

Translation

Note: This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.



**Consolidated Financial Results
for the Fiscal Year Ended December 31, 2021
(under Japanese GAAP)**



February 10, 2022

Company name: Roland Corporation Listing: Tokyo Stock Exchange
 Security code: 7944 URL: <https://www.roland.com/global/>
 Representative: Jun-ichi Miki, CEO and Representative Director
 Contact: Shunsuke Sugiura, CFO and Senior Executive Officer
 Phone: +81-53-523-0230
 Scheduled date to hold ordinary general meeting of shareholders: March 30, 2022
 Scheduled date to commence payment of dividends: March 31, 2022
 Scheduled date to file Annual Securities Report (Yukashoken Hokokusho): March 9, 2022
 Preparation of supplementary briefing material on financial results: Yes
 Holding of 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 fiscal year ended December 31, 2021 (from January 1 to December 31, 2021)

(1) Consolidated operating results

(Percentage indicates 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	%
Fiscal year ended December 31, 2021	80,032	25.0	11,093	55.9	10,102	60.9	8,586	99.6
December 31, 2020	64,044	1.3	7,115	35.0	6,277	32.8	4,301	63.6

Note: Comprehensive income

For the fiscal year ended December 31, 2021: ¥11,361 million [188.8%]

For the fiscal year ended December 31, 2020: ¥3,934 million [85.4%]

	Basic earnings per share	Diluted earnings per share	Return on equity	Ordinary profit to total assets ratio	Operating profit margin
	Yen	Yen	%	%	%
Fiscal year ended December 31, 2021	312.73	306.26	35.6	20.4	13.9
December 31, 2020	160.13	155.37	22.7	14.0	11.1

Reference: Share of profit or loss of entities accounted for using equity method

For the fiscal year ended December 31, 2021: –

For the fiscal year ended December 31, 2020: –

- Notes: 1. As the Company conducted a 30-for-1 common stock split effective on September 14, 2020, both basic and diluted earnings per share were calculated based on the assumption that the stock split had been conducted at the beginning of the fiscal year ended December 31, 2020.
2. As the Company went public on the First Section of the Tokyo Stock Exchange on December 16, 2020, diluted earnings per share for the fiscal year ended December 31, 2020 was calculated by deeming the average stock price during the period from the listing date to December 31, 2020 as the average stock price during that fiscal year.

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of December 31, 2021	52,807	28,656	53.7	1,030.19
December 31, 2020	46,096	20,151	43.1	730.91

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

As of December 31, 2021: ¥28,380 million As of December 31, 2020: ¥19,853 million

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Fiscal year ended December 31, 2021	4,929	(803)	(6,071)	8,781
December 31, 2020	6,902	(901)	(3,669)	10,832

2. Dividends

	Annual dividend per share					Total dividends (Annual)	Dividend payout ratio (Consolidated)	Dividend on equity (Consolidated)
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total			
Fiscal year ended	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
December 31, 2020	—	1,080.00	—	36.00	—	1,977	46.0	10.3
December 31, 2021	—	69.00	—	69.00	138.00	3,859	45.0	15.7
Fiscal year ending December 31, 2022 (forecast)	—	78.00	—	78.00	156.00		50.2	

- Note: 1. As the Company conducted a 30-for-1 common stock split effective on September 14, 2020, the dividends per share for the second quarter-end of the fiscal year ended December 31, 2020 is figure before the stock split. The annual dividend per share for the fiscal year ended December 31, 2020 is not presented because the figures for the second quarter-end and the fiscal year-end cannot be simply added up due to the stock split. If the effect of the stock split is taken into account, the dividend per share for the second quarter-end of the fiscal year ended December 31, 2020 will be 36 yen, resulting in the annual dividend per share of 72 yen.
2. The total dividends include the dividends paid to the Board Benefit Trust, Employee Stock Ownership Plan Trust and Employee Shareholding Association-type ESOP Trust (¥32 million and ¥60 million for the fiscal years ended December 31, 2020 and 2021, respectively). The dividend payout ratio is calculated by dividing the total dividends by profit attributable to owners of parent.
3. The Company also plan to purchase treasury shares of up to ¥2 billion in total during the period between February 14, 2022 and June 23, 2022. If the Company conducts the purchase of treasury shares in the full amount, the consolidated total return ratio for the fiscal year ended December 31, 2021 will be 68.2%, with the annual dividend of ¥138.

3. Forecast of consolidated financial results for the fiscal year ending December 31, 2022 (from January 1 to December 31, 2022) (Percentage indicates 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	40,600	—	4,600	—	4,700	(37.0)	3,500	(43.4)	127.38
Fiscal year	85,000	—	11,600	—	11,700	15.8	8,700	1.3	316.75

- Note: 1. *Accounting Standard for Revenue Recognition* (ASBJ Statement No. 29, revised on March 31, 2020 effective from the beginning of the consolidated fiscal year that commences on or after April 1, 2021) will be newly applied to in calculating the forecasts of net sales and operating profit for the fiscal year ending December 31, 2022. Accordingly, year-on-year changes from the actual results for the fiscal year ended December 31, 2021 are not presented. The forecasts of net sales and operating profit for the fiscal year ending December 31, 2022 calculated in line with the same standard as was used in the fiscal year ended December 31, 2021 are as follows:

	Net sales		Operating profit	
First six months	¥41,000 million	(4.7)%	¥5,000 million	(36.3)%
Fiscal year	¥85,800 million	7.2 %	¥12,400 million	11.8 %

2. The Company's Board of Directors, at the meeting held on February 10, 2022, resolved to purchase treasury shares. Accordingly, the figures of "Basic earnings per share" in the forecast of consolidated financial results for the fiscal year ending December 31, 2022 reflect the impact of the purchase of treasury shares. For details on the purchase of treasury shares, please refer to "Notice of Decision on Matters Related to Acquisition of Treasury Stock" released today (on February 10, 2022).

[Notes]

- (1) Changes in significant subsidiaries during the current period (Changes in specified subsidiaries resulting in the change in scope of consolidation): None
- (2) 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
- (3) Number of shares of common stock issued
 - 1) Number of shares issued (including treasury shares)
 - As of December 31, 2021: 27,970,534 shares
 - As of December 31, 2020: 27,581,366 shares
 - 2) Number of treasury shares
 - As of December 31, 2021: 421,931 shares
 - As of December 31, 2020: 418,810 shares
 - 3) Average number of shares of common stock during the period
 - Fiscal year ended December 31, 2021: 27,457,125 shares
 - Fiscal year ended December 31, 2020: 26,863,796 shares

Notes: 1. As the Company conducted a 30-for-1 common stock split effective on September 14, 2020, the "Average number of

shares of common stock during the period” was calculated based on the assumption that the stock split had been conducted at the beginning of the fiscal year ended December 31, 2020.

2. 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 after the stock split during the fiscal years ended December 31, 2020 and 2021 were 490,416 shares and 430,571 shares, respectively.

(Reference) Overview of non-consolidated financial results

1. Non-consolidated financial results for the fiscal year ended December 31, 2021 (from January 1 to December 31, 2021)

(1) Non-consolidated operating results (Percentage indicates year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit	
Fiscal year ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
December 31, 2021	29,624	14.1	3,626	79.0	7,183	24.4	6,018	17.9
December 31, 2020	25,966	4.2	2,026	92.2	5,773	72.8	5,106	130.0

	Basic earnings per share	Diluted earnings per share
Fiscal year ended	Yen	Yen
December 31, 2021	219.19	214.65
December 31, 2020	190.08	184.43

- Notes: 1. As the Company conducted a 30-for-1 common stock split effective on September 14, 2020, both basic and diluted earnings per share were calculated based on the assumption that the stock split had been conducted at the beginning of the fiscal year ended December 31, 2020.
2. As the Company went public on the First Section of the Tokyo Stock Exchange on December 16, 2020, diluted earnings per share for the fiscal year ended December 31, 2020 was calculated by deeming the average stock price during the period from the listing date to December 31, 2020 as the average stock price during that fiscal year.

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
December 31, 2021	41,445	23,856	57.3	861.81
December 31, 2020	41,699	20,514	48.8	749.42

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

As of December 31, 2021: ¥23,741 million As of December 31, 2020: ¥20,356 million

* This financial results report is not subject to audit 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 earnings forecast contained in this document are based on information currently available and assumptions. Actual results may differ from the results anticipated in these forward-looking statements due to a variety of factors. For further information on the forecast of consolidated financial results, please refer to “1. Overview of Operating Results, etc. (1) Overview of operating results for the fiscal year ended December 31, 2021 (ii) Future outlook” on page 4 of the Attached Materials.
- The Company will hold a financial results briefing for institutional investors and securities analysts on Monday, February 14, 2022. Materials used at the financial results briefing will be posted on the Company's website.

Contents of Attached Materials

1. Overview of Operating Results, etc.	P. 2
(1) Overview of operating results for the fiscal year ended December 31, 2021	P. 2
(2) Overview of financial position for the fiscal year ended December 31, 2021	P. 4
(3) Basic policy for profit distribution and dividends for the fiscal year ending December 31, 2022	P. 4
2. Basic Approach to Selection of Accounting Standards.....	P. 4
3. Consolidated Financial Statements and Major Notes.....	P. 5
(1) Consolidated balance sheets	P. 5
(2) Consolidated statements of income and consolidated statements of comprehensive income	P. 7
(3) Consolidated statements of changes in equity	P. 9
(4) Consolidated statements of cash flows	P. 11
(5) Notes to consolidated financial statements	P. 13
(Going concern assumption).....	P. 13
(Segment information, etc.).....	P. 13
(Per share information)	P. 13
(Subsequent events).....	P. 14

1. Overview of Operating Results, etc.

(1) Overview of operating results for the fiscal year ended December 31, 2021

(i) Operating results for the fiscal year ended December 31, 2021

During the fiscal year ended December 31, 2021 (the “fiscal year under review”), the global economy remained unstable along with the difficulty in foreseeing when the COVID-19 pandemic begins to subside. This was due in part to the emerging variants and breakthrough infections, which resulted in the rebound of COVID-19 cases, despite the resumption of economic activities as more and more people got vaccinated.

The electronic musical instruments business has continued to enjoy demand that is even greater than before the pandemic. This is because an increasing number of people take up a challenge to start playing musical instruments or resume musical performance to spend their leisure time as a new lifestyle has become normal amid the prolonged “With Corona” period. However, on the procurement side, the Group continued to suffer from problems such as the global shortage of semiconductors and a significant rise in raw material prices. On the production side, Malaysia, where our main factory is located, experienced a worsening outbreak of COVID-19 from the latter half of the second quarter to the latter half of the third quarter of the current fiscal year. Accordingly, in accordance with the instructions of the Malaysian government and authorities, our Malaysia factory operation was restricted and suspended. On the logistics side, the global logistics delays due for example to U.S. port congestion led to extended lead times.

Surrounded by these circumstances, we underscored its key strategies (1)Produce, (2)Reach, (3)Deliver and (4)Support, under the vision for our medium-term corporation plan, “Bringing the WAKUWAKU Thrill and Excitement to all the people in the World”. As the second year of the Medium-term Business plan, we grappled with (1)Development of high value added products and services that only we can provide, (2)Customer creation and market development through continuous engagement with our enthusiastic fans, (3) Establishment of the world best SCM that never stops supplying products without stock shortages and over-stockings, and (4) Human resources development, strengthening governance and visualization.

Regarding “Development of high value-added products and services that only we can provide”, we continued to work on the development of products, such as an electronic guitar equipped with synthesizer sounds, to acquire new customers, while refreshing our core product families and adding new products to our lineup to strengthen our market competitiveness. In the development process, we promoted the use of a common platform for various product categories and established a system that allows us to convert an idea into a product more efficiently and swiftly with a view to growth over the medium- to long term. Additionally, toward achieving our medium- to long-term goal of evolving from a hardware provider into a solutions provider, we focused our efforts on enhancing the content of the cloud-base subscription service, Roland Cloud that offers a variety of software sound sources and sounds, as well as developing new services to make the service even more appealing. In November, we released Roland Cloud Connect, a service that allows customers to enjoy a variety of Roland Cloud contents seamlessly by connecting it with our synthesizers wirelessly.

Regarding “Customer creation and market development through continuous engagement with our enthusiastic fans”, we continued to accelerate the use of digital marketing. As a new lifestyle has become normal in the “With Corona” era, being connected with end users online has become increasingly important. Given these circumstances, we tried to promote the Conversion Partner Program, a program delivering digital content that is compelling for customers in collaboration with our business partners and ultimately driving sales in each country. Meanwhile, based on the conviction that it is highly important for us to provide our customers with opportunities to touch our musical instruments and convince them of the value of our products before they make the decision to purchase our products, we set up Store in Store (spaces dedicated solely to Roland products inside the stores of our business partners) in major cities around the world. At Store in Store in Europe, we launched an online service called Roland Live to serve customers who are at home, as a new initiative in the “New Normal” of life with COVID-19. In October 2021, we held Roland/BOSS Players Summit 2021, an online user-interactive event, in Japan, as part of our continued efforts to forge a new bond with customers.

Regarding “Establishment of the world best SCM that never stops supplying products without stock shortages and over-stockings”, we took on various challenges in procurement, production, and logistics in the wake of the COVID-19 pandemic. In response to the global shortage of semiconductors and other raw materials, we made efforts such as purchasing materials from markets to build up inventories earlier, developing a long-term purchasing plan, and modifying designs to accommodate our products to substitute parts. On the production side, we implemented thoroughgoing infection prevention measures to minimize the impact of the suspended operation of our Malaysia factory. Also, to meet growing demand, we started the production of pianos at our factory in China. On the logistics side, while the lead time had extended in line with increased logistics volume worldwide, we successfully minimized its impact on our earnings for the fiscal year under review by optimizing the regional allocation of logistics resources and driving the sales of in-stock products in local markets. A reduction in the number of models, which we have sought to achieve over the medium term, progressed in line with the plan.

Regarding “Human resources development, strengthening governance and visualization”, the Group was awarded the highest 3-star *Eruboshi* (“L-Star”) certification in July as an excellent company that contributed to women’s empowerment in accordance with the Act on Promotion of Women’s Participation and Advancement in the Workplace. In terms of the personnel system, we have officially adopted flexible working hours and remote work systems, which we had worked to develop since the previous fiscal year, in a bid to adapt to the “New Normal” of life with COVID-19.

Consequently, the Company reported net sales for the fiscal year under review of ¥80,032 million (up 25.0% year on year). In terms of profit or loss, we reported operating profit of ¥11,093 million (up 55.9% year on year), ordinary profit of ¥10,102 million (up 60.9%), and profit attributable to owners of parent of ¥8,586 million (up 99.6%).

Sales performance by mainstay category is as shown below:

[Keyboards]

Among the mainstay categories, sales of electronic pianos remained solid, driven by increased demand from people staying home for longer hours as the new lifestyle has become normal. Among others, the new portable piano series and new space-saving models continued to record strong sales. Although sales of keyboards soared backed partly by the successful development of sales channels in North America, the order backlog increased in all regions as a consequence of supply shortages.

As a result of the above, net sales from the Keyboards category amounted to ¥24,792 million (up 39.0% year on year).

[Percussion and Wind Instruments]

Among the mainstay categories, sales of electronic drums, especially the V-Drums Acoustic Design series and variations of the existing products remained strong, and sales increased significantly in all regions.

Sales of electronic wind instruments remained very firm, especially the highest model of Aerophone and the region limited model released in the fiscal year under review went very well. Such significant sales growth is also driven by the upswing of the entire electronic wind instruments market.

As a result of the above, net sales from the Percussion and Wind Instruments category amounted to ¥19,053 million (up 30.3% year on year).

[Guitar-related Products]

Among the mainstay categories, sales of guitar effects increased, backed especially by successful promotion of new product families launched in the previous fiscal year and other products such as the anniversary versions of compact effects released in the fiscal year under review, despite supply shortages.

Sales of musical instruments amplifiers, especially the KATANA amplifier series increased mainly in North America. Also, in addition to products intended for outdoor use, sales of amplifiers for keyboards and electronic drums performed very well.

As a result of the above, net sales from the Guitar-related Products category amounted to ¥19,093 million (up 14.2% year on year).

[Creation-related Products & Services]

Among the mainstay categories, sales of synthesizers continued very strong. This is attributable to strong demand for keyboards for emerging countries as well as synthesizers equipped with 88 keys like electronic pianos and stage pianos.

Sales of dance and DJ-related products also soared, driven by strong sales of new product families launched in the previous and current fiscal years given the increased interest in music production among people staying home amid the COVID-19 pandemic.

In the software and service domain, through Roland Cloud platform, new versions of software sound source were released in addition to the upgrade software which enables existing electronic drum products to expand their functions. Also, we released Roland Cloud Connect, a service that allows customers to enjoy a variety of Roland Cloud content seamlessly by connecting it with our synthesizers wirelessly.

As a result of the above, net sales from the Creation-related Products & Services category amounted to ¥10,122 million (up 26.4% year on year).

[Video and Professional Audio]

Among the mainstay categories, sales of video related products in the lower price range plateaued due to a range of factors, including the diminished video distribution demand from individual users who stay home for longer hours in the wake of the COVID-19 pandemic and the influence of competition with the products of other companies, although sales of mid-range video related products remained brisk.

As a result of the above, net sales from the Video and Professional Audio category amounted to ¥4,282 million (down 6.9% year on year).

(ii) Future outlook

We have made the consolidated financial forecasts for the fiscal year ending December 31, 2022 with net sales of ¥85,000 million, operating profit of ¥11,600 million, ordinary profit of ¥11,700 million (up 15.8%) and profit attributable to owners of parent of ¥8,700 million (up 1.3%).

Accounting Standard for Revenue Recognition(ASBJ Statement No. 29, revised on March 31, 2020 effective from the beginning of the consolidated fiscal year that commences on or after April 1, 2021) will be newly applied to in calculating the forecasts of net sales and operating profit for the fiscal year ending December 31, 2022. Accordingly, year-on-year changes from the actual results for the fiscal year ended December 31, 2021 are not presented.

Meanwhile, the forecasts of net sales and operating profit for the fiscal year ending December 31, 2022 calculated in line with the same standard as was used in the fiscal year ended December 31, 2021 (hereinafter, the “previous standard”) are ¥85,800 million (up 7.2% year on year under the previous standard) and ¥12,400 million (up 11.8% year on year under the previous

standard), respectively.

The forward-looking statements in this document contain inherent risks and uncertainties insofar as they are based on future projections and plans that may differ materially from the actual results.

(2) Overview of financial position for the fiscal year ended December 31, 2021

(i) Assets as of December 31, 2021

Total assets as of December 31, 2021 increased by ¥6,710 million from the end of the previous year to ¥52,807 million. This is attributable primarily to increases in trade receivables of ¥1,514 million and inventories of ¥7,165 million, which were partially offset by a decrease in cash and deposits of ¥2,051 million. The position of cash and deposits is described in detail in the next section on the status of cash flows.

Liabilities decreased by ¥1,794 million from the end of the previous fiscal year to ¥24,150 million. This is mainly owing to decreases in borrowings of ¥2,761 million and provision for loss on competition law of ¥562 million, which were partially offset by an increase in trade payables of ¥1,162 million.

Net assets increased by ¥8,505 million from the end of the previous fiscal year to ¥28,656 million. This is mainly owing to recording of profit attributable to owners of parent of ¥8,586 million and an increase in foreign currency translation adjustment of ¥2,024 million resulting from a further depreciation of yen against major currencies, which were partially offset by dividends from retained earnings of ¥2,922 million.

As a result of the above, the equity ratio rose 10.7 percentage points from the end of the previous fiscal year to 53.7%.

(ii) Cash flows for the fiscal year ended December 31, 2021

Cash and cash equivalents as of December 31, 2021 decreased by ¥2,051 million from the previous fiscal year to ¥8,781 million.

Net cash provided by operating activities amounted to ¥4,929 million (down ¥1,972 million in the inflow year on year), which is mainly owing to the contribution of profit before income taxes.

Net cash used in investing activities amounted to ¥803 million (down ¥98 million in the outflow year on year), which is mainly as a result of payment for purchase of property, plant and equipment.

Net cash used in financing activities amounted to ¥6,071 million (up ¥2,401 million in the outflow year on year), which is mainly due to payments of dividends and repayment of borrowings.

(3) Basic policy for profit distribution and dividends for the fiscal year ending December 31, 2022

The Company aims to achieve sustainable growth of its corporate value while building empathy with all stakeholders through the maximization of added value created from business activities and appropriate distribution thereof.

The Company's shareholder return policy is to make sustainable and stable dividend payments while flexibly purchasing treasury shares taking into account various factors, including stock market trends and capital efficiency. Through this, we will, in principle, aim for a consolidated total return ratio of 50%, or a consolidated total return ratio of 30% or higher even if it is necessary to secure funds for growth investment.

Given the above policy and financial standing of the Company, we will pay a fiscal year-end dividend of ¥69 per share (annual dividend of ¥138 per share, which includes an interim dividend of ¥69 per share) for the fiscal year ended December 31, 2021. We also plan to purchase treasury shares of up to ¥2 billion in total during the period between February 14, 2022 and June 23, 2022. If the Company conducts the purchase of treasury shares in the full amount, a consolidated total return ratio for the fiscal year ended December 31, 2021 will be 68.2%, with the annual dividend of ¥138. For the details of the purchase of treasury shares, please refer to the "Notice of Decision on Matters Related to Acquisition of Treasury Stock" announced on February 10, 2022.

We plan to pay an annual dividend of ¥156 per share (consisting of an interim dividend of ¥78 per share and a fiscal year-end dividend of ¥78 per share) for the fiscal year ending December 31, 2022.

2. Basic Approach to Selection of Accounting Standards

The Group prepares consolidated financial statements in accordance with generally accepted accounting principles in Japan (Japanese GAAP). The Group will work on the adoption of the International Financial Reporting Standards (IFRS) in an appropriate manner, taking into consideration various domestic and international circumstances.

3. Consolidated Financial Statements and Major Notes

(1) Consolidated balance sheets

	(Millions of yen)	
	Previous fiscal year (As of December 31, 2020)	Current fiscal year (As of December 31, 2021)
Assets		
Current assets:		
Cash and deposits	10,832	8,781
Notes and accounts receivable – trade	5,930	7,444
Merchandise and finished goods	13,622	15,508
Work in process	889	1,715
Raw materials and supplies	3,563	8,016
Other	1,558	1,470
Allowance for doubtful accounts	(338)	(313)
Total current assets	36,058	42,623
Non-current assets:		
Property, plant and equipment:		
Buildings and structures	10,877	10,718
Accumulated depreciation	(8,159)	(8,297)
Buildings and structures, net	2,717	2,421
Machinery, equipment and vehicles	1,091	1,251
Accumulated depreciation	(845)	(923)
Machinery, equipment and vehicles, net	246	328
Tools, furniture and fixtures	5,502	6,055
Accumulated depreciation	(4,377)	(4,667)
Tools, furniture and fixtures, net	1,124	1,387
Land	1,652	1,626
Construction in progress	20	92
Total property, plant and equipment	5,761	5,857
Intangible assets	759	632
Investments and other assets:		
Investment securities	949	1,245
Long-term loans receivable	5	0
Deferred tax assets	1,816	2,063
Other	854	486
Allowance for doubtful accounts	(110)	(101)
Total investments and other assets	3,517	3,693
Total non-current assets	10,038	10,183
Total assets	46,096	52,807

(Millions of yen)

	Previous fiscal year (As of December 31, 2020)	Current fiscal year (As of December 31, 2021)
Liabilities		
Current liabilities:		
Notes and accounts payable – trade	5,228	6,391
Short-term borrowings	138	—
Current portion of long-term borrowings	3,935	1,252
Lease obligations	381	376
Accrued expenses	2,445	2,995
Income taxes payable	467	360
Provision for bonuses	1,441	1,662
Provision for bonuses for directors (and other officers)	84	78
Provision for product warranties	294	373
Provision for loss on competition law	562	—
Other	1,999	2,542
Total current liabilities	16,979	16,033
Non-current liabilities:		
Long-term borrowings	5,762	5,822
Lease obligations	674	416
Deferred tax liabilities	22	2
Provision for product warranties	0	1
Provision for share-based remuneration	217	262
Provision for share-based remuneration for directors (and other officers)	25	58
Retirement benefit liability	1,482	725
Asset retirement obligations	85	86
Other	694	741
Total non-current liabilities	8,965	8,117
Total liabilities	25,945	24,150
Net assets		
Shareholders' equity:		
Share capital	9,490	9,585
Capital surplus	69	163
Retained earnings	13,230	18,894
Treasury shares	(403)	(482)
Total shareholders' equity	22,386	28,161
Accumulated other comprehensive income:		
Valuation difference on available-for-sale securities	(51)	140
Foreign currency translation adjustment	(2,203)	(178)
Remeasurements of defined benefit plans	(278)	258
Total accumulated other comprehensive income	(2,533)	219
Share acquisition rights	158	115
Non-controlling interests	139	161
Total net assets	20,151	28,656
Total liabilities and net assets	46,096	52,807

(2) Consolidated statements of income and consolidated statements of comprehensive income

Consolidated statements of income

(Millions of yen)

	Previous fiscal year (From January 1, 2020 to December 31, 2020)	Current fiscal year (From January 1, 2021 to December 31, 2021)
Net sales	64,044	80,032
Cost of sales	33,664	43,895
Gross profit	30,379	36,137
Selling, general and administrative expenses	23,264	25,043
Operating profit	7,115	11,093
Non-operating income:		
Interest income	11	15
Dividend income	21	86
Subsidy income	99	51
Other	22	18
Total non-operating income	154	172
Non-operating expenses:		
Interest expenses	34	25
Sales discounts	576	770
Foreign exchange losses	158	259
Listing expenses	133	—
Other	89	107
Total non-operating expenses	992	1,163
Ordinary profit	6,277	10,102
Extraordinary income:		
Gain on sale of non-current assets	125	375
Total extraordinary income	125	375
Extraordinary losses:		
Loss on sale and retirement of non-current assets	29	16
Impairment loss	—	72
Loss on competition law	343	149
Loss related to COVID-19	183	—
Total extraordinary losses	556	239
Profit before income taxes	5,846	10,239
Income taxes – current	1,636	2,130
Income taxes – deferred	(98)	(479)
Total income taxes	1,538	1,650
Profit	4,307	8,588
Profit attributable to non-controlling interests	6	2
Profit attributable to owners of parent	4,301	8,586

Consolidated statements of comprehensive income

(Millions of yen)

	Previous fiscal year (From January 1, 2020 to December 31, 2020)	Current fiscal year (From January 1, 2021 to December 31, 2021)
Profit	4,307	8,588
Other comprehensive income:		
Valuation difference on available-for-sale securities	(41)	191
Foreign currency translation adjustment	(485)	2,044
Remeasurements of defined benefit plans, net of tax	153	536
Total other comprehensive income	(373)	2,772
Comprehensive income	3,934	11,361
Comprehensive income attributable to:		
Owners of parent	3,926	11,339
Non-controlling interests	8	21

(3) Consolidated statements of changes in equity

Previous fiscal year (from January 1, 2020 to December 31, 2020)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total
Balance at January 1, 2020	9,421	—	11,203	(473)	20,151
Changes during period					
Issuance of new shares - exercise of share acquisition rights	69	69			139
Dividends of surplus			(2,275)		(2,275)
Profit attributable to owners of parent			4,301		4,301
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares				69	69
Net changes in items other than shareholders' equity					—
Total changes during period	69	69	2,026	69	2,235
Balance at December 31, 2020	9,490	69	13,230	(403)	22,386

	Accumulated other comprehensive income				Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at January 1, 2020	(10)	(1,716)	(432)	(2,158)	103	131	18,227
Changes of items during period							
Issuance of new shares - exercise of share acquisition rights				—			139
Dividends of surplus				—			(2,275)
Profit attributable to owners of parent				—			4,301
Purchase of treasury shares				—			(0)
Disposal of treasury shares				—			69
Net changes in items other than shareholders' equity	(41)	(487)	153	(375)	55	8	(311)
Total changes during period	(41)	(487)	153	(375)	55	8	1,923
Balance at December 31, 2020	(51)	(2,203)	(278)	(2,533)	158	139	20,151

Current fiscal year (from January 1, 2021 to December 31, 2021)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total
Balance at January 1, 2021	9,490	69	13,230	(403)	22,386
Changes during period					
Issuance of new shares - exercise of share acquisition rights	94	94			188
Dividends of surplus			(2,922)		(2,922)
Profit attributable to owners of parent			8,586		8,586
Purchase of treasury shares				(121)	(121)
Disposal of treasury shares				42	42
Net changes in items other than shareholders' equity					-
Total changes during period	94	94	5,633	(78)	5,774
Balance at December 31, 2021	9,585	163	18,894	(482)	28,161

	Accumulated other comprehensive income				Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at January 1, 2021	(51)	(2,203)	(278)	(2,533)	158	139	20,151
Changes of items during period							
Issuance of new shares - exercise of share acquisition rights				-			188
Dividends of surplus				-			(2,922)
Profit attributable to owners of parent				-			8,586
Purchase of treasury shares				-			(121)
Disposal of treasury shares				-			42
Net changes in items other than shareholders' equity	191	2,024	536	2,752	(43)	21	2,731
Total changes during period	191	2,024	536	2,752	(43)	21	8,505
Balance at December 31, 2021	140	(178)	258	219	115	161	28,656

(4) Consolidated statements of cash flows

	(Millions of yen)	
	Previous fiscal year (From January 1, 2020 to December 31, 2020)	Current fiscal year (From January 1, 2021 to December 31, 2021)
Cash flows from operating activities:		
Profit before income taxes	5,846	10,239
Depreciation	1,568	1,608
Amortization of goodwill	4	4
Increase (decrease) in retirement benefit liability	81	4
Interest and dividend income	(33)	(101)
Interest expenses	34	25
Foreign exchange losses (gains)	240	174
Loss (gain) on sales and retirement of non-current assets	(96)	(359)
Decrease (increase) in trade receivables	2,172	(347)
Decrease (increase) in inventories	(4,288)	(5,427)
Increase (decrease) in trade payables	1,478	(106)
Other, net	1,711	1,653
Subtotal	8,720	7,367
Interest and dividends received	32	102
Interest paid	(33)	(24)
Income taxes paid	(1,816)	(2,516)
Net cash provided by (used in) operating activities	6,902	4,929
Cash flows from investing activities:		
Purchase of property, plant and equipment	(1,012)	(1,208)
Proceeds from sale of property, plant and equipment	149	557
Purchase of intangible assets	(152)	(98)
Long-term loan advances	(5)	—
Collection of long-term loans receivable	45	31
Other, net	73	(85)
Net cash provided by (used in) investing activities	(901)	(803)

	(Millions of yen)	
	Previous fiscal year (From January 1, 2020 to December 31, 2020)	Current fiscal year (From January 1, 2021 to December 31, 2021)
Cash flows from financing activities:		
Net increase (decrease) in short-term borrowings	(2,949)	(143)
Proceeds from long-term borrowings	6,200	1,500
Repayments of long-term borrowings	(4,614)	(4,123)
Proceeds from issuance of shares	90	145
Proceeds from sale of treasury shares	226	136
Purchase of treasury shares	(0)	(263)
Dividends paid	(2,275)	(2,922)
Other, net	(347)	(400)
Net cash provided by (used in) financing activities	(3,669)	(6,071)
Effect of exchange rate change on cash and cash equivalents	(313)	(105)
Net increase (decrease) in cash and cash equivalents	2,017	(2,051)
Cash and cash equivalents at beginning of period	8,815	10,832
Cash and cash equivalents at end of period	10,832	8,781

(5) Notes to consolidated financial statements

(Going concern assumption)

Not applicable.

(Segment information, etc.)

Segment information is omitted because the Group operates a single segment of the Electronic Musical Instruments Business.

(Per share information)

	Previous fiscal year (from January 1, 2020 to December 31, 2020)	Current fiscal year (from January 1, 2021 to December 31, 2021)
Net assets per share	730.91 yen	1,030.19 yen
Basic earnings per share	160.13 yen	312.73 yen
Diluted earnings per share	155.37 yen	306.26 yen

- Notes:
1. The Company conducted a 30-for-1 common stock split effective on September 14, 2020. Basic earnings per share and diluted earnings per share were calculated based on the assumption that the stock split had been conducted at the beginning of the fiscal year ended December 31, 2020.
 2. As the Company went public on the First Section of the Tokyo Stock Exchange on December 16, 2020, diluted earnings per share for the fiscal year ended December 31, 2020 was calculated by deeming the average stock price during the period from the listing date to December 31, 2020 as the average stock price during the fiscal year.
 3. For the purpose of calculating net assets per share, 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 number of shares issued at the end of the period.

In addition, for the purpose of calculating basic earnings per share and diluted earnings per share, the aggregate number of shares of the Company held by these trusts was also 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. The average numbers of shares of common stock held by these trusts after the stock split during the fiscal years ended December 31, 2020 and 2021 were 490,416 shares and 430,571 shares, respectively. Meanwhile, the aggregate number of shares of the Company held by these trusts as of December 31, 2020 and 2021 were 418,720 shares and 421,767 shares, respectively.

4. Basis for calculation of both basic and diluted earnings per share is as follows:

(Millions of yen, unless otherwise stated)

	Previous fiscal year (from January 1, 2020 to December 31, 2020)	Current fiscal year (from January 1, 2021 to December 31, 2021)
Basic earnings per share		
Profit attributable to owners of parent	4,301	8,586
Profit not attributable to common shareholders	—	—
Profit attributable to common shareholders of parent	4,301	8,586
Average number of shares of common stock during the period (Thousand shares)	26,863	27,457
Diluted earnings per share		
Adjustment to profit attributable to owners of parent	—	—
Number of shares of common stock increased (Thousand shares)	823	580
[of which number of share acquisition rights (Thousand shares)]	[823]	[580]
Summary of potential shares not included in the calculation of diluted earnings per share due to their anti-dilutive effect	—	—

6. Basis for calculation of net assets per share is as follows:

(Millions of yen, unless otherwise stated)

	Previous fiscal year (As of December 31, 2020)	Current fiscal year (As of December 31, 2021)
Total net assets	20,151	28,656
Deductions from total net assets	297	276
[of which, share acquisition rights]	[158]	[115]
[of which, non-controlling interests]	[139]	[161]
Net assets applicable to common stock at end of period	19,853	28,380
Number of shares of common stock at end of period used for the calculation of net assets per share (Thousands shares)	27,162	27,548

(Subsequent events)

(Acquisition of treasury stock)

The Company hereby announces that its Board of Directors decided on the following matters related to the acquisition of treasury stock pursuant to Article 156 of the Companies Act as applied mutatis mutandis per the provisions of Article 165-3 of the same Act at the meeting convened on February 10, 2022.

1. Reason for acquisition of treasury stock

The objective is to enhance shareholder return and improve capital efficiency.

2. Detailed matters related to the acquisition

- | | |
|---|--|
| (1) Type of shares to be acquired | The Company's common stock |
| (2) Total number of shares to be acquired | 550,000 shares (maximum)
2.0% of shares issued and outstanding (excluding treasury stock) |
| (3) Total acquisition cost of the shares | 2,000,000,000 yen (maximum) |
| (4) Acquisition period | February 14, 2022 to June 23, 2022 |
| (5) Acquisition method | Market purchase on the Tokyo Stock Exchange
(Discretionary account transaction by securities company) |

Reference: Treasury stock held by the Company as of December 31, 2021

Total number of shares issued and outstanding (excluding treasury stock)	27,548,603 shares
Number of treasury stock	421,931 shares