

Notice of Master Agreement From Our Subsidiary, Concerning the Acquisition of Aspects of UAB VEIKA (Lithuania)'s Business (manufacturing and sales of eco solvent digital ink, and sales of PVC digital wallpaper media)

Nagano, Japan (February 14, 2017)

MIMAKI ENGINEERING CO., LTD. would like to inform you that MIMAKI EUROPE B.V. (president and managing director: Koji Shimizu), a fully owned subsidiary of our company, plans to establish a subsidiary in Lithuania and has made a master agreement with that country's UAB VEIKA (hereinafter referred to as VEIKA) to take over part of their business related to the manufacture and sale of eco solvent digital ink and the sale of PVC digital wallpaper media. Therefore, the two companies have decided to negotiate the final conclusion (business transfer agreement).

1. Reasons for the business transfer

Our group has continued to grow as a pioneer in the commercial inkjet printer business by supplying unique and innovative proprietary brand products throughout the world. Starting this fiscal year, and targeting a new growth stage with the management slogan "M1000 aiming to be a truly global company", we are tackling open innovation and global production. This acquisition, together with acquiring a digital ink manufacturing and sales base from VEIKA as part of this growth, means taking over a digital wallpaper sales business that is expected to grow in the future.

Securing an ink manufacturing base in Europe contributes to currency exchange measures and improved profitability by means of the lead time shortening for the group.

In particular, alleviating the impact on revenues of exchange rate fluctuations in the euro, which accounts for the largest sales amount of the group, is a major benefit to future growth strategies.

Also, by manufacturing close to the point of consumption, we can expect to shorten the lead time of ink supply to Europe, the Middle East and Africa, reduce logistics costs and waste losses, and improve our profit margin.

Furthermore, as the price of digital ink decreases, combining it with sales of digital wallpaper will strategically stimulate the demand in the digital wallpaper market and will lead to expanded profit opportunities.

Lithuania has been a member of the EU since 2004 and has developed rapidly due to its active trading with neighboring countries. VEIKA is a producer of innovative wallpaper materials, based in Lithuania since 1991. The main part of VEIKA product portfolio is dedicated to the traditional analog wallpaper business segment. The main reason for the transfer of eco-solvent ink and PVC wallpaper media business part is a decision to concentrate and invest in the strategic directions for VEIKA company: Dimense™ and Ecodeco™ technology in the digital and traditional wallpaper respectively.

2. Operations takeover summary

(1) Business continuity

Taking care of the customers, Mimaki and VEIKA has agreed to continue supply current customers with the same conditions and products as before business acquisition. Key personnel will remain in the organization for our customers disposal.

(2) Details of operations being taken over

Manufacture and sale of eco solvent digital ink and sale of media for PVC digital wallpaper

(3) Operating results of operations being taken over (expected by December 2016)

Sales	€2,500,000 (¥302,000,000)
Operating profit	€500,000 (¥60,000,000)

* Figures in yen are calculated as ¥121 to €1.

3. VEIKA overview (as of December 31, 2016)

(1)	Company name	UAB "VEIKA"
(2)	Address	Baltosios Vokes g. 37 Vilniaus LT-02243 LITHUANIA
(3)	Title and name of representative	Jakov Etin –CEO
(4)	Business description	Development and production of innovative wallpaper materials
(5)	Capital	Approx. €2,900 (¥350,000)
(6)	Date of establishment	March 1991
(7)	Net assets	€17,420,000 (¥2,107,000,000)
(8)	Total assets	€22,408,000 (¥2,711,000,000)
(9)	Largest shareholders and percentage of shares held	Mr. Jakov Etin 100%
(10)	Relationship with listed company and said company	No relevant capital, business, or personal relationship.

* Figures in yen are calculated as ¥121 to €1.

4. Schedule

Signing master agreement February 13, 2017 (local time)
Conclusion of master agreement March 2017 (scheduled)

5. Future outlook

This matter will have little impact on consolidated results for this period. There will be no revision of this company's earnings forecast at this point in time.

End of notice

About MIMAKI

MIMAKI is a leading manufacturer of wide-format inkjet printers and cutting machines for the Sign Graphics, Industrial Product and Textile & Apparel markets. MIMAKI develops the complete product range for each group; hardware, software and the associated consumable items, such as inks and cutting blades. MIMAKI excels in offering innovative, high quality and high reliability products, based upon its aqueous, solvent, UV-curable and textile inkjet technology. In order to meet a wide range of applications in the market, MIMAKI pursues the development of advanced on-demand digital printing solutions. Mimaki Engineering Co. Ltd., (President: Kazuaki Ikeda) Nagano (Japan), is publicly listed on Tokyo Stock Exchange First Section.