

**Translation**

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



August 9, 2023

Company name: Roland Corporation      Listing: Tokyo Stock Exchange  
Security code: 7944      URL: <https://www.roland.com/global/>  
Representative: Gordon Raison, CEO and Representative Director  
Contact: Yuichi Hakamata, CFO and Executive Officer  
Phone: +81-53-523-0230  
Scheduled date to file Quarterly Securities Report (*Shihanki Hokokusho*): August 10, 2023  
Scheduled date to commence payment of dividends: September 11, 2023  
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 second quarter of the fiscal year ending December 31, 2023 (from January 1 to June 30, 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	%
Six months ended June 30, 2023	46,096	7.2	4,256	(9.0)	4,012	(16.3)	3,195	(18.6)
June 30, 2022	43,004	—	4,677	—	4,794	(35.7)	3,927	(36.5)

Note: Comprehensive income

For the six months ended June 30, 2023: ¥5,727 million [(28.2)%]

For the six months ended June 30, 2022: ¥7,976 million [4.8%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended June 30, 2023	116.97	115.47
June 30, 2022	143.08	140.80

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 second 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 June 30, 2023	76,506	37,356	48.5
December 31, 2022	77,056	33,747	43.4

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

As of June 30, 2023: ¥37,068 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	—	85.00			
Fiscal year ending December 31, 2023 (forecast)			—	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
Fiscal year	Millions of yen 105,600	% 10.2	Millions of yen 12,400	% 15.3	Millions of yen 12,400	% 21.0	Millions of yen 9,300	% 4.0	Yen 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 June 30, 2023: 28,163,038 shares
    - As of December 31, 2022: 28,066,786 shares
  - 2) Number of treasury shares
    - As of June 30, 2023: 781,089 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)
    - Six months ended June 30, 2023: 27,317,576 shares
    - Six months ended June 30, 2022: 27,448,441 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 six months ended June 30, 2022 and 2023 were 401,886 shares and 338,130 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 earnings 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 the 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 Thursday, August 10, 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 significantly 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 instrument 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 six months ended June 30, 2023, was the final adjustment phase toward the normalization of the supply chain, as dealer inventories were temporarily overstocked, particularly in the U.S., due to the easing of supply constraints and the subsequent increase of shipments at the end of the previous fiscal year. On the cost side, although raw material prices remained high, progress was made toward normalization, including the penetration of appropriate pricing that has been continuously focused on and the 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 ¥46,096 million (up 7.2% 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, as well as the weaker yen. In terms of profit, the Group recorded operating profit of ¥4,256 million (down 9.0% year on year), ordinary profit of ¥4,012 million (down 16.3% year on year), and profit attributable to owners of parent of ¥3,195 million (down 18.6% year on year), due to an impact of a temporary decrease in shipments resulting from dealer inventory adjustments 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: ¥11,849 million (down 13.9% year on year)

Sales of electronic pianos were affected overall by dealer inventory adjustments and softening demand for low-end products in particular, although new product lines launched in the current period contributed to the performance.

**[Percussion and Wind Instruments]** Net sales: ¥13,272 million (up 41.7% year on year)

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 significantly 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: ¥11,234 million (up 4.9% year on year)

Sales of guitar effects remained firm, especially for compact pedals, recovering from supply shortages in the same period of the previous year.

As to musical instrument amplifiers, demand remained strong, while shipments from the Company to dealers were affected by inventory adjustments in the market, particularly in the U.S.

**[Creation-related Products & Services]** Net sales: ¥6,153 million (up 5.4% year on year)

Demand for synthesizers remained firm, although there was a reactionary decline because many new products had been launched in the previous fiscal year.

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, sound contents, and hardware updates, resulting in stable growth in membership.

**[Video and Professional Audio]** Net sales: ¥2,157 million (up 8.0% year on year)

Sales of video-related products remained strong as event demand recovered and demand for related products increased while demand for personal distribution calmed down.

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

### **(i) Assets, liabilities and net assets as of June 30, 2023**

Total assets at the end of the period under review on a consolidated basis decreased by ¥550 million from the end of the previous fiscal year to ¥76,506 million. This is attributable primarily to increases in inventories of ¥430 million and property, plant and equipment of ¥562 million, and a decrease in trade receivables of ¥1,493 million.

Liabilities decreased by ¥4,159 million from the end of the previous fiscal year to ¥39,150 million. This is attributable primarily to an increase in trade payables of ¥1,149 million and a decrease in borrowings of ¥5,501 million.

Net assets increased by ¥3,608 million from the end of the previous fiscal year to ¥37,356 million. This is attributable mainly to the recognition of profit attributable to owners of parent of ¥3,195 million and an increase in foreign currency translation adjustment of ¥2,458 million due to the depreciation of the yen against major currencies, which were partially offset by a decrease in retained earnings of ¥2,152 million due to payments of dividends.

As a result of the above, the equity ratio rose 5.0 percentage points from the end of the previous fiscal year to 48.5%.

### **(ii) Cash flows for the six months ended June 30, 2023**

During the period under review, cash and cash equivalents (“net cash”) decreased by ¥512 million (decreased by ¥59 million for the same period of the previous fiscal year) to ¥9,993 million at the end of the period.

#### *Cash flows from operating activities*

Net cash provided by operating activities amounted to ¥9,248 million (¥910 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 ¥1,123 million (¥443 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 ¥7,869 million (¥1,342 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. In the event of any changes, a new forecast will be disclosed 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 June 30, 2023)
Assets		
Current assets:		
Cash and deposits	10,506	9,993
Notes and accounts receivable – trade	12,905	11,412
Merchandise and finished goods	20,214	19,888
Work in process	1,249	1,491
Raw materials and supplies	10,858	11,373
Other	2,561	2,265
Allowance for doubtful accounts	(394)	(372)
Total current assets	57,902	56,053
Non-current assets:		
Property, plant and equipment:		
Buildings and structures, net	3,698	3,791
Land	1,640	1,654
Other, net	2,431	2,887
Total property, plant and equipment	7,770	8,332
Intangible assets		
Goodwill	3,266	3,384
Other	2,824	3,012
Total intangible assets	6,090	6,396
Investments and other assets:		
Investment securities	938	1,100
Other	4,465	4,750
Allowance for doubtful accounts	(110)	(127)
Total investments and other assets	5,293	5,723
Total non-current assets	19,154	20,453
Total assets	77,056	76,506

	(Millions of yen)	
	Previous fiscal year (As of December 31, 2022)	Current quarter (As of June 30, 2023)
Liabilities		
Current liabilities:		
Notes and accounts payable – trade	5,606	6,755
Short-term borrowings	17,700	2,659
Current portion of long-term borrowings	1,252	5,894
Income taxes payable	482	337
Provision for bonuses	771	960
Provision for bonuses for directors (and other officers)	34	30
Provision for product warranties	281	326
Other	6,384	6,297
Total current liabilities	32,513	23,262
Non-current liabilities:		
Long-term borrowings	7,570	12,467
Provision for share awards	253	250
Provision for share awards for directors (and other officers)	78	85
Retirement benefit liability	432	417
Asset retirement obligations	87	88
Other	2,373	2,578
Total non-current liabilities	10,796	15,887
Total liabilities	43,309	39,150
Net assets		
Shareholders' equity:		
Share capital	9,613	9,641
Capital surplus	191	219
Retained earnings	23,750	24,732
Treasury shares	(2,407)	(2,348)
Total shareholders' equity	31,148	32,243
Accumulated other comprehensive income:		
Valuation difference on available-for-sale securities	68	154
Foreign currency translation adjustment	1,879	4,337
Remeasurements of defined benefit plans	370	332
Total accumulated other comprehensive income	2,319	4,824
Share acquisition rights	95	75
Non-controlling interests	184	211
Total net assets	33,747	37,356
Total liabilities and net assets	77,056	76,506

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

## Quarterly consolidated statements of income

(Millions of yen)

	Six months ended June 30, 2022	Six months ended June 30, 2023
Net sales	43,004	46,096
Cost of sales	25,452	26,323
Gross profit	17,551	19,772
Selling, general and administrative expenses	12,874	15,516
Operating profit	4,677	4,256
Non-operating income:		
Interest income	4	16
Dividend income	87	78
Subsidy income	108	61
Other	5	10
Total non-operating income	205	167
Non-operating expenses:		
Interest expenses	12	72
Foreign exchange losses	69	326
Other	6	11
Total non-operating expenses	88	411
Ordinary profit	4,794	4,012
Extraordinary income:		
Gain on sale of non-current assets	2	2
Gain on liquidation of subsidiaries	168	—
Total extraordinary income	171	2
Extraordinary losses:		
Loss on sale and retirement of non-current assets	4	8
Total extraordinary losses	4	8
Profit before income taxes	4,960	4,006
Income taxes – current	1,180	784
Income taxes – deferred	(150)	9
Total income taxes	1,029	794
Profit	3,931	3,211
Profit attributable to non-controlling interests	3	16
Profit attributable to owners of parent	3,927	3,195



Quarterly consolidated statements of comprehensive income

(Millions of yen)

	Six months ended June 30, 2022	Six months ended June 30, 2023
Profit	3,931	3,211
Other comprehensive income:		
Valuation difference on available-for-sale securities	(27)	85
Foreign currency translation adjustment	4,099	2,468
Remeasurements of defined benefit plans, net of tax	(26)	(38)
Total other comprehensive income	4,045	2,515
Comprehensive income	7,976	5,727
Comprehensive income attributable to:		
Owners of parent	7,950	5,701
Non-controlling interests	25	26

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

(Millions of yen)

	Six months ended June 30, 2022	Six months ended June 30, 2023
Cash flows from operating activities:		
Profit before income taxes	4,960	4,006
Depreciation	813	1,151
Amortization of goodwill	2	172
Increase (decrease) in retirement benefit liability	(71)	(94)
Interest and dividend income	(92)	(94)
Interest expenses	12	72
Foreign exchange losses (gains)	58	(433)
Loss (gain) on sale and retirement of non-current assets	1	6
Loss (gain) on liquidation of subsidiaries	(168)	—
Decrease (increase) in trade receivables	(710)	4,073
Decrease (increase) in inventories	(2,033)	2,400
Increase (decrease) in trade payables	(1,388)	(348)
Other, net	(1,250)	(429)
Subtotal	133	10,482
Interest and dividends received	92	94
Interest paid	(12)	(75)
Income taxes paid	(1,123)	(1,253)
Net cash provided by (used in) operating activities	(910)	9,248
Cash flows from investing activities:		
Purchase of property, plant and equipment	(554)	(887)
Proceeds from sale of property, plant and equipment	2	9
Purchase of intangible assets	(46)	(141)
Proceeds from collection of long-term loans receivable	4	0
Proceeds from liquidation of subsidiaries	140	—
Purchase of shares of subsidiaries resulting in change in scope of consolidation	—	(50)
Other, net	10	(52)
Net cash provided by (used in) investing activities	(443)	(1,123)
Cash flows from financing activities:		
Net increase (decrease) in short-term borrowings	6,006	(15,041)
Proceeds from long-term borrowings	—	10,700
Repayments of long-term borrowings	(626)	(1,161)
Proceeds from issuance of shares	35	71
Proceeds from sale of treasury shares	66	92
Purchase of treasury shares	(2,000)	(0)
Dividends paid	(1,929)	(2,152)
Other, net	(209)	(378)
Net cash provided by (used in) financing activities	1,342	(7,869)
Effect of exchange rate change on cash and cash equivalents	(47)	(724)
Net increase (decrease) in cash and cash equivalents	(59)	(468)
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	8,722	9,993

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

**(Going concern assumption)**

Not applicable

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

Not applicable