

## Summary of Consolidated Financial Results for the Third Quarter ended December 31, 2021 (Japan GAAP)

January 27, 2022

Listed company:	Maxell, Ltd.	Stock exchange: Tokyo (first section)
Code number:	6810	URL: <a href="https://www2.maxell.co.jp/ir/">https://www2.maxell.co.jp/ir/</a>
Representative:	Keiji Nakamura (President)	
Contact person:	Seiji Takahashi (General Manager)	
Planned date of submittal of financial statement report	February 10, 2022	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 Third Quarter ended December 31, 2021 (April 1, 2021 through December 31, 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	%
December 31, 2021	104,553	1.2	8,571	200.8	8,854	239.8	5,322	—
December 31, 2020	103,336	(7.2)	2,849	102.1	2,606	79.2	(1,144)	—

Note: Comprehensive income: December 31, 2021 7,094 millions of yen (increased by 506.8%)  
December 31, 2020 1,169 millions of yen (decreased by 26.7%)

	Net profit per share	Net profit per share (Diluted)
	Yen	Yen
December 31, 2021	107.60	—
December 31, 2020	(23.13)	—

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 third quarter ended December 31, 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	%
December 31, 2021	185,560	89,690	46.9
March 31, 2021	176,807	83,597	45.9

References: Shareholders' equity: December 31, 2021 86,995 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	-	20.00	-		
March 31, 2022 (Forecast)				20.00	40.00

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	136,500	(1.8)	9,500	149.6	5,700	-	115.25	

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: Yes  
 (Changes in specified subsidiaries resulting in changes in the scope of consolidation)  
 Exclusion: 1 company (Name) Maxell, Ltd.  
 The Company has executed the absorption-type merger wherein the Company was the surviving company, and Maxell, Ltd. used to be a consolidated subsidiary of the Company was the absorbed company. And the Company has dissolved the holding company structure and changed the corporate name of the Company from Maxell Holdings, Ltd. to Maxell, Ltd., as of October 1, 2021.  
 Also, Maxell, Ltd. absorbed in the absorption-type merger has been classified as a specified subsidiary of the Company. For the details, please refer to the announcements “Notice regarding Absorption-type Merger of Wholly Owned Subsidiary, Change of Corporate Name and Partial Amendments to the Articles of Incorporation” on April 28, 2021 and “Notice regarding Completion of Absorption-type Merger of Wholly Owned Subsidiary and Corporate Name Change” on October 1, 2021.
- (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 income before income taxes for the fiscal year including the third quarter after the application of deferred tax accounting and applying the estimated effective tax rate to the quarterly income 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 third quarter ended December 31, 2021, net sales decreased by 2,602 million yen, cost of sales decreased by 2,430 million yen, selling, general and administrative expenses decreased by 124 million yen and non-operating expenses decreased by 46 million yen. Also, operating profit decreased by 48 million yen, and ordinary profit and profit before income taxes decreased by 2 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):  
     December 31, 2021 53,341,500 shares  
     March 31, 2021 53,341,500 shares  
 2) Number of shares of treasury share at end of period:  
     December 31, 2021 3,882,195 shares  
     March 31, 2021 3,882,166 shares  
 3) Average number of shares during the term:  
     December 31, 2021 49,459,332 shares  
     December 31, 2020 49,458,930 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 third quarter ended December 31, 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” (19,004 shares, for the third quarter ended December 31, 2020 and 18,600 shares, for the third quarter ended December 31, 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 the Third Quarter of the previous fiscal year, from April 1, 2020 to December 31, 2020.)

In the global economy in this third quarter period, there was a gradual resumption of economic and social activities as the increase in the number of people who newly infected by the Novel Coronavirus (COVID-19) was suppressed. However, there were concerns about the impact on the economy in the future, such as respread of COVID-19 associated with the emergence of the new variant, mainly in the U.S. and Europe. In addition, despite of an economic recovery in the markets such as automotive and semiconductors, that are important to business performance of the Company, situation remained uncertain due to the large impact of shortages of semiconductors, soaring raw material prices, and stagnant logistics.

Under these circumstances, in this third quarter period, total sales increased by 1.2% (1,217 million yen) to 104,553 million yen due to the recovering demand in automotive and semiconductor markets, despite of negative factors such as sluggishness in the consumer market and the shrinkage of projector business, etc. In terms of profitability, mainly due to the effect of business reforms conducted in the previous fiscal year and the downsizing of unprofitable businesses as well as the increase in profits following the recovery in sales, operating profit increased by 200.8% (5,722 million yen) to 8,571 million yen. Ordinary profit increased by 239.8% (6,248 million yen) to 8,854 million yen and profit attributable to owners of parent increased by 6,466 million yen to 5,322 million yen.

The average foreign exchange rate over this third quarter period under review was US\$1=111 yen.

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 period ended June 30, 2021.

Operating results by segment are as follows. The Company has changed its business segment from first quarter of this fiscal year, and the analysis and comparisons are made based on the new segment.

#### **Energy**

Sales of lithium ion battery for consumer decreased due to a decline in orders as a result of production delay at customers caused by the supply shortage of semiconductors. However, supported by increased sales of heat resistant coin type lithium battery following recovery of demand in automotive market, cylindrical type lithium batteries mainly for smart meters, and coin type lithium rechargeable batteries mainly for hearing aids, sales for Energy segment increased by 3.8% (1,088 million yen) to 29,976 million yen. In terms of profitability, all batteries were affected by soaring raw material prices. Although profit of lithium ion battery for consumer decreased due to decrease of sales in addition to soaring raw material prices, operating profit of the segment increased by 45.2% (1,065 million yen) to 3,419 million yen due to the effect of cost reduction measures and increase in sales of heat resistant coin type lithium batteries, etc.

#### **Functional Materials**

Although sales of coated separator decreased due to the application of the Accounting Standard for Revenue Recognition, etc., sales for Functional Materials segment increased by 3.3% (669 million yen) to 20,732 million yen due to sales increase of adhesive tapes and industrial rubber products. Operating profit increased by 119.9% (886 million yen) to 1,625 million yen due to increase of profit by sales increase of industrial rubber products and adhesive tapes, as well as profit increase of coated separator.

#### **Optics & Systems**

Although sales of projector decreased due to termination of sales in Americas, Europe and Asia (excluding China and South Korea), sales for Optics & Systems segment increased by 4.1% (1,167 million yen) to 29,497 million yen due to sales increase of semiconductor related embedded systems, optical components for automotive market such as in-car camera lens unit and head up displays. Operating profit increased by 4,758 million yen to 2,799 million yen due to effect

of business reform for projectors and improvement in profitability of optical components for automotive market and head up displays and profit increase by sales increase of semiconductor related embedded systems, etc.

### **Life Solution**

In addition to decrease in sales of health related products due to a slowdown in sales of anti-bacterial deodorizer, for which demand had been increasing due to the spread of COVID-19, the impact of business transfer of part of health product and sales decrease of other consumer products such as beauty equipment and optical disks, sales for Life Solution segment decreased by 6.6% (1,707 million yen) to 24,348 million yen. Operating profit decreased by 57.6% (987 million yen) to 728 million yen, due to decrease of profit for health related and beauty care products.

## **2. Qualitative Information relating to Consolidated Financial Position**

### **Assets**

As of December 31, 2021, total assets amounted 185,560 million yen, increased by 5.0% from the previous consolidated fiscal year (as of March 31, 2021). Among this, current assets amounted 97,601 million yen, increased by 14.3%, mainly by increase of cash and deposits, as well as inventories. And the ratio of current assets among total assets has changed to 52.6% from 48.3% of the previous consolidated fiscal year. On the other hand, non-current assets amounted 87,959 million yen, decreased by 3.8% mainly by decrease of investment securities, and the ratio of non-current assets among total assets has changed to 47.4% from 51.7% of the previous consolidated fiscal year.

### **Liabilities**

As of December 31, 2021, total liabilities amounted 95,870 million yen, increased by 2.9% from the previous consolidated fiscal year. Among this, current liabilities amounted 53,864 million yen, increased by 10.0%, mainly by increase of other current liabilities. And the current ratio became 1.8 times, and the cash on hand which is the balance between current liabilities and current assets, became 43,737 million yen. On the other hand, non-current liabilities amounted 42,006 million yen, decreased by 5.0%, mainly by payment of long-term loans payable.

### **Net Assets**

As of December 31, 2021, total net assets amounted 89,690 million yen, increased by 7.3% from the previous consolidated fiscal year, mainly by record of profit attributable to owners of parent amounted 5,322 million yen. And the equity ratio has changed to 46.9% from 45.9% of the previous consolidated fiscal year.

## **3. Qualitative Information relating to Projections of Consolidated Business Results**

Business performance in this third quarter was higher compared to the previous fiscal year, as the sales of products for automotive and semiconductor markets were stronger and there were also effects coming from business reforms. On the other hand, in the global economic environment, the spread of COVID-19 accompanying the emergence of new variant is rapidly advancing, and the impact on economic and social activities is becoming a concern again from the fourth quarter onwards. In addition, rising raw material costs, stagnant logistics conditions, and a shortage in the supply of semiconductors and other components and materials are becoming increasingly serious, and the Company thinks that the business environment will continue to be uncertain, such as revisions of production plans by customers. In this environment, the Company is working to minimize opportunity losses by responding flexibly to the changes, and is steadily passing on rising raw material costs to selling prices. However, it is difficult to avoid the time lag between implementing measures to deal with rapid increases in costs, including logistics costs, and obtaining the benefits of these measures. Therefore, the Company thinks that the negative impact on its business performance will expand temporarily in the fourth quarter. Considering the above conditions, the Company has not changed the business forecast for the fiscal year ending March 2022 from the revised forecast announced on October 28, 2021.

The Company is aiming to realize profit re-growth in this fiscal year ending March 2022 which is the first year of the Mid-Term Plan MEX23, and for the first quarter of fiscal year ending March 2023 onwards, the Company will take measures firmly to solve these issues, and continue to promote business reform and strive to strengthen our growing businesses to achieve MEX23 targets for the year ending March 2024 (Operating profit: 12,500 million yen, operating profit margin: 10% or more and ROIC: over 7%).

## Supplementary information

### Consolidated Financial Results and Forecast

(Millions of yen)

	Third Quarter ended: December 31, 2020	Third Quarter ended: December 31, 2021	Change* (%)	March 31, 2022 Forecast	Change* (%)
Net sales	103,336	104,553	1.2	136,500	(1.8)
Operating income	2,849	8,571	200.8	9,500	149.6
Profit attributable to owners of parent	(1,144)	5,322	—	5,700	—

\* % change from the same term of the previous year

### Sales and Operating Income by Segment

	December 31, 2020	December 31, 2021		Change* (%)	March 31, 2022 Forecast		Change* (%)
	Millions of yen	Millions of yen	Composition (%)		Millions of yen	Composition (%)	
Net sales	103,336	104,553	100.0	1.2	136,500	100.0	(1.8)
Energy	28,888	29,976	28.7	3.8	37,400	27.4	(1.1)
Functional Materials	20,063	20,732	19.8	3.3	27,300	20.0	(1.3)
Optics & Systems	28,330	29,497	28.2	4.1	40,000	29.3	3.6
Life Solution	26,055	24,348	23.3	(6.6)	31,800	23.3	(9.1)
Operating income	2,849	8,571	100.0	200.8	9,500	100.0	149.6
Energy	2,354	3,419	39.9	45.2	3,300	34.7	(0.3)
Functional Materials	739	1,625	18.9	119.9	2,000	21.1	81.8
Optics & Systems	(1,959)	2,799	32.7	—	3,300	34.7	—
Life Solution	1,715	728	8.5	(57.6)	900	9.5	(61.4)

\* % change from the same term of the previous year

### Sales by Regional Segment

	December 31, 2020	December 31, 2021		Change* (%)
	Millions of yen	Millions of yen	Composition (%)	
Overseas sales	37,998	44,017	42.1	15.8
America	8,857	10,099	9.7	14.0
Europe	6,284	8,584	8.2	36.6
Asia and other	22,857	25,334	24.2	10.8
Domestic sales	65,338	60,536	57.9	(7.3)
Total	103,336	104,553	100.0	1.2

\* % change from the same term of the previous year

### Capital investment, Depreciation, R&D expenses

(Millions of yen)

	December 31, 2020	December 31, 2021	Change* (%)	March 31, 2022 Forecast	Change* (%)
Capital investment	6,344	2,508	(60.5)	6,000	(25.9)
Depreciation	4,067	3,343	(17.8)	4,800	(11.9)
R&D expenses	5,901	4,613	(21.8)	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 December 31, 2021
<b>Assets</b>		
Current assets		
Cash and deposits	33,016	42,988
Notes and accounts receivable - trade	30,295	30,568
Inventories	16,034	19,585
Other	6,565	5,395
Allowance for doubtful accounts	(541)	(935)
Total current assets	85,369	97,601
Non-current assets		
Property, plant and equipment		
Land	32,930	32,590
Other, net	22,350	22,169
Total property, plant and equipment	55,280	54,759
Intangible assets		
Goodwill	638	197
Other	4,721	4,997
Total intangible assets	5,359	5,194
Investments and other assets		
Investment securities	24,168	20,561
Other	6,833	7,654
Allowance for doubtful accounts	(202)	(209)
Total investments and other assets	30,799	28,006
Total non-current assets	91,438	87,959
Total assets	176,807	185,560
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	17,851	20,880
Short-term loans payable	3,500	—
Current portion of long-term loans payable	1,598	1,661
Income taxes payable	1,174	611
Other	24,852	30,712
Total current liabilities	48,975	53,864
Non-current liabilities		
Long-term loans payable	32,592	31,253
Net defined benefit liability	6,700	6,462
Asset retirement obligations	422	425
Other	4,521	3,866
Total non-current liabilities	44,235	42,006
Total liabilities	93,210	95,870

(Millions of yen)

	As of March 31, 2021	As of December 31, 2021
Net assets		
Shareholders' equity		
Capital stock	12,203	12,203
Capital surplus	28,290	28,290
Retained earnings	54,405	58,737
Treasury shares	(6,034)	(6,034)
Total shareholders' equity	88,864	93,196
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,117	(10)
Foreign currency translation adjustment	(5,826)	(3,843)
Remeasurements of defined benefit plans	(2,993)	(2,348)
Total accumulated other comprehensive income	(7,702)	(6,201)
Non-controlling interests	2,435	2,695
Total net assets	83,597	89,690
Total liabilities and net assets	176,807	185,560

## (2) Consolidated Statements of Income

(Millions of yen)

	Nine months ended December 31, 2020 (April 1, 2020 - December 31, 2020)	Nine months ended December 31, 2021 (April 1, 2021 - December 31, 2021)
Net sales	103,336	104,553
Cost of sales	81,899	77,252
Gross profit	21,437	27,301
Selling, general and administrative expenses	18,588	18,730
Operating profit	2,849	8,571
Non-operating income		
Interest income	242	68
Dividend income	115	124
Share of profit of entities accounted for using equity method	—	112
Foreign exchange gains	—	7
Other	347	294
Total non-operating income	704	605
Non-operating expenses		
Interest expenses	83	79
Sales discounts	136	39
Share of loss of entities accounted for using equity method	24	—
Foreign exchange losses	432	—
Loss on tax purpose reduction entry of non-current assets	—	77
Other	272	127
Total non-operating expenses	947	322
Ordinary profit	2,606	8,854
Extraordinary income		
Gain on sale of non-current assets	64	11
Gain on sale of investment securities	—	85
Compensation for forced relocation	772	—
Total extraordinary income	836	96
Extraordinary losses		
Loss on sale and retirement of non-current assets	142	129
Impairment losses	547	131
Extra retirement payments	2,233	623
Other	110	169
Total extraordinary losses	3,032	1,052
Profit before income taxes	410	7,898
Income taxes	1,485	2,444
Profit (loss)	(1,075)	5,454
Profit attributable to non-controlling interests	69	132
Profit (loss) attributable to owners of parent	(1,144)	5,322



(3) Consolidated Statements of Comprehensive Income

(Millions of yen)

	Nine months ended December 31, 2020 (April 1, 2020 - December 31, 2020)	Nine months ended December 31, 2021 (April 1, 2021 - December 31, 2021)
Profit (loss)	(1,075)	5,454
Other comprehensive income		
Valuation difference on available-for-sale securities	1,480	(1,126)
Foreign currency translation adjustment	160	2,121
Remeasurements of defined benefit plans, net of tax	604	645
Total other comprehensive income	2,244	1,640
Comprehensive income	1,169	7,094
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,069	6,823
Comprehensive income attributable to non-controlling interests	100	271