

# Consolidated Financial Results for the Fiscal Year Ended December 31, 2019 [Japanese GAAP]



February 14, 2020

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 Securities Code: 6789  
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 Scheduled date of Ordinary General Meeting of Shareholders: March 19, 2020  
 Scheduled date of filing annual securities report: March 23, 2020  
 Scheduled date of commencing dividend payments: March 23, 2020  
 Availability of supplementary briefing material on consolidated financial results: Available  
 Schedule of 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 Fiscal Year Ended December 31, 2019 (From January 1, 2019 to December 31, 2019)

(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	%
Fiscal year ended December 31, 2019	40,795	(4.6)	2,794	(34.3)	2,648	(33.4)	1,944	(32.5)
Fiscal year ended December 31, 2018	42,774	(1.8)	4,250	10.3	3,976	4.5	2,881	50.2

(Note) Comprehensive income: Fiscal year ended December 31, 2019: 1,916 million yen [(16.0)%]  
 Fiscal year ended December 31, 2018: 2,282 million yen [(10.7)%]

	Basic earnings per share	Diluted earnings per share	Return on equity	Ordinary profit to total assets	Operating profit to net sales
	Yen	Yen			
Fiscal year ended December 31, 2019	155.39	—	7.9	7.0	6.8
Fiscal year ended December 31, 2018	229.66	—	12.3	10.9	9.9

(Reference) Equity in earnings (losses) of affiliated companies: Fiscal Year Ended December 31, 2019: - million yen  
 Fiscal Year Ended December 31, 2018: - million yen

## (2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of Yen	Millions of Yen	%	Yen
As of December 31, 2019	38,446	25,047	65.1	2,005.60
As of December 31, 2018	36,710	24,182	65.9	1,926.09

(Reference) Equity: As of December 31, 2019: 25,047 million yen  
 As of December 31, 2018: 24,182 million yen

### (3) Consolidated Cash Flows

	Net cash provided by (used in) operating activities	Net cash provided by (used in) investing activities	Net cash provided by (used in) financing activities	Cash and cash equivalents at end of period
	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen
Fiscal year ended December 31, 2019	2,533	(875)	(1,750)	11,199
Fiscal year ended December 31, 2018	4,347	(755)	(2,339)	11,169

### 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, 2018	–	25.00	–	45.00	70.00
Fiscal year ended December 31, 2019	–	25.00	–	25.00	50.00
Fiscal year ending December 31, 2020 (Forecast)	–	20.00	–	25.00	45.00

	Total dividends paid (annual)	Payout ratio (consolidated)	Dividends to net assets (consolidated)
	Millions of Yen	%	%
Fiscal year ended December 31, 2018	885	30.5	3.8
Fiscal year ended December 31, 2019	632	32.2	2.5
Fiscal year ending December 31, 2020 (Forecast)		31.2	

### 3. Consolidated Financial Results Forecast for the Fiscal Year Ending December 31, 2020 (From January 1, 2020 to December 31, 2020)

(% 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
First half	21,000	5.2	700	(55.3)	700	(52.8)	600	(43.9)	48.04
Full year	42,600	4.4	2,500	(10.5)	2,300	(13.2)	1,800	(7.4)	144.12

**\* Notes**

- (1) Significant changes of subsidiaries during the fiscal year ended December 31, 2019 (changes in specified subsidiaries resulting in changes in scope of consolidation): No
- (2) 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

- (3) Total number of issued shares (common shares)

- 1) Total number of issued shares at the end of the period (including treasury shares):

Fiscal year ended December 31, 2019	12,656,311 shares
Fiscal year ended December 31, 2018	12,656,311 shares

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

Fiscal year ended December 31, 2019	167,557 shares
Fiscal year ended December 31, 2018	101,195 shares

- 3) Average number of shares during the period:

Fiscal year ended December 31, 2019	12,515,608 shares
Fiscal year ended December 31, 2018	12,547,441 shares

(Note) The total number of treasury shares at the end of the fiscal year ended December 31, 2019 and at the end of the fiscal year ended December 31, 2018 includes 167,300 shares and 101,000 shares of the Company held by the Director Stock Benefit Trust and J-ESOP Trust, respectively. The number of treasury shares excluded from calculation of the average number of shares during the period for the fiscal year ended December 31, 2019 and ended December 31, 2018 includes 140,500 shares and 108,675 shares of the Company held by the Director Stock Benefit Trust and J-ESOP Trust, respectively.

(Reference) Summary of Non-consolidated Financial Results

**1. Non-consolidated Financial Results for the Fiscal Year Ended December 31, 2019 (From January 1, 2019 to December 31, 2019)**

- (1) Non-consolidated Operating Results (% indicates changes from the previous corresponding period)

	Net sales		Operating profit		Ordinary profit		Profit	
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%
Fiscal year ended December 31, 2019	27,086	(2.3)	719	(69.4)	916	(62.2)	689	(56.4)
Fiscal year ended December 31, 2018	27,713	(8.8)	2,352	(41.0)	2,424	(46.0)	1,582	(33.5)

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Fiscal year ended December 31, 2019	55.10	—
Fiscal year ended December 31, 2018	126.09	—

(2) Non-consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of Yen	Millions of Yen	%	Yen
As of December 31, 2019	29,748	20,961	70.5	1,678.45
As of December 31, 2018	30,268	21,310	70.4	1,697.35

(Reference) Equity: As of December 31, 2019: 20,961 million yen  
As of December 31, 2018: 21,310 million yen

\* These consolidated financial results are outside the scope of audit.

\* Explanation of the proper use of financial results forecast and other notes

1. 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 “Future Outlook” on page 12.
2. The Company plans to hold a briefing session for institutional investors and analysts on February 21, 2020 (Friday). Materials to be distributed at the session will be posted on the Company’s website.

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## 1. Overview of Results of Operations, etc.

### (1) Overview of Results of Operations

During the fiscal year ended December 31, 2019, the Japanese economy remained on a moderate recovery track as improvements in employment and income conditions continued despite continuing weakness mainly in exports. However, economic prospects remained uncertain overseas owing to concern over the impact on the world economy of factors stemming from trade friction between the US and China.

The group is working toward the achievement of a medium-term business plan ending in FY 2020. Positioning the period until the final fiscal year as a transitional period toward a new growth stage, we are placing emphasis on changing the business portfolio and enhancing operational effectiveness, with “expanding growing markets,” “stopping the down trend of sales of printers in the sign market,” and “improving profitability” as key issues. In addition, the three businesses of the “DP (Digital Printing) Business,” the “COTO Business,” and the “DGSHAPE Business.” With swift business operations with speedy decision-making that accurately grasp market changes, the group will work to expand growth areas and create new markets.

During the fiscal year under review, the Company worked to revitalize the sign market in addition to expanding the dental market and the retail market, which we see as growth areas. In our conventional mainstay sign market, to respond to the market environment which is matured and facing fierce competition and to stop the down trend of sales of printers in the sign market and maintain our market share, we introduced a new product that provided much higher expressiveness and higher reliability through the latest technologies. Also, we developed products that will lead to the development of adjacent markets for signs through co-creation with regional partners in order to cultivate new opportunities in the digital printing market. In the dental market, aiming to become the top global manufacturer as we target dental clinics in addition to dental labs, we engaged in activities toward accelerated regional expansion and share expansion, including enhancing distributors and solutions proposals in collaboration with CAD/CAM software vendors. In the retail market, we launched two new desktop UV printers. In addition, adding laser engravers to the product lineup, the Company provided solutions to help customers’ business expansion. In the COTO business, which focuses on personalization needs to optimize goods based on individual interests, concerns, and events, we placed emphasis on in-store creation of personalized goods and proposal activities on decorative services for retail businesses. By taking advantage of our desktop product lineup, which are compact in size and create products on demand, we proposed new businesses that provide great buying experiences, such as having customers experience the fun and joy of forming their own designs into shapes at retail stores and event sites.

As a result of these initiatives, partially due to a negative impact of the stronger yen, net sales for the fiscal year ended December 31, 2019 decreased by 4.6% compared with the previous term to 40,795 million yen. The ratio of cost of sales rose by 2.1 percentage points, and selling, general and administrative expenses decreased from the previous term, mainly due to lower personnel expenses and other costs, but its ratio against net sales rose by 0.9 percentage points from the previous term. As a result, operating profit decreased by 34.3% compared with the previous term to 2,794 million yen, and ordinary profit decreased by 33.4% compared with the previous term to 2,648 million yen. Due to a decrease of income taxes and the negative effect of recording extraordinary losses including the disposal of software assets and loss on sales and retirement of non-current assets in the previous term, profit attributable to owners of parent was 1,944 million yen, decreasing by 32.5% from the previous term.

The exchange rates for major currencies during the fiscal year ended December 31, 2019 (average rate during the period from January 2019 to December 2019) were 109.06 yen to the U.S. dollar (110.44 yen for the previous term) and 122.11 yen to the euro (130.45 yen for 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	Fiscal year ended December 31, 2018		Fiscal year ended December 31, 2019		Changes	Changes in composition ratio (%)	Year-on year change (%)
	Amount	Composition ratio (%)	Amount	Composition ratio (%)			
Printers	14,246	33.3	13,183	32.3	(1,062)	(1.0)	92.5
Plotters	1,336	3.1	1,098	2.7	(238)	(0.4)	82.2
3D products	5,619	13.2	5,705	14.0	85	0.8	101.5
Supplies	13,652	31.9	13,411	32.9	(241)	1.0	98.2
Others	7,919	18.5	7,396	18.1	(522)	(0.4)	93.4
Total	42,774	100.0	40,795	100.0	(1,979)	—	95.4

## [Printers]

In the sign market, to respond to the situation in which the market has matured and competition has become fierce with the entry of major manufacturers, we made efforts to maintain our customer base in this market by strengthening our products' competitiveness. On the other hand, we developed products which meet customer needs for specific applications through co-creation with regional partners, in order to open up new opportunities in the digital printing market. In the TrueVIS series, mainstay products, we released VG2-640/540 and SG2-640/540/300 to completely renew the product lineup of the series. The TrueVIS series received high praise from the printing industry and associations in the U.S. and Europe. After winning the "2019 Product of the Year" award from the U.S.-based SGIA (Specialty Graphic Imaging Association), the series won prestigious awards of the "Pick Awards 2020" of Keypoint Intelligence' Buyers Lab in three categories in October. We released the VersaUV LEC2-300 printer/cutter in November, a product equipped with UV ink that can be printed on various materials and a print & cut function that allows users to cut out printed graphics to any shape. We proposed using it for applications such as making stickers and labels on-demand and in low quantity and creating design prototypes. In retail markets, we released two new models, the VersaUV LEF2-200 desktop UV printer and VersaUV LEF2-300, a model with increased productivity. We proposed these products to small retailers engaging in decoration services for products such as smartphone cases and home appliances, in addition to small-scale plants engaging in creating original products. In addition, we released the LV-290/180 desktop laser engravers. Together with desktop UV printers, they can produce full-color acrylic stands and accessories in various shapes. By providing these products as a solutions for customers to expand their printing businesses, we promoted sales of desktop UV printers.

In April, we released our first garment printer, the VersaSTUDIO BT-12. This A4 size desktop printer can print photos and other graphics directly onto T-shirts, polo shirts, tote bags, and other cotton fabrics to create original products. By connecting with our software "cotodesign," customers can easily start printing services for merchandise sold at shops. We proposed these as the solutions for small retailers who aim to offer new services.

As a result of these factors, printer sales were 13,183 million yen in the fiscal year ended December 31, 2019, or 92.5% of the previous fiscal year. Despite printers for the sign market trending on the same level as the previous fiscal year thanks to the release of our mainstay TrueVIS series products, there was a drop in sales of UV printers for the sign market that are suitable for print on large boards such as acrylic and foam board signs and cardboard display fixtures, and a drop in sales of UV printers for the retail market.

[Plotters]

In September, we released the LV-290/180 desk-top laser engravers that can engrave and cut shapes out of acrylic and other resins, wood, and leather. Together with desktop UV printers, they can produce full-color acrylic stands and accessories in various shapes. We provided these products as solutions for customers to expand their businesses.

As sales of large format cutters for the sign market decreased, plotter sales were 1,098 million yen in the fiscal year ended December 31, 2019, or 82.2% of the previous fiscal year.

[3D products]

While securing a solid footing in the 3D digital fabrication market such as the manufacturing and engraving industries as well as educational institutions, DGSHAPE Corporation, which engages in the 3D business, strove to become the top global manufacturer through regional expansion for sales and share expansion in the growing dental market. In the dental market, we promoted sales promotion activities such as setting up exhibits at major tradeshows across the world including IDS 2019, the world's largest dental tradeshow held every two years, and presenting the latest dental solutions. In addition, we worked on solutions proposals in collaboration with CAD/CAM software vendors targeting dental clinics, focusing on developing new markets. Thanks to the success of these initiatives, we have steadily increased sales results in the dental market. In December, we shipped the 10,000th dental milling machine worldwide after we released our first dental milling machine in 2010. In the 3D digital fabrication market, we made progress in introducing the MDX-540 and SRM-20 3D milling machines for prototypes in the manufacturing industry and at educational institutions, boosting sales. With regard to new products, we released two new models, which are the DE-3, the first desktop engravers at DGSHAPE, and the LD-300 laser foil decorator, with a larger decorating area than the previous model.

As a result of these factors, sales of 3D products were 5,705 million yen, or 101.5% of the previous fiscal year.

[Supplies]

Although sales of TrueVIS INK have been strong in line with the increase in sales volume of the TrueVIS series, mainstay printer models for the sign market, lower sales of ink for other series led to a decline in sales of printer ink for the sign market as compared to the previous fiscal year. Sales of ink for UV printers and textile printers increased, but sales of supplies were lower than the previous fiscal year at 13,411 million yen, or 98.2% of the previous fiscal year, partly due to the stronger yen.

[Others]

Sales of maintenance services, service parts, and other sales were lower than the previous fiscal year at 7,396 million yen, or 93.4% of the previous fiscal year.



Sales by region are as follows.

Net sales by region

(Millions of Yen)

Region	Fiscal year ended December 31, 2018		Fiscal year ended December 31, 2019		Changes	Changes in composition ratio (%)	Year-on year change (%)
	Amount	Composition ratio (%)	Amount	Composition ratio (%)			
Japan	4,633	10.8	4,745	11.6	112	0.8	102.4
North America	12,267	28.7	11,627	28.5	(639)	(0.2)	94.8
Europe	16,203	37.9	15,257	37.4	(945)	(0.5)	94.2
Asia	3,517	8.2	3,220	7.9	(296)	(0.3)	91.6
Others	6,153	14.4	5,944	14.6	(209)	0.2	96.6
Total	42,774	100.0	40,795	100.0	(1,979)	—	95.4

[Japan]

In printers, sales of the TrueVIS VG2-540 released in March and the 30" VersaCAMM VS-300i model for creating original T-shirts increased, and sales of printers for the sign market were strong. In 3D products, sales of the DWX-52DCi, a dental milling machine that incorporates an automatic tool changer function for continuous milling, significantly increased in the dental market.

As a result, net sales in Japan were 4,745 million yen, or 102.4% of the previous fiscal year.

[North America]

In printers, there was a drop in sales of UV printers for the sign market suitable for printing on large boards such as acrylic and foam board signs and cardboard display fixtures, as well as sales of UV printers for the retail market, despite strong sales of the mainstay TrueVIS product series printers for the sign market. Sales of 3D products were lower than the previous fiscal year, owing to sluggish sales of main models in the dental market, as well as the absence of the effect of the launch of new products in the previous fiscal year.

As a result, net sales in North America were 11,627 million yen, or 94.8% of the previous fiscal year.

[Europe]

In 3D products, we carried out sales promotion activities for the dental market by setting up exhibits at tradeshows in multiple places, including IDS 2019, the world's largest dental tradeshow held in Germany every two years. Sales increased due to strong sales of the DWX-52DCi, a dental milling machine with an automatic tool changer function, mainly in developed countries, and development of sales networks in Eastern Europe and Russia. In printers, although sales were strong for TrueVIS VG2-640/540 printers for the sign market that were released in March, sales of the existing models decreased. In addition, sales were sluggish for UV printers for the sign market suitable for printing on large boards such as acrylic and foam board signs and cardboard display fixtures.

As a result, along with the effects of the appreciated yen against the euro, net sales in Europe were 15,257 million yen, or 94.2% of the previous fiscal year.

[Asia]

In China, while there was an increase in sales of 30" printers for the sign market that are used to create original T-shirts and goods, as well as dental milling machines, sales of service parts significantly decreased. While sales of printers for the sign market and dental milling machines increased in South Korea and the ASEAN region, sales of service parts decreased in India.

As a result, net sales in Asia were 3,220 million yen, or 91.6% of the previous fiscal year.

#### [Other Regions]

In Australia, sales of printers for the sign market were solid, but sales of dental milling machines decreased. In Brazil, sales of dental milling machines increased. Sales of printers, primarily low-priced print-only models, decreased in the South America region excluding Brazil.

As a result, net sales in these regions were 5,944 million yen, or 96.6% of the previous fiscal year.

#### Basic Policy on Earnings Distributions and Dividend for Current and Next Fiscal Years

We believe in prioritizing profit returns for shareholders, and therefore we will work to maintain the stability of those returns in light of our performance. At the same time, from a mid-to-long term standpoint, since we must allocate funds for future investments in equipment, R&D and sales, we are working to bolster our internal reserves, prepare the required capital, and strengthen the constitution of our business.

In terms of actual policy, based on the profit returns in accordance with our performance, we keep our goal of maintaining dividends at 30% of consolidated profits, and incorporating that into the future of our business development.

As for dividends in the current term, term end dividends will be 25 yen, which makes the annual payout 50 yen, 20 yen lower than the previous term, resulting in the annual payout ratio of 32.2% of consolidated profit.

In terms of dividends in the following term, interim and year-end payouts are set to be 20 yen and 25 yen per share, respectively, based on the above basic policy, resulting in the annual payout of 45 yen.

#### (2) Overview of Financial Position

Total assets as of the end of the fiscal year under review increased by 1,735 million yen compared with end-of-term consolidated totals last year to a total of 38,446 million yen (104.7% of the previous fiscal year).

Current assets increased by 1,417 million yen to 27,605 million yen (105.4% of the previous fiscal year), and non-current assets increased by 317 million yen to 10,840 million yen (103.0% of the previous fiscal year). With regard to current assets, while other current assets including accounts receivable – other decreased by 201 million yen, inventories increased by 1,612 million yen. In non-current assets, while software decreased by 215 million yen due to amortization and other factors, leased assets-use rights increased by 800 million yen due to application of IFRS 16.

Liabilities as of the end of the fiscal year under review increased by 870 million yen to a total of 13,398 million yen (106.9% of the previous fiscal year). With regard to current liabilities, current portion of long-term loans payable and other current liabilities including accounts payable – other increased by 1,080 million yen and 410 million yen, respectively. In addition, due to application of IFRS 16, lease obligations increased by 316 million yen. In non-current liabilities, while long-term loans payable decreased by 1,440 million yen, long-term lease obligations increased by 482 million yen due to application of IFRS 16.

Net assets as of the end of the fiscal year under review increased by 865 million yen to a total of 25,047 million yen (103.6% of the previous fiscal year). Compared with the end of the previous fiscal year, while retained earnings increased by 1,045 million yen due mainly to the performance of this period and treasury shares increased by 151 million yen due to the acquisition of treasury shares, foreign currency translation adjustment decreased by 93 million yen due mainly to the stronger yen.

Additionally, the “Partial Amendments to Accounting Standard for Tax Effect Accounting” (ASBJ Statement No. 28; February 16, 2018), etc., have been applied from the beginning of the fiscal year under review. In its treatment of the fiscal year ended December 31, 2018, the Company retrospectively applies the aforementioned accounting changes to perform comparative analysis.

### (3) Overview of Cash Flows

#### Summary of Consolidated Statements of Cash Flows

(Millions of Yen)

	Fiscal year ended December 31, 2018	Fiscal year ended December 31, 2019	Changes
Net cash provided by (used in) operating activities	4,347	2,533	(1,813)
Net cash provided by (used in) investing activities	(755)	(875)	(119)
Net cash provided by (used in) financing activities	(2,339)	(1,750)	588
Effect of exchange rate change on cash and cash equivalents	127	121	(6)
Net increase (decrease) in cash and cash equivalents	1,380	30	(1,350)
Increase in cash and cash equivalents from newly consolidated subsidiary	40	—	(40)
Cash and cash equivalents at end of period	11,169	11,199	30

#### [Net cash provided by (used in) operating activities]

Net cash provided by operating activities for the fiscal year under review was 2,533 million yen, a decrease of 1,813 million yen from the previous fiscal year. Main positive factors for the cash flows include a decrease in notes and accounts receivable – trade and an increase in other current liabilities including accounts payable – other. Main negative factors include a decrease in profit before income taxes and an increase in inventories.

#### [Net cash provided by (used in) investing activities]

Net cash used in investing activities for the fiscal year under review was 875 million yen, an increase in outflow of 119 million yen from the previous fiscal year's outflow of 755 million yen. Main factors include an increase in the purchase of property, plant and equipment.

#### [Net cash provided by (used in) financing activities]

Net cash used in financing activities for the fiscal year under review was 1,750 million yen, a decrease of 588 million yen from an outflow of 2,339 million yen in the previous fiscal year. Main positive factors for the cash flows include an increase in repayments of lease obligations due to application of IFRS 16 and an increase in purchase of treasury shares. Main negative factors include a decrease in repayments of long-term loans payable.

#### (4) Future Outlook

As for the future economic outlook, the Japanese economy is expected to continue to recover moderately, against the backdrop of an improvement in employment trends and increased capital investment backed by economic policies. Overseas, the outlook is expected to remain unclear owing to factors including the impact of trade issue trends between the US and China and the effects of fluctuations in financial and capital markets.

Regarding the outlook for the next fiscal year, sales are expected to increase owing to the expected increase in sales of printers and 3D products from the previous fiscal year. Profits are expected to decrease owing to an increase in selling, general and administrative expenses, as well as the assumption of a stronger yen compared to the fiscal year under review.

(Millions of Yen)

	Fiscal year ended December 31, 2019	Fiscal year ending December 31, 2020	Change (%)
Net sales	40,795	42,600	104.4
Operating profit	2,794	2,500	89.5
Ordinary profit	2,648	2,300	86.8
Profit attributable to owners of parent	1,944	1,800	92.6
ROE (%)	7.9%	7.2%	—

Estimated exchange rates of major currencies for the fiscal year ending December 31, 2020

1USD = 105 yen, 1EUR = 120 yen

## 2. Status of Corporate Group

The Group engages in the manufacture and sale of computer peripheral devices such as printers, plotters, and 3D products.

### [Development and Manufacturing Structures of Products]

Development of products of the Group is mainly conducted by the Company and DGSHAPE Corporation, a subsidiary.

Manufacture of products is mainly conducted at the Company and Roland Digital Group (Thailand) Ltd., a subsidiary in Thailand.

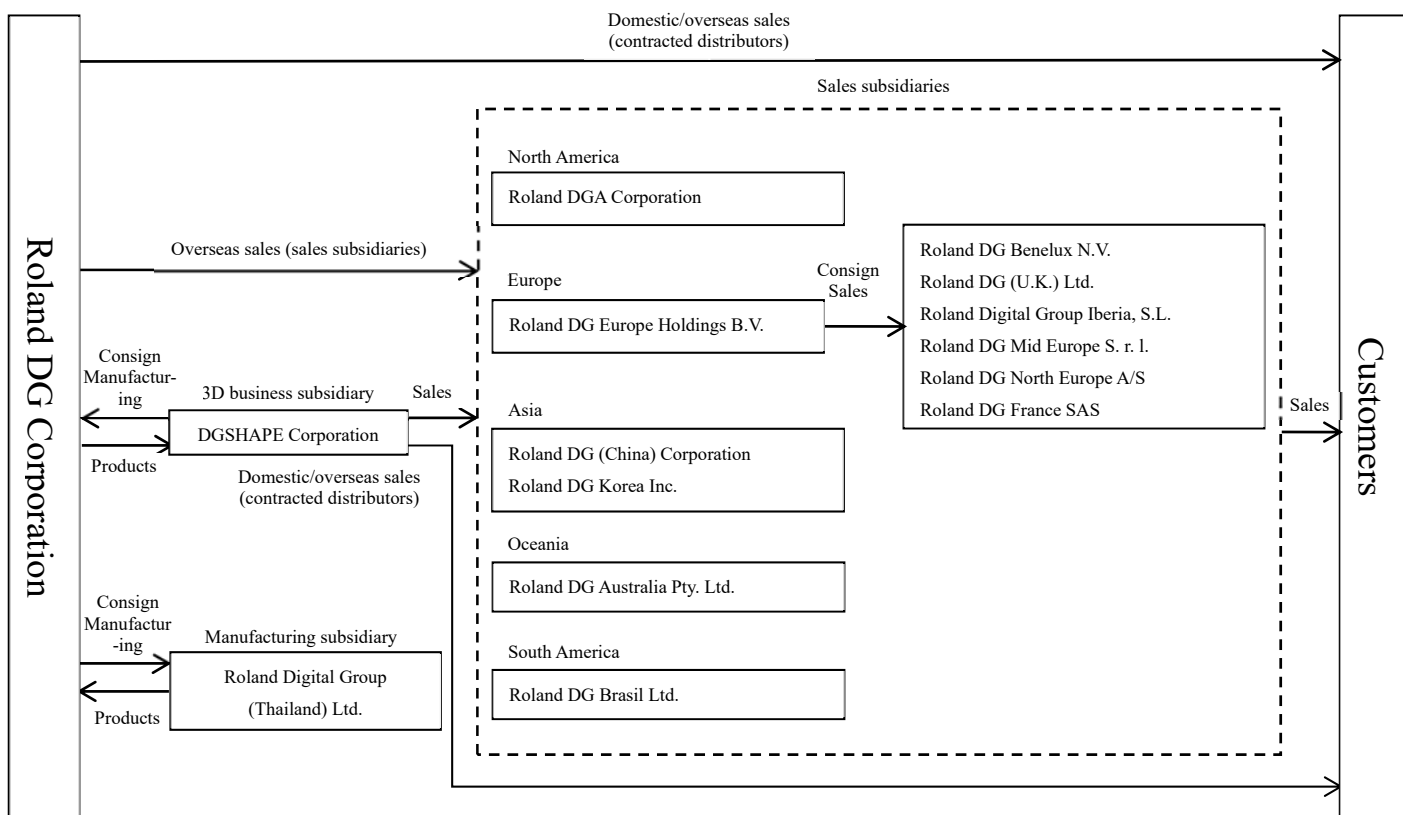
The research and development department has adopted a system that ensures coordination led by product producers in order to quickly respond to changes in demand. The production department has adopted a cell production system utilizing digital data. In addition, we strive to streamline processes, including reductions in development periods, by introducing a “digital factory” that directly connects processes from development to production with digital data using 3D CAD.

### [Sales Structure]

In domestic markets, the Company and DGSHAPE Corporation, a subsidiary, are in charge of sales and sell products through contracted distributors.

In overseas markets, the Company and DGSHAPE Corporation, a subsidiary, are in charge of sales and sell products through the Company’s six overseas sales subsidiaries or contracted distributors.

The business organization chart is as follows.



\*In addition to the above, the Company owns three consolidated subsidiaries in Europe and a non-consolidated subsidiary in Asia.

Status of Affiliated Companies

Consolidated Subsidiaries

As of December 31, 2019

Company name	Location	Capital stock	Principal business	Ratio of voting rights held in subsidiaries (%)	Relationship			
					No. of Inter-locking directors	Financial support	Business transactions	Leasing of facilities
DGSHAPE Corporation	Kita-ku, Hamamatsu-shi, Shizuoka	JPY 160,000 thousand	Manufacturing and sale of computer peripheral devices	100.0	2	No	Sales of products manufactured by the Group	Yes
Roland DGA Corporation	Irvine CA, U.S.A.	US\$ 4,196 thousand	Sale of computer peripheral devices	100.0	1	No	Sales of products manufactured by the Group	No
Roland DG Benelux N.V.	Geel, Belgium	EUR 72 thousand	Provision of services including sales promotion and after-sales service	100.0 (99.0)	1	No	–	No
Roland DG (U.K.) Ltd.	Clevedon, U.K.	Stg £ 23 thousand	Provision of services including sales promotion and after-sales service	100.0 (100.0)	1	No	–	No
Roland Digital Group Iberia, S.L.	Cerdanyola del Valles, Spain	EUR 106 thousand	Provision of services including sales promotion and after-sales service	100.0 (100.0)	1	No	–	No
Roland DG Mid Europe S.r.l.	Acquaviva Picena, Italy	EUR 1,000 thousand	Provision of services including sales promotion and after-sales service	100.0 (100.0)	1	No	–	No
Roland DG North Europe A/S	Allerød, Denmark	DKr 500 thousand	Provision of services including sales promotion and after-sales service	100.0 (100.0)	1	No	–	No
Roland DG Australia Pty. Ltd.	Frenchs Forest, Australia	A\$ 300 thousand	Sales of computer peripheral devices	100.0	1	No	Sales of products manufactured by the Group	No

Roland DG (China) Corporation	Shanghai, China	RMB 16,000 thousand	Sales of computer peripheral devices	100.0	1	No	Sales of products manufactured by the Group	No
Roland DG Korea Inc.	Seoul, Korea	KRW 2,100,000 thousand	Sales of computer peripheral devices	100.0	1	No	Sales of products manufactured by the Group	No
Roland DG Brasil Ltd.	Sao Paulo, Brazil	R\$ 8,366 thousand	Sales of computer peripheral devices	99.9	None	No	Sales of products manufactured by the Group	No
Roland DG Europe Holdings B.V.	Amstelveen, The Netherlands	EUR 1,000 thousand	Holding company in Europe Sales of computer peripheral devices	100.0	1	No	Sales of products manufactured by the Group	No
Roland DG EMEA, S.L.	Cerdanyola del Valles, Spain	EUR 200 thousand	Back office work for European sales subsidiaries	100.0 (100.0)	1	No	–	No
Roland Digital Group (Thailand) Ltd.	Samutsakhon, Thailand	THB 210,000 thousand	Manufacturing of computer peripheral devices	99.9	1	No	Manufacturing of the Group products	No
Roland DG Deutschland GmbH	Willich, Germany	EUR 100 thousand	Provision of services including sales promotion and after-sales service	100.0 (100.0)	1	No	–	No
Roland DG RUS LLC	Moscow, Russia	RUB 18,000 thousand	Provision of services including sales promotion and after-sales service	100.0 (99.0)	None	No	–	No
Roland DG France SAS	Saint Thibault des Vignes, France	EUR 300 thousand	Provision of services including sales promotion and after-sales service	100.0 (100.0)	1	No	–	No

(Note) The figures in parentheses in the “Ratio of voting rights holding in subsidiaries” column are the ratio of indirect holding, shown inclusive.

### 3. Management Policy

#### (1) Basic Company Management Policy

We have focused our efforts on developing digital technologies and providing creative devices that make it possible for our customers around the world to “Transform Imagination into Reality,” based on our vision. With the rapid advances of digitalization, our customers’ needs are growing more advanced and diverse, and it is critical to proactively and rapidly develop new technologies to support these needs. We believe that we can gain the trust of our customers, developing together, not by simply aiming to achieve greater sales volume, but by supplying high quality products and services.

Led by this philosophy, we are working to create a unified operation system, consisting of our sales and development functions and affiliated companies, with the common mission of collecting customer information and developing new products. We are constantly launching development projects, which continually share information and generate awareness as they strive to develop products based on new research themes.

At the same time, the results of this high value development work must be commercialized using optimal production systems. We consider improving quality and production efficiency our greatest missions as a manufacturer, and are dedicated to developing our structures and systems. Our “Digital Yatai (digitally-controlled cell production system),” which fully leverages IT equipment, has reduced lead time and ensured reliability in quality.

We consider the effort we put into this manufacturing to be one of the joys of creation, and will continue to engage in proactive, unified company operations in the future.

#### (2) Target Management Benchmarks

We are firm in our belief that customer and shareholder trust can be created through stable corporate growth. We have set as our basic targets an annual net sales growth rate of 10% or more, and an operating profit to net sales of 10% or more, focusing on our core group-wide business activities from the perspective of global management.

The group formulated a five-year medium-term business plan from FY 2016 to FY 2020. The period until the final fiscal year (fiscal year ending December 31, 2020) has been positioned as a transitional period toward a new growth stage, and emphasis is placed on changing the business portfolio and enhancing operational effectiveness. The performance goals for FY 2020, the final fiscal year, include consolidated net sales of 46,000 million yen, consolidated operating profit of 4,500 million yen, and ROE of 12 %. Although it is expected that the business environment and market trends surrounding the Company will remain uncertain and harsh, we will strive to improve our business results with the aim of achieving our goals in the medium-term business plan.

#### (3) Medium to Long Term Business Strategy and Issues to be Addressed

Our group has continued to grow by creating high value-added markets globally based on color & 3D digital control technology. In the medium-term business plan from FY 2016 to FY 2020, we are working on creating new markets in response to the maturing of mainstay markets. In addition, we will reform our solutions while responding to structural changes of the digital network society aggressively, and change the business portfolio for sustainable growth.

##### 1) Business Fields to be Focused on

We are aiming to grow our business through a consistent implementation of selection and concentration of focus fields in which we can bring out our strengths to develop niche and highly value-added business. Specifically, we further clarified allocation of management resources by dividing our business into three areas: 1. “DP (Digital Printing) Business,” which focuses on the four markets of Signage (sign and display printing), Retail, Multi-Use Printing, and Textiles; 2. “COTO Business,” which has been developed from retail to provide solutions to retail businesses and service businesses that capture needs for personalized goods; and 3. “DGSHAPE Business,” which targets the 3D digital fabrication and dental markets, whereby we work to expand growth areas and create new markets.



## 2) Response to Changes of Markets and Customer Needs

Considering value creation and market creation as the core of growth, flexibility to market changes including diversification of customer needs is critical. Based on our group-wide corporate structure, which enables speedy responses to changes, we will aggressively invest in our core technology innovation, and realize sustainable growth by looking to ICT (Information Communication Technology) and transforming to a solutions provider that offers everything that generates customer values as “services.”

## 3) Response to Maturing of Mainstay Markets

The mainstay sign markets are maturing in line with the widespread use of inkjet printers. Through introduction of products with superiority and differentiation, creation of business opportunities for customers via development of various other usages and the strengthening of solution proposals, we will focus on maximizing customer value, while also leveraging our global sales network to create strong customer bases with the intent of creating profitable and continuous business models.

## 4) Strengthening organization management system

For niche and highly value-added market creation, we are required to capture the changing needs of society or individuals rather quickly and promote flexible business activities under the direction of strong leaders with entrepreneurship. We have adopted a divisional organization system for organizational management of each focus field since September 2018, to realize swift market creation with speedy decision-making that accurately grasps market changes.

## 5) Strengthening R&D and Production Structure

In terms of the structure behind R&D and production, our company thinking is based in the “digital factory” concept, which ensures speedy and effective development and production by sharing 3D data company-wide as well as suppliers. Multiple products are realized by concurrent engineering, and assembled with cell production system which is optimized for low-volume, high-variety production work.

Furthermore, we are currently aggressively conducting research and development investment to strengthen our technological base in order to respond to rapid changes in the market environment and the diversification of needs. Through unique technological proposals taking advantage of our core technologies, we will advance the creation of additional customer value and high value-added markets.

In production and procurement, we aim to improve cost competitiveness and production lead times through our two bases at the domestic plant and the Thai plant, at the same time strengthen our capabilities to respond to changes in demand for the realization of further optimization.

## 6) Improving Business Sustainability

As part of our natural disaster preparedness, we are striving to improve the continuity of our business activities through means such as multi-faceted review of BCP (business continuity planning) that includes supply chains, and decentralization of risk. We are implementing the latter by extending our production system across plants in Japan and Thailand, and by promoting overseas parts procurement.

## 7) Environmental Protection

We are taking a number of initiatives to ensure the protection of the environment. This includes considering environmental impact during product development, preparing our facilities to prevent contamination, efforts to reduce energy consumption, and company-wide education on efficient usage and recycling of materials. Going forward, we will continue to make sustainable environmental efforts that can contribute to development of a sustainable society

## 8) Enhancing Corporate Governance and Strengthening Internal Control

As a listed company, corporate governance is our responsibility to society, and to realize this, we must strengthen the internal control of our company. We have set “Basic Policies on the Internal Control System” as sought by the Companies Act and maintain and operate a risk management structure. Furthermore, regarding internal control for financial reports as instituted by the Financial Instruments and Exchange Act, we are planning

structural and organizational measures to ensure the appropriateness of such reports in accordance with the above basic policy.

Furthermore, “Japan’s Corporate Governance Code” has been applied to companies listed on the Tokyo Stock Exchange from June 2015. While understanding the purpose and spirit of this code fully and enhancing corporate governance, we will strive for sustainable growth and the increase of corporate value over the medium to long term through active dialogue with shareholders and investors, etc., by establishing the “Policy for Constructive Dialogue with Shareholders”.

#### 4. Basic Policy on Selection of Accounting Standards

The Group applies Japanese Accounting Standards.

Concerning the future adoption of International Financial Reporting Standards (IFRS), the Group will consider its application while taking into consideration factors such as global adoption and domestic trends.

## 5. Consolidated Financial Statements

### (1) Consolidated Balance Sheets

(Thousands of Yen)

	As of December 31, 2018	As of December 31, 2019
<b>Assets</b>		
Current assets		
Cash and deposits	11,170,003	11,215,141
Notes and accounts receivable - trade	4,998,945	4,947,348
Merchandise and finished goods	5,766,572	6,990,972
Work in process	64,025	106,323
Raw materials and supplies	2,211,111	2,556,894
Other	2,065,172	1,863,482
Allowance for doubtful accounts	(87,942)	(74,349)
Total current assets	26,187,888	27,605,812
Non-current assets		
Property, plant and equipment		
Buildings and structures	7,037,881	7,166,986
Accumulated depreciation	(4,491,880)	(4,663,264)
Buildings and structures, net	2,546,000	2,503,721
Machinery, equipment and vehicles	947,285	939,962
Accumulated depreciation	(696,498)	(679,033)
Machinery, equipment and vehicles, net	250,786	260,928
Tools, furniture and fixtures	3,789,006	3,714,895
Accumulated depreciation	(3,043,209)	(3,004,073)
Tools, furniture and fixtures, net	745,796	710,822
Land	3,124,848	3,146,062
Leased asset-use rights	—	800,543
Construction in progress	27,195	18,150
Total property, plant and equipment	6,694,627	7,440,228
Intangible assets		
Goodwill	274,443	189,176
Software	973,252	757,334
Telephone subscription right	8,258	7,938
Total intangible assets	1,255,954	954,449
Investments and other assets		
Investment securities	19,384	19,265
Deferred tax assets	1,668,522	1,631,750
Other	884,191	794,952
Total investments and other assets	2,572,097	2,445,968
Total non-current assets	10,522,680	10,840,646
<b>Total assets</b>	<b>36,710,568</b>	<b>38,446,459</b>

(Thousands of Yen)

	As of December 31, 2018	As of December 31, 2019
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	1,994,581	2,014,844
Current portion of long-term loans payable	360,000	1,440,000
Lease obligations	2,387	318,829
Income taxes payable	224,968	385,443
Provision for bonuses	723,324	605,405
Provision for bonuses for directors (and other officers)	60,000	44,000
Provision for product warranties	458,315	490,372
Other	3,314,380	3,725,075
Total current liabilities	7,137,958	9,023,971
Non-current liabilities		
Long-term loans payable	2,880,000	1,440,000
Lease obligations	6,548	488,906
Provision for employee stock ownership plan trust	113,374	153,264
Provision for management board incentive plan trust	191,756	180,377
Provision for loss on dissolution of employees' pension fund	4,671	4,307
Retirement benefit liability	858,387	827,991
Long-term accounts payable - other	39,880	43,512
Other	1,295,689	1,236,536
Total non-current liabilities	5,390,308	4,374,897
Total liabilities	12,528,266	13,398,868
<b>Net assets</b>		
Shareholders' equity		
Capital stock	3,668,700	3,668,700
Capital surplus	3,700,608	3,700,608
Retained earnings	18,152,407	19,197,758
Treasury shares	(442,217)	(593,773)
Total shareholders' equity	25,079,498	25,973,293
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(1,246)	(1,983)
Foreign currency translation adjustment	(612,127)	(705,787)
Remeasurements of defined benefit plans	(283,903)	(218,039)
Total accumulated other comprehensive income	(897,277)	(925,810)
Non-controlling interests	80	108
Total net assets	24,182,301	25,047,590
Total liabilities and net assets	36,710,568	38,446,459

(2) Consolidated Statements of Operations and Comprehensive Income  
Consolidated Statements of Operations

	(Thousands of Yen)	
	For the fiscal year ended December 31, 2018 (From January 1, 2018 to December 31, 2018)	For the fiscal year ended December 31, 2019 (From January 1, 2019 to December 31, 2019)
Net sales	42,774,908	40,795,450
Cost of sales	23,680,741	23,464,864
Gross profit	19,094,166	17,330,585
Selling, general and administrative expenses		
Transportation and warehousing expenses	1,008,875	1,045,899
Advertising and promotion expenses	1,024,912	1,103,287
Provision of allowance for doubtful accounts	25,675	6,368
Provision for product warranties	—	80,075
Salaries and bonuses	7,256,584	7,083,996
Provision for bonuses	445,303	344,502
Provision for bonuses for directors (and other officers)	60,000	44,000
Provision for employee stock ownership plan trust	13,996	36,741
Provision for management board incentive plan trust	58,937	44,064
Retirement benefit expenses	292,475	294,735
Traveling and transportation expenses	593,354	570,440
Depreciation	681,538	923,753
Commission expenses	1,297,025	1,194,954
Other	2,085,471	1,763,745
Total selling, general and administrative expenses	14,844,152	14,536,564
Operating profit	4,250,014	2,794,021
Non-operating income		
Interest income	13,879	17,883
Gain on valuation of investments in money held in trust	—	79,768
Reversal of reserve for loss on dissolution of employees' pension fund	44,923	—
Other	71,229	71,312
Total non-operating income	130,032	168,964
Non-operating expenses		
Interest expenses	15,911	39,463
Sales discounts	153,705	126,692
Foreign exchange losses	201,009	144,888
Other	32,490	3,108
Total non-operating expenses	403,117	314,152
Ordinary profit	3,976,929	2,648,832

(Thousands of Yen)

	For the fiscal year ended December 31, 2018 (From January 1, 2018 to December 31, 2018)	For the fiscal year ended December 31, 2019 (From January 1, 2019 to December 31, 2019)
Extraordinary income		
Gain on sales of non-current assets	12,028	15,155
Total extraordinary income	12,028	15,155
Extraordinary losses		
Loss on sales and retirement of non-current assets	127,217	19,813
Total extraordinary losses	127,217	19,813
Profit before income taxes	3,861,740	2,644,175
Income taxes - current	859,272	704,209
Income taxes - deferred	120,760	(4,913)
Total income taxes	980,033	699,295
Profit	2,881,707	1,944,879
Profit attributable to non-controlling interests	13	18
Profit attributable to owners of parent	2,881,694	1,944,861

## (Consolidated Statements of Comprehensive Income)

(Thousands of Yen)

	For the fiscal year ended December 31, 2018 (From January 1, 2018 to December 31, 2018)	For the fiscal year ended December 31, 2019 (From January 1, 2019 to December 31, 2019)
Profit	2,881,707	1,944,879
Other comprehensive income		
Valuation difference on available-for-sale securities	(9,032)	(736)
Foreign currency translation adjustment	(458,055)	(93,651)
Remeasurements of defined benefit plans, net of tax	(131,989)	65,864
Total other comprehensive income	(599,077)	(28,523)
Comprehensive income	2,282,629	1,916,356
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,282,617	1,916,328
Comprehensive income attributable to non-controlling interests	11	27



## (3) Consolidated Statements of Changes in Net Assets

For the fiscal year ended December 31, 2018 (From January 1, 2018 to December 31, 2018)

(Thousands of Yen)

	Shareholder's equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	3,668,700	3,700,608	16,030,080	(579,561)	22,819,827
Changes of items during period					
Dividends of surplus			(759,366)		(759,366)
Profit attributable to owners of parent			2,881,694		2,881,694
Treasury stock transfer of stock ownership plan trust				137,343	137,343
Net changes of items other than shareholders' equity					—
Total changes of items during period	—	—	2,122,327	137,343	2,259,670
Balance at end of current period	3,668,700	3,700,608	18,152,407	(442,217)	25,079,498

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	7,786	(154,073)	(151,913)	(298,200)	68	22,521,695
Changes of items during period						
Dividends of surplus				—		(759,366)
Profit attributable to owners of parent				—		2,881,694
Treasury stock transfer of stock ownership plan trust				—		137,343
Net changes of items other than shareholders' equity	(9,032)	(458,053)	(131,989)	(599,076)	11	(599,064)
Total changes of items during period	(9,032)	(458,053)	(131,989)	(599,076)	11	1,660,606
Balance at end of current period	(1,246)	(612,127)	(283,903)	(897,277)	80	24,182,301

For the fiscal year ended December 31, 2019 (From January 1, 2019 to December 31, 2019)

(Thousands of Yen)

	Shareholder's equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	3,668,700	3,700,608	18,152,407	(442,217)	25,079,498
Cumulative effects of changes in accounting policies			(13,582)		(13,582)
Restated balance	3,668,700	3,700,608	18,138,825	(442,217)	25,065,915
Changes of items during period					
Dividends of surplus			(885,928)		(885,928)
Profit attributable to owners of parent			1,944,861		1,944,861
Purchase of treasury shares				(134)	(134)
Treasury stock possession of stock ownership plan trust				(175,478)	(175,478)
Treasury stock transfer of stock ownership plan trust				24,057	24,057
Net changes of items other than shareholders' equity					—
Total changes of items during period	—	—	1,058,933	(151,556)	907,377
Balance at end of current period	3,668,700	3,700,608	19,197,758	(593,773)	25,973,293

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	(1,246)	(612,127)	(283,903)	(897,277)	80	24,182,301
Cumulative effects of changes in accounting policies				—		(13,582)
Restated balance	(1,246)	(612,127)	(283,903)	(897,277)	80	24,168,719
Changes of items during period						
Dividends of surplus				—		(885,928)
Profit attributable to owners of parent				—		1,944,861
Purchase of treasury shares				—		(134)
Treasury stock possession of stock ownership plan trust				—		(175,478)
Treasury stock transfer of stock ownership plan trust				—		24,057
Net changes of items other than shareholders' equity	(736)	(93,660)	65,864	(28,533)	27	(28,505)
Total changes of items during period	(736)	(93,660)	65,864	(28,533)	27	878,871

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at end of current period	(1,983)	(705,787)	(218,039)	(925,810)	108	25,047,590

## (4) Consolidated Statements of Cash Flows

(Thousands of Yen)

	For the fiscal year ended December 31, 2018 (From January 1, 2018 to December 31, 2018)	For the fiscal year ended December 31, 2019 (From January 1, 2019 to December 31, 2019)
<b>Cash flows from operating activities</b>		
Profit before income taxes	3,861,740	2,644,175
Depreciation	1,126,676	1,452,706
Amortization of goodwill	80,555	75,405
Increase (decrease) in allowance for doubtful accounts	7,983	(11,373)
Increase (decrease) in provision for bonuses	62,556	(116,753)
Increase (decrease) in provision for bonuses for directors (and other officers)	60,000	(16,000)
Increase (decrease) in provision for product warranties	(65,464)	39,605
Increase (decrease) in provision for employee stock ownership plan trust	21,870	53,012
Increase (decrease) in provision for management board incentive plan trust	64,035	(443)
Increase (decrease) reserve for loss on dissolution of employees pension fund	(47,061)	(363)
Increase (decrease) in retirement benefit liability	29,023	63,508
Interest and dividend income	(14,457)	(18,487)
Interest expenses	15,911	39,463
Loss (gain) on sales and retirement of intangible assets	85,748	—
Loss (gain) on sales of property, plant and equipment	29,440	4,657
Decrease (increase) in notes and accounts receivable – trade	(566,556)	(25,407)
Decrease (increase) in inventories	42,262	(1,742,839)
Decrease (increase) in other current assets	117,072	86,666
Decrease (increase) in other non-current assets	40,234	46,012
Increase (decrease) in notes and accounts payable – trade	118,997	1,394
Increase (decrease) in other current liabilities	(217,849)	534,119
Increase (decrease) in other non-current liabilities	(49,438)	(42,037)
Other, net	51,359	(14,143)
<b>Subtotal</b>	<b>4,854,640</b>	<b>3,052,879</b>
Interest and dividend income received	17,535	30,250
Interest expenses paid	(15,868)	(38,311)
Income taxes paid	(508,615)	(510,943)
<b>Net cash provided by (used in) operating activities</b>	<b>4,347,692</b>	<b>2,533,875</b>
<b>Cash flows from investing activities</b>		
Payments into time deposits	(264)	(14,179)
Purchase of property, plant and equipment	(508,120)	(632,601)
Proceeds from sales of property, plant and equipment	23,835	38,227
Purchase of intangible assets	(270,763)	(265,695)
Purchase of investment securities	(914)	(931)
Other, net	298	95
<b>Net cash provided by (used in) investing activities</b>	<b>(755,928)</b>	<b>(875,085)</b>

(Thousands of Yen)

	For the fiscal year ended December 31, 2018 (From January 1, 2018 to December 31, 2018)	For the fiscal year ended December 31, 2019 (From January 1, 2019 to December 31, 2019)
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term loans payable	(136,800)	—
Repayments of long-term loans payable	(1,440,000)	(360,000)
Repayments of lease obligations	(2,429)	(327,864)
Purchase of treasury shares	—	(175,964)
Cash dividends paid	(759,776)	(886,228)
Net cash provided by (used in) financing activities	(2,339,005)	(1,750,056)
Effect of exchange rate change on cash and cash equivalents	127,396	121,374
Net increase (decrease) in cash and cash equivalents	1,380,154	30,108
Cash and cash equivalents at beginning of period	9,748,848	11,169,670
Increase in cash and cash equivalents from newly consolidated subsidiary	40,668	—
Cash and cash equivalents at end of period	11,169,670	11,199,778