Annual Securities Report

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

For the 47th term

From April 1, 2021
to March 31, 2022

MIMAKI ENGINEERING CO., LTD.

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

(E02114)

Table of Contents

[Cover]

[Document title]	Annual Securities Report
[Clause of stipulation]	Article 24, paragraph (1) of the Financial Instruments and Exchange Act
[Place of filing]	Director-General of the Kanto Local Finance Bureau
[Filing date]	June 27, 2022
[Fiscal year]	The 47th term (from April 1, 2021 to March 31, 2022)
[Company name]	株式会社ミマキエンジニアリング (*Kabushiki-kaisha* MIMAKI ENGINEERING)
[Company name in English]	MIMAKI ENGINEERING CO., LTD.
[Title and name of representative]	Kazuaki Ikeda, President
[Address of registered headquarters]	2182-3 Shigeno-Otsu, Tomi-shi, Nagano
[Telephone number]	+81-268-64-2281 (main)
[Name of contact person]	Koji Shimizu, Executive Director and General Manager, Corporate Planning Division
[Nearest place of contact]	2182-3 Shigeno-Otsu, Tomi-shi, Nagano
[Telephone number]	+81-268-80-0058
[Name of contact person]	Koji Shimizu, Executive 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) 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

Term	43rd term	44th term	45th term	46th term	47th term
Fiscal year-end	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Net sales (Thousands of yen)	52,471,137	55,448,425	55,557,698	48,722,930	59,511,957
Ordinary profit (Thousands of yen)	2,359,542	2,643,164	946,636	366,381	2,688,298
Profit (loss) attributable to owners of parent (Thousands of yen)	1,833,832	1,680,226	(777,962)	(301,251)	2,347,478
Comprehensive income (Thousands of yen)	1,801,047	1,136,629	(1,829,806)	172,757	3,574,292
Net assets (Thousands of yen)	17,778,087	19,010,639	16,033,335	16,213,450	18,716,957
Total assets (Thousands of yen)	53,994,162	58,463,004	54,221,924	50,838,883	60,857,279
Net assets per share (Yen)	584.77	614.03	537.72	548.10	647.55
Basic earnings (loss) per share (Yen)	61.05	55.29	(26.24)	(10.21)	80.40
Diluted earnings per share (Yen)	–	–	–	–	80.31
Equity ratio (%)	32.5	32.2	29.2	31.8	30.6
Return on equity (ROE) (%)	10.9	9.2	(4.5)	(1.9)	13.5
Price earnings ratio (PER) (Times)	12.9	11.4	–	–	8.5
Net cash provided by (used in) operating activities (Thousands of yen)	3,002,514	1,068,436	823,299	6,634,156	(5,129,131)
Net cash provided by (used in) investing activities (Thousands of yen)	(1,493,560)	(2,219,070)	(368,149)	15,944	(2,711,895)
Net cash provided by (used in) financing activities (Thousands of yen)	38,107	194,097	(431,697)	(7,315,659)	4,275,112
Cash and cash equivalents at end of period (Thousands of yen)	11,486,169	11,351,960	10,988,848	10,683,560	7,501,498
Number of employees [Separately, average number of temporary employees] (Persons)	1,629 [223]	1,984 [205]	2,003 [162]	1,952 [76]	1,983 [174]

(Notes) 1. 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 and 46th terms are not presented here due to an absence of potential shares with dilutive effect, and because a loss per share was recorded.

2. Price-earnings ratio for the 45th and 46th terms are not presented here because loss attributable to owners of parent was recorded.

3. The Company has applied the "Accounting standards on revenue recognition" (ASBJ Statement No. 29, March 31, 2020) and relevant Guidances effective from the beginning of the current fiscal year, and the figures presented in the summary of business results for the current fiscal year have been adjusted by retrospectively applying the aforementioned standard, etc.

(2) Business results of reporting company

Term	43rd term	44th term	45th term	46th term	47th term
Fiscal year-end	March 31, 2018	March 31, 2019	March 31, 2020	March 31, 2021	March 31, 2022
Net sales (Thousands of yen)	42,215,007	41,585,196	38,558,721	32,701,526	43,634,972
Ordinary profit (loss) (Thousands of yen)	2,424,556	1,734,948	40,566	(353,546)	1,635,619
Profit (loss) (Thousands of yen)	1,707,448	1,249,265	(42,914)	(860,675)	1,270,007
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)	16,039,636	17,382,040	16,183,066	15,338,996	15,542,925
Total assets (Thousands of yen)	50,039,012	51,791,454	50,475,502	45,174,409	52,287,193
Net assets per share (Yen)	533.88	566.35	547.77	518.91	538.98
Dividends per share [Of the above, interim dividends per share] (Yen)	12.50 [5.00]	15.00 [7.50]	7.50 [7.50]	7.50 [−]	15.00 [7.50]
Basic earnings (loss) per share (Yen)	56.84	41.11	(1.45)	(29.18)	43.50
Diluted earnings per share (Yen)	—	—	—	—	43.45
Equity ratio (%)	32.1	33.5	32.0	33.9	29.7
Return on equity (ROE) (%)	11.1	7.5	(0.3)	(5.5)	8.2
Price earnings ratio (PER) (Times)	13.9	15.3	−	−	15.8
Payout ratio (%)	22.0	36.5	−	−	34.5
Number of employees [Separately, average number of temporary employees] (Persons)	800 [185]	809 [165]	821 [132]	790 [42]	784 [115]
Total shareholder return (%)	124.8	102.4	69.7	104.3	115.6
[Benchmark index: Dividend-included TOPIX] (%)	[115.9]	[110.0]	[99.6]	[141.5]	[144.3]
Highest share price (Yen)	1,288	1,239	692	688	1,100
Lowest share price (Yen)	585	628	301	363	622

(Notes) 1. 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 and 46th terms are not presented here due to an absence of potential shares with dilutive effect, and because a loss per share was recorded.
2. Price-earnings ratio and payout ratio for the 45th and 46th terms are not presented here because loss was recorded.
3. The highest and lowest share prices are quoted from the First Section of the Tokyo Stock Exchange.
4. The Company has applied the "Accounting standards on revenue recognition" (ASBJ Statement No. 29, March 31, 2020) and relevant Guidances effective from the beginning of the current fiscal year, and the figures presented in the summary of business results for the current fiscal year have been adjusted by retrospectively applying the aforementioned standard, etc.

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 - October 1995	Opened sales offices in Fukuoka, Hiroshima, Sendai, Sapporo and Kanazawa.
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.

Date	Major events
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.
March 2022	Acquired all the shares and ownership of Microtech corp.
April 2022	Moved from the TSE First Section to the Prime Market due to the shift in Tokyo Stock Exchange's market segmentation.

3. Business description

The MIMAKI Group (the "Group") consists of MIMAKI ENGINEERING CO., LTD. (the "Company"), its 24 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., Microtech corp.) and three other companies (MIMAKI KANPHOR INDIA PRIVATE LIMITED, etc.), totaling 28 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

This is a product line for the sign graphics market, including advertisements and signboards. The JV100-160 is an entry-level model that uses our unique solvent ink, the UJV100-160 is equipped with UV-curable ink, the JV/CJV330 series is a flagship model with beautiful image quality, high productivity, and high value-added functions that help save work, and the UCJV300 series has both printing and cutting functions and achieves high cost performance with UV-curable ink. These are the main products and used to produce large posters, car wrapping, banners, display boards, and other products. We also manufacture and sell products such as the CG-AR series of cutting plotters, which use optical sensors to read positioning marks to achieve high-precision contour cutting.

(2) IP (Industrial Products) market

This is a group of products for the industrial products market, such as novelties and industrial products. Some of the main products are the JFX600-2513, JFX200-2513EX, UJF-7151plusII, and UJF-6042/3042MkIIe flatbed inkjet printers, which are environmentally friendly because they emit very little volatile organic compounds (VOCs). These products use UV-curable inks that can print on a wide variety of materials and are used for consumer products, gifts, and custom-made goods, as well as in production processes of industrial products such as instrument panels for automobiles and operation panels for home appliances. The Group also manufactures and sells the CF series, a flatbed cutting plotter equipped with an optical sensor reading function similar to those for the SG market, and other products. In addition, it manufactures and sells 3D printers that print three-dimensional modeling objects. Its main products are 3DUJ-553 and 3DUJ-2207, which are the world's first UV curable inkjet printers that realize full-color 3D printing with 10 million colors, 3DFF-222, which is a thermal fusion lamination system, and 3DGD-1800, which is a FFF (Fused Filament Fabrication) technology capable of printing large models up to 1.8m in height. These are used to produce 3D signboards, models, figures, and prototypes.

(3) TA (Textile & Apparel) market

This is a group of products for the textile and apparel market, including garments and fabrics. The main products for consumption sites include the entry model TS100-1600, which uses sublimation ink that beautifully paints polyester materials, the flagship model TS330-1600, which achieves beautiful image quality with high productivity, and high value-added functions that help save work, and the Tx300P-1800 and the hybrid type Tx300P-1800MkII, which directly print on cotton, silk and other cloth materials. These products are used for printing on fabrics such as fashion wear, sports wear, neckties, and scarves. The Group also manufactures and sells the Tiger-1800B Mk III, a high-speed inkjet printer with a belt conveying system, as its main product for production sites.

(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. The DCF-605PU Spray Coat Set, a completely new on-demand model that minimizes topcoat agent consumption with ultra-thin-film application using the spray method and provides a uniform film thickness without air contamination, is a product that automates the post-printing process for inkjet printing.

(5) Others

This area of business includes manufacture and sales of machines outside the scope of the aforementioned categories, and also includes 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
・JV330 Series ・JV100-160
・UJV100-160 ・JV300plus Series
・UJV55-320 ・SIJ-320UV
・JV400SUV Series ・JV400LX Series
・CJV330 Series ・UCJV300 Series
・CJV300plus Series ・CJV150 Series
・SWJ-320

Cutting Plotters
・CG-AR Series ・CG-FX II Series
・CG-FX II plus Series

Laminators/Trimmers
・LA-W Plus Series ・AT Series

Software
・Raster Link 7 ・MPM3
・Raster Link Pro5 SG
・Fine Cut 9 ・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
・JFX600-2513 ・UJF-6042Mk II e
・UJF-3042Mk II e ・UJF-7151plus II
・JFX200-2513EX ・JFX200-2531
・JFX500-2131

3D Printers
・3DUJ-2207 ・3DUJ-553
・3DGD-1800 ・3DFF-222

Cutting Plotters
・CF22-1225 ・CFL-605RT
・CF2 Series ・CF3 Series

Fluid Plotters
・DCF-605PU

Software
・Raster Link 7 ・MPM3
・Raster Link 6Plus ・Fine Cut 9
・Raster Link Pro5 IP ・Ittobori

Ink
・Hard UV-curable inks
・Flexible UV-curable inks
・UV-curable inks for 3D Printer

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

Major products

Inkjet Printers
・TS330-1600 ・TS100-1600
・Tx300P-1800Mk II ・TS55-1800
・Tx300P-1800B ・TS500P-3200
・Tx300P-1800Mk II ・TS300P-1800
・Tx500-1800B ・Tx500-1800DS
・Tiger-1800BMk III ・MM700-1800B

Cutting Plotters
・APC-130

Software
・Raster Link 7 ・MPM3
・Raster Link 6Plus ・Tx Link 3
・Raster Link Pro5 TA ・Tx Link 4

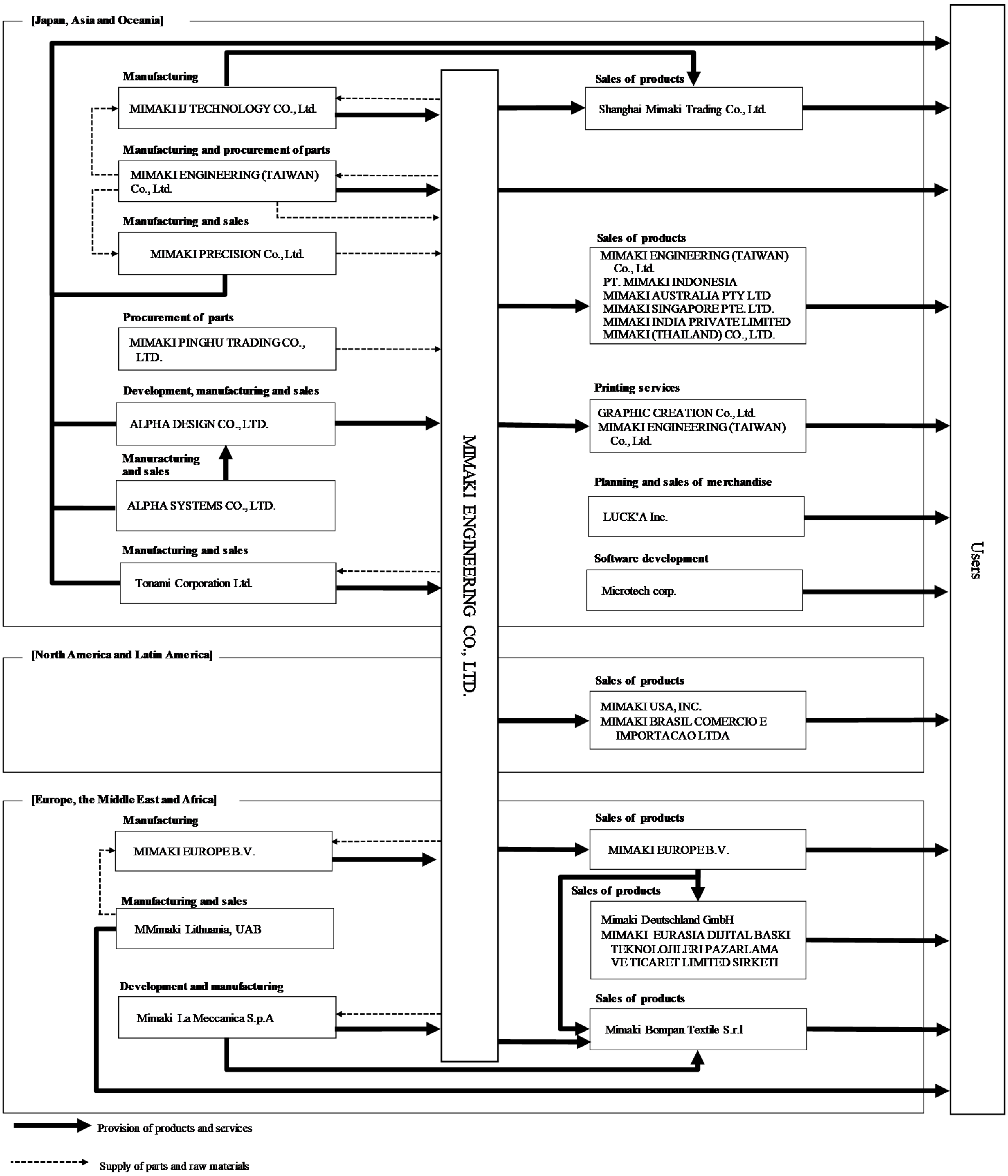
Ink
・Reactive dye inks
・Acid dye inks
・Water-based sublimation inks
・Textile pigment inks

[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.
	Software development companies	Microtech corp.

<table>
<tr><th>Segment name</th><th colspan="2">Company name</th></tr>
<tr><td>North America and Latin America</td><td>Sales companies</td><td>MIMAKI USA, INC.
MIMAKI BRASIL COMERCIO E IMPORTACAO LTDA</td></tr>
<tr><td rowspan="2">Europe, the Middle East and Africa</td><td>Sales companies</td><td>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</td></tr>
<tr><td>Manufacturing companies</td><td>MIMAKI EUROPE B.V.
Mimaki La Meccanica S.p.A
Mimaki Lithuania, UAB</td></tr>
</table>

[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 Netherland	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-subsidiary) 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-subsidiary) 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-subsidiary) 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-subsidiary) 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
Microtech corp.	Shinagawa-ku, Tokyo	30,000 thousand JPY	Japan, Asia and Oceania	100	Primarily engaged in development services for software, applications, etc. Interlocking directorates involved.
(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) 1. The "Principal contents of business" column represents the name of the business segment.
2. These entities fall into specified subsidiaries.
3. The figures in the parenthesis under "Ownership percentage of voting rights" indicate the indirect ownership ratio included in the total.
4. Net sales (excluding internal sales among consolidated companies) of MIMAKI EUROPE B.V. is more than 10% of consolidated net sales.

Key financial data (in thousands of yen)		
	(1) Net sales	19,284,223
	(2) Ordinary profit	229,984
	(3) Profit	165,218
	(4) Net assets	3,126,475
	(5) Total assets	7,137,486

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

Key financial data (in thousands of yen)		
	(1) Net sales	12,547,564
	(2) Ordinary profit	671,980
	(3) Profit	621,342
	(4) Net assets	2,840,857
	(5) Total assets	5,905,766

5. Employees

(1) Consolidated basis

As of March 31, 2022

Segment name	Number of employees (Persons)
Japan, Asia and Oceania	1,556 (164)
North America and Latin America	202 (–)
Europe, the Middle East and Africa	225 (10)
Total	1,983 (174)

(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, 2022

Number of employees (Persons)	Average age (Years old)	Average length of service (Years)	Average annual salary (Yen)
784 (115)	40.9	10.6	6,198,835

Segment name	Number of employees (Persons)
Japan, Asia and Oceania	784 (115)
Total	784 (115)

(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. The significant increase in the number of temporary employees in Japan, Asia and Oceania is mainly attributable to the fact that production was increased to match the increase in demand associated with the recovery of the global economy.

(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 exploit their personal characteristics and abilities to the fullest extent.

(2) Medium- to long-term management policy and operating performance indicator

In light of the recent global spread of COVID-19 and the changes in market needs and customer orientation caused by its prolonged impact, the Group decided in December 2020 to draft and implement a new medium-to long-term growth strategy, Mimaki V10, with the fiscal year ending March 31, 2026 as the goal, in anticipation of the era of with Corona and after Corona.

(i) Mimaki V10 Mission Statement

By providing solutions unique to Mimaki through the use of combined systems that integrate pre-processing, printing, and post-processing, we will drive the shift to digital on-demand printing for industry.

(ii) Mimaki V10 Management Policy

Pursuing sales growth as well as continuing to generate higher profits and together, Mimaki shall achieve an operating margin of 10% until FY2025 by strengthening our financial base and building a strong corporate foundation for sustainable growth.

a. Emphasize profitability and achieve an operating income margin of 10% and ordinary income margin of 8% until FY2025.

b. We will target a compound annual growth rate (CAGR) of 10% in net sales between FY2020 and FY2025

c. We will strengthen our financial base by improving the cash conversion cycle to ensure our resilience to changes in the operating environment

d. We will generate innovations through product development and continue to provide solutions that customers value

e. In preparation for achieving Mimaki V10 goals, we will build an organizational culture so that the Mimaki Group works as one toward these goals

(3) Medium- to long-term growth strategy for Mimaki V10 performance goals

(i) Product strategy

a. Maximize the advantages of corporate ownership of FA business by providing digital on-demand print solutions to automate the printing processes in SG, IP and TA markets

b. SG (Sign Graphics) market

- Seize the ongoing opportunity to accelerate the shift from organic solvents to environmentally friendly UV curable inks actively under development, marketing products and solutions using UV curable inks in which Mimaki has secured a competitive advantage.
- Expanding market share in entry-level printer domain, also securing profit in the middle (and high-end) product domain
- Enhancing competitive advantage by leveraging UV printer patenting technology

c. IP (Industrial Products) market

- Seizing the growing trend of smart factories, we provide products and solutions to realize labor-saving and unmanned printing/cutting/coating through automated processes.
- Introduction of digitized inkjet processing to pad printing, a popular processing method within the goods and novelty print market, will be explored as a new growth market.
- Enhancing competitive advantage by leveraging UV printer patenting technology

d. TA (Textile & Apparel) market

- Providing solutions to improve on the opportunity of the overall transition of the market from point-of-sale to e-commerce under the influence of the COVID-19 pandemic, and comply with the shift of producer demand from high-speed to high-value-added machines.
- Lineup of mid- and low-speed models to be strengthened to meet increased popularity of digital on-demand systems, while maintaining corporate presence within the high-speed product range with Tiger-1800B MkIII.

e. 3D printing market

- Starting with the 10 million color full-color 3DUJ-553 released in 2017, product lineup has steadily expanded to include the thermal fusion lamination printers and 1.8 m large modeling printers, and from FY2021, the 10 million color full-color entry model will be introduced to expand the demand
- Providing solutions to facilitate 3D modeling

(ii) Business development in anticipation of rapid changes in market conditions and customer needs

a. Global x Digital

- Promote digital on-demand printing with IoT of digital printing and capture the Chinese Market

b. E-Commerce x Subscriptions

- Increase profitability with new business models and develop selling in E-Commerce networks

c. Initiate innovations, exploring new markets and new applications

- Complete revision of current development plans and prioritization of new markets
- Review development cycle (to shorten the time frame) so that at least 25% of the products sold are developed within the past three years

(iii) Building the foundations for improved profitability

a. Ink quality improvement

- By improving the quality of ink, we will eliminate downtime of printers in operation, contribute to the improvement of customer productivity, and reduce product repair costs caused by ink quality. Specific initiatives include improving the acceptance defect rate, reducing in-process defects, and promoting early countermeasures against market problems.

b. CX (Corporate Transformation)

- Aim to achieve 10% operating profit margin by FY2025
- Fixed costs to be reduced through restructuring and muscularization of business structure for FY2020
- The implemented measures allow structure to yield sufficient business profit for FY2021 with just 80% of the sales for FY2019
- While maintaining this level of basic fixed cost structure, attempts will be made to achieve 10% average growth rate (CAGR) in sales toward FY2025, with an operating profit margin of 10%.
- Advancing BS-oriented management
- Work on digitization and manpower saving

c. Reform of production systems

- Production system responsive to fluctuating demand
- Achieve cost power capable of competing with made-in-China
- Enhancing inventory management

d. Sales system transformation

- Conduct sales analysis by SFA (Sales Force Automation)/CRM (Customer Relationship Management) for mini exhibition strategies
- Devise virtual mini-exhibition strategy to reach customers in all regions
- Build sales channels towards new customers
- Launch sales supporting team
- Control inventory held by sales divisions

(4) Prioritized operating and financial challenges to be addressed

We will be working on the following items, which the Group has identified as the major challenges to be addressed to achieve Mimaki V10.

(i) Provision of on-demand print service, printing system solutions

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. Market needs and customer orientation are rapidly changing due to a prolonged COVID-19 pandemic. In addition, as e-commerce has become common, requirements for “on-demand” supplies—with which consumers can use what they want whenever they want as much as they want—are increasing. Therefore, business models to cope with varying needs are required to be established. To properly respond to such changes in the operating environment and achieve sustainable growth, 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. Furthermore, we promote the provision of solutions for digital on-demand printing in the industrial printing market. 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. Especially in the FA (factory automation) business of the Company, we are capable of developing and producing products for pre-processing of materials on which printing is performed as well as those for post-printing processing. The Group has worked on efforts to provide comprehensive supports to customers, including the management of their production quality, with these accumulated tangible/intangible assets as resources, through the delivery of products, software and expertise needed for printing, while getting the most out of our competitive advantage in the FA business. 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. The Group thus will accomplish its responsibilities as a provider of end-to-end total solutions for digital on-demand printing, encompassing pre-processing, printing and post-processing of industrial printing, as well as properly respond to market needs by focusing especially on the following two 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 in the SG (Sign Graphics) markets, IP (Industrial Products) markets, and TA (Textile & Apparel) markets, etc. We will promote IoT for digital printing, including labor-saving/unmanned operation, through automation of printing processes in these markets, 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.

In the meanwhile, the functional inks conventionally used in SG markets and IP markets have begun to shift from organic solvent inks to UV-curable inks that have less impact on the environment with high productivity. 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 through initiatives such as developing UV-curable inks and inkjet printers that use UV-curable inks well ahead of industry peers, and leveraging its proprietary patenting technologies of UV printers.

By leveraging those competitive advantages, we will provide the industrial printing market with total solutions that bring higher productivity, such as IoT for digital printing and UV-curable inks, in order to ultimately solidify our position as the market leader.

b. 3D printing business

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, which realized the world's first full-color modeling of 10 million colors. Furthermore, we have succeeded in reducing the size of it, launching 3DUJ-2207 in 2021, compact size entry-level 3D printer. We continue to develop the 3D printing business as the central pillar of the Company's business by proposing diverse uses and applications to our customers and accelerating the market growth of full-color 3D modeling, while further enhancing our product lineup to meet varying needs of customers.

(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, production and inspection processes for functional inks. Specifically, we will improve product quality by clarifying the criteria and reviewing evaluation items for design evaluation, service evaluation, and sales evaluation, as well as by enhancing quality checks for each ink material at the manufacturing site. In addition, we will achieve prompt response when a quality problem occurs in the market through quick information feedback and visualization. In addition, as a precondition for these efforts, we will further enhance the process of collecting, accumulating, and appropriately analyzing a vast amount of inspection data from the phases of raw materials reception, production and shipment so we can more accurately and promptly identify factors that may cause defects and implement appropriate countermeasures. Through these efforts, we will further improve the quality of our inks to ultimately enhance our competitiveness.

(iii) Implementing risk management initiatives

In the recent business environment, the importance of business continuity planning (BCP) has increased due to the emergence of geopolitical risks such as the Russia-Ukraine issue, in addition to natural disasters of a scale exceeding expectations and outbreaks of infectious diseases such as COVID-19. 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 by placing utmost emphasis on the safety of the Group's officers and employees, local communities, and its stakeholders as well as prevention of spread of infection. Furthermore, we will consider and implement optimal countermeasures against various issues impacting the entire supply chain, including sluggish demand and difficulties in procuring parts and raw materials and rising costs due to the emergence of geopolitical risks, as well as prolonged lead times and rising costs due to production delays and transportation disruptions.

(iv) 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 while maximizing its sales, profit and cash flows by appropriately dealing with issues including prolonged transportation lead time at sea and on the ground and a rise in logistics cost, which increased due to the impact of the COVID-19 pandemic. Therefore, to adapt flexibly to fluctuations in demand globally, we will set up project teams to rebuild a supply chain where functions, such as sales, logistics and production/procurement, are closely coordinated with one another, production can be controlled weekly, and the optimal production places are determined by product to achieve efficient and flexible logistics and inventory management. In addition, as part of our efforts to restructure global inventory management, we are also driving the establishment of NRI (Non-Resident Inventory) warehouses to improve the efficiency of area inventories so we can establish a flexible inventory management system in the future, minimize opportunity losses, ensure cost competitiveness, and achieve appropriate inventory levels. Furthermore, in April 2022, we acquired land and buildings for a new plant in Ueda-shi, Nagano Prefecture, to establish Maruko Factory. This will resolve the shortage of production space for industrial inkjet printers at Head Office and Kazawa Factory, and increase the production capacity for a wide range of models, from entry-level to high-end models, to accommodate future business expansion.

(v) Strengthening the R&D system
The Group will make efforts to drive innovation of product development and explore new markets and new applications by taking into account changes in market needs and customer orientation resulting from a prolonged impact of the COVID-19 pandemic. Specifically, we will fully review our current development plans, and to prioritize new markets, we will make efforts so that 25% or more of the products sold by the Group are those that developed within the past three years. In addition, 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. This increases net sales while reducing SKU (Stock Keeping Units). In addition, to shorten development cycles, we have established a development process where our base product platform is deployed horizontally and new products are put in the market in a shorter period. These initiatives have already led to concrete results, such as the launch and release of a total of 10 new products in the fiscal year ended on March 31, 2022 (6 models in the first half and 4 models in the second half), and we will continue to further strengthen and expand these efforts in the future.

(vi) CX (Corporate Transformation)
To achieve the goals defined in Mimaki V10, the Group will work to transform the corporate structure itself. Specifically, we will save fixed costs as well as introduce RPA to facilitate stocktaking of work, automation, use of artificial intelligence (AI) in order to reduce fixed costs and establish a muscular business structure. In addition, we will work to improve capital efficiency to strengthen our financial position and shorten the cash conversion cycle (CCC) to maximize the free cash flow. However, in light of the rapid changes in the business environment, including the impact of the current shortage of parts and raw materials on sales, in the current fiscal year we have decided to focus on operations focused on procurement and avoid opportunity losses and manage the CCC by focusing on accounts receivable in arrears during the accounts receivable turnover period. At the same time, we will also work to establish rules for appropriate inventory levels, taking lead times into consideration, for after the shortage of parts and materials is resolved. In addition, we are aware that strengthening the global management system is an important agenda. To that end, we will work to strengthen the management of the subsidiaries, globally review and enhance the management of corporate systems, including mission-critical systems, accounting systems and personnel systems, standardize operational processes and define rules, among other initiatives. In addition, we will also work on measures to mitigate foreign exchange risk.

(vii) Sales system transformation
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 work to reinvent the sales methods we have used in order to respond to changes in customer contact points caused by the COVID-19 pandemic. More specifically, in addition to the business discussions through channels and with customers at the conventional mini-exhibitions held in physical locations, we held virtual mini-exhibitions online to make proposals and hold business meetings with customers. Furthermore, for the fiscal year ended in March 2022, we held Mimaki

Innovation Days twice, in the summer and winter through the Web. We hold this event as a new channel and touchpoint where we share products, market update, sales knowhow, deployment cases, etc. In addition, we will also make proactive efforts to shift sales activities online by utilizing ever-evolving IT; such efforts include expanding customer contact by recording and managing sales activities with existing and potential customers based on sales analysis utilizing SFA and CRM through enhancement of the inside sales function structured in the previous period. With regard to sales channels for acquisition of new customers, we will develop and establish channels for the IP market, 3D printing market and expanding the sales of production machines, entry models and cutting plotters while strengthening and enhancing the existing channels mainly for the SG market.

(viii) Ensuring thorough 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.

(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. Especially, we recognize that responding to global environmental problems such as climate change is an important management issue. In the industrial printing market among others, the environmental load can be greatly reduced by shifting from analog printing to digital on-demand printing. This is because analog printing, mainly used in the current industrial structure, places a high load on the environment and natural resources. Therefore, we are proactively making efforts on this issue such as promoting environment-friendly product lines in our future business activities including product development. In addition, in light of the government policy of achieving carbon neutrality by 2050, we have introduced CO2-free electricity at all of our Group offices in Japan, except for some leased properties, in order to further contribute to solving environmental issues to help realize a decarbonized society. In addition to these efforts, we will continue to promote more environmentally friendly business activities, such as strengthening energy-saving activities including facility upgrades and reducing environmental impact in the value chain, in order to contribute to the community and realize a sustainable society.

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. In the event that a quality problem is unavoidable, we will respond to the customer in a sincere and appropriate manner, promptly investigate the cause of the problem and implement countermeasures, and formulate and implement measures to prevent recurrence. The Company is covered by a product liability insurance. As measures to prevent quality problems from occurring, the Group will identify and solve existing issues in each of design, manufacture and service divisions, promote efforts to improve the quality of a project as the highest priority and roll out more effective measures to reduce the quality-related cost.

(2) Cost competitiveness

(i) 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 and prices may increase due to market trends, etc. In the current fiscal year, the COVID-19 pandemic continues to hinder production of some raw materials, and new risks may emerge in the future, such as the effects of logistics stagnation caused by the city lockdowns in China. In addition, the prices of various fuels, including crude oil, materials and raw materials have been rising, resulting in a general increase in raw material procurement prices for the Company. All these factors may affect the Group's operating results and financial position. As measures to address such risks, we will work to strengthen our procurement capabilities through projects to review our supply chain and diversify risks by reviewing and securing multiple suppliers, taking geopolitical risks into consideration. We will also continue our efforts to control costs by standardizing parts and reducing the number of parts required in the design stage, and by improving work efficiency.

(ii) Production plan

The Group produces products based mainly 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.

(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. In addition, we will work to efficiently develop new products by taking on the challenge of developing new technologies, promoting platform design, etc.

(4) Business development overseas

(i) Influence of overseas business climate

The Group earns approximately 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. In the current fiscal year, the Company has been faced with an urgent need to address geopolitical risks, such as the impact on the supply chain, including raw material procurement, production, transportation, and sales of our products, which has become apparent due to the outbreak of the Russian-Ukrainian conflict and the city lockdowns in China associated with the COVID-19 pandemic. As measures to address this risk, in addition to strengthening our global information gathering, management, and risk management systems, we will also implement projects to review our supply chain.

(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, reducing receivables in foreign currencies through earlier collection of accounts receivable in foreign currencies, and hedging foreign exchange risk over the short term using derivatives or similar instruments. To achieve this, the Group will establish a department dedicated to foreign exchange management.

(5) 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.

(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 39.2% 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 various financing alternatives.

(8) 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.

(9) 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, the regulations limiting the use of specified hazardous substances in electrical and electronic equipment, customs duties, and transfer price taxation, 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.

(10) 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.

(11) Risks related to investment, etc.

The Group is engaged in investment 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.

(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 corona virus (COVID-19)

In the event a spread of epidemics/infectious diseases caused by viruses, including flu and COVID-19, makes it difficult for the Group's officers and employees to commute or causes a worldwide economic downturn, and as a result, the Group's business activities are disrupted, its operating performance may be impacted. 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. Going forward, we may see a similar situation continue. 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 and is driving initiatives that prioritize ensuring safety of customers, business partners and employees. To protect against the risk, the Group will continue to work on initiatives that help minimize damages to its operating performance, by adapting appropriately to fluctuations in demand and by other factors while driving efforts to normalize its business activities promptly and precisely. The Group will properly 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

During the fiscal year under review (hereinafter referred to as "the current fiscal year"), although the number of people infected with a new mutant strain of COVID-19 rapidly increased in the latter half of the period, the world economy showed a remarkable movement toward the normalization of economic and social activities due to the progress of vaccination and the low rate of serious illness, mainly in developed countries such as North America and Europe, while at the same time the outlook became increasingly uncertain recently, after Russia invaded Ukraine. In addition, the severe situation continues due to the continued impact of the disruption of global logistics and the difficulty in procuring parts and raw materials. In Japan as well, there have been signs of economic recovery in response to the gradual recovery trend of the world economy, but the pace has been heavy and the situation remains unpredictable.

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

Sales in the current fiscal year were affected by product supply shortages due to component and raw material shortages and extended lead times due to logistics disruptions, but sales in the SG, IP, and TA markets were significantly higher than in the fiscal year ended March 31, 2021 ("the previous fiscal year") due to a recovery in printing demand and resumption of capital investment by customers in line with economic recovery in various regions of the world, particularly in North America and Europe. Existing mainstay products have seen significant growth in sales volume, especially in the SG and IP markets, and in addition to entry-level models such as the JV/UJV100-160 for the SG market and the TS100-1600 for the TA market, new products for the IP (Industrial Products) market such as the UJF-3042/6042MkIIe, UJF-7151plusII, and JFX600-2513, which began full-scale supply in the fourth quarter of the fiscal year, are also seeing strong growth in sales volume in North America and Europe. In addition, sales of ink and maintenance parts increased significantly as customer demand for printing increased. By region, the depreciation of the yen also contributed to the year-on-year increase in all regions. On the other hand, during the fourth quarter of the fiscal year, we were affected by the aforementioned Russian-Ukraine problem and the spread of COVID-19 in China. Compared to the same period two years ago, sales in Japan and Latin America decreased, while sales in North America, Europe, Asia, and Oceania increased significantly, so the company-wide sales exceeded the pre-COVID-19 pandemic level.

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

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

The “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020) and relevant ASBJ regulations have been applied from the beginning of the current fiscal year, and net sales increased by 182 million yen, operating profit decreased by 98 million yen, ordinary profit and profit before income taxes increased by 5 million yen, respectively, for the current fiscal year. In addition, the balance of retained earnings at the beginning of the period decreased by 5 million yen. For details, please refer to “V. Financial Information 1. Consolidated financial statements, etc. (1) Consolidated financial statements, Notes (Changes in accounting policies).”

In addition, the major exchange rates for the current fiscal year were 112.38 yen per U.S. dollar (106.06 yen in the previous fiscal year) and 130.56 yen per euro (123.70 yen in the previous fiscal year).

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

(North America and Latin America)

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

(Europe, the Middle East and Africa)

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

Net sales by market

	Net sales (Millions of yen)	Percentage of net sales (%)	Year-on-year changes (%)
SG market	24,704	41.5	22.8
IP market	16,235	27.3	28.2
TA market	5,509	9.3	24.4
FA business	4,465	7.5	21.9
Others	8,596	14.4	9.6
Total	59,511	100.0	22.1

(SG market)

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

(IP market)

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

(TA market)

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

(FA business)

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

(ii) Financial position

(Assets)

Total assets as of March 31, 2022 amounted to 60,857 million yen, an increase of 10,018 million yen (compared with 50,838 million yen as of March 31, 2021). Total current assets amounted to 47,495 million yen, an increase of 8,331 million yen (compared with 39,163 million yen as of March 31, 2021). This was mainly due to an increase in raw materials and supplies, merchandise and finished goods under the policy to procure and retain parts, etc. for the purpose of supplying products to the market without being affected by global shortage of parts and raw materials and prolonged transportation lead time, and to maximize sales opportunities by precisely responding to increased demand associated with economic recovery. Moreover, total non-current assets amounted to 13,362 million yen, an increase of 1,686 million yen (compared with 11,675 million yen as of March 31, 2021). This is mainly attributable to an increase in deferred tax assets of 523 million yen.

(Liabilities)

Total liabilities as of March 31, 2022 amounted to 42,140 million yen, an increase of 7,514 million yen (compared with 34,625 million yen as of March 31, 2021). Total current liabilities amounted to 32,329 million yen, an increase of 7,360 million yen (compared with 24,969 million yen as of March 31, 2021). This is mainly attributable to an increase in short-term borrowings of 6,497 million yen. Total non-current liabilities amounted to 9,810 million yen, an increase of 154 million yen (compared with 9,656 million yen as of March 31, 2021). This was due to an increase in lease liabilities of 569 million yen, etc., partially offset by a decrease in long-term borrowings of 481 million yen.

(Net assets)

Total net assets as of March 31, 2022 amounted to 18,716 million yen, an increase of 2,503 million yen (compared with 16,213 million yen as of March 31, 2021). This was due to an increase in retained earnings of 1,899 million yen and an increase in foreign currency translation adjustment of 1,214 million yen, etc.

(iii) Cash flows

Cash and cash equivalents (hereinafter “cash”) as of March 31, 2022 totaled 7,501 million yen, a decrease of 3,182 million yen compared with March 31, 2021, owing to increases in inventories and trade receivables, etc. partially offset by increases in short-term borrowings and long-term borrowings, etc. The details by operating activities, investing activities and financing activities are as follows.

(Cash flows from operating activities)

Net cash used in operating activities totaled 5,129 million yen (compared with cash provided of 6,634 million yen in the previous fiscal year). This is mainly attributable to an increase of 7,298 million yen in inventories, partially offset by the profit before income taxes of 2,778 million yen.

(Cash flows from investing activities)

Net cash used in investing activities totaled 2,711 million yen (compared with cash provided of 15 million yen in the previous fiscal year). This is mainly attributable to payments into time deposits of 1,330 million yen and purchase of property, plant and equipment of 1,216 million yen.

(Cash flows from financing activities)

Net cash provided by financing activities totaled 4,275 million yen (compared with cash used of 7,315 million yen in the previous fiscal year). This is mainly due to an increase in short-term borrowings of 6,307 million yen and proceeds from long-term borrowings of 3,612 million yen, partially offset by repayments of long-term borrowings of 4,366 million yen.

(iv) Production, orders received and sales

a. Production

Production by segment during the fiscal year ended March 31, 2022 is as follows.

Segment name	Current fiscal year (From April 1, 2021 to March 31, 2022) (Thousands of yen)	Year-on-year changes (%)
Japan, Asia and Oceania	27,083,840	29.4
Europe, the Middle East and Africa	3,452,814	78.8
Total	30,536,654	33.6

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

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

Classification by market	Current fiscal year (From April 1, 2021 to March 31, 2022) (Thousands of yen)	Year-on-year changes (%)
SG market	11,645,036	34.5
IP market	6,740,000	51.9
TA market	3,306,066	31.0
FA business	4,101,115	22.4
Others	4,744,435	22.1
Total	30,536,654	33.6

(Notes) The significant increase in production in Europe, the Middle East, and Africa was due to the increase in demand for printing associated with the global economic recovery and recovery in demand due to new product launches, among other factors.

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.

Segment name	Current fiscal year (From April 1, 2021 to March 31, 2022) (Thousands of yen)	Year-on-year changes (%)
Japan, Asia and Oceania	27,266,783	12.9
North America and Latin America	14,262,558	35.9
Europe, the Middle East and Africa	17,982,615	27.7
Total	59,511,957	22.1

(Note) All inter-segment transactions are eliminated.

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

Classification by market	Current fiscal year (From April 1, 2021 to March 31, 2022) (Thousands of yen)	Year-on-year changes (%)
SG market	24,704,198	22.8
IP market	16,235,786	28.2
TA market	5,509,173	24.4
FA business	4,465,938	21.9
Others	8,596,860	9.6
Total	59,511,957	22.1

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

Product category	Current fiscal year (From April 1, 2021 to March 31, 2022) (Thousands of yen)	Year-on-year changes (%)
Machines	25,390,006	29.6
Ink	21,040,515	19.9
Spare parts	5,009,254	30.6
Others	8,072,180	4.0
Total	59,511,957	22.1

(Notes) 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

Financial position is described in “(1) Overview of operating results, etc. (ii) Financial position.”

Working capital (which is the amount obtained by deducting the amount of current liabilities from that of current assets) increased by 971 million yen compared with the end of the previous fiscal year to 15,165 million yen. Although we expect that management environment will continue to be challenging, the Company maintains sound financial position and secures sufficient capital.

As to operating results, consolidated net sales totaled 59,511 million yen, up 22.1% year on year, operating profit was 2,569 million yen (compared with operating loss of 509 million yen in the previous fiscal year). Details are described in “(1) Overview of operating results, etc. (i) Operating results.”

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

Cash flows is described in “(1) Overview of operating results, etc. (iii) Cash flows.”

During the current fiscal year, the Group’s free cash flow, which constitutes the capital resources and represents the liquidity of funds, amounted to a loss of 7,841 million yen. This was mainly due to an increase in raw materials and supplies, merchandise and finished goods under the policy to procure and retain parts, etc. for the purpose of supplying products to the market without being affected by global shortage of parts and raw materials and prolonged transportation lead time, and to maximize sales opportunities by precisely responding to increased demand associated with economic recovery and to the resumption of facility capital investment that had been suspended owing to the COVID-19 pandemic. In this period and beyond, we will continue to systematically secure financial resources for capital while maintaining a balance between internal, direct, and indirect financing, taking into account global raw material shortages, transportation delays, infectious disease situations, and other factors.

(iii)Objective indicators, etc. to determine the achievement of management policies, strategies, etc. or management targets

As described in “II. Business Overview 1. Management policies, management environment and challenges to be addressed,” the Group aims to achieve an operating profit margin of 10% by the fiscal year ending March 31, 2026 under the medium-to long-term growth strategy Mimaki V10. To realize this, we will make efforts to continue to generate higher profits by strengthening our financial base and building a strong corporate foundation for sustainable growth, while continuing to pursue net sales growth.

(iv) Significant accounting estimates and underlying assumptions

Of the accounting estimates used in the preparation of the consolidated financial statements and underlying assumptions, significant ones are described in “V. Financial Information 1. Consolidated financial statements, etc. (1) Consolidated financial statements [Notes] (Significant accounting estimates).”

4. Material contracts, etc.

On April 18, 2022, the Company entered into an agreement with Mie Fuji Co., Ltd. to acquire the non-current assets for the purpose of increasing production capacity and strengthening development functions to accommodate business expansion in line with the Group's medium- to long-term growth strategy, Mimaki V10.

For details, please refer to "V. Financial Information 1. Consolidated financial statements, etc. (1) Consolidated financial statements Notes (Significant events after reporting period)."

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 380 employees, representing about 30% of the total domestic 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 capture 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.

By acquiring Microtech corp. during the current fiscal year and incorporating their expertise, including their software development technologies and human resources, as new management resources, we intend to further strengthen the software development capabilities of the entire Group and provide solutions that address changes in the market environment and customer needs.

Furthermore, 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 market needs and customer orientation, which are rapidly changing due to a prolonged impact of the COVID-19 pandemic, and responding to expanding demand for digital-on-demand supply.

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

(Hardware)

(1) Drawing on the technologies for high quality image and reliability the Company has accumulated over years as a leader of the SG market, we launched JV330-130/160 and CJV330-130/160, flagship models of eco-solvent inkjet printers which provide customers with ultimate new values with high value-added functions that help save work and manpower.

(2) We released fully remodeled JFX600-2513 LED-UV large flatbed inkjet printer for the IP market, which significantly improves productivity with high-speed printing, and UJF-7151 plus II with class-leading productivity and stability, high accuracy, and high image quality, and the desktop flatbed UV inkjet printers UJF-6042MkIIe and UJF-3042MkIIe with operability unchanged from previous models and further enhanced image quality and equipment stability. In addition, we released 3DUJ-2207, compact 3D printer with one-fifth the price of 3DUJ-553, our high-end model of UV-curable inkjet printer. Out thorough design efforts for downsizing enabled a lower price, while maintaining high performance. This compact 3D printer can demonstrate the same number of colors—more than 10 million—and modeling accuracy as 3DUJ-553.

(3) For the TA market, we have combined the technological expertise we have accumulated over the past 20 years to launch the TS330-1600, a flagship model of water-based sublimation transfer inkjet printers for textiles and apparel, featuring beautiful image quality, high productivity, and high value-added functions that help save work.

(4) In the FA business, we collaborated with the coating control technology developed by our group company, Alpha Design, and the precision positioning function that applies our proprietary XYZ axis control technology, to release the DCF-605PU Spray Coat Set, a completely new on-demand digital coating machine that can apply coatings with uniform film thickness

without air contamination while minimizing topcoat agent consumption with ultra-thin film application using the spray method.

(Software)

(5) We launched Mimaki 3D Print prep Pro ($3DP^3$), the company's first subscription-based cloud software service that automatically corrects errors and optimizes the geometry of 3D data used in 3D printer production. Mimaki 3D Print prep Pro ($3DP^3$) automatically performs error correction, which is needed when 3D printing from 3D data, with simple operations, and furthermore, optimizes the geometry to be suitable for 3D models, making it easy for people unfamiliar with handling 3D data to correct errors and reducing correction time.

During the current fiscal year, as a result of these R&D activities, the Group's R&D related expenses totaled 3,947 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 2,363 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 2,552 million yen, of which 626 million yen was spent for leased assets (machinery and equipment) 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, 2022

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	
Head Office / Bokuya Factory (Tomi-shi, Nagano)	Japan, Asia and Oceania	Development facilities and others	437,696	19,010	654,124 (42,204.18)	1,497	293,898	1,406,226	436 (9)
Kazawa Factory (Tomi-shi, Nagano)	Japan, Asia and Oceania	Manufacturing facilities for computer peripherals	2,094,392	140,594	509,632 (29,080.00)	-	482,038	3,226,657	138 (105)
Tokyo Branch Office and 14 other sales offices	Japan, Asia and Oceania	Sales facilities	38,434	-	- (-)	2,697	47,494	88,626	189 (1)
Ueda Warehouse (Ueda-shi, Nagano)	Japan, Asia and Oceania	Warehouse facilities	32,115	-	44,300 (3,698.71)	-	1,729	78,144	- (-)
Nagano Development Center (Nagano-shi, Nagano)	Japan, Asia and Oceania	Development facilities	51,531	-	26,825 (1,245.00)	-	323	78,681	6 (-)
Hachioji Development Center (Hachioji-shi, Tokyo)	Japan, Asia and Oceania	Development facilities	152,836	33,427	239,382 (1,448.27)	2,871	7,093	435,609	15 (-)
Kurakake Innovation Center (provisional name) (Tomi-shi, Nagano)	Japan, Asia and Oceania	Land for a research and development facility	0	-	1,324,997 (83,648.36)	-	-	1,324,997	- (-)

(2) Domestic subsidiaries

As of March 31, 2022

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 PRECISION Co., Ltd.	Head office and factory (Tomi-shi, Nagano)	Japan, Asia and Oceania	Manufacturing facilities	7,358	36,415	- (-)	775,185	9,104	828,063	28 (7)
ALPHA DESIGN CO., LTD.	Head office and factory (Tomi-shi, Nagano)	Japan, Asia and Oceania	Manufacturing facilities and others	185,062	37,885	100,365 (11,344.82)	16,463	5,299	345,075	73 (-)
ALPHA SYSTEMS CO., LTD.	Head office and factory (Yonezawa-shi, Yamagata)	Japan, Asia and Oceania	Manufacturing facilities	26,263	2,182	66,309 (7,725.86)	5,096	1,012	100,864	81 (-)
Tonami Corporation Ltd.	Head office and factory (Tonami-shi, Toyama)	Japan, Asia and Oceania	Manufacturing facilities	87,820	92,577	308,923 (38,456.15)	3,557	76,329	569,208	101 (8)

(3) Overseas subsidiaries

As of March 31, 2022

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	55,413	5,444	- (-)	-	257,673	318,531	138 (-)
MIMAKI EUROPE B.V.	Head Office (Diemen, the Netherlands)	Europe, the Middle East and Africa	Sales facilities/ manufacturing facilities	168,196	181,645	- (-)	-	207,274	557,115	113 (9)
Mimaki Deutschland GmbH	Head Office (Bavaria, Germany)	Europe, the Middle East and Africa	Sales facilities	68,391	16,679	- (-)	-	35,158	120,228	40 (-)
MIMAKI IJ TECHNOLOGY CO., Ltd.	Head Office (Zhejiang, China)	Japan, Asia and Oceania	Manufacturing facilities	36,299	112,591	- (-)	37,407	58,304	244,603	141 (14)
Mimaki Lithuania, UAB	Head Office (Vilnius, Lithuania)	Europe, the Middle East and Africa	Manufacturing facilities	122,702	24,151	- (-)	-	-	146,853	21 (-)

(Notes) 1. “Others” in the “Book value” columns indicate a total amount of tools, furniture and fixtures and construction in progress.
2. A part of the facilities of Head Office and Bokuya Factory is leased to MIMAKI PRECISION Co., Ltd. and a part of Kazawa Factory is leased to GRAPHIC CREATION Co., Ltd., both of which are the Group’s consolidated subsidiaries.
3. 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.
4. The Group has no other significant leasing or leased facilities than the above.

3. Planned additions, retirements, etc. of facilities

The capital investment of the Group is determined by thoroughly considering factors such as business forecast, industry trends, and investment efficiency. Planned Significant additions, retirements, etc. of facilities as of the end of the current fiscal year are as follows:

(1) Significant additions, etc. of facilities

Company name Facility name	Location	Segment name	Facilities	Planned investment amount		Financing method	Scheduled commencement/completion		Increased capacity after completion
				Total amount (Thousands of yen)	Paid amount (Thousands of yen)		Commencement	Completion	
MIMAKI ENGINEERING CO., LTD. Maruko Factory	Ueda-shi, Nagano	Japan, Asia and Oceania	Buildings/ annexed facilities	1,085,000	756,908	Internally generated funds and borrowings	April 2022	March 2023	Note 1
The Company Kazawa Factory	Tomi-shi, Nagano	Japan, Asia and Oceania	Molds	659,913	-	Internally generated funds and borrowings	April 2022	March 2023	Note 2
The Company Head Office / Bokuya Factory	Tomi-shi, Nagano	Japan, Asia and Oceania	Mission-critical systems	559,600	-	Internally generated funds and borrowings	April 2022	March 2023	Note 3

(Notes) 1. This information is omitted as we plan to secure production capacity based on how the demand develops going forward, etc.
2. There are no significant changes because replacement or update of new products is performed in the plan.
3. This information is omitted as rational calculation is difficult.

(2) Significant retirements, etc. of facilities

There is no related information.

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, 2022)	Number of issued shares as of filing date (Shares) (June 27, 2022)	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 (as of the end of the fiscal year) Prime Market (as of submission date)	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 27 Directors and employees of the Company's subsidiaries 16	Directors of the Company (excluding Outside Directors) 7 Employees of the Company 37 Directors and employees of the Company's subsidiaries 18	Directors of the Company (excluding Outside Directors) 7 Employees of the Company and directors and employees of the Company's subsidiaries 61
Number of share acquisition rights (Units)*	665	812	941
Type, description and number of shares subject to share acquisition rights (Shares)*	66,500 common shares	81,200 common shares	94,100 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 Amount to be included in capital 610	Issue price of shares 815 Amount to be included in capital 408	Issue price of shares 522 Amount to be included in capital 261

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, 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, 2022). 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 (May 31, 2022), any description as of the end of the filing month is 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.

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

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 March 31, 2022

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)	—	13	25	50	93	3	3,491	3,675	—
Number of shares held (Units)	—	47,031	7,092	99,760	42,431	44	123,991	320,349	5,100
Shareholding ratio (%)	—	14.68	2.21	31.14	13.25	0.01	38.71	100.00	—

(Note) 3,264,767 treasury shares consist of 32,647 units included in "Individuals and others" and 67 shares included in "Shares less than one unit."

(6) Major shareholders

As of March 31, 2022

Shareholder name	Address	Number of shares held (Shares)	Shareholding ratio (excluding treasury shares) (%)
Ikeda Holdings, Inc.	1-4-18, Kokubu, Ueda-shi, Nagano	4,859,300	16.89
The Master Trust Bank of Japan, Ltd.	2-11-3, Hamamatsucho, Minato-ku, Tokyo	2,867,800	9.97
Tanaka Kikaku Ltd.	532-3, Agata, Tomi-shi, Nagano	2,230,000	7.75
Noriyuki Tanaka	Tomi-shi, Nagano	2,033,100	7.06
Tokyo Small and Medium Business Investment & Consultation Co., Ltd.	3-29-22, Shibuya, Shibuya-ku, Tokyo	1,529,000	5.31
MIMAKI ENGINEERING Employee Stock Ownership	2182-3, Shigeno-Otsu, Tomi-shi, Nagano	1,139,800	3.96
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)	1,091,400	3.79
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	2.92
Adeki Partners Co., Ltd.	1-5-16, Kokubu, Ueda-shi, Nagano	833,200	2.90
Custody Bank of Japan, Ltd.	1-8-12, Harumi, Chuo-ku, Tokyo	626,300	2.18
Total	–	18,049,900	62.73

(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.	2,867,800 shares
Custody Bank of Japan, Ltd.	626,300 shares

(7) Voting rights

(i) Issued shares

As of March 31, 2022

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	3,264,700	－	－
Shares with full voting rights (Other)	Common shares	28,770,200	287,702	－
Shares less than one unit	Common shares	5,100	－	－
Total number of issued shares		32,040,000	－	－
Total number of voting rights		－	287,702	－

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

(ii) Treasury shares

As of March 31, 2022

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	3,264,700	－	3,264,700	10.19
Total	–	3,264,700	－	3,264,700	10.19

(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)
Treasury shares authorized to be acquired by resolution of the Board of Directors on November 29, 2021. (Acquisition period: from November 30, 2021 to November 30, 2021)	800,000	692,000,000
Treasury shares acquired prior to the fiscal year ended March 31, 2022	－	－
Treasury shares acquired during the fiscal year ended March 31, 2022	720,000	622,800,000
Total remaining number of shares and value authorized to be acquired	80,000	69,200,000
Percentage of remaining number of shares and value authorized to be acquired as of March 31, 2022 (%)	10.0	10.0
Treasury shares acquired during the period from April 1, 2022 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 (%)	10.0	10.0

(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

Classification	Current fiscal year		From April 1, 2022 until the filing date of this Annual Securities Report	
	Number of shares (Shares)	Total amount of disposal (Thousands of yen)	Number of shares (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, share delivery, or company split	—	—	—	—
Others (Exercise of share acquisition right)	1,000	597	1,000	597
Treasury shares held	3,264,767	—	3,263,767	—

(Note) 1. The number of treasury shares processed during this period does not include shares resulting from the exercise of share acquisition rights from June 1, 2022 to the date of submission of this securities report.
2. The number of treasury shares held during this period does not include shares resulting from the exercise of share acquisition rights from June 1, 2022 to the date of submission of this securities report.

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.

For the current fiscal year, we paid out year-end dividends of 15.0 yen, which includes 7.5 yen for interim dividend, per share as per the aforementioned policy.

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)
November 10, 2021 Resolution of the Board of Directors	221,206	7.5
May 12, 2022 Resolution of the Board of Directors	215,814	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, Koji Shimizu, Yasuhiro Haba, Nariaki Makino, Takeshi Kodaira, Shujiro Morisawa, Yoh Zenno (Note), Noriyuki Tanaka, Makoto Tanaka (Note), Hisamitsu Arai (Note), Seiko Minomo (Note), Shunsuke Numata (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), Seiko Minomo (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, Koji Shimizu, Yasuhiro Haba, Nariaki Makino, Takeshi Kodaira, Shujiro Morisawa, Yoh Zenno (Note), Kenji Tsuchiya, Takuya Yamazaki, Shigenobu Narusawa, Tatsuya Horikawa, Takayuki Ato, Masayasu Hanadate, Masaaki Kanai, Yuji Ikeda, Naoki Muromachi, Kikuo Shimizu, Takao Terashima, Naoya Kawagoshi, Koji Imoto, Takashi Noda, Tomomitsu

			Hanaoka, Takashi Uchino, Takahiro Hiraki, Hideo Iwama, Norio Igarashi, Akira Suzuki, Shinsuke Ota, Hisashi Takeuchi, Norikazu Nakamura, Jun Nakamura, Akihiko Mizusaki, Haruhiro Ozawa, Mutsumi Fukuda, Koji Tokuhiro, Shinichi Iwamoto, Yuki Kitamura, Yumiko Ide, Fumitoshi Tanaka, Kazutaka Watanabe, Shuji Kitazawa

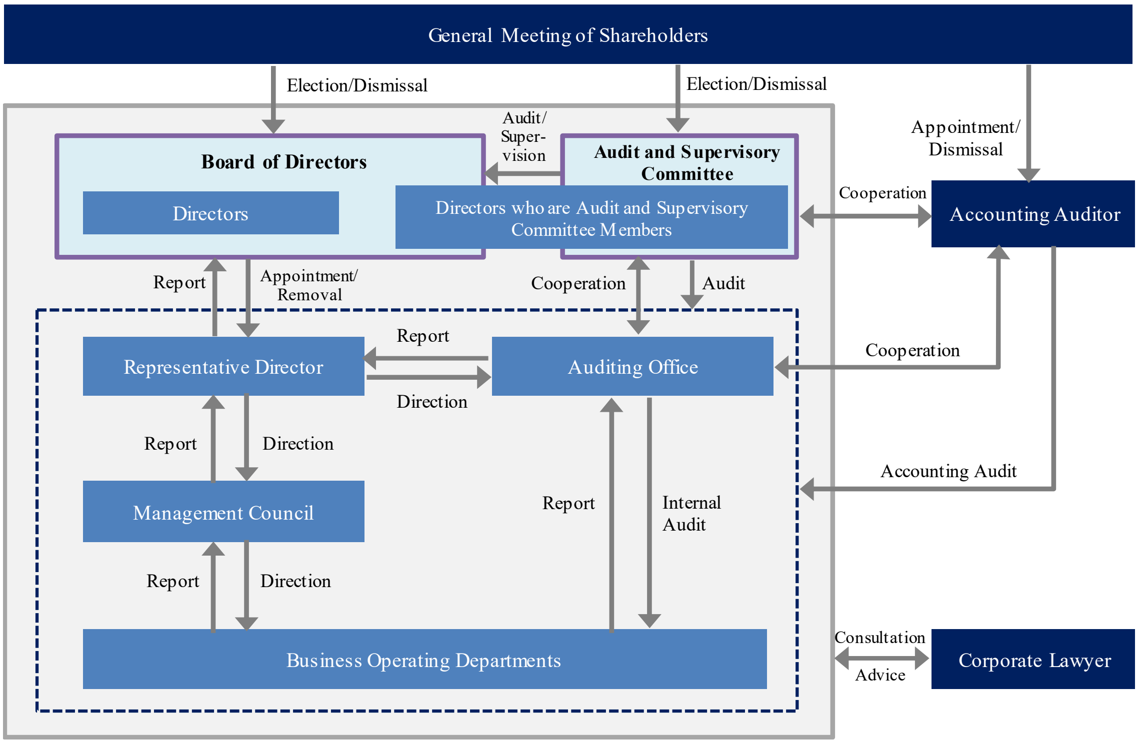
(Note) They are Outside Directors.

(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. 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.

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, 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.

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) Overview of the directors and officers liability insurance policy

The Company has entered into a directors and officers liability insurance policy with an insurance company as provided for in Article 430-3, paragraph (1) of the Companies Act, naming Directors of the Company and subsidiaries of the Company (including the Directors in office in the current fiscal year) as the insured. The insurance premium is fully paid by the Company. The outline of the said insurance policy is that, according to the insurance policy, the insurance company covers damages that may result from the insured being liable for the performance of their duties or being subject to a claim for the pursuit of such liability. The insurance policy is renewed every year.

(vi) 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.

(vii) 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.

(viii) 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.

(ix) 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	April 2004 Joined GRAPHIC CREATION Co., Ltd. April 2006 Joined the Company September 2009 Director, MIMAKI KANPHOR INDIA PRIVATE LIMITED (current position) June 2013 Director, General Manager, Sales Division and Global Marketing Department, the Company June 2014 Director, GRAPHIC CREATION CO., Ltd. (current position) June 2015 Executive Director and General Manager, Sales Division, the Company July 2015 Director, MIMAKI EUROPE B.V. (current position) July 2015 Director, MIMAKI USA, INC. (current position) April 2016 President, the Company (current position) April 2017 Representative Director and President, MIMAKI ENGINEERING (TAIWAN) Co., Ltd. (current position) April 2017 Representative Director and President, Shanghai Mimaki Trading Co., Ltd. (current position) April 2017 Director, PT. MIMAKI INDONESIA (current position) April 2017 Director, MIMAKI SINGAPORE PTE. LTD. (current position) December 2018 Representative Director, MIMAKI (THAILAND) CO., LTD. (current position) April 2019 Director, ALPHA DESIGN CO., LTD. (current position) April 2019 Director, ALPHA SYSTEMS CO., LTD. (current position) April 2019 Director, Tonami Corporation Ltd. (current position) March 2022 Director, Microtech corp. (current position)	Note 2	32,100

Official title or position	Name	Date of birth	Career summary		Term of office	Number of shares held (Shares)
Managing Director	Kazuyuki Takeuchi	March 5, 1965	April 1985	Joined Victor Company of Japan, Limited (currently JVCKENWOOD Corporation)	Note 2	81,100
			May 1990	Joined the Company		
			April 2014	General Manager, Research and Development Division, Research and Development Department and Technical Management Department, the Company		
			June 2014	Director and General Manager, Research and Development Division, Research and Development Department and Technical Management Department, the Company		
			June 2015	Executive Director and General Manager, Research and Development Division, the Company		
			July 2015	Director, MIMAKI PRECISION Co., Ltd. (current position)		
			April 2016	Representative Director and President, MIMAKI IJ TECHNOLOGY CO., Ltd. (current position)		
			April 2016	Representative Director and President, MIMAKI PINGHU TRADING CO., LTD. (current position)		
			June 2016	Managing Director, the Company (current position)		
			October 2016	Representative Director, Mimaki La Meccanica S.p.A. (current position)		
			April 2017	Director, Mimaki Lithuania, UAB (current position)		
			April 2019	Director, ALPHA DESIGN CO., LTD. (current position)		
			April 2019	Director, ALPHA SYSTEMS CO., LTD. (current position)		
			April 2019	Director, Tonami Corporation Ltd. (current position)		
			March 2022	Director, Microtech corp. (current position)		

Official title or position	Name	Date of birth	Career summary		Term of office	Number of shares held (Shares)
Executive Director General Manager, Corporate Planning Division	Koji Shimizu	August 5, 1974	April 1997	Joined THE HACHIJUNI BANK, LTD.	Note 2	5,000
			May 2009	Joined the Company		
			April 2017	General Manager, Corporate Planning Division and Corporate Management Department, the Company		
			April 2017	Director, MIMAKI ENGINEERING (TAIWAN) Co., Ltd. (current position)		
			April 2017	Director, Shanghai Mimaki Trading Co., Ltd. (current position)		
			June 2017	Director and General Manager, Corporate Planning Division and Corporate Management Department, the Company		
			July 2017	Director and General Manager, Corporate Planning Division and Corporate Promotion Department, the Company		
			June 2018	Director, MIMAKI INDIA PRIVATE LIMITED (current position)		
			October 2018	Director and General Manager, Corporate Planning Division, the Company		
			March 2022	Auditor, Microtech corp. (current position)		
			April 2022	Auditor, MIMAKI IJ TECHNOLOGY CO., Ltd. (current position)		
			April 2022	Auditor, MIMAKI PINGHU TRADING CO., LTD. (current position)		
			June 2022	Executive Director and General Manager, Corporate Planning Division, the Company (current position)		
Director General Manager, Sales Division	Yasuhiro Haba	July 23, 1971	April 1996	Joined CAM Co., Ltd.	Note 2	11,100
			September 1997	Joined the Company		
			October 2015	Deputy General Manager, Sales Division and General Manager, JP Business Department, the Company		
			April 2016	Representative Director and President, MIMAKI USA, INC.		
			June 2016	Director, the Company		
			October 2017	Director and General Manager, Sales Division, the Company (current position)		
			June 2018	Director, MIMAKI EUROPE B.V. (current position)		
			June 2018	Director, Mimaki Deutschland GmbH (current position)		
			April 2019	Director, Shanghai Mimaki Trading Co., Ltd. (current position)		
			June 2019	Director, MIMAKI AUSTRALIA PTY LTD (current position)		

Official title or position	Name	Date of birth	Career summary	Term of office	Number of shares held (Shares)
Director Deputy General Manager of Management Division and General Manager of Human Resource Department	Nariaki Makino	December 12, 1960	April 1983 Joined THE HACHIJUNI BANK, LTD. October 2015 Joined the Company and assumed the position of the Head of the Auditing Office April 2016 General Manager, General Affairs Department, Management Division, the Company April 2018 Deputy General Manager, Management Division and General Manager, General Affairs Department, the Company June 2018 Director, Deputy General Manager, Management Division and General Manager, General Affairs Department, the Company February 2022 Director, Deputy General Manager, Management Division and General Manager, Human Resource Department, the Company (current position)	Note 2	4,000
Director, General Manager, Research and Development Division, Research and Development Department and SW Technical Department	Takeshi Kodaira	April 15, 1978	April 1999 Joined the Company April 2016 General Manager, HW Technology Group, Technology Control Department, Research and Development Division, the Company September 2018 General Manager, Technology Control Department, Research and Development Division, the Company April 2019 General Manager, Research and Development Division, the Company August 2020 Director and General Manager, Research and Development Division, Research and Development Department, the Company May 2021 Director and General Manager, Research and Development Division, Research and Development Department and SW Technical Department, the Company (current position) March 2022 Director, Microtech corp. (current position)	Note 2	400
Director General Manager, FA Business Department	Shujiro Morisawa	February 18, 1981	April 2001 Joined Denno Kogei Plus Co., Ltd. May 2006 Joined ALPHA DESIGN CO., LTD. September 2016 Representative Director and President, ALPHA DESIGN CO., LTD. (current position) July 2017 General Manager, FA Business Department, the Company April 2019 Representative Director and President, ALPHA SYSTEMS CO., LTD. (current position) April 2019 Representative Director and President, Tonami Corporation Ltd. (current position) June 2022 Director and General Manager, FA Business Department, the Company (current position)	Note 2	26,000

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	April 1980 September 2010 June 2016 June 2017 June 2019	Joined the Sanwa Bank, Limited (currently MUFG Bank, Ltd.) President & CEO, MST Risk Consulting Co., Ltd. Deputy President, Mitsubishi UFJ Capital Co., Ltd. Full-time Outside Director, the Company Outside Director (Audit and Supervisory Committee Member), the Company (current position)	Note 3	6,500
Director (Audit and Supervisory Committee Member)	Noriyuki Tanaka	November 27, 1948	April 1967 October 1975 April 1989 June 1997 June 2004 June 2007 June 2019 April 2021	Joined Matsushita Electric Industrial Co., Ltd. (currently Panasonic Corporation) Representative Director and President, MIMAKI ENGINEERING (currently the Company) Founded Mimaki Electronic Components Co., Ltd. and assumed the position of the Representative Director and President Executive Chairman, the Company Counselor for Director, the Company Executive Chairman, Mimaki Electronic Components Co., Ltd. (current position) Director (Audit and Supervisory Committee Member), the Company (current position) Director, NES-ENG Co., Ltd. (current position)	Note 3	2,033,100
Director (Audit and Supervisory Committee Member)	Makoto Tanaka	January 11, 1956	December 2000 August 2011 June 2014 June 2019 June 2019	Auditor, Sanko Soflan Holdings Co., Ltd. (current position) Representative Partner, eclat Consulting (current position) Outside Director, the Company Outside Director, ALPICO HOLDINGS Co., Ltd. (current position) Outside Director (Audit and Supervisory Committee Member), the Company (current position)	Note 3	39,000
Director (Audit and Supervisory Committee Member)	Hisamitsu Arai	January 10, 1944	July 1996 June 1998 April 2001 March 2003 June 2007 June 2016 June 2019	Commissioner, Japan Patent Office Deputy Director-General, Ministry of International Trade and Industry Chairman & CEO, Nippon Export and Investment Insurance Secretary-General, Intellectual Property Strategy Headquarters, Cabinet Secretariat President and CEO, Tokyo Small and Medium Business Investment & Consultation Co., Ltd. Outside Director, the Company Outside Director (Audit and Supervisory Committee Member), the Company (current position)	Note 3	5,200

Official title or position	Name	Date of birth	Career summary		Term of office	Number of shares held (Shares)
Director (Audit and Supervisory Committee Member)	Seiko Minomo	May 9, 1971	April 1997	Admitted to the Bar in Japan	Note 3	500
			April 1997	Joined Law Offices of Homma & Komatsu (currently Homma & Partners) (current position)		
			May 2001	Admitted to the Bar in New York, U.S.		
			November 2018	Outside Director, A-tie Co., Ltd (current position)		
			June 2019	Outside Director, the Company		
			June 2021	Outside Director (Audit and Supervisory Committee Member), the Company (current position)		
Director	Shunsuke Numata	August 22, 1979	April 1999	Joined Nos Co., Ltd. (currently CREVA SYSTEMS Co., Ltd.)	Note 2	—
			June 2001	Joined P&P Bureau Co., Ltd.		
			June 2012	Joined Ernst & Young Co., Ltd.		
			July 2013	Joined Industrial Growth Platform, Inc.		
			October 2016	Partner, Managing Director (current position) and Chief, IGPI Manufacturing Solution Company, Industrial Growth Platform, Inc.		
			October 2020	Executive Director, Japan Platform of Industrial Transformation, Inc. (current position)		
			June 2021	Outside Director, the Company (current position)		
			Total			2,244,000

(Notes) 1. Mr. Yoh Zenno, Mr. Makoto Tanaka, Mr. Hisamitsu Arai, Ms. Seiko Minomo and Mr. Shunsuke Numata are Outside Directors.
2. 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.
3. 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 Mr. Yoh Zenno, Mr. Makoto Tanaka, Mr. Hisamitsu Arai and Ms. Seiko Minomo hold 6,500 shares, 39,000 shares, 5,200 shares and 500 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.

Mr. Yoh Zenno, Mr. Makoto Tanaka, Mr. Hisamitsu Arai and Ms. Seiko Minomo 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. Ms. Seiko Minomo is well versed in corporate legal affairs and risk management as a lawyer. In addition, Outside Director Mr. Shunsuke Numata has expertise insight into corporate strategies and management operations as well as a wealth of knowledge and experience as a management consultant.

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

a. Organization, members, and procedures of the Audits by the Audit and Supervisory Committee

An audit by the Audit and Supervisory Committee for the current fiscal year (from April 1, 2021 to March 31, 2022) is conducted by the Company's Audit and Supervisory Committee consisting of five Directors who are Audit and Supervisory Committee Members, including four Outside Directors. All Audit and Supervisory Committee Members attend meetings held by the Accounting Auditor to examine the Audit Plan Summary and briefing on the audit performed by Independent Auditors at the end of the fiscal year. 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 Internal Control Report 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. Audits were mainly performed remotely for the current fiscal year due to the COVID-19 pandemic.

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.

b. Activities of the Audit and Supervisory Committee

In the current fiscal year, the Company held the Board of Directors meetings 13 times and Audit and Supervisory Committee meetings 14 times. The table below shows the attendance of each Audit and Supervisory Committee Member at the meetings. (including those attended remotely)

Category	Name	Attendance at the Board of Directors Meetings	Attendance at the Audit and Supervisory Committee Meetings
Full-time Audit and Supervisory Committee Member (Outside)	Yoh Zenno	13/13 (100%)	14/14 (100%)
Audit and Supervisory Committee Member	Noriyuki Tanaka	13/13 (100%)	14/14 (100%)
Audit and Supervisory Committee Member (Outside)	Makoto Tanaka	13/13 (100%)	14/14 (100%)
Audit and Supervisory Committee Member (Outside)	Hisamitsu Arai	13/13 (100%)	14/14 (100%)
Audit and Supervisory Committee Member (Outside)	Seiko Minomo	10/10 (100%)	10/10 (100%)

(Note) Ms. Seiko Minomo retired from the position of Director at the 46th Annual General Meeting of Shareholders held on June 30, 2021, and was newly elected and assumed the position of Audit and Supervisory Committee Member on the same day. After her appointment, the Board of Directors held 10 meetings and the Audit and Supervisory Committee held 10 meetings.

Important audit matters discussed by the Audit and Supervisory Committee include:

Audit on legality and reasonability of executing the duties, internal and external legal compliance, 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.

During the COVID-19 pandemic, activities focused on by the Audit and Supervisory Committee in the current fiscal year include:

- Holding online meetings via the Internet, conducting various researches through remote audits
- Performing monthly tracking on the progress of business structure improvement, cost structure improvement and inventory control
- Monitoring the progress of the statutory audit of MIMAKI EUROPE B.V.
- Monitoring matters related to the change of the audit firm of MIMAKI EUROPE B.V.
- Addressing the revisions in the Companies Act amended in March 2021
- Addressing the revisions in the Corporate Governance Code amended in June 2021
- Summarizing the matters under discussion on enhancement of narrative information in the Annual Securities Report related to application of "Key Audit Matters (KAM)" of the fiscal year ended March 31, 2021
- Following up on the restructuring of the Tokyo Stock Exchange
- Self-improvement study sessions held by Outside Directors on a rotational basis

Activities carried out by the full-time Audit and Supervisory Committee Member, in addition to those mentioned above, is as follows:

- Sharing information with the President (performed as necessary)
- Sharing monthly update, etc. with Outside Directors (Audit and Supervisory Committee meetings attended by observers)
- Meeting with the Accounting Auditor (monthly meetings and three-pillar audit meetings (every three months))
- Audit briefing by Independent Auditors attended by all the Audit and Supervisory Committee Members, Discussion of Key Audit Matters (KAM)
- Sharing and exchanging information with the Audit Office
- Attending at important meetings (such as Management Council, Q reviews, strategy meetings and Management Division meetings)
- Remote audits on domestic and overseas business locations

- Year-end onsite stocktaking audits (twice)
- Sharing information with peers as a member of the Accounting Practice Subcommittee, the Manufacturing Industry Section 3, the Japan Corporate Auditors Association

(ii) 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 two staff members.

(iii) Information about Accounting Audits

a. Name of audit firm

Deloitte Touche Tohmatsu LLC

b. Years of continuous auditing

18 years

c. Certified public accountants who executed the audit duties

Masahiko Mutsuda
Norihiko Asai

d. Composition of assistants who supported audit duties

Five certified public accountants, four individuals who have passed the Certified Public Accountants Examination, etc. and other six 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 — Explanation of Audit Policy for the fiscal year ended March 31, 2022 and Report on Audit Quality. The committee also made the decision by comprehensively taking into account the firm's efforts such as addressing the "key audit matter (KAM)" requirement, for which mandatory adoption began in March 2021, throughout the year and communication with the management and the Audit and Supervisory Committee.

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.

(iv) Details of audit fees and other matters

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

(Thousands of yen)

Classification	Previous fiscal year		Current fiscal year	
	Fees for audit certification services	Fees for non-audit services	Fees for audit certification services	Fees for non-audit services
Reporting company	39,600	–	37,500	–
Consolidated subsidiaries	–	–	–	–
Total	39,600	–	37,500	–

There was no non-auditing work for which the Company paid fees to auditing certified public accountants, etc.
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.)

(Thousands of yen)

Classification	Previous fiscal year		Current fiscal year	
	Fees for audit certification services	Fees for non-audit services	Fees for audit certification services	Fees for non-audit services
Reporting company	–	2,000	–	2,000
Consolidated subsidiaries	41,265	55,090	11,238	16,067
Total	41,265	57,090	11,238	18,067

Non-audit services include consultations on general tax affairs and transfer pricing, tax services such as tax filing service 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 Company established the policies for determining the amounts and calculation method for remuneration for Directors (and other officers) at the Board of Directors meeting held on February 12, 2021. The details are as follows:

a. Basic policies

The basic policies are set to the remuneration of Directors (excluding Directors who are Audit and Supervisory Committee Members; the same applies hereinafter) of the Company at an appropriate level based on positions and responsibilities of each Director. Specifically, the remuneration comprises basic remuneration as fixed remuneration and performance-based remuneration etc. Additionally, stock-based remuneration, which is non-monetary remuneration is included in order to provide Directors with incentives for the continued improvement of corporate value. Payment of non-monetary remuneration shall be submitted to a General Meeting of Shareholders taking the performance of the Company, etc. into account, and shall be paid if the proposal of the remuneration is approved at the meeting, according to the conditions under which the approval is granted. Remuneration of non full-time Directors comprises only basic remuneration as fixed remuneration and performance-based remuneration etc.

b. Policy for determining the amount of remuneration, etc. of basic remuneration (monetary remuneration) for each individual

Basic remuneration of Directors of the Company shall be monthly fixed remuneration and determined at the Board of Directors meeting held after an Annual General Meeting of Shareholders. The determination shall be made considering levels of remuneration for each position using benchmarks, which are set by referencing remuneration of companies having similar business size to the Company or companies belonging to related industries or related business categories.

c. Policy for determining the amount of remuneration, etc. of performance-based remuneration, etc. for each individual

Performance-based remuneration, etc. shall be cash remuneration, which reflects key performance indicator (KPI) to raise awareness towards improvement of performance of each fiscal year. The KPI shall be consolidated profit before tax, and if the KPI published (actual figure) satisfies the target figure set at the beginning of each fiscal year, performance-based remuneration shall be paid as bonus at a certain time each year in an amount calculated with a formula according to the degree of achievement.

d. Policy for determining the amount of remuneration, etc. of non-monetary remuneration, etc. for each individual

Non-monetary remuneration, etc. shall be share acquisition rights as tax-qualified stock options, shall apply to full-time Directors (only executive directors), and shall be up to 10 million yen per annum (calculated based on the fair value of the share acquisition rights)

e. Policy for determining the ratio of the amount of monetary remuneration, performance-based remuneration, etc., or non-monetary remuneration, etc. of the total remuneration for each Director

Considering the level of top 500 listed companies in terms of market capitalization, the ratio of the performance-based remuneration, etc. of the total remuneration shall be targeted at 30% (provided that KPI is achieved 100%). Note that the performance-based remuneration, etc. mentioned above shall reflect the business results for the fiscal year ending March 31, 2026 (FY2025), the final year of the Company's new Medium-term Plan. The ratio of non-monetary remuneration, etc. of the total remuneration amount shall not be determined because whether non-monetary remuneration, etc. is paid or not, and the details of the payment have yet to be determined.

f. Matters concerning partial delegation of determination on details of remuneration, etc. for each Director

Of remuneration, etc. for each Director, determination of the following matters shall be delegated to Mr. Kazuaki Ikeda, President, pursuant to the resolution by the Board of Directors.

- Determination of the amount of performance-based remuneration, etc., for each individual
- Determination of when non-monetary remuneration is paid and the amount of non-monetary remuneration, etc., for each individual

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 eight (of which one is an Outside Director). 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 five.

(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)

(Thousands of yen)

Categories of Directors (and other officers)	Total amount of remuneration	Total amount by type of remuneration				Number of eligible Directors (and other officers)
		Fixed remuneration	Performance-based remuneration	Retirement benefits	Of items left, non-monetary remuneration, etc.	
Directors (excluding Audit and Supervisory Committee Members and Outside Directors)	144,062	144,062	—	—	437	7
Directors (Audit and Supervisory Committee Members) (excluding Outside Directors)	8,400	8,400	—	—	—	1
Outside Directors (and other officers)	51,600	51,600	—	—	—	7

(Notes) 1. The above includes two Directors who retired at the conclusion of the 46th Annual General Meeting of Shareholders held on June 30, 2021. Of these, one retired Director was newly appointed as Director who is an Audit and Supervisory Committee Member after retiring from the position of Director at the conclusion of the said General Meeting of Shareholders. The membership and remuneration of the said individual are included in those for Directors for her period as Director and in those for Directors who are Audit and Supervisory Committee Members for her period as Director who is an Audit and Supervisory Committee Member.

2. The total amount of remuneration of Directors does not include the portion of employee salaries for Directors concurrently serving as employees.

3. The total amount of non-monetary remuneration, etc., for Directors (excluding Audit and Supervisory Committee Members and Outside Directors) consists of fixed remuneration of 437 thousand yen.

(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. Shareholding policies, method of verification of reasonableness for 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	3	74,790
Shares other than those not listed	1	20,350

(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)	Number of shares (Shares)		
	Carrying amount on balance sheet (Thousands of yen)	Carrying amount on balance sheet (Thousands of yen)		
THE HACHIJUNI BANK, LTD.	50,000	50,000	Shares are held for the purpose of developing and maintaining the business relationship. Given the business status of THE HACHIJUNI BANK, LTD. that operates the banking business, it is difficult to specify the quantitative effects of this shareholding. However, since the bank is the main bank of the Company, it is necessary to understand its management information from the perspective of medium- to long-term financing plan. The holding amount is so small that the impact of this shareholding on the Company's financial condition is immaterial.	Yes
	20,350	20,150		

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, 2022 (from April 1, 2021 to March 31, 2022) were audited by Deloitte Touche Tohmatsu LLC, in accordance with Article 193-2, paragraph (1) of the Financial Instruments and Exchange Act.

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

(Thousands of yen)

	As of March 31, 2021	As of March 31, 2022
Liabilities		
Current liabilities		
Notes and accounts payable - trade	4,322,168	3,571,634
Electronically recorded obligations - operating	5,449,924	5,917,210
Short-term borrowings	*2 4,125,700	*2 10,623,315
Current portion of long-term borrowings	*2 3,993,954	*2 3,813,036
Lease liabilities	197,432	179,591
Accounts payable - other	1,274,402	1,348,025
Income taxes payable	257,644	650,980
Provision for bonuses	884,655	904,279
Provision for bonuses for directors (and other officers)	–	41,184
Provision for product warranties	1,049,122	1,512,195
Other	3,414,047	*3 3,768,330
Total current liabilities	24,969,051	32,329,783
Non-current liabilities		
Long-term borrowings	*2 8,913,749	*2 8,432,453
Lease liabilities	249,070	818,221
Deferred tax liabilities	56,941	69,590
Retirement benefit liability	383,029	384,090
Asset retirement obligations	52,940	59,631
Provision for retirement benefits for directors (and other officers)	–	45,900
Other	650	650
Total non-current liabilities	9,656,381	9,810,537
Total liabilities	34,625,433	42,140,321
Net assets		
Shareholders’ equity		
Share capital	4,357,456	4,357,456
Capital surplus	4,617,040	4,617,426
Retained earnings	9,979,574	11,878,738
Treasury shares	(1,329,614)	(1,951,816)
Total shareholders’ equity	17,624,456	18,901,804
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	5,478	8,760
Foreign currency translation adjustment	(1,568,988)	(354,857)
Remeasurements of defined benefit plans	104,767	77,803
Total accumulated other comprehensive income	(1,458,742)	(268,293)
Share acquisition rights	34,250	33,595
Non-controlling interests	13,486	49,850
Total net assets	16,213,450	18,716,957
Total liabilities and net assets	50,838,883	60,857,279

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

Consolidated statements of income

(Thousands of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Net sales	48,722,930	*1 59,511,957
Cost of sales	30,108,369	35,665,993
Gross profit	18,614,560	23,845,963
Selling, general and administrative expenses	*2, *3 19,124,372	*2, *3 21,276,696
Operating profit (loss)	(509,812)	2,569,267
Non-operating income		
Interest income	16,163	18,627
Dividend income	876	930
Insurance claim income	3,664	8,708
Rent income	15,801	13,266
ICMS Refund	7,525	11,582
Foreign exchange gains	–	103,353
Subsidy income	889,959	61,295
Gain on business transfer	121,091	–
Share of profit of entities accounted for using equity method	23,612	–
Gain on sale of scraps	11,483	36,576
Other	62,350	38,390
Total non-operating income	1,152,528	292,730
Non-operating expenses		
Interest expenses	167,754	132,925
Sales discounts	81,922	–
Foreign exchange losses	8,448	–
Share of loss of entities accounted for using equity method	–	12,140
Consumption tax difference	11,752	20,630
Other	6,457	8,003
Total non-operating expenses	276,335	173,700
Ordinary profit	366,381	2,688,298
Extraordinary income		
Gain on sale of non-current assets	*4 55,492	*4 92,415
Other	1,190	2,169
Total extraordinary income	56,682	94,584
Extraordinary losses		
Loss on sale of non-current assets	*5 4,844	*5 4,417
Impairment losses	*6 642,456	–
Loss on disposal of non-current assets	47,563	–
Total extraordinary losses	694,864	4,417
Profit (loss) before income taxes	(271,801)	2,778,465
Income taxes - current	324,330	913,621
Income taxes - deferred	(155,309)	(501,412)
Total income taxes	169,021	412,208
Profit (loss)	(440,822)	2,366,256
Profit (loss) attributable to non-controlling interests	(139,571)	18,777
Profit (loss) attributable to owners of parent	(301,251)	2,347,478

Consolidated statements of comprehensive income

(Thousands of yen)

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

(iii) Consolidated statements of changes in equity
Fiscal year ended March 31, 2021

(Thousands of yen)

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

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

Fiscal year ended March 31, 2022

(Thousands of yen)

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

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

(iv) Consolidated statements of cash flows

(Thousands of yen)

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

(Thousands of yen)

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

[Notes]

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

1. Scope of consolidation

(1) Number of consolidated subsidiaries: 24

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.
Microtech corp.

Of the above, Microtech corp. was included in the scope of consolidation due to the acquisition of new shares in the current fiscal year.

(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. The fiscal year end date of Microtech corp. is July 31. 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 other than stocks and other securities without available market value

Stated at fair value (all valuation differences are processed by the direct net assets method, and cost of securities sold is calculated by the moving-average method).

Stocks and other securities without available 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 for 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 the individually estimated free repair cost and the historical experience-based estimated amount is recorded.

(e) Provision for retirement benefits for directors (and other officers)

To prepare for the payment of retirement benefits to directors (and other officers), the amount borne for the current fiscal year among the estimated bonus payments 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 for voluntary retirements at the fiscal year-end.

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

Prior service cost is immediately expensed 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) Accounting policy for significant revenues and expenses

Revenue is recognized at the time the control of promised goods or services is transferred to the customer at the amount expected to be received upon exchange of said goods or services.

The principal performance obligations in major businesses and the usual time at which revenue is recognized are as follows: for products that the Group is obligated to install under a contract with a customer, at the time installation is completed; for products that the Group is not obligated to install under a contract with a customer, at the time the product is transferred. At the respective time, the Group determines that control over the product has been acquired by the customer and that the performance obligation has been satisfied, and recognizes revenue.

For products for which there is no obligation to install, revenue is recognized at the time of shipment if the period from the time of shipment to the time when control of the product is transferred to the customer is a normal period of time.

(6) 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 revenue 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.

(7) 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 for 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 hedged items and the cumulative total of the market fluctuations or the cash flow fluctuations for their hedging instruments. However, assessing the hedge effectiveness is omitted for interest rate and currency swaps through integrated accounting (designation and exceptional accounting).

(8) 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.

(9) 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.

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

There is no related information.

(Significant accounting estimates)

(1) Valuation of merchandise and finished goods

(i) Amount recorded in the consolidated financial statements

(Thousands of yen)

	Previous fiscal year	Current fiscal year
Merchandise and finished goods	11,080,748	14,627,845

(ii) Information contributing to understanding of accounting estimates

Merchandise and finished goods are measured at their acquisition cost. However, if the estimated net selling value at the end of the fiscal year is less than the acquisition cost, they are measured at the net selling value. In that case, in principle, the difference between the net selling value and the acquisition cost is recognized as cost of sales. The net selling value of stagnated inventories that are no longer part of an operating cycle is estimated by reflecting future demand and market trends.

The net selling value for each item is estimated by the management based on the latest sales results, etc. of each product type. If the market environment deteriorates more than anticipated and the net selling value drops significantly, a loss may occur.

(2) Impairment of non-current assets

(i) Amount recorded in the consolidated financial statements

The carrying amount in the consolidated balance sheets of property, plant and equipment and intangible assets under asset groups with indications of impairment

(Thousands of yen)

	Previous fiscal year	Current fiscal year
(a) Mimaki Lithuania, UAB	155,554	–
(b) MIMAKI (THAILAND) CO., LTD.	25,053	–
(c) MIMAKI BRASIL COMERCIO E IMPORTACAO LTDA	–	37,376

(ii) Information contributing to understanding of accounting estimates

MIMAKI BRASIL COMERCIO E IMPORTACAO LTDA

With regard to this asset group, continued losses were posted from the operating activities for the current fiscal year, and an indication of impairment was identified. The Company, on determining whether or not to recognize an impairment loss, elected not to recognize an impairment loss because undiscounted future cash flows exceeded the carrying amount.

For undiscounted future cash flows, net selling values are estimated by management for each item based on the most recent sales results, etc. of each type of non-current asset. If the market environment deteriorates more than anticipated and the net selling value drops significantly, an impairment loss may be recognized in the next fiscal year.

(3) Recoverability of Deferred Tax Assets

(i) Amount recorded in the consolidated financial statements

(Thousands of yen)

	Previous fiscal year	Current fiscal year
Deferred tax assets	999,448	1,523,093

(ii) Information contributing to understanding of accounting estimates

The Company has recognized significant deferred tax assets for deductible temporary differences.

Determination of recoverability of deferred tax assets is made by scheduling the recovery of deductible temporary differences based on the estimated amount of taxable income before adjusting temporary differences. Future taxable income is estimated based on the assumption that the level of demand, which started to recover in the second half of the previous fiscal year, continues for the following fiscal year. If the estimation needs to be reviewed, deferred tax assets that are unlikely to be recovered may be reversed for the following fiscal year.

(Changes in accounting policies)

(Application of accounting standards on revenue recognition)

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

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

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

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

As a result, compared to the conventional method, net sales for the current fiscal year increased by 182,036 thousand yen, operating profit decreased by 98,908 thousand yen, and ordinary profit and profit before income taxes each increased by 5,572 thousand yen. In the consolidated statements of cash flows for the current fiscal year, under cash flows from operating activities, profit before income taxes increased by 5,572 thousand yen, decrease (increase) in trade receivable decreased by 40,360 thousand yen, increase (decrease) in trade payable increased by 35,187 thousand yen, and other decreased by 399 thousand yen. In addition, the balance of retained earnings at the beginning of the period decreased by 5,901 thousand yen. The effect of this change on the per share information for the current fiscal year is immaterial.

Due to the application of the Accounting Standard for Revenue Recognition, “Notes and accounts receivable - trade” under current assets of the consolidated balance sheets as of the end of the previous fiscal year has been included in “Notes receivable - trade” and “Accounts receivable - trade” under current assets from the consolidated balance sheets as of the end of the current fiscal year. In accordance with the transitional treatment stipulated in paragraph 89-2 of the Accounting Standard for Revenue Recognition, the previous fiscal year has not been reclassified using the new presentation method. Furthermore, in accordance with transitional treatment provided for in Paragraph 89-3 of the Accounting Standard for Revenue Recognition, notes related to revenue recognition for the previous fiscal year are not presented.

(Application of accounting standards for fair value measurement)

The Company has applied the “Accounting Standard for Fair Value Measurement” (ASBJ Statement No. 30, July 4, 2019) and relevant ASBJ regulations from the beginning of the current fiscal year, and it has applied the new accounting policy provided for by the Accounting Standard for Fair Value Measurement, etc. prospectively in accordance with the transitional measures provided for in Paragraph 19 of the Accounting Standard For Fair Value Measurement, and Paragraph 44-2 of the Accounting Standard for Financial Instruments (ASBJ Statement No. 10, July 4, 2019). There is no impact on the consolidated financial statements.

In addition, in the notes to “Financial instruments,” the Company elected to provide notes on matters concerning breakdown per level of fair value, etc. of financial instruments. However, in accordance with the transitional treatment provided for in Paragraph 7-4 of the Implementation Guidance on Disclosures about Fair Value of Financial Instruments (ASBJ Guidance No. 19, July 4, 2019), notes are not presented for items related to the previous fiscal year.

(New accounting standards, etc. not yet applied)

1. The Company and its consolidated subsidiaries in Japan

"Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31, June 17, 2021), Accounting Standards Board of Japan

(1) Overview

This guidance prescribes the treatment of calculation of and notes to the fair value of investment trusts, as well as notes to the fair value of investments in partnerships, etc., which are recorded on the balance sheet at a net amount equivalent to the equity interest.

(2) Scheduled date of application

The Company expects to apply this guidance from the beginning of the fiscal year ending March 31, 2023.

(3) Effects of application of the accounting standard, etc.

The Company is currently evaluating the effect of applying the "Implementation Guidance on Accounting Standard for Fair Value Measurement" on its consolidated financial statements.

2. Overseas consolidated subsidiaries accounted for under U.S. GAAP

-ASU 2016-02—Leases

(1) Overview

This accounting standard requires lessees to record all leases as assets and liabilities on the consolidated balance sheets in principle.

(2) Scheduled date of application

The Company expects to apply this standard from the end of the fiscal year ending March 31, 2023.

(3) Effects of application of the accounting standard, etc.

The impact of the application of the "ASU 2016-02—Leases" on the consolidated financial statements is currently under evaluation.

(Changes in presentation)

(Consolidated statements of income)

"Gain on sale of scraps," 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, 73,834 thousand yen presented as "Other" under "Non-operating income" in the consolidated statements of income for the previous fiscal year has been reclassified as "Gain on sale of scraps" of 11,483 thousand yen and "Other" of 62,350 thousand yen.

"Consumption tax difference," which was included in "Other" under "Non-operating expenses" 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 expenses. The consolidated financial statements of the previous fiscal year have been reclassified to reflect this change in presentation.
As a result, 18,209 thousand yen presented as "Other" under "Non-operating expenses" in the consolidated statements of income for the previous fiscal year has been reclassified as "Consumption tax difference" of 11,752 thousand yen and "Other" of 6,457 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. 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.

(Consolidated balance sheets)

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

(Thousands of yen)

	Previous fiscal year (As of March 31, 2021)	Current fiscal year (As of March 31, 2022)
"Other" in investments and other assets	15,000	15,000

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

Assets pledged as collateral are as follows:

(Thousands of yen)

	Previous fiscal year (As of March 31, 2021)	Current fiscal year (As of March 31, 2022)
Time deposits	–	1,330,000
Buildings and structures	2,210,309	2,159,375
Land	715,779	715,779
Total	2,926,088	4,205,155

Of the above, the time deposits are deposited collateral for tax litigation as described in "*4. Contingent liabilities" below.

Liabilities secured by the collateral are as follows:

(Thousands of yen)

	Previous fiscal year (As of March 31, 2021)	Current fiscal year (As of March 31, 2022)
Short-term borrowings	50,000	273,400
Current portion of long-term borrowings	40,800	26,600
Long-term borrowings	1,576,600	1,550,000
Total	1,667,400	1,850,000

*3. Contract liabilities in "Other" are as follows:

(Thousands of yen)

	Current fiscal year (As of March 31, 2022)
Contract liabilities	2,646,281

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 (101,013 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 (55,079 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 (45,933 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. Revenue from contracts with customers

In net sales, revenues are not separately presented for revenue from contracts with customers and other revenue. The amount of revenue from contracts with customers is presented in "Notes (Segment information, etc.)" under the consolidated financial statements.

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

(Thousands of yen)

	Previous fiscal year (From April 1, 2020 to March 31, 2021)	Current fiscal year (From April 1, 2021 to March 31, 2022)
Provision of allowance for doubtful accounts	199,643	90,237
Provision for product warranties	928,618	1,450,314
Salaries and allowances	5,856,409	6,240,738
Provision for bonuses	506,529	502,663
Retirement benefit expenses	148,204	133,775
Provision for bonuses for directors (and other officers)	–	41,184
Research and development expenses	1,953,650	2,363,257

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

(Thousands of yen)

	Previous fiscal year (From April 1, 2020 to March 31, 2021)	Current fiscal year (From April 1, 2021 to March 31, 2022)
Research and development expenses	1,953,650	2,363,257

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

(Thousands of yen)

	Previous fiscal year (From April 1, 2020 to March 31, 2021)	Current fiscal year (From April 1, 2021 to March 31, 2022)
Buildings and structures	–	521
Machinery, equipment and vehicles	2,064	3,828
Tools, furniture and fixtures	53,159	86,864
Leased assets	268	1,201
Total	55,492	92,415

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

(Thousands of yen)

	Previous fiscal year (From April 1, 2020 to March 31, 2021)	Current fiscal year (From April 1, 2021 to March 31, 2022)
Machinery, equipment and vehicles	126	–
Tools, furniture and fixtures	4,718	2,255
Land	–	2,162
Total	4,844	4,417

*6. Impairment loss

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

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

(Thousands of yen)

Location	Purpose	Type	Amount
Mimaki Lithuania, UAB (Lithuania)	Business-use assets	Goodwill	269,396
Mimaki Bompan Textile S.r.l (Italy)	Business-use assets	Buildings and structures	31,083
		Machinery, equipment and vehicles	1,964
		Tools, furniture and fixtures	39,103
		Intangible assets (other)	138,322
MIMAKI INDIA PRIVATE LIMITED (India)	Business-use assets	Buildings and structures	30,966
		Tools, furniture and fixtures	28,614
		Intangible assets (other)	285
8 other consolidated companies	Idle assets	Machinery, equipment and vehicles	6,527
		Tools, furniture and fixtures	18,241
		Construction in progress	61,239
		Intangible assets (other)	16,711
Total			642,456

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. Idle assets are grouped by individual asset. Those assets above are 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 (642,456 thousand yen) under extraordinary losses.

The recoverable amount of the asset groups is measured and determined using the value in use. The recoverable amount of Mimaki Lithuania, UAB (Lithuania) is calculated by discounting future cash flows at 11.45%. The value in use of the other asset groups is assessed as zero because future cash flows are negative.

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

There is no related information.

(Consolidated statements of comprehensive income)

* Reclassification adjustments and tax effects relating to other comprehensive income

(Thousands of yen)

	Previous fiscal year (From April 1, 2020 to March 31, 2021)	Current fiscal year (From April 1, 2021 to March 31, 2022)
Valuation difference on available-for-sale securities:		
Amount arising during the year	13,511	4,801
Before tax effects adjustments	13,511	4,801
Tax effects	(2,551)	(1,518)
Valuation difference on available-for-sale securities	10,959	3,282
Foreign currency translation adjustment:		
Amount arising during the year	542,983	1,235,262
Remeasurements of defined benefit plans, net of tax:		
Amount arising during the year	103,146	36,399
Reclassification adjustments	(13,167)	(75,023)
Before tax effect adjustments	89,979	(38,624)
Tax effects	(27,196)	11,660
Remeasurements of defined benefit plans, net of tax	62,783	(26,963)
Share of other comprehensive income of entities accounted for using equity method:		
Amount arising during the year	(3,146)	(3,544)
Total other comprehensive income	613,580	1,208,036

(Consolidated statements of changes in equity)

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

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

(Shares)

	Number of shares at beginning of the fiscal year	Increase	Decrease	Number of shares at end of the fiscal year
Issued shares				
Common shares	32,040,000	–	–	32,040,000
Total	32,040,000	–	–	32,040,000
Treasury shares				
Common shares	2,545,767	–	–	2,545,767
Total	2,545,767	–	–	2,545,767

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, 2021	Increase	Decrease	As of March 31, 2022	
Reporting company (Parent company)	Share acquisition rights as stock options	Common shares	–	–	–	–	34,250
Total			–	–	–	–	34,250

3. Dividends

(1) Dividend payment

There is no related information.

(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
April 27, 2021 Board of Directors	Common shares	221,206	Retained earnings	7.5	March 31, 2021	June 16, 2021

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

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

(Shares)

	Number of shares at beginning of the fiscal year	Increase	Decrease	Number of shares at end of the fiscal year
Issued shares				
Common shares	32,040,000	–	–	32,040,000
Total	32,040,000	–	–	32,040,000
Treasury shares				
Common shares (Note)	2,545,767	720,000	1,000	3,264,767
Total	2,545,767	720,000	1,000	3,264,767

Note: The increase of 720,000 shares in the number of common treasury shares is due to the acquisition of treasury shares by resolution of the Board of Directors.

The decrease of 1,000 shares in the number of common treasury shares is due to a decrease resulting from exercise of stock options.

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, 2021	Increase	Decrease	As of March 31, 2022	
Reporting company (Parent company)	Share acquisition rights as stock options	Common shares	–	–	–	–	33,595
Total			–	–	–	–	33,595

3. Dividends

(1) Dividend payment

(Resolution)	Type of shares	Total amount of dividends (Thousands of yen)	Dividends per share (Yen)	Record date	Effective date
April 27, 2021 Board of Directors	Common shares	221,206	7.5	March 31, 2021	June 16, 2021
November 10, 2021 Board of Directors	Common shares	221,206	7.5	September 30, 2021	December 7, 2021

(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
May 12, 2022 Board of Directors	Common shares	215,814	Retained earnings	7.5	March 31, 2022	June 27, 2022

(Consolidated statements of cash flows)

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

(Thousands of yen)

	Previous fiscal year (From April 1, 2020 to March 31, 2021)	Current fiscal year (From April 1, 2021 to March 31, 2022)
Cash and deposits	10,839,746	8,971,526
Time deposits with maturities of more than three months	(156,186)	(1,470,027)
Cash and cash equivalents	10,683,560	7,501,498

*2. Major breakdown of assets and liabilities of companies that became new consolidated subsidiaries by share acquisition

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

There is no related information.

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

The breakdown of assets and liabilities of Microtech corp. at the time of its consolidation due to share acquisition, and the relationship between the acquisition price of the shares and the expenditure for the acquisition (net amount) are as follows.

	(Thousands of yen)
Current assets	223,263
Non-current assets	168,947
Goodwill	172,946
Current liabilities	(98,865)
Non-current liabilities	(81,292)
Share acquisition price	385,000
Cash and cash equivalents	141,598
Net: Expenditure for acquisition	243,401

*3. Major breakdown of assets and liabilities related to transfer of business carried out in consideration for cash and cash equivalents

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

The following shows the breakdown of assets and liabilities decreased related to the transfer of the business for sFAB-α and AMR-III, which were included in the business of PCB component mounting equipment of ALPHA DESIGN CO., LTD., and the price of transfer of businesses and proceeds from transfer of businesses.

	(Thousands of yen)
Current assets	205,042
Non-current assets	7,956
Gain on transfer of business	121,091
Price for transfer of business	334,090
Cash and cash equivalents	–
Net: Proceeds from transfer of business	334,090

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

There is no related information.

4. Description of significant non-cash transactions

Amounts of assets and obligations related to finance lease transactions

(Thousands of yen)

	Previous fiscal year (From April 1, 2020 to March 31, 2021)	Current fiscal year (From April 1, 2021 to March 31, 2022)
Amount of assets related to finance lease transactions	176,689	683,789
Amount of obligations related to finance lease transactions	134,642	752,888

(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, 2021)	Current fiscal year (As of March 31, 2022)
Within 1 year	384,914	286,650
Over 1 year	874,301	742,630
Total	1,259,215	1,029,281

(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 relationships, 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 trade payables denominated in foreign currencies 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 nine years from the balance sheet date. Some 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 for 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 (7) 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

Fair values of financial instruments 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.

Previous fiscal year (As of March 31, 2021)

(Thousands of yen)

	Carrying amount	Fair value	Difference
Investment securities (*2)	52,144	52,144	–
Long-term borrowings (*3)	12,907,703	12,924,991	17,288
Derivative transactions (*4)	(94,232)	(94,232)	–

*1 "Cash and deposits," "Notes and accounts receivable - trade," "Notes and accounts payable - trade," "Electronically recorded obligations - operating," "Short-term borrowings," "Accounts payable - other," and "Income taxes payable" are omitted as their fair values approximate their book values. This is due to their nature as cash and as accounts settled over the short term.

*2 The financial instruments below are not included in "Investment securities" because their market values are not available and their fair values are deemed to be extremely difficult to determine. The carrying values of these financial instruments on the consolidated balance sheet were as follows.

(Thousands of yen)

Category	Previous fiscal year (As of March 31, 2021)
Shares not listed	79,190

*3 Long-term borrowings include the current portion.

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

Current fiscal year (As of March 31, 2022)

(Thousands of yen)

	Carrying amount	Fair value	Difference
Investment securities (*2)	57,736	57,736	–
Long-term borrowings (*3)	12,245,489	12,216,017	(29,471)
Derivative transactions (*4)	(177,091)	(177,091)	–

*1 "Cash and deposits," "Notes receivable - trade," "Accounts receivable - trade," "Notes and accounts payable - trade," "Electronically recorded obligations - operating," "Short-term borrowings," "Accounts payable - other," and "Income taxes payable" are omitted as their fair values approximate their book values. This is due to their nature as cash and as accounts settled over the short term.

*2 Stocks and other securities without available market values are not included in "Investment securities." The carrying values of these financial instruments on the consolidated balance sheet were as follows.

(Thousands of yen)

Category	Current fiscal year (As of March 31, 2022)
Shares not listed	89,190

*3 Long-term borrowings include the current portion.

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

(Notes) 1. Redemption schedule for monetary receivables after the consolidated balance sheet date

Previous fiscal year (As of March 31, 2021)

(Thousands of yen)

	Within 1 year	Over 1 year within 5 years	Over 5 years within 10 years	Over 10 years
Cash and deposits	10,839,746	–	–	–
Notes and accounts receivable - trade	7,746,264	–	–	–
Total	18,586,011	–	–	–

Current fiscal year (As of March 31, 2022)

(Thousands of yen)

	Within 1 year	Over 1 year within 5 years	Over 5 years within 10 years	Over 10 years
Cash and deposits	8,971,526	–	–	–
Notes receivable - trade	738,621	–	–	–
Accounts receivable - trade	8,474,314	–	–	–
Total	18,184,461	–	–	–

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

Previous fiscal year (As of March 31, 2021)

(Thousands of yen)

	Within 1 year	Over 1 year within 2 years	Over 2 years within 3 years	Over 3 years within 4 years	Over 4 years within 5 years	Over 5 years
Short-term borrowings	4,125,700	–	–	–	–	–
Long-term borrowings	3,993,954	3,200,141	2,665,449	1,820,668	638,241	589,250
Total	8,119,654	3,200,141	2,665,449	1,820,668	638,241	589,250

Current fiscal year (As of March 31, 2022)

(Thousands of yen)

	Within 1 year	Over 1 year within 2 years	Over 2 years within 3 years	Over 3 years within 4 years	Over 4 years within 5 years	Over 5 years
Short-term borrowings	10,623,315	–	–	–	–	–
Long-term borrowings	3,813,036	2,964,533	2,378,082	1,199,284	1,374,626	515,928
Total	14,436,351	2,964,533	2,378,082	1,199,284	1,374,626	515,928

3. Matters concerning breakdown per level of fair value, etc. of financial instruments

The fair value of financial instruments is stratified into the following three levels based on the observability and materiality of the inputs used to calculate fair value.

Level 1 fair value: Fair value calculated with observable inputs which are quoted prices for identical assets or liabilities for calculation of fair value in active markets.

Level 2 fair value: Fair value calculated with observable inputs other than in Level 1.

Level 3 fair value: Fair value calculated using unobservable inputs.

When multiple inputs that have a significant impact on the calculation of fair value are used, fair value is assigned to the level with the lowest applicable priority among the relevant levels.

(1) Financial instruments recorded on the consolidated balance sheets at fair value

Current fiscal year (As of March 31, 2022)

(Thousands of yen)

Category	Fair value			
	Level 1	Level 2	Level 3	Total
Investment securities Available-for-sale securities	29,929	–	–	29,929
Total assets	29,929	–	–	29,929
Derivative transactions Transactions relating to currencies	–	(177,091)	–	(177,091)
Total liabilities	–	(177,091)	–	(177,091)

(Notes) 1. Investment trusts to which transitional measures were applied in accordance with paragraph 26 of the Implementation Guidance on Accounting Standard for Fair Value Measurement are not included in the table above. The amount of these investment trusts on the consolidated balance sheets is 27,807 thousand yen.

2. Receivables and payables arising from derivative transactions are presented on a net basis, with the balance shown in parentheses ( ) when in a net liability position.

(2) Financial instruments other than financial instruments recorded on the consolidated balance sheets at fair value

Current fiscal year (As of March 31, 2022)

Category	Fair value (Thousands of yen)			
	Level 1	Level 2	Level 3	Total
Long-term borrowings (Including current portion)	–	12,216,017	–	12,216,017
Total liabilities	–	12,216,017	–	12,216,017

(Note) Explanation of valuation method used in the calculation of fair value and inputs related to the calculation of fair value

Investment securities

Listed shares are valued using quoted market prices. Since listed shares are traded in active markets, their fair value is classified as Level 1 fair value.

Derivative transactions

Since these are over-the-counter transactions and there are no published quoted market prices, they are calculated based on prices, etc. provided by counterparty financial institutions, and their fair value is classified as Level 2 fair value.

Long-term borrowings (Including current portion)

These are 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. Therefore, their fair value is classified as Level 2 fair value.

(Securities)

Available-for-sale securities

Previous fiscal year (As of March 31, 2021)

(Thousands of yen)

	Type	Carrying amount	Acquisition cost	Difference
Items whose carrying amount exceeds acquisition cost	(1) Shares	7,091	5,591	1,499
	(2) Other	24,903	4,911	19,992
	Subtotal	31,994	10,502	21,491
Items whose carrying amount does not exceed acquisition cost	(1) Shares	20,150	33,392	(13,242)
	(2) Other	–	–	–
	Subtotal	20,150	33,392	(13,242)
Total		52,144	43,895	8,248

Current fiscal year (As of March 31, 2022)

(Thousands of yen)

	Type	Carrying amount	Acquisition cost	Difference
Items whose carrying amount exceeds acquisition cost	(1) Shares	9,579	6,383	3,196
	(2) Other	27,807	4,911	22,896
	Subtotal	37,386	11,294	26,092
Items whose carrying amount does not exceed acquisition cost	(1) Shares	20,350	33,392	(13,042)
	(2) Other	–	–	–
	Subtotal	20,350	33,392	(13,042)
Total		57,736	44,687	13,049

(Derivatives)

1. Derivatives of which hedge accounting is not applied

Transactions relating to currencies

Previous fiscal year (As of March 31, 2021)

(Thousands of yen)

Category	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	239,049	–	(4,634)	(4,634)
	EUR	5,121,373	–	(100,254)	(100,254)
	Purchased				
	USD	683,914	–	10,395	10,395
	EUR	181,377	–	347	347
	JPY	10,088	–	(85)	(85)
Total		6,235,802	–	(94,232)	(94,232)

Current fiscal year (As of March 31, 2022)

(Thousands of yen)

Category	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	193,005	–	3,774	3,774
	EUR	3,638,588	–	(185,904)	(185,904)
	Purchased				
	USD	521,686	–	(7,080)	(7,080)
	EUR	261,586	–	12,119	12,119
Total		4,614,867	–	(177,091)	(177,091)

(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 for voluntary retirements at the 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)

(Thousands of yen)

	Previous fiscal year (From April 1, 2020 to March 31, 2021)	Current fiscal year (From April 1, 2021 to March 31, 2022)
Balance of retirement benefit obligations at beginning of period	872,897	916,979
Service cost	81,232	81,228
Interest cost	7,678	7,899
Amount of actuarial gain or loss	(189)	(5,522)
Retirement benefit payments	(44,639)	(64,935)
Balance of retirement benefit obligations at end of period	916,979	935,648

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

(Thousands of yen)

	Previous fiscal year (From April 1, 2020 to March 31, 2021)	Current fiscal year (From April 1, 2021 to March 31, 2022)
Balance of pension asset at beginning of period	530,036	656,293
Amount of actuarial gain or loss	102,957	30,876
Employer's contribution	43,831	44,397
Retirement benefit payments	(20,532)	(68,312)
Balance of pension asset at end of period	656,293	663,255

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

(Thousands of yen)

	Previous fiscal year (From April 1, 2020 to March 31, 2021)	Current fiscal year (From April 1, 2021 to March 31, 2022)
Balance of retirement benefit liability at beginning of period	107,391	122,343
Retirement benefit expenses	15,490	17,164
Retirement benefit payments	(9,905)	(33,698)
Other	9,367	5,886
Balance of retirement benefit liability at end of period	122,343	111,697

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

(Thousands of yen)

	Previous fiscal year (As of March 31, 2021)	Current fiscal year (As of March 31, 2022)
Retirement benefit obligations in funded plans	1,039,322	1,047,345
Pension assets	(656,293)	(663,255)
	383,029	384,090
Retirement benefit liability	383,029	384,090
Net liabilities and assets recorded on the consolidated balance sheets	383,029	384,090

(5) Amount of retirement benefit expenses and its breakdown

(Thousands of yen)

	Previous fiscal year (From April 1, 2020 to March 31, 2021)	Current fiscal year (From April 1, 2021 to March 31, 2022)
Service cost	81,232	81,228
Interest cost	7,678	7,899
Amount treated as expense for actuarial gain or loss	(13,167)	(75,023)
Retirement benefit expenses based on simplified method	15,490	17,164
Retirement benefit expenses relating to defined benefit plan	91,234	31,269

(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:

(Thousands of yen)

	Previous fiscal year (From April 1, 2020 to March 31, 2021)	Current fiscal year (From April 1, 2021 to March 31, 2022)
Actuarial gain or loss	89,979	(38,624)
Total	89,979	(38,624)

(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:

(Thousands of yen)

	Previous fiscal year (As of March 31, 2021)	Current fiscal year (As of March 31, 2022)
Unrecognized actuarial gains and losses	148,895	110,276
Total	148,895	110,276

(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, 2021)	Current fiscal year (As of March 31, 2022)
Shares	47	49
Bonds	30	25
General account	19	19
Other	4	7
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 the various assets constituting pension assets.

(9) Matters relating to actuarial calculation basis

Major calculation bases for actuarial calculations

(%)

	Previous fiscal year (As of March 31, 2021)	Current fiscal year (As of March 31, 2022)
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 174,425 thousand yen for the previous fiscal year and 151,209 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, 2020 to March 31, 2021)	Current fiscal year (From April 1, 2021 to March 31, 2022)
Cost of sales	501	134
Selling, general and administrative expenses	8,117	1,550

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 class of shares (Note)	Common shares 87,000 shares	Common shares 100,000 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. Furthermore, the above rule does not apply if there is a reason that the Board of Directors of the Company deems justifiable. Any heirs of a holder of 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. Furthermore, the above rule does not apply if there is a reason that the Board of Directors of the Company deems justifiable. Any heirs of a holder of 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 class of shares (Note)	Common shares 111,700 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. Furthermore, the above rule does not apply if there is a reason that the Board of Directors of the Company deems justifiable. Any heirs of a holder of 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, 2022. 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	–	–	101,400
Granted	–	–	–
Forfeited	–	–	7,300
Vested	–	–	94,100
Unvested	–	–	–
After vested (Shares)			
As of previous fiscal year-end	71,000	88,700	–
Vested	–	–	94,100
Exercised	–	1,000	–
Forfeited	4,500	6,500	–
Exercisable	66,500	81,200	94,100

(ii) Per share price

(Yen)

	2018 Stock Options	2019 Stock Options	2020 Stock Options
Exercise price	1,219	815	522
Average price per share upon exercise	–	891	–
Fair value per share at grant date	238	169	43

3. 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

(Thousands of yen)

	Previous fiscal year (As of March 31, 2021)	Current fiscal year (As of March 31, 2022)
Deferred tax assets		
Provision for bonuses	233,487	228,896
Provision for product warranties	295,666	424,401
Allowance for doubtful accounts	91,896	28,176
Elimination of inter-company profits	108,593	547,558
Retirement benefit liability	128,891	116,816
Software	48,722	130,084
Loss brought forward	62,675	171,062
Asset retirement obligations	9,748	9,820
Inventory write-down	126,236	103,448
Other	44,396	34,279
Subtotal	1,150,314	1,794,545
Valuation allowance	(150,866)	(271,451)
Total deferred tax assets	999,448	1,523,093
Deferred tax liabilities		
Depreciation	41,175	53,249
Other	15,765	16,340
Total deferred tax liabilities	56,941	69,590
Net deferred tax assets	942,506	1,453,503

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, 2021)	Current fiscal year (As of March 31, 2022)
Effective statutory tax rate	–	30.2
(Adjustments)		
Differences of tax rates at foreign subsidiaries	–	(3.7)
Differences of tax rates at domestic subsidiaries	–	0.1
Non-deductible permanent differences such as entertainment expenses	–	1.9
Per capita inhabitant tax, etc.	–	1.1
Change in valuation allowance	–	4.2
Amortization of goodwill	–	0.4
Elimination of inter-company profits without applying tax effect accounting	–	(11.6)
Special deduction for experimentation and research expenses	–	(4.7)
Share of loss of entities accounted for using equity method	–	0.1
Deduction for foreign taxes	–	(0.3)
Income taxes for prior periods	–	(1.3)
Other	–	(1.6)
Actual effective tax rate by applying tax effect accounting	–	14.8

(Note) Notes are omitted for the previous consolidated fiscal year because loss before income taxes is recorded.

(Business combination)

Business combination from acquisition

(1) Overview of business combination

(i) Name and businesses of acquired company

Name of acquired company: Microtech corp. (hereinafter “Microtech”)

Businesses : Software development, application development

(ii) Main reason for business combination

The Company has created and developed the market for industrial inkjet printers by developing innovative products using its unique inkjet and cutting technologies. In December 2020, it launched a new medium- to long-term growth strategy, Mimaki V10, with one of its priority measures being to develop our business in anticipation of rapid changes in the market environment and customer needs. In addition, the Company develops products that achieve beautiful and quick prints and cuts by combining software, firmware, hardware, mechanical, and chemical elements, which are the core technologies for industrial inkjet printer development. We believe that differentiation in the software and chemical areas will be particularly important in the future.

By contrast, Microtech employs more than 60 software engineers and focuses on contract development of firmware, software, and applications. Its technical capabilities are highly evaluated by clients, with stable annual sales around 600 million yen.

By combining our inkjet printer development technology with Microtech’s software development technology and incorporating their expertise, including their human resources, as new management resources, we intend to further strengthen the software development capabilities of the entire Group and speedily provide solutions that address changes in the market environment and customer needs.

With “something new, something different” as our management vision, the Group will continue to constantly pursue new technological innovations and to realize the “beauty and speed” that our customers demand.

(iii) Date of business combination

March 29, 2022

(iv) Legal form of business combination

Acquisition of shares for cash

(v) Name of company after combination

No change

(vi) Percentage of voting rights acquired

100%

(vii) Main basis for determining the acquiring company

The Company acquired shares for cash consideration.

(2) Period of the acquired company’s performance included in the consolidated financial statements

Since only the balance sheet has been consolidated in the current fiscal year, the performance of the acquired company is not included.

(3) Acquisition cost of the acquired company and breakdown by type of consideration

	(Thousands of yen)
Consideration for acquisition, cash	385,000
Acquisition cost	385,000

(4) Breakdown and amount of major acquisition-related expenses

Advisory fees 45,508 thousand yen

(5) Amount of goodwill incurred, reason for incurrence, amortization method and amortization period

(i) Amount of goodwill incurred

172,946 thousand yen

(ii) Reason for incurrence

Since the acquisition cost exceeded the net amount allocated to the assets and liabilities received, the excess amount was recorded as goodwill.

(iii) Method and period for amortization

Equal amortization over eight years

As of the end of the current fiscal year, the determination of identifiable assets and liabilities as of the date of the business combination is still under examination, and the allocation of acquisition cost has not been completed.

Therefore, provisional accounting treatment has been applied to the amount of goodwill and the amortization method and period are under examination.

(6) Amount of assets acquired and liabilities assumed on the date of business combination and the major breakdown thereof

	(Thousands of yen)
Current assets	223,263
Non-current assets	168,947
Total assets	392,211
Current liabilities	98,865
Non-current liabilities	81,292
Total liabilities	180,158

(Revenue recognition)

1. Information on breakdown of revenue from contracts with customers

Information on net sales by reporting segment is based on the revenue accounting provisions in the Accounting Standard for Revenue Recognition, and the Company has determined that it is sufficient to disaggregate this information into categories based on the nature, amount, and timing of revenue and cash flows, as well as major factors affecting their uncertainty. For details, please refer to "Notes (Segment information, etc.)."

2. Fundamental explanation of revenue from contracts with customers

The fundamental explanation for revenue is as described in significant matters forming the basis of preparing the consolidated financial statements under "4. Accounting policies, (5) Accounting policy for significant revenues and expenses."

3. Information about the relationship between the satisfaction of performance obligations under contracts with customers and cash flows from these contracts, and the amount and timing of revenue expected to be recognized in subsequent fiscal years from contracts with customers that exist at the end of the current fiscal year

(1) Balance of contract liabilities

(Thousands of yen)

	Current fiscal year
Contract liabilities (Balance at beginning of period)	2,491,095
Contract liabilities (Balance at end of period)	2,646,281

(Notes) 1. Contract liabilities consist primarily of advances received from customers under contractual agreements and maintenance service agreements. Contract liabilities are reversed upon recognition of revenue.

2. Contract liabilities are included in "Other" under current liabilities on the consolidated balance sheets.

3. The amount of revenue recognized in the current fiscal year that was included in the contract liability balance at the beginning of the period was 1,225,570 thousand yen.

(2) Transaction price allocated to remaining performance obligations

The total transaction price allocated to unfulfilled performance obligations as of the end of the current fiscal year and the period over which revenue is expected to be recognized are as follows.

(Thousands of yen)

	Current fiscal year
Within 1 year	1,290,071
Over 1 year	1,356,210

(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 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.

As described in “Changes in Accounting Policies,” the Company has applied the Accounting Standard for Revenue Recognition and relevant ASBJ regulations from the beginning of the current fiscal year, and has changed its accounting method for revenue recognition, therefore changing the measurement method of profit or loss for business segments in the same manner.

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

3. Information on net sales, profit or loss, assets and other items by reportable segment and breakdown information for revenue

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

(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	24,140,925	10,497,439	14,084,565	48,722,930
Inter-segment sales or transfers between segments	16,908,595	13,564	1,713,488	18,635,647
Total	41,049,520	10,511,003	15,798,053	67,358,577
Segment loss	(491,694)	(216,079)	(250,126)	(957,899)
Segment assets	33,244,314	5,018,366	7,673,908	45,936,589
Other items				
Depreciation	1,246,282	110,012	244,919	1,601,214
Amortization of goodwill	91,749	–	20,243	111,993
Increase in property, plant and equipment and intangible assets	621,753	55,815	73,327	750,896

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

(Thousands of yen)

	Japan, Asia and Oceania	North America and Latin America	Europe, the Middle East and Africa	Total
Net sales				
Revenue from contracts with customers	27,266,783	14,262,558	17,982,615	59,511,957
Other revenue	–	–	–	–
Net sales to external customers	27,266,783	14,262,558	17,982,615	59,511,957
Inter-segment sales or transfers between segments	24,623,501	19,129	3,463,188	28,105,819
Total	51,890,285	14,281,687	21,445,803	87,617,777
Segment profit	2,155,986	441,390	320,641	2,918,017
Segment assets	41,313,348	7,355,342	8,367,972	57,036,663
Other items				
Depreciation	1,354,817	126,710	218,666	1,700,193
Amortization of goodwill	34,509	–	–	34,509
Increase in property, plant and equipment and intangible assets	2,350,825	137,980	112,871	2,601,678

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	(957,899)	2,918,017
Clearing transactions between segments	448,087	(348,749)
Operating profit (loss) in the consolidated financial statements	(509,812)	2,569,267

(Thousands of yen)

Assets	Previous fiscal year	Current fiscal year
Total of reportable segments	45,936,589	57,036,663
Corporate assets (Note)	4,159,770	3,110,228
Elimination of inter-segment transactions	742,523	710,387
Total assets in the consolidated financial statements	50,838,883	60,857,279

(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	1,601,214	1,700,193	(23,324)	(15,022)	1,577,890	1,685,171
Increase in property, plant and equipment and intangible assets	750,896	2,601,678	(1,462)	(11,491)	749,433	2,590,186

[Information associated with reportable segments]

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

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
15,021,894	8,004,391	12,961,576	9,061,948	3,673,119	48,722,930

(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
8,148,012	261,544	879,178	9,288,734

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, 2021 to March 31, 2022)

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
17,307,292	10,828,528	16,141,698	10,299,158	4,935,279	59,511,957

(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
9,028,876	316,916	831,684	10,177,477

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, 2020 to March 31, 2021)

(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	150,144	5,759	486,552	—	642,456

(Note) 296,396 thousand yen is recorded as impairment loss of goodwill in Europe, the Middle East and Africa.

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

There is no related information.

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

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

(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 the period	91,749	—	20,243	—	111,993
Balance at end of period	82,453	—	—	—	82,453

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

(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 the period	34,509	—	—	—	34,509
Balance at end of period	220,890	—	—	—	220,890

[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, 2020 to March 31, 2021)

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 Concurrent officers	Sale of the Company's products	—	"Other" in investments and other assets	36,531

(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, 2021 to March 31, 2022)

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 Concurrent officers	Sale of the Company's products	—	"Other" in investments and other assets	98,657

(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)

(Yen)

	Previous fiscal year (From April 1, 2020 to March 31, 2021)	Current fiscal year (From April 1, 2021 to March 31, 2022)
Net assets per share	548.10	647.55
Earnings (loss) per share	(10.21)	80.40
Diluted earnings per share	–	80.31

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

2. Profit per share or net loss per share and the basis for calculation, and diluted earnings per share and the basis for calculation are as follows.

	Previous fiscal year (From April 1, 2020 to March 31, 2021)	Current fiscal year (From April 1, 2021 to March 31, 2022)
Earnings (loss) per share		
Profit (loss) attributable to owners of parent (Thousands of yen)	(301,251)	2,347,478
Amounts not attributable to common shareholders (Thousands of yen)	–	–
Profit (loss) attributable to owners of parent associated with common shares (Thousands of yen)	(301,251)	2,347,478
Average number of common shares outstanding during the period (Shares)	29,494,233	29,196,702
Diluted earnings per share		
Profit adjustment amount attributable to owners of the parent (Thousands of yen)	–	–
Increase in ordinary shares (Shares)	–	35,077
[Of which, stock acquisition rights (Shares)]	[–]	[35,077]
Overview of potential shares not included in the calculation of diluted earnings per share because of having no dilutive effect	Stock options resolved at the Annual General Meeting of Shareholders held on June 27, 2017 (Share acquisition rights) Common shares 71,000 shares June 28, 2018 Annual General Meeting of Shareholders Resolution Stock options (Share acquisition rights) Common shares 88,700 shares June 27, 2019 Annual General Meeting of Shareholders Resolution Stock options (Share acquisition rights) Common shares 101,400 shares	Stock options resolved at the Annual General Meeting of Shareholders held on June 27, 2017 (Share acquisition rights) Common shares 66,500 shares

(Significant events after reporting period)

(Acquisition of non-current assets)

On April 18, 2022, the Company entered into an agreement with Mie Fuji Co., Ltd. to acquire the following non-current assets for the purpose of increasing production capacity and strengthening development functions to accommodate business expansion in line with the Group's medium- to long-term growth strategy, Mimaki V10.

Name	Maruko Factory, MIMAKI ENGINEERING CO., LTD.
Location	2535, Mitakedo, Ueda-shi, Nagano
Land area	18,207 m^2
Building area	8,175 m^2 (total floor area of plant buildings, welfare buildings, warehouses, etc.)
Scheduled launch date	Partial launch of operations from June 2022

This will resolve the shortage of production space for industrial inkjet printer units at the Head Office and Kazawa Factory (located in Tomi-shi, Nagano), increase production capacity for a wide range of models from entry-level to high-end, and reorganize the layout in the Kazawa Factory, enhancing its functions by expanding development space.

The total investment in the entire Maruko Factory, including this acquisition of non-current assets, is expected to be approximately 1,085 million yen in the fiscal year ending March 31, 2023. The impact of this investment on the consolidated financial results for the fiscal year ending March 31, 2023 is included in the announced earnings forecast.

(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 period (Thousands of yen)	Balance at end of period (Thousands of yen)	Average interest rate (%)	Repayment date
Short-term borrowings	4,125,700	10,623,315	0.53	–
Current portion of long-term borrowings	3,993,954	3,813,036	0.42	–
Current portion of lease obligations	197,432	179,591	–	–
Long-term borrowings (excluding current portion)	8,913,749	8,432,453	0.41	From 2023 to 2030
Lease obligations (excluding current portion)	249,070	818,221	–	From 2023 to 2029
Other interest-bearing debt	–	–	–	–
Total	17,479,905	23,866,616	–	–

(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. Repayment schedule for long-term loans payable and lease obligations (excluding current portion) for five years after the consolidated balance sheet date is as follows.

(Thousands of yen)

	Over 1 years within 2 years	Over 2 years within 3 years	Over 3 years within 4 years	Over 4 years within 5 years	Over 5 years
Long-term borrowings	2,964,533	2,378,082	1,199,284	1,374,626	515,928
Lease obligations	121,990	115,515	103,044	97,545	380,125

[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, respectively.

Consequently, pursuant to Article 92-2 of the Regulation on Consolidated Financial Statements, this information has been omitted.

(2) Other information

(i) Quarterly information for the fiscal year ended March 31, 2022

(Cumulative period)	First three months	First six months	First nine months	Full year
Net sales (Thousands of yen)	14,091,993	28,803,885	43,703,478	59,511,957
Profit before income taxes (Thousands of yen)	808,775	1,732,602	2,352,769	2,778,465
Profit attributable to owners of parent (Thousands of yen)	658,486	1,564,970	2,076,506	2,347,478
Profit per share (Yen)	22.33	53.06	70.79	80.40

(Accounting period)	First quarter	Second quarter	Third quarter	Fourth quarter
Earnings per share (Yen)	22.33	30.73	17.63	9.42

(ii) Significant lawsuits, etc.

These are as stated in the notes for “Consolidated balance sheets, 4 Contingent liabilities.”

2. Non-consolidated financial statements, etc.

(1) Non-consolidated financial statements

(i) Non-consolidated balance sheets

(Thousands of yen)

	As of March 31, 2021	As of March 31, 2022
Assets		
Current assets		
Cash and deposits	3,602,273	*1 2,520,802
Notes receivable - trade	304,911	556,213
Accounts receivable - trade	*2 7,963,651	*2 9,697,896
Merchandise and finished goods	6,900,959	8,603,121
Work in process	670,883	1,258,370
Raw materials and supplies	2,873,361	5,949,919
Prepaid expenses	98,037	92,142
Other	*2 3,172,201	*2 3,977,372
Allowance for doubtful accounts	(154)	(20)
Total current assets	25,586,125	32,655,818
Non-current assets		
Property, plant and equipment		
Buildings	*1 2,797,322	*1 2,771,239
Structures	38,687	35,766
Machinery and equipment	70,044	159,604
Vehicles	67	33
Tools, furniture and fixtures	535,854	778,953
Land	*1 2,799,435	*1 2,799,262
Leased assets	7,032	7,065
Construction in progress	77,915	53,625
Total property, plant and equipment	6,326,359	6,605,550
Intangible assets		
Goodwill	21,785	9,336
Patent right	19,370	11,872
Software	267,536	180,163
Other	14,124	54,732
Total intangible assets	322,816	256,104
Investments and other assets		
Investment securities	119,843	132,947
Shares of subsidiaries and associates	5,245,181	5,675,690
Investments in capital	2,730	2,730
Investments in capital of subsidiaries and associates	5,239,086	5,239,086
Long-term loans receivable from subsidiaries and associates	298,641	113,634
Distressed receivables	1,896,257	1,289,449
Long-term prepaid expenses	12,175	9,981
Deferred tax assets	850,237	935,815
Other	475,016	471,262
Allowance for doubtful accounts	(1,200,061)	(1,100,877)
Total investments and other assets	12,939,107	12,769,719
Total non-current assets	19,588,283	19,631,374
Total assets	45,174,409	52,287,193

(Thousands of yen)

	As of March 31, 2021	As of March 31, 2022
Liabilities		
Current liabilities		
Notes payable - trade	29,165	–
Accounts payable - trade	*2 3,791,995	*2 3,508,318
Electronically recorded obligations - operating	5,262,571	5,567,700
Short-term borrowings	*1 3,451,300	*1 9,889,215
Short-term borrowings from subsidiaries and associates	1,015,520	1,101,690
Current portion of long-term borrowings	*1 3,833,874	*1 3,611,970
Lease liabilities	2,877	3,490
Accounts payable - other	*2 634,721	*2 729,365
Accrued expenses	244,618	235,649
Income taxes payable	51,361	516,734
Advances received	2,253,600	2,330,042
Deposits received	41,100	45,945
Provision for bonuses	667,289	566,590
Provision for bonuses for directors (and other officers)	–	41,184
Provision for product warranties	909,716	1,249,145
Other	97,535	173,785
Total current liabilities	22,287,248	29,570,827
Non-current liabilities		
Long-term borrowings	*1 7,110,669	*1 6,766,549
Lease liabilities	4,717	4,193
Provision for retirement benefits	399,836	369,517
Asset retirement obligations	32,290	32,530
Other	650	650
Total non-current liabilities	7,548,164	7,173,440
Total liabilities	29,835,412	36,744,268
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	371,970
Total capital surplus	4,617,040	4,617,426
Retained earnings		
Legal retained earnings	18,035	18,035
Other retained earnings		
General reserve	8,300,000	6,700,000
Retained earnings brought forward	(663,524)	1,760,707
Total retained earnings	7,654,510	8,478,742
Treasury shares	(1,328,972)	(1,951,174)
Total shareholders' equity	15,300,034	15,502,450
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	4,711	6,878
Total valuation and translation adjustments	4,711	6,878
Share acquisition rights	34,250	33,595
Total net assets	15,338,996	15,542,925
Total liabilities and net assets	45,174,409	52,287,193

(ii) Non-consolidated statements of income

(Thousands of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Net sales	*1 32,701,526	*1 43,634,972
Cost of sales	*1 23,068,965	*1 30,711,296
Gross profit	9,632,560	12,923,675
Selling, general and administrative expenses	*1, *2 10,289,847	*1, *2 11,254,256
Operating profit (loss)	(657,286)	1,669,419
Non-operating income		
Interest and dividend income	*1 19,530	*1 12,008
Rental income	*1 53,691	*1 65,751
Insurance claim income	9,008	3,020
Foreign exchange gains	–	11,562
Other	*1 419,149	*1 10,677
Total non-operating income	501,380	103,019
Non-operating expenses		
Interest expenses	119,976	81,198
Depreciation	38,583	33,892
Foreign exchange losses	28,147	–
Consumption tax difference	6,150	17,087
Other	4,780	4,641
Total non-operating expenses	197,639	136,819
Ordinary profit (loss)	(353,546)	1,635,619
Extraordinary income		
Gain on sale of non-current assets	*3 5,029	*3 5,577
Gain on reversal of share acquisition rights	–	2,169
Other	1,190	–
Total extraordinary income	6,219	7,747
Extraordinary losses		
Loss on sale of non-current assets	1,900	2,162
Loss on disposal of non-current assets	47,563	–
Impairment losses	82,437	–
Loss on valuation of shares of subsidiaries and associates	488,221	–
Total extraordinary losses	620,122	2,162
Profit (loss) before income taxes	(967,448)	1,641,203
Income taxes - current	30,679	456,257
Income taxes - deferred	(137,452)	(85,061)
Total income taxes	(106,773)	371,196
Profit (loss)	(860,675)	1,270,007

(iii) Non-consolidated statements of changes in equity
Fiscal year ended March 31, 2021

(Thousands of yen)

	Shareholders' equity							
		Capital surplus			Retained earnings			
						Other retained earnings		
	Share capital	Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	General reserve	Retained earnings brought forward	Total retained earnings
Balance at beginning of period	4,357,456	4,245,456	371,584	4,617,040	18,035	8,300,000	197,151	8,515,186
Changes during period								
Loss							(860,675)	(860,675)
Net changes in items other than shareholders' equity								
Total changes during period	–	–	–	–	–	–	(860,675)	(860,675)
Balance at end of period	4,357,456	4,245,456	371,584	4,617,040	18,035	8,300,000	(663,524)	7,654,510

	Shareholders' equity		Valuation and translation adjustments			
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	Share acquisition rights	Total net assets
Balance at beginning of period	(1,328,972)	16,160,710	(4,536)	(4,536)	26,892	16,183,066
Changes during period						
Loss		(860,675)				(860,675)
Net changes in items other than shareholders' equity			9,248	9,248	7,357	16,605
Total changes during period	–	(860,675)	9,248	9,248	7,357	(844,070)
Balance at end of period	(1,328,972)	15,300,034	4,711	4,711	34,250	15,338,996

Fiscal year ended March 31, 2022

(Thousands of yen)

	Shareholders' equity							
	Share capital	Capital surplus			Retained earnings			
		Legal capital surplus	Other capital surplus	Total capital surplus	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	8,300,000	(663,524)	7,654,510
Cumulative effects of changes in accounting policies							(3,361)	(3,361)
Restated balance	4,357,456	4,245,456	371,584	4,617,040	18,035	8,300,000	(666,885)	7,651,149
Changes during period								
Reversal of general reserve						(1,600,000)	1,600,000	–
Dividends of surplus							(442,413)	(442,413)
Profit							1,270,007	1,270,007
Purchase of treasury shares								
Exercise of share acquisition rights			386	386				
Net changes in items other than shareholders' equity								
Total changes during period	–	–	386	386	–	(1,600,000)	2,427,593	827,593
Balance at end of period	4,357,456	4,245,456	371,970	4,617,426	18,035	6,700,000	1,760,707	8,478,742

	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	(1,328,972)	15,300,034	4,711	4,711	34,250	15,338,996
Cumulative effects of changes in accounting policies		(3,361)				(3,361)
Restated balance	(1,328,972)	15,296,673	4,711	4,711	34,250	15,335,634
Changes during period						
Reversal of general reserve		–				–
Dividends of surplus		(442,413)				(442,413)
Profit		1,270,007				1,270,007
Purchase of treasury shares	(622,800)	(622,800)				(622,800)
Exercise of share acquisition rights	597	984				984
Net changes in items other than shareholders' equity			2,166	2,166	(654)	1,512
Total changes during period	(622,202)	205,777	2,166	2,166	(654)	207,290
Balance at end of period	(1,951,174)	15,502,450	6,878	6,878	33,595	15,542,925

[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 other than stocks and other securities without available market value

Stated at fair value (all valuation differences are processed by the direct net assets method, and cost of securities sold is calculated by the moving-average method).

Stocks and other 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 for 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 the individually estimated free repair cost and the 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. Accounting policy for revenues and expenses

Revenue is recognized at the time the control of promised goods or services is transferred to the customer at the amount expected to be received upon exchange of said goods or services.

The principal performance obligations in major businesses and the usual time at which revenue is recognized are as follows: for products that the Company is obligated to install under a contract with a customer, at the time installation is completed; for products that the Company is not obligated to install under a contract with a customer, at the time the product is transferred. At the respective time, the Company determines that control over the product has been acquired by the customer and that the performance obligation has been satisfied, and recognizes revenue.

For products for which there is no obligation to install, revenue is recognized at the time of shipment if the period from the time of shipment to the time when control of the product is transferred to the customer is a normal period of time.

5. 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 for the hedged items.

(iv) 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 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.

(Significant accounting estimates)

Notes on accounting estimates are as follows. “Information contributing to understanding of accounting estimates” is omitted because it is as described in “Notes (Significant accounting estimates)” to the consolidated financial statements.

(1) Valuation of merchandise and finished goods

Amount recorded in the non-consolidated financial statements

(Thousands of yen)

	Previous fiscal year	Current fiscal year
Merchandise and finished goods	6,900,959	8,603,121

(2) Recoverability of deferred tax assets

Amount recorded in the non-consolidated financial statements

(Thousands of yen)

	Previous fiscal year	Current fiscal year
Deferred tax assets	850,237	935,815

(Changes in accounting policies)

(Application of accounting standards on revenue recognition)

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

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

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

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

As a result, compared to the conventional method, net sales for the current fiscal year increased by 160,768 thousand yen, operating profit increased by 4,815 thousand yen, and ordinary profit and profit before income taxes each increased by 4,815 thousand yen. In addition, the balance of retained earnings brought forward at the beginning of the period decreased by 3,361 thousand yen.

(Application of accounting standards for fair value measurement)

The Company has applied the “Accounting Standard for Fair Value Measurement” (ASBJ Statement No. 30, July 4, 2019) and relevant ASBJ regulations from the beginning of the current fiscal year, and it has applied the new accounting policy provided for by the Accounting Standard for Fair Value Measurement, etc. prospectively in accordance with the transitional measures provided for in Paragraph 19 of the Accounting Standard For Fair Value Measurement, and Paragraph 44-2 of the Accounting Standard for Financial Instruments (ASBJ Statement No. 10, July 4, 2019). There is no impact on the non-consolidated financial statements.

(Changes in presentation)

(Non-consolidated statements of income)

“Subsidy income” in “Non-operating income,” presented separately in the previous fiscal year, is included in “Other” in the current fiscal year because of insignificance in terms of the amount. The financial statements of the previous fiscal year have been reclassified to reflect this change in presentation.

As a result, 407,942 thousand yen presented as “Subsidy income” and 11,207 thousand yen presented as “Other” under “Non-operating income” in the non-consolidated statements of income for the previous fiscal year have been reclassified as “Other” of 419,149 thousand yen.

“Consumption tax difference,” which was included in “Other” under “Non-operating expenses” 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 expenses. The financial statements of the previous fiscal year have been reclassified to reflect this change in presentation.

As a result, 10,931 thousand yen presented as “Other” under “Non-operating expenses” in the non-consolidated statements of income for the previous fiscal year has been reclassified as “Consumption tax difference” of 6,150 thousand yen and “Other” of 4,780 thousand yen.

(Non-consolidated balance sheets)

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

Assets pledged as collateral

(Thousands of yen)

	Previous fiscal year (As of March 31, 2021)	Current fiscal year (As of March 31, 2022)
Time deposits	—	1,330,000
Buildings	2,210,309	2,159,375
Land	715,779	715,779
Total	2,926,088	4,205,155

Of the above, the time deposits are deposited collateral for tax litigation. For details, please refer to “Notes (Consolidated balance sheets), 4. Contingent liabilities” to the consolidated financial statements.

Liabilities secured by the collateral

(Thousands of yen)

	Previous fiscal year (As of March 31, 2021)	Current fiscal year (As of March 31, 2022)
Short-term borrowings	50,000	273,400
Current portion of long-term borrowings	40,800	26,600
Long-term borrowings	1,576,600	1,550,000
Total	1,667,400	1,850,000

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

(Thousands of yen)

	Previous fiscal year (As of March 31, 2021)	Current fiscal year (As of March 31, 2022)
Short-term monetary receivables	7,157,568	9,309,507
Long-term monetary receivables	1,741,773	1,305,457
Short-term monetary payables	1,385,059	1,292,925

3. Guarantee obligations

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

(Thousands of yen)

	Guarantee obligations	Previous fiscal year (As of March 31, 2021)	Current fiscal year (As of March 31, 2022)
ALPHA DESIGN CO., LTD.	Borrowings	628,160	648,080
MIMAKI IJ TECHNOLOGY CO., Ltd.	Borrowings	421,500	385,200
ALPHA SYSTEMS CO., LTD.	Borrowings	235,000	205,000
Tonami Corporation Ltd.	Borrowings	170,000	180,286
MIMAKI ENGINEERING (TAIWAN) Co., Ltd.	Forward exchange contracts	—	43,698
MIMAKI PRECISION Co., Ltd.	Borrowings	80,000	40,000
MIMAKI AUSTRALIA PTY LTD	Forward exchange contracts	55,360	27,233
MIMAKI BRASIL COMERCIO E IMPORTACAO LTDA	Customs duties	1,067,550	—
Total		2,657,570	1,529,497

(Non-consolidated statements of income)

*1. Volume of transactions with subsidiaries and associates

(Thousands of yen)

	Previous fiscal year (From April 1, 2020 to March 31, 2021)	Current fiscal year (From April 1, 2021 to March 31, 2022)
Volume of business transactions		
Net sales	22,485,456	31,914,636
Purchases	2,797,307	4,573,758
Volume of other business transactions	5,095,250	8,098,911
Volume of other transactions	72,964	72,953

*2. Selling expenses for the previous and current fiscal years roughly account for 44% and 42% of SG&A expenses, respectively, while general and administrative expenses roughly account for 56% and 58%, respectively.

The major items and their amounts are as follows.

(Thousands of yen)

	Previous fiscal year (From April 1, 2020 to March 31, 2021)	Current fiscal year (From April 1, 2021 to March 31, 2022)
Provision for product warranties	883,547	1,223,111
Provision of allowance for doubtful accounts	44,573	(128,031)
Salaries and allowances	2,258,840	2,237,733
Provision for bonuses	402,150	324,524
Retirement benefit expenses	65,753	46,580
Commission expenses	1,087,545	1,248,859
Depreciation	436,543	352,369
Research and development expenses	1,839,766	2,125,326

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

(Thousands of yen)

	Previous fiscal year (From April 1, 2020 to March 31, 2021)	Current fiscal year (From April 1, 2021 to March 31, 2022)
Tools, furniture and fixtures	5,029	5,577

(Securities)

Fair values of shares of subsidiaries (with the carrying amounts of 5,675,690 thousand yen as of March 31, 2022 and 5,245,181 thousand yen as of March 31, 2021) are not presented because they are stocks and other securities without available market values.

(Tax effect accounting)

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

(Thousands of yen)

	Previous fiscal year (As of March 31, 2021)	Current fiscal year (As of March 31, 2022)
Deferred tax assets		
Provision for bonuses	201,454	171,053
Provision for product warranties	274,643	377,117
Allowance for doubtful accounts	362,164	332,179
Loss on valuation of shares of subsidiaries and associates and loss on valuation of investments in capital of subsidiaries and associates	627,815	637,531
Provision for retirement benefits	120,710	111,557
Software	38,532	97,766
Other	262,579	222,297
Subtotal	1,887,900	1,949,503
Valuation allowance	(1,035,624)	(1,010,712)
Total deferred tax assets	852,275	938,790
Deferred tax liabilities		
Valuation difference on securities	2,037	2,974
Net deferred tax assets	850,237	935,815

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, 2021)	Current fiscal year (As of March 31, 2022)
Effective statutory tax rate	–	30.2
(Adjustments)		
Non-deductible permanent differences such as entertainment expenses	–	0.8
Per capita inhabitant tax, etc.	–	1.6
Change in valuation allowance	–	(1.5)
Special deduction for experimentation and research expenses	–	(8.3)
Other	–	(0.5)
Actual effective tax rate by applying tax effect accounting	–	22.3

(Note) Notes on these items are omitted for the previous fiscal year because the Company recorded a loss before income taxes.

(Revenue recognition)

Notes have been omitted because the fundamental explanation of revenue from contracts with customers is identical to “Notes (Revenue recognition)” to the consolidated financial statements.

(Significant events after reporting period)

Notes have been omitted because it is identical to “Notes (Significant events after reporting period)” to the consolidated financial statements.

(iv) 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	2,797,322	186,731	—	212,814	2,771,239	4,089,562
	Structures	38,687	1,540	—	4,460	35,766	122,055
	Machinery and equipment	70,044	134,620	104	44,954	159,604	390,065
	Vehicles	67	—	0	33	33	718
	Tools, furniture and fixtures	535,854	739,740	13,790	482,851	778,953	5,345,985
	Land	2,799,435	—	173	—	2,799,262	—
	Leased assets	7,032	3,236	—	3,203	7,065	11,209
	Construction in progress	77,915	53,095	77,385	—	53,625	—
	Total	6,326,359	1,118,963	91,453	748,318	6,605,550	9,959,597
Intangible assets	Goodwill	21,785	—	—	12,448	9,336	—
	Patent right	19,370	—	—	7,498	11,872	—
	Software	267,536	78,451	—	165,825	180,163	—
	Other	14,124	49,272	8,664	—	54,732	—
	Total	322,816	127,724	8,664	185,772	256,104	—

(Note) The major contributors to "Increase" are as follows.

Mold jigs and tools Tools, furniture and fixtures 403,515 thousand yen

Research and development facilities Tools, furniture and fixtures 192,458 thousand yen

[Supplementary schedule of allowances and provisions]

(Thousands of yen)

Item	Balance at beginning of period	Increase	Decrease	Balance at end of period
Allowance for doubtful accounts	1,200,216	109,827	209,145	1,100,897
Provision for bonuses	667,289	566,590	667,289	566,590
Provision for bonuses for directors (and other officers)	—	41,184	—	41,184
Provision for product warranties	909,716	1,222,976	883,547	1,249,145

(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 Nihon Keizai Shimbun.
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 46th term) (from April 1, 2020 to March 31, 2021)
Filed with the Director-General of the Kanto Local Finance Bureau on June 30, 2021

(2) Internal Control Report and Attachments
Filed with the Director-General of the Kanto Local Finance Bureau on June 30, 2021

(3) Quarterly Securities Reports and Confirmation Letters
(The first quarter of the 47th term) (from April 1, 2021 to June 30, 2021)
Filed with the Director-General of the Kanto Local Finance Bureau on August 10, 2021
(The second quarter of the 47th term) (from July 1, 2021 to September 30, 2021)
Filed with the Director-General of the Kanto Local Finance Bureau on November 10, 2021
(The third quarter of the 47th term) (from October 1, 2021 to December 31, 2021)
Filed with the Director-General of the Kanto Local Finance Bureau on February 10, 2022

(4) Extraordinary Reports
Filed with the Director-General of the Kanto Local Finance Bureau on July 1, 2021
Extraordinary Report pursuant to Article 19, paragraph (2), item (ix)-2 of the Cabinet Office Order on Disclosure of Corporate Affairs, etc. (results of the exercise of voting rights at the shareholder's meeting)

(5) Share Repurchase Written Confirmation
Reporting period (from November 30, 2021 to November 30, 2021)
Filed with the Director-General of the Kanto Local Finance Bureau on April 21, 2022

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

There is no related information.