

70th (Fiscal Year 2018) 1st Half Financial Report

April 1 to September 30, 2018



■ 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 70th (Fiscal Year 2018) 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 consolidated fiscal year, although the employment and income situation in the US has maintained progression, the trade friction between the US and China has resulted in a decrease in exports. This has affected the Chinese economy. In Europe, financial issues in Italy and Brexit negotiations not going well have led to an unstable situation. In the domestic economy, company revenue has been stable with a continuing of the depreciation of the yen, but natural disasters have stalled the pace of an economic recovery.

In these circumstances, our group has been going under a reformation of our operation process for development, manufacture, and sales to achieve a radical strengthening of the business structure. We are working to increase our earning power, and results have already started to show up.

In the large-format inkjet printer business, along with unification of the pan-European measures and furtherance of restructuring logistics, new products are being developed for the textile/industrial market, which is considered a growing field.

Proven to be compatible with various media, our original multi-purpose ink has been upgraded with the new release of the *MP31 Ink*. Compared to UV inks, it is smoother and provides the natural feel of the textile. It is durable against heat and stretching, so it will strongly meet the needs of our customers. We released the hybrid inkjet printer *VJ-1627MH* which is mounted with the new ink. We also released a high-speed, high-quality inkjet marking plotter specialized for apparel, *AR-9100*, which comes with a super-high-speed mode, resulting in high economic efficiency and productivity.

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 its use has broadened. As a member of the JIS draft committee for the new 3D printer format "FAV," we have taken up the role to lead the industry.

As a result of the above, net sales stood at ¥9,561 million (down 3.7% year on year), operating income came to ¥101 million (¥46 million loss during the same period of the previous fiscal year), and the ordinary income came to ¥149 million (up 118.8% year on year). Profit attributable to owners of parent was ¥205 million (compared to ¥17 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

70th (FY2018) 1st Half Period: **¥9,561** million

67 th (FY2015) Period:	68 th (FY2016) Period:	69 th (FY2017) Period:
23,449 million	20,493 million	20,048 million
1st Half	11,375 million	9,870 million
		9,923 million

○ Operating Income (Loss)

70th (FY2018) 1st Half Period: **¥101** million

67 th (FY2015) Period:	68 th (FY2016) Period:	69 th (FY2017) Period:
689 million	183 million	160 million
1st Half	264 million	16 million
		(46) million

○ Ordinary Income (Loss)

70th (FY2018) 1st Half Period: **¥149** million

67 th (FY2015) Period:	68 th (FY2016) Period:	69 th (FY2017) Period:
622 million	199 million	341 million
1st Half	237 million	(98) million
		68 million

○ Profit (Loss) Attributable to Owners of Parent

70th (FY2018) 1st Half Period: **¥205** million

67 th (FY2015) Period:	68 th (FY2016) Period:	69 th (FY2017) Period:
148 million	(113) million	(337) million
1st Half	0 million	(194) million
		17 million

○ Total Assets

70th (FY2018) 1st Half Period: **¥29,678** million

67 th (FY2015) Period:	68 th (FY2016) Period:	69 th (FY2017) Period:
31,701 million	30,514 million	29,898 million

○ Total Net Assets

70th (FY2018) 1st Half Period: **¥23,094** million

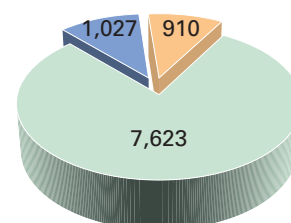
67 th (FY2015) Period:	68 th (FY2016) Period:	69 th (FY2017) Period:
23,917 million	23,484 million	23,019 million

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

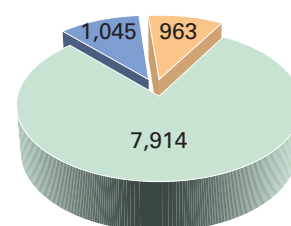
● 70th (FY2018) Period:

¥9,561 million



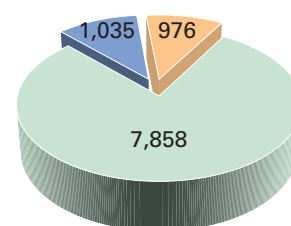
● 69th (FY2017) Period:

¥9,923 million



● 68th (FY2016) Period:

¥9,870 million



Forecast of 70th (FY2018)

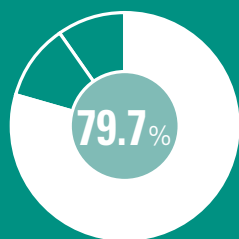
	(Millions of Yen)			
	Net Sales	Operating Income	Ordinary Income	Profit Attributable to Owners of Parent
Forecast of Consolidated Business Results	20,500	240	260	20

Figures announced on May 15, 2018.

In the third quarter of the current consolidated fiscal year, it will be hard to make rational reviews for sales estimates because of effects from trade friction between the US and China, Iran sanctions, and Brexit negotiations not going well. Therefore, the full-year forecasts released on May 15, 2018 has been maintained. After the degree of the various effects become clear, and should changes be required for the forecasts, we will make prompt disclosures as required.

Overview of Business Segments

Imaging & Information Equipment Business



Net Sales
¥7,623million

In Asia, despite going through with a sales price correction policy, the 3D printer settling down resulted in a net sales of ¥ 3,113 million (down 1.8% year on year). Although our effort to increase earning power brought our segment profit to ¥80 million (compared to a loss of ¥271 million in the same period of the previous fiscal year).

In North America, with price drops from competition within the market rising, net sales and segment profit resulted in ¥1,709 million (down 2.0% year on year) and ¥41 million (down 27.3% year on year), respectively.

In Europe, net sales and segment profit resulted in ¥2,800 million (down 6.7% year on year) and ¥56 million (down 58.5% year on year), respectively due to the effects of price drops.

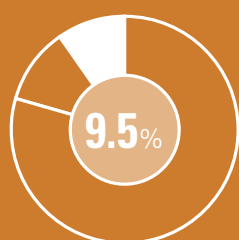
Information Service Business



Net Sales
¥1,027million

In the Information Service Business, sales in existing businesses (the CAD business and systems solutions service business) remained relatively the same, but the rise of cost rate resulted in a decline in profit. Net sales came to ¥1,027 million (down 1.7% year on year) and segment profit came to ¥44 million (down 34.2% year on year).

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



Net Sales
¥910million

In the Design Measurement Equipment Business, sales decreased but with the help of distribution cost cuts, net sales stood at ¥549 million (down 4.6% year on year), and segment profit resulted in ¥86 million (compared to ¥4 million in the same period of last fiscal year).

In the Real Estate Leasing Business, net sales and segment profit stood at ¥155 million (down 5.4% year on year) and ¥103 million (down 15.1% year on year), respectively from selling a part of our property.

In Other Business, sales drop and purchasing cost rising from the effects of yen depreciation, net sales and segment loss stood at ¥204 million (down 7.9% year on year) and ¥23 million (compared to a segment loss of ¥7 million in the same period of last fiscal year).

2018 SGIA Expo "Product of the Year" ValueJet series receives honor for the 7th consecutive year!

ValueJet

2018 SGIA Expo was held in Las Vegas from October 18th to the 20th. VJ-2638X, VJ-1624X, VJ-1638UH, and VJ-626UF of MUTOH's ValueJet printer series received *PRODUCT OF THE YEAR* in their respective 4 categories.

2018 SGIA Product of the Year Winners



SGIA Expo is one of the largest advertisement/ printing industry related event. Judges evaluate submitted prints without knowing which company it is from.

19 categories have been added, making it a tougher competition than ever before. Winning 7 years in a row, and in 4 categories proves that MUTOH has invested heavily on technological advancements with the ValueJet printers.

Raster Editing Application EDGESWEEPER Ver.5 Windows 10 compatible

Multi-purposes Raster Drawing Application

EDGESWEEPER

多目的ラスター図面編集アプリケーション エッジ・スイーパー

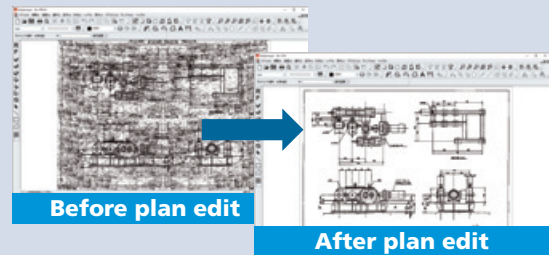
Ver.
5

EDGESWEEPER is a professional tool where you can scan a paper plan, and edit it freely just like CAD.

With 3DCAD being adopted at a higher rate, paper plans have become a problem for planners.

You can always computerize a paper plan by scanning them, but editing it is quite the task. Scanned data are rarely used, and either paper plans are used with white-outs, or data is retyped in CAD.

Our raster CAD EDGESWEEPER solves that problem. You can select lines and circles from complex diagrams. You can temporarily convert it to a vector data (CAD data) and change coordinates and length. By using these functions, you can directly edit a scanned data, and make quick plan changes.



Icing Roller NICE ICE Large/Small

NICE ICE is roller that can ice, massage, and compress at the same time. It is suited for bringing stressed area to its normal state like in sports. There are two sizes, large and small, so you can use them depending on the use of the area.

- ◆ Ice, massage, and compress at the same time!
- ◆ The roller is made of stainless steel, making it easy to keep clean. --- Prevents growth of bacteria and virus.
- ◆ Just put it in the freezer! ---No need for setting up. Quick use.
- ◆ Freezing for 1 hour will enable a maximum 60 minutes of icing! (Large size)

NICE ICE Large size

H 18cm
W (longest area) 9.5cm
D (roller area) 5cm



NICE ICE Small size

H 17cm
W (longest area) 6.5cm
D (roller area) 2.5cm

New Hybrid Inkjet Printer VJ-1627MH 1,625mm wide, uses the multipurpose ink MP31 Ink

VJ-1627MH is a 1,625mm wide hybrid inkjet printer for printing rigid and "roll-to-roll" media developed for the commercial & industrial print and sign & display markets.

It has improved performance and productivity compared to the previous model VJ-1617H, and is easier to operate and maintain. Using the MP31 Ink allows for printing on various media, and meets the various application needs for the many diverse markets.



ValueJet 1627MH
mp31 multi purpose
31



Print samples using MP31 Ink

Inkjet Marking Plotter specialized for apparel AR-9100 released

MARKING JET
INKJET MARKING PLOTTER FOR APPAREL
AR-9100

Maintaining the high efficiency of its previous model AR-9000, the AR-9100 is a high-speed, high-quality inkjet marking plotter specialized for apparel.



- ◆ Draw up to 1,615mm wide
- ◆ With the use of a multipoint fixed pressure roller, it can hold thin, wide papers while keeping the center area down.
- ◆ By changing the marking setting, you can turn the wind-up function depending on the thickness of the paper, on and off.
- ◆ Horizontal cutting is available, enabling various output methods.
- ◆ Gain economic efficiency and productivity with the super-high-speed mode, which uses less ink.
- ◆ You can change ink cartridges without work stoppage with the use of the sub-tank system.

Engineering plastic compatible Large scale resin-based 3D Printer **Value 3D Resinoid MR-5000 and Bi-Matrix**

Value 3D Resinoid MR-5000 is a fused deposition modeling 3D printer that can model super engineering plastics at 400°C. Also the new Bi-Matrix technology (patented), which allows the ability to print two different materials into a single printed object, has been used for various conference paper themes.

As a member of the JIS draft committee for the new 3D printer format "FAV," we have taken up the role to lead the industry.

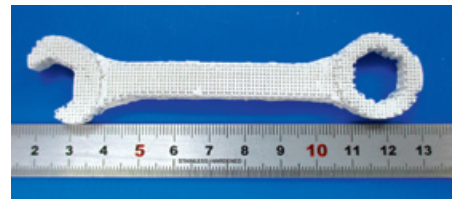
© MR-5000 allows for new materials



- ◆ Ceramic + Aluminum composite creates the hardness of steel at 1/2.5 the weight (AIST, aluminum makers, car makers considering use)



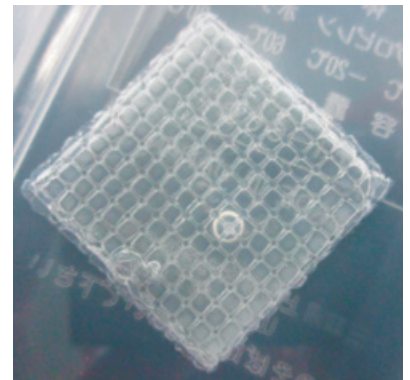
Ceramic + Aluminum composite – hard as steel



Ceramic parallel cross (Bi-Matrix composite)

- ◆ Scaffolding member for 3D cell culture (parallel crossing of protein and polysaccharide)
(To be released at the Society for Regenerative Medicine as a research with national)

A parallel crossed gelatin was created by composing styrene and gelatin with MR-5000, then removing the styrene. You can breed cells by inserting them in to the gaps that look like lines. Scheduled to be released at a conference presentation.



© Various conference presentations using Bi-Matrix compositions have broadened its range of use.

- ◆ 2016 Molding Academic Conference (ceramic + aluminum composite) AIST, Mutoh Industries
- ◆ 2018 Engineering Academic Conference (polyurethane molding quality) Sports related manufacturers
- ◆ 2019 Regenerative Medicine Academic Conference (parallel cross cell culture) National University, Mutoh Industries

Consolidated 1st Half Financial Statements

Consolidated Balance Sheets

(Millions of Yen)

(Millions of Yen)

Account	Period	1 st Half Period Ended September 30, 2018	1 st Half Period Ended September 30, 2017	Year Ended March 31, 2018
Assets				
Current Assets		16,717	18,490	17,978
Cash and Bank Deposits		8,758	9,492	9,441
Notes and Accounts Receivable		3,449	3,752	3,857
Inventories		3,913	4,110	3,810
Others		595	1,134	868
Fixed Assets		12,961	12,239	11,919
Tangible Fixed Assets		8,208	8,684	8,436
Intangible Fixed Assets		385	277	298
Investments and Other Assets		4,367	3,278	3,184
Investment Securities		3,845	2,276	2,697
Others		521	1,001	487
Total Assets		29,678	30,730	29,898

Account	Period	1 st Half Period Ended September 30, 2018	1 st Half Period Ended September 30, 2017	Year Ended March 31, 2018
Liabilities				
Current Liabilities		4,629	4,834	4,910
Notes and Accounts Payable		2,482	2,342	2,843
Others		2,147	2,491	2,067
Non Current Liabilities		1,953	2,178	1,968
Debt for Retirement Benefits		1,546	1,740	1,566
Others		407	438	401
Total Liabilities		6,583	7,013	6,878
Net Assets				
Shareholders' Equity		24,049	24,448	24,004
Capital Stock		10,199	10,199	10,199
Capital Surplus		4,182	4,182	4,182
Retained Earnings		12,107	12,415	12,062
Treasury Stock		(2,349)	(2,349)	(2,349)
Total Other Cumulative Comprehensive Income		(1,753)	(1,548)	(1,815)
Non-Controlling Interests		798	817	830
Total Net Assets		23,094	23,716	23,019
Total Liabilities and Net Assets		29,678	30,730	29,898

■ Consolidated Statements of Income

(Millions of Yen)

Account	Period	1 st Half Period Ended September 30, 2018	1 st Half Period Ended September 30, 2017	Year Ended March 31, 2018
Net Sales		9,561	9,923	20,048
Operating Income (Loss)		101	(46)	160
Ordinary Income		149	68	341
Income Before Income Taxes and Other Adjustments		264	169	437
Profit (Loss) Attributable to Owners of Parent		205	17	(337)

■ Consolidated Statements of Cash Flows

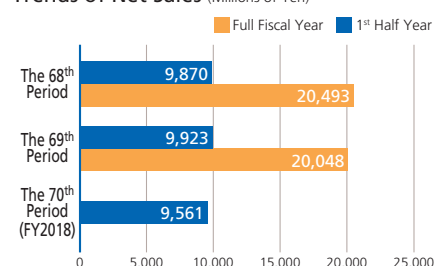
(Millions of Yen)

Account	Period	1 st Half Period Ended September 30, 2018	1 st Half Period Ended September 30, 2017	Year Ended March 31, 2018
Net Cash from Operating Activities		609	672	1,672
Net Cash from Investing Activities		(1,162)	313	(529)
Net Cash from Financing Activities		(213)	(215)	(309)
Net Increase (Decrease) in Cash and Cash Equivalents		(683)	936	891
Cash and Cash Equivalents at Beginning of Period		9,441	8,556	8,556
Net Increase (Decrease) due to the Change of Scope of Consolidation		—	—	(6)
Cash and Cash Equivalents at End of Period		8,758	9,492	9,441

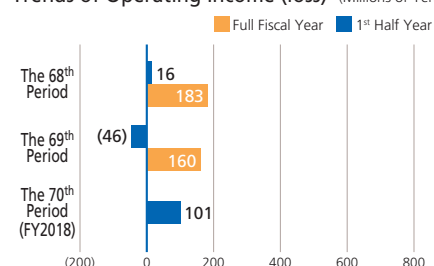
■ Consolidated Subsidiaries in each Business Segment

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.

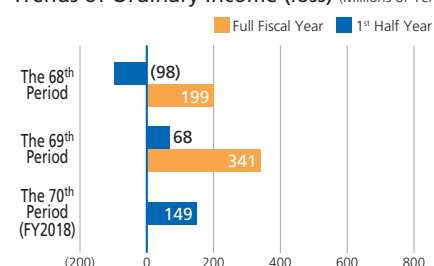
Trends of Net Sales (Millions of Yen)



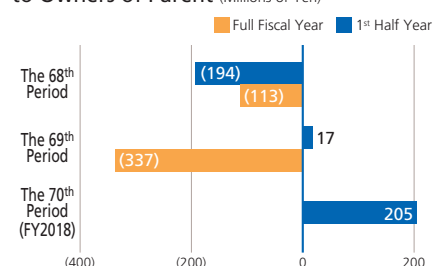
Trends of Operating Income (loss) (Millions of Yen)



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



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



Name: MUTOH HOLDINGS CO., LTD.

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

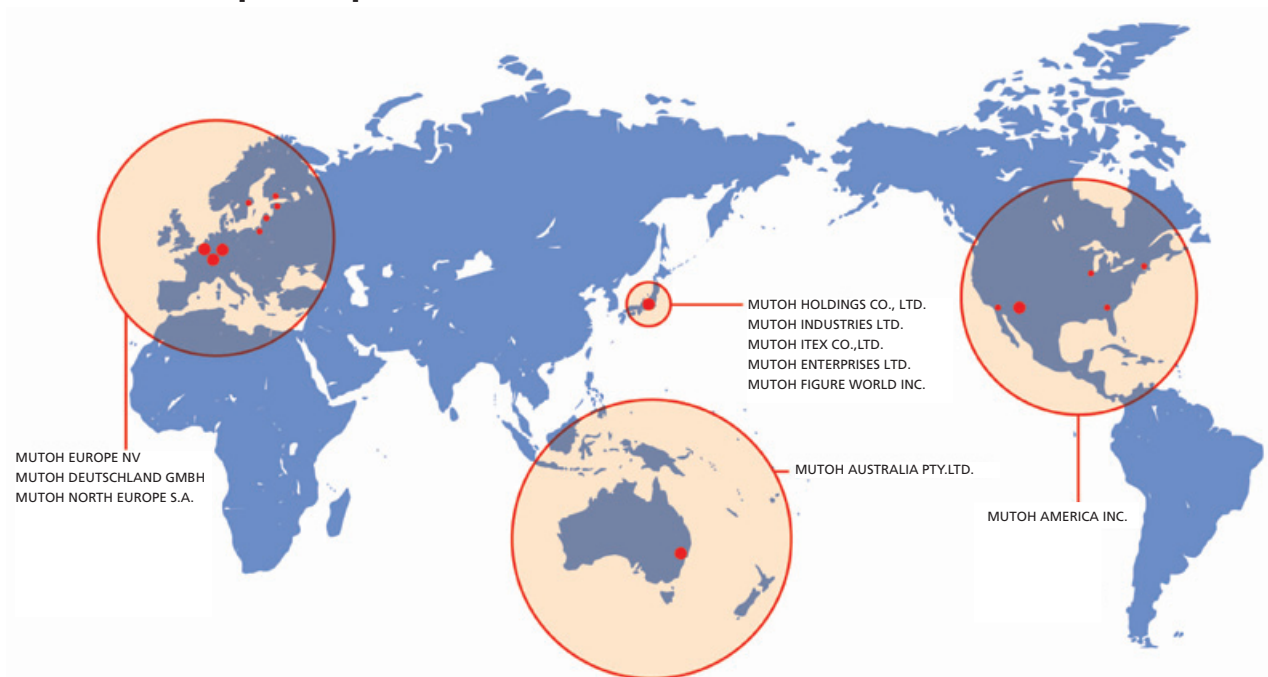
Capital Stock: 10,199 million yen

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



(Notes) MUTOH BELGIUM NV has changed its name to MUTOH EUROPE NV on January 1, 2018.

■ Directors (As of September 30, 2018)

Chairman of the Board Toshihiro Sakamoto

President Nobumasa Hayakawa

Director Kazuyuki Kamoi

Director Yasuhiko Isobe

Director Teruaki Kato

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

■ Number of Shares Issuable	17,000,000
■ Number of Shares Issued	5,481,818
■ Number of Shares per Unit	100
■ Number of Shareholders	5,888

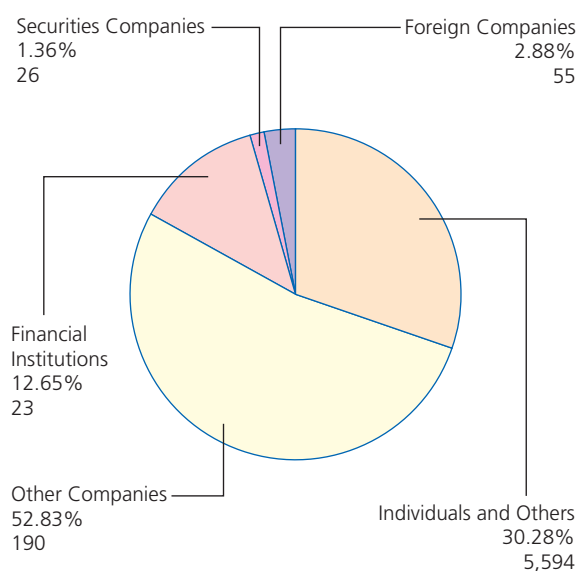
■ Major Shareholders

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
The Master Trust Bank of Japan, Ltd. (Trust Account)	86,000	1.89
NTT System Development Co., Ltd.	71,900	1.58
Japan Society for Design Engineering	68,058	1.50
Keiichi Hori	59,100	1.30
High-Tech System Co., Ltd.	56,100	1.23
Tomoyuki Toda	55,000	1.21

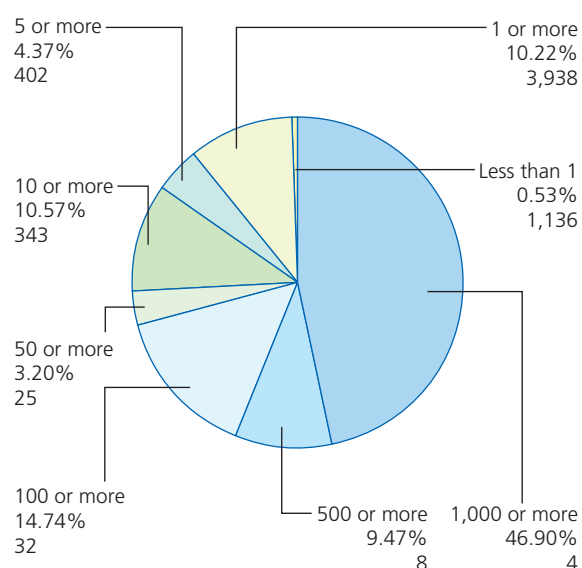
(Notes) 1. The Company holds 931,228 shares of treasury stock, which is excluded from the major shareholders listed above.

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.