ANNUAL REPORT 2020

Year ended December 31, 2020

Imagine the moment your ideas take shape, brimming over with originality.

Art, science, business, lifestyle – developments in all these areas begin with imagination.

We at Roland DG understand the thrill of imagination,

and realize the satisfaction and enjoyment of turning images and ideas into realities.

The word “Imagine” and Roland DG go hand in hand.

By providing new solutions via cutting-edge digital technology,

we make it possible for our customers around the world to “transform imagination into reality.”

Mission

Bringing new opportunities to society through digital technology

Slogans

Inspire the Enjoyment of Creativity

Be the BEST rather than the BIGGEST

The Roland Family — Cooperative Enthusiasm

INDEX

ESG Initiatives

Environment

Strengthening environmentally-friendly non-solvent ink solutions

Products equipped with child-proof high safety inks

Registered for Hamamatsu City SDGs Promotion Platform

See detail in page 30

Social

Improving human health and safety through dental and medical support systems

See detail in page 18

Work style reform: Launched work-from-home and flextime schemes

Promoting digital transformation of sales promotion and service activities

Governance

See detail in page 21

Swift decision-making: Streamlining of the Board of Directors

Management transparency: Outside Directors comprise majority of Board

Diverse composition of Board of Directors, with foreign nationals, women, and people with wide-ranging experience and knowledge

Forward-looking information
All statements on this report that are not based on historical fact, including performance forecasts, plans, and strategies, constitute forward-looking statements regarding future performance. These statements were prepared by Roland DG management using information available at the time and based on certain assumptions, and as such, are subject to risk and uncertainties. As actual performance may differ widely from these forecasts, we ask that you do not base your investment decisions solely on these performance forecasts.

To Our Shareholders

We will focus on building the foundations for sustainable growth

President, Representative Director
Kohei Tanabe

I would like to take this opportunity to thank our shareholders for your continued support of Roland DG.

I also extend my sincerest sympathies to those who have been affected by COVID-19 and their families.

The Group has been working to build a high-value-added business by formulating a Medium-Term Business Plan that ran for five years from 2016. This fiscal year, the final year of the plan, saw the COVID-19 pandemic pose a severe restriction on business activities. We took it as a time to pave the way for our next Midterm Business Plan, and strived to capture new demand generated by the pandemic as well as made speedy efforts on reform, including shifting to online customer support.

In our new three-year Midterm Business Plan that starts from 2021, we will focus on building the foundations for sustainable growth by “Transition into a lean organization” and “Transformation of the business portfolio.”

In these endeavors, we look forward to the continued support of our shareholders.

April 2021

Interview with the President

We commit to engaging in our transition into an organization that can grow sustainably

We asked the President about Roland DG's efforts in the extremely harsh business environment inflicted by COVID-19.

Q What is your policy in tackling the COVID-19 pandemic?

Amid the global spread of COVID-19, Roland DG rolled out a variety of measures under the three policies of “taking emergency measures as crisis response,” “maintaining stable business management,” and “carrying out proactive, aggressive business management” with an eye to post-COVID times. In “taking emergency measures as crisis response,” we carried out thorough measures to prevent infection, with the safety of our employees as our top priority. In terms of business performance, we undertook measures such as curbing selling, general and administrative expenses and cutting directors' bonuses to keep the impact on profits to a minimum. In “maintaining stable business management,” we added a new commitment line to prepare for unexpected funding demand. Further, from late March until the end of July, we conducted production adjustments, including suspending operations at our Japanese and Thailand factories, to curb increases in inventory. In terms of “carrying out proactive, aggressive business management,” we rolled out aggressive strategies that leveraged the Company's strengths.

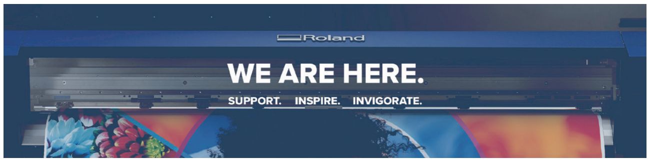
Q What is your take on the changes in the market amid the COVID-19 crisis?

The sign market saw society needing to balance infection countermeasures and economic activity. For example, demands emerged for COVID-19 signage to prompt social distancing and the use of face masks. **End users showed a clear change in their needs and behavior**. At Roland DG, we were able to capture that new demand by leveraging our strengths in on-demand printing using print & cut function and our support systems that enabled customers to keep their businesses running even during the pandemic. There were also cases in which our products helped to assist frontline healthcare workers, such as in the production of name stickers to identify their names and roles when they are wearing masks and personal protective equipment.

COVID-19 signage

Q How has customer support changed?

The Group has always focused on the three elements of education and training, business proposals, and customer support. All of these have been based on face-to-face communication. In the second quarter of the fiscal year under review, trade shows and various other events were cancelled or postponed one after another, and scaled down our contact points with customers. As an alternative, we accelerated the use of online communications and social media. In other words, this represented **a change in customer contact points**. Since March 2020, with the slogan “WE ARE HERE.,” we have been providing through social media platforms the right information to help our customers keep operating their businesses even during the pandemic. We have also developed remote support solutions incorporating ICT and leading-edge digital technologies that enable product installation and maintenance work amid lockdowns and restriction on outings. These efforts will go beyond temporary emergency responses to cope with the pandemic, and we will transform them into the “new normal of customer support” and strive to increase customer satisfaction.



“WE ARE HERE.” banner advertisement

Q Were there any changes in the dental market?

In the dental market, COVID prevention needs brought “One-visit treatments” to the center of attention for allowing patients to visit clinics and receive treatment with peace of mind, as **operational efficiency improvements leveraging digital technology** accelerated. DGSHAPE, our subsidiary mainly engaging in the dental business, produced a solution that integrates the DWX-42W, a dental milling machine that is ideal for milling prosthetics at dental clinics, an intraoral scanner, which is becoming popular in recent years, and software, as it develops the dental clinic market.

Q Why did you revise the financial results forecast?

In the revision of our financial results forecast released on May 13, 2020, we envisaged an extremely large impact on our results as a result of the restrictions on economic activities due to the spread of COVID-19. However, in the second quarter of the fiscal year under review, economic activity in North America and Europe resumed earlier than expected, and we were also able to capture signage demand arising from the pandemic. As a result, printers and supplies recorded sales surpassing expectations. In addition to the upturn of financial results in the second quarter, our understanding was that the impact of the pandemic in the third quarter and beyond would be lower than we previously assumed, so we revised the full-year financial results forecast on August 7, 2020.

Q Finally, please give us your message to shareholders.

There is still no outlook as to when COVID-19 will be contained. The Group will propose applications that factor in social changes, including the new COVID-normal lifestyle, stimulate demand, and pioneer new markets. At the same time, by enhancing our products, sales, and service support capabilities, we will strive to raise the value of our brand as our customers’ company of choice. Through these efforts, we commit to engaging in our transition into an organization that can grow sustainably post-COVID.

I would be deeply honored to receive the continued support and encouragement of our shareholders.

Launch of Midterm Business Plan (FY2021–FY2023)

We will work to transform into an organization capable of sustainable growth, based on “Creativity, BEST, Cooperative Enthusiasm.”

Recap of Previous Medium-Term Business Plan

For five years from 2016, we engaged in the previous Medium-Term Business Plan with the goal of “sustainable growth through innovation.” However, the management and business environments were harsher than we expected when the plan was first established, and while we did achieve some outcomes, we fell far short of our performance goals. Upon reflection of past events, in the three-year Midterm Business Plan starting 2021, we have returned to the Roland DG group’s slogans of “Creativity, BEST, Cooperative Enthusiasm” and will aim to transition into a lean organization capable of sustainable growth.

Basic Policies of the Midterm Business Plan

Transition into a lean organization

Transformation of the business portfolio

Transition into a lean organization

Reborn as a lean organization to build the foundations for business growth

We will undertake structural reforms to strengthen our competitiveness and respond flexibly to changes in the business environment. At the headquarter, we will implement an early retirement program to optimize headcount and undertake structural reforms such as reducing costs and integrating our production locations globally. With these efforts, we will aim to reduce fixed costs by approximately 2 billion yen. We will also undertake a thorough review of internal processes to balance efficiency improvement in operations and quality, and solidify the foundations for business growth.

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

Fixed cost reduction target: Approx. 2 billion yen

Production: Location integration
- Shift mass production to Thailand
- Turn domestic factory into a mother factory
- Shift supply chain function to Thailand

Headquarter: Optimize headcount, manage cost
- Implement early retirement program
- Continuous cost management

Overseas sales subsidiaries: Regional reorganization, manage cost
- Implement reorganization and optimization by region
- Manage cost by leveraging remote/online methods

Launch of Midterm Business Plan (FY2021–FY2023)

Transformation of the Business Portfolio

Strive to transform the business portfolio while leveraging our strengths

In both the DP and DGSHAPE Businesses, we will focus on growth market and new market while striving for efficiency in our existing businesses. With sales in growth market and new market accounting for a total of 2.5 billion yen in 2020, we are targeting 10 billion yen by 2023. By breaking free of the sales structure that is dependent on the sign market (outdoor signboards), we will aim for a new stage of growth.

Target 10 billion sales from growth market and new market

Existing Businesses

In the DP Business, with the maturing of the sign market, which is our mainstay market, and the entry of major corporations into this market, price competition has intensified. Moreover, from the perspective of environmental consideration, the market is expected to shift toward non-solvent inks. We will also 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.

In the DGSHAPE Business, as new areas with digitization potential, we will propose the production of dentures and implant bases. We will also take on the challenge of expanding our target market from dental labs to dental clinics. Chair-side solutions (making prosthetics in-house) are expanding among dental clinics, particularly overseas, to provide “One-visit treatments,” fueled by COVID prevention needs. We will develop the dental clinic market through proposals that meet the needs of customers.

Growth Market

We aim to make a full-scale entry into emerging countries which have future potential for market growth. We need to urgently develop dedicated models with functions and prices tailored to meet those markets. We will achieve this through collaborations with external partners and transferring production to our Thailand factory. We will strive to increase sales and market share in both the DP and DGSHAPE Businesses through strategies that are suited to the competitive environment.

New Market

In new Market, we will accelerate the identification of personalization needs developed through our expansion into retail markets and Co-Creation activities. By proposing the digitization of printing processes, where we excel, we will agilely develop niche markets.

In the DP Business, we established a dedicated team for the Co-Creation of products for specific applications mainly in Europe. This team generated sales of 0.6 billion yen in 2020. By rolling this initiative out globally, we will target sales of 3.0 billion yen in 2023.

In the DGSHAPE Business, we will aim to establish business in the medical and healthcare fields through a solution which provides traceability systems for surgical instruments ensuring safety and security in the medical field and inventory management systems that improve efficiency for hospital management.

Propose New Value through Connected Services

In 2021, we will launch software-based connected services as a new, overarching initiative. By connecting with users, we aim to prevent product breakdowns, visualize business process, and automate business. Our future aim is to build platforms that will connect users with each other and provide new business opportunities. Since launching connected services in the DGSHAPE Business in 2018, we have already connected with approximately 3,000 users. We are now ready to apply the accumulated experience and expertise to the DP Business. By leveraging connected services to streamline users' operations and assist with their business, we aim to enhance customer loyalty.

Financial Strategy and Financial Target

In addition to maximizing profitability, we will enhance our ability to generate cash by improving the Cash Conversion Cycle (CCC)* through inventory reductions and other means. We will allocate that cash to growth areas and generate "+α" (extra) growth through investments including M&As.

*CCC: Indicator of efficiency of fund operations, expressed as the number of days from purchase until the recovery of cash from sales.

		FY2020 (Result)	**FY2023** (Final year target)
Sales (JPY billion)		**34.7**	**48.0**
Operating income (JPY 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**
Currency exchange rates	USD	**106.83 yen**	**100 yen** (est.)
	EUR	**121.86 yen**	**125 yen** (est.)

Shareholder Returns

We consider the return of profits to our shareholders to be a key management task. We will endeavor to maintain stable dividends while taking business performance into account upon due consideration of their balance with investments aimed at sustainable growth and raising corporate value as well as financial soundness for risk-preparedness.

Specifically, our basic policy is to continue stable dividend payments based on the higher of a payout ratio of 30% of consolidated income or 2% Dividend on Equity (DOE). We will determine dividends by comprehensively taking into account future business development.

Here we showcase some of our products at work during the COVID-19 pandemic.

Please visit our website for more information:
https://www.rolanddg.com/en/blog

Case 1 Personalized Face Masks

Colegio Hogar, a vocational school located in Spain, produced more than 50 different face mask designs thanks to the initiative of its graphic arts department and Roland DG's textile printers. More than 40,000 adults face masks, 1,500 children's face masks and 15,500 protective face shields were donated to local hospitals, nursing homes, security forces and associations where masks were in short supply.

Case 2 Name Stickers for Personal Protective Equipment

Elite Signs, a signage business from the UK, helped solve the problem that personal protective equipment (PPE) worn by hospital staff was making it difficult to tell people apart. Roland DG's inkjet printer/cutter has been put to work producing name stickers. Supply is provided on-demand for thousands of name stickers required for hospital staff changing scrubs several times a day.

Case 3 Customized "Amabie" Key Chains

Kumamoto design studio NEST GRAPHICS creates key chains featuring a mythical Japanese spirit called "Amabie" that wards off sickness and viruses, using Roland DG's UV printers that can print on various materials. The key chains are supplied at wholesale prices to local restaurants, bars and businesses that are suffering from a turndown due to the pandemic with any profits going to their own sales.

Case 4 COVID-19 Signage

Sign and graphics shop Printology Digital in Canada uses Roland DG's 8-color inkjet printer to produce COVID-19 related signs. Signs are offered at a "not-for-profit" rate to help out local small businesses and keep everyone safe in the local community.

NEW PRODUCTS / TOPICS

IU-1000F

Released on March 2020

Roland DG Corporation announced its first IU-1000F large-format UV-LED flatbed printer designed to meet the diverse needs of sign and display shops with break-through performance.

The IU-1000F employs UV-LED flatbed printing technology to print directly on various material types, including rigid boards up to 2,510 x 1,310 mm size and 110 mm thickness. The exclusively-developed, high-performance UV inks cure immediately, enabling the IU-1000F to print on a wide range of substrates, including acrylic, PETG, PVC board, foam board, PC, wood, corrugated polypropylene board, aluminum composite plate, and even on metal and glass that are generally difficult to adhere to by using primer ink.

It features a number of new functions that support efficient performance, including an ionizer that removes static electricity, a flexible flatbed mechanism that can handle materials of various sizes from one large board to multiple small panels, and media alignment pins for easily aligning materials to be printed.

VersaUV LEF2-300D

Released on April 2020

Roland DG Corporation announced a new addition to its popular VersaUV LEF2 series benchtop UV flatbed printers.

The LEF2 series employs UV-LED lamps to instantly cure ink, and is capable of printing directly onto plastics, leather, wood, fabrics and other materials, allowing users to add ultrarealistic graphics and simulated embossing to a broad range of items like smartphone cases, awards, souvenirs, giftware and other accessories, including leather goods and electronic devices. With the added height, the LEF2-300D's workspace is effectively doubled, which expands the potential of printing onto not only thicker materials, but also a wider variety of shapes by accommodating diverse sizes and types of jigs.

With the growing demand for making personalized, one-of-a-kind items and high-mix, small-lot runs, the LEF2 series helped promote on-demand printing businesses like creating truly unique accessories or producing customized items on the spot. With its larger print space, the LEF2-300D further boosts customer creativity and ideas, and expands the scope of profitable business opportunities.

TrueVIS VF2-640

Released on June 20, 2020

Roland DG developed the award-winning TrueVIS series of inkjet printers to deliver the “Power to Excite” by achieving the highest ever print quality available for durable graphics. As the first print-only model to be added to the TrueVIS series, the VF2-640 inherits a host of functions from the TrueVIS VG2-640/540 printer/cutters released in March 2019. In addition, the VF2 is capable of producing previously uncharted colors for stunning printed graphics.

The VF2-640 features a new TR2 green ink, which when combined with vibrant orange ink as process colors, enables unprecedented gamut expansion and richer visual expression. The VF2-640 also comes equipped with the advanced “True Rich Color” preset which maximizes the potential of both printer and ink. “Vibrant color can now be combined with neutral grays, smooth gradations and natural skin tones that will amaze customers.

TOPICS

TrueVIS TR2 Ink Wins PRINTING United Alliance 2020 Product of the Year Award for the Second Consecutive Year

Roland DG Corporation announced that TR2 ink for its TrueVIS series wide-format inkjet printers has won a prestigious 2020 Printing United Alliance “Product of the Year” award for the second year in a row.

The PRINTING United Alliance (formerly SGIA) is an industry group that supports companies related to digital printing and screen printing. The Product of the Year awards, selected annually by the organization, recognize outstanding products and technologies that have contributed to the development of the industry.

Award-winning TR2 ink was developed for Roland DG’s flagship TrueVIS series of wide-format inkjet printers for the digital graphics market. The TR2 color lineup includes the basic cyan, magenta, yellow, and black, as well as light cyan, light magenta, light black, white, and orange, plus a new green color released in June this year. Green ink is a driving force for producing graphics with the extraordinary power to excite hearts and minds, which is an exceptional feature of the TrueVIS series. It also makes it possible to reproduce specified colors such as brand logos faster and more accurately.

Roland DG will continue to provide new value to our customers’ businesses and contribute to the development of the digital printing industry through unique, creative products and solutions.

Financial Highlights

During the fiscal year ended December 31, 2020, the world economy rapidly deteriorated from March due to the spread of COVID-19. Although movements toward recovery were seen after economic activities resumed, measures to restrict economic activities have been strengthened again since September, mainly in Europe, due to the resurgence of the infection, and the situation remains highly unpredictable. The Company's sales promotion activities were severely restricted in accordance with guidelines or requests from each national government, including the commencement of telecommuting for employees at our sales offices across the world. However, we placed emphasis on online methods of communication with customers and distributors, including the dissemination of information using SNS, websites and webinars, as well as by providing remote service support utilizing AR technology.

As a result of these initiatives, due to the decrease in sales of printers and inks for the sign market and a reduction in sales of dental milling machines as well as the negative impact of a stronger yen, net sales for the fiscal year under review decreased by 14.7% compared with the previous term to 34,780 million yen. The ratio of cost of sales rose by 4.6 percentage points compared with the previous term due to a decrease in net sales and the effect of production adjustments. Selling, general and administrative expenses decreased from the previous term, mainly due to lower advertising and promotion expenses, travel and transportation expenses, and transportation and storage costs, owing to restrictions on business activities due to the spread of COVID-19, but its ratio against net sales rose by 0.8 percentage points from the previous term. As a result, operating profit decreased by 82.1% compared with the previous term to 500 million yen, and ordinary profit decreased by 84.0% to 422 million yen. Profit attributable to owners of parent decreased 87.1% compared with the previous term to 251 million yen, despite the recording of extraordinary income from a refund of customs duty at a sales subsidiary in Europe.

Future Outlook

As for the future economic outlook, movements toward recovery in the global economy are expected due to the effects of various policies aimed at curbing the spread of COVID-19 and the diffusion of vaccines. However, the pace of recovery is expected to be uneven from country to country, and it is anticipated that the situation will remain uncertain.

Regarding the outlook for the next fiscal year, sales are expected to increase owing to the recovery of demand for capital investment, which had declined due to the impact of COVID-19. Profits are also expected to increase due to the effect of increased sales and structural reforms to reduce fixed costs, including the consolidation of manufacturing bases into the Thailand factory and the reduction of personnel through the call for early voluntary retirement. The forecast for the next consolidated fiscal year includes an extraordinary loss of 1,000 million yen to be incurred from the implementation of the early voluntary retirement program, as announced in "Notice of Implementation of Early Retirement Program and Reduced Payment of Executive Compensation" released on December 17, 2020.

Consolidated Financial Results Forecast for the Fiscal Year Ending December 31, 2021

	Forecast (Millions of Yen)	YoY change (%)
Net sales	41,500	19.3%
Operating profit	2,900	479.8%
Ordinary profit	2,900	586.0%
Profit attributable to owners of parent	1,500	497.3%
ROE	6.1%	+5.1

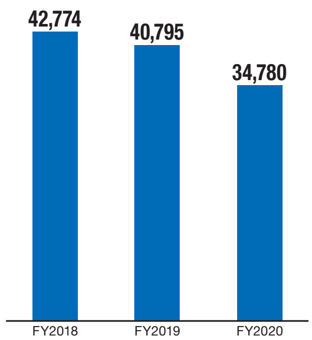
*Estimated exchange rate : USD/JPY:100.00, EUR/JPY:125.00

Net Sales

(Millions of Yen)

34,780

YoY changes 14.7%

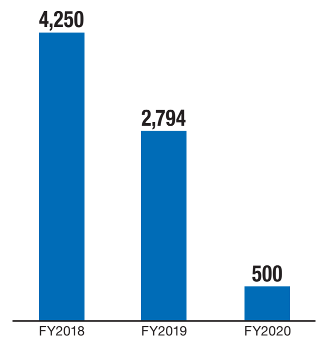


Operating Profit

(Millions of Yen)

500

YoY changes 82.1%

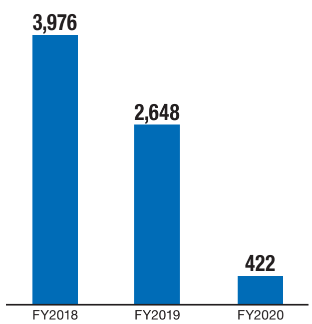


Ordinary Profit

(Millions of Yen)

422

YoY changes 84.0%

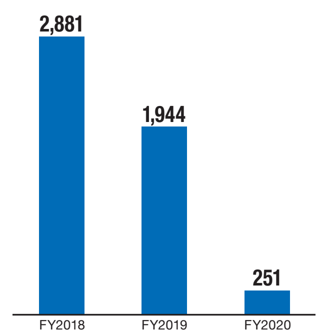


Profit attributable to owners of parent

(Millions of Yen)

251

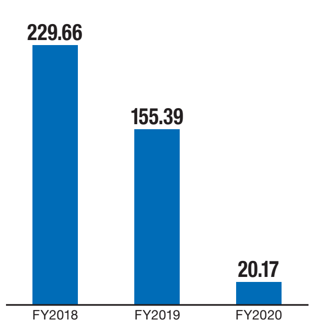
YoY changes 87.1%



Earnings per share

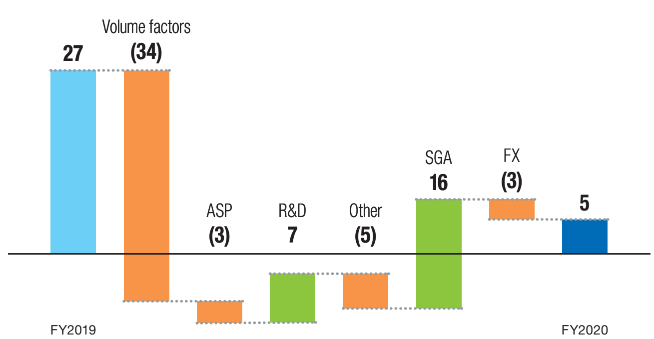
(Yen)

20.17



Variance Analysis YoY (Operating Profit)

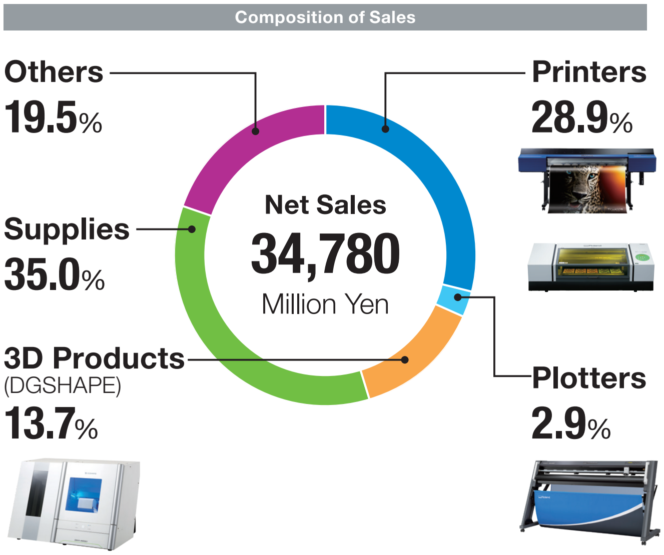
(Millions of Yen)



OPERATING & FINANCIAL REVIEW

Net sales by product

Net sales by product (FY2020)

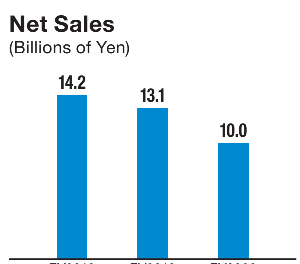


Printers

Net Sales

10,053 Million Yen

YoY changes 23.7% ↓



Summary

In the sign market, various events were cancelled or postponed due to the effects of restrictions in economic activities and self-restraint to curb the spread of COVID-19, leading to a rapid decline in output demand for indoor and outdoor advertising, and a decline in demand for capital investment. On the other hand, sales were supported by increased demand for the production of items such as stickers for measures to prevent COVID-19 infection and floor signs promoting social distancing, for which our strengths in print & cut functions and on-demand printing are utilized. In addition, sales of the BN-20 desktop inkjet printer equipped with the print & cut function enabling the on-demand production of original T-shirts and uniforms and the production of small-lot stickers increased owing to growing in-house and small business demand amidst the COVID-19 pandemic. In the retail market, output demand for novelties and gifts has been slow to recover even after the resumption of economic activities, and sales of UV printers have decreased significantly compared to the previous fiscal year. Regarding sales activities, we made efforts to maintain our customer base by continuing remote communication through such activities as online study sessions and service training on new products for distributors, and the dissemination of information to customers.

Amid these circumstances, in March we launched the VersaUV LEF2-300D compact UV printer for small-scale plants engaging in creating original products such as novelties. It has the ability to print value-added graphics and textures onto a vast array of materials on demand. In June, we launched the VF2-640, a print-only model to expand the product lineup of the TrueVIS series, mainstay printer models for the sign market, and Green Ink, a new, series-exclusive ink color aimed at increasing expressiveness.

As a result of these factors, printer sales were 10,053 million yen in the fiscal year ended December 31, 2020, or 76.3% of the previous fiscal year.

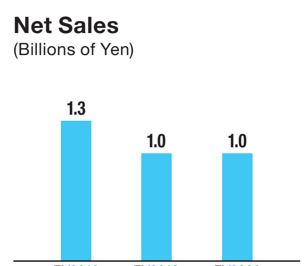
WML Design

Plotters

Net Sales

1,003 Million Yen

YoY changes 8.7% ↓



Summary

Despite an increase in sales of low-priced STIKA series cutting machines, which enable the simple creation of cutting stickers in offices and stores, as sales of large format cutters for the sign market decreased, plotter sales were 1,003 million yen, or 91.3% of the previous fiscal year.

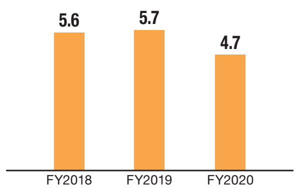
3D Products (DGSHAPE)

Net Sales

4,779 Million Yen

YoY changes 16.2% ↓

Net Sales
(Billions of Yen)



Summary

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, a wholly-owned subsidiary which engages in the 3D business, strives to become the top global manufacturer through regional expansion for sales and share expansion in the growing dental market. Although face-to-face sales activities were restricted due to COVID-19, we made efforts to maintain our customer base by continuing non-face-to-face communication. These efforts included online study sessions and service training on new products for distributors, and the dissemination of information to customers. In the 3D digital fabrication market, sales of 3D milling machines and engravers decreased due to declining demand for capital investment by customers. In the dental market, dental clinic operations are restricted in the midst of the COVID-19 pandemic, and in areas where infection continues to spread, some clinics are continuing to operate at a low capacity due to measures such as limiting the number of patients in order to prevent infection, although demand is on the path to recovery owing to business resumption after the lifting of lockdowns and states of emergency. As a result, sales of dental milling machines decreased from the previous fiscal year due to a decline in demand for capital investment.

As a result of these factors, sales of 3D products were 4,779 million yen, or 83.8% of the previous fiscal year.

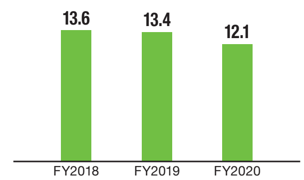
Supplies

Net Sales

12,153 Million Yen

YoY changes 9.4% ↓

Net Sales
(Billions of Yen)



Summary

Sales of printer ink were sluggish, owing to a downturn in the capacity utilization rate of customers caused by factors such as the cancelation or postponement of events due to COVID-19. Although the capacity utilization rate of customers has been improving since the third quarter of the fiscal year due to the resumption of economic activities and sales of printer ink have also been on the path to recovery, as the sales decline was large in the second quarter (April to June), when the impact of COVID-19 was pronounced, sales of supplies were lower than the previous fiscal year at 12,153 million yen, or 90.6% of the previous fiscal year.

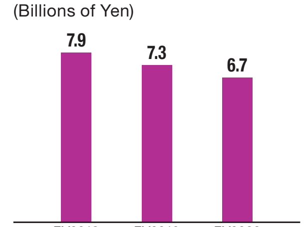
Others

Net Sales

6,790 Million Yen

YoY changes 8.2% ↓

Net Sales
(Billions of Yen)

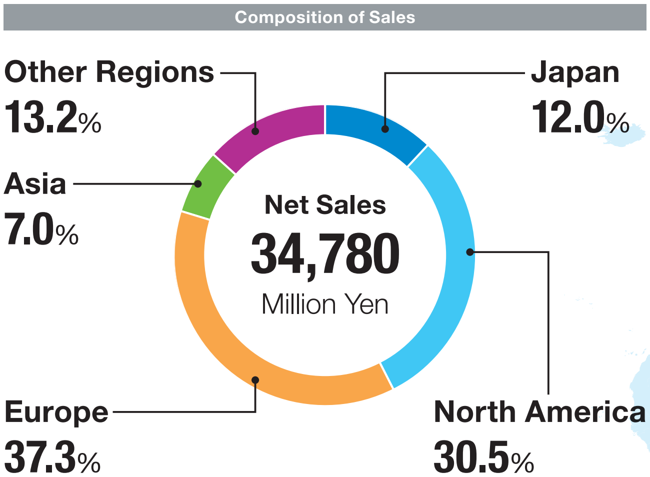


Summary

Maintenance services and maintenance sales remained at the same level as the previous fiscal year owing to enhanced customer support, including remote service support. However, sales of service parts decreased due to a decline in product utilization rate caused by the impact from COVID-19.

As a result, other sales were 6,790 million yen, or 91.8% of the previous fiscal year.

Net sales by region (FY2020)



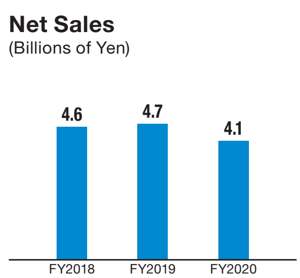
Through our global network, we provide products and services to more than 200 countries and regions.

Japan

Net Sales

4,164 Million Yen

YoY changes 12.2% ↓



Summary

In printers, sales of printers mainly for the sign market and the retail market decreased. In addition, sales of supplies decreased, mainly inks, due to the cancelation of various events caused by the impact from COVID-19 and a rapid downturn in output demand. In 3D products, with the expansion of insurance coverage for CAD/CAM crowns (dental fillings and crowns made using digital data) in September last year, sales of the DWX-4 dental milling machine increased from the previous fiscal year. However, owing to a decline in demand for capital investment, sales in the 3D digital fabrication market and the dental market were sluggish and decreased from the previous fiscal year.

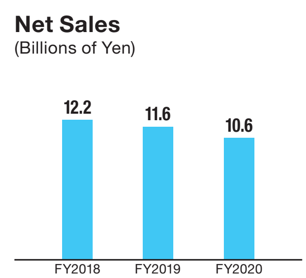
As a result, net sales in Japan were 4,164 million yen, or 87.8% of the previous fiscal year.

North America

Net Sales

10,621 Million Yen

YoY changes 8.6% ↓



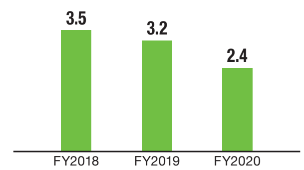
Summary

In 3D products, sales of 3D milling machines in the 3D digital fabrication market were sluggish. In the dental market, sales during the second quarter of the fiscal year (April to June) decreased significantly as the result of restricted sales activities of dental clinics due to the spread of COVID-19. However, sales of dental milling machines exceeded those of the previous fiscal year as a result of our exhibit at a major industry tradeshow in February and proactive sales promotions such as replacement promotions, in addition to the successful concentration of resources on non-face-to-face sales activities utilizing the Internet even after the resumption of economic activities. In printers, sales of the BN-20 desktop inkjet printer equipped with the print & cut function increased significantly owing to growing in-house and small business demand amidst the COVID-19 pandemic. However, sales of supplies, mainly printers and ink, decreased due to a significant decline in output demand by customers in the digital printing market overall.

As a result, net sales in North America were 10,621 million yen, or 91.4% of the previous fiscal year.

Asia

Net Sales
(Billions of Yen)



Net Sales

2,439 Million Yen

YoY changes 24.3% ↓

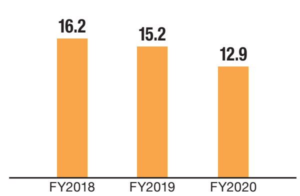
Summary

Since early February, COVID-19 had a major impact on sales, mainly in China, and also in South Korea, Taiwan, and the ASEAN region. Sales of consumables, such as ink and service parts, decreased significantly due to a decline in printer utilization rate. In China, sales of printers and service parts for the sign market declined, although sales of dental milling machines maintained at the same level as the previous fiscal year, partly due to an increase in sales by newly established distributors. In South Korea, where economic stagnation due to the impact from COVID-19 continues, sales of printers for the sign market and dental milling machines decreased significantly. In the ASEAN region, sales of service parts fell significantly in Indonesia and the Philippines.

As a result, net sales in Asia were 2,439 million yen, or 75.7% of the previous fiscal year.

Europe

Net Sales
(Billions of Yen)



Net Sales

12,956 Million Yen

YoY changes 15.1% ↓

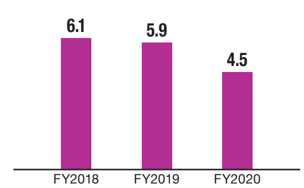
Summary

During the second quarter of the fiscal year (April to June), the impact from the spread of COVID-19 was pronounced and sales dropped significantly, mainly in Italy and Spain, which account for a high ratio of sales in the region. Since summer, the capacity utilization rate by customers has been on the path to recovery, following the resumption of economic activity, but sales were sluggish in areas where lockdowns resumed due to the reemergence of infection from the third quarter of the fiscal year. In printers, sales of printers for the sign market and eco-solvent ink decreased. In 3D products, sales of 3D milling machines and dental milling machines were sluggish, owing to a decrease in demand for capital investment.

As a result, net sales in Europe were 12,956 million yen, or 84.9% of the previous fiscal year.

Other Regions

Net Sales
(Billions of Yen)



Net Sales

4,597 Million Yen

YoY changes 22.7% ↓

Summary

In Australia, although sales of dental milling machines and service parts remained at the same level as the previous fiscal year, sales of printers for the sign market dropped sharply. In Brazil, where the spread of COVID-19 continues, sales of printers for the sign market decreased only slightly, but overall sales decreased significantly from the previous fiscal year due to the appreciation of the yen against the Brazilian real. In the Africa region, sales decreased in printers and ink for the sign market.

As a result, net sales in these regions were 4,597 million yen, or 77.3% of the previous fiscal year.

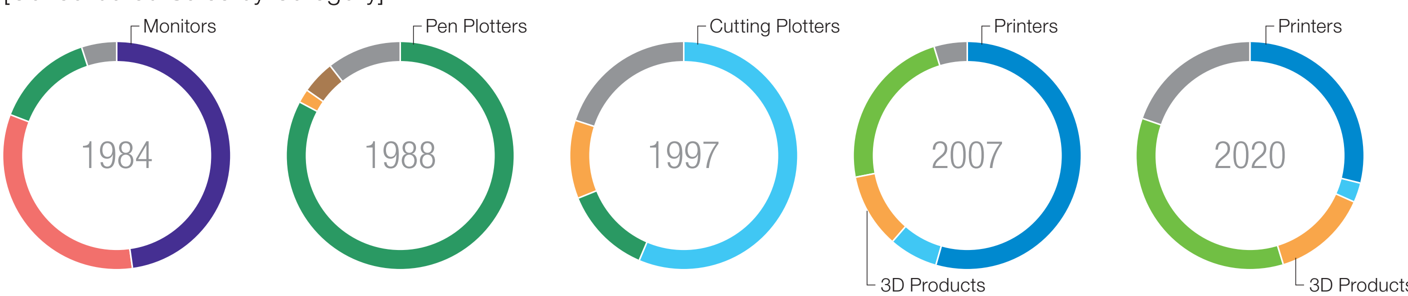
Roots

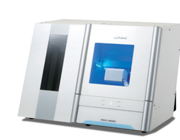
Roland DG was established in 1981, during the advent of personal computing, with the goal of cultivating new markets with a product lineup that could "Transform Imagination into Reality" through the combination of cutting-edge technology and the manufacture of precision devices. The first products to be developed were a computer music peripheral that used a personal computer to create, edit and perform music, along with the **pen plotters** that sat beside it and connected to the computer to print out sheet music. CAD was spreading as a way to use personal computers to draw diagrams and designs, while pen plotters were growing popular in the manufacturing and construction industries for outputting blueprints. In addition, we used our experience with vertical and horizontal XY-axis positioning control on pen plotters, added a Z-axis for height, swapped the pen for a drill bit, and brought the world's first **3D milling machines** to market. Then, we substituted the drill bit with a cutter and developed our **engraving machines**. We were able to cultivate new markets as these machines found use in prototyping for product development and design departments involved in manufacturing, as well as for applications in a variety of areas where engraving is necessary.

Then we took it one step further, and by swapping out a pen for a blade, we developed the **cutting machines** that could cut text and illustrations from vinyl sheets and rolls, which had applications in the creation of signage. Afterwards, as the image processing capability of computers continued to grow along with the proliferation of digital cameras, we developed the **wide-format inkjet printers** by replacing cutting blades with inkjet printing heads and sought to expand the Sign market with solutions to improve signage as a visual medium.

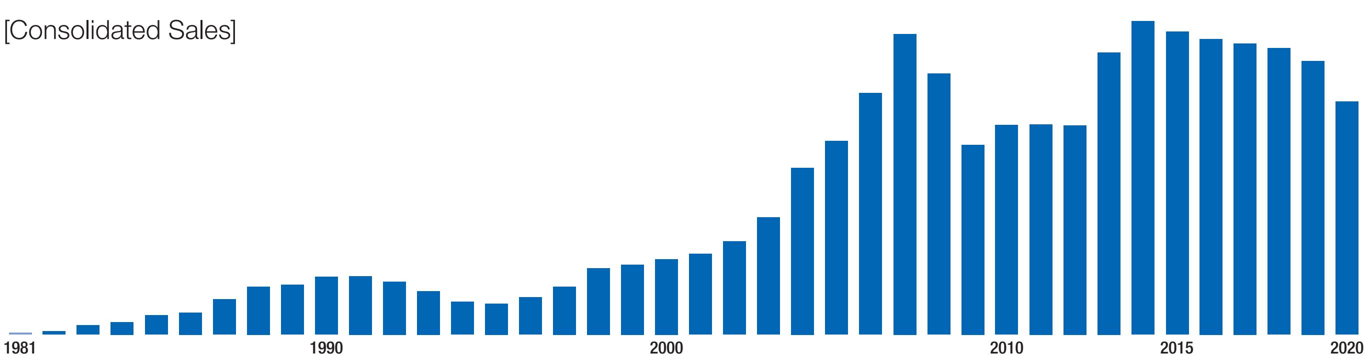
And now, we reset our business targets to "Digital Printing", and "DGSHAPE." By strategically allocating management assets and resources, we aim to accelerate new business developments in these growth markets.

Paths to Sustainable Growth
[Consolidated Sales by Category]





[Consolidated Sales]



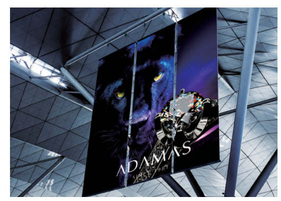
Business Summary

Digital Printing Business

Through solutions centered on wide-format inkjet printers, we are promoting process reform through digitalization in various printing markets, including the sign market which manufactures displays such as panels for advertising.

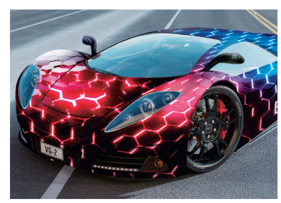
Our digital printing solutions cater to various customer needs and applications through quality-image, high-resolution printing leveraging a wide range of product lineups and color management technologies, including eco-solvent printers optimal for vinyl sheet printing, UV printers that enable printing on diverse materials such as plastics and leather, and dye sublimation textile printers for fabric printing.

Eco-Solvent Printers



Banners


Billboards


Car wrapping

Stickers

UV Printers

Glass signs

Photo frames

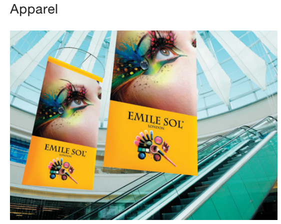

Smartphone cases


Prototyping

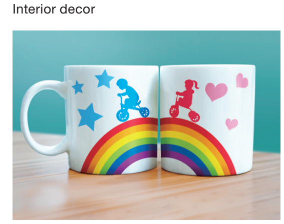
Textile Printers


Apparel


Interior decor



Soft signage


Personalized goods

DGSHAPE Business

The DGSHAPE Business markets 3D-milling machinery that cuts out shapes using blades, engravers for applications ranging from industrial equipment to gifts, dental milling machines for tooth-filling and covering materials, and metal printers that support the maintenance and management of medical equipment. With the product concepts “desktop”, “ease-of-use” and “affordable prices,” we will promote manufacturing that leverages digital data.

Dental

Our lineup of dental milling machines are attuned to the latest dental materials with strengths in milling technologies using 3D data in an open system setting. We contribute to the digitalization and streamlining of dental lab work. We also aim to further improve customer satisfaction by supplying operation management software that can efficiently manage the operation of our products and calculate their cost effectiveness.



Dental restorations

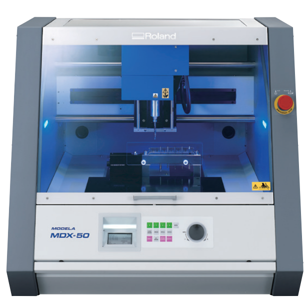
Dental Milling Machines

3D Fabrication

Amid the growing momentum of Science, Technology, Engineering and Mathematics (STEM) education worldwide, we will leverage our strengths in additive and substructive technologies to spread 3D digital fabrication. Cooperating with the COTO Business Division, we aim to acquire new customer segments in the retail and service sectors for the use of metal printers and laser foil decorators.

Prototyping

Production of jigs



3D Milling Machines

Personalizing pens, fountain pens and other stationery

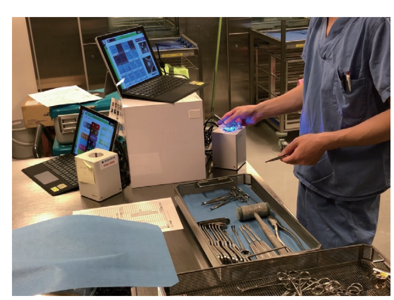
Decorating smartphone cases

Laser Foil Decorators

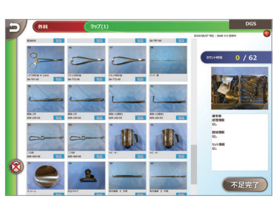
Medical

With the purpose of solving the problems faced by hospitals nationwide, such as managing the history of use of surgical instruments and improving the quality and efficiency of maintenance work, we have developed a solution for the management of surgical instruments by applying the technology and know-how of Digital Yatai (digital cell production system) utilized at the Company’s production sites. In addition to enhancing medical safety, we will help streamline hospital operations by looking at it from the standpoint of fabrication management.

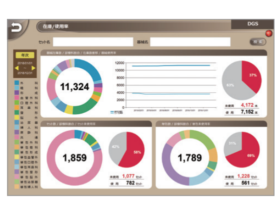
Eirthemis



Digitalizing work instructions



Supporting management of each instrument



Visualizing aggregated data

DG Value

Digital Cell Production System (D-Shop)

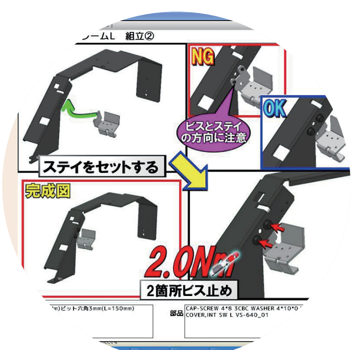
The Company's products are built using a unique cell production system called Digital Cell Production System, or D-Shop. With D-Shop, instead of an assembly line, where multiple workers each contribute parts, each worker builds a full unit, from start to finish, on their own. A computer display shows the worker a 3D graphic manual, and an apparatus automatically rotates and delivers the rack of parts needed for each stage of assembly. A virtual manual guides the worker step-by-step as they use the electric screwdrivers to assemble the product. The guide and apparatus are set up so that the worker never receives incorrect parts or tools for the job at hand. Also the entire process is monitored to ensure product quality. Digital technology is utilized to assist the worker's memory and attentiveness, to achieve the highest quality and productivity.

A single D-Shop can perform all the functions necessary for production, so its key strength lies in the flexibility in regards to any changes that may be required. D-Shop is also employed at the Thailand factory, which began operation in 2012, and has enabled them to achieve a level of quality equal to that of products made in Japan.

D-Shop

History

2000 Commenced production with Digital YATAI (digitized cell production system).
2005 Established a new Miyakoda factory.
2006 Adoption of D-Shop, the advanced version of the new Digital YATAI.
2007 Introduction of the automated line.
2008 Completion of the expanded Miyakoda factory.
2011 Established the first foreign manufacturing subsidiary in Thailand.
2014 Completion of the expanded Thailand Factory.



3D Graphic Manual

Automatic Rotating Parts Rack

Cordless Electric Screwdrivers

Worldwide Operations

Through a network of sales subsidiaries and dealers, the Company's products and services now reach 200 countries and regions around the world. Marketing and sales activity in each region is closely tailored to local culture and customs, and is headed up by a team of regional staff members to ensure a precise fit for the market and its customers.

At the same time, representatives from overseas sales subsidiaries regularly gather to create global marketing strategies and share best practices from their respective regions. This cooperation has built a corporate structure that produces the best solutions for delivering greater added value worldwide. Since 2012, GlobalOne corporate structural reform has formed the basis for a direct connection of sales and marketing with monozukuri. This has allowed product development to become united with the actions of the market.

In addition, having production, procurement, and product development handled by the Thailand factory allows for the further development of products to meet more diverse customer needs.

History

1985 Established a subsidiary in Belgium.
1988 Established a subsidiary in Australia.
1990 Established a subsidiary in the U.S.A.
2002 Established a subsidiary in the U.K.
2005 Established a subsidiary in Spain.
2006 Established a subsidiary in Italy.
2008 Established a subsidiary in Denmark.
2011 Established the first foreign manufacturing subsidiary in Thailand.
2012 Established a subsidiary in China.
Established a subsidiary in Korea.
Established a shared services subsidiary in Spain.
2013 Formed a subsidiary in Brazil.
2014 Established a subsidiary in the Netherlands, a holding company providing fund management for group companies in Europe.
Formed a subsidiary in Russia.
2017 Transferred the 3D business to a newly-established subsidiary, DGSHAPE Corporation.

Customer Support System

As the company handles many professional-use products, we provide service and support throughout the customer's business cycle to ensure the continued health of their business. This includes connecting people to their imaginations, unleashing new creative possibilities, and making sure issues like product failure never interrupt a customer's business activity.

History

1996 Roland DGA Corporation establishes Roland University (now Roland DG Academy)
2008 Roland DG Mid Europe S.r.l. creates the first Roland DG Creative Center.
2012 Held a Creative Awards contest recognizing the creativity of Roland DG users worldwide.
2013 Held the first-ever SE Awards of the World contest.

Creative Center

Roland DG Creative Center

Roland DG Creative Centers are the Company's communication space for delivering the latest information to our customers. Many application samples created by using our products are on display to spark users' imaginations and allow them to see and experience the possibilities these products offer.

Academy

Roland DG Academy

At Roland DG Academy, the Company provides the necessary training and workshops to help fully unlock the potential of our products and related software. These spaces serve as an environment where users, beginners and professionals alike, can realize the best performance from their machines.

Care

Roland DG Care

The Roland DG Care program is designed to ensure that the Company's products continue to operate as promised for as long as possible. With features such as post-installation maintenance and troubleshooting, as well as software and firmware updates and empty ink cartridge collection, Roland DG Care exists as a comprehensive service and support system that is finely-tuned to our customers' needs.

R&D

Roland DG began with XYZ-axis control technology and has continuously challenged itself to create new products from original ideas. At our essence is a corporate culture that values the curiosity of R&D. We begin with a simple desire to develop a new useful feature and build upon that using core technology to create "world's first" and "industry first" innovations again and again. At the heart of this development process is always our company vision to "transform imagination into reality."

History

1982 Released the computer music pen plotter.
Released the pen plotter.
1983 Released monochrome monitors.
1986 Released the first of the 3D milling machines.
1987 Released the first of the engraving machines.
1988 Released the first of the cutting plotters.
1995 Released the world's first thermal transfer technology color printer/cutter.
1997 Released the world's first wide-format inkjet printer/cutter, capable of printing water-based pigment ink
2000 Released the photo impact printer capable of transferring photographs and illustrations onto metal and acrylic.
2001 Released the 3D laser scanner.
2003 Released the inkjet printer/cutter designed to enhance on-demand production of small jobs.
2005 Released the wax modeling jewelry machine.
2008 Released the UV-LED inkjet printer/cutter, capable of multi-layered printing on a wide variety of substrates.
2009 Released the world's first inkjet printer/cutter capable of printing metallic silver ink.
2010 Released the first of the dental milling machines.
2011 Released the digital hobby mill.
2012 Released the aqueous inkjet printer, targeting emerging markets.
2014 Released the company's first 3D printer, and a new milling machine.
Released the dye sublimation transfer printer for exclusive use in textile printing.
2015 Released the company's first wet milling dental machine, and a new dry milling dental machine.
2018 DGSHAPE released a dental milling machine with performance visualization software to help dental labs run a more productive and efficient business.
DGSHAPE released the world's first laser foil decorator.
Released cotodesign design and print management software for customizing store merchandise on demand using customers' favorite designs and photos.

Corporate Governance

Summary of Corporate Governance Structure of the Submitting Company and Reason for Selection of the Structure

Our vision is that it is crucial to place emphasis on the health, transparency and efficiency of corporate management, as well as to establish a corporate structure that will allow us to respond expeditiously and appropriately to rapid changes in our business environments. Specifically, in addition to speeding up decision-making and implementing mutual supervision of Directors that are well-versed in the business, we have enhanced our ability to supervise our management from a third-party perspective by Outside Directors and Outside Audit & Supervisory Board Members. By introducing a division structure / business division, we work toward efficient business execution, while we have established the Management Meeting consisting of Executive Directors, including the President, and Division Presidents in order to execute business flexibly and promptly. We are also engaged in implementing and enhancing our structure to ensure more openness in our disclosure to shareholders and investors.

The Company Group will place the below corporate ideals at the root of its management, making it the starting point for all corporate activities.

Slogan
- Inspire the Enjoyment of Creativity
- Be the BEST rather than the BIGGEST
- The Roland Family – Cooperative Enthusiasm

Mission

Bringing new opportunities to society through digital technology

Vision

Transforming your imagination into reality

Additionally, the Company has also defined the following “Code of Conduct” to conduct business activities in line with the corporate ideals.

Code of Conduct

Creation of New Value
- We will maintain a spirit of creative inquiry to help make people’s lives better by creating innovative value.
- We will strive harder towards making the company the best rather than the biggest and will work to improve corporate value through the excellence, sustainable business development.
- We will continually challenge new fields with unrestricted imagination and originality.

Global Business Expansion
- We will constantly pursue new opportunities and engage in business activities with the goal of global expansion.
- We will respect the diversity in various regions around the globe, including their histories and cultures, and will remain conscious of the importance of harmonious coexistence as we conduct our business activities.
- We will do our part to conserve the global environment in order to ensure a pleasant society for the people of the world.

Clean and Open Corporate Culture
- Each one of us will remain conscious of social responsibility and will observe laws and social ethics when conducting ourselves.
- Each one of us will build trust by following our consciences to make fair decisions and by maintaining transparency and accountability.
- We will create a corporate culture in which everybody can work with enthusiasm and passion.

Reasons for Not Implementing the Principles of the Corporate Governance Code

The Company is implementing all principles of the Corporate Governance Code.

Disclosure Based on Each Principle of the Corporate Governance Code

Principle 1-4 Cross-Shareholdings

As a general principle, the Company will not conduct cross-shareholding. However, in the event that showing the intention to maintain a strong relationship such as business partnerships or strengthening of transactional relationships is valid from a business perspective, the Company may hold shares at a minimum to the extent necessary. The Company currently holds shares of one financial institution with which it has a transactional relationship for the purpose of strengthening relationships. In addition, the Board of Directors examines every year the adequacy of holding objectives, the benefits and risks associated with holding for each cross-shareholding of the Company, verifies the suitability of holdings, and confirms the appropriateness of holding for all securities. Exercise of voting rights for such shares will be determined based on whether or not the proposal serves to contribute to the objectives of the holding.

Principle 1-7 Related Party Transactions

When the Company engages in transactions with its officers or major shareholders (i.e., related party transactions), designated approval is required as defined by internal regulations such as the “Rules of the Board of Directors” and “Approval Rules.” The Company deliberates and confirms that such transactions will not harm the interests of the Company or the common interests of its shareholders. Following disclosure standards, information on related party transactions is disclosed in the Business Report and the Securities Report.

Principle 2-6 Roles of Corporate Pension Funds as Asset Owners

The Company has established the “Retirement Pension Assets Management Committee” by selecting employees from back-office sections who are well-versed in pension management. The committee deliberates on important matters for the safe and efficient management of pension assets, repots them to the Board of Directors, and receives counsel from external consultants as necessary to complement and improve their expertise. Conflicts of interest which could arise between corporate pension fund beneficiaries and the Company are appropriately managed by leaving the exercise of voting rights to the discretion of fund management institutions and having no involvement in such exercise of voting rights.

Principle 3-1 Full Disclosure
1. Business principles, business strategy and business plans: The Slogans, Mission, Vision, and Medium-Term Business Plan are disclosed on the Company’s website and in its financial results briefing materials and disclosure materials, etc.
2. Basic views and guidelines on corporate governance: Basic views are disclosed on the Company’s website, Corporate Governance Reports to TSE, and Securities Reports.
3. Policies and procedures in determining the remuneration of Directors: When determining the remuneration for Directors, remuneration is deliberated fairly and transparently by the Director Remuneration Committee consisting of three or more of the Directors who were elected by the Board of Directors (half or more of such Directors are Independent Outside Directors), and receiving appropriate participation and counsel. In addition, with regard to the amount of Directors’ remuneration, etc., information is disclosed on the Company’s website, Corporate Governance Reports to TSE, the convening notices for general shareholder meetings, and Securities Reports.
4. Policies and procedures for the nomination of candidates for Director and Audit & Supervisory Board Member: When nominating candidates for Director and Audit & Supervisory Board Member, the appropriateness of candidates is discussed in the Officer Appointment Committee, consisting of three or more of the Directors who were elected by the Board of Directors (half or more of such Directors are Independent Outside Directors), based on the appointment standards stipulated in the “Officer Appointment Committee Operational Regulations” and is reported to the President. The President submits this candidate appointment proposal to the Board of Directors and Audit & Supervisory Board, and upon their resolution, it is proposed to a general shareholder meeting. Furthermore, the procedures for nomination are disclosed in Corporate Governance Reports to TSE, and with regard to independence, the Company’s standard concerning independency is disclosed on the Company’s website.
5. Explanations with respect to individual appointments of senior management and nomination of Directors and Audit & Supervisory Board Members: Reasons for appointment of all candidates are disclosed in the convening notices for general shareholder meetings.

Supplementary Principle 4-1-1 Clarification of Scope of Delegation to Management

The Company defines in its internal regulations such as the “Rules of the Board of Directors” with regard to items defined by laws and regulation, items for resolution by the Board of Directors as important items, and items for reporting concerning execution status; and the "Administrative Authority Regulations" with regard to the authority of Executive Directors. The Company defines in its internal regulations such as the "Approval Rules" with regard to the range of decision-making delegation to management, etc. Outlines of the regulations are disclosed in Corporate Governance Reports to TSE.

Principle 4-9 Independence Standards and Qualification for Independent Outside Directors

The Company has defined the "Standards concerning independency of outside officers," and discloses them on its website. With regard to appointment of personnel, in addition to standards presented by the Tokyo Stock Exchange, candidates must fulfill the Company's proprietary standards, and while placing emphasis on diversity, the Company works to appoint individuals who can attend Board of Directors Meetings in person. (Standards concerning independency of outside officers)

Supplementary Principle 4-11-1 Disclosure of Views Concerning the Composition, etc., of the Board of Directors

Policies and procedures regarding the appointment of the Company's Directors are as shown in Principle 3-1 4, and the Board of Directors of the Company shall be appointed within the framework of a maximum of 10 members, as defined in the Articles of Incorporation. While considering areas of expertise and experience, by creating a balanced composition, the Company increases the diversity of its Board of Directors.

Supplementary Principle 4-11-2 Disclosure of Status of Concurrent Positions

With regard to Outside Directors and Outside Audit & Supervisory Board Members of the Company, appointment is made, with the ability and will to attend various meetings in person, including general shareholder meetings and Board of Directors meetings, as appointment standards. Active discussions are made from various angles, and the Company works to strengthen the structure to allow for the Board of Directors to function effectively. Furthermore, concerning the concurrent holding of officer positions at other companies, these items are resolved by the Board of Directors for Executive Directors. For Outside Directors (Non-executive Directors), these items are notified in advance to the President in writing and reported at the immediate meeting of the Board of Directors. Additionally, the maximum number of listed companies at which Outside Directors serve as officers concurrent positions is limited to a maximum of five. If it exceeds this limit, these items are resolved at the Board of Directors. For Audit & Supervisory Board Members, these items are reported to the Board of Directors following resolution of the Audit & Supervisory Board. Furthermore, the Company believes that the current status of concurrently held positions and attendance is in a reasonable range, as the rate of attendance is extremely high. The current status of attendance is disclosed every year in the convening notice for the general shareholder meeting, and the status of concurrently held positions in the convening notice for the general shareholder meeting and the Securities Report.

Supplementary Principle 4-11-3 Disclosure of Outlines of Analysis and Evaluation Results on Effectiveness of the Board of Directors

The Company conducts questionnaires to Directors and Audit & Supervisory Board Members on the effectiveness of the Board of Directors and reports the questionnaire results to the Board of Directors by the Board of Directors Secretariat. The Company then discusses improvement plans for the Board of Directors with more effectiveness, and makes improvements as necessary. Based on the questionnaire results, the Company considers that the effectiveness of the Board of Directors as a whole is ensured without any major problem.

Supplementary Principle 4-14-2 Disclosure of Training Policy

With regard to the Company's Directors and Audit & Supervisory Board Members, the Company's policy is to hold timely training sessions by outside instructors, etc., as necessary, based on the following framework with the objective of achieving the appropriate fulfillment of duties and responsibilities expected of a Director or Audit & Supervisory Board Member.

- Create opportunities for new officers to acquire necessary knowledge concerning business, finance, and organizations, etc.
- Create opportunities for outside officers to share and deepen understanding of business content and management issues.
- Create opportunities to acquire other knowledge, etc., necessary to fulfill responsibilities.

The policy of training for Directors and Audit & Supervisory Board Members is disclosed in Corporate Governance Reports to TSE.

Principle 5-1 Policy for Establishing Systems and Efforts to Promote Constructive Dialogue with Shareholders

With regard to dialogue with institutional investors and individual investors, the Company positively responds to them to a reasonable extent. Additionally, the Company has defined the "Policy for establishing systems and efforts to promote constructive dialogue with shareholders" and discloses it on the Company's website.

*Titles of supplementary principles are provided for convenience in the interest of readability.

Information on Corporate Institutions

The Company adopts an Audit & Supervisory Board Members system. Details of the main bodies of the Company including the Board of Directors are as follows:

a. Board of Directors

The Board of Directors consists of seven Directors (including four Outside Directors) and meets at least once every month to make decisions on crucial operational matters and oversee the execution of Directors' duties.

b. Management Meeting

The Management Meeting consists of Executive Directors including the President, and meets typically once every month to make decisions on crucial operational matters, hold advanced discussion on the agenda of the Board of Directors, and oversee the execution of Division Presidents' duties by reporting and proposing business activity.

c. Audit & Supervisory Board

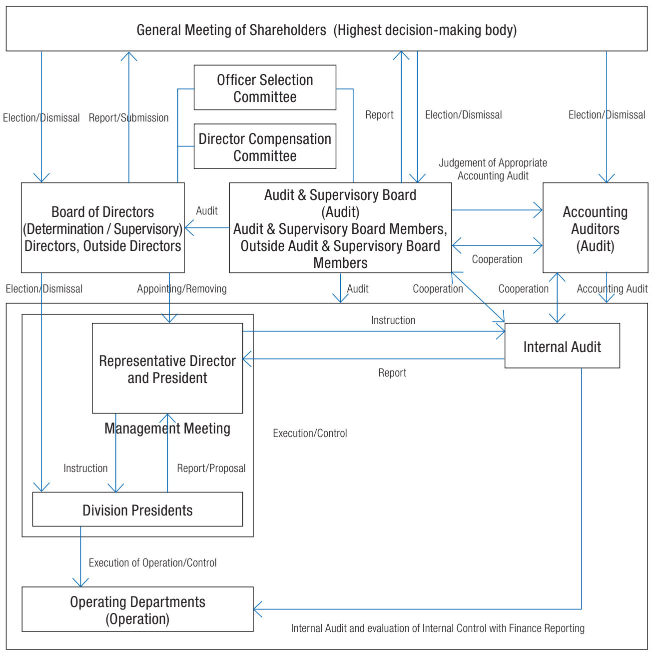
The Audit & Supervisory Board consists of four Audit & Supervisory Board Members (including two Outside Audit & Supervisory Board Members) and meets in principle at least seven times a year to receive reports on important matters relating to audits, as well as carry out discussions and make resolutions on these matters. Additionally, a forum for sharing information and exchanging views, etc., among Audit & Supervisory Board Members will be installed as necessary, in order to contribute to the formulation of audit opinion and enhance the effectiveness of audits. In order to gain an understanding of important decision-making processes and the status of business execution, Audit & Supervisory Board Members also participate in Board of Directors meetings, Management Meetings, and other important meetings within the Company. Audit & Supervisory Board Members also conduct audits on various business locations and affiliate companies in addition to engaging in strengthening its function of monitoring the execution of Directors' duties.

Members of each corporate institution are as follows:
◎ Chairman for corporation institutions, ○ Member

Role	Name	Board of Directors	Management Meeting	Audit & Supervisory Board
President	Kohei Tanabe	◎	◎	
Director	Toshiharu Uwai	○	○	
Director	Eli Keersmaekers	○	○	
Outside Director	Takuo Hirose	○		
Outside Director	Osamu Hosokubo	○		
Outside Director	Naoko Okada	○		
Outside Director	Brian K. Heywood	○		
Audit & Supervisory Board Member	Masayasu Suzuki			◎
Audit & Supervisory Board Member	Naoki Nagano			○
Outside Audit & Supervisory Board Member	Shigeki Matsuda			○
Outside Audit & Supervisory Board Member	Mitsuhiro Honda			○

In addition to the above, the Management Meeting is made up of five Division Presidents.

Corporate governance structure



Other matters related to corporate governance.

a. Status of the internal control system and risk management system

The Company carries out activities based on the "Basic Policies for Establishing an Internal Control System" which is resolved at the Board of Directors meeting each fiscal year. We have placed the three slogans of "Inspire the Enjoyment of Creativity," "Be the BEST rather than the BIGGEST," and "The Roland Family – Cooperative Enthusiasm" at the foundation of our management, and use them as the starting point for all corporate activities.

To secure conformity with laws and regulations and the Articles of Incorporation for execution of business by Directors and employees, our compliance structure includes internal education activities on Codes of Conduct that are supported by society, and an internal whistleblowing structure to promote compliance with laws and regulations within the Group.

The President assumes responsibility for the risk management structure, and a person responsible for risk management, designated by the person responsible for the risk management structure, conducts comprehensive management of company-wide risk management, periodically reporting to the Management Meeting and the Board of Directors. Additionally, a structure is established to receive periodic reports on risk management from subsidiaries, and matters related to the group-wide risk management are treated as risk management issues of the Company.

Furthermore, to secure the appropriateness of operations of the Group, we have defined regulations regarding management of affiliated companies, and while receiving reports on management status from subsidiaries, we supervise the management of key subsidiaries by seconding our Directors, etc., based on the business content and scope of subsidiaries. We secure appropriateness of operations by placing management advisory bodies at key subsidiaries to deliberate on significant management matters. With respect to the internal control reporting structure for financial reporting as required by the Financial Instruments and Exchange Acts, the management procedures and structure, etc., for development, operation and evaluation of the internal control system are defined, with the Accounting Service Department in charge. The evaluation of effectiveness is conducted through evaluation of the status of development and operation in each department and subsidiary, as well as independent evaluation by the Internal Audit Department.

Apart from the above, the following procedures have been developed to realize appropriate internal control and risk management: a structure to secure efficient execution of duties by the Directors of the Group; a structure related to storage and management of information regarding the execution of duties by the Directors; a structure to make reports to the Audit & Supervisory Board members including a structure for the Directors and employees to make reports to Audit & Supervisory Board members; a structure regarding employees to assist the duties of Audit & Supervisory Board Members should they request assistance from such employees; and a structure to ensure that persons making reports to Audit & Supervisory Board Members do not receive detrimental treatment as a result of such reporting.

Furthermore, we have defined "Basic Views and Maintenance Status Toward Elimination of Anti-social Forces " with respect to anti-social forces, and under the basic principle of "taking a firm stance and having no relationships, and not conducting any transactions," we strive to inculcate this to all employees while assigning the General Manager of the General Affairs Service Department in charge of preventing wrongful requests, and through cooperation with related internal departments, we work to terminate relationships with anti-social forces across the entire company.

In addition to the above, in order to respond to various legal contingencies, we have in place advisory contracts with multiple law firms with whom we consult and develop solutions to issues as needed.

b. The fixed number of Directors

The Articles of Incorporation stipulate that the Company shall not have more than ten (10) Directors.

c. Requirements for resolution to appoint Directors

The Articles of Incorporation stipulate that the resolution for electing a Director shall be adopted by a majority of the voting rights held by the shareholders present, whose number shall constitute at least one-third of the voting rights of all shareholders of the Corporation who are entitled to vote at the meeting and the resolution shall not be made by cumulative votes.

d. The decision-making body for interim dividend

In order to enable flexible return of profits to shareholders, the Articles of Incorporation stipulate that the Company may, by a resolution of the Board of Directors, distribute interim dividends with a record date being June 30 of each year.

e. The decision-making body for the acquisition of own stock

The Articles of Incorporation stipulate that the Company may, by a resolution of the Board of Directors, acquire its own stock through the market transactions, etc. pursuant to Article 165, Paragraph 2 of the Companies Law of Japan in order to enable the Company to flexibly acquire own shares.

f. Requirements for special resolutions at the General Meetings of Shareholders

The Articles of Incorporation stipulate that a special resolution as stipulated in Article 309, Paragraph 2 of the Companies Law of Japan shall be adopted by a two-thirds majority of the voting rights held by the shareholders present, whose number shall constitute at least one-third of the voting rights of all shareholders of the Corporation who are entitled to vote at the meeting.

g. Limited liability agreement with Nonexecutive Directors and Audit & Supervisory Board Members

The Company may enter into contracts, pursuant to Article 427, Paragraph 1 of the Companies Law of Japan, with Nonexecutive Directors and Outside Audit & Supervisory Board Members to the effect that, if such Directors are not aware of any problems and are not grossly negligent in performing their duties, the liability of the Directors under Article 423, Paragraph 1 of the same law shall be limited. The limited liability amount under such contracts shall be the minimum limited liability amount specified by law.

The Status of Internal Audits, Audits by Audit & Supervisory Board Members, and Accounting Audits

With regard to internal audits, the Company has established the audit section as an organization under the direct control of the President, which reports the results of internal control and internal audits at the meeting of the Board of Directors. Audit & Supervisory Board Members and audit section liaise on various matters, such as the development of audit plans, to improve the effectiveness and efficiency of audits.

The state of audits by Audit & Supervisory Board Members is described in “c. Audit & Supervisory Board” presented in “Information on Corporate Institutions.” Audit & Supervisory Board Members receive explanations of the audit plan and reports of audit results from, and exchange views and information as necessary with, accounting auditors. The Audit & Supervisory Board Members and audit section liaise on various matters, such as the development of audit plans, to improve the effectiveness and efficiency of audits.

Full-time Audit & Supervisory Board Member, Mr. Masayasu Suzuki, has been involved in operations in financial institutions for many years as well as accounting operations in the Company, and Full-time Audit & Supervisory Board Member, Mr. Naoki Nagano, has been involved in operations in financial institutions for many years as well as corporate planning and accounting operations in the Company. Outside Audit & Supervisory Board Member, Mr. Shigeki Matsuda, is licensed as a certified public accountant and tax accountant, and Outside Audit & Supervisory Board Member, Mr. Mitsuhiro Honda, has abundant experience in international tax affairs. All four individuals are well-versed in finance and accounting matters.

While the Company has no special vested interest with the accounting auditor, Deloitte Touche Tohmatsu LLC, or its engagement partners, the two parties maintain close contact with each other so that the Company is able to receive appropriate advice on an ongoing basis. As for consolidated subsidiaries, accounting audits are consigned to independent auditors in order to ensure the appropriateness of our consolidated accounting. Furthermore, the accounting audit for the fiscal year under review was conducted by Certified Public Accountants Messrs. Hirohisa Kato and Masanori Toyoizumi who are designated limited liability partners and engagement partners. (As the number of consecutive years conducting audits is within seven years, the number of years is omitted.) Assistance for audit operations is provided by five Certified Public Accountants and seven other persons.

The audit section, Audit & Supervisory Board Members, and the accounting auditor hold joint meetings in principle two times a year to execute audits from their respective standpoints in collaboration with each other.

Overview of Personal Relationships, Capital Relationships, or Transactional Relationships and other Interests between the Company and the Company’s Outside Directors, or Outside Audit & Supervisory Board Members

Outside Director, Mr. Takuo Hirose, is a partner of Anderson Mori & Tomotsune, a law firm with which the Company has business transactions including the receiving of various services that are based on our legal advisory contract. However, the Company receives legal advisory services from different attorneys of the said law firm.

Outside Director, Mr. Brian K. Heywood, is the CEO of Taiyo Pacific Partners L.P., a major and largest shareholder of the Company. The Company has entered into an advisory contract with said company for the purpose of mainly receiving counsel and suggestions on management and business strategies. However, the Company receives advisory services under the advisory contract from different members of said company.

Outside Audit & Supervisory Member, Mr. Mitsuhiro Honda, is an Outside Audit and Supervisory Member of YUASA TRADING CO., LTD with which the Company has business transactions including the sales of products.

Additionally, there are no personal, capital or transactional relationships and other interests with companies, etc., at which other Outside Directors and Outside Audit & Supervisory Board Members serve or served as executives or employees either at present or in the past. (The “past” is defined as within the past 10 years, pursuant to the “range of confirmation of affiliation information” stipulated by stock exchanges.)

Views on the Functions and Roles of Outside Directors and Outside Audit & Supervisory Board Members in Corporate Governance of the Company, the Independence Standard or Policy for Selecting Outside Directors and Outside Audit & Supervisory Board Members and the State of Their Appointment, and Collaboration between the Outside Directors, Outside Audit & Supervisory Board Members and Internal Control Division and Audits

We expect Mr. Takuo Hirose, Outside Director, to leverage his knowledge and experience as an attorney, and Mr. Osamu Hosokubo, Outside Director, to leverage his knowledge and experience as a corporate executive and investor, and Ms. Naoko Okada, Outside Director, to leverage her knowledge and experience in corporate management and corporate communications, in all aspects of our corporate management and provide independent oversight and counsel regarding our corporate operations as well as to contribute to enhancing the transparency of Board of Directors proceedings and our supervisory functions.

Additionally, Mr. Brian K. Heywood has knowledge and experience as a corporate executive and investor. We expect him to contribute to the enhancement of corporate value through providing advice on all aspects of our corporate management as a shareholder and investor.

Furthermore, we can expect two Outside Audit & Supervisory Board Members to work with our Full-time Audit & Supervisory Board Members, drawing on their extensive knowledge of accounting and tax matters, and execute objective and neutral audits in their independent capacities regarding all aspects of our corporate management as described in “c. Audit & Supervisory Board” in “Information on Corporate Institutions” and “The Status of Internal Audits, Audits by Audit & Supervisory Board Members, and Accounting Audits.”

As such, we believe Outside Directors and Outside Audit & Supervisory Board Members in our current organization are able to fulfill the functions and roles that are required with regard to our corporate governance.

The Company has stipulated the “Standards concerning independency of outside officers” which satisfies the requirements of independent officers stipulated by the Tokyo Stock Exchange, and posted it on the Company’s website. We have judged that three of Outside Directors, Takuo Hirose, Osamu Hosokubo and Naoko Okada and two Outside Audit & Supervisory Board Members satisfy these standards and have secured adequate independence, and have reported three Outside Directors and two Outside Audit & Supervisory Board Members as independent officers.

Directors’ Compensation, etc.

Total amount of compensation and other remuneration for different officer categories, total amount of compensation and other remuneration by type, and the number of eligible officers (Results in the 40th Fiscal Year)

Officer category	Total amount of compensation and other remuneration (Millions of yen)	Total amount of compensation and other remuneration by type (Millions of yen)			Number of eligible officers
		Basic compensation	Bonuses	Performance-linked compensation Share compensation	
Directors (excluding Outside Directors)	137	137	0	0	5
Audit & Supervisory Board Members (excluding Outside Audit & Supervisory Board Members)	25	25	0	-	3
Outside Officers	34	34	-	-	6
Total	197	197	0	0	4

(Notes)

1. The Company has established the Director Remuneration Committee. The majority of members consist of Independent Outside Directors to ensure independence, fairness and transparency. The limit for the amount of basic compensation and officer bonuses for Directors was set by resolution of the 33rd Ordinary General Meeting of Shareholders held on June 18, 2014 (six members including one Outside Director at the time of resolution) at up to 300 million yen per year (including up to 30 million yen for Outside Directors).
2. Providing performance-linked share compensation for Directors of the Company (excluding Outside Directors, hereinafter referred to as “eligible

officers") was resolved at the 38th Ordinary General Meeting of Shareholders held on March 20, 2019. Concerning extension and partial revisions, these items were resolved separately from the limit for the amount of basic compensation and officer bonuses.
3. The limit for the amount of compensation, etc. for Audit & Supervisory Board Members was set by resolution of the 29th Ordinary General Meeting of Shareholders held on June 16, 2010 at up to 60 million yen per year.
4. The number of recipients includes one Director and one Audit & Supervisory Board Member who retired at the conclusion of the 39th Ordinary General Meeting of Shareholders held on March 19, 2020 but excludes one Outside Director who serves without compensation.
5. The Company has decided not to pay officer bonuses in the fiscal year under review.
6. Performance-linked compensation for officers is not recorded as the conditions were not met in the fiscal year under review.

The total amounts, etc. of consolidated compensation, etc. for each officer of the submitting company

This information is not included because there is no individual earning a consolidated compensation, etc. equal to or greater than 100 million yen.

Policy regarding the determination of the amount and the method for calculation of the compensation for officers and the method of determination

The Company has defined the following policy for determining the compensation, etc. for each Director.

1. Basic policy

With regard to compensation for Directors, the Company has adopted a remuneration system linked to business performance and shareholders' interests so as to fully function as an incentive to realize a sustainable increase in corporate value. When determining the compensation for each Director, the Company's basic policy is to set an adequate level based on the person's responsibilities. Specifically, the compensation for Executive Directors consists of basic compensation, officer bonuses, and performance-linked share compensation, and for Outside Directors who have supervisory functions, the Company provides only basic compensation based on their duties.

For foreign Directors, the Company sets a level based on compensation levels in the country of origin as well as on their responsibilities.

2. Policy for determining the amount of basic compensation

(1) Policy for determining the total amount

With regard to basic compensation for Directors, the Board of Directors determines the total amount from April to March of the following year, based on the deliberation of the Director Remuneration Committee, with half or more of the committee members being Independent Outside Directors.

(2) Policy for determining the amount for each Director

With regard to the amount of basic compensation for each Director, the determination of amounts are delegated to the President by resolution of the Board of Directors, and the President determines amounts taking into consideration the post and responsibilities of each Director based on the compensation standards for Directors, within the limit for the compensation, etc. as resolved at the general shareholder meeting. With regard to compensation standards for Directors, the President, based on reports of the Director Remuneration Committee, drafts the compensation standards for Directors, and the Board of Directors finalizes it by its resolution.

The Company provides basic compensation on a monthly basis.

3. Policy for determining the amount of officer bonuses

(1) Policy for determining the total amount

With regard to officer bonuses, payment and the total amount are approved up to the estimated amount of officer bonuses as determined at the Board of Directors meeting for approval of financial results held every February.

With regard to the estimated amount of officer bonuses, the Board of Directors approves the total estimated amount of officer bonuses and total amount of basic compensation for Directors for the period from April to March of the following year, at the Board of Directors meeting following the closing of the Ordinary General Meeting of Shareholders.

When determining the total amount to be paid, the total amount shall not exceed 300 million yen, the approved amount of basic compensation and officer bonuses at general shareholder meeting, and shall comply with the numerical standards prescribed in the Officer Bonus Payment Regulations (the total amount of officer bonuses will be up to 2% of operating profit and 3% of net profit). In addition, in the event that one of the following applies before the settlement of financial results, the Company will not pay officer bonuses pursuant to the Officer Bonus Payment Regulations.

(a) If consolidated operating profit or net profit is in deficit.
(b) If business results are lower than consolidated financial results forecast disclosed at the beginning of the term and beyond the scope of the following numerical standards.
Net sales: 30%
Operating profit, ordinary profit, and net profit: 50%
(c) If the President decides to postpone payment even if the preceding item 2 does not apply.

(2) Policy for determining the amount for each Director

With regard to the amount of bonuses for each Director, the determination of the amount is delegated to the President by resolution of the Board of Directors, and the President determines the amount taking into consideration the post and contribution to the business performance of each Director, within the limit for the total amount of compensation, etc. as resolved at the general shareholder meeting.

The Company pays officer bonuses every March.

4. Policy regarding the determination of the contents and the method for calculation of the performance-linked share compensation

The performance-linked share compensation plan is a share benefit trust that covers the five fiscal years from the fiscal year beginning on January 1, 2019.

Under the plan, pursuant to the Share Delivery Rules (for officers), eligible Directors receive points that are calculated by summing basic points based on their position and points (number of shares) multiplied by a coefficient according to achievement level and weight (consolidated net sales 30%, consolidated operating profit 40%, ROE 30%) against a target value of consolidated net sales (growth), consolidated operating profit (profitability) and ROE (management efficiency). When said Directors will no longer be officers or employees of the Company or its affiliate companies, such Directors will receive the Company's shares based on the points awarded (or in the event that the Company's shares cannot be delivered, the amount of money obtained through disposition of such shares, excluding expenses). If any of performance-linked indicators represents less than 80% of the achievement rate, the Company will not award points in that fiscal year.

5. Policy for determining the ratio by type of compensation, etc.

The ratio by type of compensation for Executive Directors is examined by the Director Remuneration Committee based on a remuneration level taking as a benchmark companies with the same business scale as the Company and companies belonging to related industries and business categories. The Board of Directors respects report of the Director Remuneration Committee and decides compensation, etc. for Directors. The standard ratio for each type of compensation, etc. is as follows; basic compensation 50%, officer bonuses 25%, performance-linked share compensation 25% (when KPI achievement rate is 100%).

Position	Basic compensation	Officer bonuses	Performance-linked share compensation
Executive Director	50%	25%	25%

Standards Concerning Independency of Outside Officers

The Company has defined the "Standards concerning independency of outside officers" in order to clarify the standard for independency of Outside Directors and Outside Audit & Supervisory Board Members.

Policy for Establishing Systems and Efforts to Promote Constructive Dialogue with Shareholders

With regard to dialogue with institutional investors and individual investors, the Company positively responds to them to a reasonable extent. Additionally, the Company has defined the "Policy for establishing systems and efforts to promote constructive dialogue with shareholders" and discloses it on the Company's website.

Policy for Constructive Dialogue with Shareholders

Principle 5-1 of the Corporate Governance Code

Listed companies should respond positively and reasonably to the requests from shareholders to engage in dialogue (management meetings) so as to contribute to the company's sustainable growth and mid- to long-term improvement of corporate value. The Board of Directors should study, approve and announce policies concerning organizational development and measures aimed at promoting constructive dialogue with shareholders.

Policy of the Company

1. Basic Policy

In order to achieve sustainable growth and the mid- to long-term improvement of corporate value, Roland DG Corporation (hereinafter the "Company") recognizes that it is important to grow hand in hand with shareholders and investors (hereinafter "shareholders, etc.") by always actively engaging in dialogue with shareholders and reflecting their opinions and requests in management. As part of its measures, the Company provides opportunities for dialogue with shareholders, etc. such as general shareholder meetings, financial results briefings, meetings with institutional investors, briefings for individual investors, and plant tours, for the purpose of developing a structure to promote dialogue with shareholders, etc. and thereby facilitate their understanding of the Company's business strategy and business plans.

2. Promotional Framework

The Company has designated the Corporate Division as the point of contact for dialogue with shareholders, etc., which is managed by the Director who is the officer in charge of information management as submitted to TSE, and the Division President, Corporate. In addition, a department dedicated to IR is established to assist in the promotion of such dialogue.

3. Dialogue with Shareholders

(1) Dialogue with shareholders, etc. is basically handled by the President, the Director in charge of IR, Division President, Corporate, or a manager of the department dedicated to IR, upon comprehensively considering the intent of the dialogue and within a reasonable extent.

(2) Related internal departments strive to engage in effective mutual cooperation in order to promote dialogue with shareholders, etc., as well as provide accurate and appropriate information. In addition, efforts are made including the sharing of records such as meeting summaries to enrich and improve the quality of such dialogue.

(3) As methods of engaging in dialogue besides individual meetings with shareholders, etc., the Company also holds briefings for individual investors, financial results briefings for institutional investors, and individual meetings with overseas investors as necessary. In addition, the Company is working to enhance the information provided through channels such as the Company's website, convening notices for general shareholder meetings, and shareholder newsletters.

(4) Information including opinions obtained from dialogue with shareholders, etc. is shared via reports from the Director in charge of IR (including participants of the dialogue) at opportunities such as the Board of Directors meetings as necessary.

(5) The Company has internally formulated the "Regulations for Prevention of Insider Trading," and strives to prevent leakage of unpublished information as well as insider trading. Dialogue with shareholders, etc. is focused on topics that lead to the Company's sustainable growth as well as the mid- to long-term improvement of corporate value, and accurate and fair information is provided upon thorough management of insider information.

4. Monitoring Shareholder Composition

The Company endeavors to identify substantial shareholders by monitoring shareholder composition on the shareholder register at each midterm and term end, as well as by conducting surveys as necessary on shareholders who substantially hold the Company's shares. Information obtained from such surveys is put to use at opportunities such as dialogue with institutional investors.

5. Formulation and Announcement of Business Strategy and Mid- to Long-Term Business Plans

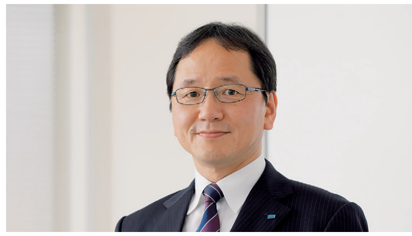
The Company discloses its revenue targets and dividend policy in the Medium-Term Business Plan, consolidated financial results (*"kessan tanshin"*), or the securities report. Specific measures to materialize these goals are explained striving for clarity and simplicity at opportunities such as general shareholder meetings and financial results briefings.

Board of Directors (As of March 18, 2021)

Kohei Tanabe

President, Representative Director

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



Toshiharu Uwai

Director

March 2015	Business Director, Tokai Carbon Co., Ltd. General Manager, Tanoura Plant, Tokai Carbon Co., Ltd. General Manager, Tanoura Laboratory, Tokai Carbon Co., Ltd.
March 2016	Business Director, Tokai Carbon Co., Ltd. President and Representative Director, Oriental Sangyo Co., Ltd.
January 2017	Joined the Company
April 2017	General Manager of Corporate Planning Department of the Company
July 2017	Executive Officer of the Company Division President of Corporate Division (current positon)
January 2018	General Manager, Information Service Department of the Company
October 2018	General Manager, Financial & Accounting Department of the Company
March 2019	Director of the Company (current position)
March 2020	In charge of Production and Quality Assurance (current position)
January 2021	In charge of Administration, Back-Office (current position)

Eli Keersmaekers

Director

January 1996	Fiscal Advisor, Fiduciair Van Loey and Patteet
January 2001	Fiscal Advisor of Cuypers
July 2002	CFO, Roland Central Europe N.V. CFO, Roland DG Benelux N.V.
January 2006	CEO, Roland DG Benelux N.V.
February 2010	CEO, Roland DG Deutschland GmbH
July 2013	Managing Director of Roland DG EMEA S.L.
April 2014	Executive Officer of the Company Division President of European Sales HQ of the Company
April 2015	Division President of Global Sales HQ of the Company Vice president of Global Marketing HQ of the Company
January 2017	Division President of Global Sales & Marketing Division of the Company CEO, Roland DG Europe Holdings B.V.
March 2020	Director of the Company (current position) In charge of Sales of the Company (current position)

Brian K. Heywood

Outside Director

September 1991	Joined J. D. Power and Associates
August 1997	Director, Belron International
August 1999	Vice President, Citibank, N.A.
January 2001	Managing Director and CEO, Taiyo Pacific Partners L.P. (current position)
December 2009	Outside Director, Ohizumi Mfg. Co., Ltd.
November 2011	Outside Director, SEIRYU Asset Management Ltd.
November 2014	Outside Director, Roland Corporation (current position)
March 2020	Outside Director of the Company
June 2020	Outside Director, Maxell Holdings, Ltd. (current position)
June 2020	Outside Director, Nifco Inc. (current position)

Masayasu Suzuki

Audit & Supervisory Board Member

April 1980	Joined The Shizuoka Bank, Ltd.
October 2002	Dispatched to Shizuoka Bank (Europe) S.A. Managing Director and General Manager, Shizuoka Bank (Europe) S.A.
April 2007	General Manager, The Shizuoka Bank, Ltd. Osaka Office
January 2009	Dispatched to the Company
October 2009	Joined the Company Executive Officer of the Company General Manager, Accounting Department of the Company
October 2013	Division President, Corporate Finance & Accounting HQ of the Company
June 2014	Audit & Supervisory Board Member of the Company (current position)

Naoki Nagano

Audit & Supervisory Board Member

December 2003	General Manager, Sales Division I, Shinjuku-Shintoshin Branch, Resona Bank, Limited.
April 2010	Area Sales Manager of Tokyo Government & Public Institutions Business Office, Resona Bank, Limited.
August 2013	Joined the Company
October 2013	General Manager, Planning Department
June 2014	Executive Officer of the Company Division President, Corporate Planning Division of the Company General Manager, Finance & Accounting Department of the Company
January 2018	Managing Director, Roland DG Europe Holdings B.V.
March 2020	Audit & Supervisory Board Member of the Company (current position)

Takuo Hirose

Outside Director
(Independent)

April 1997	Registered as Attorney-at-law Joined Tomotsune Kimura & Mitomi (currently Anderson Mori & Tomotsune)
May 2004	Registered as Attorney-at-law in New York, USA
January 2005	Partner, Anderson Mori & Tomotsune (current position)
June 2007	Outside Audit & Supervisory Board Member of the Company
June 2010	Outside Director of the Company (current position)
June 2018	Outside Audit & Supervisory Board of Cyfuse Biomedical K.K. (current position)
December 2020	Outside Audit & Supervisory Board Member of Core Concept Technologies Inc. (current position)

Osamu Hosokubo

Outside Director
(Independent)

June 2007	Executive Director, Japan Asia Investment Co., Ltd.
June 2012	President & CEO of Japan Asia Investment Co., Ltd.
July 2017	Founder & CEO, Great Asia Capital & Consulting LLC (current position)
October 2017	Independent Director, Shikigaku Co., Ltd. (current position)
November 2017	Outside Director, Saisan Co., Ltd. (current position)
February 2018	Outside Director, Kips Co., Ltd.
December 2018	Outside Auditor, Malignant Tumor Treatment Technologies, Inc. (current position)
June 2019	Outside Director, Audit Committee of Wacom Co., Ltd. (current position)
March 2020	Outside Director of the Company (current position)
September 2020	Outside Director, ANSeeN Inc. (current position)
January 2021	Director and lecturer of Risk Communication Institute of Japan (current position)

Naoko Okada

Outside Director
(Independent)

April 2007	General Manager, Management Division, EC Navi Company (current position)
January 2009	General Manager of Public Relations Office, EC Navi Company (current position)
July 2009	Founder and CEO of Network Communications Corp. (current position)
March 2014	Producer, Executive Division, Every LLC (current position)
March 2020	Outside Director of the Company (current position)
July 2020	Deputy Representative Director, Risk Communication Institute of Japan (current position)

Shigeki Matsuda

Outside Audit & Supervisory Board Member
(Independent)

October 1986	Joined Marunouchi & Co. (currently Deloitte Touche Tohmatsu LLC)
March 1990	Registered as Certified Public Accountant
December 1993	Registered as Certified Public Tax Accountant
January 1994	Established Matsuda Certified Public Accountant's Office Representative of Matsuda Certified Public Accountant's Office (current position)
January 2004	Established Aiki Tax Accountant's Corporation Representative partner, Aiki Tax Accountant's Corporation (current position)
April 2012	Outside Auditor, Nagoya Institute of Technology
June 2013	Outside Audit & Supervisory Board Member, Fuji Machine Mfg. Co., Ltd. (currently FUJI CORPORATION) (current position)
June 2015	Outside Audit & Supervisory Board Member of the Company (current positon)

Mitsuhiro Honda

Outside Audit & Supervisory Board Member
(Independent)

April 1984	Joined National Tax Administration Agency
July 2004	Director (International Examination), Large Enterprise Examination Division, Large Enterprise Examination and Criminal Investigation Department, National Tax Administration Agency
June 2006	Senior Advisor, Centre for Tax Policy and Administration, OECD
July 2008	Director, Third Large Enterprise Examination Department, Tokyo Regional Taxation Bureau
July 2009	Director, Second Large Enterprise Examination Department, Tokyo Regional Taxation Bureau
July 2010	Assistant Regional Commissioner, Takamatsu Regional Taxation Bureau
July 2012	Professor, Graduate School of University of Tsukuba (current position)
March 2013	Registered as Certified Public Tax Account
May 2013	International Tax Adviser of the TOMA Tax Account's Corporation (current position)
April 2014	Part-time Lecturer, Graduate School of Waseda University (current position)
March 2016	Audit & Supervisory Board Member of the Company (current position)
April 2016	Concurrently Appointed Lecture, Professional Graduate School of Meiji University (current position)
April 2017	Member of the selecting committee for research grants, Public interest incorporated association, Institute of TAX Research and Literature (current position)
August 2017	Member of the Committee of Expert on international Cooperation in TAX Matters, United Nations (current position)
June 2018	Outside Audit & Supervisory Board Member, YUASA TRADING., CO., LTD. (current position)
May 2019	Auditor of Public Interest Incorporated Association, Japan Tax Association (current position)

The Abilities of Management are as follows;

	Management	Technology R&D Production	Sales & Marketing	Finance & Accounting	Legal	M&A	Global business
Kohei Tanabe Representative Director	●	●	●				●
Toshiharu Uwai Director	●	●		●			●
Eli Keersmaekers Director	●		●	●			●
Takuo Hirose Outside Director Independent					●	●	●
Osamu Hosokubo Outside Director Independent	●		●	●		●	●
Naoko Okada Outside Director Independent	●		●				●
Brian K. Heywood Outside Director	●			●		●	●
Masayasu Suzuki Audit & Supervisory Board member				●			●
Naoki Nagano Audit & Supervisory Board member				●			●
Shigeki Matsuda Outside Audit & Supervisory Board member Independent	●			●			
Mitsuhiro Honda Outside Audit & Supervisory Board member Independent	●			●			●

Guiding Principles and Policies

Guiding Principles

Under our environmental policy, Roland DG endeavors to develop a sustainable society worldwide. Roland DG has developed its own Management System processes, including an EMS (Environmental Management System) and a QMS (Quality Management System). To implement our environmental policy and achieve our objectives and goals, each and every department and employee is required to consider the relationship between their work and the environment, and to devise a plan to reduce their impact on the environment. QMS is aimed at reducing environmental impact through design concepts and the selection of part materials, and Roland DG will continue pursuing a level of quality based on the following quality policy so as to better satisfy customers that Roland DG is a company they can trust. Roland DG also coordinates and complies with safety and health activities when conducting its business.

Environmental Policy: We Keep Environmentally Friendly Manufacturing in Mind

Roland DG ensures compliance with legal and other requirements, and we are also continuously improving the effectiveness of our Management System in an effort to improve the quality of business operations. Roland DG endeavors to reduce waste and focus on recycling as well as to make effective use of resources and prevent environmental pollution caused by chemical substances.

Roland DG also develops and designs goods and products that are environmentally friendly by including resource-efficient and power-saving features.

Quality Policy: We Produce Reliable Products for Our Customers

Roland DG understands the importance of meeting customer requirements, and ensures compliance with legal and other requirements while providing reliable products. We are also continuously improving the effectiveness of our Management System in an effort to improve the quality of business operations.

Environmentally Friendly Manufacturing

Compliance with Environmental Laws and Regulations

Given the significant global impact of increasing pollution and environmental destruction, the requirements of environmental laws and regulations worldwide are becoming more demanding than ever. Roland DG, as a global corporation, has worked to comply with a variety of regulations including the RoHS directive enacted in Europe in 2006 and the REACH regulation, which was entered into force in 2007. The REACH regulation, in particular, is a set of stringent requirements for the control of chemicals. As it requires the management of information on the chemicals contained in parts and materials throughout the supply chain, we have worked to enhance the system of cooperation throughout our supply chain. Moreover, a system we built during fiscal 2009 for monitoring the latest trends in global laws and regulations and sharing the information obtained has facilitated the real-time exchange of information between Roland DG and its subsidiaries and distributors abroad. We are currently working to progressively meet the requirements of Globally Harmonized System of Classification and Labeling of Chemicals (GHS)*. We have already met the GHS requirements in China and Korea, not to mention in Japan, where the deadline for our GHS compliance was the earliest. We will endeavor to ensure compliance in Europe and other regions before their respective deadlines. We will continue to ensure compliance with environmental laws and regulations worldwide while building deeper relationships with the suppliers of parts and materials as well as our overseas subsidiaries and distributors, thereby enhancing the system of cooperation in our supply chain.

* Globally Harmonized System of Classification and Labeling of Chemicals (GHS): A system for classifying chemicals according to the types and degrees of hazards based on globally harmonized rules, and providing labels and Safety Data Sheets (SDS) based on those classifications.

Green Procurement

We are also promoting green procurement by progressively increasing the numbers of banned, restricted and controlled chemicals specified in our Green Procurement Guidelines while working to ensure compliance with the REACH regulation and other chemical laws and regulations of different countries. We created and provided the Guidelines (version 8) to our customers. As part of our effort to meet the REACH regulation, we joined the Joint Article Management Promotion Consortium (JAMP)* in fiscal 2006 and are now using the Article Information Sheet (AIS, a universal form recommended by the JAMP for use in the control of chemicals) so as to facilitate the efficient exchange of information on chemicals throughout the supply chain.

*JAMP (Join Article Management Promotion-consortium) : An association for the purpose of promoting suitable management of chemical substances in supply chain products, and smooth information disclosure and transmission , and for contributing to the international competitiveness of industry through reduction of the burden for responding to requests for chemical substance surveys.

Sustainable Development Goals

Contributing to SDGs

Roland DG's mission is to achieve a more affluent society by serving as the link between the rapidly evolving digital world and actual people’s lives, as well as providing tools and services aimed at broadening the potential of their creativity. Roland DG views building relationships of trust with all stakeholders as essential for the growth of business—and will contribute to achieving SDGs through business to become a company that stakeholders can resonate with. Roland DG will harness its own digital technology to the utmost, while also driving forward open innovation through partnerships with the goal of both resolving social and environmental issues and boosting corporate value.

Initiatives for SDGs

- Registered for the Hamamatsu City SDGs Promotion Platform in May 2020.

CSR Activities

CSR Activities at Roland DG

In recent years companies are increasingly being required to be part of international initiatives to address global social and environmental challenges, such as the UN Sustainable Development Goals (SDGs), and from an ESG perspective there is a growing movement to evaluate the efforts that companies make for social and environmental impact. In addition, as further advances are made in the field of digital transformation, there is increasing anticipation for our company with its mission as "Bringing new opportunities to society through digital technology" under the DG (Digital Group) name. As a public company that operates businesses globally, Roland DG is aiming to resolve social and environmental issues through its business operations by serving as the link between the rapidly evolving digital realm and the actual lives and businesses of people, while also enhancing corporate value over the medium and long term with all stakeholders in mind.

Effective Use of Resources and Contribution to a Low-Carbon Society

In order to help create a society where sustainable development is possible, Roland DG has a range of initiatives aimed at reducing its environmental impact. Recycling efforts are being employed to reduce emissions and recycle resources, while energy creation activities with solar and wind power generation are also being harnessed with the aim of effectively utilizing resources.

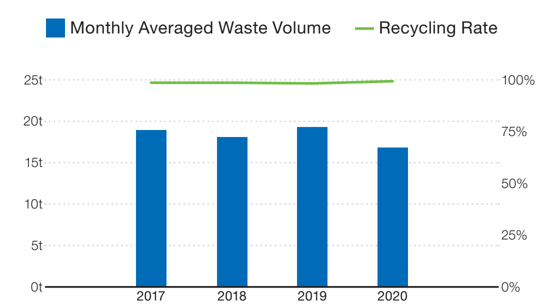
Recovering and Recycling Inkjet Cartridges

Roland DG collects inkjet cartridges free of charge (only available in Japan) from customers who purchase a Roland DG inkjet printer. Recovered inkjet cartridges are disassembled and sorted at Roland DG's recycling center before being delivered to recycling companies. The recycling companies then crush and grind the cartridge cases to be used again as new resin products. Ink remaining in cartridges is extracted and reused as fuel after specific chemical substances have been removed.

Promoting Recycling of Waste

Roland DG actively promotes the recycling of waste with a target waste recycling rate of 99.0% or higher with the aim of achieving zero emissions. Cardboard and old paper, steel, aluminum and electrical wiring (copper) are also processed by respective recycling contractors. Roland DG selects companies capable of reusing resources and turning them into new products as primary contractors for waste deliveries, and verifies directly whether or not their processes are feasible. The waste recycling rate is monitored and measured by the EMS (Environmental Management System) Committee, and targets have continually been met since 2011, when measurements first began, through to 2020.

Monthly Averaged Waste Volume and Recycling Rate

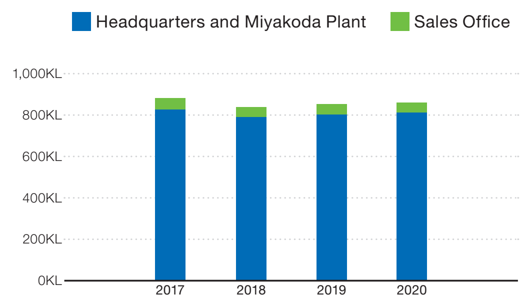


Energy-Saving Activities

Measures to conserve electricity are being implemented, including making adjustments to the air-conditioning temperature, to reducing the time employees spend at offices for overtime or similar purposes. Lighting within company buildings is gradually being changed over to

LED, and company vehicles are being switched to "eco-cars" such as electric vehicles or hybrids as part of efforts to reduce CO_2 emissions. A level of 5,535 barrel of oil equivalent has been achieved for annual company-wide energy use in Japan.

Trend in Power Consumption



Energy Creation Activities

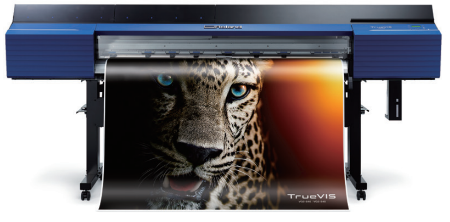
Solar and wind power generation is being harnessed as part of efforts to create clean energy from environmentally friendly, sustainable resources. A solar power generation system (approx. 50 kWh size) has been installed on the roof of the Miyakoda Plant, with generated power used for lighting inside offices as well as production with "Digital YATAI (digital cell production system)." One compact hybrid (solar and wind) LED lighting tower and five solar-powered LED lighting towers have been installed in the grounds of the plant and used as an energy source for parking area lighting at the plant.

Reducing Environmental Impact Through Product Lifecycles

Limiting consumption of resources by taking an environmentally conscious approach during the development of products is considered one of Roland DG's core missions on the way to achieving a sustainable society. Roland DG focuses on the conservation of energy and resources during each stage of a product's lifecycle—from design and development through to transportation, use and disposal—with the aim of achieving a low-carbon society and recycling-oriented society.

Energy-Efficient Designs for Products

Roland DG's products are used in countless day-to-day operations, and as such they are designed and developed with energy-efficient operation in mind. An example that demonstrates this are the TrueVIS VG2-640/540 large-format inkjet printer/cutters that have a maximum operating power of 1,060W. Even with additional options, power consumption remains below 1,800W to achieve both energy-saving operation and a high level of quality. Additionally, all Roland DG printers feature sleep mode, which is designed to minimize power consumption as much as possible when in standby.

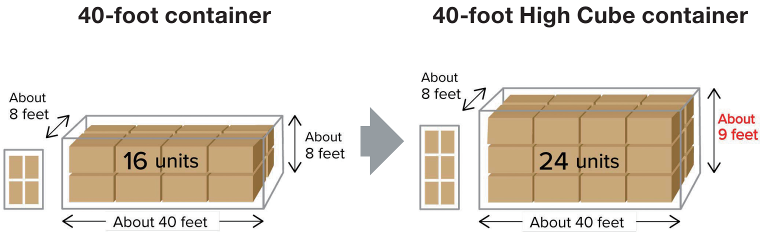


Resource-Efficient Products

To ensure that products continue to be resource-efficient, targets for new products are set during the planning stage with the aim of reducing the product weight and the number of parts compared to the previous model. For example, a weight reduction target was set for the VersaUV LEC2-300 UV printer/cutter released in 2019, and various ideas were implemented into the design of parts to help reduce weight by 21.6% compared to the previous model. A target was also set to reduce the number of parts used in the wet dental mill launched in 2018, with the final model using 26.9% fewer parts compared to the previous model.

Transporting Products in an Environmentally Friendly Manner

The size of product packaging is designed to achieve optimal loading in containers transported by ship, as part of efforts to cut down CO_2 emissions during transportation.



Reducing the Amount of Ink Used by Inkjet Printers

Roland DG's proprietary ink dot control technology limits the amount of ink used while maintaining high-definition print quality. This can be seen with the amount of ink used per 1 m2 by the VersaUV LEC2-300 UV printer/cutter, which is less than half that of the previous model.

Reducing the Amount of Wasted Ink

The inside of inkjet heads need to be cleaned regularly using fresh ink so that inkjet printers can continue to be used in prime condition. Improvements are constantly being made to the operating sequence of Roland DG inkjet printers so that the minimum amount of waste ink is generated during cleaning.

Printer Chassis Designed for Easier Maintenance and Recycling

Printer bodies use screws for joints to eliminate welding where possible. This design makes disassembly easier, which results in easier maintenance and better recyclability.

Lower Environmental Impact with Pouch-Type Ink

A pouch-type design has been used for the containers of SBL3 ink released in 2015. This is more than 30% lighter in weight per 1cc of ink compared to cartridge-type designs, which not only helps cut down CO_2 emissions during transportation, but also makes sorting and disposal of used inks easier and significantly reduces the amount of waste. Use of this pouch-type design has been expanded and used in TR and TE inks in 2016, and TR2 and TE2 inks in 2019.

Managing Chemical Substances

Every effort is made for the appropriate management of chemical substances to protect the health of all operators and to reduce the impact on the environment.

Ink Designed to Reduce Impact on Health and the Environment

Roland DG markets the ECO-SOL MAX series of eco-solvent ink that is environmentally friendly and designed to reduce the impact on operator health. The SF-200 inkjet printer launched in Europe and America in 2019 for decorations of toys, food containers and other applications, uses ink that complies with European safety standard EN71-3* and has no adverse health effects when items containing the ink are touched or accidentally ingested by children.

* EU standard EN71 - Part 3 (Safety of toys - Migration of certain elements): dissolution test to determine whether or not 17 heavy metal elements (19 items) are present in toys at levels that may pose a health hazard if touched or ingested.

Comprehensive Management of Chemical Substances

During the development and manufacturing process, inspections performed with inkjet printers use ink. A small quantity of controlled chemical substances designated under the PRTR Law* is contained in ink, so the amount of ink is verified every year.

* PRTR Law (Act on Confirmation, etc. of Release Amounts of Specific Chemical Substances in the Environment and Promotion of Improvements to the Management Thereof): Law specifying the system where business operators are required to identify and report to the government the amounts of chemical substances hazardous to health and the environment to be released to the atmosphere, water bodies or soil, and the amounts transferred outside of business sites.

Disclosure of Safety Data Sheets (SDS)

Information pertaining to the safe and appropriate handling of ink and other chemical substances is made available on the websites.

https://www.rolanddg.com/en/about-us/sustainability/safety-data-sheet

Together with Suppliers

To supply customers with high-quality products while maintaining a low environmental impact, forging partnerships with suppliers that constitute the supply chain is essential. Based on the spirit of mutual trust and mutual growth, Roland DG is committed to developing a sustainable supply chain by focusing on open and fair transactions, reasonable costs and excellent quality, and procurement methods that have a low environmental impact.

Compliance with Environmental Regulations

As a global corporation, Roland DG complies with the requirements set forth by the European RoHS Directive and the REACH regulation, and keeps up-to-date with the ongoing changes being made to various applicable laws and statutes. REACH is a particularly strict set of regulations governing chemical substances, and as it requires thorough management of information on chemical substances contained in materials procured through the supply chain, Roland DG is working on enhancing collaborative efforts of the overall supply chain. Efforts are currently being made to meet GHS,* with full compliance attained in more than ten countries including Japan—which established the earliest deadline for compliance—and China, Korea and Europe. Developments are also gradually being made in other regions to meet requirements. Roland DG will continue to further strengthen relationships with suppliers, overseas subsidiaries and distributors to enhance collaborative efforts throughout the supply chain with the aim of complying with globally standard environmental regulations.

* GHS (Globally Harmonized System of Classification and Labelling of Chemicals): a system of international standards for hazardous material classification and labeling schemes (labels and SDS) relating to chemicals requiring hazard (toxic) classification.

Green Procurement

Roland DG has established green procurement guidelines and, with the understanding and cooperation of suppliers, is expanding efforts to reduce hazardous chemical substances contained in parts and materials during the procurement stage. The prohibited, restricted and controlled substances defined in the guidelines are being further tightened to comply with REACH regulations and other chemical substances regulations in each country.

Verifying Sustainability with Suppliers

Before beginning any transactions, suppliers are screened by applying the "Supplier Acceptance Guide." In addition to verifying the financial condition of suppliers, this guide also serves to assess the physical condition of managers, whether any successors have been appointed and their level of training, as well as any potential earthquake and flood risks of business sites, to ensure a sustainable level of mutual cooperation and growth is viable.

Diversifying Parts Procurement Sources and Risk Hedging

Roland DG is headquartered in Hamamatsu City in Shizuoka Prefecture—one of the manufacturing industry's leading hubs in Japan—and ever since its establishment, has maintained close communication with local suppliers based in Hamamatsu with the aim of achieving mutual growth. In recent years, Roland DG has been expanding its network of suppliers beyond Japan and into the Asia region, with Roland Digital Group (Thailand) Ltd. established in 2011 as the first overseas manufacturing base. Extending the geographic scope of suppliers and increasing the number of production sites serve as part of efforts to develop a business continuity plan (BCP) to fall back on in case a major natural disaster strikes. In addition to manufacturing, Roland Digital Group (Thailand) Ltd. has also been expanding its scope of procurement by increasing its local-content rate, and from 2015 almost all parts for inkjet printers, with the exception of print heads, were sourced locally. This mutually complementary relationship will continue to be developed moving forward as part of risk hedging efforts.

More Paperless Operations

Roland DG rolled out a Web-EDI system from 2001 in a move to paperless operations for parts orders. A 100% paperless rate of operations have been achieved for product drawings by making shared 3D CAD design data available, which helps to save resources and increase production efficiency in machining and manufacturing processes of steel and metal parts.

Annual Commendations for Suppliers

From fiscal 2014, suppliers with outstanding performance in areas such as quality, cost reductions and technical development are recognized with commendations expressing Roland DG's appreciation.

Together with Employees

Nurturing Human Resources

Roland DG puts the management strategy and business strategy derived from its corporate philosophy and vision into effective practice for the training of human resources capable of generating corporate value, while also accommodating opportunities where each and every employee can maximize their own abilities based on their individual career vision.

Human Resources Training System

A training system has been developed that includes grade-based courses, objective-based courses and selective courses with the aim of boosting employee leadership skills and expertise, as well as supporting their self-development. Grade-based courses are designed for employees to acquire the awareness, knowledge and skills required for each employee rank, while also fostering individuality and independence in line with the management philosophy and standards of behavior. Roland DG implemented a role ranking system from FY2019 for the training of specialists with high levels of expertise in specific fields. Performance assessments and behavioral assessments based on MBO are coordinated with capacity development systems, and feedback received from superiors allows employees to verify this against their own career vision and utilize objective-based courses and self-development programs to build up any areas they are lacking in. From FY2019, global marketer training has been offered as a selective course as part of training efforts for developing globally competent human resources capable of leading the future of the company.

Diversity and Inclusion

Creating a workplace environment where employees can work in a lively manner and apply their skills to the maximum is considered to be a way of spurring innovation and creating new added value. With this in mind, Roland DG is involved in developing a broad range of activities based on diversity and inclusion with the concept of "Creating the very best by harnessing diversity" as the core strategy for human resources.

Promoting Advancement of Women in the Workplace

Since 2008, Roland DG has been focusing on creating a workplace environment that provides female employees greater peace of mind for continuing work, with initiatives such as expanding its support program for balancing work and childcare, and providing better systems around maternity and childcare leave. Following the Act on Promotion of Women's Participation and Advancement in the Workplace coming into effect in April 2016, Roland DG has been making greater efforts so female employees can focus on advancing their careers, by rolling out workstyle reforms that providing underlying support for initiatives such as setting targets for increasing the proportion of women in management (12% as of December 2021), raising company-wide awareness, assisting with career development, and improving training for candidates of female managers.

In January 2017, Roland DG obtained the highest certification "Eruboshi Level 3" from the Ministry of Health (the third company in Shizuoka Prefecture with the highest level certification, and the first in the manufacturing industry in Shizuoka Prefecture). "Eruboshi" is a certification mark granted to companies that are taking an active approach to promoting female advancement under the Act on Promotion of Women's Participation and Advancement in the Workplace. Roland DG met the requirements for all five evaluation criteria: "recruitment," "continued employment," "way of working such as working hours," "proportion of women in managerial positions," and "various career options."

Average Years of Services:

	FY2019	FY2018	FY2017
Male employee (general, management position)	14.9 years	14.7 years	14.0 years
Female employee (general, management position)	11.1 years	10.6 years	10.0 years
Male employee (dedicated manufacturing operator)	5.0 years	4.0 years	3.0 years
Female employee (dedicated manufacturing operator)	13.1 years	12.5 years	11.6 years

Number of Hired New Graduates and Experienced Workers, and Recruitment Competition Rate (excluding dedicated manufacturing operator):

	FY2019	FY2018	FY2017
Male employee (general, management position)	23	26	11
Female employee (general, management position)	7	3	8
Male employee (general, management position)	12.6x	5.7x	15x
Female employee (general, management position)	10.1x	12x	7.2x

* Recruitment competition rate is calculated by number recruited / (number of new graduates accepted for first round screening + number of experienced workers accepted for preliminary screening)

Number and Percentage of Women in Management Positions:

	FY2019	FY2018	FY2017
Number of women in management positions	5	6	5
Percentage of women in management positions	5.1%	6.1%	5.8%

* Numbers as of end of December

Promoting Advancement of Persons with Disabilities

Roland DG is aiming to be a company where both healthy people and persons with disabilities can work together to the best of their individual personalities and abilities. The "Heartwarming Service Team" has been established under the Human Resources Department to create various opportunities that can fully utilize the individual capabilities of persons with disabilities. To help persons with disabilities integrate with work more smoothly, Roland DG encourages specific HR employees to acquire certification as intra-firm workplace coaching assistants (job coach) or workplace and lifestyle consultant for persons with disabilities, and also organizes training sessions for persons with disabilities to acquire computer skills and other experience.

Number and Proportion of Employment of Persons with Disabilities

	FY2019	FY2018	FY2017
Number of persons with disabilities	12	15	12
Percentage of employment of persons with disabilities	2.31%	2.52%	1.94%

* Numbers as of end of December

Promoting Advancement of Foreign Nationals

With its mission of "Bringing new opportunities to society through digital technology," one of the highest priority challenges for Roland DG is the employment and training of employees proficient with digital technology. As advancements continue to be made in the realm of digital transformation, Roland DG is particularly focused on hiring foreign nationals with outstanding skills in the fields of AI and IoT as it aims to boost software technology in these fields. Roland DG has grown to include 16 subsidiaries in 15 countries, with overseas sales accounting for almost 90% of its consolidated operating revenue. Even at the head office in Hamamatsu City, Roland DG has forged a corporate culture based on tolerance towards differences in language, culture and religion, and is progressing with a focus on inclusion of foreign workers. Further efforts will continue to be made moving forward, such that diversity like this is applied for generating additional corporate value.

Number of Foreign Nationals:

	FY2019	FY2018	FY2017
Number of foreign nationals	9	10	3

* Numbers are the total of full-time workers and temporary workers at Japanese offices of Roland DG Corporation and DGSHAPE Corporation as of end of December

Promoting Advancement of Retired Persons

Roland DG has developed a system that provides the opportunity of continued employment up to the age of 65 years old to workers who are seeking re-employment after reaching retirement age (60 years old). This not only allows them to continue working by applying their workplace experience, job performance, knowledge and expertise they have developed over the years, but also contributes to training of younger employees, turning implicit knowledge to explicit knowledge and inheriting corporate culture through guidance and support programs, as part of efforts to maintain and bolster corporate value.

Number of Re-Employed Retired Persons:

	FY2019	FY2018	FY2017
Number of re-employed retired persons	8	11	0

* Numbers as of end of December

Decent Work & Employee Engagement

To ensure that each and every employee can apply their skills to the best of their ability, spur on innovation and create added value requires a workplace that is comfortable to work in, developed on a base with excellent flexibility and diversity.

Workstyle Reform

Roland DG is implementing workstyle reforms with the aim of creating a workplace environment where a diverse range of employees can work in a lively manner with a healthy work and lifestyle balance. Efforts are being made to reduce overall working hours by encouraging employees to take paid leave and increasing work efficiency, as well as enhancing productivity by raising the level of expertise of each and every employee and adopting management practices that harness a broad range of skillsets. A work-from-home program was made available from FY2020 with the aim of offering a time- and location-free workstyle. Other initiatives are also being considered, including a flextime program and an hour-based paid leave system. Developing a more flexible approach to work with more efficient use of time and location is one way of creating a workplace environment where a diverse range of employees are able to continue working.

General Position, Average Hours of Overtime:

	FY2019	FY2018	FY2017
General position, average hours of overtime	18 hours	15 hours	16 hours

Average Rate of Taken Paid Leave:

	FY2019	FY2018	FY2017
Average rate of taken paid leave	83%	82%	82%

Childcare and Nursing Support

To ensure that employees are able to raise their children with peace of mind, Roland DG has developed a childcare leave system that is available up until children turn two years old, as well as a parental shortened working time system where employees can work for around six hours a day until the end of the fiscal year that their children are in third grade elementary school. Support is also available for employees who need to provide nursing care while working, with the nursing care leave system that can be used for up to one year, and the nursing care shortened working time system that allows for shortened working times.

Discussion on childcare

Seminar on family nursing care

Occupational Safety and Health

Roland DG acknowledges that protecting the safety and health of employees is its highest priority challenge. Under the initiative of the Health and Safety Committee, surveys are conducted of dangerous and hazardous conditions throughout the workplace followed by deliberation of appropriate measures, causes of work-related injuries are identified and measures put in place to prevent them from recurring, and safety and health-related activities are planned and proposed, followed by ongoing planning, evaluations and improvements. Surveys are also conducted of workplace environments for maintaining and promoting the health of employees, followed by providing and implementing suggested improvements, and planning and organizing activities for maintaining and promoting health including mental health. Such company-wide efforts are made to ensure that every employee is assured a safe and healthy place to work in.

Number of Occupational Accidents:

	FY2019	FY2018	FY2017
Number of occupational accidents	2	8	5

Maintaining and Promoting Health

Health nurses are stationed at Roland DG workplaces to help maintain and promote health and provide mental health care. In addition to health checkups held once a year, employees aged 35 years or older are encouraged to have thorough physical examinations (up to 32,000 yen subsidized by the Health Insurance Society), and employees with a high risk of adult-onset diseases are provided with individual health support and guidance by a health nurse. Additionally, employees who have accrued more than 80 hours of overtime work in a month are checked up by an industrial physician in the month following the month with excess overtime.

Stress checks are also available during health checkups as a way of addressing mental health. Individuals with high stress levels who seek additional checks are able to have a consultation with an industrial physician. A health nurse provides individual checkups and support for employees who are on leave frequently or for extended periods due to poor mental health, as well as those who have recently returned to work. For workplaces that tend to have high-stress environments, department managers are advised to implement specific measures or make improvements to the workplace environment in response to results of employee satisfaction surveys or other feedback.

Pursuing Employee Satisfaction

Employees being able to work in a lively manner boosts the level of satisfaction of all stakeholders, and in turn leads to enhanced corporate value and brand value. One of Roland DG's corporate slogans is "Inspire the Enjoyment of Creativity." In light of this, Roland DG considers it essential to cherish open-minded imagination free of conventional constraints, as well as creating an environment that inspires and motivates each and every employee to harness the full potential of their diverse capabilities. Roland DG runs an employee satisfaction survey once every year to identify the best possible approach to human resources and corporate culture for delivering creativity and innovative value, and applies the results in various types of action to boost employee engagement.

Results of Employee Satisfaction Survey (maximum score of 5):

	FY2019	FY2018	FY2017
Employee satisfaction level	3.17	3.09	2.95

Human Rights

Roland DG respects the rights of each and every employee, and is committed to creating a workplace environment with no unjustifiable discrimination that ensures freedom based on race, religion, nationality, gender, age and other qualities.

Preventing Harassment

So that each and every employee is respected as an individual and is able to work with peace of mind without facing any form of harassment, Roland DG's working regulations clearly prohibit harassment, and to prevent any incidents from occurring, the regulations outline the swift and appropriate measures that are taken in the event that an incident does occur. Initiatives are developed to raise awareness amongst employees, and all company employees are required to take an e-learning course once a year to prevent harassment. An internal and external harassment hotline has also been established in order to implement swift and appropriate measures if necessary.

Preventing Child Labor and Slave Labor

Roland DG is expanding business on a global scale, and is committed to the appropriate management of human resources based on the laws of countries and regions where overseas subsidiaries are located as well as its own internal regulations. Incidents involving child labor and slave labor have not occurred throughout the Roland DG Group.

Respecting Basic Labor Rights

Roland DG is in constant communication with labor unions as part of efforts to resolve a range of problems that can occur between labor and management. Members of executive management participate in labor-management consultations that are held every month for exchanging ideas and information. Roland DG has favorable relations with labor unions and is committed to maintaining sound labor-management relations.

Information Security

Roland DG utilizes digital data in a wide range of applications including design, production, sales support and company-wide management. There have been an increasing number of problems in recent years involving the leakage of information due to cyber-attacks or security breaches such as the transmission of targeted emails. Roland DG has defined rules and is developing a system for information security to ensure appropriate protection of information related to customers and suppliers as well as company business with the aim of maintaining smooth business operations.

Global Information Security Policy

The Global Information Security Policy has been defined as the guiding principles for information security throughout the Roland DG Group. This policy sets out compliance rules that form the core of information security measures for the Roland DG Group, and is designed to maintain and protect the confidentiality, integrity and availability of information resources including personal information. This serves to prevent business losses of the Roland DG Group and erosion of social credibility, and provides an environment where employees are able to perform their duties with peace of mind.

Establishing and Implementing Internal Regulations

Roland DG has established "Information Management Regulations," "Information Systems Management Regulations/Global Information Security Management Regulations" and "Information Equipment Security Regulations" in line with the Global Information Security Policy. Information Management Regulations outlines definitions for the information being handled, including confidential information, internal information and business information, and sets forth rules on their disclosure, inspection, distribution, reproduction, storage, disposal, and other methods of handling the information. Rules also cover how to respond to incidents like information leakage as well as auditing and inspection methods, review methods for handling information, and internal education and guidance. Information Systems Management Regulations outlines rules for handling information equipment and systems, as well as rules for their proactive "utilization" to achieve management goals in addition to their "protection."

Information Security Management System

The information management regulations appoint the president and representative director as the chief officer in charge of information management, and the director in charge of General Affairs Department as the information manager. A system has been established where the General Affairs Department is the principle department for information management, and the Information Services Department provides support for electronic information of associated departments.

Organizing Ongoing Inspections and Training

Once every year, Roland DG conducts inspections of information it handles, and reports its findings to the information manager. Training for information management using e-learning is also organized regularly to provide guidance on information management to ensure that each and every employee has a thorough understanding of the basic principles of information security.

Compliance with Laws Regarding Personal Information Protection

Roland DG launched a compliance project in May 2018 to ensure compliance with the General Data Protection Regulation (GDPR) of the EU. Compliance is progressing smoothly with the coordination of local law firms and sales subsidiaries. Efforts are also underway to establish regulations in line with the Protection of Personal Information Act of Japan that was amended in June 2020.

Roland DG Corporation and Consolidated Subsidiaries

Years Ended December 31

Consolidated

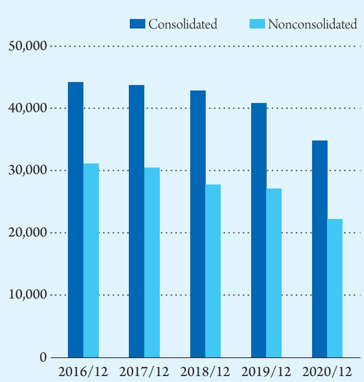
	Millions of Yen					Thousands of U.S. Dollars
	2020/12	2019/12	2018/12	2017/12	2016/12	2020/12
Operating Results						
Net sales	¥ 34,780	¥ 40,795	¥ 42,775	¥ 43,573	¥ 44,112	$ 334,425
Operating income	500	2,794	4,250	3,853	4,359	4,809
Net income attributable to owners of the parent	251	1,945	2,882	1,918	2,706	2,415
Net cash provided by (used in) operating activities	4,003	2,534	4,348	2,447	5,370	38,493
Financial Position						
Total equity	24,738	25,048	24,182	22,522	20,618	237,870
Total assets	36,301	38,446	36,711	36,571	36,341	349,052
	Yen					U.S. Dollars
Per Share Data						
Net income attributable to owners of the parent	¥ 20.17	¥ 155.39	¥ 229.66	¥ 153.19	¥ 206.73	$ 0.19
Equity			1,926.09	1,798.32	1,647.59	
Cash dividends applicable to the year	10.00	50.00	70.00	60.00	60.00	0.10

Nonconsolidated

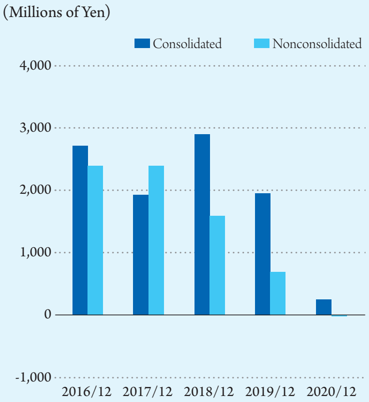
	Millions of Yen					Thousands of U.S. Dollars
	2020/12	2019/12	2018/12	2017/12	2016/12	2020/12
Operating Results						
Net sales	¥ 22,176	¥ 27,087	¥ 27,713	¥ 30,402	¥ 31,056	$ 213,226
Operating income (loss)	(83)	720	2,353	3,987	3,069	(799)
Net income (loss)	(14)	690	1,582	2,380	2,385	(137)
Financial Position						
Total equity	20,582	20,962	21,310	20,359	18,627	197,902
Total assets	27,643	29,749	30,269	30,723	30,526	265,798
	Yen					U.S. Dollars
Per Share Data						
Net income (loss)	¥ (1.15)	¥ 55.10	¥ 126.09	¥ 190.12	¥ 182.21	$ (0)
Equity	1,656.38	1,678.45	1,697.35	1,625.66	1,488.49	15.93

Note: The U.S. dollar amounts have been translated, for convenience only, at the rate of ¥110 to U.S.$1, the approximate rate of exchange at December 31, 2019.

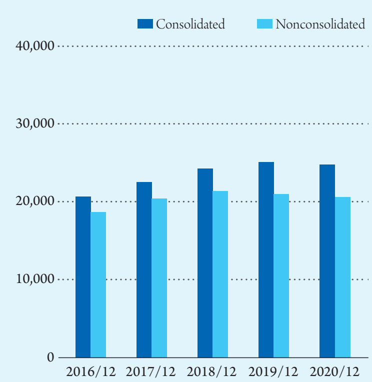
Net Sales
(Millions of Yen)



Net income attributable to owners of the parent
(Millions of Yen)



Total Equity
(Millions of Yen)



Consolidated Balance Sheet

Roland DG Corporation and Consolidated Subsidiaries
December 31, 2020

ASSETS

	Thousands of Yen		Thousands of U.S. Dollars (Note 1)
	December 31, 2020	December 31, 2019	December 31, 2020
CURRENT ASSETS:			
Cash and time deposits (Notes 3 and 15)	¥ 12,451,929	¥ 11,215,142	$ 119,730
Notes and accounts receivable (Note 15):			
Trade notes	25,020	14,706	241
Trade accounts	4,297,841	4,932,642	41,325
Allowance for doubtful receivables	(76,584)	(74,350)	(736)
Inventories (Note 4)	8,039,085	9,654,191	77,299
Prepaid expenses and other	1,478,636	1,863,482	14,217
Total current assets	26,215,927	27,605,813	252,076
PROPERTY, PLANT, AND EQUIPMENT (Note 20)**:**			
Land	3,127,832	3,146,063	30,075
Buildings and structures	7,057,706	7,166,987	67,863
Machinery and equipment	920,622	939,962	8,852
Tools, furniture, and fixtures	3,822,324	3,714,896	36,753
Right-of-use assets	747,605	800,543	7,188
Construction in progress	47,958	18,150	461
Total property, plant, and equipment	15,724,047	15,786,601	151,192
Accumulated depreciation	(8,544,368)	(8,346,372)	(82,157)
Net property, plant, and equipment	7,179,679	7,440,229	69,035
INVESTMENTS AND OTHER ASSETS:			
Investment securities (Note 15)	3,804	19,265	37
Goodwill (Note 6)	117,600	189,177	1,131
Software	599,779	757,335	5,767
Deferred tax assets (Note 11)	1,358,194	1,631,750	13,060
Deferred compensation assets	418,073	395,542	4,020
Other assets (Note 5)	826,417	802,891	7,946
Total investments and other assets	2,905,794	3,400,418	27,941
TOTAL	¥ 36,301,400	¥ 38,446,460	$ 349,052

See notes to consolidated financial statements.

LIABILITIES AND EQUITY

	Thousands of Yen		Thousands of U.S. Dollars (Note 1)
	December 31, 2020	December 31, 2019	December 31, 2020
CURRENT LIABILITIES:			
Accounts payable (Note 15)			
Trade	¥ 2,376,126	¥ 2,014,844	$ 22,847
Other	899,151	1,156,606	8,646
Current portion of long-term debt (Notes 7 and 15)	1,440,000	1,440,000	13,846
Current portion of lease obligations (Note 13)	330,694	318,830	3,180
Income taxes payable (Notes 11 and 15)	181,897	385,444	1,749
Accrued expenses	604,272	709,945	5,810
Accrued bonuses	578,570	605,405	5,563
Accrued bonuses to directors and audit and supervisory board members	—	44,000	—
Accrued warranties	440,845	490,372	4,239
Other	1,725,606	1,858,525	16,593
Total current liabilities	8,577,161	9,023,971	82,473
LONG-TERM LIABILITIES:			
Long-term debt (Notes 7 and 15)	—	1,440,000	—
Lease obligations (Note 13)	449,050	488,906	4,318
Provision for employee stock ownership plan (Note 9)	136,042	153,265	1,308
Provision for management stock ownership plan (Note 9)	157,950	180,378	1,519
Provision for loss on plan termination of benefit obligation relating to employees' pension fund (Note 8)	—	4,308	—
Liability for retirement benefits (Note 8)	910,677	827,992	8,757
Long-term payables	54,138	43,513	520
Other (Note 11)	1,277,899	1,236,536	12,287
Total long-term liabilities	2,985,756	4,374,898	28,709
COMMITMENTS AND CONTINGENT LIABILITIES (Notes 13, 15, 16, and 17)			
EQUITY (Notes 10 and 19):			
Common stock,			
authorized, 71,200,000 shares in 2020 and 2019;			
issued, 12,656,311 shares in 2020 and 2019	3,668,700	3,668,700	35,276
Capital surplus	3,700,609	3,700,609	35,583
Retained earnings	19,132,488	19,197,758	183,966
Treasury stock – at cost			
230,507 shares in 2020 and 167,557 shares in 2019 (Note 9)	(644,762)	(593,774)	(6,200)
Accumulated other comprehensive income:			
Unrealized losses on available-for-sale securities	(250)	(1,983)	(2)
Foreign currency translation adjustments	(865,397)	(705,788)	(8,321)
Defined retirement benefit plans	(253,008)	(218,039)	(2,433)
Total	24,738,380	25,047,483	237,869
Noncontrolling interests	103	108	1
Total equity	24,738,483	25,047,591	237,870
TOTAL	¥ 36,301,400	¥ 38,446,460	$ 349,052

Consolidated Statement of Income

Roland DG Corporation and Consolidated Subsidiaries
Year Ended December 31, 2020

	Thousands of Yen		Thousands of U.S. Dollars (Note 1)
	December 31, 2020	December 31, 2019	December 31, 2020
NET SALES (Note 20)	¥ 34,780,253	¥ 40,795,451	$ 334,425
COST OF SALES (Note 12)	21,601,870	23,464,865	207,710
Gross profit	13,178,383	17,330,586	126,715
SELLING, GENERAL, AND ADMINISTRATIVE EXPENSES (Note 12)	12,678,200	14,536,565	121,906
Operating income	500,183	2,794,021	4,809
OTHER INCOME (EXPENSES):			
Interest and dividend income	22,839	18,488	220
Interest expense	(30,813)	(39,464)	(296)
Gain on money held in trust	42,855	79,768	412
Loss on sales of investment securities	(5,572)	—	(54)
Net loss on disposal or sales of property, plant, and equipment, software and intangible assets (Note 14)	(5,802)	(4,657)	(56)
Foreign exchange losses	(164,729)	(144,889)	(1,584)
Sales discount charges	(92,680)	(126,692)	(891)
Subsidy income	91,219	4,182	877
Refund of customs duty	437,164	—	4,204
Other - net	53,876	63,418	518
Other income (expenses) – net	348,357	(149,846)	3,350
INCOME BEFORE INCOME TAXES AND NONCONTROLLING INTERESTS	848,540	2,644,175	8,159
INCOME TAXES (Note 11)**:**			
Current	319,679	704,210	3,074
Deferred	277,716	(4,914)	2,670
Total income taxes	597,395	699,296	5,744
NET INCOME	251,145	1,944,879	2,415
NET INCOME ATTRIBUTABLE TO NONCONTROLLING INTERESTS	14	18	0
NET INCOME ATTRIBUTABLE TO OWNERS OF THE PARENT	¥ 251,131	¥ 1,944,861	$ 2,415

	Yen		U.S. Dollars
PER SHARE OF COMMON STOCK (Notes 2. u and 19)**:**			
Net income attributable to owners of the parent	¥ 20.17	¥ 155.39	$ 0.19
Cash dividends	10.00	50.00	0.10

See notes to consolidated financial statements.

Consolidated Statement of Comprehensive Income

Roland DG Corporation and Consolidated Subsidiaries
Year Ended December 31, 2020

	Thousands of Yen		Thousands of U.S. Dollars (Note 1)
	December 31, 2020	December 31, 2019	December 31, 2020
NET INCOME	¥ 251,145	¥ 1,944,879	$ 2,415
OTHER COMPREHENSIVE LOSS (Note 18)**:**			
Unrealized income (losses) on available-for-sale securities	1,733	(737)	17
Foreign currency translation adjustments	(159,617)	(93,651)	(1,535)
Defined retirement benefit plans	(34,969)	65,865	(336)
Total other comprehensive loss	(192,853)	(28,523)	(1,854)
COMPREHENSIVE INCOME	¥ 58,292	¥ 1,916,356	$ 561
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:			
Owners of the parent	¥ 58,287	¥ 1,916,328	$ 561
Noncontrolling interests	5	28	0

See notes to consolidated financial statements.

Consolidated Statement of Changes in Equity

Roland DG Corporation and Consolidated Subsidiaries
Year Ended December 31, 2020

		Thousands of Yen									
						Accumulated Other Comprehensive Income					
	Number of Shares of Common Stock Outstanding	Common Stock	Capital Surplus	Retained Earnings	Treasury Stock	Unrealized Losses on Available-for-Sale Securities	Foreign Currency Translation Adjustments	Defined Retirement Benefit Plans	Total	Noncontrolling Interests	Total Equity
BALANCE, JANUARY 1, 2019	12,555,116	¥ 3,668,700	¥ 3,700,609	¥18,152,407	¥ (442,218)	¥ (1,246)	¥ (612,127)	¥ (283,904)	¥24,182,221	¥ 80	¥24,182,301
Cumulative effects of changes in accounting policies				(13,582)					(13,582)		(13,582)
RESTATED BALANCE, JANUARY 1, 2019	12,555,116	3,668,700	3,700,609	18,138,825	(442,218)	(1,246)	(612,127)	(283,904)	24,168,639	80	24,168,719
Net income attributable to owners of the parent				1,944,861					1,944,861		1,944,861
Cash dividends, ¥70 per share				(885,928)					(885,928)		(885,928)
Purchases of treasury stock	(62)				(135)				(135)		(135)
Treasury stock acquisition of stock ownership trust	(71,800)				(175,478)				(175,478)		(175,478)
Treasury stock transfer of stock ownership trust	5,500				24,057				24,057		24,057
Net change in the year						(737)	(93,661)	65,865	(28,533)	28	(28,505)
BALANCE, DECEMBER 31, 2019	12,488,754	3,668,700	3,700,609	19,197,758	(593,774)	(1,983)	(705,788)	(218,039)	25,047,483	108	25,047,591
Net income attributable to owners of the parent				251,131					251,131		251,131
Cash dividends, ¥25 per share				(316,401)					(316,401)		(316,401)
Purchases of treasury stock	(50)				(79)				(79)		(79)
Treasury stock acquisition of stock ownership trust	(73,600)				(97,702)				(97,702)		(97,702)
Treasury stock transfer of stock ownership trust	10,700				46,793				46,793		46,793
Net change in the year						1,733	(159,609)	(34,969)	(192,845)	(5)	(192,850)
BALANCE, DECEMBER 31, 2020	12,425,804	¥ 3,668,700	¥ 3,700,609	¥19,132,488	¥ (644,762)	¥ (250)	¥ (865,397)	¥ (253,008)	¥24,738,380	¥ 103	¥24,738,483

	Thousands of U.S. Dollars (Note 1)									
					Accumulated Other Comprehensive Income					
	Common Stock	Capital Surplus	Retained Earnings	Treasury Stock	Unrealized Losses on Available-for-Sale Securities	Foreign Currency Translation Adjustments	Defined Retirement Benefit Plans	Total	Noncontrolling Interests	Total Equity
BALANCE, DECEMBER 31, 2019	$ 35,276	$ 35,583	$ 184,593	$ (5,709)	$ (19)	$ (6,786)	$ (2,097)	$ 240,841	$ 1	$ 240,842
Net income attributable to owners of the parent			2,415					2,415		2,415
Cash dividends, $0.24 per share			(3,042)					(3,042)		(3,042)
Purchases of treasury stock				(1)				(1)		(1)
Treasury stock acquisition of stock ownership trust				(939)				(939)		(939)
Treasury stock transfer of stock ownership trust				449				449		449
Net change in the year					17	(1,535)	(336)	(1,854)	(0)	(1,854)
BALANCE, DECEMBER 31, 2020	$ 35,276	$ 35,583	$ 183,966	$ (6,200)	$ (2)	$ (8,321)	$ (2,433)	$ 237,869	$ 1	$ 237,870

See notes to consolidated financial statements.

Consolidated Statement of Cash Flows

Roland DG Corporation and Consolidated Subsidiaries
Year Ended December 31, 2020

	Thousands of Yen		Thousands of U.S. Dollars (Note 1)
	December 31, 2020	December 31, 2019	December 31, 2020
OPERATING ACTIVITIES:			
Income before income taxes and noncontrolling interests	¥ 848,540	¥ 2,644,175	$ 8,159
Adjustments for:			
Income taxes paid	(527,916)	(510,943)	(5,076)
Depreciation and amortization	1,433,306	1,528,112	13,782
Provision for (reversal of) allowance for doubtful receivables	5,181	(11,374)	50
(Reversal of) provision for accrued bonuses	(28,053)	(116,753)	(270)
(Reversal of) provision for accrued bonuses to directors and audit and supervisory board members	(44,000)	(16,000)	(423)
(Reversal of) provision for accrued warranties	(32,494)	39,606	(312)
Increase (decrease) in liability for retirement benefits	32,829	63,508	316
(Reversal of) provision for employee stock ownership plan	(15,045)	53,013	(145)
Provision for (reversal of) management stock ownership plan	22,187	(443)	213
(Decrease) increase in provision for loss on plan termination of benefit obligation relating to employees' pension fund	(4,308)	(364)	(41)
Interest and dividend income	(22,839)	(18,488)	(220)
Interest expense	30,813	39,464	296
Loss (gain) on sales of investment securities	5,572	—	54
Loss (gain) on disposals or sales of property, plant, and equipment	4,468	4,657	43
Loss (gain) on disposals or sales of software and intangible assets	1,334	—	13
Changes in assets and liabilities:			
Decrease (increase) in notes and accounts receivable	517,271	(25,408)	4,974
Decrease (increase) in inventories	1,490,890	(1,742,840)	14,335
Decrease (increase) in prepaid expenses and other current assets	384,451	86,667	3,697
(Increase) decrease in other investments and assets	(84,106)	46,012	(809)
Increase (decrease) in accounts payable	387,663	1,395	3,728
(Decrease) increase in other current liabilities	(509,648)	534,120	(4,901)
Increase (decrease) in other long-term liabilities	72,267	(42,037)	695
Other – net	34,873	(22,204)	335
Total adjustments	3,154,696	(110,300)	30,334
Net cash provided by (used in) operating activities	4,003,236	2,533,875	38,493
INVESTING ACTIVITIES:			
Payments into time deposits	(2,138)	(14,180)	(21)
Proceeds from withdrawal of time deposits	10,054	—	96
Purchases of property, plant, and equipment	(530,115)	(632,601)	(5,097)
Proceeds from sales of property, plant, and equipment	31,755	38,228	305
Purchases of software and other intangible assets	(227,691)	(265,695)	(2,189)
Purchases of investment securities	—	(932)	—
Proceeds from sales of investment securities	12,361	—	119
Other	(4,313)	95	(41)
Net cash (used in) provided by investing activities	(710,087)	(875,085)	(6,828)
FINANCING ACTIVITIES:			
Repayments of long-term debt	(1,440,000)	(360,000)	(13,846)
Repayments of lease obligations	(355,602)	(327,864)	(3,419)
Dividends paid	(317,073)	(886,228)	(3,049)
Purchases of treasury stock	(97,976)	(175,964)	(942)
Other	(10)	—	(0)
Net cash (used in) provided by financing activities	(2,210,661)	(1,750,056)	(21,256)
FOREIGN CURRENCY TRANSLATION ADJUSTMENTS ON CASH AND CASH EQUIVALENTS	151,758	121,374	1,459
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,234,246	30,108	11,868
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	11,199,779	11,169,671	107,690
CASH AND CASH EQUIVALENTS, END OF YEAR (Note 3)	¥ 12,434,025	¥ 11,199,779	$ 119,558

See notes to consolidated financial statements.

Notes to Consolidated Financial Statements

Roland DG Corporation and Consolidated Subsidiaries
Year Ended December 31, 2020

1. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

The accompanying consolidated financial statements have been prepared in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Act and its related accounting regulations, and in accordance with accounting principles generally accepted in Japan ("Japanese GAAP"), which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards ("IFRS").

In preparing these consolidated financial statements, certain reclassifications and rearrangements have been made to the consolidated financial statements issued domestically in order to present them in a form that is more familiar to readers outside Japan. In addition, certain reclassifications have been made in the consolidated financial statements of the year ended December 31, 2019, to conform to the classifications used in the year ended December 31, 2020.

The consolidated financial statements are stated in Japanese yen, the currency of the country in which Roland DG Corporation (the "Company") is incorporated and operates. The translations of Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of readers outside Japan and have been made at the rate of ¥104 to $1, the approximate rate of exchange at December 31, 2020. Such translations should not be construed as representations that the Japanese yen amounts could be converted into U.S. dollars at that or any other rate.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. ***Consolidation*** — The consolidated financial statements as of December 31, 2020, include the accounts of the Company and its 17 (17 in 2019) subsidiaries (together, the "Group"), except for a subsidiary which, if consolidated, would not have a material effect on the accompanying consolidated financial statements.

Under the control and influence concepts, those companies in which the Company, directly or indirectly, is able to exercise control over operations are fully consolidated, and those companies over which the Group has the ability to exercise significant influence are accounted for by the equity method.

Investment in one (one in 2019) unconsolidated company not accounted for by the equity method is stated at cost. If the equity method of accounting had been applied to the investment in this company, the effect on the accompanying consolidated financial statements would not be material.

The excess of the cost of acquisition over the fair value of the net assets of an acquired subsidiary or a business at the date of acquisition is accounted for as goodwill and amortized over a period of 10 years.

All significant intercompany balances and transactions have been eliminated in consolidation. All material unrealized profits included in assets resulting from transactions within the Group are eliminated.

b. ***Unification of Accounting Policies Applied to Foreign Subsidiaries for the Consolidated Financial Statements*** — Under the Accounting Standards Board of Japan ("ASBJ") Practical Issues Task Force ("PITF") No. 18, "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for the Consolidated Financial Statements" the accounting policies applied to a parent company and its subsidiaries for similar transactions and events under similar circumstances should in principle be unified for the preparation of the consolidated financial statements. However, financial statements prepared by foreign subsidiaries in accordance with either IFRS or the accounting principles generally accepted in the United States of America tentatively may be used for the consolidation process, except for the following items that should be adjusted in the consolidation process so that net income is accounted for in accordance with Japanese GAAP, unless they are not material: 1) amortization of goodwill; 2) scheduled amortization of actuarial gain or loss of pensions that has been recorded in equity through other comprehensive income; 3) expensing capitalized development costs of research and development (R&D); 4) cancellation of fair value model of accounting for property, plant, and equipment and investment properties and incorporation of cost model of accounting; and 5) recording a gain or loss through profit or loss on the sale of an investment in an equity instrument for the difference between the acquisition cost and selling price, and recording impairment loss through profit or loss for other-than-temporary declines in the fair value of an investment in an equity instrument, where a foreign subsidiary elects to present in other comprehensive income subsequent changes in the fair value of an investment in an equity instrument.

c. ***Business Combinations*** — Business combinations are accounted for using the purchase method. Acquisition-related costs, such as advisory fees or professional fees, are accounted for as expenses in the periods in which the costs are incurred. If the initial accounting for a business combination is incomplete by the end of the reporting period in which the business combination occurs, an acquirer shall report in its financial statements provisional amounts for the items for which the accounting is incomplete. During the measurement period, which shall not exceed one year from the acquisition, the acquirer shall retrospectively adjust the provisional amounts recognized at the acquisition date to reflect new information obtained about facts and circumstances that existed as of the acquisition date and that would have affected the measurement of the amounts recognized as of that date. Such adjustments shall be recognized as if the accounting for the business combination had been completed at the acquisition date. The acquirer recognizes any bargain purchase gain in profit or loss immediately on the acquisition date after reassessing and confirming that all of the assets acquired and all of the liabilities assumed have been identified after a review of the procedures used in the purchase price allocation. A parent's ownership interest in a subsidiary might change if the parent purchases or sells ownership interests in its subsidiary. The carrying amount of noncontrolling interest is adjusted to reflect the change in the parent's ownership interest in its subsidiary while the parent retains its controlling interest in its subsidiary. Any difference between the fair value of the consideration received or paid and the amount by which the noncontrolling interest is adjusted is accounted for as capital surplus as long as the parent retains control over its subsidiary.

d. ***Cash Equivalents*** — Cash equivalents are short-term investments that are readily convertible into cash and exposed to insignificant risk of changes in value. Cash equivalents include time deposits, certificates of deposit, commercial paper, and bond funds, all of which mature or become due within three months of the date of acquisition.

e. ***Inventories*** — Inventories are stated at the lower of cost, determined by the average cost method, or net selling value, which is defined as the selling price less additional estimated manufacturing costs and estimated direct selling expenses.

f. ***Marketable and Investment Securities*** — Marketable and investment securities are classified as available-for-sale securities and are reported at fair value, with unrealized gains and losses, net of applicable taxes, reported in a separate component of equity. The cost of securities sold is determined by the moving average method.

Nonmarketable available-for-sale securities are stated at cost determined by the moving average method. For other-than-temporary declines in fair value, investment securities are reduced to net realizable value by a charge to income.

g. ***Property, Plant, and Equipment*** — Property, plant, and equipment are stated at cost. Depreciation of property, plant, and equipment of the Company is computed primarily by the declining-balance method at rates based on the estimated useful lives of the assets, while the straight-line method is applied to buildings acquired by the Company on or after April 1, 1998, facilities attached to buildings and structures acquired on or after April 1, 2016, and all property, plant, and equipment of consolidated foreign subsidiaries. The period of useful lives is principally 31 years for buildings and structures and from two to six years for tools, furniture, and fixtures. Depreciation of right-of-use assets is computed by the straight-line method over the lease term.

h. ***Intangible Assets*** — Software to be sold is amortized in proportion to the actual sales volume of the software during the current year to the estimated total sales volume over the estimated salable years of the software. Software for internal use is amortized by the straight-line method over its useful life of five years.

i. Leases — Finance lease transactions are capitalized by recognizing lease assets and lease obligation in the balance sheet. In March 2007, the ASBJ issued ASBJ Statement No. 13, "Accounting Standard for Lease Transactions," which revised the previous accounting standard for lease transactions. The revised accounting standard for lease transactions was effective for fiscal years beginning on or after April 1, 2008.

Under the previous accounting standard, finance leases that were deemed to transfer ownership of the leased property to the lessee were capitalized. However, other finance leases were permitted to be accounted for as operating lease transactions if certain "as if capitalized" information was disclosed in the notes to the lessee's financial statements. The revised accounting standard permits leases that existed at the transition date and do not transfer ownership of the leased property to the lessee to continue to be accounted for as operating lease transactions.

The Company applied the revised accounting standard effective April 1, 2008. In addition, the Company continues to account for leases that existed at the transition date and do not transfer ownership of the leased property to the lessee as operating lease transactions.

All other lease transactions are accounted for as operating lease transactions.

Effective from January 1, 2019, certain foreign consolidated subsidiaries of the Company reporting under IFRS applied IFRS 16 "Leases." IFRS 16 "Leases" requires lessees, in principle, to recognize all leases as assets and liabilities. The cumulative effect of applying IFRS 16 was recognized at the time of commencing application, which was as of January 1, 2019, in accordance with the transitional treatment.

j. Long-Lived Assets — The Group reviews its long-lived assets for impairment whenever events or changes in circumstances indicate the carrying amount of an asset or asset group may not be recoverable. An impairment loss is recognized if the carrying amount of an asset or asset group exceeds the sum of the undiscounted future cash flows expected to result from the continued use and eventual disposition of the asset or asset group. The impairment loss would be measured as the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of the discounted cash flows from the continued use and eventual disposition of the asset or the net selling price at disposition.

The Group reviewed its long-lived assets for impairment for the years ended December 31, 2020 and 2019. As a result, no impairment loss was recognized for the years ended December 31, 2020 and 2019.

k. Retirement and Pension Plans — The Company has a contributory funded pension plan together with Roland Corporation, the Company's former parent company, and domestic consolidated subsidiaries of Roland Corporation, covering substantially all of their employees.

The projected benefit obligations are attributed to periods on a benefit formula basis. Actuarial gains and losses are amortized on a straight-line basis over 10 years within the average remaining service period. Past service costs are amortized on a straight-line basis over 10 years within the average remaining service period.

In addition, the Company has a contributory trusted pension plan covering most employees, together with multiemployers, including Roland Corporation and its domestic subsidiaries. The Company funds and records contributions, which consist of normal costs and amortization of prior service costs over 20 years, as charges to income when paid.

Certain consolidated foreign subsidiaries have contributory defined contribution plans, which cover substantially all employees of the subsidiaries. The subsidiaries' contributions are charged to income when paid.

l. Asset Retirement Obligations — An asset retirement obligation is recorded for a legal obligation imposed either by law or contract that results from the acquisition, construction, development, and normal operation of a tangible fixed asset and is associated with the retirement of such tangible fixed asset. The asset retirement obligation is recognized as the sum of the discounted cash flows required for the future asset retirement and is recorded in the period in which the obligation is incurred if a reasonable estimate can be made. If a reasonable estimate of the asset retirement obligation cannot be made in the period the asset retirement obligation is incurred, the liability should be recognized when a reasonable estimate of the asset retirement obligation can be made. Upon initial recognition of a liability for an asset retirement obligation, an asset retirement cost is capitalized by increasing the carrying amount of the related fixed asset by the amount of the liability. The asset retirement cost is subsequently allocated to expense through depreciation over the remaining useful life of the asset. Over time, the liability is accreted to its present value each period. Any subsequent revisions to the timing or the amount of the original estimate of undiscounted cash flows are reflected as an adjustment to the carrying amount of the liability and the capitalized amount of the related asset retirement cost.

m. R&D Costs — R&D costs are charged to income as incurred.

n. Accrued Warranties — A liability for estimated product warranty-related costs is established at the time revenue is recognized. The product liability is established using historical information, including the nature, frequency, and average cost of warranty claims.

o. Bonuses to Directors and Audit and Supervisory Board Members — Bonuses to directors and audit and supervisory board members are accrued at the end of the year to which such bonuses are attributable.

p. Employee and Management Stock Ownership Plans — In accordance with PITF No. 30, "Practical Solution on Transactions of Delivering the Company's Own Stock to Employees etc. through Trusts," upon transfer of treasury stock to the employee stockownership trust (the "Trust") by the entity, any difference between the book value and fair value of the treasury stock shall be recorded in capital surplus. At year-end, the Company records 1) the entity stock held by the Trust as treasury stock in equity, 2) all other assets and liabilities of the Trust on a line-by-line basis, and 3) a liability/asset for the net of i) any gain or loss on delivery of the stock by the Trust to the employee shareholding association, ii) dividends received from the entity for the stock held by the Trust, and iii) any expenses relating to the Trust.

q. Income Taxes — The provision for income taxes is computed based on the pretax income included in the consolidated statements of income. The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax bases of assets and liabilities. Deferred taxes are measured by applying currently enacted income tax rates to the temporary differences.

r. Foreign Currency Transactions — All short-term and long-term monetary receivables and payables denominated in foreign currencies are translated into Japanese yen at the current exchange rates at the balance sheet date. The foreign exchange gains and losses from translation are recognized in the consolidated statements of income to the extent that they are not hedged by forward exchange contracts.

s. Foreign Currency Financial Statements — The balance sheet accounts of the consolidated foreign subsidiaries are translated into Japanese yen at the current exchange rate as of the balance sheet date, except for equity, which is translated at the historical rate. Differences arising from such translation are shown as "Foreign currency translation adjustments" under accumulated other comprehensive income in a separate component of equity. Revenue and expense accounts of consolidated foreign subsidiaries are translated into yen at the average exchange rates.

t. Derivatives — The Group uses derivative financial instruments to manage its exposure to fluctuations in foreign exchange rates, principally related to intercompany balances. The Group does not enter into derivatives for trading or speculative purposes.

All derivatives are recognized as either assets or liabilities and measured at fair value, and gains or losses on the derivative transactions are recognized in the consolidated statements of income.

u. Per Share Information — Basic net income per share is computed by dividing net income attributable to owners of the parent available to common stockholders by the weighted-average number of common shares outstanding for the period.

Diluted net income per share is not presented because there are no securities with dilutive effect upon exercise or conversion into common stock.

Cash dividends per share presented in the accompanying consolidated statements of income are dividends applicable to the respective fiscal years, including dividends to be paid after the end of the year.

v. Use of Estimates — The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting years. Actual results could differ from those estimates.

w. Accounting Changes and Error Corrections — ASBJ Statement No. 24, "Accounting Standard for Accounting Changes and Error Corrections" and ASBJ Guidance No. 24, "Guidance on Accounting Standard for Accounting Changes and Error Corrections" accounting treatments are required as follows: (1) Changes in Accounting Policies—When a new accounting policy is applied following revision of an accounting standard, the new policy is applied retrospectively unless the revised accounting standard includes specific transitional provisions, in which case the entity shall comply with the specific transitional provisions. (2) Changes in Presentation—When the presentation of financial statements is changed, prior-period financial statements are reclassified in accordance with the new presentation. (3) Changes in Accounting Estimates—A change in an accounting estimate is accounted for in the period of the change if the change affects that period only and is accounted for prospectively if the change affects both the period of the change and future periods. (4) Corrections of Prior-Period Errors—When an error in prior-period financial statements is discovered, those statements are restated.

x. New Accounting Pronouncements

Accounting Standard for Revenue Recognition — On March 31, 2020, the ASBJ revised ASBJ Statement No. 29, "Accounting Standard for Revenue Recognition," and ASBJ Guidance No. 30, "Implementation Guidance on Accounting Standard for Revenue Recognition." The core principle of the standard and guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity should recognize revenue in accordance with that core principle by applying the following steps:
Step 1: Identify the contract(s) with a customer
Step 2: Identify the performance obligations in the contract
Step 3: Determine the transaction price
Step 4: Allocate the transaction price to the performance obligations in the contract
Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation

The Company and its domestic consolidated subsidiaries expect to apply the accounting standard and guidance for annual periods beginning on or after January 1, 2022, and are in the process of measuring the effects of applying the accounting standard and guidance in future applicable periods.

Accounting Standards for Fair Value Measurement, etc. — On July 4, 2019, the ASBJ issued the following accounting standards and implementation guidance:

- ASBJ Statement No. 30 "Accounting Standard for Fair Value Measurement"
- ASBJ Guidance No. 31 "Implementation Guidance on Accounting Standard for Fair Value Measurement"
- ASBJ Statement No. 9 (revised 2019) "Accounting Standard for Measurement of Inventories"
- ASBJ Statement No. 10 (revised 2019) "Accounting Standard for Financial Instruments"
- ASBJ Guidance No. 19 (revised 2020) "Implementation Guidance on Disclosures about Fair Value of Financial Instruments"

In order to enhance comparability of requirements under the Japanese accounting standards to those under international accounting standards, "Accounting Standard for Fair Value Measurement" and "Implementation Guidance on Accounting Standard for Fair Value Measurement" (the "Fair Value Measurement standards") have been developed and the guidance on the method of fair value measurement, etc. have been established. The Fair Value Measurement standards, etc. are applied to the following items:

- Financial instruments as prescribed in "Accounting Standard for Financial Instruments"
- Inventories held for trading purpose as prescribed in "Accounting Standard for Measurement of Inventories"

Further, "Implementation Guidance on Disclosures about Fair Value of Financial Instruments" has been revised and notes disclosure requirements have been established as to the breakdown of fair values for financial instruments by fair value hierarchy level.

The Company expects to apply the accounting standards and guidance from January 1, 2022, and is in the process of measuring the effects of applying the accounting standards and guidance in future applicable periods.

Accounting Standard for Accounting Policy Disclosures, Accounting Changes and Error Corrections — On March 31, 2020, the ASBJ revised ASBJ Statement No. 24, "Accounting Standard for Accounting Policy Disclosures, Accounting Changes and Error Corrections." The objective of the revised standard is to disclose summary information on accounting policies and procedures adopted when requirements under the relating accounting standards are not clearly defined.

The Company expects to apply the accounting standard from December 31, 2021.

Accounting Standard for Disclosure of Accounting Estimates — On March 31, 2020, the ASBJ issued ASBJ Statement No. 31, "Accounting Standard for Disclosure of Accounting Estimates." The objective of the standard is to disclose information regarding accounting estimates, among those used in the preparation of the current year's financial statements, on items at risk which may have significant impact on the next year's financial statements, and facilitate understanding of such items by users of financial statements.

The Company expects to apply the accounting standard from December 31, 2021.

Accounting Standard for Leases — On February 25, 2016, the FASB issued an Accounting Standards Update (ASU No. 2016-02) which requires lessees to recognize most leases on their balance sheets, but recognize expenses on their income statements in a manner similar to the current guidance. For lessors, the guidance modifies the classification criteria and the accounting for sales-type and direct financing leases.

The Company expects to apply ASU No. 2016-02 from January 1, 2022, and is in the process of measuring the effects of applying the new standard in future applicable periods.

3. RECONCILIATION TO CASH AND CASH EQUIVALENTS

The reconciliation of cash and time deposits in the consolidated balance sheets to cash and cash equivalents in the consolidated statements of cash flows at December 31, 2020 and 2019 was as follows:

	Thousands of Yen		Thousands of U.S. Dollars
	December 31, 2020	December 31, 2019	December 31, 2020
Cash and time deposits	¥ 12,451,929	¥ 11,215,142	$ 119,730
Time deposits with original maturities of more than three months	(17,904)	(15,363)	(172)
Cash and cash equivalents	¥ 12,434,025	¥ 11,199,779	$ 119,558

4. INVENTORIES

Inventories at December 31, 2020 and 2019 consisted of the following:

	Thousands of Yen		Thousands of U.S. Dollars
	December 31, 2020	December 31, 2019	December 31, 2020
Merchandise and finished products	¥ 5,226,945	¥ 6,990,972	$ 50,259
Work in process	48,291	106,324	464
Raw materials and supplies	2,763,849	2,556,895	26,576
Total	¥ 8,039,085	¥ 9,654,191	$ 77,299

5. INVESTMENTS IN NON-CONSOLIDATED SUBSIDIARIES AND AFFILIATES

Investments in non-consolidated subsidiaries and affiliates included in other assets at December 31, 2020 and 2019, were ¥68,399 thousand ($658 thousand) and ¥68,399 thousand, respectively.

6. GOODWILL

The component of goodwill at December 31, 2020 and 2019 was as follows:

	Thousands of Yen		Thousands of U.S. Dollars
	December 31, 2020	December 31, 2019	December 31, 2020
Consolidation goodwill	¥ 117,600	¥ 189,177	$ 1,131

Consolidation goodwill is amortized over 10 years.

7. SHORT-TERM BANK LOANS AND LONG-TERM DEBT

There was no outstanding balance of short-term bank loans at December 31, 2020 and 2019.

Long-term debt at December 31, 2020 and 2019 consisted of the following:

	Thousands of Yen		Thousands of U.S. Dollars
	December 31, 2020	December 31, 2019	December 31, 2020
Unsecured syndicate and other loans from banks, 0.3%, due 2021:			
Total	¥ 1,440,000	¥ 2,880,000	$ 13,846
Less current portion	(1,440,000)	(1,440,000)	(13,846)
Long-term debt, less current portion	¥ —	¥ 1,440,000	$ —

Annual maturities of long-term debt as of December 31, 2020, for the next five years and thereafter were as follows:

Year Ending December 31	Thousands of Yen	Thousands of U.S. Dollars
2021	¥ 1,440,000	$ 13,846
2022	—	—
2023	—	—
2024	—	—
2025	—	—
Total	¥ 1,440,000	$ 13,846

8. RETIREMENT AND PENSION PLANS

The Company has a funded defined benefit plan (cash balance plan). Under the plan, employees are granted retirement payment points determined based on their occupation, qualifications and positions and interest points calculated based on balance of points. A lump-sum payment will be made at the time of the employee's retirement calculated based on total balance of points, reason for retirement and length of service.

The Company participated in the Pension Fund of Japan Electronics Information Technology Industry (the "Pension Fund") which is a multiemployer pension plan as the Welfare Pension Fund Plan. The Pension Fund is currently in the process of liquidation after obtaining permission of dissolution on March 31, 2018 from the Minister of Health, Labour and Welfare. The Company reversed the entire amount of the provision for loss on plan termination of benefit obligation relating to employees' pension fund recorded as of December 31, 2019 since the distribution from the Pension Fund had been finalized and a loss from dissolution of the Pension Fund would no longer be expected. The Company established a defined contribution corporate pension plan to replace the Fund after its dissolution.

Certain consolidated foreign subsidiaries have contributory defined contribution plans.

1. The changes in the defined benefit obligation for the years ended December 31, 2020 and 2019, were as follows:

	Thousands of Yen		Thousands of U.S. Dollars
	December 31, 2020	December 31, 2019	December 31, 2020
Balance at beginning of year	¥ 4,654,355	¥ 4,395,840	$ 44,754
Current service cost	263,886	255,451	2,537
Interest cost	17,128	16,176	165
Actuarial gains and losses	86,448	75,843	831
Prior service cost	—	38,221	—
Benefits paid	(142,370)	(127,176)	(1,369)
Balance at end of year	¥ 4,879,447	¥ 4,654,355	$ 46,918

2. The changes in plan assets for the years ended December 31, 2020 and 2019, were as follows:

	Thousands of Yen		Thousands of U.S. Dollars
	December 31, 2020	December 31, 2019	December 31, 2020
Balance at beginning of year	¥ 3,826,363	¥ 3,537,453	$ 36,792
Expected return on plan assets	95,659	88,436	920
Actuarial gains and losses	(23,394)	124,586	(225)
Contributions from the employer	212,512	203,064	2,043
Benefits paid	(142,370)	(127,176)	(1,369)
Balance at end of year	¥ 3,968,770	¥ 3,826,363	$ 38,161

3. Reconciliation between the liability recorded in the consolidated balance sheets and the balances of defined benefit obligation and plan assets as of December 31, 2020 and 2019, were as follows:

	Thousands of Yen		Thousands of U.S. Dollars
	December 31, 2020	December 31, 2019	December 31, 2020
Funded defined benefit obligation	¥ 4,879,447	¥ 4,654,355	$ 46,918
Plan assets	(3,968,770)	(3,826,363)	(38,161)
	910,677	827,992	8,757
Unfunded defined benefit obligation	—	—	—
Net liability (asset) arising from defined benefit obligation	¥ 910,677	¥ 827,992	$ 8,757

	Thousands of Yen		Thousands of U.S. Dollars
	December 31, 2020	December 31, 2019	December 31, 2020
Liability for retirement benefits	¥ 910,677	¥ 827,992	$ 8,757
Asset for retirement benefits	—	—	—
Net liability (asset) arising from defined benefit obligation	¥ 910,677	¥ 827,992	$ 8,757

4. The components of net periodic benefit costs for the years ended December 31, 2020 and 2019, were as follows:

	Thousands of Yen		Thousands of U.S. Dollars
	December 31, 2020	December 31, 2019	December 31, 2020
Service cost	¥ 263,886	¥ 255,451	$ 2,537
Interest cost	17,128	16,176	165
Expected return on plan assets	(95,659)	(88,436)	(920)
Recognized actuarial gains and losses	56,164	83,382	540
Amortization of prior service cost	3,822	—	37
Net periodic benefit costs	¥ 245,341	¥ 266,573	$ 2,359

5. Amounts recognized in other comprehensive income before income tax effect in respect of defined retirement benefit plans for the years ended December 31, 2020 and 2019 were as follows:

	Thousands of Yen		Thousands of U.S. Dollars
	December 31, 2020	December 31, 2019	December 31, 2020
Prior service cost	¥ 3,822	¥ (38,221)	$ 37
Actuarial gains and losses	(53,678)	132,125	(516)
Total	¥ (49,856)	¥ 93,904	$ (479)

6. Amounts recognized in accumulated other comprehensive income before income tax effect in respect of defined retirement benefit plans as of December 31, 2020 and 2019 were as follows:

	Thousands of Yen		Thousands of U.S. Dollars
	December 31, 2020	December 31, 2019	December 31, 2020
Unrecognized prior service cost	¥ 34,399	¥ 38,221	$ 331
Unrecognized actuarial gains and losses	326,320	272,642	3,137
Total	¥ 360,719	¥ 310,863	$ 3,468

7. Plan assets

(1) Components of plan assets

Plan assets as of December 31, 2020 and 2019, consisted of the following:

	December 31, 2020	December 31, 2019
Domestic debt investments	25%	26%
Foreign debt investments	8%	8%
Domestic equity investments	17%	16%
Foreign equity investments	18%	17%
General account	29%	30%
Cash and cash equivalents	3%	3%
Total	100%	100%

(2) Method of determining the expected rate of return on plan assets

The expected rate of return on plan assets is determined considering the long-term rates of return, which are expected currently and in the future from the various components of the plan assets.

8. Assumptions used for the years ended December 31, 2020 and 2019, were as follows:

	December 31, 2020	December 31, 2019
Discount rate	0.4%	0.4%
Expected rate of return on plan assets	2.5%	2.5%

The Company uses an index of salary increase by age at the balance sheet date as an expected rate of salary increase.

9. Defined contribution plans

For the years ended December 31, 2020 and 2019, the amount of the required contribution to the defined contribution plans of the consolidated subsidiaries was ¥125,401 thousand ($1,206 thousand) and ¥129,053 thousand, respectively.

9. MANAGEMENT AND EMPLOYEE STOCK OWNERSHIP PLAN

Management stock ownership trust plan

The Company holds a management stock ownership trust plan for directors of the Company (excluding outside directors) to enhance contribution to mid-term and long-term growth and increase corporate value.

Under this management stock ownership trust plan, points are given to applicable directors based on their position and contributions, and stock of the Company (or cash obtained from disposition of shares of the Company after deducting ancillary costs, in case such shares are unable to obtain) equivalent to achieved points would be given at the time of retirement.

To manage this plan, the Company established trusts and contributed necessary funds to purchase stock of the Company. The trustee purchases stock of the Company through market or allocation of treasury stock by the Company.

Accounting treatment of the plan is processed under PITF No. 30, "Practical Solution on Transactions of Delivering the Company's Own Stock to Employees etc. through Trusts."

As of December 31, 2020 and 2019, stock of the Company held by these trusts is expressed as treasury stock of equity in the consolidated balance sheets, and its amount and number of shares were ¥411,237 thousand ($3,954 thousand) and ¥455,852 thousand, and 125,700 shares and 135,900 shares, respectively.

Employee stock ownership plan (ESOP)

The Company holds an ESOP incentive plan as a part of its employee welfare program for certain employees.

Under the ESOP, points are given to applicable employees based on their position and contributions, and stock of the Company equivalent to cumulative points would be given at the time of retirement.

To manage this plan, the Company established trusts and contributed necessary funds to purchase stock of the Company.

The Company resolved at the Management Meeting held on May 26, 2020 to make an additional contribution to the trust as funds for acquiring stock of the Company required for distribution, and payment of funds and acquisition of stock of the Company were completed by June 9, 2020.

Accounting treatment of the plan is processed in the gross amount method under PITF No. 30, "Practical Solution on Transactions of Delivering the Company's Own Stock to Employees etc. through Trusts."

As of December 31, 2020 and 2019, stock of the Company held by these trusts is expressed as treasury stock of equity in the consolidated balance sheets, and its amount and number of shares were ¥232,868 thousand ($2,239 thousand) and ¥137,344 thousand, and 104,500 shares and 31,400 shares, respectively.

10. EQUITY

Japanese companies are subject to the Companies Act of Japan (the "Companies Act"). The significant provisions of the Companies Act that affect financial and accounting matters are summarized below:

(a) Dividends

Under the Companies Act, companies can pay dividends at any time during the fiscal year in addition to the year-end dividend upon resolution at the shareholders' meeting. For companies that meet certain criteria, including (1) having a Board of Directors, (2) having independent auditors, (3) having an Audit and Supervisory Board, and (4) the term of service of the directors being prescribed as one year rather the normal two-year term by its articles of incorporation. The board of directors of such company may declare dividends (except for dividends in kind) at any time during the fiscal year if the company has prescribed so in its articles of incorporation. However, the Company cannot do so because it does not meet all of the above criteria.

The Companies Act permits companies to distribute dividends in kind (noncash assets) to shareholders subject to certain limitations and additional requirements.

Semiannual interim dividends may also be paid once a year upon resolution by the board of directors if the articles of incorporation of the Company so stipulate. The Companies Act provides certain limitations on the amounts available for dividends or purchases of treasury stock. The limitation is defined as the amount available for distribution to the shareholders, but the amount of net assets after dividends must be maintained at no less than ¥3 million.

(b) Increases/Decreases and Transfer of Common Stock, Reserve, and Surplus

The Companies Act requires that an amount equal to 10% of dividends must be appropriated as a legal reserve (a component of retained earnings) or as additional paid-in capital (a component of capital surplus) depending on the equity account charged upon the payment of such dividends until the total of the aggregate amount of legal reserve and additional paid-in capital equals 25% of common stock. Under the Companies Act, the total amount of additional paid-in capital and legal reserve may be reversed without limitation of such threshold. The Companies Act also provides that common stock, legal reserve, additional paid-in capital, other capital surplus, and retained earnings can be transferred among the accounts under certain conditions upon resolution of the shareholders.

(c) Treasury Stock and Treasury Stock Acquisition Rights

The Companies Act also provides for companies to purchase treasury stock and dispose of such treasury stock by resolution of the Board of Directors. The amount of treasury stock purchased cannot exceed the amount available for distribution to the shareholders, which is determined by a specific formula.

Under the Companies Act, stock acquisition rights are presented as a separate component of equity.

The Companies Act also provides that companies can purchase both treasury stock acquisition rights and treasury stock. Such treasury stock acquisition rights are presented as a separate component of equity or deducted directly from stock acquisition rights.

11. INCOME TAXES

The Company is subject to Japanese national and local income taxes which, in the aggregate, resulted in normal effective statutory tax rate of approximately 29.9% for the years ended December 31, 2020 and 2019.

The tax effects of significant temporary differences and tax loss carryforwards, which resulted in deferred tax assets and liabilities at December 31, 2020 and 2019, were as follows:

	Thousands of Yen		Thousands of U.S. Dollars
	December 31, 2020	December 31, 2019	December 31, 2020
Deferred tax assets:			
Intercompany profits on inventories	¥ 92,155	¥ 369,323	$ 886
Accounts receivable	40,536	40,263	390
Accrued enterprise taxes	10,388	24,395	100
Intangible assets	239,764	202,165	2,305
Shares of subsidiaries and associated companies	176,107	176,107	1,693
Accrued bonuses	141,008	129,546	1,356
Accrued warranties	100,308	110,614	965
Provision for stock ownership plan	87,786	99,626	844
Provision for loss on plan termination of benefit obligation relating to employees' pension fund	—	1,286	—
Liability for retirement benefits	262,071	236,739	2,520
Accounts payable – other	2,104	13,850	20
Accrued expenses	103,036	116,680	991
Tax loss carryforwards (Note)	274,242	283,966	2,637
Other	348,595	358,717	3,352
Subtotal deferred tax assets	1,878,100	2,163,277	18,059
Less valuation allowance for tax loss carryforwards (Note)	(54,199)	(77,824)	(521)
Less valuation allowance for future deductible temporary differences	(314,720)	(308,238)	(3,026)
Total valuation allowance	(368,919)	(386,062)	(3,547)
Total	1,509,181	1,777,215	14,512
Deferred tax liabilities:			
Retained earnings appropriated for special allowances	(35,097)	(35,571)	(337)
Undistributed earnings of subsidiaries	(92,770)	(88,182)	(892)
Stock ownership trust account expenses	(23,143)	(21,712)	(223)
Total	(151,010)	(145,465)	(1,452)
Net deferred tax assets	¥ 1,358,171	¥ 1,631,750	$ 13,060

Note: The expiration of tax loss carryforwards, the related valuation allowances and the resulting net deferred tax assets as of December 31, 2020 and 2019 were as follows:

December 31, 2020	Thousands of Yen						
	1 Year or Less	After 1 Year through 2 Years	After 2 Years through 3 Years	After 3 Years through 4 Years	After 4 Years through 5 Years	After 5 Years	Total
Deferred tax assets relating to tax loss carryforwards*1	¥ 2,131	¥ —	¥ —	¥ —	¥ 3,645	¥ 268,466	¥ 274,242
Less valuation allowances for tax loss carryforwards	(2,131)	—	—	—	(574)	(51,494)	(54,199)
Net deferred tax assets relating to tax loss carryforwards	—	—	—	—	3,071	216,972	220,043 *2

December 31, 2019	Thousands of Yen						
	1 Year or Less	After 1 Year through 2 Years	After 2 Years through 3 Years	After 3 Years through 4 Years	After 4 Years through 5 Years	After 5 Years	Total
Deferred tax assets relating to tax loss carryforwards*1	¥ 2,101	¥ —	¥ —	¥ —	¥ —	¥ 281,865	¥ 283,966
Less valuation allowances for tax loss carryforwards	(2,101)	—	—	—	—	(75,723)	(77,824)
Net deferred tax assets relating to tax loss carryforwards	—	—	—	—	—	206,142	206,142 *2

December 31, 2020	Thousands of U.S. Dollars						
	1 Year or Less	After 1 Year through 2 Years	After 2 Years through 3 Years	After 3 Years through 4 Years	After 4 Years through 5 Years	After 5 Years	Total
Deferred tax assets relating to tax loss carryforwards*1	$ 20	$ —	$ —	$ —	$ 36	$ 2,581	$ 2,637
Less valuation allowances for tax loss carryforwards	(20)	—	—	—	(6)	(495)	(521)
Net deferred tax assets relating to tax loss carryforwards	—	—	—	—	30	2,086	2,116 *2

*1 Tax loss carryforwards were calculated by applying the effective statutory tax rate.

*2 Net deferred tax assets of ¥220,043 thousand ($2,116 thousand) and ¥206,142 thousand are recognized for a part of tax loss carryforwards of ¥274,242 thousand ($2,637 thousand) and ¥283,966 thousand (calculated by applying the effective statutory tax rate) of consolidated subsidiaries of the Company as of December 31, 2020 and 2019, respectively. Valuation allowances have not been recognized for these tax loss carryforwards because they are expected to be collectible considering future taxable income.

A reconciliation between the normal effective statutory tax rate and the actual effective tax rate reflected in the accompanying consolidated statements of income for the years ended December 31, 2020 and 2019 was as follows:

	December 31, 2020	December 31, 2019
Normal effective statutory tax rate	29.9%	29.9%
Expenses not deductible for income tax purposes	4.9	1.6
Extra tax deduction on R&D expenses	(8.5)	(3.8)
Lower income tax rates applicable to income in certain foreign countries	(1.8)	(3.0)
Changes in valuation allowance	(0.3)	0.3
Unrecognized tax effects on intercompany profit	41.0	0.7
Other – net	5.2	0.7
Actual effective tax rate	70.4%	26.4%

12. R&D COSTS

R&D costs included in general and administrative expenses and cost of sales for the years ended December 31, 2020 and 2019, were ¥3,022,514 thousand ($29,063 thousand) and ¥3,720,245 thousand, respectively.

13. LEASES

The Group leases certain office space and other assets.

The minimum rental commitments under noncancelable operating leases at December 31, 2020 and 2019, were as follows:

	Thousands of Yen		Thousands of U.S. Dollars
	December 31, 2020	December 31, 2019	December 31, 2020
Due within one year	¥ 374,252	¥ 367,245	$ 3,598
Due after one year	839,346	894,894	8,071
Total	¥ 1,213,598	¥ 1,262,139	$ 11,669

The total amount of minimum rental commitments under noncancelable operating leases at December 31, 2020 and 2019 includes lease obligations of ¥585,607 thousand ($5,631 thousand) and ¥392,149 thousand recognized by applying IFRS 16.

14. LOSS ON DISPOSAL OR SALES OF PROPERTY, PLANT, AND EQUIPMENT, SOFTWARE AND INTANGIBLE ASSETS

The gain on sales of property, plant, and equipment for the years ended December 31, 2020 and 2019 were ¥15,571 thousand ($150 thousand) and ¥15,156 thousand, respectively.

The loss on disposal of property, plant, and equipment, software and intangible assets for the years ended December 31, 2020 and 2019 were ¥20,541 thousand ($198 thousand) and ¥19,503 thousand, respectively.

The loss on sales of property, plant, and equipment for the years ended December 31, 2020 and 2019 were ¥832 thousand ($8 thousand) and ¥310 thousand, respectively.

15. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

(1) Group Policy for Financial Instruments

The Group uses financial instruments, mainly bank loans, based on its capital financing plan. Cash surpluses, if any, are invested in low-risk financial assets. Derivatives are used not for speculative purposes, but to manage exposure to financial risks as described in (2) below.

(2) Nature and Extent of Risks Arising from Financial Instruments

Receivables, such as trade notes and trade accounts, are exposed to customer credit risk. Investment securities are equity instruments of customers of the Group and are exposed to the risk of market price fluctuations.

Payment terms of payables, such as trade accounts, are less than one year. Payables in foreign currencies are exposed to the market risk of fluctuation in foreign currency exchange rates.

Long-term bank loans are borrowed to raise necessary funds to repurchase treasury stocks and are exposed to interest fluctuation risk.

Derivatives are forward foreign currency contracts, which are used to manage exposure to market risks from changes in foreign currency exchange rates of receivables and payables and comprehensive foreign currency contracts within the limits of ordinary imports and exports to manage changes in future foreign currency exchange rates of receivables and payables.

(3) Risk Management for Financial Instruments

Credit risk management

Credit risk is the risk of economic loss arising from a counterparty's failure to repay or service debt according to the contractual terms. The Group manages its credit risk from receivables on the basis of internal guidelines, which include monitoring of payment terms and balances of major customers by each business administration department to identify the default risk of customers at an early stage. With respect to derivative transactions, the Group deals with high credit rating financial institutions to mitigate counterparty risk.

Market risk management (foreign exchange risk and interest rate risk)

Forward foreign currency contracts are used to manage exposure to market risks from changes in foreign currency exchange rates of receivables and payables.

Derivative transactions entered into by the Group have been made in accordance with internal policies that regulate the authorization and credit limit amount.

Investment securities are managed by monitoring market values and financial position of issuers on a regular basis.

Liquidity risk management

Liquidity risk comprises the risk that the Group cannot meet its contractual obligations in full on maturity dates. The Group manages its liquidity risk with adequate financial planning by the corporate treasury department.

(4) Fair Values of Financial Instruments

Fair values of financial instruments are based on quoted prices in active markets. If quoted prices are not available, other rational valuation techniques are used instead.

(a) Fair value of financial instruments

	Thousands of Yen		
December 31, 2020	Carrying Amount	Fair Value	Unrealized Gains/Losses
Cash and time deposits	¥ 12,451,929	¥ 12,451,929	¥ —
Receivables	4,322,861	4,322,861	—
Investment securities	3,604	3,604	—
Total	16,778,394	16,778,394	—
Payables	3,275,277	3,275,277	—
Income taxes payable	181,897	181,897	—
Long-term debt	1,440,000	1,440,000	—
Total	4,897,174	4,897,174	—
Derivative financial instruments	(66,398)	(66,398)	—

	Thousands of Yen		
December 31, 2019	Carrying Amount	Fair Value	Unrealized Gains/Losses
Cash and time deposits	11,215,142	11,215,142	—
Receivables	4,947,348	4,947,348	—
Investment securities	19,065	19,065	—
Total	16,181,555	16,181,555	—
Payables	3,171,450	3,171,450	—
Income taxes payable	385,444	385,444	—
Long-term debt	2,880,000	2,880,000	—
Total	6,436,894	6,436,894	—
Derivative financial instruments	¥ (104,429)	¥ (104,429)	¥ —

	Thousands of U.S. Dollars					
December 31, 2020		Carrying Amount		Fair Value		Unrealized Gains/ Losses
Cash and time deposits	$	119,730	$	119,730	$	—
Receivables		41,566		41,566		—
Investment securities		35		35		—
Total		161,331		161,331		—
Payables		31,493		31,493		—
Income taxes payable		1,749		1,749		—
Long-term debt		13,846		13,846		—
Total		47,088		47,088		—
Derivative financial instruments	$	(638)	$	(638)	$	—

Cash and Cash Equivalents

The carrying values of cash and cash equivalents approximate fair value because of their short maturities.

Investment Securities

The fair values of investment securities are measured at quoted market prices of stock exchanges for equity instruments.

Receivables, Payables, Short-term Bank Loans and Income Taxes Payable

The carrying values of receivables, payables, short-term bank loans and income taxes payable approximate fair value because of their short maturities.

Long-term Debt

The carrying values of long-term debt approximate fair value because of variable interest rate conditions and the unchanged credit status of the Company.

Derivatives

Fair value information for derivatives is included in Note 16.

(b) Carrying amounts of financial instruments whose fair value cannot be reliably determined

	Carrying Amount					
	Thousands of Yen				Thousands of U.S. Dollars	
	December 31, 2020		December 31, 2019		December 31, 2020	
Investments in equity instruments that do not have quoted market prices in active markets	¥	200	¥	200	$	2

(5) Maturity Analysis for Financial Assets and Securities with Contractual Maturities

	Thousands of Yen			
December 31, 2020	Due in One Year or Less		Due after One Year	
Cash and time deposits	¥	12,451,929	¥	—
Receivables		4,322,861		—
Total	¥	16,774,790	¥	—

	Thousands of Yen			
December 31, 2019	Due in One Year or Less		Due after One Year	
Cash and time deposits	¥	11,215,142	¥	—
Receivables		4,947,348		—
Total	¥	16,162,490	¥	—

	Thousands of U.S. Dollars			
December 31, 2020	Due in One Year or Less		Due after One Year	
Cash and time deposits	$	119,730	$	—
Receivables		41,566		—
Total	$	161,296	$	—

16. DERIVATIVES

Derivative transactions to which hedge accounting is not applied:

At December 31, 2020	Thousands of Yen Contract Amount	Contract Amount Due after One Year	Fair Value	Unrealized Gains/ Losses
Foreign currency forward contracts:				
Selling U.S. dollar	¥ 2,461,624	¥ —	¥ 9,931	¥ 9,931
Selling Euro	3,279,349	—	(67,083)	(67,083)
Buying Japanese yen	¥ 314,770	¥ —	¥ (9,246)	¥ (9,246)

At December 31, 2019	Thousands of Yen Contract Amount	Contract Amount Due after One Year	Fair Value	Unrealized Gains/ Losses
Foreign currency forward contracts:				
Selling U.S. dollar	¥ 2,419,781	¥ —	¥ (32,373)	¥ (32,373)
Selling Euro	2,877,032	—	(69,834)	(69,834)
Buying Japanese yen	¥ 163,181	¥ —	¥ (2,222)	¥ (2,222)

At December 31, 2020	Thousands of U.S. Dollars Contract Amount	Contract Amount Due after One Year	Fair Value	Unrealized Gains/ Losses
Foreign currency forward contracts:				
Selling U.S. dollar	$ 23,669	$ —	$ 96	$ 96
Selling Euro	31,532	—	(645)	(645)
Buying Japanese yen	$ 3,027	$ —	$ (89)	$ (89)

The fair values of derivative transactions are measured at quoted prices obtained from financial institutions.

The contract or notional amounts of derivatives, which are shown in the above table, do not represent the amounts exchanged by the parties and do not measure the Group's exposure to credit or market risk.

17. GUARANTEE OBLIGATIONS AND CONTINGENT LIABILITIES

Guarantee Obligations

At December 31, 2020, the Group had the following guarantee obligations:

	Thousands of Yen	Thousands of U.S. Dollars
Guarantees for bank loans of employees	¥ 361	$ 3

Contingent Liabilities

Roland DG Brazil Ltd. ("DBR") which is a consolidated subsidiary of the Company received a notice of additional tax assessment from the tax authority of Federative Republic of Brazil in relation to its investigation of imported Eco-solvent printer products of the Company. DBR appealed against the points raised by the authority in September 2018 to insist on its justness.

The amount of additional tax for this appeal is BRL28,897 thousand (¥574,192 thousand ($5,521 thousand) including an estimated amount of any additional tax on underpayment as of December 31, 2020). DBR believes that this additional tax assessment has no reasonable basis and intends to take appropriate actions. Therefore, it is difficult to estimate the effects of the additional tax assessment on the results of operation of the Group at the moment.

Further, DBR received a notice of additional tariff assessment from the tax authority of Federative Republic of Brazil in relation to its investigation of distribution of Eco-solvent printer products of the Company. DBR appealed against the points raised by the authority in November 2018 to insist on its justness.

The amount of additional tax for this appeal is BRL36,126 thousand (¥717,817 thousand ($6,902 thousand) including an estimated amount of any additional tax on underpayment as of December 31, 2020). DBR believes that this additional tariff assessment has no reasonable basis and intends to take appropriate actions. Therefore, it is difficult to estimate the effects of the additional tariff assessment on the results of operation of the Group at the moment.

18. COMPREHENSIVE LOSS

The components of other comprehensive loss for the years ended December 31, 2020 and 2019, were as follows:

	Thousands of Yen		Thousands of U.S. Dollars
	December 31, 2020	December 31, 2019	December 31, 2020
Unrealized income (losses) on available-for-sale securities:			
Losses arising during the year	¥ (3,100)	¥ (1,051)	$ (30)
Reclassification adjustments to profit and loss	5,571	—	54
Amount before income tax effect	2,471	(1,051)	24
Income tax effect	(738)	314	(7)
Total	1,733	(737)	17
Foreign currency translation adjustments:			
Adjustments arising during the year	(159,617)	(93,651)	(1,535)
Amount before income tax effect	(159,617)	(93,651)	(1,535)
Total	(159,617)	(93,651)	(1,535)
Defined retirement benefit plans:			
Adjustments arising during the year	(109,842)	(10,522)	(1,056)
Reclassification adjustments to profit and loss	59,986	83,382	577
Amount before income tax effect	(49,856)	93,904	(479)
Income tax effect	14,887	(28,039)	143
Total	(34,969)	65,865	(336)
Total other comprehensive loss	¥ (192,853)	¥ (28,523)	$ (1,854)

19. NET INCOME PER SHARE

The basis of computing earnings per share ("EPS") for the years ended December 31, 2020 and 2019, was as follows:

	Thousands of Yen	Thousands of Shares	Yen	U.S. Dollars
	Net Income Attributable to Owners of the Parent	Weighted- Average Shares	EPS	
For the year ended December 31, 2020:				
EPS				
Net income available to common shareholders	¥ 251,131	12,451	¥ 20.17	$ 0.19
For the year ended December 31, 2019:				
EPS				
Net income available to common shareholders	¥ 1,944,861	12,516	¥ 155.39	

20. SEGMENT INFORMATION

Under ASBJ Statement No. 17, "Accounting Standard for Segment Information Disclosures," and ASBJ Guidance No. 20, "Guidance on Accounting Standard for Segment Information Disclosures," an entity is required to report financial and descriptive information about its reportable segments. Reportable segments are operating segments or aggregations of operating segments that meet specific criteria. Operating segments are components of an entity about which separate financial information is available and such information is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. Generally, segment information is required to be reported on the same basis as is used internally for evaluating operating segment performance and deciding how to allocate resources to operating segments.

1. Description of Reportable Segments

   The Group manufactures and sells computer peripheral equipment and there is no separate business segment. Therefore, the Group has a single reportable segment.

2. Information about Products and Services

	Thousands of Yen				
	December 31, 2020				
	Printers	Machine Tools	Supplies	Other	Total
Sales to external customers	¥ 10,053,632	¥ 4,779,202	¥ 12,153,857	¥ 7,793,562	¥ 34,780,253

	Thousands of Yen				
	December 31, 2019				
	Printers	Machine Tools	Supplies	Other	Total
Sales to external customers	¥ 13,183,849	¥ 5,705,710	¥ 13,411,105	¥ 8,494,787	¥ 40,795,451

	Thousands of U.S. Dollars				
	December 31, 2020				
	Printers	Machine Tools	Supplies	Other	Total
Sales to external customers	$ 96,669	$ 45,954	$ 116,864	$ 74,938	$ 334,425

3. Information about Geographical Areas

(1) Sales

Thousands of Yen					
December 31, 2020					
Japan	USA	Europe	Asia	Other	Total
¥4,164,665	¥9,625,462	¥12,956,939	¥ 2,439,790	¥ 5,593,397	¥ 34,780,253

Thousands of Yen					
December 31, 2019					
Japan	USA	Europe	Asia	Other	Total
¥ 4,745,240	¥ 10,495,350	¥ 15,257,906	¥ 3,220,953	¥ 7,076,002	¥ 40,795,451

Thousands of U.S. Dollars					
December 31, 2020					
Japan	USA	Europe	Asia	Other	Total
$ 40,045	$ 92,552	$ 124,586	$ 23,459	$ 53,783	$ 334,425

Notes: 1. Sales are classified by country or region based on the location of customers.

2. Major countries and regions under each classification

Europe: United Kingdom, Germany, Italy, France, Spain

Asia: China, South Korea

Other: Australia, Middle East, South America, Canada

(2) Property, plant, and equipment

Thousands of Yen			
December 31, 2020			
Japan	Thailand	Other Foreign Countries	Total
¥ 5,134,984	¥ 828,403	¥ 1,216,292	¥ 7,179,679

Thousands of Yen			
December 31, 2019			
Japan	Thailand	Other Foreign Countries	Total
¥ 5,282,523	¥ 934,683	¥ 1,223,023	¥ 7,440,229

Thousands of U.S. Dollars			
December 31, 2020			
Japan	Thailand	Other Foreign Countries	Total
$ 49,375	$ 7,965	$ 11,695	$ 69,035

21. RELATED-PARTY TRANSACTIONS

There were no transactions with related parties for the years ended December 31, 2020 and 2019.

22. SUBSEQUENT EVENT

Appropriations of retained earnings

The appropriations of retained earnings at December 31, 2020, scheduled to be approved at the Company's shareholders' meeting to be held on March 18, 2021, are as follows:

	Thousands of Yen	Thousands of U.S. Dollars
Year-end cash dividends, ¥10 ($0.10) per share	¥ 126,560	$ 1,217

Reduction of Legal Capital Surplus

The Company resolved at the Board of Directors meeting held on February 12, 2021 to propose a reduction of its legal capital surplus and the proposal was approved at the Company's shareholders' meeting held on March 18, 2021.

1. Objective of reduction of legal capital surplus

   In order to ensure the flexibility of future financial strategy, the Company will reduce a portion of legal capital surplus and transfer the reduced amount to other capital surplus, in accordance with the provisions of Article 448, Paragraph 1 of the Companies Act.

2. Details of reduction of legal capital surplus

(1) Amount of legal capital surplus to be reduced

Legal capital surplus of ¥3,700,603 thousand ($35,583 thousand) will be reduced by ¥2,800,000 thousand ($26,923 thousand) which will result in the remaining balance of ¥900,603 thousand ($8,660 thousand).

(2) Item and amount of surplus to be increased

Entire amount of the reduced legal capital surplus will be transferred to other capital surplus.

3. Schedule of reduction of legal capital surplus

(1) Date of resolution at the Board of Directors meeting	February 12, 2021
(2) Date of resolution at the shareholders meeting	March 18, 2021
(3) Date of notice for creditors to raise objections	March 22, 2021 (Scheduled)
(4) Deadline for creditors to raise objections	April 22, 2021 (Scheduled)
(5) Effective date	April 30, 2021 (Scheduled)

Implementation of Early Voluntary Retirement Program

The Company resolved at the Board of Directors meeting held on December 17, 2020 to implement an early voluntary retirement program and the application period ended on February 26, 2021.

1. Reason for implementing the early voluntary retirement program

Profitability of the Group has gradually declined in the past several years due to the maturing market and intensifying competition in the core signage market. Furthermore, it is still unclear when the COVID-19 pandemic will be contained and the business environment of the Group continues to be highly unpredictable. Amid such an environment, it is critical to fundamentally review the cost structure of the Group and shift away from a business structure that is dependent on the signage market.

To address such issues, the Group is aiming to conduct a structural reform as well as a transformation of the business portfolio in the new medium-term business plan (the years ending December 31, 2021 through December 31, 2023). As a part of this plan, it will consolidate its production bases in the Thailand factory and implement an early voluntary retirement program. The Group aims to improve production efficiency by consolidating its production function that is currently spread across two locations—Japan and Thailand—to a single location in the Thailand factory, and reduce fixed costs by streamlining personnel composition through the implementation of the early voluntary retirement program at the Company.

Through this structural reform, the Company expects to ensure profitability to cope with the global competition and realize sustainable growth by transforming itself into a lean and nimble organization capable of adapting to changes in the environment.

2. Overview of the early voluntary retirement program

(1) Eligible employees	All employees in manufacturing positions, and managers, general employees and temporary employees aged 35 years or older
(2) Target number of applicants	Approximately 150 employees
(3) Period for application	February 1, 2021 to February 26, 2021
(4) Retirement date	March 31, 2021 for managers, general employees and temporary employees December 31, 2021 for employees in manufacturing positions
(5) Incentive and support	Extra retirement payment in addition to the regular severance payment Provision of outplacement support services

3. Results and future outlook

The number of employees who applied for the early voluntary retirement program was 190. Approximately ¥1,200,000 thousand ($11,538 thousand) is expected to be incurred in implementing the early voluntary retirement program, and this will be recorded as other expenses for the year ending December 31, 2021.

23. ADDITIONAL INFORMATION

Effects of the spread of COVID-19 infections

No unified view has been released as to the impact of the spread of the novel coronavirus disease (COVID-19) infection, including how it will spread and when it will be contained. From the second quarter of the year ended December 31, 2020, although there was a temporary drop in demand, it is gradually recovering with the subsiding of the spread of COVID-19 infection and resumption of economic activities in various regions. Under these circumstances, it is assumed that the demand for the year ending December 31, 2021 will recover to the same level as that of the year ended December 31, 2019.

Deloitte.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Roland DG Corporation:

Opinion

We have audited the consolidated financial statements of Roland DG Corporation and its consolidated subsidiaries (the "Group"), which comprise the consolidated balance sheet as of December 31, 2020, and the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, all expressed in Japanese yen.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2020, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

Convenience Translation

Our audit also comprehended the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made in accordance with the basis stated in Note 1 to the consolidated financial statements. Such U.S. dollar amounts are presented solely for the convenience of readers outside Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the provisions of the Code of Professional Ethics in Japan, and we have fulfilled our other ethical responsibilities as auditors. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Audit & Supervisory Board Members and the Audit & Supervisory Board for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Audit & Supervisory Board members and the Audit & Supervisory Board are responsible for overseeing the Directors' execution of duties relating to the design and operating effectiveness of the controls over the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in Japan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks. The procedures selected depend on the auditor's judgment. In addition, we obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain, when performing risk assessment procedures, an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate whether the overall presentation and disclosures of the consolidated financial statements are in accordance with accounting principles generally accepted in Japan, as well as the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with Audit & Supervisory Board members and the Audit & Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide Audit & Supervisory Board members and the Audit & Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Deloitte Touche Tohmatsu LLC

March 18, 2021

CORPORATE DATA

Company Outline / Group Companies

Company Outline (As of December 31, 2020)

Name
Roland DG Corporation

Founded
May 1, 1981

Common Stock
¥3,669 million

Net Sales for FY2020
¥22,175 million (Nonconsolidated)
¥34,780 million (Consolidated)

Number of Employees
560 (Nonconsolidated)
1,220 (Consolidated)

Main Products
Wide-format Color Inkjet Printers, Inkjet Printer/Cutters, Vinyl Cutting Machines, 3D Milling Machines, 3D Printer, Engraving Machines, Dental Milling Machines, Dental 3D Printers, Photo Impact Printers

Headquarters
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Phone: +81 53 484 1200 Fax: +81 53 484 1227
Website: www.rolanddg.com/

Branch Offices in Japan
Tokyo, Osaka, Nagoya, Fukuoka

Number of Shareholders
23,027

Stock Exchange Listing
Tokyo

Stock Transfer Agent
Mitsubishi UFJ Trust and Banking Corporation

Independent Auditor
Deloitte Touche Tohmatsu LLC

Directors and Audit & Supervisory Board Members (As of March 18, 2021)

President, Representative Director	Kohei Tanabe
Director	Toshiharu Uwai
Director	Eli Keersmaekers
Outside Director	Takuo Hirose
Outside Director	Osamu Hosokubo
Outside Director	Naoko Okada
Outside Director	Brian K. Heywood
Audit & Supervisory Board Member	Masayasu Suzuki
Audit & Supervisory Board Member	Naoki Nagano
Outside Audit & Supervisory Board Member	Shigeki Matsuda
Outside Audit & Supervisory Board Member	Mitsuhiro Honda

Group Companies

Sales

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Holdings

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Production

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Shared Services

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