

Summary of Consolidated Financial Results for the First Quarter ended June 30, 2021

(Japan GAAP)

July 30, 2021

Listed company:	Maxell Holdings, Ltd.	Stock exchange: Tokyo (first section)
Code number:	6810	URL: https://www2.maxell.co.jp/ir/
Representative:	Keiji Nakamura (President)	
Contact person:	Seiji Takahashi (General Manager)	
Planned date of submittal of financial statement report	August 6, 2021	Planned date of beginning payment of dividends -

(Figures are rounded off to the nearest 1 million yen)

1. Consolidated Business Results and Financial Position for the First Quarter ended June 30, 2021 (April 1, 2021 through June 30, 2021)

(1) Consolidated Operating Results (% change compared with the same term of the previous year)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
June 30, 2021	34,930	16.6	3,576	-	3,721	-	2,651	-
June 30, 2020	29,959	(17.7)	(277)	-	(289)	-	(501)	-

Note: Comprehensive income: June 30, 2021 2,741 millions of yen (- %)
June 30, 2020 142 millions of yen (- %)

	Net profit per share	Net profit per share (Diluted)
	Yen	Yen
June 30, 2021	53.60	—
June 30, 2020	(10.13)	—

Note 1: The Company has introduced “performance-linked share-based remuneration system”. And the shares of the Company held by the trust are 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 profit per share” of the quarter.

2: From the beginning of the First Quarter ended June 30, 2021, the Company has applied “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29 of March 31, 2020), etc. The numbers relating to the First Quarter ended June 30, 2021 are after application of the Accounting Standard for Revenue Recognition, etc.

(2) Consolidated Financial Position

	Total assets	Net assets	Shareholders' equity ratio
	Millions of yen	Millions of yen	%
June 30, 2021	184,509	86,329	45.4
March 31, 2021	176,807	83,597	45.9

References: Shareholders' equity: June 30, 2021 83,836 millions of yen; March 31, 2021 81,162 millions of yen

Note: The Company has introduced “performance-linked share-based remuneration system”. And the shares of the Company held by the trust are recorded as treasury shares.

2. Dividend

	Dividend per share				
	1Q	2Q	3Q	Year end	Full year
	Yen	Yen	Yen	Yen	Yen
March 31, 2021	-	0.00	-	0.00	0.00
March 31, 2022	-				
March 31, 2022 (Forecast)		12.00	-	12.00	24.00

Note : Revision of the latest dividend forecast:

None

3. Consolidated Business Forecast for the year ending March 31, 2022 (April 1, 2021 through March 31, 2022)

(% change from the previous year)

	Net sales		Operating profit		Profit attributable to owners of parent		Net profit per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	125,000	(10.1)	6,000	57.6	3,500	-	70.77

Note 1: Revision of the latest consolidated financial forecast: None

- 2: The Company has introduced “performance-linked share-based remuneration system”. And the shares of the Company held by the trust are 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 profit per share” of the year.

Notes

(1) Changes in significant subsidiaries during the period: None

(2) Application of special accounting method: Yes

Standard used to calculate income taxes

Tax expenses are calculated by making a reasonable estimation of the effective tax rate on profit before income taxes for the fiscal year including the first quarter after the application of deferred tax accounting and applying the estimated effective tax rate to the quarterly profit before income taxes. However, when an estimated effective tax rate is unreasonable, the effective statutory tax rate shall be applied.

(3) Changes in accounting policies, accounting estimates and restatement

1) Changes as a result of revision of accounting standards: Yes

Application of Accounting Standard for Revenue Recognition

The Company has applied “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29 of March 31, 2020), etc. from the beginning of the first quarter ended June 30, 2021 and revenue is recognized when control of promised goods or services are transferred to customers in the amount expected to be received in exchange for those goods or services.

As a result, in the first quarter ended June 30, 2021, net sales decreased by 928 million yen, cost of sales decreased by 842 million yen, selling, general and administrative expenses decreased by 44 million yen and non-operating expenses decreased by 14 million yen. Also, operating profit decreased by 42 million yen, and ordinary profit and profit before income taxes decreased by 28 million yen each. There is no influence to the balance of retained earnings at the beginning of the period.

2) Changes other than 1): None

3) Changes in accounting estimates: None

4) Restatement: None

(4) Number of shares issued (common stock)

1) Number of shares issued at end of period (including treasury share):

June 30, 2021 53,341,500 shares

March 31, 2021 53,341,500 shares

2) Number of shares of treasury share at end of period:

June 30, 2021 3,882,166 shares

March 31, 2021 3,882,166 shares

3) Average number of shares during the term:

June 30, 2021 49,459,334 shares

June 30, 2020 49,458,534 shares

Note 1: The number of shares of treasury share at end of period includes the shares of the Company held by the trust relating to “performance-linked share-based remuneration system” (18,600 shares, for the previous consolidated fiscal year ended March 31, 2021 and 18,600 shares, for the First Quarter ended June 30, 2021).

2: The average number of shares during the term is calculated by deducting the treasury shares and the shares of the Company held by the trust relating to “performance-linked share-based remuneration system” (19,400 shares, for the First Quarter ended June 30, 2020 and 18,600 shares, for the First Quarter ended June 30, 2021).

*** Explanation regarding the appropriate use of forecasts of business results and other special instructions**

Forecasts of business results and other forward-looking statements in this document are based on information currently available to the Company and certain assumptions that the Company deems to be reasonable. Actual business results may differ significantly due to a variety of factors. For further information on the above-mentioned forecast preconditions and other related matters, please see page 4, “3. Qualitative Information relating to Projections of Consolidated Business Results”.

[Qualitative Information / Financial Statements]

1. Qualitative Information relating to Consolidated Business Results

(Unless otherwise stated, all comparisons are with operating results in first quarter of the previous fiscal year, from April 1, 2020 to June 30, 2020.)

The global economy in this first quarter period, although concerns about the spread of the Novel Coronavirus (COVID-19) could not be fully cleared, the restrictions on economic and social activities which had been conducted intermittently, were gradually eased due to the progress of vaccination, mainly in the U.S. and Europe. Also in Japan, particularly among the elderly, vaccination have finally started in earnest, and expectations for economic recovery are rising. However, while there is a good factor such as the evident recovery trend in major markets including automotive and semiconductor, the Company thinks that it is necessary to closely monitor the situation, such as shortage of semiconductors, rising raw material cost, and concern on a resurgence of the trade frictions between the U.S. and China.

Under these circumstances, in this first quarter period, due to the recovery trend of the markets including automotive and semiconductor, and continued Stay-at-Home demands, sales of this first quarter period increased by 16.6% (4,971 million yen) to 34,930 million yen. In terms of profitability, due to the increase of profit brought by recovery trend of sales, the effect of business reform implemented in the previous fiscal year and increase of the revenue relating to intellectual property rights, etc., operating profit increased by 3,853 million yen to 3,576 million yen, ordinary profit increased by 4,010 million yen to 3,721 million yen and profit attributable to owners of parent increased by 3,152 million yen to 2,651 million yen.

The average foreign exchange rate over this first quarter under review was US\$1=109 yen.

The Company has applied “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29 of March 31, 2020), etc. from the beginning of this first quarter period ended June 30, 2021.

Operating results by segment were as follows. From this first quarter period ended June 30, 2021, the Company has changed reporting segments and comparisons and explanations are based on the segments after the change.

Energy

Sales of lithium ion batteries for consumer which performed favorably supported by Stay-at-Home demand in the previous fiscal year were almost same level year on year. Furthermore, by sales increase of heat resistant coin type lithium battery following the recovery of automotive market and cylindrical type lithium battery mainly for smart meters, sales for Energy segment increased by 18.9% (1,586 million yen) to 9,993 million yen. Operating profit also increased by 318.1% (1,018 million yen) to 1,338 million yen due to effect of reduction of fixed expenses for lithium ion batteries and transfer of laminated type lithium ion battery business, and by sales increase of primary batteries, such as heat resistant coin type lithium battery and cylindrical type lithium battery, etc.

Functional Materials

Although the sales of coated separator decreased due to application of the Accounting Standard for Revenue Recognition, etc., by the sales increase of adhesive tapes and industrial rubber products, sales for Functional Materials segment increased by 9.0% (552 million yen) to 6,713 million yen. Operating profit also increased by 526.2% (563 million yen) to 670 million yen by profit increase of coated separator and the sales increase of adhesive tapes and industrial rubber products.

Optics & Systems

Although the sales of projector decreased, mainly by sales increase of optical components such as in-car camera lens unit and LED headlamp lens following the recovery of automotive market, sales for Optics and Systems segment increased by 21.7% (1,818 million yen) to 10,213 million yen. Operating profit increased by 1,856 million yen to 1,091 million yen, by the effect of business reform with projector and improvement of profitability of optical components for automotive market, etc.

Life Solution

In addition to the sales increase of health related products such as ozone anti-bacterial deodorizer due to increased hygiene awareness resulting from spread of COVID-19, sales increase of beauty care products, accessories and other consumer products and hydraulic tools, sales for Life Solution segment increased by 14.5% (1,015 million yen) to 8,011 million yen. Operating profit also increased by 682.0% (416 million yen) to 477 million yen, by the sales increase of health and beauty care products and hydraulic tools.

For the information on sales by region, capital expenditure, depreciation, and research and development expenses, please see the supplementary information on page 5.

2. Qualitative Information relating to Consolidated Financial Position

Assets

As of June 30, 2021, total assets amounted 184,509 million yen, increased by 4.4% from the previous consolidated fiscal year (as of March 31, 2021). Among this, current assets amounted 93,967 million yen, increased by 10.1%, mainly by increase of cash and deposits. And the ratio of current assets among total assets has changed to 50.9% from 48.3% of the previous consolidated fiscal year. On the other hand, non-current assets amounted 90,542 million yen, decreased by 1.0%, and the ratio of non-current assets among total assets has changed to 49.1% from 51.7% of the previous consolidated fiscal year.

Liabilities

As of June 30, 2021, total liabilities amounted 98,180 million yen, increased by 5.3% from the previous consolidated fiscal year. Among this, current liabilities amounted 54,921 million yen, increased by 12.1%, mainly by increase of other current liabilities. Current ratio became 1.7 times, and the cash on hand which is the balance between current assets and current liabilities, became 39,046 million yen. On the other hand, non-current liabilities amounted 43,259 million yen, decreased by 2.2%, mainly by payment of long-term loans payable.

Net Assets

As of June 30, 2021, total net assets amounted 86,329 million yen, increased by 3.3% from the previous consolidated fiscal year, mainly by record of profit attributable to owners of parent amounted 2,651 million yen. And the equity ratio has changed to 45.4% from 45.9% of the previous consolidated fiscal year.

3. Qualitative Information relating to Projections of Consolidated Business Results

The global economic environment is expected to gradually recover after bottoming out in the previous fiscal year, although concerns about the spread of COVID-19 will continue during this fiscal year ending March 31, 2022. Under these circumstances, the Company expects that our business performance of the second quarter onwards of this fiscal year will continue to recover. On the other hand, the Company thinks that it is necessary to carefully examine the impact of the termination of sales of projectors in the U.S., Europe, and Asia (excluding China and South Korea) scheduled at the end of September 2021, the impact of the re-expansion of COVID-19 on the operations at our factories in Southeast Asia, and the impact of shortages of semiconductors and other parts and materials and rise of raw material costs. Due to these factors, the Company has not revised the consolidated business forecast announced on April 28, 2021.

The Company is aiming to return to profit re-growth and further accelerate business reform in this fiscal year, as the first year of the Mid-Term Plan MEX23.

Supplementary information

Consolidated Financial Results and Forecast

(Millions of yen)

	First Quarter ended: June 30, 2020	First Quarter ended: June 30, 2021	Change* (%)	March 31, 2022 Forecast	Change* (%)
Net sales	29,959	34,930	16.6	125,000	(10.1)
Operating income	(277)	3,576	-	6,000	57.6
Profit attributable to owners of parent	(501)	2,651	-	3,500	-

* % change from the same term of the previous year

Sales and Operating Income by Segment

	June 30, 2020	June 30, 2021		Change* (%)	March 31, 2022 Forecast		Change* (%)
	Millions of yen	Millions of yen	Composition (%)		Millions of yen	Composition (%)	
Net sales	29,959	34,930	100.0	16.6	125,000	100.0	(10.1)
Energy	8,407	9,993	28.6	18.9	32,700	26.2	(13.5)
Functional Materials	6,161	6,713	19.2	9.0	26,200	20.9	(5.3)
Optics & Systems	8,395	10,213	29.2	21.7	34,000	27.2	(11.9)
Life Solution	6,996	8,011	23.0	14.5	32,100	25.7	(8.2)
Operating income	(277)	3,576	100.0	-	6,000	100.0	57.6
Energy	320	1,338	37.4	318.1	2,500	41.6	(24.4)
Functional Materials	107	670	18.8	526.2	1,500	25.0	36.4
Optics & Systems	(765)	1,091	30.5	-	400	6.7	-
Life Solution	61	477	13.3	682.0	1,600	26.7	(31.4)

* % change from the same term of the previous year

Sales by Regional Segment

	June 30, 2020	June 30, 2021		Change* (%)
	Millions of yen	Millions of yen	Composition (%)	
Overseas sales	10,797	14,976	42.9	38.7
America	2,846	3,806	10.9	33.7
Europe	1,559	2,837	8.1	82.0
Asia and other	6,392	8,333	23.9	30.4
Domestic sales	19,162	19,954	57.1	4.1
Total	29,959	34,930	100.0	16.6

* % change from the same term of the previous year

Capital investment, Depreciation, R&D expenses

(Millions of yen)

	June 30, 2020	June 30, 2021	Change* (%)	March 31, 2022 Forecast	Change* (%)
Capital investment	869	427	(50.9)	6,000	(25.9)
Depreciation	1,348	1,093	(18.9)	4,800	(11.9)
R&D expenses	2,000	1,501	(24.9)	6,800	(14.3)

* % change from the same term of the previous year

4. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2021	As of June 30, 2021
Assets		
Cash and deposits	33,016	41,937
Notes and accounts receivable - trade	30,295	28,488
Inventories	16,034	17,996
Other	6,565	6,094
Allowance for doubtful accounts	(541)	(548)
Total current assets	85,369	93,967
Non-current assets		
Property, plant and equipment		
Land	32,930	32,592
Other, net	22,350	22,178
Total property, plant and equipment	55,280	54,770
Intangible assets		
Goodwill	638	491
Other	4,721	4,691
Total intangible assets	5,359	5,182
Investments and other assets		
Investment securities	24,168	23,508
Other	6,833	7,284
Allowance for doubtful accounts	(202)	(202)
Total investments and other assets	30,799	30,590
Total non-current assets	91,438	90,542
Total assets	176,807	184,509
Liabilities		
Current liabilities		
Notes and accounts payable - trade	17,851	19,858
Short-term loans payable	3,500	—
Current portion of long-term loans payable	1,598	1,598
Income taxes payable	1,174	1,535
Other	24,852	31,930
Total current liabilities	48,975	54,921
Non-current liabilities		
Long-term loans payable	32,592	32,052
Net defined benefit liability	6,700	6,786
Asset retirement obligations	422	424
Other	4,521	3,997
Total non-current liabilities	44,235	43,259
Total liabilities	93,210	98,180

(Millions of yen)

	As of March 31, 2021	As of June 30, 2021
Net assets		
Shareholders' equity		
Capital stock	12,203	12,203
Capital surplus	28,290	28,290
Retained earnings	54,405	57,056
Treasury shares	(6,034)	(6,034)
Total shareholders' equity	88,864	91,515
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,117	667
Foreign currency translation adjustment	(5,826)	(5,518)
Remeasurements of defined benefit plans	(2,993)	(2,828)
Total accumulated other comprehensive income	(7,702)	(7,679)
Non-controlling interests	2,435	2,493
Total net assets	83,597	86,329
Total liabilities and net assets	176,807	184,509

(2) Consolidated Statements of Income

(Millions of yen)

	First quarter ended June 30, 2020 (April 1, 2020- June 30, 2020)	First quarter ended June 30, 2021 (April 1, 2021- June 30, 2021)
Net sales	29,959	34,930
Cost of sales	24,482	24,900
Gross profit	5,477	10,030
Selling, general and administrative expenses	5,754	6,454
Operating profit (loss)	(277)	3,576
Non-operating income		
Interest income	48	15
Dividend income	45	52
Share of profit of entities accounted for using equity method	—	54
Foreign exchange gains	—	22
Other	86	84
Total non-operating income	179	227
Non-operating expenses		
Interest expenses	15	27
Sales discounts	44	16
Share of loss of entities accounted for using equity method	43	—
Other	89	39
Total non-operating expenses	191	82
Ordinary profit (loss)	(289)	3,721
Extraordinary income		
Gain on sale of non-current assets	16	3
Total extraordinary income	16	3
Extraordinary losses		
Loss on sale and retirement of non-current assets	19	44
Impairment losses	—	25
Loss on COVID19	110	—
Total extraordinary losses	129	69
Profit (loss) before income taxes	(402)	3,655
Income taxes	121	959
Profit (loss)	(523)	2,696
Profit (loss) attributable to non-controlling interests	(22)	45
Profit (loss) attributable to owners of parent	(501)	2,651

(3) Consolidated Statements of Comprehensive Income

	(Millions of yen)	
	First quarter ended June 30, 2020 (April 1, 2020- June 30, 2020)	First quarter ended June 30, 2021 (April 1, 2021- June 30, 2021)
Profit (loss)	(523)	2,696
Other comprehensive income		
Valuation difference on available-for-sale securities	660	(450)
Foreign currency translation adjustment	(193)	330
Remeasurements of defined benefit plans, net of tax	198	165
Total other comprehensive income	665	45
Comprehensive income	142	2,741
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	176	2,674
Comprehensive income attributable to non-controlling interests	(34)	67