



## Integrated Report 2019

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Maxell Holdings, Ltd.



## The Core of the Maxell Group



The core of Maxell, the element that, if removed, would cause us to cease to be who we are, is our analog core technologies. Some people may view analog technologies as being outdated, but the truth is actually quite the opposite.

Everything we see (light), hear (sound), touch, etc. in our physical world is composed of analog elements.

Even as digitalization advances throughout our society, the physical world around people will continue to be

linked by analog elements. Maxell's analog core technologies link this world, and thus Maxell is a company that links the world around people.

Maxell exists for the purpose of shaping the future.



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## Editorial Policy

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

### Reporting Period:

This report primarily covers fiscal year 2018 (April 1, 2018–March 31, 2019). However, it includes some events from fiscal year 2019.

### Referenced Guidelines:

International Integrated Reporting Council (IIRC)  
The International <IR> Framework  
GRI Sustainability Reporting Guidelines\*  
The Ministry of the Environment's Environmental Reporting Guidelines (2018)

The Ministry of the Environment's Guide for Contents to Be Disclosed in an Environmental Report, Third Edition (May 2014)  
Environmental Consideration Law  
ISO 26000: 2010

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

Referencing of Guidance for Collaborative Value Creation: This integrated report was prepared while referencing the *Guidance for Integrated Corporate Disclosure and Company-Investor Dialogue for Collaborative Value Creation: ESG Integration, Non-Financial Information Disclosure, and Investment in Intangible Assets* published by the Ministry of Economy, Trade and Industry.

Issued:  
October 2019



## 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



Click the category tab to access the appropriate page.

- Navigation buttons

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## The Maxell Group's Philosophy



We seek to reach new pinnacles in the virtues advocated by our founding spirit, inspired always by our pride as members of the Maxell Group to contribute to society by developing outstanding proprietary technologies and products. This embodies our underlying philosophy.

In October 2017, the Maxell Group took a step onto a new stage by transitioning to a holding company structure. To facilitate the enhancement of Group management, we have defined our management vision and brand slogan, which encapsulate our vision for the Maxell Group and the meaning of its existence in this new stage.

The Maxell Group's management vision—"Supporting Smart Life, Peace of Mind & Cheer around People"—is highly compatible with the United Nations' Sustainable Development Goals (SDGs). We see significant meaning in our ability to contribute simultaneously to the resolution of social issues and to the accomplishment of the SDGs through our business. The SDGs will thus serve as the lingua franca based on which we incorporate social issues into our management and business activities in our quest to realize the the Group's management vision.



# Business History and Evolution of Technologies

Maxell's analog core technologies—its core competence—refer collectively to all technologies originating from its thin-film coating technology, mixing and dispersion technology, and battery material technology, which were born out of the processes of manufacturing magnetic tapes and dry batteries.

Since its foundation in 1961, the Maxell Group has continued to bolster its analog core technologies together with various partners.



1961

**1961**

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

**1963**

Manufactured first domestically produced alkaline dry batteries

**1966**

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

**1970**

Established Kyushu Hitachi Maxell, Ltd.

**1976**

Commercialized first domestically produced 8-inch floppy disks, FD-3200S

**1978**

Established Kyoto Research Laboratory

**1980**

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

**1982**

Completed construction of the Tsukuba Works

**1983**

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

**1984**

Commenced production of IC cards and memory cards

**1986**

Completed construction of the Fukuchiyama Works

**1987**

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

**1996**

Began production of lithium ion batteries

**1998**

Marketed world's first rewritable DVD-RAM discs

**2000**

Began shipments of world's first 100-gigabyte-storage-capacity data cartridges with technical conformity certification, LTO Ultrium1

**2007**

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

**2014**

Relisted on the First Section of the Tokyo Stock Exchange

Began accepting orders for world's smallest and lightest energy 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**

Acquired electronics engineering service business of Renesas Semiconductor Package & Test Solutions Co., Ltd., and established Maxell System Tech Co., Ltd.

**2018**

Acquired specialty business within industrial batteries and power sources business of GS Yuasa International Ltd.

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

Established Ube Maxell Kyoto Co., Ltd.

**2019**

Made Kureha Elastomer Co., Ltd. (currently Maxell Kureha Co., Ltd.) a subsidiary through acquisition of shares

Commenced joint investment in Vehide Energy Japan Inc.

1961

Coating and dispersion technology

Electrochemistry

Magnetic technology

1963

Sealing technology

1966

Molding technology

Acoustic technology

1970

Electroforming technology

Beauty science

1982

Wireless and communications technology

2007

Adhesion technology

2013

Imaging technology

2014

Power source design

2017

AI, IoT

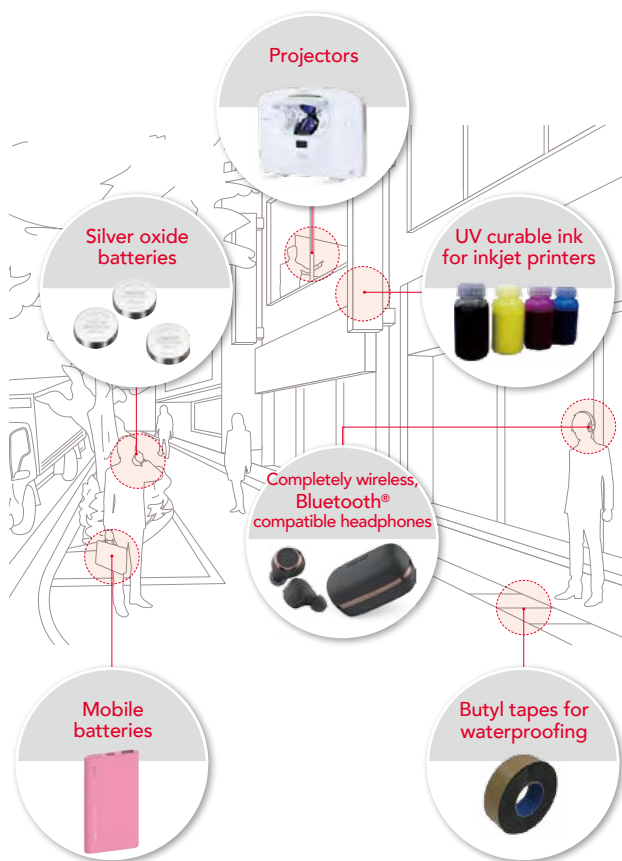
2018

Electrical engineering

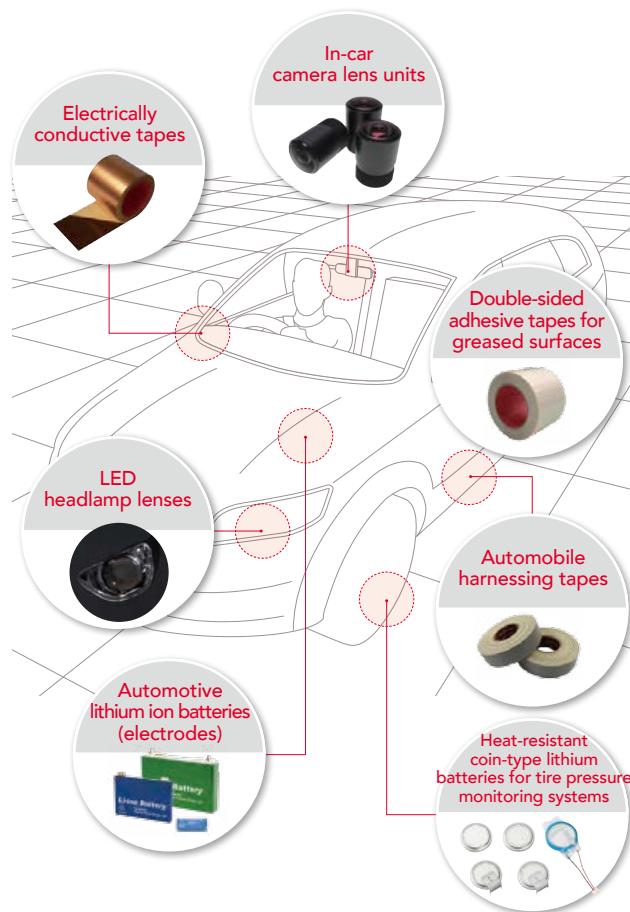
# The Maxell Group's Products Supporting the World Around People

The Maxell Group's products contribute to a more enriched society in our everyday lives and in areas of people's lives related to automobiles, health, beauty care, and other areas centered around people.

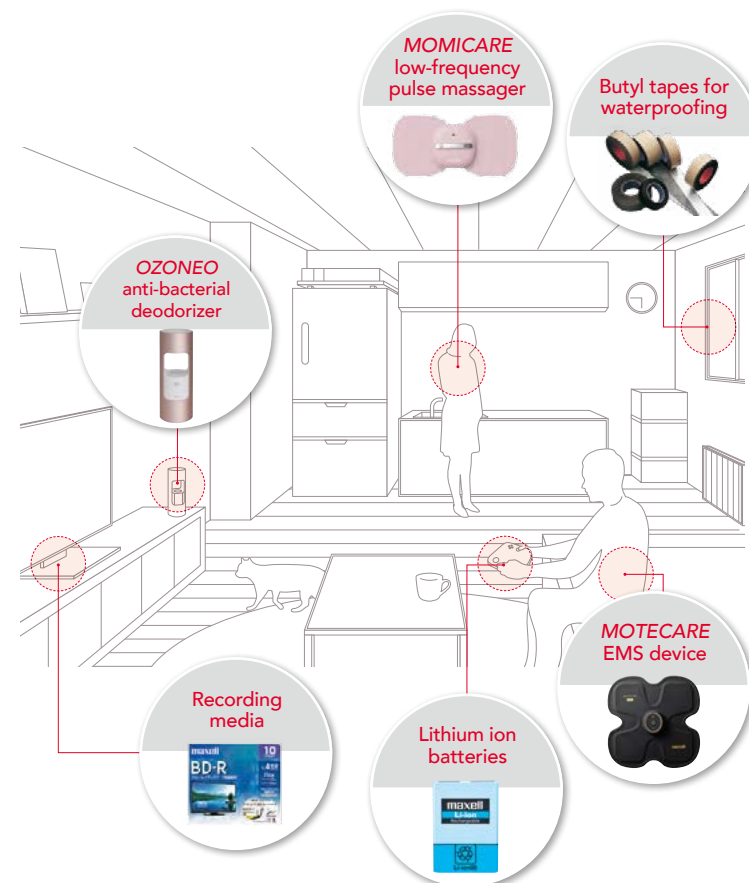
## Everyday Lives



## Automobiles



## Enriched Lifestyles



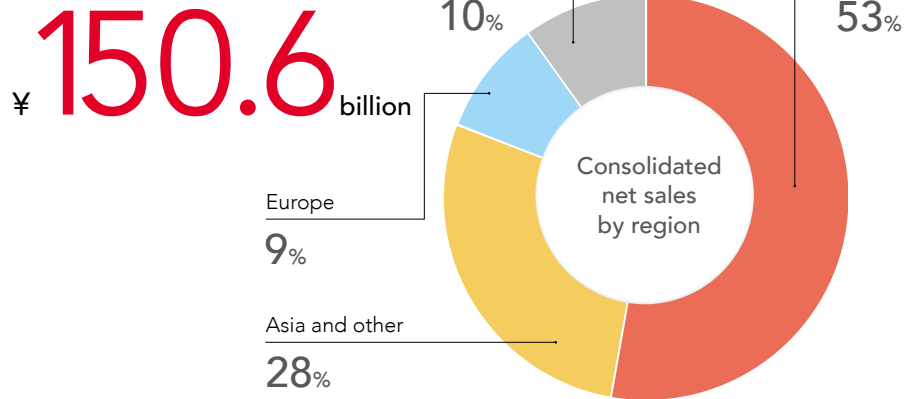
The Maxell Group is contributing to the resolution of social issues with its focus on providing convenience, comfort, and peace of mind based on lifestyle evolutions and its manufacturing capabilities founded on the technologies cultivated thus far.

## The Maxell Group's Business

With the launch of its business in 1961, the Maxell Group aggressively began expanding its operations overseas in 1969 by leveraging the foundation of quality and reliability it had fostered to date. Going forward, we will continue to grow our operations in emerging and other countries while bolstering our lineups of products and services that address social issues.

Fiscal Year 2018

Consolidated net sales



Operating income

¥ **5.4** billion

Profit Attributable to Owners of Parent

¥ **5.3** billion

ROE

**4** %

Number of consolidated employees

**5,263**

(40% of which are overseas employees)  
(As of March 31, 2019)

Number of Group companies

**27**

(25 subsidiaries and two affiliates)

Heat-resistant coin-type lithium batteries

**1**

No. in global sales\*

Air-tightening/water-proofing tape for houses

**2**

No. in domestic sales\*

Hydraulic tools

**1**

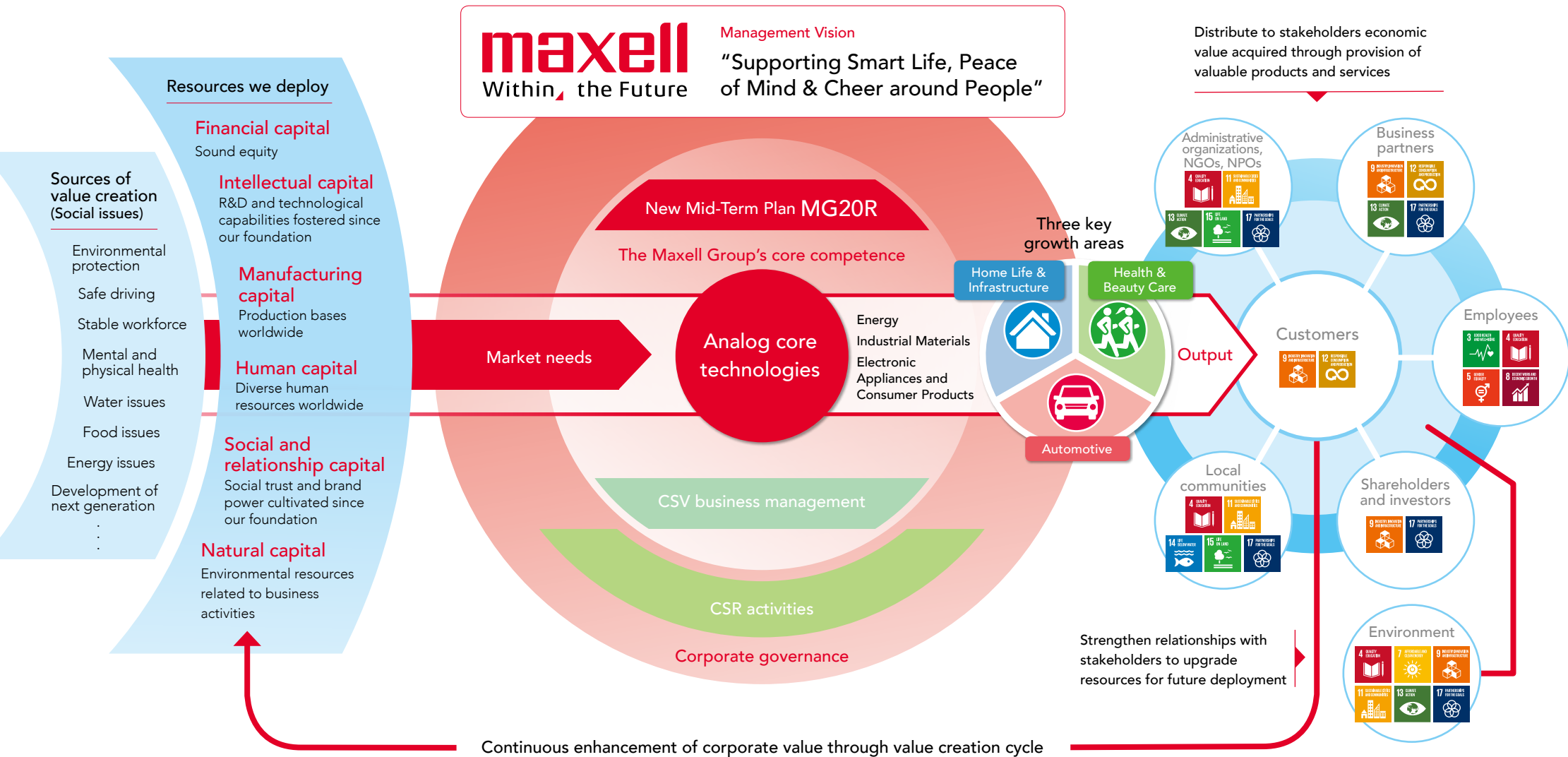
No. in domestic sales\*

\* Based on estimates by Maxell

Maxell Group Products That Address Social Issues

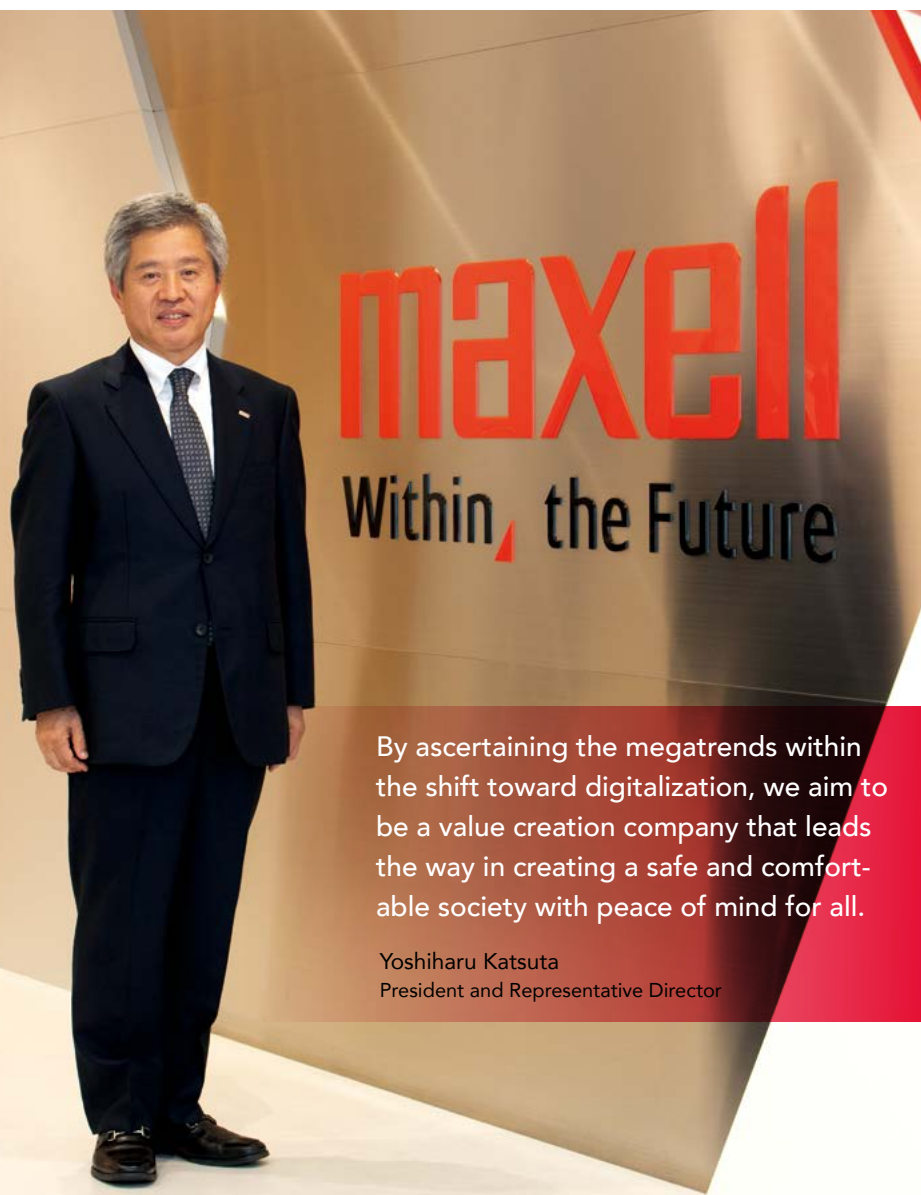
# The Maxell Group's Value Creation Model

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.





## Message from the President



By ascertaining the megatrends within the shift toward digitalization, we aim to be a value creation company that leads the way in creating a safe and comfortable society with peace of mind for all.

Yoshiharu Katsuta  
President and Representative Director

### The Raison D'être of Maxell

The sources of the Maxell Group's strengths are its basic technologies including those for materials, chemistry, electricity, and optics, and its development and design capabilities that give birth to products that combine analog core technologies for a wide range of fields comprising mixing and dispersion, thin-film coating, sealing, electroforming, molding, optical design, adhesion processing, and imaging. We have taken on the challenge of creating high-value-added products and services with original functionality and quality by leveraging our *Monozukuri* manufacturing capabilities, which are based on our ability to search out unquantifiable niche areas and on our extensive knowledge of materials.

Recently, there has been a technological megatrend that is drastically changing the way we live our lives. To put it simply, this megatrend is the wave of digitalization surrounding the environment in which we live. In light of this megatrend, the Group has positioned Automotive, Home Life & Infrastructure, and Health & Beauty Care as growth markets. In terms of digitalization, the keywords for the Automotive market are CASE\*<sup>1</sup> and MaaS,\*<sup>2</sup> with the autonomous (A) and electric (E) of CASE being particularly important. The keywords for the Home Life & Infrastructure market are smartification, energy-saving, and comfort in living environment, while those for the Health & Beauty Care market are anti-aging, beauty, and health. Lastly, the keywords shared by all

three markets are safety, peace of mind, and comfort. Within these domains, we must offer value unique to Maxell that cannot be imitated by our rivals.

From the perspectives of social and environmental megatrends, the declining and aging population has led to labor shortages, and this has become a significant social issue. On a global basis, natural disasters due to abnormal weather and food shortages stemming from a lack of water have become serious issues. Maxell has always striven to resolve social and environmental issues through its products and services. Considering that our value creation starts with the resolution of social issues, we view the Sustainable Development Goals (SDGs) as the lingua franca when formulating our long-term strategies. We also consider the SDGs as the essence of our business activities.

\*1 CASE is an acronym for connected, autonomous, shared/service, and electric.

\*2 MaaS is an abbreviation for mobility as a service.

## Message from the President

### Looking Back on Fiscal Year 2018

The Maxell Group relisted on the First Section of the Tokyo Stock Exchange in 2014, and in 2017 the Group transferred to a holding company structure. In fiscal year 2018, four years after our relisting, we decided that the time was right to formulate our Mid-Term Plan MG20 (Maxell Growth 20).

As for our performance in fiscal year 2018, we faced difficulties in realizing organic growth in our existing businesses, with consumer-use lithium ion batteries being the major factor behind profit declines. While the projector business was able to return to profitability at the end of the fiscal year supported by robust demand and the continued transition to new light sources, profit returns for beauty care products were delayed due to fierce competition and sluggish sales. Meanwhile, in regard to

the Maxell Business Platform (MBP), we strove to realize the ¥40.0 billion in growth investments planned for the period of MG20. In fiscal year 2018, the first year of MG20, we were able to achieve 85% of this target, newly incorporating five business entities under the corporate umbrella of Maxell Holdings.

▶ See pages 13 and 14

As a result, net sales in fiscal year 2018 increased 2% year on year, to ¥150.6 billion, as sales from the MBP helped offset the decline in sales of consumer-use lithium ion batteries. While we promoted efforts to manage product revenue and decrease costs, they were not enough to overcome the decreased sales of consumer-use lithium ion batteries, and operating income fell 39%, to ¥5.4 billion, as a result.

### Key Financial Results

	Fiscal year 2017 results		Fiscal year 2018 forecast*1		Fiscal year 2018 results		Increase/decrease	
	Billions of yen	Return on sales	Billions of yen	Return on sales	Billions of yen	Return on sales	YoY	Vs. forecast
Net sales	148.2	—	152.0	—	150.6	—	+2.4	-1.4
Operating income	8.8	6.0%	6.0	3.9%	5.4	3.6%	-3.4	-0.6
Net income*2	7.1	4.8%	4.9	3.2%	5.3	3.5%	-1.8	+0.4
Free cash flow	-1.1	—	—	—	-45.8	—	-44.7	—
ROE	6.0%	—	—	—	4.4%	—	-1.6 point	—

\*1 Announced on October 30, 2018

\*2 Profit attributable to owners of parent

Foreign exchange rates vs US\$: Fiscal year 2017 results: ¥111  
Fiscal year 2018 forecast: ¥110  
Fiscal year 2018 results: ¥111 (estimate)

### MG20R

Rethinking the kind of achievements we are capable of making in light of the current business environment, we have revised the targets of MG20 and renamed the plan to MG20R to

indicate the fact that it has been revised. We aim to swiftly realize the initial targets of MG20 during the period of the next mid-term plan (from fiscal year 2021 to fiscal year 2023).

#### Revisions to Numerical Targets of MG20

Revising targets for fiscal year 2020 to aim for operating income of ¥10.0 billion and ROE of 6.0% or more

	Initial target	Revised target	Change
Net sales (billions of yen)	200.0	173.0	-27.0
Operating income (billions of yen)	15.0	10.0	-5.0
Operating income to net sales	7.5%	5.8%	-1.7 point
ROE	8.0% or more	6.0% or more	-2.0 point

### Promoting MG20R under a Two-Pronged Approach for Business Strategy and Capital Policy

MG20R is more than just revised targets.

The plan integrates business strategy and capital policy with the aim of maximizing corporate value.

Under MG20R, we will work to build a framework for “replacing the old with the new” by leveraging the business portfolio expansion we achieved through the MBP, steadily realizing and reaping the benefits of synergies created through this expansion, and taking steps to reorganize the portfolio itself.

Also, to reach ROE of 6.0% or more, we will strive to increase profits while reducing equity and optimizing our capital structure.



## Message from the President

### Business Strategy

With our conventional portfolio management, we promoted our P/L Improvement by Model Project (PIPJ) and ABC-XYZ management \*1. From fiscal year 2019, we have introduced ROIC as an indicator of financial discipline within our business strategies. Aiming to realize high profitability that exceeds capital costs, we will examine numerical results for each business quarterly and work to improve these figures. Additionally, in promoting our portfolio strategies, we will hold intense discussions on the realization of an appropriate level of ROIC using indicators that all Group employees can understand. Based on these discussions, we will move forward with business selection and concentration. Also, by adopting ROIC as an indicator, we will establish internal standards for the performance indicators of each business.

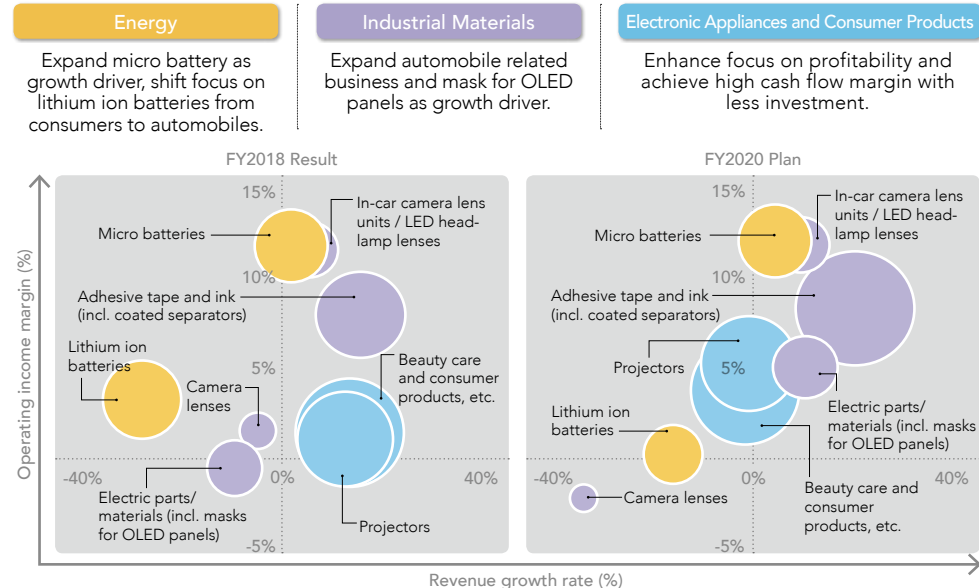
Additionally, by rigorously promoting management focused on corporate value, we will conduct business management grounded in financial discipline and allocate resources to businesses in which we expect growth. In these ways, we will utilize management resources more efficiently.

Additionally, from fiscal year 2019, we have placed an executive officer in charge of technology and an executive officer in charge of sales within Maxell Holdings. Through horizontal collaboration between the sales, technology, and business planning departments across the Group, we have strengthened the Group's integrated management and established a structure that can generate synergies to an even greater degree.

\*1 Profitability management by segments  
\*2 Net Present Value

Classification	Division	Products	Item
Financial Discipline	ROIC	ABC-XYZ	PIPJ P/L Improvement by Model Project
Establish proactive business management method			
KPI	Return on invested capital • Sales growth ratio • Net sales - SG&A expenses ratio • Net sales - R & D expenses ratio • Net sales - cost ratio • Working capital turnover • Fixed assets turnover	50/20/50 concept • Growth rate • Sales • Operating margin • Number of product categories • Market/competition • NPV*2	Operating income • Amount of profit by model • Number of profit models • Amount of loss by model • Number of loss models
Effect	Enhance corporate value and ROE • Maximize profit • Clarify source of profitability • Optimizing invested capital	Decision to invest/withdraw • Strengthen growth business • Create competitive product groups • Visualize unprofitable business • Accelerate implementation	Reduce losses • Eliminate loss models • Increase profit models • Strengthen cost planning

### Business Portfolio



### Monitor with Financial Discipline

**50/20/50 Concept:** Small, yet attractive margins and positioning

Prioritize allocation of resources to competitive businesses/products ⇒ NPV, cost of capital, recovery period

KPI	A Group	B Group	C Group
Sales (billions of yen/year)	1-5	>1	>1
Operating margins	>10% (aim for 20% or higher)	5-10%	5%
Market share	No.1	Top class	Top class
Market growth	High (Introduction)	Medium (Growth)	Low (Maturity)
Investment policy	Prod. Dev./ Manufacturing/ Growth	Prod. Dev./ Manufacturing	None for capacity expansion

**ABC Rule**

**XYZ Rule**

Group	Action
X group	Below hurdle operating margins and FCF No improvement in certain time-frame move to Y
Y group	Plan and implement restricting plan / Move to Z if no improvement within 2 years
Z group	Plan and implement partial divestiture or exit

## Message from the President

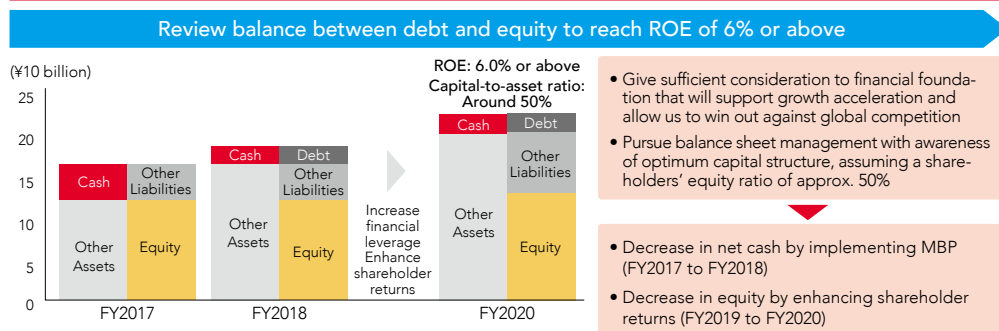
### Capital Policy

When we revised the Mid-Term Plan in fiscal year 2019, we carried out a special dividend of ¥250 per share with the record date of June 30 as a form of shareholder return. This dividend was issued with the aim of optimizing our capital structure, maximizing corporate value, and improving ROE. Furthermore, in July 2019 we began carrying out share buybacks that will total our established upper limit of ¥5.0 billion. These returns were conducted to reflect the feedback we have received from a large number of shareholders—who provide support for the Company's operations—based on a medium- to long-term perspective. The details of these returns were determined after examining the most appropriate way to respond to this shareholder feedback.

While the special dividend was a one-time shareholder return effort, we undertook this effort to display our strong desire for achieving our ROE target to medium- to long-term-oriented investors. With the share buybacks as well, we felt the time was right to engage in such an effort.

We have not made any changes to our existing approach to growth investments, and will continue to conduct growth and business investments on a regular basis with the aim of improving corporate value. Going forward, we will raise our funds for growth investments and capital investments primarily from the expansion of operating cash flows. However, giving consideration to capital efficiency, we will also examine the option of debt financing.

### Perception of Balance Sheet Transition towards FY2020



### The Maxell Brand

In order to achieve sustainable growth of the Maxell Group, we need to focus on the theme of strengthening the Maxell brand both externally and internally. In fiscal year 2018, we expanded our efforts for conducting classes at

local schools, centered on the Branding & Corporate Communication Department. By providing support for educating the next generation, which represents the foundation of our social contributions, these classes aim to have

children experience the fun of *Monozukuri*. Going forward, we will actively pursue interaction with local communities, promote publicity events, and make use of social media, thereby working to deepen dialogue with our stakeholders and strengthen the Maxell brand.

### Sustainability Management

The Group's value creation begins with the resolution of social issues. As such a corporate group, our *raison d'être* is to continue to create products in accordance with our CSV\* approach. To that extent, we view the SDGs and other international trends as the essence of our business activities. Meanwhile, we consider corporate social responsibility (CSR) as a requirement for our continued survival as a company. We are therefore promoting sustainability management driven by the two wheels of CSV and CSR.

In addition, Maxell has been engaging in the M-Wing diversity promotion project since 2013.

### In Closing

I have now entered my fourth year as representative director of the Maxell Group. During my time as president, we were unable to achieve the targets of the previous mid-term plan NM17 (New Maxell Innovation 17) and we had to carry out a downward revision to the targets adopted under the current Mid-Term Plan MG20. In light of this, I will make sure that a strong conviction for reaching our numerical targets and honoring our promises will take root on a Groupwide basis and that we will establish a new corporate culture based on this commitment.

I therefore hope that we can put our past

Meanwhile, we launched the first issue of *Brand-NewsMaxell*, a quarterly newsletter for employees, as a new internal-branding initiative starting from fiscal year 2019. Through this newsletter, we share information regarding our brand promotion activities within the Group on a regular basis.

For the project in fiscal year 2018, we promoted activities using a bottom-up approach under the theme of "fostering a workplace conducive to contributions by all." These activities were not only focused on our employees, but also supported by the management team as well. In these activities, we examined the aspects necessary for realizing a workplace conducive to contributions by all and the steps we can all take to accomplish this goal. By doing so, these activities aim to establish a company full of vigor.

\* Creating Shared Value

difficulties aside and work to shape the Maxell Group into an organization that can achieve a level of around 10% for our sales growth ratio, return on sales ratio, and ROE. We will earnestly pursue the necessary efforts to accomplish this task.

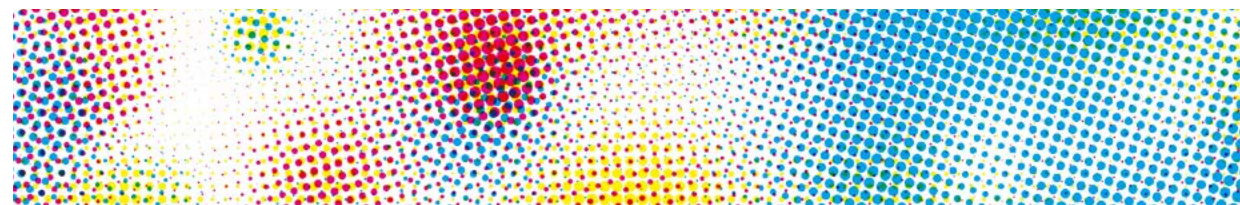
I would like to ask our stakeholders for even greater support and understanding in order to achieve greater heights for the Maxell Group going forward.

October 2019  
Yoshiharu Katsuta

President and Representative Director



# Fiscal Year 2018 Business Report



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# Promoting the MBP (Maxell Business Platform)

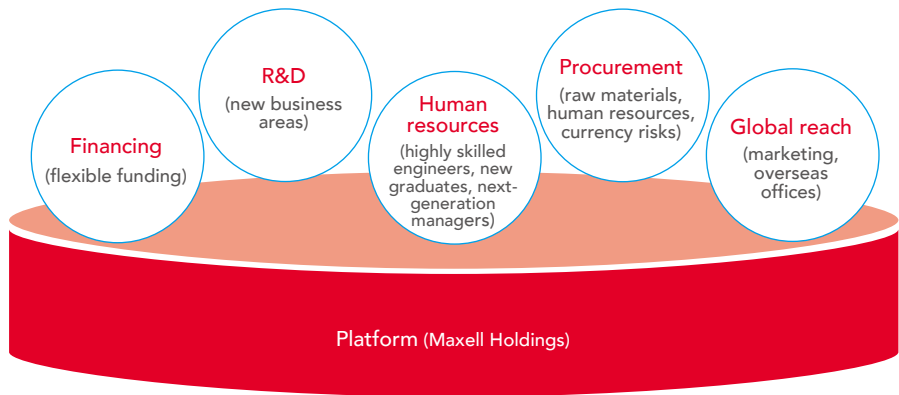
The MBP (Maxell Business Platform) is a framework aimed at creating stronger business entities by sharing resources among the Maxell Group and companies with the same management vision and business concepts. The framework will develop a group of companies that embodies our co-creation and co-prosperity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

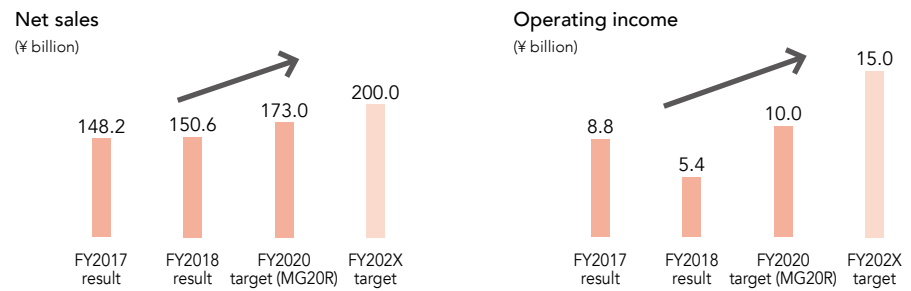
Combine technologies and *Monozukuri* manufacturing capabilities of companies that share the same vision focused on businesses around people

Combine resources to complement weaknesses and enhance strengths



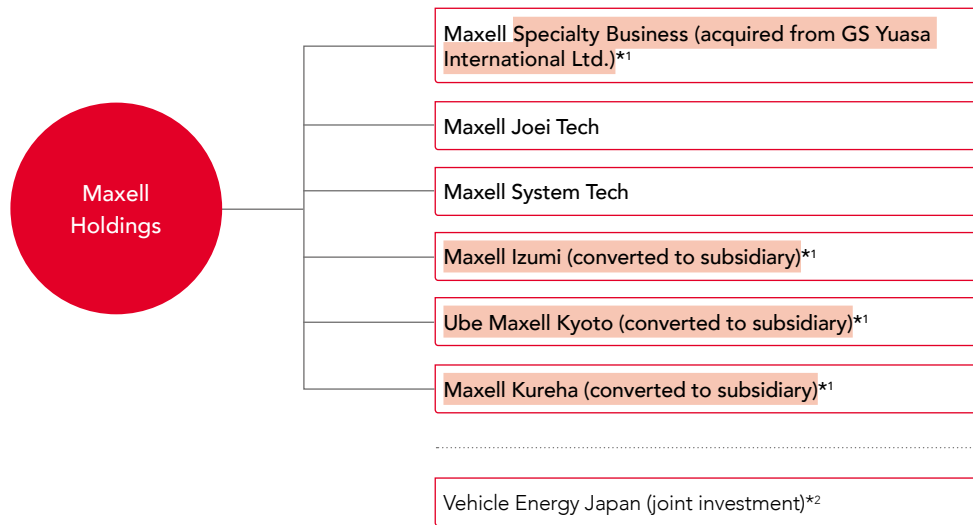
# MG20R

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



\* The Maxell Group is committed to achieving the initial targets of MG20 early in the 2020s.

## Overview of MBP



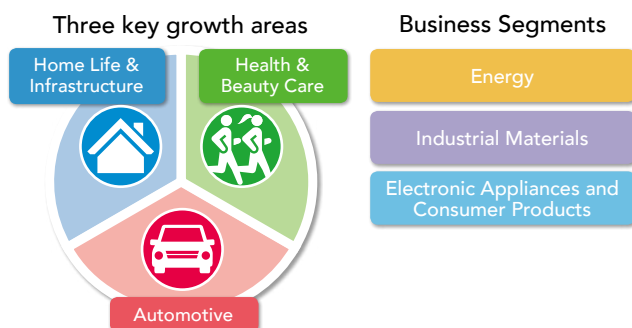
\*1 New business or operating company that joined the Group in fiscal year 2018 through promotion of MBP

\*2 Joint investment in Vehicle Energy Japan (not included in scope of consolidation), a company specializing in automotive lithium ion batteries, through promotion of MBP

## Promoting the MBP (Maxell Business Platform)

### Synergies within the Maxell Group

Of the ¥40.0 billion in growth investments planned for the period of MG20, approximately ¥34.0 billion was conducted in fiscal year 2018 as investment for the MBP. By constructing a framework for integrated Group management in this manner, we will pursue the realization of synergies over the medium to long term.



**Home Life & Infrastructure**

**Energy**

### Maxell Specialty Business (Acquired from GS Yuasa International Ltd.)

**Main Products**  
Chargers, battery packs, electrode applied products

**Policies**  
Expand scope of battery peripheral business  
Propose new power source solutions

**MG20 Period**  
Develop multi-cell lithium ion battery packs  
Explore sales channels for electrode applied products

**Period of Next Medium-Term Management Plan**  
Advance into industrial and automotive applications  
Deploy electrode applied products on a global scale

**Home Life & Infrastructure** **Health & Beauty Care**

**Electronic Appliances and Consumer Products**

### Maxell Izumi

**Main Products**  
Electric home appliances, hydraulic tools

**Policies**  
Generate integration synergies in beauty care product business  
Reinforce and expand hydraulic tool business

**MG20 Period**  
Integrate beauty care product business  
Develop hydraulic tool business with new concepts

**Period of Next Medium-Term Management Plan**  
Increase share of beauty care products  
Increase share of hydraulic tools

**Automotive**

**Industrial Materials**

### Ube Maxell Kyoto

**Main Products**  
Coated separators

**Policies**  
Strengthen coated separator business  
Increase production capacity in response to expansion of EV market

**MG20 Period**  
Increase production capacity  
Strengthen cutting-edge technology development

**Period of Next Medium-Term Management Plan**  
Expand business in response to growing demand

**Home Life & Infrastructure** **Automotive**

**Industrial Materials**

### Maxell Kureha

**Main Products**  
Industrial rubber products

**Policies**  
Expand rubber material for construction and building  
Advance into highly functional automotive material business

**MG20 Period**  
Strengthen new product development  
Execute new investments

**Period of Next Medium-Term Management Plan**  
Expand overseas rubber building material and electromagnetic wave absorber businesses

**Automotive**

**Energy**

### Vehicle Energy Japan\*

**Main Products**  
Automotive lithium ion batteries

**Policies**  
Reinforce and grow business of lithium ion batteries for HEV  
Establish new business pillars

**MG20 Period**  
Vertical start-up of production of lithium ion batteries for HEV

**Period of Next Medium-Term Management Plan**  
Achieve net sales surpassing ¥60.0 billion

\* Vehicle Energy Japan Inc. is not included in the scope of consolidation.

## Heightening the Value of the Maxell Brand

The Company changed its name to Maxell Holdings, Ltd. in October 2017, taking its first step in a new phase of growth through what has been positioned as a “second foundation.” In addition, we incorporated our new slogan “Within, the Future” into our brand logo. We will instill an awareness of the logo and slogan 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 recording

media and alkaline batteries due to our strong presence in those products for many years. However, the Maxell Group’s product lineup is undergoing a significant expansion beyond the idea of “BtoC (consumer)” or “BtoB (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 publicity and the use of SNS.

### Our Approach to Heightening Brand Value



#### Internal awareness dissemination programs (foundation for brand awareness)

- Messages from senior management
- Establishment of brand system
- Visual contents
- Maintenance of intranet
- Preparation and distribution of brand book
- Activities to inculcate concept internally (brand roadshows in Japan and overseas)
- Education regarding the SDGs



#### External points of contact and dialogue (communicating corporate value to society)

- Public relations activities: newspapers, online video services, Internet media
- Economic magazines (articles and advertisements)
- Internet-enabled communication (SNS)
- Participation in events (music festivals, school festivals, employee dispatch classes, etc.)
- Promotion of CSV
- Global branding
- Recruitment support

## Heightening the Value of the Maxell Brand

Brand value is essential for the Group’s sustainable growth

#### Our Strategy

- 1 Decommoditize and pursue value unique to Maxell
- 2 Utilize and strengthen publicity
- 3 Promote CSV ideal  
Internal SDG education programs
- 4 Promote and strengthen use of SNS
- 5 Promote investor relations and feedback to management team
- 6 Heighten employee awareness





## Heightening the Value of the Maxell Brand

# MG20R

### TOPICS

#### Branding for Business Synergy Creation

Acquisition of naming rights to "Maxell Aqua Park Shinagawa" in December 2017

<http://www.aqua-park.jp/aqua/en/>

#### Corporate Movie

Receipt of VFX-JAPAN Awards 2019 for the Maxell Group's corporate movie "A piece of the future, in this hand." Latest corporate movie iteration features actual employees.

#### Video Summarizing the Maxell Group

Four-minute movie explaining Maxell's diversifying businesses

#### Support for Education of Next Generation

Proactive support for education of the next generation through employee dispatch programs, sports activities, etc.

▶ See page 49 for details.

#### Sponsoring of Sports Events

Contribution to community revitalization and sports promotion as official sponsor of Hitachi Rivale

#### Participation in Cultural Activities

Operation of smartphone charging station at JAPAN JAM 2019 music festival (sponsored by bayfm78 Co., Ltd.) to raise profile of Maxell among younger customers and provision of Maxell brand projectors for use at FM802 RADIO CRAZY event (sponsored by FM802 Co., Ltd.)



#### Installation of New Signs at Kyoto Works

Installation of new signs at Kyoto Works in July 2019



#### First Issue of Brand Newsletter for Employees

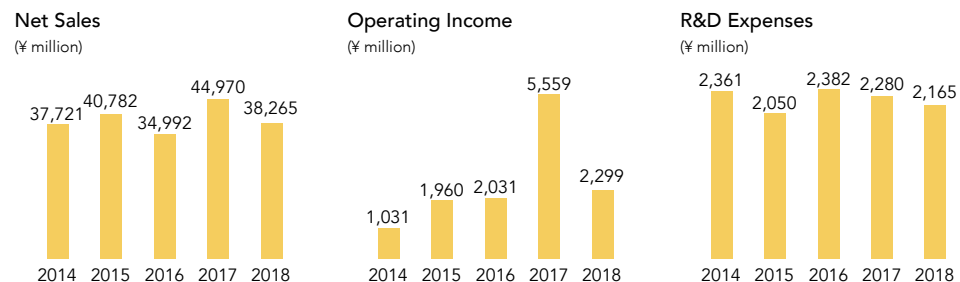
First issue of *Brand-NewsMaxell*, a quarterly newsletter for Maxell Group employees, published in fiscal year 2019 to facilitate periodic sharing of information on branding activities



# Segment Information

## Energy

In the Energy segment, we engage in the production and sale of various batteries and devices, including coin-type lithium ion rechargeable batteries, industrial-use lithium ion batteries and electrodes for these batteries, consumer-use lithium ion batteries, lithium primary batteries, button batteries, energy storage devices, battery chargers, and battery packs. We are also involved in electricity sales through solar power generation.



### Overview of Main Products

Category	Main Products
Primary batteries	Heat-resistant coin-type lithium manganese dioxide batteries
	Coin-type lithium manganese dioxide batteries
	Cylindrical-type lithium manganese dioxide batteries
	Lithium thionyl chloride batteries
	Silver oxide batteries
	Air Patch™ battery (thin flexible batteries)
Rechargeable batteries	Prismatic-type lithium ion batteries
	Laminate-type lithium ion batteries
	Coin-type lithium ion batteries
	High-power/high-capacity button-type rechargeable batteries
Battery-related products, etc.	Battery chargers
	Battery packs
	Electrode-applied products (oxygen sensor, hydrogen gas generators)
	Electrodes
Solar power generation	Electricity sales

- Heat-resistant, coin-type lithium manganese dioxide batteries
- Coin-type lithium manganese dioxide batteries
- Silver oxide batteries
- Air Patch™ Battery (thin, flexible batteries)
- Prismatic-type lithium ion batteries
- Laminate-type lithium ion batteries
- Coin-type lithium ion batteries (CLB)
- Battery packs
- Battery chargers

## Segment Information

### Energy

#### ▲ Fiscal Year 2018 Business Results

Sales of coin-type lithium ion batteries (CLB) for smart meters and electrodes and sales of the Specialty Business acquired in June 2018 related to battery chargers and battery packs increased. However, these sales increases were offset by a decline in sales of consumer-use lithium ion batteries. As a result, net sales for the Energy segment decreased 14.9%, or ¥6,705 million, to ¥38,265 million. Operating income decreased 58.6%, or ¥3,260 million, to ¥2,299 million, impacted by the declining sales of consumer-use lithium ion batteries.

#### ▲ Direction of the Energy Segment

In the Automotive area, demand for heat-resistant, coin-type CR batteries for tire pressure monitoring systems (TPMS) is growing in China as TPMS became mandatory in 2019. We are continuing efforts to capture this demand by increasing the competitiveness of our products even further. In addition, we are proceeding with preparations for mass production in the automotive lithium ion battery business, which we are promoting in collaboration with Vehicle Energy Japan Inc. This business will leverage Vehicle Energy Japan's development capabilities, its ability to form close relationships with car manufacturers, and its automotive battery quality control systems, in conjunction with our manufacturing capabilities, our ability to form close relationships with suppliers, and our mass production systems.

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.

For the Health & Beauty Care area, we will take steps to respond to the growing demand for CLBs, which has accompanied the widespread use of rechargeable batteries for hearing aids. These steps include bolstering our production capacity and enhancing our lineup for these batteries. In these ways, we will expand the adoption of our CLBs among overseas hearing aid manufacturers.

Furthermore, our unique technological competence with respect to lithium ion batteries enables us to meet a wide range of user needs. Leveraging this competence, which includes high output, temperature characteristics, rapid charging and discharging, long life, advanced safety, and durability, we will work to foray into such new areas as drones, robots, and the Internet of Things (IoT).

## TOPICS

### Working to Expand Our Share in the CLB Market

The expansion of the rechargeable hearing aid device market started in 2017 and is expected to continue through 2025. Demand for CLBs is expected to grow alongside this market expansion. Viewing these circumstances as a prime business opportunity, we are working to expand our share in the CLB market by leveraging our high capacity, which exceeds that of our rivals by 20%, and the long life of our CLBs. Specifically, we will leverage the long-cultivated reliability of our mass production technologies in terms of electrolyte filling and sealing methods to make proposals to hearing aid manufacturers both in Japan and overseas. By doing so, we aim to expand our market share from 5% in fiscal year 2018, to 20% in fiscal year 2020. From fiscal year 2019, we commenced the shipment of our products to overseas hearing aid manufacturers. Going forward, we will further expand our lineup and production capacity for our CLBs as we aim for an annual sales growth ratio of over 50% and a profit ratio of 20% or higher.



### Contributing to Sixth Consecutive Title at the Isle of Man TT through Maxell's Lithium Ion Batteries

At the Isle of Man TT 2019 (TT Zero challenge class race) held on June 6, 2019, at the Isle of Man, a self-governing British Crown dependency, the electric superbike, designed by M-TEC Co., Ltd. and equipped with Maxell's lithium ion batteries, took first place, marking the sixth consecutive time this bike has won the race. The Isle of Man TT is known for being an extremely challenging course. To win on this course, not only does the motorcycle need to perform at a high level, but it also requires a battery that offers exceptional capabilities in terms of power output, weight energy density, and heat dissipation. Drawing on the technological and manufacturing know-how we have accumulated to date by providing lithium ion batteries to motorcycles competing in the Isle of Man TT, we will develop industrial-use batteries starting first and foremost with batteries for use in heavy-duty drones. In these ways, we will continue to meet the needs of our customers by rolling out a diverse lineup of batteries with a broad range of uses.



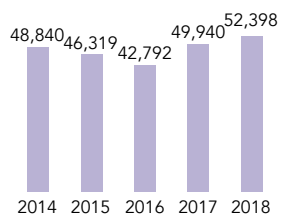
Courtesy of M-TEC Co., Ltd.

## Segment Information

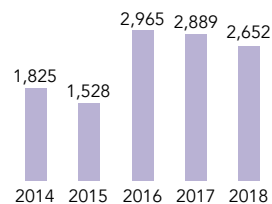
### Industrial Materials

In the Industrial Materials segment, we conduct the production and sale of such products as optical components, molding dies and plastic molding, electroforming and precision parts, adhesive tapes, functional materials, RFID systems, IC cards, and industrial rubber products.

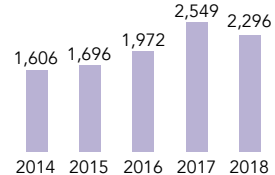
Net Sales  
(¥ million)



Operating Income  
(¥ million)



R&D Expenses  
(¥ million)



#### Overview of Main Products

Category	Main Products
Optical components	In-car camera lens units
	Led headlamp lenses
	Lenses, etc. (lenses for smartphones, camera lens barrels, etc.)
Molding die, plastic molding	Ultra-precision mold
	Plastic molding
Precision components	Semiconductor-related embedded systems
	Image recognition systems
	Electronics manufacturing services
Adhesive tapes	Adhesive tapes
Functional materials	Ink
	Films
	Electromagnetic wave absorbers
	Coated separators
Electroforming	EF <sup>2</sup> *
Rfid, IC cards	Rfid systems
	Contactless IC cards, IC card readers/writers
Industrial rubber products	Rubber sheets
	Wear protection materials
	Precision and special parts, etc.

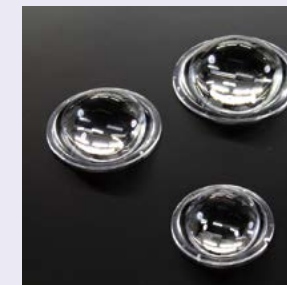
\* Electro Fine Forming



In-car camera lens units  
(for viewing)



In-car camera lens units  
(for sensing)



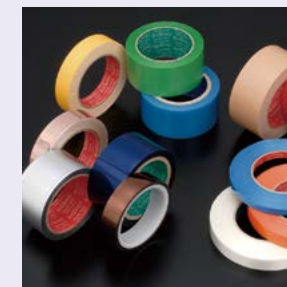
LED headlamp lenses



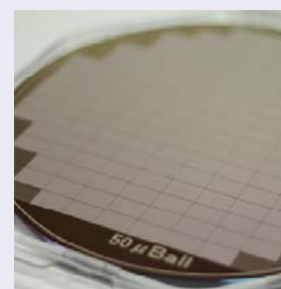
Coated separators



Rubber sheets



Adhesive tapes



EF<sup>2</sup>



Semiconductor-related  
embedded systems



Contactless IC cards,  
IC card readers/writers



## Segment Information

### Industrial Materials

#### ▲ Fiscal Year 2018 Business Results

Due to the sales increase of adhesive tapes and the addition of new products since January 2019, including coated separators of Ube Maxell Kyoto Co., Ltd. and industrial rubber products of Kureha Elastomer Co., Ltd. (currently Maxell Kureha Co., Ltd.), net sales in the Industrial Materials segment increased 4.9%, or ¥2,458 million, to ¥52,398 million. Operating income decreased 8.2%, or ¥237 million, to ¥2,652 million, due to investments related to commencing the supply of in-car camera lens units for new projects, development costs for new products such as masks for OLED panels, and the impact of the slowdown in the market for semiconductor manufacturing equipment.

#### ▲ Direction of the Industrial Materials Segment

In the Automotive area, we will continue to increase production of in-car camera lens units for the advanced driving assistance system (ADAS) market, which continues to grow. We will also strive to acquire new customers in the sensing market, which is likely to expand further in the future, by offering high-performance, highly functional sensing technologies, including our unique hybrid technology, which combines glass lenses and plastic lenses, and our material processing technology.

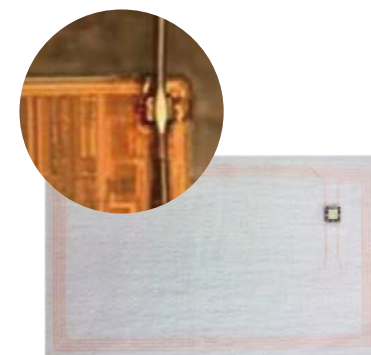
Furthermore, as the percentage of cars equipped with LED headlamps is expected to continue to rise, we will tap into this growing demand by strengthening the cost competitiveness of our LED headlamp lenses. In addition, we will enhance the overall competitiveness of these lenses by improving compatibility with a more diverse range of designs and creating added value through a “grow out of lens-only sales” approach. We will also work to cultivate new customers in the growing markets of China, India, ASEAN, and other countries and regions.

For the Home Life & Infrastructure area, we will step up efforts to enhance sales of construction tapes in Southeast Asia’s waterproofing market. At the same time, we will capture domestic semiconductor demand in Japan and overseas alongside the continuous growth of the NAND flash memory market. We will also accelerate the development of markets for tapes used in the semiconductor manufacturing process. Additionally, we will further strengthen synergies through collaboration with Maxell Kureha Co., Ltd. in such areas as electromagnetic wave absorbers (for millimeter waves) and industrial rubber products.

## TOPICS

### Promoting Commercialization of e-Passport through Mass Production

Utilizing the strengths of our unique IC inlet technology, we won the bid for IC sheets for e-Passport from the National Printing Bureau. After receiving ISO/IEC 15408 Common Criteria security certification, we will commence the mass production of these sheets in October 2019. These e-Passport IC sheets will help us build our highly reliable, contactless non-woven IC inlet technology, which we develop internally through antenna welding. In addition, we will develop IC card built-in software technology, including security enhanced built-in software for next-generation passports. Going forward, we will work to reduce costs so that we can continue to receive orders in the future while examining entry into the overseas e-Passport business in order to further expand our business.



### Working to Commercialize the Automotive Electromagnetic Wave Absorber Market in Japan and Expanding into Overseas

Our electromagnetic wave absorbers allow for permeable wave absorption and have features that can be applied to various wave bands, including wave bands for automotive and mobile communication purposes. Furthermore, these absorbers have a wide incident angle that enables stable wave absorption and do not contain metal materials, which means that they can be applied to molding parts and other components. We currently possess numerous patents for our electromagnetic wave absorbers (Japan: 19, overseas PCT: 11), including patents on these aforementioned features. The market for electromagnetic wave absorbers is expected to grow earnestly starting from fiscal year 2020. Accordingly, we have been collaborating with Maxell Kureha Co., Ltd. in various projects geared toward the automotive use of electromagnetic wave absorbers both in Japan and overseas, including the start of their overseas shipments in fiscal year 2018. At the same time, we have been working to build a mass production structure for these absorbers. In these ways, we aim to increase our market share of electromagnetic wave absorbers to 10% in fiscal year 2020, and to 40% in fiscal year 2021.

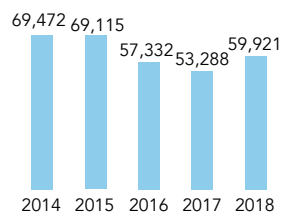


## Segment Information

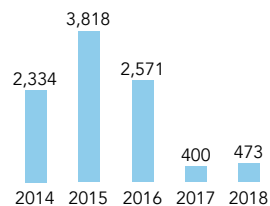
### Electronic Appliances and Consumer Products

In the Electronic Appliances and Consumer Products segment, we engage in the production and sale of projectors, healthcare products, small electronic appliances, audio equipment, accessories, optical discs, dry batteries, chargers, hydraulic tools, and other products.

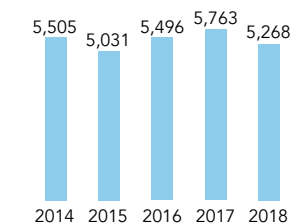
Net Sales  
(¥ million)



Operating Income  
(¥ million)



R&D Expenses  
(¥ million)



#### Overview of Main Products

Category	Main Products
Projectors, imaging equipment	Projectors AR-HUD, Imaging Light
Health, beauty care, and other small electronic appliances	EMS* device, low-frequency pulse massager
	Anti-bacterial deodorizers
	Alkaline ionized water generators, hydrogen water generators
	Massage chair drive units
	Shavers
	Hair dryers
	Facial treatment systems
	Cooking appliances, other small electronic appliances
Audio equipment, accessories	Headphones, speakers
	Computer peripherals, other accessories
Recording media	Optical discs, USB memory & flash memory
	Cassette tapes
Batteries, power sources	Alkaline dry batteries, manganese dry batteries
	Mobile batteries
Hydraulic tools	Battery operated tools, other hydraulic tools

\* Electrical Muscle Stimulation

- Ilexam Luminous hair dryer**  
GOOD DESIGN AWARD 2019
- Shavers**
- EMS Device**
- Anti-bacterial deodorizers**
- Mobile batteries**
- Alkaline dry batteries**
- True wireless stereo, Bluetooth®-compatible headphones**  
GOOD DESIGN AWARD 2019
- Projectors using new light sources**
- Hydraulic tools**

## Segment Information

### Electronic Appliances and Consumer Products

#### ▲ Fiscal Year 2018 Business Results

The addition of the hydraulic tool and electronic home appliance businesses of Izumi Products Company (currently Maxell Izumi Co., Ltd.) in October 2018 offset the decreased sales of consumer products and other products. As a result, net sales in the Electronic Appliances and Consumer Products segment increased 12.4%, or ¥6,633 million, to ¥59,921 million. Despite the delay in recovering profits for the beauty care products business, operating income increased 18.3%, or ¥73 million, to ¥473 million, as the profitability of projectors bottomed out.

#### ▲ Direction of the Electronic Appliances and Consumer Products Segment

In the Health & Beauty Care area, we will promote reforms to our sales approach with the aim of establishing our brand in the beauty care products category. By developing leading-edge products, we will create new sales channels, targeting professionals and the EC market, in an effort to increase earnings. At the same time, we will work to realize further penetration of the Maxell brand. In addition, we will strengthen proposals of our exclusive products and technologies to cosmetic manufacturers, thereby expanding our OEM business and ensuring stable profits. Furthermore, we will collaborate with Maxell Izumi to integrate our shaver and hair dryer businesses and strengthen the management of our hydraulic tool business. By doing so, we will strive to maximize synergies with Maxell Izumi.

With respect to the Automotive area, we will leverage the optical technologies we have cultivated through our projector business to 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. In addition, we will strive to raise the level of recognition of Maxell-brand projectors and establish a structure for expanding the sales of these products. At the same time, by converting all projector models to new light sources (establishing a full lineup of models with new light sources) and leveraging technologies for high-performance projectors, we will open up new markets in areas such as digital signage and Lecture Capture Station (video classroom systems).

## TOPICS

### Creating the New Beauty Care Product Brand "Ilexam"

In 2018, we launched "Ilexam," a new brand that covers a full range of beauty care products, including hair care, face care, and body care products. In November 2018, we released the "Luminous hair dryer," which dries hair using photo-irradiation while maintaining its moisture, via beauty salon sales routes. Additionally, turning our attention to the moisturizing power of hydrogen, which is attracting a great deal of attention in fields such as health and beauty care, we launched hydrogen generators for bathtubs and electrolytic hydrogen showers in January 2019.

The market for beauty care products continues to expand each year. As beauty care products are used by customers on a daily basis, we are pursuing the development of products that not only offer beauty and health benefits, but also safety and peace of mind. Through this pursuit, we will move forward with the development of products that form close connections with the daily lives of customers, while also striving to introduce innovative new ideas in the beauty care market.



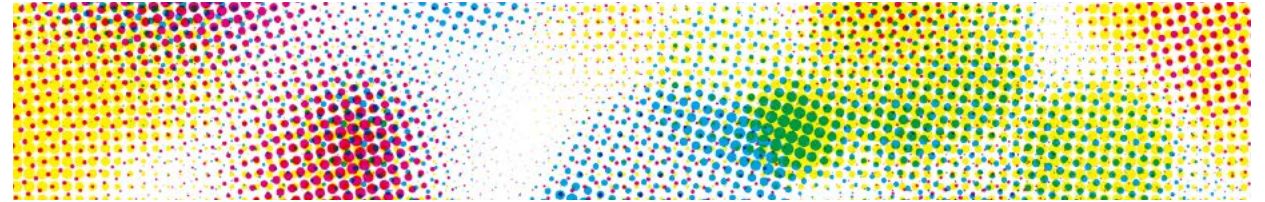
### Launching the Interactive Signage "Imaging Light"

Recently, small signage displays at stores and in public areas have become more widespread, which has led to a heightened need for creating spaces that attract customers. To respond to this need, in April 2019 we launched "Imaging Light," an interactive signage that produces images using its stylishly formed shape. "Imaging Light" blends in naturally to room interiors, turning the walls themselves into displays by projecting images onto them. In these ways, "Imaging Light" is a digital signage tool that produces images in an extremely stylish manner.

Since launching our ultra-short throw projectors, which are able to project large images using limited space, we have been working to enhance the functionality and operational capabilities of these projectors. Going forward, we will continue to leverage the technological capabilities we have cultivated thus far to propose products that meet customer needs.



# Core Competence



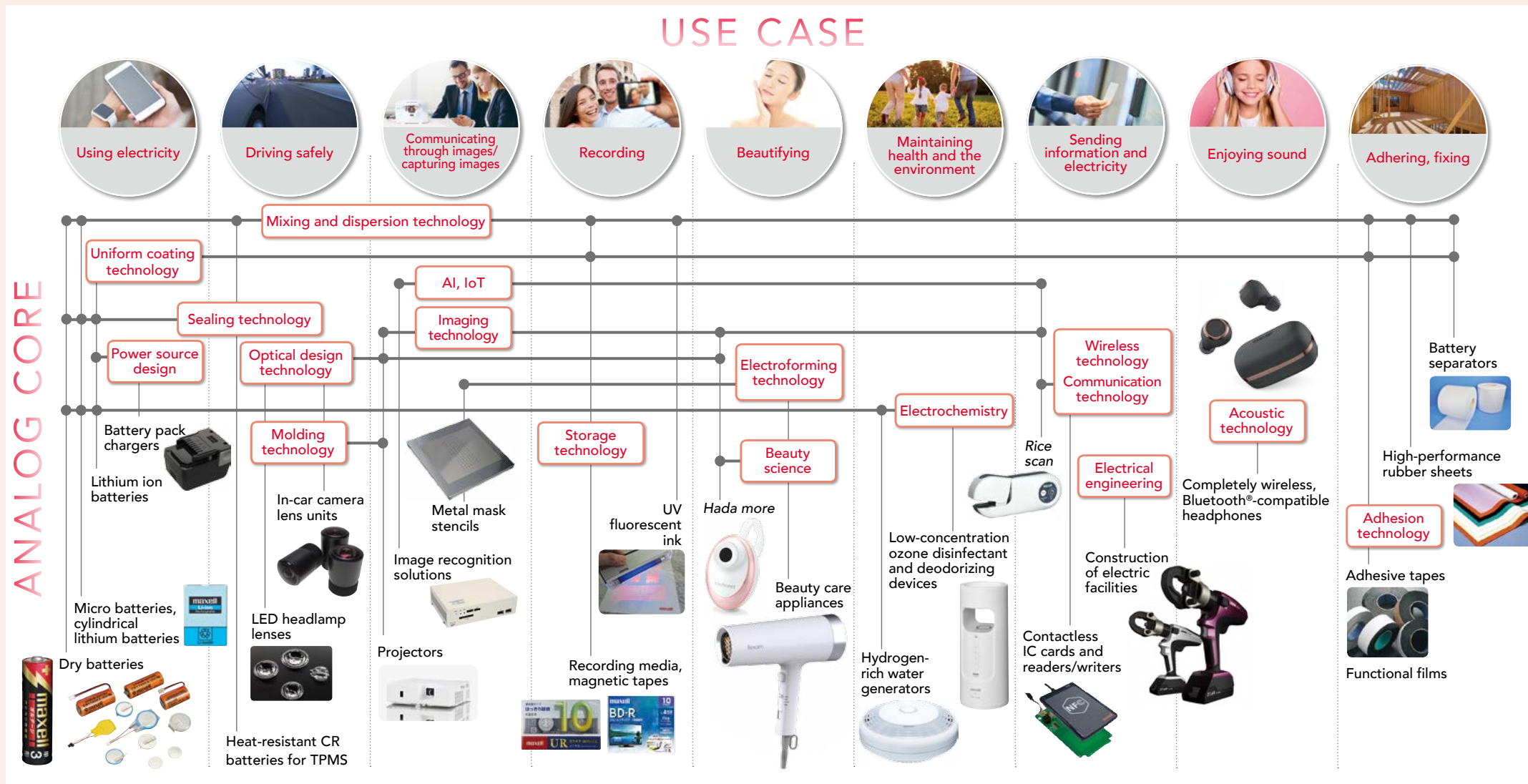
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Transparent Low-E Window Film, LE-Comfort
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Thin, Flexible Battery, Air Patch™ Battery

# The Maxell Group's Core Competence

In terms of business-to-consumer (BtoC) products, we focus on developing products that meet market needs. For business-to-business products (BtoB), we place emphasis on developing products that address the issues faced by our customers.

Furthermore, by pursuing development from the perspective of "Use Cases"—which aim to understand changes in lifestyles and offer convenience, comfort, and peace of mind—we are forging connections between a diverse array of technologies to create unique products and services.





## The Maxell Group's Core Competence

### USE CASE



### Product Development Leveraging Our Strengths — Use Case 1

## Transparent Low-E Window Film, LE-Comfort

Simply by affixing it on the interior of glass windows, the solar radiation controlled Low-E (low emissivity) window film, LE-Comfort, keeps out heat in the summer (heat shielding) and improves heating efficiency for winter (heat insulation). With these features, LE-Comfort is a highly transparent, heat-shielding and insulation film that realizes energy-saving effects year-round.



### ▲ Comfort Year-Round and Energy-Saving Effects

In 2007, we merged with Siontec Corporation, a manufacturer of adhesive tape, thereby establishing the Siontec Division. Following the merger, we launched the New Product R&D Department, which combined the development departments of Siontec and Maxell. This new department enabled us to deepen our understanding of each company's technologies and insight. Building on our long-cultivated thin-film coating technology, the incorporation of Siontec's thick-film adhesion processing technology helped us become an industry-leading manufacturer with the necessary technologies for window film production. Accordingly, we began to take on challenges in the window film market, which was unknown to us at the time, based on the belief that we could create new, unique

products that could not be imitated by our competitors.

When the New Product R&D Department was initially launched, the window film market was centered mainly on anti-shattering film and heat-shielding film. However, we focused our attention on the new heat-insulation market. We believed that by combining a heat-shielding effect, which guards against solar radiation heat to maintain cool temperatures inside houses, with an insulation effect, which prevents heat from escaping outside to keep houses warm, we can create an eco-friendly product that keeps houses comfortable in any season and help reduce the costs of cooling and heating. To that end, we commenced development aimed at realizing such a product.

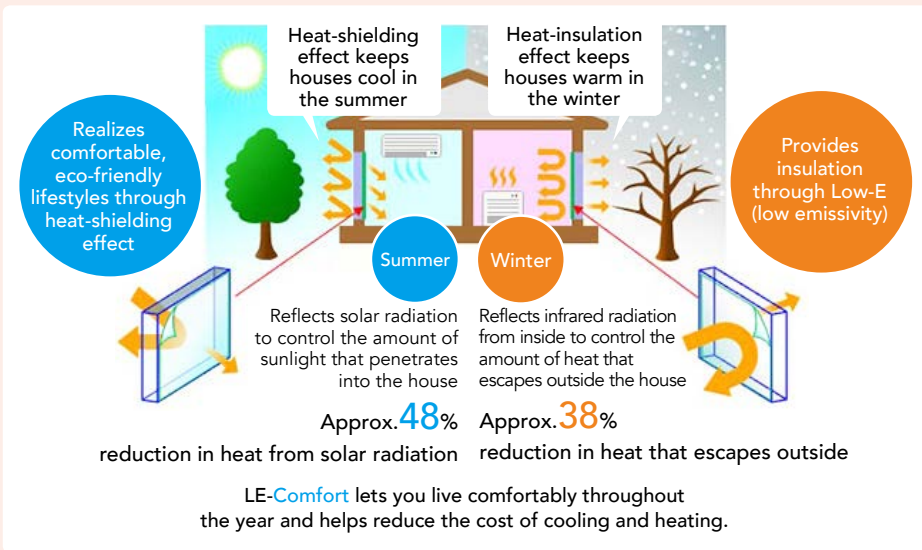
### ▲ Enhancing the Reliability of Our Window Film

With LE-Comfort, we were able to achieve industry-leading performance in terms of heat shielding and insulation. However, as LE-Comfort marked our first entrance into the window film industry, the major issue we faced was enhancing the reliability of our window film.

Once applied, window film can be impacted by various environmental conditions, including coming into contact with people's hands, exposure to sunlight, and buildup of condensation. Regardless of its level of performance, we cannot market our window film as a product if that performance significantly deteriorates in half a year or less. Accordingly, enhancing our reliability for maintaining its performance without deteriorating was our most pressing issue, and throughout the development process, we devoted the most time to resolving this issue.

Until the development of LE-Comfort, there were no products created by the Siontec Division that combined the different technologies of the divisions within the Company. However, through the development of this product, the Siontec Division was able to share insight that transcended divisional boundaries and establish a framework for divisional collaboration. Another crucial element in the development of LE-Comfort was collaborating technologies owned by our business partners, including raw material suppliers, processing vendors, and local retailers who repeatedly carried out application tests.

We spent over two years analyzing film that had degraded and continuously conducting experiments to hypothesize and determine the mechanisms that caused the degradation. As a result, we discovered that the biggest cause of the degradation



## The Maxell Group's Core Competence

### Product Development Leveraging Our Strengths — Use Case 1

Transparent Cooling and Warming Film LE-Comfort

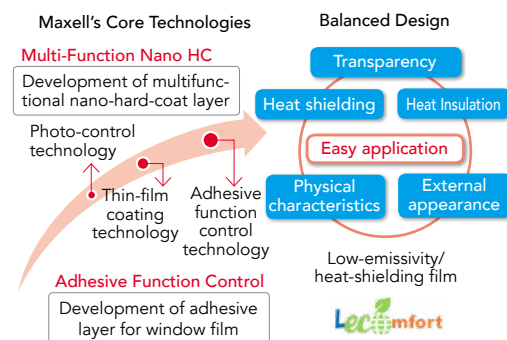
was corrosion in the layer of film that reflects infrared rays (the metal layer), and devised a means to resolve this issue. By applying our thin-film coating and surface control technologies, we were able to lay down a special thin protective film, which has multiple layers (four layers) that are several nanometer thick, on top of the layer that reflects infrared rays. In addition to optic control, we incorporated a variety of measures within these four layers to guard against factors that lead to degradation. By doing so, we were able to guarantee that LE-Comfort would not lose its heat-shielding and insulation performance, thereby enhancing the product's reliability.

### ▲ Creating New Value through the Horizontal Collaboration of Technologies and Businesses

The greatest merit of LE-Comfort is its heat-insulation performance, which helps keep heat inside houses during winter. Normally, to achieve superior heat-insulation performance, other characteristics need to be sacrificed, such as transparency, reliability, and ease of processing. However, with LE-Comfort, we were able to create a product that realizes world-leading heat-insulation performance without sacrificing any other features. Meanwhile, we have only recently entered into the window film market, and our level of recognition within this industry is still relatively low. Going forward, our task will be to extensively promote the superior heat-insulation performance of LE-Comfort, communicate information on how we are able to create unique products even for window film, and establish sales channels for these products.

While LE-Comfort was designed for windows on buildings, we believe there is potential for adding features to the product so that it can be

### Core Technologies Underpinning LE-Comfort

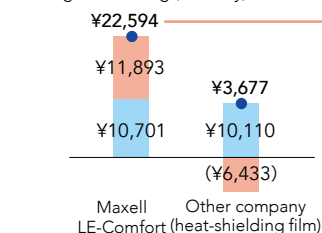


applied on cars and other vehicles. As the shift toward electric vehicles (EVs) progresses, there will be a greater need for low fuel consumption, making the entry and exit of heat from car windows an important issue. In light of this, we believe we can expand our sales channels by creating a film that can provide heat-shielding and insulation functions simply by attaching it to a car window. Additionally, in collaboration with the Optronics Division, we have been moving forward with the development of Leconage, a transparent Low-E screen film that incorporates the function of screens for projectors into LE-Comfort. We commenced the sale of Leconage in August on a trial basis.

When placed on windows, Leconage can create space for projecting images. This means that during the day, Leconage can help provide a comfortable interior through its heat-shielding and insulation functions. At night, Leconage can be used for digital signage at stores and other locations.

### Comparison of Energy-Saving Effects (Simulation of electricity costs)

Decrease in electricity costs for cooling and heating (annually)



Potential savings on cooling and heating costs year round with LE-Comfort

\* Simulation conditions (held in Tokyo)

Window type	: 8 mm float plate glass
Window surface area	: 49.76 m <sup>2</sup>
Floor space	: 605.16 m <sup>2</sup>
Cooling period	: June 1–September 30
Cooling settings	: 28.0°C, 14 hours per day
Heating period	: November 1–April 30
Heating settings	: 20.0°C, 15 hours per day
Air conditioning COP	: Cooling, 3.55; heating, 3.90
Electricity costs	: ¥17.22/kWh (summer) ¥16.17/kWh (seasons excluding summer)

■ Decrease in electricity costs for cooling  
■ Decrease in electricity costs for heating  
● Decrease in electricity costs for cooling and heating (annual total)

\* Based on results of third-party verification test

## MESSAGE

"Synergies Born from New Challenges"

**Takuo Mizutani**  
Senior Engineer  
Design Section 2  
Ink & Film Design Department  
IF Business Unit  
Sliontec Division

\* Position as of July 31, 2019



As Maxell made its first entrance into the window film industry, we had to deal with various new tasks one by one, including understanding how to sell, evaluate, and package window film products. By taking on challenges in a new market, we generated synergies within the Sliontec Division that allowed us to create LE-Comfort, a groundbreaking product. Additionally, we collaborated with the Optronics Division to develop Leconage, and this collaboration has started to produce new synergistic effects that transcend divisional boundaries. Going forward, through horizontal collaborations between technologies and businesses, we will aim to develop various products and services that can respond to various "Use Cases."

Going forward, I will continue to make concerted efforts to ensure that LE-Comfort is a highly reliable film that can be used with peace of mind for five to ten years.

## The Maxell Group's Core Competence

### USE CASE



### Product Development Leveraging Our Strengths — Use Case 2

## Thin, Flexible Battery, Air Patch™ Battery

Air Patch™ Battery is a sheet type battery with a thickness of less than one millimeter that can be bent easily. As an aqueous solution, which is not harmful to the human body, is used as the battery's electrolyte, it is safe even when it comes into contact with a person's skin. There is less discomfort when medical healthcare patches with flexible Air Patch™ Battery applied to human skin, and these patches are extremely hygienic as they can be disposed of after each use.



### ▲ A Battery That Can Be Safely Applied to the Body

As a result of the declining birthrate and aging population, the number of senior citizens in need of medical treatment continues to rise. At the same time, there are growing needs for home healthcare and preventative medicine due to the soaring medical costs and shortage of doctors that have resulted from the declining birthrate.

Within the global markets for medical devices, the medical healthcare patch market is expected to rapidly expand in the future as healthcare patches are now being used not just for the administration of drugs such as insulin and sedatives but also for the acquisition of data on the human body, including blood sugar levels, electro-cardiogram, body temperature, and skin condition. In light of these circumstances, it is highly likely that the use of wearable-type devices will become more widespread as they are highly convenient and can be easily attached

to the body. In addition, as such devices are expected to be used continuously over a certain period of time, it is necessary to ensure that they do not harm the body in the event that the electrolyte was to leak.

Inexpensive button-type batteries are used as the power source for small electronic devices such as healthcare-related devices and wristwatches. The electrolyte, which greatly impacts a battery's performance, contains organic solvents to enhance battery performance. However, these often tend to be solvents that can harm the human body, such as potassium hydroxide and lithium. With this in mind, we commenced the development of Air Patch™ Battery under the belief that safety should be an indispensable aspect of using devices that are attached to the human body. We came up with the idea of using aqueous electrolyte to solve this issue.

### ▲ Balancing Battery Performance and Safety

The development of Air Patch™ Battery was realized through collaboration between not only the Energy Division and the R&D Business Unit but also through collaboration with various manufacturers of new materials.

When developing batteries, it is no simple task to achieve sufficient performance using only safe materials, and this presented one of our biggest challenges in developing Air Patch™ Battery. To balance battery performance and safety, it is critical to ensure stable electrical characteristics and to allow electricity to easily flow through the electrolyte. Accordingly, we made painstaking efforts to research dozens of kinds of neutral salts while verifying their safety levels and density.

Battery is one of the founding businesses of

Maxell, and we therefore possess long-cultivated insight on electrolyte. In addition to our database on materials, we leveraged our know-how on electrochemistry and analytical technologies to develop an electrolyte that achieves the best possible conditions. Furthermore, electrode materials that are highly compatible with electrolyte are essential to bringing out the best possible performance of a battery. In the case of using electrolyte with neutral salt, the problem we faced was the high self-discharge of electrodes. To address this problem, we examined countless combinations of electrode materials and processing methods and creatively introduced additives into the electrolytic solution. By doing so, we successfully created high-performance

## The Maxell Group's Core Competence

### Product Development Leveraging Our Strengths — Use Case 2

### Thin, Flexible Battery, Air Patch™ Battery

electrodes with a lower rate of self-discharge, thereby realizing energy density that is double that of conventional thin, flexible batteries using aqueous solutions. We also achieved voltage of 1.2 volts, a level that is comparable to the 1.5 volts of normal button-type batteries.

At the moment, no other company makes a battery that uses the same materials as Air Patch™ Battery.\*1 Among the thin, flexible batteries on the market, lithium ion rechargeable batteries that use lithium or electrolyte with organic solvents have the potential to catch fire

#### ▲ A Battery That Reduces Costs and Is the Preferred Choice among Medical Healthcare Providers

With the increasingly widespread use of sheet batteries, which are small and easy to use, as an energy source, patches are expected to be used and disposed of in mass quantities. As such, there is the possibility of environmental regulations becoming more severe in the future. When disposing a regular battery, a special disposal process is required in order to reduce environmental impact. With Air Patch™ Battery, the burden of this process is significantly reduced.

We intend to commence the mass production of Air Patch™ Battery in fiscal year 2020. In the medical healthcare field (patches to monitor blood sugar levels, electrode patches for electrocardiogram, patches to monitor heart rates, etc.), silver oxide batteries (SR) and coin-type manganese dioxide batteries (CR) are already being used. Accordingly, in order to have Air Patch™ Battery used in place of these batteries, we aim to realize

or self-ignite, and accordingly, restrictions have been placed on such products for air transport. Meanwhile, as Air Patch™ Battery uses aqueous solution based electrolyte like neutral salt water, there is no fear of the battery catching fire or self-igniting. Furthermore, Air Patch™ Battery is designed in a way that ensures safety even if the electrolyte was to leak.\*2

\*1 Based on in-house research conducted in November 2018.

\*2 Compared with normal batteries, the electrolyte of Air Patch™ Battery is even unlikely to cause skin irritations (differs between individuals).

similar levels of prices. Under this aim, we will move forward with the development of a production line that can simultaneously realize stable levels of quality and low costs.

Additionally, to acquire new customers, we are collaborating with various types of manufacturers so that we are able to make not only proposals for Air Patch™ Battery itself but also for the solutions that can be realized through the use of this battery. To that end, we have begun shipping samples in Japan and overseas. Also, in collaboration with the manufacturer of semiconductor-related

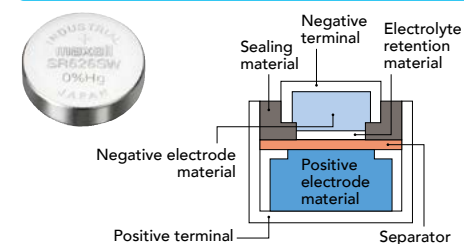
Rendering of combination of wearable device of SHINKO and sheet type battery of Maxell



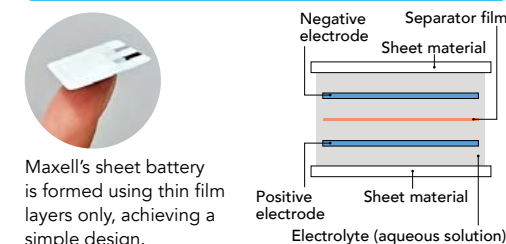
components, SHINKO ELECTRIC INDUSTRIES CO., LTD., we are conducting the trial manufacture of wireless sensor modules for blood oxygen level that can be attached

to the tip of people's fingers. The power necessary for sensing and wireless communication is planned to be supplied by our sheet type battery.

#### Button-Type Batteries



#### Maxell's Sheet Dry Battery



Maxell's sheet battery is formed using thin film layers only, achieving a simple design.

## MESSAGE

"Air Patch™ Battery is a product that incorporates Maxell's safety and highly energy efficient technologies."

**Takahiro Furutani**  
Senior Engineer  
New Business Development Group  
Design Department  
MD Business Unit  
Energy Division

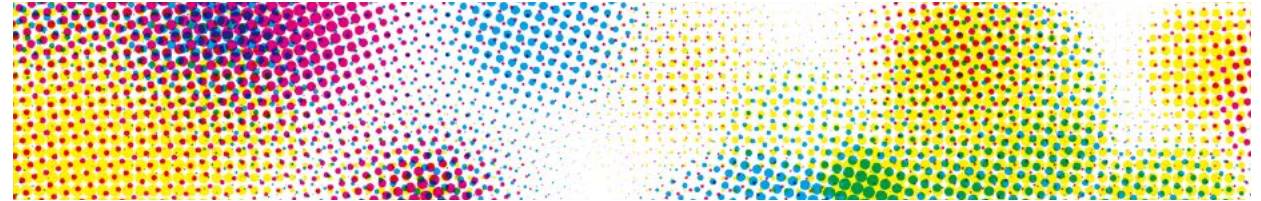


I have always felt uncomfortable with the fact that batteries with safety issues are being used in devices that are to be attached to human bodies, and that is why I began the development of Air Patch™ Battery. Air Patch™ Battery is a safe, high-capacity battery with a thin, flexible design that regards the environment. This battery also embodies a unique new concept that other companies have yet to create. In developing Air Patch™ Battery, we were committed to ensuring safety, even taking steps to make sure that the battery would not catch on fire if it were to be cut with scissors or submerged in water.

In addition to being used as a power source for wearable and disposable devices, such as transdermal patches and other patches used for medical purposes, Air Patch™ Battery can be used in various other kinds of wearable devices and in RFID devices that are used for inventory control of merchandise. The potential for the wearable device market is massive. Accordingly, with Air Patch™ Battery, we will continue to create new markets and contribute to society.



# ESG



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## Message from the Chairman

“Through management focused on the future, we aim to become a corporate group that can realize sustainable growth.”

Yoshihiro Senzai  
Chairman and Director



### Corporate Management Focused on Five to Ten Years in the Future

The most important aspect of corporate management is to realize growth on a continuous basis. While performance in the near term is obviously important, we need to constantly consider our vision for the Company five to ten years in the future.

In that sense, we have been making progress largely as planned under the Maxell Business Platform (MBP), an initiative we started several years ago. We have also established a base for growth driven by the two wheels of organic growth and the MBP, which was our vision at the time we commenced this initiative. Going forward, we will enter into a phase in which we will develop new businesses together with all companies and divisions that have newly joined the Group under the MBP. Although there are risks involved, guided by the basic principle of the MBP—co-creation and co-prosperity—we have taken time to communicate the concept of “spurring innovation together and achieving prosperity together” to these new Group members, to ensure that they understand the direction in which we are heading. By doing so, I believe we have successfully avoided a certain amount of risk associated with expanding the scope of the Group.

### The Growth of Each Employee Leads to the Growth of the Maxell Group

The Maxell Group’s management vision is “Supporting Smart Life, Peace of Mind & Cheer around People.” This vision encapsulates our desire to become a close part of people’s daily lives by meeting diverse and niche needs. It also conveys our ambition to create and deliver excitement to people through “safe and comfort,” “peace of mind and cheer” and new added value. Our management vision shows that the Group’s business activities themselves embody CSV (creating shared value), and this vision has remained unchanged since we started doing business.

Our business activities are supported by a variety of stakeholders. Among them, I personally place the most value on our employees. The growth of our employees is what allows us to grow as a company and in turn deliver greater returns to our

In terms of strengthening governance, we added a new outside director in June 2018, bringing the total to three. Together with these three highly experienced outside directors, we engage in lively discussion on a daily basis. In addition, I have entrusted the Group’s operations to the president as I hope to focus my efforts more on such activities as preparing for the future of the Company’s management, conducting business oversight, and pursuing outside activities for the industry. Going forward, I hope to contribute to progress in the industry overall, including through the spread of lithium ion batteries, which are expected to grow in the future, the development of technologies, and the training of engineers.

With a view to five to ten years in the future, we will continue to accelerate the Group’s management by clarifying the responsibilities and authority of the holding company and the operating companies. We will also steadily promote succession plans and revise and follow up on our decision-making criteria for investments. Through such efforts, we will further enhance the effectiveness of the Board of Directors.

other stakeholders. Without a cycle such as this, we would not be able to sustain our business operations.

The best approach to ensuring the growth of our employees is to have them consider ways to maximize their own lives. To that end, it is imperative that our employees understand the reasons why they are working and their vision for the future. Based on this understanding, employees must then consider how they can achieve that vision and act accordingly. Making sure that employees have their individual goals and work to maximize their own lives is the essence of diversity. I truly believe that when each employee is able to maximize his or her own life, then we are able to maximize growth on a Groupwide basis.

I would like to ask all of our stakeholders for even greater support as we make further leaps into the future.

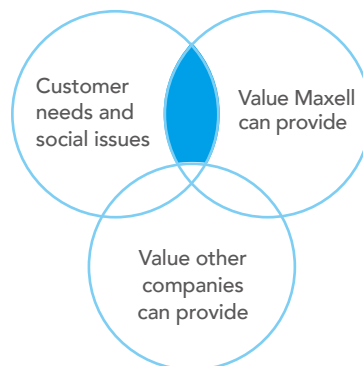
# The Maxell Group's Social Responsibility

Guided by its corporate motto (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 through a two-pronged approach. First, we will undertake CSV business management by leveraging our advantages for addressing social issues. Second, through CSR initiatives we will fulfill our responsibility by addressing the impact of our business activities on the environment and society.

## The Maxell Group's CSV Business Management

Take on challenges by leveraging our advantages for addressing social issues

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.



## The Maxell Group's CSR Activities

Responsibility to address impact of our business activities on 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. These efforts are guided by the Maxell Group Corporate Credo,\* which sets out our mission and duties, and the Maxell Group Policy on CSR Activities and Initiatives, which specifies specific policies on conduct.

\* <https://www2.maxell.co.jp/corporate/philosophy.html>

Maxell Group  
Policy on CSR  
Activities and  
Initiatives

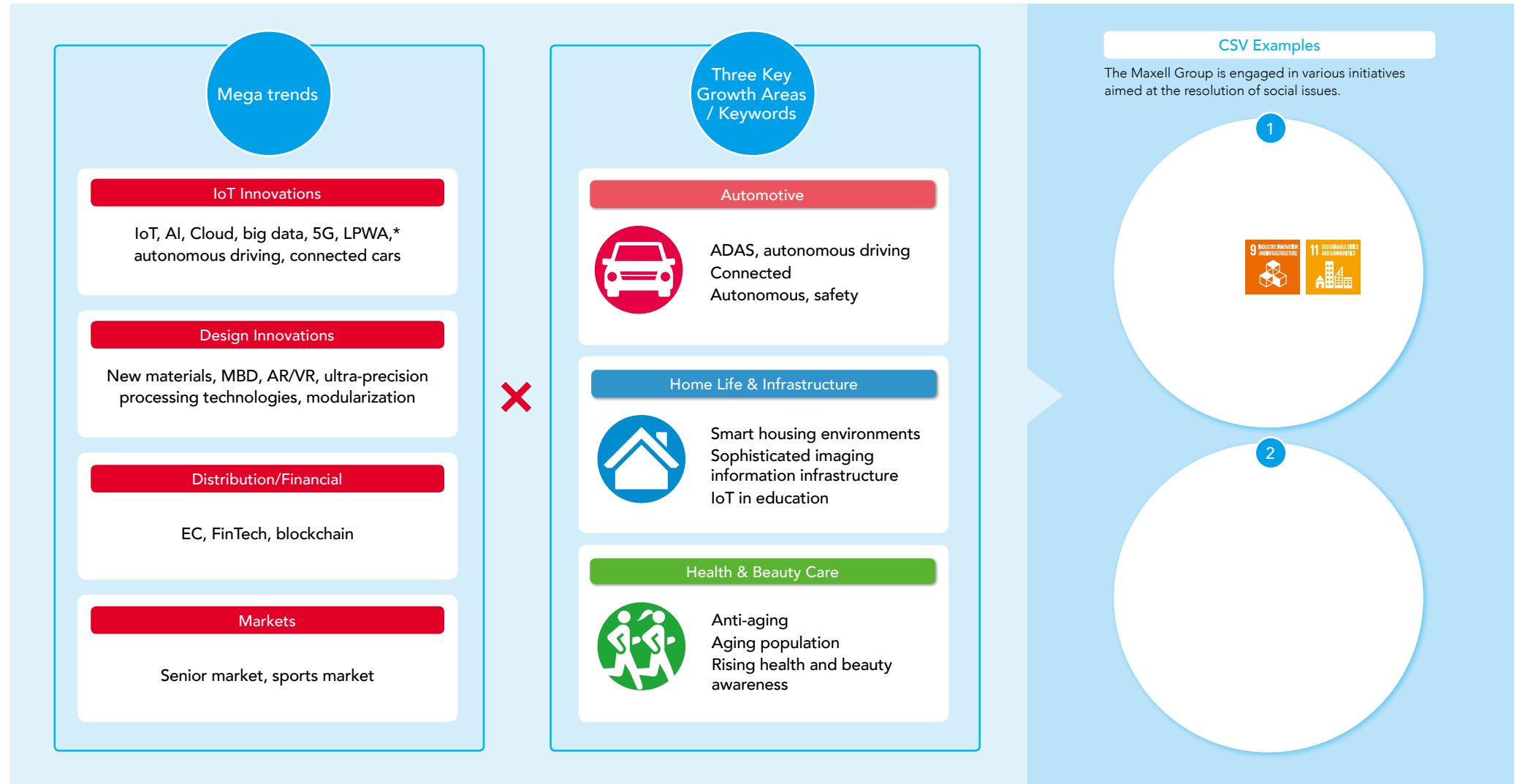
1. Commitment to corporate social responsibility
2. Contribution to society through our business activities
3. Facilitating communication and information disclosure
4. Corporate ethics and human rights
5. Environmental preservation
6. Corporate citizenship activities
7. Good working environment
8. Sharing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

## 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 the active participation of companies in addressing and achieving the SDGs. Accordingly, through its products and services and CSR activities, the Maxell Group will contribute to the realization of the SDGs.

# The Maxell Group's CSV Business Management

Climate change and the rapid transformations brought about by technological progress present risks for the Maxell Group as a supplier of comfort, safety, and peace of mind. At the same time, there are growth opportunities for the Group's businesses to be seized by seeking resolutions to these social issues. Through the promotion of CSV business management by leveraging our advantages to address social issues, we aim to contribute to the realization of a sustainable society.



\* Low Power, Wide Area

# Maxell x SDGs

## The Maxell Group's CSV Business Management

CSV Example 1

Contributing to elimination of traffic accidents

Support for safe driving

### Augmented Reality Head-Up Display

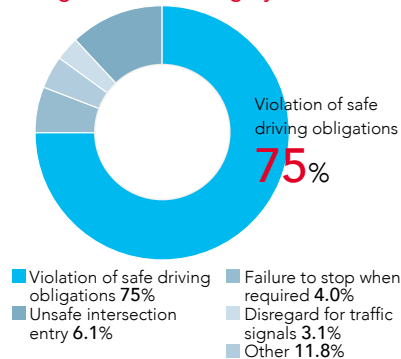


Research and Development ▶ Commercialization ▶ Business Development



Violations of safe driving obligations include failure to confirm safety, distracted driving, inability to recognize behavior of other drivers, and careless driving. Such breaches of duty are incredibly dangerous and have the potential to result in a serious accident. The Maxell Group seeks to eliminate deaths from traffic accidents by providing products that reduce the burden placed on drivers.

#### Breakdown of Traffic Accidents by Legal Violation Category



\* Chart prepared by Maxell Holdings, Ltd., with reference to 2018 statistics on road traffic (number of traffic accidents involving drivers of small scooters or larger vehicles by legal violation type) released by the Traffic Bureau of the National Police Agency

#### Support Safe Driving Using Image Display Technologies

When driving at high speeds, changes in lines of sight can result in serious accidents. To reduce the risk of such accidents, Maxell is moving ahead with the development of an augmented reality head-up display (AR-HUD), which displays the information necessary for driving on the windshield of a vehicle in order to minimize changes in lines of sight. We look to commercialize this product in 2020.

In conjunction with the AR-HUD development project, we are moving forward with the development of safety functions that leverage the characteristics of the AR-HUD, including the ability to overlay information on top of the actual view on the front of a vehicle, to support drivers. These functions will include displaying navigation information on destinations, speeds, and other factors as well as alerts on oncoming traffic or pedestrians when detected.

Providing drivers with the information necessary for safe driving requires the ability to accurately acquire such information from both inside and outside of vehicles. Furthermore, the threat of overlooking a danger sign increases at nighttime due to factors such as the lower volume of traffic in comparison with the daytime as well as the higher tendency for

careless driving as a result of fatigue from work or other causes. Since the start of the AR-HUD development project, Maxell has been focusing on the development of sensing technologies that contribute to increased visibility at night. In addition, the AR-HUD currently under development employs a camera that can measure the height of the driver's line of sight to automatically adjust the height of information displays. Looking ahead, we intend to introduce functions that use cameras to acquire information from the entire face of the driver to detect drivers along with condition monitoring functions that use information from the eyes of drivers to help avoid dangers arising from poor health conditions or falling asleep at the wheel.

#### A More Compact AR-HUD and Progress toward Commercialization

The AR-HUD is a product meant to be installed in the small space between the steering wheel and the windshield of automobiles. Through studies on rival products that have been in development longer than ours, we have learned that the equipment needing to be installed is often very large, presenting an obstacle to introduction. Moreover, the addition of AR functions is expected to make this equipment even larger, which would mean that the design of automobiles would need to be changed in order to accommodate the equipment. Maxell, meanwhile, boasts an ultra-short throw optical technology that allows projectors to display images on large screens even with short projection distances. By applying this technology to our AR-HUD, we succeeded in developing a system that can display images on a large screen from a long distance and that is more compact, realizing a size feasible for installation in automobiles.

The field of view offered to drivers when we began development of our AR-HUD was initially quite narrow, only 1.4 degrees vertically and 5–6 degrees horizontally. In fiscal year 2017, we succeeded in developing an AR-HUD with a field of view that is roughly five times the size of the previous system—4 degrees vertically and 10 degrees horizontally—receiving high evaluation from original equipment manufacturers (OEMs).

#### Goal of Acquiring Share of the Chinese Market

Maxell has proceeded to solicit the value of its AR-HUD to various OEMs in China at exhibitions such as the Shanghai International Automobile Industry Exhibition. In 2025, demand for AR-HUD is expected to grow to 10 million units in the Chinese market. Maxell is aggressively taking part in business negotiations with Chinese OEMs and other potential customers with the aim of establishing operations in this market. China is engaged in an aggressive nationwide drive to develop next-generation automobiles. Given this fact as well, we anticipate that demand for AR-HUD will grow going forward.

Looking ahead, we plan to first launch our AR-HUD product in the Chinese market and then deploy it in Japan, Europe, and other markets worldwide.



Maxell booth at Auto Shanghai 2019—The 18th International Automobile Industry Exhibition held in April 2019

## The Maxell Group's CSV Business Management

# Maxell x SDGs

CSV Example 2

Contributing to higher quality and efficiency in agriculture

Promotion of smart agriculture with AI and IoT technologies

### Rice Scan



Maxell's analog core technologies



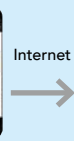
Rice Scan Sensor device

Wireless communication



Mobile terminal + cloud system

Proprietary algorithms and analysis techniques



Viewing, analyzing, and utilizing downloaded data

Provide benefits to users

Commercialization

Business Development

Market Penetration



Japan's agricultural industry is facing serious issues as the decline in the number of agricultural workers\*1 is making it difficult for veteran farmers to pass their skills on to newer workers while simultaneously reducing the area of farmed land. The Maxell Group strives to address this issue by supporting higher quality and efficiency in agricultural work by promoting smart agriculture that utilizes AI and IoT technologies to greatly reduce labor requirements and heighten quality.

#### Decrease in Number of Agricultural Workers

(Thousands of people)

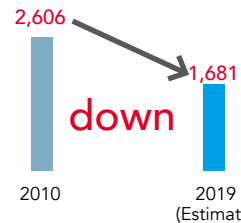


Chart prepared by Maxell Holdings, Ltd., based on "Number of Agricultural Workers and Core Agricultural Workers" (Ministry of Agriculture, Forestry and Fisheries)

\*1 The number of agricultural workers is calculated as the number of members of agricultural households aged 15 years or older who only worked in agriculture during the one-year period ending with the day prior to the survey or those who worked simultaneously in agriculture and in other jobs but for whom the number of days worked in agriculture exceeded the number of days worked in other jobs.

#### Promotion of Smart Agriculture Using Measurement Data

In June 2018, the Maxell Group launched the *Rice Scan* service, which supports crop growth by facilitating convenient measurement of the leaf colors of paddy rice and other crops. In this service, leaf color images collected via a dedicated close-up camera device with built-in light source are sent to a portable terminal that analyzes the images. The analysis results are saved onto a cloud server to eliminate the need for conventional note-taking, data input, and tallying.

Furthermore, visual representations of the measured data are provided to support appropriate fertilizer management and growth diagnosis in order to contribute to higher quality and efficiency in crop production.

#### Commencement of Measured Data Visual Representation and Analysis Services

Growth diagnosis based on leaf color management in agriculture, particularly in the cultivation of paddy rice, is a viable means of identifying optimal conditions regarding harvest volumes, protein content, and inspection grades.

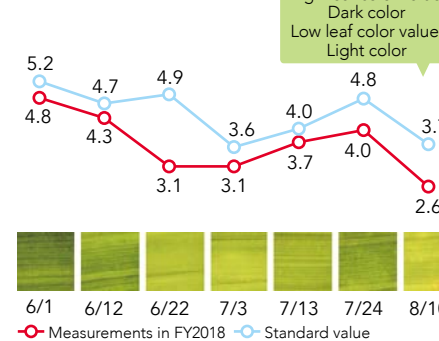
*Rice Scan* is expected to be used in high-value-added agricultural operations for producing

brand-name rice and sake rice as well as tea leaves for making green tea. Use of this service has begun in the Kanto and Northern Kanto regions of Japan, where it is primarily being utilized at test sites with only a few workers but a large number of areas needing to be observed as well as by producers to share information with contract farmers.

In fiscal year 2019, we bolstered *Rice Scan*'s measured data visual representation and analysis functions with the addition of a function that provides visual reference of the measurement

#### Measurement Result Confirmation Screen

##### Paddy Rice Leaf Color



Management of proper value using visual representation of leaf color changes

timing and positions of leaf color changes. Moreover, *Rice Scan* features a function that uses cameras to judge leaf color, which was developed based on the same concept as Maxell's *Hada more* skin check service. Accordingly, *Rice Scan* goes beyond simple measurements to record information on leaf colors and locations and thereby provides information that would normally be difficult to track without being on-site. The service also uses a structure that is relatively uninfluenced by external light to allow for measurements regardless of weather or time.

#### Market Penetration Initiatives

It is currently commonplace to diagnose leaf color based on leaf color scales or soil and plant analyzer development (SPAD)\*2 meters. As such, Maxell must overcome the challenge of raising the market recognition of *Rice Scan* given that the service was only launched in fiscal year 2018.

To raise recognition, we intend to focus on advertising the benefits of *Rice Scan* over leaf color scales and SPAD meters, namely, its ability to automatically save leaf color diagnosis information on cloud services for use in data analysis.

In the future, we will look to introduce an area management system into the *Rice Scan* service that will provide visual representations of growth status. Such a system would enable agricultural production directors in remote locations or AI to provide accurate instructions and thereby contribute to increased quality and profitability throughout the entirety of agricultural operations.

\*2 A metric that indicates the amount of chlorophyll contained within a leaf.



# 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.



## ▲ Dialogue with Stakeholders

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

## ▲ Major Venues of Communication with Stakeholders

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

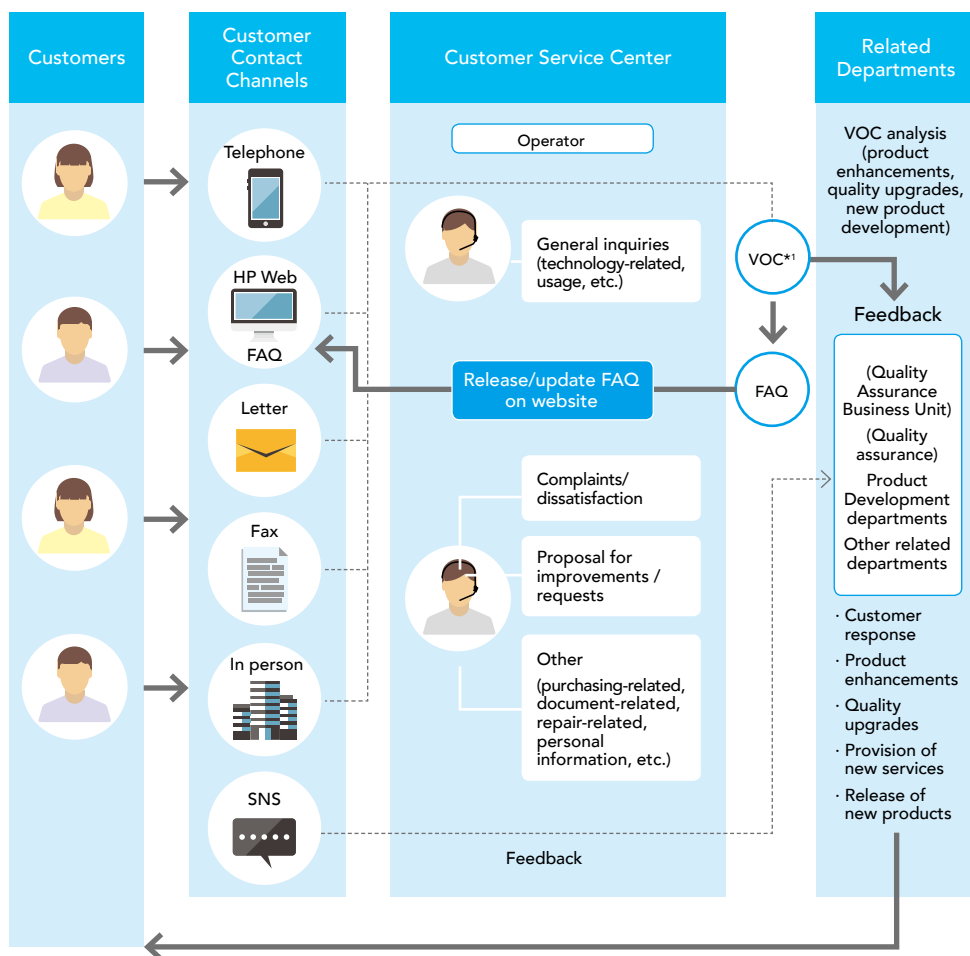
\* Value Engineering is a systematic method of improving value based on analysis of the relationship between the function and cost of a product or service.

# With Customers

## Basic Policy

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

### ▶ The Maxell Group's Customer Service Center



\*1 Voice of the customer

## Enhancing Customer Satisfaction

### ▲ Listening Sincerely to Customers

At our Customer Service Center, employees with experience in sales and quality assurance handle all types of inquiries.

The center shares feedback at monthly sales meetings comprising members of all consumer product related departments, and this feedback is used to help enhance customer satisfaction and upgrade and develop products.

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

	FY2016	FY2017	FY2018
Response percentage*2	75%	79%	81%
Gratitude call percentage*3	5.1%	5.6%	5.7%

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

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

### ▲ Creating Products and Implementing Reforms to Address VOCs

To market better products by listening to customers, we flag customer feedback received through our Customer Service Center that could give rise to the development of new products or improvements to existing products.

#### [Examples of Development and Improvement Initiatives for Fiscal Year 2018]

- We introduced the MPC-C6700 large-capacity mobile rechargeable battery in eight colors in response to customer requests for a mobile battery that offers the right color for everyone. Additionally, these batteries offer an easy-to-hold arch-shaped design and meet customer needs for lightweight and easy-to-carry features as they weigh only 130 g despite the large 6,700 mAh capacity.
- In response to misleading information that was identified in the instruction manual for MOTECARE EMS exercising device, we made revisions to the manual to make it easier to understand.
- We introduced blister packaging for our coin-type CR batteries to prevent accidental ingestion by newborns and small children, and this invention was honored with the Electric Equipment Packaging Award at the 2018 Japan Packaging Contest, as well as for "designs that contribute to the safety and security of children" at the 12th Kids Design Award.

## With Customers

### Increasing Product Quality and Reliability

#### ▲ 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\*<sup>1</sup> 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 meeting 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\*<sup>2</sup> lectures for new and mid-level employees.

\*1 Super Quality Management for the Maxell Group

\*2 Failure Mode and Effects Analysis

#### ▲ ISO 9001 Standard for Quality Management Systems

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.

#### Local Employees Supporting Global Growth

Since joining Maxell Digital Products China Co., Ltd. in 2009, I have been in charge of quality assurance duties as a manager of the quality division and the ISO management system. My position entails conducting on a day-to-day basis the activities necessary for achieving higher levels of quality with the aim of turning the company into a global enterprise that delivers top-of-the-line quality to customers. Specifically, we continue to invest in our human resources development and our employee licensing certification system and, as a result, our LED headlamp lenses for vehicles have been recognized with the Quality Excellence Award\*<sup>3</sup> for two years running.

In addition to our usual quality-related activities, in 2019 we began Feedforward-type activities for enhancing quality to ramp up management of our daytime and nighttime operations through RCA (root cause analysis) and human error prevention activities.

I believe that high levels of quality are realized when each and every employee understands the importance of quality. We encounter new issues in the day-to-day production activities at our factories and this presents a great opportunity for superiors to cultivate their subordinates by leveraging their personal experiences for analyzing the root of problems and solving them. We will be confident in our pursuit of continuing to maintain our high standard of quality in regards to the transfer to our new factory and the establishment of our new businesses as well.

\*3 An award presented to suppliers that demonstrates the utmost levels of quality among our major Chinese customers.



**Jiangping Li**  
Senior Manager  
Quality Assurance Department  
Maxell Digital Products China Co., Ltd.

#### Status of Quality Management System Standards Acquisitions

(As of April 2019)

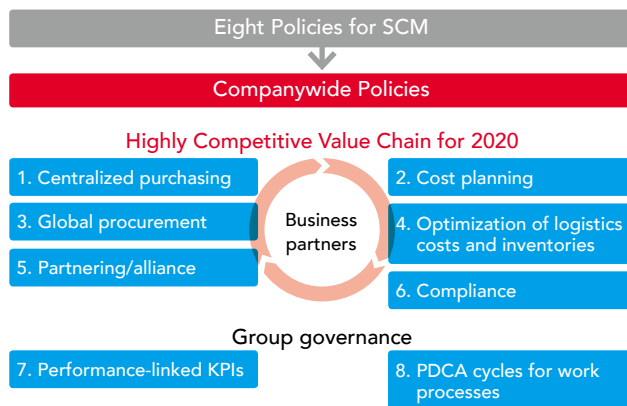
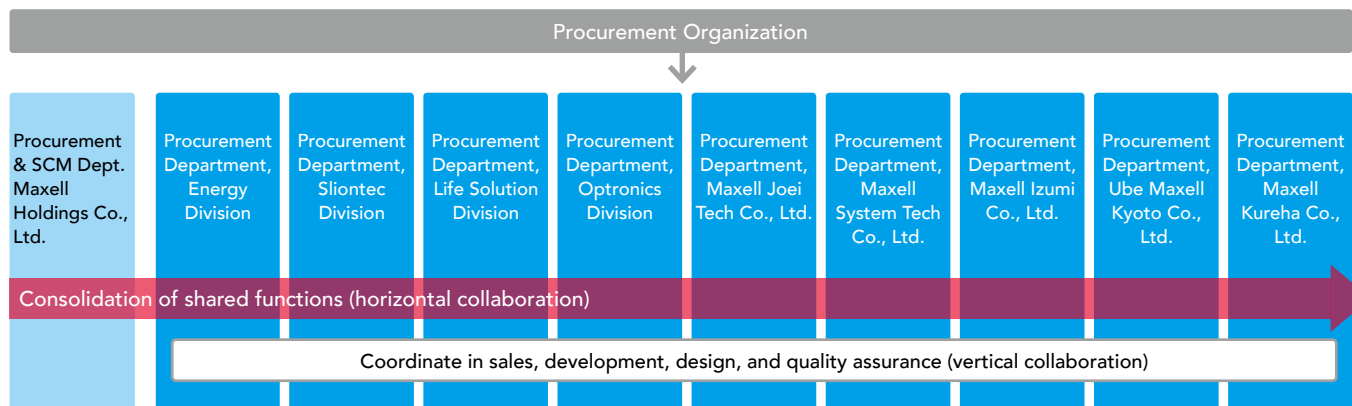
Name of Certification	Division Acquiring Certification
ISO 9001	Maxell, Ltd. (all offices/works) / Maxell Joei Tech Co., Ltd. / Maxell System Tech Co., Ltd. / Ube Maxell Kyoto Co., Ltd. / Maxell Izumi Co., Ltd. / Maxell Kureha Co., Ltd. / Wuxi Maxell Energy Co., Ltd. / Maxell Europe Ltd. Telford Plant / Maxell Digital Products China Co., Ltd. / Maxell Tohshin (Malaysia) Sdn. Bhd. / PT. SLIONTEC EKADHARMA INDONESIA / GANGQUAN PRECISION (SHENZHEN) CO., LTD.
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

## Basic Policy

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.

## System



## Reinforcing Value Chain

### ▲ Pursuing Key SCM Measures

The Maxell Group has overhauled its procurement functions, which were 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.

### 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 2019 we have put our power supply contract out to tender, enabling us to conclude contracts with optimal suppliers.

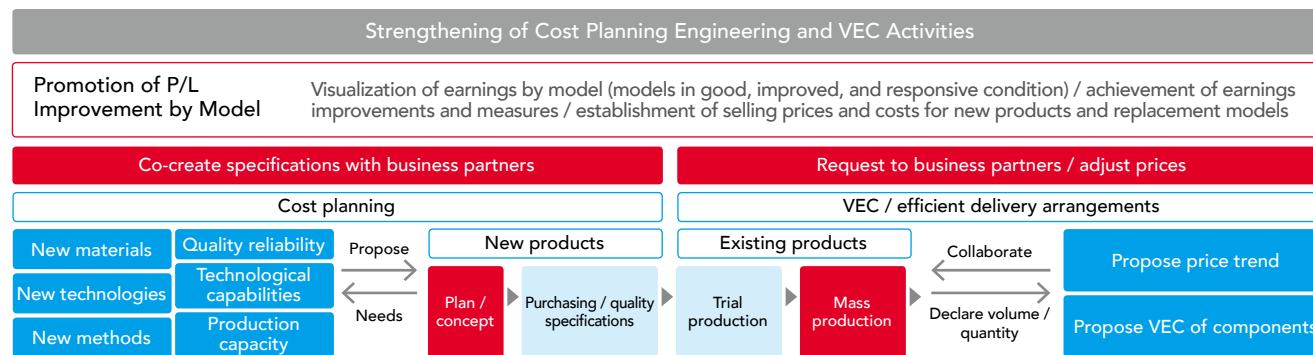
### 2. Cost planning

In fiscal year 2018, the Maxell Group launched its P/L Improvement by Model Project (PIPJ) to enhance earnings by model 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.

Moreover, through new proposals (original technologies, early development, new materials, etc.) from business partners, we will improve our “cost planning engineering” and thereby promote co-creation and co-prosperity.

## With 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, have shifted the manufacture of shavers and dryers overseas, and are importing more original equipment manufacturer (OEM) products. Consequently, about half of our procurement is for overseas. With this in mind, we began conducting procurement training for procurement managers at overseas bases in 2018 with the aim of developing overseas procurement capabilities. 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 working to improve 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 with our business partners.

### 6. Compliance

We rigorously inform employees about and emphasize the importance of guidelines for conducting material procurement as well as compliance with fundamental principles (basics) and ethical practices (ethics). In fiscal year 2017, we established the Maxell Group Procurement Risk Management Committee, which conducts training and provides 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." We focus on seeking the cooperation of business partners in a timely manner to reflect changes in market conditions.

## Reinforcing Alliances with Business Partners

### ▲ Advancing CSR-Oriented Procurement

The Maxell Group promotes CSR-oriented procurement across its entire supply chain in accordance with the Supply-Chain CSR Procurement 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.

Through the Maxell Group Procurement Risk Management Committee, which was established in fiscal year 2017, we have 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.

\* [https://www.maxell.co.jp/procurement/pdf/csr\\_procurement\\_guideline.pdf](https://www.maxell.co.jp/procurement/pdf/csr_procurement_guideline.pdf) (in Japanese only)



In October 2018, we invited 107 major suppliers to the FY2018 Maxell Partners Day.



We shared and confirmed our policy on co-creation and co-prosperity through the growth and brand strategies, and competitive value chain of the Maxell Group with business partners.





# With Employees

The Maxell Group is taking a variety of measures focused on respecting the individuality of each employee 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

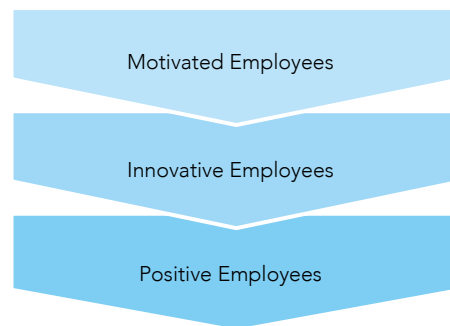
### ▲ Our Basic Approach

We seek employees with a strong sense of awareness and team spirit who are also innovative and positive.

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

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

### ▲ 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, the training programs will be revised regularly in accordance with the needs of the times.

In regard to the development of our 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.

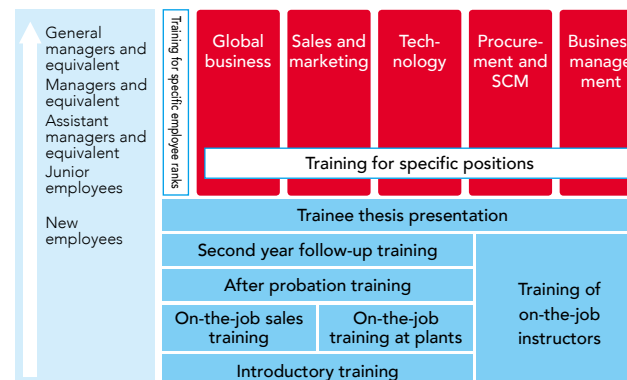
### ▲ Developing Globally Competent Personnel

As part of efforts to develop leaders for our global businesses and personnel who can contribute to our operations overseas, we have implemented overseas short-term fieldwork, which enables employees to consider Maxell’s business opportunities in growth markets.

The overseas short-term fieldwork program, which was implemented in the U.S. in 2019, cultivated trainees on their knowledge for developing new products and services that remedy traffic congestion. In the program, the trainees applied the insight gained from the fieldwork into proposals for new products and services, examined the possibility of their success in business, and presented the outcomes of their fieldwork on the final day of training.

Going forward, we will continue to invest in human resource development overseas with the expectation that the skills acquired through this training will be leveraged in creating new businesses opportunities.

### Personnel Development System



Group work session (in Los Angeles)

Final presentation (in Los Angeles)

## With Employees

### Promoting Diversity Management

#### ▲ Diversity Promotion Project—M-Wing

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.

► For more details, please see “M-Wing Leaders’ Roundtable Discussion” on page 43.

#### ▲ 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 caregiving systems that surpass legally required provisions and, as a result, all employees who have taken childcare or caregiver leave have come back to work. In fiscal year 2018, the Group took steps to establish an environment that allows its employees to use these systems more freely by distributing its “Handbook on Support for Balancing Work and Caregiving” and releasing and disseminating its “Guidelines on Work and Holiday” on the Company intranet, among other efforts. Moreover, the average consecutive years of service of our employees was 20 years (male: 20 years, female: 19 years) as of April 1, 2019.

Use of Childcare and Nursing Care Leave

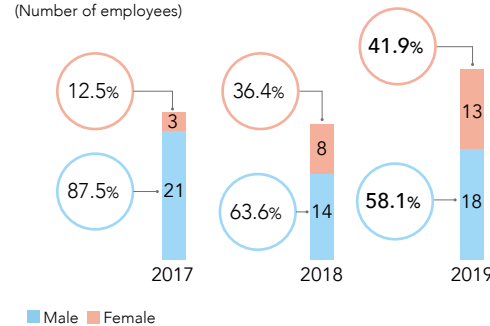
	FY2016	FY2017	FY2018
Childcare leave	11	17	14
Nursing care leave	1	0	1

#### ▲ 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, 42% of employees hired through regular recruitment in fiscal year 2019 were women, compared with 36% in fiscal year 2018.

Ratio of Male to Female Employees among New Graduates

(Number of employees)



### Local Employees Supporting Global Growth

I joined Maxell Europe Ltd. (MEL) in 2016. Since I was a child, Maxell has always been a brand I have associated with and a manufacturer that values quality and familiarity. After three years on the job, I am currently involved in product development and brand strategy.

My focus going forward is on improving communication with end users. What I mean by this is not to carry on with our conventional ways of advertising, but rather to zone in on social media, which tends to attract a lot of end users these days, and enhance our communication with them.

The new MEL website that I created is currently running. Not only does it offer details on our existing products, but the new website also allows users to download product images and acts a venue for providing more detailed information to customers. Going forward, I would like to create sophisticated social media advertisements that boost the awareness of the Maxell brand among the younger generation.



Alicia Sacha  
Brand Manager  
Maxell Europe Ltd.

## With Employees

### Promoting Health and Safety

#### ▲ The Maxell Group's Activities on 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 protecting health and safety over everything else.

In Japan, our operating bases improve health and safety by conducting mutual safety 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, there were a greater number of work-related accidents related to our business expansion efforts due to the participation of Group companies, which is promoted under the MBP. As a result, from fiscal year 2018 we have been strengthening our initiatives to eliminate the recurrence of such accidents by ensuring that all employees follow our basic conduct and applying our "5W\*" for accidents." In fiscal year 2019, we will continue to forge ahead with these measures with the aim of eliminating work-related accidents.

Moreover, in fiscal year 2019 we will deploy our employee safety confirmation system to all Maxell Group companies in Japan as part of our business continuity plan (BCP) in preparation for emergencies. Moreover, in addition to conducting initial response training and business recovery training for emergencies at our Kyoto Headquarters, we plan to expand these efforts throughout the Group. For our employees overseas, we will create risk response manuals and conduct other safety-related measures to enable them to work safely and with peace of mind.

\* 5W (Five Whys): A method to detect the causes of each accident by repeatedly asking ourselves why the accident occurred.

### Maintaining and Improving Employee Health

#### ▲ Strengthening Health Management

We focus on maintaining and improving employee health because the vitality of employees is essential to 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 the 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.



Safety patrol inspections



BCP disaster prevention drill



Health maintenance and enhancement activities

With Employees

Acceleration of Diversity Initiatives to Foster Companies and Workplaces Where Anyone Can Prosper



# M-Wing Leaders' Roundtable Discussion



**Toshio Hiroi**  
Career Self-Reliance WG  
Design Section 2, Ink & Film Design Department,  
IF Business Unit,  
Siontec Division

**Mie Shibata**  
Public Relations WG  
Sales System Section,  
IT Management Department

**Kaori Shintani**  
Work-Life Management WG  
Sales Division

**Kaori Minamimoto**  
Male Employee Work-Style Reform WG  
Planning Section, Business Administration Department,  
LB Business Unit,  
Energy Division

**Harumichi Tanaka**  
External Networking WG  
Quality Assurance Department,  
Sion Business Unit,  
Siontec Division

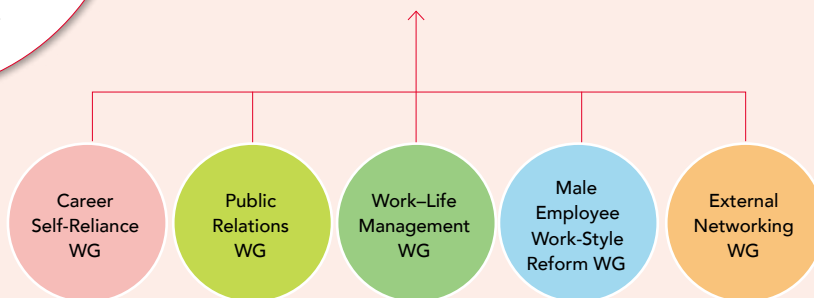
Note: Positions as of July 31, 2019

About M-Wing

M-Wing is a diversity promotion project launched by Maxell in 2013. Selected from among various divisions, M-Wing project members advance project activities and coordinate with the secretariat and with supporters from the general affairs department, presenting their results (reports and measure proposals) to members of management and their supervisors, twice a year.

Theme for Fiscal Year 2018

## Fostering of Companies and Workplaces Conducive to Contributions by All



WG	Targets	Major Activities
Career Self-Reliance	<ul style="list-style-type: none"> <li>Enable all employees to develop career self-reliance</li> </ul>	<ul style="list-style-type: none"> <li>Career workshops by members</li> <li>Preparation and implementation of e-learning programs for employees</li> </ul>
Public Relations	<ul style="list-style-type: none"> <li>Transmit messages to have all employees realize how diversity relates to them</li> </ul>	<ul style="list-style-type: none"> <li>Promotion of employee understanding on M-Wing activities</li> <li>Publication of M-Wing newsletters to raise awareness among employees</li> </ul>
Work-Life Management	<ul style="list-style-type: none"> <li>Reform awareness of work styles and leave-taking</li> </ul>	<ul style="list-style-type: none"> <li>Guideline preparation, distribution, and briefings</li> <li>Transmission of messages from users of internal welfare systems</li> </ul>
Male Employee Work-Style Reform	<ul style="list-style-type: none"> <li>Curb the quitting of employees due to care for family members</li> </ul>	<ul style="list-style-type: none"> <li>Fostering of workplace environments and cultures for male employees to acquire child-care, caregiver, or paid leave as matter of course</li> </ul>
External Networking	<ul style="list-style-type: none"> <li>Accelerate M-Wing activities</li> </ul>	<ul style="list-style-type: none"> <li>Visits to benchmarking companies to identify situation at Maxell</li> <li>Sharing of prime examples of activities by other companies</li> </ul>





## With Employees

The Maxell Group achieves rapid growth by synergizing its businesses through the MBP. Uniting the various companies of the Group, each of which has its own unique culture, in order to grow together requires that we foster companies and workplaces where anyone can prosper. Diversity at the Maxell Group is promoted by M-Wing project members selected from various divisions. The pages that follow recount a discussion between the leaders of each working group of the M-Wing project in which they explain their commitment to promoting diversity through the project's activities (held in July 2019).

### Characteristics of Maxell's Diversity Promotion System

**Tanaka:** The M-Wing project is divided into five working groups. The External Networking WG seeks to accelerate M-Wing activities. To this end, members visit companies at the forefront of diversity promotion to gain information on concrete initiatives that can be proposed to other working groups. Learning from and comparing with other companies help us identify where Maxell lies on the spectrum, enabling us to advance initiatives for spreading awareness among management and employees.



**Shibata:** The Public Relations WG is tasked with transmitting information on M-Wing

activities, and the company intranet is our primary venue. President Yoshiharu Katsuta has stated that "diversity and management are one and the same." Meanwhile, we (M-Wing members) are engaged in activities to promote diversity. In this manner, diversity at Maxell is promoted through both a top-down and bottom-up approach. The Public Relations WG has thus sought to communicate this fact.



**Minamimoto:** The Male Employee Work-Style Reform WG has been endeavoring to foster workplace environments and cultures for male employees to acquire childcare, caregiver, and paid leave as matter of course. Initiatives for promoting the acquisition of childcare leave have been a consistent part of the M-Wing project. In

fiscal year 2018, we focused on providing information based on the theme of "balancing work and nursing care." This decision was predicated on our desire to encourage those of management age level to view diversity as a matter that relates to them. What makes M-Wing unique is the way it allows project members to freely choose the targets of their initiatives.

**Shintani:** The Work-Life Management WG sought to reform awareness of work styles and leave-taking. The fiscal year 2017 equivalent of this working group was the Work-Life Balance WG. During that year, our goal was to compile the Company's various employee welfare systems into an easy-to-understand format and to spread awareness of these systems. In fiscal year



2018, we prepared guidelines on work styles and leave-taking to raise awareness. The activities of each working group evolve on a yearly basis.

**Hiroi:** The Career Self-Reliance WG aimed its activities at increasing Companywide understanding and awareness for career self-reliance for the purpose of helping foster companies and workplaces where anyone can prosper. In this undertaking, we received support from the managers of general affairs departments of various divisions, which was a powerful asset in conducting workshops and e-learning programs. I feel that the M-Wing framework is highly effective in that it has enabled us to receive support for Companywide initiatives from individuals who can bridge the gap between different divisions.

### Key to Promoting Diversity

**Shintani:** At the end of the day, promoting diversity requires making employees realize that it relates to them.

**Shibata:** The activities of the Public Relations WG focused on transmitting messages to help people realize how diversity relates to them. There are a lot of people who think that promoting diversity is simply about making



## With Employees

workplaces more accommodating to female employees. For this reason, we need to make people aware of the fact that diversity initiatives are actually for promoting diversity in the true sense of the word. We can foster such awareness among back-office divisions by transmitting information through computers. When it comes to employees in factory positions that do not involve sitting in front of a computer, we need to figure out other methods, such as posters or printed newsletters.

**Tanaka:** Maxell's employee welfare systems were almost exactly the same as those of the diversity forerunners with which we compared. The main difference was the low awareness of these systems. There is thus a need to make employees realize that the systems exist for their own benefit.

**Hiroi:** When the project started its activities,



there was not much awareness regarding career self-reliance. One's career is not limited to their work, but rather encompasses their educational history and all other areas of life. Accordingly, career development is the process of setting a goal for one's life and exercising autonomy in acquiring the knowledge and skills necessary for accomplishing this goal. Through our workshops and e-learning programs, we have seen an increase in interest in career self-reliance, and we are finally poised to begin full-fledged career self-reliance initiatives.

**Shintani:** In the M-Wing program, we report on our activities and propose members through presentations to management, including members of senior management and the supervisors of project members twice a year. In this formal setting, there is a temptation to try to have everything wrap up nicely in one's report. I tried to resist this temptation in my reports. Employee surveys reveal some rather scathing opinions. I feel obligated to present these opinions, or rather, as M-Wing is the only venue for communicating such input, I feel driven to do so. In this manner, I took care in my reports to avoid attempts at presenting clear conclusions in order to prevent our initiatives from being only for temporary purpose.

### Achievements through Participation in M-Wing

**Shintani:** Venues for earnest discussion with

people from departments and divisions not linked to one's work are quite rare. Through my participation in M-Wing, I was able to interact with such people in a manner that transcended the boundaries between us. It was an edifying experience that enabled me to engage with a diverse range of perspectives that differed from my own.

**Hiroi:** M-Wing is an opportunity to broaden one's horizons. Participation in M-Wing inspired me to think about my own career. I learned much as I went about the project activities while thinking of how we should solicit and promote the ideas we were advocating.

**Minamimoto:** I became a member because I was selected. However, by participating in the project, I was immediately impressed by the dedication of the other members. I could truly



see that they were committed to bettering the Company. I am incredibly fortunate to have had the opportunity to participate in M-Wing.

**Tanaka:** The M-Wing project entered into its seventh year in 2019. At other companies, it is common for such diversity promotion projects to be advanced by members of dedicated divisions or human resource divisions. Maxell is therefore relatively unique in that such initiatives are spearheaded by a project team comprised of employees selected from various divisions. M-Wing working group activities commenced in 2016, and each year around 25 employees are assembled to take part in these groups. This means that the aggregate total of employees taking part reached around 100 in 2019, roughly 5% of Maxell's total employee base. Going forward, I hope that more employees will participate in M-Wing to create a cycle in which younger generations will be involved in the project when our generation is in higher positions within the Company. Diversity promotion initiatives are like Kampo medicine (herbal medicine); their real benefits emerge from continuation.

## With Shareholders and Investors

Valuing communication with shareholders and investors in Japan and overseas, the Maxell Group is stepping up its investor relations activities. Through the timely, appropriate disclosure of management policies and business strategies as well as financial and non-financial information, we will deepen understanding of our 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.

### IR Basic Policy

#### ▲ IR Basic Policy

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.



General Meeting of Shareholders

### Disseminating Information to Shareholders and Investors

#### ▲ Direct Dialogue through Briefings and Meetings

The Maxell Group actively 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 FY2018

Details of Activity or Event	FY2018 Results
Individual meetings with institutional investors	251 times
Briefings for analysts, institutional investors, and business briefings	5 times
Individual meetings at investor relations roadshows overseas	96 times (North America: 39, Europe: 20, Asia: 37)
Company introductions and other small meetings	1 time
Plant tours for institutional investors	2 times
Briefings for individual investors	7 times



Factory tour



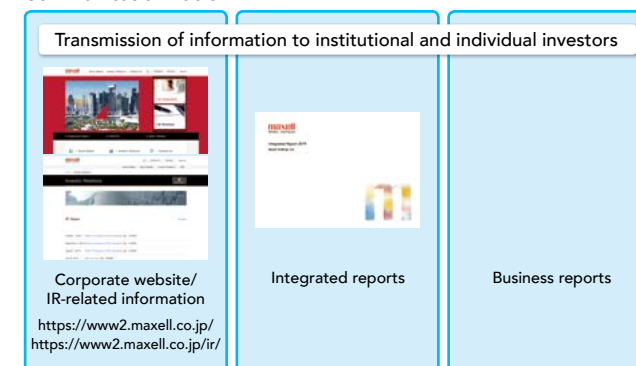
Business briefings

#### ▲ Communication with Shareholders and Investors

We actively 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.

#### Communication Tools



## With Shareholders and Investors

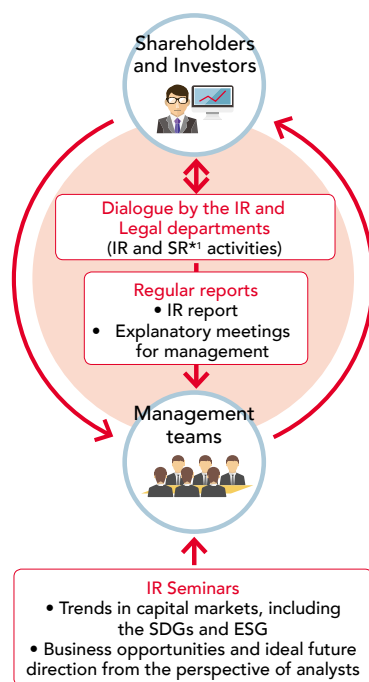
### Reflecting the Opinions of Shareholders and Investors

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

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 relates to and is useful in their business activities.

In addition, as a new initiative for fiscal year 2018, we held IR Seminars (total of four times from November 2018 to January 2019), which targeted personnel in managerial positions, including upper management. For these seminars, we invited representatives from securities companies and banks as well as institutional investors to provide lectures. These lectures covered

a broad range of topics, including business environment surrounding the Maxell Group, the course the Group should take going forward, and the latest trends in capital markets, including the SDGs and ESG. In light of the content of these lectures, we gained an understanding on the opinions and expectations of the Group from the perspective of capital markets, and are promoting business strategies and capital policies accordingly.



\*1 Shareholder Relations

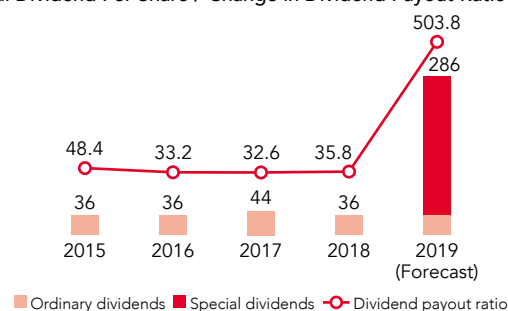
#### ▲ Distribution of Profits to Shareholders

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 continue to provide stable dividends. We distribute ordinary dividends (interim and year-end) twice a year and, as a general rule, maintain a dividend payout ratio of between 30% and 40%.

In fiscal year 2019, we distributed a special dividend of ¥250 per share with a record date of June 30, 2019, in addition to ordinary dividends.

#### Annual Dividend Per Share / Change in Dividend Payout Ratio

(yen / %)



Moreover, for the purpose of enhancing returns to shareholders, we acquire treasury shares with an upper limit of ¥5.0 billion in addition to the dividends, as we plan to proceed with our shareholder return policy of distributing approximately ¥20.1 billion in total during fiscal year 2019.

#### Shareholder Return Policy for Fiscal Year 2019 (Plan)

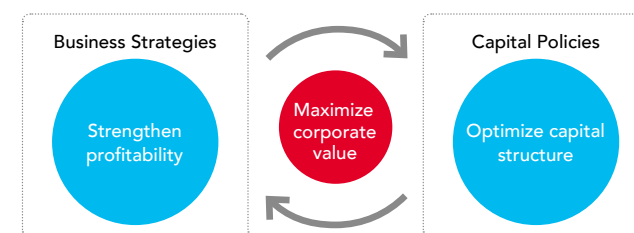
Ordinary dividends	Special dividend	Share buybacks	Total
¥1.9 billion*2 (¥36 per share)	¥13.2 billion (¥250 per share)	¥5.0 billion*3	¥20.1 billion

\*2 Calculated based on total number of shares issued, excluding treasury shares, as of June 30, 2019

\*3 Upper limit set at ¥5.0 billion, or 3.5 million shares

#### ▲ Advancing Our Business Strategies and Capital Policies

The Maxell Group will move forward with the simultaneous promotion of business strategies, which contribute to increasing profitability, and capital policies, which facilitate the optimization of capital structures by enhancing shareholder returns. Through such efforts, the Group will look to maximize its corporate value.



In regard to our business strategies, we see opportunities for significant growth in the three key growth areas of Automotive, Home Life & Infrastructure, and Health & Beauty Care. By building a highly profitable business portfolio through the outcomes of our near-term investments and growth investments as well as promoting capital policies, including the enhancement of shareholder returns, we will meet the expectations of all of our shareholders.

#### ▲ 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



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.

## ▲ Approach to Social Contribution Activities

The Maxell Group fully understands that as members of society, companies must be rigorously fair and transparent in their conduct of business activities. Further, as a good corporate citizen, we are committed to helping create a truly affluent society through our social contribution activities and realizing harmony with the environment. We are a corporate group with bases all over the world. To realize coexistence and co-prosperity with society as such an organization, our employees are leading the way with social contribution activities that center on environmental preservation, education of the next generation, and harmony with local communities.



Environmental preservation

Education of the next generation



Harmony with local communities



## ▲ Major Activities in FY2018

Summary of Activities	Works / Operating Company	
Environmental preservation	Participated in bamboo forest maintenance activity of the Oyamazaki Council for Measures Against Groundwater Use, and cherry blossom tree planting event	Kyoto Works
	Provided "Blue Seafood" at employee cafeterias	Kyoto Works
	Had eight employees participate in the 17th annual day of activities devoted to protecting Lake Biwa's native fish species. Had 13 employees participate in the 18th annual day of activities devoted to protecting Lake Biwa's native fish species.	Kyoto Works
	Held four flower-planting events with local elementary schools in which around 285 students participated	Kyoto Works
	Had 1,267 employees participate in cleaning up the neighborhoods of nine works in Japan	Kyoto Works, Ono Works, Kyushu Works, Kawasaki Works, Kobuchizawa Works, Gifu Works, Miyagi Works, Tokyo Office, Nagano Works
	Had 260 employees take part in a December hiking and cleanup event in Fuzhou, China aimed at raising environmental awareness	MDCN
	Saw 16 employees volunteer for beach cleanup activity in Hong Kong	MAS
	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
	Collecting eco bottle caps	Kyushu Works, Kawasaki Works
Education of the next generation	Supported and participated in "Summer Vacation 2018 Homework and Self Study Blitz" in Tokyo and Osaka	Tokyo Office
	Held nine classes on batteries, including Hitachi Science Seminars, for 499 elementary school students	Kyoto Works, Ono Works
	Conducted plant study tours	Kyushu Works, Kobuchizawa Works, Nagano Works
	Invited five 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 2018, organized by Telford College in the UK as sponsor	MEL
	Cooperated with National Institute of Technology, Kagawa College, to conduct verification tests of drones for water rescue	Kyoto Works
	Coordinated with the natural disaster and science department of Tagajo High School in Miyagi Prefecture (loaned a Type-T storage battery free of charge for a year)	Tokyo Office
	Participated in Da Vinci Masters activities	Tokyo Office
	Held dialogue with fourth-year students of "Takano's Seminar" club at Kansai University	Kyoto Works
	Harmony with local communities	Engaged in disaster-relief efforts after the heavy rains in western Japan (visited evacuation centers and temporary housing, bringing AA batteries for wearable electric fans as a means to prevent heatstroke as well as adhesive tape used to assemble cots, both of which were directly distributed to volunteers and disaster victims)
Donated ¥3 million to help those affected by the heavy rains in July 2018 and ¥1 million to help those affected by the Hokkaido Eastern Ibari Earthquake		Kyoto Works
Contributed to Kids Loco Project, which develops children's wheelchairs using laminated lithium ion batteries		Kyoto Works
Promoted "local production for local consumption" activities in employee cafeterias		Kyoto Works
Welcomed technical interns from India		Ono Works
Donated wheelchairs to eight towns in Yamagata Prefecture through profits from collecting aluminum cans (amounting to 16 wheelchairs total)		Yonezawa Works
Carried out blood donation activities in Malaysia, collecting 152 bags of blood		MTM
Donated mug cups in May to an organization that supports people in Paterson, a city in Passaic County, New Jersey		MCA
Donated 11 pounds of Halloween candy in October to an organization that supports retired veterans		MCA
Donated hats, shoes, and gloves in November to Woodland Park, New Jersey		MCA
Sponsored JAPAN JAM 2019 and 20th Takatsuki Jazz Street Festival		Tokyo Office
Had 15 employees participate in Walk for Millions, a charity event that supports low-income households in Hong Kong		MAS
Donated home appliances and beds for student dorms to Hongliao Central Elementary School in Shoushan Township, Jin'an District (China). Also, provided scholarships to outstanding students at this school and offered financial aid to students from low-income households		MDCN
Donated a range hood in September to an organization supporting disabled people in Wuxi, Xinwu District (China) that promotes activities to help households facing hardships	WME	
Donated Islamic prayer mats (nonstandard intermediate products) to nearby villages, mosques, and schools in Indonesia 14 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: PTSLIONTEC EKADHARMA INDONESIA, MEL: Maxell Europe Ltd., MTM: Maxell Tohshin (Malaysia) Sdn. Bhd., MCA: Maxell Corporation of America, WME: Wuxi Maxell Energy Co., Ltd.



## With Local Communities and Society



### Environmental preservation

#### ▲ Maintaining Bamboo Forests to Preserve the Environment

The Maxell Group participates in “Kicking Down the Bamboo Shoots,” a bamboo forest maintenance activity of the Council for Measures Against Groundwater Use, in Oyamazaki, Kyoto Prefecture. This activity is carried out with the aim of preserving groundwater resources and maintaining forests. Bamboo forests left unmaintained gradually lose their water-holding capacity, and this can potentially lead to landslides. In addition, if bamboo shoots spread into regular forests through these landslides, they can cause many trees to die. To address this issue, we participate in “Kicking Down the Bamboo Shoots,” which involves tearing down bamboo shoots to maintain bamboo forests, thereby increasing groundwater recharge. At the same time, participation in this activity contributes to preserving broadleaf forests, which absorb CO<sub>2</sub>, and in turn prevent global warming.



Bamboo forest maintenance activities

### Education of the next generation

#### ▲ Supporting Education of the Next Generation through Battery Classes

We have been participating in the “Kyo no Edison Program” since fiscal year 2006. Through this program, we offer battery classes to elementary and junior high school students. The “Kyo no Edison Program” was established by the Department of Education in Otokuni, Kyoto Prefecture in collaboration with corporations, local boards of education, and schools with the aim of promoting education on science, technology, and craftsmanship. In fiscal year 2018, we conducted battery classes at seven elementary schools and one community center, offering the experience of creating an original dry battery to a total of 499 children. Since fiscal year 2006, a total of 2,977 children have participated in our battery classes. In addition to these classes, we participate in Da Vinci Masters, a program that teaches kids science and math through games and hands-on experiences, as well as the “Homework and Self Study Blitz” program. Through such means, we will continue to provide support for the education of the next generation going forward.



Battery class

### Harmony with local communities

#### ▲ Supporting Recovery Efforts after Heavy Rains in Western Japan

In July 2018, western Japan was hit with heavy rains. We assembled a support team for mitigating heatstroke in collaboration with Ken Noguchi office and Daisaku Shoji Ltd., and carried out disaster-relief activities. Through these activities, we donated 40,000 AA batteries, which were used in wearable electric fans donated by Daisaku Shoji. At the same time, we offered 500 rolls of adhesive tape, which were used to assemble cots in evacuation areas. Rather than simply donating these supplies, we delivered them directly to disaster-stricken areas in accordance with the *genchi genbutsu* (go-and-see) approach we adopt in our efforts to prevent heatstroke. In light of these activities, we received the Excellence Award in the Heatstroke Care Division at the Hitosuzumi Award 2018. We also received the Top Runner Award (corporate/private organization division) at the same award ceremony.



Support of recovery efforts after heavy rains in western Japan





## With the Environment

The Maxell Group views addressing the Earth's environmental issues, including global warming, as an urgent task. Accordingly, we have introduced a Groupwide environmental management system and are advancing concerted efforts to address these issues.

### ▲ Our Environmental Management Policy

Amid expectations for corporations to make greater contributions to realizing a sustainable society, as evinced by the Sustainable Development Goals of the United Nations and the adoption of the Paris Agreement, the Maxell Group must make an even greater contribution to preserving the Earth's environment while continuing efforts to enhance its corporate value.

In accordance with its Environmental Conservation Action Guidelines,\*1 the Group will promote efforts to address such issues as the prevention of global warming. Drawing on the opportunities presented by the transition to a holding company structure, the Group has placed the president to be in charge of operating environmental management systems. The Group is also steadily working to respond to laws and regulations, such as the REACH regulations and RoHS Directive, and strengthen its compliance. At the same time, the Group has been enhancing its focus on activities geared toward achieving environmental results in accordance with ISO 14001: 2015.

\*1 [https://www.maxell.co.jp/csr/csr2/csr\\_guideline.html](https://www.maxell.co.jp/csr/csr2/csr_guideline.html) (in Japanese only)

### ▲ Preparation of the Maxell Group's Long-Term CO<sub>2</sub> Reduction Plan

The Maxell Group is moving forward with energy-saving initiatives with the aim of reducing CO<sub>2</sub> emissions 30% compared with fiscal year 2013 levels by fiscal year 2030. In fiscal year 2018, we examined concrete measures for reducing CO<sub>2</sub> emissions, thereby clarifying our targets and the gap we need to overcome to reach these targets. We determined that the introduction of independent solar power generation would provide a means for balancing profit improvement with the achievement of our CO<sub>2</sub> reduction targets. During fiscal year 2019, we will decide on the locations where such power generation will be introduced.

Also, in January 2019, we began participating in the Japan Climate Initiative (JCI).\*2 Going forward, we will continue to examine the introduction of even more initiatives to achieve essentially zero CO<sub>2</sub> emissions by 2050.

\*2 <https://japanclimate.org/english/>

### ▲ The Maxell Group FY2019–2020 Environmental Action Plan

Based on the idea that business performance and environmental activities are intrinsically linked, we have adopted achievement indices for our environmental activities (per unit of net sales basis: cost/net sales) linked to business operations and performance. By combining these indices with those that demonstrate improvement efforts (production output level basis: amount used/yield), we are working to further increase employee motivation to achieve our environmental targets. In fiscal year 2018, we made particularly solid achievements with our efforts to reduce energy consumption, leading to a ¥10.8 million improvement in profits year on year.

Further, in fiscal year 2018, we had no major environment-related accidents, fines, or complaints. Also, following the enactment of the Law Concerning the Discharge and Control of Fluorocarbons, we carried out a legal inspection of our fluorocarbon emissions. Through this inspection, we discovered that our fluorocarbon emissions are at a level that does not need to be reported by law.

#### Quantitative Action Goals\*3

Evaluation criteria: Target achieved Achievement rate of 95% or higher Achievement rate of less than 95%

No.	Action Target	Segment*4	FY2018			FY2019	FY2020	
			Target	Result	Evaluation	Target	Target	
1	Net sales ratio of eco-friendly, CSR/CSV products (%)	Japan / Overseas	95 or higher	96		95	95	
2	Percentage of eco-friendly, CSR/CSV products registered using new assessments (%)	Japan / Overseas	100	100		100	100	
3	Percentage of eco-friendly, CSR/CSV products brought to market (%)	Japan / Overseas	90 or higher	100		90	90	
4	"Eco mind" education enrollment rate (%)	Japan / Overseas	100	100		100	100	
5	CO <sub>2</sub> emissions reduction rate (%) (base year: 1990)	Japan	50 or higher	64		50	50	
6	Maintenance of zero emissions (annual) (target: manufacturing bases) (Quantity of final disposal: less than 5 tons; final disposal rate: less than 1%)	Japan	18	18		19	20	
7	Energy	Per unit of production x 10 <sup>-3</sup> (kL/million yen)	Plants in Japan and overseas	447 or lower	386		379	342
		Plants in Japan	409 or lower	365		355	316	
	Per unit of net sales x 10 <sup>-2</sup> (%)	Plants in Japan	141 or lower	139		147	130	
		Offices in Japan and overseas	18 or lower	17		18	18	
8	Waste	Per unit of production x 10 <sup>-4</sup> (t/million yen)	Plants in Japan and overseas	479 or lower	457		447	410
		Per unit of net sales x 10 <sup>-4</sup> (%)	Plants in Japan and overseas	611 or lower	626		631	596
		Recycle rate (%)	Plants in Japan and overseas	70 or lower	76.4		70	70
9	Water use	Per unit of production x 10 <sup>-2</sup> (m <sup>3</sup> /million yen)	Plants overseas	600 or lower	611		600	583
		Per unit of sales x 10 <sup>-4</sup> (%)	Plants overseas	487 or lower	482		486	477

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

\*3 The internal production volume and net sales at overseas factories are converted to yen using a fixed exchange rate.

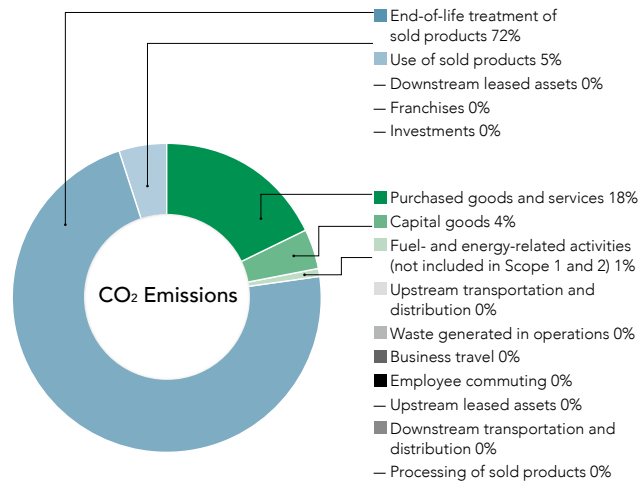
\*4 Figures for Maxell Izumi Co., Ltd., Ube Maxell Kyoto Co., Ltd., and Maxell Kureha Co., Ltd. are not included.

## With the Environment

### ▲ Scope 3

The Maxell Group calculates the CO<sub>2</sub> emissions of its entire supply chain, including Scope 3 emissions. Scope 3 emissions are indirect emissions that are not included in Scope 1 and 2. We calculate our total Scope 3 emissions pursuant to the Basic Guidelines on Accounting for Greenhouse Gas Emissions Throughout the Supply Chain issued by the Ministry of the Environment and the Ministry of Economy, Trade and Industry.

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



## 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 2018, in an effort to upgrade energy-saving equipment, we transitioned away from the use of fuel oil at Kobuchizawa Works while working to improve heat and energy efficiency by introducing co-generation systems, which use natural gas that generates low CO<sub>2</sub> emissions. In addition, at each works, we improved manufacturing efficiency and introduced LED lighting. Furthermore, our worksites in Ono, Fukuchiyama, and Kobuchizawa together produced 3,398 MWh of solar power in the year.

Domestically, in fiscal year 2018, the Maxell Group's CO<sub>2</sub>

emissions were unchanged with those in the previous year. Overseas, we achieved a 13.9% reduction, making for an overall reduction of 7.2%.

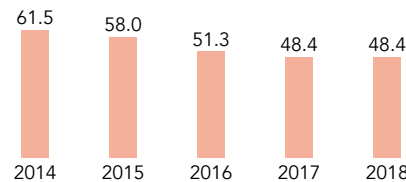
Japan is targeting short-term greenhouse gas reductions of 3.8% by 2020 compared with fiscal year 2005 levels, and medium-term reductions of 26% by 2030 compared with fiscal year 2013 levels.

In fiscal year 2018, the entire Maxell Group achieved CO<sub>2</sub> emission reductions of 58.8% compared with fiscal year 2005 levels and 25.2% 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, for the second and fourth consecutive year, respectively.

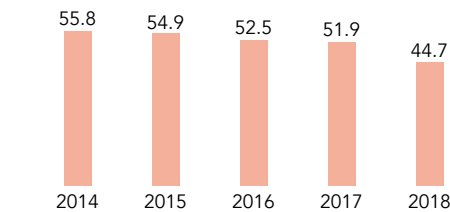
CO<sub>2</sub> Emissions (Scope 1, 2\*)

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



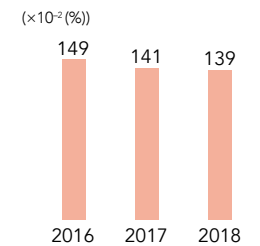
\*1 Scope 1: Direct emissions from burning fuel and other combustibles at worksites  
Scope 2: Indirect emissions from purchased power and other sources

Overseas\*\*  
(kt-CO<sub>2</sub>)



\*2 Electrical power/CO<sub>2</sub> conversion factor: 0.36 t-CO<sub>2</sub>/MWh for Japan, 0.487 t-CO<sub>2</sub>/MWh for the UK, 0.656 t-CO<sub>2</sub>/MWh for Malaysia, 0.745 t-CO<sub>2</sub>/MWh for China, 0.726 t-CO<sub>2</sub>/MWh for Indonesia

Energy per Unit of Net Sales



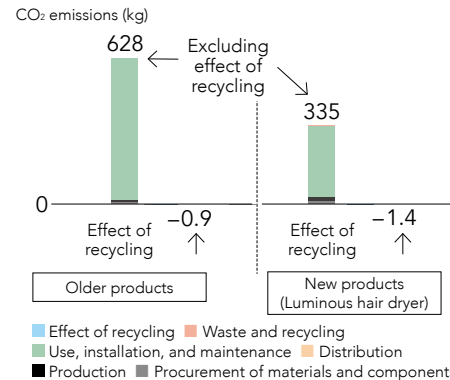


## Accomplishments and Progress of Environmental Activities

### ▲ Visualization of Environmental Performance through LCAs

Based on life cycle assessments (LCAs), we conducted a comparison of the Luminous hair dryer and older products in terms of oil use, waste, and CO<sub>2</sub> emissions and worked to visualize environmental performance. The results showed that the new dryer produced considerably less CO<sub>2</sub> emissions over its entire life cycle, from the manufacture of raw materials through distribution, use, and recycling. In addition, evaluations of oil use and waste showed similar results.

#### Comparison of New and Older Products' Generation of CO<sub>2</sub> Emissions



### ▲ 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 2018, we registered 21 environment-friendly products, such as the Luminous hair dryer, a projector, an in-car camera lens unit, specialized products such as oxygen sensors and hydrogen gas emitting devices, and various kinds of tape including non-woven, double-sided tape.



Luminous hair dryer registered as an environment-friendly product in 2018

GOOD DESIGN AWARD 2019

### ▲ 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. Although product lineups changed and production volumes decreased, the total for all bases in fiscal year 2018 increased 7.8% from fiscal year 2017 due to the lack of change in the amount of energy used.

	Production (million yen)	Use (10,000 ton-kilometers)	Per Unit (ton-kilometers/million yen)
FY2017	65,251	1,167.3	179
FY2018	58,919	1,138.1	193

### ▲ Chemical Substance Management

The Maxell Group manages the chemical substances used in its products in response to various international regulations, including the REACH regulations and RoHS directive. Specifically, we incorporate the latest information in our Control Standard for Handling Chemical Substances in Products, Parts and Materials\* and promote thorough chemical management activities.

In addition, we manage the storage and processing status of equipment using PCBs. In fiscal year 2018, there was no equipment using PCBs processed. However, going forward, we will gradually process the equipment using PCBs awaiting waste processing.

\* [https://www.maxell.co.jp/csr/chemical\\_control/index2.html](https://www.maxell.co.jp/csr/chemical_control/index2.html) (in Japanese only)



## Accomplishments and Progress of Environmental Activities

### ▲ Waste Reduction and Recycling

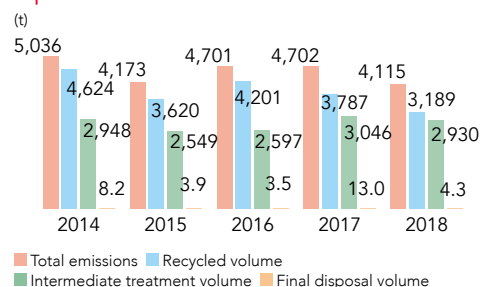
The Maxell Group is taking thorough measures to sort waste, promote the recycling of waste through the sharing of information between worksites, and expand in-house intermediate waste treatment with the aim of achieving zero emissions.\*1

In fiscal year 2018, the amount of waste and recyclable materials the Group generated in Japan declined 12.5% compared with that of the previous fiscal year. However, the Group's manufacturing bases in Japan achieved zero emissions for the 18th consecutive year, thanks to stronger recycling efforts.

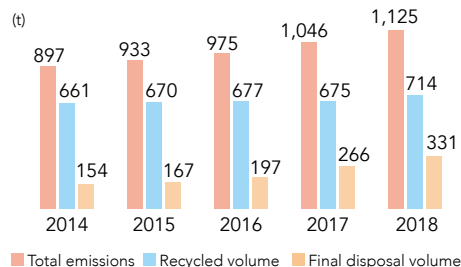
\*1 Zero emissions criteria (evaluated by each worksite): final waste disposal amount of less than five tons per year and final disposal rate of less than 1% per year

#### Waste Treatment

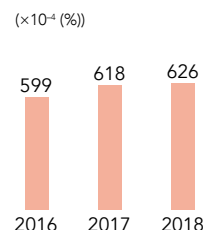
##### Japan



##### Overseas



#### Waste per Unit of Net Sales

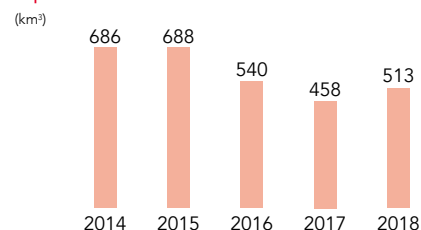


### ▲ Measures to Reduce Water Use

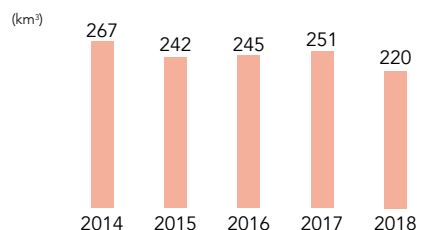
The Maxell Group strives to preserve water resources, including by reducing the amount of water used in manufacturing processes and recycling used water. In fiscal year 2018, although Group worksites in Japan increased their use of water 12.0%, overseas worksites reduced their use 12.4%, resulting in a 3.4% year-on-year increase for the Maxell Group as a whole.

#### Water Use

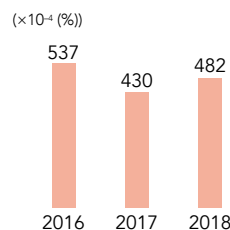
##### Japan



##### Overseas



#### Water Use per Unit of Net Sales



### ▲ Biodiversity

The Maxell Group's biodiversity efforts in fiscal 2018 involved the signing of an agreement to enter into the Japan Business and Biodiversity Partnership. In addition, as part of our environmental preservation activities, we participated in a bamboo forest maintenance activity of the Council for Measures Against Groundwater Use, in Oyamazaki, Kyoto Prefecture, as well as "Lake Biwa Invasive Species Removal Day," an event supported by the local government in Shiga Prefecture. Furthermore, as a contribution to achieving the SDGs, we became an affiliated partner of the Blue Seafood Guide, an activity by Sailors for the Sea Japan. As part of this membership, we are actively working to incorporate Blue Seafood\*2 items in the menus at our employee cafeterias.

\*2 Seafood products that are comparatively rich in natural resources  
<http://sailorsforthesea.jp> (in Japanese only)



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

# 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.

At the annual General Meeting of Shareholders held in June 2019, Maxell Holdings, Ltd. (the Company) increased its number of directors by one. Accordingly, our management framework consists of six 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 nine members, including three independent outside directors, and the chairman serves as the chairperson of the Board.

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.

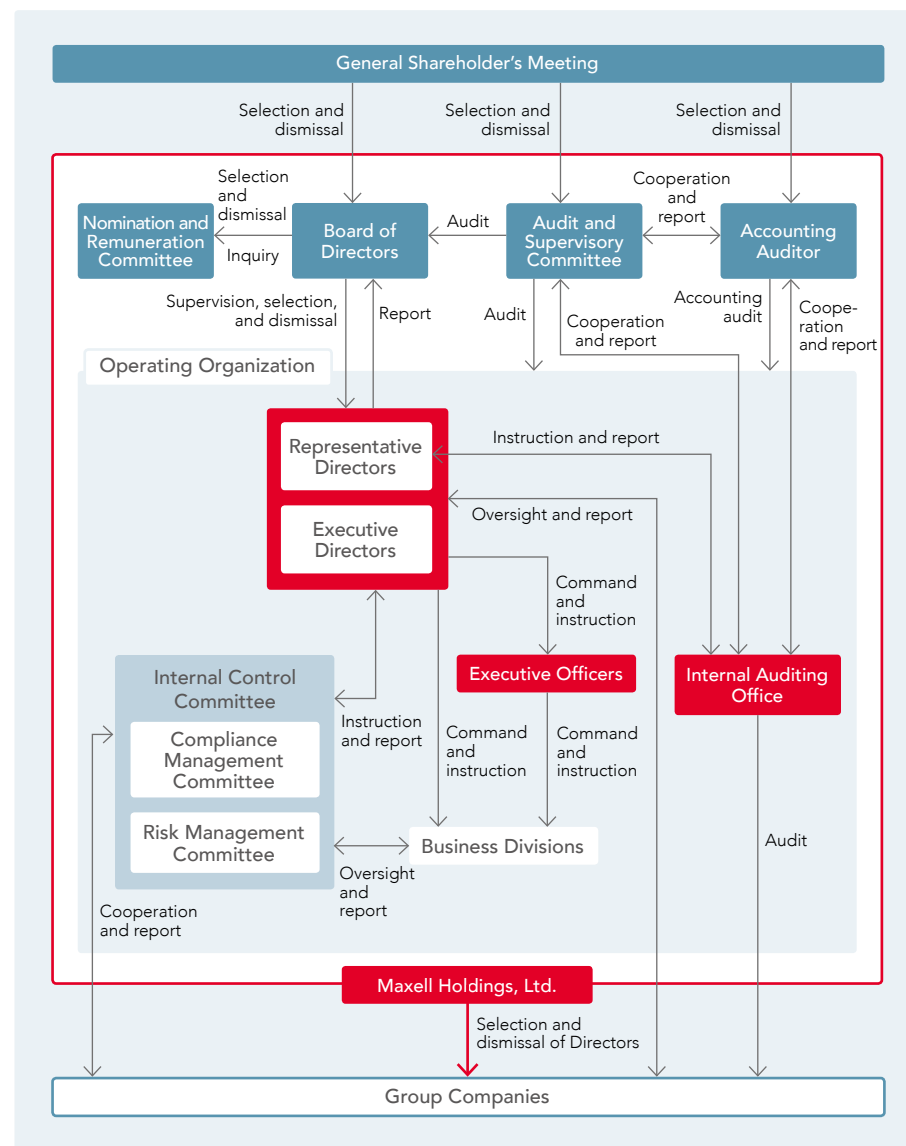
Moreover, the Company has adopted an executive officer system in an effort to make management more efficient and accelerate decision-making related to the execution of operations.

### 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.\* Guided by these views and policies, the Group will strive to ensure appropriate information disclosure and management transparency, with the Board of Directors working to appropriately fulfill its roles and responsibilities. At the same time, the Group will further invigorate its constructive dialogue with shareholders and investors.

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

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. He is expected to contribute to the promotion of global business strategies and sustainable enhancement of corporate value of the Company.
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 Tatsuhiko Izumi, 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, 2018–March 31, 2019)

Name	Activities
Tatsuhiko Izumi	<ul style="list-style-type: none"> <li>Attendance at Board of Directors Meetings: 14 of 15 meetings</li> <li>Statements at the Board of Directors Meetings: He has made appropriate statements based on his specialized knowledge of general management.</li> </ul>
Wataru Kitao	<ul style="list-style-type: none"> <li>Attendance at Board of Directors Meetings: 17 of 17 meetings</li> <li>Attendance at Audit and Supervisory Committee: 17 of 17 meetings</li> <li>Statements at the Board of Directors Meetings: He has made appropriate statements based on his specialized knowledge of general management.</li> </ul>
Shinobu Watanabe	<ul style="list-style-type: none"> <li>Attendance at Board of Directors Meetings: 15 of 15 meetings</li> <li>Attendance at Audit and Supervisory Committee: 13 of 13 meetings</li> <li>Statements at the Board of Directors Meetings: He has made appropriate statements based on his specialized knowledge of general management.</li> </ul>

### Remuneration for Directors and Audit and Supervisory Committee Members (Fiscal Year 2018)

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

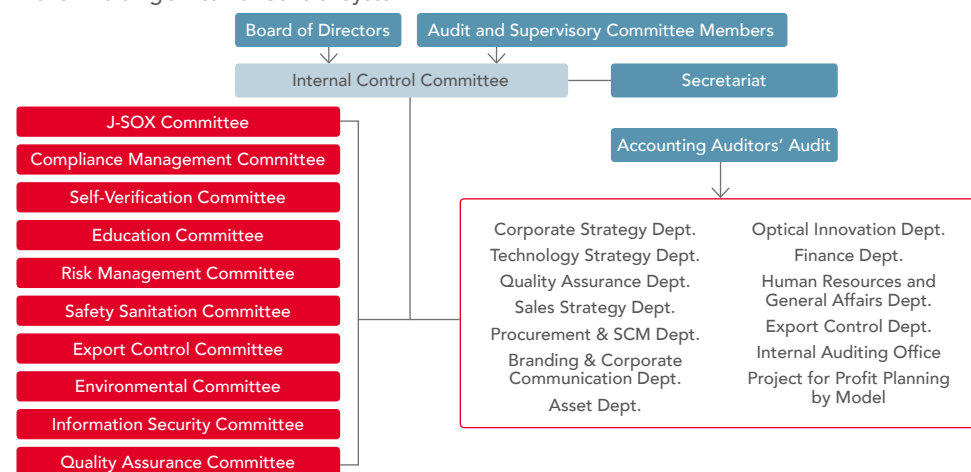
Classification	Remunerated Individuals	Total Remuneration (Millions of yen)
Directors (excluding Audit and Supervisory Committee Members and outside directors)	5	188
Directors (Audit and Supervisory Committee Members; excluding outside directors)	1	20
Outside executives	4	24

Notes: 1. The amounts of remuneration for directors reflect the differences between the total amounts of executive bonuses paid in June 2018 and the amounts of executive bonuses that were expected to be paid in June 2018, 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 ¥60 million that are expected to be paid in June 2019.  
3. Performance-linked remuneration includes a bonus, which is distributed as a short-term incentive, and share-based remuneration, which is distributed as a long-term incentive.

### ▲ 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.

The analysis and evaluation of the effectiveness of the Board of Directors in fiscal year 2018 was conducted as follows.

#### 1. Method for the analysis and evaluation related to the effectiveness of the Board of Directors

The Company carried out an anonymous survey among its directors containing the following items.

The Company sought the assistance of an outside consultant in calculating and analyzing the survey's results in order to ensure anonymity and objectivity. Based on the survey's results and the opinions of the outside consultant, the Board of Directors analyzed and evaluated its effectiveness as well as examined ways to make improvements going forward.

- Board of Director's structure
- Board of Director's effectiveness
- Effectiveness of appointment and remuneration systems for directors and executives
- Board of Director's management
- Personal evaluation
- Structure of support and cooperation for outside directors
- Roles of Audit and Supervisory Committee members and expectations for them
- Relationship with shareholders and other stakeholders

#### 2. Outline of analysis and evaluation results related to the effectiveness of the Board of Directors

At the annual General Meeting of Shareholders held in 2018, the Company increased its number of outside directors, and the evaluation confirmed the appropriateness of the structure of the Board of Directors, and of the communication and cooperation between outside directors as well as between outside directors and members responsible for business execution. On the other hand, as was the case in the previous year's evaluation results, the evaluation confirmed that the Company must continue to enhance its holding company structure and enrich its successor training plan. Also, as new issues, the evaluation confirmed the need to make management control more sophisticated in such ways as implementing appropriate measures for unprofitable business and devising methods to follow up on investments.

#### 3. Future measures based on the analysis and evaluation related to the effectiveness of the Board of Directors

Based on the above analysis and evaluation, the Company will further enhance the effectiveness of the Board of Directors by implementing the following improvements in fiscal year 2019.

- The Company will accelerate management and strengthen corporate governance through the further clarification of responsibility and authority for both the holding company and its operational subsidiaries, including the clarification of matters that should be discussed at Board of Directors meetings.
- The Company will steadily enhance and implement successor training plans with more proactive involvement from the Nomination and Remuneration Committee and the Board of Directors.
- The Company will strengthen its follow-up system for investments while reviewing investment criteria and steadily implementing follow-up activities.

### ▲ 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 2018.

## Corporate Governance

### 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 2018, 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.

### Promotion of Business Continuity Plans

To reduce the risk of suspending operations due to large-scale natural disasters, such as earthquakes, as well as accidents and other incidents, the Group is working to reinforce its business continuity plans (BCP).

Starting with the creation of systems to confirm the safety of employees, the Group has formulated an initial action plan and an operational recovery plan in the event of an emergency. From fiscal year 2019, in order to steadily execute these plans, we have been implementing disaster training that assumes the occurrence of a large-scale natural disaster at each of our offices. Additionally, as a means to respond to unexpected incidents at our business partners, we are steadily establishing a database that includes information on the locations of our primary and secondary suppliers.

Going forward, we will formulate a manual for handling overseas crises and extend our disaster training to overseas Group companies, thereby improving the level of our crises management outside of Japan.



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/governance/>

### ▲ Global Tax Policy

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

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

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

## Corporate Governance

### Directors and Executive Officers (As of June 25, 2019)

#### ▲ Directors



**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.  
President and Representative Director of Maxell, Ltd.  
Jun. 2018 President and Representative Director of Maxell  
Holdings (incumbent)



**Yoshihiro  
Senzai**  
Chairman and  
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 Vice President and Executive Officer of  
Hitachi Maxell  
Jun. 2006 Director, Senior Vice President and 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. 2016 Chairman and Representative Director of Hitachi Maxell  
Oct. 2017 Chairman and Representative Director of Maxell  
Holdings, Ltd.  
Chairman of Maxell, Ltd.  
Apr. 2018 Chairman and Representative Director of Maxell Holdings  
Jun. 2019 Chairman and Director of Maxell Holdings



**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)  
President and Representative Director of  
Maxell, Ltd.



**Seiji  
Sumoto**  
Director

Apr. 1990 Joined Hitachi Maxell, Ltd.  
Jan. 2013 Deputy General Manager of Energy Division of  
Hitachi Maxell  
Jul. 2014 Executive Officer and Deputy General Manager  
of Energy Division of Hitachi Maxell  
Apr. 2015 Executive Officer and General Manager of  
Sliontec Division of Hitachi Maxell  
Oct. 2017 Executive Officer and General Manager of  
Sliontec Division of Maxell, Ltd.  
Apr. 2018 Executive Officer of Maxell Holdings, Ltd.  
Executive Officer and General Manager of  
Sliontec Division of Maxell  
Apr. 2019 Executive Officer and General Manager of  
Sales Strategy Department of Maxell Holdings  
Director and General Manager of Sales  
Division of Maxell  
Jun. 2019 Director and General Manager of Sales  
Strategy Department of Maxell Holdings  
Director and General Manager of Sales Division  
of Maxell



**Noritoshi  
Masuda**  
Director

Oct. 2017 General Manager of Finance Department of  
Maxell Holdings, Ltd. Deputy General Manager  
and Senior Manager of Finance & Accounting  
Department of Maxell, Ltd.  
Apr. 2019 Executive Officer and General Manager of  
Finance Department of Maxell Holdings  
Director and Senior Manager of Finance &  
Accounting Department of Maxell  
Jun. 2019 Director and General Manager of Finance  
Department of Maxell Holdings  
Director and Senior Manager of Finance &  
Accounting Department of Maxell

#### ▲ Directors who serve as Audit and Supervisory Committee Members



**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)



**Katsunori  
Ikegami**  
Director

Apr. 1980 Joined Hitachi Maxell, Ltd.  
Jun. 2008 General Manager of Business Strategy Division  
of Hitachi Maxell  
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 (Full-Time Audit and  
Supervisory Committee Member)  
Oct. 2017 Director of Maxell Holdings, Ltd. (Full-Time  
Audit and Supervisory Committee Member)  
Auditor of Maxell, Ltd.  
Apr. 2019 Director of Maxell Holdings (Full-Time Audit  
and Supervisory Committee Member)



**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.  
Corporate Advisor of Nitto Denko Corporation  
Jun. 2015 Audit and Supervisory Board Member of  
Hitachi Maxell  
Jun. 2016 Director of Hitachi Maxell (Audit and  
Supervisory Committee Member)  
Oct. 2017 Director of Maxell Holdings, Ltd. (Audit and  
Supervisory Committee Member)  
Auditor of Maxell, Ltd.  
Apr. 2019 Director of Maxell Holdings (Audit and  
Supervisory Committee Member)



**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. (Audit and  
Supervisory Committee Member)  
Auditor of Maxell, Ltd.  
Advisor at UBE EXSYMO CO., LTD.  
Jul. 2018 Director of Maxell Holdings  
(Audit and Supervisory Committee Member)  
Auditor of Maxell  
Apr. 2019 Director of Maxell Holdings  
(Audit and Supervisory Committee Member)

#### ▲ Executive Officers

Osamu Onodera

Tomohiro Suzuki

Masaharu Deguchi

## Corporate Governance



### Sustainable Growth of the Maxell Group

#### Roundtable Discussion between Outside Directors

Left: Outside Director Shinobu Watanabe  
 Center: Outside Director Wataru Kitao  
 Right: Outside Director Tatsuhiko Izumi

The following is a chronicle of a discussion between three outside directors of the Maxell Group on their hopes for the sustainable growth of the Group and what challenges they believe need to be overcome to achieve such growth (held in July 2019).

#### What do you see as the role of an outside director?

**Kitao:** A clear divide between management and business execution is crucial to effective corporate governance. Management is tasked with overseeing a company in its entirety and expediting decision-making. Operating companies, meanwhile, have the responsibility of maximizing the benefits of the decisions made by management through their business activities. Accordingly, the Maxell Group needs frameworks that allow for business execution to be fully delegated to operating companies so that Maxell, as the holding company, can effectively exercise its function of monitoring the Group overall.

**Izumi:** In June 2019, an organizational restructuring was undertaken to reinforce the Maxell Group's management structure. This restructuring was a reflection of the policies of the Group's succession plan, which aim to have Chairman Yoshihiro Senzai supervise management and at the same time lead the entire industry while President Yoshiharu Katsuta executes operations within the Group. Going forward, it will be important for us outside directors to effectively monitor this new management structure.

**Watanabe:** A company cannot survive if it does not grow. Moreover, when a company falls into a crisis, it is not its shareholders that pull it back.

Shareholders may choose to sell their holdings or press that company to change management, but it is the management and employees of the company who actually work for its sake. The role of outside directors is thus to provide support from an objective, external point of view to contribute to the growth of a company.

**Kitao:** From that perspective, our job could be seen as conveying matters that management does not want to hear. To prevent management from colluding for its own benefit, we must voice opinions from various perspectives, including those of customers, business partners, shareholders, and employees. If decisions seem to be overly representative of the internal perspective, it is our duty to be honest in pointing this out.



**Izumi:** Perhaps the most important factor behind a company's ability to achieve sustainable growth is the extent to which employees feel

happy to work at that company. I want Maxell to be a company at which employees are proud to work, and I hope that management will empower employees with hopes and dreams in order to make Maxell into this type of entity. There are some people who only speak of their experiences, but experiences belong in the past. Rather than looking back, I hope that Maxell will become a more future-oriented company at which discussions on forward-looking visions are commonplace. To aid Maxell in becoming such a company, I intend to discuss more aspirational visions for the future of the Maxell Group from my perspective as an outside director.

#### What do you see as the Maxell Group's strengths?

**Watanabe:** I have visited a number of Maxell Group bases in Japan and overseas. On these visits, frontline employees spoke enthusiastically of their desire to introduce the new products they are creating to markets. The job of management is to link such enthusiasm to lucrative positions. The Maxell Group should be a company leading the industry with its technological prowess, but it is not at the moment. I try to always offer advice that is cognizant of this issue. The Maxell Group boasts extraordinary human resources and technological capabilities. Recognizing this fact, I continue to voice harsh opinions of the Group.



## Corporate Governance

### Roundtable Discussion between Outside Directors

**Izumi:** Maxell Group employees are fastidious and confident when it comes to their technologies, making the Group an organization that is firmly grounded. This gives rise to an amazing corporate culture that cannot be cultivated easily. Moreover, management has a keen understanding of the front lines and is thus persuasive in its conversations with us. There is also an atmosphere of openness to outside opinions, which makes our job incredibly easy.



**Watanabe:** Over the course of its history, the Maxell Group has fostered exceptional technological capabilities along with a strong market position and brand reputation. The Group's unwavering commitment to its principles is engrained on the DNA of management and employees alike. However, exploring new markets will no doubt be crucial in the future. It will be important for the Group to place emphasis on its human resources and technological capabilities as it goes about exploring markets. The combination of these two strengths will transform the Group as both the organization and its

people become enveloped in a positive cycle of profitability, enjoyable work, and contributions to society. This type of transformation will require that management chart a clear course and effectively lead employees down this course. For this reason, it may be necessary for management to engage in more exhaustive discussions on how best to utilize its human resources and technological capabilities to this end.

#### How should Maxell go about strengthening its brand?

**Izumi:** I think that Maxell has an amazing brand. However, circumstances have changed slightly from past decades when Maxell boasted a brand reputation for competitive products. Today, the Company is offering fewer consumer products, which has distorted its brand image a bit. In addition to strengthening the Maxell corporate brand, I believe that it is crucial for the Company to effectively advertise its products. It would be beneficial if something akin to a "Maxell Policy" existed that gave form to the Company's core principles—what it does and its stance toward products. I would like to see Maxell devote its efforts to communicating such a policy in order to reshape its brand image.

**Kitao:** It is just as Mr. Izumi says, a large portion of Maxell's current lineup consists of products for businesses, and this lineup is growing more diverse, making it difficult for people to

understand what exactly Maxell does. This situation presents a need for corporate branding activities. Corporate branding activities include those aimed outside of a company as well as those oriented toward people inside of a company. If Maxell were to engage in externally oriented branding activities that more clearly communicated its core competence to society, these efforts would also contribute to increased pride and motivation for employees, thereby doubling as internal branding activities.

**Watanabe:** Initiatives for strengthening a brand cannot only be about raising recognition, as these initiatives will have no meaning if they do not encourage customers to buy and consequently be satisfied with the Company's products. Conversely, if Maxell is able to continue developing unparalleled products a step ahead of the needs arising in niche markets, its brand will gain recognition as a matter of course. Accomplishing this task on a global scale, however, will require Maxell to further refine its



R&D capabilities, its ability to influence markets, and its sensitivity to market needs.

#### What are your hopes for the future of the Maxell Group?

**Kitao:** It is, of course, important for the Maxell Group to continue growing while improving its performance. If the Group performs well, it will energize its customers, business partners, shareholders, and employees. I therefore hope that the Group will accelerate its efforts to develop and succeed in its core business.

**Watanabe:** A company must be profitable. Being profitable means generating returns for all stakeholders. Generating such returns will make that company highly meaningful to society. Maxell must become such a company, and doing so will require hard work. However, if Maxell is able to become a company that is highly meaningful to society, its employees will no doubt become more highly motivated in their work. This is my hope for the Maxell Group.

**Izumi:** I have high hopes for the Maxell Group. From my outside perspective, I see extraordinary potential for the Group with its wealth of incredible human resources and unique technologies. With the other outside directors, I look forward to joining in the conversation on how the Maxell Group will leverage its resources to move in a promising direction.

# Consolidated Financial Information

## Key Financial Data

(FY)	2014	2015	2016	2017*1	2018
Net sales	156,033	156,216	135,116	148,198	150,584
Operating income	5,190	7,306	7,567	8,848	5,424
Operating income to net sales (%)	3.33	4.68	5.60	5.97	3.60
EBITDA*2	10,263	11,985	11,890	12,445	10,073
EBITDA margin*3 (%)	6.58	7.67	8.80	8.40	6.69
Profit attributable to owners of parent	6,820	3,931	5,724	7,127	5,311
Return on sales (%)	4.37	2.52	4.24	4.81	3.53
Depreciation	5,073	4,679	4,323	3,597	4,649
Capital investment	4,290	4,212	3,549	4,593	7,973
R&D expenses	9,472	8,777	9,850	10,592	9,729
Net income per share (yen)	129.07	74.39	108.32	134.88	100.51
Net assets per share (yen)	2,211.29	2,121.44	2,203.19	2,290.22	2,328.41
Dividend per share (yen)	63.00	36.00	36.00	44.00	36.00
Dividend payout ratio (%)	48.8	48.4	33.2	32.6	35.8
Number of shares issued at end of period (excluding treasury shares)(thousand shares)	52,841	52,841	52,841	52,841	52,840
Average number of shares during the term (including treasury shares)(thousand shares)	53,341	53,341	53,341	53,341	53,341
ROE (%)	5.99	3.43	5.01	6.00	4.35
ROA*4 (%)	3.47	4.25	4.71	5.25	3.59
ROIC*5 (%)	6.04	3.42	5.00	5.92	4.00
Receivables turnover*6 (times)	4.92	5.03	4.90	5.42	4.38
Inventory turnover*7 (times)	6.22	7.56	7.75	7.41	5.91
Shareholders' equity ratio (%)	72.8	72.6	73.0	71.9	61.7
D/E ratio*8 (times)	0.00	0.01	0.01	0.01	0.31
Current ratio (%)	310.8	310.6	323.0	269.3	177.0
Working capital*9	27,396	20,660	18,324	16,066	36,441

(Millions of yen)

## Sales by Region

(FY)	2014	2015	2016	2017	2018
Americas	20,313	20,305	14,035	12,844	15,314
Europe	17,072	15,229	12,673	12,498	12,855
Asia and other	59,708	61,973	46,728	42,955	42,154
Japan	58,940	58,709	61,680	79,901	80,261
<b>Average Foreign Exchange Rate over the Year</b>					
JPY/US\$ (yen)	110	120	108	111	111

(Millions of yen)

## Year-End Stock Price Indicators

(FY)	2014	2015	2016	2017	2018
EV/EBITDA*10 (times)	7.1	4.2	5.1	5.3	8.6
Year-end stock price (yen)	2,078	1,713	2,031	2,072	1,570
Market capitalization (millions of yen)	110,843	91,373	108,337	110,524	83,746
Year's high (yen)	2,238	2,195	2,335	2,817	2,228
Year's low (yen)	1,540	1,468	1,314	1,881	1,310

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

\*2 Operating income + Depreciation

\*3 EBITDA / Net sales × 100

\*4 Ordinary income / Average total assets × 100

\*5 (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

\*6 Net sales / Average receivables

\*7 Cost of sales / Average inventories

\*8 Interest-bearing debt / Shareholders' equity (year-end)

\*9 (Current assets - Cash and deposits) - (Current liabilities - Current portion of long-term loans payable)

\*10 (Market capitalization + Interest-bearing debt - Cash and deposits) / EBITDA

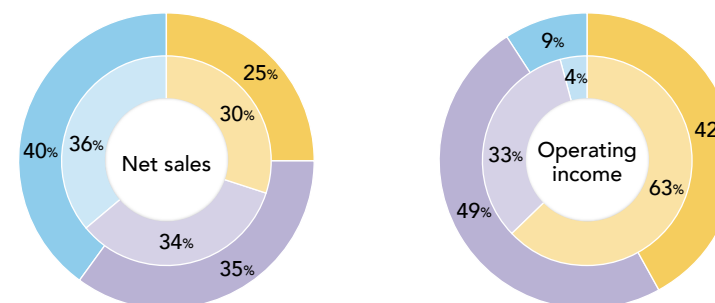
## Consolidated Financial Information

### Segment Information

(FY)	2014	2015	2016	2017*	2018
<b>Net sales</b>	<b>156,033</b>	<b>156,216</b>	<b>135,116</b>	<b>148,198</b>	<b>150,584</b>
Energy	37,721	40,782	34,992	44,970	38,265
Industrial Materials	48,840	46,319	42,792	49,940	52,398
Electronic Appliances and Consumer Products	69,472	69,115	57,332	53,288	59,921
<b>Operating income</b>	<b>5,190</b>	<b>7,306</b>	<b>7,567</b>	<b>8,848</b>	<b>5,424</b>
Energy	1,031	1,960	2,031	5,559	2,299
Industrial Materials	1,825	1,528	2,965	2,889	2,652
Electronic Appliances and Consumer Products	2,334	3,818	2,571	400	473
<b>Operating income to net sales (%)</b>	<b>3.33</b>	<b>4.68</b>	<b>5.60</b>	<b>5.97</b>	<b>3.60</b>
Energy	2.73	4.81	5.80	12.36	6.00
Industrial Materials	3.74	3.30	6.93	5.78	5.06
Electronic Appliances and Consumer Products	3.36	5.52	4.48	0.75	0.79
<b>Total assets</b>	<b>160,452</b>	<b>154,356</b>	<b>159,464</b>	<b>168,230</b>	<b>199,385</b>
Energy	41,550	35,198	31,693	35,226	38,339
Industrial Materials	43,482	41,977	39,727	48,432	57,464
Electronic Appliances and Consumer Products	39,406	36,917	33,192	33,346	70,045
Other	36,014	40,264	54,852	51,226	33,537
<b>Increase in property, plant and equipment and intangible assets</b>	<b>4,404</b>	<b>4,647</b>	<b>3,804</b>	<b>9,439</b>	<b>26,042</b>
Energy	2,864	1,483	833	1,855	2,954
Industrial Materials	719	2,287	1,849	6,525	6,801
Electronic Appliances and Consumer Products	821	877	1,122	1,059	16,287
<b>Depreciation</b>	<b>5,073</b>	<b>4,679</b>	<b>4,323</b>	<b>3,597</b>	<b>4,649</b>
Energy	2,242	1,963	1,853	965	1,287
Industrial Materials	1,427	1,550	1,378	1,582	1,918
Electronic Appliances and Consumer Products	1,404	1,166	1,092	1,050	1,444
<b>R&amp;D expenses</b>	<b>9,472</b>	<b>8,777</b>	<b>9,850</b>	<b>10,592</b>	<b>9,729</b>
Energy	2,361	2,050	2,382	2,280	2,165
Industrial Materials	1,606	1,696	1,972	2,549	2,296
Electronic Appliances and Consumer Products	5,505	5,031	5,496	5,763	5,268
<b>Number of employees (year-end)</b>	<b>4,053</b>	<b>4,040</b>	<b>3,966</b>	<b>4,045</b>	<b>5,263</b>
Energy	1,136	1,090	984	1,010	1,014
Industrial Materials	1,783	1,915	1,867	1,943	2,165
Electronic Appliances and Consumer Products	935	827	884	854	1,853
Companywide	199	208	231	238	231

(Millions of yen)

### Composition of Net Sales and Operating Income



#### Fiscal 2017

(inner circle)

- Energy
- Industrial Materials
- Electronic Appliances and Consumer Products

#### Fiscal 2018

(outer circle)

- Energy
- Industrial Materials
- Electronic Appliances and Consumer Products

#### Fiscal 2017

(inner circle)

- Energy
- Industrial Materials
- Electronic Appliances and Consumer Products

#### Fiscal 2018

(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.

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

## Consolidated Financial Information

### Consolidated Balance Sheets (Summary)

(FY)	2014	2015	2016	2017*	2018
<b>Total current assets</b>	<b>96,699</b>	<b>92,321</b>	<b>97,235</b>	<b>97,888</b>	<b>95,116</b>
Principal accounting items:					
Cash and deposits	38,770	42,017	51,930	45,920	22,907
Notes and accounts receivable–trade	32,587	29,543	25,554	29,175	39,658
Inventories	18,657	13,900	13,163	17,553	22,848
Deferred tax assets	1,714	1,702	1,995	—	—
<b>Non-current assets</b>	<b>63,753</b>	<b>62,035</b>	<b>62,229</b>	<b>70,342</b>	<b>104,269</b>
Total property, plant and equipment	57,471	55,158	50,200	53,047	61,213
Intangible assets	1,025	1,047	1,023	4,333	15,796
Total investments and other assets	5,257	5,830	11,006	12,962	27,260
Principle accounting items:					
Investment securities	2,286	4,550	7,063	9,731	23,194
Deferred tax assets	535	477	929	931	1,521
<b>Total assets</b>	<b>160,452</b>	<b>154,356</b>	<b>159,464</b>	<b>168,230</b>	<b>199,385</b>
<b>Total current liabilities</b>	<b>31,116</b>	<b>29,722</b>	<b>30,104</b>	<b>36,351</b>	<b>53,750</b>
Principal accounting items:					
Notes and accounts payable–trade	15,108	16,063	15,100	20,672	19,982
Accounts payable–other and accrued expenses	11,948	11,171	10,541	11,882	12,832
Current portion of long-term loans payable and lease obligations	—	78	94	68	17,760
<b>Non-current liabilities</b>	<b>10,593</b>	<b>10,808</b>	<b>11,220</b>	<b>9,085</b>	<b>20,130</b>
Principal accounting items:					
Long-term loans payable and lease obligations	325	643	672	544	8,025
Deferred tax liabilities	4,299	3,735	3,926	1,731	4,035
Provision for directors' retirement benefits and net defined benefit liability	5,934	6,420	6,612	6,800	7,985
<b>Total liabilities</b>	<b>41,709</b>	<b>40,530</b>	<b>41,324</b>	<b>45,436</b>	<b>73,880</b>
<b>Total shareholders' equity</b>	<b>120,783</b>	<b>122,047</b>	<b>125,869</b>	<b>131,093</b>	<b>134,079</b>
Total accumulated other comprehensive income	(3,935)	(9,947)	(9,449)	(10,076)	(11,044)
Non-controlling interests	1,895	1,726	1,720	1,777	2,470
<b>Total net assets</b>	<b>118,743</b>	<b>113,826</b>	<b>118,140</b>	<b>122,794</b>	<b>125,505</b>
<b>Total liabilities and net assets</b>	<b>160,452</b>	<b>154,356</b>	<b>159,464</b>	<b>168,230</b>	<b>199,385</b>

### Consolidated Statements of Income (Summary)

(FY)	2014	2015	2016	2017	2018
<b>Net sales</b>	<b>156,033</b>	<b>156,216</b>	<b>135,116</b>	<b>148,198</b>	<b>150,584</b>
Gross profit	31,723	33,193	30,245	34,328	31,167
Total selling, general and administrative expenses	26,533	25,887	22,678	25,480	25,743
<b>Operating income</b>	<b>5,190</b>	<b>7,306</b>	<b>7,567</b>	<b>8,848</b>	<b>5,424</b>
Non-operating income/expenses (net)	280	(609)	(180)	(281)	1,167
Principal accounting items:					
Interest income and dividend income	95	258	319	376	495
Interest expenses and sales discounts	(178)	(182)	(192)	(255)	(235)
Foreign exchange gains/losses	273	(369)	(162)	(765)	273
Share of profit/loss of entities accounted for using equity method	(22)	(92)	(126)	346	546
<b>Ordinary income</b>	<b>5,470</b>	<b>6,697</b>	<b>7,387</b>	<b>8,567</b>	<b>6,591</b>
Extraordinary income/losses (net)	3,353	(1,474)	(684)	(526)	1,074
Principal accounting items:					
Gain on sales of non-current assets	11,171	14	4,392	471	17
Gain on sales of investment securities	593	25	—	—	—
Loss on sales and retirement of non-current assets	(369)	(133)	(328)	(855)	(297)
Impairment loss	(3,092)	(55)	(3,925)	(385)	(19)
Business structure improvement expenses	(3,966)	(1,336)	(151)	(303)	—
<b>Profit before income taxes</b>	<b>8,823</b>	<b>5,223</b>	<b>6,703</b>	<b>8,041</b>	<b>7,665</b>
Total income taxes	1,784	1,229	867	868	2,170
Profit attributable to non-controlling interests	219	63	112	46	184
<b>Profit attributable to owners of parent</b>	<b>6,820</b>	<b>3,931</b>	<b>5,724</b>	<b>7,127</b>	<b>5,311</b>

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

## Consolidated Financial Information

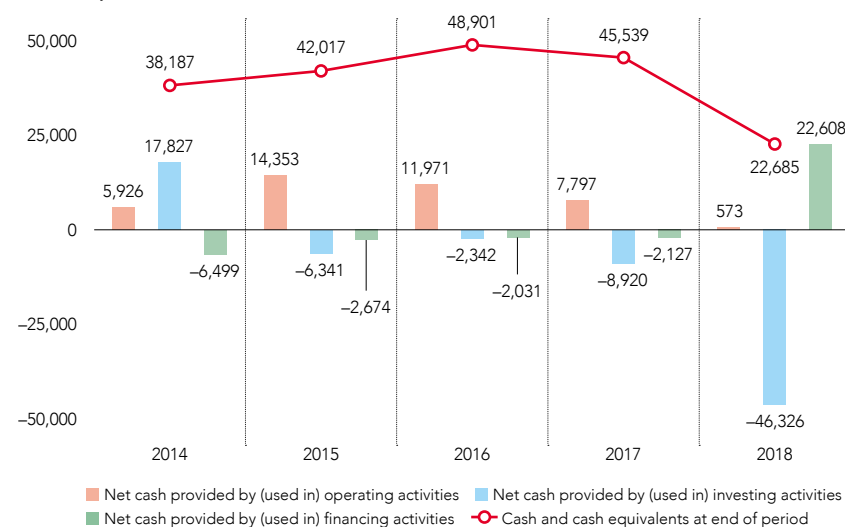
### Consolidated Statements of Cash Flows (Summary)

(FY)	2014	2015	2016	2017	2018
Net cash provided by (used in) operating activities	5,926	14,353	11,971	7,797	573
Principal accounting items:					
Profit before income taxes	8,823	5,223	6,703	8,041	7,665
Depreciation	5,073	4,679	4,323	3,597	4,649
Impairment loss	3,092	474	3,934	385	19
Amortization of goodwill	—	—	—	540	923
Loss (gain) on sales of investment securities	(593)	(25)	—	—	—
Loss (gain) on sales and retirement of non-current assets	(10,802)	119	(4,064)	384	280
Decrease (increase) in notes and accounts receivable—trade	(399)	2,473	3,617	(3,519)	(4,336)
Decrease (increase) in inventories	3,979	4,220	501	(3,599)	(1,344)
Increase (decrease) in notes and accounts payable—trade	(1,955)	1,574	(719)	5,349	(3,229)
Net cash provided by (used in) investing activities	17,827	(6,341)	(2,342)	(8,920)	(46,326)
Principal accounting items:					
Purchase of investment securities	(506)	(2,620)	(1,507)	(1,632)	(10,252)
Proceeds from sales of investment securities	3,610	41	—	—	—
Payments for construction of rental properties	—	—	—	—	(3,487)
Purchase of property, plant and equipment	(5,575)	(3,965)	(3,259)	(5,523)	(9,074)
Proceeds from sales of property, plant and equipment	20,646	101	6,052	830	15
Purchase of shares of subsidiaries resulting in change in scope of consolidation	—	—	—	(4,940)	(16,683)
Purchase of shares of subsidiaries and associates	—	—	(465)	—	(4,200)
Net cash provided by (used in) financing activities	(6,499)	(2,674)	(2,031)	(2,127)	22,608
Principal accounting items:					
Net increase (decrease) in short-term loans payable and long-term loans payable	(1,469)	167	(35)	(36)	20,027
Purchase of treasury shares	(0)	—	—	(1)	(0)
Proceeds from share issuance to non-controlling shareholders	66	—	—	—	5,029
Dividends paid to non-controlling interests	(102)	(108)	(38)	(31)	(16)
Cash dividends paid	(4,994)	(2,616)	(1,902)	(1,902)	(2,325)
Repayments of lease obligations	—	(56)	(56)	(157)	(107)
Effect of exchange rate change on cash and cash equivalents	2,013	(1,508)	(714)	(112)	291
Net increase (decrease) in cash and cash equivalents	19,267	3,830	6,884	(3,362)	(22,854)
Cash and cash equivalents at beginning of period	18,920	38,187	42,017	48,901	45,539
Cash and cash equivalents at end of period	38,187	42,017	48,901	45,539	22,685
Free cash flow*	23,753	8,012	9,629	(1,123)	(45,753)

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

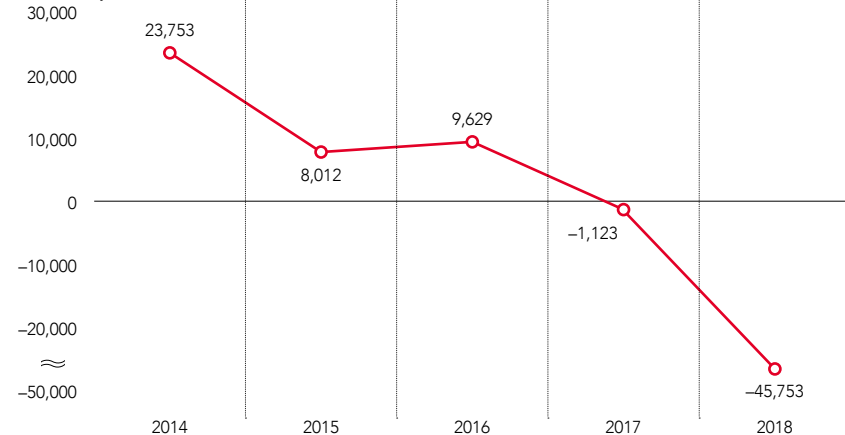
### Cash Flow Data

(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.



Base name	Location
<b>Maxell Holdings, Ltd.</b>	
Tokyo Headquarters	Tokyo
Kyoto Headquarters	Kyoto Pref.
<b>Maxell, Ltd.</b>	
Tokyo Headquarters, Tokyo Office	Tokyo
Kyoto Headquarters, Kyoto Office/Works	Kyoto Pref.
Yoyogi Office Tokyo	Tokyo
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.

Base name	Location
Chugoku/Shikoku Office	Hiroshima Pref.
Fukuoka Office, Life Solution Division	Fukuoka Pref.
Kyushu Office	Fukuoka Pref.
Miyagi Works	Miyagi Pref.
<b>Maxell Joei Tech Co., Ltd.</b>	
Head Office, Yokohama Office	Kanagawa Pref.
Gifu Works	Gifu Pref.
Miyagi Works	Miyagi Pref.
<b>Maxell System Tech Co., Ltd.</b>	
Head Office, Yonezawa Works	Yamagata Pref.
Yokohama Office	Kanagawa Pref.
<b>Maxell Izumi Co., Ltd.</b>	
Headquarters	Nagano Pref.
Tokyo Office	Tokyo
Osaka Office	Osaka Pref.
Nagoya Office	Aichi Pref.
Fukuoka Office	Fukuoka Pref.

Base name	Location
Sendai Office	Miyagi Pref.
<b>Ube Maxell Kyoto Co., Ltd.</b>	
Headquarters	Kyoto Pref.
<b>Maxell Kureha Co., Ltd.</b>	
Headquarters	Osaka Pref.
Osaka Office	Osaka Pref.
Tokyo Branch	Tokyo
Nagoya Branch	Aichi Pref.
Kyushu Branch	Fukuoka Pref.
Tsu Plant	Mie Pref.
Kameyama Plant	Mie Pref.

Base name	Location
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 Joei Tech (Thailand) Co., Ltd.	Thailand
Maxell Asia, Ltd. Vietnam Office	Vietnam
Maxell Asia (Singapore) Pte. Ltd.	Singapore
Maxell (Shanghai) Trading Co., Ltd.	China
Maxell (Shenzhen) Trading Co., Ltd.	China
Maxell Taiwan, Ltd.	Taiwan
Maxell Tohshin (Malaysia) Sdn. Bhd.	Malaysia
PT. SLIONTEC EKADHARMA 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

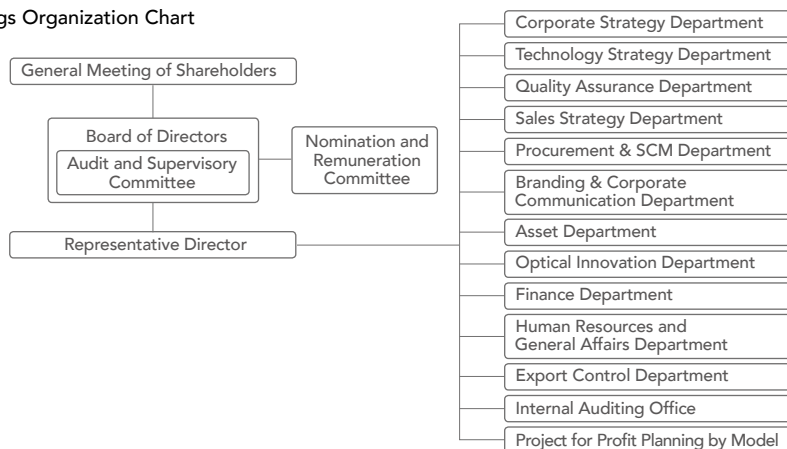
## Corporate Data (As of June 25, 2019)

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:	¥12,272 million
Representative Director:	President: Yoshiharu Katsuta
Number of Employees*:	Consolidated: 5,263
Transfer Agent:	Sumitomo Mitsui Trust Bank, Limited
Independent Auditor:	Ernst & Young ShinNihon LLC

\* As of March 31, 2019

## Maxell Holdings Organization Chart

(As of April 1, 2019)



## Principal Consolidated Subsidiaries (As of April 1, 2019)

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%
Maxell Izumi Co., Ltd.	Juichiro Shima, President and Chief Executive Officer	320	40%
Ube Maxell Kyoto Co., Ltd.	Seiya Funabashi, President and Director	50	51%
Maxell Kureha Co., Ltd.	Kazuhiro Kaizaki, President and Chief Executive Officer	100	84%

## 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, 2019. 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

**maxell**  
Within, the Future

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

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

## Origin of Company Name

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

## Stock Information (As of April 1, 2019)

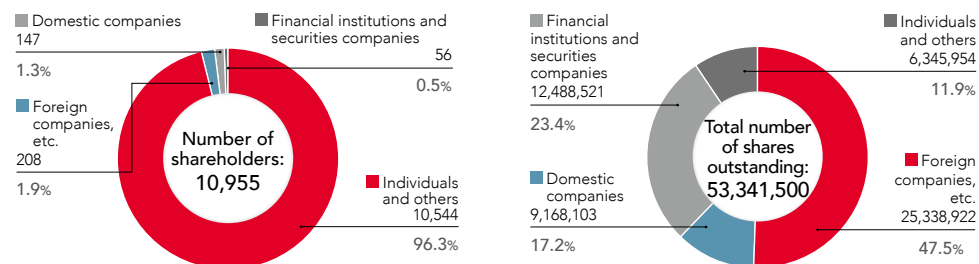
### Major Shareholders

	Shareholder	Number of shares	Percentage of shareholdings
1	Japan Trustee Services Bank, Ltd.	6,814	12.90
2	The Master Trust Bank of Japan, Ltd.	3,552	6.72
3	BNP PARIBAS SECURITIES SERVICES SINGAPORE/JASDEC/ UOB KAY HIAN PRIVATE LIMITED (Standing proxy: The Hongkong and Shanghai Banking Corporation Limited, Tokyo Branch, Custody Services)	3,065	5.80
4	Minami Aoyama Real Estate Inc.	2,961	5.60
5	SSBTC CLIENT OMNIBUS ACCOUNT (Standing proxy: The Hongkong and Shanghai Banking Corporation Limited, Tokyo Branch, Custody Services)	2,601	4.92
6	TAIYO HANEI FUND, L.P. (Standing proxy: MUFG Bank, Ltd.)	2,003	3.79
7	Nichia Corporation	2,001	3.79
8	State Street Bank and Trust Company 505019 (Standing proxy: The Hongkong and Shanghai Banking Corporation Limited, Tokyo Branch, Custody Services)	1,927	3.65
9	Hitachi, Ltd.	1,603	3.03
10	TAIYO FUND, L.P. (Standing proxy: MUFG Bank, Ltd.)	1,511	2.86

Notes: 1. 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.

2. The percentage of shareholdings is calculated without taking treasury shares (500,666) into account.

## Breakdown of Shareholders (As of March 31, 2019)



## External Recognition



### ESG Investment Indices

SNAM Sustainability Index  
Selected for the third consecutive year\* since 2017

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



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**Maxell Holdings, Ltd.**

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