

FOR IMMEDIATE RELEASE

Announcement about Business Alliance for Sales of Consumer Products in Domestic Market

Tokyo, October 31, 2022 --- Maxell, Ltd. (TSE: 6810, hereinafter “the Company”) announced that the Board of Directors held today resolved to form a business alliance including transfer of the sales business of consumer products in Japanese domestic market under the brands, “maxell” and “IZUMI” (hereinafter “the Business”) to DENKYOSHA CO., LTD. (hereinafter “DENKYOSHA” and “the Alliance”), wholly owned subsidiary of Denkyo Group Holdings Co., Ltd. (hereinafter “DG-HD”), and concluded the Basic Agreement relating to the Alliance with DG-HD and DENKYOSHA as follows.

1. Purpose of the Alliance

The Company is aiming to realize operating profit of 12.5 billion yen in the fiscal year ending March 2024, which is the last year of the three years’ mid-term management plan “MEX23” (Maximum Excellence 2023) from the fiscal year ended March 2022 to the fiscal year ending March 2024, by accelerating business replacement and promoting portfolio management.

Over the years, the Group has been promoting maxell brand and IZUMI brand in the market of BtoC products such as batteries, optical disks, magnetic tapes, and electric shavers. However, the business environment surrounding BtoC business is undergoing major changes, including rising prices for imported goods due to the recent depreciation of the yen, soaring raw material costs, and changes in people’s lifestyles. At the same time, the Company is setting BtoB businesses based on the Company’s unique Analog Core Technologies as the pillar of the growth strategy and making growth investments. Under these circumstances, in order to continue selling and further expanding maxell brand and IZUMI brand products in Japanese domestic market, it has become essential to promote business efficiency not only by product planning and product development, but also by fundamentally reviewing the entire supply chain, such as expanding sales channels and streamlining logistics.

On the other hand, DG-HD’s main business is the wholesaling of life-related products, and it has a strong sales network in Japan. Also, DG-HD is aiming to achieve sustainable growth with their long-term vision toward the fiscal year 2030 “To become a company with groupwide sales of 100 billion yen” in their three years’ medium-term management plan from the fiscal year ended March 2022 to the fiscal year ending March 2024.

As the growth strategy aimed at achieving sustainable growth, DG-HD has been working to expand new business fields, including initiatives in EC businesses, and to differentiate their life-related products, DG-HD has been working to strengthen their manufacturer functions, which include developing original products while collaborating within DG-HD, and has been seeking for effective ways.

To these ends, the Company, DG-HD and DENKYOSHA have entered into the Basic Agreement relating to the Alliance, with the conclusion that transfer of the Business to DENKYOSHA as the sole distributor and integration of the product technology and planning capabilities possessed by the Group and the sales capabilities possessed by DG-HD will help expanding sales of maxell brand and IZUMI brand products in Japan and will be a pillar of growth strategy of DG-HD who is planning aggressive growth investments towards realization of sales of 100 billion yen.

2. Overview of the Alliance

(1) Products in the scope of the Alliance

Consumer products sold in Japanese domestic market under “maxell” brand and “IZUMI” brand.
(Hydraulic tools, all products sold outside of Japan and all OEM products sold in Japan and outside of Japan are out of the scope of the Alliance)

(2) Transfer of function relating to the Business

The function of the Company relating to the Business (Sales, product planning, etc.) will be transferred to DENKYOSHA and the current manufacturing function of the products within the Group, etc. will continue to remain in the Group.

Also, at the same time of forming the Alliance, the Company will conduct business reorganization of Life Solution business, including structural review such as making the Company’s domestic production site, Kyushu Works to one of the business divisions of Maxell Izumi Co., Ltd., etc.

3. Overview of the party of the Alliance

(1) Name	DENKYOSHA CO., LTD.
(2) Address	2-10-70 Namba-naka, Naniwa-ku, Osaka-shi, Osaka
(3) Representative	Ichiro Takase, President
(4) Description of Business	Wholesale of household electric appliances, audio and communication devices, air conditioning apparatuses and health and beauty care equipment. The business associated with and related to the wholesale
(5) Capital	340 million yen
(6) Date of Establishment	April 1, 2022
(7) Major Shareholders and holding ratio	Denkyo Group Holdings Co., Ltd. 100%
(8) Relation between the Company and the party	There is no capital relation, and the party is not relevant to the Company’s related parties concerned. There are human relation in which the Company’s employee is transferred to the party on temporary assignment, and business relation in which the Company is selling the Company’s products to the party.

As DENKYOSHA, the party of the Alliance was established on April 1, 2022 prior to the DG-HD’s transition to the holding company structure as of October 1, 2022, there is no fixed fiscal year yet. Consolidated financial results and financial position, etc. of DG-HD are as follows for reference.

(Reference)

(1) Name	Denkyo Group Holdings Co., Ltd.		
(2) Address	2-10-70 Namba-naka, Naniwa-ku, Osaka-shi, Osaka		
(3) Representative	Shuheii Sakata, President		
(4) Description of Business	Management control of the group companies. Lease and management of real estates		
(5) Capital	2,644 million yen		
(6) Date of Establishment	December 1, 1955		
(7) Major Shareholders and holding ratio (As of March 31, 2022. Ratio of shareholdings against total number of shares issued excluding treasury shares.)	Iwatani K.K. 15.18% Denkyosha Trading Partner Shareholding Association 12.11% MUFG Bank, Ltd. 4.95% The Hokuriku Bank, Ltd. 4.88% Denkyosha Employee Shareholding Association 3.51% Osamu Nakano 2.22% Nippon Life Insurance Company 1.98% Tokio Marine & Nichido Fire Insurance Co., Ltd. 1.85% Onamba Co., Ltd. 1.71% Zojirushi Corporation 1.68%		
(8) Relation between the Company and the party	There is no capital relation, human relation, business relation and the party is not relevant to the Company's related parties concerned.		
(9) Consolidated Financial Results and Financial Position of the Party for the Last Three Fiscal Years			
Financial Period	Year Ended March 2020	Year Ended March 2021	Year Ended March 2022
Net Assets	Millions of yen 24,564	Millions of yen 26,808	Millions of yen 26,367
Total Assets	Millions of yen 34,539	Millions of yen 36,681	Millions of yen 36,353
Net Assets per share	Yen 4,026.74	Yen 4,394.83	Yen 4,352.43
Net Sales	Millions of yen 51,579	Millions of yen 57,358	Millions of yen 53,747
Operating Profit	Millions of yen 116	Millions of yen 1,482	Millions of yen 611
Ordinary Profit	Millions of yen 754	Millions of yen 1,870	Millions of yen 1,056
Profit Attributable to Owners of Parent	Millions of yen 411	Millions of yen 1,279	Millions of yen 613
Net Profit per share	Yen 67.50	Yen 209.75	Yen 100.62
Dividend per share	Yen 40.00	Yen 45.00	Yen 40.00

4. Schedule

Date of Resolution at the Board of Directors and conclusion of the Basic Agreement	October 31, 2022
Date of Conclusion of the Sole Distributorship Contract	January 31, 2023 (scheduled)
Effective date of the Sole Distributorship Contract	April 1, 2023 (scheduled)

5. Future Forecast

The expenses relating to the Alliance have been reflected in "Notice about Revision of Consolidated Financial Forecast for the Fiscal Year ending March 31, 2023" announced on October 28, 2022.

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