Consolidated Financial Results
for the Six Months Ended June 30, 2023 [Japanese GAAP]

August 9, 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: August 9, 2023
Scheduled date of commencing dividend payments: September 8, 2023
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 Six Months Ended June 30, 2023 (From January 1, 2023 to June 30, 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	%
Six months ended June 30, 2023	25,679	6.6	2,593	(3.6)	2,891	0.6	2,082	7.6
Six months ended June 30, 2022	24,085	–	2,689	–	2,874	–	1,934	–

(Note) Comprehensive income: Six months ended June 30, 2023: 3,311 million yen [(3.5)%]
Six months ended June 30, 2022: 3,432 million yen [–%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended June 30, 2023	171.46	–
Six months ended June 30, 2022	155.26	–

(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 second 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 June 30, 2023	49,232	34,056	69.2	2,808.22
As of December 31, 2022	46,027	32,290	70.2	2,622.20

(Reference) Equity: As of June 30, 2023: 34,056 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
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended December 31, 2022	–	50.00	–	80.00	130.00
Fiscal year ending December 31, 2023	–	55.00			
Fiscal year ending December 31, 2023 (Forecast)			–	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
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 six months ended June 30, 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):

Six months ended June 30, 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:

Six months ended June 30, 2023	192,553 shares
Fiscal year ended December 31, 2022	342,208 shares

3) Average number of shares during the period:

Six months ended June 30, 2023	12,144,223 shares
Six months ended June 30, 2022	12,460,470 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 six months ended June 30, 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 six months ended June 30, 2023 and 195,433 shares at the end of the six months ended June 30, 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 Wednesday, August 9, 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 six months ended June 30, 2023 (from January 1, 2023 to June 30, 2023), we actively launched new products and implemented global promotional activities as part of our aim to complete the transformation of our business portfolio. Demand for capital investment and output demand remained strong in line with the normalization of economic activities following the transition to a policy of living-with-COVID-19. In terms of supply, procurement difficulties with parts continued. Therefore, in addition to flexibly reviewing production plans, we also took measures such as supplementing parts so as to reduce the impact on production and supply. However, order backlogs increased from the end of the previous fiscal year.

As a result of these initiatives, net sales for the six months ended June 30, 2023 increased by 6.6% compared with the same period of the previous term to 25,679 million yen. The ratio of cost of sales improved by 1.1 percentage points from the same period of the previous year mainly due to the impact of reductions in marine transportation costs relative to the same period of the previous fiscal year along with a revising of the price of some products in the previous fiscal year. Selling, general and administrative expenses were higher than the same period of the previous term due to increases in personnel expenses, advertising expenses, travel and transportation expenses, and transportation and storage costs. As a result, operating profit decreased by 3.6% compared with the same period of the previous fiscal year to 2,593 million yen, and ordinary profit increased by 0.6% to 2,891 million yen. Profit attributable to owners of parent increased by 7.6% compared with the same period of the previous fiscal year to 2,082 million yen.

The exchange rates for major currencies during the six months ended June 30, 2023 (average rate during the period from January 2023 to June 2023) were 134.85 yen to the U.S. dollar (122.89 yen for the same period of the previous term) and 145.82 yen to the euro (134.30 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	Six months ended June 30, 2022		Six months ended June 30, 2023		Changes	Changes in composition ratio (pp)	Year-on year change (%)
	Amount	Composition ratio (%)	Amount	Composition ratio (%)			
Visual Communication	11,125	46.2	12,697	49.5	1,572	3.3	114.1
Digital Fabrication	5,349	22.2	5,038	19.6	(311)	(2.6)	94.2
Dental	3,409	14.2	3,731	14.5	322	0.3	109.4
Service, Software & Others	4,200	17.4	4,212	16.4	11	(1.0)	100.3
Total	24,085	100.0	25,679	100.0	1,594	–	106.6

Net Sales by Product

(Millions of Yen)

Product	Six months ended June 30, 2022		Six months ended June 30, 2023		Changes	Changes in composition ratio (pp)	Year-on year change (%)
	Amount	Composition ratio (%)	Amount	Composition ratio (%)			
Hardware	12,316	51.1	12,579	49.0	263	(2.1)	102.1
Supplies	7,722	32.1	9,024	35.1	1,302	3.0	116.9
Service Parts & Other	4,046	16.8	4,075	15.9	29	(0.9)	100.7
Total	24,085	100.0	25,679	100.0	1,594	–	106.6

[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 six months ended June 30, 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 environmentally-friendly 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, 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, sales of the TrueVIS Series of eco-solvent printers were strong, with sales of ink supplies also up significantly relative to the same period of the previous term. For VC-Other, sales of UV printer and UV ink products increased, partly attributable to the effects of new DGXPRESS products. As a result, VC sales were 12,697 million yen, or 114.1% 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 six months ended June 30, 2023, we launched the BN-20D during January, 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. In March, we began new global rollout brand VersaOBJECT, in response to seeing a certain level of demand for direct printing onto 3D objects through the proposal of the LEC2 S Series UV printer, a region-specific cocreation products. Despite such aggressive measures to develop new markets, due to sales of existing model desktop type eco-solvent printers and small type cutting machines decreasing compared to the same period of the previous fiscal year, DF sales were 5,038 million yen, or 94.2% 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 protheses in the dental (dentistry) market. In the six months ended June 30, 2023, despite a reduction in sales of the existing DWX-52D, DWX-4, 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 proceeded well in the Middle East, Central America, Asia, and Eastern Europe. As a result, Dental sales were 3,731 million yen, or 109.4% 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)]

In SSO, we launched the Roland DG Connect subscription service; a connected service for commercial-use inkjet type printers. Our aim with this series is to co-create new value and business by helping our customers improve the efficiency and revenue of their businesses. In the six months ended June 30, 2023, delivery charges included in net sales and sales of service parts both increased, resulting in net sales for SSO of 4,212 million yen, or 100.3% of the same period of the previous fiscal year, in line with the same period of the previous fiscal year.

Sales by region are as follows.

Net sales by region

(Millions of Yen)

Region	Six months ended June 30, 2022		Six months ended June 30, 2023		Changes	Changes in composition ratio (pp)	Year-on year change (%)
	Amount	Composition ratio (%)	Amount	Composition ratio (%)			
Japan	2,411	10.0	2,166	8.4	(245)	(1.6)	89.8
North America	8,611	35.8	8,973	34.9	361	(0.9)	104.2
Europe	8,295	34.4	9,116	35.5	821	1.1	109.9
Asia	1,472	6.1	1,559	6.1	87	0.0	105.9
Others	3,294	13.7	3,863	15.1	569	1.4	117.3
Total	24,085	100.0	25,679	100.0	1,594	–	106.6

[Japan]

For VC, sales of UV printers and UV inks increased despite sales of eco-solvent printers for the sign market falling below the level of the same period of the previous fiscal year. For Dental, sales of the DWX-53DC high-productivity model increased, but sales of existing models, such as the DWX-52D and DWX-4 which had been selling well following the expansion of insurance coverage in the previous fiscal year, reduced. As a result, net sales in Japan were 2,166 million yen, or 89.8% of the previous fiscal year, falling below the level of the same period of the previous fiscal year.

[North America]

For VC, although sales of eco-solvent ink for printers for the sign market were in line with the same period of the previous fiscal year, sales of eco-solvent inks and new UV printers and UV inks increased significantly. For DF, sales of the new BN-20D DTF-technology type compact printers for apparel were strong, but sales of existing products in the same series decreased significantly. Sales of LEC2 S Series flatbed type UV printers, a co-creation model, increased. For Dental, sales of the DWX-53DC high-productivity model proceeded well, but owing to sluggish sales of existing products, sales were in line with the same period of the previous fiscal year. As a result, net sales in North America were 8,973 million yen, or 104.2% 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 ink supplies were steady, and the new MG and LG Series of UV printers also contributed to revenue growth. For DF, desktop type UV printers and 3D milling machines contributed to sales. 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 and increased sales of the DWX-52Di in Eastern Europe. As a result, net sales in Europe were 9,116 million yen, or 109.9% of the same period of the previous fiscal year, an increase partly attributable to the effects of a weaker yen against the euro.

[Asia]

Although sales in South Korean and India fell below the level of the same period of the previous fiscal year, sales in VC and of the DWX-52Di model for growth markets in Dental increased in the China and ASEAN region. As a result, net sales for Asia were 1,559 million, or 105.9% of the same period of the previous fiscal year, exceeding the level of the same period of the previous fiscal year.

[Other Regions]

In Australia, sales for VC exceeded the level of the same period of the previous fiscal year owing to increased sales of UV printers. In Brazil, sales for Dental exceeded the same period of the previous fiscal year, owing to strong sales of the DWX-53DC. 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 3,863 million yen, or 117.3% of the same period of the previous fiscal year.

(2) Explanation of Financial Position

[Assets]

Total assets as of the end of the second quarter increased by 3,204 million yen compared with the end of the previous consolidated fiscal year to a total of 49,232 million yen, or 107.0% of the end of the previous consolidated fiscal year. With regard to current assets, cash and deposits decreased by 583 million yen, but notes and accounts receivable - trade and inventories increased by 917 million yen and 1,208 million yen, respectively. In non-current assets, construction in progress increased by 870 million yen due to the construction of a new building of headquarters and other factors and buildings and structures increased by 400 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 second quarter increased by 1,438 million yen compared with the end of the previous consolidated fiscal year to a total of 15,175 million yen, 110.5% of the end of the previous consolidated fiscal year. With regard to current liabilities, notes and accounts payable - trade decreased by 785 million yen. However, in addition to an increase in short-term borrowings of 994 million yen due to the execution of a loan based upon a commitment line agreement with the purpose of securing working capital, income taxes payable and other expenses such as short-term derivative liabilities increased by 306 million yen and 734 million yen, respectively. In non-current liabilities, there were no major changes in particular.

[Net assets]

Net assets as of the end of the second quarter increased by 1,766 million yen compared with the end of the previous consolidated fiscal year to a total of 34,056 million yen, or 105.5% 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 retained earnings increased by 1,081 million yen and foreign currency translation adjustment increased by 1,209 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, 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 June 30, 2023
Assets		
Current assets		
Cash and deposits	11,362,258	10,778,463
Notes and accounts receivable - trade	5,796,564	6,714,090
Merchandise and finished goods	8,471,192	9,302,056
Work in process	146,623	97,022
Raw materials and supplies	4,584,100	5,011,649
Other	2,132,408	1,981,447
Allowance for doubtful accounts	(54,724)	(50,939)
Total current assets	32,438,423	33,833,789
Non-current assets		
Property, plant and equipment		
Buildings and structures	7,541,328	8,112,984
Accumulated depreciation	(4,716,767)	(4,887,980)
Buildings and structures, net	2,824,560	3,225,004
Machinery, equipment and vehicles	1,055,159	1,184,132
Accumulated depreciation	(741,000)	(817,746)
Machinery, equipment and vehicles, net	314,158	366,385
Tools, furniture and fixtures	4,439,330	4,877,340
Accumulated depreciation	(3,639,943)	(3,892,682)
Tools, furniture and fixtures, net	799,386	984,658
Land	3,158,234	3,186,837
Leased asset-use rights	1,649,201	1,657,889
Construction in progress	1,141,326	2,011,831
Total property, plant and equipment	9,886,868	11,432,607
Intangible assets		
Software	894,722	1,044,510
Telephone subscription right	7,406	7,937
Total intangible assets	902,128	1,052,447
Investments and other assets		
Investment securities	200	200
Deferred tax assets	1,933,132	1,912,133
Other	867,580	1,001,212
Allowance for doubtful accounts	(1,051)	(189)
Total investments and other assets	2,799,861	2,913,356
Total non-current assets	13,588,858	15,398,411
Total assets	46,027,282	49,232,200

(Thousands of Yen)

	As of December 31, 2022	As of June 30, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	3,923,387	3,137,783
Short-term borrowings	5,104	1,000,000
Accounts payable - other	1,508,569	1,545,131
Lease liabilities	484,350	547,412
Income taxes payable	247,111	553,212
Provision for bonuses	652,466	606,532
Provision for bonuses for directors (and other officers)	67,631	28,527
Provision for product warranties	680,335	782,557
Other	2,087,047	2,821,853
Total current liabilities	9,656,004	11,023,010
Non-current liabilities		
Lease liabilities	1,232,934	1,192,364
Provision for employee stock ownership plan trust	143,943	150,581
Provision for share awards for directors (and other officers)	152,132	188,607
Retirement benefit liability	867,632	874,357
Long-term accounts payable - other	93,899	98,519
Other	1,590,531	1,648,266
Total non-current liabilities	4,081,074	4,152,698
Total liabilities	13,737,079	15,175,708
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	26,249,872
Treasury shares	(952,632)	(497,471)
Total shareholders' equity	31,584,756	32,122,000
Accumulated other comprehensive income		
Foreign currency translation adjustment	904,524	2,113,592
Remeasurements of defined benefit plans	(199,230)	(179,301)
Total accumulated other comprehensive income	705,294	1,934,290
Non-controlling interests	151	201
Total net assets	32,290,202	34,056,492
Total liabilities and net assets	46,027,282	49,232,200

(2) Consolidated Statements of Operations and Comprehensive Income

Consolidated Statements of Operations

(For the six months ended June 30, 2022 and June 30, 2023)

(Thousands of Yen)

	For the six months ended June 30, 2022 (From January 1, 2022 to June 30, 2022)	For the six months ended June 30, 2023 (From January 1, 2023 to June 30, 2023)
Net sales	24,085,187	25,679,932
Cost of sales	12,140,099	12,664,631
Gross profit	11,945,088	13,015,301
Selling, general and administrative expenses		
Transportation and storage costs	525,798	693,112
Advertising and promotion expenses	594,024	701,154
Provision of allowance for doubtful accounts	5,700	16,685
Provision for product warranties	–	36,964
Salaries and bonuses	3,596,206	4,122,020
Provision for bonuses	375,907	368,360
Provision for bonuses for directors (and other officers)	29,579	27,819
Provision for employee stock ownership plan trust	2,601	3,929
Provision for share awards for directors (and other officers)	41,092	39,974
Retirement benefit expenses	127,572	173,609
Travel and transportation expenses	202,490	346,896
Depreciation	428,309	466,785
Commission expenses	682,753	795,096
Research and development expenses	1,594,539	1,570,231
Other	1,049,412	1,059,265
Total selling, general and administrative expenses	9,255,989	10,421,905
Operating profit	2,689,099	2,593,396
Non-operating income		
Interest income	5,623	16,928
Dividend income	3,304	4,260
Foreign exchange gains	211,221	239,457
Other	36,876	61,167
Total non-operating income	257,025	321,813
Non-operating expenses		
Interest expenses	18,632	16,177
Loss on valuation of investments in money held in trust	50,007	–
Other	3,053	7,433
Total non-operating expenses	71,693	23,610
Ordinary profit	2,874,431	2,891,599

(Thousands of Yen)

	For the six months ended June 30, 2022 (From January 1, 2022 to June 30, 2022)	For the six months ended June 30, 2023 (From January 1, 2023 to June 30, 2023)
Extraordinary income		
Gain on sale of non-current assets	9,566	5,550
Total extraordinary income	9,566	5,550
Extraordinary losses		
Loss on sale and retirement of non-current assets	15,668	9,701
Total extraordinary losses	15,668	9,701
Profit before income taxes	2,868,329	2,887,448
Income taxes - current	765,882	743,402
Income taxes - deferred	167,869	61,724
Total income taxes	933,752	805,127
Profit	1,934,577	2,082,320
Profit attributable to non-controlling interests	4	31
Profit attributable to owners of parent	1,934,572	2,082,288

(Consolidated Statements of Comprehensive Income)

(Thousands of Yen)

	For the six months ended June 30, 2022 (From January 1, 2022 to June 30, 2022)	For the six months ended June 30, 2023 (From January 1, 2023 to June 30, 2023)
Profit	1,934,577	2,082,320
Other comprehensive income		
Foreign currency translation adjustment	1,503,787	1,209,085
Remeasurements of defined benefit plans, net of tax	(5,581)	19,928
Total other comprehensive income	1,498,205	1,229,013
Comprehensive income	3,432,782	3,311,333
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,432,755	3,311,284
Comprehensive income attributable to non-controlling interests	27	49

(3) Notes on Consolidated Financial Statements

(Notes on Going Concern Assumption)
Not applicable.

(Notes in Case of Significant Changes in Shareholders' Equity)
The Company purchased 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 six months ended June 30, 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 six months ended June 30, 2023.

At the end of the second quarter of the fiscal year ended June 30, 2023, capital surplus was 2,700,899 thousand yen and treasury shares were 497,471 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)
(Business combination through acquisition)
The Company decided to acquire shares in UAB Dimense print (hereinafter "Dimense") located in Lithuania on July 31st, 2023 based on the resolution of the Board of Directors meeting (conversion into subsidiary) and concluded the stock transfer contract on the same day.

1. Outline of the Business combination

(1) Acquired company name and Business activities
Acquired company name　UAB Dimense print
Business activities　Development, manufacture and sales of wallpaper materials, inks and printers

(2) Purpose of Acquisition
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 aimed at transitioning from the business model that relies on eco-solvent printer for production of traditional signboards (advertising, etc.). In Digital Fabrication, which is positioned as a growth area, we will provide printers, cutting machines and 3D products 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. This acquisition is part of the company's efforts to transform its business portfolio by expanding sales in Digital Fabrication.

In the wallpaper market, where mass production using analog processes is the mainstream, there is a growing need for high-mix, low-volume, on-demand digital printing. UAB VEIKA has developed DIMENSE™[*1] and Ecodeco™[*2] and has increased awareness of both brands. Dimense is a subsidiary of UAB VEIKA and has inherited the company's high technological capabilities in the research and development of wallpaper materials and inks.

We plan to expand our business in the wallpaper market and have decided to enter the market on a full scale by acquiring the shares of Dimense, which operates in this market. In addition, the embossing technology of DIMENSE™ has great potential as it can be used in various applications such as plaster molds. By making DIMENSE a consolidated subsidiary of our company, we will increase our presence in the wallpaper market, promote the creation and market development of new applications with high added value, and expand our Digital Fabrication business by leveraging the synergistic effects of digital wallpaper printing solutions using wallpaper materials and inks, the product development and production technology of our group, and our global sales network.

*[1] DIMENSE™ is a brand of wallpaper solutions realized through digital printing by combining proprietary inks and wallpaper materials. The unparalleled embossed expression allows for creative and luxurious expression and on-demand production of high value-added wallpaper designs. In addition, the ink is water-based and the wallpaper is made of PVC-free unique materials, making it an environmentally friendly solution.
*[2] Ecodeco™ is a brand of wallpaper material that, unlike traditional vinyl-based wallpaper, is manufactured from a special polymer compound that is environmentally friendly. The material is widely used in food packaging, children's toys, medical devices, and contains no other harmful chemicals.

(3) Date of business combination
Late Sep. 2023（Planned）
(4) Legal form of the business combination
The share acquisition in exchange for cash
(5) Ratio of voting rights after the Acquisition
Ratio of voting rights 50.1%
(6) Grounds for determining acquiring company
The Company's cash acquisition of shares.
2. Cost of the acquisition of the acquired company and the breakdown
In consideration of acquisition Cash 10 million euros
Acquisition cost 10 million euros
Note: Conditional acquisition prices are not included in consideration of acquisition. In addition to the above, it plans 4 million euros underwrite capital increase.
3. Details and costs of main expenses related to the acquisition
Unable to confirm at present.
4. Goodwill arising from the business combination, reason for the goodwill, and method and period of amortization
Unable to confirm at present
5. Amount of assets and liabilities on the date of business combination and the major breakdown
Unable to confirm at present.