

For the Fiscal Year Ended March 31, 2020

Annual Select[®] 2020

MIMAKI ENGINEERING CO., LTD.

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(Securities Code: 6638)

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Corporate Profile



MIMAKI ENGINEERING CO., LTD. (“the Company”) has leveraged our proprietary technologies to create and open up the market for industrial inkjet printers since we released an inkjet printer for outdoor signage in 1996. Going forward, we will aim to become a market leader in digital on-demand production by developing market-oriented products leveraging our proprietary raster technology (for inkjet, etc.) and vector technology (for cutting plotters, etc.).

Accordingly, our business philosophy encompasses the following.

- (1) We aspire to become a “Development-oriented Enterprise” with our own technology and our own brand of products throughout the world.
- (2) We aim to become a company that can adapt and quickly provide our products that will satisfy the customers.
- (3) We strive to become an innovator always providing “something new, something different” in the market.
- (4) We aim at creating a corporate culture where our individual employees can exploit their personal characteristics and abilities to the fullest extent.

I. Summary of Selected Financial Data (Consolidated)

	41 st term Fiscal year ended March 31, 2016	42 nd term Fiscal year ended March 31, 2017	43 rd term Fiscal year ended March 31, 2018	44 th term Fiscal year ended March 31, 2019	45 th term Fiscal year ended March 31, 2020
Net sales (Thousands of yen)	47,840,383	48,331,564	52,471,137	55,448,425	55,557,698
Ordinary profit (Thousands of yen)	2,756,986	1,746,023	2,359,542	2,643,164	946,636
Profit (loss) attributable to owners of parent (Thousands of yen)	1,631,335	1,250,361	1,833,832	1,680,226	(777,962)
Comprehensive income (Thousands of yen)	879,398	1,315,764	1,801,047	1,136,629	(1,829,806)
Net assets (Thousands of yen)	15,642,535	16,049,220	17,778,087	19,010,639	16,033,335
Total assets (Thousands of yen)	46,132,881	49,207,554	53,994,162	58,463,004	54,221,924
Net assets per share (Yen)	501.68	534.26	584.77	614.03	537.72
Basic earnings (loss) per share (Yen)	52.06	41.32	61.05	55.29	(26.24)
Diluted earnings per share (Yen)	–	–	–	–	–
Equity ratio (%)	33.9	32.6	32.5	32.2	29.2
Return on equity (ROE) (%)	10.6	7.9	10.9	9.2	(4.5)
Price earnings ratio (PER) (Times)	12.8	15.6	12.9	11.4	–
Net cash provided by (used in) operating activities (Thousands of yen)	3,433,969	2,163,194	3,002,514	1,068,436	823,299
Net cash provided by (used in) investing activities (Thousands of yen)	(2,493,387)	(3,248,671)	(1,493,560)	(2,219,070)	(368,149)
Net cash provided by (used in) financing activities (Thousands of yen)	3,386,495	32,660	38,107	194,097	(431,697)
Cash and cash equivalents at end of period (Thousands of yen)	10,992,884	10,010,484	11,486,169	11,351,960	10,988,848
Number of employees [Separately, average number of temporary employees] (Persons)	1,449 [144]	1,580 [188]	1,629 [223]	1,984 [205]	2,003 [162]

- Notes:
1. Consumption taxes are not included in net sales.
 2. Diluted earnings per share for the 41st and 42nd terms are not presented here due to an absence of potential shares. Diluted earnings per share for the 43rd and 44th terms are not presented here due to an absence of potential shares with dilutive effect. Diluted earnings per share for the 45th term are not presented here due to an absence of potential shares with dilutive effect, and because a loss per share was recorded.
 3. Price earnings ratio for the 45th term is not presented here because loss attributable to owners of parent was recorded.
 4. The Company has applied the “Partial Amendments to Accounting Standards for Tax Effect Accounting” (ASBJ Statement No. 28, February 16, 2018) and relevant Guidances effective from the beginning of the 44th term, and the major operating performance indicators pertaining to the 43rd term, etc. are presented after the application of such accounting standards.

II. Business Description

The MIMAKI Group (“the Group”) consists of the Company, 23 consolidated subsidiaries (MIMAKI USA, INC., MIMAKI EUROPE B.V., MIMAKI ENGINEERING (TAIWAN) Co., Ltd., MIMAKI PRECISION Co., Ltd., GRAPHIC CREATION Co., Ltd., MIMAKI IJ TECHNOLOGY CO., Ltd., Mimaki Deutschland GmbH, Shanghai Mimaki Trading Co., Ltd., MIMAKI BRASIL COMERCIO E IMPORTACAO LTDA, MIMAKI PINGHU TRADING CO., LTD., PT. MIMAKI INDONESIA, MIMAKI AUSTRALIA PTY LTD, MIMAKI SINGAPORE PTE. LTD., MIMAKI INDIA PRIVATE LIMITED, MIMAKI EURASIA DIJITAL BASKI TEKNOLOJILERI PAZARLAMA VE TICARET LIMITED SIRKETI, Mimaki La Meccanica S.p.A, Mimaki Lithuania, UAB, Mimaki Bompan Textile S.r.l, ALPHA DESIGN CO., LTD., ALPHA SYSTEMS CO., LTD., Tonami Corporation Ltd., LUCK'A Inc., MIMAKI (THAILAND) CO., LTD.) and three other companies (MIMAKI KANPHOR INDIA PRIVATE LIMITED, etc.), total 27 companies. The Group’s reportable segments are categorized by geographic region given that it engages in development, manufacturing and sales of products such as industrial inkjet printers and cutting plotters primarily as a business operation.

Also, the following describes the Group’s business operations classified by markets to which end users of our products belong.

(1) SG (Sign Graphics) market

For the Sign Graphics market, we develop, manufacture, and sell products used to produce visual communications, such as advertisements and signboards. Given the high level of digitalization required in this market due to aspects such as environmental considerations, increased diversity of materials and for adding high value, we provide environmentally-friendly ink, inkjet printers that can be used for various purposes, and cutting plotters that can accurately cut the contours of alphanumeric characters, logos, illustrations and other shapes.

(2) IP (Industrial Products) market

For the Industrial Products market, we develop, manufacture, and sell industrial products, as well as products used on-site in facilities that produce merchandise, gifts, novelties, order-made goods and other products for general consumers. We provide products that contribute to improving user convenience and cost cutting, irrespective of industry, including flatbed UV-curable inkjet printers able to print on a range of materials, as well as cutting plotters and other devices.

(3) TA (Textile & Apparel) market

For the Textile & Apparel market, we develop, manufacture, and sell products that are capable of printing to textiles before the cutting and sewing process and fabric for ready-to-wear apparel and the like. With anticipation for progress in digital transformation that includes conversion of the value chain, we propose highly productive production systems and environmental considerations for inkjet printers in particular for the place of consumption, the place of production and brand owners.

(4) FA (Factory Automation) business

This is the general name for the Alpha Design Group’s businesses, which includes the FA equipment (custom equipment), PCB mounting equipment (irregular component mounting equipment, desiccant application equipment), semiconductor production equipment, PCB inspection equipment, and metal processing businesses.

(5) Others

This area of business includes manufacture and sales of machines outside the scope of the aforementioned market categories, and also includes printing services.

[Outline of Classification by Markets]

[Products for SG market]

Refers to products for the Sign Graphics market involving advertisements, signboards, etc.

Major products

Inkjet Printers

- JV300plus Series
- JV300 Series
- SIJ-320UV
- JV400SUV Series
- UCJV300 Series
- CJV300plus Series
- CJV150 Series
- UJV-100
- UJV55-320
- JV150 Series
- JV400LX Series
- UJV500-160
- UCJV150-160
- CJV300 Series

Cutting Plotters

- CG-FX IIplus Series
- CG-SR III Series
- CG-FX II Series

Software

- Raster Link 6Plus
- Raster Link Pro5 SG
- Fine Cut 9
- Simple POP

Ink

- UV-curable inks
- Eco-solvent inks
- Solvent UV inks
- Water-based latex inks
- Water-based sublimation inks

[Products for IP market]

Refers to products for the Industrial Products market, used at sites where industrial products are manufactured, etc.

Major products

Flatbed Inkjet Printers

- UJF-6042MkII
- UJF-7151plus
- JFX200-2531
- UJF-6042
- UJF-3042FX
- UJF-3042MkII
- JFX200-2513EX
- JFX500-2131
- UJF-3042HG

3D Printers

- 3DUJ-553
- 3DFF-222
- 3DGD-1800

Cutting Plotters

- CF22-1225
- CF2 Series
- CFL-605RT
- CF3 Series

Software

- Raster Link 6Plus
- Raster Link Pro5 IP
- Fine Cut 9
- Ittobori

Ink

- Hard UV-curable inks
- Flexible UV-curable inks

[Products for TA market]

Refers to products for the Textile & Apparel market that are capable of printing to cloth materials

Major products

Inkjet Printers

- Tx300P-1800MkII
- Tx300P-1800B
- TS30-1300
- Tx300P-1800
- TS500-1800
- Tx500-1800DS
- TS55-1800
- Tx500P-3200DS
- TS500P-3200
- TS300P-1800
- Tx500-1800B
- Tiger-1800BMkII

Cutting Plotters

- APC-130

Software

- Raster Link 6Plus
- Raster Link Pro5 TA
- Tx Link 3
- Tx Link 4

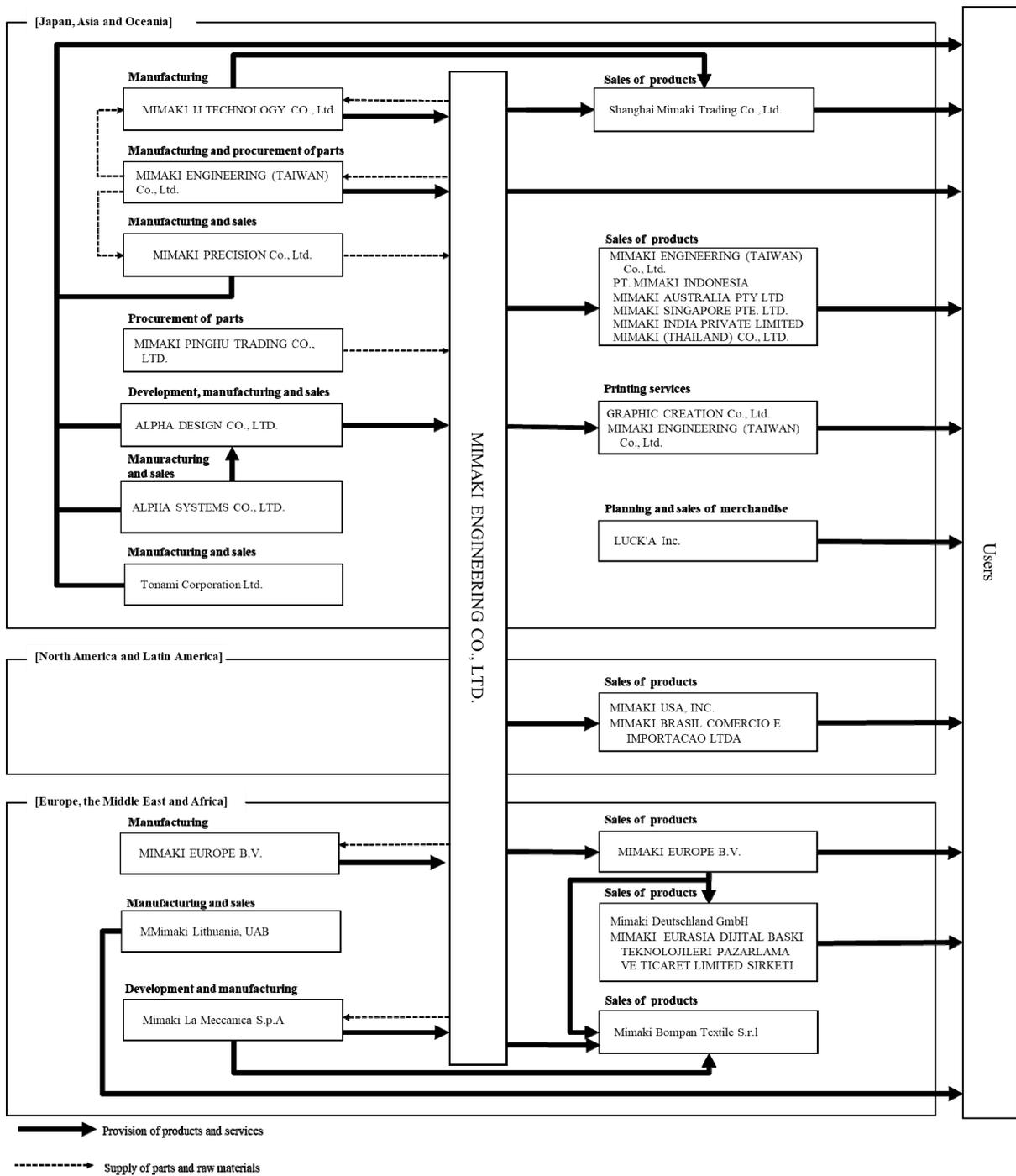
Ink

- Reactive dye inks
- Acid dye inks
- Water-based sublimation inks
- Textile pigment inks

[Outline of Company Classification by Segment]

Segment Name	Company Name		
Japan, Asia and Oceania	Sales companies	MIMAKI ENGINEERING CO., LTD. Shanghai Mimaki Trading Co., Ltd.	MIMAKI ENGINEERING (TAIWAN) Co., Ltd.
		PT. MIMAKI INDONESIA MIMAKI SINGAPORE PTE. LTD.	MIMAKI AUSTRALIA PTY LTD MIMAKI INDIA PRIVATE LIMITED
		MIMAKI (THAILAND) CO., LTD. ALPHA DESIGN CO., LTD.	ALPHA SYSTEMS CO., LTD.
		MIMAKI ENGINEERING CO., LTD. MIMAKI PRECISION Co., Ltd.	MIMAKI IJ TECHNOLOGY CO., Ltd.
		MIMAKI ENGINEERING (TAIWAN) Co., Ltd. ALPHA SYSTEMS CO., LTD.	Tonami Corporation Ltd.
North America and Latin America	Sales companies	GRAPHIC CREATION Co., Ltd. MIMAKI ENGINEERING (TAIWAN) Co., Ltd.	
		MIMAKI USA, INC. MIMAKI BRASIL COMERCIO E IMPORTACAO LTDA	
Europe, the Middle East and Africa	Sales companies	MIMAKI EUROPE B.V.	Mimaki Deutschland GmbH
		MIMAKI EURASIA DIJITAL BASKI TEKNOLOJILERI PAZARLAMA VE TICARET LIMITED SIRKETI Mimaki Lithuania, UAB	Mimaki Bompan Textile S.r.l
	Manufacturing companies	MIMAKI EUROPE B.V. Mimaki Lithuania, UAB	Mimaki La Meccanica S.p.A

[Overview of the Group Business]



(Note) Except the Company, all companies shown are consolidated subsidiaries.

III. Overview of Operating Results

(1) Operating Results

In the global economy in the fiscal year under review, while there were uncertainties up until the third quarter such as trade friction between the U.S. and China and the UK's withdrawal from the EU, stock prices and economic indicators were relatively firm. However, upon entering the fourth quarter, the novel coronavirus disease (COVID-19) pandemic materialized, which took shape as an emergency due to difficulties not only in economic activity, but daily life as well. The impact of COVID-19 on the Japanese economy goes beyond economic activity, and is significantly breaking down assumptions about the living environment.

While keeping sustainable growth after escaping from this situation in consideration, the Group plans to focus on requested policy items, social considerations, and actions that prioritize the safety of various stakeholders, such as executives and employees, for the near future.

Consolidated net sales for the fiscal year ended March 31, 2020 totaled 55,557 million yen, up 0.2% year on year, operating profit was 1,353 million yen, down 55.0%, ordinary profit was 946 million yen, down 64.2%, and loss attributable to owners of parent was 777 million yen, in comparison with profit attributable to owners of parent of 1,680 million yen in the previous fiscal year.

With respect to exchange rates of major currencies during the fiscal year under review, the exchange rate was 108.75 yen per U.S. dollar and 120.83 yen per euro (in comparison with 110.91 yen and 128.40 yen, respectively, in the previous fiscal year), and in general, the impact of exchange rates worked as a factor that weighed down on profits.

Performance by business segment is shown below.

(Japan, Asia and Oceania)

Net sales in the Japan, Asia and Oceania region amounted to 27,659 million yen, up 10.9% year on year. In Japan, the Alpha Design Group's net sales, which were recorded in the consolidated statements of income from the fourth quarter in the previous fiscal year, were added for the full year, but even excluding this factor, the Company secured increased sales. Net sales were generally firm in Asia and Oceania, including China, as well.

(North America and Latin America)

Net sales in the North America and Latin America region amounted to 11,980 million yen, down 3.4% year on year. Until the third quarter, net sales remained favorable, lead by North America and Brazil, but in the fourth quarter the Company was affected by economic sentiment stalling due to COVID-19. Furthermore, the appreciation of yen against local currencies from the previous period was the main factor for the decrease in sales.

(Europe, the Middle East and Africa)

Net sales in the Europe, the Middle East and Africa region amounted to 15,917 million yen, down 12.1% year on year. Sales decreased due to yen appreciation against the euro from the same period in the previous fiscal year in addition to a decrease in net sales in major European countries.

Net sales by market for the fiscal year ended March 31, 2020 are as follows.

	Net sales (millions of yen)	Percentage of net sales (%)	Year-on-year changes (%)
SG market	21,968	39.5	(8.4)
IP market	15,069	27.1	(11.6)
TA market	5,893	10.6	4.9
FA business	4,409	8.0	167.5
Others	8,216	14.8	14.8
Total	55,557	100.0	0.2

(SG market)

Net sales of products for the SG market amounted to 21,968 million yen, down 8.4% year on year. This is mainly due to decreased net sales of the “JV Series,” which loads solvent-based ink, which is one of the Company’s core products.

(IP market)

Net sales of products for the IP market amounted to 15,069 million yen, down 11.6% year on year. Despite expanding net sales of the new large-format model product, “JFX200-2513EX,” which was launched in May, sales decreased overall as net sales of the Company’s core small-format model, the “UJF Series.”

(TA market)

Net sales of products for the TA market amounted to 5,893 million yen, up 4.9% year on year. Sales increased as a result of the launching of the new product, “TS55-1800,” which makes low running costs and continuous operation for a long period possible, last March.

(FA business)

This is the general name for the businesses that Alpha Design Group is involved in, which are primarily the FA equipment (custom equipment) and PCB mounting equipment (irregular component mounting equipment, desiccant application equipment) businesses. Net sales in the FA business amounted to 4,409 million yen, up 167.5% year on year, more or less progressing according to plan.

(2) Financial Status

(Assets)

Total assets as of March 31, 2020 amounted to 54,221 million yen, a decrease of 4,241 million yen (compared with 58,463 million yen as of March 31, 2019). Total current assets amounted to 41,103 million yen, a decrease of 1,018 million yen (compared with 42,121 million yen as of March 31, 2019). This is mainly attributable to a decrease in cash and deposits of 859 million yen. Moreover, total non-current assets amounted to 13,118 million yen, a decrease of 3,223 million yen (compared with 16,341 million yen as of March 31, 2019). This is mainly attributable to a decrease in goodwill of 987 million yen.

(Liabilities)

Total liabilities as of March 31, 2020 amounted to 38,188 million yen, a decrease of 1,263 million yen (compared with 39,452 million yen as of March 31, 2019). Total current liabilities amounted to 29,146 million yen, an increase of 254 million yen (compared with 28,891 million yen as of March 31, 2019). This is mainly attributable to an increase in current portion of long-term borrowings of 2,660 million yen, despite a decrease in electronically recorded obligations - operating of 879 million yen. Total non-current liabilities amounted to 9,042 million yen, a decrease of 1,518 million yen (compared with 10,560 million yen as of March 31, 2019). This is mainly attributable to a decrease in long-term borrowings of 1,498 million yen.

(Net assets)

Total net assets as of March 31, 2020 amounted to 16,033 million yen, a decrease of 2,977 million yen (compared with 19,010 million yen as of March 31, 2019). This is mainly attributable to respective decreases in retained earnings of 1,229 million yen, and foreign currency translation adjustment of 1,033 million yen.

(3) Cash Flow

Cash and cash equivalents (hereinafter “cash”) as of March 31, 2020 totaled 10,988 million yen, a decrease of 363 million yen compared with March 31, 2019, owing to repayments of long-term borrowings, a decrease in trade payables, etc., partially offset by proceeds from long-term borrowings, an increase in depreciation, etc. The details by operating activities, investment activities and financing activities are as follows.

(Cash flows from operating activities)

Net cash provided by operating activities totaled 823 million yen (down 245 million yen year on year). This is primarily due to an outflow of 1,035 million yen accounting for a decrease in trade payables, despite a depreciation of 1,756 million yen.

(Cash flows from investing activities)

Net cash used in investing activities totaled 368 million yen (down 1,850 million yen year on year). This is mainly attributable to purchase of property, plant and equipment totaling 1,040 million yen, despite proceeds from withdrawal of time deposits of 485 million yen.

(Cash flows from financing activities)

Net cash used in financing activities totaled 431 million yen (compared with 194 million yen provided by financing activities in the previous fiscal year). This is mainly due to repayments of long-term borrowings totaling 2,740 million yen and purchase of treasury shares of 711 million yen, partially offset by proceeds from long-term borrowings totaling 3,902 million yen.

IV. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Thousands of yen)

	As of March 31, 2019	As of March 31, 2020
Assets		
Current assets		
Cash and deposits	11,994,422	11,134,570
Notes and accounts receivable - trade	9,442,738	9,476,875
Merchandise and finished goods	12,292,865	12,143,940
Work in process	1,584,892	1,402,066
Raw materials and supplies	4,145,331	4,494,144
Other	2,689,769	2,510,248
Allowance for doubtful accounts	(28,793)	(58,687)
Total current assets	42,121,226	41,103,159
Non-current assets		
Property, plant and equipment		
Buildings and structures	8,564,998	8,547,417
Accumulated depreciation	(4,339,166)	(4,595,837)
Buildings and structures, net	4,225,831	3,951,579
Machinery, equipment and vehicles	1,561,897	1,854,159
Accumulated depreciation	(1,075,852)	(1,173,817)
Machinery, equipment and vehicles, net	486,045	680,341
Tools, furniture and fixtures	8,095,364	8,242,393
Accumulated depreciation	(6,227,102)	(6,630,901)
Tools, furniture and fixtures, net	1,868,261	1,611,492
Land	3,262,745	3,275,034
Leased assets	1,673,981	1,772,486
Accumulated depreciation	(1,261,470)	(1,372,019)
Leased assets, net	412,510	400,467
Construction in progress	468,718	238,938
Total property, plant and equipment	10,724,112	10,157,854
Intangible assets		
Goodwill	1,441,724	453,783
Other	956,577	786,949
Total intangible assets	2,398,301	1,240,732
Investments and other assets		
Investment securities	69,552	63,287
Long-term loans receivable	31,021	31,021
Deferred tax assets	1,504,652	845,210
Other	2,057,803	1,251,934
Allowance for doubtful accounts	(443,665)	(471,275)
Total investments and other assets	3,219,364	1,720,178
Total non-current assets	16,341,777	13,118,765
Total assets	58,463,004	54,221,924

(Thousands of yen)

	As of March 31, 2019	As of March 31, 2020
Liabilities		
Current liabilities		
Notes and accounts payable - trade	3,726,025	3,524,748
Electronically recorded obligations - operating	4,626,156	3,746,579
Short-term borrowings	11,054,710	10,701,488
Current portion of long-term borrowings	2,615,481	5,276,116
Lease obligations	101,157	111,477
Accounts payable - other	1,463,886	973,544
Income taxes payable	327,606	69,508
Provision for bonuses	881,035	740,274
Provision for bonuses for directors (and other officers)	40,673	–
Provision for product warranties	1,008,315	864,481
Other	3,046,404	3,137,840
Total current liabilities	28,891,454	29,146,058
Non-current liabilities		
Long-term borrowings	9,564,594	8,066,340
Lease obligations	338,609	313,351
Deferred tax liabilities	72,326	71,669
Retirement benefit liability	452,687	450,251
Asset retirement obligations	47,600	48,255
Other	85,094	92,661
Total non-current liabilities	10,560,911	9,042,530
Total liabilities	39,452,365	38,188,589
Net assets		
Shareholders' equity		
Share capital	4,357,456	4,357,456
Capital surplus	4,617,040	4,617,040
Retained earnings	11,509,976	10,280,826
Treasury shares	(618,501)	(1,329,614)
Total shareholders' equity	19,865,971	17,925,708
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	977	(5,481)
Foreign currency translation adjustment	(1,068,880)	(2,102,648)
Remeasurements of defined benefit plans	30,617	41,984
Total accumulated other comprehensive income	(1,037,285)	(2,066,145)
Share acquisition rights	12,088	26,892
Non-controlling interests	169,864	146,880
Total net assets	19,010,639	16,033,335
Total liabilities and net assets	58,463,004	54,221,924

**(2) Consolidated Statements of Income and
Consolidated Statements of Comprehensive Income**

(Consolidated Statements of Income)

(Thousands of yen)

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Net sales	55,448,425	55,557,698
Cost of sales	29,418,210	31,750,309
Gross profit	26,030,215	23,807,388
Selling, general and administrative expenses	23,022,152	22,453,871
Operating profit	3,008,063	1,353,517
Non-operating income		
Interest income	35,026	31,204
Dividend income	948	874
Insurance claim income	8,679	16,533
Rental income	12,136	28,300
Insurance return	521	95,122
ICMS Refund	46,784	22,198
Subsidy income	5,235	36,622
Other	72,504	43,368
Total non-operating income	181,835	274,224
Non-operating expenses		
Interest expenses	179,184	255,895
Sales discounts	90,603	82,350
Foreign exchange losses	233,444	200,576
Share of loss of entities accounted for using equity method	15,884	77,608
Other	27,616	64,674
Total non-operating expenses	546,734	681,104
Ordinary profit	2,643,164	946,636
Extraordinary income		
Gain on sales of non-current assets	23,693	20,485
Other	–	2,428
Total extraordinary income	23,693	22,913
Extraordinary losses		
Loss on sales of non-current assets	1,562	2,934
Impairment loss	–	903,465
Loss on step acquisitions	4,706	–
Other	–	5,373
Total extraordinary losses	6,268	911,773
Profit before income taxes	2,660,589	57,777
Income taxes - current	873,474	199,840
Income taxes - deferred	138,180	652,258
Total income taxes	1,011,655	852,099
Profit (loss)	1,648,934	(794,322)
Loss attributable to non-controlling interests	(31,291)	(16,360)
Profit (loss) attributable to owners of parent	1,680,226	(777,962)

(Consolidated Statements of Comprehensive Income)

(Thousands of yen)

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Profit (loss)	1,648,934	(794,322)
Other comprehensive income		
Valuation difference on available-for-sale securities	(6,427)	(6,459)
Foreign currency translation adjustment	(513,268)	(1,070,264)
Remeasurements of defined benefit plans, net of tax	(3,226)	11,366
Share of other comprehensive income of entities accounted for using equity method	10,617	29,872
Total other comprehensive income	(512,305)	(1,035,484)
Comprehensive income	1,136,629	(1,829,806)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,176,587	(1,806,822)
Comprehensive income attributable to non-controlling interests	(39,957)	(22,984)

(3) Consolidated Statements of Changes in Equity

Fiscal year ended March 31, 2019

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	4,357,456	4,269,686	10,280,353	(804,308)	18,103,187
Changes during period					
Dividends of surplus			(450,603)		(450,603)
Profit attributable to owners of parent			1,680,226		1,680,226
Purchase of treasury shares				(175,498)	(175,498)
Changes by share exchanges		347,354		361,305	708,659
Net changes in items other than shareholders' equity					-
Total changes during period	-	347,354	1,229,623	185,806	1,762,784
Balance at end of period	4,357,456	4,617,040	11,509,976	(618,501)	19,865,971

	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 period	4,403	(574,895)	33,843	(536,647)	1,725	209,822	17,778,087
Changes during period							
Dividends of surplus							(450,603)
Profit attributable to owners of parent							1,680,226
Purchase of treasury shares							(175,498)
Changes by share exchanges							708,659
Net changes in items other than shareholders' equity	(3,426)	(493,984)	(3,226)	(500,637)	10,362	(39,957)	(530,232)
Total changes during period	(3,426)	(493,984)	(3,226)	(500,637)	10,362	(39,957)	1,232,551
Balance at end of period	977	(1,068,880)	30,617	(1,037,285)	12,088	169,864	19,010,639

Fiscal year ended March 31, 2020

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	4,357,456	4,617,040	11,509,976	(618,501)	19,865,971
Changes during period					
Dividends of surplus			(451,188)		(451,188)
Loss attributable to owners of parent			(777,962)		(777,962)
Purchase of treasury shares				(711,113)	(711,113)
Net changes in items other than shareholders' equity					-
Total changes during period	-	-	(1,229,150)	(711,113)	(1,940,263)
Balance at end of period	4,357,456	4,617,040	10,280,826	(1,329,614)	17,925,708

	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 period	977	(1,068,880)	30,617	(1,037,285)	12,088	169,864	19,010,639
Changes during period							
Dividends of surplus							(451,188)
Loss attributable to owners of parent							(777,962)
Purchase of treasury shares							(711,113)
Net changes in items other than shareholders' equity	(6,459)	(1,033,768)	11,366	(1,028,860)	14,804	(22,984)	(1,037,040)
Total changes during period	(6,459)	(1,033,768)	11,366	(1,028,860)	14,804	(22,984)	(2,977,303)
Balance at end of period	(5,481)	(2,102,648)	41,984	(2,066,145)	26,892	146,880	16,033,335

(4) Consolidated Statements of Cash Flows

(Thousands of yen)

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Cash flows from operating activities		
Profit before income taxes	2,660,589	57,777
Depreciation	1,707,676	1,756,585
Amortization of goodwill	197,851	262,359
Impairment loss	–	903,465
Increase (decrease) in allowance for doubtful accounts	(7,223)	84,737
Increase (decrease) in provision for bonuses	109,656	(138,404)
Increase (decrease) in provision for bonuses for directors (and other officers)	2,267	(40,673)
Increase (decrease) in provision for product warranties	60,135	(138,975)
Increase (decrease) in retirement benefit liability	(839)	13,774
Interest and dividend income	(35,975)	(32,078)
Insurance claim income	(3,168)	(16,533)
Interest expenses	179,184	255,895
Share of loss (profit) of entities accounted for using equity method	15,884	77,608
Foreign exchange losses (gains)	212,807	387,604
Loss (gain) on sales of non-current assets	(22,131)	(17,550)
Decrease (increase) in trade receivables	40,701	542,203
Decrease (increase) in inventories	(629,782)	(749,718)
Increase (decrease) in trade payables	(1,554,407)	(1,035,481)
Decrease (increase) in consumption taxes refund receivable	(23,461)	(5,243)
Increase (decrease) in accounts payable - other	(20,928)	(407,741)
Other, net	(211,320)	(62,763)
Subtotal	2,677,516	1,696,847
Interest and dividends received	34,091	25,941
Proceeds from insurance income	3,168	16,533
Interest paid	(179,477)	(255,650)
Income taxes paid	(1,622,879)	(750,499)
Income taxes refund	156,016	90,128
Net cash provided by (used in) operating activities	1,068,436	823,299
Cash flows from investing activities		
Payments into time deposits	(335,678)	–
Proceeds from withdrawal of time deposits	–	485,189
Purchase of property, plant and equipment	(1,556,249)	(1,040,904)
Proceeds from sales of property, plant and equipment	35,408	163,751
Purchase of intangible assets	(269,956)	(101,757)
Payments for investments in capital	(2,510)	–
Other, net	(90,084)	125,571
Net cash provided by (used in) investing activities	(2,219,070)	(368,149)

(Thousands of yen)

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	2,979,266	(281,956)
Proceeds from long-term borrowings	4,250,000	3,902,500
Repayments of long-term borrowings	(6,336,157)	(2,740,283)
Purchase of treasury shares	(171,712)	(711,113)
Repayments of lease obligations	(77,468)	(149,794)
Dividends paid	(449,829)	(451,050)
Net cash provided by (used in) financing activities	194,097	(431,697)
Effect of exchange rate change on cash and cash equivalents	(111,752)	(386,564)
Net increase (decrease) in cash and cash equivalents	(1,068,288)	(363,112)
Cash and cash equivalents at beginning of period	11,486,169	11,351,960
Increase in cash and cash equivalents by share exchanges	934,079	—
Cash and cash equivalents at end of period	11,351,960	10,988,848

V. Corporate Data (as of March 31, 2020)

Basic Information

Trade name:	MIMAKI ENGINEERING CO., LTD.
Established:	August 1975
Listed market:	The First Section of Tokyo Stock Exchange (Securities Code: 6638)
Listed:	March 2015
Business year:	From April 1 to March 31
Capital stock:	4,357 million yen
Number of employees:	2,003 persons (Consolidated)
Head office:	2182-3 Shigeno-Otsu, Tomi-shi, Nagano
Telephone:	+81-268-64-2281
Consolidated subsidiaries:	MIMAKI USA, INC. MIMAKI EUROPE B.V. Mimaki Deutschland GmbH MIMAKI ENGINEERING (TAIWAN) Co., Ltd. MIMAKI IJ TECHNOLOGY CO., Ltd. MIMAKI PINGHU TRADING CO., LTD. Shanghai Mimaki Trading Co., Ltd. MIMAKI BRASIL COMERCIO E IMPORTACAO LTDA PT. MIMAKI INDONESIA MIMAKI AUSTRALIA PTY LTD MIMAKI SINGAPORE PTE. LTD. MIMAKI INDIA PRIVATE LIMITED MIMAKI EURASIA DIJITAL BASKI TEKNOLOJILERI PAZARLAMA VE TICARET LIMITED SIRKETI Mimaki La Meccanica S.p.A Mimaki Lithuania, UAB Mimaki Bompan Textile S.r.l MIMAKI (THAILAND) CO., LTD. MIMAKI PRECISION Co., Ltd. GRAPHIC CREATION Co., Ltd. ALPHA DESIGN CO., LTD. ALPHA SYSTEMS CO., LTD. Tonami Corporation Ltd. LUCK'A Inc.

Directors (as of August 5, 2020)

President	Kazuaki Ikeda
Managing Director	Kazuyuki Takeuchi
Executive Director	Hiroshi Miyake
Director	Yasuhiro Haba
Director	Koji Shimizu
Director	Nariaki Makino
Director	Takeshi Kodaira
Director*	Seiko Minomo
Director*	Ichiro Yamada
Director (Audit and Supervisory Committee Member) (Full-Time)*	Yoh Zenno
Director (Audit and Supervisory Committee Member)	Noriyuki Tanaka
Director (Audit and Supervisory Committee Member)*	Makoto Tanaka

Director (Audit and Supervisory Committee Member)*

Hisamitsu Arai

* Outside Director

Stock Status (As of June 30, 2020)

Total number of shares authorized:	128,160,000 shares
Total number of shares issued:	32,040,000 shares
Number of shareholders:	5,075

Major shareholders (Top 10)

Shareholder name	Number of shares held	Share-holding ratio (excluding treasury shares) (%)
Ikeda Holdings, Inc.	4,497,200	15.25
Tanaka Kikaku Ltd.	2,330,000	7.90
Noriyuki Tanaka	2,028,900	6.88
Tokyo Small and Medium Business Investment & Consultation Co., Ltd.	1,524,000	5.17
MIMAKI ENGINEERING Employee Stock Ownership	1,443,100	4.89
STATE STREET BANK AND TRUST COMPANY 505019 (Standing proxy: The Hongkong and Shanghai Banking Corporation Limited, Tokyo branch)	1,304,800	4.42
The Master Trust Bank of Japan, Ltd.	1,223,400	4.15
THE HACHIJUNI BANK, LTD. (Standing proxy: The Master Trust Bank of Japan, Ltd.)	840,000	2.85
Adeki Partners Co., Ltd.	833,200	2.82
EPSON AVASYS CORPORATION	720,000	2.44

Note: Of the above-mentioned shares held, the number of shares related to trust business is as follows:

The Master Trust Bank of Japan, Ltd.	1,223,400 shares
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