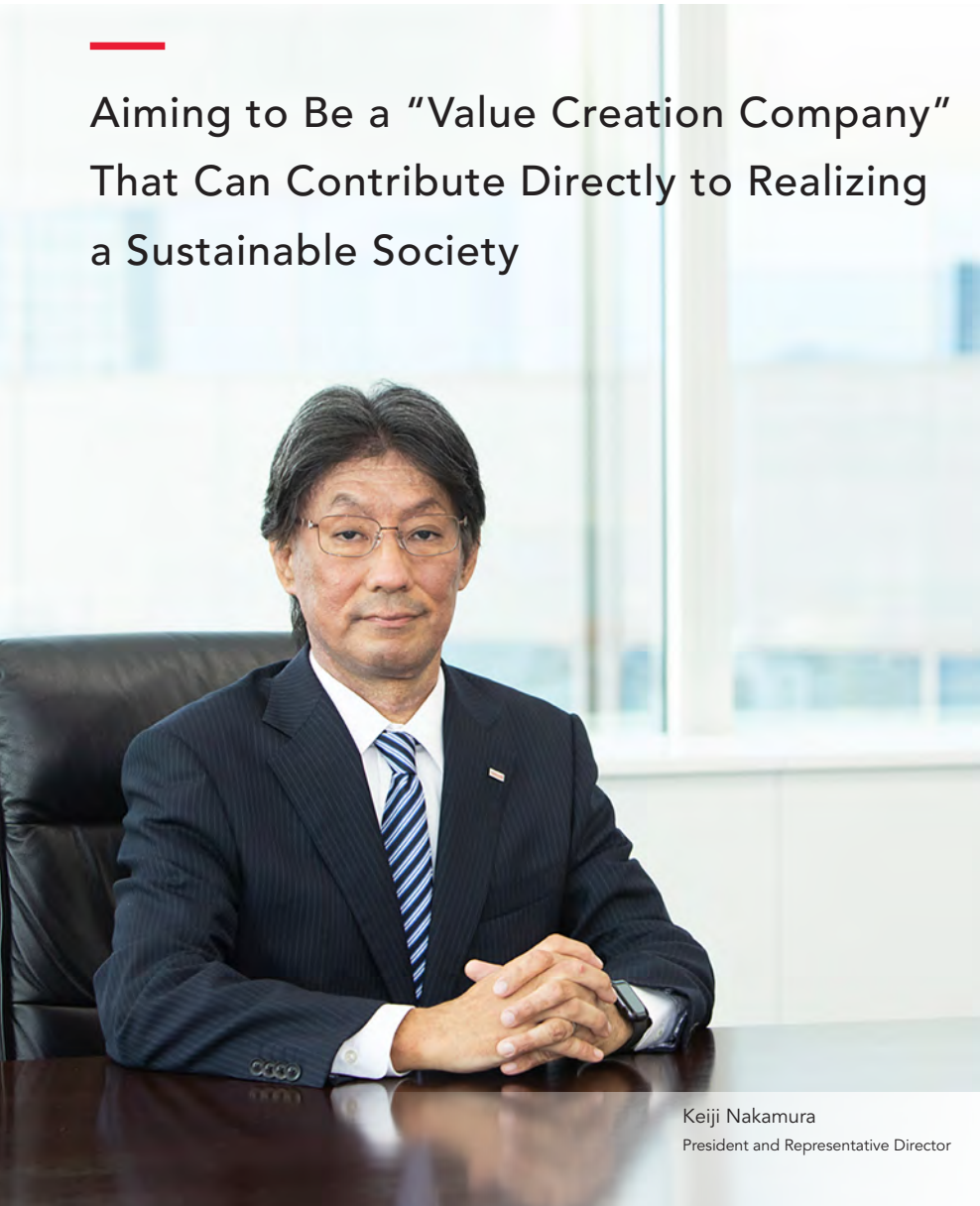


Message from the President

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

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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.

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

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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