Consolidated Financial Results
for the Three Months Ended March 31, 2022 [Japanese GAAP]

May 12, 2022

Company name: Roland DG Corporation
Securities Code: 6789
URL: www.rolanddg.com
Stock exchange listing: Tokyo Stock Exchange
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Scheduled date of filing quarterly securities report: May 13, 2022
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 Three Months Ended March 31, 2022 (From January 1, 2022 to March 31, 2022)

(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	%
Three months ended March 31, 2022	11,316	–	1,293	–	1,467	–	925	–
Three months ended March 31, 2021	10,298	13.9	1,031	218.0	1,108	710.6	(215)	–

(Note) Comprehensive income: Three months ended March 31, 2022: 1,636 million yen [–%]
Three months ended March 31, 2021: 198 million yen [–%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended March 31, 2022	74.25	–
Three months ended March 31, 2021	(17.34)	–

(Note) The "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020), etc. has been adopted from the beginning of the first quarter of the fiscal year ending December 31, 2022. As a result, each figure for the first quarter of the fiscal year ending December 31, 2022 is based on the application of the said standard, etc., and the year-on-year percentage change is not presented.

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of Yen	Millions of Yen	%	Yen
As of March 31, 2022	42,706	29,674	69.5	2,381.89
As of December 31, 2021	42,969	28,797	67.0	2,311.49

(Reference) Equity: As of March 31, 2022: 29,674 million yen
As of December 31, 2021: 28,797 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, 2021	–	40.00	–	60.00	100.00
Fiscal year ending December 31, 2022	–				
Fiscal year ending December 31, 2022 (Forecast)		50.00	–	80.00	130.00

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

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 to owners of parent		Basic earnings per share
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of 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

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

*** Notes**

(1) Significant changes of subsidiaries during the three months ended March 31, 2022 (changes in specified subsidiaries resulting in changes in scope of consolidation): Yes
Newly included: –, Excluded: 1 (Company name: Roland DG Europe Holdings B.V.)

(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: Yes
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):

Three months ended March 31, 2022	12,656,311 shares
Fiscal year ended December 31, 2021	12,656,311 shares

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

Three months ended March 31, 2022	197,908 shares
Fiscal year ended December 31, 2021	198,108 shares

3) Average number of shares during the period:

Three months ended March 31, 2022	12,458,403 shares
Three months ended March 31, 2021	12,425,804 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 (197,500 shares at the end of the three months ended March 31, 2022 and 197,700 shares at the end of the fiscal year ended December 31, 2021). 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 (197,500 shares at the end of the three months ended March 31, 2022 and 230,200 shares at the end of the three months ended March 31, 2021).

* 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 11.

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1. Results of Operations

(1) Analysis of Results of Operations

During the three months ended March 31, 2022 (from January 1, 2022 to March 31, 2022), although the world economy saw a slow-down in growth because of the renewed spread of COVID-19 variants, the shortage of semiconductors and other components, soaring energy costs, etc., there was progress in terms of both infection prevention measures and economic activities. However, with the invasion of Ukraine by Russia, the outlook has become increasingly uncertain, and the situation remains one that is highly unpredictable.

Under this business environment, the group is engaged in a three-year medium-term business plan (FY2021 – FY2023) based on the core strategies of transforming the company into a lean organization and transforming the business portfolio. In the first year of the plan, fiscal year 2021, we have mainly been working on structural reforms, and have made great strides towards the transformation into a lean business organization. In terms of business, we have been able to respond to the changing needs of the market caused by the impact of COVID-19. As a result, as we were able to achieve our consolidated operating profit target set for fiscal year 2023, the final year of the medium-term business plan, two-years ahead of schedule, we have redefined our consolidated performance targets. Accordingly, as there are expected growth markets within existing businesses and new areas with growth potential, we have, with the aim of proactively allocating management resources into these areas, revised our strategic categories to Visual Communication, Digital Fabrication, Dental, and Service, Software & Others. By categorizing based on business area rather than by product, we will be able to visualize trends in each area while also gaining a clearer picture of what the company's growth areas and mainstay areas are. Further, we will create new categories to be used for disclosure of sales.

Strategic Categories

Category Name	Application / Main Product Category	Overview of Strategy
Visual Communication (VC) 	Large format printers and ink for use with advertising boards and decorative displays	Although there is a maturing trend in the area of advertising boards, there has been increasing demand for Visual Communication aimed at consumers such as, interior/exterior decorative displays or interior displays in stores. Our aim is to maintain and expand our customer base while expanding the range of suitable applications enabled through increasing the range of solutions available through an increased diversity of ink types.
Digital Fabrication (DF) 	Product that enables on-demand personalization and customization	A field in which we can bring to life the concept behind our company's products: “Wide Variety with Low Volumes, Small and Compact, On-Demand, Simple Operation, and High Quality.” We will provide printers, cutting machines and 3D products to small businesses, online vendors, and retailers to enable on-demand production of a wide variety of products at low volumes, including for personalized requests or

		customized requests for meeting niche demand.
Dental 	Dental milling machines for the fabrication of dental prostheses (crowns and fillings)	Since the launch of our first dental milling machines in 2010, we have been promoting market expansion, mainly in developed countries such as Europe and North America and Japan. Moving forward, we expect for the digitization of the workflow for fabricating dental prostheses in growth market regions such as ASEAN, Latin America, Eastern Europe, the Middle East, and Africa to advance. Furthermore, we have also set our sights on expanding into not only dental labs, but also into dental clinics, and we are growing this as a pillar of our company's business, regardless of whether in developed or growth markets.
Service, Software & Others (SSO) 	Service parts, maintenance fee, and connected services related	In addition to supplying service parts and maintenance services, we are also aiming to establish an SaaS business through the provision of connected services through software.

During the three months ended March 31, 2022, demand for capital investment and output demand remained high owing to further relaxation of restrictions on the hosting of on-site exhibitions and live events and on the numbers of attendees at such events aimed at achieving a balance between infection control and enabling economic activities. Meanwhile, in terms of supply, while the shortage of semiconductors and other electronic components and the long ship delivery times continue, we have been making adjustments to our production processes, including flexibly reviewing production plans, so as to minimize the impact of such on our business. However, there remain some order backlogs for some models. Further, in response to the situation in Ukraine, we have suspended both the business of our consolidated subsidiaries in Russia as well as the shipping of products to Russia. Sales from Russia and surrounding regions account for only a small proportion of our total sales, and so these suspensions will only result in a minor direct impact on our business performance.

As a result of these initiatives, net sales for the three months ended March 31, 2022 increased by 9.9% compared with the same period of the previous term to 11,316 million yen. The ratio of cost of sales improved by 0.9 percentage points from the same period of the previous term owing to the consolidation of manufacturing bases to Thailand despite there being some aggravating factors such as soaring parts prices and marine transportation costs. Selling, general and administrative expenses were higher than the same period of the previous term due to an increase in advertising expenses and personnel expenses; however, the ratio of selling, general and administrative expenses against net sales fell by 0.5 percentage points from the same period of the previous term. As a result, operating profit increased by 25.4% compared with the same period of the previous term to 1,293 million yen, and ordinary profit increased by 32.4% compared with the same period of the previous term to 1,467 million yen. Profit attributable to owners of parent was 925 million yen (215 million yen of loss attributable to owners of parent as expenses associated with calls for early voluntary retirement were recorded as extraordinary losses for the same period of the previous term.)

Further, the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29; March 31, 2020) has been applied from the three months ended March 31, 2022. For details, please refer to “(3) Notes on Consolidated Financial Statements (Changes in Accounting Policies)” in “2. Consolidated Financial Statements and Primary Notes.”

The exchange rates for major currencies during the three months ended March 31, 2022 (average rate during the period from January 2022 to March 2022) were 116.20 yen to the U.S. dollar (105.91 yen for the same period of the previous term) and 130.43 yen to the euro (127.72 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.

From this fiscal year, we will change the existing categories for disclosure of sales by product to new categories by market and by product, as shown below. With regard to year-on-year comparisons, the figures for the previous period have been reclassified to match the categorization of the figures for sales by market and sales by product. No changes have been made to the categories for disclosure of sales by region.

<New Category> Net Sales by Market

(Millions of Yen)

Market	Three months ended March 31, 2021		Three months ended March 31, 2022		Changes	Changes in composition ratio (%)	Year-on year change (%)
	Amount	Composition ratio (%)	Amount	Composition ratio (%)			
Visual Communication	4,680	45.5	5,186	45.8	505	0.3	110.8
Digital Fabrication	2,198	21.3	2,509	22.2	311	0.9	114.2
Dental	1,373	13.3	1,529	13.5	156	0.2	111.4
Service, Software & Others	2,046	19.9	2,090	18.5	43	(1.4)	102.1
Total	10,298	100.0	11,316	100.0	1,018	–	109.9

<New Category> Net Sales by Product

(Millions of Yen)

Product	Three months ended March 31, 2021		Three months ended March 31, 2022		Changes	Changes in composition ratio (%)	Year-on year change (%)
	Amount	Composition ratio (%)	Amount	Composition ratio (%)			
Hardware	5,063	49.2	5,843	51.6	780	2.4	115.4
Supplies	3,247	31.5	3,485	30.8	238	(0.7)	107.3
Service Parts & Other	1,987	19.3	1,987	17.6	0	(1.7)	100.0
Total	10,298	100.0	11,316	100.0	1,018	–	109.9

[Visual Communication (VC)]

VC comprises our traditional eco-solvent printers (VC-Solvent) and other printers (VC-Other) and our aim in this area is to develop new markets and bolster, maintain, and expand our customer base by offering an increased variety of inks and expanding the range of solutions we offer. For VC-Solvent, in the three months ended March 31, 2022, sales of eco-solvent printers and inks exceeded the level of the same period of the previous fiscal year. Further to this, in March, we launched the latest model in the TrueVIS Series, the mainstay model for VC-Solvent, for use in production of signboards (advertising, etc.). Through the adoption of a new platform, we are pursuing prints of the highest quality while also aiming to streamline future product development and reduce development costs. For VC-Other, sales of LEC2 Series UV printers and UV ink contributed to net sales. As a result, VC sales were 5,186 million yen, or 110.8% of the same period of the previous fiscal year, exceeding the level of the same period of the previous fiscal year.

[Digital Fabrication (DF)]

For DF, our goal is to create new markets and applications by proposing to small businesses, online vendors, and retailers the product categories that can meet the demand for personalization geared towards specific customer needs that are rapidly expanding in recent years as well as for customization for meeting specific niche applications. In the three months ended March 31, 2022, sales of the BN-20/20A desktop eco-solvent inkjet printer were strong. Also, we have proceeded with the rollout of the LEC2 S Series UV printer, a co-creation product developed primarily for the European market for use in customization type applications, to North America and Asia. As a result, DF sales were 2,509 million yen, or 114.2% of the same period of the previous fiscal year, exceeding the level of the same period of the previous fiscal year.

[Dental]

We will now separately categorize sales to the dental market, which previously was included under the “3D products” category in the categorization by product system used heretofore. For Dental, owing to the increased demand for insourcing of dental technical work in developed countries in order to enable to the provision of safe and timely treatment, the introduction of the DWX-42W wet dental milling machine has been progressing among dental clinics with dental labs and internal labs. In growth markets, against a backdrop of the move towards the digitizing of the workflow for fabricating dental prostheses, we launched the DWX-52Di, a dental milling machine for growth markets, in 2021, with sales progressing in the Middle East, ASEAN, and Latin America. As a result, Dental sales were 1,529 million yen, or 111.4% of the same period of the previous fiscal year, exceeding the level of the same period of the previous fiscal year.

[Service, Software & Others (SSO)]

Sales of service parts decreased from the same period of the previous fiscal year. However, SSO sales were 2,090 million yen, or 102.1% of the same period of the previous fiscal year, owing to an increase in other maintenance expenses.

(Reference)

With regard to the year-on-year comparisons below, the figures for the three months ended March 31, 2022 have been reclassified to match the categorization of figures for sales by product under the previously used categories.

<Old Categories> Net Sales by Product

(Millions of Yen)

Product	Three months ended March 31, 2021		Three months ended March 31, 2022		Changes	Changes in composition ratio (%)	Year-on year change (%)
	Amount	Composition ratio (%)	Amount	Composition ratio (%)			
Printers	3,232	31.4	3,840	33.9	608	2.5	118.8
Plotters	336	3.3	305	2.7	(30)	(0.6)	90.8
3D products	1,494	14.5	1,697	15.0	203	0.5	113.6
Supplies	3,247	31.5	3,485	30.8	238	(0.7)	107.3
Others	1,987	19.3	1,987	17.6	0	(1.7)	100.0
Total	10,298	100.0	11,316	100.0	1,018	–	109.9

Sales by region are as follows.

Net sales by region

(Millions of Yen)

Region	Three months ended March 31, 2021		Three months ended March 31, 2022		Changes	Changes in composition ratio (%)	Year-on year change (%)
	Amount	Composition ratio (%)	Amount	Composition ratio (%)			
Japan	1,167	11.4	1,347	11.9	180	0.5	115.4
North America	3,103	30.1	3,859	34.1	756	4.0	124.4
Europe	3,739	36.3	3,880	34.3	141	(2.0)	103.8
Asia	723	7.0	772	6.8	49	(0.2)	106.8
Others	1,564	15.2	1,455	12.9	(109)	(2.3)	93.0
Total	10,298	100.0	11,316	100.0	1,018	–	109.9

[Japan]

Despite the restriction of economic activities such as the implementation of semi-emergency coronavirus measures owing to the renewed spread of new variants of COVID-19, in the DF area, sales of MDX Series 3D digital fabrication machines and desktop UV printers increased. For VC, sales of eco-solvent printers for the sign market increased following a recovery in output demand for events. As a result, net sales in Japan were 1,347 million yen, or 115.4% of the same period of the previous fiscal year.

[North America]

Despite the impact of the renewed spread of new variants of COVID-19, capital investment demand was vigorous owing to the recommencement of economic activity. During the three months ended March 31, 2022, against a backdrop of growth in the e-commerce market for DF, sales of the BN-20/20A desktop eco-solvent inkjet printer increased significantly. Sales also increased for Dental, primarily of the DWX-52DCi high-productivity model. As a result, net sales in North America were strong at 3,859 million yen, or 124.4% of the same period of the previous fiscal year, an increase partly attributable to the effects of a weaker yen against the dollar.

[Europe]

Despite the impact of the renewed spread of new variants of COVID-19, capital investment demand was strong with economic activities heading towards normalization. For VC, sales of eco-solvent printers for the sign market were in line with those for the previous fiscal year, but for DF, sales of LEC2 S Series flatbed type UV printer, a co-creation model in collaboration with an external partner, increased. Sales also increased for Dental, primarily in Italy, Spain, and the United Kingdom. As a result, net sales in Europe were 3,880 million yen, or 103.8% of the same period of the previous fiscal year, an increase partly attributable to the effects of a weaker yen against the euro.

[Asia]

In China, sales were sluggish, but in India, where the digitization of the dental market is underway, we have been successful in developing sales channels and sales of dental milling machines have therefore increased significantly. As a result, net sales in Asia were 772 million yen, or 106.8% of the same period of the previous fiscal year.

[Other Regions]

Sales from Latin America, including Brazil, exceeded the level of the same period of the previous fiscal year. However, in Australia, despite an increase in sales of dental milling machines, sales of eco-solvent printers for the sign market decreased. As a result, net sales in these regions were 1,455 million yen, or 93.0% of the previous fiscal year.

(2) Explanation of Financial Position

[Assets]

Total assets as of the end of the first quarter decreased by 262 million yen compared with end-of-term consolidated totals last year to a total of 42,706 million yen (99.4% of year-end consolidated totals last term).

With regard to current assets, cash and deposits decreased by 2,313 million yen, but notes and accounts receivable – trade and inventories increased by 944 million yen and 892 million yen, respectively. In non-current assets, construction in progress decreased by 213 million yen due to the completion of the expansion of the factory of our Thai subsidiary and other factors, but buildings and structures increased by 351 million yen.

[Liabilities]

Liabilities as of the end of the first quarter decreased by 1,139 million yen to a total of 13,032 million yen (92.0% of year-end consolidated totals last term). With regard to current liabilities, in addition to accounts payable – other decreasing by 935 million yen as a result of the payment of extra retirement benefits associated with the implementation of an early voluntary retirement program and other factors, income taxes payable also decreased by 1,153 million yen, but provision for bonuses and other expenses such as deposits increased by 280 million yen and 599 million yen, respectively. In non-current liabilities, there we no major changes in particular.

[Net assets]

Net assets as of the end of the first quarter increased by 877 million yen to a total of 29,674 million yen (103.0% of year-end consolidated totals last term). Although there was a decrease compared with the end of the previous fiscal year due to payments of dividends, retained earnings increased by 165 million yen mainly due to the financial results for the three months under review, and foreign currency translation adjustment increased by 713 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 six months ending June 30, 2022 and fiscal year ending December 31, 2022, which were announced on February 14, 2022. 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, 2021	As of March 31, 2022
Assets		
Current assets		
Cash and deposits	14,075,701	11,762,404
Notes and accounts receivable - trade	4,627,044	5,571,861
Merchandise and finished goods	7,309,375	7,881,108
Work in process	35,939	95,045
Raw materials and supplies	3,529,463	3,791,367
Other	1,782,398	1,596,233
Allowance for doubtful accounts	(48,355)	(53,240)
Total current assets	31,311,567	30,644,779
Non-current assets		
Property, plant and equipment		
Buildings and structures	7,218,003	7,681,769
Accumulated depreciation	(4,972,964)	(5,084,994)
Buildings and structures, net	2,245,039	2,596,774
Machinery, equipment and vehicles	961,561	1,030,970
Accumulated depreciation	(709,363)	(730,954)
Machinery, equipment and vehicles, net	252,198	300,015
Tools, furniture and fixtures	4,050,425	4,294,958
Accumulated depreciation	(3,433,568)	(3,554,360)
Tools, furniture and fixtures, net	616,856	740,597
Land	3,121,218	3,146,783
Leased asset-use rights	1,342,745	1,344,148
Construction in progress	307,913	94,027
Total property, plant and equipment	7,885,972	8,222,346
Intangible assets		
Goodwill	40,302	21,126
Software	680,730	731,536
Telephone subscription right	7,616	7,570
Total intangible assets	728,648	760,233
Investments and other assets		
Investment securities	200	200
Deferred tax assets	2,166,891	2,130,118
Other	875,935	949,105
Total investments and other assets	3,043,026	3,079,423
Total non-current assets	11,657,648	12,062,003
Total assets	42,969,215	42,706,783

(Thousands of Yen)

	As of December 31, 2021	As of March 31, 2022
Liabilities		
Current liabilities		
Notes and accounts payable - trade	3,320,694	3,281,409
Accounts payable - other	2,275,852	1,340,528
Lease obligations	329,490	344,176
Income taxes payable	1,464,790	311,765
Provision for bonuses	670,298	950,642
Provision for bonuses for directors (and other officers)	4,000	20,075
Provision for product warranties	576,245	587,971
Other	2,237,366	2,837,324
Total current liabilities	10,878,740	9,673,894
Non-current liabilities		
Lease obligations	1,051,742	1,042,145
Provision for employee stock ownership plan trust	132,686	135,341
Provision for share awards for directors (and other officers)	106,228	107,968
Retirement benefit liability	559,494	553,855
Long-term accounts payable - other	63,728	77,877
Other	1,379,411	1,440,974
Total non-current liabilities	3,293,293	3,358,164
Total liabilities	14,172,033	13,032,058
Net assets		
Shareholders' equity		
Share capital	3,668,700	3,668,700
Capital surplus	3,700,608	3,700,608
Retained earnings	22,233,208	22,398,859
Treasury shares	(516,151)	(515,276)
Total shareholders' equity	29,086,365	29,252,891
Accumulated other comprehensive income		
Foreign currency translation adjustment	(335,055)	378,736
Remeasurements of defined benefit plans	45,757	42,966
Total accumulated other comprehensive income	(289,297)	421,702
Non-controlling interests	113	131
Total net assets	28,797,181	29,674,725
Total liabilities and net assets	42,969,215	42,706,783

(2) Consolidated Statements of Operations and Comprehensive Income

Consolidated Statements of Operations

(For the three months ended March 31, 2021 and March 31, 2022)

(Thousands of Yen)

	For the three months ended March 31, 2021 (From January 1, 2021 to March 31, 2021)	For the three months ended March 31, 2022 (From January 1, 2022 to March 31, 2022)
Net sales	10,298,222	11,316,375
Cost of sales	5,219,907	5,635,191
Gross profit	5,078,315	5,681,184
Selling, general and administrative expenses		
Transportation and storage costs	226,144	254,245
Advertising and promotion expenses	105,709	222,290
Provision of allowance for doubtful accounts	2,713	3,153
Provision for product warranties	37,438	—
Salaries and bonuses	1,718,856	1,735,699
Provision for bonuses	95,362	209,678
Provision for bonuses for directors (and other officers)	1,000	20,075
Provision for employee stock ownership plan trust	2,506	—
Provision for share awards for directors (and other officers)	10,745	21,018
Retirement benefit expenses	75,634	62,351
Travel and transportation expenses	27,020	71,807
Depreciation	197,437	204,982
Commission expenses	305,866	314,091
Research and development expenses	757,378	773,940
Other	482,929	494,290
Total selling, general and administrative expenses	4,046,744	4,387,622
Operating profit	1,031,570	1,293,561
Non-operating income		
Interest income	2,191	2,813
Dividend income	3,357	3,304
Foreign exchange gains	73,539	175,525
Other	32,552	20,023
Total non-operating income	111,639	201,666
Non-operating expenses		
Interest expenses	6,582	8,766
Sales discounts	27,460	—
Loss on valuation of investments in money held in trust	—	16,561
Other	286	2,083
Total non-operating expenses	34,330	27,412
Ordinary profit	1,108,879	1,467,816

(Thousands of Yen)

	For the three months ended March 31, 2021 (From January 1, 2021 to March 31, 2021)	For the three months ended March 31, 2022 (From January 1, 2022 to March 31, 2022)
Extraordinary income		
Gain on sale of non-current assets	97,972	2,771
Total extraordinary income	97,972	2,771
Extraordinary losses		
Loss on sale and retirement of non-current assets	2,842	6,155
Extra retirement payments	1,248,665	—
Total extraordinary losses	1,251,508	6,155
Profit (loss) before income taxes	(44,655)	1,464,431
Income taxes - current	366,107	469,971
Income taxes - deferred	(195,270)	69,450
Total income taxes	170,836	539,422
Profit (loss)	(215,492)	925,008
Profit attributable to non-controlling interests	1	3
Profit (loss) attributable to owners of parent	(215,493)	925,005

(Consolidated Statements of Comprehensive Income)

(Thousands of Yen)

	For the three months ended March 31, 2021 (From January 1, 2021 to March 31, 2021)	For the three months ended March 31, 2022 (From January 1, 2022 to March 31, 2022)
Profit (loss)	(215,492)	925,008
Other comprehensive income		
Valuation difference on available-for-sale securities	732	—
Foreign currency translation adjustment	400,841	713,804
Remeasurements of defined benefit plans, net of tax	12,457	(2,790)
Total other comprehensive income	414,031	711,013
Comprehensive income	198,539	1,636,022
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	198,533	1,636,005
Comprehensive income attributable to non-controlling interests	6	17

(3) Notes on Consolidated Financial Statements

(Notes on Going Concern Assumption)
Not applicable.

(Notes in Case of Significant Changes in Shareholders' Equity)
Not applicable.

(Significant Changes of Subsidiaries During the Three Months Ended March 31, 2022)
Roland DG Europe Holdings B.V., which was a specified subsidiary of our company, no longer survives as a company owing to an absorption-type merger on January 1, 2022 with the surviving company Roland DG Benelux N.V., which is a consolidated subsidiary of the Company, and so has been removed from the scope of consolidation as of March 31, 2022.

(Changes in Accounting Policies)
(Application of the Accounting Standard for Revenue Recognition, etc.)
With the application of the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020; hereinafter the "Revenue Recognition Accounting Standard"), etc., effective from the beginning of the first quarter, revenue is recognized when the control of promised goods or services is transferred to the customer in the amount expected to be received in exchange for the said promised goods of services.

As a result, sales discounts, which were recorded in non-operating expenses, have been deducted from net sales. For subcontract processing with charged materials, raw materials, etc. supplied for value were previously derecognized. However, because the Company has an obligation to repurchase the supplied raw materials, etc. in the transactions, the supplied raw materials, etc. are not derecognized. The Company does not recognize any revenue related to the transfer of the supplied materials in these transactions.

The Revenue Recognition Accounting Standard, etc. are applied according to the transitional treatment specified in the proviso in Paragraph 84 of the Revenue Recognition Accounting Standard. Accordingly, the accumulated amount in a case where the new accounting policy is retroactively applied before the beginning of the first quarter is adjusted on retained earnings at the beginning of the first quarter, with the new accounting policy being applied to the said balance at the beginning of the first quarter. However, the application of these accounting standards shall have no impact on the balance of profit or loss and the beginning balance of retained earnings for the three months ended March 31, 2022.

According to the transitional treatment specified in Paragraph 89-2 of the Revenue Recognition Accounting Standard, reclassification based on the new presentation is not conducted for the previous fiscal year.
In addition, according to the transitional treatment specified in Paragraph 28-15 of the Accounting Standard for Quarterly Financial Reporting (ASBJ Statement No. 12, March 31, 2020), information on analyses of revenue from contracts with customers for the three months ended March 31, 2021, is not stated.

(Application of the Accounting Standard for Fair Value Measurement, etc.)
With the application of the Accounting Standard for Fair Value Measurement (ASBJ Statement No. 30, July 4, 2019; hereinafter, the "Fair Value Measurement Accounting Standard"), etc., effective from the beginning of the first quarter, the new accounting policy specified in the Fair Value Measurement Accounting Standard, etc. will be applied throughout the future, according to the transitional treatment specified in Paragraph 19 of the Fair Value Measurement Accounting Standard and Paragraph 44-2 of the Accounting Standard for Financial Instruments (ASBJ Statement No. 10, July 4, 2019). This change in accounting policies has no impact on the quarterly consolidated financial statements.

(Additional Information)

(Changes in Presentation Method)
(Quarterly Consolidated Statements of Operations)
The Company has decided to change the categorization of research and development expenses, which was previously under cost of sales, to selling, general and administrative expenses as of the first quarter ended March 31, 2022.
Research and development costs were counted under cost of sales due to the close relationship with the manufacturing departments of domestic plants and because they are highly associated with costs. However, because the elements of research and development, including for technology and product development, have increased and the association with costs decreased following the migration of our mass production function to the Thai plant in accordance with the medium-term business plan and the change of system to concentrate on research and development in Japan. Therefore, we have decided to change its categorization to selling, general and administrative expenses as of the first quarter ended March 31, 2022 in order to give a more accurate reflection of cost of sales and better present profit or loss for the given period.
In order to reflect these changes in presentation method, the quarterly consolidated financial statements for the previous period have been reclassified.
Compared to the figures prior to this classification, the costs of sales for the three months ended March 31, 2021 reduced by 754,378 thousand yen, while gross profit and selling, general and administrative expenses both increased by the same amount. However, this will have no impact on operating profit.

(Business Combination Related Information)
Transactions Under Common Control
(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 the merger and the change in the trade name of the surviving company have been implemented, 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.