



Financial Results Highlights

FY12/2024 Q1

May 9, 2024

Roland Corporation

TSE Prime: 7944



『LX-9』
Digital Piano

Executive summary

- As expected, softer sell-in due to adjustments in Dealer inventories, etc., but this has already been factored into our budget.
- Both sales and profits **exceeded the internal plan for Q1.**
- New product development is **progressing well.**
- Although there are uncertainties in demand especially in North America, **we maintain 1H and full-year guidance.**

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FY12/2024 Q1 Results

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FY12/2024 Forecast

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Supplemental Information

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FY12/2024 Q1 Results

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Supplemental Information

Highlights

Sales

22.0_{bn}

(YoY : **-3.4%**)

- Rebound from aggressive sell-in in Q4 of the previous year aimed at improving balance sheet health, but **within our expectations**

Operating Profit

1.5_{bn}

(YoY : **-22.5%**)

- YoY decrease in profit due to volume decline is **within expectations**
- Normalization of sales strategy is slightly slower than expected, but **this is covered by tighter cost execution.**

Net Income¹

0.9_{bn}

(YoY : **-30.4%**)

- No major extraordinary gains or losses

¹ Net income refers to "net income attributable to owners of parent"

Consolidated Financial Forecast

- Gross profit margin improved by 1.6pt from Q4 of the previous year (3M: 40.9%)

(JPY mn)	FY12/2023 Q1 ¹		FY12/2024 Q1 ²		
	Actual	% of Sales	Forecast	% of Sales	YoY
Sales	22,861	100.0%	22,083	100.0%	-3.4%
Gross Profit	9,748	42.6%	9,392	42.5%	-3.7%
SG&A	7,729	33.8%	7,827	35.4%	+1.3%
Operating Profit	2,018	8.8%	1,564	7.1%	-22.5%
Net Income ³	1,408	6.2%	980	4.4%	-30.4%
EBITDA	2,663	11.7%	2,269	10.3%	-14.8%

1 Exchange rates for FY12/2023 Q1 USD/JPY: 132.36, EUR/JPY: 142.16, EUR/USD: 1.074

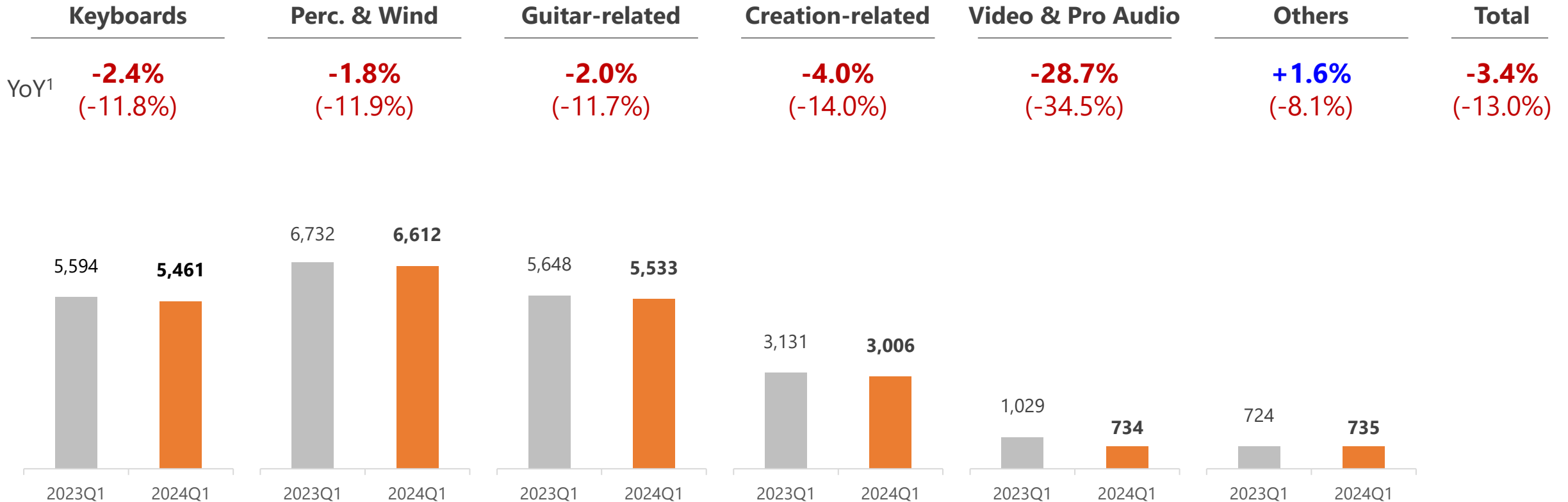
2 Exchange rates for FY12/2024 Q1 USD/JPY: 148.61, EUR/JPY: 161.36, EUR/USD: 1.086

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

Sales by Category

- The main reason for the YoY decline excluding FX in the major categories was the impact of dealer inventory adjustments, which was **in line with internal assumptions**.
- (vs. Q1 Plan) Keyboards:○, Percussion & Wind:○, Guitar-related:△, Creation-related:○, Video & Pro Audio:△, Others: ○

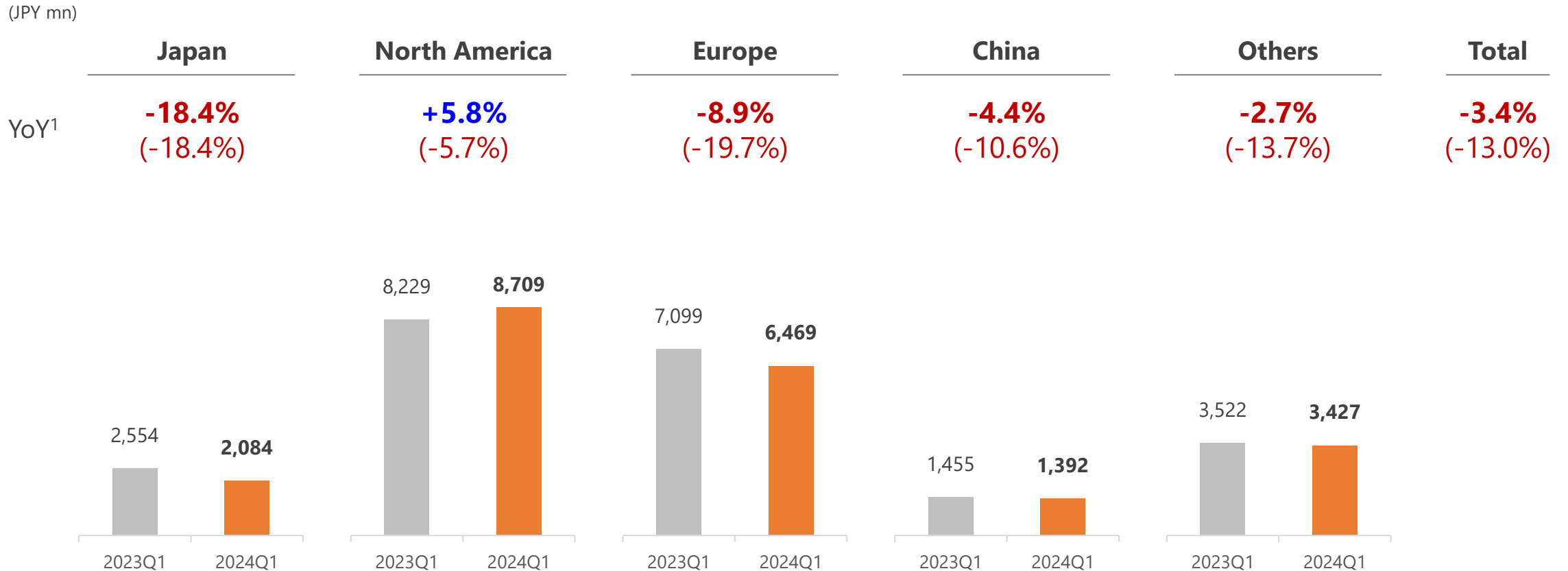
(JPY mn)



¹ Figures in () are comparisons excluding the effect of FX rates

Sales by Region

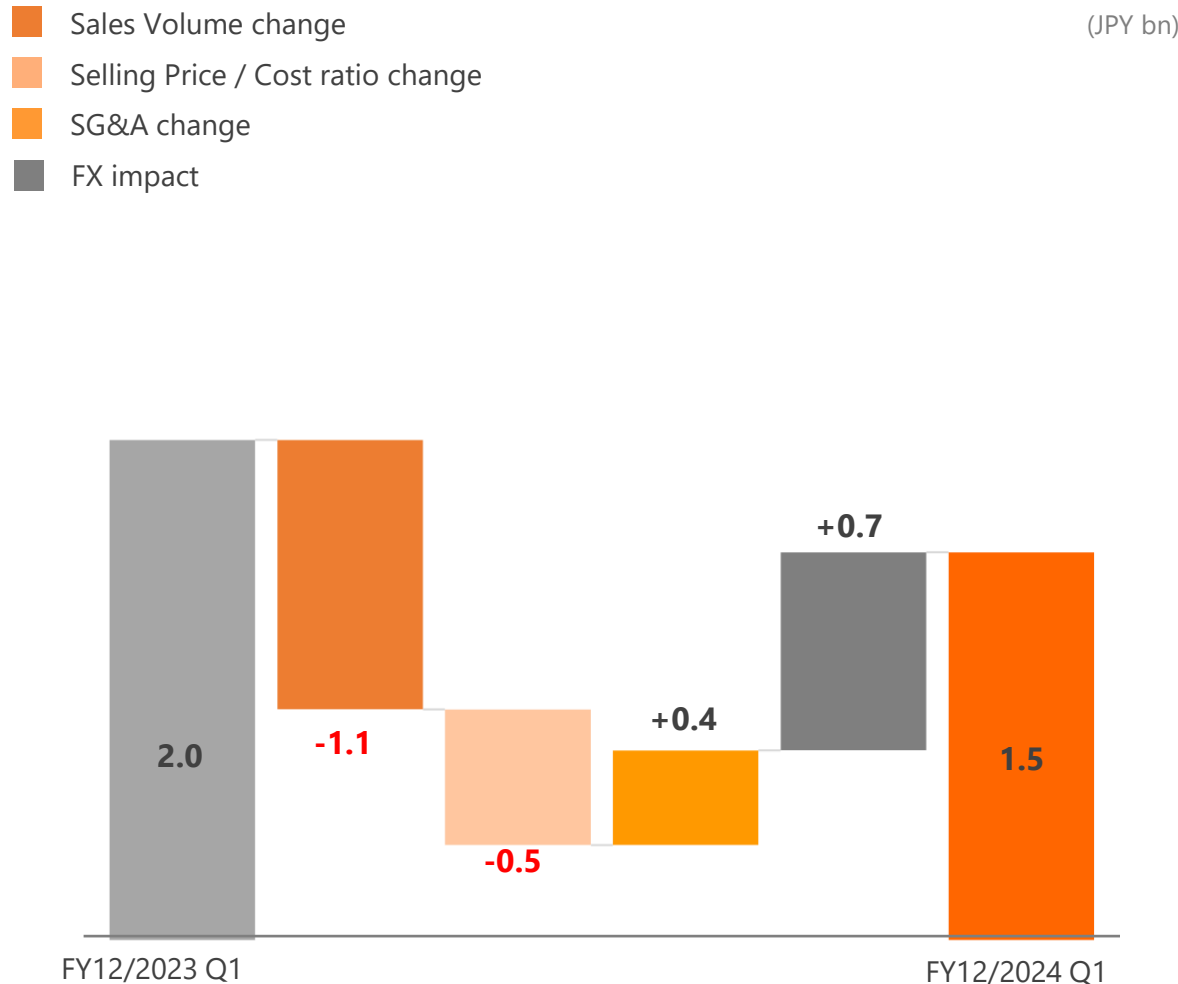
- The main reason for the YoY decline excluding FX in the major categories was the impact of dealer inventory adjustments, which was **in line with internal assumptions**.
- (vs. Q1 Plan) Japan:△, North America:△, Europe:○, China:○, Emerging countries: ○



¹ Figures in () are comparisons excluding the effect of FX rates

Consolidated Operating Profit

Changes (vs Previous year)



Factors

- **Sales Volume**

- ✓ Rebound from aggressive sell-in in Q4 of the year (Dealer inventory has been adjusted)

- **Selling Price / Cost ratio**

- ✓ Although progress has been made compared to Q4/2023, normalization of sales strategy is still underway (-)
- ✓ DW earnings improvement (+)

- **SG&A**

- ✓ Decrease in expenses due to lower sales volume
- ✓ Tighter execution with close monitoring of market conditions

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

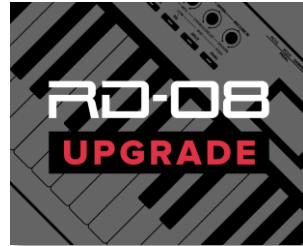
Creation-related equipment & services

Stage Pianos

- Reasonably priced stage piano with expressive sound and playability
- Upgrade software available from **Roland Cloud**



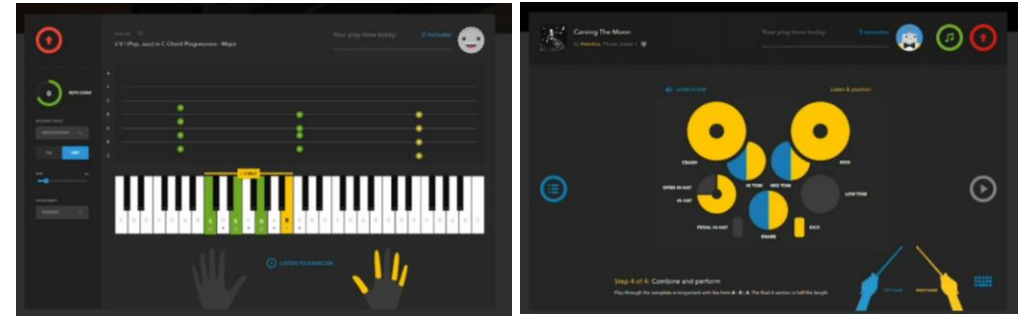
Image of 『RD-08』



Upgrade software available on Roland Cloud 『RD-08 Upgrade』

Roland Cloud

- In collaboration with Melodics™, the acclaimed casual music lesson app, **we now offer “Melodics Essentials for Roland”**.
- **Lesson services on Roland Cloud will be expanded in the future.**



Screen image of 『Melodics Essentials for Roland』

Gaming Audio Mixer / Video Capture

- High-end model with video functions added to Roland's first audio mixer for game distributors released last year
- Compatible with the “BGM CAST” service of **Roland Cloud**, which enables the use of copyright-free background music and sound effects



『BRIDGE CAST X』

	2023Q4		2024Q1
Roland Account	2.7M	➔	2.8M
R. Cloud User¹	1.2M	➔	1.4M
Paid User²	115K	➔	123K
Subscriber	28K	➔	29.5K

¹ Cumulative number of users of the Roland Cloud service

² Number of subscribers registered at the end of each financial year + number of single purchases during each financial year

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

Keyboards

Home Piano

- Equipped with the **latest modeling sound source** completely redesigned from the ground up from the previous sound source
- The latest **Piano Reality Technology** has significantly improved the quality of all basic functions, including sound, keyboard, pedals, etc.
- Compatible with the original free “Roland Piano App”



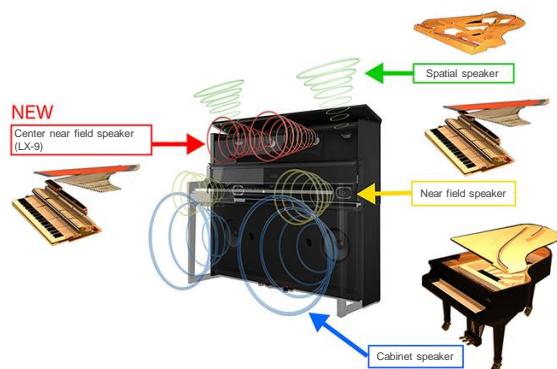
『LX-9』



『LX-6』



『LX-5』



New speaker system to reproduce a piano sound with greatly improved expressiveness



10-year warranty, which is now offered in major countries, is now available in Japan for the newest GP and LX series models.

Portable Keyboard

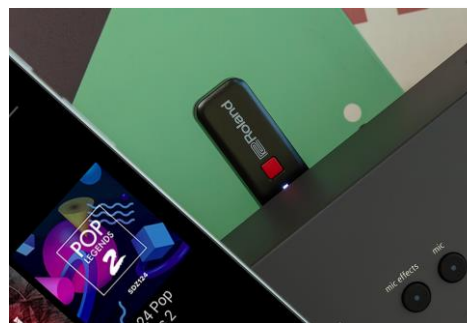
- **Full-scale Re-entry** into the Portable Keyboard Market
- Supports performance & music creation linking with PC, Smartphone
Additional contents can be purchased from the **Roland Cloud**
- **Compatible with the Melodics Essentials for Roland** music lesson application



『GO:KEYS 5』 『GO:KEYS 3』



Image of 「Melodics Essentials for Roland」



Supports Roland Cloud Connect, which enables wireless connectivity with Roland Cloud

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

Guitar-related equipment

Others

Vocal Effectors

- Vocal effect pedal with full range of effects and harmony functions to bring more expressive power to vocalists
- Highly versatile for recording, practicing, live streaming, and performing on stage



『VE-22』



Image of 『VE-22』 & Custom carrying bag 『CB-VE22』



Image of 『VE-22』

Roland Corporation and Universal Music Group Form Strategic Relationship to Empower Human Artistry



UNIVERSAL MUSIC GROUP

- Published "Principles for Music Creation with AI"
- **Establishing joint research on the responsible use of AI in music creation.**
- Aims to use AI technology to support/develop music and musicians' creativity

For more information, please visit the special "Principles for Music Creation by AI" website

<https://aiformusic.info/>

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FY12/2024 Q1 Results

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Supplemental Information

No change in 1H and Full-year Guidance

Q1

Sell-thru

- Slightly weaker than expected (mainly U.S, Japan)

Sell-in

- Weakness due to Dealer inventory adjustments, but **in line with plan**

Gross Profit Margin

- Steady QoQ improvement

SG&A

- **Tighter execution while watching the situation**

SCM

- Dealer inventory adjustment **progressing gradually**

Outlook and Strategy for Q2 and Beyond

- **Gradual recovery due to new product launches** and progress in dealer inventory adjustments
- Steady implementation of MTP
- **Uncertainty in demand in U.S markets**
- **Continuous improvement** due to normalization of sales strategy and DW's PMI progress
- **Careful control** watching demand and gross profit improvement
- **Continuous improvement**

Sales and Profit Forecasts for the 1st Half and the 2nd Half of the Year (No Change)

- Some uncertainties about demand in major countries, but no major trend changes in the near term
- No change in 1H and Full-year forecasts

	1 st Half	2 nd Half	Full-Year
(JPY)			
Sales	45.1bn •YoY: -2.2% (-3.0%)	54.8bn •YoY: -2.7% (+3.4%)	99.9bn •YoY: -2.5% (+0.5%)
Operating Profit	3.3bn •YoY: -22.5% (23.9%)	8.1bn •YoY: +6.4% (18.5%)	11.4bn •YoY: -4.0% (+3.3%)

1 **FY12/2024 Q1 Results**

2 **FY12/2024 Forecast**

3 **Supplemental Information**

Consolidated Financial Forecast (Disclosed on 2/14/2024)

(JPY mn)	FY12/2023 ¹		FY12/2024 ²		
	Actual	% of Sales	Forecast	% of Sales	YoY
Sales	102,445	100.0%	99,900	100.0%	-2.5%
Gross Profit	43,932	42.9%	44,600	44.6%	+1.5%
SG & A	32,060	31.3%	33,200	33.2%	+3.6%
Operating Profit	11,871	11.6%	11,400	11.4%	-4.0%
Net Income ³	8,151	8.0%	8,500	8.5%	+4.3%
EBITDA	14,628	14.3%	14,340	14.4%	-2.0%

1 Exchange rates for FY12/2023 USD/JPY: 140.57, EUR/JPY: 152.05, EUR/USD: 1.082

2 Exchange rates for FY12/2024 USD/JPY: 137.00, EUR/JPY: 147.00, EUR/USD: 1.073

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

First Half Forecast (Disclosed on 2/14/2024)

(JPY mn)	FY12/2023 First Half ¹		FY12/2024 First Half ²		
	Actual	% of Sales	Forecast	% of Sales	YoY
Sales	46,096	100.0%	45,100	100.0%	-2.2%
Gross Profit	19,772	42.9%	19,700	43.7%	-0.4%
SG & A	15,516	33.7%	16,400	36.4%	+5.7%
Operating Profit	4,256	9.2%	3,300	7.3%	-22.5%
Net Income ³	3,195	6.9%	2,500	5.5%	-21.8%

1 Exchange rates for FY12/2023 1st Half USD/JPY: 134.87, EUR/JPY: 145.84, EUR/USD: 1.081

2 Exchange rates for FY12/2024 1st Half USD/JPY: 137.00, EUR/JPY: 147.00, EUR/USD: 1.073

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

Second Half Forecast (Disclosed on 2/14/2024)

	FY12/2023 Second Half ¹		FY12/2024 Second Half ²		
(JPY mn)	Actual	% of Sales	Forecast	% of Sales	YoY
Sales	56,349	100.0%	54,800	100.0%	-2.7%
Gross Profit	24,159	42.9%	24,900	45.4%	+3.1%
SG & A	16,544	29.4%	16,800	30.7%	+1.5%
Operating Profit	7,615	13.5%	8,100	14.8%	+6.4%
Net Income ³	4,956	8.8%	6,000	10.9%	+21.1%

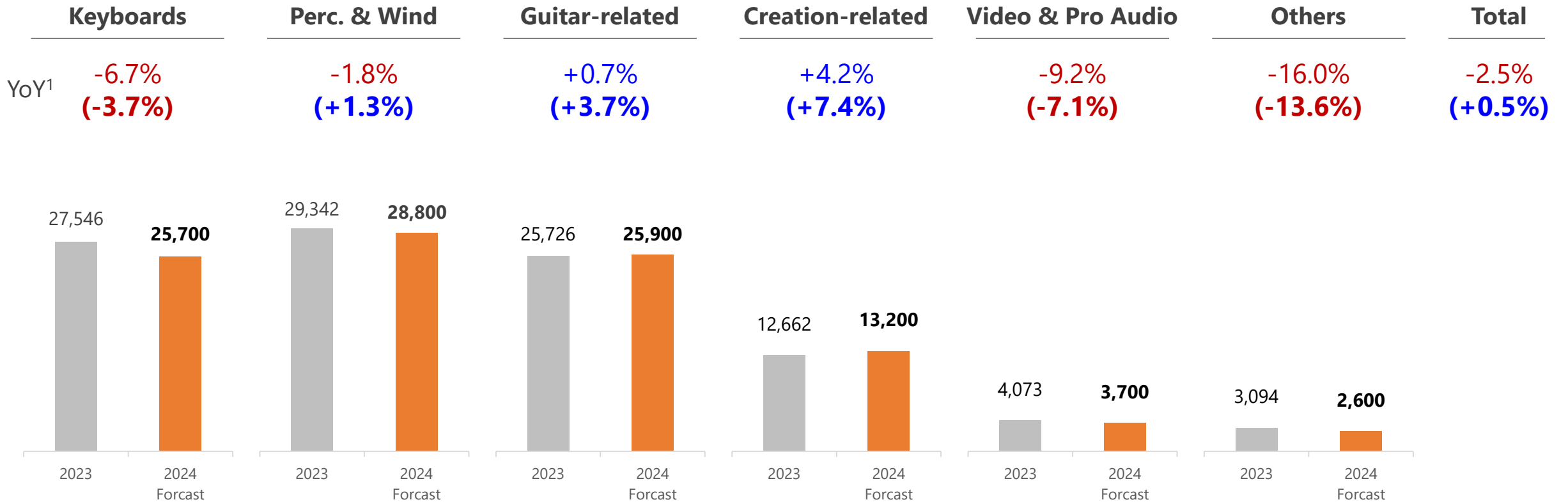
1 Exchange rates for FY12/2023 2nd Half USD/JPY: 146.27, EUR/JPY: 158.26, EUR/USD: 1.082

2 Exchange rates for FY12/2024 2nd Half USD/JPY: 137.00, EUR/JPY: 147.00, EUR/USD: 1.073

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Sales Forecast by Category (Disclosed on 2/14/2024)

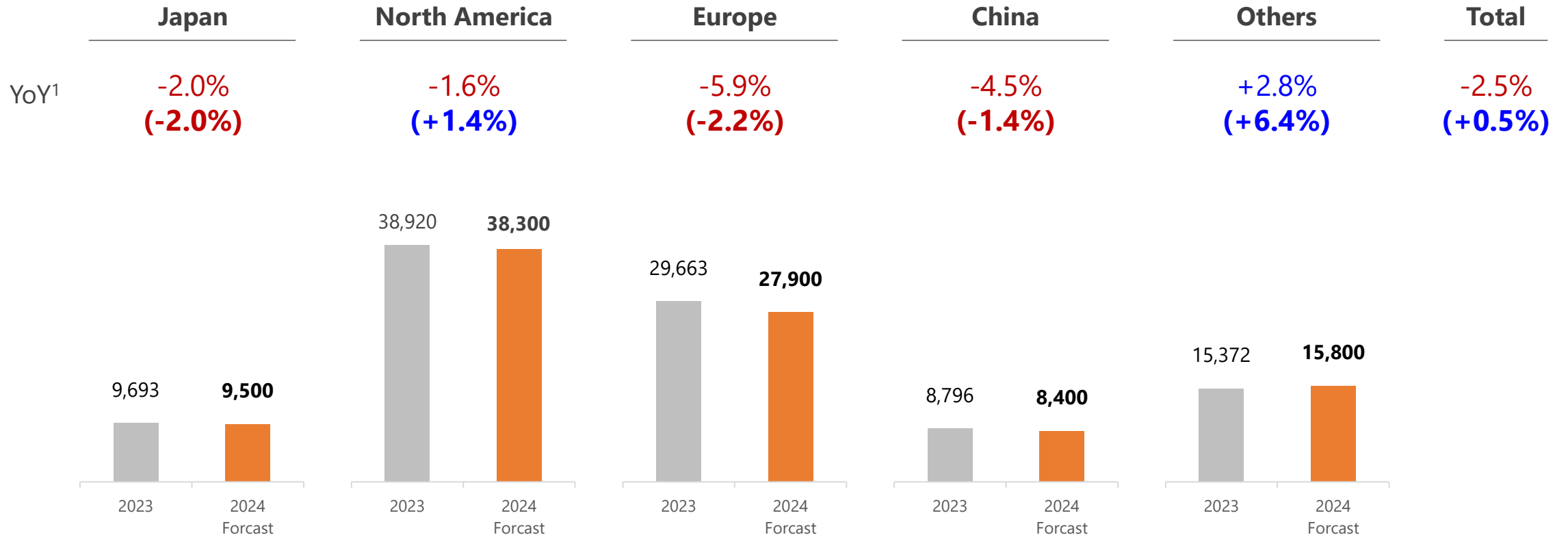
(JPY mn)



¹ Figures in () are comparisons excluding the effect of FX rates

Sales Forecast by Region (Disclosed on 2/14/2024)

(JPY mn)



¹ Figures in () are comparisons excluding the effect of FX rates

Key Consolidated Financials

(JPY mn)	FY2023 Q1	FY2024 Q1	(JPY mn)	As of Dec. 31, 2023	As of Mar. 31, 2024
Net sales	22,861	22,083	Cash and deposits	12,883	12,259
Gross profit	9,748	9,392	Notes and accounts receivable - trade	13,805	11,484
Selling, general and administrative expenses	7,729	7,827	Inventories	30,144	31,183
Operating profit	2,018	1,564	Other current assets	1,826	1,648
Profit before income taxes	1,864	1,262	Total current assets	58,659	56,576
Profit attributable to owners of parent	1,408	980	Net property, plant and equipment	9,961	9,864
EBITDA	2,663	2,269	Goodwill	3,129	3,244
D/E ratio	0.7x	0.5x	Investments and other assets	9,218	10,144
Equity ratio	44.9%	51.0%	Total non-current assets	22,309	23,253
Debt / EBITDA ¹	1.9x	1.5x	Total assets	80,969	79,830
ROE ¹	26.2%	20.5%	Notes and accounts payable - trade	6,266	6,179
ROIC ¹	16.9%	16.8%	Short-term borrowings	4,300	3,600
R&D Expenses	1,207	1,263	Current portion of long-term borrowings	8,526	5,392
Capital Expenditures ²	583	295	Other current liabilities	8,948	8,270
Depreciation Expenses	645	704	Long-term borrowings	10,056	12,592
Free Cash Flow ³	4,654	3,212	Other long-term liabilities	2,756	2,806
			Total liabilities	40,854	38,840
			Total net assets	40,114	40,989
			Total liabilities and net assets	80,969	79,830

1 Debt / EBITDA ,ROE and ROIC are calculated on an annually (recent 12 months) adjusted basis

2 The amounts presented in capital expenditures is for property, plant and equipment.

3 Free Cash Flow is the sum of cash from operating activities and cash from investing activities

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.