

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



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

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

68th Term Business Report

January 1, 2018 - December 31, 2018

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 68th term from January 1, 2018 to December 31, 2018. 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 *Koji Ise*

Q1 Please describe the business results of the 68th term.

The Group’s consolidated net sales for the 68th term reached 2,752 million yen, an increase of 5.3% year on year. In the Japanese market, on the back of increased demand for various semiconductors and electronic components, there was increased production and robust maintenance demand for related facilities, but the growth slowed in the second half of the year. However, by conducting product development and sales activities corresponding to the trend of automation of various production facilities, the Company’s domestic net sales reached 1,906 million yen, an increase of 6.1% year on year.

Overseas, in the South Korean market, although there were large fluctuations regarding capital investment in the major semiconductor and flat panel display industries, and conditions were unstable, we

actively launched new products tailored to each industry, and expanded utilization to the general industrial equipment industry. As a result, sales in the South Korean market increased 2.2% year on year to 483 million yen. Sales in the Chinese market decreased 13.7% year on year to 194 million yen, as a result of the impact of a significant decrease in capital investment due to trade friction. In other areas, in the Southeast Asian markets, we actively raised demand for electric component-related equipment and launched products of automobile-related equipment centering on Thailand and its neighboring countries. In the U.S. market, we have been engaged in the strengthening of services and cultivation of new customers at existing stores. As a result, sales increased 41.0% to 167 million yen. In terms of profitability, consolidated ordinary income declined 8.2% year on year to 423 million yen and profit attributable to owners of parent increased 2.6% to 310 million yen.

Q2 Please describe your performance forecasts and major initiatives for the fiscal year ending December 31, 2019.

For the fiscal year ending December 31, 2019, we expect to record consolidated net sales of 2,716 million yen, consolidated ordinary income of 444 million yen and profit attributable to owners of parent of 301 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 and also focus on human resources development, in order to reinforce our overall structure. We aim to increase our share, by launching new products throughout the group tailored to the needs of major industries we sell to, and conducting product differentiation based on the motto of developing unique products. 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. In addition to strengthening the foundational research of our main products, we will conduct product development that respond to the market needs for IoT, etc. We will develop the domestic market with a view to global development utilizing the Company's local subsidiaries overseas, and in the medium term, aim to expand our overseas sales ratio to 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 systems. Thus, we aim to strengthen cost competitiveness and to improve customer satisfaction. In addition, we will strengthen our training structure in order to inherit technology and techniques. Moreover, amid efforts to increase overseas production, we will also work to strengthen quality control systems.

In line with this policy, for the 68th term, we would like to propose an annual dividend equivalent to 11.00 yen per share before the consolidation of shares, or 55.00 yen per share after the consolidation of shares, respectively. This consists of an interim dividend of 5.00 yen per share and a year-end dividend of 30.00 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.

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.

Net sales

2,752 million yen 
(a year-on-year increase 5.3%)


Operating income

409 million yen 
(a year-on-year down 10.0%)

Ordinary income

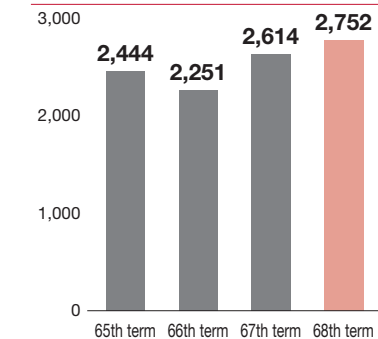
423 million yen 
(a year-on-year down 8.2%)

Profit attributable to owners of parent

310 million yen 
(a year-on-year increase 2.6%)

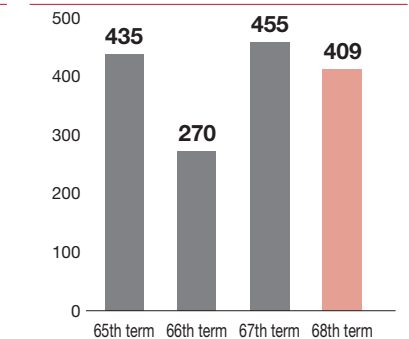
Net sales

(Million Yen)



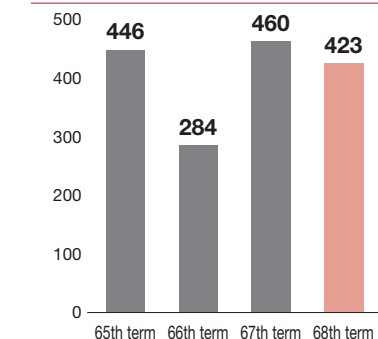
Operating income

(Million Yen)



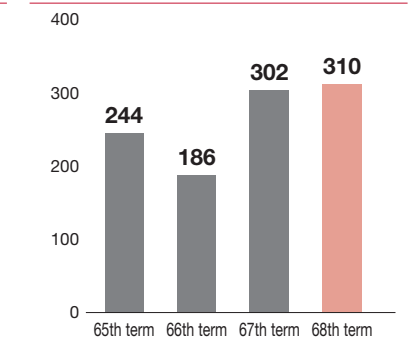
Ordinary income

(Million Yen)



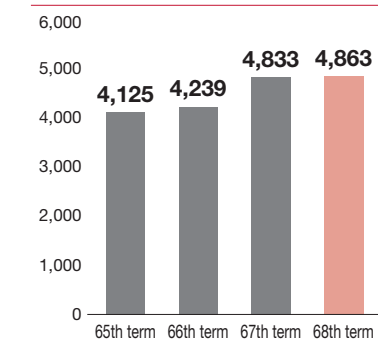
Profit attributable to owners of parent

(Million Yen)



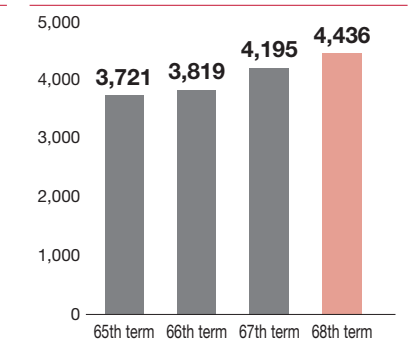
Total assets

(Million Yen)

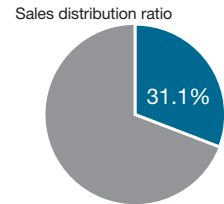


Total net assets

(Million Yen)

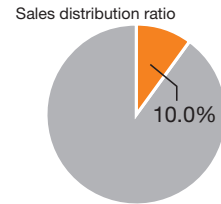


CONVUM ejectors Net sales: 857 million yen



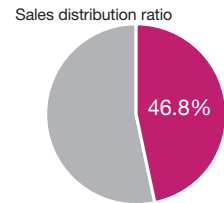
Consolidated net sales of this product segment for the year under review amounted to 857 million yen as a result of heightened demand in electric component-related industries in the South Korean and Southeast Asian markets driving an increase in demand from manufacturers of semiconductor production equipment. Due to an increase in the ratio of FA equipment and others, the sales distribution ratio of this product segment was 31.1% of overall product sales, down 1.3 percentage points year on year.

Pressure sensors Net sales: 275 million yen



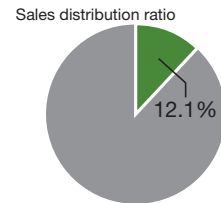
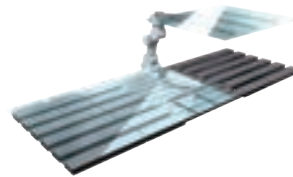
As was the case with CONVUM ejectors, as demand from manufacturers of semiconductor production equipment heightened due to the increased demand in electric component-related industries, consolidated net sales of this product segment for the year under review amounted to 275 million yen. The sales distribution ratio was 10.0% of overall product sales, remaining unchanged year on year.

Vacuum pads Net sales: 1,286 million yen



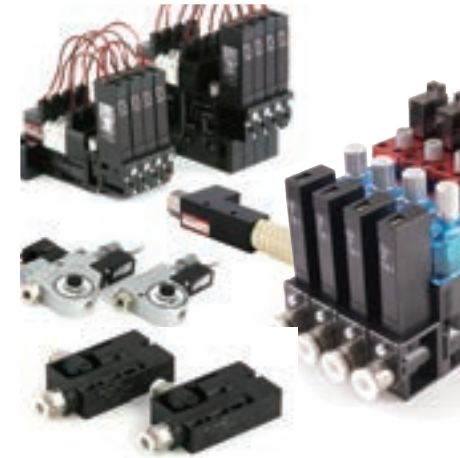
Due to the increase in capital investment demand, sales to all industries remained steady. In addition, as a result of active market introduction of new products in robot-related industries, consolidated net sales for the year under review amounted to 1,286 million yen. The sales distribution ratio of this product segment was 46.8% of overall product sales, down 3.0 percentage points year on year.

FA equipment and others Net sales: 332 million yen



For general equipment, such as vacuum-related equipment and vacuum pumps, net sales were down from the previous fiscal year. However, regarding sales of our CONFLOAT Levitation Transfer Units to manufacturers of flat panel displays and related products, demand for capital investment increased mainly in the Asian region, and consolidated net sales of this product segment for the year under review amounted to 332 million yen. The sales distribution ratio of this product segment was 12.1% of overall product sales, up 4.3 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 **vacuum** with compressed air from a **compressor**. CONVUM® is a registered trademark of the Company.

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.

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.”



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

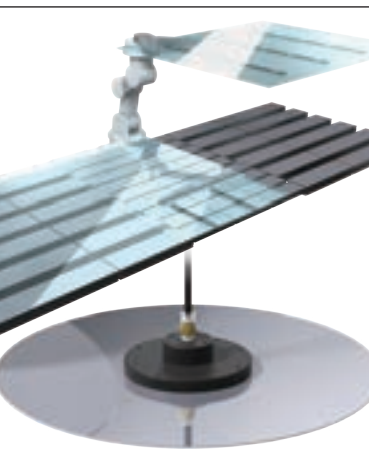


Adsorption conveyance of foods

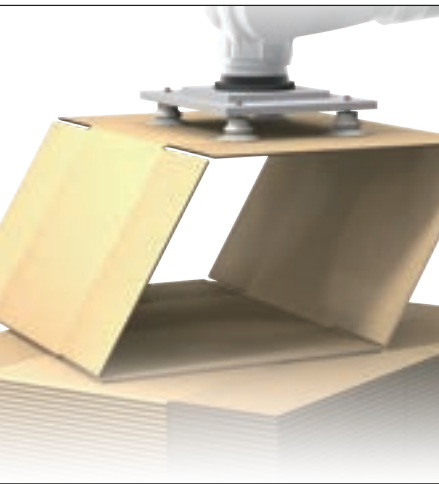


The Myotoku Group's products and technologies are deployed in an extensive range of industrial applications on production sites, contributing to the automation of production processes and enhancing the quality of products.

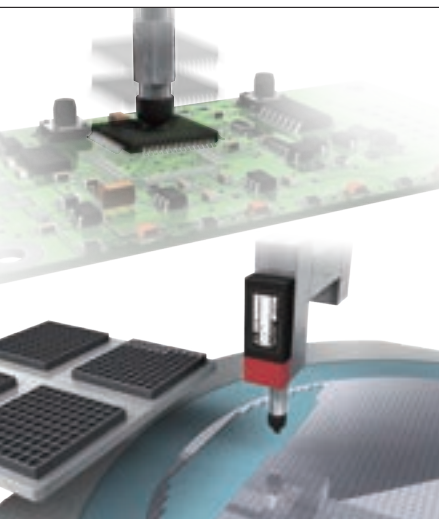
Non-contact conveyance



Making boxes out of packaging materials



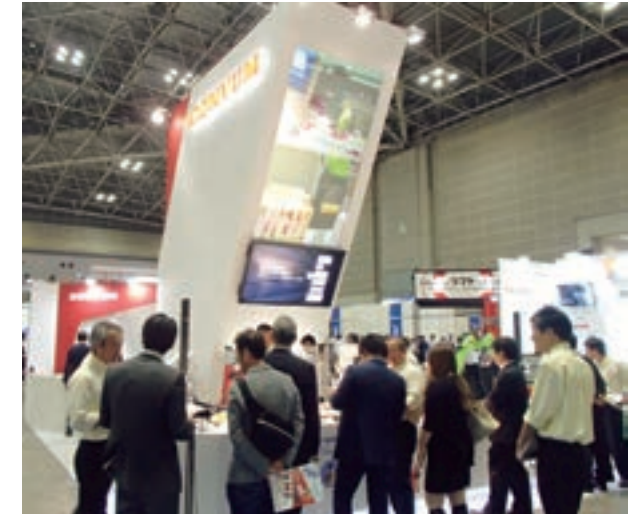
Adsorption conveyance of IC chips



Topics Active participation in exhibitions and launch of new products

In October last year, we participated in "TOKYO PACK 2018." Due to the decrease in the size of the working population, from the food industry to the packaging-related industry, demand for industrial robots have heightened worldwide. We exhibited the demo machine, jointly sponsored by a robot manufacturer, of "SGB series: BALLOON HAND," which was developed as a product unique to the Company, and attracted considerable interest.

The said product integrates our vacuum absorption technologies with new technologies, which allows it to grasp objects that it was not able to hold before. We also received a large amount of attention for the exhibition of "SGP series: PALLETCHER," which can hold even heavy objects such as cardboard boxes and steel plates, as well as objects with an uneven surface. The Company's products are increasingly becoming indispensable for robotic automation. We will continue to increase the variety of products going forward, to achieve compatibility with various types of robots and applications. We will also actively engage in cooperation and technological collaborations with each robot manufacturer and companies aiming for the full automation of the manufacturing site.



Our Company's booth at TOYKO PACK 2018

A hand with a new structure that can grasp workpieces that previous versions could not
SGB series: BALLOON HAND



Grasping a potato

A hand that can hold workpieces with gaps which make suction difficult, and workpieces that do not have a fixed position
SGP series: PALLETCHER



Consolidated Balance Sheet

(Unit: Thousand yen)

Accounts	67th term As of December 31, 2017	68th term As of December 31, 2018
Assets		
Current assets	2,460,867	2,664,264
Fixed assets	2,372,266	2,199,149
Total assets	4,833,133	4,863,413
Liabilities		
Current liabilities	446,255	271,090
Long-term liabilities	191,054	155,917
Total liabilities	637,309	427,008
Net Assets		
Shareholders' equity	3,973,888	4,307,857
Accumulated other comprehensive income	200,501	103,389
Share subscription rights	4,606	2,077
Non-controlling interests	16,827	23,080
Total net assets	4,195,824	4,436,405
Total liabilities and net assets	4,833,133	4,863,413

Consolidated Statement of Cash Flows

(Unit: Thousand yen)

Accounts	67th term January 1, 2017 to December 31, 2017	68th term January 1, 2018 to December 31, 2018
Cash flows from operating activities	375,047	259,700
Cash flows from investing activities	(258,100)	(182,412)
Cash flows from financing activities	(43,586)	22,001
Effects of exchange rate changes on cash and cash equivalents	10,765	(10,335)
Increase (decrease) in cash and cash equivalents	84,125	88,954
Cash and cash equivalents at beginning of fiscal year	1,039,127	1,123,253
Cash and cash equivalents at end of fiscal year	1,123,253	1,212,207

Consolidated Statement of Income

(Unit: Thousand yen)

Accounts	67th term January 1, 2017 to December 31, 2017	68th term January 1, 2018 to December 31, 2018
Net sales	2,614,520	2,752,064
Gross profit	1,489,507	1,464,424
Operating income	455,081	409,580
Ordinary income	460,742	423,189
Income before income taxes and minority interests	448,597	423,302
Profit	305,718	318,206
Profit attributable to non-controlling interests	2,734	7,335
Profit attributable to owners of parent	302,983	310,870

Consolidated Statement of Comprehensive Income

(Unit: Thousand yen)

Accounts	67th term January 1, 2017 to December 31, 2017	68th term January 1, 2018 to December 31, 2018
Profit	305,718	318,206
Other comprehensive income:		
Valuation difference on available-for-sale securities	81,563	(68,838)
Foreign currency translation adjustments	32,982	(28,455)
Total other comprehensive income	114,546	(97,294)
Total comprehensive income for the year	420,265	220,912
Total other comprehensive income attributable to:		
Owners of the parent company	416,629	213,759
Comprehensive income attributable to non-controlling interests	3,635	7,153

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	142 (Consolidated number of employees)
Stock exchange	JASDAQ Stock Exchange, Tokyo Securities Exchange
Accounting auditor	Crowe Toyo & Co.

Officers (As of March 22, 2019)

President and Representative Director	Koji Ise
Senior Managing Director	Mitsuhiro 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

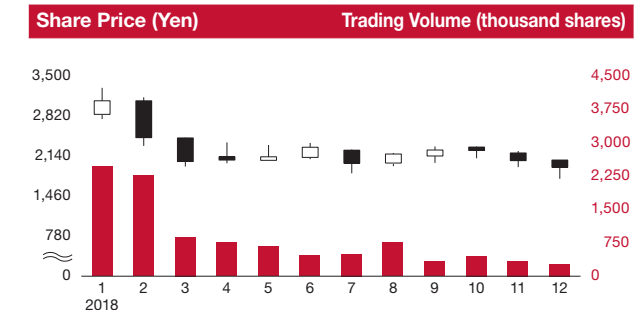
Number of authorized shares	Number of issued shares	Number of shareholders
6,600,000	1,657,000 (Of which treasury stock: 128,731 shares)	990 (An decrease of 161 from the previous term-end)

Major Shareholders

Shareholder	Number of shares held	Ratio of shareholding
Ise Kosan Co., Ltd.	282,760	18.50
Sugako Ise	126,020	8.25
Koji Ise	82,410	5.39
Yuki Okabe	80,100	5.24
Myotoku Employees' Stock Association	47,750	3.12
MTAsia Corporation	36,000	2.36
HIKARI TSUSHIN, INC.	32,600	2.13
Shinichi Kamiya	30,200	1.98
NICHIDEN Corporation	28,000	1.83
Saburo Ise	25,325	1.66

(Notes) 1. Although the Company holds treasury stock, it is excluded from the list of "Major Shareholders" above.
2. The number of treasury stock is deducted from the number of issued shares in calculating the ratio of shareholding.

Share Price



*The share price and trading volume are calculated taking the effects of the consolidation of shares into consideration.