

Accounting period

From January 1 to December 31

Record date for year-end dividends

December 31

Record date for interim dividends

June 30

Annual meeting of shareholders

March each year

Holder of list of shareholders and managing agency for designated accounts

Mitsubishi UFJ Trust and Banking Corporation

Contact

Stock Transfer Agency Department, Mitsubishi UFJ Trust and Banking Corporation
1-1 Nikko-cho, Fuchu-shi, Tokyo 183-0044
Tel: 0120-232-711 (toll free)

Listed stock exchange

JASDAQ Stock Exchange, Tokyo Securities Exchange

Public notice method

On-line public notice.
Publication at URL <https://www.convum.co.jp>
(Public notices shall be published in the Nihon Keizai Shimbun newspaper when accidents and other causes prevent on-line public notice.)

Notes

- 1. With the computerization of stock trading, in principle, account managing agencies (securities companies and other parties) where shareholders maintain accounts perform various procedures, including procedures for changing shareholder addresses and requesting share purchases. Please ask the securities company where you maintain an account about these procedures. Please note that the holder of the list of shareholders (Mitsubishi UFJ Trust and Banking Corporation) does not offer any of these services.
- 2. Mitsubishi UFJ Trust and Banking Corporation has been appointed as the account managing agency for the procedures associated with shares recorded in special accounts. Please ask the account managing agency for special accounts stated above (Mitsubishi UFJ Trust and Banking Corporation) about such procedures. Mitsubishi UFJ Trust and Banking Corporation branches across Japan serve as intermediaries for these procedures.
- 3. The main and branch offices of Mitsubishi UFJ Trust and Banking Corporation pay dividends receivable.

Our Website



大排気量
コンバム
CVZ series



<https://www.convum.co.jp>

We frequently update our investor relations and other corporate information on this site, and invite you to check back regularly.

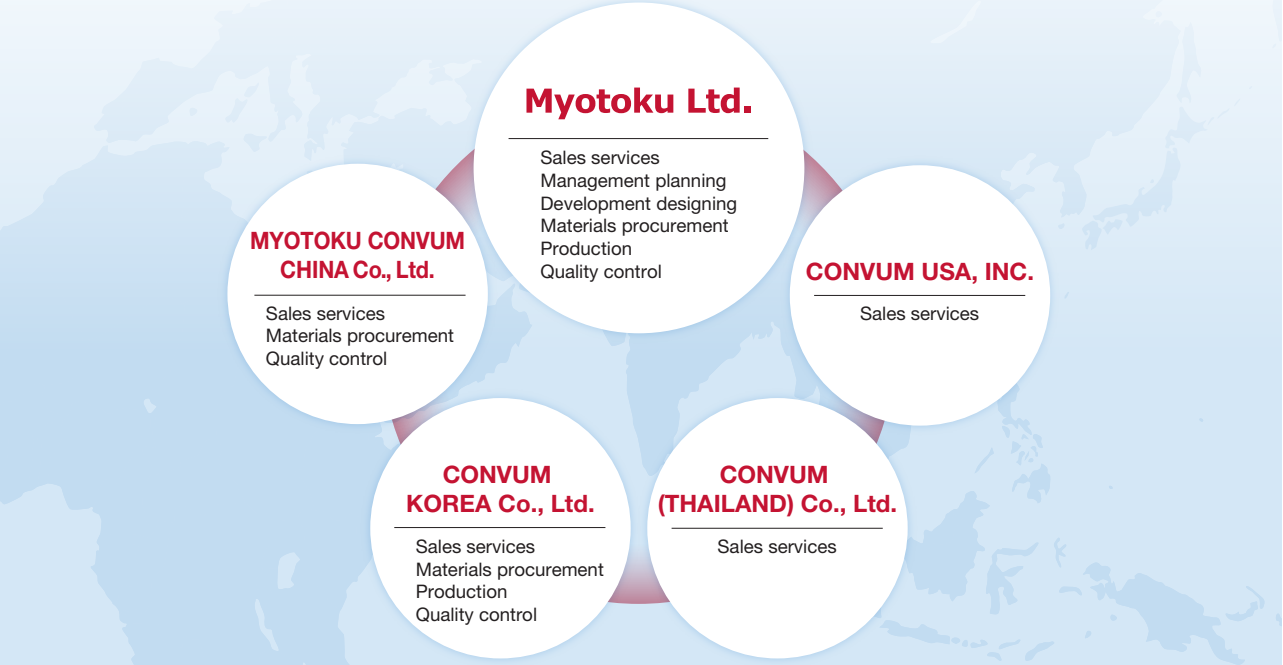


67th Term Business Report
January 1, 2017 - December 31, 2017



Caring about people and make great efforts to weave together our creative ideas with the requirements of our customers while we contribute greater value to society.

Myotoku Group



Corporate Mission

- Caring about our customers.
- Offering each of our employees optimum working conditions and working environment.
- Carrying out development by integration of individual ideas and customers requirements.
- Promoting alliances with other companies, and sharing the benefits obtained from it.
- Transparency of management.
- Giving importance to internal communication such as reporting, informing and consulting.
- Promoting a professional relationship in which each and everyone can trust and rely on each other.

We are pleased to present our results for the 67th term from January 1, 2017 to December 31, 2017. We also take this opportunity to express our sincere appreciation to our shareholders for their support.



Under the slogan “CONVUM, Suction cup No. 1,” we will continue offering attractive products to ensure social trust and sustainable corporate growth.

Koji Ise,
President and Representative Director

Q1 Please describe the business results of the 67th term.

The Group’s consolidated net sales for the 67th term reached 2,614 million yen, an increase of 16.1% year on year. In the Japanese market, demand for various electronic components accelerated in response to the flow of IoT and AI etc., and capital investment for semiconductor-related business became vigorous. In addition, by conducting sales activities corresponding to the trend of automation promotion of various production facilities, the Company’s domestic net sales reached 1,515 million yen, an increase of 11.6% year on year. Overseas, in the South Korean market, with the expansion of capital investment in major semiconductor and organic EL panel industries, we actively launched new products for the industries. As

a result, sales in the South Korean market increased 19.5% year on year to 473 million yen. Sales in the Chinese market increased 20.3% year on year to 225 million yen as we enhanced marketing in the Shenzhen area where we launched operation last year, and sales expansion efforts to the electric component-related industries. In other areas, in the Southeast Asian markets, we promoted sales expansion efforts in the automobile industry centering Thailand and in its neighboring countries. In the U.S. market, we have been engaged in cultivating new customers and strengthening our ability to comply with delivery date by expanding inventories. As a result, sales increased 3.6% to 85 million yen. The Group’s consolidated overseas net sales rose 23% from the previous year to 1,098 million yen, with the consolidated overseas sales ratio of 42.0%.

Q2 Please describe your performance forecasts and major initiatives for the fiscal year ending December 31, 2018.

For the fiscal year ending December 31, 2018, we expect to record consolidated net sales of 2,790 million yen, consolidated ordinary income of 463 million yen and profit attributable to owners of parent of 298 million yen. To achieve these targets, we will execute the following initiatives.

With regard to sales and development activities, we will continue to increase staff to reinforce our overall structure. We aim to increase our share in each industry and sales amount by launching new products throughout the group tailored to the needs of our major customer industries. In addition, as demands of robots rise, along with the development of Robot Hand (the parts that are to be the hands of robots), as well as constructing a collaborative framework with robot makers, we will actively participate in related exhibitions and promote sales expansion efforts. We will also actively launch new products for major customers of the Group,

Q3 Finally, please provide your message to shareholders.

To fulfill the expectations of our shareholders and other stakeholders, the Group will continue to seek sustainable growth and enhance its corporate value. To achieve this, we will actively promote new product development and market introduction, which is the basis for manufacturers.

Regarding the distribution of profits to shareholders, we make it a basic policy to ensure returns to shareholders according to business results, with a target payout ratio of 25% on a consolidated basis.

automotive and semiconductor-related manufacturers, and target for a horizontal development starting from the acceptance of specifications by Japanese device manufactures (their adoption to new devices) to South Korea, China, Thailand and other neighboring countries where the Company has local subsidiaries. In addition, in the United States where we established operations in 2016, we will focus on developing new local customers and new markets. In the medium term, we will continue to aim for an overseas sales ratio of 50%.

On the manufacturing side, we will make capital investments actively, continue to strengthen our ability to meet delivery requirements by improving productivity and utilizing the system. Thus, we aim to strengthen cost competitiveness and to improve customer satisfaction. In addition, we will strengthen our personnel structure in order to inherit technology and rejuvenate the manufacturing unit. Moreover, as a pioneering manufacturer of vacuum equipment, we will work to establish quality control systems on a global basis.

In line with this policy, we would like to propose an annual dividend of 10.00 yen per share for the 67th term, which consists of an interim dividend of 4.00 yen per share and a year-end dividend of 6.00 yen per share.

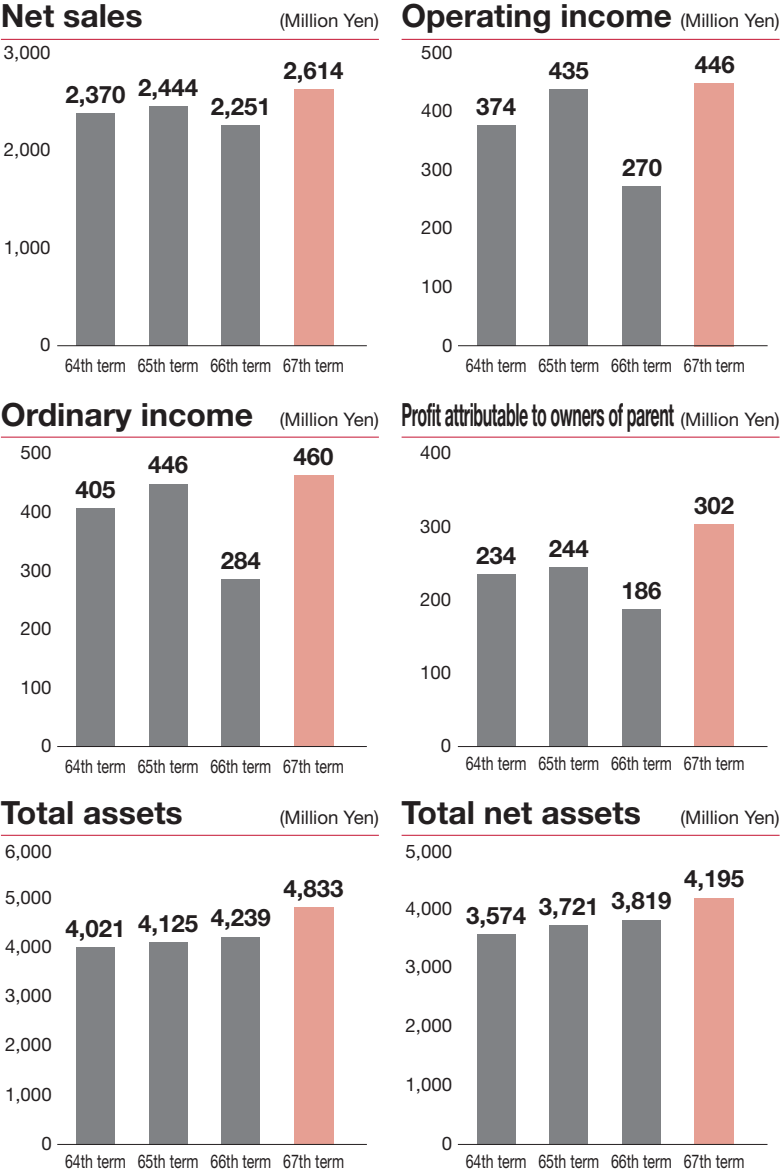
We will devote our full energies to achieving management objectives to meet the expectations of all of our shareholders, and therefore sincerely ask for the continued and unwavering support and cooperation of our shareholders.

Net sales
2,614 million yen (a year-on-year increase 16.1%)

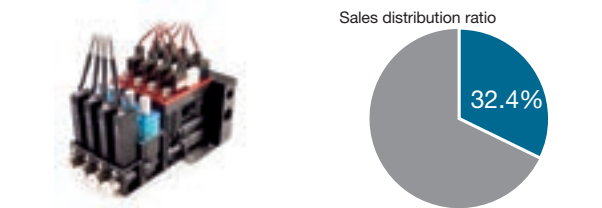
Operating income
446 million yen (a year-on-year increase 65.2%)

Ordinary income
460 million yen (a year-on-year increase 61.8%)

Profit attributable to owners of parent
302 million yen (a year-on-year increase 62.2%)



CONVUM ejectors Net sales: 847 million yen



Consolidated net sales of this product segment for the year under review amounted to 847 million yen as a result of improved demand from manufacturers of semiconductor production equipment, major customers of the Group, and sales expansion efforts for smartphone-related facilities and the in-vehicle electric component industry in the Chinese market. Due to an increase in the ratio of suction cups and pressure sensors, the sales distribution ratio of this product segment was 32.4% of overall product sales, down 2.4 percentage points year on year.

Pressure sensors Net sales: 262 million yen



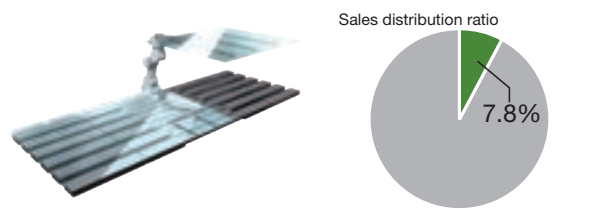
As was the case with CONVUM ejectors, as major customers of the Group are manufacturers of semiconductor manufacturing equipment, and demand has improved, consolidated net sales of this product segment for the year under review amounted to 262 million yen. The sales distribution ratio was 10.0% of overall product sales, up 2.1 percentage points year on year.

Suction cups Net sales: 1,302 million yen



Due to recovery in capital investment demand, sales remained steady. In addition, as a result of active market introduction of new products specialized for the semiconductor manufacturing equipment industry, the LCD panel manufacturing equipment industry, the automobile-related equipment industry, and the food-related industry, consolidated net sales for the year under review amounted to 1,302 million yen. The sales distribution ratio of this product segment was 49.8% of overall product sales, up 1.8 percentage points year on year.

FA equipment and others Net sales: 201 million yen



For general equipment, such as vacuum-related equipment and vacuum pumps, net sales were down slightly from the previous fiscal year. Sales of our CONFLOAT Levitation Transfer Units from manufacturers of LCD panels and related products were also similar to the previous fiscal year, and consolidated net sales of this product segment for the year under review amounted to 201 million yen. The sales distribution ratio of this product segment was 7.8% of overall product sales, down 1.5 percentage points year on year.

CONVUM®



CONVUM® is a vacuum generator that uses compressed air to generate suction (negative pressure). Compressed air is released (ejected) from the nozzle, therefore earning the name “ejector” or “ejector pump.”

About CONVUM®

CONVUM®: CONVUM is a coined word created by combining the imageries of the generation of **Vacu**um with compressed air from a **com**pressor. CONVUM® is a registered trademark of the Company.

PAD



The pad is a product that utilizes the suction (negative pressure) obtained from a vacuum generator, such as CONVUM®, to adsorb and lift workpieces (adsorbate). Other than the “pad,” it is also called “vacuum pad,” “suction pad,” “suction cup,” or “cup.” The pad acts as that of a human “hand” or “finger.”

SENSOR



Pressure Sensor measures a pressure displacement with internal pressure-sensitive element, then converts and outputs electrical signal. Our company's pressure sensors, which focus on air pressure, are used for a variety of applications including suction confirmation, seating confirmation, and source pressure management.

Non-contact



Equipment that conveys and suctions workpieces (conveyed objects, adsorbates) in a non-contact (floating) state by supplying compressed air and utilizing the properties of air. It is used for conveying workpieces that cannot be conveyed by rubber pads such as liquid crystal glass, film, electronic substrates, etc.

As factory automation equipment, our products are incorporated into various manufacturing processes and equipment for various industries.



Mounting/Pressing

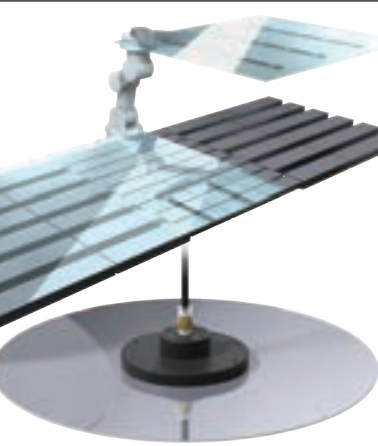


Adsorption conveyance of foods



The Myotoku Group's products and technologies are deployed in an extensive range of industrial applications on production sites, contributing to the automation of production processes and enhancing the quality of products.

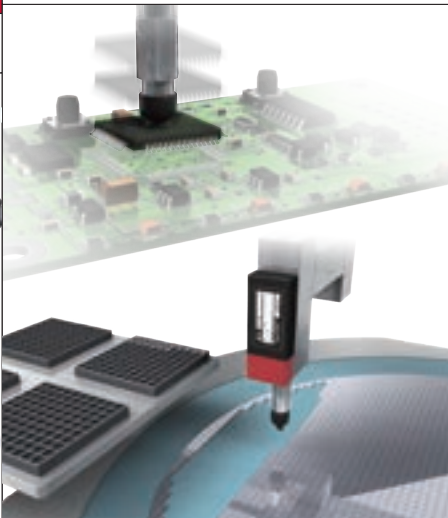
Non-contact conveyance



Making boxes out of packaging materials



Adsorption conveyance of IC chips



Topics 1 “CONVUM robot hand kit” released

We participated in the International Robot Exhibition, an international large-scale exhibition for industrial robots held in December 2017.

At the exhibition, we exhibited a new product, “CONVUM Robot Hand Kit,” and achieved the highest number of visitors ever at our booth with great response.

“CONVUM Robot Hand Kit” is a new product that proposes a drastic reduction in the number of steps, such as designing, manufacturing, and mounting of the hand parts that grip objects etc., which are necessary for introducing robots to the industrial robot industry, where demand is continuously increasing. By letting the “standardizing of robot hands, i.e., packing them into a kit” replace hand design which has to be carried out every time the workpiece to be absorbed is changed when using the robots, we can greatly reduce the man-hour needed by customers and system integrators who use robots. We line up, as standard parts, robot hand parts applicable to general suction conveyance corresponding to the mounting parts of robot bodies of each manufacturer, and propose an integrated proposal incorporating hands parts as well as suction cup parts, taking advantage of our know-how in the area of adsorption conveyance. Thus, we provide “hands” to robots.

In the future, we will further increase variations and aim to expand sales with the expansion of demand for industrial robots.



CONVUM robot hand kit



Our Company's booth at International Robot Exhibition 2017

Notice on consolidation of shares and change in the number of shares constituting one unit

Effective as of July 1, 2018, the Company will

1. Convert five shares of its common stock into one share (consolidation of shares).
2. Change the number of shares constituting one unit from 1,000 shares to 100 shares (change in the number of shares constituting one unit)

- Effects of consolidation of shares
As a result of the consolidation of shares, the number of shares of the Company owned by shareholders will be reduced to one fifth. As the net assets etc. of the Company, however, do not change, the amount of net assets per share will become five times, and there is no change in the asset value of the Company's shares except for other factors such as the fluctuation of stock markets.
- Number of shares owned by shareholders
The number of shares owned by the shareholders after the consolidation of shares will be the number of shares registered in the last shareholder registry as of June 30, 2018 multiplied by one fifth (Any fraction of shares less than one share shall be rounded off).
- Impacts on dividends
Through this consolidation of shares, the number of shares owned by the shareholders will be one fifth. After the consolidation of

shares, however, becomes effective, we will establish dividend per share taking into account of the consolidation ratios (five shares consolidated into one share) and therefore the total value of the dividend to be received will not change by reason of the consolidation of shares, apart from the fluctuations of performance and other factors. However, with respect to fractional shares (of value less than one share) resulting from the consolidation of shares, no dividend will be accrued on such shares.

- Treatment when fraction of shares less than one share are generated
If fraction of shares less than one share arises as a result of the consolidation of shares, the Company will dispose of them in a lump sum pursuant to the provisions of the Companies Act, and the proceeds of the shares disposed of will be distributed to the shareholders for whom the fractions are generated, in accordance with the proportion of such fractional shares.
- Schedule
June 26, 2018: Last day of trading in the unit of 1,000 shares
June 27, 2018: Starting date of trading in the unit 100 shares
July 1, 2018: Effective date of the consolidation of shares and change in the number of shares constituting one unit

As of December 31, 2017

Consolidated Balance Sheet

(Unit: Thousand yen)

Accounts	66th term As of December 31, 2016	67th term As of December 31, 2017
Assets		
Current assets	1,989,682	2,460,867
Fixed assets	2,249,661	2,372,266
Total assets	4,239,344	4,833,133
Liabilities		
Current liabilities	265,420	446,255
Long-term liabilities	154,220	191,054
Total liabilities	419,640	637,309
Net Assets		
Shareholders' equity	3,711,410	3,973,888
Accumulated other comprehensive income	86,855	200,501
Share subscription rights	8,389	4,606
Non-controlling interests	13,048	16,827
Total net assets	3,819,704	4,195,824
Total liabilities and net assets	4,239,344	4,833,133

Consolidated Statement of Cash Flows

(Unit: Thousand yen)

Accounts	66th term January 1, 2016 to December 31, 2016	67th term January 1, 2017 to December 31, 2017
Cash flows from operating activities	475,818	375,047
Cash flows from investing activities	(99,292)	(258,100)
Cash flows from financing activities	(66,712)	(43,586)
Effects of exchange rate changes on cash and cash equivalents	(6,591)	10,765
Increase (decrease) in cash and cash equivalents	303,222	84,125
Cash and cash equivalents at beginning of fiscal year	735,905	1,039,127
Cash and cash equivalents at end of fiscal year	1,039,127	1,123,253

Consolidated Statement of Income

(Unit: Thousand yen)

Accounts	66th term January 1, 2016 to December 31, 2016	67th term January 1, 2017 to December 31, 2017
Net sales	2,251,422	2,614,520
Gross profit	1,240,475	1,489,507
Operating income	270,064	446,262
Ordinary income	284,778	460,742
Income before income taxes and minority interests	281,933	448,597
Profit	189,614	305,718
Profit attributable to non-controlling interests	2,845	2,734
Profit attributable to owners of parent	186,768	302,983

Consolidated Statement of Comprehensive Income

(Unit: Thousand yen)

Accounts	66th term January 1, 2016 to December 31, 2016	67th term January 1, 2017 to December 31, 2017
Profit	189,614	305,718
Other comprehensive income:		
Valuation difference on available-for-sale securities	4,208	81,563
Foreign currency translation adjustments	(29,427)	32,982
Total other comprehensive income	(25,219)	114,546
Total comprehensive income for the year	164,394	420,265
Total other comprehensive income attributable to:		
Owners of the parent company	161,692	416,629
Comprehensive income attributable to non-controlling interests	2,702	3,635

Corporate Information

Company name	Myotoku Ltd.
Establishment	April 16, 1951
Capital stock	¥748,125,000
Address of head office	2-6-18 Shimomaruko, Ota-ku, Tokyo 146-0092 Tel: +81-3-3759-1491
Domestic offices	Iwate, Tokyo, Osaka, Nagoya, Fukuoka
Consolidated subsidiaries	MYOTOKU CONVUM CHINA Co., Ltd. CONVUM KOREA Co., Ltd. CONVUM (THAILAND) Co., Ltd. CONVUM USA, INC.
Number of employees	130 (Consolidated number of employees)
Stock exchange	JASDAQ Stock Exchange, Tokyo Securities Exchange
Accounting auditor	BDO Toyo & Co.

Officers (As of March 23, 2018)

President and Representative Director	Koji Ise
Senior Managing Director	Mitsuhiko Kadono
Managing Director	Motohiro Shouse
Director	Yutaka Sato
Director	Yoichi Izumi
Director	Taketsugu Iwamoto *
Director	Minoru Hirano *
Full-Time Corporate Auditor	Mitsunobu Obata
Corporate Auditor	Hiroyuki Matsumoto *
Corporate Auditor	Kazuharu Kawanoue *

Note: The persons with asterisks are outside directors or outside corporate auditors.

Stock Information

Number of authorized shares	Number of issued shares	Number of shareholders
33,000,000	8,285,000 (Of which treasury stock: 911,949 shares)	1,151 (An decrease of 96 from the previous term-end)

Major Shareholders

Shareholder	Number of shares held	Ratio of shareholding
Ise Kosan Co., Ltd.	1,413,800	19.18
Sugako Ise	630,100	8.55
Koji Ise	412,050	5.59
Myotoku Employees' Stock Association	233,250	3.16
MSIP CLIENT SECURITIES	202,000	2.74
MTAsia Corporation	180,000	2.44
Shinichi Kamiya	148,000	2.01
NICHIDEN Corporation	140,000	1.90
Saburo Ise	126,500	1.72
Maki Izumi	122,500	1.66

Note: The number of treasury stock (911,949 shares) is deducted in calculating the ratio of shareholding.

Share Price

