

(Translation)

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# Financial Results

## Third Quarter of Fiscal Year 2020

(Ending March 31, 2021)

MIMAKI ENGINEERING CO., LTD.

February 10, 2021

### 3DUJ-2207



### JV100-160

### SUV-160



### UJV100-160



### UJF-6042 MkII

### JFX200-2513 EX



### Tiger-1800B MkIII



### TS100-1600

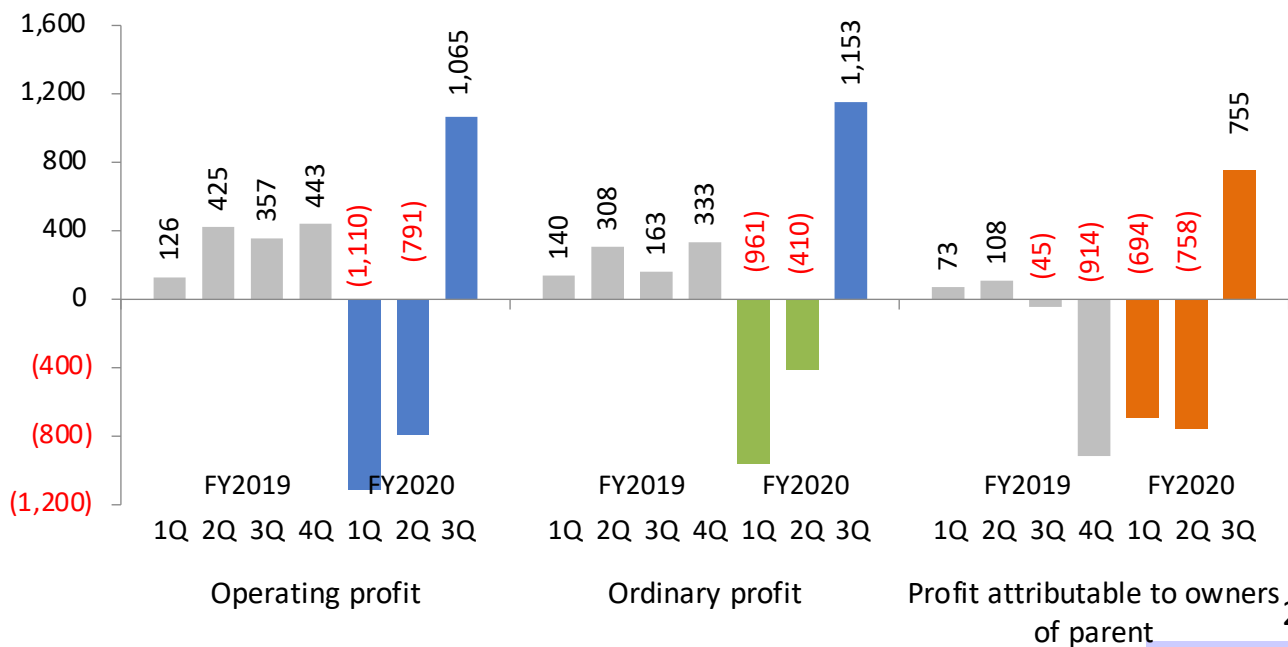
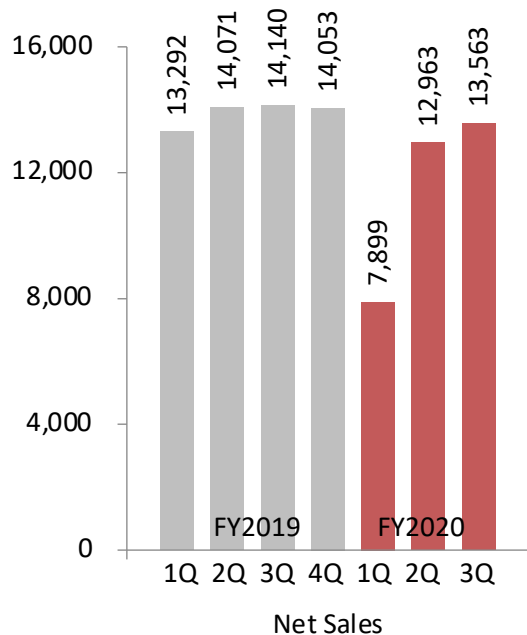
# FY2020 Financial Results and Forecast

- Financial Results for 3Q
- Forecast for FY2020

# Consolidated Financial Highlights (FY2020 3Q Actual)



	FY2019			FY2020					
	First Half Actual	3Q Actual	1Q-3Q Actual	First Half Actual	3Q Actual	1Q-3Q Actual	Change from FY2019	Change from FY2019 *Excluding the impact of exchange rate	
(Millions of yen)									
Net sales	27,363	14,140	41,503	20,862	13,563	34,426	-17.1%	-15.3%	
Operating profit	551	357	909	-1,902	1,065	-836	-	-	
Ordinary profit	449	163	612	-1,372	1,153	-218	-	-	
Profit attributable to owners of parent	181	-45	136	-1,453	755	-697	-	-	
Exchange rate (yen)	USD	108.63	108.76	108.67	106.92	104.51	106.11	-2.4%	-
	EUR	121.41	120.32	121.05	121.29	124.53	122.37	1.1%	-



# 3Q (three months) Consolidated Financial Highlights



Despite the impact of the spread of the new coronavirus infection, sales exceeded the plan due to the recovery of printing demand from customers, creative sales activities, and the announcement and launch of new products in response to changes in the market.

## ■ 3Q Net Sales

- Consolidated sales recovered to 96% YoY, ink sales grew to 112% YoY due to higher customer utilization and channel inventory replenishment
- Sales to SG market exceeded the plan and increased 103% YoY due to recovery in demand and new demand.
- Sales to IP market exceeded the plan due to an increase in customer demand accompanying the economic recovery.
- Slight upturn in demand for TA market compared to plan, despite continued weak demand
- FA business underperformed the plan, although sales to the automotive industry were strong.

## ■ 3Q Operating Income

- Cost of sales ratio improved to the same level as the same period of the previous fiscal year due to increased demand for printer and response to increased ink production
- Administrative expense ratio increased from 2Q due to resumption of sales activities, but improved YoY due to the effect of structural reforms

## ■ 3Q Ordinary profit, Profit attributable to owners of parent in the fourth half of the period

- Posted subsidy income from each country for planned leave as non-operating income.
- Tax expenses increased compared to plan due to higher profits

## ■ Balance sheet at the end of 3Q

- Inventories were reduced by approximately 2.9 billion yen from the end of Mar-2020 due to inventory reduction measures and recovery in demand.
- A key indicator(CCC\*), improved from 7.69 months at the end of June to 4.38 months at the end of September to 3.57 month at the end of December.

\*CCC : Cash Conversion Cycle

# Factors Effecting Operating Profit (FY2019 3Q vs FY2020 3Q)

(Millions of yen)

■ Impact by Currency

USD / JPY 108.67	→ JPY 106.11	-93
EUR / JPY 121.05	→ JPY 122.37	+56
CNY / JPY 15.60	→ JPY 15.44	+16
BRL / JPY 27.17	→ JPY 19.71	-206
TRY / JPY 18.81	→ JPY 14.57	-112
Other *1		-38
Total		-377

\*1 IDR, AUD, THB, etc.

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

Net sales (734) - Cost of sales (144) - S.G.&A. expenses (213) = Operating profit (377)

■ Main Factors

Promotion Expenses	-633	
Transportation Expenses	-501	
Salaries & Wages	-482	
R&D Cost	-478	
Quality Expenses	-343	
Other	-696	
Total		-3,133

1. FX Impact

-377

2. Impact of Changes in Net Sales

-2,740

3. Impact of Change in Cost of Sales ratio

Cost of Sales Ratio

56.8% → 62.8%  
+5.0pt

-1,761

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

S.G.&A. Expenses Ratio

41.0% → 39.5%  
-1.5pt

3,133

-836

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
<u>Cost deterioration due to suspension of operation</u>	<u>-381</u>
Total	-1,401

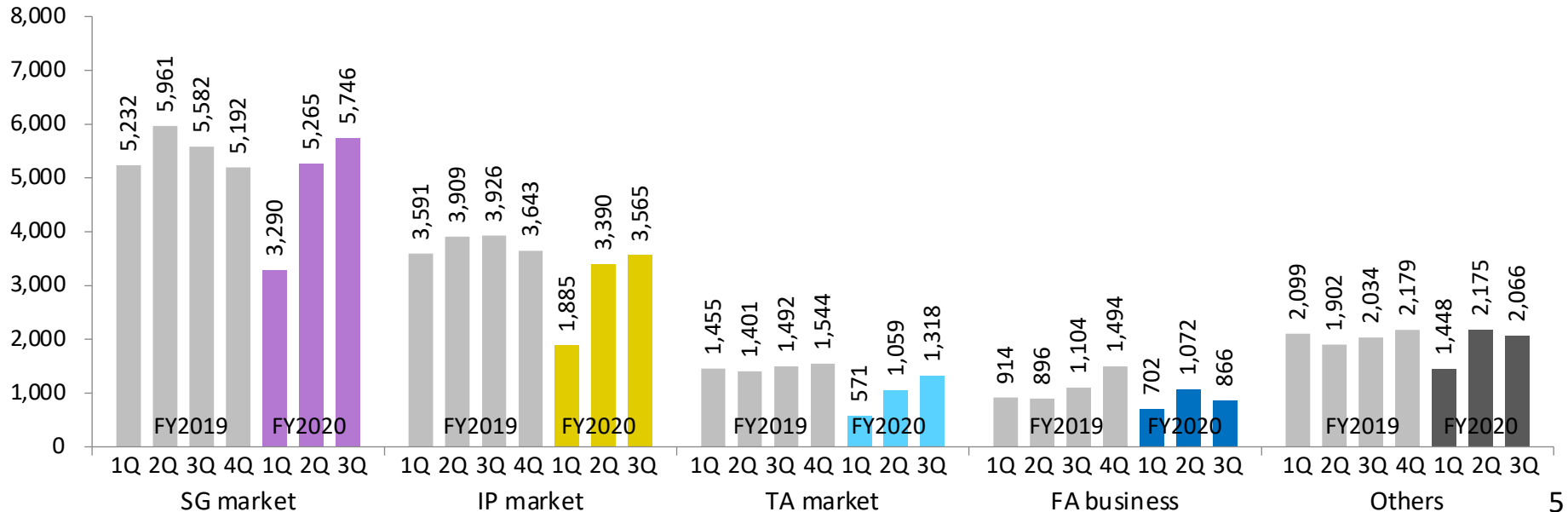
FY2019-3Q  
Operating Profit

FY2020-3Q  
Operating Profit

Operating Profit -1,745

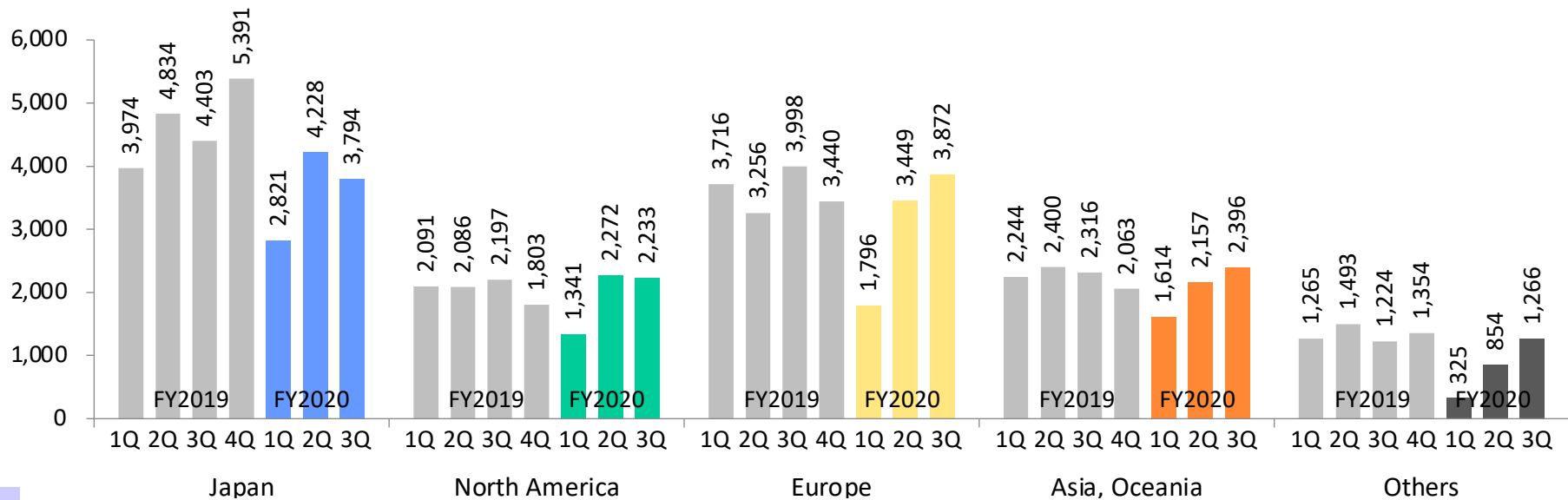
# Sales by Market Segment (FY2020 3Q Actual)

(Millions of yen)	FY2019		FY2020			
	1Q-3Q Actual	Composition ratio	1Q-3Q Actual	Composition ratio	Change from FY2019	Change from FY2019 *Excluding the impact of exchange rate
殪 SG market	16,776	40.4%	14,303	41.5%	-14.7%	-12.7%
殪 IP market	11,426	27.5%	8,841	25.7%	-22.6%	-21.0%
殪 TA market	4,348	10.5%	2,949	8.6%	-32.2%	-30.2%
殪 FA business	2,915	7.0%	2,641	7.7%	-9.4%	-7.9%
殪 Others	6,035	14.6%	5,690	16.5%	-5.7%	-
<b>Total</b>	<b>41,503</b>	<b>100.0%</b>	<b>34,426</b>	<b>100.0%</b>	<b>-17.1%</b>	<b>-15.3%</b>



# Sales by Area (FY2020 3Q Actual)

(Millions of yen)	FY2019		FY2020			
	1Q-3Q Actual	Composition ratio	1Q-3Q Actual	Composition ratio	Change from FY2019	Change from FY2019 *Excluding the impact of exchange rate
殫 Japan	13,212	31.8%	10,844	31.5%	-17.9%	-
殫 North America	6,375	15.4%	5,847	17.0%	-8.3%	-6.0%
Local currency: \$	58.6M	—	55.1M	—	-6.0%	-
殫 Europe	10,971	26.4%	9,118	26.5%	-16.9%	-18.0%
Local currency: €	90.6M	—	74.3M	—	-18.0%	-
殫 Asia, Oceania	6,960	16.8%	6,168	17.9%	-11.4%	-
殫 Others	3,983	9.6%	2,446	7.1%	-38.6%	-
<b>Total</b>	<b>41,503</b>	<b>100.0%</b>	<b>34,426</b>	<b>100.0%</b>	<b>-17.1%</b>	<b>-15.3%</b>



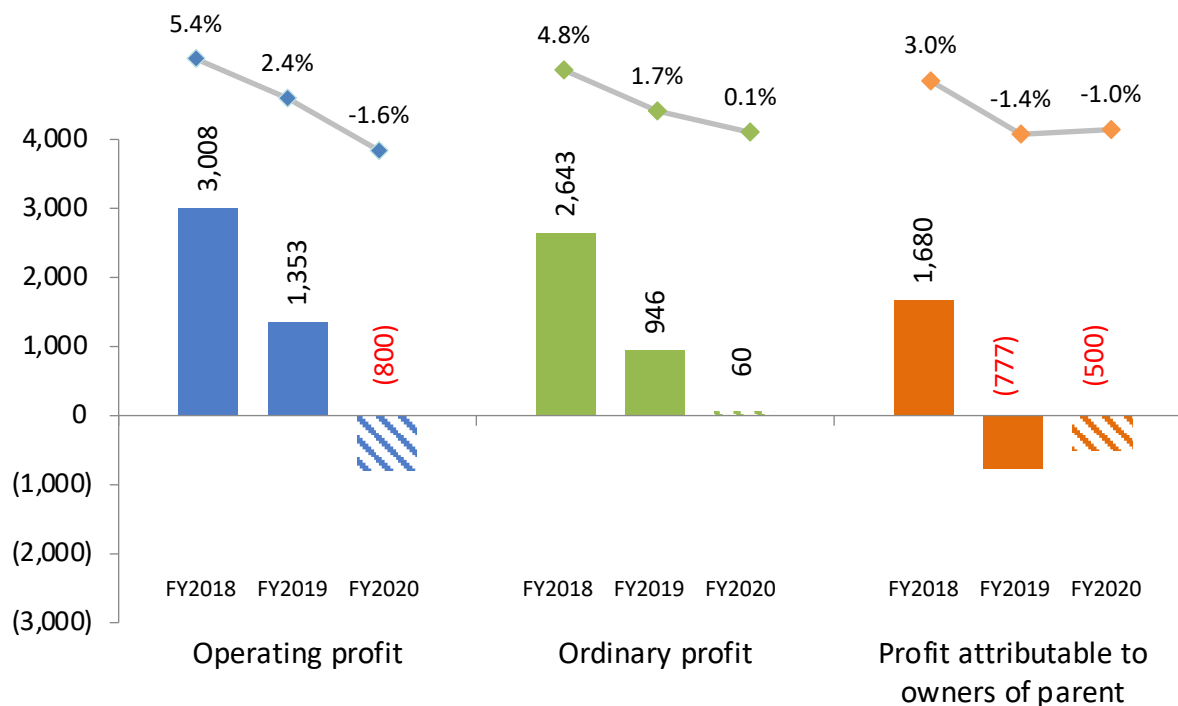
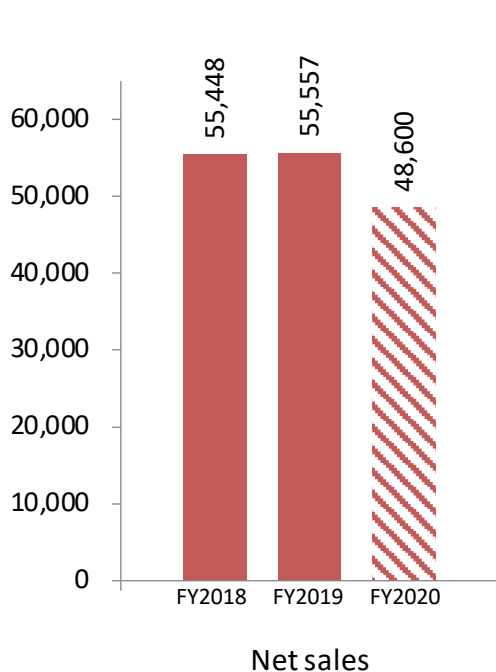
# FY2020 Financial Results and Forecast

- Financial Results for 3Q
- Forecast for FY2020



# Forecast for FY2020 - Consolidated Financial Highlights -

		FY2019			FY2020						
		1Q-3Q Actual	4Q Actual	Fiscal year Actual	1Q-3Q Actual	Change from FY2019	4Q Deduction	Change from FY2019	Fiscal year Forecast	Change from FY2019	Change from FY2019 *Excluding the impact of exchange rate
(Millions of yen)											
殪 Net sales		41,503	14,053	55,557	34,426	-17.1%	14,173	0.9%	48,600	-12.5%	-10.6%
殪 Operating profit		909	443	1,353	-836	-	36	-91.9%	-800	-	-
殪 Ordinary profit		612	333	946	-218	-	278	-16.5%	60	-93.7%	-
殪 Profit attributable to owners of parent		136	-914	-777	-697	-	197	-	-500	-	-
Exchange rate (yen)	USD	108.67	108.97	108.75	106.11	-2.4%	105.00	-3.6%	105.84	-2.7%	-
	EUR	121.05	120.16	120.83	122.37	1.1%	120.00	-0.1%	121.78	0.8%	-



# Key Points of Full-Year Earnings Forecast

- Sales forecast revised upward on the assumption that demand will recover to the same level as the same period of the previous year in 4Q → Previous forecast assumed 95% level of the same period of the previous year
  - \* The global spread of new coronavirus variants has led to a lockdown in Europe, and other uncertainties remain.
- In the SG, the steady launch of the new entry model JV/UJV100-160 and the increase in ink sales due to the recovery in printing demand are expected to be incorporated.
- In the IP, in addition to an increase in sales of industrial products, for which demand is strong, we expect an expansion in demand for printing of killer content-related goods.
- In the TA, we expect a moderate recovery in the apparel market and the effect of new products such as the entry model TS100-1600 and the high productivity model Tiger-1800B MK III.
- In addition to the upward revision of net sales, the profit forecast has been revised upward due to the effects of structural reforms and efficient cost execution.
- SG & A expenses are expected to be on par with the same period of the previous year, when sales activities contracted rapidly, but profits are expected to decline year on year due to the effects of rising sea transportation costs and other factors.

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

(Millions of yen)

## Impact by Currency

USD / JPY 108.75	→ JPY 105.84	-138
EUR / JPY 120.83	→ JPY 121.78	+64
CNY / JPY 15.60	→ JPY 15.51	+14
BRL / JPY 26.53	→ JPY 19.53	-317
TRY / JPY 18.58	→ JPY 14.18	-149
Other *1		-93
<b>Total</b>		<b>-619</b>

## FX Sensitivity (impact by ¥1 change)

	Net sales	Operating profit
USD	91	47
EUR	103	67

\*1 IDR, THB, etc.

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

Net sales (1,093) - Cost of sales (191) - S.G.&A. expenses (283) = Operating profit (619)

1. FX Impact

-619

2. Impact of Changes  
in Net Sales

-2,513

3. Impact of Change in  
Cost of Sales ratio

### Cost of Sales Ratio

57.1% → 61.4%  
+4.3pt

-2,091

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

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

40.4% → 39.0%  
-1.4pt

3,070

-800

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
<u>Cost deterioration due to suspension of operation</u>	<u>-381</u>
<b>Total</b>	<b>-1,401</b>

FY2019

Operating Profit

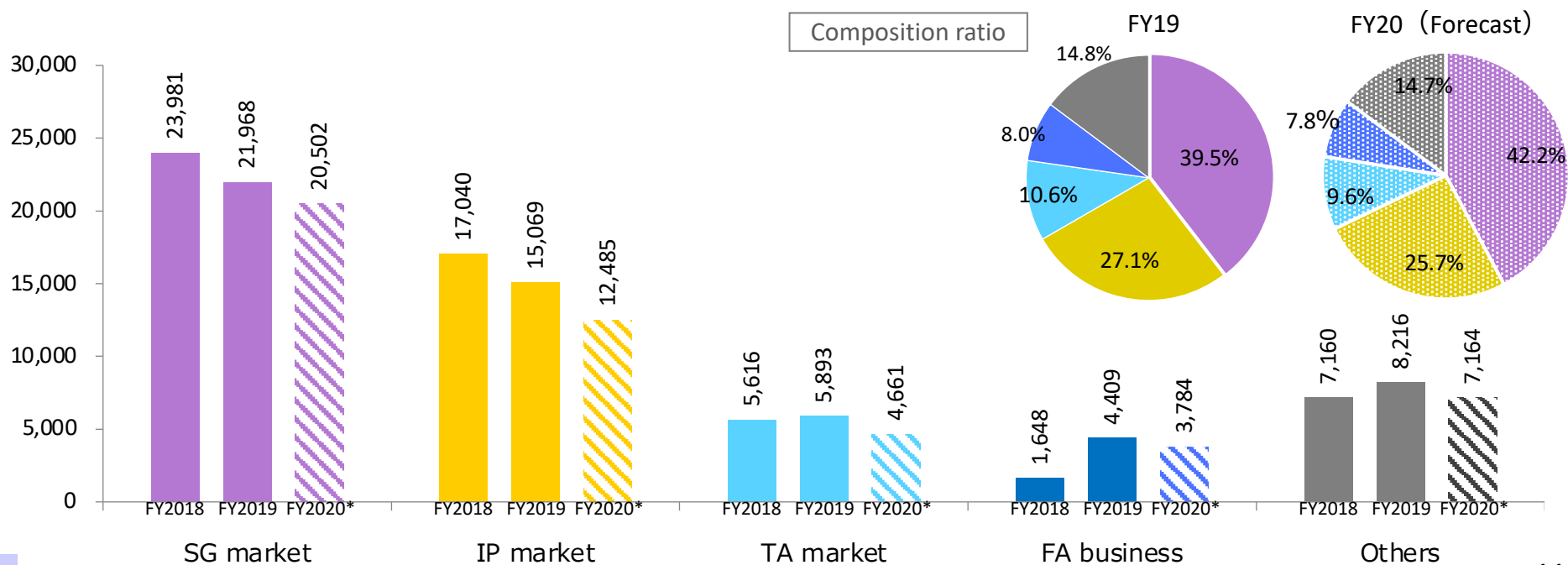
FY2020

Operating Profit

Operating Profit -2,153

# Sales by Market Segment (FY2020 Forecast)

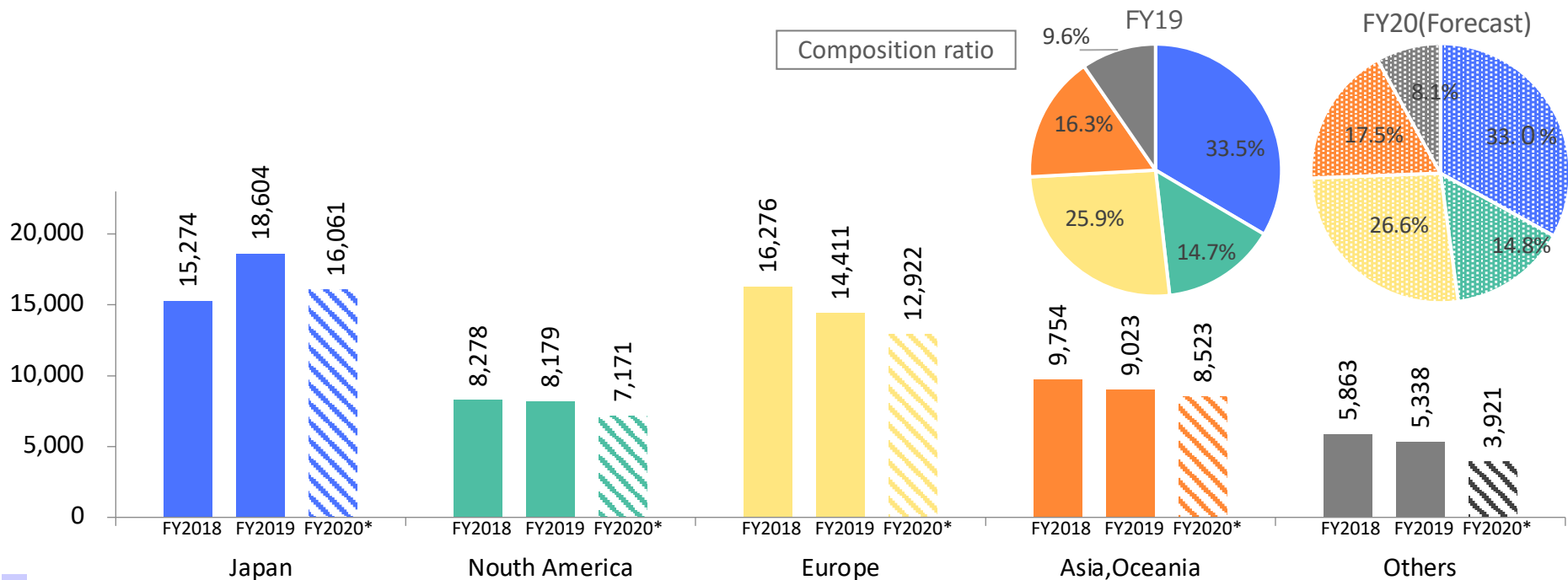
(Millions of yen)	FY2019			FY2020						
	1Q-3Q Actual	4Q Actual	Fiscal year Actual	1Q-3Q Actual	Change from FY2019	4Q Deduction	Change from FY2019	Fiscal year Forecast	Change from FY2019	Change from FY2019 *Excluding the impact of exchange rate
SG market	16,776	5,192	21,968	14,303	-14.7%	6,199	19.4%	20,502	-6.7%	-3.4%
IP market	11,426	3,643	15,069	8,841	-22.6%	3,644	0.0%	12,485	-17.1%	-15.8%
TA market	4,348	1,544	5,893	2,949	-32.2%	1,712	10.9%	4,661	-20.9%	-16.9%
FA business	2,915	1,494	4,409	2,641	-9.4%	1,143	-23.5%	3,784	-14.2%	-11.7%
Others	6,036	2,179	8,216	5,690	-5.7%	1,474	-32.4%	7,164	-12.8%	-
Total	41,503	14,053	55,557	34,426	-17.1%	14,173	0.9%	48,600	-12.5%	-10.6%



(\* FY2020 Forecast)

# Sales by Area (FY2020 Forecast)

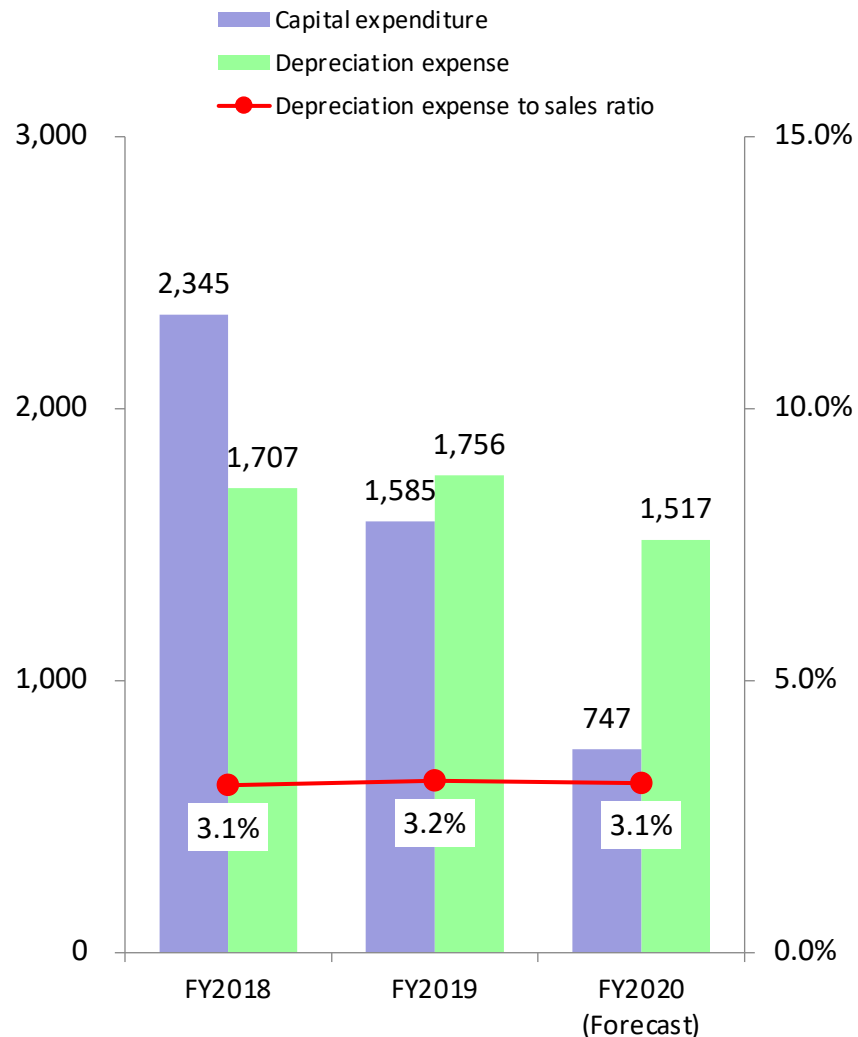
(Millions of yen)	FY2019			FY2020						
	1Q-3Q Actual	4Q Actual	Fiscal year Actual	1Q-3Q Actual	Change from FY2019	4Q Deduction	Change from FY2019	Fiscal year Forecast	Change from FY2019	Change from FY2019 *Excluding the impact of exchange rate
Japan	13,212	5,392	18,604	10,844	-17.9%	5,217	-3.2%	16,061	-13.7%	—
North America	6,375	1,804	8,179	5,847	-8.3%	1,324	-26.6%	7,171	-12.3%	-9.9%
Local currency:\$	58.6M	16.5M	75.2M	55.1M	-6.0%	12.5M	-23.9%	67.7M	-9.9%	—
Europe	10,971	3,440	14,411	9,118	-16.9%	3,804	10.6%	12,922	-10.3%	-11.0%
Local currency:€	90.6M	28.6M	119.2M	74.3M	-18.0%	31.7M	11.0%	106.1M	-11.0%	—
Asia,Oceania	6,960	2,063	9,023	6,168	-11.4%	2,355	14.3%	8,523	-5.5%	—
Others	3,983	1,355	5,338	2,446	-38.6%	1,475	8.9%	3,921	-26.5%	—
合計	41,503	14,054	55,557	34,426	-17.1%	14,173	0.9%	48,600	-12.5%	-10.6%



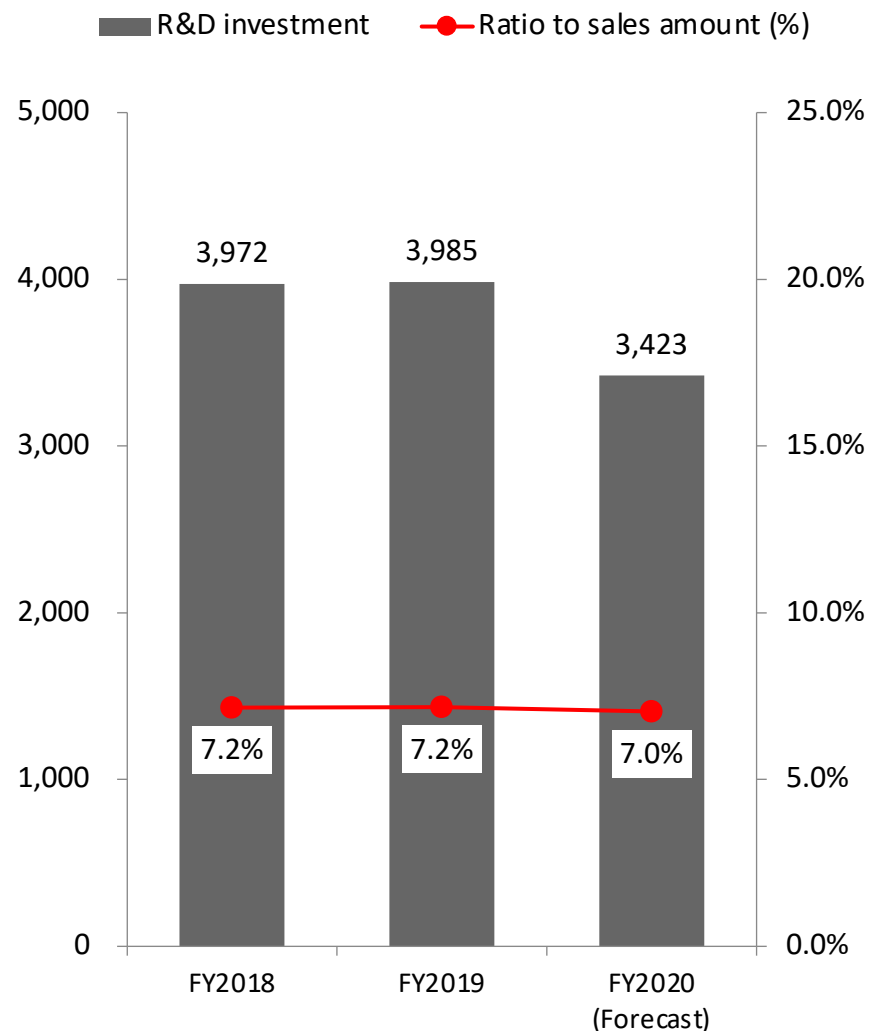
(\* FY2020 Forecast)

# 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

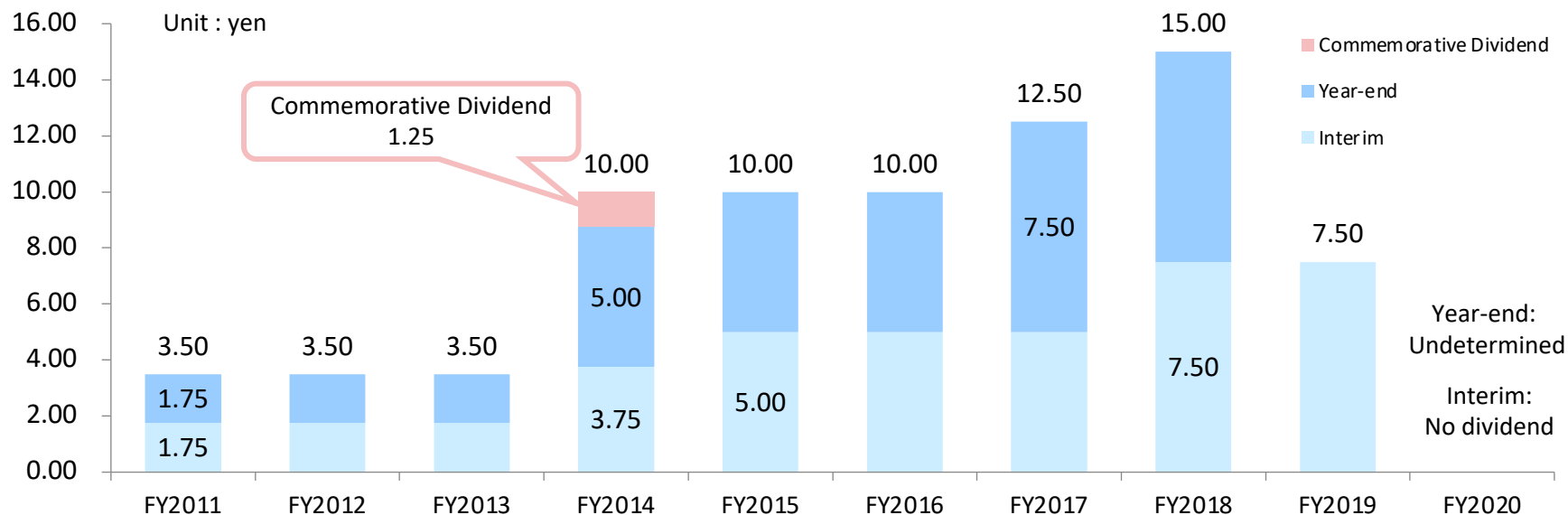
MIMAKI ENGINEERING treats shareholder returns as a key management tenet. As such, it is the Company's basic policy to stably and continuously pay out dividends commensurate with growth in business performance.

### ■ 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

We will inform you again after assessing future business performance trends.



- 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)



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IR department

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[Handling precautions on this document]

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