

(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, 2023	69,789	22,056	31.5	762.78
As of March 31, 2022	60,857	18,716	30.6	647.55

Reference: Equity

As of March 31, 2023

¥21,952 million

As of March 31, 2022

¥18,633 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, 2023	490	(3,500)	3,519	8,202
Year ended March 31, 2022	(5,129)	(2,711)	4,275	7,501

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, 2022	–	7.50	–	7.50	15.00	437	18.7	2.5
Fiscal year ended March 31, 2023	–	7.50	–	10.00	17.50	503	17.9	2.5
Fiscal year ending March 31, 2024 (Forecast)	–	10.00	–	10.00	20.00		20.2	

3. Forecast of consolidated financial results for the year ending March 31, 2024 (from April 1, 2023 to March 31, 2024)

(% 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)	37,200	9.5	1,850	(1.9)	1,590	(7.0)	1,100	(15.2)	38.22
Full year	78,000	10.5	4,400	3.7	3,860	1.8	2,850	1.5	99.03

*** Notes**

- (1) Changes in significant subsidiaries during the year ended March 31, 2023
(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 15 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, 2023	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 March 31, 2023	3,260,767 shares
As of March 31, 2022	3,264,767 shares

(iii) Average number of shares during the period

Fiscal year ended March 31, 2023	28,778,231 shares
Fiscal year ended March 31, 2022	29,196,702 shares

Reference: Overview of individual business results

1. Individual results for the year ended March 2023 (April 1, 2022 to March 31, 2023)

(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, 2023	51,536	18.1	2,545	52.5	2,417	47.8	1,782	40.3
Year ended March 31, 2022	43,634	33.4	1,669	–	1,635	–	1,270	–

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Year ended March 31, 2023	61.93	61.89
Year ended March 31, 2022	43.50	43.45

(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, 2023	57,375	16,901	29.4	586.13
As of March 31, 2022	52,287	15,542	29.7	538.98

Reference: Equity

As of March 31, 2023 ¥16,868 million

As of March 31, 2022 ¥15,509 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 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. Overview of operating results, etc.

(1) Overview of operating results for the fiscal year

During the fiscal year ended March 31, 2023 (hereinafter referred to as “the fiscal year under review”), the global economy continued to face challenging conditions, which included product shortages and cost increases caused by difficulties in procuring parts and raw materials, soaring prices for energy and food triggered by the Russia-Ukraine crisis, and historic levels of inflation. In addition, the global economic growth gradually slowed down for multiple factors since the second half of the third quarter. For instance, interest rates sharply increased in the United States and in the European countries. Moreover, China’s Zero-COVID policy caused confusion even after its revocation. In Japan, while the economy gradually picked up, the situation remained unpredictable due to growing uncertainty over the future, caused by rising inflation and the sharp fluctuations in exchange rates.

On the other hand, the investments in environmental problems or digitalization have grown globally and increased business opportunities in these fields. Under such circumstances, we have strived for building a foundation to improve profitability set forth in the medium- to long-term growth strategy, “Mimaki V10.” Simultaneously, we have developed and provided new technologies and services to enhance our competitiveness and to achieve sustainable growth.

Regarding net sales during the fiscal year under review, overall demand for the Company’s products remained firm although sales were affected by a shortage of parts and longer transportation lead times mainly for semiconductors as well as by the Russia-Ukraine crisis and the Zero-COVID policy in China. By market, new products were strong in the IP (Industrial Products) market, and sales also grew significantly in the TA (Textile Apparel) market, mainly in emerging countries. The SG (Sign Graphics) market experienced firm sales, especially for mainstay products, and robust sales in the FA business were driven by PCB inspection equipment. By product category, ink and spare parts recorded strong sales in addition to main units. Overall, although we revised down our forecast for net sales in the fourth quarter, full-year sales recorded a significant increase. The forecast revision was in response to the downturn in growth of, in particular, the American and European economy in the late third quarter. However, the strong demand and weaker yen rather positively affected the sales. In terms of profit, despite the impact of increased costs from procurement of parts and materials prioritizing the avoidance of lost sales opportunities, as well as soaring energy prices, the cost of sales ratio slightly improved due to moving forward with selling price revisions to address rising costs. In addition, SG&A ratio improved despite rising costs. Specifically, greater business and operating activities led to the cost rises mainly for personnel, R&D, and sales promotion expenses, which we managed efficiently. Moreover, the positive effect of the yen’s depreciation on foreign exchange resulted in significant growth in operating profit.

As a result of the above, for the fiscal year under review the Group posted net sales of 70,607 million yen (up 18.6% year on year), operating profit of 4,241 million yen (up 65.1% year on year), ordinary profit of 3,789 million yen (up 41.0% year on year), and profit attributable to owners of parent of 2,807 million yen (up 19.6% year on year). Furthermore, net sales, ordinary profit, and profit attributable to owners of parent all recorded new highs. In the fiscal year 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 “3. Consolidated financial statements and significant notes thereto (5) Notes on consolidated financial statements (Additional information).”

In addition, the major exchange rates for the current fiscal year were 1 US\$ = ¥135.48 (¥112.38 in the previous fiscal year) and 1 euro = ¥140.97 (¥130.56 in the previous fiscal year).

The segment performance is as follows.

(Japan, Asia, and Oceania)

Net sales were 31,653 million yen (up 16.1% year on year). In Japan, sales in the IP market continued to be strong, especially for compact flatbed printers (hereinafter referred to as “FB”), resulting in significant sales growth, while sales in the SG and TA markets also remained firm. The FA business

was likewise robust. Ink and spare parts were also strong, resulting in a significant increase in overall sales. In Asia and Oceania, sales have recovered recently following the lifting of China's Zero-COVID policy, but for the full year sales declined. However, sales increased significantly in almost all countries and regions, mainly in Japan, Australia, Thailand, and Indonesia, except for China and Taiwan. The TA market in particular posted substantial growth. In addition, the SG and IP markets were strong, not only in main units but also in ink and spare parts. This resulted in a significant rise in sales for the area as a whole.

(North America and Latin America)

Net sales were 18,968 million yen (up 33.0% year on year). In North America, both compact and large FB printers achieved significant growth in sales in the IP market, while SG and TA market sales were also favorable. In the fourth quarter, although net sales were not able to recover to the level prior to the downward revision of the net sales of the forecast, the generally positive impact of foreign exchange rates also contributed to a substantial increase in sales for the full year. 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 19,984 million yen (up 11.1% year on year). Despite the negative impact of the Russia-Ukraine crisis, sales in all major countries, including Germany, Italy, the United Kingdom, Portugal, Spain, and France, were strong. TA market sales declined, but sales in the SG and IP markets remained strong with steady demand for ink. In the fourth quarter, although net sales were around the same level as in the downward revision of the net sales of the forecast, the generally positive impact of foreign exchange rates also contributed to an increase in sales for the full year.

The details of net sales by market are as follows.

	Net sales (Thousands of yen)	Component ratio (%)	Year-on-year changes (%)
SG market	28,451,967	40.3	15.2
IP market	20,132,376	28.5	24.0
TA market	6,611,762	9.4	20.0
FA business	4,650,614	6.6	4.1
Other	10,760,290	15.2	25.2
Total	70,607,012	100.0	18.6

(SG market)

Net sales were 28,451 million yen (up 15.2% year on year). For main units, sales of the mainstay mid-range models, entry-level model JV/UJV100, and of cutting plotters, where the new CG-AR series was launched, were strong, while the new flagship JV/CJV330 also made a contribution to higher sales. In addition, ink sales were favorable.

(IP market)

Net sales were 20,132 million yen (up 24.0% year on year). For main units, sales of the updated lineup of mainstay compact FB printers rose substantially, while sales of large FB printers also increased, and ink and spare parts as well as main unit sales were strong, resulting in significant growth in overall sales.

(TA market)

Net sales were 6,611 million yen (up 20.0% 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 4,650 million yen (up 4.1% year on year). PCB inspection equipment and metal processing products recorded growth, but semiconductor production equipment and PCB mounting equipment declined.

The details of net sales by product category are as follows.

	Net sales (Thousands of yen)	Component ratio (%)	Year-on-year changes (%)
Machines	29,500,461	41.8	16.2
Ink	25,242,444	35.8	20.0
Spare parts	5,754,473	8.2	14.9
Other	10,109,632	14.3	25.2
Total	70,607,012	100.0	18.6

(2) Overview of financial position for the fiscal year

(Assets)

The balance of assets for the period was 69,789 million yen (60,857 million yen at the end of the previous fiscal year), an increase of 8,932 million yen. The balance of current assets was 53,692 million yen (47,495 million yen at the end of the previous fiscal year), an increase of 6,197 million yen. One major factor is the increased merchandise and finished goods. We aimed to secure inventories for sales expansion, but the sales growth was lower than expected in the fourth quarter. In addition, the transportation lead times remained long. These influences resulted in the increase. Non-current assets were 16,097 million yen (13,362 million yen at the end of the previous fiscal year), an increase of 2,734 million yen. This was mainly due to an increase in right-of-use assets due to changes in accounting policies* and an increase in construction in progress related to additional construction work at the Maruko Factory.

* For details, please refer to “3. Consolidated financial statements and significant notes thereto (5) Notes on consolidated financial statements [Changes in accounting policies].”

(Liabilities)

The balance of liabilities for the period was 47,733 million yen (42,140 million yen at the end of the previous fiscal year), an increase of 5,593 million yen. The balance of current liabilities was 40,144 million yen (32,329 million yen at the end of the previous fiscal year), an increase of 7,815 million yen. This was mainly due to an increase in short-term borrowings. The balance of non-current liabilities was 7,589 million yen (9,810 million yen at the end of the previous fiscal year), a decrease of 2,221 million yen. This was mainly due to a decrease in long-term borrowings.

(Net assets)

The balance of net assets for the period was 22,056 million yen (18,716 million yen at the end of the previous fiscal year), an increase of 3,339 million yen. This was due to an increase in retained earnings.

(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 8,202 million yen, an increase of 700 million yen compared to the end of the previous fiscal year. This was mainly due to an increase in short-term borrowings and an increase in profit before income taxes although there were repayments of long-term borrowings and purchase of property, plant and equipment. The details of operating, investing, and financing activities are as follows.

(Cash flows from operating activities)

Net cash provided by operating activities totaled 490 million yen (compared to cash used of 5,129

million yen in the previous fiscal year), mainly because there was profit before income taxes of 3,849 million yen despite the increased inventories of 1,897 million yen.

(Cash flows from investing activities)

Net cash used in investing activities totaled 3,500 million yen (788 million yen increase year on year), mostly accounted for by purchase of property, plant and equipment of 2,214 million yen and payments into time deposits of 815 million yen.

(Cash flows from financing activities)

Net cash provided from financing activities totaled 3,519 million yen (755 million yen decrease year on year), mainly because the short-term borrowings increased by 8,013 million yen while there were repayments of long-term borrowings of 3,844 million yen.

The cash flow indicators of the Group are as follows.

	Year ended March 31, 2019	Year ended March 31, 2020	Year ended March 31, 2021	Year ended March 31, 2022	Year ended March 31, 2023
Equity-to-asset ratio (%)	32.2	29.2	31.8	30.6	31.5
Market Equity-to-asset ratio (%)	32.8	22.6	36.4	32.9	27.6
Cash flow to interest-bearing debt ratio (year)	22.2	29.7	2.6	–	58.8
Interest coverage ratio (double)	6.0	3.2	39.1	–	1.9

Equity-to-asset ratio: $\text{Equity} / \text{Total assets}$

Market Equity-to-asset ratio: $\text{Market capitalization} / \text{Total assets}$

Cash flow to interest-bearing debt ratio: $\text{Interest-bearing debt} / \text{Operating cash flow}$

Interest coverage ratio: $\text{Operating cash flow} / \text{Interest payment}$

- Notes:
- Both are calculated based on consolidated financial figures.
 - 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 (after deducting treasury stock).
 - Figures of operating cash flows used for the indicators are quoted from the Consolidated statement of cash flows. Interest-bearing liabilities cover all liabilities recorded on the Consolidated balance sheet that the Company is paying interest for.
 - Cash flow to interest-bearing debt ratio 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, 2023		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	37,200	9.5	78,000	10.5
Operating profit	1,850	(1.9)	4,400	3.7
Ordinary profit	1,590	(7.0)	3,860	1.8
Profit	1,100	(15.2)	2,850	1.5

* 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.

In terms of consolidated earnings forecasts for the fiscal year ending March 31, 2024, we project net sales of 78,000 million yen (up 10.5% year on year), operating profit of 4,400 million yen (up 3.7% year on year), ordinary profit of 3,860 million yen (up 1.8% year on year), and profit attributable to owners of parent of 2,850 million yen (up 1.5% year on year).

In the fiscal year ending March 31, 2024, although the global economy is expected to grow at a slower pace than in the previous fiscal year, it is more likely to avoid a significant slowdown in the growth rate accompanying inflation and financial instability. Additionally, we anticipate that global shortages of parts and materials, mainly for semiconductors, will gradually come to resolve. Nevertheless, the outlook for the global economy remains uncertain because of geopolitical risks, including the Russia's prolonged invasion of Ukraine and the tension between the United States and China. Therefore, the situation is expected to continue to be unpredictable.

Under such conditions, the Company is following its medium- to long-term growth strategy "Mimaki V10," and undertaking efforts to construct a corporate foundation capable of continually generating high levels of revenue while achieving net sales growth. In the fiscal year ending March 31, 2024, even in the uncertain business environment as described above, we aim to generate new value, incorporate innovative ideas and methods, and create a more sustainable future. Accordingly, we have established "Create" as the Group's management policy, and we will engage in these efforts utilizing the combined capabilities of the entire Group.

For net sales, although the slowdown in the global economy is forecasted to have an impact, we expect increases in revenue in each market, SG, IP, and TA, and in the FA business through increased sales of existing products by further strengthening sales activities and through launching new products that meet customer needs. By region, while sales are expected to grow in Europe, which was significantly impacted by the Russia-Ukraine situation in the previous fiscal year, revenue is expected to increase in Japan and other regions, mainly in Asia and Oceania where the economy in China is recovering and in North America where demand continues to be firm.

Breaking down profit, while the cost of sales ratio is expected to deteriorate as products, which use high-cost parts and materials procured and produced in the previous fiscal year, are sold, the exchange rates are assumed to shift to a strong-yen level compared to the previous fiscal year. On the other hand, in addition to the increase in profit arising from the increase in revenue, the SG&A ratio is expected to improve through efficient handling of expenses. As a result of the above, operating profit is expected to increase slightly.

The main exchange rates are 1 US\$: ¥133, and 1 EUR: ¥136.

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, 2022	As of March 31, 2023
Assets		
Current assets		
Cash and deposits	8,971,526	10,485,252
Notes receivable - trade	738,621	933,841
Accounts receivable - trade	8,474,314	10,119,130
Merchandise and finished goods	14,627,845	18,437,653
Work in process	2,828,991	2,281,747
Raw materials and supplies	8,375,320	7,296,450
Other	3,526,946	4,255,288
Allowance for doubtful accounts	(48,529)	(116,695)
Total current assets	47,495,036	53,692,668
Non-current assets		
Property, plant and equipment		
Buildings and structures	9,039,235	9,545,759
Accumulated depreciation	(5,416,377)	(5,722,057)
Buildings and structures, net	3,622,857	3,823,702
Machinery, equipment and vehicles	2,225,807	2,481,793
Accumulated depreciation	(1,537,452)	(1,829,109)
Machinery, equipment and vehicles, net	688,354	652,684
Tools, furniture and fixtures	8,566,132	9,176,108
Accumulated depreciation	(7,041,023)	(7,503,165)
Tools, furniture and fixtures, net	1,525,109	1,672,943
Land	3,296,059	3,462,323
Leased assets	2,371,483	2,141,382
Accumulated depreciation	(1,454,359)	(1,420,233)
Leased assets, net	917,123	721,148
Construction in progress	127,974	612,536
Right-of-use assets	–	1,066,208
Total property, plant and equipment	10,177,477	12,011,546
Intangible assets		
Goodwill	220,890	167,874
Other	366,998	743,611
Total intangible assets	587,888	911,485
Investments and other assets		
Investment securities	146,926	155,962
Long-term loans receivable	32,521	32,521
Deferred tax assets	1,523,093	1,856,277
Other	1,845,630	1,956,238
Allowance for doubtful accounts	(951,295)	(826,806)
Total investments and other assets	2,596,876	3,174,193
Total non-current assets	13,362,243	16,097,225
Total assets	60,857,279	69,789,894

(Thousands of yen)

	As of March 31, 2022	As of March 31, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	3,571,634	4,264,456
Electronically recorded obligations - operating	5,917,210	4,839,398
Short-term borrowings	10,623,315	18,580,604
Current portion of long-term borrowings	3,813,036	2,944,827
Lease liabilities	179,591	416,684
Accounts payable - other	1,348,025	1,504,086
Income taxes payable	650,980	797,708
Provision for bonuses	904,279	1,170,425
Provision for bonuses for directors (and other officers)	41,184	67,148
Provision for product warranties	1,512,195	1,513,463
Other	3,768,330	4,045,998
Total current liabilities	32,329,783	40,144,802
Non-current liabilities		
Long-term borrowings	8,432,453	5,476,071
Lease liabilities	818,221	1,433,528
Deferred tax liabilities	69,590	60,311
Retirement benefit liability	384,090	348,634
Asset retirement obligations	59,631	147,352
Provision for retirement benefits for directors (and other officers)	45,900	45,900
Provision for loss on sanctions	–	9,554
Other	650	67,702
Total non-current liabilities	9,810,537	7,589,056
Total liabilities	42,140,321	47,733,858
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	14,325,906
Treasury shares	(1,951,816)	(1,949,426)
Total shareholders' equity	18,901,804	21,351,232
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	8,760	14,424
Foreign currency translation adjustment	(354,857)	508,542
Remeasurements of defined benefit plans	77,803	78,086
Total accumulated other comprehensive income	(268,293)	601,053
Share acquisition rights	33,595	33,423
Non-controlling interests	49,850	70,324
Total net assets	18,716,957	22,056,035
Total liabilities and net assets	60,857,279	69,789,894

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

Consolidated statements of income

(Thousands of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Net sales	59,511,957	70,607,012
Cost of sales	35,665,993	42,157,752
Gross profit	23,845,963	28,449,259
Selling, general and administrative expenses	21,276,696	24,208,232
Operating profit	2,569,267	4,241,027
Non-operating income		
Interest income	18,627	28,563
Dividend income	930	1,461
Insurance claim income	8,708	63,982
Rent income	13,266	11,847
ICMS Refund	11,582	11,923
Foreign exchange gains	103,353	–
Subsidy income	61,295	42,424
Gain on sale of scraps	36,576	36,167
Other	38,390	50,742
Total non-operating income	292,730	247,111
Non-operating expenses		
Interest expenses	132,925	259,459
Foreign exchange losses	–	22,038
Share of loss of entities accounted for using equity method	12,140	70,317
Consumption tax difference	20,630	34,208
Inflation accounting adjustment	–	241,575
Other	8,003	70,592
Total non-operating expenses	173,700	698,190
Ordinary profit	2,688,298	3,789,949
Extraordinary income		
Gain on sale of non-current assets	92,415	68,812
Other	2,169	25
Total extraordinary income	94,584	68,838
Extraordinary losses		
Loss on sale of non-current assets	4,417	59
Provision for loss on sanctions	–	9,554
Total extraordinary losses	4,417	9,614
Profit before income taxes	2,778,465	3,849,173
Income taxes - current	913,621	1,335,714
Income taxes - deferred	(501,412)	(309,477)
Total income taxes	412,208	1,026,237
Profit	2,366,256	2,822,935
Profit attributable to non-controlling interests	18,777	15,551
Profit attributable to owners of parent	2,347,478	2,807,384

Consolidated statements of comprehensive income

(Thousands of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Profit	2,366,256	2,822,935
Other comprehensive income		
Valuation difference on available-for-sale securities	3,282	5,663
Foreign currency translation adjustment	1,235,262	865,088
Remeasurements of defined benefit plans, net of tax	(26,963)	283
Share of other comprehensive income of entities accounted for using equity method	(3,544)	3,234
Total other comprehensive income	1,208,036	874,269
Comprehensive income	3,574,292	3,697,205
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,537,928	3,676,731
Comprehensive income attributable to non-controlling interests	36,364	20,474

(3) Consolidated statements of changes in equity

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	Remeasurements 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

Fiscal year ended March 31, 2023

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	4,357,456	4,617,426	11,878,738	(1,951,816)	18,901,804
Cumulative effects of application of inflation accounting			(27,294)		(27,294)
Restarted balance	4,357,456	4,617,426	11,851,443	(1,951,816)	18,874,509
Changes during period					
Dividends of surplus			(431,658)		(431,658)
Profit attributable to owners of parent			2,807,384		2,807,384
Exercise of share acquisition rights		(130)		2,390	2,260
Increase in retained earnings by inflation accounting-related adjustments			98,737		98,737
Net changes in items other than shareholders' equity					-
Total changes during period	-	(130)	2,474,462	2,390	2,476,722
Balance at end of period	4,357,456	4,617,296	14,325,906	(1,949,426)	21,351,232

	Accumulated other comprehensive income				Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of period	8,760	(354,857)	77,803	(268,293)	33,595	49,850	18,716,957
Cumulative effects of application of inflation accounting		62,850		62,850			35,556
Restarted balance	8,760	(292,006)	77,803	(205,442)	33,595	49,850	18,752,514
Changes during period							
Dividends of surplus							(431,658)
Profit attributable to owners of parent							2,807,384
Exercise of share acquisition rights							2,260
Increase in retained earnings by inflation accounting-related adjustments							98,737
Net changes in items other than shareholders' equity	5,663	800,549	283	806,496	(172)	20,474	826,798
Total changes during period	5,663	800,549	283	806,496	(172)	20,474	3,303,521
Balance at end of period	14,424	508,542	78,086	601,053	33,423	70,324	22,056,035

(4) Consolidated statements of cash flows

(Thousands of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Cash flows from operating activities		
Profit before income taxes	2,778,465	3,849,173
Depreciation	1,685,171	1,840,702
Amortization of goodwill	34,509	53,015
Increase (decrease) in allowance for doubtful accounts	100,598	(88,684)
Increase (decrease) in provision for bonuses	(16,973)	259,233
Increase (decrease) in provision for bonuses for directors (and other officers)	41,184	25,964
Increase (decrease) in provision for product warranties	445,696	(20,528)
Increase (decrease) in retirement benefit liability	(37,563)	(35,229)
Interest and dividend income	(19,557)	(30,024)
Insurance claim income	(8,708)	(63,982)
Interest expenses	132,925	259,459
Subsidy income	(61,295)	(42,424)
Share of loss (profit) of entities accounted for using equity method	12,140	70,317
Inflation accounting adjustment	–	241,575
Foreign exchange losses (gains)	(284,963)	(402,591)
Loss (gain) on sales of fixed assets	(87,997)	(68,752)
Decrease (increase) in trade receivables	(1,367,761)	(1,516,637)
Decrease (increase) in inventories	(7,298,695)	(1,897,668)
Increase (decrease) in trade payables	(392,030)	(386,068)
Decrease (increase) in consumption taxes refund receivable	(239,491)	28,378
Increase (decrease) in accounts payable - other	26,693	(6,687)
Other, net	260,807	(119,166)
Subtotal	(4,296,845)	1,949,373
Interest and dividends received	22,119	29,262
Proceeds from insurance income	8,708	63,982
Interest paid	(132,892)	(256,838)
Subsidies received	45,178	42,424
Income taxes paid	(866,225)	(1,440,354)
Income taxes refund	90,824	102,560
Net cash provided by (used in) operating activities	(5,129,131)	490,410
Cash flows from investing activities		
Payments into time deposits	(1,330,000)	(815,401)
Proceeds from withdrawal of time deposits	22,968	–
Purchase of property, plant and equipment	(1,216,101)	(2,214,879)
Proceeds from sale of property, plant and equipment	127,084	158,084
Purchase of intangible assets	(341,602)	(333,528)
Purchase of investment securities	(491)	(986)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(243,401)	–
Other, net	269,649	(293,312)
Net cash provided by (used in) investing activities	(2,711,895)	(3,500,024)

(Thousands of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	6,307,435	8,013,319
Proceeds from long-term borrowings	3,612,000	20,000
Repayments of long-term borrowings	(4,366,268)	(3,844,591)
Purchase of treasury shares	(622,800)	–
Proceeds from exercise of employee share options	815	2,088
Repayments of lease liabilities	(214,910)	(238,789)
Dividends paid	(441,159)	(432,180)
Net cash provided by (used in) financing activities	4,275,112	3,519,846
Effect of exchange rate change on cash and cash equivalents	383,851	190,393
Net increase (decrease) in cash and cash equivalents	(3,182,062)	700,625
Cash and cash equivalents at beginning of period	10,683,560	7,501,498
Cash and cash equivalents at end of period	7,501,498	8,202,123

(5) Notes on consolidated financial statements

(Note on going concern assumption)

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) began to be applied from the beginning of the fiscal year under review, 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 Consolidated financial statements.

(Application of ASU 2016-02 Leases US accounting standard)

Overseas consolidated subsidiaries of the Company that have adopted US accounting standards began applying ASU 2016-02 Leases (hereinafter referred to as “ASU 2016-02”) US accounting standard at the end of the fiscal year under review. In principle, lessees record all leases on the balance sheet as assets and liabilities. For the application of ASU 2016-02, in accordance with the transitional treatment we have adopted an approach of recognizing the cumulative amount of impact arising from the change in accounting policy on the date at which it began to be applied.

As a result, at the end of the fiscal year under review, consolidated right-of-use assets in property, plant and equipment increased by 1,066,208 thousand yen, lease liabilities in current liabilities increased by 249,192 thousand yen, and lease liabilities in non-current liabilities increased by 650,968 thousand yen. Moreover, in the consolidated statements of income for the fiscal year under review, operating profit, ordinary profit, and profit before income taxes each increased by 12,560 thousand yen.

(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 fiscal year under review, because 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 consolidated statements of income. In addition, as a result of reflecting the cumulative effects up to March 31, 2022 in accordance with IAS 29, retained earnings at the beginning of the fiscal year under review decreased by 27,294 thousand yen and foreign currency translation adjustment increased by 62,850 thousand yen.

The financial statements of the Turkish subsidiary are translated at the exchange rate for the end of the fiscal year under review and reflected in the consolidated financial statements of the Group.

(Significant accounting policies)

Allowance for loss related to sanctions

In order to prepare for fines imposed by overseas regulatory authorities, an amount reasonably estimated to the extent possible is recognized.

(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 fiscal year under review, 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 fiscal year under review was 152,274 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 (110,786 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 (60,491 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 (50,294 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.

(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, 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

Fiscal year ended March 31, 2022

(Thousands of yen)

	Japan, Asia and Oceania	North America and Latin America	Europe, the Middle East and 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

Fiscal year ended March 31, 2023

(Thousands of yen)

	Japan, Asia and Oceania	North America and Latin America	Europe, the Middle East and Africa	Total
Net sales				
Revenue from contracts with customers	31,653,906	18,968,811	19,984,294	70,607,012
other revenue	—	—	—	—
Revenues from external customers	31,653,906	18,968,811	19,984,294	70,607,012
Internal net sales or transfers between segments	29,560,754	19,323	4,185,391	33,765,470
Total	61,214,661	18,988,135	24,169,685	104,372,482
Segment profit	3,293,022	623,466	940,387	4,856,875

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	2,918,017	4,856,875
Clearing transactions between segments	(348,749)	(615,847)
Operating profit in consolidated financial statements	2,569,267	4,241,027

(Per share information)

(Yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Net assets per share	647.55	762.78
Basic earnings per share	80.40	97.55
Diluted earnings per share	80.31	97.50

Note: 1. The basis for calculation of basic earnings per share and diluted earnings per share is as follows.

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Basic earnings per share		
Profit attributable to owners of parent (Thousands of yen)	2,347,478	2,807,384
Amount not attributable to ordinary shareholders (Thousands of yen)	–	–
Profit attributable to common stockholders of the parent company (Thousands of yen)	2,347,478	2,807,384
Average number of shares of Ordinary share/s Average number of shares outstanding during the period (shares)	29,196,702	28,778,231
Diluted earnings per share		
Profit adjustment amount attributable to owners of parent (Thousands of yen)	–	–
Increase in Ordinary share/s (shares)	35,077	15,407
[Of which, share acquisition rights (shares)]	[35,077]	[15,407]
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) 66,500 ordinary shares	June 27, 2017 Ordinary General Meeting of Shareholders Resolution Share options (share acquisition rights) 66,500 ordinary shares June 28, 2018 Ordinary General Meeting of Shareholders Resolution Share options (share acquisition rights) 81,200 ordinary shares

(Significant events after reporting period)

Not applicable.