

# Consolidated Financial Results for the Fiscal Year Ended December 31, 2021 [Japanese GAAP]



February 14, 2022

Company name: Roland DG Corporation  
 Securities Code: 6789  
 URL: www.rolanddg.com  
 Stock exchange listing: Tokyo Stock Exchange  
 Representative: Kohei Tanabe, President  
 Contact: Kazuhiro Ogawa, Executive Officer and President of Corporate Division  
 Phone: +81-53-484-1400  
 Scheduled date of Ordinary General Meeting of Shareholders: March 24, 2022  
 Scheduled date of filing annual securities report: March 24, 2022  
 Scheduled date of commencing dividend payments: March 25, 2022  
 Availability of supplementary briefing material on consolidated financial results: Available  
 Schedule of consolidated financial results briefing session: Scheduled (for institutional investors and analysts)

(Figures are rounded down to the nearest million yen)

## 1. Consolidated Financial Results for the Fiscal Year Ended December 31, 2021 (From January 1, 2021 to December 31, 2021)

(1) Consolidated Operating Results (% indicates changes from the previous corresponding period)

|                                     | Net sales       |        | Operating profit |        | Ordinary profit |        | Profit attributable to owners of parent |        |
|-------------------------------------|-----------------|--------|------------------|--------|-----------------|--------|---|--------|
|                                     | Millions of Yen | %      | Millions of Yen  | %      | Millions of Yen | %      | Millions of Yen                         | %      |
| Fiscal year ended December 31, 2021 | 45,095          | 29.7   | 6,056            | —      | 6,082           | —      | 3,733                                   | —      |
| Fiscal year ended December 31, 2020 | 34,780          | (14.7) | 500              | (82.1) | 422             | (84.0) | 251                                     | (87.1) |

(Note) Comprehensive income: Fiscal year ended December 31, 2021: 4,562 million yen [—%]  
 Fiscal year ended December 31, 2020: 58 million yen [(97.0)%]

|                                     | Basic earnings per share | Diluted earnings per share | Return on equity | Ordinary profit to total assets | Operating profit to net sales |
|-------------------------------------|--------------------------|----------------------------|------------------|---------------------------------|-------------------------------|
|                                     | Yen                      | Yen                        | %                | %                               | %                             |
| Fiscal year ended December 31, 2021 | 299.88                   | —                          | 13.9             | 15.3                            | 13.4                          |
| Fiscal year ended December 31, 2020 | 20.17                    | —                          | 1.0              | 1.1                             | 1.4                           |

(Reference) Equity in earnings (losses) of affiliated companies: Fiscal Year Ended December 31, 2021: - million yen  
 Fiscal Year Ended December 31, 2020: - million yen

## (2) Consolidated Financial Position

|                         | Total assets    | Net assets      | Equity ratio | Net assets per share |
|-------------------------|-----------------|-----------------|--------------|----------------------|
|                         | Millions of Yen | Millions of Yen | %            | Yen                  |
| As of December 31, 2021 | 42,969          | 28,797          | 67.0         | 2,311.49             |
| As of December 31, 2020 | 36,301          | 24,738          | 68.1         | 1,990.89             |

(Reference) Equity: As of December 31, 2021: 28,797 million yen  
 As of December 31, 2020: 24,738 million yen

### (3) Consolidated Cash Flows

|  | Net cash provided<br>by (used in)<br>operating activities | Net cash provided<br>by (used in)<br>investing activities | Net cash provided<br>by (used in)<br>financing activities | Cash and cash<br>equivalents at end of<br>period |
|--|---|---|---|--|
|  | Millions of Yen   | Millions of Yen   | Millions of Yen   | Millions of Yen                                  |
| Fiscal year ended<br>December 31, 2021 | 5,364   | (1,302)   | (2,423)   | 13,966   |
| Fiscal year ended<br>December 31, 2020 | 4,003   | (710)   | (2,210)   | 12,434   |

### 2. Dividends

|   | Annual dividends |                 |                 |          |        |
|---|------------------|-----------------|-----------------|----------|--------|
|   | 1st quarter end  | 2nd quarter end | 3rd quarter end | Year end | Total  |
|   | Yen              | Yen             | Yen             | Yen      | Yen    |
| Fiscal year ended<br>December 31, 2020                | –                | 0.00            | –               | 10.00    | 10.00  |
| Fiscal year ended<br>December 31, 2021                | –                | 40.00           | –               | 60.00    | 100.00 |
| Fiscal year ending<br>December 31, 2022<br>(Forecast) | –                | 50.00           | –               | 80.00    | 130.00 |

|   | Total dividends paid<br>(annual) | Payout ratio<br>(consolidated) | Dividends to net assets<br>(consolidated) |
|---|----------------------------------|--------------------------------|---|
|   | Millions of Yen                  | %                              | %   |
| Fiscal year ended<br>December 31, 2020                | 126                              | 49.6                           | 0.5                                       |
| Fiscal year ended<br>December 31, 2021                | 1,265                            | 33.3                           | 4.6                                       |
| Fiscal year ending<br>December 31, 2022<br>(Forecast) |                                  | 30.6                           |   |

### 3. Consolidated Financial Results Forecast for the Fiscal Year Ending December 31, 2022 (From January 1, 2022 to December 31, 2022)

(% indicates changes from the previous corresponding period)

|            | Net sales          |     | Operating profit   |      | Ordinary profit    |       | Profit attributable<br>to owners of parent |      | Basic<br>earnings<br>per share |
|------------|--------------------|-----|--------------------|------|--------------------|-------|--|------|--------------------------------|
|            | Millions of<br>Yen | %   | Millions of<br>Yen | %    | Millions of<br>Yen | %     | Millions of<br>Yen                         | %    | Yen                            |
| First half | 23,900             | 9.4 | 3,000              | 1.4  | 3,000              | (2.0) | 2,100                                      | 32.9 | 168.56                         |
| Full year  | 49,400             | 9.5 | 7,300              | 20.5 | 7,300              | 20.0  | 5,300                                      | 42.0 | 425.42                         |

**\* Notes**

- (1) Significant changes of subsidiaries during the fiscal year ended December 31, 2021 (changes in specified subsidiaries resulting in changes in scope of consolidation): No
- (2) Changes in accounting policies, changes in accounting estimates and corrections of errors
- 1) Changes in accounting policies due to the revision of accounting standards: No
  - 2) Any changes in accounting policies other than 1) above: No
  - 3) Changes in accounting estimates: No
  - 4) Corrections of errors: No

(3) Total number of issued shares (common shares)

- 1) Total number of issued shares at the end of the period (including treasury shares):

|                                     |                   |
|-------------------------------------|-------------------|
| Fiscal year ended December 31, 2021 | 12,656,311 shares |
| Fiscal year ended December 31, 2020 | 12,656,311 shares |

- 2) Total number of treasury shares at the end of the period:

|                                     |                |
|-------------------------------------|----------------|
| Fiscal year ended December 31, 2021 | 198,108 shares |
| Fiscal year ended December 31, 2020 | 230,507 shares |

- 3) Average number of shares during the period:

|                                     |                   |
|-------------------------------------|-------------------|
| Fiscal year ended December 31, 2021 | 12,449,951 shares |
| Fiscal year ended December 31, 2020 | 12,450,996 shares |

(Note) The total number of treasury shares at the end of the period includes shares of the Company held by the Director Stock Benefit Trust and J-ESOP Trust (197,700 shares at the end of the fiscal year ended December 31, 2021 and 230,200 shares at the end of the fiscal year ended December 31, 2020). The number of treasury shares excluded from calculation of the average number of shares during the period includes shares of the Company held by said Trusts (206,025 shares at the end of the fiscal year ended December 31, 2021 and 205,050 shares at the end of the fiscal year ended December 31, 2020).

(Reference) Summary of Non-consolidated Financial Results

**1. Non-consolidated Financial Results for the Fiscal Year Ended December 31, 2021 (From January 1, 2021 to December 31, 2021)**

(1) Non-consolidated Operating Results (% indicates changes from the previous corresponding period)

|                                     | Net sales       |        | Operating profit |   | Ordinary profit |        | Profit          |   |
|-------------------------------------|-----------------|--------|------------------|---|-----------------|--------|-----------------|---|
|                                     | Millions of Yen | %      | Millions of Yen  | % | Millions of Yen | %      | Millions of Yen | % |
| Fiscal year ended December 31, 2021 | 29,568          | 33.3   | 3,780            | — | 4,004           | —      | 1,892           | — |
| Fiscal year ended December 31, 2020 | 22,175          | (18.1) | (83)             | — | 195             | (78.7) | (14)            | — |

|                                     | Basic earnings per share | Diluted earnings per share |
|-------------------------------------|--------------------------|----------------------------|
|                                     | Yen                      | Yen                        |
| Fiscal year ended December 31, 2021 | 152.01                   | —                          |
| Fiscal year ended December 31, 2020 | (1.15)                   | —                          |

(2) Non-consolidated Financial Position

|                         | Total assets    | Net assets      | Equity ratio | Net assets per share |
|-------------------------|-----------------|-----------------|--------------|----------------------|
|                         | Millions of Yen | Millions of Yen | %            | Yen                  |
| As of December 31, 2021 | 30,064          | 21,970          | 73.1         | 1,763.54             |
| As of December 31, 2020 | 27,643          | 20,581          | 74.5         | 1,656.38             |

(Reference) Equity: As of December 31, 2021: 21,970 million yen  
As of December 31, 2020: 20,581 million yen

\* These consolidated financial results are outside the scope of audit.

\* Explanation of the proper use of financial results forecast and other notes

1. Financial results forecast was prepared based on available information at the time of the release of this document, and the Company does not in any way guarantee the achievement of the projections. Actual results may be different from the projections due to various factors. For the notes concerning the use of financial results forecast, please refer to “Future Outlook” on page 14.
2. The Company plans to hold a briefing session for institutional investors and analysts on February 18, 2022 (Friday). Materials to be distributed at the session will be posted on the Company’s website.

## Table of Contents of Appendix

|  |    |
|--|----|
| 1. Overview of Results of Operations, etc.                           | 6  |
| (1) Overview of Results of Operations                                | 6  |
| (2) Overview of Financial Position                                   | 11 |
| (3) Overview of Cash Flows   | 11 |
| (4) Future Outlook   | 13 |
| 2. Status of Corporate Group   | 14 |
| 3. Management Policy   | 17 |
| (1) Basic Company Management Policy                                  | 17 |
| (2) Target Management Benchmarks                                     | 17 |
| (3) Medium to Long Term Business Strategy and Issues to be Addressed | 17 |
| 4. Basic Policy on Selection of Accounting Standards                 | 20 |
| 5. Consolidated Financial Statements                                 | 21 |
| 1. Consolidated Balance Sheets                                       | 21 |
| 2. Consolidated Statements of Operations and Comprehensive Income    | 23 |
| 3. Consolidated Statements of Changes in Net Assets                  | 26 |
| 4. Consolidated Statements of Cash Flows                             | 28 |
| 6. Other   | 30 |

## 1. Overview of Results of Operations, etc.

### (1) Overview of Results of Operations

During the fiscal year ended December 31, 2021, the world economy generally was on a recovery track, despite the variability between countries and regions. In the Europe and North America, strong signs of economic recoveries were seen, and countries made progress on both measures to prevent the spread of COVID-19 and on economic activities. In Southeast Asia and Japan, an overall upturn in business conditions was apparent, despite continuing restrictions on economic activities due to the renewed spread of variants. However, with no indication of when the pandemic will be brought under control, the outlook for the world economy remained uncertain.

Under these circumstances, the group has formulated a three-year medium-term business plan (FY2021-FY2023) with fiscal year 2021 as the first year. Under the policy of “Be reborn as true RDG-‘Creativity, Best and Cooperative Enthusiasm,’” basic strategies to transform into a lean organization and to transform the business portfolio have been established. To transform into a lean organization, we promoted structural reforms, including carrying out a call for early voluntary retirement to streamline personnel and reduce fixed costs, along with proceeding with the migration of our mass production function to the Thai plant in order to consolidate production bases, which are located at the domestic plant and the Thai plant, and completing this project at the end of the fiscal year under review.

At the same time, to transform the business portfolio, we maintained profitability in existing businesses through enhanced efficiency while utilizing our strengths, and focused on growth markets and new markets to break free from a sales structure dependent on the sign (outdoor advertising) market.

During the fiscal year ended December 31, 2021, the group worked on preventing COVID-19 infections and curbing its further spread, as well as on promoting business activities. We are further strengthening online-based communication through activities such as sales marketing during the COVID-19 pandemic and resumption of physical exhibitions and events, and we worked to expand customer touchpoints, fusing online and face-to-face sales. In addition, we carried a backlog of orders in some products due to a rapid recovery in demand resulting from the resumption of economic activities. However, we worked to ensure stable supply, adjusting to increase production, which resulted in gradual elimination of the backlog, and this was partly responsible for the increase in sales. At the same time, there was a shortage of ocean freight availability and delays in delivering products, along with soaring marine transportation costs, due to a worldwide container shortage, as well as the emergence of procurement risks for parts such as semiconductors and other electronic components, but we implemented countermeasures as appropriate to ensure that their impact was kept to a minimum. In this way, unstable conditions persisted on the supply side, but on the demand side, there was a high level of capital investment demand eyeing the normalization of economic activity as well as a high level of output demand, such as for events and outdoor advertising.

As a result of these initiatives, both net sales and profit for the fiscal year ended December 31, 2021 were significantly higher than in the previous term, due to the fact that the impact of COVID-19 was large in the previous term. Net sales increased by 29.7% compared with the previous term to 45,095 million yen, with a weaker yen further contributing to increased sales in the sign market, which is our mainstay business, and the growing dental market. The ratio of cost of sales improved by 6.3 percentage points from the previous term, due to the significant increase in net sales as well as the effect of increased production. Selling, general and administrative expenses increased mainly due to an increase in personnel expenses, advertising expenses, and commission expenses, but the ratio of selling, general and administrative expenses against net sales fell by 5.6 percentage points from the previous term. As a result, operating profit was 6,056 million yen (operating profit of 500 million yen in the previous term), and ordinary profit was 6,082 million yen (ordinary profit of 422 million yen in the previous term). Profit attributable to owners of parent was 3,733 million yen (profit attributable to owners of parent of 251 million yen in the previous term), partly due to the fact that expenses associated with the call for early voluntary retirement in the three months ended March 31, 2021 and dismantling cost of aging R&D center in the fiscal year ended December 31, 2021 were recorded as extraordinary losses in the three months ended March 31, 2021.

The exchange rates for major currencies during the fiscal year ended December 31, 2021 (average rate during the period from January 2021 to December 2021) were 109.81 yen to the U.S. dollar (106.83 yen for the previous term) and 129.93 yen to the euro (121.86 yen for the previous term).

As the business of the Company and its consolidated subsidiaries is the manufacture and sale of computer peripheral devices and there are no other segments, it is represented as a single segment. Sales by product are as follows.

#### Net sales by product

(Millions of Yen)

| Product     | Fiscal year ended<br>December 31, 2020 |                          | Fiscal year ended<br>December 31, 2021 |                          | Changes | Changes in<br>composition<br>ratio (%) | Year-on<br>year change<br>(%) |
|-------------|--|--------------------------|--|--------------------------|---------|--|-------------------------------|
|             | Amount                                 | Composition<br>ratio (%) | Amount                                 | Composition<br>ratio (%) |         |  |                               |
| Printers    | 10,053                                 | 28.9                     | 14,411                                 | 32.0                     | 4,358   | 3.1                                    | 143.4                         |
| Plotters    | 1,003                                  | 2.9                      | 1,209                                  | 2.7                      | 206     | (0.2)                                  | 120.6                         |
| 3D products | 4,779                                  | 13.7                     | 7,047                                  | 15.6                     | 2,267   | 1.9                                    | 147.5                         |
| Supplies    | 12,153                                 | 35.0                     | 14,437                                 | 32.0                     | 2,284   | (3.0)                                  | 118.8                         |
| Others      | 6,790                                  | 19.5                     | 7,989                                  | 17.7                     | 1,198   | (1.8)                                  | 117.7                         |
| Total       | 34,780                                 | 100.0                    | 45,095                                 | 100.0                    | 10,315  | -                                      | 129.7                         |

#### [Printers]

In the sign market, amid increasingly fierce competition due to market maturity and market entry by large companies, we enhanced the provision of added value through technological transformation in order to further solidify the existing customer base. For the VersaUV LEC2-640/330, which we launched in March to expand our UV printer lineup, we newly added the 64-inch model to support the production of large advertising boards using non-solvent UV ink. In April, we launched Roland DG Connect, which provides services to enhance work efficiency and realize stable operating environments for printers, and in July, we expanded the service coverage area by increasing the number of supported languages. In addition, we launched sales of EU-1000MF, a large-format UV printer with competitive pricing that meets customer needs, as a model for growth markets. In new markets, we promoted co-creation with external partners.

During the fiscal year ended December 31, 2021, sales were supported by output demand such as for warning notices encouraging infection prevention amidst the COVID-19 pandemic. The resumption of economic activities was accelerated in some regions with high vaccination rates. Face-to-face exhibitions and events began to be held, and output demand such as for outdoor advertising recovered, leading to an increase in sales of VG2 series printers for the sign market. In addition, sales of VersaSTUDIO BN-20 desktop eco-solvent inkjet printers for the in-house and small business market increased against the backdrop of the growing number of online business-based startups and side businesses amid restrictions on economic activities due to the COVID-19 pandemic. Since it is equipped with the print & cut function that enables the on-demand production of stickers in a range of shapes, this model has been increasingly introduced as a printer that meets the diverse needs arising from the COVID-19 pandemic. In October, we introduced the BN-20A model with clear functions as low-end model, and which targets a narrower range of customers.

Sales increased significantly, due to our efforts to resolve the backlog of orders for some printers caused by the strong capital investment demand as well as the rapid recovery in demand with the resumption of economic activities. As a result, printer sales were 14,411 million yen in the fiscal year ended December 31, 2021, or 143.4% of the previous fiscal year, a significant increase attributable to the impact of COVID-19 in the previous fiscal year.

[Plotters]

In August, we launched the CAMM-1 GR2-640/540, a large format cutter for the sign market, and sales of large format cutters for the sign market increased. Sales of small-scale cutters for the in-house market also increased. As a result, plotter sales were 1,209 million yen, or 120.6% of the previous fiscal year.

[3D products]

DGSHAPE Corporation, a subsidiary of the Company, aims to promote efficiency of fabrication in various fields by utilizing 3D digital data. While securing a solid footing in the 3D digital fabrication market such as the manufacturing and engraving industries as well as educational institutions, the Company strives to become the top global manufacturer by acquiring market share through the expansion of sales regions in the growing dental market. In the dental market, we focused not only on dental labs but also on dental clinics, as we worked to expand the target customer base, while we also strengthened our proposal capabilities in the manufacturing of dentures and implant bases as a new digitalization field. For growth markets, we launched the price-competitive exclusive model DWX-52Di with features suitable for customer needs in the respective regions. We worked to increase sales and market share in growth markets, including starting sales in China, as well as Egypt and some regions in ASEAN, where digitalization is progressing.

During the fiscal year ended December 31, 2021, economic activities resumed with the lifting of restrictions in regions where vaccinations are progressing, leading to strong sales of dental milling machines. At the same time, we carried a backlog of orders for some dental milling machines due to the rapid recovery in demand, but we adjusted to increase production and made progress on eliminating the backlogs. This was partly responsible for the increase in sales. As a result, sales of 3D products were 7,047 million yen in the fiscal year ended December 31, 2021, or 147.5% of the previous fiscal year, a significant increase attributable to the impact of COVID-19 in the previous fiscal year.

[Supplies]

In addition to output demand, such as for warning notices encouraging infection prevention, face-to-face exhibitions and events were increasingly resumed, and output demand related to advertising and other events recovered, resulting in increased sales of ink, which is a printer supply item. As a result, sales of supplies were 14,437 million yen, or 118.8% of the previous fiscal year, exceeding the level of the previous fiscal year.

[Others]

Customers' product utilization rates improved due to the recovery of output demand, and sales of service parts were strong, which resulted in other sales of 7,989 million yen, or 117.7% of the previous fiscal year, exceeding the level of the previous fiscal year.



Sales by region are as follows.

Net sales by region

(Millions of Yen)

| Region        | Fiscal year ended<br>December 31, 2020 |                          | Fiscal year ended<br>December 31, 2021 |                          | Changes | Changes in<br>composition<br>ratio (%) | Year-on year<br>change (%) |
|---------------|--|--------------------------|--|--------------------------|---------|--|----------------------------|
|               | Amount                                 | Composition<br>ratio (%) | Amount                                 | Composition<br>ratio (%) |         |  |                            |
| Japan         | 4,164                                  | 12.0                     | 4,533                                  | 10.0%                    | 369     | (2.0)                                  | 108.9                      |
| North America | 10,621                                 | 30.5                     | 14,015                                 | 31.1%                    | 3,393   | 0.6                                    | 131.9                      |
| Europe        | 12,956                                 | 37.3                     | 17,168                                 | 38.1%                    | 4,211   | 0.8                                    | 132.5                      |
| Asia          | 2,439                                  | 7.0                      | 3,230                                  | 7.2%                     | 790     | 0.2                                    | 132.4                      |
| Others        | 4,597                                  | 13.2                     | 6,148                                  | 13.6%                    | 1,551   | 0.4                                    | 133.7                      |
| Total         | 34,780                                 | 100.0                    | 45,095                                 | 100.0%                   | 10,315  | -                                      | 129.7                      |

[Japan]

Output demand recovered due to the resumption of events amid the continuing intermittent restrictions on economic activities resulting from requests for self-restraint by local governments in line with the declarations of a state of emergency. As a result, sales of printers for the sign market and UV printers for the retail market increased. In 3D products, in the dental market, sales of the DWX-52D and DWX-52DCi, our mainstay models, increased, while sales of the DWX-4 dental milling machine increased with the expansion of insurance coverage for CAD/CAM crowns (dental fillings and crowns made using dental data) in September 2020. As a result, net sales in Japan were 4,533 million yen, or 108.9% of the previous fiscal year.

[North America]

During the fiscal year ended December 31, 2021, various restrictions that had been implemented to curb the spread of COVID-19, such as store entry restrictions and limits on holding events, were lifted as vaccination rates rose, and economic activity progressively recommenced. In printers, sales increased significantly for the TrueVIS VG2/SG2 series, our mainstay printer models for the sign market. In addition, owing to the growing in-house and small business demand, sales increased significantly for the BN-20 compact desktop eco-solvent inkjet printers enabling on-demand, small-lot production of original goods such as stickers, T-shirts and tote bags. Sales were also boosted by the progress in sales of products for which a backlog in orders had arisen due to the rapid recovery in demand resulting from the resumption of economic activities. In 3D products, capital investment demand was vigorous in the dental market, and sales of dental milling machines were strong. In addition, amid the COVID-19 pandemic, the introduction of DWX-42W wet dental milling machines expanded among dental clinics with dental labs and internal labs, against a backdrop of increasing insourcing of dental technical work with the aim of providing safe and fast treatment. As a result, net sales in North America were 14,015 million yen, or 131.9% of the previous fiscal year, an increase compared to the previous fiscal year.

[Europe]

During the fiscal year ended December 31, 2021, although there were lockdowns and other measures in place in some regions to restrict activities, capital investment demand was robust ahead of the normalization of economic activities. Output demand recovered in conjunction with this, and in printers, sales of printers for the sign and retail markets increased significantly. At the same time, sales of ink and other supplies as well as service parts increased substantially. In 3D products, sales of the DWX-52DCi, which features high productivity, increased in the dental market. Sales were also boosted by the progress in sales of products for which a backlog in orders had arisen due to the rapid recovery in demand resulting from the resumption of economic activities. As a result, net sales in Europe

were 17,168 million yen, or 132.5% of previous fiscal year, partly due to the effects of the weaker yen against the euro.

[Asia]

In China and South Korea, sales in the previous fiscal year decreased substantially due to the impact of COVID-19, but sales of dental milling machines and service parts rose in the fiscal year ended December 31, 2021, exceeding that of the previous fiscal year. Sales of dental milling machines increased significantly in India, where the digitalization of the dental market is progressing, partly due to the cultivation of sales channels. Although sales of printers and supplies slumped due to restrictions on economic activities as a result of lockdowns in some ASEAN regions, with the renewed spread of COVID-19, sales of dental milling machines and service parts, which account for a high proportion of sales, exceeded sales in the previous fiscal year. As a result, net sales in Asia were 3,230 million yen, or 132.4% of the previous fiscal year.

[Other Regions]

In Australia, an increase in sales of printers and eco-solvent ink for the sign market was further boosted by the depreciation of the yen against the Australian dollar, and sales were significantly higher than in the previous fiscal year. In Latin America, sales in Brazil slumped, but in other regions of Latin America, sales of printers for the sign market and dental milling machines exceeded that of the previous fiscal year. In the Middle East and Africa region, sales were significantly higher than in the previous fiscal year due to the recovery in capital investment demand. As a result, net sales in these regions were 6,148 million yen, or 133.7% of the previous fiscal year.

#### Basic Policy on Earnings Distributions and Dividend for Current and Next Fiscal Years

We believe in prioritizing profit returns for shareholders, and therefore we will work to maintain the stability of those returns in light of our performance. At the same time, from a mid-to-long term standpoint, since we must allocate funds for future investments in equipment, R&D and sales, we are working to bolster our internal reserves, prepare the required capital, and strengthen the constitution of our business.

In terms of actual policy, while also accounting for future business needs, we set 30% payout ratio to consolidated net income and 2% dividend on equity (DOE) as our metrics and pay the higher of the two amounts in order to provide stable dividends to our shareholders.

As for dividends in the current term, term end dividends will be 60 yen, which makes the annual payout 100 yen, 90 yen higher than the previous term, resulting in the annual payout ratio of 33.3% of consolidated profit.

In terms of dividends in the following term, interim and year-end payouts are set to be 50 yen and 80 yen per share, respectively, based on the above basic policy, resulting in the annual payout of 130 yen.

## (2) Overview of Financial Position

### [Assets]

Total assets as of the end of the fiscal year under review increased by 6,667 million yen compared with end-of-term consolidated totals last year to a total of 42,969 million yen (118.4% of the previous fiscal year).

Current assets increased by 5,095 million yen to 31,311 million yen (119.4% of the previous fiscal year), and non-current assets increased by 1,572 million yen to 11,657 million yen (115.6% of the previous fiscal year). With regard to current assets, cash and deposits and inventories increased by 1,623 million yen and 2,835 million yen, respectively. In non-current assets, buildings and structures decreased by 136 million yen due to the booking of impairment losses, while leased asset-use rights and deferred tax assets increased by 595 million yen and 808 million yen, respectively.

### [Liabilities]

Liabilities as of the end of the fiscal year under review increased by 2,609 million yen to a total of 14,172 million yen (122.6% of the previous fiscal year). With regard to current liabilities, while the current portion of long-term borrowings decreased by 1,440 million yen, notes and accounts payable – trade, accounts payable – other and income taxes payable increased by 944 million yen, 947 million yen and 1,282 million yen, respectively. In non-current liabilities, lease obligations increased by 602 million yen.

### [Net assets]

Net assets as of the end of the fiscal year under review increased by 4,058 million yen to a total of 28,797 million yen (116.4% of the previous fiscal year). Compared with the end of the previous fiscal year, treasury shares decreased by 128 million yen due to the grant of shares based on the share benefit trust plan for officers and employees, but retained earnings increased by 3,100 million yen mainly due to the financial results for the fiscal year under review, and foreign currency translation adjustment increased by 530 million yen mainly due to the effects of a weaker yen.

## (3) Overview of Cash Flows

### Summary of Consolidated Statements of Cash Flows

(Millions of Yen)

|   | Fiscal year ended<br>December 31, 2020 | Fiscal year ended<br>December 31, 2021 | Changes |
|---|--|--|---------|
| Net cash provided by<br>(used in) operating<br>activities         | 4,003                                  | 5,364                                  | 1,361   |
| Net cash provided by<br>(used in) investing<br>activities         | (710)                                  | (1,302)                                | (592)   |
| Net cash provided by<br>(used in) financing<br>activities         | (2,210)                                | (2,423)                                | (212)   |
| Effect of exchange<br>rate change on cash<br>and cash equivalents | 151                                    | (106)                                  | (258)   |
| Net increase<br>(decrease) in cash and<br>cash equivalents        | 1,234                                  | 1,532                                  | 298     |
| Cash and cash<br>equivalents at end of<br>period                  | 12,434                                 | 13,966                                 | 1,532   |

[Net cash provided by (used in) operating activities]

Net cash provided by operating activities for the fiscal year under review was 5,364 million yen, an increase of 1,361 million yen from the previous fiscal year. Main positive factors for the cash flows include increases in profit before income taxes, accounts payable – other, and trade payables, as well as the booking of extra retirement payments. Main negative factors included an increase in inventories and the payment of extra retirement payments in conjunction with the implementation of early voluntary retirement program.

[Net cash provided by (used in) investing activities]

Net cash used in investing activities for the fiscal year under review was 1,302 million yen, an increase in outflow of 592 million yen from the previous fiscal year's outflow of 710 million yen. The main factor was the increase in outflow due to the purchase of property, plant and equipment, as well as due to the purchase of intangible assets.

[Net cash provided by (used in) financing activities]

Net cash used in financing activities for the fiscal year under review was 2,423 million yen, an increase of 212 million yen from an outflow of 2,210 million yen in the previous fiscal year. The main factor was the increase in dividends paid compared to the previous fiscal year.

#### (4) Future Outlook

As for the future economic outlook, the recovery trend of the global economy is expected to continue as progress is made on both infection prevention and economic activity, with no indication of when the pandemic will be brought under control.

Regarding the outlook for the next fiscal year, although there will be impacts from shortages in supplies of semiconductor components and delays and other issues in marine transport due to the shortage of containers, capital investment demand is expected to be strong. In printers, we are expecting an increase in sales of both hardware and supplies in conjunction with the recovery in output demand for indoor and outdoor advertising. In the dental market, which is a growth area, we are forecasting an increase in revenue based on sales and sales channel growth in regions where digitalization is progressing. Despite the impacts of soaring parts prices and skyrocketing marine transport costs, we expect profits to increase due to the increase in sales, as well as the effect of the reduction of fixed costs resulting from the consolidation of manufacturing bases and the call for early voluntary retirement carried out in the prior year.

Going forward, we will continue to strive to enhance corporate value both by securing profitability and by increasing capital efficiency, based on the basic policy of our medium-term business plan.

(Millions of Yen)

|  | Fiscal year ended<br>December 31, 2021 | Fiscal year ending<br>December 31, 2022 | Change (%) |
|--|--|---|------------|
| Net sales                                  | 45,095                                 | 49,400                                  | 109.5      |
| Operating profit                           | 6,056                                  | 7,300                                   | 120.5      |
| Ordinary profit                            | 6,082                                  | 7,300                                   | 120.0      |
| Profit attributable to<br>owners of parent | 3,733                                  | 5,300                                   | 142.0      |
| ROE (%)                                    | 13.9%                                  | 17.3%                                   | -          |

Estimated exchange rates of major currencies for the fiscal year ending December 31, 2022

1USD = 113 yen, 1EUR = 128 yen

## 2. Status of Corporate Group

The Group engages in the manufacture and sale of computer peripheral devices such as printers, plotters, and 3D products.

### [Development and Manufacturing Structures of Products]

Development of products of the Group is mainly conducted by the Company and DGSHAPE Corporation, a subsidiary.

Manufacture of products is mainly conducted at the Company and Roland Digital Group (Thailand) Ltd., a subsidiary in Thailand.

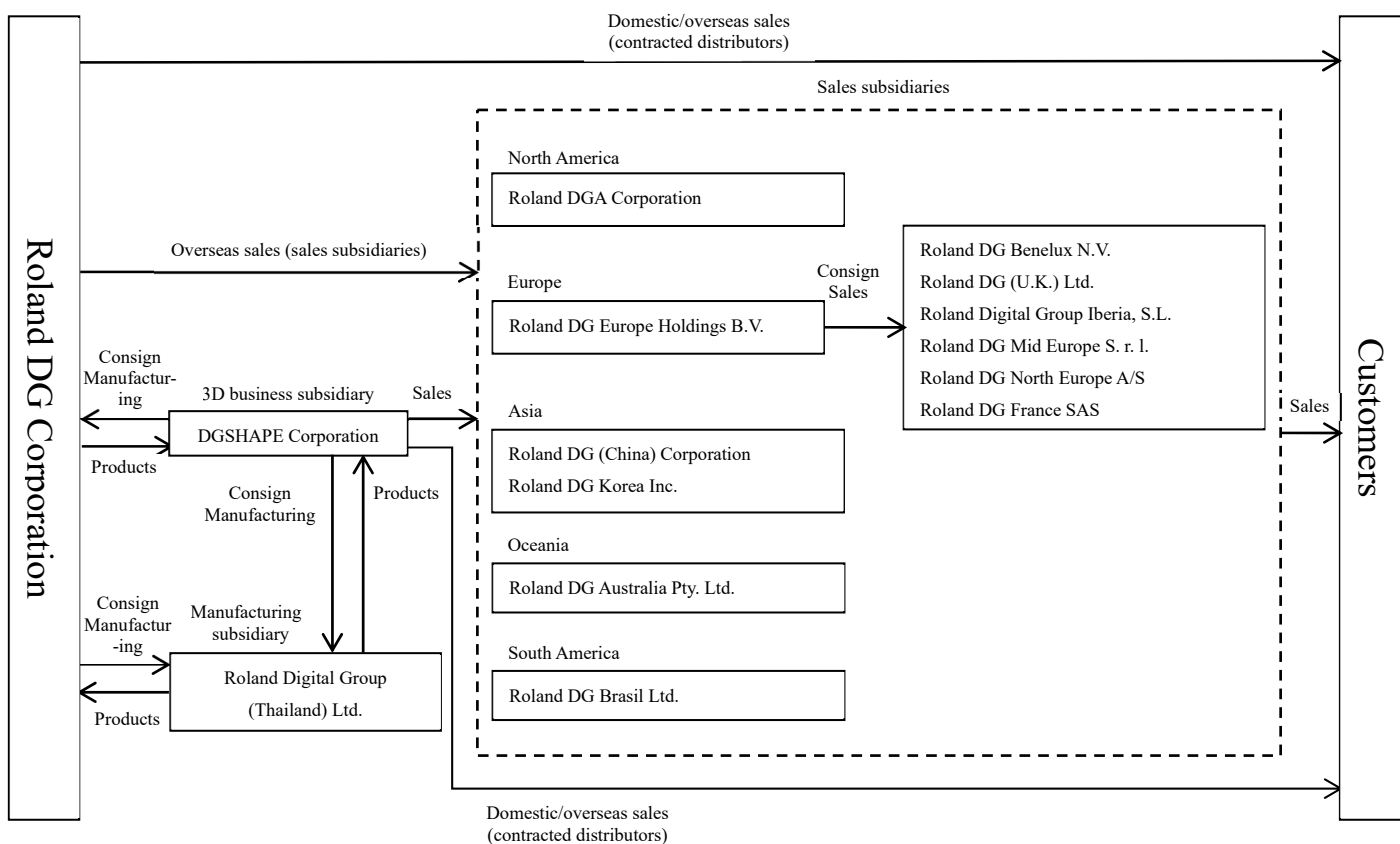
The research and development department has adopted a system that ensures coordination led by product producers in order to quickly respond to changes in demand. The production department has adopted a cell production system utilizing digital data. In addition, we strive to streamline processes, including reductions in development periods, by introducing a “digital factory” that directly connects processes from development to production with digital data using 3D CAD.

### [Sales Structure]

In domestic markets, the Company and DGSHAPE Corporation, a subsidiary, are in charge of sales and sell products through contracted distributors.

In overseas markets, the Company and DGSHAPE Corporation, a subsidiary, are in charge of sales and sell products through the Company’s six overseas sales subsidiaries or contracted distributors.

The business organization chart is as follows.



\*In addition to the above, the Company owns three consolidated subsidiaries in Europe and a non-consolidated subsidiary in Asia.

Status of Affiliated Companies

Consolidated Subsidiaries

As of December 31, 2021

| Company name                      | Location                         | Capital stock        | Principal business  | Ratio of voting rights held in subsidiaries (%) | Relationship                   |                   |   |                       |
|-----------------------------------|----------------------------------|----------------------|---|---|--------------------------------|-------------------|---|-----------------------|
|                                   |                                  |                      |   |   | No. of Inter-locking directors | Financial support | Business transactions                       | Leasing of facilities |
| DGSHAPE Corporation               | Kita-ku, Hamamatsu-shi, Shizuoka | JPY 160,000 thousand | Manufacturing and sale of computer peripheral devices                   | 100.0   | None                           | No                | Sales of products manufactured by the Group | Yes                   |
| Roland DGA Corporation            | Irvine CA, U.S.A.                | US\$ 4,196 thousand  | Sale of computer peripheral devices                                     | 100.0   | 1                              | No                | Sales of products manufactured by the Group | No                    |
| Roland DG Benelux N.V.            | Geel, Belgium                    | EUR 72 thousand      | Provision of services including sales promotion and after-sales service | 100.0 (99.0)                                    | 1                              | No                | –   | No                    |
| Roland DG (U.K.) Ltd.             | Clevedon, U.K.                   | Stg £ 23 thousand    | Provision of services including sales promotion and after-sales service | 100.0 (100.0)                                   | 1                              | No                | –   | No                    |
| Roland Digital Group Iberia, S.L. | Barcelona, Spain                 | EUR 106 thousand     | Provision of services including sales promotion and after-sales service | 100.0 (100.0)                                   | 1                              | No                | –   | No                    |
| Roland DG Mid Europe S.r.l.       | Acquaviva Picena, Italy          | EUR 1,000 thousand   | Provision of services including sales promotion and after-sales service | 100.0 (100.0)                                   | 1                              | No                | –   | No                    |
| Roland DG North Europe A/S        | Farum, Denmark                   | DKr 500 thousand     | Provision of services including sales promotion and after-sales service | 100.0 (100.0)                                   | 1                              | No                | –   | No                    |
| Roland DG Australia Pty. Ltd.     | Frenchs Forest, Australia        | A\$ 300 thousand     | Sales of computer peripheral devices                                    | 100.0   | 1                              | No                | Sales of products manufactured by the Group | No                    |

| Company name                         | Location                    | Capital stock          | Principal business  | Ratio of voting rights held in subsidiaries (%) | Relationship                   |                   |   |                       |
|--------------------------------------|-----------------------------|------------------------|---|---|--------------------------------|-------------------|---|-----------------------|
|                                      |                             |                        |   |   | No. of Inter-locking directors | Financial support | Business transactions                       | Leasing of facilities |
| Roland DG (China) Corporation        | Shanghai, China             | RMB 16,000 thousand    | Sales of computer peripheral devices                                    | 100.0   | 1                              | No                | Sales of products manufactured by the Group | No                    |
| Roland DG Korea Inc.                 | Seoul, Korea                | KRW 2,100,000 thousand | Sales of computer peripheral devices                                    | 100.0   | 1                              | No                | Sales of products manufactured by the Group | No                    |
| Roland DG Brasil Ltd.                | Sao Paulo, Brazil           | R\$ 8,366 thousand     | Sales of computer peripheral devices                                    | 100.0   | None                           | No                | Sales of products manufactured by the Group | No                    |
| Roland DG Europe Holdings B.V.       | Amstelveen, The Netherlands | EUR 1,000 thousand     | Holding company in Europe<br>Sales of computer peripheral devices       | 100.0   | 1                              | No                | Sales of products manufactured by the Group | No                    |
| Roland DG EMEA, S.L.                 | Barcelona, Spain            | EUR 200 thousand       | Back office work for European sales subsidiaries                        | 100.0 (100.0)                                   | 1                              | No                | –   | No                    |
| Roland Digital Group (Thailand) Ltd. | Samutsakhon, Thailand       | THB 210,000 thousand   | Manufacturing of computer peripheral devices                            | 99.9  | 1                              | Debt guarantee    | Manufacturing of the Group products         | No                    |
| Roland DG Deutschland GmbH           | Willich, Germany            | EUR 100 thousand       | Provision of services including sales promotion and after-sales service | 100.0 (100.0)                                   | 1                              | No                | –   | No                    |
| Roland DG RUS LLC                    | Moscow, Russia              | RUB 18,000 thousand    | Provision of services including sales promotion and after-sales service | 100.0 (99.0)                                    | None                           | No                | –   | No                    |
| Roland DG France SAS                 | Serris, France              | EUR 300 thousand       | Provision of services including sales promotion and after-sales service | 100.0 (100.0)                                   | 1                              | No                | –   | No                    |

(Note) The figures in parentheses in the “Ratio of voting rights holding in subsidiaries” column are the ratio of indirect holding, shown inclusive.



### 3. Management Policy

Matters mentioned below concerning the future are based on the judgment of the Group as of the end of the fiscal year under review.

#### (1) Basic Company Management Policy

We have focused our efforts on developing digital technologies and providing creative devices that make it possible for our customers around the world to “Transform Imagination into Reality,” based on our vision. With the rapid advances of digitalization, our customers’ needs are growing more advanced and diverse, and it is critical to proactively and rapidly develop new technologies to support these needs. We believe that we can gain the trust of our customers, developing together, not by simply aiming to achieve greater sales volume, but by supplying high quality products and services.

Led by this philosophy, we are working to create a unified operation system, consisting of our sales and development functions and affiliated companies, with the common mission of collecting customer information and developing new products. We are constantly operating development projects, which continually share information and generate awareness as they strive to develop products based on new research themes.

At the same time, the results of this high value development work must be commercialized using optimal production systems. We consider improving quality and production efficiency our greatest missions as a manufacturer, and are dedicated to developing our structures and systems. Our “Digital Yatai (digitally-controlled cell production system),” which fully leverages IT equipment, has reduced lead time and ensured reliability in quality.

We consider the effort we put into this manufacturing to be one of the joys of creation, and will continue to engage in proactive, unified company operations in the future.

#### (2) Target Management Benchmarks

Under the medium-term business plan for the period from FY2021 to FY2023, we have set the policy of “Be reborn as true RDG-‘Creativity, Best and Cooperative Enthusiasm,’” and are engaged in the plan’s dual strategies: Transformation into a lean organization and Transformation the business portfolio.

In fiscal year 2021, the first year of the plan, we mainly implemented structural reform measures to achieve the transformation into a lean organization. In addition to migrating and consolidating our mass production function to the Thai plant in order to consolidate production bases, previously located at the Japanese domestic plant and the Thai plant, we endeavored to optimize headcount by implementing an early retirement program at our headquarters.

The Group’s businesses have been impacted by factors such as the spread of COVID-19, procurement difficulties for semiconductors and other parts, and delays and disruptions in marine transport. However, there has been a marked recovery in demand resulting from the resumption of economic activities. Moreover, new needs and trends have arisen even amidst the COVID-19 pandemic.

Under these conditions, we achieved the performance goals for the final year of the medium-term business plan (FY2023) in fiscal year 2021, the first year of the plan, two years ahead of schedule. We have therefore revised our medium-term business strategy based on changing needs in each business field, and reset our performance goals. Our performance goals for FY2023, the final year of the plan, include consolidated net sales of 54,000 million yen, consolidated operating profit of 8,000 million yen (operating profit to net sales of 14.8%), ROE of 17%, and ROIC of 15%. Accordingly, we will aim to transform into a lean organization through continued structural reforms and change the business portfolio by entering into growth markets and new business.

#### (3) Medium to Long Term Business Strategy and Issues to be Addressed

Our group has continued to grow by creating high value-added markets globally based on color & 3D digital control technology. In the medium-term business plan from FY 2021 to FY 2023, we aim to transform our business portfolio. We will work on creating new markets in niche fields where growth is expected, while minimizing the decline in profit margins by changing technologies and pursuing greater efficiency in response to the maturing of our mainstay markets and the increasing competition.

#### 1) Business Fields to be Focused on

We concentrate on fields in which we can bring out our strengths to develop niche and highly value-added business. Specifically, we divide our business into two areas: “DP (Digital Printing) Business” focusing on the printing market, which is expected to undergo a process of change from analog processes such as sign (advertising and signboard production) in existing markets to digital processes; and “DGSHAPE Business” which targets various manufacturing applications that use 3D digital data. DP Business will develop areas that require on-demand printing such as product personalization. DGSHAPE Business will continue expanding in the dental market where digitization of workflow is becoming a notable trend. We will allocate our corporate resource to these focus areas in order to further grow and create new markets.

#### 2) Response to Changes of Markets and Customer Needs

Considering value creation and market creation as the core of growth, flexibility to market changes including diversification of customer needs is critical. Based on our group-wide corporate structure, which enables speedy responses to changes, we will aggressively invest in our core technology innovation and collaborate with external partners to achieve speedy commercialization in order to quickly capture the needs of each region and create new markets.

#### 3) Response to Maturing of Mainstay Markets

The mainstay sign market is maturing in line with the widespread use of inkjet printers. In addition to introducing products with superiority and differentiation, creating business opportunities for customers via development of various other usages and the strengthening of solution proposals, we will focus on maximizing customer value by encouraging a shift to environmentally friendly inks, while also leveraging our global sales network to maintain our strong customer base. Further, we will improve our cost competitiveness by migrating our mass production function to Thailand and reducing R&D cost through implementing platform structures with the intent of creating profitable and continuous business models.

#### 4) Strengthening Organization Management System

For niche and highly value-added market creation, we are required to capture the changing needs of society or individuals rather quickly and promote flexible business activities under the direction of strong leaders with entrepreneurship. By transforming our organizational structure to enable speedy decision-making that accurately grasps market changes, we will realize swift market creation with speedy decision-making.

#### 5) Fundamental review of cost structure

In our medium-term business plan for the three-year period starting in FY2021, we are working on structural reforms aimed at strengthening our competitiveness and transforming ourselves into a company that can adapt to various changes in the business environment.

As part of this plan, we implemented “consolidate our production base to Thailand” and “implement early retirement program” in FY2021. By consolidating the production functions that were carried out at two bases in Japan and Thailand so far, we improve the efficiency of manufacturing. Further we reduced fixed cost by streamlining headcount by implementing an early retirement program.

Through these structural reforms, we will improve our cost competitiveness, secure profitability to survive global competition, and achieve sustainable growth by transforming ourselves into a lean corporate structure.

#### 6) Strengthening R&D and Production Structure

In terms of the structure behind R&D and production, our company thinking is based in the “digital factory” concept, which ensures speedy and effective development and production by sharing digital data company-wide. Multiple products are realized by concurrent engineering, and assembled with cell production system which is optimized for low-volume, high-variety production work.

Furthermore, we are currently aggressively conducting research and development investment to strengthen our technological base in order to respond to rapid changes in the market environment and the diversification of needs. Through unique technological proposals taking advantage of our core technologies, we will advance the creation of additional customer value and high value-added markets.

In production, the mass production function was completely transferred to the Thai plant by the end of FY2021 to strengthen our price competitiveness. The domestic plant is positioned as the mother plant for development of advanced production technologies, high value-added product, and prototype production. In addition, by strengthening PSI (production, sales, and inventory) management, we aim at such achievements as improvement in production lead times and a reduction in inventory, and at the same time we strengthen our capabilities to respond to changes in demand for the realization of further optimization.

#### 7) Improving Business Sustainability

As part of our preparation towards natural disasters, we are striving to improve the continuity of our business activities in areas including supply chain through means such as multi-faceted review of BCP (business continuity planning) as well as carrying out a disaster prevention committee throughout the year. Further, in terms of procurement, we are promoting overseas parts procurement in order to diversify our risk.

#### 8) Response to Sustainability

We set the basic policy on sustainability under which it gives top priority to firmly establish the corporate foundation and sustainably maximize corporate value. In order to achieve that, the Company positions customer value as the most important management issue, and strengthens its ability to provide new value to existing customers by promoting innovations, and to create promising markets by seizing new opportunities for growth.

In order to resolve these issues, it is important for us to foster the employee engagement and their abilities to create an environment in which innovation can occur through the fusion and aufheben (sublation) of diverse values. We will go one step ahead of sustainability issues, including fair and appropriate treatment of the workforce, caring for their health and working environment, and create corporate value through enhancing employee engagement and diversity.

As to shareholder value, we will secure technological uniqueness and the blue ocean markets by refining the creativity of combining the latest digital technology with our core technology of XYZ axis control technology and the marketing ability to develop a niche market utilizing the global network. At the same time as establishing a competitive advantage in the business, we will improve long-term profitability and capital efficiency by implementing optimal capital policies and financial strategies after accurately identifying the company's cost of capital.

As a public company, we recognize that it is our duty to comply with laws and regulations and fulfill our social responsibilities. Under one of our slogans, "cooperative enthusiasm," we engage in CSR activities such as effective use of resources and reduction of environmental impact in accordance with our Code of Conduct, and are working to build a relationship of mutual trust with our stakeholders in order to enhance our corporate value by collaborating with them.

We are taking a number of initiatives to ensure the protection of the environment. This includes considering environmental impact during product development, preparing our facilities to prevent contamination, efforts to reduce energy consumption, and company-wide education on efficient usage and recycling of materials. Furthermore, in order to support the spirit of the SDGs (Sustainable Development Goals) and contribute to the creation of a society that can develop sustainably, we have registered with the Hamamatsu SDGs Platform promoted by Hamamatsu City, where our headquarters is located, and will work on SDGs activities through our businesses.

#### 9) Enhancing Corporate Governance and Strengthening Internal Control

As a listed company, corporate governance is our responsibility to society, and to realize this, we must strengthen the internal control of our company. We have set "Basic Policies on the Internal Control System" as sought by the Companies Act and maintain and operate a risk management structure. Furthermore, regarding internal control for financial reports as instituted by the Financial Instruments and Exchange Act, we are planning structural and organizational measures to ensure the appropriateness of such reports in accordance with the above basic policy.

Furthermore, "Japan's Corporate Governance Code" is applied to companies listed on the Tokyo Stock Exchange. While understanding the purpose and spirit of this code fully and enhancing corporate governance, we will strive for sustainable growth and the increase of corporate value over the medium to long term through active

dialogue with shareholders and investors, etc., by establishing the “Policy for Constructive Dialogue with Shareholders.”

4. Basic Policy on Selection of Accounting Standards

The Group applies Japanese Accounting Standards.

Concerning the future adoption of International Financial Reporting Standards (IFRS), the Group will consider its application while taking into consideration factors such as global adoption and domestic trends.

## 5. Consolidated Financial Statements

### (1) Consolidated Balance Sheets

(Thousands of Yen)

|  | As of<br>December 31, 2020 | As of<br>December 31, 2021 |
|--|----------------------------|----------------------------|
| <b>Assets</b>                          |                            |                            |
| Current assets                         |                            |                            |
| Cash and deposits                      | 12,451,929                 | 14,075,701                 |
| Notes and accounts receivable - trade  | 4,322,860                  | 4,627,044                  |
| Merchandise and finished goods         | 5,226,944                  | 7,309,375                  |
| Work in process                        | 48,291                     | 35,939                     |
| Raw materials and supplies             | 2,763,849                  | 3,529,463                  |
| Other                                  | 1,478,636                  | 1,782,398                  |
| Allowance for doubtful accounts        | (76,584)                   | (48,355)                   |
| Total current assets                   | 26,215,926                 | 31,311,567                 |
| Non-current assets                     |                            |                            |
| Property, plant and equipment          |                            |                            |
| Buildings and structures               | 7,057,705                  | 7,218,003                  |
| Accumulated depreciation               | (4,676,214)                | (4,972,964)                |
| Buildings and structures, net          | 2,381,490                  | 2,245,039                  |
| Machinery, equipment and vehicles      | 920,622                    | 961,561                    |
| Accumulated depreciation               | (680,064)                  | (709,363)                  |
| Machinery, equipment and vehicles, net | 240,558                    | 252,198                    |
| Tools, furniture and fixtures          | 3,822,324                  | 4,050,425                  |
| Accumulated depreciation               | (3,188,089)                | (3,433,568)                |
| Tools, furniture and fixtures, net     | 634,235                    | 616,856                    |
| Land                                   | 3,127,831                  | 3,121,218                  |
| Leased asset-use rights                | 747,604                    | 1,342,745                  |
| Construction in progress               | 47,958                     | 307,913                    |
| Total property, plant and equipment    | 7,179,678                  | 7,885,972                  |
| Intangible assets                      |                            |                            |
| Goodwill                               | 117,600                    | 40,302                     |
| Software                               | 599,779                    | 680,730                    |
| Telephone subscription right           | 7,861                      | 7,616                      |
| Total intangible assets                | 725,240                    | 728,648                    |
| Investments and other assets           |                            |                            |
| Investment securities                  | 3,804                      | 200                        |
| Deferred tax assets                    | 1,358,193                  | 2,166,891                  |
| Other                                  | 818,556                    | 875,935                    |
| Total investments and other assets     | 2,180,553                  | 3,043,026                  |
| Total non-current assets               | 10,085,473                 | 11,657,648                 |
| <b>Total assets</b>                    | <b>36,301,399</b>          | <b>42,969,215</b>          |

(Thousands of Yen)

|   | As of<br>December 31, 2020 | As of<br>December 31, 2021 |
|---|----------------------------|----------------------------|
| <b>Liabilities</b>  |                            |                            |
| Current liabilities   |                            |                            |
| Notes and accounts payable - trade                            | 2,376,126                  | 3,320,694                  |
| Current portion of long-term borrowings                       | 1,440,000                  | —                          |
| Accounts payable - other                                      | 1,327,922                  | 2,275,852                  |
| Lease obligations   | 330,694                    | 329,490                    |
| Income taxes payable  | 181,896                    | 1,464,790                  |
| Provision for bonuses   | 578,570                    | 670,298                    |
| Provision for bonuses for directors (and other officers)      | —                          | 4,000                      |
| Provision for product warranties                              | 440,844                    | 576,245                    |
| Other   | 1,901,105                  | 2,237,366                  |
| Total current liabilities                                     | 8,577,160                  | 10,878,740                 |
| Non-current liabilities                                       |                            |                            |
| Lease obligations   | 449,049                    | 1,051,742                  |
| Provision for employee stock ownership plan trust             | 136,041                    | 132,686                    |
| Provision for share awards for directors (and other officers) | 157,949                    | 106,228                    |
| Retirement benefit liability                                  | 910,676                    | 559,494                    |
| Long-term accounts payable - other                            | 54,138                     | 63,728                     |
| Other   | 1,277,899                  | 1,379,411                  |
| Total non-current liabilities                                 | 2,985,755                  | 3,293,293                  |
| <b>Total liabilities</b>                                      | <b>11,562,916</b>          | <b>14,172,033</b>          |
| <b>Net assets</b>   |                            |                            |
| Shareholders' equity  |                            |                            |
| Share capital   | 3,668,700                  | 3,668,700                  |
| Capital surplus   | 3,700,608                  | 3,700,608                  |
| Retained earnings   | 19,132,487                 | 22,233,208                 |
| Treasury shares   | (644,762)                  | (516,151)                  |
| Total shareholders' equity                                    | 25,857,034                 | 29,086,365                 |
| Accumulated other comprehensive income                        |                            |                            |
| Valuation difference on available-for-sale securities         | (249)                      | —                          |
| Foreign currency translation adjustment                       | (865,396)                  | (335,055)                  |
| Remeasurements of defined benefit plans                       | (253,007)                  | 45,757                     |
| Total accumulated other comprehensive income                  | (1,118,653)                | (289,297)                  |
| Non-controlling interests                                     | 103                        | 113                        |
| <b>Total net assets</b>                                       | <b>24,738,483</b>          | <b>28,797,181</b>          |
| <b>Total liabilities and net assets</b>                       | <b>36,301,399</b>          | <b>42,969,215</b>          |

(2) Consolidated Statements of Operations and Comprehensive Income  
Consolidated Statements of Operations

(Thousands of Yen)

|   | For the fiscal year ended<br>December 31, 2020<br>(From January 1, 2020<br>to December 31, 2020) | For the fiscal year ended<br>December 31, 2021<br>(From January 1, 2021<br>to December 31, 2021) |
|---|--|--|
| Net sales   | 34,780,252   | 45,095,845   |
| Cost of sales   | 21,601,870   | 25,126,929   |
| Gross profit  | 13,178,382   | 19,968,916   |
| Selling, general and administrative expenses                  |  |  |
| Transportation and storage costs                              | 805,478  | 973,295  |
| Advertising and promotion expenses                            | 569,208  | 768,851  |
| Provision of allowance for doubtful accounts                  | 4,928  | 15,629   |
| Provision for product warranties                              | 13,124   | 68,252   |
| Salaries and bonuses  | 6,833,581  | 7,098,799  |
| Provision for bonuses   | 359,582  | 394,346  |
| Provision for bonuses for directors (and other officers)      | —  | 4,000  |
| Provision for employee stock ownership plan trust             | —  | 14,719   |
| Provision for share awards for directors (and other officers) | —  | 50,956   |
| Retirement benefit expenses                                   | 272,128  | 291,920  |
| Travel and transportation expenses                            | 180,717  | 180,029  |
| Depreciation  | 866,043  | 828,012  |
| Commission expenses   | 1,140,044  | 1,407,176  |
| Other   | 1,633,362  | 1,816,591  |
| Total selling, general and administrative expenses            | 12,678,199   | 13,912,580   |
| Operating profit  | 500,183  | 6,056,336  |
| Non-operating income  |  |  |
| Interest income   | 9,931  | 12,279   |
| Dividend income   | 12,908   | 3,462  |
| Gain on valuation of investments in money held in trust       | 42,855   | 54,217   |
| Foreign exchange gains  | —  | 72,416   |
| Subsidy income  | 91,218   | 4,529  |
| Other   | 83,590   | 81,809   |
| Total non-operating income                                    | 240,503  | 228,715  |
| Non-operating expenses  |  |  |
| Interest expenses   | 30,813   | 30,602   |
| Sales discounts   | 92,679   | 119,671  |
| Foreign exchange losses                                       | 164,729  | —  |
| Other   | 29,714   | 52,712   |
| Total non-operating expenses                                  | 317,937  | 202,986  |
| Ordinary profit   | 422,749  | 6,082,064  |

(Thousands of Yen)

|  | For the fiscal year ended<br>December 31, 2020<br>(From January 1, 2020<br>to December 31, 2020) | For the fiscal year ended<br>December 31, 2021<br>(From January 1, 2021<br>to December 31, 2021) |
|--|--|--|
| Extraordinary income                               |  |  |
| Gain on sales of non-current assets                | 15,570   | 109,934  |
| Gain on sale of investment securities              | —  | 750  |
| Refund of customs duty                             | 437,164  | —  |
| Total extraordinary income                         | 452,734  | 110,684  |
| Extraordinary losses                               |  |  |
| Loss on sales and retirement of non-current assets | 21,372   | 43,034   |
| Impairment losses                                  | —  | 315,651  |
| Loss on sales of investment securities             | 5,571  | —  |
| Extra retirement payments                          | —  | 1,237,736  |
| Total extraordinary losses                         | 26,944   | 1,596,423  |
| Profit before income taxes                         | 848,539  | 4,596,325  |
| Income taxes – current                             | 319,678  | 1,757,621  |
| Income taxes – deferred                            | 277,716  | (894,825)  |
| Total income taxes                                 | 597,395  | 862,795  |
| Profit   | 251,144  | 3,733,530  |
| Profit attributable to non-controlling interests   | 13   | 10   |
| Profit attributable to owners of parent            | 251,130  | 3,733,519  |



## (Consolidated Statements of Comprehensive Income)

(Thousands of Yen)

|  | For the fiscal year ended<br>December 31, 2020<br>(From January 1, 2020<br>to December 31, 2020) | For the fiscal year ended<br>December 31, 2021<br>(From January 1, 2021<br>to December 31, 2021) |
|--|--|--|
| Profit   | 251,144  | 3,733,530  |
| Other comprehensive income                                     |  |  |
| Valuation difference on available-for-sale securities          | 1,733  | 249  |
| Foreign currency translation adjustment                        | (159,617)  | 530,340  |
| Remeasurements of defined benefit plans, net of tax            | (34,968)   | 298,765  |
| Total other comprehensive income                               | (192,852)  | 829,355  |
| Comprehensive income   | 58,292   | 4,562,885  |
| Comprehensive income attributable to                           |  |  |
| Comprehensive income attributable to owners of parent          | 58,287   | 4,562,875  |
| Comprehensive income attributable to non-controlling interests | 5  | 10   |

## (3) Consolidated Statements of Changes in Net Assets

For the fiscal year ended December 31, 2020 (From January 1, 2020 to December 31, 2020)

(Thousands of Yen)

|   | Shareholder's equity |                 |                   |                 |                            |
|---|----------------------|-----------------|-------------------|-----------------|----------------------------|
|   | Share capital        | Capital surplus | Retained earnings | Treasury shares | Total shareholders' equity |
| Balance at beginning of period                          | 3,668,700            | 3,700,608       | 19,197,758        | (593,773)       | 25,973,293                 |
| Changes during period                                   |                      |                 |                   |                 |                            |
| Dividends of surplus                                    |                      |                 | (316,401)         |                 | (316,401)                  |
| Profit attributable to owners of parent                 |                      |                 | 251,130           |                 | 251,130                    |
| Purchase of treasury shares                             |                      |                 |                   | (78)            | (78)                       |
| Treasury stock possession of stock ownership plan trust |                      |                 |                   | (97,702)        | (97,702)                   |
| Treasury stock transfer of stock ownership plan trust   |                      |                 |                   | 46,792          | 46,792                     |
| Net changes in items other than shareholders' equity    |                      |                 |                   |                 | —                          |
| Total changes during period                             | —                    | —               | (65,270)          | (50,988)        | (116,258)                  |
| Balance at end of period                                | 3,668,700            | 3,700,608       | 19,132,487        | (644,762)       | 25,857,034                 |

|   | Accumulated other comprehensive income                |   |   |  | 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                          | (1,983)   | (705,787)                               | (218,039)                               | (925,810)                                    | 108                       | 25,047,590       |
| Changes during period                                   |   |   |   |  |                           |                  |
| Dividends of surplus                                    |   |   |   | —  |                           | (316,401)        |
| Profit attributable to owners of parent                 |   |   |   | —  |                           | 251,130          |
| Purchase of treasury shares                             |   |   |   | —  |                           | (78)             |
| Treasury stock possession of stock ownership plan trust |   |   |   | —  |                           | (97,702)         |
| Treasury stock transfer of stock ownership plan trust   |   |   |   | —  |                           | 46,792           |
| Net changes in items other than shareholders' equity    | 1,733   | (159,608)                               | (34,968)                                | (192,843)                                    | (4)                       | (192,848)        |
| Total changes during period                             | 1,733   | (159,608)                               | (34,968)                                | (192,843)                                    | (4)                       | (309,107)        |
| Balance at end of period                                | (249)   | (865,396)                               | (253,007)                               | (1,118,653)                                  | 103                       | 24,738,483       |

For the fiscal year ended December 31, 2021 (From January 1, 2021 to December 31, 2021)

(Thousands of Yen)

|   | Shareholder's equity |                 |                   |                 |                            |
|---|----------------------|-----------------|-------------------|-----------------|----------------------------|
|   | Share capital        | Capital surplus | Retained earnings | Treasury shares | Total shareholders' equity |
| Balance at beginning of period                        | 3,668,700            | 3,700,608       | 19,132,487        | (644,762)       | 25,857,034                 |
| Changes during period                                 |                      |                 |                   |                 |                            |
| Dividends of surplus                                  |                      |                 | (632,798)         |                 | (632,798)                  |
| Profit attributable to owners of parent               |                      |                 | 3,733,519         |                 | 3,733,519                  |
| Purchase of treasury shares                           |                      |                 |                   | (284)           | (284)                      |
| Treasury stock transfer of stock ownership plan trust |                      |                 |                   | 128,895         | 128,895                    |
| Net changes in items other than shareholders' equity  |                      |                 |                   |                 | —                          |
| Total changes during period                           | —                    | —               | 3,100,720         | 128,611         | 3,229,331                  |
| Balance at end of period                              | 3,668,700            | 3,700,608       | 22,233,208        | (516,151)       | 29,086,365                 |

|   | Accumulated other comprehensive income                |   |   |  | 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                        | (249)   | (865,396)                               | (253,007)                               | (1,118,653)                                  | 103                       | 24,738,483       |
| Changes during period                                 |   |   |   |  |                           |                  |
| Dividends of surplus                                  |   |   |   | —  |                           | (632,798)        |
| Profit attributable to owners of parent               |   |   |   | —  |                           | 3,733,519        |
| Purchase of treasury shares                           |   |   |   | —  |                           | (284)            |
| Treasury stock transfer of stock ownership plan trust |   |   |   | —  |                           | 128,895          |
| Net changes in items other than shareholders' equity  | 249   | 530,341                                 | 298,765                                 | 829,356                                      | 10                        | 829,366          |
| Total changes during period                           | 249   | 530,341                                 | 298,765                                 | 829,356                                      | 10                        | 4,058,698        |
| Balance at end of period                              | —   | (335,055)                               | 45,757                                  | (289,297)                                    | 113                       | 28,797,181       |

## (4) Consolidated Statements of Cash Flow

(Thousands of Yen)

|  | For the fiscal year ended<br>December 31, 2020<br>(From January 1, 2020 to<br>December 31, 2020) | For the fiscal year ended<br>December 31, 2021<br>(From January 1, 2021 to<br>December 31, 2021) |
|--|--|--|
| <b>Cash flows from operating activities</b>  |  |  |
| Profit before income taxes   | 848,539  | 4,596,325  |
| Depreciation   | 1,358,055  | 1,245,830  |
| Impairment losses  | —  | 315,651  |
| Amortization of goodwill   | 75,250   | 80,234   |
| Increase (decrease) in allowance for doubtful accounts                               | 5,180  | (32,159)   |
| Increase (decrease) in provision for bonuses   | (28,052)   | 88,225   |
| Increase (decrease) in provision for bonuses for directors (and other officers)      | (44,000)   | 4,000  |
| Increase (decrease) in provision for product warranties                              | (32,493)   | 93,478   |
| Increase (decrease) in provision for employee stock ownership plan trust             | (15,045)   | 17,614   |
| Increase (decrease) in provision for share awards for directors (and other officers) | 22,186   | 56,204   |
| Increase (decrease) reserve for loss on dissolution of employees pension fund        | (4,307)  | —  |
| Increase (decrease) in retirement benefit liability                                  | 32,829   | 74,773   |
| Interest and dividend income   | (22,839)   | (15,741)   |
| Interest expenses  | 30,813   | 30,602   |
| Loss (gain) on sales and retirement of intangible assets                             | 1,334  | 343  |
| Loss (gain) on sales of property, plant and equipment                                | 4,468  | (67,243)   |
| Extra retirement payments  | —  | 1,237,736  |
| Loss (gain) on sales of investment securities  | 5,571  | (750)  |
| Decrease (increase) in trade receivables   | 517,271  | (36,170)   |
| Decrease (increase) in inventories   | 1,490,889  | (2,277,009)  |
| Decrease (increase) in other current assets  | 384,450  | (223,177)  |
| Decrease (increase) in other non-current assets                                      | (84,106)   | (33,269)   |
| Increase (decrease) in trade payables  | 387,663  | 898,186  |
| Increase (decrease) in accounts payable - other                                      | (338,885)  | 376,054  |
| Increase (decrease) in other current liabilities                                     | (170,762)  | 206,051  |
| Increase (decrease) in other non-current liabilities                                 | 72,266   | 51,507   |
| Other, net   | 37,483   | 38,087   |
| Subtotal   | 4,533,762  | 6,725,386  |
| Interest and dividends received  | 27,339   | 26,166   |
| Interest paid  | (29,949)   | (32,097)   |
| Extra retirement payments  | —  | (780,632)  |
| Income taxes paid  | (527,915)  | (574,235)  |
| Net cash provided by (used in) operating activities                                  | 4,003,236  | 5,364,587  |
| <b>Cash flows from investing activities</b>  |  |  |
| Payments into time deposits  | (2,138)  | (85,150)   |
| Proceeds from withdrawal of time deposits  | 10,053   | —  |
| Purchase of property, plant and equipment  | (530,115)  | (1,016,896)  |
| Proceeds from sales of property, plant and equipment                                 | 31,755   | 144,417  |
| Purchase of intangible assets  | (227,690)  | (344,436)  |
| Proceeds from sales of investment securities   | 12,360   | 4,710  |
| Other, net   | (4,312)  | (5,037)  |
| Net cash provided by (used in) investing activities                                  | (710,087)  | (1,302,391)  |

(Thousands of Yen)

|  | For the fiscal year ended<br>December 31, 2020<br>(From January 1, 2020 to<br>December 31, 2020) | For the fiscal year ended<br>December 31, 2021<br>(From January 1, 2021 to<br>December 31, 2021) |
|--|--|--|
| Cash flows from financing activities                           |  |  |
| Repayments of long-term borrowings                             | (1,440,000)  | (1,440,000)  |
| Repayments of lease obligations                                | (355,602)  | (350,445)  |
| Purchase of treasury shares                                    | (97,976)   | (284)  |
| Dividends paid   | (317,072)  | (632,342)  |
| Other, net   | (9)  | —  |
| Net cash provided by (used in) financing activities            | (2,210,661)  | (2,423,072)  |
| Effect of exchange rate change on cash and cash<br>equivalents | 151,758  | (106,753)  |
| Net increase (decrease) in cash and cash equivalents           | 1,234,245  | 1,532,369  |
| Cash and cash equivalents at beginning of period               | 11,199,778   | 12,434,024   |
| Cash and cash equivalents at end of period                     | 12,434,024   | 13,966,394   |

6. Other

Changes to Officers  
(Scheduled on March 24, 2022)

(1) Changes to Representative Director

Not applicable.

(2) Changes to Other Officers

1) New candidate for Director

Andrew Oransky, Director (Currently President and CEO of Roland DGA Corporation)

2) Directors scheduled for retirement

Eli Keersmaekers, Director

Takuo Hirose, Director (Outside)

Note: Takuo Hirose, a director scheduled to retire, is an outside director stipulated in Article 2, Item 15 of the Companies Act.