#### **Company Profile / Stock Information** (As of March 31, 2018)

#### Corporate Profile

Corporate Name	MIMAKI ENGINEERING CO., LTD.
Foundation	August 1975
Capital	4,357 million yen
Businesses	Development, manufacturing, and sales
	of computer devices and software
Employees	1,629 (consolidated)
	800 (parent company only)

#### Board Members (As of June 28, 2018)

Executive Chairman	Akira Ikeda
President	Kazuaki Ikeda
Executive Director	Kazuyuki Takeuchi
Director	Hiroshi Miyake
Director	Yasuhiro Haba
Director	Koji Shimizu
Director	Nariaki Makino
Counselor for Director	Noriyuki Tanaka
Director (Outside)	Makoto Tanaka
Director (Outside)	Hisamitsu Arai
Auditor (Full-time, Outside)	Yoh Zenno
Auditor (Outside)	Tomokazu Iwashita
Auditor (Outside)	Yukio Tsuchiya

#### Accounting Auditor

Deloitte Touche Tohmatsu LLC

#### Shareholder Information

Business year	From April 1 to March 31		
General meeting of shareholders	Within three months from the end of each business year		
Record date	Annual meeting of shareholders March 31 Year-end dividend March 31 Interim dividend September 30 Or a date announced beforehand if necessary.		
Share unit	100 shares		
Shareholder registry administrator	Mitsubishi UFJ Trust and Banking Corporation 4-5, Marunouchi 1-chome, Chiyoda-ku, Tokyo 100-8212, Japan		
Contact details for the above	Mitsubishi UFJ Trust and Banking Corporation Transfer Agent Department 1-1, Nikkocho, Fuchu-shi, Tokyo, Japan Tel: 0120-232-711 (toll free in Japan)		

#### Stock Information

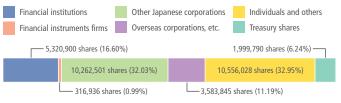
Total Number of Authorized Shares
Total Number of Issued Shares
Number of Shareholders

128,160,000 shares 32,040,000 shares 5,266

#### **Major Shareholders**

Shareholder name	Number of shares held (shares)	Investment ratio (%)
Ikeda Holdings, Inc.	4,497,200	14.97
Tanaka Kikaku Ltd.	2,330,000	7.76
Japan Trustee Services Bank, Ltd.	2,203,600	7.34
Noriyuki Tanaka	2,025,400	6.74
Tokyo Small and Medium Business Investment & Consultation Co., Ltd	l. 1,524,000	5.07
MIMAKI ENGINEERING Employee Stock Ownership	1,496,600	4.98
State Street Bank and Trust Company 505019	1,359,000	4.52
The Master Trust Bank of Japan, Ltd.	863,400	2.87
The Hachijuni Bank, Ltd.	840,000	2.80
Adeki Partners Co., Ltd.	833,200	2.77

#### **Ownership Breakdown**



Mail address	P.O. Box No. 29, Shin-Tokyo Post Office 137-8081, Japan Mitsubishi UFJ Trust and Banking Corporation Transfer Agent Department
Method of public notice	Public notices are posted on our website (https://ir.mimaki. com/, in Japanese). However, if an electronic public notice cannot be given due to unavoidable circumstances, it will be published in the <i>Nihon Keizai Shimbun</i> .
Listings	Tokyo Stock Exchange First Section
Securities code	6638

#### Notes:

 For inquiries on address changes or other procedures pertaining to shares, please contact the account management institution (securities firm, etc.) with which your account is held. Please note that the shareholder registry administrator (Mitsubishi UFJ Trust and Banking Corporation) cannot handle these procedures.

2. Unreceived dividends are paid at the head office of Mitsubishi UFJ Trust and Banking Corporation.

# BUSINESS REPORT 2018.3

April 1, 2017–March 31, 2018



FESPA Global Print Expo 2018 Berlin, Germany May 15–18, 2018



MIMAKI ENGINEERING CO., LTD.

2

UCJV300-75

MALMOKI.

#### **MIMAKI News Flash**

Acquisition of operations from Australia-based Rimslow and commenced sales for the Rimslow series



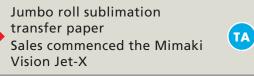
Total solution as a one-stop service by MIMAKI				
Pre-treatment unit	Printer	Steamer	Washing unit	
		TR300-18505		
TR300-1850C	Direct textile printer	TR600-18505	TR600-1850 W	
			To be launched in October 2018	

Sales commenced the Tiger-1800B MkII



As the successor model to the Tiger-1800B, the high-speed range model Tiger-1800B MkII incorporates a Mimaki controller to achieve high resolution and additional print modes. By adding direct-to-textile and sublimation transfer models to the lineup, we provide product systems optimized for our custmer's operation and environment.





We released a jumbo roll sublimation transfer paper with two widths, which can be used by the Tiger-1800B and the Tiger-1800B MkII.\* From sportswear, banners and flags, which use a large amount of ink, to fashion items and home textiles, for which little ink is required, the Mimaki Vision Jet-X jumbo roll enables the use of sublimation transfer printing on a wide variety of fabrics.

\* The jumbo roll unit (optional item) is necessary for using the Mimaki Vision Jet-X.

Launched in May 2018

(TA

## Internet of Things (IoT) for Textile & Apparel (TA)

A digital textile printing system utilizing IoT

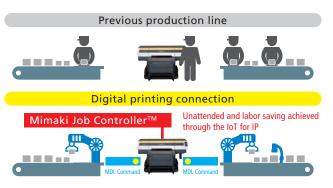
Printer

Pre-treatment unit

By connecting Mimaki textile printers and the Rimslow series of preand post-processing equipment for digital textile printing via the network, and building a production database, Mimaki Job Controller™ TA software achieves three functions: production condition management, production condition reading by barcode scanning, and visualization of the production database.

Mimaki Job Controller<sup>™</sup> TA

(TA



#### Print and cut inkjet printer using eco-friendly UV-curable ink Sales for the UCJV300-75/UCJV300-107/UCJV300-130

The UCJV300-75, UCJV300-107, and UCJV300-130 have joined the product lineup for the UCJV series. Because they can be used for materials on which it is difficult to print with solvent inks, these models are ideal for sales promotion applications, such as POPs, banners, and stickers.

Steamer

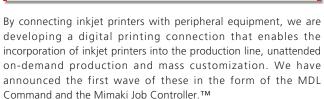
Washing unit

The UCJV series provides a solution that can perform a wide range of work quickly and efficiently, as well as eco-friendly printing with UV-curable inks and properietary print and cut software.



1 **М**ітак

#### **IoT for Industrial Products (IP)** The first wave of the "digital printing connection!"





Solvent ink-using wide-format inkjet printer Sales commenced for the JV300-190

The JV300-190 has joined the JV300 series lineup. We have expanded the width to 1,950 mm, aiming at such printing applications as tent flysheets and curing sheets used in the construction field. By using two newly developed winders per machine, the JV300-190 enables even thick materials through this unit.



Launched in December 2017

SG



#### **W** To Our Shareholders

Before presenting the business report for our 43rd term (April 1, 2017 to March 31, 2018), I would like to address a few words to our shareholders, and particularly to express my sincere appreciation for your continued support.



Kazuaki Ikeda President, MIMAKI ENGINEERING CO., LTD.

#### Please explain the business performance during the fiscal year ended March 31, 2018.

During the fiscal year ended March 31, 2018, we succeeded in growing both sales and profit, with net sales reaching 52,471 million ven (up 8.6% year on year), and operating profit rising 33.2% year on year to 2,729 million yen.

There were two encouraging points. The first was that, looking at sales by market, new products (the UCJV series) caused sales in the Sign Graphics (SG) market to expand significantly. This, taken together with the results of the Industrial Products (IP) market and the Textile & Apparel (TA) market, showed that all three markets managed to post net sales exceeding the level of the previous fiscal year. The second encouraging point was that, in terms of sales by region, there was steady expansion overall. Even in the North, Central and South America where our market share suffered in comparison with others, our efforts to reorganize the sales channel progressed, and on a local currency basis, excluding the effect of yen depreciation, net sales increased favorably. In addition, in the Japanese, Asian and Oceania markets, although the situation in China was difficult, we succeeded in compensating for this in other regions, and net sales grew year on year. Markets in Europe, the Middle East and Africa continued to expand smoothly.

There was one serious development: the rise in expenses related to the occurrence of guality problems. Defects occurred in some of the ink shipped for use in the SG and TA markets, and for the entire fiscal year we worked to establish the cause, reassure customers and take measures to prevent a reoccurrence. We see the making of a mechanism that allows us to prevent quality problems before they occur to be one of the highest priorities of management, and we will continue to devote ourselves to this issue.

#### What is the outlook for the fiscal year ending March 31, 2019?

Our forecast for consolidated business performance for the fiscal year ending March 31, 2019 is based on the assumption of an appreciating yen (US\$1/ 110.86 yen → 105 yen and €1/129.7 yen → 128 yen). However, we still expect both sales and profits to grow again in a continuation of the trend for the fiscal year ended March 31, 2018, with net sales rising 6.0% year on year to 55,600 million yen, and operating profit rising 0.7% year on year to 2,750 million yen.

We expect the SG, IP, and TA markets to grow this fiscal year. In the SG

market, the newly launched UCJV series has been well received, and we foresee this becoming a new mainstay series that will contribute to revenue over the long term. In the IP market, in addition to responding to need to save labor, we will work on expanding the market to the counter business. In the TA market, we will expand sales through system proposals based on the combination of product power, derived from a product lineup that ranges from entry-level and medium-speed models targeted mainly at the place of consumption to highspeed models aimed at the place of production, as well as the expertise gained from the acquisition in November 2017 of pre- and post-processing equipment (pre-treatment units, steamers, and washers).

The increase in operating profit has been small compared with the increase in net sales, but this is because we plan to invest in a framework that will help lead us to sustainable growth. Investment in R&D is scheduled to remain at 7-8% of consolidated net sales. With regard to sales, we will implement a thoroughgoing program of sales promotion activities (mini exhibitions, etc.) at a global level. We will also implement initiatives to update and bolster production facilities.

#### $\bigcirc$ What is your message to shareholders?

Under the management slogan of "Aiming to Be a Truly Global Company," the Group will steadily expand sales and profits to achieve the goal of annual revenues of 100 billion yen over the medium to long term. At the current stage, our perception is that the making of a mechanism to enable sustainable growth and a policy on returns to shareholders are the most important issues facing management.

We forecast an annual dividend of 15 yen (an interim dividend of 7.5 yen and a year-end dividend of 7.5 yen) for the fiscal year ending March 31, 2019. which represents an increase over the dividend of 12.5 yen (an interim dividend of 5 yen and a year-end dividend of 7.5 yen) for the fiscal year ended March 31, 2018. Aiming at a consolidated payout ratio of at least 20% and a dividend yield of at least 1%, we will consider further dividend increases after taking into account the stage of profit development. In addition, we will continually examine, from a variety of perspectives, other approaches to shareholder returns.

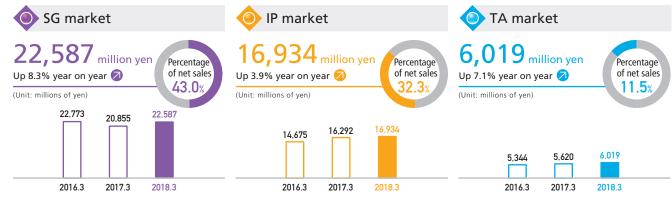
I would be most grateful for the continued guidance and encouragement of shareholders.

## **Business Performance: Key Points**

Consolidated performance highlights for the fiscal year ended March 2018

Net sales		Оре	erating	profit	0	rdin
<b>52,471</b> millior Up 8.6% year on year <b>②</b>	n yen	<b>2,72</b> Up 33.2% ye		-	<b>2,35</b> Up 35.1%	
(Unit: millions of yen)		(Unit: millions o	of yen)		(Unit: millior	is of ye
47.840 48.331 <sup>52.471</sup> 2016.3 2017.3 2018.3	2019.3 (forecast)		2,049	729 2.750 18.3 2019.3 (forecast)	2.756	1,74
Forecast for Consolidated Business		sales	Opera	ting profit	Ordina	ary pr
Performance for the Fiscal Year Ending March 2019		O million yen ear on year ↑)		O million yen year on year ↑)	<b>2,400</b> (Up 1.7% y	

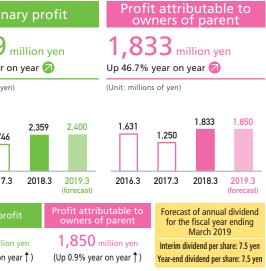
Performance highlights by market for the fiscal year ended March 2018



Net sales for the SG market, such as advertisements and signboards, totaled 22,587 million ven, up 8.3% year on year. This was the result of growth in sales of consumables-related items such as ink and media. We are introducing products that are friendly to the environment and using them to differentiate ourselves from the competition.

Net sales for the IP market, which includes novelty items, industrial products, and others, rose 3.9% year on year to 16,934 million yen. Sales volumes of small flatbed products are growing steadily.





Net sales for the TA market, encompassing products such as clothing, fabrics, and others, came to 6.019 million yen (up 7.1% year on year). Quality problems occurred in certain products, but growth in consumables, such as ink, drove an expansion in net sales.

#### Network and Market Conditions by Region for the Fiscal Year Ended March 2018



#### Product Development History



November JFX200-2531

UV LED Large Flatbed Inkjet Printe



December Tx300P-1800B Direct Textile Inkiet Printer



2017 November UCJV300-160 UCJV150-160 New Technology UV LED Inkiet Printer Using





November 3DUJ-553 The world's first UV LED 3D printer capable of full-color modeling using more than 10 million colors



December JV300-190 Solvent Inkiet Printer



July ArtiosCAD DS Packing Design CAD Software

#### 2018

July UCJV300-75 UCJV300-107 UCJV300-130

Print & Cut Inkiet Printer UV-curable ink



#### July

Tiger-1800B MkI

Inkiet Printer with Adhesive Belt Carrier System Direct Textile Model/ Dve Sublimation Model



October **Rimslow Series** Pre-treatment Unit

#### TR300-1850C



Steamer TR300-1850S TR600-1850S



TR600-1850W





### **\*\*\*** The history of MIMAKI as one of continuous innovation

Increase in operational efficiency after introducing the UCJV300-160. We can now deal with a wider range of business.

Nextwave Web owner, Mr. Isa Suqi





commercial offset and digital printing. They provide high-quality branding tools, using the latest technology, to a wide range of customers in such areas as medical, retail and nonprofit organizations as well as to small and

Nextwave Web is a U.S.-based company that was founded in 2003 to address the market for

medium-sized companies.

#### Background to deployment

We found that customer needs were shifting from high-volume commercial printing to such applications as POPs, posters, banners and signage, which were not only low volume but also required printing on a variety of media. The solvent-based printer we owned at the time could only print on a limited range of materials, and the result took time to dry. This left us feeling that we had reached the limits of what it could do. At this point, we began to consider introducing a wide-format printer using UV-curable ink.

#### Reasons for choosing the MIMAKI product

In addition to a recommendation from an engineer that we trusted, the product had better cost-performance characteristics than those of competing suppliers, was able to use white ink, and was capable of high-value-added digital printing. This is why we selected the Mimaki UCJV300-160. As it not only prints but also performs cutting, it was a product that actually exceeded our expectations.

#### Result of the deployment

The UCJV300-160 prints banners and stickers. It dries quickly, and because the end of printing also marks the completion of the work, it has led to higher operational efficiency. In addition, because it is not limited in terms of the materials on which it will print, the range of the work we can handle has broadened.

We are grateful to Mimaki's staff for providing support and training when needed. We look forward to seeing how Mimaki develops going forward.

As a market leader in digital on-demand production, we will continue to create new markets and customers by identifying diverse needs promptly and accurately and by providing products that target these needs.

