

Quarterly Securities Report

For the Second Quarter of the 52nd Fiscal Year
(April 1, 2023 through June 30, 2023)

Roland Corporation

1. This is an English translation of the Quarterly Securities Report (*Shihanki Hokokusho*), which was produced based on Article 24-4-7, Paragraph 1 of the Financial Instruments and Exchange Act of Japan and was filed via the Electronic Disclosure for Investors' NETwork (EDINET) system as set forth in Article 27-30-2 of the same act. The translation includes a table of contents and pagination that are not included in the electronic filing.
2. Appended to the back of this document are English translations of the independent auditor's Quarterly Review Report attached to the Quarterly Securities Report when it was filed using the aforementioned method, and the Confirmation Note that was filed at the same time as the Quarterly Securities Report.
3. 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.

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Cover

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| Document title | Quarterly Securities Report |
| Clause of stipulation | Article 24-4-7, Paragraph 1 of the Financial Instruments and Exchange Act |
| Place of filing | Director, Kanto Local Finance Bureau |
| Filing date | August 10, 2023 |
| Quarterly accounting period | The second quarter of the 52nd fiscal year (April 1, 2023 through June 30, 2023) |
| Company name | Roland Kabushiki Kaisha |
| Company name in English | Roland Corporation |
| Title and name of representative | Gordon Raison, CEO and Representative Director |
| Address of registered headquarters | 2036-1 Nakagawa, Hosoe-cho, Kita-ku, Hamamatsu-shi, Shizuoka |
| Telephone number | +81-53-523-0230 |
| Name of contact person | Yuichi Hakamata, CFO and Executive Officer |
| Nearest place of contact | 2036-1 Nakagawa, Hosoe-cho, Kita-ku, Hamamatsu-shi, Shizuoka |
| Telephone number | +81-53-523-0230 |
| Name of contact person | Yuichi Hakamata, CFO and Executive Officer |
| Place for public inspection | Tokyo Stock Exchange, Inc. (2-1 Nihonbashi Kabutocho, Chuo-ku, Tokyo) |

Section 1 Company Information

Item 1. Overview of Company

1. Key Financial Data

(1) Key financial data

| Fiscal year | | 51st First Half | 52nd First Half | 51st |
|--|---------------|--|--|--|
| Accounting period | | (January 1, 2022 through June 30, 2022) | (January 1, 2023 through June 30, 2023) | (January 1, 2022 through December 31, 2022) |
| Net sales | (million yen) | 43,004 | 46,096 | 95,840 |
| Ordinary profit | (million yen) | 4,794 | 4,012 | 10,250 |
| Profit attributable to owners of parent | (million yen) | 3,927 | 3,195 | 8,938 |
| Comprehensive income | (million yen) | 7,976 | 5,727 | 11,062 |
| Net assets | (million yen) | 32,788 | 37,356 | 33,747 |
| Total assets | (million yen) | 62,777 | 76,506 | 77,056 |
| Basic earnings per share | (yen) | 143.08 | 116.97 | 326.98 |
| Diluted earnings per share | (yen) | 140.80 | 115.47 | 321.96 |
| Equity-to-asset ratio | (%) | 51.8 | 48.5 | 43.4 |
| Net cash provided by (used in) operating activities | (million yen) | (910) | 9,248 | 793 |
| Net cash provided by (used in) investing activities | (million yen) | (443) | (1,123) | (11,351) |
| Net cash provided by (used in) financing activities | (million yen) | 1,342 | (7,869) | 12,879 |
| Cash and cash equivalents at end of period | (million yen) | 8,722 | 9,993 | 10,506 |

| Fiscal year | | 51st Second Quarter | 52nd Second Quarter |
|--------------------------|-------|--|--|
| Accounting period | | (April 1, 2022 through June 30, 2022) | (April 1, 2023 through June 30, 2023) |
| Basic earnings per share | (yen) | 73.67 | 65.34 |

- Notes: 1. Non-consolidated financial data are not presented as the Company prepares quarterly consolidated financial statements.
2. Basic earnings per share and diluted earnings per share are computed using the average number of shares of common stock during the period, which is calculated by subtracting the number of treasury shares from these shares. These treasury shares include the treasury shares remaining in Board Benefit Trust, Employee Stock Ownership Plan Trust and Employee Shareholding Association-type ESOP Trust.

2. Description of Business

There were no significant changes in the business in which the Company and its subsidiaries and affiliates (collectively, the “Group”) operate during the six months ended June 30, 2023. No changes were made to major subsidiaries and affiliates.

Item 2. Overview of Business

1. Business Risks

During the six months ended June 30, 2023 (hereinafter the “period under review”), among the matters related to Overview of Business and Financial Information stated in this Quarterly Securities Report, no major risks that might have a material impact on the financial position, operating results and cash flows of the Group have been recognized by the management. There were no significant changes in the matters related to “Business and other risks” stated in the Annual Security Report for the previous fiscal year.

2. Management’s Discussion and Analysis of Financial Position, Operating Results and Cash Flows

This document contains forward-looking statements, which are based on the Group’s estimates and assumptions made as of the end of the period under review.

(1) Business performance

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 measures implemented during the period.

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 the developed countries, mainly due to the introduction of new products, although sales in China were affected by COVID-19 and 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 consolidation of the newly acquired subsidiary, 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 the related products increased while personal distribution demand calmed down.

(2) Analysis of consolidated financial position

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 from the net effects of 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 parents 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 declaration and 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%.

(3) 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 (which also 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 higher 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 primarily attributable to higher net repayments of borrowings and payments of dividends during the period.

(4) Management policy, management strategies, and issues to address

During the period under review, there were no significant changes in the Group's management policy, management strategies and issues to address.

(5) Research and development activities

R&D expenses for the period under review totaled ¥2,434 million.

During the period under review, there were no significant changes in the Group's research and development activities.

3. Material Contracts, etc.

During the period under review, no material contract was concluded or executed.

Item 3. Information about Reporting Company

1. Company's Shares, etc.

(1) Total number of shares

1) Authorized shares

| Class | Total number of shares authorized to be issued (shares) |
|--------------|---|
| Common stock | 80,000,000 |
| Total | 80,000,000 |

2) Issued shares

| Class | Number of issued shares as of current quarter end (June 30, 2023) (shares) | Number of issued shares as of filing date (August 10, 2023) (shares) | Name of financial instruments exchange on which securities are listed or authorized financial instruments business association to which securities are registered | Description |
|--------------|--|--|---|---|
| Common stock | 28,163,038 | 28,163,038 | Tokyo Stock Exchange Prime Market | The number of shares constituting one unit is 100 shares. |
| Total | 28,163,038 | 28,163,038 | – | – |

(2) Share acquisition rights

1) Stock option plans

Not applicable.

2) Share acquisition rights for other uses

Not applicable.

(3) Exercises of moving strike convertible bonds

Not applicable.

(4) Changes in number of issued shares, share capital and legal capital surplus

(Millions of yen, unless otherwise stated)

| Date | Increase (decrease) in total number of issued shares (shares) | Balance of total number of issued shares (shares) | Increase (decrease) in share capital | Balance of share capital | Increase (decrease) in legal capital surplus | Balance of legal capital surplus |
|--|---|---|--------------------------------------|--------------------------|--|----------------------------------|
| April 1, 2023 through June 30, 2023 (Note) | 32,084 | 28,163,038 | 9 | 9,641 | 9 | 5,226 |

Note: The increase was due to the exercise of share acquisition rights.

(5) Major shareholders

As of June 30, 2023

| Name | Address | Number of shares held (shares) | Shareholding ratio (excluding treasury shares) (%) |
|--|--|--------------------------------|--|
| Taiyo Jupiter Holdings, L.P. (Standing proxy: SMBC Nikko Securities Inc.) | 4th Floor, Harbour Place, 103 South Church Street, George Town, P.O. Box 10240 Grand Cayman KY1-1002 (Shin Marunouchi Building, 1-5-1, Marunouchi, Chiyoda-ku, Tokyo) | 9,724,430 | 35.11 |
| MINERVA GROWTH CAPITAL, LP (Standing proxy: SMBC Nikko Securities Inc.) | c/o The Corporation Trust Company, Corporation Trust Center, 1209 Orange Street, Wilmington, New Castle County, Delaware 19801, U.S.A. (Shin Marunouchi Building, 1-5-1, Marunouchi, Chiyoda-ku, Tokyo) | 4,195,600 | 15.15 |
| The Master Trust Bank of Japan, Ltd. (Trust Account) | 2-11-3 Hamamatsucho, Minato-ku, Tokyo | 2,175,600 | 7.86 |
| NORTHERN TRUST CO. (AVFC) RE UK UCITS CLIENTS NON LENDING 10PCT TREATY ACCOUNT (Standing proxy: Custody Service, Tokyo Branch, the Hongkong and Shanghai Banking Corporation Limited) | 50 Bank Street, Canary Wharf, London, E14 5NT, UK (3-11-1 Nihonbashi, Chuo-ku, Tokyo) | 1,261,900 | 4.56 |
| Custody Bank of Japan, Ltd. (Trust Account) | 1-8-12, Harumi, Chuo-ku, Tokyo | 1,015,871 | 3.67 |
| NORTHERN TRUST CO. (AVFC) RE FIDELITY FUNDS (Standing proxy: Custody Service, Tokyo Branch, the Hongkong and Shanghai Banking Corporation Limited) | 50 Bank Street, Canary Wharf, London, E14 5NT, UK (3-11-1 Nihonbashi, Chuo-ku, Tokyo) | 928,747 | 3.35 |
| SSBTC CLIENT OMNIBUS ACCOUNT (Standing proxy: Custody Service, Tokyo Branch, the Hongkong and Shanghai Banking Corporation Limited) | One Lincoln Street, Boston, MA, USA 02111 (3-11-1 Nihonbashi, Chuo-ku, Tokyo) | 568,145 | 2.05 |
| Jun-ichi Miki | Kita-ku, Hamamatsu-shi, Shizuoka | 515,636 | 1.86 |
| STATE STREET BANK AND TRUST COMPANY 505224 (Standing proxy: Mizuho Bank, Ltd., Settlement & Clearing Services Department) | P.O.BOX 351 Boston MA. USA 02101 (SHINAGAWA INTERCITY Tower A, 2-15-1, Konan, Minato-ku, Tokyo, Japan) | 419,363 | 1.51 |
| Roland Employee Shareholding Association | 2036-1 Nakagawa, Hosoe-cho, Kita-ku, Hamamatsu-shi, Shizuoka | 366,520 | 1.32 |
| Total | — | 21,171,812 | 76.44 |

Notes: 1. The ratio of the number of shares held to the total number of issued shares (excluding treasury stock) is rounded to two decimal places.

2. In addition to the above, the Company holds treasury shares of 467,518 shares.

3. According to the Statement of Large-Volume Holdings (Change Report), which was made available for public inspection on May 22, 2023, the shares of the Company were held by FMR LLC, as of May 15, 2023 with the detail shown below. However, it is not included in the table above because the number of shares effectively held by the entity as of June 30, 2023 was not confirmed. The detail of the Statement of Large-Volume Holdings is as follows:

| Name | Address | Number of share certificates held (shares) | Shareholding ratio (%) |
|---------|---|--|------------------------|
| FMR LLC | 245 Summer Street, Boston, Massachusetts 02210, USA | 2,163,393 | 7.69 |

4. According to the Statement of Large-Volume Holdings (Change Report), which was made available for public inspection on June 22, 2023, the shares of the Company were held by Jupiter Asset Management, Limited, as of June 15, 2023 with the detail shown below. However, it is not included in the table above because the number of shares effectively held by the entity as of June 30, 2023 was not confirmed. The detail of the Statement of Large-Volume Holdings is as follows:

| Name | Address | Number of share certificates held (shares) | Shareholding ratio (%) |
|-----------------------------------|--|--|------------------------|
| Jupiter Asset Management, Limited | The Zig Zag Building, 70 Victoria Street, London, SW1E 6SQ, United Kingdom | 1,735,700 | 6.17 |

5. According to the Statement of Large-Volume Holdings (Change Report), which was made available for public inspection on April 21, 2023, the shares of the Company were held by Capital Research and Management Company, and its joint holders, namely Capital International Inc, Capital International Sarl, Capital International KK, and Capital Group Investment Management Pte. Ltd., as of April 14, 2023 with the detail shown below. However, it is not included in the table above because the numbers of shares effectively held by these entities as of June 30, 2023 were not confirmed. The detail of the Statement of Large-Volume Holdings is as follows:

| Name | Address | Number of share certificates held (shares) | Shareholding ratio (%) |
|---|--|--|------------------------|
| Capital Research and Management Company | 333 South Hope Street, Los Angeles, CA 90071, U.S.A. | 530,600 | 1.89 |
| Capital International Inc | 11100 Santa Monica Boulevard, 15th FL., Los Angeles, CA 90025, U.S.A. | 69,900 | 0.25 |
| Capital International Sarl | 3 Place des Bergues, 1201 Geneva, Switzerland | 69,300 | 0.25 |
| Capital International K.K. | Meiji Yasuda Seimei Bldg. 14th Floor, 2-1-1, Marunouchi, Chiyoda-ku, Tokyo | 612,200 | 2.18 |
| Capital Group Investment Management Pte. Ltd. | One Raffles Quay, 43rd floor North Tower, Singapore 048583 | 31,800 | 0.11 |
| Total | — | 1,313,800 | 4.68 |

(6) Voting rights
1) Issued shares

As of June 30, 2023

| Category | Number of shares (shares) | Number of voting rights (units) | Description |
|--|--|---------------------------------|---|
| Shares with no voting rights | – | – | – |
| Shares with restricted voting rights (treasury shares) | – | – | – |
| Shares with restricted voting rights (other) | – | – | – |
| Shares with full voting rights (treasury shares) | (Treasury shares) Common stock 467,500 | – | – |
| Shares with full voting rights (other) | Common stock 27,685,800 | 276,858 | The number of shares constituting one unit is 100 shares. |
| Share less than one unit | Common stock 9,738 | – | – |
| Total number of issued shares | 28,163,038 | – | – |
| Voting rights held by all shareholders | – | 276,858 | – |

- Notes: 1. “Shares with full voting rights (other)” of common stock include 313,500 shares of the Company (3,135 voting rights) held by Custody Bank of Japan, Ltd. (Trust Account) as trust assets of the Board Benefit Trust, Employee Stock Ownership Plan Trust and Employee Shareholding Association-type ESOP Trust.
2. “Share less than one unit” of common stock includes 71 shares of the Company held by Custody Bank of Japan, Ltd. (Trust Account) as trust assets of the Board Benefit Trust, Employee Stock Ownership Plan Trust and Employee Shareholding Association-type ESOP Trust.
3. “Share less than one unit” of common stock includes 18 treasury shares held by the Company.

2) Treasury shares

As of June 30, 2023

| Name of shareholder | Address of shareholder | Number of shares held in own name (shares) | Number of shares held in others' names (shares) | Total number of shares held (shares) | Shareholding ratio (%) |
|---|--|--|---|--------------------------------------|------------------------|
| (Treasury shares) Roland Corporation | 2036-1 Nakagawa, Hosoe-cho, Kita-ku, Hamamatsu-shi, Shizuoka | 467,500 | – | 467,500 | 1.66 |
| Total | – | 467,500 | – | 467,500 | 1.66 |

- Notes: 1. In addition to the above, the Company holds treasury shares less than one unit of 18 shares.
2. The Company has contributed 313,571 shares to Custody Bank of Japan, Ltd. (Trust Account) as trust assets of the Board Benefit Trust, the Employee Stock Ownership Plan Trust and Employee Shareholding Association-type ESOP Trust.

2. Directors and Other Officers
Not applicable.

Item 4. Financial Information

1. Basis for Preparation of Quarterly Consolidated Financial Statements

The quarterly consolidated financial statements of the Company are prepared in accordance with the Ministry of Finance Ordinance No. 64, 2007 “Regulations Concerning the Terminology, Forms and Preparation Methods of Quarterly Consolidated Financial Statements.”

2. Quarterly Review Report

The Company’s quarterly consolidated financial statements for the current quarter (from April 1, 2023 to June 30, 2023) and for the six months ended June 30, 2023 (from January 1, 2023 to June 30, 2023) were reviewed by Grant Thornton Taiyo LLC, pursuant to Article 193-2, Paragraph 1 of the Financial Instruments and Exchange Act.

1. Quarterly Consolidated Financial Statements

(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 | *1 12,874 | *1 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 | *2 168 | — |
| 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 |

Notes to Quarterly Consolidated Financial Statements

Quarterly consolidated balance sheets

* Overdraft agreements and committed line of credit agreements with financial institutions

The Company has concluded overdraft agreements and committed line of credit agreements with its corresponding financial institution to finance working capital efficiently.

The balances of undrawn facilities under the overdraft agreements and committed line of credit agreements are as follows:

| | Previous fiscal year (As of December 31, 2022) | Current quarter (As of June 30, 2023) |
|--|---|--|
| Overdraft limit and total committed line of credit | 11,000 | 11,000 |
| Outstanding balance of drawn facilities | 7,000 | 2,600 |
| Outstanding balance of undrawn facilities | 4,000 | 8,400 |

Quarterly consolidated statements of income

*1. Major items of selling, general and administrative expenses, and their amounts are as follows:

| | Six months ended June 30, 2022 | Six months ended June 30, 2023 |
|----------------------|-----------------------------------|-----------------------------------|
| Salaries and bonuses | 6,811 | 8,260 |

*2. Gain on liquidation of subsidiaries

For the six months ended June 30, 2022

The amount is attributable to liquidation of a non-consolidated subsidiary, Roland (Switzerland) AG.

Quarterly consolidated statements of cash flows

* The reconciliation of quarterly ending balance of cash and cash equivalents with account balances per quarterly consolidated balance sheets is as follows:

| | Six months ended June 30, 2022 | Six months ended June 30, 2023 |
|---------------------------|-----------------------------------|-----------------------------------|
| Cash and deposits | 8,722 | 9,993 |
| Cash and cash equivalents | 8,722 | 9,993 |

Shareholders' equity

For the six months ended June 30, 2022

1. Amount of dividends paid

| Resolution | Class of shares | Total amount of dividends (million yen) | Dividend paid per share (yen) | Record date | Effective date | Source of dividends |
|---|-----------------|---|-------------------------------|-------------------|----------------|---------------------|
| Ordinary General Meeting of Shareholders held on March 30, 2022 | Common stock | 1,929 | 69 | December 31, 2021 | March 31, 2022 | Retained earnings |

Note: The total amount of dividends paid based on the resolution at the Ordinary General Meeting of Shareholders held on March 30, 2022 includes dividends of ¥29 million paid to the Company's shares held by the trusts.

2. Dividends accompanied by a record date in the reporting period and an effective date after the end of the reporting period

| Resolution | Class of shares | Total amount of dividends (million yen) | Dividend paid per share (yen) | Record date | Effective date | Source of dividends |
|---|-----------------|---|-------------------------------|---------------|-------------------|---------------------|
| Board of Directors Meeting held on August 8, 2022 | Common stock | 2,152 | 78 | June 30, 2022 | September 9, 2022 | Retained earnings |

Note: The total amount of dividends paid based on the resolution at the Board of Directors Meeting held on August 8, 2022 includes dividends of ¥29 million paid to the Company's shares held by the trusts.

3. Significant changes in shareholders' equity

The Company repurchased 469,900 treasury shares during the period based on the resolution resolved at the Board of Directors Meeting held on February 10, 2022. As a result, its treasury shares increased by ¥1,999 million to ¥2,432 million as of the end of the period.

For the six months ended June 30, 2023

1. Amount of dividends paid

| Resolution | Class of shares | Total amount of dividends (million yen) | Dividend paid per share (yen) | Record date | Effective date | Source of dividends |
|---|-----------------|---|-------------------------------|-------------------|----------------|---------------------|
| Ordinary General Meeting of Shareholders held on March 29, 2023 | Common stock | 2,152 | 78 | December 31, 2022 | March 30, 2023 | Retained earnings |

Note: The total amount of dividends paid based on the resolution at the Ordinary General Meeting of Shareholders held on March 29, 2023 includes dividends of ¥27 million paid to the Company's shares held by the trusts.

2. Dividends accompanied by a record date in the reporting period and an effective date after the end of the reporting period

| Resolution | Class of shares | Total amount of dividends (million yen) | Dividend paid per share (yen) | Record date | Effective date | Source of dividends |
|---|-----------------|---|-------------------------------|---------------|--------------------|---------------------|
| Board of Directors Meeting held on August 9, 2023 | Common stock | 2,354 | 85 | June 30, 2023 | September 11, 2023 | Retained earnings |

Note: The total amount of dividends paid based on the resolution at the Board of Directors Meeting held on August 9, 2023 includes dividends of ¥26 million paid to the Company's shares held by the trusts.

Segment information

Segment information

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

Revenue recognition

The Group operates a single segment of the Electronic Musical Instruments Business. The information on disaggregation of revenue from contracts with customers is as follows.

(Millions of yen)

| | Six months ended June 30, 2022 | Six months ended June 30, 2023 |
|--------------------------------------|-----------------------------------|-----------------------------------|
| Keyboards | 13,761 | 11,849 |
| Percussion and Wind Instruments | 9,367 | 13,272 |
| Guitar-related Products | 10,712 | 11,234 |
| Creation-related Products & Services | 5,836 | 6,153 |
| Video and Professional Audio | 1,997 | 2,157 |
| Other | 1,328 | 1,427 |
| Total | 43,004 | 46,096 |

Per share information

Basic and diluted earnings per share and basis for calculation of those figures are as follows:

(Millions of yen, unless otherwise stated)

| | Six months ended June 30, 2022 | Six months ended June 30, 2023 |
|---|-----------------------------------|-----------------------------------|
| (1) Basic earnings per share | 143.08 yen | 116.97 yen |
| (Basis for calculation) | | |
| Profit attributable to owners of parent | 3,927 | 3,195 |
| Profit not attributable to common shareholders | – | – |
| Profit attributable to common shareholders of parent | 3,927 | 3,195 |
| Average number of shares of common stock during the period (thousand shares) | 27,448 | 27,317 |
| (2) Diluted earnings per share | 140.80 yen | 115.47 yen |
| (Basis for calculation) | | |
| Adjustment to profit attributable to owners of parent | – | – |
| Number of shares of common stock increased (thousand shares) | 443 | 354 |
| [of which number of share acquisition rights (thousand shares)] | (443) | (354) |
| Any significant changes from the prior fiscal year end in potential shares not included in the calculation of diluted earnings per share due to their anti-dilutive effect. | – | – |

Note: For the purpose of calculating basic earnings per share and diluted earnings 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 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 during the six months ended June 30, 2022 and 2023 were 401,886 shares and 338,130 shares, respectively.

2. Other information

As to the interim dividend for the 52nd fiscal year (January 1, 2023 through December 31, 2023), the Company resolved at the Board of Directors Meeting held on August 9, 2023 to pay the interim dividends to its shareholders recorded on the Company's shareholder registry dated on June 30, 2023 as follows.

| | |
|--|--------------------|
| (1) Total amount of dividends | 2,354 million yen |
| (2) Amount per share | 85.00 yen |
| (3) Effective date for right to claim dividend payment and commencement date of dividend payment | September 11, 2023 |

Section 2 Information about Reporting Company's Guarantor, etc.

Not applicable.

NOTE TO READERS:

The following is an English translation of the Independent Auditor's Quarterly Review Report originally issued in the Japanese language as required by the Financial Instruments and Exchange Act of Japan for the convenience of the reader. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

Independent Auditor's Quarterly Review Report

August 9, 2023

To the Board of Directors of Roland Corporation:

| | | |
|--------------------------------------|-----------------------|--------|
| Grant Thornton Taiyo LLC Osaka | | |
| Designated Limited Liability Partner | Iwao Arai, CPA | [Seal] |
| Engagement Partner | | |
| Designated Limited Liability Partner | Tomohiro Norioka, CPA | [Seal] |
| Engagement Partner | | |

Auditor's Conclusion

Pursuant to the provisions of Article 193-2, Paragraph 1 of the Financial Instruments and Exchange Act, we have reviewed the quarterly consolidated financial statements of Roland Corporation (the "Company") and its consolidated subsidiaries (the "Group") provided in the "Financial Information" section in the Company's Quarterly Securities Report, namely, the quarterly consolidated balance sheet as of June 30, 2023, the quarterly consolidated statements of income, comprehensive income, and cash flows for the six-month period then ended, and the related notes.

Based on our quarterly review, nothing has come to our attention that causes us to believe that the accompanying quarterly consolidated financial statements do not present fairly, in all material respects, the financial position of the Group as of June 30, 2023, and its consolidated financial performance and cash flows for the six-month period then ended in accordance with the accounting principles for quarterly consolidated financial statements generally accepted in Japan.

Basis for Auditor's Conclusion

We conducted our review in accordance with the review standards for quarterly financial statements generally accepted in Japan. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Review of the Quarterly Consolidated Financial Statements" section of our report. We are independent of the Group in accordance with the provisions of the Code of Professional Ethics in Japan, and we have fulfilled our other ethical responsibilities as auditors. We believe that we have obtained evidence to provide a basis for our conclusion.

Responsibilities of Management, Audit & Supervisory Board Members and the Audit & Supervisory Board for the Quarterly Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the quarterly consolidated financial statements in accordance with accounting principles for quarterly consolidated financial statements generally accepted in Japan, including the design, implementation and maintenance of such internal controls as management determines is necessary to enable the preparation and fair presentation of quarterly consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the quarterly consolidated financial statements, management is responsible for assessing whether it is appropriate to prepare the quarterly consolidated financial statements with the assumption of the Group's ability to continue as a going concern, and disclosing, as applicable, matters related to going concern in accordance with accounting principles for quarterly consolidated financial statements generally accepted in Japan.

Audit & Supervisory Board Members and the Audit & Supervisory Board are responsible for overseeing the Director's execution of duties relating to the design, implementation and maintenance of the Group's financial reporting process.

Auditor's Responsibilities for the Review of the Quarterly Consolidated Financial Statements

Our responsibilities are to issue an auditor's quarterly review report that includes our conclusion based on our quarterly review from an independent point of view.

As part of a quarterly review in accordance with the review standards for quarterly financial statements generally accepted in Japan, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Make inquiries, primarily of management and persons responsible for financial and accounting matters, and apply analytical and other quarterly review procedures. A quarterly review is substantially less in scope than an audit conducted in accordance with auditing standards generally accepted in Japan.
- If we determine that a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern, then we conclude, based on the evidence obtained, on whether anything has come to our attention that causes us to believe that the quarterly consolidated financial statements are not presented fairly in accordance with the accounting principles for quarterly consolidated financial statements generally accepted in Japan. Additionally, if we conclude that a material uncertainty exists, we are required to draw attention in our auditor's quarterly review report to the related notes to the quarterly consolidated financial statements or, if such notes are inadequate, to express a qualified conclusion or adverse conclusion. Our conclusions are based on the evidence obtained up to the date of our auditor's quarterly review report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate whether anything has come to our attention that causes us to believe that the overall presentation of the quarterly consolidated financial statements and the notes thereto are not in accordance with accounting principles for quarterly consolidated financial statements generally accepted in Japan, as well as whether anything has come to our attention that causes us to believe that the overall presentation, structure and content of the quarterly consolidated financial statements, including the notes thereto do not represent the underlying transactions and accounting events in a manner that achieves fair presentation.
- Obtain evidence regarding the financial information of the Group to express a conclusion on the quarterly consolidated financial statements. We are responsible for the direction, supervision and performance of the review of the quarterly consolidated financial statements. We remain solely responsible for our conclusion.

We communicate with Audit & Supervisory Board Members and the Audit & Supervisory Board regarding the planned scope and timing of the quarterly review and significant review findings.

We also provide Audit & Supervisory Board Members and the Audit & Supervisory Board with a statement that we have complied with relevant ethical requirements in Japan regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards in order to eliminate or reduce obstruction factors.

Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan

Our firm and its engagement partners do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Notes: 1. The original of the above quarterly review report is kept separately by the Company (the reporting company of the Quarterly Securities Report).
2. The associated XBRL data are not included in the scope of the quarterly review.

Cover

| | |
|---|---|
| Document title | Confirmation Note |
| Clause of stipulation | Article 24-4-8, Paragraph 1 of the Financial Instruments and Exchange Act |
| Place of filing | Director, Kanto Local Finance Bureau |
| Filing date | August 10, 2023 |
| Company name | Roland Kabushiki Kaisha |
| Company name in English | Roland Corporation |
| Title and name of representative | Gordon Raison, CEO and Representative Director |
| Title and name of Chief Financial Officer | Yuichi Hakamata, CFO and Executive Officer |
| Address of registered headquarters | 2036-1 Nakagawa, Hosoe-cho, Kita-ku, Hamamatsu-shi, Shizuoka |
| Place for public inspection | Tokyo Stock Exchange, Inc. (2-1 Nihonbashi Kabutocho, Chuo-ku, Tokyo) |

1. Appropriateness of the Contents of this Quarterly Securities Report

Gordon Raison, CEO and Representative Director, and Yuichi Hakamata, CFO and Executive Officer of Roland Corporation have confirmed that this Quarterly Securities Report for the second quarter of the 52nd fiscal year (April 1, 2023 through June 30, 2023) is reasonably and fairly stated in accordance with the Financial Instruments and Exchange Act and related laws and regulations.

2. Other Information for Special Attention

There are no noteworthy matters that are pertinent to this Quarterly Securities Report.