



Financial Results Highlights

FY12/2021 3Q

Nov 5, 2021

Roland Corporation



WAZA-AIR BASS, a wireless
headphone amp that uses own
3D acoustic technology

Main unit (center) and
transmitter (right)

Executive Summary

- FY12/2021 Full Year Forecast (revised up in May) for a **Significant Growth in Sales (YoY +23%) Remains Unchanged**
- **Continued Strong Demand for Electronic Musical Instruments** as new lifestyles becoming settled habits
- The Malaysian factory has **Recovered beyond Our Expectations**
- Procurement, Transportation, and Cost situations remain challenging

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FY12/2021 3Q Results

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FY12/2021 Forecast (Full Year)

3

Supplemental Information

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FY12/2021 3Q Results

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FY12/2021 Forecast (Full Year)

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Supplemental Information

Highlights

Sales

60.6_{bn}

(YoY **+31.0%**)

- **Strong in all regions and categories** due to robust demand
- Order Backlog increased by Y3bn from 2Q due to supply constraints
- **Substantial YoY increase** due to aggressive production and sales in 1H

Operating Profit

9.6_{bn}

(YoY **+77.8%**)

- **Substantial increase** due to higher sales and price increase, despite rising raw material and container costs
- **SG&A ratio improved significantly**, down 6 ppt vs. FY2020

Net Income¹

7.7_{bn}

(YoY **+132.4%**)

- Decrease in tax expenses² of approximately Y0.6bn
- Non-operating income and expenses at the previous year's level

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

² Mainly deferred tax assets due to reorganization of the US subsidiaries (V-MODA merged with Roland US)

Consolidated Financial Results

(JPY mn)	FY2020/12 ¹ 3Q		FY12/2021 ² 3Q		
	Actual	% of Sales	Actual	% of Sales	YoY
Sales	46,321	100.0%	60,668	100.0%	+31.0%
Gross Profit	22,432	48.4%	28,130	46.4%	+25.4%
SG&A	16,996	36.7%	18,465	30.4%	+8.6%
Operating Profit	5,435	11.7%	9,664	15.9%	+77.8%
Net Income ³	3,331	7.2%	7,741	12.8%	+132.4%

1 Exchange rates for FY12/2020 3Q USD/JPY : 107.60, EUR/JPY : 120.94, EUR/USD : 1.124

2 Exchange rates for FY12/2021 3Q USD/JPY : 108.50, EUR/JPY : 129.87, EUR/USD : 1.197

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

Sales by Category

JPY mn	FY12/2020 3Q		FY12/2021 3Q				Situation
	Actual	% total	Actual	% total	YoY	YoY ¹ w/o FX	
Keyboards	12,720	27.5%	18,584	30.6%	+46.1%	+40.0%	Portable digital pianos continued to perform well
Percussion & Wind Instruments	10,252	22.1%	14,524	23.9%	+41.7%	+35.6%	V-Drums Acoustic Design Series and Electronic Wind Instruments performed strongly
Guitar-related Products	12,330	26.6%	14,782	24.4%	+19.9%	+15.2%	Anniversary models and standard compact effectors contributed. In addition to guitar amps, MI and outdoor amps also performed well
Creation-related Products & Services	6,175	13.3%	7,706	12.7%	+24.8%	+20.8%	Synthesizers with 88 keys and stage pianos are selling well. New products contributed to Dance & DJ
Video & Pro Audio	3,214	7.0%	3,127	5.2%	-2.7%	-4.9%	Individual streaming demand has calmed down. Responding to competitors with pricing and product upgrades
Other	1,628	3.5%	1,943	3.2%	+19.4%	+15.1%	OEM for Karaoke continued to be weak due to Covid-19, but accessories for MI (cables, etc.) were strong
Total	46,321		60,668				

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

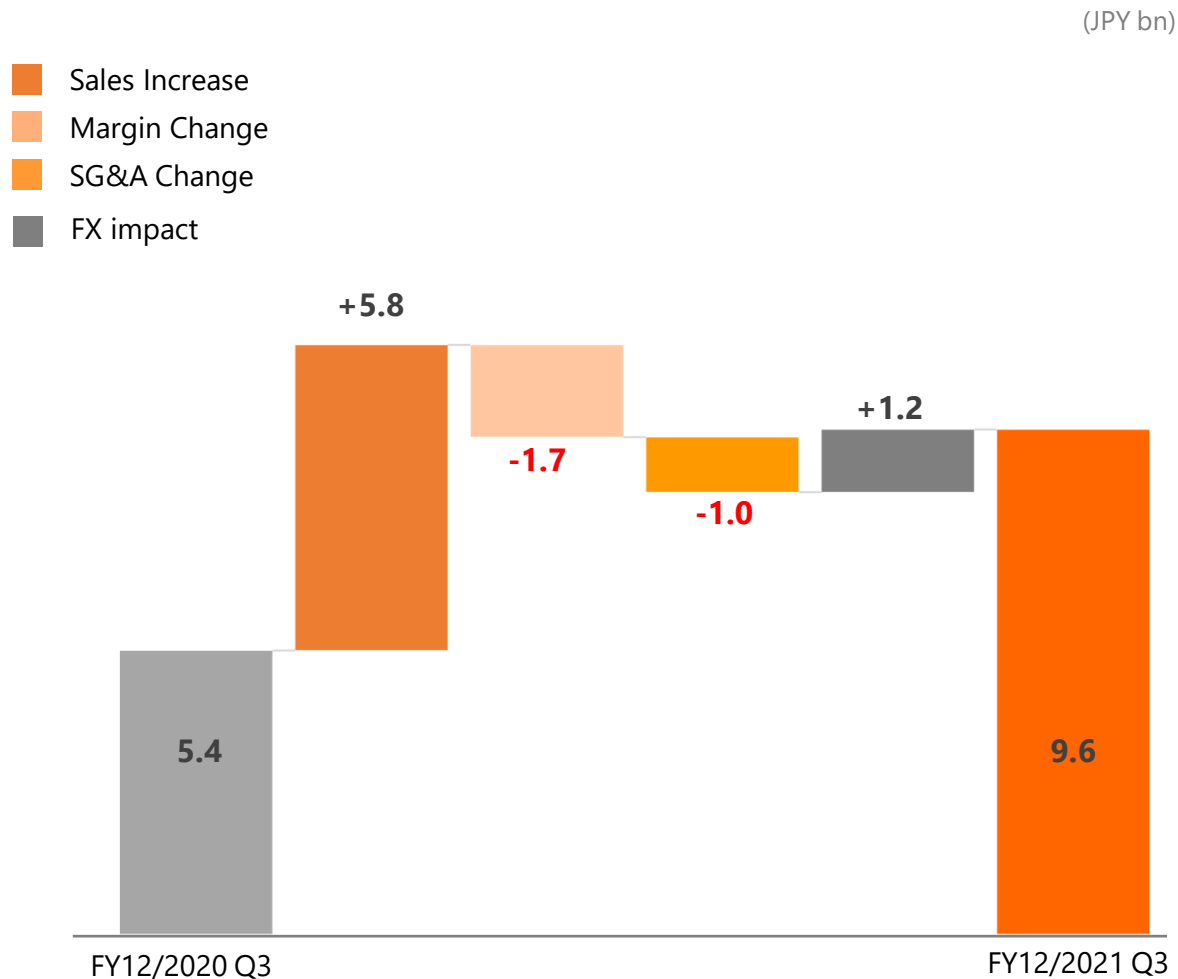
Sales by Region

JPY mn	FY12/2020 3Q		FY12/2021 3Q				Situation
	Actual	% total	Actual	% total	YoY	YoY ¹ w/o FX	
Japan	6,818	14.7%	7,399	12.2%	+8.5%	+8.5%	Electronic pianos and video products were strong. Vaccination rates increased and store customer traffic improved
North America	14,599	31.5%	19,809	32.7%	+35.7%	+33.4%	Electronic pianos, electronic drums, amps for MI, and effectors were strong mainly online. Despite supply delays due to port congestion, store sales are recovering due to vaccinations and reopening
Europe	15,012	32.4%	19,061	31.4%	+27.0%	+19.1%	Although the supply was affected by prolonged lead times for marine transportation, online sales of keyboard instruments, electronic drums, and guitar-related products were strong
China	4,253	9.2%	6,092	10.1%	+43.2%	+32.0%	The situation improved from lockdown. Despite the indirect impact of regulations on private schools, electronic drums recovered in the education channel. Keyboard instruments, amps for MI, and electronic wind instruments were also strong
Other	5,637	12.2%	8,306	13.6%	+47.4%	+40.9%	Although the situation is unstable with changing restrictions, electronic pianos and electronic drums are strong especially in East Asia
Total	46,321		60,668				

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

Consolidated Operating Profit

Changes (vs Previous year)



Factors

- **Sales Increase**
 - ✓ Increase in gross profit due to higher sales
- **Margin Change**
 - ✓ Raw materials and container costs soared
 - ✓ Change in the model mix (entry digital pianos performing well)
 - ✓ Price optimization conducted in 1Q/3Q
Full impact from next year
- **SG&A Change**
 - ✓ Increase in expenses due to increase in personnel and performance-linked compensation
 - ✓ Increase in logistics costs due to sales increase
 - ✓ Increase in advertising and sales expenses (SG&A ratio improved by 6 ppt vs. last year)

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FY12/2021 3Q Results

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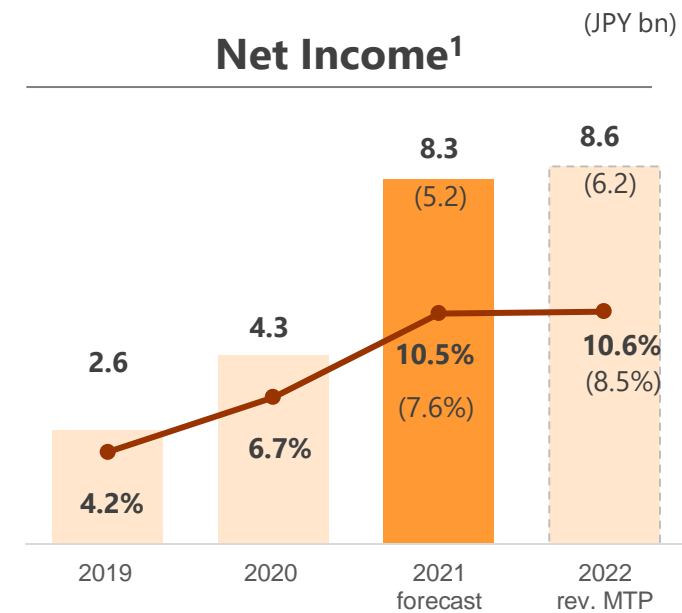
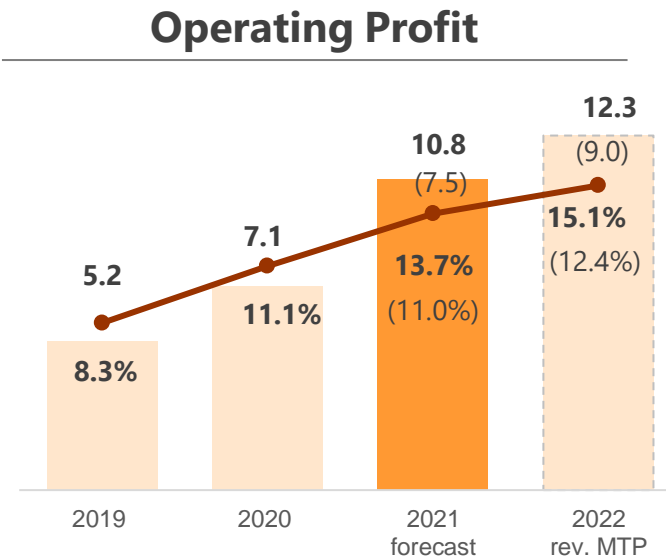
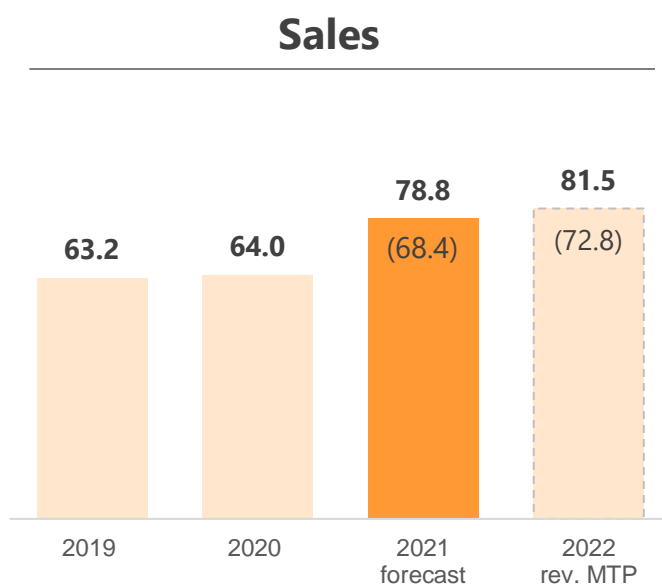
FY12/2021 Forecast (Full Year)

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Supplemental Information

Full-year sales and profits are expected to continue to increase compared to pre-COVID levels

- **Demand for electronic musical instruments remain strong** as new lifestyles penetrate
- **Expect to achieve the revised full-year forecast** by properly managing the serious supply issues and cost increases
- Despite supply chain turmoil, aim to **increase sales and profits in 2022 and beyond** backed by strong demand



※Figures in parentheses are before upward revision

Exchange rates for FY12/2019 USD/JPY : 109.06、EUR/JPY : 122.11、EUR/USD : 1.120
 Exchange rates for FY12/2021 USD/JPY : 105.98、EUR/JPY : 127.18、EUR/USD : 1.200

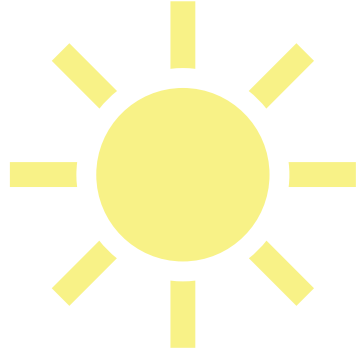
Exchange rates for FY12/2020 USD/JPY : 106.83、EUR/JPY : 121.85、EUR/USD : 1.141
 Exchange rates for FY12/2022 USD/JPY : 106.00、EUR/JPY : 127.00、EUR/USD : 1.198

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

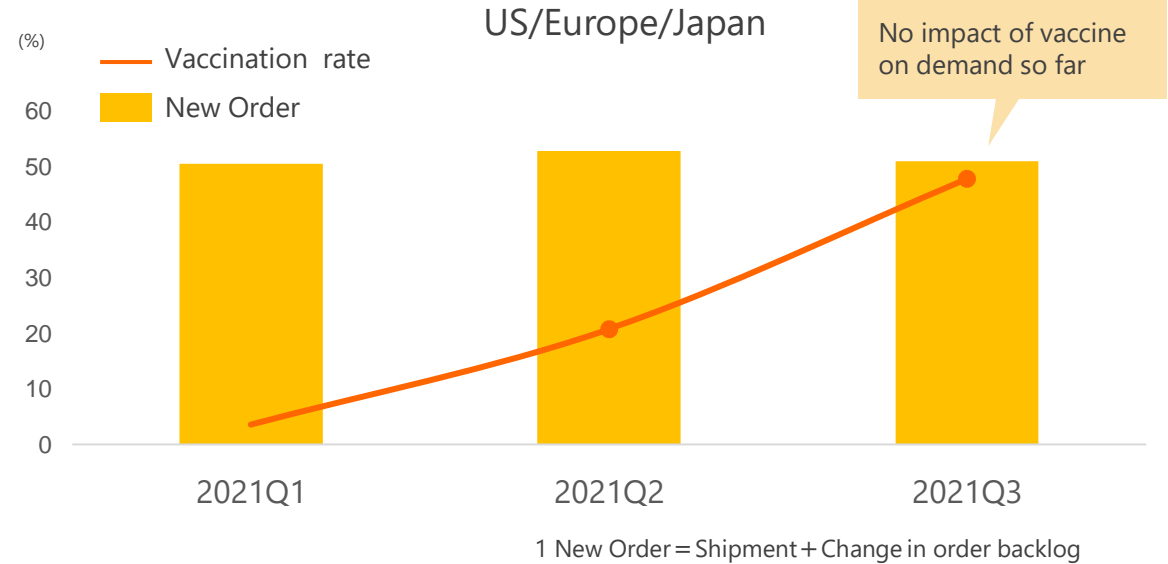
Strong demand continues despite rising costs and prolonged supply challenges

Demand

Strong demand continues even after vaccination **due to new lifestyles becoming settled habits**



<Vaccination rate and our new orders¹>



Supply

- Prolonged lead time

Cost

- **Rising raw material costs**





- Malaysia at **full operation**
- **Keyboard production** in China



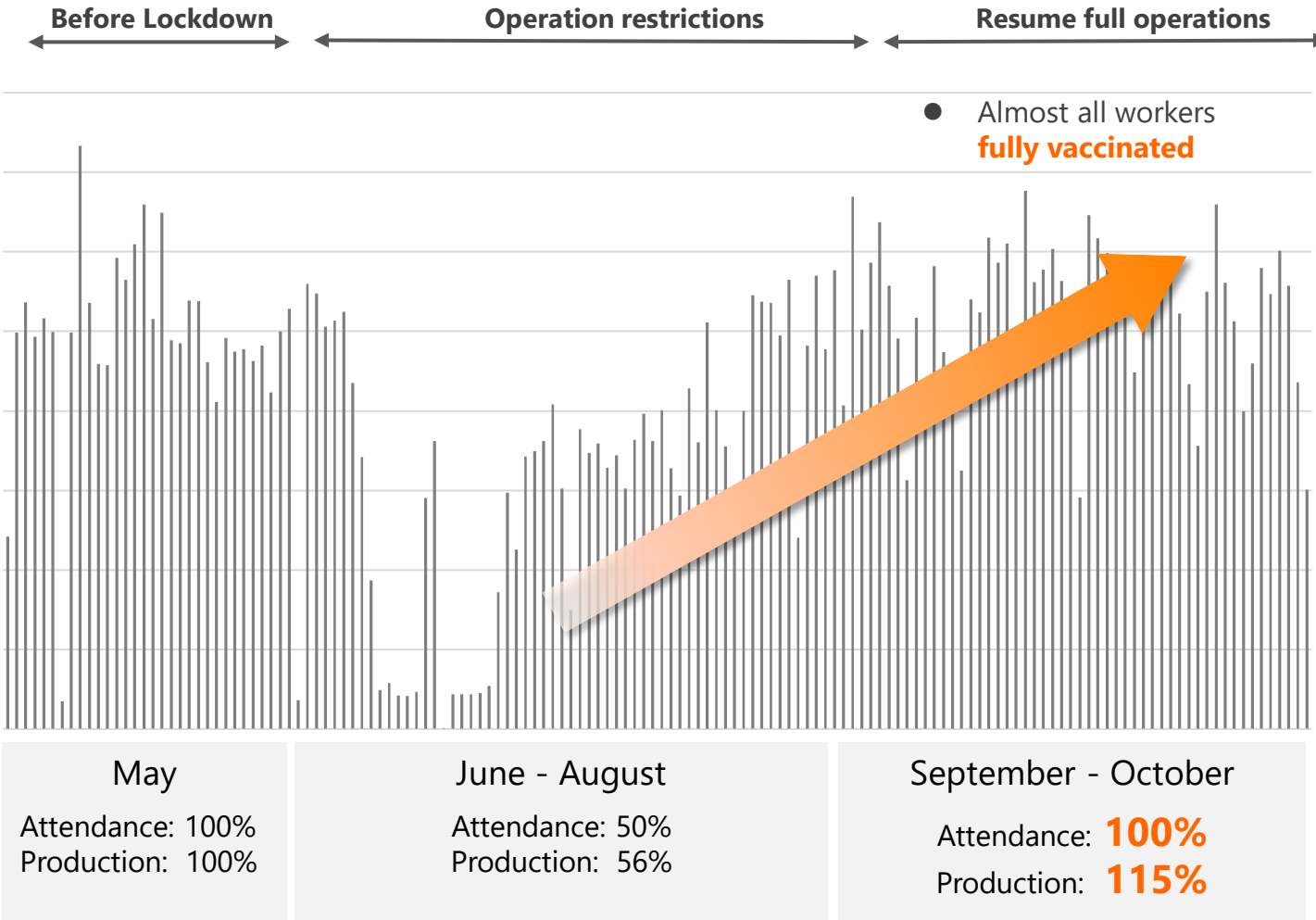
- Container shortage
- **Prolonged shipment lead time**
- Higher container costs

Expect to achieve the full-year forecast by accelerating mitigation measures

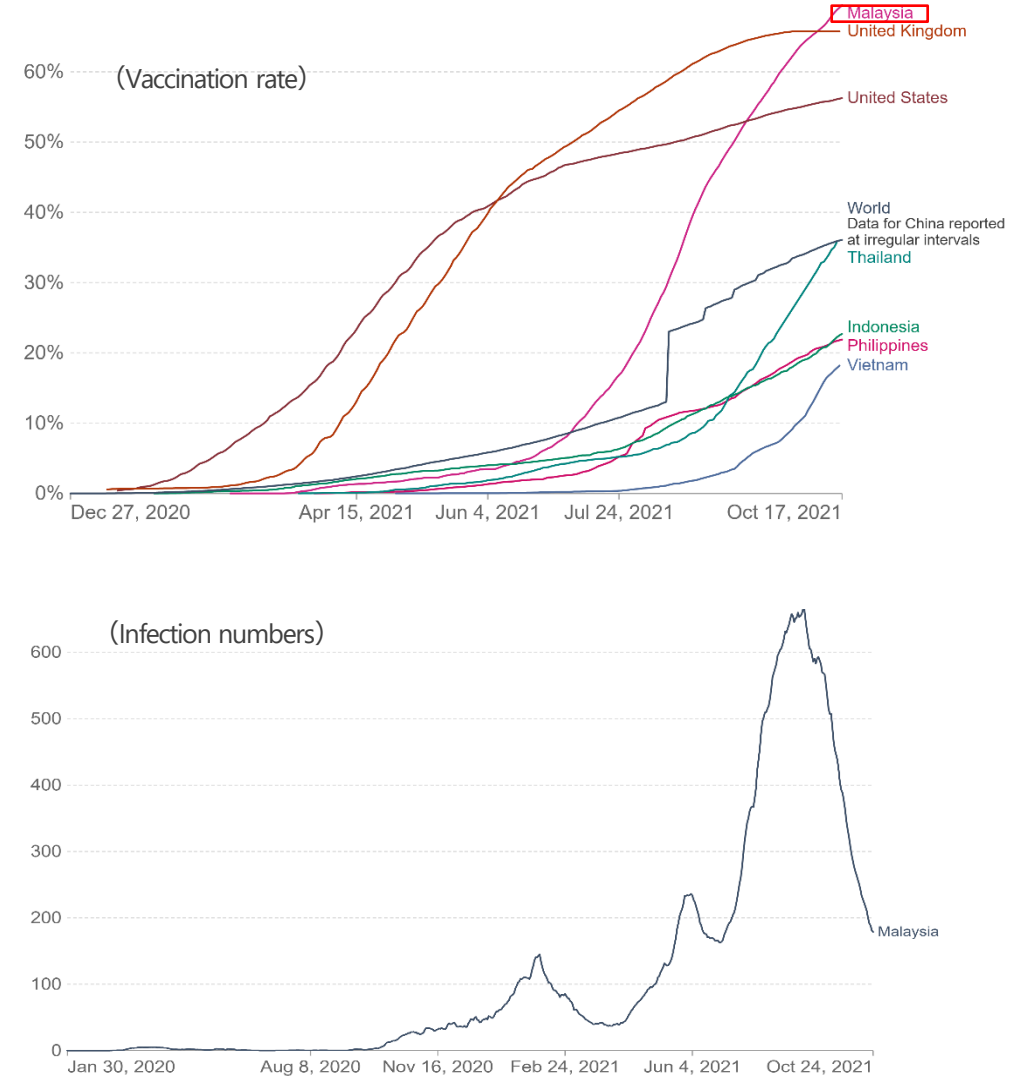
Q3Q4 Initiatives	Progress	Situation and Outlook
<p>Production Catch-up</p>		<ul style="list-style-type: none"> • Malaysia factory is catching up at 100%+ production • China factory started mass production of keyboards in November, gradually expanding production volume
<p>Price Optimization</p>		<ul style="list-style-type: none"> • 2nd Price optimization successfully implemented (Full impact from next year) • Consider further Price optimization from next year onward
<p>Additional Cost Reductions</p>		<ul style="list-style-type: none"> • Planned JPY300mn sales expense reductions • Not reflected in the full-year earnings forecast

Malaysia's situation stabilized and our factory operations recovered sharply

Our daily production amount (May-October)



Malaysia Situation¹



Consolidated Financial Forecast

- Net Income Forecast revised up from **JPY7.7bn to 8.3bn** due to lower tax expenses in 3Q results

(JPY mn)	FY12/2020 ¹		FY12/2021 ²		
	Actual	% of Sales	Forecast	% of Sales	YoY
Sales	64,044	100.0%	78,800	100.0%	+23.0%
Gross Profit	30,379	47.4%	36,200	45.9%	+19.2%
SG & A	23,264	36.3%	25,400	32.2%	+9.2%
Operating Profit	7,115	11.1%	10,800	13.7%	+51.8%
Net Income ³	4,301	6.7%	8,300	10.5%	+92.9%

1 Exchange rates for 12/2020 USD/JPY : 106.83, EUR/JPY : 121.85, EUR/USD : 1.141

2 Exchange rates for 12/2021 USD/JPY : 105.98, EUR/JPY : 127.18, EUR/USD : 1.200

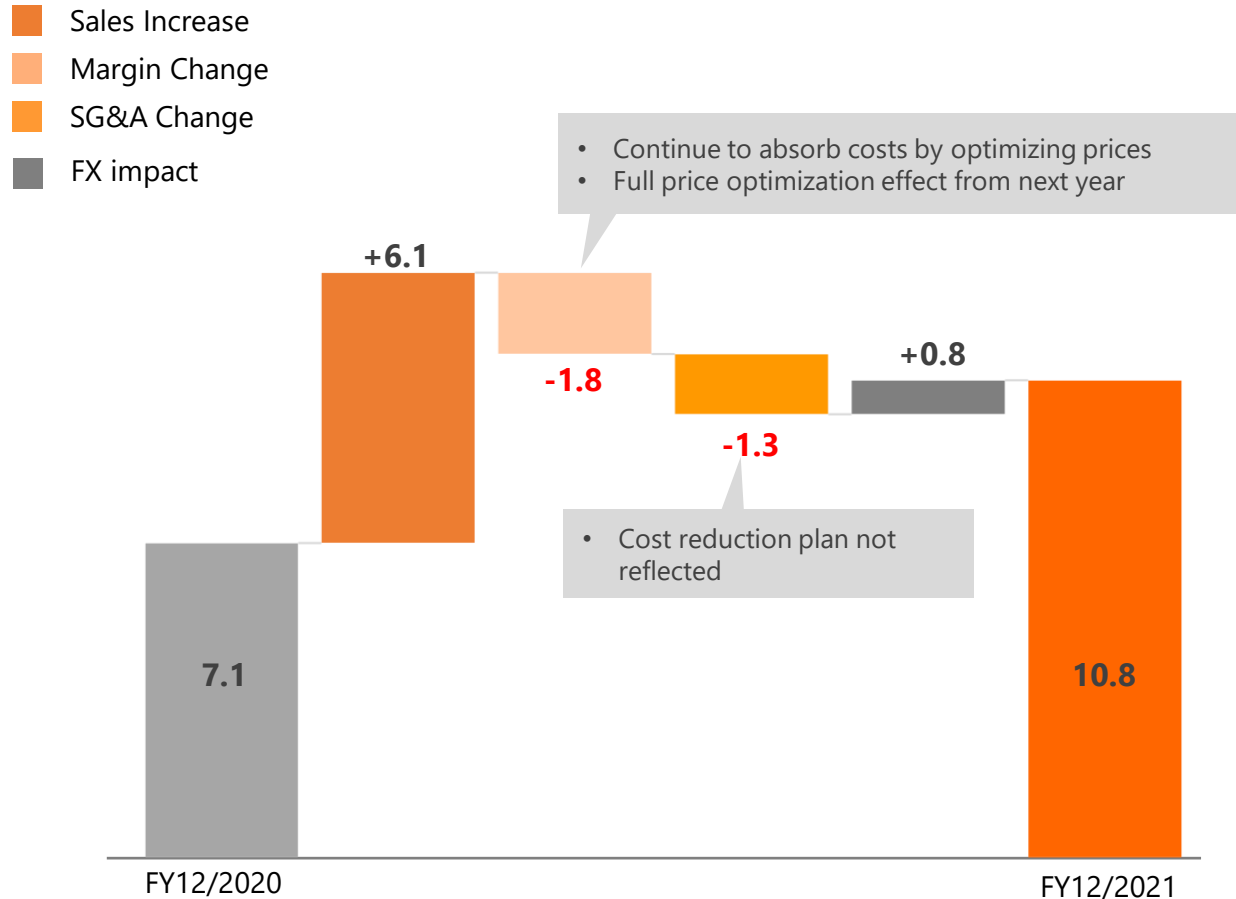
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Consolidated Operating Profit

Changes (vs Previous year)

Factors

(JPY bn)



- **Sales Increase**

- ✓ Increase in gross profit due to higher sales

- **Margin Change**

- ✓ Raw material and container costs soared
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Full impact from next year

- **SG&A Change**

- ✓ Increase in expenses due to increase in personnel and performance-linked compensation
- ✓ Increase in logistics costs due to sales increase
- ✓ Increase in advertising and sales expenses (SG&A ratio improved by 7.3 ppt vs. pre-COVID FY2019)

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FY12/2021 3Q Results

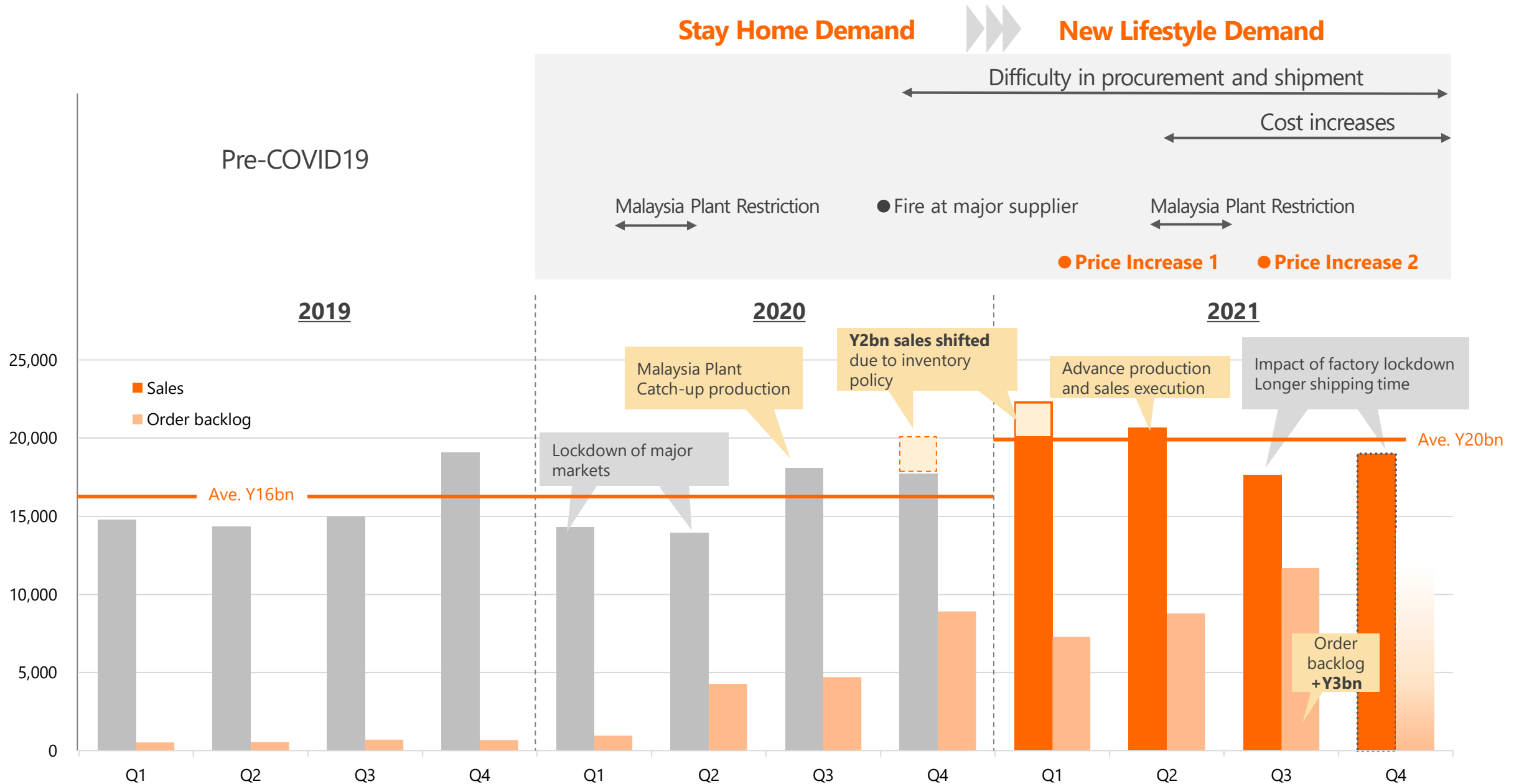
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FY12/2021 Forecast (Full Year)

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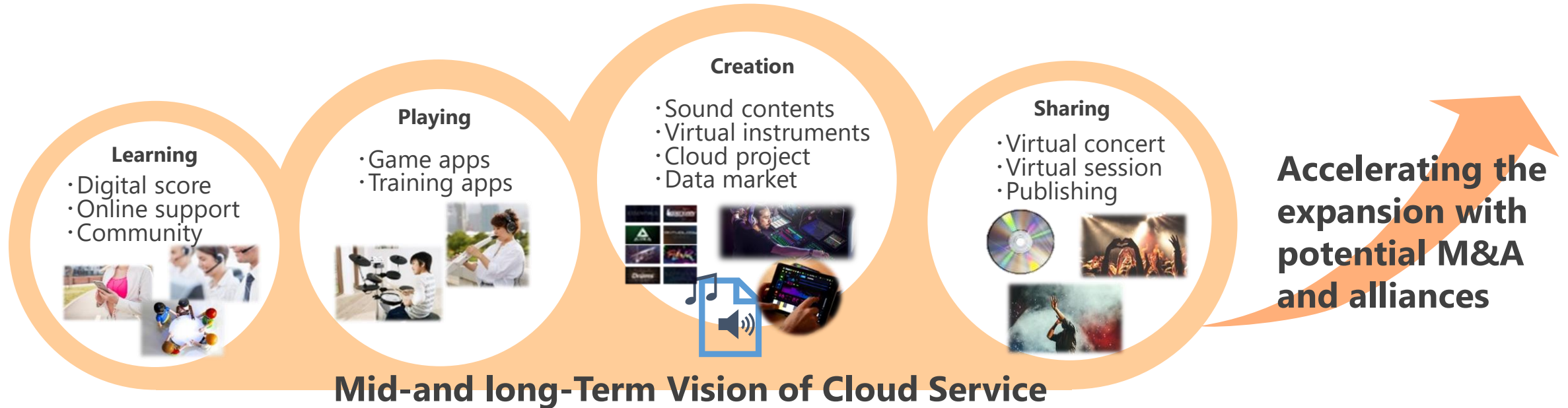
Supplemental Information

Despite supply chain turmoil, demand remains strong compared to pre-COVID levels



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 9/2021	
8,000	13,000	16,100	<ul style="list-style-type: none"> ● Add services for not only music creators but also instrumentalists ● Enhanced service for mobile devices such as smartphones and tablets
(Reference) Registered Roland Cloud Account ¹	103,000	155,000	

¹ Roland Account created for the purpose of using Roland Cloud services

Sales by Category

JPY mn	FY12/2020		FY12/2021			
	Actual	% total	Forecast	% total	YoY	YoY ¹ w/o FX
Keyboards	17,842	27.9%	24,500	31.1%	+37.3%	+33.5%
Percussion & Wind Instruments	14,620	22.8%	19,100	24.2%	+30.6%	+27.3%
Guitar-related Products	16,712	26.1%	18,700	23.7%	+11.9%	+9.3%
Creation-related Products & Services	8,010	12.5%	9,900	12.6%	+23.6%	+21.5%
Video & Pro Audio	4,597	7.2%	4,000	5.1%	-13.0%	-14.3%
Other	2,261	3.5%	2,600	3.3%	+15.0%	+12.9%
Total	64,044		78,800		+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			
	Actual	% total	Forecast	% total	YoY	YoY ¹ w/o FX
Japan	9,066	14.2%	9,500	12.1%	+4.8%	+4.8%
North America	19,963	31.2%	26,200	33.2%	+31.2%	+30.5%
Europe	21,027	32.8%	24,900	31.6%	+18.4%	+13.3%
China	6,304	9.8%	7,900	10.0%	+25.3%	+16.3%
Other	7,682	12.0%	10,300	13.1%	+34.1%	+32.9%
Total	64,044		78,800		+23.0%	+20.2%

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

Key Consolidated Financials (PL, B/S)

(JPY mn)	FY12/2020 3Q	FY12/2021 3Q	(JPY mn)	As of Dec. 31, 2020	As of Sep. 30, 2021
Net sales	46,321	60,668	Cash and deposits	10,832	8,787
Cost of sales	23,888	32,538	Notes and accounts receivable - trade	5,930	8,331
Gross profit	22,432	28,130	Inventories	18,075	22,288
Selling, general and administrative expenses	16,996	18,465	Other current assets	1,220	1,068
Operating profit	5,435	9,664	Total current assets	36,058	40,476
Other income (expenses)	-1,042	-510	Net property, plant and equipment	5,761	5,957
Profit before income taxes	4,392	9,154	Goodwill	22	20
Total income taxes	1,059	1,411	Investments and other assets	4,254	4,573
Profit attributable to owners of parent	3,331	7,741	Total non-current assets	10,038	10,552
EBITDA	6,552	10,862	Total assets	46,096	51,028
D/E ratio	0.5x	0.3x	Notes and accounts payable - trade	5,228	6,824
Equity ratio	41.6%	51.5%	Short-term borrowings	138	—
Debt / EBITDA ¹	1.2x	0.5x	Current portion of long-term borrowings	3,935	1,252
ROE ¹	23.5%	41.4%	Other current liabilities	7,678	7,273
FCF ²	4,662	3,661	Long-term borrowings	5,762	6,135
FCF conversion	139.9%	47.3%	Other long-term liabilities	3,203	3,001
			Total liabilities	25,945	24,486
			Total net assets	20,151	26,542
			Total liabilities and net assets	46,096	51,028

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

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