Roland Corporation
Financial results briefing for the first quarter of the fiscal year ending December 31, 2023

Date and time: May 12, 2023 13:00–13:30

Speaker : Yuichi Hakamata, CFO and Executive Officer

Q1. Please tell us about the background behind the stronger year-on-year sell-through performance in the U.S.

Leisure time is increasing as new lifestyles are taking root. Musical instruments have become firmly established as something to enjoy during leisure time, and we believe that demand for musical instruments continues to be strong.

Q2. Please tell us specifically about the effect of Japanese animation series on your business. Also, please tell us about its impact on your business overseas.

Our effectors and amplifiers are used in the anime "BOCCHI THE ROCK!", which has led to solid sales. We do not know at this moment how it will affect the overseas market, but we have high expectations for it.

Q3. How do you view the market conditions in Europe from the second quarter onward?

We expect market conditions in Europe to recover as the impact of the significant increase in energy costs faded in spring.

Q4. Regarding market conditions in China, I believe there has been a cooling of consumption due to the end of the zero-corona policy since the end of last year. What do you think about future recovery?

We expect demand to recover. We believe that the demand for goods will lag behind the demand for travel and food and beverage products.

Q5. Please tell us about the impact of the adjustment of dealer inventories and whether it will continue in to the second quarter and beyond.

We believe the impact of the adjustment of dealer inventories will be most significant in the first quarter. The impact will continue into the second quarter, but we expect it to settle down during the third quarter and beyond.

Q6. Please tell us about the competitive landscape for electronic pianos.

Although competition is intensifying, we believe that our products are well differentiated. We intend to continue to promote our differentiators to capture demand.

Q7. If the competitive landscape becomes more intense, there is concern that price competition may begin. Could you share your thoughts on how you would respond to such a situation?

Our policy is to avoid worsening profit margins caused by price competition as much as possible.

Q8. Please tell us about the impact of the consolidated results of Drum Workshop (DW) on operating profit.

As I mentioned in the guidance, we expect a negative impact of about 400 million yen annually. This is due to upfront investment in new product development, in addition to goodwill amortization and other expenses. Synergy effects will emerge in the second half of this fiscal year, and we expect them to contribute to profits in the next fiscal year onward.

Q9. Please tell us specifically about the upfront investment for DW to develop new products.

The development of new products is progressing smoothly for its release during this fiscal year with our know-how being incorporated into them.

Q10. Please share your view on the trend of inventories going forward.

We have reduced finished goods inventory from its peak at the end of the previous fiscal year. We will continue to control inventories to minimize them. However, we increased materials inventory from the end of the previous fiscal year to avoid stock-outs in an environment where procurement lead time is becoming longer. We expect this to decrease in the future.

(*) This material summarizes key questions asked by the participants in the meeting. Some communications have been revised to clarify the meaning of our responses further.