

**Translation**

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**Consolidated Financial Results**  
**for the First Quarter of the Fiscal Year Ending December 31, 2023**  
**(under Japanese GAAP)**



May 11, 2023

Company name: Roland Corporation      Listing: Tokyo Stock Exchange  
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 Scheduled date to file Quarterly Securities Report (*Shihanki Hokokusho*): May 12, 2023  
 Scheduled date to commence payment of dividends: –  
 Preparation of supplementary briefing material on quarterly financial results: Yes  
 Holding of quarterly financial results briefing: Yes (for institutional investors and securities analysts)

(Note) Amounts less than one million yen have been omitted.

1. Consolidated financial results for the first quarter of the fiscal year ending December 31, 2023 (from January 1 to March 31, 2023)

(1) Consolidated operating results (Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three months ended March 31, 2023	22,861	9.0	2,018	(21.4)	1,864	(28.3)	1,408	(26.4)
March 31, 2022	20,978	–	2,567	–	2,601	(40.5)	1,912	(44.1)

Note: Comprehensive income

For the three months ended March 31, 2023: ¥1,758 million [(52.6)%]

For the three months ended March 31, 2022: ¥3,707 million [(18.8)%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended March 31, 2023	51.61	50.92
March 31, 2022	69.42	68.29

Note: The Company has applied the *Accounting Standard for Revenue Recognition* (ASBJ Statement No. 29, March 31, 2020) from the beginning of the fiscal year ended December 31, 2022. Accordingly, year-on-year changes for net sales and operating profit against the first quarter of the fiscal year ended December 31, 2021 before the application of the said accounting standard are not presented.

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of March 31, 2023	73,538	33,329	44.9
December 31, 2022	77,056	33,747	43.4

Reference: Equity (Shareholders' equity + Accumulated other comprehensive income)

As of March 31, 2023: ¥33,046 million

As of December 31, 2022: ¥33,467 million

2. Dividends

	Annual dividend per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
Fiscal year ended December 31, 2022	Yen –	Yen 78.00	Yen –	Yen 78.00	Yen 156.00
Fiscal year ending December 31, 2023	–				
Fiscal year ending December 31, 2023 (forecast)		85.00	–	85.00	170.00

Note: Revisions from the most recently announced dividends forecast: None

## 3. Forecast of consolidated financial results for the fiscal year ending December 31, 2023 (from January 1 to December 31, 2023)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
First six months	48,800	13.5	4,100	(12.3)	4,100	(14.5)	3,100	(21.1)	113.81
Fiscal year	105,600	10.2	12,400	15.3	12,400	21.0	9,300	4.0	340.73

Note: Revisions from the most recently announced forecast of consolidated financial results: None

## [Notes]

- (1) Changes in significant subsidiaries during the current period (Changes in specified subsidiaries resulting in the change in scope of consolidation): None
- (2) Adoption of accounting treatment specific to the preparation of quarterly consolidated financial statements: None
- (3) Changes in accounting policies, changes in accounting estimates and restatements of prior period financial statements
  - 1) Changes in accounting policies due to application of new or revised accounting standards: None
  - 2) Changes in accounting policies due to reasons other than above 1): None
  - 3) Changes in accounting estimates: None
  - 4) Restatements of prior period financial statements: None
- (4) Number of shares of common stock issued
  - 1) Number of shares issued (including treasury shares)
    - As of March 31, 2023: 28,130,954 shares
    - As of December 31, 2022: 28,066,786 shares
  - 2) Number of treasury shares
    - As of March 31, 2023: 811,411 shares
    - As of December 31, 2022: 824,172 shares
  - 3) Average number of shares of common stock during the period (cumulative from the beginning of the fiscal year)
    - Three months ended March 31, 2023: 27,283,405 shares
    - Three months ended March 31, 2022: 27,550,994 shares

Note: The aggregate number of shares of the Company held by the Board Benefit Trust, Employee Stock Ownership Plan Trust and Employee Shareholding Association-type ESOP Trust was included in the number of treasury shares, which was to be deducted from the calculation of the average number of shares of common stock during the period. It is noted that the average numbers of shares of common stock held by these trusts during the three months ended March 31, 2022 and 2023 were 416,671 shares and 351,294 shares, respectively.

\* This quarterly financial results report is not subject to quarterly review procedures by certified public accountants or an audit firm.

## \* [Proper use of earning forecasts, and other special notes]

(Disclaimer with respect to earnings and other forecasts)

- The forward-looking statements including the earnings forecast contained in this document are based on information currently available and certain assumptions that are believed to be reasonable. Accordingly, please be advised that the Company does not guarantee the achievement of the forecasts and the actual results may differ from the results described in this forward-looking statements due to a variety of factors. For further information on the forecast of consolidated financial results, please refer to "Explanation of forward-looking information including consolidated earnings forecast" on page 3 of the Attached Materials.
- The Company will hold a quarterly financial results briefing for institutional investors and securities analysts on Friday, May 12, 2023. Materials used at the quarterly financial results briefing will be posted on the Company's website.

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## 1. Qualitative Information on Quarterly Consolidated Financial Results

### (1) Explanation of consolidated operating results

During the period under review, the transition to a world after COVID-19 advanced in countries including Japan and China, following Europe and the U.S. At the same time, however, the global economic environment surrounding the Group remained uncertain as concerns of a global economic slowdown intensified due to the protracted situation in Russia and Ukraine, rising prices and interest rates worldwide, and financial instability in the U.S. and Europe.

Meanwhile, the environment surrounding the electronic musical instruments business was overall favorable, as stable demand for this segment has been generated, backed by a new lifestyle that has become normal in the wake of the COVID-19 pandemic. The three months ended March 31, 2023 was the final adjustment phase toward the normalization of the supply chain, as dealer inventories were temporarily overstocked due to the easing of supply constraints and the subsequent increase of sell-ins at the end of the previous fiscal year. Softening demand in the low-price range extended to the mid- to high-price range for some products though, sell-throughs were generally within expectations. On the cost side, although raw material prices remained high, there were signs of progress toward normalization, including the penetration of appropriate pricing that has been continuously focused on and the gradual effect of a decline in stubbornly high marine transportation costs.

As a result of the above, during the period under review, the Group recorded net sales of ¥22,861 million (up 9.0% year on year), partly due to the contribution of newly consolidated Drum Workshop, Inc. (hereinafter, “DW”), a U.S.-based drum manufacturer, acquired in the previous fiscal year. In terms of profit, the Group recorded operating profit of ¥2,018 million (down 21.4% year on year), ordinary profit of ¥1,864 million (down 28.3% year on year), and profit attributable to owners of parent of ¥1,408 million (down 26.4% year on year), due to a decrease in sell-in volume and active investment in new product development at DW, despite the effect of cost reduction.

Sales performance (year-on-year change) by mainstay category is as shown below:

**[Keyboards]** Net sales: ¥5,594 million (down 14.6% year on year)

Among the mainstay categories, electronic pianos were affected overall by inventory adjustments in the market, the spread of softening demand from low- to mid-end products, and the escalation of competitive climate, although new products launched in the current period contributed to the performance.

**[Percussion and Wind Instruments]** Net sales: ¥6,732 million (up 37.6% year on year)

Among the mainstay categories, sales of drums were generally firm in developed countries, mainly due to the introduction of new products, although sales in China were affected by COVID-19 and the downsizing of music schools against the backdrop of government regulations on tutoring schools. Overall sales in the drums business were up year on year, partly due to the effect of the new consolidation of DW.

Sales of electronic wind instruments were down year on year due to market inventory adjustments in the mainstay markets of China and Japan, as well as competition from new entrants, especially in China.

**[Guitar-related Products]** Net sales: ¥5,648 million (up 11.5% year on year)

Among the mainstay categories, sales of guitar effects were strong, especially for compact pedals, recovering from supply shortages in the same period of the previous year.

As to musical instruments amplifiers, sell-throughs remained strong, while sell-ins were affected by inventory adjustments in the market, particularly in the U.S.

**[Creation-related Products & Services]** Net sales: ¥3,131 million (up 13.5% year on year)

Among the mainstay categories, sales of synthesizers remained firm, backed by continuing stable demand for high-end products, contributions from new products launched in the previous fiscal year, and shipments of backlogged orders.

Sales of dance and DJ-related products also remained brisk, driven by solid sales of new product lines that have been launched continuously, although existing products showed signs of slowing down.

In the software and service domain, Roland Cloud continued to provide software synthesizers and sound contents, resulting in stable growth in membership. In addition, Roland Cloud Manager, the management software for Roland Cloud contents, was substantially upgraded.

**[Video and Professional Audio]** Net sales: ¥1,029 million (down 3.4% year on year)

Among the mainstay categories, sales of video-related products remained strong as event demand recovered and demand for related products increased while demand for personal distribution calmed down. The V-MODA products continued to struggle.

## **(2) Explanation of consolidated financial position**

### **(i) Assets, liabilities and net assets as of March 31, 2023**

Total assets at the end of the period under review on a consolidated basis decreased by ¥3,518 million from the end of the previous fiscal year to ¥73,538 million. This is attributable primarily to decreases in cash and deposits of ¥543 million, trade receivables of ¥1,867 million, and inventories of ¥723 million.

Liabilities decreased by ¥3,100 million from the end of the previous fiscal year to ¥40,208 million. This is attributable primarily to a decrease in borrowings of ¥2,880 million.

Net assets decreased by ¥418 million from the end of the previous fiscal year to ¥33,329 million. This is attributable mainly to a decrease in retained earnings of ¥2,152 million due to payments of dividends, which was partially offset by profit attributable to owners of parent of ¥1,408 million.

As a result of the above, the equity ratio rose 1.5 percentage points from the end of the previous fiscal year to 44.9%.

### **(ii) Cash flows for the three months ended March 31, 2023**

During the period under review, cash and cash equivalents (“net cash”) decreased by ¥543 million (a decrease by ¥223 million for the same period of the previous fiscal year) to ¥9,962 million at the end of the period.

#### *Cash flows from operating activities*

Net cash provided by operating activities amounted to ¥5,286 million (¥1,128 million used for the same period of the previous fiscal year), which is attributable primarily to decreases in both profit before income taxes and working capital.

#### *Cash flows from investing activities*

Net cash used in investing activities amounted to ¥632 million (¥252 million used for the same period of the previous fiscal year), which is attributable primarily to the capital outlay for the purchases of property, plant and equipment.

#### *Cash flows from financing activities*

Net cash used in financing activities amounted to ¥5,125 million (¥1,101 million provided for the same period of the previous fiscal year), which is attributable primarily to repayments of borrowings and payments of dividends.

## **(3) Explanation of forward-looking information including consolidated earnings forecast**

There is no change in the consolidated financial result forecasts for the current fiscal year, which was announced on February 13, 2023. If there are any changes in the future, we will disclose them in an appropriate manner.

## 2. Quarterly Consolidated Financial Statements and Major Notes

### (1) Quarterly consolidated balance sheets

	(Millions of yen)	
	Previous fiscal year (As of December 31, 2022)	Current quarter (As of March 31, 2023)
Assets		
Current assets:		
Cash and deposits	10,506	9,962
Notes and accounts receivable – trade	12,905	11,038
Merchandise and finished goods	20,214	18,708
Work in process	1,249	1,367
Raw materials and supplies	10,858	11,522
Other	2,561	2,033
Allowance for doubtful accounts	(394)	(345)
Total current assets	57,902	54,288
Non-current assets:		
Property, plant and equipment:		
Buildings and structures, net	3,698	3,624
Land	1,640	1,640
Other, net	2,431	2,695
Total property, plant and equipment	7,770	7,960
Intangible assets		
Goodwill	3,266	3,202
Other	2,824	2,829
Total intangible assets	6,090	6,031
Investments and other assets:		
Investment securities	938	1,017
Other	4,465	4,354
Allowance for doubtful accounts	(110)	(113)
Total investments and other assets	5,293	5,258
Total non-current assets	19,154	19,249
Total assets	77,056	73,538

	(Millions of yen)	
	Previous fiscal year (As of December 31, 2022)	Current quarter (As of March 31, 2023)
Liabilities		
Current liabilities:		
Notes and accounts payable – trade	5,606	6,454
Short-term borrowings	17,700	4,700
Current portion of long-term borrowings	1,252	6,113
Income taxes payable	482	154
Provision for bonuses	771	510
Provision for bonuses for directors (and other officers)	34	17
Provision for product warranties	281	296
Other	6,384	5,840
Total current liabilities	32,513	24,086
Non-current liabilities:		
Long-term borrowings	7,570	12,828
Provision for share awards	253	263
Provision for share awards for directors (and other officers)	78	89
Retirement benefit liability	432	432
Asset retirement obligations	87	87
Other	2,373	2,420
Total non-current liabilities	10,796	16,122
Total liabilities	43,309	40,208
Net assets		
Shareholders' equity:		
Share capital	9,613	9,631
Capital surplus	191	210
Retained earnings	23,750	22,945
Treasury shares	(2,407)	(2,394)
Total shareholders' equity	31,148	30,392
Accumulated other comprehensive income:		
Valuation difference on available-for-sale securities	68	115
Foreign currency translation adjustment	1,879	2,186
Remeasurements of defined benefit plans	370	351
Total accumulated other comprehensive income	2,319	2,654
Share acquisition rights	95	82
Non-controlling interests	184	200
Total net assets	33,747	33,329
Total liabilities and net assets	77,056	73,538

**(2) Quarterly consolidated statements of income and quarterly consolidated statements of comprehensive income**

## Quarterly consolidated statements of income

(Millions of yen)

	Three months ended March 31, 2022	Three months ended March 31, 2023
Net sales	20,978	22,861
Cost of sales	12,169	13,112
Gross profit	8,808	9,748
Selling, general and administrative expenses	6,240	7,729
Operating profit	2,567	2,018
Non-operating income:		
Interest income	2	8
Dividend income	7	10
Foreign exchange gains	29	—
Subsidy income	—	61
Other	2	8
Total non-operating income	42	88
Non-operating expenses:		
Interest expenses	5	31
Foreign exchange losses	—	204
Other	3	6
Total non-operating expenses	8	242
Ordinary profit	2,601	1,864
Extraordinary income:		
Gain on sale of non-current assets	0	1
Total extraordinary income	0	1
Extraordinary losses:		
Loss on sale and retirement of non-current assets	1	1
Total extraordinary losses	1	1
Profit before income taxes	2,599	1,864
Income taxes – current	524	318
Income taxes – deferred	160	126
Total income taxes	684	445
Profit	1,914	1,419
Profit attributable to non-controlling interests	2	11
Profit attributable to owners of parent	1,912	1,408

Quarterly consolidated statements of comprehensive income

(Millions of yen)

	Three months ended March 31, 2022	Three months ended March 31, 2023
Profit	1,914	1,419
Other comprehensive income:		
Valuation difference on available-for-sale securities	(26)	46
Foreign currency translation adjustment	1,832	311
Remeasurements of defined benefit plans, net of tax	(13)	(19)
Total other comprehensive income	1,793	339
Comprehensive income	3,707	1,758
Comprehensive income attributable to:		
Owners of parent	3,694	1,743
Non-controlling interests	13	15

**(3) Quarterly consolidated statements of cash flows**

(Millions of yen)

	Three months ended March 31, 2022	Three months ended March 31, 2023
Cash flows from operating activities:		
Profit before income taxes	2,599	1,864
Depreciation	390	560
Amortization of goodwill	1	84
Increase (decrease) in retirement benefit liability	(38)	(34)
Interest and dividend income	(9)	(18)
Interest expenses	5	31
Foreign exchange losses (gains)	(31)	(465)
Loss (gain) on sale and retirement of non-current assets	1	0
Decrease (increase) in trade receivables	(1,370)	2,982
Decrease (increase) in inventories	(718)	1,105
Increase (decrease) in trade payables	(702)	651
Other, net	(767)	(686)
Subtotal	(641)	6,076
Interest and dividends received	9	18
Interest paid	(5)	(30)
Income taxes paid	(491)	(777)
Net cash provided by (used in) operating activities	(1,128)	5,286
Cash flows from investing activities:		
Purchase of property, plant and equipment	(273)	(489)
Proceeds from sale of property, plant and equipment	0	1
Purchase of intangible assets	(13)	(67)
Proceeds from collection of long-term loans receivable	2	0
Purchase of shares of subsidiaries resulting in change in scope of consolidation	—	(50)
Other, net	32	(25)
Net cash provided by (used in) investing activities	(252)	(632)
Cash flows from financing activities:		
Net increase (decrease) in short-term borrowings	4,000	(13,000)
Proceeds from long-term borrowings	—	10,700
Repayments of long-term borrowings	(313)	(580)
Proceeds from issuance of shares	23	23
Proceeds from sale of treasury shares	52	48
Purchase of treasury shares	(646)	(0)
Dividends paid	(1,911)	(2,133)
Other, net	(103)	(183)
Net cash provided by (used in) financing activities	1,101	(5,125)
Effect of exchange rate change on cash and cash equivalents	55	(28)
Net increase (decrease) in cash and cash equivalents	(223)	(499)
Cash and cash equivalents at beginning of period	8,781	10,506
Increase (decrease) in cash and cash equivalents resulting from change in scope of consolidation	—	(43)
Cash and cash equivalents at end of period	8,557	9,962

**(4) Notes to quarterly consolidated financial statements**

**(Going concern assumption)**

Not applicable

**(Significant changes in shareholders' equity)**

Not applicable