

Translation

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**Summary of Consolidated Financial Results
for the Year Ended March 31, 2018
(Based on Japanese GAAP)**

May 11, 2018

Company name: MIMAKI ENGINEERING CO., LTD.
 Stock exchange listing: Tokyo
 Stock code: 6638 URL <http://ir.mimaki.com>
 Representative: President Kazuaki Ikeda
 Executive General Manager Administration
 Inquiries: Division Hiroshi Miyake TEL 0268-80-0058
 Scheduled date of ordinary general meeting of shareholders: June 28, 2018
 Scheduled date to file Securities Report: June 29, 2018
 Scheduled date to commence dividend payments: June 29, 2018
 Preparation of supplementary material on financial results: Yes
 Holding of financial results meeting: Yes (for institutional investors and analysts)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the year ended March 31, 2018 (from April 1, 2017 to March 31, 2018)

(1) Consolidated operating results

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended March 31, 2018	52,471	8.6	2,729	33.2	2,359	35.1	1,833	46.7
Year ended March 31, 2017	48,331	1.0	2,049	(35.8)	1,746	(36.7)	1,250	(23.4)

	Earnings per share	Diluted earnings per share	Profit attributable to owners of parent/equity	Ordinary profit/total assets	Operating profit/net sales
	Yen	Yen	%	%	%
Year ended March 31, 2018	61.05	–	10.9	4.6	5.2
Year ended March 31, 2017	41.32	–	7.9	3.7	4.2

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2018	54,019	17,778	32.5	584.77
As of March 31, 2017	49,207	16,049	32.6	534.26

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended March 31, 2018	3,002	(1,493)	38	11,486
Year ended March 31, 2017	2,163	(3,248)	32	10,010

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended March 31, 2017	–	5.00	–	5.00	10.00	306	24.2	1.9
Year ended March 31, 2018	–	5.00	–	7.50	12.50	375	20.5	2.2
Year ending March 31, 2019 (Forecast)	–	7.50	–	7.50	15.00		24.4	

3. Forecast of consolidated financial results for the year ending March 31, 2019 (from April 1, 2018 to March 31, 2019)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending September 30, 2018	26,500	5.3	950	(15.1)	800	(20.3)	650	(29.4)	21.64
Full year	55,600	6.0	2,750	0.7	2,400	1.7	1,850	0.9	61.58

4. Notes

(1) Changes in significant subsidiaries during the year ended March 31, 2018

(changes in specified subsidiaries resulting in the change in scope of consolidation): No

(2) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements

Changes in accounting policies due to revisions to accounting standards and other regulations: No

Changes in accounting policies due to other reasons: No

Changes in accounting estimates: No

Restatement of prior period financial statements: No

(3) Number of issued shares (common shares)

Total number of issued shares at the end of the period (including treasury shares)

As of March 31, 2018	32,040,000 shares	As of March 31, 2017	32,040,000 shares
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Number of treasury shares at the end of the period

As of March 31, 2018	1,999,790 shares	As of March 31, 2017	1,999,790 shares
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Average number of shares during the period

Year ended March 31, 2018	30,040,210 shares	Year ended March 31, 2017	30,260,626 shares
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Consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of March 31, 2017	As of March 31, 2018
Assets		
Current assets		
Cash and deposits	10,054,884	11,529,969
Notes and accounts receivable - trade	8,493,326	9,232,964
Merchandise and finished goods	10,498,680	11,466,055
Work in process	548,187	769,911
Raw materials and supplies	3,876,383	4,101,582
Deferred tax assets	887,346	1,399,918
Other	2,066,389	2,248,935
Allowance for doubtful accounts	(234,917)	(187,833)
Total current assets	36,190,281	40,561,505
Non-current assets		
Property, plant and equipment		
Buildings and structures	7,443,364	7,724,818
Accumulated depreciation	(3,656,447)	(3,781,155)
Buildings and structures, net	3,786,916	3,943,663
Machinery, equipment and vehicles	1,066,537	1,050,493
Accumulated depreciation	(648,040)	(668,354)
Machinery, equipment and vehicles, net	418,496	382,139
Tools, furniture and fixtures	6,977,698	7,572,060
Accumulated depreciation	(5,376,113)	(5,695,859)
Tools, furniture and fixtures, net	1,601,585	1,876,201
Land	2,799,264	2,799,435
Leased assets	1,211,441	1,209,227
Accumulated depreciation	(990,862)	(1,055,084)
Leased assets, net	220,578	154,143
Construction in progress	515,446	93,168
Total property, plant and equipment	9,342,289	9,248,751
Intangible assets		
Goodwill	1,470,247	1,445,817
Other	630,761	908,607
Total intangible assets	2,101,008	2,354,424
Investments and other assets		
Investment securities	168,895	117,566
Deferred tax assets	231,338	284,457
Other	1,332,732	1,698,684
Allowance for doubtful accounts	(158,991)	(245,573)
Total investments and other assets	1,573,975	1,855,134
Total non-current assets	13,017,272	13,458,310
Total assets	49,207,554	54,019,815

(Thousands of yen)

	As of March 31, 2017	As of March 31, 2018
Liabilities		
Current liabilities		
Notes and accounts payable - trade	3,622,288	4,122,297
Electronically recorded obligations - operating	3,747,459	4,552,318
Short-term loans payable	6,917,376	7,344,770
Current portion of long-term loans payable	2,882,684	4,138,854
Lease obligations	81,262	74,670
Accounts payable - other	1,357,073	1,336,978
Income taxes payable	299,105	819,209
Deferred tax liabilities	–	24,496
Provision for bonuses	670,203	766,213
Provision for directors' bonuses	32,703	38,406
Provision for product warranties	470,168	879,007
Other	2,832,294	3,216,690
Total current liabilities	22,912,620	27,313,912
Non-current liabilities		
Long-term loans payable	9,492,384	8,237,263
Lease obligations	150,802	85,083
Deferred tax liabilities	13,835	15,219
Net defined benefit liability	450,455	457,295
Asset retirement obligations	52,870	46,610
Other	85,364	86,343
Total non-current liabilities	10,245,712	8,927,816
Total liabilities	33,158,333	36,241,728
Net assets		
Shareholders' equity		
Capital stock	4,357,456	4,357,456
Capital surplus	4,269,686	4,269,686
Retained earnings	8,746,923	10,280,353
Treasury shares	(804,308)	(804,308)
Total shareholders' equity	16,569,757	18,103,187
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	5,603	4,403
Foreign currency translation adjustment	(551,924)	(574,895)
Remeasurements of defined benefit plans	25,783	33,843
Total accumulated other comprehensive income	(520,536)	(536,647)
Share acquisition rights	–	1,725
Non-controlling interests	–	209,822
Total net assets	16,049,220	17,778,087
Total liabilities and net assets	49,207,554	54,019,815

Consolidated statements of income and consolidated statements of comprehensive income
Consolidated statements of income

(Thousands of yen)

	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018
Net sales	48,331,564	52,471,137
Cost of sales	26,789,640	27,549,961
Gross profit	21,541,924	24,921,175
Selling, general and administrative expenses	19,492,442	22,191,307
Operating profit	2,049,481	2,729,868
Non-operating income		
Interest income	57,244	49,334
Dividend income	750	700
Insurance income	20,424	9,204
Insurance return	14,862	25,217
Subsidy income	19,110	2,369
Other	33,438	55,513
Total non-operating income	145,830	142,339
Non-operating expenses		
Interest expenses	155,949	176,192
Sales discounts	111,529	92,241
Foreign exchange losses	133,718	177,432
Share of loss of entities accounted for using equity method	21,708	40,993
Other	26,381	25,805
Total non-operating expenses	449,288	512,665
Ordinary profit	1,746,023	2,359,542
Extraordinary income		
Gain on sales of non-current assets	64,780	28,012
Total extraordinary income	64,780	28,012
Extraordinary losses		
Loss on sales of non-current assets	2,453	4,209
Total extraordinary losses	2,453	4,209
Profit before income taxes	1,808,350	2,383,345
Income taxes - current	620,631	1,113,173
Income taxes - deferred	(62,642)	(542,022)
Total income taxes	557,988	571,151
Profit	1,250,361	1,812,194
Loss attributable to non-controlling interests	–	(21,638)
Profit attributable to owners of parent	1,250,361	1,833,832

Consolidated statements of comprehensive income

(Thousands of yen)

	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018
Profit	1,250,361	1,812,194
Other comprehensive income		
Valuation difference on available-for-sale securities	6,585	(1,200)
Foreign currency translation adjustment	59,880	(32,257)
Remeasurements of defined benefit plans, net of tax	5,100	8,060
Share of other comprehensive income of entities accounted for using equity method	(6,163)	14,250
Total other comprehensive income	65,402	(11,146)
Comprehensive income	1,315,764	1,801,047
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,315,764	1,817,721
Comprehensive income attributable to non-controlling interests	–	(16,673)

Consolidated statements of changes in equity

Fiscal year ended March 31, 2017

(Thousands of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	4,357,456	4,269,686	7,803,163	(201,831)	16,228,475
Changes of items during period					
Dividends of surplus			(306,602)		(306,602)
Profit attributable to owners of parent			1,250,361		1,250,361
Purchase of treasury shares				(602,477)	(602,477)
Net changes of items other than shareholders' equity					–
Total changes of items during period	–	–	943,759	(602,477)	341,282
Balance at end of current period	4,357,456	4,269,686	8,746,923	(804,308)	16,569,757

	Accumulated other comprehensive income				Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of current period	(981)	(605,640)	20,683	(585,939)	–	–	15,642,535
Changes of items during period							
Dividends of surplus							(306,602)
Profit attributable to owners of parent							1,250,361
Purchase of treasury shares							(602,477)
Net changes of items other than shareholders' equity	6,585	53,716	5,100	65,402			65,402
Total changes of items during period	6,585	53,716	5,100	65,402			406,685
Balance at end of current period	5,603	(551,924)	25,783	(520,536)	–	–	16,049,220

Fiscal year ended March 31, 2018

(Thousands of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	4,357,456	4,269,686	8,746,923	(804,308)	16,569,757
Changes of items during period					
Dividends of surplus			(300,402)		(300,402)
Profit attributable to owners of parent			1,833,832		1,833,832
Purchase of treasury shares					–
Net changes of items other than shareholders' equity					–
Total changes of items during period	–	–	1,533,430	–	1,533,430
Balance at end of current period	4,357,456	4,269,686	10,280,353	(804,308)	18,103,187

	Accumulated other comprehensive income				Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of current period	5,603	(551,924)	25,783	(520,536)	–	–	16,049,220
Changes of items during period							
Dividends of surplus							(300,402)
Profit attributable to owners of parent							1,833,832
Purchase of treasury shares							–
Net changes of items other than shareholders' equity	(1,200)	(22,971)	8,060	(16,111)	1,725	209,822	195,436
Total changes of items during period	(1,200)	(22,971)	8,060	(16,111)	1,725	209,822	1,728,866
Balance at end of current period	4,403	(574,895)	33,843	(536,647)	1,725	209,822	17,778,087

Consolidated statements of cash flows

(Thousands of yen)

	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018
Cash flows from operating activities		
Profit before income taxes	1,808,350	2,383,345
Depreciation	1,545,428	1,600,003
Amortization of goodwill	26,464	166,777
Increase (decrease) in allowance for doubtful accounts	108,983	52,152
Increase (decrease) in provision for bonuses	(31,401)	95,701
Increase (decrease) in provision for directors' bonuses	(10,975)	5,702
Increase (decrease) in provision for product warranties	48,710	409,301
Increase (decrease) in net defined benefit liability	5,131	12,355
Interest and dividend income	(57,994)	(50,034)
Insurance income	(20,424)	(9,204)
Interest expenses	155,949	176,192
Share of loss (profit) of entities accounted for using equity method	21,708	40,993
Foreign exchange losses (gains)	100,897	(92,665)
Loss (gain) on sales of fixed assets	(62,326)	(23,802)
Decrease (increase) in notes and accounts receivable - trade	(763,591)	(1,113,834)
Decrease (increase) in inventories	(656,839)	(1,594,693)
Increase (decrease) in notes and accounts payable - trade	316,700	1,279,366
Decrease (increase) in consumption taxes refund receivable	(79,113)	(120,688)
Increase (decrease) in accounts payable - other	106,512	64,641
Other, net	(101,328)	229,639
Subtotal	2,460,842	3,511,247
Interest and dividend income received	56,934	52,299
Proceeds from insurance income	20,424	9,204
Interest expenses paid	(149,801)	(177,601)
Income taxes paid	(419,068)	(495,026)
Income taxes refund	193,861	102,390
Net cash provided by (used in) operating activities	2,163,194	3,002,514
Cash flows from investing activities		
Net decrease (increase) in time deposits	16,366	–
Purchase of property, plant and equipment	(1,484,567)	(1,165,545)
Proceeds from sales of property, plant and equipment	222,456	105,777
Purchase of intangible assets	(265,451)	(407,638)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(471,878)	–
Payments for transfer of business	(651,539)	–
Payments of short-term loans receivable	(243,601)	–
Proceeds from sales of investment securities	–	47,677
Other, net	(370,455)	(73,831)
Net cash provided by (used in) investing activities	(3,248,671)	(1,493,560)

(Thousands of yen)

	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	239,826	428,208
Proceeds from long-term loans payable	3,700,000	3,000,000
Repayments of long-term loans payable	(2,885,330)	(3,007,547)
Purchase of treasury shares	(602,477)	–
Repayments of lease obligations	(113,120)	(82,587)
Cash dividends paid	(306,237)	(299,966)
Net cash provided by (used in) financing activities	32,660	38,107
Effect of exchange rate change on cash and cash equivalents	70,417	(71,377)
Net increase (decrease) in cash and cash equivalents	(982,399)	1,475,685
Cash and cash equivalents at beginning of period	10,992,884	10,010,484
Cash and cash equivalents at end of period	10,010,484	11,486,169