment. While Maxell's business is shifting to BtoB, it is a business that takes time to commercialize and is difficult to manage itself largely depending on customer conditions. I think that the difficulty of management in this area is a little different from the conventional extension.

In addition, attention when developing new businesses is due to Maxell's high level of technological expertise, which results in a product-out orientation. Even products with advanced technologies will not make sense if they do not sell well and make a profit, and we must proceed while marketing what society really wants. I think Maxell's future opportunities and risks lie in the extent to which the newly established New Business Produce Division and the Sales & Marketing Division can grasp customer needs and quickly develop and commercialize them on a company-wide basis.

Maxell is a company that possesses many strengths, including technological capabilities, intellectual property, and brands. I want all the

employees to be confident that they will be able to leverage this strength to meet the demands of society more. Maxell is a company with great potential, but being refined and a little gentle. In order to move to the next step, Maxell needs to be more dynamic. If not, the next business will not be born. The top management should go out and listen to the needs of customers. I would like to see Maxell's vitality to be felt more.

I believe that the ideal form of corporate governance is to create and implement a framework for realizing sound growth. Because the ways of growth differ depending on the company, I would like to see Maxell act with its own unique Governance Code in mind, rather than tackling it uniformly.



**To be a company that constantly exists as a leading group that solves social issues and continues to propose solutions with a high level of sensitivity and technological capabilities**

Shinobu Watanabe  
Outside Director

In fiscal 2020, management reforms under the new management structure progressed significantly through the sharing of vectors through MVVSS as the Group's management philosophy and portfolio revisions. We have also established a system to promote new businesses. I look forward to the continuation of bold reforms during the period of the new medium-term management plan. I place greater emphasis on discussion and action plans in the process of preparing medium-term management plans and budgets. I believe it is my mission to thoroughly monitor these issues in the future.

The Company's purpose (reason for existence) is to properly pay taxes. It is essential to provide more products (sales) that satisfy our customers, pay sufficient salaries to our employees, and pay both raw materials, equipment, services, and functional suppliers a price that satisfies them. It is then management that leaves more profit before tax. And then distributes dividends to shareholders out of after-tax profits. Harmonized management of these elements reflects valuation in the stock price. The key premise of governance and compliance is to engage in responsible dialogue with all stakeholders and build strong relationships of trust. The Company is a public entity of society and is allowed to exist within the scope of its activities. We must constantly be aware of this idea and evolve in a way that can provide value to all stakeholders, both tangible and intangible, directly and indirectly.

I also serve concurrently as a Nomination and Remuneration Committee member. In particular, it is important to identify human resources who can take pride in themselves and be self-reliant, and to

discover and develop the next generation of human resources. I am watching closely to see how they respond to the various questions raised by myself. There are also organizational and mental barriers or walls. A house cannot be built without walls, and it's okay to have walls. Rather than trying to eliminate barriers, we should focus on the management of which barriers are best suited, e.g., on transparent and rugged walls, with doorways without doors and exits and large windows. At the same time, without forgetting philosophy and confidence, it is necessary to build human resources, systems and physical strength with sharpened sensitivity which can avoid overlook of events happen and respond flexibly to them in a consistent manner. Risks and opportunities do not come at the Company's convenience. For example, if the Company take easy, but makeshift measures temporary for unexpected risks, it will create problems for hundred years. We will continue to closely monitor and make recommendations on the ideal form of management.

Maxell Group must always be among the leading groups that solve social issues, and must become an essential company for society. I would like to see the Company continue to propose solutions to society with a high level of sensitivity and technological capabilities to address increasingly complex and international social issues. I will provide my utmost support for the ceaseless efforts to that end.

# Basic Data

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## History

### 1961

Founded as a spin-off of the dry battery and magnetic tape divisions from Nitto Electric Industrial Co., Ltd. (currently Nitto Denko Corporation)

### 1963

Production of the First Alkaline Dry Batteries in Japan

### 1966

Commercialized the first domestically produced cassette tape "C-60"

### 1970

Established Kyushu Hitachi Maxell, Ltd.

### 1976

Commercialized the first domestically produced floppy disk "FD-3200S" (8 inch)

### 1978

Completed Kyoto Research Laboratory

### 1980

Listed on the First Section of the Tokyo and Osaka Stock Exchanges

### 1982

Completed the Tsukuba Works

### 1983

Commenced production of Japan's first Lithium Thionyl Chloride Battery (ER) for memory backup

### 1984

Commenced production of IC cards and memory cards

### 1986

Completed the Fukuchiyama Works

### 1987

Commercialized the world's smallest Silver Oxide Batteries SR421SW and SR416SW (4.8 mm in diameter)

### 1996

Commenced production of lithium-ion batteries

### 1998

Commercialized the world's first rewritable DVD-RAM

### 2000

Started shipping 100 GB of LTO Ultrium 1 data cartridges with the world's first technology compliance certification

### 2007

Sliontec Corporation became a subsidiary through the acquisition of shares.

### 2009

Developed the world's smallest micro camera lens units incorporate piezo actuator with original drive system

### 2010

Became wholly owned subsidiary of Hitachi, Ltd. through a tender offer and share exchange by Hitachi, Ltd., and delisted the shares on the Tokyo Stock Exchange and Osaka Stock Exchange

### 2012

Management integration of five domestic consolidated subsidiaries

### 2013

Transferred liquid crystal projector business from Hitachi Consumer Electronics Co., Ltd.

Made Hitachi Joei Tech Co., Ltd. (currently Maxell Frontier Co., Ltd.) and Hitachi Digital Products China Co, Ltd. (currently Maxell Digital Products China Co, Ltd.) subsidiaries

### 2014

Relisted on the First Section of the Tokyo Stock Exchange

Started receiving orders for the world's smallest and lightest HEMS compatible storage system and dedicated controller

### 2016

Developed the world's brightest high-brightness 3,500 lm LED DLP projector "CP-WU3500"

### 2017

Acquired the electronic equipment business of Renesas Semiconductor Package & Test Solutions Co., Ltd. and established Maxell System Tech Co., Ltd. (currently Maxell Frontier Co., Ltd.)

### 2018

Acquired Specialty Business within Industrial Batteries and Power Sources Business from GS Yuasa International Ltd.

Made Izumi Products Company (currently Maxell Izumi Co., Ltd.) a subsidiary through acquisition of shares

Established Ube Maxell Kyoto Co., Ltd.

### 2019

Made Kureha Elastomer Co., Ltd. (currently Maxell Kureha Co., Ltd.) a subsidiary

Jointly invested in Vehicle Energy Japan Inc.

### 2020

Developed "Advanced Floating Image Display," a contactless HMI (human-machine interface)

Launched the industry's first six-blade Izumi "V series" shavers

Started shipping samples of galvanic cell-type lead-free oxygen sensors

Established Maxell Group's "MVSS (Mission Vision Value Spirit Slogan)"

## Consolidated Financial Information

### Key Financial Data

(FY)	2016	2017*1	2018	2019*2	2020
Net sales	135,116	148,198	150,584	145,041	139,055
Operating profit (loss)	7,567	8,848	5,424	(137)	3,806
Operating profit margin (%)	5.60	5.97	3.60	(0.09)	2.74
EBITDA*3	11,890	12,445	10,073	5,738	9,252
EBITDA margin*4 (%)	8.80	8.40	6.69	3.96	6.65
Profit (loss) attributable to owners of parent	5,724	7,127	5,311	(10,487)	(9,373)
Return on sales (%)	4.24	4.81	3.53	(7.23)	(6.74)
Depreciation	4,323	3,597	4,649	5,875	5,446
Capital investment	3,549	4,593	7,973	5,148	8,092
R&D expenses	9,850	10,592	9,729	8,864	7,934
Net income (loss) per share (yen)	108.32	134.88	100.51	(205.23)	(189.51)
Net assets per share (yen)	2,203.19	2,290.22	2,328.41	1,828.68	1,640.98
Dividend per share (yen)	36.00	44.00	36.00	268.00*5	0.00
Dividend payout ratio (%)	33.2	32.6	35.8	—	—
Number of shares issued at the end of period (excluding treasury shares) (thousand shares)	52,841	52,841	52,840	51,099	49,459
Average number of shares during the term (including treasury shares) (thousand shares)	53,341	53,341	53,341	53,341	53,341
ROE (%)	5.01	6.00	4.35	(9.82)	(10.92)
ROA*6 (%)	4.71	5.25	3.59	0.04	2.16
ROIC*7 (%)	5.00	5.92	4.00	—	—
Receivables turnover*8 (times)	4.90	5.42	4.38	4.14	4.59
Inventory turnover*9 (times)	7.75	7.41	5.91	5.32	5.82
Shareholders' equity ratio (%)	73.0	71.9	61.7	50.6	45.9
D/E ratio*10 (times)	0.01	0.01	0.31	0.78	0.51
Current ratio (%)	323.0	269.3	177.0	209.9	174.3
Working capital*11	18,324	16,066	36,441	32,310	8,809

(millions of yen)

## Consolidated Financial Information

### Net Sales by Region

(FY)	2016	2017	2018	2019	2020
Americas	14,035	12,844	15,314	11,865	11,778
Europe	12,673	12,498	12,855	11,657	9,507
Asia and Other	46,728	42,955	42,154	33,684	30,692
Japan	61,680	79,901	80,261	87,835	87,078
<b>Average foreign exchange rate over the year</b>					
JPY/US\$ (yen)	108	111	111	109	106

### Year-End Stock Price Indicators

(FY)	2016	2017	2018	2019	2020
EV/EBITDA*12 (times)	5.1	5.3	8.6	13.7	8.6
Year-end stock price (yen)	2,031	2,072	1,570	1,064	1,399
Market capitalization (millions of yen)	108,337	110,524	83,746	56,755	74,625
Year's high (yen)	2,335	2,817	2,228	1,971	1,516
Year's low (yen)	1,314	1,881	1,310	882	836

\*1 From the beginning of the fiscal year ended March 31, 2019, the Company has applied the "Partial Amendments to Accounting Standard for Tax Effect Accounting" (Accounting Standards Board of Japan [ASBJ] Statement No. 28 issued on February 16, 2018), etc. Accordingly, the figures presented for the fiscal year ended March 31, 2018 have been retroactively adjusted based on this accounting standard.

\*2 In the consolidated fiscal year ended March 31, 2020, the Company acquired the shares of the Company through the trust relating to the performance-linked share-based remuneration system. The shares of the Company held by the trust are recorded as treasury shares in the consolidated balance sheets and included in the treasury shares deducted in the calculation of the number of shares at the end of period used in the calculation of net assets per share. They are also included in the treasury shares deducted in the calculation of the average number of the shares during the term used in the calculation of net income (loss) per share.

\*3 Operating profit + Depreciation

\*4 EBITDA / Net sales × 100

\*5 Ordinary dividend: ¥18 Special dividend: ¥250

\*6 Ordinary profit / Average total assets × 100

\*7 (Net profit attributable to owners of parent + Profit attributable to non-controlling interests) / (Average equity + interest-bearing debt) × 100  
Interest-bearing debt = Current portion of long-term loans payable + Long-term loans payable + Lease obligations

\*8 Net sales / Average receivables

\*9 Cost of sales / Average inventories

\*10 Interest-bearing debt / Shareholders' equity (year-end)

\*11 (Current assets - Cash and deposits) - (Current liabilities - Current portion of long-term loans payable)

\*12 (Market capitalization + Interest-bearing debt - Cash and deposits) / EBITDA

(NOTE) Business segments will be changed from fiscal 2021.

#### Former Business Segments

Energy	Lithium-ion batteries, Micro batteries
Industrial Materials	Adhesive tapes, Optical components, Semiconductor-related embedded systems, Coated separators
Electronic Appliances and Consumer Products	Consumer products, Projectors, Health and beauty care products, Hydraulic tools

#### New Business Segments

Energy	Lithium-ion batteries, Micro batteries
Functional Materials	Adhesive tapes, Coated separators
Optics & Systems	Optical components, Semiconductor-related embedded systems, Projectors
Life Solution	Consumer products, Health and beauty care products, Hydraulic tools

### Segment Information

(FY)	2016	2017*	2018	2019	2020
<b>Net sales</b>	<b>135,116</b>	<b>148,198</b>	<b>150,584</b>	<b>145,041</b>	<b>139,055</b>
Energy	34,992	44,970	38,265	38,203	37,811
Industrial Materials	42,792	49,940	52,398	54,413	50,843
Electronic Appliances and Consumer Products	57,332	53,288	59,921	52,425	50,401
<b>Operating profit (loss)</b>	<b>7,567</b>	<b>8,848</b>	<b>5,424</b>	<b>(137)</b>	<b>3,806</b>
Energy	2,031	5,559	2,299	2,498	3,309
Industrial Materials	2,965	2,889	2,652	887	1,432
Electronic Appliances and Consumer Products	2,571	400	473	(3,522)	(935)
<b>Operating profit (loss) to net sales (%)</b>	<b>5.60</b>	<b>5.97</b>	<b>3.60</b>	<b>(0.09)</b>	<b>2.74</b>
Energy	5.80	12.36	6.00	6.54	8.75
Industrial Materials	6.93	5.78	5.06	1.63	2.82
Electronic Appliances and Consumer Products	4.48	0.75	0.79	(6.72)	(1.86)
<b>Total assets</b>	<b>159,464</b>	<b>168,230</b>	<b>199,385</b>	<b>178,873</b>	<b>176,807</b>
Energy	31,693	35,226	38,339	30,771	33,269
Industrial Materials	39,727	48,432	57,464	54,955	52,888
Electronic Appliances and Consumer Products	33,192	33,346	70,045	54,797	42,555
Other	54,852	51,226	33,537	38,350	48,095
<b>Increase in property, plant and equipment and intangible assets</b>	<b>3,804</b>	<b>9,439</b>	<b>26,042</b>	<b>5,638</b>	<b>8,343</b>
Energy	833	1,855	2,954	1,046	1,506
Industrial Materials	1,849	6,525	6,801	3,450	2,843
Electronic Appliances and Consumer Products	1,122	1,059	16,287	1,142	3,994
<b>Depreciation</b>	<b>4,323</b>	<b>3,597</b>	<b>4,649</b>	<b>5,875</b>	<b>5,446</b>
Energy	1,853	965	1,287	1,402	1,428
Industrial Materials	1,378	1,582	1,918	2,515	2,579
Electronic Appliances and Consumer Products	1,092	1,050	1,444	1,958	1,439
<b>R&amp;D expenses</b>	<b>9,850</b>	<b>10,592</b>	<b>9,729</b>	<b>8,864</b>	<b>7,934</b>
Energy	2,382	2,280	2,165	1,908	1,473
Industrial Materials	1,972	2,549	2,296	2,394	2,638
Electronic Appliances and Consumer Products	5,496	5,763	5,268	4,562	3,823
<b>Number of employees (year-end)</b>	<b>3,966</b>	<b>4,045</b>	<b>5,263</b>	<b>5,108</b>	<b>4,555</b>
Energy	984	1,010	1,014	959	862
Industrial Materials	1,867	1,943	2,165	2,073	1,980
Electronic Appliances and Consumer Products	884	854	1,853	1,844	1,477
Company-wide	231	238	231	232	236

\* From the beginning of the fiscal year ended March 31, 2019, the Company has applied the "Partial Amendments to Accounting Standard for Tax Effect Accounting" (Accounting Standards Board of Japan [ASBJ] Statement No. 28 issued on February 16, 2018), etc. Accordingly, the figures presented for the fiscal year ended March 31, 2018 have been retroactively adjusted based on this accounting standard.



## Consolidated Financial Information

### Consolidated Balance Sheets (Summary)

(FY)	2016	2017*	2018	2019	2020
<b>Total current assets</b>	<b>97,235</b>	<b>97,888</b>	<b>95,116</b>	<b>84,657</b>	<b>85,369</b>
Principal accounting items:					
Cash and deposits	51,930	45,920	22,907	22,636	33,016
Notes and accounts receivable-trade	25,554	29,175	39,658	30,328	30,295
Inventories	13,163	17,553	22,848	21,431	16,034
Deferred tax assets	1,995	—	—	—	—
<b>Non-current assets</b>	<b>62,229</b>	<b>70,342</b>	<b>104,269</b>	<b>94,216</b>	<b>91,438</b>
Total property, plant and equipment	50,200	53,047	61,213	62,063	55,280
Intangible assets	1,023	4,333	15,796	6,265	5,359
Total investments and other assets	11,006	12,962	27,260	25,888	30,799
Principal accounting items:					
Investment securities	7,063	9,731	23,194	21,626	24,168
Net defined benefit assets	2,310	1,328	1,327	1,878	3,861
<b>Total assets</b>	<b>159,464</b>	<b>168,230</b>	<b>199,385</b>	<b>178,873</b>	<b>176,807</b>
<b>Total current liabilities</b>	<b>30,104</b>	<b>36,351</b>	<b>53,750</b>	<b>40,335</b>	<b>48,975</b>
Principal accounting items:					
Notes and accounts payable-trade	15,100	20,672	19,982	16,668	17,851
Accounts payable-other and accrued expenses	10,541	11,882	12,832	10,158	21,527
Current portion of long-term loans payable and lease obligations	94	68	17,760	10,406	5,210
<b>Non-current liabilities</b>	<b>11,220</b>	<b>9,085</b>	<b>20,130</b>	<b>45,626</b>	<b>44,235</b>
Principal accounting items:					
Long-term loans payable and lease obligations	672	544	8,025	34,004	32,856
Deferred tax liabilities	3,926	1,731	4,035	4,183	4,175
Net defined benefit liability	6,612	6,800	7,985	7,249	6,700
<b>Total liabilities</b>	<b>41,324</b>	<b>45,436</b>	<b>73,880</b>	<b>85,961</b>	<b>93,210</b>
<b>Total shareholders' equity</b>	<b>125,869</b>	<b>131,093</b>	<b>134,079</b>	<b>103,571</b>	<b>88,864</b>
Total accumulated other comprehensive income	(9,449)	(10,076)	(11,044)	(13,127)	(7,702)
Non-controlling interests	1,720	1,777	2,470	2,468	2,435
<b>Total net assets</b>	<b>118,140</b>	<b>122,794</b>	<b>125,505</b>	<b>92,912</b>	<b>83,597</b>
<b>Total liabilities and net assets</b>	<b>159,464</b>	<b>168,230</b>	<b>199,385</b>	<b>178,873</b>	<b>176,807</b>

### Consolidated Statements of Income (Summary)

(FY)	2016	2017	2018	2019	2020
<b>Net sales</b>	<b>135,116</b>	<b>148,198</b>	<b>150,584</b>	<b>145,041</b>	<b>139,055</b>
Gross profit	30,245	34,328	31,167	27,331	30,063
Total selling, general and administrative expenses	22,678	25,480	25,743	27,468	26,257
<b>Operating profit (loss)</b>	<b>7,567</b>	<b>8,848</b>	<b>5,424</b>	<b>(137)</b>	<b>3,806</b>
Non-operating income/expenses (net)	(180)	(281)	1,167	213	40
Principal accounting items:					
Interest income and dividend income	319	376	495	359	461
Interest expenses and sales discounts	(192)	(255)	(235)	(295)	(285)
Foreign exchange gains/losses	(162)	(765)	273	94	(230)
Share of profit/loss of entities accounted for using equity method	(126)	346	546	164	(30)
<b>Ordinary profit</b>	<b>7,387</b>	<b>8,567</b>	<b>6,591</b>	<b>76</b>	<b>3,846</b>
Extraordinary income/losses (net)	(684)	(526)	1,074	(9,502)	(11,544)
Principal accounting items:					
Gain on sales of non-current assets	4,392	471	17	6	6,610
Compensation for forced relocation	—	—	—	—	1,339
Loss on sale and retirement of non-current assets	(328)	(855)	(297)	(314)	(271)
Impairment loss	(3,925)	(385)	(19)	(7,782)	(4,742)
Business restructuring expenses	(151)	(303)	—	(1,578)	(7,319)
Litigation expenses	(646)	—	—	—	(7,067)
Profit (loss) before income taxes	<b>6,703</b>	<b>8,041</b>	<b>7,665</b>	<b>(9,426)</b>	<b>(7,698)</b>
Total income taxes	867	868	2,170	736	2,481
Profit attributable to non-controlling interests	112	46	184	325	(124)
<b>Profit (loss) attributable to owners of parent</b>	<b>5,724</b>	<b>7,127</b>	<b>5,311</b>	<b>(10,487)</b>	<b>(9,373)</b>

\* From the beginning of the fiscal year ended March 31, 2019, the Company has applied the "Partial Amendments to Accounting Standard for Tax Effect Accounting" (Accounting Standards Board of Japan [ASBJ] Statement No. 28 issued on February 16, 2018), etc. Accordingly, the figures presented for the fiscal year ended March 31, 2018 have been retroactively adjusted based on this accounting standard.

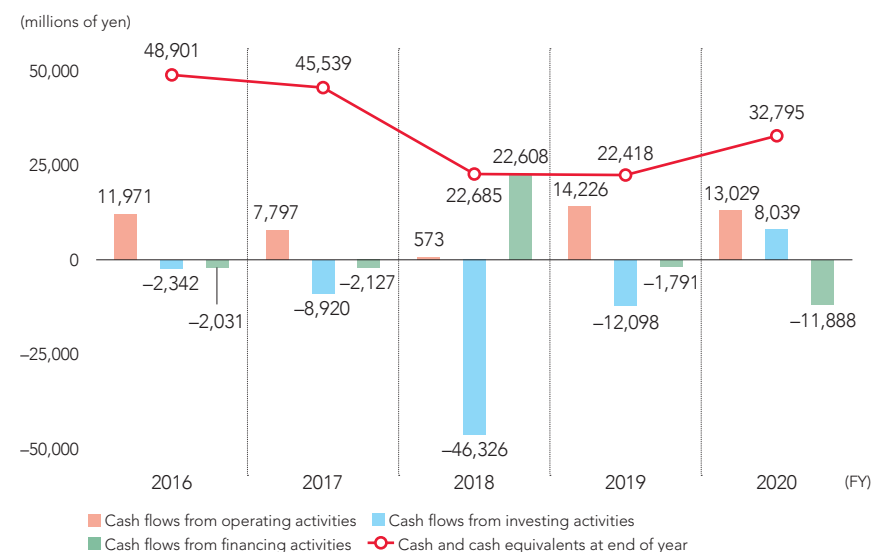
## Consolidated Financial Information

### Consolidated Statements of Cash Flows (Summary)

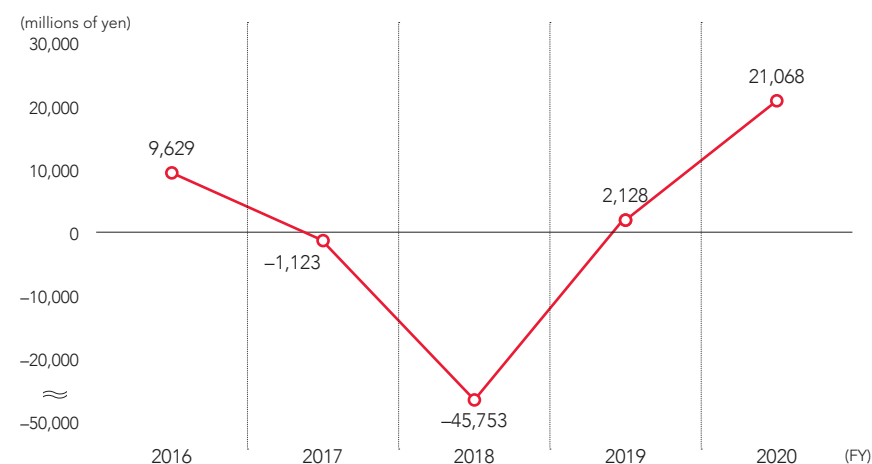
(FY)	2016	2017	2018	2019	2020
Net cash provided by (used in) operating activities	11,971	7,797	573	14,226	13,029
Principal accounting items:					
Profit (loss) before income taxes	6,703	8,041	7,665	(9,426)	(7,698)
Depreciation	4,323	3,597	4,649	5,875	5,446
Impairment loss	3,934	385	19	7,782	4,742
Amortization of goodwill	—	540	923	1,231	590
Loss (gain) on sales and retirement of non-current assets	(4,064)	384	280	308	(6,339)
Decrease (increase) in notes and accounts receivable-trade	3,617	(3,519)	(4,336)	9,441	464
Decrease (increase) in inventories	501	(3,599)	(1,344)	2,707	4,530
Increase (decrease) in notes and accounts payable-trade	(719)	5,349	(3,229)	(3,004)	852
Net cash provided by (used in) investing activities	(2,342)	(8,920)	(46,326)	(12,098)	8,039
Principal accounting items:					
Purchases of investment securities	(1,507)	(1,632)	(10,252)	(130)	(31)
Proceeds from sales of investment securities	—	—	274	332	37
Payments for construction of rental properties	—	—	(3,487)	(2,360)	—
Purchases of property, plant and equipment	(3,259)	(5,523)	(9,074)	(7,898)	(6,268)
Proceeds from sales of property, plant and equipment	6,052	830	15	6	14,784
Purchase of shares of subsidiaries resulting in change in scope of consolidation	—	(4,940)	(16,683)	—	—
Purchase of shares of subsidiaries and associates	(465)	—	(4,200)	—	—
Net cash provided by (used in) financing activities	(2,031)	(2,127)	22,608	(1,791)	(11,888)
Principal accounting items:					
Net increase (decrease) in short-term loans payable and long-term loans payable	(35)	(36)	20,027	18,637	(6,388)
Purchase of treasury shares	—	(1)	(0)	(5,039)	—
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	—	—	—	—	(5,335)
Proceeds from share issuance to non-controlling shareholders	—	—	5,029	—	—
Dividends paid to non-controlling interests	(38)	(31)	(16)	(38)	(64)
Cash dividends paid	(1,902)	(1,902)	(2,325)	(15,081)	—
Repayments of lease obligations	(56)	(157)	(107)	(166)	(101)
Effect of exchange rate change on cash and cash equivalents	(714)	(112)	291	(604)	1,197
Net increase (decrease) in cash and cash equivalents	6,884	(3,362)	(22,854)	(267)	10,377
Cash and cash equivalents at beginning of period	42,017	48,901	45,539	22,685	22,418
Cash and cash equivalents at end of period	48,901	45,539	22,685	22,418	32,795
Free cash flow*	9,629	(1,123)	(45,753)	2,128	21,068

\* Net cash provided by (used in) operating activities + Net cash provided by (used in) investing activities

### Cash Flow Data



### Free Cash Flow



# Maxell Group's Network (As of October 1, 2021)

<https://www.maxell.com/>

Maxell has been actively expanding its overseas operations since 1969. Going forward, Maxell aims to expand its business scale in each country and region, including emerging countries, based on its quality cultivated in Japan and the trust customers have in this quality. Further, we will work to enhance our international competitiveness within the rapidly changing global market.



Base Name	Location
<b>Maxell, Ltd.</b>	
Tokyo Headquarters and Tokyo Office	Minato-ku, Tokyo
Kyoto Headquarters and Kyoto Office/Works	Oyamazaki-cho, Otokuni-gun, Kyoto Pref.
Yoyogi Office	Shibuya-ku, Tokyo
Kawasaki Office/Works and Tokyo Sales Office (Functional Materials)	Kawasaki-shi, Kanagawa Pref.
Yokohama Office	Yokohama-shi, Kanagawa Pref.
Miyagi Works	Watari-cho, Watari-gun, Miyagi Pref.
Kobuchizawa Works	Hokuto-shi, Yamanashi Pref.
Ono Works	Ono-shi, Hyogo Pref.
Kyushu Works	Fukuchi-machi, Tagawa-gun, Fukuoka Pref.
Kanto and Tohoku Sales Offices (Functional Materials)	Kasukabe-shi, Saitama Pref.
Nagoya Sales Office (Functional Materials)	Nagoya-shi, Aichi Pref.
Osaka Office	Osaka-shi, Osaka Pref.
Osaka Sales Office (Functional Materials)	Osaka-shi, Osaka Pref.
Chugoku and Shikoku Sales Office (Functional Materials)	Hiroshima-shi, Hiroshima Pref.
Fukuoka Office	Fukuoka-shi, Fukuoka Pref.
Kyushu Sales Office (Functional Materials)	Fukuoka-shi, Fukuoka Pref.

Base Name	Location
<b>Maxell Frontier Co., Ltd.</b>	
Head Office and Yokohama Sales Office	Yokohama-shi, Kanagawa Pref.
Gifu Works	Minokamo-shi, Gifu Pref.
Yonezawa Works	Yonezawa-shi, Yamagata Pref.
Miyagi Works	Watari-cho, Watari-gun, Miyagi Pref.
<b>Maxell Izumi Co., Ltd.</b>	
Head Office	Matsumoto-shi, Nagano Pref.
Tokyo Sales Office	Shibuya-ku, Tokyo
Osaka Sales Office	Osaka-shi, Osaka Pref.
Nagoya Sales Office	Nagoya-shi, Aichi Pref.
Fukuoka Sales Office	Fukuoka-shi, Fukuoka Pref.
Sandai Sales Office	Sandai-shi, Miyagi Pref.

Base Name	Location
<b>Ube Maxell Kyoto Co., Ltd.</b>	
Head Office	Oyamazaki-cho, Otokuni-gun, Kyoto Pref.
<b>Maxell Kureha Co., Ltd.</b>	
Head Office	Osaka-shi, Osaka Pref.
Osaka Branch	Osaka-shi, Osaka Pref.
Tokyo Branch	Taito-ku, Tokyo
Nagoya Branch	Nagoya-shi, Aichi Pref.
Kyushu Sales Office	Kitakyushu-shi, Fukuoka Pref.
Tsu Plant	Tsu-shi, Mie Pref.
Kameyama Plant	Kameyama-shi, Mie Pref.

Base Name	Location
Maxell Corporation of America	United States
Maxell Corporation of America, Canada Branch	Canada
Maxell Research and Development America, LLC	USA
Maxell Latin America, S.A.	Panama
Maxell Europe Ltd.	UK
Maxell Europe Ltd. Telford Plant	UK
Maxell Europe Ltd. German Branch	Germany
Maxell Europe Ltd. Hungarian Branch	Hungary
Maxell Asia, Ltd.	China (Hong Kong)
Maxell Asia, Ltd. Chennai Office	India
Maxell Asia, Ltd. Bangkok Office	Thailand
Maxell Joei Tech (Thailand) Co., Ltd.	Thailand
Maxell Asia, Ltd. Vietnam Office	Vietnam
Maxell Asia (Singapore) Pte. Ltd.	Singapore
Maxell (Shanghai) Trading Co., Ltd.	China (Shanghai)
Maxell (Shenzhen) Trading Co., Ltd.	China (Shenzhen)
Maxell Taiwan, Ltd.	Taiwan
Maxell Tohshin (Malaysia) Sdn. Bhd.	Malaysia
PT. Sliontec Ekadharm Indonesia	Indonesia
Wuxi Maxell Energy Co., Ltd.	China (Wuxi)
Maxell Digital Products China Co., Ltd.	China (Fuzhou)
Izumi Products HK Limited	China (Hong Kong)
Gangquan Precision (Shenzhen) Co., Ltd.	China (Shenzhen)

## Corporate Data (As of October 1, 2021)

Company Name:	Maxell, Ltd. https://www2.maxell.co.jp/
Tokyo Headquarters:	21F, Taiyo Life Shinagawa Building, 2-16-2 Konan, Minato-ku, Tokyo 108-8248, Japan
Kyoto Headquarters:	1 Koizumi, Oyamazaki, Oyamazaki-cho, Otokuni-gun, Kyoto 618-8525, Japan
Establishment	September 1960
Capital:	¥12,203 million
Representative Director:	Keiji Nakamura, President
Number of Employees*1:	Consolidated: 4,555
Transfer Agent:	Sumitomo Mitsui Trust Bank, Limited
Accounting Auditor:	Ernst & Young ShinNihon LLC

\*1 As of March 31, 2021

### Tagline of Maxell

**maxell**  
Within, the Future

“Within, the Future” contains the idea that we remain close to people at all times.

Maxell operates within the future. We have decided our corporate color will be New Maxell Red—a color that evokes the future.

### Origin of Company Name

The company name Maxell originates from the brand name “Maxell” (Maximum Capacity Dry Cell = dry cell with the highest performance) created for the dry batteries that constituted its business at the time of foundation.

## Stock Information (As of March 31, 2021)

### Major Shareholders

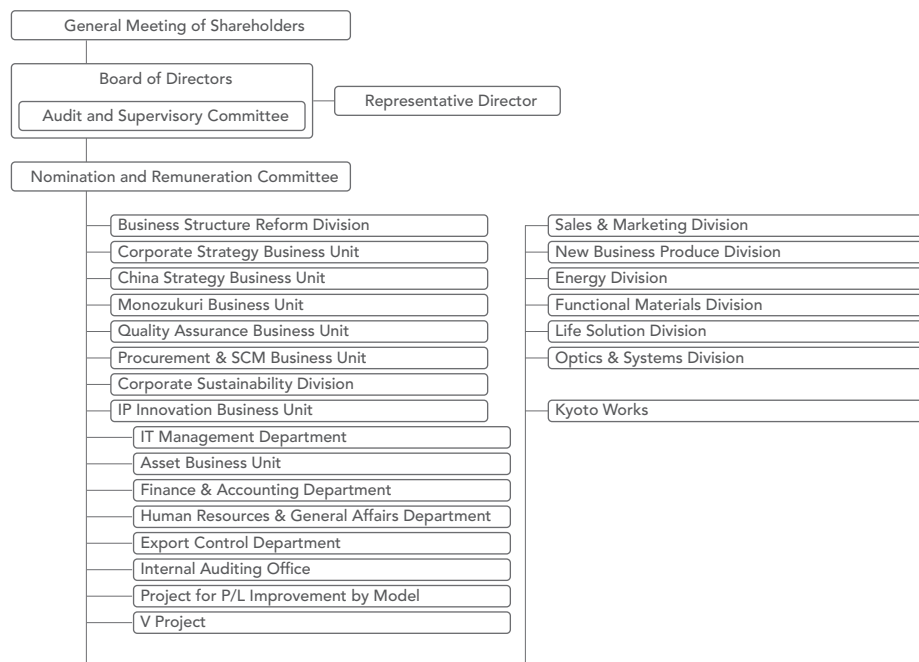
	Shareholder	Number of Shares (Thousand Shares)	Percentage of Shareholdings (%)
1	Custody Bank of Japan, Ltd.	7,490	15.14
2	The Master Trust Bank of Japan, Ltd.	2,882	5.83
3	TAIYO FUND, L.P.	2,568	5.19
4	Nichia Corporation	2,001	4.05
5	SSBTC CLIENT OMNIBUS ACCOUNT	1,975	3.99
6	State Street Bank and Trust Company 505103	1,898	3.84
7	TAIYO HANEI FUND, L.P.	1,672	3.38
8	Hitachi, Ltd.	1,603	3.24
9	State Street Bank and Trust Company 505227	1,343	2.72
10	Zeon Corporation	1,311	2.65

Notes: 1. The number of shares held by Custody Bank of Japan, Ltd. and The Master Trust Bank of Japan, Ltd. is the number of shares held in trust.

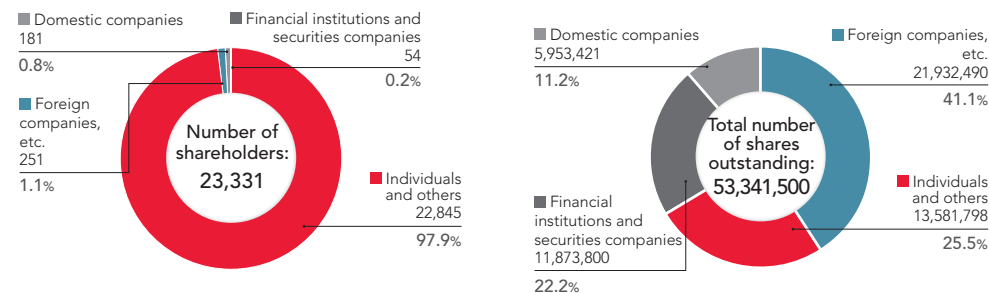
2. The percentage of shareholdings is calculated without taking treasury shares (3,863,566 shares) into account.

## Organization Chart of Maxell, Ltd.

(As of October 1, 2021)



## Breakdown of Shareholders (As of March 31, 2021)



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<https://www2.maxell.co.jp/>