



# Financial Results Highlights

FY12/2023 Q1

May 11, 2023

**Roland Corporation**

TSE Prime : 7944



『GP-6』  
Digital Piano

## Executive Summary

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- There is an impact from the dealer inventory adjustment, but it is already factored-in to our budget.  
⇒ Q1 Results were **in line with our expectation**
- New products launches generally **executed as planned**
- Uncertainty in the external environment remains, but **full-year forecasts are maintained**

**1**

**FY12/2023 Q1 Results**

**2**

**FY12/2023 Forecast**

**3**

**Supplemental Information**

**1**

**FY12/2023 Q1 Results**

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**FY12/2023 Forecast**

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**Supplemental Information**

## Highlights

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### Sales

**22.8**<sub>bn</sub>

(YoY : +**9.0%**)

- Dealer inventory adjustment continues but **overall sell-through is steady**
- Effect of new consolidation of Drum Workshop (DW)

### Operating Profit

**2.0**<sub>bn</sub>

(YoY : -**21.4%**)

- Volume down YoY due to dealer inventory adjustments, **but within our expectations**
- Positive effects such as price optimizations and reduction of container costs continue

### Net Income<sup>1</sup>

**1.4**<sub>bn</sub>

(YoY : -**26.4%**)

- No major extraordinary gains or losses

<sup>1</sup> Net income refers to "net income attributable to owners of parent"

## Consolidated Financial Results

- Operating Profit margin before goodwill amortization is 9.2%

(JPY mn)	FY12/2022 Q1 <sup>1</sup>		FY12/2023 Q1 <sup>2</sup>		
	Actual	% of Sales	Actual	% of Sales	YoY
Sales	<b>20,978</b>	100.0%	<b>22,861</b>	100.0%	<b>+9.0%</b>
Gross Profit	<b>8,808</b>	42.0%	<b>9,748</b>	42.6%	<b>+10.7%</b>
SG & A	<b>6,240</b>	29.7%	<b>7,729</b>	33.8%	<b>+23.9%</b>
Operating Profit	<b>2,567</b>	12.2%	<b>2,018</b>	8.8%	<b>-21.4%</b>
(Before amortization of goodwill)	<b>2,568</b>	12.2%	<b>2,102</b>	9.2%	<b>-18.1%</b>
Net Income <sup>3</sup>	<b>1,912</b>	9.1%	<b>1,408</b>	6.2%	<b>-26.4%</b>

1 Exchange rates for 12/2022 Q1 USD/JPY : 116.21, EUR/JPY : 130.44, EUR/USD : 1.122

2 Exchange rates for 12/2023 Q1 USD/JPY : 132.36, EUR/JPY : 142.16, EUR/USD : 1.074

3 Net income refers to "net income attributable to owners of parent"

## Consolidated Financial Results (Reference: Excluding the effect of new consolidation)

- Gross Profit margin recovered steadily to **44.1%** (price optimizations, decrease in freight costs, product mix)

(JPY mn)	FY12/2022 Q1 <sup>1</sup>		FY12/2023 Q1 <sup>2</sup>		
	Actual	% of Sales	Actual	% of Sales	YoY
Sales	<b>20,978</b>	100.0%	<b>20,758</b>	100.0%	<b>-1.0%</b>
Gross Profit	<b>8,808</b>	42.0%	<b>9,153</b>	<b>44.1%</b>	<b>+3.9%</b>
SG & A	<b>6,240</b>	29.7%	<b>6,873</b>	33.1%	<b>+10.1%</b>
Operating Profit	<b>2,567</b>	12.2%	<b>2,279</b>	11.0%	<b>-11.2%</b>
Net Income <sup>3</sup>	<b>1,912</b>	9.1%	<b>1,616</b>	7.8%	<b>-15.5%</b>

<sup>1</sup> Exchange rates for 12/2022 Q1 USD/JPY : 116.21, EUR/JPY : 130.44, EUR/USD : 1.122

<sup>2</sup> Exchange rates for 12/2023 Q1 USD/JPY : 132.36, EUR/JPY : 142.16, EUR/USD : 1.074

<sup>3</sup> Net income refers to "net income attributable to owners of parent"

## Sales by Category

JPY mn	FY12/2022 Q1		FY12/2023 Q1				Situation
	Actual	% total	Actual	% total	YoY	YoY <sup>1</sup> w/o FX	
Keyboards	<b>6,553</b>	31.2%	<b>5,594</b>	24.5%	-14.6%	<b>-21.4%</b>	E-pianos affected by the inventory adjustment. The softening of demand in the mid to high-end and the escalation of the competitive environment also had an impact.
Percussion & Wind Instruments	<b>4,893</b>	23.3%	<b>6,732</b>	29.4%	+37.6%	<b>-14.2%</b>	Drums affected by inventory adjustments and the downsizing of music schools in China, but it was to be expected. Wind instruments also affected by inventory adjustments and competition from new entrants, mainly in China.
Guitar-related Products	<b>5,065</b>	24.1%	<b>5,648</b>	24.7%	+11.5%	<b>+2.0%</b>	Guitar effects recovered from the supply shortage last year, with strong sales centered on compact effectors. Sell-through for MI amplifiers was strong, despite inventory adjustments mainly in the US.
Creation-related Products & Services	<b>2,758</b>	13.2%	<b>3,131</b>	13.7%	+13.5%	<b>+3.0%</b>	Synthesizers performed well due to continued demand for high-priced products, new products, and shipments of backlogged orders. In Dance & DJ, new product lines continuously contributed to sales. Roland Cloud: Subscriber 25.2k (+1.2k), Paid user 94k (+6k)
Video & Pro Audio	<b>1,066</b>	5.1%	<b>1,029</b>	4.5%	-3.4%	<b>-10.0%</b>	Video-related products were steady as demand for personal streaming calmed down while event demand recovered and demand for related products increased. V-MODA continued to struggle.
Other	<b>640</b>	3.1%	<b>724</b>	3.2%	+13.1%	<b>+4.7%</b>	Sales of musical instrument-related accessories (cases, cables, etc.) were firm.
Total	<b>20,978</b>	100.0%	<b>22,861</b>	100.0%	+9.0%	<b>-9.5%</b>	

<sup>1</sup> YoY comparison excluding the impact of foreign exchange rates and the DW new consolidation



## Sales by Region

	FY12/2022 Q1		FY12/2023 Q1				
JPY mn	Actual	% total	Actual	% total	YoY	YoY <sup>1</sup> w/o FX	Situation
Japan	<b>2,261</b>	10.8%	<b>2,554</b>	11.2%	+12.9%	<b>+11.8%</b>	Although the mainstay digital piano struggled slightly, guitar-related products performed very well due to back-order shipments and popular cartoon anime.
North America	<b>7,490</b>	35.7%	<b>8,229</b>	36.0%	+9.9%	<b>-21.7%</b>	Sell-in was weak due largely to inventory adjustments at mainstay dealers, but Sell-through in the US exceeded the previous year's level.
Europe	<b>6,402</b>	30.5%	<b>7,099</b>	31.0%	+10.9%	<b>-0.8%</b>	Dealer inventories have been adjusted and are gradually recovering. Sales to Russia were eliminated vs. the previous year's results.
China	<b>2,018</b>	9.6%	<b>1,455</b>	6.3%	-27.9%	<b>-33.4%</b>	Dealer inventory adjustment has had a major impact. Drum affected by covid and the reduction of music schools impacted by the regulations. E-pianos remained steady.
Other	<b>2,805</b>	13.4%	<b>3,522</b>	15.5%	+25.6%	<b>+3.2%</b>	Emerging markets are strong, especially professional demand, due to reopening. Inventory adjustment continues.
Total	<b>20,978</b>	100.0%	<b>22,861</b>	100.0%	+9.0%	<b>-9.5%</b>	

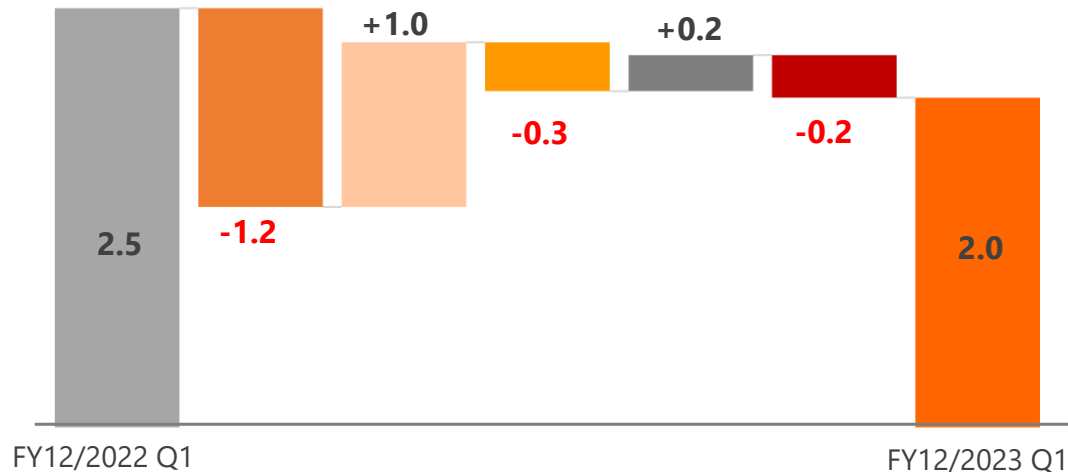
<sup>1</sup> YoY comparison excluding the impact of foreign exchange rates and the DW new consolidation

# Consolidated Operating Profit

## Changes (vs Previous year)

(JPY bn)

- Sales Volume change
- Selling Price / Cost ratio change
- SG&A change
- FX impact
- DW Consolidation(Q1)



## Factors

- **Sales Volume**
  - ✓ Decrease in Sell-in due to dealer inventory adjustments  
(The impact is expected to be largest in Q1)
- **Selling Price / Cost ratio**
  - ✓ Raw material prices remain high
  - ✓ Price optimizations effect
  - ✓ Decrease in marine transportation costs  
(Full effect is expected to begin to emerge from Q2 onward)
- **SG&A**
  - ✓ Increase in personnel, travel and transportation expenses, etc.
- **Consolidation of DW**
  - ✓ Upfront investment in new product-related expenses, etc.

## Topics: Major new products and services announced in the first quarter

### Keyboards

#### Digital Grand Piano

- Four **"GP Series"** digital grand piano models that look great in luxurious spaces such as restaurants and hotels, as well as in living rooms



『GP-9M』



『GP-9』



『GP-6』



『GP-3』

### Creation-related Products & Services

#### Roland Cloud Manager

- **Version upgraded** free software for easy management of rich Roland Cloud content. Expected to improve churn rate.

#### Roland Cloud

Subscriber **25.2k** (+1.2k)  
Paid user<sup>1</sup> **94k** (+6k)



#### Gaming Audio Mixers

- **Roland's first device for game distributors** that dramatically improves the sound quality of game distribution



『BRIDGE CAST』



<sup>1</sup> Number of subscribers + Number of single purchases in the last 12 months.

## Topics: Major new products and services announced in the first quarter

### Percussion & Wind Instruments

#### Electronic Drums

- Two **entry-level "V-Drums" models** that allow users to enjoy authentic sound and feel at home despite their compact size



### Guitar-related Products

#### BOSS Guitar Amp

- Three models in **"KATANA" series**, which have earned a worldwide reputation for their high-quality sound and extensive functions



『KATANA-50 MkII EX』 (Left)  
『KATANA-Artist MKII Head』 (Upper right)  
『KATANA Cabinet 212 WAZA』 (Bottom right)

### Video & Pro Audio

#### Headphones for Electronic Drums

- **Headphones for electronic drums** with optimal sound for electronic drums and a unique structure for comfortable playing



『VMH-D1』



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**Supplemental Information**

# Q1 results were generally in line with our expectations. No change in FY earnings outlook.

## <Assumptions for Earnings Forecasts>

### 1<sup>st</sup> Half

### 2<sup>nd</sup> Half

Environment  
Opportunity



- New Lifestyles
- **Uncertainty in global economy**



- New Lifestyles
- Europe and China **to be recovery** phase
- Year-end sales in each country

Cost



- **Parts & materials costs higher than last year**
- Ocean freight costs **decline YOY**
- Aggressive investment in SG&A



- **Parts & materials costs remain high**
- Ocean freight costs **decline significantly YOY**
- Aggressive investment in SG&A

SCM



- **Excess dealer inventory impacted Sell-in**
- **Continuing downward trend** in transportation lead time



- Dealer inventory **normalized**
- **Normalization** of transportation lead time

## Consolidated Financial Forecast (Disclosed on 2/13/2023)

- Including effect of new consolidation of DW (YoY 9 months add on: Q1-Q3)

(JPY mn)	FY12/2022 <sup>1</sup>		FY12/2023 <sup>2</sup>		
	Actual	% of Sales	Forecast	% of Sales	YoY
Sales	<b>95,840</b>	100.0%	<b>105,600</b>	100.0%	<b>+10.2%</b>
Gross Profit	<b>39,356</b>	41.1%	<b>46,500</b>	44.0%	<b>+18.1%</b>
SG & A	<b>28,605</b>	29.8%	<b>34,100</b>	32.3%	<b>+19.2%</b>
Operating Profit	<b>10,751</b>	11.2%	<b>12,400</b>	11.7%	<b>+15.3%</b>
(Before amortization of goodwill)	<b>10,845</b>	11.3%	<b>12,846</b>	12.2%	<b>+18.4%</b>
Net Income <sup>3</sup>	<b>8,938</b>	9.3%	<b>9,300</b>	8.8%	<b>+4.0%</b>
EPS (Before amortization of goodwill)	<b>330.43</b>	—	<b>357.08</b>	—	—

<sup>1</sup> Exchange rates for FY12/2022 USD/JPY : 131.44, EUR/JPY : 138.10, EUR/USD : 1.051

<sup>2</sup> Exchange rates for FY12/2023 USD/JPY : 130, EUR/JPY : 140, EUR/USD : 1.077

<sup>3</sup> Net income refers to "net income attributable to owners of parent"

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## First Half Forecast

- Including effect of new consolidation of DW (6 months: Q1-Q2)

(JPY mn)	FY12/2022 First Half <sup>1</sup>		FY12/2023 First Half <sup>2</sup>		
	Actual	% of Sales	Forecast	% of Sales	YoY
Sales	<b>43,004</b>	100.0%	<b>48,800</b>	100.0%	+13.5%
Gross Profit	<b>17,551</b>	40.8%	<b>21,200</b>	43.4%	+20.8%
SG&A	<b>12,874</b>	29.9%	<b>17,100</b>	35.0%	+32.8%
Operating Profit	<b>4,677</b>	10.9%	<b>4,100</b>	8.4%	-12.3%
Net Income <sup>3</sup>	<b>3,927</b>	9.1%	<b>3,100</b>	6.4%	-21.1%

1 Exchange rates for FY12/2022 1<sup>st</sup> Half USD/JPY : 122.90、EUR/JPY : 134.30、EUR/USD : 1.093

2 Exchange rates for FY12/2023 1<sup>st</sup> Half USD/JPY : 130.00、EUR/JPY : 140.00、EUR/USD : 1.077

3 Net income refers to "net income attributable to owners of parent"

## Second Half Forecast

- Including effect of new consolidation of DW (3months: Q3)

(JPY mn)	FY12/2022 Second Half <sup>1</sup>		FY12/2023 Second Half <sup>2</sup>		
	Actual	% of Sales	Forecast	% of Sales	YoY
Sales	<b>52,836</b>	100.0%	<b>56,800</b>	100.0%	+7.5%
Gross Profit	<b>21,805</b>	41.3%	<b>25,300</b>	44.5%	+16.0%
SG&A	<b>15,731</b>	29.8%	<b>17,000</b>	29.9%	+8.1%
Operating Profit	<b>6,073</b>	11.5%	<b>8,300</b>	14.6%	+36.7%
Net Income <sup>3</sup>	<b>5,011</b>	9.5%	<b>6,200</b>	10.9%	+23.7%

1 Exchange rates for FY12/2022 Second Half USD/JPY : 139.99, EUR/JPY : 141.89, EUR/USD : 1.014

2 Exchange rates for FY12/2023 Second Half USD/JPY : 130.00, EUR/JPY : 140.00, EUR/USD : 1.077

3 Net income refers to "net income attributable to owners of parent"

## Sales by Category

JPY mn	FY12/2022		FY12/2023			
	Actual	% of Sales	Forecast	% of Sales	YoY	YoY <sup>1</sup>
Keyboards	<b>29,869</b>	31.2%	<b>31,200</b>	29.5%	+4.5%	<b>+6.0%</b>
Percussion & Wind Instruments	<b>23,046</b>	24.1%	<b>30,800</b>	29.2%	+33.6%	<b>+5.4%</b>
Guitar-related Products	<b>23,540</b>	24.6%	<b>23,900</b>	22.6%	+1.5%	<b>+2.5%</b>
Creation-related Products & Services	<b>12,206</b>	12.7%	<b>12,600</b>	11.9%	+3.2%	<b>+4.2%</b>
Video & Pro Audio	<b>4,357</b>	4.5%	<b>4,400</b>	4.2%	+1.0%	<b>+1.9%</b>
Other	<b>2,819</b>	2.9%	<b>2,700</b>	2.6%	-4.2%	<b>-3.6%</b>
<b>Total</b>	<b>95,840</b>	100.0%	<b>105,600</b>	100.0%	+10.2%	<b>+4.3%</b>

<sup>1</sup> YoY comparison excluding the impact of foreign exchange rates and DW consolidation (Q1-Q3)

## Sales by Region

JPY mn	FY12/2022		FY12/2023			
	Actual	% of Sales	Forecast	% of Sales	YoY	YoY <sup>1</sup>
Japan	<b>9,736</b>	10.2%	<b>10,100</b>	9.6%	+3.7%	<b>+2.4%</b>
North America	<b>34,904</b>	36.4%	<b>40,400</b>	38.3%	+15.7%	<b>+4.0%</b>
Europe	<b>26,439</b>	27.6%	<b>28,100</b>	26.6%	+6.3%	<b>+3.0%</b>
China	<b>9,641</b>	10.1%	<b>10,500</b>	9.9%	+8.9%	<b>+10.7%</b>
Other	<b>15,118</b>	15.7%	<b>16,500</b>	15.6%	+9.1%	<b>+4.3%</b>
Total	<b>95,840</b>	100.0%	<b>105,600</b>	100.0%	+10.2%	<b>+4.3%</b>

<sup>1</sup> YoY comparison excluding the impact of foreign exchange rates and DW consolidation (Q1-Q3)

## Key Consolidated Financials (PL, B/S)

(JPY mn)	FY2022 Q1	FY2023 Q1	(JPY mn)	As of Dec. 31, 2022	As of Mar. 31, 2023
Net sales	20,978	22,861	Cash and deposits	10,506	9,962
Cost of sales	12,169	13,112	Notes and accounts receivable - trade	12,905	11,038
Gross profit	8,808	9,748	Inventories	32,322	31,599
Selling, general and administrative expenses	6,240	7,729	Other current assets	2,167	1,687
Operating profit	2,567	2,018	Total current assets	57,902	54,288
Other income (expenses)	32	(154)	Net property, plant and equipment	7,770	7,960
Profit before income taxes	2,599	1,864	Goodwill	3,266	3,202
Total income taxes	684	445	Investments and other assets	8,117	8,087
Profit attributable to owners of parent	1,912	1,408	Total non-current assets	19,154	19,249
EBITDA	2,959	2,663	Total assets	77,056	73,538
D/E ratio	0.4x	0.7x	Notes and accounts payable - trade	5,606	6,454
Equity ratio	51.5%	44.9%	Short-term borrowings	17,700	4,700
Debt / EBITDA <sup>1</sup>	0.9x	1.9x	Current portion of long-term borrowings	1,252	6,113
ROE <sup>1</sup>	25.5%	26.2%	Other current liabilities	7,954	6,819
			Long-term borrowings	7,570	12,828
			Other long-term liabilities	3,226	3,293
			Total liabilities	43,309	40,208
			Total net assets	33,747	33,329
			Total liabilities and net assets	77,056	73,538

<sup>1</sup> Debt / EBITDA and ROE are calculated on an annually adjusted basis

This material contains information that constitutes “forward-looking statements” of Roland Corporation. Statements other than those related to past or present facts are all statements that constitute forward-looking statements. Such forward-looking statements are based on our assumptions and decisions made in accordance with information currently available, and they are not intended to give any assurances that they will turn out to be correct. Known or unknown risks, uncertainties and other factors underlie the forward-looking statements, and the forward-looking statements may be materially different from the actual results. Matters which may affect the results include the economic environment surrounding our business, demand trends, exchange rate fluctuations and other related circumstances.