

Financial Results Briefing Materials

Mimaki Engineering Co., Ltd.

November 10, 2021



Consolidated Results for FY2021

- ❖ Second quarter and first half results
- ❖ Full business year forecast

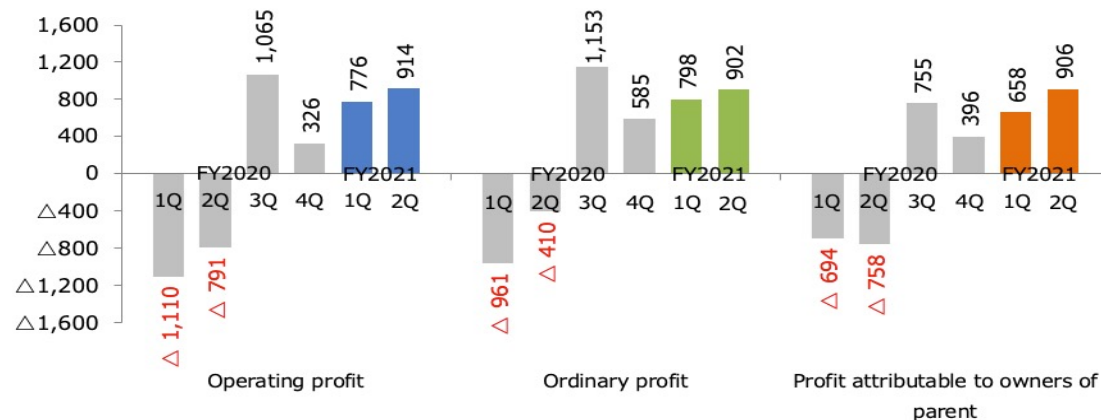
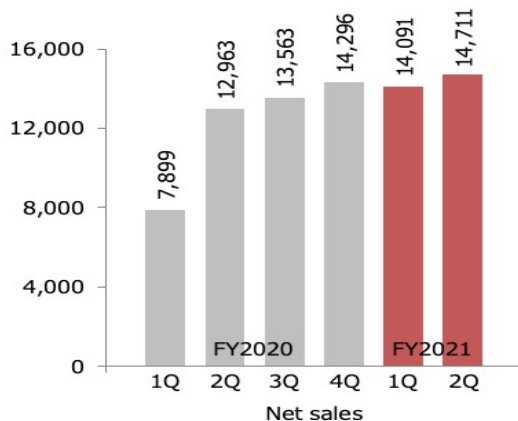
Consolidated Performance Highlights (Results for 2Q and 1st half FY2021)



(Millions of yen)		FY2020				FY2021				Change from FY2020		
		2Q Actual	Sales ratio	First half Actual	Sales ratio	2Q Actual	Sales ratio	First half Actual	Sales ratio	Amount	Change from FY2020	Change from FY2020*
										Amount	Change from FY2020	Change from FY2020*
■ Net sales		12,963	–	20,862	–	14,711	–	28,803	–	7,941	38.1%	33.4%
■ Operating profit		△ 791	△ 6.1%	△ 1,902	△ 9.1%	914	6.2%	1,691	5.9%	3,593	–	–
■ Ordinary profit		△ 410	△ 3.2%	△ 1,372	△ 6.6%	902	6.1%	1,701	5.9%	3,073	–	–
■ Profit attributable to owners of parent		△ 758	△ 5.9%	△ 1,453	△ 7.0%	906	6.2%	1,564	5.4%	3,018	–	–
Exchange rate (yen)	USD	106.22	–	106.92	–	110.11	–	109.80	–	2.88	2.7%	–
	EUR	124.11	–	121.29	–	129.83	–	130.89	–	9.60	7.9%	–

*Excluding the impact of exchange rate

The Company has applied the "Accounting Standard for Revenue Recognition" from the beginning of the first quarter of FY2021, and as a result, net sales increased by 96 million yen, operating profit decreased by 50 million yen, ordinary profit and net profit before taxes increased by 3 million yen each for the first half of the FY2021. For details, please refer to the notes to the financial statements.



Consolidated Financial Highlights



In addition to the increase in demands and capital investment due to the continued recovery of the global economy, the weakening of the yen also had an effect, and although the rate of growth slowed down compared to the 1Q, business performance grew significantly in the 2Q as well.

■ 2Q sales

- Sales increased by 1,748 million yen compared to the same period of FY2020 (+13%, including +391 million yen due to impact of exchange rate), exceeded the forecast, and increased by +5% compared to the same period of FY2019
- While affected by shortage of parts and raw materials and prolonged transport lead times, we seized the opportunity of a recovery in market demand, and in addition to an increase in sales volume of existing products, new products such as the JV/UJV100-160 and TS100-1600 also contributed to higher sales, and there was growth in maintenance parts and ink
- Sales to SG market increased by +16% and exceeded the forecast due to an increase in capital investment and demands resulting from increased economic activity
- Sales to IP market increased by +18% and exceeded the forecast due to increased demand for industrial products and novelty goods.
- Sales to TA market increased by +33% due to recovery in demand for apparel products but fell below the forecast.

■ 2Q operating profit

- Despite the impact of soaring transportation and raw material costs, cost of sales improved significantly compared to the same period of FY2020, when expenses were recorded for thorough inventory reduction and for the production adjustments due to the coronavirus pandemic. SG&A expenses increased by 1,706 million yen compared to the same period of FY2020 (including +84 million yen due to the impact of exchange rate) due to the effect of increased sales and the weaker yen, despite an increase in product repair costs associated with higher product utilization rates at customers and the launch of new products, personnel costs associated with the cancellation of planned holidays, and R&D costs for new products development in line with the Mimaki V10 strategy

■ Balance sheet as of 2Q

- A key indicator CCC* increased compared to the end of June due to the switch to operations to secure inventory in response to prolonged transportation lead times and shortages of parts and raw materials, with the priority on avoiding opportunity losses

2020/end of September: 4.52 → end of December: 3.70 → 2021/end of March: 3.60 → end of June: 4.22 → end of September: 4.35

*CCC: Cash conversion cycle, figures have changed from those disclosed in the previous fiscal year due to the inclusion of claims in bankruptcy and reorganization from the current fiscal year

Factors Effecting Operating Profit (1st half FY2020 vs 1st half FY2021)



(Unit: millions of yen)

[Impact by currency]

USD:106.92 yen → 109.80 yen	+92
EUR:121.29 yen → 130.89 yen	+341
CNY:15.26 yen → 16.99 yen	-200
AUD:73.28 yen → 82.62 yen	+67
TRY:15.22 yen → 12.98 yen	-54
Other (BRL, IDR, INR, etc.)	+62
Total	+308

[FX impact on net sales, cost of sales and operating profit]

Net sales (979) - Cost of sales (429) - SG&A expenses (241) = Operating profit (308)

Factors behind changes in cost to sales ratio

The 1st half of FY2020 cost of sales ratio (66.3%) includes deterioration in the cost of sales ratio due to structural reforms (1,401 million yen: 6.7%); and excluding this, the 1st half of FY2021 cost of sales ratio will deteriorate by 1.1 pt compared to the actual cost of sales ratio (58.6%, assuming the same exchange rate as that for the first half of FY2021).
⇒ Impact of soaring transportation costs and parts and raw materials prices

Factors behind changes in

SG&A expenses

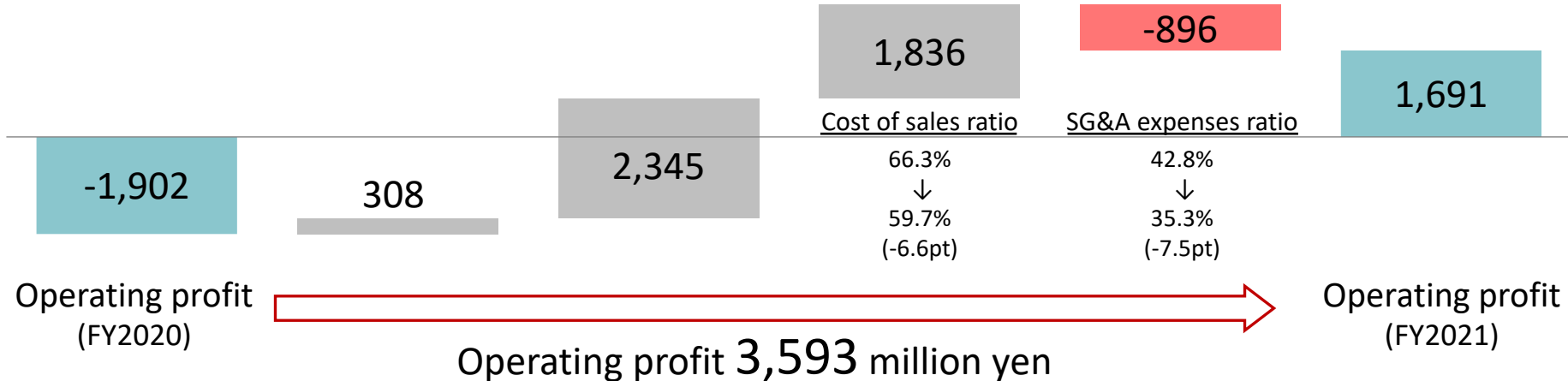
Product repair expenses	355
R&D expenses	310
Labor expenses	229
Depreciation expense	-99
SG&A expenses	97
Transportation expenses	95
Other expenses	-90
Total	896

(1) FX impact

(2) Impact of change in net sales

(3) Impact of change in cost of sales ratio

(4) Impact of change in SG&A expenses

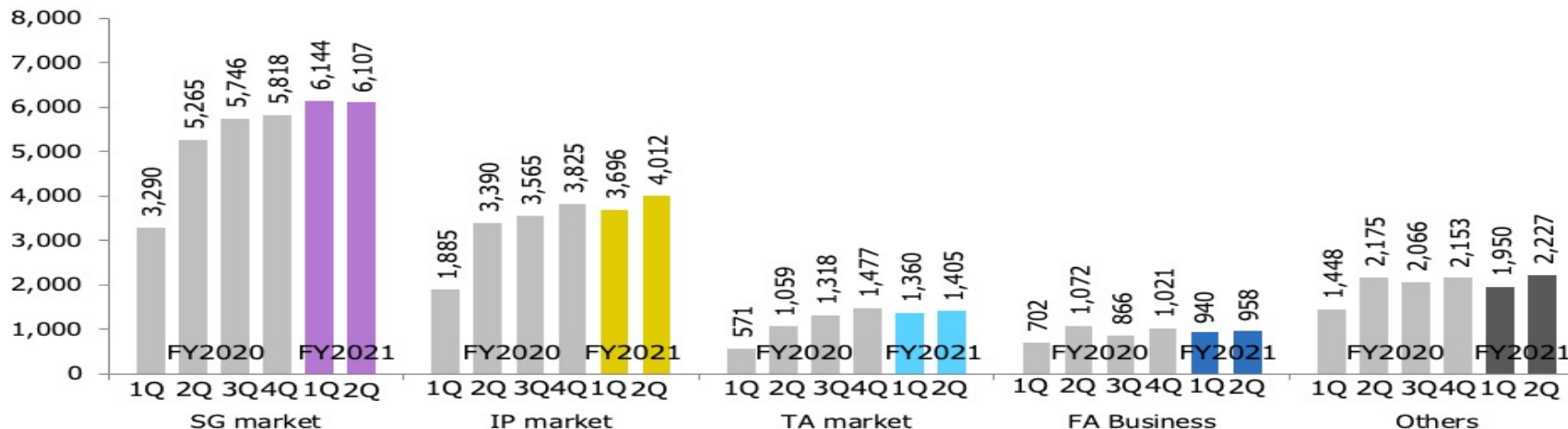


Sales by Market Segment (Results for 2Q and 1st half FY2021)



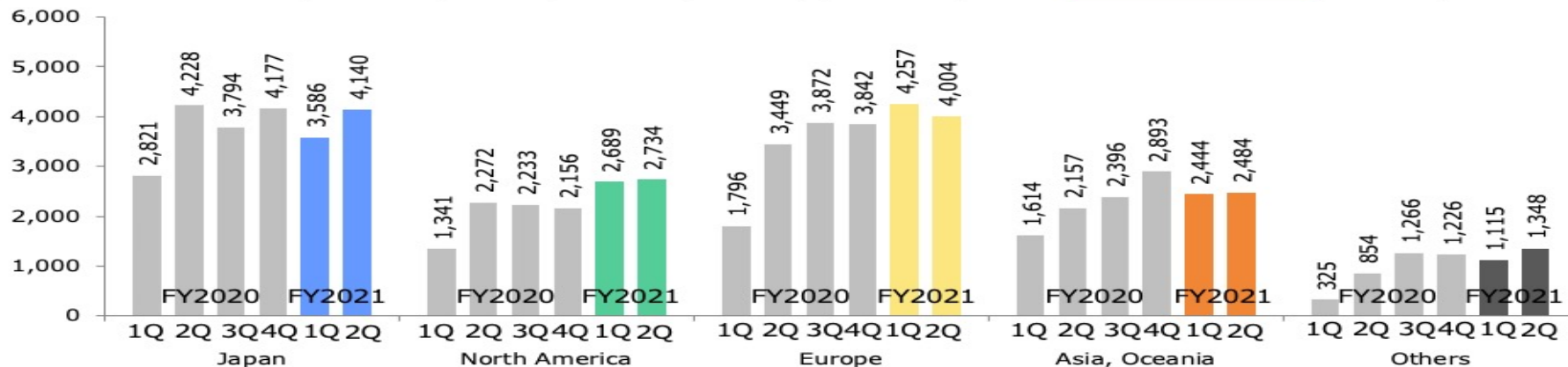
(Millions of yen)	FY2020				FY2021						
	2Q Actual	Sales ratio	First half Actual	Sales ratio	2Q Actual	Sales ratio	First half Actual	Sales ratio	Change from FY2020		
									Amount	Change from FY2020	Change from FY2020*
SG market	5,265	40.6%	8,556	41.0%	6,107	41.5%	12,252	42.5%	3,695	43.2%	37.6%
IP market	3,390	26.2%	5,275	25.3%	4,012	27.3%	7,709	26.8%	2,433	46.1%	41.2%
TA market	1,059	8.2%	1,631	7.8%	1,405	9.6%	2,766	9.6%	1,135	69.6%	61.9%
FA business	1,072	8.3%	1,775	8.5%	958	6.5%	1,898	6.6%	122	6.9%	7.0%
Others	2,175	16.8%	3,624	17.4%	2,227	15.1%	4,178	14.5%	553	15.3%	-
Total	12,963	100.0%	20,862	100.0%	14,711	100.0%	28,803	100.0%	7,941	38.1%	33.4%

*Excluding the impact of exchange rate



Sales by Area (Results for 2Q and 1st half FY2021)

(Millions of yen)	FY2020				FY2021				Change from FY2020	
	2Q Actual	Sales ratio	First half Actual	Sales ratio	2Q Actual	Sales ratio	First half Actual	Sales ratio	Amount	Change from FY2020
Japan	4,228	32.6%	7,050	33.8%	4,140	28.1%	7,726	26.8%	676	9.6%
North America	2,272	17.5%	3,614	17.3%	2,734	18.6%	5,423	18.8%	1,809	50.1%
Local currency:\$	21.3M	-	33.8M	-	24.8M	-	49.3M	-	15.5M	46.1%
Europe	3,449	26.6%	5,246	25.1%	4,004	27.2%	8,261	28.7%	3,015	57.5%
Local currency:€	28.0M	-	43.2M	-	30.8M	-	63.1M	-	19.8M	45.9%
Asia, Oceania	2,157	16.6%	3,772	18.1%	2,484	16.9%	4,929	17.1%	1,157	30.7%
Others	854	6.6%	1,180	5.7%	1,348	9.2%	2,463	8.6%	1,283	108.7%
Total	12,963	100.0%	20,862	100.0%	14,711	100.0%	28,803	100.0%	7,941	38.1%



Summary Balance Sheet (as of September 30, 2021)



(Millions of yen)	31-Mar-21	30-Sep-21	Change	
Assets				
Cash and deposits	10,839	9,117	-1,722	-15.9%
Notes and accounts receivable - trade * ¹	8,363	8,453	90	1.1%
Inventories	17,919	20,732	2,812	15.7%
Other	2,040	2,158	118	5.8%
Total current assets	39,163	40,461	1,298	3.3%
Property, plant and equipment	9,288	10,080	791	8.5%
Intangible assets	491	423	-68	-13.8%
Investments and other assets	1,895	2,375	479	25.3%
Total non-current assets	11,675	12,879	1,203	10.3%
Total assets	50,838	53,341	2,502	4.9%
Liabilities and Net assets				
Notes and accounts payable - trade * ¹	9,772	8,521	-1,250	-12.8%
Short-term borrowings * ²	8,119	11,333	3,214	39.6%
Other	7,077	7,455	377	5.3%
Total current liabilities	24,969	27,309	2,340	9.4%
Long-term borrowings	8,913	6,911	-2,001	-22.5%
Other	742	1,440	697	93.9%
Total non-current liabilities	9,656	8,351	-1,304	-13.5%
Total liabilities	34,625	35,661	1,036	3.0%
Total net assets	16,213	17,679	1,465	9.0%
Total liabilities and net assets	50,838	53,341	2,502	4.9%

❖ Assets +2,502

- **Current assets (+1,298)**
→ Increase in raw materials and supplies, merchandise and finished goods, etc.
- **Property, plant and equipment (+791)**
→ Increase in lease assets, etc.
- **Intangible assets (-68)**
→ Amortization of software, etc.

❖ Liabilities +1,036

- **Current liabilities (+2,340)**
→ Notes and accounts payable-trade (-647)
Electronically recorded obligations - operating (-603)
→ Short-term borrowings (+3,214)
- **Non-current liabilities (-1,304)**
→ Long-term borrowings (-2,001)
→ Lease obligations (+684)

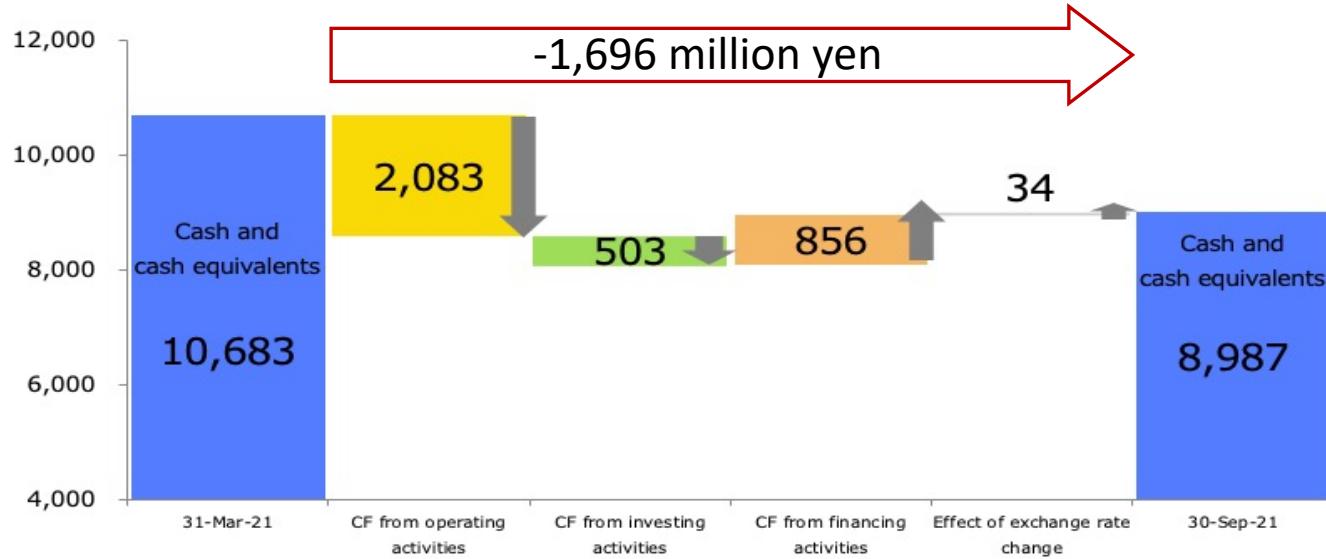
❖ Net assets +1,465

- Retained earnings (+1,337)

(*1) Including electronically recorded monetary claims - operating and electronically recorded obligations - operating

(*2) Including current portion of long-term borrowings

Cash flows (first half of FY2021)



Cash flows from operating activities

Cash flows from investing activities

Cash flows from financing activities

EBITDA (*)	2,690	Acquisition of non-current assets	-564	Proceeds from short and long-term borrowings	1,156
Increase in working capital	-4,407	Sale of non-current assets	40	Dividends paid	-207
Taxes, interest payments, etc.	-366	Others	20	Others	-92
Total	-2,083	Total	-503	Total	856

(*) Operating income before interest, taxes, and amortization

Consolidated Results for FY2021

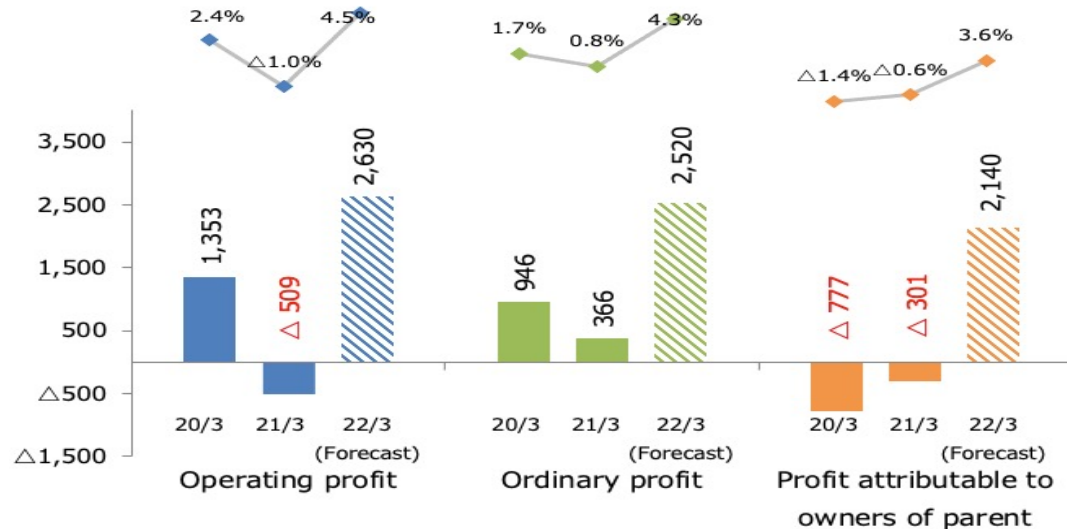
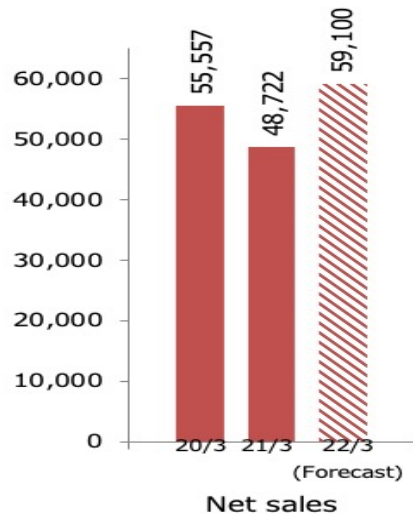
- ❖ Second quarter and first half results
- ❖ Full business year forecast

Consolidated Performance Forecast Highlights (FY2021)



(Millions of yen)		FY2020		FY2021										
		Fiscal year	Sales ratio	First half	Change from previous forecast	Second Half Forecast (Revised)	Change from FY2020	Change from previous forecast	Fiscal year Forecast (Revised)	Sales ratio	Change from FY2020			
											Amount	Change from FY2020	Change from FY2020*	
■	Net sales	48,722	-	28,803	1,403	30,296	8.7%	896	59,100	-	10,377	21.3%	19.6%	2,300
■	Operating profit	△ 509	△1.0%	1,691	671	938	△32.6%	△ 471	2,630	4.5%	3,139	-	-	200
■	Ordinary profit	366	0.8%	1,701	771	818	△52.9%	△ 391	2,520	4.3%	2,153	587.8%	-	380
■	Profit attributable to owners of parent	△ 301	△0.6%	1,564	814	575	△50.1%	△ 284	2,140	3.6%	2,441	-	-	530
Exchange rate (yen)	USD	106.06	-	109.80	2.56	105.00	△0.2%	0.00	107.40	-	1.34	1.3%	-	1.28
	EUR	123.70	-	130.89	2.42	125.00	△0.9%	0.00	127.95	-	4.25	3.4%	-	1.21

*Excluding the impact of exchange rate



Key Points of the Consolidated Earnings Forecast



- In the second half, the global economy is expected to continue its recovery trend, and demand is also expected to increase in our sales markets.
- On the other hand, the impact of global shortages of parts and raw materials and disruptions in logistics is expected to become more severe in the second half.
- Mimaki Engineering also expects sales to be affected by restrictions on product supply due to difficulties in procuring parts and materials to meet demand, as well as factors including prolonged transportation lead times, and profits to be affected by deterioration in the cost of sales ratio due to soaring transportation costs, parts and materials prices.
- As a result of reviewing the consolidated earnings forecast in light of the above, we have revised the second half and full year consolidated earnings forecast.
- We will work on the priority measures set forth in Mimaki V10 to ensure that we are on the right track to recovery.
 - Market launch of new products and sales expansion
 - Business development in light of rapid changes in the market environment and customer needs
 - Establishment of a foundation to improve profitability

Factors Effecting Operating Profit (FY2020 Results vs FY2021 Plan)



(Unit: millions of yen)

[Impact by currency]

USD:106.06 yen → 107.40 yen	+93
EUR:123.70 yen → 127.95 yen	+347
CNY:15.67 yen → 16.75 yen	-198
AUD:76.17 yen → 79.81 yen	+49
TRY:14.51 yen → 13.59 yen	-43
Other (BRL, IDR, etc.)	+21
Total	270

[Exchange rate sensitivity (1 yen/year)]

	Net sales	Operating profit
USD	126	69
EUR	122	81

Factors behind changes in cost to sales ratio

The FY2020 cost of sales ratio (61.8%) includes deterioration in the cost of sales ratio due to structural reforms in the first half (1,401 million yen: 2.9%); and excluding this, the FY2021 cost of sales ratio will deteriorate by 1.6 pt compared to the actual cost of sales ratio (58.7%, assuming the same exchange rate as that for FY2021).

⇒ Impact of soaring transportation costs and parts and raw materials prices, etc.

[FX impact on net sales, cost of sales and operating profit]

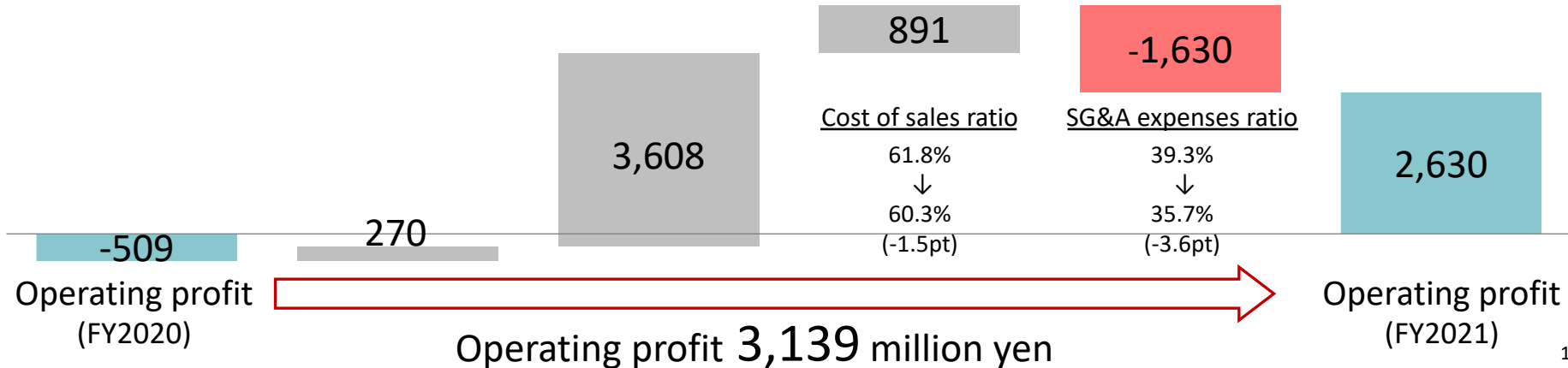
Net sales (932) - Cost of sales (444) - SG&A expenses (216) = Operating profit (270)

(1) FX impact

(2) Impact of change in net sales

(3) Impact of change in cost of sales ratio

(4) Impact of change in SG&A expenses

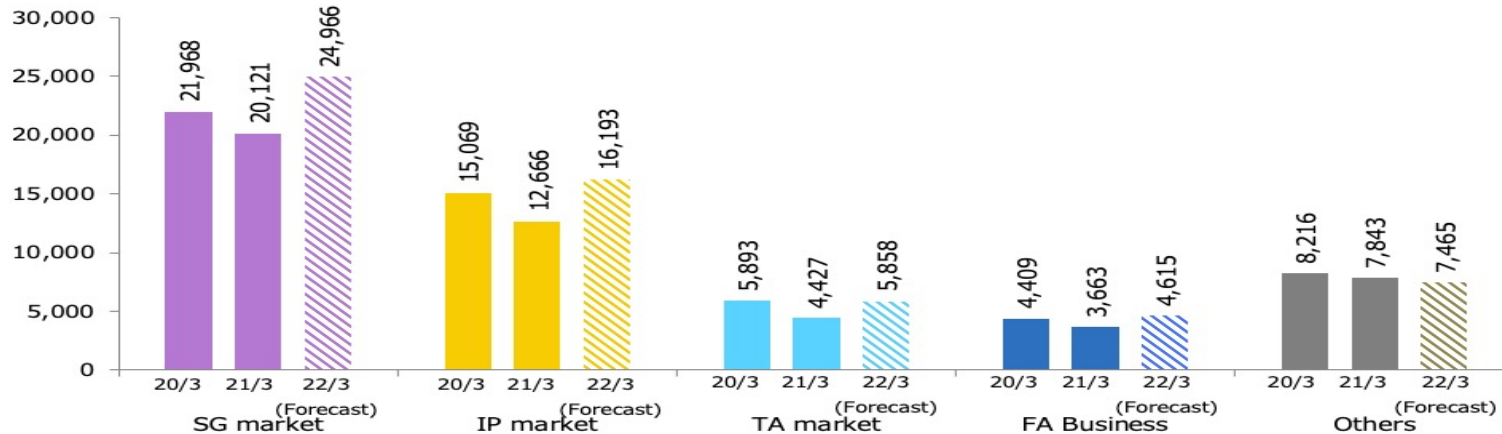


Sales Forecast by Market Segment (FY2021)



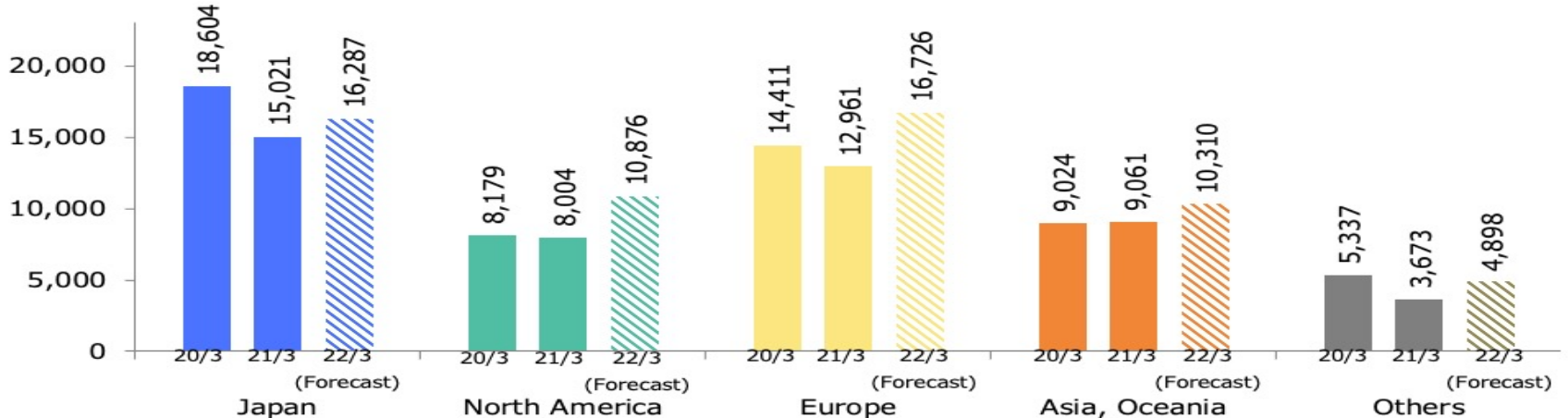
(Millions of yen)	FY2020		FY2021									
	Fiscal year	Sales ratio	First half	Change from previous forecast	Second Half Forecast (Revised)	Change from FY2020	Change from previous forecast	Fiscal year Forecast (Revised)	Change from FY2020		Sales ratio	Change from previous forecast
									Amount	Change from FY2020		
SG market	20,121	41.3%	12,252	473	12,713	9.9%	962	24,966	4,845	24.1%	42.2%	1,436
IP market	12,666	26.0%	7,709	623	8,484	14.8%	97	16,193	3,526	27.8%	27.4%	720
TA market	4,427	9.1%	2,766	△ 90	3,092	10.6%	△ 343	5,858	1,430	32.3%	9.9%	△ 433
FA business	3,663	7.5%	1,898	△ 157	2,717	44.0%	287	4,615	952	26.0%	7.8%	129
Others	7,843	16.1%	4,178	554	3,287	△22.1%	△ 108	7,465	△ 378	△4.8%	12.6%	446
Total	48,722	100.0%	28,803	1,403	30,296	8.7%	896	59,100	10,377	21.3%	100.0%	2,300

*Excluding the impact of exchange rate



Sales Forecast by Area (FY2021)

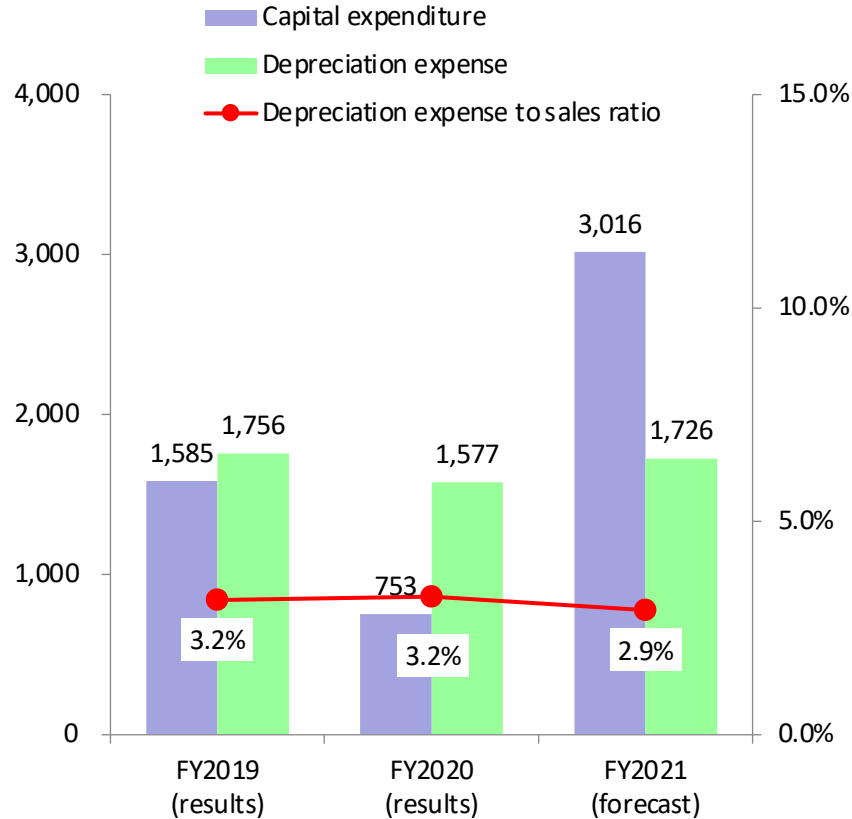
(Millions of yen)	FY2020		FY2021									
	Fiscal year	Sales ratio	First half	Change from previous forecast	Second Half Forecast (Revised)	Change from FY2020	Change from previous forecast	Fiscal year Forecast (Revised)	Change from FY2020		Sales ratio	Change from previous forecast
									Amount	Change from FY2020		
■ Japan	15,021	30.8%	7,726	△ 62	8,561	7.4%	△ 34	16,287	1,265	8.4%	27.6%	△ 97
■ North America	8,004	16.4%	5,423	583	5,452	24.2%	783	10,876	2,871	35.9%	18.4%	1,367
Local currency:\$	75.4M	-	49.3M	4.2M	51.8M	24.5%	7.4M	101.2M	25.7M	34.2%	-	11.6M
■ Europe	12,961	26.6%	8,261	760	8,465	9.7%	210	16,726	3,764	29.0%	28.3%	970
Local currency:€	104.7M	-	63.1M	4.8M	67.6M	9.9%	1.7M	130.7M	25.9M	24.8%	-	6.4M
■ Asia, Oceania	9,061	18.6%	4,929	△ 97	5,381	1.7%	△ 233	10,310	1,248	13.8%	17.4%	△ 330
■ Others	3,673	7.5%	2,463	220	2,435	△ 2.3%	170	4,898	1,225	33.4%	8.3%	390
Total	48,722	100.0%	28,803	1,403	30,296	8.7%	896	59,100	10,377	21.3%	100.0%	2,300



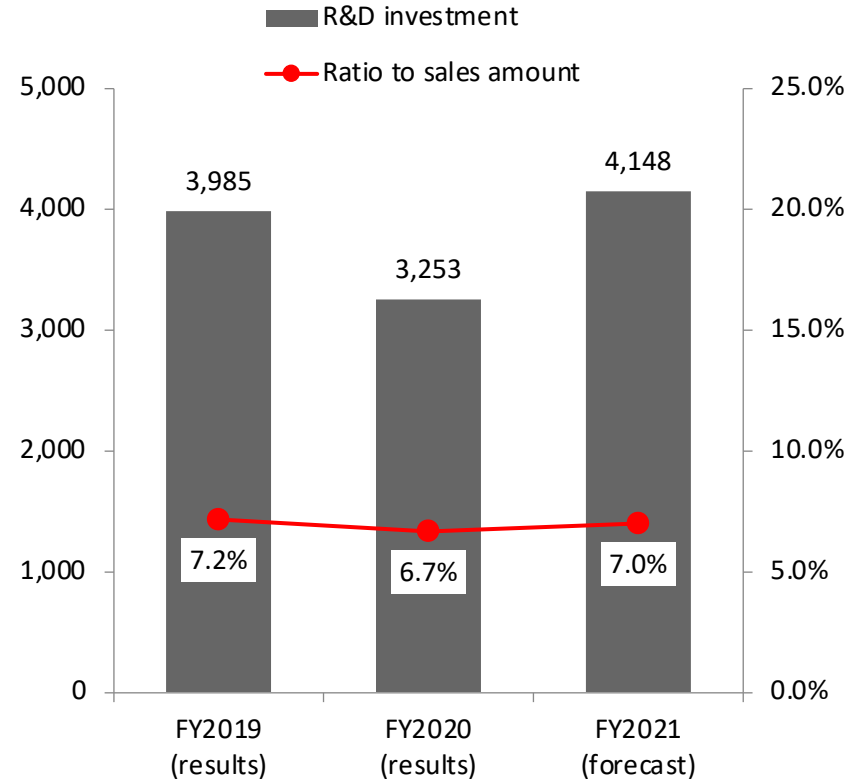
Capital Expenditure, Depreciation, and R&D Investment Forecast



(millions of yen)



(millions of yen)



* The above amount shows the total cost of research and development activities, and includes expenses related to improvement and application etc. of existing products.

Shareholder Returns



Dividend Policy

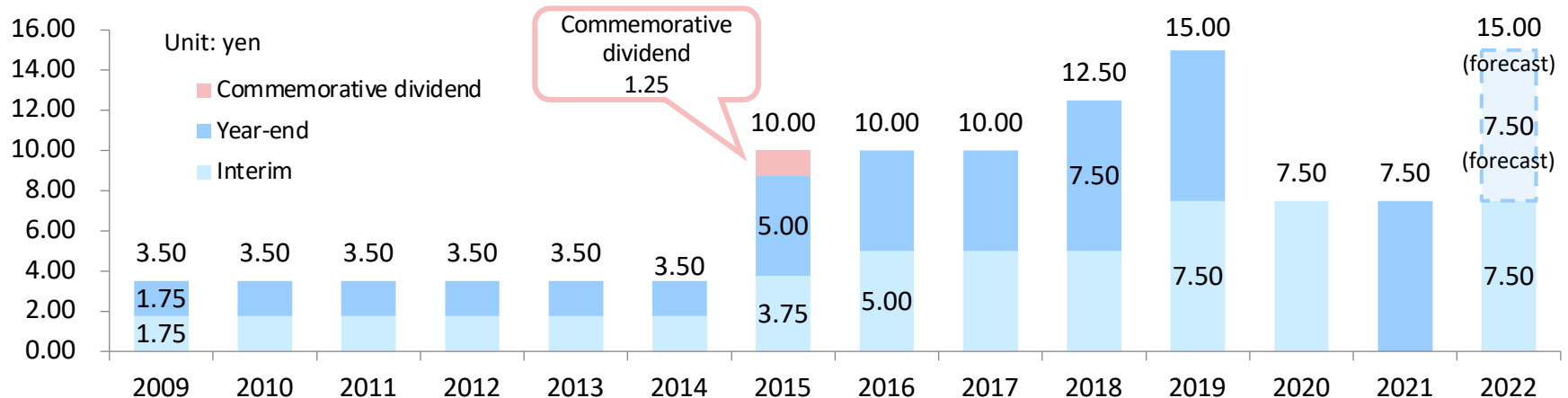
Mimaki Engineering treats shareholder returns as a key management tenet. As such, it is the Company's basic policy to stably and continuously pay out dividends commensurate with growth in business performance.

■ Year-end dividends for FY2020: Resumed at 7.5 yen

Although we did not pay a dividend for the 1st half of FY2020, we have resumed paying a year-end dividend of 7.5 yen, taking into account the return to profitability in the 2nd half of the fiscal year, future business prospects, and our shareholder returns policy.

■ Interim dividends for FY2021: 7.5 yen, Year-end (forecast): 7.5 yen

Based on the business outlook for the current fiscal year and our policy of stable and continuous shareholder returns, we expect to pay an annual dividend of 15.0 yen.



*The commemorative dividend for the fiscal year ended March 31, 2015 is related to the listing on the First Section of the Tokyo Stock Exchange.

*The Company conducted a 2-for-1 stock split effective April 1, 2015 (the dividend before the split has been adjusted retroactively).

For inquiries regarding this material,
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