Consolidated Financial Results
for the Nine Months Ended September 30, 2021 [Japanese GAAP]

November 10, 2021

Company name: Roland DG Corporation
Securities Code: 6789
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Stock exchange listing: Tokyo Stock Exchange
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Scheduled date of filing quarterly securities report: November 11, 2021
Scheduled date of commencing dividend payments: –
Availability of supplementary briefing material on quarterly consolidated financial results: Available
Schedule of quarterly consolidated financial results briefing session: Not scheduled

(Figures are rounded down to the nearest million yen)

1. Consolidated Financial Results for the Nine Months Ended September 30, 2021 (From January 1, 2021 to September 30, 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	%
Nine months ended September 30, 2021	33,413	33.9	4,835	–	4,823	–	2,807	–
Nine months ended September 30, 2020	24,962	(16.5)	(342)	–	(442)	–	(789)	–

(Note) Comprehensive income: Nine months ended September 30, 2021: 3,148 million yen [–%]
Nine months ended September 30, 2020: (1,054) million yen [–%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Nine months ended September 30, 2021	225.59	–
Nine months ended September 30, 2020	(63.38)	–

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of Yen	Millions of Yen	%	Yen
As of September 30, 2021	41,510	27,383	66.0	2,197.97
As of December 31, 2020	36,301	24,738	68.1	1,990.89

(Reference) Equity: As of September 30, 2021: 27,382 million yen
As of December 31, 2020: 24,738 million yen

2. Dividends

	Annual dividends				
	1st quarter end	2nd quarter end	3rd quarter end	Year end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended December 31, 2020	–	0.00	–	10.00	10.00
Fiscal year ending December 31, 2021	–	40.00	–		
Fiscal year ending December 31, 2021 (Forecast)				20.00	60.00

(Note) Revision of dividend forecasts from recently announced figures: No

3. Consolidated Financial Results Forecast for the Fiscal Year Ending December 31, 2021 (From January 1, 2021 to December 31, 2021)

(% indicates changes from the previous corresponding period)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Yen
Full year	43,800	25.9	5,400	979.6	5,500	–	3,400	–	273.10

(Note) Revision of financial results forecasts from recently announced figures: No

*** Notes**

(1) Significant changes of subsidiaries during the nine months ended September 30, 2021 (changes in specified subsidiaries resulting in changes in scope of consolidation): No

(2) Adoption of special accounting methods for preparing Quarterly Consolidated Financial Statement: No

(3) 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

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

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

Nine months ended September 30, 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:

Nine months ended September 30, 2021	198,042 shares
Fiscal year ended December 31, 2020	230,507 shares

3) Average number of shares during the period:

Nine months ended September 30, 2021	12,447,188 shares
Nine months ended September 30, 2020	12,459,443 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 nine months ended September 30, 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 (208,800 shares at the end of the nine months ended September 30, 2021 and 196,611 shares at the end of the nine months ended September 30, 2020).

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

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

  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 “Explanation of Future Forecast Information such as Consolidated Performance Forecast” on page 9.

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1. Results of Operations

(1) Analysis of Results of Operations

During the nine months ended September 30, 2021 (from January 1, 2021 to September 30, 2021), the world economy saw strong signs of a recovery in business conditions due both to measures to prevent the spread of COVID-19 and economic activities, both of which were mainly driven by Europe and North America. 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 remains 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 are promoting structural reforms to strengthen competitiveness and respond flexibly to changes in the business environment. As part of these structural reforms, a call for early voluntary retirement was implemented in February to streamline personnel and reduce fixed costs. Furthermore, we are proceeding with the migration of our mass production function to the Thai plant in order to consolidate production bases, which are located at domestic plant and the Thai plant. At the same time, to transform the business portfolio, we will maintain profitability in existing businesses through enhanced efficiency while utilizing our strengths, and by focusing on growth markets and new markets, we will break free from a sales structure dependent on the sign (outdoor advertising) market. In terms of financial strategies, the cash conversion cycle (CCC) will be improved through inventory reductions and other measures, and cash generating capabilities will be enhanced through improvement of asset efficiency, utilizing cash for growth investment. Under the medium-term business plan, we will aim to enhance corporate value from both the sides of securing profitability and improving capital efficiency.

During the nine months ended September 30, 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 with the reopening of physical exhibitions and events, 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 increased production and gradually eliminating the backlog. This was partly responsible for an increase in sales. At the same time, unstable conditions persisted with regard to supply chains. These included a shortage of ocean freight availability and delays in delivering products, and 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. However, the effect of these issues on the financial results for the nine months ended September 30, 2021 was negligible. These issues, particularly the difficulty in parts procurement, are expected to persist through the fourth quarter of the fiscal year, but we will implement countermeasures as appropriate to ensure that their impact is kept to a minimum.

As a result of these initiatives, both net sales and profit for the nine months ended September 30, 2021 were significantly higher than in the same period of the previous term, partly due to the substantial decline in sales that occurred the previous term due to the impact of COVID-19. Net sales increased by 33.9% compared with the same period of the previous term to 33,413 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 8.1 percentage points from the same period of 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 by 6.4 percentage points from the same period of the previous term due to an increase in personnel expenses, transportation costs, and advertising expenses, but the ratio of selling, general and administrative expenses against net sales fell by 7.7 percentage points from the same period of the previous term. As a result, operating profit was 4,835 million yen (operating loss of 342 million yen for the same period of the previous term), and ordinary profit was 4,823 million yen (ordinary loss of 442 million yen for the same period of the previous term). As expenses associated with the call for early voluntary retirement were recorded as extraordinary losses in the three months ended March 31, 2021, profit attributable to owners of parent was 2,807 million yen (loss of 789 million yen for the same period of the previous term).

The exchange rates for major currencies during the nine months ended September 30, 2021 (average rate during the period from January 2021 to September 2021) were 108.50 yen to the U.S. dollar (107.61 yen for the same period of the previous term) and 129.87 yen to the euro (120.95 yen for the same period of 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	Nine months ended September 30, 2020		Nine months ended September 30, 2021		Changes	Changes in composition ratio (%)	Year-on year change (%)
	Amount	Composition ratio (%)	Amount	Composition ratio (%)			
Printers	7,209	28.9	10,807	32.3	3,598	3.4	149.9
Plotters	736	2.9	884	2.7	148	(0.2)	120.1
3D products	3,183	12.7	5,079	15.2	1,896	2.5	159.6
Supplies	8,876	35.6	10,722	32.1	1,845	(3.5)	120.8
Others	4,956	19.9	5,918	17.7	962	(2.2)	119.4
Total	24,962	100.0	33,413	100.0	8,450	―	133.9

[Printers]

In the sign market, amid increasingly fierce competition due to market maturity and market entry by large companies, we will further solidify the existing customer base by enhancing the provision of added value through technological transformation. We will aim for full-scale entry into both growth markets and new markets through the active promotion of co-creation with external partners. In growth markets, we will launch growth market models, with competitive pricing that meets customer needs. In new markets, we will engage in market expansion by globally expanding products for specific applications which previously were mainly developed in Europe. In March, we launched the VersaUV LEC2-640/330 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 area by increasing the number of supported languages. In addition, we launched sales of EU-1000MF, a large-format UV printer, as a model for growth markets.

During the nine months ended September 30, 2021, sales continued to receive support from 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 demand recovered for applications such as outdoor advertising, leading to an increase in sales of VG2 series printers for the sign market. In addition, the introduction of VersaSTUDIO BN-20 desktop eco-solvent inkjet printers expanded for the in-house and small business market against the backdrop of the growing interest in and utilization of Internet-based business and the increase in startups and side businesses amid restrictions on economic activities due to the COVID-19 pandemic. Since it features small size and simple operation, and is equipped with the print & cut function that enables the on-demand production of stickers in a range of shapes, this model has been well received by a broad range of customers as a printer that meets the diverse needs arising from the COVID-19 pandemic. We carried a backlog of orders for some printers due to the rapid recovery in demand with the resumption of economic activities, but we worked to ensure stable supply, adjusting to increased production and gradually eliminating the backlog. This, in addition to this strong capital investment demand, was responsible for an increase in sales. As a result, printer sales during the nine months ended September 30, 2021 were 10,807 million yen, or 149.9% of the same period 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, as a successor to the existing model. Sales of large format cutters for the sign market and small-scale cutters for the in-house market increased. As a result, plotter sales were 884 million yen, or 120.1% of the same period 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 existing dental business market, we will work to expand the target customer base from dental labs to dental clinics, and strengthen our proposal capabilities in the manufacturing of dentures and implant base as a new digital field. In growth markets, where digitalization is progressing, we will increase sales and market share by launching price-competitive exclusive models with features suitable for customer needs in the respective regions.

In the dental market, dental labs and dental clinics continued to operate at a low capacity in regions where the infection of COVID-19 continues to spread, in order to prevent infection. However, capital investment demand recovered rapidly with the lifting of restrictions and the resumption of economic activities in regions where vaccinations are progressing, leading to strong sales of dental milling machines. In the meantime, we carried a backlog of orders for some dental milling machines due to the rapid recovery in demand, but we worked to ensure stable supply, adjusting to increased production and gradually eliminating the backlog. This was partly responsible for an increase in sales. In addition, we launched the DWX-52Di, a dental milling machine for growth markets in Egypt and some regions in ASEAN, where digitalization is progressing, thereby making a full-scale entry into the markets. As a result, sales of 3D products during the nine months ended September 30, 2021 were 5,079 million yen, or 159.6% of the same period 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 amidst the COVID-19 pandemic, face-to-face exhibitions and events were held in some regions with high vaccination rates, and the recovery of output demand related to advertising and other events resulted in increased consumption of ink. As a result, sales of supplies were 10,722 million yen, or 120.8% of the same period of the previous fiscal year, exceeding the level of the same period of the previous fiscal year.

[Others]

Product utilization rates continued to improve due to the recovery of output demand from customers. As a result, sales of service parts performed strongly, which resulted in other sales of 5,918 million yen, or 119.4% of the same period of the previous fiscal year, exceeding the level of the same period of the previous fiscal year.

Sales by region are as follows.

Net sales by region

(Millions of Yen)

Region	Nine months ended September 30, 2020		Nine months ended September 30, 2021		Changes	Changes in composition ratio (%)	Year-on year change (%)
	Amount	Composition ratio (%)	Amount	Composition ratio (%)			
Japan	3,058	12.2	3,332	10.0	274	(2.2)	109.0
North America	7,830	31.4	10,813	32.4	2,983	1.0	138.1
Europe	9,100	36.5	12,248	36.6	3,147	0.1	134.6
Asia	1,654	6.6	2,286	6.8	632	0.2	138.2
Others	3,319	13.3	4,732	14.2	1,413	0.9	142.6
Total	24,962	100.0	33,413	100.0	8,450	—	133.9

[Japan]

Output demand for events and outdoor advertising slumped due to the continuing restriction of economic activities resulting from requests for self-restraint by local governments in line with the intermittent declarations of a state of emergency. As a result, sales of eco-solvent ink decreased from the same period of the previous fiscal year. However, sales of printers for the sign market and UV printers for the retail market increased. In 3D products, 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 last year. Sales of the DWX-52D and DWX-52DCi, our mainstay models, also increased. As a result, net sales in Japan were 3,332 million yen, or 109.0% of the same period of the previous fiscal year.

[North America]

During the nine months ended September 30, 2021, various restrictions that had been implemented to curb the spread of COVID-19, such as store entry restrictions and limits on the number of event participants, were lifted as vaccination rates rose, and economic activity progressively recommenced. Capital investment demand was vigorous in the dental market, and sales of dental milling machines were strong. In addition, 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 due to the COVID-19 pandemic. 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 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 progressive sale 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 North America were 10,813 million yen, or 138.1% of the same period of the previous fiscal year, an increase attributable partly to the decline in sales that occurred due to the impact of COVID-19 in the previous fiscal year.

[Europe]

During the nine months ended September 30, 2021, although economic activities were restricted in some regions due to the implementation of measures to curb the spread of infection, capital investment demand was strong for printers and 3D products. In printers, sales of printers for the sign and retail markets increased significantly. In 3D products, sales of the DWX-52DCi, which features high productivity, increased in the dental market. Sales were also boosted by the progressive sale 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 12,248 million yen, or 134.6% of the same period of the previous fiscal year, an increase attributable partly to the decline in sales that occurred due to the impact of COVID-19 in the previous fiscal year, along with the effects of a weaker yen against the euro.

[Asia]

In China, economic activity was progressively resumed in line with the rise in vaccination rates, and face-to-face events were held in the dental market. Although overall sales decreased substantially due to the impact of COVID-19 in the same period of the previous fiscal year, sales of dental milling machines and service parts rose in the nine months ended September 30, 2021, largely exceeding that of the same period of the previous fiscal year. Sales of dental milling machines increased significantly in India, where the digitalization of the dental market is progressing. Although sales of printers and supplies decreased 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, increased. As a result, net sales in Asia were 2,286 million yen, or 138.2% of the same period 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 same period of the previous fiscal year. In Brazil, sales of printers and service parts for the sign market decreased, and the impact from the appreciation of the yen against the Brazilian real was significant, resulting in lower overall sales than in the same period of the previous fiscal year. In the Middle East region, sales of dental milling machines increased mainly in Egypt and Saudi Arabia. As a result, net sales in these regions were 4,732 million yen, or 142.6% of the same period of the previous fiscal year.

(2) Explanation of Financial Position

[Assets]

Total assets as of the end of the third quarter increased by 5,209 million yen compared with end-of-term consolidated totals last year to a total of 41,510 million yen (114.3% of year-end consolidated totals last term). With regard to current assets, cash and deposits, notes and accounts receivable – trade and inventories increased by 879 million yen, 971 million yen and 1,862 million yen, respectively. In non-current assets, leased asset-use rights and deferred tax assets increased by 277 million yen and 854 million yen, respectively.

[Liabilities]

Liabilities as of the end of the third quarter increased by 2,564 million yen to a total of 14,127 million yen (122.2% of year-end consolidated totals last term). With regard to current liabilities, current portion of long-term borrowings decreased by 1,080 million yen, but notes and accounts payable – trade, income taxes payable and other current liabilities resulting from the recording of accrued expenses from the implementation of early voluntary retirement increased by 666 million yen, 1,209 million yen and 917 million yen, respectively. In non-current liabilities, lease obligations increased by 365 million yen.

[Net assets]

Net assets as of the end of the third quarter increased by 2,644 million yen to a total of 27,383 million yen (110.7% of year-end consolidated totals last term). 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 stock benefit trust plan for officers and employees, but retained earnings increased by 2,175 million yen mainly due to the financial results for the nine months under review, and foreign currency translation adjustment increased by 302 million yen mainly due to the effects of a weaker yen.

(3) Explanation of Future Forecast Information such as Consolidated Performance Forecast

There are no changes to the consolidated financial results forecasts for the fiscal year ending December 31, 2021, which were announced on August 6, 2021. In the event of any changes going forward, these will be disclosed as appropriate.

2. Consolidated Financial Statements and Primary Notes

(1) Consolidated Balance Sheets

(Thousands of Yen)

	As of December 31, 2020	As of September 30, 2021
Assets		
Current assets		
Cash and deposits	12,451,929	13,330,951
Notes and accounts receivable - trade	4,322,860	5,294,243
Merchandise and finished goods	5,226,944	6,471,614
Work in process	48,291	261,856
Raw materials and supplies	2,763,849	3,167,911
Other	1,478,636	1,649,582
Allowance for doubtful accounts	(76,584)	(79,020)
Total current assets	26,215,926	30,097,139
Non-current assets		
Property, plant and equipment		
Buildings and structures	7,057,705	7,114,430
Accumulated depreciation	(4,676,214)	(4,725,448)
Buildings and structures, net	2,381,490	2,388,981
Machinery, equipment and vehicles	920,622	938,882
Accumulated depreciation	(680,064)	(688,840)
Machinery, equipment and vehicles, net	240,558	250,042
Tools, furniture and fixtures	3,822,324	4,006,073
Accumulated depreciation	(3,188,089)	(3,359,723)
Tools, furniture and fixtures, net	634,235	646,349
Land	3,127,831	3,107,211
Leased asset-use rights	747,604	1,024,836
Construction in progress	47,958	113,463
Total property, plant and equipment	7,179,678	7,530,884
Intangible assets		
Goodwill	117,600	60,147
Software	599,779	644,954
Telephone subscription right	7,861	7,677
Total intangible assets	725,240	712,779
Investments and other assets		
Investment securities	3,804	200
Deferred tax assets	1,358,193	2,212,469
Other	818,556	957,012
Total investments and other assets	2,180,553	3,169,681
Total non-current assets	10,085,473	11,413,346
Total assets	36,301,399	41,510,486

(Thousands of Yen)

	As of December 31, 2020	As of September 30, 2021
Liabilities		
Current liabilities		
Notes and accounts payable - trade	2,376,126	3,042,413
Current portion of long-term borrowings	1,440,000	360,000
Lease obligations	330,694	247,479
Income taxes payable	181,896	1,391,116
Provision for bonuses	578,570	974,805
Provision for bonuses for directors (and other officers)	–	3,000
Provision for product warranties	440,844	528,295
Other	3,229,028	4,146,767
Total current liabilities	8,577,160	10,693,878
Non-current liabilities		
Lease obligations	449,049	814,161
Provision for employee stock ownership plan trust	136,041	128,915
Provision for share-based remuneration for directors (and other officers)	157,949	87,099
Retirement benefit liability	910,676	910,827
Long-term accounts payable - other	54,138	58,531
Other	1,277,899	1,434,028
Total non-current liabilities	2,985,755	3,433,563
Total liabilities	11,562,916	14,127,441
Net assets		
Shareholders' equity		
Share capital	3,668,700	3,668,700
Capital surplus	3,700,608	3,700,608
Retained earnings	19,132,487	21,307,621
Treasury shares	(644,762)	(515,956)
Total shareholders' equity	25,857,034	28,160,974
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(249)	–
Foreign currency translation adjustment	(865,396)	(562,397)
Remeasurements of defined benefit plans	(253,007)	(215,635)
Total accumulated other comprehensive income	(1,118,653)	(778,033)
Non-controlling interests	103	103
Total net assets	24,738,483	27,383,044
Total liabilities and net assets	36,301,399	41,510,486

(2) Consolidated Statements of Operations and Comprehensive Income

Consolidated Statements of Operations

(For the nine months ended September 30, 2020 and September 30, 2021)

(Thousands of Yen)

	For the nine months ended September 30, 2020 (From January 1, 2020 to September 30, 2020)	For the nine months ended September 30, 2021 (From January 1, 2021 to September 30, 2021)
Net sales	24,962,767	33,413,328
Cost of sales	15,894,408	18,568,258
Gross profit	9,068,359	14,845,070
Selling, general and administrative expenses		
Transportation and storage costs	589,815	709,562
Advertising and promotion expenses	437,412	480,655
Provision of allowance for doubtful accounts	8,638	15,070
Provision for product warranties	16,265	53,607
Salaries and bonuses	4,836,783	4,974,864
Provision for bonuses	438,355	558,813
Provision for bonuses for directors (and other officers)	–	3,000
Provision for employee stock ownership plan trust	–	11,002
Provision for share-based remuneration for directors (and other officers)	–	31,826
Retirement benefit expenses	196,786	221,256
Travel and transportation expenses	153,244	106,762
Depreciation	627,002	597,962
Commission expenses	863,526	928,187
Other	1,243,039	1,317,265
Total selling, general and administrative expenses	9,410,870	10,009,836
Operating profit (loss)	(342,511)	4,835,234
Non-operating income		
Interest income	7,232	7,069
Dividend income	12,803	3,462
Gain on valuation of investments in money held in trust	6,550	37,421
Foreign exchange gains	–	16,578
Subsidy income	90,425	3,797
Other	67,024	47,540
Total non-operating income	184,035	115,870
Non-operating expenses		
Interest expenses	19,385	20,665
Sales discounts	60,167	83,831
Foreign exchange losses	185,378	–
Other	19,345	23,392
Total non-operating expenses	284,276	127,890
Ordinary profit (loss)	(442,752)	4,823,214

(Thousands of Yen)

	For the nine months ended September 30, 2020 (From January 1, 2020 to September 30, 2020)	For the nine months ended September 30, 2021 (From January 1, 2021 to September 30, 2021)
Extraordinary income		
Gain on sales of non-current assets	12,341	108,478
Gain on sales of investment securities	–	750
Total extraordinary income	12,341	109,228
Extraordinary losses		
Loss on sales and retirement of non-current assets	8,503	11,914
Loss on sales of investment securities	5,571	–
Extra retirement payments	–	1,247,457
Total extraordinary losses	14,075	1,259,372
Profit (loss) before income taxes	(444,486)	3,673,070
Income taxes - current	179,468	1,706,594
Income taxes - deferred	165,745	(841,465)
Total income taxes	345,213	865,129
Profit (loss)	(789,699)	2,807,941
Profit attributable to non-controlling interests	12	8
Profit (loss) attributable to owners of parent	(789,711)	2,807,932

(Consolidated Statements of Comprehensive Income)

(Thousands of Yen)

	For the nine months ended September 30, 2020 (From January 1, 2020 to September 30, 2020)	For the nine months ended September 30, 2021 (From January 1, 2021 to September 30, 2021)
Profit (loss)	(789,699)	2,807,941
Other comprehensive income		
Valuation difference on available-for-sale securities	1,713	249
Foreign currency translation adjustment	(294,020)	302,990
Remeasurements of defined benefit plans, net of tax	27,534	37,372
Total other comprehensive income	(264,772)	340,613
Comprehensive income	(1,054,471)	3,148,554
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(1,054,470)	3,148,553
Comprehensive income attributable to non-controlling interests	(1)	0

(3) Notes on Consolidated Financial Statements

(Notes on Going Concern Assumption)

Not applicable.

(Notes in Case of Significant Changes in Shareholders' Equity)

At the Company's 40th Ordinary General Meeting of Shareholders held on March 18, 2021, a resolution was passed to reduce the amount of legal capital surplus of 3,700,603 thousand yen by 2,800,000 thousand yen, and to transfer this amount to other capital surplus, effective from April 30, 2021.

This was a transfer between accounts within shareholders' equity, and did not change the total amount of the Company's shareholders' equity.

(Additional Information)

(Merger of consolidated subsidiaries)

At the Company's Board of Directors Meeting held on August 30, 2021, a resolution was passed to merge the Company's consolidated subsidiary, Roland DG Benelux N.V., as the surviving company, with the Company's consolidated subsidiary, Roland DG Europe Holdings B.V., as the non-surviving company, and to change the trade name of the surviving company, effective January 1, 2022.

1. Overview of the transaction

(1) Name and business description of the company or business subject to the business combination

Company name	Business description
Roland DG Benelux N.V.	Provision of services including sales promotion and after-sales service
Roland DG Europe Holdings B.V.	Holding company in Europe Sales of computer peripheral devices

(2) Date of business combination

January 1, 2022

(3) Legal format of business combination

An absorption-type merger with Roland DG Benelux N.V. as the surviving company and Roland DG Europe Holdings B.V. as the non-surviving company.

(4) Trade name after the business combination

Roland DG EMEA N.V.

(5) Objective of the business combination

In the medium-term business plan with fiscal year 2021 as the first year, the Company has positioned "transformation into a lean organization" as one of its basic strategies with the aim of restructuring overseas sales subsidiaries and improving their efficiency. The objective of this business combination is to improve management efficiency and strengthen governance by consolidating management resources in the Europe region.

2. Overview of accounting treatment

Based on the "Accounting Standard for Business Combinations" (ASBJ Statement No. 21, January 16, 2019) and "Implementation Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures" (ASBJ Guidance No. 10, January 16, 2019), the business combination will be accounted for as a transaction under common control.

(Significant Subsequent Events)

Not applicable.