



# Financial Results Highlights

FY12/2024 Q3

November 7, 2023

**Roland Corporation**



『V-Drums 7 Series』

## Executive Summary

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- Considering market conditions and earnings progress, **we lowered our full-year earnings forecast**
- While price competition continues, we are working to maintain and improve our brand value by **promoting price optimization. The situation was mostly normalized in Q3**
- With an eye on the market recovery phase, we will **create demand by new products** and carry out medium- to long-term investments as planned
- **Year-end dividend will be paid as planned**

**1**

**FY12/2024 Q3 Results**

**2**

**FY12/2024 Forecast (Full Year)**

**3**

**Supplemental Information**

**1**

**FY12/2024 Q3 Results**

**2**

**FY12/2024 Forecast (Full Year)**

**3**

**Supplemental Information**

## Highlights

(JPY)

### Sales

**69.6**<sub>bn</sub>(YoY: **-2.5%**)

- Recovery of customer demand is in process
- Growth was particularly sluggish in July and August but has been recovering since September.

### Operating Profit

**6.4**<sub>bn</sub>(YoY: **-16.3%**)

- The large decrease in sales volume had a significant impact.
- Unit selling prices have **generally normalized due to price optimizations**
- Medium- to long-term investments executed, while **controlling promotional expenses**

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

**4.2**<sub>bn</sub>(YoY: **-25.6%**)

- Sale of Roland DG stocks in connection with MBO (approx. +0.4 bn yen)
- Provision for a US musical instrument chain store's Chapter 11 filing (approx. -0.15 bn yen)  
(The above two items were already reflected in the Q2 results)

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

## Consolidated Financial Results (Q3 YTD)

- See Supplementary Materials (p.25) for the July-September period (3 months) results.

(JPY mn)	FY12/2023 Q3 YTD <sup>1</sup>		FY12/2024 Q3 YTD <sup>2</sup>		
	Actual	% of Sales	Actual	% of Sales	YoY
Sales	<b>71,410</b>	100.0%	<b>69,611</b>	100.0%	<b>-2.5%</b>
Gross Profit	<b>31,225</b>	43.7%	<b>30,245</b>	43.4%	<b>-3.1%</b>
SG&A	<b>23,481</b>	32.9%	<b>23,762</b>	34.1%	<b>+1.2%</b>
Operating Profit	<b>7,744</b>	10.8%	<b>6,482</b>	9.3%	<b>-16.3%</b>
Net Income <sup>3</sup>	<b>5,762</b>	8.1%	<b>4,288</b>	6.2%	<b>-25.6%</b>
EBITDA	<b>9,756</b>	13.7%	<b>8,626</b>	12.4%	<b>-11.6%</b>

1 Exchange rates for FY12/2023 Q3 YTD USD/JPY: 138.12, EUR/JPY: 149.68, EUR/USD: 1.084

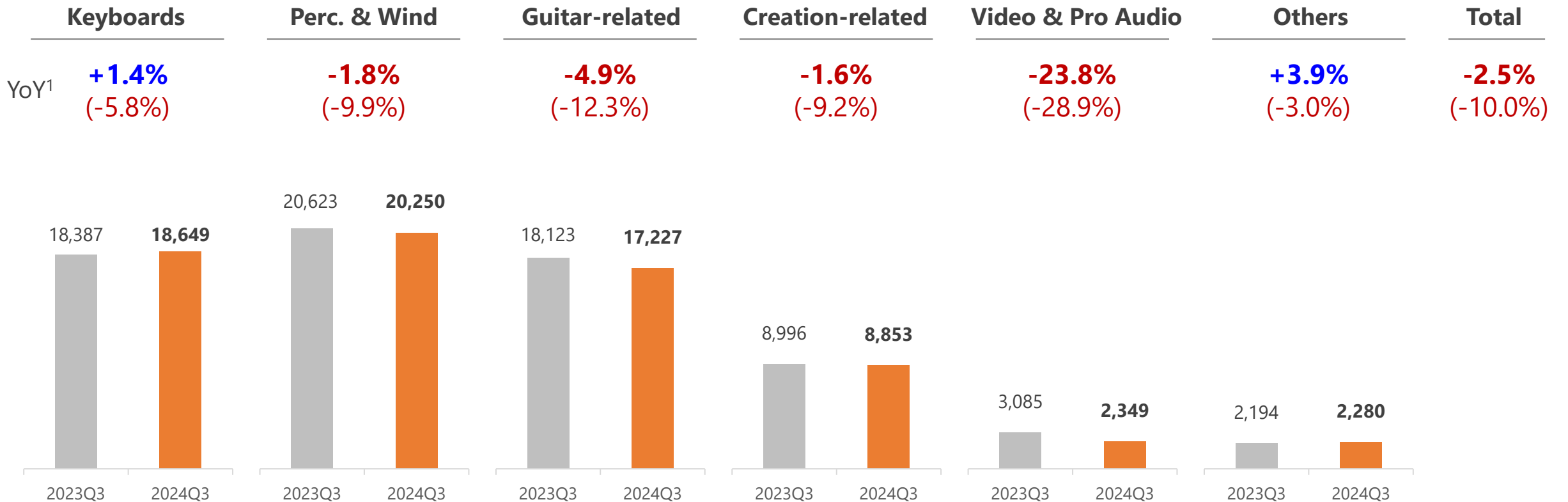
2 Exchange rates for FY12/2024 Q3 YTD USD/JPY: 151.29, EUR/JPY: 164.43, EUR/USD: 1.087

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

## Sales by Category (Q3 YTD)

- The main reasons for the real YoY decline in the major categories were dealer inventory adjustments in Q1-Q2 and sluggish customer demand.
- In the digital piano, sales in regions other than China have bottomed out.
- In the electronic drums, although competition impacted us, competitiveness is strengthened with new innovative products (see p. 10 and 11).

(JPY mn)

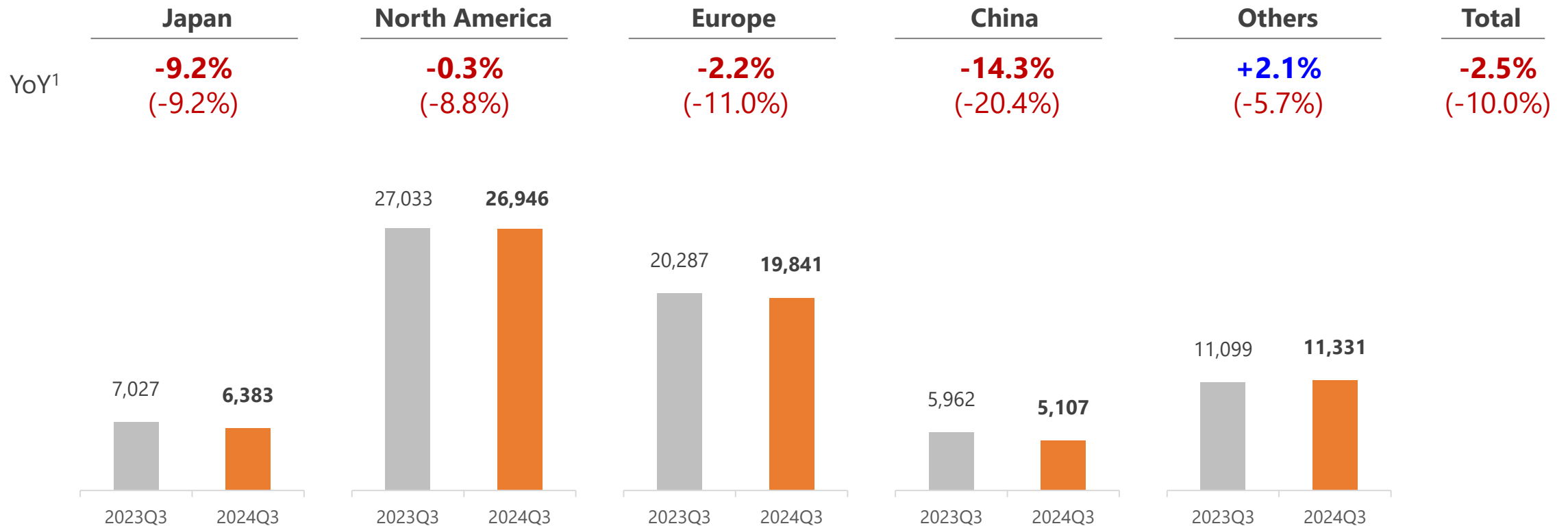


<sup>1</sup> Figures in ( ) are comparisons excluding the effect of exchange rates.

## Sales by Region (Q3 YTD)

- The main reasons for the real YoY decline in the major categories were dealer inventory adjustments in Q1-Q2 and sluggish customer demand.
- Demand declined markedly during the Olympics, especially in Europe, but since September, demand seems to have bottomed out overall, except in China.

(JPY mn)



<sup>1</sup> Figures in ( ) are comparisons excluding the effect of exchange rates.

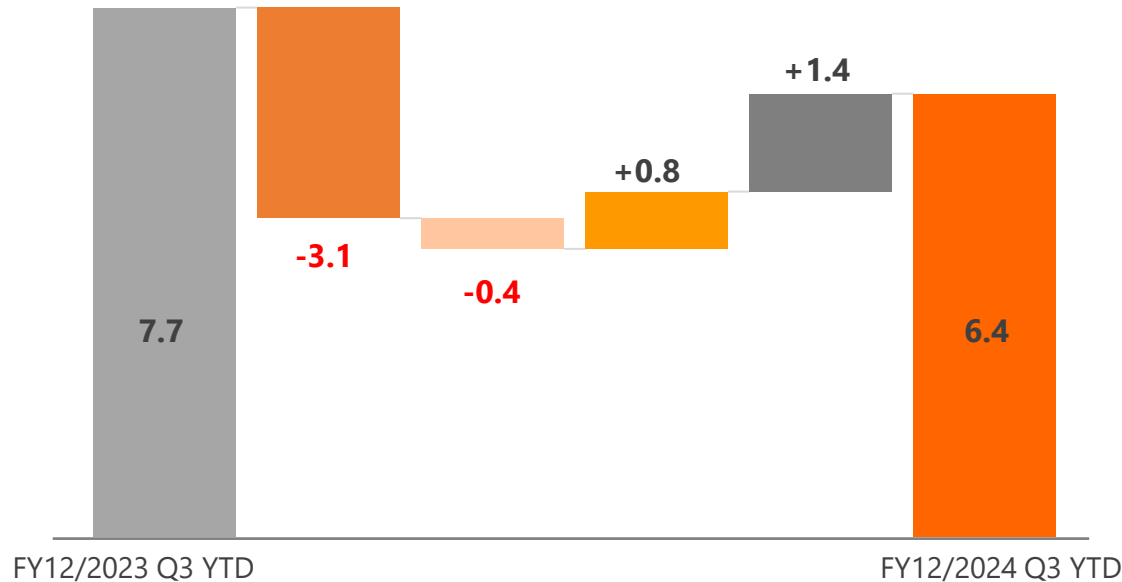


# Consolidated Operating Profit (Q3 YTD)

## Changes (vs Previous year)

(JPY bn)

- Sales Volume change
- Selling Price / Cost ratio change
- SG&A change
- FX impact



## Factors

- **Sales Volume**
  - ✓ Reactionary decline from aggressive sell-in in Q4 of the previous year
  - ✓ High inflation, competitive impact, etc.
- **Selling Price / Cost ratio**
  - ✓ Unit sales price continues to improve from Q2 onward
  - ✓ Change in product mix
- **SG&A**
  - ✓ Proactive control in response to uncertain market conditions
  - ✓ Decrease in related expenses due to lower sales volume

## Topics : Major new products and services announced in the 3rd quarter

### Percussion & Winds



- V-Drums adds innovative new series, "**V-Drums Quiet Design**"
- **The quietest electronic drum in Roland's history**, a completely new design for a variety of housing conditions
- **75% reduction of physical beating sound and vibration** compared to our conventional electronic drums<sup>1</sup>

Hitting sound suppression technology



Vibration suppression technology



**Please visit our website for the technology details** [Roland - VQD106 | V-Drums Quiet Design](https://www.roland.com/ja/products/vdrums/vdrums-quiet-design/vqd106/)

# Topics : Major new products and services announced in the 3rd quarter

## Percussion & Winds

### V-Drums



『VAD716』

- **After an 8-year absence, the flagship sound module has been redesigned** and three drum kits have been released
- The snare uses **a newly developed digital snare**, enabling more delicate performance expression
- You can also add drum sounds and other tones from Roland Cloud.



『TD716』



『TD713』

#### Flagship Sound Module

- Built-in drum sounds sampled by rethinking the sound recording method from the ground up
- Connect wirelessly to mobile devices and add tones from the Roland Cloud



Newly developed sound module "V71"

#### Digital Snare

- More advanced sensors to reproduce the subtle nuances of the drummer
- V-Drums equipped with Strainer<sup>1</sup> for the first time



Newly developed digital snare "PD-14DSX"

<sup>1</sup> A mechanism on an acoustic snare that adjusts the sound tone. 11

# Topics : Major new products and services announced in the 3rd quarter

## Creation-related products & Services

### Synthesizer

- The JUNO-D, a mainstay product for band and keyboard players, has been **remodeled for the first time in 9 years**
- Three models with different numbers of keys have been released
- A huge sound library can be added from Roland Cloud



『JUNO-D8』 『JUNO-D7』 『JUNO-D6』



「Roland Cloud」 Contents image

### Roland Cloud

- The tape echo “RE-201”, which was released in 1974 and is known as a timeless masterpiece, has been turned into software.
- Complete reproduction of features with the latest modeling technology



	2024Q2		2024Q3
Roland Account	2.9M	➔	3.0M
R. Cloud User <sup>1</sup>	1.5M	➔	1.6M
Paid User <sup>2</sup>	131K	➔	137K
Subscriber	30.6K	➔	30.8K

<sup>1</sup> Cumulative number of users of the Roland Cloud service

<sup>2</sup> 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 3rd quarter

### Creation-related products & Services



『RD-2000 EX』



『RD-88 EX』

### Stage Piano

- Flagship and portable models of the "RD Series" favored by professional musicians

### Creative Sampler

- New model in the AIRA Compact series that delivers full-fledged performance in a pocket-sized, simple operation



『P-6』



『BRIDGE CAST ONE』

### Gaming Audio Mixer

- Palm-sized audio mixer for easy enjoyment of high-quality game play and distribution

### Guitar-related products

### Guitar Effector



『SDE-3』

- The SDE-3000, a digital delay masterpiece that has fascinated many people since its release in 1983, has been condensed into a compact pedal.

### Other

**Roland and New Balance Numeric collaborated to release a pair of sneakers featuring the TR-808 rhythm machine motif.**



**1** **FY12/2024 Q3 Results**

**2** **FY12/2024 Forecast (Full Year)**

**3** **Supplemental Information**

## Consolidated Forecast

- Revised full-year forecasts downward considering market conditions and earnings progress.

(JPY mn)	FY12/2023 <sup>1</sup>		FY12/2024 <sup>2</sup>			FY12/2024 <sup>3</sup>	
	Actual	% of Sales	Forecast	% of Sales	YoY	Init. Forecast	Init. vs Rev.
Sales	102,445	100.0%	<b>99,900</b>	100.0%	<b>-2.5%</b>	99,900	—
Gross Profit	43,932	42.9%	<b>43,000</b>	43.0%	<b>-2.1%</b>	44,600	-3.6%
SG&A	32,060	31.3%	<b>33,000</b>	33.0%	<b>+2.9%</b>	33,200	-0.6%
Operating Profit	11,871	11.6%	<b>10,000</b>	10.0%	<b>-15.8%</b>	11,400	-12.3%
Net Income <sup>4</sup>	8,151	8.0%	<b>6,700</b>	6.7%	<b>-17.8%</b>	8,500	-21.2%
EBITDA	14,628	14.3%	<b>12,934</b>	12.9%	<b>-11.6%</b>	14,340	-9.8%

1 Exchange rate for 12/2023      USD/JPY : 140.57, EUR/JPY : 152.05, EUR/USD : 1.082

2 Exchange rate for 12/2024 (revised)      USD/JPY : 149.47, EUR/JPY : 163.08, EUR/USD : 1.091

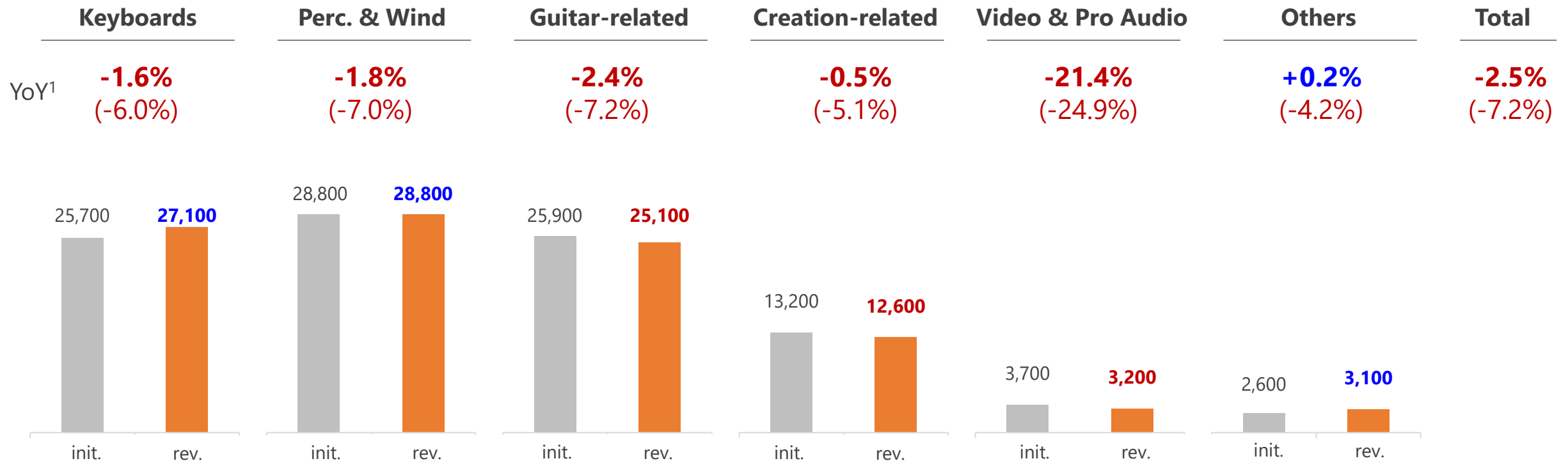
3 Exchange rate for 12/2024 (initial)      USD/JPY : 137.00, EUR/JPY : 147.00, EUR/USD : 1.073

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

## Sales Forecast by Category

- In the keyboard, percussion and wind, and other categories, sales were in line with or slightly above the plan due to the impact of foreign exchange rates
- In real terms, sales in all categories were down from the previous year

(JPY mn)



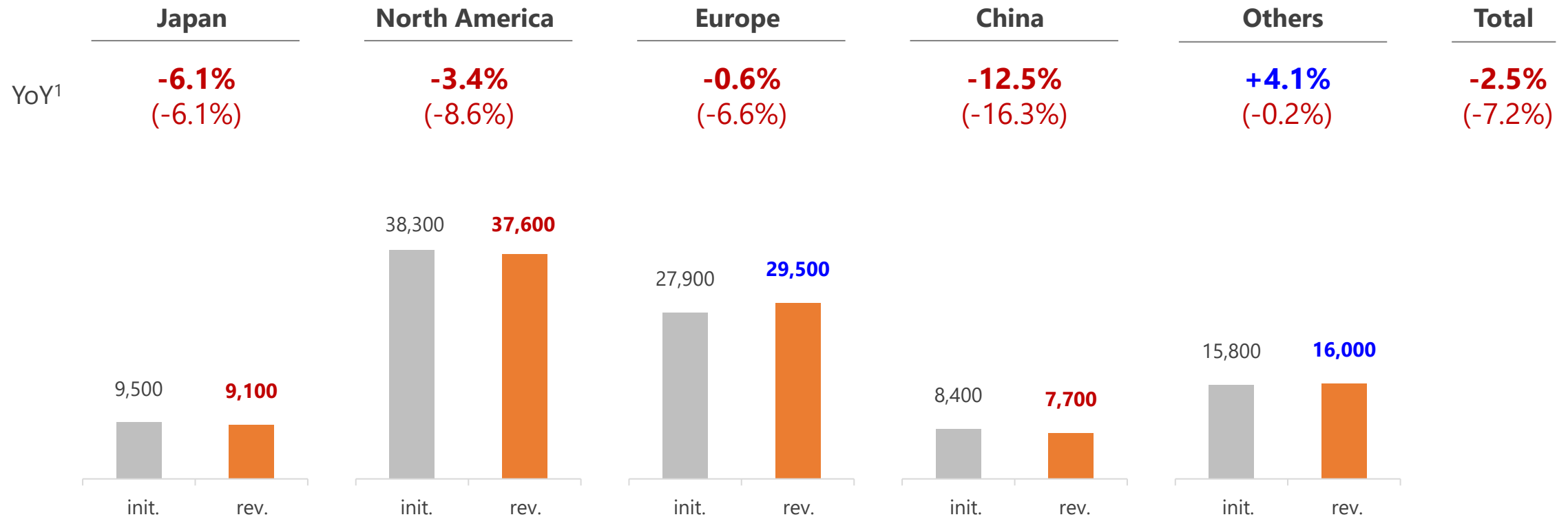
<sup>1</sup> Figures in ( ) are comparisons excluding the effect of exchange rates.



## Sales Forecast by Region

- Due to the exchange rates, revenue in Europe and Others regions increased compared to the plan
- In real terms, revenue decreased compared to the previous year in all regions.

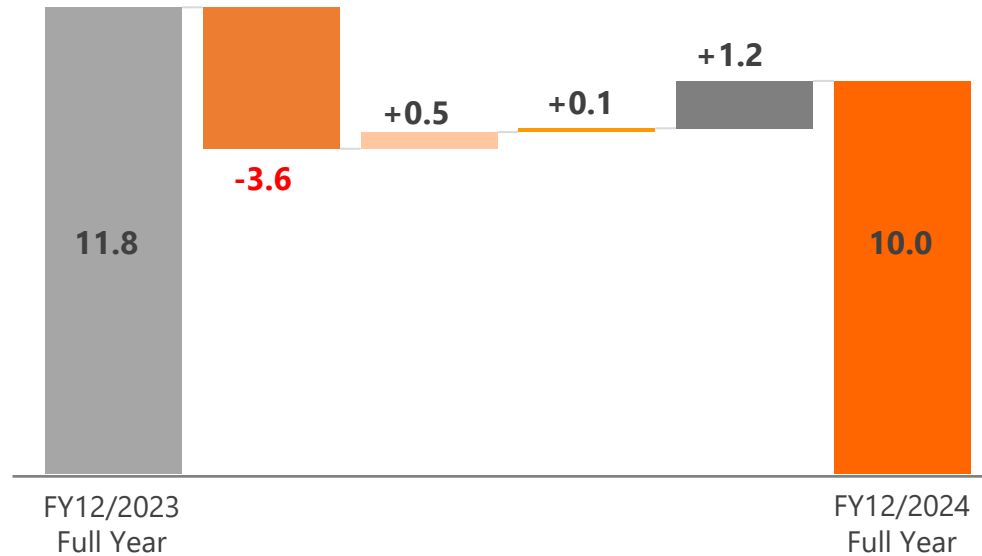
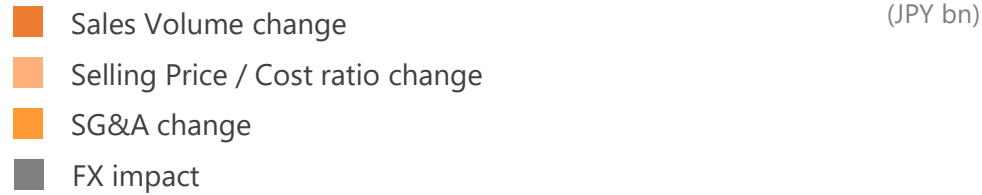
(JPY mn)



<sup>1</sup> Figures in ( ) are comparisons excluding the effect of exchange rates.

# Operating Profit Forecast

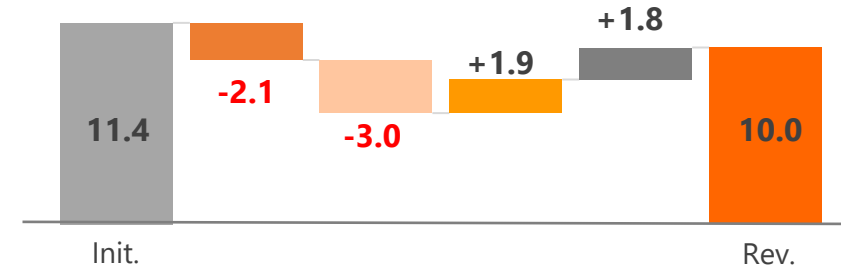
## Changes (vs Previous year)



## Point

- Sales Volume**  
 Decrease due to rebound from aggressive sell-in in Q4 last year, high inflation, competition, etc.
- Selling Price / Cost ratio**  
**Gradual progress in price optimization, recovering to a positive**
- SG&A**  
 Proactively controlled and expected to decrease slightly from the previous fiscal year.

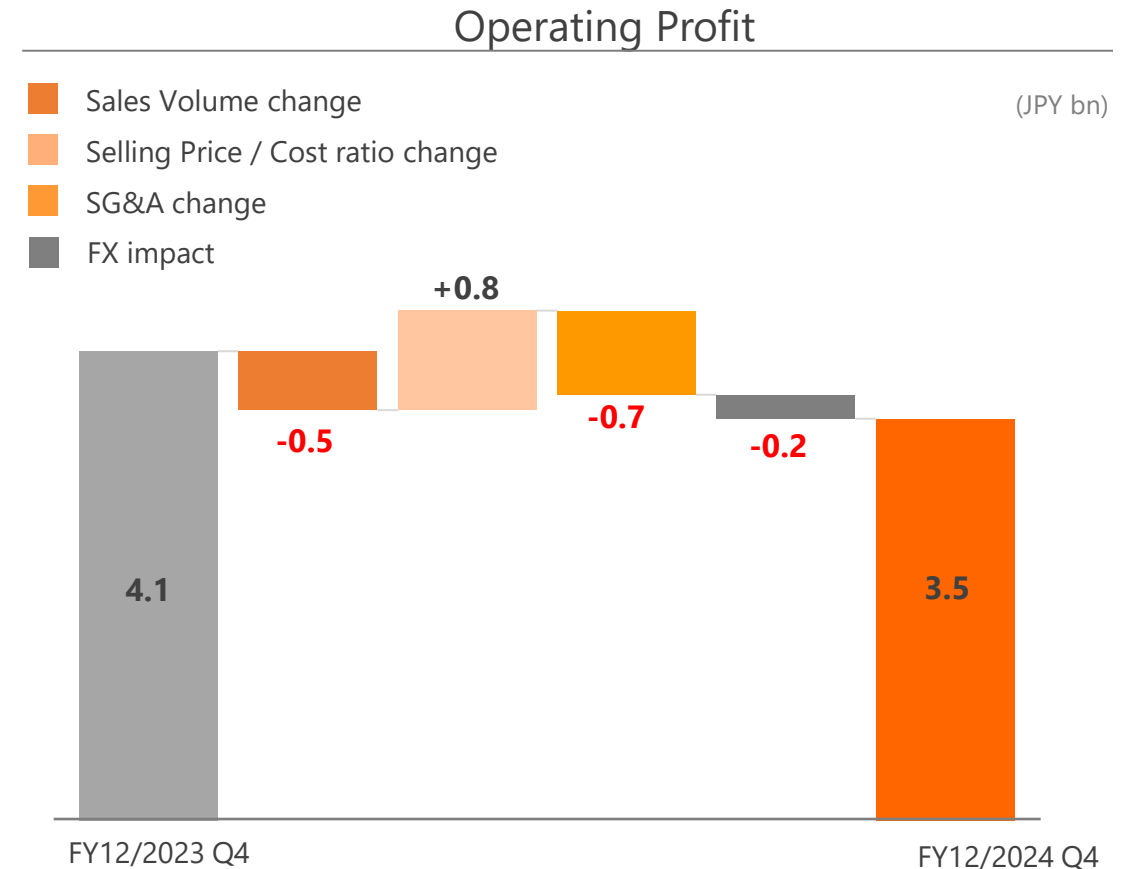
## FYR: vs. Plan



## Q4 Outlook (October to December)

- Sales were affected by aggressive sell-in in Q4 of the previous fiscal year, but are **gradually recovering**
- In Operating Profit, **selling price / cost ratio is expected to improve** due to price optimization. SG&A expenses are expected to increase due to hiring, but we will carefully monitor the situation.
- FX assumptions: USD/JPY : 144.0, EUR/JPY : 159.0, EUR/USD : 1.104

Sales (YoY / woFX)			
Keyboards	-6%	North America	-8%
Perc. & Wind	0%	Europe	+3%
Guitar	+5%	Japan	+2%
Creation	+5%	China	-8%
Video	-13%	Others	+14%



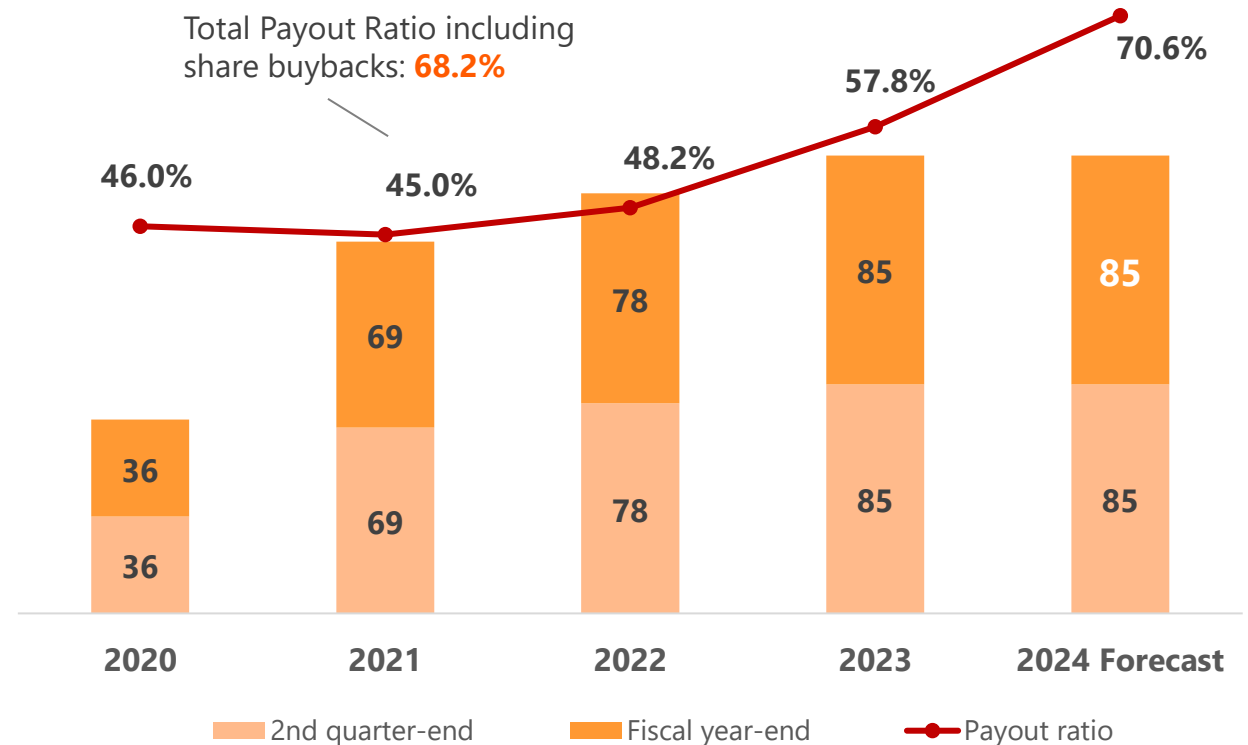
## Shareholder Return

- Although the full-year earnings forecast has been revised downward, **the year-end dividend forecast is maintained** because there are no financial concerns and future growth is possible.

### Dividend Per Share (Forecast)

- Second quarter-end : **85** (Decided)
- Fiscal year-end : **85**
- Total : **170**

### Dividends and Dividend Payout Ratio



## Outlook for FY2025 ①

- As of Q3 2024, market issues still remain, but our **issues are steadily resolved as planned**
- Market issues are also expected to be gradually resolved

### Post-Covid issues in the business environment



Resolved in

1	Excess inventory due to demand misperception	<b>Resolved</b>	2023Q4
2	Excess inventory at dealers	<b>Resolved</b>	2024Q2
3	Price Optimization	<b>Resolved</b>	2024Q3

### Market

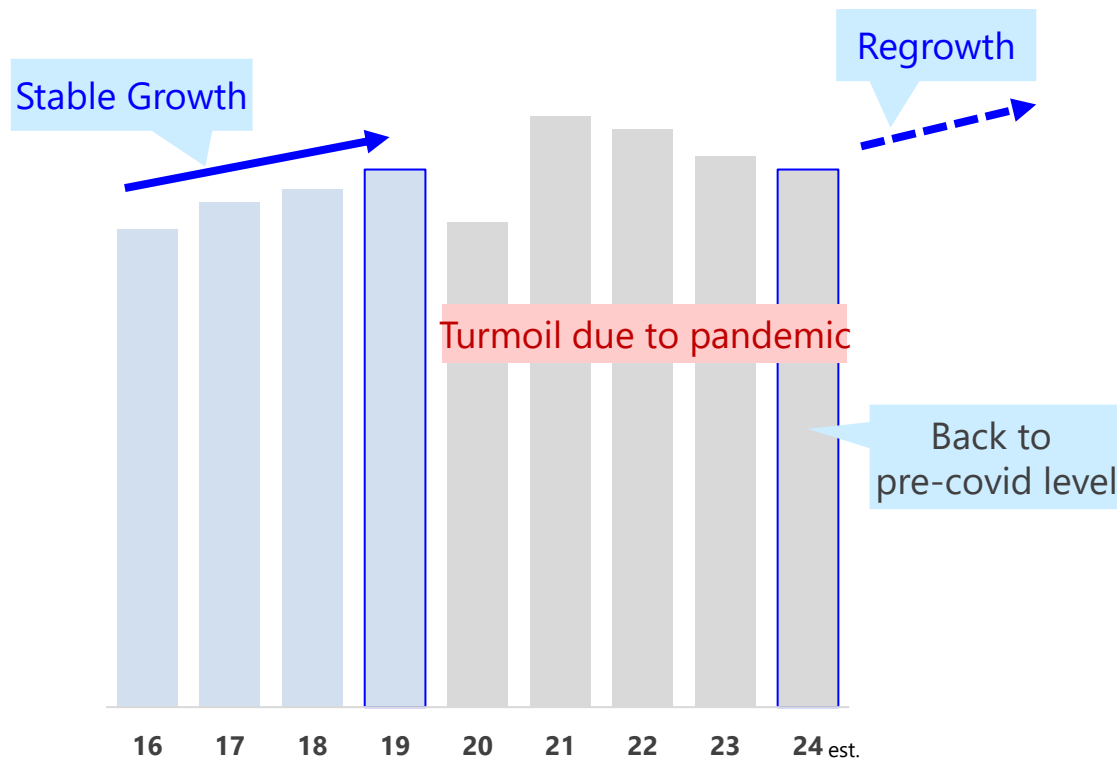
will be resolved in

1	Reactionary fall from pandemic in demand for related products	△	<b>2024Q4</b>
2	Overall excess inventory	△	
3	Excess price competition	△	

## Outlook for FY2025 ②

- The US market, the largest market, is expected to **enter a phase of gradual re-growth**, as the **adjustment period** following the special demand for coronavirus-related products comes to an end and **inflation slows down**
- During the same period, we will pass through the period of confusion **with real revenue growth** through expansion of sales channels, new products, and agile crisis response, etc.

### Musical Instruments market in the U.S.<sup>1</sup>



### Roland U.S. Sales<sup>2</sup>

2019 vs 2024

**Our Growth ~20%**

(Excluding DW, FX)

<sup>1</sup> Estimated 2024 based on 2024 H1 actual (Source: Music Trade Magazine)

<sup>2</sup> 2024 is based on the latest financial forecast.

## Outlook for FY2025 ③

- **Aiming for market growth + $\alpha$**  through market recovery and the creation of demand through new products (excluding the impact of exchange rates)

Growth image for FY2025 (YoY / woFX)			
Keyboards	↑	North America	↑
Perc. & Wind	↑	Europe	↑
Guitar	↑	Japan	↑
Creation	↑	China	→
Video	↓	Others	↑

**1** **FY12/2024 Q3 Results**

**2** **FY12/2024 Forecast (Full Year)**

**3** **Supplemental Information**



## Consolidated Financial Results (July-September period, 3 months)

(JPY mn)	FY12/2023 Q3 3M <sup>1</sup>		FY12/2024 Q3 3M <sup>2</sup>		
	Actual	% of Sales	Forecast	% of Sales	YoY
Sales	<b>25,314</b>	100.0%	<b>22,906</b>	100.0%	<b>-9.5%</b>
Gross Profit	<b>11,453</b>	45.2%	<b>10,062</b>	43.9%	<b>-12.1%</b>
SG&A	<b>7,965</b>	31.5%	<b>8,008</b>	35.0%	<b>+0.5%</b>
Operating Profit	<b>3,487</b>	13.8%	<b>2,053</b>	9.0%	<b>-41.1%</b>
Net Income <sup>3</sup>	<b>2,567</b>	10.1%	<b>594</b>	2.6%	<b>-76.9%</b>
EBITDA	<b>4,176</b>	16.5%	<b>2,766</b>	12.1%	<b>-33.8%</b>

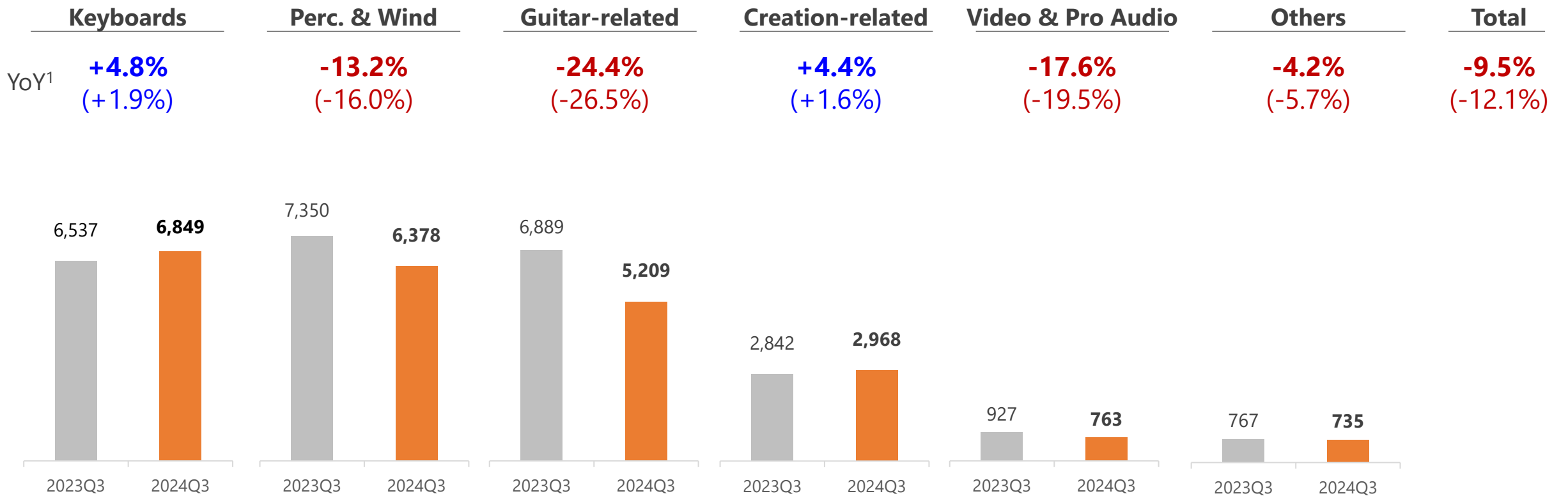
1 Exchange rates for 12/2023 Q3 3M USD/JPY : 144.64, EUR/JPY : 157.35, EUR/USD : 1.088

2 Exchange rates for 12/2024 Q3 3M USD/JPY : 149.34, EUR/JPY : 164.01, EUR/USD : 1.098

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

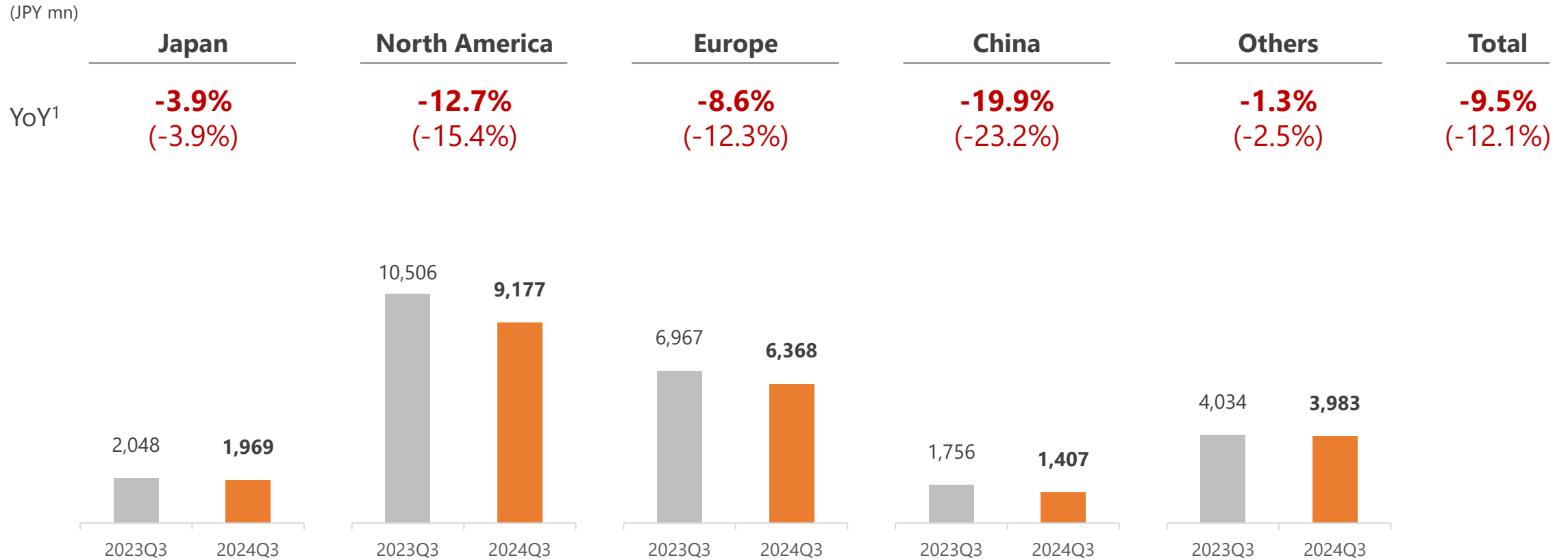
## Sales by Category (July-September period, 3 months)

(JPY mn)



<sup>1</sup> Figures in ( ) are comparisons excluding the effect of exchange rates.

## Sales by Region (July-September period, 3 months)



<sup>1</sup> Figures in ( ) are comparisons excluding the effect of exchange rates.

## Key Consolidated Financials

(JPY mn)	FY2023 Q3	FY2024 Q3	(単位: 百万円)	As of Dec. 31, 2023	As of Sep. 30, 2024
Net sales	71,410	69,611	(JPY mn)	12,883	10,889
Gross profit	31,225	30,245	Cash and deposits	13,805	11,815
Selling, general and administrative expenses	23,481	23,762	Notes and accounts receivable - trade	30,144	33,929
Operating profit	7,744	6,482	Inventories	1,826	2,002
Ordinary profit	7,131	5,322	Other current assets	58,659	58,636
Profit before income taxes	7,126	5,705	Total current assets	9,961	9,536
Profit attributable to owners of parent	5,762	4,288	Net property, plant and equipment	3,129	2,878
EBITDA	9,756	8,626	Goodwill	9,218	9,395
D/E ratio	0.7x	0.5x	Investments and other assets	22,309	21,810
Equity ratio	45.9%	51.6%	Total non-current assets	80,969	80,447
Debt / EBITDA <sup>1</sup>	1.7x	1.6x	Total assets	6,266	6,405
ROE <sup>1</sup>	27.7%	16.2%	Notes and accounts payable - trade	4,300	8,200
ROIC <sup>1</sup>	17.7%	15.2%	Short-term borrowings	8,526	2,371
R&D Expenses	3,617	3,934	Current portion of long-term borrowings	8,948	7,824
Capital Expenditures <sup>2</sup>	1,690	1,209	Other current liabilities	10,056	11,417
Depreciation Expenses	2,011	2,144	Long-term borrowings	2,756	2,423
Free Cash Flow <sup>3</sup>	6,266	2,413	Other long-term liabilities	40,854	38,641
			Total liabilities	40,114	41,805
			Total net assets	80,969	80,447

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.