

## Summary of Consolidated Financial Results for the First Quarter ended June 30, 2020

### (Japan GAAP)

July 30, 2020

Listed company:	Maxell Holdings, Ltd.	Stock exchange: Tokyo (first section)
Code number:	6810	URL: <a href="http://www2.maxell.co.jp/ir/">http://www2.maxell.co.jp/ir/</a>
Representative:	Keiji Nakamura (President)	
Contact person:	Seiji Takahashi (General Manager)	
Planned date of submittal of financial statement report	August 6, 2020	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, 2020 (April 1, 2020 through June 30, 2020)

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

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
June 30, 2020	29,959	(17.7)	(277)	-	(289)	-	(501)	-
June 30, 2019	36,422	7.5	314	(76.8)	329	(82.4)	152	(86.1)

Note: Comprehensive income: June 30, 2020 142 millions of yen ( - %)  
June 30, 2019 (1,170) millions of yen ( - %)

	Net income per share	Net income per share (Diluted)
	Yen	Yen
June 30, 2020	(10.13)	—
June 30, 2019	2.88	—

Note: In the First Quarter ended June 30, 2019, the Company has acquired the shares of the Company through the trust relating to “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 income per share” of the quarter.

#### (2) Consolidated Financial Position

	Total assets	Net assets	Shareholders' equity ratio
	Millions of yen	Millions of yen	%
June 30, 2020	186,380	92,990	48.6
March 31, 2020	178,873	92,912	50.6

References: Shareholders' equity: June 30, 2020 90,620 millions of yen; March 31, 2020 90,444 millions of yen

Note: In the First Quarter ended June 30, 2019, the Company has acquired the shares of the Company through the trust relating to “performance-linked share-based remuneration system”. And the shares of the Company held by the trust are recorded as Treasury shares in the Consolidated Balance Sheets of the quarter.

### 2. Dividend

	Dividend per share				
	1Q	2Q	3Q	Year end	Full year
	Yen	Yen	Yen	Yen	Yen
March 31, 2020	250.00	18.00	-	0.00	268.00
March 31, 2021	-				
March 31, 2021 (Forecast)		0.00	-	0.00	0.00

Note: Revision of the latest dividend forecast:

None

### 3. Consolidated Business Forecast for the year ending March 31, 2021 (April 1, 2020 through March 31, 2021) (% change from the previous year)

	Net sales	Operating income	Profit attributable to owners of parent	Net income per share
	Millions of yen      %	Millions of yen      %	Millions of yen      %	Yen
Full year	140,000      (3.5)	500      -	200      -	4.04

Note 1: Revision of the latest consolidated financial forecast:

None

- 2: In the First Quarter ended June 30, 2019, the Company has acquired the shares of the Company through the trust relating to “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 income per share” of the quarter.

#### 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 System Tech Co., Ltd.  
In the First Quarter ended June 30, 2020, as Maxell System Tech Co., Ltd. used to be a consolidated subsidiary of the Company has been absorbed in the absorption-type merger wherein Maxell Joei Tech Co., Ltd. was the surviving company and Maxell System Tech Co., Ltd. was the absorbed company, Maxell System Tech Co., Ltd. has been excluded from the scope of consolidation.
- (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 first 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: 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, 2020 53,341,500 shares  
March 31, 2020 53,341,500 shares  
2) Number of shares of treasury share at end of period:  
June 30, 2020 3,882,966 shares  
March 31, 2020 3,882,966 shares  
3) Average number of shares during the term:  
June 30, 2020 49,458,534 shares  
June 30, 2019 52,829,405 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” (19,400 shares, for the previous consolidated fiscal year ended March 31, 2020 and 19,400 shares, for the First Quarter ended June 30, 2020).

- 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” (11,428 shares, for the First Quarter ended June 30, 2019 and 19,400 shares, for the First Quarter ended June 30, 2020).

#### **\* 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, 2019 to June 30, 2019.)

The global economy in this first quarter period has been deteriorated rapidly, shown as downturn of personal expenditure and production activities due to restrictions on economic and social activities, affected by expansion of the Novel Coronavirus (COVID-19) continued from the fourth quarter of the previous consolidated fiscal year. The Company also had great impacts of COVID-19 on both production and sales, such as decrease in orders received and sales, tentative suspension of production at the factories in Southeast Asia forced by the movement control order, etc.

Under these circumstances, in this first quarter period, although sales of lithium ion batteries for consumer, semiconductor related embedded systems, etc. were increased, in addition to the sales decrease of heat resistant coin type lithium batteries, in-car camera lens unit and LED headlamp lens, and coated separator affected by downturn of car market, sales of projector, beauty care products and other consumer products were decreased. As a result, sales of this first quarter period were decreased by 17.7% (6,463 million yen) to 29,959 million yen. In terms of profitability, due to decrease in profit of heat resistant coin type lithium batteries, coated separator and optical components for automotive market, etc., operating income decreased by 591 million yen to loss of 277 million yen. Ordinary income decreased by 618 million yen to loss of 289 million yen and profit attributable to owners of parent decreased by 653 million yen to loss of 501 million yen.

Also, the Company estimates that there were negative effects due to expansion of COVID-19, approximately 4,600 million yen in sales and approximately 1,700 million yen in operating income in this first quarter period.

The average foreign exchange rate over this first quarter under review was US\$1=108 yen.

Operating results by segment were follows.

#### **Energy**

In addition to sales increase of lithium ion batteries for consumer supported by steady demand for video game led by “STAY HOME” recommendation and by increased demand for communication equipment, under expansion of COVID-19, sales of coin type lithium rechargeable batteries mainly for hearing aid were also increased. However, as sales of heat resistant coin type lithium batteries were decreased affected by downturn of car market and sales of cylindrical lithium batteries mainly for smart meters, etc. were also decreased, sales for Energy segment decreased by 15.1% (1,495 million yen) to 8,407 million yen. Operating income decreased by 51.8% (344 million yen) to 320 million yen due to decrease in profit of heat resistant coin type lithium batteries, etc., although there was profit increase of lithium ion batteries for consumer by reduction of fixed costs.

#### **Industrial Materials**

As there was upward tendency in semiconductor market, sales of embedded systems relating to semiconductors were increased. However, due to expansion of COVID-19, sales of optical components and coated separator for automotive market, etc., were decreased and sales for Industrial Materials segment decreased by 18.6% (2,525 million yen) to 11,038 million yen. Operating income decreased by 232 million yen to loss of 74 million yen, mainly affected by profit decrease of optical components and coated separator for automotive market, etc., although profit of semiconductor related embedded systems increased.

#### **Electronic Appliances and Consumer Products**

Having effect of expansion of COVID-19, sales of projector, beauty care products and other overall consumer products were decreased and sales for Electronic Appliances and Consumer Products segment decreased by 18.9% (2,443 million yen) to 10,514 million yen. Operating income decreased by 15 million yen to loss of 523 million yen, due to effect of new development costs, etc., although the profitability of health and beauty care products improved.

Further, for information for the year under review 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, 2020, total assets amounted 186,380 million yen, increased by 4.2% from the previous consolidated fiscal year (as of March 31, 2020). Among this, current assets amounted 91,071 million yen, increased by 7.6%, mainly by increase of cash and deposits, although notes and accounts receivable-trade decreased. And the ratio of current assets among total assets has changed to 48.9% from 47.3% of the previous consolidated fiscal year. On the other hand, non-current assets amounted 95,309 million yen, increased by 1.2%, and the ratio of non-current assets among total assets has changed to 51.1% from 52.7% of the previous consolidated fiscal year.

### **Liabilities**

As of June 30, 2020, total liabilities amounted 93,390 million yen. Among this, current liabilities amounted 42,560 million yen, increased by 5.5%, mainly by increase of short-term loans payable. And the current ratio became 2.1 times, and the cash on hand which is the balance between current assets and current liabilities, became 48,511 million yen. On the other hand, non-current liabilities amounted 50,830 million yen, increased by 11.4%, mainly by increase of long-term loans payable.

### **Net Assets**

As of June 30, 2020, total net assets amounted 92,990 million yen, increased by 0.1%, mainly by increase of valuation difference on available-for-sale securities, although there was profit attributable to owners of parent amounted loss of 501 million yen. And the equity ratio has changed to 48.6% from 50.6% of the previous consolidated fiscal year.

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

Regarding the global economic environment, there is growing uncertainty led by expansion of COVID-19 and the Company predicts that its effect would further materialize in the second quarter period of this consolidated fiscal year. Under the situation, although it is very difficult to make reasonable estimate, while monitoring the situation of the main markets, such as car, semiconductor and consumer electronics, the Company is continuing business operation following guidance from governments of related countries and areas towards prevention of expansion of COVID-19 and minimizing the effects to the business performance by controlling expenses and investments throughout the whole group of the Company. Regarding the consolidated business forecast for the year ending March 31, 2021, there is no change from the forecast announced on May 13, 2020.

The Company regards the year ending March 31, 2021 as the year of business reform towards the enhancement of the corporate value in the future. And in addition to the measures to COVID-19, the Company is promoting reform of business portfolio, implementing concrete measures to unprofitable businesses and ensuring financial discipline such as ROIC management control by business division, profit control by product group and model, and executing drastic business reform.

For projections of business performance by segment, please refer to the supplementary information on page 5.

## Supplementary information

### Consolidated Financial Results and Forecast

(Millions of yen)

	First Quarter ended: June 30, 2019	First Quarter ended: June 30, 2020	Change* (%)	March 31, 2021 Forecast	Change* (%)
Net sales	36,422	29,959	(17.7)	140,000	(3.5)
Operating income	314	(277)	-	500	-
Profit attributable to owners of parent	152	(501)	-	200	-

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

### Sales and Operating Income by Segment

	June 30, 2019	June 30, 2020		Change* (%)	March 31, 2021 Forecast		Change* (%)
	Millions of yen	Millions of yen	Composition (%)		Millions of yen	Composition (%)	
Net sales	36,422	29,959	100.0	(17.7)	140,000	100.0	(3.5)
Energy	9,902	8,407	28.1	(15.1)	33,000	23.6	(13.6)
Industrial Materials	13,563	11,038	36.8	(18.6)	55,000	39.3	1.1
Electronic Appliances & Consumer Products	12,957	10,514	35.1	(18.9)	52,000	37.1	(0.8)
Operating income	314	(277)	100.0	-	500	100.0	-
Energy	664	320	-	(51.8)	600	120.0	(76.0)
Industrial Materials	158	(74)	-	-	500	100.0	(43.6)
Electronic Appliances & Consumer Products	(508)	(523)	-	-	(600)	-	-

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

### Sales by Regional Segment

	June 30, 2019	June 30, 2020		Change* (%)
	Millions of yen	Millions of yen	Composition (%)	
Overseas sales	15,212	10,797	36.0	(29.0)
America	3,637	2,846	9.5	(21.7)
Europe	3,163	1,559	5.2	(50.7)
Asia and other	8,412	6,392	21.3	(24.0)
Domestic sales	21,210	19,162	64.0	(9.7)
Total	36,422	29,959	100.0	(17.7)

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

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

(Millions of yen)

	June 30, 2019	June 30, 2020	Change* (%)	March 31, 2021 Forecast	Change* (%)
Capital investment	1,902	869	(54.3)	7,000	36.0
Depreciation	1,406	1,348	(4.1)	5,500	(6.4)
R&D expenses	2,186	2,000	(8.5)	8,500	(4.1)

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

## 4. Consolidated Financial Statements

### (1) Consolidated Balance Sheets

	(Millions of yen)	
	As of March 31, 2020	As of June 30, 2020
Assets		
Current assets		
Cash and deposits	22,636	31,036
Notes and accounts receivable - trade	30,328	26,435
Inventories	21,431	23,149
Other	10,778	10,980
Allowance for doubtful accounts	(516)	(529)
Total current assets	84,657	91,071
Non-current assets		
Property, plant and equipment		
Land	35,500	35,497
Other, net	26,563	27,004
Total property, plant and equipment	62,063	62,501
Intangible assets		
Goodwill	1,228	1,081
Other	5,037	4,882
Total intangible assets	6,265	5,963
Investments and other assets		
Investment securities	21,626	22,156
Other	4,467	4,886
Allowance for doubtful accounts	(205)	(197)
Total investments and other assets	25,888	26,845
Total non-current assets	94,216	95,309
Total assets	178,873	186,380
Liabilities		
Current liabilities		
Notes and accounts payable - trade	16,668	17,184
Short-term loans payable	8,500	10,000
Current portion of long-term loans payable	1,801	1,877
Income taxes payable	508	326
Other	12,858	13,173
Total current liabilities	40,335	42,560
Non-current liabilities		
Long-term loans payable	33,777	39,161
Provision for directors' retirement benefits	73	—
Net defined benefit liability	7,249	7,121
Asset retirement obligations	75	75
Other	4,452	4,473
Total non-current liabilities	45,626	50,830
Total liabilities	85,961	93,390

	(Millions of yen)	
	As of March 31, 2020	As of June 30, 2020
Net assets		
Shareholders' equity		
Capital stock	12,203	12,203
Capital surplus	33,625	33,625
Retained earnings	63,778	63,277
Treasury shares	(6,035)	(6,035)
Total shareholders' equity	103,571	103,070
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(1,032)	(372)
Foreign currency translation adjustment	(8,182)	(8,363)
Remeasurements of defined benefit plans	(3,913)	(3,715)
Total accumulated other comprehensive income	(13,127)	(12,450)
Non-controlling interests	2,468	2,370
Total net assets	92,912	92,990
Total liabilities and net assets	178,873	186,380

## (2) Consolidated Statements of Income

	(Millions of yen)	
	First quarter ended June 30, 2019 (April 1, 2019 - June 30, 2019)	First quarter ended June 30, 2020 (April 1, 2020 - June 30, 2020)
Net sales	36,422	29,959
Cost of sales	29,098	24,482
Gross profit	7,324	5,477
Selling, general and administrative expenses	7,010	5,754
Operating income (loss)	314	(277)
Non-operating income		
Interest income	54	48
Dividend income	59	45
Share of profit of entities accounted for using equity method	86	—
Other	47	86
Total non-operating income	246	179
Non-operating expenses		
Interest expenses	20	15
Sales discounts	50	44
Share of loss of entities accounted for using equity method	—	43
Foreign exchange losses	116	—
Other	45	89
Total non-operating expenses	231	191
Ordinary income (loss)	329	(289)
Extraordinary income		
Gain on sales of non-current assets	2	16
Gain on sales of investment securities	3	—
Total extraordinary income	5	16
Extraordinary losses		
Loss on sales and retirement of non-current assets	31	19
Loss on COVID-19	—	110
Total extraordinary losses	31	129
Profit (loss) before income taxes	303	(402)
Income taxes	125	121
Profit (loss)	178	(523)
Profit (loss) attributable to non-controlling interests	26	(22)
Profit (loss) attributable to owners of parent	152	(501)



## (3) Consolidated Statements of Comprehensive Income

	(Millions of yen)	
	First quarter ended June 30, 2019 (April 1, 2019 - June 30, 2019)	First quarter ended June 30, 2020 (April 1, 2020 - June 30, 2020)
Profit (loss)	178	(523)
Other comprehensive income		
Valuation difference on available-for-sale securities	(137)	660
Foreign currency translation adjustment	(1,404)	(193)
Remeasurements of defined benefit plans, net of tax	193	198
Total other comprehensive income	(1,348)	665
Comprehensive income	(1,170)	142
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(1,133)	176
Comprehensive income attributable to non-controlling interests	(37)	(34)