

# Roland DG Corporation

## Consolidated Financial Results for the Six Months Ended June 30, 2020

August 28, 2020



# Presentation highlights

## ■ Q2 Financial Summary

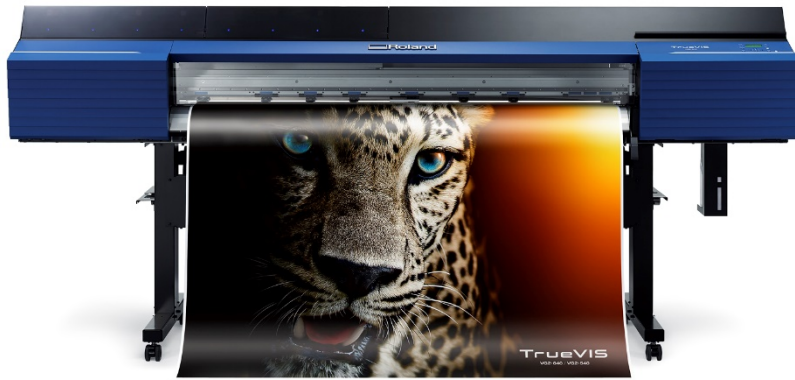
- **Exceeded previous forecast** (as of May) despite COVID-19 affect
- Captured new COVID-19 related demands in US and Europe

## ■ FY Forecast Revision

- **Revised up** the FY forecast based on latest business environment
- May revisit forecast depending on the COVID-19 situation

## ■ Mid/long-term Perspective

- Evolving into a strong organization to win in the **post-COVID** world
- Developing **new markets**
- Strengthening customer support to become the **brand of choice**



# TrueVIS

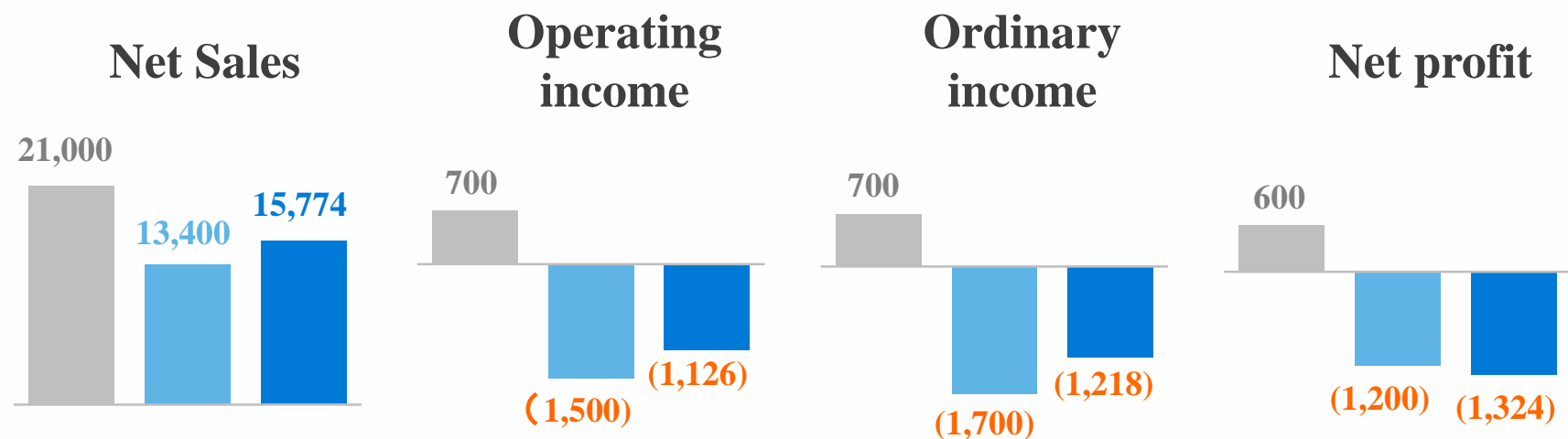
VG2-640 VG2-540

## Q2 Financial Summary

## FY2020 Q2 performance

### Exceeded previous forecast

- Sales exceeded previous forecast (as of May) despite COVID-19 affect
- Sales in US and Europe namely in printers were stronger than expected



■ Original Forecast ■ Previous Forecast (May 13) ■ Q2 Actual

※ Income attributable to owners of parent

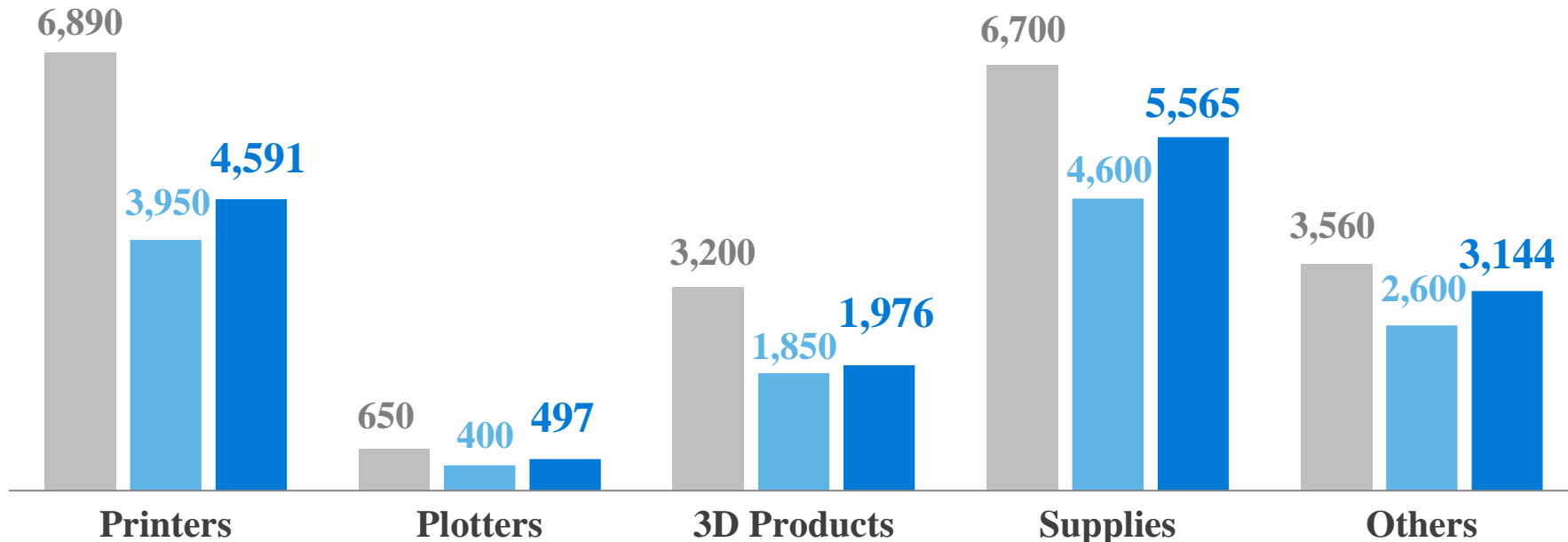
(Millions of yen)

## FY2020Q2 Sales by product type vs previous forecasts

# Printer and supply exceeded previous forecast

(Millions of yen)

■ Original Forecast   ■ Previous Forecast (May 13)   ■ Q2 Actual

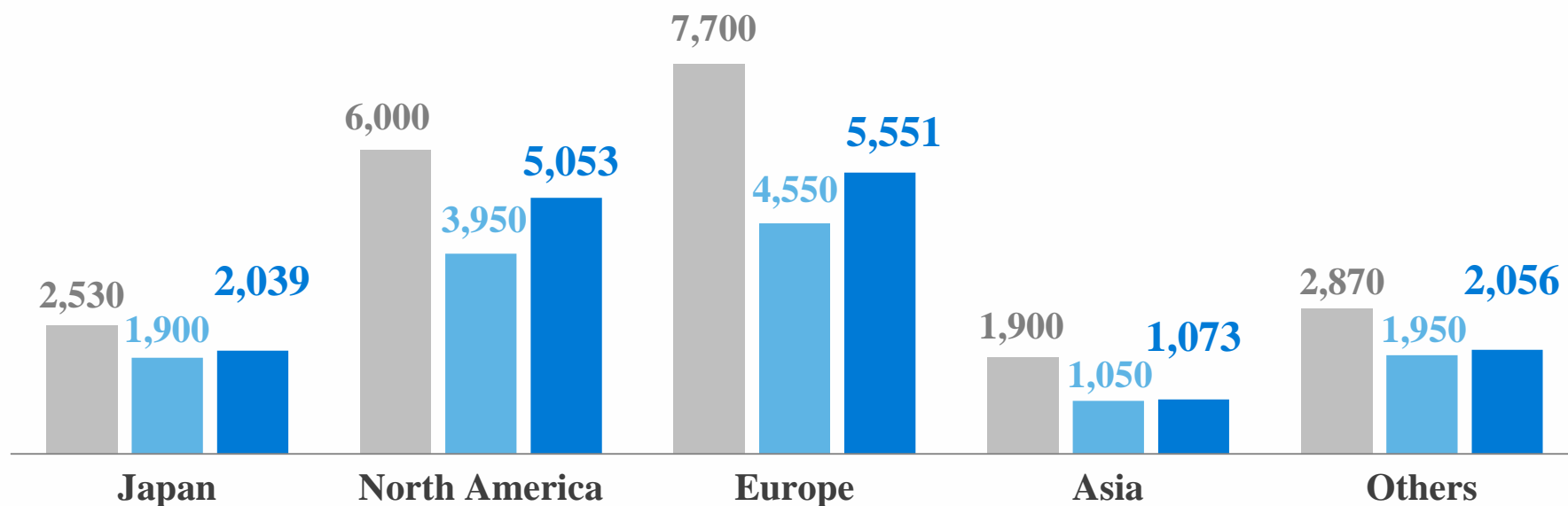


## FY2020Q2 Sales by region vs previous forecasts

# US and Europe exceeded previous forecast

(Millions of yen)

■ Original Forecast   ■ Previous Forecast (May 13)   ■ Q2 Actual

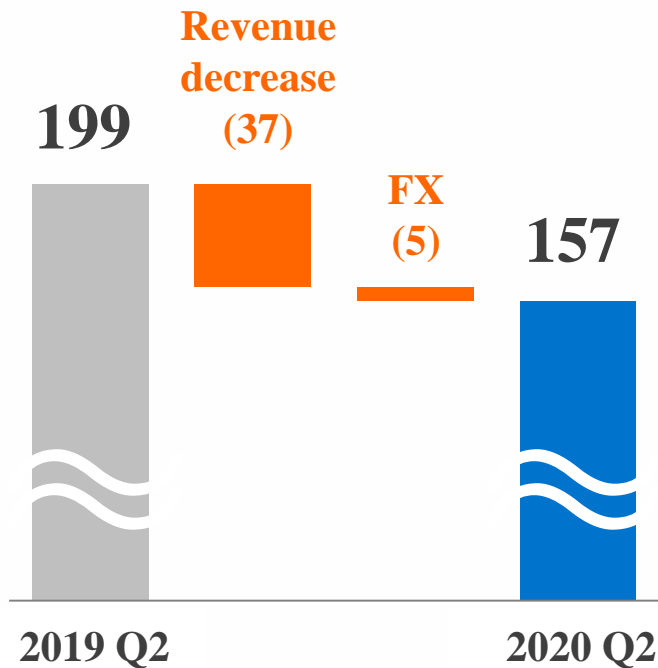


## YoY Change in Sales and Operating Income by factor

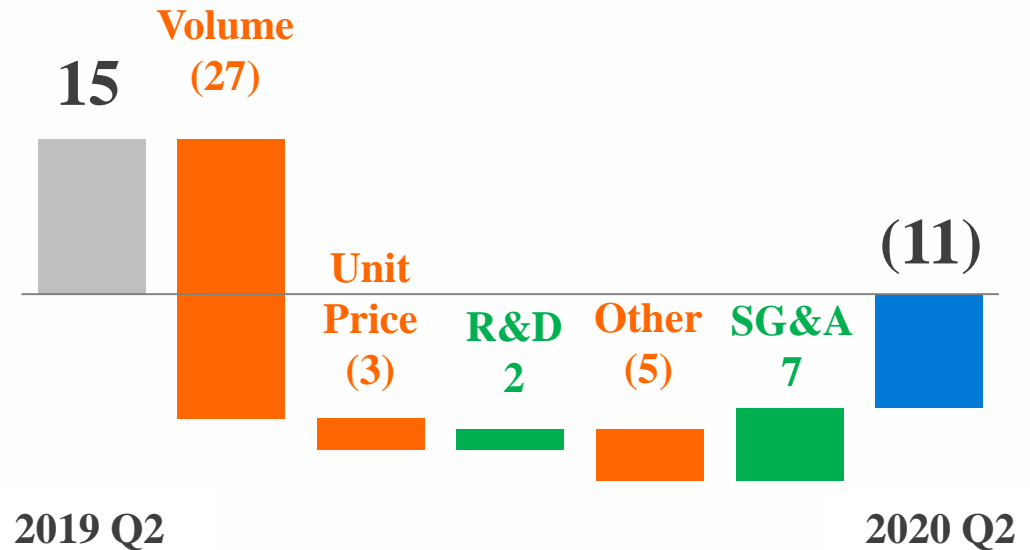
**Sales and Operating Income fell due to COVID; minimized loss through SG&A cost control**

(100 Millions of yen)

### Net Sales



### Operating income



Average FX Rate

(Unit : Yen) 2019/Q2 2020/Q2

USD	110.06	108.30	98.4%
EUR	124.35	119.35	96.0%

# Balance sheet summary (as of 6/30/2020)

## Balance sheet remains healthy

(Millions of Yen)

**Total Asset 33,536**

- ✓ Cash & deposit (1,850)
- ✓ Notes and accounts receivable- trade (1,043)
- ✓ Inventories (1,032)

**Current assets 23,135**

**Fixed assets 10,400**

Assets

**Current Liabilities 6,966**

**Fixed liabilities 3,510**

**Net assets 23,059**

**Net asset ratio 68.8%**

Liabilities/Net assets

Total interest-bearing debt **2,160 (720)**

✓ Notes and accounts payable-trade (1,133)

✓ Long term borrowings (720)

✓ Retained earnings (1,640)

✓ Net asset ratio +3.7 points

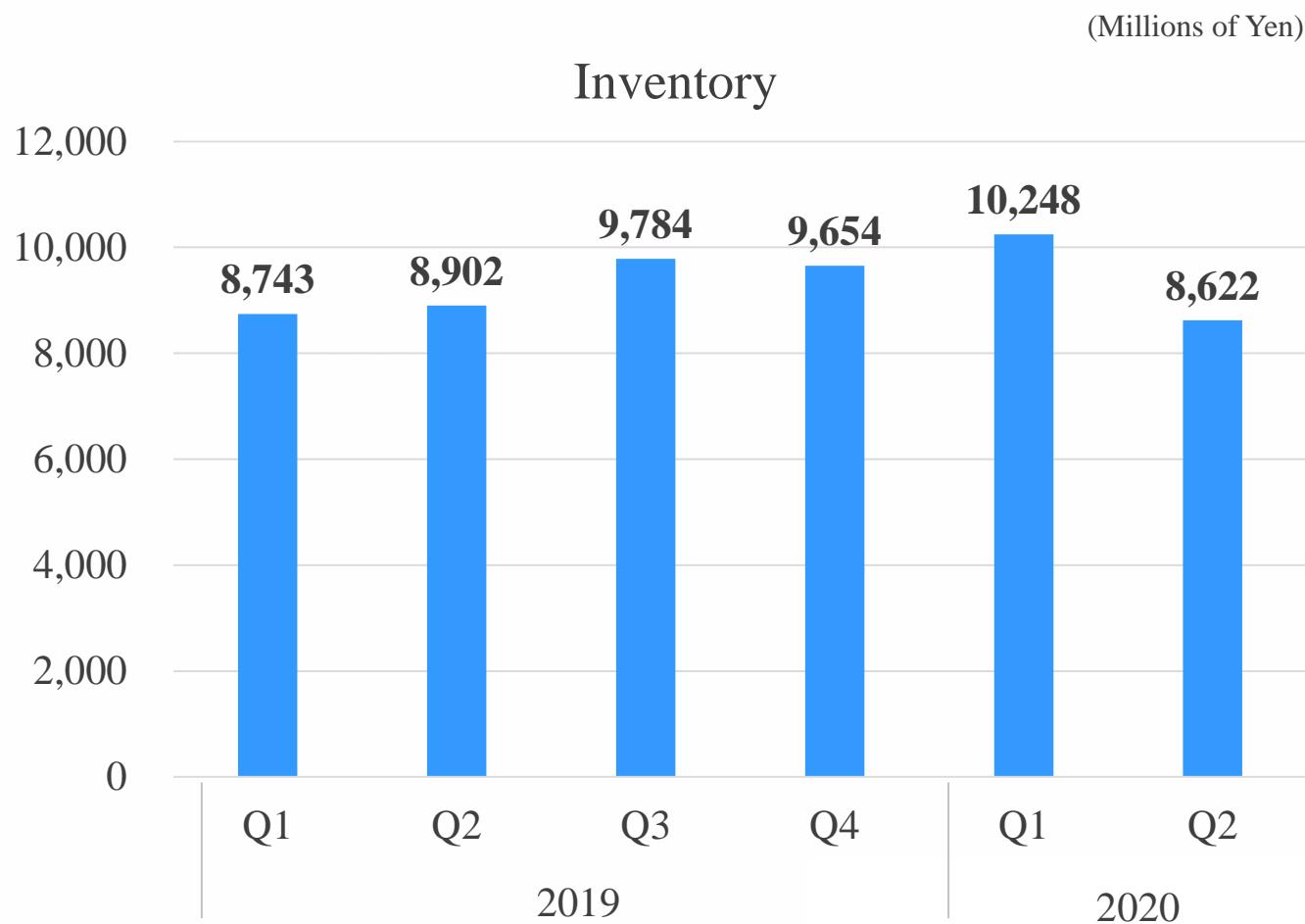
※ Change from the end of previous quarter



## Inventory trend

# Inventory in Q2 decreased due to production control

## Production mostly normalized in August



## Effect of COVID19 by region

# Printer sales exceeded expectation in US and Europe

### Impact on our business

Region	Q1	Q2	
		Prev. Forecast	Act
Japan	L	M	M
North America	L	H	L
Europe	L	H	M
Asia	M	H	H
Other	L	H	H

L=Low, M=Medium, H=High

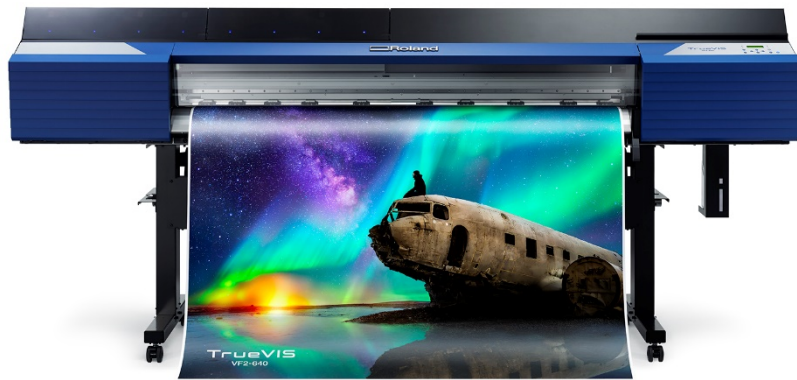
### Solid Printer sales in US and Europe

- Captured new COVID-related demands such as caution signs
- Dental office activities continued to be slow; demand did not exceed expectation



### China and South America (Others) were slow

- China struggled since sales is mainly dental
- South America slow including Brazil



**TrueVIS**  
VF2-640

# FY Forecast Revision

# Revised up FY forecast based on latest business outlook

## ■ Printers & Ink

- Effect of COVID-19 on the world economy is likely to be prolonged
- Impact on Printer market however is expected to be less severe given some new demands
  - Originally expected severe impact on large signs, event signs, retail & restaurants
  - New COVID-related demand expected to continue
  - Ink and service parts under-pinned by sign demands

## ■ 3D Products (Dental)

- Dental offices back in operation in the U.S. as treatment restrictions are lifted
- While full recovery in capex demand may take time, some improvement expected in H2

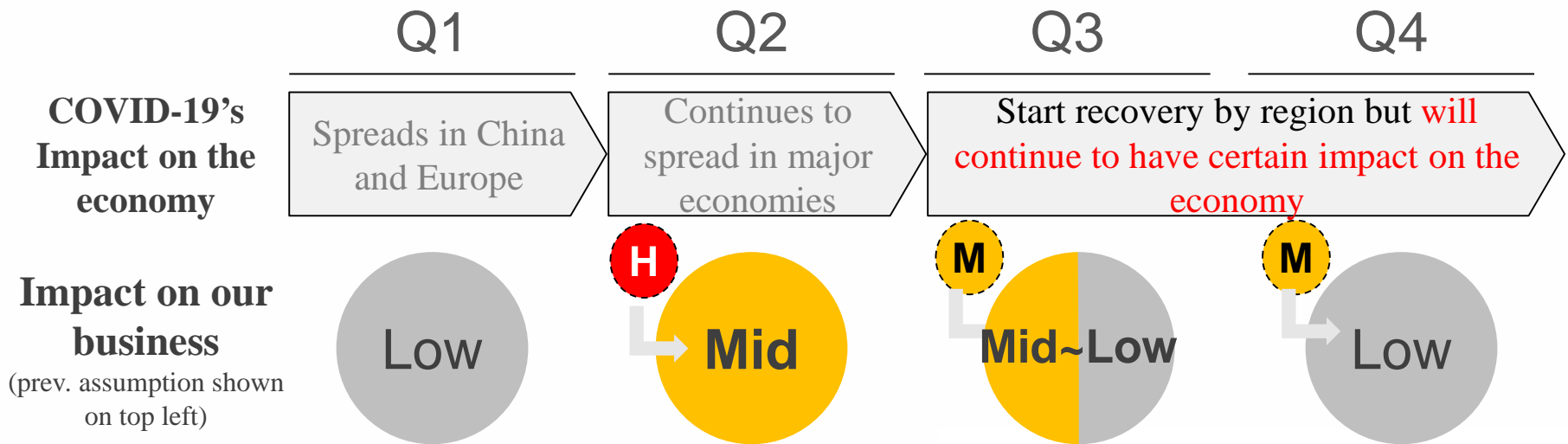


**H1 better than expected and H2 revised up;  
revising up FY forecast as a result**

# Key assumptions for the FY2020 revised forecast

- Since the end of COVID-19 crisis remains uncertain, we built the forecast based on assumptions
- Our assumption of COVID-19's effect on the global economy remains unchanged, but impact on the printer business expected to be less severe
- **Forecast may be updated if necessary, depending on how the situation evolves**

## ■ Global Assumption



*L = Low*  
*M = Medium*  
*H = High*

# Key assumptions for the FY2020 revised forecast

## ■ Assumptions by region

### Impact on our business

(prev. assumption shown on top left)

Region	Q1	Q2	Q3	Q4	Assumptions
Japan	L	M	M	M L	Economic recovery to be faster than previous assumption
North America	L	H L	M L	M L	COVID-related demand and SOHO business growth to drive H2
Europe	L	H M	M	L	COVID-related demand to drive demand like N. America. Assumed slower recovery from lock-down compared with N.America
Asia	M	H	M M~L	M M~L	Dental continues to be slow but new demand (for clinics) to contribute to sales
Other	L	H	M	M M~L	Oceania to recover; Latin America anticipated to struggle

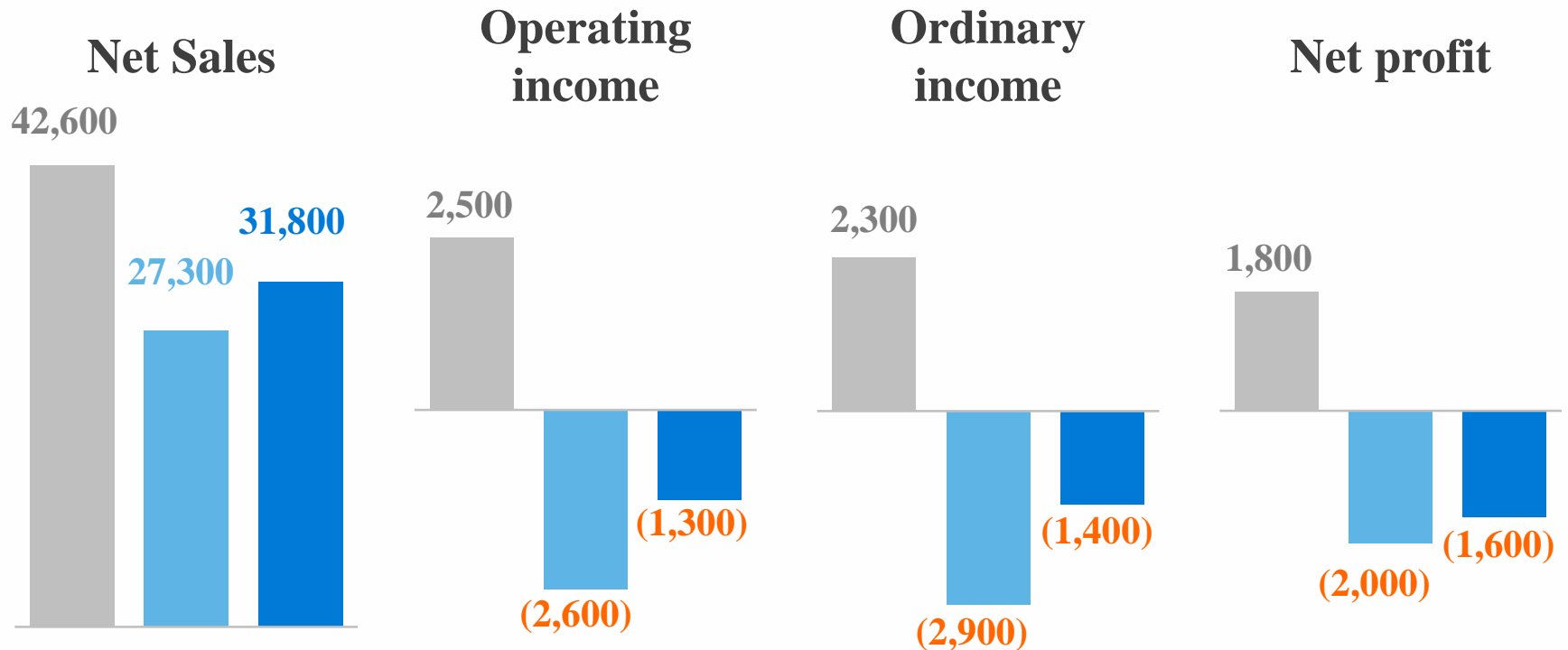
L = Low  
M = Medium  
H = High

## FY forecast revision

**Revised based on assumption on prev. slide; may revise depending on situation**

(Millions of Yen)

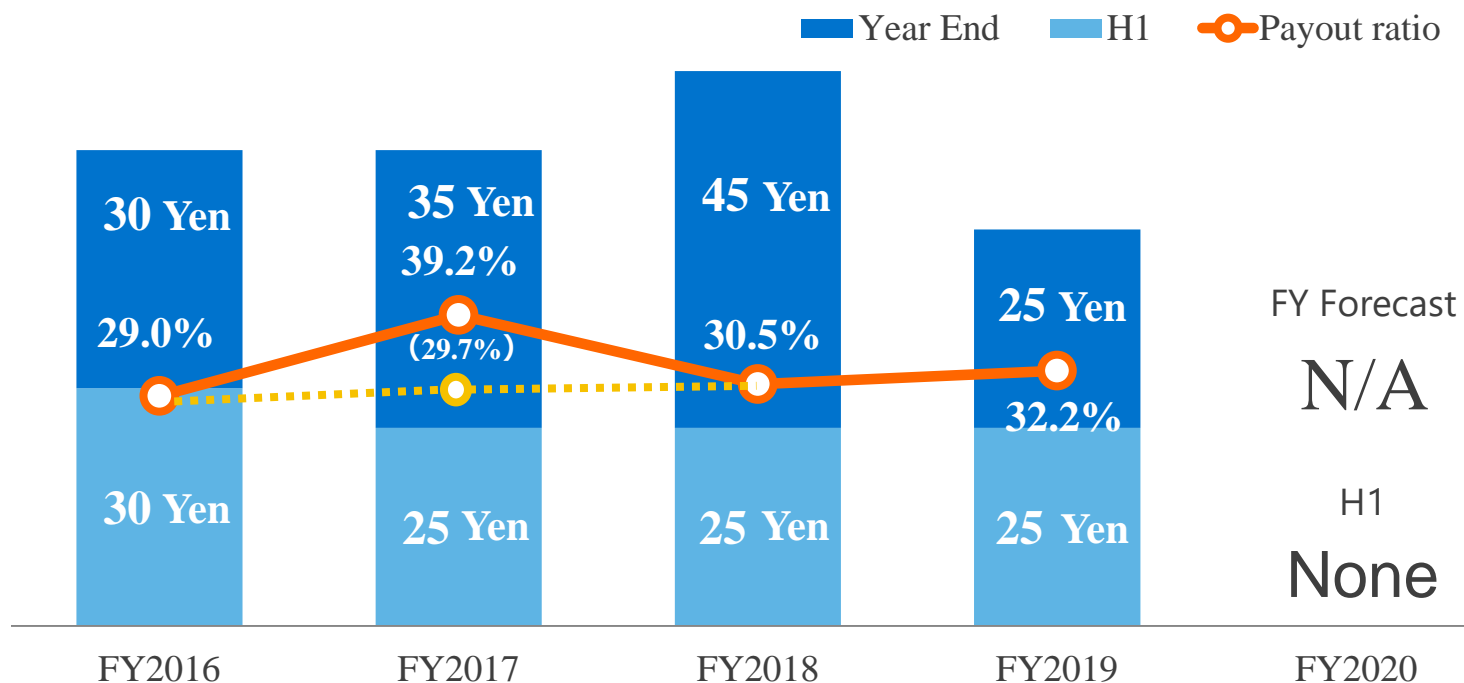
■ Original Forecast   ■ Previous Forecast (May 13)   ■ Revised Forecast (Aug 7)



※ Income attributable to owners of parent

## Dividend forecast

**No mid-year dividend given the financial performance;  
FY forecast withdrawn**



※ Yellow dotted line excludes effect from extraordinary factors e.g. settlement payments





**DW**INDEX

# Mid/long-term Perspective ~ Post-COVID ~

## Introduction

# Kohei Tanabe, President



President

Kohei Tanabe

August 1977	Born in HIROSHIMA, raised in Osaka and Arkansas, USA
April 2000	Joined the Company
November 2012	General Manager of Medical Business Unit of the Company
January 2014	Division Vice President of Market Development HQ of the Company
April 2015	Executive Officer of the Company Division Vice President of Easy Shape Business Development HQ of the Company
April 2017	President, Representative Director of DGSHAPE Corporation
March 2018	Director of the Company In charge of 3D Business
September 2018	In charge of DP Business of the Company (current position)
March 2020	President, Representative Director of the Company (current position) In charge of COTO Business and DGSHAPE Business (current position)

### Delivered key initiatives promised in the prev. announcement

#### ■ Emergency measures

- Prevention measures for employees' safety
- Cost reduction mainly in SG&A
- Management bonus cut

Progress



#### ■ Maintaining stability

- Addition of credit line to prepare for potential cash needs in the future
- Production adjustment to respond to the demand situation



#### ■ Strategies for the future

- Production and organizational reform
- Forward-looking strategies leveraging our strength



Initiatives by the new management team

## Initiatives executed by speedy decision making

### Emergency Measures

Expense Control

Management Bonus Cut

Gave masks to all employees

Set up COVID-19 taskforce

COVID-safe shareholders' meeting

Slogan (We are here)

Donated masks to Hamamatsu

Red Cross Hospital

Remote working / flexible work hours

### Maintaining stability

Inventory management by production adjustment

JPY 1B commitment-line added

Strong PSI control

Joined Hamamatsu SDG platform

Started President's Room blog (Intranet)

Set up Sustainability Management Office

Create Work-from-home policy

### Strategies for the future

Leverage ICT

Info sharing via SNS

'Adversity to Opportunity' campaign

Strengthen service & support

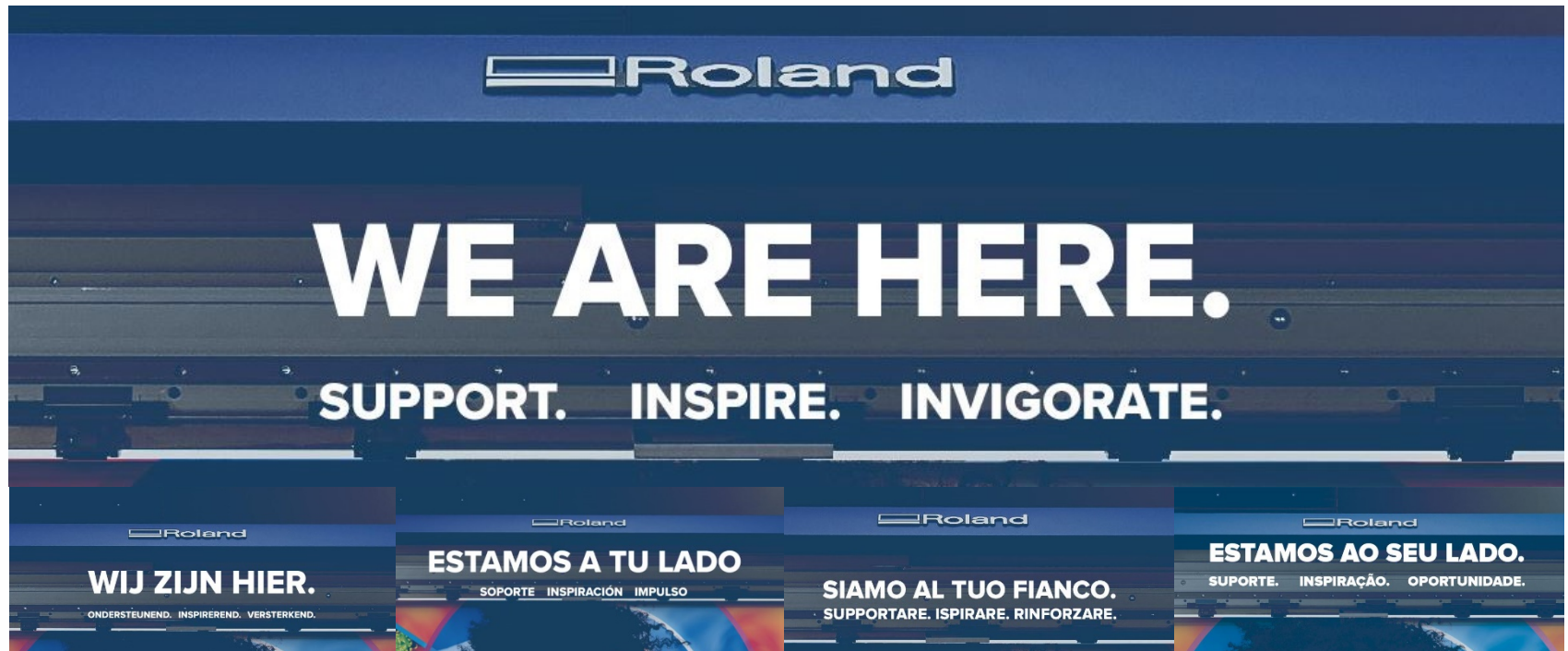
Experimenting remote production

COVID support website

# Message to our customers under COVID

## WE ARE HERE.

- Global roll out of the “WE ARE HERE.” campaign
- Provided important information to help customers continue business
- Share business tips and ideas through education program “Academy”



# Proactively responding to market change

## Market Trend

Shift in end customer needs/behaviors

- ✓ New COVID-related demand
- ✓ Increase in online business

Change in customer interaction

- ✓ Fewer tradeshows
- ✓ Less face-to-face interaction with customers

Acceleration of work process digitization

- ✓ Especially in medical field

## Our Response

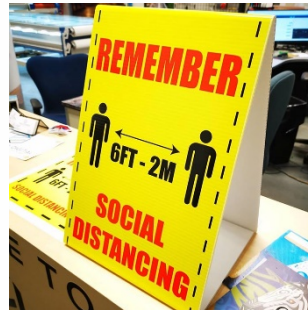
- Captured new sign demands incl. social distancing cautions
- Accelerated small desktop printer sales targeted to SOHOs
- Online consultation
- Started remote services using Augmented Reality (AR) technology
- Online & SNS communications with dealers/customers
- Driving digital process in dental clinics
- Applying Eirthemis to medical supply manufacturing and checking



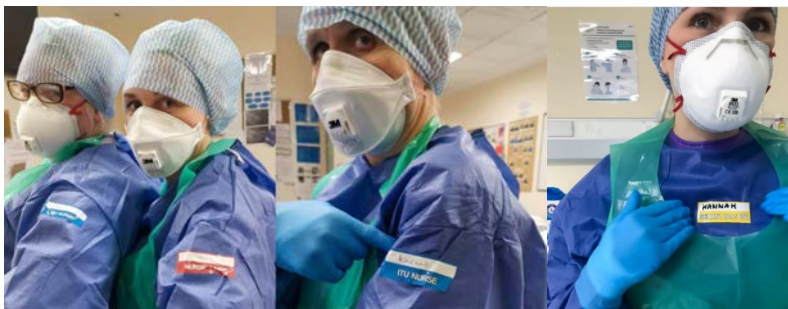
Shift in end customer needs/behaviors

# New sign demands emerged under COVID-19

## Demands for caution signs



Caution signs incl. floor signs for social distancing



Example of making name labels for Protection suits using Print & cut machines

## Key for success

- Broad customer base from large-scale operators to small businesses requiring small-scale printing
- Strong sales network close to customers delivering quality product and services
- Easy-to-use Print & Cut machines
- Reliable remote support



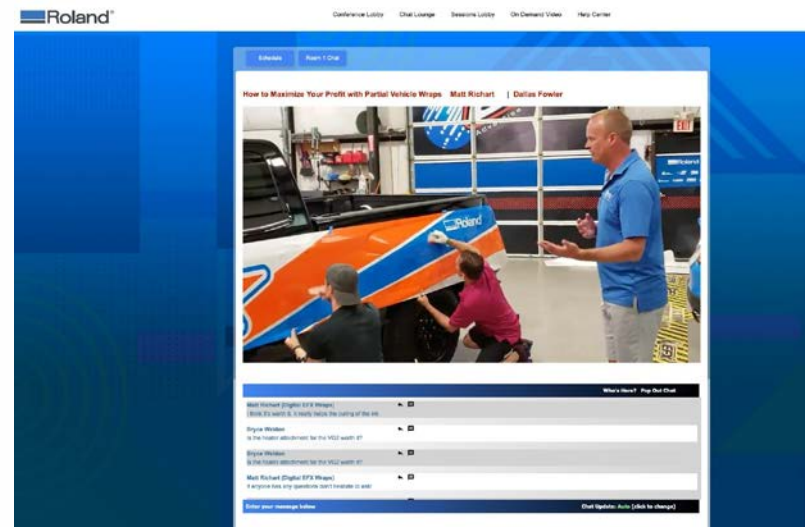
# Change in customer interactions

## Online event/promotion/consultation

### Focused resource on social media promotions

Increase online events instead of tradeshows

- Product introduction and teach-ins
- Application advices
- Business start-up support and consultation for SOHOs





Change in customer interactions

# Leveraged our strength in customer support under COVID

DG has always focused on customer support to become a trusted brand



**Roland DG Academy**

Training/education



Roland DG  
**Creative Center**

Business advice, application  
development



Roland DG **Care**

Support system



Global  
SE Awards  
2018

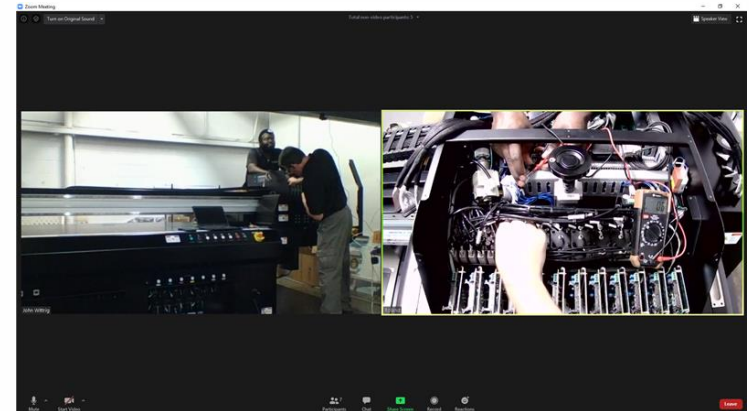
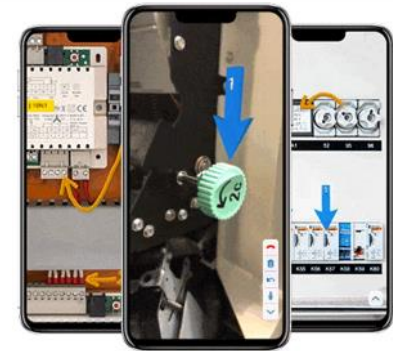
**Global SE(Service Engineer) Awards**  
~Event to enhance customer support capability~



## Service support/maintenance evolution by ICT

Winning customers' trust through advanced service and support

- **Upgrading remote support**  
→Product installation and maintenance using AR (Augmented Reality)
- **Online Consulting**  
→Help customers understand the value of the product and lead them to success
- **Stable operation**  
→Minimize down-time, encourage prevention



**Advance service/support methods to  
further build on our strength**

## Developing dental clinic market

### Dental clinic (chair-side) market to grow from COVID prevention needs

- Patients want to minimize visits to prevent infection
- Shorter lead-time for prosthetics procurement



“**Chair-side solutions**” making prosthetics in dental offices, will become key to enable “**One-Visit treatments**”



### Creating solutions using wet milling machine – DWX-42W

- Enhanced solutions with chair-side scanners and CAD/CAM



**DWX-42W**

Acceleration of work process digitization

# Contributing to safety, comfort, and efficiency through medical support system



Eirthemis

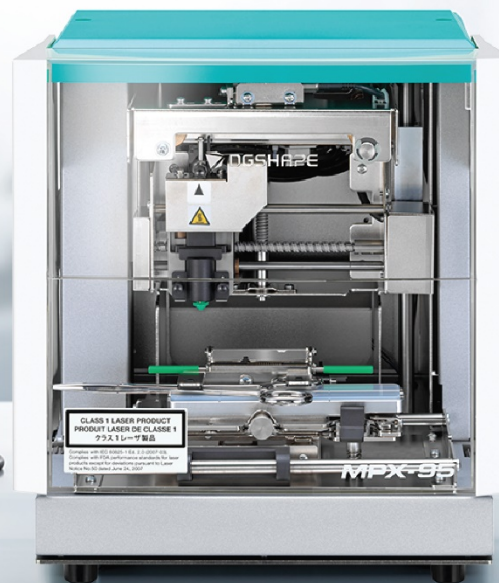
## Areas of efficiency improvement revealed by actual operation

- Traceability
- Surgical equip. availability
- Sterilization period
- Repair history, etc.



Improve the efficiency of hospital management by using our unique manufacturing methodology

 **DGSHAPE**





## Proactively working on SDGs activities

### Contributing to the SDGs

Our mission is to connect the rapidly advancing digital world with people's lives and to create tools and services that expand people's creative possibilities for a more prosperous society.

Building trust with our stakeholders is essential for business development. We will continue to contribute to SDGs to be a company aligned with our stakeholders. We will leverage our unique digital technologies and promote open innovation through partnerships, striving to both solve social issues and increase our corporate value.

### Launching SDGs activities

- Set up Sustainability Management Office (Jan 2020)
- Joined Hamamatsu SDG platform (May 2020); interacted with registered organizations

### What Next?

- Clarify issues and incorporate in next Mid-term Plan (~Dec 2020)
- Announce initiatives in FY2020 earnings result presentation (Feb 2021)



Closing remarks

**To overcome this COVID disaster for sustainable growth...**

**We are determined to implement a change**



President

Kohei Tanabe

- Evolve into an organization that continues to grow post COVID
- Propose new applications, stimulate demand and develop new markets by adapting to the changing society and lifestyles
- Enhance product, sales, and service support to become the global brand of choice in the post COVID world

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.

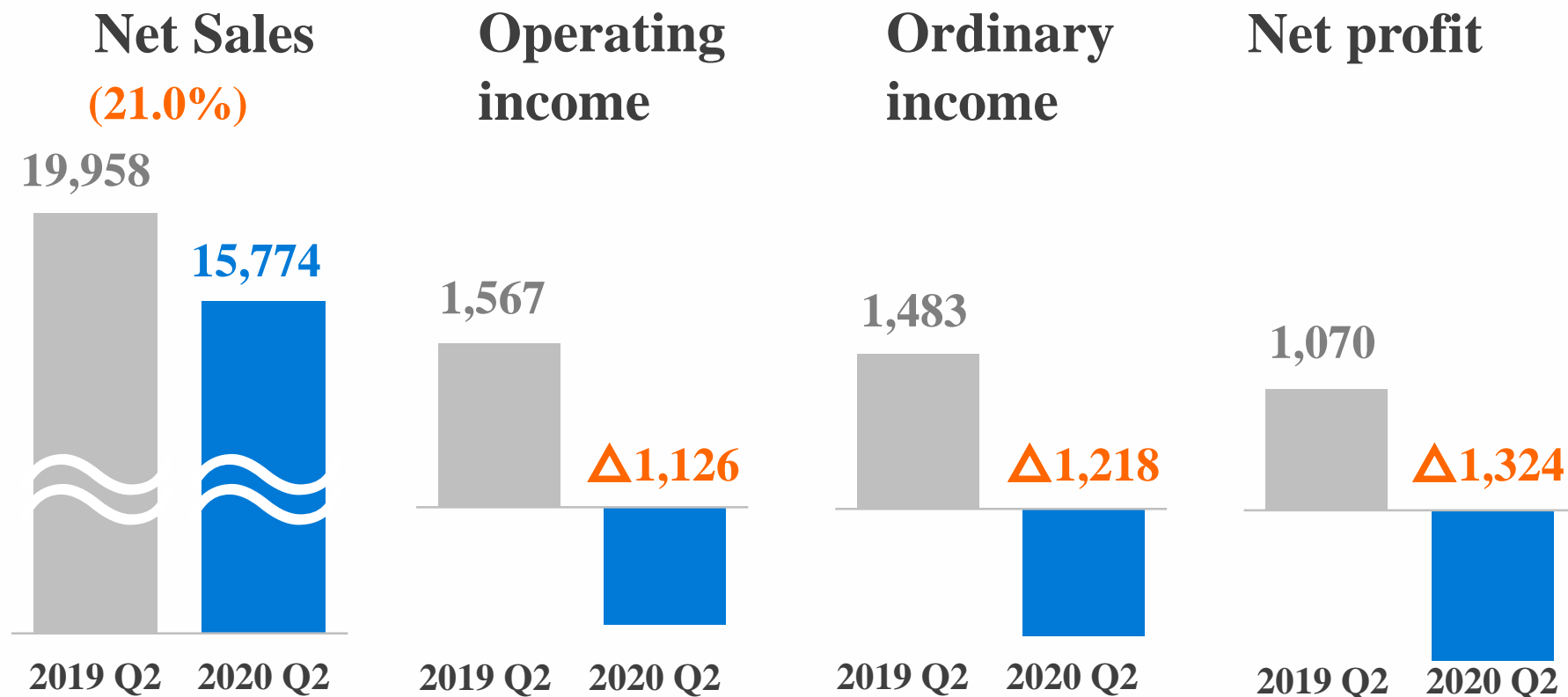
# Appendix



## FY2020 Q2 Consolidated financial performance

### YoY sales decline and operating loss due to COVID-19 impact

(Millions of yen)



※ Income attributable to owners of parent

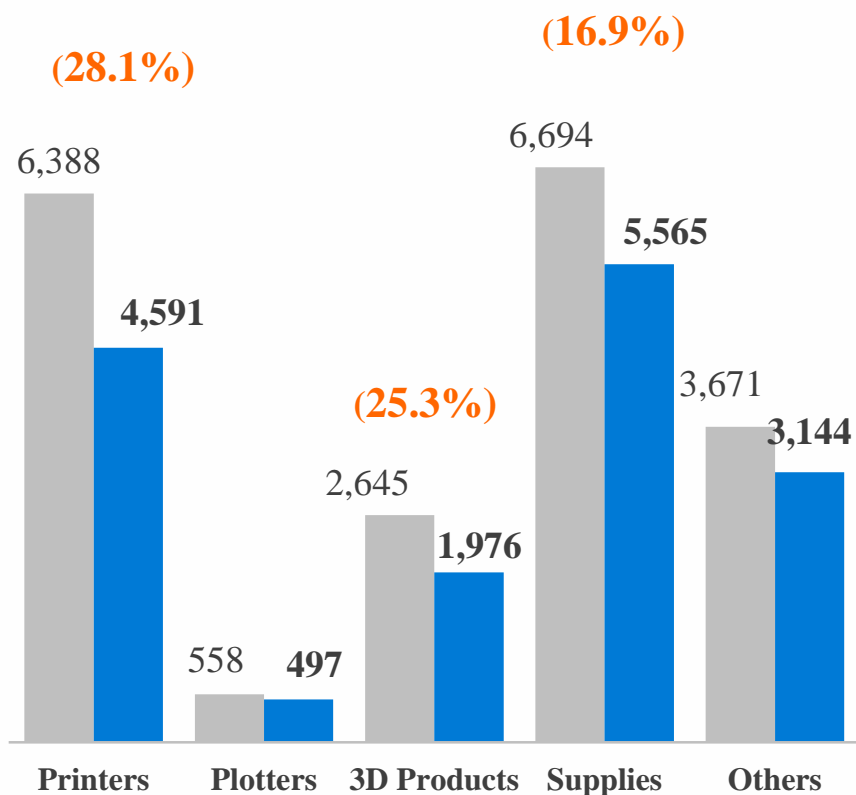
## FY2020 Q2 Sales by Products

**Capex slowed and output demand fell leading to decrease also in supply**

(Millions of yen)

■ 2019 Q2

■ 2020 Q2



### Printers

- ✓ Sign printers declined
- ✓ Some COVID-related demand

### Plotters

- ✓ Large-size models for sign market decreased

### 3D Products (DGSHAPE)

- ✓ Capex demand slowed
- ✓ Limited dental clinic operations

### Supplies

- ✓ Ink fell due to output declined

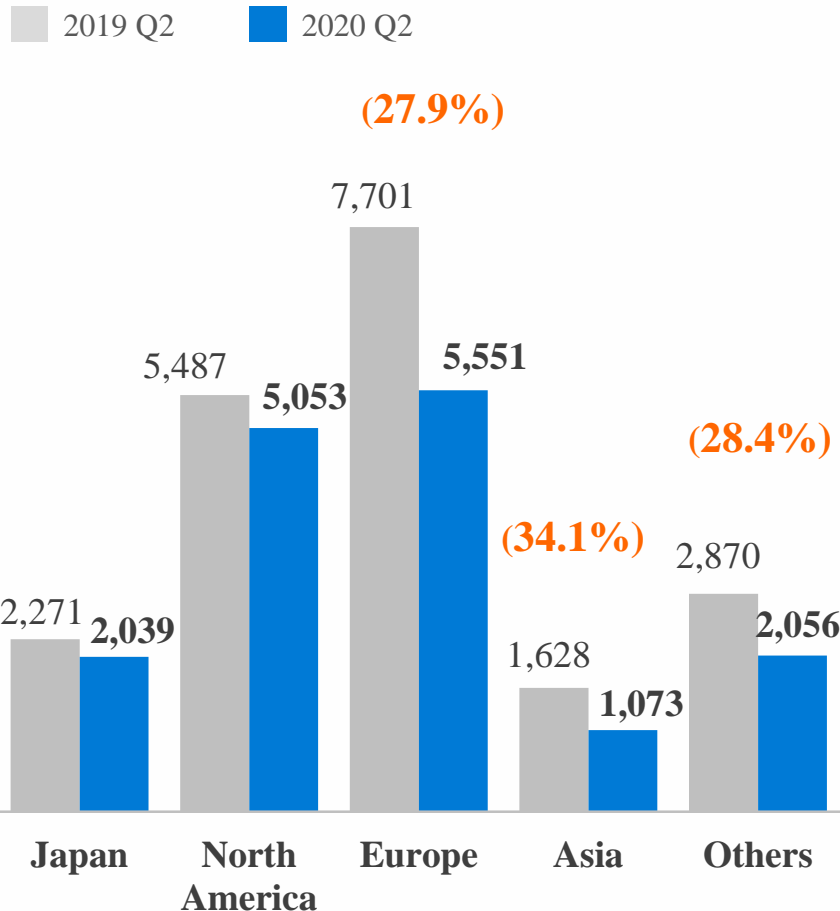
### Others

- ✓ Service parts decreased due to lower utilization of printers

## FY2020 Q2 Sales by Regions

**Declined in Europe and Asia where were affected by COVID-19 at an earlier timing**

(Millions of yen)



**Japan** ✓ Sign printers flat YoY

**North America** ✓ Dental products increased YoY  
✓ Desktop printers increased  
✓ Supply decreased

**Europe** ✓ Decreased in advanced economies with large COVID impact as Italy and Spain  
✓ Printers and inks declined

**Asia** ✓ Fell mainly in China due to COVID  
✓ Service parts decreased in ASEAN

**Others** ✓ Printers and supply fell in South America incl. Brazil, and Australia

# FY2020 Q2 Consolidates Financial Results

(Millions of yen)

※Previous Forecast May 13, 2020

	FY2019 Q2		FY2020 Q2				YoY change		
	Performance	% of sales	Previous Forecast※	% of sales	Performance	% of sales	Change	Ratio	Exchange rate impact excluded Real term
<b>Net sales</b>	19,958	100.0%	13,400	100.0%	<b>15,774</b>	100.0%	<b>(4,183)</b>	79.0%	81.5%
<b>Gross profit</b>	8,887	44.5%	4,920	36.7%	<b>5,239</b>	33.2%	<b>(3,648)</b>	58.9%	61.0%
<b>SGA cost</b>	7,320	36.7%	6,460	48.2%	<b>6,365</b>	40.4%	<b>(955)</b>	87.0%	89.4%
<b>Operating income</b>	1,567	7.9%	<b>(1,500)</b>	-	<b>(1,126)</b>	-	<b>(2,693)</b>	-	-
<b>Ordinary income</b>	1,483	7.4%	<b>(1,700)</b>	-	<b>(1,218)</b>	-	<b>(2,702)</b>	-	-
<b>Net profit</b>	1,070	5.4%	<b>(1,200)</b>	-	<b>(1,324)</b>	-	<b>(2,394)</b>	-	-
<b>EPS (Yen)</b>	85.32		<b>(96.09)</b>		<b>(106.14)</b>				
<b>Exchange rate</b>	<b>USD</b>	110.06	105.00		<b>108.30</b>				
	<b>EUR</b>	124.35	120.00		<b>119.35</b>				

(Millions of yen)

※ Profit attributable to owners of parent

Exchange rate Amount of impact	Net sales	<b>(500)</b>
	Operating income	<b>(0)</b>

# FY2020 Q2 Sales by Products

(Millions of yen)

	FY2019 Q2		FY2020 Q2		YoY change	
	Performance	Percentages	Performance	Percentages	Ratio	Exchange rate impact excluded Real term
<b>Printers</b>	6,388	32.0%	<b>4,591</b>	29.1%	71.9%	74.3%
<b>Plotters</b>	558	2.8%	<b>497</b>	3.2%	89.0%	91.4%
<b>3D Products (DGSHAPE)</b>	2,645	13.3%	<b>1,976</b>	12.5%	74.7%	76.8%
<b>Supplies</b>	6,694	33.5%	<b>5,565</b>	35.3%	83.1%	85.7%
<b>Others</b>	3,671	18.4%	<b>3,144</b>	19.9%	85.7%	88.4%
<b>Total</b>	19,958	100.0%	<b>15,774</b>	100.0%	79.0%	81.5%

# FY2020 Q2 Sales by Regions

(Millions of yen)

	FY2019 Q2		FY2020 Q2		YoY change	
	Performance	Percentages	Performance	Percentages	Ratio	Exchange rate impact excluded Real term
<b>Japan</b>	2,271	11.4%	<b>2,039</b>	12.9%	89.8%	89.8%
<b>North America</b>	5,487	27.5%	<b>5,053</b>	32.0%	92.1%	93.6%
<b>Europe</b>	7,701	38.6%	<b>5,551</b>	35.2%	72.1%	75.1%
<b>Asia</b>	1,628	8.1%	<b>1,073</b>	6.8%	65.9%	67.8%
<b>Others</b>	2,870	14.4%	<b>2,056</b>	13.1%	71.6%	77.0%
<b>Total</b>	19,958	100.0%	<b>15,774</b>	100.0%	79.0%	81.5%

# Revisions of the consolidated result forecasts for FY2020 Q2

## Sales by Products

(Millions of yen)

	FY2020 Q2		FY2020 Q2			
	Original Forecast	Previous Forecast	Actual	Percentages	% of original forecast	% of previous forecast
<b>Printers</b>	6,890	3,950	<b>4,591</b>	29.1%	66.6%	116.2%
<b>Plotters</b>	650	400	<b>497</b>	3.2%	76.5%	124.3%
<b>3D Products (DGSHAPE)</b>	3,200	1,850	<b>1,976</b>	12.5%	61.8%	106.8%
<b>Supplies</b>	6,700	4,600	<b>5,565</b>	35.3%	83.1%	121.0%
<b>Others</b>	3,560	2,600	<b>3,144</b>	19.9%	88.3%	121.0%
<b>Total</b>	21,000	13,400	<b>15,774</b>	100.0%	75.1%	117.7%

※Previous Forecast May 13, 2020

# Revisions of the consolidated result forecasts for FY2020 Q2

## Sales by Regions

(Millions of yen)

	FY2020 Q2		FY2020 Q2			
	Original Forecast	Previous Forecast	Actual	Percentages	% of original forecast	% of previous forecast
<b>Japan</b>	2,530	1,900	<b>2,039</b>	12.9%	80.6%	107.4%
<b>North America</b>	6,000	3,950	<b>5,053</b>	32.0%	84.2%	127.9%
<b>Europe</b>	7,700	4,550	<b>5,551</b>	35.2%	72.1%	122.0%
<b>Asia</b>	1,900	1,050	<b>1,073</b>	6.8%	56.5%	102.2%
<b>Others</b>	2,870	1,950	<b>2,056</b>	13.1%	71.7%	105.5%
<b>Total</b>	21,000	13,400	<b>15,774</b>	100.0%	75.1%	117.7%

※Previous Forecast May 13, 2020



# Revisions of the consolidated result forecasts for FY2020

## Sales by Products

(Millions of yen)

	FY2019		FY2020					
	Actual	Percentages	Original Forecast	Previous Forecast	Revised Forecast	Percentages	% of original forecast	% of previous forecast
<b>Printer</b>	13,183	32.3%	14,300	8,700	<b>10,000</b>	31.4%	75.9%	114.9%
<b>Plotter</b>	1,098	2.7%	1,300	770	<b>1,000</b>	3.1%	91.0%	129.9%
<b>3D Products (DGSHAPE)</b>	5,705	14.0%	6,530	3,640	<b>4,000</b>	12.6%	70.1%	109.9%
<b>Supply</b>	13,411	32.9%	13,330	9,540	<b>10,800</b>	34.0%	80.5%	113.2%
<b>Others</b>	7,396	18.1%	7,140	4,650	<b>6,000</b>	18.9%	81.1%	129.0%
<b>Total</b>	40,795	100.0%	42,600	27,300	<b>31,800</b>	100.0%	77.9%	116.5%

※ Previous Forecast    May 13, 2020

※ Revised Forecast    August 7, 2020

# Revisions of the consolidated result forecasts for FY2020

## Sales by Regions

(Millions of yen)

	FY2019		FY2020					
	Actual	Percentages	Original Forecast	Previous Forecast	Revised Forecast	Percentages	% of original forecast	% of previous forecast
<b>Japan</b>	4,745	11.6%	5,060	3,470	<b>3,950</b>	12.4%	83.2%	113.8%
<b>North America</b>	11,627	28.5%	12,200	7,890	<b>9,850</b>	31.0%	84.7%	124.8%
<b>Europe</b>	15,257	37.4%	15,400	9,930	<b>11,100</b>	34.9%	72.7%	111.8%
<b>Asia</b>	3,220	7.9%	4,010	2,260	<b>2,500</b>	7.9%	77.6%	110.6%
<b>Others</b>	5,944	14.6%	5,930	3,750	<b>4,400</b>	13.8%	74.0%	117.3%
<b>Total</b>	40,795	100.0%	42,600	27,300	<b>31,800</b>	100.0%	77.9%	116.5%

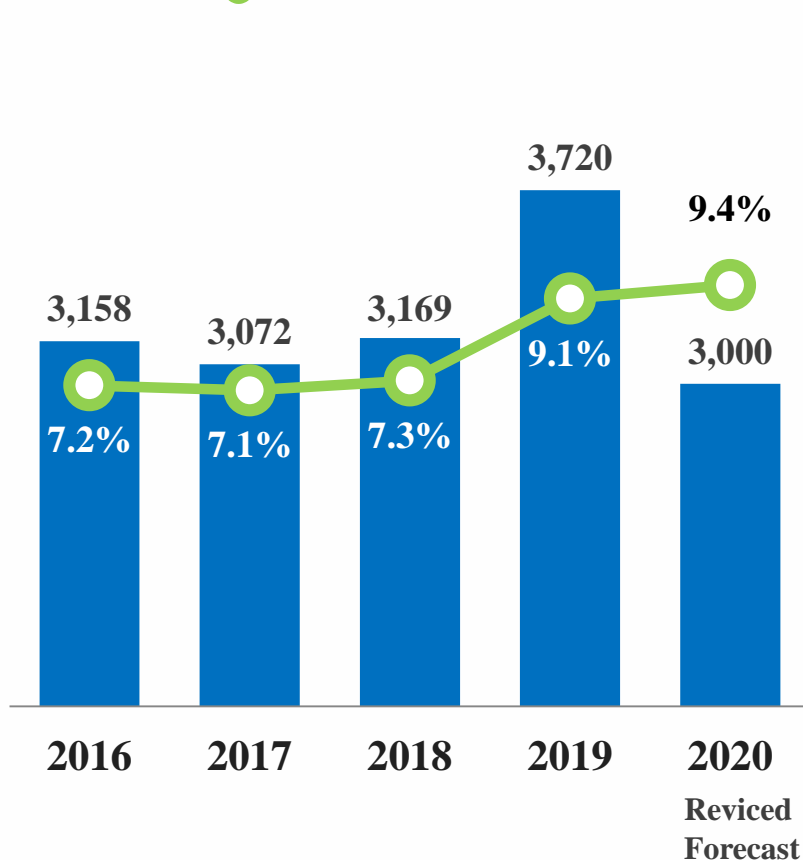
※ Previous Forecast May 13, 2020

※ Revised Forecast August 7, 2020

# R&D, Capital Expenditures, and Depreciation and Amortization

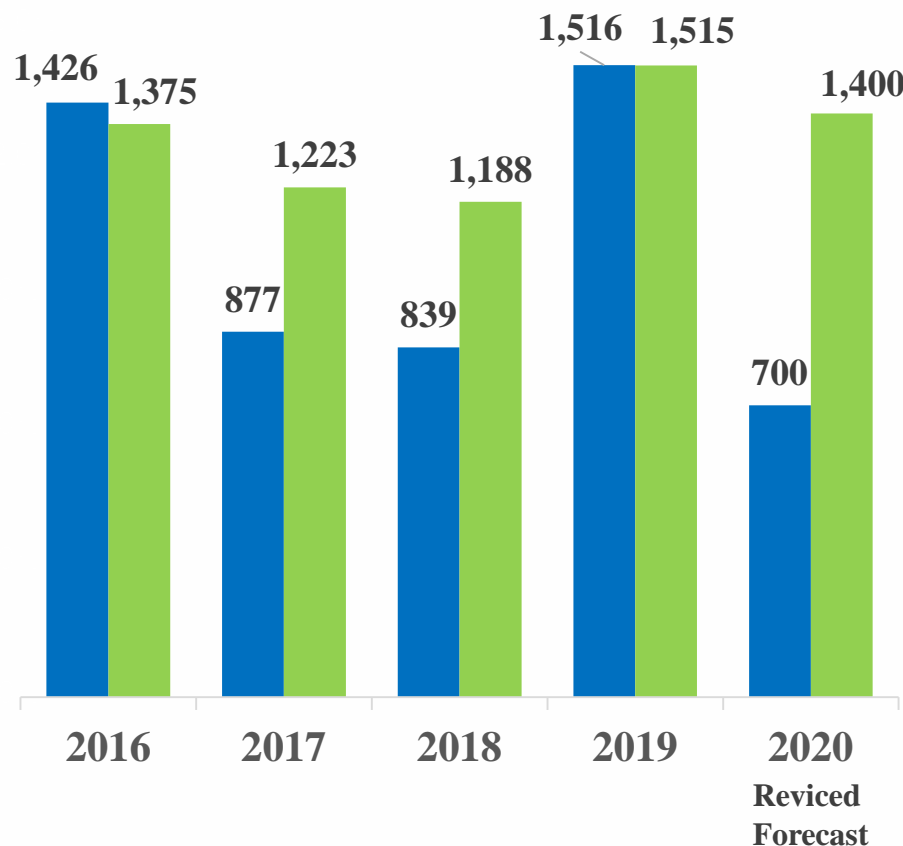
(Millions of Yen)

■ R&D    ● R&D to net sales ratio



(Millions of Yen)

■ Capital Expenditures    ■ Depreciation and Amortization



※ Revised Forecast August 7, 2020

※ IFRS 16 has been applied since FY2019

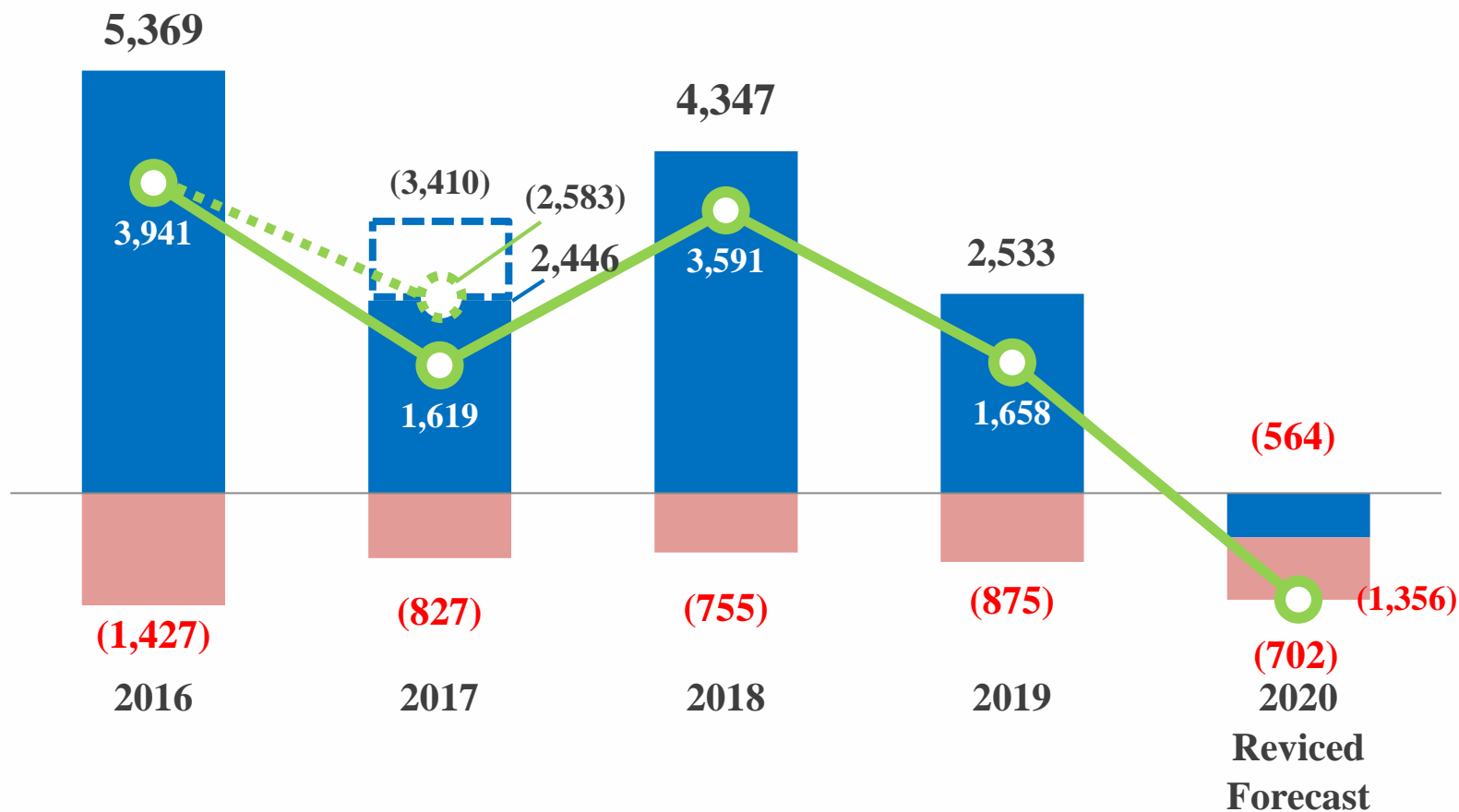
# Free Cashflow

(Millions of Yen)

Net cash used in investing activities

Net cash provided by operating activities

Free Cash Flow



※Revised Forecast August 7, 2020

Dotted line denote figure excluding extraordinary loss

# Expanded product line-up Newly launched in Q2



Click for product video  
(YouTube)

## IU-1000F



Release : Mar 2020  
Price : JPY 15.75M (before tax)



## EJ-640 DECO

- Co-Creation model for Europe region
- released in Feb 2020



## TrueVIS VF2-640

Release : Jun 2020  
Price : JPY 2.2M (before tax)



## VersaUV LEF2-300D



Release : From Apr 2020 in various regions  
Price : JPY4.4 (before tax)