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Notice of Revision of Medium-Term Business Plan

Roland DG Corporation hereby announces the revision of a 5-year medium-term business plan (FY2016 to FY2020) released on February 12, 2016, considering recent business progress and changes in the management environment as described below.

1. Reason for Revision

The medium-term management plan (FY2016 to 2020) was designed to open new markets and achieve sustainable growth via three key group-wide initiatives: (1) Accelerate new business development in growing markets (2) Transform into a solutions provider (3) Transform into an innovation-focused group.

With regard to accelerating new business development in growing markets, progress is being made in cultivating a new and different client base within the Retail business, including supermarket chains and home appliance stores, mainly those in Europe. In the Dental business, digital solutions targeting dental labs have been widely adopted, and we have grown to be recognized as a top manufacturer in key countries.

Meanwhile, our traditional key market of Signage (sign and display printing) has matured along with the proliferation of professional-use wide-format inkjet printers. In addition, the entry of large-scale competitors has created a fiercely competitive environment much faster than we predicted. The continuous fall of printer and ink sales is a key factor in the struggle to improve company performance. In addition, delays in strengthening printing technology have had an adverse effect on product development, which means our stable sales growth plan in the Signage business and the market cultivation progress we first envisioned have not been realized, leaving a large gap between our plan and where we currently stand. Under these circumstances, we seek to review the final year's targets and initiatives as detailed below.

2. Revision of Targets

Percentages (%) are rounded up to the nearest whole number.

	Result	Initial Target	Revised Target
	FY2017	FY2020	FY2020
Sales (¥ billion)	43.5	76	46
Operating income (¥ billion)	3.8	10	4.5
Operating income ratio	9%	13%	10%
ROE	9%	15%	12%
1 US dollar	¥112.20	¥115(est.)	¥110(est.)
1 euro	¥126.70	¥125(est.)	¥130(est.)

3. Key Issues

Considering our situation, with the time remaining in the medium-term business plan, we seek to quickly shift from reliance on the Signage business to a multi-pillared business structure and to restructure our management foundation.

In addition, along with restructuring, there is a need to address the leading factors listed below that have caused the gap between planned and realized performance. These are being tackled as key issues during the remaining medium-term management plan period.

(1) Expanding growing markets

- Resetting fields of focus and clarifying allocation of management resources
- Expanding new businesses by developing the retail field

(2) Stopping the down trend of sales in the sign market

- Strengthening technology development and launching new products
- Expanding the lineup of products by cooperating with local partners

(3) Improving profitability

- Expanding sales of in-house developed ink
- Continuous reduction of costs and selling, general and administrative expenses

4. Reselection of Main Areas

Here, we aim to take our current six main areas (Multi-Use Printing, Retail, Textiles, Signage, 3D Digital Fabrication, and Dental) and narrow them into the three areas in which we can best utilize company strengths.

(1) Digital Printing Business

The development of our digital printing business has traditionally involved expanding our client base with the recommendation of the digitization of signage creation, along with cultivation of peripheral applications. While our user base covers those who focus on creation of signage, we have expanded to serve many others who run a variety of on-demand printing businesses.

Going forward, as we maintain our strong Signage market client base by developing new products with a high customer value. We also seek to create a “new on-demand printing market” that focuses on providing digital

printing solutions for analog-based, high-variety, low-volume tasks.

(2) COTO Business

Our Retail business has expanded to serve clients providing in-store services, such as using our desktop UV flatbed printers to print onto various articles, including smartphone cases and other blank goods.

Current Retail business users include large-scale supermarket chains and home appliance stores, but every customer receiving a finished piece of merchandise is a unique individual. Going forward, we seek to expand our personalized service lineup of products to create true one-of-a-kind merchandise as a solution to meet the specific needs and tastes of the individual. In addition, we hope to provide software that allows a customer to personally design their goods in-store for a value-added solution that delivers an unforgettable creative experience.

In this way, through the COTO business, we seek to go beyond the product itself and provide a creative experience.

(3) DGSHAPE Business

As digitalization of dental technician work continues in the Dental area, we aim to expand from dental labs to include dental clinics as targets for solutions, in an effort to accelerate expansion of our market share and become the global no.1 manufacturer in the sector.

In 3D digital fabrication, the need for digital processing machines is growing in the field of STEM*-based education and our products are garnering much attention for their compact size, ease-of-use and affordable pricing. This is a great business opportunity to inspire the enjoyment of creativity in the next generation of creators and engineers.

In addition, we have made progress in the Medical area with medical instrument traceability and maintenance support system that help maintain safety in medical institutions. We aim to take digital management technology that has been built in conjunction with our medical instrument marking device and proprietary digital cell production system, and create a new business.

*STEM: Science, Technology, Engineering, and Mathematics

5. Aggressive Investment in Growth

During the remaining medium-term management plan period, we seek to make aggressive investments in the following fields:

- (1) Developing solutions to expand the scope of the digital printing business
- (2) Investing in management resources in businesses for which growth is expected, including the DGSHAPE and COTO businesses
- (3) Proactive promotions aimed at new and different client bases
- (4) Developing elemental technologies (chemistry, optics, materials, software)
- (5) Exploring utilization of M&A and outside resources

6. Organization Operational Structure

In order to create high value-added niche markets, we require flexible business activity led by entrepreneurial talent that can swiftly grasp the changing needs of society and individuals.

For each of the newly-selected main areas listed above, we will change to a new organization operational structure to achieve the accurate grasp of market changes, speedy decision-making and overall swift market creation.

7. Dividend Policy

There is no change to dividend policy. We will aim for a dividend payout ratio of 30% by reviewing policies and returning profits based on performance, while also taking into account the future of our business development.