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May 12, 2022

Consolidated Financial Results for the Year Ended March 31, 2022 (Under Japanese GAAP)

Company name: MIMAKI ENGINEERING CO., LTD.
Listing: Tokyo
Securities Code: 6638
URL: https://ir-eng.mimaki.com/
Representative: Kazuaki Ikeda, President
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TEL: 0268 (80) 0058
Scheduled date of annual general meeting of shareholders: June 24, 2022
Scheduled date to commence dividend payments: June 27, 2022
Scheduled date to file annual securities report: June 27, 2022
Preparation of supplementary material on financial results: Yes
Holding of financial results meeting: Yes (for institutional investors and analysts)

(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Consolidated financial results for the year ended March 2022 (April 1, 2021 to March 31, 2022)

(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, 2022	59,511	22.1	2,569	–	2,688	633.7	2,347	–
Year ended March 31, 2021	48,722	(12.3)	(509)	–	366	(61.3)	(301)	–

Note: Comprehensive income Year ended March 31, 2022 ¥3,574 million (-%)
Year ended March 31, 2021 ¥172 million (-%)

	Basic earnings per share	Diluted earnings per share	Return on equity	Ratio of ordinary profit to total assets	Ratio of operating profit to net sales
	Yen	Yen	%	%	%
Year ended March 31, 2022	80.40	80.31	13.5	4.8	4.3
Year ended March 31, 2021	(10.21)	–	(1.9)	0.7	(1.0)

Reference: Share of profit (loss) of entities accounted for using equity method
Year ended March 31, 2022 ¥(12) million
Year ended March 31, 2021 ¥23 million

Note: The "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) and relevant ASBJ regulations have been applied from the beginning of the fiscal year under review, and the figures for the year ended March 31, 2022 are after the application of the said accounting standards.

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2022	60,857	18,716	30.6	647.55
As of March 31, 2021	50,838	16,213	31.8	548.10

Reference: Equity
As of March 31, 2022 ¥18,633 million
As of March 31, 2021 ¥16,165 million

(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, 2022	(5,129)	(2,711)	4,275	7,501
Year ended March 31, 2021	6,634	15	(7,315)	10,683

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended March 31, 2021	–	0.00	–	7.50	7.50	221	–	1.4
Fiscal year ended March 31, 2022	–	7.50	–	7.50	15.00	437	18.7	2.5
Fiscal year ending March 31, 2023 (Forecast)	–	7.50	–	7.50	15.00		30.4	

3. Forecast of consolidated financial results for the year ending March 31, 2023 (from April 1, 2022 to March 31, 2023)

(% Display is the year-on-year rate of increase/decrease for the full year and the year-on-year rate for the quarter)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Second quarter (cumulative)	30,700	6.6	770	(54.5)	700	(58.9)	430	(72.5)	14.73
Full year	65,600	10.2	2,330	(9.3)	2,180	(18.9)	1,440	(38.7)	49.32

*** Notes**

(1) Changes in significant subsidiaries during the year ended March 31, 2022
(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: Yes

Changes in accounting policies due to other reasons: No

Changes in accounting estimates: No

Restatement: No

Note: For details, please refer to "3. Consolidated financial statements and significant notes thereto, (5) Notes on consolidated financial statements, (Changes in accounting policies)" on page 16 of the attached materials.

(3) Number of issued shares (common shares)

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

As of March 31, 2022	32,040,000 shares
As of March 31, 2021	32,040,000 shares

(ii) Number of treasury shares at the end of the period

As of March 31, 2022	3,264,767 shares
As of March 31, 2021	2,545,767 shares

(iii) Average number of shares during the period

Fiscal year ended March 31, 2022	29,196,702 shares
Fiscal year ended March 31, 2021	29,494,233 shares

Reference: Overview of individual business results

1. Individual results for the year ended March 2022 (April 1, 2021 to March 31, 2022)

(1) Non-consolidated operating results (Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended March 31, 2022	43,634	33.4	1,669	–	1,635	–	1,270	–
Year ended March 31, 2021	32,701	(15.2)	(657)	–	(353)	–	(860)	–

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Year ended March 31, 2022	43.50	43.45
Year ended March 31, 2021	(29.18)	–

(2) Non-consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2022	52,287	15,542	29.7	538.98
As of March 31, 2021	45,174	15,338	33.9	518.91

Reference: Equity
As of March 31, 2022 ¥15,509 million
As of March 31, 2021 ¥15,304 million

* Financial results reports are exempt from audit conducted by certified public accountants or an audit corporation.

* Proper use of earnings forecasts, and other special matters

The forecasts and other forward-looking statements in this report are based on currently available information and certain assumptions determined as rational. Consequently, any statements herein do not constitute assurances regarding actual results by the Company. In addition, actual business results may differ significantly due to various factors. Please refer to "1. Overview of operating results, etc., (4) Future Outlook" on pages 6 and 7 of the attached materials for the conditions that are the premise of the business forecast and precautions when using the business forecast.

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1. Overview of operating results, etc.

(1) Overview of operating results for the fiscal year

During the fiscal year under review (hereinafter referred to as "the current fiscal year"), although the number of people infected with a new mutant strain of the novel coronavirus rapidly increased in the latter half of the period, the world economy showed a remarkable movement toward the normalization of economic and social activities due to the progress of vaccination and the low rate of serious illness, mainly in developed countries such as North America and Europe, while at the same time the outlook became increasingly uncertain recently, after Russia invaded Ukraine. In addition, the severe situation continues due to the continued impact of the disruption of global logistics and the difficulty in procuring parts and raw materials. In Japan as well, there have been signs of economic recovery in response to the gradual recovery trend of the world economy, but the pace has been heavy and the situation remains unpredictable.

In this environment, the Group has continued to launch new products and expand sales, develop its business in anticipation of rapid changes in the market environment and customer needs, and build a foundation to improve profitability, based on the priority measures set forth in the "Mimaki V10" mid- to long-term growth strategy established in December 2020. In the fourth quarter of the fiscal year, the JV/CJV/TS330 series of flagship models for the SG (Sign Graphics) and TA (textile apparel) markets and the Cutting Plotter CG-AR Series will be newly introduced to the market. We continued to actively develop sales activities, such as developing channels and improving the quality of the Mini Exhibition Strategy that we have been promoting in addition to the number of implementations.

Sales in the current fiscal year were affected by product supply shortages due to component and raw material shortages and extended lead times due to logistics disruptions, but sales in the SG, IP, and TA markets were significantly higher than in the fiscal year ended March 31, 2021 ("the previous fiscal year") due to a recovery in printing demand and resumption of capital investment by customers in line with economic recovery in various regions of the world, particularly in North America and Europe. Existing mainstay products have seen significant growth in sales volume, especially in the SG and IP markets, and in addition to entry-level models such as the JV/UJV100-160 for the SG market and the TS100-1600 for the TA market, new products for the IP (Industrial Products) market such as the UJF-3042/6042MkIIe, UJF-7151plusII, and JFX600-2513, which began full-scale supply during the period under review, are also seeing strong growth in sales volume. In addition, sales of ink and maintenance parts increased significantly as customer demand for printing increased. By region, the depreciation of the yen also contributed to the year-on-year increase in all regions. On the other hand, during the fourth quarter of the current consolidated period, we were affected by the aforementioned Russian-Ukraine problem and the spread of the new corona infection in China. Compared to the same period two years ago, sales in Japan and Latin America decreased, while sales in North America, Europe, Asia, and Oceania increased significantly, so the company-wide sales exceeded the pre-corona level.

In terms of profit, although cost of sales was affected by soaring transportation costs throughout the period and the impact of soaring prices of parts and raw materials became apparent from the latter half of the first quarter, the cost of sales ratio improved compared to the previous period, when expenses associated with structural reforms were recorded. SG&A expenses increased due to personnel costs associated with the cancellation of planned holidays implemented in the previous fiscal year, product repair costs associated with higher product utilization rates, new product launches, and quality issues at customers, and R&D costs for new product development in line with the "Mimaki V10" strategy. Although there was an increase in these expenses, in addition to the effect of increasing sales, the effect of yen depreciation of foreign exchange also contributed to a significant increase in Operating profit.

During the current fiscal year, the Group posted net sales of ¥59,511 million (up 22.1% year on year), operating profit of ¥2,569 million (operating loss of ¥509 million in the previous fiscal year), ordinary profit of ¥2,688 million (up 633.7% year on year), and profit attributable to shareholders of the parent company of ¥2,347 million (loss of ¥301 million in the previous fiscal year).

The "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) and relevant ASBJ regulations has been applied from the beginning of the current fiscal year, and net sales increased by ¥182 million, operating profit decreased by ¥98 million, and ordinary profit and profit before income taxes and minority interests increased by ¥5 million, respectively, for the current fiscal year. In addition, the opening balance of retained earnings decreased by ¥5 million. For details, please refer to “3. Consolidated financial statements and significant notes thereto (5) Notes on consolidated financial statements (Changes in accounting policies).”

In addition, the major exchange rates for the current fiscal year were 1 US$ = ¥112.38 (¥106.06 in the previous fiscal year) and 1 EUR = ¥130.56 (¥123.70 in the previous fiscal year).

The segment performance is as follows.

(Japan/Asia/Oceania)

Net sales were ¥27,266 million (up 12.9% year on year), and due to the application of Accounting Standard for Revenue Recognition, net sales increased by ¥193 million. Compared to the previous fiscal year, sales increased significantly in almost all countries and regions, mainly in Japan, Australia, Thailand and Indonesia, except for China and Taiwan.

(North/Latin America)

Net sales were ¥14,262 million (up 35.9% year on year), and due to the application of Accounting Standard for Revenue Recognition, net sales decreased by ¥27 million. In North America, sales of main units, inks, and maintenance parts increased due to capital investment by customers and recovery of operations. In Latin America, sales increased mainly in Brazil and Mexico. In addition to this, foreign exchange such as the US dollar and the Brazilian real had the effect of depreciating the yen from the previous fiscal year. As a result of the above, sales in this segment increased significantly.

(Europe/Middle East/Africa)

Net sales were ¥17,982 million (up 27.7% year on year), and net sales increased by ¥16 million due to the application of Accounting Standard for Revenue Recognition. Due to the recovery of capital investment and the increase in printing demand, sales of main units, inks, and maintenance parts increased, resulting in a significant increase in sales. In addition, the yen’s depreciation from the previous fiscal year also contributed to the increase in sales.

The details of Net sales by market are as follows.

	Net sales (Thousands of yen)	Component ratio (%)	Year-on-year changes (%)
For SG market	24,704,198	41.5	22.8
For the IP market	16,235,786	27.3	28.2
For TA market	5,509,173	9.3	24.4
FA business	4,465,938	7.5	21.9
Other	8,596,860	14.4	9.6
Total	59,511,957	100.0	22.1

(For SG market)

Net sales were ¥24,704 million (up 22.8% from the previous fiscal year). In the current fiscal year, the recovery of signage print demand due to the activation of economic activity became remarkable, and in addition, new demand for virus infection prevention related signage etc. also increased, and with the increase in capital investment, the main product CJV/UCJV300 in addition to the entry model sales of main units such as CJV150 and UJV55 were strong, and sales of ink also increased steadily, resulting in a significant increase in sales.

(For IP market)

Net sales were ¥16,235 million (up 28.2% year on year). The substantial increase in demand for printing industrial products, novelty goods, and other products in conjunction with the global economic recovery led to strong sales of the existing flagship product JFX200EX with its extensive product lineup and new products introduced in the current fiscal year, both in terms of the printer unit and ink, resulting in a substantial increase in sales.

(For TA market)

Net sales were ¥5,509 million (up 24.4% year on year). In the current fiscal year, demand in the textile and apparel market grew along with the economic recovery, and sales of main units centered on entry-level models and ink due to an increase in occupancy rates increased in response to the recovery in capital investment by customers, resulting in a significant increase in sales.

(FA business)

Net sales were ¥4,465 million (up 21.9% year on year). Due to the increase in demand accompanying the economic recovery, the FA equipment business, the basic inspection equipment business, and the metal processing business performed well, resulting in a significant increase in sales.

The details of Net sales by item are as follows.

	Net sales (Thousands of yen)	Component ratio (%)	Year-on-year changes (%)
Product body	25,390,006	42.7	29.6
Ink	21,040,515	35.4	19.9
Maintenance parts	5,009,254	8.4	30.6
Other	8,072,180	13.6	4.0
Total	59,511,957	100.0	22.1

(2) Overview of financial position for the fiscal year

(Assets)

The balance of assets for the period was ¥60,857 million (¥50,838 million at the end of the previous fiscal year), an increase of ¥10,018 million. The balance of current assets was ¥47,495 million (¥39,163 million at the end of the previous fiscal year), an increase of ¥8,331 million. This was mainly due to an increase in raw materials and supplies, merchandise and finished goods under the policy to procure and retain parts, etc. for the purpose of supplying products to the market without being affected by global shortage of parts and raw materials and prolonged transportation lead time, and to maximize sales opportunities by precisely responding to increased demand associated with economic recovery. Non-current assets were ¥13,362 million (¥11,675 million at the end of the previous fiscal year), an increase of ¥1,686 million. This was mainly due to an increase of ¥523 million in deferred tax assets.

(Liabilities)

The balance of liabilities for the period was ¥42,140 million (¥34,625 million at the end of the previous fiscal year), an increase of ¥7,514 million. The balance of current liabilities was ¥32,329 million (¥24,969 million at the end of the previous fiscal year), an increase of ¥7,360 million. This was mainly due to an increase in short-term borrowings of ¥6,497 million. The balance of non-current liabilities was ¥9,810 million (¥9,656 million at the end of the previous fiscal year), an increase of ¥154 million. This was due to an increase in lease liabilities of ¥569 million, etc., despite a decrease in long-term borrowings of ¥481 million, etc.

(Net assets)

The balance of net assets for the period was ¥18,716 million (¥16,213 million at the end of the previous fiscal year), an increase of ¥2,503 million. This was due to an increase in retained earnings of ¥1,899 million and an increase in foreign currency translation adjustment of ¥1,214 million, etc.

(3) Overview of cash flow for the current period

The balance of cash and cash equivalents (hereinafter referred to as “cash”) in the current fiscal year amounted to ¥7,501 million, a decrease of ¥3,182 million compared to the end of the previous fiscal year mainly due to an increase in inventories and an increase in trade receivables although there was an increase in short-term borrowings and long-term borrowings. The details of operating activities, investing activities, and financing activities are as follows.

(Cash flows from operating activities)

As a result of operating activities, the amount of cash used was ¥5,129 million (compared with cash provided of ¥6,634 million in the previous fiscal year). This was mainly due to the fact that although there was profit before income taxes of ¥2,778 million, there was an increase in inventories of ¥7,298 million.

(Cash flows from investing activities)

As a result of investing activities, the amount of cash used was ¥2,711 million (compared with cash provided of ¥15 million in the previous fiscal year). This was mainly due to payments into time deposits of ¥1,330 million and purchase of property, plant and equipment of ¥1,216 million.

(Cash flows from financing activities)

As a result of financing activities, the amount of cash provided was ¥4,275 million (compared with cash used of ¥7,315 million in the previous fiscal year). This was mainly due to the fact that although there were repayments of long-term borrowings of ¥4,366 million, there was an increase in short-term borrowings of ¥6,307 million and proceeds from long-term borrowings of ¥3,612 million.

The cash flow indicators of the Group are as follows.

	Year ended March 31, 2018	Year ended March 31, 2019	Year ended March 31, 2020	Year ended March 31, 2021	Year ended March 31, 2022
Equity-to-asset ratio (%)	32.5	32.2	29.2	31.8	30.6
Market value-based Equity-to-asset ratio (%)	44.0	32.8	22.6	36.4	32.9
Cash flow to interest-bearing debt ratio (year)	6.6	22.2	29.7	2.6	–
Interest coverage ratio (double)	16.9	6.0	3.2	39.1	–

Equity-to-asset ratio: Equity/Total assets

Market Equity-to-asset ratio: Market capitalization/Total assets

Cash flow to interest-bearing debt ratio: Interest-bearing debt/Operating cash flow

Interest coverage ratio: Operating cash flow/Interest payment

Notes:
1. Both are calculated based on consolidated financial figures.
2. Market capitalization is calculated by multiplying the closing price of the closing price at the end of the period by the Number of issued shares at the end of the period at the end of the period (after deducting treasury stock).
3. Operating cash flows use cash flows from the Consolidated statement of cash flows of cash flows. Interest-bearing liabilities cover all liabilities recorded on the Consolidated balance sheet that are paying interest.
4. Cash flow to interest-bearing debt and interest coverage ratio are not provided for the year ended March 31, 2022 since operating cash flow was negative.

(4) Future outlook

	Six months ending September 30, 2022		Full year	
	Amount (Millions of yen)	Increase/decrease rate from the same period of the previous year (%)	Amount (Millions of yen)	Increase/decrease rate in the previous term (%)
Net sales	30,700	6.6	65,600	10.2
Operating profit	770	(54.5)	2,330	(9.3)
Ordinary profit	700	(58.9)	2,180	(18.9)
Profit	430	(72.5)	1,440	(38.7)

* The above forecasts have been prepared based on the information available as of the date of publication of this material, and actual results may vary due to various factors.

For the consolidated earnings forecast for the fiscal year ending March 31, 2023, we forecast net sales of ¥65,600 million (up 10.2% year on year), operating profit of ¥2,330 million (down 9.3% year on year), ordinary profit of ¥2,180 million (down 18.9% year on year), and profit attributable to owners of parent of ¥1,440 million (down 38.7% year on year).

Looking ahead at the outlook for conditions overall, in addition to the effects of COVID-19, we foresee uncertainties to remain regarding the global economic future that have been brought about by the Russia-Ukraine crisis, and we also expect to see a continuation of the effects of global shortages in parts and materials and disruptions in the supply chain for the first half of the fiscal year. At the same time, however, we expect the moderate recovery being experienced by the economy overall to continue. These make up the underlying assumptions in our forecast.

In facing these conditions, the Company will follow its medium- to long-term growth strategy “Mimaki V10,” and not only pursue net sales growth but also undertake efforts to construct a corporate foundation capable of continually generating high levels of revenue. At the same time, we are conscious of the need to make appropriate responses to the numerous risks emerging from the precipitous changes in the environment as mentioned above. In the fiscal year ending March 31, 2023, while sticking to our policy of achieving an operating margin of 10% by 2025 as set forth in Mimaki V10, we will give necessary consideration to the business environment we are operating in and take priority measures to respond to business risks while striving to build the foundations necessary to realize our target. We describe our Group’s management policy for the fiscal year ending March 31, 2023 as “Securing Fundamentals,” and we will take on these efforts utilizing the combined capabilities of the entire Group.

For net sales, although we will have to deal with the effects from shortages in parts and raw materials and disruptions in the supply chain, we are expending to achieve considerable increases in revenue in each market, SG, IP, TA, and FA, through launching new products targeting the opportunities of demand recovery in each sales market while growing sales of existing products that were launched in the fiscal years up until now. Looking at each region, for Europe sales projections are difficult due to the Russia-Ukraine crisis, but while we will have to absorb a certain degree of impact from the eastern European countries, we are expecting revenues to be slightly higher year on year. However, for Asia and Oceania, North America, Japan, and Latin America, we are expecting to achieve considerably increases in revenue.

Breaking down profit, in operating profit, an expectation of increase arises from the increased revenue. That said, however, after factoring in deterioration in the cost of sales ratio that will occur due to the rising costs associated with the tough suppliers’ market for securing parts and raw materials and for transportation, and also taking into account the additional selling, general and administrative expenses accompanying the return to full-fledged sales activities and accelerated product development, etc., and also due to the fact that the exchange rate assumption was set at a level of yen appreciation compared to the previous year, we expect operating profit to actually decrease. Regarding ordinary profit, in addition to the factor of a decrease in operating profit, compared to the year ended March 31, 2022, which had foreign exchange gains, we expect the level of decrease in ordinary profit will surpass that of operating profit. For profit attributable to owners of parent, because the effective statutory tax rate, which had been at a low level due to the increased in the amount recorded for deferred tax assets for internal profit eliminations between group companies in the fiscal year ended March 31, 2022, is expected to return to normal levels in the fiscal year ending March 31, 2023, the level of profit decrease is expected to surpass that of ordinary profit.

The main exchange rates are 1 US$: ¥110, and 1 EUR: ¥130.

2. Basic concept regarding the selection of accounting standards

The Group uses Japanese standards for accounting, but we recognize that there are no particular issues at this time. However, future growth will be centered on capturing overseas markets, and the role of overseas subsidiaries is expected to become even more important. Therefore, we are considering the application of IFRS, which would facilitate unified accounting treatment throughout the group.

3. Consolidated financial statements and significant notes thereto

(1) Consolidated balance sheets

(Thousands of yen)

	As of March 31, 2021	As of March 31, 2022
Assets		
Current assets		
Cash and deposits	10,839,746	8,971,526
Notes and accounts receivable - trade	7,746,264	–
Notes receivable - trade	–	738,621
Accounts receivable - trade	–	8,474,314
Merchandise and finished goods	11,080,748	14,627,845
Work in process	1,871,152	2,828,991
Raw materials and supplies	4,967,614	8,375,320
Other	2,846,437	3,526,946
Allowance for doubtful accounts	(188,887)	(48,529)
Total current assets	39,163,076	47,495,036
Non-current assets		
Property, plant and equipment		
Buildings and structures	8,641,461	9,039,235
Accumulated depreciation	(4,970,522)	(5,416,377)
Buildings and structures, net	3,670,939	3,622,857
Machinery, equipment and vehicles	1,967,046	2,225,807
Accumulated depreciation	(1,345,253)	(1,537,452)
Machinery, equipment and vehicles, net	621,793	688,354
Tools, furniture and fixtures	7,996,457	8,566,132
Accumulated depreciation	(6,797,052)	(7,041,023)
Tools, furniture and fixtures, net	1,199,405	1,525,109
Land	3,275,034	3,296,059
Leased assets	1,886,324	2,371,483
Accumulated depreciation	(1,455,533)	(1,454,359)
Leased assets, net	430,790	917,123
Construction in progress	90,771	127,974
Total property, plant and equipment	9,288,734	10,177,477
Intangible assets		
Goodwill	82,453	220,890
Other	409,249	366,998
Total intangible assets	491,702	587,888
Investments and other assets		
Investment securities	131,334	146,926
Long-term loans receivable	32,521	32,521
Deferred tax assets	999,448	1,523,093
Other	1,342,568	1,845,630
Allowance for doubtful accounts	(610,502)	(951,295)
Total investments and other assets	1,895,369	2,596,876
Total non-current assets	11,675,806	13,362,243
Total assets	50,838,883	60,857,279

(Thousands of yen)

	As of March 31, 2021	As of March 31, 2022
Liabilities		
Current liabilities		
Notes and accounts payable - trade	4,322,168	3,571,634
Electronically recorded obligations - operating	5,449,924	5,917,210
Short-term borrowings	4,125,700	10,623,315
Current portion of long-term borrowings	3,993,954	3,813,036
Lease liabilities	197,432	179,591
Accounts payable - other	1,274,402	1,348,025
Income taxes payable	257,644	650,980
Provision for bonuses	884,655	904,279
Provision for bonuses for directors (and other officers)	–	41,184
Provision for product warranties	1,049,122	1,512,195
Other	3,414,047	3,768,330
Total current liabilities	24,969,051	32,329,783
Non-current liabilities		
Long-term borrowings	8,913,749	8,432,453
Lease liabilities	249,070	818,221
Deferred tax liabilities	56,941	69,590
Retirement benefit liability	383,029	384,090
Asset retirement obligations	52,940	59,631
Provision for retirement benefits for directors (and other officers)	–	45,900
Other	650	650
Total non-current liabilities	9,656,381	9,810,537
Total liabilities	34,625,433	42,140,321
Net assets		
Shareholders' equity		
Share capital	4,357,456	4,357,456
Capital surplus	4,617,040	4,617,426
Retained earnings	9,979,574	11,878,738
Treasury shares	(1,329,614)	(1,951,816)
Total shareholders' equity	17,624,456	18,901,804
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	5,478	8,760
Foreign currency translation adjustment	(1,568,988)	(354,857)
Remeasurements of defined benefit plans	104,767	77,803
Total accumulated other comprehensive income	(1,458,742)	(268,293)
Share acquisition rights	34,250	33,595
Non-controlling interests	13,486	49,850
Total net assets	16,213,450	18,716,957
Total liabilities and net assets	50,838,883	60,857,279

(2) Consolidated statements of income and consolidated statements of comprehensive income

Consolidated statements of income

(Thousands of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Net sales	48,722,930	59,511,957
Cost of sales	30,108,369	35,665,993
Gross profit	18,614,560	23,845,963
Selling, general and administrative expenses	19,124,372	21,276,696
Operating profit (loss)	(509,812)	2,569,267
Non-operating income		
Interest income	16,163	18,627
Dividend income	876	930
Insurance claim income	3,664	8,708
Rent income	15,801	13,266
ICMS Refund	7,525	11,582
Foreign exchange gains	–	103,353
Subsidy income	889,959	61,295
Gain on business transfer	121,091	–
Share of profit of entities accounted for using equity method	23,612	–
Gain on sale of scraps	11,483	36,576
Other	62,350	38,390
Total non-operating income	1,152,528	292,730
Non-operating expenses		
Interest expenses	167,754	132,925
Sales discounts	81,922	–
Foreign exchange losses	8,448	–
Share of loss of entities accounted for using equity method	–	12,140
Consumption tax difference	11,752	20,630
Other	6,457	8,003
Total non-operating expenses	276,335	173,700
Ordinary profit	366,381	2,688,298
Extraordinary income		
Gain on sale of non-current assets	55,492	92,415
Other	1,190	2,169
Total extraordinary income	56,682	94,584
Extraordinary losses		
Loss on sale of non-current assets	4,844	4,417
Impairment losses	642,456	–
Loss on disposal of non-current assets	47,563	–
Total extraordinary losses	694,864	4,417
Profit (loss) before income taxes	(271,801)	2,778,465
Income taxes - current	324,330	913,621
Income taxes - deferred	(155,309)	(501,412)
Total income taxes	169,021	412,208
Profit (loss)	(440,822)	2,366,256
Profit (loss) attributable to non-controlling interests	(139,571)	18,777
Profit (loss) attributable to owners of parent	(301,251)	2,347,478

Consolidated statements of comprehensive income

(Thousands of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Profit (loss)	(440,822)	2,366,256
Other comprehensive income		
Valuation difference on available-for-sale securities	10,959	3,282
Foreign currency translation adjustment	542,983	1,235,262
Remeasurements of defined benefit plans, net of tax	62,783	(26,963)
Share of other comprehensive income of entities accounted for using equity method	(3,146)	(3,544)
Total other comprehensive income	613,580	1,208,036
Comprehensive income	172,757	3,574,292
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	306,151	3,537,928
Comprehensive income attributable to non-controlling interests	(133,393)	36,364

(3) Consolidated statements of changes in equity

Fiscal year ended March 31, 2021

(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	10,280,826	(1,329,614)	17,925,708
Changes during period					
Loss attributable to owners of parent			(301,251)		(301,251)
Net changes in items other than shareholders' equity					–
Total changes during period	–	–	(301,251)	–	(301,251)
Balance at end of period	4,357,456	4,617,040	9,979,574	(1,329,614)	17,624,456

	Accumulated other comprehensive income				Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasure-ments of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of period	(5,481)	(2,102,648)	41,984	(2,066,145)	26,892	146,880	16,033,335
Changes during period							
Loss attributable to owners of parent							(301,251)
Net changes in items other than shareholders' equity	10,959	533,660	62,783	607,402	7,357	(133,393)	481,366
Total changes during period	10,959	533,660	62,783	607,402	7,357	(133,393)	180,114
Balance at end of period	5,478	(1,568,988)	104,767	(1,458,742)	34,250	13,486	16,213,450

Fiscal year ended March 31, 2022

(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	9,979,574	(1,329,614)	17,624,456
Cumulative effects of changes in accounting policies			(5,901)		(5,901)
Restated balance	4,357,456	4,617,040	9,973,673	(1,329,614)	17,618,555
Changes during period					
Dividends of surplus			(442,413)		(442,413)
Profit attributable to owners of parent			2,347,478		2,347,478
Purchase of treasury shares				(622,800)	(622,800)
Exercise of share acquisition rights		386		597	984
Net changes in items other than shareholders' equity					–
Total changes during period	–	386	1,905,065	(622,202)	1,283,249
Balance at end of period	4,357,456	4,617,426	11,878,738	(1,951,816)	18,901,804

	Accumulated other comprehensive income				Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasure-ments of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of period	5,478	(1,568,988)	104,767	(1,458,742)	34,250	13,486	16,213,450
Cumulative effects of changes in accounting policies							(5,901)
Restated balance	5,478	(1,568,988)	104,767	(1,458,742)	34,250	13,486	16,207,548
Changes during period							
Dividends of surplus							(442,413)
Profit attributable to owners of parent							2,347,478
Purchase of treasury shares							(622,800)
Exercise of share acquisition rights							984
Net changes in items other than shareholders' equity	3,282	1,214,130	(26,963)	1,190,449	(654)	36,364	1,226,159
Total changes during period	3,282	1,214,130	(26,963)	1,190,449	(654)	36,364	2,509,408
Balance at end of period	8,760	(354,857)	77,803	(268,293)	33,595	49,850	18,716,957

(4) Consolidated statements of cash flows

(Thousands of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Cash flows from operating activities		
Profit (loss) before income taxes	(271,801)	2,778,465
Depreciation	1,577,890	1,685,171
Impairment losses	642,456	–
Amortization of goodwill	111,993	34,509
Increase (decrease) in allowance for doubtful accounts	259,958	100,598
Increase (decrease) in provision for bonuses	140,077	(16,973)
Increase (decrease) in provision for bonuses for directors (and other officers)	–	41,184
Increase (decrease) in provision for product warranties	180,592	445,696
Increase (decrease) in retirement benefit liability	22,757	(37,563)
Interest and dividend income	(17,039)	(19,557)
Insurance claim income	(3,664)	(8,708)
Interest expenses	167,754	132,925
Subsidy income	(889,959)	(61,295)
Gain on business transfer	(121,091)	–
Share of loss (profit) of entities accounted for using equity method	(23,612)	12,140
Foreign exchange losses (gains)	(173,259)	(284,963)
Loss (gain) on sales of fixed assets	(50,647)	(87,997)
Decrease (increase) in trade receivables	2,062,120	(1,367,761)
Decrease (increase) in inventories	246,564	(7,298,695)
Increase (decrease) in trade payables	2,295,562	(392,030)
Decrease (increase) in consumption taxes refund receivable	(321,106)	(239,491)
Increase (decrease) in accounts payable - other	189,891	26,693
Other, net	(22,434)	260,807
Subtotal	6,003,003	(4,296,845)
Interest and dividends received	25,115	22,119
Proceeds from insurance income	3,664	8,708
Interest paid	(169,605)	(132,892)
Subsidies received	886,025	45,178
Income taxes paid	(288,975)	(866,225)
Income taxes refund	174,928	90,824
Net cash provided by (used in) operating activities	6,634,156	(5,129,131)
Cash flows from investing activities		
Payments into time deposits	(7,103)	(1,330,000)
Proceeds from withdrawal of time deposits	–	22,968
Purchase of property, plant and equipment	(434,247)	(1,216,101)
Proceeds from sale of property, plant and equipment	99,151	127,084
Purchase of intangible assets	(18,713)	(341,602)
Purchase of investment securities	(54,535)	(491)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	–	(243,401)
Proceeds from sale of businesses	334,090	–
Other, net	97,303	269,649
Net cash provided by (used in) investing activities	15,944	(2,711,895)

(Thousands of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(6,721,626)	6,307,435
Proceeds from long-term borrowings	5,541,200	3,612,000
Repayments of long-term borrowings	(5,998,353)	(4,366,268)
Purchase of treasury shares	–	(622,800)
Proceeds from exercise of employee share options	–	815
Repayments of lease liabilities	(135,215)	(214,910)
Dividends paid	(1,665)	(441,159)
Net cash provided by (used in) financing activities	(7,315,659)	4,275,112
Effect of exchange rate change on cash and cash equivalents	360,271	383,851
Net increase (decrease) in cash and cash equivalents	(305,287)	(3,182,062)
Cash and cash equivalents at beginning of period	10,988,848	10,683,560
Cash and cash equivalents at end of period	10,683,560	7,501,498

(5) Notes on consolidated financial statements

(Note on going concern assumption)

Not applicable.

(Changes in accounting policies)

(Application of Accounting standards on revenue recognition)

The Company has applied the "Accounting Standard for Revenue Recognition" (Accounting Standard No. 29, March 31, 2020) and relevant ASBJ regulations from the beginning of the fiscal year under review, and it has recognized revenue at the time the control of promised goods or services is transferred to the customer at the amount expected to be received upon exchange of said goods or services.

As a result, the Company previously recognized revenue at the time of shipment for products that the Group was obligated to install in contracts with customers. However, after reviewing the identification of performance obligations and the timing of satisfaction of such obligations in accordance with revenue recognition accounting standards, the Company has determined that the customer obtains control over the products and the Group satisfies its performance obligations when the installation of the products is completed. For this reason, for products for which the Group is obliged to install in the contract with the customer, revenue is recognized when the product installation is completed.

In addition, sales discounts that were previously recorded as non-operating expenses are deducted from Net sales.

In accordance with the transitional treatment prescribed in the proviso of paragraph 84 of the Accounting Standard for Revenue Recognition, the cumulative effect of retrospective application of the new accounting policy prior to the beginning of the fiscal year under review is added to or deducted from retained earnings at the beginning of the fiscal year under review, and the new accounting policy is applied from such beginning balance.

As a result, compared to the conventional method, net sales increased by ¥182,036 thousand, operating profit decreased by ¥98,908 thousand, and ordinary profit and profit before income taxes each increased by ¥5,572 thousand for the fiscal year under review. In addition, the balance of retained earnings at the beginning of the period decreased by ¥5,901 thousand.

Due to the application of the Accounting Standard for Revenue Recognition, "Notes and accounts receivable - trade" under current assets of the consolidated balance sheet as of the end of the previous fiscal year has been included in "Notes receivable" and "Accounts receivable" under current assets from the consolidated balance sheet as of the end of the fiscal year under review. In accordance with the transitional treatment stipulated in paragraph 89-2 of the Accounting Standard for Revenue Recognition, the previous fiscal year has not been reclassified using the new presentation method.

(Application of Accounting Standards for Calculation of Market Value)

"Accounting Standards for Calculation of Market Value" (Accounting Standard No. 30, July 4, 2019. Hereinafter referred to as "market value calculation accounting standard."), and so on are applied from the beginning of the fiscal year under review, and in accordance with the transitional treatment prescribed in paragraph 19 of the market value calculation accounting standard, and paragraph 44-2 of the "Accounting Standard for Financial Instruments" (Accounting Standard No. 10, July 4, 2019), the new accounting policies prescribed by the accounting standards are to be applied in a prospective manner. There is no impact on the Consolidated financial statements.

(Additional information)

(Accounting estimate for the impact of the spread of the COVID-19)

The Group makes accounting estimates such as impairment accounting for fixed assets and recoverability of deferred tax assets based on the information available at the time of preparation of Consolidated financial statements. Although the impact of the COVID-19 on the Group's business varies depending on the business, the accounting estimate is made based on the assumption that the impact will continue for a certain period of the fiscal year ending March 31, 2023.

(Contingent debt)

MIMAKI BRASIL COMERCIO E IMPORTACAO LTDA (hereinafter referred to as Mimaki Brazil), a consolidated subsidiary of the company, was investigated by the Brazilian tax authorities regarding the importation of our inkjet printers and received two additional tax notices totaling 84,920 thousand Brazilian reals (101,013 thousand Brazilian reals with interest for delay added). Mimaki Brazil disagrees with the findings of the authorities and has filed a tax case with the court in December 2019 with respect to the 44,494 thousand Brazilian reals (55,079 thousand Brazilian reals with added interest for the delay) for which it received a notice of additional taxation in September 2018. In addition, we filed a complaint with the tax authorities in December of the same year regarding the 40,425 thousand Brazilian reals (45,933 thousand Brazilian reals with late interest added) that received the additional tax notice in November 2018.

Mimaki Brazil will take appropriate measures based on the idea that this additional taxation is groundless. Therefore, it is difficult to estimate the amount of impact on the Group's business performance at this time.

(Segment information, etc.)

[Segment information]

1. Description of reportable segments

   The Company's reporting segments are components of the Company for which separate financial information is available and which are subject to periodic review by the Board of Directors for the purpose of evaluating the allocation of management resources and evaluating performance.

   The Company mainly produces and sells industrial inkjet printers and cutting plotters, with the Company in Japan and local subsidiaries in North America, Europe, Asia/Oceania, and Latin America. Each local subsidiary is an independent management unit, formulating comprehensive strategies for each region for the products it handles, and developing business activities.

2. How to calculate the amount of Net sales, profit or loss, assets, liabilities and other items for each reporting segment

   The method of accounting for the reported segments is in line with the company policy adopted to prepare the Consolidated financial statements.

   Segment profit is based on Operating profit.

   Internal rates and transfers between segments are based on prevailing market prices.

3. Information on Net sales and profit or loss amount by reporting segment and revenue decomposition information

   Previous fiscal year (from April 1, 2020 to March 31, 2021)

(Thousands of yen)

	Japan/Asia/Oceania	North/Latin America	Europe/Middle East/Africa	Total
Net sales				
Revenues from external customers	24,140,925	10,497,439	14,084,565	48,722,930
Internal Net sales or transfers between segments	16,908,595	13,564	1,713,488	18,635,647
Total	41,049,520	10,511,003	15,798,053	67,358,577
Segment loss (loss)	(491,694)	(216,079)	(250,126)	(957,899)

Current fiscal year (from April 1, 2021 to March 31, 2022)

(Thousands of yen)

	Japan/Asia/Oceania	North/Latin America	Europe/Middle East/Africa	Total
Net sales				
Revenue from contracts with customers	27,266,783	14,262,558	17,982,615	59,511,957
other revenue	–	–	–	–
Revenues from external customers	27,266,783	14,262,558	17,982,615	59,511,957
Internal Net sales or transfers between segments	24,623,501	19,129	3,463,188	28,105,819
Total	51,890,285	14,281,687	21,445,803	87,617,777
Segment profit	2,155,986	441,390	320,641	2,918,017

4. Difference between the total amount of reported segments and the amount recorded in the Consolidated financial statements and the main contents of the difference (matters related to difference adjustment)

(Thousands of yen)

Profit	Previous fiscal year	Current fiscal year
Reportable segment total	(957,899)	2,918,017
Clearing transactions between segments	448,087	(348,749)
Operating profit (loss) in consolidated financial statements	(509,812)	2,569,267

5. Disclosure of changes, etc. in reportable segments

As described in “Changes in accounting policies,” the Company has applied the Accounting Standard for Revenue Recognition and so forth from the beginning of the fiscal year under review, and has changed its accounting method for revenue recognition, and has therefore changed the measurement method of profit or loss for business segments in the same manner.

As a result of this change, segment sales in the “Japan/Asia/Oceania” segment increased by ¥193,439 thousand, and decreased by ¥27,643 thousand in the “North/Latin America” segment, and increased by ¥16,241 thousand in the “Europe/Middle East/Africa,” in the fiscal year under review compared with the previous method.

(Per share information)

(Yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Net assets per share	548.10	647.55
Basic earnings (loss) per share	(10.21)	80.40
Diluted earnings per share	–	80.31

Notes: 1. Diluted earnings per share for the previous fiscal year is not stated because there are no diluting potential shares and there is a net loss per share.

2. The basis for calculation of basic earnings (loss) per share and diluted earnings per share is as follows.

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Basic earnings (loss) per share		
Profit (loss) attributable to owners of parent (Thousands of yen)	(301,251)	2,347,478
Amount not attributable to ordinary shareholders (Thousands of yen)	–	–
Profit (loss) attributable to common stockholders of the parent company (Thousands of yen)	(301,251)	2,347,478
Average number of shares of Ordinary share/s Average number of shares outstanding during the period (shares)	29,494,233	29,196,702
Diluted earnings per share		
Profit adjustment amount attributable to Owners of the parent (Thousands of yen)	–	–
Increase in Ordinary share/s (shares)	–	35,077
[Of which, share acquisition rights (shares)]	[–]	[35,077]
Summary of potential shares that were not included in the calculation of Diluted earnings per share because they do not have a diluting effect.	June 27, 2017 Ordinary General Meeting of Shareholders Resolution Share options (share acquisition rights) 71,000 shares of Ordinary share/s June 28, 2018 Ordinary General Meeting of Shareholders Resolution Share options (share acquisition rights) 88,700 shares of Ordinary share/s June 27, 2019 Ordinary General Meeting of Shareholders Resolution Share options (share acquisition rights) 101,400 shares of Ordinary share/s	June 27, 2017 Ordinary General Meeting of Shareholders Resolution Share options (share acquisition rights) 66,500 shares of Ordinary share/s

(Significant events after reporting period)

(Acquisition of non-current assets)

In line with the Group's medium- to long-term strategy "Mimaki V10," the Company entered into an agreement with Mie Fuji Co., Ltd. on April 18, 2022 regarding the acquisition of the non-current assets described below for the purpose of increasing production capacity and strengthening development potential to place the Group in a better position to achieve business expansion.

Name of property	MIMAKI ENGINEERING CO., LTD. Maruko Factory
Location	2535 Mitakedo Ueda-shi, Nagano
Land area	18,207 m^2
Building area	8,175 m^2 (Floor area of factory buildings, welfare facilities, warehouse facilities, etc.)
Planned date to start operation	Partial start of operation is scheduled from June 2022.

As a result, the Group will solve the issue regarding production space shortage for the inkjet printer units for industrial use in the Head Office, Kazawa Factory (Tomi-shi, Nagano) and increase production capability for various purposes from entry-level models to high-end models, while allowing for reorganization of the layout inside Kazawa Factory in order to increase development potential by expanding the allocated space for development activities.

Note that including the acquisition of these non-current assets, the total investment for the fiscal year ending March 31, 2023 for the Maruko Factory overall is provisionally set to approximately ¥1,085 million. The impact on the financial results for the fiscal year ending March 31, 2023 from this investment has been factored into the forecast for the consolidated financial results herein announced.