Consolidated Financial Results
for the Six Months Ended June 30, 2021 [Japanese GAAP]

August 6, 2021

Company name: Roland DG Corporation
Securities Code: 6789
URL: www.rolanddg.com
Stock exchange listing: Tokyo Stock Exchange
Representative: Kohei Tanabe, President
Contact: Kazuhiro Ogawa, Executive Officer and President of Corporate Division
Phone: +81-53-484-1400
Scheduled date of filing quarterly securities report: August 6, 2021
Scheduled date of commencing dividend payments: September 10, 2021
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, 2021 (From January 1, 2021 to June 30, 2021)

(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, 2021	21,846	38.5	2,958	–	3,059	–	1,580	–
Six months ended June 30, 2020	15,774	(21.0)	(1,126)	–	(1,218)	–	(1,324)	–

(Note) Comprehensive income: Six months ended June 30, 2021: 2,035 million yen [–%]
Six months ended June 30, 2020: (1,574) million yen [–%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended June 30, 2021	127.04	–
Six months ended June 30, 2020	(106.14)	–

(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, 2021	39,888	26,772	67.1	2,149.12
As of December 31, 2020	36,301	24,738	68.1	1,990.89

(Reference) Equity: As of June 30, 2021: 26,772 million yen
As of December 31, 2020: 24,738 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, 2020	–	0.00	–	10.00	10.00
Fiscal year ending December 31, 2021	–	40.00			
Fiscal year ending December 31, 2021 (Forecast)			–	20.00	60.00

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

The company has left the year dividend forecast for the fiscal year ending December 2021.

3. Consolidated Financial Results Forecast for the Fiscal Year Ending December 31, 2021 (From January 1, 2021 to December 31, 2021)

(% 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	43,800	25.9	5,400	979.6	5,500	–	3,400	–	273.10

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

*** Notes**

(1) Significant changes of subsidiaries during the six months ended June 30, 2021 (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: No
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, 2021	12,656,311 shares
Fiscal year ended December 31, 2020	12,656,311 shares

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

Six months ended June 30, 2021	198,842 shares
Fiscal year ended December 31, 2020	230,507shares

3) Average number of shares during the period:

Six months ended June 30, 2021	12,441,648 shares
Six months ended June 30, 2020	12,476,487 shares

(Notes) 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 (198,500 shares at the end of the six months ended June 30, 2021 and 230,200 shares at the end of the fiscal year ended December 31, 2020). 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 (214,350 shares at the end of the six months ended June 30, 2021 and 179,567 shares at the end of the three months ended March 31, 2020).

* 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 9.

Table of Contents of Appendix

1. Results of Operations

(1) Analysis of Results of Operations

During the six months ended June 30, 2021 (from January 1, 2021 to June 30, 2021), the world economy saw strong signs of a recovery in business conditions across Europe and North America, where COVID-19 vaccinations are progressing. An overall upturn in business conditions was apparent, despite continuing restrictions on economic activities in regions including Southeast Asia and Japan, where the vaccination rollout has been delayed. However, with the renewed spread of variants even in regions with high vaccination rates, there remained a persisting lack of clarity in market conditions, with no indication of when the pandemic will be brought under control.

Under these circumstances, the group has formulated a three-year medium-term business plan (FY2021-FY2023) with fiscal year 2021 as the first year. Under the policy of "Be reborn as true RDG- 'Creativity, Best and Cooperative Enthusiasm,'" basic strategies to transition into a lean organization and to transform the business portfolio have been established. To change into a muscular corporate structure, we will promote structural reforms to strengthen competitiveness and respond flexibly to changes in the business environment. As part of these structural reforms, a call for early voluntary retirement was implemented in February to streamline personnel and reduce fixed costs. To transform the business portfolio, we will maintain profitability in existing business through enhanced efficiency while utilizing our strengths, and by focusing on growth markets and new markets, we will break free from a sales structure dependent on the sign (outdoor advertising) market. In terms of financial strategies, the cash conversion cycle (CCC) will be improved through inventory reductions and other measures, and cash generating capabilities will be enhanced through improvement of asset efficiency, utilizing cash for growth investment. Under the medium-term business plan, we will aim to enhance corporate value from both the sides of securing profitability and improving capital efficiency.

During the six months ended June 30, 2021, despite a significant impact from COVID-19, economic activities are heading towards normalization with the lifting of restrictions in some regions with high vaccination rates in Europe and North America. We have strengthened online-based communication through activities such as sales marketing during the COVID-19 pandemic, and with the reopening of physical exhibitions and events, we worked to expand customer touchpoints, fusing online and face-to-face sales. Throughout the six months ended June 30, 2021, we carried a backlog of orders in some products due to a rapid recovery in demand resulting from the resumption of economic activities. However, we worked to ensure stable supply, adjusting to increased production and gradually eliminating the backlog. This was partly responsible for an increase in sales. At the same time, unstable conditions persisted with regard to supply chains. These included delays in securing shipments and delivering products, and soaring marine transportation costs due to a worldwide container shortage, as well as the emergence of procurement risks for parts such as semiconductors and other electronic components. However, the effect of these issues on the financial results for the six months ended June 30, 2021 was negligible. These issues, particularly the difficulty in parts procurement, are forecast to persist through the third quarter of the fiscal year and beyond, but we will implement countermeasures as appropriate to ensure that their impact is kept to a minimum.

As a result of these initiatives, both net sales and profit for the six months ended June 30, 2021 were significantly higher than in the same period of the previous term, partly due to the substantial decline in sales that occurred the previous term due to the impact of COVID-19. Net sales increased by 38.5% compared with the same period of the previous term to 21,846 million yen, with a weaker yen further contributing to increased sales in the sign market, which is our mainstay business, and the growing dental market. The ratio of cost of sales improved by 10.9 percentage points from the same period of the previous term, due to the significant increase in net sales. Selling, general and administrative expenses increased by 4.8 percentage points from the same period of the previous term due to an increase in personnel expenses and transportation costs, but the ratio of selling, general and administrative expenses against net sales fell by 9.8 percentage points from the same period of the previous term. As a result, operating profit was 2,958 million yen (operating loss of 1,126 million yen for the same period of the previous term), and ordinary profit was 3,059 million yen (ordinary loss of 1,218 million yen for the same period of the previous term). As expenses associated with the call for early voluntary retirement were recorded as extraordinary losses in the three months ended March 31, 2021, profit attributable to owners of parent was 1,580 million yen (loss of 1,324 million yen for the same period of the previous term).

The exchange rates for major currencies during the six months ended June 30, 2021 (average rate during the period from January 2021 to June 2021) were 107.70 yen to the U.S. dollar (108.30 yen for the same period of the previous term) and 129.86 yen to the euro (119.35 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. Sales by product are as follows.

Net sales by product

(Millions of Yen)

Product	Six months ended June 30, 2020		Six months ended June 30, 2021		Changes	Changes in composition ratio (%)	Year-on year change (%)
	Amount	Composition ratio (%)	Amount	Composition ratio (%)			
Printers	4,591	29.1	7,010	32.1	2,418	3.0	152.7
Plotters	497	3.2	619	2.8	122	(0.4)	124.6
3D products	1,976	12.5	3,387	15.5	1,410	3.0	171.4
Supplies	5,565	35.3	6,940	31.8	1,375	(3.5)	124.7
Others	3,144	19.9	3,889	17.8	745	(2.1)	123.7
Total	15,774	100.0	21,846	100.0	6,071	–	138.5

[Printers]

In the sign market, amid increasingly fierce competition due to market maturity and market entry by large companies, we will further solidify the existing customer base by enhancing the provision of added value through technological transformation. We will aim for full-scale entry into both growth markets and new markets through the active promotion of co-creation with external partners. In growth markets, we will launch models specifically targeting these markets, with competitive pricing that meets customer needs. In new markets, we will engage in market expansion by globally expanding products for specific applications which previously were mainly developed in Europe. In March, we launched the VersaUV LEC2-640/330 UV printer to expand the LEC2 series product lineup. The newly added 64 inch model increased the range of applications from large advertising boards and interior decoration to design correction in the packaging business of food, beverages, and other products. By promptly responding to market trends and needs in such a way, we will contribute to the development of the printing business. In April, we launched Roland DG Connect, which provides services to enhance work efficiency, realizing stable operating environments by sharing information such as operating status and usage conditions of printers between the Company and is customers.

During the six months ended June 30, 2021, sales continued to receive support from output demand such as for warning notices encouraging infection prevention amidst the COVID-19 pandemic. In addition, the resumption of economic activities was accelerated in some regions with high vaccination rates. Face-to-face exhibitions and events began to be held, and demand recovered for applications such as outdoor advertising, leading to an increase in sales of VG2 series printers for the sign market. A recovery was also apparent in demand for the production of original goods and novelties, which led to robust sales of LEF2 series desktop UV printers for the retail market. In addition, there was an expansion in the introduction of VersaSTUDIO BN-20 desktop eco-solvent inkjet printers for the in-house and small business market. Featuring small size and simple operation, and equipped with the print & cut function that enables the on-demand production of stickers in a range of shapes, this model has been well received by a broad range of customers as a printer that meets the diverse needs arising from the COVID-19 pandemic. We carried a backlog of orders for some printers due to the rapid recovery in demand with the resumption of economic activities, but we worked to ensure stable supply, adjusting to increased production and gradually eliminating the backlog. This, in addition to this strong capital investment demand, was responsible for an increase in sales. As a result, printer sales during the six months ended June 30, 2021 were 7,010 million yen, or 152.7% of the same period of the previous fiscal year, a significant increase attributable partly to the slump in sales that occurred due to the impact of COVID-19 in the previous fiscal year.

[Plotters]

Sales of large format cutters for the sign market and small-scale cutters for the in-house market increased. As a result, plotter sales were 619 million yen, or 124.6% of the same period of the previous fiscal year.

[3D products]

DGSHAPE Corporation, a subsidiary of the Company, aims to promote efficiency of fabrication in various fields by utilizing 3D digital data. While securing a solid footing in the 3D digital fabrication market such as the manufacturing and engraving industries as well as educational institutions, the Company strives to become the top global manufacturer through regional expansion for sales and share expansion in the growing dental market. In the existing dental business market, we will work to expand the target customer base from dental labs to dental clinics, and strengthen our proposal capabilities in the manufacturing of dentures and implant base as a new digital field. In growth markets, we will increase sales and market share by launching price-competitive exclusive models with features suitable for customer needs in the respective regions.

In the dental market, dental labs and dental clinics continued to operate at a low capacity in regions where the infection of COVID-19 continues to spread, in order to prevent infection. However, capital investment demand recovered rapidly with the lifting of restrictions and the resumption of economic activities in regions where vaccinations are progressing, leading to strong sales of dental milling machines. In the meantime, we carried a backlog of orders for some dental milling machines due to the rapid recovery in demand, but we worked to ensure stable supply, adjusting to increased production and gradually eliminating the backlog. This was partly responsible for an increase in sales. In the 3D digital fabrication market, sales of 3D milling machines also increased. As a result, sales of 3D products during the six months ended June 30, 2021 were 3,387 million yen, or 171.4% of the same period of the previous fiscal year, a significant increase attributable partly to the sharp drop in sales that occurred due to the impact of COVID-19 in the previous fiscal year.

[Supplies]

Output demand remained strong, such as for warning notices encouraging infection prevention amidst the COVID-19 pandemic. In addition, a recovery in output demand related to advertising and events was apparent in some regions with high vaccination rates, where face-to-face exhibitions and events were held.

Although the significant drop in demand for ink that occurred due to the impact of COVID-19 in the previous fiscal year, due to the demand recovered, sales of supplies during the six months ended June 30, 2021 were 6,940 million yen, or 124.7% of the same period of the previous fiscal year.

[Others]

During the six months ended June 30, 2021, sales of service parts performed strongly, with the improvement of product utilization rates due to the recovery of output demand from customers. As a result, other sales were 3,889 million yen, or 123.7% of 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, 2020		Six months ended June 30, 2021		Changes	Changes in composition ratio (%)	Year-on year change (%)
	Amount	Composition ratio (%)	Amount	Composition ratio (%)			
Japan	2,039	12.9	2,218	10.2	179	(2.7)	108.8
North America	5,053	32.0	7,087	32.4	2,033	0.4	140.2
Europe	5,551	35.2	7,901	36.2	2,349	1.0	142.3
Asia	1,073	6.8	1,531	7.0	458	0.2	142.7
Others	2,056	13.1	3,107	14.2	1,051	1.1	151.1
Total	15,774	100.0	21,846	100.0	6,071	–	138.5

[Japan]

Demand for events and outdoor adverting, etc. slumped due to the continuing restriction of economic activities resulting from the declaration of a state of emergency and request for self-restraint by local governments following the renewed spread of COVID-19. As a result, sales of printers for the sign market and eco-solvent ink decreased slightly from the same period of the fiscal year, but sales of UV printers for the retail and sign markets increased. In 3D products, 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 September last year. Sales of the DWX-52D and DWX-52DCi, our mainstay models, also increased. As a result, net sales in Japan were 2,218 million yen, or 108.8% of the same period of the previous fiscal year.

[North America]

During the six months ended June 30, 2021, various restrictions that had been implemented to curb the spread of COVID-19, such as store entry restrictions and limits on the number of event participants, were lifted as vaccination rates rose, and economic activity progressively recommenced. Capital investment demand was vigorous in the dental market, and sales of dental milling machines were strong. The introduction of DWX-42W wet dental milling machines expanded among dental clinics with dental labs and internal labs, against a backdrop of increasing insourcing of dental technical work due to the COVID-19 pandemic. In printers, sales increased significantly for the TrueVIS VG2/SG2 series, our mainstay printer models for the sign market. In addition, owing to the growing in-house and small business demand, sales increased for the BN-20 compact desktop eco-solvent inkjet printers enabling on-demand, small-lot production of original goods such as stickers, T-shirts and tote bags. Sales were also boosted by the progressive sale of products for which a backlog in orders had arisen due to the rapid recovery in demand resulting from the resumption of economic activities. As a result, for the six months ended June 30, 2021, net sales in North America were 7,087 million yen, or 140.2% of the same period of the previous fiscal year, an increase attributable partly to the decline in sales that occurred due to the impact of COVID-19 in the previous fiscal year.

[Europe]

During the six months ended June 30, 2021, although economic activities were restricted in some regions due to the implementation of measures to curb the spread of infection, capital investment demand was strong for printers and 3D products. In printers, sales of printers for the sign and retail markets increased significantly. In 3D products, sales of the DWX-52DCi, which features high productivity, increased in the dental market. Sales were also boosted by the progressive sale of products for which a backlog in orders had arisen due to the rapid recovery in demand resulting from the resumption of economic activities. As a result, for the six months ended June 30, 2021, net sales in Europe were 7,901 million yen, or 142.3% of the same period of the previous fiscal year, an increase attributable partly to the decline in sales that occurred due to the impact of COVID-19 in the previous fiscal year, along with the effects of a weaker yen against the euro.

[Asia]

In China, economic activity was progressively resumed in line with the rise in vaccination rates, and face-to-face events were held in the digital market. Although overall sales decreased substantially due to the impact of COVID-19 in the same period of the previous fiscal year, sales of dental milling machines and service parts rose in the six months ended June 30, 2021, largely exceeding that of the same period of the previous fiscal year. Sales of dental milling machines increased significantly in South Korea and India. Although economic activities were restricted due to lockdowns in some ASEAN regions, with the renewed spread of COVID-19, sales of dental milling machines and service parts which account for a high proportion of sales increased. As a result, net sales in Asia were 1,531 million yen, or 142.7% of the same period of the previous fiscal year.

[Other Regions]

In Australia, an increase in sales of printers and eco-solvent ink for the sign market was further boosted by the depreciation of the yen against the Australian dollar, and sales were significantly higher than in the same period of the previous fiscal year. In Brazil, sales of printers and other products for the sign market increased, with a consequential increase in sales of ink and service parts. Overall sales increased compared to the same period of the previous fiscal year, despite a significant impact from the appreciation of the yen against the Brazilian real. In the Middle East region, sales of dental milling machines and other products increased. As a result, net sales in these regions were 3,107 million yen, or 151.1% 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 3,587 million yen compared with end-of-term consolidated totals last year to a total of 39,888 million yen (109.9% of year-end consolidated totals last term). With regard to current assets, cash and deposits, notes and accounts receivable – trade and inventories increased by 540 million yen, 789 million yen and 1,310 million yen, respectively. In non-current assets, leased asset-use rights and deferred tax assets increased by 299 million yen and 680 million yen, respectively.

[Liabilities]

Liabilities as of the end of the second quarter increased by 1,552 million yen to a total of 13,115 million yen (113.4% of year-end consolidated totals last term). With regard to current liabilities, current portion of long-term borrowings decreased by 720 million yen, but notes and accounts payable – trade, incomes taxes payable and other current liabilities resulting from the recording of accrued expenses from the implementation of early voluntary retirement increased by 356 million yen, 730 million yen and 755 million yen, respectively. In non-current liabilities, lease obligations increased by 361 million yen.

[Net assets]

Net assets as of the end of the second quarter increased by 2,034 million yen to a total of 26,772 million yen (108.2% of year-end consolidated totals last term). Compared with the end of the previous fiscal year, treasury shares decreased by 125 million yen due to the grant of shares based on the stock benefit trust plan for officers and employees, but retained earnings increased by 1,453 million yen, mainly due to the financial results for the six months under review, and foreign currency translation adjustment increased by 429 million yen mainly due to the effects of a weaker yen.

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

Based on recent performance trends, we have revised the consolidated financial results forecasts for the fiscal year ending December 31, 2021, which were announced on May 12, 2021. For details, please see “Notice Regarding Differences Between the Financial Results Forecasts and Actual Results for the Six Months Ended June 30, 2021, and Revisions of Financial Result Forecasts for the Fiscal Year Ending December 31, 2021” announced today.

2. Consolidated Financial Statements and Primary Notes

(1) Consolidated Balance Sheets

(Thousands of Yen)

	As of December 31, 2020	As of June 30, 2021
Assets		
Current assets		
Cash and deposits	12,451,929	12,992,828
Notes and accounts receivable - trade	4,322,860	5,112,044
Merchandise and finished goods	5,226,944	6,398,633
Work in process	48,291	62,372
Raw materials and supplies	2,763,849	2,888,555
Other	1,478,636	1,455,287
Allowance for doubtful accounts	(76,584)	(75,564)
Total current assets	26,215,926	28,834,157
Non-current assets		
Property, plant and equipment		
Buildings and structures	7,057,705	7,035,967
Accumulated depreciation	(4,676,214)	(4,686,258)
Buildings and structures, net	2,381,490	2,349,708
Machinery, equipment and vehicles	920,622	936,026
Accumulated depreciation	(680,064)	(685,628)
Machinery, equipment and vehicles, net	240,558	250,397
Tools, furniture and fixtures	3,822,324	3,951,223
Accumulated depreciation	(3,188,089)	(3,310,320)
Tools, furniture and fixtures, net	634,235	640,903
Land	3,127,831	3,122,323
Leased asset-use rights	747,604	1,047,179
Construction in progress	47,958	87,436
Total property, plant and equipment	7,179,678	7,497,948
Intangible assets		
Goodwill	117,600	81,234
Software	599,779	559,851
Telephone subscription right	7,861	7,743
Total intangible assets	725,240	648,829
Investments and other assets		
Investment securities	3,804	4,472
Deferred tax assets	1,358,193	2,039,115
Other	818,556	864,017
Total investments and other assets	2,180,553	2,907,604
Total non-current assets	10,085,473	11,054,382
Total assets	36,301,399	39,888,540

(Thousands of Yen)

	As of December 31, 2020	As of June 30, 2021
Liabilities		
Current liabilities		
Notes and accounts payable - trade	2,376,126	2,732,693
Current portion of long-term borrowings	1,440,000	720,000
Lease obligations	330,694	276,294
Income taxes payable	181,896	912,707
Provision for bonuses	578,570	617,983
Provision for bonuses for directors (and other officers)	–	2,000
Provision for product warranties	440,844	517,447
Other	3,229,028	3,984,556
Total current liabilities	8,577,160	9,763,682
Non-current liabilities		
Lease obligations	449,049	810,223
Provision for employee stock ownership plan trust	136,041	124,003
Provision for share-based remuneration for directors (and other officers)	157,949	76,471
Retirement benefit liability	910,676	907,508
Long-term accounts payable - other	54,138	57,820
Other	1,277,899	1,376,166
Total non-current liabilities	2,985,755	3,352,194
Total liabilities	11,562,916	13,115,877
Net assets		
Shareholders' equity		
Share capital	3,668,700	3,668,700
Capital surplus	3,700,608	3,700,608
Retained earnings	19,132,487	20,586,474
Treasury shares	(644,762)	(519,455)
Total shareholders' equity	25,857,034	27,436,327
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(249)	218
Foreign currency translation adjustment	(865,396)	(435,897)
Remeasurements of defined benefit plans	(253,007)	(228,092)
Total accumulated other comprehensive income	(1,118,653)	(663,771)
Non-controlling interests	103	107
Total net assets	24,738,483	26,772,662
Total liabilities and net assets	36,301,399	39,888,540

(2) Consolidated Statements of Operations and Comprehensive Income

Consolidated Statements of Operations

(For the six months ended June 30, 2020 and June 30, 2021)

(Thousands of Yen)

	For the six months ended June 30, 2020 (From January 1, 2020 to June 30, 2020)	For the six months ended June 30, 2021 (From January 1, 2021 to June 30, 2021)
Net sales	15,774,887	21,846,805
Cost of sales	10,535,770	12,218,849
Gross profit	5,239,117	9,627,956
Selling, general and administrative expenses		
Transportation and storage costs	384,344	474,631
Advertising and promotion expenses	334,421	281,673
Provision of allowance for doubtful accounts	9,663	7,109
Provision for product warranties	19,203	42,037
Salaries and bonuses	3,228,095	3,373,992
Provision for bonuses	283,237	350,217
Provision for bonuses for directors (and other officers)	–	2,000
Provision for employee stock ownership plan trust	–	7,019
Provision for share-based remuneration for directors (and other officers)	–	21,198
Retirement benefit expenses	137,095	148,645
Travel and transportation expenses	124,765	63,940
Depreciation	420,598	398,922
Commission expenses	575,914	611,403
Other	848,079	886,666
Total selling, general and administrative expenses	6,365,420	6,669,459
Operating profit (loss)	(1,126,302)	2,958,497
Non-operating income		
Interest income	5,201	5,194
Dividend income	12,803	3,462
Gain on valuation of investments in money held in trust	–	36,413
Foreign exchange gains	–	85,371
Subsidy income	71,276	2,390
Other	51,475	37,395
Total non-operating income	140,755	170,228
Non-operating expenses		
Interest expenses	13,824	13,409
Sales discounts	41,599	54,928
Foreign exchange losses	148,574	–
Other	29,238	592
Total non-operating expenses	233,237	68,931
Ordinary profit (loss)	(1,218,784)	3,059,794

(Thousands of Yen)

	For the six months ended June 30, 2020 (From January 1, 2020 to June 30, 2020)	For the six months ended June 30, 2021 (From January 1, 2021 to June 30, 2021)
Extraordinary income		
Gain on sales of non-current assets	3,940	105,691
Total extraordinary income	3,940	105,691
Extraordinary losses		
Loss on sales and retirement of non-current assets	5,253	10,346
Loss on sales of investment securities	4,488	–
Extra retirement payments	–	1,247,457
Total extraordinary losses	9,742	1,257,803
Profit (loss) before income taxes	(1,224,586)	1,907,682
Income taxes - current	74,147	988,311
Income taxes - deferred	25,556	(661,179)
Total income taxes	99,703	327,131
Profit (loss)	(1,324,289)	1,580,550
Profit attributable to non-controlling interests	9	3
Profit (loss) attributable to owners of parent	(1,324,299)	1,580,546

(Consolidated Statements of Comprehensive Income)

(Thousands of Yen)

	For the six months ended June 30, 2020 (From January 1, 2020 to June 30, 2020)	For the six months ended June 30, 2021 (From January 1, 2021 to June 30, 2021)
Profit (loss)	(1,324,289)	1,580,550
Other comprehensive income		
Valuation difference on available-for-sale securities	826	468
Foreign currency translation adjustment	(268,974)	429,498
Remeasurements of defined benefit plans, net of tax	18,356	24,915
Total other comprehensive income	(249,791)	454,882
Comprehensive income	(1,574,081)	2,035,432
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(1,574,084)	2,035,428
Comprehensive income attributable to non-controlling interests	3	3

(3) Notes on Consolidated Financial Statements

(Notes on Going Concern Assumption)

Not applicable.

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

At the Company's 40th Ordinary General Meeting of Shareholders held on March 18, 2021, a resolution was passed to reduce of the amount of legal capital surplus of 3,700,603 thousand yen by 2,800,000 thousand yen, and to transfer this amount to other capital surplus, effective from April 30, 2021.

This was a transfer between accounts within shareholders' equity, and did not change the total amount of the Company's shareholders' equity.

(Significant Subsequent Events)

Not applicable.