Financial Results of 1st Quarter FY2020
(April – June 2020)

July 30, 2020
Maxell Holdings, Ltd.
1. Outline of Consolidated Business Results for 1st Quarter, FY2020

2. Effect of COVID-19

3. Management Efforts in FY2020

4. New Management Direction (MVVSS)
1. Outline of Consolidated Business Results for 1st Quarter, FY2020

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4. New Management Direction (MVVSS)
### Review on 1st Quarter, FY2020  Summary

<table>
<thead>
<tr>
<th>JPY billion</th>
<th>1st Quarter FY2019</th>
<th>1st Quarter FY2020</th>
<th>Changes to L/Y</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Sales</td>
<td>36.4</td>
<td>30.0</td>
<td>(6.5)</td>
</tr>
<tr>
<td>Operating Income</td>
<td>0.3</td>
<td>(0.3)</td>
<td>-</td>
</tr>
<tr>
<td>Ordinary Income</td>
<td>0.3</td>
<td>(0.3)</td>
<td>-</td>
</tr>
<tr>
<td>Net Income*</td>
<td>0.2</td>
<td>(0.5)</td>
<td>(0.7)</td>
</tr>
<tr>
<td>Ex-rate</td>
<td>US$ 110</td>
<td>108</td>
<td>-</td>
</tr>
</tbody>
</table>

* : Profit attributable to owners of parent

- Stagnation of production and sales due to economic downturn by COVID-19
- Especially affected by downturn of car market
Net Sales Changes (Q1 FY2019 → Q1 FY 2020)

Changes (6.5)

(Unit: JPY billion)

36.4

Quantity Variance*
(5.9)

Main Factors
・Micro Batteries (1.7)
・Coated Separator (1.3)
・Optical Components (1.3)

Exchange Variance
(0.3)

Price Variance
(0.2)

30.0

Main Factors
・Consumer LIB (0.4)

* : Effect of COVID-19 (4.6)
Operating Income Changes (Q1 FY2019 → Q1 FY 2020)

Changes (0.6)

(Unit: JPY billion)

* : Effect of COVID-19 (1.7)

Main Factors
- Micro Batteries (0.9)
- Coated Separator (0.3)
- Optical Components (0.6)

Main Factors
- Energy +0.6
- Industrial Materials +0.6
- Electronic Appliances and Consumer Products +1.0

0.3
Quantity Variance* (2.6)

Cost Reduction +2.2

Operating Income FY2019

Operating Income FY2020

Main Factors
- Consumer LIB (0.4)

Exchange Variance ± 0

Price Variance (0.2)
# Review on 1st Quarter, FY2020 by segment (Energy)

## Energy

<table>
<thead>
<tr>
<th>JPY billion</th>
<th>1st Quarter FY2019</th>
<th>1st Quarter FY2020</th>
<th>Changes to L/Y</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net sales %</td>
<td>9.9</td>
<td>27.2%</td>
<td>(1.5)</td>
</tr>
<tr>
<td>Operating Income OP ratio</td>
<td>0.7</td>
<td>6.7%</td>
<td>(0.3)</td>
</tr>
</tbody>
</table>

### Sales
- Sales of consumer LIB increased due to increased demand of video game and communication equipment
- Sales of coin type lithium rechargeable battery for hearing aid increased
- Sales of heat resistant coin type lithium battery decreased due to downturn of car market

### Operating Income
- Profit of consumer LIB increased by reduction of fixed expense
- Profit decrease due to decreased sales of heat resistant coin type lithium battery
Review on 1st Quarter, FY2020 by segment (Industrial Materials)

**Industrial Materials**

<table>
<thead>
<tr>
<th></th>
<th>JPY billion</th>
<th>1st Quarter FY2019</th>
<th>1st Quarter FY2020</th>
<th>Changes to L/Y</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net sales</strong></td>
<td>%</td>
<td>13.6</td>
<td>11.0</td>
<td>(2.5)</td>
</tr>
<tr>
<td></td>
<td>%</td>
<td>37.2%</td>
<td>36.8%</td>
<td></td>
</tr>
<tr>
<td><strong>Operating Income</strong></td>
<td>OP ratio</td>
<td>0.2</td>
<td>(0.1)</td>
<td>(0.2)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>1.2%</td>
<td>-</td>
<td></td>
</tr>
</tbody>
</table>

**Sales**
- Sales of embedded systems increased due to recovery of semiconductor market
- Sales of optical components and coated separator for automotive market decreased due to downturn of car market

**Operating Income**
- Profit decrease by sales decrease of optical components and coated separator for automotive market
## Electronic Appliances and Consumer Products

<table>
<thead>
<tr>
<th></th>
<th>1st Quarter FY2019</th>
<th>1st Quarter FY2020</th>
<th>Changes to L/Y</th>
</tr>
</thead>
<tbody>
<tr>
<td>JPY billion</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net sales</td>
<td>13.0</td>
<td>10.5</td>
<td>(2.4)</td>
</tr>
<tr>
<td>%</td>
<td>13.0</td>
<td>10.5</td>
<td></td>
</tr>
<tr>
<td>Operating Income</td>
<td>(0.5)</td>
<td>(0.5)</td>
<td>(0.0)</td>
</tr>
<tr>
<td>OP ratio</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
</tbody>
</table>

### Sales
- Sales of overall consumer products decreased due to expansion of COVID-19

### Operating Income
- Profit of projector improved by reduction of fixed expense
- Profit of health and beauty care products improved due to sales increase of ozone anti-bacterial deodorizer, etc.
1. Outline of Consolidated Business Results for 1st Quarter, FY2020

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## Effect of COVID-19 ①

### Current situation

#### Upside Potential

<table>
<thead>
<tr>
<th>Key word</th>
<th>Product</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>STAY HOME</strong></td>
<td>Lithium ion batteries</td>
<td>• Demand for video game and communication equipment increased due to movement restriction</td>
</tr>
<tr>
<td></td>
<td>Embedded system relating to semiconductor</td>
<td>• Although demand is increasing due to rapidly expanding teleworking, concern on US-China trade friction remains</td>
</tr>
<tr>
<td><strong>Health Consciousness</strong></td>
<td>Micro batteries</td>
<td>• Almost fulfilled demand for thermometers by production increase</td>
</tr>
<tr>
<td></td>
<td>Health &amp; Beauty care</td>
<td>• Enhance production in order to catch increasing demand for ozone anti-bacterial deodorizer</td>
</tr>
</tbody>
</table>

#### Downside risk

<table>
<thead>
<tr>
<th>Key Word</th>
<th>Product</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Downturn of car market</strong></td>
<td>Micro batteries</td>
<td>• Although car manufacturers’ operations are gradually restarting, still need time to become full scale</td>
</tr>
<tr>
<td></td>
<td>Optical components</td>
<td>• Although economic activities are gradually restarting, there is concern that effects remain for the time being</td>
</tr>
<tr>
<td><strong>Stagnation of economy</strong></td>
<td>All businesses</td>
<td>• Although material supply is almost recovered, unstable situation remains partially</td>
</tr>
<tr>
<td></td>
<td>Supply Chain</td>
<td></td>
</tr>
</tbody>
</table>
Effect of COVID-19 ②

■ Operation status of sales/production bases (as of July 30, 2020)

- Although all production bases can operate at almost normal level, facing low operating ratio due to decrease of orders received
- Material supply has come back to almost normal level except some items. Need to monitor situation.
- Sales/administration bases are facing effects on sales activities by teleworking and travel restrictions

- Further strengthen operation following each country’s governmental orders in order to secure safety of employees and suppliers
- Optimize production/inventories by adjustment of operation monitoring market situation
- Implement measures corresponding to situation of each business, under estimation that effects remain in the future

■ Financial management

- Secured liquidity on hand by enlarging commitment lines and additional funding
- Save expense and investments, and continue strict judgement on priority

Act immediately against change of situation
1. Outline of Consolidated Business Results for 1st Quarter, FY2020

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Management Efforts in FY2020

Execute drastic business reform in FY2020

- **Business Portfolio Reform: Concentration on businesses create value**
  - Promote “replacing old with new”
  - Aim to grow mainly by businesses based on “Analog core technologies”
  - Maximize value of businesses which contribute to growth of Maxell group

- **Measures for 3 Unprofitable Businesses: Execution of concrete measures**
  - Accelerating to implement measures by establishing project (Consumer LIB*1) (Projector) (Health and beauty care products)

- **Disciplined Financial Policy: Aggressively promote profitability improvement**
  - Started implementation of ROIC
  - Execute “replacing old with new” of businesses through ABC-XYZ*2
  - Reduce unprofitable models through PIPJ*3

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*1 LIB : Lithium ion battery
*2 ABC-XYZ : Visualize profitability improvement by business
*3 PIPJ : P/L Improvement by Model Project
Business Portfolio Reform ①

- Define constitution of business portfolio

**Analog core business**
- Businesses create value based on analog core technologies
- Differentiate by unique technologies of Maxell and grow businesses needed by society

  - Mixing & Dispersion
  - Fine Coating
  - High Precision Molding & Forming

Concentrate resources to areas market expansion and business growth can be expected

**Value co-creation business**
- Businesses contribute to sales and profit by value co-creation together with “Analog core technologies”
- Businesses contribute to corporate value such as “brand value”, “value of contribution to ESG/SDGs” as well as profit

Organize to businesses contribute to maximization of value
What is “Analog core technologies”? 
Irreplaceable technology connects analog and digital, and realize Monozukuri (Manufacturing) in complex and delicate area cannot be reached only by digital technologies.

**Mixing & Dispersion**
Technology of mixing materials uniformly, regardless of size, hardness and viscosity of materials.

**Fine Coating**
Technology of coating adhesives and paints regardless of their viscosity, onto wide area and with even thickness.

**High Precision Molding & Forming**
Technology of producing ultra high precision molding die and precision forming cultivated by optical discs and lenses.

**Corresponding products**
- **Mixing & Dispersion**
  - Ink
- **Fine Coating**
  - Lithium-ion Batteries
  - Coated Separator
  - Electrode
- **High Precision Molding & Forming**
  - Heat Resistant CR Battery
  - Cylindrical CR Battery
  - All Solid State Battery
  - Butyl Tape
  - Dicing Tape
  - Electromagnetic wave Absorber
  - In Car Camera Lens Unit
  - LED Headlamp Lens
  - EF² (Electro Fine Forming)
  - HUD (Head Up Display)

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# Measures for 3 Unprofitable Businesses

## Consumer LIB

<table>
<thead>
<tr>
<th>Measures</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>・Drastically reduce fixed expenses by resource shift to automotive LIB</td>
<td>・Profit improvement: Continue profitability improvement by resource shift</td>
</tr>
<tr>
<td>・Strengthen business of ultra small sized batteries by co-development with customers</td>
<td>・Sales expansion: Accelerate development of batteries with new materials and ultra small size</td>
</tr>
</tbody>
</table>

## Projector

<table>
<thead>
<tr>
<th>Measures</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>・Regard profitability as top priority. Study further about position of business in the future</td>
<td>・Profit improvement: Accelerate improvement of structure of product models by increasing new light source ratio</td>
</tr>
<tr>
<td>・Accelerate growth of imaging business with a view to cooperate with partner</td>
<td>・Profit improvement: Execute narrowing down of development models and drastic reduction of fixed expenses</td>
</tr>
<tr>
<td></td>
<td>・Accelerate growth: Reform including study on cooperation with partner is ongoing</td>
</tr>
</tbody>
</table>

## Health and beauty care products

<table>
<thead>
<tr>
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<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>・Accelerate integration of design and sales divisions with Maxell Izumi and reduce indirect expenses and strengthen competitiveness</td>
<td>・Synergy effect: Strengthen competitiveness by making Maxell Izumi as wholly owned subsidiary</td>
</tr>
<tr>
<td>・Delay in development of sales route such as for professionals</td>
<td>・Profit improvement: Strengthening profitability by improvement of structure of product models is ongoing</td>
</tr>
</tbody>
</table>

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Executing measures as planned. Further accelerate in the future
## Disciplined Financial Policy

<table>
<thead>
<tr>
<th>Financial Discipline</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ROIC</strong>&lt;br&gt;Return on invested capital</td>
<td>To implementation phase in FY2020&lt;br&gt;→ Started utilization at all business divisions&lt;br&gt;→ Accelerate section level activities by penetration of mind throughout the divisions including front line people</td>
</tr>
<tr>
<td><strong>ABC-XYZ</strong>&lt;br&gt;Visualize profitability improvement by business</td>
<td>Execute improvement of unprofitable businesses&lt;br&gt;→ Execute measures for improvement of “Y” (low profit) business by the end of CY2020&lt;br&gt;→ Decide shrink/withdraw/sell-off for businesses can not be improved</td>
</tr>
<tr>
<td><strong>PIPJ</strong>&lt;br&gt;P/L Improvement by Model Project</td>
<td>Reduction of loss by profit and loss management of about 8,000 models&lt;br&gt;→ Started measures for worst 170 models in FY2020&lt;br&gt;→ Sharing information on successful examples and spread to other divisions</td>
</tr>
</tbody>
</table>

**Change all employees mind and realize value-committed business structure**
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**New Management Direction (MVVSS)**

- **Definition of MVVSS**: Sharing management's direction with all employees

<table>
<thead>
<tr>
<th>MISSION</th>
<th>“Contribute to a sustainable society by innovating unique, original technologies”</th>
</tr>
</thead>
<tbody>
<tr>
<td>VISION</td>
<td>“Create <strong>Maximum Excellence</strong> for employees, customers and society by leveraging unique analog core technologies”</td>
</tr>
</tbody>
</table>

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 Monozukuri (Manufacturing) above and beyond customer expectations

- **Social Value**
  Take on the many challenges of a changing world to create a prosperous and sustainable society

| SPIRIT | - Corporate Creed -
|        | “Harmony and cooperation, working with heart and soul, and contributing to society” |
|        | - Brand slogan -
|        | “**Within, the Future**” – The future is within - |

- **VALUE**
  The “Value” and “Strengths” Maxell commits to provide

- **SPIRIT**
  The “Spirit” Maxell must cherish

- **SLOGAN**
  The “Shared Slogan” of Maxell group
Towards “Value Creation Company”

We deliver highest value (Maximum Excellence) to all stakeholders
Notes about statements about the future

Parts of this document contain predictions about the future that are based on our current expectations and beliefs. These statements are provided as background material for investors.

We cannot ensure or guarantee that any such statement will prove to be correct.

Please keep in mind that actual outcomes might differ from anticipated results.