

Note: This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.



Consolidated Financial Results for the Three Months Ended June 30, 2024 (Under Japanese GAAP)

August 7, 2024

Company name: MIMAKI ENGINEERING CO., LTD.	Listing: Tokyo
Securities Code: 6638	URL: https://ir-eng.mimaki.com/
Representative: Kazuaki Ikeda, President	
Inquiries: Koji Shimizu, Executive Director	TEL: 0268(80)0058
Scheduled date to commence dividend payments: -	
Preparation of supplementary material on financial results: Yes	
Holding of financial results meeting: No	

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

1. Consolidated financial results for the three months ended June 30, 2024 (from April 1, 2024 to June 30, 2024)

(1) Consolidated operating results (cumulative)

(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	%
Three months ended June 30, 2024	19,804	20.0	2,052	280.6	1,952	301.9	1,482	481.2
June 30, 2023	16,502	3.3	539	(37.0)	485	(46.3)	254	(62.2)

Note: Comprehensive income	Three months ended June 30, 2024	¥2,534million [78.8%]	Three months ended June 30, 2023	¥1,417million [(12.3)%]
----------------------------	----------------------------------	-----------------------	----------------------------------	-------------------------

	Basic earnings per share	Diluted earnings per share
Three months ended June 30, 2024	Yen 51.44	Yen 51.30
June 30, 2023	8.86	8.85

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
	Millions of yen	Millions of yen	%
As of June 30, 2024	77,149	29,532	38.1
As of March 31, 2024	75,718	27,390	36.0

Reference: Equity	As of June 30, 2024	¥29,366million	As of March 31, 2024	¥27,240million
-------------------	---------------------	----------------	----------------------	----------------

2. Cash dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
Year ended March 31, 2024	Yen -	Yen 10.00	Yen -	Yen 15.00	Yen 25.00
Year ending March 31, 2025	-	-	-	-	-
Year ending March 31, 2025 (Forecast)	-	15.00	-	15.00	30.00

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

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)	40,900	15.4	3,900	67.3	3,600	78.7	2,550	80.5	88.50
Full year	82,500	9.1	7,400	35.0	6,800	39.3	4,900	32.2	170.06

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

* Notes

(1) Significant changes in the scope of consolidation during the three months ended June 30, 2024: No

(2) Application of special accounting for preparing quarterly consolidated financial statements: No

(3) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements

(i) Changes in accounting policies due to revisions to accounting standards and other regulations: Yes

(ii) Changes in accounting policies due to other reasons: No

(iii) Changes in accounting estimates: No

(iv) Restatement: No

Note: For details, please refer to “2. Quarterly consolidated financial statements and significant notes thereto

(3) Notes on quarterly consolidated financial statements (Notes on changes in accounting policies)” on page 9 of the attached materials.

(4) Number of issued shares (common shares)

(i) Total number of issued shares at the end of the period (including treasury shares)	As of June 30, 2024	32,040,000 shares	As of March 31, 2024	32,040,000 shares
(ii) Number of treasury shares at the end of the period	As of June 30, 2024	3,226,267 shares	As of March 31, 2024	3,244,167 shares
(iii) Average number of shares during the period (cumulative from the beginning of the fiscal year)	Three months ended June 30, 2024	28,809,953 shares	Three months ended June 30, 2023	28,779,233 shares

* Review of the attached quarterly consolidated financial statements by certified public accountants or an audit corporation: No

* Proper use of earnings forecasts, and other special matters

The forecasts and other forward-looking statements in this report are based on currently available information and certain assumptions determined as rational. Consequently, any statements herein do not constitute assurances regarding actual results by the Company. In addition, actual business results may differ significantly due to various factors. Please refer to “1. Overview of Operating Results, etc. (3) Explanation of consolidated financial forecasts and other forward-looking statements” on page 4 of the attached materials for the conditions that are the premise of the business forecast and precautions when using the business forecast.

Table of contents of attached materials

1. Overview of Operating Results, Etc.	2
(1) Overview of Operating Results for the Quarter under Review	2
(2) Overview of Financial Position for the Quarter under Review	4
(3) Explanation of consolidated financial forecasts and other forward-looking statements	4
2. Quarterly consolidated financial statements and significant notes thereto	5
(1) Quarterly consolidated balance sheets	5
(2) Quarterly consolidated statements of income and consolidated statements of comprehensive income	7
Quarterly consolidated statements of income (cumulative)	7
Quarterly consolidated statements of comprehensive income (cumulative)	8
(3) Notes on quarterly consolidated financial statements	9
(Note on going concern assumption)	9
(Notes on significant changes in the amount of shareholders' equity)	9
(Notes on changes in accounting policies)	9
(Additional information)	9
(Contingent debt)	10
(Notes on quarterly consolidated cash flow statements)	10
(Notes on segment information, etc.)	10

1. Overview of Operating Results, Etc.

(1) Overview of Operating Results for the Quarter under Review

During the three months ended June 30, 2024 (hereinafter referred to as "the period under review"), the global economy was on a moderate recovery trend, but the core inflation rate remained high. Central banks and governments in each country maintained prudent monetary policies. While the growth rate of developed countries has remained unchanged from the previous year, the growth rate of emerging countries has continued to grow. On the other hand, geopolitical risks have remained a major concern, and the situation has been unpredictable. Japan's economy has been on a moderate recovery track, and personal consumption has been sluggish due to the impact of high prices. However, firms' willingness to make capital investments remained strong and business performance in the non-manufacturing sector has improved. Although the economy as a whole is stabilizing, the pace of growth remains moderate, and the recovery is expected to continue.

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 period under review, the Company strengthened sales activities globally. For example, we participated in the Drupa, a large-scale printing equipment exhibition held in Germany for two weeks from the end of May. We promoted our broad product lineup to acquire business negotiations. At the same time, we increased production of the Direct to Film(DTF) model TxF150/300 for the Textile Apparel (TA) market, where strong sales have sustained. In addition, we began shipping paper ink cartridges worldwide, expecting an annual reduction in plastic consumption of approximately 44 tons and a reduction in CO₂ emissions of 65 tons.

As for net sales by product market for the period under review, the sales of DTF model for the TA market remained favorable globally. Sales to the Sign Graphics (SG) market also increased significantly, centering on printers with UV ink, which draw on our strengths. As for the Industrial Products (IP) market, overall sales were sluggish despite regional differences. In the Factory Automation (FA) business, sales decreased compared to the same period of the previous fiscal year, when sales were strong. By region, sales increased substantially in North America and Asia and Oceania. Sales in Europe were also favorable. In Japan, however, sales declined due to the impact of the FA business described above. Under such circumstances, with the positive impact of exchange rates added, sales substantially increased for the Company as a whole. In terms of profit, the cost of sales ratio improved despite an increase in ocean freight costs, as sales of products using high-cost materials were almost completed. SG&A expenses as a percentage of sales improved significantly due to efficient execution of expenses, although personnel expenses and commissions paid increased. Combined with the positive effect of exchange rates, this resulted in a significant year-on-year increase in operating profit. On a quarterly basis, we cleared the target of "Mimaki V10", which aims to achieve an operating profit margin of 10% in fiscal 2025, and set a record high for quarterly profit.

As a result of the above, for the period under review, the Group posted net sales of 19,804 million yen (up 20.0% year on year), operating profit of 2,052 million yen (up 280.6% year on year), ordinary profit of 1,952 million yen (up 301.9% year on year), and profit attributable to owners of parent of 1,482 million yen (up 481.2% year on year).

In addition, the major exchange rates (average rates from April 2024 to June 2024) for the period under review were 1 US\$ = 155.89 yen (137.37 yen in the same period of the previous fiscal year) and 1 EUR = 167.88 yen (149.46 yen in the same period of the previous fiscal year).

The operating results by segment are as follows.

(Japan, Asia, and Oceania)

Net sales were 8,185 million yen (up 12.4% year on year). In Japan, sales to the TA market remained strong from the previous fiscal year, resulting in a significant increase in sales. Sales to the SG and IP markets also grew strong. On the other hand, overall sales decreased due to the impact of a significant decrease in sales in the FA business. Specifically, the sales of FA equipment, as well as semiconductor production equipment, which were strong in the same period of the previous year, decreased. In Asia and Oceania, sales to the TA market remained favorable from the previous fiscal year. Sales to the SG and IP markets were also strong. By country, sales were strong in China due to strengthened sales activities, and sales in the Philippines, Thailand, and other countries grew significantly. As a result of the above, overall sales increased significantly.

(North America and Latin America)

Net sales were 6,247 million yen (up 40.0% year on year). In North America, sales to the TA market increased significantly, centering on DTF models. Sales to the SG market also increased significantly, due to strong sales of UV ink products. Sales to the IP market were also strong. With the positive impact of foreign exchange rates, sales substantially increased. In Latin America, sales were strong, centering on Brazil and Mexico, resulting in an increase in sales.

(Europe, the Middle East, and Africa)

Net sales were 5,371 million yen (up 12.9% year on year). In Europe, strong sales to the TA market continued, while sales to the SG market were strong. Sales to the IP market declined. By country, while sales declined in some countries, sales in major countries such as Germany, the United Kingdom, and France performed well. Combined with the positive impact of exchange rates, overall sales in Europe increased significantly.

The details of net sales by market are as follows.

	Net sales (Thousands of yen)	Component ratio (%)	Year-on-year changes (%)
SG market	8,219,731	41.5	21.4
IP market	4,995,907	25.2	6.8
TA market	2,860,980	14.4	79.2
FA business	591,973	3.0	(43.6)
Other	3,135,859	15.8	30.2
Total	19,804,453	100.0	20.0

(SG market)

Net sales were 8,219 million yen (up 21.4% year on year). For printer main units, sales of flagship models and entry-level models equipped with UV ink, launched in the third quarter of the previous fiscal year, were strong. Together with existing models equipped with solvent ink, the performance contributed to an increase in sales. Sales of ink also grew favorably. Combined with the positive impact of foreign exchange rates, this resulted in a significant increase in sales.

(IP market)

Net sales were 4,995 million yen (up 6.8% year on year). While sales of ink were favorable and sales of compact flatbed (FB) models of printers were also strong, sales of conventional large FB models were sluggish. However, the positive impact of foreign exchange rates resulted in an increase in sales.

(TA market)

Net sales were 2,860 million yen (up 79.2% year on year). For printer main units, sales of DTF models increased substantially in all regions. Sales of high production models also got on track in Europe and Latin America, contributing to the increase in sales. Sales of ink also increased significantly due to an increase in the number of printer main units in operation. Including the positive impact of exchange rates, sales increased significantly.

(FA business)

Net sales were 591 million yen (down 43.6% year on year). Sales of metal processing products and PCB inspection equipment were strong. However, during the period under review, FA equipment underwent a gap in customer demand, resulting in sales decrease. Additionally, sales of semiconductor production equipment, which had been strong to specific customers in the same period of the previous fiscal year, also declined. Consequently, overall sales significantly decreased.

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

	Net sales (Thousands of yen)	Component ratio (%)	Year-on-year changes (%)
Machines	7,407,382	37.4	12.7
Ink	7,891,022	39.8	24.4
Spare parts	1,695,085	8.6	24.2
Other	2,810,963	14.2	26.6
Total	19,804,453	100.0	20.0

(2) Overview of Financial Position for the Quarter under Review

(Assets)

Total assets as of June 30, 2024 increased 1,431 million yen from the end of the previous fiscal year to 77,149 million yen. Total current assets increased 1,152 million yen from the end of the previous fiscal year to 59,919 million yen. This was mainly due to an increase in work in process. Total non-current assets increased 278 million yen from the end of the previous fiscal year to 17,230 million yen.

(Liabilities)

Total liabilities as of June 30, 2024 decreased 710 million yen from the end of the previous fiscal year to 47,617 million yen. Total current liabilities decreased 617 million yen from the end of the previous fiscal year to 40,895 million yen. This was mainly due to a decrease in short-term borrowings. Total non-current liabilities decreased 93 million yen from the end of the previous fiscal year to 6,721 million yen. This was mainly due to a decrease in long-term borrowings.

(Net assets)

Total net assets as of June 30, 2024 increased 2,141 million yen from the end of the previous fiscal year to 29,532 million yen. This was mainly due to an increase in retained earnings and foreign currency translation adjustment.

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

Regarding the consolidated financial results forecast for the fiscal year ending March 31, 2025, we disclosed our revised forecast on August 1, 2024, from the initial forecast announced on May 13, 2024, reflecting recent trends in operating results. The details are as follows.

	Six months ending September 30, 2024		Full year	
	Amount(Millions of yen)	Increase/decrease rate from the same period of the previous fiscal year (%)	Amount(Millions of yen)	Increase/decrease rate from the previous fiscal year (%)
Net sales	40,900	15.4	82,500	9.1
Operating profit	3,900	67.3	7,400	35.0
Ordinary profit	3,600	78.7	6,800	39.3
Profit attributable to owners of parent	2,550	80.5	4,900	32.2

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

(Reasons for revision)

In the global market environment etc. that underlie the premise of the consolidated financial results forecasts for the six months ending September 30, 2024 and for the fiscal year ending March 31, 2025, there are no significant changes from the initial forecasts. However, the situation is expected to continue to be subject to many uncertain factors, including trends in monetary policies in each country, increased geopolitical risks, and the outcome of the US presidential election.

Under such circumstances, we expect net sales from the second quarter onwards to be on par with the initial plan. This outlook is underpinned by strengthening sales activities for sales expansion of existing products and executing plans on schedule to introduce new products that meet customer needs. In terms of profit, the assumption of cost of sales and the execution of SG&A expenses from the second quarter onwards remain unchanged from the initial plan. Based on the above, we have revised our forecast of consolidated financial results upward for the six months ending September 30, 2024 and the full year, reflecting only the portion that exceeded the initial plan during the period under review. The assumptions for the second quarter onwards will be left unchanged.

The major exchange rates assumed for the second quarter onwards are 1 US\$: 138 yen, and 1 EUR: 150 yen, which are unchanged from the initial forecast.

2. Quarterly consolidated financial statements and significant notes thereto

(1) Quarterly consolidated balance sheets

(Thousands of yen)

	As of March 31, 2024	As of June 30, 2024
Assets		
Current assets		
Cash and deposits	17,365,018	17,567,750
Notes and accounts receivable - trade, and contract assets	12,482,948	11,620,609
Merchandise and finished goods	16,771,029	17,215,627
Work in process	2,381,737	2,999,948
Raw materials and supplies	5,809,213	6,110,862
Other	3,983,116	4,429,205
Allowance for doubtful accounts	(6,174)	(24,907)
Total current assets	58,766,889	59,919,096
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	4,296,873	4,257,705
Land	3,451,638	3,521,173
Other, net	4,786,688	4,797,354
Total property, plant and equipment	12,535,201	12,576,233
Intangible assets		
Goodwill	129,710	124,305
Other	910,524	917,522
Total intangible assets	1,040,234	1,041,827
Investments and other assets		
Investment securities	140,594	145,553
Deferred tax assets	2,155,105	2,215,472
Other	2,221,897	2,466,113
Allowance for doubtful accounts	(1,141,228)	(1,214,496)
Total investments and other assets	3,376,368	3,612,644
Total non-current assets	16,951,803	17,230,705
Total assets	75,718,693	77,149,801
Liabilities		
Current liabilities		
Notes and accounts payable - trade	3,241,469	4,174,409
Electronically recorded obligations - operating	5,620,574	5,319,622
Short-term borrowings	18,938,540	17,284,828
Current portion of long-term borrowings	2,766,708	2,643,510
Lease liabilities	531,185	488,840
Income taxes payable	862,791	756,199
Provision for bonuses	1,382,519	834,103
Provision for bonuses for directors (and other officers)	82,461	31,608
Provision for product warranties	1,774,147	1,690,362
Other	6,312,824	7,672,128
Total current liabilities	41,513,222	40,895,612
Non-current liabilities		
Long-term borrowings	4,887,271	4,812,432
Lease liabilities	1,376,165	1,355,781
Deferred tax liabilities	59,895	61,304
Retirement benefit liability	228,258	226,206
Asset retirement obligations	149,573	152,382
Provision for retirement benefits for directors (and other officers)	33,900	33,900
Other	79,492	79,492
Total non-current liabilities	6,814,556	6,721,498
Total liabilities	48,327,779	47,617,111

(Thousands of yen)

	As of March 31, 2024	As of June 30, 2024
Net assets		
Shareholders' equity		
Share capital	4,357,456	4,357,456
Capital surplus	4,618,849	4,622,161
Retained earnings	17,596,764	18,673,829
Treasury shares	(1,939,505)	(1,928,807)
Total shareholders' equity	24,633,564	25,724,639
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	40,259	43,525
Foreign currency translation adjustment	2,428,473	3,470,408
Remeasurements of defined benefit plans	138,410	127,831
Total accumulated other comprehensive income	2,607,143	3,641,765
Share acquisition rights	15,830	13,889
Non-controlling interests	134,375	152,395
Total net assets	27,390,914	29,532,690
Total liabilities and net assets	75,718,693	77,149,801

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

Quarterly consolidated statements of income (cumulative)

(Thousands of yen)

	Three months ended June 30, 2023	Three months ended June 30, 2024
Net sales	16,502,979	19,804,453
Cost of sales	9,533,827	10,711,087
Gross profit	6,969,152	9,093,366
Selling, general and administrative expenses	6,429,720	7,040,542
Operating profit	539,431	2,052,823
Non-operating income		
Interest income	4,954	16,694
Dividend income	687	703
Insurance claim income	6,010	2,788
Purchase discounts	2,951	834
Foreign exchange gains	25,274	4,318
Subsidy income	21,737	2,629
Share of profit of entities accounted for using equity method	13,867	6,028
Interest on tax refund	461	43,694
Other	19,838	18,817
Total non-operating income	95,783	96,509
Non-operating expenses		
Interest expenses	83,978	109,905
Inflation accounting adjustment	39,101	65,785
Other	26,348	21,389
Total non-operating expenses	149,428	197,080
Ordinary profit	485,785	1,952,253
Extraordinary income		
Gain on sale of non-current assets	1,137	5,927
Other	169	-
Total extraordinary income	1,306	5,927
Extraordinary losses		
Loss on sale of non-current assets	-	18
Total extraordinary losses	-	18
Profit before income taxes	487,092	1,958,162
Income taxes - current	178,010	512,714
Income taxes - deferred	51,057	(46,853)
Total income taxes	229,067	465,861
Profit	258,025	1,492,301
Profit attributable to non-controlling interests	3,034	10,186
Profit attributable to owners of parent	254,990	1,482,114

Quarterly consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	Three months ended June 30, 2023	Three months ended June 30, 2024
Profit	258,025	1,492,301
Other comprehensive income		
Valuation difference on available-for-sale securities	5,207	3,265
Foreign currency translation adjustment	1,172,012	1,058,658
Remeasurements of defined benefit plans, net of tax	(6,312)	(10,578)
Share of other comprehensive income of entities accounted for using equity method	(11,335)	(8,888)
Total other comprehensive income	1,159,570	1,042,456
Comprehensive income	1,417,596	2,534,757
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,408,340	2,516,736
Comprehensive income attributable to non-controlling interests	9,255	18,020

(3) Notes on quarterly consolidated financial statements

(Note on going concern assumption)

Not applicable.

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

Not applicable.

(Notes on changes in accounting policies)

The "Accounting Standard for Current Income Taxes" (ASBJ Statement No. 27, October 28, 2022; hereinafter referred to as "Revised Accounting Standard 2022"), etc. has been applied since the beginning of the first quarter of the current fiscal year.

Previously, income taxes such as corporation taxes, inhabitant taxes, and enterprise taxes (hereinafter referred to as "income taxes") were calculated in accordance with laws and regulations and the amount was recognized in profit or loss. Upon the application of Revised Accounting Standard 2022, we decided to separately record income taxes on income in profit or loss, shareholders' equity, and other comprehensive income depending on the transactions, etc. that are the source of the income. With regard to income taxes recorded in accumulated other comprehensive income, we decided to record a corresponding tax amount in profit or loss when the transactions, etc. that give rise to the imposition of said income taxes are recognized in profit or loss. If the taxable transactions, etc. are related to shareholders' equity or other comprehensive income in addition to profit or loss, and it is difficult to calculate the amount of income tax imposed on shareholders' equity or other comprehensive income, the relevant tax amount is recognized in profit or loss.

With regard to the amendment regarding the classification for recording income taxes (taxation on other comprehensive income), the Group follows the transitional treatment set forth in the proviso of paragraph 20-3 of the Revised Accounting Standard for 2022 and the transitional treatment set forth in paragraph 65-2 (2) of the "Implementation Guidance on Tax Effect Accounting" (ASBJ Guidance No. 28, October 28, 2022).

There is no impact on the first quarter of the current fiscal year due to the change in accounting policy.

(Additional information)

[Accounting for hyperinflation]

During the fiscal year ended March 31, 2023, 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, from the six months ended September 30, 2022, 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 quarterly consolidated statements of income.

The financial statements of the Turkish subsidiary are translated at the exchange rate as of June 30, 2024, and reflected in the quarterly 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 (121,288 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 (66,922 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.

(Notes on quarterly consolidated cash flow statements)

The amount of depreciation (including amortization of intangible assets other than goodwill) and amortization of goodwill for the three months ended June 30, 2023 and June 30, 2024 are as follows.

	Three months ended June 30, 2023	Three months ended June 30, 2024
Depreciation	442,571 thousand yen	505,587 thousand yen
Amortization of goodwill	10,919 thousand yen	5,404 thousand yen

(Notes on segment information, etc.)

[Segment information]

I Three months ended June 30, 2023

1. Information on the amounts of net sales and profit or loss for reportable segment and revenue decomposition information

	(Thousands of yen)			
	Japan and Asia and Oceania	North America and Latin America	Europe, the Middle East, and Africa	Total
Net sales				
Revenue from contracts with customers	7,280,894	4,462,322	4,759,763	16,502,979
Other revenue	-	-	-	-
Net sales to external customers	7,280,894	4,462,322	4,759,763	16,502,979
Inter-segment sales or transfers	6,743,677	-	1,012,446	7,756,124
Total	14,024,571	4,462,322	5,772,210	24,259,103
Segment profit (loss)	957,120	(1,570)	16,024	971,574

2. Reconciliation of profit or loss of reportable segments with those of the quarterly consolidated statements of income

(Thousands of yen)

Profit	Amount
Total of reportable segments	971,574
Clearing transactions between segments	(432,143)
Operating profit in the quarterly consolidated statements of income	539,431

II Three months ended June 30, 2024

1. Information on the amounts of net sales and profit or loss for reportable segment and revenue decomposition information

(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	8,185,522	6,247,337	5,371,594	19,804,453
Other revenue	-	-	-	-
Net sales to external customers	8,185,522	6,247,337	5,371,594	19,804,453
Inter-segment sales or transfers	8,440,095	318	1,102,453	9,542,867
Total	16,625,617	6,247,656	6,474,047	29,347,321
Segment profit	2,191,147	83,401	325,742	2,600,291

2. Reconciliation of profit or loss of reportable segments with those of the quarterly consolidated statements of income

(Thousands of yen)

Profit	Amount
Total of reportable segments 1	2,600,291
Clearing transactions between segments	(547,468)
Operating profit in the quarterly consolidated statements of income	2,052,823