Annual Securities Report

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

For the 48th term

From April 1, 2022
to March 31, 2023

MIMAKI ENGINEERING CO., LTD.

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

(E02114)

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[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 26, 2023
[Fiscal year]	The 48th term (from April 1, 2022 to March 31, 2023)
[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
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[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) Osaka Branch Office, MIMAKI ENGINEERING CO., LTD. (3-36-15 Tarumi-cho, Suita-shi, Osaka) Yokohama Sales Office, MIMAKI ENGINEERING CO., LTD. (3-1-9 Shin-yokohama, Kohoku-ku, Yokohama, Kanagawa) Nagoya Sales Office, MIMAKI ENGINEERING CO., LTD. (1-309 Iguchi, Tenpaku-ku, Nagoya-shi, Aichi) Saitama Sales Office, MIMAKI ENGINEERING CO., LTD. (3-1-2, Miya-machi, Omiya-ku, Saitama-shi, Saitama) Tokyo Stock Exchange, Inc. (2-1 Nihonbashi-Kabutocho, Chuo-ku, Tokyo)

Part I Company Information

I. Overview of the Company

1. Summary of business results

(1) Business results of the Group

Term		44th term	45th term	46th term	47th term	48th term
Fiscal year-end		Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Net sales	(Thousands of yen)	55,448,425	55,557,698	48,722,930	59,511,957	70,607,012
Ordinary profit	(Thousands of yen)	2,643,164	946,636	366,381	2,688,298	3,789,949
Profit (loss) attributable to owners of parent	(Thousands of yen)	1,680,226	(777,962)	(301,251)	2,347,478	2,807,384
Comprehensive income	(Thousands of yen)	1,136,629	(1,829,806)	172,757	3,574,292	3,697,205
Net assets	(Thousands of yen)	19,010,639	16,033,335	16,213,450	18,716,957	22,056,035
Total assets	(Thousands of yen)	58,463,004	54,221,924	50,838,883	60,857,279	69,789,894
Net assets per share	(Yen)	614.03	537.72	548.10	647.55	762.78
Earnings (loss) per share	(Yen)	55.29	(26.24)	(10.21)	80.40	97.55
Diluted earnings per share	(Yen)	–	–	–	80.31	97.50
Equity ratio	(%)	32.2	29.2	31.8	30.6	31.5
Return on equity (ROE)	(%)	9.2	(4.5)	(1.9)	13.5	13.8
Price earnings ratio (PER)	(Times)	11.4	–	–	8.5	6.9
Net cash provided by (used in) operating activities	(Thousands of yen)	1,068,436	823,299	6,634,156	(5,129,131)	490,410
Net cash provided by (used in) investing activities	(Thousands of yen)	(2,219,070)	(368,149)	15,944	(2,711,895)	(3,500,024)
Net cash provided by (used in) financing activities	(Thousands of yen)	194,097	(431,697)	(7,315,659)	4,275,112	3,519,846
Cash and cash equivalents at end of period	(Thousands of yen)	11,351,960	10,988,848	10,683,560	7,501,498	8,202,123
Number of employees [Separately, average number of temporary employees]	(Persons)	1,984 [205]	2,003 [162]	1,952 [76]	1,983 [174]	2,044 [237]

(Notes) 1. Diluted earnings per share for the 44th term 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 47th term, and the figures presented in the summary of business results for the 47th term have been adjusted by retrospectively applying the aforementioned standard, etc.

(2) Business results of reporting company

Term		44th term	45th term	46th term	47th term	48th term
Fiscal year-end		March 31, 2019	March 31, 2020	March 31, 2021	March 31, 2022	March 31, 2023
Net sales	(Thousands of yen)	41,585,196	38,558,721	32,701,526	43,634,972	51,536,374
Ordinary profit (loss)	(Thousands of yen)	1,734,948	40,566	(353,546)	1,635,619	2,417,472
Profit (loss)	(Thousands of yen)	1,249,265	(42,914)	(860,675)	1,270,007	1,782,126
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)	17,382,040	16,183,066	15,338,996	15,542,925	16,901,864
Total assets	(Thousands of yen)	51,791,454	50,475,502	45,174,409	52,287,193	57,375,495
Net assets per share	(Yen)	566.35	547.77	518.91	538.98	586.13
Dividends per share [Of the above, interim dividends per share]	(Yen)	15.00 [7.50]	7.50 [7.50]	7.50 [–]	15.00 [7.50]	17.50 [7.50]
Basic earnings (loss) per share	(Yen)	41.11	(1.45)	(29.18)	43.50	61.93
Diluted earnings per share	(Yen)	–	–	–	43.45	61.89
Equity ratio	(%)	33.5	32.0	33.9	29.7	29.4
Return on equity (ROE)	(%)	7.5	(0.3)	(5.5)	8.2	11.0
Price earnings ratio (PER)	(Times)	15.3	–	–	15.8	10.8
Payout ratio	(%)	36.5	–	–	34.5	28.3
Number of employees [Separately, average number of temporary employees]	(Persons)	809 [165]	821 [132]	790 [42]	784 [115]	829 [151]
Total shareholder return	(%)	81.8	55.1	83.3	92.5	92.6
[Benchmark index: Dividend-included TOPIX]	(%)	[95.0]	[85.9]	[122.1]	[124.6]	[131.8]
Highest share price	(Yen)	1,239	692	688	1,100	758
Lowest share price	(Yen)	628	301	363	622	499

(Notes) 1. Diluted earnings per share for the 44th term 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 stock prices are those from the Tokyo Stock Exchange Prime Market from April 4, 2022 onward, and those from prior to that are those from the Tokyo Stock Exchange First Section.

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 47th term, and the figures presented in the summary of business results for the 47th term 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. 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 main products are used to produce large posters, car wrapping, banners, display boards, and other products. Specifically, 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. 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. The main products such as JFX600-2513, JFX200-2513EX, UJF-7151plusII, and UJF-6042/3042MkIIe flatbed inkjet printers, deploy UV-curable inks with eco-friendly and handy features. These inks emit very little volatile organic compounds (VOCs) and are compatible with a wide variety of materials. These products cater to a number of uses including consumer products, gifts, and custom-made goods. They are also used 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, that can cut thick materials such as cardboard. 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 deploys a Fused Filament Fabrication technology to print large models up to 1.8 m in height. These are used to produce figures, models, 3D signboards, 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 areas are used for printing on fabrics such as fashion wear, sports wear, neckties, and scarves. The entry model TS100-1600 uses sublimation ink that vividly dyes polyester materials, the flagship model TS330-1600 achieves beautiful image quality with high productivity, and high value-added functions that help save work, the Tx300P-1800 directly prints on cotton, silk, and other cloth materials, and the Tx300P-1800MkII is compatible with a hybrid of sublimation ink and textile pigment ink. 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 areas.

(4) FA (Factory Automation) business

This is the general name for the Alpha Design Group's businesses, which includes the FA equipment (custom equipment), printed circuit board (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 including the fields such as advertisement and signboards

Major products

Inkjet Printers
- JV330 Series
- UJV100-160
- UJV55-320
- JV400LX Series
- CJV300plus Series
- CJV150 Series
- JV100-160
- JV300plus Series
- SIJ-320UV
- CJV330 Series
- UCJV300 Series

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

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

Software
- Raster Link 7
- Raster Link 6plus
- Raster Link Pro5 SG
- MPM3
- Fine Cut 9
- Simple POP

Ink
- UV-curable inks
- Eco-solvent inks
- Solvent UV inks
- Water-based latex inks

[Products for IP market]
Refers to products for the Industrial Products market, used at sites where industrial products are manufactured

Major products

Flatbed Inkjet Printers
- JFX600-2513
- UJF-6042Mk II e
- JFX200-2513EX
- JFX200-2531
- UJF-6042
- UJF-7151plus II
- UJF-3042Mk II e
- UJF-7151plus
- JFX500-2131
- UJF-3042FX

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

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

Fluid Plotters
- DCF-605PU

Software
- Raster Link 7
- Raster Link 6Plus
- Raster Link Pro5 IP
- 3D Print prep Pro
- MPM3
- Fine Cut 9
- 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
- Tx300P-1800Mk II
- Tx300P-1800B
- TS500P-3200
- MM700-1800B
- TxF150-75
- TS100-1600
- TS55-1800
- TS500P-3200DS
- Tiger-1800BMk III
- SUJV-160

Cutting Plotters
- APC-130

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

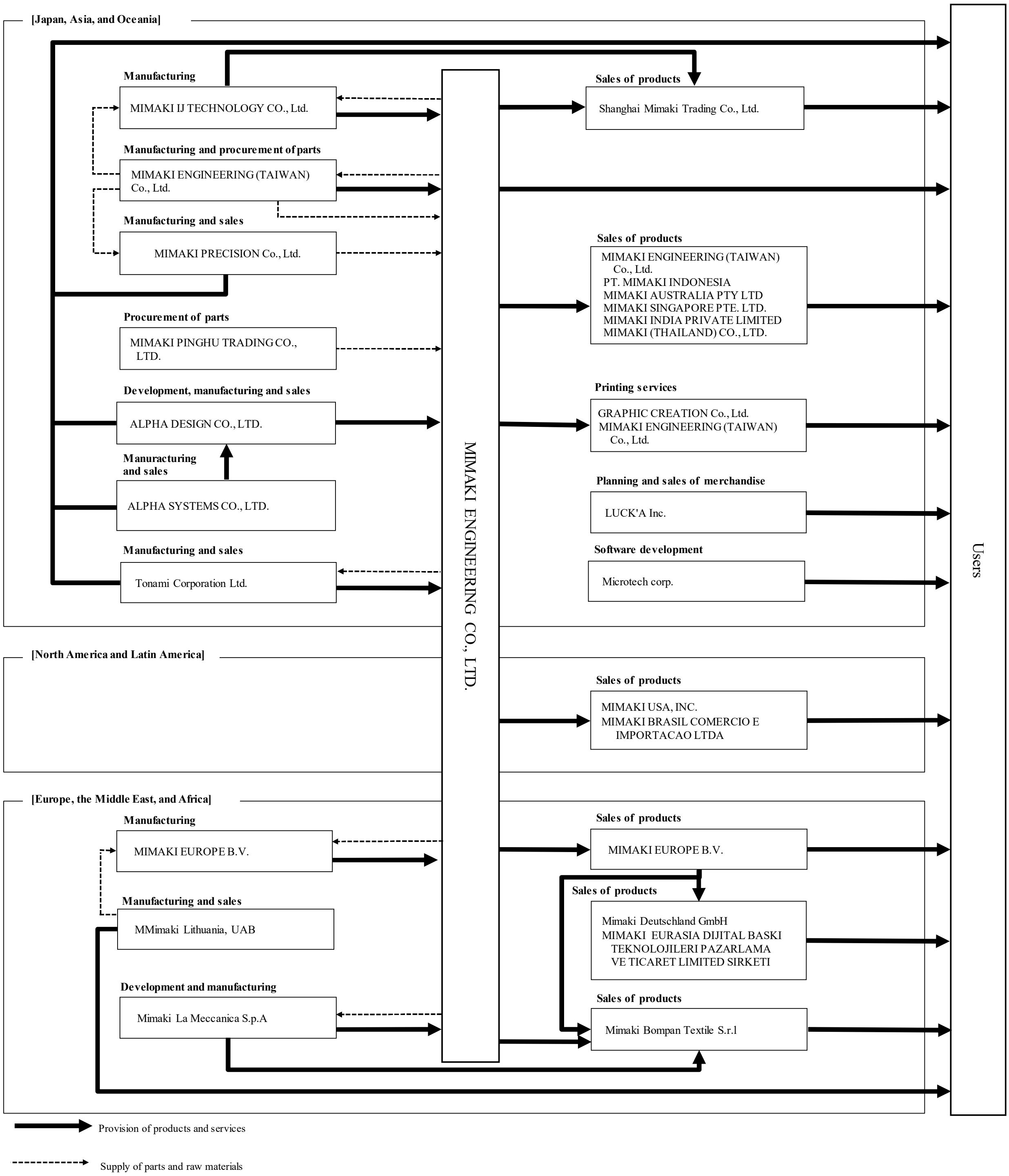
Ink
- Reactive dye inks
- Acid dye inks
- Water-based sublimation inks
- Textile pigment inks
- Heat transfer pigment inks

[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.
North America, and Latin America	Sales companies	MIMAKI USA, INC. MIMAKI BRASIL COMERCIO E IMPORTACAO LTDA

Segment name	Company name	
Europe, the Middle East, and Africa	Sales companies	MIMAKI EUROPE B.V. Mimaki Deutschland GmbH MIMAKI EURASIA DIJITAL BASKI TEKNOLOJILERI PAZARLAMA VE TICARET LIMITED SIRKETI Mimaki Lithuania, UAB Mimaki Bompan Textile S.r.l
	Manufacturing companies	MIMAKI EUROPE B.V. Mimaki La Meccanica S.p.A Mimaki Lithuania, UAB

[Overview of the Group Business]



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

4. Subsidiaries and associates

Name	Address	Share capital	Principal contents of business	Ownership percentage of voting rights (%)	Relationship
(Consolidated subsidiary) MIMAKI USA, INC. (Notes 2 and 5)	Suwanee, Georgia, U.S.A.	500 thousand USD	North America and Latin America	100	Primarily engaged in sales of the Group products in North America and Latin America region. Interlocking directorates involved.
MIMAKI EUROPE B.V. (Notes 2 and 4)	Diemen, Netherlands	500 thousand EUR	Europe, the Middle East, and Africa	100	Primarily engaged in manufacturing and sales of the Group products in Europe, the Middle East, and Africa regions. Interlocking directorates involved.
Mimaki Deutschland GmbH	Munich, Bavaria, Germany	1,000 thousand EUR	Europe, the Middle East, and Africa	100	Primarily engaged in sales of the Group products in Germany, Switzerland, and Austria. Interlocking directorates involved.
MIMAKI ENGINEERING (TAIWAN) Co., Ltd.	Tanzi District, Taichung City, Taiwan	50,000 thousand TWD	Japan, Asia, and Oceania	100	Primarily engaged in procurement of parts, manufacturing and sales of the Group products, and printing services using the Group products. Interlocking directorates involved.
MIMAKI IJ TECHNOLOGY CO., Ltd. (Note 2)	Pinghu, Zhejiang, China	800,000 thousand JPY	Japan, Asia, and Oceania	100	Primarily engaged in manufacturing of the Group products. Interlocking directorates involved.
MIMAKI PINGHU TRADING CO., LTD.	Pinghu, Zhejiang, China	100 thousand RMB	Japan, Asia, and Oceania	100 (100)	The consolidated subsidiary (sub-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.	Tomi-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	21,497,278
	(2) Ordinary profit	805,400
	(3) Profit	659,990
	(4) Net assets	3,978,362
	(5) Total assets	13,229,102

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	16,406,111
	(2) Ordinary profit	597,273
	(3) Profit	482,856
	(4) Net assets	3,587,696
	(5) Total assets	9,176,291

5. Employees

(1) Consolidated basis

As of March 31, 2023

Segment name	Number of employees (Persons)
Japan, Asia, and Oceania	1,616 (212)
North America and Latin America	214 (–)
Europe, the Middle East, and Africa	214 (25)
Total	2,044 (237)

(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, 2023

Number of employees (Persons)	Average age (Years old)	Average length of service (Years)	Average annual salary (Yen)
829 (151)	41.6	10.6	6,178,895

Segment name	Number of employees (Persons)
Japan, Asia, and Oceania	829 (151)
Total	829 (151)

(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.

<table>
<tr><th colspan="5">Current fiscal year</th><th rowspan="3">Supplementary Explanation</th></tr>
<tr><th rowspan="2">Ratio of female workers in management positions (%) (Note 1)</th><th rowspan="2">Ratio of male employees that have taken childcare leave (%) (Note 2)</th><th colspan="3">Difference in salary between male and female workers (%) (Note 1)</th></tr>
<tr><th>All workers</th><th>Of which regular employees</th><th>Of which part timer and fixed term workers</th></tr>
<tr><td>2.3</td><td>65.4</td><td>71.9</td><td>75.7</td><td>47.0</td><td>Includes personnel who have been seconded to domestic subsidiaries</td></tr>
</table>

(Notes) 1. The result of a calculation based on the provisions of the Act on the Promotion of Women's Active Engagement in Professional Life (Act No. 64 of 2015).
2. The result of the calculation of acquisition rate of childcare leave, etc., in Article 71-4 Item 1 of the Ordinance for Enforcement of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members (Ordinance of the Ministry of Labor No. 25 of 1991), based on the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members (Act No. 76 of 1991).

(3) Consolidated subsidiaries

The consolidated subsidiaries that have published the ratio of female workers in the workforce based on the Act on the Promotion of Women's Active Engagement in Professional Life are as shown below.

<table>
<tr><th colspan="2">Current fiscal year</th></tr>
<tr><th>Name</th><th>Ratio of female workers in the workforce (%)</th></tr>
<tr><td>Tonami Corporation Ltd.</td><td>16.3</td></tr>
</table>

(4) 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

The Group's management policy, business environment, issues to be addressed, etc., are as described below.

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 management visions 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 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

To achieve an operating profit ratio of 10% by 2025, we pursue sales growth, keep producing high revenue, strengthen our financial base, and build a robust corporate foundation in preparation for sustainable growth.

a. Achieve an operating profit ratio of 10% and a recurring profit ratio of 8% by FY 2025 with a focus on profitability.

b. Target a compound annual growth rate (CAGR) of 10% for FY 2020 to 2025.

c. Bolster the financial foundation by improving the cash conversion cycle to ensure our resilience to changes in the operating environment.

d. Generate innovations through product development and continue providing value-added solutions to customers.

e. Create an organizational culture where the entire Mimaki Group works together on these goals to achieve Mimaki V10.

(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 in FY2021, the 10 million color full-color entry model was 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 Sales Force Automation (SFA)/Customer Relationship Management (CRM) for mini exhibition strategies
- Devise virtual mini-exhibition strategy to reach customers in all regions
- Build sales channels toward new customers
- Launch sales supporting team
- Control inventory held by sales divisions

(4) Prioritized operating and financial challenges to be addressed

We have been and 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 not only to 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 have rapidly changed over the course of the 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 provides solutions for digital on-demand printing in the industrial printing market. Our proprietary products, software, and services built on our technologies with high competitive advantages, are one of these efforts. Additionally, the Group accommodates 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. 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 can develop and produce products for pre-processing of materials on which printing is performed as well as those for post-printing processing. The Group continuously delivers products, software, and expertise needed for printing, to provide comprehensive supports to customers, including the management of their production quality. The Group provides these assistance by getting the most out of the competitive advantage of owning this FA business with those accumulated tangible/intangible assets as resources. In addition, the Group consistently provides its know-how on labor-saving/unmanned operation through automation of printing processes and actively makes proposals that help customers transform their production processes. The Group thus plays the role of a provider of total solutions for digital on-demand printing, utilizing the end-to-end system encompassing printing and pre/post-processing of industrial printing. To properly respond to market needs, we especially focus on the following two fields:

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 markets including SG (Sign Graphics), IP (Industrial Products), and TA (Textile & Apparel). We 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 pre-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 meantime, the functional inks conventionally used in SG 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 the corresponding inkjet printers well ahead of industry peers, and leveraging its proprietary patenting technologies of UV printers.

With those competitive advantages, we 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 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 next central pillar of the Company's business by proposing diverse uses and applications and accelerating the market growth of full-color 3D modeling, and constructing a wide range of partnerships, including with leading 3D software manufacturers, while further enhancing our product lineup to meet the varying needs of our 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 reviews the development, production, and inspection processes for functional inks. Specifically, we improve product quality by reviewing and clarifying the criteria for design, service, and sales evaluation, as well as by enhancing quality checks for each ink material at the manufacturing site. In addition, we promptly respond to quality problems in the market through quick information feedback and visualization. As a precondition for these efforts, we strive for more accurate and sooner understanding of the cause(s) of defect to take appropriate measures. Concretely, the vast amount of data, collected and accumulated throughout the process of material reception, production, and shipment, are properly analyzed to strengthen the improvement at each stage in the process from production to inspection. Through these measures, we further improve the quality of our inks to boost 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 and conflict between the US and China, in addition to natural disasters of a scale exceeding expectations and outbreaks of infectious diseases such as COVID-19. The Group reexamines and strengthens its operational infrastructure, emergency communication system, and disaster prevention measures at facilities, including the head office building so that it can continue business operations with minimum damages and shortest suspension for restoration, even in the event of large-scale natural disasters. 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 discusses and implements 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 consider and implement optimal countermeasures based on appropriate risk assessments 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, profits and cash flows by appropriately dealing with issues including prolonged transportation lead time at sea and on the ground and a rise in logistics costs due to the impact of incidents such as emergence of infectious diseases and geopolitical risks. Therefore, to adapt flexibly to fluctuations in demand globally, we set up project teams to rebuild a supply chain where functions, such as sales, logistics, and production/procurement, are closely coordinated with one another to control production weekly and to determine the optimal production sites by product for 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 Non-Resident Inventory warehouses to improve the efficiency of area inventories so we can realize a flexible inventory management system in the future, minimize opportunity losses, ensure cost competitiveness, and achieve appropriate inventory levels. Furthermore, in April 2022, we made use of the newly established Maruko Factory in Ueda-shi, Nagano Prefecture, which resolves the shortage of production space for industrial inkjet printers at the Head Office and Kazawa Factory, and increases 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 makes efforts to drive innovation of product development and explores new markets and new applications by taking into account changes in market needs and customer orientation that emerged over the course of the COVID-19 pandemic. Our initiatives have already led to concrete results, such as the launch and release of 12 new products from the fiscal year ended on March 31, 2022 to the fiscal year ended on March 31, 2023. For instance, we have reviewed our development plans. To prioritize new markets, we raised the sales portion, of the products developed within the past three years, to 25% out of all the sold products. Moreover, modular development has been contributing to our aim to put superior products on the market in a timely manner under an efficient R&D system. Specifically, the team select products, units, parts, and technical information from those available for use and to combine them to develop new products, which satisfies specifications required by customers. This approach is expected to cause net sales to increase while reducing the stock keeping unit (inventory) at the same time. Meanwhile, we have established a development process, where our base product platform is deployed horizontally, to put new products in the market in a shorter period, and help shorten the development cycles. We continue to further strengthen and expand these efforts in the future, and through this promote the introduction of products to the market that can realize "something new, something different."

(vi) CX (Corporate Transformation)

To achieve the goals defined in Mimaki V10, the Group works to transform the corporate structure itself. Specifically, we save fixed costs as well as introduce RPA to facilitate stocktaking, automation, and use of artificial intelligence (AI) for work in order to reduce fixed costs and establish a strong business structure. In addition, we work to strengthen our financial structure through the improvement of capital efficiency, and furthermore, we work on activities to shorten cash conversion cycle (CCC) that are aimed at maximizing cash flow. This term, we placed highest priority on the procurement and the avoidance of opportunity loss in conjunction with the component and material shortage that occurred last term. As a result, the inventory of new merchandise and finished goods increased. We have been and will be engaged in reducing the inventory as company-wide efforts to shorten CCC. At the same time, we also work to establish rules for appropriate inventory levels, taking lead times into consideration. In addition, we are aware that strengthening the global management system is an important agenda. To that end, we work to strengthen the management of the subsidiaries, globally review the enterprise resource planning systems, accounting systems, and personnel systems, and enhance the management including standardizing operational processes and defining rules. Additionally, we 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 strives to meet diverse needs of global customers. We promote regionally based sales activities to increase customer satisfaction. The efforts cover exploration of new users, proposal of applications, after-sales follow-up, and prompt maintenance services, at its domestic sales bases and overseas subsidiaries. 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 as an effort to respond to changes in customer contact points due to the impact of the COVID-19 pandemic. Furthermore, we continued to carry out sales activities that allow us to efficiently and effectively engage in proposals and business negotiations with customers, and from the fiscal year ended in March 2022 to the fiscal year ended March 2023, we held Mimaki Innovation

Days four times through the Web. We hold this event as a new channel and touchpoint where we share products, market update, sales know-how, deployment cases, etc. In addition, we 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, as well as activities that steadily lead to the execution of contracts through the management of the customer inquiry process. In regard to sales channels for customers as well, in addition to acquiring and maintaining our leading market share by strengthening and expanding existing main channels for the SG market, we cultivate and build channels that are suitable for expanding sales in each of the new areas of the IP market, 3D market, production machines, entry models, and cutting plotters, and also build partnerships toward the provision of automation and labor-saving solutions, through which we further strengthen our proposals for the digitization of industrial printing.

(viii)Ensuring thorough internal control/compliance

The Group is thoroughly committed to internal control and compliance to fulfill its corporate social responsibilities. The Group establishes a security policy to properly manage customers' information, and internally trains 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. In particular, in the third quarter of the fiscal year ended March 31, 2023, it was discovered that there was a possible violation of EU sanctions against Russia in the sales transactions of our European subsidiary Mimaki Europe B.V. (the Netherlands); this was analyzed to have been caused by multiple factors such as an inadequate regulation check system at the Company and subsidiaries, an error in the CN code, through which products are classified in Europe, the lack of a mechanism to stop shipments to third countries by dealers, an inadequate internal management system (report line), and an inadequate compliance policy. In response to this, we are formulating measures to prevent the recurrence of each issue on a Company-wide basis. 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) Strengthening of intellectual property strategy

As a development-focused company that develops, manufactures and sell own-brand products, our intellectual property strategy is an important and vital element for ensuring competitiveness, protecting originality, and achieving sustainable growth. In particular, in order to appropriately protect our intellectual property, it is necessary for us to carry out appropriate registration and protection procedures for rights such as patents and trademarks, as well as to defend our products and brand from imitations and infringements by other companies. We have established the Intellectual Property Department at our Research and Development Division to promote activities for the registration and protection of intellectual property rights, and in order to further enhance our competitiveness in the market in the future, we reform the intellectual property right acquisition process so that we are able to apply for and register a large number of rights in each process from product planning and development through to mass production, and work to realize sustainable growth.

(x) 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 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 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. Concepts and initiatives for sustainability

The Group's concepts and initiatives for sustainability are described below.

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

(1) Concepts and status of ESG initiatives

(i) Status of Company-wide initiatives

In management, we recognize that the improvement of corporate, social, and environmental sustainability is an important issue that we must always maintain awareness of and work on. As a response to this, in April 2022, we established the SDGs Promotion Office, and created a system to sort issues and track the progress of responses at SDGs Promotion Meetings. Thanks to this organizational reforming, we have acquired up-to-date knowledge on the current status of sustainability-related initiatives throughout the Company and secured the foothold for next steps. the current status of sustainability-related initiatives throughout the Company. At a stage where major disclosure standards are now being discussed, our future challenge will be to flexibly respond to requirements and to provide even more substantial disclosures.

This term, we have organized our response status for sustainability issues, including in relation to the three topics of (1) initiatives to reduce environmental impact, (2) returns to shareholders, including initiatives relating to human capital, and (3) governance for the appropriate performance and maintenance of business activities. Now our system efficiently deals with issues that extend across departments. It holistically oversees the overall picture of activities that each department used to conduct separately and independently in the past. SDGs Promotion Meetings enable the attendees; all general managers including the management level to perform, communicate on, and track the improvement measures.

To summarize the status of our ESG response, whereas there are differences and deficiencies in systems and activities in some areas, we are broadly aware of the areas that should be covered. Toward accelerating effective initiatives in the future, in reference to discussions held at various organizations and institutions, we will collect information on an ongoing basis to eliminate omissions in the fields that should be covered, and at the same time, it will be necessary to determine the most important Company-wide issues; that is, to identify materiality, and to formulate response plans accordingly.

(ii) Our environmental response

In the environment-related fields, in which each of our division has been working on individual issues, “technology, operations, and manufacturing to reduce waste” is a key phrase.

Inkjet printers, which account for a majority of our sales, enable the printing and production of “only the amount needed, when it is needed.” This is a sustainability characteristic for users compared with conventional analog printing, both in terms of the environmental impact and of management and operation. Digital on-demand printing, which makes use of such inkjet printers, enables just-in-time production by shortening lead times, contributing to waste reduction. The application of ink on only the area to be printed resolves issue of the large consumption of ink and water. With our flagship inkjet printers as our weapon, we believe that activities in keeping with our management vision of “providing something new, something different in the market” will lead to contributions toward the reduction of the environmental impact through our technological capabilities.

In addition to the development and promotion of such technology, the introduction of CO2-free electricity and resource-saving equipment at many of our bases in Japan will allow us to use limited resources for “just what is needed, when it is needed,” and we will promote thorough energy saving and resource conservation in terms of general management as well.

At the same time, we also reduce the resource consumption beginning with review of product packaging. Over the course of our analysis on our responses to climate change, which will be discussed later, we anticipated the risk emergence directly related to product costs in the medium to long term. In addition to promoting energy-saving in our operations, we are aiming to hedge risks through environmental measures by reducing waste as much as possible in the design, procurement, manufacturing, and shipping processes.

To reduce environmental impact at our customer locations through our technological capabilities, to accelerate energy-saving and resource conservation in our corporate operations, and to further eliminate waste in manufacturing, we will continue to raise awareness within the Company, and are aiming to improve integrated sustainability through partnerships between each division.

(2) Sustainability initiatives

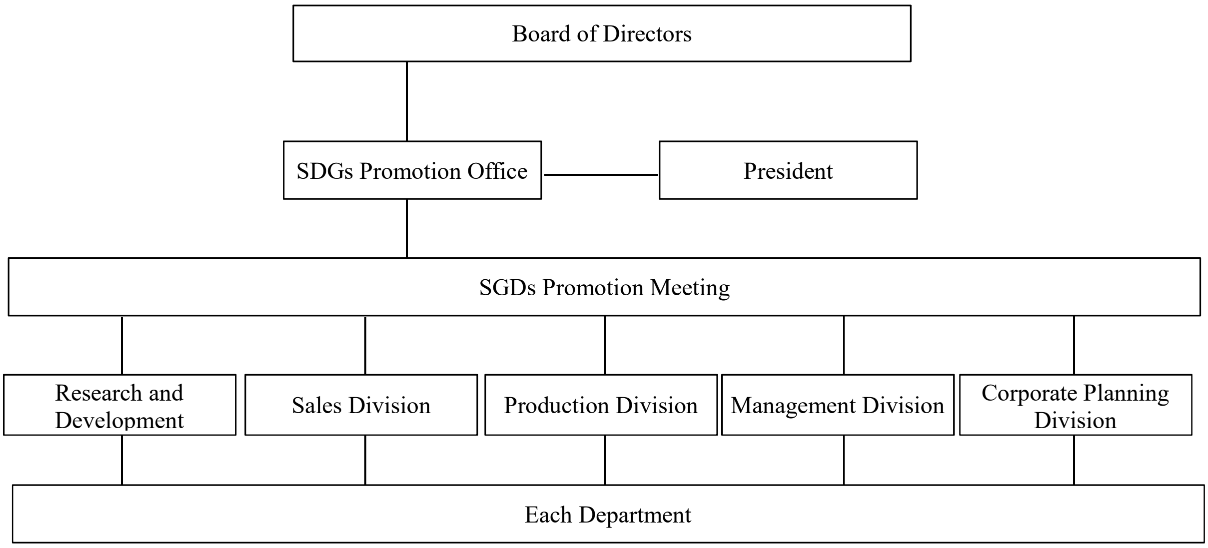
(i) Governance

We established the SDGs Promotion Office in April 2022 with the objective of promoting sustainability initiatives. Although it has been established within the Corporate Planning Division, the office holds an SDGs Promotion Meeting on a monthly basis as the key place for overseeing these matters throughout the entire Company. Participants at these meetings comprise the general managers of each division, including internal directors and some executive officers, meaning that a Company-wide promotion system has been established. Matters that will have a significant impact on finances and management are reported as appropriate to the Board of Directors.

We used the establishment of the SDGs Promotion Office as an opportunity to organize the ESG-related activities that each division had previously been working on, making it possible to efficiently promote activities. Progress reports and discussions are conducted at SDGs Promotion Meetings, at which complex issues that span related departments are systematically addressed.

At the same time, due to the need to deepen discussions concerning climate change across the throughout the Company, this term we selected members from all divisions and launched the "TCFD Project." By analyzing climate change-related issues from a Company-wide perspective, calculating the financial impact, and gaining a multi-faceted understanding of our situation, we have identified the issues that should be addressed on a medium to long term basis. This content, with the approval of the Board of Directors, is passed on to the formulation of a countermeasure plan and the establishment of an appropriate system.

Sustainability Governance System



(ii) Strategy

The specific content of our initiatives in the sustainability area is as listed in the table below.

This term, we ascertained the current situation, established a system, and engaged in our initiatives on an ongoing basis. The content in the table consists of those initiatives started before and after the establishment of the SDGs Promotion Office and the Meeting. The latter efforts have aimed to reduce CO2 emissions and resource consumption. The table illustrates those initiatives in the framework of ESG. In the future, upon examining other areas that should be covered, we will prioritize issues in areas where our efforts are lacking or have room for improvement; in other words, we will identify materiality, will set indicators and specific numerical targets to measure progress, and will determine a plan for their achievement.

<Detailed description of sustainability initiatives>

* The list below includes information on initiatives and systems that have been implemented on an organization-wide, ongoing basis since prior to this term.

E: Environment	
Management system	・ Development of a management system based on ISO14001. Improvements are being made on an ongoing basis
Climate change and decarbonization	・ Reduction of CO2 emissions by reducing product containers, packaging and cushioning materials, and parts, as well as the reduction of the number of containers through the enhancement of loading efficiency at shipment (internal comparison)
	・ Introduction of LED lighting, updating of aging air conditioning equipment ・ Switching of a part of our vehicle fleet to hybrid cars
	・ Ascertaining of energy consumption (reporting under the Energy Conservation Act) and greenhouse gas emissions (activity reporting based on the Nagano Prefectural Ordinance) ・ Constructing a system to track the progress and situation in order to enhance disclosures
	・ Switch to 100% renewable energy for the electricity used at our major domestic offices (excludes some rental properties) ・ Head Office area (Tomi-shi): Promotion of the installation of solar power generation equipment
Resource circulation	・ Separation of valuable waste (paper, cardboard, metal) ・ Outsourcing of the disposal of confidential documents to a company that will use them as a raw material for toilet paper
	・ Recycling collection of used genuine ink cartridges ・ Working to reduce the weight and use of packaging materials
	・ Contributions to a reduction in wastewater and polluted water, reducing inventory loss, and improving production efficiency, through the sale of inkjet printers and environmentally friendly ink for the textile market
Prevention of pollution	・ Implementation of occupational health and safety training in relation to waste disposal ・ Separate collection of waste at offices and factories
	・ Compliance with environmental laws and regulations, conformance with REACH regulations and RoHS directives. Confirmation of SDS and appropriate use of scientific substances
	・ Supporting digital on-demand production, which reduces the impact on the environment, through inkjet technology ・ Development and production of environmentally friendly water-based ink and UV ink
Biodiversity	・ Restricted procurement of prohibited substances, efforts to prevent adverse impacts on biodiversity and ecosystems

S: Society	
Human resources and labor	・ Actively working on increasing the number of jobs that can be performed by people with disabilities and the elderly, and recruiting accordingly ・ Actively working on the recruitment of women and foreign nationals
	・ Adoption of a position grading system, and responding in accordance with the principle of equal pay for equal work
	・ Operation of a training system that matches duties and roles (level-based, position-based, workplace-based, and field-based education, self-development) ・ Cultivation of human resources through a qualification award system
	・ Supporting research and development, as well as personnel development and cultivation, in relation to inkjet printers through the establishment of a research institute

S: Society	
Occupational health and safety	・ Maintenance of a 100% health checkup rate as specified in the Labor Standards Act ・ Performance of annual stress checks on all employees to maintain good mental health
	・ Support for the activities of the Welfare Committee by the employee representative ・ Creation of an environment in which employees continue to work through the granting of long service awards
	・ Attendance management by individual ・ 36 Agreement compliance status check by the Human Resource Department ・ Reporting at monthly Management Council meetings, raising awareness among the parties concerned
	・ Regular holding of Health and Safety Committee meetings ・ Reporting of the accident occurrence status at monthly Management Council meetings, raising awareness among the parties concerned
	・ Conducting of occupational health and safety training for new employees and employees who have joined the Company in recent years
Human rights	・ Active recruitment of foreign employees at Head Office and development of a comfortable workplace environment ・ Prohibition of sexual harassment, discrimination, and human rights violations, development of corresponding systems
Social contributions	・ Cooperation and support for the local community, sports teams, and environmental conservation projects, etc. (Details are provided below)

G: Governance	
Corporate governance	・ Identification of a policy toward the achievement of a 10% operating margin by 2025, as stated in the “Mimaki V10” medium to long term growth strategy
	・ As a specialized department, promotion by the IR Department of preparations and initiatives toward active dialog with shareholders ・ Holding of twice-yearly financial results briefing for investors. In addition to quarterly small meetings and investor visits, initiation of timely interviews
	・ Establishment of an SDGs Promotion Office to promote Company-wide initiatives in partnership with the internal departments concerned
Risk management	・ Establishment of rules for the foundation of an emergency response division, introduction of a safety check system, preparation of a countermeasures manual ・ Enhancement of the business continuity plan (BCP), promotion of operational initiatives
	・ Establishment of Audit Office, conducting of internal audits based on the audit plan in order to ensure the appropriateness of business ・ Verification of the appropriateness of business, and verification and evaluation of risk management and control, based on internal control activities
	・ Use of records on past issues ・ Securing of safety through having development evaluations conducted by a separate third party ・ Setting of an approval system at each department for product development steps, stabilization of quality

<table>
<tr><th colspan="2">G: Governance</th></tr>
<tr><td rowspan="4">Compliance</td><td>・ Establishment of processes to confirm that developed products do not violate the intellectual property of other companies</td></tr>
<tr><td>・ Configuration of appropriate authority settings on the PCs, file servers, and systems used for business, implementation of access management. Implementation of regular monitoring and internal awareness raising activities
・ Prescribing of “Information Management and Handling Rules” in internal rules, adoption as employee behavioral policy</td></tr>
<tr><td>・ Establishment of “Compliance Reporting / Consultation Desk” and “Human Resource Department Consultation Help Desk”
・ Raising of awareness of officers and employees through the requiring of all employees to submit a “Compliance Declaration” each year
・ Thorough awareness of compliance at each department through participation in internal education (meetings, training, e-learning, notices, etc.) and external seminars</td></tr>
<tr><td>・ Appropriate response to ethical issues with suppliers such as the elimination of antisocial forces (New contracts: Confirm beforehand that the counterparty has no relationships with antisocial forces. Provisions on exclusion of anti-social forces to be included in master trading agreements entered into)</td></tr>
</table>

＊ Many initiatives have been extracted from the specific initiatives (Form No. 3) disclosed on the Company’s website as one of the 14th Nagano SDGs partner companies.

<Social Contribution Activities>

As a local company, we focus mainly on giving back to the local community in Nagano Prefecture.

Performance This Term

Support in the form of donations to educational institutions, sponsorships, joint research expenses, and funds / Production of signboards for local government events, etc. / Sponsorship of a local radio station

Development of engineers who will lead the next generation through the common trust Mimaki Advancing Technology Scholarship Fund (no longer accepting new students)

Sponsorship of the “Hanasaka Guntie” work gloves project in Ueda-shi, Nagano Prefecture / Participation and sponsorship of the “Nigiyaka Forest Project” organized by the Josho Forest Certification Council

Support for three local soccer and basketball teams and other local projects and events, assistance with the production of advertising materials, etc., and more

Performance Prior to FY2021

・ **Promotion of Education**

Examples: Support for technical colleges within the prefecture and universities outside of the prefecture in the form of donations and joint research expenses / Acceptance of Company tours for intellectual training of elementary school students

Support for an educational and research environment and enrollment through the establishment of scholarship funds at technical colleges within the prefecture, and more

・ **Sponsoring and organizing of projects and events in the fields of regional revitalization, culture and the arts, and production of advertisement materials for these**

Example: We held the “Mimaki Festival” to express our appreciation to the local community and to publicize the company (from 2018-2022, canceled due to a typhoon and the COVID-19 pandemic)

Sponsorship of the “Hanasaka Guntie” work gloves project as well as various other projects and events in the Josho Region / Sponsorship of a local radio station / Assistance with the production of works to be exhibited at museums / Donation of historical building models created with 3D printers to the city, and more

・ **Disaster support, etc.**

Donations and recovery support for typhoon damage / Provision of simple face shields produced with 3D printers nationwide for no charge during the COVID-19 pandemic

(iii) Risk Management

The overall risk management of the Company is overseen by the Management Division, and is made subject to internal audits by the Audit Office, which is under the direct control of the President, including the risk management system.

In the past, issues concerning sustainability-related risks have mainly been resolved over the process of product development, production, and ordering, etc., with each department individually extracting these from the perspective of contributing to the sustainability of the Company. Extracted risks were responded to through each department incorporating them into their business plans, however, from this term, the SDGs Promotion Meeting has taken charge of comprehensive identification, evaluation, and management processes. Each department will continue to provide actual responses.

Climate-related risks are centrally responded to by the General Affairs Department at the Management Division and SDGs Promotion Office, and management, etc., is conducted at monthly SDGs Promotion Meetings similarly to other risks. In addition, we launched the "TCFD Project" to identify and evaluate medium to long term financial risks and opportunities that climate change poses to our business activities.

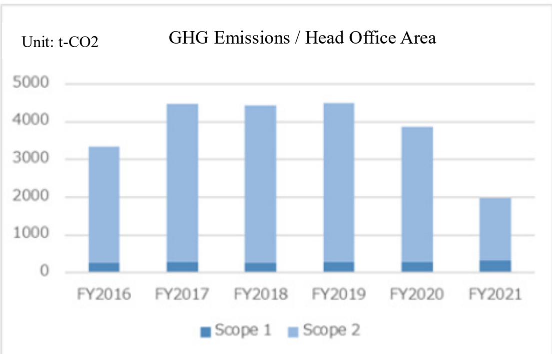
At SDGs Promotion Meetings, we regularly share and update information with related departments, report on the progress and issues of initiatives, and make appropriate changes to direction, toward achieving the targets set at the start of the term. This term, we established a system to organize and accelerate our past efforts, and also established a function for identifying areas in which our response has been insufficient.

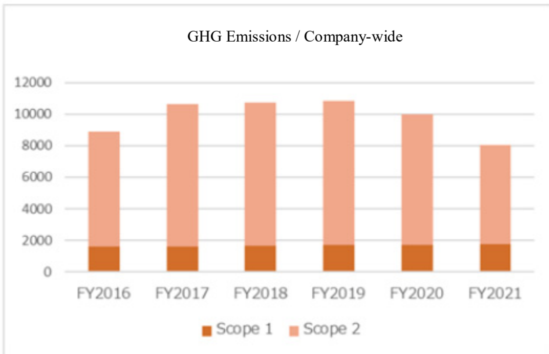
(iv) Indicators and targets

At present, the indicator that can be disclosed is greenhouse gas emissions (Scope 1 and 2). We aim to disclose and set other indicators and targets, including Scope 3, from FY2023, upon having identifying Company-wide materiality.

・ Greenhouse gas (GHG) emissions

From FY2021, we switched to CO2 free electricity at our major domestic bases. Switching has yet to be realized at some rental properties. We will consider the possibility of switching in the future at other overseas bases as well.





＊ "GHG Emissions / Company-wide" do not include figures for the following subsidiaries. We plan to collect data and prepare conditions to consider calculations in the future. LUCK'A Inc., Microtech corp.

＊ Emission figures are subject to change in the future due to factors such as the scope of calculation and the CO2 emission factor used for calculations.

(3) Response to climate change (Initiatives for TCFD Recommendations)

The Company places great focus on the impact of climate change issues on our business, and we are promoting the disclosure of information based on the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD).

(i) Governance

Please refer to (2) Sustainability initiatives (i) Governance.

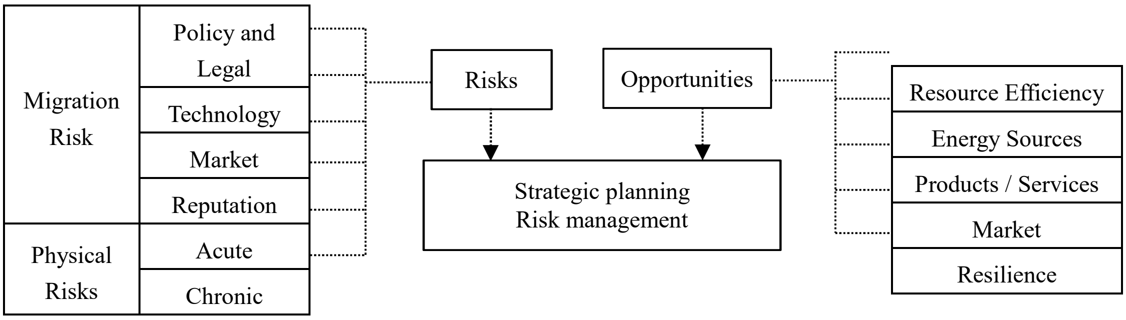
(ii) Strategy

By following the procedures described below, we identified the risks and opportunities that may affect our business, calculated the amount of the financial impact, and examined countermeasures.

■Procedures

1	Setting of prerequisites	Setting of analysis scope (region, business) and time axis
2	Identification of risks and opportunities Business impact assessment	Identifying potential impacts potential impacts on business continuity from the risks in four areas associated with the transition to a low carbon economy, risks in two areas related to the physical impact of climate change, as well as opportunities in five areas related to the adaptation and mitigation measures for climate change, as described in the TCFD recommendations. Scoring the “possibility of being impacted” and the “size of the impact,” identifying risks and opportunities that will have a large impact on business, evaluating the scale of importance
3	Scenario analysis	For the risks and opportunities identified in section 2 that are forecast to have a significant impact, calculating the financial impact on our business in scenarios of under 2°C and over 2°C
4	Examination of countermeasures	As a result of 3, examination of countermeasures and policies for risks and opportunities that will have a major impact on business

■Transition risks, physical risks, and opportunities



＊ Source: TCFD “Final Report: Recommendations of the Task Force on Climate-related Financial Disclosures (June 2017)”

■Adopted scenario

For the analysis, we adopted STEPS and the SDS scenario from the International Energy Agency for transition risk and the RCP8.5 and 2.6 scenarios from the Intergovernmental Panel on Climate Change (IPCC) for physical risks.

	IEA - Transition Risks	IPCC - Physical Risks
4°C scenario	**STEPS (Stated Policies Scenario)** ・ Scenario based on the energy composition of each country and the NDS under the Paris Agreement (contribution content determined by the national government in relation to GHG emission reduction targets), which were announced by mid-2020 ・ Rise in temperature in 2100 of +2.7°C	**RPC 8.5** ・ Scenario equivalent to maximum GHG emissions in 2100 ・ RCP8.5 is the upper limit of what is thought to be possible in the future, with a temperature rise in 2100 of +4.4°C
2°C scenario	**SDS (Sustainable Development Scenario)** ・ Scenario for a path that is completely consistent with the Paris Agreement (efforts to limit the temperature increase to less than 2°C, and to 1.5°C if possible) ・ Achievement of CO2 net zero by 2070 ・ Rise in temperature in 2100 of +1.5°C (2070: +1.65°C)	**RCP 2.6** ・ The scenario with the lowest amount of future emissions, which limits the future temperature rise to 2°C or less ・ Rise in temperature in 2100 of +1.8°C

*RCP Scenario: RCP stands for “Representative Concentration Pathways.” It supposes four different levels of greenhouse gas concentration and is used in climate model projections in the IPCC’s Fifth Assessment Report.

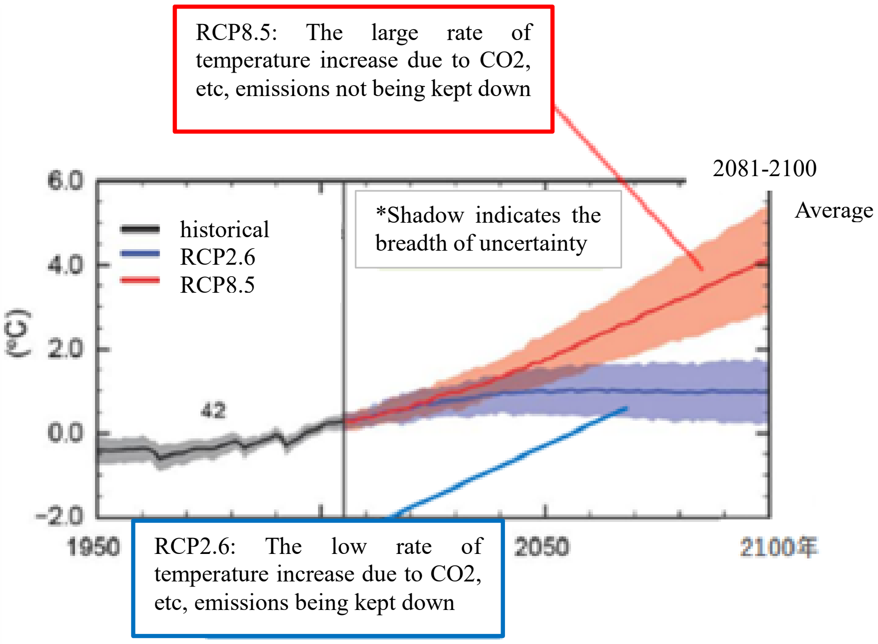


Figure. Changes in global mean surface temperature relative to the 1986-2005 mean, and time series simulation through multiple CMIP5 models (1950-2100)
Source: Figure IPCC ARS WGI SPM Frg SPM 7/(a)

* Source: Ministry of the Environment "Overview of the IPCC 5th Assessment Report - 1st Working Group (The Physical Science basis) (December 2014 edition)" *GHG: Greenhouse gas
RCP8.5 scenario and RCP2.6 scenario of the IPCC "5th Assessment Report"
SDS scenario and STEPS scenario of the IEA "World Energy Outlook 2021 Edition (WEO-2021)"

■Results of scenario analysis

Classification			Risks and Opportunities	Potential Financial Impact	Financial Impact 2030		Envision-ed Time Axis	Countermeasures
					4℃	2℃		
Migration Risk	Policy and Legal Regulation	Carbon emission targets and carbon taxes in each country	Increase in fuel and electricity procurement costs in conjunction with the introduction of carbon tax and increases in carbon tax rate	Increase in direct costs	Small	Small	Medium to Long Term	・Formulation of reduction targets and plan for their achievement
	Market	Increase in raw material costs	Increase in fuel and electricity prices	Increase in overhead	Medium * Considering recent cost hike only due to long-term price rise being difficult to estimate		Short to long term	・Suppressing increases in operating costs through thorough energy conservation ・Introduction of energy-generating equipment
	Reputation	Decrease in hiring rate due to delayed TCFD response	Increase in staff turnover and decrease in hiring rate due to lower evaluations by employees	Increase in overhead	Small		Long term	・Initiatives for climate change and appropriate information disclosures internally and externally
Physical Risks	Acute	Intensification of extreme weather (Floods, typhoons)	Suspension of operations due to damage to production and distribution bases	Decrease in sales due to lower production capacity	Medium	Small	Medium to Long Term	・Enhancement of BCP response
			Disruption of supply chains	Decrease in sales due to lower production capacity	Large at the maximum			・Enhancement of BCP response ・Examination of procurement of alternative materials
				Increase in costs due to changes in procurement routes	At the minimum value Small	Small		

Classification			Risks and Opportunities	Potential Financial Impact	Financial Impact 2030		Envision-ed Time Axis	Countermeasures
					4℃	2℃		
Opportunities	Products and Services	Development and expansion of low carbon products and services	Increased revenue due to increased demand for digital on demand printing (low carbon products and services)	Increased sales due to increased demand for products and services	Large		Short to Medium Term	・Product development that captures customer preferences, which will change due to climate change ・Enhanced appeal of low carbon products ・Enhanced product lineup in preparation for increased demand

*Analysis targets: Domestic bases / machines (printers and plotters)

*Scale of financial impact: Small: Less than 50 million yen / Medium: 50 million yen to 500 million yen / Large: Over 500 million yen

*Envisioned Time Axis Short Term: 0-3 years / Medium Term: 3-10 years / Long Term: Over 10 years

■Increase of Resilience

As a result of the scenario analysis, the major climate change-related risks for the future were found to be rising costs (including the expense to address personnel shortages due to a decline in reputation) and procurement difficulties caused by extreme weather, whereas increased demand for on-demand printing was determined to be an opportunity.

Specifically, introduction of carbon tax and following increase in material and energy prices are forecast to escalate the cost hikes. As countermeasures, we have already initiated efforts toward reducing our use of resources, while at the same time reducing costs. The main content is to strengthen from this term our efforts to thoroughly conserve energy and resources through the use of “only what is needed” in our corporate operations. One of the initiatives is represented by the plastic and cardboard reduction of the packaging and cushioning materials for inks and maintenance parts. This effort helped reducing the number of shipping containers by raising the loading efficiency. Meanwhile, we have introduced CO2-free power and resource saving equipment at our major domestic basis. The R&D team also attempted to reduce the number of parts used in the design and production of machine bodies. Furthermore, we have been and will continue developing and expanding new technologies that will enable us to reduce environmental impact and to contribute to resource recycling.

In addition to promoting resource saving and energy saving, we will continue to raise internal awareness of our efforts to reduce our environmental impact, and in the future, we will establish a system that will allow us to flexibly respond to abnormal situations, including disasters, by preparing on a regular basis, in order to minimize the impact of unexpected situations, such as procurement difficulties. In order to achieve this, it will be important to identify materiality in future sustainability in general, and to execute a plan to achieve our targets.

In order to reduce reputational risk, we will enhance the disclosure of information on the specific effects and benefits of the improvement and maintenance of the environment brought about by our technology, as well as on our ESG response in general, and through this, we will continue to communicate our response to climate change both internally and externally.

Finally, inkjet printers, which are a strength of the Company, will solve the issues of analog printing. Mass production through the use of plates, which is vital in conventional methods, presents the risk of surplus inventory, and furthermore, it is also necessary to manage the warehouses where plates and inventory are stored. However, these concerns can be dispelled through the use of digital on-demand printing. With calls being made for an urgent response to climate change, we expect that the value of this technology, which contributes to the departure from mass production and mass consumption, will continue to increase. By striving to popularize this technology and products, we are supporting the business of our customers, while at the same time, reducing our impact on the environment and reducing the administrative burden. We believe that the expansion of these initiatives will help solve social issues.

We are aiming to comprehensively improve sustainability through supporting the sustainable digital printing business of our customers, as well as through the reduction and mitigation of risks and the maximization of opportunities by each division, and we believe that this will lead to strengthened resilience throughout the Company.

(iii) Risk Management

The Company identifies and evaluates climate-related risks and opportunities through project teams that are comprised of members selected from all divisions, and conducts management through the SDGs Promotion Meeting, which is comprised of the president, other internal directors, some executive officers, and the manager of each division, as well as through appropriate reporting to the Board of Directors.

Identification of Risks	Evaluation and Analysis	Countermeasures and Management
In reference to the final recommendations of the TCFD and the proposals and announcements of other organizations, we identify climate change-related risks for domestic bases that handle machine bodies.	We conduct scored evaluations on the impact on business caused by the identified risks and opportunities, and analyze the expected impact for each scenario. This includes the calculation of financial impact for items that are forecast to have a large level of impact.	We examine countermeasures in order to reduce risks and increase opportunities for items for which the financial impact has been calculated. Reports are made as appropriate to the SDGs Promotion Meeting as well as the Board of Directors. Countermeasures are approved by these bodies and used in risk management and BCP formulation. After having formulated targets and achievement plans, these are reflected in the management plan and are passed through the PDCA cycle at monthly SDGs Promotion Meetings.

(iv) Indicators and targets

Please refer to (2) Sustainability initiatives (iv) Indicators and targets for information on GHG emissions.

(4) Human capital-related initiatives

(i) Strategy

(Basic Concepts)

We recognize that “human resources” with diverse values are our greatest management resource, and are the foundation of product development, manufacturing, and sales for the Company, which has stated the objective of being a “development-oriented enterprise” and “innovator” in the Management Vision, and we are actively promoting the securing of core human resources. At the same time, we are engaged in the promotion of diversity, particularly promoting the active participation of women, closing the gender gap, promoting work style reforms, creating a comfortable working environment, and changing mindsets, including among management. In addition, we are working to enhance our education system and to develop a corporate culture in which each employee can demonstrate the best of their abilities.

The sharing of information and exchanging of opinions between employees and management is important for the development of such a corporate culture; we hold a monthly “Employee-Management Council” that is composed of employee representatives and management, at which we confirm the requests and opinions of employees and provide explanations on the status of measures. The officer in charge of human resources provides reports as appropriate to the Board of Directors on important matters relating to human capital management, and the necessary information is shared.

The main strategies are described below.

(Securing of Core Human Resources)

In order to become a “development oriented company” and “innovator”, the training and securing of core human resources is an important management issue, and we are working to clarify the requirements needed for human resources as well as to draft and execute personnel plans and recruitment plans.

- Based on the concept of placing the right person in the right position in accordance with job type, we are actively promoting recruitment activities while paying consideration to the diversity of human resources. Specifically, we will secure our “immediate strength” through the use of mid-career hires to strengthen our product development capacity, to work on new business themes, to strengthen our sales capacity, and to strengthen our management department, and will secure our “future strength” through the use of new graduate hires to play a central role in development and sales from a medium to long term perspective.
- In order to increase understanding of treatment and evaluations, we will promote the reviewing of the human resources system with the goal of revitalizing the organization, and in addition, will work on initiatives to enhance the education system and to improve the workplace environment, and will promote the securing and retention of core human resources.

(Securing of Diversity)

We will establish an environment in which diverse human resources can play an active role, and will work to realize a “corporate culture in which each individual can fully demonstrate their individuality and abilities.”

- We recognize that the active participation of diverse human resources, particularly women, is an important issue. The ratio of women in management declined from 4.1% in FY2019 to 2.3% in FY2022, partly due to the expansion of our organization, however, we are aiming to appropriately improve the ratio of women in management by changing the mindset of employees through participation in education and training for women who aspire for promotion to management as well as diversity training.

- In addition, although the ratio of women employees was 22.1% in FY2022, which is a reasonable level for the manufacturing industry, it has been on a downward trend, having fallen from 24.0% in FY2021 due to similar reasons to the above. In regard to recruitment, we are engaged in activities to increase the number of women applicants, and in terms of the workplace environment, we are promoting the establishment of women-friendly positions as well as a mechanism that reflects the voices of women employees.

Item	Description	2019	2020	2021	2022
Management Ratio	Non-consolidated + Domestic subsidiary secondments	100.0%	100.0%	100.0%	100.0%
	Of which men	95.9%	96.9%	98.1%	97.7%
	Of which women	4.1%	3.1%	1.9%	2.3%

Item	Description	2019	2020	2021	2022
Gender Ratio (Women Ratio)	Non-consolidated + Domestic subsidiary secondments	100.0%	100.0%	100.0%	100.0%
	Of which men	76.5%	76.1%	76.0%	77.9%
	Of which women	23.5%	23.9%	24.0%	22.1%

- The Company has introduced a position grading system in our human resources system so that there is no wage gap between men and women under our salary framework. However, in FY2022 there was a wage gap of 71.9% for women compared to 100% for men. We believe that this was caused by factors such as the high ratio of men in managerial positions and the high ratio of men in the higher salary classes, however, we will continue to make improvements through increasing the ratio of women managers and women employees.

*1 References to a year refer to as of the end of that fiscal year.

*2 The number of employees is on a non-consolidated basis, and also includes the number of regular employees and non-regular employees who have been seconded to domestic subsidiaries.

*3 The ratio of women managers is the ratio of women in management position compared to the total number of management positions, and the ratio of women employees is the ratio of women employees compared to the total number of employees (*2).

(Enhancement of the Education System and Strengthening of Human Resource Development)

Alongside the securing of human resources, we will engage in initiatives to enhance our education system and to strengthen human resource development.

- Enhancement of rank-based education: We will position training mainly for new managers, mid-level employees, and sub-leaders, as the core for human resource development, and will aim to enhance and fix the content of education, including through new training and expanding the scope to domestic group companies.
- Enhancement of specialist education: We conduct specialist education in a planned manner, based on the themes selected by each division (Sales Division: Training on sales techniques for sales personnel, etc.). In addition, for specialist education that would be difficult to handle using internal resources alone, we will make use of partnerships with external educational institutions as well as our Group companies. In FY2022, we executed a “Short-term Reskilling Program Agreement” with Shinshu University, and in FY2023, we will be conducting technology education courses. Through such initiatives including “DX Human Resource Training,” to be conducted by our consolidated subsidiary Microtech corp., we encourage each employee to acquire more knowledge and skills.
- We will continue to support the growth of individual employees through the operation of a qualification reward system in which the costs for obtaining a useful qualification are covered alongside a monetary reward.

(Improving the Workplace Environment and Enhancing the Welfare System)

In addition to enhancing the welfare system and workplace environment in consideration of the work-life balance, we will work on initiatives toward realizing a workplace environment that also considers safety and security, including the prevention of accidents.

- Number of days of paid leave taken: In FY2023, we introduced a “refresh leave” system that allows employees to take paid leave for a consecutive period of one week. Although the average number of days of paid leave taken in FY2022 was 12.9

days, which is a reasonable level for the manufacturing industry, we are working on initiatives toward the creation of an environment in which more days of paid leave are taken, and in which it is easier to take paid leave.

- Overtime work: Departments that have a large amount of average overtime work per person for a certain period of time will be instructed by the Human Resource Department to formulate an improvement plan, which will then regularly check the status of initiatives, and will promote the reduction of overtime work.
- Acquisition rate of paternity leave: We have established a consultation help desk at the Human Resource Department and have worked on initiatives to spread awareness among employees as well as to promote the taking of leave, however, the acquisition rate in FY2022 remained at 65.4%. We will promote improvements in the acquisition rate as we move away from stereotyped gender roles, change the awareness of men toward childcare, and create a comfortable working environment that offers a balance between work and childcare.

Item	Description	2019	2020	2021	2022
Childcare Leave Acquisition Rate	Non-consolidated + Domestic subsidiary secondments	69.4%	66.7%	78.9%	71.9%
	Of which male	60.7%	47.6%	68.0%	65.4%
	Of which female	100.0%	100.0%	100.0%	100.0%

- Prevention of accidents, health and safety: We engage in cross-sectional activities with the focal point being the Health and Safety Committee, with such activities including the performance of regular risk assessments and efforts to prevent accidents. In addition, themes are independently selected by each division and department, and we are developing 5S activities that will solve a wide range of workplace issues.

*1 References to a year refer to as of the end of that fiscal year.

(ii) Targets and indicators

- The indicators and targets that we are focusing on are as shown below. In the future, we will examine the effectiveness and usefulness, etc., of our initiatives in each category, and will set appropriate indicators and targets.

	Category	KPI	2023
Priority Item	Securing of diversity	Increasing of women management ratio	3.0%
	Enhancement of welfare system	Increasing of men's childcare leave acquisition rate	80.0%

*1 The target values are for as of the end of each fiscal year.

*2 The number of employees is on a non-consolidated basis, and also includes the number of regular employees and non-regular employees who have been seconded to domestic subsidiaries

*3 Women management ratio is the ratio of women in management positions compared to the total number of management positions.

3. 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 impact of the COVID-19 pandemic and Russia's invasion of Ukraine, among other factors, have resulted in it continuing to be difficult to procure some raw materials, and in addition, the impact of historic inflation in conjunction with the rise in various fuel prices, including oil, as well as material and raw material prices, has meant that the raw material procurement prices we have faced have been increasing in general. 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 has adopted a policy of growing net sales through the strengthening of sales overseas. 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 build and strengthen the production system at appropriate locations 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, or in the event of a geopolitical risk, etc., arising, such as from the issue between Russia and Ukraine and the conflict between the US and China, 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 attack by Russia on Ukraine 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.

It should be noted that over the course of the financial results for the third quarter of the fiscal year ended March 31, 2023, we discovered the possibility of a violation of the sanctions on Russia imposed by the EU in sale transactions of MIMAKI EUROPE B.V. (the Netherlands), which is one of our European subsidiaries. For details on this matter, please refer to "V. Financial Information 1. Consolidated financial statements, etc. (1) Consolidated financial statements, Notes (Additional information)."

(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, a department dedicated to foreign exchange management 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.

(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, based on its human capital strategy.

(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 41.3% 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, a department specializing in intellectual property rights will 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 comprises a department dedicated to research and management of laws and regulations related to the manufacturing industry. This department will make efforts to comply with all relevant laws and regulations 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) Information security risks

At the Group, information security vulnerabilities and cyberattacks may have an impact on the operating results and financial position of the Group due to a loss of credibility and reputation arising from a leak in confidential information, the suspension of business due to the suspension of services and systems, deterioration of customer service, as well as financial damage and loss of corporate reputation arising from external attacks and threats. As countermeasures against such risk, Management Information System Department, which is a specialist department, takes the lead in the formulation of the security policy and the implementation of thorough information management as well as employee education based on this, the improvement of defensive capabilities through the making of system backups and enhancement of security, as well as efforts toward the detection of vulnerabilities and the performance of countermeasures, etc., against them.

(12) 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.

(13) 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.

(14) 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, and 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 affected the Group’s operating performance in the previous fiscal year. Going forward, we may see a similar situation arise again. 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 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 is properly working on these efforts while closely monitoring the social landscape.

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

(1) Overview of operating results, etc.

(i) Operating results

The current fiscal year (hereinafter “this term”), the global economy continued to suffer from historical inflation. Difficulties in procurement of parts and raw materials coincided and caused the product supply to run short and costs to increase. The Russia-Ukraine issue triggered soaring prices for energy or food. From the second half of the third quarter, the global economy still remained in a tough state, seeing a slowdown due to rapid interest rate hikes in Europe and the US, as well as the turmoil associated with China's zero-COVID policy and its lifting. In Japan, although the economy has shown signs of a gradual recovery, the situations has continued to be unpredictable due to growing uncertainties about the future due to rising inflation and sharp fluctuations in exchange rates. On the other hand, investments in areas such as environmental issues and digitalization are increasing around the world, and there is also the aspect of an increase in business opportunities in these fields; the Group will continue to build a foundation for the improved profitability prescribed in the “Mimaki V10” medium to long term growth strategy, while developing / providing new technologies and services, and through this, is working on initiatives to increase competitiveness and toward sustainable growth.

Sales in this term were impacted by factors such as a shortage of parts and materials, semiconductors in particular, prolonged transportation lead times, as well as the impact on sales of the Russia-Ukraine issue and China’s zero-COVID policy. However, robust demand for our products has continued. By product market, in addition to the IP (Industrial Products) market, where new products have been performing well, there has been a significant increase in sales focused on emerging economies in the TA (Textiles & Apparel) market, sales of mainstay products in particular in the SG (Sign Graphics) market have also been strong, and in the FA business, board inspection equipment has led to robust results. By item, in addition to main units, sales of ink and maintenance parts have been strong. On the other hand, we revised our sales forecast for the fourth quarter downward due to the impact of the slowdown in economic growth gradually becoming more apparent, particularly in Europe and the US, from the second half of the third quarter. However, full-year sales increased significantly due to robust demand and the positive effect of the depreciation of the yen. The cost of sales ratio improved slightly due to the price review, despite the costs increased due to material procurement that prioritized the avoidance of lost sales opportunities, as well as the impacts such as soaring energy costs. In addition, although SG&A expenses increased as our business and sales activities became more active, with personnel, R&D, and sales promotion expenses, etc., rising in particular, the SG&A expense ratio improved as a result of our efforts to make efficient use of expenditure. As well as these factors, a positive effect was obtained from the depreciation of the yen, which has resulted in a significant increase in operating profit.

During the current fiscal year, the Group posted net sales of 70,607 million yen (up 18.6% year on year), operating profit of 4,241 million yen (up 65.1% year on year), ordinary profit of 3,789 million yen (up 41.0% year on year), and profit attributable to owners of parent of 2,807 million yen (up 19.6% year on year). It should be noted that record highs were set for each of net sales, ordinary profit, and net income.

In addition, for the financial statements of our subsidiary in Turkey this term, we made accounting adjustments based on "Financial Reporting in Hyperinflationary Economies" (IAS No. 29), and in addition, recorded the impact of these adjustments in non-operating expenses in the form of an inflation accounting adjustment. For details, please refer to "V. Financial Information 1. Consolidated financial statements, etc. (1) Consolidated financial statements, Notes (Additional information)."

The major exchange rates for the current fiscal year were 135.48 yen per U.S. dollar (112.38 yen in the previous fiscal year) and 140.97 yen per euro (130.56 yen in the previous fiscal year).

Performance by business segment is explained 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 31,653 million yen (up 16.1% year on year). In Japan, sales for the IP market have increased significantly due to continued strong sales of compact flatbed (FB) products, and in addition, strong growth was secured for the SG and TA markets. The FA business also performed well. In addition, ink and maintenance parts performed well, resulting in a significant increase in income in general. In Asia and Oceania, although sales have recently recovered thanks to the lifting of China's zero-COVID policy, full-year net sales declined. However, almost all countries and regions other than China showed significant growth, particularly in Australia, Thailand, and India, the TA market especially saw significant growth in each country, and in addition, the SG and IP markets have performed well, with strong performance being restricted not only to main units, but also extending to ink and maintenance parts, which led to a significant increase in sales in the area in general.

(North America and Latin America)

Net sales were 18,968 million yen (up 33.0% year on year). In North America, in addition to compact FB products for the IP market, large FB products also performed well, seeing a significant increase in sales, and sales for the SG and TA markets were also strong. In the fourth quarter, we were unable to recover to the level of prior to the downward revision of the net sales forecast, however, full-year sales increased significantly due also to the positive impact of exchange rates in general. In Latin America, sales for the SG and TA markets remained strong, particularly in Brazil and Mexico, resulting in a significant increase in overall sales across the region.

(Europe, the Middle East, and Africa)

Net sales were 19,984 million yen (up 11.1% year on year). Although the Russia-Ukraine issue had a negative impact on net sales, net sales were strong in all major countries, including Germany, Italy, the UK, Portugal, Spain, and France. While there was a decrease in sales for the TA market, sales were strong for the SG and IP markets, and there was also robust demand for ink. In the fourth quarter, sales were in line with the level of the downward revision of the net sales forecast, however, full-year sales increased due also to the positive impact of exchange rates in general.

Net sales by market

	Net sales (Millions of yen)	Percentage of net sales (%)	Year-on-year changes (%)
SG market	28,451	40.3	15.2
IP market	20,132	28.5	24.0
TA market	6,611	9.4	20.0
FA business	4,650	6.6	4.1
Others	10,760	15.2	25.2
Total	70,607	100.0	18.6

(SG market)

Net sales were 28,451 million yen (up 15.2% year on year). For main units, our flagship mid-range model and the entry model JV/UJV100, as well as cutting plotters with the new CG-AR series, performed well, and the new flagship JV/CJV330 model also contributed to increased sales. Ink sales also performed well.

(IP market)

Net sales were 20,132 million yen (up 24.0% year on year). For main units, sales of flagship compact FB products, with an updated lineup, grew significantly, sales of large FB products also saw robust growth, and in addition to main units, sales of ink and maintenance parts were strong, resulting in a significant increase in sales in general.

(TA market)
Net sales were 6,611 million yen (up 20.0% year on year). In main units, the entry level model TS100 saw significant growth in sales, particularly in Latin America and Asia, and in addition, sales of our flagship mid-range model were also robust, resulting in a significant increase in sales in general. In addition, there was a significant increase in sales of ink in conjunction with the increase in utilization rate of customers.

(FA business)
Net sales were 4,650 million yen (up 4.1% year on year). While sales of board inspection equipment and metal processing grew, sales of semiconductor manufacturing equipment and board mounting equipment declined.

(ii) Financial position

(Assets)
Total assets as of March 31, 2023 amounted to 69,789 million yen, an increase of 8,932 million yen (compared with 60,857 million yen as of March 31, 2022). Total current assets amounted to 53,692 million yen, an increase of 6,197 million yen (compared with 47,495 million yen as of March 31, 2022). This was due to the impact of the continued prolonging of transportation lead times and that sales in the fourth quarter did not grow as much as expected, despite operations having been conducted to secure inventories in response to increased sales, resulting in an increase in merchandise and finished goods, etc. Moreover, total non-current assets amounted to 16,097 million yen, an increase of 2,734 million yen (compared with 13,362 million yen as of March 31, 2022). This was mainly due to an increase in right-of-use assets due to a change in accounting policy*, as well as an increase in construction in progress in relation to the additional construction work at the Maruko Factory.
* For details, please refer to "V. Financial Information 1. Consolidated financial statements, etc. (1) Consolidated financial statements, Notes (Changes in accounting policies)."

(Liabilities)
Total liabilities as of March 31, 2023 amounted to 47,733 million yen, an increase of 5,593 million yen (compared with 42,140 million yen as of March 31, 2022). Total current liabilities amounted to 40,144 million yen, an increase of 7,815 million yen (compared with 32,329 million yen as of March 31, 2022). This is mainly attributable to an increase in short-term borrowings. Total non-current liabilities amounted to 7,589 million yen, a decrease of 2,221 million yen (compared with 9,810 million yen as of March 31, 2022). This is mainly attributable to a decrease in long-term borrowings.

(Net assets)
Total net assets as of March 31, 2023 amounted to 22,056 million yen, an increase of 3,339 million yen (compared with 18,716 million yen as of March 31, 2022). This is mainly attributable to an increase in retained earnings.

(iii) Cash flows
Cash and cash equivalents (hereinafter "cash") as of March 31, 2023 totaled 8,202 million yen, an increase of 700 million yen compared with March 31, 2022, owing to an increase in short-term borrowings and income before income taxes, despite expenditures for the repayment of long-term loans payable and the acquisition of property, plant and equipment. The details by operating activities, investing activities and financing activities are as follows.

(Cash flows from operating activities)
Net cash provided by operating activities totaled 490 million yen (compared with cash used of 5,129 million yen in the previous fiscal year). This is mainly attributable to an increase of 1,897 million yen in inventories, partially offset by the profit before income taxes of 3,849 million yen.

(Cash flows from investing activities)
Net cash used in investing activities totaled 3,500 million yen (compared with cash used of 2,711 million yen in the previous fiscal year). This is mainly attributable to purchase of property, plant and equipment of 2,214 million yen and payments into time deposits of 815 million yen.

(Cash flows from financing activities)
Net cash provided by financing activities totaled 3,519 million yen (compared with cash provided of 4,275 million yen in the previous fiscal year). This is mainly due to an increase in short-term borrowings of 8,013 million yen, partially offset by repayments of long-term borrowings of 3,844 million yen.

(iv) Production, orders received and sales

a. Production

Production by segment during the fiscal year ended March 31, 2023 is as follows.

Segment name	Current fiscal year (From April 1, 2022 to March 31, 2023) (Thousands of yen)	Year-on-year changes (%)
Japan, Asia, and Oceania	30,639,903	13.1
Europe, the Middle East, and Africa	3,861,928	11.8
Total	34,501,831	13.0

(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, 2022 to March 31, 2023) (Thousands of yen)	Year-on-year changes (%)
SG market	13,622,568	17.0
IP market	7,251,136	7.6
TA market	3,977,133	20.3
FA business	4,214,450	2.8
Others	5,436,543	14.6
Total	34,501,831	13.0

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, 2022 to March 31, 2023) (Thousands of yen)	Year-on-year changes (%)
Japan, Asia, and Oceania	31,653,906	16.1
North America and Latin America	18,968,811	33.0
Europe, the Middle East, and Africa	19,984,294	11.1
Total	70,607,012	18.6

(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, 2022 to March 31, 2023) (Thousands of yen)	Year-on-year changes (%)
SG market	28,451,967	15.2
IP market	20,132,376	24.0
TA market	6,611,762	20.0
FA business	4,650,614	4.1
Others	10,760,290	25.2
Total	70,607,012	18.6

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

Product category	Current fiscal year (From April 1, 2022 to March 31, 2023) (Thousands of yen)	Year-on-year changes (%)
Machines	29,500,461	16.2
Ink	25,242,444	20.0
Spare parts	5,754,473	14.9
Others	10,109,632	25.2
Total	70,607,012	18.6

(Note) 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 1,617 million yen compared with the end of the previous fiscal year to 13,547 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 70,607 million yen, up 18.6% year on year, and operating profit was 4,241 million yen, up 65.1% year on 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

The status of 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 3,009 million yen. A significant increase in income before income taxes materialized positive operation cash flow despite the increased inventories. Nevertheless, investment cash flow fell significantly. We acquired the Maruko Factory and performed ancillary construction for more production capacity. Furthermore, two other contributing factors are the active investment in molds for new product development and mass production, and capital investment for R&D. These investments aimed to achieve the targets prescribed in the "Mimaki V10" medium to long term growth strategy. From this term onward as well, we will first implement various measures toward reducing inventories and maximize operation cash flow. Also, we will actively perform the investments required for future growth, and in order to both maintain a sound financial position and to realize sustainable growth, we will systematically secure financial resources, while at the same time aiming for a balance between internal funds, direct financing, and indirect financing.

(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).”

5. Material contracts, etc.

There is no related information.

6. 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 420 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 work 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.

In addition, by incorporating the know-how, including software development technology of Microtech corp., which was converted to a subsidiary in March 2022, as new management resources, we will further strengthen the software development capabilities of the entire Group and provide solutions that address changes in the market environment and customer needs in a timely manner.

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 have rapidly changed due to the 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. In addition, we launched the flatbed cutting plotter “CFX Series,” which can efficiently process materials or items in a variety of applications. Furthermore, as part of our sustainability response, we started the sale of paper-based ink cartridges in ink for the SG market, and achieved a 68% plastic reduction rate.

(2) For the IP market, we launched the pure clear ink “MH-110PCL,” which can be used with the UV curable inkjet full-color 3D printer “3DUJ-553.” This reduces the yellowness of clear moldings, which was required with the conventional clear ink MH-100CL, and realized transparent clear molding.

(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. In addition, we launched our first Direct To Film printer “TxF150-75” and dedicated to DTF thermal transfer pigment ink “PHT50.”

(4) In the FA business, our consolidated subsidiary ALPHA DESIGN CO., LTD. launched the access control system “SIX” toward strengthening facility security and the total management of users as a new product for facility management and business reform solutions.

(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 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 4,956 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 2,901 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 3,133 million yen, of which 837 million yen was spent for buildings, building annexes, and structures (including construction in progress) 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, 2023

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	452,646	2,174	654,117 (42,203.18)	551	323,685	1,433,174	467 (13)
Kazawa Factory (Tomi-shi, Nagano)	Japan, Asia, and Oceania	Manufacturing facilities for computer peripherals	1,989,406	147,651	509,632 (29,080.00)	-	633,210	3,279,901	140 (137)
Tokyo Branch Office and 15 other sales offices	Japan, Asia, and Oceania	Sales facilities	37,996	-	- (-)	1,618	97,608	137,223	195 (1)
Maruko Factory (Ueda-shi, Nagano)	Japan, Asia, and Oceania	Manufacturing facilities for computer peripherals	818,078	550	210,571 (18,207.51)	-	9,792	1,038,992	- (-)
Nagano Development Center (Nagano-shi, Nagano)	Japan, Asia, and Oceania	Development facilities	48,015	-	26,825 (1,245.00)	-	258	75,100	7 (-)
Hachioji Development Center (Hachioji-shi, Tokyo)	Japan, Asia, and Oceania	Development facilities	139,431	0	239,382 (1,448.27)	1,683	4,516	385,013	20 (-)
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, 2023

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	6,747	29,856	- (-)	685,352	1,235	723,192	30 (9)
ALPHA DESIGN CO., LTD.	Head office and factory (Tomi-shi, Nagano)	Japan, Asia, and Oceania	Manufacturing facilities and others	171,446	21,101	100,365 (11,344.82)	10,397	3,666	306,977	75 (0)
ALPHA SYSTEMS CO., LTD.	Head office and factory (Yonezawa-shi, Yamagata)	Japan, Asia, and Oceania	Manufacturing facilities	24,875	1,384	66,309 (7,725.86)	2,600	1,521	96,691	80 (1)
Tonami Corporation Ltd.	Head office and factory (Tonami-shi, Toyama)	Japan, Asia, and Oceania	Manufacturing facilities	83,289	98,620	308,923 (38,456.15)	2,580	51,031	544,445	106 (6)

(3) Overseas subsidiaries

As of March 31, 2023

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	54,413	15,377	- (-)	912,541	243,784	1,226,116	148 (0)
MIMAKI EUROPE B.V.	Head Office (Diemen, the Netherlands)	Europe, the Middle East, and Africa	Sales facilities/ manufacturing facilities	146,775	169,109	- (-)	-	157,667	473,552	100 (21)
Mimaki Deutschland GmbH	Head Office (Bavaria, Germany)	Europe, the Middle East, and Africa	Sales facilities	69,744	15,794	- (-)	-	28,696	114,236	40 (2)
MIMAKI IJ TECHNOLOGY CO., Ltd.	Head Office (Zhejiang, China)	Japan, Asia, and Oceania	Manufacturing facilities	9,831	105,327	- (-)	-	55,715	170,874	134 (25)
Mimaki Lithuania, UAB	Head Office (Vilnius, Lithuania)	Europe, the Middle East, and Africa	Manufacturing facilities	126,229	32,482	- (-)	-	-	158,711	23 (-)

(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., and ALPHA DESIGN Co., Ltd., which are all Group 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)		Commence-ment	Completion	
The Company Kazawa Factory	Tomi-shi, Nagano	Japan, Asia, and Oceania	Molds	417,077	-	Internally generated funds and borrowings	April 2023	March 2024	Note 1
The Company Head Office / Bokuya Factory	Tomi-shi, Nagano	Japan, Asia, and Oceania	Mission-critical systems	382,645	-	Internally generated funds and borrowings	April 2023	March 2024	Note 2
The Company Head Office / Bokuya Factory and each Sales Office	Tomi-shi, Nagano	Japan, Asia, and Oceania	The Company's products for exhibition and demonstration	301,260	-	Internally generated funds and borrowings	April 2023	March 2024	Note 1

(Notes) 1. There are no significant changes because replacement or update of new products is performed in the plan.
2. 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) (March 31, 2023)	Number of issued shares as of filing date (Shares) (June 26, 2023)	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 Prime Market	Number of shares per one unit 100 shares
Total	32,040,000	32,040,000	–	–

(2) Share acquisition rights, etc.

(i) Stock option plan

Resolution date	January 16, 2018	January 16, 2019	January 16, 2020
Category and number of individuals covered by the plan	Directors of the Company (excluding Outside Directors) 7 Employees of the Company 41 Directors and employees of the Company's subsidiaries 18	Directors of the Company (excluding Outside Directors) 7 Employees of the Company 50 Directors and employees of the Company's subsidiaries 23	Directors of the Company (excluding Outside Directors) 7 Employees of the Company and directors and employees of the Company's subsidiaries 78
Number of share acquisition rights (Units)*	665	812 [802]	901
Type, description and number of shares subject to share acquisition rights (Shares)*	66,500 common shares	81,200 common shares [80,200]	90,100 common shares
Paid-in amount upon exercise of the share acquisition rights (yen)*	1,219 (Note 1)	815 (Note 1)	522 (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 (yen)*	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 or an Auditor retires on expiration of their 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, 2023). In regard to items that changed from the end of the current fiscal year through to the present, specifically the end of the month preceding the filing date (May 31, 2023), the content as of the end of the month preceding the filing date is shown in parenthesis, and for other items, there have been no changes to the content as of the final day of the fiscal year.

(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 affecting 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 affecting 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, 2023

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)	–	11	25	52	84	9	4,386	4,567	–
Number of shares held (Units)	–	46,404	9,016	101,447	34,084	67	129,314	320,332	6,800
Shareholding ratio (%)	–	14.49	2.81	31.67	10.64	0.02	40.37	100.00	–

(Note) 3,260,767 treasury shares consist of 32,607 units included in “Individuals and others” and 67 shares included in “Shares less than one unit.”

(6) Major shareholders

As of March 31, 2023

Shareholder name	Address	Number of shares held (Shares)	Shareholding ratio (excluding treasury shares) (%)
Ikeda Holdings, Inc.	1-4-18, Kokubu, Ueda-shi, Nagano	5,064,000	17.60
The Master Trust Bank of Japan, Ltd.	2-11-3, Hamamatsucho, Minato-ku, Tokyo	2,801,200	9.73
Tanaka Kikaku Ltd.	532-3, Agata, Tomi-shi, Nagano	2,230,000	7.75
Noriyuki Tanaka	Tomi-shi, Nagano	2,035,000	7.07
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	1,178,500	4.09
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
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)	642,500	2.23
Custody Bank of Japan, Ltd.	1-8-12, Harumi, Chuo-ku, Tokyo	638,600	2.22
Total	–	17,792,000	61.82

(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. 2,801,200 shares
Custody Bank of Japan, Ltd. 638,600 shares

(7) Voting rights

(i) Issued shares

As of March 31, 2023

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 3,260,700	–	–
Shares with full voting rights (Other)	Common shares 28,772,500	287,725	–
Shares less than one unit	Common shares 6,800	–	–
Total number of issued shares	32,040,000	–	–
Total number of voting rights	–	287,725	–

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

(ii) Treasury shares

As of March 31, 2023

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	3,260,700	–	3,260,700	10.18
Total	–	3,260,700	–	3,260,700	10.18

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

2. Acquisition, etc. of treasury shares

Type of shares, etc. Common shares

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

There is no related information.

(2) Acquisition by resolution of the Board of Directors

There is no related information.

(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, 2023 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)	4,000	2,390	–	–
Treasury shares held	3,260,767	–	3,260,767	–

(Notes) 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, 2023 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, 2023 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.

The Company's basic policy is to provide two dividends per year: an interim dividend and a year-end dividend.

For the current fiscal year, we paid out year-end dividends of 17.5 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)
Resolution of the Board of Directors Meeting held on November 9, 2022	215,844	7.5
Resolution of the Board of Directors Meeting held on May 15, 2023	287,792	10.0

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 Incorporation 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)

Name of body	Objectives/authority	Constituent members	
		Head of body	Members
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), Soichiro Nakao, Shuji Kitazawa, Takuya Yamazaki, Tatsuya Horikawa, Takayuki Ato, Masayasu Hanatate, Fumio Kotani, Yuji Ikeda, Naoki Muromachi, Kikuo Shimizu, Takao Terashima, Naoya Kawagoshi, Koji Imoto, Tomomitsu Hanaoka, Takashi Uchino, Takahiro Hiraki, Hideo Iwama, Norio Igarashi, Akira Suzuki, Shinsuke Ota, Hisashi Takeuchi, Akihiro Tsukada, Seigo Tsuji, Akihiko Mizusaki, Chihiro Ozawa, Mutsumi Fukuda, Koji Tokuhiro, Shinichi Iwamoto, Yuki Kitamura, Yumiko Ide, Fumitoshi Tanaka, Kazutaka Watanabe

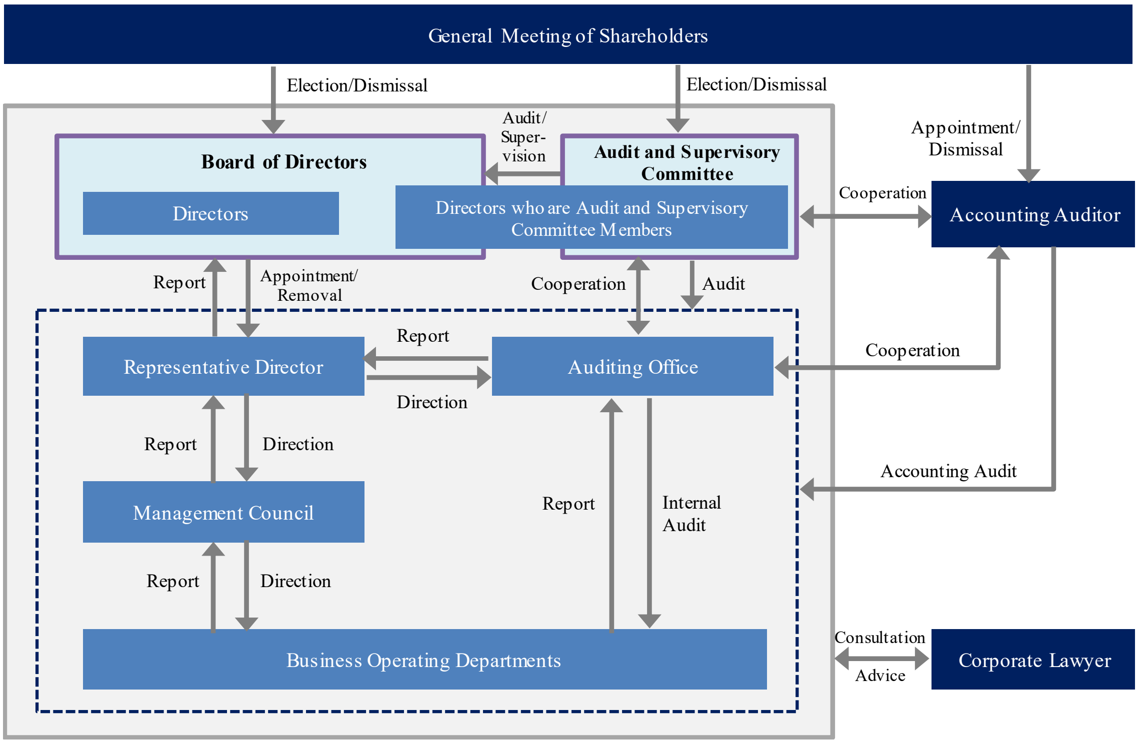
(Note) They are Outside Directors.

(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 control 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) 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.

(v) 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.

(vi) 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.

(vii) 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.

(viii) Activity status of the Board of Directors

At the Company, 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.

In the current fiscal year, the Company held the Board of Directors meetings 15 times (of which three meetings were extraordinary meetings). The table below shows the attendance of each Director at the meetings. (including those attended remotely)

Official title or position	Name	Number of Meetings Attended/ Number of Meetings Held
President	Kazuaki Ikeda	15/15 (100%)
Managing Director	Kazuyuki Takeuchi	15/15 (100%)
Executive Director	Koji Shimizu	15/15 (100%)
Director	Yasuhiro Haba	15/15 (100%)
Director	Nariaki Makino	15/15 (100%)
Director	Takeshi Kodaira	15/15 (100%)
Director	Shujiro Morisawa	15/15 (100%)
Director (Outside)	Shunsuke Numata	15/15 (100%)
Director, Full-time Audit and Supervisory Committee Member (Outside)	Yoh Zenno	15/15 (100%)
Director, Audit and Supervisory Committee Member	Noriyuki Tanaka	15/15 (100%)
Director, Audit and Supervisory Committee Member (Outside)	Makoto Tanaka	14/15 (93%)
Director, Audit and Supervisory Committee Member (Outside)	Hisamitsu Arai	15/15 (100%)
Director, Audit and Supervisory Committee Member (Outside)	Seiko Minomo	15/15 (100%)

The following matters were deliberated and reported, etc., at the Board of Directors during the current fiscal year.

Deliberation items: Disclosure of financial results, interim and year-end dividends, earnings forecasts and dividend forecast revisions, directors and officers liability insurance policy contracts, convening of general meetings of shareholders, online disclosure of some reference documents for general meetings of shareholders, reference documents and financial documents for general meetings of shareholders, audit reports, introduction of a system for electronic voting rights at general meetings of shareholders, submission of corporate governance report, election of representative director and executive management, executive remuneration, audit fees, disclosure of third quarter financial results and postponement of submission of quarterly report, measures to prevent recurrence of EU sanctions violations, disclosure of possible violations of EU sanctions

Regular report items: Management plan and results, foreign exchange, cash flow, business by division, litigation progress status

Individual report items: Dividend policy, summary of general meeting of shareholders, organizational changes and personnel changes, sustainability and securing of diversity, internal control evaluation results, audit plan by the Audit and Supervisory Committee, cyber security, introduction of ERP, revision of the corporate governance code, performance-based remuneration, bonuses, prior consent for non-guarantee business, concern over violation of EU sanctions, internal action for violation of EU sanctions, inventories of overseas subsidiaries, current status of overseas subsidiaries, regular meetings of Accounting Auditors

(ix) 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.

(x) 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.

(2) Information about Directors (and other officers)

(i) List of Directors (and other officers)

Directors include 12 men and one woman. (Ratio of women 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 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) June 2022 Representative Director and President, GRAPHIC CREATION CO., Ltd. (current position) June 2022 Representative Director and President, LUCK'A Inc. (current position)	Note 2	32,700

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 May 1990 April 2014 June 2014 June 2015 July 2015 April 2016 April 2016 June 2016 October 2016 April 2017 April 2019 April 2019 April 2019 March 2022	Joined Victor Company of Japan, Limited (currently JVCKENWOOD Corporation) Joined the Company General Manager, Research and Development Division, Research and Development Department and Technical Management Department, the Company Director and General Manager, Research and Development Division, Research and Development Department and Technical Management Department, the Company Executive Director and General Manager, Research and Development Division, the Company Director, MIMAKI PRECISION Co., Ltd. (current position) Representative Director and President, MIMAKI IJ TECHNOLOGY CO., Ltd. (current position) Representative Director and President, MIMAKI PINGHU TRADING CO., LTD. (current position) Managing Director, the Company (current position) Representative Director, Mimaki La Meccanica S.p.A. (current position) Director, Mimaki Lithuania, UAB (current position) Director, ALPHA DESIGN CO., LTD. (current position) Director, ALPHA SYSTEMS CO., LTD. (current position) Director, Tonami Corporation Ltd. (current position) Director, Microtech corp. (current position)	Note 2	81,300

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	9,400
			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)		
			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)		
			June 2022	Auditor, MIMAKI PRECISION Co., Ltd. (current position)		
			June 2022	Auditor, GRAPHIC CREATION Co., Ltd. (current position)		
			June 2022	Auditor, ALPHA DESIGN CO., LTD. (current position)		
			June 2022	Auditor, ALPHA SYSTEMS CO., LTD. (current position)		
			June 2022	Auditor, Tonami Corporation Ltd. (current position)		
			June 2022	Auditor, LUCK'A Inc. (current position)		
			August 2022	Auditor, Shanghai Mimaki Trading Co., Ltd. (current position)		
			September 2022	Auditor, PT. MIMAKI INDONESIA (current position)		

Official title or position	Name	Date of birth	Career summary	Term of office	Number of shares held (Shares)
Director General Manager, Sales Division	Yasuhiro Haba	July 23, 1971	April 1996 Joined CAM Co., Ltd. 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)	Note 2	11,300
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	4,900
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	1,300

Official title or position	Name	Date of birth	Career summary		Term of office	Number of shares held (Shares)
Director General Manager, FA Business Department	Shujiro Morisawa	February 18, 1981	April 2001 May 2006 July 2017 April 2019 April 2019 April 2019 June 2022	Joined Denno Kogei Plus Co., Ltd. Joined ALPHA DESIGN CO., LTD. Representative Director and President, ALPHA DESIGN CO., LTD. (current position) General Manager, FA Business Department, the Company Representative Director and President, ALPHA SYSTEMS CO., LTD. (current position) Representative Director and President, Tonami Corporation Ltd. (current position) Director and General Manager, FA Business Department, the Company (current position)	Note 2	27,000
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	7,000
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 Holdings 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	2,035,000
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	44,600

Official title or position	Name	Date of birth	Career summary		Term of office	Number of shares held (Shares)
Director (Audit and Supervisory Committee Member)	Hisamitsu Arai	January 10, 1944	July 1996 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	6,100
Director (Audit and Supervisory Committee Member)	Seiko Minomo	May 9, 1971	April 1997 April 1997 May 2001 November 2018 June 2019 June 2021 August 2022	Admitted to the Bar in Japan Joined Law Offices of Homma & Komatsu (currently Homma & Partners) (current position) Admitted to the Bar in New York, U.S. Outside Director, A-tie Co., Ltd (current position) Outside Director, the Company Outside Director (Audit and Supervisory Committee Member), the Company (current position) Outside Auditor, Human Technologies, Inc. (current position)	Note 3	700
Director	Shunsuke Numata	August 22, 1975	April 1999 June 2001 June 2012 July 2013 October 2016 October 2020 June 2021	Joined Nos Co., Ltd. (currently CREVA SYSTEMS Co., Ltd.) Joined P&P Bureau Co., Ltd. Joined Ernst & Young Co., Ltd. Joined Industrial Growth Platform, Inc. Partner, Managing Director (current position) and Chief, IGPI Manufacturing Solution Company, Industrial Growth Platform, Inc. Executive Director, Japan Platform of Industrial Transformation, Inc. (current position) Outside Director, the Company (current position)	Note 2	1,100
Total						2,262,400

(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, Ms. Seiko Minomo, and Mr. Shunsuke Numata hold 7,000 shares, 44,600 shares, 6,100 shares, 700 shares, and 1,100 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, 2022 to March 31, 2023) 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 control. 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 regard to on-site audits of domestic and overseas business locations, these are performed annually for large-scale locations and biennially for other sales locations, in coordination between internal audits and audits by the Audit and Supervisory Committee, and remote audits are conducted for overseas locations.

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 15 times and Audit and Supervisory Committee meetings 15 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	15/15 (100%)	15/15 (100%)
Audit and Supervisory Committee Member	Noriyuki Tanaka	15/15 (100%)	15/15 (100%)
Audit and Supervisory Committee Member (Outside)	Makoto Tanaka	14/15 (93%)	15/15 (100%)
Audit and Supervisory Committee Member (Outside)	Hisamitsu Arai	15/15 (100%)	15/15 (100%)
Audit and Supervisory Committee Member (Outside)	Seiko Minomo	15/15 (100%)	15/15 (100%)

Matters deliberated and discussed, etc., by the Audit and Supervisory Committee include:

Deliberation items (8 matters): Receipt of audit report, discussion of KAM candidates and interim report, creation of audit report, revision of regulations, Audit and Supervisory Committee remuneration, audit plan, consent to Accounting Auditor fee

Report items (41 matters): Standing meeting attendance record, on-site audits report, audit office on-site audits report, three-pillar audit report, internal control management evaluation result report, affiliated company audit report, audit plan report for the Board of Directors, overseas subsidiary inventories report, overseas subsidiary current status report, Accounting Auditor regular meeting report

Common items (51 matters): Consolidated monthly profit and loss report, consolidated monthly inventories quarterly comparison table; consolidated financial summary, B/S and P/L based on simple sum of domestic and overseas, consolidated 10-year B/S and P/L

Audit focus items: 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

The items of information shared with Outside Directors (who participate in the Audit and Supervisory Committee as observers) are as listed below.

- Summary of financial results, financial statements (consolidated B/S, P/L), various meeting reports such as Q reviews, current status, arrangement of strengths and weaknesses
- Accounts receivable investigation on domestic and overseas subsidiaries
- Summarizing the revised points in the amended Companies Act
- Arrangement of issues toward CGC revision
- Arrangement of points of dispute for the enhancement of descriptive information in securities reports due to the inclusion of KAM in securities reports
- Addressing and progress of SDGs
- Sharing of management issues (inventories, etc.)

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

- Sharing information with the President (as necessary)
- Exchanging of information with the Audit Office (internal audit report, monthly audit report meeting)
- Attending at important meetings (such as Management Council, Q reviews, strategy meetings, Management Division and Corporate Planning Division meetings)
- Viewing of important approval documents (equipment/general/expense approval documents, disposal and sale approval documents, important contract approval documents, etc.)
- Confirmation of other important matters (J-Sox progress status, internal control report, etc.)
- Meeting with the Accounting Auditor (monthly meetings and three-pillar audit meetings (every three months), etc.)
- On-site audits at domestic and overseas business locations (including remote audits)
- Year-end onsite stocktaking audits (three times)
- Third quarter review - report extension application (suspicion of violation of EU sanctions against Russia by MIMAKI EU)
- Strengthening of geopolitical risk, etc., audits (scrutiny of sales channels)
- Addressing SDGs and monitoring of progress status

(ii) Information about internal audits

The Audit Office, which is in charge of internal audits at the Company, is separated from other business lines as an organization under the direct control of the President; in evaluating the effectiveness and efficiency of the business performance status of the Company and our internal and external group companies from an independent and objective perspective, provides reasonable guarantees concerning compliance with laws and regulations, the accuracy of financial reporting, and the reliability of management activities, and in addition, makes proposals on improvements. Internal audit activities are carried out based on the internal audit plan approved by the President, and the results of these audit activities are regularly reported to the President, Managing Directors, and full-time Audit and Supervisory Committee members in the form of internal audit reports; 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.

Based on the Financial Instruments and Exchange Act, the Auditing Office formulates a basic plan for the effectiveness of internal control relating to financial reporting, and evaluates company-wide control status, financial reporting controls, IT controls, and operational controls at major bases; the evaluation results are reported to the Board of Directors and the Audit and Supervisory Committee in the form of internal control reports. The Auditing Office exchanges opinions with the accounting auditors as necessary, and strives for mutual cooperation while exchanging information as appropriate concerning the development and operational evaluation of internal control. The Company’s Auditing Office has one staff member as of the filing date.

The main activities of the Auditing Office during this fiscal year are as follows; due to the COVID-19 pandemic, audits were mainly conducted in the form of domestic department audits, theme audits, and remote audits, but from the fourth quarter, we resumed on-site audits at overseas bases.

- Theme audits: 5 cases
- Internal department audits: 2 cases
- Remote audits on overseas business locations: 2 cases
- Onsite audits on overseas business locations: 2 cases
- Continuous monitoring of key management indicators on a monthly basis in the form of an off-site audit
- Evaluation of effectiveness of internal control relating to financial reports in the fiscal year

(iii) Information about Accounting Audits

a. Name of audit firm

Deloitte Touche Tohmatsu LLC

b. Years of continuous auditing

19 years

c. Certified public accountants who executed the audit duties

Masahiko Mutsuda
Norihiko Asai

d. Composition of assistants who supported audit duties

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

e. Policy and reason for appointing audit firm

In appointing an audit firm, we make decisions taking into account, among other thing, the firm's audit experience, audit implementation system, and audit fees. The Audit and Supervisory Committee determines the content of the proposals relating to dismissal or non-reappointment of an Accounting Auditor to be submitted to a general meeting of shareholders, if deemed necessary, such as in cases where there is a problem with the Accounting Auditor's performance of duties, or where the Accounting Auditor is found to fall under any of the items of Article 340, paragraph (1) of the Companies Act.

Deloitte has been appointed by the Audit and Supervisory Committee as the current Accounting Auditor from the perspectives of various factors, including its audit quality control, independence, communication with our management team and Audit and Supervisory Committee Members, response to requested matters, and established overseas network, with reference to explanatory materials on its audit system and details provided by Deloitte, including Reappointment as Accounting Auditor - Audit Policy for the fiscal year ended March 31, 2023 and Report on Audit Quality 2022. The committee also made the decision by comprehensively taking into account the firm's efforts such as addressing the "key audit matter (KAM)" requirement, throughout the year and communication with management executives 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	37,500	–	60,995	–
Consolidated subsidiaries	–	–	–	–
Total	37,500	–	60,995	–

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	–	2,625
Consolidated subsidiaries	11,238	16,067	22,354	47,679
Total	11,238	18,067	22,354	50,304

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 toward 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 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)	177,637	147,229	30,408	–	–	8
Directors (Audit and Supervisory Committee Members) (excluding Outside Directors)	10,035	8,400	1,635	–	–	1
Outside Directors (and other officers)	61,235	51,600	9,635	–	–	5

(Notes) 1. The above includes one Director who retired at the conclusion of the 47th Annual General Meeting of Shareholders held on June 24, 2022.

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

(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	28,750

(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, summary of business alliances, etc., 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
	28,750	20,350		

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

(Thousands of yen)

	As of March 31, 2022	As of March 31, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	3,571,634	4,264,456
Electronically recorded obligations - operating	5,917,210	4,839,398
Short-term borrowings	*2 10,623,315	*2 18,580,604
Current portion of long-term borrowings	*2 3,813,036	*2 2,944,827
Lease liabilities	179,591	416,684
Accounts payable - other	1,348,025	1,504,086
Income taxes payable	650,980	797,708
Provision for bonuses	904,279	1,170,425
Provision for bonuses for directors (and other officers)	41,184	67,148
Provision for product warranties	1,512,195	1,513,463
Other	*3 3,768,330	*3 4,045,998
Total current liabilities	32,329,783	40,144,802
Non-current liabilities		
Long-term borrowings	*2 8,432,453	*2 5,476,071
Lease liabilities	818,221	1,433,528
Deferred tax liabilities	69,590	60,311
Retirement benefit liability	384,090	348,634
Asset retirement obligations	59,631	147,352
Provision for retirement benefits for directors (and other officers)	45,900	45,900
Provision for loss on sanctions	–	9,554
Other	650	67,702
Total non-current liabilities	9,810,537	7,589,056
Total liabilities	42,140,321	47,733,858
Net assets		
Shareholders’ equity		
Share capital	4,357,456	4,357,456
Capital surplus	4,617,426	4,617,296
Retained earnings	11,878,738	14,325,906
Treasury shares	(1,951,816)	(1,949,426)
Total shareholders’ equity	18,901,804	21,351,232
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	8,760	14,424
Foreign currency translation adjustment	(354,857)	508,542
Remeasurements of defined benefit plans	77,803	78,086
Total accumulated other comprehensive income	(268,293)	601,053
Share acquisition rights	33,595	33,423
Non-controlling interests	49,850	70,324
Total net assets	18,716,957	22,056,035
Total liabilities and net assets	60,857,279	69,789,894

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

Consolidated statements of income

(Thousands of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Net sales	*1 59,511,957	*1 70,607,012
Cost of sales	35,665,993	42,157,752
Gross profit	23,845,963	28,449,259
Selling, general and administrative expenses	*2, *3 21,276,696	*2, *3 24,208,232
Operating profit	2,569,267	4,241,027
Non-operating income		
Interest income	18,627	28,563
Dividend income	930	1,461
Insurance claim income	8,708	63,982
Rent income	13,266	11,847
ICMS Refund	11,582	11,923
Foreign exchange gains	103,353	-
Subsidy income	61,295	42,424
Gain on sale of scraps	36,576	36,167
Other	38,390	50,742
Total non-operating income	292,730	247,111
Non-operating expenses		
Interest expenses	132,925	259,459
Foreign exchange losses	–	22,038
Share of loss of entities accounted for using equity method	12,140	70,317
Consumption tax difference	20,630	34,208
Inflation accounting adjustment	–	241,575
Other	8,003	70,592
Total non-operating expenses	173,700	698,190
Ordinary profit	2,688,298	3,789,949
Extraordinary income		
Gain on sale of non-current assets	*4 92,415	*4 68,812
Other	2,169	25
Total extraordinary income	94,584	68,838
Extraordinary losses		
Loss on sale of non-current assets	*5 4,417	*5 59
Provision for loss on sanctions	–	9,554
Total extraordinary losses	4,417	9,614
Profit before income taxes	2,778,465	3,849,173
Income taxes - current	913,621	1,335,714
Income taxes - deferred	(501,412)	(309,477)
Total income taxes	412,208	1,026,237
Profit	2,366,256	2,822,935
Profit attributable to non-controlling interests	18,777	15,551
Profit attributable to owners of parent	2,347,478	2,807,384

Consolidated statements of comprehensive income

(Thousands of yen)

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

(iii) Consolidated statements of changes in equity
Fiscal year ended March 31, 2022

(Thousands of yen)

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

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

Fiscal year ended March 31, 2023

(Thousands of yen)

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

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

(iv) Consolidated statements of cash flows

(Thousands of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Cash flows from operating activities		
Profit before income taxes	2,778,465	3,849,173
Depreciation	1,685,171	1,840,702
Amortization of goodwill	34,509	53,015
Increase (decrease) in allowance for doubtful accounts	100,598	(88,684)
Increase (decrease) in provision for bonuses	(16,973)	259,233
Increase (decrease) in provision for bonuses for directors (and other officers)	41,184	25,964
Increase (decrease) in provision for product warranties	445,696	(20,528)
Increase (decrease) in retirement benefit liability	(37,563)	(35,229)
Interest and dividend income	(19,557)	(30,024)
Insurance claim income	(8,708)	(63,982)
Interest expenses	132,925	259,459
Subsidy income	(61,295)	(42,424)
Share of loss (profit) of entities accounted for using equity method	12,140	70,317
Inflation accounting adjustment	–	241,575
Foreign exchange losses (gains)	(284,963)	(402,591)
Loss (gain) on sales of fixed assets	(87,997)	(68,752)
Decrease (increase) in trade receivables	(1,367,761)	(1,516,637)
Decrease (increase) in inventories	(7,298,695)	(1,897,668)
Increase (decrease) in trade payables	(392,030)	(386,068)
Decrease (increase) in consumption taxes refund receivable	(239,491)	28,378
Increase (decrease) in accounts payable - other	26,693	(6,687)
Other, net	260,807	(119,166)
Subtotal	(4,296,845)	1,949,373
Interest and dividends received	22,119	29,262
Proceeds from insurance income	8,708	63,982
Interest paid	(132,892)	(256,838)
Subsidies received	45,178	42,424
Income taxes paid	(866,225)	(1,440,354)
Income taxes refund	90,824	102,560
Net cash provided by (used in) operating activities	(5,129,131)	490,410
Cash flows from investing activities		
Payments into time deposits	(1,330,000)	(815,401)
Proceeds from withdrawal of time deposits	22,968	–
Purchase of property, plant and equipment	(1,216,101)	(2,214,879)
Proceeds from sale of property, plant and equipment	127,084	158,084
Purchase of intangible assets	(341,602)	(333,528)
Purchase of investment securities	(491)	(986)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	*2 (243,401)	–
Other, net	269,649	(293,312)
Net cash provided by (used in) investing activities	(2,711,895)	(3,500,024)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	6,307,435	8,013,319
Proceeds from long-term borrowings	3,612,000	20,000
Repayments of long-term borrowings	(4,366,268)	(3,844,591)
Purchase of treasury shares	(622,800)	–
Proceeds from exercise of employee share options	815	2,088
Repayments of lease liabilities	(214,910)	(238,789)
Dividends paid	(441,159)	(432,180)
Net cash provided by (used in) financing activities	4,275,112	3,519,846
Effect of exchange rate change on cash and cash equivalents	383,851	190,393
Net increase (decrease) in cash and cash equivalents	(3,182,062)	700,625
Cash and cash equivalents at beginning of period	10,683,560	7,501,498
Cash and cash equivalents at end of period	*1 7,501,498	*1 8,202,123

[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.

(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. It should be noted that US GAAP ASU 2016-02 “Leases” is applied to overseas consolidated subsidiaries that are subject to the application of US GAAP. As a result, in principle, all leases are recorded as assets and liabilities on the balance sheet.

(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.

(f) Provision for loss on sanctions

For transactions that clearly violate sanctions, we reasonably estimate the allowance amount and record this as a provision for loss on sanctions.

(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	14,627,845	18,437,653

(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) Shanghai Mimaki Trading Co., Ltd.	–	32,451
(b) MIMAKI BRASIL COMERCIO E IMPORTACAO LTDA	37,376	–

(ii) Information contributing to understanding of accounting estimates

Shanghai Mimaki Trading Co., Ltd.

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	1,523,093	1,856,277

(ii) Information contributing to understanding of accounting estimates

The Company, when recording deferred tax assets, judges the recoverability of deferred tax assets based on the schedule for resolving future taxable income and future deductible temporary differences, as well as future taxable income and tax planning, etc.

Estimates of future taxable income are formulated based on business plans prepared by management, and deferred tax assets related to schedulable temporary differences are determined to be recoverable.

It should be noted that the occurrence status of taxable income may be affected by future uncertain changes in economic conditions, and in cases where the actual amount is different to the estimate, this may cause a significant impact on the amount of deferred tax assets recognized in the consolidated financial statements for the next consolidated fiscal year and thereafter.

(Changes in accounting policies)

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

The Company has applied the “Implementation Guidance on Accounting Standard for Fair Value Measurement” (ASBJ Guidance No. 31, June 17, 2021. Hereinafter “Fair Value Measurement Accounting Standard Application Policy”) from the beginning of the current fiscal year, and has applied the new accounting policy provided for by the Fair Value Measurement Accounting Standard Application Policy prospectively in accordance with the transitional measures provided for in Paragraph 27-2 of the Fair Value Measurement Accounting Standard Application Policy. There is no impact on the consolidated financial statements.

(Application of US GAAP ASU No. 2016-02 “Leases”)

US GAAP ASU No. 2016-02 “Leases” (hereinafter “ASU No. 2016-02”) has been applied to overseas consolidated subsidiaries subject to the application of US GAAP since the end of the current fiscal year, and for lessees, in principle, all leases are recorded as assets and liabilities on the balance sheet. The application of ASU No. 2016-02 has been made subject to transitional handling, and the method of recognizing the cumulative effect of changes in accounting policies on the date of initial application is applied. As a result, at the end of the current fiscal year, “right-of-use assets” in “property, plant and equipment” was 1,066,208 thousand yen, “lease obligations” on current liabilities were 249,192 thousand yen, and “lease obligations” on non-current liabilities were 650,968 thousand yen. In addition, in the consolidated statements of income for the current fiscal year, operating profit, ordinary profit, and income before income taxes increased by 12,560 thousand yen each.

(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 varies depending on the business fields, the accounting estimate is made based on the assumption that the impact will continue for a certain period of the fiscal year ending March 31, 2024.

(Accounting Treatment for Hyperinflation)

In the current fiscal year, the three-year cumulative inflation rate in Turkey exceeded 100%, and therefore, the Group decided that its subsidiary in Turkey, for which the Turkish lira is the functional currency, was operating in a hyperinflationary economy. Therefore, the Group made accounting adjustments for the financial statements of its Turkish subsidiary in accordance with the requirements set forth in IAS No. 29 “Financial Reporting in Hyperinflationary Economies.”

IAS No. 29 requires that financial statements of subsidiaries operating under a hyperinflationary economy be included in consolidated financial statements upon the performance of an adjustment to the unit of measurement current as of the final day of the reporting period.

The Group, in order to revise the financial statements of its subsidiary in Turkey, uses the conversion factor calculated from the Turkish Consumer Price Index (CPI) published by the Turkish Statistical Institute (TURKSTAT).

For the subsidiary in Turkey, non-monetary items such as non-current assets indicated on an acquisition cost basis are adjusted using a conversion factor based on the date of acquisition. Monetary items and non-monetary items presented at current cost are considered to be presented in the unit of measurement current as of the final day of the reporting period, and are therefore not adjusted. The impact of inflation on net monetary positions is shown in non-operating expenses in the consolidated statements of income. In addition, as a result of the reflection of the cumulative impact through to the end of the previous fiscal year in accordance with IAS No. 29, retained earnings at the beginning of the current fiscal year fell by 27,294 thousand yen, and foreign currency translation adjustments increased by 62,850 thousand yen.

The financial statements of our subsidiary in Turkey are converted at the exchange rate as of the final day of the current fiscal year, and are reflected in the consolidated financial statements of the Group.

(Significant accounting policies)

Provision for loss on sanctions

A reasonably estimable amount has been recorded in order to cover penalties that may be imposed by foreign regulatory authorities.

(Transactions that violate sanctions or may violate sanctions)

Our European subsidiary Mimaki Europe B.V. (the Netherlands) may have violated sanctions against Russia and Belarus, and as a result of an investigation conducted by an external legal expert from January 2023, transactions that clearly violate sanctions were detected. No investigations, etc., have been conducted by regulatory authorities.

For transactions that clearly violate sanctions, we reasonably estimate the allowance amount and record this as a provision for loss on sanctions.
In contrast, the provision for fines regarding the sanctions remains difficult to be estimated reasonably due to its high level of uncertainty. Unless the authorities conduct investigations, whether or not some of the relevant transactions are applicable to sanction violations cannot be determined.
The sanction provision under the Dutch Penal Code stipulates six categories of fines, as follows, depending on the nature of crimes.

1st Category	450 EUR
2nd Category	4,500 EUR
3rd Category	9,000 EUR
4th Category	22,500 EUR
5th Category	90,000 EUR
6th Category	900,000 EUR

In the case that (i) the crime is subject to the fine of the sixth category, (ii) the crime was deliberate, and (iii) the sixth category fine of 900,000 euro determined for the crime does not allow for an appropriate penalty, the code determines that a fine can be imposed with a maximum penalty of ten percent of the annual revenue of the legal entity.
In the event that the fine is imposed with a maximum of ten percent of the annual revenue, it is difficult, at the end of the current fiscal year, to decide how to specify the annual revenue since February 22, 2022, when the illicit transactions began. MIMAKI EUROPE B.V.'s annual revenue for the previous fiscal year was 148,101 thousand euro, and its revenue for this fiscal year was 152,274 thousand euro.

(Consolidated balance sheets)

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

(Thousands of yen)

	Previous fiscal year (As of March 31, 2022)	Current fiscal year (March 31, 2023)
"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, 2022)	Current fiscal year (March 31, 2023)
Time deposits	1,330,000	1,876,000
Buildings and structures	2,159,375	2,047,974
Land	715,779	715,779
Total	4,205,155	4,639,753

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, 2022)	Current fiscal year (March 31, 2023)
Short-term borrowings	273,400	300,000
Current portion of long-term borrowings	26,600	315,000
Long-term borrowings	1,550,000	1,235,000
Total	1,850,000	1,850,000

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

(Thousands of yen)

	Previous fiscal year (As of March 31, 2022)	Current fiscal year (March 31, 2023)
Contract liabilities	2,646,281	2,830,153

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 (110,786 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 (60,491 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 (50,294 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.

*5. The amount of depreciation deducted from the acquisition cost of property, plant and equipment due to government subsidies, etc., and a breakdown thereof, are provided below.

(Thousands of yen)

	Previous fiscal year (As of March 31, 2022)	Current fiscal year (March 31, 2023)
Buildings and structures	–	5,930
Machinery, equipment and vehicles	–	818
Tools, furniture and fixtures	–	1,181
Land	–	10,685
Total	–	18,615

(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, 2021 to March 31, 2022)	Current fiscal year (From April 1, 2022 to March 31, 2023)
Provision of allowance for doubtful accounts	90,237	(82,752)
Provision for product warranties	1,450,314	1,414,994
Salaries and allowances	6,240,738	7,113,798
Provision for bonuses	502,663	646,246
Retirement benefit expenses	133,775	145,463
Provision for bonuses for directors (and other officers)	41,184	67,148
Research and development expenses	2,363,257	2,901,531

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

(Thousands of yen)

	Previous fiscal year (From April 1, 2021 to March 31, 2022)	Current fiscal year (From April 1, 2022 to March 31, 2023)
Research and development expenses	2,363,257	2,901,531

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

(Thousands of yen)

	Previous fiscal year (From April 1, 2021 to March 31, 2022)	Current fiscal year (From April 1, 2022 to March 31, 2023)
Buildings and structures	521	–
Machinery, equipment and vehicles	3,828	780
Tools, furniture and fixtures	86,864	43,399
Leased assets	1,201	–
Land	–	24,632
Total	92,415	68,812

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

(Thousands of yen)

	Previous fiscal year (From April 1, 2021 to March 31, 2022)	Current fiscal year (From April 1, 2022 to March 31, 2023)
Tools, furniture and fixtures	2,255	59
Land	2,162	–
Total	4,417	59

(Consolidated statements of comprehensive income)

* Reclassification adjustments and tax effects relating to other comprehensive income

(Thousands of yen)

	Previous fiscal year (From April 1, 2021 to March 31, 2022)	Current fiscal year (From April 1, 2022 to March 31, 2023)
Valuation difference on available-for-sale securities:		
Amount arising during the year	4,801	8,049
Before tax effects adjustments	4,801	8,049
Tax effects	(1,518)	(2,385)
Valuation difference on available-for-sale securities	3,282	5,663
Foreign currency translation adjustment:		
Amount arising during the year	1,235,262	865,088
Remeasurements of defined benefit plans, net of tax:		
Amount arising during the year	36,399	4,341
Reclassification adjustments	(75,023)	(4,115)
Before tax effects adjustments	(38,624)	225
Tax effects	11,660	57
Remeasurements of defined benefit plans, net of tax	(26,963)	283
Share of other comprehensive income of entities accounted for using equity method:		
Amount arising during the year	(3,544)	3,234
Total other comprehensive income	1,208,036	874,269

(Consolidated statements of changes in equity)

Previous 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

	Number of shares at beginning of the fiscal year (Shares)	Increase (Shares)	Decrease (Shares)	Number of shares at end of the fiscal year (Shares)
Issued shares				
Common shares	32,040,000	–	–	32,040,000
Total	32,040,000	–	–	32,040,000
Treasury shares				
Common shares	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, 2022	Increase	Decrease	As of March 31, 2023	
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
Board of Directors Meeting held on April 27, 2021	Common shares	221,206	7.5	March 31, 2021	June 16, 2021
Board of Directors Meeting held on November 10, 2021	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
Board of Directors Meeting held on May 12, 2022	Common shares	215,814	Retained earnings	7.5	March 31, 2022	June 27, 2022

Current fiscal year (From April 1, 2022 to March 31, 2023)

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

	Number of shares at beginning of the fiscal year (Shares)	Increase (Shares)	Decrease (Shares)	Number of shares at end of the fiscal year (Shares)
Issued shares				
Common shares	32,040,000	–	–	32,040,000
Total	32,040,000	–	–	32,040,000
Treasury shares				
Common shares (Note)	3,264,767	–	4,000	3,260,767
Total	3,264,767	–	4,000	3,260,767

Note: The decrease of 4,000 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, 2022	Increase	Decrease	As of March 31, 2023	
Reporting company (Parent company)	Share acquisition rights as stock options	Common shares	–	–	–	–	33,423
Total			–	–	–	–	33,423

3. Dividends

(1) Dividend payment

(Resolution)	Type of shares	Total amount of dividends (Thousands of yen)	Dividends per share (Yen)	Record date	Effective date
Board of Directors Meeting held on May 12, 2022	Common shares	215,814	7.5	March 31, 2022	June 27, 2022
Board of Directors Meeting held on November 9, 2022	Common shares	215,844	7.5	September 30, 2022	December 7, 2022

(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
Board of Directors Meeting held on May 15, 2023	Common shares	287,792	Retained earnings	10.00	March 31, 2023	June 26, 2023

(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, 2021 to March 31, 2022)	Current fiscal year (From April 1, 2022 to March 31, 2023)
Cash and deposits	8,971,526	10,485,252
Time deposits with maturities of more than three months	(1,470,027)	(2,283,129)
Cash and cash equivalents	7,501,498	8,202,123

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

Previous 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

Current fiscal year (From April 1, 2022 to March 31, 2023)

There is no related information.

*3. Description of significant non-cash transactions

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

(Thousands of yen)

	Previous fiscal year (From April 1, 2021 to March 31, 2022)	Current fiscal year (From April 1, 2022 to March 31, 2023)
Amount of assets related to finance lease transactions	683,789	–
Amount of obligations related to finance lease transactions	752,888	–

(2) Amounts of assets and obligations related to lease transactions

(Thousands of yen)

	Previous fiscal year (From April 1, 2021 to March 31, 2022)	Current fiscal year (From April 1, 2022 to March 31, 2023)
Right-of-use assets	–	206,211
Lease obligations	–	188,680

(Note) The application of US GAAP ASU No. 2016-02 “Leases” started from the end of the current fiscal year for overseas consolidated subsidiaries that are subject to the application of US GAAP, and therefore, the above right-of-use assets and lease obligations were recorded for lease transactions executed at the applicable overseas consolidated subsidiaries.

(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, 2022)	Current fiscal year (March 31, 2023)
Within 1 year	286,650	312,548
Over 1 year	742,630	635,611
Total	1,029,281	948,159

(Note) Overseas consolidated subsidiaries subject to the application of US GAAP have been subject to the application of US GAAP ASU No. 2016-02 ”Leases” since the end of the current fiscal year, and as right-of-use assets are recorded based on the current value of lease fee over the lease period for operating lease transactions, unpaid rent at such subsidiaries is not included in the amount for the current fiscal year.

(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 eight 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, 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)	–

Current fiscal year (As of March 31, 2023)

(Thousands of yen)

	Carrying amount	Fair value	Difference
Investment securities (*2)	66,772	66,772	–
Long-term borrowings (*3)	8,420,898	8,395,574	(25,323)
Derivative transactions (*4)	(79,818)	(79,818)	–

*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	Previous fiscal year (As of March 31, 2022)	Current fiscal year (March 31, 2023)
Shares not listed	89,190	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, 2022)

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

Current fiscal year (As of March 31, 2023)

	Within 1 year (Thousands of yen)	Over 1 year within 5 years (Thousands of yen)	Over 5 years within 10 years (Thousands of yen)	Over 10 years (Thousands of yen)
Cash and deposits	10,485,252	–	–	–
Notes receivable - trade	933,841	–	–	–
Accounts receivable - trade	10,119,130	–	–	–
Total	21,538,225	–	–	–

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

Please refer to “Annexed consolidated detailed schedule of borrowings” of the Annexed consolidated detailed schedules.

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

Previous fiscal year (As of March 31, 2022)

Category	Fair value (Thousands of yen)			
	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.

Current fiscal year (As of March 31, 2023)

Category	Fair value (Thousands of yen)			
	Level 1	Level 2	Level 3	Total
Investment securities Available-for-sale securities	38,221	28,551	–	66,772
Total assets	38,221	28,551	–	66,772
Derivative transactions Transactions relating to currencies	–	(79,818)	–	(79,818)
Total liabilities	–	(79,818)	–	(79,818)

(Note) 1. 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

Previous 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

Current fiscal year (As of March 31, 2023)

Category	Fair value (Thousands of yen)			
	Level 1	Level 2	Level 3	Total
Long-term borrowings (Including current portion)	–	8,395,574	–	8,395,574
Total liabilities	–	8,395,574	–	8,395,574

(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. In addition, for investment trusts that do not have a market transaction price, if there are no significant restrictions to the extent that the compensation for risk in relation to redemption or repurchase requests is requested by market participants, the base price is used as the market value, and is classified into market value level 2.

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, 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

Current fiscal year (As of March 31, 2023)

(Thousands of yen)

	Type	Carrying amount	Acquisition cost	Difference
Items whose carrying amount exceeds acquisition cost	(1) Shares	9,471	7,370	2,101
	(2) Other	28,551	4,911	23,640
	Subtotal	38,022	12,281	25,741
Items whose carrying amount does not exceed acquisition cost	(1) Shares	28,750	33,392	(4,642)
	(2) Other	–	–	–
	Subtotal	28,750	33,392	(4,642)
Total		66,772	45,674	21,098

(Derivatives)

1. Derivatives of which hedge accounting is not applied

Transactions relating to currencies

Previous 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)

Current fiscal year (As of March 31, 2023)

(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	50,990	–	399	399
	EUR	2,954,131	–	(80,875)	(80,875)
	Purchased				
	USD	368,069	–	1,078	1,078
	EUR	85,794	–	1,440	1,440
	CNY	15,416		98	98
	Currency Option Transactions				
	Sold / Purchased (Note)				
	USD	133,540	–	(1,960)	(1,960)
Total		3,607,942	–	(79,818)	(79,818)

(Note) Currency option transactions are zero cost options, and are described collectively on the grounds of the call option and put option being included in the same contract.

(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, 2021 to March 31, 2022)	Current fiscal year (From April 1, 2022 to March 31, 2023)
Balance of retirement benefit obligations at beginning of period	916,979	935,648
Service cost	81,228	76,977
Interest cost	7,899	7,430
Amount of actuarial gain or loss	(5,522)	(2,344)
Retirement benefit payments	(64,935)	(96,361)
Balance of retirement benefit obligations at end of period	935,648	921,350

(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, 2021 to March 31, 2022)	Current fiscal year (From April 1, 2022 to March 31, 2023)
Balance of pension asset at beginning of period	656,293	663,255
Amount of actuarial gain or loss	30,876	1,997
Employer's contribution	44,397	42,727
Retirement benefit payments	(68,312)	(17,504)
Balance of pension asset at end of period	663,255	690,475

(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, 2021 to March 31, 2022)	Current fiscal year (From April 1, 2022 to March 31, 2023)
Balance of retirement benefit liability at beginning of period	122,343	111,697
Retirement benefit expenses	17,164	27,151
Retirement benefit payments	(33,698)	(28,121)
Others	5,886	7,032
Balance of retirement benefit liability at end of period	111,697	117,759

(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, 2022)	Current fiscal year (As of March 31, 2023)
Retirement benefit obligations in funded plans	1,047,345	1,039,110
Pension assets	(663,255)	(690,475)
	384,090	348,634
Retirement benefit liability	384,090	348,634
Net liabilities and assets recorded on the consolidated balance sheets	384,090	348,634

(5) Amount of retirement benefit expenses and its breakdown

(Thousands of yen)

	Previous fiscal year (From April 1, 2021 to March 31, 2022)	Current fiscal year (From April 1, 2022 to March 31, 2023)
Service cost	81,228	76,977
Interest cost	7,899	7,430
Amount treated as expense for actuarial gain or loss	(75,023)	(4,115)
Retirement benefit expenses based on simplified method	17,164	27,151
Retirement benefit expenses relating to defined benefit plan	31,269	107,443

(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, 2021 to March 31, 2022)	Current fiscal year (From April 1, 2022 to March 31, 2023)
Actuarial gain or loss	(38,624)	225
Total	(38,624)	225

(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, 2022)	Current fiscal year (As of March 31, 2023)
Unrecognized actuarial gains and losses	110,276	109,366
Total	110,276	109,366

(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, 2022)	Current fiscal year (As of March 31, 2023)
Shares	49	52
Bonds	25	25
General account	19	20
Others	7	3
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, 2022)	Current fiscal year (As of March 31, 2023)
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 151,209 thousand yen for the previous fiscal year and 169,840 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, 2021 to March 31, 2022)	Current fiscal year (From April 1, 2022 to March 31, 2023)
Cost of sales	134	–
Selling, general and administrative expenses	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 or an Auditor retires on expiration of their 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 or an Auditor retires on expiration of their 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 or an Auditor retires on expiration of their 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, 2023. 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	–	–	–
Granted	–	–	–
Forfeited	–	–	–
Vested	–	–	–
Unvested	–	–	–
After vested (Shares)			
As of previous fiscal year-end	66,500	81,200	94,100
Vested	–	–	–
Exercised	–	–	4,000
Forfeited	–	–	–
Exercisable	66,500	81,200	90,100

(ii) Per share price

	2018 Stock Options	2019 Stock Options	2020 Stock Options
Exercise price (Yen)	1,219	815	522
Average price per share upon exercise (Yen)	–	–	693
Fair value per share at grant date (Yen)	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, 2022)	Current fiscal year (As of March 31, 2023)
Deferred tax assets		
Provision for bonuses	228,896	314,510
Provision for product warranties	424,401	417,104
Allowance for doubtful accounts	28,176	26,083
Elimination of inter-company profits	547,558	779,535
Retirement benefit liability	116,816	107,112
Software	130,084	118,427
Loss brought forward	171,062	294,324
Asset retirement obligations	9,820	35,443
Inventory write-down	103,448	89,709
Others	34,279	118,079
Subtotal	1,794,545	2,300,330
Valuation allowance	(271,451)	(444,052)
Total deferred tax assets	1,523,093	1,856,277
Deferred tax liabilities		
Depreciation	53,249	19,634
Others	16,340	40,677
Total deferred tax liabilities	69,590	60,311
Net deferred tax assets	1,453,503	1,795,965

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, 2022)	Current fiscal year (As of March 31, 2023)
Effective statutory tax rate	30.2	30.2
(Adjustments)		
Differences of tax rates at foreign subsidiaries	(3.7)	(3.5)
Differences of tax rates at domestic subsidiaries	0.1	0.3
Non-deductible permanent differences such as entertainment expenses	1.9	1.2
Per capita inhabitant tax, etc.	1.1	0.8
Change in valuation allowance	4.2	3.1
Impact caused by foreign exchange fluctuations of overseas subsidiaries	–	1.9
Amortization of goodwill	0.4	0.4
Elimination of inter-company profits without applying tax effect accounting	(11.6)	(0.4)
Special deduction for experimentation and research expenses	(4.7)	(4.5)
Share of loss of entities accounted for using equity method	0.1	0.6
Deduction for foreign taxes	(0.3)	–
Income taxes for prior periods	(1.3)	(1.5)
Others	(1.6)	(1.9)
Actual effective tax rate by applying tax effect accounting	14.8	26.7

(Business combination)

Confirmation of provisional accounting for business combinations

Provisional accounting treatment was applied in the previous fiscal year for the business integration with Microtech corp. that was conducted on March 29, 2022, and this was confirmed during the current fiscal year. The review of the initial allocation of acquisition costs in conjunction with the confirmation of this provisional accounting treatment is reflected, however, no significant revisions were made.

(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)

	Previous fiscal year	Current fiscal year
Contract liabilities (Balance at beginning of period)	2,491,095	2,646,281
Contract liabilities (Balance at end of period)	2,646,281	2,830,153

(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 previous fiscal year and the current fiscal year that was included in the contract liability balance at the beginning of the period was 1,225,570 thousand yen and 1,257,758 thousand yen respectively.

(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)

	Previous fiscal year	Current fiscal year
Within 1 year	1,290,071	1,451,598
Over 1 year	1,356,210	1,378,555

(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.

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, 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

Current fiscal year (From April 1, 2022 to March 31, 2023)

(Thousands of yen)

	Japan, Asia, and Oceania	North America and Latin America	Europe, the Middle East, and Africa	Total
Net sales				
Revenue from contracts with customers	31,653,906	18,968,811	19,984,294	70,607,012
Other revenue	–	–	–	–
Net sales to external customers	31,653,906	18,968,811	19,984,294	70,607,012
Inter-segment sales or transfers between segments	29,560,754	19,323	4,185,391	33,765,470
Total	61,214,661	18,988,135	24,169,685	104,372,482
Segment profit	3,293,022	623,466	940,387	4,856,875
Segment assets	46,293,697	10,667,680	15,279,656	72,241,034
Other items				
Depreciation	1,507,892	140,245	197,602	1,845,741
Amortization of goodwill	53,015	–	–	53,015
Increase in property, plant and equipment and intangible assets	2,796,290	261,775	79,868	3,137,935

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

(Thousands of yen)

Profit	Previous fiscal year	Current fiscal year
Total of reportable segments	2,918,017	4,856,875
Clearing transactions between segments	(348,749)	(615,847)
Operating profit in the consolidated financial statements	2,569,267	4,241,027

(Thousands of yen)

Assets	Previous fiscal year	Current fiscal year
Total of reportable segments	57,036,663	72,241,034
Corporate assets (Note)	3,110,228	3,040,188
Elimination of inter-segment transactions	710,387	(5,491,328)
Total assets in the consolidated financial statements	60,857,279	69,789,894

(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	1,700,193	1,845,741	(15,022)	(5,038)	1,685,171	1,840,702
Increase in property, plant and equipment and intangible assets	2,601,678	3,137,935	(11,491)	(4,704)	2,590,186	3,133,231

[Information associated with reportable segments]

Previous 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

(Notes) 1. Net sales are classified into country or area based on customer location.

2. Of North America, the US accounted for 10,183,321 thousand yen.

(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

(Note) Of North America and Latin America, the US accounted for 288,546 thousand yen.

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, 2022 to March 31, 2023)

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
19,602,884	14,590,763	18,174,188	11,983,866	6,255,309	70,607,012

(Notes) 1. Net sales are classified into country or area based on customer location.

2. Of North America, the US accounted for 13,358,079 thousand yen.

(2) Property, plant and equipment

(Thousands of yen)

Japan, Asia, and Oceania	North America and Latin America	Europe, the Middle East, and Africa	Total
9,928,502	1,252,833	830,211	12,011,546

(Note) Of North America and Latin America, the US accounted for 1,214,172 thousand yen.

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, 2021 to March 31, 2022)

There is no related information.

Current fiscal year (From April 1, 2022 to March 31, 2023)

There is no related information.

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

Previous 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

Current fiscal year (From April 1, 2022 to March 31, 2023)

(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	53,015	–	–	–	53,015
Balance at end of period	167,874	–	–	–	167,874

[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, 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.

Current fiscal year (From April 1, 2022 to March 31, 2023)

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	105,657

(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, 2021 to March 31, 2022)	Current fiscal year (From April 1, 2022 to March 31, 2023)
Net assets per share	647.55	762.78
Net profit per share	80.40	97.55
Diluted earnings per share	80.31	97.50

(Note) 1. Net profit 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, 2021 to March 31, 2022)	Current fiscal year (From April 1, 2022 to March 31, 2023)
Net profit per share		
Profit attributable to owners of the parent (Thousands of yen)	2,347,478	2,807,384
Amounts not attributable to common shareholders (Thousands of yen)	–	–
Profit attributable to owners of parent associated with common shares (Thousands of yen)	2,347,478	2,807,384
Average number of common shares outstanding during the period (Shares)	29,196,702	28,778,231
Diluted earnings per share		
Profit adjustment amount attributable to owners of the parent (Thousands of yen)	–	–
Increase in common shares (Shares)	35,077	15,407
[Of which, stock acquisition rights (Shares)]	[35,077]	[15,407]
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 66,500 shares	Stock options resolved at the Annual General Meeting of Shareholders held on June 27, 2017 (Share acquisition rights) Common shares 66,500 shares Stock options resolved at the Annual General Meeting of Shareholders held on June 28, 2018 (Share acquisition rights) Common shares 81,200 shares

(Significant events after reporting period)

There is no related information.

(v) Annexed consolidated detailed schedules

[Annexed consolidated detailed schedule of bonds payable]

There is no related information.

[Annexed consolidated detailed schedule of borrowings]

Category	Balance at beginning of period (Thousands of yen)	Balance at end of period (Thousands of yen)	Average interest rate (%)	Repayment date
Short-term borrowings	10,623,315	18,580,604	1.25	–
Current portion of long-term borrowings	3,813,036	2,944,827	0.39	–
Current portion of lease obligations	179,591	416,684	–	–
Long-term borrowings (excluding current portion)	8,432,453	5,476,071	0.42	From 2024 to 2030
Lease obligations (excluding current portion)	818,221	1,433,528	–	From 2024 to 2029
Other interest-bearing debt	–	–	–	–
Total	23,866,616	28,851,715	–	–

(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. As US GAAP ASU No. 2016-02 "Leases" has been applied to overseas consolidated subsidiaries subject to the application of the US GAAP since the end of the current fiscal year, the balance at the end of term of "Current portion of lease obligations") and lease obligations (excluding current portion) includes the balance subject to the application of this accounting standard.
4. 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 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
Long-term borrowings	2,474,964	1,150,553	834,626	776,970	238,958
Lease obligations	807,446	130,913	112,037	99,399	283,732

[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

(i) Quarterly information for the fiscal year ended March 31, 2023

(Cumulative period)	First three months	First six months	First nine months	Full year
Net sales (Thousands of yen)	15,975,586	33,980,169	52,346,646	70,607,012
Profit before income taxes (Thousands of yen)	926,155	1,768,640	2,831,307	3,849,173
Profit attributable to owners of parent (Thousands of yen)	674,574	1,296,669	1,957,901	2,807,384
Profit per share (Yen)	23.44	45.06	68.03	97.55

(Accounting period)	First quarter	Second quarter	Third quarter	Fourth quarter
Earnings per share (Yen)	23.44	21.62	22.98	29.52

(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, 2022	As of March 31, 2023
Assets		
Current assets		
Cash and deposits	*1 2,520,802	*1 2,397,686
Notes receivable - trade	556,213	624,272
Accounts receivable - trade	*2 9,697,896	*2 10,985,930
Merchandise and finished goods	8,603,121	12,013,661
Work in process	1,258,370	827,306
Raw materials and supplies	5,949,919	5,435,629
Prepaid expenses	92,142	181,458
Other	*2 3,977,372	*2 3,870,404
Allowance for doubtful accounts	(20)	(537)
Total current assets	32,655,818	36,335,812
Non-current assets		
Property, plant and equipment		
Buildings	*1 2,771,239	*1, *3 2,915,444
Structures	35,766	115,593
Machinery and equipment	159,604	*3 150,376
Vehicles	33	0
Tools, furniture and fixtures	778,953	*3 925,213
Land	*1 2,799,262	*1, *3 2,965,527
Leased assets	7,065	3,852
Construction in progress	53,625	598,394
Total property, plant and equipment	6,605,550	7,674,402
Intangible assets		
Goodwill	9,336	–
Patent right	11,872	4,373
Software	180,163	202,106
Other	54,732	274,440
Total intangible assets	256,104	480,919
Investments and other assets		
Investment securities	132,947	142,091
Shares of subsidiaries and associates	5,675,690	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	113,634	–
Distressed receivables	1,289,449	1,421,054
Long-term prepaid expenses	9,981	124,126
Deferred tax assets	935,815	970,895
Other	471,262	499,191
Allowance for doubtful accounts	(1,100,877)	(1,190,504)
Total investments and other assets	12,769,719	12,884,360
Total non-current assets	19,631,374	21,039,682
Total assets	52,287,193	57,375,495

(Thousands of yen)

	As of March 31, 2022	As of March 31, 2023
Liabilities		
Current liabilities		
Accounts payable - trade	*2 3,508,318	*2 3,908,348
Electronically recorded obligations - operating	5,567,700	4,275,795
Short-term borrowings	*1 9,889,215	*1 17,218,004
Short-term borrowings from subsidiaries and associates	1,101,690	1,335,400
Current portion of long-term borrowings	*1 3,611,970	*1 2,541,190
Lease liabilities	3,490	3,065
Accounts payable - other	*2 729,365	*2 909,121
Accrued expenses	235,649	285,999
Income taxes payable	516,734	556,159
Advances received	2,330,042	2,566,451
Deposits received	45,945	40,106
Provision for bonuses	566,590	799,931
Provision for bonuses for directors (and other officers)	41,184	59,148
Provision for product warranties	1,249,145	1,217,145
Other	173,785	86,300
Total current liabilities	29,570,827	35,802,167
Non-current liabilities		
Long-term borrowings	*1 6,766,549	*1 4,225,359
Lease liabilities	4,193	1,127
Provision for retirement benefits	369,517	328,780
Asset retirement obligations	32,530	115,576
Other	650	619
Total non-current liabilities	7,173,440	4,671,463
Total liabilities	36,744,268	40,473,631
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	371,970	371,839
Total capital surplus	4,617,426	4,617,296
Retained earnings		
Legal retained earnings	18,035	18,035
Other retained earnings		
General reserve	6,700,000	6,700,000
Retained earnings brought forward	1,760,707	3,111,175
Total retained earnings	8,478,742	9,829,210
Treasury shares	(1,951,174)	(1,948,784)
Total shareholders' equity	15,502,450	16,855,178
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	6,878	13,261
Total valuation and translation adjustments	6,878	13,261
Share acquisition rights	33,595	33,423
Total net assets	15,542,925	16,901,864
Total liabilities and net assets	52,287,193	57,375,495

(ii) Non-consolidated statements of income

(Thousands of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Net sales	*1 43,634,972	*1 51,536,374
Cost of sales	*1 30,711,296	*1 36,275,443
Gross profit	12,923,675	15,260,930
Selling, general and administrative expenses	*1, *2 11,254,256	*1, *2 12,715,819
Operating profit	1,669,419	2,545,110
Non-operating income		
Interest and dividend income	*1 12,008	*1 7,486
Rental income	*1 65,751	*1 64,025
Insurance claim income	3,020	44,199
Foreign exchange gains	11,562	24,164
Subsidy income	1,364	22,470
Other	*1 9,313	*1 16,549
Total non-operating income	103,019	178,897
Non-operating expenses		
Interest expenses	81,198	232,010
Depreciation	33,892	29,487
Consumption tax difference	17,087	24,663
Other	4,641	20,374
Total non-operating expenses	136,819	306,535
Ordinary profit	1,635,619	2,417,472
Extraordinary income		
Gain on sale of non-current assets	*3 5,577	*3 29,404
Gain on reversal of share acquisition rights	2,169	-
Total extraordinary income	7,747	29,404
Extraordinary losses		
Loss on sale of non-current assets	2,162	0
Total extraordinary losses	2,162	0
Profit before income taxes	1,641,203	2,446,876
Income taxes - current	456,257	702,591
Income taxes - deferred	(85,061)	(37,840)
Total income taxes	371,196	664,750
Profit	1,270,007	1,782,126

(iii) Non-consolidated statements of changes in equity
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

Fiscal year ended March 31, 2023

(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	371,970	4,617,426	18,035	6,700,000	1,760,707	8,478,742
Changes during period								
Dividends of surplus							(431,658)	(431,658)
Profit							1,782,126	1,782,126
Exercise of share acquisition rights			(130)	(130)				
Net changes in items other than shareholders' equity								
Total changes during period	–	–	(130)	(130)	–	–	1,350,467	1,350,467
Balance at end of period	4,357,456	4,245,456	371,839	4,617,296	18,035	6,700,000	3,111,175	9,829,210

	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	(1,951,174)	15,502,450	6,878	6,878	33,595	15,542,925
Changes during period						
Dividends of surplus		(431,658)				(431,658)
Profit		1,782,126				1,782,126
Exercise of share acquisition rights	2,390	2,260				2,260
Net changes in items other than shareholders' equity			6,383	6,383	(172)	6,211
Total changes during period	2,390	1,352,727	6,383	6,383	(172)	1,358,938
Balance at end of period	(1,948,784)	16,855,178	13,261	13,261	33,423	16,901,864

[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	8,603,121	12,013,661

(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	935,815	970,895

(Changes in accounting policies)

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

The Company has applied the “Implementation Guidance on Accounting Standard for Fair Value Measurement” (ASBJ Guidance No. 31, June 17, 2021. Hereinafter “Fair Value Measurement Accounting Standard Application Policy”) from the beginning of this fiscal year, and has applied the new accounting policy provided for by the Fair Value Measurement Accounting Standard Application Policy prospectively in accordance with the transitional measures provided for in Paragraph 27-2 of the Fair Value Measurement Accounting Standard Application Policy. There is no impact on the non-consolidated financial statements.

(Changes in presentation)

(Non-consolidated statements of income)

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

As a result, 10,677 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 “Subsidy income” of 1,364 thousand yen and “Other” of 9,313 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, 2022)	Current fiscal year (As of March 31, 2023)
Time deposits	1,330,000	1,876,000
Buildings	2,159,375	2,047,974
Land	715,779	715,779
Total	4,205,155	4,639,753

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, 2022)	Current fiscal year (As of March 31, 2023)
Short-term borrowings	273,400	300,000
Current portion of long-term borrowings	26,600	315,000
Long-term borrowings	1,550,000	1,235,000
Total	1,850,000	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, 2022)	Current fiscal year (As of March 31, 2023)
Short-term monetary receivables	9,309,507	10,003,713
Long-term monetary receivables	1,305,457	1,419,715
Short-term monetary payables	1,292,925	1,640,048

*3. The amount of depreciation deducted from the acquisition cost of property, plant and equipment due to government subsidies, etc., and a breakdown thereof, are provided below.

(Thousands of yen)

	Previous fiscal year (As of March 31, 2022)	Current fiscal year (As of March 31, 2023)
Buildings	–	5,930
Machinery and equipment	–	818
Tools, furniture and fixtures	–	1,181
Land	–	10,685
Total	–	18,615

4. 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, 2022)	Current fiscal year (As of March 31, 2023)
ALPHA DESIGN CO., LTD.	Borrowings	648,080	605,940
ALPHA SYSTEMS CO., LTD.	Borrowings	205,000	575,000
Tonami Corporation Ltd.	Borrowings	180,286	490,002
MIMAKI AUSTRALIA PTY LTD	Forward exchange contracts	27,233	66,770
MIMAKI ENGINEERING (TAIWAN) Co., Ltd.	Forward exchange contracts	43,698	49,392
MIMAKI IJ TECHNOLOGY CO., Ltd.	Borrowings	385,200	–
MIMAKI PRECISION Co., Ltd.	Borrowings	40,000	–
Total		1,529,497	1,787,104

(Non-consolidated statements of income)

*1. Volume of transactions with subsidiaries and associates

(Thousands of yen)

	Previous fiscal year (From April 1, 2021 to March 31, 2022)	Current fiscal year (From April 1, 2022 to March 31, 2023)
Volume of business transactions		
Net sales	31,914,636	38,608,498
Purchases	4,573,758	5,857,950
Volume of other business transactions	8,098,911	8,377,417
Volume of other transactions	72,953	97,488

*2. Selling expenses for the previous and current fiscal years roughly account for 42% and 39% of SG&A expenses, respectively, while general and administrative expenses roughly account for 58% and 61%, respectively.

The major items and their amounts are as follows.

(Thousands of yen)

	Previous fiscal year (From April 1, 2021 to March 31, 2022)	Current fiscal year (From April 1, 2022 to March 31, 2023)
Provision for product warranties	1,223,111	1,191,110
Provision of allowance for doubtful accounts	(128,031)	16,061
Salaries and allowances	2,237,733	2,439,827
Provision for bonuses	324,524	456,240
Retirement benefit expenses	46,580	44,463
Commission expenses	1,248,859	1,515,924
Depreciation	352,369	326,773
Research and development expenses	2,125,326	2,580,275

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

(Thousands of yen)

	Previous fiscal year (From April 1, 2021 to March 31, 2022)	Current fiscal year (From April 1, 2022 to March 31, 2023)
Tools, furniture and fixtures	5,577	4,771
Land	–	24,632
Total	5,577	29,404

(Securities)

Fair values of shares of subsidiaries (with the carrying amounts of 5,675,690 thousand yen as of March 31, 2023 and 5,675,690 thousand yen as of March 31, 2022) 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, 2022)	Current fiscal year (As of March 31, 2023)
Deferred tax assets		
Provision for bonuses	171,053	241,499
Provision for product warranties	377,117	367,456
Allowance for doubtful accounts	332,179	359,394
Loss on valuation of shares of subsidiaries and associates and loss on valuation of investments in capital of subsidiaries and associates	637,531	637,531
Provision for retirement benefits	111,557	99,258
Software	97,766	82,373
Others	222,297	250,528
Subtotal	1,949,503	2,038,042
Valuation allowance	(1,010,712)	(1,061,410)
Total deferred tax assets	938,790	976,631
Deferred tax liabilities		
Valuation difference on securities	2,974	5,735
Net deferred tax assets	935,815	970,895

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, 2022)	Current fiscal year (As of March 31, 2023)
Effective statutory tax rate	30.2	30.2
(Adjustments)		
Non-deductible permanent differences such as entertainment expenses	0.8	0.8
Per capita inhabitant tax, etc.	1.6	1.1
Change in valuation allowance	(1.5)	2.1
Special deduction for experimentation and research expenses	(8.3)	(6.9)
Others	(0.5)	(0.1)
Actual effective tax rate by applying tax effect accounting	22.3	27.2

(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)

There is no related information.

(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	Amortization during the period	Balance at end of period	Accumulated depreciation
Property, plant and equipment	Buildings	2,771,239	416,356	44,021	228,129	2,915,444	4,239,497
	Structures	35,766	88,372	434	8,110	115,593	130,015
	Machinery and equipment	159,604	47,936	1,341	55,823	150,376	445,592
	Vehicles	33	–	–	33	0	751
	Tools, furniture and fixtures	778,953	719,196	8,774	564,161	925,213	5,564,682
	Land	2,799,262	221,256	54,991	–	2,965,527	–
	Leased assets	7,065	–	–	3,212	3,852	14,421
	Construction in progress	53,625	594,748	49,979	–	598,394	–
	Total	6,605,550	2,087,866	159,542	859,471	7,674,402	10,394,962
Intangible assets	Goodwill	9,336	–	–	9,336	–	–
	Patent right	11,872	–	–	7,498	4,373	–
	Software	180,163	143,344	510	120,891	202,106	–
	Others	54,732	261,220	41,512	–	274,440	–
	Total	256,104	404,564	42,022	137,726	480,919	–

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

Maruko Factory Construction in progress 451,718 thousand yen

Maruko Factory Buildings, building attachments, structures 393,108 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	1,100,897	90,144	–	1,191,042
Provision for bonuses	566,590	799,931	566,590	799,931
Provision for bonuses for directors (and other officers)	41,184	59,148	41,184	59,148
Provision for product warranties	1,249,145	1,217,145	1,249,145	1,217,145

(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 47th term) (from April 1, 2021 to March 31, 2022)
Filed with the Director-General of the Kanto Local Finance Bureau on June 27, 2022

(2) Internal Control Report and Attachments
Filed with the Director-General of the Kanto Local Finance Bureau on June 27, 2022

(3) Quarterly Securities Reports and Confirmation Letters
(The first quarter of the 48th term) (from April 1, 2022 to June 30, 2022)
Filed with the Director-General of the Kanto Local Finance Bureau on August 10, 2022
(The second quarter of the 48th term) (from July 1, 2022 to September 30, 2022)
Filed with the Director-General of the Kanto Local Finance Bureau on November 10, 2022
(The third quarter of the 48th term) (from October 1, 2022 to December 31, 2022)
Filed with the Director-General of the Kanto Local Finance Bureau on March 13, 2023

(4) Extraordinary Reports
Filed with the Director-General of the Kanto Local Finance Bureau on June 27, 2022
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)

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

There is no related information.