



TSE Securities Code : 7999

MUTOH

MUTOH HOLDINGS CO., LTD.

A large, stylized 3D cityscape rendered in shades of blue and white. In the center, a glowing blue sphere is surrounded by concentric circles and light trails, creating a futuristic, high-tech atmosphere. The sphere appears to be a focal point, possibly representing a globe or a data hub.

**69th (Fiscal Year 2017)
1st Half Financial Report**

April 1 to September 30, 2017

■ Message to Shareholders

We would like to express our sincerest gratitude to all of the shareholders who have continued to support us.

We hereby present our 69th (Fiscal Year 2017) 1st Half Financial Report, covering the MUTOH Group's business performance and activities.

Basic Policy

**With constant innovation
and challenging
ourselves,
we contribute to society**

■ Business Situation and Outcomes

In the first half of the current consold fiscal year, although it is showing a recovery trend, geopolitical risks are still rooming around, starting with the Asia Pacific regions. In the US, the employment situation has continued to make progress, resulting in an upswing in economy. Europe has seen a recovery trend with a steady domestic demand, but uncertainty with the economy is still strong in the UK with affects from Brexit. The recovery trend in China and other Asian emerging countries that started from the second half of last year seems to have settled.

Our Group went under a organizational restructuring with strengthening the management base and speeding up the decision-making process in mind. Management reforms of development, manufacturing, and distribution have resulted in compressing inventory and cost reductions. Although, major manufacturers have started to enter the large-format inkjet printer market worldwide. This has led to a fiercer competition, and products have seen a falling in prices. Amid this situation, product range and target fields will be re-examined to strengthen our earning capacity.

In the large-format inkjet printer business, one of the largest sign and display related event in the world, *2017 SGIA Expo* was held in New Orleans this October. *VJ-1638X*, *VJ-1638UH*, and *VJ-626UF* of MUTOH's *ValueJet* printer series received "Product of the Year" in 4 categories. This is the 6th straight year the a *ValueJet* printer received an award at the expo, which proves that the *ValueJet* printers are of high-performance, high quality, and the efforts we put into the MUTOH products have been appreciated.

In the 3D printer business, we released *ML-200*, a stereolithography 3D printer with Full HD DLP, in September. In August, we revamped our showroom to showcase the new fast 3D printer that was released by the inkjet printer giant HP Inc., and provide a solution service with the said product.

As a result of the above, net sales stood at ¥9,923 million (up 0.5% year on year). As part of our earning structural reform, we had an adjustment of production and a rise in cost rate due to the compression of our inventory, and the operating deficit came to ¥46 million (compared to operating income ¥16 million). With the foreign exchange profit at ¥96 million, and other calculating non-operating income, the ordinary income came to ¥68 million (¥98 million loss during the same period of the previous fiscal year) for the first half of the current consolidated fiscal year. Profit attributable to owners of parent was ¥17 million (compared to net loss of ¥194 million during the same period of the previous fiscal year).

Going forward, the MUTOH Group will deploy aggressive business strategies aimed at further enhance its business performance.

We greatly appreciate your support and ask for your continued assistance and cooperation.

Consolidated Financial Highlights

○ Net Sales

69th (FY2017) 1st Half Period: **¥9,923** million

	66 th (FY2014) Period:	67 th (FY2015) Period:	68 th (FY2016) Period:
	23,475 million	23,449 million	20,493 million
1st Half	11,467 million	11,375 million	9,870 million

○ Operating Income (Loss)

69th (FY2017) 1st Half Period: **¥(46)** million

	66 th (FY2014) Period:	67 th (FY2015) Period:	68 th (FY2016) Period:
	1,306 million	689 million	183 million
1st Half	876 million	264 million	16 million

○ Ordinary Income (Loss)

69th (FY2017) 1st Half Period: **¥68** million

	66 th (FY2014) Period:	67 th (FY2015) Period:	68 th (FY2016) Period:
	1,354 million	622 million	199 million
1st Half	928 million	237 million	(98) million

○ Profit (Loss) Attributable to Owners of Parent

69th (FY2017) 1st Half Period: **¥17** million

	66 th (FY2014) Period:	67 th (FY2015) Period:	68 th (FY2016) Period:
	2,684 million	148 million	(113) million
1st Half	2,443 million	0 million	(194) million

○ Total Assets

69th (FY2017) 1st Half Period: **¥30,730** million

	66 th (FY2014) Period:	67 th (FY2015) Period:	68 th (FY2016) Period:
	32,027 million	31,701 million	30,514 million

○ Total Net Assets

69th (FY2017) 1st Half Period: **¥23,716** million

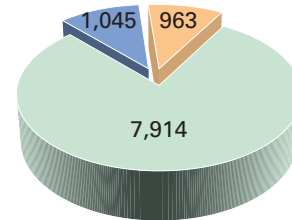
	66 th (FY2014) Period:	67 th (FY2015) Period:	68 th (FY2016) Period:
	25,061 million	23,917 million	23,484 million

1st Half Results by Business Segment Net Sales (Millions of Yen)

- Imaging & Information Equipment Business
- Information Service Business
- Design Measurement Equipment Business, Real-Estate Leasing Business and Other Businesses

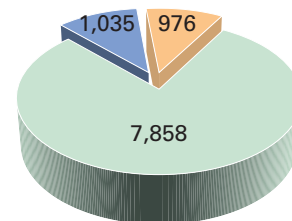
● 69th (FY2017) Period:

¥9,923 million



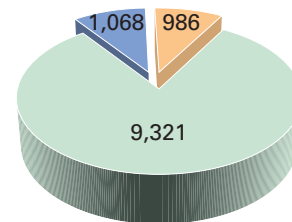
● 68th (FY2016) Period:

¥9,870 million



● 67th (FY2015) Period:

¥11,375 million



Forecast of 69th (FY2017)

	(Millions of Yen)			
	Net Sales	Operating Income	Ordinary Income	Profit Attributable to Owners of Parent
Forecast of Consolidated Business Results	21,100	420	420	250

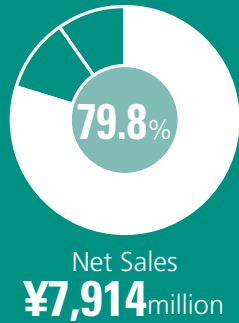
Figures announced on May 19, 2017.

Up to the second quarter of the current consolidated fiscal year, operating income was lower than expected due to a rise in cost rate from the compression of our inventory as part of the earning structural reform. We should be seeing effects of the compressed inventory and cost reductions in the third quarter.

Therefore, there are currently no changes to the full-year forecasts released on May 19, 2017. Should changes be required for the forecasts, we will make prompt disclosures as required.

Overview of Business Segments

Imaging & Information Equipment Business



In Asia, large-format inkjet printers dropped its price with major manufacturers entering the market. 3D printer sales have settled down, and with prices plummeting overall, net sales and segment loss stood at ¥3,170 million (down 2.5% year on year) and ¥271 million (compared to a loss of ¥149 million in the same period of the previous fiscal year), respectively.

In North America, despite getting some benefit from yen depreciation, price drops with major manufacturers entering the market decreased sales and profit, resulting in net sales and segment profit at ¥1,743 million (down 3.5% year on year) and ¥57 million (down 55.9% year on year), respectively.

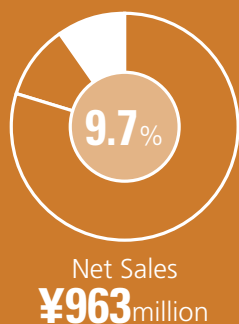
In Europe, there were effects from geopolitical risks spread throughout Europe and price challenges from major manufacturers, but yen depreciation and cost reduction led to increase in sales and profit. Net sales and segment profit stood at ¥3,000 million (up 7.3% year on year) and ¥135 million (up 171.6% year on year), respectively.

Information Service Business



In the Information Service Business, sales in existing businesses (the CAD business and systems solutions service business) showed a steady performance, resulting in net sales at ¥1,045 million (up 1.0% year on year). Aggregation of our subsidiaries last October led to cost reductions, and resulted in a segment profit of ¥67 million (up 25.0% year on year).

Design Measurement Equipment Business, Real-Estate Leasing Business and Other Businesses



In the Design Measurement Equipment Business, net sales stood at ¥576 million (down 7.5% year on year). Segment profit resulted in ¥4 million (compared to a loss of ¥6 million in the same period of the previous fiscal year) due to efficient cost reductions.

In the Real Estate Leasing Business, changing some of our properties in to leasehold properties led to an increase in sales and profit, and net sales and segment profit stood at ¥164 million (up 27.4% year on year) and ¥121 million (up 17.6% year on year), respectively.

In Other Business, sales were close to the previous year, but purchase cost rose with yen depreciation. Net sales stood at ¥222 million (down 0.7% year on year) and a segment loss of ¥7 million (compared to a segment profit of ¥1 million in the same period of last fiscal year).

**“Product of the Year” at the 2017 SGIA Expo
for the 6th Consecutive Year!**



2017 SGIA Expo was held in New Orleans from October 10th to the 12th. VJ-1638X, VJ-1638UH, and VJ-626UF of MUTOH’s ValueJet printer series received “Product of the Year” in 4 categories.

SGIA (Specialty Graphic Imaging Association) Expo is one of the largest sign and display related event in the US for the printing industry.

Winning 6 years straight at this event is a remarkable accomplishment, and it proves that the ValueJet printers are of high-performance, high quality, and the efforts we put into the MUTOH products have been appreciated.



**Drawing the Designer’s Image at Ease
PHOTO EXPERT Windows 10 Compatible**



An easy to use creation tool with professional functions for designers

PHOTO EXPERT is perfect for when you want to use part of an existing blueprint, creating a diagram from a blueprint, measuring dimensions, and creating instructions from blueprints. You can simple scan it, and use all the tools provided.

Simple use



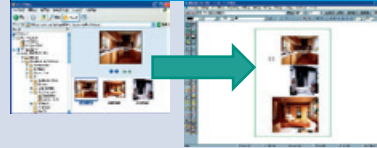
- ◆ Easy navigation with popup menus
- ◆ Enhanced system settings

Editing image data



- ◆ Superimpose image data and CAD data, and print out as one

Import/export image data

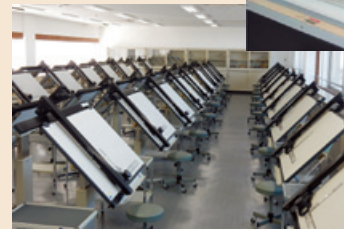


- ◆ Import/export DWG and DXF files
- ◆ Export meta files (EMF, WMF) and PDF files
- ◆ Place image files via drag and drop

**Continued Use at the Academic Level
Drafting Machine Drafter**

The drafting machine *Drafter* was released in 1953. Transitioning from the belt pulley style to the XY rail style, it has been used by countless designers. It was certified as a Mechanical Engineering Heritage by The Japan Society of Mechanical Engineers in 2007. CAD is the mainstream for designing work today, and MUTOH’s *M-Draf* series has evolved for continued use. It is often the case for design sites using CAD to still draw freehand during the thought process. Therefore, it is important to know how to draft by hand. Many educational institutes use the *Drafter* for training freehand drawing. By learning the basics of drawing by hand, the features and usefulness of CAD becomes much clearer, making it smoother it fit in at company sites.

Drafter MH-1
Mechanical Engineering
Heritage No.21
Certified in 2007



Drafter
LAJ-1000
LAJ-1000L
Drawing classroom

A2-size, Print on Media Up to 150mm Thick UV Flatbed, Inkjet Printer VJ-626UF Released

VJ-626UF is a A2-size UV flatbed, inkjet printer that can print on various surfaces up to 150mm thick. The machine itself is very compact as well (W1,188 x D1,533.6 x H604.3mm).

UV inks can print on various materials, so this printer would be perfect for on-demand printing for the gifts and novelty industry, which need to print small portions of various products.

- A compact A2-size flatbed model that can print up to 150mm thick.
- Energy efficient UV-LED lamps for long life use.
- Automated elevation system to control the distance of the printer head and the media is used not only before printing, but during printing as well.
- Set media position using the LED pointer.
- Vacuum table is a standard feature that allows for print stability and accuracy.
- MUTOH's UV ink has a hard type, and a new stretchable soft type.
CMYK + white and varnish allows for a beautiful, layered printing.
- Support of high quality mode of 1400 x 1400 dpi (16 pass) for high-definition printing.
- Avoids pigment deposition by periodically circulating white ink (needs constant power distribution through sleep mode).
- Windows compatible printer driver. Easily print from Office apps like Word, Excel, PowerPoint.
- Software needed for the printer is built-in. Laying out image data and multi-layer printing at ease.
- Check printer status at real time with MUTOH's ValueJet Status Monitor.
- Optional dedicated stand for higher efficiency, and flexibility with installation.

*Dedicated stand is optional



UV Flatbed, Inkjet Printer VJ-626UF



Bring ideas to life
Perfect for gifts, novelties,
and industrial printing!

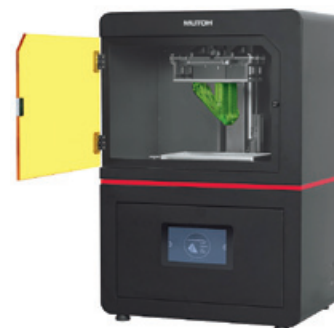
Loaded with High-Definition Full-HD DLP Stereolithography 3D Printer *ML-200* Released

ML-200 is a stereolithography 3D printer, loaded with Full-HD DLP (Digital Light Processing). This method can model at once, so a fast and precise modeling is possible.

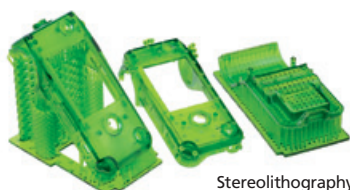
Despite being a desktop size, the modeling area goes up to 192 x 108 x 200mm and the XY resolution is 0.1mm. You can select the layer height from 0.025mm to 0.1mm for a sharp and smooth modeling.

Great for design tests, prototypes, figures, and other products that needs high precision.

**Value
3D MagiX**



Stereolithography 3D Printer
ML-200



Stereolithography sample



Change in Share Unit Number and Reverse Stock Split Change in Shareholder Benefit Plan

As of October 1, 2017, our company has changed our share unit number, and performed a reverse stock split according to the advisable amount set by the National Stock Exchange. The shareholder benefit plan has also been changed accordingly.

1. Overview of Change in Share Unit Number and Reverse Stock Split

- Share unit number change - - - Change of common stock from 1000 to 100.
- Reverse stock split - - - Common stock 1 for 10
- Implementation - - - October 1, 2017

2. Overview of Change in Shareholder Benefit Plan

- Intended shareholder – Shareholders with over 100 shares (as of end of March)
- Groups - - - Catalogue gifts for these 3 groups
 - (1) 100 to 499 shares - - - 3,000 yen range
 - (2) 500 to 999 shares - - - 5,000 yen range
 - (3) Over 1,000 shares - - - 10,000 yen range

Consolidated 1st Half Financial Statements

■ Consolidated Balance Sheets

(Millions of Yen)

(Millions of Yen)

Account	Period	1 st Half Period Ended September 30, 2017	1 st Half Period Ended September 30, 2016	Year Ended March 31, 2017	Account	Period	1 st Half Period Ended September 30, 2017	1 st Half Period Ended September 30, 2016	Year Ended March 31, 2017
Assets					Liabilities				
Current Assets		18,747	18,251	18,689	Current Liabilities		4,834	4,760	4,850
Cash and Bank Deposits		9,492	8,046	8,796	Notes and Accounts Payable		2,342	2,887	2,817
Notes and Accounts Receivable		3,752	3,587	4,020	Others		2,491	1,873	2,032
Inventories		4,110	5,117	4,702	Non Current Liabilities		2,178	2,313	2,180
Others		1,392	1,499	1,170	Debt for Retirement Benefits		1,740	1,892	1,750
Fixed Assets		11,982	11,642	11,824	Others		438	420	430
Tangible Fixed Assets		8,684	8,701	8,578	Total Liabilities		7,013	7,074	7,030
Intangible Fixed Assets		277	282	272	Net Assets				
Investments and Other Assets		3,020	2,657	2,973	Shareholders' Equity		24,448	24,513	24,591
Investment Securities		2,276	1,957	2,205	Capital Stock		10,199	10,199	10,199
Others		744	700	767	Capital Surplus		4,182	4,182	4,182
Total Assets		30,730	29,894	30,514	Retained Earnings		12,415	12,478	12,558
					Treasury Stock		(2,349)	(2,345)	(2,348)
					Total Other Cumulative Comprehensive Income		(1,548)	(2,464)	(1,928)
					Non-Controlling Interests		817	770	820
					Total Net Assets		23,716	22,819	23,484
					Total Liabilities and Net Assets		30,730	29,894	30,514

■ Consolidated Statements of Income

(Millions of Yen)

Account	Period	1 st Half Period Ended		Year Ended
		September 30, 2017	September 30, 2016	March 31, 2017
Net Sales		9,923	9,870	20,493
Operating Income (Loss)		(46)	16	183
Ordinary Income (Loss)		68	(98)	199
Income (Loss) Before Income Taxes and Other Adjustments		169	(205)	102
Profit (Loss) Attributable to Owners of Parent		17	(194)	(113)

■ Consolidated Statements of Cash Flows

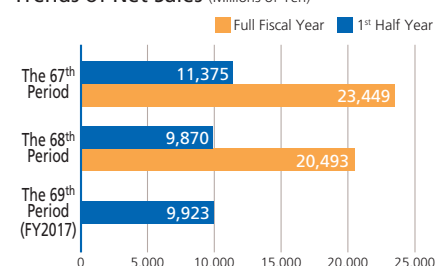
(Millions of Yen)

Account	Period	1 st Half Period Ended		Year Ended
		September 30, 2017	September 30, 2016	March 31, 2017
Net Cash from Operating Activities		672	93	797
Net Cash from Investing Activities		313	(97)	(246)
Net Cash from Financing Activities		(215)	(385)	(394)
Net Increase (Decrease) in Cash and Cash Equivalents		936	(699)	36
Cash and Cash Equivalents at Beginning of Period		8,556	8,519	8,519
Cash and Cash Equivalents at End of Period		9,492	7,820	8,556

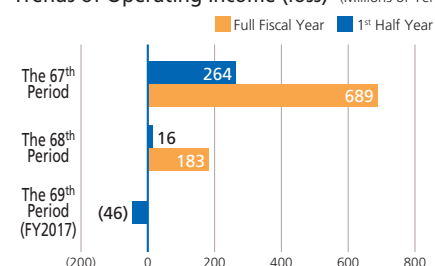
■ Consolidated Subsidiaries in each Business Segment

Business Segment	Company Names
Imaging & Information Equipment Business	MUTOH INDUSTRIES LTD., MUTOH AMERICA INC., MUTOH Belgium nv, MUTOH North Europe S.A., MUTOH Deutschland GmbH, MUTOH SINGAPORE PTE. LTD., MUTOH AUSTRALIA PTY. LTD.
Information Service Business	MUTOH ITEX Co., Ltd., MUTOH INDUSTRIES LTD., MUTOH FIGURE WORLD INC.
Design Measurement Equipment Business	MUTOH INDUSTRIES LTD.
Real-Estate Leasing Business	MUTOH HOLDINGS CO., LTD., MUTOH ENGINEERING INC., MUTOH ENTERPRISES LTD.
Other Businesses	MUTOH ENTERPRISES LTD.

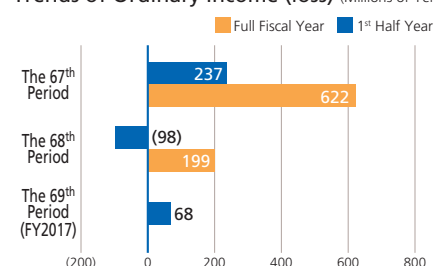
Trends of Net Sales (Millions of Yen)



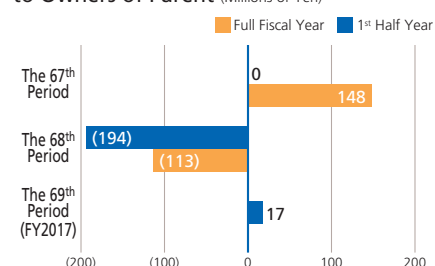
Trends of Operating Income (loss) (Millions of Yen)



Trends of Ordinary Income (loss) (Millions of Yen)



Trends of Profit (loss) Attributable to Owners of Parent (Millions of Yen)



Company Profile (As of September 30, 2017)

Name: MUTOH HOLDINGS CO., LTD.

Established: March 5, 1952
(founded: December 1942)

Capital Stock: 10,199 million yen

Head Office: 1-3, Ikejiri 3-chome, Setagaya-ku, Tokyo
154-8560
TEL: +81-3-6758-7100

Main Business: Management of group operations and group assets

Website Address: <http://www.mutoh-hd.co.jp>

MUTOH Group Companies



■ Directors (As of September 30, 2017)

Chairman of the Board Toshihiro Sakamoto

President Nobumasa Hayakawa

Director Kazuyuki Kamoi

Director Masanori Takayama

Director Yoshiyuki Takayama

Director Yusuke Kobayashi

Director Hajime Tatsuzawa
Audit and Supervisory Committee Member

Director Kazuhiro Yamada
Audit and Supervisory Committee Member

Director Hiroshi Tobita
Audit and Supervisory Committee Member

Stock Information (As of September 30, 2017)

■ Number of Shares Issuable	170,000,000
■ Number of Shares Issued	54,818,180
■ Number of Shares per Unit	1,000
■ Number of Shareholders	6,489

(Notes) Share numbers after the change in share unit number and reverse stock split after October 1, 2017.

◆ Number of Shares Issuable	17,000,000
◆ Number of Shares Issued	5,481,818
◆ Number of Shares per Unit	100

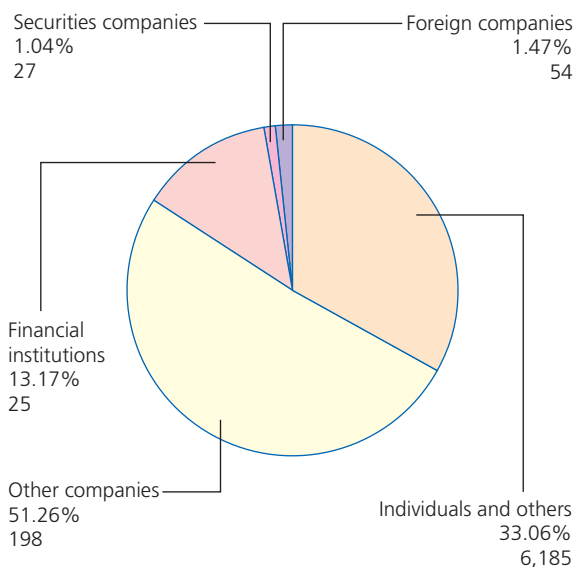
Major Shareholders

Name	Number of Shares Held (Shares)	Ratio of Shareholding (%)
TCS Holdings Co., Ltd.	13,220,000	28.82
Mizuho Bank, Ltd.	2,071,399	4.52
Eiji Mutoh	1,580,586	3.45
Sumitomo Mitsui Trust Bank, Limited	1,457,000	3.18
Unisystem Co., Ltd.	923,000	2.01
NTT System Development Co., Ltd.	719,000	1.57
The Master Trust Bank of Japan, Ltd. (Trust Account)	653,000	1.42
Keiichi Hori	591,000	1.29
Japan Trustee Services Bank, Ltd. (Trust Account)	571,000	1.24
High-Tech System Co., Ltd.	561,000	1.22

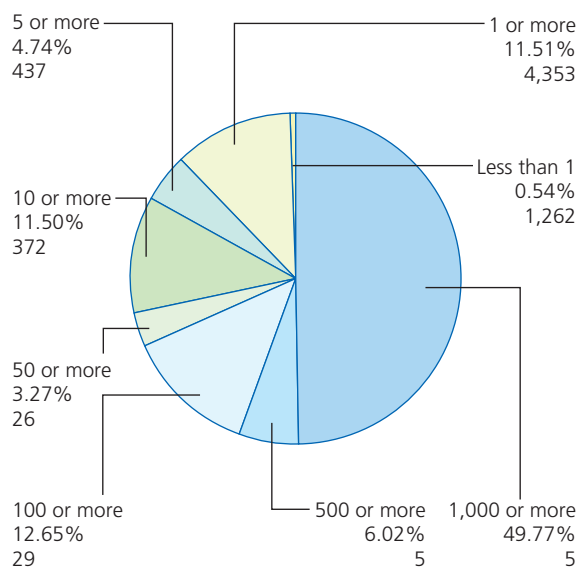
(Notes) 1. The Company holds 8,954,502 shares of treasury stock, which is excluded from the major shareholders listed above.

2. The ratio of shareholding is calculated after excluding treasury stock.

◆ Breakdown of Shareholders



◆ Breakdown by the Number of Shares Held



Shareholder Information

Business Year :	From April 1 to March 31 of the following year
Ordinary General Meeting of Shareholders :	In June each year
Year-end Dividend Record Date :	March 31 each year
Interim Dividend Record Date :	September 30 each year
Public Notices :	Public notices shall be made on the Company's website (http://www.mutoh-hd.co.jp). * In case the public notices are not available on the Company's website due to unavoidable circumstances, such notices shall be made in the Nihon Keizai Shimbun
Administrator of Shareholder Register :	Sumitomo Mitsui Trust Bank, Limited 4-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo 100-8233
Mailing Address and Telephone Number :	8-4, Izumi 2-chome, Suginami-ku, Tokyo 168-0063 TEL: +81-120-782-031 (toll-free) Stock Transfer Agency Department Sumitomo Mitsui Trust Bank, Limited Stock transfer agent services are provided at branch offices in Japan of Sumitomo Mitsui Trust Bank, Limited.

Notes :

1. Requests for change of address, purchasing of shares constituting less than one unit, and selling of shares to constitute one unit **Please make all requests to the securities company where shareholders maintain their account.**

For those shareholders who do not have an account at a securities company but who have opened a special account, please make all requests to Sumitomo Mitsui Trust Bank, Limited, an account management institution of special accounts.

2. Payment of accrued dividends

Please make all requests to Sumitomo Mitsui Trust Bank, Limited, which is the administrator of the shareholder register.