

FOR IMMEDIATE RELEASE

About the Action to Implement Management that is Conscious of Cost of Capital and Stock Price (Analysis of Current Situation)

Tokyo, October 30, 2023—Maxell, Ltd. (TSE: 6810, hereinafter “the Company”) has been engaging in discussions among the executives towards the realization of management that is conscious of cost of capital and stock price. The Company conducted analysis of current situation of the Company at the Board of Directors held today as follows.

In order to realize management that is conscious of cost of capital and stock price, it is requested by Tokyo Stock Exchange to continue to conduct series of actions, “Analysis of Current Situation”, “Planning & Disclosure” and “Implementation of Initiatives” and to make progress analysis and update disclosures every year. The Company also conducts such actions and accelerate initiatives towards the sustainable growth and medium- to long-term enhancement of the corporate value. The analysis of current situation announced today has been made by reviewing business performance and management indicators up to the fiscal year ended March 2023 for the purpose of identifying the management issues towards the realization of management that is conscious of cost of capital and stock price. Regarding business performance of the Company after relisting in March 2014, net sales were in decreasing trend due to shrinkage of markets for major products and business portfolio reform including withdrawal from unprofitable businesses, and operating profits were unstable. As PBR has been lower than 1 for almost entire period after the relisting, the Company has made analysis on the cause of the situation from the 4 points, (1) Asset efficiency, (2) Financial leverage, (3) Profitability and (4) Medium- to long-term growth expectation.

For the details of the analysis of current situation, please refer to “Action to Implement Management that is Conscious of Cost of Capital and Stock Price -Analysis of Current Situation-” attached.

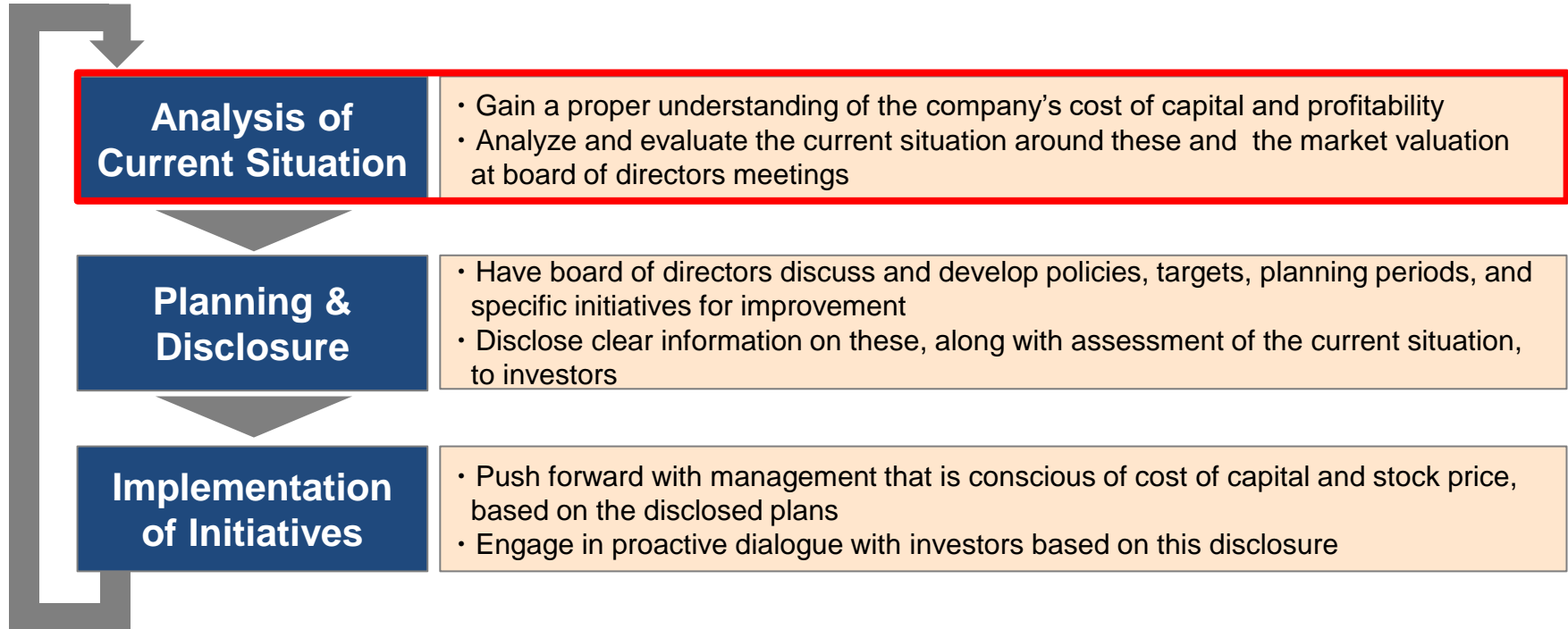
As for “Planning & Disclosure” in the series of actions, the Company will disclose at the briefing of next medium-term management plan in the first quarter of fiscal year ending March 2025, followed by “Implementation of Initiatives”.

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Action to Implement Management that is Conscious of Cost of Capital and Stock Price -Analysis of Current Situation-

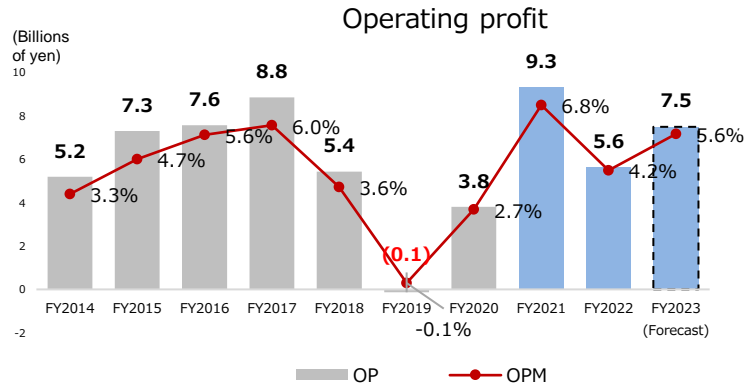
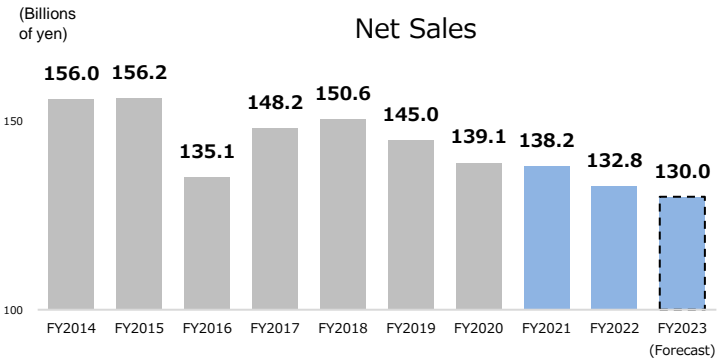
1. Trends of Business Performance and Major Initiatives after relisting
2. Analysis of Current Situation
3. Future Plans based on Analysis of Current Situation



The Company explains about analysis of current situation in this presentation

1. Trends of Business Performance and Major Initiatives after relisting

Trends of Business Performance and Major Initiatives



Fiscal year	Business phase	Major initiatives
2014~2019	Pursuit of business scale	<ul style="list-style-type: none"> Pursued expansion of business scale As a result, profitability deteriorated due to increase of unprofitable businesses
2020	Business reforms	<ul style="list-style-type: none"> Sold laminated LIB and massage/water businesses Significant reductions of fixed costs due to reforms of projector business Implementation of early retirement support program (approx. 300 employees)
2021	Value creation	<ul style="list-style-type: none"> Significant downsizing of projector business Formulated Medium-Term Management Plan "MEX23" Recorded highest operating profit after relisting
2022		<ul style="list-style-type: none"> Implemented reflection of soaring raw material cost to sales prices Transferred domestic BtoC sales business to a distributor
2023		<ul style="list-style-type: none"> Growth of automotive and semiconductor related products Commenced shipment of mass-produced All-solid-state battery (June)

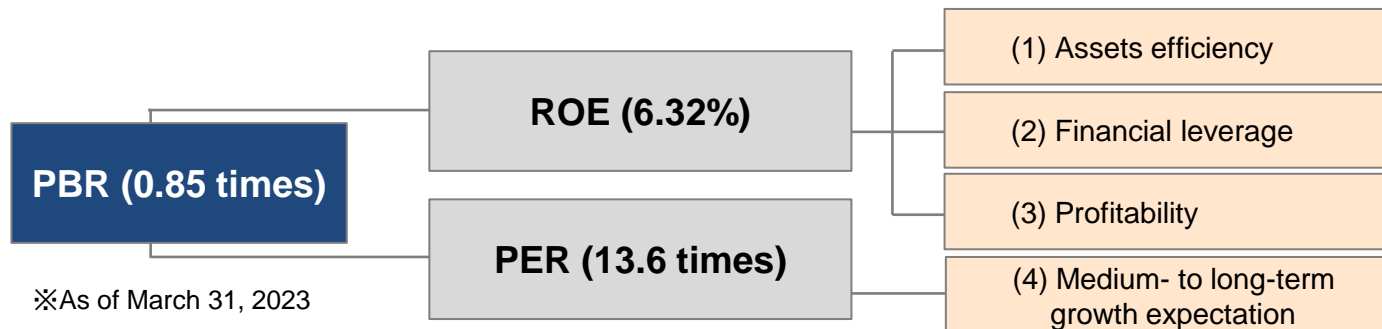
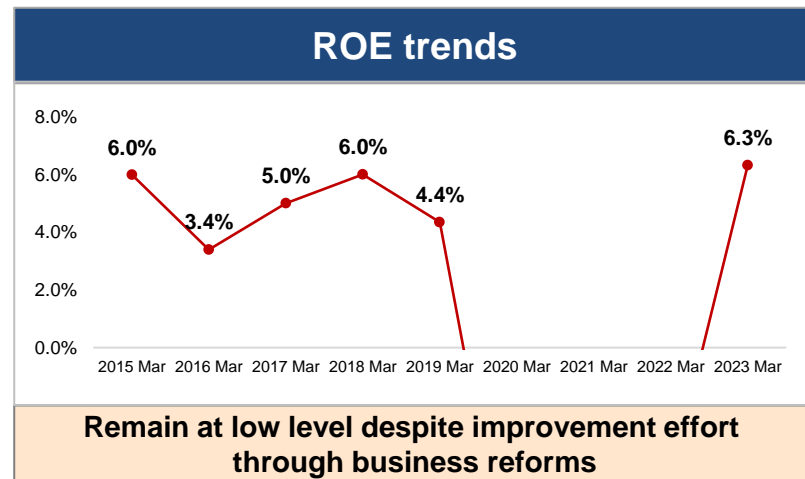
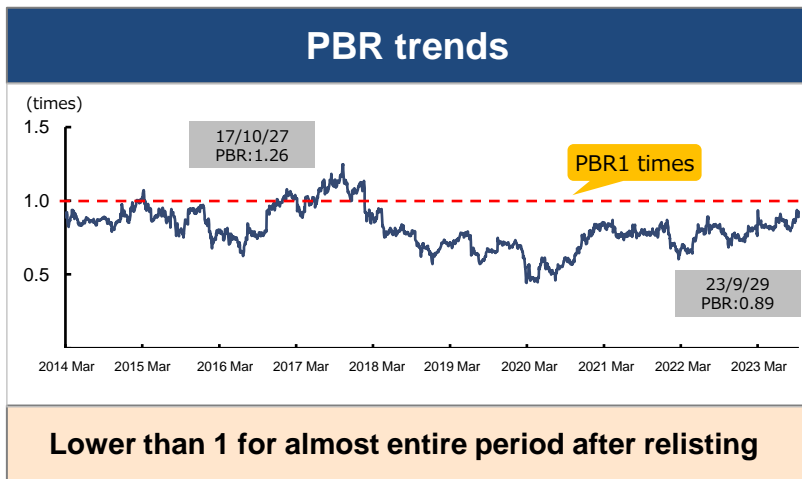
Share buybacks
5 billion yen

Special dividend
250 yen

Share buybacks
5 billion yen

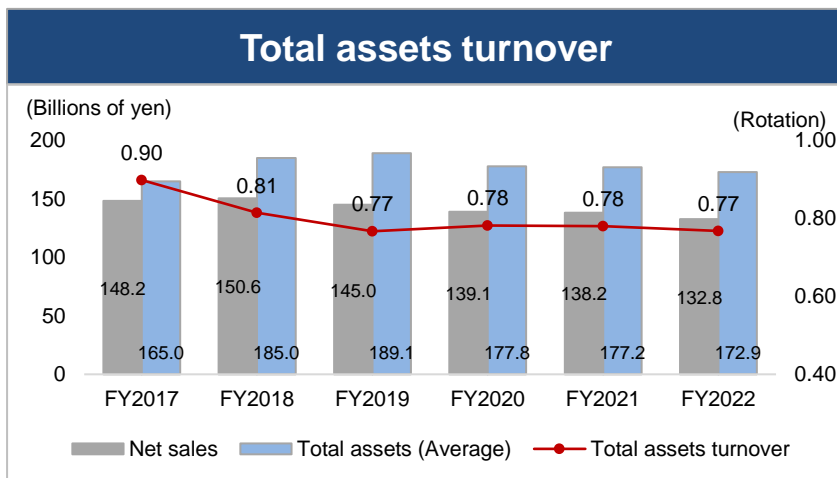
Executed business reforms under the policy "Commit to Value" since FY2020

2. Analysis of Current Situation

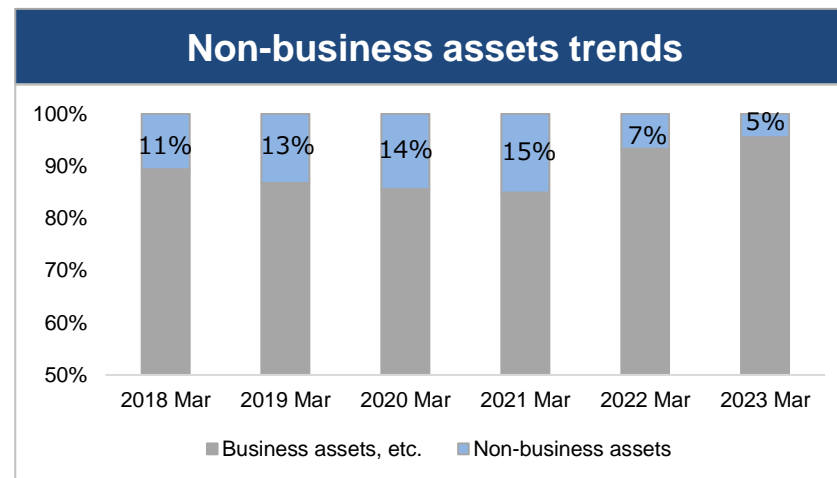


Analyzed cause of PBR lower than 1 from perspectives (1) to (4)

(1) Assets efficiency



While the total assets turnover is showing slight decline, assets reduced in response to decreased sales due to the shrinkage of unprofitable businesses

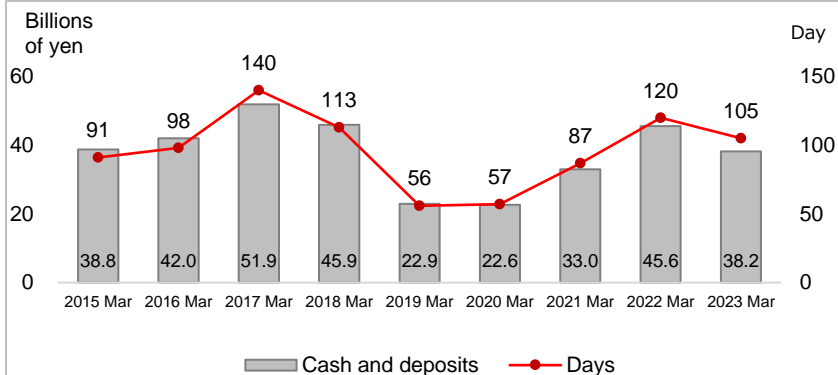


By selling cross-shareholdings and idle land, executed reduction of non-business assets and promoted efficiency

Aim for even more efficient asset utilization

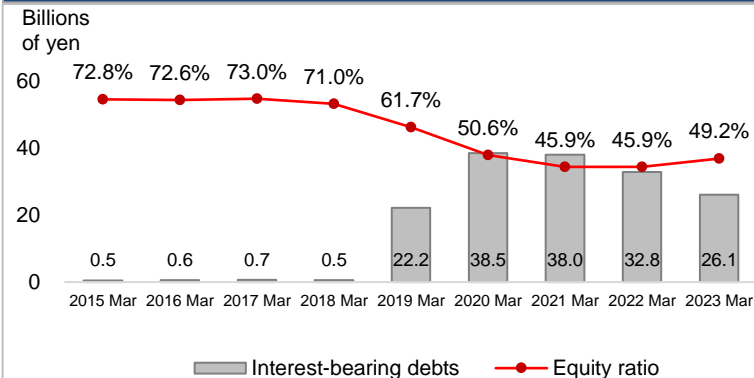
(2) Financial leverage

Cash and deposits / Days



Cash level is slightly higher than necessary working capital

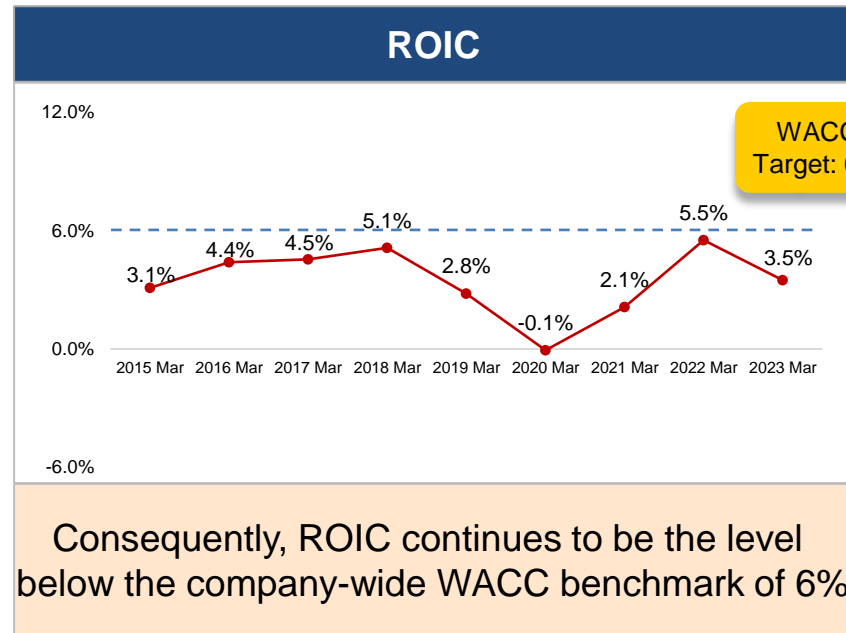
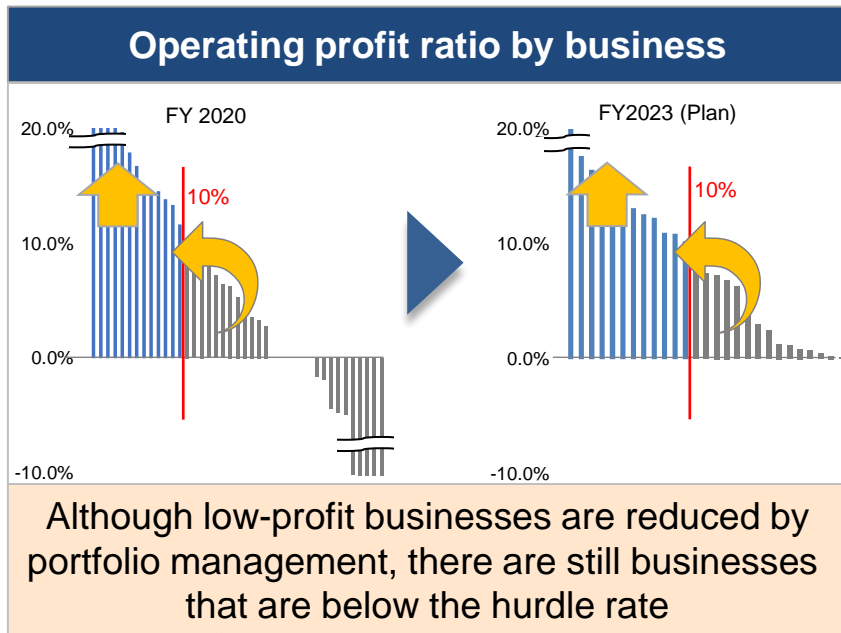
Interest-bearing debts / Equity ratio



Active use of borrowings since FY2018, Equity ratio reduced from 72.8% to 49.2%

Consider the balance between shareholders' equity and borrowings depend on the situation

(3) Profitability

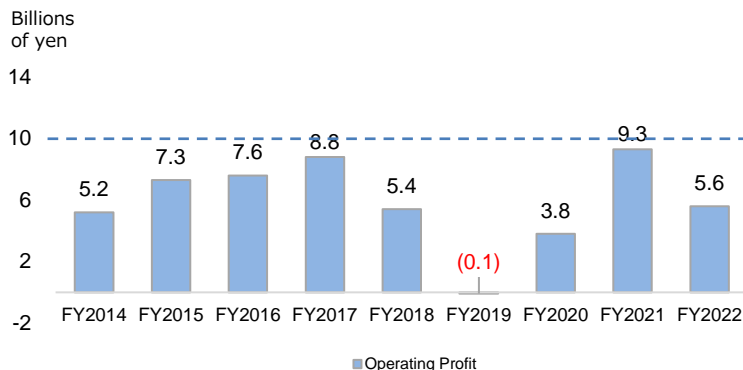


Key objective

The challenge is to improve profitability through the expansion of growth businesses and the solid measures to low-profit businesses

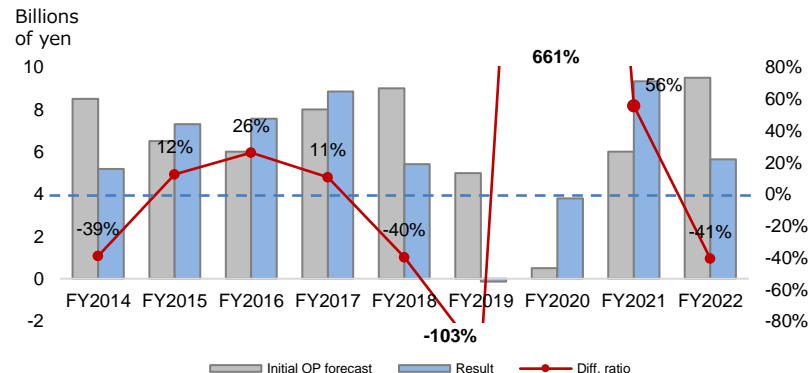
(4) Medium- to long-term growth expectation

Operating profit trends



Despite the various reforms implemented, the profit remained within certain range without achieving breakthrough

Operating profit (Initial forecasts vs results)



Business performance were not stable partly due to the business reforms, having large gap between initial forecasts and actual results

Key objective

The challenge is to demonstrate stable growth that will earn the trust of the stock market

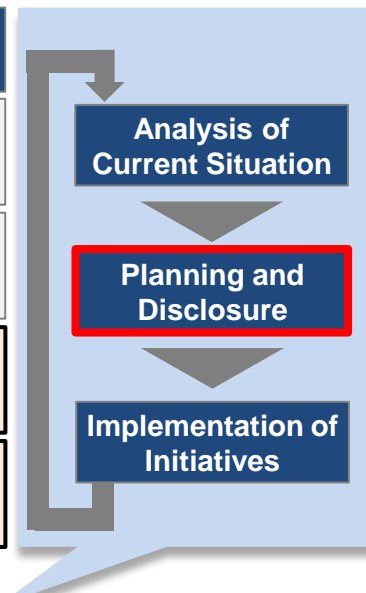
3. Future Plans based on Analysis of Current Situation

Key objective

“Improving Profitability” and “Stable Profit Growth” as top priorities

Future considerations

(1) Assets efficiency	Implementation of efficient capital allocation
(2) Financial leverage	Optimal balancing of shareholders' equity and borrowings
(3) Profitability	Measures to strengthen business portfolio for medium- to long-term growth
(4) Medium-to long-term growth expectation	Stable and feasible concrete growth strategy



Concrete plans to be disclosed at the briefing of the next medium-term management plan in the first quarter of FY 2024

Parts of this document contain predictions about the future that are based on our current expectations and beliefs.

These statements are provided as background material for investors.

We cannot ensure or guarantee that any such statement will prove to be correct.

Please keep in mind that actual outcomes might differ from anticipated results.

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Within, the Future