



maxell

Within, the Future

Integrated Report 2018
Maxell Holdings, Ltd.

Editorial Policy

This report is issued for the purpose of sharing the vision of the Maxell Group, where business is based on harmonious coexistence with society. This is an integrated report that goes over the Group's businesses and financial results as well as its CSR activities and the outcomes of these activities.

This report, in the wake of the Maxell Group's transition to a holding company in October 2017, is aimed at renewing stakeholders' understanding of the strengths of the new Maxell Group, the overall vision and specific measures of its new Mid-Term Plan, and the connection between both CSV business management and CSR activities and our business strategy, which is geared toward sustainable growth. The Group has worked hard to win support for its position on co-creation and co-prosperity as well as to foster anticipation for and confidence in the Group's growth, and will continue to do so.

Moreover, we include ESG information, which forms the foundation of corporate management, as a way to fulfill our social responsibility to all stakeholders and demonstrate the Maxell Group's stance toward corporate governance, protection of the global environment, and social contributions.

Detailed financial and CSR-related information that could not be published in full in this report is disclosed on the Company's website.

Reporting Period:

This report primarily covers fiscal year 2017 (April 1, 2017–March 31, 2018). However, it includes some events from fiscal year 2018.

Referenced Guidelines:

International Integrated Reporting Council (IIRC)

The International <IR> Framework

GRI Sustainability Reporting Guidelines^{*1}

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

^{*1} International sustainability reporting guidelines compiled by the Global Reporting Initiative

Issued: October 2018

The latest information on the Maxell Group can be found on our website.

Regarding Support for Disasters in Summer 2018

We express our deepest sympathies to those suffering due to the heavy rain of July 2018, Typhoon No. 21 in September of the same year, and the 2018 Hokkaido Eastern Iburi Earthquake.

To support recovery efforts for the heavy rain in July, Maxell has donated 3 million yen through the Japanese Red Cross Society.

In addition, in cooperation with Ken Noguchi office, presided over by alpinist Ken Noguchi, Daisaku Shoji Ltd. provided 10,000 neck type fans to sufferers as a measure against heatstroke. Maxell donated AA batteries^{*2} for these fans. In addition, we made a monetary donation of ¥1 million for the 2018 Hokkaido Eastern Iburi Earthquake through the Japanese Red Cross Society.

We pray for the safety of those affected and hope the afflicted areas are restored and reconstructed as quickly as possible.

Moving forward, the Maxell Group will cooperate however possible to support activities in the affected areas.

^{*2} The wearable "MYFAN MOBILE" fan provided by Daisaku Shoji Ltd. uses three AA size batteries. Maxell has provided 10,000 4-packs of "VOLTAGE" AA alkaline batteries.

For Viewing via PDF

Category tabs, navigation buttons, and link buttons have been provided on each page for easy access to related pages and websites.

- **Category tabs**

Introduction | Messages from the Chairman & the President | Medium-Term)

Click the category tab to access the appropriate page.

- **Navigation buttons**

Click this button to move to the next page.

Click this button to move back to the previous page.

Contents Click the "Contents" button to move to the Table of Contents.

- **Link buttons**

Click this button to access the relevant link.

Contents

<p>3 Introduction</p> <ul style="list-style-type: none"> 3 The History of the Maxell Group 4 The Maxell Group's Core Competence 5 The Maxell Group's Products 6 The Maxell Group's Strategies 7 The Maxell Group's Social Responsibility 8 The Maxell Group's Value Creation Model 9 Financial and Nonfinancial Highlights 	<p>21 Special Feature 1: The Maxell Group's Core Competence</p> <ul style="list-style-type: none"> 21 Product Development Leveraging Our Strengths: Example (1) In-car camera lens units 22 Product Development Leveraging Our Strengths: Example (2) Coin-type lithium ion rechargeable batteries 	<p>25 CSR Initiatives</p> <ul style="list-style-type: none"> 26 CSR Management 27 With Customers 28 With Business Partners 29 With Employees 31 With Shareholders and Investors 32 With Local Communities and Society 33 With the Environment 35 Accomplishments and Progress of Environmental Activities 36 Environmental Data
<p>10 Messages from the Chairman & the President</p> <ul style="list-style-type: none"> 10 Message from the Chairman 11 Message from the President 	<p>23 Special Feature 2: The Maxell Group's CSV Business Management</p> <ul style="list-style-type: none"> 23 CSV Example (1) Contributing to safety and peace of mind when driving with our <i>Super AR</i> Head-Up Display 24 CSV Example (2) Supporting the industrial use of drones with our safe, high-power "Intelligent Battery" 24 CSV Example (3) Enhancing the quality and efficiency of agriculture with our crop growth support system, "Rice scan" service 	<p>37 Corporate Governance</p> <ul style="list-style-type: none"> 38 Corporate Governance 41 Directors and Executive Officers 42 Messages from Outside Directors
<p>13 Summary of Previous Medium-Term Management Plan and New Mid-Term Plan MG20</p> <ul style="list-style-type: none"> 14 Summary of Fiscal Year 2017 Business Results and New Mid-Term Plan MG20 <ul style="list-style-type: none"> 15 Promoting the Maxell Business Platform (MBP) 16 Heightening the Value of the Maxell Brand 17 Segment Information <ul style="list-style-type: none"> 17 Energy 18 Industrial Materials 19 Electronic Appliances and Consumer Products 		<p>43 Basic Data</p> <ul style="list-style-type: none"> 44 Consolidated Financial Information <ul style="list-style-type: none"> 44 Key Financial Data 45 Segment Information 46 Consolidated Financial Statements (Summary) 48 Maxell Group Network 50 Corporate Data / Stock Information

The History of the Maxell Group

Since its foundation in 1961, the Group has honed analog core technologies—its core competence—to create unique and differentiated products that have brought an array of excitement to daily life. Also, by steadily conducting CSR (corporate social responsibility) activities that reflect the changing needs and expectations of society, we continue to heighten the trust placed in us by society.

Our History of Operations



1961
Nitto Electric Industrial Co., Ltd. (currently Nitto Denko Corporation) spun off its dry battery and magnetic tape divisions to start operations

1963
Manufactured first domestically produced alkaline dry batteries

1966
Marketed first domestically produced audio cassette tapes (C-60)

1961

1976
Commercialized first domestically produced 8-inch floppy disks, FD3200S



1980
Listed on first sections of Tokyo Stock Exchange and Osaka Securities Exchange

1983
Began manufacturing first domestically produced lithium thionyl chloride (ER) batteries for memory backup use

1987
Launched world's smallest diameter (4.8 mm) silver oxide batteries, SR421SW and SR416SW



1980

1996
Began production of lithium ion batteries



1998
Marketed world's first rewritable DVD-RAM discs



2000

2000
Began shipments of world's first 100-gigabyte-storage-capacity data cartridges with technical conformity certification, LTO Ultrium 1



2007
Made Sliointec Corporation a consolidated subsidiary through acquisition of shares

2009
Developed world's smallest micro-camera lens units incorporating piezo actuators



2010
Became wholly owned subsidiary of Hitachi, Ltd. as a result of tender offer by and exchange of shares with Hitachi, and delisted from first sections of Tokyo Stock Exchange and Osaka Securities Exchange



2012
Merged five domestic consolidated subsidiaries

2013
Transferred LCD Projector Business from Hitachi Consumer Electronics Co., Ltd. Made Hitachi Joie Tech Co., Ltd. and Hitachi Digital Products China Co., Ltd. consolidated subsidiaries

2014
Relisted on the first section of Tokyo Stock Exchange
Began accepting orders for world's smallest and lightest electricity storage system compatible with use in HEMS (home energy management system) and dedicated controller

2016
Developed world's brightest (3,500 lm) LED DLP projector, CP-WU3500



2017
Made Maxell System Tech Co., Ltd. a subsidiary through acquisition of shares

2018
Acquired specialty business within industrial batteries and power sources business of GS Yuasa International Ltd.
Made Izumi Products Company a subsidiary through acquisition of shares

October 2017
Transitioned to holding company structure

In October 2017, the Maxell Group transferred to a holding company structure. Leveraging the resulting autonomy, the Group is strengthening business management and advancing along an entirely new growth stage.

2015

Our History of CSR Activities

1961

1972
Established Pollution Control Committee

1977
Established Environmental Management Regulations



1983
Established Maxell Group Corporate Credo



1990
Established Maxell Education Trust

1991
Established Environment Committee

1996
Established Environmental Conservation Action Guidelines

1998
Established Maxell Group ethics guidelines
Established Green Procurement Guidelines



1999
Issued *Environmental Report 1999*

Established regulations on elimination of anti-social forces

2000
Introduced environmental accounting

2003
Began Maxell Compliance Helpline

2005
Established Maxell Group Policy on CSR Activities and Initiatives

Established Personal Information Protection Guidelines
Established Internal Control Committee

2006
Issued *CSR Report 2006* (third-party verified)



2007
Received Eco-Rail Mark accreditation for *Dynamic* and *Epsialpha* alkaline dry batteries
Kyoto Works certified as Eco Kyoto 21 Meister

2008
Won Minister of Environment Award for Kyoto Works' 3R (reduce, reuse, and recycle) program

2010
Received Minister of Economy, Trade and Industry Award at 19th Global Environment Awards

2013
Acquired privacy mark certification
Launched projects to promote women's activities
Established Maxell Group Human Rights Policy

2015
Established Corporate Governance Guidelines
Issued *Integrated Report 2015*

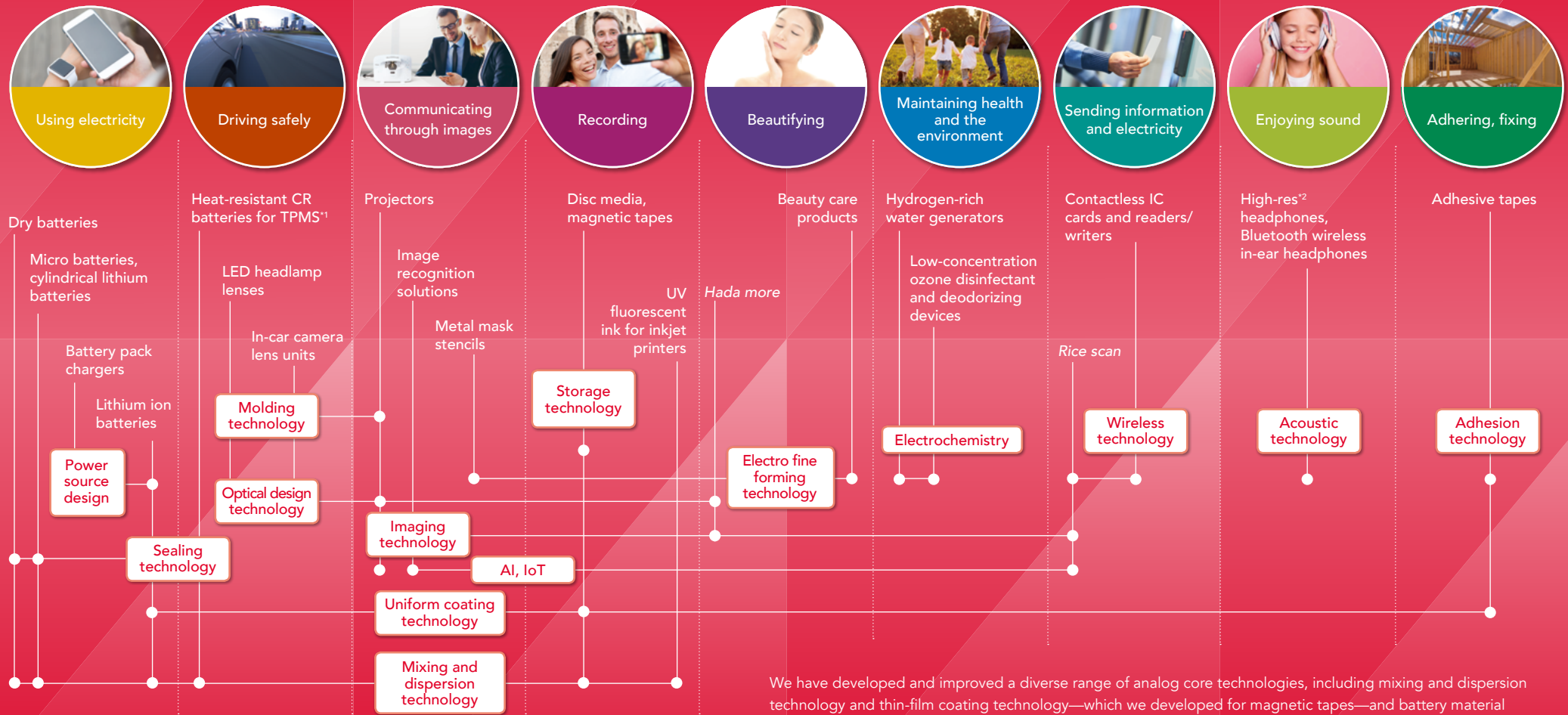


2018
Received S rank evaluation for Maxell, Ltd. and Maxell Joie Tech Co., Ltd under Energy Saving Act

The Maxell Group's Core Competence

Promoting Uniqueness by Creating "Use Cases"

In order to resolve customer issues and meet the needs of a diversifying market, we are preparing "Use Cases"—determining how products are used—and taking a market-based approach to product development. With the strength of our analog core technologies that creates distinct added value, we are able to provide unique, high-quality products and services quickly by developing global open innovation with various partners.




















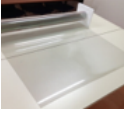

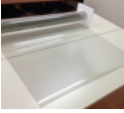


We have developed and improved a diverse range of analog core technologies, including mixing and dispersion technology and thin-film coating technology—which we developed for magnetic tapes—and battery material technology, indispensable for heightening the performance of batteries. Our ability to search out unquantifiable, niche areas and our exhaustive knowledge of materials make us uniquely qualified to create products and services that best reflect the value customers seek and to deliver fresh excitement.

*1 Tire pressure monitoring system
*2 High-resolution audio

The Maxell Group's Products

The Maxell Group aims to realize its management vision of "Supporting Smart Life, Peace of Mind & Cheer around People." To this end, we are concentrating management resources on technologies and products for which we enjoy superiority. This strategy enables us to take advantage of our analog core technologies to roll out high-performance, quality products worldwide centering on three key growth areas: Automotive, Home Life & Infrastructure, and Health & Beauty Care.

Energy		Industrial Materials		Electronic Appliances and Consumer Products	
 	<p>Heat-resistant coin-type CR batteries for TPMS</p> <p>Strengthen competitiveness in response to TPMS becoming mandatory in China and increasing demand</p>	 	<p>In-car camera lens units</p> <p>Lead sensing camera market by developing highly reliable technologies</p>	 	<p>Health and beauty care devices</p> <p>Water and air related equipment</p> <p>Develop new-concept, differentiated products</p> <p>Develop sales channels targeting professionals</p> <p>Grow OEM and ODM businesses globally</p>
 	<p>Cylindrical lithium batteries for meters</p> <p>Ramp up capacity to cater to growing demand for smart meters</p>	 	<p>LED headlamp lenses</p> <p>Increase production overseas and use molding technologies to strengthen competitiveness</p>	 	
  	<p>Lithium ion rechargeable batteries</p> <p>Specialize in areas suited to leveraging of high output, temperature characteristics, rapid charging and discharging, long life, advanced safety, and durability</p>	 	<p>Construction tapes / Dicing tapes</p> <p>Grow sales in Southeast Asia's waterproofing market and North America's air-tight housing market</p>	 	<p>Imaging (Projectors)</p> <p>Use high-efficiency optical technology to strengthen high-end models and new-light-source models and develop solution business</p>
 		 	<p>Materials with advanced functionality</p> <p>Strengthen functional films, including thermal barrier and insulation film</p>		

 Automotive  Home Life & Infrastructure  Health & Beauty Care

Maxell's Distinguishing Features

Lithium ion batteries

MUGEN electric superbike, equipped with Maxell's lithium ion batteries, captures **fifth consecutive** victory at Isle of Man TT Zero

* 2014-2018 results



In cooperation with M-TEC Co., Ltd.

Electromagnetic wave absorption sheet for millimeter waves

Can be designed to absorb both reflective and transmitted waves and suppresses waves with frequencies between **35 GHz and 220 GHz**



Projector TOUCH

Inaugural product created through I-O DATA DEVICE, INC. partnership; projects images onto desktop screens and enables users to look at images while writing; and allows for simultaneous input of **up to 10 points**

* Projector TOUCH is a registered trademark of I-O DATA DEVICE, INC.



MOTECARE Waist & Hips

Top share in domestic wholesale market*

Received 2017 Good Design Award for functionality and configuration that fits any physique to stimulate the affected areas along the waist and hips.

*In-company research



The Maxell Group's Strategies

Leveraging its autonomous business management, the Maxell Group has set out on an entirely different growth stage. With our sights on accelerated business expansion and sustained growth, we have launched Mid-Term Plan MG20 (Maxell Growth 20), covering the three years through March 2021.

Mid-Term Plan

MG20

A reborn Maxell Group is venturing along a completely new growth stage.

We have been steadily laying the foundations for growth by rebuilding our business portfolio and increasing profitability through the measures implemented under the previous mid-term plan NMI17 (New Maxell Innovation 17). We initiated our new plan, MG20, after transitioning to a holding company structure. In accordance with this plan, we will manage businesses independently to form a corporate group that is based on the MBP (Maxell Business Platform) and the realization of co-creation and co-prosperity. While expanding businesses with profitability and enhancing ROE, we will step up the pace of growth to reach medium- to long-term goals.

Mid-Term Plan MG20— Numerical Targets

	FY2017 results	MG20 FY2020 targets	Compared with FY2017
Net sales (¥ billion)	148.2	200.0	+35%
Operating income (¥ billion)	8.8	15.0	+67%
Operating income to net sales	6.0%	7.5%	+1.5 percentage points
ROE	6.0%	At least 8.0%	At least +2.0 percentage point

Expand businesses with profitability and enhance ROE

ROE of at least 8.0% (FY2020)

Invest strategically for growth

Expand businesses and enhance profitability based on organic growth and MBP (Maxell Business Platform)

Expand in markets of three key growth areas

Expand business areas
Create new businesses

Proactively invest for growth

Maxell Growth 20

The Maxell Group's Social Responsibility

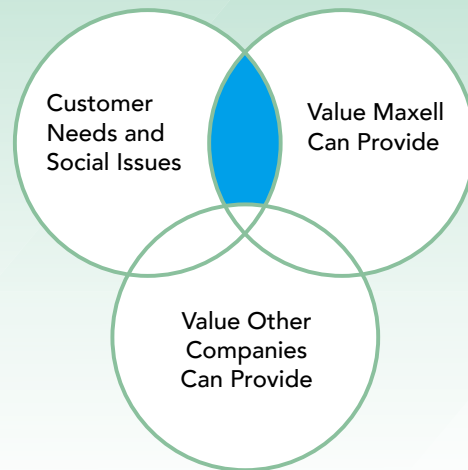
Guided by its founding spirit that advocates "harmony and cooperation, working with heart and soul, and being of service to society," the Maxell Group will help realize a sustainable society in two ways. First, we will undertake CSV^{*1} business management by leveraging our advantages to address social issues. Second, through CSR initiatives we will fulfill our responsibility of contributing to the environment and society.

*1 Creating Shared Value

The Maxell Group's CSV Business Management

Leveraging our advantages to address social issues

By drawing on our strength in analog core technologies to create solutions that we are uniquely qualified to provide, we are helping to tackle complex and overlapping social issues that are emerging globally. In this way, we are addressing social issues through our products and services.



The Maxell Group's CSR Activities

Fulfilling our responsibility of contributing to the environment and society.

We aim to earn society's trust and understanding by continuing to advance business activities that fulfill our corporate social responsibilities. In these efforts, the Maxell Group Corporate Credo sets out our mission and duties, while specific policies on conduct are included in the Maxell Group Policy on CSR Activities and Initiatives.*²

Maxell Group Policy on CSR Activities and Initiatives

1. Commitment to corporate social responsibility
2. Contribution to society through our business activities
3. Facilitating communication and information disclosure
4. Corporate ethics and human rights
5. Environmental preservation
6. Corporate citizenship activities
7. Good working environment
8. Sharing awareness on social responsibilities with business partners

*2 http://www.maxell.co.jp/csr/basic_decision/csr_plan.html (in Japanese only)

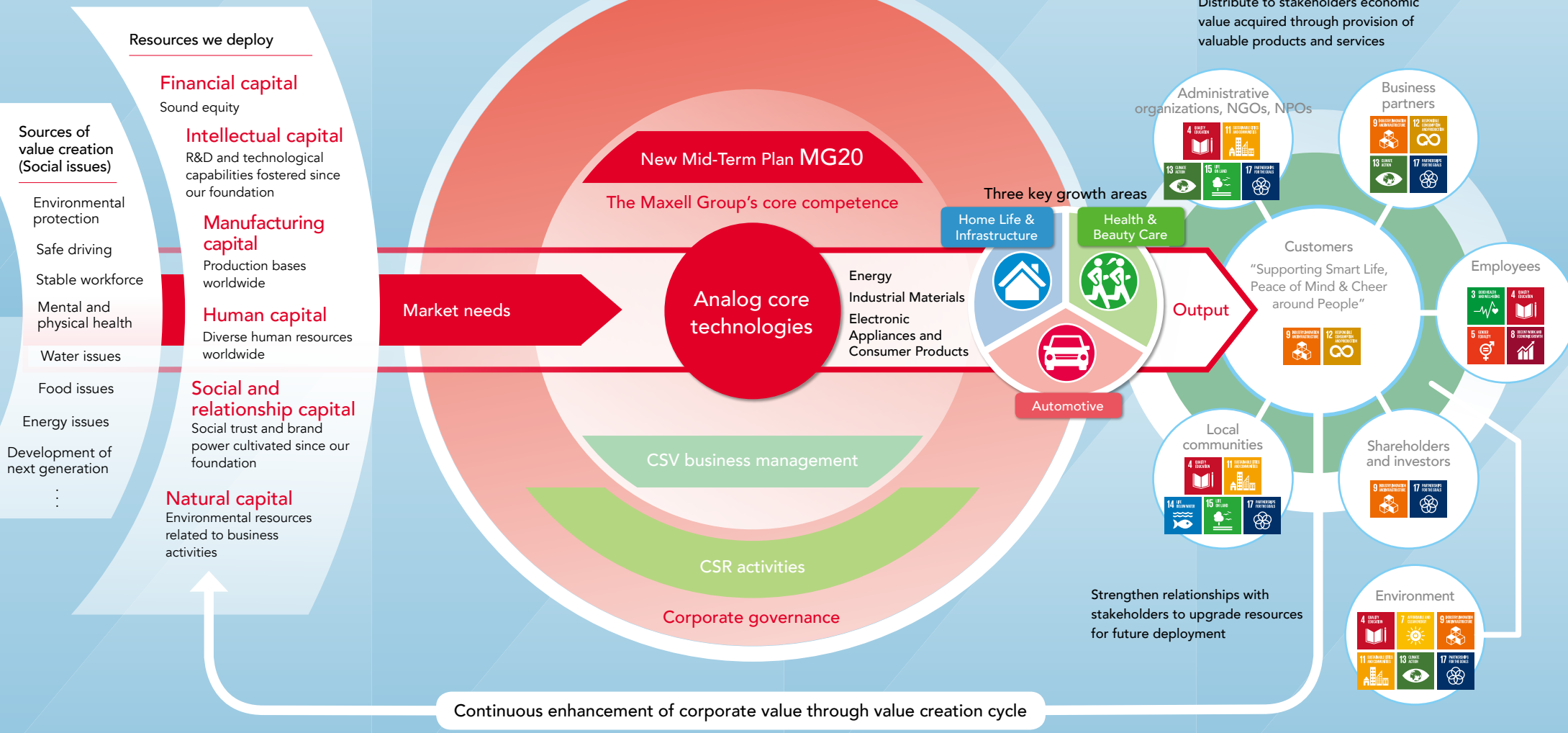
Contributing to Realizing the SDGs

The 193 UN member countries, including Japan, unanimously adopted the SDGs (Sustainable Development Goals) at the UN Sustainable Development Summit in September 2015. The SDGs comprise 17 goals and 169 targets, which stem from social issues that governments around the world aim to resolve on a global basis by 2030. In addition, identifying companies in all industries as important partners, this initiative calls for companies' active participation in addressing and achieving the SDGs. Accordingly, through its products and services and CSR activities, the Maxell Group will help realize the SDGs.

The Maxell Group's Value Creation Model

Reflecting its management vision of "Supporting Smart Life, Peace of Mind & Cheer around People," the Maxell Group will create unique products and services centered on three key growth areas, address social issues, and enhance corporate value.

maxell Management Vision
 "Supporting Smart Life, Peace of Mind & Cheer around People"
 Within, the Future

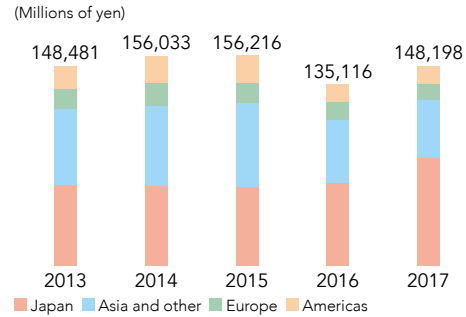


Distribute to stakeholders economic value acquired through provision of valuable products and services

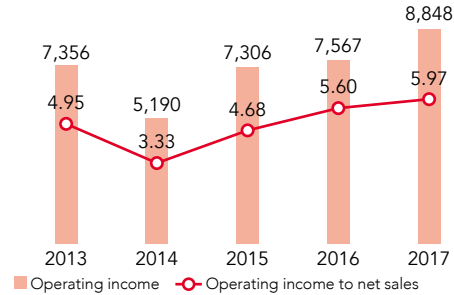
Strengthen relationships with stakeholders to upgrade resources for future deployment

Financial and Nonfinancial Highlights

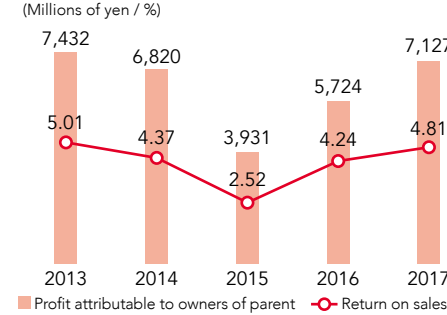
Consolidated Net Sales by Region



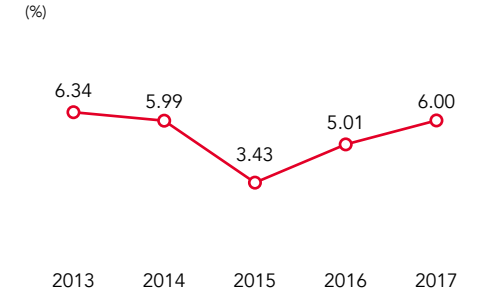
Operating Income and Operating Income to Net Sales



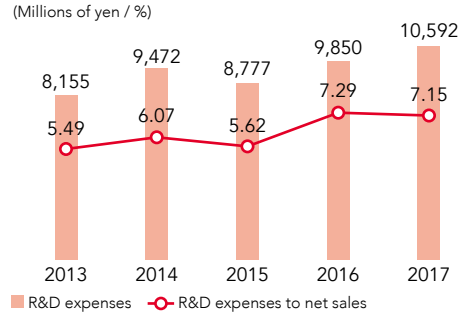
Profit Attributable to Owners of Parent and Return on Sales



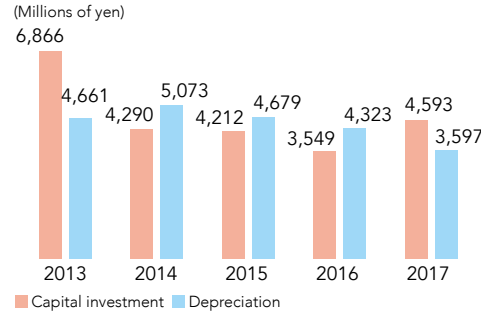
ROE



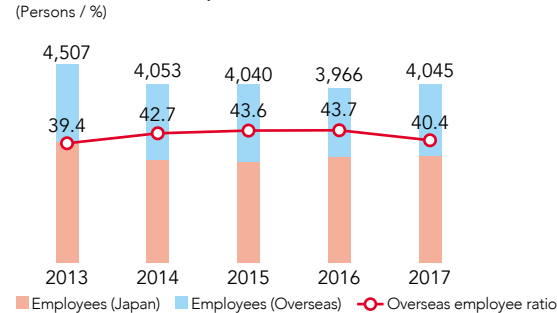
R&D Expenses and R&D Expenses to Net Sales



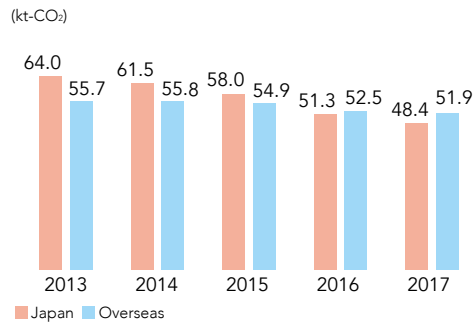
Capital Investment and Depreciation



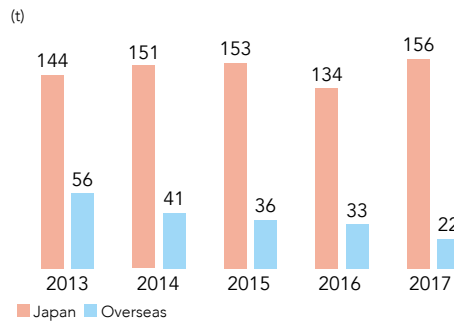
Number of Employees at Year-End and Overseas Employee Ratio



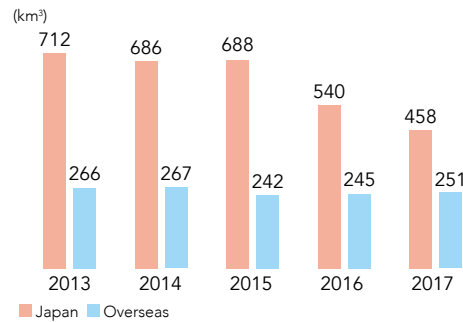
CO₂ Emissions (Scope 1, 2*)



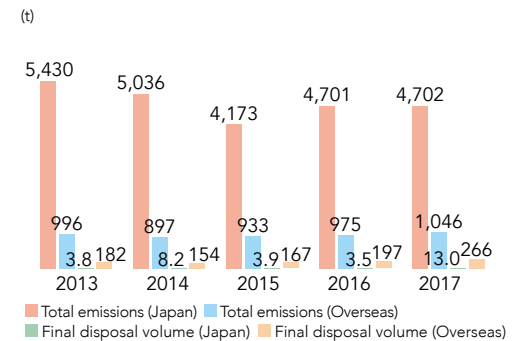
VOC Emissions into the Atmosphere



Water Use



Waste Treatment



* Scope 1: Direct emissions from burning fuel and other combustibles at worksites
 Scope 2: Indirect emissions from purchased power and other sources

Message from the Chairman

Under our new framework, we will form a corporate group that will achieve sustainable growth through our differentiated analog core technologies.



Yoshihiro Senzai
Chairman and
Representative Director

Capitalizing on our transition to a holding company structure, we are adopting a bold new management style aimed at a completely different level of growth.

With its sights set on the coming decade, the Maxell Group has been advancing structural reforms and autonomous business management for some time. However, our transition to a holding company structure in October 2017 heralded the beginning of a new phase. We have adopted this structure because we believe it is best suited to stepping up the pace of growth. It is also an optimal structure for growing businesses flexibly through the strengthening of product areas, in accordance with our management vision of “Supporting Smart Life, Peace of Mind & Cheer around People.”

To sustain global growth, we must grow businesses based on further development of our

advantages—*analog core technologies* and *Monozukuri* manufacturing capabilities. We aim to leverage these advantages to grow existing businesses, add robust, new businesses, and thereby increase net sales to ¥300 billion. To reach this goal, we will create an entity capable of focusing on developing businesses, growing existing businesses organically, and reaching our net sales target. Moreover, MBP (Maxell Business Platform) will enable us to grow businesses flexibly.

Based on co-creation and co-prosperity—a central concept in the Maxell Group’s approach to growing businesses—the holding company will lead business initiatives and invite an array of companies that have strengths in technology or manufacturing to participate in the MBP. In this way, through a new management style, the Maxell Group will grow on a completely different level and realize co-creation and co-prosperity.

Evolving Analog Core Technologies and Creating New Value around People

The Maxell Group’s strengths have always lain in creating products by combining basic technologies in a wide range of fields with analog core technologies in diverse areas. The former include those for materials, chemistry, electricity, and optics, while the latter comprise mixing and dispersion, thin-film coating, sealing, electroforming, molding, optical design, adhesion processing, and imaging. We have produced original functionality and high quality and taken on ambitious initiatives to create high-value-added products and services by leveraging *Monozukuri* manufacturing capabilities that are based on our ability to search out unquantifiable niche areas and on our exhaustive knowledge of materials. Going forward, while maintaining analog core technologies as our foundation, we will integrate the analog and digital fields to evolve our *Monozukuri* manufacturing capabilities even further.

Our analog core technologies are particularly valuable in businesses that, in accordance with the management vision, target areas “around People.” Although the current era is sometimes referred to as a digital age, at this point in time the digital area is finite. On the other hand, we can open up limitless possibilities in the analog area by leveraging our unmatched competitive advantages such as the know-how and raw materials technologies accumulated through manufacturing processes as well as our human resources. While by no means denying the value of the digital area, we view analog core technologies and their limitless possibilities as our sources of differentiation.

I believe that particularly in the areas “around People,” there will continue to be scope for heightening added value. As well as the increasing diversification of demand, people are likely to seek more enjoyment and richness in their daily lives. In other words, in the coming era the areas

“around People” will be well suited to achieving differentiation. With this in mind, we have been concentrating management resources on three key growth areas that are “around People,” namely, Automotive, Home Life & Infrastructure, and Health & Beauty Care. Based on the MBP, the Maxell Group and its many different partner companies will combine to create synergies and establish a strong presence in these three key growth areas.

Realizing Co-Creation and Co-Prosperity with Stakeholders and Sustaining Growth

The continuation of a company is significant, particularly for the stakeholders who support them. Among stakeholders, employees are especially important. By working effectively, employees grow, which in turn drives company growth. Therefore, it is vital to create a cycle whereby employees join forces to realize our long-term vision and to establish an organization in which they can grow together. This approach to business comes from the same philosophy as the co-creation and co-prosperity concept that underpins the MBP, and I believe that it is through such cycles that companies sustain growth. As a corporate manager, I believe in conducting business management based on a long-term vision that aims for sustainable growth alongside employees. As employees grow, the Group also grows, returns significant value to all stakeholders, and benefits society—our target corporate profile.

As we advance along an entirely new growth stage, I would like to ask all of our stakeholders to continue their support and to look forward to our future.

Message from the President

We aim for a completely different level of growth through organic growth and the MBP (Maxell Business Platform)

Yoshiharu Katsuta
President and
Representative Director



A Review of the Previous Medium-Term Management Plan

Under the New Maxell Innovation 17 Medium-term Management Plan (NMI 17), our first plan after relisting, we exploited our strengths in analog core technologies and *Monozukuri* manufacturing capabilities to expand businesses in three key growth areas: Automotive, Home Life & Infrastructure, and Health & Beauty Care. With respect to earnings, our decisive measures to reorganize businesses with profitability issues have succeeded, and profitability and ROE have been improving steadily. As for sales, they have not changed significantly from their level at the start of NMI17, as our expansion in growth areas has yet to completely compensate for the downscaling of businesses with low profitability. To realize our goal of heightening corporate value, further accelerating the expansion of businesses in the three key growth areas is critical. At the

same time, we must raise the basic level of profitability in each business.

The New Medium-Term Management Plan—MG20

In October 2017, the Group transitioned to a holding company structure, changed its corporate name, and established autonomous business management. Viewing these changes as our “second foundation,” we made a fresh start with our sights set on boosting corporate value significantly. The strategies to this end are encapsulated in Mid-Term Plan MG20 (Maxell Growth 20), our new plan, which calls on the Group to break with the past, embark upon a radically different trajectory, and thereby realize a high level of growth. Our two growth drivers will be organic growth and the MBP (Maxell Business Platform). Taking maximum advantage of the merits of the holding company structure, the holding company and the

operating companies will work as one to achieve growth on a new trajectory by realizing organic growth, developing the MBP, and building a strong but flexible business portfolio. The fiscal year 2020 numerical targets of MG20 are net sales of ¥200 billion, operating income of ¥15 billion, and ROE of at least 8.0%. However, these targets merely represent a step toward reaching our medium- to long-term targets. Through a completely different level of growth, our ultimate aim is to realize net sales of ¥300 billion and ROE of at least 10.0% in the 2020s.

The MBP—A New Growth Driver

The MBP is a framework in which the Maxell Group and the companies that share its management vision or business ideas pool their management resources to realize strong competitiveness or create new value that they cannot achieve on their own. In other words, the aim of the platform is to develop a group of companies that embodies the Maxell Group’s ideal, co-creation and co-prosperity. The distinctive feature of the platform is the mutual strengthening and supplementing of the management resources that are needed to advance businesses, including technology, production, marketing, purchasing, and capital. Moreover, thanks to autonomous business management we can implement MBP initiatives rapidly. Since we launched the platform in fiscal year 2017, participants have been rising steadily, and a range of initiatives based on the platform are beginning to produce benefits. For example, we have acquired the electronics engineering service business of Renesas Semiconductor Package & Test Solutions Co., Ltd., formed a capital and business alliance with I-O DATA DEVICE, INC., acquired a specialty business from GS Yuasa International Ltd., and made Izumi Products Company a consolidated subsidiary through a joint investment. (For details, please see page 15.)

The 50/20/50 Strategy and ABC/XYZ Management

Under MG20, we will further improve profitability under the 50/20/50 strategy and ABC/XYZ management. The 50/20/50 strategy refers to net sales of ¥5 billion, operating income to net sales of at least 20%, and market share of at least 50%. In other words, the Maxell Group will leverage its core technologies and narrow down business areas to those in which it can win out—even if they are small areas. Concentrating our efforts in this way will earn the overwhelming endorsement of customers in those areas. By increasing the number of products in dominant positions, the strategy underpins the acceleration of strengthening and expansion of organic businesses.

The ABC/XYZ management is a method of managing the 50/20/50 strategy. ABC management ranks high-priority products and businesses as “A,” “B,” or “C,” establishes investment policies for each product and business, and prioritizes the allocation of management resources accordingly. Meanwhile, XYZ management categorizes products and businesses that have low profitability as “X,” “Y,” or “Z,” and brings forward measures aimed at the structural reform of or withdrawal from these businesses. Through this cycle (plan-do-check-act), operating companies will take the lead in rapidly and thoroughly implementing this management method to evolve the Group’s business portfolio management even further.

Strengthening of the Maxell Brand

Strengthening the Maxell brand is an important component of the initiatives under MG20. While boosting brand power externally, a stronger brand will also be essential internally to cultivate a sense of solidarity among all employees, which is the key to achieving the management vision. To coincide with transitioning to a holding company structure and changing our name, we have established a new brand slogan and logo. In addition, we have prepared and distributed a brand book to all

Message from the President

employees as a tool for sharing and furthering understanding of the brand logo and other aspects of our brand concept. To coincide with this new brand concept, we are deepening understanding of the Group's direction as well as mutual understanding among business divisions and encouraging each individual to embody the new Maxell brand while acting in solidarity with other employees in accordance with our "One Maxell" and "We Are Maxell" sense of identity.

Externally, meanwhile, increasing the penetration of the Maxell brand is an important medium- to long-term task. In particular, heightening brand recognition among the younger generation is a major task. With this in mind, we are establishing offline points of contact with this generation through a variety of promotional events. As part of such initiatives, we acquired the naming rights for Maxell Aqua Park Shinagawa in December 2017. Moreover, we will provide projectors and other imaging solutions that enable performances befitting a large-scale urban entertainment facility. Going forward, we will continue to strengthen the Maxell brand by advancing dialogue with stakeholders through the active use of publicity and SNS (social networking services).



Enhancement of ROE and Shareholder Returns

With a view to business management that heightens returns on the capital entrusted to us by shareholders, as mentioned earlier we have set a target for ROE of at least 8.0% as well as a medium- to long-term target for ROE of at least 10.0% under MG20. To realize these targets, we will aggressively invest capital and earnings in growth. At the same time, based on the MBP we will increase return on investment by clarifying the resources that each business segment needs for growth and determining the focuses of investment strategies. We will provide returns to shareholders in light of consideration of an appropriate balance between dividend stability and investments for enhancing corporate value. Also, in line with MG20 we will target a dividend payout ratio of between 30% and 40%.

Reinforcement of Corporate Governance

We are also reinforcing corporate governance as the foundation of our business management. These efforts include incorporating external, objective viewpoints to bolster the rationality of management decision-making as well as strengthen audit and supervisory functions. For example, we appointed an additional outside director in fiscal year 2018. As a result, outside directors now account for over one-third of the members of the Board of Directors. Further, we have heightened the motivation of directors to contribute to the enhancement of medium- to long-term business results and corporate value by introducing a performance-linked share-based remuneration system.

Contribution to the SDGs through CSV Business Management and CSR Activities

In addition to the overriding goals of the management vision, CSV (creating shared value) is a key tenet of the Maxell Group. We will realize co-creation and co-prosperity and sustain corporate growth by placing efforts to address social issues at the center of our business activities. The majority of our businesses in the three key growth areas originate from social issues. Viewing social issues from a market perspective, our businesses use proprietary technologies to provide quality products that are unique. Thus, these businesses themselves are CSV.

If, on the one hand, business management that is focused on CSV represents the initiatives of the Group to address social issues by using its core competence, then CSR (corporate social responsibility) activities, on the other, are efforts to take responsibility for the Group's impact on the environment and society. To continue earning society's trust and understanding, we advance CSR activities based on the Maxell Group Corporate Credo, which clarifies our mission and duties, and the Maxell Group CSR Policy, which sets out concrete courses of action. Specifically, we have set a long-term CO₂ reduction target for fiscal year 2030 as part of our responsibility as a company to contribute to environmental activities that help to realize a low carbon society and achieve other goals. Our employees are aware that they are promoting fundamental and important activities that will lead to sustainable human growth, and will work toward achieving the targets while carrying the philosophy of the Group with them.

In my view, as well as the need for sustainable growth to coexist with society, companies also require various management resources that reflect society's diversifying values. Mindful that efforts toward diversity begin with creating work environments that empower human resources with differing values, sensibilities, and experience, we are taking measures in this regard to increase our

organization's problem-solving capabilities, creativity, and flexibility. For example, Project M-Wing has been leading efforts to advance diversity Groupwide by establishing a website that promotes diversity, conducting e-learning programs, and examining construction of systems to facilitate work-life balance.

Further, through business management focused on CSV and by meeting corporate social responsibilities, we will help realize the SDGs (Sustainable Development Goals) adopted at the UN Sustainable Development Summit in September 2015.

In Conclusion

Fiscal year 2018 is the first year of MG20, our inaugural plan under the new management structure. Going forward, we will resolutely advance growth strategies in line with our management vision of "Supporting Smart Life, Peace of Mind & Cheer around People."

I would like to ask our stakeholders for even greater support and understanding in order to achieve greater heights for the Maxell Group going forward.

October 2018

Yoshiharu Katsuta
President and
Representative Director

Summary of Previous Medium-Term Management Plan and New Mid-Term Plan MG20

This section introduces our strategy for sustainable growth. It provides a summary of NMI17, our previous medium-term management plan covering the period from fiscal year 2015 through fiscal year 2017, and MG20, our new mid-term plan covering the period from fiscal year 2018 through fiscal year 2020.

Contents

- 14 Summary of Fiscal Year 2017 Business Results and New Mid-Term Plan MG20
 - 15 Promoting the Maxell Business Platform (MBP)
 - 16 Heightening the Value of the Maxell Brand
- 17 Segment Information
 - 17 Energy
 - 18 Industrial Materials
 - 19 Electronic Appliances and Consumer Products

Summary of Fiscal Year 2017 Business Results and New Mid-Term Plan MG20

▲ Summary of Business Results for Fiscal Year 2017

After relisting in March 2014, the Maxell Group enhanced its profitability based on the three-year New Maxell Innovation 17 Mid-Term Plan (NMI17). Under this plan, we focused on accelerating expansion in the three key growth areas of Automotive, Home Life & Infrastructure, and Health & Beauty Care by leveraging our strengths in analog core technologies, *Monozukuri* manufacturing capabilities, and global businesses.

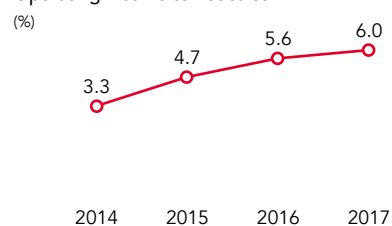
Although we were unable to reach our numerical targets, we established a management model that will heighten profitability. By advancing growth strategies centered on the three key growth areas, we made progress in portfolio management and created numerous products and businesses that are based on our core technologies, including micro batteries and optical components for the automotive market.

In fiscal year 2017, ended March 31, 2018, a significant increase in sales of lithium ion batteries, firm sales of micro batteries and optical components for the automotive market, and solid sales of adhesive tapes compensated for generally lackluster sales of beauty care products and other consumer products as well as reduced sales of magnetic tapes. Other contributions to sales came from the electronics engineering service business relating to semiconductors that became part of the Group in May 2017. As a result, net sales increased 9.7%, or ¥13,082 million, year on year, to ¥148,198 million. Regarding operating income, higher earnings due to increased sales of lithium ion batteries and contributions from new operations outweighed lower earnings due to reduce sales of projectors and sluggish sales of beauty care products. Consequently, the Group achieved year-on-year increases of 16.9%, or ¥1,281 million, in operating income, to ¥8,848 million; 16.0%, or ¥1,180 million, in ordinary income, to ¥8,567 million; and 24.5%, or ¥1,403 million, in profit attributable to owners of parent, to ¥7,127 million. The average foreign exchange rate during the year under review was US\$1=¥111.

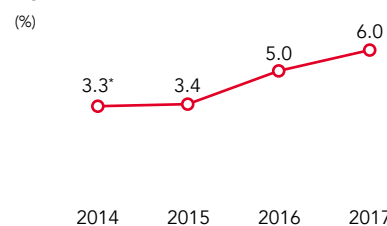
NMI17 Concept: Improvement of operating income to net sales and ROE

	FY2014 results	FY2017 results	NMI17 FY2017 targets
Net sales (¥ billion)	156.0	148.2	170.0
Operating income (¥ billion)	5.2	8.8	12.0
Operating income to net sales (%)	3.3	6.0	7.1
ROE (%)	3.3*	6.0	8.0

Operating income to net sales



ROE

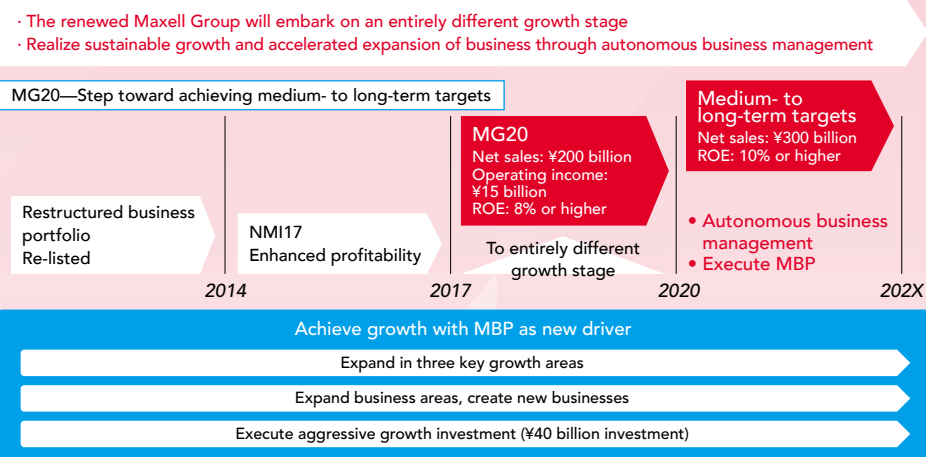


* Excludes gain on sales of assets

▲ New Mid-Term Plan MG20 (Maxell Growth 20)

By transitioning to a holding company structure in October 2017 to heighten management autonomy even further, the Maxell Group realized a "second foundation" and took the first step in a new phase of dramatic growth. Further, aiming to increase the pace of business growth by strengthening Groupwide management and accelerating operational execution, we formulated our Mid-Term Plan MG20 (Maxell Growth 20) and launched it in April 2018.

The Group is taking maximum advantage of the holding company structure to realize the organic growth of operating companies Maxell, Ltd., Maxell Joei Tech Co., Ltd., and Maxell System Tech Co., Ltd. At the same time, under the leadership of Maxell Holdings, Ltd., the Group is executing the MBP (Maxell Business Platform) with a view to expanding business areas, creating new businesses, and embarking upon an entirely different growth stage.



We have set net sales of ¥300 billion and ROE of 10% as medium- to long-term targets for the 2020s, and view MG20 as a step toward reaching these targets. We will expand businesses and profits and enhance ROE, with net sales of ¥200 billion, operating income of ¥15 billion, and ROE of at least 8.0% as numerical targets for fiscal 2020.

	FY2017 results	MG20 FY2020 targets	Compared with FY2017
Net sales (¥ billion)	148.2	200.0	+35%
Operating income (¥ billion)	8.8	15.0	+67%
Operating income to net sales (%)	6.0	7.5	+1.5 percentage points
ROE (%)	6.0	At least 8.0	At least +2.0 percentage points

Summary of Fiscal Year 2017 Business Results and New Mid-Term Plan MG20

Promoting the MBP (Maxell Business Platform)

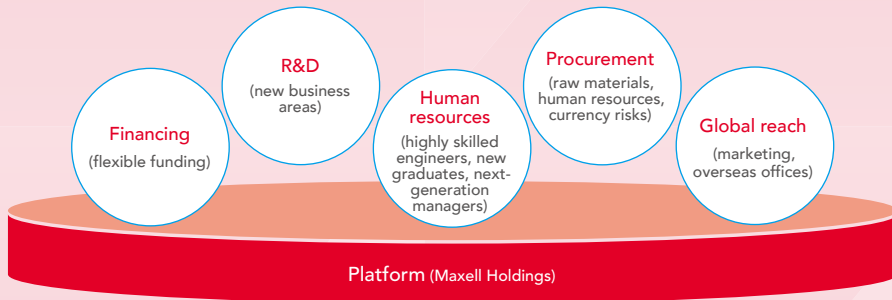
The MBP(Maxell Business Platform) is a framework aimed at creating stronger business entities by sharing resources among the Maxell Group and companies with the same management vision and business concepts. The framework will develop a group of companies that embodies our co-creation and co-prosperity ideal.

For each of our businesses, we will identify the technological, production, and procurement capabilities that are needed to win out against the competition, and invite the numerous companies with such capabilities to participate in the MBP. In this way, as well as realizing organic growth, we will incorporate new technologies and extend the coverage area of our product lineup, thereby increasing the scale of our business and building a business portfolio with strong growth potential.

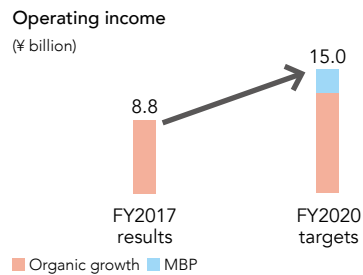
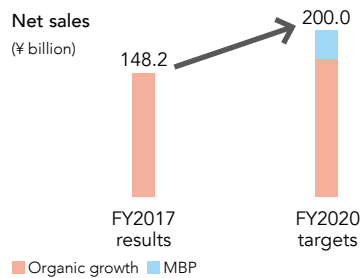
- Accelerate growth by developing group of companies embodying co-creation and co-prosperity
- Achieve non-linear growth, create new business opportunities, and enhance business portfolio

Combine technologies and *Monozukuri* manufacturing capabilities of companies that share the same vision focused on businesses around people

Combine resources to complement weaknesses and enhance strengths



Organic Growth × MBP = Accelerate improvement of profitability and expansion of businesses



TOPICS

▶ Acquisition of Image Recognition System Business (Maxell System Tech Co., Ltd.)

In May 2017, the Company acquired an electronics engineering service business for industrial-use control boards as well as a development, sales, and manufacturing business for image recognition systems and established Maxell System Tech Co., Ltd. as a consolidated subsidiary. The aforementioned businesses belonged to Renesas Semiconductor Package & Test Solutions Co., Ltd., a wholly owned subsidiary of Renesas Electronics Corporation.

We are actively utilizing the development, manufacturing, and sales capabilities for image recognition systems that the new operations have fostered over many years and combining these capabilities with our image processing and optical technologies to expand our presence in growth fields. Further, we will leverage synergies with the personnel and advanced design capabilities of the contract development and manufacturing operations to create new businesses and strengthen profitability.



▶ Capital and Business Alliance with I-O DATA DEVICE, INC.

August 2017 saw the Company form a capital and business alliance with I-O DATA DEVICE, INC., a major supplier of computer peripheral devices. Both companies will use each other's management resources, bring their respective strengths to bear, and conduct joint research and development for next-generation products and services to create appealing products for consumer and corporate markets. The first product generated by this synergistic relationship was *Projector TOUCH*, a jointly developed set of projection equipment for meetings that is convenient to carry and use and operable via a touch screen.



▶ Acquisition of Specialty Business from GS Yuasa International Ltd.

In June 2018, we acquired a specialty business from GS Yuasa International Ltd., which was part of the company's industrial batteries and power sources business. Advanced technological capabilities have enabled GS Yuasa International to build a strong position as a major company in the battery and power source field. The company's product lineup includes automotive-use lead storage batteries as well as a range of other batteries and power source systems for automotive and industrial use. The specialty business boasts outstanding design and manufacturing capabilities in relation to pack processing and rapid chargers for consumer- and industrial-use lithium ion batteries and other rechargeable batteries. By combining these capabilities with our battery-related technologies, we will increase and improve products for and strengthen our competitiveness in new growth markets for drones, robots, and electricity storage systems.



▶ Inclusion of Izumi Products Company as Consolidated Subsidiary

In October 2018, Maxell Holdings acquired all shares of Izumi Products Company, making it a consolidated subsidiary. Izumi Products Company has a long history in manufacturing and sales of hydraulic tools for construction of electric facilities, where it holds the top share domestically, and home appliances for beauty care and cooking. Going forward, we will create synergies in technology, production, and sales in these fields in order to expand our business areas and improve profitability.



Summary of Fiscal Year 2017 Business Results and New Mid-Term Plan MG20

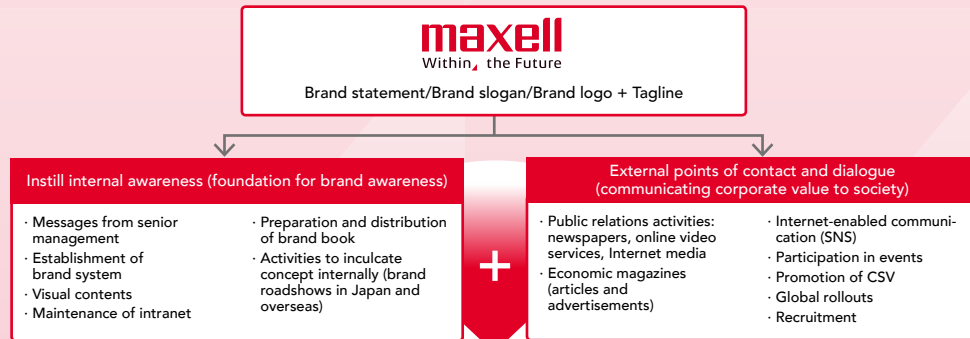
Heightening the Value of the Maxell Brand

The Company changed its name from Hitachi Maxell, Ltd. to Maxell Holdings, Ltd. in October 2017. Having achieved a "second foundation" by becoming independent from the Hitachi Group, and increasing the independence of our business management even further, we took the first step in a new phase of dramatic growth. In addition, we established "Within, the Future" as a new brand logo and slogan. We will instill an awareness of them in all of our employees, and based on the "One Maxell" and "We are Maxell" sense of solidarity and identity we will raise the visibility of the new Maxell brand worldwide.

Meanwhile, to this day "Maxell" is a byword for storage media and alkaline batteries due to the strong presence that we have had in those areas for many years. However, the Maxell Group's product lineup is undergoing a significant expansion beyond the idea of "consumer" or "business" products to embrace a more all-encompassing "around people" concept. Therefore, we believe that raising the profile of the Maxell corporate brand among consumers other than those of such traditional mainstay products—particularly young consumers—is essential for our medium- to long-term growth.

Our aim is to rebuild and strengthen the Maxell brand. To this end, we will escape from commoditization and pursue our ideal of CSV (Creating Shared Value) by offering differentiated value that is unique to Maxell. In conjunction with these efforts, we will increase our points of contact with society as we expand businesses. Also, we will actively seek dialogue with stakeholders through dynamic publicity and the use of social networking services.

Our Approach to Heightening Brand Value



Heightening the value of the Maxell brand

Our aim

Brand value is essential for the Group's sustained growth



TOPICS

▶ Examples of Branding Initiatives

▲ Branding for business synergy creation

Acquisition of naming rights
"Maxell Aqua Park Shinagawa"

▲ Support for education of next generation

Our special class activity was introduced on "Sotoiko" educational information magazine.

We support the Athletic Development Course of Kyoto Sanga F.C.

▲ Sponsoring of sports events

Sponsor of Hitachi Rivale

▲ Corporate movie

▲ Internet communication through SNS

▲ Advertising in various countries and regions



Segment Information

Energy



▲ Main Products

Lithium ion batteries, coin batteries, energy storage systems, chargers, electric devices










▲ Fiscal year 2017 Business Results

Thanks to a significant increase in revenues from consumer-use lithium ion batteries as well as higher sales of coin-type lithium batteries for the automotive market, cylindrical lithium batteries for smart meters, and button batteries for watches, net sales for the Energy segment grew 28.5%, or ¥9,978 million, year on year, to ¥44,970 million. Operating income skyrocketed 173.7%, or ¥3,528 million, year on year, to ¥5,559 million, reflecting the improvement in earnings that resulted from shifting the focus of lithium ion battery sales from smart phone applications to other applications.

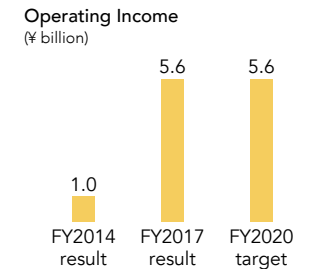
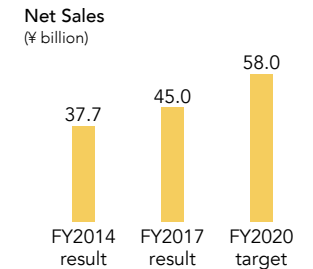
▲ Toward Achievement of MG20

In the Automotive area, demand for heat-resistant, coin-type CR batteries for tire pressure monitoring systems (TPMS) is growing in China as TPMS will become mandatory in 2019. We will capture this demand by increasing the competitiveness of our products even further. Also, in response to the full-fledged spread of electric cars, we will strengthen the coated separator business. As for the Home Life & Infrastructure area, to meet rising demand in relation to smart meters we will ramp up production capacity for cylindrical lithium batteries while using high-capacity cell technology to further differentiate our offerings. Other initiatives will include launching forays into such new areas as drones, robots, and the Internet of Things (IoT) by leveraging the Maxell Group's wide-ranging technological competence with respect to laminate-type lithium ion rechargeable batteries, which enables the creation of products with high output, temperature characteristics, rapid charging and discharging, long life, advanced safety, and durability.

Growth Driver Products and Strategies

Growth Driver Products	Market Conditions	Strengths of the Maxell Group	MG20 Growth Drivers and Key Strategies
Heat-resistant CR batteries for TPMS 	<ul style="list-style-type: none"> TPMS market growing rapidly following mandatory installation worldwide 	<ul style="list-style-type: none"> Stable battery performance in a broad range of temperatures and in extreme gravitational acceleration conditions Robust relationships with world's five major TPMS manufacturers based on our unshakable position as the leading manufacturer of TPMS batteries 	<ul style="list-style-type: none"> Increase competitiveness in response to increase in demand and TPMS enforcement in China Maintain high market shares in the U.S. and Europe 
Cylindrical lithium batteries for meters 	<ul style="list-style-type: none"> Expansion of IoT and spread of smart meters providing tailwind 	<ul style="list-style-type: none"> High capacity, outstanding reliability, and long-term durability of up to 10 years A leading manufacturer in analog meter area Long-term relationships of trust with leading companies in smart meter industry 	<ul style="list-style-type: none"> Increase production capacity to meet increased demand for smart meters Differentiate via high-capacity cell technology 
Coin-type lithium ion rechargeable batteries 	<ul style="list-style-type: none"> Growing demand in relation to hearing aids and other healthcare and medical equipment 	<ul style="list-style-type: none"> Superior layered electrode structure that realizes high voltage current Dominant share of market for GPS watches and development of new applications in healthcare and medical fields 	<ul style="list-style-type: none"> Expand in markets for rechargeable hearing aid devices and body area networks (BAN) Achieve higher capacity and reliability via innovative battery technology (ULSION,* solid electrolyte, etc.) 
Laminate-type lithium ion rechargeable batteries 	<ul style="list-style-type: none"> Growing demand in industrial machinery market In addition to demand for products with specific characteristics, demand for larger and thinner products increasing 	<ul style="list-style-type: none"> Technology that enables differentiation with regard to operating temperature range, safety, durability, and compatibility with various configurations Leveraging our longstanding reliability, a distinctive feature of Maxell products, for selection and concentration in new customer development 	<ul style="list-style-type: none"> Develop technology in the drone, robot, and IoT fields by engaging competitive features such as high power, temperature characteristics, rapid charging and discharging, long life, advanced safety, durability, etc.  

Targets for FY2020



* Net sales and operating income include both organic growth and MBP.

* Registered trademark in Japan. High-capacity technology using silicon-based anode material.

Segment Information

Industrial Materials



▲ Main Products

Dicing tapes, special adhesive tapes, industrial-use inks, in-car components, optical components, optical units, electro fine forming components, IC card R/W



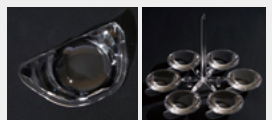

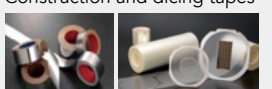

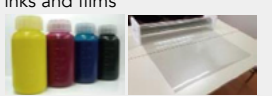

▲ Fiscal year 2017 Business Results

Additional sales from the new electronics engineering service business relating to semiconductors and higher sales of optical components for the automotive market and adhesive tapes more than offset a decrease in sales resulting from the reduction in sales of magnetic tapes. As a result, net sales in the Industrial Materials segment rose 16.7%, or ¥7,148 million, year on year, to ¥49,940 million. However, operating income declined 2.6%, or ¥76 million, year on year, to ¥2,889 million, because the contribution to earnings from the new operations was not sufficient to fully cover the negative impact on earnings of a hike in the prices of raw materials for adhesive tapes.

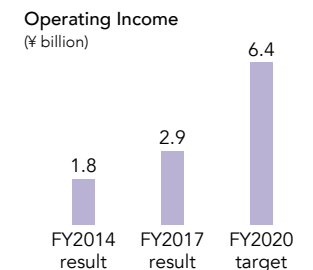
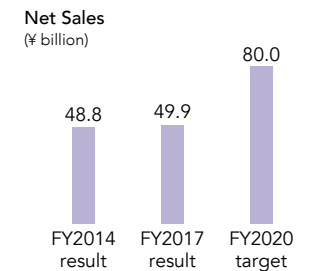
▲ Toward Achievement of MG20

In the Automotive area, based on our relationships of trust with major manufacturers of automotive electronic components, we will remain a market leader by investing to increase production of in-car camera lens units for the advanced driving assistance system (ADAS) market and by conducting advanced development of technologies. Further, with the percentage of cars equipped with LED headlamps likely to continue rising, we will tap this growing demand by strengthening the cost competitiveness of our LED headlamp lenses as well as increasing their competitiveness through the realization of compatibility with a more diverse range of designs. Also, we will roll out millimeter wave absorbers for in-car use, which contribute to enhancing driving safety. In the Home Life & Infrastructure area, plans call for stepping up efforts to grow sales of construction tapes in Southeast Asia's waterproofing market, capturing semiconductor demand in Japan and overseas, and accelerating the development of markets overseas. Other initiatives will include expediting the development of 3D ink, which is a material with advanced functionality; developing the transparent conductive material business globally; and strengthening films with advanced functionality, such as thermal barrier insulation film.

Growth Driver Products and Key Strategies

Growth Driver Products	Market Conditions	Strengths of the Maxell Group	MG20 Growth Drivers and Key Strategies
 <p>In-car camera lens units</p>	<ul style="list-style-type: none"> • ADAS market expanding • Market for sensing cameras seeing full-fledged expansion worldwide 	<ul style="list-style-type: none"> • Realization of aspherical glass lens and plastic hybrid lens units that are highly precise and durable as well as low cost • Ranked among top three manufacturers worldwide thanks to relationships of trust with major manufacturers of automotive electronic components 	<ul style="list-style-type: none"> • Increase production capacity to meet ADAS demand • Establish global and stable supply chain • Lead the sensing market with advanced technology development 
 <p>LED headlamp lenses</p>	<ul style="list-style-type: none"> • Expecting 50% of cars worldwide to be equipped with LED headlamps by 2023 	<ul style="list-style-type: none"> • Developed three technologies for projectors: fine forming of molding die for lenses, precision molding, and measurement evaluation technologies • Our unshakable position as a leading manufacturer and integrated, high-precision production system extending from mold manufacturing through to molding processes • Established mass production system ahead of competitors 	<ul style="list-style-type: none"> • Strengthen product competitiveness to meet increase of LED adoption (cost competitiveness, design variety) • Grow overseas sales and production capacity 
 <p>Construction and dicing tapes</p>	<ul style="list-style-type: none"> • Burgeoning demand centered on emerging countries 	<ul style="list-style-type: none"> • Butyl tapes for waterproofing and air-tight applications • Dicing tapes for wafers and dicing tapes for packages • No. 1 share in domestic construction tape market 	<ul style="list-style-type: none"> • Grow waterproofing sales in SE Asia • Leverage semiconductor-related growth • Accelerate sales development overseas 
 <p>Highly functional materials, inks and films</p>	<ul style="list-style-type: none"> • Consumer goods market growing 27% annually 	<ul style="list-style-type: none"> • Creation of high-precision modeled objects using interface control technology • Full-color printing: cyan, magenta, yellow, and key (black) • Patent network centered on ink formulation 	<ul style="list-style-type: none"> • Faster development of 3D ink • Global expansion of transparent conductive material • Strengthen functional films such as thermal barrier insulation film 

Targets for FY2020



* Net sales and operating income include both organic growth and MBP.

Segment Information

Electronic Appliances and Consumer Products



▲ Main Products

Projectors, beauty and health care products, water and air related equipment, optical disks, dry batteries

▲ Fiscal year 2017 Business Results

Reflecting lower overall sales of beauty care products and other consumer products, the Electronic Appliances and Consumer Products segment recorded a 7.1%, or ¥4,044 million, year-on-year decline in net sales, to ¥53,288 million. Operating income was down 84.4%, or ¥2,171 million, year on year, to ¥400 million, due to decreases in earnings as a result of lower sales of beauty care products and a fall in the market prices of projectors.

▲ Toward Achievement of MG20

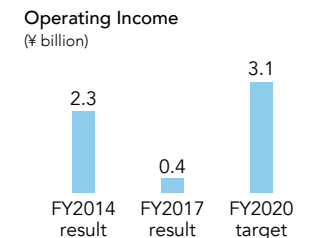
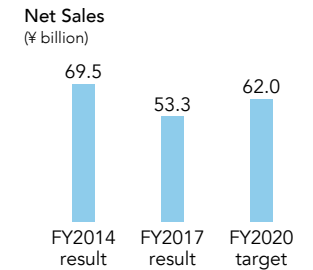
In the Health & Beauty Care area, we will conduct new investment in advertising and sales promotion with the aim of establishing our brand in the beauty care products category. We will step up development of new-concept and differentiated products and proactively market Maxell brand products. The segment will develop leading-edge products to increase its presence in sales channels targeting professionals and the e-commerce market, thereby advancing penetration of the Maxell brand.

With respect to the Automotive area, we will differentiate our head-up displays through superior compactness, AR (Augmented Reality) functionality, and systemization. As for the Home Life & Infrastructure area, we will continue moving forward with product development and imaging solutions in the projector business by leveraging our advanced optical and imaging technologies and high-efficiency cooling technology. By converting all projector models to laser or LED models (new light sources) and taking advantage of technologies for high-performance projectors, we will open up new markets in the areas of digital signage, smart classrooms, and AI sensing.

Growth Drivers and Key Strategies

Growth Driver Products	Market Conditions	Strengths of the Maxell Group	MG20 Growth Drivers and Key Strategies
<p>Beauty care, health care, water and air related</p>	<ul style="list-style-type: none"> Increasing demand for beauty care solutions driving market expansion Diversifying demands for hydrogen-rich water 	<ul style="list-style-type: none"> Laser blade processing and skin-voltage control technologies, and safety assessment Development of overseas markets and a leading share in Japan Realization of water with highest dissolved hydrogen level in industry through use of unique electrode technologies and highly efficient technologies for generating electrolyzed hydrogen water Development of new applications other than drinking water 	<ul style="list-style-type: none"> Introduce Maxell brand products Strengthen development of new-concept, differentiated products Develop cutting-edge products for pros and enhance brand positioning Grow global OEM, ODM businesses Expand sales channels
<p>Imaging (projectors)</p>	<ul style="list-style-type: none"> Growth of projectors stagnating Market for new lighting sources (laser, LED, etc.) expanding worldwide 	<ul style="list-style-type: none"> Projector development and imaging solutions that leverage advanced optical and imaging technologies and high-efficiency cooling technology 	<ul style="list-style-type: none"> Fully switch to laser/LED models (new light sources) Achieve high brightness via proprietary high-efficiency lighting technology Reduce costs by adopting new display element for first time in the industry Create new markets with high-function projector technology (digital signage, smart classrooms, AI sensing, etc.)

Targets for FY2020



* Net sales and operating income include both organic growth and MBP.

Special Feature 1: The Maxell Group's Core Competence

Special Feature 2: The Maxell Group's CSV Business Management

This section introduces specific examples of products developed with our analog core technologies, which the Maxell Group has cultivated for over 50 years, and the ways in which the Group has utilized CSV business management to resolve social issues.

Contents

- | | | | |
|----|---|----|--|
| 21 | Special Feature 1: The Maxell Group's Core Competence | 23 | CSV Example (1)
Contributing to safety and peace of mind when driving with our <i>Super AR* Head-Up Display</i> |
| 21 | Product Development Leveraging Our Strengths: Example (1)
In-car camera lens units | 24 | CSV Example (2)
Supporting the industrial use of drones with our safe, high-power <i>"Intelligent Battery"</i> |
| 22 | Product Development Leveraging Our Strengths: Example (2)
Coin-type lithium ion rechargeable batteries | 24 | CSV Example (3)
Enhancing the quality and efficiency of agriculture with our crop growth support system, <i>"Rice scan"</i> service |
| 23 | Special Feature 2: The Maxell Group's CSV Business Management | | |

The Maxell Group's core competence

Product Development Leveraging Our Strengths: Example 1

In-car camera lens units

▲ The in-car camera market is expanding rapidly amid initiatives to increase automotive safety.

With approximately 1.5 million people losing their lives in traffic accidents every year worldwide, improving automotive safety is a shared global task. The Maxell Group develops and provides in-car camera lens units for sensing cameras and view cameras, which perform important roles in heightening automotive safety. As preventive safety technology becomes mandatory, advanced driving assistance systems (ADAS) are becoming more common—boosting demand for sensing cameras. Moreover, given that these cameras are likely to be important components in self-driving technologies, there is a growing need for lenses with more advanced performance.

▲ We are exploiting proprietary technologies and integrated production to roll out quality products globally.

Because in-car camera lens units make a significant contribution to automotive safety, they must offer high levels of precision and reliability. The Maxell Group is providing quality products worldwide by leveraging its proprietary materials technologies and optical technologies and integrated production that covers design through to manufacturing. These advantages enable us to precisely meet customer specifications, which include normal performance even in severe conditions as well as higher resolutions, which are essential for recognizing driving environments and detecting hazards. We have already become one of the world's top three manufacturers of in-car camera lens units based on our relationships of trust with major manufacturers of automotive electronic components. Our goal is to carve out a market share of more than 20% and become the No. 1 manufacturer of these units by fiscal 2020.



Leveraging Original Technologies to Meet Customer Specifications

Customer Requirements	Core Technologies	Differentiating Features
Wide field angle High definition High sensitivity Temperature characteristics	High-precision optical design	<ul style="list-style-type: none"> Aspherical (glass/bonded plastic) Simultaneous imaging by visible/near infrared rays (maintaining sensitivity at night) Optical characteristics adjustment technologies
Low level of ghosts		Heat-resistant thin coating
High durability	Super water repellency/hydrophilicity	Super water repellency/hydrophilicity
Low cost	High productivity	

Building Trust through Our Integrated Production System and flexibility

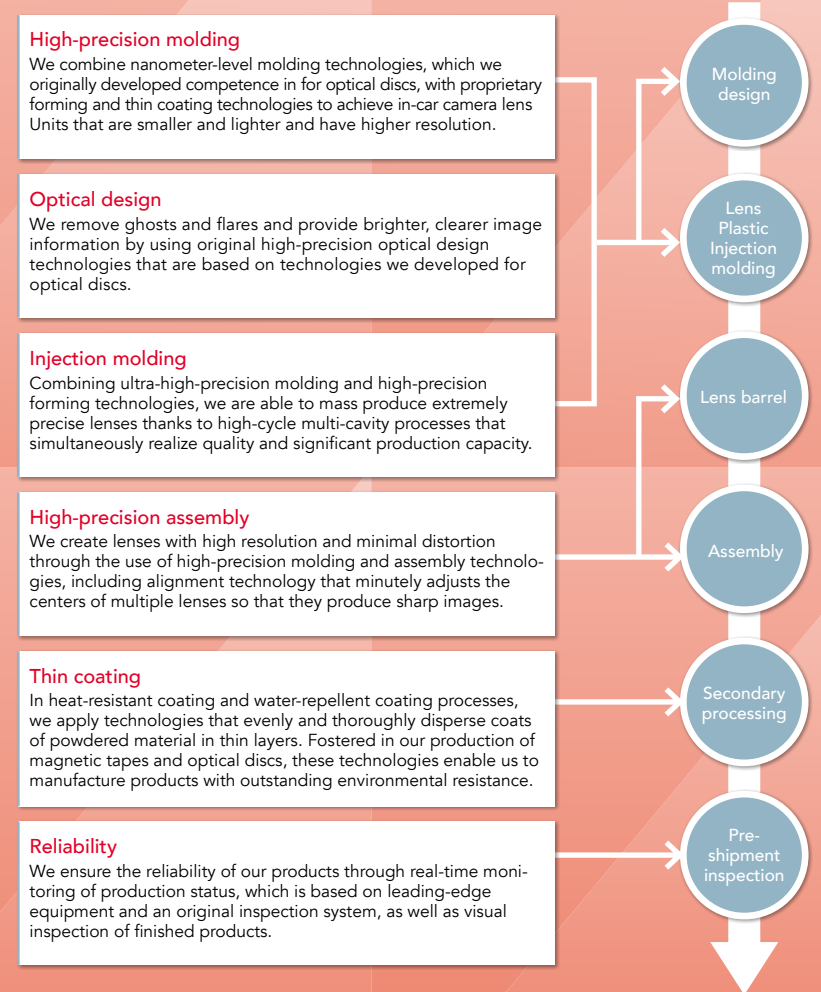
Toru Terada Manager Business Planning Section Camera Business Unit Optronics Division Maxell, Ltd.

For more than 15 years, the Maxell Group has been manufacturing in-car camera lens units by applying its forming technologies that were originally developed for optical discs and camera lens barrels. Currently, we supply over 15 different custom lenses to major manufacturers of automotive electronic components worldwide. The use of sensing cameras is expected to increase with the full-scale penetration of ADAS. However, customer specifications for in-car camera lens units are becoming extremely exacting due to the key role they play in ensuring driving safety and reliability. Our particular advantage is that we can meet these specifications by applying technologies developed for other Maxell products. These include highly precise optical design technologies—which realize products that maintain image stability even when

subject to high temperature or violent vibration—and such peripheral technologies as film-forming. Centered on high-precision molding technologies, which are one of our strengths, our system encompasses processes from optical design through to plastic lens and lens barrel molding and lens unit assembly. Moreover, we have established a leading position in the global market for in-car camera lens units by building relationships of trust with major manufacturers of automotive electronic components. Going forward, we will grow our market share even further by catering to the local production local consumption business formats and BCP (business continuity plans) of major manufacturers of automotive electronic components through the development of bases worldwide and the building of local supply chains.

▲ Leveraging Analog Core Technologies in Manufacturing Processes

The Maxell Group delivers quality products by incorporating original technologies throughout its manufacturing processes and by conducting all processes from the manufacture of lenses through to the assembly of units.



Product Development Leveraging Our Strengths: Example 2

Coin-type lithium ion rechargeable batteries

▲ Drawing on our expertise in battery production accumulated over many years, we have entered the rechargeable batteries for hearing aids market.

Originally, coin-type lithium ion rechargeable batteries were used as memory storage functions for PCs and consumer electronics and backups for clock functions. In recent years, however, the uses of these batteries have increased greatly to encompass logistics systems, wearable terminals, and other devices. Further, demand is growing in the body area network (BAN)* market, which comprises hearing aids and other devices requiring high levels of quality and safety because they are in direct contact with the body.

Leveraging its longstanding competence in battery development and production to enter the rechargeable batteries for hearing aids market, the Maxell Group is meeting needs in line with its solid reputation for reliability.

▲ Creating added value that reflects customer needs with analog core technologies that are the wellspring of differentiation.

With a layered structure enabling a high discharge load of up to 2 tA (140 mA), our coin-type lithium ion rechargeable batteries feature a combination of compactness and high power, making them ideal for small portable devices that have telecommunications and charging functions. In addition, they are ultimately more economical than primary batteries. Using our recommended charging and discharging conditions, the batteries realize approximately 500 charge–discharge cycles.

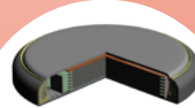
In manufacturing coin-type lithium ion rechargeable batteries, we combine crimping and electrode coating technologies and other original analog core technologies to ensure high reliability. More specifically, the Maxell Group has established very reliable sealing technologies by bringing to bear its expertise in such areas as crimping technologies and structural design using CAE analysis—developed and honed over roughly half a century of battery manufacturing to realize stable discharge characteristics and high power. In addition, we use stainless steel battery body to minimize battery swelling.

* Body area networks are wireless networks comprising computing devices that are embedded in, mounted on, or temporarily attached to the body.

Going Beyond Battery Manufacturing to Offer Power Solutions

Yasuhiro Yamada 1st Sales Department Sales Division Energy Division
Hearing aids are associated with several issues. One is that many of their users are the elderly, who find it troublesome to change small batteries. Other issues include hearing aid corrosion and the difficulty of using contact-type chargers due to regulatory restrictions. In response, the Maxell Group has proposed and commercialized peripheral equipment and a wireless charging system with the compactness sought by hearing aid manufacturers. We achieved this by taking advantage of coin-type lithium ion rechargeable battery technologies that combine crimping technologies

Maxell, Ltd. developed for coin and button batteries and material and mass production technologies from our lithium ion battery operations. The hearing aid market is growing at about 5% per year. At the same time, user needs are becoming increasingly advanced with respect to compactness, high-capacity, more safety, and other electricity supply technologies. We will cater to such needs not only through manufacturing innovations but also by accelerating initiatives to offer and roll out battery-based power solutions worldwide.



CLB2032 (cross sectional view)

Lamination process technology

High-precision technology allowing for a unique laminated structure

High-energy density

Maximize internal battery capacity by adopting thin-walled stainless steel battery body

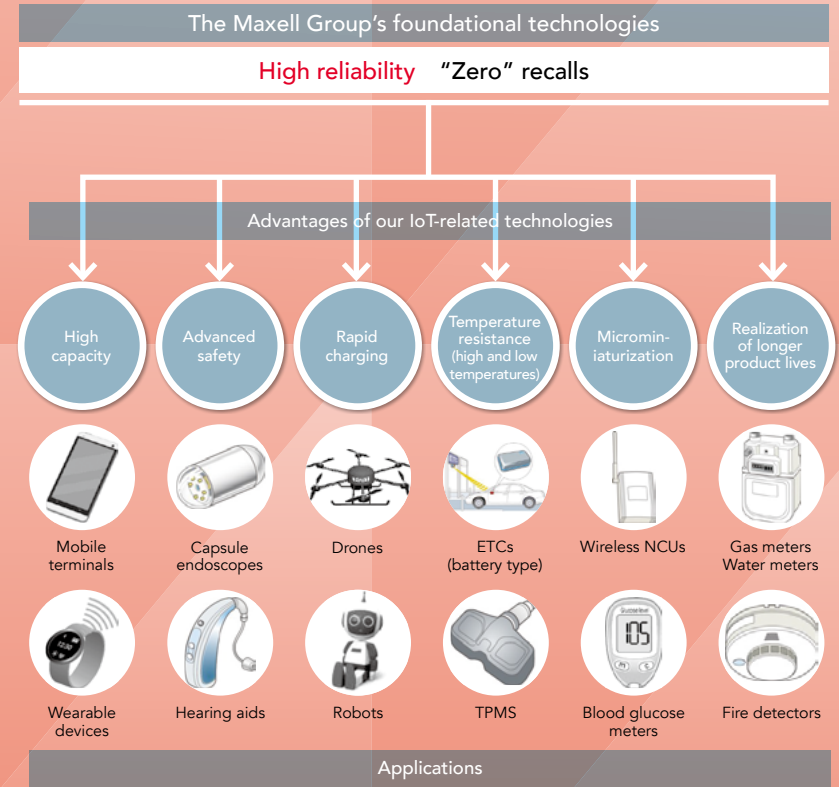
Long-term resistance to leakage

A highly airtight structure using special materials for gaskets

▲ The Maxell Group will capture profitable niche markets by providing high-capacity products that offer both safety and reliability.

With the expansion of the Internet of Things (IoT) driving growth, the use of batteries are increasing in such applications as wearable devices and hearing aids. By developing and marketing innovative products for these new applications and providing our signature reliability, safety, and high capacity, we will claim shares of carefully selected, profitable niche markets.

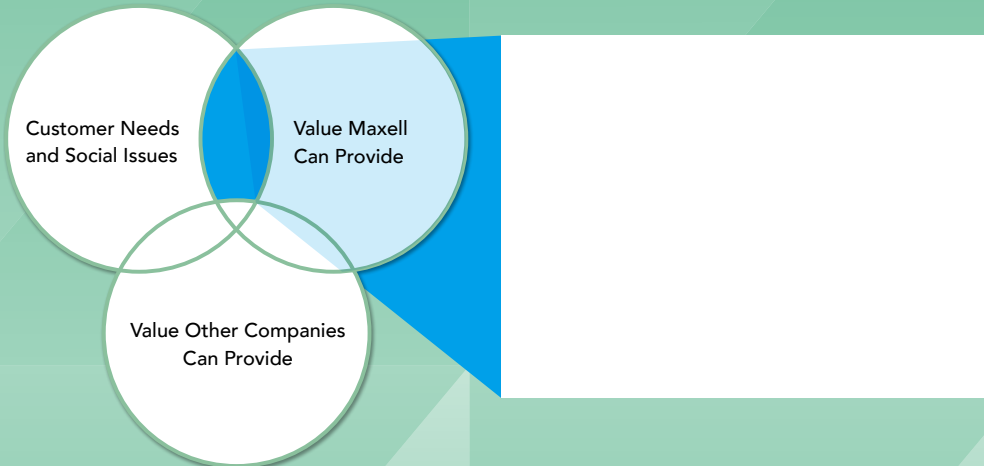
Battery Technologies Required for IoT Devices



The Maxell Group's CSV Business Management

Special Feature 2

By drawing on our strength in analog core technologies to create solutions that leverage our distinctive capabilities, we are helping to tackle complex and overlapping social issues that are emerging globally. In this way, we are addressing social issues through our products and services.



▲ Contributing to Realizing the SDGs through CSV Business Management

Various social issues are gaining more urgency around the world. While the aging population and declining birthrate are resulting in labor shortages in Japan, population growth and urbanization are causing water and energy problems in emerging countries. To address these social issues, companies must develop sustainable businesses that benefit society as well as themselves.

Based on our management vision of “Supporting Smart Life, Peace of Mind & Cheer around People,” we develop businesses that closely reflect people’s everyday needs to bring even more convenience to their daily lives.

Through business management that leverages its distinctive strengths with a view to CSV (Creating Shared Value), the Maxell Group contributes not only to the development of a sustainable society but also to the achievement of the SDGs (Sustainable Development Goals) set by the United Nations.

CSV Example ①

Contributing to safety and peace of mind when driving with our *Super AR* Head-Up Display (AR-HUD)*

Related SDGs



▶ Social Issue

Elimination of Traffic Accidents

Automobiles are an indispensable means of transportation in daily life. Although the convenience and performance of automobiles have increased year by year, advances in transportation have given rise to many issues that must be addressed. For example, the increasing number of elderly drivers is resulting in more accidents caused by poor eyesight or cognition, such as accidents resulting from overlooking road signs. Other car-related social issues include accidents attributable to too much driving.



Demonstration car equipped with AR-HUD

▶ Our Solution

Supporting Driving Safety with AR Technology

We have created *Super AR Head-Up Display*, which is still under development, by applying original technologies honed in the development of ultra short throw projectors, such as free curved surface optical, highly efficient light-source, and video augmentation technologies. Head-up displays support safe driving by overlaying the view in the driver’s line of sight with navigation information and visual alerts from sensing cameras and other sensors, which makes it easier for the driver to check peripheral areas with minimal viewpoint alterations. *Super AR Head-Up Display* displays the distance of objects, which helps the driver to make intuitive and accurate judgments. It is hoped that this function will reduce traffic accidents and lessen the burden of driving.

Given the basic need to maintain safety and peace of mind when driving, our provision of differentiated value in this area will help evolve transportation.

* Augmented reality



Cockpit equipped with AR-HUD



Displayed images from AR-HUD

CSV Example 2

Supporting the industrial use of drones with our safe, high-power "Intelligent Battery"

Related SDGs



Social Issue

Growing Need for Reliable Drones in Industries Worldwide

Marked advances in drone technology have led to the use of drones in many different industrial areas, including infrastructure inspection, security, and the surveying of hazardous locations. One such area is smart agriculture. The use of drones to automatically spray agricultural chemicals and gather information on soil conditions and the weather as well as biological information on crops is expected to enable low-cost optimal production management. Meanwhile, safety, reliability, and many other factors are still ongoing issues because industrial operation of drones is in its infancy.

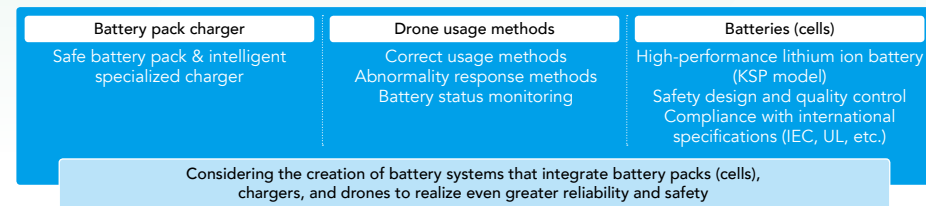


Our Solution

Enabling Agricultural Drone Operations with Dedicated Batteries

Specifically for agricultural drones, the Maxell Group and Nileworks Inc. jointly developed *Intelligent Battery* and began large-scale trial demonstrations in the fields of farmers in cooperating regions across Japan in July 2018. By using our proprietary technologies to develop an integrated system that comprises batteries with high power and safety protection, a battery pack, a charger, a drone, and a controller, we have reduced the risk of drones descending as a result of batteries dying during flights. Manufacturing the large-capacity batteries required for agricultural drones calls for advanced battery control and quality control technologies. To realize batteries that farmers can use with confidence, we incorporated an alert function, which constantly monitors the status of batteries and notifies the operator of abnormalities, and a leading-edge intelligent function, which safely controls the temperature, voltage, and current during charging and storage. The Maxell Group will continue developing drone batteries with high levels of safety and reliable use. We will reduce not only the risk of fires due to thermal runaway (overheating) during charging and storage but also the risk of descent due to battery degradation, which results from repeated use. In this way, we will increase the potential industrial uses of drones.

Overview of our approach to drone battery safety



CSV Example 3

Enhancing the quality and efficiency of agriculture with our crop growth support system, "Rice Scan" service

Related SDGs



Social Issue

Emergence of Various Problems in Japan's Agricultural Sector

Globally, there is growing concern over possible food shortages due to population growth, less acreage under cultivation, and water shortages. Japan, meanwhile, is seeing the emergence of such issues as the aging of farmers, a decrease in the farming population, and a rise in abandoned farmland. As of fiscal 2017, the country's food self-sufficiency rate was 38%—one of the lowest levels among developed countries. Other multifaceted issues surrounding agriculture in Japan include catering to diversified consumer demand for delicious, high-value-added rice, formalizing and making accessible the accumulated knowledge of experienced farmers, and optimizing cultivation techniques in response to global warming.



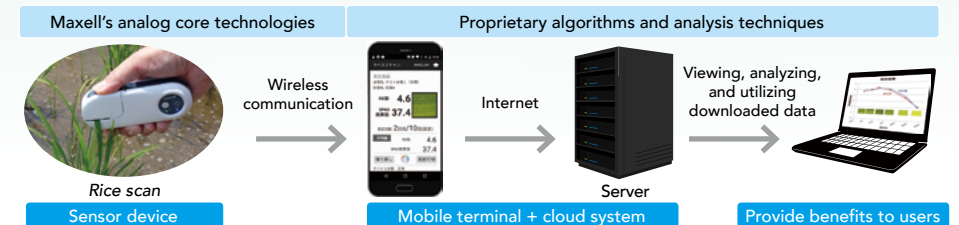
Our Solution

Increasing Production Efficiency and Stability through Our Crop Growth Support System

Having developed the *Rice scan* system, in June 2018 the Maxell Group launched the *Rice scan* service, which supports crop growth by facilitating convenient measurement of the leaf color of paddy rice and other crops. To coincide with the launch of the service, we began shipping a dedicated *Close-up Camera Device with built-in light source* newly developed based on our existing optical technologies.

Growth diagnosis based on leaf color management is important in agriculture, particularly in the cultivation of brand-name rice and high-value-added rice. Moreover, this process has become indispensable for the realization of stable production due to the increasing frequency of abnormal weather caused by global warming.

Through the use of the *Close-up Camera Device with built-in light source*, *Rice scan* realizes convenient and consistent measurement of leaf color. Automatic storage of measurement results reduces manual input operations and improves work efficiency. Further, the service contributes to the production of quality crops by supporting appropriate fertilizer management and growth diagnosis through the visualization of measurement data. The Maxell Group will use *Rice scan* to help address labor shortages and various other issues facing the agricultural industry.



CSR Initiatives

This section introduces our approach to CSR as a means for realizing a sustainable society as well as our efforts to build good relationships with each of our stakeholders.

Contents

- 26 CSR Management
- 27 With Customers
- 28 With Business Partners
- 29 With Employees
- 31 With Shareholders and Investors
- 32 With Local Communities and Society
- 33 With the Environment
- 35 Accomplishments and Progress of Environmental Activities
- 36 Environmental Data

CSR Management

The Maxell Group's corporate social responsibility (CSR) initiatives come under the broad categories of ethical compliance and risk management, quality control, enhancement of customer satisfaction, environmental friendliness, health and safety, and improvement of workplace environments. In accordance with the Maxell Group Policy on CSR Activities and Initiatives,*1 we are reorganizing or establishing systems in each of the fields in which we conduct CSR initiatives so that all of our employees can actively contribute to the advancement of CSR initiatives through their everyday work.

▲ Our Basic Approach to CSR Initiatives

With a view to achieving systematic and ongoing CSR initiatives, the Maxell Group established the Maxell Group Corporate Credo in 1983. The credo sets out the Group's mission and duties and clear, specific guidelines on conduct.

The Maxell Group fully understands that as members of society companies must be rigorously fair and transparent in their conduct of business activities. Further, we are committed to helping create a truly affluent society through unstinting efforts as a good corporate citizen to realize harmony with the environment and contributions to society.

Based on this approach, we set out the Maxell Group Policy on CSR Activities and Initiatives in April 2005. All of the Maxell Group's executives and employees recognize that meeting CSR and conducting business activities are one and the same and, as such, act to sustain the development of both society and the Group's businesses.

Also, in fiscal year 2006 we made the Maxell Group Corporate Credo easier to understand for all stakeholders by upgrading compliance rules, establishing rules about respect for the Maxell brand, and revising the terminology throughout.

With a view to helping realize a sustainable society, the Group has categorized its CSR initiatives under eight themes. When taking concrete steps, we refer to the ISO 26000 guidance on social responsibility. In line with the aforementioned policy and credo, we aim to earn society's trust and understanding by continuing to advance business activities that fulfill our CSR.

▲ Maxell Group Policy on CSR Activities and Initiatives

- | | |
|--|--|
| 1. Commitment to corporate social responsibility | 5. Environmental preservation |
| 2. Contribution to society through our business activities | 6. Corporate citizenship activities |
| 3. Facilitating communication and information disclosure | 7. Good working environment |
| 4. Corporate ethics and human rights | 8. Sharing awareness on social responsibilities with business partners |

Established in April 2005

▲ Stakeholder Engagement

"Harmony and cooperation, working with heart and soul, and being of service to society"

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



*1 http://www.maxell.co.jp/csr/basic_decision/csr_plan.html (in Japanese only)

*2 Value Engineering is a systematic method of improving value based on analysis of the relationship between the function and cost of a product or service.

With Customers

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.

▲ Enhancing Customer Satisfaction

To market better products by listening to customers, we flag telephone calls and other customer feedback received through our Customer Service Center that could give rise to improvements or new ideas, and we are promoting various support such as review and improvement of our FAQ.

Listening Sincerely to Customers

From among all of the telephone inquiries it receives, our Customer Service Center picks out feedback that has the potential to seed improvements or solutions. At the 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, which then use the feedback to help enhance customer satisfaction and upgrade and develop products.

As customer satisfaction indices, the Customer Service Center uses response and gratitude call percentages. Despite the increasing diversity and complexity of our products, we have improved our response percentage to approximately 80%.

The center will continue its policy of kindness, politeness, and quickness, and will make persistent efforts to improve its response system and upgrade the skills of its staff.

Response and Gratitude Call Percentages at the Customer Service Center

	FY2015	FY2016	FY2017
Response percentage ^{*1}	72%	75%	79%
Gratitude call percentage ^{*2}	5.0%	5.1%	5.6%

^{*1} Percentage of telephone calls received to which operators respond

^{*2} Percentage of telephone calls received to which operators respond that subsequently lead to telephone calls from customers expressing gratitude

Related SDGs



▲ Increasing Product Quality and Reliability

Mindful that quality is at the core of manufacturing, we established the Quality Assurance Business Unit in April 2016 to strengthen our quality management systems. Concurrently serving as members of this business unit, representatives from every division of the Maxell Group in positions related to quality assurance discuss the prevention of product-related accidents as well as responses to legal and regulatory changes and share their findings throughout the Group to help improve quality.

Advancing Quality Management

The Maxell Group delivers products and services of a quality that satisfies customers by continually strengthening quality management based on the SQM^{*3} Movement, which is set out in the Product Safety Voluntary Action Plan.

We are also promoting quality assurance activities based on our *Monozukuri* manufacturing capabilities that verify each and every process.

In addition, we periodically hold review meetings, called *Ochibohiroi*, or gleaning, at both domestic and overseas plants to prevent product-related accidents. At these meetings, we present case studies of quality-related accidents, complaints, and notable quality improvements, followed by exchanges of opinion aimed at helping raise awareness and cultivating know-how related to quality management. Also, as part of our educational activities, we hold practical FTA and FMEA^{*4} lectures for new and mid-level employees.

As for the International Organization for Standardization's ISO 9001 standard for quality management systems, integrated audits have been conducted throughout the Group since fiscal year 2014. Since then, we have been introducing examples of good practice throughout the Group with a view to further improvements in quality. While learning from the favorable points of new Group companies, we will advance quality management even further.

In addition, we will manage product quality in compliance with the exacting quality management system requirements of ISO/IATF 16949, a quality standard for the automotive market, and ISO 13485, a quality standard for medical devices.

^{*3} Super Quality Management for the Maxell Group

^{*4} Failure Mode and Effects Analysis



FMEA practical lecture

Status of Quality Management System Standards Acquisitions

(As of April 2018)

Name of Certification	Division Acquiring Certification
ISO 9001	Maxell, Ltd. (all offices/works) / Maxell Joei Tech Co., Ltd. / Maxell System Tech Co., Ltd. / Wuxi Maxell Energy Co., Ltd. / Maxell Europe Ltd. Telford Plant / Maxell Digital Products China Co., Ltd. / Maxell Tohshin (Malaysia) Sdn. Bhd.
IATF 16949	Ono Works (Maxell, Ltd.) / Yokohama Office / Works (In-Car Camera Lens Business Division) (Maxell, Ltd.) / Maxell Joei Tech Co., Ltd. / Maxell Digital Products China Co., Ltd. / Maxell Tohshin (Malaysia) Sdn. Bhd.
ISO 13485	Kyushu Office (Maxell, Ltd.)

With Business Partners

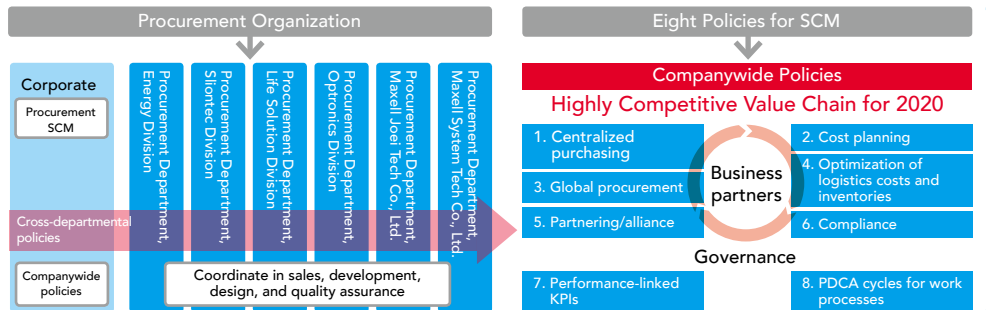
Related SDGs



Our business partners include suppliers of raw materials, components, indirect materials, and equipment; contract manufacturers; and logistics providers. In addition to recognizing their importance to our operations, we also view business partners as our allies in efforts to meet social responsibilities. Reflecting this mind-set, our businesses meet society's expectations by advancing CSR initiatives in close collaboration with business partners.

▲ Pursuing Key SCM Measures

The Maxell Group has overhauled procurement, which was previously conducted independently by each division. This realignment entailed establishing the Procurement & SCM Department as an organization tasked with implementing the Eight Policies for SCM (supply chain management) across all divisions. As a result, we are benefiting from utilizing the procurement activities that are directly linked to the products of each division but also based on a unified Groupwide policy. We are also benefiting from being able to adjust procurement to reflect changes in market conditions.



▲ Advancing CSR-Oriented Procurement

The Maxell Group promotes CSR-oriented procurement across its entire supply chain in accordance with the Supply-Chain CSR Guidelines. In advancing initiatives, we strengthen partnerships by using a range of different methods to share with business partners our views on CSR as well as other stances and policies. These include direct communication through day-to-day procurement activities, business policy briefings at the beginning of each fiscal year, and the Maxell Partners Day as well as notification via dedicated procurement websites.

In fiscal year 2017, the business partner management subcommittee of the Maxell Group Procurement Risk Management Committee sought the cooperation of business partners with initiatives aimed at reviewing the emergency preparation measures coordinated with business partners, identifying the chemical substances being used, and building a supply chain based on social responsibility in relation to conflict minerals.



In October 2017, we invited 93 major suppliers to the fiscal year 2017 Maxell Partners Day.

We emphasized to business partners that the aim of establishing Maxell Holdings, Ltd. is to realize co-creation and co-prosperity through the growth strategies and the highly competitive value chain of a rejuvenated Maxell Group.

1. Centralized purchasing	The Procurement & SCM Department is centralizing the procurement of indirect and common materials, which was previously conducted independently by each division. A particular benefit of this change is that it has allowed us to take advantage of the full deregulation of electric utilities. For example, we reduced the power suppliers of our manufacturing bases in Honshu and Kyushu from six to two in fiscal year 2017. Continuing this strategy, in fiscal year 2018 we put our power supply contract out to tender, enabling us to conclude contracts with optimal suppliers.
2. Cost planning	In fiscal year 2018, the Maxell Group launched a project to enhance profitability by product category and began measures to improve products with low profitability. As part of these efforts, we are further evolving Value Engineering for Customers (VEC), which enhances the value of products from the viewpoints of customers. This involves promoting activities that take into account procurement at the concept design stage, where we analyze demand for new products, a process which is carried out in cooperation with personnel responsible for cost planning engineering in each business division. Through collaboration between related divisions, which includes corporate procurement and procurement for business divisions, we are then able to realize appropriate sales prices and costs by simulating market trends and incorporating added value, improvements, and new ideas from business partners.
3. Global procurement	We are taking various steps to strengthen global procurement. Twice a year, procurement managers, including those from overseas operating bases, meet to share information and know-how related to reducing costs and selecting optimal suppliers. To hedge yen appreciation risk, we have shifted the manufacture of shavers and dryers overseas, and we are importing more original equipment manufacturer (OEM) products. Consequently, about half of our procurement is overseas. With this in mind, we are considering development of overseas procurement capabilities by conducting procurement training for procurement managers at overseas bases in the current fiscal year. The roles of such training will be to foster overseas procurement managers, acquire the latest information on business partners in Japan, and advance global procurement that leverages overseas trade channels.
4. Optimization of logistics costs and inventories	We are lowering logistics costs as a percentage of net sales by improving logistics and visualizing inventories. This involves analyzing our supply chain to shorten the cash conversion cycle, wherein funds invested in raw materials and other goods are recovered through sales. We are making improvements in collaboration with personnel in each business division.
5. Partnering/alliance	Also, we reinforce alliances with business partners by inviting suppliers—who help us on a day-to-day basis in relation to quality, prices, and lead times—to the annual Maxell Partners Day. At these events, we share our views on CSR as well as other stances and policies.
6. Compliance	We rigorously inform employees about and emphasize the importance of guidelines for conducting material procurement as well as compliance with ethical practices and fundamental principles. In fiscal year 2017, we established the Maxell Group Procurement Risk Management Committee, which includes a compliance measures subcommittee that conducts training and issues guidance aimed at ensuring compliance with respective laws and regulations.

To coordinate procurement with business partners based on the six Companywide Policies above, the Maxell Group's procurement departments conduct anticipatory management of "7. Performance-linked KPIs (key performance indicators)" and "8. PDCA (plan-do-check-act) cycles for work processes/operations." We focus on seeking the cooperation of business partners in a timely manner to reflect changes in market conditions.

The Maxell Group drives cost planning development, which anticipates changes in market conditions. Moreover, by having business partners offer new proposals for original technologies, advanced development, and new materials that match our needs, we will increase "engineering-based cost planning" and thereby promote co-creation and co-prosperity.

With Employees

Related SDGs



The Maxell Group is taking a variety of measures focused on respecting employees' individuality and creating employee-friendly workplaces. Also, we are moving forward with personnel development to realize diversity, "work-life design," and the transfer of our competitive skills to the next generation.

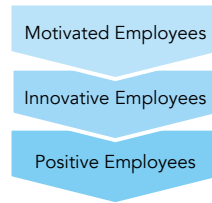
▲ Seeking Talented Personnel

We seek employees who are motivated, innovative, and positive.

The reorganization of our businesses has brought together employees with various fields of expertise. Our task is to create new value by leveraging, combining, and coordinating this diverse competence. The keys to the Maxell Group's continued growth are the promotion of personnel diversity, the creation of workplaces that are more employee-friendly, and the development of a corporate culture that is conducive to realizing synergy.

We will continue focusing on hiring and developing talented personnel who will heighten trust in the Maxell brand and support growth.

The Personnel We Seek



▲ Developing Personnel

Our personnel development initiatives come under five themes: global business, sales and marketing, technology, procurement and SCM, and business management. We conduct a broad range of training programs, including training based on employees' length of service or rank—such as training for new employees, training for second year employees, and training for new assistant managers and engineers—as well as technical training focused on specific specialized fields. Moreover, we conduct regular refresher training programs.

Also, by concentrating on the development of the next generation of managers, we are laying the foundations for strengthening our existing businesses and creating new businesses. We are selecting candidates with the potential to assume managerial positions in the near future and beyond, advancing their training, and assigning them to a variety of positions in a planned manner.

Personnel Development System



Developing Globally Competent Personnel

As part of efforts to develop leaders for our global businesses and personnel who can contribute to our operations overseas, we have introduced overseas short-term fieldwork, which enables employees to consider the business opportunities for us in growth markets, as well as overseas work training for one year periods at our overseas bases.

Under a new initiative in the overseas short-term fieldwork program, which was revised in 2017, trainees travel to growing regions in Asia, where they experience diverse values and cultures firsthand while collaborating with local companies and universities to consider the Maxell Group's business opportunities.



▲ Promoting Diversity Management

Realizing the importance of diversity, we leverage the different values, sensibilities, and experience of personnel to enhance our problem-solving capabilities, creativity, and flexibility.

In-house project M-Wing has led efforts to advance diversity Groupwide by establishing a website that promotes diversity, conducting e-learning programs, and examining systems to facilitate work-life balance.

In fiscal year 2017, we took steps to encourage more varied ways of working. For example, we conducted seminars on management of work / leave systems and held roundtable discussions led by male employees who have taken childcare leave.

Feedback from an Overseas Employee

Maxell is the leader in the manufacturing of in-car camera lens units applied to view and sensing cameras. This lens unit acts as a driver's third eye. The end user will only be satisfied if the shape and ruggedness of these lenses are of the highest standard.

I started my career in the camera lens unit manufacturing department eight years ago. At the start it seemed like an impossible job, but by keeping focus on my goals I was able to work my way up to becoming manager of the in-car camera lens and unit production and operations sections. This made me the linchpin between management in both sections. Because I am in charge of production and quality, it is important to maintain communication with all of my staff in both aspects in order to reach company goals. I am always conscious of the importance of lens units for in-car cameras to the driver, and the importance of manufacturing and quality in making lenses that function as a driver's third eye and ensuring his or her safety.

A corporate culture that is shared with our staff is one that promotes a positive work environment and eliminates negative value. It maintains respect for their ideas and places value on their input. It allows something learned by one person to be something learned by everyone. Quality is who we are, and we will continue to promote high quality and improvements.



Saravanan Muniandy

Production Manager
Parts & Units
Production Department
OPTO Components Division
Maxell Tohshin (Malaysia)
Sdn. Bhd.

With Employees

Related SDGs



▲ Creating Employee-Friendly Workplaces

The Maxell Group is developing work systems that allow all employees to work in flexible ways that suit their lifestyle or life stage. In particular, to help employees meet work and family commitments, we have established childcare and nursing care systems that surpass legally required provisions. Moreover, we actively help employees who use the systems to return to work. As a result, all employees who have taken childcare or nursing care leave have come back to work. In fiscal year 2017, we took further steps to facilitate flexible ways of working by introducing a system that allows employees to use their annual paid leave on an hourly basis.

Use of Childcare and Nursing Care Leave

	FY2015	FY2016	FY2017
Childcare leave	16	11	17
Nursing care leave	1	1	0

Empowering Women

The Maxell Group is raising awareness and revising its regulations in relation to diversity. At the same time, we are actively hiring women with a view to developing role models. Further, in regular recruitment we are aiming for new graduates to account for 50% of office and sales positions and 20% of technical positions. As a result, 35% of employees hired through regular recruitment in fiscal year 2018 were women, compared with 13% in fiscal year 2017.

Diversity Promotion Project—M-Wing

Ways of thinking about diversity are gradually making their way to every employee through M-Wing, the Company's diversity promotion project. As part of this project, we have also implemented a system that supports flexible styles of working, which include working from home and a system for using paid holidays on a per-hour basis. The team I belong to has actively promoted exchanges with outside parties in order to gain effective methods on the system and ideas for suggestions on Maxell's inadequacies from an objective viewpoint. By becoming aware of other companies' specific initiatives, I was able to realize the importance of having a variety of work style options suited to different life stages and the importance of taking into account the specific future goals of individual employees. From this point onward, we will take steps to create a work style that can accommodate the changes that occur within a company and the people who work there, and establish a workplace where anyone can prosper.



Yuko Sawaki
M-Wing Project, Public Relations
Working Group

Senior Engineer
Instrumental & Numerical Analysis
Department
Technology Div R&D Business Unit
Maxell Ltd.

▲ Promoting Health and Safety

The Maxell Group makes concerted efforts to develop health and safety activities based on its Occupational Health and Safety Basic Policy, which emphasizes the importance of health and safety over everything else.

In Japan, our operating bases improve health and safety by conducting mutual patrol inspections. In fiscal year 2015, we introduced the global minimum safety standards. Using the practices of our domestic operating bases as a template, we will prepare safety standards that are applicable outside of Japan and steadily introduce them to our bases overseas.

In fiscal year 2018, we plan to prepare manuals for responding to emergencies in Japan and countermeasures for risks overseas so that employees can perform work safely and with peace of mind.

▲ Maintaining and Improving Employee Health

We focus on maintaining and improving employee health because the vitality of employees is essential in enhancing corporate growth and value. Using employees' checkup and medical receipt data, we implement prevention programs targeting employees who have, or are at risk of developing, lifestyle-related diseases. Also, we are strengthening health management of employees posted overseas by ensuring that they receive checkups.

With respect to the mental health of our employees, we have established an employee assistance program that provides counseling through an outside consultation office to help employees deal with any anxieties they may be experiencing. Further, to assist employees who have had mental health issues return to work, we have introduced a program that makes the transition easier by engaging with them individually while drawing on the advice of specialized personnel.

Moreover, we launched a stress check system in June 2016 in accordance with the amended Industrial Safety and Health Act.

In February 2018, in recognition of its varied strategic initiatives to manage employee health from the viewpoint of productivity management, the Maxell Group received certification as a "White 500" enterprise in the major corporation category of Japan's system for certifying companies with outstanding health and productivity management.^{*1} The system is organized by the Ministry of Economy, Trade and Industry and Nippon Kenko Kaigi.^{*2}

^{*1} In light of initiatives that are rooted in the health issues of local communities and health promotion initiatives that Nippon Kenko Kaigi is advancing, this system recognizes major corporations and small and medium-sized companies that conduct outstanding health and productivity management. Kenko Keiei (health and productivity management) is a registered trademark of the NPO Kenko Keiei Kenkyukai.

^{*2} In the context of Japan's rapidly aging society, this organization was formed to conduct effective activities aimed at extending healthy life spans and realizing appropriate medical care based on collaboration with private-sector organizations and comprehensive support from the government.



With Shareholders and Investors

Related SDGs



Valuing communication with shareholders and investors in Japan and overseas, we are stepping up investor relations activities.

Through the timely, appropriate disclosure of management policies and business strategies as well as financial and non-financial information, the Maxell Group will deepen understanding of its businesses, cultivate constructive dialogue, and build long-term trust. Further, to protect shareholders and investors and contribute to creating sound stock markets, we work to prevent insider trading.

▲ Our Approach to Disclosure

The Maxell Group has established a basic policy for dialogue with shareholders and investors with a view to enhancing corporate value over the medium to long term and sustaining growth. In addition, the Group has established the Branding & Corporate Communication Department to manage investor relations. Through organic collaboration with other relevant departments, the department promotes constructive dialogue with shareholders and investors and parties concerned with stock markets with the aim of enhancing corporate and brand value.

▲ Systems for Reflecting Shareholders' Opinions

Through dialogue, we identify the opinions, interests, and concerns of shareholders and investors and provide timely reports thereof to the relevant management teams. Also, as appropriate, the Group provides related departments with information on markets and technologies that is related to and useful in the departments' business activities.

▲ Communication with Shareholders and Investors

Information Dissemination through Various Investor Relations Tools

We proactively communicate with shareholders and investors through a range of investor relations tools, including business reports, integrated reports, and documents from financial results briefings. Further, mindful of the need for fair disclosure we always release the latest information. Moreover, in addition to summaries of financial results and the aforementioned investor relations tools, we provide timely releases of documents concerning important management decisions in Japanese and English on our website as well as that of the Tokyo Stock Exchange to avoid disparities between the information disclosed in Japan and information provided overseas.

With reference to areas of interest to shareholders and investors from a medium- to long-term perspective, we will strengthen information dissemination even further.



Direct Dialogue through Briefings and Meetings

The Maxell Group proactively conducts various types of investor relations events for shareholders and investors. As well as holding quarterly financial results briefings, we organize plant tours, business briefings, and meetings for small groups and participate in investor relations conferences and briefings for individual investors hosted by securities companies. Further, our senior management team and the Branding & Corporate Communication Department encourage constructive, in-depth dialogue by meeting with analysts and institutional investors in Japan and overseas as required.

Main Activities in FY2017

Details of Activity or Event	FY2017 Results
Individual meetings with institutional investors	243 times
Briefings for analysts and institutional investors	4 times
Individual meetings at investor relations roadshows overseas	80 times

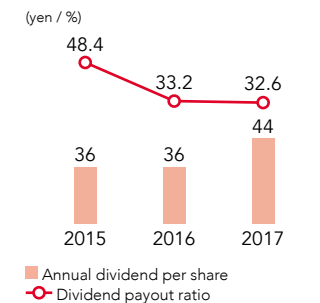
Details of Activity or Event	FY2017 Results
Business briefings for small groups	4 times
Plant tours for institutional investors	1 time
Briefings for individual investors	3 times

Distribution of Profits to Shareholders

The Maxell Group's basic policy for profit distribution is to balance shareholder returns with near-term investments and growth investments for medium- to long-term business development. Our basic policy on direct returns to shareholders is to pay regular, stable dividends. We pay dividends twice a year and generally maintain a dividend payout ratio of between 30% and 40%.

We believe that there are even greater opportunities in our three key growth areas of Automotive, Home Life & Infrastructure, and Health & Beauty Care. By steadily implementing near-term and growth investments, we will secure earnings, enhance capital efficiency, and meet shareholder expectations.

Annual Dividend Per Share / Change in Dividend Payout Ratio



Rigorous Prevention of Insider Trading

To protect shareholders and investors and contribute to creating sound stock markets, the Maxell Group has put in place rigorous measures to prevent insider trading. These include the establishment of strict rules for the prevention of insider trading and for the management of insider information by Group executives and employees.

With Local Communities and Society

Related SDGs



As well as addressing social issues through our businesses, we believe that it is our responsibility as a good corporate citizen to develop activities rooted in the local communities to which we belong. Accordingly, the Maxell Group is actively advancing a range of social contribution initiatives with the aim of creating a better society.



Supporting the Education of the Next Generation

In fiscal year 2017, the Group's Kobuchizawa Works (Yamanashi Prefecture) and Kyushu Works conducted workplace experience educational programs encourage children to consider the paths they might pursue in life by providing them with opportunities to learn directly from our personnel about the knowledge, technologies, and skills needed in their jobs. Further, at seven schools we conducted battery classes that allow children to experience the fun of science. Also, the Brand Strategy Division conducted classes at three schools as part of a new initiative.



Encouraging Dialogue

Our officers took the rostrum to give a briefing on our activities in relation to corporate social responsibility, branding, and Creating Shared Value at a seminar organized by the Foundation of Environmental Education Japan in December 2017. Also, we held a lively question and answer session after the seminar. Thus, the seminar provided a valuable opportunity to heighten our brand identity while receiving feedback from stakeholders through dialogue.



Advancing Environmental Protection Initiatives

We participated in bamboo grove development activities aimed at underground water conservation, which the town of Oyamazaki in Kyoto Prefecture conducts through the Council for Measures Against Groundwater Use. Other efforts to protect local environments included our participation in the 17th annual day of activities devoted to protecting Lake Biwa's native fish species through the removal of non-native fish species, an event backed by Shiga Prefecture and organized by a group that is restoring the environment of Lake Biwa.



Supporting the Raising of the Next Generation

In addition to assisting Kyoto Sanga F.C.'s Athletic Development Course, which helps children learn various sports skills, we are the official sponsor of Hitachi Rivale. While helping to promote sports and invigorate local communities through sports, the Maxell Group increases its brand name recognition by gaining exposure through various media.



Welcoming Our First Group of Technical Interns from India

As part of Japan's October 2017 launch of a program for technical interns from India, our first group of 12 interns were placed at Ono Works in Hyogo Prefecture in August 2018 by its organizing body. As we move forward, Maxell will continue to accept foreign interns as part of the philosophy that *Monozukuri* is *hitozukuri*, or *Monozukuri* comes from developing people.



Providing Support to Area Hit by Major Hurricane

In August 2017, Hurricane Harvey caused a long period of torrential rain and flooding in Texas, resulting in extensive damage and forcing tens of thousands of people to seek refuge. Maxell Corporation of America provided support by donating clothing, food, several hundred battery packs, and other materials to the disaster area through the New Jersey State Police, which coordinated with relief agencies.



Engaging with an Elderly Care Facility

Maxell Tohshin (Malaysia) Sdn. Bhd. (MTM) As part of contributions to the local community, 12 employees of Tohshin visited an elderly care facility and donated such necessities as food and diapers. The visit allowed our employees to chat with senior citizens, who normally do not have the opportunity to talk with non-residents, and get to know other members of the local community.



Cosponsoring the Sakura Festival

Maxell Europe Ltd. (MEL) In April 2018, the UK new town of Telford, where we have a plant, held a Sakura Festival as part of the town's 50th anniversary. Maxell Europe sponsored the event and took part in a sapling-planting event. Telford's mayor along with approximately 1,500 festivalgoers enjoyed Japanese music and food.

Major Activities in FY2017

Activity Summary	Implementing Works, Division, or Company
Educational Support	
Supported and participated in "Summer Vacation 2017 Homework and Self Study Blitz" in Tokyo and Osaka	Tokyo Office
Held eight classes on batteries, including Hitachi Science Seminars, for 398 elementary school students	Kyoto Works, Ono Works
Accepted four second-year students from Kobuchizawa Junior High School in Hokuto City to participate in workplace experience program through which students learn about significance of work	Kobuchizawa Works
Conducted plant study tours	Kyushu Works, Kobuchizawa Works
Invited six sixth-year elementary school students to participate in a workplace experience program in the town of Fukuchi focused on environmental education	Kyushu Works
Participated in Children's University 2017, organized by Telford College in the UK as sponsor	(MEL)
Conducted class at Arima Elementary School in Kawasaki	Tokyo Office
Cooperated with National Institute of Technology, Kagawa College, to conduct verification tests of drones for water rescue	Kyoto Works
Local Greening	
Held four flower-planting events with local elementary schools in which around 347 students participated	Kyoto Works
Beautification of Local Communities	
Had 858 employees participate in cleaning up the neighborhoods of seven works in Japan	Kyoto Works, Ono Works, Kyushu Works, Kobuchizawa Works, Kawasaki Works, Gifu Works, Miyagi Works
Had 289 employees take part in a December hiking and cleanup event in Fuzhou, China aimed at raising environmental awareness	(MDCN)
Saw five employees volunteer for beach cleanup activity in Hong Kong	(MAS)
Environmental Protection	
Installed green curtains to reduce environmental impact of air conditioning equipment as part of efforts to address global warming	Kyushu Works, Gifu Works
Dimmed our lighting on summer solstice, June 21, and Cool Earth Day, July 7, to raise awareness of energy conservation	Kyoto Works, Kyushu Works, Kawasaki Works, Kobuchizawa Works, Gifu Works, Miyagi Works
Health Care and Public Safety	
Contributed to Kids Loco Project, which develops children's wheelchairs that use laminated lithium ion batteries	Kyoto Works
Donated wheelchairs to eight towns in Yamagata Prefecture through profits from collecting aluminum cans (amounting to 16 wheelchairs total)	Yonezawa Works
Held blood donation drive in Malaysia in which 79 shoppers and 42 employees participated	(MTM)
Contributions to Local Communities	
Donated food in August 2017 to support activities of U.S. organization CUMAC, which feeds 3,000 people every month	(MCA)
Visited senior citizens and donated washing machines and other consumer electronics and nutritional foods in Fuzhou, China in March	(MDCN)
Donated Islamic prayer mats (nonstandard intermediate products) to nearby villages, mosques, and schools in Indonesia 13 times	(SLEI)
Invited orphans residing nearby to our plant in Indonesia, gave them stationery sets, and held dinner party for them (annual event)	(SLEI)

(MDCN): Maxell Digital Products China Co., Ltd. (MAS): Maxell Asia, Ltd. (SLEI): PT.Sliontec Ekadharma Indonesia

With the Environment

Related SDGs



We view addressing the Earth's environmental issues, including global warming, as an urgent task. Accordingly, the Maxell Group has introduced a Groupwide environmental management system and is advancing concerted efforts to address these issues.

▲ Our Environmental Management Policy

In line with its management vision of "Supporting Smart Life, Peace of Mind & Cheer around People," the Maxell Group considers environmental management to be an exceedingly important management issue. In line with the Environmental Conservation Action Guidelines, the Maxell Group will work to prevent global warming, recycle resources, and conserve ecosystems. In fiscal year 2017, we updated our environmental management systems in accordance with ISO 14001: 2015. We will further strengthen our environmental management system by responding to laws and regulations such as RoHS 2 Directive and REACH Regulations and strengthening compliance.

Greater contributions toward the realization of a sustainable society are being expected of corporations, as evinced by the Sustainable Development Goals of the United Nations and the adoption of the Paris Agreement at the 21st Session of the Conference of the Parties to the United Nations Framework Convention on Climate Change (COP21). Thus, as it expands businesses globally and enhances corporate value, the Maxell Group must make an even greater contribution to the preservation of the Earth's environment.

The Maxell Group intends to completely unify its environmental management in terms of strategic decision-making, management direction, and business processes, and will incorporate environmental governance into its management systems throughout the organization. This will strengthen our ability to manage opportunities and risks and more firmly secure environmental accomplishments, including improvements in environmental performance, the achievement of environmental targets, and the fulfillment of compliance obligations.

▲ Preparation of the Maxell Group's Long-Term CO₂ Reduction Plan

The Maxell Group is moving forward with energy-saving initiatives with the aim of reducing CO₂ emissions 30% compared with fiscal year 2013 levels by fiscal year 2030. With this target in mind, we have begun analyzing concrete measures as of fiscal year 2018.

▲ The Maxell Group FY2018–2020 Environmental Action Plan

In fiscal year 2016, the Maxell Group established a new environmental action plan to reinforce its independent management capabilities in anticipation of becoming a holding company. Currently, we are advancing measures based on this plan. The major differences with the previous environmental action plan are as follows.

1. In setting targets and managing progress for energy consumption, waste production, VOC emissions, and water use, we added achievement indices (per unit of net sales basis: cost/net sales) linked to business operations and performance.
2. Under the environmental policy, we arranged the measures aimed at achieving the targets outlined in the environmental action plan into 10 action goals.

In fiscal year 2018, the third and final year of the current plan, we will prepare the Maxell Group FY2018–2020 Environmental Action Plan as a medium-term plan and advance initiatives under it. The facilities and environment department will continue to work toward maximizing the Group's accomplishments, including by providing visualiza-

tions of improvements made by individual business divisions and sharing examples of success throughout the Group.

Setting intensity targets has enabled us to greatly improve levels of energy consumption, which has had a particularly large effect on business results in the two years after updating our policy. Among its four listed items, we achieved consecutive energy intensity improvements that significantly surpassed the plan's targets. We broke down energy consumption into fixed consumption and variable consumption, which visualized wastefulness. In fiscal year 2017, this led to a ¥283 million increase in earnings. In addition, we also made developments in waste intensity in parallel with our developments in energy consumption. For example, the Osaka Works improved earnings ¥7 million by introducing waste intensity targets. Such results are providing a major motivation in the implementation of the plan's measures. FY2017 saw year-on-year improvements in intensity per unit of production across all categories—namely energy, waste, volatile organic compounds (VOCs), and water use—which we use as indices for improvements to frontline operations.

Regarding biodiversity, in fiscal year 2017 we conducted a series of environmental assessments. In fiscal year 2018, we will implement conservation activities in coordination with external organizations.

Further, in fiscal year 2017 we had no major environment-related accidents, fines, or complaints.

Quantitative Action Goals^{*2}

Evaluation criteria: Target achieved Target partially achieved

No.	Action Target	Segment	FY2017		Evaluation	FY2018	FY2019	FY2020
			Target	Result		Target	Target	Target
1	Net sales ratio of eco-friendly products (%)	Japan / Overseas	95 or higher	96		95	95	95
2	Percentage of eco-friendly products registered using new assessments (including LCA) (%)	Japan / Overseas	100	100		100	100	100
3	Percentage of eco-friendly products brought to market (%)	Japan	90 or higher	100		90	90	90
4	e-learning enrollment rate (%)	Japan	100	100		100	100	100
5	CO ₂ emissions reduction rate (%) (base year: 1990)	Japan	50 or higher	64		50	50	50
6	Maintenance of zero emissions ^{*3} (target: manufacturing bases)	Japan	17	17		18	19	20
7	Energy	Plants in Japan and overseas	470 or lower	400		447	411	391
		Plants in Japan	464 or lower	414		409	387	358
	Per unit of net sales x 10 ⁻² (%)	Plants in Japan	158 or lower	141		141	134	127
8	Waste	Offices in Japan and overseas	18 or lower	16.4		18.0	18.0	18.0
		Plants in Japan and overseas	530 or lower	439		479	446	428
		Plants in Japan and overseas	542 or lower	618		611	593	575
9	VOCs	Plants in Japan and overseas	70 or higher	76.9		70.0	70.0	70.0
		Plants in Japan and overseas	240 or lower	188		208	185	184
10	Water use	Plants in Japan and overseas	279 or lower	267		304	271	263
		Plants overseas	600 or lower	529		600	579	573
		Plants overseas	556	430		487	430	417

^{*2} Maxell System Tech's impact values are not included for fiscal year 2017.

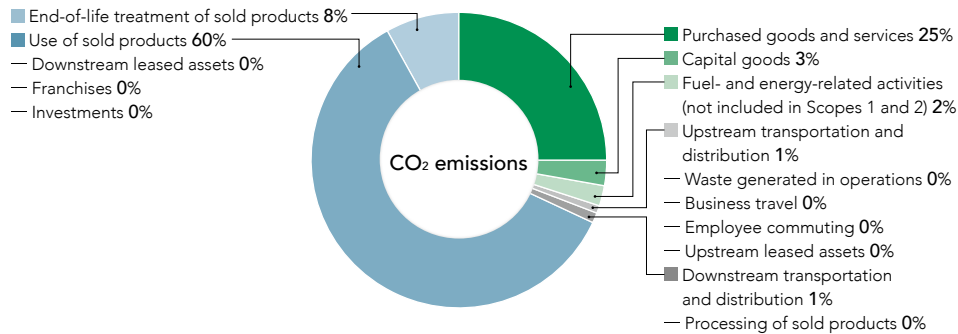
^{*3} Zero emissions criteria (evaluated by each worksite): final waste disposal amount of less than five tons per year and final disposal rate of less than 1% per year

With the Environment

▲ Scope 3

The Maxell Group calculates the CO₂ emissions of all of its supply chains, including Scope 3 emissions. Scope 3 emissions are indirect emissions that are not included in Scopes 1 and 2. We calculate our total Scope 3 emissions pursuant to the basic guidelines on the calculation of greenhouse gas emissions throughout supply chains that are issued by the Ministry of the Environment and the Ministry of Economy, Trade and Industry.

Breakdown of Scope 3 CO₂ Emissions by Category (Domestic only)



Business Activities and Environmental Burden

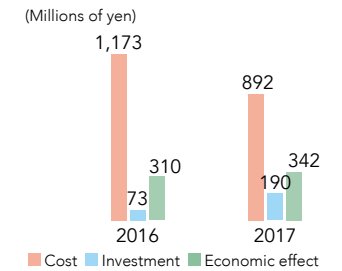
INPUT	Business Operations	OUTPUT
[Electric power] (Japan) 89,575 MWh (Overseas) 71,741 MWh	Development and Design	[CO ₂] (Japan) 48.4 kt-CO ₂ (Overseas) 51.9 kt-CO ₂
[Fuel oil] (Japan) 1,054 kL (Overseas) 21 kL	Material Procurement	[SO _x] (Japan) 0.7 kN-m ³ [NO _x] (Japan) 113.3 kN-m ³
[Gas] (Japan) 6,119 kL (Overseas) 432 kL	Production	[Waste (total emissions)] [Final disposal volume] (Japan) 4,702 t (Japan) 13 t (Overseas) 1,046 t (Overseas) 266 t
[Materials] Ferrous: 2.0 kt Non-ferrous: 3.4 kt Synthetic resins: 11.5 kt Other non-metals: 13.0 kt Other compound materials: 15.2 kt	Logistics	[Recycling] [Wastewater] (Japan) 3,787 t (Japan) 458 km ³ (Overseas) 675 t (Overseas) 251 km ³
[Water (input)] (Japan) 458 km ³ (Overseas) 251 km ³	Sales	[BOD ^{*2}] (Japan) 8.5 t [COD ^{*3}] (Japan) 1.47 t
[Subject to PRTR ^{*1}] (Japan) 1,809 t (Overseas) 122 t	Recycling / Waste Disposal	[PRTR releases and transfers] (Japan) 171 t (Overseas) 21 t

*1 Pollutant Release and Transfer Register
*2 Biochemical Oxygen Demand
*3 Chemical Oxygen Demand

Environmental Accounting

In fiscal year 2017, investment increased 160% year on year and centered on energy saving. Environmental costs decreased 24% year on year.

Environmental Cost and Economic Effect (Millions of yen)



Calculation of Products' Contribution to Curbing CO₂ Emissions

With regard to our main products, namely shavers, hair dryers, and projectors, our calculations are based on how improvements in energy efficiency help curb CO₂ emissions.

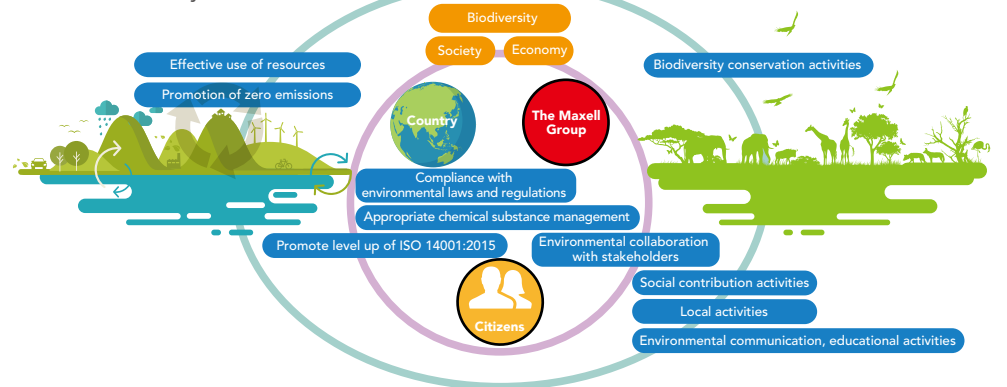
	FY2016 Curbed Amount	FY2017 Curbed Amount
Shavers / Hair Dryers	53	39
Projectors	141,315	171,673

Note: curbed emissions (t/year) = per-unit curbed emissions × utilization rate × contribution × quantity
per-unit curbed emissions = (energy use per base product (base fiscal year: 2005) – energy use per developed product) × CO₂ emission factor

Non-Quantitative Action Targets

The Maxell Group contributes to creating a sustainable and truly bountiful society by promoting biodiversity conservation, appropriate chemical substance management, resource efficiency, collaboration with stakeholders in environmental activities, and other similar measures.

Sustainable society



Accomplishments and Progress of Environmental Activities

▲ Accomplishments and Progress of Environmental Activities

Prevention of Global Warming

The Maxell Group is promoting initiatives to conserve electricity, such as installing green curtains, upgrading air conditioners and lights, efficiently operating equipment by managing demand, and creating visualizations of power consumption patterns.

In fiscal year 2017, we reduced our annual power consumption 3,303 MWh thanks mainly to efforts to reduce power consumption through more efficient manufacturing and the introduction of LED lighting at respective works as well as upgrading to energy-saving equipment, such as switching from hydraulic to electric molding machines and controlling the number of compressors. In addition, the worksites in Ono, Fukuchiyama, and Kobuchizawa together produced 3,608 MWh of solar power for the year.

In fiscal year 2017, the Maxell Group reduced its CO₂ emissions in Japan a considerable 5.7% compared with the previous year. Overseas, it achieved a 1.1% reduction. Japan is targeting short-term greenhouse gas reductions of 3.8% by 2020 compared with fiscal year 2005 levels, and medium-term reductions of 26% by 2030 compared with fiscal year 2013 levels.

In fiscal year 2017, the entire Maxell Group achieved CO₂ emission reductions of 58.5% compared with fiscal year 2005 levels and 24.4% compared with fiscal year 2013 levels.

In fiscal year 2016, an evaluation system by business classification was added as part of the Energy Conservation Law. Maxell, Ltd. and Maxell Joei Tech Co., Ltd. received an S rank rating as exceptional business operators.

Waste Reduction and Recycling

The Maxell Group is taking thorough measures to sort waste, promote the recycling of waste through the sharing of information between worksites, and expand in-house intermediate waste treatment with the aim of achieving zero emissions.*

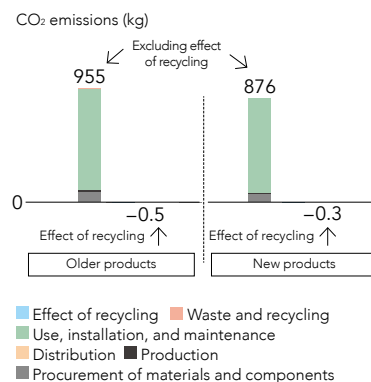
In fiscal year 2017, the amount of waste and recyclable materials the Group generated in Japan was essentially unchanged compared with that of the previous fiscal year. However, the Group's manufacturing bases in Japan achieved zero emissions for the 17th consecutive year thanks to stronger recycling efforts.

* Zero emissions criteria (evaluated by each worksite): final waste disposal amount of less than five tons per year and final disposal rate of less than 1% per year

Visualization of Environmental Performance through LCAs

Based on life cycle assessments (LCAs), we conducted a comparison of projectors and older products in terms of water use, waste, and CO₂ emissions and worked to visualize environmental performance. The results showed that newer products produced considerably less CO₂ emissions over their entire life cycle, from the manufacture of raw materials through distribution, use, and recycling. Similar evaluations of water use and waste showed similar results.

Comparison of New and Older Products' Generation of CO₂ Emissions



Determining Transportation Energy Consumption per Unit of Production

Because it handles a wide variety of products, the Maxell Group determines transportation energy consumption per unit based on the production volume of each production base. Due to increased transportation efficiency resulting from the integration of works in fiscal year 2017, the total for all bases decreased 12% from fiscal year 2016.

	Production (million yen)	Use (10,000 ton-kilometers)	Per Unit (ton-kilometers/million yen)
FY2016	56,216	1,147.4	204
FY2017	65,251	1,167.3	179

Chemical Substance Management

The Maxell Group processes waste by burning or removing it using absorbent materials to reduce the amount of volatile organic compounds (VOCs) released into the atmosphere. In fiscal year 2017, the Maxell Group's overseas works continued to achieve reductions, lowering VOC volume 33.3%. At domestic works, however, increased production of products that use significant amounts of VOCs led to a 16.4% year-on-year rise in VOC volume. As a result, the entire Maxell Group's atmospheric VOC emission volume increased 6.6% compared with the previous year. In addition, in response to the EU's REACH regulations and RoHS2 directive, we continued to enhance initiatives to assess the amount of added chemical substances in our products and manage the substances.

We manage the storage and processing status of equipment using PCBs. In fiscal year 2017, the Osaka and Kawasaki works completed processing of PCB waste, and the Kyoto Works processed large transducers.

Further, the Osaka Works completed the purification of contaminated groundwater, which had been a concern for many years.

Measures to Reduce Water Use

The Maxell Group strives to preserve water resources, including by reducing the amount of water used in manufacturing processes and recycling used water. Although water use at overseas worksites in fiscal year 2017 increased 2.4% compared with the previous year, Group worksites in Japan reduced their use 15.2%, resulting in a 9.7% year-on-year reduction for the Maxell Group as a whole.

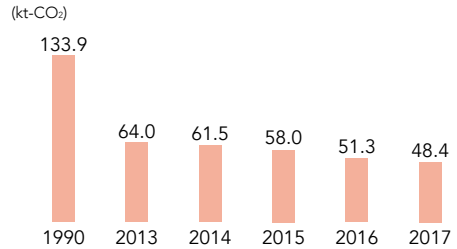
Reduction of Environmental Burden through Environment-Friendly Products

Based on the criteria of our environmentally conscious design assessments, we quantitatively assess the environmental burden of products at each stage of their life cycle and register products that meet certain criteria as environment-friendly products. In fiscal year 2017, we registered 17 environment-friendly products, including a moisture retention support device, a high-power prismatic lithium ion rechargeable battery, a projector, headphones, a butyl adhesive tape, and a dicing tape.

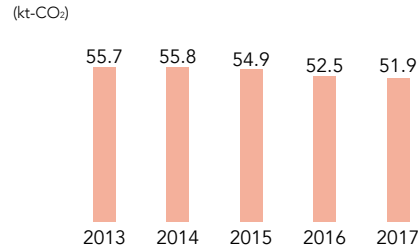
Environmental Data

CO₂ Emissions (Scope 1, 2^{*1})

Japan



Overseas^{*2}

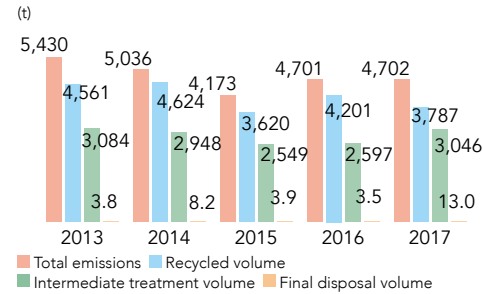


*1 Scope 1: Direct emissions from burning fuel and other combustibles at worksites
Scope 2: Indirect emissions from purchased power and other sources

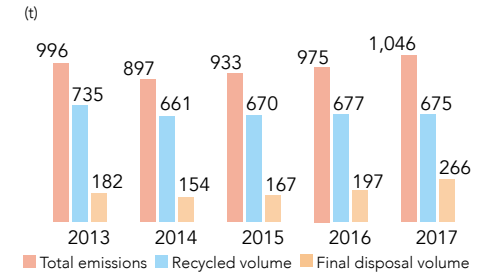
*2 Electrical power/CO₂ conversion factor: 0.36 t-CO₂/MWh for Japan, 0.487t-CO₂/MWh for the UK, 0.656 t-CO₂/MWh for Malaysia, 0.745 t-CO₂/MWh for China, 0.726t-CO₂/MWh for Indonesia.

Waste Treatment

Japan



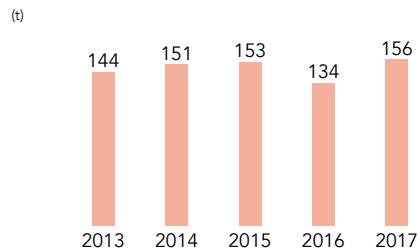
Overseas



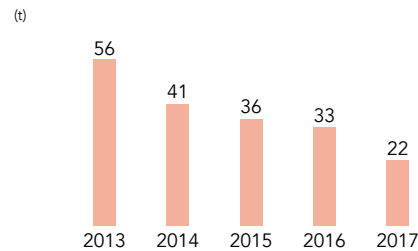
Legend: Total emissions (orange), Recycled volume (blue), Intermediate treatment volume (green), Final disposal volume (yellow)

VOC Emissions into the Atmosphere

Japan

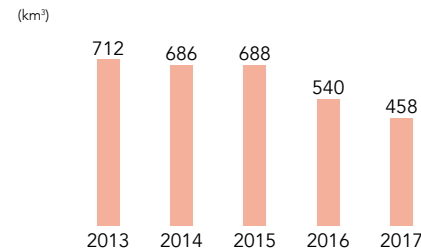


Overseas

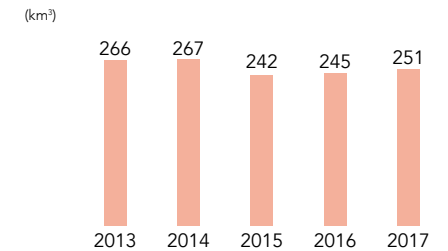


Water Use

Japan

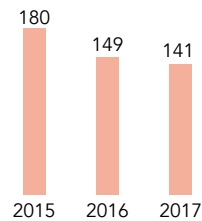


Overseas



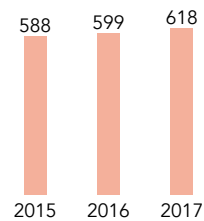
Energy per Unit of Net Sales

(x 10⁻² %)



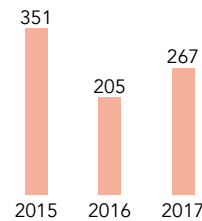
Waste per Unit of Net Sales

(x 10⁻¹ %)



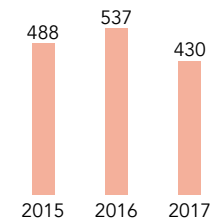
VOCs per Unit of Net Sales

(x 10⁻¹ %)



Water Use per Unit of Net Sales

(x 10⁻¹ %)



Corporate Governance

This section introduces the corporate governance system, policies, and initiatives that underpin the Maxell Group's business management and continued growth.

Contents

- 38 Corporate Governance
- 41 Directors and Executive Officers
- 42 Messages from Outside Directors

Corporate Governance

At the Maxell Group, one of our basic management policies is to pursue enhanced medium- to long-term corporate value through the implementation of management measures that reflect the viewpoints of all stakeholders, including shareholders and other investors, customers, and employees. Accordingly, we will expedite both management decision-making and operational implementation while simultaneously strengthening oversight systems, and thereby strengthen corporate governance.

▲ Corporate Governance System

Transition to a Holding Company Structure—A Governance System Suited to Growth

The Maxell Group transitioned to a holding company structure on October 1, 2017 with the conviction that the Group requires an expansion of its business scale to achieve sustainable growth and a management framework suited to realizing swift growth.

Maxell Holdings, Ltd. (the Company) has a management framework consisting of five directors, and three directors who serve as Audit and Supervisory Committee Members. The Company's Board of Directors decides on Groupwide management policies and medium- to long-term business strategies. In addition, the Board supervises directors and executive officers in the execution of their duties as well as operating companies in the execution of their operations. The Board comprises eight members, including three independent outside directors, and the chairman serves as the head of the council.

Since transitioning to a Company with an Audit and Supervisory Committee in June 2016, the Company has worked to reinforce the audit and oversight functions of the Board of Directors through said committee. In addition, to ensure the objectivity and transparency of the committee as an advisory council to the Board of Directors, we established the Nomination and Remuneration Committee, with a majority of its members being independent outside directors.

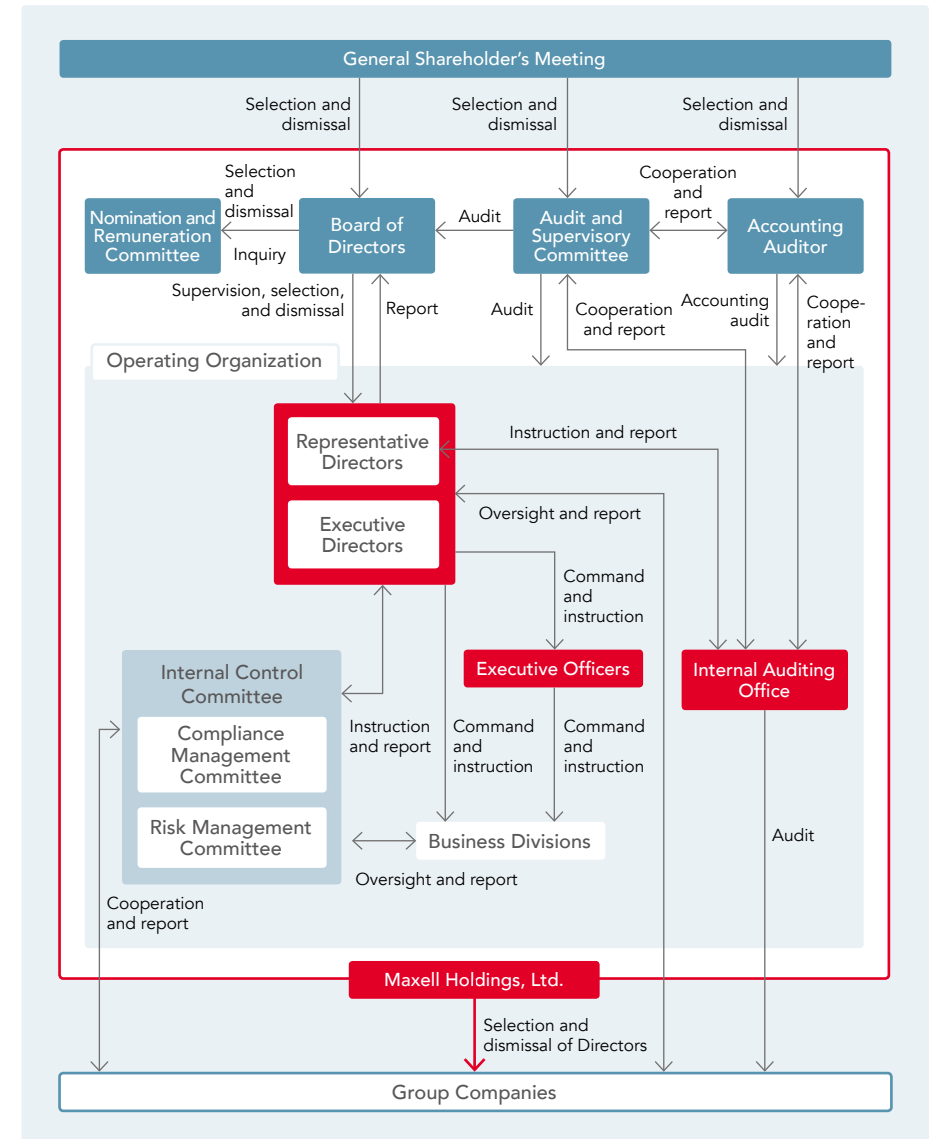
Moreover, the Company has adopted an executive officer system in an effort to make management more efficient and accelerate decision-making related to the execution of operations.

Corporate Governance Guidelines

Aiming to achieve sustainable growth and enhance its medium- to long-term corporate value, the Maxell Group formulated its basic views and basic policies concerning corporate governance in October 2015. The full text is available on Maxell's official website.*

* http://www2.maxell.co.jp/ir/pdf/maxell_corporate_governance_guideline_en.pdf

Corporate Governance System



Corporate Governance

▲ Appointment of Outside Directors

The Company secured a management oversight system by appointing independent outside directors who present objective opinions from an independent position to the Board of Directors.

Reasons for Appointing Outside Directors

Name	Reason for Appointment
Tatsuhiko Izumi	He has experience in management at Clarion Co., Ltd. and other companies as well as an extensive track record in automotive-related businesses.
Wataru Kitao	He is expected to contribute to the sustainable growth of the Company and the enhancement of its medium- to long-term corporate value due to his extensive experience at Nitto Denko Corporation in the management strategy field.
Shinobu Watanabe	He is expected to contribute to the sustainable growth of the Company and the enhancement of its medium- to long-term corporate value due to his extensive management experience at Ube Industries, Ltd. and its group companies as well as at overseas operating companies.

Notes: 1. The Company has entered into agreements with outside directors Wataru Kitao and Shinobu Watanabe wherein their liability is limited to the minimal amount provided for in Article 427, Paragraph 1, and Article 425, Paragraph 1, of the Companies Act of Japan.
2. The Company has appointed Tatsuhiko Izumi, Wataru Kitao, and Shinobu Watanabe as independent directors in accordance with the standards defined by the Tokyo Stock Exchange.

Activities of Outside Directors (April 1, 2017–March 31, 2018)

Name	Activities
Kouji Kihira	<ul style="list-style-type: none"> Attendance at Board of Directors Meetings: 15 of 15 meetings Attendance at Audit and Supervisory Committee: 17 of 17 meetings Statements at the Board of Directors Meetings: He has made appropriate statements based on his specialized knowledge of general management and functional materials.
Wataru Kitao	<ul style="list-style-type: none"> Attendance at Board of Directors Meetings: 15 of 15 meetings Attendance at Audit and Supervisory Committee: 17 of 17 meetings Statements at the Board of Directors Meetings: He has made appropriate statements based on his specialized knowledge of general management.

Note: The aforementioned activities include those at Hitachi Maxell, Ltd.

Remuneration for Directors and Audit and Supervisory Committee Members (Fiscal Year 2017)

The Company's directors (excluding those who serve as Audit and Supervisory Committee Members) receive both fixed remuneration and performance-based remuneration.

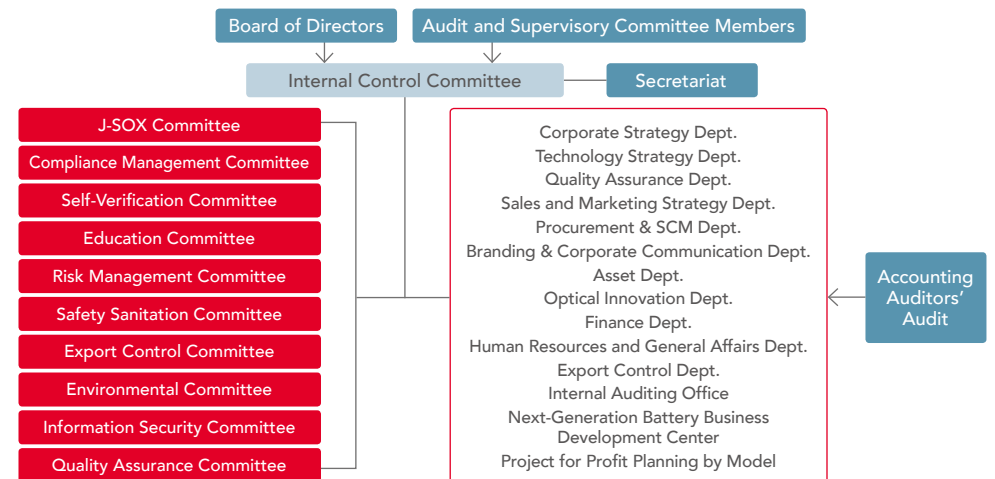
Classification	Remunerated Individuals	Total Remuneration (Millions of yen)
Directors (excluding Audit and Supervisory Committee Members and outside directors)	6	235
Directors (Audit and Supervisory Committee Members; excluding outside directors)	1	20
Outside executives	3	19

Notes: 1. The amounts of remuneration for directors reflect the differences between the total amounts of executive bonuses paid in June 2017 and the amounts of executive bonuses that were expected to be paid in June 2017, which the Company disclosed in the previous fiscal year.
2. The amounts of remuneration for directors (excluding Audit and Supervisory Committee Members) include executive bonuses for the fiscal year under review for four directors (excluding Audit and Supervisory Committee Members) of ¥82 million that are expected to be paid in June 2018.

▲ Strengthening of the Internal Control System

The Maxell Group has established the Internal Control Committee to reinforce corporate governance and ensure its effectiveness in helping to achieve management goals and improve corporate value for the entire Group. The committee strives to enhance internal control systems and improve Groupwide management systems, including those related to compliance and risk management, by strengthening their functions.

Maxell Holding's Internal Control System



Corporate Governance

▲ Evaluation of Effectiveness of the Board of Directors

Based on its Corporate Governance Guidelines, the Company regularly evaluates the effectiveness of the Board of Directors with a view to increasing the Board's effectiveness and heightening corporate value.

▲ Strengthening Compliance

The Maxell Group has continuously engaged in building an appropriate management structure, enhancing its internal control systems, and developing its compliance structure. Specifically, we established the Compliance Management Committee and are working to build a system to strengthen compliance within the Maxell Group.

With regard to export security, the Export Control Committee closely evaluates export license requirements and conducts rigorous audits of applications and users (catch all control audits). This is done to prevent the unauthorized diversion or subversion of the Company products for use in weapons of mass destruction and/or conventional weapons and to ensure compliance with relevant laws and regulations. In November 2014, we obtained special general bulk license approval* for exports and we pledge our ongoing commitment to responsible self-management going forward.

* A system under which the Minister of Economy, Trade and Industry certifies a corporation with an appropriate internal management system and track record to act on behalf of the national government with regard to some export licensing operations.

Establishing an External Compliance Helpline

The Maxell Group has long maintained the Maxell Compliance Helpline, a whistle-blower system designed to facilitate the quick discovery of legal violations and unfair practices and thereby enhance its internal self-regulatory capabilities. Aiming to further strengthen compliance management, the Group has now established a whistle-blower system connected to a lawyer independent from management for reporting illicit behavior on the part of management or other problems that are difficult to investigate internally. Further, no significant legal violations occurred within the Group in fiscal year 2017.

Respect for Human Rights

The Maxell Group recognizes respect for human rights as an important management issue and established the Maxell Group Human Rights Policy in September 2013, based on the Declaration on Fundamental Principles and Rights at Work of the International Labor Organization (ILO) and the International Bill of Human Rights.

Under the Group's employment rules, sexual harassment and power harassment are unequivocally prohibited. We continue to strengthen our internal anti-harassment system.

In the area of respect for human rights, we have been working to raise awareness of the issue through rank-specific training as well as Groupwide training. We will continue to work assiduously to promote widespread awareness of human rights.

▲ Risk Management

The Maxell Group identifies and assesses Groupwide risks, assigns a division to manage each risk item, and sets and manages response policies for these risks.

The Risk Management Committee is convened once a year to identify important risk management matters related to strategies, finances, hazards, and operations, and reviews each risk management activity before reporting the results to the Internal Control Committee.

Information Security

The Maxell Group has formulated an Information Security Policy and strictly complies with relevant regulations, systems, and safety measures. We also focus on educational activities to raise the information security awareness of each employee.

In fiscal year 2017, we provided courses on "Information Security Education" and "Personal Information Protection Measures." Since acquiring privacy mark certification in May 2013, we have continued to get recertified to date.

Please refer to our Corporate Governance Report for details on the implementation status, etc. of the Corporate Governance Code.

https://www2.maxell.co.jp/ir/pdf/corporate_governance_report_201806_en.pdf

Directors and Executive Officers (As of June 26, 2018)

▲ Directors



Yoshihiro Senzai
Chairman and Representative Director

Apr. 1971 Joined Hitachi Maxell, Ltd.
Aug. 1998 General Manager, Rechargeable Battery Division, Battery Business Group of Hitachi Maxell
Jun. 1999 Director of Hitachi Maxell
Jun. 2003 Vice President and Executive Officer of Hitachi Maxell
Apr. 2006 Senior President and Executive Officer of Hitachi Maxell
Jun. 2006 Director, Senior Vice President Executive Officer of Hitachi Maxell
Apr. 2008 Director, Representative Executive Officer, Senior Vice President, and Executive Officer of Hitachi Maxell
Jun. 2010 Representative Executive Officer, Senior Managing Director of Hitachi Maxell
Apr. 2011 President and Representative Director of Hitachi Maxell
Jun. 2014 President and Representative Director, Chief Executive Officer of Hitachi Maxell
Jun. 2016 Chairman and Representative Director of Hitachi Maxell
Oct. 2017 Chairman and Representative Director of Maxell Holdings, Ltd.
Jun. 2018 Chairman and Representative Director of Maxell Holdings (incumbent)



Yoshiharu Katsuta
President and Representative Director

Apr. 1980 Joined Hitachi Maxell, Ltd.
Mar. 2003 General Manager of Rechargeable Battery Division, Energy Solutions Business Group of Hitachi Maxell
Apr. 2005 Executive Officer of Hitachi Maxell
Apr. 2008 Vice President and Executive Officer of Hitachi Maxell
Jun. 2010 Executive Managing Director of Hitachi Maxell
Jun. 2011 Executive Vice President, Board of Directors of Hitachi Vehicle Energy, Ltd.
Apr. 2013 President and Representative Director of Hitachi Vehicle Energy
Apr. 2016 Senior Vice President and Executive Officer of Hitachi Maxell
Jun. 2016 President and Representative Director of Hitachi Maxell
Oct. 2017 President and Representative Director of Maxell Holdings, Ltd.
Jun. 2018 President and Representative Director of Maxell Holdings (incumbent)



Meiro Iwasaki
Director

Apr. 1974 Joined Hitachi, Ltd.
Oct. 2009 Executive Officer of Hitachi Maxell, Ltd.
Jun. 2010 Director of Hitachi Maxell
Apr. 2011 Managing Director of Hitachi Maxell
Jun. 2014 Director, Senior Vice President, and Executive Officer of Hitachi Maxell
Jun. 2016 Senior Executive Managing Director of Hitachi Maxell
Oct. 2017 Director of Maxell Holdings, Ltd.
Jun. 2018 Director of Maxell Holdings (incumbent)



Keiji Nakamura
Director

Apr. 1990 Joined Hitachi Maxell, Ltd.
Jan. 2013 Deputy General Manager of Energy Division of Hitachi Maxell
Jul. 2014 Executive Officer of Hitachi Maxell
Oct. 2017 Executive Officer of Maxell, Ltd.
Apr. 2018 President and Representative Director of Maxell (incumbent)
Jun. 2018 Director of Maxell Holdings, Ltd. (incumbent)



Tatsuhiko Izumi
Outside Director

Apr. 1976 Joined Clarion Co., Ltd.
Jun. 1999 Director of Clarion
May 2001 President and Representative Director of Clarion
Apr. 2014 Chairman, Representative Director, and CEO of Clarion
Jun. 2016 Chairman, CEO, and Director of Clarion
Apr. 2017 Director of Clarion
Jun. 2017 Advisor of Clarion (incumbent)
Jun. 2018 Director of Maxell Holdings, Ltd. (incumbent)

▲ Directors who serve as Audit and Supervisor Committee Members



Katsunori Ikegami
Director

Apr. 1980 Joined Hitachi Maxell, Ltd.
Apr. 2011 Director of Hitachi Maxell
Jun. 2014 Executive Officer of Hitachi Maxell
Apr. 2015 Special-purpose contract employee of Hitachi Maxell
Jun. 2015 Full-Time Audit and Supervisory Board Member of Hitachi Maxell
Jun. 2016 Director of Hitachi Maxell
Oct. 2017 Director of Maxell Holdings, Ltd.
Jun. 2018 Director of Maxell Holdings (incumbent)



Wataru Kitao
Outside Director

Apr. 1974 Joined Nitto Electric Industrial Co., Ltd. (currently Nitto Denko Corporation)
Jun. 2003 Director of Nitto Denko
Jun. 2007 Senior Vice President of Nitto Denko
Jun. 2010 Corporate Advisor of Nitto Denko
Nov. 2013 Audit and Supervisory Board Member of Hitachi Maxell, Ltd.
Jun. 2015 Audit and Supervisory Board Member of Hitachi Maxell
Jun. 2016 Director of Hitachi Maxell
Oct. 2017 Director of Maxell Holdings, Ltd.
Jun. 2018 Director of Maxell Holdings (incumbent)



Shinobu Watanabe
Outside Director

Apr. 1977 Joined Ube Industries, Ltd.
Jun. 1999 Chairman and President of Ube Corporation Europe, S.A.
Jun. 2003 Executive Officer of Ube Industries and Chairman and President of Ube Corporation Europe
Jun. 2005 Executive Officer of Ube Industries
Jun. 2006 President and Representative Director of UMG ABS, LTD.
Jun. 2009 Managing Executive Officer of Ube Industries
Jun. 2015 President and Representative Director of UBE EXSYMO CO., LTD.
Apr. 2017 Corporate Advisor of UBE EXSYMO (incumbent)
Jun. 2018 Director of Maxell Holdings, Ltd. (incumbent)

▲ Executive Officers

Kazuhiro Kaizaki

Hiroshi Ikeuchi

Osamu Onodera

Koji Norimatsu

Hiroyuki Suzuki

Seiji Sumoto

Messages from Outside Directors



Wataru
Kitao

Outside
Director

My approach to business management emphasizes “CEO,” which stands for Customers, Employees, and Owners (shareholders). To sustain growth, companies must conduct business management in a manner that focuses on achieving a balance among these three stakeholder groups.

The Maxell Group has transitioned to a holding company structure, and I feel that employees have set their sights on realizing broader engagement with society. I believe that removing “Hitachi” from the Group’s name has redoubled employees’ motivation to heighten the value of the Maxell brand and meet the expectations of customers and shareholders.

Further, understanding that the holding company and operating companies are not separate but function as parts of the same corporate entity is important. From the viewpoint of creating the basis for such understanding, the establishment of a holding company structure has clearly separated the roles of Group management and business execution.

Another initialism that I find useful in regards to business management is “SPRO.” The “S” stands for Strategies. To function, strategies require “PRO,” which stands for Processes, Resources, and Organizations. When we set out to do something, PRO are necessary. If we do not establish effective PRO, we will not succeed. The Maxell Group did not establish a holding company structure with the aim of organizational change but rather to realize autonomous business management and initiate an entirely different level of growth. To realize these goals, the Group needs to establish PRO as soon as possible. Also, developing the next generation of managers to lead these efforts is an important task.

The roles of outside directors entail using insight to ascertain risks and thereby minimize negative factors while providing a range of options so that the senior management team’s decision-making maximizes growth opportunities. My goals are to offer advice from a slightly broader perspective and contribute to the growth of the Maxell Group.



Shinobu
Watanabe

Outside
Director

The Maxell Group is pursuing an ambitious strategy of increasing growth by adopting completely different management systems and corporate governance. As it revamps operations, personnel, organizations, and structures, the Group is, I believe, establishing a “new Maxell.”

I intend to use the experience and insight acquired throughout my years of involvement in business management in Japan and overseas to contribute to the enhancement of the Maxell Group’s growth and corporate value. Regarding business management, my credo is to examine whether initiatives are profitable, enjoyable, and beneficial.

The board of directors, president, and executives are responsible for conducting the business management of companies. If we think of a company as a car, the senior management team is entrusted with operating the steering wheel, gas pedal, and brakes. I believe the basic roles of outside directors and Audit and Supervisory Committee Members are to monitor whether the senior management team is operating the steering wheel, gas pedal, and brakes in a safe, efficient, and timely manner; using in-house resources effectively; and responding appropriately to various risks along the way. I want to make statements and recommendations proactively so that in addition to fulfilling the role of a management board, the board of directors functions effectively as a monitoring board.

Corporate governance is, in my view, primarily a matter of risk management. On a daily basis, the Group is asked to decide on and respond appropriately to business issues in a wide range of fields. Further, it is difficult to guarantee 100% that various issues related to quality, industrial accidents, and compliance will be prevented. Therefore, it is necessary to constantly work toward developing the Group’s systems, personnel, and corporate culture with a view to minimizing the likelihood of risks materializing. By properly monitoring such areas from the viewpoint of an outside director and outside Audit and Supervisory Committee Member, I hope to contribute to the enhancement of the Maxell Group’s growth and corporate value.



Tatsuhiko
Izumi

Outside
Director

The optimization of corporate governance to reflect a company’s culture and business characteristics is important. The Maxell Group conducts an extensive range of businesses globally. Aiming to sustain sound growth as an integrated corporate entity that encompasses these diverse businesses, the Group is continuing initiatives to establish governance that is best suited to this diverse business portfolio. As a newly appointed outside director, I would like to draw on my management experience at Clarion Co., Ltd. and the insights I have gained concerning global strategies to contribute to the sound growth of the Maxell Group.

From an external perspective, the Maxell Group’s numerous differentiated technologies seem to harbor great potential. The Group must increase the dissemination of these differentiated technologies worldwide in order to grow further. Companies do not grow simply because they are technology oriented. To convert technologies into growth drivers, the senior management team should use their experience-based intuition and take appropriate measures accordingly. As an outside director, I see it as my responsibility to provide unequivocal recommendations and encourage discussions in relation to proposals of the senior management team that stem from such experience and intuition.

When Japanese companies expand businesses globally, there is a tendency to categorize Japan separately and view matters on a “Japan versus the world” basis. However, Japan is undeniably part of the global market. Although disseminating technology is an important role of the Maxell Group’s domestic operations, perhaps the Group should, for example, transfer certain key manufacturing functions to other countries. I think that by viewing the world as a single entity, rather than on a “Japan versus the world” basis, and deploying functions appropriately, it will be possible for the Group to come closer to becoming a truly global enterprise. At the same time, when rolling out products it is necessary to have an in-depth understanding of the cultures and markets of countries and to introduce products that suit their needs. On the other hand, with respect to physical operations, the Group may need to sharpen its focus on priority areas by consolidating the regions in which it operates as well as the product lineups it offers. Deciding on such matters as it advances business management will be critical for the growth of the Maxell Group going forward.

Basic Data

This section introduces the financial status of the Maxell Group and its basic corporate information.

Contents

- 44 Consolidated Financial Information
 - 44 Key Financial Data
 - 45 Segment Information
 - 46 Consolidated Financial Statements (Summary)
- 48 Maxell Group Network
- 50 Corporate Data / Stock Information

Consolidated Financial Information

Key Financial Data

(FY)	2013	2014	2015	2016	2017
Net sales	148,481	156,033	156,216	135,116	148,198
Operating income	7,356	5,190	7,306	7,567	8,848
Operating income to net sales (%)	4.95	3.33	4.68	5.60	5.97
EBITDA ^{*1}	12,017	10,263	11,985	11,890	12,445
EBITDA margin ^{*2} (%)	8.09	6.58	7.67	8.80	8.40
Profit attributable to owners of parent	7,432	6,820	3,931	5,724	7,127
Return on sales (%)	5.01	4.37	2.52	4.24	4.81
Depreciation	4,661	5,073	4,679	4,323	3,597
Capital investment	6,866	4,290	4,212	3,549	4,593
R&D expenses	8,155	9,472	8,777	9,850	10,592
Net income per share (yen)	118.20	129.07	74.39	108.32	134.88
Net assets per share (yen)	2,097.20	2,211.29	2,121.44	2,203.19	2,290.22
Dividend per share (yen)	63.00	63.00	36.00	36.00	44.00
Dividend payout ratio (%)	53.3	48.8	48.4	33.2	32.6
Number of shares issued at end of period (excluding treasury shares)(thousand shares)	62,875	52,841	52,841	52,841	52,841
Average number of shares during the term (including treasury shares)(thousand shares)	53,341	53,341	53,341	53,341	53,341
ROE (%)	6.34	5.99	3.43	5.01	6.00
ROA ^{*3} (%)	5.16	3.47	4.25	4.71	5.19
ROIC ^{*4} (%)	6.33	6.04	3.42	5.00	5.92
Receivables turnover ^{*5} (times)	5.45	4.92	5.03	4.90	5.42
Inventory turnover ^{*6} (times)	5.73	6.22	7.56	7.75	7.41
Shareholders' equity ratio (%)	71.4	72.8	72.6	73.0	71.0
D/E ratio ^{*7} (times)	0.02	0.00	0.01	0.01	0.01
Current ratio (%)	242.5	310.8	310.6	323.0	275.9
Working capital ^{*8}	29,465	27,396	20,660	18,324	18,478

(Millions of yen)

Sales by Region

(FY)	2013	2014	2015	2016	2017
Americas	17,508	20,313	20,305	14,035	12,844
Europe	14,580	17,072	15,229	12,673	12,498
Asia and other	56,615	59,708	61,973	46,728	42,955
Japan	59,778	58,940	58,709	61,680	79,901
Average Foreign Exchange Rate over the Year					
JPY/US\$ (yen)	100	110	120	108	111

(Millions of yen)

Year-End Stock Price Indicators

(FY)	2013	2014	2015	2016	2017
EV/EBITDA ^{*9} (times)	6.0	7.1	4.2	5.1	5.2
Year-end stock price (yen)	1,678	2,078	1,713	2,031	2,072
Market capitalization (millions of yen)	89,506	110,843	91,373	108,337	110,524
Year's high (yen)	1,980	2,238	2,195	2,335	2,817
Year's low (yen)	1,672	1,540	1,468	1,314	1,881

(Millions of yen)

*1 Operating income + Depreciation

*2 EBITDA / Net sales × 100

*3 Ordinary income / Average total assets × 100

*4 (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

*5 Net sales / Average receivables

*6 Cost of sales / Average inventories

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

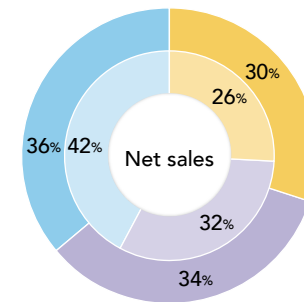
*8 (Current assets – Cash and deposits) – (Current liabilities – Current portion of long-term loans payable)

*9 (Market capitalization + Interest-bearing debt – Cash and deposits) / EBITDA

Consolidated Financial Information

Segment Information	(Millions of yen)				
(FY)	2013	2014	2015	2016	2017
Net sales	148,481	156,033	156,216	135,116	148,198
Energy	38,988	37,721	40,782	34,992	44,970
Industrial Materials	47,176	48,840	46,319	42,792	49,940
Electronic Appliances and Consumer Products	62,317	69,472	69,115	57,332	53,288
Operating income	7,356	5,190	7,306	7,567	8,848
Energy	2,468	1,031	1,960	2,031	5,559
Industrial Materials	1,998	1,825	1,528	2,965	2,889
Electronic Appliances and Consumer Products	2,890	2,334	3,818	2,571	400
Operating income to net sales (%)	4.95	3.33	4.68	5.60	5.97
Energy	6.33	2.73	4.81	5.80	12.36
Industrial Materials	4.24	3.74	3.30	6.93	5.78
Electronic Appliances and Consumer Products	4.64	3.36	5.52	4.48	0.75
Total assets	155,215	160,452	154,356	159,464	170,523
Energy	42,949	41,550	35,198	31,693	35,226
Industrial Materials	42,964	43,482	41,977	39,727	48,760
Electronic Appliances and Consumer Products	47,734	39,406	36,917	33,192	33,346
Other	21,568	36,014	40,264	54,852	53,191
Increase in property, plant and equipment and intangible assets	7,166	4,404	4,647	3,804	9,439
Energy	4,312	2,864	1,483	833	1,855
Industrial Materials	1,652	719	2,287	1,849	6,525
Electronic Appliances and Consumer Products	1,202	821	877	1,122	1,059
Depreciation	4,661	5,073	4,679	4,323	3,597
Energy	2,034	2,242	1,963	1,853	965
Industrial Materials	1,380	1,427	1,550	1,378	1,582
Electronic Appliances and Consumer Products	1,247	1,404	1,166	1,092	1,050
R&D expenses	8,155	9,472	8,777	9,850	10,592
Energy	2,439	2,361	2,050	2,382	2,280
Industrial Materials	1,542	1,606	1,696	1,972	2,549
Electronic Appliances and Consumer Products	4,174	5,505	5,031	5,496	5,763
Number of employees (year-end)	4,507	4,053	4,040	3,966	4,045
Energy	1,332	1,136	1,090	984	1,010
Industrial Materials	1,895	1,783	1,915	1,867	1,943
Electronic Appliances and Consumer Products	982	935	827	884	854
Companywide	298	199	208	231	238

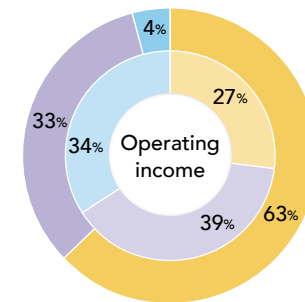
Composition of Net Sales and Operating Income

Fiscal 2016
(inner circle)

Energy
Industrial Materials
Electronic Appliances and Consumer Products

Fiscal 2017
(outer circle)

Energy
Industrial Materials
Electronic Appliances and Consumer Products

Fiscal 2016
(inner circle)

Energy
Industrial Materials
Electronic Appliances and Consumer Products

Fiscal 2017
(outer circle)

Energy
Industrial Materials
Electronic Appliances and Consumer Products

Note: Main products by segment were as follows:

Energy	Consumer-use lithium ion batteries, industrial-use lithium ion batteries, etc.
Industrial Materials	Optical components, functional materials, precision parts, etc.
Electronic Appliances and Consumer Products	Projectors, small electronic appliances, healthcare products, recording media, etc.

Consolidated Financial Information

Consolidated Balance Sheets (Summary)					(Millions of yen)
(FY)	2013	2014	2015	2016	2017
Total current assets	79,454	96,699	92,321	97,235	100,300
Principle accounting items:					
Cash and deposits	16,301	38,770	42,017	51,930	45,920
Notes and accounts receivable–trade	30,804	32,587	29,543	25,554	29,175
Inventories	21,285	18,657	13,900	13,163	17,553
Deferred tax assets	1,057	1,714	1,702	1,995	2,412
Non-current assets	75,761	63,753	62,035	62,229	70,223
Total property, plant and equipment	68,519	57,471	55,158	50,200	53,047
Intangible assets	1,288	1,025	1,047	1,023	4,333
Total investments and other assets	5,954	5,257	5,830	11,006	12,843
Principle accounting items:					
Investment securities	4,301	2,286	4,550	7,063	9,731
Deferred tax assets	534	535	477	929	812
Total assets	155,215	160,452	154,356	159,464	170,523
Total current liabilities	32,763	31,116	29,722	30,104	36,351
Principle accounting items:					
Notes and accounts payable–trade	16,108	15,108	16,063	15,100	20,672
Accounts payable–other and accrued expenses	10,979	11,948	11,171	10,541	11,882
Current portion of long-term loans payable and lease obligations	1,694	—	78	94	68
Non-current liabilities	10,178	10,593	10,808	11,220	11,378
Principle accounting items:					
Long-term loans payable and lease obligations	6	325	643	672	544
Deferred tax liabilities	3,693	4,299	3,735	3,926	4,024
Provision for directors' retirement benefits and net defined benefit liability	5,429	5,934	6,420	6,612	6,800
Total liabilities	42,941	41,709	40,530	41,324	47,729
Total shareholders' equity	118,957	120,783	122,047	125,869	131,093
Total accumulated other comprehensive income	(8,138)	(3,935)	(9,947)	(9,449)	(10,076)
Non-controlling interests	1,455	1,895	1,726	1,720	1,777
Total net assets	112,274	118,743	113,826	118,140	122,794
Total liabilities and net assets	155,215	160,452	154,356	159,464	170,523

Consolidated Statements of Income (Summary)					(Millions of yen)
(FY)	2013	2014	2015	2016	2017
Net sales	148,481	156,033	156,216	135,116	148,198
Gross profit	32,810	31,723	33,193	30,245	34,328
Total selling, general and administrative expenses	25,454	26,533	25,887	22,678	25,480
Operating income	7,356	5,190	7,306	7,567	8,848
Non-operating income/expenses (net)	710	280	(609)	(180)	(281)
Principle accounting items:					
Interest income and dividend income	172	95	258	319	376
Interest expenses and sales discounts	(217)	(178)	(182)	(192)	(255)
Foreign exchange gains/losses	377	273	(369)	(162)	(765)
Share of loss of entities accounted for using equity method	(20)	(22)	(92)	(126)	346
Ordinary income	8,066	5,470	6,697	7,387	8,567
Extraordinary income/losses (net)	631	3,353	(1,474)	(684)	(526)
Principle accounting items:					
Gain on sales of non-current assets	155	11,171	14	4,392	471
Gain on sales of investment securities	1,323	593	25	—	—
Loss on sales and retirement of non-current assets	(208)	(369)	(133)	(328)	(855)
Impairment loss	(263)	(3,092)	(55)	(3,925)	(385)
Loss on valuation of investment securities	(37)	—	—	—	—
Business structure improvement expenses	(382)	(3,966)	(1,336)	(151)	(303)
Profit before income taxes	8,697	8,823	5,223	6,703	8,041
Total income taxes	1,115	1,784	1,229	867	868
Profit attributable to non-controlling interests	150	219	63	112	46
Profit attributable to owners of parent	7,432	6,820	3,931	5,724	7,127

Consolidated Financial Information

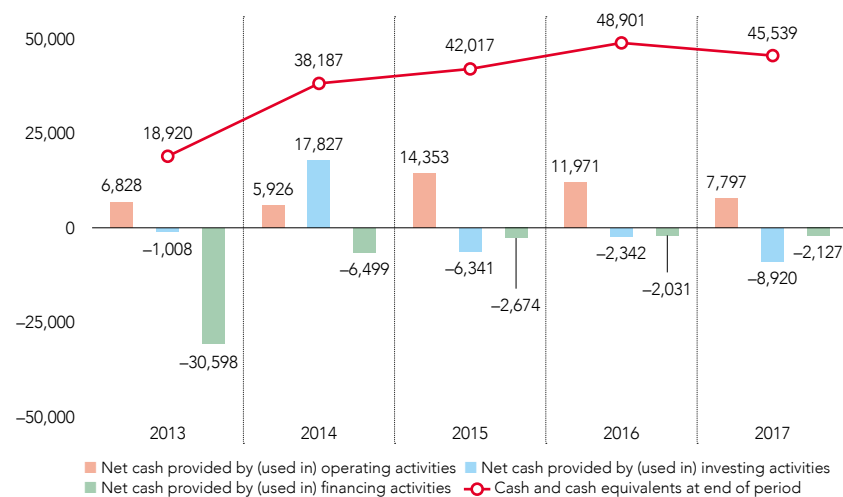
Consolidated Statements of Cash Flows (Summary)

(FY)	2013	2014	2015	2016	2017
Net cash provided by (used in) operating activities	6,828	5,926	14,353	11,971	7,797
Principal accounting items:					
Profit before income taxes	8,697	8,823	5,223	6,703	8,041
Depreciation	4,661	5,073	4,679	4,323	3,597
Impairment loss	263	3,092	474	3,934	385
Loss (gain) on valuation of investment securities	37	—	—	—	—
Loss (gain) on sales of investment securities	(1,323)	(593)	(25)	—	—
Loss (gain) on sales and retirement of non-current assets	53	(10,802)	119	(4,064)	384
Decrease (increase) in notes and accounts receivable-trade	166	(399)	2,473	3,617	(3,519)
Decrease (increase) in inventories	2,106	3,979	4,220	501	(3,599)
Increase (decrease) in notes and accounts payable-trade	251	(1,955)	1,574	(719)	5,349
Net cash provided by (used in) investing activities	(1,008)	17,827	(6,341)	(2,342)	(8,920)
Principal accounting items:					
Purchase of investment securities	(70)	(506)	(2,620)	(1,507)	(1,632)
Proceeds from sales of investment securities	5,011	3,610	41	—	—
Purchase of property, plant and equipment	(5,967)	(5,575)	(3,965)	(3,259)	(5,523)
Proceeds from sales of property, plant and equipment	296	20,646	101	6,052	830
Purchase of shares of subsidiaries resulting in change in scope of consolidation	—	—	—	—	(4,940)
Net cash provided by (used in) financing activities	(30,598)	(6,499)	(2,674)	(2,031)	(2,127)
Principal accounting items:					
Net increase (decrease) in short-term loans payable and long-term loans payable	(227)	(1,469)	167	(35)	(36)
Purchase of treasury shares	(30,000)	(0)	—	—	(1)
Proceeds from share issuance to non-controlling shareholders	129	66	—	—	—
Dividends paid to non-controlling interests	—	(102)	(108)	(38)	(31)
Cash dividends paid	(500)	(4,994)	(2,616)	(1,902)	(1,902)
Repayments of lease obligations	—	—	(56)	(56)	(157)
Effect of exchange rate change on cash and cash equivalents	814	2,013	(1,508)	(714)	(112)
Net increase (decrease) in cash and cash equivalents	(17,580)	19,267	3,830	6,884	(3,362)
Extraordinary items:					
Increase in cash and cash equivalents from corporate division	3,400	—	—	—	—
Increase in cash and cash equivalents from newly consolidated subsidiary	2,984	—	—	—	—
Cash and cash equivalents at beginning of period	36,500	18,920	38,187	42,017	48,901
Cash and cash equivalents at end of period	18,920	38,187	42,017	48,901	45,539
Free cash flow*	5,820	23,753	8,012	9,629	(1,123)

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

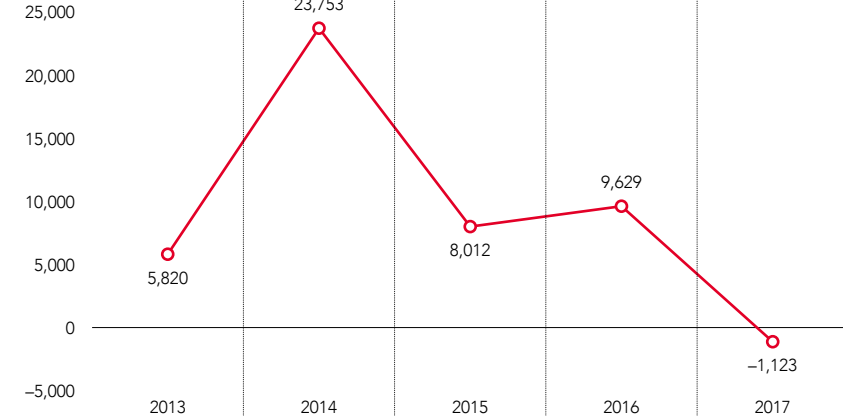
Cash Flow Data

(Millions of yen)



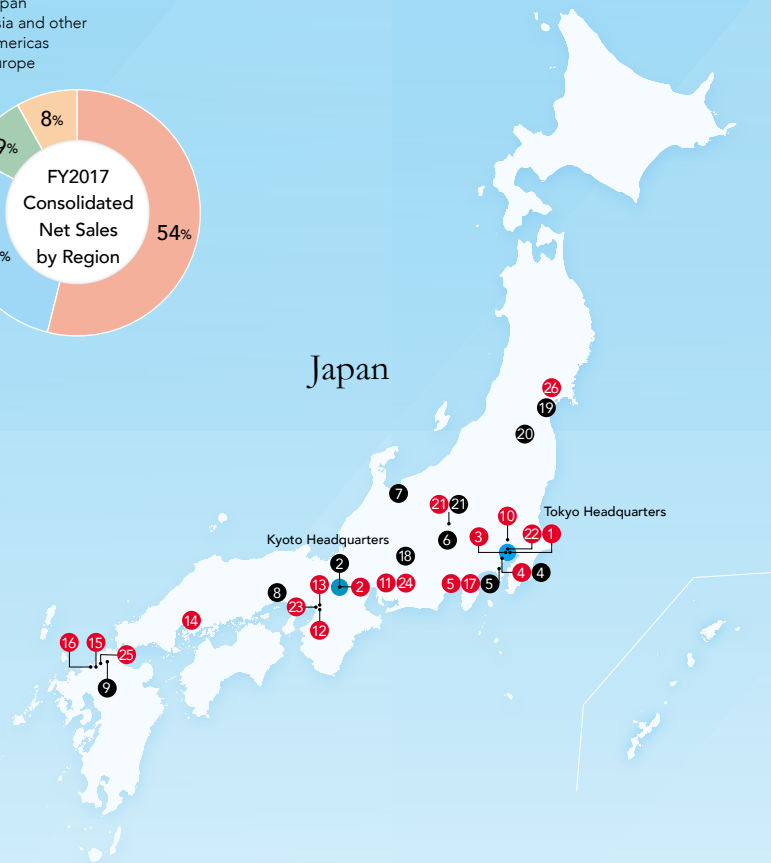
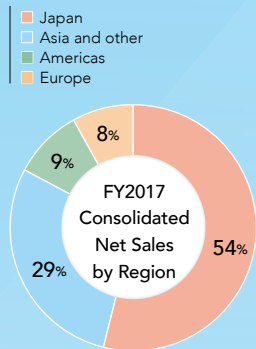
Free Cash Flow

(Millions of yen)



Maxell Group Network

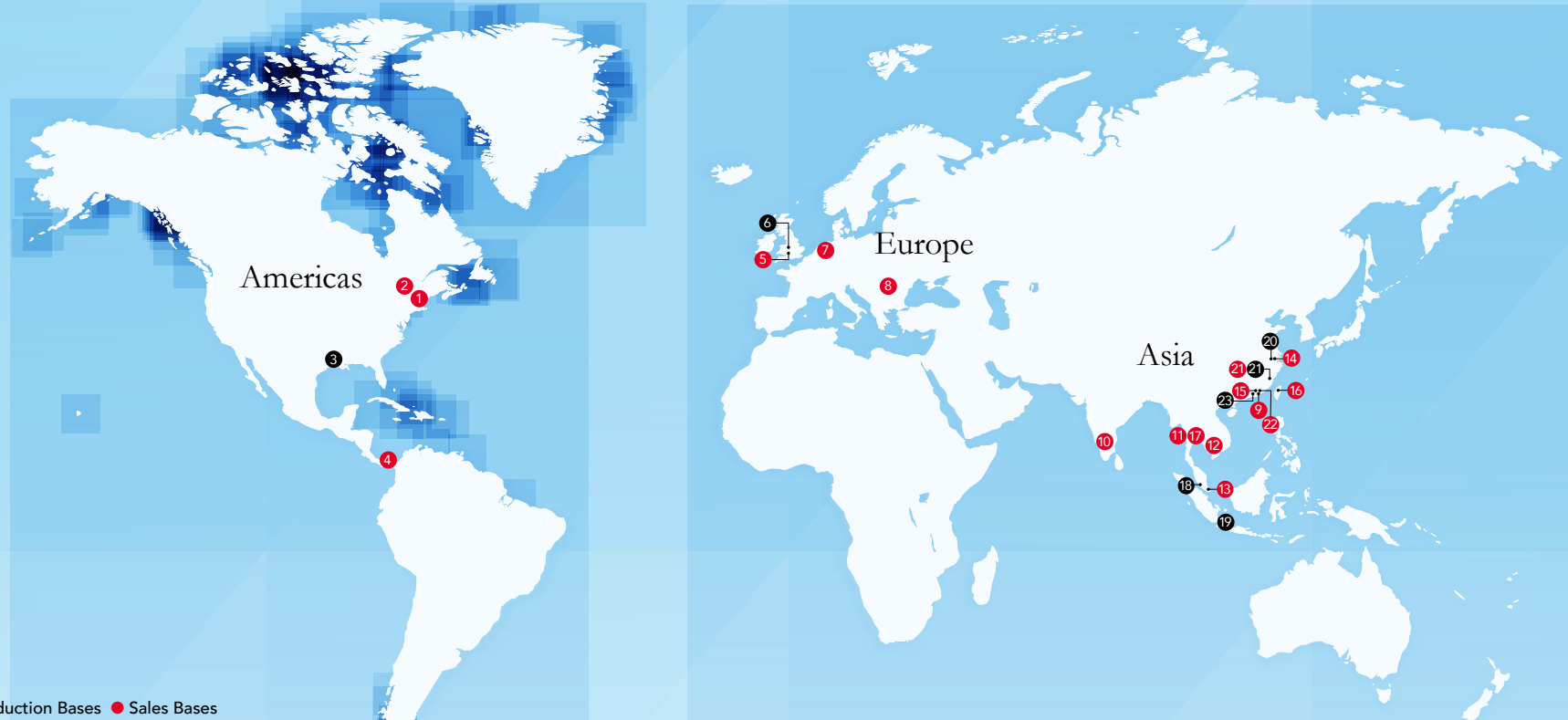
Maxell has been actively expanding its overseas operations since 1969. Going forward, Maxell aims to expand its business scale in each country, including newly emerging countries, based on its quality cultivated in Japan and the trust customers have in this quality. Further, we will work to enhance our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



●R&D, Production Bases ● Sales Bases

No.	Name	Location	Business Segment/Production Base		
			Energy	Industrial Materials	Electronic Appliances and Consumer Products
Maxell Holdings, Ltd.					
	Tokyo Headquarters	Tokyo Pref.			
	Kyoto Headquarters	Kyoto Pref.			
Maxell, Ltd.					
	Tokyo Headquarters, Tokyo Office	Tokyo Pref.			
	Kyoto Headquarters, Kyoto Office/Works	Kyoto Pref.	■	■	
	Yoyogi Office	Tokyo Pref.			
	Kawasaki Office/Works	Kanagawa Pref.		■	
	Yokohama Office/Works	Kanagawa Pref.		■	■
	Kobuchizawa Works	Yamanashi Pref.		■	
	Toyama Works	Toyama Pref.	■		
	Ono Works	Hyogo Pref.	■		
	Kyushu Works	Fukuoka Pref.		■	■
	Kanto/Tohoku Office	Saitama Pref.			
	Nagoya Office	Aichi Pref.			
	Osaka Office, Life Solution Division	Osaka Pref.			
	Osaka Office	Osaka Pref.			
	Chugoku/Shikoku Office	Hiroshima Pref.			
	Fukuoka Office, Life Solution Division	Fukuoka Pref.			
	Kyushu Office	Fukuoka Pref.			
Maxell Joei Tech Co., Ltd.					
	Head Office, Yokohama Office	Kanagawa Pref.			
	Gifu Works	Gifu Pref.		■	
	Miyagi Works	Miyagi Pref.		■	
Maxell System Tech Co., Ltd.					
	Head Office, Yonezawa Works	Yamagata Pref.		■	
	Yokohama Office	Kanagawa Pref.			
Izumi Products Company					
	Headquarters	Nagano Pref.		■	■
	Tokyo Office	Tokyo Pref.			
	Osaka Office	Osaka Pref.			
	Nagoya Office	Aichi Pref.			
	Fukuoka Office	Fukuoka Pref.			
	Sendai Office	Miyagi Pref.			

Maxell Group Network



● R&D, Production Bases ● Sales Bases

No.	Name	Location	Business Segment/Production Base		
			Energy	Industrial Materials	Electronic Appliances and Consumer Products
	Maxell Corporation of America	USA			
	Maxell Corporation of America, Canada Branch	Canada			
	Maxell Research and Development America, LLC	USA			
	Maxell Latin America	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.	Hong Kong			
	Maxell Asia, Ltd. Chennai Office	India			
	Maxell Asia, Ltd. Bangkok Office	Thailand			
	Maxell Asia, Ltd. Vietnam Office	Vietnam			
	Maxell Asia (Singapore) Pte. Ltd.	Singapore			

No.	Name	Location	Business Segment/Production Base		
			Energy	Industrial Materials	Electronic Appliances and Consumer Products
	Maxell (Shanghai) Trading Co., Ltd.	China			
	Maxell (Shenzhen) Trading Co., Ltd.	China			
	Maxell Taiwan, Ltd.	Taiwan			
	Maxell Joei Tech (Thailand) Co., Ltd.	Thailand			
	Maxell Tohshin (Malaysia) Sdn. Bhd.	Malaysia		■	
	PT. Sliontec Ekadharm Indonesia	Indonesia		■	
	Wuxi Maxell Energy Co., Ltd.	China	■		
	Maxell Digital Products China Co., Ltd.*	China		■	■
	Izumi Products HK Limited	Hong Kong			
	Gangquan Precision (Shenzhen) Co., Ltd.	China			■

* The name of the company changed from Hitachi Digital Products China Co., Ltd. in January 2018.

▲ Corporate Data (As of April 1, 2018)

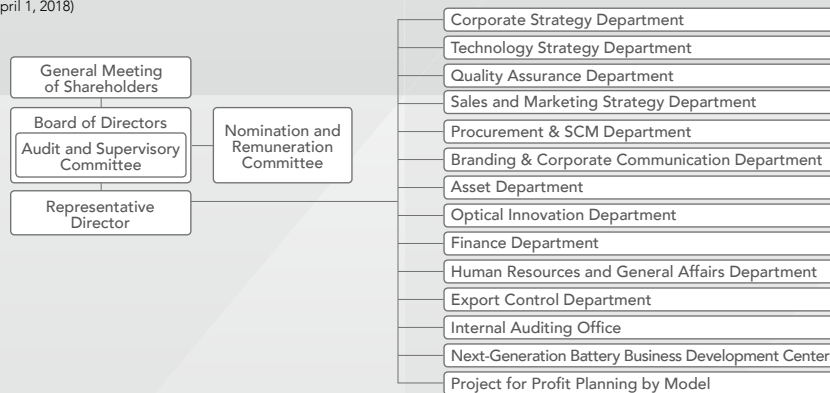
Company Name:	Maxell Holdings, Ltd.
Tokyo Headquarters:	21F, Taiyo Life Shinagawa Building 2-16-2, Konan, Minato-ku, Tokyo 108-8248 Japan
Kyoto Headquarters:	1, Koizumi, Oyamazaki, Oyamazaki-cho, Otokuni-gun, Kyoto 618-8525 Japan
Established:	September 1960
Paid-in Capital:	¥12,203 million
Representative Directors:	Chairman: Yoshihiro Senzai President: Yoshiharu Katsuta
Number of Employees*1:	Consolidated: 4,045
Transfer Agent:	Sumitomo Mitsui Trust Bank, Limited
Independent Auditor:	Ernst & Young ShinNihon LLC*2

*1 As of March 31, 2018

*2 Name changed to EY ShinNihon LLC on July 1, 2018.

Maxell Holdings' Organization Chart

(As of April 1, 2018)



Principal Consolidated Subsidiaries (As of October 1, 2018)

Company Name	President	Capital (Millions of yen)	Ownership (%)
Maxell, Ltd.	Keiji Nakamura, President and Representative Director	5,000	100%
Maxell Joei Tech Co., Ltd.	Shuji Onishi, President and Director	65	100%
Maxell System Tech Co., Ltd.	Akira Ohashi, President and Director	30	100%
Izumi Products Company	Juichiro Shima, President and Chief Executive Officer	3,080	40%

Disclaimer Regarding Forward-Looking Statements

Discussions in this report of performance and business plans and strategies that are not historical facts are "forward-looking statements" based on the decisions of management after the consideration of information available as of March 31, 2018. Accordingly, these statements are subject to risk and contain a degree of uncertainty. We ask that readers refrain from making investment decisions based solely on these forward-looking statements.

Tagline of Maxell



"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.

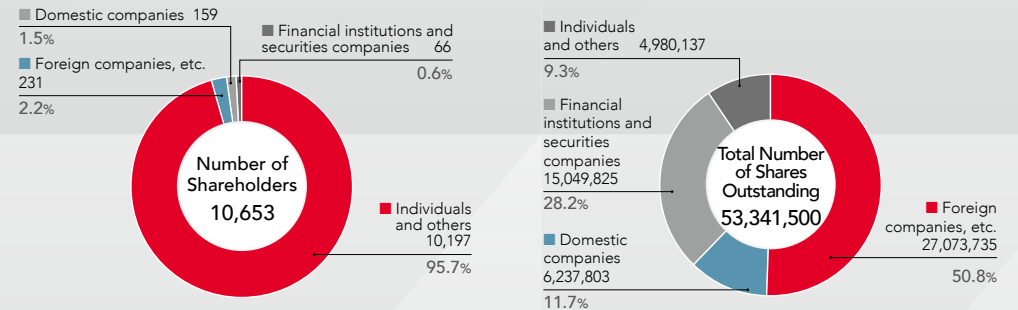
▲ Stock Information (As of March 31, 2018)

Major Shareholders

	Shareholders	Number of Shares	Percentage of Shareholdings
1	Japan Trustee Services Bank, Ltd.	7,823,990	14.81
2	MSIP CLIENT SECURITIES	2,580,300	4.88
3	The Master Trust Bank of Japan, Ltd.	2,465,500	4.67
4	Nichia Corporation	2,001,600	3.79
5	TAIYO HANEI FUND, L.P.	1,877,200	3.55
6	CGML PB CLIENT ACCOUNT/COLLATERAL	1,831,200	3.47
7	Hitachi, Ltd.	1,603,000	3.03
8	State Street Bank and Trust Company 505019	1,448,410	2.74
9	BNYM TREATY DTT 15	1,319,800	2.50
10	Morgan Stanley MUFG Securities Co., Ltd.	1,312,930	2.48

Notes 1. Hitachi, Ltd., a major shareholder at the end of the previous fiscal year, is no longer a major shareholder as of the end of the fiscal year under review.
2. The number of shares held by Japan Trustee Services Bank, Ltd. and The Master Trust Bank of Japan, Ltd. is the number of shares held in trust.
3. The percentage of shareholdings is calculated without taking treasury shares (500,664) into account.

Breakdown of Shareholders (As of March 31, 2018)



▲ Evaluations from External Parties



ESG Investment Indices

SNAM Sustainability Index
Selected for the second consecutive year* since 2017

* Including the fiscal year before the transition to a holding company (fiscal 2017)



2018 Health and Productivity Management Organization—White 500

Certified under the Health and Productivity Management Organization Recognition Program in the large enterprise category (White 500), established by the Ministry of Economy, Trade and Industry and Nippon Kenko Kaigi



Notable Evaluations of Integrated Report 2017

Selected by GPIF's external asset managers as an "Excellent Integrated Report" and the "Most Improved Integrated Report"

Received Best Resilience Award at the 2018 Japan Resilience Awards (awards for togetherness)

Received Electric Equipment Packaging Award at the 2018 Japan Packaging Contest

maxell
Within, the Future

Maxell Holdings, Ltd.

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