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Midterm Business Plan (FY2021 to FY2023)

Roland DG Corporation (the “Company”) hereby announces that the Company has created a 3-year midterm business plan beginning in FY2021 as described below.

1. Background to the Midterm Business Plan

In the previous midterm business plan (FY2016-FY2020), we set three key tasks to achieve "sustainable growth through innovation": (1) accelerate commercialization in growth areas, (2) transform into a solution provider, and (3) transform into an innovation group. However, the signage (advertising and signboard) market, our main field for a long time, has been maturing along with the high penetration of large commercial inkjet printers and the competitive environment has intensified faster than expected by entry of major manufacturers. As a result, sales of printers and inks continued to decline, resulting in negative overall growth.

To respond to the situation, in August 2018, we reviewed our issues and redefined the period up to FY2020 as a "transition period toward a growth stage" with the following priority issues: (1) expansion of growth areas, (2) stopping the decline in printer sales for the signage market, and (3) improvement of profitability.

We have made the 3D manufacturing business a separate subsidiary of the Company as DGSHAPE Corporation, focusing on dental field where digitization is advancing. In addition, the Company launched the COTO business to establish personalized services in the retail field, and in the DP (Digital Printing) Business, the Company has been developing niche, high-value-added markets through Co-Creation activities in collaboration with external partners.

However, our sales has remained highly exposed to the main signage market, where product differentiation has become difficult, and our sales structure remained centered around developed countries. In order to achieve growth, we believe that the Group needs to rapidly transform its business portfolio. Besides, also with the impact of COVID-19 on the Group's business activities, we need to evolve into a strong lean corporate structure that can respond to changes in external environment and absorb risks associated with new initiatives.

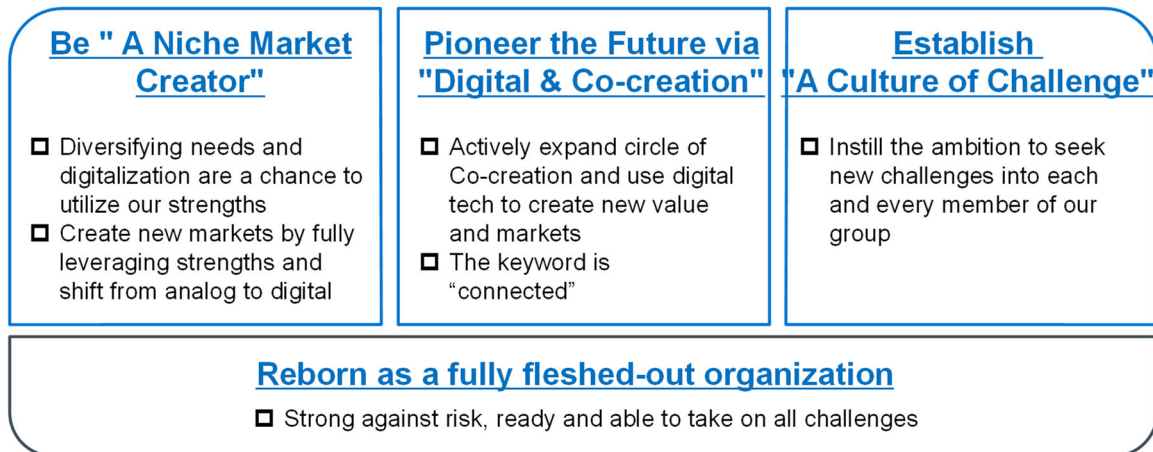
Acknowledging these management issues, we have set the following policies and basic strategies in our midterm business plan for the period from 2021 to 2023.

1. Midterm business plan vision

Be reborn as true RDG - "Creativity, BEST, and Cooperative Enthusiasm"

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

"Creativity • BEST • Cooperative Enthusiasm"



2. Midterm plan core strategy

The two wheels of our core strategy are "Transition into a lean organization" and "Transformation of the business portfolio"

1) Transition into a lean organization

We will reduce fixed costs, streamline the organization, and improve process efficiency aiming to create a lean corporate structure that can withstand risks and take on challenges to aggressively expand into emerging countries and new markets.

- Fixed cost reduction

Strengthen price competitiveness by transferring entire mass production function to Thailand. Our domestic factory will be converted into a mother factory. At the headquarter, we will optimize the workforce by implementing an early retirement program and will continuously manage costs. At our overseas sales subsidiaries, we will reduce fixed costs by reviewing the organizational structure in each region.

- Streamlining of the organization

Streamline the organization and make it more suitable for business strategies; including the integration of COTO Division into DP Business that has already been carried out in October 2020 and establishment of a dedicated team for new markets.

- Process efficiency improvement

Upgrade PSI (Production, Sales, and Inventory) management and review internal processes including delegation of authority to enable efficiency improvement and business growth.

2) Transformation of the business portfolio

We will transform our business portfolio by shifting from existing business to growth markets and new markets for both DP Business and DGSHAPE Business

- Existing business strategy

In DP business, we will strengthen our ability to provide value to existing customers by shifting our technology from low-solvent inks to other environmentally friendly inks, thereby further

solidifying our customer base. In addition, by integrating production locations, reviewing the product portfolio, and pursuing efficiency through platform development, we will maintain profitability despite the severe market environment and create resources to develop growth markets and new businesses.

■ Growth market strategy

In addition to our current business centered around advanced countries, we will capture growth in emerging countries. For DP Business, we aim to make a full-scale entry into emerging countries through collaborations with external partners. For DGSHAPE business, we will strengthen our cost competitiveness by transferring production of dental products to Thailand and launching models in emerging countries, in order to increase sales and market share.

■ New market strategy

In the previous midterm business plan, we developed unique market areas such as the retail market and the toy market by identifying personalization needs through COTO business and Co-Creation activities. We believe the product personalization trend will further accelerate due to the development of smart devices and SNS. Therefore, in the DP Business, we will continue to develop and expand our Co-Creation activities to create new markets by promoting digitization of analog processes especially for "decoration" required for personalization. DGSHAPE Business will expand in the dental field which we view as a form of ultimate personalization. We will expand our application for dental clinics and further digitize analog processes. In addition, the Company aims to commercialize the medical and healthcare fields through ELTEMIS, which provides traceability systems ensuring safety and security in the medical field and inventory management systems that improve efficiency for hospital management.

3. Consolidated financial target

		FY2020 (Result)	FY2023 (Final year target)
Sales (¥ billion)		34.7	48.0
Operating income (¥ billion)		0.5	6.0
Operating income ratio		1.4%	12.5%
ROE		1.0%	15.0%
ROIC		0.6%	15.0%
CCC(Days)		141	120
Yearly Average	Currency		
	USD	¥106.83	¥100(est.)
Exchange Rates:	EUR	¥121.86	¥125(est.)

4. Financial strategy

In addition to improving our profitability through implementing a structural reform and growth strategy, we will focus on balance sheet management to improve cash generation and capital efficiency.

- 1) Enhance profitability by becoming a lean organization and transforming our business portfolio
- 2) Improve Cash Conversion Cycle (CCC) through inventory reduction to strengthen ability to generate cash
- 3) Enhance profitability and capital efficiency to achieve target of 15% ROE and 15% ROIC
- 4) Invest the cash generated into growth areas including M&A and alliances in order to achieve “+α” growth
- 5) Conduct payouts to shareholders after accounting for cash needs for growth investment

5. Dividend Policy

Shareholder return is a key managerial focus for the Company. We aim to provide stable dividends to our shareholders taking into account the cash needs for investment to drive sustainable growth as well as the risk, financial performance and stability.

Specifically, while also accounting for future business needs, we will set 30% payout ratio to consolidated net income and 2% dividend on equity (DOE) as our metrics and pay the higher of the two amounts in order to provide stable dividends to our shareholders.

Note: The performance targets and figures and strategies in these documents are based on information available at the time of creation and include all inherent risk and uncertainty. All content and future performance is subject to change.