

(Translation)

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TSE LISTED

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# Financial Results Fiscal Year 2020

(Ending March 31, 2021)



MIMAKI ENGINEERING CO., LTD.

May 2021

## 3DUJ-2207



Mimaki 3D Printer



## JV100-160

## SUVJ-160



## UVJ100-160



## UJF-6042 MkII

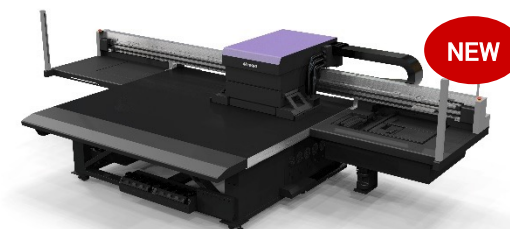
## Tiger-1800B MkIII



## TS100-1600



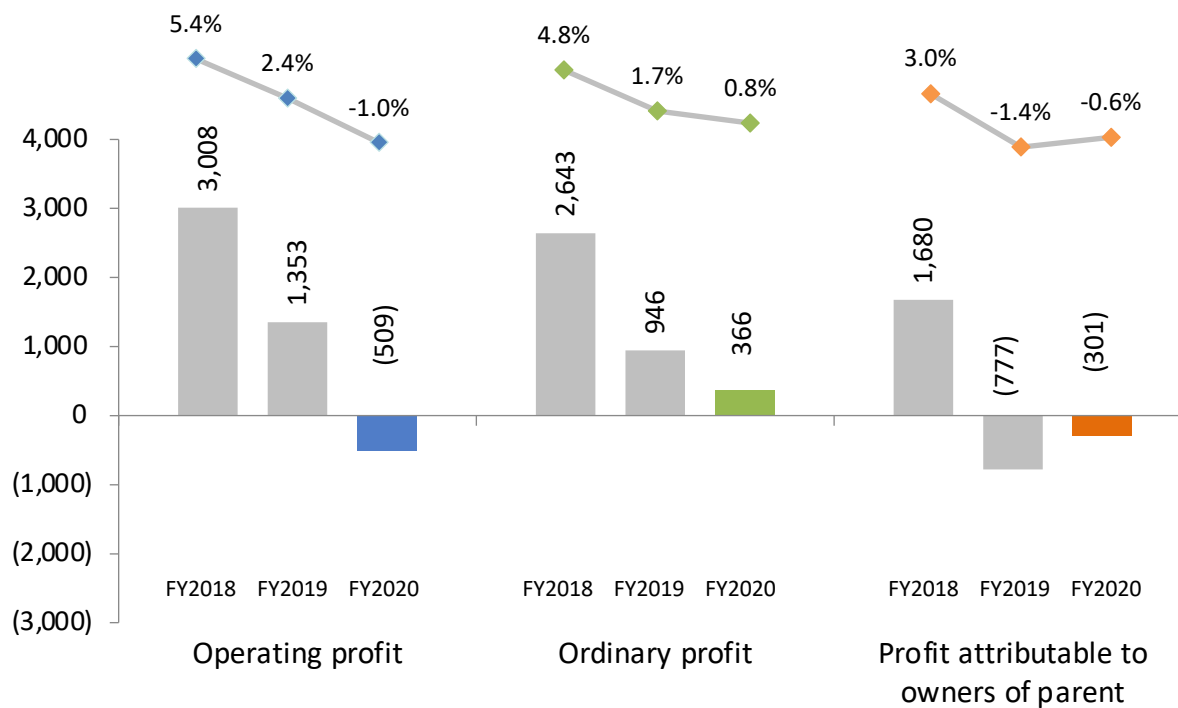
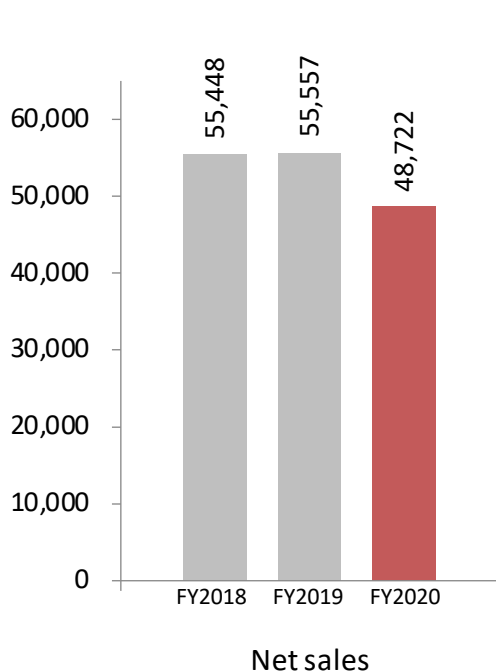
## JFX600-2513 JFX550-2513



- Financial Results for the Fiscal Year Ending March 31, 2021
- Forecast for the Fiscal Year Ending March 31, 2022
- FY2021 Management Policy

# Consolidated Financial Highlights

	(Millions of yen)	FY2019			FY2020					
		4Q Actual	Fiscal year Actual	Sales ratio	4Q Actual	Change from FY2019	Fiscal year Actual	Sales ratio	Change from FY2019	Change from FY2019 *Excluding the impact of exchange rate
Net sales		14,053	55,557	100.0%	14,296	1.7%	48,722	100.0%	-12.3%	-11.0%
Operating profit		443	1,353	2.4%	326	-26.5%	-509	-1.0%	-	-
Ordinary profit		333	946	1.7%	585	75.3%	366	0.8%	-61.3%	-
Profit attributable to owners of parent		-914	-777	-1.4%	396	-	-301	-0.6%	-	-
Exchange rate (yen)	USD	108.97	108.75	-	105.90	-2.8%	106.06	-	-2.5%	-
	EUR	120.16	120.83	-	127.68	6.3%	123.70	-	2.4%	-



# Key points of 4Q (3 months) consolidated results

4Q sales recovered to almost the expected level despite the impact of the COVID-19 disaster. Profit in 4Q exceeded the previous forecast due to the effect of yen depreciation and improvement in cost of sales, despite the increase in expenses.

## ■ 4Q Net Sales

- Sales increased by 242 million yen, or 102%, from the same period of the previous year (including the impact of foreign exchange: +68 million yen).
- Although customer demand was recovering and inquiries for the Company's products were steady, the impact of global logistics disruptions and delays in new product launches and supply delays resulted in a non-achievement on an ex-forex basis.
- Sales to SG market were 112% y/y due to recovery in demand for printing, and forecast was not achieved.
- Sales to IP market were 105% y/y, up from the forecast due to economic recovery.
- Sales to TA market were 96% y/y, in line with the recovery trend in demand, and forecast was not achieved.
- By area, North America is above forecast, while other areas are slightly below forecast.

## ■ 4Q Operating Income

- Operating income decreased 74% y/y to 117 million yen (including exchange rate impact of +23 million yen), up 290 million yen from the previous forecast (including exchange rate impact of +236 million yen)
- Despite higher-than-expected freight costs and new product launch costs, operating income increased due to the weaker yen and the effect of cost of sales reductions from structural reforms implemented in the first half.

# Factors Effecting Operating Profit (FY2019 vs FY2020)

(Millions of yen)

## Impact by Currency

USD / JPY 108.75	→ JPY 106.06	-132
EUR / JPY 120.83	→ JPY 123.70	+177
CNY / JPY 15.60	→ JPY 15.67	-8
BRL / JPY 26.53	→ JPY 19.63	-261
TRY / JPY 18.58	→ JPY 14.51	-150
Other *1		-14
<b>Total</b>		<b>-388</b>

\*1 IDR, THB, etc.

## FX Impact on net sales, cost of sales and operating profit

Net sales (713) - Cost of sales (126) - S.G.&A. expenses (199) = Operating profit (388)

## Main Factors

Promotion Expenses	-694
Salaries & Wages	-625
Transportation Expenses	-576
R&D Cost	-519
Transportation Cost	-220
Other	-497
<b>Total</b>	<b>-3,131</b>

1. FX Impact

-388

2. Impact of Changes  
in Net Sales

-2,623

3. Impact of Change in  
Cost of Sales ratio

Cost of Sales Ratio

57.1% → 61.2%  
+4.1pt

-1,982

4. Change in S.G.&A.  
Expenses

S.G.&A. Expenses Ratio

40.4% → 39.1%  
-1.3pt

3,131

-509

## Factors behind the deterioration of the cost of sales ratio [Reference]

Temporary expenses included in cost of sales in the first half (including exchange)

Inventory reduction cost (disposal, etc.) -1,020

Cost deterioration due to suspension of operation - 381

**Total -1,401**

FY2019  
Operating Profit

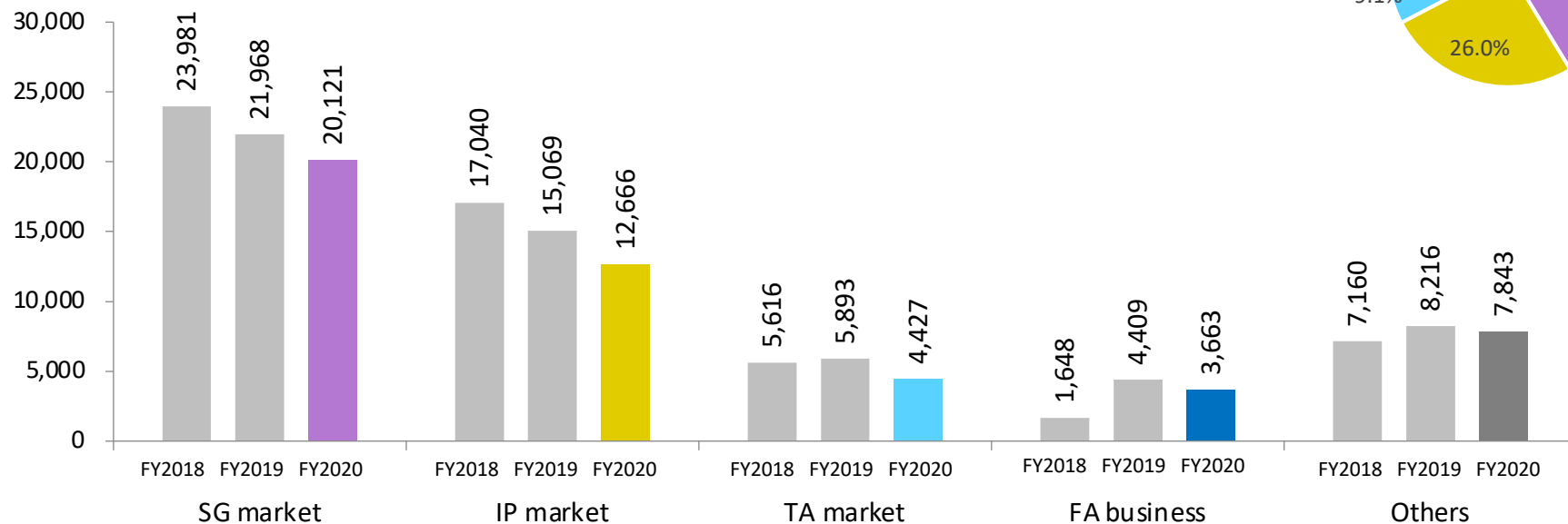
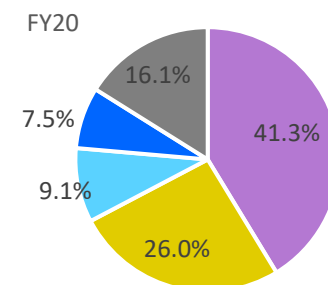
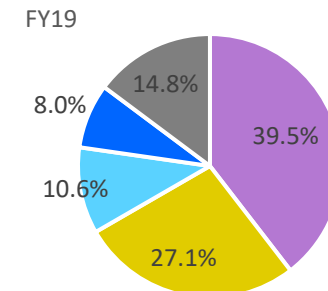
Operating Profit -1,862

FY2020  
Operating Profit

# Sales by Market Segment

(Millions of yen)	FY2019		FY2020				
	4Q Actual	Fiscalyear Actual	4Q Actual	Change from FY2019	Fiscalyear Actual	Change from FY2019	Change from FY2019 *Excluding the impact of exchange rate
殪 SG market	5,192	21,968	5,818	12.1%	20,121	-8.4%	-6.7%
殪 IP market	3,643	15,069	3,825	5.0%	12,666	-15.9%	-15.2%
殪 TA market	1,544	5,893	1,477	-4.3%	4,427	-24.9%	-22.8%
殪 FA business	1,494	4,409	1,021	-31.6%	3,663	-16.9%	-13.3%
殪 Others	2,179	8,216	2,153	-1.2%	7,843	-4.5%	-
Total	14,053	55,557	14,296	1.7%	48,722	-12.3%	-11.0%

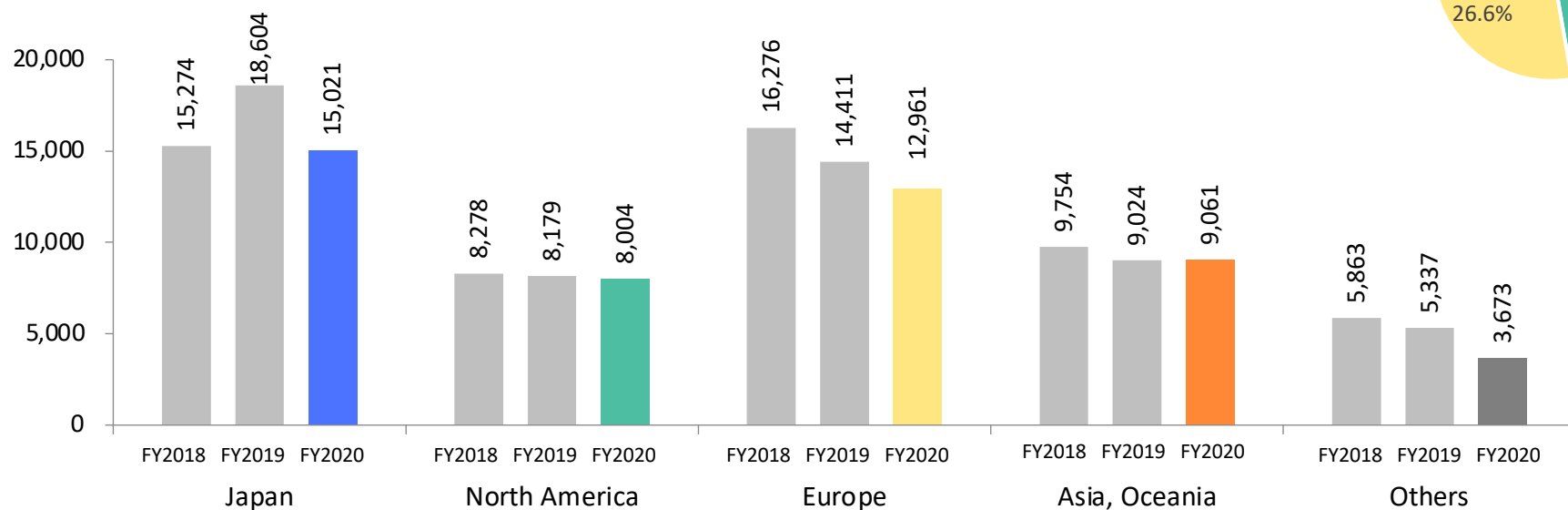
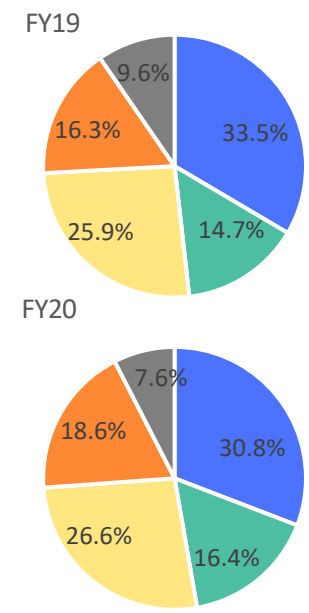
Composition ratio



# Sales by Area

(Millions of yen)	FY2019		FY2020				
	4Q Actual	Fiscal year Actual	4Q Actual	Change from FY2019	Fiscal year Actual	Change from FY2019	Change from FY2019 *Excluding the impact of exchange rate
Japan	5,391	18,604	4,177	-22.5%	15,021	-19.3%	—
North America	1,803	8,179	2,156	19.6%	8,004	-2.1%	0.3%
Local currency:\$	16.5M	75.2M	20.2M	22.7%	75.4M	-	—
Europe	3,440	14,411	3,842	11.7%	12,961	-10.1%	-12.1%
Local currency:€	28.6M	119.2M	30.4M	6.4%	104.7M	-	—
Asia,Oceania	2,064	9,024	2,893	40.1%	9,061	0.4%	—
Others	1,353	5,337	1,226	-9.4%	3,673	-31.2%	—
合計	14,053	55,557	14,296	1.7%	48,722	-12.3%	-11.0%

Composition ratio



# Balance Sheet

(Millions of yen)	31-Mar-20	31-Mar-21	Change	
<b>Assets</b>				
Cash and deposits	11,134	10,839	-294	-2.6%
Notes and accounts receivable - trade * <sup>1</sup>	10,200	8,363	-1,836	-18.0%
Inventories	18,040	17,919	-120	-0.7%
Other	1,727	2,040	312	18.1%
<b>Total current assets</b>	<b>41,103</b>	<b>39,163</b>	<b>-1,940</b>	<b>-4.7%</b>
Property, plant and equipment	10,157	9,288	-869	-8.6%
Intangible assets	1,240	491	-749	-60.4%
Investments and other assets	1,720	1,895	175	10.2%
<b>Total non-current assets</b>	<b>13,118</b>	<b>11,675</b>	<b>-1,442</b>	<b>-11.0%</b>
<b>Total assets</b>	<b>54,221</b>	<b>50,838</b>	<b>-3,383</b>	<b>-6.2%</b>
<b>Liabilities and Net assets</b>				
Notes and accounts payable - trade * <sup>1</sup>	7,271	9,772	2,500	34.4%
Short-term borrowings * <sup>2</sup>	15,977	8,119	-7,857	-49.2%
Other	5,897	7,077	1,180	20.0%
<b>Total current liabilities</b>	<b>29,146</b>	<b>24,969</b>	<b>-4,177</b>	<b>-14.3%</b>
Long-term borrowings	8,066	8,913	847	10.5%
Other	976	742	-233	-24.0%
<b>Total non-current liabilities</b>	<b>9,042</b>	<b>9,656</b>	<b>613</b>	<b>6.8%</b>
<b>Total liabilities</b>	<b>38,188</b>	<b>34,625</b>	<b>-3,563</b>	<b>-9.3%</b>
<b>Total net assets</b>	<b>16,033</b>	<b>16,213</b>	<b>180</b>	<b>1.1%</b>
<b>Total liabilities and net assets</b>	<b>54,221</b>	<b>50,838</b>	<b>-3,383</b>	<b>-6.2%</b>

\*<sup>1</sup> Including electronically recorded monetary claims/obligations – operating

\*<sup>2</sup> Including current portion of long-term borrowings

## ❖ Assets -3,383

- **Current assets: -1,940**
  - Decrease Notes and accounts receivable - trade
- **Property, plant and equipment: -869**
  - Tools, furniture & fixtures
- **Intangible assets: -749**
  - Impairment of goodwill (Foreign subsidiary)

## ❖ Liabilities -3,563

- **Current liabilities: -4,177**
  - Notes and accounts payable – trade: +2,500
  - Short-term borrowings: -7,857
- **Non-current liabilities: +613**
  - Long-term borrowings: +847

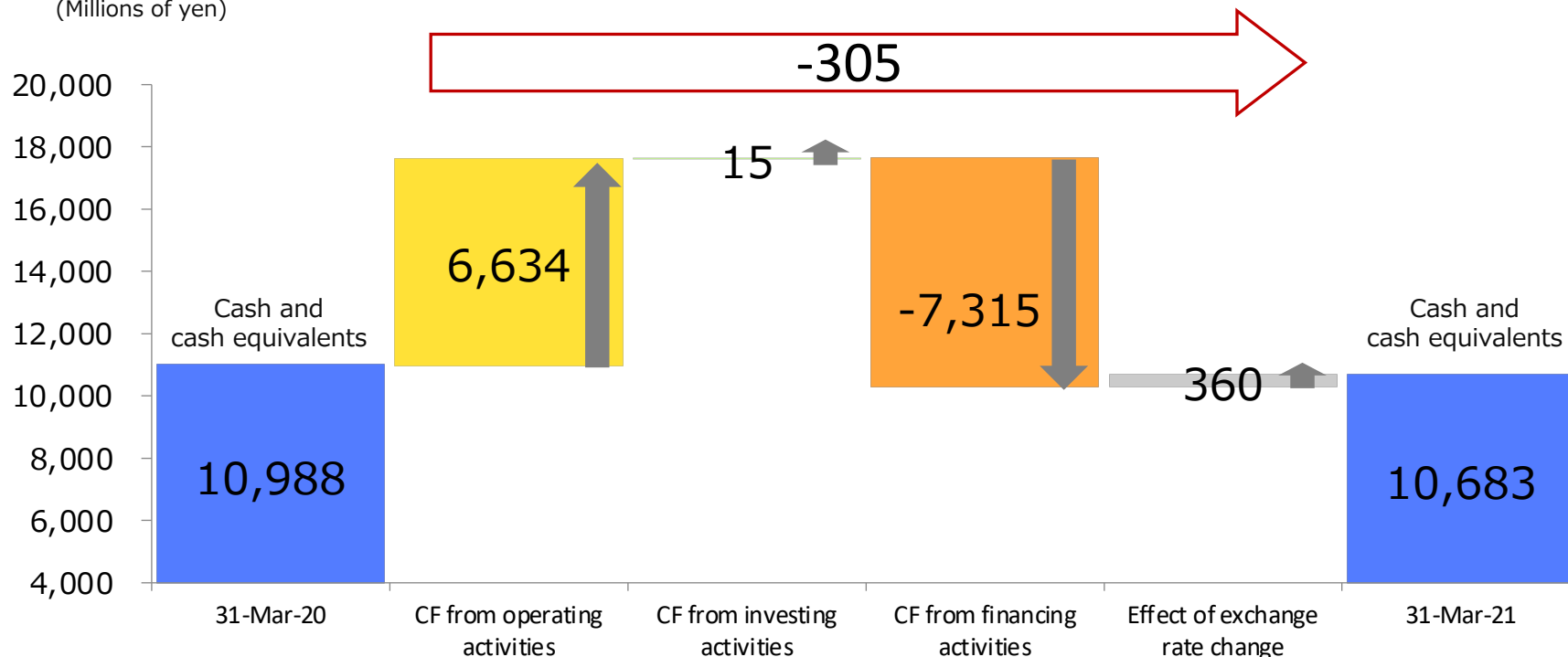
## ❖ Net assets +180

- Retained earnings: -301
- Foreign currency translation adjustment: +533



# Cash Flows

(Millions of yen)



## Cash flows from operating activities

EBITDA * <sup>1</sup>	1,552
Increasing working capital	4,450
Tax, Interest payment, etc.	631
<b>Total</b>	<b>6,634</b>

## Cash flows from investing activities

Purchase of fixed assets	-452
Proceeds from transfer of business	334
Other	134
<b>Total</b>	<b>15</b>

## Cash flows from financing activities

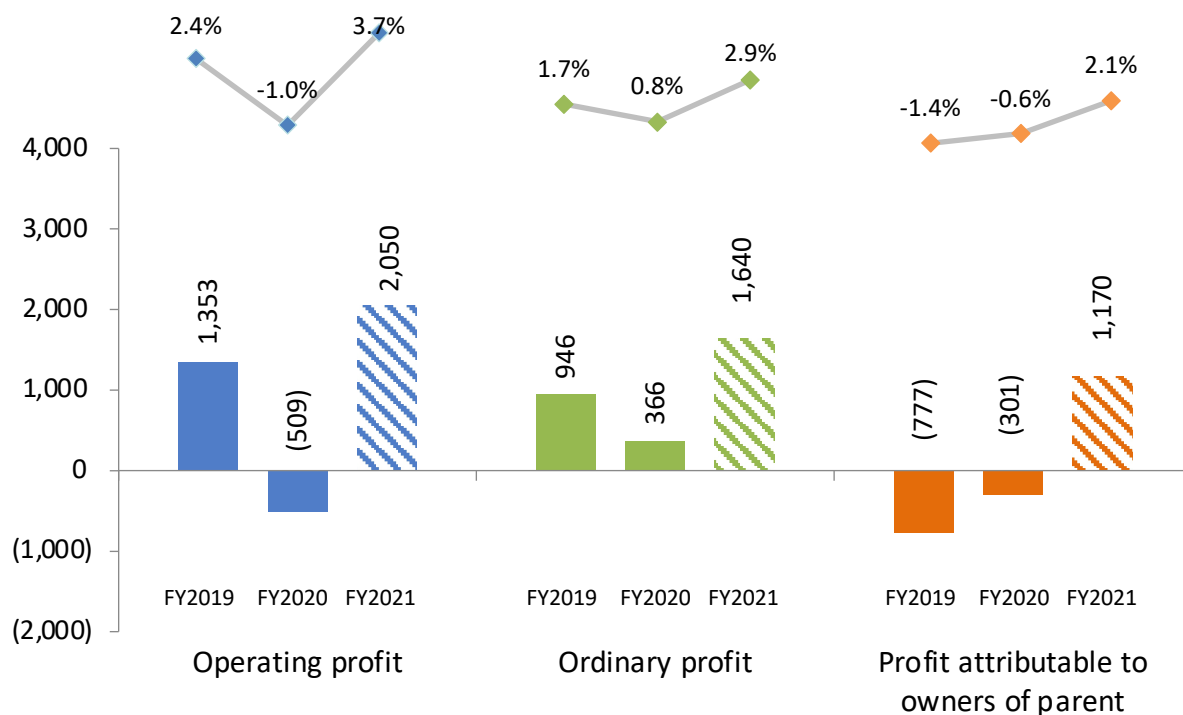
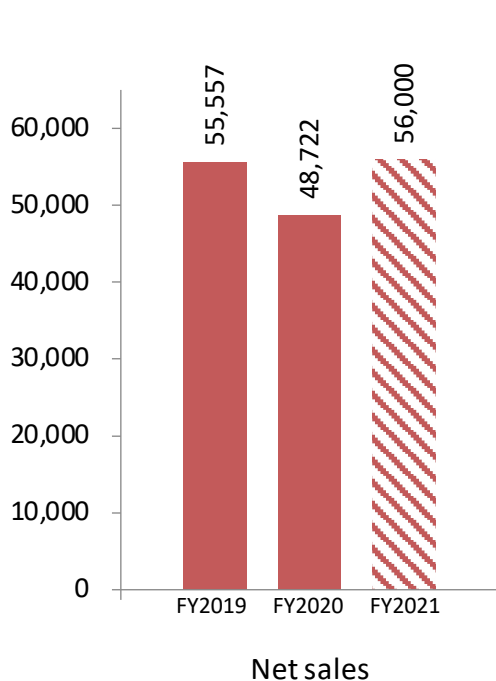
Short-term/long-term borrowings	-7,178
Repayment of lease debt	-135
Other	-1
<b>Total</b>	<b>-7,315</b>

\*1 Earnings Before Interest, Taxes, Depreciation and Amortization

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- FY2021 Management Policy

# Forecast for FY2021 - Consolidated Financial Highlights -

	(Millions of yen)	FY2020		FY2021					Change from FY2020 *Excluding the impact of exchange rate	
		Fiscal year	Sales ratio	First half	Second half	Fiscal year	Change from FY2020	Sales ratio		
Net sales		48,722	100.0%	26,600	29,400	56,000	7,277	14.9%	100.0%	-14.8%
Operating profit		-509	-1.0%	640	1,410	2,050	2,559	-	3.7%	-
Ordinary profit		366	0.8%	430	1,210	1,640	1,273	347.6%	2.9%	-
Profit attributable to owners of parent		-301	-0.6%	310	860	1,170	1,471	-	2.1%	-
Exchange rate (yen)	USD	106.06	-	-	-	105.00	-1.06	-1.0%	-	-
	EUR	123.70	-	-	-	125.00	1.30	1.1%	-	-



# Key Points of Full-Year Earnings Forecast

Although the outlook remains uncertain due to the impact of the COVID-19 disaster, the Company assumes that the global economy will continue to recover gradually in general with the progress of vaccination. Based on the new medium- to long-term growth strategy "Mimaki V10" we will not only pursue sales growth but also build a corporate foundation that will continuously generate high profits and achieve a V-shaped recovery in business performance.

## ■ Net sales

- Sales are expected to increase by 115% year-on-year to 7,277 million yen (including the impact of exchange rate +67 million yen).
- In addition to the SG and IP markets, where demand is recovering steadily due to the introduction of new products in line with the Mimaki V10 initiative, we expect sales to increase in the TA market, where sales declined significantly in the previous fiscal year.
- By area, sales in Europe, Asia/Oceania, and Latin America are expected to recover significantly, and sales in North America, where sales were strong in the previous fiscal year, and Japan, where the recovery has been moderate in general, are also expected to increase.

## ■ Operating income

- Forecast increase of 2,559 million yen from the previous year (including foreign exchange impact of -126 million yen)
- We expect a return to profitability based on a recovery in net sales and the assumption that the cost of sales ratio will remain at the same level as in the second half of the previous year.
- In addition to the impact of soaring ocean freight rates, we anticipate an increase in sales activities and new product development costs, but we expect to limit the increase in the S.G.&A. ratio.

## ■ Ordinary income and net income

Income from subsidies in various countries related to planned holidays, which were recorded as non-operating income in the previous fiscal year, and restructuring-related expenses, which were recorded as extraordinary losses in the previous fiscal year, are not expected in the current fiscal year.

# Factors Effecting Operating Profit (FY2020 Actual vs FY2021 Forecast)

(Millions of yen)

## Impact by Currency

USD / JPY 106.06	→ JPY 105.00	-62
EUR / JPY 123.70	→ JPY 125.00	+130
CNY / JPY 15.67	→ JPY 16.50	-67
BRL / JPY 19.63	→ JPY 19.00	-42
THB / JPY 3.42	→ JPY 3.30	-29
Other *1		-57
<b>Total</b>		<b>-126</b>

## FX Sensitivity (impact by ¥1 change)

	Net sales	Operating profit
USD	116	58
EUR	134	92

\*1 IDR, TRY, etc.

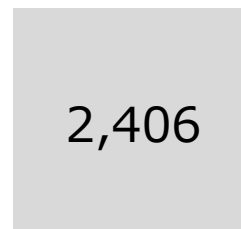
## FX Impact on net sales, cost of sales and operating profit

Net sales 67 - Cost of sales 161 - S.G.&A. expenses 33 = Operating profit (126)

1. FX Impact
2. Impact of Changes in Net Sales
3. Impact of Change in Cost of Sales ratio
4. Change in S.G.&A. Expenses

### Factors for improvement in cost of sales ratio

FY2020 cost-to-sales ratio (61.8%) includes deterioration in the cost-to-sales ratio due to 1H structural reforms (1,401 million yen: 2.9%); excluding this, the FY2021 cost-to-sales ratio will improve by 1.4 point compared to the actual cost-to-sales ratio (58.9%)  
 ⇒ Improvement is expected mainly due to the effect of new product launches



### Cost of Sales Ratio

61.8% → 57.5%  
-4.3pt



### S.G.&A. Expenses Ratio

39.3% → 38.6%  
-0.7pt



-509

-126

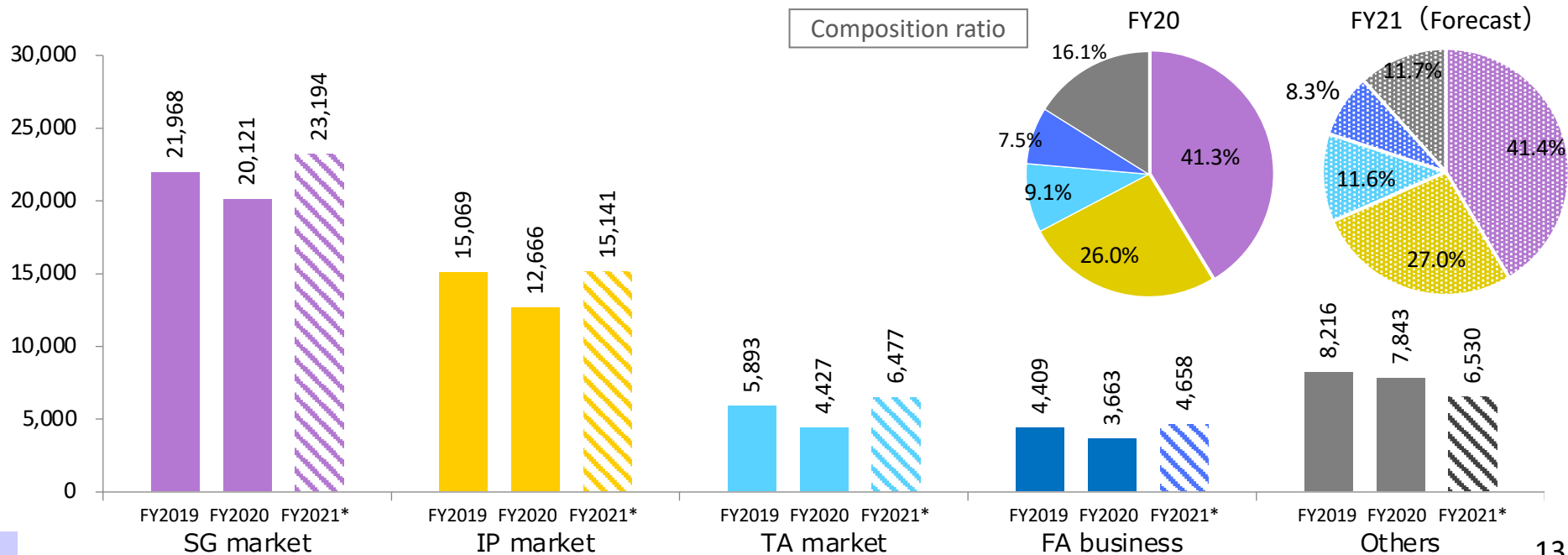
FY2020  
Operating Profit

FY2021  
Operating Profit

Operating Profit 2,559

# Sales by Market Segment (FY2021 Forecast)

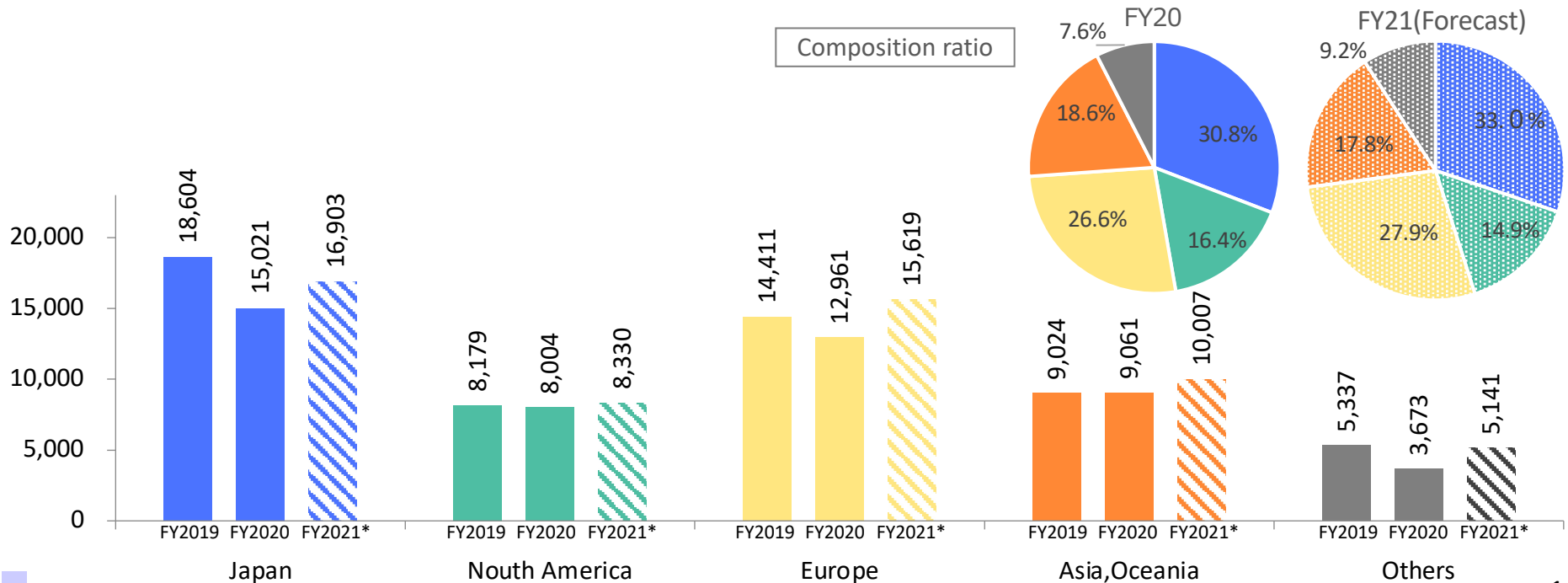
(Millions of yen)	FY2020	FY2021					
	Fiscal year	First half	Second half	Fiscal year	Change from FY2020		Change from FY2020 *Excluding the impact of exchange rate
SG market	20,121	11,443	11,751	23,194	3,072	15.3%	14.9%
IP market	12,666	6,754	8,387	15,141	2,474	19.5%	19.9%
TA market	4,427	3,041	3,436	6,477	2,049	46.3%	45.0%
FA business	3,663	2,228	2,430	4,658	994	27.2%	25.5%
Others	7,843	3,134	3,396	6,530	-1,313	-16.8%	-
<b>Total</b>	<b>48,722</b>	<b>26,600</b>	<b>29,400</b>	<b>56,000</b>	<b>7,277</b>	<b>14.9%</b>	<b>14.8%</b>



(\* FY2021 Forecast)

# Sales by Area (FY2021 Forecast)

(Millions of yen)	FY2020	FY2021					Change from FY2020 *Excluding the impact of exchange rate
	Fiscal year	First half	Second half	Fiscal year	Change from FY2020		
Japan	15,021	8,028	8,875	16,903	1,881	12.5%	—
North America	8,004	4,001	4,329	8,330	325	4.1%	5.1%
Local currency:\$	75.4M	38.1M	41.2M	79.3M	3.8M	-	—
Europe	12,961	7,364	8,255	15,619	2,657	20.5%	19.2%
Local currency:€	104.7M	58.9M	66.0M	124.9M	20.1M	-	—
Asia,Oceania	9,061	4,671	5,336	10,007	945	10.4%	—
Others	3,673	2,536	2,605	5,141	1,467	40.0%	—
合計	48,722	26,600	29,400	56,000	7,277	14.9%	14.8%

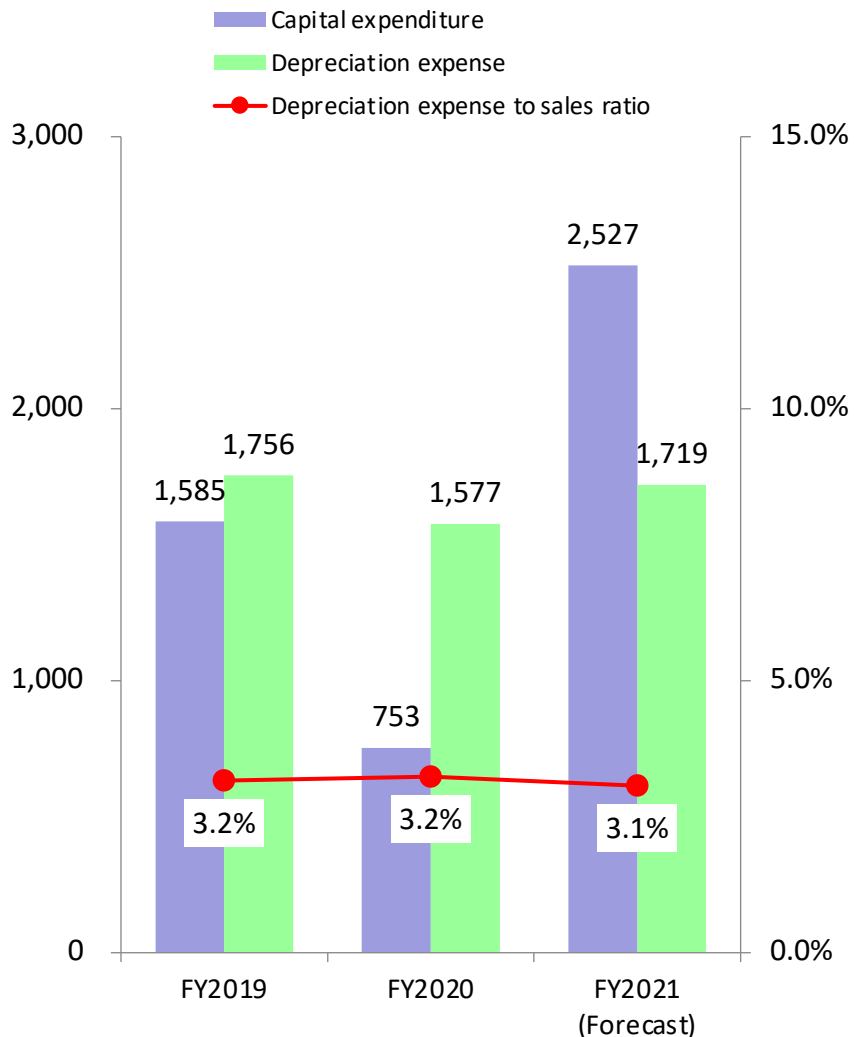


(\* FY2021 Forecast)

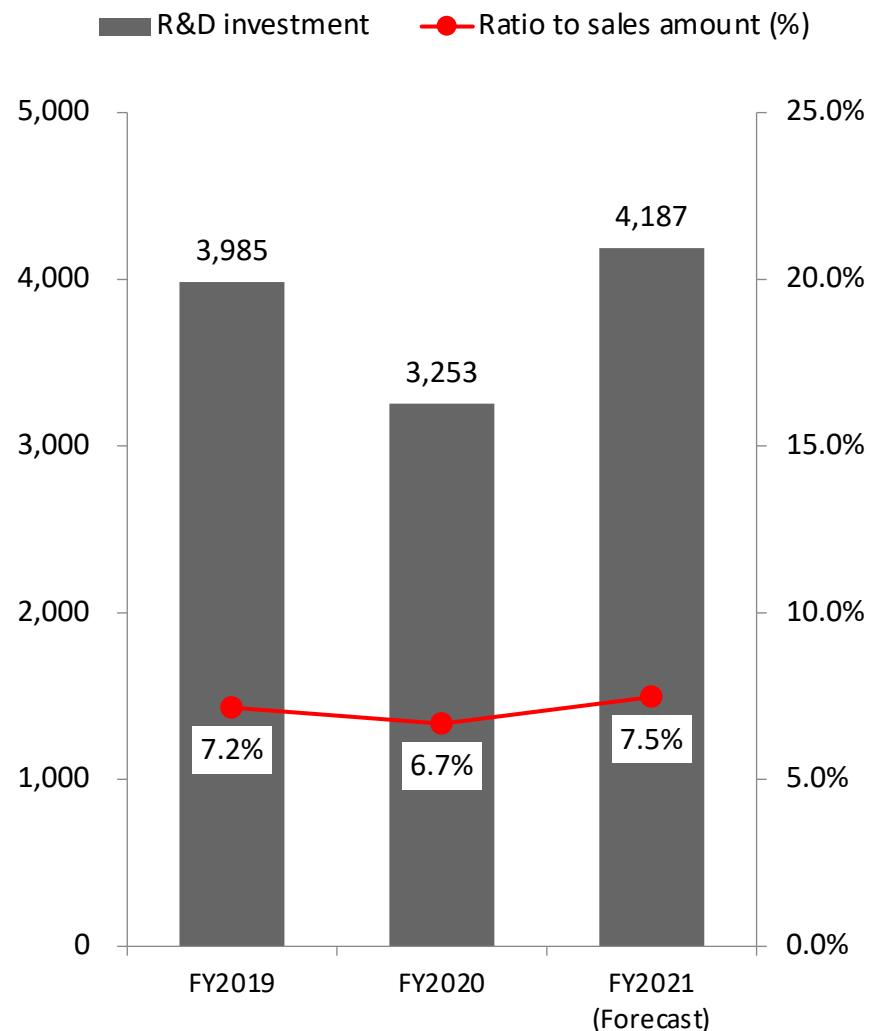
# Capital Expenditure, Depreciation and R&D Investment



(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

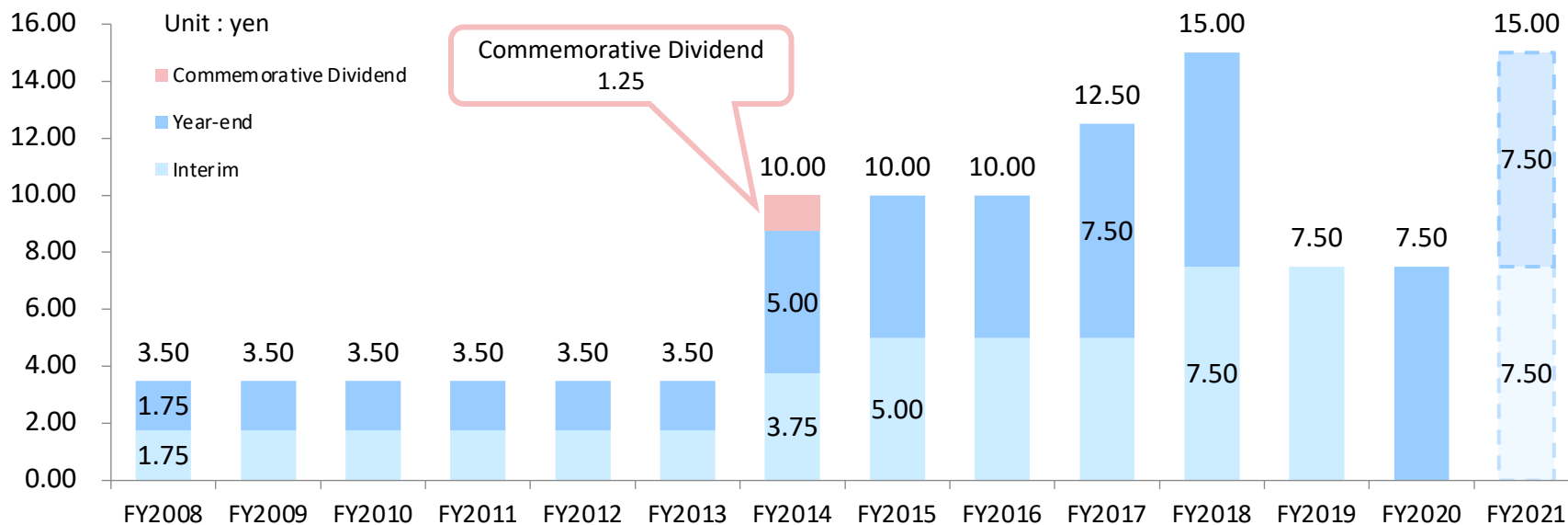
MIMAKI ENGINEERING treats shareholder returns as a key management tenet. As such, it is the Company's basic policy to stably and continuously pay out dividends commensurate with growth in business performance.

### ■ Year-end dividend for the fiscal year ending March 31, 2021: Resumed at 7.5 yen

Although we did not pay a dividend for the first half of the fiscal year ending March 31, 2021, we have resumed paying a year-end dividend of 7.5 yen, taking into account the return to profitability in the second half of the fiscal year, future business prospects, and our shareholder return policy.

### ■ Fiscal year ending March 31, 2022 (Forecast) Interim: 7.5 yen , Year-end: 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 FY2014 is based on listing on the First Section of the Tokyo Stock Exchange.
- We conducted a 2-for-1 stock split with an effective date of April 1, 2015. (Dividends before splitting are appealed and revised)

- Financial Results for the Fiscal Year Ending March 31, 2021
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- Targets set in the new medium- to long-term growth strategy “Mimaki V10”: We steadily implement measures to achieve operating profit margin of 10% by FY2025 and ensure a V-shaped recovery in business performance.

## Progress of Mimaki V10 priority measures

1. Market launch and sales expansion of new products based on the Mimaki V10 product strategy
  2. Business development in anticipation of rapid changes in market conditions and customer needs
  3. Building the foundations for improved profitability
- We will place the highest priority on ensuring the safety of Group employees, local communities, and stakeholders, and on preventing the spread of COVID-19 infection.

# Mimaki Group Management Policy for FY2021



## 1. Market launch and sales expansion of new products based on the Mimaki V10 product strategy

SG Market	<ul style="list-style-type: none"><li>■ Launching products and solutions that make use of UV curable inks, which Mimaki has secured a competitive advantage, and developing sales activities</li><li>■ Expanding market share in the entry-level domain with JV/UJV100-160 series.</li><li>■ Securing profits by launching new products in high value-added areas</li><li>■ Enhancing competitive advantage by Leveraging UV printer patenting technology</li></ul>
IP Market	<ul style="list-style-type: none"><li>■ In response to the growing trend toward smart factories, promoting the Digital, Micro, and Smart factory strategy to realize labor-saving and unmanned operations by automating the printing, cutting, and coating processes</li><li>■ Expanding the market share of large format flatbed UV with JFX600/550-2513</li><li>■ Enhancing competitive advantage by Leveraging UV printer patenting technology</li></ul>
TA Market	<ul style="list-style-type: none"><li>■ Providing solutions that capture changes in the market environment due to the impact of COVID-19</li><li>■ Expanding market share in the entry-level domain with the TS100-1600</li><li>■ Maintaining and expanding the position of high-speed products with Tiger 1800B MkIII</li></ul>
3D Printing Business	<ul style="list-style-type: none"><li>■ Accelerate the market growth of "3D full-color" modeling with 3DUJ-2207 and develop 3D printing as a pillar of our business</li><li>■ Providing solutions to make 3D modeling easier</li><li>■ Expansion of 3D printer sales channels</li></ul>

# Mimaki Group Management Policy for FY2021



## 2. Business development in anticipation of rapid changes in market conditions and customer needs

To develop new markets and applications through innovation in product development taking the changes in the market environment and customer needs due to the prolonged effects of COVID-19 into account

- Taking on the challenge of developing new technologies
  - ✓ Transforming previously used technologies into new ones
  - ✓ New Innovation with Print × Cut × Coat
- At least 25% of the products sold should have been developed within the last three years
  - ✓ Platform Design
- Developing 3D printing as a pillar of our business
- Environmentally friendly product development

Based on this policy, the number of new product launches will increase significantly in the second half of FY2020

Number of new products announced	FY2017		FY2018		FY2019		FY2020	
	1H	2H	1H	2H	1H	2H	1H	2H
	3	1	2	1	5	2	1	6

# Mimaki Group Management Policy for FY2021



New products to be announced in or after the second half of FY2020

JV100-160 / UJV100-160

SG

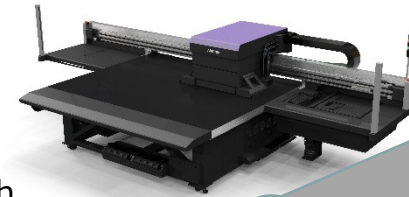
Roll to Roll entry model for sign graphics with excellent balance of operation performance, image quality, speed, and cost



JFX600/550-2513

IP

LED-UV Large Flatbed Inkjet Printer  
Dramatically Improves Productivity with High-Speed Printing



Apr.

3DUJ-2207

3D

Compact full-color 3D printer with UV curable inkjet system  
Entry-level model with high resolution and space-saving features



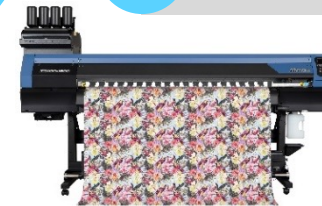
2021

Jan.

TA

TS100-1600

Entry-level model of inkjet printer for dye sublimation transfer for textile applications



Nov.

FA

DCF-605PU

Oct.

2020



Entry-level model of substrate moisture barrier coating equipment that can automate the moisture barrier coating process for printed circuit boards with a small installation cost.

\*Released by Alpha Design, a subsidiary company.

TA

Tiger-1800B MkIII

Belt transport inkjet printer for textiles with new software and improved operability



## 3. Building the foundations for improved profitability

### (1) Ink quality improvement

- No ink quality problems in the market
  - ✓ Additional and stricter shipping inspection items
  - ✓ Thorough inspection of incoming materials
- Gaining customer trust
  - ✓ Early feedback of market information
  - ✓ Establish an inspection system in an area close to the site
  - ✓ Quickly grasp quality information and visualize it in the system

### (2) Inventory control

- Production system that follows demand fluctuations
  - ✓ Transformation to a management system in which orders, deliveries, and local inventory are checked on a weekly basis and production plans are implemented
  - ✓ Shorten production lead time
- Restructuring of global inventory management
  - ✓ Setting up NRI (Non-Resident Inventory) warehouses to improve efficiency of area inventory and flexible inventory management

## 3. Building the foundations for improved profitability

### (3) Capturing the Chinese market

- Create a sales and service network in China.
  - ✓ Create a community-based channel in China, which is quickly emerging from COVID-19
  - ✓ Establishing a service network and a call centers
- Realizing cost power to beat Chinese products

### (4) CX (Corporate Transformation)

- Reduce fixed costs to make the business structure more muscular
  - ✓ Implement RPA with less input of fixed costs and labor costs
  - ✓ Work inventory and automation/AI
- Improve capital efficiency and strengthen financial position through CCC shortening

Changes in CCC performance	2020/3/31	2020/6/30	2020/9/30	2020/12/31	2021/3/31
	4.58 months	7.69 months	4.38 months	3.57 months	3.46 months

- ✓ Work to reduce delinquent receivables and inventories, and reduce raw material inventories by shortening lead times
- Maximize free cash flow
- Strengthen our group management
  - ✓ Strengthen management of subsidiaries



## 3. Building the foundations for improved profitability

### (5) Sales system transformation

- Innovating Mimaki's Sales Methods
  - ✓ Develop "virtual mini-exhibitions" via the Web to match regional characteristics → Identify projects through virtual mini-exhibitions, close them through real mini-exhibitions and individual demonstrations
  - ✓ Sales analysis using SFA / CRM
  - ✓ Enhanced functionality of inside sales
- New customer contact in COVID-19 disaster environment  
Organizing "Mimaki Global Innovation Days"
  - ✓ Communicate products, markets, sales know-how, case studies, etc. to customers, channels, and our sales staff
  - ✓ Spring (June 2-4), Fall 2 times/year Web-based
- SG-driven channel +a channel
  - ✓ EC sales channel
  - ✓ 3D sales channel
- Prompt understanding, sharing, and visualization of market trouble information
- Promote automation of the order process
  - ✓ Club Mimaki





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[Handling precautions on this document]

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