

Message from the Outside Directors



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

Brian K. Heywood
Outside Director

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

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

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

and make it easier to handle difficult decisions.

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



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

Sachiko Murase
Outside Director

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

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

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

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

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

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

Tatsuhiko Izumi
Outside Director

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

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

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

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

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

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



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

Shinobu Watanabe
Outside Director

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

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

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

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

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