

As of January 1, 2022
we have changed our company name
from **Myotoku Ltd.**
to **CONVUM Ltd.**



Introducing our new corporate logo.

The logo features the word “CONVUM” in letters symbolizing our vacuum work, superimposed on the silhouette of the CV CONVUM, the benchmark in ejector-type vacuum generators.

71st Term Business Report

January 1, 2021 ▶ December 31, 2021



CONVUM Ltd.

TSE: 6265



As a pioneering manufacturer of vacuum absorption equipment, we will aim to be a company that is trusted by society, and strive for continuous corporate growth, through manufacturing attractive products.

We are pleased to present our results for the 71st term from January 1, 2021 to December 31, 2021.

We also take this opportunity to express our sincere appreciation to our shareholders for their support.

March 2022

Koji Ise,
President and Representative Director

Management Philosophy

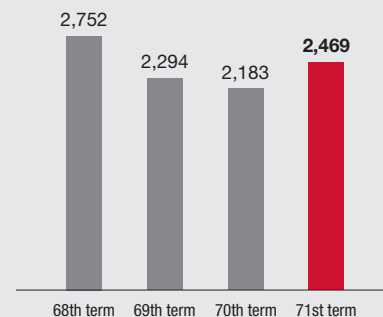
Caring about people and make great efforts to weave together our creative ideas with the requirements of our customers while we contribute greater value to society.

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.

Consolidated Financial Highlights

■ Net Sales (Million Yen)



Change of Company Name

For the last 70 years, since the time of the Company's founding, we have enjoyed the patronage of our customers under the name "Myotoku." This name was originally adopted from the name of a local temple. When we developed and launched our "ejector-type vacuum generator" 50 years ago, we created the brand name "CONVUM" after the principle of using compressed air from a compressor to generate suction (vacuum). Since then, it has become a widely recognized name in the industry. As we mark the 50th anniversary of the launch of CONVUM, we have changed the company name to CONVUM Ltd., aiming to enhance product brand value and establish our corporate brand.

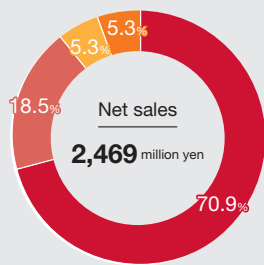
Top Interview

Q1 — Please describe the business results of the 71st term.

The Group's consolidated net sales for the 71st term amounted to 2,469 million yen, an increase of 13.1% year on year. In the Japanese market, the increase in large-scale projects became more prominent, mainly in terms of maintenance demand, as a result of worldwide demand for semiconductors. Automobile and food machinery-related demand was also robust. We continued to expand sales activities centering on capturing demand for products related to Robot Hand, on the back of labor reduction in manufacturing processes and the trend towards automation due to worker shortages. We also expanded our lineup of environmentally-friendly compact electric driven products. As a result, the Company's net sales amounted to 1,751 million yen, an increase of 10.5% year on year.

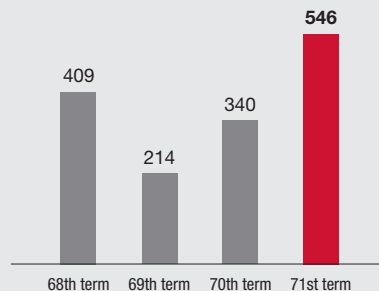
Overseas, in the South Korean market, elements of uncertainty lingered with no sign of the COVID-19 pandemic being brought under control, but sales were resilient, with an expansion in semiconductor-related demand. We expanded our second brand products by local production targeting general industrial automation equipment and responded to user needs amidst the price competition. As a result, sales in the South Korean market increased 36.4% year on year to 455 million yen. In the Chinese market, capital investment was on a recovery track overall, despite persisting elements of uncertainty concerning China's relationship with the U.S. At the same time, however, the market felt the impact of shrinking automobile-related production. As a result, sales in the Chinese market

■ Sales distribution by region

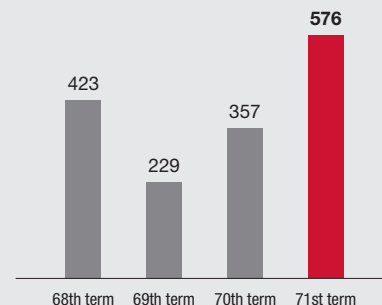


■ Japan ■ South Korea ■ China ■ Other

■ Operating income (million yen)



■ Ordinary income (million yen)



(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.

decreased 8.5% year on year to 131 million yen. In other areas, our Thai subsidiary actively launched production of automobile-related equipment and food-related equipment, despite the impact of COVID-19. In neighboring countries, demand grew for maintenance parts in response to the expansion of semiconductor capital investment. Our U.S. subsidiary engaged in the cultivation of new customers and sales-expansion activities at existing stores. As a result, sales increased 9.1% year on year to 131 million yen.

In terms of profitability, consolidated ordinary income rose 61.1% year on year to 576 million yen and profit attributable to owners of parent increased 64.5% year on year to 402 million yen.

Q 2 — Please describe your performance forecasts and major initiatives for the fiscal year ending December 31, 2022.

For the fiscal year ending December 31, 2022, we expect to record consolidated net sales of 2,422 million yen, consolidated ordinary income of 484 million yen and profit attributable to owners of parent of 335 million yen. To achieve these targets, we will execute the following initiatives.

We will forge ahead with fundamental research and new product development specifically focusing on our unique vacuum absorption equipment. From this fiscal year, we will engage in improving production efficiency, installing an automatic molding machine for vacuum pads, our main product, at the new factory building constructed at the Iwate Office. With the maintenance demand forecast to continue, we will promote automated production internally

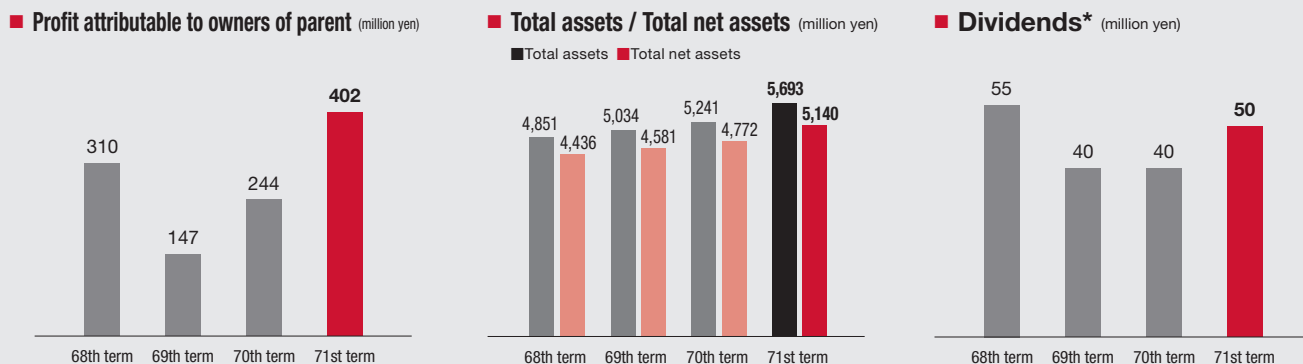
to ensure stable quality and reduce costs. In response to the growing demand for robots in recent years, we will continue working on initiatives aimed at the future, through the development of the Robot Hand that utilizes the Company's vacuum absorption technology and the development of environmentally-friendly electrification products.

Q 3 — 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 with a target payout ratio of 25% on a consolidated basis, based on business results and consideration of the need to secure resources to fund investment for the future.

In line with this policy, for the 71st term, we would like to propose an annual dividend of 50.00 yen, consisting of an interim dividend of 25.00 yen per share and a year-end dividend of 25.00 yen per share.

We have made a fresh start with the change of the company name to CONVUM Ltd., and we will make further progress in our efforts to establish our company as a global brand. 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.



*The Company conducted a five-to-one reverse stock split of common shares effective July 1, 2018. For the 68th term, we have shown the amount of dividends after the reverse stock split.

MYOTOKU CONVUM CHINA CO.,LTD.

4/F, 16# BUILDING, NO.129 NORTH FUTE ROAD,
CHINA (SHANGHAI) PILOT FREE TRADE ZONE, 200131
TEL 86-21-52712075 FAX 86-21-52712073

Shenzhen Office

CONVUM USA,INC.

13105 Ramona Blvd. Suite I, Irwindale CA 91706
TEL 1-626-338-4312 FAX 1-626-338-4497

CONVUM KOREA CO.,LTD.

1204,KCC WELLTZ VALLEY, 205 GASAN DIGITAL 1RO,
GEUMCHOEN-GU, SEOUL, KOREA
<1204, KCC WELLTZ VALLEY, GASANDONG>
TEL 82-2-6111-8007 FAX 82-2-6111-8006

SUWON Office

CHEONAN Office

BUSAN Office

CONVUM(THAILAND) CO.,LTD.

818/46 Udomsuk Road, Bangna-Nuea,
Bangna, Bangkok, 10260
TEL 66-2-769-5851 FAX 66-2-769-5853

Topics

A new factory building begins operation at the Iwate Office

In January 2022, we commenced full-scale operations at the new factory building constructed in the grounds of the Iwate Office, our main factory. In the new factory building, we established a new production line and product center for vacuum pads, a mainstay product that accounts for 50% of the Company's sales.

For vacuum pads, in addition to a conventional molding process using molds and a finishing line, we have also installed an automatic injection molding machine. This will enable us to progress with more stable quality and improved production efficiency for vacuum pads. We also expect growth in demand for robots and have built a research and development line for vacuum pads using new materials, specifically catering to the food industry.



Iwate Office

Head Office

Osaka Office

CONVUM ejectors

Net sales

847 million yen

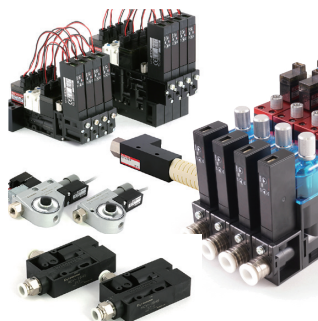
Sales distribution ratio

34.3%

Consolidated net sales of this product segment for the year under review increased to 847 million yen due to strong demand for semiconductor production equipment and new equipment for various types of automation machinery, and robust maintenance demand due to an increase in production, stemming from an overall increase in capital investment demand. The sales distribution ratio of this product segment was 34.3% of overall product sales, up 1.9 percentage points year on year.

EJECTOR (CONVUM)

Ejectors are vacuum generators that use compressed air to generate suction. They are so named because compressed air is released (ejected) from the nozzle.



About CONVUM

CONVUM is a coined word, created by using the imagery of generating **vacuum** using compressed air from a **compressor** as well as of a device that can **control vacuum**. CONVUM is a registered trademark of the Company.

Vacuum pads

Net sales

1,180 million yen

Sales distribution ratio

47.8%

Due to a rise in demand for capital investment and production activity, there was large-scale demand, especially for semiconductor production equipment. Consolidated net sales for the year under review increased to 1,180 million yen, partly due to growth in demand for new products targeting robot-related industries. The sales distribution ratio of this product segment was 47.8% of overall product sales, down 4.5 percentage points year on year.

PAD

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



Pressure sensors

Net sales

240 million yen

Sales distribution ratio

9.8%

Consolidated net sales of this product segment for the year under review increased to 240 million yen due to growth in demand for semiconductor production equipment. The sales distribution ratio was 9.8% of overall product sales, up 1.7 percentage points year on year.

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.



FA equipment and others

Net sales

200 million yen

Sales distribution ratio

8.1%

Demand increased for maintenance parts for vacuum-related equipment due to increased new demand and a recovery in the utilization rate for various automation equipment. New demand also grew for Robot Hand. As a result, consolidated net sales of this product segment for the year under review increased to 200 million yen. The sales distribution ratio of this product segment was 8.1% of overall product sales, up 0.9 percentage points year on year.

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.



Examples of Product Applications

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

Mounting/Pressing

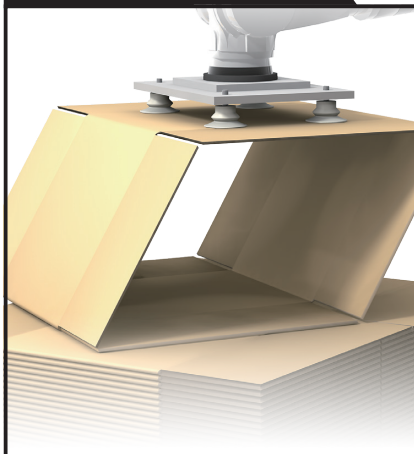


Adsorption conveyance of foods

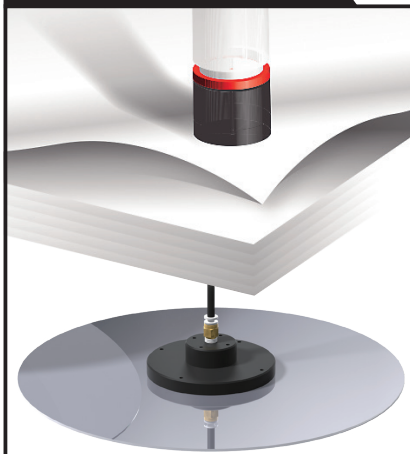


The CONVUM Group's products and technologies are deployed in an extensive range of industrial applications on production sites, contributing to the automation of production processes and enhancing the quality of products.

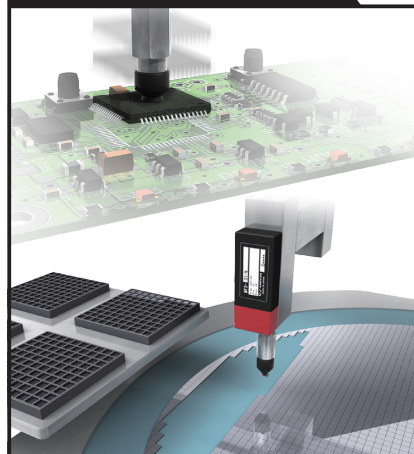
Making boxes out of packaging materials



Non-contact conveyance



Adsorption conveyance of IC chips



The 50th anniversary of the launch of the “ejector-type vacuum generator” (CONVUM)

The Company has marked 50 years since the launch of its “CV Series” ejector-type vacuum generator. We have engaged in the development of products to meet our customers’ needs, in line with the trend towards the automation of manufacturing processes and the expansion of various types of FA equipment. As we celebrate the 50th anniversary of the product launch, we have changed our company name to CONVUM, the name of our brand of ejectors. We have been progressively developing robot-related products and expanding our product lineup to respond to the growing demand for robots in recent years.

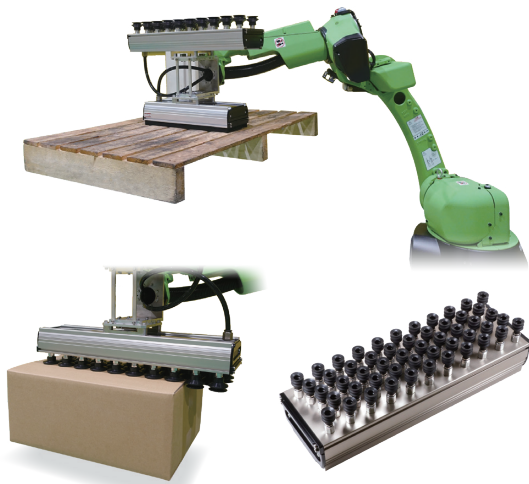


The CV Series vacuum generator released in 1972

For logistics robots

Robot Hand with built-in ejector “SPG Series”

For packing boxes and other large, heavy objects



For compact/collaborative robots

Robot Hand with built-in compact vacuum pump “SGE Series”

A lightweight hand that can be attached to compact robots, without the need for a compressor



Consolidated Balance Sheet (Unit: Thousand yen)

Accounts	70th term As of December 31, 2020	71st term As of December 31, 2021
Assets		
Current assets	3,002,856	2,992,506
Fixed assets	2,238,550	2,700,916
Total assets	5,241,407	5,693,422
Liabilities		
Current liabilities	310,216	400,006
Long-term liabilities	158,349	152,888
Total liabilities	468,565	552,894
Net Assets		
Shareholders' equity	4,614,073	4,946,821
Accumulated other comprehensive income	131,202	161,230
Non-controlling interests	27,564	32,476
Total net assets	4,772,841	5,140,528
Total liabilities and net assets	5,241,407	5,693,422

Consolidated Statement of Cash Flows (Unit: Thousand yen)

Accounts	70th term January 1, 2020 to December 31, 2020	71st term January 1, 2021 to December 31, 2021
Cash flows from operating activities	508,705	542,782
Cash flows from investing activities	(210,374)	(532,108)
Cash flows from financing activities	(35,053)	(69,792)
Effects of exchange rate changes on cash and cash equivalents	(2,651)	10,841
Increase (decrease) in cash and cash equivalents	260,625	(48,277)
Cash and cash equivalents at beginning of fiscal year	1,628,930	1,889,555
Cash and cash equivalents at end of fiscal year	1,889,555	1,841,278

Consolidated Statement of Income (Unit: Thousand yen)

Accounts	70th term January 1, 2020 to December 31, 2020	71st term January 1, 2021 to December 31, 2021
Net sales	2,183,479	2,469,827
Gross profit	1,227,739	1,340,536
Selling, general and administrative expenses	887,512	793,689
Operating income	340,226	546,846
Ordinary income	357,728	576,317
Income before income taxes and minority interests	356,396	565,691
Profit	245,596	407,785
Profit attributable to non-controlling interests	665	4,991
Profit attributable to owners of parent	244,931	402,793

Highlights of the results for the 71st term

- ✓ Consolidated net sales increased by 13.1% year on year to 2,469 million yen due to factors such as a strong performance from semiconductor-related capital investment and the restarting of other production equipment
- ✓ Consolidated operating income rose by 60.7% year on year to 546 million yen as a result of a reduction in expenses with restrictions on travel and exhibitions, etc. due to the COVID-19 pandemic
- ✓ Fixed assets grew by 20.7% year on year to 462 million yen due to factors such as the construction of a new factory building at the Iwate Office, capital investment for the automation of production, and the introduction of a new core system
- ✓ Cash and cash equivalents at the end of the fiscal year decreased by 48 million yen year on year to 1,841 million yen

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
Domestic offices	Iwate, Tokyo, Osaka
Consolidated subsidiaries	MYOTOKU CONVUM CHINA Co., Ltd. CONVUM KOREA Co., Ltd. CONVUM (THAILAND) Co., Ltd. CONVUM USA, INC.
Number of employees	117 (Consolidated number of employees)

Officers (As of March 25, 2022)

President and Representative Director	Koji Ise
Director	Yutaka Sato
Director	Takayuki Kunimatsu
Director	Tatsuo Sugiyama *
Full-Time Corporate Auditor	Shinichi Sato
Corporate Auditor	Tsutomu Tomoda *
Corporate Auditor	Hirokazu Makimura *

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

Our
Website



We update our investor relations and other corporate information on the website as needed, and invite you to check back regularly.

<https://convum.co.jp>



Status of Shares

Number of authorized shares	Number of issued shares	Number of shareholders
6,600,000	1,657,000 (Of which treasury stock: 100,416 shares)	965 (A decrease of 35 from the previous term-end)

Major Shareholders

Shareholder	Number of shares held	Ratio of shareholding
Ise Kosan Co., Ltd.	282,760	18.17
Sugako Ise	126,020	8.10
Koji Ise	82,410	5.29
Izumo Sangyou Corporation	53,300	3.42
HIKARI TSUSHIN, INC.	45,100	2.90
JAPAN SECURITIES FINANCE CO., LTD.	37,800	2.43
MTAsia Corporation	36,000	2.31
Myotoku Employees' Stock Association	35,350	2.27
Shinichi Kamiya	31,100	2.00
NICHIDEN Corporation	28,000	1.80

(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.

IR Information

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)