

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

Standard Market, Tokyo Securities Exchange

Public notice method

On-line public notice.

Publication at URL <https://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.

72nd Term Business Report

January 1, 2022 ▶ December 31, 2022



e•HAND electric
easy
eco-friendly

SGE series electric suction hand (e-HAND)

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 72nd term from January 1, 2022 to December 31, 2022.

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

March 2023

President and Representative Director

Looking to the Next Generation

Three years into the COVID-19 pandemic, the environment surrounding us has transformed dramatically. Not only the market, but also manufacturing technology, sales techniques and product marketing methods are undergoing significant change. Our 73rd term has begun. We are facing the challenges of the next 10 or 20 years with new ideas and strategies at hand to increase CONVUM's brand value and expand our market. With all of our employees constantly working together in solidarity around the meaning of "greater value" as expressed in our management philosophy, we are committed to working with our customers and shareholders to build the next generation of CONVUM. We look forward to your continued patronage in the years to come.

Top Interview

Q1 — Please describe the business results of the 72nd term.

The Group's consolidated net sales for the 72nd term amounted to 2,380 million yen, a decrease of 3.6% year on year. In the Japanese market, we expanded sales activities centering on capturing demand for semiconductor equipment, which has increased due to the global shortage of semiconductors, and demand for products related to the Robot Hand, which comes on the back of trends toward labor reduction and automation in production facilities due to worker shortages. As a result, the Company's net sales amounted to 1,691 million yen, a decrease of 3.4% year on year.

Overseas, in the South Korean market, the semiconductor sector entered a phase of inventory adjustment following the reduction in special demand related to the COVID-19 pandemic. In addition, the uncertainty increased surrounding exports of semiconductors to China and the production of semiconductors in local factories. As a result, sales in the South Korean market decreased 10.7% year on year to 407 million yen. In the Chinese market, capital investment was on a recovery track due to the bottoming out of personal consumption and the rebound in industrial production, despite lockdowns in various cities due to the Zero COVID policy and the sudden surge in infections following the relaxation of restrictions. As a result, sales in the Chinese market decreased 11.8% year on year to 115 million yen. In other areas, the Group actively launched production of automobile-related equipment and food-related equipment in Thailand, while in neighboring countries, demand grew for maintenance parts in response to semiconductor capital

Management Philosophy

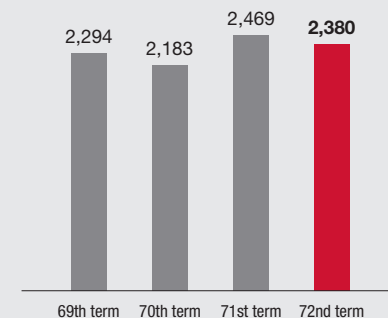
Caring about people and make great efforts to weave together our creative ideas with the requirements of our customers while we contribute greater value to society.

Corporate Mission

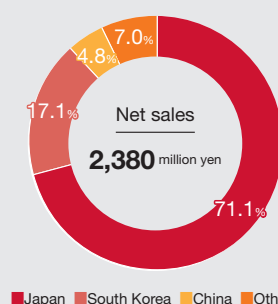
- Caring about our customers.
- Offering each of our employees optimum working conditions and working environment.
- Carrying out development by the integration of individual ideas and customers requirements.
- Promoting alliances with other companies, and sharing the benefits obtained from it.
- Transparency of management.
- Giving a high level of 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

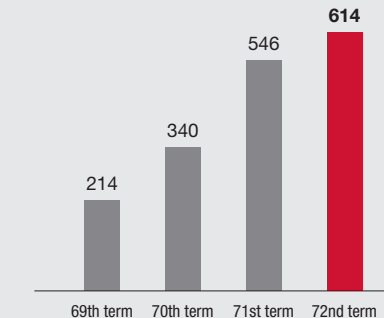
Net sales (million yen)



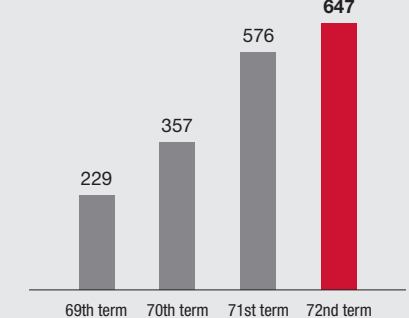
Sales distribution by region



Operating income (million yen)



Ordinary income (million yen)



Top Interview

investment and expanded production of electronic components. In addition, our U.S. subsidiary engaged in the expansion of sales activities at existing stores. As a result, sales increased 26.8% year on year to 166 million yen.

In terms of profitability, consolidated ordinary income rose 12.4% year on year to 647 million yen while profit attributable to owners of parent increased 13.9% year on year to 458 million yen due to steady capital investment in semiconductor equipment and electronic equipment and firm demand for related maintenance, as well as the effects of reductions in fixed and manufacturing costs.

Q2 — Please describe your performance forecasts and major initiatives for the fiscal year ending December 31, 2023.

For the 73rd term, we expect to record consolidated net sales of 2,387 million yen, consolidated ordinary income of 560 million yen and profit attributable to owners of parent of 391 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. Demand is forecast to continue to rise for vacuum pads, our main product. Therefore, with respect to these vacuum pads and against the backdrop of demand for automation in all types of production facilities, we will promote the automation of production processes, improve production efficiencies, and work to ensure stable quality and reduced costs.

Furthermore, in response to the growing demand for robots in recent years, we will continue working on

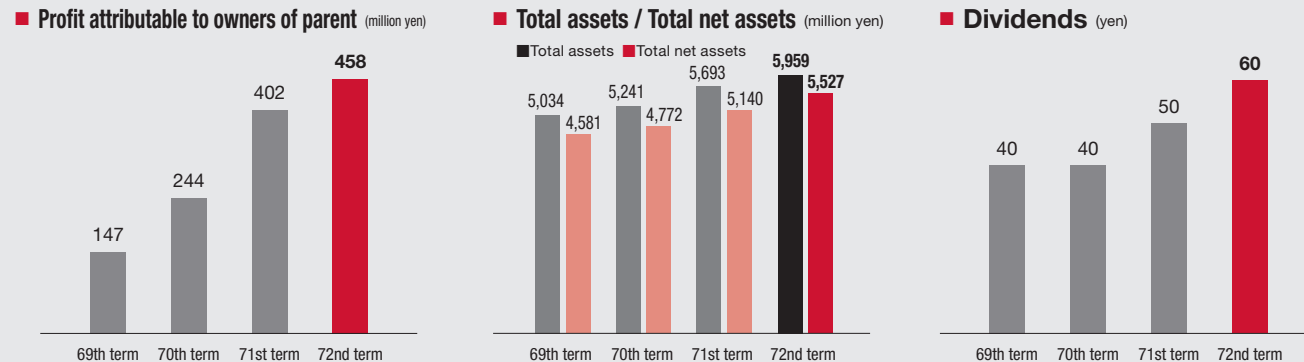
initiatives aimed at the future, such as the development of the Robot Hand, which utilizes the Company's vacuum absorption technology, the development of environmentally-friendly electric products, and the development of products for the food sector.

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. As a development-oriented company, we will actively promote the development and commercial launch of attractive new products and contribute as a company that is trusted by local communities through manufacturing.

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. Regarding the 72nd term, based on the fact that profit attributable to owners of parent exceeded initial forecasts, we have revised the year-end dividend upwards by 10.00 yen per share to 35.00 yen. Combined with the interim dividend of 25.00 yen, we would like to propose an annual dividend of 60.00 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.



Topics

Cleanroom in new factory ready for production

We have established a cleanroom vacuum pad production line in the new factory that became fully operational in 2022. Vacuum pads made with new materials will be produced and packaged in this Class 10,000 cleanroom. We will produce clean and safe products for the food industry, which has been growing in recent years.



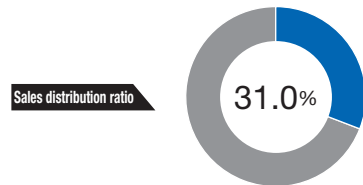
Iwate Office

Head Office

Osaka Office

CONVUM ejectors

Net sales **737 million yen**



Consolidated net sales of this product segment for the year under review were 737 million yen due to a reduction in new equipment stemming from the global shortage of semiconductors and electrical components, as well as the weakened demand for maintenance resulting from production adjustments for semiconductor production equipment and various types of automation machinery. The sales distribution ratio of this product segment was 31.0% of overall product sales, down 13 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.

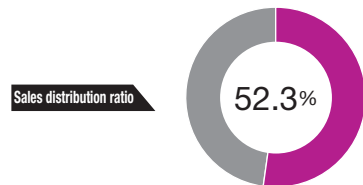


About CONVUM

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 **1,245 million yen**



Although demand for capital investment has decreased, there has been large-scale demand especially for semiconductor production equipment, as production activity at existing installations increased. Consolidated net sales for the year under review increased to 1,245 million yen, partly due to growth in demand for new products targeting robot-related industries. The sales distribution ratio of this product segment was 52.3% of overall product sales, up 5.5 percentage points year on year.

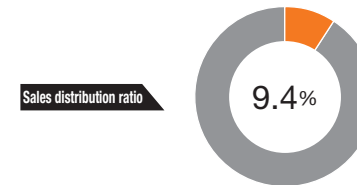
PAD

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 **222 million yen**



Demand weakened due to the reduction in demand for semiconductor production equipment. As a result, consolidated net sales for the year under review amounted to 222 million yen. The sales distribution ratio of this product segment was 9.4% of overall product sales, down 7.4 percentage points year on year.

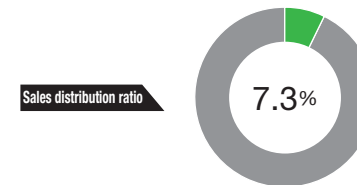
SENSOR

Pressure sensors measure the pressure displacement with internal pressure-sensitive element, then convert and output an 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 **174 million yen**



Demand weakened due to a decrease in demand for new equipment in various automation equipment. As a result, consolidated net sales for the year under review amounted to 174 million yen. The sales distribution ratio of this product segment was 7.3% of overall product sales, down 13.2 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.



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

Mounting/Pressing



Adsorption conveyance of foods

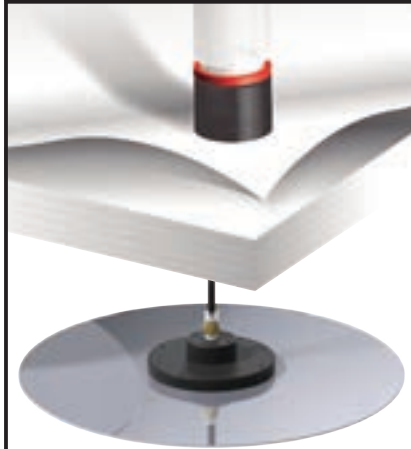


The CONVUM Group's products and technologies are deployed in an extensive range of industrial applications on production sites, contributing to the automation of production processes and enhancing the quality of products.

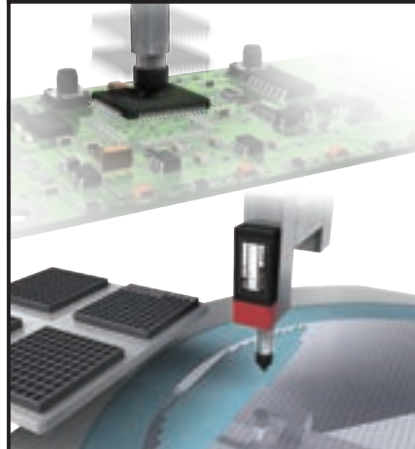
Making boxes out of packaging materials



Non-contact conveyance



Adsorption conveyance of IC chips



Topics 1

March 2022 – Participation in the International Robot Exhibition



Although we had refrained from participating in exhibitions due to the COVID-19 pandemic, we participated in a major exhibition in March 2022 for the first time in two years. It being the first time participating in an exhibition under our new company name, we used a big booth and our new logo to market our products. We displayed a wall-climbing, airless robot (using no compressed air) as a sample product, much to the delight of many of the guests at the event. We also plan to participate in the International Robot Exhibition that will be held in December 2023.

Topics 2

Brand website launch



We launched the all-English CONVUM brand website in March 2023 with the goal of raising awareness of the CONVUM brand around the world. We will make a company-wide effort to further enhance the value of our products, services, and brand to ensure that customers can use our products with confidence. <https://www.convum.com/>

Consolidated Balance Sheet (Unit: Thousand yen)		
Accounts	71st term As of December 31, 2021	72nd term As of December 31, 2022
Assets		
Current assets	2,992,506	3,367,611
Fixed assets	2,700,916	2,592,235
Total assets	5,693,422	5,959,846
Liabilities		
Current liabilities	400,006	304,500
Long-term liabilities	152,888	128,247
Total liabilities	552,894	432,748
Net Assets		
Shareholders' equity	4,946,821	5,327,722
Accumulated other comprehensive income	161,230	159,306
Non-controlling interests	32,476	40,069
Total net assets	5,140,528	5,527,097
Total liabilities and net assets	5,693,422	5,959,846

Consolidated Statement of Cash Flows (Unit: Thousand yen)		
Accounts	71st term January 1, 2021 to December 31, 2021	72nd term January 1, 2022 to December 31, 2022
Cash flows from operating activities	542,782	676,894
Cash flows from investing activities	(532,108)	(224,229)
Cash flows from financing activities	(69,792)	(77,594)
Effects of exchange rate changes on cash and cash equivalents	10,841	16,417
Increase (decrease) in cash and cash equivalents	(48,277)	391,487
Cash and cash equivalents at beginning of fiscal year	1,889,555	1,841,278
Cash and cash equivalents at end of fiscal year	1,841,278	2,232,765

Consolidated Statement of Income (Unit: Thousand yen)		
Accounts	71st term January 1, 2021 to December 31, 2021	72nd term January 1, 2022 to December 31, 2022
Net sales	2,469,827	2,380,655
Gross profit	1,340,536	1,325,685
Selling, general and administrative expenses	793,689	711,553
Operating income	546,846	614,132
Ordinary income	576,317	647,888
Income before income taxes and minority interests	565,691	651,931
Profit	407,785	462,816
Profit attributable to non-controlling interests	4,991	4,024
Profit attributable to owners of parent	402,793	458,791

Highlights of the results for the 72nd term

- ✔ Consolidated net sales decreased by 3.6% year on year to 2,380 million yen while consolidated ordinary income increased by 12.4% to 647 million yen as a result of focusing on sales of products for semiconductor-related equipment and robot-related products for the logistics and food industries
- ✔ Fixed assets decreased by 108 million yen from the end of the previous consolidated fiscal year to 2,592 million yen, mainly due to decreases of 68 million yen in property, plant and equipment, 11 million yen in intangible assets, and 29 million yen in investments and other assets
- ✔ Total net assets amounted to 5,527 million yen, mainly due to a 380 million yen increase in retained earnings, and the shareholders' equity ratio was 92.1%

Corporate Information	
Company name	CONVUM 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	102 (Consolidated number of employees)

Officers (As of March 24, 2023)	
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.

Status of Shares		
Number of authorized shares	Number of issued shares	Number of shareholders
6,600,000	1,657,000 (Of which treasury stock: 100,448 shares)	1,050 (An increase of 85 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	2.89
MTAsia Corporation	36,000	2.31
Shinichi Kamiya	33,300	2.14
NICHIDEN Corporation	28,000	1.80
Atsushi Ogawa	26,700	1.71
Saburo Ise	25,325	1.62

(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.

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>

