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# FY 2019 (April 2019 through March 2020) Business Review

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Katsuragawa Electric Co., Ltd.  
June 10, 2020

We recognize that COVID-19 fast spreading is dramatically impacting lives during this extraordinary and unprecedented time. Our top priority is to keep our employee, our partner and our valued customer and their families being well and safe.

We implement various protection skim and methods in our various work places to be suitable for the daily evolving situation for caring the safe and business continuation. And many of our employee take working from home as well. Even at the attendance in the office social distance and proper designated internal rules are implemented and executed.

We jointly express our most appreciation with the society to all the persons of Infectious healthcare to help and assist for medical treatment and relative facility staff for the people lives.



This document contains forward-looking statements with respect to future results, performance and achievements that are subject to risk and uncertainties and reflect management's views and assumptions formed by current available information. Many factors could cause the actual results, performance or achievements of ours to be materially different from any future results, performance or achievements that may be expressed or implied by such forward looking statements, including, among others, changes in general economic and business conditions, changes in currency exchange rates and various other factors both referenced and not referenced in this document.

Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described herein. We do not intend or assume any obligation to update these forward-looking statements.

## ◆ Business Review

During the concerned fiscal year (April 1<sup>st</sup> 2019 through March 31<sup>st</sup> 2020) there were various different and un-predictive events such as national trade war, BRIEXIT, and general consistency of economic growth. Then COVID-19 fast spreading impacts the lives of people and economy in world nations. This is unprecedented experience and time in world society and life. And it rapidly impacts to the said world economy drastically to downturn situation and influences people and company not to able to move and access to physical business activities and result.

Under the above circumstance and situation our business result in the said period is JPY7,169M and downed 12% against the last Fiscal year, its operation income: -JPY872M and ordinary income : -JPY886M

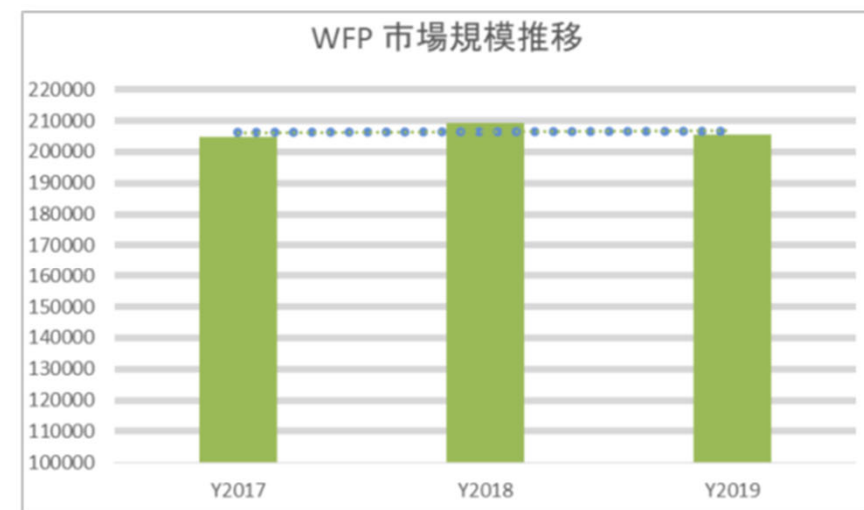
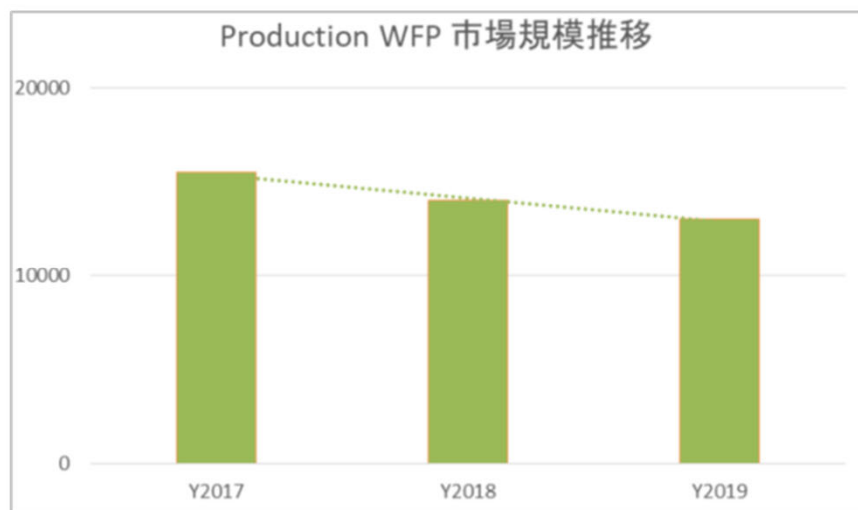
We are about to try to achieve the organic growth and income especially with our own various cumulated technology, knowledge and experiences as well as flexibility to approach and create the different segment and applications for providing the solution in various different segments and markets.

## ◆ Business Activities and Approaches

Technical Document & Image / Business Graphics segment for Wide Format Printing industry in the past three years had flat growth and its production and higher range took the same trend as office printing industry with less print volume and size.

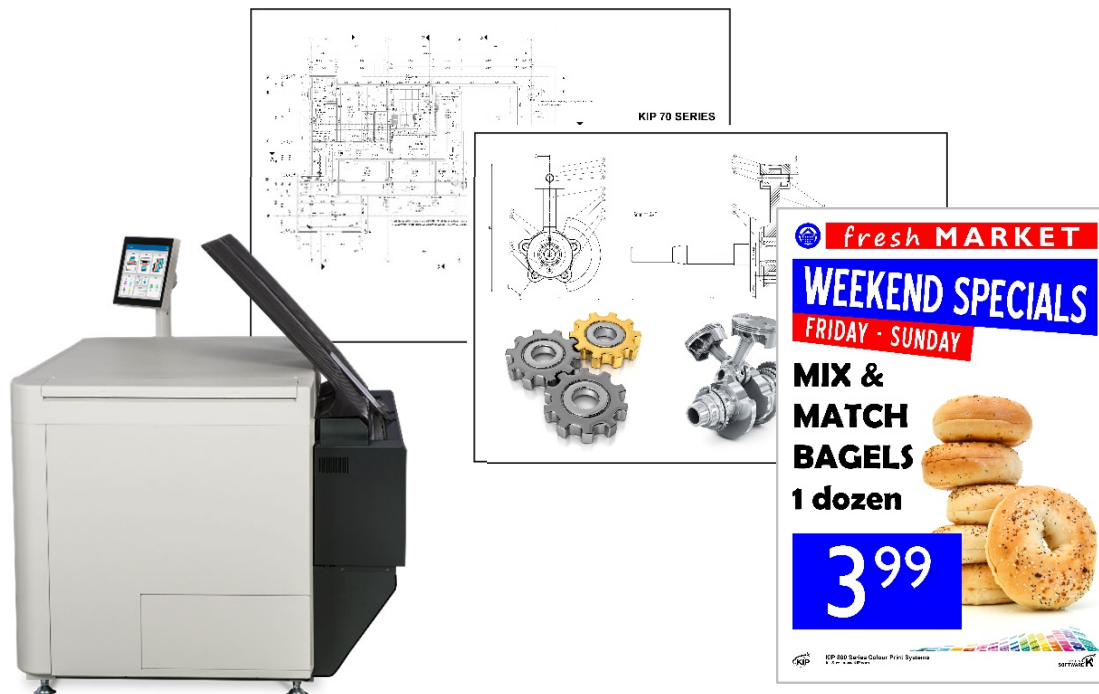
During the above period we are continuing to provide differentiation and advantage with unique functions & features to be suitable and matched for demanding the productivity and simplicity in the higher range segment of the market. And by the recognition of market voices and close correspondences with the markets

KIP has been creating its market position and cumulating the numbers of installations. We provides professional customer support to our partners and customers through our KIP Customer Care Centre at our each subsidiaries and affiliates to local partners and customer.



Our dry toner technology for Wide Format Printer is rather unique and progressive, by the recognition of superior productivities such as Consistency, Durability and Speed, there are also numbers of installations for Business Graphics Arts Printing segments with adding to the technical documents printing markets.

We also approach to other industry printing markets by providing its advantages of competitive operation cost and smaller foot print.



※ Dye-sublimation Toner Prints



※ Ceramic Toner Prints

※ Wide format Monochrome/color Tech Document & Business Graphics

Our partners are core business asset in our main markets such as North America and P. R. of China. And our KIP products are taken care by various type of the partners, Companies for Wide Format Exclusively , Office Products Sales/Support Companies, Printing Device Manufacturers. Our local subsidiaries and affiliates are working and providing KIP support with localized program and support respectively.

In European markets KIP provides similar business support and activities to our partners with considering to the various back-grounds, history and nature of business, by which sometimes we had to show different business skim and program. For the sake of business stability and growth in the market we are working for creating integrated KIP team with sophisticated and suitable for the current business environment and demands. KIP new E-commerce program and new logistic system are under preparation for releasing.

There is a fact in Japan for the trend in the market where still majority of the demands are monochrome. We are working with the various partners to establish main stream of business with Dry Toner Color Technology and its far advantages. And this will lead our partner and us to earning more business materials and opportunities in the market.

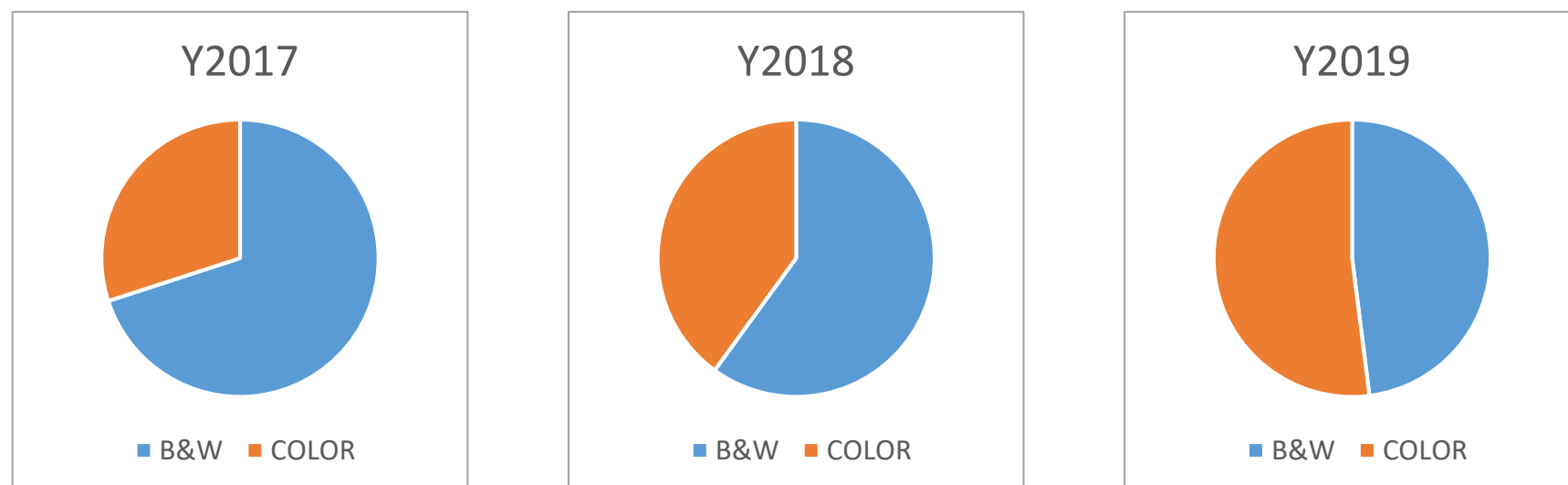
We have been implemented various unique local demands in each different market to create the demands and recognition of our approach and direction for real Digital Printing & KIP integrated solution. As for P.R. of China and various South East region Patented KIP Digital Blue Print Systems were released to replace former analogue Blue printing, for North American markets real time cost of operation and calculation are implemented into our KIP System-K Software and such visible cost operation system is one of industry standard. And our KIP Software Suite, KIP SYSTEM-K is single plate forma for all current KIP Monochrome and Color Products Line-up, which provide another Digital Simplicity in the markets. We always communicate with the markets to provide further progress and convenience to our user and partners.



## ◆ Products Trend and Technology Review

We cumulated and pursued electrophotography technology and implemented those to Wide Format Printing devices. And upon our releasing KIP Dry Toner Wide Format printer with reasonable price and various new feature in Y2015 Color Production Wide Format Printer sales growth was rapidly different manner. It was the similar flow as office printing devices and it created different focus and interest at the partners and customers minds.

We could have certain concreted conviction for this trend upon we released low volume segment Production Color Toner Wide Format Printer last year and portion and balance of new Printer sales in North American markets, top sales markets for Production Wide Format Printer, was different shape in the past years with higher number of unit sales than monochrome. We recognize the different technology basis products in the same market are also taking certain portion of the market as well and further competitions will be carried.





We have our own software development team which has deep and experienced knowledge for the industry and minds for foreseeing the future work-flow and demands. We all the time integrate both Hardware and Software new concepts and functions for earning higher customers satisfactions and for users benefits.

We newly designed image process system and it will be implemented onto our new printers for providing further precise and impressive image prints being required in Graphics Art Printing market. We also focus to our responsibility for sustainability to assist the green activities in the society and increase business feasibility by reviewing the cost for material and production to resume group corporate earning.



※High Coverage Poster Printer

※ New KIP CCT Imaging Technology

Digital Transformation (DX), Digital Signage and Remote Work/Access are getting common work flow and demands now days. The first common concern and interest are security for Corporate Asset, Technical Drawing, Project Management Documents, Designed Graphics called as intellectual properties. KIP Data security system is recognized and certified by the most strict security standard and we are about to upgrade such security systems in our products. KIP Cloud Print and access function is also going to expand its capability and functionality to support and work for DX progress.

Also for our partners benefit to enable them to execute remote IT maintenance and access to the installed printer KIP IT Remote maintenance in addition to the current status notice feature.







## ◆ Approach to Other Markets/Applications

Our target markets are mainly for Office Printing and Commercial Printing as for finished print on the medias. And those are for checking the contents of print, proofing, reprographics and commercial purpose.

Various changes and evolutionary work-flow for the printing demands and operation at Industrial items manufacturing and traditional industry (craft and light industrial item) and they are moving their work-flow with Digital Printing System even with the different technology from ours. And we are encourage the market to enable the user for pure digital printing benefits. Productivity, operation cost saving and work place environment by our KIP unique Dry Toner been developed for particular industries.

KIP Provides the solution for the above in Ceramic, Textile and materials for housing/interior industries with unique Toners for individual and variable requirement of design, responding to minimal number production without increment of operation cost, shorter delivery and work place and style changes.

KIP unique Dye basis Toner and Wide Format Print system are targeting for sports apparel, indoor interior as new solution for the process of Dye-sublimation textile industry, which is expected to have large scale growth in the coming years, with superior productivity, environmental safe, operation cost saving and consistency for color grade and stability. KIP EST480 is expected to enter into the market as an fresh breeze. We showed it at Printing United 2019 (October 2019) and Impression Expo 2020 (January 2020) to the public and succeeded to put the new breeze in the markets as one of industry growth potential items.

# KIP EST480 Production Dye-sublimation Wide Format Printer

## For Textile and Apparel

KIP EST 480 (Dry Toner Wide Format Print on standard bond paper) provides productive Dye-sublimation textile printing.

KIP EST Toner (Dye basis) is transferred from the printed media to textile with the process of heat pressing. (sublimation process)

Light fasten durability, laundry durability and color consistency are exceptional one in comparison with the current available other digital technology.

Many of sporting wear, Customs Uniform are already made by dye-sublimation system and KIP EST can differentiate from the current work-flow and model from now.



We also developed another unique Toner and Wide Format Printer for Ceramic Industry. This is enabling to change the fundamental work-flow for Decal print and transferring onto Ceramic during the process before firing (the last process for ceramic goods).

There are various items to be solved in the industry, high ratio of print failure during over 10 to 20 different color ink print process, environmental protection, shortage of hands and small number production feasibility. KIP DDP Toner and KIP DDP 480 Digital Decal Wide Format Printer are the organic solution for the industry.

We installed several machines with the actual ceramic products manufacturers in JAPAN, South East Asia region and Eastern Asia. With several correspondences , physical operation and listening the voice from the users we could reach to the stage to introduce them to the public.

We will carry our venture and study for other applications and markets where we can utilize our core technology than the above to provide the difference and changes in the various industries. And our flexibility and high Consciousness for chasing the differentiation. We will work for pure and real digital printing solution provider in various segment and markets.

# KIP DDP480 Production Digital Decal Printer

Wide Format Ceramic Tile/Signage, Table Ware and Enamel Signage/Design

## KIP HTRT Technology

KIP Patented High Temperature Resistance Toner (KIP HTRT) can reproduce bright and solid color quality even with 1200C by which current other digital technology with Ink can be burned to Ash or disappeared.



※ For table Ware



**KIP** **DDP480**  
Digital Decal Printer  
KIP HTRT Ceramic Color Toner

※ Reduce time and cost for production of Wide Format Tile and Enamel Signage





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