

(2) Consolidated financial position

| | Total assets | Net assets | Equity-to-asset ratio |
|-------------------------|-----------------|-----------------|-----------------------|
| | Millions of yen | Millions of yen | % |
| As of December 31, 2022 | 68,390 | 20,820 | 30.3 |
| As of March 31, 2022 | 60,857 | 18,716 | 30.6 |

Reference: Equity As of December 31, 2022 ¥20,726 million
As of March 31, 2022 ¥18,633 million

2. Cash dividends

| | Annual dividends per share | | | | |
|---------------------------------------|----------------------------|--------------------|-------------------|-----------------|-------|
| | First quarter-end | Second quarter-end | Third quarter-end | Fiscal year-end | Total |
| | Yen | Yen | Yen | Yen | Yen |
| Year ended March 31, 2022 | – | 7.50 | – | 7.50 | 15.00 |
| Year ending March 31, 2023 | – | 7.50 | – | | |
| Year ending March 31, 2023 (Forecast) | | | | 7.50 | 15.00 |

Note: Revision of cash dividend forecast most recently announced: No

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 |
| Full year | 70,000 | 17.6 | 4,000 | 55.7 | 3,580 | 33.2 | 2,450 | 4.4 | 85.13 |

Note: Revision of consolidated financial results forecast most recently announced: Yes

*** Notes**

- (1) Changes in significant subsidiaries during the nine months ended December 31, 2022
(changes in specified subsidiaries resulting in the change in scope of consolidation): No
- (2) Application of special accounting for preparing quarterly consolidated financial statements: No
- (3) 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 “Quarterly consolidated financial statements and significant notes thereto, (3) Notes on quarterly consolidated financial statements, (Changes in accounting policies)” on page 10 of the attached materials.

- (4) Number of issued shares (common shares)

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

| | |
|-------------------------|-------------------|
| As of December 31, 2022 | 32,040,000 shares |
| As of March 31, 2022 | 32,040,000 shares |

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

| | |
|-------------------------|------------------|
| As of December 31, 2022 | 3,260,767 shares |
| As of March 31, 2022 | 3,264,767 shares |

- (iii) Average number of shares during the period (cumulative from the beginning of the fiscal year)

| | |
|-------------------------------------|-------------------|
| Nine months ended December 31, 2022 | 28,777,903 shares |
| Nine months ended December 31, 2021 | 29,334,637 shares |

- * Quarterly financial results reports are exempt from quarterly review 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 “Qualitative information on quarterly consolidated financial results, (3) Explanation of consolidated financial forecasts and other forward-looking statements” on page 5 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. Qualitative information on quarterly consolidated financial results

(1) Explanation of operating results

During the nine months ended December 31, 2022 (hereinafter referred to as “the period under review”), the global economy faced tough conditions such as product supply shortages and cost increases due to difficulties in procuring parts and raw materials. Historic inflation due to soaring energy and food prices triggered by the Russia-Ukraine crisis, a gradual slowdown in economic growth due to rapid interest rate hikes in the U.S. and European countries, and the Zero-COVID policy and its lifting in China were also contributing factors. In Japan, while the economy is gradually picking up, the situation continues to be unpredictable due to growing uncertainty over the future caused by rising inflation and the sharp fluctuations in exchange rates.

In this environment, the Group has continued to expand sales and launch new products, 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.

Regarding net sales during the period under review, overall demand for the Company’s products remained firm although sales continued to be affected by a shortage of parts and longer transportation lead times mainly for semiconductors as well as by the Russia-Ukraine crisis and also the Zero-COVID policy in China. A market analysis by product shows strong sales continued in the IP (Industrial Products) market. Sales in the TA (Textile Apparel) market increased significantly, particularly in emerging countries. The SG (Sign Graphics) market experienced firm sales, especially for mainstay products. In addition to printers, strong sales continued for ink and spare parts. Moreover, the positive effect of the yen’s depreciation on foreign exchange resulted in a significant growth in overall sales. In terms of profit, although we proceeded with revising selling prices to cope with cost hikes, the cost of sales ratio rose due to increased costs from procurement of parts and materials prioritizing the avoidance of lost sales opportunities, as well as soaring energy price. Furthermore, due to increased business and sales activities, SG&A expenses escalated mainly with regard to personnel costs, R&D costs, and sales promotion expenses. Despite all aforementioned cost increases, operating income rose significantly due to the positive effect of the yen’s depreciation.

As a result of the above, for the period under review, the Group posted net sales of 52,346 million yen (up 19.8% year on year), operating profit of 3,126 million yen (up 36.8% year on year), ordinary profit of 2,779 million yen (up 21.1% year on year), and profit attributable to owners of parent of 1,957 million yen (down 5.7% year on year). In the period under review, accounting adjustments were made to the financial statements of a Turkish subsidiary in accordance with “Financial Reporting in Hyperinflationary Economies” (IAS 29), and the effect of these adjustments was recorded as an inflation accounting adjustment in non-operating expenses. For details, please refer to “2. Quarterly consolidated financial statements and significant notes thereto, (3) Notes on quarterly consolidated financial statements.”

In addition, the major exchange rates (average rates from April 2022 to December 2022) for the period under review were 1 US\$ = 136.53 yen (111.10 yen in the same period of the previous fiscal year) and 1 EUR = 140.60 yen (130.62 yen in the same period of the previous fiscal year).

The operating results by segment are as follows.

(Japan, Asia and Oceania)

Net sales were 22,979 million yen (up 17.9% year on year). In Japan, sales in the IP market continued to be strong, especially for new compact flatbed printers (hereinafter referred to as “FB”), resulting in a significant sales growth, while sales in the SG and TA markets also remained firm. By product category, both main units and ink sold well, resulting in a remarkable increase in overall sales. In Asia and Oceania, sales in almost all major countries and regions, including Australia, Thailand, and India, increased significantly, although sales in China declined due to the impact of the Zero-COVID policy and the rapid spread of infections following the lifting of the policy. In particular, sales in the TA market grew substantially in each country, and sales in the SG and IP markets were also strong. In

addition to main units, ink and spare parts also sold well, resulting in a large increase in sales in the entire area.

(North America and Latin America)

Net sales were 14,264 million yen (up 37.0% year on year). In North America, sales in the IP market increased significantly due to strong sales of both new compact FB and existing large FB printers. Additionally, strong sales to the SG and TA markets and the positive impact of foreign exchange rates also contributed to a substantial increase in sales. In Latin America, sales largely increased for the entire area, due to strong sales to the SG and TA markets, mainly in Brazil and Mexico.

(Europe, the Middle East and Africa)

Net sales were 15,102 million yen (up 9.5% year on year). While the negative impact of the Russia-Ukraine crisis still remains, sales in Germany, the U.K., Portugal, France, and others were strong, although there were variations among some other major countries. By market, sales in the SG and IP markets remained strong with steady demand for ink. The positive impact of foreign exchange rates also contributed to a notable increase in overall sales.

The details of net sales by market are as follows.

| | Net sales (Thousands of yen) | Component ratio (%) | Year-on-year changes (%) |
|-------------|------------------------------|---------------------|--------------------------|
| SG market | 21,318,495 | 40.7 | 14.3 |
| IP market | 14,762,042 | 28.2 | 27.7 |
| TA market | 5,103,743 | 9.7 | 23.5 |
| FA business | 3,324,389 | 6.4 | 13.1 |
| Other | 7,837,974 | 15.0 | 22.0 |
| Total | 52,346,646 | 100.0 | 19.8 |

(SG market)

Net sales were 21,318 million yen (up 14.3% year on year). Regarding main units, sales of the mainstay mid-range models, entry-level model JV/UJV100, and cutting plotters with the new CG-AR series were strong, despite the impact of parts procurement difficulties. In addition, sales of the new JV/CJV330 increased firmly and ink sales remained strong.

(IP market)

Net sales were 14,762 million yen (up 27.7% year on year). In relation to main units, sales of the mainstay compact FB printers with updated lineup rose substantially, while sales of large FB printers also increased, and ink sales were strong, resulting in a significant growth in overall sales.

(TA market)

Net sales were 5,103 million yen (up 23.5% year on year). For main units, sales of entry-level model TS100 also grew substantially, mainly in Latin America and Asia, while sales of the mainstay mid-range models were strong, resulting in a great increase in overall sales volume. Sales of ink increased significantly due to increased operation by customers.

(FA business)

Net sales were 3,324 million yen (up 13.1% year on year). Despite sales declines in relation to semiconductor production equipment and PCB mounting equipment, sales pertaining to PCB inspection equipment and metal processing were strong, and sales of FA equipment also remained firm, resulting in an overall steady increase in sales.

The details of net sales by category are as follows.

| | Net sales (Thousands of yen) | Component ratio (%) | Year-on-year changes (%) |
|-------------|------------------------------|---------------------|--------------------------|
| Machines | 21,358,802 | 40.8 | 17.2 |
| Ink | 19,339,946 | 36.9 | 22.6 |
| Spare parts | 4,316,684 | 8.2 | 16.8 |
| Other | 7,331,212 | 14.0 | 22.0 |
| Total | 52,346,646 | 100.0 | 19.8 |

(2) Explanation of financial position

(Assets)

Total assets as of December 31, 2022 increased 7,532 million yen from the end of the previous fiscal year to 68,390 million yen. Total current assets increased 6,230 million yen from the end of the previous fiscal year to 53,725 million yen. This was due to an increase in cash and deposits, as well as an increase in merchandise and finished goods as a result of operations to secure inventories in response to the impact of continued longer transportation lead times and sales expansion. Total non-current assets increased 1,302 million yen from the end of the previous fiscal year to 14,664 million yen. This was mainly due to an increase in buildings and structures related to the acquisition of the Maruko Factory.

(Liabilities)

Total liabilities as of December 31, 2022 increased 5,429 million yen from the end of the previous fiscal year to 47,569 million yen. Total current liabilities increased 7,283 million yen from the end of the previous fiscal year to 39,613 million yen. This was mainly due to an increase in short-term borrowings. Total non-current liabilities decreased 1,854 million yen from the end of the previous fiscal year to 7,956 million yen. This was mainly due to a decrease in long-term borrowings.

(Net assets)

Total net assets as of December 31, 2022 increased 2,103 million yen from the end of the previous fiscal year to 20,820 million yen. This was mainly due to increases in retained earnings.

(3) Explanation of consolidated financial forecasts and other forward-looking statements

Regarding the consolidated financial results forecast for the fiscal year ending March 31, 2023, we revised the forecast announced on November 9, 2022, reflecting recent trends in operating results. The details are as follows.

| | Net sales (Millions of yen) | Operating profit (Millions of yen) | Ordinary profit (Millions of yen) | Profit attributable to owners of parent (Millions of yen) | Basic earnings per share (Yen) |
|---|-----------------------------|------------------------------------|-----------------------------------|---|--------------------------------|
| Previous forecast (A) | 71,800 | 3,420 | 3,070 | 2,200 | 76.45 |
| Revised forecast (B) | 70,000 | 4,000 | 3,580 | 2,450 | 85.13 |
| Change (B-A) | (1,800) | 580 | 510 | 250 | |
| Change (%) | (2.5) | 17.0 | 16.6 | 11.4 | |
| Reference: Results for the previous fiscal year (Year ended March 31, 2022) | 59,511 | 2,569 | 2,688 | 2,347 | 80.40 |

* 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.

Reasons for revision

We downwardly revised our full-year net sales forecast from the previous version. Although we will continuously strengthen the product lineup and sales activities, the demand, particularly for ink, is likely to decline. This is because the operation of printers at customer locations may decrease following the economic slowdown in Europe, the U.S., etc.

On the other hand, we have upwardly revised our full-year profit forecasts from the previous forecasts. Actually, the rising costs of parts, materials, and energy will continuously impact the profits. The cost of sales ratio, however, is anticipated to improve for three reasons. Firstly, we reviewed selling prices. Secondly, transportation costs will decrease since the logistics is expected to recover from disruption. Thirdly, model mixing is to be improved as new printer models with high gross margins presumably expand sales. This revision also takes account of the progress in the third quarter of the current fiscal year.

In addition, we have revised our fourth quarter foreign exchange rate assumptions from 1 US\$: 135.00 yen to 1 US\$: 132.33 yen and from 1 EUR: 135.00 yen to 1 EUR: 141.61 yen.

2. Quarterly consolidated financial statements and significant notes thereto

(1) Quarterly consolidated balance sheets

(Thousands of yen)

| | As of March 31, 2022 | As of December 31, 2022 |
|--|----------------------|-------------------------|
| Assets | | |
| Current assets | | |
| Cash and deposits | 8,971,526 | 12,195,595 |
| Notes and accounts receivable - trade, and contract assets | 9,212,935 | 9,572,856 |
| Merchandise and finished goods | 14,627,845 | 17,428,609 |
| Work in process | 2,828,991 | 2,633,596 |
| Raw materials and supplies | 8,375,320 | 7,699,409 |
| Other | 3,526,946 | 4,242,703 |
| Allowance for doubtful accounts | (48,529) | (46,972) |
| Total current assets | 47,495,036 | 53,725,799 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Buildings and structures, net | 3,622,857 | 3,852,762 |
| Land | 3,296,059 | 3,462,323 |
| Other, net | 3,258,561 | 3,745,009 |
| Total property, plant and equipment | 10,177,477 | 11,060,095 |
| Intangible assets | | |
| Goodwill | 220,890 | 178,794 |
| Other | 366,998 | 572,642 |
| Total intangible assets | 587,888 | 751,436 |
| Investments and other assets | | |
| Investment securities | 146,926 | 151,017 |
| Deferred tax assets | 1,523,093 | 1,592,733 |
| Other | 1,878,151 | 2,038,777 |
| Allowance for doubtful accounts | (951,295) | (929,751) |
| Total investments and other assets | 2,596,876 | 2,852,777 |
| Total non-current assets | 13,362,243 | 14,664,309 |
| Total assets | 60,857,279 | 68,390,108 |

(Thousands of yen)

| | As of March 31, 2022 | As of December 31, 2022 |
|--|----------------------|-------------------------|
| Liabilities | | |
| Current liabilities | | |
| Notes and accounts payable - trade | 3,571,634 | 4,017,473 |
| Electronically recorded obligations - operating | 5,917,210 | 5,874,897 |
| Short-term borrowings | 10,623,315 | 18,360,760 |
| Current portion of long-term borrowings | 3,813,036 | 2,859,123 |
| Lease liabilities | 179,591 | 117,466 |
| Income taxes payable | 650,980 | 483,813 |
| Provision for bonuses | 904,279 | 621,815 |
| Provision for bonuses for directors (and other officers) | 41,184 | 42,798 |
| Provision for product warranties | 1,512,195 | 1,462,285 |
| Other | 5,116,356 | 5,772,596 |
| Total current liabilities | 32,329,783 | 39,613,029 |
| Non-current liabilities | | |
| Long-term borrowings | 8,432,453 | 6,356,777 |
| Lease liabilities | 818,221 | 892,841 |
| Deferred tax liabilities | 69,590 | 85,668 |
| Retirement benefit liability | 384,090 | 345,356 |
| Asset retirement obligations | 59,631 | 147,103 |
| Provision for retirement benefits for directors (and other officers) | 45,900 | 45,900 |
| Provision for loss on sanctions | – | 9,274 |
| Other | 650 | 73,453 |
| Total non-current liabilities | 9,810,537 | 7,956,375 |
| Total liabilities | 42,140,321 | 47,569,405 |

(Thousands of yen)

| | As of March 31, 2022 | As of December 31, 2022 |
|---|----------------------|-------------------------|
| Net assets | | |
| Shareholders' equity | | |
| Share capital | 4,357,456 | 4,357,456 |
| Capital surplus | 4,617,426 | 4,617,296 |
| Retained earnings | 11,878,738 | 13,445,914 |
| Treasury shares | (1,951,816) | (1,949,426) |
| Total shareholders' equity | 18,901,804 | 20,471,240 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | 8,760 | 11,139 |
| Foreign currency translation adjustment | (354,857) | 162,785 |
| Remeasurements of defined benefit plans | 77,803 | 81,406 |
| Total accumulated other comprehensive income | (268,293) | 255,331 |
| Share acquisition rights | 33,595 | 33,423 |
| Non-controlling interests | 49,850 | 60,707 |
| Total net assets | 18,716,957 | 20,820,703 |
| Total liabilities and net assets | 60,857,279 | 68,390,108 |

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

Quarterly consolidated statements of income (cumulative)

(Thousands of yen)

| | Nine months ended December 31, 2021 | Nine months ended December 31, 2022 |
|---|--|--|
| Net sales | 43,703,478 | 52,346,646 |
| Cost of sales | 26,382,387 | 31,220,043 |
| Gross profit | 17,321,091 | 21,126,602 |
| Selling, general and administrative expenses | 15,035,684 | 17,999,706 |
| Operating profit | 2,285,407 | 3,126,895 |
| Non-operating income | | |
| Interest income | 13,429 | 18,677 |
| Dividend income | 930 | 1,461 |
| Insurance claim income | 6,414 | 55,055 |
| Purchase discounts | 9,861 | 8,495 |
| Foreign exchange gains | 1,334 | 1,111 |
| Subsidy income | 41,044 | 40,410 |
| Other | 70,193 | 72,519 |
| Total non-operating income | 143,209 | 197,730 |
| Non-operating expenses | | |
| Interest expenses | 98,773 | 185,613 |
| Share of loss of entities accounted for using equity method | 11,030 | 77,753 |
| Inflation accounting adjustment | – | 166,930 |
| Other | 24,078 | 114,370 |
| Total non-operating expenses | 133,882 | 544,667 |
| Ordinary profit | 2,294,733 | 2,779,959 |
| Extraordinary income | | |
| Gain on sale of non-current assets | 58,697 | 60,617 |
| Other | 1,593 | 25 |
| Total extraordinary income | 60,290 | 60,643 |
| Extraordinary losses | | |
| Loss on sale of non-current assets | 2,255 | 21 |
| Provision for loss on sanctions | – | 9,274 |
| Total extraordinary losses | 2,255 | 9,295 |
| Profit before income taxes | 2,352,769 | 2,831,307 |
| Income taxes - current | 560,090 | 909,869 |
| Income taxes - deferred | (307,455) | (46,616) |
| Total income taxes | 252,634 | 863,253 |
| Profit | 2,100,135 | 1,968,054 |
| Profit attributable to non-controlling interests | 23,628 | 10,152 |
| Profit attributable to owners of parent | 2,076,506 | 1,957,901 |

Quarterly consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

| | Nine months ended December 31, 2021 | Nine months ended December 31, 2022 |
|--|--|--|
| Profit | 2,100,135 | 1,968,054 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | 3,136 | 2,379 |
| Foreign currency translation adjustment | 331,621 | 513,398 |
| Remeasurements of defined benefit plans, net of tax | (20,176) | 3,602 |
| Share of other comprehensive income of entities accounted for using equity method | 8 | 4,949 |
| Total other comprehensive income | 314,589 | 524,329 |
| Comprehensive income | 2,414,724 | 2,492,383 |
| Comprehensive income attributable to | | |
| Comprehensive income attributable to owners of parent | 2,382,950 | 2,481,526 |
| Comprehensive income attributable to non-controlling interests | 31,773 | 10,857 |

(3) Notes on quarterly consolidated financial statements

(Note on going concern assumption)

Not applicable.

(Notes on significant changes in the amount of shareholders' equity)

Not applicable.

(Changes in accounting policies)

(Application of Implementation Guidance on Accounting Standard for Fair Value Measurement)

The "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31, June 17, 2021) is applied from the beginning of the first quarter of the current fiscal year, and in accordance with the transitional treatment stipulated in paragraph 27-2 of Implementation Guidance on Accounting Standard for Fair Value Measurement, the new accounting policy will be applied prospectively. There is no impact on the quarterly 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 non-current 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, 2024.

(Accounting for hyperinflation)

During the nine months ended December 31, 2022, since the cumulative three-year inflation rate in Turkey exceeded 100%, the Group determined that its subsidiary in Turkey, whose functional currency is the Turkish lira, is operating in a hyperinflationary economy. Therefore, the Group has made accounting adjustments to the financial statements of its Turkish subsidiary in accordance with the requirements set forth in IAS 29 "Financial Reporting in Hyperinflationary Economies."

IAS 29 requires that the financial statements of subsidiaries in a hyperinflationary economy to be restated by applying the unit of measurement as of the end of the reporting period before inclusion in the consolidated financial statements.

The Group uses conversion factors calculated from the Consumer Price Index (CPI) of Turkey published by the Turkish Statistical Institute (TURKSTAT) for the purpose of adjusting the financial statements of its subsidiary in Turkey.

For the subsidiary in Turkey, non-monetary items such as property, plant, and equipment presented at cost are adjusted using conversion factors based on the acquisition date. Monetary and non-monetary items presented at current cost are not adjusted, since they are considered to be presented in the unit of measurement as of the end of the reporting period. The effect of inflation on net monetary items is presented in non-operating expenses in the quarterly consolidated statements of income.

The financial statements of the Turkish subsidiary are translated at the exchange rate as of December 31, 2022, and reflected in the quarterly consolidated financial statements of the Group.

(Significant accounting policies)

Provision for loss on sanctions

We reasonably estimated and recognized the provision amount to the extent possible in preparation for fines which may be imposed by overseas authorities.

(Transactions that violate or may violate sanctions)

There are concerns of potential violation of sanctions imposed on Russia and Belarus occurring at the Company's European subsidiary MIMAKI EUROPE B.V. (the Netherlands). Through an inspection conducted by external legal experts since January 2023, certain transactions were found to violate the sanctions. No investigation has been conducted by the regulatory authorities.

We reasonably estimated the provision regarding the transactions found to violate the sanctions and recognized it as a provision for loss on sanctions.

In contrast, the provision for fines regarding the sanctions remains difficult to be estimated reasonably due to its high level of uncertainty. Unless the authorities conduct investigations, whether or not some of the relevant transactions are applicable to sanction violations cannot be determined.

The sanction provision under the Dutch Penal Code stipulates six categories of fines, as follows, depending on the nature of crimes.

| | |
|------------|--------------|
| Category 1 | 450 euro |
| Category 2 | 4,500 euro |
| Category 3 | 9,000 euro |
| Category 4 | 22,500 euro |
| Category 5 | 90,000 euro |
| Category 6 | 900,000 euro |

In the case that (i) the crime is subject to the fine of the sixth category, (ii) the crime was deliberate, and (iii) the sixth category fine of 900,000 euro determined for the crime does not allow for an appropriate penalty, the code determines that a fine can be imposed with a maximum penalty of ten percent of the annual revenue of the legal entity.

In the event that the fine is imposed with a maximum of ten percent of the annual revenue, it is difficult, at the end of the first nine months of the current fiscal year, to decide how to specify the annual revenue since February 22, 2022, when the illicit transactions began. MIMAKI EUROPE B.V.'s annual revenue for the previous fiscal year was 148,101 thousand euro, and its revenue for the first nine months of the current fiscal year was 114,804 thousand euro.

(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 reais (108,270 thousand Brazilian reais 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 reais (59,099 thousand Brazilian reais 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 reais (49,171 thousand Brazilian reais 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.