

Roland DG Corporation

Consolidated Financial Results

for the Fiscal Year

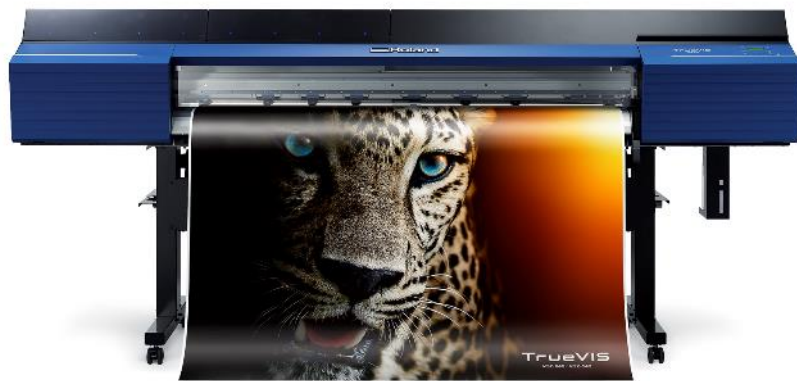
December 31, 2020

February 19, 2021



Today's topics

- **FY2020 Financial Summary**
- **FY2021 Forecast**
- **Mid-term Plan (FY2021-FY2023)**



FY2020 Financial Summary

TrueVIS

VG2-640 VG2-540

Bottom line turned positive as fundamentals recovered every quarter

■ Landed above Q3 forecast and bottom line turned positive

- Sales and Operating Income increased due to uplift in Dental sales
- Extraordinary income in the European sales subsidiary contributed to turning Net Profit positive

Impact of pandemic by region

Region	Q1	Q2	Q3	Q4
Japan	L	M	L	L
North America	L	小	L	L
Europe	L	M	L	L
Asia	M	H	M	M~L
Other	L	H	L	L

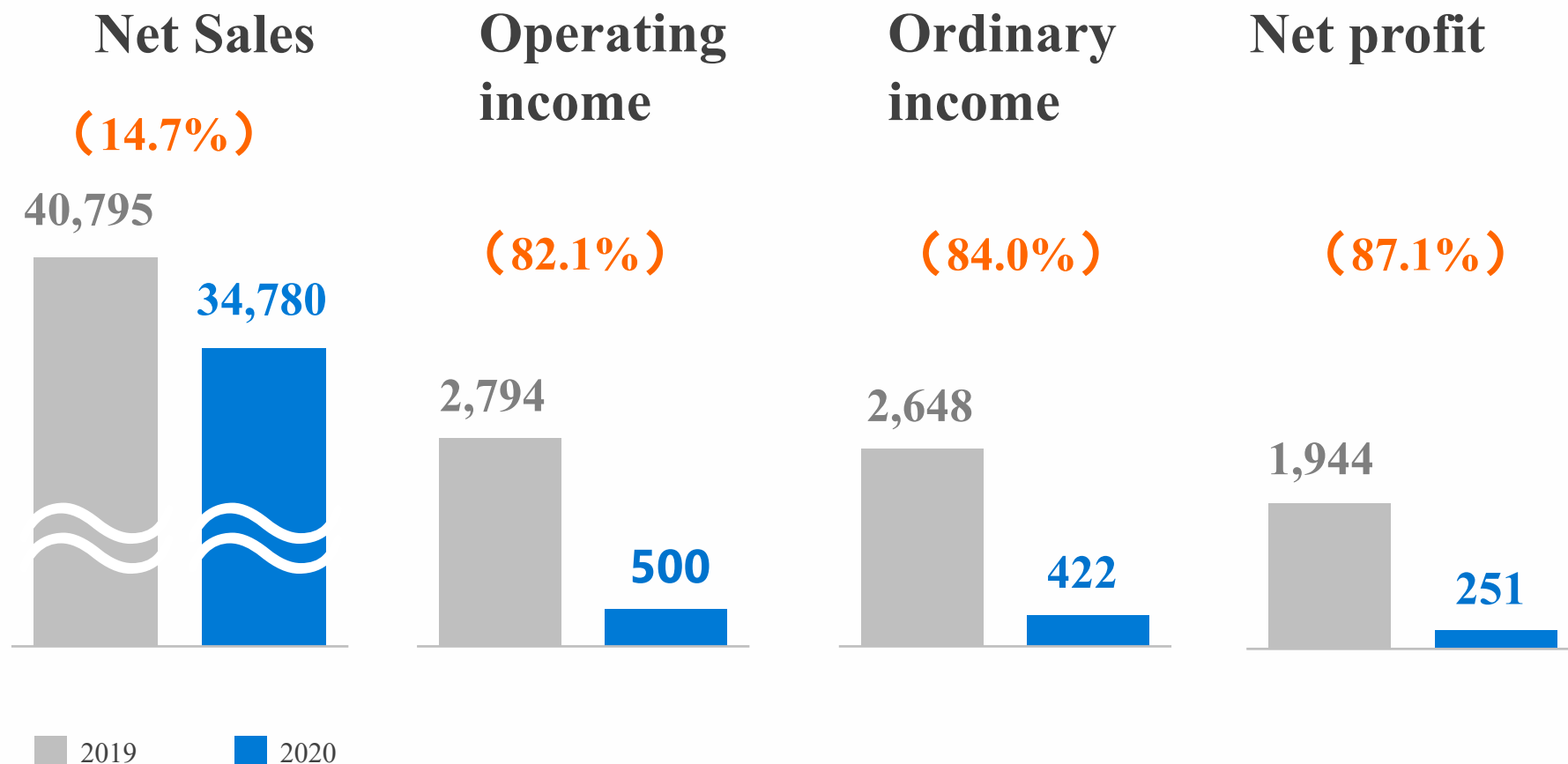
Impact was mostly in-line with expectation

- Dental demand in North America and Europe recovered faster than expected
- Output demand related to caution signs etc continued to be solid
- Recovery in output demand led to strong supply sales
- Service parts sales recovered to initial budget level
- New dental distributor in China that had been slow due to COVID started to contribute to sales
- Africa and Middle East still behind in recovery

FY2020 Consolidated Financial Results

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

(Millions of yen)



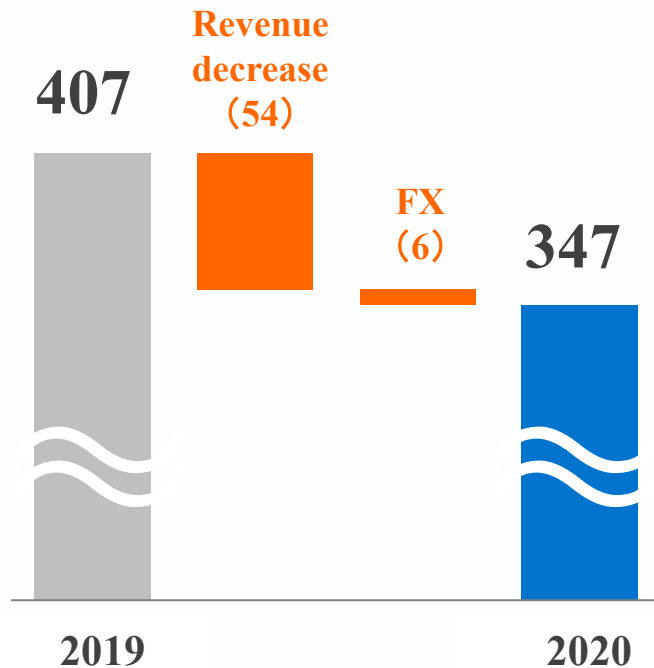
※ Income attributable to owners of parent

Variance Analysis YoY

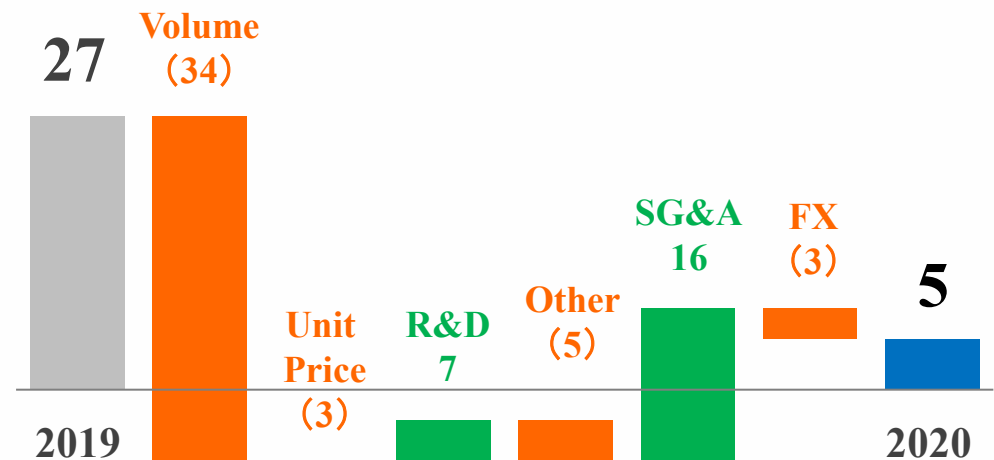
Sales declined due to COVID-19 but Operating Income stayed positive thanks to SG&A cost control

(100 Millions of yen)

Net Sales



Operating income



Average FX Rate
(Unit: Yen)

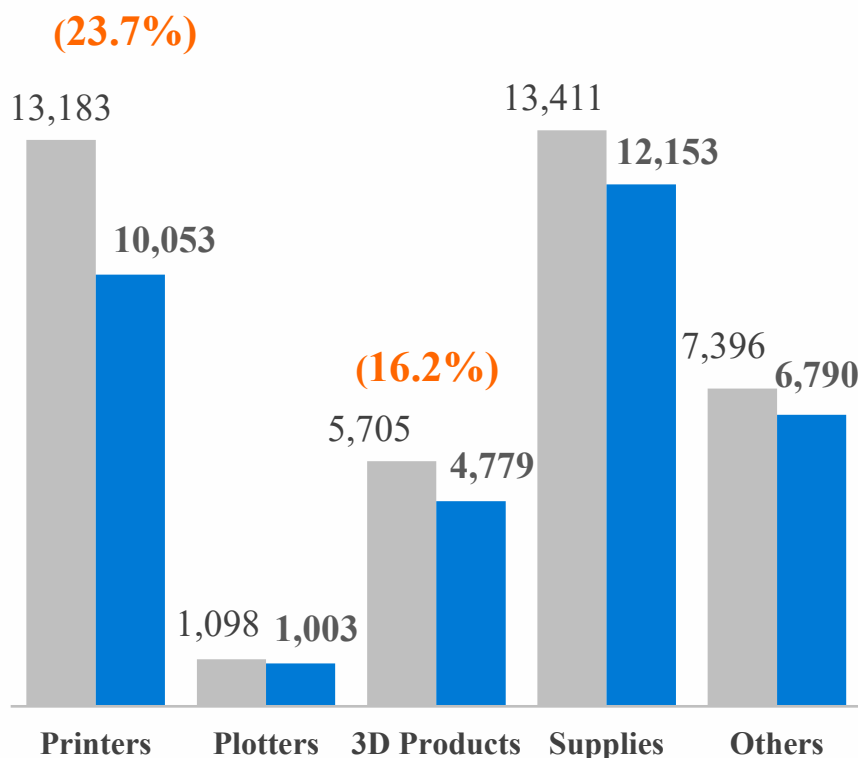
	2019	2020	
USD	109.06	106.83	98.0%
EUR	122.11	121.86	99.8%

FY2020 Sales by Products

Printer sales fell due to slow-down in capex demand

(Millions of Yen)

■ 2019 ■ 2020



Printers

- ✓ Sign and retail declined as output fell
- ✓ Desktop printers grew from in-house printing demand

Plotters

- ✓ Large size models for sign market declined

3D Products (DGSHAPE)

- ✓ Capex demand declined
- ✓ Strong Dental demand in N. America

Supplies

- ✓ Ink fell by drop in output demand
- ✓ 2H recovered to 2019 level

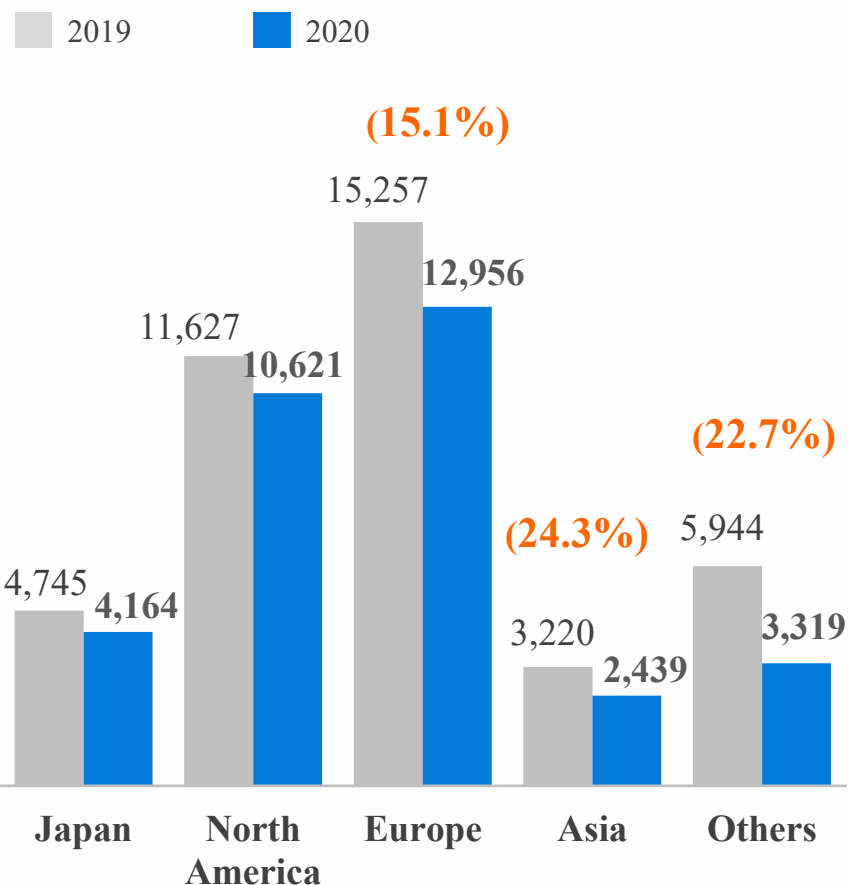
Others

- ✓ Service parts decreased due to lower printer utilization

FY2020 Sales by Regions

Sales declined in Asia and Other regions where were affected by COVID-19

(Millions of yen)



- | | |
|----------------------|--|
| Japan | <ul style="list-style-type: none"> ✓ Printers and 3D products declined ✓ Small dental products increased due to change in insurance policy |
| North America | <ul style="list-style-type: none"> ✓ Printers and supply fell ✓ Dental products better than FY2019 ✓ Desktop printers increased |
| Europe | <ul style="list-style-type: none"> ✓ Q2 fell sharply; 2H was at 2019 level ✓ Printer, ink and dental declined |
| Asia | <ul style="list-style-type: none"> ✓ Printer, supply and parts fell ✓ Dental recovered to 2019 level in China by establishment of new dealer |
| Others | <ul style="list-style-type: none"> ✓ Decline in Australia and South America which are main markets ✓ Brazil largely impacted by FX |

Balance sheet summary (as of 12/31/2020)

Balance sheet remains healthy

Total Assets **36,301**

Current assets
26,215

Fixed assets
10,085

Assets

Current Liabilities
8,577

Fixed liabilities
2,985

Net assets
24,738

Net asset ratio 68.1%

Liabilities/Net assets

Total interest-bearing debt **1,440**
(Δ1,440)

✓ Notes and accounts payable-trade
+361

✓ Long term borrowings
(1,440)

✓ Net asset ratio
+3.0Points

※ Change from the end
of previous fiscal year

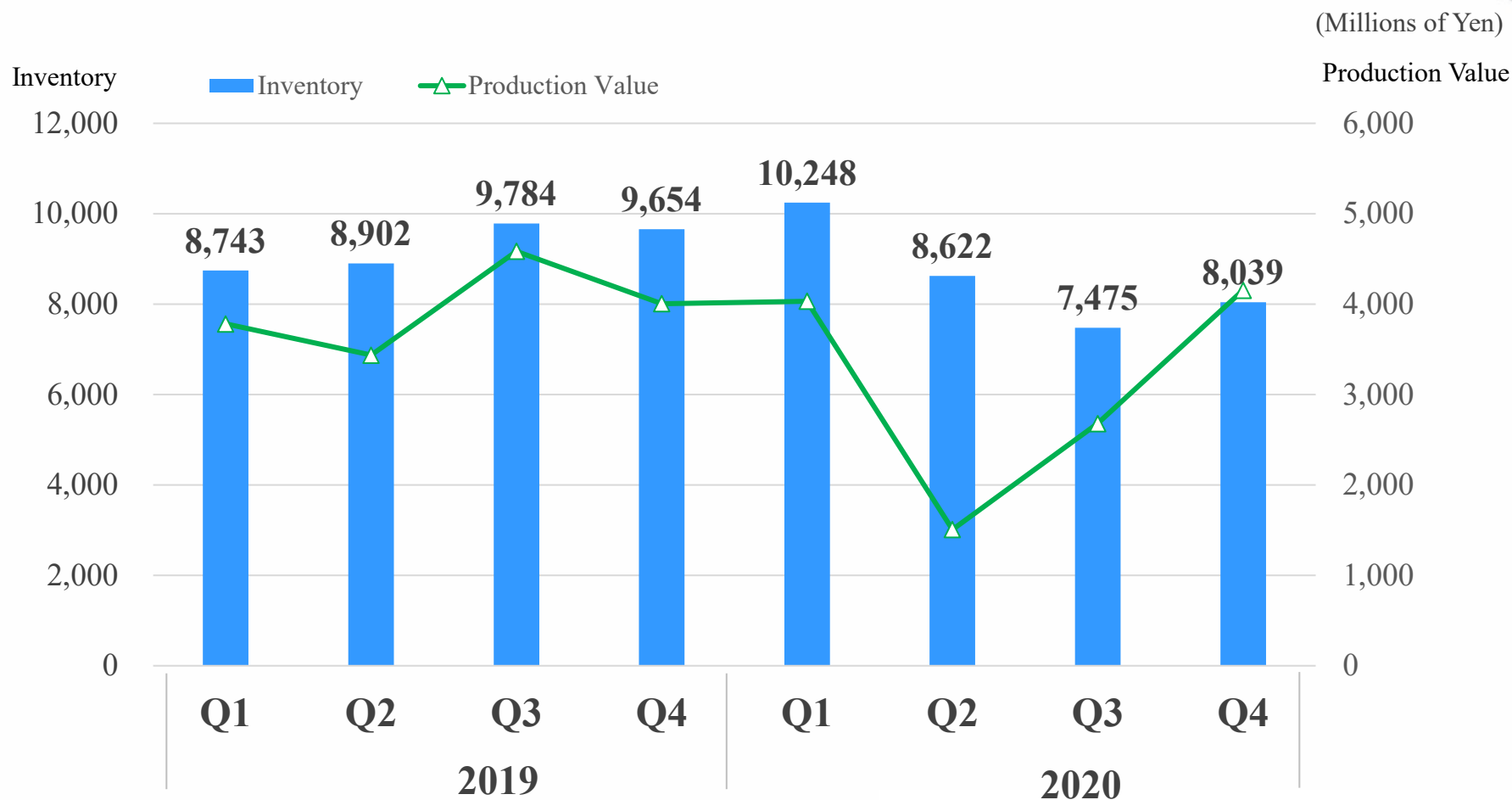
✓ Cash & deposit
+1,236

✓ Notes and accounts
receivable- trade
(624)

✓ Inventories
(1,615)

Change in Inventory and production value

Fell in Q2 due to production adjustment but production starting to normalize after Q3



Summary of FY2020 - Reconfirmed RDG's potential

■ Adapted rapidly to change in business environment

	Actions/Activities	Our strength
Sales/Customer support	<ul style="list-style-type: none">• Online• SNS• Webinar• AR tech	<ul style="list-style-type: none">• Digital technology (Digital Group)• Accelerated DX
Manufacturing	<ul style="list-style-type: none">• Production adjustment• Rapid production increase	<ul style="list-style-type: none">• Flexibility
Management decisions	<ul style="list-style-type: none">• Presented Forecast despite uncertainty• Credit line• Work style reform• Structural reform planProduction integration / early retirement program	<ul style="list-style-type: none">• Adaptability to environment change• Speedy decision making

Focus on “DX・Flexibility・Speed”

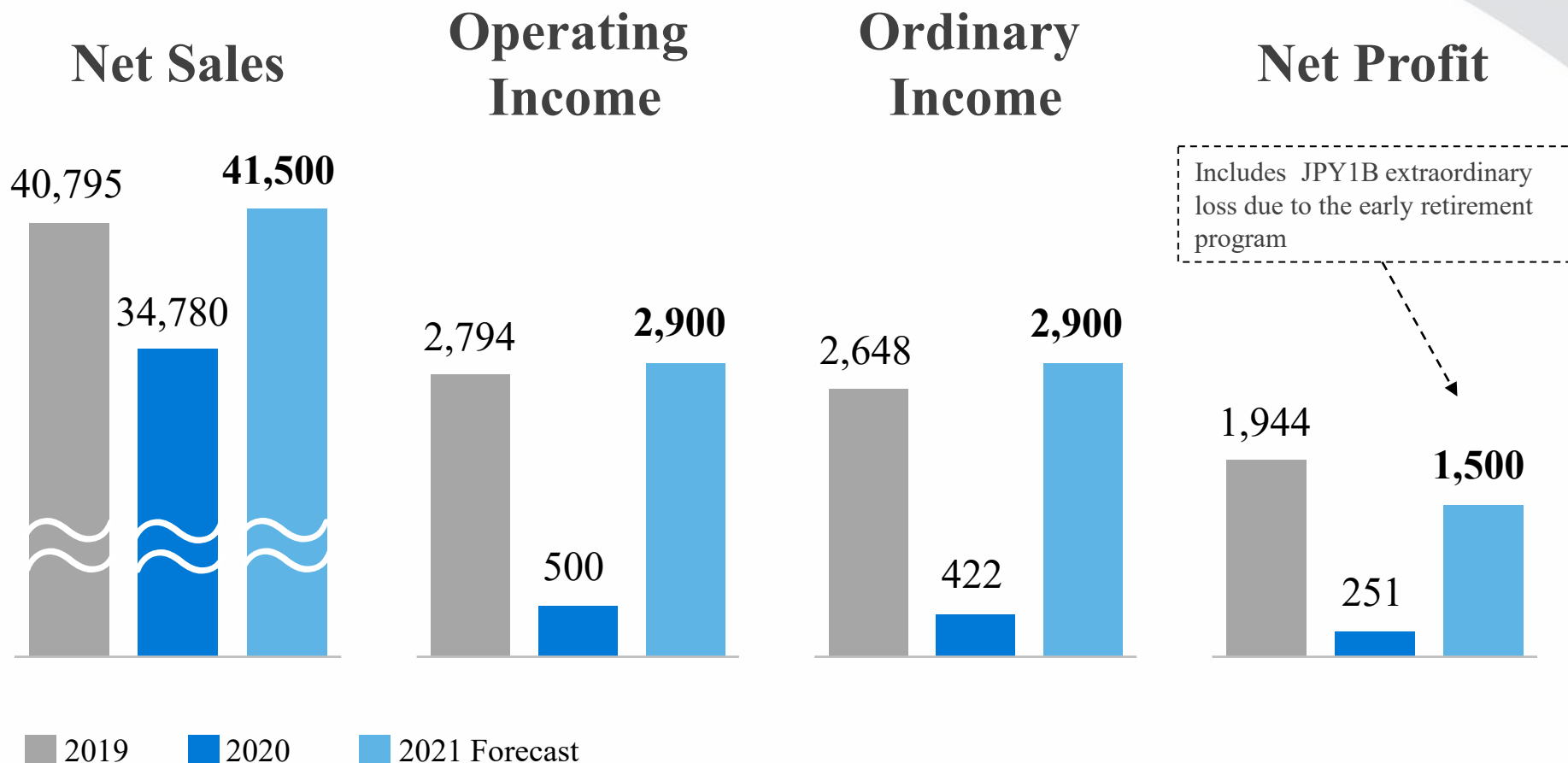


TrueVIS
VF2-640

**FY 2021
Forecast**

FY2021 Forecast

(Millions of Yen)

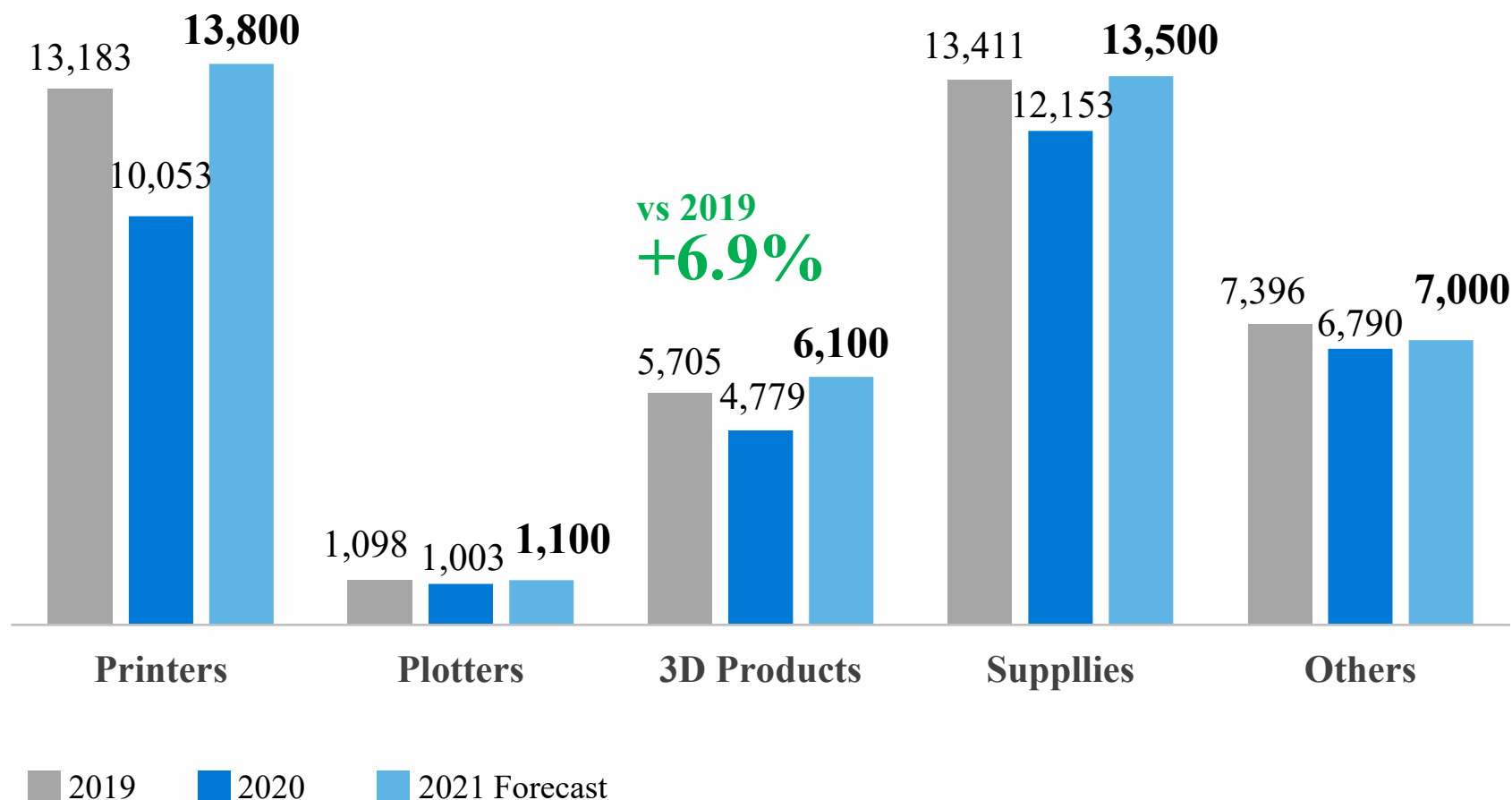


※ Income attributable to owners of parent

FY2020 Sales Forecast by Products

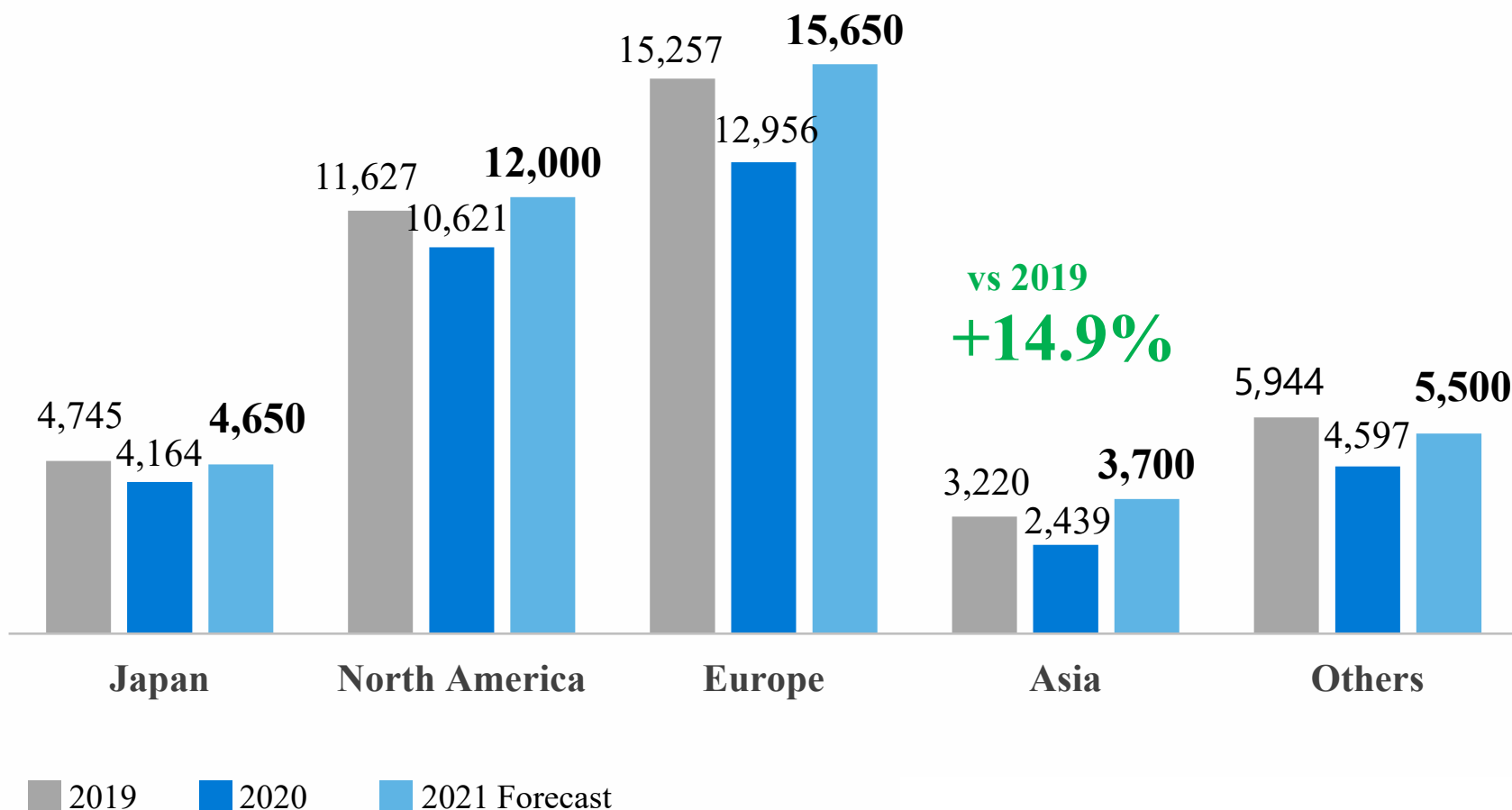
(Millions of yen)

vs 2019
+4.7%



FY2020 Sales Forecast by Products

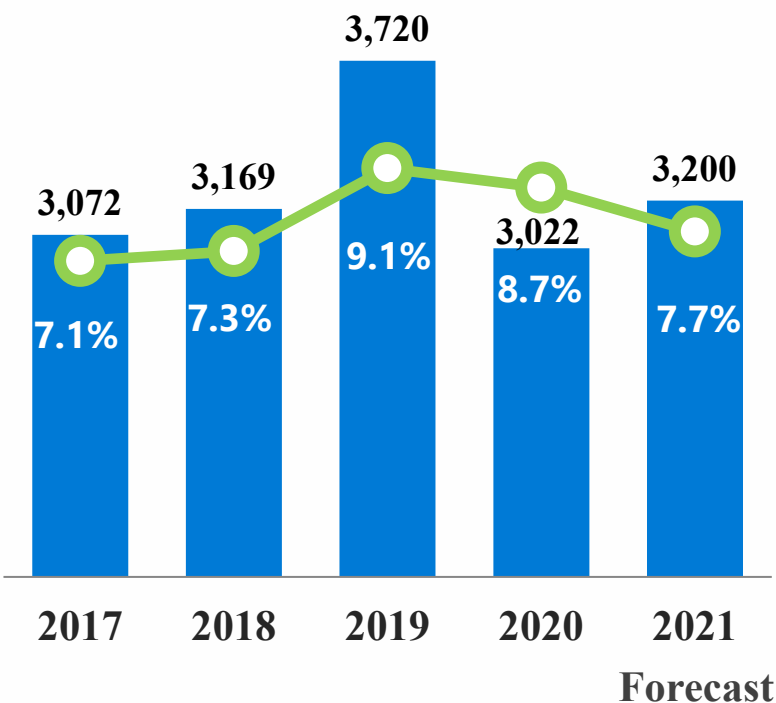
(Millions of yen)



R&D, Capital Expenditures, and Depreciation and Amortization

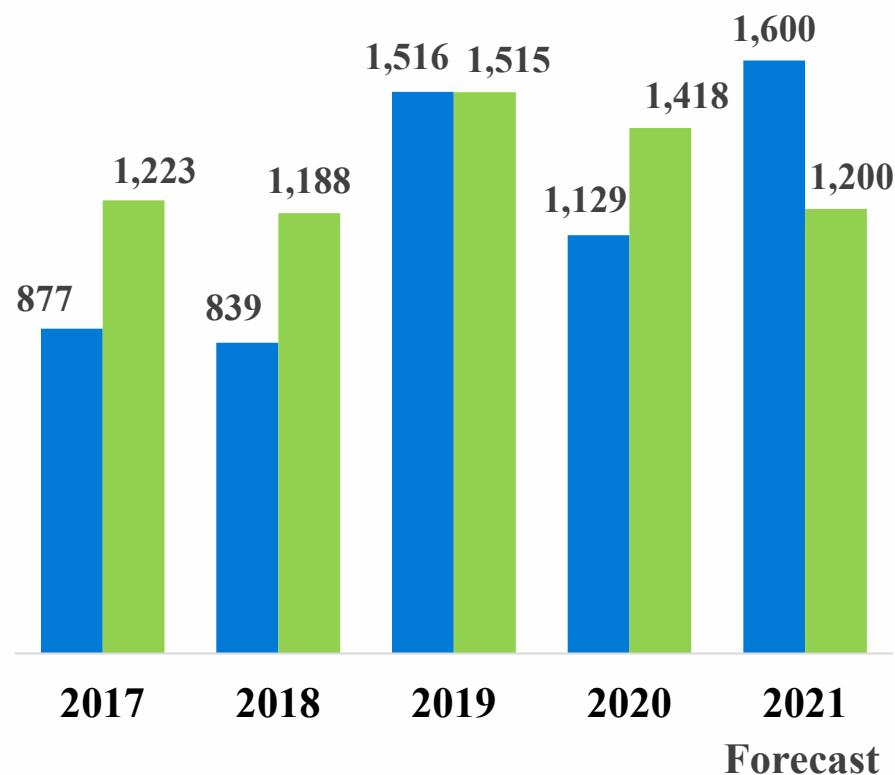
(Millions of Yen)

■ R&D ● R&D to net sales ratio



(Millions of Yen)

■ Capital Expenditures ■ Depreciation and Amortization



*IFRS 16 has been applied since FY2019

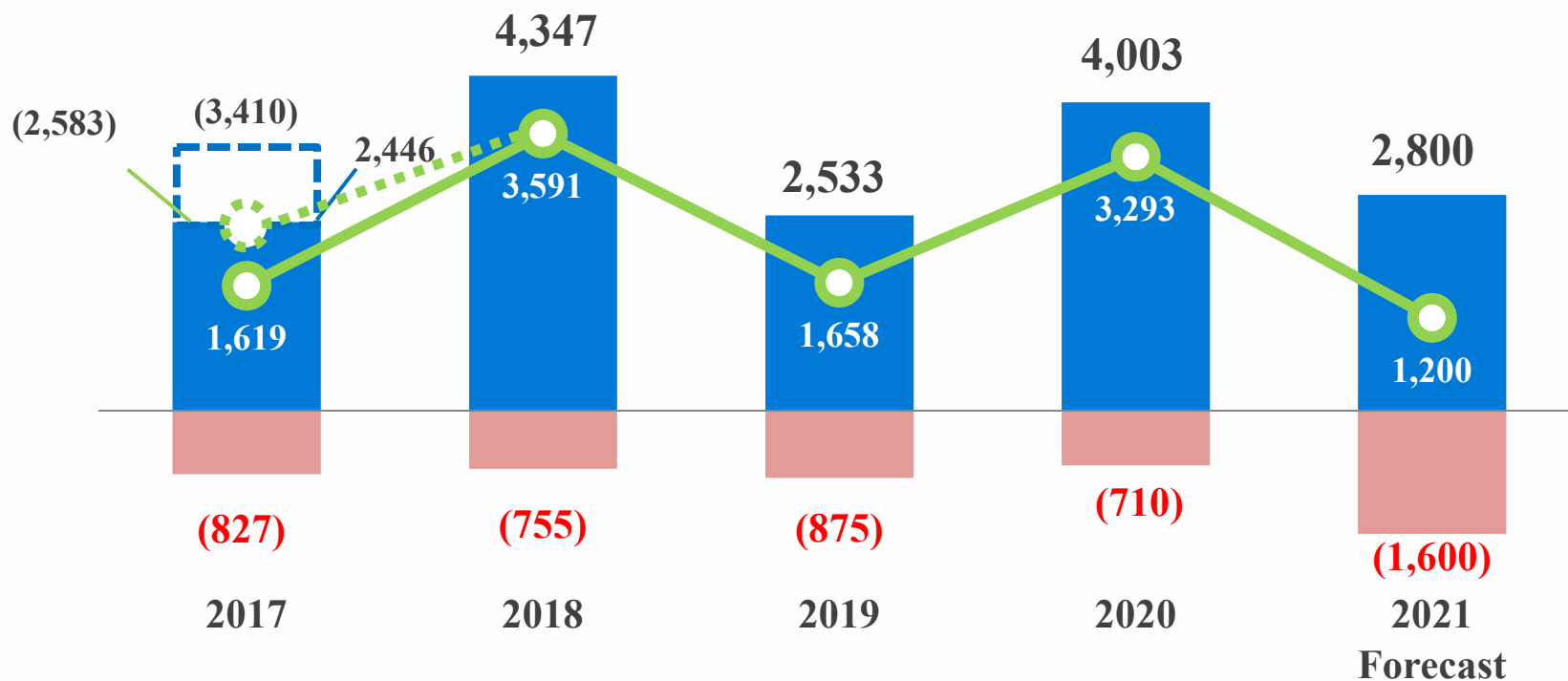
Free Cashflow

(Millions of Yen)

Net cash used in investing activities

Net cash provided by operating activities

Free Cash Flow



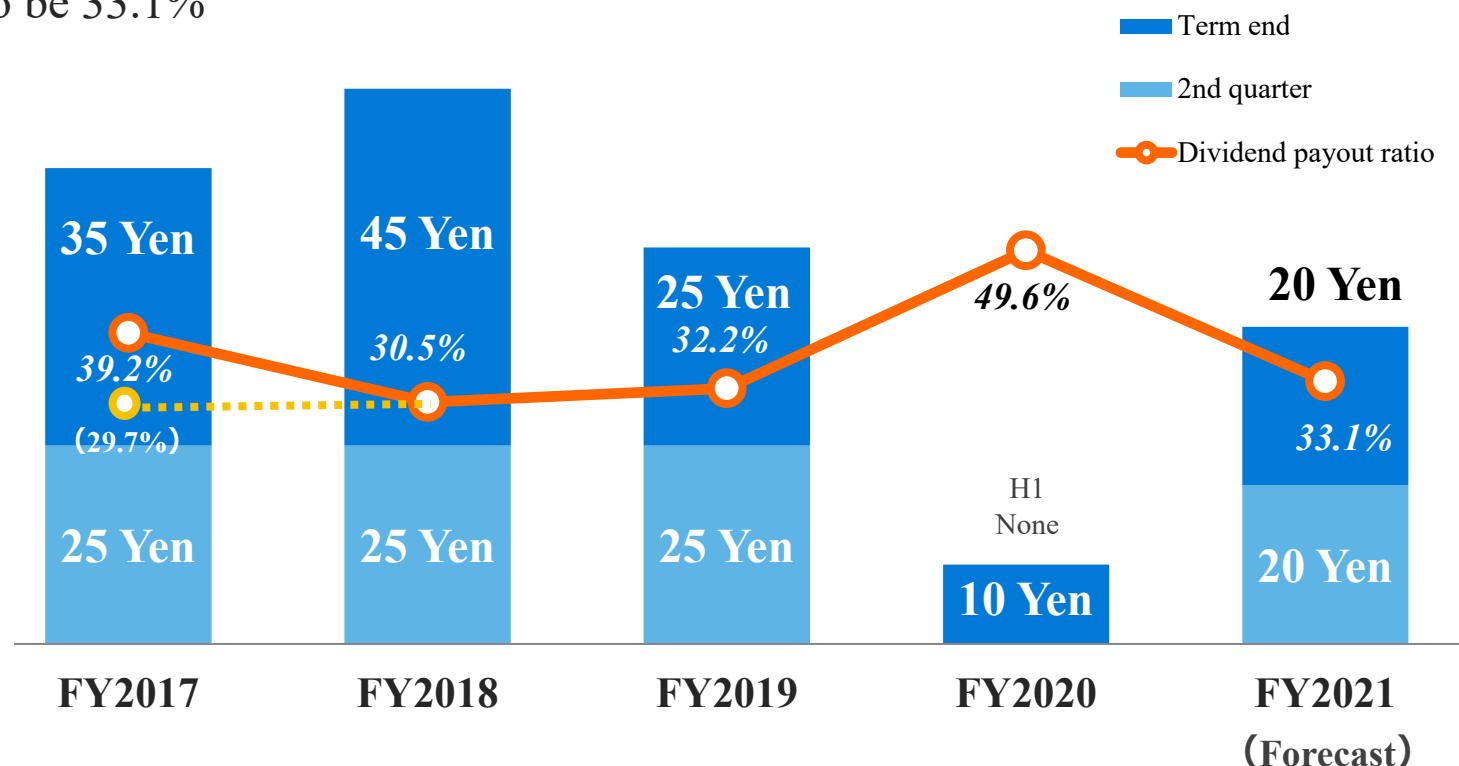
Dotted line denote figure excluding extraordinary loss

Dividend Forecast

Divident Policy (FY2021 to FY2023)

Pay out the higher of 30% of consolidated profit or 2% DOE, while taking into account cash for future business needs

FY2021 Forecast: 40 Yen - up 30 Yen from FY2020. Annual dividend payout ratio to be 33.1%



Dotted line denote figure excluding extraordinary loss

Changes to Officers (Scheduled on March 18,2021)

Director scheduled for retirement

Name	Current Position
Hidenori Fujioka	Chairman
Koichi Hashimoto	Director

※ The terms of office of all of these nine Directors will expire at the conclusion of this year's Ordinary General Meeting of Shareholders.

Roland DG Corporation

2021-2023 Mid-term Plan

February 19, 2021



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

Key Successes

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

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

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

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

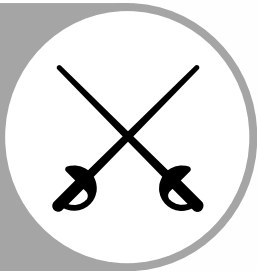
RDG experienced both external and internal headwinds

Market



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

Competition



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

Company



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

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

Mid-term Plan Vision

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

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

Be a

"Niche Market Creator"

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

Pioneer the Future by

"Digital & Co-creation"

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

Establish a

"Culture of Challenge"

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

Reborn as a lean organization

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

Business Portfolio Transition

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

**2021-2023 MTP
Core Strategy**

Lean organization

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

Financial Target

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

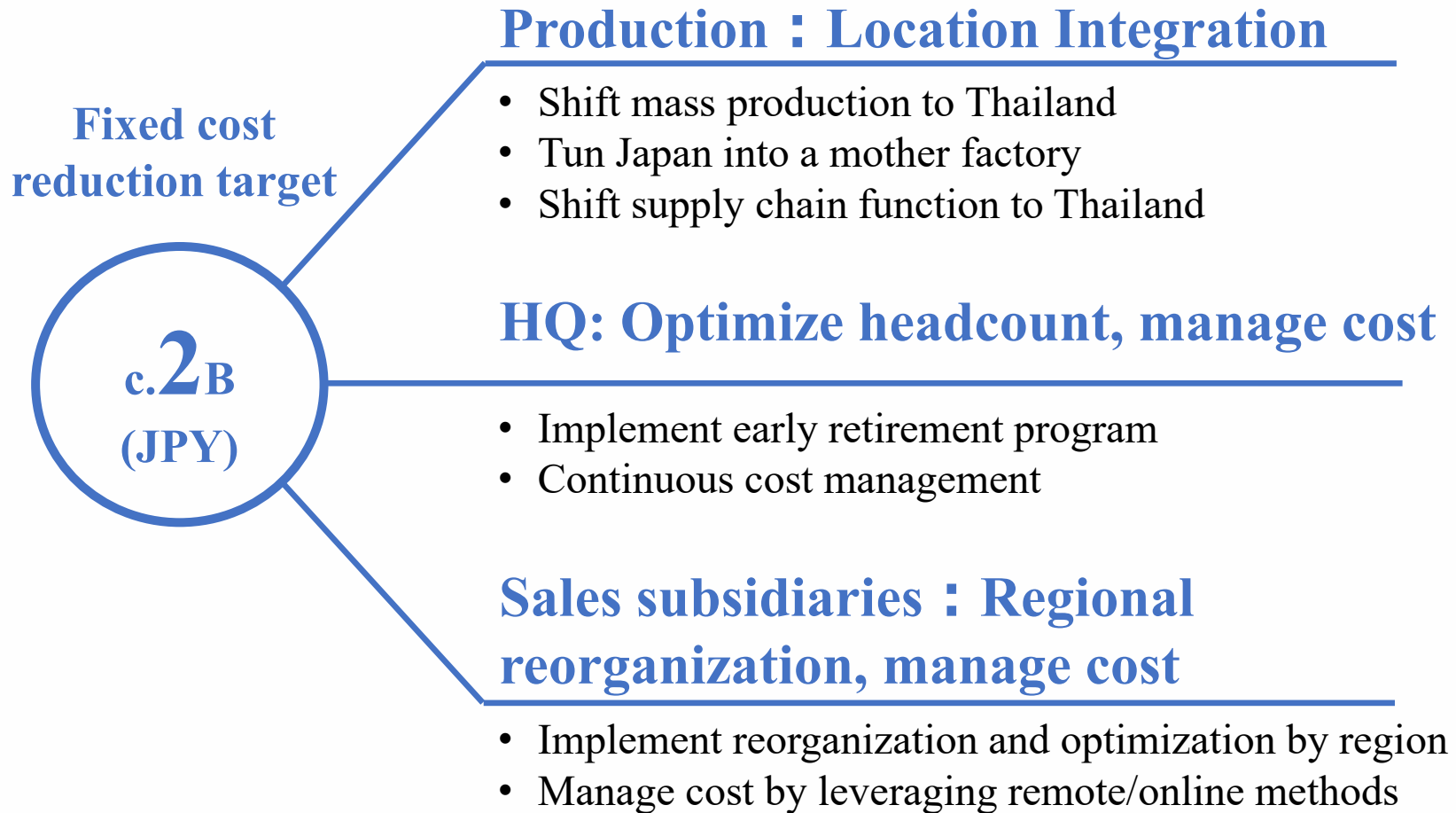
2021-2023 Mid-term Plan



Lean organization

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

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



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

List of expertise of director candidates

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

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

Business Portfolio Transition

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

2021-2023 Mid-term Plan



Target 10B sales from growth market and new business

(Sales JPY)

Existing

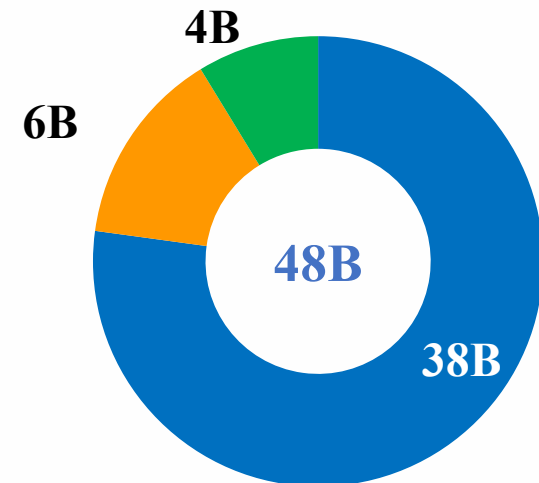
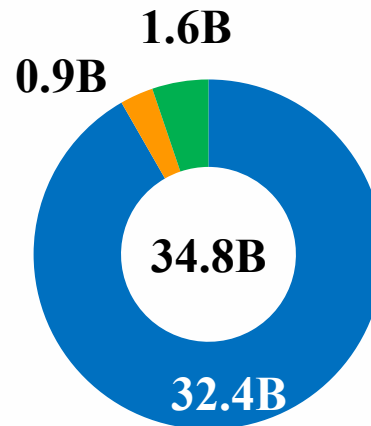
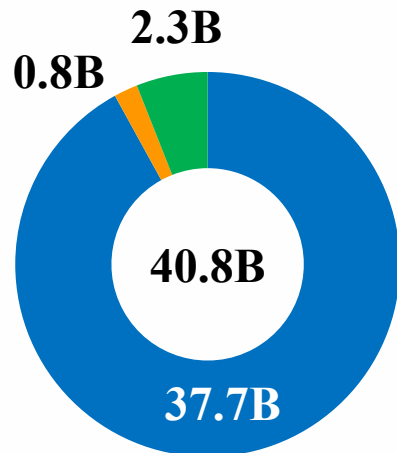
Growth M

New

2019

2020

2023



Existing Business

Diversify solutions and improve efficiency

Growth Market

Full-scale entry by dedicated models

New Market

Develop niche markets

Overarching

SaaS, connected, remote services

**Existing
Business**

Digital Printing

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

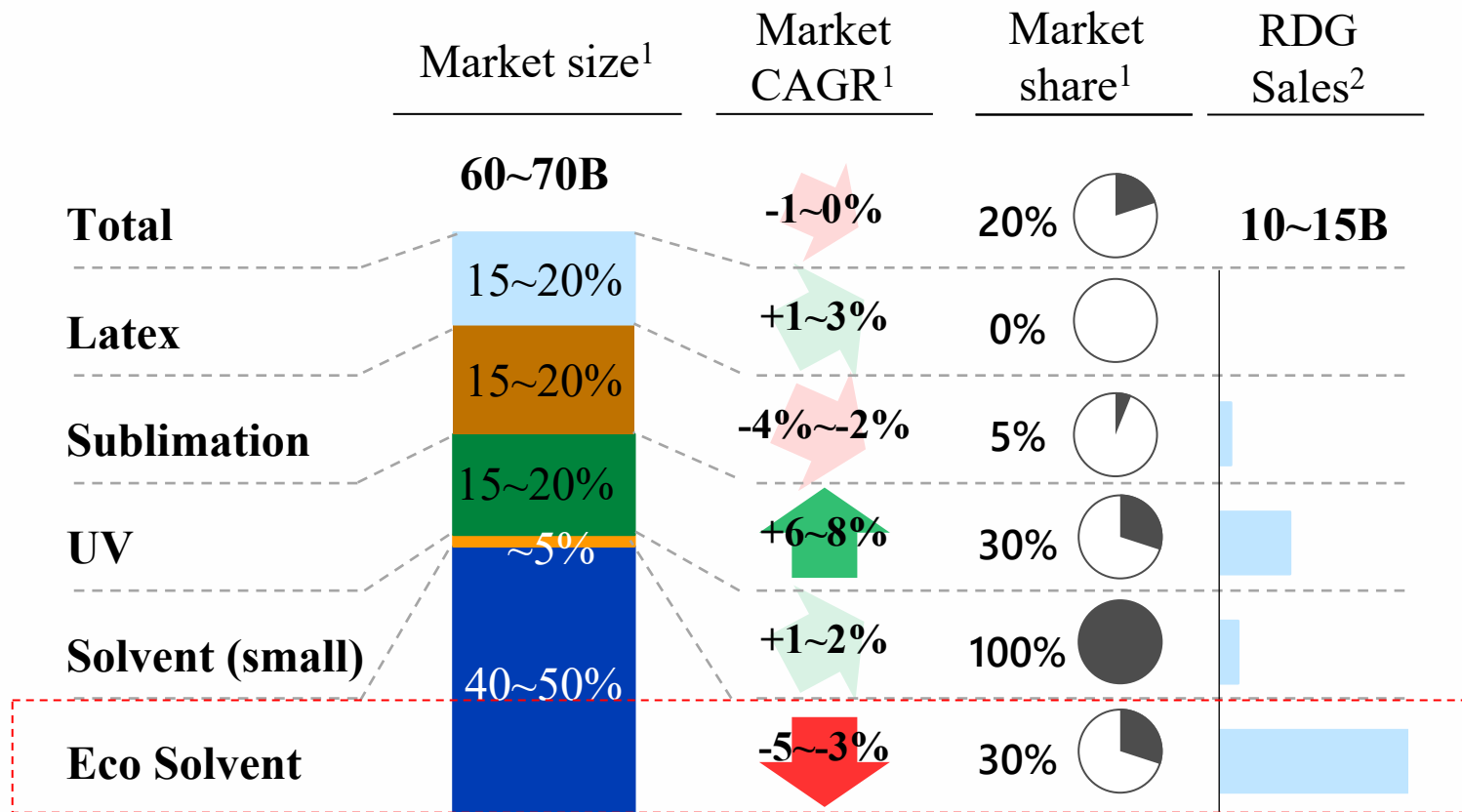
**Diversify Solution
and improve
efficiency**

DGSHAPE

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

Existing Biz **Printer market landscape**

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



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

Strengthen non-solvent solutions

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

- Environmental awareness affecting customer needs

Improve efficiency

Improve efficiency to increase profit in a low-growth market

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

Existing Biz

Expand into new applications that have potential for digitization

Current target application

Crowns & bridges



CAD/CAM
Equip.
Market size
JPY40B

CAGR
10%

RDG
market share
(US labs)
25%

Areas with future digitization potential

Dentures

Propose kits that reduce both time and cost



Block building



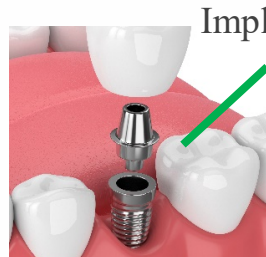
Milling



Complete

CAD/CAM
Equip.
Market size
JPY8B

Implant base



Implant base



More breadth in millable materials
by in-house spindles

CAD/CAM
Equip.
Market size
JPY2.5B

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

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

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



Dental clinic user (California, USA)

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

Growth Market

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

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

Attractive market but requires strategy to address the competitive landscape

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

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

New Market

Develop niche markets

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

Digitization is accelerating demand for product personalization

Personalized Marketing

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

Consumers become more have higher expectation towards personalization

Personalized Products (Experience)

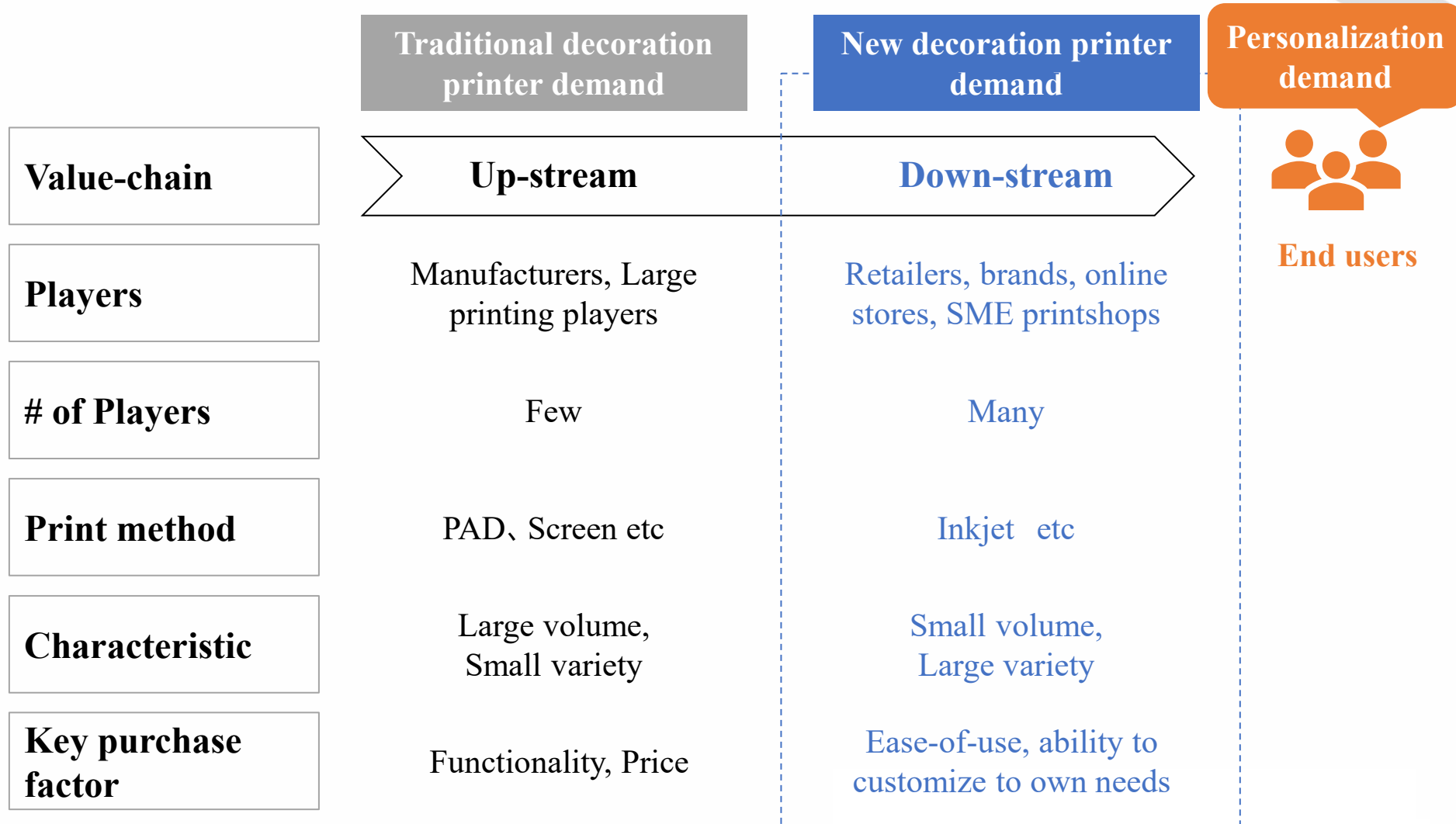
Personalization goes beyond marketing to personalizing the product (experience) itself

Businesses today, have sophisticated infrastructures to provide customization



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

Characteristic of Object Decoration Printers Market





DNA of a niche market developer

Winning in markets where large players can't



Co-Creation Development

Established process to co-work with our customers



Strong Sales force to capture customer needs

Global sales network that underpinning our strength even during COVID



“Small and easy-to-use” products

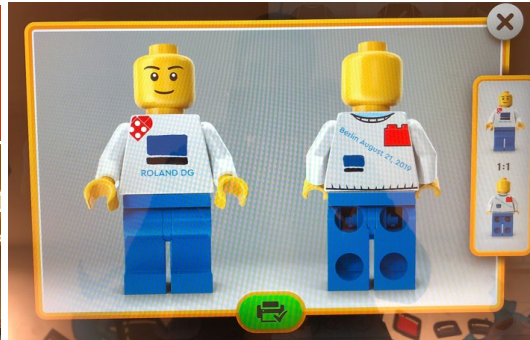
Product characteristics that meet the new segment needs



Highlights

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

LEGO® MiniFigure Factory & SF-200



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

Current Sales
(Europe only)

JPY
0.6B

2023 target

JPY
3B

Today :

Initiated Co-Creation in Europe

Future :

Cross sell products developed in Europe globally

Set-up dedicated team and allocate resource

Accelerate product launch cycle



SF-200



S-Series



EJ-Deco

Start Roland DG Connected

Launch in 2021

Roland DG Connected Service

Maintenance Service: Prevent breakdowns to reduce downtime

Workflow Service: Visualize business process

Business Management Service: Automate business

Market place:
Provide platform to build
new business opportunities

2021

2022

2023

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

Maximize Cash Source

Maximize profitability

- Soundly execute structural reform and growth strategy

Improve cash conversion

- Target 120 days CCC through inventory reduction etc

Maximize corporate value by effective Cash Use

Accelerate investment

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

Optimal shareholder return

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

Dividend policy

Target 30% pay-out ratio and 2% DOE

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

※ *DOE : Dividend on Equity*

Our journey to transformation has already begun

Inspire the Enjoyment of *Creativity*

Be the *BEST* rather than the BIGGEST

The Roland Family — *Cooperative*

Enthusiasm

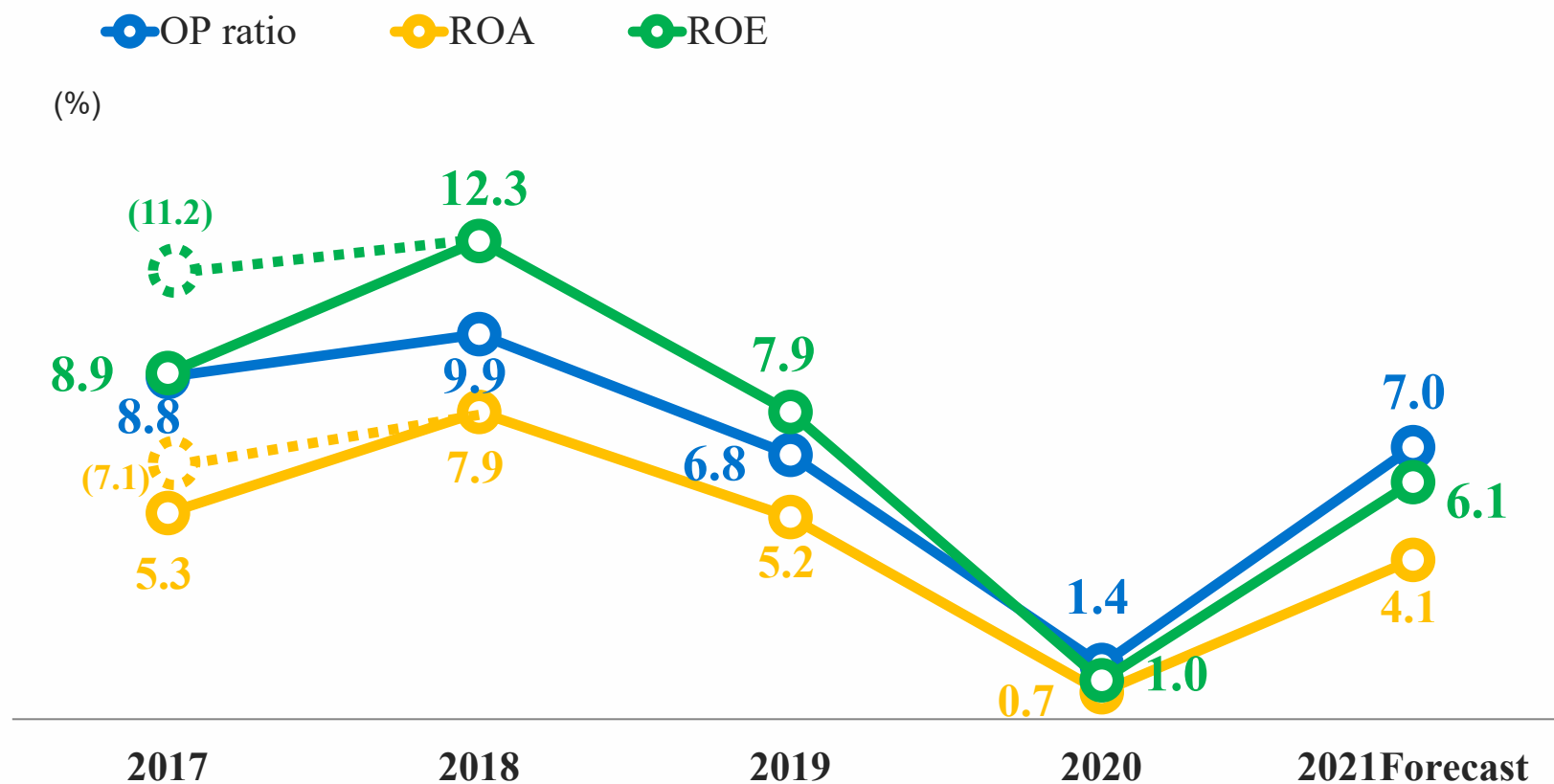


President
Kohei Tanabe

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

Appendix

Selected Financial Data



Dotted line denote figure excluding extraordinary loss

FY2020 Consolidates Financial Results

(Millions of yen)

	FY2019		FY2020				YoY change		
	Performance	% of sales	Initial forecast	% of sales	Performance	% of sales	Change	Ratio	Exchange rate impact excluded Real term
Net sales	40,795	100.0%	42,600	100.0%	34,780	100.0%	(6,015)	85.3%	86.7%
Gross profit	17,330	42.5%	17,200	40.4%	13,178	37.9%	(4,152)	76.0%	78.8%
SGA cost	14,536	35.6%	14,800	34.7%	12,678	36.5%	(1,858)	87.2%	88.5%
Operating income	2,794	6.8%	2,500	5.9%	500	1.4%	(2,293)	17.9%	28.2%
Ordinary income	2,648	6.5%	2,300	5.4%	422	1.2%	(2,226)	16.0%	26.2%
Net profit	1,944	4.8%	1,800	4.2%	251	0.7%	(1,693)	12.9%	23.9%
EPS (Yen)	155.39		144.12		20.17				
Exchange rate	USD	109.06	105.00		106.83				
	EUR	122.11	120.00		121.86				

(Millions of yen)

Exchange rate Amount of impact	Net sales	(592)
	Operating income	(289)

※ Income attributable to owners of parent

FY2020 Sales by Product

(Millions of yen)

	FY2019		FY2020		YoY change	
	Performance	Percentages	Forecast	Percentages	Ratio	Exchange rate impact excluded Real term
Printer	13,183	32.3%	10,053	28.9%	76.3%	77.8%
Plotter	1,098	2.7%	1,003	2.9%	91.3%	92.6%
3D Products (DGSHAPE)	5,705	14.0%	4,779	13.7%	83.8%	84.8%
Supply	13,411	32.9%	12,153	35.0%	90.6%	92.1%
Others	7,396	18.1%	6,790	19.5%	91.8%	93.5%
Total	40,795	100.0%	34,780	100.0%	85.3%	86.7%

FY2020 Consolidates Financial Results (3 months) by Product

(Millions of yen)

	Q1 (Jan to Mar)		Q2 (Apr to Jun)		Q3 (Jul to Sep)		Q4 (Oct to Dec)	
	performance	% of YoY	performance	% of YoY	performance	% of YoY	performance	% of YoY
Printer	2,498	79.9%	2,092	64.2%	2,618	82.9%	2,843	78.2%
Plotter	281	98.9%	215	78.6%	239	91.5%	266	95.9%
3D Products (DGSHAPE)	1,334	100.5%	642	48.7%	1,207	87.4%	1,595	95.1%
Supply	3,079	94.3%	2,485	72.5%	3,311	99.7%	3,277	96.5%
Others	1,844	97.8%	1,300	72.8%	1,811	100.4%	1,834	95.5%
Total	9,038	91.4%	6,736	66.9%	9,187	92.6%	9,817	90.0%

FY2020 Sales by Region

(Millions of yen)

	FY2019		FY2020		YoY change	
	Performance	Percentages	Forecast	Percentages	Ratio	Exchange rate impact excluded Real term
Japan	4,745	11.6%	4,164	12.0%	87.8%	-
North America	11,627	28.5%	10,621	30.5%	91.4%	93.3%
Europe	15,257	37.4%	12,956	37.3%	84.9%	85.1%
Asia	3,220	7.9%	2,439	7.0%	75.7%	76.7%
Others	5,944	14.6%	4,597	13.2%	77.3%	82.6%
Total	40,795	100.0%	34,780	100.0%	85.3%	86.7%

FY2020 Consolidates Financial Results (3 months) by Region

(Millions of yen)

	Q1 (Jan to Mar)		Q2 (Apr to Jun)		Q3 (Jul to Sep)		Q4 (Oct to Dec)	
	performance	% of YoY	performance	% of YoY	performance	% of YoY	performance	% of YoY
Japan	1,173	97.1%	866	81.5%	1,018	76.1%	1,106	97.5%
North America	2,581	100.7%	2,472	84.5%	2,776	94.6%	2,791	87.1%
Europe	3,309	85.3%	2,242	58.7%	3,549	104.3%	3,856	92.8%
Asia	608	75.5%	465	56.5%	580	75.0%	785	96.0%
Others	1,366	95.4%	690	48.0%	1,262	85.5%	1,277	80.1%
Total	9,038	91.4%	6,736	66.9%	9,187	92.6%	9,817	90.0%

FY2021 Consolidates Financial Forecast

(Millions of yen)

	FY2020		FY2021 forecast		YoY change		
	Performance	% of sales	Forecast	% of sales	Change	Ratio	Exchange rate impact excluded Real term
Net sales	34,780	100.0%	41,500	100.0%	6,719	119.3%	120.9%
Gross profit	13,178	37.9%	16,900	40.7%	3,721	128.2%	132.1%
SGA cost	12,678	36.5%	13,900	33.5%	1,221	109.6%	111.2%
Operating income	500	1.4%	2,900	7.0%	2,399	579.8%	664.0%
Ordinary income	422	1.2%	2,900	7.0%	2,477	686.0%	790.0%
Net profit	251	0.7%	1,500	3.6%	1,248	597.3%	715.1%
EPS (Yen)	20.17		120.72				
Exchange rate Yen	USD	106.83	100				
	EUR	121.86	125				

(Millions of yen)

※ Income attributable to owners of parent

		USD	EUR
Currency Sensitivity (based on 2020 results)	Net sales	100	93
	Operating income	65	50

FY2021 Sales Forecast by Product

(Millions of yen)

	FY2020		FY2021 forecast		YoY change	
	Performance	Percentages	Forecast	Percentages	Ratio	Exchange rate impact excluded Real term
Printer	10,053	28.9%	13,800	33.3%	137.3%	138.8%
Plotter	1,003	2.9%	1,100	2.6%	109.7%	112.0%
3D Products (DGSHAPE)	4,779	13.7%	6,100	14.7%	127.6%	128.6%
Supply	12,153	35.0%	13,500	32.5%	111.1%	113.6%
Others	6,790	19.5%	7,000	16.9%	103.1%	103.4%
Total	34,780	100.0%	41,500	100.0%	119.3%	120.9%

FY2021 Sales Forecast by Region

(Millions of yen)

	FY2020		FY2021 forecast		YoY change	
	Performance	Percentages	Forecast	Percentages	Ratio	Exchange rate impact excluded Real term
Japan	4,164	12.0%	4,650	11.2%	111.7%	-
North America	10,621	30.5%	12,000	28.9%	113.0%	121.0%
Europe	12,956	37.3%	15,650	37.7%	120.8%	117.7%
Asia	2,439	7.0%	3,700	8.9%	151.7%	151.8%
Others	4,597	13.2%	5,500	13.3%	119.6%	121.2%
Total	34,780	100.0%	41,500	100.0%	119.3%	120.9%