



Financial Results Highlights

FY12/2021 1Q

May 7, 2021

Roland Corporation



Electronic drums that pursue an acoustic drum-like appearance with a strong presence and performance feel

V-Drums "VAD Series"



Executive Summary

- FY12/2021 1Q Results **exceeded our expectations**
- **Revised up Full Year Forecast for FY12/2021** based on a close analysis of demand conditions and supply certainty
- With the upward revision, expect to **achieve our Mid-Term Plan (FY12/2020-12/2022) one year ahead** of the plan
- Expect **demand to remain stronger than the pre-COVID19** period due to the penetration of new lifestyles

1 **FY12/2021 1Q Results**

2 **FY12/2021 Revised Forecast (Full Year)**

3 **FY12/2021 Revised Forecast (First Half/Second Half)**

4 **Business Updates**

5 **Supplemental Information**

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FY12/2021 1Q Results

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FY12/2021 Revised Forecast (Full Year)

3

FY12/2021 Revised Forecast (First Half/Second Half)

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Business Updates

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Supplemental Information

Highlights

Sales

22.3_{bn}

(YoY **+56.5%**)

- **Substantial increase in all regions and major categories** due to continued strong demand (Inventory secured last 4Q was consumed faster than expected)
- Dramatic recovery in China which had a large COVID-19 impact in 1Q/2020

Operating Profit

4.6_{bn}

(YoY **+321.2%**)

- **Sustained high profit margins** despite higher raw material prices and container shipping costs
- SG&A expenses were maintained at the same level as last year, resulting in **a significant increase in profit** from increased sales

Net Income¹

3.4_{bn}

(YoY **+423.3%**)

- Maintained last year's level of non-operating income and expenses
- Less extraordinary incomes and losses², and higher sales drove profit gains

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

² Extraordinary income and loss 111mn : Provision for loss on competition law 149mn, Gain on sales of non-current assets 262mn

Consolidated Financial Results

| (JPY mn) | FY2020/12 ¹ 1Q | | FY12/2021 ² 1Q | | |
|-------------------------|---------------------------|------------|---------------------------|------------|---------|
| | Actual | % of Sales | Actual | % of Sales | YoY |
| Sales | 14,282 | 100% | 22,355 | 100% | +56.5% |
| Gross Profit | 7,021 | 49.2% | 10,491 | 46.9% | +49.4% |
| SG&A | 5,926 | 41.5% | 5,881 | 26.3% | -0.8% |
| Operating Profit | 1,094 | 7.7% | 4,610 | 20.6% | +321.2% |
| Net Income ³ | 654 | 4.6% | 3,423 | 15.3% | +423.3% |

1 Exchange rates for 1Q of FY12/2020 USD/JPY: 108.94, EUR/JPY: 120.16, EUR/USD: 1.103

2 Exchange rates for 1Q of FY12/2021 USD/JPY: 105.91, EUR/JPY: 127.72, EUR/USD: 1.206

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

Sales by Category

| JPY mn | FY12/2020 1Q | | FY12/2021 1Q | | | | Increase/decrease factors |
|--------------------------------------|---------------|---------|---------------|---------|--------|----------------------------|---|
| | Actual | % total | Actual | % total | YoY | YoY ¹ w/o FX | |
| Keyboards | 4,292 | 30.1% | 6,924 | 31.0% | +61.3% | +57.5% | Portable digital pianos continued to perform well due to Stay-at-Home demand |
| Percussion & Wind Instruments | 2,693 | 18.9% | 5,052 | 22.6% | +87.6% | +84.6% | V-Drums Acoustic Design Series and Electronic Wind Instruments performed strongly |
| Guitar-related Products | 4,084 | 28.6% | 5,588 | 25.0% | +36.8% | +34.6% | Loopers ² and standard compact effectors are doing well. Sales recovery of amplifiers for outdoor use |
| Creation-related Products & Services | 1,731 | 12.1% | 2,836 | 12.7% | +63.8% | +62.3% | Synthesizers with 88 keys are selling well. New products contributed to Dance & DJ products |
| Video & Pro Audio | 915 | 6.4% | 1,273 | 5.7% | +39.2% | +38.4% | Sales of AV mixers and other related products were strong due to increased streaming demand for corporate, educational and personal use |
| Other | 564 | 3.9% | 679 | 3.0% | +20.4% | +19.2% | OEM slowed down due to reduced CAPEX in Karaoke industry, but musical instrument accessories (cables etc.) were strong |
| Total | 14,282 | | 22,355 | | +56.5% | +53.9% | |

¹ Growth rate assuming the exchange rate had been the same for two periods

² An effector that allows you to record and play back instrumental and vocal phrases in a loop. While playing back the recorded phrase repeatedly, you can add new phrases to it and perform in real time.

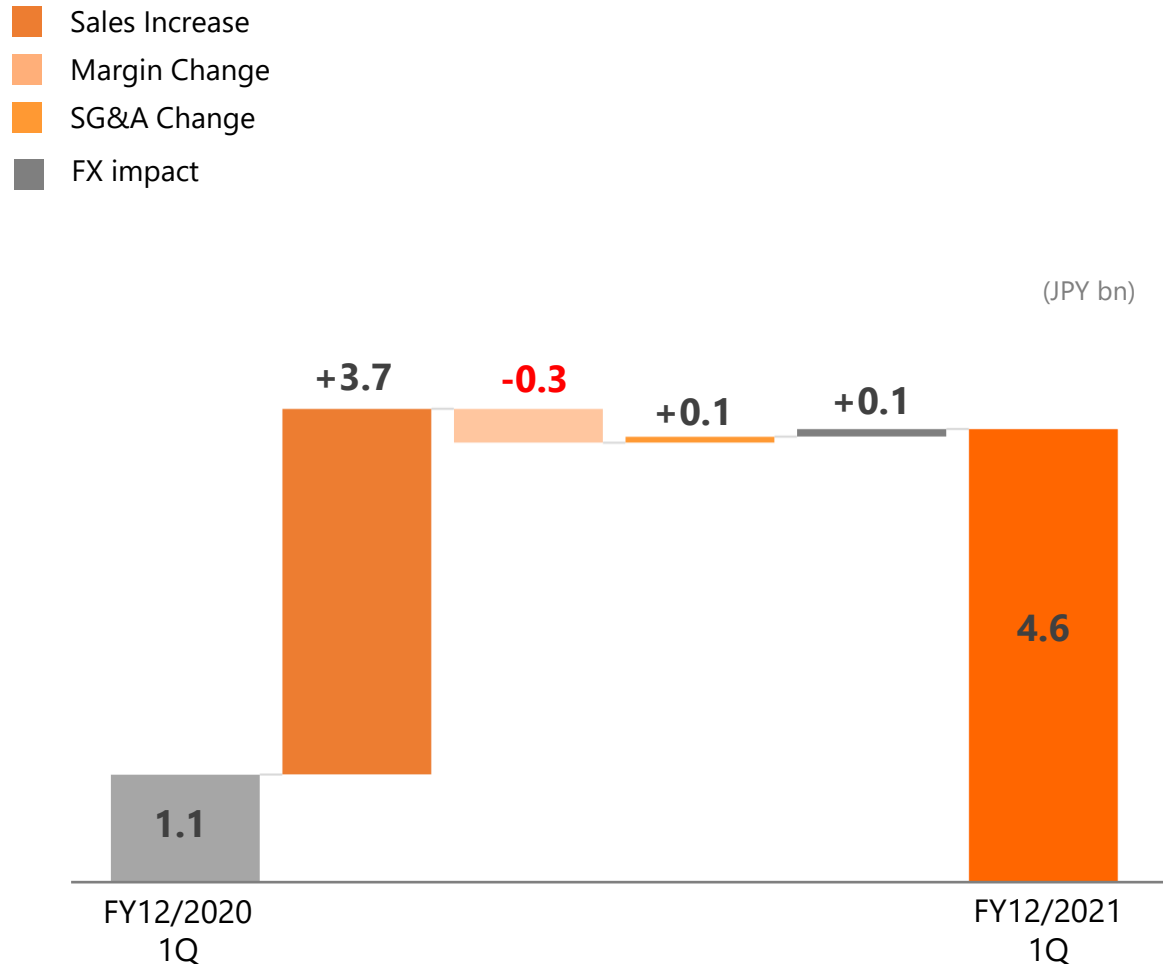
Sales by Region

| | FY12/2020 1Q | | FY12/2021 1Q | | | | |
|---------------|---------------|---------|---------------|---------|---------|----------------------------|---|
| JPY mn | Actual | % total | Actual | % total | YoY | YoY ¹ w/o FX | Increase/decrease factors |
| Japan | 2,162 | 15.1% | 2,841 | 12.7% | +31.4% | +31.4% | The impact of the state of emergency was limited. Continued strong sales of digital pianos and video-related products due to increased demand for streaming |
| North America | 4,091 | 28.6% | 6,440 | 28.8% | +57.4% | +60.9% | Despite prolonged supply lead time due to port congestion, electronic drums, amplifiers for musical instruments, and effectors performed well, especially in online sales |
| Europe | 5,167 | 36.2% | 7,849 | 35.1% | +51.9% | +44.3% | Online sales continue to be strong for a wide range of products, despite restrictions on retail stores due to the re-emergence of COVID-19 |
| China | 1,016 | 7.1% | 2,116 | 9.5% | +108.1% | +99.6% | Situation has improved from the 1Q last year under lockdown. Electronic drums, amplifiers for musical instruments, and electronic wind instruments recovered |
| Other | 1,843 | 13.0% | 3,106 | 13.9% | +68.6% | +66.6% | Demand for electronic musical instruments increased, especially in East Asia and India Some restrictions have resumed, and the uncertainty remains |
| Total | 14,282 | | 22,355 | | +56.5% | +53.9% | |

¹ Growth rate assuming the exchange rate had been the same for two periods

Consolidated Operating Profit

Changes (vs. previous year)



Factors

- **Sales Increase**
 - Gross profit increased due to higher sales

- **Margin Change**
 - Decreased due to soaring raw material and container shipping costs

- **SG&A**
 - Despite a decrease in advertising and sales promotion and travel expenses, the total amount remained at the same level due to an increased in personnel costs per increased sales

- **FX impact**
 - All currency pairs performed more positively than expected in USD/JPY, EUR/JPY and EUR/USD

1 **FY12/2021 1Q Results**

2 **FY12/2021 Revised Forecast (Full Year)**

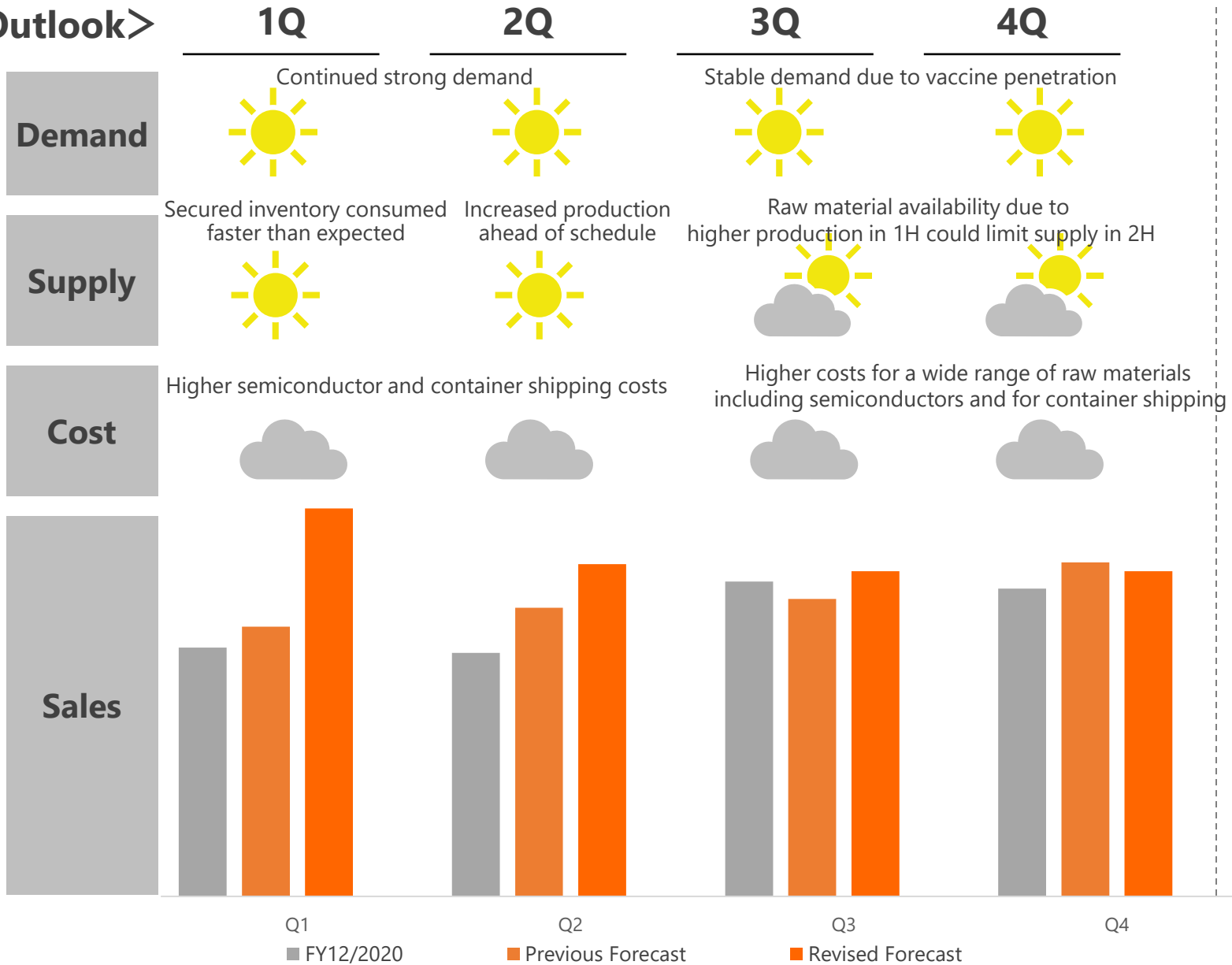
3 **FY12/2021 Revised Forecast (First Half/Second Half)**

4 **Business Updates**

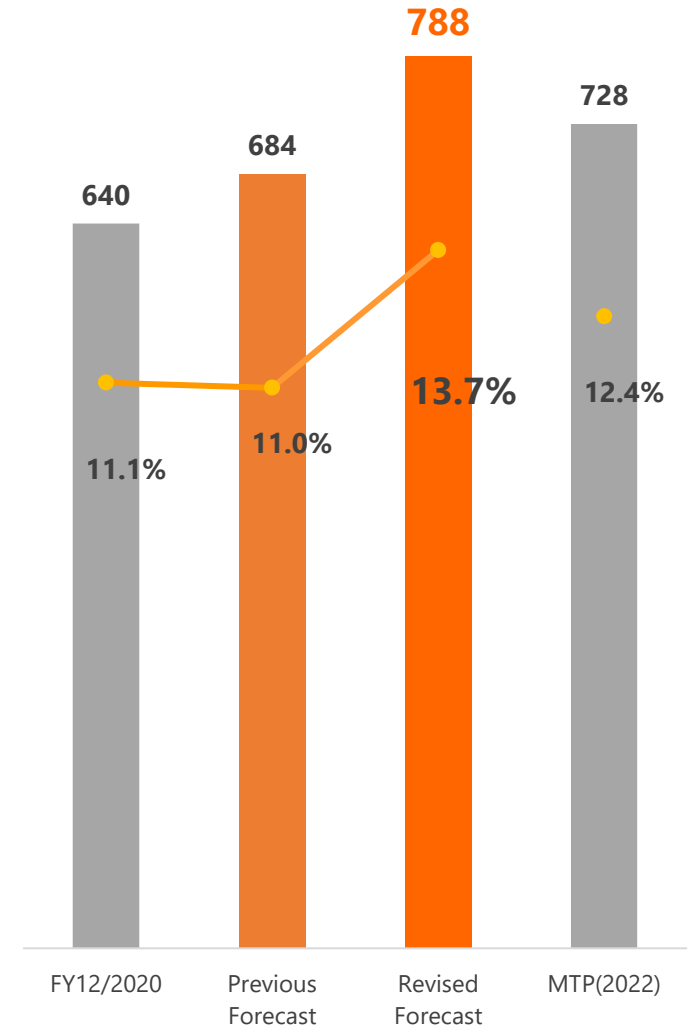
5 **Supplemental Information**

Expect to achieve our MTP one year ahead despite some supply chain uncertainties

<Outlook>



Full Year



Highlights: Expect to achieve MTP one year ahead of the plan

Sales

78.8_{bn}

(vs Previous Forecast)

+15.2%

- Reflected continued strong demand for electronic musical instruments and supply chain certainty
- Electronic musical instruments business expected to post **record-high sales** for the third consecutive year

Operating Profit

10.8_{bn}

(vs Previous Forecast)

+44.0%

- Gross profit margin declines due to continuous rise in raw material and shipping costs
- **Record-high operating profit** amount and margin due to higher sales in first half while managing the SG&A expense level

Net Income¹

7.7_{bn}

(vs Previous Forecast)

+48.1%

- **Significant increase in net income** due to higher sales in first half and the absence of extraordinary losses incurred in the previous year

- We expect to be able to secure the semiconductors necessary to achieve the revised forecast.

Consolidated Financial Forecast

| | FY12/2020 ¹ | | FY12/2021 ² | | | | | |
|-------------------------|------------------------|------------|------------------------|------------|------------------|------------|----------------------|--------|
| (JPY mn) | Actual | % of Sales | Previous Forecast | % of Sales | Revised Forecast | % of Sales | vs Previous Forecast | YoY |
| Sales | 64,044 | 100.0% | 68,400 | 100.0% | 78,800 | 100.0% | +15.2% | +23.0% |
| Gross Profit | 30,379 | 47.4% | 33,000 | 48.2% | 36,800 | 46.7% | +11.5% | +21.1% |
| SG&A | 23,264 | 36.3% | 25,500 | 37.3% | 26,000 | 33.0% | +2.0% | +11.8% |
| Operating Profit | 7,115 | 11.1% | 7,500 | 11.0% | 10,800 | 13.7% | +44.0% | +51.8% |
| Net Income ³ | 4,301 | 6.7% | 5,200 | 7.6% | 7,700 | 9.8% | +48.1% | +79.0% |

1 Exchange rates for FY12/2020 USD/JPY: 106.83, EUR/JPY: 121.85, EUR/USD: 1.141

2 Exchange rates for FY12/2021 USD/JPY: 105.98, EUR/JPY: 127.18, EUR/USD: 1.200

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

Sales by Category

| JPY mn | FY12/2020 | | FY12/2021 | | | | | Supplementary comments |
|--------------------------------------|---------------|---------|------------------|---------|----------------------|---------------|-------------------------|--|
| | Actual | % total | Revised Forecast | % total | vs Previous Forecast | YoY | YoY ¹ w/o FX | |
| Keyboards | 17,842 | 27.9% | 26,000 | 33.0% | +38.3% | +45.7% | +42.1% | <ul style="list-style-type: none"> Stronger-than-expected demand for electronic musical instruments in the new lifestyles Strong demand for electronic instruments continues even in areas where COVID-19 has begun to settle Sales of new products were stronger than expected Raw material procurement situation could restrict supply from 3Q |
| Percussion & Wind Instruments | 14,620 | 22.8% | 17,600 | 22.3% | +14.3% | +20.4% | +17.4% | |
| Guitar-related Products | 16,712 | 26.1% | 18,100 | 23.0% | +2.8% | +8.3% | +5.9% | |
| Creation-related Products & Services | 8,010 | 12.5% | 9,500 | 12.0% | +3.3% | +18.6% | +16.3% | |
| Video & Pro Audio | 4,597 | 7.2% | 5,100 | 6.5% | +2.0% | +10.9% | +9.3% | |
| Other | 2,261 | 3.5% | 2,500 | 3.2% | +4.2% | +10.6% | +6.9% | |
| Total | 64,044 | | 78,800 | | +15.2% | +23.0% | +20.2% | |

1 Growth rate assuming the exchange rate had been the same for two periods

Sales by Region

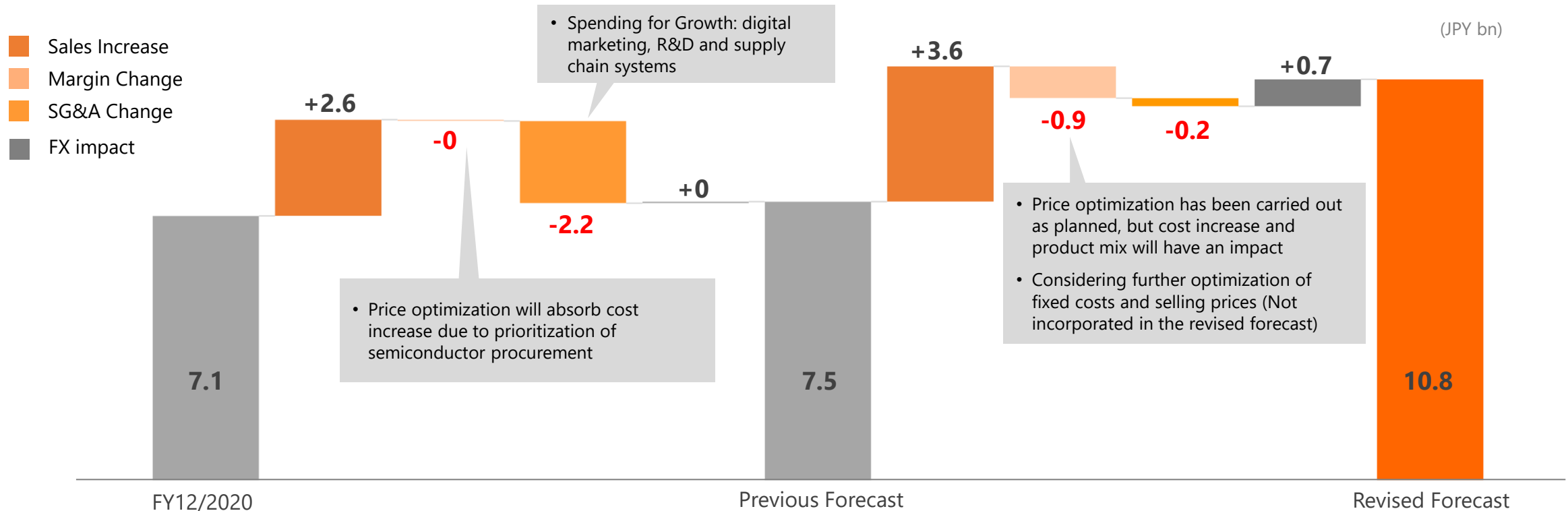
| JPY mn | FY12/2020 | | FY12/2021 | | | | | Supplemental comments |
|---------------|-----------|---------|------------------|---------|----------------------|--------|-------------------------|--|
| | Actual | % total | Revised Forecast | % total | vs Previous Forecast | YoY | YoY ¹ w/o FX | |
| Japan | 9,066 | 14.2% | 9,300 | 11.8% | +1.1% | +2.6% | +2.1% | <ul style="list-style-type: none"> • Significant increase in online channel sales through digital marketing promotion in all areas • In the US, the development of new channels is on track and sales have expanded • From 3Q onwards, changes in the competitive environment due to recovery of competitors' supply issues have been factored in |
| North America | 19,963 | 31.2% | 24,800 | 31.5% | +19.8% | +24.2% | +24.0% | |
| Europe | 21,027 | 32.8% | 25,400 | 32.2% | +13.9% | +20.8% | +16.6% | |
| China | 6,304 | 9.8% | 9,100 | 11.6% | +23.0% | +44.3% | +35.6% | |
| Other | 7,682 | 12.0% | 10,200 | 12.9% | +15.9% | +32.8% | +29.5% | |
| Total | 64,044 | | 78,800 | | +15.2% | +23.0% | +20.2% | |

¹ Growth rate assuming the exchange rate had been the same for two periods

Consolidated Operating Profit

Highlights
vs Previous Forecast

- **Sales Increase:** Expect increase in gross profit amount due to higher sales
- **Margin Change:** Higher raw material and container shipping costs expected to continue, and expansion of entry-level pianos also affects profit margin
- **SG&A Change:** Control overall increase by adjusting advertising and sales expenses to cover the increase in logistics and personnel costs per increased sales
- **FX impact:** Major currency pairs such as USD/JPY, EUR/JPY and EUR/USD to move positively



1 **FY12/2021 1Q Results**

2 **FY12/2021 Revised Forecast (Full Year)**

3 **FY12/2021 Revised Forecast (First Half/Second Half)**

4 **Business Updates**

5 **Supplemental Information**

Both sales and profits are expected to increase on the first half, second half and full year basis

| | First Half | Second Half | Full Year |
|-------------------------|--|---|---|
| | Increase in Sales and Profit | Increase in Sales and Profit | Increase in Sales and Profit |
| Sales | <p style="text-align: center;">41.4bn</p> <ul style="list-style-type: none"> • vs Previous Forecast: +29.0% • Year over Year: +46.6% | <p style="text-align: center;">37.4bn</p> <ul style="list-style-type: none"> • vs Previous Forecast: +3.0% • Year over Year: +4.4% | <p style="text-align: center;">78.8bn</p> <ul style="list-style-type: none"> • vs Previous Forecast: +15.2% • Year over Year: +23.0% |
| Operating Profit | <p style="text-align: center;">6.3bn</p> <ul style="list-style-type: none"> • vs Previous Forecast: +215.0% • Year over Year: +136.3% | <p style="text-align: center;">4.5bn</p> <ul style="list-style-type: none"> • vs Previous Forecast: -18.2% • Year over Year: +1.2% | <p style="text-align: center;">10.8bn</p> <ul style="list-style-type: none"> • vs Previous Forecast: +44.0% • Year over Year: +51.8% |

Consolidated Financial Results / First Half

- Reflecting substantial sales growth in 1Q and strong demand for electronic musical instruments, full year sales forecast up 29% vs. previous forecast
- Decrease in SG&A ratio due to significant revenue growth

| (JPY mn) | FY12/2020 First Half ¹ | | FY12/2021 First Half ² | | | | | |
|-------------------------|-----------------------------------|------------|-----------------------------------|------------|------------------|------------|----------------------|---------|
| | Actual | % of Sales | Previous Forecast | % of Sales | Revised Forecast | % of Sales | vs Previous Forecast | YoY |
| Sales | 28,234 | 100.0% | 32,100 | 100.0% | 41,400 | 100.0% | +29.0% | +46.6% |
| Gross Profit | 13,716 | 48.6% | 14,700 | 45.8% | 19,100 | 46.1% | +29.9% | +39.2% |
| SG & A | 11,050 | 39.1% | 12,700 | 39.6% | 12,800 | 30.9% | +0.8% | +15.8% |
| Operating Profit | 2,666 | 9.4% | 2,000 | 6.2% | 6,300 | 15.2% | +215.0% | +136.3% |
| Net Income ³ | 1,650 | 5.8% | 1,200 | 3.7% | 4,600 | 11.1% | +283.3% | +178.7% |

1 Exchange rates for FY12/2020 First Half USD/JPY: 108.28, EUR/JPY: 119.34, EUR/USD: 1.102

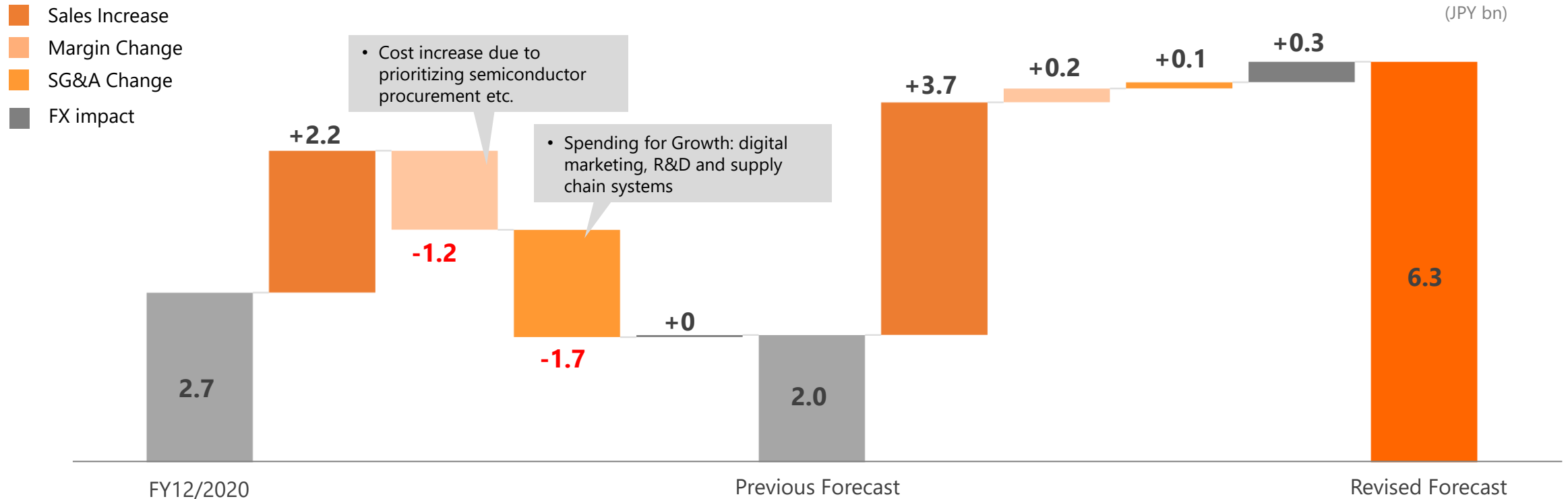
2 Exchange rates for FY12/2021 First Half USD/JPY: 105.96, EUR/JPY: 127.36, EUR/USD: 1.202

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

Consolidated Operating Profit / First Half

Highlights vs Previous Forecast

- **Sales Increase:** Expect increase in gross profit amount due to higher sales
- **Margin Change:** Price optimization effect expected to occur gradually
- **SG&A Change:** Control overall increase by adjusting advertising and sales expenses to cover the increase in logistics and personnel costs per increased sales
- **FX impact:** Major currency pairs such as USD/JPY, EUR/JPY and EUR/USD to move positively



Consolidated Financial Results / Second Half

- Sales remained at the previous forecast excluding the impact of foreign exchange rate (Sales increase including the foreign exchange rate impact)
- Gross profit margin lower than the previous forecast, but improved from the previous year

| (JPY mn) | FY12/2020 Second Half ¹ | | FY12/2021 Second Half ² | | | | | |
|-------------------------|------------------------------------|------------|------------------------------------|------------|---------------|------------|----------------------|--------|
| | Actual | % of Sales | Previous Forecast | % of Sales | Forecast | % of Sales | vs Previous Forecast | YoY |
| Sales | 35,810 | 100.0% | 36,300 | 100.0% | 37,400 | 100.0% | +3.0% | +4.4% |
| Gross Profit | 16,663 | 46.5% | 18,300 | 50.4% | 17,700 | 47.3% | -3.3% | +6.2% |
| SG & A | 12,214 | 34.1% | 12,800 | 35.3% | 13,200 | 35.3% | +3.1% | +8.1% |
| Operating Profit | 4,448 | 12.4% | 5,500 | 15.2% | 4,500 | 12.0% | -18.2% | +1.2% |
| Net Income ³ | 2,651 | 7.4% | 4,000 | 11.0% | 3,100 | 8.3% | -22.5% | +16.9% |

1 Exchange rates for FY12/2020 Second Half USD/JPY: 105.37, EUR/JPY: 124.36, EUR/USD: 1.179

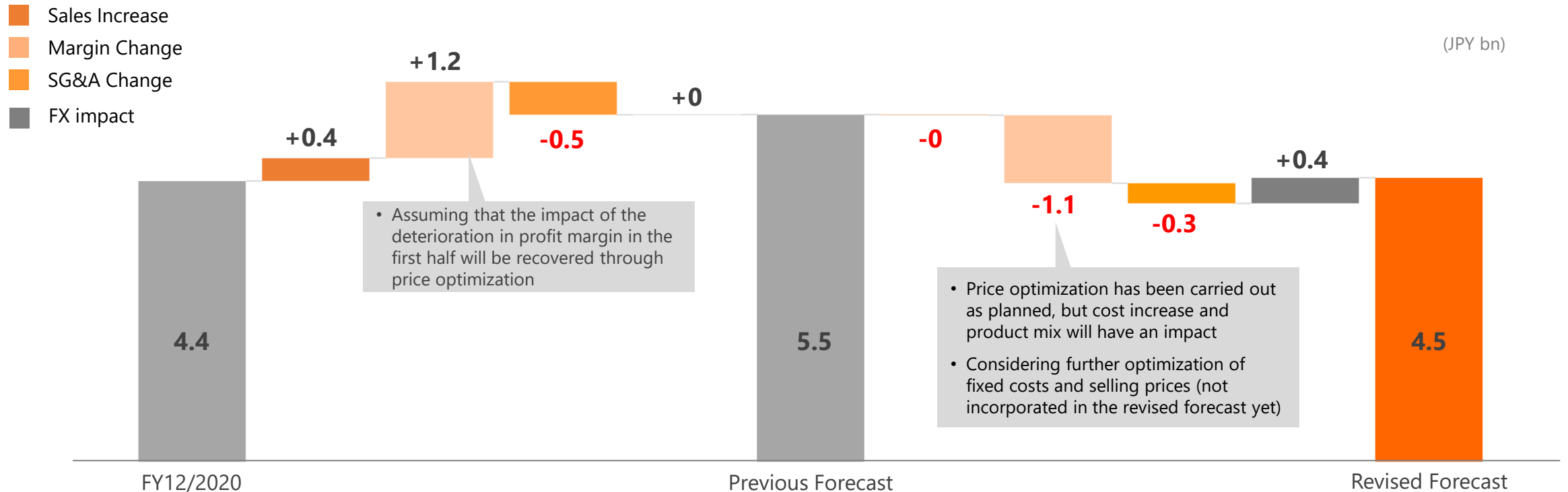
2 Exchange rates for FY12/2021 Second Half USD/JPY: 106.00, EUR/JPY: 127.00, EUR/USD: 1.198

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

Consolidated Financial Results / Second Half

Highlights vs Previous Forecast

- **Sales Increase:** - (Sales forecast remain unchanged)
- **Margin Change:** Higher raw material and container shipping costs expected to continue, and expansion of entry-level pianos also affects profit margin
- **SG&A Change:** Higher personnel expenses due to increase in full-year sales
- **FX impact:** Major currency pairs such as USD/JPY, EUR/JPY and EUR/USD to move positively



Shareholder Returns

Dividend forecast remains unchanged from previous forecast To be disclosed separately in case of revision based on future funding needs

FY12/2021 Dividends Forecast
disclosed Feb.12, 2021

(JPY)

- Second quarter-end: 47
- Fiscal year-end : 47
- Total : 94

<Policy>

The Company's shareholder return policy is to make sustainable and stable dividend payments while flexibly purchasing treasury shares taking into account various factors, including stock market trends and capital efficiency. Through this, we will, in principle, **aim for a consolidated total return ratio of 50%**, or a consolidated total return ratio of 30% or higher even if it is necessary to secure funds for growth investment.

1 **FY12/2021 1Q Results**

2 **FY12/2021 Revised Forecast (Full Year)**

3 **FY12/2021 Revised Forecast (First Half/Second Half)**

4 **Business Updates**

5 **Supplemental Information**

Expect high demand. Consider price optimization to counter soaring raw material costs

Demand

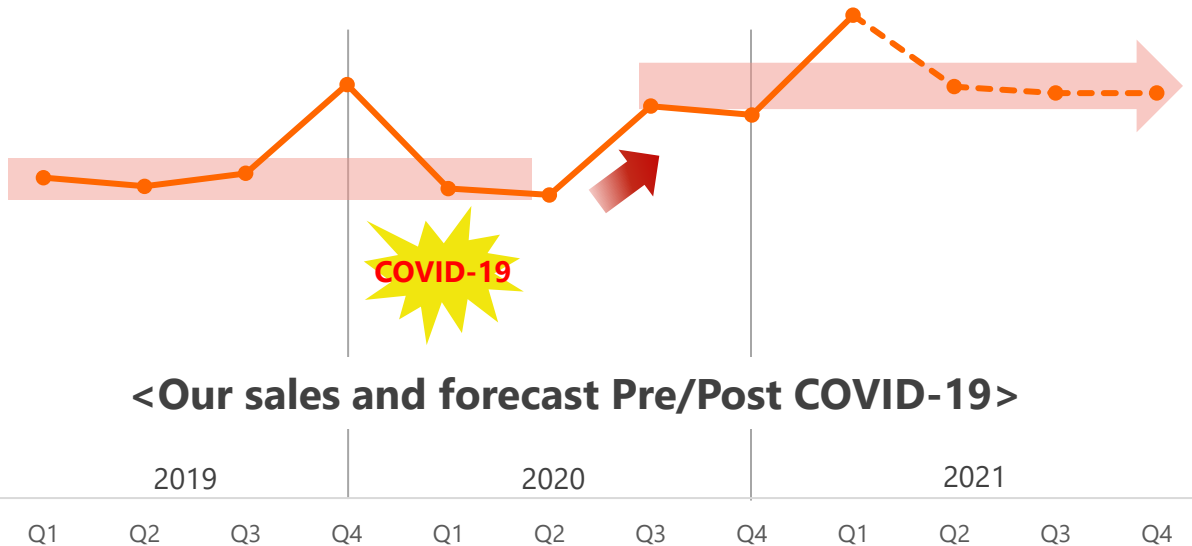
- Stay-at-Home demand expected to relatively relax as vaccination progresses
- But we assume the increased leisure time under **the new lifestyles** will not decrease significantly post COVID-19 (Will not completely return to original lifestyles)
- Expect demand for electronic musical instruments, which are easy to start and compatible with e-commerce, to **continue at a higher level than pre-COVID-19**

Supply

- Tight supply of semiconductors, lockdowns by COVID-19, and other factors continue to **cloud the outlook for procurement and production**

Cost

- Raw material costs are expected to remain high. **Consider further optimization of costs and prices**



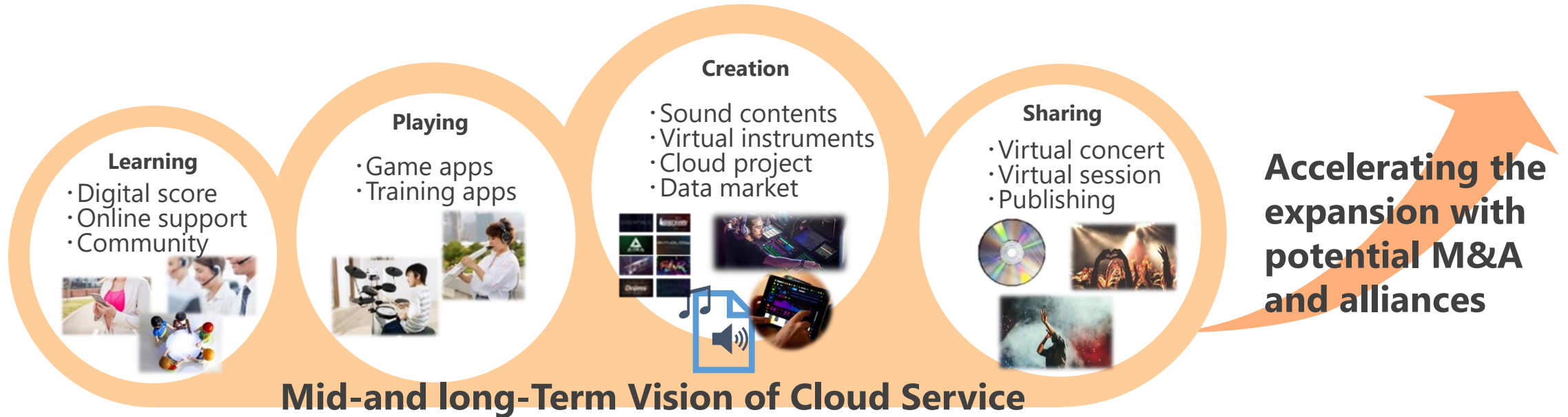
<Our sales and forecast Pre/Post COVID-19>

Despite supply uncertainty, we expect current performance to continue, assuming that **demand will be at a higher level than pre COVID-19 period**

(FY12/2022 Forecast to be disclosed in February 2022)

Update on Roland Cloud

- Providing total solutions for enjoying music not only to existing musicians but also to **Potential Customers** who want to start playing music
- Aiming to become a **Solution Provider** that removes the various “Barriers” to enjoying music



Mid-and long-Term Vision of Cloud Service

**Number of
Subscribers
(approx.)**

| as of 12/2019 | as of 12/2020 | as of 3/2021 |
|---|----------------|----------------|
| 8,000 | 13,000 | 14,300 |
| (Reference) Registered Roland Cloud Account | | |
| — | 102,000 | 122,000 |

**Strengthen
marketing to
new customers**

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2 **FY12/2021 Revised Forecast (Full Year)**

3 **FY12/2021 Revised Forecast (First Half/Second Half)**

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5 **Supplemental Information**

Key Consolidated Financials (PL,B/S)

| (JPY mn) | FY2020 1Q | FY2021 1Q | (JPY mn) | As of Dec. 31, 2020 | As of Mar. 31, 2020 |
|--|--------------|--------------|---|------------------------|------------------------|
| Net sales | 14,282 | 22,355 | Cash and deposits | 10,832 | 12,259 |
| Cost of sales | 7,261 | 11,863 | Notes and accounts receivable - trade | 5,930 | 8,826 |
| Gross profit | 7,021 | 10,491 | Inventories | 18,075 | 18,749 |
| Selling, general and administrative expenses | 5,926 | 5,881 | Other current assets | 1,220 | 762 |
| Operating profit | 1,094 | 4,610 | Total current assets | 36,058 | 40,597 |
| Other income (expenses) | -221 | -128 | Net property, plant and equipment | 5,761 | 5,766 |
| Profit before income taxes | 873 | 4,481 | Goodwill | 22 | 22 |
| Total income taxes | 216 | 1,056 | Investments and other assets | 4,254 | 3,742 |
| Profit attributable to owners of parent | 654 | 3,423 | Total non-current assets | 10,038 | 9,532 |
| EBITDA | 1,482 | 5,005 | Total assets | 46,096 | 50,130 |
| D/E ratio | 0.7x | 0.4x | Notes and accounts payable - trade | 5,228 | 5,662 |
| Equity ratio | 40.5% | 47.0% | Short-term borrowings | 138 | 127 |
| Debt / EBITDA ¹ | 2.0x | 0.5x | Current portion of long-term borrowings | 3,935 | 3,904 |
| ROE ¹ | 15.9% | 60.7% | Other current liabilities | 7,678 | 7,878 |
| FCF ² | 870 | 2,499 | Long-term borrowings | 5,762 | 5,543 |
| FCF conversion | 132.5% | 73.0% | Other long-term liabilities | 3,203 | 3,187 |
| | | | Total liabilities | 25,945 | 26,302 |
| | | | Total net assets | 20,151 | 23,827 |
| | | | Total liabilities and net assets | 46,096 | 50,130 |

¹ Debt / EBITDA and ROE are calculated on an annually adjusted basis

² FCF 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.