

MUTOH

Fiscal Year 2018 (70th) Financial Report

April 1, 2018 to March 31, 2019



MUTOH HOLDINGS CO., LTD.



TSE Securities Code : 7999

■ Message to Shareholders



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

We hereby present our Fiscal Year 2018 (70th) Financial Report, covering the MUTOH Group's business performance and activities.

President Nobumasa Hayakawa

Basic Policy

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

■ Business Situation and Outcomes

We have seen gradual recovery amongst the global economic environment this fiscal year, but uncertainty continues with trade disputes from America's protectionist policy, Brexit issues, and economic slowdown in China. In the domestic economy, employment conditions and consumer confidence has picked up and the economy is on a gradual upswing, but exportation has seen a bit of a resistance.

To drastically strengthen the business structure at MUTOH Group, we have been reforming the business process of developing, manufacturing, and distributing to increase the earning capacity for the future, and the effect has started to show.

With the Large Format Inkjet Printers, with product prices have been dropping with major companies entering the field, we have been developing new products for the textile/industrial market, which is considered a growing field, along with unification of the pan-European measures and furtherance of restructuring logistics.

MUTOH's LED-UV ink; *US11 Ink* achieved UL GREENGUARD Gold Certification, which is a strict certification program for products that have demonstrated low chemical emissions. Our LED-UV hybrid inkjet printer *VJ-1638UH*, which is compatible with this ink, received the Readers' Choice Top Product Award 2018 for *Wide Format & Signage Magazine* for the second year in a row. MUTOH emphasizes in providing safe and high-quality products for our customers, as well as having responsibility for the environment.

In the 3D printer business, the "bi-matrix" technology in our product *Value 3D Resinoid MR-5000*, which is a technology that allows the ability to print two different materials into a single printed object, has been used for various conference papers, and has shown promise with its use broadening. With modeling materials, we have co-developed a polyacetal filament using Asahi Kasei's *Tenac*, which can be used for food processing operation jigs, enhancing the possibilities of modeling. We are a member of the JIS draft committee for the new 3D printer format "FAV." MUTOH will continue to answer the expectations of our customers as a 3DP solution partner in our industry.

As a result of the above, in consolidated FY 2018, the net sales dropped to ¥19,220 million (down 4.2% year on year), the operating income increased to ¥160 million (up 0.4% year on year), and ordinary income decreased to ¥234 million (down 31.2% year on year), due to a foreign exchange loss of ¥140 million. As a result of reversal of deferred tax assets due to a cut in the effective corporate tax rate in the US, there have been an income tax adjustment of ¥430 million, but our ordinary income resulted in ¥64 million.

With these results and future business plans considered, the year-end dividend will continue to be set at ¥35 per share. We will speed up our transition in capturing growth and profitability at the same time. Your continued support would be greatly appreciated.

Consolidated Financial Highlights

○ Net Sales

FY2018 (70th) Period: **¥19,202** million

FY2015	FY2016	FY2017
23,449 million	20,493 million	20,048 million

○ Operating Income

FY2018 (70th) Period: **¥160** million

FY2015	FY2016	FY2017
689 million	183 million	160 million

○ Ordinary Income

FY2018 (70th) Period: **¥234** million

FY2015	FY2016	FY2017
622 million	199 million	341 million

○ Profit (Loss) Attributable to Owners of Parent

FY2018 (70th) Period: **¥64** million

FY2015	FY2016	FY2017
148 million	(113) million	(337) million

○ Total Assets

FY2018 (70th) Period: **¥28,907** million

FY2015	FY2016	FY2017
31,701 million	30,514 million	29,898 million

○ Total Net Assets

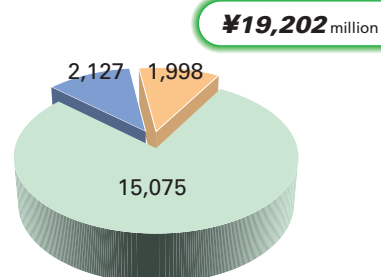
FY2018 (70th) Period: **¥22,272** million

FY2015	FY2016	FY2017
23,917 million	23,484 million	23,019 million

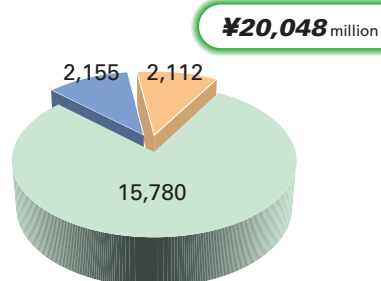
Business Segment Net Sales (Millions of Yen)

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

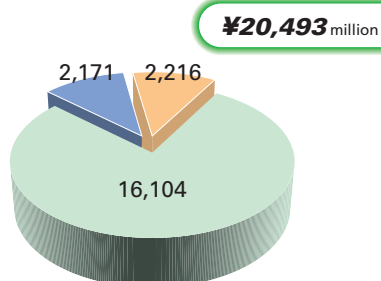
● FY2018 Period:



● FY2017 Period:



● FY2016 Period:



Forecast of FY2019 (71st)

	(Millions of Yen)				
	Net Sales	Operating Income	Ordinary Income	Profit Attributable to Owners of Parent	
Forecast of Consolidated Business Results	19,800	140	150	100	Figures announced on May 15, 2019.

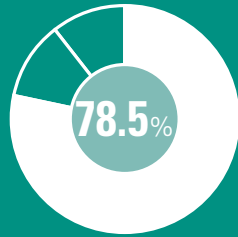
In the world economy, we have seen a gradual trend of economic expansion in the Western countries, but fear factor still exists with trade conflict between the US and China, and Brexit issues.

Under these circumstances, we will shift to the growing market in our large format inkjet printer business by strengthening our development investment, and releasing a new series of products in our new platform. In sales, we will strengthen the Western country and Japanese market where we can expect a high profit with the expansion of the growth field, as well as improving our profitability in Asian markets starting with China and Korea.

With our 3D printer business, we will strengthen our sales in new areas like industrial use, educational facilities, and dental jewelry. Providing high-value-added solutions will lead to a stronger earning power.

Overview of Business Segments

Imaging & Information Equipment Business



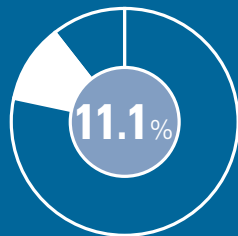
Net Sales
¥15,075million

In Asia, sales decreased with the economy slowdown in China and Korea, but our effort in improving our earning power showed, as net sales and segment profit stood at ¥6,094 million (down 2.8% year on year) and ¥41 million (last year was a ¥268 million loss).

In North America, net sales and segment profit respectively dropped to ¥3,298 million (down 4.4% year on year) and ¥77 million (down 11.7% year on year) because of price drops within the market with heavy competition.

In Europe, price drops and sales drop in Western Europe had an effect. It resulted in net sales and segment profit respectively at ¥5,682 million (down 6.2% year on year) and ¥106 million (down 62.4% year on year).

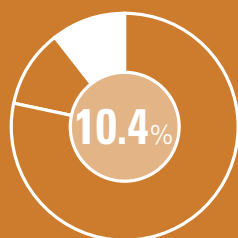
Information Service Business



Net Sales
¥2,127million

In the Information Service Business, sales in existing businesses (the CAD business and systems solutions service business) were mostly flat YoY, but net sales and segment profit both dropped respectively to ¥2,127 million (down 1.3% year on year) and ¥115 million (down 21.8% year on year) due to cost increase.

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



Net Sales
¥1,998million

In Design Measurement Equipment Business, although sales slightly decreased, effort to improve earning power and expense cut resulted in net sales of ¥1,313 million (down 3.9% year on year) and an increase in segment profit to ¥227 million (up 78.0% year on year).

In the Real Estate Leasing Business, selling a few properties dropped sales, but with cost cuts and other efforts, net sales stood at ¥314 million (down 9.7% year on year) and segment profit rose to ¥216 million (up 13.0% year on year).

In Other Business, with slight decrease in sales and purchasing cost rising, net sales recorded ¥371 million (down 6.9% year on year) and segment loss recorded ¥38 million (compared to a segment loss of ¥24 million last year).

MUTOH Original LED-UV Ink "US11 Ink" Achieves GREENGUARD GOLD Certification

MUTOH's original LED-UV ink *US11 Ink* received the GREENGUARD GOLD Certification.

UL GREENGUARD has the world's most strict program for certifications of products that demonstrate low chemical emission. It is a widely used standard for design professionals, consumers and others to find low emitting interior products that promote better indoor air quality. Products that achieve GREENGUARD and GREENGUARD Gold Certification have demonstrated low chemical emissions during normal use.

MUTOH has taken steps to ensure our company and our products are environmentally responsible. MUTOH has been committed to provide customers safe, environmentally-friendly and high-quality products by following industry standards in our product development process.



The MUTOH *US11 Ink* has been specifically developed for MUTOH's specialty/industrial UV printers. The *US11 Ink* is capable of printing on a wide range of materials and is designed to bend and stretch with the materials after cured.

<Printer Compatibility>

VJ-1638UH

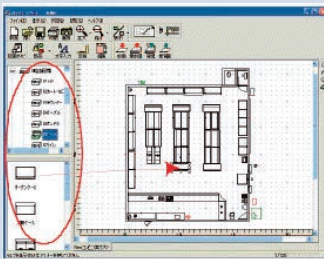
VJ-1638UR

VJ-626UF

VJ-426UF

Layout & Wiring Simulation Software "Patto Layout" Windows 10 Version

No need of CAD knowledge. Just select parts and easily drag and drop to layout!



Part layout

1. Exterior Wall Layout

Layout the exterior wall of the building. Various walls ranging from polygonal shapes and curved shapes are available.

2. Parts Layout

Layout parts inside and outside the walls (furniture, items). There are over 500 items from rooms, poles, and items you can set outside the walls.

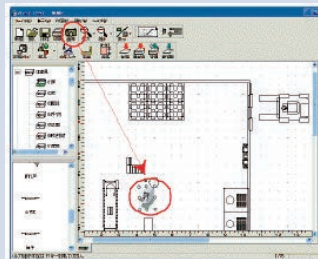


Image layout

3. Wiring Simulation

In wiring mode, you can simulate wiring telephone lines and LAN cables. Double-clicking a line will show its length.

4. Image Layout

You can insert images with the image button. By using images as parts, you can be more expressive.

5. Calculating Distance and Area

With the distance measuring button and the area measuring button, you can calculate the distance and the area.

IASTM (Instrument Assisted Soft Tissue Mobilization) Tool "HawkGrips" Released

IASTM is the mobilization of soft tissue with the assist of an instrument. By rubbing the skin, it stimulates the blood stream and washes waste away without damaging the body. It is a form of assistive massage called myofascial release.

HawksGrips (Made in USA) is a tool specially designed for IASTM, and it can help heal the soft tissue, improving performance, and lightening pain.

- ◆ Cast from surgical grade stainless steel, designed with input from surgeons and patients, comes in various sizes!
- ◆ Textured cross-hatch gripping decreases fatigue and slippage for therapists!
- ◆ Used in the NBA and MLB and other overseas!
- ◆ Used in Japan by professional teams from NPB, J League, B League!



Usage example of *HawkGrips*

Cutting plotter, Easy to Use with Great Precision "ValueCut II" from the "ValueCut" Series Released

ValueCut II is the newest version of the *ValueCut* series that provides precise cutting and high productivity. It is a cutting plotter that is easy to use, and maximizes its functionality. By using it with the *ValueJet* series, you can achieve a high-quality Printing & Cutting System at a low price.

ValueCut II Specs

VC2-600: maximum media width 30" (stand & media basket optional)
VC2-1300: maximum media width 62" (stand & media basket included)
VC2-1800: maximum media width 74" (stand & media basket included)

- ◆ Comes with the AAS 2 system that enables precise contour cutting by reading the mark on the digital image. Along with 4 point offset function, automatically detects media orientation, and the MUTOH original long run segment cutting function, continuous cutting function has been added. You can repeat contour cutting with just one data transmission (sheet feed direction only).
- ◆ Cutting speed is top-notch at maximum of 60.2" per second. You can get high productivity through superior performance.
- ◆ The cutting force can be selected from 5g to 600g, and supports a variety of materials from fine and thin materials to thick materials that need more force.
- ◆ 3 types of interface connection. Supports the USB, serial port (RS-232C), and now the Ethernet cable as well. With Ethernet connection, there is no restriction on PC installation place, and can use multiple *ValueCut II* with one PC.
- ◆ You can set two different pen-up movement speed depending on the media. You can choose a slower speed to avoid misalignment on slippery media. You can also set the speed for contour cutting register mark detection.
- ◆ Function on disablement of media sensor has also been added for compatibility with transparent media.
- ◆ Comes with the *ValueCut* cutting software (FlexiSTARTER ValueCut Edition). You can create cutting data and print cutting data without a designing software, and easily cut the data using *ValueCut II*. You can also import data created with designing software into FlexiSTARTER and automatically add contour lines and register marks and cut it.

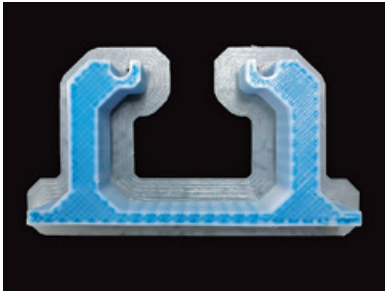


ValueCut II

VC2-600 / VC2-1300 / VC2-1800

POM and Other Engineering Plastic Compatible, High Temperature Dual-Head Printer FDM 3D Printer "MF-2500EP II" Released

MF-2500EP II is a top class FDM 3D printer that is compatible with engineering plastic, and is equipped with a head that is compatible up to 300°C. Modeling size goes up to X 300 x Y 300 x Z 300mm, and can model large sizes at high speed.



Modelling with two different materials

By setting a different material filament on each head, you can change materials from the core and the surface to cut costs of modeling, and even model using two different colors.



Value
3D MagiX

MF-2500EP II



Use of duplicate mode

With the new duplication function, you can split the modelling table in half, and create two of the same models at once, saving lots of time.

(Modelling size for duplicates are X 150 x Y 300 x Z 300mm).



POM filament

Along with the release of the *MF-2500EP II* we also released a new engineering plastic material POM (polyacetal) filament using Asahi Kasei's *Tenac*.

With a high temperature compatible head, the *MF-2500EP II* enables a stabilized modelling using POM.

The newly provided POM has cleared dissolution tests of food safety, and is in line with the Ministry of Health, Labour Standards, FDA, and European Commission Regulations, and is a material that can be used for food processing operation.

POM is durable and polished, so it is suited for tables and stands for items that can be easily damaged. It also has a low water absorption rate, a high resistance to solvents and oil, so it is suited for cutting operation coolants (3D printer sheet *BuildTak* is needed to secure the model and the table when using POM).

Consolidated Financial Statements

■ Consolidated Balance Sheets

(Millions of Yen)

Account	Period	Year Ended March 31, 2019	Year Ended March 31, 2018
Assets			
Current Assets		16,275	17,978
Cash and Bank Deposits		8,102	9,441
Notes and Accounts Receivable		3,718	3,857
Inventories		3,598	3,810
Others		855	868
Fixed Assets		12,632	11,919
Tangible Fixed Assets		8,020	8,436
Intangible Fixed Assets		521	298
Investments and Other Assets		4,089	3,184
Investment Securities		3,699	2,697
Others		389	487
Total Assets		28,907	29,898

(Millions of Yen)

Account	Period	Year Ended March 31, 2019	Year Ended March 31, 2018
Liabilities			
Current Liabilities		4,379	4,910
Notes and Accounts Payable		2,483	2,843
Others		1,895	2,067
Non Current Liabilities		2,255	1,968
Debt for Retirement Benefits		1,881	1,566
Others		374	401
Total Liabilities		6,635	6,878
Net Assets			
Shareholders' Equity		23,908	24,004
Capital Stock		10,199	10,199
Capital Surplus		4,182	4,182
Retained Earnings		11,967	12,062
Treasury Stock		(2,440)	(2,439)
Total Other Cumulative Comprehensive Income		(2,390)	(1,815)
Non-Controlling Interests		753	830
Total Net Assets		22,272	23,019
Total Liabilities and Net Assets		28,907	29,898

■ Consolidated Statement of Change in Net Assets FY2018 (April 1,2018 - March 31,2019)

(Millions of Yen)

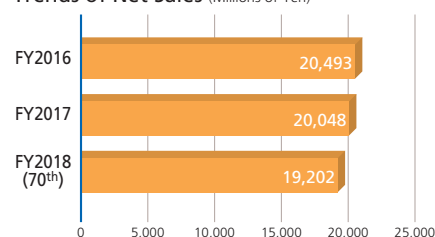
	Shareholders' Equity					Total Other Cumulative Comprehensive Income	Non- Controlling Interests	Total Net Assets
	Capital Stock	Capital Surplus	Retained Earnings	Treasury Stock	Total Shareholders' Equity			
Outstanding as of April 1,2018	10,199	4,182	12,062	(2,439)	24,004	(1,815)	830	23,019
Change in Value for Consolidated Accounting Year								
Dividend of Surplus			(159)		(159)			(159)
Profit(Loss) Attributable to Owners of Parent			64		64			64
Acquired Treasury Stock				(1)	(1)			(1)
Disposed Treasury Stock		(0)		0	0			0
Change in Value for Consolidated Accounting Year for Items Other than Capital Stock (Net)						(574)	(76)	(650)
Total Change in Value for Consolidated Accounting Year	—	(0)	(94)	(1)	(95)	(574)	(76)	(746)
Outstanding as of March 31,2019	10,199	4,182	11,967	(2,440)	23,908	(2,390)	753	22,272

■ Consolidated Statements of Income

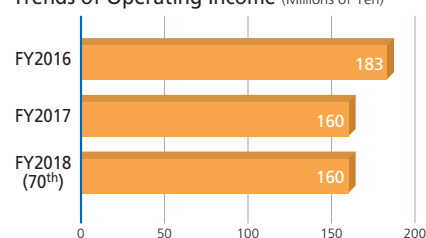
(Millions of Yen)

Account	Period	Year Ended March 31, 2019	Year Ended March 31, 2018
Net Sales		19,202	20,048
Operating Income		160	160
Ordinary Income		234	341
Income Before Income Taxes and Other Adjustments		194	437
Profit (Loss) Attributable to Owners of Parent		64	(337)

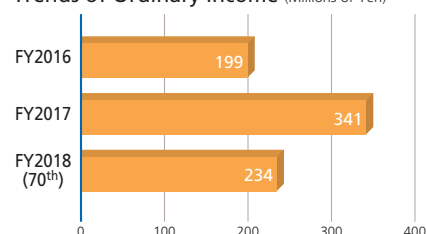
Trends of Net Sales (Millions of Yen)



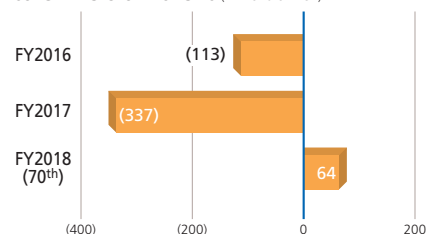
Trends of Operating Income (Millions of Yen)



Trends of Ordinary Income (Millions of Yen)



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



■ Consolidated Statements of Cash Flows

(Millions of Yen)

Account	Period	Year Ended March 31, 2019	Year Ended March 31, 2018
Net Cash from Operating Activities		198	1,672
Net Cash from Investing Activities		(1,333)	(529)
Net Cash from Financing Activities		(214)	(309)
Net Increase (Decrease) in Cash and Cash Equivalents		(1,339)	891
Cash and Cash Equivalents at Beginning of Period		9,441	8,556
Net Increase (Decrease) due to the Change of Scope of Consolidation		—	(6)
Cash and Cash Equivalents at End of Period		8,102	9,441

■ Consolidated Subsidiaries in each Business Segment

Business Segment	Company Names
Imaging & Information Equipment Business	MUTOH INDUSTRIES LTD., MUTOH AMERICA INC., MUTOH EUROPE NV, MUTOH NORTH EUROPE S.A., MUTOH DEUTSCHLAND GMBH, 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 ENTERPRISES LTD.
Other Businesses	MUTOH ENTERPRISES LTD.

Company Profile (As of June 27, 2019)

Name: MUTOH HOLDINGS CO., LTD.

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

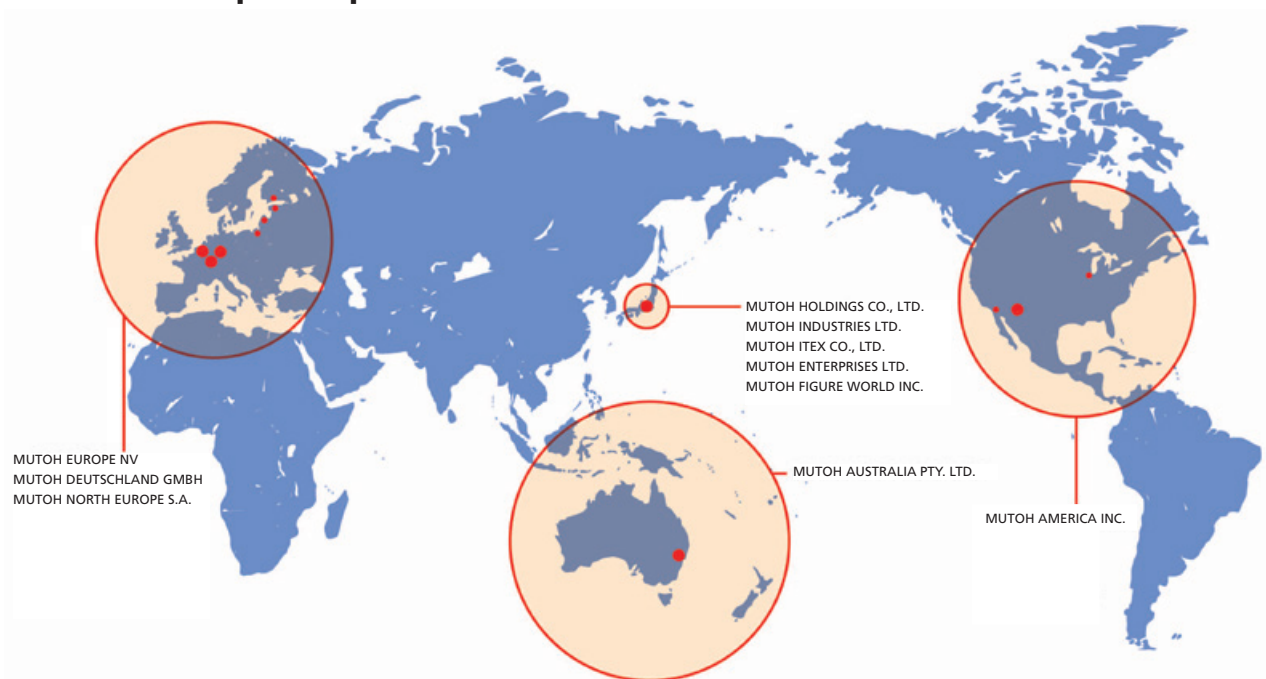
Capital Stock: 10,199 million yen

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: <https://www.mutoh-hd.co.jp>

MUTOH Group Companies



■ Directors (As of June 27, 2019)

Chairman of the Board Toshihiro Sakamoto

President Nobumasa Hayakawa

Managing Director Yasuhiko Isobe

Director Kazuyuki Kamoi

Director Teruaki Kato

Director Masanori Sera

Director Yusuke Kobayashi

Director Yoshiyuki Takayama

Director Koichi Endo
Audit and Supervisory Committee Member

Director Hironori Minoguchi
Audit and Supervisory Committee Member

Director Hiroshi Tobita
Audit and Supervisory Committee Member

Stock information (As of March 31, 2019)

■ Number of Shares Issuable	17,000,000
■ Number of Shares Issued	5,481,818
■ Number of Shares per Unit	100
■ Number of Shareholders	6,814

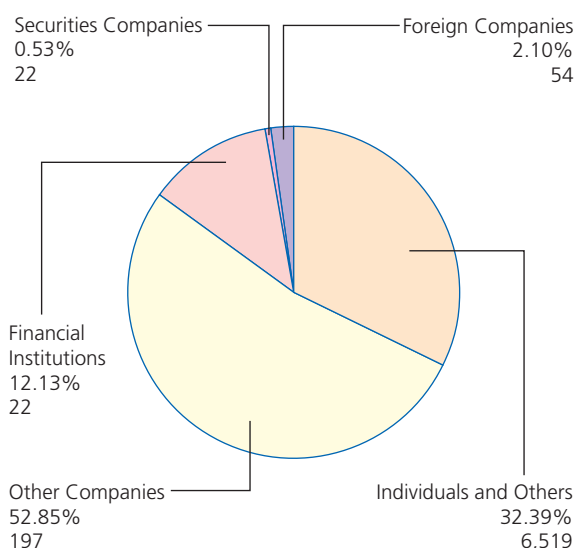
■ Major Shareholders

Name	Number of Shares Held (Shares)	Ratio of Shareholding (%)
TCS Holdings Co., Ltd.	1,322,000	29.05
Sumitomo Mitsui Trust Bank, Limited	210,700	4.63
Mizuho Bank, Ltd.	107,139	2.35
Unisystem Co., Ltd.	92,300	2.03
NTT System Development Co., Ltd.	82,000	1.80
Japan Society for Design Engineering	68,058	1.50
The Master Trust Bank of Japan, Ltd. (Trust Account)	64,400	1.42
Tomoyuki Toda	60,000	1.32
Keiichi Hori	59,100	1.30
High-Tech System Co., Ltd.	56,100	1.23

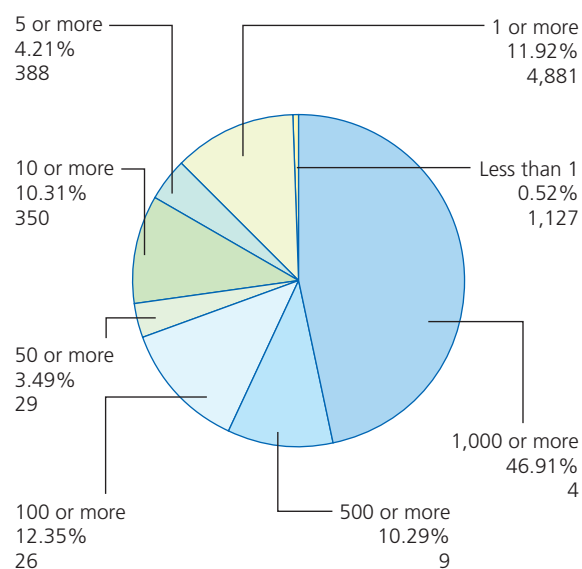
(Notes) 1. The Company holds 931,449 shares of treasury stock, which is excluded from the major shareholders listed above.

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 (https://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.

3. Dividend Statement

The Dividend Statement that is delivered upon dividend payment also serves as a Payment Notice in accordance with the stipulations of the Act on Special Measures Concerning Taxation.

This document can be used as an attachment when filing your income tax return. We ask that shareholders who will file an income tax return carefully store this document.

For shareholders that have selected the stock pro rata system, your stock brokerage will calculate the amount of withholding tax.

Please confirm with your stock brokerage the materials to be submitted when filing your income tax return.