

(Translation)

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Code:6638  
Listed on the first section of the Tokyo Stock Exchange

# Financial Results

## First Quarter of Fiscal Year 2020

(Ending March 31, 2021)

MIMAKI ENGINEERING CO., LTD.

August 12, 2020

NEW

### JV300Plus Series



NEW

### CJV300Plus Series TX300P-1800 MkII



NEW



NEW

### UJV100-160



### JFX200-2513 EX



### 3DUJ-553



### UJF-6042 MkII



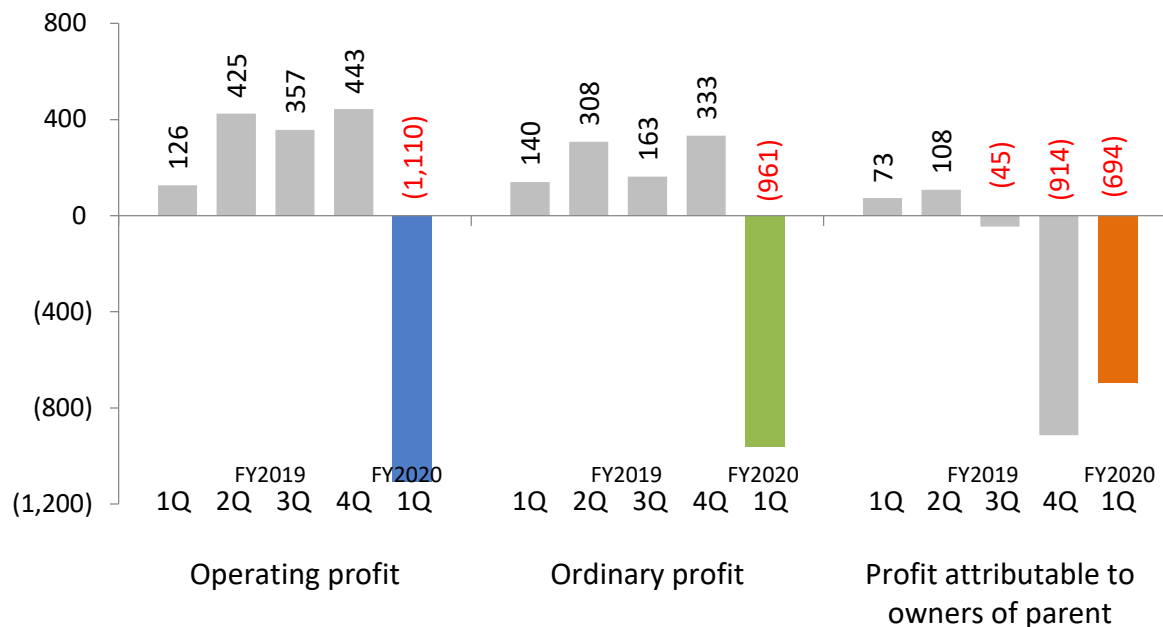
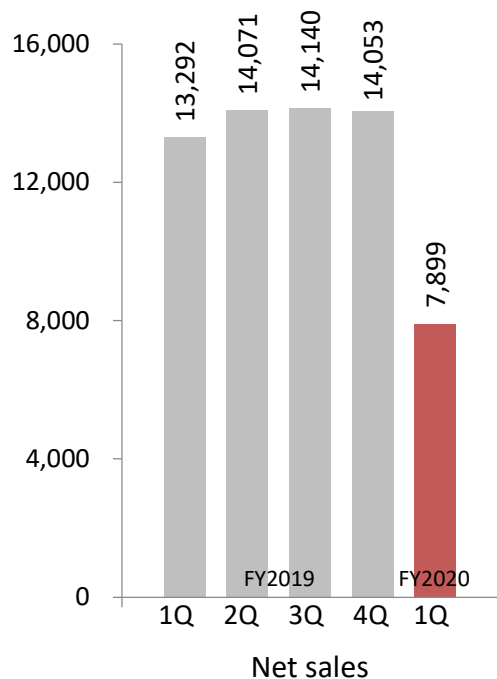
# FY2020 Financial Results and Forecast

- Financial Results for 1Q and Forecast for First Half
- Forecast for FY2020

# Consolidated Financial Highlights (FY2020 1Q Actual & First Half Forecast)



	FY2019		FY2020				
	1Q Actual	First Half Actual	1Q Actual	Change from FY2019	Change from FY2019 *Excluding the impact of exchange rate	First Half Forecast	Change from FY2019
(Millions of yen)							
Net sales	13,292	27,363	7,899	-40.6%	-38.7%	18,100	-33.9%
Operating profit	126	551	(1,110)	-	-	(2,680)	-
Ordinary profit	140	449	(961)	-	-	(2,540)	-
Profit attributable to owners of parent	73	181	(694)	-	-	(2,330)	-
Exchange rate (yen)							
USD	109.09	108.63	107.62	-1.3%	-	106.31	-2.1%
EUR	123.49	121.41	118.47	-4.1%	-	119.24	-1.8%



# Main Points of Consolidated Financial Results

Demand remained at 50% year-on-year in April-May due to the impact of COVID-19, and gradually recovered mainly in the SG market in June.

## ■ Net sales

- Net sales declined by 40.6% year on year, and sales fell sharply year on year in all regions and markets.
- In the SG market, printing demand decreased due to cancellation and postponement of many events and various exhibitions.
- In the IP market, demand for industrial products, novelty goods, etc. decreased.
- In the TA market, customer occupancy rates declined significantly due to a decline in demand for apparel products.
- On the other hand, in the SG and IP market, demand for ink is recovering ahead of sales of the printers.

## ■ Operating profit

- Despite efforts to reduce fixed costs, the cost of sales ratio rose due to a substantial decline in sales.
- Although S.G.&A. expenses were reduced by each item, the ratio of S.G.&A. expenses to net sales increased.

## ■ Measures

- Development of sales activities such as seminars and exhibitions using the Web and online.
- Reduced personnel costs in manufacturing and indirect divisions and implemented production and inventory adjustments through the introduction of planned shutdowns.

# Factors Effecting Operating Profit (FY2019 1Q vs FY2020 1Q)

(Millions of yen)

## ■ Impact by Currency

USD / JPY 109.09	→ JPY 107.62	-11	
EUR / JPY 123.49	→ JPY 118.47	-31	
CNY / JPY 16.07	→ JPY 15.17	+21	
BRL / JPY 28.05	→ JPY 20.01	+10	
AUD / JPY 76.93	→ JPY 70.64	-14	
TRY / JPY 18.74	→ JPY 15.71	-13	
Other *1		-1	*1 IDR, INR, etc.
Total		-39	

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

Net sales (247) - Cost of sales (72) - S.G.&A. expenses (136) = Operating profit (39)

## ■ Main Factors

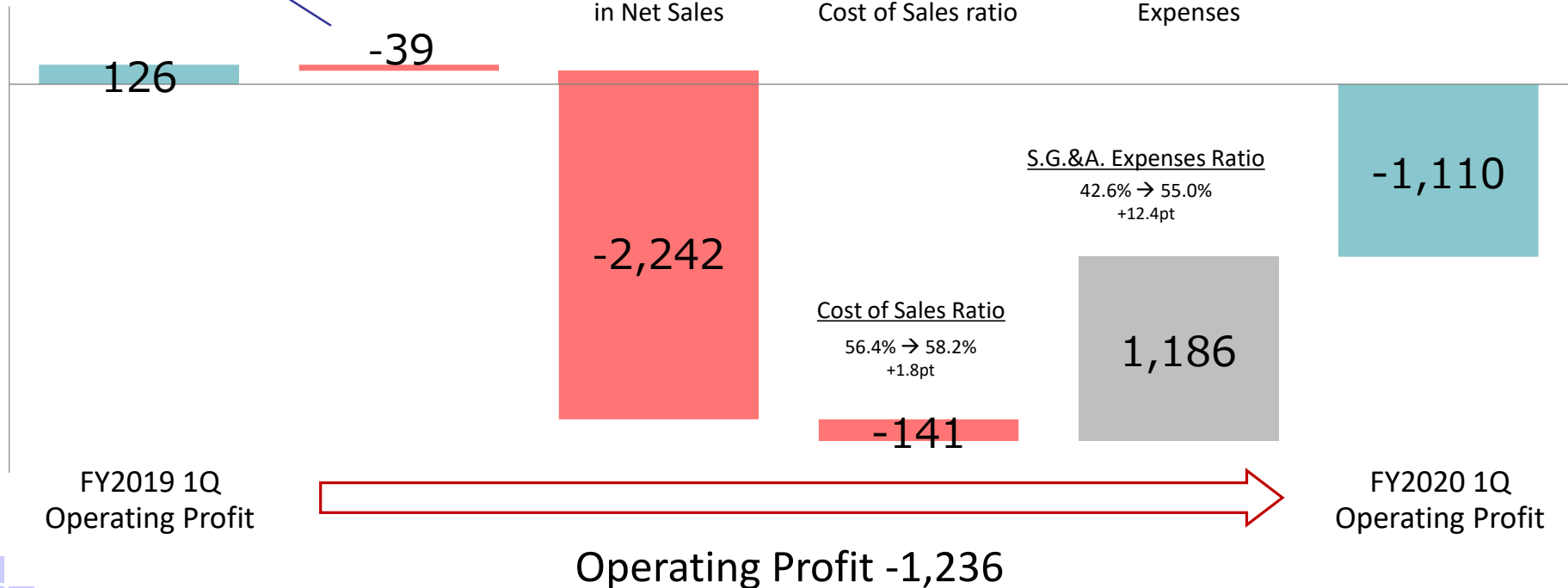
Promotion Expenses	-354
Quality Expenses	-273
Allowance for Doubtful Accounts	+192
Transportation Expenses	-187
Salaries & Wages	-132
Other	-432
Total	-1,186

1. FX Impact

2. Impact of Changes  
in Net Sales

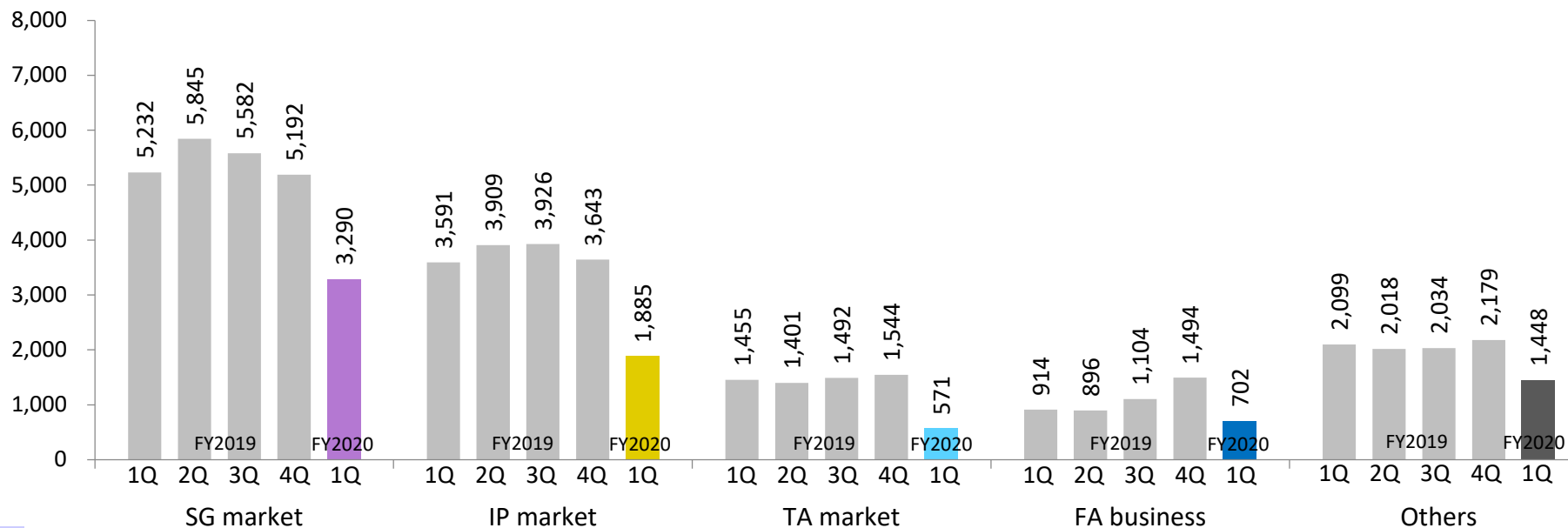
3. Impact of Change in  
Cost of Sales ratio

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



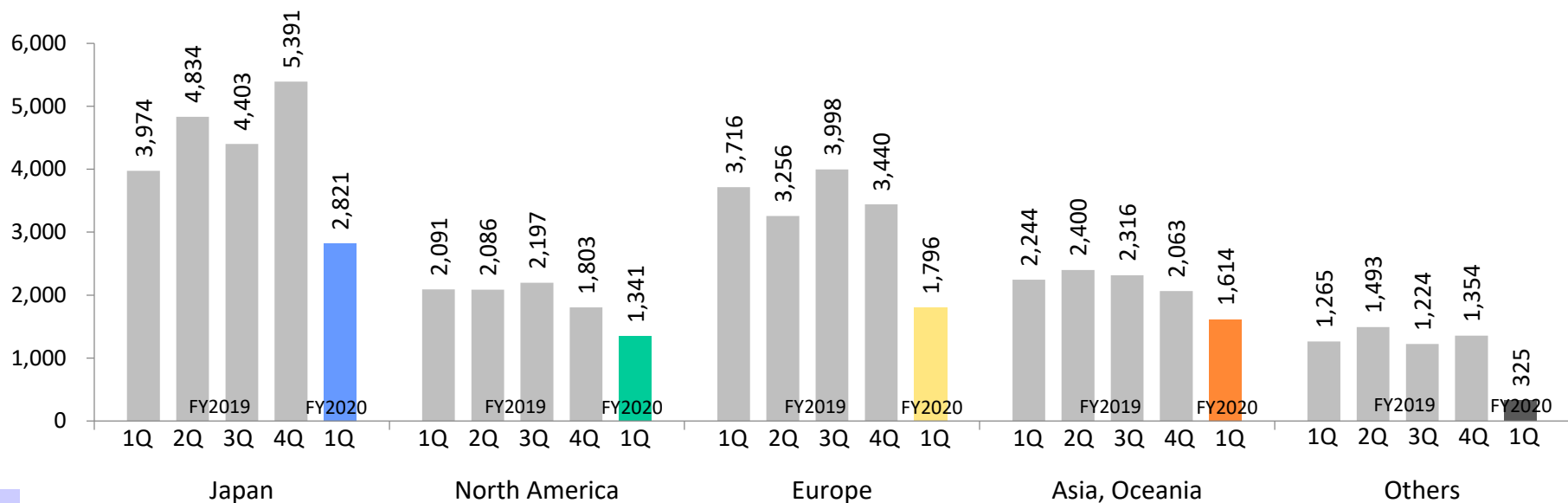
# Sales by Market Segment (FY2020 1Q Actual & First Half Forecast)

(Millions of yen)	FY2019		FY2020				
	1Q Actual	First Half Actual	1Q Actual	Change from FY2019	Change from FY2019 *Excluding the impact of exchange rate	First Half Forecast	Change from FY2019
SG market	5,232	11,193	3,290	-38.5%	-36.3%	7,549	-32.5%
IP market	3,591	7,500	1,885	-47.5%	-46.0%	4,389	-41.5%
TA market	1,455	2,856	571	-60.7%	-59.0%	1,588	-44.4%
FA business	914	1,810	702	-23.1%	-21.8%	1,842	1.8%
Others	2,099	4,002	1,448	-27.0%	-	2,728	-31.8%
<b>Total</b>	<b>13,292</b>	<b>27,363</b>	<b>7,899</b>	<b>-40.6%</b>	<b>-38.7%</b>	<b>18,100</b>	<b>-33.9%</b>



# Sales by Area (FY2020 1Q Actual & First Half Forecast)

(Millions of yen)	FY2019		FY2020				
	1Q Actual	First Half Actual	1Q Actual	Change from FY2019	Change from FY2019 *Excluding the impact of exchange rate	First Half Forecast	Change from FY2019
Japan	3,974	8,809	2,821	-29.0%	-	7,124	-19.1%
North America	2,091	4,178	1,341	-35.9%	-34.5%	2,601	-37.7%
Local currency: \$	19.0M	38.4M	12.4M	-34.5%	-	24.4M	-36.4%
Europe	3,716	6,973	1,796	-51.7%	-49.6%	4,159	-40.3%
Local currency: €	30.0M	57.4M	15.1M	-49.6%	-	34.8M	-39.3%
Asia, Oceania	2,244	4,644	1,614	-28.1%	-	3,093	-33.4%
Others	1,265	2,758	325	-74.2%	-	1,121	-59.4%
<b>Total</b>	<b>13,292</b>	<b>27,363</b>	<b>7,899</b>	<b>-40.6%</b>	<b>-38.7%</b>	<b>18,100</b>	<b>-33.9%</b>



# FY2020 Financial Results and Forecast

- Financial Results for 1Q and Forecast for First Half
- Forecast for FY2020



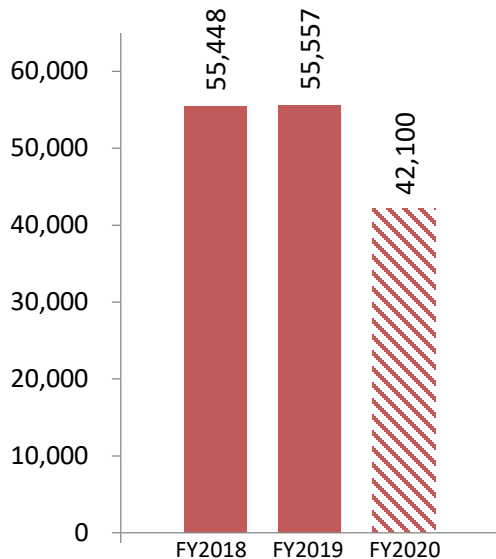
# Review our Long term vision and Management strategy



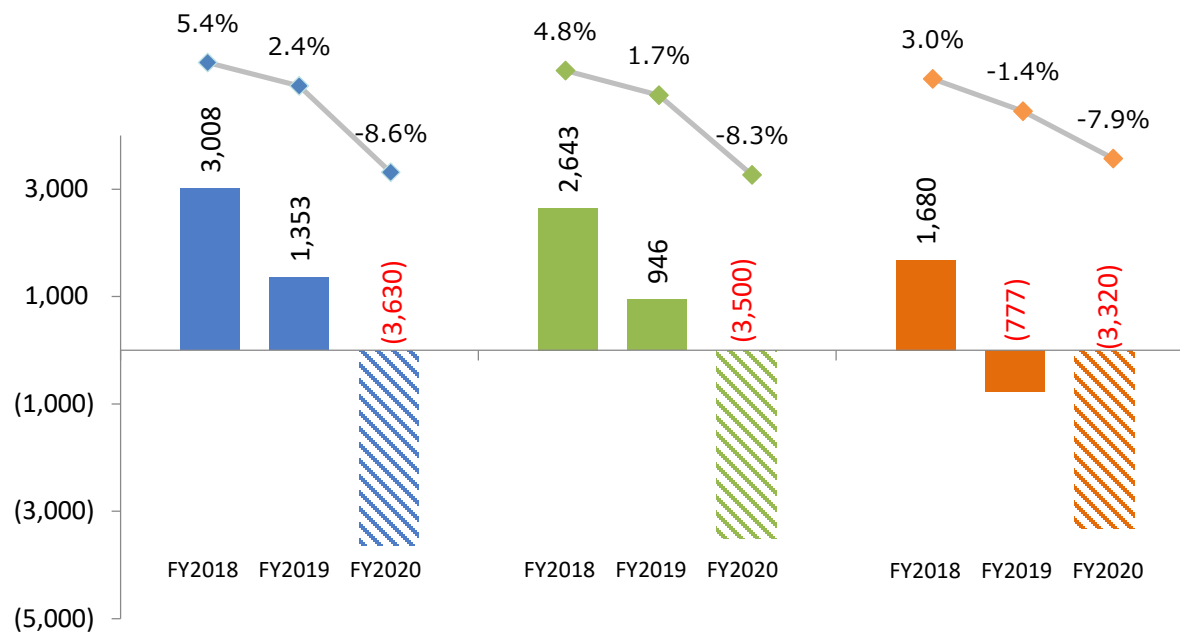
- Our long term vision, which targets net sales of 100 billion yen, and its business strategies, will be fully reviewed in light of the prolonged impact of COVID-19 and changes in market and customer-oriented needs, with an eye toward the era of post COVID-19.
- Aiming for FY2025, we will not only pursue sales growth as in the past, but also work to build a robust corporate structure by continuously generating strong profits and strengthening our financial base.
- Review the product development roadmap completely and efficiently develop new markets
- Through the above strategy, we aim to overcome the current situation and return to a growth trajectory.
- FY2020 is positioned as the first year to solidify its foothold.
- The new long term vision and management strategy will be announced again along with the KPI as soon as it is formulated.

# Forecast for FY2020 - Consolidated Financial Highlights -

	FY2019		FY2020								
	Fiscal year Actual	Sales ratio	First half Forecast	Change from FY2019	Second half Forecast	Change from FY2019	Fiscal year Forecast	Change from FY2019	Sales ratio	Change from FY2019 *Excluding the impact of exchange rate	
(Millions of yen)											
Net sales	55,557	100.0%	18,100	-33.9%	24,000	-14.9%	42,100	-13,457	-24.2%	100.0%	-23.2%
Operating profit	1,353	2.4%	-2,680	-	-949	-	-3,630	-4,983	-	-8.6%	-
Ordinary profit	946	1.7%	-2,540	-	-960	-	-3,500	-4,446	-	-8.3%	-
Profit attributable to owners of parent	-777	-1.4%	-2,330	-	-990	-	-3,320	-2,542	-	-7.9%	-
Exchange rate (yen)	USD	108.75	Assumed exchange rates from 2Q				105.66	-3.10	-2.8%	-	-
	EUR	120.83	USD : 105.00 EUR : 120.00				119.62	-1.21	-1.0%	-	-



Net sales



Operating profit

Ordinary profit

Profit attributable to owners of parent

# Main Points of Forecast for FY2020

- Assumption level of demand: 70% year on year in 2Q, and 80% year on year in 2H  
\*This assumption does not incorporate the impact of the second wave of COVID-19 because it is difficult to calculate it rationally.
- In the SG market, ink sales are expected to lead the way in line with the recovery in printing demand, and the printers are expected to follow suit to a recovery.
- In the IP market, industrial products are ahead of other categories, which are expected to gradually recover.
- The TA market is expected to recover moderately due to rapid structural changes in the apparel market.
- In terms of profits, we will continue to reduce manufacturing costs and selling, general and administrative expenses in light of the harsh earnings outlook.
- At the same time, we will explore various structural reform measures aimed at strengthening our business structure in order to realize a V-shaped recovery in business performance by capturing the economic impact of the future expansion of COVID-19, which will gradually be eased. Approximately 1.5 billion yen required for the implementation of the measures will be factored into the forecast.
- As a financial response to the risk scenario, new long-term borrowings and new overdraft borrowing limits have been established, and working capital necessary for the total of existing limits has already been sourced.

# Factors Effecting Operating Profit (FY2019 Actual vs FY2020 Forecast)

(Millions of yen)

■ Impact by Currency

USD / JPY 108.75	→ JPY 105.66	-108	
EUR / JPY 120.83	→ JPY 119.62	-68	
CNY / JPY 15.60	→ JPY 15.79	-18	
BRL / JPY 26.53	→ JPY 24.50	-68	
TRY / JPY 18.58	→ JPY 17.73	-25	
Other *1		-51	*1 IDR, THB, etc.
Total		-338	

FX Sensitivity (impact by ¥1 change)

	Net sales	Operating profit
USD	75	34
EUR	89	55

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

Net sales (553) - Cost of sales (62) - S.G.&A. expenses (153) = Operating profit (338)

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

1,353

-338

-5,530

Cost of Sales Ratio

57.1% → 61.2%  
+4.1pt

-1,736

S.G.&A. Expenses Ratio

40.4% → 46.6%  
+6.2pt

2,621

-3,630

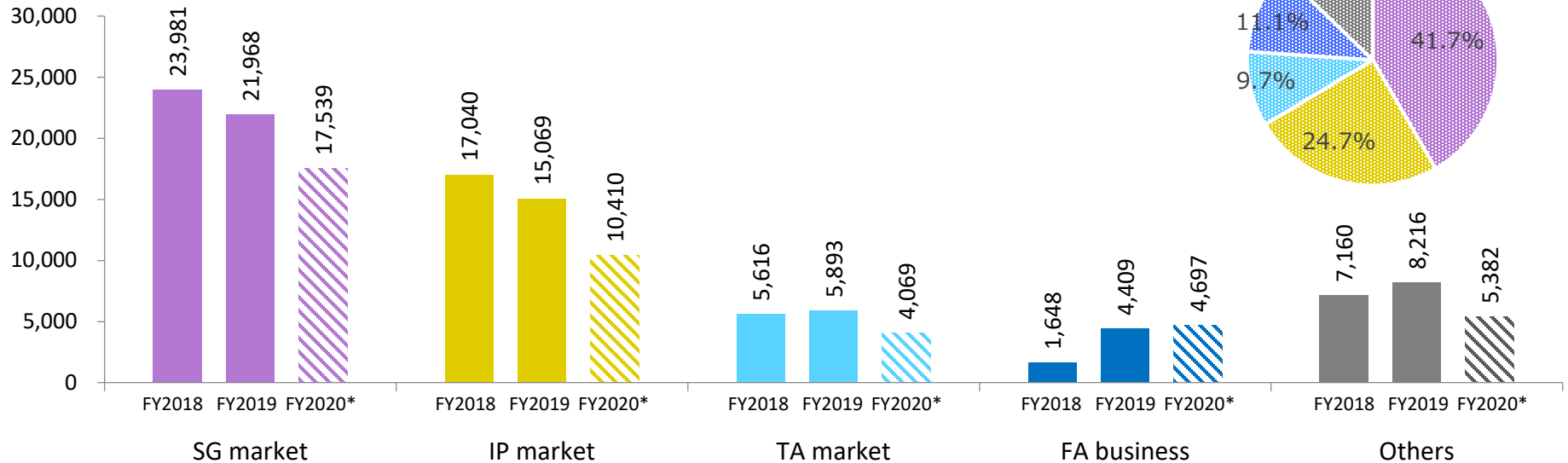
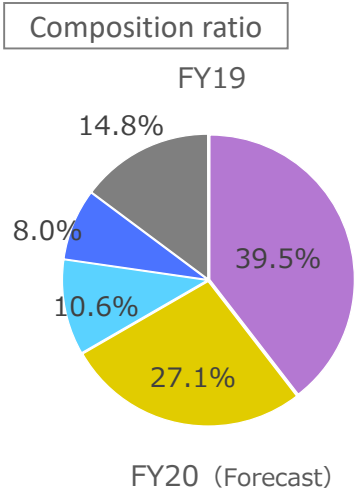
FY2019  
Operating Profit

FY2020  
Operating Profit

Operating Profit -4,983

# Sales by Market Segment (FY2020 Forecast)

(Millions of yen)	FY2019	FY2020					Change from FY2019 *Excluding the impact of exchange rate
	Fiscal year Actual	First half Forecast	Second half Forecast	Fiscal year Forecast	Change from FY2019		
SG market	21,968	7,549	9,990	17,539	-4,428	-20.2%	-18.8%
IP market	15,069	4,389	6,021	10,410	-4,659	-30.9%	-30.1%
TA market	5,893	1,588	2,480	4,069	-1,823	-30.9%	-29.3%
FA business	4,409	1,842	2,854	4,697	287	6.5%	6.7%
Others	8,216	2,728	2,653	5,382	-2,833	-34.5%	-
<b>Total</b>	<b>55,557</b>	<b>18,100</b>	<b>24,000</b>	<b>42,100</b>	<b>-13,457</b>	<b>-24.2%</b>	<b>-23.2%</b>

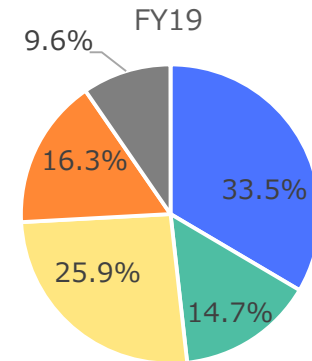


(\* FY2020 Forecast)

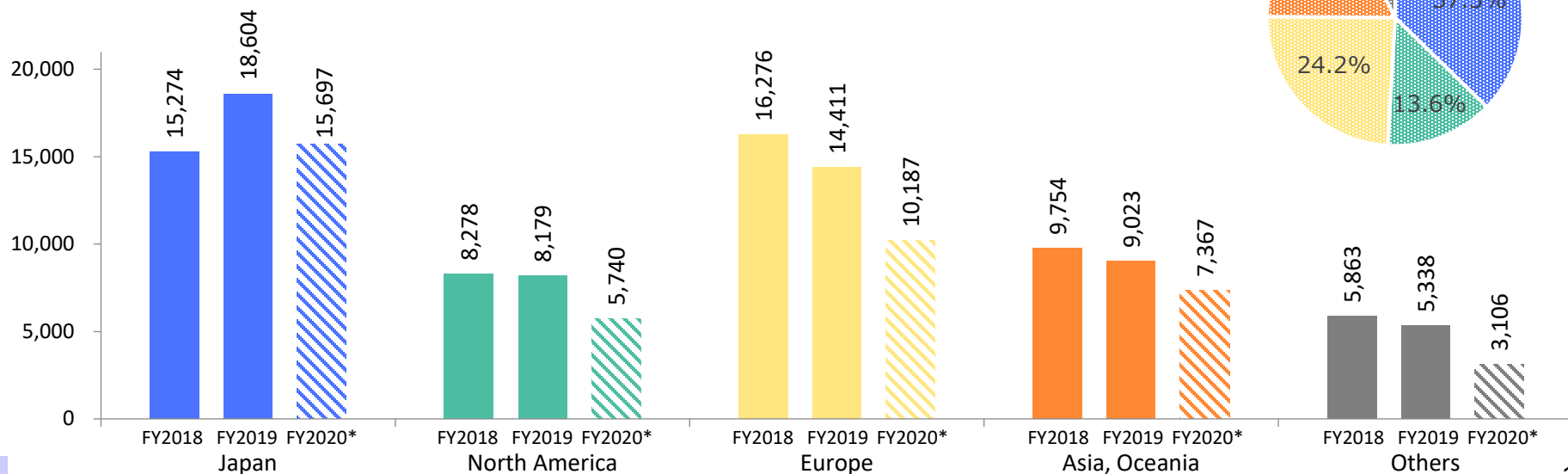
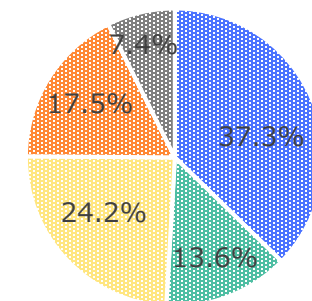
# Sales by Area (FY2020 Forecast)

	FY2019	FY2020					Change from FY2019 *Excluding the impact of exchange rate
	Fiscal year Actual	First half Forecast	Second half Forecast	Fiscal year Forecast	Change from FY2019		
(Millions of yen)							
Japan	18,604	7,124	8,573	15,697	-2,906	-15.6%	-
North America	8,179	2,601	3,138	5,740	-2,439	-29.8%	-27.8%
Local currency: \$	75.2M	24.4M	29.8M	54.3M	-20.8M	-27.8%	-
Europe	14,411	4,159	6,027	10,187	-4,223	-29.3%	-28.6%
Local currency: €	119.2M	34.8M	50.2M	85.1M	-34.1M	-28.6%	-
Asia, Oceania	9,023	3,093	4,274	7,367	-1,656	-18.4%	-
Others	5,338	1,121	1,985	3,106	-2,231	-41.8%	-
<b>Total</b>	<b>55,557</b>	<b>18,100</b>	<b>24,000</b>	<b>42,100</b>	<b>-13,457</b>	<b>-24.2%</b>	<b>-23.2%</b>

Composition ratio



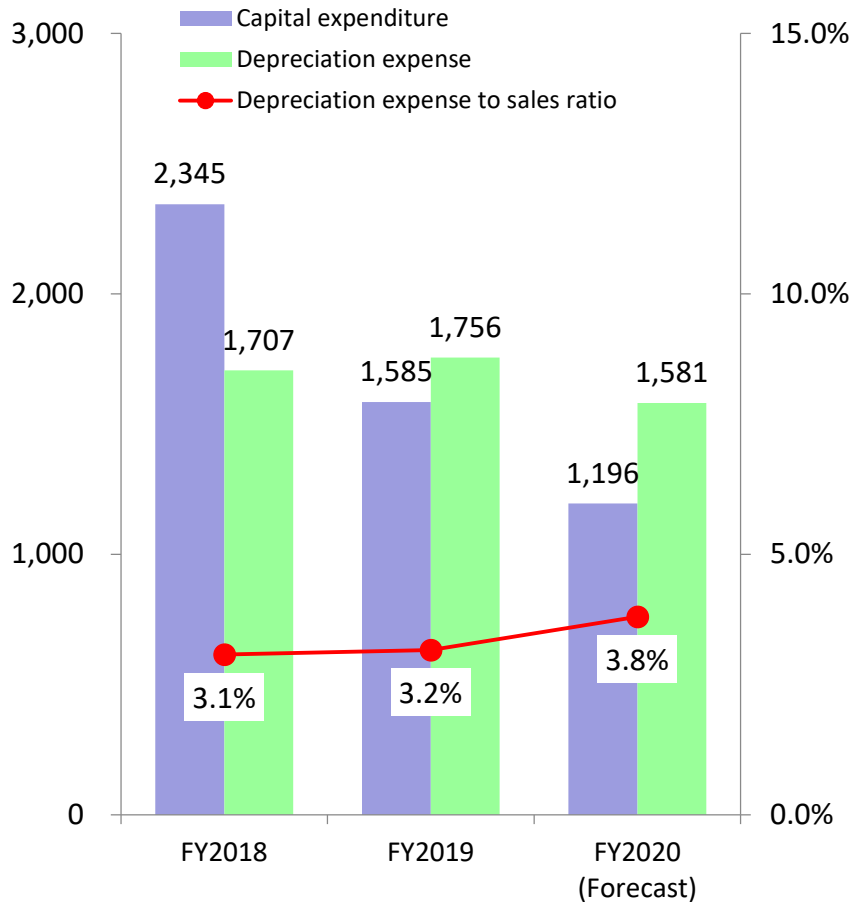
FY20 (Forecast)



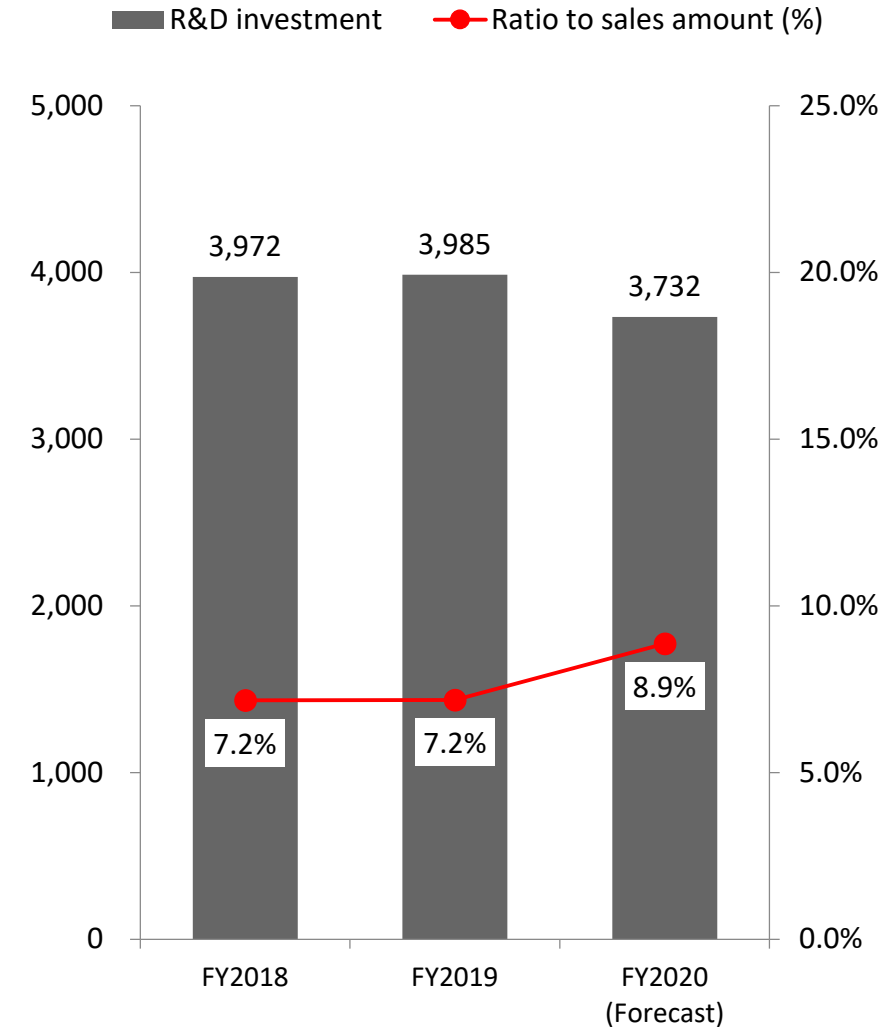
(\* FY2020 Forecast)

# 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.

## Dividend Policy

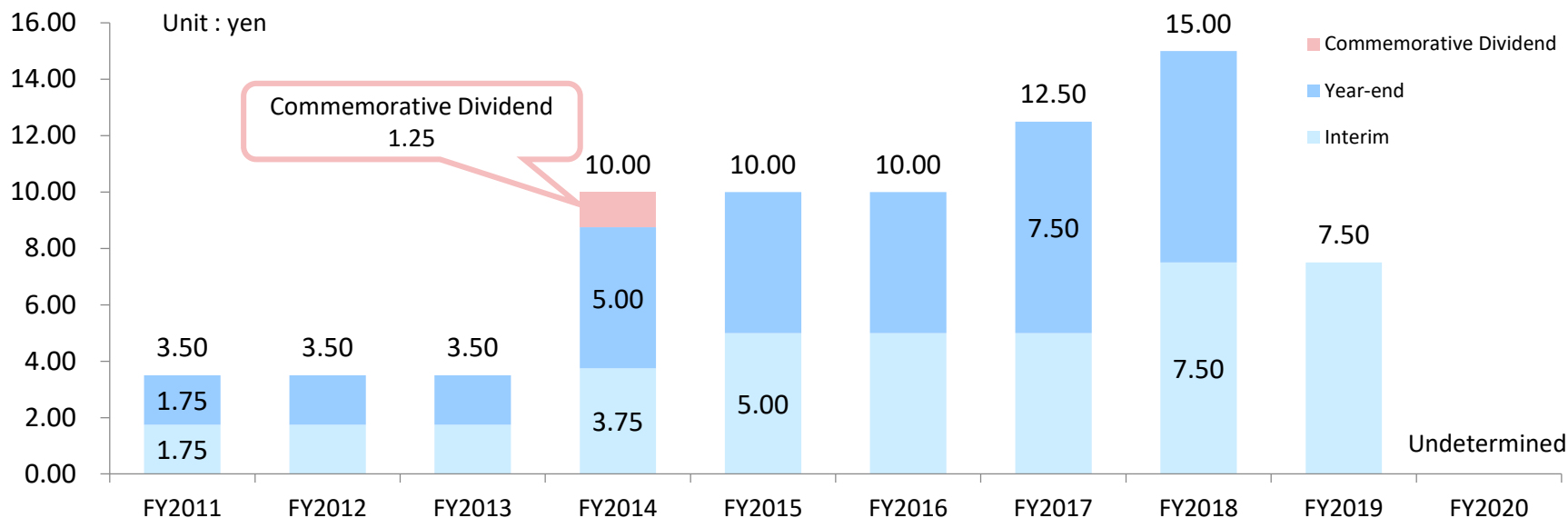
MIMAKI ENGINEERING treats shareholder returns as a key management tenet. As such, it is the Company's basic policy to stably and continuously pay out dividends commensurate with growth in business performance.

### ■ Interim dividends for FY2020: No dividend

We believe that it is best to prepare for the stabilization of management and employment, with the highest priority given to securing liquidity on hand, despite the prospect of raising funds, given that net income is expected to be in the red.

### ■ Forecast of year-end dividends for FY2020: Undetermined

Given the strong sense of uncertainty about the future, this report will be provided after examining performance trends in the second half of the fiscal year.



- 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)





# MIMAKI ENGINEERING CO., LTD.

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