

Consolidated Financial Results for the Fiscal Year Ended December 31, 2017

February 2018



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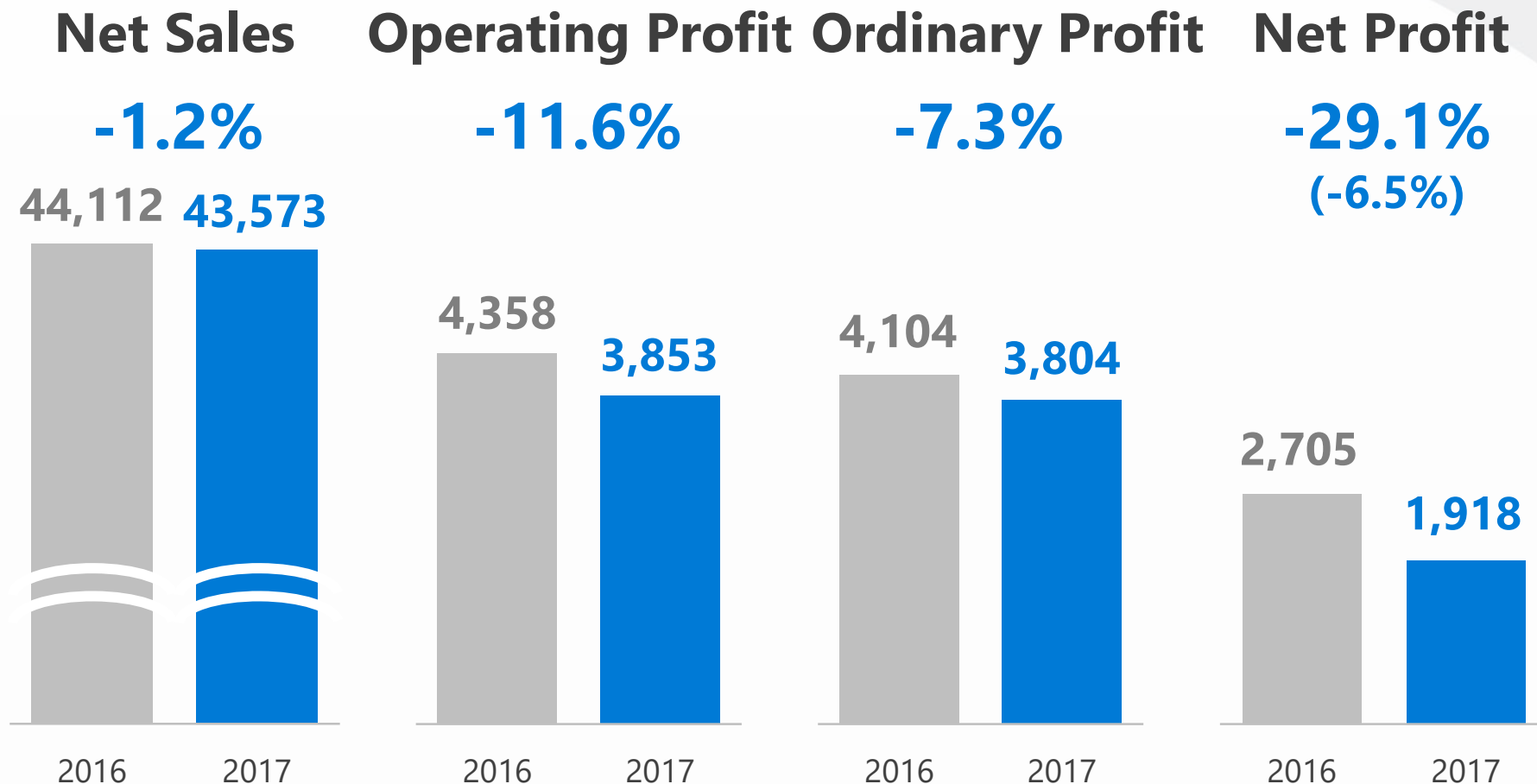
Financial Highlights

- ✓ **Income/Profit down due to decrease in printer income.**
- ✓ **Settled the patent litigation and recorded a settlement fee of ¥1.38 billion as an extraordinary loss.**
- ✓ **DGSHAPE business expansion in dental & 3D.**
- ✓ **Net profit increase significantly against the forecast.**

※Net profit is net profit attributable to parent company shareholders

Consolidated Financial Results

(millions of yen)

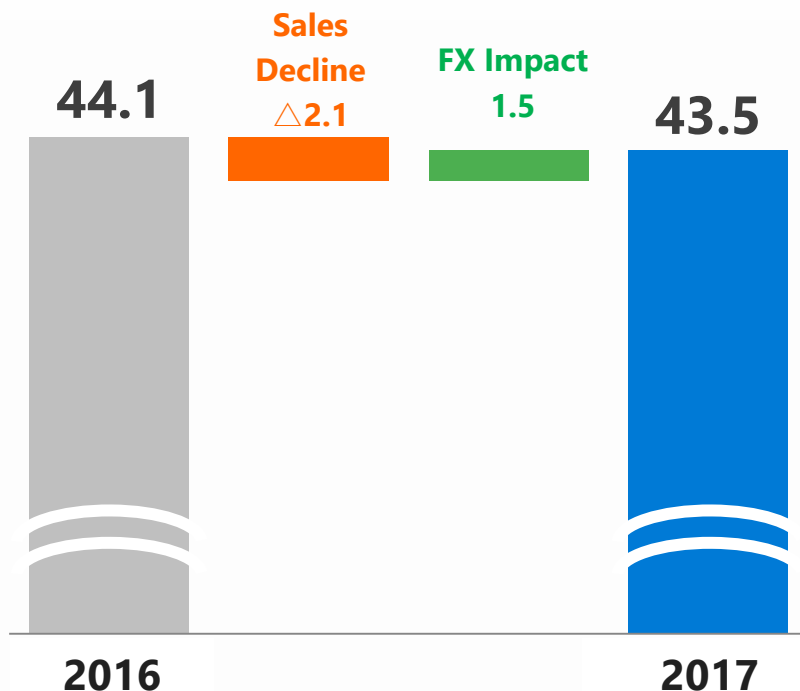


※ Net profit is net profit attributable to parent company shareholders
※() figures excluding the extraordinary loss

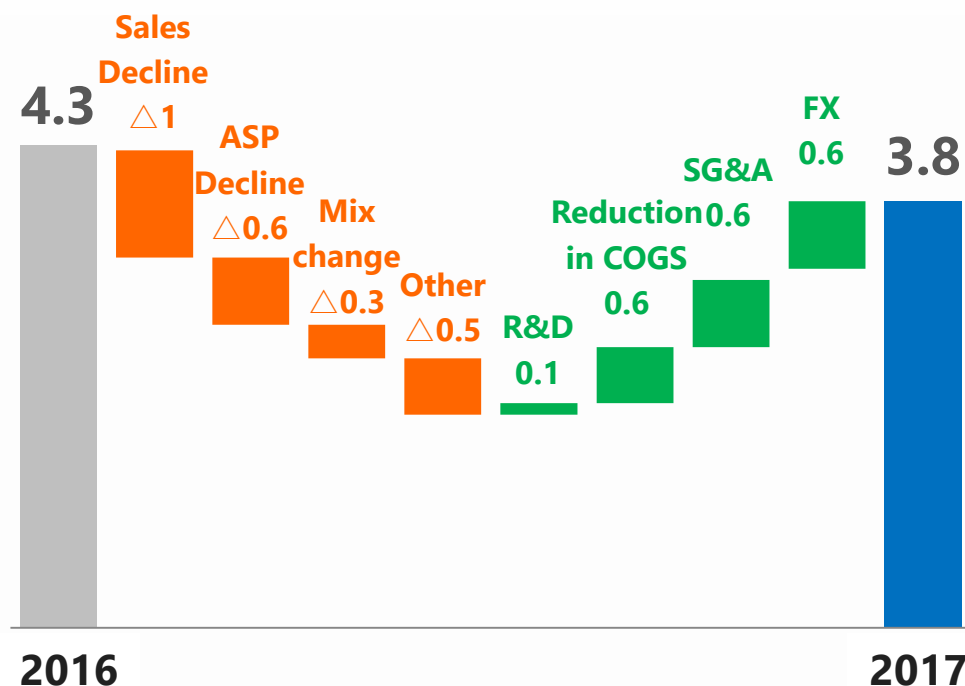
Variance Analysis Year over Year

(billions of yen)

Net Sales



Operating Profit



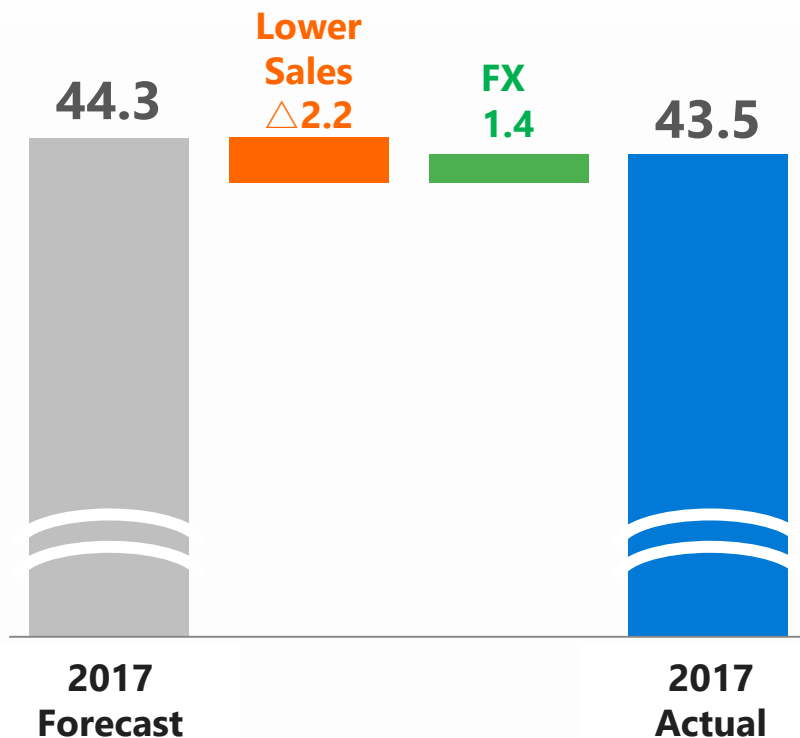
Average exchange rate during the accounting period

(Unit: Yen)	2016	2017	
USD	108.88	112.20	103.0%
EUR	120.40	126.70	105.2%

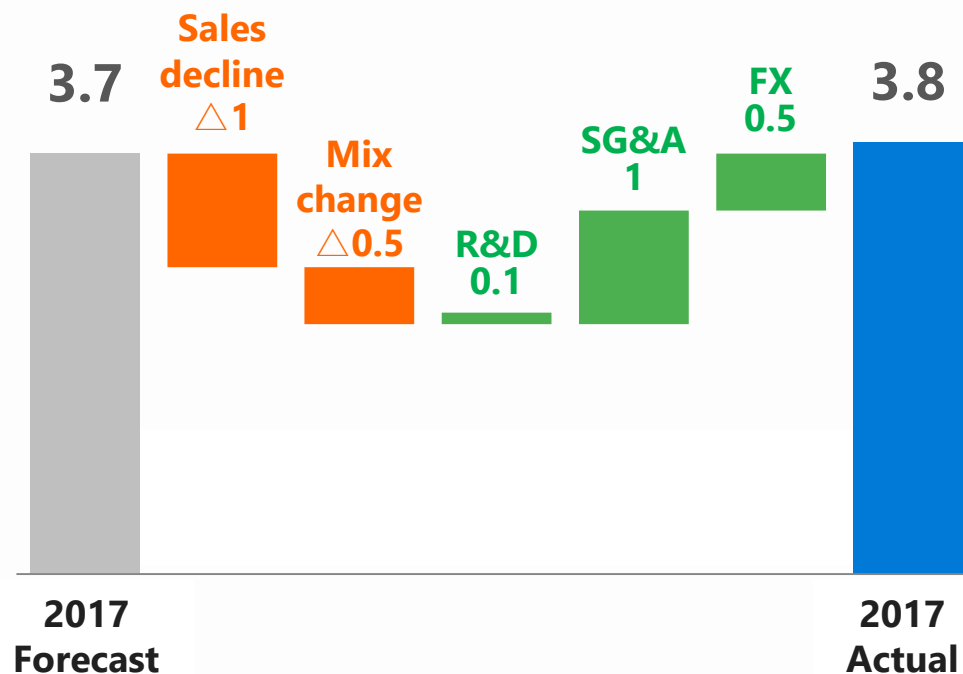
Variance Analysis against the Forecast

(billions of yen)

Net Sales



Operating Profit



Average exchange rate during the accounting period

(Unit: Yen)	2017 Estimate	2017 Actual	
USD	110.00	112.20	102.0%
EUR	120.00	126.70	105.6%

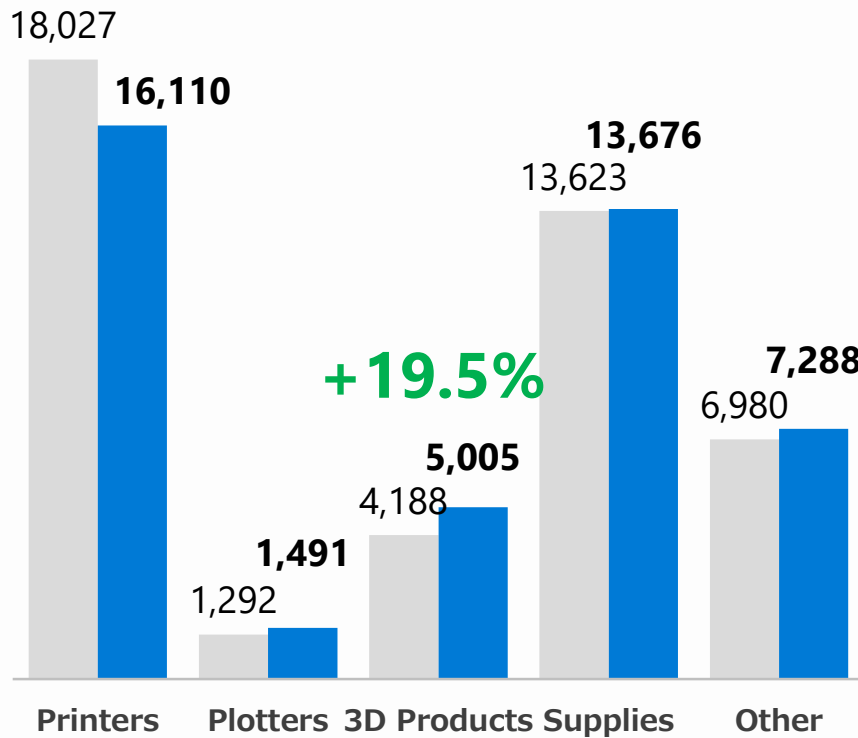
Revised Forecast is as announced on May 9, 2017

Business Highlights

(millions of yen)

■ 2016 ■ 2017

-10.6%



Printers

- ✓ Signage printers declined.
- ✓ UV printers were level.

Plotters

- ✓ Strong new models.

3D Products (DGSHAPE)

- ✓ Led by new dental and milling machines.
- ✓ Sale of compact dental milling machine significantly increased following the expanded scope of insurance coverage during December in Japan.

Supplies

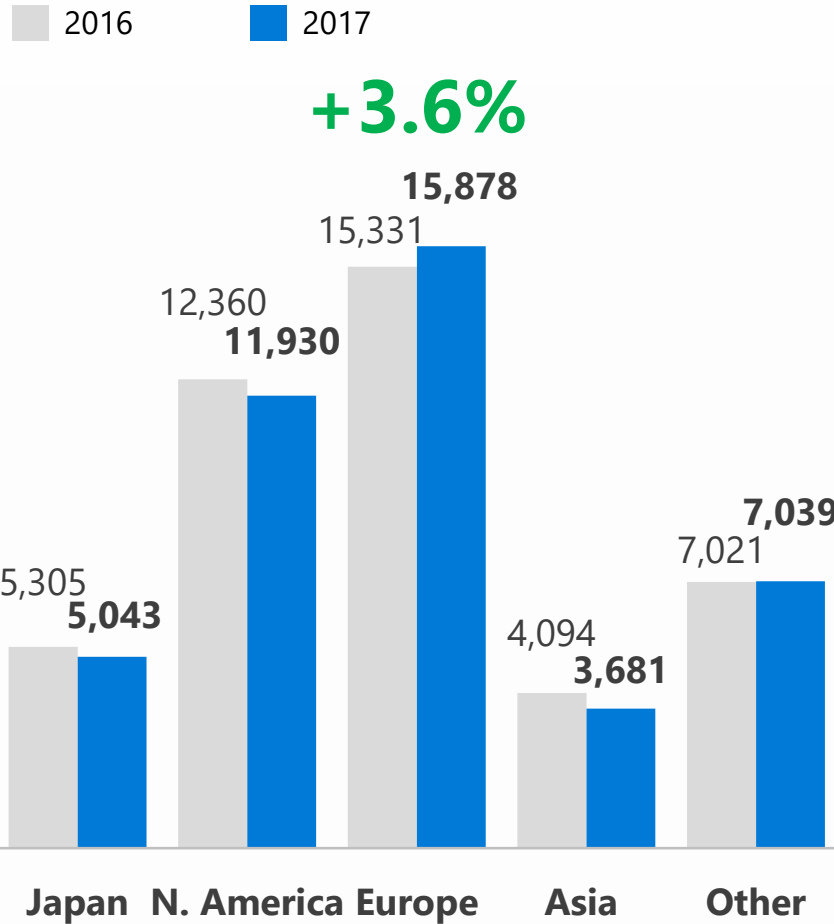
- ✓ UV ink sales made up for the decrease in sales of solvent ink.

Other

- ✓ Increase in service parts and maintenance fees.

Regional Highlights

(millions of yen)



Japan

- ✓ Increased UV printers for packaging.
- ✓ High-end signage printers declined.

N. America

- ✓ Strong new dental and milling machines.
- ✓ Signage printer pro series declined.

Europe

- ✓ Tailwinds in dental and milling machines.
- ✓ Signage and UV printers are slowing.

Asia

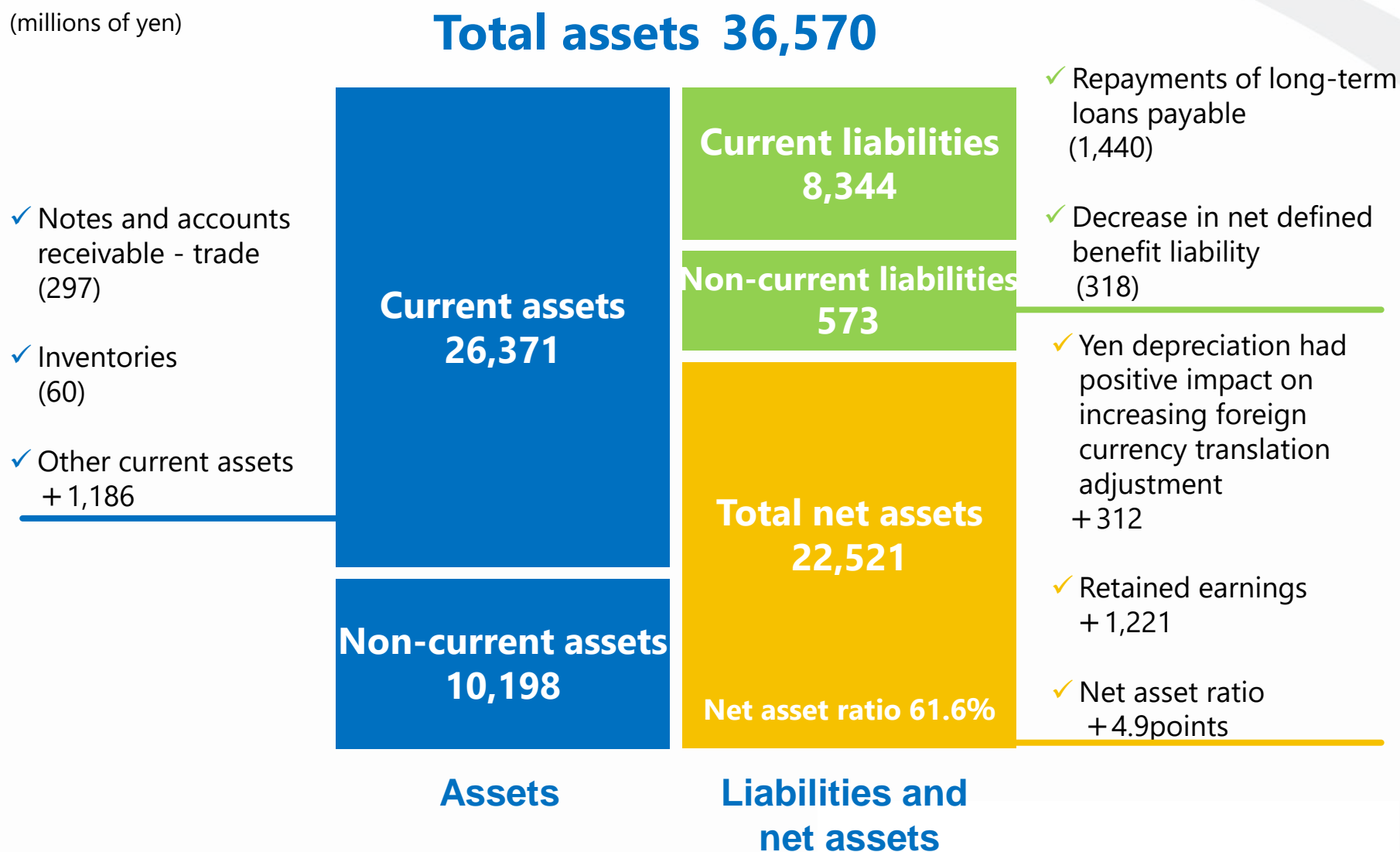
- ✓ Printers in China and ASEAN slow.

Other

- ✓ Strong compact UV printers and dental machines.
- ✓ Sales of S. America are expected, Africa is slow.

Consolidated Balance Sheet (As of December 31, 2017)

(millions of yen)



Consolidated Forecast for the Fiscal Year Ending December 31, 2018

2018 Term Policy

- ✓ **2018 term marks shift in business portfolio.**
- ✓ **Further growth planned for DGSHAPE and retail business, shaped into new business pillar.**
- ✓ **Maintain current level of R&D expenses, continue strengthening technological development.**

Consolidated Forecast for the Fiscal Year Ending December 31, 2018

(millions of yen)

Net Sales

+0.1%

43,573 **43,600**



2017

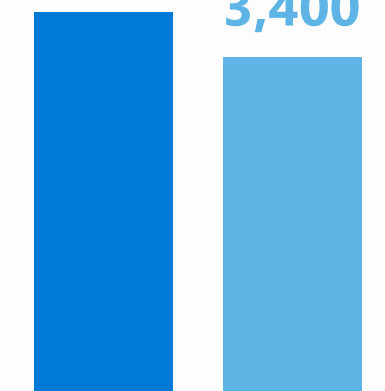
2018
(Forecast)

Operating Profit Ordinary Profit

-11.8%

3,853

3,400

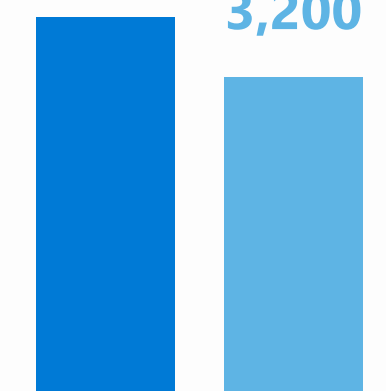


2017

2018
(Forecast)

3,804

3,200



2017

2018
(Forecast)

Net Profit

+14.7%

1,918

2,200



2017

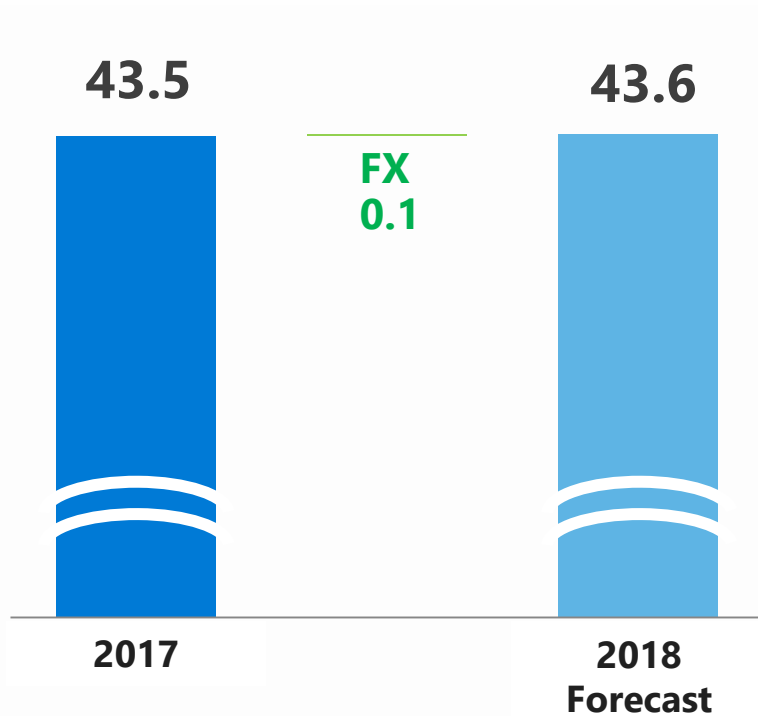
2018
(Forecast)

※Net Profit is net profit attributable to parent company shareholders

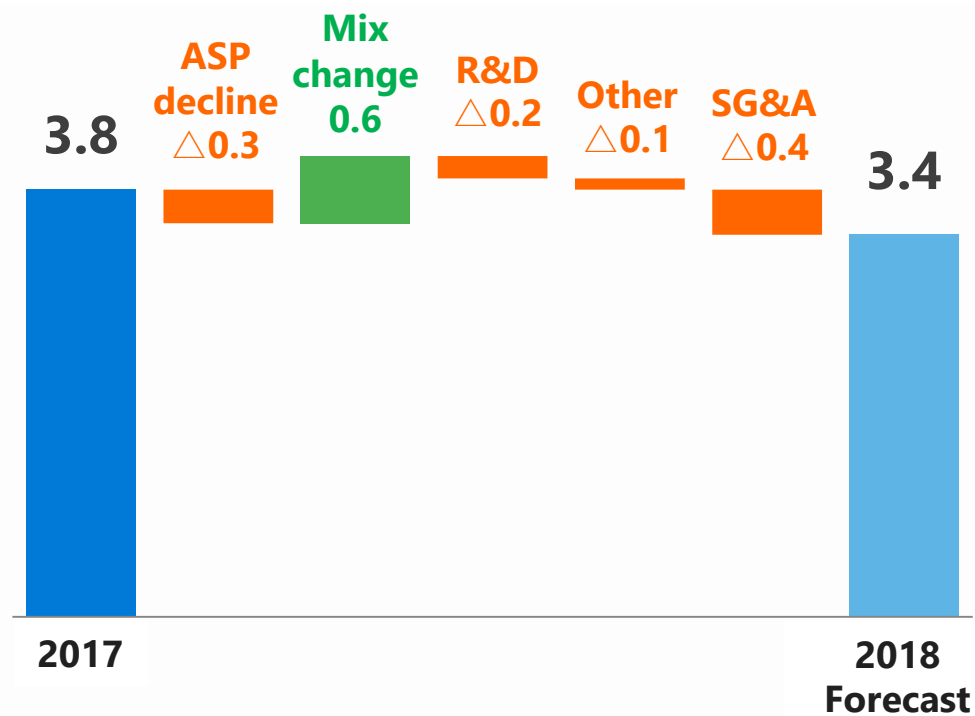
Consolidated Financial Forecast: Variance Analysis

(billions of yen)

Net Sales



Operating Profit



Average exchange rate during the accounting period

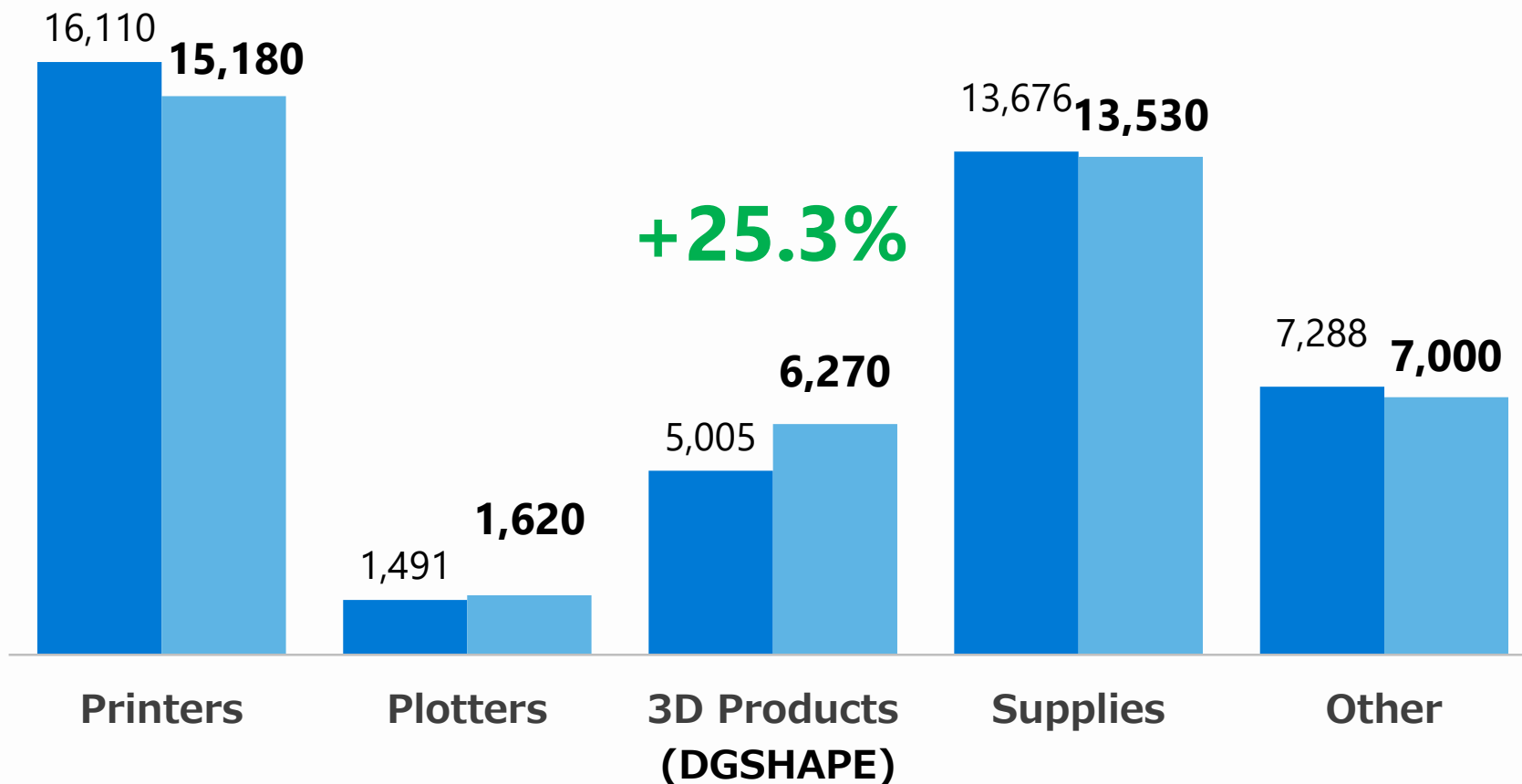
(Unit: Yen)	2017	2018	
	Actual	Estimate	
USD	112.20	110.00	98.0%
EUR	126.70	130.00	102.6%

Consolidated Financial Forecast: By Products

(millions of yen)

■ 2017

■ 2018 (Forecast)

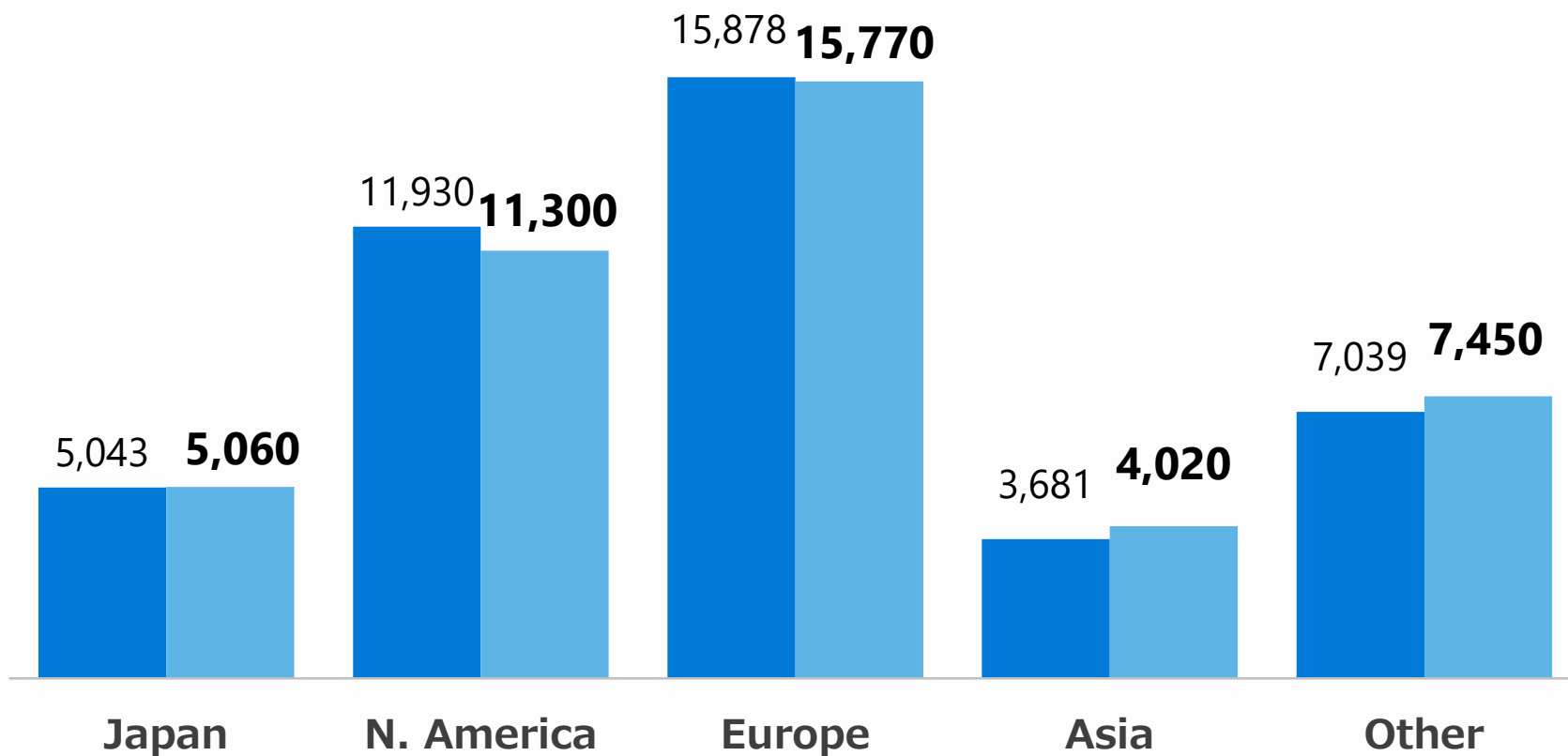


Consolidated Financial Forecast: By Region

(millions of yen)

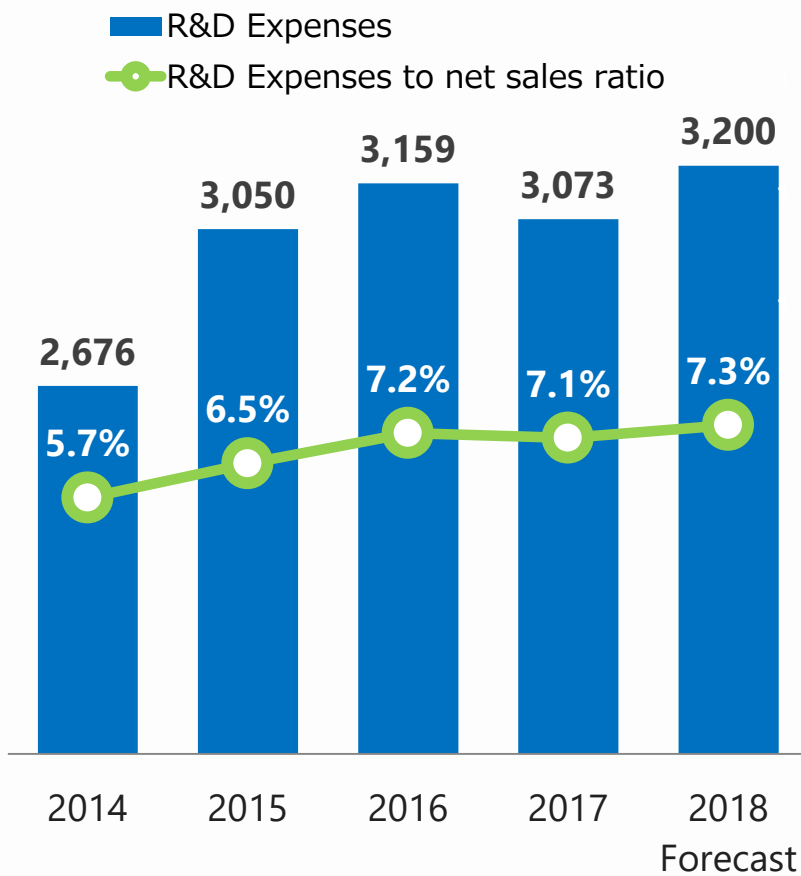
■ 2017

■ 2018 (Forecast)

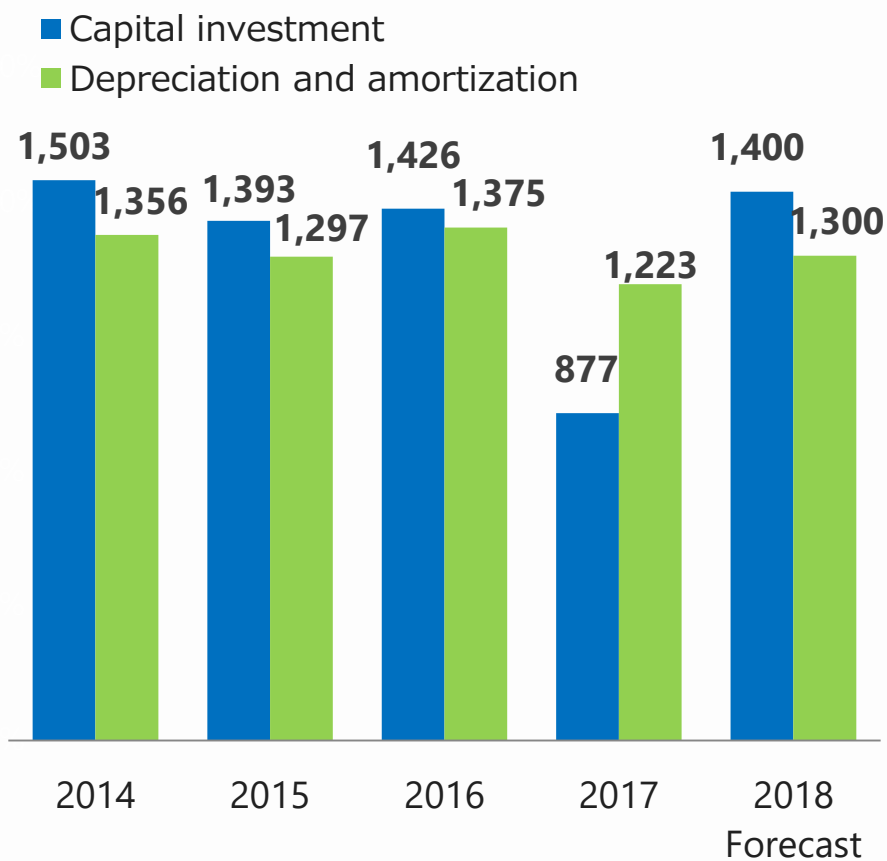


Consolidated Financial Forecast: R&D Expenses, Capital Investment and Depreciation and Amortization

(millions of yen)

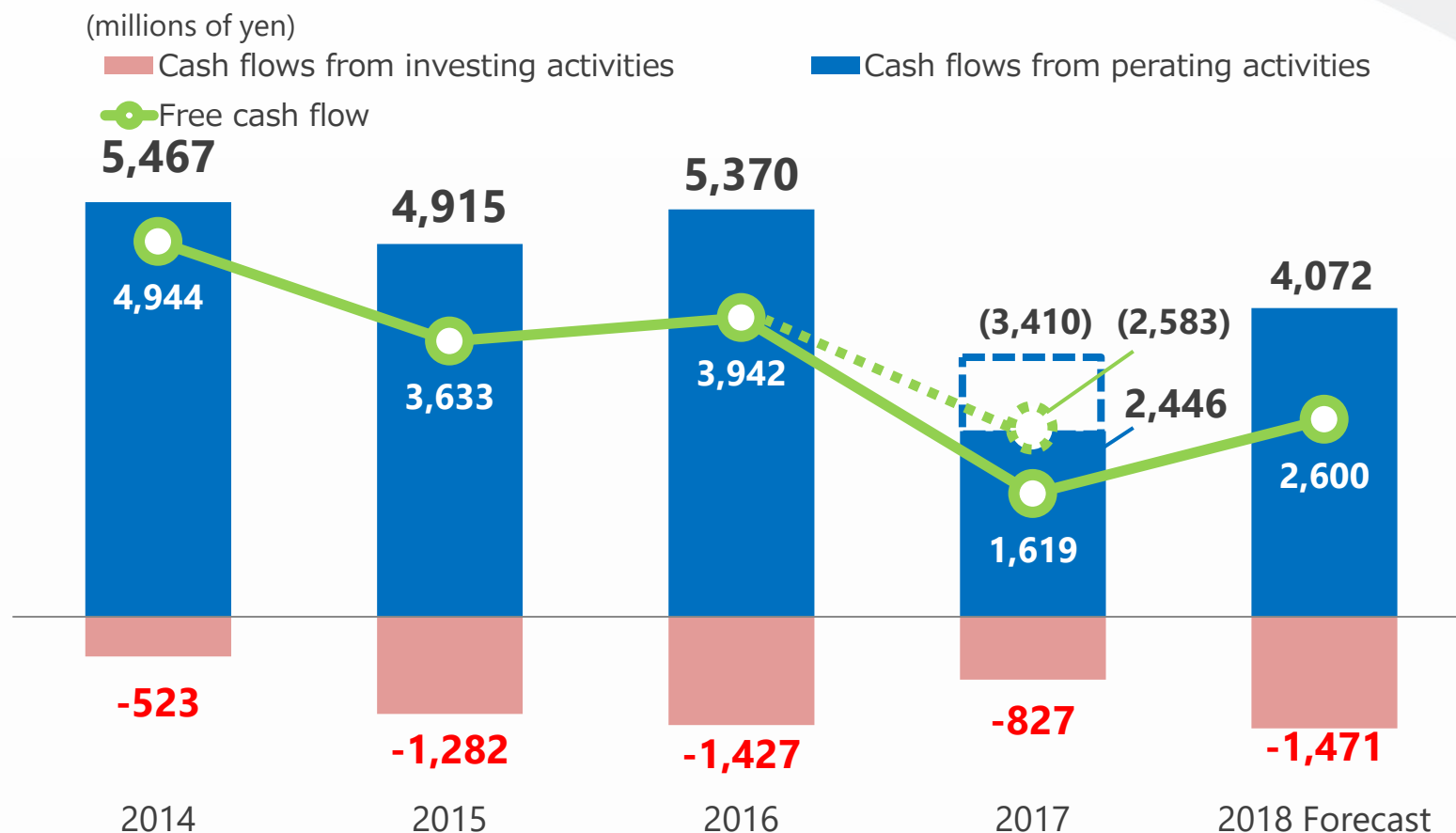


(millions of yen)



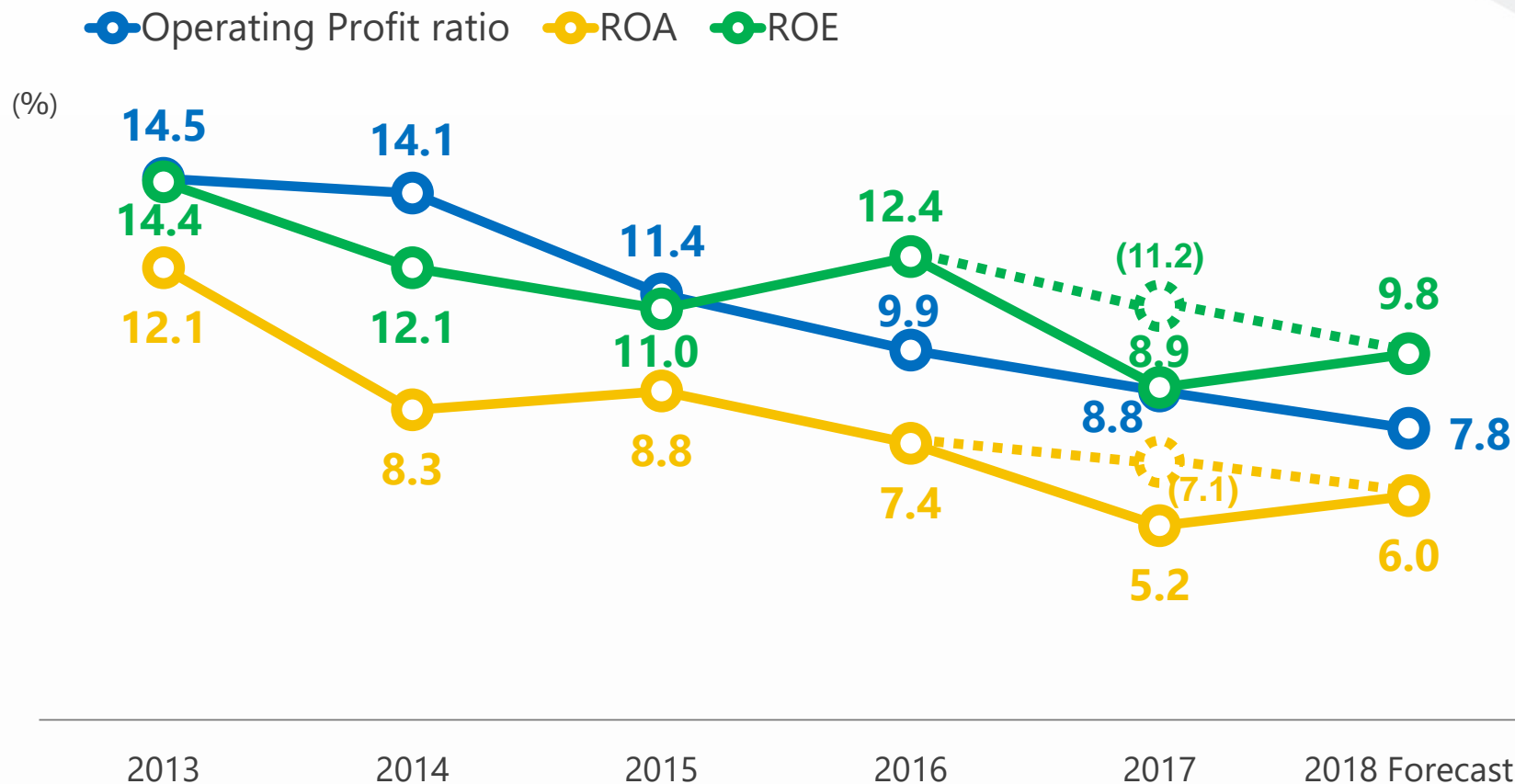
※ 2015 figures are adjusted to the 12-month period

Consolidated Financial Forecast: Free Cash Flow



※ 2015 figures are adjusted to the 12-month period
 ※ Dotted line denote figures excluding extraordinary loss, like settlement money

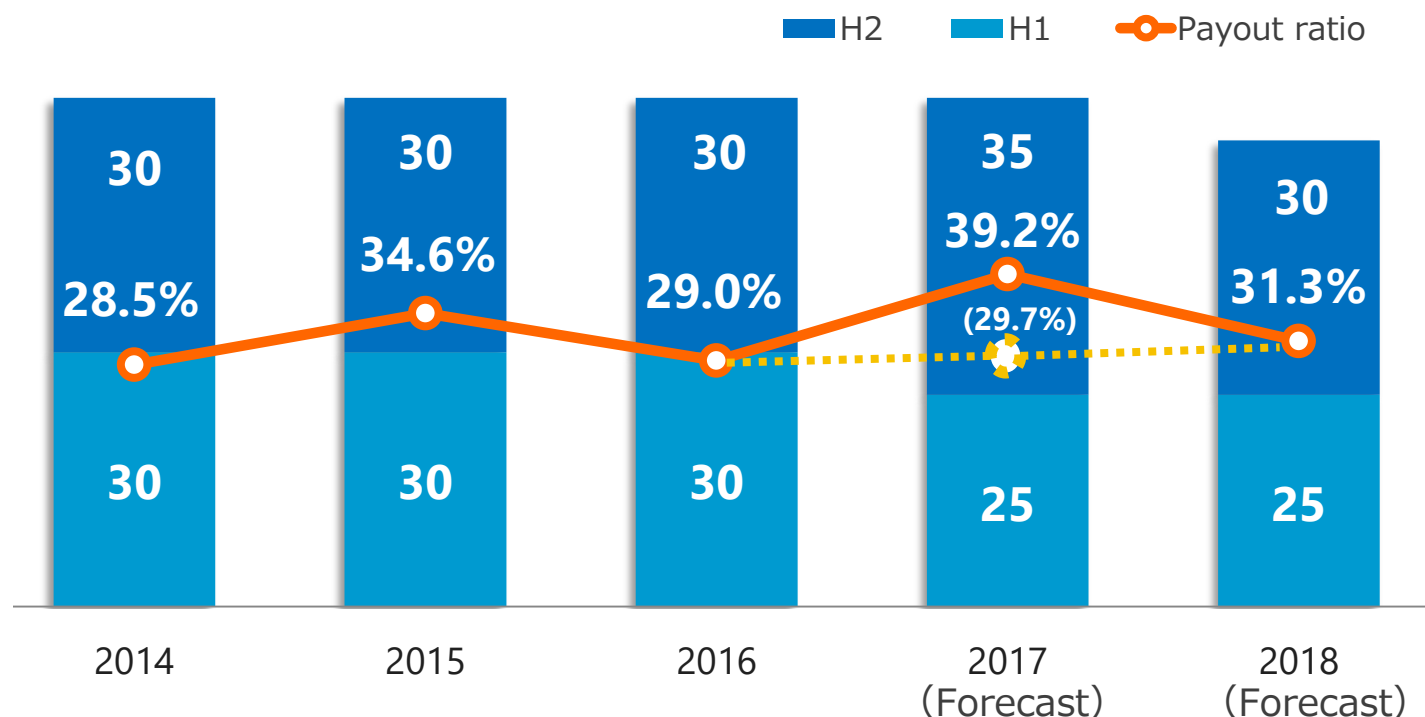
Consolidated Financial Forecast: Key Ratios



※ 2015 figures are adjusted to the 12-month period
※ Dotted line denote figures excluding extraordinary loss, like settlement money

Consolidated Financial Forecast: Dividend Outlook

- ✓ For the fiscal year 2017, yen 25/share for H1, yen 35/share for H2, yen 60/share/year is scheduled.
Payout ratio is 29.7% excluded extraordinary loss, like of settlement money.
- ✓ For the fiscal year 2018, yen 55/share/year, down 5 yen/share is schedule



※ Dotted line denote figures excluding extraordinary loss

Changes to Officers

New candidate for Director

Name	New Titles	Current position
Kohei Tanabe	Director	President and Representative DGSHAPE Corporation

Director scheduled for promotion

Name	New Title	Current position
Koichi Hashimoto	Managing Director	Director

Directors scheduled for retirement

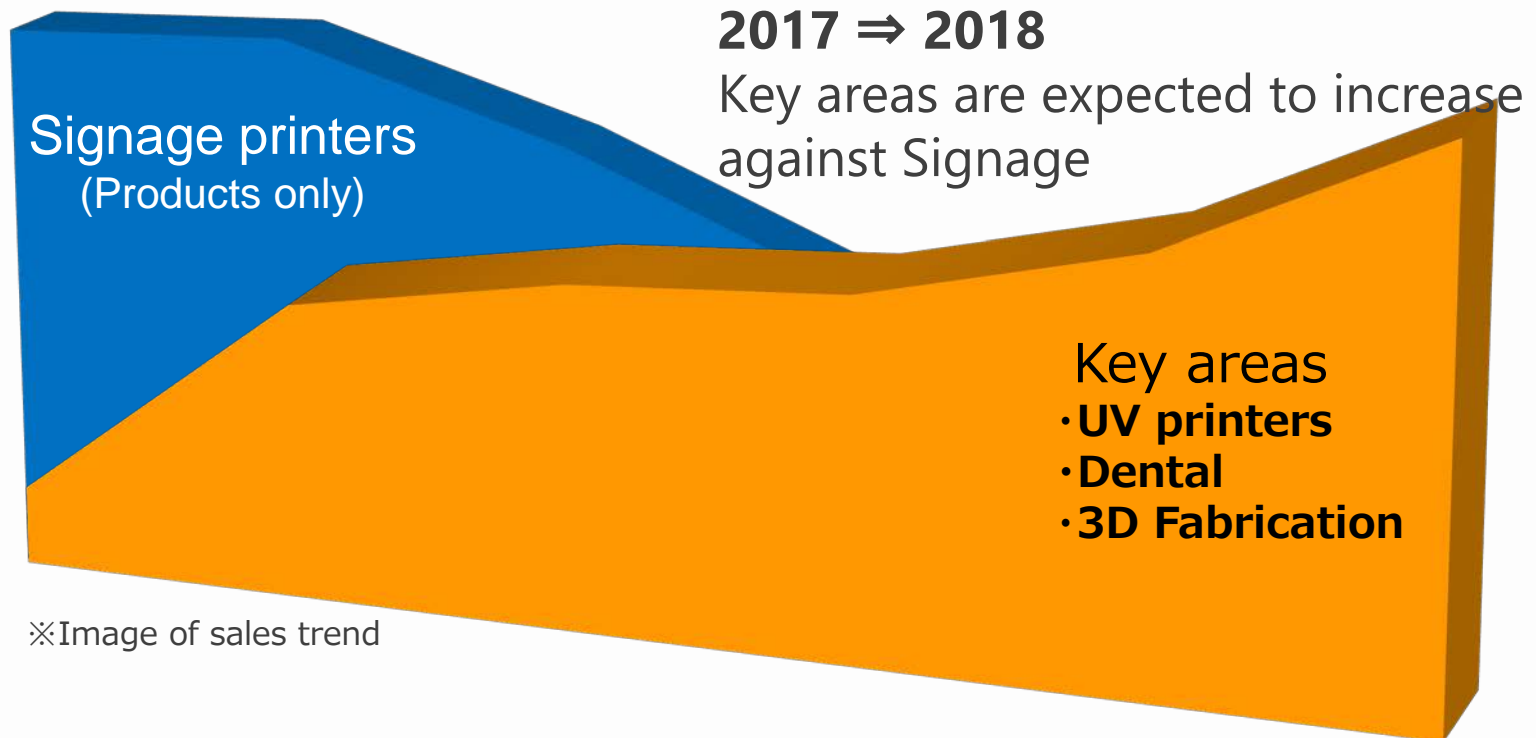
Name	Title
Masahiro Tomioka	Chairman
Shuji Hotta	Managing Director
Chieko Okuda	Outside Director

※To be effective upon the approval of the AGM and following BOD meeting scheduled on March 23, 2018

Business Initiatives

Current Status

Signage decreases while key areas UV and dental grow



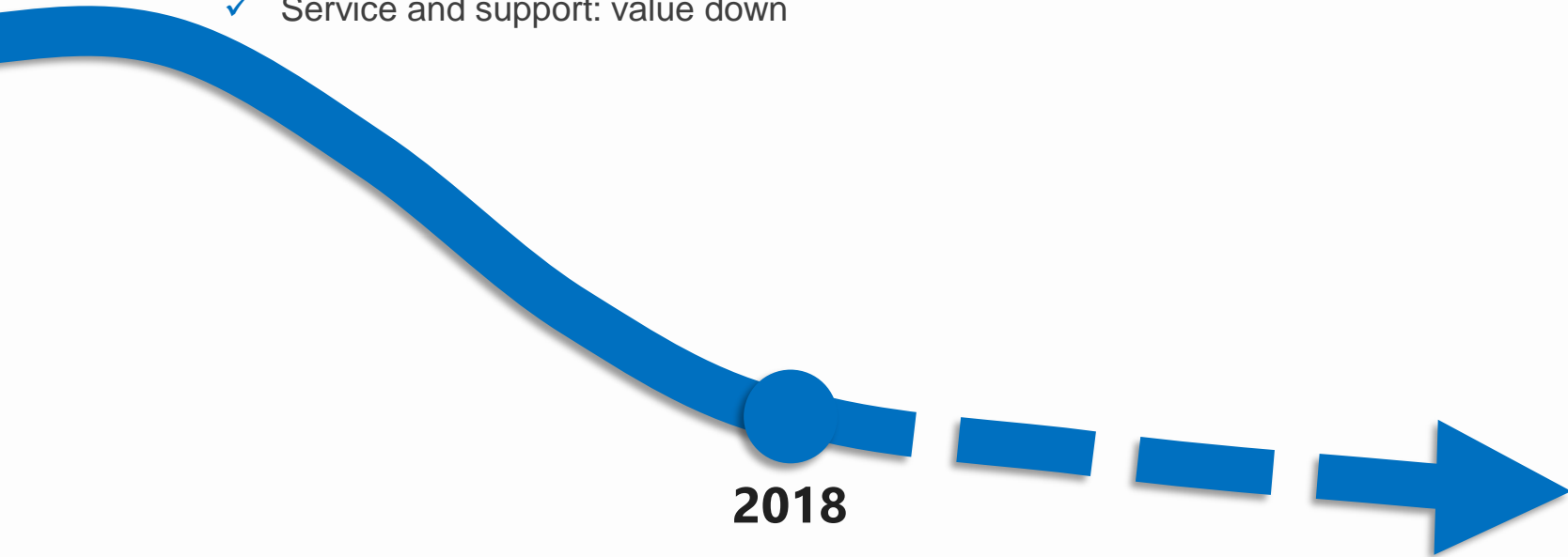
Signage Market Awareness and Future Direction

Market Status

- ✓ Inkjet technology: spread/permeate
- ✓ Customer skill level w/ printers: high
- ✓ Service and support: value down



Commoditization of product underway
No longer high value-added market



Further evolve and develop inkjet technology



Further evolve inkjet technology



Develop new differentiated technology

Develop new applications/markets



UV printers

Retail Services with UV Printers

Express Yourself = Retail Services

 Roland



Propose solution
to use UV printer
for decorative
printing

Retail
(Deliver product services)

||

- Mobile phone shop
- Personal goods shop



Decorative printing
Service in
front of store



Smartphone cases

Originality,
cute, cool



Individuals



Current Retail Business

Provide products and service for personalization

Retail

 **Roland**
Product/Application
development



Value Focused on the Individual

Discover needs

 **Roland**
Product/Application
development

Product/Service provider



Retail



.....➤ Individuals



Utilize our product lineup
to **deliver value** via
application selection

Give Things Physical Form



【Vision】 Transforming your imagination into reality

⋮ See from a different point of view

Propose the new business

Solutions that give form
to thoughts and images



【Dental】 Establish Dental Treatment Business

Dental industry shift

- ✓ Rise of new implant materials (ceramic, resin) pushing digitalization of dental

What our machines offer

- ✓ Highly accurate processing
- ✓ Open system, affordable price
- ✓ Comprehensive service and support



Prosthetics production
with milling machine



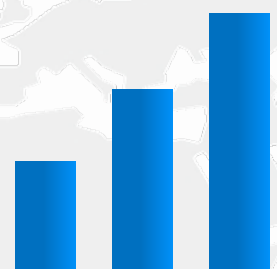
Digitalization of dental labs

【Dental】Regional Sales Trends

New product and regional expansion boosted 2017 sales in all regions

EU

+41%

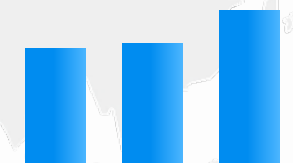


2015 2016 2017

- ✓ Expanded to new regions in eastern Europe and Russia

Asia

+27%

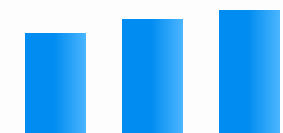


2015 2016 2017

- ✓ Cultivated sales channels in China and Korea

Japan

+8%

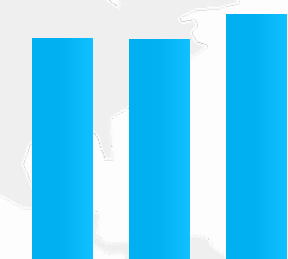


2015 2016 2017

- ✓ Announcement of expanded insurance brought up year-end sales

North America

+11%



2015 2016 2017

- ✓ Strong sales of newly-released DWX-52DC



DWX-52DC DENTAL MILLING MACHINE WITH AUTOMATIC DISC CHANGER

What does the product do?

The DWX-52DC five-axis dental mill is designed to greatly expand any lab's productivity and profits. It allows you to mill multiple materials continuously – all day and all night – for maximum output and efficiency. A 6-slot Automatic Disc Changer lets you load up to six discs and complete multiple jobs quickly and cost-effectively. The DWX-52DC can also mill a wide variety of materials – zirconia, PMMA, PEEK, hybrid composite resins, cobalt sinter metal, and more – with ease and precision. It's capable of handling a range of applications as well, including everything from crown and bridge to complex restorations like denture bases, partial frameworks and surgical guides.

"Very little training or expertise is necessary to operate this device."

What is the product's WOW! factor?

The DWX-52DC enables labs to widen the spectrum of jobs they can accept, streamline workflow, increase production and effectively manage materials, all while maintaining the highest levels of restoration quality and accuracy.

The DWX-52DC's long list of innovations includes:

- A 6-slot Automatic Disc Changer (ADC) reading system
- Automatic Tool Changer (ATC) for production, plus Intelligent Tool Control out used burs when they reach their spans.
- Cleaning tool that removes material from every dental restoration.
- Air pressure control eliminates the pressure adjustments.
- SD card stores all your jobs on the

Why do customers give the product a WOW!

- Labs appreciate the DWX-52DC's ability to produce a wide range of precision mill 24/7 without interruption, and its material management.
- Customers like the fact that the easy-to-use "plug-and-play" device is operational out of the box within minutes. Little training or expertise is necessary. Plus, the open design allows for easy access to popular scanners and software.
- Due to the outstanding reliability of the machine, rarely, if ever, have to stop a job due to a mechanical issue. In the unlikely event a mechanical issue arises, most repairs can be made in-house, having to call an outside technician. If needed, however, DGS SHAPE by Roland provides the best service and support in the industry.

DGS SHAPE by Roland
(949) 727-2100
www.rolanddga.com/dental

DWX-52DC receives 「WOW! Award 2017」

- ✓ Featured in American "Journal of Dental Technology" (JDT)
- ✓ Selected via survey of American association of dental technicians and dental lab owners
- ✓ Touted benefits include reduced processing time, lower investment cost and improved work quality



DGS SHAPE

Roland

【Dental】Next Level of Business Expansion

Dental Labs

- ✓ New product matching market needs
- ✓ Digitalization of new dental lab processes
- ✓ Cultivation of emerging countries

Total Dental Labs Worldwide:

125,000

Internal Lab for Clinics

- ✓ In-house/joint lab sales expansion
- ✓ Cultivate clinic sales channels
- ✓ Build/provide optimal solutions for clinics in each region

Total Dental Clinics Worldwide

625,000

【Dental】Lab New Product Release

DWX-52DCi Announced Feb. 1

- ✓ Comes with “DWINDEX” management support software.
- ✓ Monitoring key productivity indexes.
- ✓ Automatic Disc Changer capable of increasing productivity with a mill that continues working.



DWINDEX 1



DWX-52D Announced Feb. 1

- ✓ Ease of use, stability
- ✓ Disc Clamp System for smooth handling of materials
- ✓ Supports new glass fiber-strengthened resin allowing for wide range of processing



【Dental】Clinic Solutions

Solutions for American Dental Clinics

d-CLINIC

- ✓ Offer machines as complement to CAD/CAM software already in widespread use.
- ✓ Dental prosthetics in 4 easy steps.



1. Scan



2. Design



3. Mill



4. Finish



Medical Instrument Traceability and Maintenance Support System

Offer digitalization of medical instrument safety management with traceability system and digital YATAI station

Traceability System

Metal printer



2D code impact printing



2D code reading



Medical-use Digital YATAI



Medical instrument traceability and maintenance support system





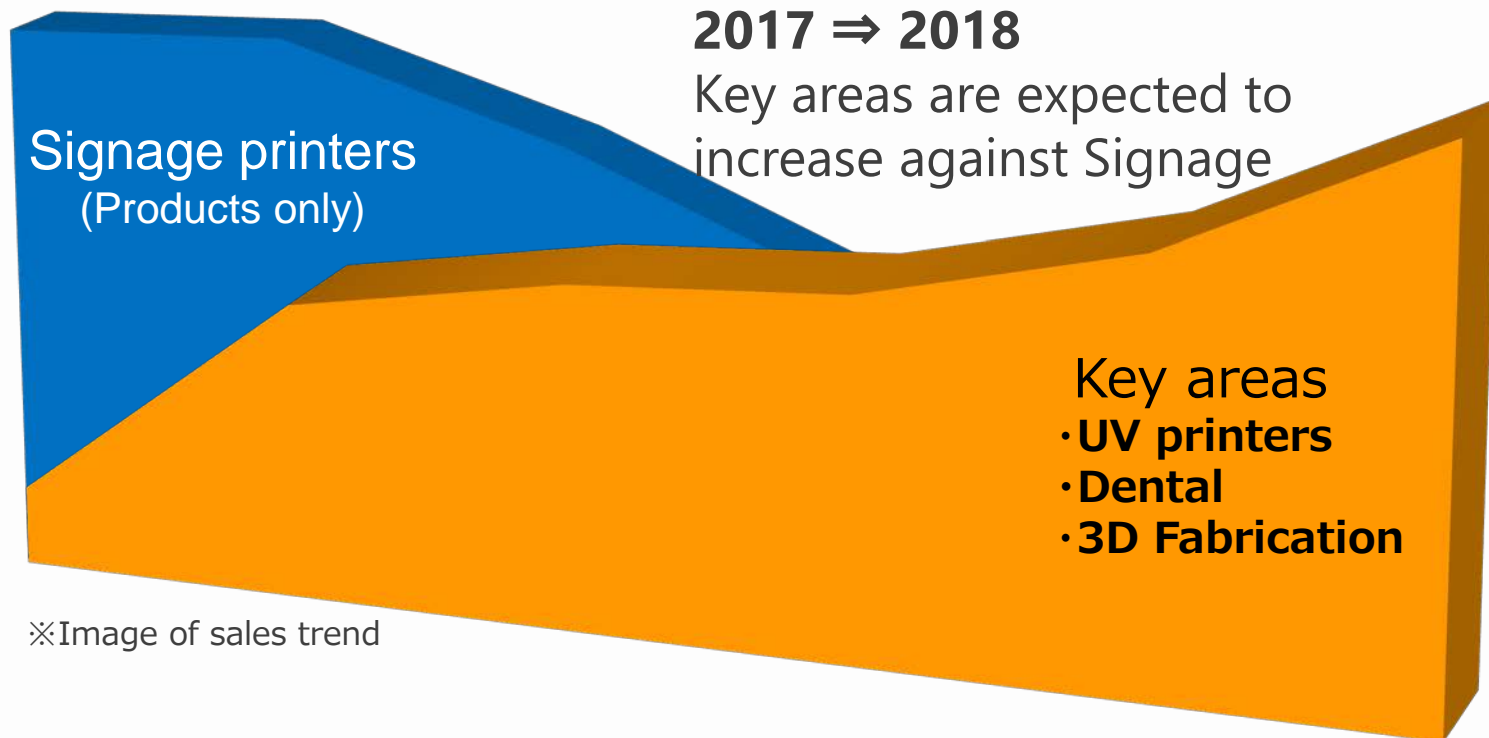
※ Hamamatsu University School of Medicine



- ✓ In addition to Hamamatsu University School of Medicine, where trials are in process, hospitals in the west of Shizuoka(Japan) has started test installation.
- ✓ Working on further improvement of the system. It is intended to be commercialized in 2018.

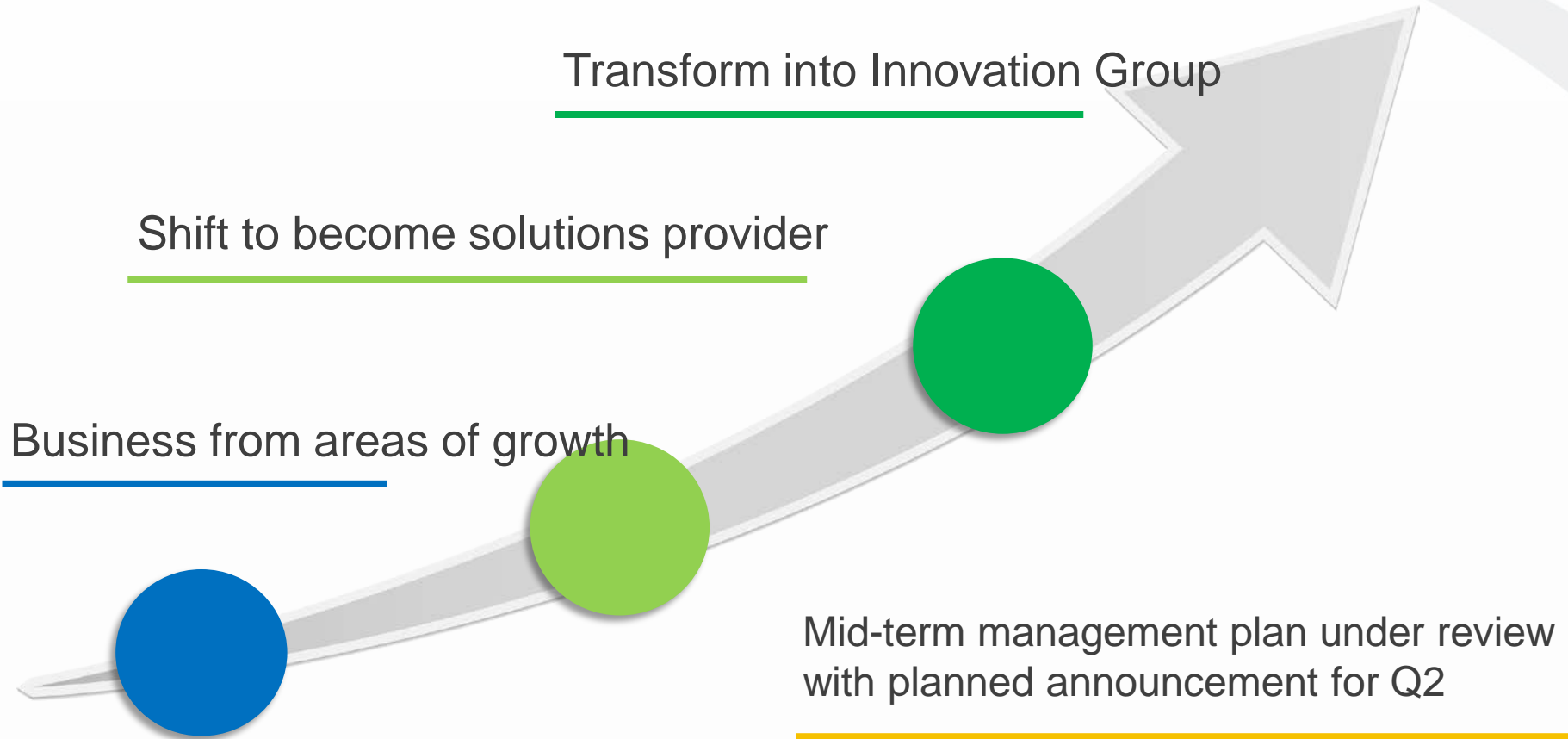
Business Shift

Shift portfolio based on key areas of growth with goal of company-wide growth



※Image of sales trend

Realize Sustainable Growth



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.