

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
	Millions of yen	Millions of yen	%
As of June 30, 2022	65,527	20,117	30.6
As of March 31, 2022	60,857	18,716	30.6

Reference: Equity As of June 30, 2022 ¥20,028 million
As of March 31, 2022 ¥18,633 million

2. Cash dividends

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

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

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

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

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Second quarter (cumulative)	34,200	18.7	1,570	(7.2)	1,540	(9.5)	1,160	(25.9)	40.31
Full year	69,100	16.1	3,130	21.8	3,020	12.3	2,170	(7.6)	75.41

Note: Revision of consolidated financial results forecast most recently announced: No

*** Notes**

- (1) Changes in significant subsidiaries during the three months ended June 30, 2022
(changes in specified subsidiaries resulting in the change in scope of consolidation): No
- (2) Application of special accounting for preparing quarterly consolidated financial statements: No
- (3) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements
Changes in accounting policies due to revisions to accounting standards and other regulations: Yes
Changes in accounting policies due to other reasons: No
Changes in accounting estimates: No
Restatement: No

Note: For details, please refer to “Quarterly consolidated financial statements and significant notes thereto, (3) Notes on quarterly consolidated financial statements, (Changes in accounting policies)” on page 10 of the attached materials.

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

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

As of June 30, 2022	32,040,000 shares
As of March 31, 2022	32,040,000 shares

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

As of June 30, 2022	3,263,767 shares
As of March 31, 2022	3,264,767 shares

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

Three months ended June 30, 2022	28,776,233 shares
Three months ended June 30, 2021	29,494,233 shares

- * Quarterly financial results reports are exempt from quarterly review conducted by certified public accountants or an audit corporation.

- * Proper use of earnings forecasts, and other special matters

The forecasts and other forward-looking statements in this report are based on currently available information and certain assumptions determined as rational. Consequently, any statements herein do not constitute assurances regarding actual results by the Company. In addition, actual business results may differ significantly due to various factors. Please refer to “Qualitative information on quarterly consolidated financial results, (3) Explanation of consolidated financial results forecasts and other forward-looking statements” on page 4 of the attached materials for the conditions that are the premise of the business forecast and precautions when using the business forecast.

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1. Qualitative information on quarterly consolidated financial results

(1) Explanation of operating results

During the three months ended June 30, 2022 (hereinafter referred to as “the period under review”), amid the continuing impact of difficulties in procuring parts and raw materials, the global economy continued to face difficult conditions, including soaring energy and food prices and high levels of inflation triggered by Russia’s invasion of Ukraine, as well as lockdowns within China. In Japan, while restrictions due to the spread of the novel coronavirus disease (COVID-19) were eased and the economy showed signs of picking up, the pace of the recovery remained sluggish and unpredictable due to growing uncertainty over the future caused by rising inflation and the rapid depreciation of the yen.

In this environment, the Group has continued to launch new products and expand sales, develop its business in anticipation of rapid changes in the market environment and customer needs, and build a foundation to improve profitability, based on the priority measures set forth in the “Mimaki V10” mid-to long-term growth strategy established in December 2020. During the period under review, in response to a recovery in demand and future business expansion, the Company established the new Maruko Factory in Ueda-shi, Nagano, for the purpose of increasing production capacity and strengthening development capability.

For net sales during the period under review, although there were negative impacts from the shortage of parts and raw materials, prolonged transportation lead times, and other factors, as well as the sales decline in Europe due to the Russia-Ukraine crisis and the negative impact of the lockdown in China on production and sales, in the SG, IP, and TA markets, sales of new products announced and launched in the previous fiscal period grew steadily, while sales of existing main products were generally firm despite supply constraints on main units. Sales of ink and spare parts were also strong due to increased operation of printer at customer locations. In addition to the above, the positive effect of the yen’s depreciation on foreign exchange resulted in a significant increase in sales. In terms of profit, the cost of sales ratio remained at the same level as the same period of the previous fiscal year due to the positive effect of the yen’s depreciation, as well as progress in revising selling prices to cope with overall cost increases caused by high material and transportation costs and inflationary pressures. At the same time, SG&A expenses increased in line with increased sales activities.

As a result of the above, for the period under review, the Group posted net sales of 15,975 million yen (up 13.4% year on year), operating profit of 856 million yen (up 10.3% year on year), ordinary profit of 903 million yen (up 13.1% year on year), and profit attributable to owners of parent of 674 million yen (up 2.4% year on year)

In addition, the major exchange rates (average rates from April 2022 to June 2022) for the period under review were 1 US\$ = 129.57 yen (109.49 yen in the same period of the previous fiscal year) and 1 EUR = 138.10 yen (131.95 yen in the same period of the previous fiscal year).

The operating results by segment are as follows.

(Japan, Asia and Oceania)

Net sales were 6,801 million yen (up 12.2% year on year). In Japan, net sales increased significantly as a result of strong sales of both main units and ink for the IP market, mainly for new products, and ink sales for the SG and TA markets also grew due to increased operations by customers, reflecting a gradual pickup in economic activity. In Asia and Oceania, while China was significantly affected by the lockdown, sales in Thailand, Indonesia, India, and other countries grew substantially, resulting in an overall increase in sales.

(North America and Latin America)

Net sales were 4,497 million yen (up 34.9% year on year). In North America, although the impact of rapidly rising inflation is gradually becoming apparent, sales to the SG, IP, and TA markets remained strong for both main units and ink, and in addition, the effect of yen depreciation on foreign exchange resulted in a substantial increase in sales. In Latin America, sales increased substantially, mainly in Brazil and Mexico.

(Europe, the Middle East and Africa)

Net sales were 4,676 million yen (down 0.4% year on year). Overall, net sales were at the same level as the same period of the previous fiscal year due to the negative impact of sales to Russia and Ukraine, despite the positive impact of foreign exchange rates. At the same time, for Europe excluding the impact of Russia and Ukraine, sales in the SG and IP markets grew steadily, and ink sales in general were favorable, although there were some gradations depending on the country.

The details of net sales by market are as follows.

	Net sales (Thousands of yen)	Component ratio (%)	Year-on-year changes (%)
SG market	6,640,997	41.6	8.1
IP market	4,556,322	28.5	23.3
TA market	1,566,616	9.8	15.2
FA business	828,638	5.2	(11.9)
Other	2,383,011	14.9	22.2
Total	15,975,586	100.0	13.4

(SG market)

Net sales were 6,640 million yen (up 8.1% year on year). For main units, sales of entry-level model JV/UJV100 grew steadily and shipments of the new flagship model JV/CJV330 began in the period under review, despite supply constraints due to a shortage of materials and the impact of the lockdown in China, as well as the negative impact on shipments to China and Russia. Sales of ink also remained strong due to increased printing demand. In addition to these factors, the positive impact of foreign exchange rates also contributed to an increase in sales.

(IP market)

Net sales were 4,556 million yen (up 23.3% year on year). For main units, sales of the mainstay UJF-3042/6042MkIIe and UJF-7151plusII compact flatbed printers with updated lineups grew substantially, while sales of the new JFX600 in addition to the existing JFX200 large flatbed printer also increased, and ink sales were also strong, resulting in a significant increase in sales.

(TA market)

Net sales were 1,566 million yen (up 15.2% year on year). For main units, sales of entry-level model TS100 grew substantially, mainly in Latin America and Asia/Oceania, while sales of the existing TS55 were also strong, and ink sales also increased substantially, resulting in an increase in sales.

(FA business)

Net sales were 828 million yen (down 11.9% year on year). Despite steady growth in orders overall, there were delays in production and sales due to a shortage of materials for PCB inspection equipment and PCB mounting equipment, etc., resulting in a significant decrease in sales.

The details of net sales by item are as follows.

	Net sales (Thousands of yen)	Component ratio (%)	Year-on-year changes (%)
Machines	6,288,813	39.4	5.3
Ink	6,045,874	37.8	18.7
Spare parts	1,349,815	8.4	19.8
Other	2,291,082	14.3	20.5
Total	15,975,586	100.0	13.4

(2) Explanation of financial position

(Assets)

Total assets as of June 30, 2022 increased 4,670 million yen from the end of the previous fiscal year to 65,527 million yen. Total current assets increased 3,677 million yen from the end of the previous fiscal year to 51,172 million yen. This was due to an increase in cash and deposits, as well as an increase in merchandise and finished goods, and raw materials and supplies as a result of operations to secure inventories in response to the impact of longer transportation lead times and shortages of parts and raw materials in order to avoid lost sales opportunities. Total non-current assets increased 993 million yen from the end of the previous fiscal year to 14,355 million yen. This was mainly due to an increase in buildings and structures related to the acquisition of the Maruko Factory and an increase in construction in progress.

(Liabilities)

Total liabilities as of June 30, 2022 increased 3,269 million yen from the end of the previous fiscal year to 45,409 million yen. Total current liabilities increased 3,922 million yen from the end of the previous fiscal year to 36,252 million yen. This was mainly due to an increase in short-term borrowings. Total non-current liabilities decreased 653 million yen from the end of the previous fiscal year to 9,157 million yen. This was due to a decrease in long-term borrowings.

(Net assets)

Total net assets as of June 30, 2022 increased 1,401 million yen from the end of the previous consolidated fiscal year to 20,117 million yen. This was mainly due to increases in foreign currency translation adjustment and retained earnings.

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

Regarding the consolidated financial results forecast for the fiscal year ending March 31, 2023, we disclosed our revised forecast on August 3, 2022, from the forecast announced on May 12, 2022, reflecting recent trends in operating results. The details are as follows.

	Six months ending September 30, 2022		Full year	
	Amount (Millions of yen)	Increase/decrease rate from the same period of the previous year (%)	Amount (Millions of yen)	Increase/decrease rate in the previous term (%)
Net sales	34,200	18.7	69,100	16.1
Operating profit	1,570	(7.2)	3,130	21.8
Ordinary profit	1,540	(9.5)	3,020	12.3
Profit attributable to owners of parent	1,160	(25.9)	2,170	(7.6)

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

(Reasons for revision of the forecast of consolidated financial results for the six months ending September 30, 2022)

Following the period under review, we assume that demand for industrial inkjet printers will remain strong in the second quarter as each country continues to balance economic activities with measures to prevent the spread of COVID-19, and that demand for printing and capital investment will grow. In addition, we have revised our second quarter foreign exchange rate assumptions from 1 US\$: 110.00 yen to 1 US\$: 131.00 yen and from 1 EUR: 130.00 yen to 1 EUR: 136.33 yen, which is expected to have a positive impact on net sales and profit. In light of the above, we have upwardly revised our forecast of consolidated financial results for the six months ending September 30, 2022.

(Reasons for revision of the forecast of consolidated financial results for the fiscal year ending March 31, 2023)

Since it is difficult to forecast consolidated financial results for the second half of the fiscal year at present due to many uncertain factors, including foreign exchange rate assumptions, we will continue to carefully examine the situation and have not revised our initial forecast for the second half of the fiscal year. In terms of sales, the trend of sales expansion is expected to continue due to firm demand in the market and the effects of new products launched in the previous fiscal period. At the same time, although we will continue to pass on higher costs for parts and raw materials, among others, in selling prices to customers, we expect that the cost of sales ratio will deteriorate and that the impact of lost sales opportunities due to difficulties in procuring parts and materials will continue to a certain extent in the second half. In addition, unpredictable conditions are expected to continue, including high prices and rising inflation worldwide triggered by the Russia-Ukraine crisis, as well as the risk of a slowdown in economic activities due to monetary tightening by the authorities in each country. Since the outlook for second half foreign exchange rates is also uncertain, the initial assumptions of US\$: 110.00 yen and 1 EUR: 130.00 yen remain unchanged. As a result of the above, we leave our initial forecast for the second half of the current fiscal year unchanged, however we have revised our forecast for consolidated financial results for the fiscal year ending March 31, 2023 in line with the upwardly revised forecast of consolidated financial results for the six months ending September 30, 2022.

2. Quarterly consolidated financial statements and significant notes thereto

(1) Quarterly consolidated balance sheets

(Thousands of yen)

	As of March 31, 2022	As of June 30, 2022
Assets		
Current assets		
Cash and deposits	8,971,526	10,727,365
Notes and accounts receivable - trade, and contract assets	9,212,935	8,985,373
Merchandise and finished goods	14,627,845	15,836,045
Work in process	2,828,991	2,544,519
Raw materials and supplies	8,375,320	9,121,192
Other	3,526,946	3,994,166
Allowance for doubtful accounts	(48,529)	(36,394)
Total current assets	47,495,036	51,172,268
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	3,622,857	3,965,937
Land	3,296,059	3,517,308
Other, net	3,258,561	3,555,915
Total property, plant and equipment	10,177,477	11,039,162
Intangible assets		
Goodwill	220,890	206,858
Other	366,998	361,575
Total intangible assets	587,888	568,433
Investments and other assets		
Investment securities	146,926	147,245
Deferred tax assets	1,523,093	1,484,302
Other	1,878,151	2,175,954
Allowance for doubtful accounts	(951,295)	(1,059,721)
Total investments and other assets	2,596,876	2,747,780
Total non-current assets	13,362,243	14,355,376
Total assets	60,857,279	65,527,645

(Thousands of yen)

	As of March 31, 2022	As of June 30, 2022
Liabilities		
Current liabilities		
Notes and accounts payable - trade	3,571,634	4,119,464
Electronically recorded obligations - operating	5,917,210	5,405,683
Short-term borrowings	10,623,315	14,563,312
Current portion of long-term borrowings	3,813,036	3,731,396
Lease liabilities	179,591	169,176
Income taxes payable	650,980	229,296
Provision for bonuses	904,279	574,822
Provision for bonuses for directors (and other officers)	41,184	11,405
Provision for product warranties	1,512,195	1,298,933
Other	5,116,356	6,148,815
Total current liabilities	32,329,783	36,252,307
Non-current liabilities		
Long-term borrowings	8,432,453	7,695,634
Lease liabilities	818,221	819,439
Deferred tax liabilities	69,590	71,955
Retirement benefit liability	384,090	393,378
Asset retirement obligations	59,631	143,394
Provision for retirement benefits for directors (and other officers)	45,900	-
Other	650	33,571
Total non-current liabilities	9,810,537	9,157,374
Total liabilities	42,140,321	45,409,681

(Thousands of yen)

	As of March 31, 2022	As of June 30, 2022
Net assets		
Shareholders' equity		
Share capital	4,357,456	4,357,456
Capital surplus	4,617,426	4,617,394
Retained earnings	11,878,738	12,337,499
Treasury shares	(1,951,816)	(1,951,219)
Total shareholders' equity	18,901,804	19,361,130
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	8,760	8,805
Foreign currency translation adjustment	(354,857)	562,439
Remeasurements of defined benefit plans	77,803	96,012
Total accumulated other comprehensive income	(268,293)	667,256
Share acquisition rights	33,595	33,552
Non-controlling interests	49,850	56,023
Total net assets	18,716,957	20,117,963
Total liabilities and net assets	60,857,279	65,527,645

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

Quarterly consolidated statements of income (cumulative)

(Thousands of yen)

	Three months ended June 30, 2021	Three months ended June 30, 2022
Net sales	14,091,993	15,975,586
Cost of sales	8,283,798	9,414,685
Gross profit	5,808,194	6,560,900
Selling, general and administrative expenses	5,031,743	5,704,139
Operating profit	776,450	856,760
Non-operating income		
Interest income	3,013	5,810
Dividend income	629	786
Insurance claim income	1,988	43,700
Purchase discounts	5,230	2,653
Foreign exchange gains	17,803	33,034
Subsidy income	26,239	20,370
Other	21,589	23,343
Total non-operating income	76,495	129,699
Non-operating expenses		
Interest expenses	34,299	46,726
Share of loss of entities accounted for using equity method	11,195	27,324
Other	8,544	8,517
Total non-operating expenses	54,039	82,568
Ordinary profit	798,906	903,891
Extraordinary income		
Gain on sale of non-current assets	9,607	22,248
Other	610	25
Total extraordinary income	10,217	22,274
Extraordinary losses		
Loss on sale of non-current assets	349	10
Total extraordinary losses	349	10
Profit before income taxes	808,775	926,155
Income taxes - current	146,608	198,137
Income taxes - deferred	(1,956)	48,602
Total income taxes	144,651	246,740
Profit	664,124	679,415
Profit attributable to non-controlling interests	5,637	4,840
Profit attributable to owners of parent	658,486	674,574

Quarterly consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	Three months ended June 30, 2021	Three months ended June 30, 2022
Profit	664,124	679,415
Other comprehensive income		
Valuation difference on available-for-sale securities	(586)	44
Foreign currency translation adjustment	197,697	924,226
Remeasurements of defined benefit plans, net of tax	(6,750)	18,208
Share of other comprehensive income of entities accounted for using equity method	1,883	(5,597)
Total other comprehensive income	192,244	936,882
Comprehensive income	856,368	1,616,297
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	850,514	1,610,125
Comprehensive income attributable to non-controlling interests	5,854	6,172

(3) Notes on quarterly consolidated financial statements

(Note on going concern assumption)

Not applicable.

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

Not applicable.

(Changes in accounting policies)

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

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

(Additional information)

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

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

(Contingent debt)

MIMAKI BRASIL COMERCIO E IMPORTACAO LTDA (hereinafter referred to as Mimaki Brazil), a consolidated subsidiary of the company, was investigated by the Brazilian tax authorities regarding the importation of our inkjet printers and received two additional tax notices totaling 84,920 thousand Brazilian reais (103,238 thousand Brazilian reais with interest for delay added). Mimaki Brazil disagrees with the findings of the authorities and has filed a tax case with the court in December 2019 with respect to the 44,494 thousand Brazilian reais (56,309 thousand Brazilian reais with added interest for the delay) for which it received a notice of additional taxation in September 2018. In addition, we filed a complaint with the tax authorities in December of the same year regarding the 40,425 thousand Brazilian reais (46,929 thousand Brazilian reais with late interest added) that received the additional tax notice in November 2018.

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