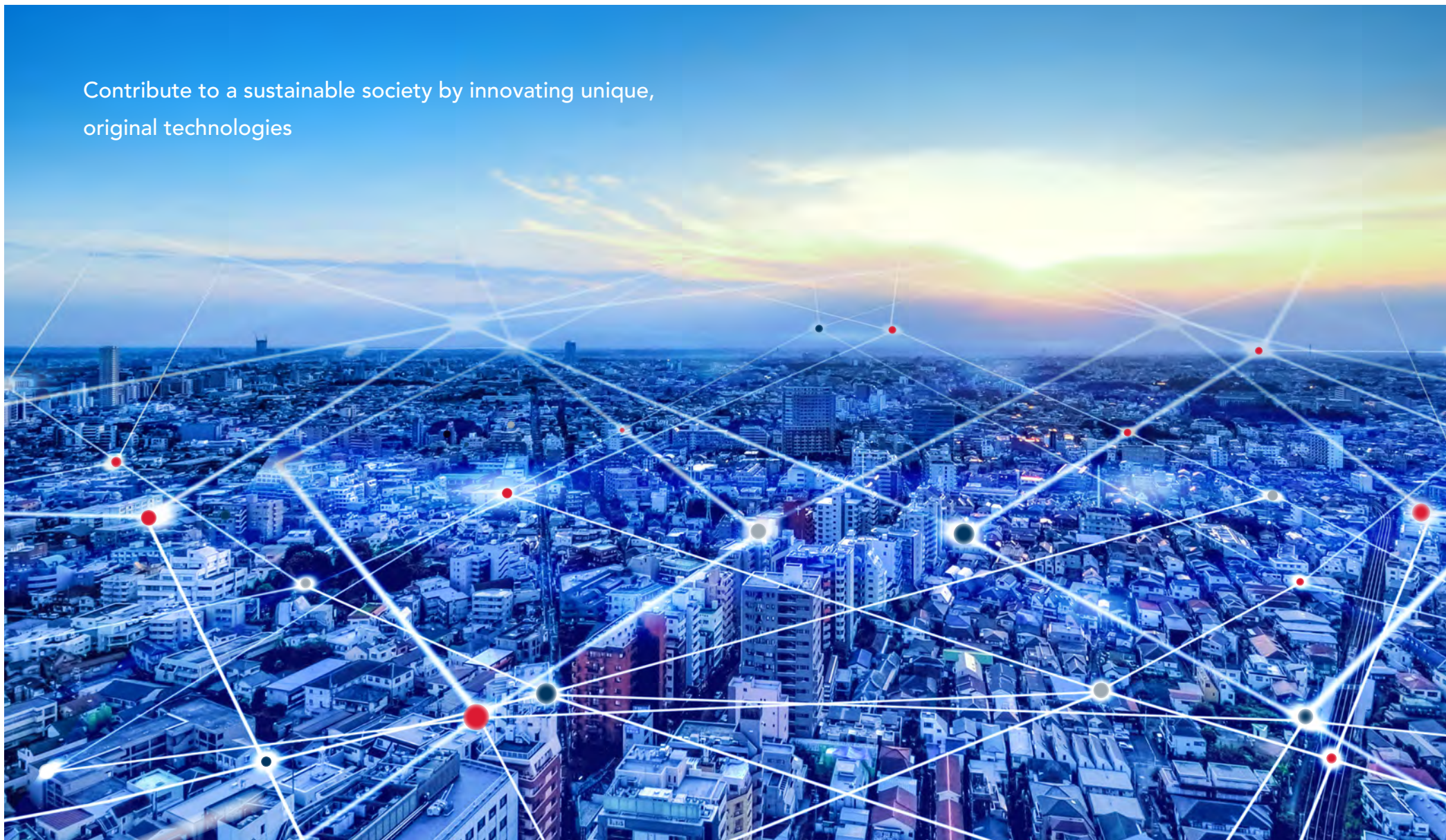


Contribute to a sustainable society by innovating unique,  
original technologies



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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 sustainability activities and the outcomes of these activities. Detailed financial and sustainability-related information not published in full in this report is disclosed on the Company's website.

### Reporting Period:

This report primarily covers fiscal 2019 (April 1, 2019–March 31, 2020). However, it includes some events from fiscal 2020.

### 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:  
November 2020

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### • Category tabs



Click the category tab to access the appropriate page.

### • Navigation buttons

▶ Click this button to move to the next page.

◀ Click this button to move back to the previous page.

**CONTENTS** Click the "CONTENTS" button to move to the table of contents page.

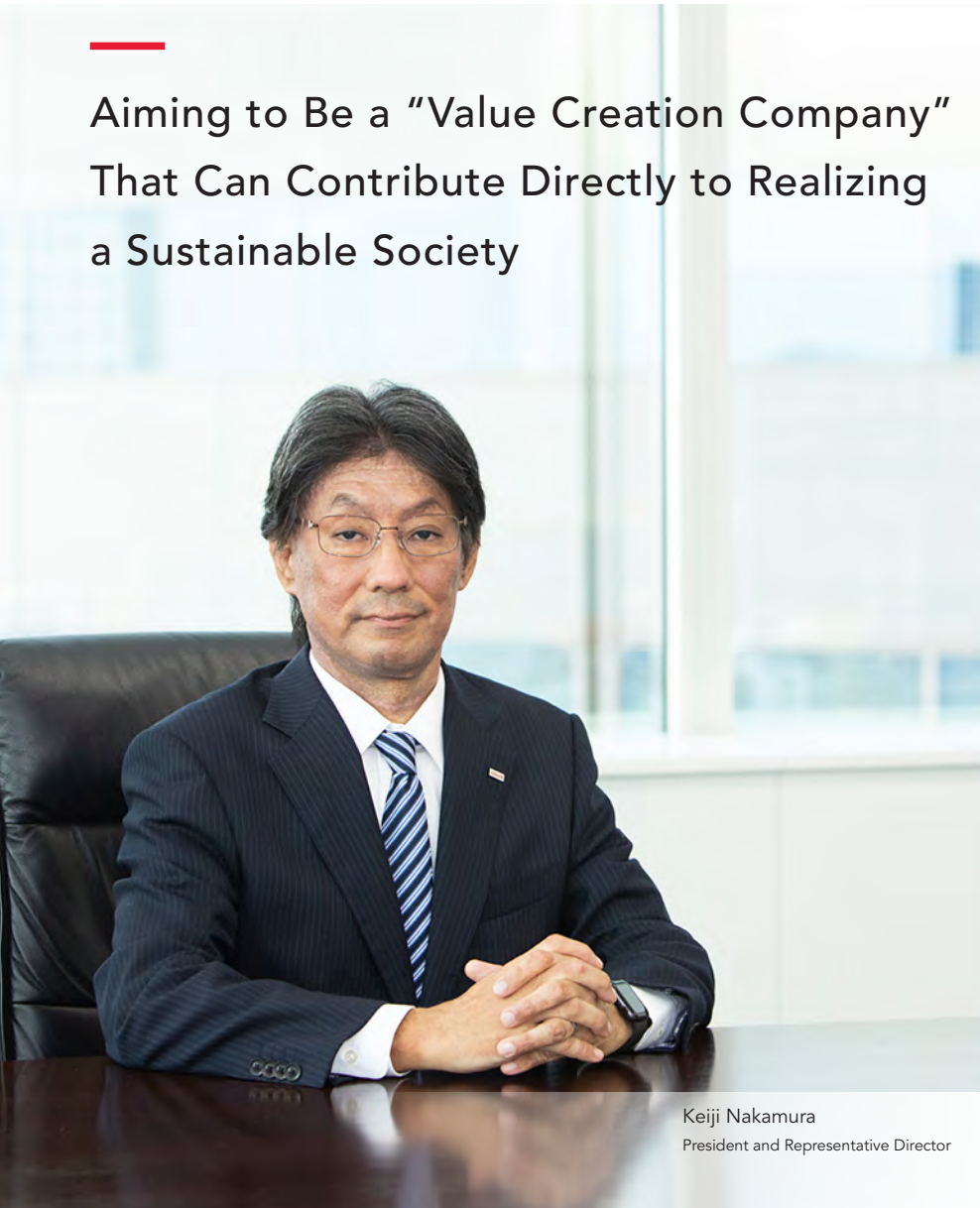
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## Message from the President

### Aiming to Be a “Value Creation Company” That Can Contribute Directly to Realizing a Sustainable Society



Keiji Nakamura  
President and Representative Director

### A New Purpose for the Maxell Group

Since my appointment as president and representative director in June 2020, I have considered it my mission to encourage the Maxell Group’s evolution into a “value creation company” that can contribute directly to realizing a sustainable society, and I have communicated this internally at all times. By “value creation company,” I mean a company that can continue to provide high value to all stakeholders; in other words, a company whose existence is necessary because it plays an essential role.

Since it started business in 1961, Maxell has been dedicated to making life more convenient and richer by creating innovative products. Maxell has constantly generated “value” by enriching people’s lives, initially through batteries at the time of its foundation when everyday products were becoming electrified, then later through recording media and other items. However, while our daily lives have become more convenient, a number of social issues have emerged, such as destruction of

the global environment and widening economic inequality around the world. In this rapidly changing global environment and social situation, many companies are promoting a range of initiatives aimed at realizing a sustainable society. As part of this, the Maxell Group is working to be a company whose existence is necessary in a sustainable society because it plays an essential role. To this end, we must continue to provide items of value to all of our stakeholders—our employees, customers, and business partners, shareholders and investors, and local communities, among others. In this respect, I aim to strengthen the Maxell Group’s purpose (reason for existence) by encouraging it to contribute directly to the realization of a sustainable society. To share this new reason for existence of the Maxell Group throughout the Group and advance together with our stakeholders, in July 2020 we formulated our new Mission, Vision, Value, Spirit, and Slogan (MVVSS).

### Formulation of the New MVVSS

Our new mission is to “Contribute to a sustainable society by innovating unique, original technologies.” The mission reflects the form of the Maxell Group going forward and presents the mission that the Maxell must carry out. Our vision is to “Create **Maximum Excellence** for employees, customers, and society by leveraging unique Analog Core Technologies.” Here the words “**Maximum Excellence**” indicate that our vision is to deliver maximum value to all

stakeholders. Moreover, it is employees who will create the future that Maxell aims to realize, and the Company will maximize the value generated by its employees by creating maximum value for them, in the form of fulfilling work, compensation, and an accommodating work environment. Through this, Maxell aims to realize the creation of “maximum value” for our customers and society. Furthermore, we have reconfirmed that the source of this value

## Message from the President

creation is the unique Analog Core Technologies that Maxell has cultivated since its establishment, and we are working to achieve *Monozukuri* manufacturing that cannot be realized with digital technologies alone.

Concurrently, we have clearly defined our Analog Core Technologies in conjunction with formulating the new vision. (For details, please refer to page 6.) Our value comprises three sources: technological value, customer value, and social value, and it is an action guideline that demonstrates the value and strength that Maxell is committed to providing. We have also adopted a new corporate creed: “Harmony and cooperation, working with heart and soul, and contributing to society,” as the spirit that has been passed down since the Company’s foundation. Finally, as our slogan we have adopted the Maxell Group brand slogan,

“Within, the Future—The future is within,” which was disseminated internally and externally in 2017, aiming to continue being a company that plays an essential role in realizing a sustainable society.

The Maxell Group has been promoting investment in companies and businesses through the Maxell Business Platform (MBP) since 2017, and we have become a corporate group with diverse values and backgrounds. In the process of integration, we aim to use the MVSS as a reference point or guide for moving forward together as One Maxell. To this end, I think it is important that I as the president should engage directly with our employees and promote understanding throughout the Group of the background and thinking that led to the formulation of the new MVSS.

## Business Reforms for Providing High Value to Stakeholders

In promoting the Maxell Business Platform (MBP), the Company has been working to expand its business scale to create a stronger business entity and build a business portfolio with high growth potential, with a view to achieving co-creation and co-prosperity. This has resulted in a certain level of growth in sales, and we are starting to generate synergies with existing businesses. However, in the near term, we have seen a decrease in earning capability for our core existing businesses, which has been compounded by a deterioration in market conditions due to the impact of COVID-19. Because of the extremely harsh business environment, in fiscal 2020 we will reform our

business portfolio, including reviewing our business segment, which are a little overextended, undertaking a selection and concentration of our value creation businesses and taking concrete measures in response to troubled businesses. At the same time, we will undertake the P/L Improvement by Model Project (PIPJ) and P/L management by business (ABC-XYZ management), and we will also ensure discipline from a perspective of invested capital efficiency using return on invested capital (ROIC). Through these measures, we will transform Maxell into a value creation company. (Please see page 14 for details.)

## Impact of COVID-19

The Company recorded an operating loss for fiscal 2019, ended March 31, 2020, and our financial results for the year were disappointing. External factors included the worsening economies of the United States and China due to prolonged trade friction between them, and almost-flat economic growth in Japan due to the slowdown in economies overseas. With the additional impact of the spread of COVID-19, Maxell was also impacted by a decrease in the operating ratio of overseas factories, including in China, as well as delays in the supply of both finished products and parts, and a decline in sales to the China market.

Looking at the impact of COVID-19, in the near term we have seen buoyant sales of

batteries reflecting demand associated with people staying at home, and strong sales of ozone anti-bacterial deodorizers, which are health products. There has also been a strong impact on the automotive field, which we had expected to serve as a major growth driver. Accordingly, in our three key growth areas—Automotive, Home Life & Infrastructure, and Health & Beauty Care—I would like us to accelerate growth in products and technologies related to healthcare, particularly medical batteries. We will promote this business with urgency, while carefully analyzing the opportunities and risks during and after the COVID-19 pandemic.

<b>MISSION</b>	<b>The mission Maxell must carry out</b> Contribute to a sustainable society by innovating unique, original technologies
<b>VISION</b>	<b>The future Maxell wants to realize</b> Create <b>Maximum Excellence</b> for employees, customers, and society by leveraging unique Analog Core Technologies
<b>VALUE</b>	<b>The value and strengths Maxell commits to provide</b> Maxell commits to maximizing corporate value for all stakeholders through three key sources of value <b>Technological Value</b> Create new value through the sincere pursuit of originality and technological excellence <b>Customer Value</b> Respond to customer needs with safe and secure products created by <i>Monozukuri</i> manufacturing beyond customer expectations <b>Social Value</b> Take on the many challenges of a changing world to create a prosperous and sustainable society
<b>SPIRIT</b>	<b>The spirit Maxell must cherish</b> Corporate Creed: “Harmony and cooperation, working with heart and soul, and contributing to society”
<b>SLOGAN</b>	<b>The shared slogan of the Maxell Group</b> Brand Slogan: Within, the Future - The future is within

## Message from the President

**Impact of the COVID-19 Pandemic** — Current Status of the Impact Envisaged at the Start of the Fiscal Year Ending March 31, 2021

### ■ Upside Potential

Keywords	Product	Status
Staying at home	Lithium ion batteries	• Demand for video game and communication equipment increased due to restrictions on movement.
	Semiconductor-related embedded system	• Although demand is increasing due to rapidly expanding teleworking, concern regarding U.S.–China trade friction remains.
Health consciousness	Micro batteries	• We nearly fulfilled increased demand for button-type batteries used in thermometers by increasing production.
	Health & Beauty Care	• We enhanced production to meet increasing demand for ozone anti-bacterial deodorizers.

### ■ Downside risk

Keywords	Product	Status
Downturn in the automotive market	Micro batteries	• Although car manufacturers' operations are gradually restarting, they still need time to achieve full-scale recovery.
	Optical components	
Economic stagnation	All businesses	• Although economic activity is gradually restarting, there is a concern that the impacts could linger for the time being.
	Supply chain	• Although material supply has nearly recovered, the situation remains partially unstable.

## Strengthening ESG to Support Our Business Foundation

The Maxell Group has always had a strong interest in environmental and social issues and has promoted a number of initiatives to date. To further reduce the environmental impacts in our business activities, be sustainable, and communicate these aims internally and externally, in April 2020 we established the Corporate Sustainability Department. The department will involve itself from the stage where operating companies determine the direction of their product development and the concepts of their business and products. It will promote activities that lead to business development and product development in which further environmental impact reduction and sustainability can be easily

and directly realized through its involvement with business.

Moreover, to strengthen corporate governance, we welcomed new outside directors onto the Board from June 2020: Brian K. Heywood, who is the CEO of a global investment fund, and Sachiko Murase, who is a lawyer working mainly in corporate legal affairs. Their addition should provide a more multidimensional aspect to monitoring the status of Maxell's management, and they have enlivened discussion within the Board of Directors. Furthermore, for Maxell the addition of its first non-Japanese and female outside directors represents a step toward greater diversity in management.



## Message as the New President

Prior to my appointment as president of Maxell Holdings, I served as president of Maxell, Ltd. Since my appointment, I have been implementing nurturing-style management, aiming to strengthen the Company and its organization. By "nurturing-style management," I mean allowing employees to grow by leveraging their abilities while experiencing failures and successes, and enabling the Company to grow as well by sharing the results. The role of the president in nurturing-style management is to stimulate the organization so that employees can make maximum use of their abilities. Stimulating the organization requires both top-down and bottom-up initiatives. The Maxell Group is currently conducting a variety of initiatives to stimulate its organization, such as the *Konoyubitomare* project (Please see page 21 for details) and the M-Wing Project for promoting diversity (Please see page 35 for details).

Through these efforts, we will create an organization that encourages employees to take on challenges that stretch their abilities.

I aim to increase, as much as possible, the number of stakeholders who consider Maxell to be an essential company for society. To this end, the Maxell Group must become a company that can continue providing high value to all stakeholders at all times. We will share the lofty aspiration of having Maxell become a "value creation company" that can contribute to realizing a sustainable society with everyone in the Maxell Group, and continue driving forward toward our goal.

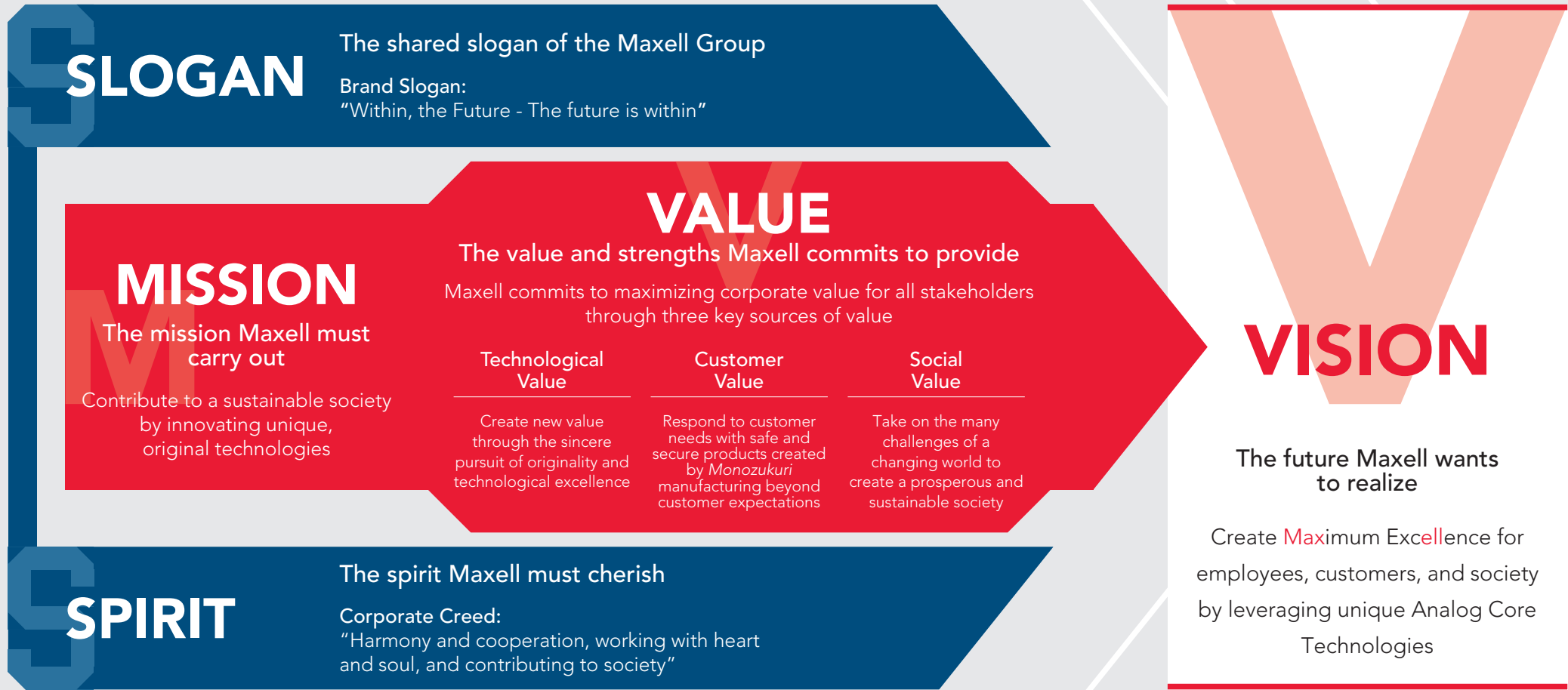
October 2020

Keiji Nakamura

President and Representative Director

# New Management Direction

In July 2020, the Maxell Group formulated a new theme for its basic management direction: Mission, Vision, Value, Spirit and Slogan (MVVSS). We will use this to present the new management direction and share it with all employees. Based on the mission, we will share the Group’s common values, and realize our vision of creating **Maximum Excellence** for employees, customers, and society. As our way of realizing the vision, we will be providing three values: technological value, customer value, and social value; by leveraging our Analog Core Technologies.



# Sources of Value Creation

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

## The Meaning of the Analog Core Technologies Icon

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



### Analog Core Technologies

The soft-cornered triangle symbolizes "Analog Core Technologies," forming an "A" motif that stands for "Analog Core."

Maxell red represents the power to pioneer the future, while blue represents a sincere attitude to technology. The gray color used for the three elements offsets the red and blue and provides a harmonized image.



### Mixing & Dispersion

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



### Fine Coating

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



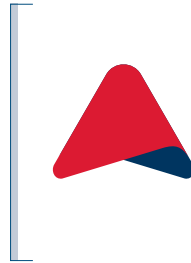
### High Precision Molding & Forming

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



Link to simpleshow video

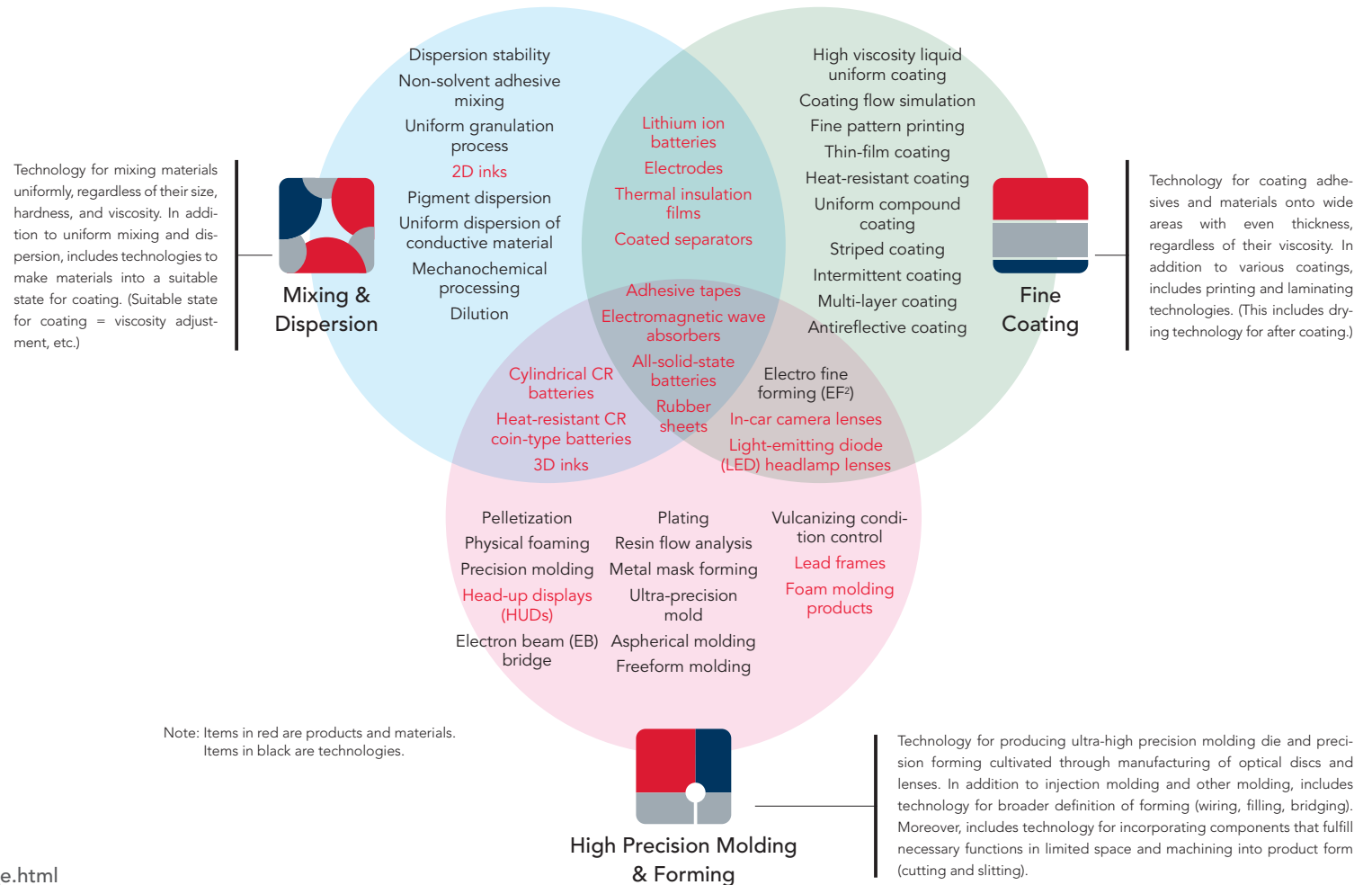
[https://www2.maxell.co.jp/corporate/brand\\_e.html](https://www2.maxell.co.jp/corporate/brand_e.html)



## Analog Core Technologies

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

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



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

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

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



# Analog Core Technologies: Solution Examples

## 1 Dicing Tape

### Market position

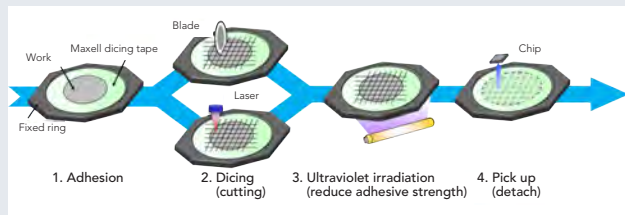
We have a leading share of the global market for semiconductor material for dicing, moving toward miniaturization and thinner films.

### Technological capabilities

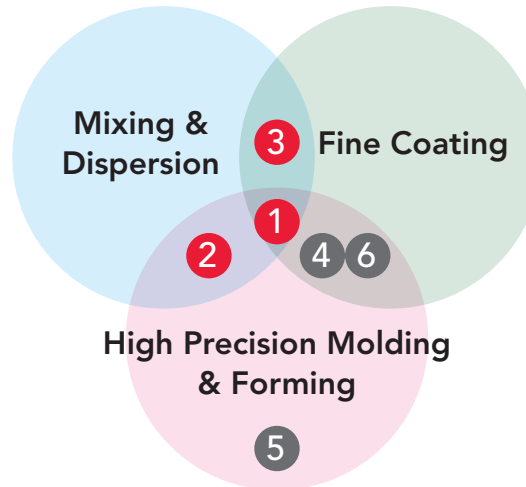
Maxell's unique dicing tape was created by combining three Analog Core Technologies: technology for uniform Mixing & Dispersion of adhesives and additives after thinning with solvent; Fine Coating, which enables uniform coating over a wide area of adhesive adjusted to a suitable coating viscosity; and High Precision Molding & Forming, which produces a roll shape through optimal drying conditions.

### Development

Using our proprietary Analog Core Technologies (Mixing & Dispersion, Fine Coating, and High Precision Molding & Forming), we will develop optimal products, keeping pace with changes in semiconductor manufacturing processes and strengthening our relationships with leading semiconductor manufacturers.



The Maxell Group has created numerous products by combining the Mixing & Dispersion technology, Fine Coating technology, and High Precision Molding & Forming technology that have been defined as its Analog Core Technologies.



## 3 Coated Separators

### Market position

Demand for various classes of electric vehicles (xEVs) is expected to increase. The lithium ion batteries used in EVs need to offer higher output and capacity, along with improved safety. Ube Maxell Kyoto Co., Ltd. supplies coated separators that use proprietary dispersion and coating technologies. The separators have enhanced dimensional stability against the heat of automotive lithium ion batteries, making them highly safe.

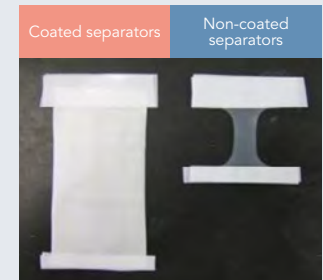
### Technological capabilities

Ube Maxell Kyoto uses proprietary technology for applying a proprietary coating of uniformly dispersed special inorganic particles with high speed and precision over the entire surface of the separator to form a uniform, heat-resistant thin film.

If the lithium ion battery becomes abnormally hot, this heat-resistant thin film suppresses thermal contraction of the separator, helping to control short-circuiting of the electrodes.

### Development

We aim to supply the technology for expanded use of lithium ion batteries for xEVs and adoption of lithium ion batteries for industrial equipment.



Comparison of the exterior of separators after a heating test

## 2 Heat-Resistant Coin-type Lithium Batteries

### Market position

- Rapid expansion of the Tire Pressure Monitoring Systems (TPMS) market has been spurred by moves to make the systems compulsory in every country.
- As the leading manufacturer in terms of global market share\*, we have solid customer relationships built up through joint development with major global TPMS manufacturers.

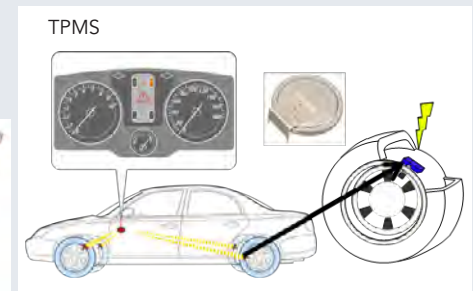
\* As determined by Maxell's research

### Technological capabilities

- These batteries are fitted inside tires and therefore need to operate in a harsh environment, with temperatures ranging between -40°C and 125 °C, gravitational acceleration of 2,000 G, and speeds of 300 km/h.
- As an expert in the field of batteries, Maxell has selected unique materials and applies its technologies for uniform Mixing & Dispersion and for sealing (forming) so as to prevent leakage of liquids to realize stable operation.

### Development

- We are currently developing a TPMS battery that can adhere directly to the tire, making reference to road surface sensing, etc.





## Analog Core Technologies: Solution Examples

### 4 LED Headlamp Lenses

**Market position**

In 2007, our lenses were used in the world's first mass-produced LED headlamps, and we have retained the No. 1 share\* of the global market ever since.

\* As determined by Maxell's research

**Technological capabilities**

This product is made by applying molding and lens forming technology cultivated in the field of TVs and projectors. Using nanometer-level processing accuracy and precision measuring technologies together with an integrated in-house production system for molding and forming, we have achieved high quality that outperforms other companies.

**Development**

In addition to standard round lenses, we have developed products such as irregular shaped lenses and light guides.

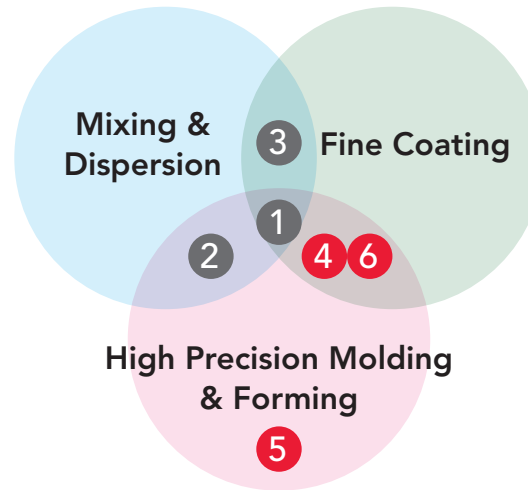
We have expanded our manufacturing bases in China (2012) and Malaysia (2015), reducing lead times to meet customer needs.



LED headlamp lens



Headlamp unit



### 6 In-Car Camera Lens Units

**Market position**

We have a leading position in the global market thanks to our integrated production system, from optical design to manufacturing, and a hybrid construction that combines glass and plastic.

**Technological capabilities**

We create plastic lenses with alignment molding technology and optical axis control through unique mechanism design and process technologies.

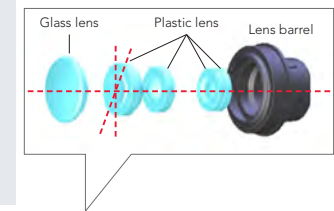
We apply precision coatings with antireflective and heat-resistance functions to the molded lenses.

An automatic assembly machine can completely assemble the lens comprising 7 to 10 layers.

We realized high-quality lenses using these Analog Core Technologies.

**Development**

We are aiming for a 20% share of the global market by responding to advanced specification requirements, following changes in demand from lenses for viewing to lenses for sensing.



In-car camera lens units

### 5 Head-Up Displays (HUDs)

**Market position**

Following advances in autonomous driving, HUDs featuring augmented reality (AR) are scheduled to begin mass production in 2021. AR-HUDs are based on the concept of safe driving support for drivers (progress information display, etc.).

**Technological capabilities**

The HUDs feature optical components that use Analog Core Technologies developed in the field of projectors.

We have realized remote display, miniaturization, and low power consumption through the use of free-form optical elements built using optical design, and High Precision Molding & Forming technologies.

**Development**

We will develop the products from luxury vehicles to ordinary vehicles to meet customer needs.

Through imaging and optical technology products, we will provide safety and security to contribute to society.

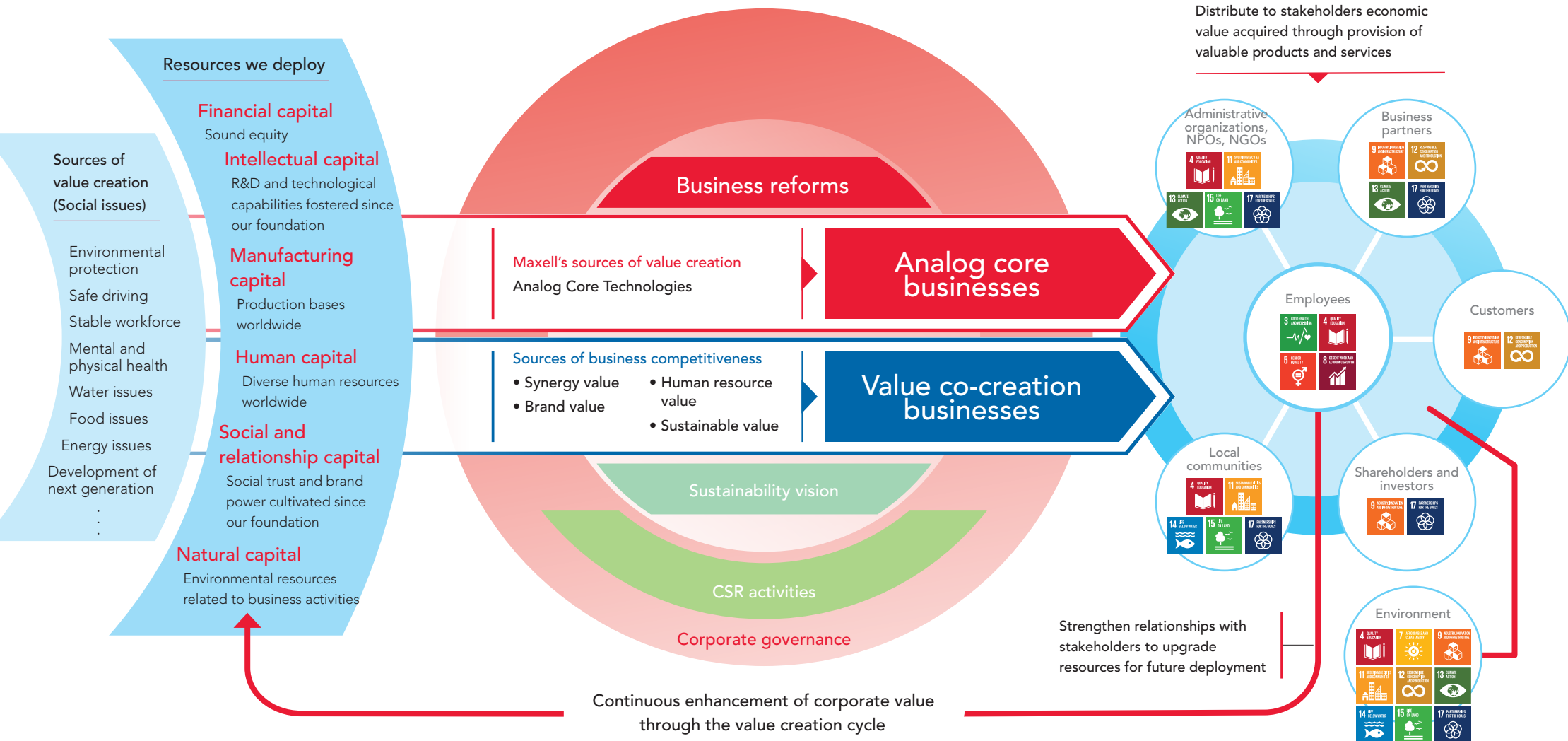


Image of HUD

HUD

# The Maxell Group's Value Creation Model

To achieve its new vision, "Create **Maximum Excellence** for employees, customers, and society by leveraging unique Analog Core Technologies," the Maxell Group will create unique products and services centered on three key growth areas, address social issues, and enhance corporate value.



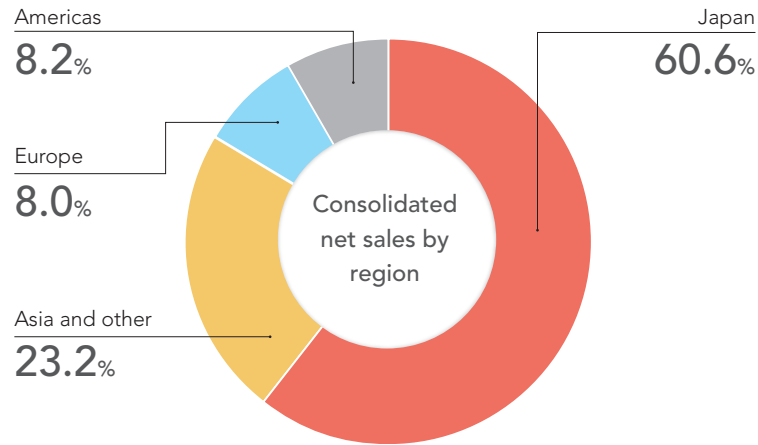
# The Maxell Group's Business

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 2019

Consolidated net sales

¥ **145.0** billion



Number of consolidated employees

**5,108**

(44% of which are overseas employees)  
(As of March 31, 2020)

Number of Group companies

**25**

(23 subsidiaries and two affiliates)

Heat-resistant coin-type lithium batteries

No. **1**  
in global sales\*

Air-tightening/waterproofing tape for houses

No. **2**  
in domestic sales\*

Hydraulic tools

No. **1**  
in domestic sales\*

\* Based on estimates by Maxell

## Maxell Group Products That Address Social Issues

Thermal barrier and insulation film

LE-Comfort



Batteries for medical and healthcare patch applications

Air Patch™ Battery



Automotive image display equipment

Augmented reality head-up display



Sulfide-based all-solid-state batteries

PSB







# Business Reforms

- 12 Management Efforts in Fiscal 2020
- 13 (1) Business Portfolio Reforms
- (2) Countermeasures for Three Unprofitable Businesses
- 14 (3) Emphasis on Financial Discipline
- 15 Message from the Financial Director

# Management Efforts in Fiscal 2020

## Review of Fiscal 2019

During fiscal 2019, an economic slowdown followed prolonged trade friction between the United States and China, while the automotive and semiconductor markets slumped. In addition, from the fourth quarter, amid the impact from the spread of COVID-19, the Company experienced delays in a brand switch and the development of new sales routes in projectors and health and beauty care products, losses caused by revision of the business plan for consumer-use lithium ion batteries, and the recording of an extraordinary loss for impairment of goodwill in electronic home appliance businesses and hydraulic tools. Mainly as a result of these factors, the Company recorded a significant net loss.

In light of this situation, the Company has positioned fiscal 2020 as a year for making business reforms to enhance its future corporate value. These extensive reforms will include powerful efforts to drive business portfolio reforms, concrete measures for unprofitable businesses, and rigorous financial discipline through return on invested capital (ROIC) management by business division, and profit management by product group and model.

(¥billion)

	Net Sales	Operating Income (Loss)	Net Income (Loss)*
FY2019 result	145.0	(0.1)	(10.5)
FY2020 forecast (current outlook)	140.0	0.5	0.2
(Reference) FY2020 forecast Mid-Term Plan (MG20R)	173.0	10.0	—

\* Profit attributable to owners of parent or loss attributable to owners of parent

Main Focus Points for Fiscal 2019	Status
<ul style="list-style-type: none"> <li>Growth strategy (Promote co-creation and co-prosperity with companies participating in the Maxell Business Platform )</li> </ul>	<ul style="list-style-type: none"> <li>Establishing an integrated management structure</li> </ul>
<ul style="list-style-type: none"> <li>Business portfolio strategy (Execute concrete countermeasures for unprofitable businesses)</li> </ul>	<ul style="list-style-type: none"> <li>Delay in “replacing old with new” due to delay of integration of businesses</li> </ul>
<ul style="list-style-type: none"> <li>Brand strategy (Strengthen the Maxell brand)</li> </ul>	<ul style="list-style-type: none"> <li>Struggle due to delay in development of new sales routes</li> </ul>

## Initiatives in Fiscal 2020

### Execute Drastic Business Reforms

#### Business Portfolio Reforms: Concentrate on Businesses That Create Value

1

- Promote replacement of old businesses with new ones
- Aim to grow primarily through businesses based on Analog Core Technologies
- Maximize the value of businesses that contribute to the growth of the Maxell Group

P13

2

#### Countermeasures for Three Unprofitable Businesses: Execution of Concrete Measures

- Established a project to accelerate measures (Consumer-use lithium ion batteries, projectors, health and beauty care products)

P13

3

#### Emphasis on Financial Discipline: Aggressively Promote Profitability Improvement

- Start implementation of ROIC management
- Execute replacement of old businesses with new ones by ABC-XYZ (visualization of profitability by business)
- Eliminate unprofitable models through the P/L Improvement by Model Project (PIPJ)

P14

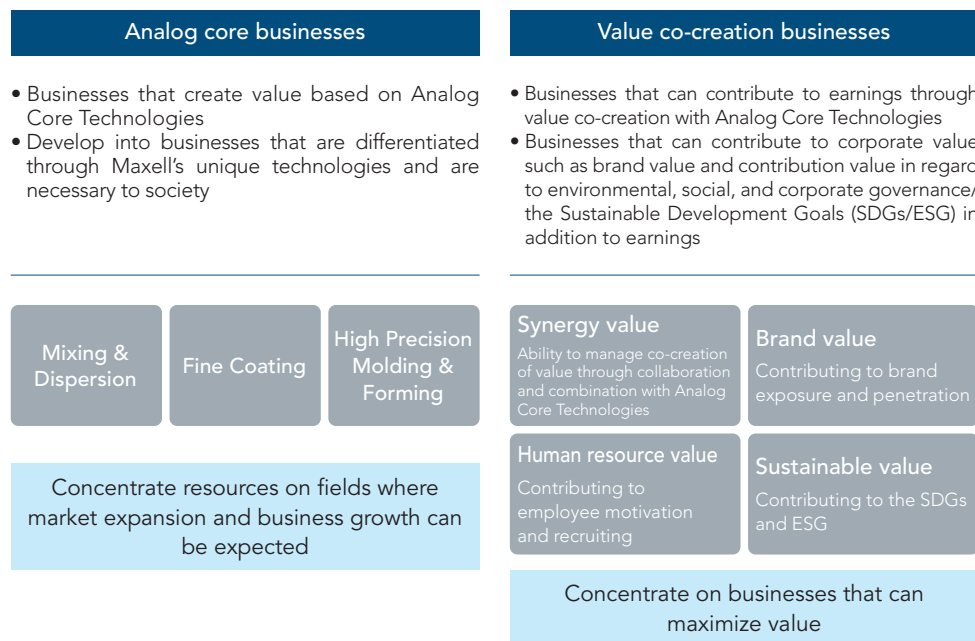
## Management Efforts in Fiscal 2020

### 1 Business Portfolio Reforms

#### Rebuild a Business Portfolio That Creates Value

Maxell is proceeding with the replacement of old businesses with new ones, while aiming to maximize value through businesses that can contribute to the growth of the Group. Our primary focus is the growth of our analog core businesses, which are centered on Analog Core Technologies premised on the Maxell Group’s unique strengths: Mixing & Dispersion, Fine Coating, and High Precision Molding & Forming. With this, we will concentrate our investment of resources on fields in which market expansion business growth can be expected.

At the same time, we will concentrate on “value co-creation businesses”: businesses that can contribute to earnings and to our corporate value through value co-creation with Analog Core Technologies.



### 2 Countermeasures for Three Unprofitable Businesses

#### Strict Execution of Measures even amid an Adverse Business Environment/ Measures have progressed steadily, and will accelerate further going forward

In fiscal 2020 we have steadily implemented measures for three businesses that have encountered trouble in terms of profitability (the consumer-use lithium ion battery business, the projector business, and the health and beauty care products business), aiming to prepare a foundation for future growth. The three businesses have different characteristics, but share a lack of speed in responding to changes in the market or competitive landscape in which they are positioned. Amid an adverse business environment, the consumer-use lithium ion battery business recovered profitability by shifting resources to the automotive sector, reducing fixed expenses, and strengthening its position in the field of ultra-small sized batteries. The projector business also achieved profitability by transitioning to new light sources and rebuilt itself as an imaging business. The health and beauty care products business will accelerate its unification with Maxell Izumi Co., Ltd. and steadily carry out reforms to achieve a financially independent business structure.

	Issues	Measures	Effects
Consumer-use lithium ion batteries	<ul style="list-style-type: none"> <li>• Price decrease due to commoditization</li> <li>• Deterioration in profitability due to increased competition</li> </ul>	<ul style="list-style-type: none"> <li>• Shift resources to the automotive sector and drastically reduce fixed expenses</li> <li>• Strengthen the business of ultra-small sized batteries through co-development with customers</li> </ul>	<ul style="list-style-type: none"> <li>• Profit improvement: Continue profit structure improvement through resource shift</li> <li>• Sales expansion: Accelerate development of new-material batteries and ultra-small size batteries</li> </ul>
Projectors	<ul style="list-style-type: none"> <li>• Delay in a brand switch and transition to new light sources</li> <li>• Slump in sales to core markets such as China</li> </ul>	<ul style="list-style-type: none"> <li>• Regard profitability as the top priority. Study further the position of business in the future.</li> <li>• Accelerate growth of the imaging business with a view to collaborating with partners</li> </ul>	<ul style="list-style-type: none"> <li>• Profit improvement: Accelerate improvement of the product model composition by increasing the ratio of new light sources</li> <li>• Profit improvement: Narrow down development models and drastically reduce fixed expenses</li> <li>• Accelerate growth: Reforms are ongoing, including studying collaboration with partners</li> </ul>
Health and beauty care products	<ul style="list-style-type: none"> <li>• Lack of competitive products</li> <li>• Delay in development of sales routes, including routes for professionals</li> </ul>	<ul style="list-style-type: none"> <li>• Accelerate integration of design and sales divisions with Maxell Izumi and reduce indirect expenses and strengthen competitiveness</li> <li>• Execute reforms to become a financially independent business</li> </ul>	<ul style="list-style-type: none"> <li>• Synergy effect: Strengthen competitiveness by making Maxell Izumi a wholly owned subsidiary</li> <li>• Profit improvement: Currently strengthening profitability by improving product model composition</li> </ul>



## Management Efforts in Fiscal 2020

### 3 Emphasis on Financial Discipline

#### Improving the Financial Condition of the Maxell Group through Business Reforms

In fiscal 2019, we introduced ROIC as an indicator of financial discipline within our business strategies, starting full implementation in fiscal 2020. Aiming to achieve high profitability in excess of capital cost, we will make profitability improvements through PIPJ, which we have promoted through portfolio management, while balancing business management by clarifying investment and withdrawal standards through P/L management by business (ABC-XYZ management). In this way, we will make more efficient use of management resources by allocating resources to businesses that should be grown and in other ways. Our goal is to achieve a business structure that can create value by reforming the thinking of all employees through ROIC, PIPJ, and ABC-XYZ management.

Financial Discipline	Status
ROIC	<p><b>To the implementation phase in fiscal 2020</b></p> <ul style="list-style-type: none"> <li>→ Started implementation at all business divisions</li> <li>→ Ensure penetration at the front lines of business divisions and accelerate activities at the on-site level</li> </ul>
ABC-XYZ (Visualization of profitability by business)	<p><b>Improvement of unprofitable businesses</b></p> <ul style="list-style-type: none"> <li>→ Execute measures for improvement of "Y" (low-profit) business by the end of 2020</li> <li>→ Decide whether to downsize, withdraw, or sell businesses that cannot be improved</li> </ul>
PIPJ	<p><b>Reduction of loss by profit and loss management of about 8,000 models</b></p> <ul style="list-style-type: none"> <li>→ Started measures for the 170 least profitable models in fiscal 2020</li> <li>→ Sharing information on successful examples and implementing at other divisions</li> </ul>

Change the mindset of all employees and realize a value-creating business structure

#### Disciplined Financial Policy

Classification	Division	Products	Item
Financial discipline	ROIC Return on invested capital	ABC-XYZ Visualize profitability by business	PIPJ P/L Improvement by Model Project
Effect	<p><b>Enhancement of corporate value and return on equity (ROE)</b></p> <ul style="list-style-type: none"> <li>• Maximize profit</li> <li>• Clarify source of profitability</li> <li>• Optimize invested capital</li> </ul>	<p><b>Decision to invest/withdraw</b></p> <ul style="list-style-type: none"> <li>• Strengthen growth businesses</li> <li>• Create competitive product groups</li> <li>• Visualize unprofitable businesses</li> <li>• Accelerate implementation</li> </ul>	<p><b>Reduction of loss</b></p> <ul style="list-style-type: none"> <li>• Eliminate loss-making models</li> <li>• Increase profitable models</li> <li>• Strengthen cost planning</li> </ul>
Status	<ul style="list-style-type: none"> <li>• To the implementation phase in fiscal 2020</li> <li>• Implemented in all business divisions</li> <li>• Reduced the business scale through use with ABC-XYZ</li> </ul>	<ul style="list-style-type: none"> <li>• Reduce unprofitable businesses</li> <li>• Currently concentrating resources on businesses expected to create value</li> </ul>	<ul style="list-style-type: none"> <li>• Increased prices and discontinued the 150 least profitable models to achieve an improvement of ¥1.5 billion in fiscal 2019</li> <li>• Continue to reduce the number of loss-making models in fiscal 2020</li> </ul>

Firmly promote profitability improvement

#### 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

ABC rule	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	

#### Visualization of low-margin business / products, early action

XYZ rule	X group	Below hurdle operating margins and free cash flow 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 Financial Director

By adopting ROIC management,  
we will realize a sustainable enhancement  
in corporate value.

Noritoshi Masuda  
Director



### Review of Fiscal 2019

To sustainably enhance corporate value, it is essential to achieve progress using both capital policy and business strategy. The Maxell Group has been strengthening its financial structure to enable it to win out against global competition. In our balance-sheet management, we have been conscious of optimum capital structure. We set a guideline for a shareholders' equity ratio of around 50% and adjusted shareholders' equity by carrying out a special dividend of ¥250 per share in fiscal 2019, and we implemented fund procurement through debt. Furthermore, in fiscal 2019, despite the impact of COVID-19, we retained adequate liquidity (cash on hand), and implemented countermeasures based on our financial policy. Looking ahead, I think that

we need to consider the impact of life with COVID-19 and life after COVID-19, and prepare a financially robust structure that can withstand unexpected events by expanding the commitment lines that we have set up with financial institutions and so forth.

Meanwhile, in terms of business strategy, our operating results included many factors that we should reflect upon. External factors included a slide in the profitability of promising businesses due to a slump in the automotive and semiconductor markets and impacts on plant operations and sales due to COVID-19. There were also internal factors, such as lackluster sales and profits in projectors and health and beauty care products due to delays in a

brand switch and the development of new sales routes, losses caused by revision of the business plan for consumer-use lithium ion batteries, and the recording of an extraordinary loss for impairment of goodwill. In light of these, in fiscal 2020 we will undertake business reforms aimed at returning the Group to a growth

trajectory in the future (business portfolio reforms, countmeasure for three unprofitable businesses, emphasis on financial discipline), improving our corporate structure by accelerating the process of selection and concentration. (See pages 13-14 for details.)

### Toward Adoption of ROIC Management

Maxell uses ROE as a key indicator of capital efficiency. In fiscal 2019, ROE was negative; however, in the short term we are aiming to achieve ROE of 6%, which is targeted in the mid-term plan, and in the medium to long term, to achieve ROE in the double digits.

In management, looking only at the near term tends to shift the focus to items on the income statement, such as net sales and operating income. However, as the director in charge of finance, to increase corporate value I need to consider the balance sheet and the cash flow statement, and I aim to promote management that emphasizes these aspects. Therefore, as stated in one of our main policies for business reform, "disciplined financial policy," I will accelerate the adoption of return on invested capital (ROIC) as a core indicator for the Group, having introduced it in fiscal 2019. ROIC is compared against the clear standard of the cost of capital in the form of weighted average cost of capital (WACC). We will emphasize this indicator because it clarifies whether the earning capability of a business is being translated into enhancement of corporate value. We have just started initiatives to get ROIC adopted throughout the Company, and I plan to accelerate the promotion of ROIC

management by having individual employees understand how their daily work ultimately contributes to the increase in ROIC.

We will approach raising ROIC from two aspects: profit and invested capital. To begin with the profit aspect, the Maxell Group has been implementing the P/L Improvement by Model Project (PIPJ), a project for enhancing earnings by model that incorporates improvement activities to reduce defective products in the manufacturing process for each product. ROIC is a way to impose financial discipline companywide and at the business division level, while PIPJ imposes it at the individual model level. (See page 14 for details.) PIPJ started in fiscal 2018, and has become firmly entrenched as a form of financial discipline on the front line. Going forward, we will aim to further increase profits by promoting even more far-reaching initiatives, such as setting prices that reflect added value and lowering manufacturing costs. Meanwhile, in terms of invested capital, we will reduce inventory, bring our trade accounts receivable and payables to an appropriate level and increase operating capital. In addition, we will keep invested capital at an appropriate level by thoroughly examining the efficiency of capital investments at

## Message from the Director in Charge of Finance

the planning stage and rigorously monitoring investments once they have been made.

We have been consciously conducting these activities since before the introduction of ROIC, but I believe it is important to communicate the relationship between increasing ROIC and daily

operations more carefully. We will promote the adoption of ROIC by introducing e-learning and other training programs and a management-by-objective system for all employees, among other means.

### Keeping Clear Criteria for Investment and Withdrawal by ABC-XYZ Management

The Maxell Group uses three approaches to financial discipline. The above-mentioned ROIC operates at the level of the entire Company, divisions, and Group companies, while PIPJ operates at the product model level. The third is ABC-XYZ management, which ranks the 61 product groups of the Maxell Group by operating margin, growth potential, and so forth, and aims to efficiently promote business strategies according to the ranking. ABC businesses are treated as growth businesses, and we encourage investment in these. XYZ businesses are low-earning businesses. We have set a timeframe for improving their earnings, but in

cases where improvement cannot be expected, we are considering withdrawal strategies.

Furthermore, under the ABC-XYZ management framework, businesses that are in the development or start-up phase are not only judged by financial indices but also monitored in terms of aspects such as market growth potential and affinity with the Maxell Group's core competences. On our time line, the development phase is followed by the start-up phase. Those that progress to commercialization are transitioned to the ABC-XYZ management classification. We check their progress each quarter to determine whether to invest or withdraw.

### Approach to Profit Distribution

With regard to distribution of profits, our basic policy is to continue distributing profits appropriately, giving overall consideration to returns to shareholders, short-term capital investment, and funding investment aimed at long-term business development. We aimed to strongly maintain a dividend payout ratio of around 30% to 40% for shareholders, but in view of the

Company's loss attributable to owners of parent of ¥10.5 billion in fiscal 2019, we have decided to forgo dividends in fiscal 2020. I offer my sincere apologies to our shareholders, and a commitment to restoring profitability as soon as possible.

### Role of the Director in Charge of Finance in a Time of Transformation

My mission is to work with the president, who is head of the executive, to continuously enhance corporate value. As the director in charge of finance, my role is to strengthen our growth strategies and financial foundation, and to support the operation of the Company's risk management and internal control systems. I will make full use of the governance function of the Board of Directors' system to determine the allocation of financial resources to address various risks.

In the short term, we will work to organize our businesses and assets to prevent any further deterioration of corporate value. The cash generated in this process will be reinvested, and by repeating this cycle we will strive to enhance our corporate value over the medium to long term and make the Company into a high-performing corporation that can consistently achieve a double-digit operating margin.

Through business reform, we will improve the structure of the Maxell Group from a financial perspective, and strive even harder in management with the aim of enhancing corporate value through continuous growth. I ask for your continued support of the Maxell Group in the years ahead.





# Strengthening Management Resources

- 18 *Monozukuri* Manufacturing to Accelerate an Increase in ROIC
- 19 Research and Development Founded on Analog Core Technologies
- 21 Initiatives to Stimulate the Organization
- 22 Increasing the Value of the Maxell Brand

# Monozukuri Manufacturing to Accelerate an Increase in ROIC

The Maxell Group produces approximately 8,000 products at 23 bases (17 in Japan and 6 overseas) spanning its 61 project groups. With its shared motto of “producing good products at lower cost and with better timing,” the entire Group is working to develop a *Monozukuri* manufacturing system that will help to increase return on invested capital (ROIC), one of its core indicators.

## Monozukuri Manufacturing Policy for Increasing ROIC

The Maxell Group is accelerating the adoption of ROIC as a core indicator for the Group, having introduced it in fiscal 2019. In the manufacturing process, we are working to increase productivity through quality improvement activities, technology development such as AI, and by identifying issues in the supply chain to strengthen improvement activities. We will aim to increase our *Monozukuri* manufacturing capabilities by setting profit potential (PP) as a new indicator correlated with ROIC.

### The Maxell Group's *Monozukuri* Manufacturing Policy

“Producing good products at lower cost and with better timing”

Good products: Maxell-Process Assurance AMI (Net) System (M-PAAS)

At lower cost: Technology development such as AI

With better timing: Issue Map Supply Chain Basic (SCB)

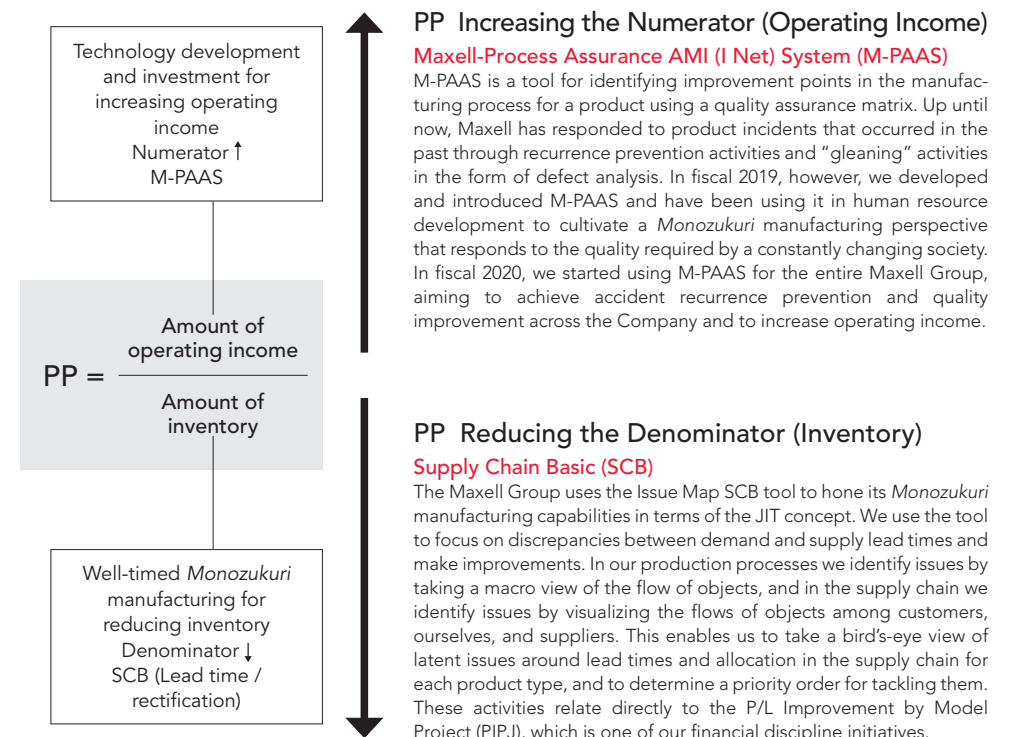
## Monozukuri Manufacturing Evaluation Indicator: PP

This indicator aims to strengthen the Maxell Group's manufacturing by focusing on the relationship between a denominator and numerator represented by (investment for) technology development to increase operating income and well-timed production to reduce inventory. Within the motto “Producing good products at lower cost and with better timing,” “good products” represents quality, and “lower cost” represents efficiency in the form of curbing processing expenses and reducing the headcount to generate operating income. “With better timing” refers to the just-in-time (JIT) concept. These are our basic approaches to improvement.

## System for Strengthening *Monozukuri* Manufacturing Capabilities

Executive Officer Kenichi Sano	Production technology system	AI robot development
	Manufacturing technology system	Well-timed <i>Monozukuri</i> manufacturing
	<i>Soshinjuku</i>	Human resource development (quality)

Note: From April 2020, Executive Officer Sano was appointed general manager of the *Monozukuri* Business Unit, and is working to strengthen *Monozukuri* manufacturing across the Group.



## Column

### *Soshinjuku*: Developing Human Resources to Cultivate *Monozukuri* Manufacturing Capabilities

The *Soshinjuku* program was started in November 2017 with the goal of developing human resources to cultivate Maxell's *Monozukuri* manufacturing capabilities. The program has been conducting training using M-PAAS. *Soshinjuku* equips people with connections across different business units, allowing them to come into contact with ways of working outside of their own

divisions. It has produced results as a forum for expanding people's views and enabling benchmarking across the organization. With the groupwide introduction of M-PAAS in fiscal 2020, *Soshinjuku* will also continually introduce new programs that help to further promote the policy of “good products at lower cost and with better timing” within the Group.

# Research and Development Founded on Analog Core Technologies

The Maxell Group's source of value creation is its three Analog Core Technologies: Mixing & Dispersion technology, Fine Coating technology, and High Precision Molding & Forming technology. We are using these to create completely new products and services.

## Why All-Solid-State Batteries?

Following the Maxell Group's mission, "Contribute to a sustainable society by innovating unique, original technologies," the Energy Division is working to create businesses that will help to solve social issues, such as the SDGs. The division has been focusing particularly on all-solid-state batteries.

All-solid-state batteries are batteries that contain no liquid whatsoever, as their name suggests. Until now, batteries have required the use of a liquid called electrolyte that conducts ions to create a path for ions to travel back and forth between the anode and cathode. Today's lithium ion batteries use an organic electrolyte, and although they can achieve high working voltages in excess of three volts and high energy density, there are concerns over their safety because electrolyte is a hazardous substance. In an all-solid-state battery, a solid ion conductor is used in place of organic electrolytes, and since the entire battery is constructed with solid materials, it can achieve both high energy density and high safety.

All of the solid-state electrolytes that have been researched to date have low conductivity for lithium ions, and it was therefore considered difficult to realize a high-performance all-solid-state battery. Recently, however, the development of a solid-state electrolyte that shows ion conductivity comparable to organic electrolytes has brought all-solid-state batteries back into focus as a next-generation battery capable of simultaneously improving multiple aspects, including safety, heat resistance, service life, high energy density, and high output power.

In the Energy Division, we have expectations that all-solid-state batteries could become the main power source contributing to solutions for social issues such as the SDGs. Since they are superior in terms of service life and heat resistance, they require replacement and other maintenance far less frequently, helping to solve the issues presented by a declining working population. Furthermore, by increasing safety, they will help to increase the usage of wearable devices in medicine and healthcare, reducing the workload of medical professionals and encouraging advances in at-home medical care. In addition, all-solid-state batteries have the potential to make a major contribution to social development and safety, such as reducing CO<sub>2</sub> emissions from transport through their use in the mobility field, which requires a large amount of energy.

In April 2019, our small coin-type, all-solid-state batteries with sulfide-based solid electrolytes moved from the research phase to the commercialization phase. With the goal of leading the world by starting mass production from 2021, we are collaborating with materials and components manufacturers in an effort to commercialize the batteries for use in wearable devices. By eliminating the harsh restrictions on temperature range and service life of lithium ion batteries and developing batteries that can be used safely anywhere and anytime by 2025, we will contribute to the realization of a sustainable society.

## Background to Development

Recent years have seen an increase in devices that use miniature batteries as a power source, such as wearable devices and industrial devices. Maxell has developed batteries in line with the needs of customers who deal in such devices and seek heat resistance, safety, input-output characteristics, and so on.

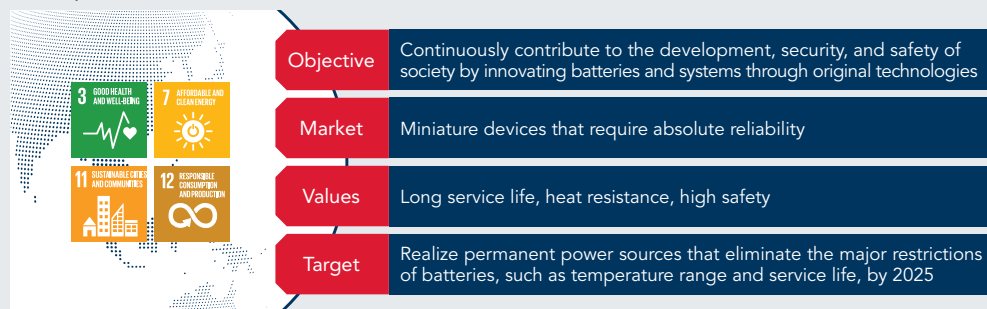
The current generation of lithium ion batteries has seen advances in innovative technology for extending battery life since around 2010, when smartphones began to enter the mainstream, and energy densities have been expanding rapidly. However, these increases in energy density are limited by the ability to maintain safety using conventional materials. Since around 2015, there has been a rise in battery incidents related to reliability, including combustion and swelling. Subsequently, out of concern for safety, no significant increases in the energy densities of lithium ion batteries have been made.

All-solid-state batteries offer superior performance to current lithium ion batteries in terms of chemical stability and safety. However, it is vital to improve their ion conductivity in order to increase their energy density and input-output characteristics. Maxell is collaborating on research with Mitsui Mining & Smelting Co., Ltd., one of a small number of companies that has succeeded in developing a solid-state electrolyte with high ion conductivity. Mitsui Mining & Smelting and Maxell have a

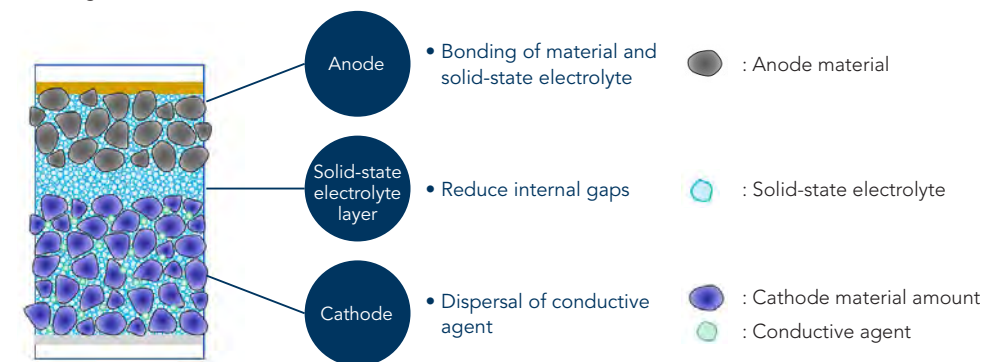
longstanding collaborative relationship in the fields of alkali dry-cell batteries, micro batteries, and lithium ion batteries, and the relationship of trust that we have developed over many years has enabled us to enter joint development on all-solid-state batteries.

Two types of commonly used inorganic solid-state electrolytes are oxide-based and sulfide-based. Oxide-based electrolytes have an ion conductivity that is less than 1/10 that of sulfide-based electrolytes. In addition, they require high temperature calcination when the batteries are manufactured, which limits the range of options for materials. This makes it difficult to achieve both energy density and favorable input-output characteristics. Maxell uses an argyrodite-based electrolyte, which has especially high stability, ion conductivity, and formability, even for a sulfide-based electrolyte. This electrolyte enables battery manufacture at room temperature and has the potential to deliver high energy, high input-output for batteries that will satisfy the requirements of wearable device manufacturers and automotive device manufacturers, who are Maxell's customers. Maxell aims to achieve mass production of sulfide-based all-solid-state batteries at an early stage, making maximum use of its strengths in Analog Core Technologies in the process.

## Development Strategy for All-Solid-State Batteries



## Challenges to Overcome for Sulfide-Based, All-Solid-State Batteries





## Research and Development Founded on Analog Core Technologies

### All-Solid-State Batteries Based on Analog Core Technologies

As we proceed with commercializing all-solid-state batteries (under the product name PSB), we will leverage Maxell's three strengths.

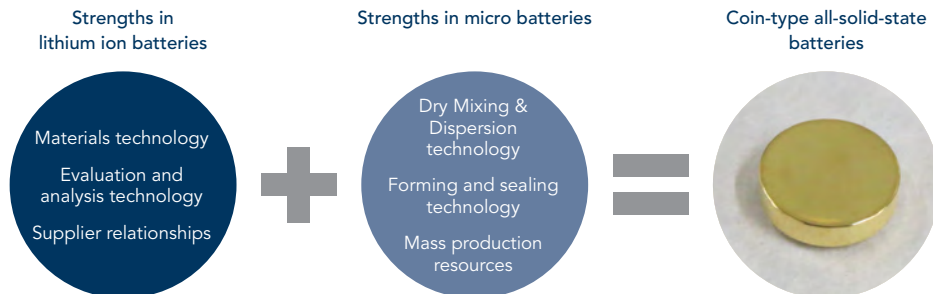
The first strength is our powder process technologies for Mixing & Dispersion, and forming. In addition to our two Analog Core Technologies of Mixing & Dispersion of electrolyte material and High Precision Molding & Forming of electrodes, we have strengths in the form of a long track record in mass production of coin-type batteries and other micro batteries. In particular, High Precision Molding & Forming is an extremely important process in all-solid-state batteries. Unlike liquid electrolytes, solid-state electrolytes have low fluidity, and when gaps exist inside the battery, these limit the movement of lithium ions, reducing performance. Therefore, one of our main challenges for development has been how to increase the degree of filling inside the battery. Since we have experience in overcoming a similar issue for existing micro batteries, we used our insight on this problem and set the rate of fill as a KPI for the initial development stage. Tackling this issue from an early stage enabled it to be solved.

The second strength is the use of *Monozukuri* manufacturing technology and existing facilities in a dry environment. Since sulfide-based solid-state electrolytes react with water and break down easily, the electrode materials and electrodes must be handled in a dry environment. Maxell aims to create an all-solid-state battery that can be mass produced

at a reasonable cost for devices that could not previously have batteries fitted, or that have had to be used under restricted conditions, for various reasons such as safety and heat resistance. This means that we needed mass production technology for manufacturing the electrodes made from solid-state electrolyte and electrode material in a dry environment, and sealing them efficiently inside an exterior casing with a coin shape and so forth. Maxell already has mass production equipment for forming the electrolyte and electrode and equipment for sealing them inside a metal case in a dry environment. We plan to leverage this equipment and our expertise in mass production of all-solid-state batteries to commercialize them in a short time.

The third strength is materials technology and the strong relationships with suppliers that are associated with this. Through its battery and magnetic tape businesses, Maxell has developed technologies related to materials, such as material synthesis and powder surface treatments. In the process of acquiring deeper knowledge about materials, we have established deep relationships with many suppliers, such as Mitsui Mining & Smelting, mentioned above, and power treatment equipment manufacturers. This enables Maxell to acquire and examine suitable materials and equipment to make the all-solid-state battery in line with its plans from an early stage. Collaboration with major suppliers is dramatically increasing the commercialization speed of the all-solid-state battery.

#### Characteristics of Maxell's All-Solid-State Batteries



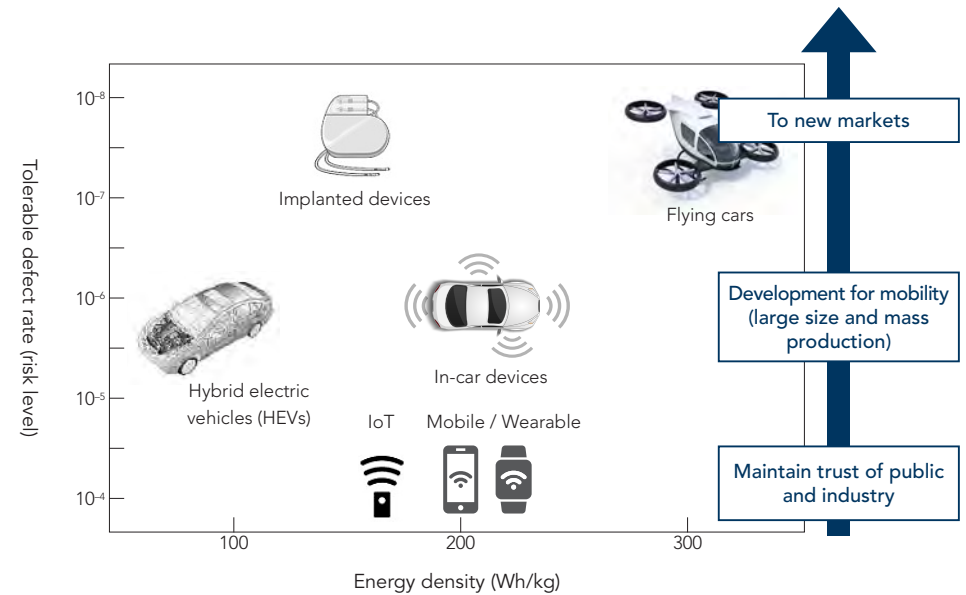
### Evolution of All-Solid-State Batteries: The Road Ahead

The figure below shows the target markets and road map for all-solid-state batteries. Currently, we are making steady progress in development for the commercialization of the world's first sulfide-based, coin-type all-solid-state battery. The next step is to increase the capacity and performance of the battery, and develop it for use in next-generation wearable devices, including medical and other

devices. We are promoting joint development with automotive companies to increase the scale of all-solid-state batteries to make medium and large-sized ones, eyeing entry into new fields such as 5G devices and onboard telematics. We aim to create new markets where only all-solid-state batteries can be used ("Market X"), including fields with high reliability requirements such as implants.

#### Future Development

To markets that require safety and reliability, which are difficult for ordinary lithium ion batteries to reach  
 ⇒ Achieve high functionality and reliability along with high safety



## Initiatives to Stimulate the Organization

The Group is conducting overseas short-term fieldwork to develop diverse human resources worldwide. In 2019, the *Konoyubitomare* project was launched by participants in the overseas short-term fieldwork. The Maxell Group is promoting both top-down and bottom-up initiatives to stimulate its organization.

### *Konoyubitomare*—A Space for Making Connections between People with Shared Aspirations throughout the Group



A *Konoyubitomare* briefing at the Kobuchizawa Works



A seminar on *Konoyubitomare* × SDGs

*Konoyubitomare* was created as a platform that connects people who (1) are in the Maxell Group, (2) have a desire to act autonomously, and (3) have shared aspirations, with a view to stimulating communication within the Group. This initiative is a bottom-up activity by the *Konoyubitomare* Executive, which was created primarily by the participants in an overseas fieldwork training event held in California, United States, in January 2019.

*Konoyubitomare* is managed using the Company's internal social networking service (SNS) tool. The Maxell Group is comprised of numerous divisions and operating companies, so *Konoyubitomare* was launched in April 2019 with the goal of stimulating wider communication within the Group beyond the participants' immediate work-related contacts. As of March 2020, the platform has grown to include 248 participants. It handles diverse themes ranging from work to hobbies, and in fiscal 2019 for the first time its activities included offline events such as a vision-sharing roundtable meeting and a sports event.

In fiscal 2020, the platform has been used in an increasing number of cases by employees working at home due to COVID-19 to consult with one another about working remotely. In addition to employees, Maxell Holdings President and Representative Director Nakamura and other directors use the platform as a space for quickly sharing their daily reflections, recommended books, and other information.

One year after the launch of *Konoyubitomare* (April 2020), we are beginning to see connections forming between people working at different sites within the Group. The *Konoyubitomare* Executive's aim is to strengthen the Group's integrated management by encouraging a greater number of connections and making them even stronger. To this end, we will continue to promote awareness and utilization of *Konoyubitomare* to Group employees, pursuing communication that enables people to help one another.

### Development of Global Human Resources

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.

At the fieldwork program that was run in the United Kingdom in January 2020, we held training under the themes of SDGs and social issues to develop new services and products for solving issues related to social infrastructure in London. The trainees considered products and services based on feedback obtained through field research at local companies, Japanese companies, NPOs and universities, and so forth, examining them from the perspective of Creating Shared Value (CSV), which aims to achieve both social and economic value. They 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 to create new businesses opportunities.



Final presentation (in London)

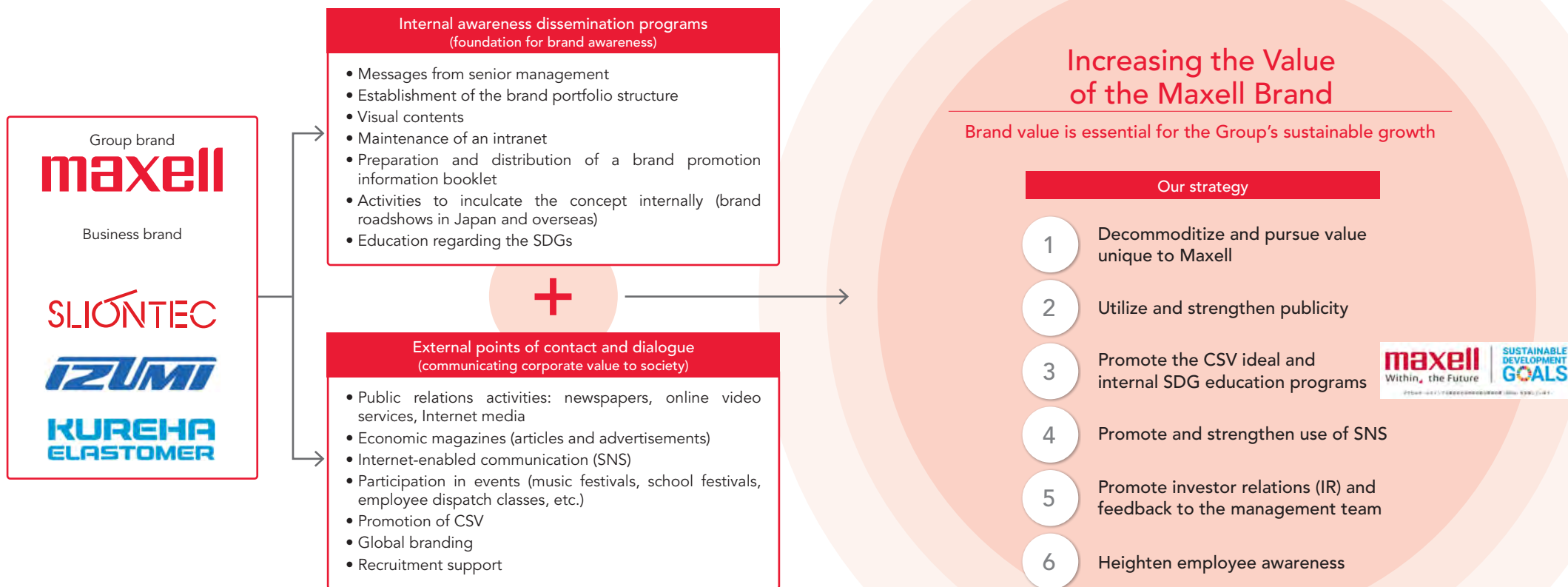
# Increasing the Value of the Maxell Brand

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—the future is within,” 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 cassette tapes, DVDs, 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. 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 our businesses. In addition, we will actively seek dialogue with stakeholders through publicity and the use of SNS.

## Our Approach to Increasing Brand Value



## Increasing the Value of the Maxell Brand

### TOPICS

#### Branding for Business Synergy Creation

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



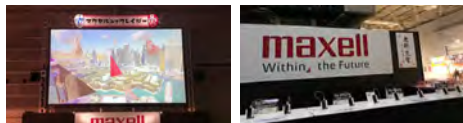
<http://www.aqua-park.jp/aqua/en/>

#### Sponsoring of Sports Events and Cultural Activities

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



Provision of Maxell brand projectors and operation of a smartphone charging station at FM802 RADIO CRAZY event (sponsored by FM802 Co., Ltd.)



#### Corporate Movie

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



■ A piece of the future, in this hand.  
<https://youtu.be/xk0UifkJucl>

#### Video Summarizing the Maxell Group

Maxell's Analog Core Technologies explained in a four-minute video



■ Maxell - Explainer Video by simplishow  
[https://www2.maxell.co.jp/corporate/brand\\_e.html](https://www2.maxell.co.jp/corporate/brand_e.html)

#### Support for Education of the Next Generation

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



Participation in the Da Vinci Masters program for learning science and mathematics through games

Support for the athletic development course of Kyoto Sanga F.C.

ダヴィンチマスターズ



#### Building a Fan Base through Use of SNS

Maxell's official Twitter account has reached more than 90,000 followers. We are running a prize campaign and providing seasonal information to promote new products, aiming to surpass 100,000 followers in fiscal 2020.



#### First Issue of Internal Brand Newsletter for Employees

The first issue of *Brand-NewsMaxell*, a quarterly newsletter for all Maxell Group employees, was published in fiscal 2019 to facilitate periodic sharing of information on branding activities. As of July 2020, the sixth issue has been produced and distributed.



#### Internal Management Policy Bulletin

To ensure that all Maxell Group employees are apprised of new management policies as quickly as possible, we create posters for display in every workplace and issue credo cards that employees can carry with them, aiming to get all Maxell Group employees thinking along the same lines.







# Sustainability

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# Corporate Sustainability Vision



## Corporate Sustainability Vision

“Maxell is committed to contribute to ‘The world in a hundred years’, where people, society and nature can harmonize through the innovation of its unique technology and business. Maxell continues to create products and services globally, resolving challenges in society in order to achieve social, environmental and economic value and it also supports SDGs.”



Maxell Holdings supports the Sustainable Development Goals.

The Maxell Group has formulated its Corporate Sustainability Vision for contributing to the Earth 100 years from now through its mission: “Contribute to a sustainable society by innovating unique, original technologies.”

## Formulation of the Corporate Sustainability Vision

There are concerns that capitalism that pursues shareholder profits and excessive short-term profits is a driving factor in increasing inequality, worsening environmental issues, and other negative effects. Movements calling for a substantial revision of capitalism, such as stakeholder capitalism\*, are gaining traction.

Against this backdrop, the Maxell Group has formulated its Corporate Sustainability Vision, which clearly sets out its position aiming for a long-term enhancement of corporate value emphasizing relationships with diverse stakeholders.

The Corporate Sustainability Department was established in April 2020. Its basic policy is to play a role in promoting the realization of Maxell’s mission. In carrying out this basic policy, the department will aim to internally promote two concepts for business activities throughout the Group: “Think about the medium to long term and evaluate (do not succumb to the pursuit of short-term profits)” and “Create social and economic value as well as economic value.”

\* A key theme of the World Economic Forum (WEF) annual meeting (Davos Summit) held in January 2020.

## Basic Policy and Mission of the Corporate Sustainability Department

### Basic Policy

We will communicate the mission, “Contribute to solutions for global social and environmental issues and continuously create social, environmental, and economic value through technology and business,” and use it to promote sustainability internally throughout the Maxell Group.

### Mission

1. Think about the medium to long term and evaluate (do not succumb to the pursuit of short-term profits).
2. Social and economic value creation is not incompatible with financial returns.

The Corporate Sustainability Department will promote these two concepts throughout the Company and the Group.

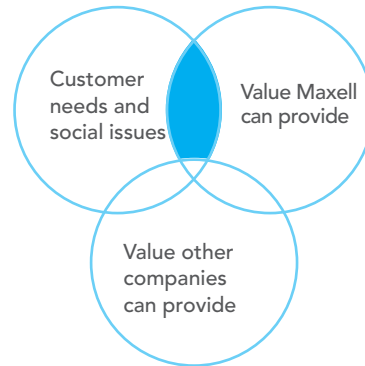
# CSV Management and CSR Initiatives

The Maxell Group will help to realize a sustainable society through a two-pronged approach. First, we will undertake CSV business management by leveraging our advantages to address 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 the 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://www.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.

### SUSTAINABLE DEVELOPMENT GOALS





# The Maxell Group's CSV Business Management

The Maxell Group established the Corporate Sustainability Department to further reinforce CSV management, and will promote initiatives to strengthen the connection between business and social issues.

## Anytime, Anywhere, in Safety

Energy Division

Galvanic cell-type lead-free oxygen sensor



### Value Provided

Galvanic cell-type oxygen sensors are small and light, and they operate at room temperature. As they offer a low-cost method for measuring oxygen concentration, they are widely used in applications such as exhaust gas measurement, biotechnology equipment, food storage, and education. In addition, since conventional products used anodes made from lead—a hazardous substance—they presented a risk of soil or ocean pollution or harmful impacts on the human body. Recently, general household appliances are no longer made using lead, but in the absence of an alternative technology, products such as oxygen sensors continue to use lead.

At Maxell, we have achieved a lead-free galvanic cell-type oxygen sensor as the result of many years of research and development. In conjunction with this, we have also developed a proprietary weak acidic electrolyte liquid that is suitable for lead-free anodes. With this, in 2019 we succeeded in commercializing a lead-free galvanic cell-type oxygen sensor that is not affected by CO<sub>2</sub> or other acid gases and also offers long service life and high reliability.

Received the "Health and Welfare, Biotechnology, and Medical Parts and Components Award" at the 2020 "CHO" MONODZUKURI Innovative Parts and Components Award (organized by MONODZUKURI Nippon Conference and Nikkan Kogyo Shimbun, Ltd.).

## Supporting a Better Quality of Life

Sliontec Division

Waterproofing materials (butyl tape, rubber sheets)



### Value Provided

Butyl tape and rubber sheets for waterproofing help to not only reduce leaks in buildings but also prevent mold growth, rusting of metal parts, and deterioration of wall and ceiling materials. Their overall effect is a reduction in waste. As standards of living rise rapidly in Southeast Asia, where waterproofing technology is still underdeveloped, Maxell is working to promote the construction of houses using waterproof sheets. The region is largely unfamiliar with the concept of waterproofing, but we are working on the ground there to promote waterproof sheet construction methods with a view to improving the standard of dwellings in the region, developing the technical skills of local operators, and taking care of the environment.

## Providing Safety and Peace of Mind in Daily Life

Life Solution Division

Ozone\* anti-bacterial deodorizers



### Value Provided

A rising public awareness of hygiene has driven increasing demand for products that can eliminate bacteria, viruses, and odor. The Maxell Group has been developing and selling anti-bacterial deodorizers that use low concentrations of ozone since 2015. Ozone breaks down bacteria, viruses, and the sources of odors as it reverts to oxygen. Using this characteristic of ozone, Maxell's OZONEO series of anti-bacterial deodorizers can eliminate bacteria and viruses from a space, and remove odors. They are used in hotel guestrooms, hospital examination rooms, and various other spaces. We are currently expanding the OZONEO series mainly in Japan and Asia, and we plan to expand sales routes globally, including in Europe.

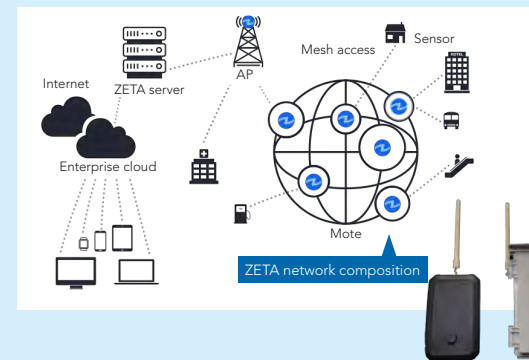
Looking ahead, we will promote product development aligned to customers' needs and expand our lineup to support comfortable living.

\* Low concentration ozone adjusted to 0.05 ppm, below the environmental standard of 0.06 ppm specified in the Basic Environment Law.

## Contributing to Disaster and Damage Prevention with IoT Monitoring Systems

Optronics Division

IoT monitoring system



### Value Provided

ZETA Harmful Animal Capture and Monitoring System is an IoT monitoring system provided by the Maxell Group. The system sends notifications about monitoring data on harmful animals such as deer or boars to the user's mobile device, helping to reduce damage to crops and reducing the time between capture and processing of wild animals. It can also be expanded for use with wild game animals.

Looking ahead, we will provide low power consumption, low-cost IoT monitoring solutions to enable the development of safe, secure towns through infrastructure aging monitoring, disaster monitoring, crime prevention systems, and elderly person monitoring systems.



# Stakeholder Engagement

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

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



## ▲ Dialogue with Stakeholders

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

\* 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.

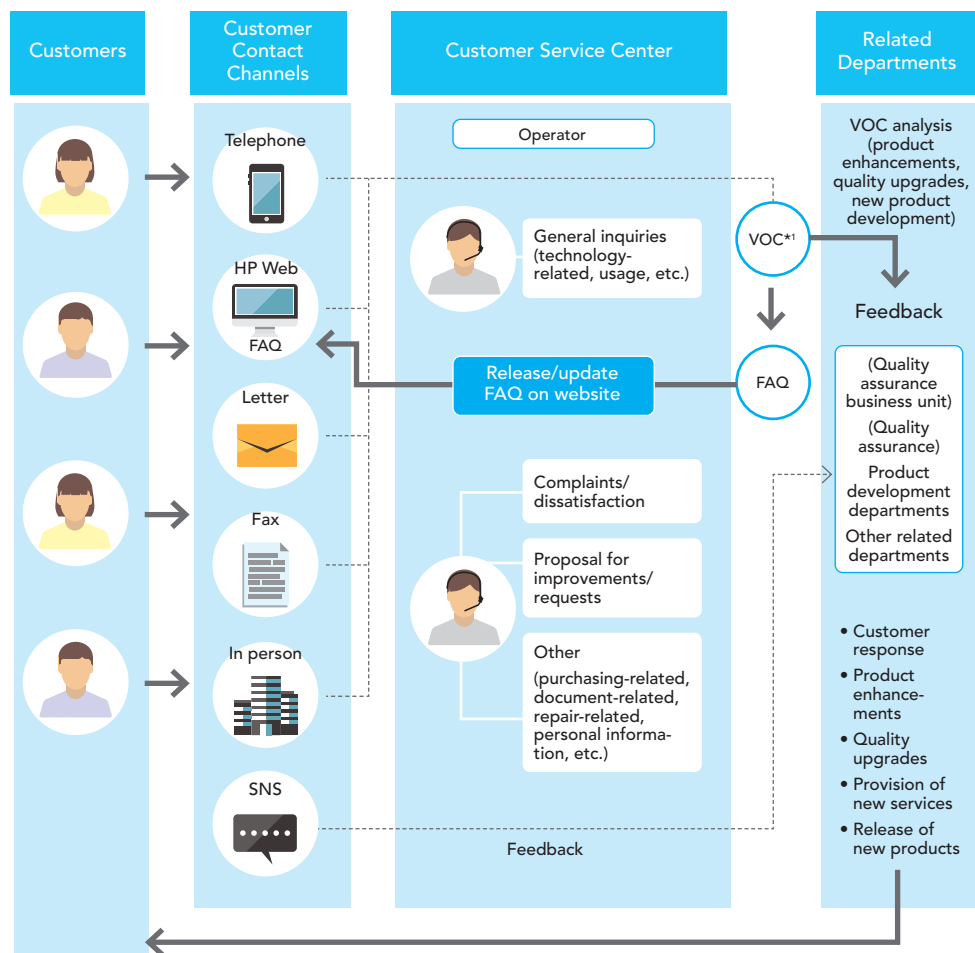


# With Customers

## 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 84%. The center will continue its policy of kindness, politeness, and quickness, and will work to improve its response system and upgrade the skills of its staff.

Response and Gratitude Call Percentages

	FY2017	FY2018	FY2019
Response percentage*2	79%	81%	84%
Gratitude call percentage*3	5.6%	5.7%	5.6%

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

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

### ▲ Creating and Improving Products to Address VOCs\*1

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

#### Examples of Developments and Improvements in Fiscal 2019

- In response to a large number of comments from customers seeking to be able to purchase replacement gel pads for their MOTE CARE EMS device, we coordinated with Maxell's online store to ensure that customers would be able to purchase them regularly.
- In response to a customer wanting to be able to use the OZONEO ozone anti-bacterial deodorizer in large spaces with a lot of human traffic, such as hospital waiting rooms, we developed the MXAP-AE400 for business use to handle large rooms of around 50 m<sup>2</sup>.
- Energy Station MES-TR470 is a large-capacity portable power supply that we developed in response to customers who want to use electricity in situations where power supplies are not available, such as outdoors. It can also be used as a backup power supply for homes and offices during emergencies, in preparation for increasingly frequent natural disasters.



## 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\*1 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 a 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\*2 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

I started working at Maxell Corporation of America as a marketing assistant in 2011. As my job evolved, so did I with the help of my mentors at MCA.

I saw opportunities in the marketplace and never gave up when an obstacle seemed out of reach. First off, I started with the care and maintenance category, such as recording media, then it evolved into headphones and earbuds. Because the market changes at an alarming rate, I am constantly seeking and developing new ideas for products and categories.

Products are always evolving and transforming into something more visionary. It is important to bring diversity to the functionality of our products rather than generic ideas. This allows us to capture market share, maintain sustainability, and realize growth. The excitement and motivation drive us to achieve a better solution and features for consumers, as there is always room for improvement, whatever the product category might be. I could never achieve anything I do without my fellow team members in the Marketing Department, Patrycja and Ashley. We challenge each other and strive for the same goal, which is making the best products to represent Maxell. Together as one, we can make the world get blown away once more!



**Eric Walbrecht**  
Senior Product Manager  
Maxell Corporation of America

#### Status of Quality Management System Standards Acquisitions

(As of April 2020)

Name of Certification	Division That Acquired Certification	
ISO 9001	Japan	Maxell, Ltd. (Energy Division, Sliontec Division, Life Solution Division, Optronics Division) / Maxell Frontier Co., Ltd. / Ube Maxell Kyoto Co., Ltd. / Maxell Izumi Co., Ltd. / Maxell Kureha Co., Ltd.
	Overseas	Wuxi Maxell Energy Co., Ltd. / Maxell Europe Ltd. Telford Plant / Maxell Tohshin (Malaysia) Sdn. Bhd. / Maxell Digital Products China Co., Ltd. / PT. SLIONTEC EKADHARMA INDONESIA / GANGQUAN PRECISION (SHENZHEN) CO., LTD.
IATF 16949	Ono Works (Maxell, Ltd.) / Yokohama Office / Works (Design department for In-Car Camera Lens Unit) (Maxell, Ltd.) / Gifu Works (Maxell Frontier Co., Ltd.) / Maxell Digital Products China Co., Ltd. / Maxell Tohshin (Malaysia) Sdn. Bhd.	
ISO 13485	Life Solution Division, Kyushu Office (Maxell, Ltd.)	



# With Business Partners

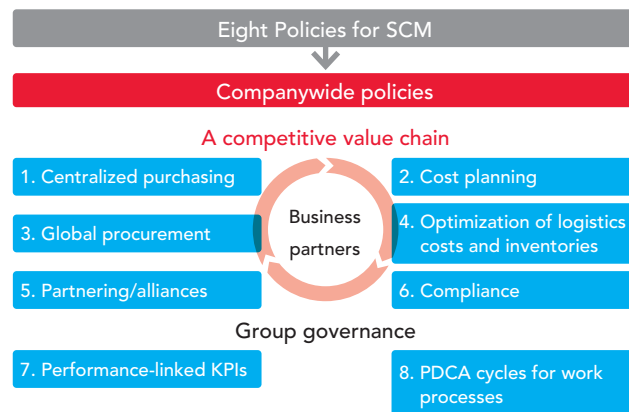
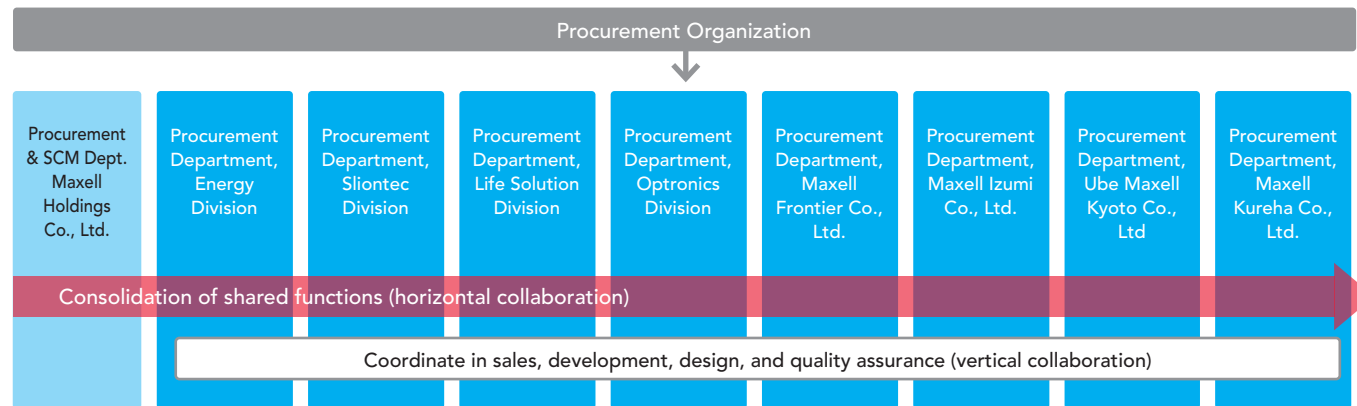
## Basic Policy

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 mindset, our businesses meet society's expectations by advancing CSR initiatives in close collaboration with business partners.

## System



## Reinforcing the Value Chain

### ▲ Pursuing Key SCM Measures

The Maxell Group has overhauled its procurement functions, which were previously conducted independently by divisions in each company. This realignment entailed establishing the Procurement & SCM Department as an organization tasked with implementing the Eight Policies for supply chain management (SCM) 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 based additionally on a unified Groupwide policy. We are also benefiting from being able to adjust procurement to reflect changes in market conditions.

### 1. Centralized purchasing

Indirect materials and common components were previously purchased independently by divisions, but we are now centralizing the purchasing function for these in the Procurement & SCM Department. From this fiscal year, we have also centralized arrangements for indemnity insurance and property insurance for Group companies in Japan in order to change to the most suitable policy details.

### 2. Cost planning

In fiscal 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.

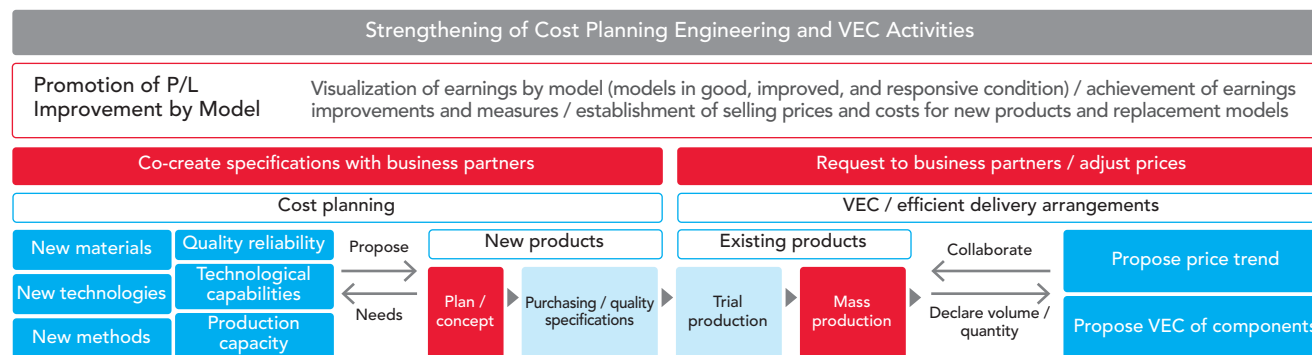
### 3. Global procurement

We convened a global procurement council for personnel responsible for procurement at overseas business sites to share information and expertise on how to reduce costs and find optimal suppliers. Recently in particular, bottlenecks have occurred for certain supplies due to the impact of COVID-19. We identified troubled suppliers around the world and took measures with regard to suppliers. For business partners in





## With Business Partners



China, we strengthened our risk countermeasures by using local credit research companies.

are recovered through sales. We are working to improve collaboration with personnel in each business division.

### 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

### 5. Partnering and alliances

The Maxell Group aims to conduct business activities together with its business partners to increase corporate value, sharing a common theme of contributing to the SDGs. We ask key business partners to complete a CSR self-assessment and regularly

assess the status of their CSR activities, providing assistance where necessary. A shared awareness of CSR with our business partners helps to strengthen our partnerships.

### 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 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

### ▲ Promoting CSR 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.

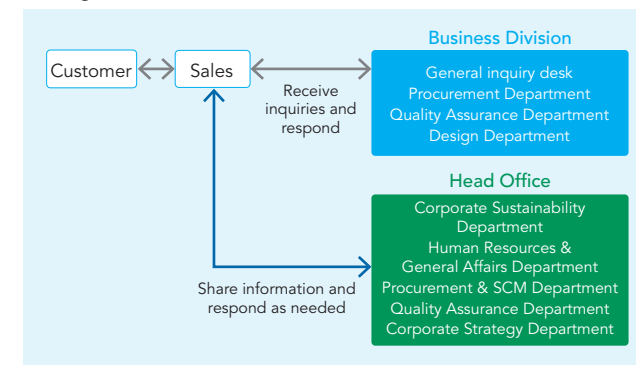
However, as CSR-related requirements of corporations continue to change daily, in January 2020 we revised our guidelines for contribution to the SDGs. Up until now, we have been

asking our business partners to promote CSR activities, and we will now work to promote CSR procurement activities even further by asking certain business partners to cooperate by conducting self-assessments of their CSR activities.

With regard to responsible procurement of minerals, our divisions have been conducting surveys back up the supply chain to the smelters and refiners for materials including tantalum, tin, tungsten, and gold (3TG), and cobalt. From fiscal 2019, however, we adopted a system in which the head office functions (Environment, General Affairs, Procurement, Legal Affairs, and Quality Assurance) also provide information. In fiscal 2019, in response to customers' requests, we submitted 86 reports using the Conflict Minerals Reporting Template (CMRT) issued by the Responsible Minerals Initiative (RMI) and eight reports based on the Cobalt Reporting Template (CRT). There were no instances of using minerals from problematic smelters or refiners.

\* The latest version of Maxell's CSR Procurement Guideline can be viewed at the following URL.  
[https://www.maxell.co.jp/procurement/pdf/procure\\_csr\\_guideline200820eng.pdf](https://www.maxell.co.jp/procurement/pdf/procure_csr_guideline200820eng.pdf)

### Conflict Minerals Reporting Template (CMRT, CRT) Information Sharing Structure





## With Business Partners

### CSR Procurement Initiatives

#### ▲ Supply Chain Management

Maxell sees its suppliers as important business partners in its business activities. Through our procurement activities, we aim to build relationships of mutual trust based on equality, fairness, and mutual prosperity, and to develop together.

#### ▲ CSR Procurement Program

Since fiscal 2019, we have been promoting a CSR procurement program, requiring observance of the procurement guidelines and using a PDCA cycle of self-assessments by suppliers, visiting inspections, and improvement activities. Through these initiatives, we have conducted improvement activities with the cooperation of our suppliers, and raised the level of our CSR procurement.

#### ▲ CSR Self-Assessment\*

In fiscal 2019, we confirmed the status of CSR procurement by our suppliers using a CSR self-assessment questionnaire (SAQ) issued to key suppliers in Japan to grasp the situation and implement improvements. The CSR self-assessment is an original questionnaire created by Maxell based on on-site inspection criteria of the Responsible Business Alliance (RBA). The questionnaire is aimed at our key suppliers of direct materials (parts suppliers who account for 80% of the procurement amount and for whom there are no alternative suppliers). For suppliers who score an assessment rank of D in the SAQ, we conduct on-site assessments, which lead to improvement activities. Furthermore, as this is the first time Maxell has tried this initiative, we are implementing it using a three-year plan.

\* CSR Self-Assessment  
A self-assessment of the status of compliance with the Maxell Group Supply-Chain CSR Procurement Guidelines  
Self-evaluation items: labor, health and safety, environment, ethics, quality and information security, and management system

#### CSR Self-Assessment

Rank	Score	Explanation
A grade	85% or higher	<ul style="list-style-type: none"> <li>Meets the level of activities required by the CSR Procurement Guidelines.</li> <li>Able to autonomously improve items that require improvement.</li> </ul>
B grade	65–84%	<ul style="list-style-type: none"> <li>Some items do not meet the level required by the CSR Procurement Guidelines and require improvement.</li> <li>Able to autonomously improve items that require improvement.</li> </ul>
C grade	50–64%	<ul style="list-style-type: none"> <li>Some items do not meet the level required by the CSR Procurement Guidelines and require improvement.</li> <li>The supplier needs to draw up an action plan for improving the items, check on the improvement status versus the plan, and make a report.</li> </ul>
D grade	49% or below	<ul style="list-style-type: none"> <li>Some items do not meet the level required by the CSR Procurement Guidelines and require improvement.</li> <li>The supplier needs to draw up an action plan for improving the items, check on the improvement status versus the plan, and make a report. The status of improvement should be audited.</li> </ul>

Fiscal 2019 was the first year. We received SAQ responses from 253 key suppliers of direct materials. In cases where the primary supplier was a trading company, we asked the secondary supplier to respond to the SAQ. In cases where the SAQ assessment result was a D grade ranking, we conducted on-site assessments and provided support for improvement activities. Suppliers who received a C grade were asked to submit an improvement plan and a written response, which was followed up continuously to help them achieve a B grade or higher.

#### Assessment Results for Primary Suppliers

	Fiscal 2019
Target	Direct material suppliers
Assessed suppliers	253 companies
Medium-term target	Reduce the proportion of C grade or lower to 0% by fiscal 2023
A grade (85% or higher)	34%
B grade (65–84%)	56%
C grade (50–64%)	10%
D grade (49% or lower)	0%



# 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.

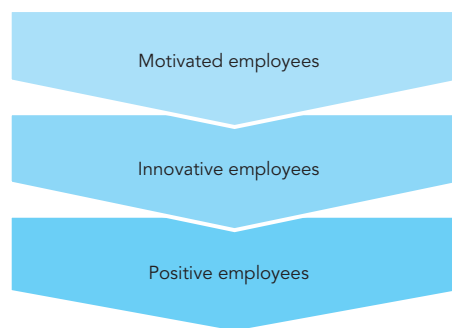
## Seeking Talented Personnel

### ▲ Our Basic Approach

We have three keywords for required human resources: autonomous, ingenious, and positive. For Maxell to achieve sustainable growth, we need human resources who can autonomously identify issues to be addressed with regard to changes such as customer needs and the market environment, then think by themselves and take action. Our initiatives to date have brought together employees with many fields of expertise. Our task is to instill in our employees the drive to create new value by leveraging this diverse competence and by combining and coordinating their specialties. The keys to 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.

The Personnel We Seek



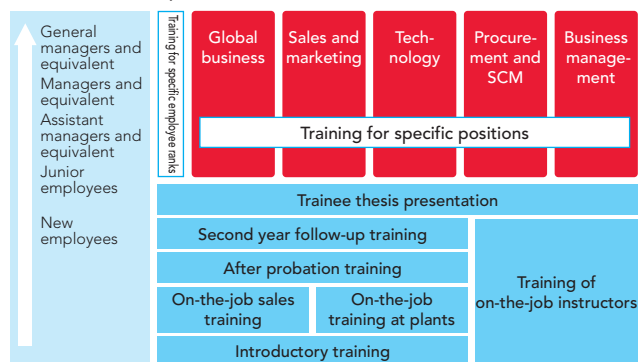
## Developing Personnel

### ▲ Developing Personnel

Our personnel development initiatives are carried out within five segments respectively: 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’ rank or specialty, along with global education such as overseas training. Moreover, we regularly update the training program education themes and methods in accordance with the needs of the times. These efforts have included the introduction of an online curriculum that enables participation even for those who must care for children or other family members.

In regard to the development of our next generation of managers, we are preparing human resources for strengthening our existing businesses and creating new businesses. We select candidates who will be taking managerial positions in the near future and beyond, giving them training or rotating their positions in a planned manner.

Personnel Development System



### ▲ Creating Employee-Friendly Workplaces

The Maxell Group is developing diverse 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. As a result, all employees who have taken childcare or caregiver leave have come back to work.

In fiscal 2019, we made effective use of the “Guidelines on Work and Holiday” that were implemented in 2018, helping employees in the head office divisions to cultivate the practice of taking planned annual leave, encouraging staggered work times in accordance with the regional characteristics of each business unit, and promoting understanding of business through interaction within the divisions. Partly as a result of creating this environment, as of April 1, 2020 the average consecutive years of service of our employees amounted to 20 years (20 years for males and 19 years for females).

Use of Childcare and Nursing Care Leave

	FY2017	FY2018	FY2019
Childcare leave	17	14	9
Nursing care leave	0	1	1



## With Employees

### Promoting Diversity Management

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

Realizing the importance of diversity, we have been promoting the in-house project M-Wing, which aims to leverage the different values, sensibilities, and experience of personnel to enhance our problem-solving capabilities, creativity, and flexibility.

Taking the theme, “fostering a workplace conducive to contributions by all staff,” M-Wing is comprised of selected members from each division, who have led efforts to advance diversity Groupwide by establishing a website that promotes diversity, conducting e-learning programs, and examining systems to facilitate work-life balance. In fiscal 2019, the M-Wing project activities were carried out through four working groups (WGs): the Cross-Divisional Networking WG, the Workstyle Reform WG, the External Networking WG, and the Public Relations WG. To spread the message about diversity promotion throughout internally, we use paper media such as internal newsletters and posters, as well as our internal SNS to stimulate communication and let even more people know about M-Wing activities.

For internal communications, we publish M-Wing newsletters to keep employees updated on our activities every month as well as introduce details on our WG activities and initiatives in other divisions. We put posters up in every workplace to help raise awareness of diversity promotion within the Company. The theme of these posters is “respect for diversity,” and includes the message that “a large umbrella of many vibrant colors (individuality) will always be a strength, and we are aiming to create a company that can withstand any downpour.” In addition, we have set up “Happy Life by M-Wing” on our internal SNS as a space for interactive communication to complement



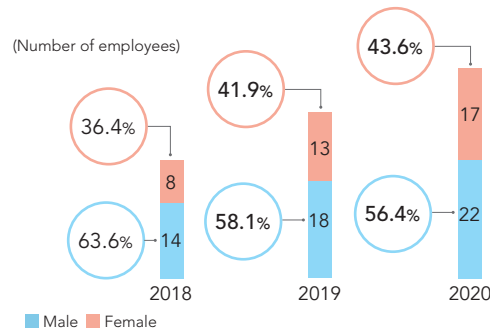
our M-Wing newsletter and posters. We will continue working to increase understanding of diversity promotion among Maxell employees and to create workplaces where everyone can participate actively.

#### ▲ 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.

Furthermore, in regular recruitment we are aiming for new female graduates to account for 50% of office and sales positions and 20% of technical positions. As a result, 44% of employees hired through regular recruitment in fiscal 2020 were women, compared with 42% in fiscal 2019.

Ratio of Male to Female Employees among New Graduates



### Global Human Resources Working Overseas

I joined the Company to work in BtoB sales at Maxell's Singapore sales company. Since returning to Japan, I have been working in overseas sales of in-car camera lens units.

Dealing in optical components requires high-level specialist knowledge, and I need to cooperate with specialist engineers to solve customers' problems. However, rather than simply drawing a line around my own area of responsibility and ignoring the engineering side, I try to ensure that I am familiar with issues in the areas of design, manufacture, and quality, and gradually deepen my understanding of engineering so that I can solve day-to-day problems, working alongside people in and outside the Company.

To solve issues, we hold a discussion to grasp the essence of the problems and then build mutual trust to overcome them—this is the same in Japan and overseas. However, I felt a real sense of accomplishment and joy at succeeding in this task overseas, where languages, culture, and customs differ. I was also very encouraged that we received a supplier award from my customer for two consecutive years.

Since 2019, I have been posted in Germany, where I am working to develop new customers in Europe, the forefront of automotive engineering and development. By taking as many opportunities as possible to experience and absorb the outstanding negotiation techniques and presentation skills of people in Europe and their dedicated approach to work, I hope to grow further myself.



**Mari Haraguchi**  
Business Planning Manager,  
Maxell Europe Ltd.  
Satellite office Munich





## 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 cross-divisional safety patrol inspections. In fiscal 2015, we established global minimum safety standards. Using these as a template, we will prepare safety standards that are applicable to manufacturing bases outside of Japan and steadily introduce them to our bases overseas.

As our business scale increased through the Maxell Business Platform (MBP), we also saw a rise in the number of work-related accidents. In response, 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" (a set of five "why" questions). In fiscal 2020, we will continue to forge ahead with these measures with the aim of eliminating work-related accidents.



Safety patrol inspections

Moreover, in fiscal 2019 we deployed 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, we conducted initial response training and business recovery training for emergencies at our Kyoto Headquarters. We plan to address the issues that were identified through these activities in our next initiative. Our task now is to create risk control manuals and conduct other safety-related measures to advance our overseas crisis management that enable employees to continue providing services safely and with peace of mind.



BCP disaster prevention drill

### 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' health checkup and medical receipt data, we implement prevention programs targeting employees who either have lifestyle-related diseases or are at risk of developing them. In addition, 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 (EAP) that provides counseling through an outside consultation office to help employees deal with any anxieties they may be experiencing. Furthermore, to help 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 have been conducting stress checks since June 2016 in accordance laws and regulations. In fiscal 2019, we conducted checks focused on employees' stress resilience and followed up with a seminar explaining ways to make use of the check results and offering guidance from a lecturer. Through new initiatives such as this, we advanced our activities to help people avoid high levels of stress.

#### Health and Productivity Management

Maxell acquired a designation as a 2020 Certified Health & Productivity Management Outstanding Organization (large enterprise category).\* We will encourage newly added Group companies to acquire this recognition as well, and aim to attain a designation as a White 500 company. To this end, we are enhancing our welfare program and promoting a range of initiatives aimed at creating a company where all Group employees can take care of their health and productivity while they work.



2020  
健康経営優良法人  
Health and productivity

\* Maxell, Ltd. and the former Maxell Joiei Tech Co., Ltd.



## 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 in its Corporate Governance Guidelines, with a view to enhancing corporate value over the medium to long term and sustaining growth. In addition, the Group has established the Corporate Strategy Department to manage investor relations (IR). 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.

### Disseminating Information to Shareholders and Investors

#### ▲ Direct Dialogue through Briefings and Meetings

The Maxell Group actively conducts various types of IR 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 IR 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.

#### ▲ Communication with Shareholders and Investors

We actively communicate with shareholders and investors through a range of IR 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 IR 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.

#### ▲ Dialogue during the COVID-19 Pandemic

The COVID-19 pandemic forced a halt to overseas IR activities that had been planned for January to March 2020, making it difficult to engage in direct dialogue with our shareholders and investors. However, we have made use of telephones, online meetings, and other means to provide information about our latest management measures and operating results.

#### Main Activities in Fiscal 2019

Details of Activity or Event	Fiscal 2019 Results
Individual meetings with institutional investors	170 times
Briefings for analysts, institutional investors, and business briefings	5 times
Individual meetings at IR roadshows overseas	54 times (North America: 19, Europe: 10, Asia: 25)
Company introductions and other small meetings	3 times
Briefings for individual investors	6 times



General Meeting of Shareholders

#### Communication Tools

Transmission of information to institutional and individual investors



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



Integrated reports



Business reports



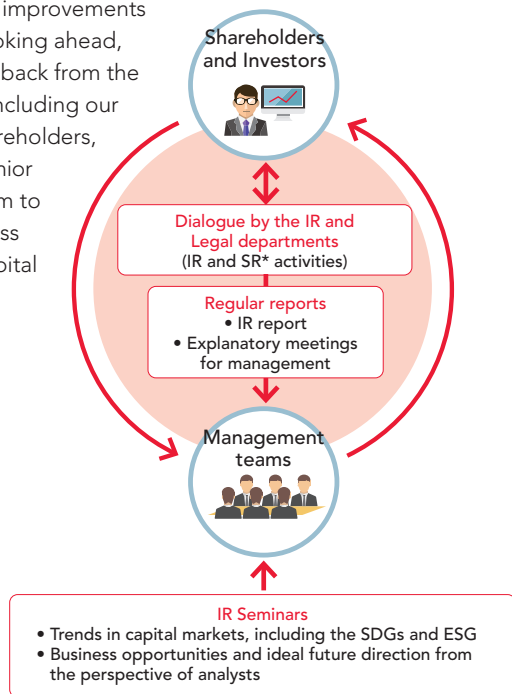
## With Shareholders and Investors

### 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.

Continuing our fiscal 2018 initiative of holding four IR Seminars for personnel in managerial positions, including senior management, in fiscal 2019 we held IR Seminars for senior management personnel, run by a consulting company. These seminars focused on the way that the Company is viewed by the capital markets and points where improvements are expected. Looking ahead, we will share feedback from the capital markets, including our investors and shareholders, with the entire senior management team to inform our business strategies and capital policies.



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

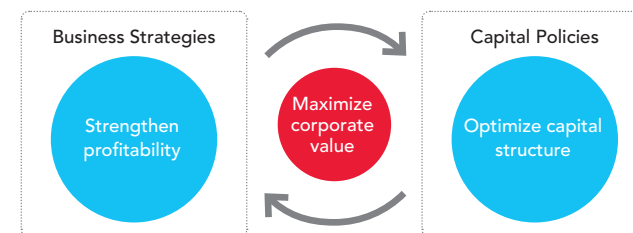
In fiscal 2019, we distributed a special dividend of ¥250 per share with a record date of June 30, 2019, in addition to an ordinary dividend of ¥18 per share (interim dividend) with a record date of September 30, 2019. However, we did not distribute a year-end dividend as the Company recorded a significant loss attributable to owners of parent.

Moreover, for fiscal 2020, we also expect to make no dividend payments (as of July 7, 2020), as we expect delays in the recovery of profitability in an adverse business environment due to the impact of COVID-19, and we have also designated fiscal 2020 as a year for creating a foundation for growth in fiscal 2021 and beyond.

In fiscal 2019, we repurchased treasury shares as planned (3.36 million shares, ¥5.0 billion).

#### ▲ 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 Fiscal 2019

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, Kawasaki Works, Kobuchizawa Works
	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 292 students participated	Kyoto Works
	Had 1,372 employees participate in cleaning up the neighborhoods of nine works in Japan	Kyoto Works, Ono Works, Kyushu Works, Kobuchizawa Works, Kawasaki Works, Gifu Works, Miyagi Works, Tokyo Office, Nagano Works
	Had 200 employees take part in an October hiking and cleanup event in Fuzhou, China aimed at raising environmental awareness	MDCN
	Picked up plastic, cigarette butts, fruit peels, and other trash from Xingchuan 1st Road and Gao Lang Lu street around Wuxi Maxell Energy Co., Ltd.	WME
	Installed green curtains to reduce the environmental impact of air conditioning equipment as part of efforts to address global warming	Kyushu Works, Gifu Works
	Dimmed our lighting on the 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
	Collected eco bottle caps	Kyushu Works, Kawasaki Works
Education of the next generation	Supported and participated in "Summer Vacation 2019 Homework and Self-Study Blitz" in Tokyo and Osaka	Tokyo Office
	Held 13 classes on batteries, including Hitachi Science Seminars, for 1,074 elementary and junior high school students	Kyoto Works, Ono Works
	Conducted plant study tours	Kyushu Works, Kobuchizawa Works, Nagano Works
	Supported the girls soccer team of Grange Park Primary School in Telford, the United Kingdom	MEL
	An electric wheelchair of Team OECU&H of Osaka Electro-Communication University, powered by a drone battery, entered the CYBATHLON Wheelchair Series Japan 2019.	Kyoto Works
Harmony with local communities	Participated in Da Vinci Masters activities	Tokyo Office
	Accepted a graduate school student from Kobe University for an internship	Kyoto Works
	Provided supplies to areas affected by the heavy rain in northern Kyushu in August 2019. Teamed up with Daisaku Shoji Ltd. to provide supplies to combat heatstroke, such as Daisaku Shoji's "My Fan Mobile" wearable electric fans and distributed more than 2,400 Maxell AA batteries and 600 rolls of adhesive tape to 16 locations in the cities of Takeo and Ogi, and the town of Omachi.	Kyoto Works, Kawasaki Works
	Provided supplies to areas affected by Typhoon Faxai in 2019. Teamed up with Daisaku Co., Ltd. to provide supplies to combat heatstroke, such as Daisaku's neck-mounted personal fan, My Fan Mobile, and distributed more than 4,800 Maxell AA batteries 10 locations in the cities of Tateyama, Nagara, and Futtsu.	Kyoto Works
	Donated 60 ozone anti-bacterial deodorizers to 11 hospitals in Wuhan, China	MSH
	Tested the soft robot, Amoeba GO-1, powered by a drone battery, for carrying luggage at a municipal housing complex	Kyoto Works
	Held plant observation tours for families	Kawasaki Works, Kobuchizawa Works
	Promoted "local production for local consumption" activities in employee cafeterias	Kyoto Works
	Welcomed technical interns from India	Ono Works
	Donated aluminum wheelchairs made from recovered aluminum cans and bottle caps to Roadside Rest Area Yonezawa	Yonezawa Works
	Carried out blood donation activities in Malaysia, collecting 150 bags of blood	MTM
	In August, supported United Way, an initiative for assisting academic success for students in Passaic County. MCA employees donated notebooks, pens, pencils, crayons, backpacks, etc.	MCA
	In September, donated AA and AAA batteries in response to a request from the retail association of Freeport, Bahamas, which was damaged by Hurricane Dorian. Also donated toothpastes, pharmaceuticals, and anti-bacterial wipes.	MCA
	Provided socks and daily essentials to support burn victims of a fire at a drug and alcohol rehabilitation facility	MCA
	Sponsored JAPAN JAM 2019 and the 21st Takatsuki Jazz Street Festival	Kyoto Works, Tokyo Office
Had 10 employees participate in Walk for Millions, a charity event that supports low-income households in Hong Kong	MAS	
In October, the MDCN Group again conducted activities at the Hongliao Central Elementary School in Shoushan Township, Jin'an District, Fuzhou, China. This time, we donated a projector, computer, backpacks, assistance money, and scholarships to the teachers and students of the school, and raised awareness about separating waste.	MDCN	
In July, WME donated 8,000 yuan to the Qinghai Mutual Assistance Education Board through the Xinwu District Charity Association in Wuxi, China	WME	
Donated Islamic prayer mats (nonstandard intermediate products) to nearby villages, mosques, and schools in Indonesia 14 times (annual)	SLEI	
Invited orphans residing near our plant in Indonesia, gave them stationery sets, and held a dinner party for them (annual event)	SLEI	

MDCN: Maxell Digital Products China Co., Ltd., MAS: Maxell Asia, Ltd., SLEI: PT. SLIONTEC EKADHARMA INDONESIA, MEL: Maxell Europe Ltd., MTM: Maxell Tohsin (Malaysia) Sdn. Bhd., MCA: Maxell Corporation of America, WME: Wuxi Maxell Energy Co., Ltd., MSH: Maxell (Shanghai) Trading Co., Ltd.



## With Local Communities and Society

### Environmental Preservation

#### ▲ Ocean Plastic Waste Cleanup Activities

September 19, 2020 was World Cleanup Day 2020, an event where 20 million people in more than 180 countries around the world all worked as one to clean up the Earth. It was also the final day of a nationwide cleanup campaign, Ocean Waste Zero Week 2020. Volunteers from Maxell participated on the day in cleanup activities at Nishikinohama Beach in Kaizuka City, Osaka Prefecture.

Twenty-eight participants, including the president of Maxell Holdings, picked up about 28 kg of waste from the beach and the sea, including plastic bags and pieces of polystyrene.

We will continue these kinds of activities, taking action on the growing problem of ocean waste while raising awareness about reducing waste among employees.



### Education of the Next Generation

#### ▲ Family Events and Plant Observation Tours

As part of the M-Wing diversity promotion project, we held a plant observation tour for employees' children during the summer holidays. This activity aims to give family members a chance to experience the atmosphere of the workplace and to deepen family bonds.

In fiscal 2019, the tours were held at two locations—Maxell's Kawasaki Works and Kobuchizawa Works—with 11 families, totaling 30 participants. It was the first time for the Maxell Group to hold the tours while the plants were in operation, and children who participated as part of their free studies during summer holidays observed with interest and asked questions. Family members who visited the employee cafeteria were treated to lunch. The activity helped employees' families to understand Maxell's products and services, and also helped to strengthen mutual understanding between employees by providing an opportunity for colleagues' families to interact.



Plant observation tour at the Kawasaki Works



Plant observation tour at the Kobuchizawa Works

### Harmony with Local Communities

#### ▲ Providing Support for Those Affected by Heavy Rains in Northern Kyushu and Support for Wuhan City Hospitals in China

In August 2019, western Japan was hit with heavy rains. We assembled a support team with Daisaku Shoji Ltd. and the American football team of Kyushu University to conduct joint activities. We donated 2,400 AA batteries, which were used in wearable electric fans donated by Daisaku Shoji. At the same time, we offered 600 rolls of adhesive tape, which were used to assemble cots in evacuation areas.

In other activities, Maxell (Shanghai) Trading Co., Ltd. donated 60 ozone anti-bacterial deodorizers\*, able to eliminate viruses, bacteria, and odors, to 11 hospitals in the Chinese city of Wuhan following the outbreak there of COVID-19.

\* In developing the ozone anti-bacterial deodorizer, Maxell confirmed that it is effective in eliminating various bacteria and viruses. With regard to the novel coronavirus that causes COVID-19, we undertook joint research with Nara Medical University using OZONE AERO units (MXAP-AE270) to confirm their efficacy for deactivating the virus under test conditions. (The research does not demonstrate efficacy under actual usage conditions.)

<http://www.naramed-u.ac.jp/university/kenkyu-sangakukan/oshirase/mbtsars-cov-2.html>

[https://ssl4.eir-parts.net/doc/6810/ir\\_material21/150030/00.pdf](https://ssl4.eir-parts.net/doc/6810/ir_material21/150030/00.pdf)



# 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,\*<sup>1</sup> 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 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 2013 levels by fiscal 2030. Currently we have established specific action plans through to 2030, and plan to continuously promote steps that will boost the possibility of achieving the target.

Also, in January 2019 we began participating in the Japan Climate Initiative (JCI).<sup>\*2</sup> 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's Fiscal 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 2019, we succeeded in carrying out improvement measures as initially planned; however, due to a deterioration in earnings, our performance on a per unit basis declined year on year.

Furthermore, in fiscal 2019 we recorded 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\*<sup>3</sup>

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

No.	Action Target	Segment* <sup>4</sup>	FY2019			FY2020	
			Target	Result	Evaluation	Target	
1	Net sales ratio of eco-friendly, CSR/CSV products (%)	Japan / Overseas	95	97		95	
2	Percentage of eco-friendly, CSR/CSV products registered using new assessments (%)	Japan / Overseas	100	100		100	
3	Percentage of eco-friendly, CSR/CSV products brought to market (%)	Japan / Overseas	90	100		90	
4	"Eco mind" education enrollment rate (%)	Japan / Overseas	100	100		100	
5	Maintenance of zero emissions (annual) (target: manufacturing bases) (Quantity of final disposal: fewer than 5 tons; final disposal rate: less than 1%)	Japan	19	19		20	
6	Energy	Per unit of production x 10 <sup>-3</sup> (kJ/million yen)	Japan / Overseas	379	412		416
		Plants in Japan	355	375		395	
	Per unit of net sales x 10 <sup>-2</sup> (%)	Plants in Japan	147	163		161	
	Per employee and surface area (kJ/person and km <sup>2</sup> )	Offices in Japan and overseas	18	16		18	
7	Waste	Per unit of production x 10 <sup>-4</sup> (t/million yen)	Plants in Japan and overseas	447	497		482
		Per unit of net sales x 10 <sup>-4</sup> (%)	Plants in Japan and overseas	631	757		789
		Recycle rate (%)	Plants in Japan and overseas	70.0	73.1		70.0
8	Water use	Per unit of production x 10 <sup>-2</sup> (m <sup>3</sup> /million yen)	Plants overseas	600	618		600
		Per unit of sales x 10 <sup>-4</sup> (%)	Plants overseas	486	518		540

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

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

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

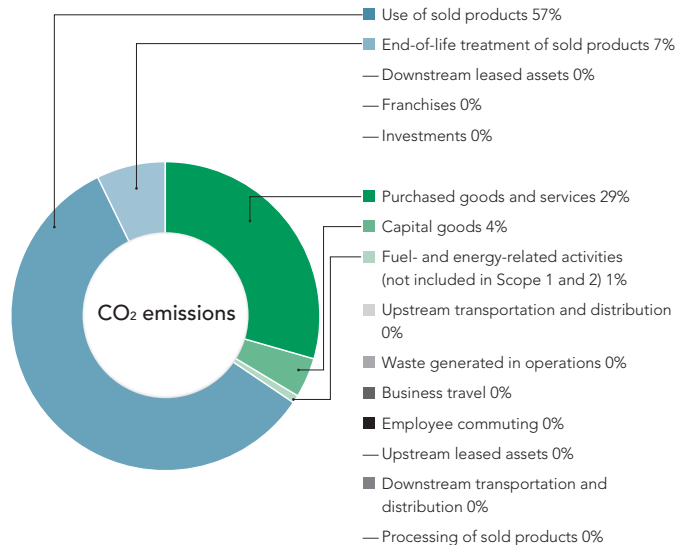
## With the Environment

### ▲ 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.

CO<sub>2</sub> emissions in the use of sold products make up more than half of the total, and we will reduce these by promoting energy-saving designs.

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



## Accomplishments and Progress of Environmental Activities

### ▲ Prevention of Global Warming

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

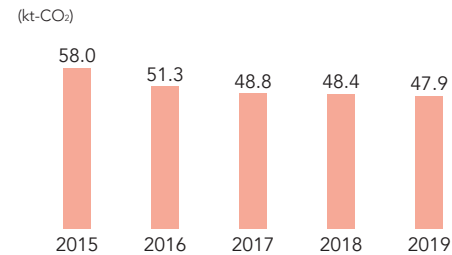
In fiscal 2019, we proposed a plan to systematically renew air conditioners and chillers particularly at Maxell’s Kyushu Works. By upgrading to energy-saving types and adjusting capacity to suit the current situations, we achieved 49 MWh of energy savings.

Furthermore, Maxell’s worksites in Ono, Fukuchiyama, and Kobuchizawa together produced 3,471 MWh of solar power during the year.

Domestically, in fiscal 2019 the Maxell Group’s CO<sub>2</sub> emissions decreased 1.0% from the previous year. Overseas, we achieved a 3.1% reduction, making for an overall reduction of 2.0%.

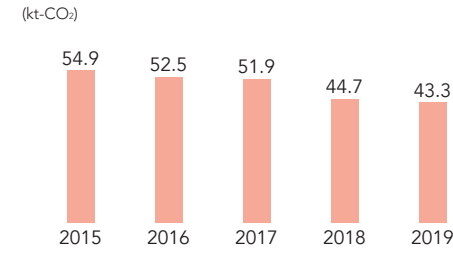
CO<sub>2</sub> Emissions (Scope 1, 2\*)

#### Japan



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

#### Overseas\*\*



\*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 United Kingdom, 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

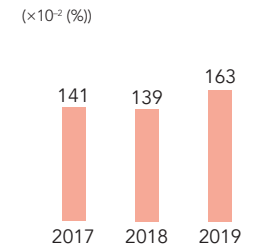


Japan is targeting short-term greenhouse gas reductions of 3.8% by 2020 compared with fiscal 2005 levels, and medium-term reductions of 26% by 2030 compared with fiscal 2013 levels. In fiscal 2019, the entire Maxell Group achieved CO<sub>2</sub> emission reductions of 59.2% compared with fiscal 2005 levels and 25.7% compared with fiscal 2013 levels.

In fiscal 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 third and fifth consecutive years, respectively.

\* Currently Maxell Frontier Co., Ltd.

Energy per Unit of Net Sales



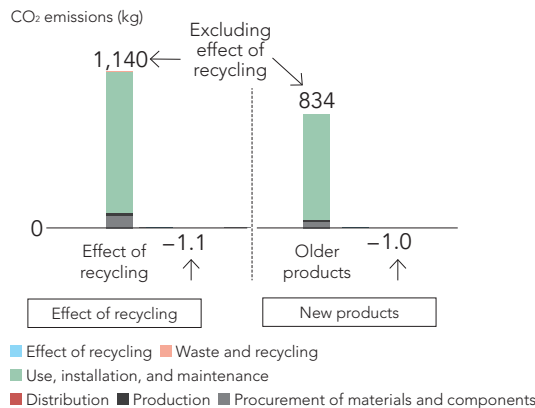


## Accomplishments and Progress of Environmental Activities

### ▲ Visualization of Environmental Performance through LCAs

Based on life cycle assessments (LCAs), we conducted a comparison of projectors that use a laser light source in place of a mercury lamp and a conventional product (laser light source projector) in terms of CO<sub>2</sub> emissions, waste, and water use, and we worked to visualize environmental performance. The results showed that the new projector produced considerably fewer CO<sub>2</sub> emissions over its entire life cycle, from the manufacture of raw materials through production, distribution, use, and recycling. In addition, evaluations of waste and water use showed similar results.

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



Laser light source liquid crystal projector

### ▲ Reduction of the 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 2019, we registered 16 environment-friendly products, such as the Luminous hair dryer, a laser light source liquid crystal projector, an in-car camera lens unit, and various kinds of tape, including double-sided tape and UV-cure type dicing tape.

#### Product Recycling

Under the Act on the Promotion of Effective Utilization of Resources, Maxell has joined the Japan Portable Rechargeable Battery Recycling Center (JBRC) and displays the recycle mark on lithium ion batteries that it produces to raise customers' awareness about the use of recovery and recycling systems. The amount of batteries recovered by manufacturer is not clear, but the amount of small-sized lithium ion batteries recovered continues to increase year by year. (According to JBRC data, 456 tons were recovered in fiscal 2019, up 56% year on year.)

In addition, we received approval to promote the recycling of projectors from the Ministry of the Environment in April 2019 under the National Permit System. Hair dryers and electric shavers are subject to the Act on Promotion of Recycling of Small Waste Electrical and Electronic Equipment and are collected by municipalities.

### ▲ 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 2019 increased 1.6% from fiscal 2018 due to the lack of change in the amount of energy used. Maxell is not a specified consigner under the Act on the Rational Use of Energy.

	Production (millions of yen)	Use (10,000 ton-kilometers)	Per unit (ton-kilometers/millions of yen)
FY2017	65,251	1,167.3	179
FY2018	58,919	1,138.1	193
FY2019	56,543	1,108.4	196

### ▲ Chemical Substance Management and Clean Technology

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. Batteries are not subject to the RoHS directive, and as we are taking steps to use zero mercury, all types of primary and rechargeable batteries manufactured and sold by Maxell satisfy the RoHS directive. For oxygen sensors that are excluded from the RoHS directive, we have succeeded in eliminating lead using proprietary technology.

In addition, we manage the storage and processing status of equipment using PCBs. In fiscal 2019, we processed this equipment at the Kyoto Works, the Tsu Plant, and the Kameyama Plant. Going forward, we will gradually process the equipment using PCBs that is awaiting 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

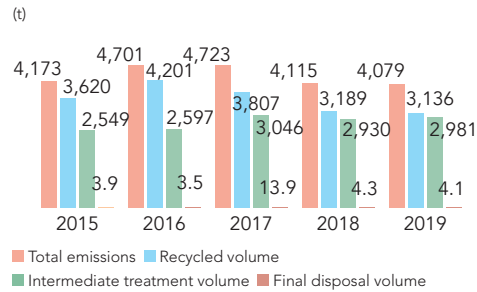
The Maxell Group is taking thorough measures to sort waste, promote the recycling of waste through the sharing of information between worksites, and expand in-house intermediate waste treatment with the aim of achieving zero emissions.\*1 For example, in the manufacturing process of lithium ion batteries we separate the electrode material and coating residue emitted in each process and deliver them to appropriate service providers to recycle the rare metal cobalt as well as copper and aluminum, among others (248 tons in fiscal 2019). At the Ono Works, we also recycled silver oxide (2.6 tons in fiscal 2019).

In fiscal 2019, the amount of waste and recyclable materials the Group generated in Japan declined 0.9% compared to the previous fiscal year. However, the Group's manufacturing bases in Japan achieved zero emissions for the 19th consecutive year, thanks to stronger recycling efforts.

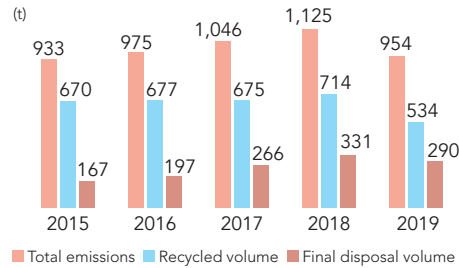
\*1 Zero emissions criteria (evaluated by each worksite): a final waste disposal amount of fewer than five tons per year and a final disposal rate of less than 1% per year

#### Waste Treatment

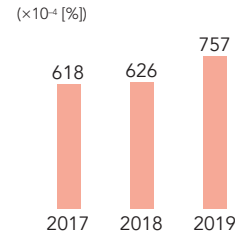
##### Japan



##### Overseas



#### Waste per Unit of Net Sales

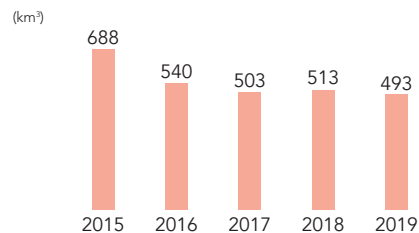


### ▲ Measures to Reduce Water Use

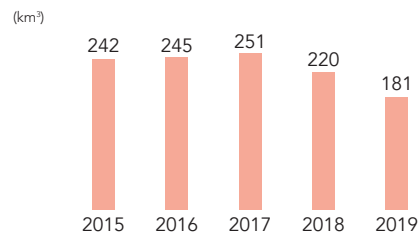
The Maxell Group strives to preserve water resources, including by reducing the amount of water used in manufacturing processes and recycling used water. At the Kyoto Works, we installed a system capable of recovering 100% of drain water in step with an increase in the use of steam with an increase in production of electrodes for lithium ion batteries. This enabled us to save 59 km<sup>3</sup> of water annually. Group worksites in Japan decreased their use of water 3.9% year on year, while overseas worksites reduced their use 17.7%, resulting in an 8.1% year-on-year decline for the Maxell Group as a whole.

#### Japan

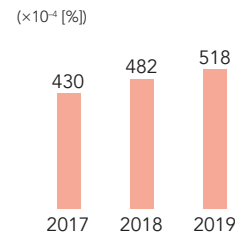
##### Water Use



##### 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.

In fiscal 2019 we participated in many types of activities, but we restricted activities in fiscal 2020 due to COVID-19. Activities other than cleanups have been suspended for the time being.

Furthermore, as a contribution to achieving the SDGs, we became an affiliated partner of the Blue Seafood Guide, an activity by Sailors for the Sea Japan. As part of this membership, we are working actively to incorporate Blue Seafood\*2 items in the menus at our employee cafeterias. Currently, we provide Blue Seafood items at the Kyoto Works, Kawasaki Works, and Kobuchizawa Works. We also promote local food production for local consumption at the Kyoto Works.

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



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



## Corporate Governance

### ▲ Appointment of Outside Directors

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

#### Reasons for Appointing Outside Directors

Name	Reason for Appointment
Brian K. Heywood	Mr. Heywood has an investment track record in many Japanese companies and experience in corporate revival and cultivation as the CEO of a global investment fund. He is expected to contribute to business structural reform of the Company and enhancement of the Company's corporate value.
Sachiko Murase	Ms. Murase has a wealth of experience and expertise as a lawyer specializing in corporate legal affairs and experience as an outside officer of listed companies. She is expected to contribute to strengthening the corporate governance of the Company and enhancement of the Company's corporate value.
Tatsuhiko Izumi	Mr. Izumi has extensive management experience in automotive-related businesses and experience in business portfolio reform and management reform. He is expected to contribute to the promotion of the Company's growth strategy and corporate governance, and enhancement of its corporate value.
Shinobu Watanabe	Mr. Watanabe has management experience at a listed company and abundant global experience and insight. He is expected to contribute to the promotion of the group governance of the Company and enhancement of its corporate value.

- The Company has entered into agreements with outside directors Brian K. Heywood, Sachiko Murase, Tatsuhiko Izumi, and Shinobu Watanabe wherein their liability is limited to the minimum amount provided for in Article 427, Paragraph 1, and Article 425, Paragraph 1, of the Companies Act of Japan.
- The Company has appointed the three outside directors Sachiko Murase, Tatsuhiko Izumi, and Shinobu Watanabe as independent directors in accordance with the standards defined by the Tokyo Stock Exchange and has submitted notification of this to the exchange.

#### Activities of Outside Directors (April 1, 2019–March 31, 2020)

Name	Activities
Tatsuhiko Izumi	<ul style="list-style-type: none"> <li>• Attendance at the Board of Directors meetings: 19 of 19 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 the Board of Directors meetings: 19 of 19 meetings</li> <li>• Attendance at the Audit and Supervisory Committee meetings: 18 of 18 meetings</li> <li>• Statements at the Board of Directors meetings and Audit and Supervisory Committee 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 the Board of Directors meetings: 19 of 19 meetings</li> <li>• Attendance at the Audit and Supervisory Committee meetings: 18 of 18 meetings</li> <li>• Statements at the Board of Directors meetings and Audit and Supervisory Committee 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

#### Remuneration Determination Policy and Composition

The Company's basic policy for remuneration for directors and Audit and Supervisory Committee members is that it should be (1) a remuneration system that undertakes mandates given by stakeholders and contributes to sustainable growth and improvement of corporate value, (2) remuneration that enables appointment of diverse and talented personnel who assume management of the Group, and (3) a system design that has transparency, objectivity, and rationality from the viewpoint of accountability.

Remuneration for directors (excluding directors who serve as Audit and Supervisory Committee Members) consists of basic remuneration (monthly salary), performance-linked remuneration (bonus), which varies depending on the business performance for the single year, and share-based remuneration, distributed as a long-term incentive. For the outside directors and the Audit and Supervisory Committee Members, remuneration consists of basic remuneration (monthly salary) only.

Performance linked remuneration (bonus) varies within a range between 0% and 200% against each standard yearly income by position based on business performance of the Company (achievement ratio against net sales, operating income, and return on equity [ROE] targets) and individual performance of directors (accomplishments on management tasks). Share-based remuneration is operated as a share delivery trust system in which directors are given points corresponding to business performance (ROE) during the term of office and shares of the Company corresponding to the points given when the directors retire from office. The number of points given varies within a range between 0% and 200% based on the ROE target of the mid-term management plan.

The level of remuneration (standard yearly income) is set by considering the duties and other aspects of each director position, with reference to levels of remuneration at similar sized companies in the same industry, based on research by an external specialist organization.

To ensure the appropriateness of the remuneration for directors and the transparency of the determination process, the Company has established the Nomination and Remuneration Committee, to act as an advisory council to the Board of Directors, with independent outside directors as the majority of its members. The Nomination and Remuneration Committee advises on the policy for determining directors' remuneration, details of the system, and related matters, and the Board of Directors determines the remuneration after receiving this advice.

Remuneration amounts for directors (excluding directors who serve as Audit and Supervisory Committee Members) are decided by the president and representative director within the total amount of remuneration resolved by the General Meeting of Shareholders and based on the standards decided by the Board of Directors after deliberation by the Nomination and Remuneration Committee. Remuneration amounts for directors who serve as Audit and Supervisory Committee Members are decided by discussion between directors who serve as Audit and Supervisory Committee Members within the total amount of remuneration resolved by the General Meeting of Shareholders.

## Corporate Governance

### Remuneration for Directors and Audit and Supervisory Committee Members in Fiscal 2019

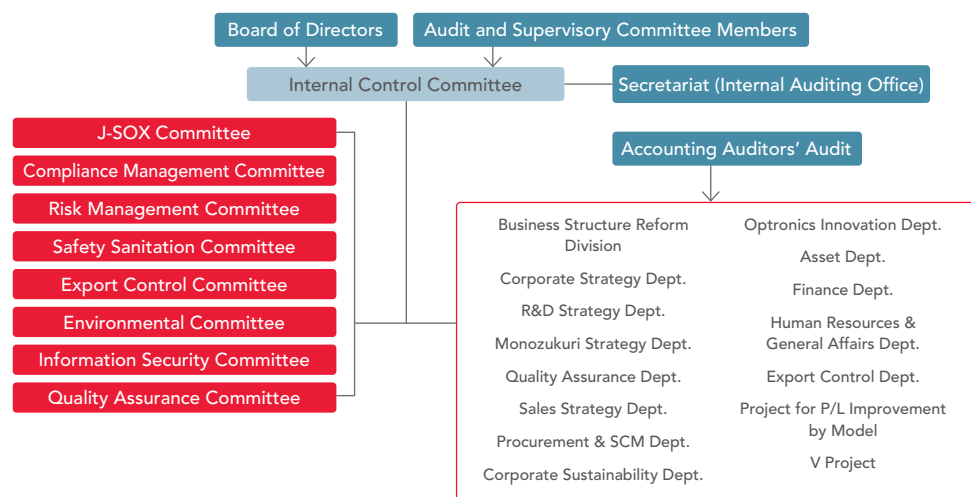
Classification	Remunerated Individuals	Total Remuneration (Millions of yen)
Directors (excluding Audit and Supervisory Committee Members and outside directors)	6	176
Directors (Audit and Supervisory Committee Members; excluding outside directors)	1	20
Outside directors	3	26

- The number of remunerated individuals for directors (excluding directors who serve as Audit and Supervisory Committee Members) includes one director who resigned on March 28, 2019.
- The amount of remuneration for directors (excluding directors who serve as Audit and Supervisory Committee Members and outside directors) includes expenses of ¥6 million for performance-linked compensation (share-based remuneration) that was recorded in the fiscal year under review.

### 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



### 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 enhancing corporate value.

The analysis and evaluation of the effectiveness of the Board of Directors in fiscal 2019 was conducted as follows.

#### 1. Evaluation of Effectiveness of the Board of Directors

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

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

- Structure of the Board of Directors
- Effectiveness of the Board of Directors
- Effectiveness of appointment and remuneration systems for directors and executives
- Management of the Board of Directors
- Personal evaluation
- Structure of support and cooperation for outside directors
- Roles of the 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

The Board of Directors was recognized as having appropriate communication and cooperation among the outside directors and between the outside directors and the members responsible for business execution. Moreover, free and fair discussions are held in the Board of Directors' meetings, such sufficient opportunities to speak given to each director and so forth. On the other hand, in the previous fiscal year issues were recognized with respect to resolving inefficiencies due to the holding company structure, following up on investment projects, and making sufficient planning for successor training, and improvement measures have been conducted; however, these issues were again recognized as needing continued work going forward. It was also recognized as a new issue to be addressed that the Group's governance needs to be strengthened.



## Corporate Governance

### 3. Future Measures Based on the Analysis and Evaluation Related to the Effectiveness of the Board of Directors

In fiscal 2020, the Board of Directors will discuss radical structural reforms, including the status of the holding company structure, aiming to reassign responsibility and authority throughout the entire Group, strengthen monitoring functions, and rebuild the Group's governance. In addition, the Company will enhance its successor training plan by encouraging information provision to the Board of Directors and discussion, and more autonomous involvement by the Nomination and Remuneration Committee and the Board of Directors.

#### ▲ Strengthening Compliance

The Maxell Group has continuously engaged in developing its compliance structure in order to realize its basic principle: "to comply with fair and transparent corporate activities." 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's 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 a corporation submits its internal rules on export controls and related information to the Minister of Economy, Trade and Industry, which then provides bulk licenses for a combination of certain destinations and items that would previously have required individual approval.

#### Establishing an External Compliance Helpline

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. In fiscal 2019, three internal reports were made, and have been resolved. However, no significant legal violations occurred.

### 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, including the perspective of diversity, we have been working to raise awareness of the issue throughout the Company through education in the form of rank-specific training as well as internal e-learning for all employees. 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 2019, we provided courses on information security and personal information protection. 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 (BCPs).

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 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.

## Corporate Governance

We have formulated a manual for handling overseas crises and began implementing it at the Maxell Group's overseas sales and manufacturing bases. We mobilized crisis management in response to the unstable situation in Hong Kong and the COVID-19 pandemic.

We continue to remain vigilant and to minimize risks in the activities of Group employees throughout the world, while working to improve our responses when incidents occur.



Please refer to our Corporate Governance Report for details on the implementation status of the Corporate Governance Code and related information.

<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>

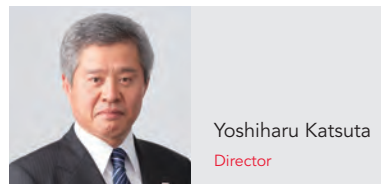
## Corporate Governance

## Directors and Executive Officers (As of June 29, 2020)

## ▲ Directors



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.  
Jun. 2020 President and Representative Director of Maxell Holdings (incumbent)



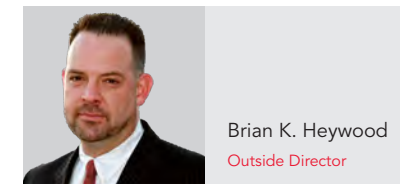
Apr. 1980 Joined Hitachi Maxell, Ltd.  
Mar. 2003 General Manager of Rechargeable Battery Division, Energy Solutions Business Group of Hitachi Maxell  
Apr. 2005 Executive Officer of Hitachi Maxell  
Apr. 2008 Vice President and Executive Officer of Hitachi Maxell  
Jun. 2010 Executive Managing Director of Hitachi Maxell  
Apr. 2011 Executive Vice President, Board of Directors of Hitachi Vehicle Energy, Ltd. (currently Vehicle Energy Japan Inc.)  
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, Ltd.  
Jun. 2020 Director of Maxell Holdings (incumbent)



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

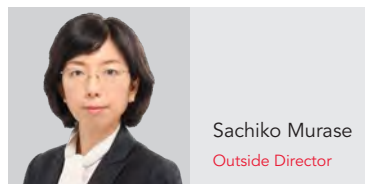


Apr. 1987 Joined Hitachi Maxell, Ltd.  
Oct. 2017 General Manager of Finance Department of Maxell Holdings, Ltd.  
Deputy General Manager and Senior Manager of Finance & Accounting Department of Maxell, Ltd.  
Apr. 2019 Executive Officer and General Manager of Finance Department of Maxell Holdings Director and Senior Manager of Finance & Accounting Department of Maxell  
Jun. 2019 Director and General Manager of Finance Department of Maxell Holdings  
Oct. 2019 Director of Maxell Holdings (incumbent) Director of Maxell (incumbent)

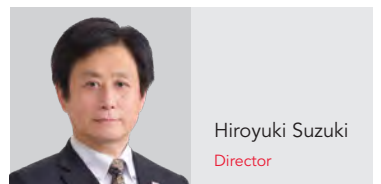


Sep. 1991 Joined J.D. Power and Associates  
Aug. 1997 Director of Belron International  
Aug. 1999 Vice President of Citibank, N.A.  
Jan. 2001 Managing Partner and CEO of Taiyo Pacific Partners L.P. (incumbent)  
Dec. 2009 Outside Director of Ohizumi Mfg. Co., Ltd.  
Nov. 2011 Director of SEIRYU Asset Management Ltd.  
Nov. 2014 Outside Director of Roland Corporation (incumbent)  
Mar. 2020 Outside Director of Roland DG Corporation (incumbent)  
Jun. 2020 Outside Director of Nifco Inc. (incumbent) Director of Maxell Holdings, Ltd. (incumbent)

## ▲ Directors Who Serve as Audit and Supervisory Committee Members



Apr. 1995 Joined Nichiha Corporation  
Sep. 2008 Registered as lawyer  
Joined Seiya Meitetsu Law Office  
Nov. 2015 Outside Audit & Supervisory Board Member of Bunkyo Group Holdings Co., Ltd. (incumbent)  
Sep. 2018 Joined Kudanzakaue Law Office (incumbent)  
Jun. 2019 Outside Audit & Supervisory Board Member of Nichias Corporation (incumbent)  
Jun. 2020 Director of Maxell Holdings (incumbent)



Apr. 1983 Joined Hitachi Maxell, Ltd.  
Jun. 2008 Deputy General Manager, Finance & Accounting Division of Hitachi Maxell  
Apr. 2018 Executive Officer of Maxell Holdings, Ltd., Director of Maxell, Ltd.  
Apr. 2019 Auditor of Maxell (incumbent)  
Jun. 2020 Director of Maxell Holdings (Full-Time Audit and Supervisory Committee Member) (incumbent)



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.  
Jun. 2020 Director of Maxell Holdings (Audit and Supervisory Committee Member) (incumbent)



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. 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) Director of Maxell, Ltd. (incumbent)

## ▲ Executive Officers

Kenichi Sano  
Tomohiro Suzuki  
Masaharu Deguchi

## Messages from the Outside Directors



Brian K. Heywood  
Outside Director

### PROFILE

Mr. Heywood joined J.D. Power and Associates in 1991. After years of experience working in operating companies and financial institutions, he co-founded a global investment fund that pioneered engagement investing in Japan, Taiyo Pacific Partners L.P. As CEO, he has successfully invested in numerous Japanese companies and worked with management to rejuvenate growth and drive shareholder value. In June 2020, Mr. Heywood was appointed as a board member of Maxell and is leveraging his unique experiences and expertise to drive business reforms aimed at maximizing long-term corporate value.

## “Unleashing” the Power within the Organization to Transform Maxell

Maxell is an attractive company with a long, interesting history. Recent profits have been down, however, and from the outside, it may look like Maxell has lost its way. So, when I talk to the Board, I ask them some key questions: Do you know what Maxell’s real identity is? What do you do well, and can you go forward and continue to make products that impact the world in positive, important, and game-changing ways? Management clearly understands what their core technology is. So that is a really important starting point. I think what can be improved is really bringing Maxell’s focus back to applying that core technology. As with most companies, over time the product portfolio has expanded into some areas where the linkage is not as strong to that core technology.

How can outside board members help drive positive changes? The real innovations and most effective changes come from within an organization because that is where all the ideas, all the experiences, all the technologies, and all the frustrations are. Thus, in addition to improving corporate governance, an outside board member’s role is to help refresh the “idea pool” and “unleash” what is trapped in the imagination of management and employees by asking questions and challenging the status quo. An outside board member can also play an important role in improving board discussions, for example, by advising to focus more on long-term strategies and capital allocation decisions that have a

larger impact on performance. Lastly, an outside board member can provide the expertise necessary to help drive key strategies such as an M&A to rejuvenate the business portfolio.

My expertise and experience are in helping companies “unleash” the power that is within the organization to transform itself. I discovered this when I first joined the board of a portfolio company. When I can have direct conversations with the CEOs, I can help them “unleash” their potential. When I listen to overseas management teams, I hear their pride in the company but also their frustration. I can help bridge the gaps: communication gaps, cultural gaps, and structural gaps. Doing this helps the “inside” people really see the core issues they are facing more clearly. I want to help company leadership manage better by unleashing the skills and experiences, the knowledge, and the technology that they already have. The key is improving communication. That is what I do.

The impacts of COVID-19 will continue to spread and will last for years. Maxell will need to focus on how it can become a more resilient company amid this crisis (“KiKi”) by identifying the “Kikai (opportunities)” within the “Kiken (danger, or risks).” By unleashing their full potential, Maxell’s employees can take pride and have satisfaction in their work and increase motivation to develop more attractive products. I hope that Maxell will continue to create this virtuous cycle, even amid this crisis.



## Messages from the Outside Directors



Sachiko Murase  
Outside Director

### PROFILE

Ms. Murase joined Nichiha Corporation in 1995. In 2008, she registered as a lawyer and joined Seiwa Meitetsu Law Office. Subsequently, she served as an outside Audit & Supervisory Board member on several listed companies before becoming an outside director of Maxell Holdings, Ltd. in June 2020. She has a wealth of experience and expertise as a lawyer working mainly in the field of corporate law, as well as experience and insight as an outside director of listed companies. Ms. Murase will draw on this experience, expertise, and insight to strengthen the Company's corporate governance and increase its corporate value.

## Building Corporate Governance That Encourages Innovation

The optimal form of corporate management differs from company to company. It is important to adopt the best governance system to suit the business operations and environment. Japan's Corporate Governance Code is one guideline for this, but rather than simply applying it formally, it is important to select what to incorporate and what to discard in order to customize it appropriately.

For the Maxell Group as it promotes management reforms, the important thing is to build a governance structure that supports the Company's constant creation of innovation as a manufacturer. We must pay constant attention to appropriate risk taking that is a necessary aspect of the pursuit of innovation. I recognize that I am expected to apply my experience and insight as a lawyer in this area of risk taking. Risks of a scale that threatens major damage to a company do not just suddenly occur; rather, there are various warnings or early signs that occur beforehand, and companies tend to incur significant damage by overlooking or underestimating these. By using my experience in corporate law to notice the early signs of risks and foresee and determine risks, I will support the Maxell Group's appropriate risk taking and help the Group to carry out its new mission: "Contribute to a sustainable society by innovating unique, original technologies."

Maxell is also taking proactive steps to promote the active participation of women, and has acquired two stars under the Eruboshi ("L Star") certification program of the Ministry of Health, Labour and Welfare. Promoting active participation of women is one example of diversity, but the original purpose for diversity promotion is to broaden the scope of decision-making by incorporating opinions from various viewpoints. The same principle applies in management decision making. Rather than viewing matters from the perspective of homogenous personnel, by having members of the board with different nationalities, age groups,

genders, and career backgrounds, the Company can ensure diversity, increasing the variety of observations. New observations provide opportunities to generate innovation, and also lead to picking up new risks. Maxell Holdings is working to promote diversity in its Board of Directors by appointing Brian K. Heywood, a non-Japanese investor, and myself, a woman and qualified lawyer, as outside directors. I aim to contribute to the further development of diversity within the Maxell Group.

The world is facing an unprecedented situation due to the COVID-19 pandemic. With manufacturers unable to create products because their plants are closed and restaurants unable to serve food and drinks indoors, the very foundations of society are being shaken. Facing this situation, it is important to identify the Company's supporting core competences. The Maxell Group has stated that its core competence is in creating new value from its Analog Core Technologies: Mixing & Dispersion technology, Fine Coating technology, and High Precision Molding & Forming technology. In the face of the present challenges, I believe that the Maxell Group must leverage analog technologies as its core competence to convert its difficulties into opportunities, conducting flexible and swift decision making to increase its corporate value as much as possible. To this end, I will leverage diversity to promote lively discussion within the Board of Directors.

The Maxell Group has used its technology capabilities to deliver a host of world-first technologies. Over the coming years, I expect to see the added benefits of how these technologies can produce profits, and how they can contribute to the realization of a sustainable society. The Maxell Group has now reached a point where it must change in order to strengthen these added benefits. I aim to assist the success of the Group's management reforms by contributing to the enhancement of its corporate governance.

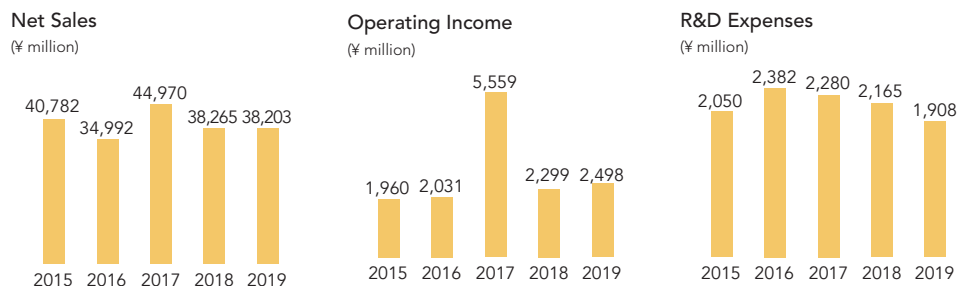
# Basic Data

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External Recognition

# Segment Information

## Energy

In the Energy segment, we engage in the production and sale of a range of 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, 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
	Air Patch™ battery (thin flexible batteries)
	Silver oxide 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
	Sulfide-based all-solid-state batteries
Battery-related products, etc.	Battery chargers
	Battery packs
	Electrode-applied products (oxygen sensors, hydrogen gas generators)
	Electrodes
Solar power generation	Electricity sales



## Segment Information

### Energy

#### ▲ Fiscal 2019 Business Results

Sales of coin-type lithium ion rechargeable batteries (CLBs) for hearing aids and other products increased. However, sales of consumer-use lithium ion batteries decreased due to the impacts of the COVID-19 pandemic, such as temporary suspension of factory operations in China, and sales of heat-resistant coin-type lithium batteries for the automotive market declined. As a result, net sales for the Energy segment decreased 0.2%, or ¥62 million, to ¥38,203 million. Operating income increased 8.7%, or ¥199 million, to ¥2,498 million, reflecting the cost reduction effect on fixed expenses for consumer-use lithium ion batteries, although profits declined for heat-resistant coin-type lithium batteries due to their lower sales.

#### ▲ Direction of the Energy Segment

In the Automotive area, we will continue to strengthen our competitive capabilities in heat-resistant coin-type lithium batteries for use in tire pressure monitoring systems (TPMS). As installation of such systems becomes mandatory in many countries, we will respond by utilizing our proprietary Analog Core Technologies in product capabilities and promoting joint development with major TPMS manufacturers.

In the Home Life & Infrastructure area, to meet rising demand for adoption of the Internet of Things (IoT) in self-reading systems for smart meters, we will use Analog Core Technologies to 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 differentiating our offerings through the use of Analog Core Technologies, bolstering our production capacity, and enhancing our lineup for these batteries. In these ways, we will expand the adoption of our CLBs among hearing aid manufacturers overseas, such as in Europe, aiming to capture a double-digit market share at an early stage.

Furthermore, our technological competence with respect to lithium ion batteries, centered on Analog Core Technologies, 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 enter such new areas as drones, robots, and the IoT.

## TOPICS

### Installation of Production Equipment for Coin-Type All-Solid-State Batteries Using Sulfide-Based Solid-State Electrolytes

In October 2020, we started installing production equipment for coin-type small-sized all-solid-state batteries with sulfide-based argyrodite type solid-state electrolytes at the Ono Works of Maxell, Ltd. The solid-state electrolyte is made from high-performance material developed in collaboration with Mitsui Mining & Smelting Co., Ltd. We worked continually to develop materials with Mitsui Mining & Smelting and other material manufacturers in Japan, and to enhance our original process technologies for dispersion, forming, and sealing. These continued efforts resulted in dramatic improvements in performance, and we succeeded in building a process for production. We realized all-solid-state batteries offering high performance and reliability with input-output characteristics around 10 times higher than the initial samples shipped in September 2019, while retaining the same capacity, service life, and other characteristics. With this recent installation of equipment, we are now able to prepare for production and an increase in sample volume. We also plan to utilize the micro battery resources of the Ono Works to transition to full-scale mass production in 2021. In addition, we have applied for 42 patents including Japan, to protect Maxell's technologies related to all-solid-state batteries such as this one.

### Maxell Starts Receiving Orders for Japan's First Environmentally Considerate Galvanic Cell-Type Lead-Free Oxygen Sensors Using Proprietary Weak Acid Electrolytes

Galvanic cell-type oxygen sensors are small and light, and they operate at room temperature. They provide a low-cost, easy way to measure oxygen concentration, and are consequently used in numerous applications such as oxygen concentration measurement to prevent oxygen deficiency. The anodes of such sensors have conventionally been made from lead, but amid a tightening of environmental regulations around equipment fitted with oxygen sensors, such as the European Restriction of Hazardous Substances (RoHS) Directive, we have newly developed a compliant environmental galvanic-cell-type oxygen sensor (KE-LF series). The sensor uses our proprietary weak acidic electrolyte liquid, which is optimal for a lead-free anode, so it is not affected by acid gases, such as carbon dioxide. These lead-free oxygen sensors provide long service life and high reliability, and can be used to replace conventional sensors.

### Main Characteristics of Coin-Type All-Solid-State Batteries

1. Performance stability for more than 20 years (estimated through accelerated testing)
2. Superior performance at a wide range of temperatures from  $-50^{\circ}\text{C}$  to  $125^{\circ}\text{C}$
3. High input-output characteristics and high energy density even with a small size
4. Increased supply capacity will enable provision of samples for a wide range of customers



Received the "Health and Welfare, Biotechnology, and Medical Parts and Components Award" at the 2020 "CHO" MONODZUKURI Innovative Parts and Components Award (organized by the MONODZUKURI Nippon Conference and the Nikkan Kogyo Shimbum, Ltd.).

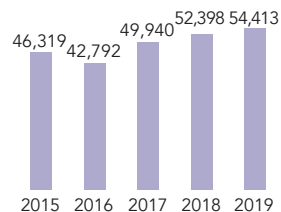


## Segment Information

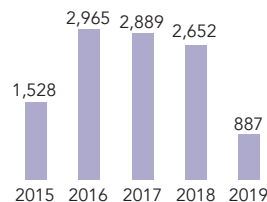
### Industrial Materials

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.

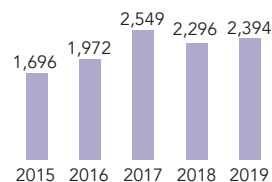
Net Sales  
(¥ million)



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 dies, plastic molding	Ultra-precision molds
	Plastic molding
Precision components	Semiconductor-related embedded systems
	Image recognition systems
	Electronics manufacturing services
Adhesive tapes	Adhesive tapes
Functional materials	Inks
	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.

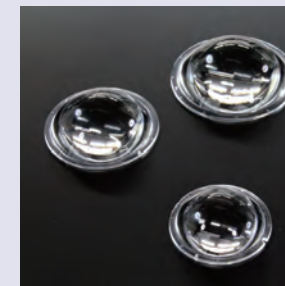
\* Electro Fine Forming



In-car camera lens units  
(for viewing)



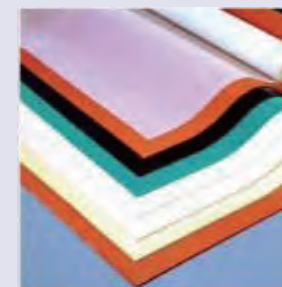
In-car camera lens units  
(for sensing)



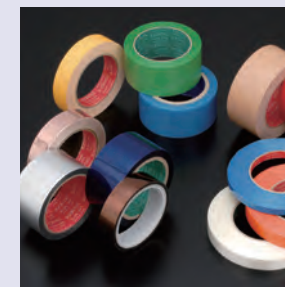
LED headlamp lenses



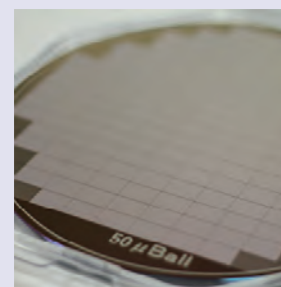
Coated separators



Rubber sheets



Adhesive tapes



EF<sup>2</sup>



Semiconductor-related  
embedded systems



Contactless IC cards,  
IC card readers/writers

## Segment Information

### Industrial Materials

#### ▲ Fiscal 2019 Business Results

Despite a decline in sales of embedded systems due to the impact of a downturn in the semiconductor market and in-car camera lens units and other products, growth in sales of coated separators and industrial rubber products brought overall net sales in the Industrial Materials Segment increase 3.8%, or ¥2,015 million, to ¥54,413 million. Operating income declined 66.6%, or ¥1,765 million, to ¥887 million, reflecting decreases in sales of optical components for the automotive market, such as in-car camera lens units and LED headlamp lenses, and semiconductor-related embedded systems.

#### ▲ Direction of the Industrial Materials Segment

In the Automotive area, we will continue to boost 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 years ahead, by offering high-performance, highly functional sensing lens units, aiming to capture a market share of 20% worldwide.

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 by providing assembly. We will also work to cultivate new customers in the growing markets of China, India, the ASEAN countries, and other nations and regions, while responding to the evolution of headlamps, such as adaptive driving beam technology.

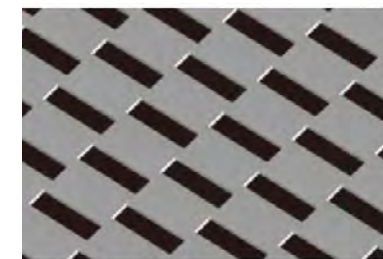
At Ube Maxell Kyoto Co., Ltd. we will supply high-performance, highly stable coated separators for automotive lithium ion batteries, aiming to strengthen our capabilities in step with the growth of the electric vehicle (EV) and hybrid vehicle (HV) markets, while maintaining a strong position as a leading manufacturer by developing highly functional separators.

In 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, in tapes used in the semiconductor manufacturing process we will proceed to capture semiconductor demand in Japan and overseas driven by continuous growth of the NAND flash memory market, and look to open up new markets as well. We will also accelerate the development of markets using electro fine forming (EF<sup>2</sup>), speeding up our capture of projects where automakers include electromagnetic wave absorbers for millimeter waves in their designs.

## TOPICS

### Start of Mass Production of High-Precision Hybrid Masks for Vapor Deposition of OLED Display Panels

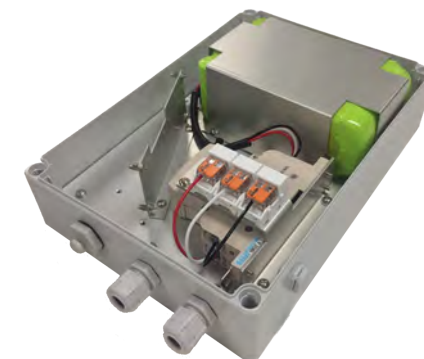
Hybrid masks for vapor deposition (vapor deposition masks) are used to separate out the red, green, and blue (RGB) organic materials used in the process of manufacturing organic light-emitting diode (OLED) display panels. Vapor deposition masks are a key part of the OLED manufacturing process, and there is a demand for higher-precision masks in terms of positioning and fineness. Maxell uses high-precision EF<sup>2</sup> technology to form patterns that can disperse the RGB colors with higher precision than current mainstream etching masks. EF<sup>2</sup> technology will also contribute to reducing electricity consumption and increasing viewing angles.



高精細パターン部  
High resolution pattern

### World's First IoT Power Supply System Compliant with Four Types of LPWA, Including ELTRES™ and ZETA

Maxell has developed an IoT power supply system for disaster prevention and infrastructure monitoring that is being introduced with low-power wide-area (LPWA) power-saving telecommunication systems. The power supply system was developed using Maxell Frontier Co., Ltd.'s power-saving micro-computer control technology. We provide low-power, low-cost IoT monitoring systems and devices that contribute to disaster prevention monitoring that protects human life and to the prevention of harm by wildlife. Going forward, we will provide energy-saving power supply systems for IoT sensors that are being rolled out nationwide, such as water level gauges for monitoring reservoir levels, disaster readiness devices, and infrastructure monitoring devices, thereby contributing to a safer and more secure society.

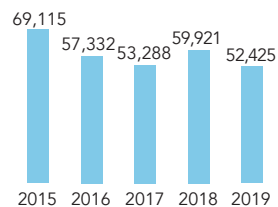


## Segment Information

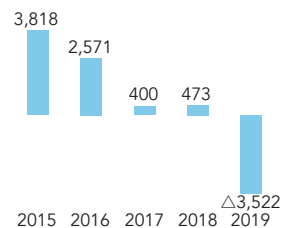
### Electronic Appliances and Consumer Products

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

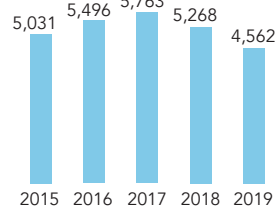
Net Sales  
(¥ million)



Operating Income (Loss)  
(¥ million)



R&D Expenses  
(¥ million)



#### Overview of Main Products

Category	Main Products
Projectors	Projectors
Imaging equipment	AR head-up displays (HUDs), imaging light, and non-contact human-machine interface (HMI)
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
Audio equipment, accessories	Cooking appliances, other small electronic appliances
	Headphones, speakers
Recording media	Computer peripherals, other accessories
	Optical discs, USB memory and flash memory
Batteries, power sources	Cassette tapes
	Alkaline dry batteries, manganese dry batteries
Hydraulic tools	Mobile batteries
	Battery operated tools, other hydraulic tools

\* Electrical Muscle Stimulation

- Ilexam luminous hair dryer**
- EMS devices**
- Ozone anti-bacterial deodorizers**
- LONG LIFE DESIGN AWARD**  
**IZUMI Shavers**
- GOOD DESIGN AWARD 2020**  
**Portable batteries**
- Imaging light**
- True wireless stereo, Bluetooth®-compatible headphones**
- Liquid crystal projectors using laser light sources**
- Hydraulic tools**

## Segment Information

### Electronic Appliances and Consumer Products

#### ▲ Fiscal 2019 Business Results

Despite an increase in sales in the hydraulic tool and electric home appliance business, there was a significant impact from a drop in sales of projectors due to delays in a brand switch and suspended operations of factories in China due to the impact of the COVID-19 pandemic as well as stagnant sales in the Chinese market. As a result, net sales in the Electronic Appliances and Consumer Products segment decreased 12.5%, or ¥7,496 million, to ¥52,425 million. The operating loss was ¥3,522 million, a net change of ¥3,995 million compared to the previous year's operating income of ¥473 million. This result was due to a decrease in profits on lower sales of projectors, along with an increase in development costs for HUDs reflecting full-scale adoption and delays in the recovery of profitability of health and beauty care products.

#### ▲ 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 original equipment manufacturer (OEM) business and ensuring stable profits. Furthermore, we will proceed to develop distinctive products that combine the planning capabilities of Maxell with the manufacturing capabilities of Maxell Izumi Co., Ltd. in a bid to maximize synergies.

With respect to the Automotive area, we will leverage the optical technologies we have cultivated through our projector business to differentiate our HUDs through superior compactness, augmented reality (AR) 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.

## TOPICS

### Accelerating Development of Anti-bacterial Deodorizer OZONEO

In 2015 Maxell started developing ozone anti-bacterial deodorizers that can eliminate viruses, bacteria, and odors in response to public hygiene needs in peopled environments. The deodorizers help to create pleasant spaces in a wide range of situations.

MXAP-AE400 is a commercial ozone anti-bacterial deodorizer that has seen brisk sales since its launch in February 2020, also finding use in medical settings. We have donated 60 units to hospitals in Wuhan, China. The ozone breeze generating mechanism originally for commercial use has now been developed for consumer use, and was launched in June 2020 as the OZONEO AERO. We are planning to sell the product overseas, starting in Asia.



### Development of "Advanced Floating Image Display," a Contactless HMI\*1 with a High-Luminosity Easy-to-See Floating Display Enabling High-Precision Mid-Air Operation

Maxell has developed a contactless HMI called an Advanced Floating Image Display (AFID) using a new imaging device employing newly developed laser like image source (LLIS) technology\*2 and retroreflective components made by Nippon Carbide Industries Co., Inc. The AFID can display a high-luminosity, high-contrast aerial image using LLIS technology. Combining high-precision sensors, the display makes it possible to operate switches and icons displayed in the air just like a tablet.

Since the display can be operated without directly touching the screen, demand for the technology is expected as an infection prevention measure in locations used by a large number of unspecified people, such as medical and financial institutions, commercial facilities, and transportation systems, and in situations where hygiene is of concern.

The technology is scheduled to be launched in the market in 2021, and in combination with 3D imaging display technology that is currently in development, we plan to create new markets for digital signage and in-car image display systems.



\*1 Human Machine Interface

\*2 An image light control technology for LCDs, developed independently by Maxell



# Consolidated Financial Information

## Key Financial Data

(FY)	2015	2016	2017* <sup>1</sup>	2018	2019* <sup>2</sup>
Net sales	156,216	135,116	148,198	150,584	145,041
Operating income (loss)	7,306	7,567	8,848	5,424	(137)
Operating income (loss) to net sales (%)	4.68	5.60	5.97	3.60	(0.09)
EBITDA* <sup>3</sup>	11,985	11,890	12,445	10,073	5,738
EBITDA margin* <sup>4</sup> (%)	7.67	8.80	8.40	6.69	3.96
Profit (loss) attributable to owners of parent	3,931	5,724	7,127	5,311	(10,487)
Return on sales (%)	2.52	4.24	4.81	3.53	(7.23)
Depreciation	4,679	4,323	3,597	4,649	5,875
Capital investment	4,212	3,549	4,593	7,973	5,148
R&D expenses	8,777	9,850	10,592	9,729	8,864
Net income (loss) per share (yen)	74.39	108.32	134.88	100.51	(205.23)
Net assets per share (yen)	2,121.44	2,203.19	2,290.22	2,328.41	1,828.68
Dividend per share (yen)	36.00	36.00	44.00	36.00	268.00* <sup>5</sup>
Dividend payout ratio (%)	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	52,840	51,099
Average number of shares during the term (including treasury shares) (thousand shares)	53,341	53,341	53,341	53,341	53,341
ROE (%)	3.43	5.01	6.00	4.35	(9.82)
ROA* <sup>6</sup> (%)	4.25	4.71	5.25	3.59	0.04
ROIC* <sup>7</sup> (%)	3.42	5.00	5.92	4.00	—
Receivables turnover* <sup>8</sup> (times)	5.03	4.90	5.42	4.38	4.14
Inventory turnover* <sup>9</sup> (times)	7.56	7.75	7.41	5.91	5.32
Shareholders' equity ratio (%)	72.6	73.0	71.9	61.7	50.6
D/E ratio* <sup>10</sup> (times)	0.01	0.01	0.01	0.31	0.78
Current ratio (%)	310.6	323.0	269.3	177.0	209.9
Working capital* <sup>11</sup>	20,660	18,324	16,066	36,441	32,310

(Millions of yen)

## Sales by Region

(FY)	2015	2016	2017	2018	2019
Americas	20,305	14,035	12,844	15,314	11,865
Europe	15,229	12,673	12,498	12,855	11,657
Asia and other	61,973	46,728	42,955	42,154	33,684
Japan	58,709	61,680	79,901	80,261	87,835
<b>Average Foreign Exchange Rate over the Year</b>					
JPY/US\$ (yen)	120	108	111	111	109

(Millions of yen)

## Year-End Stock Price Indicators

(FY)	2015	2016	2017	2018	2019
EV/EBITDA* <sup>12</sup> (times)	4.2	5.1	5.3	8.6	13.7
Year-end stock price (yen)	1,713	2,031	2,072	1,570	1,064
Market capitalization (millions of yen)	91,373	108,337	110,524	83,746	56,755
Year's high (yen)	2,195	2,335	2,817	2,228	1,971
Year's low (yen)	1,468	1,314	1,881	1,310	882

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

\*3 Operating income + Depreciation

\*4 EBITDA / Net sales × 100

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

\*6 Ordinary income / Average total assets × 100

\*7 (Profit attributable to owners of parent + Profit attributable to non-controlling interests) / (Average equity + interest-bearing debt) × 100

Interest-bearing debt = Current portion of long-term loans payable + Long-term loans payable + Lease obligations

\*8 Net sales / Average receivables

\*9 Cost of sales / Average inventories

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

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

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

## Consolidated Financial Information

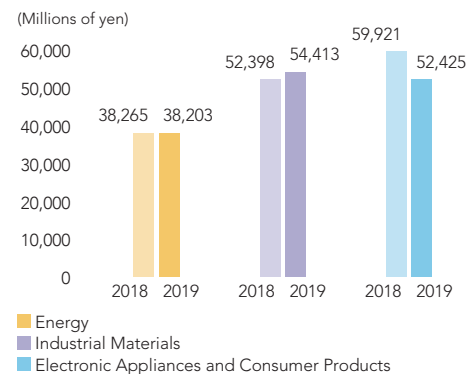
## Segment Information

(FY)	2015	2016	2017*	2018	2019
<b>Net sales</b>	<b>156,216</b>	<b>135,116</b>	<b>148,198</b>	<b>150,584</b>	<b>145,041</b>
Energy	40,782	34,992	44,970	38,265	38,203
Industrial Materials	46,319	42,792	49,940	52,398	54,413
Electronic Appliances and Consumer Products	69,115	57,332	53,288	59,921	52,425
<b>Operating income (loss)</b>	<b>7,306</b>	<b>7,567</b>	<b>8,848</b>	<b>5,424</b>	<b>(137)</b>
Energy	1,960	2,031	5,559	2,299	2,498
Industrial Materials	1,528	2,965	2,889	2,652	887
Electronic Appliances and Consumer Products	3,818	2,571	400	473	(3,522)
<b>Operating income (loss) to net sales (%)</b>	<b>4.68</b>	<b>5.60</b>	<b>5.97</b>	<b>3.60</b>	<b>(0.09)</b>
Energy	4.81	5.80	12.36	6.00	6.54
Industrial Materials	3.30	6.93	5.78	5.06	1.63
Electronic Appliances and Consumer Products	5.52	4.48	0.75	0.79	(6.72)
<b>Total assets</b>	<b>154,356</b>	<b>159,464</b>	<b>168,230</b>	<b>199,385</b>	<b>178,873</b>
Energy	35,198	31,693	35,226	38,339	30,771
Industrial Materials	41,977	39,727	48,432	57,464	54,955
Electronic Appliances and Consumer Products	36,917	33,192	33,346	70,045	54,797
Other	40,264	54,852	51,226	33,537	38,350
<b>Increase in property, plant and equipment and intangible assets</b>	<b>4,647</b>	<b>3,804</b>	<b>9,439</b>	<b>26,042</b>	<b>5,638</b>
Energy	1,483	833	1,855	2,954	1,046
Industrial Materials	2,287	1,849	6,525	6,801	3,450
Electronic Appliances and Consumer Products	877	1,122	1,059	16,287	1,142
<b>Depreciation</b>	<b>4,679</b>	<b>4,323</b>	<b>3,597</b>	<b>4,649</b>	<b>5,875</b>
Energy	1,963	1,853	965	1,287	1,402
Industrial Materials	1,550	1,378	1,582	1,918	2,515
Electronic Appliances and Consumer Products	1,166	1,092	1,050	1,444	1,958
<b>R&amp;D expenses</b>	<b>8,777</b>	<b>9,850</b>	<b>10,592</b>	<b>9,729</b>	<b>8,864</b>
Energy	2,050	2,382	2,280	2,165	1,908
Industrial Materials	1,696	1,972	2,549	2,296	2,394
Electronic Appliances and Consumer Products	5,031	5,496	5,763	5,268	4,562
<b>Number of employees (year-end)</b>	<b>4,040</b>	<b>3,966</b>	<b>4,045</b>	<b>5,263</b>	<b>5,108</b>
Energy	1,090	984	1,010	1,014	959
Industrial Materials	1,915	1,867	1,943	2,165	2,073
Electronic Appliances and Consumer Products	827	884	854	1,853	1,844
Companywide	208	231	238	231	232

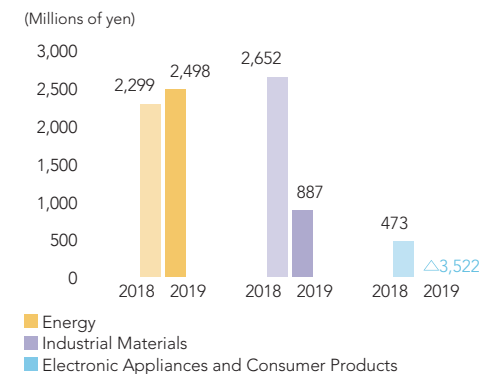
\* From the fiscal year ended March 31, 2019, the Company has applied the "Partial Amendments to Accounting Standard for Tax Effect Accounting" (Accounting Standards Board of Japan [ASBJ] Statement No. 28 issued on February 16, 2018), etc. Accordingly, the figures presented for the fiscal year ended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

## Composition of Net Sales and Operating Income (Loss)

## Net sales



## Operating Income (Loss)



Note: Main products by segment were as follows:

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

## Consolidated Financial Information

## Consolidated Balance Sheets (Summary)

	(Millions of yen)				
(FY)	2015	2016	2017*	2018	2019
<b>Total current assets</b>	<b>92,321</b>	<b>97,235</b>	<b>97,888</b>	<b>95,116</b>	<b>84,657</b>
Principal accounting items:					
Cash and deposits	42,017	51,930	45,920	22,907	22,636
Notes and accounts receivable–trade	29,543	25,554	29,175	39,658	30,328
Inventories	13,900	13,163	17,553	22,848	21,431
Deferred tax assets	1,702	1,995	—	—	—
<b>Non-current assets</b>	<b>62,035</b>	<b>62,229</b>	<b>70,342</b>	<b>104,269</b>	<b>94,216</b>
Total property, plant and equipment	55,158	50,200	53,047	61,213	62,063
Intangible assets	1,047	1,023	4,333	15,796	6,265
Total investments and other assets	5,830	11,006	12,962	27,260	25,888
Principal accounting items:					
Investment securities	4,550	7,063	9,731	23,194	21,626
Deferred tax assets	477	929	931	1,521	1,457
<b>Total assets</b>	<b>154,356</b>	<b>159,464</b>	<b>168,230</b>	<b>199,385</b>	<b>178,873</b>
<b>Total current liabilities</b>	<b>29,722</b>	<b>30,104</b>	<b>36,351</b>	<b>53,750</b>	<b>40,335</b>
Principal accounting items:					
Notes and accounts payable–trade	16,063	15,100	20,672	19,982	16,668
Accounts payable–other and accrued expenses	11,171	10,541	11,882	12,832	10,158
Current portion of long-term loans payable and lease obligations	78	94	68	17,760	10,406
<b>Non-current liabilities</b>	<b>10,808</b>	<b>11,220</b>	<b>9,085</b>	<b>20,130</b>	<b>45,626</b>
Principal accounting items:					
Long-term loans payable and lease obligations	643	672	544	8,025	34,004
Deferred tax liabilities	3,735	3,926	1,731	4,035	4,183
Provision for directors' retirement benefits and net defined benefit liability	6,420	6,612	6,800	7,985	7,249
<b>Total liabilities</b>	<b>40,530</b>	<b>41,324</b>	<b>45,436</b>	<b>73,880</b>	<b>85,961</b>
<b>Total shareholders' equity</b>	<b>122,047</b>	<b>125,869</b>	<b>131,093</b>	<b>134,079</b>	<b>103,571</b>
Total accumulated other comprehensive income	(9,947)	(9,449)	(10,076)	(11,044)	(13,127)
Non-controlling interests	1,726	1,720	1,777	2,470	2,468
<b>Total net assets</b>	<b>113,826</b>	<b>118,140</b>	<b>122,794</b>	<b>125,505</b>	<b>92,912</b>
<b>Total liabilities and net assets</b>	<b>154,356</b>	<b>159,464</b>	<b>168,230</b>	<b>199,385</b>	<b>178,873</b>

## Consolidated Statements of Income (Summary)

	(Millions of yen)				
(FY)	2015	2016	2017	2018	2019
<b>Net sales</b>	<b>156,216</b>	<b>135,116</b>	<b>148,198</b>	<b>150,584</b>	<b>145,041</b>
Gross profit	33,193	30,245	34,328	31,167	27,331
Total selling, general and administrative expenses	25,887	22,678	25,480	25,743	27,468
<b>Operating income (loss)</b>	<b>7,306</b>	<b>7,567</b>	<b>8,848</b>	<b>5,424</b>	<b>(137)</b>
Non-operating income/expenses (net)	(609)	(180)	(281)	1,167	213
Principal accounting items:					
Interest income and dividend income	258	319	376	495	359
Interest expenses and sales discounts	(182)	(192)	(255)	(235)	(295)
Foreign exchange gains/losses	(369)	(162)	(765)	273	94
Share of profit/loss of entities accounted for using equity method	(92)	(126)	346	546	164
<b>Ordinary income</b>	<b>6,697</b>	<b>7,387</b>	<b>8,567</b>	<b>6,591</b>	<b>76</b>
Extraordinary income/losses (net)	(1,474)	(684)	(526)	1,074	(9,502)
Principal accounting items:					
Gain on sales of non-current assets	14	4,392	471	17	6
Gain on sales of investment securities	25	—	—	—	180
Loss on sales and retirement of non-current assets	(133)	(328)	(855)	(297)	(314)
Impairment loss	(55)	(3,925)	(385)	(19)	(7,782)
Business structure improvement expenses	(1,336)	(151)	(303)	—	—
Loss on withdrawal from business	—	—	—	—	(1,578)
<b>Profit (loss) before income taxes</b>	<b>5,223</b>	<b>6,703</b>	<b>8,041</b>	<b>7,665</b>	<b>(9,426)</b>
Total income taxes	1,229	867	868	2,170	736
Profit attributable to non-controlling interests	63	112	46	184	325
<b>Profit (loss) attributable to owners of parent</b>	<b>3,931</b>	<b>5,724</b>	<b>7,127</b>	<b>5,311</b>	<b>(10,487)</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

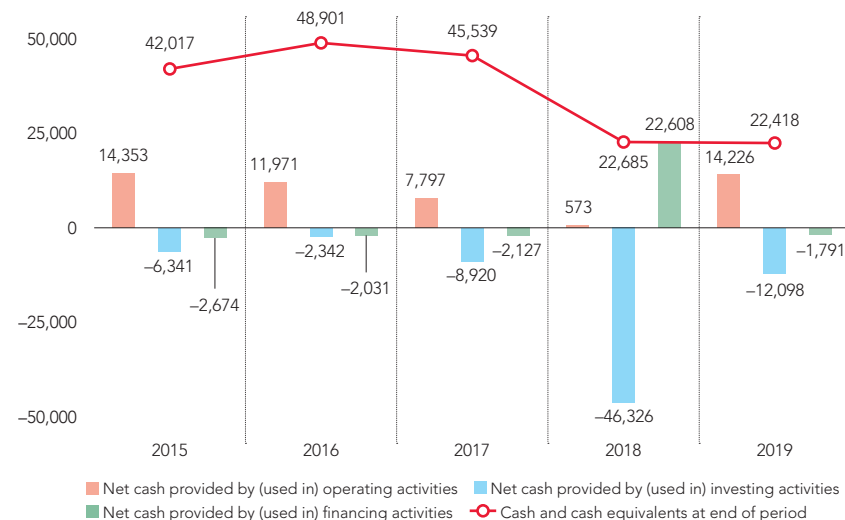
## Consolidated Statements of Cash Flows (Summary)

(FY)	2015	2016	2017	2018	2019
Net cash provided by (used in) operating activities	14,353	11,971	7,797	573	14,226
Principal accounting items:					
Profit (loss) before income taxes	5,223	6,703	8,041	7,665	(9,426)
Depreciation	4,679	4,323	3,597	4,649	5,875
Impairment loss	474	3,934	385	19	7,782
Amortization of goodwill	—	—	540	923	1,231
Loss (gain) on sales of investment securities	(25)	—	—	(172)	(179)
Loss (gain) on sales and retirement of non-current assets	119	(4,064)	384	280	308
Decrease (increase) in notes and accounts receivable–trade	2,473	3,617	(3,519)	(4,336)	9,441
Decrease (increase) in inventories	4,220	501	(3,599)	(1,344)	2,707
Increase (decrease) in notes and accounts payable–trade	1,574	(719)	5,349	(3,229)	(3,004)
Net cash provided by (used in) investing activities	(6,341)	(2,342)	(8,920)	(46,326)	(12,098)
Principal accounting items:					
Purchase of investment securities	(2,620)	(1,507)	(1,632)	(10,252)	(130)
Proceeds from sales of investment securities	41	—	—	274	332
Payments for construction of rental properties	—	—	—	(3,487)	(2,360)
Purchase of property, plant and equipment	(3,965)	(3,259)	(5,523)	(9,074)	(7,898)
Proceeds from sales of property, plant and equipment	101	6,052	830	15	6
Purchase of shares of subsidiaries resulting in change in scope of consolidation	—	—	(4,940)	(16,683)	—
Purchase of shares of subsidiaries and associates	—	(465)	—	(4,200)	—
Net cash provided by (used in) financing activities	(2,674)	(2,031)	(2,127)	22,608	(1,791)
Principal accounting items:					
Net increase (decrease) in short-term loans payable and long-term loans payable	167	(35)	(36)	20,027	18,637
Purchase of treasury shares	—	—	(1)	(0)	(5,039)
Proceeds from share issuance to non-controlling shareholders	—	—	—	5,029	—
Dividends paid to non-controlling interests	(108)	(38)	(31)	(16)	(38)
Cash dividends paid	(2,616)	(1,902)	(1,902)	(2,325)	(15,081)
Repayments of lease obligations	(56)	(56)	(157)	(107)	(166)
Effect of exchange rate change on cash and cash equivalents	(1,508)	(714)	(112)	291	(604)
Net increase (decrease) in cash and cash equivalents	3,830	6,884	(3,362)	(22,854)	(267)
Cash and cash equivalents at beginning of period	38,187	42,017	48,901	45,539	22,685
Cash and cash equivalents at end of period	42,017	48,901	45,539	22,685	22,418
Free cash flow*	8,012	9,629	(1,123)	(45,753)	2,128

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

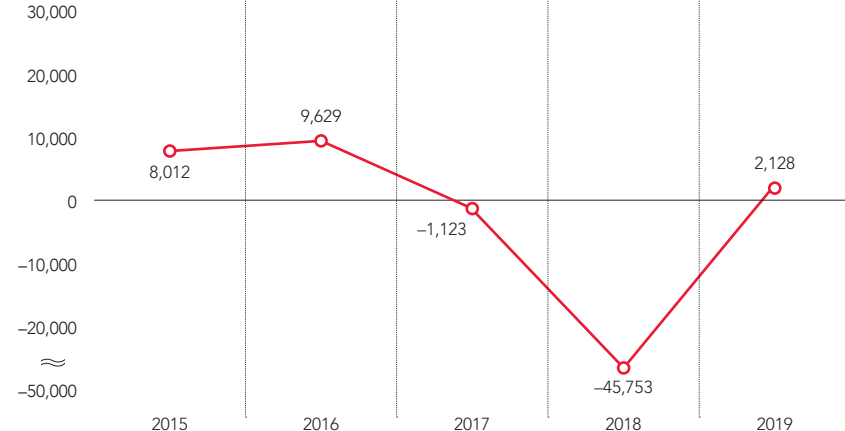
## Cash Flow Data

(Millions of yen)



## Free Cash Flow

(Millions of yen)





# Principal Consolidated Subsidiaries

(As of March 31, 2020; Maxell Frontier Co., Ltd. as of April)

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

■ Energy ■ Industrial Materials ■ Electronic Appliances and Consumer Products

## Maxell, Ltd.

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

Head Office Location:	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:	April 2017
Representative Director:	Keiji Nakamura, President and Representative Director
Number of Employees:	1,755
Paid-in Capital:	¥5,000 million
Ownership:	100%

■ Industrial Materials

## Maxell Izumi Co., Ltd.

<https://www.izumi.maxell.co.jp/english/>

Head Office Location:	3039, Sasaga, Matsumoto, Nagano 399-8721, Japan
Established:	July 2018
Representative Director:	Koji Norimatsu, President and Chief Executive Officer
Number of Employees:	291
Paid-in Capital:	¥320 million
Ownership:	100%

■ Industrial Materials

## Maxell Kureha Co., Ltd.

<http://www.kurehae.maxell.co.jp/en/index.html>

Head Office Location:	9F, Sakaisuji-Hommachi TF Building, 2-4-27, Kyutaro-machi, Chuo-ku, Osaka 541-0056, Japan
Established:	October 1939
Representative Director:	Kazuhiro Kaizaki, President and Representative Director
Number of Employees:	266
Paid-in Capital:	¥100 million
Ownership:	90.8%

■ Electronic Appliances and Consumer Products

## Maxell Frontier Co., Ltd.

<https://www.frontier.maxell.co.jp/>

Head Office Location:	Miyake Building, 549-2, Shinanocho, Totsuka-ku, Yokohama 244-0801, Japan
Established:	June 1975
Representative Director:	Akira Ohashi, President and Representative Director
Number of Employees:	484
Paid-in Capital:	¥65 million
Ownership:	100%

■ Industrial Materials

## Ube Maxell Kyoto Co., Ltd.

Head Office Location:	1, Koizumi, Oyamazaki, Oyamazaki-cho, Otokuni-gun, Kyoto 618-8525, Japan
Established:	December 2018
Representative Director:	Masaya Funabashi, President and Representative Director
Number of Employees:	61
Paid-in Capital:	¥50 million
Ownership:	51%

- Establishment dates for companies that became the surviving company in a merger are the establishment date of that company.  
Establishment dates for companies that became the dissolving company in a merger are the establishment date of the surviving company.
- Ownership ratios are as of July 2020.

# The Maxell Group's Network

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

Maxell has been actively expanding its overseas operations since 1969. Going forward, Maxell aims to expand its business scale in each country, 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 Frontier Co., Ltd.</b>	
Head Office, Yokohama Office	Kanagawa Pref.
Gifu Works	Gifu Pref.
Yonezawa Works	Yamagata Pref.
Miyagi Works	Miyagi 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.
Sendai Office	Miyagi Pref.

Base name	Location
<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 29, 2020)

Company Name:	Maxell Holdings, Ltd. https://www2.maxell.co.jp/
Tokyo Headquarters:	21F, Taiyo Life Shinagawa Building, 2-16-2, Konan, Minato-ku, Tokyo 108-8248, Japan
Kyoto Headquarters:	1, Koizumi, Oyamazaki, Oyamazaki-cho, Otokuni-gun, Kyoto 618-8525, Japan
Established:	September 1960
Paid-in Capital:	¥12,203 million
Representative Director:	Keiji Nakamura, President
Number of Employees (As of March 31, 2020):	Consolidated: 5,108
Transfer Agent:	Sumitomo Mitsui Trust Bank, Limited
Independent Auditor:	Ernst & Young ShinNihon LLC

Tagline of Maxell



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

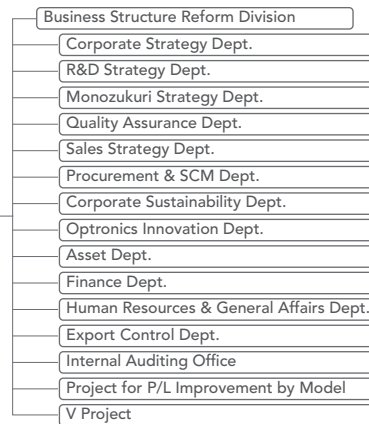
Maxell operates within the future. We have decided our corporate color will be New Maxell Red—a color that evokes the future.

Origin of Company Name

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

Maxell Holdings Organization Chart

(As of October 1, 2020)



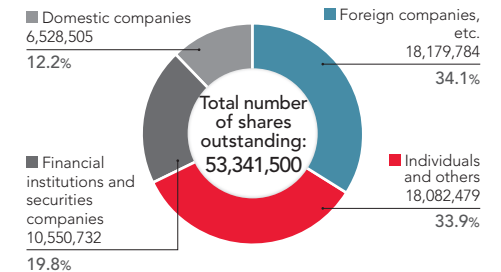
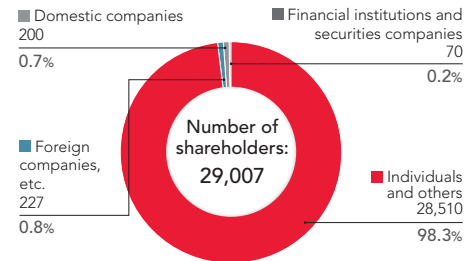
▲ Stock Information (As of March 31, 2020)

Major Shareholders

	Shareholder	Number of shares (thousand shares)	Percentage of shareholdings (%)
1	Japan Trustee Services Bank, Ltd.	5,496	11.11
2	TAIYO FUND, L.P. (Standing proxy: MUFG Bank, Ltd.)	2,568	5.19
3	The Master Trust Bank of Japan, Ltd.	2,566	5.19
4	SSBTC CLIENT OMNIBUS ACCOUNT	2,049	4.14
5	Nichia Corporation	2,001	4.05
6	TAIYO HANEI FUND, L.P.	1,672	3.38
7	Hitachi, Ltd.	1,603	3.24
8	State Street Bank and Trust Company 505227	1,404	2.84
9	Zeon Corporation	1,311	2.65
10	State Street Bank and Trust Company 505103	1,102	2.23

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 (3,863,566 shares) into account.

Breakdown of Shareholders (As of March 31, 2020)



▲ External Recognition

**ESG Investment Indices**  
SNAM Sustainability Index  
Selected for the fourth consecutive year\* since 2017  
\* Including the fiscal year before the transition to a holding company (fiscal 2017)

Acquired highest rank in the “DBJ Environment Rating” of Development Bank of Japan Inc.

Acquired a two-star “Eruboshi” certification based on the Act on the Promotion of Female Participation and Career Advancement in the Workplace

Received the Good Design Award and Long Life Design Award 2020

Maxell received the Good Design Award for its portable power supply, Energy Station, and Maxell Izumi received the Good Design Long Life Design Award for its *Cleancut* series of rotary shavers.

**GOOD DESIGN AWARD 2020**

**LONG LIFE DESIGN AWARD**

Received the “CHO” MONODZUKURI Innovative Parts and Components Award

2019 In-car image display device SuperARHUD (Mobility-related Parts and Components Award)

2020 Galvanic cell-type lead-free oxygen sensor (Health and Welfare, Biotechnology, and Medical Parts and Components Award)

Skin camera MXSC-1000 and cloud-based skin condition scoring API (Encouragement Award)



Packaging for the body care products, I Line Shaver and V Line Trimmer was selected for the “Japan Package Design Awards Grand Prize 2020 Electric Appliances, Supplies category”



Recognized as a 3-star company for two consecutive years in the “4th NIKKEI Smart Work Management Survey”



Maxell participates in the Regional Innovation SDGs Public-Private Collaboration Platform, a public-private initiative.



**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, 2020. 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.

