



Consolidated Financial Results for the Three Months Ended March 31, 2023 [Japanese GAAP]

May 12, 2023

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 15, 2023

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: Scheduled (for institutional investors and analysts)

(Figures are rounded down to the nearest million yen)

1. Consolidated Financial Results for the Three Months Ended March 31, 2023 (From January 1, 2023 to March 31, 2023)

(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, 2023	12,687	12.1	1,284	(0.7)	1,365	(7.0)	937	1.4
Three months ended March 31, 2022	11,316	—	1,293	—	1,467	—	925	—

(Note) Comprehensive income: Three months ended March 31, 2023: 1,208 million yen [(26.2)%]
Three months ended March 31, 2022: 1,636 million yen [—%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended March 31, 2023	77.09	—
Three months ended March 31, 2022	74.25	—

(Note) The “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020), etc. have been adopted from the beginning of the fiscal year ended December 31, 2022. As a result, each figure for the first quarter of the fiscal year ended 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, 2023	46,723	31,953	68.4	2,634.80
As of December 31, 2022	46,027	32,290	70.2	2,622.20

(Reference) Equity: As of March 31, 2023: 31,953 million yen
As of December 31, 2022: 32,290 million yen

2. Dividends

	Annual dividends				
	1st quarter end	2nd quarter end	3rd quarter end	Year end	Total
Fiscal year ended December 31, 2022	Yen —	Yen 50.00	Yen —	Yen 80.00	Yen 130.00
Fiscal year ending December 31, 2023	—				
Fiscal year ending December 31, 2023 (Forecast)		55.00	—	80.00	135.00

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

3. Consolidated Financial Results Forecast for the Fiscal Year Ending December 31, 2023 (From January 1, 2023 to December 31, 2023)

(% 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	28,000	16.3	3,000	11.6	3,000	4.4	2,200	13.7	178.66
Full year	58,100	15.1	7,000	15.1	7,000	14.3	5,400	24.8	438.52

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

* Notes

(1) Significant changes of subsidiaries during the three months ended March 31, 2023 (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: 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, 2023	12,319,911 shares
Fiscal year ended December 31, 2022	12,656,311 shares

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

Three months ended March 31, 2023	192,532 shares
Fiscal year ended December 31, 2022	342,208 shares

3) Average number of shares during the period:

Three months ended March 31, 2023	12,161,087 shares
Three months ended March 31, 2022	12,458,403 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 (192,100 shares at the end of the three months ended March 31, 2023 and 192,100 shares at the end of the fiscal year ended December 31, 2022). The number of treasury shares excluded from calculation of the average number of shares during the period includes shares of the Company held by the said Trusts (192,100 shares at the end of the three months ended March 31, 2023 and 197,500 shares at the end of the three months ended March 31, 2022).

* 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 “Explanation of Future Forecast Information such as Consolidated Performance Forecast” on page 9.
2. The Company plans to hold a briefing session for institutional investors and analysts on Friday, May 12, 2023. Materials to be distributed at the session will be posted on the Company’s website.

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1. Results of Operations

(1) Analysis of Results of Operations

The Group has formulated 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 and are working on transitioning from the business model that relies on eco-solvent printer for production of traditional signboards (advertising, etc.). During the three months ended March 31, 2023 (from January 1, 2023 to March 31, 2023), we were able to proceed with the launch of new products which had been delayed due to the impact of COVID-19. By proactively allocating management resources into growth areas, we are aiming to complete the transformation of our business portfolio.

During the three months ended March 31, 2023, demand for capital investment and output demand remained strong as we saw further relaxation of the impact of COVID-19 infections and a normalization of economic activities. In terms of supply, procurement difficulties with parts continued. In addition to making adjustments to our production processes, including flexibly reviewing production plans, we have also taken measures such as supplementing parts, so as to reduce the impact on production and supply.

As a result of these initiatives, net sales for the three months ended March 31, 2023 increased by 12.1% compared with the same period of the previous term to 12,687 million yen. The ratio of cost of sales improved by 0.5 percentage points from the same period of the previous year mainly due to the impact of decreasing marine transportation costs and a revising the price of some products in the previous fiscal year, despite an increase in parts price. Selling, general and administrative expenses were higher than the same period of the previous term due to increases in personnel expenses, advertising expenses, and travel and transportation expenses. As a result, operating profit decreased by 0.7% compared with the same period of the previous fiscal year to 1,284 million yen, and ordinary profit decreased by 7.0% to 1,365 million yen. Profit attributable to owners of parent increased by 1.4% compared with the same period of the previous fiscal year to 937 million yen.

The exchange rates for major currencies during the three months ended March 31, 2023 (average rate during the period from January 2023 to March 2023) were 132.32 yen to the U.S. dollar (116.20 yen for the same period of the previous term) and 142.13 yen to the euro (130.43 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.

Net Sales by Market

(Millions of Yen)

Market	Three months ended March 31, 2022		Three months ended March 31, 2023		Changes	Changes in composition ratio (pp)	Year-on year change (%)
	Amount	Composition ratio (%)	Amount	Composition ratio (%)			
Visual Communication	5,186	45.8	6,240	49.2	1,054	3.4	120.3
Digital Fabrication	2,509	22.2	2,464	19.4	(45)	(2.8)	98.2
Dental	1,529	13.5	1,915	15.1	385	1.6	125.2
Service, Software & Others	2,090	18.5	2,066	16.3	(24)	(2.2)	98.8
Total	11,316	100.0	12,687	100.0	1,370	–	112.1

Net Sales by Product

(Millions of Yen)

Product	Three months ended March 31, 2022		Three months ended March 31, 2023		Changes	Changes in composition ratio (pp)	Year-on year change (%)
	Amount	Composition ratio (%)	Amount	Composition ratio (%)			
Hardware	5,843	51.6	6,383	50.3	539	(1.3)	109.2
Supplies	3,485	30.8	4,298	33.9	812	3.1	123.3
Service Parts & Other	1,987	17.6	2,005	15.8	18	(1.8)	100.9
Total	11,316	100.0	12,687	100.0	1,370	–	112.1

[Visual Communication (VC)]

VC comprises our eco-solvent printers (VC-Solvent) and non-solvent printers (VC-Other) such as UV printers and textile printers, and our aim in this area is to secure revenue by developing new markets and bolstering our customer base by offering an increased variety of inks and expanding the range of solutions we offer. In the three months ended March 31, 2023, against a backdrop of changes in consumer needs in terms of the production of signboards (advertising, etc.) and a diversification of where they are used, we made revisions to the brand concept of the mainstay TrueVIS Series large format printers and ink, and expanded our available ink types. In January, we made a joint global announcement regarding the following six models: the AP-640—the Company’s first resin ink model for addressing environmental needs, the LG-640/540/300—high-productivity UV ink models, and their dissemination models, MG-640/300. Together with the four eco-solvent inks launched in March 2022, we now have a lineup comprising ten models. In March 2023, we also launched the region-specific DGXPRESS brand for growth markets where demand for signboards is high, with its first release of the UG-642/641 UV printer models. For VC-Solvent, in the three months ended March 31, 2023, sales of eco-solvent printers and inks were higher than the same period of the previous term. For VC-Other, new UV printer and UV ink products have made a contribution to an increase in sales. As a result, VC sales were 6,240 million yen, or 120.3% 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, 2023, we launched the BN-20D, the Company's first DTF (Direct To Film) technology type compact printer for apparel as part of efforts to strengthen our product lineup of VersaSTUDIO desktop products, with sales advancing steadily. Also, sales of the LEC2 S Series UV printer, a co-creation product developed primarily for the European market for use in customization type applications, increased following an expansion of its sales region. However, due to a decrease in sales of desktop type cutting machines and 3D milling machines, DF sales were 2,464 million yen, or 98.2% of the same period of the previous fiscal year, falling below the level of the same period of the previous fiscal year.

[Dental]

For Dental, we offer dental milling machines for promoting the digitization of the workflow for fabricated dental prostheses in the dental (dentistry) market. In the three months ended March 31, 2023, despite a reduction in sales of the existing DWX-52D and DWX-42W models, sales of the high productivity DWX-53DC model, which was launched in September, 2022, proceeded well in developed countries where there is a demand for high quality and high productivity. In growth markets with the rising move towards digitization, sales of the highly price-competitive DWX-52Di model launched for the markets in 2021 proceeded well in the Middle East, Latin America, Asia, and Eastern Europe. As a result, Dental sales were 1,915 million yen, or 125.2% 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)]

Despite an increase in delivery charges that are included in net sales, sales of other service parts fell below the level of the same period of the previous fiscal year. SSO sales were 2,066 million yen, or 98.8% of the same period of the previous fiscal year, falling below the same period of the previous fiscal year.

Sales by region are as follows.

Net sales by region

(Millions of Yen)

Region	Three months ended March 31, 2022		Three months ended March 31, 2023		Changes	Changes in composition ratio (pp)	Year-on year change (%)
	Amount	Composition ratio (%)	Amount	Composition ratio (%)			
Japan	1,347	11.9	1,132	8.9	(215)	(3.0)	84.0
North America	3,859	34.1	4,391	34.6	532	0.5	113.8
Europe	3,880	34.3	4,483	35.4	602	1.1	115.5
Asia	772	6.8	735	5.8	(36)	(1.0)	95.3
Others	1,455	12.9	1,943	15.3	488	2.4	133.5
Total	11,316	100.0	12,687	100.0	1,370	–	112.1

[Japan]

For VC, sales of eco-solvent printers for the sign market and UV printer inks increased. For Dental, sales of the new DWX-53DC were strong, exceeding the level of the same period of the previous fiscal year. However, sales of 3D milling machines and desktop type UV printers, along with income from other services decreased in DF. As a result, net sales in Japan were 1,132 million yen, or 84.0% of the same period of the previous fiscal year, falling below the level of the same period of the previous fiscal year.

[North America]

For VC, sales of eco-solvent ink for printers for the sign market and the new UV printers launched in January both made a contribution to an increase in sales. For DF, sales of the new BN-20D DTF-technology printers for apparel were steady, and sales of the LEC2 S Series flatbed type UV printers, a co-creation model, increased. For Dental, although sales of existing products were sluggish, sales of the DWX-53DC high-productivity model proceeded well, exceeding the level of the same period of the previous fiscal year. As a result, net sales in North America were 4,391 million yen, or 113.8% of the same period of the previous fiscal year, exceeding the level of

the same period of the previous fiscal year, an increase partly attributable to the effects of a weaker yen against the dollar.

[Europe]

For VC, sales of eco-solvent printers for the sign market and the new MG-640/300 UV printers were strong. For DF, sales of desktop type UV printers increased, but sales of the LEC2 S Series flatbed type UV printer, a co-creation model developed in collaboration with an external partner were down compared to the same period in the previous fiscal year. For Dental, sales exceeded the level for the same period of the previous fiscal year, due to the effect of the launch of the new DWX-53DC. As a result, sales in Europe were 4,483 million yen, or 115.5% of the same period of the previous fiscal year, an increase partly attributable to the effects of a weaker yen against the euro.

[Asia]

Sales of VC-Solvent, which is comprised of eco-solvent printers for the sign market, and of the DWX-52Di model for growth markets in Dental increased, in the China and ASEAN region. However, sales in South Korea and India were sluggish. As a result, net sales for Asia were 735 million yen, or 95.3% of the same period of the previous fiscal year, falling below the same level for the previous fiscal year.

[Other Regions]

In Australia and Brazil, sales for VC-Solvent, which comprises eco-solvent printers for the sign market, and for VC-Other, which comprises non-solvent printers such as UV printers, both increased. In the Middle East and Central America regions, sales of the DWX-52Di, a model for growth markets, boosted the sales for Dental, exceeding the levels of the same period of the previous fiscal year. As a result, net sales for Other were 1,943 million yen, or 133.5% of the same period of the previous fiscal year.

(2) Explanation of Financial Position

[Assets]

Total assets as of the end of the first quarter increased by 696 million yen compared with the end of the previous consolidated fiscal year to a total of 46,723 million yen, or 101.5% of the end of the previous consolidated fiscal year. With regard to current assets, cash and deposits decreased by 1,129 million yen, but notes and accounts receivable - trade and inventories increased by 330 million yen and 304 million yen, respectively. In non-current assets, construction in process increased by 781 million yen due to the construction of a new building of headquarters and other factors and buildings and structures increased by 298 million yen due to the completion of the expansion of the factory of our Thai subsidiary and other factors.

[Liabilities]

Liabilities as of the end of the first quarter increased by 1,033 million yen compared with the end of the previous consolidated fiscal year to a total of 14,770 million yen, 107.5% of the end of the previous consolidated fiscal year. With regard to current liabilities, notes and accounts payable - trade decreased by 687 million yen and accounts payable - other by 189 million yen. However, in addition to an increase in short-term borrowings of 999 million yen due to the execution of a loan based upon a commitment line agreement with the purpose of securing working capital, provision for bonuses and other expenses such as deposits increased by 241 million yen and 570 million yen, respectively. In non-current liabilities, there were no major changes in particular.

[Net assets]

Net assets as of the end of the first quarter decreased by 336 million yen compared with the end of the previous consolidated fiscal year to a total of 31,953 million yen, or 99.0% of the end of the previous consolidated fiscal year. Capital surplus decreased by 999 million yen due to purchase and retirement of treasury shares, and treasury shares decreased by 455 million yen, but foreign current translation adjustment increased by 260 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, 2023 and fiscal year ending December 31, 2023, which were announced on February 10, 2023.

2. Consolidated Financial Statements and Primary Notes

(1) Consolidated Balance Sheets

(Thousands of Yen)

	As of December 31, 2022	As of March 31, 2023
Assets		
Current assets		
Cash and deposits	11,362,258	10,232,733
Notes and accounts receivable - trade	5,796,564	6,126,856
Merchandise and finished goods	8,471,192	8,492,650
Work in process	146,623	152,967
Raw materials and supplies	4,584,100	4,860,901
Other	2,132,408	2,059,908
Allowance for doubtful accounts	(54,724)	(51,662)
Total current assets	32,438,423	31,874,354
Non-current assets		
Property, plant and equipment		
Buildings and structures	7,541,328	7,896,105
Accumulated depreciation	(4,716,767)	(4,773,093)
Buildings and structures, net	2,824,560	3,123,012
Machinery, equipment and vehicles	1,055,159	1,100,381
Accumulated depreciation	(741,000)	(764,953)
Machinery, equipment and vehicles, net	314,158	335,428
Tools, furniture and fixtures	4,439,330	4,660,934
Accumulated depreciation	(3,639,943)	(3,725,748)
Tools, furniture and fixtures, net	799,386	935,186
Land	3,158,234	3,170,635
Leased asset-use rights	1,649,201	1,617,705
Construction in progress	1,141,326	1,922,559
Total property, plant and equipment	9,886,868	11,104,527
Intangible assets		
Software	894,722	928,974
Telephone subscription right	7,406	7,354
Total intangible assets	902,128	936,329
Investments and other assets		
Investment securities	200	200
Deferred tax assets	1,933,132	1,925,574
Other	867,580	882,761
Allowance for doubtful accounts	(1,051)	(189)
Total investments and other assets	2,799,861	2,808,347
Total non-current assets	13,588,858	14,849,204
Total assets	46,027,282	46,723,558

(Thousands of Yen)

	As of December 31, 2022	As of March 31, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	3,923,387	3,235,685
Short-term borrowings	5,104	1,005,017
Accounts payable - other	1,508,569	1,319,345
Lease liabilities	484,350	501,324
Income taxes payable	247,111	293,909
Provision for bonuses	652,466	893,826
Provision for bonuses for directors (and other officers)	67,631	14,134
Provision for product warranties	680,335	714,425
Other	2,087,047	2,657,760
Total current liabilities	9,656,004	10,635,429
Non-current liabilities		
Lease liabilities	1,232,934	1,184,729
Provision for employee stock ownership plan trust	143,943	147,262
Provision for share awards for directors (and other officers)	152,132	168,533
Retirement benefit liability	867,632	878,646
Long-term accounts payable - other	93,899	93,084
Other	1,590,531	1,662,523
Total non-current liabilities	4,081,074	4,134,779
Total liabilities	13,737,079	14,770,209
Net assets		
Shareholders' equity		
Share capital	3,668,700	3,668,700
Capital surplus	3,700,608	2,700,899
Retained earnings	25,168,080	25,105,090
Treasury shares	(952,632)	(497,402)
Total shareholders' equity	31,584,756	30,977,287
Accumulated other comprehensive income		
Foreign currency translation adjustment	904,524	1,165,159
Remeasurements of defined benefit plans	(199,230)	(189,265)
Total accumulated other comprehensive income	705,294	975,893
Non-controlling interests	151	167
Total net assets	32,290,202	31,953,349
Total liabilities and net assets	46,027,282	46,723,558

(2) Consolidated Statements of Operations and Comprehensive Income
Consolidated Statements of Operations
(For the three months ended March 31, 2022 and March 31, 2023)

(Thousands of Yen)

	For the three months ended March 31, 2022 (From January 1, 2022 to March 31, 2022)	For the three months ended March 31, 2023 (From January 1, 2023 to March 31, 2023)
Net sales	11,316,375	12,687,092
Cost of sales	5,635,191	6,249,627
Gross profit	5,681,184	6,437,465
Selling, general and administrative expenses		
Transportation and storage costs	254,245	355,151
Advertising and promotion expenses	222,290	339,875
Provision of allowance for doubtful accounts	3,153	7,092
Provision for product warranties	–	26,876
Salaries and bonuses	1,735,699	2,030,353
Provision for bonuses	209,678	184,807
Provision for bonuses for directors (and other officers)	20,075	13,426
Provision for employee stock ownership plan trust	–	1,539
Provision for share awards for directors (and other officers)	21,018	19,899
Retirement benefit expenses	62,351	87,948
Travel and transportation expenses	71,807	162,904
Depreciation	204,982	233,732
Commission expenses	314,091	385,786
Research and development expenses	773,940	748,539
Other	494,290	554,547
Total selling, general and administrative expenses	4,387,622	5,152,483
Operating profit	1,293,561	1,284,982
Non-operating income		
Interest income	2,813	6,082
Dividend income	3,304	4,260
Foreign exchange gains	175,525	50,510
Other	20,023	35,962
Total non-operating income	201,666	96,815
Non-operating expenses		
Interest expenses	8,766	10,297
Loss on valuation of investments in money held in trust	16,561	–
Other	2,083	5,929
Total non-operating expenses	27,412	16,227
Ordinary profit	1,467,816	1,365,569

(Thousands of Yen)

	For the three months ended March 31, 2022 (From January 1, 2022 to March 31, 2022)	For the three months ended March 31, 2023 (From January 1, 2023 to March 31, 2023)
Extraordinary income		
Gain on sale of non-current assets	2,771	2,547
Total extraordinary income	2,771	2,547
Extraordinary losses		
Loss on sale and retirement of non-current assets	6,155	5,405
Total extraordinary losses	6,155	5,405
Profit before income taxes	1,464,431	1,362,710
Income taxes - current	469,971	415,737
Income taxes - deferred	69,450	9,457
Total income taxes	539,422	425,195
Profit	925,008	937,515
Profit attributable to non-controlling interests	3	9
Profit attributable to owners of parent	925,005	937,506

(Consolidated Statements of Comprehensive Income)

(Thousands of Yen)

	For the three months ended March 31, 2022 (From January 1, 2022 to March 31, 2022)	For the three months ended March 31, 2023 (From January 1, 2023 to March 31, 2023)
Profit	925,008	937,515
Other comprehensive income		
Foreign currency translation adjustment	713,804	260,641
Remeasurements of defined benefit plans, net of tax	(2,790)	9,964
Total other comprehensive income	711,013	270,605
Comprehensive income	1,636,022	1,208,121
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,636,005	1,208,105
Comprehensive income attributable to non-controlling interests	17	16

(3) Notes on Consolidated Financial Statements

(Notes on Going Concern Assumption)

Not applicable.

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

The Company purchase of treasury shares in accordance with a resolution at a meeting of the Board of Directors held on November 10, 2022, resulting in an increase of 544,403 thousand yen of treasury shares in the three months ended March 31, 2023.

In addition, the Company retired treasury shares in accordance with a resolution at a meeting of the Board of Directors held on November 10, 2022, resulting in decreases of 999,708 thousand yen each of capital surplus and treasury shares in the three months ended March 31, 2023.

At the end of the first quarter of the fiscal year ended March 31, 2023, capital surplus was 2,700,899 thousand yen and treasury shares were 497,402 thousand yen.

(Changes in Accounting Policies)

(Application of the Implementation Guidance on Accounting Standard for Fair Value Measurement)

The Company has applied the Implementation Guidance on Accounting Standard for Fair Value Measurement (ASBJ Guidance No. 31, June 17, 2021; hereinafter the "Fair Value Measurement Guidance") from the beginning of the first quarter of the fiscal year ended March 31, 2023, and will prospectively apply the new accounting policies stipulated by the Fair Value Measurement Guidance in accordance with the transitional treatment provided in Paragraph 27-2 of the Fair Value Measurement Guidance. This change in accounting policies has no impact on the quarterly consolidated financial statements.

(Significant Subsequent Events)

Not applicable.