

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



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



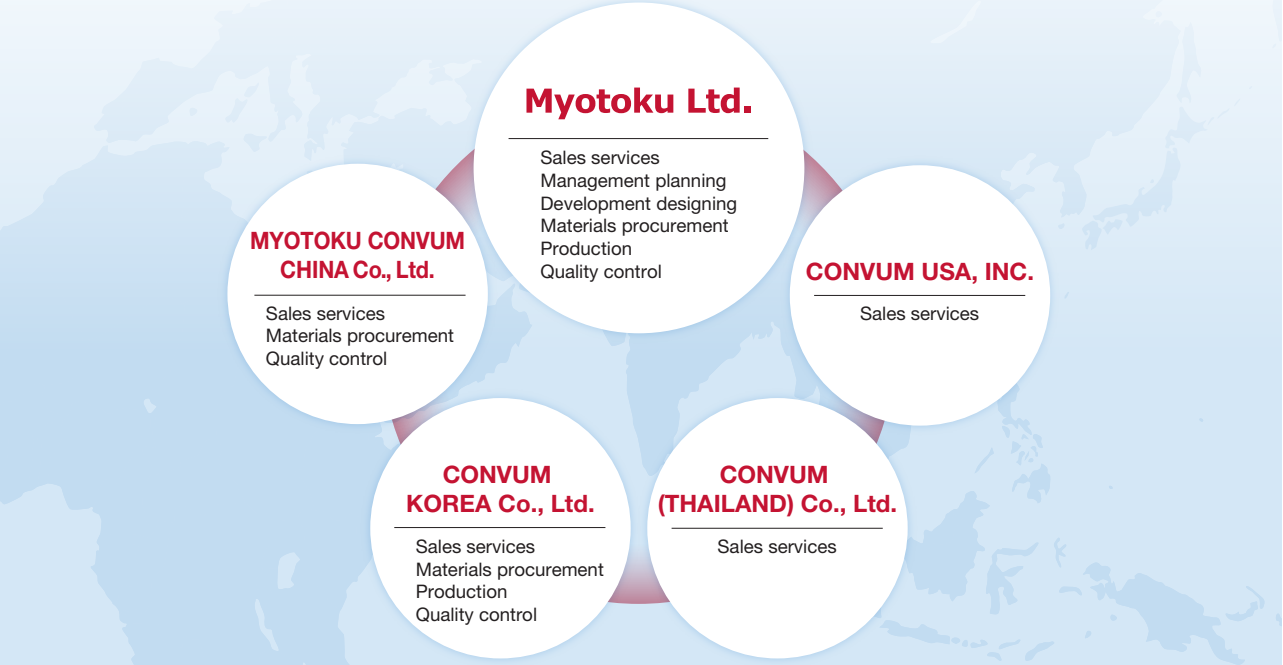
69th Term Business Report

January 1, 2019 - December 31, 2019



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 69th term from January 1, 2019 to December 31, 2019.
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 69th term.

The Group’s consolidated net sales for the 69th term amounted to 2,294 million yen, a decrease of 16.6% year on year. In the Japanese market, we have expanded sales activities centering on increasing sales of products related to Robot Hand and capturing demand from the food packaging industry and electric component industry, on the back of labor reduction in manufacturing processes and demand for automation equipment. Semiconductor-related industries began to show signs of recovery, but overall demand for production facilities contracted due to the effects of U.S.-China trade friction. As a result, the Company’s net sales amounted to 1,610 million yen, a decrease of 15.6% year on year.

Overseas, in the South Korean market, we carried out sales-expansion activities for general industrial automation equipment, while launching products

aimed at manufacturers of semiconductor production equipment and liquid crystal-related equipment, and continued initiatives to enhance locally-made products. Despite these initiatives, sales in the South Korean market decreased 16.2% year on year to 405 million yen. Sales in the Chinese market decreased 29.2% year on year to 137 million yen, as a result of the impact of a decrease in capital investment due to continued trade friction. In other areas, in the Thai market, we continued to drive sales-expansion activities for automation equipment in Thailand and neighboring countries, and actively launched new robot-related products for automobile- and food-related facilities in Thailand. In addition, our U.S. subsidiary has engaged in the cultivation of new customers and sales-expansion activities at existing stores. Despite these initiatives, sales decreased 15.4% to 141 million yen.

In terms of profitability, consolidated ordinary income declined 45.7% year on year to 229 million yen and profit attributable to owners of parent decreased 52.4% to 147 million yen.

Q2 Please describe your performance forecasts and major initiatives for the fiscal year ending December 31, 2020.

For the fiscal year ending December 31, 2020, we expect to record consolidated net sales of 2,294 million yen, consolidated ordinary income of 238 million yen and profit attributable to owners of parent of 155 million yen. To achieve these targets, we will execute the following initiatives.

With regard to sales and development activities, we will focus on human resources development, in order to reinforce our overall structure, for the purpose of passing down the vacuum absorption knowhow we have cultivated so far and creating new technological innovation. We aim to increase our share throughout the group by conducting product differentiation based on the motto of developing unique products. In addition, by continuing to grasp the needs of robot-related markets and promoting the development of Robot Hand (the parts that are to be the hands of robots), we will actively develop

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.

collaboration with diversifying robot system integrators. We also aim at development and practical application of products that respond to the market needs for IoT, AI, etc. by continuing to strengthen the foundational research of the Company’s main products. As global development utilizing overseas subsidiaries is more and more necessary for expanding demand, we will implement initiatives aimed at expanding our overseas sales ratio to 50%.

On the manufacturing side, we will make capital investments actively, and continue to strengthen our ability to meet delivery requirements by introducing automation equipment in order to improve productivity and by improving in-house systems. Thus, we aim to strengthen cost competitiveness and to improve customer satisfaction by strengthening the quality control unit. We will also work to maintain safety and improve workplace environment of the manufacturing unit in response to the labor shortage issue.

In line with this policy, for the 69th term, we would like to propose an annual dividend of 40.00 yen, consisting of an interim dividend of 20.00 yen per share and a year-end dividend of 20.00 yen per share.

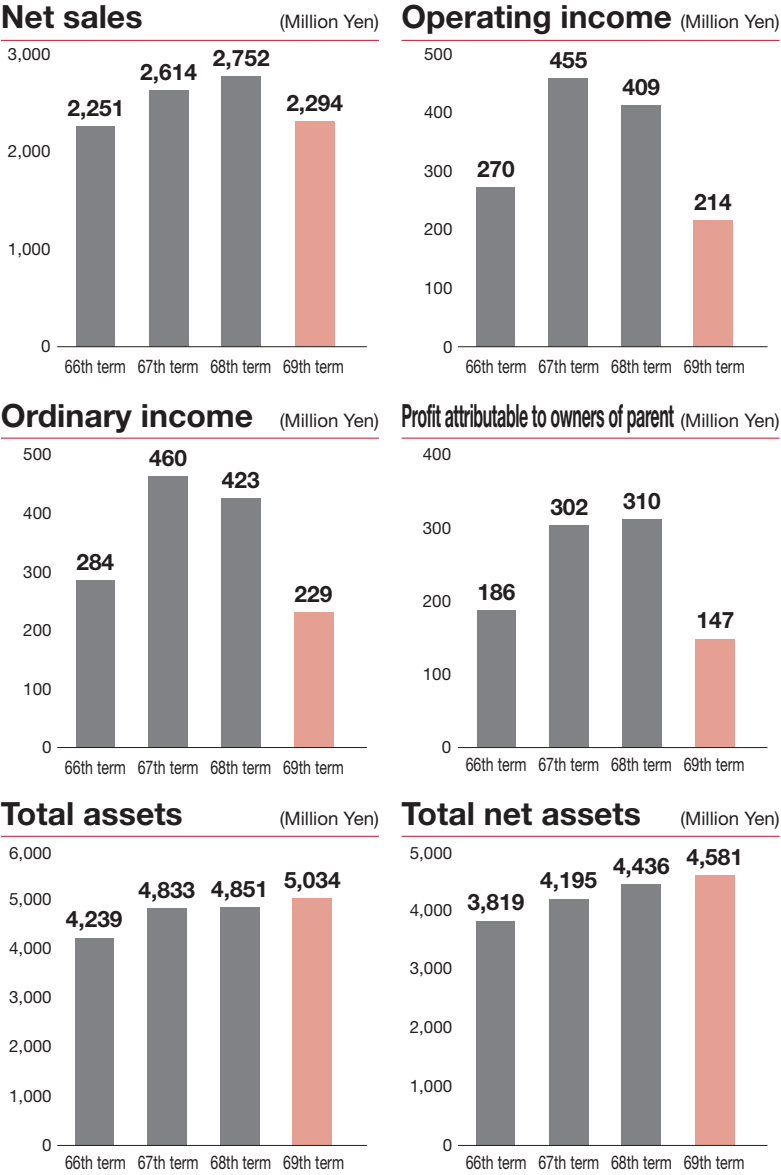
We will devote our full energies to achieving management objectives to meet the expectations of all of our shareholders, and therefore sincerely ask for the continued and unwavering support and cooperation of our shareholders.

Net sales
2,294 million yen
(a year-on-year down 16.6%)

Operating income
214 million yen
(a year-on-year down 47.7%)

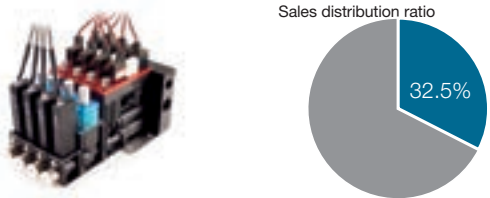
Ordinary income
229 million yen
(a year-on-year down 45.7%)

Profit attributable to owners of parent
147 million yen
(a year-on-year down 52.4%)



(Note) We have applied Partial Amendments to Accounting Standard for Tax Effect Accounting, etc. (ASBJ Statement No. 28, Accounting Standards Board of Japan, Feb. 16, 2018) from the beginning of the 69th term, and have applied them retroactively to the figures for the 68th term.

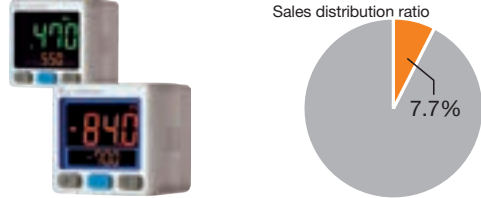
CONVUM ejectors Net sales: 746 million yen



Consolidated net sales of this product segment for the year under review amounted to 746 million yen due to a decrease in new demand for various types of automated equipment, including semiconductor production equipment, amidst a global decrease in capital investment demand.

Due to a decrease in the ratio of pressure sensors and FA equipment and others, the sales distribution ratio of this product segment was 32.5% of overall product sales, up 1.4 percentage points year on year.

Pressure sensors Net sales: 177 million yen



As was the case with CONVUM ejectors, demand for semiconductor production equipment decreased. As a result, consolidated net sales of this product segment for the year under review amounted to 177 million yen. The sales distribution ratio was 7.7% of overall product sales, down 2.3 percentage points year on year.

Vacuum pads Net sales: 1,146 million yen



Due to the effects of decreased demand for capital investment and worsening equipment utilization rates, maintenance demand slumped. Although we carried out active market introduction of new products in robot-related industries, consolidated net sales for the year under review amounted to 1,146 million yen. The sales distribution ratio of this product segment was 50.0% of overall product sales, up 3.2 percentage points year on year.

FA equipment and others Net sales: 224 million yen



For general equipment, such as vacuum-related equipment and vacuum pumps, net sales were down from the previous fiscal year, due to decreased demand for new equipment and a decline in the utilization rate of various automated equipment. Regarding sales of our CONFLOAT Levitation Transfer Units to manufacturers of flat panel displays and related products, demand also slumped. As a result, consolidated net sales of this product segment for the year under review amounted to 224 million yen. The sales distribution ratio of this product segment was 9.8% of overall product sales, down 2.3 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 **V**acuum with compressed air from a **co**mpressor. 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.

Robot-hand



Robot Hand can be fitted to various types of robots. Customers can use Robot Hand right away without any special designs, as we have prepared a wide range of flanges to fit many types of robots made by various robot manufacturers.

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



Mounting/Pressing

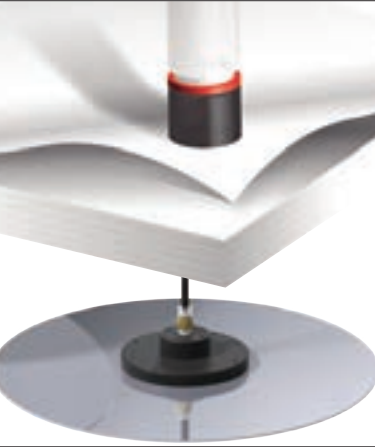


Adsorption conveyance of foods

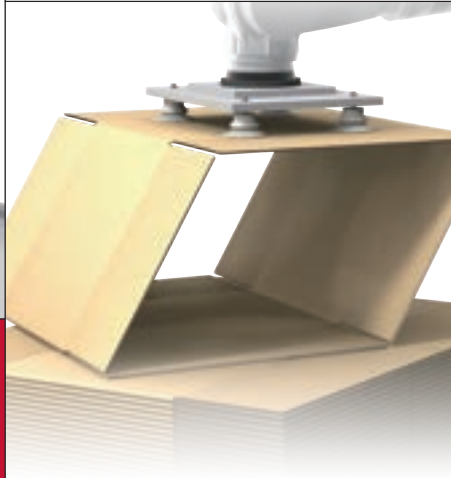


The Myotoku Group's products and technologies are deployed in an extensive range of industrial applications on production sites, contributing to the automation of production processes and enhancing the quality of products.

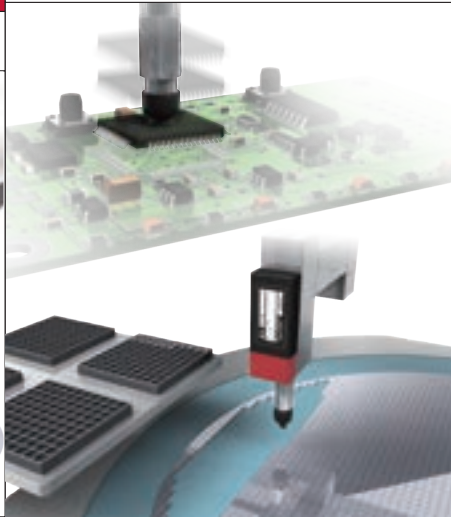
Non-contact conveyance



Making boxes out of packaging materials



Adsorption conveyance of IC chips



Topics Targeting exhibitions and developing new products

In December last year, we participated in International Robot Exhibition 2019, the largest robot-related exhibition in Japan. In order to utilize robots to the fullest in automated equipment it is necessary to convey objects in ways that fit their purpose. We have developed Robot Hand, which applies our vacuum absorption technologies, to satisfy our customers' needs, and have received a large amount of attention. We have continued to collaborate with each robot manufacturer at exhibitions to display examples of practical application with demo machines making use of the features of each robot.

We also attracted attention by displaying “e-hand,” a compact, electric Robot Hand for compact collaborative robots, for which demand will increase. With built-in vacuum pumps and pressure sensors, e-hand can be easily fitted to a robot. In addition, we also displayed a line-up of conventional Robot Hand products that have been made lighter in line with the size and weight reduction of robots. As well as continuing to actively participate in exhibitions, we will implement sales expansion activities by developing videos that introduce new products and examples of application.

e-hand, a compact electric Robot Hand



The Company's booth at International Robot Exhibition 2019



As of December 31, 2019

Consolidated Balance Sheet

(Unit: Thousand yen)

| Accounts | 68th term As of December 31, 2018 | 69th term As of December 31, 2019 |
|--|--------------------------------------|--------------------------------------|
| Assets | | |
| Current assets | 2,616,596 | 2,743,094 |
| Fixed assets | 2,234,651 | 2,290,943 |
| Total assets | 4,851,247 | 5,034,038 |
| Liabilities | | |
| Current liabilities | 271,085 | 300,585 |
| Long-term liabilities | 143,757 | 151,955 |
| Total liabilities | 414,842 | 452,541 |
| Net Assets | | |
| Shareholders' equity | 4,307,857 | 4,404,217 |
| Accumulated other comprehensive income | 103,389 | 147,091 |
| Share subscription rights | 2,077 | 1,810 |
| Non-controlling interests | 23,080 | 28,377 |
| Total net assets | 4,436,405 | 4,581,497 |
| Total liabilities and net assets | 4,851,247 | 5,034,038 |

Consolidated Statement of Cash Flows

(Unit: Thousand yen)

| Accounts | 68th term January 1, 2018 to December 31, 2018 | 69th term January 1, 2019 to December 31, 2019 |
|---|--|--|
| Cash flows from operating activities | 259,700 | 626,820 |
| Cash flows from investing activities | (182,412) | (153,866) |
| Cash flows from financing activities | 22,001 | (52,172) |
| Effects of exchange rate changes on cash and cash equivalents | (10,335) | (4,058) |
| Increase (decrease) in cash and cash equivalents | 88,954 | 416,722 |
| Cash and cash equivalents at beginning of fiscal year | 1,123,253 | 1,212,207 |
| Cash and cash equivalents at end of fiscal year | 1,212,207 | 1,628,930 |

Consolidated Statement of Income

(Unit: Thousand yen)

| Accounts | 68th term January 1, 2018 to December 31, 2018 | 69th term January 1, 2019 to December 31, 2019 |
|---|--|--|
| Net sales | 2,752,064 | 2,294,628 |
| Gross profit | 1,464,424 | 1,234,553 |
| Operating income | 409,580 | 214,186 |
| Ordinary income | 423,189 | 229,606 |
| Income before income taxes and minority interests | 423,302 | 222,970 |
| Profit | 318,206 | 151,542 |
| Profit attributable to non-controlling interests | 7,335 | 3,692 |
| Profit attributable to owners of parent | 310,870 | 147,849 |

Consolidated Statement of Comprehensive Income

(Unit: Thousand yen)

| Accounts | 68th term January 1, 2018 to December 31, 2018 | 69th term January 1, 2019 to December 31, 2019 |
|--|--|--|
| Profit | 318,206 | 151,542 |
| Other comprehensive income: | | |
| Valuation difference on available-for-sale securities | (68,838) | 65,024 |
| Foreign currency translation adjustments | (28,455) | (19,718) |
| Total other comprehensive income | (97,294) | 45,305 |
| Total comprehensive income for the year | 220,912 | 196,848 |
| Total other comprehensive income attributable to: | | |
| Owners of the parent company | 213,759 | 191,551 |
| Comprehensive income attributable to non-controlling interests | 7,153 | 5,297 |

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 | 136 (Consolidated number of employees) |
| Stock exchange | JASDAQ Stock Exchange, Tokyo Securities Exchange |
| Accounting auditor | Crowe Toyo & Co. |

Officers

(As of March 24, 2020)

| | |
|---------------------------------------|----------------------|
| 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 |
|-----------------------------|--|--|
| 6,600,000 | 1,657,000 (Of which treasury stock: 114,331 shares) | 883 (An decrease of 107 from the previous term-end) |

Major Shareholders

| Shareholder | Number of shares held | Ratio of shareholding |
|--------------------------------------|-----------------------|-----------------------|
| Ise Kosan Co., Ltd. | 282,760 | 18.33 |
| Sugako Ise | 126,020 | 8.17 |
| Yuki Okabe | 112,000 | 7.26 |
| Koji Ise | 82,410 | 5.34 |
| HIKARI TSUSHIN, INC. | 49,800 | 3.23 |
| Myotoku Employees' Stock Association | 49,450 | 3.21 |
| MTAsia Corporation | 36,000 | 2.33 |
| Shinichi Kamiya | 30,000 | 1.94 |
| NICHIDEN Corporation | 28,000 | 1.82 |
| Saburo Ise | 25,325 | 1.64 |

(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

