Annual Securities Report

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

For the 49th term

From April 1, 2023 to March 31, 2024

MIMAKI ENGINEERING CO., LTD.

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

(E02114)

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.

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[Document title]	Annual Securities Report
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[Place of filing]	Director-General of the Kanto Local Finance Bureau
[Filing date]	June 24, 2024
[Fiscal year]	For the 49th term (From April 1, 2023 to March 31, 2024)
[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.
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[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) 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		45th term	46th term	47th term	48th term	49th term
Fiscal year-end		Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Net sales	(Thousands of yen)	55,557,698	48,722,930	59,511,957	70,607,012	75,631,146
Ordinary profit	(Thousands of yen)	946,636	366,381	2,688,298	3,789,949	4,882,139
Profit (loss) attributable to owners of parent	(Thousands of yen)	(777,962)	(301,251)	2,347,478	2,807,384	3,707,497
Comprehensive income	(Thousands of yen)	(1,829,806)	172,757	3,574,292	3,697,205	5,777,637
Net assets	(Thousands of yen)	16,033,335	16,213,450	18,716,957	22,056,035	27,390,914
Total assets	(Thousands of yen)	54,221,924	50,838,883	60,857,279	69,789,894	75,718,693
Net assets per share	(Yen)	537.72	548.10	647.55	762.78	945.99
Earnings (loss) per share	(Yen)	(26.24)	(10.21)	80.40	97.55	128.80
Diluted earnings per share	(Yen)	–	–	80.31	97.50	128.64
Equity ratio	(%)	29.2	31.8	30.6	31.5	36.0
Return on equity (ROE)	(%)	(4.5)	(1.9)	13.5	13.8	15.1
Price earnings ratio (PER)	(Times)	–	–	8.5	6.9	9.1
Net cash provided by (used in) operating activities	(Thousands of yen)	823,299	6,634,156	(5,129,131)	490,410	9,563,672
Net cash provided by (used in) investing activities	(Thousands of yen)	(368,149)	15,944	(2,711,895)	(3,500,024)	(2,596,077)
Net cash provided by (used in) financing activities	(Thousands of yen)	(431,697)	(7,315,659)	4,275,112	3,519,846	(1,440,336)
Cash and cash equivalents at end of period	(Thousands of yen)	10,988,848	10,683,560	7,501,498	8,202,123	14,218,296
Number of employees [Separately, average number of temporary employees]	(Persons)	2,003 [162]	1,952 [76]	1,983 [174]	2,044 [237]	2,047 [191]

(Notes) 1. 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		45th term	46th term	47th term	48th term	49th term
Fiscal year-end		March 31, 2020	March 31, 2021	March 31, 2022	March 31, 2023	March 31, 2024
Net sales	(Thousands of yen)	38,558,721	32,701,526	43,634,972	51,536,374	52,452,871
Ordinary profit (loss)	(Thousands of yen)	40,566	(353,546)	1,635,619	2,417,472	3,102,913
Profit (loss)	(Thousands of yen)	(42,914)	(860,675)	1,270,007	1,782,126	2,465,060
Share capital	(Thousands of yen)	4,357,456	4,357,456	4,357,456	4,357,456	4,357,456
Total number of issued shares	(Shares)	32,040,000	32,040,000	32,040,000	32,040,000	32,040,000
Net assets	(Thousands of yen)	16,183,066	15,338,996	15,542,925	16,901,864	18,807,590
Total assets	(Thousands of yen)	50,475,502	45,174,409	52,287,193	57,375,495	61,162,773
Net assets per share	(Yen)	547.77	518.91	538.98	586.13	652.59
Dividends per share [Of the above, interim dividends per share]	(Yen)	7.50 [7.50]	7.50 [–]	15.00 [7.50]	17.50 [7.50]	25.00 [10.00]
Basic earnings (loss) per share	(Yen)	(1.45)	(29.18)	43.50	61.93	85.64
Diluted earnings per share	(Yen)	–	–	43.45	61.89	85.53
Equity ratio	(%)	32.0	33.9	29.7	29.4	30.7
Return on equity (ROE)	(%)	(0.3)	(5.5)	8.2	11.0	13.8
Price earnings ratio (PER)	(Times)	–	–	15.8	10.8	13.6
Payout ratio	(%)	–	–	34.5	28.3	29.2
Number of employees [Separately, average number of temporary employees]	(Persons)	821 [132]	790 [42]	784 [115]	829 [151]	854 [128]
Total shareholder return	(%)	66.6	101.9	113.5	113.5	196.3
[Benchmark index: Dividend-included TOPIX]	(%)	[90.5]	[128.6]	[131.2]	[138.8]	[196.2]
Highest share price	(Yen)	692	688	1,100	758	1,179
Lowest share price	(Yen)	301	363	622	499	612

(Notes) 1. 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.

Date	Major events
July 2016	Opened JP Demonstration Center in Shinagawa-ku, Tokyo and the TA Lab Center at the head office in Tomi-shi, Nagano.
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.R.L.) 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.
June 2023	Founded MIMAKI VIETNAM CO., LTD. in Ho Chi Minh City, Vietnam.
July 2023	Opened Okinawa Sales Office in Naha-shi, Okinawa.
November 2023	Opened the Agata Technical Training Center in Tomi-shi, Nagano.

3. Business description

The MIMAKI Group (the "Group") consists of MIMAKI ENGINEERING CO., LTD. (the "Company"), its 25 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.R.L., 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., MIMAKI VIETNAM CO., LTD.) and three other companies (MIMAKI KANPHOR INDIA PRIVATE LIMITED, etc.), totaling 29 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 UJV100-160Plus 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 UCJV330 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 JFX600-2531/2513, 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. 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. This product group encompasses the flagship model TS330-1600, which achieves beautiful image quality with high productivity, and high value-added functions that help save work. Another example is TRAPIS, a pigment transfer textile printing system which realizes "textile printing made incomplex" friendly to operators and the environment. There is also TxF150-75, our first Direct To Film (DTF) printer with a maximum printing width of 80 cm. It is used to produce transfer sheets for DTF printing. The Group also manufactures and sells the Tiger600-1800TS as its main product for production areas. This is a sublimation transfer inkjet printer with a maximum print speed of 550 m^2/h (143% faster than the conventional model) thanks to a newly adopted high-speed print head and our unique image quality technology.

(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 is a product that automates the post-printing process for inkjet printing. By using the spray method, the completely new on-demand model minimizes topcoat agent consumption with ultra-thin-film application. It also provides a uniform film thickness without air contamination.

(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
・UCJV330 Series ・UJV100-160Plus
・JV330 Series ・JV100-160
・UJV100-160 ・JV300plus Series
・UJV55-320 ・SIJ-320UV
・JV400LX Series ・CJV330 Series
・CJV300plus Series ・UCJV300 Series
・CJV150 Series

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

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

Software
・Raster Link 7 ・MPM3
・Raster Link 6plus ・Fine Cut 9
・Raster Link Pro5 IP ・3D Print prep Pro
・Remote Access
・Cloud Technology PICT

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
・JFX600-2531 ・JFX600-2513
・UJF-7151plus II ・UJF-6042Mk II e
・UJF-3042Mk II e ・JFX200-2513EX
・UJF-7151plus ・JFX200-2531
・JFX500-2131 ・UJF-6042

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

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

Fluid Plotters
・DCF-605PU

Software
・Raster Link 7 ・MPM3
・Raster Link 6plus ・Fine Cut 9
・Raster Link Pro5 IP ・3D Print prep Pro
・Remote Access
・Cloud Technology PICT

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
・TRAPIS ・Tiger600-1800TS
・TS330-1600 ・TS100-1600
・Tx300P-1800Mk II ・SUJV-160
・TS55-1800 ・Tx300P-1800B
・TS500P-3200DS ・TS500P-3200
・TxF150-75

Cutting Plotters
・APC-130

Software
・Raster Link 7 ・MPM3
・Raster Link 6Plus ・Tx Link 3
・Raster Link Pro5 TA ・Tx Link 4
・Remote Access
・Cloud Technology PICT

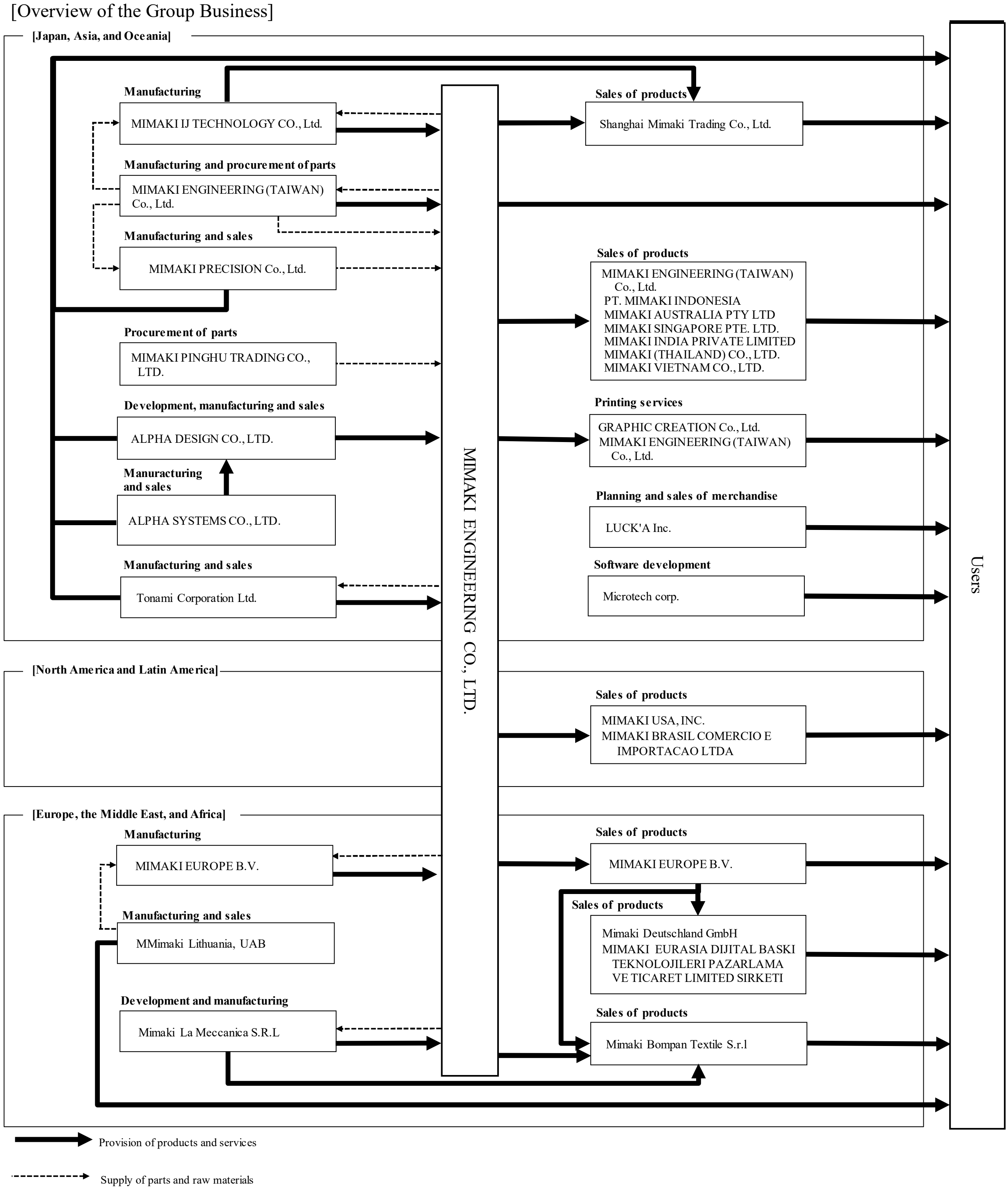
Ink
・Reactive dye inks
・Acid dye inks
・Water-based sublimation inks
・Textile pigment inks
・Heat transfer pigment inks

[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. MIMAKI VIETNAM 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
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.R.L. 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)	Gurgaon, Haryana, 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.R.L.	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 VIETNAM CO., LTD.	Ho Chi Minh City, Vietnam	3,000 thousand USD	Japan, Asia, and Oceania	100	Primarily engaged in sales of the Group products in the Vietnam region.
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.

Name	Address	Share capital	Principal contents of business	Ownership percentage of voting rights (%)	Relationship
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.
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	22,038,797
	(2) Ordinary profit	624,096
	(3) Profit	421,449
	(4) Net assets	4,780,641
	(5) Total assets	12,777,774

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	18,672,617
	(2) Ordinary profit	151,901
	(3) Profit	111,027
	(4) Net assets	4,177,578
	(5) Total assets	10,646,206

5. Employees

(1) Consolidated basis

As of March 31, 2024

Segment name	Number of employees (Persons)
Japan, Asia, and Oceania	1,621 (174)
North America and Latin America	218 (–)
Europe, the Middle East, and Africa	208 (16)
Total	2,047 (191)

(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, 2024

Number of employees (Persons)	Average age (Years old)	Average length of service (Years)	Average annual salary (Yen)
854 (128)	41.8	10.7	6,486,761

Segment name	Number of employees (Persons)
Japan, Asia, and Oceania	854 (128)
Total	854 (128)

(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>Regular employees</th><th>Part timer and fixed term workers</th></tr>
<tr><td>2.8</td><td>95.7</td><td>72.6</td><td>75.7</td><td>50.0</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 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), is calculated by including employees using our unique leave program, 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). *The Company’s unique leave program: Special leave for their spouse’s childbirth (up to two days, one day paid and one day unpaid)

(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.

Current fiscal year	
Name	Ratio of female workers in the workforce (%)
Tonami Corporation Ltd.	16.3

(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 changes in market needs and customer orientation due to the recent COVID-19 pandemic, 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.

(i) Mimaki V10 Mission Statement

By providing solutions unique to Mimaki through the combined systems that integrate pre-processing, printing, and postprocessing, 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 production 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 Tiger600-1800TS.

e. 3D printing market

- Starting with the full-color 3DUJ-553 using 10 million colors released in 2017, expanding the demand by introducing the entry model of full color using 10 million colors in FY2021
- 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 labor-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 this 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) Ensuring thorough internal control/compliance

The Group is thoroughly committed to internal control and compliance to demonstrate the governance and fulfill its 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. The Company promotes the development and operation of an internal control system. To ensure the appropriateness of operational audits and financial reporting, an independent internal audit department regularly conducts internal audits. At least twice a year, we conduct an employees' compliance training required by each division and department to increase their awareness of legal compliance. In addition, on April 1, 2024, we launched a global management project to globally promote the creation of new workflows, regulations, manuals, etc. as a 100-billion-yen company. We work to build an internal control and compliance framework for the head office and all manufacturing and sales subsidiaries. The purpose is to develop a framework and operational flow to appropriately comply with increasingly complex laws and regulations. Specifically, we work on efforts to verify and operate HS codes (statistical item numbers for imports and exports) aiming to reconstruct global trade rules. We also work to review and revise purchase order workflows. Further, the Group takes a firm stand against antisocial forces to block any relationship with these forces and engages in business activities based on corporate compliance.

(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 geopolitical risks. Therefore, to adapt flexibly to fluctuations in demand globally, we build a system to control production weekly through close communication among parties such as sales, logistics, and production/procurement. We also form a system 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 (NRI) warehouses to improve the efficiency of area inventories. In September 2022, we established an NRI warehouse in Malaysia, following the one currently in operation in the Netherlands so we can realize a flexible inventory management system, minimize opportunity losses, ensure cost competitiveness, and achieve optimal inventory levels. Furthermore, in addition to the newly established Maruko Factory in Ueda-shi, Nagano Prefecture in April 2022, we acquired land adjacent to Kazawa Factory in our headquarter area, in May 2024. We will use them to resolve the shortage of production space for industrial inkjet printers at Kazawa Factory, and increase the production capacity for a wide range of models, from entry-level to high-end models, to accommodate future business expansion.

(v) Strengthening the R&D system

The Group 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 19 new products over the two-year period from the fiscal year ended on March 31, 2022 to the fiscal year ended on March 31, 2024. 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 generative AI, low-code tools, etc., 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. Specifically, company-wide inventory management project activities optimize inventory levels throughout the supply chain, particularly to eliminate stagnant and immobile inventory. We also work to shorten CCC by establishing rules for appropriate inventory levels that take into account lead times, and an inventory management system that maintains appropriate inventory levels. 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 hold virtual mini-exhibitions online to respond to changes in customer contact points. We utilize this approach to continue sales activities to efficiently and effectively make proposals to and set business negotiations with customers. 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. In June 2023, we established a sales subsidiary in Vietnam to strengthen our sales network and enhance user support in the country, which has achieved rapid economic growth in recent years, in an effort to expand sales of our products and improve customer satisfaction. Also in Japan, we opened the Okinawa Sales Office in July 2023 as the 17th sales office in Japan, creating a regionally based customer support system that extends from Hokkaido to Okinawa.

(viii)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. It aims to 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.

(ix) Strengthening of intellectual property strategy

As a development-oriented enterprise that develops, manufactures and sells 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 contributes 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.

Particularly, in the textile and apparel market, which is an important market for the Company, a large amount of CO_2 is emitted from the long supply chain process spanning from the production and textile printing of materials and products using conventional analog methods, followed by transportation, inventory, sales, usage, and disposal or incineration. In addition, a large amount of water resources is used in the process of material fabric production and textile printing. Furthermore, more than 70% of the total production volume, including both used and unused products, is disposed of or incinerated, and even the total recycling and reuse rate is reported to be only about 15%. As such, this market is considered one of the industries with the greatest impact on the global environment, which is a significant issue that requires global action. To address the issue, the Company offers a "sustainable printing solution" through on-demand digital textile printing using inkjet technologies. This helps us solve the challenges of existing analog textile printing with digital textile printing, and we will accelerate our efforts to realize a sustainable society. Specifically, in March 2024, we launched TRAPIS, a next-generation textile printing system that is friendly to operators, the environment, and the economy. TRAPIS is compatible not only with polyester fabrics, the most popular material in the textile and apparel market, but with a wide range of textiles, including cotton, linen, silk, and wool. Moreover, the system involves just two simple processes of digital printing and transfer. Thus, operators can print with TRAPIS without specialized skills or knowledge. Additionally, it reduces approximately 90% of wastewater compared to conventional methods of digital textile printing, and can be implemented at a low cost. Going forward, the Company will work to realize a sustainable textile and apparel industry by popularizing this solution worldwide.

In terms of social issues, we actively contributed to the welfare of the disabled and job creation in Nagano Prefecture, our hometown. We also offer solutions to labor shortages through automation and labor-savings in the printing process, providing the value that only we can deliver. To reduce CO_2 emissions, in light of the government policy of achieving carbon neutrality by 2050, we introduced CO_2-free electricity at some of our European sites, following the major domestic facilities of the Group. We continue to work toward the realization of a sustainable society, such as by consistently saving energy and resources with an awareness of the value chain, and contributing to stakeholders including local communities and employees.

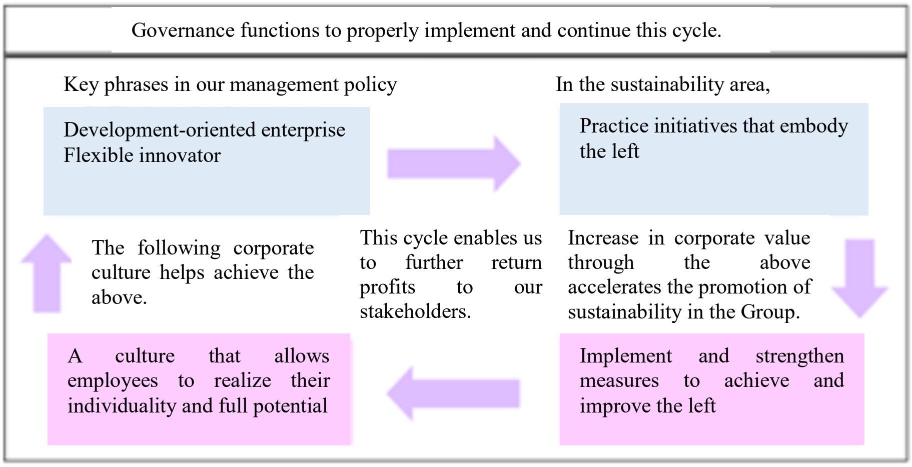
2. Concepts and initiatives for sustainability

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 for sustainability

The Group aims to contribute to a sustainable society in line with its management policy. To this end, we pursue our sustainability initiatives with views on (i) reduction of environmental impact, (ii) stakeholder returns, and (iii) effective governance. Many of these initiatives are implemented to practice (1) Basic management policies stated in "II. Business Overview 1. Management policies, management environment and challenges to be addressed." Most other initiatives form and strengthen the corporate culture that serves as the base for our activities. We believe that only through this culture will we be able to achieve its management policy, which is driven by our officers and employees, through cooperation with local communities and suppliers, indicating that our business activities will be sustainable over the long term. The Group's ability to grow by implementing the management policy through the cycle of sustainability initiatives will return profits to all of our stakeholders.



(i) Reduction of environmental impact

In this area, "technology, operations, and manufacturing to reduce waste" is a key phrase.

On the technology side, we provide value to our customers by expanding mainstay products with sustainable features and proposing new technologies that contribute to saving and circulating resources. Digital on-demand printing with our flagship inkjet printers reduces lead time in the printing process. This means that it allows operators to print and produce only the amount needed, when it is needed, which helps reduce excess inventory and waste. Since the ink is discharged only to the printed area, it also has sustainable features compared to conventional analog printing, such as the ability to prevent the consumption of large quantities of ink and water. In addition, two new technologies announced this fiscal year (see below) provide solutions for the TA industry, which has a large environmental impact. Launching our inkjet printers, which account for a large portion of our

sales, and new technologies and products that offer the world "something new, something different," as stated in our management vision, is Mimaki's focus as a manufacturer on "contributing to the reduction of environmental impact through our technological capabilities."
In addition to the development and promotion of such technologies, the introduction of resource-saving equipment at our bases in Japan and CO_2-free electricity (electricity derived from renewable energy sources) at our bases in Japan and overseas will enable us to cut CO_2 emissions. We are also making efforts to reduce environmental impact in general management.
At the same time, we also reduce resource consumption beginning with review of product packaging, and switch to low-cost materials that emit relatively low amounts of CO_2. 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.
As a development-oriented enterprise, we help our customers reduce their environmental impact through our efforts with a high level of originality. Also as a manufacturer, we reflect on environmental impact in the process from manufacturing to distribution and delivery to the world and improve our activities to eliminate waste. Besides the above, we actively adopt other initiatives that achieve both a reduction of environmental impact and the continuation and improvement of business operations. In so doing, we consistently pursue the saving of energy and resources and the use of renewable energy as a basic practice.

<u>Two new technologies released this fiscal year: Neo-Chromato Process and TRAPIS</u>
Neo-Chromato Process is a technology to discolor dye-sublimation ink from polyester fabrics. We are currently in the development stage to enable the reuse of fabric such as advertising materials (e.g. flags and banners) that tend to be single-use, as well as clothing items with a high percentage of waste. With this technology, we aim to realize upcycling or creative reuse, in which new designs can be printed on the discolored fabrics and reused over and over again, unlike polyester recycling. Once the development of process automation, which is currently underway, is completed and widely used, we believe it will help reduce the use of petroleum resources as raw materials as well as industrial wastewater.
TRAPIS, a pigment transfer textile printing system, is another sustainable printing system that overturns conventional wisdom. It helps to solve the issues of analog textile printing, which involves massive water consumption, the need for large facilities, and many complex processes. In addition, this technology is also friendly to operators and the environment, allowing easy textile printing on a wide range of fabrics with a single type of ink. It requires little or no water, no large space, and can print on fabrics in a two-step process of printing and transferring. Furthermore, the pigment textile ink for TRAPIS is ZDHC MRSL Lv.3* compliant, a product that is safe for operators and consumers as well as friendly to the environment. (*ZDHC is a non-profit organization based in the Netherlands that works to eliminate the emission of hazardous substances in the textile and leather industries. It established the manufacturing restricted substances list (MRSL) and level 3 is the highest level of compliance from levels 1 to 3.)
These technologies are the embodiment of the Group's value creation concept of "something new, something different" to which the Group attaches great importance. As an innovator, we intend to demonstrate the Group's value in the area of sustainability by developing these technologies and products with a high level of originality.

(ii) Returns to shareholders, including initiatives relating to human capital
Since our founding, we have focused on providing value to our stakeholders, both as a local company headquartered in Nagano Prefecture and as a responsible global business enterprise with over 2,000 employees.
Specifically, we will continue to help sustain and develop local communities and solve social issues. We consider the communities around us as part of the foundation of our business, and continue to deepen cooperation and build and maintain relationships with them. We also support local businesses and the development of next-generation human resources and strive to create jobs. At the same time, we are also engaged in the sale of systems that enable labor savings in the printing process as one of the ways to utilize our products. To address the social issue of labor shortages in the industrial area where the Group operates, we present proposals for improvement not only in printing, but also in all processes pre and post printing.
Our internal efforts include improving employee engagement through various measures led by the Administration Division, and supporting employees' skill development and acquisition of work skills through seminars and reskilling programs. In addition, by supporting the activities by the Welfare Committee, which consists of employee representatives, we aim to help build relationships between the company and employees and among employees, as well as to enhance their work-life balance.
For our external stakeholders, we are primarily striving to gain their support for the Group's business and strategy. We take opportunities to explain directly to investors, in a simple and understandable way, the competitive advantages of the Group's business model and products, the main focus of which lies in industrial products. In addition, we place the return of profits to our shareholders as a key management policy in a stable and continuous manner commensurate with the growth of our business

performance.

(iii) Governance that enables us to conduct and maintain appropriate business activities

To deliver products and services to approximately 150 countries around the world and to establish and maintain favorable relationships with its stakeholders, the Group conducts business activities in compliance with laws and regulations, with a close eye on legal and regulatory trends in various countries. In the current fiscal year, we overhauled our management system to ensure compliance, including the existing operational system and risk management in all types of contracts, as well as the implementation of proper workflows and checks on its operations.

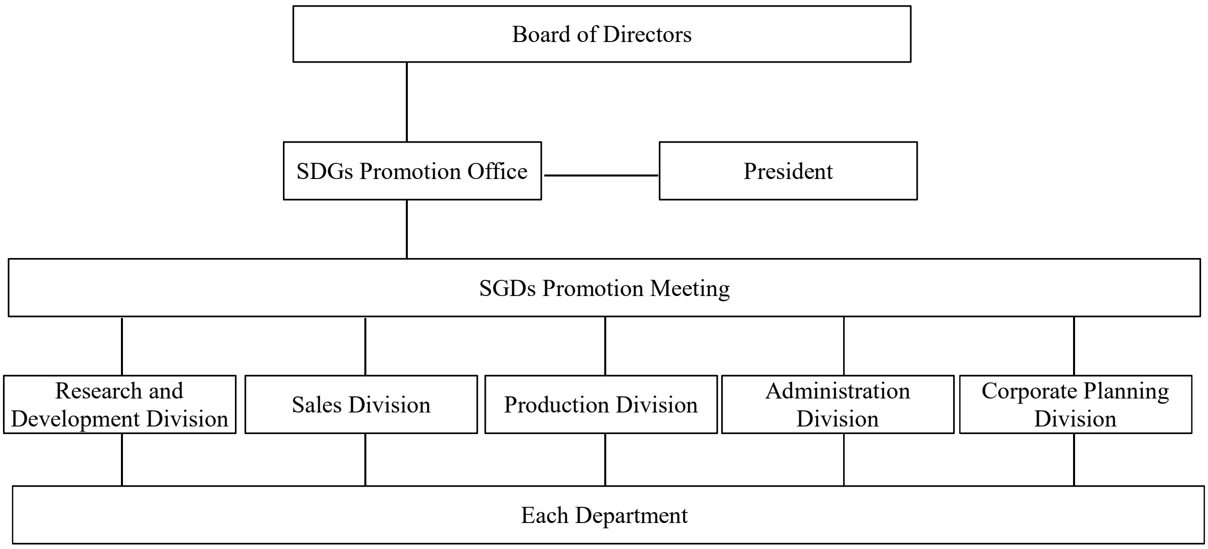
Given the recent unstable and rapidly changing business climate, the importance of business sustainability is even more critical. Going forward, we will continue to further strengthen its system, with the awareness that effective governance is essential to continuing to provide value to our stakeholders.

(2) Sustainability initiatives

(i) Governance

The following describes our governance system already in place and the involvement of management and meeting bodies in addressing sustainability-related risks and opportunities in the Group. For details on corporate governance covering Group-wide business activities, please refer to “IV. Information about Reporting Company 4. Corporate governance.”

Sustainability Governance System



In our initiatives to address sustainability-related risks and opportunities, the SDGs Promotion Office supervises activities in each division and holds a monthly SDGs Promotion Meeting.

In addition to the SDGs Promotion Office members, the meeting is attended by the President, the senior managing director, the executive director, and heads of all divisions, including some directors and executive officers, to ensure a company-wide promotion system. The SDGs Promotion Meeting was launched in April 2022, coinciding with the establishment of the SDGs Promotion Office, to move its initiatives into full swing.

It serves as a forum for discussion, timely reporting, and prompt decision-making with a view to pursuing effective initiatives. Specifically, this meeting helps oversee the whole ESG activities, formerly driven separately or independently by each department. It also prompts flexible approach to cross-department issues and caters to sort our priorities with issues outside the ESG area. At the monthly meetings, in addition to progress reports on each division’s ESG work plan, discussions and consensus building take place regarding items to be resolved. Those matters encompass ESG issues and targets to be identified and disclosed by the whole Group. In addition, the executive general managers themselves participate in the meetings, helping to raise awareness and recognition of the importance of ESG issues within the Group.

As for other meeting bodies, the SDGs Promotion Office reports quarterly on the overall status of initiatives at the Q Review Meeting, which is attended by the heads of all companies. For matters that significantly affect finance and management, the SDGs Promotion Office, the Human Resource Department, the General Affairs Department, and other departments handling such matters report and discuss them at the Management Council as appropriate, and the responsible directors report to the Board of Directors meetings.

Such matters were also discussed by the Audit and Supervisory Committee and, where necessary, opinions were provided to the Board of Directors. In addition, the SDGs Promotion Office reported to the Audit and Supervisory Committee on the status of the Group's ESG initiatives taken during the current fiscal year.

<table>
<tr><th>Meeting body</th><th>Meeting frequency</th><th>Attendees</th></tr>
<tr><td>SDGs Promotion Meeting</td><td>Monthly</td><td rowspan="3">12 people in total, 10 of whom are listed below (including the President, the senior managing director, and the executive director), as well as the General Manager of the General Affairs Department and the SDGs Promotion Office
1. Seven internal directors
2. Six executive general managers/deputy executive general managers of each division (including five executive officers)</td></tr>
<tr><th colspan="2">Roles of the meeting body</th></tr>
<tr><td colspan="2">Set achievement targets and confirm progress (long-term and short-term)
Review and address ESG issues in each division
Confirm the implementation status and manage the progress of initiatives in each division
Extract, review, and address ESG issues at subsidiaries</td></tr>
</table>

<table>
<tr><th>Meeting body</th><th>Meeting frequency</th><th colspan="2">Attendees (interlocking directorates involved)</th></tr>
<tr><td>Management Council*</td><td>Monthly</td><td>Internal directors
Executive officers
Executive general managers/deputy executive general managers of each division</td><td>Senior general managers/deputy senior general managers of each department
Subsidiary directors/administrative managers (some)
Factory managers/general managers/deputy general managers (some)</td></tr>
<tr><th colspan="2">Roles of the meeting body</th><th colspan="2">ESG-related issues for discussion (excerpts)</th></tr>
<tr><td colspan="2">The Management Council is responsible as an advisory body to the President for reporting on the analysis of the implementation of company budgets as well as budget control in operating departments and deliberation of relevant measures.

*ESG-related issues are reported as and when appropriate.</td><td colspan="2">• Governance: Compliance with laws and regulations through improved practices for managing interactions with business partners
• Stakeholders: Promotion of revisions to personnel systems, acceleration of measures to improve the workplace environment
• Stakeholders: Holding reskilling seminars
• Governance: Improvement based on regulatory audit results</td></tr>
</table>

<table>
<tr><th>Meeting body</th><th>Meeting frequency</th><th colspan="2">Attendees (interlocking directorates involved, selected on a case-by-case basis from 5, 6 in addition to 1 to 4)</th></tr>
<tr><td>Q Review Meeting*</td><td>Quarterly</td><td>1. Internal directors
2. Executive officers
3. Executive general managers/deputy executive general managers of each division</td><td>4. General managers/deputy general managers of each department
5. Subsidiary directors/administrative managers (some)
6. Factory managers/general managers/deputy general managers (some)</td></tr>
<tr><th colspan="2">Roles of the meeting body</th><th colspan="2">ESG-related issues for discussion (excerpts)</th></tr>
<tr><td colspan="2">Quarterly reporting and PDCA of key measures
*ESG-related issues are reported as and when appropriate.</td><td colspan="2">• Environment: Disclosure of CO_2 emissions (Scope 3)
• Environment: Appeal for cutting-edge technology (Neo-Chromato Process and TRAPIS)
• Governance: Establishment of a mechanism to improve transparency within the Company</td></tr>
</table>

(ii) Strategy

As described in (1) Concepts for sustainability above, through the reduction of environmental impact, stakeholder returns, and effective governance, we aim to improve sustainability in the entire company and achieve our management policy. The details on initiatives are as follows.

a. List of initiatives taken in the current fiscal year

At the Group, we adopt and continue to implement activities and systems with a broad awareness of sustainability areas that should be covered, albeit with varying degrees of intensity depending on the area. The following is an excerpt of the initiatives we newly initiated or implemented during the current fiscal year. For details on our past initiatives, please refer to "Actions taken by SDGs company" (in Japanese) available on the Sustainability page of the Company's website at: https://ir-eng.mimaki.com/about/sustainability/

Reduction of environmental impact
Technology
• Released a new technology, Neo-Chromato Process; Aiming to discolor dye-sublimation from polyester fabrics (under certain conditions) and automate the process to help cut waste and resource usage through upcycling of polyester fabrics
• Launched a new technology, TRAPIS Solving issues of conventional analog textile printing to allow a wide range of fabrics to be printed with a single type of ink Exclusive ink that meets the highest level of ZDHC and MRSL, with safety considerations approved
• LUCK'A: Launched the ZANSHI project to produce new towels using leftover yarn from jacquard towel production (in Japan)

Manufacturing
• Awarded the Industrial Packaging Award at the 2023 Japan Packaging Contest for a paper ink cartridge with a 68% reduction in plastic usage, jointly presented by COMPACK SYSTEM Co.,Ltd., which developed the cartridge
• Issued a green procurement statement and invited domestic suppliers to cooperate in our green procurement survey (response rate: 84%)
• Reduced CO_2 emissions and resource usage in development and manufacturing: Digitized enclosed instructions, and de-plasticization of the cushioning materials used to package some inks, options, and supplies

Operational management
• Classification system for business operators by the Agency for Natural Resources and Energy: Certified as a business operator with excellent energy conservation efforts with a periodic report on the Energy Conservation Act in the S class for two consecutive fiscal years from 2021 (in Japan) • Participated in a study group on decarbonization management at the Asama Research Extension Center (in Japan) • CO_2-free electricity introduced at four sites in Europe • Air cushions added to the scope of valuable refurbishment of waste from offices and factories. • Enhancement of disclosure/understanding of actual status: Posted TCFD compliance analysis results on the Company's IR website (in Japanese and English) CO_2 emissions: Calculation of Scope 3 (on a non-consolidated basis)

Returns to shareholders, including initiatives relating to human capital
Contribution to and cooperation with local communities and social issues
• Released "M2COA," an automation system package that contributes to automation and labor-saving in the UV printing process.
• Participation, co-sponsorship, and hosting of projects and events in the prefecture: Hosted "Mimaki Festival" for the first time in five years to express our gratitude and deepen exchanges with local residents (Held the Special Olympics awards ceremony/charity raffle, invited local restaurants and businesses to open booths), etc.
• Presented our environmental practices at the "2023 Industrial Waste 3R Practice Workshop" hosted by the Nagano Prefectural Government
• Promote waste reduction and support for people with disabilities by donating used PCs to welfare service provider in Nagano prefecture. (Masters with disabilities disassemble PCs and recover urban mines, with the proceeds from the sale used to pay wages for masters)
• Support for the regions and people affected by the Noto Peninsula earthquake in January 2024

Donation of stockpiles and donations, free repair of our products in the affected regions

Initiatives primarily for employees (and related parties)
• Initiatives related to employee skill acquisition and enhancement Shinshu University Short-term Reskilling Program (Head Office area)
• Initiatives for securing and raising diversity • Increased the number of jobs that can be performed by people with disabilities and the elderly, and actively recruited them. As part of these efforts, we brought cleaning services for the Company buildings in-house (in the Head Office area) and installed equipment for lunch services for employees started in FY2024 (in the Head Office area). Active recruitment of women and development of a considerate working environment
• Initiatives to improve the working environment and enhance work-life balance Introduced a refresh leave (consecutive vacations) system to increase the number of paid holidays taken

Governance that enables us to conduct and maintain appropriate business activities
Operation and management system
• Reviewed and strengthened administrative systems of subsidiaries and Administration Division of Head Office
• Prepared to establish a new global management project by reorganizing to consolidate new workflows, regulations, the creation of manuals and other functions in anticipation of further corporate growth, effective from April 2024 as a Head Office function

Reporting and auditing system (Head Office functions)
• Formed the consensus of management on CO_2 emission reduction targets through the SDGs Promotion Meeting Reported to the Board of Directors as part of the Medium-term Management Plan
• Reported to the Audit and Supervisory Committee on the status of initiatives in the ESG area

System of sales activities
• Reviewed systems for checking shipping regulations in sales, production, and administrative departments
• Measures to prevent sales agents from shipping to third countries
• Changed flows for acquiring item codes to be used when applying to export products from the Head Office and for assigning them to subsidiaries

b. Priority of initiatives taken in the current fiscal year and future outlook

It is necessary to clarify where sustainability stands in the Group's management policy and to identify the materiality in sustainability field in management. In the current situation, we pursued initiatives for the current fiscal year based on the judgment that priority should be given to strengthen our governance structure in preparation for further corporate growth and to prepare for compliance with regulations and other issues that could affect the Group. Mimaki Europe B.V., the Group's European subsidiary, is expected to become subject to sustainability disclosure requirements under the EU Corporate Sustainability Reporting Directive (CSRD), and is preparing to take full measures to comply with the requirements.

In particular, we will aim to continue and accelerate our integrated sustainability improvement and ensure regulatory compliance without omissions through the identification of materiality and policy decisions for the entire company.

(iii) Risk management

In the Group, each relevant department regularly reports to the management and persons in charge of addressing the risk to promptly identify and implement the necessary actions. This operation underlies the system in place to disseminate information without delay and to make appropriate decisions, including through the Board of Directors, according to the level of importance. The overall risk management of the Group is overseen by the Administration Division. The Audit Office under the direct control of the President conducts internal audits on the risk management and its system.

Issues in business execution concerning sustainability-related risks have mainly been resolved over the product development, and production, etc., with each department individually extracting these from the perspective of contributing to the sustainability of the Group. These risks were addressed by incorporating them into business plans, and since the previous fiscal year, the SDGs Promotion Meeting has taken charge of comprehensive identification, evaluation, and management processes.

Climate-related risks are centrally responded to by the General Affairs Department at the Administration Division and SDGs

Promotion Office, and progress is managed through monthly SDGs Promotion Meetings. In addition, we identified and evaluated medium- to long-term financial risks and opportunities in the TCFD project activities conducted in the second half of the previous fiscal year. TCFD-related initiatives taken in the current fiscal year are detailed in (3).
Human capital-related risks are centrally responded to by the Human Resource Department at the Administration Division, and progress is managed through monthly SDGs Promotion Meetings. These involve company-wide matters such as recruitment plans, personnel systems, and training programs, and are also reported to the Management Council and the Board of Directors. For details, please refer to (4) Human capital-related initiatives (i) Governance and (iii) Risk management.
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.
At the same time, during the current fiscal year, we strengthened the governance structure and reorganized risk management procedures at each division under an initiative independent of the Promotion Meeting. Specifically, in addition to reviewing all regulations, contracts, and workflows, we also checked the operation of workflows. In addition, in preparation for future corporate growth, we considered it essential to prevent risks and further develop the management system and made preparations for a new project to address these issues, which officially started on April 1, 2024.
The following table summarizes the risk management described above.

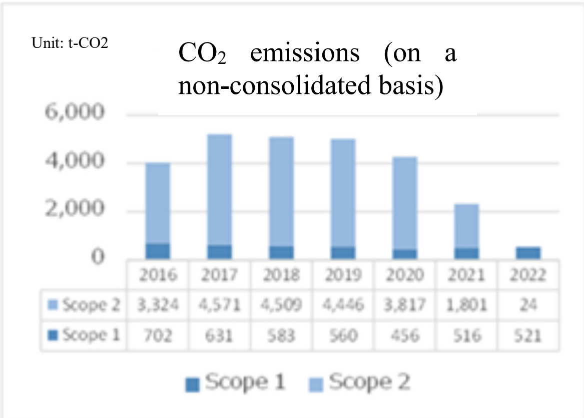
Departments in charge of reporting by risk type at each meeting body (reporting frequency in parentheses)					
Where to discuss risk management		Risk type			
Meeting body	Meeting frequency	General	Sustainability related	Sustainability area: Of which, climate change related	Sustainability area: Of which, human capital related
SDGs Promotion Meeting	Monthly		Departments concerned (as necessary)	SDGs Promotion Office/General Affairs Department (each time)	Human Resource Department (each time)
Management Council	Monthly	Departments concerned (as necessary)	Departments concerned (as necessary)	General Affairs Department (each time) SDGs Promotion Office (as necessary)	Human Resource Department (each time)
Board of Directors Meeting	Monthly	Responsible directors (as necessary)	Responsible directors (as necessary)	Responsible directors (as necessary)	Responsible directors (as necessary)
Q Review Meeting	Quarterly	Audit Office (each time)	SDGs Promotion Office (each time) Departments concerned (as necessary)	SDGs Promotion Office/General Affairs Department (each time)	Human Resource Department (each time)
Administration Division Meeting	Monthly	Audit Office (each time)	Departments concerned (as necessary)	General Affairs Department (as necessary)	Human Resource Department (each time)
Audit Office report	Monthly	Audit Office (each time)	Audit Office (as necessary)		

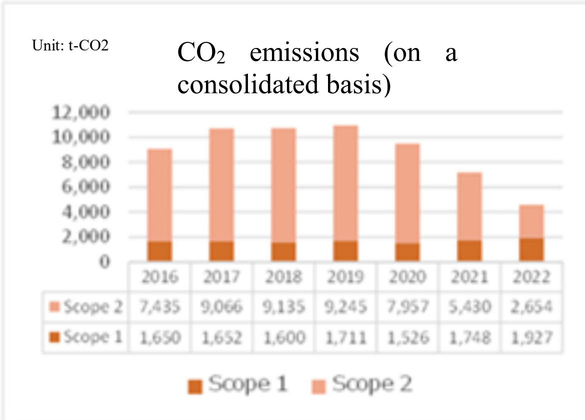
(iv) Indicators and targets
As materiality will be identified for the Group as a whole in the future, indicators in the area of sustainability that are important for the Group will henceforth also be selected on the basis of materiality. The indicators used as KPIs in the current ESG initiative plans are selected with a view to measure the progress of sustainability initiatives that can be achieved in line with “maintaining and improving product quality,” “maintaining and reducing costs,” or “continued and improved operations in our core businesses” in the operations of each department at this point in time.
Indicators and targets in areas related to climate change, which are currently available for disclosure, are those for CO_2 emissions.

For indicators and targets related to human capital, please refer to "I. Overview of the Company 5. Employees" and (4) Human capital-related initiatives (ii) Strategy and (iv) Targets and indicators.
For other indicators and targets other than the above, we will select and set them once materiality is identified, and then disclose them.

a. Scope 1 & 2 on a consolidated basis (FY2016-2022)

From FY2021, we introduced CO_2 free electricity at our major domestic bases, and successfully reduced Scope 2 emissions to a significant degree. Switching has yet to be realized at some rental properties.
In the second half of the fiscal year, CO_2-free electricity was introduced at four European sites: MIMAKI EUROPE B.V., Mimaki La Meccanica S.R.L., Mimaki Lithuania, UAB, and MIMAKI EURASIA DIJITAL BASKI TEKNOLOJILERI PAZARLAMA VE TICARET LIMITED SIRKETI.
We will also consider switching over at other overseas sites in regions where renewable energy-derived electricity menus are available.





＊ "CO_2 emissions (on a consolidated basis)" do not include figures for the following subsidiaries: LUCK'A Inc., Microtech corp.
We plan to collect data and prepare conditions to consider calculations in the future.

＊ Emission figures are subject to change in the future depending on the scope of calculation and the CO_2 emission coefficient used for calculations and other factors.

b. Scope 1-3 on a non-consolidated basis (FY2022)

The table below shows the CO_2 emissions in FY2022 for which the aggregation was completed in the current fiscal year and our main measures to reduce Scope 3 emissions.
Scope 3 emissions are calculated based on our own scenarios and may vary depending on changes in preconditions and other factors.
Scope 3 emissions on a consolidated basis are set to be calculated and disclosed from FY2024 onward.

CO_2 emissions ($t\text{-}CO_2$) non-consolidated			FY2022
Scope 1			521
Scope 2			24
Scope 3 (total)			156,954
Scope 3 (by category)			
1	Purchased goods and services	Extraction, processing, etc. of raw materials	137,598
2	Capital goods	Manufacturing of capital goods and extraction, processing, etc. of materials	5,161
3	Fuel and energy related activities	Extraction, refinement, etc. of purchased fuel and electricity	799
4	Upstream transportation and distribution	Logistics/outsourced logistics of purchased goods	560 1,181
5	Waste generated in operations	Disposal and treatment of waste generated at own business locations	774
6	Business travel	Mobility in the course of business travel	611

7	Employee commuting	Mobility in the course of commuting	1,031
8	Upstream leased assets	When operating warehouses under lease	231
9	Downstream transportation and distribution	Logistics after shipment and after transfer of ownership rights	Difficult to estimate
10	Processing of sold products	Processing of sold intermediate products at the shipping destination	Not applicable
11	Use of sold products	End use of products that have been sold	9,007
12	End-of-life treatment of sold products	Waste disposal and treatment of products that have been sold	Difficult to estimate
13	Downstream leased assets	Customers operation of assets leased to them by the company	Not applicable
14	Franchises	Operation of franchised stores	Not applicable
15	Investments	Operations at investees	Not applicable
	Total		**157,500 t-CO2**

◆ Main reduction measures for Scope 3 emissions (being implemented/planned)

- Contribute to reducing the environmental impact at customer locations

→ Promote adoption of Neo-Chromato Process:
Aim to reduce the disposal/usage volume of polyester (petroleum derived)

→ Promote adoption of TRAPIS:
Reduce wastewater, and reduce CO_2 emissions by shortening transportation distance through small-lot production in the area of consumption

→ Reduce/change packaging materials, and decrease the number of components in machinery products

→ Reduce waste through donations and sorting

→ Shorten operating time and save on electricity by improving machine productivity

- Promote green procurement

among other measures

＊ Note on difficulty in estimation of Scope 3
The categories for which it is difficult to determine a rational basis for emissions and to calculate accurate emissions on such a basis are excluded from the calculation results.

c. CO_2 emission reduction targets

We have set reduction targets for Scope 1 and 2 emissions of 60% in FY2026 and 61% in FY2030, compared to our largest emissions level in the most recent fiscal year, FY2019. These targets assume that we will establish a new sales base in Japan and overseas each year from this fiscal year, and that we will strive to control and reduce emissions while continuing to grow as a company.

The following table summarizes the targets, preconditions, and main reduction measures.

[Scope 1 and 2 emission reduction targets]

vs. FY2019	FY2026	-60%	
	FY2030	-61%	* FY2019 emissions are the greatest since records began in FY2016

[Preconditions]

- Assumed that each year, one sales base is newly established in Japan and overseas since FY2023 (domestic sales offices / overseas sales subsidiaries)
- Assumed that net sales will continue to grow

→ Strive for the curtailed increase or reduction of CO_2 emissions while corporate growth is realized in the form of an increase of business locations and net sales growth

[Main measures for reductions in emissions (results and measures under consideration/being implemented)]

- Consistently pursue energy saving
  → Introduce energy-efficient air-conditioning, LED lighting, hybrid vehicles, etc.
  → Demand control, conserving electricity to meet requirement of electric power company
- Introduce renewable energy sourced electricity (Head Office area, European sites, etc.)
- Consider the introduction of energy generation systems (Kazawa Factory and other locations)

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

The Group 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

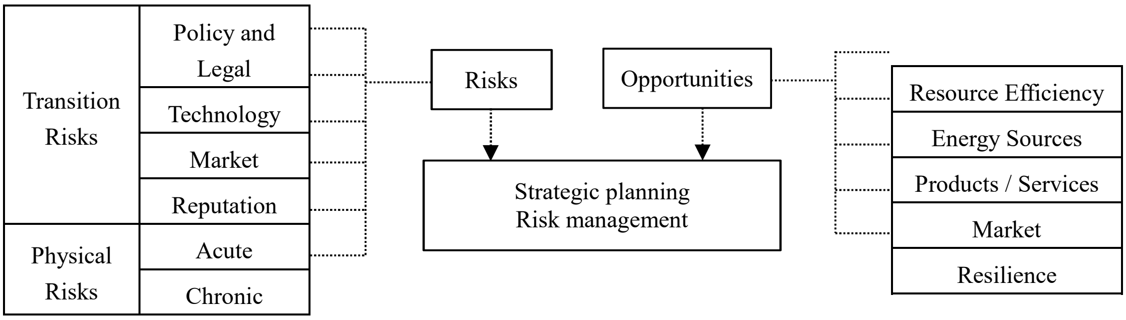
Due to the need to deepen discussions concerning climate change throughout the Company, we implemented the "TCFD Project" in the second half of the previous fiscal year, by those members selected from all divisions. By analyzing climate change-related issues from a Group-wide perspective, calculating 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.

Specifically, 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. We will continue to take steps to address the issues identified in Step 2 below and to examine countermeasures for new risks and opportunities.

■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℃ and over 2℃
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)”

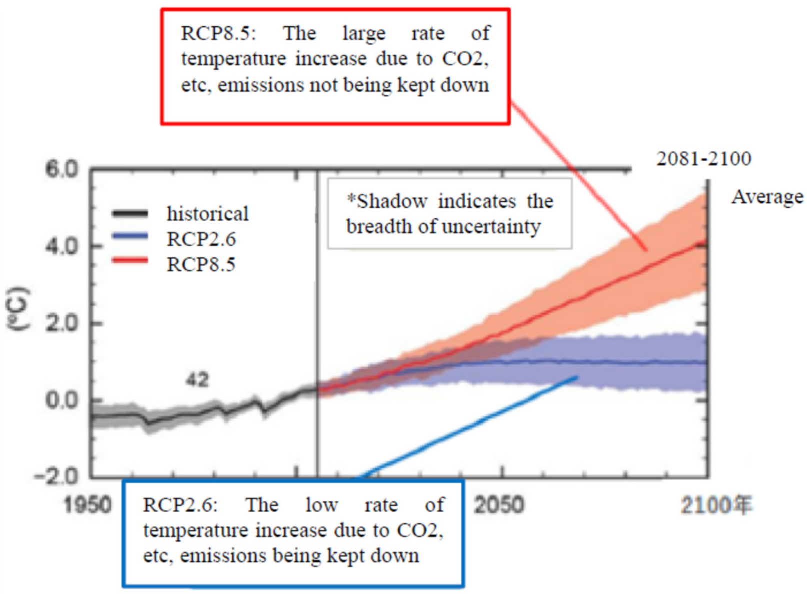
■Adopted scenario

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*1 from the Intergovernmental Panel on Climate Change (IPCC) for physical risks.

	IEA - Transition Risks	IPCC - Physical Risks
4℃ 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℃	RCP 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℃
2℃ 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℃, and to 1.5℃ if possible) • Achievement of CO_2 net zero by 2070 • Rise in temperature in 2100 of +1.5℃ (2070: +1.65℃)	RCP 2.6 • The scenario with the lowest amount of future emissions, which limits the future temperature rise to 2℃ or less • Rise in temperature in 2100 of +1.8℃

*1 RCP8.5 and 2.6 scenarios: 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.

*2 GHG: Greenhouse gas



* Source: Ministry of the Environment “Overview of the IPCC 5th Assessment Report - 1st Working Group (The Physical Science basis) (December 2014 edition)”
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

<table>
<tr><th colspan="3" rowspan="2">Classification</th><th rowspan="2">Risks and Opportunities</th><th rowspan="2">Potential Financial Impact</th><th colspan="2">Financial Impact 2030</th><th rowspan="2">Envision-ed Time Axis</th><th rowspan="2">Countermeasures</th></tr>
<tr><th>4°C</th><th>2°C</th></tr>
<tr><td rowspan="3">Transition Risks</td><td>Policy and Legal</td><td>Carbon emission targets and carbon taxes in each country</td><td>Increase in fuel and electricity procurement costs in conjunction with the introduction of carbon tax and increases in carbon tax rate</td><td>Increase in direct costs</td><td>Small</td><td>Small</td><td>Medium to Long Term</td><td>・Formulation of reduction targets and plan for their achievement</td></tr>
<tr><td>Market</td><td>Increase in raw material costs</td><td>Increase in fuel and electricity prices</td><td>Increase in overhead</td><td colspan="2">Medium
＊Considering recent cost hike only due to long-term price rise being difficult to estimate</td><td>Short to long term</td><td>・Suppressing increases in operating costs through thorough energy conservation
・Introduction of energy-generating equipment</td></tr>
<tr><td>Reputation</td><td>Decrease in hiring rate due to delayed TCFD response</td><td>Increase in staff turnover and decrease in hiring rate due to lower evaluations by employees</td><td>Increase in overhead</td><td colspan="2">Small</td><td>Long term</td><td>・Initiatives for climate change and appropriate information disclosures internally and externally</td></tr>
<tr><td rowspan="4">Physical Risks</td><td rowspan="4">Acute</td><td rowspan="4">Intensification of extreme weather (Floods, typhoons)</td><td>Suspension of operations due to damage to production and distribution bases</td><td>Decrease in sales due to lower production capacity</td><td>Medium</td><td>Small</td><td rowspan="4">Medium to Long Term</td><td>・Enhancement of BCP response</td></tr>
<tr><td rowspan="3">Disruption of supply chains</td><td>Decrease in sales due to lower production capacity</td><td colspan="2">Large at the maximum</td><td rowspan="3">・Enhancement of BCP response
・Examination of procurement of alternative materials</td></tr>
<tr><td rowspan="2">Increase in costs due to changes in procurement routes</td><td colspan="2">At the minimum value</td></tr>
<tr><td>Small</td><td>Small</td></tr>
<tr><td>Opportunities</td><td>Products and Services</td><td>Development and expansion of low carbon products and services</td><td>Increased revenue due to increased demand for digital on demand printing (low carbon products and services)</td><td>Increased sales due to increased demand for products and services</td><td colspan="2">Large</td><td>Short to Medium Term</td><td>・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</td></tr>
</table>

*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
(to be determined after consideration as a ratio to net sales)
*Envisioned Time Axis Short Term: 0-3 years / Medium Term: 3-10 years / Long Term: Over 10 years

■Notable initiatives in the current fiscal year concerning climate change-related risks and opportunities

Associated with the transition risks in the table above, we identified a new risk of “compliance with the CSRD.” We also increased activities toward the “development and expansion of low carbon products and services” of opportunities.

a. Approach to the Corporate Sustainability Reporting Directive (CSRD)

Mimaki Europe B.V., the Group’s European subsidiary, is expected to be subject to the CSRD. Accordingly, we will prepare and respond to sustainability disclosure in accordance with the CSRD requirements. The CSRD covers a wide range of topics, including climate change, for which the Group anticipates an impact on its business activities. Given that we expect to be required to meet the CSRD requirements on a consolidated basis in the future, the Group’s inability to take appropriate disclosure measures under the CSRD, including disclosure related to climate change, would result in non-compliance with laws and regulations and/or damage to its reputation.

We expect the financial impact of complying with the CSRD, which will help reduce these risks, to be small to moderate, assuming the time axis to be determined for a short-term project. Accordingly, in the current fiscal year we have begun to collect information and establish an internal system. We will continue to prepare for full compliance with the CSRD.

b. Development and expansion of low carbon products and services
In particular, during the current fiscal year, we released two new technologies, Neo-Chromato Process and TRAPIS, which could bring innovations to the TA market, and appealed to visitors at exhibitions and other events in Japan and overseas. For the outline of the technologies above, please refer to (2) Concepts for sustainability (i) Reduction of environmental impact. Going forward, to address issues in the area of climate change such as decarbonization and water resource protection, we will continue to demonstrate the role of products developed by the Company as a manufacturer.

■Enhancement 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 human resource 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 a countermeasure, we have continued to reduce product packaging and other costs, as well as our use of resources. We are also appropriately reviewing our selling prices to respond to recent cost increases, not just the impact of climate change. Going forward, we will flexibly consider available options to address the risk of cost increases.
In addition, we will be prepared to limit the impact of unexpected events to a minimal level, including procurement difficulties. In the fiscal year under review, as part of the General Affairs Department’s efforts, we focused on the thorough implementation of a safety confirmation system to be used as a basic measure in the event of an emergency. We are also making efforts such as migrating production categories amongst our factories where appropriate.
To reduce reputational risk, it is necessary to provide sufficient information to the public on the specific effects and other factors that the Group’s technologies and initiatives will deliver in response to ESG issues. During the current fiscal year, a period known as the “post-COVID era,” we have increased our exposure through greater opportunities of exhibitions and events. Looking ahead, we will continue to communicate the Group’s approach to climate change both inside and outside of the Company.
Finally, we anticipate that the value delivered by our inkjet printers and related technologies, which are the Group’s strengths, will continue to further grow in this time of urgency to address climate change. These products and technologies, which meet the needs of low-volume, high-mix production, will contribute to the reduction of excess inventory and waste caused by mass production. By popularizing this technology and products, the Group is supporting the business of our customers, while at the same time, reducing impact on the environment and reducing the administrative burden.
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. We believe that this will lead to strengthened resilience throughout the Company.

■CO_2 emission reduction plans
For details on this item, please refer to (2) Sustainability initiatives (iv) Indicators and targets c. CO_2 emission reduction targets.

(iii) Risk management
In the second half of the previous fiscal year, a project team with members selected from all divisions identified and assessed climate-related risks and opportunities. The SDGs Promotion Office reported the findings to the SDGs Promotion Meeting, which consisted of the President, internal directors and some executive officers, and the heads of all divisions. Thereafter, as risks arose, such findings were understood by the departments involved and, if their impact on the Company as a whole was significant, they were reported to the SDGs Promotion Meeting, the Q Review Meeting, and the Board of Directors as appropriate for management, and were raised for discussion at the Audit and Supervisory Committee, depending on nature of the issue.

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 CO_2 emissions.

(4) Human capital-related initiatives

(Basic Concepts)

In the Management Vision, we state the objective of being a “development-oriented enterprise” and “innovator.” With this aim, we recognize that “human resources” with diverse values are our greatest management resource. They are the foundation of product development, manufacturing, and sales for the Company, 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.

(i) Governance

To address various human capital issues, we reorganized the head office organizational structure and established a Global Human Resources and Administration Division starting in FY2024. At monthly Management Council and other meetings, the progress of recruitment plans and personnel plans are confirmed, and the officers in charge report as appropriate to the Board of Directors on important matters relating to human capital management, and the necessary information is shared.

In addition, dialogue between employees and management, including information sharing and exchange of opinions, is essential 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 continue to provide explanations on the status of measures.

(ii) Strategy

(Securing of Core Human Resources)

In order to become a “development-oriented enterprise” and “innovator,” the training and securing of core human resources is an important management issue. Management is also deeply involved in the approach to and selection of candidate human resources. In doing so, we bolster the recruitment system, and make progress in securing the necessary human resources.

- 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 hiring to strengthen our product development capacity, to strengthen our sales capacity, and to strengthen our management system, and will secure our “future strength” through the hiring of new graduates who will 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 for sustainable salary increases and performance-based compensation, and create a rewarding workplace environment. Also, we are working to secure and retain core human resources by enhancing specialized training through partnerships with external educational institutions and improving the workplace environment.

(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.”

- Promotion of women’s advancement: 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, but improved to 2.8% in FY2023. We will continue to aim for an appropriate increase in the ratio of women in management by promoting recruitment, training, and motivation of women capable of assuming for management positions, and by raising employee awareness through diversity training (for managers), and other measures. In addition, although the ratio of women employees is a reasonable level for the manufacturing industry, it has been on a downward trend, having fallen from 24.0% in FY2021 to 21.0% in FY2023 due to similar reasons to the above. In recruitment activities, we communicate information covering women's advancement in the workplace, and in terms of the workplace environment, we are working on efforts to enhance systems and structures that facilitate women's work (including the leave and reduced working hours programs) and to reflect the voices of women employees.

Item	Description	2019	2020	2021	2022	2023
Gender Ratio (Women Ratio)	Non-consolidated + Domestic subsidiary secondments	100.0%	100.0%	100.0%	100.0%	100.0%
	Of which men	76.5%	76.1%	76.0%	77.9%	79.0%
	Of which women	23.5%	23.9%	24.0%	22.1%	21.0%

Item	Description	2019	2020	2021	2022	2023
Management Ratio	Non-consolidated + Domestic subsidiary secondments	100.0%	100.0%	100.0%	100.0%	100.0%
	Of which men	95.9%	96.9%	98.1%	97.7%	97.2%
	Of which women	4.1%	3.1%	1.9%	2.3%	2.8%

- Employment of persons with disabilities: We consider this an issue to be actively addressed in accordance with the intent of relevant laws and regulations. In FY2023, we hired six new employees as a result of developing operations such as providing employee lunch services (started in April 2024) and bringing cleaning work, which was previously outsourced to an external contractor, in-house.
- Gender wage gap: 100% for men against 72.6% for women in FY2023. Although the Company 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, 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. In FY2023, we improved by 0.7% compared to the previous fiscal year, but we will continue to improve the ratio of women in management and the ratio of women employees in the total workforce to narrow the gap.

*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 positioned training mainly for new managers, mid-level employees, and subleaders, as the core for human resource development, in which employees of domestic Group companies also participated.
- Enhancement of specialist education: We conduct specialist education in a planned manner, based on the themes selected by each division (Sales Division: Training on inquiry management for sales personnel, etc.). In addition, for specialist education that cannot be handled internally alone, we have coordinated with external educational institutions. Based on the "Short-term Reskilling Program Agreement" executed with Shinshu University in FY2022, we conducted three technical education courses in FY2023, the first year of the program, with a total of 143 people participating in the courses. Technical education courses will continue in FY2024 with new courses being added.
- 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. In FY2023, 23 employees (up 7 from the previous fiscal year) were eligible for the system.

(Improvement of Workplace Environment)

We will work on initiatives to create a comfortable workplace environment in consideration of the work-life balance, and to realize a workplace environment that also considers safety and security, including the prevention of accidents.

- Promotion of using paid leave: In FY2023, we introduced a "refresh leave" system that allows employees to take paid leave for a consecutive period of one week, and the average number of days of paid leave taken per employee increased to 14.7 days in FY2023 (up 1.8 days from the previous fiscal year). We continue striving to firmly establish the refresh leave system and work 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 take measures such as formulating an improvement plan, and will promote the reduction of overtime work.
- Increased 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, resulting in an improved acquisition rate of 95.7% (including those using our unique leave program) in FY2023. We continue to promote changes in the awareness of men toward childcare, and to create a comfortable working environment that offers a balance between work and childcare for both men and women.

Item	Description	2019	2020	2021	2022	2023
Childcare Leave Acquisition Rate	Non-consolidated + Domestic subsidiary secondments	69.4%	66.7%	78.9%	71.9%	96.7%
	Of which men	60.7%	47.6%	68.0%	65.4%	95.7%
	Of which women	100.0%	100.0%	100.0%	100.0%	100.0%

- Promotion of accident prevention, health, and safety: We engage in cross-sectional activities led by the Health and Safety Committee, with such activities including the performance of regular risk assessments and efforts to prevent accidents. In particular, we will ensure that traffic and occupational accidents do not recur in terms of securing the safety and security of our employees in the workplace. 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.

(iii) Risk management

- "Human resources" are our greatest management resource, and in our view, the most significant risk is a declining ability to recruit and retain the necessary human resources, as well as a shortage of necessary human resources due to employee turnover caused by an inability to improve the workplace environment. Given the increasing mobility of employment, we will strive to reduce risks by improving compensation, enhancing training, and improving the workplace environment to create an environment in which a diverse range of human resources can play an active role.

(iv) Targets and indicators

- The status of achievement of priority items set in FY2023 and the indicators and targets that we are focusing on in FY2024 are as explained below. We will work on initiatives with a focus on improving the ratio of women in management and enhancing the welfare system.

Category	KPI	2023 target	2023 results
Securing of diversity	Increasing of women management ratio	3.0%	2.8%
Enhancement of welfare system	Increasing of men's childcare leave acquisition rate	80.0%	95.7%

Category	KPI	2024 target
Securing of diversity	Increasing of women management ratio	3.5%
Enhancement of welfare system	Increasing of average number of days of paid leave taken per employee	15.0 days

*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. For prior periods, the impact of the COVID-19 pandemic and Russia's invasion of Ukraine, among other factors, have resulted in difficulties in procuring some raw materials. 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 and remained at high levels. 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 procurement sources, 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 maintain 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 the urgent need to address geopolitical risks, such as the impact on the supply chain including transportation and sales of our products. This influence has become apparent by the avoidance of the Suez Canal route due to the deteriorating security situation in the Red Sea triggered by growing tensions in the Middle East. Another geopolitical risk was the negative impact on profits due to higher ocean freight costs resulting from the diversion of the route. As measures to address this risk, in addition to strengthening our global information gathering, management, and risk management systems, we will also implement projects to review our supply chain.

(ii) Foreign exchange risk

The percentage of the Group's sales overseas has outstripped that of the products manufactured overseas. Therefore, in the event foreign exchange rates fluctuate more abruptly than expected, the Group's operating results and financial position may be impacted. To protect against the risk, 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 enterprise and global company, it should recruit, retain and foster human resources 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 is actively pursuing to secure core human resources based on its human capital strategy. In addition to promoting diverse talent to ensure diversity, particularly promoting the active participation of women, closing the gender gap, and other measures, we are creating a comfortable working environment in consideration of the work-life balance. In addition, we will enhance our education system designed to foster human resources and to develop a corporate culture in which each employee can demonstrate the best of their abilities.

(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 37.6% 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 and strive to improve the efficiency of working capital by promoting inventory optimization activities.

(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 will review our workflow for research and management of laws and regulations related to the manufacturing industry under a project structure, and 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 plants 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. Consequently, these situations affected the Group's operating performance for prior periods. 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 prevents 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

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 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 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.

Net sales by market

	Net sales (Millions of yen)	Percentage of net sales (%)	Year-on-year changes (%)
SG market	29,581	39.1	4.0
IP market	20,036	26.5	(0.5)
TA market	9,471	12.5	43.2
FA business	4,533	6.0	(2.5)
Others	12,009	15.9	11.6
Total	75,631	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.

(ii) Financial position

(Assets)

Total assets as of March 31, 2024 amounted to 75,718 million yen, an increase of 5,928 million yen (compared with 69,789 million yen as of March 31, 2023). Total current assets amounted to 58,766 million yen, an increase of 5,074 million yen (compared with 53,692 million yen as of March 31, 2023). This was mainly due to an increase in cash and deposits. Moreover, total non-current assets amounted to 16,951 million yen, an increase of 854 million yen (compared with 16,097 million yen as of March 31, 2023). This was mainly due to an increase in buildings and structures.

(Liabilities)

Total liabilities as of March 31, 2024 amounted to 48,327 million yen, an increase of 593 million yen (compared with 47,733 million yen as of March 31, 2023). Total current liabilities amounted to 41,513 million yen, an increase of 1,368 million yen (compared with 40,144 million yen as of March 31, 2023). This was mainly due to an increase in electronically recorded obligations - operating. Total non-current liabilities amounted to 6,814 million yen, a decrease of 774 million yen (compared with 7,589 million yen as of March 31, 2023). This was mainly due to a decrease in long-term borrowings.

(Net assets)

Total net assets as of March 31, 2024 amounted to 27,390 million yen, an increase of 5,334 million yen (compared with 22,056 million yen as of March 31, 2023). This was mainly due to an increase in retained earnings.

(iii) Cash flows

Cash and cash equivalents (hereinafter “cash”) as of March 31, 2024 totaled 14,218 million yen, an increase of 6,016 million yen compared with March 31, 2023, partly owing to an increase in profit before income taxes and decrease in inventories, 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 9,563 million yen (up 9,073 million yen year on year). This is mainly attributable to an increase of 4,891 million yen in profit before income taxes and a decrease of 4,009 million yen in inventories.

(Cash flows from investing activities)

Net cash used in investing activities totaled 2,596 million yen (down 903 million yen year on year). This is mainly attributable 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 (compared with cash provided of 3,519 million yen in the previous fiscal year). This is mainly due to repayments of long-term borrowings of 3,887 million yen despite proceeds from long-term loans payable of 3,121 million yen.

(iv) Production, orders received and sales

a. Production

Production by segment during the fiscal year ended March 31, 2024 is as follows.

Segment name	Current fiscal year (From April 1, 2023 to March 31, 2024) (Thousands of yen)	Year-on-year changes (%)
Japan, Asia, and Oceania	29,368,878	(4.1)
Europe, the Middle East, and Africa	3,882,597	0.5
Total	33,251,475	(3.6)

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

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

Classification by market	Current fiscal year (From April 1, 2023 to March 31, 2024) (Thousands of yen)	Year-on-year changes (%)
SG market	11,612,237	(14.8)
IP market	6,925,795	(4.5)
TA market	5,515,537	38.7
FA business	4,386,677	4.1
Others	4,811,227	(11.5)
Total	33,251,475	(3.6)

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, 2023 to March 31, 2024) (Thousands of yen)	Year-on-year changes (%)
Japan, Asia, and Oceania	33,994,773	7.4
North America and Latin America	21,493,484	13.3
Europe, the Middle East, and Africa	20,142,888	0.8
Total	75,631,146	7.1

(Note) All inter-segment transactions are eliminated.

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

Classification by market	Current fiscal year (From April 1, 2023 to March 31, 2024) (Thousands of yen)	Year-on-year changes (%)
SG market	29,581,106	4.0
IP market	20,036,006	(0.5)
TA market	9,471,177	43.2
FA business	4,533,686	(2.5)
Others	12,009,169	11.6
Total	75,631,146	7.1

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

Product category	Current fiscal year (From April 1, 2023 to March 31, 2024) (Thousands of yen)	Year-on-year changes (%)
Machines	30,490,975	3.4
Ink	27,998,747	10.9
Spare parts	6,183,309	7.5
Others	10,958,114	8.4
Total	75,631,146	7.1

(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 3,705 million yen compared with the end of the previous fiscal year to 17,253 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 75,631 million yen, up 7.1% year on year, and operating profit was 5,480 million yen, up 29.2% 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 6,967 million yen. Investment cash flow turned negative as we made efforts such as active investment in research and development facilities, molds for mass production of new products, and software, all of which were aimed at achieving the targets prescribed in the medium- to long-term growth strategy Mimaki V10. At the same time, operating cash flows increased significantly, owing partly to a significant increase in profit before income taxes and a significant decrease in inventories. From this term onward as well, in addition to pursuing sales growth, we will continue to generate higher profits, 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 470 employees, representing about 40% 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 consist 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 system 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 system, 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.

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

(Hardware)

(1) For the SG market, the Company, a leader in the market to date, launched the UCJV330 series built on the JV/CJV330 series, a flagship model with beautiful image quality, high productivity, and high value-added functions that help save work. It has both printing and cutting functions, achieving high cost performance with UV-curable ink. We also launched the UJV100-160Plus that reduces energy consumption by about 20% or less compared to eco-solvent and latex printers on the market, adding three new features to the conventional model with their basic functionality unchanged. It enables customers to expand their scope of work, reduce running costs, and improve operational efficiency.

(2) For the IP market, we released the M2COA, a package system that automates the printing process of ordered goods and industrial products through the automation of loading and unloading of printing media by a robotic arm in conjunction with our UV printers. We also released the JFX600-2531, a flatbed UV-LED inkjet printer that allows operators to print directly on architectural materials (e.g. glass, partitions, and plywood) up to 3 meters in standard size, with a print area 2.4 times larger than that of the conventional model with the same print engine.

(3) For the TA market, we launched the Tiger600-1800TS, a sublimation transfer inkjet printer with a maximum print speed of 550 m^2/h (143% faster than the conventional model) thanks to a newly adopted high-speed print head and our unique image quality technology. We also 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. Furthermore, at the ITMA in Milan, Italy, in June 2023, we showcased the Neo-Chromato Process, a technology that discolors dye-sublimation ink from printing polyester fabrics and enables reuse of the fabrics, bringing a sustainable solution to the textile industry by unveiling the world’s first circulating textile technology.

(Inks)

(4) Three genuine inks compatible with our 330 series printers, JV100-160 and UJV100-160Plus (including the conventional UJV100-160), are now certified with 3M Performance Guarantee (PG) program. The program guarantees the performance of the original fabric in the process of creating the final graphics. It guarantees a combination of printer, ink, and film that demonstrates a high level of compatibility in a series of tests that evaluate print performance, adhesion, and other factors.

During the current fiscal year, as a result of these R&D activities, the Group’s R&D related expenses totaled 5,454 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 3,339 million yen.

III. Property, Plant and Equipment

1. Overview of capital investments

The Group makes capital investments focused on the fields of products and R&D that have high potential for growth, as well as those that are instrumental in saving labors, streamlining operations, and enhancing product reliability.

Capital expenditures in the current fiscal year amounted to 2,571 million yen, of which 379 million yen was spent for R&D facilities 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, 2024

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	554,816	60,353	654,117 (42,203.18)	-	395,241	1,664,528	497 (13)
Kazawa Factory (Tomi-shi, Nagano)	Japan, Asia, and Oceania	Manufacturing facilities for computer peripherals	1,952,249	129,363	509,632 (29,080.00)	10,856	713,461	3,315,563	128 (100)
Tokyo Branch Office and 16 other sales offices	Japan, Asia, and Oceania	Sales facilities	69,898	-	- (-)	539	99,698	170,136	195 (2)
Maruko Factory (Ueda-shi, Nagano)	Japan, Asia, and Oceania	Manufacturing facilities for computer peripherals	760,846	35,371	199,886 (18,207.51)	-	47,064	1,043,168	9 (12)
Nagano Development Center (Nagano-shi, Nagano)	Japan, Asia, and Oceania	Development facilities	44,499	-	26,825 (1,245.00)	-	1,037	72,362	8 (1)
Hachioji Development Center (Hachioji-shi, Tokyo)	Japan, Asia, and Oceania	Development facilities	140,756	0	239,382 (1,448.27)	495	3,715	384,350	17 (-)
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, 2024

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	6,137	29,678	- (-)	595,519	1,709	633,045	34 (8)
ALPHA DESIGN CO., LTD.	Head office and factory (Tomi-shi, Nagano)	Japan, Asia, and Oceania	Manufacturing facilities and others	157,981	38,698	100,365 (11,344.82)	4,332	14,399	315,776	73 (1)
ALPHA SYSTEMS CO., LTD.	Head office and factory (Yonezawa-shi, Yamagata)	Japan, Asia, and Oceania	Manufacturing facilities	23,365	11,792	66,309 (7,725.86)	624	1,347	103,439	87 (-)
Tonami Corporation Ltd.	Head office and factory (Tonami-shi, Toyama)	Japan, Asia, and Oceania	Manufacturing facilities	83,242	152,409	308,923 (38,456.15)	2,125	35,927	582,628	104 (3)

(3) Overseas subsidiaries

As of March 31, 2024

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	Right-of-use assets	Others	Total	
MIMAKI USA, INC.	Head Office (Georgia, U.S.A.)	North America and Latin America	Sales facilities	45,836	16,181	- (-)	-	903,777	278,530	1,244,325	154 (0)
MIMAKI EUROPE B.V.	Head Office (Diemen, the Netherlands)	Europe, the Middle East, and Africa	Sales facilities/ manufacturing facilities	129,662	133,316	- (-)	-	-	141,077	404,056	96 (14)
Mimaki Deutschland GmbH	Head Office (Bavaria, Germany)	Europe, the Middle East, and Africa	Sales facilities	74,651	20,703	- (-)	-	-	53,911	149,266	37 (2)
MIMAKI IJ TECHNOLOGY CO., Ltd.	Head Office (Zhejiang, China)	Japan, Asia, and Oceania	Manufacturing facilities	2,037	87,885	- (-)	-	173,567	40,852	304,343	110 (16)
Mimaki Lithuania, UAB	Head Office (Vilnius, Lithuania)	Europe, the Middle East, and Africa	Manufacturing facilities	140,761	81,264	- (-)	-	-	-	222,026	29 (-)

(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	Buildings	750,000	-	Internally generated funds and borrowings	April 2024	March 2025	Note 2
The Company Kazawa Factory	Tomi-shi, Nagano	Japan, Asia, and Oceania	Facilities attached to buildings	440,000	-	Internally generated funds and borrowings	April 2024	March 2025	Note 2
The Company Kazawa Factory	Tomi-shi, Nagano	Japan, Asia, and Oceania	Molds	389,407	-	Internally generated funds and borrowings	April 2024	March 2025	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, 2024)	Number of issued shares as of filing date (Shares) (June 24, 2024)	Name of financial instruments exchange where the shares of the Company are 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

Share acquisition rights issued pursuant to the resolution of the Board of Directors on January 16, 2018 expired on February 15, 2024 due to the expiration of the exercise period.

Resolution date	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 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)*	737 [664]	785 [699]
Type, description and number of shares subject to share acquisition rights (Shares)*	73,700 common shares [66,400]	78,500 common shares [69,900]
Paid-in amount upon exercise of the share acquisition rights (yen)*	815 (Note 1)	522 (Note 1)
Exercise period of share acquisition rights*	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 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, 2024). 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, 2024), 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, 2024

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)	—	12	23	53	105	10	3,510	3,713	—
Number of shares held (Units)	—	53,540	8,083	100,905	37,370	148	120,288	320,334	6,600
Shareholding ratio (%)	—	16.72	2.52	31.50	11.66	0.05	37.55	100.00	—

(Note) 3,244,167 treasury shares consist of 32,441 units included in “Individuals and others” and 67 shares included in “Shares less than one unit.”

(6) Major shareholders

As of March 31, 2024

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	17.59
The Master Trust Bank of Japan, Ltd.	2-11-3, Hamamatsucho, Minato-ku, Tokyo	3,176,500	11.03
Tanaka Kikaku Co., Ltd.	532-3, Agata, Tomi-shi, Nagano	2,230,000	7.74
Noriyuki Tanaka	Tomi-shi, Nagano	2,036,400	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	1,185,300	4.12
Custody Bank of Japan, Ltd.	1-8-12, Harumi, Chuo-ku, Tokyo	928,000	3.22
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	2.89
GOVERNMENT OF NORWAY (Standing proxy: Citibank, N.A., Tokyo Branch)	BANKPLASSEN 2, 0107 OSLO 1 OSLO 0107 NO (6-27-30 Shinjuku, Shinjuku-ku, Tokyo)	331,200	1.15
Total	–	18,153,600	63.04

(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.	3,176,500 shares
Custody Bank of Japan, Ltd.	928,000 shares

(7) Voting rights

(i) Issued shares

As of March 31, 2024

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	3,244,100	—	—
Shares with full voting rights (Other)	Common shares	28,789,300	287,893	—
Shares less than one unit	Common shares	6,600	—	—
Total number of issued shares		32,040,000	—	—
Total number of voting rights		—	287,893	—

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

(ii) Treasury shares

As of March 31, 2024

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	3,244,100	—	3,244,100	10.13
Total	—	3,244,100	—	3,244,100	10.13

(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, 2024 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)	16,600	9,920	15,900	9,502
Treasury shares held	3,244,167	―	3,228,267	―

(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, 2024 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, 2024 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 25.0 yen, which includes 10.0 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 14, 2023	287,825	10.0
Resolution of the Board of Directors Meeting held on May 1, 2024	431,937	15.0

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.

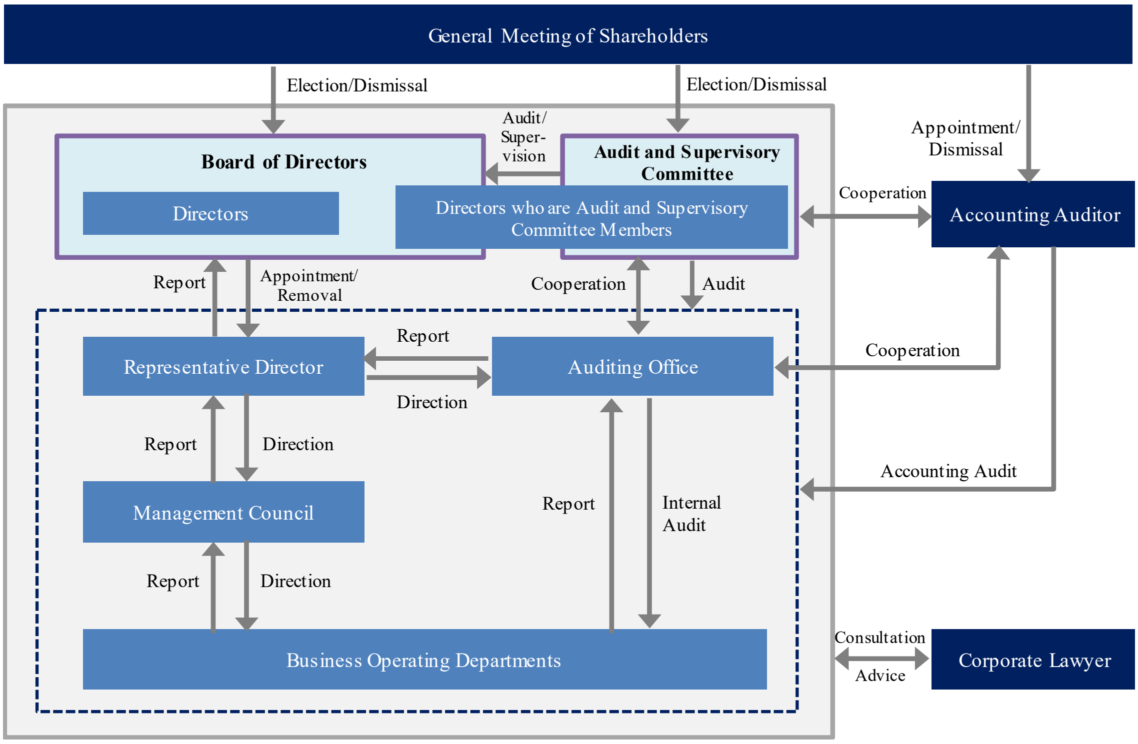
Name of body	Objectives/authority	Constituent members	
		Head of body	Members
Board of Directors	In principle, the Board of Directors holds regular meetings once a month and flexibly convenes extraordinary meetings as needed to decide important managerial matters and execution of operations, as well 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)
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, Taisuke Hamada, Yuki Kitamura, Takuya Yamazaki, Takayuki Ato, Yutaka Biyajima, Masayasu Hanatate, Fumio Kotani, Yuji Ikeda, Naoki Muromachi, Kikuo Shimizu, Shiko Sakaguchi, Naoya Kawagoshi, Koji Imoto, Tomomitsu Hanaoka, Takashi Uchino, Takao Terashima, Hideo Iwama, Norio Igarashi, Akira Suzuki, Shinsuke Ota, Hisashi Takeuchi, Akihiro Tsukada, Atsushi Suzuki, Akihiko Mizusaki, Chihiro Ozawa, Mutsumi Fukuda, Koji Tokuhiro, Shinichi Iwamoto, Manabu Ogihara, Yumiko Ide, Tatsuya Horikawa, 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 Executive General Manager of the Corporate 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 Management 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 Executive General Manager of the Corporate Management 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 Management 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 Executive General Manager of the Corporate Management 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 Incorporation and the Rules of the Board of Directors.
In the current fiscal year, the Company held the Board of Directors meetings 13 times (of which one meeting was an

extraordinary meeting). The table below shows the attendance of each Director at the meetings. (including those attended remotely)

Name	Number of Meetings Held	Number of Meetings Attended
President	Kazuaki Ikeda	13/13 (100%)
Senior Managing Director	Kazuyuki Takeuchi	13/13 (100%)
Executive Director	Koji Shimizu	12/13 (92%)
Director	Yasuhiro Haba	13/13 (100%)
Director	Nariaki Makino	13/13 (100%)
Director	Takeshi Kodaira	13/13 (100%)
Director	Shujiro Morisawa	13/13 (100%)
Director (Outside)	Shunsuke Numata	13/13 (100%)
Director, Full-time Audit and Supervisory Committee Member (Outside)	Yoh Zenno	13/13 (100%)
Director, Audit and Supervisory Committee Member	Noriyuki Tanaka	13/13 (100%)
Director, Audit and Supervisory Committee Member (Outside)	Makoto Tanaka	13/13 (100%)
Director, Audit and Supervisory Committee Member (Outside)	Hisamitsu Arai	13/13 (100%)
Director, Audit and Supervisory Committee Member (Outside)	Seiko Minomo	13/13 (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, reference documents and financial documents for general meetings of shareholders, audit reports, submission of corporate governance report, election of representative director and executive management, executive remuneration, audit fees, internal action for 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, response to TSE’s request for action on management, performance-based remuneration, bonuses, summary on violations of EU sanctions, report on USA investigation, examination of adoption of stock remuneration

(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, Executive General Manager, Sales Division and Global Marketing Department, the Company June 2015 Executive Director and Executive 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	33,100

Official title or position	Name	Date of birth	Career summary		Term of office	Number of shares held (Shares)
Senior 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 Executive General Manager, Research and Development Division, and General Manager, Research and Development Department and Technical Management Department, the Company Director, Executive General Manager, Research and Development Division, and General Manager, Research and Development Department and Technical Management Department, the Company Executive Director and Executive 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) Senior Managing Director, the Company (current position) Representative Director, Mimaki La Meccanica S.R.L. (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	81,500

Official title or position	Name	Date of birth	Career summary	Term of office	Number of shares held (Shares)
Executive Director	Koji Shimizu	August 5, 1974	April 1997 Joined THE HACHIJUNI BANK, LTD. May 2009 Joined the Company April 2017 Executive General Manager, Corporate Planning Division and General Manager, Corporate Management Department, the Company April 2017 Director, MIMAKI ENGINEERING (TAIWAN) Co., Ltd. (current position) June 2017 Director, Executive General Manager, Corporate Planning Division and General Manager, Corporate Management Department, the Company July 2017 Director, Executive General Manager, Corporate Planning Division and General Manager, Corporate Promotion Department, the Company June 2018 Director, MIMAKI INDIA PRIVATE LIMITED (current position) October 2018 Director and Executive 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 Executive General Manager, Corporate Planning Division, the Company 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) April 2024 Executive Director, the Company (current position)	Note 2	10,900

Official title or position	Name	Date of birth	Career summary		Term of office	Number of shares held (Shares)
Director Executive General Manager of Sales Division and Senior General Manager of AO Business Unit	Yasuhiro Haba	July 23, 1971	April 1996	Joined CAM Co., Ltd.	Note 2	11,400
			September 1997	Joined the Company		
			October 2015	Deputy Executive General Manager, Sales Division and Senior General Manager of JP Business Unit, the Company		
			April 2016	Representative Director and President, MIMAKI USA, INC.		
			June 2016	Director, the Company		
			October 2017	Director and Executive General Manager, Sales Division, the Company		
			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)		
			October 2023	Director, Executive General Manager of Sales Division and Senior General Manager of AO Business Unit, the Company (current position)		
Director Executive General Manager of Global Human Resources and Administration Division and General Manager of Human Resources Department	Nariaki Makino	December 12, 1960	April 1983	Joined THE HACHIJUNI BANK, LTD.	Note 2	5,600
			October 2015	Joined the Company and assumed the position of the Head of the Auditing Office		
			April 2016	General Manager, General Affairs Department, Administration Division, the Company		
			April 2018	Deputy Executive General Manager, Administration Division and General Manager, General Affairs Department, the Company		
			June 2018	Director, Deputy Executive General Manager, Administration Division and General Manager, General Affairs Department, the Company		
			February 2022	Director, Deputy Executive General Manager, Administration Division and General Manager, Human Resource Department, the Company		
			April 2024	Director, Executive General Manager of Global Human Resources and Administration Division, and General Manager of Human Resources Department, the Company (current position)		

Official title or position	Name	Date of birth	Career summary		Term of office	Number of shares held (Shares)
Director Executive General Manager, Research and Development Division and Research and Development Department	Takeshi Kodaira	April 15, 1978	April 1999	Joined the Company	Note 2	2,100
			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	Executive General Manager, Research and Development Division, the Company		
			August 2020	Director, Executive General Manager, Research and Development Division, and General Manager, Research and Development Department, the Company		
			May 2021	Director, Executive General Manager, Research and Development Division, and General Manager, Research and Development Department and SW Technical Department, the Company		
			March 2022	Director, Microtech corp. (current position)		
			April 2024	Director, Executive General Manager, Research and Development Division, and General Manager, Research and Development Department, the Company (current position)		
Director Senior General Manager, FA Business Department	Shujiro Morisawa	February 18, 1981	April 2001	Joined Denno Kogei Plus Co., Ltd.	Note 2	27,500
			May 2006	Joined ALPHA DESIGN CO., LTD.		
			July 2017	Representative Director and President, ALPHA DESIGN CO., LTD. (current position)		
			April 2019	Senior General Manager of FA Business Unit, the Company		
			April 2019	Representative Director and President, ALPHA SYSTEMS CO., LTD. (current position)		
			April 2019	Representative Director and President, Tonami Corporation Ltd. (current position)		
			June 2022	Director and Senior General Manager of FA Business Unit, the Company (current position)		
Director (Audit and Supervisory Committee Member) (Full-time)	Yoh Zenno	April 1, 1958	April 1980	Joined the Sanwa Bank, Limited (currently MUFG Bank, Ltd.)	Note 3	7,500
			September 2010	President & CEO, MST Risk Consulting Co., Ltd.		
			June 2016	Deputy President, Mitsubishi UFJ Capital Co., Ltd.		
			June 2017	Full-time Outside Director, the Company		
			June 2019	Outside Director (Audit and Supervisory Committee Member), the Company (current position)		

Official title or position	Name	Date of birth	Career summary		Term of office	Number of shares held (Shares)
Director (Audit and Supervisory Committee Member)	Noriyuki Tanaka	November 27, 1948	April 1967	Joined Matsushita Electric Industrial Co., Ltd. (currently Panasonic Holdings Corporation)	Note 3	2,036,400
			October 1975	Representative Director and President, MIMAKI ENGINEERING (currently the Company)		
			April 1989	Founded Mimaki Electronic Components Co., Ltd. and assumed the position of the Representative Director and President		
			June 1997	Executive Chairman, the Company		
			June 2004	Counselor for Director, the Company		
			June 2007	Executive Chairman, Mimaki Electronic Components Co., Ltd. (current position)		
			June 2019	Director (Audit and Supervisory Committee Member), the Company (current position)		
			April 2021	Director, NES-ENG Co., Ltd. (current position)		
Director (Audit and Supervisory Committee Member)	Makoto Tanaka	January 11, 1956	August 2011	Representative Partner, eclat Consulting (current position)	Note 3	49,000
			June 2014	Outside Director, the Company		
			June 2019	Outside Director, ALPICO HOLDINGS Co., Ltd. (current position)		
			June 2019	Outside Director (Audit and Supervisory Committee Member), the Company (current position)		
Director (Audit and Supervisory Committee Member)	Hisamitsu Arai	January 10, 1944	July 1996	Commissioner, Japan Patent Office	Note 3	6,800
			June 1998	Deputy Director-General, Ministry of International Trade and Industry		
			April 2001	Chairman & CEO, Nippon Export and Investment Insurance		
			March 2003	Secretary-General, Intellectual Property Strategy Headquarters, Cabinet Secretariat		
			June 2007	President and CEO, Tokyo Small and Medium Business Investment & Consultation Co., Ltd.		
			June 2016	Outside Director, the Company		
			June 2019	Outside Director (Audit and Supervisory Committee Member), the Company (current position)		
Director (Audit and Supervisory Committee Member)	Seiko Minomo	May 9, 1971	April 1997	Admitted to the Bar in Japan	Note 3	900
			April 1997	Joined Law Offices of Homma & Komatsu (currently Homma & Partners) (current position)		
			May 2001	Admitted to the Bar in New York, U.S.		
			November 2018	Outside Director, A-tie Co., Ltd (current position)		
			June 2019	Outside Director, the Company		
			June 2021	Outside Director (Audit and Supervisory Committee Member), the Company (current position)		
			August 2022	Outside Auditor, Human Technologies, Inc. (current position)		

Official title or position	Name	Date of birth	Career summary		Term of office	Number of shares held (Shares)
Director	Shunsuke Numata	August 22, 1975	April 1999 June 2001 June 2012 July 2013 October 2016 October 2020 June 2021 April 2022	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) Chairman, Thermix Co., Ltd. (current position)	Note 2	3,300
					Total	2,276,000

(Notes) 1. Mr. Yoh Zenno, Mr. Makoto Tanaka, Mr. Hisamitsu Arai, Ms. Seiko Minomo and Mr. Shunsuke Numata are Outside Directors.
2. Their term of office shall expire upon the conclusion of the annual general meeting of shareholders for the last fiscal year ending within one year following their election of office.
3. Their term of office shall expire upon the conclusion of the annual general meeting of shareholders for the last fiscal year ending within two years following their election of office.

(ii) Information about Outside Directors (and other outside officers)

The Company has five Outside Directors. Outside Directors Mr. Yoh Zenno, Mr. Makoto Tanaka, Mr. Hisamitsu Arai, Ms. Seiko Minomo, and Mr. Shunsuke Numata hold 7,500 shares, 49,000 shares, 6,800 shares, 900 shares, and 3,300 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, 2023 to March 31, 2024) 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 13 times and Audit and Supervisory Committee meetings 14 times. The table below shows the attendance of each Audit and Supervisory Committee Member at the meetings. (including those attended remotely)

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

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

Deliberation items (22 matters): Receipt of audit report, discussion of KAM candidates and interim report, creation of audit report, Audit and Supervisory Committee remuneration, audit plan, consent to Accounting Auditor fee, request for prior consent for IESBA non-assurance service and its continued use with the outlook of maximum fee amount, additional audit fees

Report items (41 matters): Record of meeting attendance by full-time Audit and Supervisory Committee Member,

	on-site audits report, audit office on-site audits report, three-pillar audit report, report on evaluation result of internal control management, affiliated company audit report, audit plan report for the Board of Directors, draft measures for electronic provision, tax revision outline, report on regular meeting with Accounting Auditor
Information items (65 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, Administration 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)
- 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. Although there is no mechanism for reporting the results of these audit activities directly to the Board of Directors, the results of these audit activities are regularly reported to the President, Executive Directors, and full-time Audit and Supervisory Committee member 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 two staff members as of the filing date.

The main activities of the Auditing Office during this fiscal year are as follows;

- Theme audits: 2 cases
- Internal department audits: 1 case
- Onsite audits on overseas business locations: 5 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

20 years

c. Certified public accountants who executed the audit duties

Masahiko Mutsuda
Norihiko Asai

d. Composition of assistants who supported audit duties

Four certified public accountants, four individuals who have passed the Certified Public Accountants Examination, etc. and other 12 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, 2024 and Report on Audit Quality 2023. 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	60,995	–	51,575	–
Consolidated subsidiaries	–	–	–	–
Total	60,995	–	51,575	–

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 belong 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	–	2,625	–	1,800
Consolidated subsidiaries	22,354	47,679	32,063	44,932
Total	22,354	50,304	32,063	46,732

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 full-time 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.

In addition, the amount of remuneration for granting restricted shares to Directors (excluding Directors who are Audit and Supervisory Committee Members and Outside Directors) has been resolved at the 49th Annual General Meeting of Shareholders scheduled to be held on June 21, 2024. Accordingly, the Company intends to change this decision-making policy to be in line with such resolution.

(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)	194,593	152,300	42,293	–	–	7
Directors (Audit and Supervisory Committee Members) (excluding Outside Directors)	10,562	8,400	2,162	–	–	1
Outside Directors (and other officers)	64,882	51,600	13,282	–	–	5

(Notes) 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	2	21,000
Shares other than those not listed	1	52,000

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 Number of shares (Shares) Carrying amount on balance sheet (Thousands of yen)	Previous fiscal year Number of shares (Shares) Carrying amount on balance sheet (Thousands of yen)	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
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 plans. The holding amount is so small that the impact of this shareholding on the Company's financial condition is immaterial.	Yes
	52,000	28,750		

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, 2024 (from April 1, 2023 to March 31, 2024) 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, 2023	As of March 31, 2024
Assets		
Current assets		
Cash and deposits	*2 10,485,252	*2 17,365,018
Notes receivable - trade	933,841	*3 700,578
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 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	*2, *6 3,823,702	*2, *6 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	*6 652,684	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	*6 1,672,943	1,859,280
Land	*2, *6 3,462,323	*2, *6 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 1,956,238	*1 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 3,241,469
Electronically recorded obligations - operating	4,839,398	*3 5,620,574
Short-term borrowings	*2 18,580,604	*2 18,938,540
Current portion of long-term borrowings	*2 2,944,827	*2 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 4,045,998	*4 4,784,090
Total current liabilities	40,144,802	41,513,222
Non-current liabilities		
Long-term borrowings	*2 5,476,071	*2 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

(ii) 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	*1 70,607,012	*1 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	*2, *3 24,208,232	*2, *3 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	*4 68,812	*4 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	*5 59	*5 266
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

(iii) 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

(iv) 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
Loss (gain) on valuation of investment securities	–	53,790
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)	202,751
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	*1 8,202,123	*1 14,218,296

[Notes]

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

1. Scope of consolidation

(1) Number of consolidated subsidiaries: 25

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.R.L.
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.
MIMAKI VIETNAM CO.,LTD.

Of the above, MIMAKI VIETNAM CO., LTD. is included in the scope of consolidation as it was newly established in the current fiscal year.

(2) Number of unconsolidated subsidiaries: 3

Names of major unconsolidated subsidiaries

MIMAKI KANPHOR INDIA PRIVATE LIMITED

The unconsolidated subsidiaries are all small in size, and each company’s total assets, net sales, profit or loss (amount corresponding to the equity interest), retained earnings (amount corresponding to the equity interest), and others do not have a material impact on the consolidated financial statements, therefore, such subsidiaries are excluded from the scope of consolidation.

2. Application of equity method

(1) Number of entities accounted for using the equity method: 1

Names of entities accounted for using the equity method

MIMAKI KANPHOR INDIA PRIVATE LIMITED

(2) Number of unconsolidated subsidiaries not accounted for using the equity method: 2

Names of unconsolidated subsidiaries not accounted for using the equity method

Dalian Alpha Design Co., Ltd.
Alpha Automation Technology (Shenzhen) Co., Ltd.

The unconsolidated subsidiaries not accounted for using the equity method are all small in size, and each company’s profit or loss (amount corresponding to the equity interest), retained earnings (amount corresponding to the equity interest), and others do not have a material impact on the consolidated financial statements, therefore, such subsidiaries are excluded from the scope of application of equity method.

3. Fiscal years of consolidated subsidiaries

The fiscal year end date of the following consolidated subsidiaries is December 31: MIMAKI IJ TECHNOLOGY CO., Ltd., Mimaki Deutschland GmbH, Shanghai Mimaki Trading Co., Ltd., MIMAKI BRASIL COMERCIO E IMPORTACAO LTDA,

MIMAKI PINGHU TRADING CO., LTD., PT. MIMAKI INDONESIA, MIMAKI EURASIA DIJITAL BASKI TEKNOLOJILERI PAZARLAMA VE TICARET LIMITED SIRKETI, Mimaki La Meccanica S.R.L., Mimaki Lithuania, UAB, Mimaki Bompan Textile S.r.l, MIMAKI (THAILAND) CO., LTD., and MIMAKI VIETNAM CO.,LTD.

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	18,437,653	16,771,029

(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
Shanghai Mimaki Trading Co., Ltd.	32,451	–

(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 previous 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	1,856,277	2,155,105

(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.

(New accounting standards, etc. not yet applied)

- "Accounting Standard for Current Income Taxes" (ASBJ Statement No. 27, October 28, 2022, Accounting Standards Board of Japan)
- "Accounting Standard for Presentation of Comprehensive Income" (ASBJ Statement No. 25, October 28, 2022, Accounting Standards Board of Japan)
- "Guidance on Accounting Standard for Tax Effect Accounting" (ASBJ Guidance No. 28, October 28, 2022, Accounting Standards Board of Japan)

(1) Overview

In February 2018, ASBJ Statement No. 28, "Partial Amendments to Accounting Standard for Tax Effect Accounting," etc. ("ASBJ Statement No. 28, etc.") was issued, and the JICPA's practical guidance on tax effect accounting was transferred to the Accounting Standards Board of Japan. The following two issues, which were to be discussed again during the deliberation process after the issuance of ASBJ Statement No. 28, etc., have been discussed and released.

- Category of tax expense (taxation on other comprehensive income)
- Tax effect on the sale of shares in subsidiaries, etc. (shares in subsidiaries or affiliates) when group corporation taxation is applied.

(2) Scheduled date of application

The Company expects to apply these standards and guidance from the beginning of the fiscal year ending March 31, 2025.

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

The impact of the application of the "Accounting Standard for Current Income Taxes" on the consolidated financial statements is currently under evaluation.

(Additional information)

(Accounting Treatment 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 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 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 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.

(Consolidated balance sheets)

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

(Thousands of yen)

	Previous fiscal year (As of March 31, 2023)	Current fiscal year (March 31, 2024)
“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, 2023)	Current fiscal year (March 31, 2024)
Time deposits	1,876,000	2,300,000
Buildings and structures	2,047,974	2,016,733
Land	715,779	715,779
Total	4,639,753	5,032,512

Of the above, the time deposits are deposited collateral for tax litigation as described in “*5. Contingent liabilities” below.

Liabilities secured by the collateral are as follows:

(Thousands of yen)

	Previous fiscal year (As of March 31, 2023)	Current fiscal year (March 31, 2024)
Short-term borrowings	300,000	300,000
Current portion of long-term borrowings	315,000	130,000
Long-term borrowings	1,235,000	1,420,000
Total	1,850,000	1,850,000

*3. Notes matured on the consolidated balance sheet date, etc.

Notes matured on the consolidated balance sheet date, etc. are settled on their clearing or settlement dates. Since the last day of the current fiscal year fell on the bank holiday, the following notes, etc. which matured on the last day of the previous fiscal year, were included in the balance at the end of the fiscal year.

(Thousands of yen)

	Previous fiscal year (As of March 31, 2023)	Current fiscal year (March 31, 2024)
Notes receivable - trade	–	24,775
“Other” under current assets (electronically recorded monetary claims - operating)	–	48,920
Notes payable - trade	–	55,523
Electronically recorded obligations - operating	–	1,255,424

*4. Contract liabilities in “Other” are as follows:

(Thousands of yen)

	Previous fiscal year (As of March 31, 2023)	Current fiscal year (March 31, 2024)
Contract liabilities	2,830,153	3,349,527

5. 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 (120,164 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 (65,798 thousand BRL including interest on late payment). 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 BRL (54,366 thousand BRL 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 for the Group to estimate the impact of the cases on its business performance at this moment.

*6. 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, 2023)	Current fiscal year (March 31, 2024)
Buildings and structures	5,930	13,799
Machinery, equipment and vehicles	818	–
Tools, furniture and fixtures	1,181	–
Land	10,685	10,685
Total	18,615	24,484

(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, 2022 to March 31, 2023)	Current fiscal year (From April 1, 2023 to March 31, 2024)
Provision of allowance for doubtful accounts	(82,752)	16,653
Provision for product warranties	1,414,994	1,736,325
Salaries and allowances	7,113,798	7,791,132
Provision for bonuses	646,246	740,298
Retirement benefit expenses	145,463	195,377
Provision for bonuses for directors (and other officers)	67,148	82,461
Research and development expenses	2,901,531	3,339,323

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

(Thousands of yen)

	Previous fiscal year (From April 1, 2022 to March 31, 2023)	Current fiscal year (From April 1, 2023 to March 31, 2024)
Research and development expenses	2,901,531	3,339,323

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

(Thousands of yen)

	Previous fiscal year (From April 1, 2022 to March 31, 2023)	Current fiscal year (From April 1, 2023 to March 31, 2024)
Buildings and structures	–	8,655
Machinery, equipment and vehicles	780	1,256
Tools, furniture and fixtures	43,399	27,257
Leased assets	–	87
Land	24,632	–
Total	68,812	37,256

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

(Thousands of yen)

	Previous fiscal year (From April 1, 2022 to March 31, 2023)	Current fiscal year (From April 1, 2023 to March 31, 2024)
Machinery, equipment and vehicles	–	266
Tools, furniture and fixtures	59	–
Total	59	266

(Consolidated statements of comprehensive income)

* Reclassification adjustments and tax effects relating to other comprehensive income

(Thousands of yen)

	Previous fiscal year (From April 1, 2022 to March 31, 2023)	Current fiscal year (From April 1, 2023 to March 31, 2024)
Valuation difference on available-for-sale securities:		
Amount arising during the year	8,049	37,312
Before tax effects adjustments	8,049	37,312
Tax effects	(2,385)	(11,477)
Valuation difference on available-for-sale securities	5,663	25,835
Foreign currency translation adjustment:		
Amount arising during the year	865,088	1,952,703
Remeasurements of defined benefit plans, net of tax:		
Amount arising during the year	4,341	123,640
Reclassification adjustments	(4,115)	(37,189)
Before tax effects adjustments	225	86,451
Tax effects	57	(26,127)
Remeasurements of defined benefit plans, net of tax	283	60,323
Share of other comprehensive income of entities accounted for using equity method:		
Amount arising during the year	3,234	(15,633)
Total other comprehensive income	874,269	2,023,228

(Consolidated statements of changes in equity)

Previous 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, 2023	Increase	Decrease	As of March 31, 2024	
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

Current fiscal year (From April 1, 2023 to March 31, 2024)

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)	3,260,767	–	16,600	3,244,167
Total	3,260,767	–	16,600	3,244,167

Note: The decrease of 16,600 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, 2023	Increase	Decrease	As of March 31, 2024	
Reporting company (Parent company)	Share acquisition rights as stock options	Common shares	–	–	–	–	15,830
Total			–	–	–	–	15,830

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 15, 2023	Common shares	287,792	10.00	March 31, 2023	June 26, 2023
Board of Directors Meeting held on November 14, 2023	Common shares	287,825	10.00	September 30, 2023	December 7, 2023

(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 1, 2024	Common shares	431,937	Retained earnings	15.00	March 31, 2024	June 24, 2024

(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, 2022 to March 31, 2023)	Current fiscal year (From April 1, 2023 to March 31, 2024)
Cash and deposits	10,485,252	17,365,018
Time deposits with maturities of more than three months	(2,283,129)	(3,146,721)
Cash and cash equivalents	8,202,123	14,218,296

2. Description of significant non-cash transactions

The amounts of newly recorded assets and obligations related to lease transactions are as follows:

(Thousands of yen)

	Previous fiscal year (From April 1, 2022 to March 31, 2023)	Current fiscal year (From April 1, 2023 to March 31, 2024)
Leased assets	–	16,966
Right-of-use assets	206,211	300,848
Lease obligations	188,680	285,970

(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, 2023)	Current fiscal year (March 31, 2024)
Within 1 year	312,548	325,443
Over 1 year	635,611	983,749
Total	948,159	1,309,193

(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 seven 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, 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)	–

Current fiscal year (As of March 31, 2024)

(Thousands of yen)

	Carrying amount	Fair value	Difference
Investment securities (*2)	105,194	105,194	–
Long-term borrowings (*3)	7,653,979	7,590,045	(63,933)
Derivative transactions (*4)	(34,902)	(34,902)	–

*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, 2023)	Current fiscal year (March 31, 2024)
Shares not listed	89,190	35,400

*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, 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	–	–	–

Current fiscal year (As of March 31, 2024)

	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	17,365,018	–	–	–
Notes receivable - trade	700,578	–	–	–
Accounts receivable - trade	11,782,370	–	–	–
Total	29,847,966	–	–	–

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, 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.

Current fiscal year (As of March 31, 2024)

Category	Fair value (Thousands of yen)			
	Level 1	Level 2	Level 3	Total
Investment securities Available-for-sale securities	67,802	37,392	–	105,194
Total assets	67,802	37,392	–	105,194
Derivative transactions Transactions relating to currencies	–	(34,902)	–	(34,902)
Total liabilities	–	(34,902)	–	(34,902)

(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, 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

Current fiscal year (As of March 31, 2024)

Category	Fair value (Thousands of yen)			
	Level 1	Level 2	Level 3	Total
Long-term borrowings (Including current portion)	–	7,590,045	–	7,590,045
Total liabilities	–	7,590,045	–	7,590,045

(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)

1. Available-for-sale securities

Previous 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

Current fiscal year (As of March 31, 2024)

(Thousands of yen)

	Type	Carrying amount	Acquisition cost	Difference
Items whose carrying amount exceeds acquisition cost	(1) Shares	67,802	41,872	25,930
	(2) Other	37,392	4,911	32,481
	Subtotal	105,194	46,783	58,411
Items whose carrying amount does not exceed acquisition cost	(1) Shares	–	–	–
	(2) Other	–	–	–
	Subtotal	–	–	–
Total		105,194	46,783	58,411

2. Securities for which impairment losses were recognized

No impairment losses were recognized on securities in the previous fiscal year.

In the current fiscal year, impairment losses of 53,790 thousand yen (in available-for-sale securities) were recognized on securities.

(Derivatives)

1. Derivatives of which hedge accounting is not applied

Transactions relating to currencies

Previous 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.

Current fiscal year (As of March 31, 2024)

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	43,691	–	1,058	1,058
	EUR	1,884,943	–	(26,980)	(26,980)
	Purchased				
	USD	319,594	–	2,913	2,913
	EUR	64,842	–	205	205
	Currency Option Transactions				
	Sold / Purchased (Note)				
	USD	605,600	–	(10,650)	(10,650)
	EUR	489,840		(1,450)	(1,450)
Total		3,408,511	–	(34,902)	(34,902)

(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, 2022 to March 31, 2023)	Current fiscal year (From April 1, 2023 to March 31, 2024)
Balance of retirement benefit obligations at beginning of period	935,648	921,350
Service cost	76,977	84,237
Interest cost	7,430	8,066
Amount of actuarial gain or loss	(2,344)	1,379
Retirement benefit payments	(96,361)	(49,148)
Balance of retirement benefit obligations at end of period	921,350	965,886

(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, 2022 to March 31, 2023)	Current fiscal year (From April 1, 2023 to March 31, 2024)
Balance of pension asset at beginning of period	663,255	690,475
Amount of actuarial gain or loss	1,997	125,020
Employer’s contribution	42,727	35,572
Retirement benefit payments	(17,504)	(28,099)
Balance of pension asset at end of period	690,475	822,968

(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, 2022 to March 31, 2023)	Current fiscal year (From April 1, 2023 to March 31, 2024)
Balance of retirement benefit liability at beginning of period	111,697	117,759
Retirement benefit expenses	27,151	28,596
Retirement benefit payments	(28,121)	(73,125)
Others	7,032	12,110
Balance of retirement benefit liability at end of period	117,759	85,340

(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, 2023)	Current fiscal year (As of March 31, 2024)
Retirement benefit obligations in funded plans	1,039,110	1,051,227
Pension assets	(690,475)	(822,968)
	348,634	228,258
Retirement benefit liability	348,634	228,258
Net liabilities and assets recorded on the consolidated balance sheets	348,634	228,258

(5) Amount of retirement benefit expenses and its breakdown

(Thousands of yen)

	Previous fiscal year (From April 1, 2022 to March 31, 2023)	Current fiscal year (From April 1, 2023 to March 31, 2024)
Service cost	76,977	84,237
Interest cost	7,430	8,066
Amount treated as expense for actuarial gain or loss	(4,115)	(37,189)
Retirement benefit expenses based on simplified method	27,151	28,596
Retirement benefit expenses relating to defined benefit plan	107,443	83,711

(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, 2022 to March 31, 2023)	Current fiscal year (From April 1, 2023 to March 31, 2024)
Actuarial gain or loss	225	86,451
Total	225	86,451

(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, 2023)	Current fiscal year (As of March 31, 2024)
Unrecognized actuarial gains and losses	109,366	196,163
Total	109,366	196,163

(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, 2023)	Current fiscal year (As of March 31, 2024)
Shares	52	53
Bonds	25	26
General account	20	17
Others	3	4
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, 2023)	Current fiscal year (As of March 31, 2024)
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 169,840 thousand yen for the previous fiscal year and 201,654 thousand yen for the current fiscal year.

(Stock options, etc.)

1. Amount recorded as profit from forfeiture of unexercised rights

(Thousands of yen)

	Previous fiscal year (From April 1, 2022 to March 31, 2023)	Current fiscal year (From April 1, 2023 to March 31, 2024)
Gain on reversal of share acquisition rights	–	16,249

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 1)	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 (Note 2)	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 1)	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

(Notes) 1. The number of stock options is translated into the number of shares.

2. The remaining unexercised rights were forfeited on February 15, 2024 upon expiration of the exercise period.

(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, 2024. 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	90,100
Vested	–	–	–
Exercised	–	5,000	11,600
Forfeited	66,500	2,500	–
Exercisable	–	73,700	78,500

(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)	–	982	955
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, 2023)	Current fiscal year (As of March 31, 2024)
Deferred tax assets		
Provision for bonuses	314,510	371,637
Provision for product warranties	417,104	439,991
Allowance for doubtful accounts	26,083	37,282
Elimination of inter-company profits	779,535	917,140
Retirement benefit liability	107,112	106,161
Software	118,427	120,541
Loss brought forward	294,324	137,937
Asset retirement obligations	35,443	35,088
Inventory write-down	89,709	119,121
Others	118,079	168,979
Subtotal	2,300,330	2,453,881
Valuation allowance	(444,052)	(298,776)
Total deferred tax assets	1,856,277	2,155,105
Deferred tax liabilities		
Depreciation	19,634	44,470
Others	40,677	15,425
Total deferred tax liabilities	60,311	59,895
Net deferred tax assets	1,795,965	2,095,209

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, 2023)	Current fiscal year (As of March 31, 2024)
Effective statutory tax rate	30.2	30.2
(Adjustments)		
Differences of tax rates at foreign subsidiaries	(3.5)	(2.7)
Differences of tax rates at domestic subsidiaries	0.3	0.2
Non-deductible permanent differences such as entertainment expenses	1.2	1.3
Per capita inhabitant tax, etc.	0.8	0.6
Change in valuation allowance	3.1	(0.4)
Impact caused by foreign exchange fluctuations of overseas subsidiaries	1.9	2.1
Amortization of goodwill	0.4	0.2
Elimination of inter-company profits without applying tax effect accounting	(0.4)	(0.2)
Special deduction for income taxes	(4.5)	(8.6)
Share of profit (loss) of entities accounted for using equity method	0.6	(0.0)
Income taxes for prior periods	(1.5)	1.9
Others	(1.9)	(1.4)
Actual effective tax rate by applying tax effect accounting	26.7	23.2

(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)	2,646,281	2,830,153
Contract liabilities (Balance at end of period)	2,830,153	3,349,527

(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 1,257,758 thousand yen and 1,294,538 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	1,451,598	1,790,070
Over 1 year	1,378,555	1,559,456

(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, 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

Current fiscal year (From April 1, 2023 to 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	–	–	–	–
Net sales to external customers	33,994,773	21,493,484	20,142,888	75,631,146
Inter-segment 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
Segment assets	45,445,285	12,389,847	15,197,780	73,032,914
Other items				
Depreciation	1,543,535	193,692	218,242	1,955,470
Amortization of goodwill	38,164	–	–	38,164
Increase in property, plant and equipment and intangible assets	2,139,573	219,447	223,061	2,582,081

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	4,856,875	5,839,017
Clearing transactions between segments	(615,847)	(358,219)
Operating profit in the consolidated financial statements	4,241,027	5,480,797

(Thousands of yen)

Assets	Previous fiscal year	Current fiscal year
Total of reportable segments	72,241,034	73,032,914
Corporate assets (Note)	3,040,188	7,258,107
Elimination of inter-segment transactions	(5,491,328)	(4,572,328)
Total assets in the consolidated financial statements	69,789,894	75,718,693

(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	1,845,741	1,955,470	(5,038)	(5,113)	1,840,702	1,950,357
Increase in property, plant and equipment and intangible assets	3,137,935	2,582,081	(4,704)	(10,235)	3,133,231	2,571,845

[Information associated with reportable segments]

Previous 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.

Current fiscal year (From April 1, 2023 to March 31, 2024)

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
21,074,081	15,566,611	17,916,223	12,860,153	8,214,078	75,631,146

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

2. Of North America, the US accounted for 13,823,679 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
10,311,207	1,298,061	925,933	12,535,201

(Note) Of North America and Latin America, the US accounted for 1,239,803 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, 2022 to March 31, 2023)

There is no related information.

Current fiscal year (From April 1, 2023 to March 31, 2024)

There is no related information.

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

Previous 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

Current fiscal year (From April 1, 2023 to March 31, 2024)

(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	38,164	–	–	–	38,164
Balance at end of period	129,710	–	–	–	129,710

[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, 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.

Current fiscal year (From April 1, 2023 to March 31, 2024)

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	212,746

(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, 2022 to March 31, 2023)	Current fiscal year (From April 1, 2023 to March 31, 2024)
Net assets per share	762.78	945.99
Net profit per share	97.55	128.80
Diluted earnings per share	97.50	128.64

(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, 2022 to March 31, 2023)	Current fiscal year (From April 1, 2023 to March 31, 2024)
Net profit per share		
Profit attributable to owners of the parent (Thousands of yen)	2,807,384	3,707,497
Amounts not attributable to common shareholders (Thousands of yen)	–	–
Profit attributable to owners of parent associated with common shares (Thousands of yen)	2,807,384	3,707,497
Average number of common shares outstanding during the period (Shares)	28,778,231	28,784,743
Diluted earnings per share		
Profit adjustment amount attributable to owners of the parent (Thousands of yen)	–	–
Increase in common shares (Shares)	15,407	35,797
[Of which, stock acquisition rights (Shares)]	[15,407]	[35,797]
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 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	18,580,604	18,938,540	1.65	–
Current portion of long-term borrowings	2,944,827	2,766,708	0.35	–
Current portion of lease obligations	416,684	531,185	–	–
Long-term borrowings (excluding current portion)	5,476,071	4,887,271	0.37	From 2025 to 2030
Lease obligations (excluding current portion)	1,433,528	1,376,165	–	From 2025 to 2029
Other interest-bearing debt	–	–	–	–
Total	28,851,715	28,499,870	–	–

(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 previous fiscal year, the balance 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	1,586,661	1,922,734	889,424	468,152	20,300
Lease obligations	396,221	298,009	287,956	211,467	182,511

[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, 2024

(Cumulative period)	First three months	First six months	First nine months	Full year
Net sales (Thousands of yen)	16,502,979	35,437,256	54,826,318	75,631,146
Profit before income taxes (Thousands of yen)	487,092	2,016,684	3,451,640	4,891,143
Profit attributable to owners of parent (Thousands of yen)	254,990	1,412,929	2,437,797	3,707,497
Profit per share (Yen)	8.86	49.09	84.70	128.80

(Accounting period)	First quarter	Second quarter	Third quarter	Fourth quarter
Earnings per share (Yen)	8.86	40.23	35.60	44.10

(ii) Significant lawsuits, etc.

These are as stated in the notes for “Consolidated balance sheets, 5 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, 2023	As of March 31, 2024
Assets		
Current assets		
Cash and deposits	*1 2,397,686	*1 6,615,745
Notes receivable - trade	624,272	*5 596,347
Accounts receivable - trade	*2 10,985,930	*2 11,495,964
Merchandise and finished goods	12,013,661	11,125,994
Work in process	827,306	943,419
Raw materials and supplies	5,435,629	4,390,215
Prepaid expenses	181,458	200,822
Other	*2 3,870,404	*2, *5 3,093,092
Allowance for doubtful accounts	(537)	(610)
Total current assets	36,335,812	38,460,990
Non-current assets		
Property, plant and equipment		
Buildings	*1, *3 2,915,444	*1, *3 3,413,081
Structures	115,593	109,985
Machinery and equipment	*3 150,376	225,088
Vehicles	0	0
Tools, furniture and fixtures	*3 925,213	1,040,964
Land	*1, *3 2,965,527	*1, *3 2,954,842
Leased assets	3,852	11,890
Construction in progress	598,394	219,254
Total property, plant and equipment	7,674,402	7,975,107
Intangible assets		
Patent right	4,373	–
Software	202,106	174,929
Other	274,440	448,170
Total intangible assets	480,919	623,099
Investments and other assets		
Investment securities	142,091	120,392
Shares of subsidiaries and associates	5,675,690	6,104,381
Investments in capital	2,730	2,730
Investments in capital of subsidiaries and associates	5,239,086	5,239,086
Distressed receivables	*2 1,421,054	*2 2,211,924
Long-term prepaid expenses	124,126	73,096
Deferred tax assets	970,895	1,150,663
Other	499,191	520,755
Allowance for doubtful accounts	(1,190,504)	(1,319,453)
Total investments and other assets	12,884,360	14,103,575
Total non-current assets	21,039,682	22,701,782
Total assets	57,375,495	61,162,773

(Thousands of yen)

	As of March 31, 2023	As of March 31, 2024
Liabilities		
Current liabilities		
Accounts payable - trade	*2 3,908,348	*2 4,092,767
Electronically recorded obligations - operating	4,275,795	*5 5,323,997
Short-term borrowings	*1 17,218,004	*1 18,054,340
Short-term borrowings from subsidiaries and associates	1,335,400	757,000
Current portion of long-term borrowings	*1 2,541,190	*1 2,511,162
Lease liabilities	3,065	3,412
Accounts payable - other	*2 909,121	*2 779,477
Accrued expenses	285,999	381,566
Income taxes payable	556,159	493,471
Advances received	2,566,451	2,864,729
Deposits received	40,106	108,121
Provision for bonuses	799,931	952,050
Provision for bonuses for directors (and other officers)	59,148	76,461
Provision for product warranties	1,217,145	1,453,806
Other	86,300	38,929
Total current liabilities	35,802,167	37,891,294
Non-current liabilities		
Long-term borrowings	*1 4,225,359	*1 4,014,197
Lease liabilities	1,127	9,656
Provision for retirement benefits	328,780	323,189
Asset retirement obligations	115,576	116,226
Other	619	619
Total non-current liabilities	4,671,463	4,463,888
Total liabilities	40,473,631	42,355,183
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	371,839	373,393
Total capital surplus	4,617,296	4,618,849
Retained earnings		
Legal retained earnings	18,035	18,035
Other retained earnings		
General reserve	6,700,000	6,700,000
Retained earnings brought forward	3,111,175	5,000,617
Total retained earnings	9,829,210	11,718,652
Treasury shares	(1,948,784)	(1,938,863)
Total shareholders' equity	16,855,178	18,756,095
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	13,261	35,664
Total valuation and translation adjustments	13,261	35,664
Share acquisition rights	33,423	15,830
Total net assets	16,901,864	18,807,590
Total liabilities and net assets	57,375,495	61,162,773

(ii) Non-consolidated statements of income

(Thousands of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Net sales	*1 51,536,374	*1 52,452,871
Cost of sales	*1 36,275,443	*1 35,206,803
Gross profit	15,260,930	17,246,067
Selling, general and administrative expenses	*1, *2 12,715,819	*1, *2 13,772,244
Operating profit	2,545,110	3,473,822
Non-operating income		
Interest and dividend income	*1 7,486	*1 6,158
Rental income	*1 64,025	*1 70,711
Insurance claim income	44,199	1,780
Foreign exchange gains	24,164	–
Subsidy income	22,470	25,424
Other	*1 16,549	*1 18,924
Total non-operating income	178,897	122,998
Non-operating expenses		
Interest expenses	232,010	380,838
Foreign exchange losses	–	41,260
Depreciation	29,487	24,508
Consumption tax difference	24,663	18,965
Other	20,374	28,335
Total non-operating expenses	306,535	493,907
Ordinary profit	2,417,472	3,102,913
Extraordinary income		
Gain on sale of non-current assets	*3 29,404	*3 2,163
Gain on reversal of share acquisition rights	–	16,249
Total extraordinary income	29,404	18,413
Extraordinary losses		
Loss on sale of non-current assets	0	–
Loss on valuation of investment securities	–	53,790
Total extraordinary losses	0	53,790
Profit before income taxes	2,446,876	3,067,537
Income taxes - current	702,591	791,932
Income taxes - deferred	(37,840)	(189,455)
Total income taxes	664,750	602,476
Profit	1,782,126	2,465,060

(iii) Non-consolidated statements of changes in equity
Fiscal year ended March 31, 2023

(Thousands of yen)

	Shareholders' equity							
		Capital surplus			Retained earnings			
						Other retained earnings		
	Share capital	Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	General reserve	Retained earnings brought forward	Total retained earnings
Balance at beginning of period	4,357,456	4,245,456	371,970	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

Fiscal year ended March 31, 2024

(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	371,839	4,617,296	18,035	6,700,000	3,111,175	9,829,210
Changes during period								
Dividends of surplus							(575,617)	(575,617)
Profit							2,465,060	2,465,060
Exercise of share acquisition rights			1,553	1,553				
Net changes in items other than shareholders' equity								
Total changes during period	–	–	1,553	1,553	–	–	1,889,442	1,889,442
Balance at end of period	4,357,456	4,245,456	373,393	4,618,849	18,035	6,700,000	5,000,617	11,718,652

	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	(1,948,784)	16,855,178	13,261	13,261	33,423	16,901,864
Changes during period						
Dividends of surplus		(575,617)				(575,617)
Profit		2,465,060				2,465,060
Exercise of share acquisition rights	9,920	11,474				11,474
Net changes in items other than shareholders' equity			22,402	22,402	(17,593)	4,809
Total changes during period	9,920	1,900,916	22,402	22,402	(17,593)	1,905,726
Balance at end of period	(1,938,863)	18,756,095	35,664	35,664	15,830	18,807,590

[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	12,013,661	11,125,994

(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	970,895	1,150,663

(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, 2023)	Current fiscal year (As of March 31, 2024)
Time deposits	1,876,000	2,300,000
Buildings	2,047,974	2,016,733
Land	715,779	715,779
Total	4,639,753	5,032,512

Of the above, the time deposits are deposited collateral for tax litigation. For details, please refer to "Notes (Consolidated balance sheets), 5. Contingent liabilities" to the consolidated financial statements.

Liabilities secured by the collateral

(Thousands of yen)

	Previous fiscal year (As of March 31, 2023)	Current fiscal year (As of March 31, 2024)
Short-term borrowings	300,000	300,000
Current portion of long-term borrowings	315,000	130,000
Long-term borrowings	1,235,000	1,420,000
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, 2023)	Current fiscal year (As of March 31, 2024)
Short-term monetary receivables	10,003,713	10,524,460
Long-term monetary receivables	1,419,715	2,210,597
Short-term monetary payables	1,640,048	2,977,379

*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, 2023)	Current fiscal year (As of March 31, 2024)
Buildings	5,930	13,799
Machinery and equipment	818	–
Tools, furniture and fixtures	1,181	–
Land	10,685	10,685
Total	18,615	24,484

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, 2023)	Current fiscal year (As of March 31, 2024)
ALPHA DESIGN CO., LTD.	Borrowings	605,940	717,920
Tonami Corporation Ltd.	Borrowings	490,002	580,718
ALPHA SYSTEMS CO., LTD.	Borrowings	575,000	445,000
MIMAKI AUSTRALIA PTY LTD	Forward exchange contracts	66,770	71,158
MIMAKI ENGINEERING (TAIWAN) Co., Ltd.	Forward exchange contracts	49,392	44,873
Total		1,787,104	1,859,669

*5. Notes matured on the non-consolidated balance sheet date

Notes matured on the non-consolidated balance sheet date are settled on their clearing dates. Since the last day of the current fiscal year fell on the bank holiday, the following notes matured on the non-consolidated balance sheet date, etc. are included in the balance at the end of period.

(Thousands of yen)

	Previous fiscal year (As of March 31, 2023)	Current fiscal year (As of March 31, 2024)
Notes receivable - trade	–	3,871
"Other" under current assets (electronically recorded monetary claims - operating)	–	48,742
Electronically recorded obligations - operating	–	1,247,612

(Non-consolidated statements of income)

*1. Volume of transactions with subsidiaries and associates

(Thousands of yen)

	Previous fiscal year (From April 1, 2022 to March 31, 2023)	Current fiscal year (From April 1, 2023 to March 31, 2024)
Volume of business transactions		
Net sales	38,608,498	37,836,955
Purchases	5,857,950	5,925,157
Volume of other business transactions	8,377,417	6,554,463
Volume of other transactions	97,488	136,209

*2. Selling expenses for the previous and current fiscal years roughly account for 39% and 39% of SG&A expenses, respectively, while general and administrative expenses roughly account for 61% and 61%, respectively.
The major items and their amounts are as follows.

(Thousands of yen)

	Previous fiscal year (From April 1, 2022 to March 31, 2023)	Current fiscal year (From April 1, 2023 to March 31, 2024)
Provision for product warranties	1,191,110	1,453,806
Provision of allowance for doubtful accounts	16,061	10,189
Salaries and allowances	2,439,827	2,536,812
Provision for bonuses	456,240	530,098
Retirement benefit expenses	44,463	49,571
Commission expenses	1,515,924	1,654,485
Depreciation	326,773	289,295
Provision for bonuses for directors (and other officers)	59,148	76,461
Research and development expenses	2,580,275	3,016,071

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

(Thousands of yen)

	Previous fiscal year (From April 1, 2022 to March 31, 2023)	Current fiscal year (From April 1, 2023 to March 31, 2024)
Tools, furniture and fixtures	4,771	1,803
Land	24,632	–
Machinery and equipment	–	359
Total	29,404	2,163

(Securities)

Fair values of shares of subsidiaries (with the carrying amounts of 6,104,381 thousand yen as of March 31, 2024 and 5,675,690 thousand yen as of March 31, 2023) 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, 2023)	Current fiscal year (As of March 31, 2024)
Deferred tax assets		
Provision for bonuses	241,499	287,424
Provision for product warranties	367,456	438,904
Allowance for doubtful accounts	359,394	398,346
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	99,258	97,570
Software	82,373	96,919
Others	250,528	317,994
Subtotal	2,038,042	2,274,690
Valuation allowance	(1,061,410)	(1,108,603)
Total deferred tax assets	976,631	1,166,087
Deferred tax liabilities		
Valuation difference on securities	5,735	15,423
Net deferred tax assets	970,895	1,150,663

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, 2023)	Current fiscal year (As of March 31, 2024)
Effective statutory tax rate	30.2	30.2
(Adjustments)		
Non-deductible permanent differences such as entertainment expenses	0.8	0.9
Per capita inhabitant tax, etc.	1.1	0.9
Change in valuation allowance	2.1	1.1
Special deduction for income taxes	(6.9)	(13.8)
Others	(0.1)	0.3
Actual effective tax rate by applying tax effect accounting	27.2	19.6

(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)

Cate-gory	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	2,915,444	754,311	13,799	242,874	3,413,081	4,480,752
	Structures	115,593	3,071	–	8,679	109,985	138,695
	Machinery and equipment	150,376	128,543	1,192	52,639	225,088	491,750
	Vehicles	0	–	–	–	0	751
	Tools, furniture and fixtures	925,213	785,867	19,266	650,849	1,040,964	5,907,538
	Land	2,965,527	–	10,685	–	2,954,842	–
	Leased assets	3,852	12,166	–	4,129	11,890	18,550
	Construction in progress	598,394	169,577	548,718	–	219,254	–
	Total	7,674,402	1,853,539	593,661	959,172	7,975,107	11,038,040
Intangible assets	Patent right	4,373	–	–	4,373	–	–
	Software	202,106	43,331	468	70,039	174,929	–
	Others	274,440	270,230	96,500	—	448,170	–
	Total	480,919	313,561	96,968	74,413	623,099	–

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

Research and development facilities	Tools, furniture and fixtures	379,073 thousand yen
Software	Construction in progress	270,230 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	1,191,042	129,073	51	1,320,063
Provision for bonuses	799,931	952,050	799,931	952,050
Provision for bonuses for directors (and other officers)	59,148	76,461	59,148	76,461
Provision for product warranties	1,217,145	1,453,806	1,217,145	1,453,806

(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 48th term) (from April 1, 2022 to March 31, 2023)
Filed with the Director-General of the Kanto Local Finance Bureau on June 26, 2023

(2) Internal Control Report and Attachments
Filed with the Director-General of the Kanto Local Finance Bureau on June 26, 2023

(3) Quarterly Securities Reports and Confirmation Letters
(The first quarter of the 49th term) (from April 1, 2023 to June 30, 2023)
Filed with the Director-General of the Kanto Local Finance Bureau on August 10, 2023
(The second quarter of the 49th term) (from July 1, 2023 to September 30, 2023)
Filed with the Director-General of the Kanto Local Finance Bureau on November 14, 2023
(The third quarter of the 49th term) (from October 1, 2023 to December 31, 2023)
Filed with the Director-General of the Kanto Local Finance Bureau on February 14, 2024

(4) Extraordinary Reports
Filed with the Director-General of the Kanto Local Finance Bureau on June 26, 2023
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)
Filed with the Director-General of the Kanto Local Finance Bureau on May 23, 2024
Extraordinary Report pursuant to Article 19, paragraph (2), item (ix)-4 of the Cabinet Office Order on Disclosure of Corporate Affairs, etc. (change in the certified public accountants, etc. for audits)

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

There is no related information.

(TRANSLATION)
INDEPENDENT AUDITOR’S AUDIT REPORT AND INTERNAL CONTROL AUDIT REPORT

June 20, 2024

To the Board of Directors of
MIMAKI ENGINEERING CO., LTD.

Deloitte Touche Tohmatsu LLC
Nagano office

Masahiko Mutsuda
Certified Public Accountant
Designated Limited Liability Partner
Engagement Partner

Norihiko Asai
Certified Public Accountant
Designated Limited Liability Partner
Engagement Partner

<Audit of Consolidated Financial Statements>

Audit Opinion

Pursuant to Article 193-2, paragraph (1) of the Financial Instruments and Exchange Act, we have audited the consolidated financial statements of MIMAKI ENGINEERING CO., LTD. (the “Company”) and its consolidated subsidiaries (the “Group”) provided in the “Financial Information” section in the Company’s Annual Securities Report, namely, the consolidated balance sheets as of March 31, 2024, and the consolidated statements of income, consolidated statements of comprehensive income, consolidated statements of changes in equity, consolidated statements of cash flows for the fiscal year from April 1, 2023 to March 31, 2024, and significant matters forming the basis of preparing the consolidated financial statements, and the related notes and the annexed consolidated detailed schedules.
In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of March 31, 2024, and its consolidated financial performance and its consolidated cash flows for the fiscal year then ended in accordance with accounting principles generally accepted in Japan.

Basis for Audit Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the provisions of the Code of Professional Ethics in Japan, and we have fulfilled our other ethical responsibilities as auditors. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current fiscal year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

<table>
<tr><td colspan="2">Valuation of merchandise and finished goods
([Notes] (Significant accounting estimates))</td></tr>
<tr><th>Description of the Key Audit Matter and Reason for Determining the Matter</th><th>How We Addressed the Matter in Our Audit</th></tr>
<tr><td>As stated in the consolidated financial statements, the Group recorded 16,771,029 thousand yen for merchandise and finished goods as of March 31, 2024, which accounts for 22.1% of consolidated total assets.
As stated in [Notes] (Significant accounting estimates), merchandise and finished goods are measured at their acquisition cost. However, if the estimated net selling value at the end of the consolidated fiscal year is less than the acquisition cost, they are measured at the net selling value. The net selling value of the inventories that are no longer part of an operating cycle and accumulated is estimated by reflecting future demand and market trends.
Since make-to-stock production is carried out in the Group based on demand estimates at each sales base, if the actual sales performance deviates from the demand estimates, it may be the cause of slow-moving inventory outside the business cycle process. Net selling value of these slow-moving inventories is estimated based on the forecast of expected unit sales prices and expected sales volumes that reflect future demand and market trends for each sales base, however, forecasts of unit sales prices and sales volumes involve uncertainty. In addition, the extraction of slow-moving inventory that is the target of a write-down is performed using data from the information system based on write-down rules.
Also, the Group has established and operates internal controls that verify and approve these series of processes.
We have determined that the important assumptions in these estimates are the key audit matters because they are significantly influenced by management’s subjective judgment.</td><td>In examining the validity of the evaluation of merchandise and finished goods, the Auditors mainly carried out the following procedures.
(Internal control)
・ We have performed an assessment of the effectiveness of the design, implementation, and maintenance of internal control related to the evaluation of merchandise and finished goods by management. In the assessment, the following procedures were carried out, focusing on controls to ensure the accuracy and completeness of the information used for the evaluation of merchandise and finished goods.
- Assessment of the design, implementation, and maintenance of IT general controls which are responsible for processing in information systems, in collaboration with IT experts
- Assessment of the accuracy and completeness of information input to the system (merchandise and finished goods inventory entry / exit date, quantity, unit price, etc.)
(Risk assessment procedures)
・ In order to assess the effectiveness of management’s estimation process, net selling value estimates during past years and during the term under review were compared with the subsequent sales results, and the difference was analyzed for the divergence as well as questioning management about the cause, thereby examining the accuracy of the estimation of net selling value.
(Risk response procedures)
・ We asked management and major sales base managers about estimated unit sales prices and expected sales volumes when estimating net selling value for slow-moving inventory.
・ We examined the consistency of net selling value of slow-moving inventory with sales budgets of each sales base.
・ For merchandise and finished goods sold during the current consolidated fiscal year under review, net selling value and actual unit sales prices were compared.
・ For slow-moving inventory, we examined the accuracy of the calculation of write-downs on slow-moving inventory by extracting the subject inventory and recalculating it to determine whether it was valued in line with the Company’s write-down rules.</td></tr>
</table>

Other Information

Other information is that included in the annual securities report not provided in the consolidated financial statements, non-consolidated financial statements, or the audit reports for each. Management is responsible for preparation and disclosure of the other information. In addition, the Audit and Supervisory Committee is responsible for overseeing the Directors’ execution of duties relating to the design, implementation, and maintenance of the Company’s reporting process for other information.

Other information is not subject to our audit opinion on the consolidated financial statements, and we express no opinion on the other information.

Our responsibility when auditing the consolidated financial statements is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the

audit, or otherwise appears to be materially misstated.
If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.
We have nothing to report in this regard.

Responsibilities of Management and the Audit and Supervisory Committee for the Consolidated Financial Statements
Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in Japan, including the design, implementation, and maintenance of such internal control as management determines is necessary to enable the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.
In preparing the consolidated financial statements, management is responsible for assessing whether it is appropriate to prepare the consolidated financial statements with the assumption of the Group's ability to continue as a going concern, and disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan.
The Audit and Supervisory Committee is responsible for overseeing the Directors' execution of duties relating to the design, implementation, and maintenance of the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements
Our responsibilities are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion on the consolidated financial statements based on our audit from an independent point of view. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.
In accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement, whether due to fraud or error. Design and implement audit procedures to address the risks of material misstatement. The procedures selected to be applied depend on the Auditor's judgment. In addition, we obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Obtain, when performing risk assessment procedures, an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of auditing the consolidated financial statements to express an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used by management and their method of application, as well as the reasonableness of accounting estimates made by management and related notes thereto.
- Conclude on the appropriateness of management's use of the going concern basis for preparing the consolidated financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related notes to the consolidated financial statements or, if such notes are inadequate, to express a qualified opinion with exceptions on the consolidated financial statements. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate whether the overall presentation of the consolidated financial statements and the notes thereto are in accordance with accounting principles generally accepted in Japan, as well as the overall presentation, structure and content of the consolidated financial statements, including the notes thereto, and whether the consolidated financial statements represent the underlying transactions and accounting events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the consolidated financial statements. We remain solely responsible for our audit opinion.

We communicate with the Audit and Supervisory Committee regarding the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit, and other matters required by auditing standards.
We also provide the Audit and Supervisory Committee with a statement that we have complied with relevant ethical requirements in Japan regarding independence, and communicate with it all relationships and other matters that may reasonably be thought to bear on our independence, and if countermeasures are taken to eliminate obstruction factors or safeguards are applied to reduce obstruction factors to an acceptable level, we communicate with it the measures taken.

Among matters discussed with the Audit and Supervisory Committee, the Auditor determines that matters that are judged to be particularly important in the audit of consolidated financial statements for the current consolidated fiscal year under review are the key audit matters, and describe in the audit report. However, if disclosure of a matter is prohibited by law, or in extremely rare cases, if it can be reasonably expected that the disadvantage caused by reporting the item in the audit report would outweigh the public interest and the Auditor determines it should not be reported, said item will not be described.

<Audit of Internal Control>

Audit Opinion

Pursuant to Article 193-2, paragraph (2) of the Financial Instruments and Exchange Act, we have audited the Internal Control Report of the Company as of March 31, 2024.

In our opinion, the accompanying Internal Control Report, in which the Company states that internal control over financial reporting was effective as of March 31, 2024, presents fairly, in all material respects, the assessment of internal control over financial reporting, in accordance with assessment standards for internal control over financial reporting generally accepted in Japan.

Basis for Audit Opinion

We conducted our internal control audit in accordance with auditing standards for internal control over financial reporting generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Internal Control section of our report. We are independent of the Group in accordance with the provisions of the Code of Professional Ethics in Japan, and we have fulfilled our other ethical responsibilities as auditors. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and the Audit and Supervisory Committee for the Internal Control Report

Management is responsible for the design, implementation, and maintenance of internal control over financial reporting, and the preparation and fair presentation of the Internal Control Report in accordance with assessment standards for internal control over financial reporting generally accepted in Japan.

The Audit and Supervisory Committee is responsible for overseeing and examining the design, implementation, and maintenance of internal control over financial reporting.

Internal control over financial reporting may not fully prevent or detect misstatements in financial reporting.

Auditor’s Responsibilities for the Audit of the Internal Control

Our responsibilities are to obtain reasonable assurance about whether the Internal Control Report is free from material misstatement and to issue an internal control audit report that includes our opinion on the Internal Control Report based on our internal control audit from an independent point of view.

In accordance with auditing standards for internal control over financial reporting generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Perform audit procedures to obtain audit evidence about the results of the assessments of internal control over financial reporting in the Internal Control Report. The procedures selected to be applied depend on the Auditors’ judgment, including the significance of effects on the reliability of financial reporting.
- Evaluate the overall presentation of the Internal Control Report, including the appropriateness of the scope, procedures, and results of management’s assessments of internal control over financial reporting.
- Obtain sufficient and appropriate audit evidence about the results of the assessments of internal control over financial reporting in the Internal Control Report. We are responsible for the direction, supervision, and performance of the audit of the Internal Control Report. We remain solely responsible for our audit opinion.

We communicate with the Audit and Supervisory Committee regarding the planned scope and timing of the internal control audit, the results thereof, significant deficiencies in internal control to be disclosed that we identify during our audit and those that were remediated, and other matters required by auditing standards for internal control.

We also provide the Audit and Supervisory Committee with a statement that we have complied with relevant ethical requirements in Japan regarding independence, and communicate with it all relationships and other matters that may reasonably be thought to bear on our independence, and if countermeasures are taken to eliminate obstruction factors or safeguards are applied to reduce obstruction factors to an acceptable level, we communicate with it the measures taken.

<Information Associated with Remuneration>

The amounts of fees for audit certification services and fees for non-audit services provided by the Company and its subsidiaries to us and to persons in the same network as us are presented in the Corporate governance (3) Information about audits of “Reporting company.”

Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan

Our firm and its engagement partners do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

End

(Notes) 1. The original report of the above Independent Auditor’s Report is kept separately by the Company (the filing company of the Annual Securities Report).

2. The associated XBRL data is not included in the scope of the audit.

(TRANSLATION)
INDEPENDENT AUDITOR'S REPORT

June 20, 2024

To the Board of Directors of
MIMAKI ENGINEERING CO., LTD.

Deloitte Touche Tohmatsu LLC
Nagano office

Masahiko Mutsuda
Certified Public Accountant
Designated Limited Liability Partner
Engagement Partner

Norihiko Asai
Certified Public Accountant
Designated Limited Liability Partner
Engagement Partner

<Audit of Financial Statements>

Audit Opinion

Pursuant to Article 193-2, paragraph (1) of the Financial Instruments and Exchange Act, we have audited the non-consolidated financial statements of MIMAKI ENGINEERING CO., LTD. (the "Company") provided in the "Financial Information" section in the Company's Annual Securities Report, namely, the non-consolidated balance sheets as of March 31, 2024, and the non-consolidated statements of income, non-consolidated statements of changes in equity, and significant accounting policies for the 49th term from April 1, 2023 to March 31, 2024, and the related notes and the annexed detailed schedules.
In our opinion, the accompanying non-consolidated financial statements present fairly, in all material respects, the financial position of the Company as of March 31, 2024, and its financial performance for the fiscal year then ended in accordance with accounting principles generally accepted in Japan.

Basis for Audit Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Non-consolidated Financial Statements section of our report. We are independent of the Company in accordance with the provisions of the Code of Professional Ethics in Japan, and we have fulfilled our other ethical responsibilities as auditors. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of merchandise and finished goods ([Notes] (Significant accounting estimates))
As stated in the financial statements, the Company recorded 11,125,994 thousand yen for merchandise and finished goods as of March 31, 2024, which accounts for 18.2% of total assets. Since details of the key audit matters, the reasons for the determining the matter, and how we addressed the matter in our audit are the same as key audit matters (valuation of merchandise and finished goods) described in the audit report of the consolidated financial statements, the description is omitted.

Other Information

Other information is that included in the annual securities report not provided in the consolidated financial statements, non-consolidated financial statements, or the audit reports for each. Management is responsible for preparation and disclosure of the other information. In addition, the Audit and Supervisory Committee is responsible for overseeing the Directors' execution of duties relating to the design, implementation, and maintenance of the Company's reporting process for other information.
Other information is not subject to our audit opinion on the non-consolidated financial statements, and we express no opinion on the other information.

Our responsibility when auditing the non-consolidated financial statements is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the non-consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.
If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.
We have nothing to report in this regard.

Responsibilities of Management and the Audit and Supervisory Committee for the Non-consolidated Financial Statements
Management is responsible for the preparation and fair presentation of the non-consolidated financial statements in accordance with accounting principles generally accepted in Japan, including designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the non-consolidated financial statements that are free from material misstatement, whether due to fraud or error.
In preparing the non-consolidated financial statements, management is responsible for assessing whether it is appropriate to prepare the non-consolidated financial statements with the assumption of the Company's ability to continue as a going concern, and disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan.
The Audit and Supervisory Committee is responsible for overseeing the Directors' execution of duties relating to the design, implementation, and maintenance of the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Non-consolidated Financial Statements
Our responsibilities are to obtain reasonable assurance about whether the non-consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion on the non-consolidated financial statements based on our audit from an independent point of view. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these non-consolidated financial statements.
In accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement, whether due to fraud or error. Design and implement audit procedures to address the risks of material misstatement. The procedures selected to be applied depend on the Auditor's judgment. In addition, we obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Obtain, when performing risk assessment procedures, an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of auditing the non-consolidated financial statements to express an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used by management and their method of application, as well as the reasonableness of accounting estimates made by management and related notes thereto.
- Conclude on the appropriateness of management's use of the going concern basis for preparing the non-consolidated financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related notes to the non-consolidated financial statements or, if such notes are inadequate, to express a qualified opinion with exceptions on the non-consolidated financial statements. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate whether the overall presentation of the non-consolidated financial statements and the notes thereto are in accordance with accounting principles generally accepted in Japan, as well as the overall presentation, structure and content of the non-consolidated financial statements, including the notes thereto, and whether the non-consolidated financial statements represent the underlying transactions and accounting events in a manner that achieves fair presentation.

We communicate with the Audit and Supervisory Committee regarding the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit, and other matters required by auditing standards.
We also provide the Audit and Supervisory Committee with a statement that we have complied with relevant ethical requirements in Japan regarding independence, and communicate with it all relationships and other matters that may reasonably be thought to bear on our independence, and if countermeasures are taken to eliminate obstruction factors or safeguards are applied to reduce obstruction factors to an acceptable level, we communicate with it the measures taken.
Among matters discussed with the Audit and Supervisory Committee, the Auditor determines that matters that are judged to be particularly important in the audit of financial statements for the current fiscal year under review are the key audit matters, and describe in the audit report. However, if disclosure of a matter is prohibited by law, or in extremely rare cases, if it can be reasonably

expected that the disadvantage caused by reporting the item in the audit report would outweigh the public interest and the Auditor determines it should not be reported, said item will not be described.

<Information Associated with Remuneration>
The information associated with remuneration is presented in the audit report of the consolidated financial statements.

Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan
Our firm and its engagement partners do not have any interest in the Company which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

End

(Notes) 1. The original report of the above Independent Auditor's Report is kept separately by the Company (the filing company of the Annual Securities Report).
2. The associated XBRL data is not included in the scope of the audit.

[Cover]

[Document title]	Written Confirmations
[Clause of stipulation]	Article 24-4-2, paragraph (1) of the Financial Instruments and Exchange Act
[Place of filing]	Director-General of the Kanto Local Finance Bureau
[Filing date]	June 24, 2024
[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
[Title and name of Chief Financial Officer (CFO)]	Koji Shimizu, Executive Director
[Address of registered headquarters]	2182-3 Shigeno-Otsu, Tomi-shi, Nagano
[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) Tokyo Stock Exchange, Inc. (2-1 Nihonbashi-Kabutocho, Chuo-ku, Tokyo)

1. Matters related to appropriateness of statements contained in the Annual Securities Report

Kazuaki Ikeda, President of the Company, and Koji Shimizu, Executive Director, confirmed that statements contained in the Company’s Annual Securities Report for the 49th term (from April 1, 2023 to March 31, 2024) were appropriate under the Financial Instruments and Exchange Act and related laws and regulations.

2. Special notes

There are no significant matters to report.

[Cover]

[Document title]	Internal Control Report
[Clause of stipulation]	Article 24-4-4, paragraph (1) of the Financial Instruments and Exchange Act
[Place of filing]	Director-General of the Kanto Local Finance Bureau
[Filing date]	June 24, 2024
[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
[Title and name of Chief Financial Officer (CFO)]	Koji Shimizu, Executive Director
[Address of registered headquarters]	2182-3 Shigeno-Otsu, Tomi-shi, Nagano
[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) Tokyo Stock Exchange, Inc. (2-1 Nihonbashi-Kabutocho, Chuo-ku, Tokyo)

1. Matters related to the basic framework for internal control over financial reporting

Kazuaki Ikeda, President, and Koji Shimizu, Executive Director, are responsible for the design, implementation and maintenance of internal control over financial reporting of MIMAKI ENGINEERING CO., LTD. (the "Company") and have designed, implemented and maintained internal control over financial reporting in accordance with the basic framework for internal control set forth in the "On the Setting of the Standards and Practice Standards for Management Assessment and Audit concerning Internal Control Over Financial Reporting (Council Opinions)" published by the Business Accounting Council.

The internal control is designed to achieve its objectives to the extent reasonable through the effective function and combination of its basic elements. Therefore, internal control over financial reporting may not fully prevent or detect misstatements in financial reporting.

2. Matters related to scope of assessment, record date, and assessment procedures

The Company has performed the assessment of internal control over financial reporting with the record date of March 31, 2024, which is the end of the current fiscal year, in accordance with assessment standards for internal control over financial reporting generally accepted in Japan.

In making this assessment, we evaluated internal control that may have a material impact on the entire financial reporting on a consolidated basis ("company-level controls"), and based on the results of this assessment, we appropriately selected business processes to be evaluated. In making these business processes assessment, we analyzed these selected business processes, identified key controls that may have a material impact on the reliability of financial reporting, and assessed the design, implementation, and maintenance of these key controls. These procedures have allowed us to evaluate the effectiveness of the internal control of the Company.

We determined the required scope of assessment of internal control over financial reporting for the Company, as well as its consolidated subsidiaries and entities accounted for using the equity method, from the perspective of the materiality that may affect the reliability of the Company's financial reporting. The materiality that may affect the reliability of the financial reporting is determined taking into account the materiality of quantitative and qualitative impacts. We confirmed that we had reasonably determined the scope of assessment of internal control over business processes in light of the results of assessment of company-level controls conducted for the Company and its 16 consolidated subsidiaries. We did not include our nine consolidated subsidiaries and one entity accounted for using the equity method in the scope of assessment of company-level controls as they were deemed to have little quantitative or qualitative materiality.

Regarding the scope of assessment of internal control over business processes, we accumulated business units in descending order of net sales and total assets (after eliminating inter-company transactions) for the current fiscal year, and the three business units whose combined amount of net sales and total assets reaches approximately two-thirds of the net sales on a consolidated basis were selected as "significant business units." At the selected significant business units, we included, in the scope of assessment, those business processes leading to net sales, accounts receivable - trade and inventories as accounts closely relating to business objectives of the Company. Further, not only at selected significant business units, but also at other business units, we added to the scope of assessment the following business processes as they have greater materiality considering their impact on the financial reporting: (1) those business processes relating to greater likelihood of material misstatements and significant accounts involving estimates and the management's judgment, and (2) those business processes relating to businesses or operations dealing with high-risk transactions.

3. Matters related to the results of assessment

As a result of the assessment described above, we concluded that the Company's internal control over financial reporting was effective as of the end of this fiscal year.

4. Supplementary information

There are no significant matters to report.

5. Special notes

There are no significant matters to report.