Consolidated Financial Results
for the Six Months Ended June 30, 2022 [Japanese GAAP]

August 5, 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: August 5, 2022
Scheduled date of commencing dividend payments: September 9, 2022
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, 2022 (From January 1, 2022 to June 30, 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	%
Six months ended June 30, 2022	24,085	–	2,689	–	2,874	–	1,934	–
Six months ended June 30, 2021	21,846	38.5	2,958	–	3,059	–	1,580	–

(Note) Comprehensive income: Six months ended June 30, 2022: 3,432 million yen [–%]
Six months ended June 30, 2021: 2,035 million yen [–%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended June 30, 2022	155.26	–
Six months ended June 30, 2021	127.04	–

(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 second 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 June 30, 2022	44,350	31,489	71.0	2,526.48
As of December 31, 2021	42,969	28,797	67.0	2,311.49

(Reference) Equity: As of June 30, 2022: 31,489 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	–	50.00			
Fiscal year ending December 31, 2022 (Forecast)			–	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
Full year	51,900	15.1	7,600	25.5	7,800	28.2	5,500	47.3	441.34

(Note) Revision of financial results forecasts from recently announced figures: Yes

*** Notes**

(1) Significant changes of subsidiaries during the six months ended June 30, 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):

Six months ended June 30, 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:

Six months ended June 30, 2022	192,508 shares
Fiscal year ended December 31, 2021	198,108 shares

3) Average number of shares during the period:

Six months ended June 30, 2022	12,460,470 shares
Six months ended June 30, 2021	12,441,648 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, 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 (192,100 shares at the end of the six months ended June 30, 2022 and 198,500 shares at the end of the six months ended June 30, 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 10.

Table of Contents of Appendix

1. Results of Operations

(1) Analysis of Results of Operations

During the six months ended June 30, 2022 (from January 1, 2022 to June 30, 2022), the world economy showed signs of a recovery trend as the prevention of a further COVID-19 pandemic and the normalization of economic activities progressed. However, with factors such as the intensification of the invasion of Ukraine by Russia, the lockdown policy in China, and soaring energy costs, the outlook has become increasingly uncertain.

Under these circumstances, 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 working on transitioning from the business model that relies on eco-solvent printer for production of traditional signboards (advertising, etc.). Further, we created 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 fabricated 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 six months ended June 30, 2022, demand for capital investment and output demand remained high owing to the recommencement of face-to-face exhibitions and events and the further relaxation of restrictions on the number of attendees at such events aimed at achieving a balance between preventing COVID-19 infections and enabling economic activities. Meanwhile, in terms of supply, as procurement difficulties with semiconductors and other electronic components and the prolongation of marine transportation continue, we have been making adjustments to our production processes, including flexibly reviewing production plans, so as to minimize the impact on product supply. However, there are some order backlogs for some models due to supply issues. 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 impact on our business performance.

As a result of these initiatives, net sales for the six months ended June 30, 2022 increased by 10.2% compared with the same period of the previous term to 24,085 million yen. The ratio of cost of sales improved by 1.4 percentage points from the same period of the previous term due to soaring parts prices and marine transportation costs despite the consolidation effect of manufacturing bases to Thailand. Selling, general and administrative expenses were higher than the same period of the previous term due to an increase in advertising expenses, personnel expenses, and travel and transportation expenses. As a result, operating profit decreased by 9.1% compared with the same period of the previous term to 2,689 million yen, and ordinary profit decreased by 6.1% to 2,874 million yen. Profit attributable to owners of parent increased by 22.4% compared with the same period of the previous term to 1,934 million yen (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 six months ended June 30, 2022 (average rate during the period from January 2022 to June 2022) were 122.89 yen to the U.S. dollar (107.70 yen for the same period of the previous term) and 134.30 yen to the euro (129.86 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 changed 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	Six months ended June 30, 2021		Six months ended June 30, 2022		Changes	Changes in composition ratio (%)	Year-on year change (%)
	Amount	Composition ratio (%)	Amount	Composition ratio (%)			
Visual Communication	9,920	45.4	11,125	46.2	1,204	0.8	112.1
Digital Fabrication	4,791	21.9	5,349	22.2	558	0.3	111.7
Dental	3,129	14.3	3,409	14.2	279	(0.1)	108.9
Service, Software & Others	4,004	18.4	4,200	17.4	195	(1.0)	104.9
Total	21,846	100.0	24,085	100.0	2,238	–	110.2

<New Category> Net Sales by Product

(Millions of Yen)

Product	Six months ended June 30, 2021		Six months ended June 30, 2022		Changes	Changes in composition ratio (%)	Year-on year change (%)
	Amount	Composition ratio (%)	Amount	Composition ratio (%)			
Hardware	11,016	50.4	12,316	51.1	1,299	0.7	111.8
Supplies	6,940	31.8	7,722	32.1	781	0.3	111.3
Service Parts & Other	3,889	17.8	4.046	16.8	156	(1.0)	104.0
Total	21,846	100.0	24,085	100.0	2,238	–	110.2

[Visual Communication (VC)]

VC comprises our traditional 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. For VC-Solvent, in the six months ended June 30, 2022, sales of eco-solvent printers and inks were strong. Further to this, in March, we launched the latest model in the mainstay TrueVIS Series for use in production of signboards (advertising, etc.), which achieves prints of the highest quality. With this model, through the adoption of a new platform, we are aiming to streamline future product development and reduce development costs. For VC-Other, sales of LEC2 Series UV printers and UV ink increased. As a result, VC sales were 11,125 million yen, or 112.1% 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, 2022, sales of the BN-20A desktop eco-solvent inkjet printer that was launched in October 2021 were strong. Also, expanding the sales area for 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 has made a significant contribution to sales. As a result, DF sales were 5,349 million yen, or 111.7% of the same period of the previous fiscal year, exceeding the level of the same period of the previous fiscal year.

[Dental]

We have separately categorized 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 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 technical materials, we launched the DWX-52Di, a dental milling machine for growth markets, in the previous fiscal year, and this, combined with efforts to expand sales channels, resulted in an increase in sales. As a result, Dental sales were 3,409 million yen, or 108.9% 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 were in line with the previous fiscal year. However, SSO sales were 4,200 million yen, or 104.9% of the previous fiscal year, owing to an increase in delivery charges and other maintenance sales that are included in net sales.

(Reference)

With regard to the year-on-year comparisons below, the figures for the six months ended June 30, 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	Six months ended June 30, 2021		Six months ended June 30, 2022		Changes	Changes in composition ratio (%)	Year-on year change (%)
	Amount	Composition ratio (%)	Amount	Composition ratio (%)			
Printers	7,010	32.1	8,174	33.9	1,164	1.8	116.6

Plotters	619	2.8	570	2.4	(49)	(0.4)	92.1
3D products	3,387	15.5	3,571	14.8	184	(0.7)	105.4
Supplies	6,940	31.8	7,722	32.1	781	0.3	111.3
Others	3,889	17.8	4,046	16.8	156	(1.0)	104.0
Total	21,846	100.0	24,085	100.0	2,238	–	110.2

Sales by region are as follows.

Net sales by region

(Millions of Yen)

Region	Six months ended June 30, 2021		Six months ended June 30, 2022		Changes	Changes in composition ratio (%)	Year-on year change (%)
	Amount	Composition ratio (%)	Amount	Composition ratio (%)			
Japan	2,218	10.2	2,411	10.0	192	(0.2)	108.7
North America	7,087	32.4	8,611	35.8	1,524	3.4	121.5
Europe	7,901	36.2	8,295	34.4	393	(1.8)	105.0
Asia	1,531	7.0	1,472	6.1	(59)	(0.9)	96.1
Others	3,107	14.2	3,294	13.7	186	(0.5)	106.0
Total	21,846	100.0	24,085	100.0	2,238	–	110.2

[Japan]

For VC, sales increased, primarily of new eco-solvent printers for the sign market amid measures to prevent the spread of COVID-19 and with economic activities heading towards normalization. Further, for DF, sales of MDX Series 3D milling machines and desktop UV printers increased. For Dental, sales of the DWX-4 dental milling machine increased with the expansion of insurance coverage for CAD/CAM crowns (dental fillings and crowns made using dental data) in April. As a result, net sales in Japan were 2,411 million yen, or 108.7% of the same period of the previous fiscal year.

[North America]

Capital investment demand continued in a recovery trend due to the resumption of economic activities, which had slowed as a result of the spread of COVID-19. During the six months ended June 30, 2022, in the VC area, sales of UV printers increased significantly, primarily of the VC-Other LEC2 Series. Against a backdrop of growth in the e-commerce market for DF, sales of the BN-20A desktop eco-solvent inkjet printer increased significantly, and sales of LEC2 S Series flatbed type UV printer, a co-creation model in collaboration with an external partner, were strong. For Dental, sales of the mainstay model DWX-52D dental milling machine increased, exceeding the level of the same period of the previous fiscal year. As a result, net sales in North America were strong at 8,611 million yen, or 121.5% of the same period of the previous fiscal year, an increase partly attributable to the effects of a weaker yen against the dollar.

[Europe]

Capital investment demand was strong due to the resumption of economic activities, which had slowed as a result of the spread of COVID-19. For VC, sales of eco-solvent printers for the sign market exceeded those of the same period of the previous fiscal year owing to the effect of new products. For DF, sales of LEC2 Series flatbed type UV printer, a co-creation model in collaboration with an external partner, increased. Sales also increased for Dental, primarily in Italy and France. As a result, net sales in Europe were 8,295 million yen, or 105.0% 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 India, where the digitization of the manufacturing flow for dental technical materials is underway in the dental market, sales of dental milling machines have increased significantly due to the development and expansion of sales channels. However, due to the sharp drop in sales in China where have implemented lockdowns, compared with the same period of the previous fiscal year, net sales in Asia were 1,472 million yen, or 96.1% of the same period of the previous fiscal year, falling below the level of the same period of the previous fiscal year.

[Other Regions]

In Australia and the Middle East region, despite an increase in sales of dental milling machines, sales of eco-solvent printers for the sign market decreased. However, as a result of sales in Latin America, including Brazil, exceeding the level of the same period of the previous fiscal year, net sales in these regions were 3,294 million yen, or 106.0% 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 1,381 million yen compared with end-of-term consolidated totals last year to a total of 44,350 million yen (103.2% of year-end consolidated totals last term). With regard to current assets, cash and deposits decreased by 2,446 million yen, but notes and accounts receivable – trade and inventories increased by 1,639 million yen and 1,508 million yen, respectively. In non-current assets, construction in progress decreased by 181 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 631 million yen due to the renovation of the Miyakoda Plant and other factors.

[Liabilities]

Liabilities as of the end of the second quarter decreased by 1,311 million yen to a total of 12,860 million yen (90.7% of year-end consolidated totals last term). With regard to current liabilities, in addition to accounts payable – other decreasing by 760 million yen as a result of the extra retirement payments associated with the implementation of an early voluntary retirement program and other factors, income taxes payable also decreased by 930 million yen.

[Net assets]

Net assets as of the end of the second quarter increased by 2,692 million yen to a total of 31,489 million yen (109.3% 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 1,175 million yen, mainly due to the financial results for the six months under review, and foreign currency translation adjustment increased by 1,503 million yen mainly due to the effects of a weaker yen.

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

We have revised the consolidated financial results forecasts for the fiscal year ending December 31, 2022, which were announced on February 14, 2022. For details, please see "Notice of Revisions of Financial Result Forecasts" announced today.

2. Consolidated Financial Statements and Primary Notes

(1) Consolidated Balance Sheets

(Thousands of Yen)

	As of December 31, 2021	As of June 30, 2022
Assets		
Current assets		
Cash and deposits	14,075,701	11,629,000
Notes and accounts receivable - trade	4,627,044	6,266,444
Merchandise and finished goods	7,309,375	7,593,455
Work in process	35,939	526,186
Raw materials and supplies	3,529,463	4,263,772
Other	1,782,398	1,811,698
Allowance for doubtful accounts	(48,355)	(63,176)
Total current assets	31,311,567	32,027,381
Non-current assets		
Property, plant and equipment		
Buildings and structures	7,218,003	7,970,374
Accumulated depreciation	(4,972,964)	(5,093,416)
Buildings and structures, net	2,245,039	2,876,958
Machinery, equipment and vehicles	961,561	1,105,768
Accumulated depreciation	(709,363)	(770,586)
Machinery, equipment and vehicles, net	252,198	335,182
Tools, furniture and fixtures	4,050,425	4,436,732
Accumulated depreciation	(3,433,568)	(3,678,257)
Tools, furniture and fixtures, net	616,856	758,474
Land	3,121,218	3,165,337
Leased asset-use rights	1,342,745	1,343,020
Construction in progress	307,913	126,309
Total property, plant and equipment	7,885,972	8,605,282
Intangible assets		
Goodwill	40,302	–
Software	680,730	764,406
Telephone subscription right	7,616	7,522
Total intangible assets	728,648	771,929
Investments and other assets		
Investment securities	200	200
Deferred tax assets	2,166,891	2,086,535
Other	875,935	863,760
Allowance for doubtful accounts	–	(4,488)
Total investments and other assets	3,043,026	2,946,007
Total non-current assets	11,657,648	12,323,219
Total assets	42,969,215	44,350,600

(Thousands of Yen)

	As of December 31, 2021	As of June 30, 2022
Liabilities		
Current liabilities		
Notes and accounts payable - trade	3,320,694	3,261,863
Accounts payable - other	2,275,852	1,515,296
Lease obligations	329,490	355,315
Income taxes payable	1,464,790	534,152
Provision for bonuses	670,298	604,687
Provision for bonuses for directors (and other officers)	4,000	29,579
Provision for product warranties	576,245	662,844
Other	2,237,366	2,462,582
Total current liabilities	10,878,740	9,426,321
Non-current liabilities		
Lease obligations	1,051,742	1,032,426
Provision for employee stock ownership plan trust	132,686	139,324
Provision for share awards for directors (and other officers)	106,228	128,043
Retirement benefit liability	559,494	547,549
Long-term accounts payable - other	63,728	94,086
Other	1,379,411	1,493,145
Total non-current liabilities	3,293,293	3,434,576
Total liabilities	14,172,033	12,860,898
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	23,408,426
Treasury shares	(516,151)	(497,059)
Total shareholders' equity	29,086,365	30,280,675
Accumulated other comprehensive income		
Foreign currency translation adjustment	(335,055)	1,168,709
Remeasurements of defined benefit plans	45,757	40,175
Total accumulated other comprehensive income	(289,297)	1,208,885
Non-controlling interests	113	140
Total net assets	28,797,181	31,489,701
Total liabilities and net assets	42,969,215	44,350,600

(2) Consolidated Statements of Operations and Comprehensive Income

Consolidated Statements of Operations

(For the six months ended June 30, 2021 and June 30, 2022)

(Thousands of Yen)

	For the six months ended June 30, 2021 (From January 1, 2021 to June 30, 2021)	For the six months ended June 30, 2022 (From January 1, 2022 to June 30, 2022)
Net sales	21,846,805	24,085,187
Cost of sales	10,706,055	12,140,099
Gross profit	11,140,749	11,945,088
Selling, general and administrative expenses		
Transportation and storage costs	474,631	525,798
Advertising and promotion expenses	281,673	594,024
Provision of allowance for doubtful accounts	7,109	5,700
Provision for product warranties	42,037	–
Salaries and bonuses	3,373,992	3,596,206
Provision for bonuses	350,217	375,907
Provision for bonuses for directors (and other officers)	2,000	29,579
Provision for employee stock ownership plan trust	7,019	2,601
Provision for share awards for directors (and other officers)	21,198	41,092
Retirement benefit expenses	148,645	127,572
Travel and transportation expenses	63,940	202,490
Depreciation	398,922	428,309
Commission expenses	611,403	682,753
Research and development expenses	1,518,793	1,594,539
Other	880,666	1,049,412
Total selling, general and administrative expenses	8,182,252	9,255,989
Operating profit	2,958,497	2,689,099
Non-operating income		
Interest income	5,194	5,623
Dividend income	3,462	3,304
Gain on valuation of investments in money held in trust	36,413	–
Foreign exchange gains	85,371	211,221
Other	39,786	36,876
Total non-operating income	170,228	257,025
Non-operating expenses		
Interest expenses	13,409	18,632
Sales discounts	54,928	–
Loss on valuation of investments in money held in trust	–	50,007
Other	592	3,053
Total non-operating expenses	68,931	71,693
Ordinary profit	3,059,794	2,874,431

(Thousands of Yen)

	For the six months ended June 30, 2021 (From January 1, 2021 to June 30, 2021)	For the six months ended June 30, 2022 (From January 1, 2022 to June 30, 2022)
Extraordinary income		
Gain on sale of non-current assets	105,691	9,566
Total extraordinary income	105,691	9,566
Extraordinary losses		
Loss on sale and retirement of non-current assets	10,346	15,668
Extra retirement payments	1,247,457	–
Total extraordinary losses	1,257,803	15,668
Profit before income taxes	1,907,682	2,868,329
Income taxes - current	988,311	765,882
Income taxes - deferred	(661,179)	167,869
Total income taxes	327,131	933,752
Profit	1,580,550	1,934,577
Profit attributable to non-controlling interests	3	4
Profit attributable to owners of parent	1,580,546	1,934,572

(Consolidated Statements of Comprehensive Income)

(Thousands of Yen)

	For the six months ended June 30, 2021 (From January 1, 2021 to June 30, 2021)	For the six months ended June 30, 2022 (From January 1, 2022 to June 30, 2022)
Profit	1,580,550	1,934,577
Other comprehensive income		
Valuation difference on available-for-sale securities	468	–
Foreign currency translation adjustment	429,498	1,503,787
Remeasurements of defined benefit plans, net of tax	24,915	(5,581)
Total other comprehensive income	454,882	1,498,205
Comprehensive income	2,035,432	3,432,782
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,035,428	3,432,755
Comprehensive income attributable to non-controlling interests	3	27

(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 in Subsidiaries During the Six Months Ended June 30, 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 six months ended June 30, 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 six months ended June 30, 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 expenses 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 cost of sales for the six months ended June 30, 2021 reduced by 1,512,793 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.

(Significant Subsequent Events)
(Significant Capital Investment)
At the Company's Board of Directors Meeting held on July 28, 2022, a resolution was passed to establish a capital investment plan as follows.

1. Purpose of capital investment
   The Company will integrate its headquarters and Miyakoda Plant, which are currently located at two separate venues in Hamamatsu City, remodel the outdated R&D Center, and build a head office building that integrates the functions of the R&D, administration, and sales departments. The new office building will be environmentally friendly, achieve high energy efficiency, and feature strengthened earthquake resistance in the event of the Nankai Trough earthquake, creating a safe and secure working environment. Furthermore, we aim to achieve a comfortable working environment with offices that support diverse working styles, and enhance productivity by improving work efficiency through the integration of bases.

2. Overview of capital investment

(1) Location	Shinmiyakoda, Kita-ku, Hamamatsu City, Shizuoka Prefecture
(2) Allocation	Construction of new head office building
(3) Planned amount of investment	Approximately 2,950 million yen

3. Facility timing

(1) Scheduled construction start	September 2022
(2) Scheduled construction completion	July 2023
(3) Scheduled relocation	October 2023

4. Significant impact of capital investment on operating activities
   Since the new office building is scheduled to start operation in October 2023, the impact of this capital investment on consolidated performance for the fiscal year ending December 31, 2022 will be minimal.