



---

# ANNUAL REPORT 2021

Year ended December 31, 2021



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

<p><b>TOP MESSAGE</b> <span style="float: right;"><b>02</b></span></p> <hr/> <p>To our Shareholders</p> <p><b>SPECIAL FEATURE</b> <span style="float: right;"><b>03</b></span></p> <hr/> <p>Midterm business plan updated</p> <p>Report on the Progress of the Midterm Business Plan</p> <p>Launch of Midterm Business Plan (FY2021–FY2023)</p> <p><b>NEW PRODUCTS / TOPICS</b> <span style="float: right;"><b>08</b></span></p> <hr/> <p><b>FINANCIAL SUMMARY</b> <span style="float: right;"><b>11</b></span></p> <hr/> <p><b>OPERATING &amp; FINANCIAL REVIEW</b> <span style="float: right;"><b>13</b></span></p> <hr/> <p>Net sales by product</p> <p>Net sales by region</p> <p><b>AT A GLANCE</b> <span style="float: right;"><b>17</b></span></p> <hr/> <p>Roots</p> <p>Business Summary</p> <p>DG Value</p>	<p><b>MANAGEMENT</b> <span style="float: right;"><b>22</b></span></p> <hr/> <p>Corporate Governance</p> <p>Board of Directors</p> <p>Skill Matrix of Executives</p> <p><b>ENVIRONMENTAL ACTIVITIES /</b></p> <p><b>GUIDING PRINCIPLES</b> <span style="float: right;"><b>32</b></span></p> <hr/> <p><b>SUSTAINABILITY</b> <span style="float: right;"><b>33</b></span></p> <hr/> <p><b>FINANCIAL HIGHLIGHTS</b> <span style="float: right;"><b>41</b></span></p> <hr/> <p><b>FINANCIAL SECTION</b> <span style="float: right;"><b>42</b></span></p> <hr/> <p><b>INDEPENDENT AUDITOR’S REPORT</b> <span style="float: right;"><b>62</b></span></p> <hr/> <p><b>CORPORATE DATA</b></p> <hr/>
--	--

### ESG Initiatives

#### **Environment**

—

Strengthening environmentally-friendly non-solvent ink solutions

—

Switching all power at HQ and office to CO2 free renewable energy

\*starting from Jan 2022

—

Promoting Environment-friendly manufacturing

#### **Social**

—

Improving human health and safety through dental and medical support systems

—

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

—

Promoting digital transformation of sales promotion and service activities

#### **Governance**

—

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

*President, Representative Director*  
Kohei Tanabe



I would like to take this opportunity to thank our shareholders for their continued support.

The Group has formulated a three-year midterm business plan beginning in FY2021 and is working to achieve sustainable growth by pursuing a two-fold core policy: “Transition into a lean organization” and “Transformation of the business portfolio.”

In FY2021 we consolidated our mass production function previously operating in two factories in Japan and Thailand to the Thai factory. Moreover, we optimized the workforce in Japan by implementing an early retirement program. As a result, we made a major advancement in our effort to achieve transformation into a lean organization.

Although our business operations were affected by such factors as the difficulties in procurement of semiconductors and other parts and delays in marine transport, demand recovered strongly in the run-up to the normalization of economic activities and we were able to increase revenues by responding to new needs that arose during the COVID-19 pandemic.

In these circumstances, in regard to the consolidated financial targets of the midterm business plan, we achieved the final year targets for operating income in FY2021, two years in advance of the plan, and therefore we reset the consolidated financial targets. At the same time, we revised the midterm business strategy for transformation of the business portfolio as needs in each business field have become clearer. (Please refer to the feature section of this document.)

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

April 2022

## Midterm business plan updated

The Group is implementing a three-year midterm business plan beginning in FY2021. In view of the consolidated financial results for FY2021 and the changing business environment, we reset the consolidated financial targets for the final year and revised the midterm business strategy.

### Financial Target

		FY2021 1st year Performance	FY2023 (Final year target)	FY2023 (Revised final year target)
Sales (¥ billion)		45.0	48.0	54.0
Operating Profit (¥ billion)		6.0	6.0	8.0
Operating Profit ratio		13.4%	12.5%	14.8%
ROE		13.9%	15.0%	17.0%
ROIC		13.0%	15.0%	15.0%
CCC (Days)		147	120	120
Currency exchange rates	USD	¥ 109.81	¥ 100 (est.)	¥ 113 (est.)
	EUR	¥ 129.93	¥ 125 (est.)	¥ 128 (est.)

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

### Update to the strategic classification of the business portfolio

For “transformation of the business portfolio,” a core policy of the midterm business plan, we started with redefining our strategic classification as “existing businesses,” “growth markets,” and “new markets.” In view of the maturing of the sign market (outdoor signboards and advertising), which is our mainstay market, we aimed to secure the revenue base of the “existing businesses” by diversifying solutions and improving efficiency, while seeking expansion in “growth markets” and cultivating “new markets.” Through our activities during the first year of the plan we found that, among the “existing businesses,” there are markets that have the prospect of growth as well as those in which we started to see new growth potential. In order to vigorously allocate management resources in these fields, we have reset our strategic classification to clarify “Growth areas” and “Mainstay areas.” As “growth markets” and “new markets” remain unchanged as the themes that need to be emphasized in the ongoing transformation of the business portfolio, we will continue to address them in each of the new strategic classifications.

### New classification by product category

#### Visual Communication (VC)

The sign market, which has been our mainstay market, is maturing. Meanwhile, due to the diversification of printable materials and inks, inkjet printers are becoming more widely used to create atmospheres for a variety of scenes to attract customers, such as for indoor and outdoor decoration as well as for store interiors. Roland DG defines such visual appeal to consumers as “Visual Communication.” By developing inks tailored to specific applications, we aim to develop new markets and strengthen, maintain, and expand the customer base.

#### Digital Fabrication (DF)

Digital Fabrication is a field in which our product concept, “high-variety- low-volume, small & compact, on-demand, easy use, and high quality,” comes to the fore. In response to the rapidly growing demand for personalization in tune with the needs of each individual customer as well as to the demand for customization to satisfy niche needs, we offer printers, cutting machines, and a range of 3D digital fabrication products for small businesses, e-commerce businesses, retail stores, etc. for high-mix low-volume on-demand production. By adopting this approach, we aim to create new applications and new markets.

# SPECIAL FEATURE

## Dental

Dental milling machines, which were previously included in “3D products,” will be classified as an independent product category. Since the launch of the first model in 2010, we have promoted the market expansion of dental milling machines mainly in developed countries, such as European countries, the U.S. and Japan. In recent years, sales opportunities are also expanding in emerging market countries where the digitalization of workflows in the production of dental prostheses has been progressing. Furthermore, as we expect more expansion into the dental clinic market as well as wider application in dentures and implant bases, we intend to develop this business into a pillar of our businesses going forward as a field with high growth potential.

## Service, Software & Others (SSO)

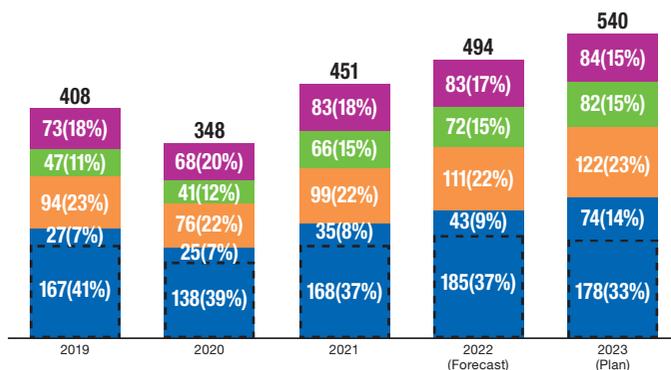
We aim to establish the software-as-a-service (SaaS) business by offering software-based connected services and related services in addition to the provision of service parts and maintenance services.

### Products by New Category

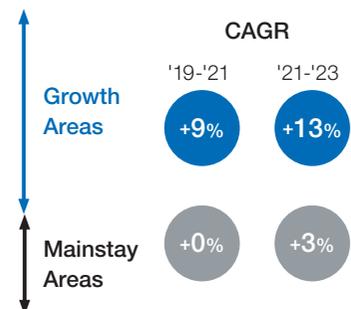
Products Category	Customer	Uses and Applications	Products	Model
Visual-Communication	VC-Solvent	Outdoor sign Store interior/display Banners Car wrapping	Solvent printers	VG3 series SG3 series 
	VC-Other	Sign shops Printing shops Print/design companies	UV printers Textile printers Large format cutters	LEC2 series Texart series EU-1000 GR2 series 
Digital Fabrication	Small/semi-industrial business Retail stores Sole business owners	Object printing Stickers Small object milling Marking	Small printers Small cutters 3D milling machines Engravers Metal printers	LEF series BN-20/20A LEC2 S series MDX series MPX-95 
Dental	Dental labs Dental clinics	Dental prosthesis	Dental milling machines	DWX series 
Service, Software & Others	VC, DF, Dental customers	Spare parts Maintenance services Software Apps	Service parts Maintenance Software	Print head Roland DG Connect DWINDEX 

### Net Sales Growth Areas portion will increase (=Business portfolio transition)

(100 Millions of Yen)



- SSO
- Dental
- Digital Fabrication
- VC-Other
- VC-Sol



## Report on the Progress of the Midterm Business Plan

Under the midterm business plan beginning in FY2021 and ending in FY2023, the Group is pursuing “transformation into a lean organization” and “transformation of the business portfolio” with the aim of achieving sustainable growth. The progress in the last six months is reported below.

### 1. Transition into a lean organization

In order to strengthen competitiveness and adapt to changes in the business environment, we are working on structural reforms, with a target of reducing fixed costs by 2 billion yen. In the second quarter ended June 30, 2021, we implemented an early retirement program and consolidated our mass production function.

#### Effect of reducing fixed costs through implementation of an early retirement program

For the first time since our foundation, we implemented an early retirement program in March 2021 and received applications from 190 employees, exceeding our target of 150 employees. We expect the implementation of the early retirement program will have the effect of reducing fixed costs by 590 million yen in FY2021 and 1,090 million yen each year from FY2022 onward. Although the number of applicants exceeded our expectations, we will review our business processes and promote efficiency in order to transform into a lean organization.

Effects on operating income					(Millions of Yen)
	First half of FY2021	Second half of FY2021	Full year of FY2021	FY2022 onward	
Actual effects	220	370	590	1,090	

Expenses for early retirement program *Recorded as an extraordinary loss				(Millions of Yen)
	First half of FY2021	Second half of FY2021	Full year of FY2021	
Actual expenses	1,249	0	1,249	

#### Consolidation of the mass production function

We have been operating two manufacturing factories, one in Japan and the other in Thailand. In the current structural reform, we are consolidating our mass production function to the Thai factory in order to promote product cost reductions and improve price competitiveness. We will position our domestic factory as a mother factory for prototyping, small-lot production, and technology transfer, thus clarifying its role. In line with the consolidation of our mass production function, the construction project to increase floor space of the Thai factory is underway. By consolidating the production of large commercial inkjet printers, dental milling machines and other high-volume products currently manufactured at the Miyakoda factory, the number of models to be produced will double from the current 16 models to 32 models and production capacity will increase by approximately 40% to 17,000 units of large commercial inkjet printers per year.

Despite some delays in construction due to impacts from the spread of COVID-19 in Thailand, expansion of the Thai factory is scheduled for completion within 2021.



### 2. Toward transformation of the business portfolio

For transformation of the business portfolio, we are securing management resources by pursuing greater efficiency of existing businesses to promote enhancement of products for growth markets and for new markets. In the second quarter of FY2021, we captured new demand in light of market changes associated with the COVID-19 pandemic.

#### Existing Businesses

##### DP Business

In the signage market, which is the mainstay market for large commercial inkjet printers, we emphasized information dissemination and business proposals using online communication because of restrictions on business activities due to the COVID-19 pandemic. Moreover, demand for output of signs for infection prevention measures, which we captured during the pandemic by



VG2-540

## SPECIAL FEATURE

Launch of Midterm Business Plan (FY2021–FY2023)

### Launch of Midterm Business Plan (FY2021–FY2023)

leveraging our support systems that enabled customers to keep their businesses running, continued to underpin printer sales in the second quarter of FY2021. In regions where vaccination campaigns are accelerating, the holding of on-site trade shows is gradually resuming, and there are signs of recovery in the demand for the production of advertising signs, with our presence increasing significantly, particularly in North America. Moreover, as solutions transition from low-solvent inks to non-solvent inks going forward in pursuit of environmental friendliness, we believe that the customer base, which we have been able to strengthen even during the COVID-19 pandemic, will be a major advantage.

#### DGSHAPE Business

In the dental market, disruption of the global supply chain during the COVID-19 pandemic has led to increased demand, especially in North America and Europe, for denture fabrication in the home country, breaking away from outsourcing to emerging market countries. In addition, demand for ceramic materials is increasing as more patients “invest” in cosmetic dentistry and prices of dental metal materials are soaring. Therefore, we expect demand for dental milling machines will continue to expand. Furthermore, we will emphasize the raising of awareness concerning digital workflows for denture and implant fabrication to expand sales.



VG2-640

**TrueVIS**



**DWX-52DCi**

### Growth Markets

#### DP Business

In the second quarter of FY2021, we launched the EU-1000MF printer capable of printing on boards and thick materials as our first product for growth markets. Starting with the ASEAN region and Latin America, we intend to expand sales regions in the future. Positioning this product as a foothold for expansion in growth markets and in combination with our support systems, we are offering an attractive value proposition.



**EU-1000MF**

#### DGSHAPE Business

“Productivity,” “processing quality,” and “stability” are emphasized in the dental market in emerging market countries as well. In the second quarter of FY2021, we made progress in launching products for growth markets, achieving sales expansion in the ASEAN region, India, the Middle East, North Africa, and other regions. Going forward, we will promote cost reductions by consolidating production to the Thai factory and accelerate marketing activities in growth markets.

### New Markets

#### DP Business

Sales of small printers equipped with print & cut functions, cutting machines, and textile printers expanded against the backdrop of rising in-house and small business demand amid the COVID-19 pandemic. Features characterized by “compact size,” “easy use,” and “affordable prices” met the diverse needs associated with the COVID-19 pandemic and were well received by many customers. We will accelerate cultivation of the small business market as a new target of our proposals.

Moreover, we are promoting co-creation of products for specific applications mainly in Europe and sales of UV printers capable of printing on thick materials are expanding steadily. In the second quarter of FY2021, we promoted horizontal deployment of our experience and track record cultivated in Europe in other regions, such as North America and Asia.



**VersaSTUDIO  
BN-20**



### Overarching

In the second quarter of FY2021, we launched connected services, which we have been offering for dental milling machines, for printers as well. By creating customer contact points utilizing IT, we will support efficient business operations of our customers.

## Transition into a lean organization

In FY2021, as part of our efforts to achieve “transition into a lean organization,” the core policy of the midterm business plan, we consolidated our mass production function to Roland Digital Group (Thailand) Ltd., a manufacturing subsidiary in Thailand. At the Thai factory, a construction project was completed in January 2022, adding floor space to strengthen the warehouse function to accommodate an increase in production volume.

At the same time, in order to respond to the increasing demand for dental milling machines, we set up a temporary factory with a product assembly area within the premises of the Thai factory, and the factory has been in operation since late October 2021. In the rapidly changing business environment, we will strive to prevent the loss of sales opportunities and improve price competitiveness by reducing product cost.



**Roland Digital Group(Thailand)Ltd.**

*Sawasdee krab!* \*1

**Hajime Yamashita**  
President, Representative Director

The construction project to increase floor space in line with the consolidation of mass production to the Thai factory was completed in January 2022 despite delays due to the impact of COVID-19, and we held an opening ceremony on February 11.

Here in Thailand, a Buddhist country, it is common to invite monks to hold a ceremony in Buddhist style. Since the number 9 is said to be an auspicious number in Thailand, by following this custom we invited nine monks and had them read sutras, pray, and perform purification rites, wishing for the prosperity of the Thai factory. We are operating our business in a country with different language and customs. However, since the establishment of the Thai factory, we have adopted “D-PICS\*2,” Roland DG’s unique production system, which enables the factory to realize the manufacturing quality equal to that in Japan, with IT systems supporting the workforce. We were able to complete the consolidation of mass production function to the Thai factory by the end of December. Going forward, we will strive to ensure stable supply of high-quality products while pursuing quality, cost, and delivery (QCD).



\*1. Sawasdee krab: Meaning “hello” in Thai

\*2. D-PICS: System to realize high-quality and stable manufacturing by utilizing IT

## **VersaUV** LEC2-640/330

Released in March 22, 2021

The LEC2-640/330 models are the latest in a series expanding the UV product line and providing significant improvements in printing expression and functionality. Newly developed EUV5 ink supports CMYK as well as Clear, White and Primer and expands the color gamut while producing vivid full-color prints with special effects like simulated embossing and gloss or matte finishes. A True Rich Color print setting is designed to maximize the imaging capabilities of the LEC2-640/330 with the new inks for vibrant color graphics with neutral grays, smooth gradations and natural skin tones. The new White ink, which is often used as a base coat when printing on transparent film or dark paper, achieves high opacity while the Primer ink makes it possible to print on media that was previously difficult or impossible.

In order for customers in the printing business to remain competitive, it is critical to be flexible and to continue developing new business by adapting new applications in response to market trends and client needs. 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.



## **Roland DG Connect** for Everything Creative

Available in Japan, the U.S., and the U.K. in April 27, 2021

Roland DG Connect will improve customer satisfaction and success by providing a more comfortable and stable operating environment, improved workflow efficiency, increased business development and profitability, and by enabling people with various skills and needs to collaborate and share ideas.

During the first phase, customers of supported Roland DG products will be able to share operating information interactively with Roland DG following product registration. Should an error occur, the shared information on the operating status and history of the product can be used to reduce the time of repair, thus helping to reduce downtime for the customer. The Health Check function monitors major components, such as the print head and notifies users of required maintenance to assist them in keeping their product in good working condition for stable operation. In addition, the Dashboard function offers an easy-to-understand, color-coded view of operating status to improve product utilization and efficient business operations.

We will continue to expand new functions and services as needed to generate an even more attractive creative ecosystem with our customers.



## **CAMM-1** GR2-640 / 540

Released in August 2021

The CAMM-1 series is capable of cutting almost any shape quickly and cleanly from a broad range of sheet and film materials ranging from thin automotive window films and heat-transfer sheets to thick reflective sheets and sandblast masks. The newly announced GR2-640/540 provide an ideal balance between affordable pricing and superior cutting performance and are designed to integrate seamlessly with large-format inkjet printers. With a maximum cutting speed of 1,530 mm/s, a maximum downforce of 600 gf and smooth media feeding, the GR2 series achieves the precision cutting quality and high-volume productivity required by professional users. The combination of our printers for producing beautiful graphics with our cutting machines that can contour cut any shape makes possible the production of unique and attractive applications. The GR2 series answers all these needs while excelling in quality, productivity and cost. There is fierce competition among sign making shops, Roland DG is committed to contributing to the development of digital solutions and services aimed at helping our customers explore the bounds of their creativity.



## **VersaSTUDIO** BN-20A

Released in October 12, 2021

The VersaSTUDIO BN series is one of the most compact, easy-to-use, and affordable desktop inkjet printer/cutters available for professional use. With over 18,000 units shipped since its launch in 2011, the BN-20 has proven popular among a wide range of users, from those starting a printing business to those producing and selling original goods from their home or stores. The latest model of the BN series, the BN-20A was designed to be more affordable by offering only CMYK ink colors while maintaining the high performance and ease of use of a professional business printer.

With the spread of digital technology, diversification of work styles, and the impact of COVID-19, there is a growing worldwide desire to start a business and work from home. At Roland DG, it is our mission to help people make the most of their individual skills and creativity. With its ability to easily create unique and attractive items, the BN-20A was designed to be the perfect business partner for people who enjoy designing, taking pictures, and making things. We will continue to expand our range of VersaSTUDIO desktop products to provide more people with the joy of creation.



## Digital denture seminar to cultivate demand in the dental market

DGSHAPE Corporation held a seminar on May 21, 2021 to cultivate demand in the dental market.

### Yosuke Mineno

Manager, Dental Marketing Unit,  
DGSHAPE Market Development Department  
DGSHAPE Corporation



### Q What is the background to your proposal for the digitalization of denture fabrication?

Demand for dentures is expected to increase amid the acceleration of super-aging society in developed countries. On the other hand, the number of young dental technicians at dental labs is trending downward. Moreover, as experienced dental technicians are aging, succession of skills has become an issue. Digital denture fabrication is attracting attention as a solution for these issues. DGSHAPE Corporation has been showcasing the CA-DK1 and CA-DK1-TR optional kits for dental milling machines at trade shows since 2018 and has been proposing digital denture fabrication to dental technicians since 2019.

### Q Please tell us about the content of the seminar.

The lecturers at the seminar were Dr. Hiroki Ii, director of Ii Dental Clinic, who is an advising dentist with the Japan Plate Denture Association (JPDA), which boasts one of the largest number of memberships in Japan in research on denture fabrication, and Mr. Koji Nozawa of Shinwa Dental Lab, who is an advising dental technician with JPDA. Dr. Ii explained the merits of digitally fabricated dentures and introduced workflows and clinical cases at clinics. Mr. Nozawa introduced the workflow and merits of digital denture fabrication at a dental lab that uses a DGSHAPE dental milling machine. Following the presentations, a panel discussion with the lecturers was held on the strengths and challenges of the CA-DK1 and CA-DK1-TR kits proposed by DGSHAPE.

### Q Who participated in the seminar?

The seminar was held online because it was not possible to have a face-to-face seminar during the COVID-19 pandemic. We distributed leaflets on the seminar to Hamamatsu City Medical Association and requested it to mail the leaflet together with its newsletter to its members. Besides, Shinwa Dental Lab notified JPDA members of the seminar and we distributed leaflets to the dental clinics and dental labs of our customers and publicized the event on social media and by email. The seminar

attracted 220 participants, about 80% of whom were dental technicians and dentists. The number of dentists was almost the same as the number of dental technicians, indicating that digital denture fabrication is a topic of great interest to dentists as well. Furthermore, we could fully utilize the merit of an online seminar because not only dental professionals in Hamamatsu City and adjacent areas but also those from across Japan could view the seminar.

### Q What were the achievements of the seminar?

In the course of our previous efforts to propose digital denture fabrication for dental labs, we realized that it was necessary to disseminate information to dentists and facilitate their understanding. Through this seminar, we were able to communicate the merits of digital denture fabrication directly to dentists as well, while making DGSHAPE more widely known. I believe this is the greatest achievement we made.

### Q What are your aspirations for the future?

DGSHAPE has been reaching out to key opinion leaders (KOLs) in the dental profession. Through our cooperation, we offer our products for their use and they publicize the effectiveness of our products and knowhow at seminars and trade shows. At the same time, we reflect their rigorous appraisals and suggestions in product improvements and new product development. The seminar held in cooperation with Dr. Ii and Mr. Nozawa, both of whom are KOLs, was well received by the participants. The promotion of digital denture fabrication is positioned as an existing business in the Roland DG Group's midterm business plan. By continuing to strengthen our relationships with KOLs and promoting awareness-raising activities both online and face-to-face, we wish to offer solutions for issues facing dental labs, contribute to the health and comfort of patients, and increase sales.

**Topic 1 Signage for COVID-19 vaccination sites in Hamamatsu City**

Roland DG produced large, highly visible signage for smooth guidance and alerts for mass vaccination sites in Hamamatsu City, Shizuoka Prefecture, where the company's headquarters is located. In response to requests for multilingual texts for foreign residents in Japan, we also assisted with translation by utilizing our global sales network. Our employees from operating departments, sales divisions, and administration divisions volunteered and undertook designing, printing, and delivery of the signage, which was used at three mass vaccination sites and 11 welfare centers in Hamamatsu City. The design data created by our employees are posted on the Roland DG website and available for use free of charge at other vaccination sites. Under the mission "Bringing new opportunities to society through digital technology," Roland DG continues its efforts to contribute to the resolution of social issues by utilizing its strengths.



Signs used at a vaccination site



Produced by Roland DG employees using a UV printer

**Topic 2 Readers' Choice Award 2021**

The TrueVIS VG2 series of large-format inkjet printer/cutters became the winner in the digital printing category of the Readers' Choice Award 2021 organized by Sign Media Canada, a publication dedicated to the Canadian sign and graphics industry. Since its debut in March 2019, the TrueVIS VG2 series has become highly popular among professionals in the sign and graphics industry, highly regarded for its excellent application capabilities and outstanding reliability. The TrueVIS VG2 series has also received numerous awards from global independent research institutions. Roland DG will continue to propose products and solutions that will contribute to the development of business in the sign and graphics industry.



**Work style Reform**

In response to the global COVID-19 pandemic, the Group has been promoting the introduction of staggered working hours and work from home since March 2020, according the top priority to the health and safety of our employees. Although these programs started as emergency measures, smooth execution of work and sufficient functioning of organizational management were proven, and we officially introduced the work-from-home program in July 2020 and a flextime program and an hour-based paid leave system in January 2021 to ensure preparedness in the event of future crises affecting human life and health. Currently, approximately 70% of officers and employees are using these schemes. We believe that our employees are the ones who will underpin our sustainable growth in the future, and that the way they work is an important issue for us. By creating an environment allowing employees to choose from diverse workstyles, we will accelerate the transformation of the Group, aiming to be an enterprise where each and every employee can fully demonstrate his or her abilities and work with vigor.



## Financial Highlights

### Demand was strong for capital investment, Large increase in both sales and profits vs. previous

During the fiscal year ended December 31, 2021, the world economy generally was on a recovery track, despite the variability between countries and regions. In the Europe and North America, strong signs of economic recoveries were seen, and countries made progress on both measures to prevent the spread of COVID-19 and on economic activities. In Southeast Asia and Japan, an overall upturn in business conditions was apparent, despite continuing restrictions on economic activities due to the renewed spread of variants. However, with no indication of when the pandemic will be brought under control, the outlook for the world economy remained uncertain.

Both net sales and profit for the fiscal year ended December 31, 2021 were significantly higher than in the previous term, due to the fact that the impact of COVID-19 was large in the previous term. Net sales increased by 29.7% compared with the previous term to 45,095 million yen, with a weaker yen further contributing to increased sales in the sign market, which is our mainstay business, and the growing dental market. The ratio of cost of sales improved by 6.3 percentage points from the previous term, due to the significant increase in net sales as well as the effect of increased production. Selling, general and administrative expenses increased mainly due to an increase in personnel expenses, advertising expenses, and commission expenses, but the ratio of selling, general and administrative expenses against net sales fell by 5.6 percentage points from the previous term. As a result, operating profit was 6,056 million yen (operating profit of 500 million yen in the previous term), and ordinary profit was 6,082 million yen (ordinary profit of 422 million yen in the previous term). Profit attributable to owners of parent was 3,733 million yen (profit attributable to owners of parent of 251 million yen in the previous term), partly due to the fact that expenses associated with the call for early voluntary retirement in the three months ended March 31, 2021 and dismantling cost of aging R&D center in the fiscal year ended December 31, 2021 were recorded as extraordinary losses in the three months ended March 31, 2021.

## Future Outlook

### Expected to further increase sales and profit YoY

While there are still no clear prospects for the end of the COVID-19 pandemic, we expect the recovery trend to continue for both infection control and economic activities, and we assumed that demand would continue to grow in our business field. On the other hand, we expect the difficult situation of shortages of electronic components and other parts to return to normal levels in the second half of the year and the impact on the supply side has been factored in through the first half of the fiscal year.

Overview for FY2022 is that the first is to expand and develop sales in the personalized and customized market, which we have positioned as the Digital Fabrication category. Next is, in the promising growth field of Dental, our three policies are to strengthen sales in growth markets and to expand into dental clinics, as well as to maintain our customer base and secure profits in the signage market, which is included in the definition of Visual Communication (VC).

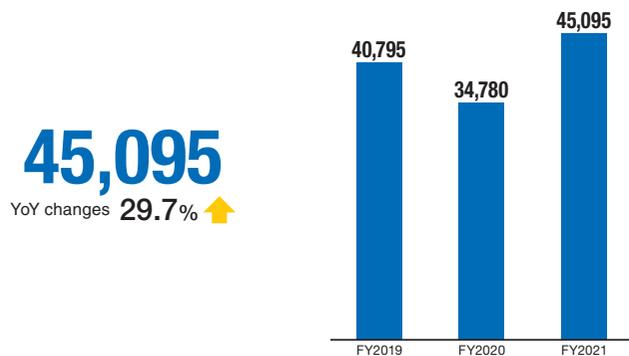
### Consolidated Financial Results Forecast for the Fiscal Year Ending December 31, 2022

	Forecast (Millions of Yen)	YoY change (%)
Net sales	51,900	15.1%
Operating profit	7,600	25.5%
Ordinary profit	7,800	28.2%
Profit attributable to owners of parent	5,500	47.3%

\*Estimated exchange rate : USD/JPY:113.00, EUR/JPY:128.00

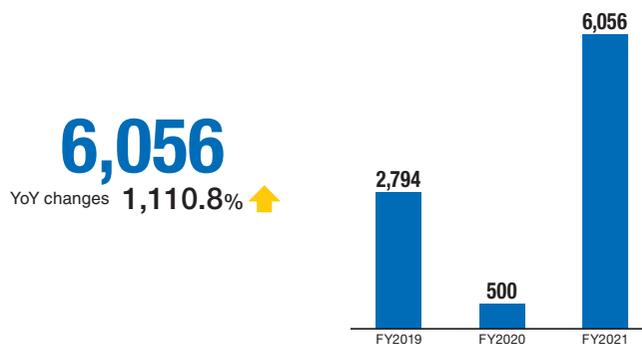
## Net Sales

(Millions of Yen)



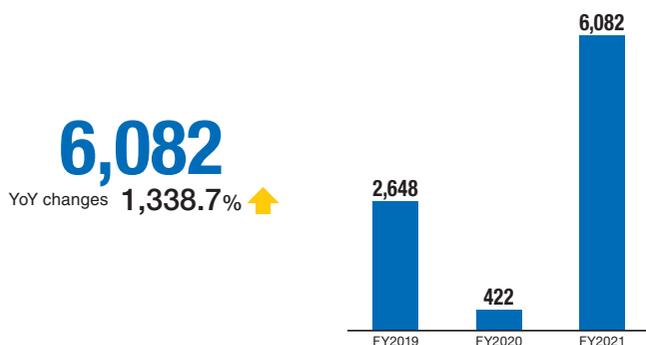
## Operating Profit

(Millions of Yen)



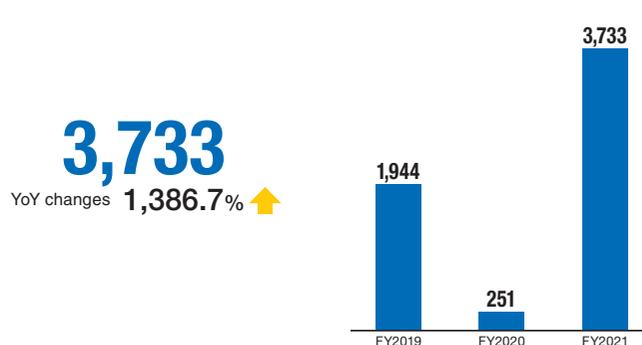
## Ordinary Profit

(Millions of Yen)



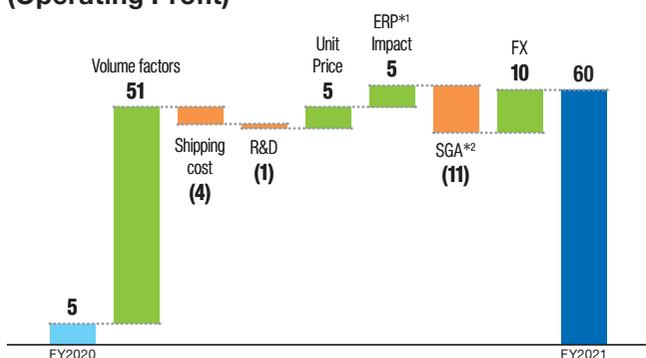
## Profit attributable to owners of parent

(Millions of Yen)



## Variance Analysis YoY (Operating Profit)

(Millions of Yen)

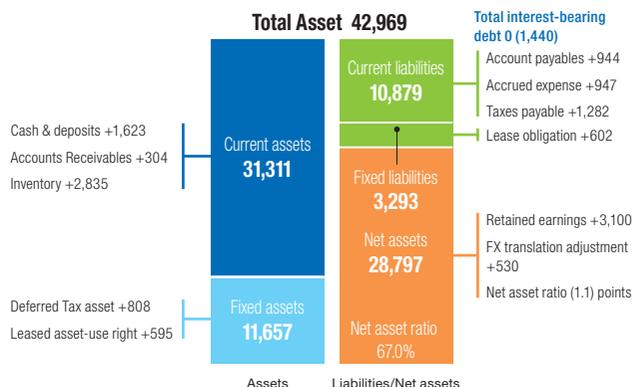


\*1 Early Retirement Program

\*2 Excludes personnel cost impact due to the Early Retirement Program

## Balance sheet

(Millions of Yen)

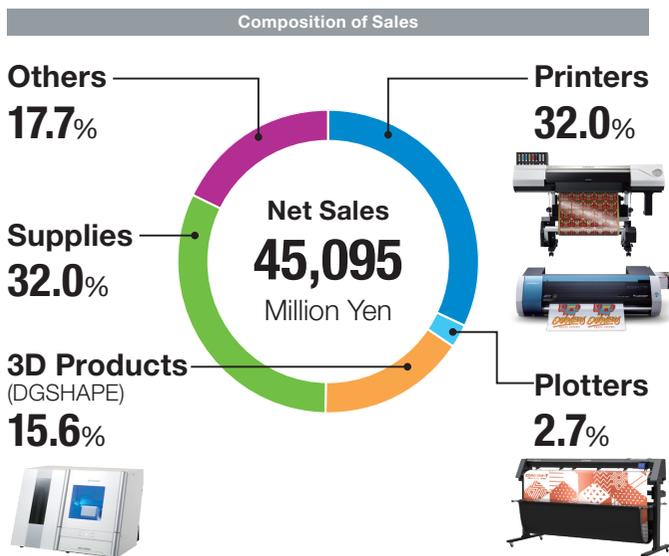


\* Change from the end of previous fiscal year

# OPERATING & FINANCIAL REVIEW

Net sales by product

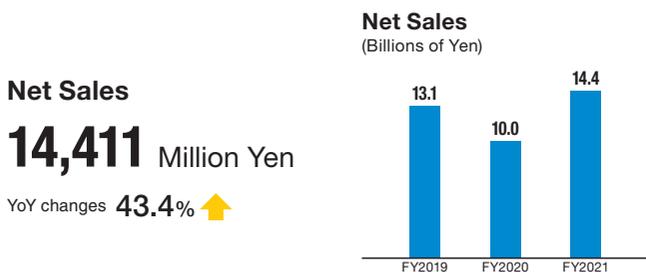
## Net sales by product (FY2021)



sign market. In addition, sales of VersaSTUDIO BN-20 desktop eco-solvent inkjet printers for the in-house and small business market increased against the backdrop of the growing number of online business-based startups and side businesses amid restrictions on economic activities due to the COVID-19 pandemic. Since it is equipped with the print & cut function that enables the on-demand production of stickers in a range of shapes, this model has been increasingly introduced as a printer that meets the diverse needs arising from the COVID-19 pandemic. In October, we introduced the BN-20A model with clear functions as low-end model, and which targets a narrower range of customers.

Sales increased significantly, due to our efforts to resolve the backlog of orders for some printers caused by the strong capital investment demand as well as the rapid recovery in demand with the resumption of economic activities. As a result, printer sales were 14,411 million yen in the fiscal year ended December 31, 2021, or 143.4% of the previous fiscal year, a significant increase attributable to the impact of COVID-19 in the previous fiscal year.

### Printers

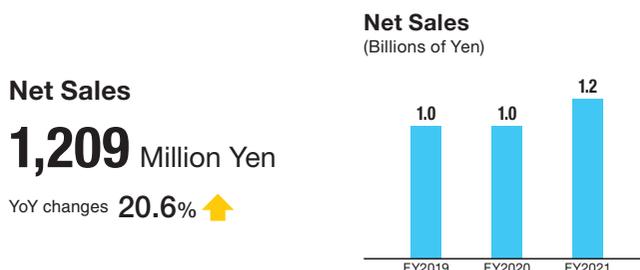


### Summary

In the sign market, amid increasingly fierce competition due to market maturity and market entry by large companies, we enhanced the provision of added value through technological transformation in order to further solidify the existing customer base. For the VersaUV LEC2-640/330, which we launched in March to expand our UV printer lineup, we newly added the 64-inch model to support the production of large advertising boards using non-solvent UV ink. In April, we launched Roland DG Connect, which provides services to enhance work efficiency and realize stable operating environments for printers, and in July, we expanded the service coverage area by increasing the number of supported languages. In addition, we launched sales of EU-1000MF, a large-format UV printer with competitive pricing that meets customer needs, as a model for growth markets. In new markets, we promoted co-creation with external partners.

During the fiscal year ended December 31, 2021, sales were supported by output demand such as for warning notices encouraging infection prevention amidst the COVID-19 pandemic. The resumption of economic activities was accelerated in some regions with high vaccination rates. Face-to-face exhibitions and events began to be held, and output demand such as for outdoor advertising recovered, leading to an increase in sales of VG2 series printers for the

### Plotters



### Summary

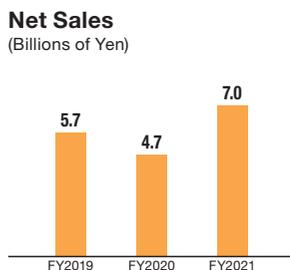
In August, we launched the CAMM-1 GR2-640/540, a large format cutter for the sign market, and sales of large format cutters for the sign

market increased. Sales of small-scale cutters for the in-house market also increased. As a result, plotter sales were 1,209 million yen, or 120.6% of the previous fiscal year.



### 3D Products (DGSHAPE)

**Net Sales**  
**7,047** Million Yen  
YoY changes **47.5%** ↑



#### Summary

DGSHAPE Corporation, a subsidiary of the Company, aims to promote efficiency of fabrication in various fields by utilizing 3D digital data. While securing a solid footing in the 3D digital fabrication market such as the manufacturing and engraving industries as well as educational institutions, the Company strives to become the top global manufacturer by acquiring market share through the expansion of sales regions in the growing dental market. In the dental market, we focused not only on dental labs but also on dental clinics, as we worked to expand the target customer base, while we also strengthened our proposal capabilities in the manufacturing of dentures and implant bases as a new digitalization field. For growth markets, we launched the price-competitive exclusive model DWX-52Di with features suitable for customer needs in the respective regions. We worked to increase sales and market share in growth markets, including starting sales in China, as well as Egypt and some regions in ASEAN, where digitalization is progressing.

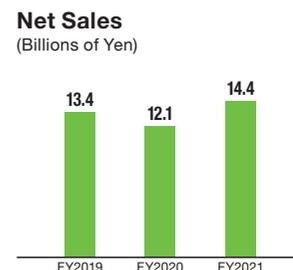
During the fiscal year ended December 31, 2021, economic activities resumed with the lifting of restrictions in regions where vaccinations are progressing, leading to strong sales of dental milling machines. At the same time, we carried a backlog of orders for some



dental milling machines due to the rapid recovery in demand, but we adjusted to increase production and made progress on eliminating the backlogs. This was partly responsible for the increase in sales. As a result, sales of 3D products were 7,047 million yen in the fiscal year ended December 31, 2021, or 147.5% of the previous fiscal year, a significant increase attributable to the impact of COVID-19 in the previous fiscal year.

### Supplies

**Net Sales**  
**14,437** Million Yen  
YoY changes **18.8%** ↑



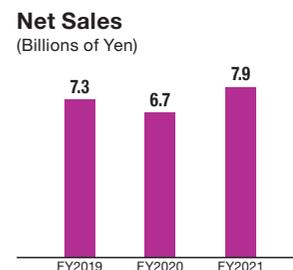
#### Summary

In addition to output demand, such as for warning notices encouraging infection prevention, face-to-face exhibitions and events were increasingly resumed, and output demand related to advertising and other events recovered, resulting in increased sales of ink, which is a printer supply item. As a result, sales of supplies were 14,437 million yen, or 118.8% of the previous fiscal year, exceeding the level of the previous fiscal year.



### Others

**Net Sales**  
**7,989** Million Yen  
YoY changes **17.7%** ↑



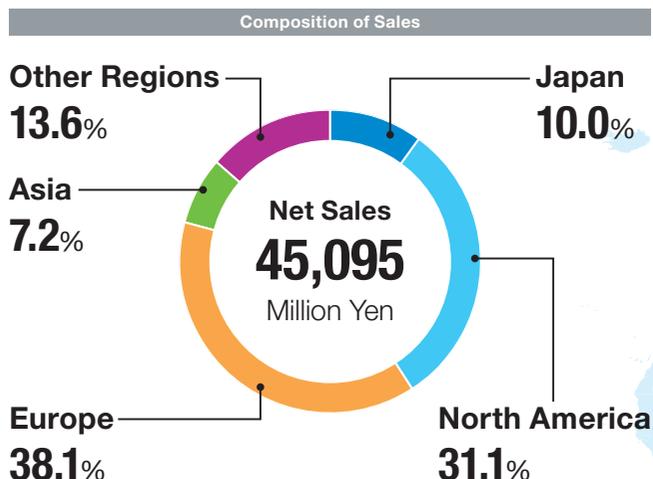
#### Summary

Customers' product utilization rates improved due to the recovery of output demand, and sales of service parts were strong, which resulted in other sales of 7,989 million yen, or 117.7% of the previous fiscal year, exceeding the level of the previous fiscal year.

# OPERATING & FINANCIAL REVIEW

Net sales by region

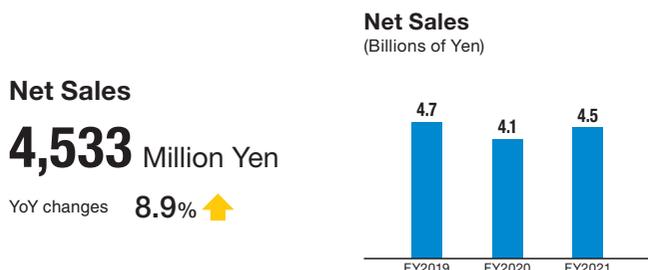
## Net sales by region (FY2021)



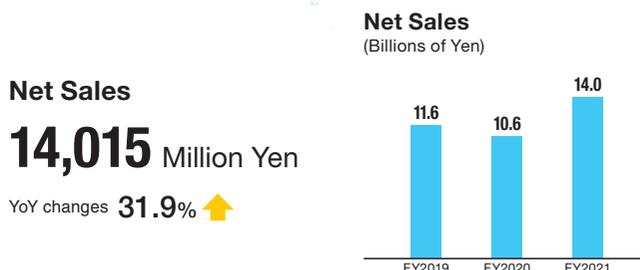
## Demand recovered from economical reopening



### Japan



### North America



### Summary

Output demand recovered due to the resumption of events amid the continuing intermittent restrictions on economic activities resulting from requests for self-restraint by local governments in line with the declarations of a state of emergency. As a result, sales of printers for the sign market and UV printers for the retail market increased. In 3D products, in the dental market, sales of the DWX-52D and DWX-52DCi, our mainstay models, increased, while sales of the DWX-4 dental milling machine increased with the expansion of insurance coverage for CAD/CAM crowns (dental fillings and crowns made using dental data) in September 2020. As a result, net sales in Japan were 4,533 million yen, or 108.9% of the previous fiscal year.

### Summary

During the fiscal year ended December 31, 2021, various restrictions that had been implemented to curb the spread of COVID-19, such as store entry restrictions and limits on holding events, were lifted as vaccination rates rose, and economic activity progressively recommenced. In printers, sales increased significantly for the TrueVIS VG2/SG2 series, our mainstay printer models for the sign market. In addition, owing to the growing in-house and small business demand, sales increased significantly for the BN-20 compact desktop eco-solvent inkjet printers enabling on-demand, small-lot production of original goods such as stickers, T-shirts and tote bags. Sales were also boosted by the progress in sales of products for which a backlog in orders had arisen due to the rapid recovery in demand resulting from the resumption of economic activities. In 3D products, capital investment demand was vigorous in the dental market, and sales of dental milling machines were strong. In addition, amid the COVID-19 pandemic, the introduction of DWX-42W wet dental milling machines expanded among dental clinics with dental labs and internal labs, against a backdrop of increasing insourcing of dental technical work with the aim of providing safe and fast treatment. As a result, net sales in North America were 14,015 million yen, or 131.9% of the previous fiscal year, an increase compared to the previous fiscal year.

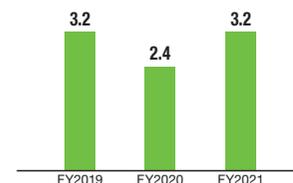


## Asia

**Net Sales**  
**3,230** Million Yen

YoY changes **32.4%** ▲

**Net Sales**  
(Billions of Yen)



### Summary

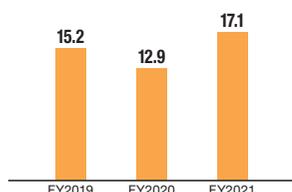
In China and South Korea, sales in the previous fiscal year decreased substantially due to the impact of COVID-19, but sales of dental milling machines and service parts rose in the fiscal year ended December 31, 2021, exceeding that of the previous fiscal year. Sales of dental milling machines increased significantly in India, where the digitalization of the dental market is progressing, partly due to the cultivation of sales channels. Although sales of printers and supplies slumped due to restrictions on economic activities as a result of lockdowns in some ASEAN regions, with the renewed spread of COVID-19, sales of dental milling machines and service parts, which account for a high proportion of sales, exceeded sales in the previous fiscal year. As a result, net sales in Asia were 3,230 million yen, or 132.4% of the previous fiscal year.

## Europe

**Net Sales**  
**17,168** Million Yen

YoY changes **32.5%** ▲

**Net Sales**  
(Billions of Yen)



### Summary

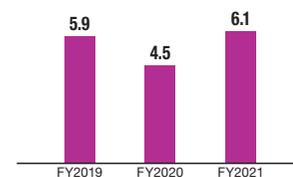
During the fiscal year ended December 31, 2021, although there were lockdowns and other measures in place in some regions to restrict activities, capital investment demand was robust ahead of the normalization of economic activities. Output demand recovered in conjunction with this, and in printers, sales of printers for the sign and retail markets increased significantly. At the same time, sales of ink and other supplies as well as service parts increased substantially. In 3D products, sales of the DWX-52DCi, which features high productivity, increased in the dental market. Sales were also boosted by the progress in sales of products for which a backlog in orders had arisen due to the rapid recovery in demand resulting from the resumption of economic activities. As a result, net sales in Europe were 17,168 million yen, or 132.5% of previous fiscal year, partly due to the effects of the weaker yen against the euro.

## Other Regions

**Net Sales**  
**6,148** Million Yen

YoY changes **33.7%** ▲

**Net Sales**  
(Billions of Yen)



### Summary

In Australia, an increase in sales of printers and eco-solvent ink for the sign market was further boosted by the depreciation of the yen against the Australian dollar, and sales were significantly higher than in the previous fiscal year. In Latin America, sales in Brazil slumped, but in other regions of Latin America, sales of printers for the sign market and dental milling machines exceeded that of the previous fiscal year. In the Middle East and Africa region, sales were significantly higher than in the previous fiscal year due to the recovery in capital investment demand. As a result, net sales in these regions were 6,148 million yen, or 133.7% of the previous fiscal year.

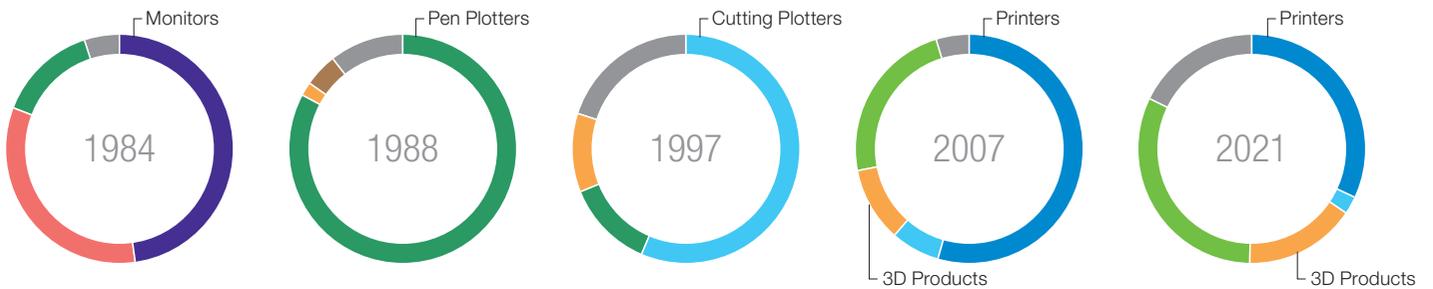
## Roots

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.

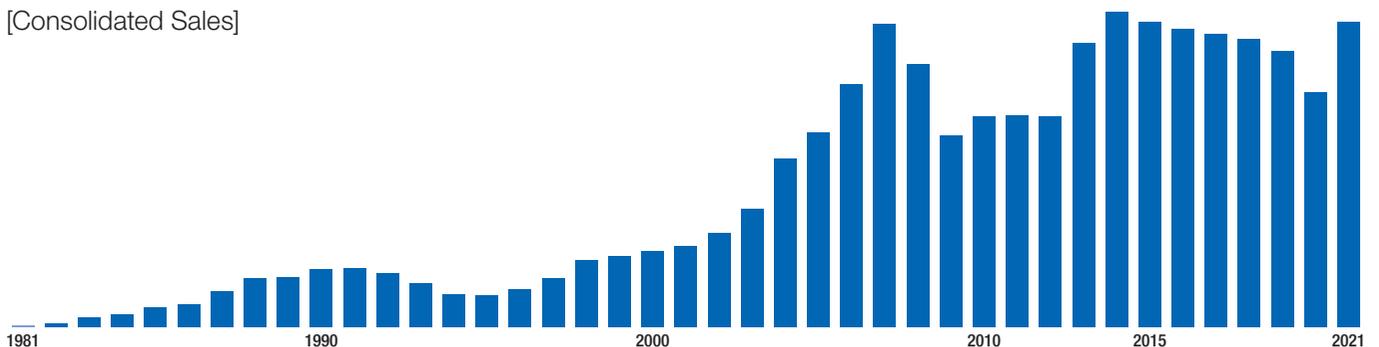
Then we took it one step further, and by swapping out a pen for a blade, we developed the **cutting machines** that could cut text and illustrations from vinyl sheets and rolls, which had applications in the creation of signage. Afterwards, as the image processing capability of computers continued to 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]



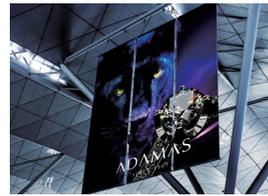
# Business Summary

## 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 subtractive 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 decoraters.



Prototyping



3D Milling Machines



Personalizing pens, fountain pens and other stationery



Production of jigs



Decorating smartphone cases



Laser Foil Decoraters

### 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.



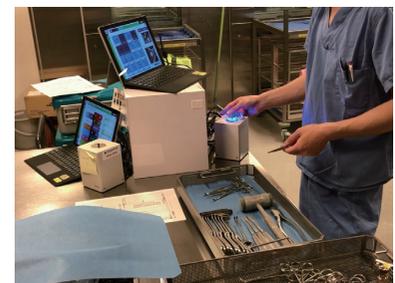
Digitalizing work instructions



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 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



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



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 the delegation-based Executive Officer with title structure and a division / business division system, we work toward efficient business execution, while we have established the Management Meeting consisting of Executive Directors, including the President, Representative Director and Executive Officers 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 places the following corporate ideals at the root of its management, making it the starting point for all corporate activities.

#### Slogans

- 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

##### Supplementary Principle 2-4-1 Ensuring internal diversity, including empowerment of women

We recognize that society consists of people with diverse attributes, and that it is essential to recognize, respect, and utilize diversity. Accordingly, the Code of Conduct clearly states that we will develop our business based on the concept of respect for diversity and coexistence. As a global company, in the past we have appointed foreigners to the Directors and Executive Officers who are responsible for the management of our company, regardless of nationality, and also appointed females to Directors,

department heads and managers. We will continue to maintain and promote diversity in the future, and we are currently considering specific targets.

In addition, the Company (Group) has set the two pillars of strategic human resources: securing human resources (recruitment, development, and optimal deployment) that will drive our growth strategy and supporting the self-realization of diverse individuals. From the perspectives of human resource development and improving the internal environment, we will mainly strengthen the following.

- Selection and training of next-generation leaders and the systematic development of successors to management
- Developing leaders who can leverage diverse human resources to drive the organization
- Talent management and job rotation
- Support for education to promote "reskilling"
- Creating an environment that promotes a variety of working styles

#### Disclosure Based on Each Principle of the Corporate Governance Code

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

##### Principle 1-4 Cross-Shareholdings

The Company does not hold any cross-shareholdings.

##### Principle 1-7 Related Party Transactions

When the Company engages in transactions with its Directors, Audit & Supervisory Board Members 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.

##### Supplementary Principle 2-4-1 Ensuring internal diversity, including empowerment of women

We recognize that society consists of people with diverse attributes, and that it is essential to recognize, respect, and utilize diversity. Accordingly, the Code of Conduct clearly states that we will develop our business based on the concept of respect for diversity and coexistence. As a global company, in the past we have appointed foreigners to the Directors and Executive Officers who are responsible for the management of our company, regardless of nationality, and also appointed females to Directors, department heads and managers. We will continue to maintain and promote diversity in the future, and we are currently considering specific targets.

In addition, the Company (Group) has set the two pillars of strategic human resources: securing human resources that will drive our growth strategy (recruitment, training, and optimal placement) and supporting the self-realization of diverse individuals. From the perspectives of human resource development and improving the internal environment, we will mainly strengthen the following.

- Selection and training of next-generation leaders and the systematic development of successors to management
- Developing leaders who can leverage diverse human resources to drive the organization
- Talent management and job rotation
- Support for education to promote "reskilling"
- Creating an environment that promotes a variety of working styles

##### 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 Corporate Division who are well-versed in pension management. The committee deliberates on important matters for the safe and efficient management of pension assets, reports 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

- Corporate ideals, 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.

- ii. Basic views and guidelines on corporate governance: Basic views are disclosed on the Company's website and Securities Reports.
- iii. Policies and procedures in determining the compensation of Directors: Regarding the determination of compensation for Directors, based on the "policy for determining individual compensation of Directors," which was resolved by the Board of Directors in February 2021, we strive to maintain fairness, transparency, and objectivity in procedures with the APPOINTMENT AND COMPENSATION COMMITTEE, chaired by an Independent Outside Director, serving as an advisory body to the Board of Directors. In addition, with regard to the amount of Directors' compensation, etc., information is disclosed on the Company's website, the NOTICE OF THE ORDINARY GENERAL MEETING OF SHAREHOLDERS, and Securities Reports.
- iv. Policies and procedures for the appointment of candidates for Director and Audit & Supervisory Board Member: When nominating candidates for Directors and Audit & Supervisory Board Members, the APPOINTMENT AND COMPENSATION COMMITTEE, chaired by an Independent Outside Director, serves as an advisory body to the Board of Directors, discusses the suitability of candidates in light of the selection criteria stipulated in the "RULES OF APPOINTMENT AND COMPENSATION COMMITTEE," and is reported to the President, Representative Director. The President, Representative Director submits this candidate appointment proposal to the Board of Directors and Audit & Supervisory Board, and upon their resolution, it is proposed to the General Meeting of Shareholders. With regard to independence, the Company's independence standard is disclosed on the Company's website.
- v. Explanations with respect to individual appointments of senior management and appointment of Directors and Audit & Supervisory Board Members: Reasons for appointment of all candidates are disclosed in the NOTICE OF THE ORDINARY GENERAL MEETING OF SHAREHOLDERS.

#### **Supplementary Principle 3-1-3 Enhancement of information disclosure**

As a public company, we recognize that it is our duty to comply with laws and regulations and fulfill our social responsibilities. Under one of our slogans, "cooperative enthusiasm," we engage in CSR activities such as effective use of resources and reduction of environmental impact in accordance with our Code of Conduct, and are working to build a relationship of mutual trust with our stakeholders in order to enhance our corporate value by collaborating with them. Visit our website for our approach to sustainability and sustainability efforts.

#### **Investment in human capital:**

As we expand our business globally, we are actively appointing foreign Directors and Executive Officers to oversee our global sales network, and we are building a diverse management system to gather the diverse voices of our stakeholders around the world, including our customers and employees, and utilize them for our next growth. Our strategic human resource policy is to secure human resources that will drive our growth strategy (recruitment, training, and optimal placement) and to support the self-realization of diverse individuals. To secure the human resources that will drive our growth strategy, we are not only strengthening the hiring of specialists and mid-career hires who will play an important role in the execution of our strategy, but we are also working to select and train the next generation of leaders and systematically develop management-level personnel. In the future, we will also strengthen talent management and job rotation to ensure an appropriate human resources portfolio (optimal placement). To support the self-realization of diverse individuals, we will further strengthen our efforts to promote the empowerment of women, people with disabilities, and senior human resources, and at the same time, strengthen the development of leaders who can lead the organization by utilizing diverse human resources. At the same time, we will strengthen our efforts to develop leaders who can utilize diverse human resources and lead the organization. Furthermore, we will create an environment that allows employees to maximize their potential by supporting education that encourages "reskilling" and by enhancing the environment for diverse work styles regardless of time and place. We will also proactively invest in systems to improve the efficiency of conventional human resource management operations and to make human resource information more visible, which are essential for realizing these strategic human resource management measures.

#### **Investment in intellectual property:**

We believe that the utilization of and investment in intellectual property is essential for us to achieve a shift in our business portfolio and further growth. During the period of this medium-term management plan, we will invest

aggressively in the development of environmentally friendly inks, expansion of connected services, promotion of Co-Creation activities, establishment of traceability systems to ensure safety and security in medical facilities and systems to improve the efficiency of hospital management, and sales of the digital cell production system, our unique production method in order to create new markets.

#### **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 "AUTHORITY RULES" 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.

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

The Company has defined the "Standards Concerning Independency of Outside Directors and Outside Audit & Supervisory Board Members," and discloses them on its website. With regard to appointment of personnel, in addition to standards set by the Tokyo Stock Exchange, candidates must satisfy the Company's proprietary standards, emphasize diversity, have experience and expertise directly involved in company management, can be expected to contribute to honest, active and constructive consideration at the Board of Directors, and we strive to appoint a person who can attend the Board of Directors meetings.

#### **Supplementary Principle 4-10-1 Authority, roles, etc. of the APPOINTMENT AND COMPENSATION COMMITTEE**

The Company has appointed 3 Independent Outside Directors but they have not reached the majority of the Board of Directors. Therefore, the APPOINTMENT AND COMPENSATION COMMITTEE has been established as an advisory body to the Board of Directors in order to strengthen the fairness, transparency, and objectivity of procedures related to the treatment of executives and Directors, and to enhance corporate governance. In addition, in order for the Board of Directors to have a good balance of knowledge, experience, and abilities to effectively fulfill its roles and responsibilities, The RULES OF APPOINTMENT AND COMPENSATION COMMITTEE stipulate that the Committee should make proposals that balance appropriate scale and diversity, including gender, internationality, work history, and age.

#### **Supplementary Principle 4-11-1 Disclosure of Views Concerning the Diversity of the Board of Directors**

Policies and procedures regarding the appointment of the Company's Directors are as shown in Principle 3-1 iv, 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. The Board of Directors identifies the skills, etc. that it should possess in light of the management strategy, and then creates a skill matrix that lists the knowledge, experience, abilities, etc. of each Director as a whole, thereby giving due consideration to appropriate business management. Regarding the management experience of Independent Outside Directors at other companies, the criteria for appointment of Directors by the APPOINTMENT AND COMPENSATION COMMITTEE are set such that Independent Outside Directors include those who have management experience. In addition, the presentation materials of the Ordinary General Meeting of Shareholders disclose the skill matrix, and the convocation notice and Securities Report disclose management experience at other companies.

#### **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 the General Meetings of Shareholders 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, Representative Director 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 Directors 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 NOTICE OF THE ORDINARY GENERAL MEETING OF SHAREHOLDERS, and the status of concurrently held positions in the NOTICE OF THE ORDINARY GENERAL MEETING OF SHAREHOLDERS 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 Directors and Audit & Supervisory Board Members to acquire necessary knowledge concerning business, finance, and organizations, etc.
- Create opportunities for Outside Directors and Audit & Supervisory Board Members to share and deepen understanding of business content and management issues
- Create opportunities to acquire other knowledge, etc., necessary to fulfill responsibilities

**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 Constructive Dialogue with Shareholders" and discloses it on the Company's website. ([https://www.rolanddg.com/-/media/corporate/ir/about-us/management/corporate-governance/pdf/governance\\_03.pdf?la=en&hash=EF429D83871009ECD3D8592433E88385DCB79AF4](https://www.rolanddg.com/-/media/corporate/ir/about-us/management/corporate-governance/pdf/governance_03.pdf?la=en&hash=EF429D83871009ECD3D8592433E88385DCB79AF4))

\*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:

**1) Board of Directors**

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

**2) Management Meeting**

The Management Meeting, which consists of Executive Directors including the President, Representative Director and Executive Officers, is held typically once every month and supervises the business execution of Executive Officers by having Executive Officers explain deliberation proposals and report on business execution.

**3) 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 subsidiaries in addition to engaging in strengthening its function of monitoring the execution of Directors' duties.

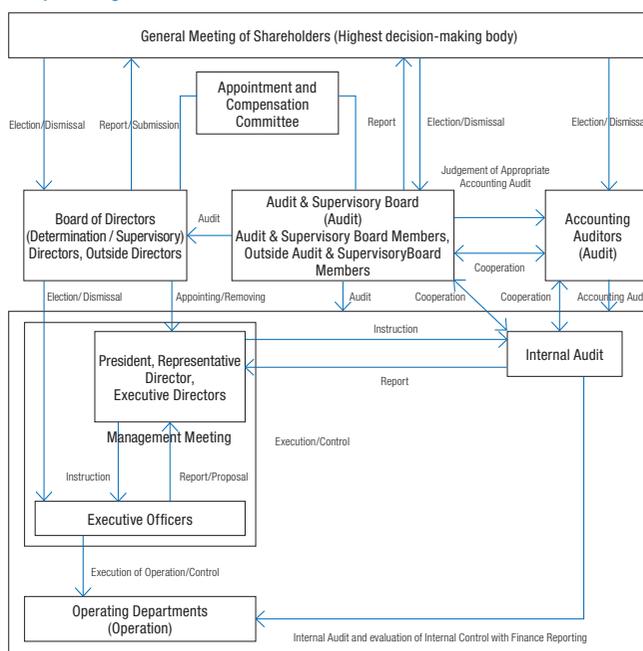
Members of each corporate institution are as follows:

✓ Chairman for corporation institutions, ✓ Member

Role	Name	Board of Directors	Management Meeting	Audit & Supervisory Board
President, Representative Director	Kohei Tanabe	✓	✓	
Director Managing Executive Officer	Toshiharu Uwai	✓	✓	
Director Managing Executive Officer	Andrew Oransky	✓	✓	
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 Executive Officers.

**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, and the whistleblowing system to promote compliance with laws and regulations within the Group.

The President, Representative Director assumes responsibility for the risk management structure as the Chief Risk Management Officer. The Board of Directors of the Company appoints the Risk Management Officer and the Risk Management Officer supervises and manages the Risk Management System of the Company and reports and proposes to the Board of Directors and the Chief Risk Management Officer on a regular basis. 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 “RULES FOR 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 Finance & Accounting 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 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 Corporate Affairs 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 Act 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 Act 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 Act, 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 Act shall be limited. The limited liability amount under such contracts shall be the minimum limited liability amount specified by laws and regulations.

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

With regard to internal audits, the Company has established the Internal Audit Department as an organization under the direct control of the President, Representative Director, which reports the results of internal control and internal audits of the fiscal year at the meeting of the Board of Directors. Audit & Supervisory Board Members and the Internal Audit Department 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 Internal Audit department 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 a financial institution 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 a financial institution for many years as well as corporate planning and accounting operations in the Company and also has an experience as the President of an European subsidiary. 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 vested interest to be stated pursuant to the provisions of the Certified Public Accountants Act 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. Tadashi Nakayasu and Masanori Toyozumi 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 nine other persons.

The Internal Audit Department, 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. 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 Board Member, Mr. Mitsuhiro Honda, is an Outside Audit & Supervisory Board 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 Tokyo Stock Exchange.)

### 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. 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 Independence of Outside Directors and Outside Audit & Supervisory Board Members" 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 two of Outside Directors, 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 41st Fiscal Year)

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 recipients
		Basic compensation	Bonuses	Performance-linked compensation Share compensation	
Directors (excluding Outside Directors)	155	104	0	51	5
Audit & Supervisory Board Members (excluding Outside Audit & Supervisory Board Members)	27	23	4	-	2
Outside Directors and Audit & Supervisory Board Members	33	33	-	-	5
<b>Total</b>	<b>216</b>	<b>161</b>	<b>4</b>	<b>51</b>	<b>12</b>

#### (Notes)

- The Company has established the APPOINTMENT AND COMPENSATION 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 (eight members including two Outside Directors at the time of resolution) at up to 300 million yen per year (including up to 30 million yen for Outside Directors).
- 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.
- 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 (four members including two Outside Audit & Supervisory Board Members) at up to 60 million yen per year.
- The number of recipients includes two Directors who retired at the conclusion of the 40th Ordinary General Meeting of Shareholders held on March 18, 2021 but excludes one Outside Director who serves without compensation.
- The Company has decided not to pay officer bonuses for the Directors 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 Directors 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 compensation 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, bonuses for Directors, 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 APPOINTMENT AND COMPENSATION COMMITTEE, with the majority 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 is delegated to the President, Representative Director by resolution of the Board of Directors, and the President, Representative Director 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 Meeting of Shareholders. With regard to compensation standards for Directors, the President, Representative Director, based on reports of the APPOINTMENT AND COMPENSATION COMMITTEE, drafts the compensation standards for Directors and Audit & Supervisory Board Members, and the Board of Directors finalizes it by its resolution.

The Company provides basic compensation on a monthly basis.

## 3. Policy for determining the total amount of Executive Directors' and Audit & Supervisory Board Members' bonuses

### 1) Policy for determining the total amount

When determining the total amount to be paid, the total amount shall not exceed 300 million yen, the approved amount of basic compensation and Executive Directors' and Audit & Supervisory Board Members' bonuses at the General Meeting of Shareholders, and shall comply with the numerical standards prescribed in the OFFICERS' BONUS PAYMENT RULES (the total amount of Executive Directors' and Audit & Supervisory Board Members' bonuses shall be up to 2% of operating profit and 3% of net income in the consolidated financial forecast). In addition, in the event that one of the following applies before the settlement of financial results, the Company will not pay Executive Directors' and Audit & Supervisory Board Members' bonuses pursuant to the OFFICERS' BONUS PAYMENT RULES.

- (1) If consolidated operating profit or net profit is in deficit
- (2) If the business results fall below the following criteria compared to the consolidated business forecast disclosed at the beginning of the term
  - Net sales: 30%
  - Operating profit, ordinary profit, and net profit: 50%
- (3) If the President, Representative Director decides to postpone payment even if the preceding 2 items do not apply. When paying a bonus, approval shall be obtained by the Board of Directors in advance.

### 2) Policy for determining the amount for each Director

Bonuses to be paid for each Director shall be the amount obtained by multiplying the operating profit for the relevant fiscal year by the coefficient for each position based on the OFFICERS' BONUS PAYMENT RULES. However, if the compensation limit for Directors (including bonus amount) approved at the General Meeting of Shareholders is exceeded, the coefficient for each position will be prorated and adjusted so that it falls within the approved limit.

Bonuses shall be paid within one month after the end of the Ordinary General Meeting of Shareholders for the relevant fiscal year.

## 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 RULES CONCERNING PROVISION OF SHARES (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 Directors or employees of the Company or its subsidiaries, 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 APPOINTMENT AND COMPENSATION COMMITTEE based on a compensation criterion 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 APPOINTMENT AND COMPENSATION COMMITTEE and decides compensation, etc. for Directors. The standard ratio for each type of compensation, etc. is as follows (when KPI achievement rate is 100%):

Position	Basic compensation	Bonuses	Performance-linked share compensation
Executive Director	35%	35%	30%

## Standards Concerning Independency of Outside Directors and Outside Audit & Supervisory Board Members

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

## Policy for 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 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 24, 2022)



**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 of DGSHAPE Market Development Dept. 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 of DP Business Division of the Company  
March 2020 President, Representative Director of the Company  
In charge of COTO Business of the Company  
In charge of DGSHAPE Business of the Company  
March 2022 President, Representative Director of the Company(current position)



**Toshiharu Uwai**

*Director Managing Executive Officer*

March 2015 Business Director of Tokai Carbon Co., Ltd.  
General Manager of Tanoura Plant, Tokai Carbon Co., Ltd.  
General Manager of Tanoura Laboratory, Tokai Carbon Co., Ltd.  
March 2016 Business Director of Tokai Carbon Co., Ltd.  
President and Representative Director of 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  
January 2018 General Manager of Information Service Department of the Company  
October 2018 General Manager of Financial & Accounting Department of the Company  
March 2019 Director of the Company  
March 2020 In charge of Production and Quality Assurance (current position)  
January 2021 In charge of Administration, Back-Office  
March 2022 Director Managing Executive Officer of the Company(current position)  
Assistant to President of the Company(current position)



**Andrew Oransky**

*Director Managing Executive Officer*

March 1996 Joined Arkwright Inc. (Currently Sihl USA)  
July 2002 Joined ENCAD, Inc.  
January 2008 General Manager of Roland DGA Corporation  
August 2016 President of Roland DGA Corporation (current position)  
January 2019 CEO and President of Roland DGA Corporation (current position)  
March 2022 Director Managing Executive Officer of the Company (current position)  
In charge of Sales and Marketing of the Company(current position)



**Osamu Hosokubo**

*Director (Outside) (Independent)*

June 2007 Executive Director of Japan Asia Investment Co., Ltd.  
June 2012 President & CEO of Japan Asia Investment Co., Ltd.  
July 2017 Founder & CEO of Great Asia Capital & Consulting LLC(current position)  
October 2017 Independent Director of Shikigaku Co., Ltd. (current position)  
November 2017 Outside Director of Saisan Co., Ltd. (current position)  
February 2018 Director of Kips Co., Ltd.  
December 2018 Outside Auditor of 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 of ANSeeN Inc. (current position)  
January 2021 Director of Risk Communication Institute of Japan (current position)



**Naoko Okada**

*Director (Outside) (Independent)*

April 2007 General Manager of Management Division, EC Navi Company (currently Voyage Group)  
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 of Every LLC (current position)  
March 2020 Outside Director of the Company (current position)  
July 2020 Deputy Representative Director of Risk Communication Institute of Japan (current position)  
October 2021 Outside Director of Retrieve, Inc. (current position)



**Brian K. Heywood**

*Director (Outside)*

September 1991 Joined J. D. Power and Associates  
August 1997 Director of Belron International  
August 1999 Vice President of Citibank, N.A.  
January 2001 CEO of Taiyo Pacific Partners L.P.(current position)  
December 2009 Outside Director of Ohizumi Mfg. Co., Ltd.  
November 2011 Outside Director of SEIRYU Asset Management Ltd.  
November 2014 Outside Director of Roland Corporation  
June 2020 Outside Director of Maxell Holdings, Ltd. (currently Maxell, Ltd.) (current position)  
June 2020 Outside Director of Nifco Inc. (current position)  
March 2022 Outside Director of Roland Corporation (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 of  
Shizuoka Bank (Europe) S.A.  
April 2007      General Manager of The Shizuoka Bank,  
Ltd. Osaka Office  
October 2009      Joined the Company  
Executive Officer of the Company  
General Manager, Accounting Dept. of the  
Company  
October 2013      Division President of Finance & Accounting  
of the Company  
June 2014      Audit & Supervisory Board Member of the  
Company(current position)



### Naoki Nagano

*Audit & Supervisory Board Member*

December 2003      General Manager of 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 of Planning Department  
June 2014      Executive Officer of the Company  
Division President of Corporate Planning  
Division  
Division President of Finance & Accounting  
January 2018      Managing Director of Roland DG Europe  
Holdings B.V.  
March 2020      Audit & Supervisory Board Member of the  
Company(current position)



### Shigeki Matsuda

*Audit & Supervisory Board Member  
(Outside) (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 of Aiki  
Tax Accountant's Corporation (current  
position)  
April 2012      Auditor of Nagoya Institute of Technology  
June 2013      Outside Audit & Supervisory Board  
Member of Fuji Machine Mfg. Co., Ltd.  
(currently FUJI CORPORATION) (current  
position)  
June 2015      Audit & Supervisory Board Member of the  
Company (current position)



### Mitsuhiro Honda

*Audit & Supervisory Board Member  
(Outside) (Independent)*

April 1984	Joined National Tax Administration Agency Director (International Examination), Large Enterprise Examination Division, Large Enterprise Examination and Criminal Investigation Department, National Tax Administration Agency	March 2016	Audit & Supervisory Board Member of the Company(current position)
July 2004	Senior Advisor, Centre for Tax Policy and Administration, OECD	April 2016	Concurrently Appointed Lecture of Professional Graduate School of Meiji University(current position)
June 2006	Director, Third Large Enterprise Examination Department, Tokyo Regional Taxation Bureau	April 2017	Member of the selecting committee for research grants, Public interest incorporated association, Institute of TAX Research and Literature(current position)
July 2008	Director, Second Large Enterprise Examination Department, Tokyo Regional Taxation Bureau	August 2017	Member of the Committee of Expert on international Cooperation in TAX Matters, United Nations
July 2009	Assistant Regional Commissioner, Takamatsu Regional Taxation Bureau	June 2018	Audit & Supervisory Board Member of YUASA TRADING., CO., LTD.(current position)
July 2010	Professor, Graduate School of University of Tsukuba (current position)	May 2019	Auditor of Public Interest Incorporated Association, Japan Tax Association (current position)
July 2012	Registered as Certified Public Tax Accountant	June 2019	Tax advisors of Grant Thornton Yamada & Partners(current position)
March 2013	International Tax Adviser of the TOMA Tax Account's Corporation (current position)	December 2021	Outside Director of YOKOREI Co.,Ltd(current position)
April 2014	Part-time Lecturer, Graduate School of Waseda University (current position)		

### Hisashi Bito

*Managing Executive Officer  
In charge of Digital Transformation  
Division President of DP Business Division  
President, Representative Director of DGSHAPE  
Corporation*

### Kazuhiro Ogawa

*Managing Executive Officer  
In charge of Administration and Back office  
In charge of Sustainable Management  
Division President of Corporate Division*

### Yuji Kurata

*Executive Officer  
Division President of Production Division*

### Takaaki Koshita

*Executive Officer  
In charge of Quality Assurance Department*

### Tony Miller

*Executive Officer  
Division President of Global Sales & Marketing  
Division*

## Skill Matrix of Executives

Name	Fundamental Skills					Strategic Skills					
	Corporate Management	Production, Engineering and R&D	Sales and Marketing	Finance and Accounting	Compliance and Risk Management	Open Innovation and New Business Creation	M&A and Alliance	IT/DX	Corporate Communication	Sustainable Management*	Global Experience
President, Representative Director <b>Kohei Tanabe</b>	●		●			●					●
Director Managing Executive Officer <b>Toshiharu Uwai</b>	●	●		●	●				●		●
Director Managing Executive Officer <b>Andrew Oransky</b>	●		●			●					●
Outside Director (Independent) <b>Osamu Hosokubo</b>	●			●	●	●	●				●
Outside Director (Independent) <b>Naoko Okada</b>	●		●		●			●	●	●	●
Outside Director <b>Brian K. Heywood</b>	●		●	●	●	●	●		●		●
Corporate Auditors <b>Masayasu Suzuki</b>				●							●
Corporate Auditors <b>Naoki Nagano</b>				●	●						●
Outside Auditors (Independent) <b>Shigeki Matsuda</b>	●			●							
Outside Auditors (Independent) <b>Mitsuhiro Honda</b>				●	●					●	●
Managing Executive Officers <b>Hisashi Bito</b>	●	●				●		●			●
Managing Executive Officers <b>Kazuhiro Ogawa</b>	●	●	●	●	●	●	●		●		●
Executive Officers <b>Takaaki Koshita</b>		●	●								
Executive Officers <b>Yuji Kurata</b>		●						●			●
Executive Officers <b>Tony Miller</b>			●			●	●				●

\*Sustainable Management includes the skills of Diversity & Inclusion, HR Development and SDGs

## 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 power generation are also being harnessed with the aim of effectively utilizing resources.

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 2021.

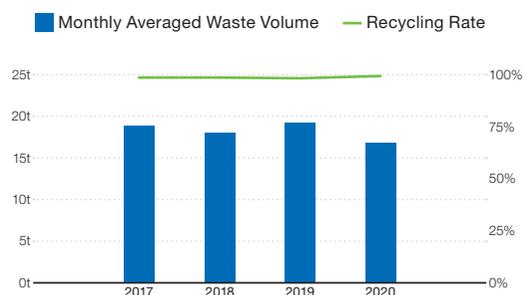
### Recovering and Recycling Inkjet Cartridges

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 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

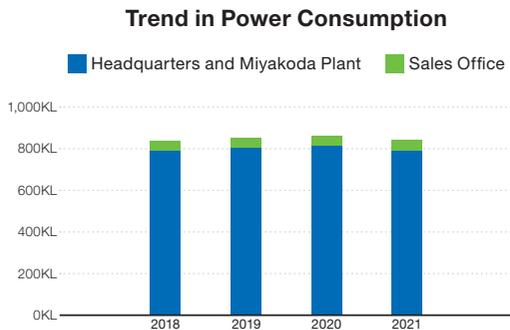
### Monthly Averaged Waste Volume and Recycling Rate



### 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 CO2 emissions. A level of 5,535 barrel of oil equivalent has been achieved for annual company-wide energy use in Japan.



## 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. 50kWh 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)."



## 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.

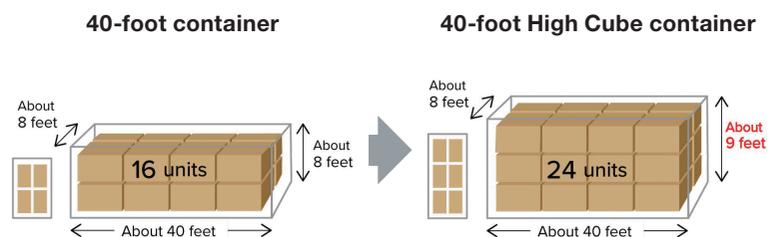


### Resource-Efficient Products

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<sub>2</sub> 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 m<sup>2</sup> 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<sub>2</sub> 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>

## Social Contribution Through Business

### Supporting Traceability Management and Maintenance Work of Medical Instruments

In recent years there have been increasing efforts throughout the medical field to revise conventional management and maintenance methods for medical instruments in order to prevent the spread of

infections in hospitals and to ensure the safety of patients. To achieve this, regulatory authorities around the world are stepping up initiatives for more comprehensive management of instruments used at medical institutions.

In response to these moves, Roland DG in 2012 launched direct part marking devices for imprinting two-dimensional barcodes on

medical instruments to allow traceability management, and has been promoting the devices mainly to manufacturers of medical instruments and medical institutions in Japan and around the world.

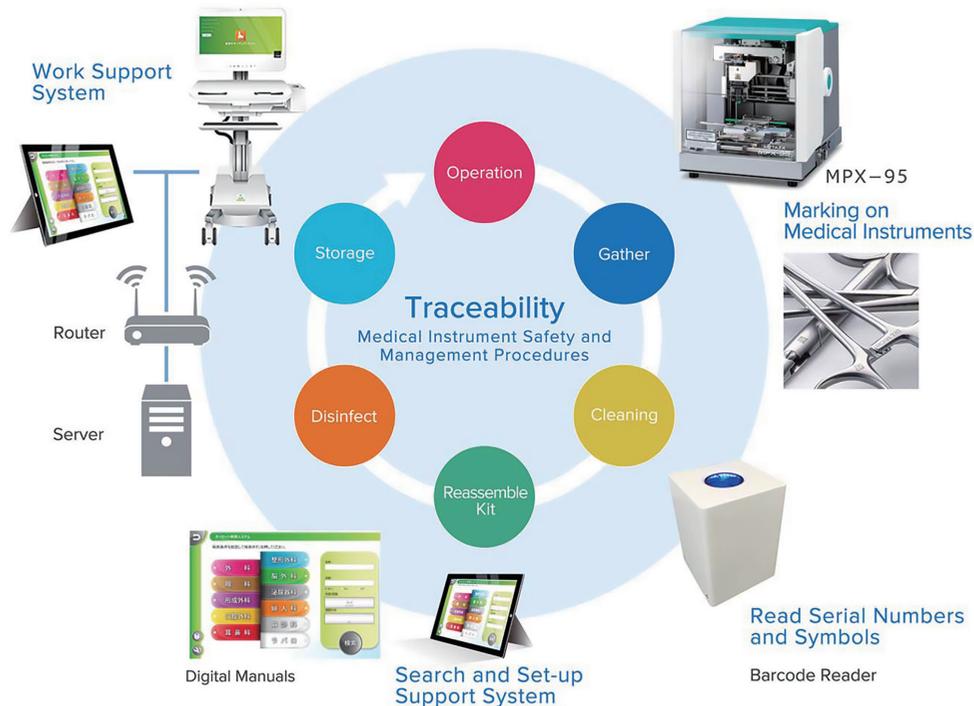
The "Digital YATAI" (digital cell production system)" used by Roland DG at production sites is also being applied to enhance the efficiency of specialized operations including disassembly, cleaning, set assembly, and sterilization of medical instruments and equipment after surgery, as part of joint research efforts with the Hamamatsu University Hospital of Hamamatsu University School of Medicine to develop optimal solutions.

Traceability management of medical instruments involves managing the inventory and location of instruments to achieve a better

understanding of usage conditions as a way of preventing the spread of infections in hospitals and ensuring the safety of patients.

Maintenance support systems using digital manuals aim to transform the implicit operating knowledge of experienced staff to explicit knowledge and bolster that with information technology, to eliminate operations only available to certain individuals and help resolve labor shortages.

This overall system has already started being used at private hospitals in Hamamatsu City, and its usefulness will be enhanced further through cooperation and collaboration with hospitals, with the view of expanding business to hospitals around the world.



\* Digital YATAI: Roland DG products are assembled with a digital cell production system originally developed by Roland DG. Operators follow the 3D graphical manual displayed on their PC screen and take out components required for each process from a parts bin. They then use the electric screwdriver instructed in the graphical manual to assemble the product. This concept not only prevents incorrect parts or screwdrivers from being used, but also allows quality inspections to be conducted for each process, which ensures that quality is maintained through each step of assembly. The system harnesses digital technology to support the operator's memory and attentiveness, and one characteristic is that the system is capable of achieving both a high level of quality and productivity. Log data of operations performed at each cell is stored on a server to give site supervisors better insight into work progress, and data analysis can be used to make improvements. Another major feature is that the system allows optimum control of production, not only of individual cells but across the entire production plant.

## 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.

---

## > 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 multiple-track personnel promotion system 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. Roland DG is also actively engaged in selection training to develop the next generation of leaders.

## 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.

### Promoting Advancement of Women in the Workplace

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, 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, raising company-wide awareness, assisting with career development, and improving training for candidates of female managers.

In addition, Roland DG obtained the highest certification "Eruboshi Level 3" based on the Act on Promotion of Women's Participation and Advancement in the Workplace as the first in the manufacturing industry in Shizuoka Prefecture with the highest level. 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:

	FY2020	FY2019	FY2018
Male employee (general, management position)	15.0 years	14.9 years	14.7 years
Female employee (general, management position)	11.8 years	11.1 years	10.6 years
Male employee (dedicated manufacturing operator)	6.0 years	5.0 years	4.0 years
Female employee (dedicated manufacturing operator)	14.0 years	13.1 years	12.5 years

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

	FY2020	FY2019	FY2018
Male employee (general, management position)	20	23	26
Female employee (general, management position)	4	7	3
Male employee (general, management position)	8.4x	12.6x	5.7x
Female employee (general, management position)	9x	10.1x	12x

\* 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:

	FY2020	FY2019	FY2018
Number of women in management positions	6	5	6
Percentage of women in management positions	5.7%	5.1%	6.1%

\* 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 Human Resources Department creates 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 business skills and other experience.

### Number and Proportion of Employment of Persons with Disabilities

	FY2020	FY2019	FY2018
Number of persons with disabilities	12	12	15
Percentage of employment of persons with disabilities	2.04%	2.31%	2.52%

\* Numbers as of end of December

### Promoting Advancement of Foreign Nationals

Roland DG has grown to include 15 subsidiaries in 14 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:

	FY2020	FY2019	FY2018
Number of foreign nationals	9	9	10

\* 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:**

	FY2020	FY2019	FY2018
Number of re-employed retired persons	6	8	11

\* Numbers as of end of December

**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. Roland DG has developed a more flexible approach to work with more efficient use of time and location, and have created a workplace environment where a diverse range of employees are able to continue working by not only encouraging employees to take paid leave, but also being made available the flextime system, the work-from-home program and the hour-based paid leave system, etc.

**General Position, Average Hours of Overtime:**

	FY2020	FY2019	FY2018
General position, average hours of overtime	8 hours	18 hours	15 hours

**Average Rate of Taken Paid Leave:**

	FY2020	FY2019	FY2018
Average rate of taken paid leave	70%	83%	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. Company-wide efforts are made to ensure that every employee is

assured a safe and healthy place to work in by continuously implementing PDCA activities for implementation, evaluation, and improvement of the plan.

**Number of Occupational Accidents:**

	FY2020	FY2019	FY2018
Number of occupational accidents	3	2	8

**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. Employees who have accrued more than 80 hours of overtime work in a month are checked up by an industrial physician, and employees with a high risk of adult-onset diseases are provided with individual health support and guidance by a health nurse.

As a way of addressing mental health Roland DG regularly gives consideration to the health of employees such as Stress checks, individual interviews and support with health nurse are also available during health checkups.

**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):**

	FY2020	FY2019	FY2018
Employee satisfaction level	3.40	3.17	3.09

**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 education 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 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 RULES FOR INFORMATION MANAGEMENT appoint the President and Representative Director as the Chief Information Officer, and the Director in charge as the Information Management Officer. A system has been established where the department in charge of information management is the principle, and the related departments provides support for the principle.

### **Organizing Ongoing Inspections and Training**

Once every year, Roland DG conducts inspections of information it handles. Training for information management 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 ensures compliance with the General Data Protection Regulation (GDPR) of the EU. Compliance is progressing with the coordination of local law firms and sales subsidiaries. The Company also complies with the Protection of Personal Information Act of Japan.

# FINANCIAL HIGHLIGHTS

Roland DG Corporation and Consolidated Subsidiaries

## Roland DG Corporation and Consolidated Subsidiaries

Years Ended December 31

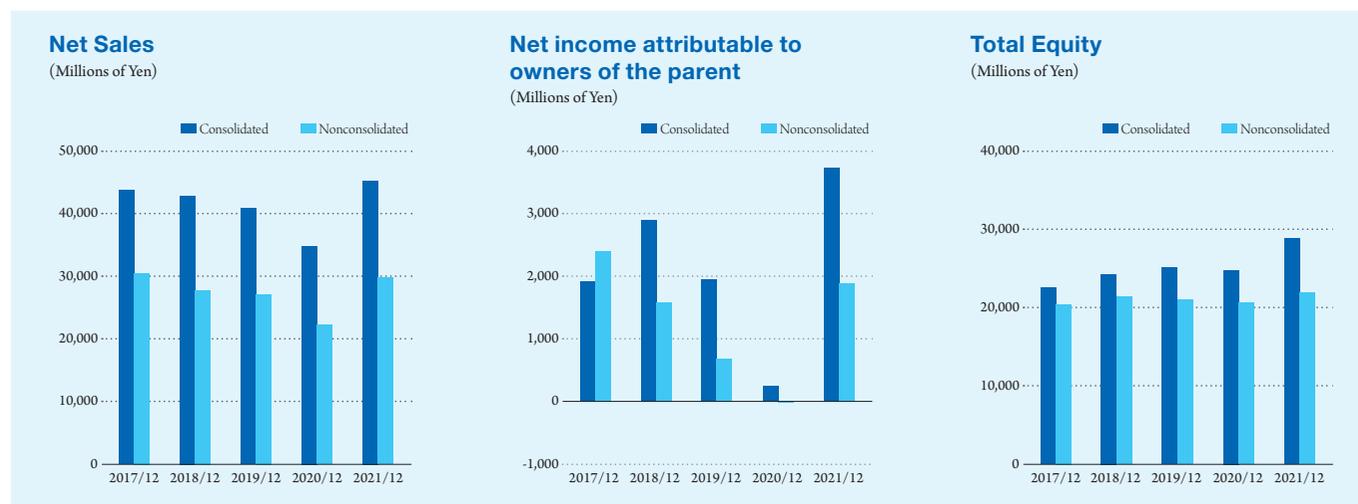
### Consolidated

	Millions of Yen					Thousands of U.S. Dollars	
	2021/12	2020/12	2019/12	2018/12	2017/12	2021/12	
<b>Operating Results</b>							
Net sales	¥ 45,096	¥ 34,780	¥ 40,795	¥ 42,775	¥ 43,573	\$ 392,138	
Operating income	6,056	500	2,794	4,250	3,853	52,664	
Net income attributable to owners of the parent	3,734	251	1,945	2,882	1,918	32,465	
Net cash provided by (used in) operating activities	5,365	4,003	2,534	4,348	2,447	46,648	
<b>Financial Position</b>							
Total equity	28,797	24,738	25,048	24,182	22,522	250,410	
Total assets	42,969	36,301	38,446	36,711	36,571	373,645	
Yen							U.S. Dollars
<b>Per Share Data</b>							
Net income attributable to owners of the parent	¥ 299.88	¥ 20.17	¥ 155.39	¥ 229.66	¥ 153.19	\$ 2.61	
Equity	2,311.49	1,900.89	2,005.60	1,926.09	1,798.32	20.10	
Cash dividends applicable to the year	100.00	10.00	50.00	70.00	60.00	0.87	

### Nonconsolidated

	Millions of Yen					Thousands of U.S. Dollars	
	2021/12	2020/12	2019/12	2018/12	2017/12	2021/12	
<b>Operating Results</b>							
Net sales	¥ 29,569	¥ 22,176	¥ 27,087	¥ 27,713	¥ 30,402	\$ 257,117	
Operating income (loss)	3,780	(83)	720	2,353	3,987	32,874	
Net income (loss)	1,893	(14)	690	1,582	2,380	16,457	
<b>Financial Position</b>							
Total equity	21,970	20,582	20,962	21,310	20,359	191,048	
Total assets	30,064	27,643	29,749	30,269	30,723	261,428	
Yen							U.S. Dollars
<b>Per Share Data</b>							
Net income (loss)	¥ 152.01	¥ (1.15)	¥ 55.10	¥ 126.09	¥ 190.12	\$ 1.32	
Equity	1,763.54	1,656.38	1,678.45	1,697.35	1,625.66	15.34	

Note: The U.S. dollar amounts have been translated, for convenience only, at the rate of ¥115 to U.S.\$1, the approximate rate of exchange at December 31, 2021.



# FINANCIAL SECTION

## Consolidated Balance Sheet

### Consolidated Balance Sheet

Roland DG Corporation and Consolidated Subsidiaries

December 31, 2021

#### ASSETS

	Thousands of Yen		Thousands of
	December 31, 2021	December 31, 2020	U.S. Dollars (Note 1)
			December 31, 2021
<b>CURRENT ASSETS:</b>			
Cash and time deposits (Notes 4 and 18)	¥ 14,075,701	¥ 12,451,929	\$ 122,397
Notes and accounts receivable (Note 18):			
Trade notes	17,400	25,020	151
Trade accounts	4,609,645	4,297,841	40,084
Allowance for doubtful receivables	(48,356)	(76,584)	(420)
Inventories (Note 5)	10,874,779	8,039,085	94,563
Prepaid expenses and other	1,782,399	1,478,636	15,499
<b>Total current assets</b>	<b>31,311,568</b>	<b>26,215,927</b>	<b>272,274</b>
<b>PROPERTY, PLANT, AND EQUIPMENT (Note 23):</b>			
Land	3,121,219	3,127,832	27,141
Buildings and structures	7,218,004	7,057,706	62,765
Machinery and equipment	961,562	920,622	8,361
Tools, furniture, and fixtures	4,050,425	3,822,324	35,221
Right-of-use assets	1,342,746	747,605	11,676
Construction in progress	307,913	47,958	2,678
<b>Total property, plant, and equipment</b>	<b>17,001,869</b>	<b>15,724,047</b>	<b>147,842</b>
Accumulated depreciation	(9,115,897)	(8,544,368)	(79,268)
<b>Net property, plant, and equipment</b>	<b>7,885,972</b>	<b>7,179,679</b>	<b>68,574</b>
<b>INVESTMENTS AND OTHER ASSETS:</b>			
Investment securities (Note 18)	200	3,804	2
Goodwill (Note 8)	40,302	117,600	350
Software	680,731	599,779	5,919
Deferred tax assets (Note 13)	2,166,892	1,358,194	18,843
Other assets (Note 7)	883,551	826,417	7,683
<b>Total investments and other assets</b>	<b>3,771,676</b>	<b>2,905,794</b>	<b>32,797</b>
<b>TOTAL</b>	<b>¥ 42,969,216</b>	<b>¥ 36,301,400</b>	<b>\$ 373,645</b>

See notes to consolidated financial statements.

## LIABILITIES AND EQUITY

	Thousands of Yen		Thousands of U.S. Dollars (Note 1)
	December 31, 2021	December 31, 2020	December 31, 2021
<b>CURRENT LIABILITIES:</b>			
Accounts payable (Note 18)			
Trade	¥ 3,320,695	¥ 2,376,126	\$ 28,876
Other	2,275,853	1,327,923	19,790
Current portion of long-term debt (Notes 9 and 18)	—	1,440,000	—
Current portion of lease obligations (Note 15)	329,491	330,694	2,865
Income taxes payable (Notes 13 and 18)	1,464,791	181,897	12,737
Accrued expenses	821,168	604,272	7,141
Accrued bonuses	670,298	578,570	5,829
Accrued bonuses to directors and audit and supervisory board members	4,000	—	35
Accrued warranties	576,246	440,845	5,011
Other	1,416,199	1,296,834	12,314
<b>Total current liabilities</b>	<b>10,878,741</b>	<b>8,577,161</b>	<b>94,598</b>
<b>LONG-TERM LIABILITIES:</b>			
Lease obligations (Note 15)	1,051,742	449,050	9,146
Provision for employee stock ownership plan (Note 11)	132,687	136,042	1,154
Provision for management stock ownership plan (Note 11)	106,229	157,950	924
Liability for retirement benefits (Note 10)	559,494	910,677	4,865
Long-term payables	63,729	54,138	554
Other (Note 13)	1,379,412	1,277,899	11,994
<b>Total long-term liabilities</b>	<b>3,293,293</b>	<b>2,985,756</b>	<b>28,637</b>
<b>COMMITMENTS AND CONTINGENT LIABILITIES</b> (Notes 15, 18, 19, and 20)			
<b>EQUITY</b> (Notes 12 and 22):			
Common stock,			
authorized, 71,200,000 shares in 2021 and 2020;			
issued, 12,656,311 shares in 2021 and 2020	3,668,700	3,668,700	31,902
Capital surplus	3,700,609	3,700,609	32,179
Retained earnings	22,233,209	19,132,488	193,332
Treasury stock – at cost, 198,108 shares in 2021 and 230,507 shares in 2020 (Note 11)	(516,151)	(644,762)	(4,488)
Accumulated other comprehensive income:			
Unrealized losses on available-for-sale securities	—	(250)	—
Foreign currency translation adjustments	(335,056)	(865,397)	(2,914)
Defined retirement benefit plans	45,757	(253,008)	398
<b>Total</b>	<b>28,797,068</b>	<b>24,738,380</b>	<b>250,409</b>
Noncontrolling interests	114	103	1
<b>Total equity</b>	<b>28,797,182</b>	<b>24,738,483</b>	<b>250,410</b>
<b>TOTAL</b>	<b>¥ 42,969,216</b>	<b>¥ 36,301,400</b>	<b>\$ 373,645</b>

# FINANCIAL SECTION

Consolidated Statement of Income / Consolidated Statement of Comprehensive Income

## Consolidated Statement of Income

Roland DG Corporation and Consolidated Subsidiaries  
Year Ended December 31, 2021

	Thousands of Yen		Thousands of U.S. Dollars (Note 1)
	December 31, 2021	December 31, 2020	December 31, 2021
<b>NET SALES</b> (Note 23)	¥ 45,095,846	¥ 34,780,253	\$ 392,138
<b>COST OF SALES</b> (Note 14)	25,126,930	21,601,870	218,495
Gross profit	19,968,916	13,178,383	173,643
<b>SELLING, GENERAL, AND ADMINISTRATIVE EXPENSES</b> (Note 14)	13,912,580	12,678,200	120,979
Operating income	6,056,336	500,183	52,664
<b>OTHER INCOME (EXPENSES):</b>			
Interest and dividend income	15,742	22,839	137
Interest expense	(30,602)	(30,813)	(266)
Gain on money held in trust	54,218	42,855	471
Gain (loss) on sales of investment securities	750	(5,572)	7
Net gain (loss) on disposal or sales of property, plant, and equipment, software and intangible assets (Note 16)	66,900	(5,802)	582
Foreign exchange gains (losses)	72,417	(164,729)	630
Sales discount charges	(119,672)	(92,680)	(1,041)
Subsidy income	4,529	91,219	39
Refund of customs duty	—	437,164	—
Impairment loss (Note 6)	(315,652)	—	(2,745)
Extra retirement expenses (Note 17)	(1,237,737)	—	(10,763)
Other - net	29,097	53,876	253
Other income (expenses) – net	(1,460,010)	348,357	(12,696)
<b>INCOME BEFORE INCOME TAXES AND NONCONTROLLING INTERESTS</b>	4,596,326	848,540	39,968
<b>INCOME TAXES</b> (Note 13):			
Current	1,757,622	319,679	15,284
Deferred	(894,826)	277,716	(7,781)
Total income taxes	862,796	597,395	7,503
<b>NET INCOME</b>	3,733,530	251,145	32,465
<b>NET INCOME ATTRIBUTABLE TO NONCONTROLLING INTERESTS</b>	11	14	0
<b>NET INCOME ATTRIBUTABLE TO OWNERS OF THE PARENT</b>	¥ 3,733,519	¥ 251,131	\$ 32,465
		Yen	U.S. Dollars
<b>PER SHARE OF COMMON STOCK</b> (Notes 2.u and 22):			
Net income attributable to owners of the parent	¥ 299.88	¥ 20.17	\$ 2.61
Cash dividends	100.00	10.00	0.87

See notes to consolidated financial statements.

## Consolidated Statement of Comprehensive Income

Roland DG Corporation and Consolidated Subsidiaries  
Year Ended December 31, 2021

	Thousands of Yen		Thousands of U.S. Dollars (Note 1)
	December 31, 2021	December 31, 2020	December 31, 2021
<b>NET INCOME</b>	¥ 3,733,530	¥ 251,145	\$ 32,465
<b>OTHER COMPREHENSIVE INCOME (LOSS) (Note 21):</b>			
Unrealized income (losses) on available-for-sale securities	250	1,733	2
Foreign currency translation adjustments	530,341	(159,617)	4,612
Defined retirement benefit plans	298,765	(34,969)	2,598
Total other comprehensive income (loss)	829,356	(192,853)	7,212
<b>COMPREHENSIVE INCOME</b>	¥ 4,562,886	¥ 58,292	\$ 39,677
<b>TOTAL COMPREHENSIVE INCOME</b>			
<b>ATTRIBUTABLE TO:</b>			
Owners of the parent	¥ 4,562,875	¥ 58,287	\$ 39,677
Noncontrolling interests	11	5	0

See notes to consolidated financial statements.

# FINANCIAL SECTION

Consolidated Statement of Changes in Equity / Consolidated Statement of Cash Flows

## Consolidated Statement of Changes in Equity

Roland DG Corporation and Consolidated Subsidiaries

Year Ended December 31, 2021

	Thousands of Yen										
	Number of Shares of Common Stock Outstanding	Common Stock	Capital Surplus	Retained Earnings	Treasury Stock	Accumulated Other Comprehensive Income			Total	Noncontrolling Interests	Total Equity
						Unrealized Losses on Available-for- Sale Securities	Foreign Currency Translation Adjustments	Defined Retirement Benefit Plans			
BALANCE, JANUARY 1, 2020	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
Net income attributable to owners of the parent				3,733,519					3,733,519		3,733,519
Cash dividends, ¥50 per share				(632,798)					(632,798)		(632,798)
Purchases of treasury stock	(101)				(284)				(284)		(284)
Treasury stock transfer of stock ownership trust	32,500				128,895				128,895		128,895
Net change in the year						250	530,341	298,765	829,356	11	829,367
BALANCE, DECEMBER 31, 2021	12,458,203	¥ 3,668,700	¥ 3,700,609	¥22,233,209	¥ (516,151)	¥ —	¥ (335,056)	¥ 45,757	¥28,797,068	¥ 114	¥28,797,182

	Thousands of U.S. Dollars (Note 1)										
	Common Stock	Capital Surplus	Retained Earnings	Treasury Stock	Accumulated Other Comprehensive Income			Total	Noncontrolling Interests	Total Equity	
					Unrealized Losses on Available-for- Sale Securities	Foreign Currency Translation Adjustments	Defined Retirement Benefit Plans				
BALANCE, DECEMBER 31, 2020	\$ 31,902	\$ 32,179	\$ 166,370	\$ (5,607)	\$ (2)	\$ (7,526)	\$ (2,200)	\$ 215,116	\$ 1	\$ 215,117	
Net income attributable to owners of the parent			32,465					32,465		32,465	
Cash dividends, \$0.43 per share			(5,503)					(5,503)		(5,503)	
Purchases of treasury stock				(2)				(2)		(2)	
Treasury stock transfer of stock ownership trust				1,121				1,121		1,121	
Net change in the year					2	4,612	2,598	7,212	0	7,212	
BALANCE, DECEMBER 31, 2021	\$ 31,902	\$ 32,179	\$ 193,332	\$ (4,488)	\$ —	\$ (2,914)	\$ 398	\$ 250,409	\$ 1	\$ 250,410	

See notes to consolidated financial statements.

# Consolidated Statement of Cash Flows

Roland DG Corporation and Consolidated Subsidiaries  
Year Ended December 31, 2021

	Thousands of Yen		Thousands of U.S. Dollars (Note 1)
	December 31, 2021	December 31, 2020	December 31, 2021
<b>OPERATING ACTIVITIES:</b>			
Income before income taxes and noncontrolling interests	¥ 4,596,326	¥ 848,540	\$ 39,968
Adjustments for:			
Income taxes paid	(574,236)	(527,916)	(4,993)
Extra retirement expenses paid	(780,633)	—	(6,788)
Depreciation and amortization	1,326,064	1,433,306	11,531
Impairment loss	315,652	—	2,745
Extra retirement expenses	1,237,737	—	10,763
(Reversal of) provision for allowance for doubtful receivables	(32,160)	5,181	(280)
Provision for (reversal of) accrued bonuses	88,226	(28,053)	767
Provision for (reversal of) accrued bonuses to directors and audit and supervisory board members	4,000	(44,000)	35
Provision for (reversal of) accrued warranties	93,478	(32,494)	813
Increase (decrease) in liability for retirement benefits	74,774	32,829	650
Provision for (reversal of) employee stock ownership plan	17,615	(15,045)	153
Provision for (reversal of) management stock ownership plan	56,205	22,187	489
(Decrease) increase in provision for loss on plan termination of benefit obligation relating to employees' pension fund	—	(4,308)	—
Interest and dividend income	(15,742)	(22,839)	(137)
Interest expense	30,602	30,813	266
(Gain) loss on sales of investment securities	(750)	5,572	(7)
(Gain) loss on disposals or sales of property, plant, and equipment	(67,243)	4,468	(585)
Loss (gain) on disposals or sales of software and intangible assets	343	1,334	3
Changes in assets and liabilities:			
(Increase) decrease in notes and accounts receivable	(36,170)	517,271	(315)
(Increase) decrease in inventories	(2,277,010)	1,490,890	(19,800)
(Increase) decrease in prepaid expenses and other current assets	(223,178)	384,451	(1,941)
(Increase) decrease in other investments and assets	(33,270)	(84,106)	(289)
Increase (decrease) in accounts payable - trade	898,187	387,663	7,810
Increase (decrease) in accounts payable - other	376,055	(338,886)	3,270
Increase (decrease) in other current liabilities	206,051	(170,762)	1,792
Increase (decrease) in other long-term liabilities	51,507	72,267	448
Other - net	32,157	34,873	280
Total adjustments	768,261	3,154,696	6,680
Net cash provided by (used in) operating activities	5,364,587	4,003,236	46,648
<b>INVESTING ACTIVITIES:</b>			
Payments into time deposits	(85,150)	(2,138)	(740)
Proceeds from withdrawal of time deposits	—	10,054	—
Purchases of property, plant, and equipment	(1,016,896)	(530,115)	(8,843)
Proceeds from sales of property, plant, and equipment	144,418	31,755	1,256
Purchases of software and other intangible assets	(344,436)	(227,691)	(2,995)
Proceeds from sales of investment securities	4,710	12,361	41
Other	(5,037)	(4,313)	(44)
Net cash (used in) provided by investing activities	(1,302,391)	(710,087)	(11,325)
<b>FINANCING ACTIVITIES:</b>			
Repayments of long-term debt	(1,440,000)	(1,440,000)	(12,522)
Repayments of lease obligations	(350,446)	(355,602)	(3,047)
Dividends paid	(632,343)	(317,073)	(5,499)
Purchases of treasury stock	(284)	(97,976)	(2)
Other	—	(10)	—
Net cash (used in) provided by financing activities	(2,423,073)	(2,210,661)	(21,070)
<b>FOREIGN CURRENCY TRANSLATION ADJUSTMENTS ON CASH AND CASH EQUIVALENTS</b>	(106,753)	151,758	(928)
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	1,532,370	1,234,246	13,325
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	12,434,025	11,199,779	108,122
<b>CASH AND CASH EQUIVALENTS, END OF YEAR (Note 4)</b>	¥ 13,966,395	¥ 12,434,025	\$ 121,447

See notes to consolidated financial statements.

# FINANCIAL SECTION

## Notes to Consolidated Financial Statements

### Notes to Consolidated Financial Statements

Roland DG Corporation and Consolidated Subsidiaries

Year Ended December 31, 2021

#### 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 for the year ended December 31, 2020, to conform to the classifications used in the year ended December 31, 2021.

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 ¥115 to \$1, the approximate rate of exchange at December 31, 2021. 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, 2021, include the accounts of the Company and its 17 (17 in 2020) 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 2020) 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 the 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 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.
- 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.

# FINANCIAL SECTION

## Notes to Consolidated Financial Statements

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** — The ASBJ revised ASBJ Statement No. 29, “Accounting Standard for Revenue Recognition,” on March 31, 2020 and ASBJ Guidance No. 30, “Implementation Guidance on Accounting Standard for Revenue Recognition,” on March 26, 2021. 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 consolidated domestic 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 (revised 2021) “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 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 December 31, 2022, and is in the process of measuring the effects of applying the new standard in future applicable periods.

y. **Changes in Presentation**

**Consolidated Statement of Cash Flows** — Increase (decrease) in accounts payable - other that was presented within Increase (decrease) in other current liabilities under Changes in assets and liabilities in Operating Activities in the previous fiscal year, is separately presented in the current fiscal year as the amount has become significant. The consolidated financial statements for the year ended December 31, 2020 have been reclassified to reflect this change in presentation. As a result, the amount of ¥(338,886) thousand of Increase (decrease) in accounts payable - other presented within Increase (decrease) in other current liabilities under Changes in assets and liabilities in Operating Activities for the year ended December 31, 2020, has been separately presented.

**Adoption of the “Accounting Standard for Disclosure of Accounting Estimates”** — The Company has adopted ASBJ Statement No. 31, “Accounting Standard for Disclosures of Accounting Estimates” (issued on March 31, 2020) to the consolidated financial statements for the current year ended December 31, 2021, and therefore significant accounting estimates are disclosed in the note to the consolidated financial statements. The note does not include information for the prior consolidated fiscal year in accordance with the transitional provision set out in paragraph 11 of the Accounting Standard.

### 3. SIGNIFICANT ACCOUNTING ESTIMATES

**Recoverability of deferred tax assets-**

- (1) Carrying amounts in the consolidated financial statements for the year ended December 31, 2021 - Deferred tax assets of ¥2,166,892 thousand (\$18,843 thousand)
- (2) Information on the significant accounting estimate - The Company recognizes deferred tax assets which are expected to be recoverable by estimating future taxable income based on future forecasts and tax planning. The key assumption under the future forecasts that forms the basis for the estimation of taxable income is the expected sales volume. If any revision is required for the assumption used for the estimates due to a deterioration in the business environment, the Company may record deferred tax expenses by reversing deferred tax assets.

**Calculation of liability for retirement benefits-**

- (1) Carrying amounts in the consolidated financial statements for the year ended December 31, 2021 - Liability for retirement benefits of ¥559,494 thousand (\$4,865 thousand)
- (2) Information on the significant accounting estimate - The Company and its consolidated domestic subsidiary have adopted a funded defined benefit plan. Employee retirement benefit costs and liabilities are calculated based on the assumptions used in actuarial calculations. These assumptions include significant estimates such as the discount rate, the retirement rate, the mortality rate, the salary increase rate, the pension selection rate, and the expected long-term rate of return on plan assets. The discount rate is determined considering changes in the latest market yields on long-term Japanese government bonds issued at the end of the fiscal year. The expected long-term rate of return on plan assets is determined considering the current and expected allocation of plan assets and the current and expected long-term rates of return, which are expected from the various assets that are components of plan assets. Differences between actual results and the assumptions and changes in the assumptions may affect the amount of liability for retirement benefits.

#### 4. 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, 2021 and 2020 was as follows:

	Thousands of Yen		Thousands of U.S. Dollars
	December 31, 2021	December 31, 2020	December 31, 2021
Cash and time deposits	¥ 14,075,701	¥ 12,451,929	\$ 122,397
Time deposits with original maturities of more than three months	(109,306)	(17,904)	(950)
Cash and cash equivalents	¥ 13,966,395	¥ 12,434,025	\$ 121,447

#### 5. INVENTORIES

Inventories at December 31, 2021 and 2020 consisted of the following:

	Thousands of Yen		Thousands of U.S. Dollars
	December 31, 2021	December 31, 2020	December 31, 2021
Merchandise and finished products	¥ 7,309,376	¥ 5,226,945	\$ 63,560
Work in process	35,939	48,291	312
Raw materials and supplies	3,529,464	2,763,849	30,691
Total	¥ 10,874,779	¥ 8,039,085	\$ 94,563

#### 6. LONG-LIVED ASSETS

The Group recorded an impairment loss on the following asset group for the year ended December 31, 2021.

Place	Used for	Type of assets	Amount
Hamamatsu, Shizuoka	R&D Center	Building and structure Demolition cost	¥315,652 thousand (\$2,745 thousand)

The Group groups its assets according to the categories used in management accounting. Assets to be disposed of are grouped by individual property unit.

For the year ended December 31, 2021, the Company decided to dismantle the R&D Center, whose buildings had deteriorated significantly, and to transfer the R&D function to the Miyakoda Plant, which will become redundant due to the transfer of the mass production function to the Thailand Plant. As a result, the book value was reduced to the recoverable amount, and the amount of the reduction and estimated demolition costs were recorded as an impairment loss. The amount of impairment loss consists of building and structure ¥183,152 thousand (\$1,593 thousand) and demolition cost ¥132,500 thousand (\$1,152 thousand).

The recoverable amount of the asset was assessed as zero since it is no longer expected to be used in the future due to the decision to demolish the R&D center and relocate the R&D function.

No impairment loss was recognized in 2020.

#### 7. INVESTMENTS IN NON-CONSOLIDATED SUBSIDIARIES AND AFFILIATES

Investments in non-consolidated subsidiaries and affiliates included in other assets at December 31, 2021 and 2020, were ¥68,399 thousand (\$595 thousand) and ¥68,399 thousand, respectively.

#### 8. GOODWILL

The component of goodwill at December 31, 2021 and 2020 was as follows:

	Thousands of Yen		Thousands of U.S. Dollars
	December 31, 2021	December 31, 2020	December 31, 2021
Consolidation goodwill	¥ 40,302	¥ 117,600	\$ 350

Consolidation goodwill is amortized over 10 years.

#### 9. SHORT-TERM BANK LOANS AND LONG-TERM DEBT

There was no outstanding balance of short-term bank loans at December 31, 2021 and 2020.

Long-term debt at December 31, 2021 and 2020 consisted of the following:

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

# FINANCIAL SECTION

## Notes to Consolidated Financial Statements

### 10. 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.

Certain consolidated foreign subsidiaries have contributory defined contribution plans.

1. The changes in the defined benefit obligation for the years ended December 31, 2021 and 2020, were as follows:

	Thousands of Yen		Thousands of U.S. Dollars
	December 31, 2021	December 31, 2020	December 31, 2021
Balance at beginning of year	¥ 4,879,447	¥ 4,654,355	\$ 42,430
Current service cost	280,070	263,886	2,435
Interest cost	17,956	17,128	156
Actuarial gains and losses	(149,601)	86,448	(1,301)
Benefits paid	(628,847)	(142,370)	(5,468)
Balance at end of year	¥ 4,399,025	¥ 4,879,447	\$ 38,252

2. The changes in plan assets for the years ended December 31, 2021 and 2020, were as follows:

	Thousands of Yen		Thousands of U.S. Dollars
	December 31, 2021	December 31, 2020	December 31, 2021
Balance at beginning of year	¥ 3,968,770	¥ 3,826,363	\$ 34,511
Expected return on plan assets	99,219	95,659	863
Actuarial gains and losses	205,311	(23,394)	1,785
Contributions from the employer	195,077	212,512	1,696
Benefits paid	(628,846)	(142,370)	(5,468)
Balance at end of year	¥ 3,839,531	¥ 3,968,770	\$ 33,387

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, 2021 and 2020, were as follows:

	Thousands of Yen		Thousands of U.S. Dollars
	December 31, 2021	December 31, 2020	December 31, 2021
Funded defined benefit obligation	¥ 4,399,025	¥ 4,879,447	\$ 38,252
Plan assets	(3,839,531)	(3,968,770)	(33,387)
	559,494	910,677	4,865
Unfunded defined benefit obligation	—	—	—
Net liability (asset) arising from defined benefit obligation	¥ 559,494	¥ 910,677	\$ 4,865

	Thousands of Yen		Thousands of U.S. Dollars
	December 31, 2021	December 31, 2020	December 31, 2021
Liability for retirement benefits	¥ 559,494	¥ 910,677	\$ 4,865
Asset for retirement benefits	—	—	—
Net liability (asset) arising from defined benefit obligation	¥ 559,494	¥ 910,677	\$ 4,865

4. The components of net periodic benefit costs for the years ended December 31, 2021 and 2020, were as follows:

	Thousands of Yen		Thousands of U.S. Dollars
	December 31, 2021	December 31, 2020	December 31, 2021
Service cost	¥ 280,070	¥ 263,886	\$ 2,435
Interest cost	17,956	17,128	156
Expected return on plan assets	(99,219)	(95,659)	(863)
Recognized actuarial gains and losses	67,222	56,164	585
Amortization of prior service cost	3,822	3,822	33
Net periodic benefit costs	¥ 269,851	¥ 245,341	\$ 2,346

5. Amounts recognized in other comprehensive income before income tax effect in respect of defined retirement benefit plans for the years ended December 31, 2021 and 2020 were as follows:

	Thousands of Yen		Thousands of U.S. Dollars
	December 31, 2021	December 31, 2020	December 31, 2021
Prior service cost	¥ 3,822	¥ 3,822	\$ 33
Actuarial gains and losses	422,134	(53,678)	3,671
Total	¥ 425,956	¥ (49,856)	\$ 3,704

6. Amounts recognized in accumulated other comprehensive income before income tax effect in respect of defined retirement benefit plans as of December 31, 2021 and 2020 were as follows:

	Thousands of Yen		Thousands of U.S. Dollars
	December 31, 2021	December 31, 2020	December 31, 2021
Unrecognized prior service cost	¥ 30,577	¥ 34,399	\$ 266
Unrecognized actuarial gains and losses	(95,814)	326,320	(833)
Total	¥ (65,237)	¥ 360,719	\$ (567)

7. Plan assets

(1) Components of plan assets

Plan assets as of December 31, 2021 and 2020, consisted of the following:

	December 31, 2021	December 31, 2020
Domestic debt investments	27%	25%
Foreign debt investments	8%	8%
Domestic equity investments	16%	17%
Foreign equity investments	19%	18%
General account	27%	29%
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, 2021 and 2020, were as follows:

	December 31, 2021	December 31, 2020
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, 2021 and 2020, the amount of the required contribution to the defined contribution plans of the consolidated subsidiaries was ¥133,925 thousand (\$1,165 thousand) and ¥125,401 thousand, respectively.

## 11. 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, 2021 and 2020, 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 ¥303,311 thousand (\$2,637 thousand) and ¥411,237 thousand, and 98,100 shares and 125,700 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.

# FINANCIAL SECTION

## Notes to Consolidated Financial Statements

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, 2021 and 2020, 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 ¥211,899 thousand (\$1,843 thousand) and ¥232,868 thousand, and 99,600 shares and 104,500 shares, respectively.

### 12. 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 than 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 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.

### 13. 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, 2021 and 2020.

The tax effects of significant temporary differences and tax loss carryforwards, which resulted in deferred tax assets and liabilities at December 31, 2021 and 2020, were as follows:

	Thousands of Yen		Thousands of U.S. Dollars
	December 31, 2021	December 31, 2020	December 31, 2021
Deferred tax assets:			
Intercompany profits on inventories	¥ 918,149	¥ 92,155	\$ 7,984
Accounts receivable	40,919	40,536	356
Accrued enterprise taxes	55,520	10,388	483
Intangible assets	183,570	239,764	1,596
Shares of subsidiaries and associated companies	176,107	176,107	1,531
Accrued bonuses	204,008	141,008	1,774
Accrued warranties	131,989	100,308	1,148
Provision for stock ownership plan	71,340	87,786	620
Liability for retirement benefits	155,978	262,071	1,356
Accounts payable – other	742	2,104	6
Accrued expenses	185,471	103,036	1,613
Tax loss carryforwards (Note)	253,788	274,242	2,207
Other	436,486	348,595	3,796
Subtotal deferred tax assets	2,814,067	1,878,100	24,470
Less valuation allowance for tax loss carryforwards (Note)	(51,207)	(54,199)	(445)
Less valuation allowance for future deductible temporary differences	(316,607)	(314,720)	(2,753)
Total valuation allowance	(367,814)	(368,919)	(3,198)
Total	2,446,253	1,509,181	21,272
Deferred tax liabilities:			
Retained earnings appropriated for special allowances	(34,637)	(35,097)	(301)
Undistributed earnings of subsidiaries	(220,253)	(92,770)	(1,915)
Stock ownership trust account expenses	(24,471)	(23,143)	(213)
Total	(279,361)	(151,010)	(2,429)
Net deferred tax assets	¥ 2,166,892	¥ 1,358,171	\$ 18,843

Note: The expiration of tax loss carryforwards, the related valuation allowances and the resulting net deferred tax assets as of December 31, 2021 and 2020 were as follows:

December 31, 2021	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 <sup>*1</sup>	¥ —	¥ —	¥ —	¥ —	¥ —	¥ 253,788	¥ 253,788
Less valuation allowances for tax loss carryforwards	—	—	—	—	—	(51,207)	(51,207)
Net deferred tax assets relating to tax loss carryforwards	—	—	—	—	—	202,581	202,581

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 <sup>*1</sup>	¥ 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

December 31, 2021	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 <sup>*1</sup>	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 2,207	\$ 2,207
Less valuation allowances for tax loss carryforwards	—	—	—	—	—	(445)	(445)
Net deferred tax assets relating to tax loss carryforwards	—	—	—	—	—	1,762	1,762

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

\*2 Net deferred tax assets of ¥202,581 thousand (\$1,762 thousand) and ¥220,043 thousand are recognized for a part of tax loss carryforwards of ¥253,788 thousand (\$2,207 thousand) and ¥274,242 thousand (calculated by applying the effective statutory tax rate) of consolidated subsidiaries of the Company as of December 31, 2021 and 2020, 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, 2021 and 2020 was as follows:

	December 31, 2021	December 31, 2020
Normal effective statutory tax rate	29.9%	29.9%
Expenses not deductible for income tax purposes	0.9	4.9
Extra tax deduction on R&D expenses	(4.5)	(8.5)
Lower income tax rates applicable to income in certain foreign countries	(1.8)	(1.8)
Changes in valuation allowance	(0.0)	(0.3)
Unrecognized tax effects on intercompany profit	(8.4)	41.0
Deferred tax for investments in subsidiaries	2.8	0.5
Other – net	(0.1)	4.7
Actual effective tax rate	18.8%	70.4%

#### 14. R&D COSTS

R&D costs included in general and administrative expenses and cost of sales for the years ended December 31, 2021 and 2020, were ¥3,106,757 thousand (\$27,015 thousand) and ¥3,022,514 thousand, respectively.

#### 15. LEASES

The Group leases certain office space and other assets.

The minimum rental commitments under noncancelable operating leases at December 31, 2021 and 2020, were as follows:

	Thousands of Yen		Thousands of U.S. Dollars
	December 31, 2021	December 31, 2020	December 31, 2021
Due within one year	¥ 415,447	¥ 374,252	\$ 3,612
Due after one year	1,520,172	839,346	13,219
Total	¥ 1,935,619	¥ 1,213,598	\$ 16,831

The total amount of minimum rental commitments under noncancelable operating leases at December 31, 2021 and 2020 includes lease obligations of ¥1,000,816 thousand (\$8,703 thousand) and ¥585,607 thousand, respectively, recognized by applying IFRS 16.

#### 16. GAIN (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, 2021 and 2020 were ¥109,934 thousand (\$956 thousand) and ¥15,571 thousand, respectively.

The loss on disposal of property, plant, and equipment, software and intangible assets for the years ended December 31, 2021 and 2020 were ¥41,777 thousand (\$363 thousand) and ¥20,541 thousand, respectively.

The loss on sales of property, plant, and equipment for the years ended December 31, 2021 and 2020 were ¥1,257 thousand (\$11 thousand) and ¥832 thousand, respectively.

# FINANCIAL SECTION

## Notes to Consolidated Financial Statements

### 17. EXTRA RETIREMENT EXPENSES

Extra retirement expenses include premium retirement benefits and outplacement expenses associated with the Company's solicitation of early voluntary retirement.

### 18. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

#### (1) Group Policy for Financial Instruments

The Group's policy is to procure necessary funds mainly through borrowings, etc., in light of its investment plans to manufacture and sell mainly computer peripherals, and to manage temporary surplus funds in highly secure financial assets. Derivative transactions are basically made using forward exchange contracts, etc., within the balance of receivables and payables denominated in foreign currencies, or within the necessary range based on the actual import/export results for ordinary foreign currency-denominated business transactions, and the Company has a policy of not engaging in speculative transactions.

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

Receivables, such as trade notes and trade accounts, are exposed to customer credit risk.

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

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*

For the management of trade receivables, in accordance with internal rules, the Company conducts credit checks of customers and manages due dates and outstanding balances by customer, and also works to early identify and mitigate concerns about collection due to deterioration of financial conditions and other factors. 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)*

For receivables and payables denominated in foreign currencies, the Company enters into forward exchange contracts, etc., to hedge foreign currency exchange fluctuation risks.

Derivative transactions are executed and managed by the department in charge of finance, following the approval procedures stipulated in the internal rules.

##### *Liquidity risk management*

The Company manages liquidity risk by preparing and updating cash management plans in a timely manner based on reports from each department.

#### (4) Fair Values of Financial Instruments

The fair value of financial instruments includes values based on market prices and reasonably calculated values when market prices are not available. Since certain assumptions, etc., are used in the calculation of such values, such values may vary if different assumptions, etc., are used. In addition, the contract amounts of derivative transactions do not themselves represent the market risk associated with derivative transactions.

##### (a) Fair value of financial instruments

	Thousands of Yen		
	Carrying Amount	Fair Value	Unrealized Gains/Losses
<b>December 31, 2021</b>			
Cash and time deposits	¥ 14,075,701	¥ 14,075,701	¥ —
Receivables	4,627,045	4,627,045	—
<b>Total</b>	<b>18,702,746</b>	<b>18,702,746</b>	<b>—</b>
Payables	5,596,548	5,596,548	—
Income taxes payable	1,464,791	1,464,791	—
<b>Total</b>	<b>7,061,339</b>	<b>7,061,339</b>	<b>—</b>
Derivative financial instruments	¥ (47,928)	¥ (47,928)	¥ —
	Thousands of Yen		
	Carrying Amount	Fair Value	Unrealized Gains/Losses
<b>December 31, 2020</b>			
Cash and time deposits	¥ 12,451,929	¥ 12,451,929	¥ —
Receivables	4,322,861	4,322,861	—
Investment securities	3,604	3,604	—
<b>Total</b>	<b>16,778,394</b>	<b>16,778,394</b>	<b>—</b>
Payables	3,704,049	3,704,049	—
Income taxes payable	181,897	181,897	—
Long-term debt	1,440,000	1,440,000	—
<b>Total</b>	<b>5,325,946</b>	<b>5,325,946</b>	<b>—</b>
Derivative financial instruments	¥ (66,398)	¥ (66,398)	¥ —

December 31, 2021	Thousands of U.S. Dollars		
	Carrying Amount	Fair Value	Unrealized Gains/Losses
Cash and time deposits	\$ 122,397	\$ 122,397	\$ —
Receivables	40,235	40,235	—
Total	162,632	162,632	—
Payables	48,666	48,666	—
Income taxes payable	12,737	12,737	—
Total	61,403	61,403	—
Derivative financial instruments	\$ (417)	\$ (417)	\$ —

#### **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 and Income Taxes Payable**

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

#### **Derivatives**

Fair value information for derivatives is included in Note 18.

- (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, 2021	December 31, 2020	December 31, 2021
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

December 31, 2021	Thousands of Yen	
	Due in One Year or Less	Due after One Year
Cash and time deposits	¥ 14,075,701	¥ —
Receivables	4,627,045	—
Total	¥ 18,702,746	¥ —

December 31, 2020	Thousands of Yen	
	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	¥ —

December 31, 2021	Thousands of U.S. Dollars	
	Due in One Year or Less	Due after One Year
Cash and time deposits	\$ 122,397	\$ —
Receivables	40,235	—
Total	\$ 162,632	\$ —

Please see Note 9 for annual maturities of long-term debt and Note 15 for obligations under noncancelable operating leases.

# FINANCIAL SECTION

## Notes to Consolidated Financial Statements

### 19. DERIVATIVES

Derivative transactions to which hedge accounting is not applied:

At December 31, 2021	Thousands of Yen			
	Contract Amount	Contract Amount Due after One Year	Fair Value	Unrealized Gains/ Losses
Foreign currency forward contracts:				
Selling U.S. dollar	¥ 3,044,663	¥ —	¥ (26,009)	¥ (26,009)
Selling Euro	3,571,745	—	(16,972)	(16,972)
Buying Japanese yen	¥ 103,486	¥ —	¥ (4,846)	¥ (4,846)
Buying Other	9,825	—	(101)	(101)

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, 2021	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	\$ 26,475	\$ —	\$ (226)	\$ (226)
Selling Euro	31,059	—	(148)	(148)
Buying Japanese yen	\$ 900	\$ —	\$ (42)	\$ (42)
Buying Other	85	—	(1)	(1)

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.

### 20. GUARANTEE OBLIGATIONS AND CONTINGENT LIABILITIES

#### 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 BRL29,894 thousand (¥602,965 thousand (\$5,243 thousand) including an estimated amount of any additional tax on underpayment as of December 31, 2021). 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 BRL37,319 thousand (¥752,719 thousand (\$6,545 thousand) including an estimated amount of any additional tax on underpayment as of December 31, 2021). 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.

## 21. COMPREHENSIVE INCOME (LOSS)

The components of other comprehensive income (loss) for the years ended December 31, 2021 and 2020, were as follows:

	Thousands of Yen		Thousands of U.S. Dollars
	December 31, 2021	December 31, 2020	December 31, 2021
Unrealized income (losses) on available-for-sale securities:			
Amount arising during the year	¥ 1,106	¥ (3,100)	\$ 10
Reclassification adjustments to profit and loss	(750)	5,571	(7)
Amount before income tax effect	356	2,471	3
Income tax effect	(106)	(738)	(1)
Total	250	1,733	2
Foreign currency translation adjustments:			
Amount arising during the year	530,341	(159,617)	4,612
Defined retirement benefit plans:			
Amount arising during the year	354,912	(109,842)	3,086
Reclassification adjustments to profit and loss	71,044	59,986	618
Amount before income tax effect	425,956	(49,856)	3,704
Income tax effect	(127,191)	14,887	(1,106)
Total	298,765	(34,969)	2,598
Total other comprehensive income (loss)	¥ 829,356	¥ (192,853)	\$ 7,212

## 22. NET INCOME PER SHARE

The basis of computing earnings per share ("EPS") for the years ended December 31, 2021 and 2020, 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, 2021:				
EPS				
Net income available to common shareholders	¥ 3,733,519	12,450	¥ 299.88	\$ 2.61
For the year ended December 31, 2020:				
EPS				
Net income available to common shareholders	¥ 251,131	12,451	¥ 20.17	

## 23. 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, 2021				
	Printers	Machine Tools	Supplies	Other	Total
Sales to external customers	¥ 14,411,997	¥ 7,047,153	¥ 14,437,941	¥ 9,198,755	¥ 45,095,846
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 U.S. Dollars					
December 31, 2021					
	Printers	Machine Tools	Supplies	Other	Total
Sales to external customers	\$ 125,322	\$ 61,280	\$ 125,547	\$ 79,989	\$ 392,138

# FINANCIAL SECTION

## Notes to Consolidated Financial Statements

### 3. Information about Geographical Areas

#### (1) Sales

Thousands of Yen						
December 31, 2021						
Japan	USA	Europe	Asia	Other	Total	
¥4,533,999	¥12,654,256	¥17,168,006	¥ 3,230,129	¥ 7,509,456	¥ 45,095,846	

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 U.S. Dollars						
December 31, 2021						
Japan	USA	Europe	Asia	Other	Total	
\$ 39,426	\$ 110,037	\$ 149,287	\$ 28,088	\$ 65,300	\$ 392,138	

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, 2021				
Japan	Thailand	Other Foreign Countries	Total	
¥ 4,858,408	¥ 1,091,377	¥ 1,936,187	¥ 7,885,972	

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 U.S. Dollars				
December 31, 2021				
Japan	Thailand	Other Foreign Countries	Total	
\$ 42,247	\$ 9,490	\$ 16,837	\$ 68,574	

### 24. RELATED-PARTY TRANSACTIONS

There were no transactions with related parties for the years ended December 31, 2021 and 2020.

### 25. SUBSEQUENT EVENT

#### *Appropriations of retained earnings*

The appropriations of retained earnings at December 31, 2021, scheduled to be approved at the Company's shareholders' meeting to be held on March 24, 2022, are as follows:

	Thousands of Yen	Thousands of U.S. Dollars
Year-end cash dividends, ¥60 (\$0.52) per share	¥ 759,354	\$ 6,603

#### *Merger of consolidated subsidiaries*

At the meeting held on August 30, 2021, the Board of Directors resolved to merge two consolidated subsidiaries of the Company, Roland DG Europe Holdings B.V. and Roland DG Benelux NV. The Company merged two consolidated subsidiaries and changed the name of the surviving company on January 1, 2022.

1. Overview of the transaction

(1) Names or businesses and description of business of the companies involved in the business combination

Name of company	Description of business
Roland DG Benelux NV.	Provision of services such as sales promotion and after-sales service
Roland DG Europe Holdings BV.	The holding company in Europe Sales of computer peripheral equipment

(2) Date of business combination

January 1, 2022

(3) Legal form of business combination

An absorption-type merger in which Roland DG Benelux NV. is the surviving company and Roland DG Europe Holdings BV. is the dissolving company.

(4) Name of the combined company

Roland DG EMEA NV.

(5) Purpose of the merger

Under its Medium-Term Business Plan, which began in 2021, the Group has set "transformation into a lean organization" as one of its basic strategies and aims to reorganize and streamline its overseas sales subsidiaries. The purpose of this merger is to improve management efficiency by consolidating management resources in Europe and to strengthen governance.

2. Outline of the accounting treatment to be implemented

The transaction will be accounted for as a transaction under common control in accordance with ASBJ Statement No.21 (revised 2019) "Accounting Standard for Business Combinations" and ASBJ Guidance No.10 (revised 2019) "Implementation Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures."

## 26. 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, and the situation remains uncertain. The Group assumes that although the impact will continue for a certain period of time, the impact on business performance will be limited. However, there are many uncertainties regarding the impact of the spread of COVID-19 infection, and depending on the future situation, the financial position and business performance of the Group may be affected.



Deloitte Touche Tohmatsu LLC  
Marunouchi Nijubashi Building  
3-2-3 Marunouchi  
Chiyoda-ku, Tokyo 100-8360  
Japan  
Tel: +81 (3) 6213 1000  
Fax: +81 (3) 6213 1005  
www2.deloitte.com/jp/en

## 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, 2021, 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, 2021, 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.

### Key Audit Matter

A key audit matter is a matter that, in our professional judgment, was of most significance in our audit of the consolidated financial statements of the current period. The matter was addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on the matter.

Member of  
Deloitte Touche Tohmatsu Limited

# Independent Auditor's Report

Sales of printers which are recognized based on the satisfaction of performance obligations by delivery of goods	
Description of Key Audit Matter	Auditor's Response
<p>Sales of printers of Roland DG Corporation (the "Company") on the consolidated financial statements of the Group was ¥893 million for the fiscal year ended December 31, 2021. In accordance with the contracts with domestic dealers, there are transactions (the "Transactions") that take time from shipment to delivery because of the process related to delivery such as validation of operation at the delivery place designated by the dealers. The Company recognizes sales of the Transactions at the satisfaction of the performance obligations which is when the delivery of goods is complete.</p> <p>In order to identify the transactions of which performance obligation has been completely satisfied, the Company prepares a list of transactions which includes sales amount and relevant dates (shipping and delivery date) for each transaction. The Company recognizes the sales on the date when the performance obligation has been satisfied based on supporting evidence. If the Company is not able to obtain such evidence in a timely manner during the closing procedures, there is a risk that the sales would not be recognized in the appropriate period.</p> <p>Based on the above, we determined the timing of revenue recognition in relation to the Transactions as a key audit matter.</p>	<p>Our audit procedures related to the Transactions to validate the satisfaction of the performance obligation included the following, among others:</p> <p>(1) Assessment of internal controls</p> <ul style="list-style-type: none"> <li>We evaluated the design and operating effectiveness of internal controls over obtaining the supporting evidence of the complete satisfaction of the performance obligation completely and validating the fact of the satisfaction of the performance obligation.</li> </ul> <p>(2) Test of the timing of revenue recognition</p> <ul style="list-style-type: none"> <li>We tested the accuracy and completeness of the list of transactions prepared by the Company, which included sales amount and relevant dates (shipping and delivery date) for each transaction.</li> <li>With regards to the Transactions recorded as sales in December, we inspected the purchase order to test the fact that the product had been ordered. We also obtained evidence (proof of validation of operation, etc.) indicating the fact of delivery at the place designated by the dealers in order to test the fact that the performance obligation had been satisfied and evaluated the appropriateness of the timing of revenue recognition.</li> <li>In addition, for those Transactions shipped in December and the performance obligations of which were satisfied after the end of the fiscal year, we inquired of the general manager of sales department and the sales representative about the appropriateness of the timing of revenue recognition and evaluated the reasonableness.</li> </ul>

## 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.

# Independent Auditor's Report

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.

# Independent Auditor's Report

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.

From the matters communicated with Audit & Supervisory Board members and the Audit & Supervisory Board, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## **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 24, 2022

# CORPORATE DATA

Company Outline / Group Companies

## Company Outline (As of December 31, 2021)

### Name

Roland DG Corporation

### Founded

May 1, 1981

### Common Stock

¥3,669 million

### Net Sales for FY2020

¥29,568 million (Nonconsolidated)

¥45,095 million (Consolidated)

### Number of Employees

489 (Nonconsolidated)

1,142 (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

1-6-4 Shinmiyakoda, Kita-ku, Hamamatsu-shi, Shizuoka-ken, 431-2103, Japan  
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

15,131

### Stock Exchange Listing

Tokyo

### Stock Transfer Agent

Mitsubishi UFJ Trust and Banking Corporation

### Independent Auditor

Deloitte Touche Tohmatsu LLC

### Executives (As of March 24, 2022)

President, Representative Director	Kohei Tanabe
Director Managing Executive Officer	Toshiharu Uwai
Director Managing Executive Officer	Andrew Oransky
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
Managing Executive Officer	Hisashi Bito
Managing Executive Officer	Kazuhiro Ogawa
Executive Officer	Yuji Kurata
Executive Officer	Takaaki Koshita
Executive Officer	Tony Miller

## Group Companies (As of December 31, 2021)

### Sales

#### DGSHAPE Corporation

1-6-4 Shinmiyakoda, Kita-ku, Hamamatsu-shi, Shizuoka-ken, 431-2103 Japan

Phone: +81 53 482 7069

Fax: +81 53 424 6059

#### Roland DGA Corporation

15363 Barranca Parkway, Irvine, CA 92618, U.S.A.

Phone: +1 949 727 2100

Fax: +1 949 727 2112

#### Roland DG Benelux N.V.

Bell Telephonelaan 2G, 2440 Geel, Belgium

Phone: +32 14 57 59 11

Fax: +32 14 57 59 12

#### Roland DG (U.K.) Ltd.

Griffin House, Windmill Road, Clevedon Business Park, Clevedon, North Somerset BS21 6UJ, U.K.

Phone: +44 1275 335540

Fax: +44 1275 335541

#### Roland Digital Group Iberia, S.L.

Carrer Font de Can Mas 9-11 Polígono Industrial El

Martinet 08291 Ripollet Barcelona, Spain

Phone: +34 935 918 400

#### Roland DG Mid Europe S.r.l.

Via Leonardo da Vinci 1/b

63030 Acquaviva Picena (AP), Italy

Phone: +39 0735 586558

Fax: +39 0735 576176

#### Roland DG North Europe A/S

Farum Gydevej 71, 3520 Farum, Denmark

Phone: +45 88 82 20 00

Fax: +45 88 82 20 01

#### Roland DG Australia Pty. Ltd.

Allambie Grove Business Park Unit 14,

25 Frenchs Forest Rd, Frenchs Forest, NSW 2086, Australia

Phone: +61 2 9975 0000

Fax: +61 2 9975 0001

#### Roland DG (China) Corporation

Shanghai Mart, 2111-2112 Room,

No.2299, Yan'an Road West, Shanghai, 200336, China

Phone: +86 021 6236 0909

Fax: +86 021 5279 7251

#### Roland DG Korea Inc.

#1207, TRIPLEX, Mullaebuk-ro 116, Yeongdeungpo-gu, Seoul, 07293 Korea

Phone: +82 70 4504 7100

Fax: +82 2 6963 8100

#### Roland DG Brasil Ltd.

Rua San José, 780, Parque Industrial San José, CEP 06715-862 Cotia,

São Paulo, Brazil

Phone: +55 11 3500 2600

Fax: +55 11 3500 2600

#### Roland DG Deutschland GmbH

Halskestraße 7, 47877 Willich, Germany

Phone: +49 2154 8877 95

Fax: +49 2154 8877 96

#### Roland DG RUS LLC

Nizhnyaya Syromyatnicheskaya st., 10, Building 2, office 39.6/1 105120,

Moscow, Russia

Phone: +7 495 981 2307

FAX: +7 495 981 2307

#### Roland DG France SAS

2 avenue du prieuré 77700 serris, France

Phone: +33 1 60 07 9049

### Holdings

#### Roland DG Europe Holdings B.V.

Prof. J.H. Bavincklaan 2-4,

1183 AT, Amstelveen, The Netherlands

Phone: +31 20 723 3670

### Production

#### Roland Digital Group (Thailand) Ltd.

30/122 Moo 1, Sinsakhon Industrial Estate

Tambol Khok Kham, Ampur Muang, Samutsakhon 74000, Thailand

Phone: +66 2 402 2220

Fax: +66 2 402 2220

### Shared Services

#### Roland DG EMEA, S.L.

Carrer Font de Can Mas 9-11 Polígono Industrial El Martinet

08291 Ripollet Barcelona, Spain

Phone: +34 935 918 400

Roland DG Corporation