

Roland DG Corporation

2021-2023 Mid-term Plan

February 19, 2021



Despite some success, we largely fell short of the previous Mid-term Plan (MTP) targets

Key Successes

- Developed new head technology
- In-house ink development
- Separation of DGSHAPE
- Set up Business Divisions
- Partial production shift to Thailand
- Established Co-Creation process

(JPY)	FY2015	Prev. MTP Target (Original)	Prev. MTP Target (Revised)	FY2019	FY2020
Revenue	47B	76B	46B	40.8B	34.8B
Operating Profit / Margin	5.3B /11%	10B /13%	4.5B /10%	2.8B /6.8%	0.5B /1.4%
ROE	15%	15%	12%	7.9%	1.0%
Payout ratio	-²	30%	30%	32%	50%

1. FY2015 has been adjusted from 9mth to 12mth figures

2. FY2015 not available since there was only mid-year dividend

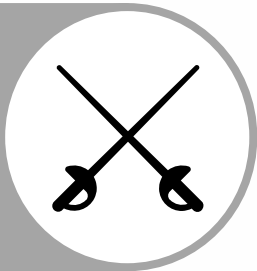
RDG experienced both external and internal headwinds

Market



- ❖ Overall sign market was flat ~ slight decline
- ❖ Solvent, our core segment, faced a shrink in demand
- ❖ Dental market grew at 7~8% CAGR

Competition



- ❖ Large competitors entered market, intensifying price competition
- ❖ Market entry also by emerging market players (e.g. Chinese manufacturers)
- ❖ Emerging market players started entering dental

Company



- ❖ Decrease in new product launch
- ❖ Fixed cost remained high despite sales decline, leading to lower profitability
- ❖ Management decision making slowed

**We acknowledge this result sincerely and
commit to a change going forward**

Mid-term Plan Vision

Return to the true RDG of “Creativity, **BEST**, Cooperative enthusiasm”

Evolve into a lean organization and build the next mountain of business

Be a

"Niche Market Creator"

- ❑ Diversifying needs and digitalization are a chance to use our strengths
- ❑ Create new markets by fully leveraging strengths and shift from analog to digital

Pioneer the Future by

"Digital & Co-creation"

- ❑ Actively expand circle of Co-creation and use digital tech to create new value and markets
- ❑ “Connected” is the key

Establish a

"Culture of Challenge"

- ❑ Instill the ambition to seek new challenges into each and every member of our group

Reborn as a lean organization

- ❑ Strong against risk, ready and able to take on all challenges

Business Portfolio Transition

- Focus on efficiency for existing businesses
- Expand into new markets

**2021-2023 MTP
Core Strategy**

Lean organization

- Integrate production locations
- Reduce cost
- Renew management team and organization

Financial Target

(JPY)	FY2019	FY2020	FY2023
Sales	40.8B	34.8B	48B + α
New business sales / % of total sales	3.1B / 8%	2.5B / 7%	10B / 20%
Operating profit / margin	2.8B / 6.8%	0.5B / 1.4%	6B / 12.5%
ROE	7.9%	1.0%	15%
ROIC	6.5%	0.6%	15%
CCC	163	141	120
Payout ratio / DOE¹	32% / 2.5%	50% / 0.5%	30% / 2%

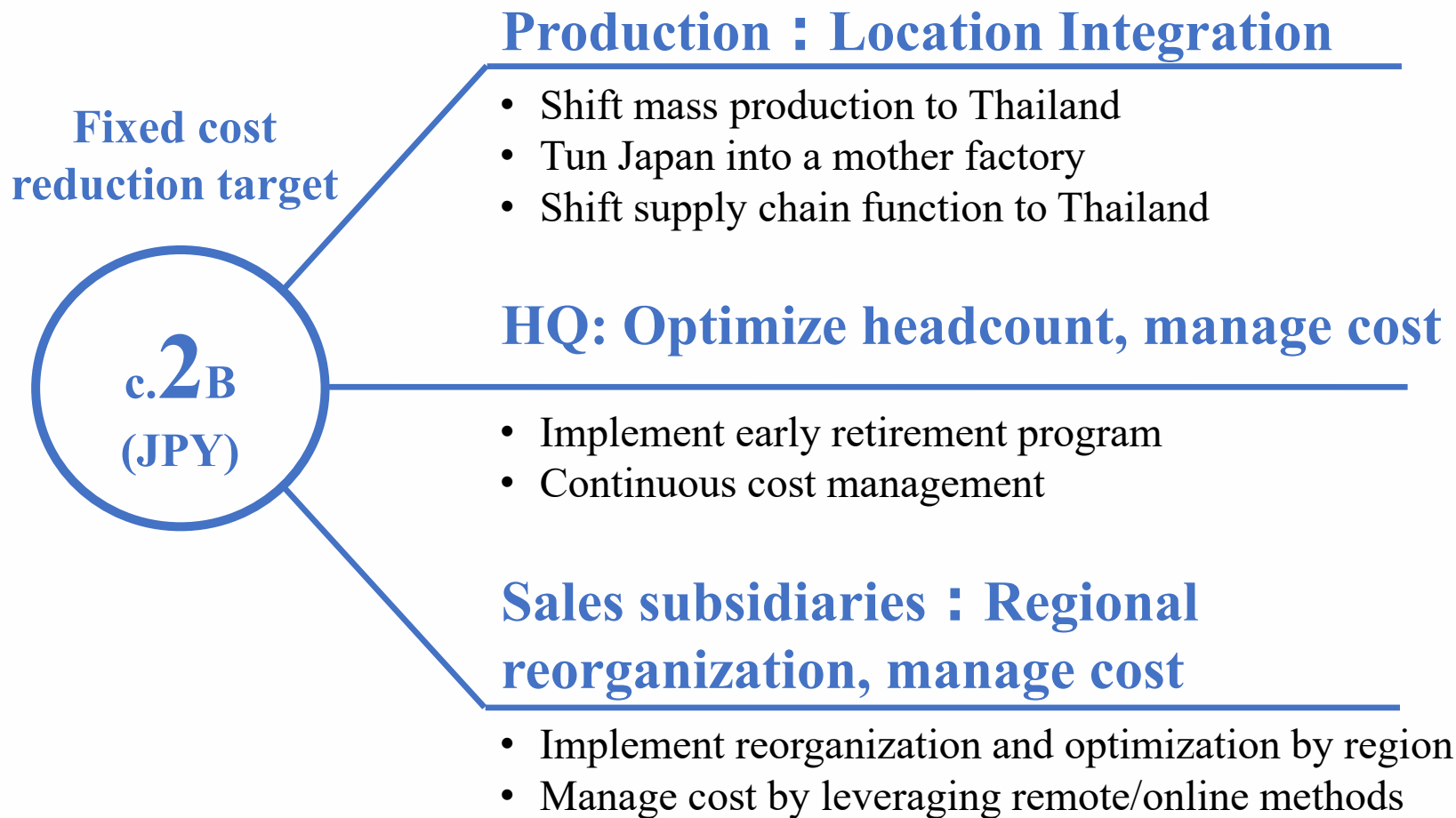
2021-2023 Mid-term Plan



Lean organization

- Integrate production locations
- Reduce cost
- Renew management team and organization

Reduce 2B fixed cost globally through cost control and production location integration



Renewing the board structure, enabling speedy business execution among a diverse team

List of expertise of director candidates

		Management	Technology R&D Production	Sales & Marketing	Finance & accounting	Legal	M&A	Global business
D i r e c t o r s		Kohei Tanabe	●	●	●			●
		Toshiharu Uwai	●	●	●			●
		Eli Keersmaeckers		●	●			●
	Outside (independent)	Takuo Hirose				●	●	●
	Outside (independent)	Osamu Hosokubo	●	●	●		●	●
	Outside (independent)	Naoko Okada	●	●				●
	Outside	Brian K. Heywood	●		●		●	●
A u d i t o r s		Masayasu Suzuki			●			●
		Naoki Nagano			●			●
	Outside (independent)	Shigeki Matsuda	●		●			
	Outside (independent)	Mitsuhiro Honda	●		●			●

Subject to approval of AGM (2021/3/18)

Business Portfolio Transition

- Focus on efficiency for existing businesses
- Expand into new markets

2021-2023 Mid-term Plan



Target 10B sales from growth market and new business

(Sales JPY)

Existing

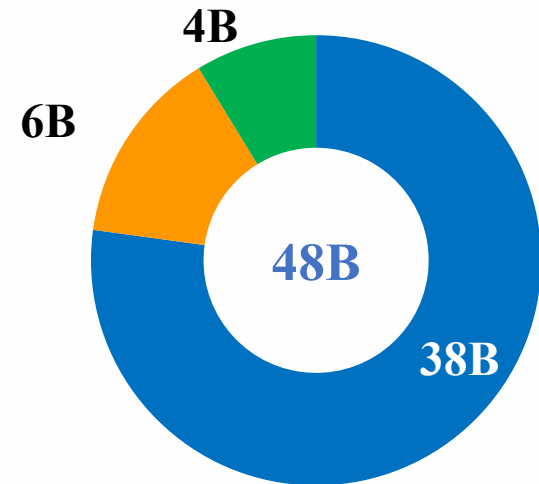
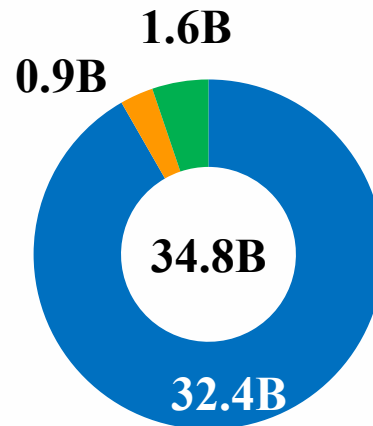
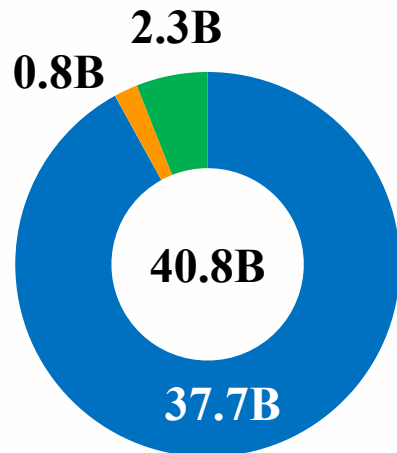
Growth M

New

2019

2020

2023



Existing Business

Diversify solutions and improve efficiency

Growth Market

Full-scale entry by dedicated models

New Market

Develop niche markets

Overarching

SaaS, connected, remote services

Existing Business

Digital Printing

- Launch non-solvent product line
- Streamline operation to improve efficiency

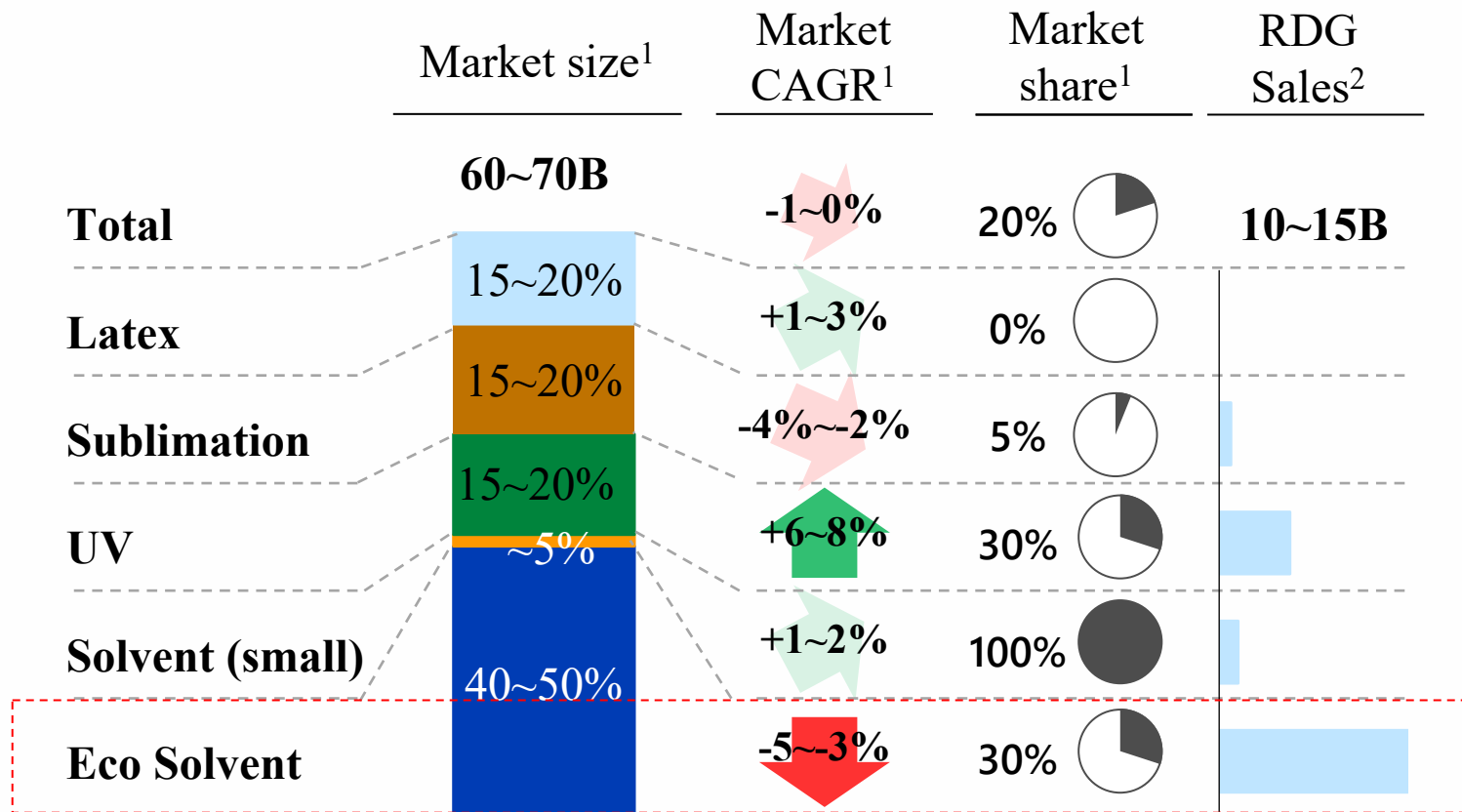
Diversify Solution
and improve
efficiency

DGSHAPE

- Expand target application
- Develop dental clinic market
- Reduce cost to improve efficiency

Existing Biz **Printer market landscape**

- Overall market is flat ~ negative growth
- Customers are switching away from solvent ink, which is currently our largest revenue stream



1. RDG estimate based on 3rd party research data (as of 2019)
 2. 2019 actual

Strengthen non-solvent solutions

Capture customers' switching demand by expanding product line to fully leverage existing customer base

- Environmental awareness affecting customer needs

Improve efficiency

Improve efficiency to increase profit in a low-growth market

- Integrate production location
- Review product portfolio
- Develop product platform

Existing Biz

Expand into new applications that have potential for digitization

Current target application

Crowns & bridges



CAD/CAM
Equip.
Market size
JPY40B

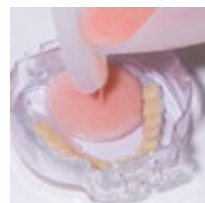
CAGR
10%

RDG
market share
(US labs)
25%

Areas with future digitization potential

Dentures

Propose kits that reduce both time and cost



Block building



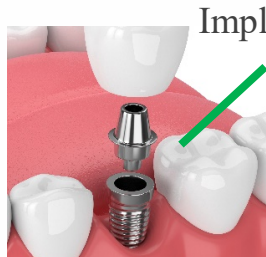
Milling



Complete

CAD/CAM
Equip.
Market size
JPY8B

Implant base



Implant base



More breadth in millable materials
by in-house spindles

CAD/CAM
Equip.
Market size
JPY2.5B

Dental clinic (chair-side) market to grow from COVID prevention needs
Lab market to return to domestic production from overseas outsourcing

- Patients want to minimize visits to prevent infection
- Shorter lead-time for prosthetics procurement
- Shift from outsourcing (emerging countries) to domestic production

“**Chair-side solutions**” (making prosthetics in dental offices) is the key for “**One-Visit treatments**”



Dental clinic user (California, USA)

Current clinic equipment market size is **JPY60B**,
growing at **8% p.a.**

Growth Market

**Full-scale entry by
launching dedicated
models**

- Develop growth markets where we have less footprint
- Introduce dedicated product models for both DP & DGSHAPE

Attractive market but requires strategy to address the competitive landscape

	DP	Dental
Market	<p>Size</p> <p>JPY 120-130B</p> <p>CAGR</p> <p>10%+</p>	<p>Size</p> <p>JPY 8-10B</p> <p>CAGR</p> <p>20%+</p>
Competition	<p><u>Emerging country (Chinese/Indian) players</u> with cost competitiveness and speed</p>	<p>Used to be mainly European manufactures but <u>Emerging country players are entering</u></p>

Hard for both DP and DGSHAPE to compete just by current product line – need to launch dedicated models

New Market

Develop niche markets

- Target new “3D object decoration” printer market that will emerge by personalization trend
- Leverage current Co-Creation know-how to rapidly develop new markets
- Develop new areas esp. around medical systems at DGSHAPE

Digitization is accelerating demand for product personalization

Personalized Marketing

Personalized marketing has become the norm by arise of smart device and social media

Consumers become more have higher expectation towards personalization

Personalized Products (Experience)

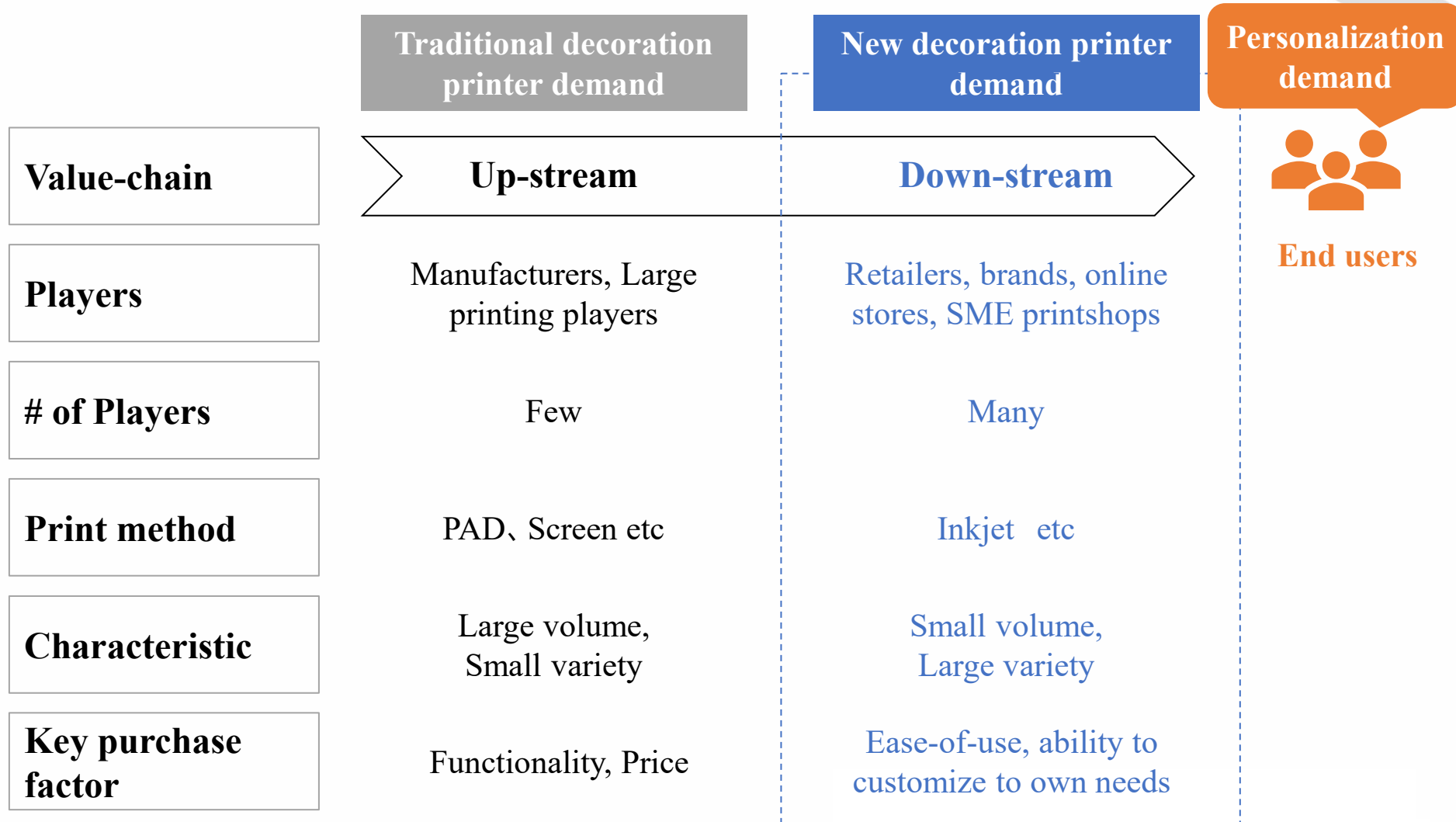
Personalization goes beyond marketing to personalizing the product (experience) itself

Businesses today, have sophisticated infrastructures to provide customization



Personalization will impact the Printer industry that plays an integral role in the decoration process

Characteristic of Object Decoration Printers Market





DNA of a niche market developer

Winning in markets where large players can't



Co-Creation Development

Established process to co-work with our customers



Strong Sales force to capture customer needs

Global sales network that underpinning our strength even during COVID



“Small and easy-to-use” products

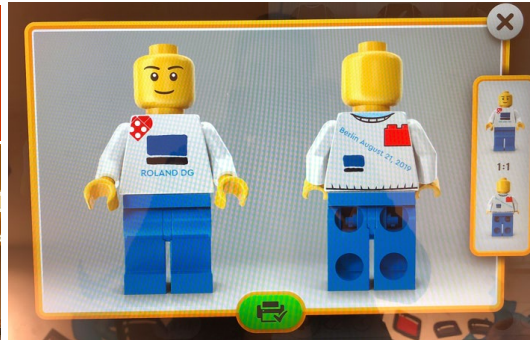
Product characteristics that meet the new segment needs



Highlights

- Strong personalization demand from LEGO fans
- Request for customization: “High safety standard inks”
- Will apply the ink technology developed in other related areas

LEGO® MiniFigure Factory & SF-200



Use existing Co-Creation track record to develop new niche markets

Current Sales
(Europe only)

JPY
0.6B

2023 target

JPY
3B

Today :

Initiated Co-Creation in Europe

Future :

Cross sell products developed in Europe globally

Set-up dedicated team and allocate resource

Accelerate product launch cycle



SF-200



S-Series



EJ-Deco

Start Roland DG Connected

Launch in 2021

Roland DG Connected Service

Maintenance Service: Prevent breakdowns to reduce downtime

Workflow Service: Visualize business process

Business Management Service: Automate business

Market place:
Provide platform to build
new business opportunities

2021

2022

2023

Financial Strategy: Increase cash source and use effectively to maximize corporate value

Maximize Cash Source

Maximize profitability

- Soundly execute structural reform and growth strategy

Improve cash conversion

- Target 120 days CCC through inventory reduction etc

Maximize corporate value by effective Cash Use

Accelerate investment

- Use for R&D, personnel, promotional in growth areas
- Generate + α growth through investments incl. M&As

Optimal shareholder return

- Pay-out excess cash to shareholders after accounting for room for growth investment

Dividend policy

Target 30% pay-out ratio and 2% DOE

- ❖ **Prioritize growth investment** for sustainable long-term value creation
- ❖ After securing cash for growth, conduct **stable and continuous distribution for shareholders**
- ❖ **Introduce DOE** to enable stable distribution to shareholders even under one-off profit decline due to structural reform and potential volatility due to new businesses

※ *DOE : Dividend on Equity*

Our journey to transformation has already begun

Inspire the Enjoyment of *Creativity*

Be the *BEST* rather than the BIGGEST

The Roland Family — *Cooperative*

Enthusiasm



President
Kohei Tanabe

The information pertaining to our business plans and forecasts that has been provided in this presentation contains forward-looking statements that are based on the plans and prospects of the Company at this point in time. The actual business results could be significantly different from those stated in this presentation due to changes in conditions. As such, please be advised that it cannot be guaranteed that these statements will not differ materially from actual results.