

Summary of Consolidated Financial Results for the First Quarter ended June 30, 2023
(Japan GAAP)

July 27, 2023

Listed company:	Maxell, Ltd.	Stock exchange:	Tokyo (Prime Market)
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 8, 2023	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, 2023
(April 1, 2023 through June 30, 2023)

(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, 2023	32,225	(0.0)	2,024	57.4	3,140	62.4	2,346	42.6
June 30, 2022	32,227	(7.7)	1,286	(64.0)	1,934	(48.0)	1,645	(37.9)

Note: Comprehensive income: June 30, 2023 4,500 millions of yen (decreased by 19.5%)
June 30, 2022 5,590 millions of yen (increased by 103.9%)

	Net profit per share	Net profit per share (Diluted)
	Yen	Yen
June 30, 2023	51.20	—
June 30, 2022	33.43	—

Note: 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) Consolidated Financial Position

	Total assets	Net assets	Shareholders' equity ratio
	Millions of yen	Millions of yen	%
June 30, 2023	163,256	89,521	52.9
March 31, 2023	168,177	85,940	49.2

References: Shareholders' equity: June 30, 2023 86,289 millions of yen; March 31, 2023 82,816 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, 2023	-	20.00	-	20.00	40.00
March 31, 2024	-				
March 31, 2024 (Forecast)		20.00	-	20.00	40.00

Note: Revision of the latest dividend forecast:

None

3. Consolidated Business Forecast for the year ending March 31, 2024 (April 1, 2023 through March 31, 2024)

(% 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	133,000	0.2	7,500	33.0	5,200	0.1	113.48

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: None

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, 2023 49,695,800 shares

March 31, 2023 49,695,800 shares

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

June 30, 2023 3,871,367 shares

March 31, 2023 3,871,367 shares

3) Average number of shares during the term:

June 30, 2023 45,824,433 shares

June 30, 2022 49,213,263 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” (16,800 shares, for the previous consolidated fiscal year ended March 31, 2023 and 16,800 shares, for the First Quarter ended June 30, 2023).

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” (18,600 shares, for the First Quarter ended June 30, 2022 and 16,800 shares, for the First Quarter ended June 30, 2023).

*** 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, 2022 to June 30, 2022.)

Looking at the global economy in this first quarter period, whereas the spread of the Novel Coronavirus (COVID-19) has been moving towards containment since the beginning of the year, the United States and Europe continue to tighten financial measures, and uncertain situation is continuing. In terms of the business environment surrounding the Company, while there were favorable factors such as the recovery in automotive market and the improvement in the profitability of export products due to the depreciation of the yen, there were also severe factors such as the sluggish semiconductor market due to the economic stagnation. Soaring raw material cost which had a significant impact in the previous fiscal year, while calming of price increase are observed in some materials, the impact still remains including a sharp rise in the cost of electric power.

Under these circumstances, sales of this first quarter period were 32,225 million yen, almost same level as the corresponding period of previous fiscal year with decrease of 2 million yen, as higher sales from automotive optical components, semiconductors related products and licensing revenues offset the decrease in sales due to the transfer of the domestic consumer products sales business. In terms of profitability, operating profit increased by 57.4% (738 million yen) to 2,024 million yen, due to strong sales of the Optics & System segment products and licensing revenues, as well as the effects of reforming BtoC business and the weaker yen on export products. Ordinary profit increased by 62.4% (1,206 million yen) to 3,140 million yen mainly due to the recognition of foreign exchange gains and profit attributable to owners of parent increased by 42.6% (701 million yen) to 2,346 million yen.

The average foreign exchange rate over this first quarter under review was US\$1=137 yen.

Operating results by segment were as follows.

Energy

Sales of primary batteries decreased due to the impact of the stagnant economy in some regions. However, sales of rechargeable batteries increased due to a recent recovery in customer demand, which had been affected by the semiconductor shortage. As a result, sales of Energy segment increased by 0.8% (69 million yen) to 8,879 million yen. In terms of profitability, operating profit decreased by 315 million yen to a loss of 1 million yen due to the impact of lower sales of primary batteries, civil rehabilitation proceedings by rechargeable battery customer, and recognition of expenses on all-solid-state battery such as R&D and mass production setup cost.

Functional Materials

While sales of adhesive tapes such as tapes for construction and for semiconductor manufacturing process increased, overall sales of Functional Materials segment decreased by 2.2% (162 million yen) to 7,143 million yen due to the impact of sluggish industrial materials. Operating profit decreased by 8.1% (21 million yen) to 237 million yen due to the impact of lower sales of industrial materials, despite an increase in adhesive tape.

Optics & Systems

Due to recovery in automotive market and improved procurement of semiconductor components, both sales of automotive optical components and semiconductor related products increased. In addition, due to the advanced receipt of licensing revenues which had been brought forward from the third quarter onward, sales of Optics & Systems segment increased by 18.4% (1,661 million yen) to 10,666 million yen. Operating profit increased by 103.8% (875 million yen) to 1,718 million yen due to the above-mentioned increase in sales.

Life Solution

As a result of the transfer of the domestic consumer products sales business, sales of consumer products and health & beauty care products decreased. As a result, sales of Life Solution segment decreased by 22.1% (1,570 million yen) to 5,537 million yen. Operating profit increased by 199 million yen to 70 million yen due to restructuring of BtoC business.

2. Qualitative Information relating to Consolidated Financial Position

Assets

As of June 30, 2023, total assets amounted 163,256 million yen, decreased by 2.9% from the previous consolidated fiscal year (as of March 31, 2023). Among this, current assets amounted 89,254 million yen, decreased by 5.9%, mainly by decrease of cash and deposits due to repayment of borrowings, and the ratio of current assets among total assets has changed to 54.7% from 56.4% of the previous consolidated fiscal year. On the other hand, non-current assets amounted 74,002 million yen, increased by 0.9%, and the ratio of non-current assets among total assets has changed to 45.3% from 43.6% of the previous consolidated fiscal year.

Liabilities

As of June 30, 2023, total liabilities amounted 73,735 million yen, decreased by 10.3% from the previous consolidated fiscal year. Among this, current liabilities amounted 47,702 million yen, decreased by 14.0%, mainly by decrease of current portion of long-term borrowings. Current ratio became 1.9 times, and the cash on hand which is the balance between current assets and current liabilities, became 41,552 million yen. On the other hand, non-current liabilities amounted 26,033 million yen, decreased by 2.7%, mainly by decrease of long-term borrowings.

Net Assets

As of June 30, 2023, total net assets amounted 89,521 million yen, increased by 4.2% from the previous consolidated fiscal year, mainly by record of profit attributable to owners of parent amounted 2,346 million yen and increase of foreign currency translation adjustment amounted 1,821 million yen. And the equity ratio has changed to 52.9% from 49.2% of the previous consolidated fiscal year.

3. Qualitative Information relating to Projections of Consolidated Business Results

The business environment surrounding the Company for the fiscal year ending March 2024 is expected to continue to be affected by sluggish economy until the second quarter of the fiscal year, and the recovery of the economy is expected to occur after the third quarter of the fiscal year.

In this challenging environment, we will continue to increase sales, especially of automotive related products and will continue to implement business replacement by managing profits through thorough financial discipline and reforming our business portfolio. In addition to implementing thorough cost reduction measures, we will steadily reflect the current increase in costs on selling prices, and we will strengthen our profitability to realize the full-year consolidated profit forecast for the fiscal year ending March 2024 announced on April 27, 2023.

For the information on sales by region, capital expenditure, depreciation, and R&D expenses, please see the supplementary information on page 5.

Supplementary information

Consolidated Financial Results and Forecast

(Millions of yen)

	First Quarter ended: June 30, 2022	First Quarter ended: June 30, 2023	Change* (%)	March 31, 2024 Forecast	Change* (%)
Net sales	32,227	32,225	(0.0)	133,000	0.2
Operating profit	1,286	2,024	57.4	7,500	33.0
Profit attributable to owners of parent	1,645	2,346	42.6	5,200	0.1

* % change from the same term of the previous year

Sales and Operating Income by Segment

	June 30, 2022	June 30, 2023		Change* (%)	March 31, 2024 Forecast		Change* (%)
	Millions of yen	Millions of yen	Composition (%)		Millions of yen	Composition (%)	
Net sales	32,227	32,225	100.0	(0.0)	133,000	100.0	0.2
Energy	8,810	8,879	27.5	0.8	40,000	30.1	8.8
Functional Materials	7,305	7,143	22.2	(2.2)	33,000	24.8	12.7
Optics & Systems	9,005	10,666	33.1	18.4	38,000	28.6	1.4
Life Solution	7,107	5,537	17.2	(22.1)	22,000	16.5	(24.8)
Operating profit	1,286	2,024	100.0	57.4	7,500	100.0	33.0
Energy	314	(1)	-	-	1,700	22.7	(27.9)
Functional Materials	258	237	11.7	(8.1)	2,400	32.0	178.1
Optics & Systems	843	1,718	84.9	103.8	4,000	53.3	2.9
Life Solution	(129)	70	3.5	-	(600)	-	-

* % change from the same term of the previous year

Sales by Regional Segment

	June 30, 2022	June 30, 2023		Change* (%)
	Millions of yen	Millions of yen	Composition (%)	
Overseas sales	13,363	14,484	44.9	8.4
America	3,136	4,300	13.3	37.1
Europe	2,577	3,426	10.6	32.9
Asia and other	7,650	6,758	21.0	(11.7)
Domestic sales	18,864	17,741	55.1	(6.0)
Total	32,227	32,225	100.0	(0.0)

* % change from the same term of the previous year

Capital investment, Depreciation, R&D expenses

(Millions of yen)

	June 30, 2022	June 30, 2023	Change* (%)	March 31, 2024 Forecast	Change* (%)
Capital investment	829	1,603	93.4	8,000	109.2
Depreciation	1,157	1,186	2.5	5,400	14.0
R&D expenses	1,586	1,274	(19.7)	6,500	1.6

* % change from the same term of the previous year

4. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2023	As of June 30, 2023
Assets		
Current assets		
Cash and deposits	38,170	32,650
Notes and accounts receivable - trade	30,439	30,374
Inventories	22,476	22,594
Other	4,678	4,668
Allowance for doubtful accounts	(926)	(1,032)
Total current assets	94,837	89,254
Non-current assets		
Property, plant and equipment		
Land	28,994	29,021
Other, net	22,550	22,845
Total property, plant and equipment	51,544	51,866
Intangible assets	4,697	4,685
Investments and other assets		
Other	17,190	17,549
Allowance for doubtful accounts	(91)	(98)
Total investments and other assets	17,099	17,451
Total non-current assets	73,340	74,002
Total assets	168,177	163,256
Liabilities		
Current liabilities		
Notes and accounts payable - trade	18,421	18,725
Current portion of long-term borrowings	8,123	2,029
Income taxes payable	506	478
Other	28,444	26,470
Total current liabilities	55,494	47,702
Non-current liabilities		
Long-term borrowings	17,625	17,187
Net defined benefit liability	5,372	5,393
Asset retirement obligations	434	435
Other	3,312	3,018
Total non-current liabilities	26,743	26,033
Total liabilities	82,237	73,735

(Millions of yen)

	As of March 31, 2023	As of June 30, 2023
Net assets		
Shareholders' equity		
Capital stock	12,203	12,203
Capital surplus	22,951	22,951
Retained earnings	53,011	54,440
Treasury shares	(5,678)	(5,678)
Total shareholders' equity	82,487	83,916
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	334	449
Foreign currency translation adjustment	1,781	3,602
Remeasurements of defined benefit plans	(1,786)	(1,678)
Total accumulated other comprehensive income	329	2,373
Non-controlling interests	3,124	3,232
Total net assets	85,940	89,521
Total liabilities and net assets	168,177	163,256

(2) Consolidated Statements of Income

	(Millions of yen)	
	First quarter ended June 30, 2022 (April 1, 2022- June 30, 2022)	First quarter ended June 30, 2023 (April 1, 2023- June 30, 2023)
Net sales	32,227	32,225
Cost of sales	25,042	24,993
Gross profit	7,185	7,232
Selling, general and administrative expenses	5,899	5,208
Operating profit	1,286	2,024
Non-operating income		
Interest income	17	137
Dividend income	59	62
Foreign exchange gains	593	935
Other	106	89
Total non-operating income	775	1,223
Non-operating expenses		
Interest expenses	34	22
Share of loss of entities accounted for using equity method	40	43
Other	53	42
Total non-operating expenses	127	107
Ordinary profit	1,934	3,140
Extraordinary income		
Gain on sale of non-current assets	0	0
Gain on sale of investment securities	9	—
Total extraordinary income	9	0
Extraordinary losses		
Loss on sale and retirement of non-current assets	22	31
Total extraordinary losses	22	31
Profit before income taxes	1,921	3,109
Income taxes	248	770
Profit	1,673	2,339
Profit (loss) attributable to non-controlling interests	28	(7)
Profit attributable to owners of parent	1,645	2,346

(3) Consolidated Statements of Comprehensive Income

(Millions of yen)

	First quarter ended June 30, 2022 (April 1, 2022- June 30, 2022)	First quarter ended June 30, 2023 (April 1, 2023- June 30, 2023)
Profit	1,673	2,339
Other comprehensive income		
Valuation difference on available-for-sale securities	(78)	118
Foreign currency translation adjustment	3,866	1,935
Remeasurements of defined benefit plans, net of tax	129	108
Total other comprehensive income	3,917	2,161
Comprehensive income	5,590	4,500
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	5,371	4,390
Comprehensive income attributable to non-controlling interests	219	110