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May 13, 2024

Consolidated Financial Results for the Year Ended March 31, 2024 (Under Japanese GAAP)

Company name: MIMAKI ENGINEERING CO., LTD.
Listing: Tokyo
Securities Code: 6638
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Scheduled date of annual general meeting of shareholders: June 21, 2024
Scheduled date to commence dividend payments: June 24, 2024
Scheduled date to file annual securities report: June 24, 2024
Preparation of supplementary material on financial results: Yes
Holding of financial results meeting: Yes (for institutional investors and analysts)

(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Consolidated financial results for the year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)

(1) Consolidated operating results

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended March 31, 2024	75,631	7.1	5,480	29.2	4,882	28.8	3,707	32.1
Year ended March 31, 2023	70,607	18.6	4,241	65.1	3,789	41.0	2,807	19.6

Note: Comprehensive income
Year ended March 31, 2024 ¥5,777 million [56.3%]
Year ended March 31, 2023 ¥3,697 million [3.4%]

	Basic earnings per share	Diluted earnings per share	Return on equity	Ratio of ordinary profit to total assets	Ratio of operating profit to net sales
	Yen	Yen	%	%	%
Year ended March 31, 2024	128.80	128.64	15.1	6.7	7.2
Year ended March 31, 2023	97.55	97.50	13.8	5.8	6.0

Reference: Share of profit (loss) of entities accounted for using equity method
Year ended March 31, 2024 ¥3 million
Year ended March 31, 2023 ¥(70) million

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2024	75,718	27,390	36.0	945.99
As of March 31, 2023	69,789	22,056	31.5	762.78

Reference: Equity

As of March 31, 2024

¥27,240 million

As of March 31, 2023

¥21,952 million

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended March 31, 2024	9,563	(2,596)	(1,440)	14,218
Year ended March 31, 2023	490	(3,500)	3,519	8,202

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended March 31, 2023	–	7.50	–	10.00	17.50	503	17.9	2.5
Fiscal year ended March 31, 2024	–	10.00	–	15.00	25.00	719	19.4	2.9
Fiscal year ending March 31, 2025 (Forecast)	–	15.00	–	15.00	30.00		21.6	

3. Forecast of consolidated financial results for the year ending March 31, 2025 (from April 1, 2024 to March 31, 2025)

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

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Second quarter (cumulative)	39,200	10.6	3,000	28.7	2,600	29.0	1,650	16.8	57.32
Full year	80,800	6.8	6,500	18.6	5,800	18.8	4,000	7.9	138.96

*** Notes**

- (1) Changes in significant subsidiaries during the year ended March 31, 2024
(changes in specified subsidiaries resulting in the change in scope of consolidation): No
- (2) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements
Changes in accounting policies due to revisions to accounting standards and other regulations: No
Changes in accounting policies due to other reasons: No
Changes in accounting estimates: No
Restatement: No

(3) Number of issued shares (common shares)

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

As of March 31, 2024	32,040,000 shares
As of March 31, 2023	32,040,000 shares

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

As of March 31, 2024	3,244,167 shares
As of March 31, 2023	3,260,767 shares

(iii) Average number of shares during the period

Fiscal year ended March 31, 2024	28,784,743 shares
Fiscal year ended March 31, 2023	28,778,231 shares

Reference: Overview of individual business results

1. Individual results for the year ended March 31, 2023 (from April 1, 2023 to March 31, 2024)

(1) Non-consolidated operating results

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended March 31, 2024	52,452	1.8	3,473	36.5	3,102	28.4	2,465	38.3
Year ended March 31, 2023	51,536	18.1	2,545	52.5	2,417	47.8	1,782	40.3

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Year ended March 31, 2024	85.64	85.53
Year ended March 31, 2023	61.93	61.89

(2) Non-consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2024	61,162	18,807	30.7	652.59
As of March 31, 2023	57,375	16,901	29.4	586.13

Reference: Equity

As of March 31, 2024 ¥18,791 million

As of March 31, 2023 ¥16,868 million

- * Financial results reports are exempt from audit conducted by certified public accountants or an audit corporation.
- * Proper use of earnings forecasts, and other special matters
The forecasts and other forward-looking statements in this report are based on currently available information and certain assumptions determined as rational. Consequently, any statements herein do not constitute assurances regarding actual results by MIMAKI ENGINEERING CO., LTD. (hereinafter the “Company”). In addition, actual business results may differ significantly due to various factors. Please refer to “1. Overview of operating results, etc., (4) Future Outlook” on page 6 of the attached materials for the conditions that are the premise of the business forecast and precautions when using the business forecast.

Table of contents of attached materials

Index

- 1. Overview of operating results, etc. 2
 - (1) Overview of operating results for the fiscal year under review..... 2
 - (2) Overview of financial position for the fiscal year under review 4
 - (3) Overview of cash flow for the fiscal year under review..... 4
 - (4) Future outlook 5
- 2. Basic concept regarding the selection of accounting standards 6
- 3. Consolidated financial statements and significant notes thereto..... 7
 - (1) Consolidated balance sheets..... 7
 - (2) Consolidated statements of income and consolidated statements of comprehensive income 9
 - Consolidated statements of income 9
 - Consolidated statements of comprehensive income..... 10
 - (3) Consolidated statements of changes in equity..... 11
 - (4) Consolidated statements of cash flows..... 13
 - (5) Notes on consolidated financial statements..... 15
 - (Note on going concern assumption)..... 15
 - (Changes in the scope of consolidation or scope of application of the equity method) 15
 - (Additional information) 15
 - (Contingent debt)..... 15
 - (Segment information, etc.)..... 16
 - (Per share information)..... 17
 - (Significant events after reporting period)..... 17

1. Overview of operating results, etc.

(1) Overview of operating results for the fiscal year under review

During the fiscal year ended March 31, 2024 (hereinafter referred to as “the fiscal year under review”), the global economy remained generally uncertain. Contributing factors include heightened geopolitical risks as well as the continuation of inflation at a high level and the impact of monetary policies by central banks and governments in various countries. In North America, the economy remained strong, centering on personal consumption. In Europe, the economy continued to stagnate against the backdrop of the prolonged invasion of Ukraine. In Japan, the economy is expected to continuously recover, driven by increased export demand. Other positive factors include rebound in personal consumption and capital investment accompanying the end of the COVID-19 crisis, as well as recovery in inbound demand.

Under such circumstances, the Company and its consolidated subsidiaries (hereinafter the “Group”) have executed the priority measures set forth in the “Mimaki V10” medium- to long-term growth strategy established in December 2020. We have continued to launch new products for more sales, develop our business in anticipation of rapid changes in the market environment and customer needs, and build a foundation to improve profitability. In the fourth quarter of the fiscal year under review, our lineup for the Industrial Products (IP) market newly included JFX600-2531. This is a larger sized version of JFX600, the high-speed and high-quality flatbed UV printer, with the bed size of 2.5 meters × 3.1 meters. Additionally, we have released Kebab HS, an optional system for 360-degree printing, which revolutionizes cylindrical printing. It enables printing on tapered materials and boasts up to 3 times more productivity. In the Textile Apparel (TA) market, we launched TRAPIS, a next-generation textile printing system friendly to operators and the environment. TRAPIS is compatible not only with polyester, but with a wide range of textiles. Moreover, the system involves just two simple processes: printing and transferring. Thus, operators can print with TRAPIS without specialized skills or knowledge. Additionally, it reduces approximately 90% of wastewater compared to conventional textile printing method.

Net sales for the fiscal year under review increased, due in part to the positive impact of the yen’s depreciation on foreign exchange throughout the fiscal year. By product market, the TxF150, Direct to Film (DTF) machine, launched this fiscal year, sustained strong sales in the TA market mainly in developed countries. Sales of printer main units decreased for the Sign Graphics (SG) market as compared to the sales expansion due to processing of backorders in the second half of the previous fiscal year and for the IP market where sales of new products were favorable likewise in the previous fiscal year. However, sales of ink remained strong. By area, in Europe, sales were down slightly from the previous fiscal year, affected by the economic stagnation. Meanwhile, strong sales continued in Japan centering on IP and TA. In Asia and Oceania, sales in China increased substantially in contrast to the weak performance due to the COVID-19 crisis in the previous fiscal year. In North America, sales remained strong especially driven by TA due to the impact of economic expansion. In terms of profit, the cost of sales ratio improved despite continued sales of products using high-cost materials such as semiconductors procured in the previous fiscal year. Reasons for such improvement were a decrease in transportation costs and appropriate price reviews in response to overall increase in costs. SG&A expenses increased due to several factors, such as the rise in personnel expenses to keep pace with inflation in each country. Other factors that contributed to the rise in the expenses include increased expenses related to research and development for upcoming new technologies and products and heightened sales activities, which were prompted by active participation in global exhibitions. However, we controlled the increase in SG&A expenses as a percentage of sales to a minimum. Together with the positive effect of exchange rates, operating profit grew significantly. Due to concerns of potential violation of sanctions imposed on Russia and Belarus occurring at the Company’s European subsidiary MIMAKI EUROPE B.V. (the Netherlands), we had reasonably estimated the provision regarding the relevant transactions and recognized it as a provision for loss on sanctions in the third quarter ended December 31, 2022. Afterwards, in December 2023, the taxation authority of the Netherlands performed an investigation to impose no fines. As we now do not expect any fines to arise, the Group reversed the provision and recorded the reversal of provision for loss on sanctions in extraordinary income in the third quarter ended December 31, 2023.

As a result of the above, for the fiscal year under review, the Group posted net sales of 75,631 million yen (up 7.1% year on year), operating profit of 5,480 million yen (up 29.2% year on year), ordinary

profit of 4,882 million yen (up 28.8% year on year), and profit attributable to owners of parent of 3,707 million yen (up 32.1% year on year). Record highs were set for net sales, and all categories of profit from operating profit downward.

In addition, the major exchange rates for the fiscal year under review were 1 US\$ = ¥144.62 (¥135.48 in the previous fiscal year) and 1 euro = ¥156.79 (¥140.97 in the previous fiscal year).

Performance by segment is as follows.

(Japan, Asia, and Oceania)

Net sales were 33,994 million yen (up 7.4% year on year). In Japan, sales grew favorably, centering on flagship models of the main units for the SG market, small flatbed (FB) models for the IP market, and new products for the TA market. While sales of ink for the SG market were sluggish, sales for the IP and TA markets were favorable. In the FA business, sales of printed circuit board (PCB) mounting equipment and semiconductor production equipment increased. As a result of the above, overall sales increased. In Asia and Oceania, while sales decreased in countries such as Australia and Thailand, sales grew significantly in China. As a result of strong sales in countries such as India, Indonesia, and the Philippines, sales in the SG, IP, and TA markets increased. Overall sales increased, although sales to Taiwan in the FA business, which were strong in the previous fiscal year, declined.

(North America and Latin America)

Net sales were 21,493 million yen (up 13.3% year on year). In North America, sales in the TA market grew substantially, with a focus on new products and flagship models, as the economy remained strong, centering on personal consumption. While sales of main units for the SG and IP markets were sluggish, sales of ink were favorable. In addition to the above, the positive impact of exchange rates resulted in an increase in sales. In Latin America, sales increased in countries such as Brazil and Mexico, resulting in a significant increase in sales.

(Europe, the Middle East, and Africa)

Net sales were 20,142 million yen (up 0.8% year on year). In Europe, despite the positive effect of exchange rates, sales declined slightly. While sales in the TA market increased significantly, centering on new products, sales in the SG and IP markets decreased. By country, while sales were strong in countries such as Portugal, France, and Poland, sales declined in Italy, the United Kingdom, Turkey and other countries.

The details of net sales by market are as follows.

	Net sales (Thousands of yen)	Component ratio (%)	Year-on-year changes (%)
SG market	29,581,106	39.1	4.0
IP market	20,036,006	26.5	(0.5)
TA market	9,471,177	12.5	43.2
FA business	4,533,686	6.0	(2.5)
Other	12,009,169	15.9	11.6
Total	75,631,146	100.0	7.1

(SG market)

Net sales were 29,581 million yen (up 4.0% year on year). For main units, while sales of UV ink models and flagship models increased, sales centering on existing models decreased in Europe and North America, which showed a sales expansion due to the processing of backorders in the second half of the previous fiscal year. Meanwhile, sales of ink were strong. The positive impact of exchange rates resulted in an increase in sales.

(IP market)

Net sales were 20,036 million yen (down 0.5% year on year). Although sales of main units decreased compared to the previous fiscal year when sales of new products significantly expanded, sales overall were on par with the previous fiscal year due to favorable ink sales and the positive impact of foreign exchange rates.

(TA market)

Net sales were 9,471 million yen (up 43.2% year on year). For main units, sales of DTF machines that launched in the fiscal year under review were favorable mainly in developed countries. Likewise, a model of high-speed sublimation transfer printer was marketed from the fiscal year under review and got on track. Sales of ink were strong, resulting in a significant increase in sales.

(FA business)

Net sales were 4,533 million yen (down 2.5% year on year). While sales of PCB mounting equipment and semiconductor production equipment increased, sales overall declined due to a decrease in sales of PCB inspection equipment for specific clients in Taiwan and a decrease in sales of FA equipment and metal processing products.

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

	Net sales (Thousands of yen)	Component ratio (%)	Year-on-year changes (%)
Machines	30,490,975	40.3	3.4
Ink	27,998,747	37.0	10.9
Spare parts	6,183,309	8.2	7.5
Other	10,958,114	14.5	8.4
Total	75,631,146	100.0	7.1

(2) Overview of financial position for the fiscal year under review

(Assets)

The balance of assets for the fiscal year under review was 75,718 million yen (69,789 million yen at the end of the previous fiscal year), an increase of 5,928 million yen. The balance of current assets was 58,766 million yen (53,692 million yen at the end of the previous fiscal year), an increase of 5,074 million yen. This was mainly due to an increase in cash and deposits. Non-current assets were 16,951 million yen (16,097 million yen at the end of the previous fiscal year), an increase of 854 million yen. This was mainly due to an increase in buildings and structures.

(Liabilities)

The balance of liabilities for the fiscal year under review was 48,327 million yen (47,733 million yen at the end of the previous fiscal year), an increase of 593 million yen. The balance of current liabilities was 41,513 million yen (40,144 million yen at the end of the previous fiscal year), an increase of 1,368 million yen. This was mainly due to an increase in electronically recorded obligations - operating. The balance of non-current liabilities was 6,814 million yen (7,589 million yen at the end of the previous fiscal year), a decrease of 774 million yen. This was mainly due to a decrease in long-term borrowings.

(Net assets)

The balance of net assets for the fiscal year under review was 27,390 million yen (22,056 million yen at the end of the previous fiscal year), an increase of 5,334 million yen. This was mainly due to an increase in retained earnings.

(3) Overview of cash flow for the fiscal year under review

The balance of cash and cash equivalents (hereinafter referred to as "cash") in the fiscal year under review amounted to 14,218 million yen, an increase of 6,016 million yen compared to the end of the

previous fiscal year. This was mainly due to an increase in profit before income taxes and a decrease in inventories although there were repayments of long-term borrowings and purchase of property, plant and equipment. The details of operating, investing, and financing activities are as follows.

(Cash flows from operating activities)

Net cash provided by operating activities totaled 9,563 million yen (an increase of 9,073 million yen year on year). This was mainly due to an increase in profit before income taxes of 4,891 million yen and a decrease in inventories of 4,009 million yen.

(Cash flows from investing activities)

Net cash used in investing activities totaled 2,596 million yen (a decrease of 903 million yen year on year). This was mainly due to purchase of property, plant and equipment of 1,650 million yen and payments into time deposits of 824 million yen.

(Cash flows from financing activities)

Net cash used in financing activities totaled 1,440 million yen (cash provided of 3,519 million yen in the previous fiscal year). This was mainly due to repayments of long-term borrowings of 3,887 million yen despite an increase in long-term borrowings of 3,121 million yen.

The cash flow indicators of the Group are as follows.

	Year ended March 31, 2020	Year ended March 31, 2021	Year ended March 31, 2022	Year ended March 31, 2023	Year ended March 31, 2024
Equity-to-asset ratio (%)	29.2	31.8	30.6	31.5	36.0
Market Equity-to-asset ratio (%)	22.6	36.4	32.9	27.6	44.3
Cash flow to interest-bearing debt ratio (year)	29.7	2.6	–	58.8	3.0
Interest coverage ratio (double)	3.2	39.1	–	1.9	24.6

Equity-to-asset ratio: Equity/Total assets

Market Equity-to-asset ratio: Market capitalization/Total assets

Cash flow to interest-bearing debt ratio: Interest-bearing debt/Operating cash flow

Interest coverage ratio: Operating cash flow/Interest payment

- Notes:
- Both are calculated based on consolidated financial figures.
 - Market capitalization is calculated by multiplying the closing price at the end of the period by the Number of issued shares at the end of the period (after deducting treasury stock).
 - Figures of operating cash flows used for the indicators are quoted from the Consolidated statement of cash flows. Interest-bearing liabilities cover all liabilities recorded on the Consolidated balance sheet that the Company is paying interest for.
 - Cash flow to interest-bearing debt ratio and interest coverage ratio are not provided for the year ended March 31, 2022 since operating cash flow was negative.

(4) Future outlook

	Six months ending September 30, 2024		Full year	
	Amount (Millions of yen)	Increase/decrease rate from the same period of the previous year (%)	Amount (Millions of yen)	Increase/decrease rate in the previous fiscal year (%)
Net sales	39,200	10.6	80,800	6.8
Operating profit	3,000	28.7	6,500	18.6
Ordinary profit	2,600	29.0	5,800	18.8
Profit	1,650	16.8	4,000	7.9

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

In terms of consolidated earnings forecasts for the fiscal year ending March 31, 2025, we project net sales of 80,800 million yen (up 6.8% year on year), operating profit of 6,500 million yen (up 18.6% year on year), ordinary profit of 5,800 million yen (up 18.8% year on year), and profit attributable to owners of parent of 4,000 million yen (up 7.9% year on year).

For the fiscal year ending March 31, 2025, the outlook for the global economy remains uncertain and the situation is expected to continue to be unpredictable. On one hand, potential measures to curb inflation in North America and Europe may cause policy interest rates to move in a downward direction. Besides, the factors of uncertain circumstances include the weakening economic growth in China, and the rising geopolitical risks due to deteriorating situations in Ukraine and the Middle East. Also, the US presidential election may bring about political effects.

Under such conditions, the Company is following its medium- to long-term growth strategy “Mimaki V10,” and undertaking efforts to construct a corporate foundation capable of continually generating high levels of revenue while achieving net sales growth. Having chosen “ever evolving” as the Group’s management policy for the fiscal year ending March 31, 2025, we aim to achieve the targets of “Mimaki V10” by the fiscal year ending March 31, 2026. The Group reflects on the issues to date and put in Group-wide efforts to evolve toward the next generation Mimaki during this year. At the same time, we are committed, as a whole group, to steadily develop and grow organizations and projects.

For net sales, we expect increases in revenue in each market, SG, IP, and TA, and in the FA business. We expect impacts from instability in the global economy and a protraction in the ocean freight lead times as the Middle East circumstances deteriorate. However, increased sales of existing products by further strengthening sales activities and through launching new products that meet customer needs are anticipated to lead to more sales. By region, sales are expected to grow not only in Japan and Asia and Oceania, but also Europe, which was significantly impacted by economic stagnation in the fiscal year ended March 31, 2024. Revenue is expected to increase in all regions, including even North America where firm economic growth continues.

Breaking down the profit categories from operating profit downward, we expect increases in each category. We expect improvement in cost of sales as a percentage of sales despite the increased ocean freight costs, factoring in the progress made in the fiscal year ended March 31, 2024 on sales of products using high-cost materials. As for SG&A expenses, although costs associated with the expansion of business activities are expected to increase, we expect SG&A expenses as a percentage of sales to be about even year on year. The exchange rates are assumed to shift to a strong-yen level compared to the previous fiscal year.

The main exchange rates are 1 US\$: ¥138, and 1 EUR: ¥150.

2. Basic concept regarding the selection of accounting standards

The Group uses Japanese standards for accounting, and we recognize that there are no particular issues at this time. However, future growth will be centered on capturing overseas markets, and the role of overseas subsidiaries is expected to become even more important. Therefore, we are considering the application of IFRS, which would facilitate unified accounting treatment throughout the Group.

3. Consolidated financial statements and significant notes thereto

(1) Consolidated balance sheets

(Thousands of yen)

	As of March 31, 2023	As of March 31, 2024
Assets		
Current assets		
Cash and deposits	10,485,252	17,365,018
Notes receivable - trade	933,841	700,578
Accounts receivable - trade	10,119,130	11,782,370
Merchandise and finished goods	18,437,653	16,771,029
Work in process	2,281,747	2,381,737
Raw materials and supplies	7,296,450	5,809,213
Other	4,255,288	3,983,116
Allowance for doubtful accounts	(116,695)	(26,174)
Total current assets	53,692,668	58,766,889
Non-current assets		
Property, plant and equipment		
Buildings and structures	9,545,759	10,490,038
Accumulated depreciation	(5,722,057)	(6,193,164)
Buildings and structures, net	3,823,702	4,296,873
Machinery, equipment and vehicles	2,481,793	2,974,539
Accumulated depreciation	(1,829,109)	(2,153,496)
Machinery, equipment and vehicles, net	652,684	821,042
Tools, furniture and fixtures	9,176,108	10,054,802
Accumulated depreciation	(7,503,165)	(8,195,521)
Tools, furniture and fixtures, net	1,672,943	1,859,280
Land	3,462,323	3,451,638
Leased assets	2,141,382	1,688,548
Accumulated depreciation	(1,420,233)	(1,070,137)
Leased assets, net	721,148	618,411
Construction in progress	612,536	265,362
Right-of-use assets	1,066,208	1,222,590
Total property, plant and equipment	12,011,546	12,535,201
Intangible assets		
Goodwill	167,874	129,710
Other	743,611	910,524
Total intangible assets	911,485	1,040,234
Investments and other assets		
Investment securities	155,962	140,594
Long-term loans receivable	32,521	32,521
Deferred tax assets	1,856,277	2,155,105
Other	1,956,238	2,189,376
Allowance for doubtful accounts	(826,806)	(1,141,228)
Total investments and other assets	3,174,193	3,376,368
Total non-current assets	16,097,225	16,951,803
Total assets	69,789,894	75,718,693

(Thousands of yen)

	As of March 31, 2023	As of March 31, 2024
Liabilities		
Current liabilities		
Notes and accounts payable - trade	4,264,456	3,241,469
Electronically recorded obligations - operating	4,839,398	5,620,574
Short-term borrowings	18,580,604	18,938,540
Current portion of long-term borrowings	2,944,827	2,766,708
Lease liabilities	416,684	531,185
Accounts payable - other	1,504,086	1,528,734
Income taxes payable	797,708	862,791
Provision for bonuses	1,170,425	1,382,519
Provision for bonuses for directors (and other officers)	67,148	82,461
Provision for product warranties	1,513,463	1,774,147
Other	4,045,998	4,784,090
Total current liabilities	40,144,802	41,513,222
Non-current liabilities		
Long-term borrowings	5,476,071	4,887,271
Lease liabilities	1,433,528	1,376,165
Deferred tax liabilities	60,311	59,895
Retirement benefit liability	348,634	228,258
Asset retirement obligations	147,352	149,573
Provision for retirement benefits for directors (and other officers)	45,900	33,900
Provision for loss on sanctions	9,554	–
Other	67,702	79,492
Total non-current liabilities	7,589,056	6,814,556
Total liabilities	47,733,858	48,327,779
Net assets		
Shareholders' equity		
Share capital	4,357,456	4,357,456
Capital surplus	4,617,296	4,618,849
Retained earnings	14,325,906	17,596,764
Treasury shares	(1,949,426)	(1,939,505)
Total shareholders' equity	21,351,232	24,633,564
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	14,424	40,259
Foreign currency translation adjustment	508,542	2,428,473
Remeasurements of defined benefit plans	78,086	138,410
Total accumulated other comprehensive income	601,053	2,607,143
Share acquisition rights	33,423	15,830
Non-controlling interests	70,324	134,375
Total net assets	22,056,035	27,390,914
Total liabilities and net assets	69,789,894	75,718,693

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

Consolidated statements of income

(Thousands of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Net sales	70,607,012	75,631,146
Cost of sales	42,157,752	42,997,820
Gross profit	28,449,259	32,633,326
Selling, general and administrative expenses	24,208,232	27,152,528
Operating profit	4,241,027	5,480,797
Non-operating income		
Interest income	28,563	41,047
Dividend income	1,461	2,004
Insurance claim income	63,982	9,755
Rent income	11,847	8,985
ICMS Refund	11,923	9,412
Subsidy income	42,424	51,274
Share of profit of entities accounted for using equity method	–	3,843
Gain on sale of scraps	36,167	36,032
Other	50,742	57,182
Total non-operating income	247,111	219,538
Non-operating expenses		
Interest expenses	259,459	375,252
Foreign exchange losses	22,038	17,516
Share of loss of entities accounted for using equity method	70,317	–
Consumption tax difference	34,208	22,345
Inflation accounting adjustment	241,575	340,030
Other	70,592	63,050
Total non-operating expenses	698,190	818,196
Ordinary profit	3,789,949	4,882,139
Extraordinary income		
Gain on sale of non-current assets	68,812	37,256
Reversal of provision for loss on sanctions	–	9,554
Gain on reversal of share acquisition rights	–	16,249
Other	25	–
Total extraordinary income	68,838	63,060
Extraordinary losses		
Loss on sale of non-current assets	59	266
Provision for loss on sanctions	9,554	–
Loss on valuation of investment securities	–	53,790
Total extraordinary losses	9,614	54,056
Profit before income taxes	3,849,173	4,891,143
Income taxes - current	1,335,714	1,438,941
Income taxes - deferred	(309,477)	(302,206)
Total income taxes	1,026,237	1,136,734
Profit	2,822,935	3,754,408
Profit attributable to non-controlling interests	15,551	46,911
Profit attributable to owners of parent	2,807,384	3,707,497

Consolidated statements of comprehensive income

(Thousands of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Profit	2,822,935	3,754,408
Other comprehensive income		
Valuation difference on available-for-sale securities	5,663	25,835
Foreign currency translation adjustment	865,088	1,952,703
Remeasurements of defined benefit plans, net of tax	283	60,323
Share of other comprehensive income of entities accounted for using equity method	3,234	(15,633)
Total other comprehensive income	874,269	2,023,228
Comprehensive income	3,697,205	5,777,637
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,676,731	5,713,587
Comprehensive income attributable to non-controlling interests	20,474	64,050

(3) Consolidated statements of changes in equity

Fiscal year ended March 31, 2023

(Thousands of yen)

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

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

Fiscal year ended March 31, 2024

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	4,357,456	4,617,296	14,325,906	(1,949,426)	21,351,232
Changes during period					
Dividends of surplus			(575,617)		(575,617)
Profit attributable to owners of parent			3,707,497		3,707,497
Exercise of share acquisition rights		1,553		9,920	11,474
Increase in retained earnings by inflation accounting-related adjustments			138,977		138,977
Net changes in items other than shareholders' equity					-
Total changes during period	-	1,553	3,270,858	9,920	3,282,332
Balance at end of period	4,357,456	4,618,849	17,596,764	(1,939,505)	24,633,564

	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	14,424	508,542	78,086	601,053	33,423	70,324	22,056,035
Changes during period							
Dividends of surplus							(575,617)
Profit attributable to owners of parent							3,707,497
Exercise of share acquisition rights							11,474
Increase in retained earnings by inflation accounting-related adjustments							138,977
Net changes in items other than shareholders' equity	25,835	1,919,931	60,323	2,006,089	(17,593)	64,050	2,052,546
Total changes during period	25,835	1,919,931	60,323	2,006,089	(17,593)	64,050	5,334,878
Balance at end of period	40,259	2,428,473	138,410	2,607,143	15,830	134,375	27,390,914

(4) Consolidated statements of cash flows

(Thousands of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Cash flows from operating activities		
Profit before income taxes	3,849,173	4,891,143
Depreciation	1,840,702	1,950,357
Amortization of goodwill	53,015	38,164
Increase (decrease) in allowance for doubtful accounts	(88,684)	123,701
Increase (decrease) in provision for bonuses	259,233	195,077
Increase (decrease) in provision for bonuses for directors (and other officers)	25,964	15,312
Increase (decrease) in provision for product warranties	(20,528)	226,620
Increase (decrease) in provision for retirement benefits for directors (and other officers)	–	(12,000)
Increase (decrease) in retirement benefit liability	(35,229)	(33,924)
Interest and dividend income	(30,024)	(43,051)
Insurance claim income	(63,982)	(9,755)
Interest expenses	259,459	375,252
Subsidy income	(42,424)	(51,274)
Share of loss (profit) of entities accounted for using equity method	70,317	(3,843)
Gain on reversal of share acquisition rights	–	(16,249)
Inflation accounting adjustment	241,575	340,030
Foreign exchange losses (gains)	(402,591)	(630,815)
Loss (gain) on sales of fixed assets	(68,752)	(36,990)
Decrease (increase) in trade receivables	(1,516,637)	(744,535)
Decrease (increase) in inventories	(1,897,668)	4,009,466
Increase (decrease) in trade payables	(386,068)	159,303
Decrease (increase) in consumption taxes refund receivable	28,378	266,895
Increase (decrease) in accounts payable - other	(6,687)	53,128
Other, net	(119,166)	256,541
Subtotal	1,949,373	11,318,558
Interest and dividends received	29,262	40,092
Proceeds from insurance income	63,982	9,755
Interest paid	(256,838)	(389,179)
Subsidies received	42,424	51,274
Income taxes paid	(1,440,354)	(1,519,815)
Income taxes refund	102,560	52,986
Net cash provided by (used in) operating activities	490,410	9,563,672
Cash flows from investing activities		
Payments into time deposits	(815,401)	(824,362)
Purchase of property, plant and equipment	(2,214,879)	(1,650,652)
Proceeds from sale of property, plant and equipment	158,084	86,761
Purchase of intangible assets	(333,528)	(444,055)
Purchase of investment securities	(986)	(1,108)
Other, net	(293,312)	237,340
Net cash provided by (used in) investing activities	(3,500,024)	(2,596,077)

(Thousands of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	8,013,319	314,009
Proceeds from long-term borrowings	20,000	3,121,000
Repayments of long-term borrowings	(3,844,591)	(3,887,919)
Proceeds from exercise of employee share options	2,088	10,130
Repayments of lease liabilities	(238,789)	(422,808)
Dividends paid	(432,180)	(574,748)
Net cash provided by (used in) financing activities	3,519,846	(1,440,336)
Effect of exchange rate change on cash and cash equivalents	190,393	488,914
Net increase (decrease) in cash and cash equivalents	700,625	6,016,172
Cash and cash equivalents at beginning of period	7,501,498	8,202,123
Cash and cash equivalents at end of period	8,202,123	14,218,296

(5) Notes on consolidated financial statements

(Note on going concern assumption)

Not applicable.

(Changes in the scope of consolidation or scope of application of the equity method)

As MIMAKI VIETNAM CO., LTD. was newly established, it is included in the scope of consolidation from the fiscal year under review.

(Additional information)

(Accounting for hyperinflation)

During the previous fiscal year, because the cumulative three-year inflation rate in Turkey exceeded 100%, the Group determined that its subsidiary in Turkey, whose functional currency is the Turkish lira, is operating in a hyperinflationary economy. Therefore, the Group has made accounting adjustments to the financial statements of its Turkish subsidiary in accordance with the requirements set forth in IAS 29 “Financial Reporting in Hyperinflationary Economies.”

IAS 29 requires that the financial statements of subsidiaries in a hyperinflationary economy to be restated by applying the unit of measurement as of the end of the reporting period before inclusion in the consolidated financial statements.

The Group uses conversion factors calculated from the Consumer Price Index (CPI) of Turkey published by the Turkish Statistical Institute (TURKSTAT) for the purpose of adjusting the financial statements of its subsidiary in Turkey.

For the subsidiary in Turkey, non-monetary items such as property, plant and equipment presented at cost are adjusted using conversion factors based on the acquisition date. Monetary and non-monetary items presented at current cost are not adjusted, since they are considered to be presented in the unit of measurement as of the end of the reporting period. The effect of inflation on net monetary items is presented in non-operating expenses in the consolidated statements of income. In addition, as a result of reflecting the cumulative effects up to March 31, 2022 in accordance with IAS 29, retained earnings at the beginning of the previous fiscal year decreased by 27,294 thousand yen and foreign currency translation adjustment increased by 62,850 thousand yen.

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

(Contingent debt)

MIMAKI BRASIL COMERCIO E IMPORTACAO LTDA (hereinafter referred to as Mimaki Brazil), a consolidated subsidiary of the Company, was investigated by the Brazilian tax authorities regarding the importation of our inkjet printers and received two additional tax notices totaling 84,920 thousand Brazilian reals (119,522 thousand Brazilian reals with interest for delay added). Mimaki Brazil disagrees with the findings of the authorities and has filed a tax case with the court in December 2019 with respect to the 44,494 thousand Brazilian reals (65,798 thousand Brazilian reals with added interest for the delay) for which it received a notice of additional taxation in September 2018. Regarding a complaint we filed with the tax authorities in December 2018 regarding an additional tax notice received in November 2018 for 40,425 thousand Brazilian reals (54,366 thousand Brazilian reals with late interest added), the Company’s assertion was acknowledged in February 2024, and the said proceedings have been finalized without payment of additional tax.

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

(Segment information, etc.)

[Segment information]

1. Description of reportable segments

The Company's reporting segments are components of the Company for which separate financial information is available and which are subject to periodic review by the Board of Directors for the purpose of evaluating the allocation of management resources and evaluating performance.

The Company mainly produces and sells industrial inkjet printers and cutting plotters, with the Company in Japan and local subsidiaries in North America, Europe, Asia/Oceania, and Latin America. Each local subsidiary is an independent management unit, formulating comprehensive strategies for each region for the products it handles, and developing business activities.

2. How to calculate the amount of net sales, profit or loss, assets, and other items for each reporting segment

The method of accounting for the reported segments is the same as the description in "Significant matters that serve as the basis for preparation of Consolidated Financial Statements."

Segment profit is based on operating profit.

Internal rates and transfers between segments are based on prevailing market prices.

3. Information on the amount of net sales, profit or loss, assets, and other items by reporting segment and revenue decomposition information

Fiscal year ended March 31, 2023

(Thousands of yen)

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

Fiscal year ended March 31, 2024

(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	33,994,773	21,493,484	20,142,888	75,631,146
Other revenue	—	—	—	—
Revenues from external customers	33,994,773	21,493,484	20,142,888	75,631,146
Internal net sales or transfers between segments	28,316,845	106	4,148,140	32,465,093
Total	62,311,619	21,493,590	24,291,029	108,096,239
Segment profit	4,744,020	238,789	856,206	5,839,017

4. Difference between the total amount of reported segments and the amount recorded in the Consolidated financial statements and the main contents of the difference (matters related to difference adjustment)

(Thousands of yen)

Profit	Previous fiscal year	Current fiscal year
Reportable segment total	4,856,875	5,839,017
Clearing transactions between segments	(615,847)	(358,219)
Operating profit in consolidated financial statements	4,241,027	5,480,797

(Per share information)

(Yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Net assets per share	762.78	945.99
Basic earnings per share	97.55	128.80
Diluted earnings per share	97.50	128.64

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

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Basic earnings per share		
Profit attributable to owners of parent (Thousands of yen)	2,807,384	3,707,497
Amount not attributable to ordinary shareholders (Thousands of yen)	–	–
Profit attributable to common stockholders of the parent company (Thousands of yen)	2,807,384	3,707,497
Average number of shares of ordinary shares during the period (shares)	28,778,231	28,784,743
Diluted earnings per share		
Profit adjustment amount attributable to owners of parent (Thousands of yen)	–	–
Increase in ordinary shares (shares)	15,407	35,797
[Of which, share acquisition rights (shares)]	[15,407]	[35,797]
Summary of potential shares that were not included in the calculation of Diluted earnings per share because they do not have a diluting effect.	June 27, 2017 Ordinary General Meeting of Shareholders Resolution Share options (share acquisition rights) 66,500 ordinary shares June 28, 2018 Ordinary General Meeting of Shareholders Resolution Share options (share acquisition rights) 81,200 ordinary shares	–

(Significant events after reporting period)

Not applicable.