

Annual Securities Report

(Pursuant to Article 24, paragraph (1) of the Financial Instruments and Exchange Act)

For the 45th term

**From April 1, 2019
to March 31, 2020**

MIMAKI ENGINEERING CO., LTD.

2182-3 Shigeno-Otsu, Tomi-shi, Nagano

(E02114)

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[Fiscal year]	The 45th term (from April 1, 2019 to March 31, 2020)
[Company name]	株式会社ミマキエンジニアリング (<i>Kabushiki-kaisha</i> MIMAKI ENGINEERING)
[Company name in English]	MIMAKI ENGINEERING CO., LTD.
[Title and name of representative]	Kazuaki Ikeda, President
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[Name of contact person]	Koji Shimizu, Director and General Manager, Corporate Planning Division
[Place for public inspection]	Tokyo Branch Office, MIMAKI ENGINEERING CO., LTD. (TKB Gotenyama Building, 5-9-41 Kita-shinagawa, Shinagawa-ku, Tokyo) Yokohama Sales Office, MIMAKI ENGINEERING CO., LTD. (3-1-9 Shin-yokohama, Kohoku-ku, Yokohama, Kanagawa) Saitama Sales Office, MIMAKI ENGINEERING CO., LTD. (3-1-2, Miya-machi, Omiya-ku, Saitama) Tokyo Stock Exchange, Inc. (2-1 Nihonbashi-Kabutocho, Chuo-ku, Tokyo)

Part I Company Information

I. Overview of the Company

1. Summary of business results

(1) Business results of the Group

	41 st term	42 nd term	43 rd term	44 th term	45 th term
	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Net sales (Thousands of yen)	47,840,383	48,331,564	52,471,137	55,448,425	55,557,698
Ordinary profit (Thousands of yen)	2,756,986	1,746,023	2,359,542	2,643,164	946,636
Profit (loss) attributable to owners of parent (Thousands of yen)	1,631,335	1,250,361	1,833,832	1,680,226	(777,962)
Comprehensive income (Thousands of yen)	879,398	1,315,764	1,801,047	1,136,629	(1,829,806)
Net assets (Thousands of yen)	15,642,535	16,049,220	17,778,087	19,010,639	16,033,335
Total assets (Thousands of yen)	46,132,881	49,207,554	53,994,162	58,463,004	54,221,924
Net assets per share (Yen)	501.68	534.26	584.77	614.03	537.72
Basic earnings (loss) per share (Yen)	52.06	41.32	61.05	55.29	(26.24)
Diluted earnings per share (Yen)	—	—	—	—	—
Equity ratio (%)	33.9	32.6	32.5	32.2	29.2
Return on equity (ROE) (%)	10.6	7.9	10.9	9.2	(4.5)
Price earnings ratio (PER) (Times)	12.8	15.6	12.9	11.4	—
Net cash provided by (used in) operating activities (Thousands of yen)	3,433,969	2,163,194	3,002,514	1,068,436	823,299
Net cash provided by (used in) investing activities (Thousands of yen)	(2,493,387)	(3,248,671)	(1,493,560)	(2,219,070)	(368,149)
Net cash provided by (used in) financing activities (Thousands of yen)	3,386,495	32,660	38,107	194,097	(431,697)
Cash and cash equivalents at end of period (Thousands of yen)	10,992,884	10,010,484	11,486,169	11,351,960	10,988,848
Number of employees [Separately, average number of temporary employees] (Persons)	1,449 [144]	1,580 [188]	1,629 [223]	1,984 [205]	2,003 [162]

- Notes: 1. Consumption taxes are not included in net sales.
2. Diluted earnings per share for the 41st and 42nd terms are not presented here due to an absence of potential shares. Diluted earnings per share for the 43rd and 44th terms are not presented here due to an absence of potential shares with dilutive effect. Diluted earnings per share for the 45th term are not presented here due to an absence of potential shares with dilutive effect, and because a loss per share was recorded.
3. Price earnings ratio for the 45th term is not presented here because loss attributable to owners of parent was recorded.
4. The Company has applied the “Partial Amendments to Accounting Standards for Tax Effect Accounting” (ASBJ Statement No. 28, February 16, 2018) and relevant Guidances effective from the beginning of the 44th term, and the major operating performance indicators pertaining to the 43rd term, etc. are presented after the application of such accounting standards.

(2) Business results of reporting company

Term		41st term	42nd term	43rd term	44th term	45th term
Fiscal year-end		March 31, 2016	March 31, 2017	March 31, 2018	March 31, 2019	March 31, 2020
Net sales	(Thousands of yen)	37,981,163	39,267,541	42,215,007	41,585,196	38,558,721
Ordinary profit	(Thousands of yen)	1,626,448	1,075,196	2,424,556	1,734,948	40,566
Profit (loss)	(Thousands of yen)	1,101,708	666,755	1,707,448	1,249,265	(42,914)
Share capital	(Thousands of yen)	4,357,456	4,357,456	4,357,456	4,357,456	4,357,456
Total number of issued shares	(Shares)	32,040,000	32,040,000	32,040,000	32,040,000	32,040,000
Net assets	(Thousands of yen)	14,867,802	14,632,064	16,039,636	17,382,040	16,183,066
Total assets	(Thousands of yen)	44,670,659	45,799,893	50,039,012	51,791,454	50,475,502
Net assets per share	(Yen)	476.83	487.08	533.88	566.35	547.77
Dividends per share		10.00	10.00	12.50	15.00	7.50
[Of the above, interim dividends per share]	(Yen)	[5.00]	[5.00]	[5.00]	[7.50]	[7.50]
Basic earnings (loss) per share	(Yen)	35.16	22.03	56.84	41.11	(1.45)
Diluted earnings per share	(Yen)	—	—	—	—	—
Equity ratio	(%)	33.3	31.9	32.1	33.5	32.0
Return on equity (ROE)	(%)	7.6	4.5	11.1	7.5	(0.3)
Price earnings ratio (PER)	(Times)	19.0	29.2	13.9	15.3	—
Payout ratio	(%)	28.4	45.4	22.0	36.5	—
Number of employees		755	783	800	809	821
[Separately, average number of temporary employees]	(Persons)	[112]	[146]	[185]	[165]	[132]
Total shareholder return	(%)	57.0	55.8	69.2	57.1	39.4
[Benchmark index: Dividend-included TOPIX]	(%)	[89.2]	[102.3]	[118.5]	[112.5]	[101.8]
Highest share price	(Yen)	1,230	858	1,288	1,239	692
Lowest share price	(Yen)	383	410	585	628	301

- (Notes)
1. Consumption taxes are not included in net sales.
 2. Diluted earnings per share for the 41st and 42nd terms are not presented here due to an absence of potential shares. Diluted earnings per share for the 43rd and 44th terms are not presented here due to an absence of potential shares with dilutive effect. Diluted earnings per share for the 45th term are not presented here due to an absence of potential shares with dilutive effect, and because a loss per share was recorded.
 3. Price-earnings ratio and payout ratio for the 45th term are not presented here because loss was recorded.
 4. The highest and lowest share prices are quoted from the First Section of the Tokyo Stock Exchange.

2. History

Date	Major events
August 1975	MIMAKI ENGINEERING (currently MIMAKI ENGINEERING CO., LTD.) was founded as a private limited company with share capital of 1 million yen in Kitamimaki-mura, Kitasaku-gun (currently Tomi-shi), Nagano.
October 1976	Started assembling precision parts of crystal oscillators for watches.
March 1979	Opened Tokyo Sales Office in Taito-ku, Tokyo.
May 1981	Reorganized into a stock company, MIMAKI ENGINEERING CO., LTD.
May 1984	Relocated Tokyo Sales Office to Ebisu, Shibuya-ku, Tokyo and reorganized it into Tokyo Branch Office.
March 1986	Started operation of Kazawa Factory.
June 1986	Opened Osaka Sales Office in Suita-shi, Osaka.
September 1986	Opened Nagoya Sales Office in Naka-ku, Nagoya-shi, Aichi (currently in Tenpaku-ku).
June 1988	Relocated the head office after extension of Kazawa Factory.
April 1989	Withdrew from the parts business upon the foundation of Mimaki Electronic Components Co., Ltd. by Noriyuki Tanaka, Representative Director of MIMAKI ENGINEERING CO., LTD.
April 1990	
-	Opened sales offices in Fukuoka, Hiroshima, Sendai, Sapporo and Kanazawa.
October 1995	
January 1994	Relocated Tokyo Branch Office to Osaki, Shinagawa-ku, Tokyo and opened a showroom.
July 1995	Founded MIMAKI ENGINEERING (TAIWAN) Co., Ltd. in Shengang District, Taichung City, Taiwan (currently in Tanzi District).
January 1999	Received ISO 9001 certification/registration
September 1999	Founded MIMAKI USA, INC. in Duluth, Georgia, U.S.A. (currently in Suwanee).
January 2003	Opened a showroom in Osaka Branch Office.
October 2003	Opened the Nagano Development Center in Nagano-shi, Nagano.
April 2004	Founded MIMAKI PRECISION Co., Ltd. in Ueda-shi, Nagano (currently in Tomi-shi) to spin off the parts processing business.
	Founded MIMAKI EUROPE B.V. in Amsterdam, The Netherlands (currently in Diemen).
	Opened Saitama Sales Office in Urawa-ku, Saitama-shi, Saitama (currently in Omiya-ku).
September 2004	Acquired Bokuya Factory in Tomi-shi, Nagano.
April 2005	Opened Technical Call Center to support all domestic users at one place.
April 2006	Acquired 100% shares issued by GRAPHIC CREATION Co., Ltd.
August 2006	Transferred the head office function to Bokuya Factory.
March 2007	Listed on the JASDAQ Securities Exchange.
December 2007	Founded MIMAKI IJ TECHNOLOGY CO., Ltd. in Pinghu, Zhejiang, China.
July 2008	Acquired 100% equity interest of nbn Industrie GmbH (currently Mimaki Deutschland GmbH) as a subsidiary.
January 2009	Received ISO 14001 certification.
June 2009	Founded Shanghai Mimaki Trading Co., Ltd. in Shanghai, China.
July 2009	Founded MIMAKI BRASIL REPRESENTACOES LTDA (currently MIMAKI BRASIL COMERCIO E IMPORTACAO LTDA) in Sao Paulo, Sao Paulo, Brazil.
August 2010	Founded MIMAKI PINGHU TRADING CO., LTD. in Pinghu, Zhejiang, China.
November 2011	Founded PT. MIMAKI INDONESIA in Jakarta, Indonesia.
April 2013	Founded MIMAKI AUSTRALIA PTY LTD in New South Wales, Australia. Founded MIMAKI SINGAPORE PTE. LTD. in Singapore.
	Opened Kyoto Sales Office in Minami-ku, Kyoto-shi, Kyoto.
June 2013	Opened Kobe Sales Office in Chuo-ku, Kobe-shi, Hyogo.
July 2013	Founded MIMAKI INDIA PRIVATE LIMITED in New Delhi, India.
September 2013	Opened Shikoku Sales Office in Takamatsu-shi, Kagawa.
October 2014	Opened Yokohama Sales Office in Yokohama-shi, Kanagawa.
March 2015	Moved stock listing to the First Section of the Tokyo Stock Exchange.
May 2015	Opened Hachioji Development Center in Hachioji-shi, Tokyo.
July 2015	Opened Shigeno Showroom in Tomi-shi, Nagano.
April 2016	Founded MIMAKI EURASIA DIJITAL BASKI TEKNOLOJILERI PAZARLAMA VE TICARET LIMITED SIRKETI in Istanbul, Turkey.
July 2016	Opened JP Demonstration Center in Shinagawa-ku, Tokyo and the TA Lab Center at the head office in Tomi-shi, Nagano.
August 2016	Opened the IP Lab Center at the head office in Tomi-shi, Nagano.

October 2016	Acquired 100% shares of La Meccanica Costruzione Tessili-S.P.A (currently Mimaki La Meccanica S.p.A) as a subsidiary.
February 2017	Founded Mimaki Lithuania, UAB in Vilnius, Lithuania.
June 2017	Founded Mimaki Bompan Textile S.r.l in Tradate, Italy.
October 2017	Opened Kitakantou Sales Office in Utsunomiya-shi, Tochigi.
October 2018	Acquired ALPHA DESIGN CO., LTD. as a subsidiary by share exchange.
November 2018	Acquired LUCK'A Inc. as a subsidiary by share exchange.
December 2018	Founded MIMAKI (THAILAND) CO., LTD. in Bangkok, Thailand.
March 2019	Opened Nishi-Tokyo Sales Office in Hachioji-shi, Tokyo.

3. Business description

The MIMAKI Group (the “Group”) consists of MIMAKI ENGINEERING CO., LTD. (the “Company”), its 23 consolidated subsidiaries (MIMAKI USA, INC., MIMAKI EUROPE B.V., MIMAKI ENGINEERING (TAIWAN) Co., Ltd., MIMAKI PRECISION Co., Ltd., GRAPHIC CREATION Co., Ltd., MIMAKI IJ TECHNOLOGY CO., Ltd., Mimaki Deutschland GmbH, Shanghai Mimaki Trading Co., Ltd., MIMAKI BRASIL COMERCIO E IMPORTACAO LTDA, MIMAKI PINGHU TRADING CO., LTD., PT. MIMAKI INDONESIA, MIMAKI AUSTRALIA PTY LTD, MIMAKI SINGAPORE PTE. LTD., MIMAKI INDIA PRIVATE LIMITED, MIMAKI EURASIA DIJITAL BASKI TEKNOLOJILERI PAZARLAMA VE TICARET LIMITED SIRKETI, Mimaki La Meccanica S.p.A, Mimaki Lithuania, UAB, Mimaki Bompan Textile S.r.l, ALPHA DESIGN CO., LTD., ALPHA SYSTEMS CO., LTD., Tonami Corporation Ltd., LUCK'A Inc., MIMAKI (THAILAND) CO., LTD.) and three other companies (MIMAKI KANPHOR INDIA PRIVATE LIMITED, etc.), totaling 27 companies. The Group’s reportable segments are categorized by geographic region given that it engages in development, manufacturing and sales of products such as industrial inkjet printers and cutting plotters primarily as a business operation.

Also, the following describes the Group’s business operations classified by markets to which end users of our products belong.

(1) SG (Sign Graphics) market

For the Sign Graphics market, we develop, manufacture, and sell products used to produce visual communications, such as advertisements and signboards. Given the high level of digitalization required in this market due to aspects such as environmental considerations, increased diversity of materials and for adding high value, we provide environmentally-friendly ink, inkjet printers that can be used for various purposes, and cutting plotters that can accurately cut the contours of alphanumeric characters, logos, illustrations and other shapes.

(2) IP (Industrial Products) market

For the Industrial Products market, we develop, manufacture, and sell industrial products, as well as products used on-site in facilities that produce merchandise, gifts, novelties, order-made goods and other products for general consumers. We provide products that contribute to improving user convenience and cost cutting, irrespective of industry, including flatbed UV-curable inkjet printers able to print on a range of materials, as well as cutting plotters and other devices.

(3) TA (Textile & Apparel) market

For the Textile & Apparel market, we develop, manufacture, and sell products that are capable of printing to textiles before the cutting and sewing process and fabric for ready-to-wear apparel and the like. With anticipation for progress in digital transformation that includes conversion of the value chain, we propose highly productive production systems and environmental considerations for inkjet printers in particular for the place of consumption, the place of production and brand owners.

(4) FA (Factory Automation) business

This is the general name for the Alpha Design Group’s businesses, which includes the FA equipment (custom equipment), PCB mounting equipment (irregular component mounting equipment, desiccant application equipment), semiconductor production equipment, PCB inspection equipment, and metal processing businesses.

(5) Others

This area of business includes manufacture and sales of machines outside the scope of the aforementioned market categories, and also includes printing services.

[Outline of Classification by Markets]

[Products for SG market]

Refers to products for the Sign Graphics market involving advertisements, signboards, etc.

Major products

Inkjet Printers	
• JV300plus Series	• UJV-100
• JV300 Series	• UJV55-320
• SJ-320UV	• JV150 Series
• JV400SUV Series	• JV400LX Series
• UCJV300 Series	• UJV500-160
• CJV300plus Series	• UCJV150-160
• CJV150 Series	• CJV300 Series
Cutting Plotters	
• CG-FX IIplus Series	• CG-FX II Series
• CG-SR III Series	
Software	
• Raster Link 6Plus	• Fine Cut 9
• Raster Link Pro5 SG	• Simple POP
Ink	
• UV-curable inks	
• Eco-solvent inks	
• Solvent UV inks	
• Water-based latex inks	
• Water-based sublimation inks	

[Products for IP market]

Refers to products for the Industrial Products market, used at sites where industrial products are manufactured, etc.

Major products

Flatbed Inkjet Printers	
• UJF-6042MkII	• UJF-3042MkII
• UJF-7151plus	• JFX200-2513EX
• JFX200-2531	• JFX500-2131
• UJF-6042	• UJF-3042HG
• UJF-3042FX	
3D Printers	
• 3DUJ-553	• 3DGD-1800
• 3DFF-222	
Cutting Plotters	
• CF22-1225	• CFL-605RT
• CF2 Series	• CF3 Series
Software	
• Raster Link 6Plus	• Fine Cut 9
• Raster Link Pro5 IP	• Ittobori
Ink	
• Hard UV-curable inks	
• Flexible UV-curable inks	

[Products for TA market]

Refers to products for the Textile & Apparel market that are capable of printing to cloth materials

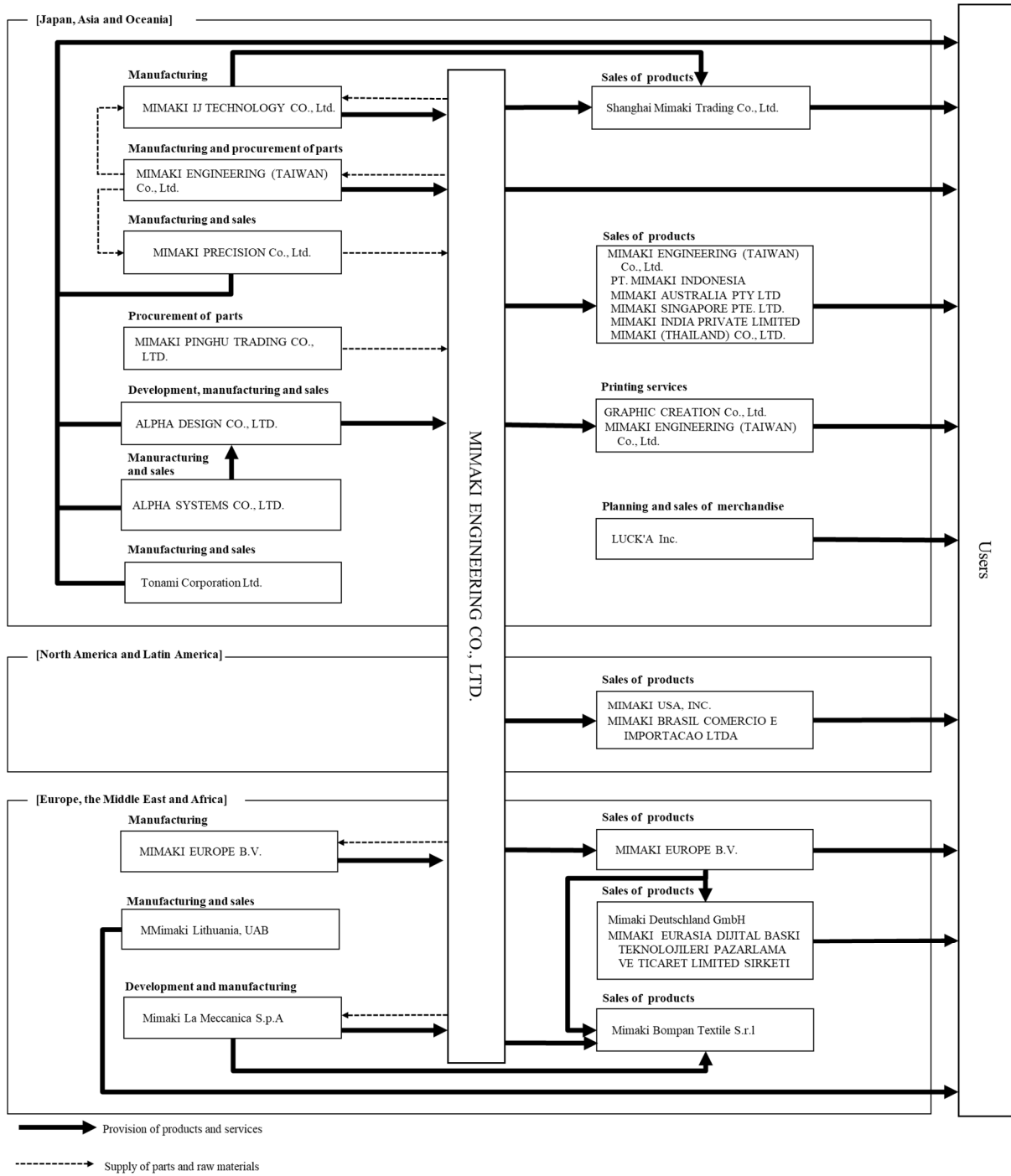
Major products

Inkjet Printers	
• Tx300P-1800MkII	• TS55-1800
• Tx300P-1800B	• Tx500P-3200DS
• TS30-1300	• TS500P-3200
• Tx300P-1800	• TS300P-1800
• TS500-1800	• Tx500-1800B
• Tx500-1800DS	• Tiger-1800BmkII
Cutting Plotters	
• APC-130	
Software	
• Raster Link 6Plus	• Tx Link 3
• Raster Link Pro5 TA	• Tx Link 4
Ink	
• Reactive dye inks	
• Acid dye inks	
• Water-based sublimation inks	
• Textile pigment inks	

[Outline of Company Classification by Segment]

Segment name	Company name	
Japan, Asia and Oceania	Sales companies	MIMAKI ENGINEERING CO., LTD. Shanghai Mimaki Trading Co., Ltd. MIMAKI ENGINEERING (TAIWAN) Co., Ltd. PT. MIMAKI INDONESIA MIMAKI AUSTRALIA PTY LTD MIMAKI SINGAPORE PTE. LTD. MIMAKI INDIA PRIVATE LIMITED MIMAKI (THAILAND) CO., LTD. ALPHA DESIGN CO., LTD. ALPHA SYSTEMS CO., LTD.
	Manufacturing companies	MIMAKI ENGINEERING CO., LTD. MIMAKI PRECISION Co., Ltd. MIMAKI IJ TECHNOLOGY CO., Ltd. MIMAKI ENGINEERING (TAIWAN) Co., Ltd. ALPHA DESIGN CO., LTD. ALPHA SYSTEMS CO., LTD. Tonami Corporation Ltd.
	Printing service companies	GRAPHIC CREATION Co., Ltd. MIMAKI ENGINEERING (TAIWAN) Co., Ltd.
	Planning and sales of merchandise companies	LUCK'A Inc.
North America and Latin America	Sales companies	MIMAKI USA, INC. MIMAKI BRASIL COMERCIO E IMPORTACAO LTDA
Europe, the Middle East and Africa	Sales companies	MIMAKI EUROPE B.V. Mimaki Deutschland GmbH MIMAKI EURASIA DIJITAL BASKI TEKNOLOJILERI PAZARLAMA VE TICARET LIMITED SIRKETI Mimaki Lithuania, UAB Mimaki Bompan Textile S.r.l
	Manufacturing companies	MIMAKI EUROPE B.V. Mimaki La Meccanica S.p.A Mimaki Lithuania, UAB

[Overview of the Group Business]



(Note) Except the Company, all companies shown are consolidated subsidiaries.

4. Subsidiaries and associates

Name	Address	Share capital	Principal contents of business	Ownership percentage of voting rights (%)	Relationship
(Consolidated subsidiary) MIMAKI USA, INC. (Notes 2 and 5)	Suwanee, Georgia, U.S.A.	500 thousand USD	North America and Latin America	100	Primarily engaged in sales of the Group products in North America and Latin America region. Interlocking directorates involved.
MIMAKI EUROPE B.V. (Notes 2 and 4)	Diemen, The Netherlands	500 thousand EUR	Europe, the Middle East and Africa	100	Primarily engaged in manufacturing and sales of the Group products in Europe, the Middle East and Africa regions. Interlocking directorates involved.
Mimaki Deutschland GmbH	Munich, Bavaria, Germany	1,000 thousand EUR	Europe, the Middle East and Africa	100	Primarily engaged in sales of the Group products in Germany, Switzerland and Austria. Interlocking directorates involved.
MIMAKI ENGINEERING (TAIWAN) Co., Ltd.	Tanzi District, Taichung City, Taiwan	50,000 thousand TWD	Japan, Asia and Oceania	100	Primarily engaged in procurement of parts, manufacturing and sales of the Group products, and printing services using the Group products. Interlocking directorates involved.
MIMAKI IJ TECHNOLOGY CO., Ltd. (Note 2)	Pinghu, Zhejiang, China	800,000 thousand JPY	Japan, Asia and Oceania	100	Primarily engaged in manufacturing of the Group products. Interlocking directorates involved.
MIMAKI PINGHU TRADING CO., LTD.	Pinghu, Zhejiang, China	100 thousand RMB	Japan, Asia and Oceania	100 (100)	The consolidated subsidiary (sub-subsiidiary) wholly owned by MIMAKI IJ TECHNOLOGY CO., Ltd. Primarily engaged in procurement of parts of the Group products. Interlocking directorates involved.
Shanghai Mimaki Trading Co., Ltd.	Shanghai, China	330,000 thousand JPY	Japan, Asia and Oceania	100	Primarily engaged in sales of the Group products in the China region. Interlocking directorates involved.

Name	Address	Share capital	Principal contents of business	Ownership percentage of voting rights (%)	Relationship
MIMAKI BRASIL COMERCIO E IMPORTACAO LTDA (Note 2)	Sao Paulo, Sao Paulo, Brazil	85,242 thousand BRL	North America and Latin America	100	Primarily engaged in sales of the Group products in the Brazil region.
PT. MIMAKI INDONESIA (Note 2)	Jakarta, Indonesia	93,600 million IDR	Japan, Asia and Oceania	100 (0.1)	Primarily engaged in sales of the Group products in the Indonesia region. Interlocking directorates involved.
MIMAKI AUSTRALIA PTY LTD	New South Wales, Australia	2,000 thousand AUD	Japan, Asia and Oceania	100	Primarily engaged in sales of the Group products in the Australia region. Interlocking directorates involved.
MIMAKI SINGAPORE PTE. LTD.	Singapore	1,487 thousand USD	Japan, Asia and Oceania	100	Primarily engaged in sales of the Group products in the ASEAN region. Interlocking directorates involved.
MIMAKI INDIA PRIVATE LIMITED (Note 2)	New Delhi, India	390,100 thousand INR	Japan, Asia and Oceania	100	Primarily engaged in sales of the Group products in the India region. Interlocking directorates involved.
MIMAKI EURASIA DIJITAL BASKI TEKNOLOJILERI PAZARLAMA VE TICARET LIMITED SIRKETI (Note 2)	Istanbul, Turkey	19,450 thousand TRY	Europe, the Middle East and Africa	100 (100)	The consolidated subsidiary (sub-subsidiary) wholly owned by MIMAKI EUROPE B.V. Primarily engaged in sales of the Group products in the Turkey region.
Mimaki La Meccanica S.p.A	Bergamo, Lombardy, Italy	517 thousand EUR	Europe, the Middle East and Africa	100 (100)	The consolidated subsidiary (sub-subsidiary) wholly owned by MIMAKI EUROPE B.V. Primarily engaged in development and manufacturing of the Group products. Interlocking directorates involved.
Mimaki Lithuania, UAB (Note 2)	Vilnius, Lithuania	6,000 thousand EUR	Europe, the Middle East and Africa	100 (100)	The consolidated subsidiary (sub-subsidiary) wholly owned by MIMAKI EUROPE B.V. Primarily engaged in manufacturing and sales of the Group products. Interlocking directorates involved.

Name	Address	Share capital	Principal contents of business	Ownership percentage of voting rights (%)	Relationship
Mimaki Bompan Textile S.r.l	Varese, Lombardy, Italy	1,000 thousand EUR	Europe, the Middle East and Africa	51 (51)	The consolidated subsidiary (sub-subsi-dary) owned by MIMAKI EUROPE B.V. Primarily engaged in sales of the Group products.
MIMAKI (THAILAND) CO., LTD.	Bangkok, Thailand	72 million THB	Japan, Asia and Oceania	100	Primarily engaged in sales of the Group products in the Thailand region. Interlocking directorates involved.
MIMAKI PRECISION Co., Ltd.	Tomi-shi, Nagano	10,000 thousand JPY	Japan, Asia and Oceania	100	Primarily engaged in manufacturing and processing of the Group products' parts. Interlocking directorates involved.
GRAPHIC CREATION Co., Ltd.	Ueda-shi, Nagano	125,000 thousand JPY	Japan, Asia and Oceania	100	Primarily engaged in printing services using the Group products. Interlocking directorates involved.
ALPHA DESIGN CO., LTD.	Tomi-shi, Nagano	195,000 thousand JPY	Japan, Asia and Oceania	100	Primarily engaged in development, manufacturing and sales of semiconductor automation equipment. Interlocking directorates involved.
ALPHA SYSTEMS CO., LTD.	Tomi-shi, Nagano	60,000 thousand JPY	Japan, Asia and Oceania	100 (100)	The consolidated subsidiary (sub-subsi-dary) wholly owned by ALPHA DESIGN CO., LTD. Primarily engaged in manufacturing and sales of various types of FA (Factory Automation) equipment. Interlocking directorates involved.
Tonami Corporation Ltd.	Tonami-shi, Toyama	10,000 thousand JPY	Japan, Asia and Oceania	100 (100)	The consolidated subsidiary (sub-subsi-dary) wholly owned by ALPHA DESIGN CO., LTD. Primarily engaged in manufacturing and processing of industrial parts. Interlocking directorates involved.
LUCK'A Inc.	Shibuya-ku, Tokyo	3,000 thousand JPY	Japan, Asia and Oceania	100	Primarily engaged in planning, design and sales of merchandise. Interlocking directorates involved.

Name	Address	Share capital	Principal contents of business	Ownership percentage of voting rights (%)	Relationship
(Unconsolidated subsidiaries accounted for using the equity method)					
MIMAKI KANPHOR INDIA PRIVATE LIMITED	Gurgaon, Haryana, India	21,251 thousand INR	—	51	Primarily engaged in sales of the Group products in the India region. Interlocking directorates involved.
(Unconsolidated subsidiaries)					
Two other companies	—	—	—	—	—

- (Notes)
- The “Principal contents of business” column represents the name of the business segment.
 - These entities fall into specified subsidiaries.
 - The figures in the parenthesis under “Ownership percentage of voting rights” indicate the indirect ownership ratio included in the total.
 - Net sales (excluding internal sales among consolidated companies) of MIMAKI EUROPE B.V. are more than 10% of consolidated net sales.

Key financial data (in thousands of yen)	(1) Net sales	15,142,213
	(2) Ordinary profit	214,910
	(3) Profit	161,406
	(4) Net assets	5,106,470
	(5) Total assets	10,201,389

- Net sales (excluding internal sales among consolidated companies) of MIMAKI USA, INC. are more than 10% of consolidated net sales.

Key financial data (in thousands of yen)	(1) Net sales	9,710,362
	(2) Ordinary loss	(123,865)
	(3) Loss	(57,155)
	(4) Net assets	1,733,784
	(5) Total assets	4,888,343

5. Employees

(1) Consolidated basis

As of March 31, 2020

Segment name	Number of employees (Persons)	
Japan, Asia and Oceania	1,583	(151)
North America and Latin America	205	(1)
Europe, the Middle East and Africa	215	(10)
Total	2,003	(162)

(Note) The “Number of employees” column indicates the number of working employees (excluding individuals seconded from the Group to outside the Group and including individuals seconded to the Group from outside the Group as well as regular part-time employees). An additional figure for the number of temporary employees (including part-time employees, temporary staff who are contracted through staffing agencies and seasonal workers) is shown in parentheses as the annual average number.

(2) Reporting company

As of March 31, 2020

Number of employees (Persons)	Average age (Years old)	Average length of service (Years)	Average annual salary (Yen)
821 (132)	39.9	9.7	5,707,802

Segment name	Number of employees (Persons)	
Japan, Asia and Oceania	821	(132)
Total	821	(132)

(Notes) 1. The “Number of employees” column indicates the number of working employees (excluding individuals seconded from the Company to outside the Company and including individuals seconded to the Company from outside the Company as well as regular part-time employees). An additional figure for the number of temporary employees (including part-time employees, temporary staff who are contracted through staffing agencies and seasonal workers) is shown in parentheses as the annual average number.
2. Average annual salary includes bonuses and extra wages.

(3) Status of labor unions

Although no labor union is formed in the Group, the relationship between labor and management has been stable and smooth.

II. Business Overview

1. Management policies, management environment and challenges to be addressed

Items in the text below that concern the future were determined by the Group as of the end of the current fiscal year.

(1) Basic management policies

The Group pursues the following four goals under its management vision as basic management policies.

- (i) We aspire to become a “Development-oriented Enterprise” with our own technology and our own brand of products throughout the world.
- (ii) We aim to become a company that can adapt and quickly provide our products that will satisfy the customers.
- (iii) We strive to become an innovator always providing “something new, something different” in the market.
- (iv) We aim at creating a corporate culture where our individual employees can leverage their personal characteristics and abilities to the fullest extent.

(2) Targeted operating performance indicator

The Group believes that it can live up to expectations of all its stakeholders, including shareholders, by developing markets that have significant growth potential and continuing to grow. Based on the belief, the Group aims for “an annual sales growth of 10% (on a currency-neutral basis),” as its targeted operating performance indicator, over the medium to long term.

(3) Medium- to long-term management strategy

The Group will work on the following key strategies, over the medium- to long-term, under the slogan “M1000,” which is aimed at achieving consolidated annual net sales of 100 billion yen in the fiscal year ended March 31, 2017 and beyond.

(i) Technological strategy

We will work on new solutions, such as digital on-demand printing, mass customization, and IoT (labor-saving/unmanned operation) by leveraging its proprietary technologies. Along with the above, we will also improve the quality of design and standardize the design of software/firmware.

(ii) Sales strategy

We will build regionally based sales and maintenance service networks. Both at home and abroad, the Group will implement a rapid PDCA cycle under clear and specific sales strategies tailored to the characteristics of each region; and work on sales activities aimed at creating new markets, while proposing solutions.

(iii) Production strategy

We will make efforts to build a production system that tracks fluctuations in demand and visualize costs for each factory/line in order to realize product supply capabilities and cost competitiveness.

(iv) Strengthening of management platform

We will develop human resources globally, refurbish our mission-critical systems, and thoroughly communicate the basic idea about our division-based profitability management across the Group, including group companies abroad, to align our direction towards recognizing and solving challenges with all group companies. The Group will also make efforts to strengthen the internal control and the management control of its subsidiaries so as to increase its corporate credibility.

(4) Management environment

The Group takes pride in leading the industry by launching the existing industrial inkjet printer and cutting plotter businesses well ahead of its peers and thus having contributed to formation of the market. Reflecting the evolving social infrastructure and living environment in recent years, the needs for digitization has been increasing more than ever. Under these circumstances, we believe that our industrial inkjet printer and cutting plotter businesses will continue to benefit from ample growth opportunities.

(5) Prioritized operating and financial challenges to be addressed

The Group aims for sustainable growth under the management slogan “M1000,” which is aimed at achieving consolidated annual net sales of 100 billion yen, and has identified the following items as the major challenges to be addressed over the medium term. In the face of global pandemic of novel coronavirus disease (COVID-19), which has overturned many of our assumptions; however, we will focus on actions and activities that place utmost emphasis on the safety of various stakeholders, including the Group’s officers and employees, and will also adapt promptly and appropriately to ever-changing situations.

(i) Leading the way to digital transformation

For the Group to achieve sustainable growth as a development-oriented enterprise, it needs to not only contribute to

Sustainable Development Goals or SDGs, which is increasingly demanded by the society, but also properly address concerns and needs of its customers. For this purpose, the Group will accommodate digital transformation (digitization that helps create added values, including value chain), which will develop more and more going forward, as a growth driver from a medium-term perspective, in addition to delivering products, software and services built on our proprietary technologies that have strong competitive advantage.

More specifically, the Group holds “a full lineup of products, including equipment for not only printing but also for pre-/post-processing,” “a wide range of functional inks” required in the industrial printing market, as well as the “ability to provide expertise on how to solve issues,” which it has accumulated through its market development process. The Group has worked on efforts to provide comprehensive supports to customers, including the management of their production quality, with these tangible/intangible assets as resources, through the delivery of products, software and expertise needed for final print processing and color matching. In addition, the Group will consistently provide its know-how on labor-saving/unmanned operation through automation of printing processes and actively make proposals that help customers transform their production processes and formulate an enterprise resource plan. The Group thus will assume its responsibilities as a provider of end-to-end total solutions for industrial printing, encompassing pre-processing, printing and post-processing by focusing especially on the following three areas:

a. IoT for digital printing

With the commercial launch of 5G (5th generation mobile communication system) services, we expect the potential of our industrial inkjet printer business to further grow. We will promote IoT for digital printing, including labor-saving/unmanned operation, through automation of printing processes, especially in the fields of TA (Textile & Apparel) and IP (Industrial Products), leveraging a broad lineup of our products ranging from post-processing equipment, printers, inks, cutting plotters, post-processing equipment to workflow software, as well as our expertise in building a process for producing printed products.

b. 3D printing market

In the 3D printing business in the IP field, we have steadily enhanced our lineup since the launch of our UV-curable inkjet printer 3DUJ-553 in 2017. To meet varying needs of customers, we will accelerate efforts to propose diverse uses and applications to our customers, while further enhancing our product lineup.

c. SG (Sign Graphics) business

In the SG field, we are pressed to address the earnings environment that is unstable due to intensified competition, as the market growth has decelerated in the face of global economic downturn. In the meanwhile, the functional inks conventionally used in this field have begun to shift from organic solvent inks to UV-curable inks that have less impact on the environment. The size of the UV-curable inks market is expected to grow significantly in the years ahead. The Company has established competitive advantage in the industry by developing UV-curable inks and inkjet printers that use UV-curable inks well ahead of industry peers. We will push forward with development and sales activities leveraging our competitive advantage to ultimately solidify our position as the market leader.

(ii) Further improving the quality of inks

For the Group, stabilizing/improving the quality of functional inks, the source of its competitiveness, is one of top priority issues. The Group therefore will review the development process for functional inks. More precisely, we will clarify the evaluation criteria for design, services and sales activities and then review evaluation items. We will also strengthen quality check at manufacturing sites for each category of ink materials to improve the quality of our products. Through these efforts, we will further improve the quality of our inks to ultimately enhance our competitiveness.

(iii) Improving production/logistics systems

It is an important management agenda for the Group to deliver products and services requested by global customers in an efficient and timely manner and maximize its sales, profit and cash flows. Therefore, to adapt flexibly to fluctuations in demand globally, we will rebuild a supply chain where functions, such as sales, logistics and production/procurement, are closely coordinated with each other, and will also work to achieve cost competitiveness and optimize inventory.

(iv) Strengthening R&D system

With the aim of putting superior products on the market in a timely manner under an efficient R&D system, the Group will work on modular development, an approach to choose from products, units, parts and technical information from those available for use, and combine them to develop new products that satisfy specifications required by customers. We will also strive to innovate the digital printing technology by accumulating know-how on developing elemental and mass-production technologies.

(v) Strengthening global management system

The Group is aware that strengthening its global management system is an important agenda, as it operates sales and manufacturing bases globally. Specifically, we will make efforts to implement globally viable corporate systems,

including a mission-critical system, an accounting system and a personnel system. We will also work on measures to mitigate foreign exchange risk.

(vi) Promoting regionally based sales activities

Under sales strategies tailored to the characteristics of each region, the Group will promote regionally based sales activities, including development of new users, proposal of applications, after-sales follow-up and prompt provision of maintenance services, at its domestic sales bases and overseas subsidiaries, to meet diverse needs of global customers and increase customer satisfaction. We will also make proactive efforts to shift sales activities online by utilizing ever-evolving IT; such efforts include making proposals to and holding business negotiations with customers on the Web, and building an online sales scheme.

(vii) Strengthening internal control/compliance

The Group is thoroughly committed to internal control and compliance to fulfill its corporate social responsibilities. The Group will establish a security policy to properly manage customers' information, and internally train each one of its officers and employees so they can develop a high degree of ethics and act with social consciousness in mind, not to mention abiding by relevant laws and regulations. Further, the Group takes a firm stand against antisocial forces to cut off any relationship with these forces and engage in business activities based on corporate compliance.

(viii) Implementing risk management initiatives

Under the current business environment, the business continuity plan (BCP) has become increasingly important, given a spate of large-scale natural disasters and the outbreak of infectious diseases beyond expectations in recent years. The Group will reexamine its operational infrastructure, emergency communication system and facilities, including the head office building, to ensure that, even in the event of large-scale natural disasters, it can continue business operations and minimize damages and the time required for restoration. In the event of a pandemic of infectious diseases, such as COVID-19, the whole society needs to work as one to fight the pandemic. The Group will discuss and implement appropriate countermeasures for its officers and employees based on the assumption that it has to go through the following phases: Outbreak of an infectious disease (early stage) -> Spread of the disease -> Widespread of the disease -> Recovery.

(ix) Addressing SDGs

The United Nations launched the Sustainable Development Goals (SDGs) as a universal call to action for the prosperity of people and the earth, at the United Nations Sustainable Development Summit held in September 2015. The Group totally agrees to these goals and will contribute to formation of a sustainable society by bringing positive impact to the society and environment through its business operations, while sincerely facing diverse social issues.

2. Business risks

Of the items related to Business Overview and Financial Information described in this Annual Securities Report, risks that the management believes may have a material impact on the financial position, operating results and cash flows of the Company and its consolidated subsidiaries are as follows.

Items in the text below that concern the future were determined by the Group as of the end of the current fiscal year.

(1) Defects in products

The Group develops on its own the products it sells, and any defects in our products could delay its product development and result in additional costs associated with repair and compensation, and consequently, impact its operating results and financial position. The Group is insured against product liability claims for just in case a quality problem arises. As measures to prevent quality problems from occurring, the Group will identify and solve existing issues in each of design, manufacture and service divisions, and consider building an organizational structure that is more effective in preventing quality issues.

(2) Cost competitiveness

(i) Production plan

The Group produces products based on estimates, and thus, reviews its production plan in line with fluctuations in demand estimates. However, failure to accurately reflect fluctuations in demand estimates in the production plan or sales falling significantly below demand estimates could affect the Group's operating results and financial position. As countermeasures against the risk, the Group will build a production system that can flexibly adjust production in line with fluctuations in demand by coordinating order placement, acceptance, assembling, shipment and arrival more closely.

(ii) Procurement of raw materials

The Group's products are comprised of a range of materials, including print heads, electrical parts, mechanical parts and inks. Procurement of such materials from existing suppliers may become difficult for some reasons. While the cost of raw materials account for 69.5% of the Group's manufacturing costs for the current fiscal year, it could rise depending on market and other conditions. All these factors may affect the Group's operating results and financial position. To protect

against the risk, the Group will make efforts to hold down costs, including standardizing parts and reducing parts count at the design stage, and improving operational efficiency on top of securing multiple suppliers.

(3) Product development

While new product development is a source of growth for the Group, it also requires the Group to incur upfront R&D costs, including the costs of prototype parts and materials and labor costs. Therefore, if the development of new products does not progress as scheduled, and as a result, R&D costs have increased, or a delay in development causes sales to decrease, the Group's operating results and financial position may be impacted. To protect against the risk, the Group will work to internally accumulate expertise in development technologies, while continuing to employ advanced and efficient development methods.

(4) Competition

Major companies and companies from emerging nations have increasingly entered the existing markets for industrial inkjet printers, the Group's core products. At the moment, we believe the Group's products have competitive advantage in many aspects, including technology and quality, but in the event they are subjected to downward pricing pressure or the market share declines due to intensified competition, the Group's operating results and financial position may be impacted. To protect against the risk, the Group will continue to put innovative new products on the market, while making efforts to understand customers' needs by thoroughly focusing on regionally based sales activities.

(5) Business development overseas

(i) Influence of overseas business climate

The Group earns 70% of its net sales from overseas markets, and is determined to further increase the proportion going forward. Also, the Group has already manufactured its industrial inkjet printers and inks in Asia (China and Taiwan) and Europe (the Netherlands, Italy and Lithuania), and is determined to further increase manufacturing bases abroad. In the event the economic conditions in the major overseas markets deteriorate or revisions are made to laws, regulations, restrictions and taxation systems in countries where the Group operates, its operating results and financial position may be impacted. To protect against the risk, the Group will work to strengthen its information gathering and management system, as well as its risk management system globally.

(ii) Foreign exchange risk

The percentage of the Group's sales overseas has outstripped that of the products manufactured overseas. Therefore, in the event foreign exchange rates fluctuate more abruptly than expected, the Group's operating results and financial position may be impacted. To protect against the risk, the Group will strive to improve its position held in foreign currencies over the medium term by promoting local production of inks and other consumable items for local consumption, as well as hedge foreign exchange risk over the short term using derivatives or similar instruments. To achieve this, the Group will establish a division dedicated to foreign exchange management.

(6) Recruiting and retention of talents

The Group is aware that in order to seek growth as a development-oriented global company, it should recruit, retain and foster talents who are capable of product development and those who are globally competent. Therefore, in the event these talents run short, the Group's operating results and financial position may be impacted. To protect against the risk, the Group will review and refurbish its personnel system and implement recruiting activities globally.

(7) Interest rate fluctuation risk

The Group has financed part of its capital expenditure and working capital primarily with borrowings from financial institutions; the ratio of interest-bearing debt has reached 45.1% as of the end of the current fiscal year. Therefore, in the event of abrupt changes in interest rates, the Group's operating results and financial position may be impacted. To protect against the risk, the Group's accounting division will take the initiative in deliberating rigorous management of its cash plan and various financing alternatives.

(8) Risks related to investment, etc.

The Group is engaged in investment activities by itself or jointly with other companies through establishing new companies or acquiring existing companies. In the event the value of these investments declines or additional funding is required, the Group's operating results and financial position may be impacted. To protect against the risk, the Group will fully take into account associated risks and returns in new investment projects, while objectively assessing feasibility and growth potential in existing investment projects.

(9) Intellectual property rights

The Group assumes the following risks in connection with intellectual property rights: (i) The Group may be unable to prevent third parties from using its intellectual property rights to make similar products, (ii) The products the Group sells may infringe on the intellectual property rights of third parties, and (iii) Third parties may take legal action against the Group for damages for infringement of their registered patent or similar rights of which the Group was not aware. In the event of the above, the Group's operating results and financial position may be impacted. To protect against the risk, the Group will establish a department specializing in intellectual property rights, protect its own technologies by acquiring patent or similar rights, and make every effort not to infringe on the rights of other companies.

(10) Influence of legal regulations, etc.

The Group is subject to domestic laws and regulations, including the Product Liability Act and the Export Trade Control Order, in Japan; and also a wide range of laws and regulations, including the CE marking requirements and the regulations limiting the use of specified hazardous substances in electrical and electronic equipment, in countries where it operates. In the event the Group fails to comply with these laws and regulations, and as a result, its activities are restricted, or it incurs additional costs in order to address revised or new laws and regulations, the Group's operating results and financial position may be impacted. To protect against the risk, the Group will make efforts to comply with all relevant laws and regulations by establishing a department dedicated to research and management of all kinds of laws and regulations related to the manufacturing industry on a global basis.

(11) Significant lawsuits

The Group might face legal disputes with stakeholder in the process of its business activities; in the event such legal disputes are especially significant, the Group's operating results and financial position may be impacted. To protect against the risk, the legal department, which is a specialized division, will take the initiative in quickly and smoothly resolving the disputes with the help of experts, such as lawyers.

(12) Natural disasters and other emergencies

The Group's head office building, R&D facility and factories are located in Tomi-shi, Nagano Prefecture. In the event a large-scale natural disaster hits the area, and as a result, the Group's business activities are disrupted, the Group's operating results and financial position may be impacted. To protect against the risk, the Group will work on development of a Business Continuity Plan (BCP) so that it can minimize potential damages from a large-scale natural disaster and resume its operations as early as possible.

(13) Spread of epidemics and infectious diseases including the novel coronavirus (COVID-19)

In the event a spread of epidemics/infectious diseases, including flu and viruses, makes it difficult for the Group's officers and employees to commute, and as a result, the Group's business activities are disrupted, its operating performance may be impacted. To protect against the risk, the Group has built an effective disease control system whereby the Group constantly enlightens its employees through daily safety/hygiene activities and prevent them from being infected with diseases.

The recent global spread of COVID-19 disrupted especially our development, production, logistics, sales and other activities due to a plunge in printing demand from customers under the slowing global economy, as well as the additional workload to address a range of restrictions and regulations newly implemented in countries and regions where the Group operates. In fact, these situations have affected the Group's operating performance. To protect against the risk, the Group will continue to work on initiatives that help minimize damages to its operating performance, including a planned closing at all its domestic business locations, to adapt appropriately to fluctuations in demand, in addition to initiatives that place utmost emphasis on the safety of its customers, business partners and employees. The Group will work on these efforts while closely monitoring the social landscape.

3. Management analysis of financial position, operating results and cash flows

(1) Overview of operating results, etc.

(i) Operating results

In the global economy in the fiscal year under review, while there were uncertainties up until the third quarter such as trade friction between the U.S. and China and the UK's withdrawal from the EU, stock prices and economic indicators were relatively firm. However, upon entering the fourth quarter, the novel coronavirus disease (COVID-19) pandemic materialized, which took shape as an emergency due to difficulties not only in economic activity, but daily life as well. The impact of COVID-19 on the Japanese economy goes beyond economic activity, and is significantly breaking down assumptions about the living environment.

While keeping sustainable growth after escaping this situation in consideration, the Group plans to focus on requested

policy items, social considerations, and actions that prioritize the safety of various stakeholders, such as officers and employees, for the near future.

Consolidated net sales for the fiscal year ended March 31, 2020 totaled 55,557 million yen, up 0.2% year on year, operating profit was 1,353 million yen, down 55.0%, ordinary profit was 946 million yen, down 64.2%, and loss attributable to owners of parent was 777 million yen, in comparison with profit attributable to owners of parent of 1,680 million yen in the previous fiscal year.

With respect to exchange rates of major currencies during the fiscal year under review, the exchange rate was 108.75 yen per U.S. dollar and 120.83 yen per euro (in comparison with 110.91 yen and 128.40 yen, respectively, in the previous fiscal year), and in general, the impact of exchange rates worked as a factor that weighed down on profits.

Performance by business segment is shown below. Please note that descriptions about segment profits are omitted as they may diverge from the operating profits listed in the consolidated statements of income due to elimination of inter-segment transactions.

(Japan, Asia and Oceania)

Net sales in the Japan, Asia and Oceania region amounted to 27,659 million yen, up 10.9% year on year. In Japan, the Alpha Design Group's net sales, which were recorded in the consolidated statements of income from the fourth quarter in the previous fiscal year, were added for the full year, but even excluding this factor, the Company secured increased sales. Net sales were generally firm in Asia and Oceania, including China, as well.

(North America and Latin America)

Net sales in the North America and Latin America region amounted to 11,980 million yen, down 3.4% year on year. Until the third quarter, net sales remained favorable, led by North America and Brazil, but in the fourth quarter the Company was affected by economic sentiment stalling due to COVID-19. Furthermore, the appreciation of yen against local currencies from the previous period was the main factor for the decrease in sales.

(Europe, the Middle East and Africa)

Net sales in the Europe, the Middle East and Africa region amounted to 15,917 million yen, down 12.1% year on year. Sales decreased due to the yen appreciation against the euro from the same period in the previous fiscal year, in addition to a decrease in net sales in major European countries.

Net sales by market

	Net sales (Millions of yen)	Percentage of net sales (%)	Year-on-year changes (%)
SG market	21,968	39.5	(8.4)
IP market	15,069	27.1	(11.6)
TA market	5,893	10.6	4.9
FA business	4,409	8.0	167.5
Others	8,216	14.8	14.8
Total	55,557	100.0	0.2

(SG market)

Net sales of products for the SG market amounted to 21,968 million yen, down 8.4% year on year. This is mainly due to decreased net sales of the "JV Series," which loads solvent-based ink, which is one of the Company's core products.

(IP market)

Net sales of products for the IP market amounted to 15,069 million yen, down 11.6% year on year. Despite expanding net sales of the new large-format model product, "JFX200-2513EX," which was launched in May, sales decreased overall as net sales of the Company's core small-format model, the "UJF Series," decreased.

(TA market)

Net sales of products for the TA market amounted to 5,893 million yen, up 4.9% year on year. Sales increased as a result of the launching of the new product, "TS55-1800," which makes low running costs and continuous operation for a long period possible, last March.

(FA business)

This is the general name for the businesses that Alpha Design Group is involved in, which are primarily the FA equipment (custom equipment) and PCB mounting equipment (irregular component mounting equipment, desiccant application equipment) businesses. Net sales in the FA business amounted to 4,409 million yen, up 167.5% year on year, more or less progressing according to plan.

(ii) Financial position

(Assets)

Total assets as of March 31, 2020 amounted to 54,221 million yen, a decrease of 4,241 million yen (compared with 58,463 million yen as of March 31, 2019). Total current assets amounted to 41,103 million yen, a decrease of 1,018 million yen (compared with 42,121 million yen as of March 31, 2019). This is mainly attributable to a decrease in cash and deposits of 859 million yen. Moreover, total non-current assets amounted to 13,118 million yen, a decrease of 3,223 million yen (compared with 16,341 million yen as of March 31, 2019). This is mainly attributable to a decrease in goodwill of 987 million yen.

(Liabilities)

Total liabilities as of March 31, 2020 amounted to 38,188 million yen, a decrease of 1,263 million yen (compared with 39,452 million yen as of March 31, 2019). Total current liabilities amounted to 29,146 million yen, an increase of 254 million yen (compared with 28,891 million yen as of March 31, 2019). This is mainly attributable to an increase in current portion of long-term borrowings of 2,660 million yen, despite a decrease in electronically recorded obligations - operating of 879 million yen. Total non-current liabilities amounted to 9,042 million yen, a decrease of 1,518 million yen (compared with 10,560 million yen as of March 31, 2019). This is mainly attributable to a decrease in long-term borrowings of 1,498 million yen.

(Net assets)

Total net assets as of March 31, 2020 amounted to 16,033 million yen, a decrease of 2,977 million yen (compared with 19,010 million yen as of March 31, 2019). This is mainly attributable to respective decreases in retained earnings of 1,229 million yen, and foreign currency translation adjustment of 1,033 million yen.

(iii) Cash flows

Cash and cash equivalents (hereinafter “cash”) as of March 31, 2020 totaled 10,988 million yen, a decrease of 363 million yen compared with March 31, 2019, owing to repayments of long-term borrowings, a decrease in trade payables, etc., partially offset by proceeds from long-term borrowings, an increase in depreciation, etc. The details by operating activities, investing activities and financing activities are as follows.

(Cash flows from operating activities)

Net cash provided by operating activities totaled 823 million yen (down 245 million yen year on year). This is primarily due to an outflow of 1,035 million yen accounting for a decrease in trade payables, despite a depreciation of 1,756 million yen.

(Cash flows from investing activities)

Net cash used in investing activities totaled 368 million yen (down 1,850 million yen year on year). This is mainly attributable to purchase of property, plant and equipment totaling 1,040 million yen, despite proceeds from withdrawal of time deposits of 485 million yen.

(Cash flows from financing activities)

Net cash used in financing activities totaled 431 million yen (compared with 194 million yen provided by financing activities in the previous fiscal year). This is mainly due to repayments of long-term borrowings totaling 2,740 million yen and purchase of treasury shares of 711 million yen, partially offset by proceeds from long-term borrowings totaling 3,902 million yen.

(iv) Production, orders received and sales

a. Production

Production by segment during the fiscal year ended March 31, 2020 are as follows.

(Thousands of yen)

Segment name	Current fiscal year (From April 1, 2019 to March 31, 2020)	Year-on-year changes (%)
Japan, Asia and Oceania	25,417,110	2.7
Europe, the Middle East and Africa	1,873,340	(14.9)
Total	27,290,450	1.3

(Note) The amounts are figures before inter-segment transactions and are based on standard cost.

Furthermore, production by market during the current fiscal year are as follows.

(Thousands of yen)

Classification by market	Current fiscal year (From April 1, 2019 to March 31, 2020)	Year-on-year changes (%)
SG market	10,417,479	(6.4)
IP market	6,009,496	(13.9)
TA market	2,998,927	(4.0)
FA business	3,826,527	166.0
Others	4,038,019	(5.4)
Total	27,290,450	1.3

(Notes) 1. The amounts above are based on standard cost.

2. The significant increase in the FA business production was caused by the acquisition of Alpha Design Group as a subsidiary.

b. Orders received

Not applicable because the Group (the Company and its consolidated subsidiaries) adopts the production system based on estimated orders.

c. Sales

Sales by segment during the current fiscal year are as follows.

(Thousands of yen)

Segment name	Current fiscal year (From April 1, 2019 to March 31, 2020)	Year-on-year changes (%)
Japan, Asia and Oceania	27,659,520	10.9
North America and Latin America	11,980,896	(3.4)
Europe, the Middle East and Africa	15,917,280	(12.1)
Total	55,557,698	0.2

(Note) All inter-segment transactions are eliminated.

Furthermore, sales by market during the current fiscal year are as follows.

(Thousands of yen)

Classification by market	Current fiscal year (From April 1, 2019 to March 31, 2020)	Year-on-year changes (%)
SG market	21,968,384	(8.4)
IP market	15,069,830	(11.6)
TA market	5,893,201	4.9
FA business	4,409,894	167.5
Others	8,216,386	14.8
Total	55,557,698	0.2

Sales by product category during the current fiscal year are as follows.

(Thousands of yen)

Product category	Current fiscal year (From April 1, 2019 to March 31, 2020)	Year-on-year changes (%)
Machines	24,616,775	(6.6)
Ink	18,674,922	(0.5)
Spare parts	3,899,179	(7.0)
Others	8,366,821	36.7

Total	55,557,698	0.2
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- (Notes)
1. Consumption taxes are not included in the figures above.
 2. The significant increase in the FA business sales was caused by the acquisition of Alpha Design Group as a subsidiary.
 3. Information on sales for major customers is omitted because their percentage to total sales is less than 10%.

(2) Management's analysis and discussion of operating results, etc.

Management's perception, analysis and discussion of the Group's operating results, etc. are as follows. Items in the text below that concern the future were determined by the Group as of the end of the current fiscal year.

(i) Perception, analysis and discussion of financial position and operating results

Net sales for the current fiscal year totaled 55,557 million yen, up 0.2% year on year, and operating profit was 1,353 million yen, down 55.0%. The Group's consolidated financial position and operating results more or less progressed according to the plan until the end of the third quarter. However, the Group failed to meet its full-year targets, as it was hit by COVID-19 in the fourth quarter, a quarter that contributes most to its net sales and profits.

Factors that significantly affect the Group's operating results include foreign exchange rates. During the current fiscal year, the foreign exchange sensitivity (the impact of foreign exchange fluctuation of 1 yen on full-year operating profits with a positive impact if yen is depreciated and a negative impact otherwise) was also relatively large at about 60 million yen against the U.S. dollar and about 90 million yen against the euro. The Group will strive to expand primarily the ink business overseas by establishing more business locations abroad and lower its foreign exchange sensitivity.

(ii) Analysis and discussion of cash flows and information related to capital resources and liquidity of funds

During the current fiscal year, the Group's free cash flow, which constitutes the capital resources and represents the liquidity of funds, amounted to 455 million yen. The Group recorded a significant loss during the current fiscal year. However, as the loss was attributable to a non-cash item (impairment loss on goodwill) and the Group deferred its capital investments that were neither required nor urgent, it managed to record positive operating cash flow and free cash flow. We are determined to give top priority to securing internal reserves under the present circumstances where we find it difficult to measure the degree of threat of COVID-19. However, in the near future, as we need to secure reasonable liquidity to finance our proactive investments for growth, we will secure capital resources, while taking into account the optimal balance between internal reserves, direct financing and indirect financing.

The Group's annual net sales have almost doubled in the past eight years, from 26,876 million yen to 55,557 million yen. The Group will aim for further growth under the slogan "M1000," which targets at consolidated annual sales of 100 billion yen.

(iii) Significant accounting estimates and underlying assumptions

The Group's consolidated financial statements are prepared in accordance with accounting principles generally accepted in Japan, or Japanese GAAP. Preparation of the consolidated financial statements requires estimates, judgments and assumptions that affect the reported amounts of assets and liabilities, and the disclosure of contingent assets and liabilities at the end of the fiscal year, as well as the reported amounts of revenues/expenses for the reporting period. The Company consistently evaluates its estimates and projections based on various assumptions that are believed to be reasonable in light of past experience and circumstance. The results of these evaluations form the basis for making judgments about the reported amounts of assets, liabilities, revenues and expenses.

4. Material contracts, etc.

There is no related information.

5. R&D activities

To remain as an innovator to provide "something new, something different" to the market, the Group has actively worked on R&D activities; approximately 310 employees, representing about 40% of the total headcount, belong to the development departments. The Group conducts its R&D activities in Japan.

The Company develops elemental technologies, which constitute the basis for products, ahead of development of products, so that it can quickly commercialize products to meet market demand. Technologies directly related to product development consists of the following five types: mechanical design technology (mechanical), control design technology (hardware), embedded software technology (firmware), application software technology and ink technology. By combining these technologies, project teams in the

Research and Development Division works on commercialization of products. The project teams have made proactive efforts to shorten the time required for development and improve the quality and cost performance of products by sharing elemental technologies and also sharing and standardizing design processes. We have also built an organizational structure that enables development teams to constantly monitor the needs of users and technological trends, and develop products tailored to the needs and preferences of customers from a medium- to long-term horizon, through close communication between marketing departments and the Research and Development Division. Under this organizational structure, we have aimed to optimize our total solutions, comprising main units, application software, inks and media, to ultimately provide users with “beautiful and quick” printing and cutting.

The Group has positioned product development as one of its most important strategic agendas, and thus has intensively invested in development, with the aim of building a competitive advantage leveraging its innovative and unique strengths, and meeting ever-changing market needs and responding to ongoing trends in the digital-on-demand era.

The major outcomes of our R&D activities during the current fiscal year are as follows:

(Hardware)

- (1) For the SG market, the Group started the sale of next-generation JV300 Plus Series, CJV300 Plus Series and CG-FXII Plus Series, successor models to JV300 Series, CJV300 Series and CG-FXII Series. These new models have realized labor-saving with unmanned cutting operation and higher efficiency with an additional new connection system.
- (2) For the SG market, the Group started the sale of the Roll to Roll UV-curable inkjet printer UJV100-160, which allows for high resolution and stable operation, and printing on a variety of materials, with a new feature DAS (Dot Adjustment System, automating dot position and feeding amount correction).
- (3) For the IP market, the Group started the sale 3DFF-222, a 3D printer using FFF (Fused Filament Fabrication), which is available for a variety of purposes, including the creation of a print jig in-house, a dimensional sign, and a mold for vacuum forming.
- (4) For the IP market, the Group started the sale of JFX200-2513EX, a successor model to JFX200-2513. The new model is a large flatbed UV inkjet printer, providing added value with a function that helps create 2.5D data for smooth-texture printing and a new printing mode for higher productivity.
- (5) For the TA market, the Group started the sale of Tx300P-1800MkII, a hybrid textile inkjet printer that is provided with Dye sublimation ink and Textile pigment ink and is able to print on both paper and textile by switching conveyance units.

(Software)

- (6) The Group started the sale of Simple POP, design software available for instant creation of a variety of printed articles by using templates, including POPs, window signs, in-store decorations, seals, stickers and other small articles.

During the current fiscal year, as a result of these R&D activities, the Group’s R&D related expenses totaled 3,985 million yen. Please note that the amount includes expenses associated with improvement to existing products and expansion of their applications. “Research and development costs” defined in “Accounting Standard for Research and Development Costs” (issued by the Business Accounting Council of Japan) amounted to 2,479 million yen.

III. Property, Plant and Equipment

1. Overview of capital investments

The Group makes capital investments focused on the fields of products and R&D that have high potential for growth, as well as those that are instrumental in saving labors, streamlining operations, and enhancing product reliability.

Capital expenditures in the current fiscal year amounted to 1,585 million yen, of which 176 million yen was spent for R&D facilities for the Japan, Asia and Oceania segment. Capital expenditures were funded by internally generated funds and borrowings.

2. Major facilities

The Group's major facilities are as follows.

(1) Reporting company

As of March 31, 2020

Facility name (Location)	Segment name	Facilities	Book value (Thousands of yen)						Number of employees (Persons)
			Buildings and structures	Machinery, equipment and vehicles	Land (In square meters)	Leased assets	Other	Total	
Head Office / Bokuya Factory (Tomi-shi, Nagano)	Japan, Asia and Oceania	Development facilities and others	417,992	33,561	654,297 (42,227.18)	3,388	382,495	1,491,735	371 (42)
Kazawa Factory (Tomi-shi, Nagano)	Japan, Asia and Oceania	Manufacturing facilities for computer peripherals	2,262,284	28,728	509,632 (29,080.00)	-	384,017	3,184,662	153 (76)
Tokyo Branch Office and 14 other sales offices	Japan, Asia and Oceania	Sales facilities	47,440	-	- (-)	1,591	73,287	122,318	291 (13)
Ueda Warehouse (Ueda-shi, Nagano)	Japan, Asia and Oceania	Warehouse facilities	37,031	0	44,300 (3,698.71)	-	7,967	89,299	- (-)
Nagano Development Center (Nagano-shi, Nagano)	Japan, Asia and Oceania	Development facilities	55,410	-	26,825 (1,245.00)	-	563	82,800	5 (-)
Hachioji Development Center (Hachioji-shi, Tokyo)	Japan, Asia and Oceania	Development facilities	181,071	167	239,382 (1,448.27)	5,247	7,418	433,286	1 (1)
Kurakake Innovation Center (provisional name) (Tomi-shi, Nagano)	Japan, Asia and Oceania	Land for a research and development facility	358	-	1,324,997 (83,648.36)	-	51,839	1,377,196	- (-)

(2) Domestic subsidiaries

As of March 31, 2020

Company name	Facility name (Location)	Segment name	Facilities	Book value (Thousands of yen)						Number of employees (Persons)
				Buildings and structures	Machinery, equipment and vehicles	Land (In square meters)	Leased assets	Other	Total	
MIMAKI PRECISION Co., Ltd.	Head office and factory (Tomi-shi, Nagano)	Japan, Asia and Oceania	Manufact uring facilities	3,145	41,172	- (-)	248,306	0	292,624	32 (4)
ALPHA DESIGN CO., LTD.	Head office and factory (Tomi-shi, Nagano)	Japan, Asia and Oceania	Manufact uring facilities and others	205,428	71,332	100,365 (11,344.82)	19,354	1,440	397,921	72 (-)
ALPHA SYSTEMS CO., LTD.	Head office and factory	Japan, Asia and Oceania	Manufact uring facilities	34,478	6,371	66,309 (7,725.86)	20,727	1,043	128,930	82 (-)

	(Yonezawa-shi, Yamagata)									
Tonami Corporation Ltd.	Head office and factory (Tonami-shi, Toyama)	Japan, Asia and Oceania	Manufacturing facilities	60,229	80,891	308,923 (38,456.15)	14,393	2,023	466,461	105 (4)

(3) Overseas subsidiaries

As of March 31, 2020

Company name	Facility name (Location)	Segment name	Facilities	Book value (Thousands of yen)						Number of employees (Persons)
				Buildings and structures	Machinery, equipment and vehicles	Land (In square meters)	Leased assets	Others	Total	
MIMAKI USA, INC.	Head Office (Georgia, U.S.A.)	North America and Latin America	Sales facilities	44,316	2,447	- (-)	-	301,181	347,946	137 (0)
MIMAKI EUROPE B.V.	Head Office (Diemen, the Netherlands)	Europe, the Middle East and Africa	Sales facilities and others	215,507	220,224	- (-)	-	251,947	687,679	103 (8)
Mimaki Deutschland GmbH	Head Office (Bavaria, Germany)	Europe, the Middle East and Africa	Sales facilities	64,957	8,243	- (-)	3,342	42,359	118,902	38 (2)
MIMAKI IJ TECHNOLOGY CO., Ltd.	Head Office (Zhejiang, China)	Japan, Asia and Oceania	Manufacturing facilities	72,876	139,925	- (-)	-	66,346	279,148	162 (-)
Mimaki Lithuania, UAB	Head Office (Vilnius, Lithuania)	Europe, the Middle East and Africa	Manufacturing facilities	125,779	33,202	- (-)	-	2,831	161,814	21 (-)

- (Notes)
1. "Others" in the "Book value" columns indicate a total amount of tools, furniture and fixtures and construction in progress.
 2. Consumption taxes are not included in the figures above.
 3. A part of the facilities of Head Office and Bokuya Factory is leased to MIMAKI PRECISION Co., Ltd. and GRAPHIC CREATION Co., Ltd., both of which are the Group's consolidated subsidiaries.
 4. The "Number of employees" column indicates the number of working employees (excluding individuals seconded from the Group to outside the Group and including individuals seconded to the Group from outside the Group as well as regular part-time employees). An additional figure for the number of temporary employees (including part-time employees, temporary staff who are contracted through staffing agencies and seasonal workers) is shown in parentheses as the annual average number.
 5. The Group has no other significant leasing or leased facilities than the above.

3. Planned additions, retirements, etc. of facilities

Plans for significant addition and retirement of facilities during the current fiscal year are not yet determined as of the filing date of this report since it is difficult to make reasonable assessments due to numerous uncertainties under the influences of the global spread of COVID-19.

IV. Information about reporting company

1. Information on the Company's shares, etc.

(1) Total number of shares, etc.

(i) Total number of shares

Type	Total number of authorized shares (Shares)
Common shares	128,160,000
Total	128,160,000

(ii) Total number of issued shares

Type	Number of issued shares at the end of the fiscal year (Shares) (As of March 31, 2020)	Number of issued shares as of filing date (Shares) (As of August 5, 2020)	Name of financial instruments exchange where the shares of the Company is traded or the name of authorized financial instruments firms association where the Company is registered	Description
Common shares	32,040,000	32,040,000	Tokyo Stock Exchange First Section	Number of shares per one unit 100 shares
Total	32,040,000	32,040,000	–	–

(2) Share acquisition rights, etc.

(i) Stock option plan

Resolution date	January 16, 2018	January 16, 2019	January 16, 2020
Category and number of individuals covered by the plan	Directors of the Company (excluding Outside Directors) 7 Employees of the Company 41 Directors and employees of the Company's subsidiaries 18	Directors of the Company (excluding Outside Directors) 7 Employees of the Company 50 Directors and employees of the Company's subsidiaries 23	Directors of the Company (excluding Outside Directors) 7 Employees of the Company and directors and employees of the Company's subsidiaries 78
Number of share acquisition rights (Units)*	760	942	1,117
Type, description and number of shares subject to share acquisition rights (Shares)*	76,000 common shares	94,200 common shares	111,700 common shares
Paid-in amount upon exercise of the share acquisition rights*	1,219 yen (Note 1)	815 yen (Note 1)	522 yen (Note 1)
Exercise period of share acquisition rights*	From February 16, 2020 to February 15, 2024	From March 15, 2021 to March 14, 2025	From March 14, 2022 to March 13, 2026
Issue price of shares and amount to be included in capital in cases where shares are issued upon exercise of share acquisition rights*	Issue price of shares 1,219 yen Amount to be included in capital 610 yen	Issue price of shares 815 yen Amount to be included in capital 408 yen	Issue price of shares 522 yen Amount to be included in capital 261 yen
Conditions for exercising share acquisition rights*	A holder of share acquisition rights must be a Director, an Auditor, or an employee of the Company or its subsidiaries or associates at the time of exercising the share acquisition rights. However, the above rule does not apply if a Director or an Auditor retires on expiration of his/her term of office, or if an employee reaches the mandatory retirement age. The above rule does not either apply if there is a reason that the Board of Directors of the Company deems justifiable. Any heirs of a holder of the share acquisition rights shall not be allowed to exercise the share acquisition rights.		

Transfer of the share acquisition rights*	Acquisition of the share acquisition rights by transfer shall be subject to approval by the resolution of the Company's Board of Directors.
Issuance of the share acquisition rights in the event of an organizational restructuring*	(Note 2)

* The description above indicates the status as of the end of current fiscal year (March 31, 2020). As there was no change in the description between the end of the fiscal year and the end of month prior to the filing month (July 31, 2020), any description as of the end of the filing month has been omitted.

- (Notes) 1. If the Company conducts a share split or a share consolidation after issuing the share acquisition rights, the paid-in amount shall be adjusted at the time when such a transaction comes into effect in accordance with the following formula. Any fractional amounts of less than one yen resulting from the adjustment shall be rounded up.

$$\text{Paid-in amount after adjustment} = \text{Paid-in amount before adjustment} \times \frac{1}{\text{Ratio of share split or consolidation}}$$

In addition, if the Company issues new shares or disposes of treasury shares at less than market price after issuing the share acquisition rights, the paid-in amount shall be adjusted in accordance with the following formula. Any fractional amounts of less than one yen resulting from the adjustment shall be rounded up.

$$\text{Paid-in amount after adjustment} = \text{Paid-in amount before adjustment} \times \frac{\text{Number of shares already issued} + \frac{\text{Number of shares newly issued} \times \text{paid-in amount per share}}{\text{Market price per share}}}{\text{Number of shares already issued} + \text{Number of shares newly issued}}$$

2. Treatment of share acquisition rights in the event of an organizational restructuring

If any contracts or plans concerning organizational restructuring of the Company specify the issuance of the share acquisition rights on the shares of a stock company generated as a result of the restructuring scheme as described below, such share acquisition rights shall be issued according to the ratio of said organizational restructuring.

- (i) Merger, only if the Company ceases to exist

A stock company surviving after the merger or a stock company newly established as a result of the merger

- (ii) Absorption-type company split

A stock company that succeeds all or part of rights and obligations of a particular business owned by a stock company that is effecting an absorption-type company split

- (iii) Incorporation-type company split

A stock company newly established as a result of the company split

- (iv) Share exchange

A stock company that acquires all the shares issued by a stock company that is effecting the share exchange

- (v) Share transfer

A stock company established as a result of share transfer

- (ii) Rights plan

There is no related information.

- (iii) Other share acquisition rights, etc.

There is no related information.

- (3) Exercise, etc. of moving strike convertible bonds, etc.

There is no related information.

- (4) Changes in total number of shares issued, share capital, etc.

Date	Change in the total number of shares issued (Shares)	Balance of the total number of shares issued (Shares)	Change in share capital (Thousands of yen)	Balance of share capital (Thousands of yen)	Change in legal capital surplus (Thousands of yen)	Balance of legal capital surplus (Thousands of yen)
April 1, 2015 (Note)	16,020,000	32,040,000	—	4,357,456	—	4,245,456

(Note) The change was caused by the 2-for-1 share split.

(5) Shareholding by shareholder category

(As of June 30, 2020)

Category	Shareholding status (Number of shares per share unit: 100 shares)							Shares less than one unit (Shares)	
	Public sector	Financial institutions	Financial instruments business operators	Other corporations	Foreign investors, etc.		Individuals and others		Total
					Companies, etc.	Individuals			
Number of shareholders (Persons)	—	21	23	58	64	6	4,903	5,075	—
Number of shares held (Units)	—	40,252	3,917	103,339	30,289	68	142,492	320,357	4,300
Shareholding ratio (%)	—	12.56	1.22	32.26	9.46	0.02	44.48	100.00	—

(Note) 2,545,767 treasury shares consist of 25,457 units included in “Individuals and others” and 67 shares included in “Shares less than one unit.”

(6) Major shareholders

(As of June 30, 2020)

Shareholder name	Address	Number of shares held (Shares)	Shareholding ratio (excluding treasury shares) (%)
Ikeda Holdings, Inc.	1-4-18, Kokubu, Ueda-shi, Nagano	4,497,200	15.25
Tanaka Kikaku Ltd.	532-3, Agata, Tomi-shi, Nagano	2,330,000	7.90
Noriyuki Tanaka	Tomi-shi, Nagano	2,028,900	6.88
Tokyo Small and Medium Business Investment & Consultation Co., Ltd.	3-29-22, Shibuya, Shibuya-ku, Tokyo	1,524,000	5.17
MIMAKI ENGINEERING Employee Stock Ownership	2182-3, Shigeno-Otsu, Tomi-shi, Nagano	1,443,100	4.89
STATE STREET BANK AND TRUST COMPANY 505019 (Standing proxy: The Hongkong and Shanghai Banking Corporation Limited, Tokyo branch)	AIB INTERNATIONAL CENTRE P.O. BOX 518 IFSC DUBLIN, IRELAND (3-11-1, Nihonbashi, Chuo-ku)	1,304,800	4.42
The Master Trust Bank of Japan, Ltd.	2-11-3, Hamamatsucho, Minato-ku, Tokyo	1,223,400	4.15
THE HACHIJUNI BANK, LTD. (Standing proxy: The Master Trust Bank of Japan, Ltd.)	178-8 Aza-Okada, Oaza-Nakagosho, Nagano-shi, Nagano (2-11-3, Hamamatsucho, Minato-ku, Tokyo)	840,000	2.85
Adeki Partners Co., Ltd.	1-5-16, Kokubu, Ueda-shi, Nagano	833,200	2.82
EPSON AVASYS CORPORATION	1077-5, Shimonogo-Otsu, Ueda-shi, Nagano	720,000	2.44
Total	—	16,744,600	56.77

(Note) Among the above number of shares held, the number of shares related to trust services are as follows.

The Master Trust Bank of Japan, Ltd.: 1,223,400 shares

(7) Voting rights
(i) Issued shares

(As of June 30, 2020)

Category	Number of shares (Shares)	Number of voting rights (Units)	Description
Shares with no voting rights	—	—	—
Shares with restricted voting rights (Treasury shares, etc.)	—	—	—
Shares with restricted voting rights (Other)	—	—	—
Shares with full voting rights (Treasury shares, etc.)	Common shares 2,545,700	—	—
Shares with full voting rights (Other)	Common shares 29,490,000	294,900	—
Shares less than one unit	Common shares 4,300	—	—
Total number of issued shares	32,040,000	—	—
Total number of voting rights	—	294,900	—

(Note) The “Shares less than one unit” column includes 67 treasury common shares owned by the Company.

(ii) Treasury shares

As of June 30, 2020

Name of shareholder	Address of shareholder	Number of shares held in own name (Shares)	Number of shares held in others' names (Shares)	Total number of shares held (Shares)	Shareholding ratio (%)
MIMAKI ENGINEERING CO., LTD.	2182-3 Shigeno-Otsu, Tomi-shi, Nagano	2,545,700	—	2,545,700	7.95
Total	—	2,545,700	—	2,545,700	7.95

(Note) Other than the above, the Company owns 67 shares less than one unit.

2. Acquisition, etc. of treasury shares

Type of shares, etc.: Acquisition of common shares in accordance with Article 155, item (iii) of the Companies Act

(1) Acquisition by resolution of the General Meeting of Shareholders

There is no related information.

(2) Acquisition by resolution of the Board of Directors

Category	Number of shares (Shares)	Total value (Yen)
Shares authorized to be acquired by resolution of the Board of Directors on December 13, 2018 (Acquisition period: from December 14, 2018 to December 13, 2019)	1,000,000	1,000,000,000
Treasury shares acquired prior to the fiscal year ended March 31, 2020	230,000	171,711,700
Treasury shares acquired during the fiscal year ended March 31, 2020	770,000	449,334,100
Total remaining number of shares and value authorized to be acquired	—	378,954,200
Percentage of remaining number of shares and value authorized to be acquired as of March 31, 2020 (%)	—	37.9
Treasury shares acquired during the period from April 1, 2020 until the filing date of this Annual Securities Report	—	—
Percentage of remaining number of shares and value authorized to be acquired as of the filing date (%)	—	37.9
Treasury shares authorized to be acquired by resolution of the Board of Directors on June 14, 2019	1,000,000	1,000,000,000

Category	Number of shares (Shares)	Total value (Yen)
(Acquisition period: from June 17, 2019 to June 16, 2020)		
Treasury shares acquired prior to the fiscal year ended March 31, 2020	—	—
Treasury shares acquired during the fiscal year ended March 31, 2020	400,000	261,779,000
Total remaining number of shares and value authorized to be acquired	600,000	738,221,000
Percentage of remaining number of shares and value authorized to be acquired as of March 31, 2020 (%)	60.0	73.8
Treasury shares acquired during the period from April 1, 2020 until the filing date of this Annual Securities Report	—	—
Percentage of remaining number of shares and value authorized to be acquired as of the filing date (%)	60.0	73.8

(3) Details of acquisition of treasury shares not based on the resolution of the General Meeting of Shareholders or the Board of Directors

There is no related information.

(4) Disposal or holding of acquired treasury shares

Category	Current fiscal year		From April 1, 2020 until the filing date of this Annual Securities Report	
	Number of shares	Total amount of disposal (Thousands of yen)	Number of shares	Total amount of disposal (Thousands of yen)
Acquired treasury shares for which subscribers were solicited	—	—	—	—
Acquired treasury shares that were disposed	—	—	—	—
Acquired treasury shares for which transfer of shares was conducted due to merger, share exchange, or company split	—	—	—	—
Other (-)	—	—	—	—
Treasury shares held	2,545,767	—	2,545,767	—

3. Dividend policy

The Company positions the return of profits to shareholders as an important management policy, and aims to make the stable and constant distribution of results proportionate with the earnings growth. We utilize internal reserves to prepare for the future business development and strengthen our financial foundation, thereby enhancing competitiveness in ever-changing business environment.

The Articles of Incorporation of the Company stipulate that the Company can pay dividends of surplus by the resolution of the Board of Directors in accordance with Article 459, paragraph (1) of the Companies Act.

In consideration of the business performance and other factors for the current fiscal year, we paid out interim dividends of 7.5 yen per share, but have decided not to pay out year-end dividends.

The payment of dividends of surplus for the current fiscal year is as follows.

Resolution date	Total amount of dividends (Thousands of yen)	Dividend per share (Yen)
October 25, 2019 Resolution of the Board of Directors	221,206	7.5

4. Corporate governance

(1) Overview of corporate governance

(i) Basic philosophy on corporate governance

As a public company, the Group aims to establish and maintain good relationships with its stakeholders, including shareholders, customers, employees, and local communities. We recognize that strengthening and enhancing our corporate governance system is an important management issue toward this end. This is why we are striving to establish and firmly entrench a sound and highly transparent management system that can respond rapidly and accurately to changes in the business climate, a system for timely and appropriate information disclosure to fulfill accountability to stakeholders, and a system for carrying out corporate operations in compliance with the law, while maintaining high ethical standards. We believe that it is important for all employees, not just the management team, to be aware of and to practice compliance at all times.

(ii) Overview of the corporate governance structure and reason for adopting this structure

(a) Overview of the corporate governance structure

Upon a resolution at the 44th Annual General Meeting of Shareholders held on June 27, 2019, the Company transitioned from a company with a board of auditors to a company with an audit and supervisory committee.

The Company positions the Board of Directors as a body to make decisions on management policies and strategies and to supervise the execution of operations, and ensures validity and legality of decisions made by the Board of Directors and the Audit and Supervisory Committee by appointing Outside Directors. In addition, the Company has established a provision in its Articles of Incorporation that allows it to delegate all or part of decision-making on the execution of certain important operations to Directors by a resolution of the Board of Directors, which enables increased management efficiency as well as prompt decision-making.

Name of body	Objectives/authority	Constituent members	
		Head of body	Members
Board of Directors	In principle, the Board of Directors holds regular meetings once a month and flexibly convenes extraordinary meetings as needed to decide important managerial matters and execution of operations, as well as to supervise the status of the execution of operations by each Director, pursuant to the law, the Articles of Incorporations and the Rules of the Board of Directors.	President Kazuaki Ikeda	Kazuyuki Takeuchi, Hiroshi Miyake, Yasuhiro Haba, Koji Shimizu, Nariaki Makino, Takeshi Kodaira, Seiko Minomo (Note), Ichiro Yamada (Note), Yoh Zenno (Note), Noriyuki Tanaka, Makoto Tanaka (Note), Hisamitsu Arai (Note)
Audit and Supervisory Committee	In principle, the Audit and Supervisory Committee holds regular meetings once a month and convenes extraordinary meetings as needed. In order to promote accurate understanding of information and flexible response to audits and other matters within the Company, Mr. Yoh Zenno was appointed as a full-time Audit and Supervisory Committee Member by a resolution of the Audit and Supervisory Committee.	Full-time Audit and Supervisory Committee Member Yoh Zenno (Note)	Noriyuki Tanaka, Makoto Tanaka (Note), Hisamitsu Arai (Note)
Management Council	The Management Council meets regularly each month and is responsible as an advisory body to the President for preparing analytical reports on the implementation of company budgets as well as budget control in operating departments and deliberation of relevant measures.	President Kazuaki Ikeda	Kazuyuki Takeuchi, Hiroshi Miyake, Yasuhiro Haba, Koji Shimizu, Nariaki Makino, Takeshi Kodaira, Yoh Zenno (Note), Kenji Tsuchiya, Hajime Kawabata, Takuya Yamazaki, Masayasu Hanadate, Yoshikazu Okamura, Takayuki Ato, Shinichi Aso, Hiroki Yoshida, Naoki Muromachi, Kikuo Shimizu, Takao Terashima, Naoya Kawagoshi, Koji Imoto, Takashi Noda, Tomomitsu Hanaoka,

			Takashi Uchino, Takahiro Hiraki, Shoji Midorikawa, Hisashi Takeuchi, Yasuhiro Yamada, Akihiko Mizusaki, Yuji Ikeda, Yoshikazu Furukawa, Shujiro Morisawa, Norikazu Nakamura, Masato Kuga, Jun Nakamura, Takashi Namiki, Haruhiro Ozawa, Shinichi Iwamoto, Yuki Kitamura, Hiroshi Kagiya, Shuji Kitazawa
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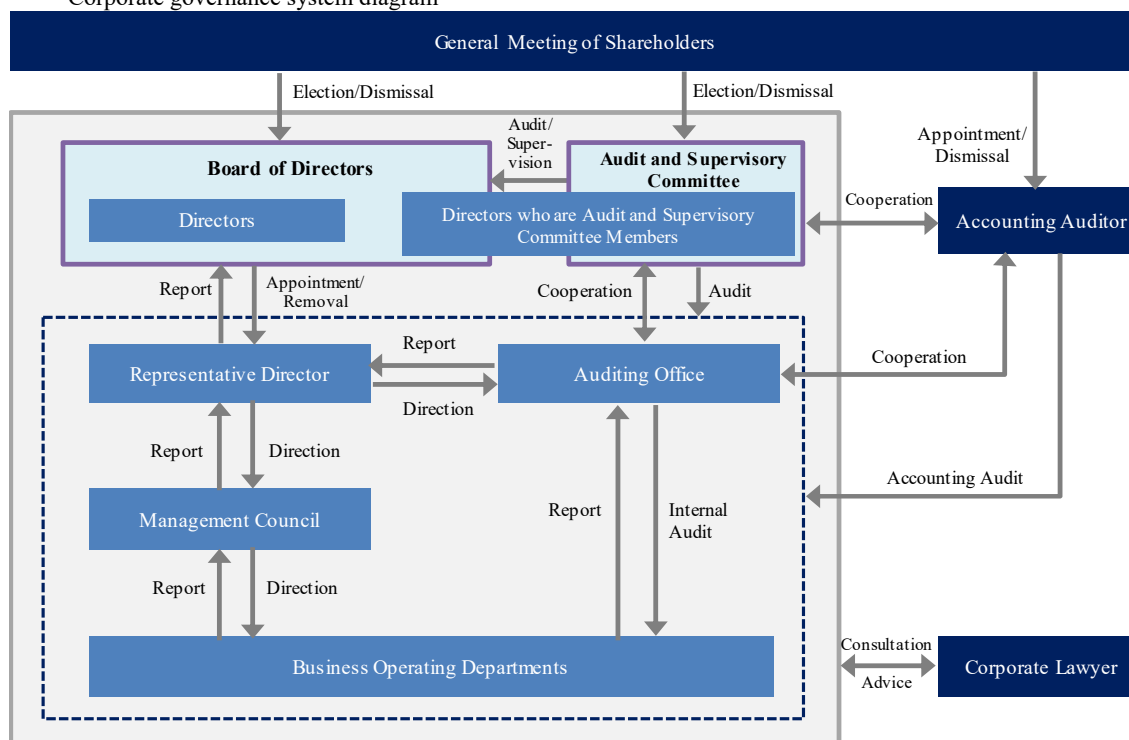
(Note) They are Outside Directors.

(b) Reason for adopting this corporate governance structure

The Company transitioned to a company with an audit and supervisory committee system on June 27, 2019.

We believe that this system will contribute to the strengthening of the corporate governance system by ensuring the soundness and appropriateness of corporate management by Audit and Supervisory Committee Members having voting rights as Directors as well as the Audit and Supervisory Committee auditing and supervising Directors' execution of duties.

Corporate governance system diagram



(iii) Other matters concerning corporate governance

(a) Status of the development of internal control systems

The Company adopted the following Basic Policy on Internal Control Systems by resolution of the Board of Directors, and is taking steps to put the systems into place.

- a. System for ensuring that Directors' execution of duties conforms with the law and the Articles of Incorporation
 - i. The Company shall establish and enforce Compliance Rules, ensure that every Director is aware of the importance of compliance, and make thorough efforts to ensure compliance, to meet the demands of stakeholders, including customers, shareholders and employees.
 - ii. The Board of Directors shall make decisions on important matters related to management based on the law, the Articles of Incorporation, and the Rules of the Board of Directors.
 - iii. An Auditing Office shall be established as a department under the direct supervision of the President and shall conduct internal audits. If matters in violation of the law, the Articles of Incorporation, or company rules are discovered through audits by the Auditing Office, the Auditing Office shall immediately report to the President.

- iv. An internal whistleblowing system shall be put in place so that Directors can inform the compliance promoter if they discover any acts that violate the law, the Articles of Incorporation, or company rules.
- b. System for the storage and management of information related to Directors' execution of duties
 - i. A system shall be put in place to properly store and manage the minutes of board meetings, requests for managerial decisions, and other information related to Directors' execution of duties in accordance with the law, the Rules of the Board of Directors, and the Rules on Requests for Managerial Decisions.
 - ii. A system shall be put in place to properly store and manage the information in accordance with the Information Security Management Rules and the Personal Information Protection Management, Individual Numbers, and Specific Personal Information Handling Regulations.
- c. Rules related to and a system for managing the risk of loss
 - i. A system shall be put in place to conduct business after obtaining certain approvals and authorizations, in accordance with the Rules of the Board of Directors, the Rules on Organizations, Division of Duties, and Authority, and the Rules on Requests for Managerial Decisions.
 - ii. The General Manager of the Management Division shall have the role and responsibility to put in place and operate internal controls based on the basic policy decided by the Board of Directors.
 - iii. A system shall be established for immediately reporting to the President on information such as the content and degree of risk, where the Auditing Office discovers violations of the law or articles of incorporation or other execution of operations with a risk of loss through audits.
- d. System for ensuring the efficient execution of Directors' duties
 - i. In principle, regular board meetings shall be held once a month to decide important matters and conduct supervision based on reports on the status of each Director's execution of operations.
 - ii. Directors' execution of duties shall be conducted so that all matters specified in the Rules of the Board of Directors and the Rules on Organizations, Division of Duties, and Authority as matters to be discussed in the Board of Directors shall be discussed and decisions are made after multifaceted deliberation.
 - iii. With respect to the everyday execution of Directors' duties, authority shall be defined based on decision-making rules such as the Rules on Organizations, Division of Duties, and Authority and the Rules on Requests for Managerial Decisions, and an efficient method of achievement shall be established. Additionally, the Board of Directors shall conduct regular reviews of progress and promote improvements in an effort to achieve efficient management of operations.
- e. System for ensuring that employees' execution of duties conforms with the law and the Articles of Incorporation
 - i. The Company shall establish and enforce the Compliance Rules, ensure that each and every employee is aware of the importance of compliance, and make thorough efforts to ensure compliance, to meet the demands of stakeholders, including customers, shareholders, and employees.
 - ii. An Auditing Office shall be established as a department under the direct supervision of the Representative Director and shall conduct internal audits. Where matters in violation of the law, articles of incorporation, or company rules are discovered through audits by the Auditing Office, the Auditing Office shall immediately report to the President.
 - iii. An internal whistleblowing system shall be put in place so that employees can inform the compliance promoter if they discover any acts that violate the law, the Articles of Incorporation, or company rules.
- f. System for ensuring appropriate operations in the corporate group consisting of the Company and its subsidiaries
 - i. The Rules on the Management of Affiliated Companies require subsidiaries to send regular reports to the Company on their business performance, financial condition, and other important information. Additionally, the Corporate Planning Division, which is specified in the Rules on the Management of Affiliated Companies as the department for coordinating with subsidiaries, as well as the departments that serve as points of contact with subsidiaries, shall maintain a system so that if it is ascertained that a risk of loss has occurred at a subsidiary, the contents of the discovered risk of loss, the degree of risk, and the effects on the Company shall be reported immediately to the Company's Board of Directors and the President.
 - ii. The Company shall formulate a Group's Medium-term Management Plan and, to execute this Medium-term Plan, it shall establish important management goals and budget allocations for each fiscal year.
 - iii. The Compliance Consultation Hotline established and operated by the Company shall ensure a system that can be used by officers and employees of the Company and its subsidiaries as well as others.
 - iv. The Auditing Office shall maintain a system so that if violations of the law or the Articles of Incorporation or other execution of operations with risk of loss are discovered in the course of internal audits on subsidiaries, it shall report the contents of the risk of loss, the degree of risk, and the effects on the Company to the President.
- g. Matters relating to Directors and employees appointed to assist the Audit and Supervisory Committee in its duties
 - i. Where the Audit and Supervisory Committee has requested the appointment of employees to assist it in its

- duties, such employees shall be appointed from a department in charge of duties to be assisted.
- ii. Employees assigned to assist the Audit and Supervisory Committee in its duties shall follow directions and instructions given by the committee when assisting such duties.
 - h. System for Directors (excluding Directors who are Audit and Supervisory Committee Members) and employees to report to the Audit and Supervisory Committee and a system related to other reports to the committee
 - i. Directors (excluding Directors who are Audit and Supervisory Committee Members) and employees shall provide necessary reports and information upon the request, as required by the Audit and Supervisory Committee.
 - ii. Directors (excluding Directors who are Audit and Supervisory Committee Members) and employees shall, as called for by the occasion, report the status of their execution of duties at important meetings, such as board meetings.
 - iii. In accordance with the Compliance Rules, a system shall be established so that Directors (excluding Directors who are Audit and Supervisory Committee Members) and employees can report to the Audit and Supervisory Committee where violations of the law or the Articles of Incorporation or other execution of operations with risk of loss are discovered at the management level.
 - i. System for directors and employees of subsidiaries as well as persons who have received reports from them to report to the Audit and Supervisory Committee
 - i. Where a situation has occurred that could have a significant impact on the business or financial condition of a subsidiary, directors and employees of the subsidiary shall report promptly to the Company's Directors, the General Manager of the Corporate Planning Division, and the departments that serve as points of contact with subsidiaries. The reported matters that are within the scope needed for the Company's Audit and Supervisory Committee to execute its duties shall be reported promptly.
 - ii. The Auditing Office shall report to the Company's Audit and Supervisory Committee Members on the implementation status of internal audits on subsidiaries as well as important matters relating to subsidiaries reported to the Compliance Consultation Hotline. Also, where requested by the Company's Audit and Supervisory Committee Members, directors and employees of subsidiaries shall promptly make appropriate reports.
 - j. System for ensuring that a person who makes a report indicated in the previous paragraph is not subjected to adverse treatment for making the report

The same as with whistleblowing to the Compliance Consultation Hotline, a document clearly stating that a whistleblower shall not suffer any drawbacks for having made a report to the Company's Audit and Supervisory Committee Members that contributes to the execution of their duties shall be produced, and thorough efforts shall be made to ensure that all officers and employees in the Group are aware of this policy.
 - k. Matters relating to the procedures for payment in advance or reimbursement of expenses arising from the execution of duties by Audit and Supervisory Committee Members as well as policy pertaining to the processing of other expenses or debt arising from the execution of their duties

The processing of expenses and debt arising from the execution of the duties of the Audit and Supervisory Committee and its members shall be budgeted for ordinary auditing expenses, and outside experts may be appointed when it is deemed necessary for the execution of their duties.
 - l. Other systems for ensuring the effective performance of duties by the Audit and Supervisory Committee
 - i. To increase the effectiveness of auditing activities, the Representative Director and Directors (excluding Directors who are Audit and Supervisory Committee Members) shall communicate on a regular basis with the (full-time) Audit and Supervisory Committee Member, including exchanging opinions about important issues.
 - ii. The Auditing Office shall cooperate with Audit and Supervisory Committee Members as needed through reports on the results of internal audits and regular meetings.
 - m. System aimed at the exclusion of antisocial forces

The Company has established a Manual for Dealing with Antisocial Forces and shall assume a resolute attitude toward crime syndicates and other antisocial forces, blocking any kind of connection. Moreover, before initiating new transactions, an investigation shall be conducted to ensure the other party is not an antisocial force.
 - n. System for ensuring the trustworthiness of financial reporting

In accordance with the provisions of the Financial Instruments and Exchange Act, the Company and its subsidiaries shall strive to maintain a sound internal control environment. Furthermore, the Company shall establish an internal control system to enable valid and reasonable evaluation, and by striving for fair application of that system, it shall ensure the trustworthiness and appropriateness of financial reporting.

(b) Establishment of risk management system

An Auditing Office shall be established as a department under the direct supervision of the President and shall conduct internal audits. A system shall be established for immediately reporting to the President on information such as the content and degree of risk to prevent such risks from occurring, where the Auditing Office discovers violations of the law or the Articles of Incorporation or other execution of operations with a risk of loss through audits.

Furthermore, we established the Compliance Rules in April 2006 and appointed the President as the Compliance Officer so as to establish and firmly entrench a system for carrying out corporate operations in compliance with the law, while maintaining high ethical standards. Through such efforts to foster an awareness of compliance, we are striving to prevent risks from occurring.

(c) Status of system for ensuring the appropriateness of business operations at subsidiaries

a. The Rules on the Management of Affiliated Companies require subsidiaries to send regular reports to the Company on their business performance, financial condition, and other important information. Additionally, the Corporate Planning Division, which is specified in the Rules on the Management of Affiliated Companies as the department for coordinating with subsidiaries, as well as the departments that serve as points of contact with subsidiaries, shall maintain a system so that if it is ascertained that a risk of loss has occurred at a subsidiary, the contents of the discovered risk of loss, the degree of risk and the effects on the Company shall be reported immediately to the Company's Board of Directors and the President.

b. Our subsidiaries shall formulate a Medium-term Management Plan and, to execute this Medium-term Plan, they shall establish important management goals and budget allocations for each fiscal year. Liaison meetings are held with subsidiaries on a regular basis to share information and facilitate communication among the Group, as well as to unify the Group's management policies. Where a situation has occurred that could have a significant impact on the business or financial condition of a subsidiary, directors and employees of the subsidiary shall report promptly to the Company's Directors, the General Manager of the Corporate Planning Division and the departments that serve as points of contact with subsidiaries.

c. The Compliance Consultation Hotline shall ensure a system that can be used by officers and employees of subsidiaries as well as others. A system shall be maintained to report important reported matters relating to subsidiaries to the Company's Board of Directors, the President and Audit and Supervisory Committee Members.

d. The Auditing Office shall maintain a system so that if violations of the law or the Articles of Incorporation or other execution of operations with risk of loss are discovered in the course of internal audits on subsidiaries, it shall report the contents of the risk of loss, the degree of risk, and the effects on the Company to the President and Audit and Supervisory Committee Members.

e. In accordance with the provisions of the Financial Instruments and Exchange Act, our subsidiaries shall strive to maintain a sound internal control environment. Furthermore, our subsidiaries shall establish an internal control system to enable valid and reasonable evaluation, and by striving for fair application of that system, they shall ensure the trustworthiness and appropriateness of financial reporting.

f. From the viewpoint of ensuring proper operations and improving operational efficiency in our subsidiaries, we are striving to further strengthen controls through information systems while endeavoring to improve and standardize their work processes. Presidents of subsidiaries shall attend regularly held regional meetings to facilitate information sharing and ensure efficient business operations.

(iv) Summary of contents of liability limitation agreement

Pursuant to Article 427, paragraph (1) of the Companies Act, the Company has stipulated in its Articles of Incorporation that it may enter into an agreement to limit liability for damage under Article 423, paragraph (1) of the same act, and has entered into a liability limitation agreement with each of its Outside Directors. The purpose of this agreement is to ensure that Outside Directors can fully demonstrate their expected roles when performing their duties.

(v) Number of Directors

The Company has stipulated in its Articles of Incorporation that the Company shall have no more than ten Directors (excluding Directors who are Audit and Supervisory Committee Members) and no more than seven Directors who are Audit and Supervisory Committee Members.

(vi) Resolution requirement for appointing and dismissing Directors

The Company has stipulated in its Articles of Incorporation that a resolution to appoint Directors shall be adopted by a majority of the voting rights of the shareholders present where the shareholders holding no less than one-third of the voting rights of all shareholders who are entitled to exercise their voting rights, and that such resolution shall not be based on cumulative votes. The Company has also stipulated in its Articles of Incorporation that a resolution to dismiss Directors shall be adopted by no less than two-thirds of the voting rights of the shareholders present, where the shareholders holding a

majority of the voting rights of all shareholders who are entitled to exercise their voting rights.

(vii) Special resolution requirements for general meetings of shareholders

The Company has stipulated in its Articles of Incorporation that a special resolution under Article 309, paragraph (2) of the Companies Act shall be adopted by no less than two-thirds of the voting rights of the shareholders present, where the shareholders holding no less than one-third of the voting rights of all shareholders who are entitled to exercise their voting rights, unless otherwise provided by laws or the Articles of Incorporation. The purpose of relaxing the quorum for special resolutions at general meetings of shareholders is to ensure the meeting proceeds smoothly.

(viii) Matters to be resolved at general meetings of shareholders that can also be resolved by the Board of Directors

a. Dividends of surplus, etc.

In order to enable flexible return of profits to shareholders, the Company has stipulated in its Articles of Incorporation that matters provided for in each item of Article 459, paragraph (1) of the Companies Act, such as dividends of surplus, may be determined by a resolution by the Board of Directors, unless otherwise provided by laws.

b. Exemption of liabilities of Directors

The Company has stipulated in its Articles of Incorporation that Directors (including former Directors) may be exempted from liability to the extent provided for in laws in relation to acts provided for in Article 423, paragraph (1) of the Companies Act by a resolution by the Board of Directors, as provided for in Article 426, paragraph (1) of the same act. The purpose of this is to create an environment in which Directors can fully demonstrate their capabilities and fulfill their expected roles when carrying out their duties.

(2) Information about Directors (and other officers)

(i) List of Directors (and other officers)

Directors include 12 males and one female. (Ratio of female Directors: 7.7%)

Official title or position	Name	Date of birth	Career summary	Term of office	Number of shares held (Shares)
President	Kazuaki Ikeda	November 4, 1976	<p>April 2004 Joined GRAPHIC CREATION Co., Ltd.</p> <p>April 2006 Joined the Company</p> <p>September 2009 Director, MIMAKI KANPHOR INDIA PRIVATE LIMITED (current position)</p> <p>June 2013 Director, General Manager, Sales Division and Global Marketing Department, the Company</p> <p>June 2014 Director, GRAPHIC CREATION CO., Ltd. (current position)</p> <p>June 2015 Executive Director and General Manager, Sales Division, the Company</p> <p>July 2015 Director, MIMAKI EUROPE B.V. (current position)</p> <p>July 2015 Director, MIMAKI USA, INC. (current position)</p> <p>April 2016 President, the Company (current position)</p> <p>April 2017 Representative Director and President, MIMAKI ENGINEERING (TAIWAN) Co., Ltd. (current position)</p> <p>April 2017 Representative Director and President, Shanghai Mimaki Trading Co., Ltd. (current position)</p> <p>April 2017 Director, PT. MIMAKI INDONESIA (current position)</p> <p>April 2017 Director, MIMAKI AUSTRALIA PTY LTD (current position)</p> <p>April 2017 Director, MIMAKI SINGAPORE PTE. LTD. (current position)</p> <p>December 2018 Representative Director, MIMAKI (THAILAND) CO., LTD. (current position)</p> <p>April 2019 Director, ALPHA DESIGN CO., LTD.</p>	Note 2	30,800

Official title or position	Name	Date of birth	Career summary	Term of office	Number of shares held (Shares)
			<p>(current position)</p> <p>April 2019 Director, ALPHA SYSTEMS CO., LTD. (current position)</p> <p>April 2019 Director, Tonami Corporation Ltd. (current position)</p>		
Managing Director	Kazuyuki Takeuchi	March 5, 1965	<p>April 1985 Joined Victor Company of Japan, Limited (currently JVCKENWOOD Corporation)</p> <p>May 1990 Joined the Company</p> <p>April 2014 General Manager, Research and Development Division, Research and Development Department and Technical Management Department, the Company</p> <p>June 2014 Director and General Manager, Research and Development Division, Research and Development Department and Technical Management Department, the Company</p> <p>June 2015 Executive Director and General Manager, Research and Development Division, the Company</p> <p>July 2015 Director, MIMAKI PRECISION Co., Ltd. (current position)</p> <p>April 2016 Representative Director and President, MIMAKI IJ TECHNOLOGY CO., Ltd. (current position)</p> <p>April 2016 Representative Director and President, MIMAKI PINGHU TRADING CO., LTD. (current position)</p> <p>June 2016 Managing Director, the Company (current position)</p> <p>October 2016 Representative Director, Mimaki La Meccanica S.p.A. (current position)</p> <p>April 2017 Director, Mimaki Lithuania, UAB (current position)</p> <p>April 2019 Director, ALPHA DESIGN CO., LTD. (current position)</p> <p>April 2019 Director, ALPHA SYSTEMS CO., LTD. (current position)</p> <p>April 2019 Director, Tonami Corporation Ltd. (current position)</p>	Note 2	80,700
Executive Director	Hiroshi Miyake	May 29, 1956	<p>April 1980 Joined Sony Corporation</p> <p>May 2013 Joined the Company</p> <p>June 2015 General Manager, Management Division, the Company</p> <p>July 2015 Auditor, Shanghai Mimaki Trading Co., Ltd. (current position)</p> <p>July 2015 Auditor, PT. MIMAKI INDONESIA (current position)</p> <p>July 2015 Auditor, MIMAKI IJ TECHNOLOGY CO., Ltd. (current position)</p> <p>July 2015 Auditor, MIMAKI PINGHU TRADING CO., LTD. (current position)</p> <p>July 2015 Auditor, MIMAKI ENGINEERING (TAIWAN) Co., Ltd. (current position)</p> <p>July 2015 Auditor, MIMAKI PRECISION Co., Ltd. (current position)</p> <p>July 2015 Auditor, GRAPHIC CREATION Co., Ltd. (current position)</p>	Note 2	9,600

Official title or position	Name	Date of birth	Career summary	Term of office	Number of shares held (Shares)
			<p>June 2016 Director and General Manager, Management Division, the Company</p> <p>April 2019 Auditor, ALPHA DESIGN CO., LTD. (current position)</p> <p>April 2019 Auditor, ALPHA SYSTEMS CO., LTD. (current position)</p> <p>April 2019 Auditor, Tonami Corporation Ltd. (current position)</p> <p>June 2019 Executive Director and General Manager, Management Division, the Company</p> <p>June 2019 Auditor, LUCK'A Inc. (current position)</p> <p>September 2019 Director, MIMAKI INDIA PRIVATE LIMITED (current position)</p> <p>July 2020 Executive Director, the Company (current position)</p>		
Director General Manager, Sales Division	Yasuhiro Haba	July 23, 1971	<p>April 1996 Joined CAM Co., Ltd.</p> <p>September 1997 Joined the Company</p> <p>October 2015 Deputy General Manager, Sales Division and General Manager, JP Business Department, the Company</p> <p>April 2016 Representative Director and President, MIMAKI USA, INC.</p> <p>June 2016 Director, the Company</p> <p>October 2017 Director and General Manager, Sales Division, the Company (current position)</p> <p>April 2019 Director, Shanghai Mimaki Trading Co., Ltd. (current position)</p>	Note 2	10,700
Director General Manager, Corporate Planning Division	Koji Shimizu	August 5, 1974	<p>April 1997 Joined THE HACHIJUNI BANK, LTD.</p> <p>May 2009 Joined the Company</p> <p>April 2017 General Manager, Corporate Planning Division and Corporate Management Department, the Company</p> <p>April 2017 Director, MIMAKI ENGINEERING (TAIWAN) Co., Ltd. (current position)</p> <p>April 2017 Director, Shanghai Mimaki Trading Co., Ltd. (current position)</p> <p>June 2017 Director and General Manager, Corporate Planning Division and Corporate Management Department, the Company</p> <p>July 2017 Director and General Manager, Corporate Planning Division and Corporate Promotion Department, the Company</p> <p>June 2018 Director, MIMAKI INDIA PRIVATE LIMITED (current position)</p> <p>October 2018 Director and General Manager, Corporate Planning Division, the Company (current position)</p>	Note 2	2,900
Director Deputy General Manager, Management Division and General Manager, General Affairs Department	Nariaki Makino	December 12, 1960	<p>April 1983 Joined THE HACHIJUNI BANK, LTD.</p> <p>October 2015 Joined the Company and assumed the position of the Head of the Auditing Office</p> <p>April 2016 General Manager, General Affairs Department, Management Division, the Company</p>	Note 2	1,900

Official title or position	Name	Date of birth	Career summary	Term of office	Number of shares held (Shares)
			<p>April 2018 Deputy General Manager, Management Division and General Manager, General Affairs Department, the Company</p> <p>June 2018 Director, Deputy General Manager, Management Division and General Manager, General Affairs Department, the Company (current position)</p>		
Director General Manager, Research and Development Division	Takeshi Kodaira	April 15, 1978	<p>April 1999 Joined the Company</p> <p>April 2016 General Manager, HW Technology Group, Technology Control Department, Research and Development Division, the Company</p> <p>September 2018 General Manager, Technology Control Department, Research and Development Division, the Company</p> <p>April 2019 General Manager, Research and Development Division, the Company</p> <p>August 2020 Director and General Manager, Research and Development Division, the Company (current position)</p>	Note 2	—
Director	Seiko Minomo	May 9, 1971	<p>April 1997 Admitted to the Bar in Japan</p> <p>April 1997 Joined Law Offices of Homma & Komatsu (currently Homma & Partners) (current position)</p> <p>June 2001 Admitted to the Bar in New York, U.S.</p> <p>June 2019 Outside Director, the Company (current position)</p>	Note 2	100
Director	Ichiro Yamada	August 1, 1949	<p>April 1974 Joined Musashino Electrical Communication Laboratories, Nippon Telegraph and Telephone Public Corporation</p> <p>January 1993 Deputy Executive Manager, Technology Information, Technology Research Department, Nippon Telegraph and Telephone Corporation</p> <p>February 1995 Executive Manager, Telecommunications Energy Laboratory, NTT Interdisciplinary Research Laboratories, Nippon Telegraph and Telephone Corporation</p> <p>January 1999 Executive Manager, Energy Systems Laboratory, NTT Telecommunications Energy Laboratories, Nippon Telegraph and Telephone Corporation</p> <p>July 2000 Director, NTT Lifestyle and Environmental Technology Laboratories, Nippon Telegraph and Telephone Corporation</p> <p>July 2002 Professor, School of Engineering, the University of Tokyo</p> <p>May 2009 Vice President (Director General, Division for Environment, Health and Safety), The University of Tokyo</p> <p>June 2014 Outside Director, Shindengen Electric Manufacturing Co., Ltd. (current position)</p> <p>June 2015 Professor Emeritus, the University of Tokyo (current position)</p> <p>June 2019 Outside Director, the Company (current position)</p>	Note 2	700

Official title or position	Name	Date of birth	Career summary	Term of office	Number of shares held (Shares)
Director (Audit and Supervisory Committee Member) (Full-time)	Yoh Zenno	April 1, 1958	<p>April 1980 Joined the Sanwa Bank, Limited (currently MUFG Bank, Ltd.)</p> <p>September 2010 President & CEO, MST Risk Consulting Co., Ltd.</p> <p>June 2016 Deputy President, Mitsubishi UFJ Capital Co., Ltd.</p> <p>June 2017 Full-time Outside Director, the Company</p> <p>June 2019 Outside Director (Audit and Supervisory Committee Member), the Company (current position)</p>	Note 3	5,200
Director (Audit and Supervisory Committee Member)	Noriyuki Tanaka	November 27, 1948	<p>April 1967 Joined Matsushita Electric Industrial Co., Ltd. (currently Panasonic Corporation)</p> <p>October 1975 Representative Director and President, MIMAKI ENGINEERING (currently the Company)</p> <p>April 1989 Founded Mimaki Electronic Components Co., Ltd. and assumed the position of the Representative Director and President</p> <p>June 1997 Executive Chairman, the Company</p> <p>June 2004 Counselor for Director, the Company</p> <p>June 2007 Executive Chairman, Mimaki Electronic Components Co., Ltd. (current position)</p> <p>January 2019 Representative Director, NES-ENG Co., Ltd. (current position)</p> <p>June 2019 Director (Audit and Supervisory Committee Member), the Company (current position)</p>	Note 3	2,028,900
Director (Audit and Supervisory Committee Member)	Makoto Tanaka	January 11, 1956	<p>April 1991 Joined TACT Consulting & Co.</p> <p>April 1994 Director, TACT Consulting & Co.</p> <p>December 2000 Auditor, Sanko Soflan Holdings Co., Ltd. (current position)</p> <p>August 2011 Representative Partner, eclat Consulting (current position)</p> <p>June 2014 Outside Director, the Company</p> <p>June 2019 Outside Director (Audit and Supervisory Committee Member), the Company (current position)</p>	Note 3	26,500

Official title or position	Name	Date of birth	Career summary	Term of office	Number of shares held (Shares)
Director (Audit and Supervisory Committee Member)	Hisamitsu Arai	January 10, 1944	July 1996 Commissioner, Japan Patent Office June 1998 Deputy Director-General, Ministry of International Trade and Industry April 2001 Chairman & CEO, Nippon Export and Investment Insurance March 2003 Secretary-General, Intellectual Property Strategy Headquarters, Cabinet Secretariat June 2007 President and CEO, Tokyo Small and Medium Business Investment & Consultation Co., Ltd. June 2011 Audit & Supervisory Board Member (Outside), KONAMI HOLDINGS CORPORATION (current position) June 2015 Independent Outside Director, Soken Chemical & Engineering Co., Ltd. (current position) June 2016 Outside Director, the Company June 2019 Outside Director (Audit and Supervisory Committee Member), the Company (current position)	Note 3	3,100
Total					2,201,100

- (Notes)
- Ms. Seiko Minomo, Mr. Ichiro Yamada, Mr. Yoh Zenno, Mr. Makoto Tanaka and Mr. Hisamitsu Arai are Outside Directors.
 - Their term of office shall expire upon the conclusion of the annual general meeting of shareholders for the last fiscal year ending within one year following their election of office.
 - Their term of office shall expire upon the conclusion of the annual general meeting of shareholders for the last fiscal year ending within two years following their election of office.

(ii) Information about Outside Directors (and other outside officers)

The Company has five Outside Directors. Outside Directors Ms. Seiko Minomo, Mr. Ichiro Yamada, Mr. Yoh Zenno, Mr. Makoto Tanaka and Mr. Hisamitsu Arai hold 100 shares, 700 shares, 5,200 shares, 26,500 shares and 3,100 shares of the Company, respectively. Except for these capital relationships, there are no personal, capital or transactional relationships, or other interests between the Outside Directors and the Company.

Outside Director Ms. Seiko Minomo is well versed in corporate legal affairs and risk management as a lawyer, whereas Mr. Ichiro Yamada, another Outside Director, has expertise and a wealth of knowledge and insights as a university professor. Mr. Yoh Zenno, Mr. Makoto Tanaka and Mr. Hisamitsu Arai are Outside Directors who concurrently serve as Audit and Supervisory Committee Members. Mr. Yoh Zenno has a wealth of experience at financial institutions and a broad insight into corporate management. Mr. Makoto Tanaka is a certified tax accountant who has long been engaged in business consulting services from the perspectives of finance, tax affairs, the Companies Act and other fields. He is well versed in all aspects of business management practices. Mr. Hisamitsu Arai has held various senior positions including Commissioner of Japan Patent Office and Deputy Director-General, Ministry of International Trade and Industry. Accordingly, he has a wealth of experience and deep knowledge and insights that Outside Directors are required to have.

In principle, Outside Directors attend monthly regular board meetings to participate in decision-making process. They provide advice and suggestions to ensure the validity and legality of such process. Outside Directors who are Audit and Supervisory Committee Members attend the board meetings, in addition to monthly meetings of the Audit and Supervisory Committee, to audit and supervise the Company's business conditions and management decisions.

The Company expects Outside Directors to perform a monitoring function from their standpoint that they have no potential conflict of interest with general shareholders.

The Company has established the Criteria for Independence of Outside Directors for the appointment of Outside Directors with reference to criteria provided by the Tokyo Stock Exchange. We seek to appoint individuals who are capable of having an open, lively and constructive discussion from a viewpoint of general shareholders.

(iii) Mutual cooperation of supervision or audit by Outside Directors with internal audit, audit by the Audit and Supervisory Committee and accounting audit, and relationship with the internal control divisions

Outside Directors who are Audit and Supervisory Committee Members work in cooperation with the Auditing Office, an internal control division established under the direct supervision of the President. The Head of the Auditing Office makes

reports to the full-time committee member based on a report on the Annual Internal Audit Plan and an Internal Audit Report prepared after each internal audit. The details of such reports are reported to the Audit and Supervisory Committee by its full-time member so that they can conduct efficient audits in a mutually complementary manner. Audit and Supervisory Committee Members also work in cooperation with Accounting Auditor. The Accounting Auditor makes reports to the full-time committee member based on a report on the Annual Audit Plan and a Report on Audit Implementation prepared after each accounting audit. The details of such reports are reported to the Audit and Supervisory Committee by its full-time member so that they can conduct efficient audits in a mutually complementary manner. In addition, quarterly meetings are held to share information among three parties, the Audit and Supervisory Committee, Accounting Auditor and the Auditing Office, so as to increase the quality and efficiency of audits while maintaining mutual cooperation.

(3) Information about audits

(i) Audits by the Audit and Supervisory Committee

An audit by the Audit and Supervisory Committee is conducted by the Company’s Audit and Supervisory Committee consisting of four Directors who are Audit and Supervisory Committee Members, including three Outside Directors. The full-time committee member attends meetings held by the Accounting Auditor to report on the Audit Plan Summary and briefings on the results of audits at fiscal year-end. The full-time committee member also performs witness audits as needed, especially for interim audits including internal controls. Additionally, the full-time Audit and Supervisory Committee Member is reported on an Internal Audit Plan and receives an Internal Audit Report from the Auditing Office each time an audit is performed. In coordination between internal audits and audits by the Audit and Supervisory Committee, on-site audits of domestic and overseas business locations are performed annually for large-scale locations and biennially for other sales locations from a different point of view. Full-time Audit and Supervisory Committee Member Mr. Yoh Zenno has a wealth of experience at financial institutions and a broad insight into corporate management. Meanwhile, Audit and Supervisory Committee Member Mr. Makoto Tanaka is a certified tax accountant and has extensive knowledge and insights into finance, tax affairs, the Companies Act and other fields.

(ii) Activities of the Audit and Supervisory Committee and its members

a. The outline of activities carried out by the Audit and Supervisory Committee and its members during the current fiscal year is as follows:

Board of Directors	13 meetings (of which five meetings were held on paper); 100% attendance by five Outside Directors Attended board meetings to audit its proceedings and resolutions and express opinions as needed.
Audit and Supervisory Committee	14 meetings; four Audit and Supervisory Committee Members (of which 92.8% attendance by one Director, 100% attendance by three Outside Directors) Approximately 90 minutes per meeting

b. The outline of activities carried out by the full-time Audit and Supervisory Committee Member, in addition to those mentioned above, during the current fiscal year is as follows:

Head Office	Logistics Management Department, Production Technology Department (two locations)
On-site audits at domestic business locations	ALPHA DESIGN CO., LTD., ALPHA SYSTEMS CO., LTD., Tonami Corporation Ltd. (three companies)
On-site audits at overseas business locations	MIMAKI USA, INC., MIMAKI EUROPE B.V., MIMAKI IJ TECHNOLOGY CO., Ltd., Shanghai Mimaki Trading Co., Ltd., PT. MIMAKI INDONESIA, MIMAKI SINGAPORE PTE. LTD., Mimaki La Meccanica S.p.A., Mimaki Bompan Textile S.r.l (eight companies in six countries)
Regular year-end audits	On-site inventory audits, inspection of approval documents, investigation on granting of benefits without compensation and audit on the appropriateness of dividends

c. Matters discussed by the Audit and Supervisory Committee include:

Global response to risks and Group companies management, compliance framework, status of corporate governance, inventory management, monitoring of reduction of slow-moving inventory, scope of internal control assessment, initiatives for the “work-style reform” and personnel development, response to scandals, etc. (examination of recurrence prevention measures, etc.) and assessment of the adequacy of audits by the Accounting Auditor.

(iii) Information about internal audits

In the Company's internal audits, the Audit Office, established under the direct supervision of the President, works in cooperation with the Audit and Supervisory Committee. The Head of the Auditing Office makes reports to the full-time Audit and Supervisory Committee Member based on a report on the Annual Internal Audit Plan and an Internal Audit Report prepared after each internal audit. The details of such reports are reported to the Audit and Supervisory Committee by its full-time member so that they can conduct efficient audits in a mutually complementary manner. In addition, quarterly meetings are held to share information among three parties, the Audit and Supervisory Committee, Accounting Auditor and the Auditing Office, so as to increase the quality and efficiency of audits while maintaining mutual cooperation. The Company's Auditing Office has three staff members.

Mainly under the initiative of the full-time Audit and Supervisory Committee Member, they regularly attend important internal meetings, such as meetings of the Management Council, to share information with internal control divisions, including the Corporate Planning Division, by providing advice and exchanging opinions.

(iv) Information about Accounting Audits

a. Name of audit firm

Deloitte Touche Tohmatsu LLC

b. Years of continuous auditing

16 years

c. Certified public accountants who executed the audit duties

Masahiko Mutsuda

Tatsuo Fujino

d. Composition of assistants who supported audit duties

Two certified public accountants, five individuals who have passed the Certified Public Accountants Examination, etc. and other four individuals assisted duties of accounting audits of the Company. There is no special interest between the Company and Deloitte Touche Tohmatsu LLC (hereinafter "Deloitte") or any of its engagement partners. Since the years of continuous auditing are seven years or less, this information is omitted.

e. Policy and reason for appointing audit firm

In appointing an audit firm, we make decisions taking into account, among other thing, the firm's audit experience, audit implementation system and audit fees. The Audit and Supervisory Committee determines the content of the proposals relating to dismissal or non-reappointment of an Accounting Auditor to be submitted to a general meeting of shareholders, if deemed necessary, such as in cases where there is a problem with the Accounting Auditor's performance of duties, or where the Accounting Auditor is found to fall under any of the items of Article 340, paragraph (1) of the Companies Act. Deloitte has been appointed by the Audit and Supervisory Committee as the current Accounting Auditor from the perspectives of various factors, including its audit quality control, independence, communication with our management team and Audit and Supervisory Committee Members, response to requested matters and established overseas network, with reference to explanatory materials on its audit system and details provided by Deloitte, including Reappointment as Accounting Auditor — Audit Policy for the fiscal year ending March 31, 2021 and Report on Audit Quality 2019. The committee also made the decision by comprehensively taking into account the firm's efforts to address the "key audit matter (KAM)" requirement, for which mandatory adoption will begin in March 2021, throughout the year.

f. Evaluation of audit firm by the Audit and Supervisory Committee and its members

The Company's Audit and Supervisory Committee and its members evaluate an audit firm based on the previously mentioned appointment policy and resolve to dismiss or not to reappoint the firm as needed.

(v) Details of audit fees and other matters

a. Audit fees paid to auditing certified public accountants, etc.

Classification	Previous fiscal year		Current fiscal year	
	Fees for audit certification services (Thousands of yen)	Fees for non-audit services (Thousands of yen)	Fees for audit certification services (Thousands of yen)	Fees for non-audit services (Thousands of yen)
Reporting company	40,000	—	42,000	5,010
Consolidated subsidiaries	—	—	—	—
Total	40,000	—	42,000	5,010

Non-audit services provided to the Company are advice and guidance on the adoption of new accounting standards for revenue recognition.

No fees have been paid by consolidated subsidiaries of the Company to auditing certified public accountants, etc.

b. Fees paid to organizations that belongs to the same network (Deloitte Touche Tohmatsu Limited) as auditing certified public accountants, etc. (excluding a.)

Classification	Previous fiscal year		Current fiscal year	
	Fees for audit certification services (Thousands of yen)	Fees for non-audit services (Thousands of yen)	Fees for audit certification services (Thousands of yen)	Fees for non-audit services (Thousands of yen)
Reporting company	—	1,525	—	2,750
Consolidated subsidiaries	28,248	25,115	20,711	28,355
Total	28,248	26,640	20,711	31,105

Non-audit services include consultations on general tax affairs and transfer pricing, tax services such as tax filing service, assistance to adopt ASC Topic 606 and payroll calculation.

c. Details of fees for other significant audit certification services

There is no related information.

d. Policy on determining audit fee

Audit fees paid by the Company to auditing certified public accountants, etc. are determined by the Board of Directors with the consent of the Audit and Supervisory Committee after consultations among relevant departments of the Company based on the cost estimate submitted by the auditing certified public accountants, etc.

e. Reason for the Audit and Supervisory Committee's consent to fees for Accounting Auditor

The Audit and Supervisory Committee has decided to consent to the fees to be paid to the Accounting Auditor proposed by the Board of Directors in accordance with Article 399, paragraph (1) of the Companies Act. This is because it has performed necessary verification as to the appropriateness of matters such as the content of the Accounting Auditor's audit plan, the status of performance of duties by the Accounting Auditor and the basis for calculating the estimated fees for the Accounting Auditor.

(4) Remuneration for Directors (and other officers)

(i) Policy for determining the amounts and calculation method for remuneration for Directors (and other officers)

The remuneration for Directors (and other officers) of the Company is comprised of fixed remuneration and performance-based remuneration. The fixed remuneration is determined after the Representative Director submits a proposal to the Board of Directors and obtain its approval. Prior to the approval of the Board of Directors, the General Manager of the Management Division prepares a list of Directors' (and other officers') remuneration by position with reference to research data provided by specialized agencies, such as "average amounts of officers' remuneration by position in companies with sales comparable to the Company and securing sufficient profits," and consults with the Representative Director. As for the performance-based remuneration, the fund for remuneration, targeted at 1.5% of consolidated profit before tax, is allocated to each Director (or officer) according to the Evaluation Committee's evaluation of division(s) that he/she is in charge of and his/her duties. We use consolidated profit before tax as an indicator based on the idea that Directors (and other officers) must assume their responsibilities until the very last minute of each fiscal year. Although it is difficult to set a clear profit target as a targeted

indicator since the Company's business conditions are affected by the exchange rate environment and other factors, we take into account consolidated ordinary profit to set such target. We view achieving the disclosed target of consolidated ordinary profit as an important goal to achieve.

The upper limit of remuneration for Directors (and other officers) has been resolved at the 44th Annual General Meeting of Shareholders held on June 27, 2019. The Company has set the remuneration amount for Directors (excluding Directors who are Audit and Supervisory Committee Members) to be up to 400 million yen per annum (of which the remuneration amount for Outside Directors is set with reference to the average remuneration level of other domestic companies). The current number of Directors (excluding Directors who are Audit and Supervisory Committee Members) is nine (of which two are Outside Directors). The Company has set the remuneration amount for Directors who are Audit and Supervisory Committee Members to be up to 100 million yen per annum taking into account their duties and responsibilities. The current number of Directors who are Audit and Supervisory Committee Members is four.

Although the Company has not currently set up an advisory committee or the like relating to remuneration for Directors (and other officers), the remuneration amounts for Directors (excluding Directors who are Audit and Supervisory Committee Members) are determined by the Board of Directors including Directors who are Audit and Supervisory Committee Members after thorough consultations. The remuneration amount for Directors who are Audit and Supervisory Committee Members is determined through consultations among the committee members.

(ii) Total amount of remuneration by category of Directors (and other officers) and by type of remuneration as well as the number of eligible Directors (and other officers)

Categories of Directors (and other officers)	Total amount of remuneration (Thousands of yen)	Total amount by type of remuneration (Thousands of yen)			Number of eligible Directors (and other officers) (Thousands of yen)
		Fixed remuneration	Performance-based remuneration	Retirement benefits	
Directors excluding Audit and Supervisory Committee Members and Outside Directors	174,537	170,695	3,842	—	7
Directors (Audit and Supervisory Committee Members) excluding Outside Directors	8,400	8,400	—	—	1
Auditors (excluding Outside Auditors)	—	—	—	—	0
Outside Directors (and other officers)	51,260	51,000	—	260	7

(Notes) 1. The total amount of remuneration of Directors does not include the portion of employee salaries for Directors concurrently serving as employees.

2. The Company transitioned from a company with a board of auditors to a company with an audit and supervisory committee on June 27, 2019.

(iii) Significant employee salaries for Directors (or other officers) concurrently serving as employees

There is no related information.

(5) Status of shareholding

(i) Standards and approach to investment share classification

The Company classifies investment shares held for pure investment and shares held for purposes other than pure investment. Investment shares held only for the purpose of efficiency in short-term asset management are classified as investment shares held for pure investment, whereas other investment shares are classified as investment shares held for purposes other than pure investment.

(ii) Investment shares held for purposes other than pure investment

a. Verification of policies and reasonableness of shareholding and the Board of Directors' examination on appropriateness of shareholding of individual issues

The Company's shareholding policy is to engage in cross-shareholding of listed shares only when it is deemed by the

Board of Directors that holding of such shares will contribute to the enhancement of the Group's corporate value over the medium- to long-term. To make such decisions, we take into account business relationships with investee companies in a comprehensive manner. As for cross-shareholding, matters about whether to continue to hold a particular issue are brought to the Board of Directors for discussion as needed. The Board of Directors considers the reduction of cross-shareholding when it is deemed not reasonable.

b. Number of issues and carrying amount on balance sheet

	Number of issues (Issue)	Carrying amount on balance sheet (Thousands of yen)
Shares not listed	2	21,000
Shares other than those not listed	1	19,550

(Issues whose number of shares increased during the current fiscal year)

	Number of issues (Issue)	Total acquisition cost for increased shares (Thousands of yen)	Reason for increase in number of shares
Shares not listed	—	—	—
Shares other than those not listed	—	—	—

(Issues whose number of shares decreased during the current fiscal year)

	Number of issues (Issue)	Total sale amount for decreased shares (Thousands of yen)
Shares not listed	—	—
Shares other than those not listed	—	—

c. Information on the number of shares and carrying amount on balance sheet by issue of specified investment shares and shares subject to deemed shareholding

Specified investment shares

Issue	Current fiscal year		Previous fiscal year		Purpose of shareholding, quantitative effects of shareholding and reason for increase in number of shares	Whether issuing company holds the Company's shares
	Number of shares (Shares)	Carrying amount on balance sheet (Thousands of yen)	Number of shares (Shares)	Carrying amount on balance sheet (Thousands of yen)		
	THE HACHIJUNI BANK, LTD.	50,000	19,550	50,000		

V. Financial Information

1. Preparation of the consolidated financial statements and non-consolidated financial statements

(1) The consolidated financial statements of the Company are prepared in accordance with the “Regulation on Terminology, Forms, and Preparation Methods of Consolidated Financial Statements” (Order of the Ministry of Finance No. 28 of 1976).

(2) The non-consolidated financial statements of the Company are prepared in accordance with the “Regulation on Terminology, Forms, and Preparation Methods of Non-consolidated Financial Statements” (Order of the Ministry of Finance No. 59 of 1963) (hereinafter the “Regulation on Financial Statements, etc.”).

The Company is a company filing non-consolidated financial statements prepared in accordance with special provisions and prepares non-consolidated financial statements pursuant to Article 127 of the Regulation on Financial Statements, etc.

2. Note on independent audit

The consolidated and the non-consolidated financial statements for the fiscal year ended March 31, 2020 (from April 1, 2019 to March 31, 2020) were audited by Deloitte Touche Tohmatsu LLC, in accordance with Article 193-2, paragraph (1) of the Financial Instruments and Exchange Act.

3. Remarkable efforts to ensure fair presentation of consolidated financial statements, etc.

The Company is making special efforts to ensure the fair presentation of consolidated financial statements, etc. Specifically, the Company has become a member of the Financial Accounting Standards Foundation and participates in seminars and other programs sponsored by the Foundation in order to have an appropriate understanding about the contents of the accounting standards, etc., and establish a system so that the Company might be able to properly respond to the changes in the accounting standards, etc.

1. Consolidated financial statements, etc.

(1) Consolidated financial statements

(i) Consolidated balance sheets

(Thousands of yen)

	As of March 31, 2019	As of March 31, 2020
Assets		
Current assets		
Cash and deposits	11,994,422	11,134,570
Notes and accounts receivable - trade	*3 9,442,738	9,476,875
Merchandise and finished goods	12,292,865	12,143,940
Work in process	1,584,892	1,402,066
Raw materials and supplies	4,145,331	4,494,144
Other	*3 2,689,769	2,510,248
Allowance for doubtful accounts	(28,793)	(58,687)
Total current assets	42,121,226	41,103,159
Non-current assets		
Property, plant and equipment		
Buildings and structures	8,564,998	8,547,417
Accumulated depreciation	(4,339,166)	(4,595,837)
Buildings and structures, net	*2 4,225,831	*2 3,951,579
Machinery, equipment and vehicles	1,561,897	1,854,159
Accumulated depreciation	(1,075,852)	(1,173,817)
Machinery, equipment and vehicles, net	486,045	680,341
Tools, furniture and fixtures	8,095,364	8,242,393
Accumulated depreciation	(6,227,102)	(6,630,901)
Tools, furniture and fixtures, net	1,868,261	1,611,492
Land	*2 3,262,745	*2 3,275,034
Leased assets	1,673,981	1,772,486
Accumulated depreciation	(1,261,470)	(1,372,019)
Leased assets, net	412,510	400,467
Construction in progress	468,718	238,938
Total property, plant and equipment	10,724,112	10,157,854
Intangible assets		
Goodwill	1,441,724	453,783
Other	956,577	786,949
Total intangible assets	2,398,301	1,240,732
Investments and other assets		
Investment securities	69,552	63,287
Long-term loans receivable	31,021	31,021
Deferred tax assets	1,504,652	845,210
Other	*1 2,057,803	*1 1,251,934
Allowance for doubtful accounts	(443,665)	(471,275)
Total investments and other assets	3,219,364	1,720,178
Total non-current assets	16,341,777	13,118,765
Total assets	58,463,004	54,221,924

(Thousands of yen)

	As of March 31, 2019	As of March 31, 2020
Liabilities		
Current liabilities		
Notes and accounts payable - trade	*3 3,726,025	3,524,748
Electronically recorded obligations - operating	*3 4,626,156	3,746,579
Short-term borrowings	11,054,710	10,701,488
Current portion of long-term borrowings	2,615,481	*2 5,276,116
Lease obligations	101,157	111,477
Accounts payable - other	1,463,886	973,544
Income taxes payable	327,606	69,508
Provision for bonuses	881,035	740,274
Provision for bonuses for directors (and other officers)	40,673	-
Provision for product warranties	1,008,315	864,481
Other	*3 3,046,404	3,137,840
Total current liabilities	28,891,454	29,146,058
Non-current liabilities		
Long-term borrowings	*2 9,564,594	*2 8,066,340
Lease obligations	338,609	313,351
Deferred tax liabilities	72,326	71,669
Retirement benefit liability	452,687	450,251
Asset retirement obligations	47,600	48,255
Other	85,094	92,661
Total non-current liabilities	10,560,911	9,042,530
Total liabilities	39,452,365	38,188,589
Net assets		
Shareholders' equity		
Share capital	4,357,456	4,357,456
Capital surplus	4,617,040	4,617,040
Retained earnings	11,509,976	10,280,826
Treasury shares	(618,501)	(1,329,614)
Total shareholders' equity	19,865,971	17,925,708
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	977	(5,481)
Foreign currency translation adjustment	(1,068,880)	(2,102,648)
Remeasurements of defined benefit plans	30,617	41,984
Total accumulated other comprehensive income	(1,037,285)	(2,066,145)
Share acquisition rights	12,088	26,892
Non-controlling interests	169,864	146,880
Total net assets	19,010,639	16,033,335
Total liabilities and net assets	58,463,004	54,221,924

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

(Thousands of yen)

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Net sales	55,448,425	55,557,698
Cost of sales	29,418,210	31,750,309
Gross profit	26,030,215	23,807,388
Selling, general and administrative expenses	*1, *2 23,022,152	*1, *2 22,453,871
Operating profit	3,008,063	1,353,517
Non-operating income		
Interest income	35,026	31,204
Dividend income	948	874
Insurance claim income	8,679	16,533
Rental income	12,136	28,300
Insurance return	521	95,122
Purchase discount	46,784	22,198
Subsidy income	5,235	36,622
Other	72,504	43,368
Total non-operating income	181,835	274,224
Non-operating expenses		
Interest expenses	179,184	255,895
Sales discounts	90,603	82,350
Foreign exchange losses	233,444	200,576
Share of loss of entities accounted for using equity method	15,884	77,608
Other	27,616	64,674
Total non-operating expenses	546,734	681,104
Ordinary profit	2,643,164	946,636
Extraordinary income		
Gain on sales of non-current assets	*3 23,693	*3 20,485
Other	—	2,428
Total extraordinary income	23,693	22,913
Extraordinary losses		
Loss on sales of non-current assets	*4 1,562	*4 2,934
Impairment loss	—	*5 903,465
Loss on step acquisitions	4,706	—
Other	—	5,373
Total extraordinary losses	6,268	911,773
Profit before income taxes	2,660,589	57,777
Income taxes - current	873,474	199,840
Income taxes - deferred	138,180	652,258
Total income taxes	1,011,655	852,099
Profit (loss)	1,648,934	(794,322)
Loss attributable to non-controlling interests	(31,291)	(16,360)
Profit (loss) attributable to owners of parent	1,680,226	(777,962)

(Consolidated statements of comprehensive income)

(Thousands of yen)

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Profit (loss)	1,648,934	(794,322)
Other comprehensive income		
Valuation difference on available-for-sale securities	(6,427)	(6,459)
Foreign currency translation adjustment	(513,268)	(1,070,264)
Remeasurements of defined benefit plans, net of tax	(3,226)	11,366
Share of other comprehensive income of entities accounted for using equity method	10,617	29,872
Total other comprehensive income	* (512,305)	* (1,035,484)
Comprehensive income	1,136,629	(1,829,806)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,176,587	(1,806,822)
Comprehensive income attributable to non- controlling interests	(39,957)	(22,984)

(iii) Consolidated statements of changes in equity
Fiscal year ended March 31, 2019

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	4,357,456	4,269,686	10,280,353	(804,308)	18,103,187
Changes during period					
Dividends of surplus			(450,603)		(450,603)
Profit attributable to owners of parent			1,680,226		1,680,226
Purchase of treasury shares				(175,498)	(175,498)
Changes by share exchanges		347,354		361,305	708,659
Net changes in items other than shareholders' equity					-
Total changes during period	-	347,354	1,229,623	185,806	1,762,784
Balance at end of period	4,357,456	4,617,040	11,509,976	(618,501)	19,865,971

	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	4,403	(574,895)	33,843	(536,647)	1,725	209,822	17,778,087
Changes during period							
Dividends of surplus							(450,603)
Profit attributable to owners of parent							1,680,226
Purchase of treasury shares							(175,498)
Changes by share exchanges							708,659
Net changes in items other than shareholders' equity	(3,426)	(493,984)	(3,226)	(500,637)	10,362	(39,957)	(530,232)
Total changes during period	(3,426)	(493,984)	(3,226)	(500,637)	10,362	(39,957)	1,232,551
Balance at end of period	977	(1,068,880)	30,617	(1,037,285)	12,088	169,864	19,010,639

Fiscal year ended March 31, 2020

(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	11,509,976	(618,501)	19,865,971
Changes during period					
Dividends of surplus			(451,188)		(451,188)
Loss attributable to owners of parent			(777,962)		(777,962)
Purchase of treasury shares				(711,113)	(711,113)
Net changes in items other than shareholders' equity					-
Total changes during period	-	-	(1,229,150)	(711,113)	(1,940,263)
Balance at end of period	4,357,456	4,617,040	10,280,826	(1,329,614)	17,925,708

	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	977	(1,068,880)	30,617	(1,037,285)	12,088	169,864	19,010,639
Changes during period							
Dividends of surplus							(451,188)
Loss attributable to owners of parent							(777,962)
Purchase of treasury shares							(711,113)
Net changes in items other than shareholders' equity	(6,459)	(1,033,768)	11,366	(1,028,860)	14,804	(22,984)	(1,037,040)
Total changes during period	(6,459)	(1,033,768)	11,366	(1,028,860)	14,804	(22,984)	(2,977,303)
Balance at end of period	(5,481)	(2,102,648)	41,984	(2,066,145)	26,892	146,880	16,033,335

(iv) Consolidated statements of cash flows

(Thousands of yen)

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Cash flows from operating activities		
Profit before income taxes	2,660,589	57,777
Depreciation	1,707,676	1,756,585
Amortization of goodwill	197,851	262,359
Impairment loss	–	903,465
Increase (decrease) in allowance for doubtful accounts	(7,223)	84,737
Increase (decrease) in provision for bonuses	109,656	(138,404)
Increase (decrease) in provision for bonuses for directors (and other officers)	2,267	(40,673)
Increase (decrease) in provision for product warranties	60,135	(138,975)
Increase (decrease) in retirement benefit liability	(839)	13,774
Interest and dividend income	(35,975)	(32,078)
Insurance claim income	(3,168)	(16,533)
Interest expenses	179,184	255,895
Share of loss (profit) of entities accounted for using equity method	15,884	77,608
Foreign exchange losses (gains)	212,807	387,604
Loss (gain) on sales of non-current assets	(22,131)	(17,550)
Decrease (increase) in trade receivables	40,701	542,203
Decrease (increase) in inventories	(629,782)	(749,718)
Increase (decrease) in trade payables	(1,554,407)	(1,035,481)
Decrease (increase) in consumption taxes refund receivable	(23,461)	(5,243)
Increase (decrease) in accounts payable - other	(20,928)	(407,741)
Other, net	(211,320)	(62,763)
Subtotal	2,677,516	1,696,847
Interest and dividends received	34,091	25,941
Proceeds from insurance income	3,168	16,533
Interest paid	(179,477)	(255,650)
Income taxes paid	(1,622,879)	(750,499)
Income taxes refund	156,016	90,128
Net cash provided by (used in) operating activities	1,068,436	823,299
Cash flows from investing activities		
Payments into time deposits	(335,678)	–
Proceeds from withdrawal of time deposits	–	485,189
Purchase of property, plant and equipment	(1,556,249)	(1,040,904)
Proceeds from sales of property, plant and equipment	35,408	163,751
Purchase of intangible assets	(269,956)	(101,757)
Payments for investments in capital	(2,510)	–
Other, net	(90,084)	125,571
Net cash provided by (used in) investing activities	(2,219,070)	(368,149)

(Thousands of yen)

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	2,979,266	(281,956)
Proceeds from long-term borrowings	4,250,000	3,902,500
Repayments of long-term borrowings	(6,336,157)	(2,740,283)
Purchase of treasury shares	(171,712)	(711,113)
Repayments of lease obligations	(77,468)	(149,794)
Dividends paid	(449,829)	(451,050)
Net cash provided by (used in) financing activities	194,097	(431,697)
Effect of exchange rate change on cash and cash equivalents	(111,752)	(386,564)
Net increase (decrease) in cash and cash equivalents	(1,068,288)	(363,112)
Cash and cash equivalents at beginning of period	11,486,169	11,351,960
Increase in cash and cash equivalents by share exchanges	934,079	—
Cash and cash equivalents at end of period	*1 11,351,960	*1 10,988,848

[Notes]

(Significant matters forming the basis of preparing the consolidated financial statements)

1. Scope of consolidation

(1) Number of consolidated subsidiaries: 23

Names of consolidated subsidiaries

MIMAKI USA, INC.
MIMAKI EUROPE B.V.
MIMAKI ENGINEERING (TAIWAN) Co., Ltd.
MIMAKI PRECISION Co., Ltd.
GRAPHIC CREATION Co., Ltd.
MIMAKI IJ TECHNOLOGY CO., Ltd.
Mimaki Deutschland GmbH
Shanghai Mimaki Trading Co., Ltd.
MIMAKI BRASIL COMERCIO E IMPORTACAO LTDA
MIMAKI PINGHU TRADING CO., LTD.
PT. MIMAKI INDONESIA
MIMAKI AUSTRALIA PTY LTD
MIMAKI SINGAPORE PTE. LTD.
MIMAKI INDIA PRIVATE LIMITED
MIMAKI EURASIA DIJITAL BASKI TEKNOLOJILERI PAZARLAMA VE TICARET LIMITED SIRKETI
Mimaki La Meccanica S.p.A
Mimaki Lithuania, UAB
Mimaki Bompan Textile S.r.l
ALPHA DESIGN CO., LTD.
ALPHA SYSTEMS CO., LTD.
Tonami Corporation Ltd.
LUCK'A Inc.
MIMAKI (THAILAND) CO., LTD.

ALPHA TECH CO., LTD., a consolidated subsidiary, was removed from the scope of consolidation in the current fiscal year because the company ceased to exist through an absorption-type merger by ALPHA SYSTEMS CO., LTD., which is a consolidated subsidiary.

(2) Number of unconsolidated subsidiaries: 3

Names of major unconsolidated subsidiaries

MIMAKI KANPHOR INDIA PRIVATE LIMITED

The unconsolidated subsidiaries are all small in size, and each company's total assets, net sales, profit or loss (amount corresponding to the equity interest), retained earnings (amount corresponding to the equity interest) and others do not have a material impact on the consolidated financial statements, therefore, such subsidiaries are excluded from the scope of consolidation.

2. Application of equity method

(1) Number of entities accounted for using the equity method: 1

Names of entities accounted for using the equity method

MIMAKI KANPHOR INDIA PRIVATE LIMITED

(2) Number of unconsolidated subsidiaries not accounted for using the equity method: 2

Names of unconsolidated subsidiaries not accounted for using the equity method

Dalian Alpha Design Co., Ltd.
Alpha Automation Technology (Shenzhen) Co., Ltd.

The unconsolidated subsidiaries not accounted for using the equity method are all small in size, and each company's profit or loss (amount corresponding to the equity interest), retained earnings (amount corresponding to the equity interest) and others do not have a material impact on the consolidated financial statements, therefore, such subsidiaries are excluded from the scope of application of equity method.

3. Fiscal years of consolidated subsidiaries

The fiscal year end date of the following consolidated subsidiaries is December 31: MIMAKI IJ TECHNOLOGY CO., Ltd., Mimaki Deutschland GmbH, Shanghai Mimaki Trading Co., Ltd., MIMAKI BRASIL COMERCIO E IMPORTACAO LTDA, MIMAKI PINGHU TRADING CO., LTD., PT. MIMAKI INDONESIA, MIMAKI EURASIA DIJITAL BASKI

TEKNOLOJILERI PAZARLAMA VE TICARET LIMITED SIRKETI, Mimaki La Meccanica S.p.A, Mimaki Lithuania, UAB, Mimaki Bompan Textile S.r.l, and MIMAKI (THAILAND) CO., LTD.

For the above-mentioned companies, provisional financial results as of the consolidated balance sheet date are used in the preparation of the consolidated financial statements. The fiscal year end date of consolidated subsidiaries other than the above-mentioned companies is the same as the consolidated balance sheet date.

4. Accounting policies

(1) Valuation bases and methods for significant assets

(a) Securities

Available-for-sale securities

Securities with available fair market values

Stated at fair value based on the market price or the like on the consolidated balance sheet date and the cost of securities sold is computed based on the moving average method. The difference between the acquisition cost and the carrying value of available-for-sale securities, including unrealized gains and losses, is recognized in valuation difference on available-for-sale securities in the accompanying consolidated balance sheets.

Securities without available fair market values

Stated at cost using the moving-average method.

(b) Derivatives

Stated at fair value.

(c) Inventories

Finished goods, work in process and raw materials

Stated at cost using the gross average method (balance sheet amounts are determined based on the method of writing down book value in accordance with decreased profitability of assets).

Supplies

Stated using the last cost method (balance sheet amounts are determined based on the method of writing down book value in accordance with decreased profitability of assets).

(2) Depreciation and amortization methods for significant depreciable and amortizable assets

(a) Property, plant and equipment (excluding leased assets)

The Company and its domestic consolidated subsidiaries adopt the declining-balance method; foreign consolidated subsidiaries adopt the straight-line method. However, the Company and its domestic consolidated subsidiaries adopt the straight-line method for buildings (excluding facilities attached to buildings) acquired on April 1, 1998 and thereafter, and facilities attached to buildings and structures acquired on April 1, 2016 and thereafter.

The estimated useful lives of major items are as follows:

Buildings and structures: 15 to 31 years

(b) Intangible assets (excluding leased assets)

Amortized using the straight-line method.

However, software for sale is amortized at the larger amount of either an amortizable amount based on the estimated sales volume during an estimated marketable life (within 3 years) or an amortizable amount based on the straight-line method over the remaining valid sales period.

In addition, software for internal use is amortized using the straight-line method over its useful life as internally determined (3 to 5 years).

(c) Leased assets

The straight-line method is applied on the assumptions that the useful life equals the lease term and the residual value is zero.

(3) Accounting policy for significant allowance and provisions

(a) Allowance for doubtful accounts

To prepare for losses from bad debt, an estimated uncollectible amount is recognized either by making an estimation using the historical bad debt rate for general receivables, or based on individual consideration of collectability for specific receivables such as doubtful accounts, etc.

(b) Provision for bonuses

To prepare for the payment of bonuses to employees, the amount borne for the current fiscal year among the estimated bonus payments is recorded.

(c) Provision for bonuses for directors (and other officers)

To prepare for the payment of bonuses to directors (and other officers), the amount borne for the current fiscal year among the estimated bonus payments is recorded.

(d) Provision for product warranties

To prepare for after-sales repair costs, the total amount of individually estimated free repair cost and historical experience-based estimated amount is recorded.

(4) Accounting methods for retirement benefits

(a) Method of attributing expected retirement benefits to periods

In calculating retirement benefit obligations, the benefit formula basis is used as the method for attributing the expected retirement benefits to the periods until the end of the current fiscal year. In addition, some foreign consolidated subsidiaries apply a simplified method for the calculations of retirement benefit liabilities and retirement benefit expenses. The method assumes their retirement benefit obligations to be equal to the benefits payable assuming the voluntary retirement of all employees at fiscal year-end.

(b) Method of amortization of actuarial gains and losses and prior service costs

Prior service cost is amortized at once as incurred.

Unrecognized actuarial gains and losses are amortized by the straight-line method in equally allocated amounts over a fixed number of years (five years) set within the average remaining service period of employees as occurred, starting in the respective fiscal years following each occurrence.

(5) Translation of significant foreign currency accounts

Monetary receivables and payables denominated in foreign currencies are translated into Japanese yen at the spot exchange rates in effect as of the consolidated balance sheet date. The foreign exchange gains and losses from translation are recognized as profit and loss in the consolidated statements of income. For foreign subsidiaries, etc., assets and liabilities are translated into Japanese yen at the spot exchange rates in effect as of the consolidated balance sheet date, and income and expenses are translated into Japanese yen at the average exchange rates during the period. Differences arising from the translation are included in foreign currency translation adjustment under net assets.

(6) Significant hedge accounting

(a) Hedge accounting

In principle, deferred hedge accounting is applied for derivative instruments. Integrated accounting (designation and exceptional accounting) is applied to interest rate and currency swaps that qualify for the integrated accounting.

(b) Hedging instruments and hedged items

a. Hedging instruments: Forward exchange contracts

Hedged items: Trade receivables denominated in foreign currencies and forecast transactions denominated in foreign currencies

b. Hedging instruments: Interest rate and currency swaps

Hedged items: Borrowings denominated in foreign currencies

(c) Hedging policy

In accordance with internal rules that stipulate derivative transaction-related authority levels and transaction amount limits, hedging activities are undertaken within specified limits to hedge fluctuation risks of foreign exchange rates and interest rates to the hedged items.

(d) Assessing hedge effectiveness

The effectiveness is assessed by confirming a high correlation between the cumulative total of the market fluctuations or the cash flow fluctuations for a hedged item and the cumulative total of the market fluctuations or the cash flow fluctuations for a hedging instrument. However, assessing the hedge effectiveness is omitted for interest rate and currency swaps through the integrated accounting (designation and exceptional accounting).

(7) Method and period for amortization of goodwill

Goodwill is amortized using the straight-line method over an estimated period of 20 years or less during which its effect is realized.

(8) Scope of cash and cash equivalents in consolidated statements of cash flows

Cash and cash equivalents consist of cash on hand, demand deposits and short-term highly liquid investments with a maturity of three months or less when purchased which can easily be converted to cash and are subject to little risk of change in price.

(9) Other significant information for preparation of consolidated financial statements

(a) Accounting for consumption taxes

Items subject to consumption taxes are accounted for at amounts exclusive of consumption taxes.

(New accounting standards, etc. not yet applied)

- “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020, Accounting Standards Board of Japan)
- “Implementation Guidance on Accounting Standard for Revenue Recognition” (ASBJ Guidance No. 30, March 31, 2020, Accounting Standards Board of Japan)
- “Implementation Guidance on Disclosures about Fair Value of Financial Instruments” (ASBJ Guidance No. 19, March 31, 2020, Accounting Standards Board of Japan)

(1) Overview

They are comprehensive accounting standard and guidances for revenue recognition. Revenue is recognized by taking the following five steps:

- Step 1: Identify the contract with a customer.
- Step 2: Identify the performance obligations in the contract.
- Step 3: Determine the transaction price.
- Step 4: Allocate the transaction price to the performance obligations.
- Step 5: Recognize revenue when or as performance obligations are satisfied.

(2) Scheduled date of application

The Company expects to apply these standard and implementation guidances from the beginning of the fiscal year ending March 31, 2022.

(3) Effects of application of the accounting standard

The impact of the application of the “Accounting Standard for Revenue Recognition” on the consolidated financial statements is currently under evaluation.

(Changes in presentation)

(Consolidated statements of income)

“Rental income,” which was included in “Other” under “Non-operating income” in the previous fiscal year, has been separately presented from the current fiscal year because it exceeded 10% of the total amount of non-operating income. The consolidated financial statements of the previous fiscal year have been reclassified to reflect this change in presentation.

As a result, 84,640 thousand yen presented as “Other” under “Non-operating income” in the consolidated statements of income for the previous fiscal year has been reclassified as “Rental income” of 12,136 thousand yen and “Other” of 72,504 thousand yen.

(Additional information)

(Accounting estimates associated with the impact of the spread of COVID-19)

The Group recognizes accounting estimates such as impairment loss on non-current assets and recoverability of deferred tax assets, etc. based on information available at the time of preparing the consolidated financial statements. The Group makes accounting estimates based on the assumption that COVID-19 will continue to impact its businesses over a certain period of time in the fiscal year ending March 31, 2021 although the impact and the extent of impact differ depending on the business.

(Consolidated balance sheets)

*1 Accounts related to unconsolidated subsidiaries and associates are as follows:

	Previous fiscal year (As of March 31, 2019)	Current fiscal year (As of March 31, 2020)
“Other” under investments and other assets	15,000 thousand yen	15,000 thousand yen

*2 Assets pledged as collateral and liabilities secured by the collateral

Assets pledged as collateral are as follows:

	Previous fiscal year (As of March 31, 2019)	Current fiscal year (As of March 31, 2020)
Buildings and structures	2,472,431 thousand yen	2,348,158 thousand yen
Land	715,779	715,779
Total	3,188,211	3,063,938

Liabilities secured by the collateral are as follows:

	Previous fiscal year (As of March 31, 2019)	Current fiscal year (As of March 31, 2020)
Current portion of long-term borrowings	- thousand yen	232,600 thousand yen
Long-term borrowings	1,850,000	1,617,400
Total	1,850,000	1,850,000

*3 Notes matured on the consolidated balance sheet date

Notes matured on the consolidated balance sheet date are settled on their clearing dates. Since the last day of the previous fiscal year fell on the bank holiday, the following notes, which matured on the last day of the previous fiscal year, were included in the balance at the end of the previous fiscal year.

	Previous fiscal year (As of March 31, 2019)	Current fiscal year (As of March 31, 2020)
Notes receivable - trade	93,156 thousand yen	- thousand yen
“Other” under current assets (electronically recorded monetary claims - operating)	93,890	-
Notes payable - trade	1,372,406	-
Electronically recorded obligations - operating	32	-
“Other” under current liabilities (notes payable - facilities)		

4 Contingent liabilities

Tax authorities in Brazil carried out a tax audit on MIMAKI BRASIL COMERCIO E IMPORTACAO LTDA (hereinafter “MIMAKI BRASIL”), a consolidated subsidiary of the Company, for the import of the Company’s inkjet printers, and MIMAKI BRASIL received two back tax notifications totaling 84,920 thousand BRL (95,222 thousand BRL including interest on late payments).

MIMAKI BRASIL was dissatisfied with the tax audit findings and filed a tax suit in court against the tax authorities in December 2019 for the back tax notification received in September 2018 of 44,494 thousand BRL (51,602 thousand BRL including interest on late payment). MIMAKI BRASIL also filed a complaint against the tax authorities in December 2018 for the back tax notification received in November 2018 of 40,425 thousand BRL (43,619 thousand BRL including interest on late payment).

MIMAKI BRASIL will appropriately deal with these cases based on its belief that there is no basis for these back taxes. Therefore, it is difficult for the Group to estimate the impact of the cases on its business performance at this moment.

(Consolidated statements of income)

*1 Major expense items and amounts included in selling, general and administrative expenses are as follows:

	Previous fiscal year (From April 1, 2018 to March 31, 2019)	Current fiscal year (From April 1, 2019 to March 31, 2020)
Provision of allowance for doubtful accounts	103,884 thousand yen	90,659 thousand yen
Provision for product warranties	939,625	785,300
Salaries and allowances	5,940,559	6,476,823
Provision for bonuses	537,342	423,597

Retirement benefit expenses	146,908	153,687
Provision for bonuses for directors (and other officers)	40,673	-
Research and development expenses	2,379,757	2,479,678

*2 Research and development expenses included in general and administrative expenses are as follows:

	Previous fiscal year (From April 1, 2018 to March 31, 2019)	Current fiscal year (From April 1, 2019 to March 31, 2020)
Research and development expenses	2,379,757 thousand yen	2,479,678 thousand yen

*3 Gain on sales of non-current assets is as follows:

	Previous fiscal year (From April 1, 2018 to March 31, 2019)	Current fiscal year (From April 1, 2019 to March 31, 2020)
Machinery, equipment and vehicles	297 thousand yen	1,620 thousand yen
Tools, furniture and fixtures	23,396	18,864
Total	23,693	20,485

*4 Loss on sales of non-current assets is as follows:

	Previous fiscal year (From April 1, 2018 to March 31, 2019)	Current fiscal year (From April 1, 2019 to March 31, 2020)
Buildings and structures	- thousand yen	181 thousand yen
Machinery, equipment and vehicles	1,002	-
Tools, furniture and fixtures	560	2,752
Total	1,562	2,934

*5 Impairment loss

Previous fiscal year (From April 1, 2018 to March 31, 2019)

There is no related information.

Current fiscal year (From April 1, 2019 to March 31, 2020)

The Company recognized an impairment loss on the following asset group for the current fiscal year:

Location	Purpose	Type	Amount (Thousands of yen)
Mimaki La Meccanica S.p.A (Italy)	Machinery, equipment and production facilities	Machinery, equipment and vehicles	29,313
		Tools, furniture and fixtures	3,349
		Software	948
		Goodwill	869,853
Total			903,465

As a general rule, the Group treats the Company and each of its consolidated subsidiaries as the smallest group of assets that generates cash flows. Mimaki La Meccanica S.p.A is unlikely to earn revenue as initially projected in the current fiscal year. The Company, therefore, wrote down the carrying amount to the recoverable amount and recorded the decrease as impairment loss (903,465 thousand yen) under extraordinary losses. The recoverable amount of the asset group is measured and determined using the value in use, which is in this case assessed as zero because future cash flows are negative.

(Consolidated statements of comprehensive income)

* Reclassification adjustments and tax effects relating to other comprehensive income

	Previous fiscal year (From April 1, 2018 to March 31, 2019)	Current fiscal year (From April 1, 2019 to March 31, 2020)
Valuation difference on available-for-sale securities:		
Amount arising during the year	(6,427) thousand yen	(6,459) thousand yen
Foreign currency translation adjustment:		
Amount arising during the year	(513,268)	(1,070,264)
Remeasurements of defined benefit plans, net of tax:		
Amount arising during the year	10,578	29,752
Reclassification adjustments	(15,373)	(13,542)
Before tax effects adjustments	(4,794)	16,210
Tax effects	1,568	(4,843)
Remeasurements of defined benefit plans, net of tax	(3,226)	11,366
Share of other comprehensive income of entities accounted for using equity method:		
Amount arising during the year	10,617	29,872
Total other comprehensive income	(512,305)	(1,035,484)

(Consolidated statements of changes in equity)

Previous fiscal year (From April 1, 2018 to March 31, 2019)

1. Type and total number of issued shares and type and number of treasury shares

	Number of shares at beginning of the fiscal year (Shares)	Increase (Shares)	Decrease (Shares)	Number of shares at end of the fiscal year (Shares)
Issued shares				
Common shares	32,040,000	-	-	32,040,000
Total	32,040,000	-	-	32,040,000
Treasury shares				
Common shares (Note)	1,999,790	236,001	860,024	1,375,767
Total	1,999,790	236,001	860,024	1,375,767

Note: The increase of 236,001 shares in the number of common treasury shares is due to the acquisition of 230,000 treasury shares by the resolution of the Board of Directors, the increase of 6,000 shares in the parent company held by ALPHA DESIGN CO., LTD., which was included in the scope of consolidation in the current fiscal year, and the increase of one share through the purchase of shares less than one unit.

The decrease of 860,024 shares in the number of common treasury shares is due to share exchange to make ALPHA DESIGN CO., LTD. and LUCK'A Inc. become wholly-owned subsidiaries.

2. Share acquisition rights

Company name	Breakdown of share acquisition rights	Type of shares to be issued upon exercise of share acquisition rights	Number of shares to be issued upon exercise of share acquisition rights (Shares)				Balance at end of the fiscal year (Thousands of yen)
			As of April 1, 2018	Increase	Decrease	As of March 31, 2019	
Reporting company (Parent company)	Share acquisition rights as stock options	Common shares	-	-	-	-	12,088
Total			-	-	-	-	12,088

3. Dividends

(1) Dividend payment

(Resolution)	Type of shares	Total amount of dividends (Thousands of yen)	Dividends per share (Yen)	Record date	Effective date
Annual General Meeting of Shareholders held on June 28, 2018	Common shares	225,301	7.5	March 31, 2018	June 29, 2018
Board of Directors Meeting held on October 11, 2018	Common shares	225,301	7.5	September 30, 2018	December 5, 2018

(2) Dividends for which record date is in the current fiscal year with effective date in the following fiscal year

(Resolution)	Type of shares	Total amount of dividends (Thousands of yen)	Source of dividends	Dividends per share (Yen)	Record date	Effective date
Annual General Meeting of Shareholders held on June 27, 2019	Common shares	229,981	Retained earnings	7.5	March 31, 2019	June 28, 2019

Current fiscal year (From April 1, 2019 to March 31, 2020)

1. Type and total number of issued shares and type and number of treasury shares

	Number of shares at beginning of the fiscal year (Shares)	Increase (Shares)	Decrease (Shares)	Number of shares at end of the fiscal year (Shares)
Issued shares				
Common shares	32,040,000	-	-	32,040,000
Total	32,040,000	-	-	32,040,000
Treasury shares				
Common shares (Note)	1,375,767	1,170,000	-	2,545,767
Total	1,375,767	1,170,000	-	2,545,767

Note: The increase of 1,170,000 shares in the number of common treasury shares is due to the acquisition of treasury shares by resolution of the Board of Directors.

2. Share acquisition rights

Company name	Breakdown of share acquisition rights	Type of shares to be issued upon exercise of share acquisition rights	Number of shares to be issued upon exercise of share acquisition rights (Shares)				Balance at end of the fiscal year (Thousands of yen)
			As of April 1, 2019	Increase	Decrease	As of March 31, 2020	
Reporting company (Parent company)	Share acquisition rights as stock options	Common shares	-	-	-	-	26,892
Total			-	-	-	-	26,892

3. Dividends

(1) Dividend payment

(Resolution)	Type of shares	Total amount of dividends (Thousands of yen)	Dividends per share (Yen)	Record date	Effective date
Annual General Meeting of Shareholders held on June 27, 2019	Common shares	229,981	7.5	March 31, 2019	June 28, 2019
Board of Directors Meeting held on October 25, 2019	Common shares	221,206	7.5	September 30, 2019	December 5, 2019

(2) Dividends for which record date is in the current fiscal year with effective date in the following fiscal year

There is no related information.

(Consolidated statements of cash flows)

*1 Reconciliation of cash and cash equivalents at end of period and the amount recorded in the consolidated balance sheets

	Previous fiscal year (From April 1, 2018 to March 31, 2019)	Current fiscal year (From April 1, 2019 to March 31, 2020)
Cash and deposits	11,994,422 thousand yen	11,134,570 thousand yen
Time deposits with maturities of more than three months	(642,461)	(145,722)
Cash and cash equivalents	11,351,960	10,988,848

2. Description of significant non-cash transactions

(1) Amounts of assets and obligations related to finance lease transactions

	Previous fiscal year (From April 1, 2018 to March 31, 2019)	Current fiscal year (From April 1, 2019 to March 31, 2020)
Amount of assets related to finance lease transactions	471,888 thousand yen	138,591 thousand yen
Amount of obligations related to finance lease transactions	366,437	140,156

(2) Amounts of assets and liabilities of companies that became new consolidated subsidiaries by share exchange

Previous fiscal year (From April 1, 2018 to March 31, 2019)

ALPHA DESIGN CO., LTD. and three other companies (hereinafter collectively "ALPHA DESIGN") and LUCK'A Inc. (hereinafter "LUCK'A") were newly consolidated by share exchange. The components of assets and liabilities of ALPHA DESIGN and LUCK'A at the start of consolidation are as follows:

	ALPHA DESIGN	LUCK'A
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Current assets	3,572,416 thousand yen	394,537 thousand yen
Non-current assets	1,059,508	22,166
Total assets	4,631,924	416,703
Current liabilities	2,763,231	142,365
Non-current liabilities	1,654,462	-
Total liabilities	4,417,693	142,365

Current assets include cash and cash equivalents of 934,079 thousand yen at the start of consolidation, which is reported in “Increase in cash and cash equivalents by share exchanges.” The amounts of cash and cash equivalents of ALPHA DESIGN and LUCK'A are as follows:

	ALPHA DESIGN	LUCK'A
Cash and cash equivalents	666,365 thousand yen	267,714 thousand yen

Current fiscal year (From April 1, 2019 to March 31, 2020)

There is no related information.

(Lease transactions)

1. Finance lease transactions (accounting by lessee)

Finance lease transactions in which ownership is not transferred

(i) Details of leased assets

Property, plant and equipment

Mainly machinery and equipment in business activities

(ii) Depreciation method of leased assets

Depreciation method of leased assets is described in “4. Accounting policies (2) Depreciation and amortization methods for significant depreciable and amortizable assets” in “Significant matters forming the basis of preparing the consolidated financial statements.”

2. Operating lease transactions

Future lease payments for non-cancelable operating lease transactions

(Thousands of yen)

	Previous fiscal year (As of March 31, 2019)	Current fiscal year (As of March 31, 2020)
Within 1 year	348,126	327,932
Over 1 year	1,034,648	1,092,603
Total	1,382,775	1,420,536

(Financial instruments)

1. Status of financial instruments

(1) Policy for handling financial instruments

The Group obtains required funds (mainly through bank borrowings) according to its capital investment plan. The Group also obtains short-term working capital through bank borrowings. We use derivative instruments to hedge the risks to be described later, and do not enter into any speculative transactions.

(2) Details and risks of financial instruments

Notes and accounts receivable - trade, which are trade receivables, are exposed to credit risks of customers. Trade receivables denominated in foreign currencies incurred in overseas business operations are also exposed to exchange rate fluctuation risk, but forward foreign exchange contracts and others are used to hedge such risk except those within the balance of accounts payable - trade denominated in the same foreign currencies.

Investment securities are primarily shares in companies with which the Group has business relationship, and are exposed to market price fluctuation risk.

Notes and accounts payable – trade and electronically recorded obligations - operating, which are trade payables, are mostly due within four months. Some of trade payables are denominated in foreign currencies and they are subject to risks associated with fluctuations in foreign exchange rates.

Borrowings are mainly for the purpose of financing for capital investment, and the repayment date is up to seven years from the balance sheet date. Some of borrowings are exposed to interest rate fluctuation risk, but interest rate and currency swaps are used to minimize the risks of fluctuations in interest rate on borrowings and principal.

Derivative transactions are used to hedge exchange rate fluctuation risk of accounts receivable - trade denominated in foreign currencies and to secure stable profits. Forward foreign exchange contracts and the like are subject to risks associated with fluctuations in foreign exchange rates. As to hedging instruments, hedged items, hedging policy and assessing hedge effectiveness relating to hedge accounting, please refer to “4. Accounting policies (6) Significant hedge accounting” in “Significant matters forming the basis of preparing the consolidated financial statements,” as aforementioned.

(3) Risk management system for financial instruments

(i) Management of credit risk (risk associated with insolvency of trading partners)

The Company adheres to its credit management rules for trade receivables and has each sales division regularly monitor the status of major trading partners and manage due dates and balances by trading partner while striving to detect early and mitigate any concerns about debt collection resulting from the deterioration of their financial positions and other factors. The Company also manages the credit status of its consolidated subsidiaries in the same way in accordance with its credit management rules.

We believe that the credit risk of derivative transactions is immaterial because these transactions are entered into only with financial institutions with high credit ratings.

(ii) Management of market risk (foreign exchange and interest rate risks)

Trade receivables and payables denominated in foreign currencies are subject to risks associated with fluctuations in foreign exchange rates.

We manage investment securities by regularly monitoring their market values and the financial conditions of issuers (trading partners) and by continuously reviewing the holding status, taking into account market conditions and relationships with the trading partners.

In accordance with our derivative transaction management rules, we enter into derivative transactions within the scope of transaction authority limits and transaction amount limits.

(iii) Management of liquidity risk related to financing (risk in which the Company is unable to repay within the due date)

Based on reports from each division, the Company’s responsible division prepares and updates a cash flow plan in a timely manner while managing liquidity risk by maintaining a cash position.

(4) Supplementary remarks on fair values, etc. of financial instruments

The fair values of financial instruments are based on market prices or reasonably calculated value if it has no market price.

The values may fluctuate when different assumptions are adopted because variable factors are taken into account in determining the values. The contract amount, etc. of derivative transactions specified in notes on “Derivatives” are only notional contract amounts in derivative transactions or implied notional amounts, and the amounts themselves do not indicate the magnitude of risks involved in derivative transactions.

2. Fair values, etc. of financial instruments

Carrying amounts in the consolidated balance sheets, fair values and their differences are as follows. The amounts below do not include financial instruments whose fair values are deemed to be extremely difficult to determine (see Note 2).

Previous fiscal year (As of March 31, 2019)

(Thousands of yen)

	Carrying amount	Fair value	Difference
(1) Cash and deposits	11,994,422	11,994,422	—
(2) Notes and accounts receivable - trade	9,442,738	9,442,738	—
(3) Investment securities	44,152	44,152	—
Total assets	21,481,313	21,481,313	—
(4) Notes and accounts payable - trade	3,726,025	3,726,025	—
(5) Electronically recorded obligations - operating	4,626,156	4,626,156	—
(6) Short-term borrowings	11,054,710	11,054,710	—
(7) Accounts payable - other	1,463,886	1,463,886	—
(8) Income taxes payable	327,606	327,606	—
(9) Long-term borrowings (*2)	12,180,075	12,158,209	(21,865)
Total liabilities	33,378,460	33,356,595	(21,865)
Derivative transactions (*1)	87,726	87,726	—

*1 Receivables and payables arising from derivative transactions are presented on a net basis.

*2 Long-term borrowings include the current portion.

Current fiscal year (As of March 31, 2020)

(Thousands of yen)

	Carrying amount	Fair value	Difference
(1) Cash and deposits	11,134,570	11,134,570	—
(2) Notes and accounts receivable - trade	9,476,875	9,476,875	—
(3) Investment securities	37,887	37,887	—
Total assets	20,649,333	20,649,333	—
(4) Notes and accounts payable - trade	3,524,748	3,524,748	—
(5) Electronically recorded obligations - operating	3,746,579	3,746,579	—
(6) Short-term borrowings	10,701,488	10,701,488	—
(7) Accounts payable - other	973,544	973,544	—
(8) Income taxes payable	69,508	69,508	—
(9) Long-term borrowings (*2)	13,342,456	13,307,977	(34,478)
Total liabilities	32,358,324	32,323,846	(34,478)
Derivative transactions (*1)	(17,170)	(17,170)	—

*1 Receivables and payables arising from derivative transactions are presented on a net basis.

*2 Long-term borrowings include the current portion.

Notes 1. Calculation methods for fair value of financial instruments and matters relating to securities and derivative transactions

Assets

(1) Cash and deposits and (2) Notes and accounts receivable - trade

The carrying amounts are used as fair values as these items are settled within a short period of time and the fair values are approximately equal to the carrying amounts.

(3) Investment securities

Fair values of shares or other investment securities are based on their respective prices quoted by stock exchanges. For matters concerning securities by purpose of holding, please refer to Notes on “Securities.”

Liabilities

(4) Notes and accounts payable - trade, (5) Electronically recorded obligations - operating, (6) Short-term borrowings, (7) Accounts payable - other, and (8) Income taxes payable

The carrying amounts are used as fair values as these items are settled within a short period of time and the fair values are approximately equal to the carrying amounts.

(9) Long-term borrowings

The market value of long-term borrowings is calculated by discounting the total amount of principal and interest using an interest rate that would apply if the full amount of the principal were newly borrowed. Long-term borrowings denominated in foreign currencies with variable interest rates are qualified for integrated accounting (designation and exceptional accounting) for interest rate and currency swaps, and the fair value is calculated by discounting the total amount of principal and interest being treated together with the interest rate and currency swaps by the reasonably estimated interest rate for similar loans.

Derivatives

Please refer to notes on “Derivatives.”

2. Financial instruments whose fair values are deemed to be extremely difficult to determine

(Thousands of yen)

Category	Previous fiscal year (As of March 31, 2019)	Current fiscal year (As of March 31, 2020)
Shares not listed	25,400	25,400

The above are not included in “(3) Investment securities” because their market values are not available and their fair values are deemed to be extremely difficult to determine.

3. Redemption schedule for monetary receivables after the consolidated balance sheet date

Previous fiscal year (As of March 31, 2019)

(Thousands of yen)

	Within 1 year	Over 1 year within 5 years	Over 5 years within 10 years	Over 10 years
Cash and deposits	11,994,422	—	—	—
Notes and accounts receivable - trade	9,442,738	—	—	—
Total	21,437,161	—	—	—

Current fiscal year (As of March 31, 2020)

(Thousands of yen)

	Within 1 year	Over 1 year within 5 years	Over 5 years within 10 years	Over 10 years
Cash and deposits	11,134,570	—	—	—
Notes and accounts receivable - trade	9,476,875	—	—	—
Total	20,611,445	—	—	—

4. Repayment schedule for short-term borrowings and long-term borrowings after the consolidated balance sheet date

Previous fiscal year (As of March 31, 2019)

(Thousands of yen)

	Within 1 year	Due after 1 year but within 2 years	Due after 2 year but within 3 years	Due after 3 year but within 4 years	Due after 4 year but within 5 years	Due after 5 years
Short-term borrowings	11,054,710	—	—	—	—	—
Long-term borrowings	2,615,481	1,709,241	4,538,468	1,178,385	1,122,308	1,016,192
Total	13,670,191	1,709,241	4,538,468	1,178,385	1,122,308	1,016,192

Current fiscal year (As of March 31, 2020)

(Thousands of yen)

	Within 1 year	Due after 1 year but within 2 years	Due after 2 year but within 3 years	Due after 3 year but within 4 years	Due after 4 year but within 5 years	Due after 5 years
Short-term borrowings	10,701,488	—	—	—	—	—
Long-term borrowings	5,276,116	3,127,266	1,750,516	1,699,356	773,098	716,104
Total	15,977,604	3,127,266	1,750,516	1,699,356	773,098	716,104

(Securities)

Available-for-sale securities

Previous fiscal year (As of March 31, 2019)

(Thousands of yen)

	Class of shares	Carrying amount	Acquisition cost	Difference
Items whose carrying amount exceeds acquisition cost	(1) Shares	4,651	4,483	168
	(2) Bonds	—	—	—
	(3) Others	16,551	4,911	11,640
	Subtotal	21,202	9,394	11,808
Items whose carrying amount does not exceed acquisition cost	(1) Shares	22,950	33,392	(10,442)
	(2) Bonds	—	—	—
	(3) Others	—	—	—
	Subtotal	22,950	33,392	(10,442)
Total		44,152	42,786	1,365

Current fiscal year (As of March 31, 2020)

(Thousands of yen)

	Class of shares	Carrying amount	Acquisition cost	Difference
Items whose carrying amount exceeds acquisition cost	(1) Shares	—	—	—
	(2) Bonds	—	—	—
	(3) Others	14,217	4,911	9,306
	Subtotal	14,217	4,911	9,306
Items whose carrying amount does not exceed acquisition cost	(1) Shares	23,670	38,239	(14,568)
	(2) Bonds	—	—	—
	(3) Others	—	—	—
	Subtotal	23,670	38,239	(14,568)
Total		37,887	43,150	(5,262)

(Derivatives)

1. Derivatives of which hedge accounting is not applied

Transactions relating to currencies

Previous fiscal year (As of March 31, 2019)

(Thousands of yen)

Classification	Type of transaction	Contract amount, etc.	Contract amount, etc. of over 1 year	Fair value	Valuation gain or loss
Non-market transactions	Forward exchange contracts				
	Sold				
	USD	572,773	—	(2,042)	(2,042)
	EUR	5,534,281	—	89,768	89,768
Total		6,107,054	—	87,726	87,726

Note: Calculation method for fair value

Valued at prices obtained from financial institutions in business relationship with the Company.

Current fiscal year (As of March 31, 2020)

(Thousands of yen)

Classification	Type of transaction	Contract amount, etc.	Contract amount, etc. of over 1 year	Fair value	Valuation gain or loss
Non-market transactions	Forward exchange contracts				
	Sold				
	USD	279,830	—	12,726	12,726
	EUR	4,372,283	—	(29,897)	(29,897)
Total		4,652,113	—	(17,170)	(17,170)

Note: Calculation method for fair value

Valued at prices obtained from financial institutions in business relationship with the Company.

(Retirement benefits)

1. Overview of retirement benefit plans adopted

The Company and some of its domestic consolidated subsidiaries have defined contribution pension plans, defined benefit pension plans and lump-sum retirement payment plans.

Also, some of its foreign consolidated subsidiaries have defined retirement benefit plans or defined contribution retirement benefit plans.

In addition, some foreign consolidated subsidiaries apply a simplified method for the calculations of retirement benefit liabilities and retirement benefit expenses. The method assumes their retirement benefit obligations to be equal to the benefits payable assuming the voluntary retirement of all employees at fiscal year-end.

2. Defined benefit plan

(1) Table for adjustment of beginning and ending balances of retirement benefit obligations (excluding plans to which the simplified method in (3) is applied)

	Previous fiscal year (From April 1, 2018 to March 31, 2019)	Current fiscal year (From April 1, 2019 to March 31, 2020)
Balance of retirement benefit obligations at beginning of period	832,682 thousand yen	876,091 thousand yen
Service cost	88,467	89,172
Interest cost	7,224	8,147
Amount of actuarial gain or loss	(8,004)	(60,761)
Retirement benefit payments	(44,279)	(39,751)
Balance of retirement benefit obligations at end of period	876,091	872,897

(2) Table for adjustment of beginning and ending balances of pension assets (excluding plans to which the simplified method in (3) is applied)

	Previous fiscal year (From April 1, 2018 to March 31, 2019)	Current fiscal year (From April 1, 2019 to March 31, 2020)
Balance of pension asset at beginning of period	511,276 thousand yen	536,691 thousand yen
Amount of actuarial gain or loss	2,574	(31,009)
Employer's contribution	43,023	43,530
Retirement benefit payments	(20,182)	(19,175)
Balance of pension asset at end of period	536,691	530,036

(3) Table for adjustment of beginning and ending balances of retirement benefit liability for plans to which the simplified method is applied

	Previous fiscal year (From April 1, 2018 to March 31, 2019)	Current fiscal year (From April 1, 2019 to March 31, 2020)
Balance of retirement benefit liability at beginning of period	135,888 thousand yen	113,287 thousand yen
Retirement benefit expenses	13,440	10,537
Retirement benefit payments	(30,280)	(12,997)
Others	(5,761)	(3,436)
Balance of retirement benefit liability at end of period	113,287	107,391

(4) Table for adjustment of ending balances of retirement benefit obligations and pension assets, and retirement benefit liability/asset in the consolidated balance sheets

	Previous fiscal year (As of March 31, 2019)	Current fiscal year (As of March 31, 2020)
Retirement benefit obligations in funded plans	989,378 thousand yen	980,288 thousand yen
Pension assets	(536,691)	(530,036)
	452,687	450,251
Retirement benefit liability	452,687	450,251
Net liabilities and assets recorded on the consolidated balance sheets	452,687	450,251

(5) Amount of retirement benefit expenses and its breakdown

	Previous fiscal year (From April 1, 2018 to March 31, 2019)	Current fiscal year (From April 1, 2019 to March 31, 2020)
Service cost	88,467 thousand yen	89,172 thousand yen
Interest cost	7,224	8,147
Amount treated as expense for actuarial gain or loss	(15,373)	(13,542)
Retirement benefit expenses based on simplified method	13,440	10,537
Retirement benefit expenses relating to defined benefit plan	93,758	94,314

(6) Remeasurements of defined benefit plans, net of tax

The components of remeasurements of defined benefit plans included in other comprehensive income (before tax effects) are as follows:

	Previous fiscal year (From April 1, 2018 to March 31, 2019)	Current fiscal year (From April 1, 2019 to March 31, 2020)
Actuarial gain or loss	4,794	(16,210)
Total	4,794	(16,210)

(7) Remeasurements of defined benefit plans

The components of remeasurements of defined benefit plans included in accumulated other comprehensive income (before tax effects) are as follows:

	Previous fiscal year (As of March 31, 2019)	Current fiscal year (As of March 31, 2020)
Unrecognized actuarial gains and losses	43,068	58,304
Total	43,068	58,304

(8) Matters relating to pension assets

(i) Major breakdown of pension assets

The ratios of major classes to the total pension assets are as follows.

	Previous fiscal year (As of March 31, 2019)	Current fiscal year (As of March 31, 2020)
Shares	47%	41%
Bonds	31	33
General account	19	21
Others	3	5
Total	100	100

(ii) Method for setting long-term expected rate of return

To determine a long-term expected rate of return from pension assets, the Company considers the allocations of current and expected pension assets and the current and expected long-term rates of return from various assets that constitute pension assets.

(9) Matters relating to actuarial calculation basis

Major calculation bases for actuarial calculations

	Previous fiscal year (As of March 31, 2019)	Current fiscal year (As of March 31, 2020)
Discount rate	0.8%	0.8%
Long-term expected rate of return	0%	0%

Information on foreign consolidated subsidiaries is omitted because it is immaterial.

3. Defined contribution plan

The required contribution of the Company and its consolidated subsidiaries to the defined contribution plans is 113,867 thousand yen for the previous fiscal year and 109,836 thousand yen for the current fiscal year.

(Stock options, etc.)

1. Account title and amount of stock options charged as expenses

(Thousands of yen)

	Previous fiscal year (From April 1, 2018 to March 31, 2019)	Current fiscal year (From April 1, 2019 to March 31, 2020)
Cost of sales	683	711
Selling, general and administrative expenses	9,679	14,093

2. Details, size and changes in stock options

(1) Details of stock options

	2018 Stock Options	2019 Stock Options
Category and number of people to whom stock options are granted	Directors of the Company (excluding Outside Directors): 7 Employees of the Company: 41 Directors and employees of the Company's subsidiaries: 18	Directors of the Company (excluding Outside Directors): 7 Employees of the Company: 50 Directors and employees of the Company's subsidiaries: 23
Number of stock options by type of shares (Note)	87,000 shares of common shares	100,000 shares of common shares
Grant date	February 15, 2018	March 14, 2019
Vesting conditions	A holder of share acquisition rights must be a Director, an Auditor, or an employee of the Company or its subsidiaries or associates at the time of exercising the share acquisition rights. However, the above rule does not apply if a Director, an Auditor retires on expiration of his/her term of office, or if an employee reaches the mandatory retirement age. The above rule does not either apply if there is a reason that the Board of Directors of the Company deems justifiable. Any heirs of a holder of the share acquisition rights shall not be allowed to exercise the share acquisition rights.	A holder of share acquisition rights must be a Director, an Auditor, or an employee of the Company or its subsidiaries or associates at the time of exercising the share acquisition rights. However, the above rule does not apply if a Director, an Auditor retires on expiration of his/her term of office, or if an employee reaches the mandatory retirement age. The above rule does not either apply if there is a reason that the Board of Directors of the Company deems justifiable. Any heirs of a holder of the share acquisition rights shall not be allowed to exercise the share acquisition rights.
Vesting period	Vesting period is not stipulated.	Vesting period is not stipulated.
Exercise period	From February 16, 2020 to February 15, 2024	From March 15, 2021 to March 14, 2025

	2020 Stock Options
Category and number of people to whom stock options are granted	Directors of the Company (excluding Outside Directors): 7 Employees of the Company, and Directors (excluding Outside Directors) and employees of the Company's subsidiaries: 78
Number of stock options by type of shares (Note)	111,700 shares of common shares
Grant date	March 13, 2020
Vesting conditions	A holder of share acquisition rights must be a Director, an Auditor, or an employee of the Company or its subsidiaries or associates at the time of exercising the share acquisition rights. However, the above rule does not apply if a Director, an Auditor retires on expiration of his/her term of office, or if an employee reaches the mandatory retirement age. The above rule does not either apply if there is a reason that the Board of Directors of the Company deems justifiable. Any heirs of a holder of the share acquisition rights shall not be allowed to exercise the share acquisition rights.
Vesting period	Vesting period is not stipulated.
Exercise period	From March 14, 2022 to March 13, 2026

Note: The number of stock options is translated into the number of shares.

(2) Size and changes in stock options

The following describes the number of stock options that existed during the current fiscal year ended March 31, 2020. The number of stock options is translated into the number of shares.

(i) Number of stock options

	2018 Stock Options	2019 Stock Options	2020 Stock Options
Before vested (Shares)			
As of previous fiscal year-end	78,000	100,000	—
Granted	—	—	111,700
Forfeited	2,000	5,800	—
Vested	76,000	—	—
Unvested	—	94,200	111,700
After vested (Shares)			
As of previous fiscal year-end	—	—	—
Vested	76,000	—	—
Exercised	—	—	—
Forfeited	—	—	—
Exercisable	76,000	—	—

(ii) Per share price

	2018 Stock Options	2019 Stock Options	2020 Stock Options
Exercise price (Yen)	1,219	815	522
Average price per share upon exercise (Yen)	—	—	—
Fair value per share at grant date (Yen)	238	169	43

3. Method for estimating the fair value per share of stock options

The method for estimating the fair value per share of 2020 stock options granted in the current fiscal year is as follows:

(i) Valuation method used: Black-Scholes Model

(ii) Main underlying values and estimation method

	2020 Stock Options
Share price volatility (Note 1)	45.9%
Expected remaining period (Note 2)	4 years
Expected dividend (Note 3)	15.0 yen per share
Risk-free interest rate (Note 4)	(0.21)%

- (Notes)
1. Calculated on a weekly basis based on the Company's actual share price from March 7, 2016 to March 9, 2020 (prior periods corresponding to the expected remaining periods).
 2. As being unable to make a reasonable estimate based on the actual exercise, the Company estimates under the assumption that it will be exercised in the middle of the exercise period.
 3. Actual dividends for the fiscal year ended March 31, 2019 at grant date of stock options.
 4. The yield on government bonds corresponding to the expected remaining period.

4. Method for estimating the number of stock options vested

As it is difficult, in principle, to reasonably estimate the number of stock options that will be forfeited in the future, the number here reflects only stock options that have actually been forfeited.

(Tax effect accounting)

1. Components of deferred tax assets and deferred tax liabilities by major cause

	Previous fiscal year (As of March 31, 2019)	Current fiscal year (As of March 31, 2020)
Deferred tax assets		
Provision for bonuses	230,638 thousand yen	192,481 thousand yen
Provision for product warranties	281,801	248,081
Allowance for doubtful accounts	82,045	83,360
Elimination of inter-company profits	712,408	117,237
Retirement benefit liability	122,596	124,928
Software	58,735	62,104
Loss brought forward	57,645	78,655
Asset retirement obligations	9,605	9,676
Others	80,557	96,200
Subtotal	1,636,033	1,012,725
Valuation allowance	(131,380)	(167,514)
Total deferred tax assets	1,504,652	845,210
Deferred tax liabilities		
Depreciation	33,051	40,484
Others	39,275	31,184
Total deferred tax liabilities	72,326	71,669
Net deferred tax assets	1,432,326	773,541

2. Breakdown of the main items that caused differences between the effective statutory tax rate and the actual effective tax rate by applying tax effect accounting

	Previous fiscal year (As of March 31, 2019)	Current fiscal year (As of March 31, 2020)
Effective statutory tax rate	30.2%	30.2%
(Adjustments)		
Differences of tax rates at foreign subsidiaries	(2.2)	(26.0)
Differences of tax rates at domestic subsidiaries	0.1	16.0
Non-deductible permanent differences such as entertainment expenses	1.0	27.9
Per capita inhabitant tax, etc.	1.0	50.8

Change in valuation allowance	8.7	111.1
Amortization of goodwill	2.2	105.3
Impairment loss of goodwill	-	454.5
Elimination of inter-company profits without applying tax effect accounting	2.1	608.4
Special deduction for experimentation and research expenses	(5.2)	(7.8)
Share of loss of entities accounted for using equity method	0.2	40.6
Deduction for foreign taxes	(0.1)	10.1
Income taxes for prior periods	-	50.6
Others	(0.1)	3.1
Actual effective tax rate by applying tax effect accounting	38.0	1,474.8

(Segment information, etc.)

[Segment information]

1. Overview of reportable segments

The reportable segments of the Company are components of the Company for which discrete financial information is available and regularly reviewed by the Board of Directors to make decisions about allocation of managerial resources and to assess their performance.

The Company manufactures and sells mainly industrial inkjet printers and cutting plotters. The Company engages in such activities for the Japanese market, and its local entities engage in such activities for their markets in North America, Europe, the Asia and Oceania region and Latin America. Each of the local entities operates business independently, develops a regional and comprehensive strategy for their offerings, and expands business activities.

2. Calculation methods for net sales, profit or loss, assets, liabilities and other items by reportable segment

The accounting methods used for reportable segments are the same as those discussed under “Significant matters forming the basis of preparing the consolidated financial statements.”

Segment profit figures are based on operating profit.

Inter-segment sales and transfers are based on prevailing market prices.

3. Information on net sales, profit or loss, assets, liabilities and other items by reportable segment

Previous fiscal year (From April 1, 2018 to March 31, 2019)

	(Thousands of yen)			
	Japan, Asia and Oceania	North America and Latin America	Europe, the Middle East and Africa	Total
Net sales				
Net sales to external customers	24,930,551	12,403,695	18,114,179	55,448,425
Inter-segment sales or transfers between segments	21,115,548	2,243	830,776	21,948,569
Total	46,046,100	12,405,938	18,944,955	77,396,995
Segment profit	2,361,527	167,205	200,847	2,729,580
Segment assets	40,349,318	6,654,375	11,911,261	58,914,955
Other items				
Depreciation	1,301,199	158,741	286,775	1,746,716
Amortization of goodwill	37,043	-	160,807	197,851
Increase in property, plant and equipment and intangible assets	1,763,905	251,480	363,153	2,378,540

Current fiscal year (From April 1, 2019 to March 31, 2020)

(Thousands of yen)

	Japan, Asia and Oceania	North America and Latin America	Europe, the Middle East and Africa	Total
Net sales				
Net sales to external customers	27,659,520	11,980,896	15,917,280	55,557,698
Inter-segment sales or transfers between segments	19,163,987	14,730	1,152,921	20,331,639
Total	46,823,507	11,995,627	17,070,202	75,889,337
Segment profit (loss)	590,493	(129,285)	61,763	522,971
Segment assets	37,357,636	6,285,501	9,362,964	53,006,103
Other items				
Depreciation	1,406,544	121,535	263,232	1,791,312
Amortization of goodwill	110,829	-	151,530	262,359
Increase in property, plant and equipment and intangible assets	1,060,273	165,414	176,509	1,402,198

4. Description of nature and amounts of differences between total of reportable segments and consolidated financial statements

(Thousands of yen)

Profit	Previous fiscal year	Current fiscal year
Total of reportable segments	2,729,580	522,971
Elimination of inter-segment transactions	278,482	830,545
Operating profit in the consolidated financial statements	3,008,063	1,353,517

(Thousands of yen)

Assets	Previous fiscal year	Current fiscal year
Total of reportable segments	58,914,955	53,006,103
Corporate assets (Note)	5,146,768	4,422,608
Elimination of inter-segment transactions	(5,598,719)	(3,206,787)
Total assets in the consolidated financial statements	58,463,004	54,221,924

Note: Corporate assets consist primarily of cash and deposits that do not belong to any reportable segments.

(Thousands of yen)

Other items	Total of reportable segments		Adjustments		Amounts recorded on consolidated financial statements	
	Previous fiscal year	Current fiscal year	Previous fiscal year	Current fiscal year	Previous fiscal year	Current fiscal year
Depreciation	1,746,716	1,791,312	(39,040)	(34,726)	1,707,676	1,756,585
Increase in property, plant and equipment and intangible assets	2,378,540	1,402,198	(33,329)	(18,114)	2,345,210	1,384,084

[Information associated with reportable segments]

Previous fiscal year (From April 1, 2018 to March 31, 2019)

1. Information by product and service

This information has been omitted as net sales to external customers under the classification of single product or service account for more than 90% of net sales recorded on the consolidated statements of income.

2. Information by geographical area

(1) Net sales

(Thousands of yen)

Japan	North America	Europe	Asia and Oceania	Others	Total
15,104,290	8,278,883	16,531,099	9,670,836	5,863,315	55,448,425

(Note) Net sales are classified into country or area based on customer location.

(2) Property, plant and equipment

(Thousands of yen)

Japan, Asia and Oceania	North America and Latin America	Europe, the Middle East and Africa	Total
9,100,045	346,881	1,277,184	10,724,112

3. Information by major customer

This information has been omitted as no single external customer accounts for 10% or more of net sales recorded on the consolidated statements of income.

Current fiscal year (From April 1, 2019 to March 31, 2020)

1. Information by product and service

This information has been omitted as net sales to external customers under the classification of single product or service account for more than 90% of net sales recorded on the consolidated statements of income.

2. Information by geographical area

(1) Net sales

(Thousands of yen)

Japan	North America	Europe	Asia and Oceania	Others	Total
18,604,570	8,179,077	14,411,693	9,024,943	5,337,413	55,557,698

(Note) Net sales are classified into country or area based on customer location.

(2) Property, plant and equipment

(Thousands of yen)

Japan, Asia and Oceania	North America and Latin America	Europe, the Middle East and Africa	Total
8,759,270	356,106	1,042,477	10,157,854

3. Information by major customer

This information has been omitted as no single external customer accounts for 10% or more of net sales recorded on the consolidated statements of income.

[Information on impairment loss on non-current assets by reportable segment]

Previous fiscal year (From April 1, 2018 to March 31, 2019)

There is no related information.

Current fiscal year (From April 1, 2019 to March 31, 2020)

(Thousands of yen)

	Japan, Asia and Oceania	North America and Latin America	Europe, the Middle East and Africa	Unallocated amounts and elimination	Total
Impairment loss	—	—	903,465	—	903,465

(Note) 869,853 thousand yen is recorded as impairment loss of goodwill in Europe, the Middle East and Africa.

[Information on amortization and unamortized balance of goodwill by reportable segment]

Previous fiscal year (From April 1, 2018 to March 31, 2019)

(Thousands of yen)

	Japan, Asia and Oceania	North America and Latin America	Europe, the Middle East and Africa	Unallocated amounts and elimination	Total
Amortization during current period	37,043	-	160,807	-	197,851
Balance as of March 31, 2019	285,032	-	1,156,691	-	1,441,724

Current fiscal year (From April 1, 2019 to March 31, 2020)

(Thousands of yen)

	Japan, Asia and Oceania	North America and Latin America	Europe, the Middle East and Africa	Unallocated amounts and elimination	Total
Amortization during current period	110,829	-	151,530	-	262,359
Balance as of March 31, 2020	174,202	-	279,580	-	453,783

[Information on gain on bargain purchase by reportable segment]

There is no related information.

[Related parties]

Transactions with related parties

Business transactions between the company filing the consolidated financial statements and related parties

Unconsolidated subsidiaries of the company filing the consolidated financial statements

Previous fiscal year (From April 1, 2018 to March 31, 2019)

Type	Name of company, etc.	Location	Share capital	Businesses	Share of voting rights (%)	Relationship with related parties	Transactions	Transaction value (Thousands of yen)	Item	Balance at end of period (Thousands of yen)
Unconsolidated subsidiaries	MIMAKI KANPHOR INDIA PRIVATE LIMITED	Haryana, the Republic of India	21,251 thousand INR	Wholesale	(Shares owned) Direct ownership 51.0	Sale of the Company's products Interlocking officers	Sale of the Company's products	—	"Other" in investments and other assets	57,699

(Note) Transaction terms and policies for determining the transaction terms, etc.

Price and terms are determined by negotiation after price offer based on market price and total cost.

Current fiscal year (From April 1, 2019 to March 31, 2020)

Type	Name of company, etc.	Location	Share capital	Businesses	Share of voting rights (%)	Relationship with related parties	Transactions	Transaction value (Thousands of yen)	Item	Balance at end of period (Thousands of yen)
Unconsolidated subsidiaries	MIMAKI KANPHOR INDIA PRIVATE LIMITED	Haryana, the Republic of India	21,251 thousand INR	Wholesale	(Shares owned) Direct ownership 51.0	Sale of the Company's products Interlocking officers	Sale of the Company's products	—	"Other" in investments and other assets	3,301

(Note) Transaction terms and policies for determining the transaction terms, etc.

Price and terms are determined by negotiation after price offer based on market price and total cost.

(Per share information)

	Previous fiscal year (From April 1, 2018 to March 31, 2019)	Current fiscal year (From April 1, 2019 to March 31, 2020)
Net assets per share	614.03 yen	537.72 yen
Earnings (loss) per share	55.29 yen	(26.24) yen

(Notes) 1. Diluted earnings per share for the previous fiscal year is not presented because there are no potential shares with dilutive effect. Diluted earnings per share for the current fiscal year is not presented because there are no potential shares with dilutive effect, and a loss per share is posted.

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

	Previous fiscal year (From April 1, 2018 to March 31, 2019)	Current fiscal year (From April 1, 2019 to March 31, 2020)
Profit (loss) attributable to owners of parent (Thousands of yen)	1,680,226	(777,962)
Amounts not attributable to common shareholders (Thousands of yen)	—	—
Profit (loss) attributable to owners of parent associated with common shares (Thousands of yen)	1,680,226	(777,962)
Average number of common shares outstanding during the period (Shares)	30,387,145	29,648,797
Overview of potential shares not included in the calculation of diluted earnings per share because of having no dilutive effect	<p>Stock options resolved at the Annual General Meeting of Shareholders held on June 27, 2017 (Share acquisition rights) 78,000 common shares</p> <p>Stock options resolved at the Annual General Meeting of Shareholders held on June 28, 2018 (Share acquisition rights) 100,000 common shares</p>	<p>Stock options resolved at the Annual General Meeting of Shareholders held on June 27, 2017 (Share acquisition rights) 76,000 common shares</p> <p>Stock options resolved at the Annual General Meeting of Shareholders held on June 28, 2018 (Share acquisition rights) 94,200 common shares</p> <p>Stock options resolved at the Annual General Meeting of Shareholders held on June 27, 2019 (Share acquisition rights) 111,700 common shares</p>

(Significant events after reporting period)

There is no related information.

(v) Annexed consolidated detailed schedules

[Annexed consolidated detailed schedule of bonds payable]

There is no related information.

[Annexed consolidated detailed schedule of borrowings]

Category	Balance at beginning of current period (Thousands of yen)	Balance at end of current period (Thousands of yen)	Average interest rate (%)	Repayment date
Short-term borrowings	11,054,710	10,701,488	0.90	—
Current portion of long-term borrowings	2,615,481	5,276,116	0.65	—
Current portion of lease obligations	101,157	111,477	—	—
Long-term borrowings (excluding current portion)	9,564,594	8,066,340	0.32	2021-2026
Lease obligations (excluding current portion)	338,609	313,351	—	2021-2029
Other interest-bearing debt	—	—	—	—
Total	23,674,552	24,468,773	—	—

- (Notes)
1. Average interest rates are computed as the weighted average interest rate on borrowings outstanding at the fiscal year end.
 2. Average interest rates on lease obligations are not provided because the lease obligations stated in the consolidated balance sheets represent the amounts with interest equivalents not deducted from the total lease payments.
 3. Components of long-term borrowings and lease obligations (excluding current portion) with repayments scheduled within five years after the consolidated balance sheet date are as follows.

(Thousands of yen)

	Over 1 year within 2 years	Over 2 years within 3 years	Over 3 years within 4 years	Over 4 years within 5 years
Long-term borrowings	3,127,266	1,750,516	1,699,356	773,098
Lease obligations	87,099	50,491	37,413	31,034

[Annexed consolidated detailed schedule of asset retirement obligations]

The amount of asset retirement obligations at the beginning and at the end of the current fiscal year was not more than 1% of the total amount of liabilities and net assets at the beginning and at the end of the current fiscal year. Consequently, pursuant to Article 92-2 of the Regulation on Consolidated Financial Statements, this information has been omitted.

(2) Others

Quarterly information for the fiscal year ended March 31, 2020

(Cumulative period)	First three months	First six months	First nine months	Current fiscal year
Net sales (Thousands of yen)	13,292,245	27,363,780	41,503,911	55,557,698
Profit before income taxes (Thousands of yen)	145,703	462,289	632,661	57,777
Profit (loss) attributable to owners of parent (Thousands of yen)	73,700	181,994	136,614	(777,962)
Earnings (loss) per share (Yen)	2.45	6.11	4.60	(26.24)

(Accounting period)	First quarter	Second quarter	Third quarter	Fourth quarter
Earnings (loss) per share (Yen)	2.45	3.67	(1.54)	(31.01)

2. Non-consolidated financial statements, etc.

(1) Non-consolidated financial statements

(i) Non-consolidated balance sheets

(Thousands of yen)

	(As of March 31, 2019)	(As of March 31, 2020)
Assets		
Current assets		
Cash and deposits	4,565,142	3,949,115
Notes receivable - trade	*4 343,243	401,983
Accounts receivable - trade	*2 12,252,054	*2 11,446,978
Merchandise and finished goods	7,616,726	7,301,145
Work in process	448,094	323,180
Raw materials and supplies	2,616,621	2,592,451
Prepaid expenses	49,369	59,189
Income taxes receivable	—	128,281
Other	*2, *4 3,374,745	*2 3,866,077
Allowance for doubtful accounts	(9,421)	(8,580)
Total current assets	31,256,577	30,059,825
Non-current assets		
Property, plant and equipment		
Buildings	*1 3,139,234	*1 2,962,140
Structures	41,504	39,449
Machinery and equipment	31,924	62,357
Vehicles	141	100
Tools, furniture and fixtures	893,589	711,823
Land	*1 2,799,435	*1 2,799,435
Leased assets	15,159	10,226
Construction in progress	99,263	195,765
Total property, plant and equipment	7,020,253	6,781,300
Intangible assets		
Goodwill	46,682	34,233
Patent right	34,366	26,868
Software	579,934	471,136
Other	33,942	6,810
Total intangible assets	694,926	539,049
Investments and other assets		
Investment securities	60,501	54,767
Shares of subsidiaries and associates	5,483,503	5,733,403
Investments in capital	2,740	2,730
Investments in capital of subsidiaries and associates	5,239,086	5,239,086
Long-term loans receivable from subsidiaries and associates	296,722	285,140
Non-performing loans	1,497,844	1,726,146
Long-term prepaid expenses	12,578	12,496
Deferred tax assets	743,856	714,822
Other	579,124	444,921
Allowance for doubtful accounts	(1,096,258)	(1,118,187)
Total investments and other assets	12,819,698	13,095,328
Total non-current assets	20,534,877	20,415,677
Total assets	51,791,454	50,475,502

(Thousands of yen)

(As of March 31, 2019)

(As of March 31, 2020)

Liabilities		
Current liabilities		
Notes payable - trade	*4 398,152	179,232
Accounts payable - trade	*2 2,353,553	*2 2,434,719
Electronically recorded obligations - operating	*4 4,626,156	3,746,579
Short-term borrowings	10,758,070	10,196,588
Short-term borrowings from subsidiaries and associates	—	761,810
Current portion of long-term borrowings	2,439,870	*1 5,116,036
Lease obligations	5,328	3,449
Accounts payable - other	*2 850,904	*2 488,763
Accrued expenses	307,762	236,923
Income taxes payable	112,828	—
Advances received	1,948,233	2,124,674
Deposits received	103,602	43,400
Provision for bonuses	679,297	523,542
Provision for bonuses for directors (and other officers)	40,673	—
Provision for product warranties	837,085	782,455
Other	*4 1,003	30,353
Total current liabilities	25,462,522	26,668,527
Non-current liabilities		
Long-term borrowings	*1, *2 8,451,354	*1, *2 7,113,180
Lease obligations	11,044	7,594
Provision for retirement benefits	367,582	385,986
Asset retirement obligations	31,817	32,053
Other	85,094	85,094
Total non-current liabilities	8,946,891	7,623,908
Total liabilities	34,409,414	34,292,436
Net assets		
Shareholders' equity		
Share capital	4,357,456	4,357,456
Capital surplus		
Legal capital surplus	4,245,456	4,245,456
Other capital surplus	371,584	371,584
Total capital surpluses	4,617,040	4,617,040
Retained earnings		
Legal retained earnings	18,035	18,035
Other retained earnings		
General reserve	7,500,000	8,300,000
Retained earnings brought forward	1,491,299	197,151
Total retained earnings	9,009,334	8,515,186
Treasury shares	(614,715)	(1,328,972)
Total shareholders' equity	17,369,115	16,160,710
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	835	(4,536)
Total valuation and translation adjustments	835	(4,536)
Share acquisition rights	12,088	26,892
Total net assets	17,382,040	16,183,066
Total liabilities and net assets	51,791,454	50,475,502

(ii) Non-consolidated statements of income

(Thousands of yen)

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Net sales	*1 41,585,196	*1 38,558,721
Cost of sales	*1 26,364,002	*1 25,842,639
Gross profit	15,221,194	12,716,082
Selling, general and administrative expenses	*1, *2 13,235,699	*1, *2 12,453,172
Operating profit	1,985,494	262,909
Non-operating income		
Interest and dividend income	*1 17,045	*1 25,325
Rental income	*1 30,128	*1 42,585
Insurance claim income	5,740	3,638
Insurance return	521	93,431
Subsidy income	5,235	8,975
Other	*1 12,945	*1 5,814
Total non-operating income	71,616	179,769
Non-operating expenses		
Interest expenses	144,246	227,837
Depreciation	7,515	30,450
Foreign exchange losses	151,284	122,780
Other	19,115	21,044
Total non-operating expenses	322,162	402,112
Ordinary profit	1,734,948	40,566
Extraordinary income		
Gain on sales of non-current assets	*3 3,696	*3 2,325
Total extraordinary income	3,696	2,325
Profit before income taxes	1,738,645	42,892
Income taxes - current	448,393	56,411
Income taxes - deferred	40,986	29,394
Total income taxes	489,379	85,806
Profit (loss)	1,249,265	(42,914)

(iii) Non-consolidated statements of changes in equity
Fiscal year ended March 31, 2019

(Thousands of yen)

	Shareholders' equity							
	Share capital	Capital surplus			Retained earnings			
		Legal capital surplus	Other capital surplus	Total capital surpluses	Legal retained earnings	Other retained earnings		Total retained earnings
					General reserve	Retained earnings brought forward		
Balance at beginning of period	4,357,456	4,245,456	24,230	4,269,686	18,035	6,300,000	1,892,637	8,210,672
Changes during period								
Provision of general reserve						1,200,000	(1,200,000)	-
Dividends of surplus							(450,603)	(450,603)
Profit							1,249,265	1,249,265
Purchase of treasury shares								-
Changes by share exchanges			347,354	347,354				-
Net changes in items other than shareholders' equity								
Total changes during period	-	-	347,354	347,354	-	1,200,000	(401,338)	798,661
Balance at end of period	4,357,456	4,245,456	371,584	4,617,040	18,035	7,500,000	1,491,299	9,009,334

	Shareholders' equity		Valuation and translation adjustments		Share acquisition rights	Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments		
Balance at beginning of period	(804,308)	16,033,506	4,403	4,403	1,725	16,039,636
Changes during period						
Provision of general reserve		-				-
Dividends of surplus		(450,603)				(450,603)
Profit		1,249,265				1,249,265
Purchase of treasury shares	(171,712)	(171,712)				(171,712)
Changes by share exchanges	361,305	708,659				708,659
Net changes in items other than shareholders' equity			(3,567)	(3,567)	10,362	6,795
Total changes during period	189,592	1,335,609	(3,567)	(3,567)	10,362	1,342,404
Balance at end of period	(614,715)	17,369,115	835	835	12,088	17,382,040

Fiscal year ended March 31, 2020

(Thousands of yen)

	Shareholders' equity							
	Share capital	Capital surplus			Retained earnings			
		Legal capital surplus	Other capital surplus	Total capital surpluses	Legal retained earnings	Other retained earnings		Total retained earnings
					General reserve	Retained earnings brought forward		
Balance at beginning of period	4,357,456	4,245,456	371,584	4,617,040	18,035	7,500,000	1,491,299	9,009,334
Changes during period								
Provision of general reserve						800,000	(800,000)	—
Dividends of surplus							(451,233)	(451,233)
Loss							(42,914)	(42,914)
Purchase of treasury shares								
Net changes in items other than shareholders' equity								
Total changes during period	—	—	—	—	—	800,000	(1,294,148)	(494,148)
Balance at end of period	4,357,456	4,245,456	371,584	4,617,040	18,035	8,300,000	197,151	8,515,186

	Shareholders' equity		Valuation and translation adjustments		Share acquisition rights	Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments		
Balance at beginning of period	(614,715)	17,369,115	835	835	12,088	17,382,040
Changes during period						
Provision of general reserve		—				—
Dividends of surplus		(451,233)				(451,233)
Loss		(42,914)				(42,914)
Purchase of treasury shares	(714,257)	(714,257)				(714,257)
Net changes in items other than shareholders' equity			(5,372)	(5,372)	14,804	9,431
Total changes during period	(714,257)	(1,208,405)	(5,372)	(5,372)	14,804	(1,198,973)
Balance at end of period	(1,328,972)	16,160,710	(4,536)	(4,536)	26,892	16,183,066

[Notes]

(Significant accounting policies)

1. Valuation bases and methods for assets

(1) Valuation bases and methods for securities

(i) Shares of subsidiaries

Stated at cost using the moving-average method.

(ii) Available-for-sale securities

Securities with available market values

Stated at fair value based on the market price or the like on the balance sheet date and the cost of securities sold is computed based on the moving average method. The difference between the acquisition cost and the carrying value of available-for-sale securities, including unrealized gains and losses, is recognized in valuation difference on available-for-sale securities in the accompanying balance sheets.

Securities without available market values

Stated at cost using the moving-average method.

(2) Valuation bases and methods for derivatives

Derivatives

Stated at fair value.

(3) Valuation bases and methods for inventories

(i) Finished goods, work in process and raw materials

Stated at cost using the gross average method (balance sheet amounts are determined based on the method of writing down book value in accordance with decreased profitability of assets).

(ii) Supplies

Stated using the last cost method (balance sheet amounts are determined based on the method of writing down book value in accordance with decreased profitability of assets).

2. Depreciation and amortization methods for non-current assets

(1) Property, plant and equipment (excluding leased assets)

Depreciated using the declining balance method. However, the Company adopts the straight-line method for buildings (excluding facilities attached to buildings) acquired on April 1, 1998 and thereafter, and facilities attached to buildings and structures acquired on April 1, 2016 and thereafter.

The estimated useful lives of major items are as follows:

Buildings: 15 to 31 years

Tools, furniture and fixtures: 2 to 6 years

(2) Intangible assets (excluding leased assets)

Amortized using the straight-line method.

However, software for sale is amortized at the larger amount of either an amortizable amount based on the estimated sales volume during an estimated marketable life (within 3 years) or an amortizable amount based on the straight-line method over the remaining valid sales period.

In addition, software for internal use is amortized using the straight-line method over its useful life as internally determined (3 to 5 years).

Goodwill is amortized using the straight-line method over an individually estimated period during which its effect is realized.

(3) Leased assets

The straight-line method is applied on the assumptions that the useful life equals the lease term and the residual value is zero.

3. Accounting policy for allowance and provisions

(1) Allowance for doubtful accounts

To prepare for losses from bad debt, an estimated uncollectible amount is recognized either by making an estimation using the historical bad debt rate for general receivables, or based on individual consideration of collectability for specific receivables such as doubtful accounts, etc.

(2) Provision for bonuses

To prepare for the payment of bonuses to employees, the amount borne for the current fiscal year among the estimated bonus payments is recorded.

(3) Provision for bonuses for directors (and other officers)

To prepare for the payment of bonuses to directors (and other officers), the amount borne for the current fiscal year among the estimated bonus payments is recorded.

(4) Provision for product warranties

To prepare for after-sales repair costs, the total amount of individually estimated free repair cost and historical experience-based estimated amount is recorded.

(5) Provision for retirement benefits

To prepare for the payment of retirement benefits to employees, the amount based on the estimated retirement benefit obligations and fair value of pension assets as of the end of the current fiscal year is recognized.

Prior service cost is amortized at once as incurred.

Unrecognized actuarial gains and losses are amortized by the straight-line method in equally allocated amounts over a fixed number of years (five years) set within the average remaining service period of employees as occurred, starting in the respective fiscal years following each occurrence.

4. Other significant matters forming the basis of preparing the non-consolidated financial statements

(1) Accounting for retirement benefits

The accounting method for the unamortized actuarial gains and losses and the unamortized amount of unrecognized prior service cost in the non-consolidated financial statements differs from the accounting method for those items in the consolidated financial statements.

(2) Hedge accounting

(i) Hedge accounting

In principle, deferred hedge accounting is applied for derivative instruments. Integrated accounting (designation and exceptional accounting) is applied to interest rate and currency swaps that qualify for the integrated accounting.

(ii) Hedging instruments and hedged items

a. Hedging instruments: Forward exchange contracts

Hedged items: Trade receivables denominated in foreign currencies and forecast transactions denominated in foreign currencies

b. Hedging instruments: Interest rate and currency swaps

Hedged items: Borrowings denominated in foreign currencies

(iii) Hedging policy

In accordance with internal rules that stipulate derivative transaction-related authority levels and transaction amount limits, hedging activities are undertaken within specified limits to hedge fluctuation risks of foreign exchange rates and interest rates to the hedged items.

(iv) Assessing hedge effectiveness

The effectiveness is assessed by recognizing a high correlation between the cumulative total of the market fluctuations or the cash flow fluctuations for a hedged item and the cumulative total of the market fluctuations or the cash flow fluctuations for a hedging instrument. However, assessing the hedge effectiveness is omitted for interest rate and currency swaps through the integrated accounting (designation and special accounting).

(3) Translation of foreign currency accounts

Monetary receivables and payables denominated in foreign currencies are translated into Japanese yen at the spot exchange rates in effect as of the non-consolidated balance sheet date. The foreign exchange gains and losses from translation are recognized as profit and loss in the non-consolidated statements of income.

(4) Accounting for consumption taxes

Items subject to consumption taxes are accounted for at amounts exclusive of consumption taxes.

(Non-consolidated balance sheets)

*1 Assets pledged as collateral and liabilities secured by the collateral

Assets pledged as collateral

	Previous fiscal year (As of March 31, 2019)	Current fiscal year (As of March 31, 2020)
Buildings	2,472,431 thousand yen	2,348,158 thousand yen
Land	715,779	715,779
Total	3,188,211	3,063,938

Liabilities secured by the collateral

	Previous fiscal year (As of March 31, 2019)	Current fiscal year (As of March 31, 2020)
Current portion of long-term borrowings	- thousand yen	232,600 thousand yen
Long-term borrowings	1,850,000	1,617,400
Total	1,850,000	1,850,000

*2 Monetary receivables and payables to subsidiaries and associates (excluding those separately presented)

	Previous fiscal year (As of March 31, 2019)	Current fiscal year (As of March 31, 2020)
Short-term monetary receivables	10,570,014 thousand yen	10,284,937 thousand yen
Long-term monetary receivables	1,369,797	1,557,711
Short-term monetary payables	811,183	780,739

3. Guarantee obligations

The Company has guaranteed obligations of the following subsidiaries and associates.

	Guarantee obligations	Previous fiscal year (As of March 31, 2019)	Current fiscal year (As of March 31, 2020)
MIMAKI BRASIL COMERCIO E IMPORTACAO LTDA	Customs duties	1,562,550 thousand yen	1,137,950 thousand yen
ALPHA DESIGN CO., LTD.	Borrowings	688,320	618,240
MIMAKI IJ TECHNOLOGY CO., Ltd.	Borrowings	296,640	504,900
ALPHA SYSTEMS CO., LTD.	Borrowings	295,000	265,000
Tonami Corporation Ltd.	Borrowings	295,000	230,000
MIMAKI AUSTRALIA PTY LTD	Forward exchange contracts	55,505	54,415
MIMAKI ENGINEERING (TAIWAN) Co., Ltd.	Forward exchange contracts	1,332	—
Mimaki Deutschland GmbH	Lease obligations	13,406	3,342
Total		3,207,753	2,813,847

*4 Notes matured on the non-consolidated balance sheet date

Notes matured on the non-consolidated balance sheet date are settled on their clearing dates. Since the last day of the previous fiscal year fell on the bank holiday, the following notes, which matured on the last day of the previous fiscal year, were included in the balance at the end of the previous fiscal year.

	Previous fiscal year (As of March 31, 2019)	Current fiscal year (As of March 31, 2020)
Notes receivable - trade	49,366 thousand yen	- thousand yen
“Other” under current assets (electronically recorded monetary claims - operating)	13,993	—
Notes payable - trade	1,372,406	—
Electronically recorded obligations - operating	32	—
“Other” under current liabilities (notes payable - facilities)		

(Non-consolidated statements of income)

*1 Volume of transactions with subsidiaries and associates

	Previous fiscal year (From April 1, 2018 to March 31, 2019)	Current fiscal year (From April 1, 2019 to March 31, 2020)
Volume of business transactions		
Net sales	27,184,202 thousand yen	25,451,106 thousand yen
Purchases	2,262,403	2,345,007
Volume of other business transactions	6,427,354	5,569,627
Volume of other transactions	36,722	72,499

*2 Selling expenses for the previous and current fiscal years roughly account for 44% and 45% of SG&A expenses, respectively, while general and administrative expenses for 56% and 55%, respectively.

The major items and their amounts are as follows.

	Previous fiscal year (From April 1, 2018 to March 31, 2019)	Current fiscal year (From April 1, 2019 to March 31, 2020)
Provision for product warranties	837,085 thousand yen	782,455 thousand yen
Provision of allowance for doubtful accounts	58,298	26,461
Salaries and allowances	2,589,009	2,691,936
Provision for bonuses	400,313	312,699
Retirement benefit expenses	65,658	69,399
Provision for bonuses for directors (and other officers)	40,673	-
Commission expenses	1,655,030	1,277,571
Depreciation	422,872	465,710
Research and development expenses	2,379,757	2,328,820

*3 Gain on sales of non-current assets is as follows:

	Previous fiscal year (From April 1, 2018 to March 31, 2019)	Current fiscal year (From April 1, 2019 to March 31, 2020)
Tools, furniture and fixtures	3,696 thousand yen	2,325 thousand yen

(Securities)

Fair values of shares of subsidiaries (with the carrying amounts of 5,733,403 thousand yen as of March 31, 2020 and 5,483,503 thousand yen as of March 31, 2019) are not presented because their market values are not available and their fair values are deemed to be extremely difficult to determine.

(Tax effect accounting)

1. Components of deferred tax assets and deferred tax liabilities by major cause

	Previous fiscal year (As of March 31, 2019)	Current fiscal year (As of March 31, 2020)
Deferred tax assets		
Provision for bonuses	205,079 thousand yen	158,057 thousand yen
Provision for product warranties	252,716	236,223
Allowance for doubtful accounts	333,623	339,989
Loss on valuation of shares of subsidiaries and associates and loss on valuation of investments in capital of subsidiaries and associates	480,421	480,421
Provision for retirement benefits	110,973	116,529
Software	50,803	50,831
Other	172,605	207,035
Subtotal	1,606,223	1,589,088
Valuation allowance	(862,005)	(874,266)
Total deferred tax assets	744,217	714,822
Deferred tax liabilities		
Valuation difference on securities	361	—
Net deferred tax assets	743,856	714,822

2. Breakdown of the main items that caused differences between the effective statutory tax rate and the actual effective tax rate by applying tax effect accounting

	Previous fiscal year (As of March 31, 2019)	Current fiscal year (As of March 31, 2020)
Effective statutory tax rate	30.2%	30.2%
(Adjustments)		
Non-deductible permanent differences such as entertainment expenses	0.9	17.0
Per capita inhabitant tax, etc.	1.5	60.0
Change in valuation allowance	3.6	25.4
Special deduction for experimentation and research expenses	(8.0)	—
Deduction for foreign taxes	(0.1)	13.6
Income taxes for prior periods	—	52.8
Other	(0.1)	0.4
Actual effective tax rate by applying tax effect accounting	28.1	199.4

(Significant events after reporting period)

There is no related information.

(vi) Annexed detailed schedules

[Supplementary schedule of property, plant and equipment, etc.]

(Thousands of yen)

Category	Asset type	Balance at beginning of period	Increase	Decrease	Depreciation and amortization	Balance at end of period	Accumulated depreciation
Property, plant and equipment	Buildings	3,139,234	63,724	3,976	236,842	2,962,140	3,663,685
	Structures	41,504	2,950	549	4,454	39,449	113,290
	Machinery and equipment	31,924	67,812	0	37,380	62,357	302,424
	Vehicles	141	—	—	40	100	900
	Tools, furniture and fixtures	893,589	377,411	6,303	552,873	711,823	5,143,996
	Land	2,799,435	—	—	—	2,799,435	—
	Leased assets	15,159	—	—	4,933	10,226	4,811
	Construction in progress	99,263	183,493	86,990	—	195,765	—
	Total	7,020,253	695,391	97,820	836,524	6,781,300	9,229,110
Intangible assets	Goodwill	46,682	—	—	12,448	34,233	—
	Patent right	34,366	—	—	7,498	26,868	—
	Software	579,934	64,154	—	172,952	471,136	—
	Other	33,942	1,350	28,482	—	6,810	—
	Total	694,926	65,504	28,482	192,899	539,049	—

(Note) The major contributors to “Increase during current period” are as follows.

Tools, furniture and fixtures for R&D facilities: 176,202 thousand yen

Construction in progress for production facilities: 96,292 thousand yen

[Supplementary schedule of allowance and provisions]

(Thousands of yen)

Item	Balance at beginning of period	Increase	Decrease	Balance at end of period
Allowance for doubtful accounts	1,105,679	32,102	11,015	1,126,767
Provision for bonuses	679,297	523,542	679,297	523,542
Provision for bonuses for directors (and other officers)	40,673	—	40,673	—
Provision for product warranties	837,085	782,455	837,085	782,455

(2) Details of major assets and liabilities

This information has been omitted as the consolidated financial statements have been prepared.

(3) Other

There is no related information.

VI. Outline of Share-related Administration of the Reporting Company

Fiscal year	From April 1 to March 31
Annual General Meeting of Shareholders	Within three months from the end of each business year
Record date	March 31
Record dates for dividends of surplus	September 30 March 31
Share unit	100 shares
Purchase of shares less than one unit	
Office for handling business	(Special account) Mitsubishi UFJ Trust and Banking Corporation Securities Transfer Agency Division 1-4-5, Marunouchi, Chiyoda-ku, Tokyo
Shareholder registry administrator	(Special account) Mitsubishi UFJ Trust and Banking Corporation 1-4-5, Marunouchi, Chiyoda-ku, Tokyo
Forwarding office	—
Handling charge for purchase	No charge
Method of public notice	The Company's method of public notice is through electronic public notice. However, if an electronic public notice cannot be given due to unavoidable circumstances, it will be published in the <i>Nihon Keizai Shimbun</i> .
Special benefits for shareholders	There is no related information.

(Note) The Articles of Incorporation of the Company provide that shareholders holding shares less than one unit may not exercise their rights except for the followings:

- Rights granted by the items listed in Article 189, paragraph (2) of the Companies Act;
- Right to demand for acquisition of shares with put option;
- Right to receive the allotment of shares for subscription or share acquisition rights for subscription.

VII. Reference Information on the Reporting Company

1. Information about parent of the reporting company

The Company does not have a parent company, etc. as prescribed in Article 24-7, paragraph (1) of the Financial Instruments and Exchange Act.

2. Other reference information

From the beginning of this fiscal year until the filing date of this Annual Securities Report, the Company has filed the following documents.

(1) Annual Securities Report and Attachments, and Confirmation Letter

Fiscal year (the 44th term) (from April 1, 2018 to March 31, 2019)

Filed with the Director-General of the Kanto Local Finance Bureau on June 28, 2019

(2) Internal Control Report and Attachments

Filed with the Director-General of the Kanto Local Finance Bureau on June 28, 2019

(3) Quarterly Securities Reports and Confirmation Letters

(The first quarter of the 45th term) (from April 1, 2019 to June 30, 2019)

Filed with the Director-General of the Kanto Local Finance Bureau on August 9, 2019

(The second quarter of the 45th term) (from July 1, 2019 to September 30, 2019)

Filed with the Director-General of the Kanto Local Finance Bureau on November 8, 2019

(The third quarter of the 45th term) (from October 1, 2019 to December 31, 2019)

Filed with the Director-General of the Kanto Local Finance Bureau on February 7, 2020

(4) Extraordinary Reports

Filed with the Director-General of the Kanto Local Finance Bureau on January 16, 2020

Extraordinary Report pursuant to Article 19, paragraph (2), item (ii)-2 of the Cabinet Office Order on Disclosure of Corporate Affairs, etc. (issuance of share acquisition rights as stock options)

Filed with the Director-General of the Kanto Local Finance Bureau on June 1, 2020

Extraordinary Report pursuant to Article 19, paragraph (2), item (xix) of the Cabinet Office Order on Disclosure of Corporate Affairs, etc. (event with significant effects on financial position, operating results and cash flows)

Filed with the Director-General of the Kanto Local Finance Bureau on June 16, 2020

Extraordinary Report pursuant to Article 19, paragraph (2), item (ix) of the Cabinet Office Order on Disclosure of Corporate Affairs, etc. (change to representative directors)

(5) Share Repurchase Reports

Reporting period (from August 1, 2019 to August 31, 2019)

Filed with the Director-General of the Kanto Local Finance Bureau on September 4, 2019

Reporting period (from September 1, 2019 to September 30, 2019)

Filed with the Director-General of the Kanto Local Finance Bureau on October 2, 2019

Reporting period (from October 1, 2019 to October 31, 2019)

Filed with the Director-General of the Kanto Local Finance Bureau on November 5, 2019

Reporting period (from November 1, 2019 to November 30, 2019)

Filed with the Director-General of the Kanto Local Finance Bureau on December 3, 2019

Reporting period (from December 1, 2019 to December 31, 2019)

Filed with the Director-General of the Kanto Local Finance Bureau on January 7, 2020

Reporting period (from January 1, 2020 to January 31, 2020)

Filed with the Director-General of the Kanto Local Finance Bureau on February 4, 2020

Reporting period (from February 1, 2020 to February 29, 2020)

Filed with the Director-General of the Kanto Local Finance Bureau on March 3, 2020

Reporting period (from March 1, 2020 to March 31, 2020)

Filed with the Director-General of the Kanto Local Finance Bureau on April 2, 2020

Reporting period (from April 1, 2020 to April 30, 2020)

Filed with the Director-General of the Kanto Local Finance Bureau on May 8, 2020

Reporting period (from May 1, 2020 to May 31, 2020)

Filed with the Director-General of the Kanto Local Finance Bureau on June 3, 2020

Reporting period (from June 1, 2020 to June 16, 2020)

Filed with the Director-General of the Kanto Local Finance Bureau on July 2, 2020

(6) Amendment to Extraordinary Report

Filed with the Director-General of the Kanto Local Finance Bureau on March 13, 2020

Amendment to Extraordinary Report (issuance of share acquisition rights as stock options) filed on January 16, 2020

Part II Information on Guarantors, etc., for the Reporting Company

There is no related information.