

Roland Corporation

Financial results briefing for the second quarter of the fiscal year ending December 31, 2023

Date and time: August 10, 2023 13:00–14:00

Speakers: Gordon Raison, CEO and Representative Director
Yuichi Hakamata, CFO and Executive Officer

Q1. Please tell us about the status by region regarding the impact of inventory adjustments at dealers.

In Japan and Europe, sell-in and sell-through are gradually becoming more balanced. In North America, sell-in continues to fall short of expectations due to the impact of inventory adjustments, although sell-through is strong. In China, demand has not recovered as expected, in addition to the impact of inventory adjustments. Specifically, although sales of electric pianos are strong, sales of electric drums are struggling.

Q2. Please tell us how you plan to achieve the full-year forecast.

Sales are likely to fall short of the forecast on a sales volume basis due to the impact of the greater-than-expected inventory adjustments at dealers. However, as the yen has depreciated more than expected, we believe we can achieve the full-year forecast on a monetary basis. We aim to achieve the operating profit forecast by offsetting the impact of the decrease in sales volume by reducing the cost of sales through a decrease in marine transportation costs and by carefully selecting the expenses required.

Q3. Please tell us how you plan to achieve the full-year sales forecast for North America.

Despite the impact of inventory adjustments at dealers in North America, sell-through exceeded the previous fiscal year's level. In the second half of the fiscal year, we expect sell-in to recover due to higher demand from the year-end shopping season.

Q4. You explained that demand in China was weak. The 2Q (April–June) shows that sales increased by more than 10% year on year. Please tell us the reason for this result.

As the previous period was significantly affected by the lockdown, the situation has improved year on year, but demand is still weak compared to the initial forecast.

Q5. There is concern that price competition may begin. Please tell us the second half outlook.

Although there is price competition for electric pianos in the low-price range, we do not intend to engage in price competition actively.

Q6. Please tell us about the progress in the first half and your plans for the second half about synergy with DW.

The first half progressed as planned. In the second half, we expect to launch exciting new products as planned. They will contribute to operating profit in the next fiscal year and onward.

Q7. Please tell us if there is any update on Roland Cloud.

Both Subscriber and Paid User performance grew steadily. Roland Cloud Manager, upgraded in 1Q, improved the churn rate.

Q8. The emergence of generative AI is said to bring about major changes in the content production field. What is your view on the impact on the business environment?

We believe that there will be a positive impact. Advances in AI will be an effective support tool for people who want to create music and will lower the barriers to music production. As a result, we believe that the population of creators will increase.

(*) 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.

Disclaimer

This material contains statements based on the forecast at present made by Roland Corporation. These future statements inherently contain such factors as known or unknown risks and uncertainties, and the statements could be different from our actual business results.