

Annual Securities Report

For the 50th Fiscal Year
(January 1, 2021 through December 31, 2021)

Roland Corporation

1. This is an English translation of the Annual Securities Report (*Yukashoken Hokokusho*), which was produced based on Article 24, Paragraph 1 of the Financial Instruments and Exchange Act of Japan and filed via the Electronic Disclosure for Investors' NETwork (EDINET) system as set forth in Article 27-30-2 of the same act. The translation includes a table of contents and pagination that are not included in the electronic filing.
2. Appended to the back of this document are English translations of the independent auditors' report attached to the Annual Securities Report when it was filed using the aforementioned method, and the internal control report and the confirmation note that were filed at the same time as the Annual Securities Report.
3. This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

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Cover

Document title	Annual Securities Report
Clause of stipulation	Article 24, Paragraph 1 of the Financial Instruments and Exchange Act
Place of filing	Director, Kanto Local Finance Bureau
Filing date	March 9, 2022
Fiscal year	The 50th fiscal year (January 1, 2021 through December 31, 2021)
Company name	Roland Kabushiki Kaisha
Company name in English	Roland Corporation
Title and name of representative	Jun-ichi Miki, CEO and Representative Director
Address of registered headquarters	2036-1 Nakagawa, Hosoe-cho, Kita-ku, Hamamatsu-shi, Shizuoka
Telephone number	+81-53-523-0230
Name of contact person	Shunsuke Sugiura, CFO and Senior Executive Officer
Nearest place of contact	2036-1 Nakagawa, Hosoe-cho, Kita-ku, Hamamatsu-shi, Shizuoka
Telephone number	+81-53-523-0230
Name of contact person	Shunsuke Sugiura, CFO and Senior Executive Officer
Place for public inspection	Tokyo Stock Exchange, Inc. (2-1 Nihonbashi Kabutocho, Chuo-ku, Tokyo)

Section 1 Company Information

Item 1. Overview of Company

1. Key Financial Data

(1) Consolidated financial data

Fiscal year		47th	48th	49th	50th
Year ended		December 31, 2018	December 31, 2019	December 31, 2020	December 31, 2021
Net sales	(million yen)	61,153	63,247	64,044	80,032
Ordinary profit	(million yen)	5,169	4,726	6,277	10,102
Profit attributable to owners of parent	(million yen)	3,048	2,629	4,301	8,586
Comprehensive income	(million yen)	174	2,122	3,934	11,361
Net assets	(million yen)	18,522	18,227	20,151	28,656
Total assets	(million yen)	41,144	43,532	46,096	52,807
Net assets per share	(yen)	693.09	670.07	730.91	1,030.19
Basic earnings per share	(yen)	113.53	97.92	160.13	312.73
Diluted earnings per share	(yen)	–	–	155.37	306.26
Equity-to-asset ratio	(%)	45.2	41.3	43.1	53.7
Rate of return on equity	(%)	12.5	14.4	22.7	35.6
Price-earnings ratio	(times)	–	–	19.7	12.6
Net cash provided by (used in) operating activities	(million yen)	3,250	4,992	6,902	4,929
Net cash provided by (used in) investing activities	(million yen)	154	(1,588)	(901)	(803)
Net cash provided by (used in) financing activities	(million yen)	(5,797)	(3,146)	(3,669)	(6,071)
Cash and cash equivalents at end of period	(million yen)	9,052	8,815	10,832	8,781
Number of employees [separately, average number of temporary employees]	(persons)	2,402 [28]	2,565 [24]	2,601 [330]	2,730 [334]

Notes: 1. Net sales do not include the consumption taxes.

2. Net assets per share, basic earnings per share, and diluted earnings per share are computed using the number of shares issued at end of the period and the average number of shares of common stock during the period, which are calculated by subtracting the number of treasury shares from these shares. These treasury shares include the treasury shares remaining in Board Benefit Trust, Employee Stock Ownership Plan Trust and Employee Shareholding Association-type ESOP Trust.

3. For the 47th and 48th fiscal years, the amounts of diluted earnings per share are not stated since the shares of the Company were not publicly traded back then, and thus, the average share prices during the periods were unavailable, although diluted shares existed.

4. For the 47th and 48th years, the values of price-earnings ratio are not stated since the shares of the Company were not publicly traded back then.

5. *Partial Amendments to Accounting Standard for Tax Effect Accounting* (ASBJ Statement No. 28, February 16, 2018) has been applied since the beginning of the 48th fiscal year, and therefore, key financial data for the 47th fiscal year are computed with the amendments applied retrospectively.

6. The Company conducted a 30-for-1 common stock split effective on September 14, 2020. Net assets per share, basic earnings per share and diluted earnings per share are computed on the assumption that the stock split had been conducted at the beginning of the 47th fiscal year.

7. The increase in the average number of temporary employees in the 49th fiscal year is due primarily to mid-term hiring of employees to support production by a subsidiary in Malaysia.

(2) Financial data of reporting company (Non-consolidated)

Fiscal year		46th	47th	48th	49th	50th
Year ended		December 31, 2017	December 31, 2018	December 31, 2019	December 31, 2020	December 31, 2021
Net sales	(million yen)	43,081	24,655	24,924	25,966	29,624
Ordinary profit	(million yen)	5,863	3,214	3,341	5,773	7,183
Profit	(million yen)	4,065	1,660	2,220	5,106	6,018
Share capital	(million yen)	9,421	9,421	9,421	9,490	9,585
Total number of issued shares	(shares)	911,461	911,461	911,461	27,581,366	27,970,534
Net assets	(million yen)	27,453	16,687	17,448	20,514	23,856
Total assets	(million yen)	40,119	34,869	37,863	41,699	41,445
Net assets per share	(yen)	30,612.03	618.90	645.93	749.42	861.81
Dividend per share [Of which, the amount of interim dividend paid per share]	(yen)	– [–]	13,064 [–]	3,062 [1,646]	72 [36]	138 [69]
Basic earnings per share	(yen)	4,542.16	61.83	82.68	190.08	219.19
Diluted earnings per share	(yen)	–	–	–	184.43	214.65
Equity-to-asset ratio	(%)	68.3	47.7	45.8	48.8	57.3
Rate of return on equity	(%)	15.9	7.5	13.1	27.1	27.3
Price-earnings ratio	(times)	–	–	–	16.6	17.9
Payout ratio	(%)	–	717.2	125.7	38.7	64.1
Number of employees	(persons)	761	828	857	857	867
Total shareholder return (Benchmark: TOPIX Total Return Index)	(%) (%)	– (–)	– (–)	– (–)	– (–)	129.1 (112.7)
Highest share price	(yen)	–	–	–	3,380	6,560
Lowest share price	(yen)	–	–	–	2,851	3,105

Notes: 1. Net sales do not include the consumption taxes.

2. Net assets per share, basic earnings per share, and diluted earnings per share are computed using the number of shares issued at end of the period and the average number of shares of common stock during the period, which are calculated by subtracting the number of treasury shares from these shares. These treasury shares include the treasury shares remaining in Board Benefit Trust, Employee Stock Ownership Plan Trust and Employee Shareholding Association-type ESOP Trust.

3. For the 46th, 47th and 48th fiscal years, the amounts of diluted earnings per share are not stated because the shares of the Company were not publicly traded back then, and thus, the average share prices during the periods were unavailable, although diluted shares existed.

4. From the 46th through 48th fiscal years, the values of price-earnings ratio are not stated because the shares of the Company were not publicly traded back then.

5. Payout ratio is calculated by dividing the total amount of dividends by the amount of profit. For the 46th fiscal year, dividends are not stated as no dividends were paid during these periods.

6. The number of temporary employees is not stated as the total number of temporary employees was less than ten hundredth (10/100) of the number of employees.

7. Decreases in net sales and ordinary profit during the 47th fiscal year is attributable mainly to the transfer of some functions to a Malaysian subsidiary.

8. The financial statements for the 47th fiscal year and beyond are audited by Grant Thornton Taiyo LLC in accordance with Article 193-2, Paragraph 1 of the Financial Instruments and Exchange Act of Japan. The figures in the financial statements for the 46th fiscal year, however, are computed based on provisions of the Regulations on Corporate Accounting (Ministry of Justice Order No.13 of 2006) and have not obtained audit certification as stipulated in provisions of Article 193-2, Paragraph 1 of the Financial Instruments and Exchange Act.

9. The Company conducted a 30-for-1 common stock split effective on September 14, 2020. Net assets per share, basic earnings per share and diluted earnings per share are calculated on assumption that the stock split was conducted at the beginning of the 47th fiscal year. Dividend paid per share in and before the 48th fiscal year represents the amount before the stock split, while the amount of interim dividend paid per share in the 49th fiscal year reflects the stock split.
10. Total shareholder return and its benchmark are not stated for the 46th through 49th fiscal years, as the Company listed its shares on the First Section of the Tokyo Stock Exchange on December 16, 2020.
11. The fiscal year-end dividend of 69 yen per share out of the annual dividend of 138 yen per share for the 50th fiscal year is subject to a resolution at the 50th Ordinary General Meeting of Shareholders to be held on March 30, 2022.
12. The highest and lowest share prices are quoted prices on the First Section of the Tokyo Stock Exchange. The Company's shares have been traded on the First Section of the Tokyo Stock Exchange since December 16, 2020, and therefore, the share prices before this date are unavailable.

2. History

Month and year	Event
April 1972	Roland Corporation (the “Company”) established in Sumiyoshi-ku (currently Suminoe-ku), Osaka-shi, Osaka, with a share capital of 33 million yen
August 1972	Sales offices opened in Tokyo and Osaka
August 1972	Rhythm machines, the first Roland-brand products, released
November 1972	Guitar amplifiers and effects released
March 1973	MEG Electronics Corporation (later BOSS Corporation), a manufacturer of effects, established in Osaka-shi, Osaka
April 1973	Synthesizer and electronic piano released
May 1976	A sales company established in Australia
April 1978	A sales company established in the U.S.
January 1981	Sales companies established in UK and Germany
March 1981	A sales company established in Denmark
May 1981	AMDEK Corporation (presently Roland DG Corporation), a supplier of effects kits and computer peripherals, established in Suminoe-ku, Osaka-shi, Osaka
November 1981	A sales company established in Canada
March 1982	A sales company established in Belgium
November 1984	A music school (presently Roland Music School) opened in Osaka-shi
February 1985	Electronic drum set released
January 1986	A sales company established in Italy
March 1986	Hosoe factory (present headquarters) completed in Inasa-gun (currently Hamamatsu-shi), Shizuoka
July 1988	A sales company established in Switzerland
December 1989	The Company listed on the Second Section of the Osaka Securities Exchange
February 1990	A sales company established in Spain
May 1990	A sales company established in Hungary
September 1990	Hamamatsu R&D Center completed
October 1991	A sales company established in Brazil
May 1993	Headquarters relocated to Dojimahama, Kita-ku, Osaka-shi
July 1997	Miyakoda factory completed in Hamamatsu-shi
October 1997	A sales company established in France
March 1998	A sales company established in Portugal
June 1998	The Company listed on the Second Section of the Tokyo Stock Exchange
September 1999	The Company listed on the first section of the Tokyo Stock Exchange and Osaka Securities Exchange
October 2000	Roland DG Corporation listed on the Second Section of the Tokyo Stock Exchange
January 2001	A sales company established in Poland
July 2001	A manufacturing company established in China
September 2001	Roland Music Studios Corporation (presently Roland Music School) established through combination of Victor Technics Music Co., Ltd. and the Company’s music school
March 2002	Roland DG Corporation listed on the First Section of the Tokyo Stock Exchange
March 2003	A logistics company established in China
August 2004	Sales companies in Belgium and France combined
August 2004	Sales companies in Spain and Portugal combined
July 2005	Headquarters relocated to Hosoe-cho, Hamamatsu-shi (currently Hosoe-cho, Kita-ku, Hamamatsu-shi)
July 2007	A sales company established in China
April 2009	A sales company established in Russia
February 2014	A holding company, owning ten European regional sales subsidiaries, established in UK
July 2014	The Company converted into a subsidiary of Tokowaka Co., Ltd. (“Tender Offeror”) following the acquisition of its ordinary shares by the tender offeror
October 2014	The Company delisted from the First Section of the Tokyo Stock Exchange
November 2014	A manufacturing company established in Malaysia

Month and year	Event
January 2015	The Company, as the surviving company, merged with Tokowaka Co., Ltd.
April 2015	Roland RVS Holding Inc. (holding company of RVS) established
May 2015	A company to develop and distribute music/media production software (RVS) established in the U.S.
August 2015	Roland DG Corporation excluded from the scope of application of equity method due to sale of part of the Company's shareholdings in Roland DG
March 2016	Roland VM Corporation (holding company of V-MODA) established
May 2016	A headphone development and manufacturing company in the U.S. (V-MODA) converted into a subsidiary of Roland Corporation
April 2017	A global commercial distribution management company established in Malaysia
January 2018	Boss Corporation merged and absorbed into the Company
July 2018	A sales company established in Mexico
October 2020	A UK-based sales company and a general management company (holding company) combined
December 2020	The Company relisted on the First Section of the Tokyo Stock Exchange
September 2021	V-MODA, LLC and Roland VM Corporation merged into Roland Corporation U.S, a surviving U.S. sales subsidiary

3. Description of Business

The Roland Group (the “Group”), consisting of 26 subsidiaries and one associate, is a pure-play manufacturer of electronic musical instruments, engaged primarily in development, manufacture and distribution of a wide range of musical instrument products globally.

Since its foundation in 1972, the Group has firmly established its position as a global brand in the electronic musical instruments industry by pushing forward with R&D in pace with technological advances in electronics, creating many world-leading technologies and products, and bringing new value propositions to market. The Group has built a comprehensive and well-balanced product portfolio ranging from electronic pianos, electronic drums, synthesizers to guitar-related products. It has also pioneered an effort to integrate audio and video, and thus, has established a strong position in the video equipment market by encompassing the segment from development to distribution. Overseas, the Group has proactively opened sales companies since the latter half of the 1970s in a bid to deliver its products to every corner of the world. In fact, the Group derives 88% (rounded to the nearest whole number) of its revenues outside Japan (for the fiscal year ended December 31, 2021).

In recent years, we have focused on efforts to expand sales especially in fast-growing emerging markets, in addition to Europe and North America which are growing steadily and thus are important markets for the Group. Specifically, we have rolled out products tailored to local music cultures and needs in these emerging markets. We basically manufacture products overseas, but have built a flexible manufacturing scheme that allows us to choose optimal manufacturing locations from a list of own and third-party factories depending on the characteristics of products.

The Group operates solely in the electronic musical instruments segment. The functions of Roland Corporation and its associates can be divided largely into the following categories:

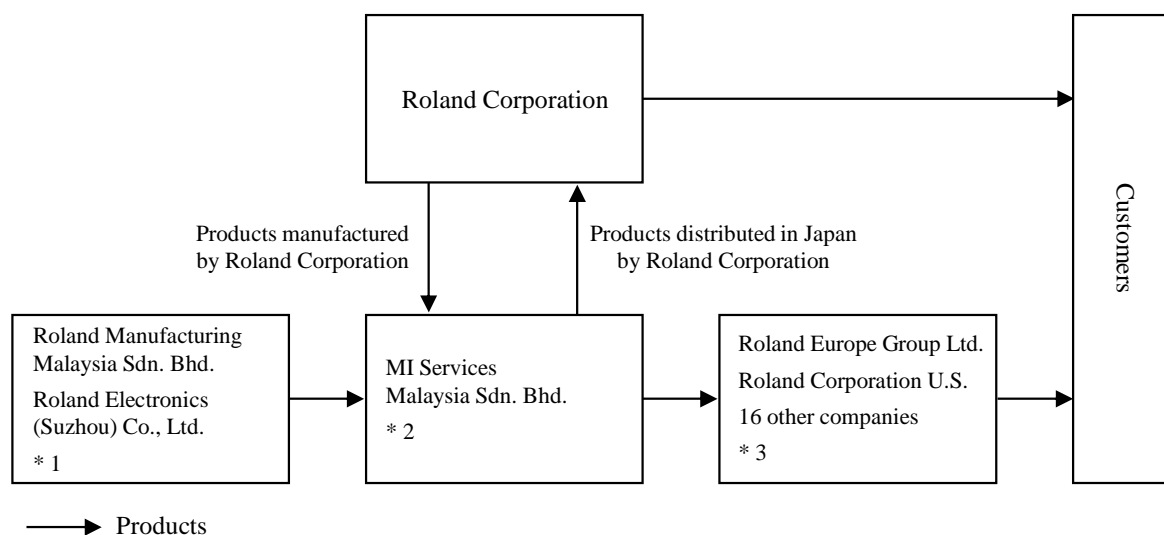
First, the Company is responsible for development activities, including product planning and R&D. The Company also takes on another important functions: supervision of all group companies and approval of their budgets and business plans. On top of the corporate functions above, the Company is responsible for manufacturing primarily video-related products and distributing products in Japan.

Additionally, the Company has two manufacturing subsidiaries which manufacture most of its products. Of these two subsidiaries, Roland Manufacturing Malaysia Sdn. Bhd., established in 2014, is a key manufacturing base for the Group, manufacturing its mainstay products, such as electronic pianos and electronic drums.

The Group also has a total of 17 sales subsidiaries distributing its products, comprising five subsidiaries in the Americas including Roland Corporation U.S., a key sales subsidiary; 10 subsidiaries in Europe including Roland Europe Group Ltd., a key sales subsidiary; and two sales subsidiaries in Asia and Oceania. We have focused on sales activities tailored to the characteristics and commercial practices in each of its major markets, including North America, Europe, China/Asia, and Japan.

Further, MI Services Malaysia Sdn. Bhd., established in Malaysia in 2017, holds shares and controls operations of two manufacturing subsidiaries in the region, serving as an intermediary between the manufacturing and sales subsidiaries to purchase and distribute the Company’s products and manage logistics. It also engages in development activities.

The following chart summarizes the structure of the Group's businesses.



	Number of companies
* 1: Consolidated subsidiaries with a manufacturing function	2
* 2: Consolidated subsidiary engaged in purchasing and sale of electronic musical instruments, logistics management, supervision of subsidiaries, and development	1
* 3: Consolidated subsidiaries with a distribution function	16
Non-equity method, non-consolidated subsidiary with a distribution function	1
Non-equity-method associate with a distribution function	1
Other consolidated subsidiaries	5
Other non-equity method, non-consolidated subsidiary	1

4. Subsidiaries and Other Affiliated Entities

Consolidated subsidiaries

As of December 31, 2021

Company name	Address	Share capital	Main line of business	Ratio of voting rights held (%)	Description of relationship			
					Concurrent appointments of Officers, etc.	Lending of funds	Business transactions	Leasing of facilities
Roland Manufacturing Malaysia Sdn. Bhd.	Selangor Darul Ehsan Malaysia	RM14,232 thousand	Electronic musical instruments	100.0 (100.0)	Yes	No	Manufacture of the Company's products	No
Roland Electronics (Suzhou) Co., Ltd.	Suzhou China	US\$7,360 thousand	Electronic musical instruments	90.0 (75.0)	Yes	No	Manufacture of the Company's products	No
MI Services Malaysia Sdn. Bhd.	Selangor Darul Ehsan Malaysia	RM230,180 thousand	Electronic musical instruments	100.0	Yes	Yes	Purchase and distribution of the Company's products, logistics management, development, and supervision of subsidiaries	No
Roland Corporation U.S.	Los Angeles California U.S.A.	US\$545 thousand	Electronic musical instruments	100.0	Yes	Yes	Distribution of the Company's products	No
Roland Canada Ltd.	Surrey British Columbia Canada	CAN\$5 thousand	Electronic musical instruments	100.0	Yes	No	Distribution of the Company's products	No
Roland Brasil Importacao, Exportacao, Comercio, Representacao e Servicos Ltda.	Sao Paulo Sao Paulo Brazil	R\$34,518 thousand	Electronic musical instruments	100.0 (0.1)	No	No	Distribution of the Company's products	No
Roland Instrumentos Musicales Mexico, S. de R.L. de C.V.	Ciudad de Mexico Mexico	MXN28,912 thousand	Electronic musical instruments	100.0 (0.1)	No	No	Distribution of the Company's products	No
Roland VS LLC	Seattle Washington U.S.A.	US\$10,648 thousand	Electronic musical instruments	100.0 (100.0)	Yes	No	Distribution of the Company's products	No
Roland Europe Group Ltd.	Reading U.K.	GBP42,039 thousand	Electronic musical instruments	100.0	Yes	No	Distribution of the Company's products and general management of European subsidiaries	No
Roland Germany GmbH.	Ruesselsheim Germany	EUR3,300 thousand	Electronic musical instruments	100.0 (100.0)	Yes	No	–	No
Roland Central Europe N.V.	Geel Belgium	EUR75 thousand	Electronic musical instruments	100.0 (100.0)	Yes	No	–	No
Roland South Europe S.p.A.	Milano Italy	EUR1,550 thousand	Electronic musical instruments	100.0 (100.0)	Yes	No	–	No
Roland Iberia, S.L.	Barcelona Spain	EUR3 thousand	Electronic musical instruments	100.0 (100.0)	Yes	No	–	No
Electronic Musical Instruments Roland Scandinavia A/S	Hellerup Denmark	DKr510 thousand	Electronic musical instruments	100.0 (100.0)	Yes	No	–	No
Roland East Europe Ltd.	Torokbalint Hungary	EUR396 thousand	Electronic musical instruments	100.0 (100.0)	Yes	No	–	No
Roland Music LLC	Moscow Russia	RUB15,000 thousand	Electronic musical instruments	100.0 (100.0)	Yes	No	Distribution of the Company's products	No
Roland China Ltd.	Shanghai China	US\$3,000 thousand	Electronic musical instruments	100.0	Yes	No	Distribution of the Company's products	No
Roland Corporation Australia Pty Ltd	Dee Why NSW Australia	A\$833 thousand	Electronic musical instruments	100.0	Yes	No	Distribution of the Company's products	No
Roland Organ Corporation	Los Angeles California U.S.A.	US\$43,500 thousand	Electronic musical instruments	100.0	Yes	No	–	No

Five other companies (a total of 24 companies)

- Notes: 1. The figure in parentheses in the “Ratio of voting rights held (%)” column shows the ratio of the voting rights the Company holds indirectly, which is included in the figure without parentheses.
2. Roland Corporation U.S.; Roland Europe Group Ltd.; Roland Brasil Importacao, Exportacao, Comercio, Representacao e Servicos Ltda.; Roland VS LLC; MI Services Malaysia Sdn. Bhd.; and Roland Organ Corporation fall under specified subsidiaries.
3. None of these companies have submitted Securities Registration Statements or Annual Securities Reports.
4. Effective September 1, 2021, V-MODA, LLC and Roland VM Corporation ceased to exist through an absorption-type merger with Roland Corporation U.S., a surviving consolidated subsidiary of the Company.
4. Roland Organ Corporation has been a dormant company and is scheduled for liquidation.
5. Results of operations for consolidated subsidiaries whose net sales (excluding intra-group sales) exceeded 10% of consolidated net sales for the fiscal year ended December 2021 are as follows:

(Millions of yen)

Company name	Net sales	Ordinary profit	Profit	Net assets	Total assets
Roland Corporation U.S.	23,707	1,060	1,087	7,854	14,710
Roland Europe Group Ltd.	24,901	1,706	1,433	7,576	13,461
Roland China Ltd.	8,206	1,139	853	1,715	3,064

5. Employees

The Company and its consolidated subsidiaries operate solely in the electronic musical instruments segment, and thus, the breakdown by segment is unavailable for presentation.

(1) Information about consolidated companies

As of December 31, 2021

Number of employees (persons)	2,730 [334]
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Notes: The number of employees represents the number of regular employees. The number of temporary employees indicated separately in the square bracket represents the average number of temporary employees per year.

(2) Information about reporting company (non-consolidated)

As of December 31, 2021

Number of employees (persons)	Average age	Average length of service	Average annual salary (thousand yen)
867	45 years and 5 months	19 years and 3 months	7,652

Notes: 1. The number of employees represent the number of regular employees. The number of temporary employees is not stated since the number is less than 10/100 of the total number of employees.
2. Average annual salary includes bonuses and extra wages.

(3) Labor union

The Company has a labor union named Roland Labor Union. The Roland Labor Union does not belong to any superior body.

Among our employees, the number of union members is 571 as of December 31, 2021. Labor-management relations have remained favorable, and there are no special matters to be noted as to the relationship with the labor union.

Item 2. Overview of Business

1. Management Policy, Business Environment, and Issues to Address

This document contains forward-looking statements, which are based on the Group's estimates and assumptions made as of the end of the fiscal year under review.

(1) Basic management policy (corporate philosophy)

The Roland Group's corporate philosophy is embodied in three slogans below. These slogans represent the Group's purpose and vision, which have remained unchanged since its foundation.

- Inspire the Enjoyment of Creativity
- Be the BEST rather than the BIGGEST
- Cooperative Enthusiasm for All Stakeholders

Inspire the Enjoyment of Creativity

We aspire to create a world in which as many people as possible can enjoy music and video in their own way wherever they are. We aim to bring the thrill and excitement of creative experiences to people all over the world. We continue to pursue every possible opportunity to bring joy to people, including the pleasure of creating music or video, the enjoyment of playing musical instruments with friends, and the bliss of sharing live music with many others.

Be the BEST rather than the BIGGEST

We endeavor and make every effort to become a one-of-a-kind company that offers the best to each and every one of our customers. What we value most as we continue to grow is a trusted relationship with our customers. We are thus committed to growing into a company that provides our customers with what they want, as well as inspire them with new dreams and expectations. We will nurture and value such a trusted relationship with our customers.

Cooperative Enthusiasm for All Stakeholders

We aspire to become a company that nurtures a sense of affinity and loyalty among many stakeholders, including customers, business partners, and shareholders. In creating new values, we will do our best to live up to expectations of these stakeholders and help them develop an even better understanding of our business. Through these efforts, we will transform their affinity and loyalty into our strength to ultimately continue to enhance our corporate value.

(2) Business environment

Market Environment Recognized by Management	<ul style="list-style-type: none">● Consumer behavior and corporate activities affected by the resurgence of COVID-19 infections● Ongoing higher demand for electronic musical instruments with new lifestyles taking root<ul style="list-style-type: none">✓ Increasing demand especially for electronic musical instruments suitable for online sales✓ Increasing demand, especially in the West, to start playing or to return to playing an instrument● Supply risks increased due to global semiconductor procurement constraints● Significant increase in raw material costs● Longer lead time due to global logistics delays
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During the fiscal year ended December 31, 2021 (the "fiscal year under review"), the global economy remained unstable along with the difficulty in foreseeing when the COVID-19 pandemic begins to subside. This was due in part to the emerging variants and breakthrough infections, which resulted in the rebound of COVID-19 cases, despite the resumption of economic activities as more and more people got vaccinated.

The electronic musical instruments business has continued to enjoy demand that is even greater than before the pandemic. This is because an increasing number of people take up a challenge to start playing musical instruments or resume musical performance to spend their leisure time as a new lifestyle has become normal amid the prolonged "With Corona" period. However, on the procurement side, the Group continued to suffer from problems such as the global shortage of semiconductors and a significant rise in raw material prices. On the production side, Malaysia, where our main factory is located, experienced a worsening outbreak of COVID-19 from the latter half of the second quarter to the latter half of the third quarter of the current fiscal year. Accordingly, in accordance with the instructions of the Malaysian government and authorities, our

Malaysia factory operation was restricted and suspended. On the logistics side, the global logistics delays due for example to U.S. port congestion led to extended lead times.

- (3) Management strategies over the medium- to long-term and operating and financing issues to address with priority
The Company has formulated a three-year medium-term management plan for fiscal 2020 through 2022. After the Company went private in 2014, we turned around our business and got it growing again by making investments for future development, along with structural reforms. We regard the three years from fiscal 2020 through 2022 to be our new growth phase.

We have recognized that, for sustainable growth of the Roland Group, we need to address the following significant challenges: provision of high-value products and services developed based on a deeper understanding of our customers; building of an effective supply chain management (SCM) system that minimizes both shortages and excess inventory; creation of new customers to communicate the true value of our products and services; development of human resources, and strengthening of governance by thorough visualization, both of which will contribute to addressing these challenges. The business environment changed dramatically as mentioned above after we formulated the medium-term management plan, but that has not affected our key strategies. We continue to pursue further business growth in accordance with the basic policies below.

We have positioned Return on Equity (ROE) and Return on Invested Capital (ROIC) as key management metrics to measure the level of improvement in shareholder value and corporate value. In the fiscal year ending December 31, 2022, the final year of the medium-term management plan, we forecast to achieve net sales of ¥85,000 million, operating profit of ¥11,600 million, and profit attributable to owners of parent of ¥8,700 million, all of which have been revised upward from the initial plan, as well as ROE of 20% or higher and ROIC of 15% or higher.

Overview of the Medium-term Management Plan for Fiscal 2020 through 2022

<Vision>

Bringing the WAKUWAKU Thrill and Excitement to all the people in the world

<Key strategic initiatives>

- 1) <Produce> Develop high value-added products and services that only we can provide
- 2) <Reach> Customer / market creation through continuous engagement with our enthusiastic fans -Marketing Driving Company-
- 3) <Deliver> Realize the world's best SCM without stock shortages and over stocking
- 4) <Support> Human resources development
Strengthening governance & Visualization (Mieru-ka)

<Basic policies>

- 1) Develop high value-added products and services that only we can provide
We will raise the efficiency of developing products in existing core product categories including keyboards, percussions, and guitar-related products to ultimately strengthen our earnings power, by making better use of our common platform amassing our proprietary technologies. At the same time, we will proactively develop “game changer” products having the added value unique to the Company in a bid to create new markets and acquire new customers. We also aim for sustainable production and consumption of our products. To this aim, we will continue to provide updates and content that make our products more attractive, after their releases, towards extending the lifecycle and reducing the disposal waste of our products. In addition, we will build a system that allows us to continuously supply contents and develop applications for Roland Cloud, a subscription service to software sound sources, with a view to increasing the membership. We will also endeavor to further added values to our products, which we have failed to achieve so far, through a seamless collaboration between hardware and software on our common platform.
- 2) Customer / market creation through continuous engagement with our enthusiastic fans -Marketing Driven Company-
We will upgrade customer engagement by uncovering their real needs and unlocking the passion for music of those who ones played musical instruments but now away from musical performance . Specifically, we will create new customers by strengthening marketing activities in advanced nations where the musical instrument market has matured, as well as in such growth markets as China and emerging countries, in ways that work best for each of these markets.
- 3) Realize the world's best SCM without stock shortages and over stocking
By the “world's best SCM,” we mean the ideal form of SCM where “the ordered product is delivered to a requested place at a requested time upon customer's order through efficient SCM operations without shortage and excess inventory.

To achieve this, we will unify and visualize SCM-related data to increase the accuracy of our production plan, so we can adapt to fluctuations in demand more quickly. In addition, we will endeavor to shorten the lead time and strengthen measures to solidify BCP (business continuity), by improving productivity through well-planned procurement of parts, systematic inventory allocation, and increased focus on highly profitable models.

4) Human resources development

Strengthening governance & Visualization (Mieru-ka)

We will strengthen the bond between the Company and its employees (engagement) by revitalizing both people and organization, as well as create a work environment and corporate culture that allows each one of the employees to work comfortably and with a sense of security. We will also improve productivity by thoroughly visualizing and unifying data related to production, inventory, sales, and expense. In addition, we will further strengthen the global corporate function of the administrative division of the headquarters with firmly established governance in place.

Sustainability Initiatives

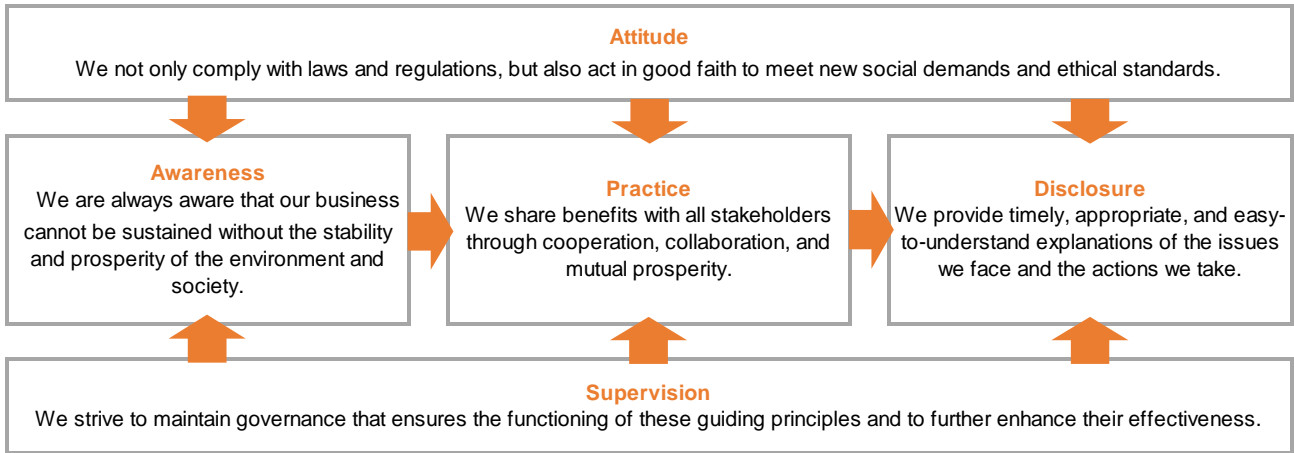
In addressing sustainability, as represented by the perspectives of ESG (Environment, Social and Governance) and SDGs (Sustainable Development Goals), we have organized our material issues based on the following recognition, focusing on themes that will meet the expectations of all stakeholders, including the environment and society, and will also lead to business growth. As stated in the five guiding principles, with a consistent “attitude,” we will address the issues, considering “awareness,” “practice” and “disclosure” interrelated. The Board of Directors “supervises” the situation by receiving regular reports, and provides advice and support as necessary.

1) Recognition and Policies



While our business contributes to the sustainable development of society through music and video culture, it is also founded on the stability and prosperity of the environment and entire society. We also recognize that it is our important responsibility as a company to address various issues, such as climate change and human rights, to contribute to the resolution of them. In order to avoid a negative cycle in which the stability and sustainability of the environment and society are undermined, making it impossible for the music and video culture as well as our business to survive, we have positioned activities to create a virtuous cycle that synergistically enhances the sustainability of each area as important management issues and are working on such activities.

<Five guiding principles>



2) Material issues

Material issues Relevant SDG targets	Initiatives
Strengthen supply chain management 	<ul style="list-style-type: none"> ● Improving supply chain efficiency ● Stabilizing product supply system ● Reducing the number of products manufactured ● Expanding use of renewable energy ● Strengthening relationships with suppliers and dealers ● Protecting human rights in the supply chain ● Promoting environmental load reduction from the design domain ● Assessing the status of CO2 emissions and examining measures for their reduction
Support the development of music and video culture 	<ul style="list-style-type: none"> ● Providing a platform for activities ● Supporting activities of artists and the industry ● Launching “game changer” products ● Contributing to society through music, video, and other related fields (Support for people with disabilities, music therapy, education, etc.)
Maximize the energy and capabilities of human resources 	<ul style="list-style-type: none"> ● Promoting women’s advancement ● Promoting diverse work styles ● Maintaining effective incentives ● Strengthening global HR management
Invest in growth (intangible assets) 	<ul style="list-style-type: none"> ● Promoting the Roland Cloud business (Promoting development of software, contents, etc.) ● Providing the best customer satisfaction and experience (Using digital technology in marketing and support) ● Using data for optimal product supply
Tirelessly strengthen governance <p>and supervise all initiatives on material issues</p>	<ul style="list-style-type: none"> ● Further improving governance effectiveness ● Enhancing information disclosure ● Strengthening risk management and compliance ● Supervising sustainability initiatives by the Board of Directors

2. Business Risks

Of the matters related to Overview of Business and Financial Information stated in this Annual Securities Report, the management has recognized that the items listed below constitute major risk factors that may have a material impact on the financial position, operating results and cash flows of consolidated companies.

This document contains forward-looking statements, which are based on the Group's estimates and assumptions made as of the end of the fiscal year ended December 31, 2021.

List of risks that may hinder the achievement of the Medium-term Management Plan

Impact	High		<ul style="list-style-type: none"> 1 Natural disasters * 5 Economic trend * 14 Technical innovations and response to changes in trends * 17 Human capital * 23 Product and service quality * 	<ul style="list-style-type: none"> 2 Epidemic * 8 Surge in raw material prices and short supply * 9 Surge in logistics costs and container shortage * 	
	Moderate	<ul style="list-style-type: none"> 3 Accidents 11 Relationship with major shareholders 12 Dependence on certain persons 18 Laws and regulations 19 Compliance 26 IT 27 Finance and tax 28 Communication 	<ul style="list-style-type: none"> 6 Exchange rate fluctuations * 13 Business portfolio * 15 Intensified competition with peers * 16 Group control * 25 Intellectual property infringement * 		
	Low	<ul style="list-style-type: none"> 7 Stock price and interest rate fluctuations 20 Dependence on specific business partners 21 Credit 29 Crimes 	<ul style="list-style-type: none"> 4 Political turmoil 10 Hiking labor cost and manpower shortage 24 Labor management 	<ul style="list-style-type: none"> 22 Excessive stock and stockout 	
		Low	Moderate	High	
Probability of occurrence					
External factors	Nature, environment and accidents		Internal factors	Management, strategy and governance	
	Economic environment			Business operations	

Items marked with an asterisk (*) in the above diagram are particularly important risks and countermeasures identified by the Risk Management and Compliance Committee, and are described in detail below.

Each of the risk factors is classified according to its nature and evaluated according to the extent of its impact and its probability of occurrence, and its relevance to the key strategies of the Medium-term Management Plan. Each risk item is subjected to risk reduction activities by departments in charge, and is monitored by departments in charge, Executive Officers in charge, and/or the Risk Management and Compliance Committee according to the level of the risk.

Particularly material risks and countermeasures established by the Risk Management and Compliance Committee are as follows.

Classifications of risks	Risk item		
Nature, environments and accidents	1 Natural disasters		
	<p>In the event of a natural disaster such as earthquake, tsunami, flood or typhoon takes place in countries or regions where the Group's manufacturing, logistics, and distribution bases are located or its suppliers operate, and causes damage to the Group's bases and suppliers, or in the event that that electric power and other infrastructure becomes unavailable or unstable, resulting in disruption of our operations, distribution, manufacturing, and shipment, decline in our production capacity, difficulty in procuring raw materials and components, or delay in product supply, the Group's business, financial position, and operating results may be adversely impacted. Should such risks become prominent particularly in Malaysia, where the Group's manufacturing and logistics functions concentrate, it will become more likely that the Group's business, financial position, and operating results are adversely impacted.</p> <p>In addition, the Group's headquarters, manufacturing and R&D bases in Japan, and most of the major functions related to domestic business concentrate in Shizuoka Prefecture. Therefore, the eruption of Mt. Fuji and the Tokai and Nankai Trough earthquakes, if occurred, may cause considerable damage to the business activities of the Group.</p>		
	Impact	Probability of occurrence	Relevant key strategies
	High	Moderate	Produce, Deliver and Support
	Countermeasures		
	<p>In accordance with our "Basic Rules for Crisis Management," we have formulated a "Business Continuity Plan (BCP)" for employees to act autonomously when a disaster occurs, in order to keep them safe and ensure early recovery of our business.</p> <p>In Japan, we conduct annual safety drills: one is a drill to confirm safety of employees and their families using the emergency communication system, and the other is an evacuation drill on the assumption of an earthquake and fire. We have shared the BCP developed in Japan across overseas subsidiaries, on which they are developing their BCPs tailored to the conditions in their respective countries.</p>		
	2 Epidemic (COVID-19)		
	<p>In the time when economic and business activities such as traveling or holding events remain suspended, stringently restricted or self-restraint is requested in countries where the Group, and its suppliers and distributors operate business, the demand for its products and services could decline and the supply of its products may be limited owing to the closure of factories and subsequent suspension of production, restriction on procurement of parts, slower consumer spending, decreased disposable income, unexpected economic and social activities, changes in behavior patterns and other negative factors resulting from the COVID-19 pandemic. These downtrends may hurt the operating performance of the Group's business partners, disrupt infrastructures in both the public and private sectors, and may consequently have an adverse effect on the Group's business, financial position, and operating results.</p>		
	Impact	Probability of occurrence	Relevant key strategies
	High	High	Reach, Deliver and Support
	Countermeasures		
	<p>In the event of a pandemic outbreak such as COVID-19, we will strive for the continuation of the Group's business by taking appropriate measures in accordance with the requests of governments and local authorities. As to the limitation of activities of the Group's suppliers and distributors, we will focus our efforts on maintaining the appropriate retention of raw materials at each factory of the Group and finished products at each of our sales subsidiaries to minimize the impact on sales. We continue to stimulate demand and create new demand through digital marketing even on the back of a stably high demand for electronic musical instruments thanks to new lifestyles taking hold.</p>		

Classifications of risks	Risk item		
Economic environment	5 Economic trend		
	Electronic musical instruments we manufacture and distribute are luxury items, and thus, the Group has attached importance to offering its products and services at prices commensurate with their high added values. The Group's operating results, therefore, are vulnerable to economic conditions. In addition, the Group's business, financial position and operating results tend to be affected by a decline in demand for the Group's products given that sales overseas, especially in Europe, North America and China, represent a significant proportion of its overall sales.		
	Impact	Probability of occurrence	Relevant key strategies
	High	Moderate	Reach and Deliver
	Countermeasures		
	The Group manages each sales subsidiary as a Sales Unit (SU), for which we have appointed a Chief Sales Officer (CSO) to control them all. Each SU, under the direction of the CSO, prioritizes the achievement of the Group-wide goals over the achievement of only individual regional goals. We strive to operate in a manner that regions with strong performance cover regions with weak performance by flexibly accommodating inventories to each country based on information on economic conditions, demand trends, market shares, and inventory and logistics conditions in each country.		
	6 Exchange rate fluctuations		
	The Group is engaged in manufacturing and sales activities globally, and therefore, is exposed to the impact of fluctuations in exchange rates, especially of USD and EUR. Also, in the process of preparing consolidated financial statements, the values of assets and liabilities of overseas subsidiaries denominated in local currencies are translated into JPY, and therefore the financial position of the Group is affected by fluctuations in exchange rates. The Group has also been exposed to fluctuations in additional currencies besides USD and EUR, since it has expanded into other regions, such as China, in recent years.		
	The following shows the impact on the operating profit from the currency pairs, of which fluctuations generated a greater impact among other pairs in the year ended December 31, 2021.		
	The EUR-US dollar rate causes approximately ¥130 million per cent, and the US dollar-JPY rate causes approximately ¥100 million per yen.		
	Impact	Probability of occurrence	Relevant key strategies
	Moderate	Moderate	Deliver and Support
Countermeasures			
In order to mitigate the impact of exchange rate fluctuations, the Group settles receivables and payables arising from continuing operating activities in the same currency whenever possible. The Group has also hedged exchange rate fluctuations by trading foreign exchange futures to minimize some of the impact.			

Classifications of risks	Risk item		
Economic environment	8 Surge in raw material prices and short supply		
	<p>Our group's products use various raw materials and parts such as custom IC chips, timber, metals, and plastics. The Group has secured multiple suppliers and implemented measures to mitigate the potential impact of unforeseen circumstances. However, for some of raw materials, we depend on specific suppliers because they are irreplaceable with others. Deteriorated operating performance of suppliers, disasters, changes in the regulatory environment, and other unforeseen incidents may give rise to suspension of or delay in the supply of raw materials in the quality and quantity required by the Group, and consequently lead to a spike in raw materials and other prices. These circumstances make it difficult for the Group to manufacture its products, or make its products less price competitive due to rises in the prices of its products, and as a result, may adversely affect the Group's business, financial position, and operating results.</p>		
	Impact	Probability of occurrence	Relevant key strategies
	High	High	Produce, Reach and Deliver
	Countermeasures		
	<p>In response to the global tight supply of semiconductors, especially, and other raw materials, as well as the prolonged lead time for parts procurement due to the lockdown, we will more focus our efforts on securing inventory of key parts by making advance arrangements in anticipation of future demand, in line with our basic policy of building relationships of trust with suppliers. At the same time, we will minimize the impact on our production by quickly purchasing materials from markets and promptly changing designs with substitute parts. In response to a spike in raw materials prices, we will minimize the impact on the Group's financial position and operating results by maintaining appropriate product sales prices with price competitiveness in line with the conditions in each country, while sustaining cost reduction efforts.</p>		
	9 Surge in logistics costs and container shortage		
	<p>The Group has manufacturing bases in Malaysia, China and Japan, a distribution base in Malaysia, and sales bases all over the world. We also have suppliers of various parts around the world. The Group's supply chain (procurement, production, and sales) is linked by logistics and is affected by the global logistics environment. The global spread of COVID-19 and the shortage of containers due to the recovery of demand in some regions have resulted in longer logistics lead times and higher logistics costs worldwide, especially for ships. In the event that its impact is prolonged, or in the event that operations are suspended due to strikes or other incidents at port facilities in North America, the Group's business, financial position, and operating results may be adversely affected.</p>		
	Impact	Probability of occurrence	Relevant key strategies
	High	High	Reach and Deliver
	Countermeasures		
	<p>In such situations, the Group gives priority to not stopping supply of products to customers through supply chain management (SCM) including logistics. We monitor the logistics environment at our manufacturing, distribution, and sales bases on a regular basis, and take measures to minimize the impact on our business through flexible production, inventory allocation, and transportation under the direction of the Executive Officer in charge of SCM.</p>		

Classifications of risks	Risk item		
Management, strategy and governance	13 Business portfolio		
	<p>With managing our business portfolio, the Group has allocated management resources, and evaluated existing business and investments through M&A and otherwise. If low-growth, low-profit businesses continue due to lack of monitoring, evaluation and management of each business because of insufficient business portfolio management, or if integration failure after M&A caused far inferior earnings and synergy effects to our expectations, the Group has a risk of being unable to generate sufficient cash flow to match the value of business assets. If the Group makes such a determination, impairment loss occurs, which may adversely affect its business, financial position, and operating results.</p> <p>On the other hand, the Group may miss growth opportunities owing to reluctance to strategic investments for fear of risks.</p>		
	Impact	Probability of occurrence	Relevant key strategies
	Moderate	Moderate	Produce and Support
	Countermeasures		
	<p>The Group has managed our business portfolio based on the following basic policies.</p> <ol style="list-style-type: none"> 1. The Group has the electronic musical instruments segment supporting creative endeavors through electronic musical instruments, video equipment, software products, and services that we develop, produce, and distribute. We continue to concentrate management resources and achieve business growth. 2. The Group targets areas adjacent to the current electronic musical instruments segment in the medium- to long-term business expansion, and also considers M&A and other measures with an emphasis on demonstrating synergies in addition to expanding our proprietary business. 3. The organizing groups by product category and sales areas continuously monitor efficiency and profitability. The Board of Directors will review them based on the following perspectives at least once a year, and lead to the formulation of medium- to long-term management strategies. <ul style="list-style-type: none"> • Consistency with corporate philosophy and corporate mission • Eliminating bias to maintain the status quo • Availability and appropriateness of growth investments that take risks • Capability, growth and profitability • Return on capital based on differences among business models <p>Moreover, the Group strives to reduce the risk of impairment by implementing thorough due diligence and making prudent and calm judgments based on it, clarifying the post-merger plan, and thoroughly monitoring the progress of the plan even after the acquisition.</p>		
	14 Technical innovations and response to changes in trends		
	<p>Demand for our products and services relies heavily on the tastes and preferences of consumers. In order for the Group to expand sales in the existing product markets or develop markets for innovative products, it needs to accurately understand and keep abreast of changing consumer tastes and preferences and continue to focus on R&D. For the Group to commercialize new products, especially innovative products, it may need to work on R&D for many years. In addition, the recruitment and development of talented researchers and engineers are essential to successful R&D activities.</p> <p>In cases where the Group is unable to continue sufficient R&D activities due to constraints in financial, human and other resources, and as a result, can no longer deliver products and services that meet changing tastes and preference of consumers, or its R&D activities are more costly or takes longer than expected, its business, financial position, and operating results may be adversely impacted.</p>		
	Impact	Probability of occurrence	Relevant key strategies
	High	Moderate	Produce
Countermeasures			
<p>The Group's new product development adopts a unique methodology to understand real needs with thorough interviews about consumer preferences by developers playing musical instruments by themselves. Commercializing products in small quantities against the backdrop of high marginal profit ratio, the Group has fitly offered its products and services that meet changing tastes and preference of consumers. The Group has also sought to ensure technology advantage over the medium- to long-term by shifting resources to develop future technologies.</p>			

Classifications of risks	Risk item		
Management, strategy and governance	15 Intensified competition with peers		
	<p>The Group's brand is recognized globally, and we are confident that the Group has a strong competitive advantage in terms of sound quality, design, innovation, etc. The Group, however, has competed fiercely with industry peers in the musical instrument markets both domestic and abroad. Some of its rivaling companies may be more competitive than the Group in many aspects, including brand power, financial capacity, technology, human resources, R&D track record, cost competitiveness and sales force. In addition, the Group's products compete with second-hand products. In recent years, some of the manufacturers of lower-priced musical instruments, especially in Asia, have managed to significantly improve the quality of their products and have offered a broad range of products at highly competitive prices, fueling the competition with the Group. If intensified competition with these rivaling companies or rivaling products force to cut prices, these may adversely affect the Group's business, financial position, and operating results.</p>		
	Impact	Probability of occurrence	Relevant key strategies
	Moderate	Moderate	Produce, Reach and Deliver
	Countermeasures		
	<p>The Group's brands, including "Roland" and "BOSS," are one of the motives for consumers to purchase our products and services. The Group has continued to invest its management resources in maintaining and enhancing its brand strength.</p> <p>Developing electronic musical instruments absolutely require electronic technology backed by knowledge of musical instruments. Core sound source chips using customized LSIs developed independently by the Company is one of the sources of differentiation. Our continuous initiatives to develop "game changer" products for opening up new markets have contributed to enhance our brand power.</p>		
	16 Group control		
	<p>The Group has its manufacturing and distribution bases all around the world. For business activities overseas, we believe differences in standards and practices and difficulties in operating and managing overseas subsidiaries effectively could be the business risk. Without functional group control and appropriate compliance, risk management, and decision management in our subsidiaries, the Group's business, financial position, and operating results may be adversely impacted.</p>		
	Impact	Probability of occurrence	Relevant key strategies
	Moderate	Moderate	Support
	Countermeasures		
	<p>The Company conducts group control based on the following policies specified in Basic Policy for Internal Control.</p> <ol style="list-style-type: none"> 1. Ensuring observance of laws and regulations under the "Roland Group Compliance Guidelines" and building of compliance observance system in the entire group 2. Building an appropriate management system against various types of risk surrounding our group, by laying down the "Fundamental Regulations for Risk Management" 3. Specifying the responsibility about the decision-making, increasing efficiency in the performance of duties stipulated in the "Regulations for Management of Affiliates", and monitoring activities in the group companies 4. Conducting audits on accounting and operations in the group companies by Internal Auditing Dept. and mutual audits among the group companies 		

Classifications of risks	Risk item		
Management, strategy and governance	17 Human capital		
	<p>The Group to build and maintain competitive advantage in a difficult business environment, it is important to secure human resources with higher expertise. However, highly specialized and capable personnel are limited.</p> <p>The Group's inability to secure a sufficient number of talented personnel and develop talented people due to lack of education, and a loss of such competent personnel and accordingly an outflow of their expertise and knowhow in our business to competitors owing to insufficient compensation may undermine the Group's competitive advantage.</p> <p>If the Group's corporate culture and organization become and decreased job satisfaction for employees, they may lead to poor performance and adversely affect the Group's business, financial position, and operating results.</p>		
	Impact	Probability of occurrence	Relevant key strategies
	High	Moderate	Support
	Countermeasures		
	<p>The Group has allocated management resources of human resources to achieve "supporting growth and boosting engagement," "promoting diverse work styles," and "incentives to reward perseverance. The Group prescribed the basic policy for the personnel strategies as follows, aiming for the company respecting individuality of each employee and allowing both the employee and the company to grow together.</p> <ul style="list-style-type: none"> • Prepare the personnel system focusing on “fairness“ and “enhancing the employees’ engagement” • Aim to design a system that treats people according to their achievements, abilities, and contributions to the company, regardless of age, gender, race, experience • Aim for the personnel system that appropriately returns benefits to the employees in line with the Company's growth <p>The Company is also committed to supporting the independent growth of each employee, providing opportunities for fair growth, and treating the results fairly. In addition, the Company has adopted flexible working hours and remote work systems to promote different working styles and are striving to improve the work-life balance of the employees in the entire group. While guaranteeing a sufficient level of bonuses at a minimum, our incentive is effectively functioning by increasing the linkage to business performance so that good performance is returned to employees.</p> <p>The Company is promoting development of the personnel system to develop and utilize specialized and capable personnel globally.</p>		
Business operations	23 Product and service quality		
	<p>Also, the Group's business, financial position, operating results, brand image and social credibility may be adversely affected by recalls, and other measures to correct defects in products and services, including interruption/delay, repair, redesign of products or services, when unexpected defects are found in products or services of the Group, or when the products or services do not function as expected according to specifications.</p> <p>In addition, the Group is exposed to a risk that it becomes a party to lawsuit due to defects in its products or services, including lawsuits based on product liability, in countries or regions where it operates. If the Group becomes a party to such a lawsuit and is ordered to pay large amounts of damages or fines, the Group's business, financial position, and operating results may be adversely impacted.</p>		
	Impact	Probability of occurrence	Relevant key strategies
	High	Moderate	Produce and Deliver
	Countermeasures		
<p>The Group has established quality policies in “Quality Manual” and organized necessary actions and standards as a Quality Management System. Quality Assurance Dept. has implemented the quality management, including external audits under "ISO9001" certification, and enhances market quality.</p>			

Classifications of risks	Risk item		
Business operations	25 Intellectual property infringement		
	<p>The Group has sought to acquire, maintain, and protect intellectual property rights, such as patents and registered trademarks related to its proprietary technologies, products and services. However, in some countries or regions where the Group operates, effective measures to protect intellectual property rights are not in place or are limited. It is therefore possible that we might fail to obtain sufficient intellectual property rights in these countries or regions, and also that we might fail to fully prevent the infringement of our intellectual property rights by third parties. In cases where products similar to ours or copycat products are sold, or illegal counterfeits are distributed, the Group's business, financial position, and operating results may be adversely impacted.</p> <p>Further, although the Group has carefully looked into whether or not it has infringed the rights of other companies, there is a possibility that the Group will unintentionally infringe the intellectual property rights of a third party. It is also possible that acquisition of patents or other rights by third parties in the business domains where the Group operates could escalate into disputes as to where intellectual property rights belong, or lawsuits or claims against the Group for damage incurred due to its alleged infringement of intellectual property rights, or injunctions against the use of intellectual property rights by the Group.</p> <p>These lawsuits and claims could adversely affect the Group's business, financial position, operating results, brand image and social credibility.</p>		
	Impact	Probability of occurrence	Relevant key strategies
	Moderate	Moderate	Produce and Support
	Countermeasures		
	<p>The Group protects its intellectual property by registering the Group's intellectual property rights, such as trademarks, patents, and design rights. Further, the intellectual property department is required to review the infringement of a third-party's intellectual property rights by the Group at planning stages of all product development. Moreover, the Group pays incentives based on internal rules to the employees who have created new intellectual property rights related to the businesses of the Group.</p>		

3. Management's Discussion and Analysis of Financial Position, Operating Results and Cash Flows

The overview of the Group's financial position, operating results, and cash flows (hereinafter "operating results, etc."), and views and issues analyzed/discussed with regard to the status of operating results, etc. from the management's perspective, are as follows. This document contains forward-looking statements, which are based on the Group's estimates and assumptions made as of the end of the fiscal year ended December 31, 2021.

(1) Significant accounting policies and estimates

The Group's consolidated financial statements are prepared based on accounting principles generally accepted in Japan. The management of the Group prepares these consolidated financial statements based on their estimates, which affect assets and liabilities on a balance sheet date, and the amounts and disclosure of revenues and expenses during a reporting period. Although the appropriateness of these estimates is reasonably determined based on past results and circumstances, they may differ from actual results due to uncertainties inherent to estimates.

The information on significant accounting policies adopted by the Group in its consolidated financial statements is stated in "Item 5. Financial Information 1. Consolidated Financial Statements, etc. (1) Consolidated financial statements, *Significant accounting policies for preparation of consolidated financial statements.*" Of the estimates and judgements made by the management, the following items may have a particularly significant impact on the financial position and operating results.

(a) Valuation of inventories

Valuation of inventories is as stated in "Item 5. Financial Information 1. Consolidated Financial Statements, etc. (1) Consolidated financial statements, Significant accounting estimates."

(b) Impairment of non-current assets

The Group examines whether or not the recognition of valuation loss is necessary based on the "Accounting Standards for Impairment of Fixed Assets," and recognizes valuation loss based on the present value of future cash flows or their net sales value. The Group may recognize valuation loss if future cash flows plunge due to a revision to future business plans or deterioration in business environment.

(c) Impairment on investment

In principle, the Group recognizes valuation loss on securities with market values only if their market prices fall 50% or more of their acquisition prices. We recognize valuation loss on securities whose market prices declined 30% to less than 50% only if their average rate of decline during the past two years is 30% or more. In principle, we recognize valuation loss on securities without market values only if their real values fall 50% or more of their acquisition prices due to deteriorated financial position of the issuer. In cases where the Group has identified a loss not reflected in the carrying amount of securities or was unable to recover some of its investments due to deteriorated market conditions or weaker operating performance of issuers, it may need to recognize valuation loss.

(d) Recoverability of deferred tax assets

In calculating the amount of deferred tax assets, the Group estimates the amount of its future taxable income based on earnings forecasts and tax planning, and determines the recoverability of deferred tax assets. Changes in the estimates due to a deteriorated business environment in the future, however, may cause the Group to draw down deferred tax assets and recognize income tax expenses.

(e) Determination of retirement benefit obligations

The Group has put in place a defined benefit corporate pension plan (cash balance plan), and calculates retirement benefit cost and retirement benefit liability based on actuarial assumptions. These assumptions include significant estimates, such as those of discount rates, employee turnover rates, rates of mortality, rates of increases in salary, pension election rates, and expected rates of return on pension assets. The discount rates, which we believe will have particularly a significant impact on profit and loss, are estimated based on the yield of long-term Japanese government bonds at fiscal year-end. Long-term expected rates of return on investment are estimated based on the Company's investment policy and other factors. In the event the actual results differ from the assumptions or if the assumptions are revised, the effects are accumulated and will be periodically recognized in the future. The effects, therefore, generally affect expenses and liabilities recognized in future accounting periods.

- (2) Overview of operating results & views and issues analyzed/discussed with regard to the status of operating results, etc. from the management's perspective

We underscored its key strategies (1)Produce, (2)Reach, (3)Deliver and (4)Support, under the vision for our medium-term corporation plan, "Bringing the WAKUWAKU Thrill and Excitement to all the people in the World". As the second year of the Midium-term Business plan, we grappled with (1)Development of high value added products and services that only we can provide, (2)Customer creation and market development through continuous engagement with our enthusiastic fans, (3) Establishment of the world best SCM that never stops supplying products without stock shortages and over-stockings, and (4) Human resources development, strengthening governance and visualization.

Regarding "Development of high value-added products and services that only we can provide", we continued to work on the development of products, such as an electronic guitar equipped with synthesizer sounds, to acquire new customers, while refreshing our core product families and adding new products to our lineup to strengthen our market competitiveness. In the development process, we promoted the use of a common platform for various product categories and established a system that allows us to convert an idea into a product more efficiently and swiftly with a view to growth over the medium- to long term. Additionally, toward achieving our medium- to long-term goal of evolving from a hardware provider into a solutions provider, we focused our efforts on enhancing the content of the cloud-base subscription service, Roland Cloud that offers a variety of software sound sources and sounds, as well as developing new services to make the service even more appealing. In November, we released Roland Cloud Connect, a service that allows customers to enjoy a variety of Roland Cloud contents seamlessly by connecting it with our synthesizers wirelessly.

Regarding "Customer creation and market development through continuous engagement with our enthusiastic fans", we continued to accelerate the use of digital marketing. As a new lifestyle has become normal in the "With Corona" era, being connected with end users online has become increasingly important. Given these circumstances, we tried to promote the Conversion Partner Program, a program delivering digital content that is compelling for customers in collaboration with our business partners and ultimately driving sales in each country. Meanwhile, based on the conviction that it is highly important for us to provide our customers with opportunities to touch our musical instruments and convince them of the value of our products before they make the decision to purchase our products, we set up Store in Store (spaces dedicated solely to Roland products inside the stores of our business partners) in major cities around the world. At Store in Store in Europe, we launched an online service called Roland Live to serve customers who are at home, as a new initiative in the "New Normal" of life with COVID-19. In October 2021, we held Roland/BOSS Players Summit 2021, an online user-interactive event, in Japan, as part of our continued efforts to forge a new bond with customers.

Regarding "Establishment of the world best SCM that never stops supplying products without stock shortages and over-stockings", we took on various challenges in procurement, production, and logistics in the wake of the COVID-19 pandemic. In response to the global shortage of semiconductors and other raw materials, we made efforts such as purchasing materials from markets to build up inventories earlier, developing a long-term purchasing plan, and modifying designs to accommodate our products to substitute parts. On the production side, we implemented thoroughgoing infection prevention measures to minimize the impact of the suspended operation of our Malaysia factory. Also, to meet growing demand, we started the production of pianos at our factory in China. On the logistics side, while the lead time had extended in line with increased logistics volume worldwide, we successfully minimized its impact on our earnings for the fiscal year under review by optimizing the regional allocation of logistics resources and driving the sales of in-stock products in local markets. A reduction in the number of models, which we have sought to achieve over the medium term, progressed in line with the plan.

Regarding "Human resources development, strengthening governance and visualization", the Group was awarded the highest 3-star Eruboshi ("L-Star") certification in July as an excellent company that contributed to women's empowerment in accordance with the Act on Promotion of Women's Participation and Advancement in the Workplace. In terms of the personnel system, we have officially adopted flexible working hours and remote work systems, which we had worked to develop since the previous fiscal year, in a bid to adapt to the "New Normal" of life with COVID-19.

- (a) Net sales

We reported net sales for the fiscal year under review of ¥80,032 million (up 25.0% year on year). Sales performance by mainstay category is as shown below:

Keyboards

Among the mainstay categories, sales of electronic pianos remained solid, driven by increased demand from people staying home for longer hours as the new lifestyle has become normal. Among others, the new portable piano series and new space-saving models continued to record strong sales. Although sales of keyboards soared backed partly by the successful development of sales channels in North America, the order backlog increased in all regions as a consequence of supply shortages.

As a result of the above, net sales from the Keyboards category amounted to ¥24,792 million (up 39.0% year on year).

Percussion and Wind instruments

Among the mainstay categories, sales of electronic drums, especially the V-Drums Acoustic Design series and variations of the existing products remained strong, and sales increased significantly in all regions.

Sales of electronic wind instruments remained very firm, especially the highest model of Aerophone and the region limited model released in the fiscal year under review went very well. Such significant sales growth is also driven by the upswing of the entire electronic wind instruments market.

As a result of the above, net sales from the Percussion and Wind Instruments category amounted to ¥19,053 million (up 30.3% year on year).

Guitar-related Products

Among the mainstay categories, sales of guitar effects increased, backed especially by successful promotion of new product families launched in the previous fiscal year and other products such as the anniversary versions of compact effects released in the fiscal year under review, despite supply shortages.

Sales of musical instruments amplifiers, especially the KATANA amplifier series increased mainly in North America. Also, in addition to products intended for outdoor use, sales of amplifiers for keyboards and electronic drums performed very well.

As a result of the above, net sales from the Guitar-related Products category amounted to ¥19,093 million (up 14.2% year on year).

Creation-related Products and Services

Among the mainstay categories, sales of synthesizers continued very strong. This is attributable to strong demand for keyboards for emerging countries as well as synthesizers equipped with 88 keys like electronic pianos and stage pianos.

Sales of dance and DJ-related products also soared, driven by strong sales of new product families launched in the previous and current fiscal years given the increased interest in music production among people staying home amid the COVID-19 pandemic.

In the software and service domain, through Roland Cloud platform, new versions of software sound source were released in addition to the upgrade software which enables existing electronic drum products to expand their functions. Also, we released Roland Cloud Connect, a service that allows customers to enjoy a variety of Roland Cloud content seamlessly by connecting it with our synthesizers wirelessly.

As a result of the above, net sales from the Creation-related Products & Services category amounted to ¥10,122 million (up 26.4% year on year).

Video and Professional Audio

Among the mainstay categories, sales of video related products in the lower price range plateaued due to a range of factors, including the diminished video distribution demand from individual users who stay home for longer hours in the wake of the COVID-19 pandemic and the influence of competition with the products of other companies, although sales of mid-range video related products remained brisk.

As a result of the above, net sales from the Video and Professional Audio category amounted to ¥4,282 million (down 6.9% year on year).

(b) Operating profit

During the fiscal year under review, operating profit amounted to ¥11,093 million (up 55.9% year on year), backed by increased gross profit thanks to price adjustments in twice along with sales growth, partially offset by an increase in selling, general and administrative expenses caused primarily by increased personnel expenses as a result of increased head counts and profits on top of the surge in raw material and ocean freight costs.

(c) Ordinary profit

Non-operating income and non-operating expenses came in at ¥172 million and ¥1,163 million, respectively. Non-operating expenses included sales discounts of ¥770 million and foreign exchange losses of ¥259 million.

As a result of the above, ordinary profit for the fiscal year under review came in at ¥10,102 million (up 60.9% year on year).

(d) Profit attributable to owners of parent

Extraordinary income came in at ¥375 million, which comprised solely of gain on sale of non-current assets, while extraordinary losses came in at ¥239 million, which comprised mainly of loss on competition law of ¥149 million and impairment loss on non-current assets of ¥72 million. Income tax expenses amounted to ¥1,650 million because of the recording deferred income tax benefit of ¥479 million primarily in conjunction with the recognition of deferred tax assets resulting from the restructuring of the U.S. subsidiaries.

As a result of the above, profit attributable to owners of parent for the current fiscal year under review amounted to ¥8,586 million (up 99.6% year on year).

We have positioned the return on equity (ROE) and the return on invested capital (ROIC) as key management metrics to objectively measure the level of progress in achieving management targets. Of these two key metrics, ROE rose to 35.6% (up 12.9 percentage points year on year), helped by the increased profit attributable to owners of parent coupled with our appropriate shareholder return, while ROIC rose to 30.7% (up 8.6 percentage points year on year), driven by the increased operating profit.

(e) Actual amounts of production, orders received, and sales

The Company and its consolidated subsidiaries operate in a single business segment, manufacturing and distributing electronic musical instruments, and thus, no breakdown by segment is available for presentation.

(i) Actual amounts of production

(Millions of yen, unless otherwise stated)

Item	50th fiscal year (January 1, 2021 through December 31, 2021)	YoY change
Keyboards	25,222	+31.0
Percussion and Wind Instruments	18,705	+6.9
Guitar-related Products	18,430	(0.6)
Creation-related Products & Services	9,084	+8.0
Video and Professional Audio	4,520	(4.6)
Others	1,966	+21.7
Total	77,930	+11.3

Notes: 1. The amount is calculated based on the selling price.

2. The above amounts do not include the consumption taxes.

(ii) Actual amounts of orders received

Not applicable as the Group manufactures products based on demand forecasts.

(iii) Actual amounts of sales

(Millions of yen, unless otherwise stated)

Item	50th fiscal year (January 1, 2021 through December 31, 2021)	YoY change
Keyboards	24,792	+39.0
Percussion and Wind Instruments	19,053	+30.3
Guitar-related Products	19,093	+14.2
Creation-related Products & Services	10,122	+26.4
Video and Professional Audio	4,282	(6.9)
Others	2,689	+18.9
Total	80,032	+25.0

Note: The above amounts do not include the consumption taxes.

(3) Analysis of financial position

Total assets as of December 31, 2021 increased by ¥6,710 million from the end of the previous year to ¥52,807 million. This is attributable primarily to increases in trade receivables of ¥1,514 million and inventories of ¥7,165 million, which were partially offset by a decrease in cash and deposits of ¥2,051 million. The position of cash and deposits is described in detail in the next section on the status of cash flows.

Liabilities decreased by ¥1,794 million from the end of the previous fiscal year to ¥24,150 million. This is mainly owing to decreases in borrowings of ¥2,761 million and provision for loss on competition law of ¥562 million, which were partially offset by an increase in trade payables of ¥1,162 million.

Net assets increased by ¥8,505 million from the end of the previous fiscal year to ¥28,656 million. This is mainly owing to recording of profit attributable to owners of parent of ¥8,586 million and an increase in foreign currency translation adjustment of ¥2,024 million resulting from a further depreciation of yen against major currencies, which were partially offset by dividends from retained earnings of ¥2,922 million.

As a result of the above, the equity ratio rose 10.7 percentage points from the end of the previous fiscal year to 53.7%.

(4) Cash flows

Cash and cash equivalents as of December 31, 2021 decreased by ¥2,051 million from the previous fiscal year to ¥8,781 million.

Net cash provided by operating activities amounted to ¥4,929 million (down ¥1,972 million in the inflow year on year), which is mainly owing to the contribution of profit before income taxes.

Net cash used in investing activities amounted to ¥803 million (down ¥98 million in the outflow year on year), which is mainly as a result of payment for purchase of property, plant and equipment.

Net cash used in financing activities amounted to ¥6,071 million (up ¥2,401 million in the outflow year on year), which is mainly due to payments of dividends and repayment of borrowings.

(5) Factors that have a material impact on operating results

Factors that have a material impact on the Group's operating results are as stated in "2. Business Risks."

(6) Capital resources and liquidity of funds

The Group's cash demand lies primarily in the purchase of raw materials for manufacturing its products, labor cost, the purchase of its products manufactured by OEMs, research and development expenses, operating expenses including advertising and promotion expenses and other operating funds, as well as refurbishment and expansion of manufacturing facilities.

The Group usually finances its operations and capital investments with its own funds and external borrowings. To raise funds efficiently, the Group has entered into committed lines of credit with its main bank and managed liquidity risk. As of the end of the fiscal year under review, the balance of unused credit was ¥5,000 million.

The Group will seek to curb its funding costs and optimize its capital efficiency by taking into consideration the outlook for its cash flow conditions, the trend of market interest rates, and also borrowing funds from banks as needed, while using own funds earned by operating activities as the basic source of funding.

Reference information

Besides net sales stated in its consolidated financial statements, the Group has recognized the historical changes in its net sales to external customers by major regional market and by product category, with the aim of providing investors with the information that helps them evaluate the Group's operating performance and corporate value, as shown in the tables below.

(1) Net sales and composition by region

(Millions of yen, unless otherwise stated)

	2017		2018		2019		2020		2021	
Japan	8,807	15.4%	8,683	14.2%	9,237	14.6%	9,066	14.2%	9,666	12.1%
North America (Note 1)	17,056	29.8%	18,169	29.7%	18,914	29.9%	19,963	31.2%	25,959	32.4%
Europe (Note 2)	18,810	32.8%	19,751	32.3%	19,518	30.9%	21,027	32.8%	24,958	31.2%
China (Note 3)	4,267	7.4%	6,005	9.8%	7,194	11.4%	6,304	9.8%	8,673	10.8%
Asia / Oceania / Other Regions	8,379	14.6%	8,543	14.0%	8,381	13.2%	7,682	12.0%	10,775	13.5%
Total	57,320	100.0%	61,153	100.0%	63,247	100.0%	64,044	100.0%	80,032	100.0%

Notes: 1. Net sales in the U.S. and Canada.

2. Including net sales in Austria, Belgium, Czech Republic, Denmark, Finland, France, Germany, Greece, Ireland, Italy, the Netherlands, Norway, Poland, Portugal, Russia, Spain, Sweden, Switzerland, Turkey, and the United Kingdom

3. Net sales in mainland China

(2) Net sales and composition by product category

(Millions of yen, unless otherwise stated)

	2017		2018		2019		2020		2021	
Keyboards	14,126	24.6%	15,551	25.4%	17,104	27.0%	17,842	27.9%	24,792	31.0%
Percussion and Wind Instruments	12,363	21.6%	14,351	23.5%	14,205	22.4%	14,620	22.8%	19,053	23.8%
Guitar-related Products	14,596	25.5%	16,411	26.8%	16,744	26.5%	16,712	26.1%	19,093	23.9%
Creation-related Products & Services	8,693	15.2%	7,647	12.5%	8,267	13.1%	8,010	12.5%	10,122	12.6%
Video and Professional Audio	5,173	9.0%	4,624	7.6%	4,289	6.8%	4,597	7.2%	4,282	5.3%
Other	2,366	4.1%	2,566	4.2%	2,634	4.2%	2,261	3.5%	2,689	3.4%
Total	57,320	100.0%	61,153	100.0%	63,247	100.0%	64,044	100.0%	80,032	100.0%

4. Material Contracts, etc.

Lease agreement

Contracting party	The other party	Contract date	Contract details	Contract period
Roland Manufacturing Malaysia Sdn. Bhd.	Formosa Prosonic Industries Berhad	December 1, 2019	Factories, warehouses and offices for manufacturing electronic musical instruments	From December 1, 2019 through November 30, 2022.

* The Company, as lessee, is given an option to renew the contract for additional three years, and intends to renew it at the termination of the current contract on November 30, 2022.

5. Research and Development Activities

The Group's R&D activities can be classified into the following two: 1) advanced development of basic underlying technologies that can be shared by the entire group and 2) development of technologies focused on each of our product categories. Our basic technology department and applied technology department are responsible for the advanced development of basic underlying technologies. Our mechanical engineering department, system development department, design department, and product development department are responsible for the development of technologies focused on each of our product categories.

The Company and its consolidated subsidiaries operate a single segment of manufacturing and sale of electronic musical instruments and there are no other operating segments to be classified. Therefore, we have not presented this information in association with segment information.

Specific themes of research and development for the technology departments include the development of digital signal processing algorithms, such as audio-visual synthesis, modeling, sound effects, acoustic analysis, and high-efficiency coding; telecommunications technologies to transmit audio and Musical Instrument Digital Interface (MIDI) using communications/interface standards such as USB, Bluetooth, and wireless LAN; and original system LSIs that synthesize sounds from musical instruments and add effects to original sounds. In addition to the above, we are in the process of developing a global platform for our cloud-based service Roland Cloud. We will continue to upgrade this platform as the base for distributing content/software and providing customer service globally, in addition to our shared customer database and web-based services.

In the meanwhile, technologies focused on each of our product categories include sensor technology for playing keyboards, percussion and wind instruments; sound effect technology for guitar-related products; and video processing technology for video products.

Details of these technologies are as follows:

(a) BMC common platform (Note 1)

We have worked on the development of original system LSIs for sound sources and effects, which are at the heart of our electronic musical instruments. These original system LSIs have continued to evolve as one of our core technologies to differentiate the Company from its peers. Our latest LSI, BMC (Behavior Modeling Core), has helped us build a common platform on which we can produce various types of musical instruments. This common platform also has enabled us to develop high-quality, high-performance products within a shorter period of time and offer them at competitive prices.

In 2021, we expand our business into the largest customer segment such as the FP-X series of digital pianos and the TD-07 series of electronic drums, and help promote the high quality sound sources achieved in our high-end models.

Note 1: The common platform refers to an LSI integrating all sorts of sound sources and related functions that can be shared among various musical instruments, including piano, synthesizer, and drum, although sound sources traditionally needed to be created separately for each type of musical instruments.

(b) Development of new-generation sound source technology ZEN-Core (Note 2)

The new-generation sound source technology ZEN-Core for synthesizers developed in 2019 has realized compelling sound quality with an expanded sound source memory, mellifluous reproduction of musical performance with a higher-resolution control display, and content compatibility between products. In addition, the modeling technology has enabled digital synthesizers to output quality sound with depth and dynamism equivalent to that of analog synthesizers.

In 2021, we expanded this ZEN-Core to the tabletop music production device MV-1, offering it as a tool that enables songwriting in easily manageable ways such as patterns and step sequencers. In 2020, we ported the ZEN-Core, which had been run only on the BMC, was ported to a software sound source on the computer and released as ZENOLOGY. In 2021, we made a sound effect unit with a built-in ZENOLOGY as a stand-alone software, releasing more than 90 effects functions for users to create their own audio tracks. ZENOLOGY technology presents itself as being beyond a mere sound source. In addition, our legend digital synthesizer, JD-800, has been released as a Model Expansion adaptable to ZENOLOGY and some compatible ZEN-Core hardware.

Note 2: BMC, extendible and customizable synthesizer sound sources that run on BMC and computer.

(c) Digital signal processing technology

Along with sound source technologies, we have nurtured high-precision, high-quality digital signal processing technologies to transform voices into musical expression. For example, we have developed a technology to simulate the reverberation effects in a room or a hall where musical instruments are placed and reproduce not only the sounds of musical instruments but also sound fields; a guitar multi-effects that computes the vibration of guitar strings with a precision as high as 32bit/96kHz

floating point; and a voice effector that can be create instant multi-part harmonies with voicings that follow playing chords or hard-tune voice quality such as a low and deep voice or vice versa. Original system LSIs such as BMC are used in these technologies and devices as well.

In 2021, we renovated the vocoder technology (a technology that takes the human voice as input and uses the frequency components and dynamics extracted from it to control the synthesizer) and employed it for the JUPITER-X and JUPITER-Xm as the Vocal Designer Model Expansion. This allows the sound produced by ZEN-Core to give the power of expression and warmth that only the human voice can provide. In addition, it enables to create a unique impressive tone through detailed customization.

(d) Development of the BOSS technology

In 2021, we exhibited our integrated technological strength for BOSS brand products. We incorporated our knowledge and expertise in BOSS, accumulated through long years of experience with the development of effects and amplifiers as the industry-leading ultra-high quality signal processing technology based on a 32-bit floating point processing, into our own DSP such as BMC, and pursued the best sound expression for guitarists. We also have a guitar synthesizer technology that has been developed since the 1980s, which extracts accurate performance information from the vibration of guitar strings and produces sound sources with low latency. In July 2021, an electronic guitar EURUS GS-1 was created by combining such guitar synthesizer technology and the latest sound customization technology through smartphones with Bluetooth MIDI. GS-1 provides guitarists with new performance possibilities through the sound that inspires creativity and extreme playability.

Even for the guitar amplifier category, we exercised our integrated technological strength completely. In June 2021, we released the CUBE STREET II, battery-powered stereo amplifier that combines our long-time well-known technology which delivers high-quality, powerful sound in any environment, even with battery-powered device, with the technology that enables creation of phrases through overdubbing (looping function), which we have been working on since 2001. At the same time, we released Bluetooth Audio MIDI Dual Adaptor (BT-DUAL) that enables wireless connection to smartphones and tablets by plugging into the amplifier itself. Beside a battery-powered high quality basic function, BT-DUAL which enables expansion of wireless functions has been well received as a new solution for live performances.

(e) Video signal processing technology

The Company has been developing the Ultra Scaler processing technology to meet diversifying needs of professionals working at video production sites through the product lines which incorporate such technology. The technology addresses the latest needs, such as 4K resolution and High Dynamic Range (HDR, a display technology to reproduce a greater range of luminosity than what is achievable with the conventional technology), while accommodating video signals of the conventional format, seamlessly converting/outputting signals between the two.

Recent restrictions caused by measures against COVID-19 boost streaming events over networks and live commerce, instead of large events involving mass of participants. For creating those videos, smaller, more agile video equipment is required. Our AV Mixer, VR series and Video Mixer, V series have satisfied such demands.

Recently more and more smartphone's cameras are used as a recording device. Our traditional video equipment, however, didn't have an I/O terminal adaptable to smartphones, and we have been asked to provide a solution that can be incorporated into the system. To meet this demand, we released AeroCaster Switcher, an application software for iPad in September 2021. The iPad with this software installed can receive the video from up to four smartphones via wireless connection and switch and mix the video freely. The system enables a montage of images to be sent to our compatible VR Series and V Series via HDMI adapter of iPad and further switch and mix with video from other cameras. AeroCaster Switcher is the innovative solution that offers smartphone, application software, and video mixer/switcher as one package.

(f) Roland Cloud

The Company has continued to upgrade the online platform for Roland Cloud, a cloud-based software sound source subscription service for music and media creators (with a monthly/annual flat-rate membership fee system). Along with the upgrade of Roland Cloud, the Company worked out a scheme to protect content of its hardware products including musical instruments and related products, and enhanced user authentication functions for Roland Cloud Manager (an application that allows to create and manage Roland Cloud accounts, select and purchase plans, and simply manage all instruments and sounds). Through these efforts, the Company launched a service with a new subscription plan in May 2020.

Furthermore, we added ZENOLOGY mentioned above to the service, which has enabled us to offer total solutions to

customers, spanning from the purchase of content/plugin software, the management of sound sources and range of settings on the PC for the storage and use of hardware products compatible with ZEN-Core. It helps offer a consistent, smooth and fast workflow from music production to live performance.

We also developed technologies to promote IoT of electronic musical instruments, and released Roland Cloud Connect in November 2021. WC-1 wireless adapter adds LAN connection function simply by plugging into the USB port of the instruments. The connection between WC-1 and proprietary application software permitted the subscription services with electronic musical instruments. The services include not only direct downloading of various contents from Roland Cloud to electronic musical instruments, but also the functions such as user account control, content protection, and security. The system allows us to offer more detailed services and content business in the future.

Based on the results of the above R&D activities, we will continue to supply products and services that “bring the WAKUWAKU thrill and excitement to all the people in the world.”

During the fiscal year under review, R&D expenses came in at ¥4,145 million.

Item 3. Information about Facilities

1. Overview of Capital Expenditures

During the fiscal year ended December 31, 2021, the Company made capital expenditures of ¥1,329 million for investment in molds incidental to new product development.

The Company and its consolidated subsidiaries operate a single segment of manufacturing and sale of electronic musical instruments and there are no other operating segments to be classified. Therefore, we have not presented this information in association with segment information.

2. Major Facilities

The Company and its consolidated subsidiaries operate a single segment of manufacturing and sale of electronic musical instruments and there are no other operating segments to be classified. Therefore, we have not presented this information in association with segment information.

(1) Reporting company

As of December 31, 2021

Office (Location)	Description of facilities	Carrying amount (million yen)					Number of employees (Persons)
		Buildings and structures	Machinery, equipment and vehicles	Tools, furniture and fixtures	Land (Area: m ²)	Total	
Headquarters (Kita-ku, Hamamatsu-shi, Shizuoka)	Facilities for development and administration operations	283	0	37	540 (35,460)	861	424
Miyakoda Factory Miyakoda Testing Laboratory (Kita-ku, Hamamatsu-shi, Shizuoka)	Facilities for production, development and quality control	357	2	37	611 (38,357)	1,010	214
R&D Center (Kita-ku, Hamamatsu-shi, Shizuoka)	Facilities for research and Development	537	0	10	138 (28,270)	685	46

- Notes: 1. There are no major facilities that are currently out of operation.
 2. The above figures do not include the consumption taxes.
 3. The number of temporary employees is omitted since it is less than 10% of the total number of employees.
 4. The above figures are the carrying amounts of property, plant and equipment, and do not include construction in progress.

(2) Foreign subsidiaries

As of December 31, 2021

Company name	Location	Description of facilities	Carrying amount (million yen)					Number of employees (Persons)
			Buildings and structures	Machinery, equipment and vehicles	Tools, furniture and fixtures	Land (Area: m ²)	Total	
Roland Electronics (Suzhou) Co., Ltd.	Suzhou, China	Production facilities	282	93	255	– (26,870) [26,870]	632	135
Roland Manufacturing Malaysia Sdn. Bhd.	Selangor Darul Ehsan, Malaysia	Production facilities	159	103	552	– (35,604) [35,604]	814	936 (305)

- Notes: 1. There are no major facilities that are currently out of operation.
 2. The above figures do not include the consumption taxes.
 3. The number of employees in parentheses indicates the number of temporary employees, which is not included in the number of employees.
 4. The figures of areas of land in square brackets indicate the areas of land leased from entities other than consolidated companies, which is included in the areas of land.
 5. The above figures are the carrying amounts of property, plant and equipment, and do not include construction in progress.

3. Facility Construction and Disposal Plans

Not applicable.

Item 4. Information about Reporting Company

1. Company's Shares, etc.

(1) Total number of shares

1) Authorized shares

Class	Total number of shares authorized to be issued (shares)
Common stock	80,000,000
Total	80,000,000

2) Issued shares

Class	Number of issued shares as of fiscal year end (December 31, 2021) (shares)	Number of issued shares as of filing date (March 9, 2022) (shares)	Name of financial instruments exchange on which securities are listed or authorized financial instruments business association to which securities are registered	Description
Common stock	27,970,534	28,002,618	First Section of the Tokyo Stock Exchange	The number of shares constituting one unit is 100 shares.
Total	27,970,534	28,002,618	—	—

Notes: 1. The total number of issued shares increased by 32,084 shares upon the exercise of share acquisition rights on January 4, 2022.

2. The number of issued shares stated in "Number of issued shares as of the filing date" does not include the number of shares issued upon the exercise of share acquisition rights during a period from March 1, 2022 to the filing date of this Annual Securities Report.

(2) Share acquisition rights

1) Stock option plans

1st Series Share Acquisition Rights (resolved at the Extraordinary General Meeting of Shareholders held on April 30, 2015)

Resolution date	April 30, 2015
Title and number of grantees (Persons)	4 Directors and 7 Executive Officers of the Company (Note 8)
Number of share acquisition rights (units) (Note 1)	15,096 [13,862] (Note 2)
Class, details and number of shares underlying the share acquisition rights (shares) (Note 1)	392,496 [360,412] shares of common stock (Notes 2 and 3)
Paid-in amount upon exercise of share acquisition rights (yen) (Note 1)	374 (Note 4)
Exercise period of share acquisition rights (Note 1)	May 1, 2017 through April 30, 2025
Share issue price and additional paid-in capital per share in the event of issuance of shares upon exercise of share acquisition rights (yen) (Note 1)	Issue price: 374 The additional paid-in capital per share shall be an amount equivalent to a half of the maximum amount of share capital increase, calculated in accordance with Article 17, Paragraph 1 of the Regulation on Corporate Accounting. Fractions less than one yen resulting from the calculation shall be rounded up to a whole yen.
Conditions for exercising share acquisition rights (Note 1)	(Note 5)
Transfer of share acquisition rights (Note 1)	(Note 6)
Delivery of share acquisition rights in the event of organizational restructuring activities (Note 1)	(Note 7)

Notes: 1. The description above indicates the status as of the end of the current fiscal year (December 31, 2021). The information changed between the end of the current fiscal year and the end of the month preceding to the filing month (February 28, 2022) are shown in square brackets based on the status as of February 28, 2022. The other information has not changed from the end of the current fiscal year.

2. The number of shares underlying each of the Share Acquisition Rights is 26 shares.

3. In the case that the Company conducts a stock split or consolidation, the number of shares underlying the Share Acquisition Rights shall be adjusted in accordance with the following formula. Such adjustment shall be made only for the number of shares underlying the Share Acquisition Rights that has not been exercised at the time of such stock split or consolidation. Any fractional shares resulting from such adjustments shall be rounded down.

Number of shares after adjustment = Number of shares before adjustment × Ratio of stock split or consolidation

In the event that the number of shares to be granted (hereinafter the “Number of Granted Shares”) needs to be adjusted, after the date on which the issuance of the Share Acquisition Rights is resolved (hereinafter the “Resolution Date”) due to the Company’s merger, company split, share exchange, share transfer or other organizational restructuring activities (hereinafter the “Company’s Restructuring Activities”), or any other events requiring an adjustment of such number of shares, the Company shall appropriately adjust the Number of Granted Shares to the extent reasonable.

4. In the event that the Company conducts a stock split or consolidation after the Resolution Date, the exercise price of the Share Acquisition Rights shall be adjusted in accordance with the following formula. Any fractions less than one yen resulting from the calculation shall be rounded up to a whole yen.

Exercise price after adjustment = Exercise price before adjustment / Ratio of stock split or stock consolidation

In addition to the above, in the event that the exercise price needs to be adjusted due to the Company’s Restructuring Activities, or any other events requiring an adjustment of such price, after the resolution date of issuance of share acquisition rights, the Company shall appropriately adjust the exercise price to the extent reasonable.

5. Persons to whom the Share Acquisition Rights are to be allocated (hereinafter the “Share Acquisition Right Holders”) may exercise their share acquisition rights only if (i) the Company’s common stock is listed on the Tokyo Stock Exchange or any other financial instruments exchange market in Japan or abroad, (ii) the Company conducts a merger, in which the Company is the disappearing company, a company split or business transfer involving all or material part of the Company’s business, an exchange or transfer of shares whereby the Company becomes a wholly-owned subsidiary, or (iii) Taiyo Jupiter Holdings, L.P. transfers a majority number of shares in the Company it directly or indirectly holds.

The Share Acquisition Right Holders may now exercise the Share Acquisition Rights as the Company went public on the First Section of the Tokyo Stock Exchange on December 16, 2020; therefore, the condition in (i) above has been satisfied.

6. Acquisition of the Share Acquisition Rights by way of transfer requires approval by a resolution of the Company’s Board of Directors.

7. In the event that the Company conducts a merger (limited to the case where the Company ceases to exist as a result of the merger), an absorption-type company split or an incorporation-type company split, or an exchange or transfer of shares (collectively, the “Restructuring Activities”), share acquisition rights of the relevant stock companies set forth in Article 236, Paragraph 1, Item 8 (a) through (e) of the Companies Act (the “Succeeding Company”) shall be delivered to the Share Acquisition Right Holders who hold the Share Acquisition Rights not yet exercised at the time of the Restructuring Activities taking effect in accordance with the following conditions; provided, however, that such share acquisition rights of the Succeeding Company shall be delivered only if the delivery of such share acquisition rights is stipulated in the relevant merger agreement, absorption-type company split agreement, incorporation-type company split plan, share exchange agreement or share transfer plan.

- (i) Number of share acquisition rights of the Succeeding Company to be delivered
Number reasonably determined based on the number of Share Acquisition Rights held by a Share Acquisition Right Holder, taking into account the terms and conditions of the Restructuring Activities.
 - (ii) Class of shares of the Succeeding Company underlying the share acquisition rights to be granted
Common stock of the Succeeding Company
 - (iii) Number of shares of the Succeeding Company underlying the share acquisition rights to be delivered
Number reasonably determined taking into account the terms and conditions of the Restructuring Activities
 - (iv) Value of assets to be contributed upon exercise of the share acquisition rights to be delivered
Value obtained by multiplying (i) the value per share reasonably determined based on the exercise price set forth in the above table, taking into account the terms and conditions of the Restructuring Activities by (ii) the number of shares of the Succeeding Company underlying each share acquisition right to be delivered.
 - (v) Exercise period of share acquisition rights to be delivered
From the effective date of the relevant Restructuring Activity to the end of the exercise period set forth in the above table
 - (vi) Conditions for exercise of share acquisition rights to be delivered
Same as set forth in 5. above.
 - (vii) Restriction on acquisition of share acquisition rights by transfer
Same as set forth in 6. above.
8. "Title and number of grantees" as of the filing date of this Annual Securities Report are two Directors, six Executive Officers, one employee, one former Director and one former Executive Officer of the Company.
9. The Company conducted a 30-for-1 stock split effective on September 14, 2020. As a result, adjustments were made to the "Number of shares underlying the share acquisition rights," "Paid-in amount upon exercise of share acquisition rights" and "Share issue price and additional paid-in capital per share in the event of issuance of shares upon exercise of share acquisition rights."

2nd Series Share Acquisition Rights (resolved at the Extraordinary General Meeting of Shareholders held on April 30, 2015)

Resolution date	April 30, 2015
Title and number of grantees (Persons)	1 Director of the Company
Number of share acquisition rights (units) (Note 1)	– Note 2
Class, details and number of shares underlying the share acquisition rights (shares) (Note 1)	– shares of common stock (Notes 2 and 3)
Paid-in amount upon exercise of share acquisition rights (yen) (Note 1)	374 (Note 4)
Exercise period of share acquisition rights (Note 1)	May 1, 2017 through April 30, 2025
Share issue price and additional paid-in capital per share in the event of issuance of shares upon exercise of share acquisition rights (yen) (Note 1)	Issue price: 374 The additional paid-in capital per share shall be an amount equivalent to a half of the maximum amount of share capital increase, calculated in accordance with Article 17, Paragraph 1 of the Regulation on Corporate Accounting. Fractions less than one yen resulting from the calculation shall be rounded up to a whole yen.
Conditions for exercising share acquisition rights (Note 1)	(Note 5)
Transfer of share acquisition rights (Note 1)	(Note 6)
Delivery of share acquisition rights in the event of organizational restructuring activities (Note 1)	(Note 7)

Notes: 1. The description above indicates the status as of the end of the current fiscal year (December 31, 2021). All share acquisition rights were exercised by the end of the current fiscal year.

- 2. The number of shares underlying each of the Share Acquisition Rights is 26 shares.
- 3. In the case that the Company conducts a stock split or consolidation, the number of shares underlying the Share Acquisition Rights shall be adjusted in accordance with the following formula. Such adjustment shall be made only for the number of shares underlying the Share Acquisition Rights that has not been exercised at the time of such stock split or consolidation. Any fractional shares resulting from such adjustments shall be rounded down.

Number of shares after adjustment = Number of shares before adjustment × Ratio of stock split or consolidation

In the event that the number of shares to be granted (hereinafter the "Number of Granted Shares") needs to be adjusted, after the date on which the issuance of the Share Acquisition Rights is resolved (hereinafter the "Resolution Date") due to the Company's merger, company split, share exchange, share transfer or other organizational restructuring activities (hereinafter the "Company's Restructuring Activities"), or any other events requiring an adjustment of such number of shares, the Company shall appropriately adjust the Number of Granted Shares to the extent reasonable.

- 4. In the event that the Company conducts a stock split or consolidation after the Resolution Date, the exercise price of the Share Acquisition Rights shall be adjusted in accordance with the following formula. Any fractions less than one yen resulting from the calculation shall be rounded up to a whole yen.

Exercise price after adjustment = Exercise price before adjustment / Ratio of stock split or stock consolidation

In addition to the above, in the event that the exercise price needs to be adjusted due to the Company's Restructuring Activities, or any other events requiring an adjustment of such price, after the resolution date of issuance of share acquisition rights, the Company shall appropriately adjust the exercise price to the extent reasonable.

- 5. Persons to whom the Share Acquisition Rights are to be allocated (hereinafter the "Share Acquisition Right Holders") may exercise their share acquisition rights only if (i) the Company's common stock is listed on the Tokyo Stock Exchange or any other financial instruments exchange market in Japan or abroad, (ii) the Company conducts a merger, in which the Company is the disappearing company, a company split or business transfer involving all or material part of the Company's business, an

exchange or transfer of shares whereby the Company becomes a wholly-owned subsidiary, or (iii) Taiyo Jupiter Holdings, L.P. transfers a majority number of shares in the Company it directly or indirectly holds.

The Share Acquisition Right Holders may now exercise the Share Acquisition Rights as the Company went public on the First Section of the Tokyo Stock Exchange on December 16, 2020; therefore, the condition in (i) above has been satisfied.

6. Acquisition of the Share Acquisition Rights by way of transfer requires approval by a resolution of the Company's Board of Directors.
7. In the event that the Company conducts a merger (limited to the case where the Company ceases to exist as a result of the merger), an absorption-type company split or an incorporation-type company split, or an exchange or transfer of shares (collectively, the "Restructuring Activities"), share acquisition rights of the relevant stock companies set forth in Article 236, Paragraph 1, Item 8 (a) through (e) of the Companies Act (the "Succeeding Company") shall be delivered to the Share Acquisition Right Holders who hold the Share Acquisition Rights not yet exercised at the time of the Restructuring Activities taking effect in accordance with the following conditions; provided, however, that such share acquisition rights of the Succeeding Company shall be delivered only if the delivery of such share acquisition rights is stipulated in the relevant merger agreement, absorption-type company split agreement, incorporation-type company split plan, share exchange agreement or share transfer plan.
 - (i) Number of share acquisition rights of the Succeeding Company to be delivered
Number reasonably determined based on the number of Share Acquisition Rights held by a Share Acquisition Right Holder, taking into account the terms and conditions of the Restructuring Activities.
 - (ii) Class of shares of the Succeeding Company underlying the share acquisition rights to be granted
Common stock of the Succeeding Company
 - (iii) Number of shares of the Succeeding Company underlying the share acquisition rights to be delivered
Number reasonably determined taking into account the terms and conditions of the Restructuring Activities
 - (iv) Value of assets to be contributed upon exercise of the share acquisition rights to be delivered
Value obtained by multiplying (i) the value per share reasonably determined based on the exercise price set forth in the above table, taking into account the terms and conditions of the Restructuring Activities by (ii) the number of shares of the Succeeding Company underlying each share acquisition right to be delivered.
 - (v) Exercise period of share acquisition rights to be delivered
From the effective date of the relevant Restructuring Activity to the end of the exercise period set forth in the above table
 - (vi) Conditions for exercise of share acquisition rights to be delivered
Same as set forth in 5. above.
 - (vii) Restriction on acquisition of share acquisition rights by transfer
Same as set forth in 6. above.
8. The Company conducted a 30-for-1 stock split effective on September 14, 2020. As a result, adjustments were made to the "Number of shares underlying the share acquisition rights," "Paid-in amount upon exercise of share acquisition rights" and "Share issue price and additional paid-in capital per share in the event of issuance of shares upon exercise of share acquisition rights."

3rd Series Share Acquisition Rights (resolved at the Extraordinary General Meeting of Shareholders held on March 4, 2016)

Resolution date	March 4, 2016
Title and number of grantees (Persons)	2 Executive Officers of the Company and 4 Officers of subsidiaries of the Company (Note 8)
Number of share acquisition rights (units) (Note 1)	6,000 (Note 2)
Class, details and number of shares underlying the share acquisition rights (shares) (Note 1)	156,000 shares of common stock (Notes 2, 3)
Paid-in amount upon exercise of share acquisition rights (yen) (Note 1)	413 (Note 4)
Exercise period of share acquisition rights (Note 1)	March 5, 2018 through March 4, 2026
Share issue price and additional paid-in capital per share in the event of issuance of shares upon exercise of share acquisition rights (yen) (Note 1)	Issue price: 413 The additional paid-in capital per share shall be an amount equivalent to a half of the maximum amount of share capital increase, calculated in accordance with Article 17, Paragraph 1 of the Regulation on Corporate Accounting. Fractions less than one yen resulting from the calculation shall be rounded up to a whole yen.
Conditions for exercising share acquisition rights (Note 1)	(Note 5)
Transfer of share acquisition rights (Note 1)	(Note 6)
Delivery of share acquisition rights in the event of organizational restructuring activities (Note 1)	(Note 7)

Notes: 1. The description above indicates the status as of the end of the current fiscal year (December 31, 2021). There was no change in the information as of the end of the month preceding to the filing month (February 28, 2022).

2. The number of shares underlying each of the Share Acquisition Rights is 26 shares.

3. In the case that the Company conducts a stock split or consolidation, the number of shares underlying the Share Acquisition Rights shall be adjusted in accordance with the following formula. Such adjustment shall be made only for the number of shares underlying the Share Acquisition Rights that has not been exercised at the time of such stock split or consolidation. Any fractional shares resulting from such adjustments shall be rounded down.

Number of shares after adjustment = Number of shares before adjustment × Ratio of stock split or consolidation

In the event that the number of shares to be granted (hereinafter the "Number of Granted Shares") needs to be adjusted, after the date on which the issuance of the Share Acquisition Rights is resolved (hereinafter the "Resolution Date") due to the Company's merger, company split, share exchange, share transfer or other organizational restructuring activities (hereinafter the "Company's Restructuring Activities"), or any other events requiring an adjustment of such number of shares, the Company shall appropriately adjust the Number of Granted Shares to the extent reasonable.

4. In the event that the Company conducts a stock split or consolidation after the Resolution Date, the exercise price of the Share Acquisition Rights shall be adjusted in accordance with the following formula. Any fractions less than one yen resulting from the calculation shall be rounded up to a whole yen.

Exercise price after adjustment = Exercise price before adjustment / Ratio of stock split or stock consolidation

In addition to the above, in the event that the exercise price needs to be adjusted due to the Company's Restructuring Activities, or any other events requiring an adjustment of such price, after the resolution date of issuance of share acquisition rights, the Company shall appropriately adjust the exercise price to the extent reasonable.

5. Persons to whom the Share Acquisition Rights are to be allocated (hereinafter the "Share Acquisition Right Holders") may exercise their share acquisition rights only if (i) the Company's common stock is listed on the Tokyo Stock Exchange or any other financial instruments exchange market in Japan or abroad, (ii) the Company conducts a merger, in which the Company is the disappearing company, a company split or business transfer involving all or material part of the Company's business, an exchange or transfer of shares whereby the Company becomes a wholly-owned subsidiary, or (iii) Taiyo Jupiter Holdings, L.P. transfers a majority number of shares in the Company it directly or indirectly holds.
The Share Acquisition Right Holders may now exercise the Share Acquisition Rights as the Company went public on the First Section of the Tokyo Stock Exchange on December 16, 2020; therefore, the condition in (i) above has been satisfied.
6. Acquisition of the Share Acquisition Rights by way of transfer requires approval by a resolution of the Company's Board of Directors.
7. In the event that the Company conducts a merger (limited to the case where the Company ceases to exist as a result of the merger), an absorption-type company split or an incorporation-type company split, or an exchange or transfer of shares (collectively, the "Restructuring Activities"), share acquisition rights of the relevant stock companies set forth in Article 236, Paragraph 1, Item 8 (a) through (e) of the Companies Act (the "Succeeding Company") shall be delivered to the Share Acquisition Right Holders who hold the Share Acquisition Rights not yet exercised at the time of the Restructuring Activities taking effect in accordance with the following conditions; provided, however, that such share acquisition rights of the Succeeding Company shall be delivered only if the delivery of such share acquisition rights is stipulated in the relevant merger agreement, absorption-type company split agreement, incorporation-type company split plan, share exchange agreement or share transfer plan.
 - (i) Number of share acquisition rights of the Succeeding Company to be delivered
Number reasonably determined based on the number of Share Acquisition Rights held by a Share Acquisition Right Holder, taking into account the terms and conditions of the Restructuring Activities.
 - (ii) Class of shares of the Succeeding Company underlying the share acquisition rights to be granted
Common stock of the Succeeding Company
 - (iii) Number of shares of the Succeeding Company underlying the share acquisition rights to be delivered
Number reasonably determined taking into account the terms and conditions of the Restructuring Activities
 - (iv) Value of assets to be contributed upon exercise of the share acquisition rights to be delivered
Value obtained by multiplying (i) the value per share reasonably determined based on the exercise price set forth in the above table, taking into account the terms and conditions of the Restructuring Activities by (ii) the number of shares of the Succeeding Company underlying each share acquisition right to be delivered.
 - (v) Exercise period of share acquisition rights to be delivered
From the effective date of the relevant Restructuring Activity to the end of the exercise period set forth in the above table
 - (vi) Conditions for exercise of share acquisition rights to be delivered
Same as set forth in 5. above.
 - (vii) Restriction on acquisition of share acquisition rights by transfer
Same as set forth in 6. above.
8. "Title and number of grantees" as of the filing date of this Annual Securities Report are one employee and one former employee of the Company and two Officers and two employees of subsidiaries of the Company.
9. The Company conducted a 30-for-1 stock split effective on September 14, 2020. As a result, adjustments were made to the "Number of shares underlying the share acquisition rights," "Paid-in amount upon exercise of share acquisition rights" and "Share issue price and additional paid-in capital per share in the event of issuance of shares upon exercise of share acquisition rights."

2) Rights plans
Not applicable.

3) Share acquisition rights for other uses
Not applicable.

(3) Exercises of moving strike convertible bonds, etc.
Not applicable.

(4) Changes in number of issued shares, share capital and legal capital surplus

(Millions of yen, unless otherwise stated)

Date	Increase (decrease) in total number of issued shares (shares)	Balance of total number of issued shares (shares)	Increase (decrease) in share capital	Balance of share capital	Increase (decrease) in legal capital surplus	Balance of legal capital surplus
January 1, 2017 through December 31, 2017 (Note 1)	(121,956)	911,461	–	9,421	–	6,128
January 1, 2018 through December 31, 2018 (Note 2)	–	911,461	–	9,421	(1,121)	5,006
January 1, 2019 through December 31, 2019	–	911,461	–	9,421	–	5,006
January 1, 2020 through December 31, 2020 (Notes 3, 4)	26,669,905	27,581,366	69	9,490	69	5,076
January 1, 2021 to December 31, 2021 (Note 5)	389,168	27,970,534	94	9,585	94	5,170

Notes: 1. The decrease was due to the cancellation of treasury shares.

2. The decrease was because capital surplus was reduced and transferred to other capital surplus in accordance with Article 448, Paragraph 1 of the Companies Act.

3. The Company conducted a 30-for-1 stock split effective on September 14, 2020, as resolved at the Board of Directors' meeting held on August 26, 2020.

4. Upon the exercise of share acquisition rights, the total number of issued shares, the amount of share capital and the amount of legal capital surplus increased by 237,536 shares, ¥69 million and ¥69 million, respectively.

5. Upon the exercise of share acquisition rights, the total number of issued shares, the amount of share capital and the amount of legal capital surplus increased by 389,168 shares, ¥94 million and ¥94 million, respectively.

6. During the period from January 1, 2022 to February 28, 2022, upon the exercise of share acquisition rights, the total number of issued shares, the amount of share capital and the amount of legal capital surplus increased by 32,084 shares, ¥9 million and ¥9 million, respectively.

(5) Shareholding by shareholder category

As of December 31, 2021

Category	Shareholding status (Number of shares constituting one unit: 100 shares)								Shares less than one unit (shares)
	National and local governments	Financial institutions	Financial service providers	Other corporations	Foreign investors, etc.		Individuals and others	Total	
					Non-individuals	Individuals			
Number of shareholders (Persons)	–	19	26	34	172	4	2,767	3,022	–
Number of shares held (units)	–	46,391	2,480	2,400	206,048	4	22,338	279,661	4,434
Percentage of shareholdings (%)	–	16.59	0.89	0.86	73.68	0.00	7.99	100.00	–

Note: Out of 164 treasury shares, one unit included in "Individuals and others", 64 shares are included in "Shares less than one unit."

(6) Major shareholders

As of December 31, 2021

Name	Address	Number of shares held (shares)	Shareholding ratio (excluding treasury shares) (%)
Taiyo Jupiter Holdings, L.P. (Standing proxy: SMBC Nikko Securities Inc.)	4th Floor, Harbour Place, 103 South Church Street, George Town, P.O. Box 10240 Grand Cayman KY1-1002 (Shin Marunouchi Building, 1-5-1, Marunouchi, Chiyoda-ku, Tokyo)	9,724,430	34.76
MINERVA GROWTH CAPITAL, LP (Standing proxy: SMBC Nikko Securities Inc.)	c/o The Corporation Trust Company, Corporation Trust Center, 1209 Orange Street, Wilmington, New Castle County, Delaware 19801, U.S.A. (Shin Marunouchi Building, 1-5-1, Marunouchi, Chiyoda-ku, Tokyo)	4,195,600	15.00
The Master Trust Bank of Japan, Ltd. (Trust Account):	2-11-3 Hamamatsucho, Minato-ku, Tokyo	2,037,200	7.28
Custody Bank of Japan, Ltd. (Trust Account)	1-8-12, Harumi, Chuo-ku, Tokyo	1,083,667	3.87
Custody Bank of Japan, Ltd. (Trust Account 9)	1-8-12, Harumi, Chuo-ku, Tokyo	842,700	3.01
NORTHERN TRUST CO. (AVFC) RE FIDELITY FUNDS (Standing proxy: Custody Service, Tokyo Branch, the Hongkong and Shanghai Banking Corporation Limited)	50 Bank Street, Canary Wharf, London, E14 5NT, UK (3-11-1 Nihonbashi, Chuo-ku, Tokyo)	830,225	2.96
NORTHERN TRUST CO. (AVFC) RE UK UCITS CLIENTS NON LENDING 10PCT TREATY ACCOUNT (Standing proxy: Custody Service, Tokyo Branch, the Hongkong and Shanghai Banking Corporation Limited)	50 Bank Street, Canary Wharf, London, E14 5NT, UK (3-11-1 Nihonbashi, Chuo-ku, Tokyo)	759,100	2.71
SSBTC CLIENT OMNIBUS ACCOUNT (Standing proxy: Custody Service, Tokyo Branch, the Hongkong and Shanghai Banking Corporation Limited)	One Lincoln Street, Boston, MA, USA 02111 (3-11-1 Nihonbashi, Chuo-ku, Tokyo)	559,413	2.00
Jun-ichi Miki	Kita-ku, Hamamatsu-shi, Shizuoka	451,468	1.61
Roland Employee Shareholding Association	2036-1 Nakagawa, Hosoe-cho, Kita-ku, Hamamatsu-shi, Shizuoka	374,420	1.33
Total	—	20,858,223	74.53

Notes 1. Effective December 29, 2021, MINERVA GROWTH CAPITAL, LP became a major shareholder by acquiring 4,195,600 shares of the Company that had been held by TAIYO JUPITER HOLDINGS, L.P.

2. According to the Statement of Large-Volume Holdings (Change Report), which was made available for public inspection on January 11, 2022, the shares of the Company were held by Capital Research and Management Company, and its joint holders, namely Capital International Inc, Capital International Sarl, and Capital International KK, as of December 31, 2021 with the detail shown below. However, the Company did not include such information in the table above because it could not confirm the number of shares effectively held by these companies as of December 31, 2021. The detail of the Statement of Large-Volume Holdings is as follows:

Name	Address	Number of share certificates held (shares)	Shareholding ratio (%)
Capital Research and Management Company	333 South Hope Street, Los Angeles, CA 90071, U.S.A.	530,600	1.90
Capital International Inc	11100 Santa Monica Boulevard, 15th FL., Los Angeles, CA 90025, U.S.A.	90,900	0.32
Capital International Sarl	3 Place des Bergues, 1201 Geneva, Switzerland	112,600	0.40
Capital International KK	Meiji Yasuda Seimei Building 14th floor, 2-1-1, Marunouchi, Chiyoda-ku, Tokyo	1,145,600	4.10
Total	—	1,879,700	6.72

3. According to the Statement of Large-Volume Holdings, which was made available for public inspection on November 22, 2021, the shares of the Company were held by FMR LLC as of November 15, 2021 with the detail shown below. However, the Company did not include such information in the table above because it could not confirm the number of shares effectively held by this company as of December 31, 2021. The detail of the Statement of Large-Volume Holdings is as follows:

Name	Address	Number of share certificates held (shares)	Shareholding ratio (%)
FMR LLC	245 Summer Street, Boston, Massachusetts 02210, U.S.A.	1,458,761	5.22

(7) Voting rights

1) Issued shares

As of December 31, 2021

Category	Number of shares (shares)	Number of voting rights (units)	Description
Shares with no voting rights	—	—	—
Shares with restricted voting rights (treasury shares, etc.)	—	—	—
Shares with restricted voting rights (other)	—	—	—
Shares with full voting rights (treasury shares, etc.)	(Treasury shares) Common stock 100	—	—
Shares with full voting rights (other)	Common stock 27,966,000	279,660	The number of shares constituting one unit is 100 shares.
Share less than one unit	Common stock 4,434	—	—
Total number of issued shares	27,970,534	—	—
Voting rights held by all shareholders	—	279,660	—

- Notes: 1. "Shares with full voting rights (other)" of common stock includes 421,700 shares of the Company (4,217 voting rights) held by Custody Bank of Japan, Ltd. (Trust Account) as trust assets of the Board Benefit Trust, Employee Stock Ownership Plan Trust and Employee Shareholding Association-type ESOP Trust.
2. "Share less than one unit" of common stock includes 67 shares of the Company held by Custody Bank of Japan, Ltd. (Trust Account) as trust assets of the Board Benefit Trust, Employee Stock Ownership Plan Trust and Employee Shareholding Association-type ESOP Trust.
3. "Share less than one unit" of common stock includes 64 treasury shares held by the Company.

2) Treasury shares, etc.

As of December 31, 2021

Name of shareholder	Address of shareholder	Number of shares held in own name (shares)	Number of shares held in others' names (shares)	Total number of shares held (shares)	Shareholding ratio (%)
(Treasury shares) Roland Corporation	2036-1 Nakagawa, Hosoe-cho, Kita-ku, Hamamatsu-shi, Shizuoka	100	—	100	0.00
Total	—	100	—	100	0.00

- Notes: 1. In addition to the above, the Company holds treasury shares less than one unit of 64 shares.
2. 421,767 shares are contributed to Custody Bank of Japan, Ltd. (Trust Account) as trust assets of the Board Benefit Trust, the Employee Stock Ownership Plan Trust and Employee Shareholding Association-type ESOP Trust.

(8) Share ownership plan for Directors and other Officers and employees

1. Board Benefit Trust Plan

(1) Overview of the Board Benefit Trust Plan

In accordance with the resolution of the General Meeting of Shareholders held on December 21, 2016, the Company has introduced the “Board Benefit Trust (BBT)” as a performance-based stock compensation plan for Directors (excluding non-executive Directors) and Executive Officers. Upon the introduction of the Board Benefit Trust Plan (hereinafter the “BBT Plan”), the Company established the “Stock Benefit Rules for Board Benefit Trust” and entrusted money to a trust bank for the advance purchase of shares to be delivered in the future in accordance with such rules. The trust bank acquired the Company’s shares with the entrusted money. The BBT Plan is a stock benefit plan in which points are granted to Directors and Executive Officers in accordance with the Stock Benefit Rules for Board Benefit Trust, and shares are delivered to them according to the number of points granted.

Note that, in place of the BBT Plan, the Company is going to make a proposal, at the 50th Ordinary General Meeting of Shareholders to be held on March 30, 2022, on the introduction of a new stock compensation plan consisting of the performance share unit (PSU) where the shares are granted subsequently and the restricted stock unit (RSU) where the shares are granted subsequently subject to continuous engagement. Under the new stock compensation plan, Directors and Executive Officers are provided the units in accordance with the Rules on Stock Compensation set forth by the Company. Then they are provided the shares of the Company in exchange for an in-kind contribution of the monetary remuneration claims provided to them by the Company according to the units.

(2) Total amount of shares to be delivered to Directors and Executive Officers

Up to ¥300 million for three fiscal years

(3) Persons eligible to receive beneficiary rights and other rights under the Plan

Directors and Executive Officers of the Company who meet the requirements for beneficiaries

2. Employee (at management level) Stock Ownership Plan

(1) Overview of the Employee (at management level) Stock Ownership Plan

The Company has introduced an incentive plan “Employee Stock Ownership Plan (ESOP) Trust,” in which shares of the Company are delivered to employees of the Company and its subsidiaries in order to increase their motivation and morale to improve the Company’s share price and business performance. Upon the introduction of the ESOP, the Company established the “Stock Benefit Rules for ESOP” and entrusted money to a trust bank for the advance purchase of shares to be delivered in the future in accordance with such rules. The trust bank acquired the Company’s shares with the entrusted money. The ESOP is a stock benefit plan under which points are granted to employees in accordance with the Stock Benefit Rules for ESOP, and shares are delivered to them according to the number of points granted.

(2) Total number of shares to be delivered to employees

193,239 shares

(3) Persons eligible to receive beneficiary rights and other rights under the Plan

The Company’s employees with certain qualifications and at a certain grade or higher who meet the requirements for beneficiaries

3. Employee Shareholding Association-type Employee Stock Ownership Plan

(1) Overview of the Employee Shareholding Association-type Employee Stock Ownership Plan

The Company has introduced the “Employee Shareholding Association-type ESOP Trust” as a plan to increase the morale of employees by enhancing the Company’s employee benefits package and facilitating their capital participation as shareholders, thereby driving the continued growth of the Company.

Under the Employee Shareholding Association-type ESOP, the Company has set up the Employee Shareholding Association-type ESOP Trust (hereinafter the “Trust”) with a trust bank. The Trust borrows money to purchase in advance the number of Company’s shares expected to be purchased by the Employee Shareholding Association (hereinafter the “Shareholding Association”) from the Company through a third-party allocation. After that, the Trust sells the Company’s shares to the Shareholding Association on an ongoing basis. If any gains on the sale of shares are accumulated in the Trust at the time of its termination, then these gains will be distributed as trust proceeds to employees who meet the requirements for beneficiaries. Meanwhile, in order to guarantee the Trust’s borrowings for the purchase of the Company’s shares, if any losses on the sale of shares are accumulated in the Trust and if there are any remaining borrowings equivalent to such losses in the trust at the time of its termination, the Company will repay the remaining borrowings in accordance with a guarantee clause in the loan agreement. Therefore, employees will not bear any loss.

- (2) Total number of shares to be delivered to employees
135,200 shares
- (3) Persons eligible to receive beneficiary rights and other rights under the Plan
Persons who are or were members of the Shareholding Association and meet the requirements for beneficiaries

2. Acquisition and Disposal of Treasury Shares

Class of shares, etc.: Acquisition of common stock under Article 155, Item 3 and Article 155, Item 7 of the Companies Act

(1) Acquisition by resolution of General Meeting of Shareholders

Not applicable.

(2) Acquisition by resolution of Board of Directors meeting

Acquisition in accordance with the provisions of Article 156 of the Companies Act, as applied pursuant to Article 165, Paragraph 3 of the same act

Category	Number of shares (shares)	Total value (yen)
Status of resolution at the Board of Directors (held on February 10, 2022) (Purchase period: February 14, 2022 through June 23, 2022)	550,000	2,000,000,000
Treasury shares acquired before the fiscal year ended December 31, 2021	—	—
Treasury shares acquired during the fiscal year ended December 31, 2021	—	—
Percentage of total number and value of remaining shares resolved (%)	—	—
Unexercised percentage as of December 31, 2021 (%)	—	—
Treasury shares acquired during the period from January 1, 2022 until the filing date of this Annual Securities Report	59,000	239,769,000
Unexercised percentage as of the filing date (%)	89.3	88.0

Note: 1. The number of treasury shares acquired during the period from January 1, 2022 until the filing date of this Annual Securities Report does not include shares acquired through repurchase of treasury shares during the period from March 1, 2022 to the filing date of this Annual Securities Report.
2. Acquisition period and treasury stock acquired are based on the trade date.

(3) Acquisition not based on resolution of General Meeting of Shareholders or Board of Directors' meeting

Category	Number of shares (shares)	Total value (yen)
Treasury shares acquired during the fiscal year ended December 31, 2021	74	366,095
Treasury shares acquired during the period from January 1, 2022 until the filing date of this Annual Securities Report	—	—

Note: The number of treasury shares acquired during the period from January 1, 2022 until the filing date of this Annual Securities Report does not include shares less than one unit purchased during the period from March 1, 2022 to the filing date of this Annual Securities Report.

(4) Disposal of acquired treasury shares and number of treasury shares held

Category	Current fiscal year		From January 1, 2022 until the filing date of this Annual Securities Report	
	Number of shares (shares)	Total amount of disposal (yen)	Number of shares (shares)	Total amount of disposal (yen)
Acquired treasury shares for which subscribers were solicited	—	—	—	—
Acquired treasury shares that were disposed of	—	—	—	—
Acquired treasury shares that were transferred for merger, share exchange, share issuance and company split	—	—	—	—
Other (—)	—	—	—	—
Treasury shares held	164	—	46,964	—

Note: 1. The number of treasury shares held during the period from January 1, 2022 until the filing date of this Annual Securities Report does not include shares acquired based on the resolution of the Board of Directors and shares less than one unit purchased during the period from March 1, 2022 to the filing date of this Annual Securities Report.
2. The number of treasury stock held is based on the delivery date.
3. The number of treasury shares held does not include 421,767 shares in the current fiscal year and 416,737 during the period from January 2022 to the filing date of this Annual Securities Report by Custody Bank of Japan, Ltd. as trust assets of the Board Benefit Trust, Employee Stock Ownership Plan Trust and Employee Shareholding Association-type ESOP Trust.

3. Dividend Policy

The Company aims to achieve sustainable growth of its corporate value while building empathy with all stakeholders through the maximization of added value created from business activities and appropriate distribution thereof.

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.

Given the above policy and financial position of the Company, we are scheduled to pay a dividend of ¥138 per share (of which an interim dividend of ¥69 per share) for the 50th fiscal year ended December 31, 2021. We also plan to purchase treasury shares of up to ¥2,000 million in total during the period between February 14, 2022 and June 23, 2022. If the Company purchases treasury shares in the full amount, the consolidated total shareholder return ratio reflecting the annual dividend of ¥138 per share for the fiscal year ended December 31, 2021 will be 68.2%. For details of the purchase of treasury shares, please refer to "Notice of Decision on Matters Related to Acquisition of Treasury Stock" announced on February 10, 2022.

We plan to pay an annual dividend of ¥156 per share (comprising of the interim dividend of ¥78 per share and the year-end dividend of ¥78 per share) for the fiscal year ending December 31, 2022.

The Company, in principle, distributes dividends twice a year with the record dates being each interim fiscal year-end and fiscal year-end. The payment of interim dividends and fiscal year-end dividends are to be resolved by the Board of Directors and the General Meeting of Shareholders, respectively.

The Company stipulates in its Articles of Incorporation that it may distribute interim dividends as prescribed in Article 454, Paragraph 5 of the Companies Act.

Dividends of surplus whose record date falls within the 50th fiscal year are as follows:

Resolution date	Total amount of dividends (million yen)	Dividend paid per share (yen)
Board of Directors Meeting held on August 6, 2021 (Note 1)	1,929	69
Ordinary General Meeting of Shareholders to be held on March 30, 2022 (Note 2)	1,929	69

Notes: 1. The total amount of dividends paid based on the resolution at the Board of Directors' meeting held on August 6, 2021 includes dividends of ¥31 million paid to the Company's shares held by trusts.

2. The total amount of dividends to be paid subject to the resolution at the Ordinary General Meeting of Shareholders to be held on March 30, 2022 includes dividends of ¥29 million paid to the Company's shares held by trusts.

4. Corporate Governance

(1) Overview of corporate governance

1) Basic view on corporate governance

The Company defines the corporate governance as a system effective in that the Roland Group, which consists of Roland Corporation and its subsidiaries, increases its corporate value sustainably and autonomously for the benefits of all the stakeholders involved, including shareholders, customers, business partners and employees, as well as for achieving sustainable environment and society. The Company aims to build and promote such system.

The Company established the Roland Group's corporate philosophy, which represents its underlying purpose, and lives up to its stakeholders' expectations by achieving such corporate philosophy.

The Roland Group's corporate philosophy is embodied in three slogans below. These slogans represent the Group's underlying purpose and vision, which have remained unchanged since its foundation.

- Inspire the Enjoyment of Creativity
- Be the BEST Rather Than the BIGGEST
- Cooperative Enthusiasm for All Stakeholders

2) Overview of the corporate governance system and reasons for adopting such corporate governance system

The Company has adopted the system of a company with an audit & supervisory board as an organization under the Companies Act so as to ensure appropriate and proper business execution under the supervision of Directors and through audit by Audit & Supervisory Board Members who have wide-ranging investigation authority. In addition, the Company has set up the Nomination and Remuneration Committee to supplement the Board of Directors to ensure the transparency and fairness of important personnel affairs.

The corporate governance system of the Company as of the filing date is described as follows.

Board of Directors

The Board of Directors consists of six Directors (including four Outside Directors). It formulates the fundamental principle of management, a medium-term management plan, and the basic business portfolio policy; constructs the internal control system; makes decisions on important managerial matters stipulated by laws and regulations, the Articles of Incorporation, internal rules and other such rules; and reports the Directors' performance of business management. The Board of Directors holds a regular meeting on a monthly basis and holds extraordinary meetings or adopts written resolution whenever an urgent resolution is required.

Audit & Supervisory Board

The Audit & Supervisory Board consists of three Audit & Supervisory Board Members (including three Outside Audit & Supervisory Board Members) and holds a regular meeting on a monthly basis. The Audit & Supervisory Board formulates audit plans and audit reports of the Audit & Supervisory Board as well as receives reports mainly made by the full-time Audit & Supervisory Board Member regarding the implementation status of audits conducted in accordance with audit plans. It also discusses matters concerning proposals submitted to the Board of Directors. In addition, it holds extraordinary meetings whenever necessary. Furthermore, in order to understand important decision-making processes and the status of business execution, Audit & Supervisory Board Members attend important internal meetings in addition to the Board of Directors meetings and are committed to supervising the Directors' execution of duties by ways such as visiting subsidiaries for audits.

Risk Management and Compliance Committee

The Company has set up the Risk Management and Compliance Committee as an organization that reports matters that are particularly important in terms of risk management or compliance, and disseminates and approves countermeasures therefor.

Nomination and Remuneration Committee

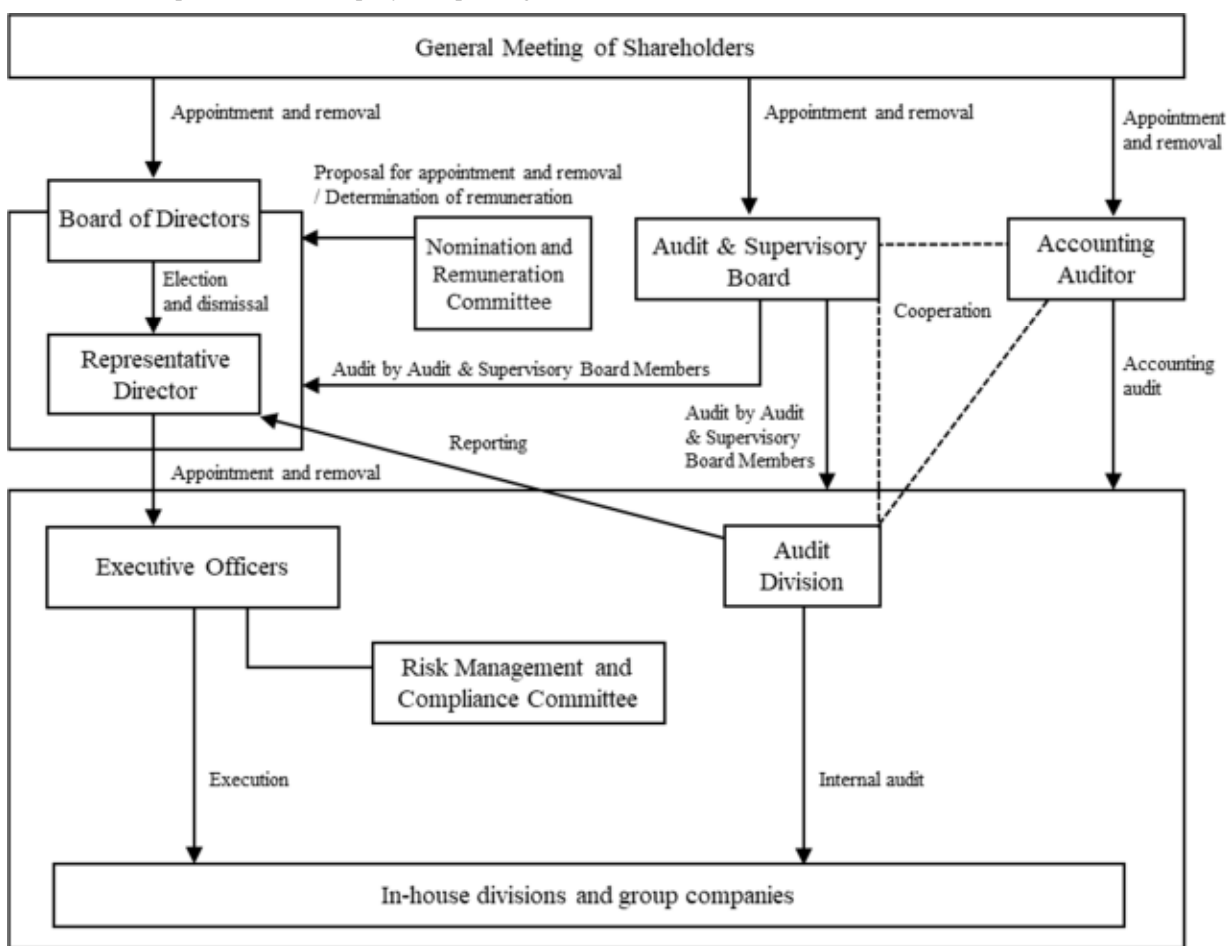
The Company has established a voluntary Nomination and Remuneration Committee, the majority of which are Independent Directors, in order to ensure transparency and fairness in appointment/dismissal of Directors and Audit & Supervisory Board Members as well as CEO and Executive Officers, along with determination of remuneration.

Chairpersons, members and observers of each organization are as follows:

C: Chairperson, M: Member and O: Observer

Position title	Name	Board of Directors	Audit & Supervisory Board	Risk Management and Compliance Committee	Nomination and Remuneration Committee
CEO and Representative Director	Jun-ichi Miki	C		C	M
Director	Gordon Raison	M			
Outside Director	Isao Minabe	M			M
Outside Director	Kazuaki Tsutsumi	M			M
Outside Director	Toshihiko Oinuma	M			C
Outside Director	Sachiko Murase	M			M
Outside Audit & Supervisory Board Member (Full-time)	Masato Makino	O	C	O	
Outside Audit & Supervisory Board Member	Kazuhiro Ishihara	O	M		
Outside Audit & Supervisory Board Member	Yoji Morizumi	O	M		
Senior Executive Officer	Kazuya Yanase			M	
Senior Executive Officer	Yoshihiro Ikegami			M	
Senior Executive Officer	Naoyuki Tamura			M	
Senior Executive Officer	Shunsuke Sugiura			M	
Executive Officer	Koichi Mizumoto			M	
Executive Officer	Yasunobu Suzuki			M	
Executive Officer	Akira Nishizawa			M	
Executive Officer	Masahiro Minowa			M	
Executive Officer	Yasushi Aihara			M	
Executive Officer	Takamitsu Shimizu			M	
Executive Officer	Hironori Karasawa			M	
Executive Officer	Hirokazu Takayoshi			M	
Executive Officer	Yoshiyasu Kitagawa			M	

The schematic depiction of the Company's corporate governance is shown below:



3) Other matters regarding corporate governance

(a) Internal control system

We have resolved as follows at the Board Meeting concerning the system for ensuring the appropriateness of the Roland Group's business, in order to realize a basic principle maintained consistently from its foundation, which is expressed in three slogans of "Inspire the Enjoyment of Creativity," "Be the BEST rather than the BIGGEST," and "Cooperative Enthusiasm for All Stakeholders."

1. The system to ensure that the execution of duties by the Directors of our group and employees conforms with laws, regulations and articles of incorporation

- (1) We formulate the "Roland Group Compliance Guideline," which is the basic guiding principle for observance of the compliance in our group and make it known to everyone in the group aiming at overall observance of laws and regulations.
- (2) The divisions in charge of compliance of our company and its major subsidiaries promote the building of compliance observance system in the entire group in cooperation, in such ways as checking with each other whether there is a risk concerning the compliance, regularly and as required, and holding discussion on implementing educational programs.
- (3) We establish an internal reporting system in our company so that a suspicion may be conveyed regarding the violation of laws or regulations, or wrongdoing by the management or employees of the Group, or the actions which may lead to such conduct and, at the same time, we establish the global internal reporting system so those employees of subsidiaries may report their suspicion about the violation of laws or regulations, or wrongdoing, etc., aiming at increasing the clean-itself-up function of the entire group.
- (4) The internal audit division of our company takes charge of the audit of the entire group of our company and, at the same time, reports to the Board and to the Board Audit & Supervisory Board Members every year on the plan and result of its internal audit so as to increase the effectiveness of the internal audit of the entire group of our company through promoting collaboration between the Board of Directors and the Board Audit & Supervisory Board Members and the internal audit division.

2. The system concerning the preservation and management of information concerning the Directors' execution of their

duties

- (1) The information about the Directors' execution of their duties, including the minutes of such important meetings as the General Meeting of Shareholders and the Board Meetings as well as the authorization memoranda, is made into documents and preserved and managed based on the laws and regulations as well as internal regulations such as the Document Management Regulations.
 - (2) Directors and Audit & Supervisory Board Members of the Company may peruse such documents, in case where it is necessary for performance of their duties.
3. Regulations and other systems concerning the management of the risk of losses of the group
- (1) We build an appropriate management system against various types of risk surrounding our group, by laying down the "Fundamental Regulations for Risk Management".
 - (2) We conduct the risk management covering the entire group of our company by identifying the risk important to the group, and analyzing and assessing the probability of occurrence and the degree of influence at the Board Meetings to regularly review the principles for coping with it.
 - (3) With regard to the risk about which the possibility of occurrence of losses has surfaced, we verify the countermeasures and make the measures for prevention of recurrence be known to everyone at the Risk Management Compliance Committee consisting of our executive officers, based on the reports from our executive officers and from our subsidiaries.
 - (4) In an emergency, CEO forms the responding organization as the chief administrator in the crisis management system, and grasps the situation and takes appropriate steps based on the business continuity plan prescribed in advance.
4. The system to ensure the efficient performance of duties of Directors of the Group
- (1) Our company adopts the executive officer system so that we can keep the number of Directors to a small one to further improve the quality of discussion at the Board Meeting and can rapidly make a decision.
 - (2) The Board holds the meeting once a month in principle to decide on the matters related to determine the fundamental principles and strategies for the group management, to the execution of important businesses and to supervise the Directors' execution of their duties.
 - (3) Our company formulates our company group's medium- and long-term business plan as well as annual plan at the Board. Our company and its subsidiaries perform the businesses according to such plans, and review regularly the progress of implementation.
 - (4) Our company appoints an executive officer for each one of the functions to build the system which allows to manage and supervise the execution of businesses of the entire group including subsidiaries by each function, so that we can operate the group management efficiently.
 - (5) Authorization for approval of the matters concerning our company is clearly stipulated in the "Regulations for Approval." In addition, from among the matters concerning subsidiaries, the matters which require approval of our company are clearly stipulated in the "Regulations for Management of Affiliates." By doing so, it is aimed at that the responsibility about the decision-making for the entire group of our company will be specified and the performance of duties will become more efficient.
5. The system concerning the reports to our company on the subsidiary Directors' execution of their duties
- (1) In the "Regulations for Management of Affiliates," we specify the matters concerning the subsidiary operation, including business results and financial status of subsidiaries, and the matters which may affect the group, such as the occurrence of risk, as the matters on which reports should be made by the subsidiaries to the relevant division of our company, and we make it thoroughly known to everyone in the group.
 - (2) The corporate planning division of our company supervises to confirm whether the reports from subsidiaries are made accurately and appropriately, and continues improvement of the reporting system and giving guidance about it.
6. The system to guarantee the effectiveness of the audit by Audit & Supervisory Board Members
- (1) Audit & Supervisory Board Members may instruct the personnel of the internal audit division of our company to assist in the auditing business as an assistant to his/her business.
 - (2) Personnel assessment, appointment, and personnel change of the personnel of the internal auditing division shall be subject to the agreement by Audit & Supervisory Board Members, to ensure the independence from Directors.
 - (3) When a member of the personnel of the internal auditing division assists Audit & Supervisory Board Members in performing duties, he/she will exclusively obey Audit & Supervisory Board Members' instructions and command.
 - (4) Audit & Supervisory Board Members may at any time as required request Directors or employees of our

company or its subsidiaries to report to him/her.

- (5) If there are any actions which are (or may possibly be) in violation of laws, regulations or articles of incorporation, or facts which may possibly cause the company significant losses, a report will immediately be made to Audit & Supervisory Board Members.
- (6) If a report is made in the internal reporting system, the fact of a report has been made and its contents will be reported to Audit & Supervisory Board Members.
- (7) Our company arranges the system so that the person who has reported to Audit & Supervisory Board Members or used the internal reporting system will not be treated or handled improperly.
- (8) We will form a budget in advance to cover the expenses that are necessary for performing duties of Audit & Supervisory Board Members and, if expenses arise in an emergency for performing the auditing business or being paid temporarily, the company defrays them.
- (9) Audit & Supervisory Board Members may attend the important, internal meetings and express his/her opinion.
- (10) Audit & Supervisory Board Members shall hold meetings regularly, or as required, with President to exchange views, etc. concerning important subjects in connection to auditing.
- (11) Audit & Supervisory Board Members shall hold meetings regularly with the accounting auditor to exchange views, etc. concerning matters related to accounting.

(b) Agreements for limiting responsibilities

Based on the provisions of the Articles of Incorporation and Article 427 of the Company Law, we have concluded with all the Directors (excluding Executive Directors) and Audit & Supervisory Board Members the agreement that, concerning the responsibility for damages stipulated in Article 423-1 of the Company Law, if they perform duties in good faith and there are no gross negligence, the maximum compensation for the damage shall be the minimum liability provided for by the laws.

(c) Directors and officers liability insurance

The Company has entered into directors and officers liability insurance for all Directors, Audit & Supervisory Board Members, Executive Officers, and other employees in capacity of heir, manager or supervisor of the Company and its subsidiaries in Japan and overseas as the insured. The insurance premiums including riders are borne by the Company in full and no substantial insurance premiums are borne by the insured.

The said insurance contracts shall cover damage caused as a result of the insured Directors, Officers, etc. assuming responsibilities regarding the execution of their duties or receiving claims pertaining to the pursuit of such responsibilities. Provided, however, that there are certain exemptions; for example, damage caused as a result of any conduct committed while knowing that the conduct is in violation of laws and regulations shall not be covered.

(d) Number of Directors

The Company's Articles of Incorporation stipulate that the number of the Company's Directors shall be not more than 15.

(e) Requirements for resolution for election of Directors

The Company's Articles of Incorporation stipulate that resolution for election of Directors shall require a majority of the votes of shareholders present at a general meeting of shareholders, where the shareholders holding at least one third of the voting rights of shareholders who are entitled to exercise their voting rights are present, and shall not be by cumulative voting.

(f) Decision-making body of interim dividends

The Company's Articles of Incorporation stipulate that the Board of Directors may resolve to distribute dividends of surplus as prescribed in Article 454, paragraph 5 of the Companies Act in order to execute the dividend policy in a timely manner.

(g) Acquisition of treasury shares

The Company's Articles of Incorporation stipulate that the Board of Directors may resolve to acquire treasury shares as prescribed in Article 165, paragraph 2 of the Companies Act in order to ensure timely execution of the capital policy in response to changes in business environment.

(h) Requirements for special resolution at the general meeting of shareholders

The Company's Articles of Incorporation stipulate that, in order to ensure to secure the quorum for special resolutions at a general meeting of shareholders, the resolutions prescribed in Article 309, paragraph 2 of the Companies Act shall require at least two thirds of the votes of shareholders present at the general meeting of shareholders, where the shareholders holding at least one third of the voting rights of shareholders who are entitled to exercise their voting rights are present.

(2) Directors and other Officers

1) List of Directors and other Officers

(i) The status of Directors and other Officers as of March 9, 2022 (the filing date of Annual Securities Report) is as follows.

Male: 8, Female: 1 (Ratio of female Officers: 11.1%)

Position title	Name	Date of birth	Career summary	Term of office	Number of the Company's shares held (Thousands of shares)
CEO and Representative Director	Jun-ichi Miki	March 1, 1955	<p>Mar. 1977 Jun. 1994 Jun. 1999</p> <p>Joined Roland Corporation Director (in charge of development) Managing Director(Focusing on the development of contemporary keyboards such as electronic pianos, being in charge of several departments such as indirect/support functions of development and marketing planning)</p> <p>Aug. 2001 Apr. 2002 Apr. 2006</p> <p>Managing Director (in charge of development) Director (in charge of technical support) Director (in charge of development staff division)</p> <p>Jun. 2007 Jun. 2010 Apr. 2013 Apr. 2014</p> <p>Executive Officer (in charge of classical projects) Director (in charge of development department of organ and classic keyboards) CEO and Representative Director (current position) Representative Director, Tokowaka Co., Ltd.</p>	Note 3	483
Director Senior Executive Officer	Gordon Raison	September 19, 1965	<p>Oct. 1995 Jul. 1998 Jun. 1999 Feb. 2001 Oct. 2005 Sep. 2013 Feb. 2014 Apr. 2015 Mar. 2017 Jan. 2018 Aug. 2019 Mar. 2020</p> <p>Joined Digital Equipment Corporation Business Transformation Manager European Finance Director, Tektronix Corporation (currently Xerox Corporation) European Finance Director - General Market Operations, Xerox UK Ltd. CFO, UK and Ireland, Xerox UK Ltd. Managing Director and Executive Officer, Europe, Fender Musical Instruments Europe Ltd. Joined Roland (U.K.) Limited CEO, Roland Europe Group Limited Senior Executive Officer, Roland Corporation (current position) CEO of Overseas Unit Chief Sales Officer (current position) Chief Marketing Officer (current position) Director (current position)</p>	Note 3	—

Position title	Name	Date of birth	Career summary	Term of office	Number of the Company's shares held (Thousands of shares)
Director (Part time)	Isao Minabe	May 19, 1952	<p>Apr. 1984 Joined Daito Construction Co., Ltd. (currently Daito Trust Construction Co., Ltd.)</p> <p>Jun. 1989 Director and Chief General Manager of Tenant Search Dept.</p> <p>Apr. 1997 Managing Director, Chief General Manager of Administration Management Dept. and General Manager of Business Division</p> <p>Apr. 2000 Senior Managing Director, General Manager of Business Division</p> <p>Apr. 2004 President and Representative Director, Daito Building Management Co., Ltd.</p> <p>Apr. 2006 President and Representative Director, Gaspal Kyushu Corporation (currently Gaspal Corporation)</p> <p>Apr. 2007 Managing Director, Daito Trust Construction Co., Ltd, General Manager, East Japan Sales Division</p> <p>Oct. 2007 President and Representative Director Daito Trust Construction Co., Ltd.</p> <p>Apr. 2009 Chairman and Director, Gaspal Corporation</p> <p>Oct. 2010 President and Representative Director, Daito Finance Co., Ltd.</p> <p>Apr. 2012 President, Executive Officer and Representative Director, Daito Trust Construction Co., Ltd.</p> <p>Aug. 2013 Established Office 3 as a principal (current position)</p> <p>Nov. 2014 Outside Director, Roland Corporation (current position)</p> <p>Sep. 2016 Representative Director, Institute of N-WOOD Kokusan Mokuzai/Kankyo Katsuyo Jutaku Ryutsu Organization (current position)</p> <p>Jul.2019 Outside Director, SHiDAX Corporation (current position)</p> <p>Jan. 2022 President and Representative Director, N-WOOD Sourin Co., Ltd. (current position)</p>	Note 3	10
Director (Part time)	Kazuaki Tsutsumi	December 4, 1974	<p>Apr. 1998 Joined Nissho Iwai Corporation (currently Sojitz Corporation)</p> <p>Dec. 2000 Manager, Nissho Iwai America Corporation (currently Sojitz Corporation of America)</p> <p>Jul. 2009 Joined Taiyo Pacific Partners, L.P.</p> <p>Nov. 2012 Director, Taiyo Pacific Partners, L.P. (current position)</p> <p>Mar. 2019 Outside Director, Roland Corporation (current position)</p>	Note 3	-
Director (Part time)	Toshihiko Oinuma	May 13, 1966	<p>Apr. 1994 Registered as attorney-at-law, joined Kitahama Law Office</p> <p>Sep. 2000 Worked at Latham & Watkins LLP (New York office)</p> <p>Feb. 2001 Admitted to New York Bar Association</p> <p>Jan. 2002 Partner, Kitahama Partners L.P.C.</p> <p>Jan. 2007 Representative Partner, Kitahama Partners L.P.C.</p> <p>Sep. 2014 Established Oinuma International Law and Patent Office as Representative Attorney (current position)</p> <p>Mar. 2016 Outside Audit & Supervisory Board Member, Roland Corporation</p> <p>Jun. 2016 Outside Audit & Supervisory Board Member, Nippon Paint Holdings Co., Ltd.</p> <p>Mar. 2020 Outside Audit & Supervisory Board Member, Nippon Paint Automotive Coatings Co., Ltd. (current position)</p> <p>Outside Director, Roland Corporation (current position)</p>	Note 3	-

Position title	Name	Date of birth		Career summary	Term of office	Number of the Company's shares held (Thousands of shares)
Director (Part time)	Sachiko Murase	August 3, 1972	Apr. 1995 Sep. 2008 Nov. 2015 Sep. 2018 Jun. 2019 Jun. 2020 Mar. 2021	Joined NICHIIA CORPORATION Registered as an attorney-at-law, joined SEIWA MEITETSU LAW OFFICE Outside Audit & Supervisory Board Member, BUNKYODO Group Holdings Co., Ltd. (current position) Joined Kudanzakaue Law Office (current position) Outside Audit & Supervisory Board Member, NICHIIAS Corporation (current position) Outside Director, Maxell Holdings, Ltd. (currently Maxell, Ltd.)(current position) Outside Director, Roland Corporation (current position)	Note 3	-
Audit & Supervisory Board Member (Full time)	Masato Makino	June 9, 1961	Apr. 1984 Jun. 2010 Apr. 2013 Apr. 2014 Nov. 2014 Mar. 2015 Jun. 2015	Joined Daiwa Bank, Ltd. (currently Resona Bank, Limited.) Executive Officer in charge of Nara area, Resona Bank, Limited. Executive Officer in charge of Nara area and Kyoto and Shiga Business Headquarters, Resona Bank, Limited. Senior Managing Director, Resona Business Service Co., Ltd. Outside Audit & Supervisory Board Member, Roland Corporation (current position) Outside Director, Osaka Hilton Co., Ltd. Outside Audit & Supervisory Board Member, ICHINEN HOLDINGS CO., LTD. (current position)	Note 4	-
Audit & Supervisory Board Member (Part time)	Kazuhiro Ishihara	April 18, 1949	Apr. 1973 Feb. 2002 Sep. 2002 Aug. 2005 Jan. 2008 Jan. 2010 Sep. 2017 Jun. 2019 Mar. 2020	Joined the Mitsubishi Bank, Ltd. (currently MUFG Bank, Ltd.) Manager of Corporate Banking Division, The Bank of Tokyo-Mitsubishi, Ltd. (currently MUFG Bank, Ltd.) Managing Director, SHO-BOND Corporation President and Representative Director President and Representative Director, SHO-BOND Holdings Co., Ltd. Representative Director and Vice-chairman, SHO-BOND Corporation Special Counsel, SHO-BOND Holdings Co., Ltd. Outside Audit & Supervisory Board Member, Kawakin Holdings Co., Ltd. (current position) Outside Audit & Supervisory Board Member, Roland Corporation (current position)	Note 4	-
Audit & Supervisory Board Member (Part time)	Yoji Morizumi	May 18, 1975	Oct. 1999 Apr. 2003 Jan. 2016 Jan. 2016 May 2018 Jun. 2019 Mar. 2020	Joined Showa Ota & Co. (currently Ernst & Young ShinNihon LLC) Registered as a certified public accountant Established Morizumi Yoji Certified Public Accountant Office as Principal (current position) Outside Director, Glad Cube Inc. (current position) Outside Audit & Supervisory Board Member, DAIKEN CO., LTD. (current position) Outside Director, GENKI SUSHI CO., LTD. (current position) Outside Audit & Supervisory Board Member, Roland Corporation (current position)	Note 4	-
Total						493

- Notes: 1. Directors Isao Minabe, Kazuaki Tsutsumi, Toshihiko Oinuma and Sachiko Murase are Outside Directors.
 2. Audit & Supervisory Board Members Masato Makino, Kazuhiro Ishihara and Yoji Morizumi are Outside Audit & Supervisory Board Members.
 3. The terms of office of the Directors shall expire at the conclusion of the Ordinary General Meeting of Shareholders for the last fiscal year ending within one year after the Ordinary General Meeting of Shareholders held on March 30, 2021.
 4. The terms of office of the Audit & Supervisory Board Members shall expire at the conclusion of the Ordinary General Meeting of Shareholders for the last fiscal year ending within four years after the Extraordinary General Meeting of Shareholders held on September 14, 2020.
 5. The Company has elected one substitute Audit & Supervisory Board Member as prescribed in Article 329, Paragraph 3 of the Companies Act in preparation for the possibility of the number of Audit & Supervisory Board Members falling below the number prescribed in laws and regulations. The career summary of the substitute Audit & Supervisory Board Member is as follows:

Name	Date of birth	Career summary	Number of the Company's shares held (Thousands of shares)
Noriyuki Honda	February 24, 1967	Apr. 1990 Joined Ricoh Company, Ltd. Jul. 1999 Joined Shizuoka Pioneer Corporation Apr. 2009 Joined Roland Corporation Feb. 2015 Manager of Purchasing Department, Roland Corporation Aug. 2016 Director, Roland Manufacturing Malaysia Sdn. Bhd. Director Apr. 2018 Head of Internal Auditing Division, Roland corporation (current position)	0

2. The Company has made a proposal of “Election of Seven Directors” as one of the proposals to be resolved at the Ordinary General Meeting of Shareholders to be held on March 30, 2022.

If the proposal is approved, four incumbent Directors and three new Directors will be reappointed and newly appointed, respectively, and the members of the Board of Directors and the Audit & Supervisory Board will be as follows.

The position title and career summary of each member includes the details of the proposal to be resolved at the Board of Directors and the Audit & Supervisory Board to be held immediately after the 50th Ordinary General Meeting of Shareholders.

Male: 9, Female: 1 (Ratio of female Directors and other Officers: 10.0%)

Position title	Name	Term of office	Type of appointment
Representative Director, CEO	Gordon Raison	Note 3	Reappointment
Director, CFO and Senior Executive Officer	Shunsuke Sugiura	Note 3	New appointment
Director, CIO and Executive Officer	Masahiro Minowa	Note 3	New appointment
Director (Part-time)	Isao Minabe	Note 3	Reappointment
Director (Part-time)	Toshihiko Oinuma	Note 3	Reappointment
Director (Part-time)	Sachiko Murase	Note 3	Reappointment
Director (Part-time)	Brian K. Heywood	Note 3	New appointment
Audit & Supervisory Board Member (Full-time)	Masato Makino	Note 4	—
Audit & Supervisory Board Member (Part-time)	Kazuhiro Ishihara	Note 4	—
Audit & Supervisory Board Member (Part-time)	Yoji Morizumi	Note 4	—

Notes 1. Directors Isao Minabe, Toshihiko Oinuma, Sachiko Murase and Brian K. Heywood are Outside Directors.

2. Audit & Supervisory Board Members Masato Makino, Kazuhiro Ishihara and Yoji Morizumi are Outside Audit & Supervisory Board Members.

3. The term of office of Directors is from the conclusion of the Ordinary General Meeting of Shareholders to be held on March 30, 2022 until the conclusion of the Ordinary General Meeting of Shareholders for the last fiscal year ending within one year after their appointment.

4. The term of office of Audit & Supervisory Board Members is from the conclusion of the Extraordinary General Meeting of Shareholders held on September 14, 2020 until the conclusion of the Ordinary General Meeting of Shareholders for the last fiscal year ending within four years after their appointment.

5. The career summary and other information of Shunsuke Sugiura, Masahiro Minowa and Brian K. Heywood are as follows.

Title	Name	Date of birth	Career summary	Number of shares of the Company held (Thousands of shares)
Director, CFO Senior Executive Officer	Shunsuke Sugiura	August 10, 1963	Apr. 1988 Joined The Daiwa Bank, Limited (currently Resona Bank, Limited) Oct. 2001 Joined ARRK CORPORATION Oct. 2006 Joined COSMONET CO., LTD. Jul. 2007 Joined Roland Corporation Apr. 2009 General Manager, Finance & Accounting Dept. Jul. 2013 Executive Officer (in charge of accounting division) Jan. 2018 Executive Officer, CFO Jul. 2018 Senior Executive Officer, CFO (current position) Mar. 2022 Director, CFO (current position)	29
Director, CIO Executive Officer	Masahiro Minowa	December 21, 1972	Apr. 1996 Joined Roland Corporation Jan. 2016 General Manager, RPG Company Planning Dept. Sep. 2017 Executive Officer, RPG Company President Apr. 2021 Executive Officer, RPG Development Division (current position) Mar. 2022 Director, CIO (current position)	0

Title	Name	Date of birth	Career summary	Number of shares of the Company held (Thousands of shares)
Director (Part time)	Brian K. Heywood	January 9, 1967	Sep. 1991 Joined J.D. Power and Associates Aug. 1997 Director, Belron International Aug. 1999 Vice President, Citibank Japan Ltd. Jan. 2001 CEO, Taiyo Pacific Partners, L.P. (current position) Dec. 2009 Outside Director, Ohizumi Mfg. Co., Ltd. Nov. 2011 Part-time Director, SEIRYU Asset Management Ltd. Apr. 2014 Director, Tokowaka Co., Ltd. Nov. 2014 Outside Director, Roland Corporation (current position) Mar. 2020 Outside Director, Roland DG Corporation (current position) Jun. 2020 Independent Outside Director, Nifco Inc. (current position) Jun. 2020 Outside Director, Maxell Holdings, Ltd. (currently Maxell, Ltd.) (current position) Mar. 2022 Outside Director, Roland Corporation (current position)	–

2) Outside Directors and Audit & Supervisory Board Members

The Company has established the criteria for independent Outside Directors and other Audit & Supervisory Board Members as follows based on the criteria for independence prescribed by the Tokyo Stock Exchange.

Criteria for independence of Outside Directors or Audit & Supervisory Board Members

1. The person does not fall under any of the categories mentioned below currently or for the period of recent one year.
 - (1) The Company's main business partner, or its executing person*1
 - (2) The person transacting businesses mainly with our company, or its executing person*2
 - (3) Consultant, accounting expert or legal expert who receives a large amount of pecuniary or other property, besides remuneration for Director, from the Company (or, if the party receiving such property is an organization such as corporation or partnership, the person who is a member of such an organization)*3
 - (4) The Company's major shareholder or, if such a major shareholder is a corporation, the executing person of the corporation*4
 - (5) The party to which the Company makes a large amount of donation (or its executing person, if the party receiving such donations is an organization such as corporation or partnership)*5
 - (6) An executive of an organization with which the Company has mutually appointed Outside Directors and other Officers.
2. The person does not fall under the category of an executing person of the Company or its subsidiary at present, or the category of a person who was an executing person of the Company or its subsidiary during the past ten years (or, however, during the ten years before assuming the position of non-executing Directors or Audit & Supervisory Board Members, if the person had assumed such a position at any time during the past ten years) .
3. Neither the person's spouse, nor person's relatives of the second degree of consanguinity fall under any of the followings during the past one year. This, however, applies only when such spouse or relative is "important" for business partners*6
 - (1) Parties referred to in (1) through (4) of above 1.
 - (2) Executing person of the Company or its subsidiary.
4. In addition to the foregoing, there shall be no special circumstances where the person has any potential conflicts of interests with common shareholders, such as a situation where the person is engaged in ongoing transactions with the Company.
5. Notwithstanding of the requirements of formality stipulated in the preceding subparagraphs, substantially, if it is

considered that there is no fear for occurrence of conflict of interest with general shareholders, we can recognize the person's independence through specifying the reasons for it.

- *1. "The Company's main business partner" shall mean our business partner which falls under any of the followings:
 - (i) A purchaser or supplier, etc. of the Company's products the transaction value with which surpasses 2% of our consolidated sales in the most recent fiscal year.
 - (ii) A financial institution from which the Company borrows funds, the balance of borrowings from which surpasses 2% of our consolidated total assets as of the end of the most recent fiscal year.
- *2. "Person transacting businesses mainly with the Company" shall mean a supplier, etc. of the Company's products our payment to which surpasses ¥10 million and surpasses 2% of such business partner's sales in the most recent fiscal year.
- *3. "Large amount" shall mean one of the followings depending on the provision of services by such consultant, etc. to the Company.
 - (i) In case where the consultant, etc. is an individual, it will be called a large amount if the consideration it received from the Company surpassed ¥10 million annually in the most recent fiscal year.
 - (ii) In case where the consultant, etc. belongs to an organization such as corporation and partnership, and such organization provides service to the Company, it will be called a large amount if the consideration such an organization received from the Company in the most recent fiscal year surpassed ¥10 million annually and 2% of such organization's annual consolidated sales.
- *4. "Major shareholder" shall mean a shareholder holding 10% or more of the voting rights (including both direct and indirect holdings).
- *5. "Large amount of donation" shall mean a donation of ¥10 million or more annually in the most recent fiscal year.
- *6. "Important" shall mean Director, executive officer and executing person ranking General Manager or above or, as to the accounting audit corporation or legal professional corporation, certified public accountant or attorney belonging to such a corporation..

The company has four Outside Directors and three Outside Audit & Supervisory Board Member as of March 9, 2022 (the filing date of Annual Securities Report). The reason for election of the incumbent Outside Directors and Outside Audit & Supervisory Board Members and their relationship with the Company are as follows.

Isao Minabe, Outside Director

He has a very wide range of knowledge concerning corporate management through his experience in serving as President and Representative Director of a company listed on the First Section of the Tokyo Stock Exchange. Since his appointment as Outside Director of the Company in November 2014, he has provided appropriate advice to contribute to improving the Company's corporate value by utilizing his insight. Accordingly, the Company has appointed him as Outside Director based on the expectation that he will supervise its business operations from an objective standpoint independent of the executing persons. He owns 10,000 shares of the Company, however, the Company has no other personal, capital or material business relationships or any other conflicts of interests with him.

Kazuaki Tsutsumi, Outside Director

He has a wide range of insight in business management and other areas, acquired through his abundant experience in global business and his engagement in an important post at an investment company. Since his appointment as Outside Director of the Company in March 2019, he has provided appropriate advice to contribute to improving the Company's corporate value by utilizing his insight from an objective standpoint as Outside Director. The Company has appointed him based on its belief that he will perform supervisory functions over business execution appropriately. He concurrently serves as Director of Taiyo Pacific Partners, L.P., which indirectly and wholly owns and controls Taiyo Jupiter Holdings GP Ltd. which has authority to act on behalf of Taiyo Jupiter Holdings, L.P., our largest shareholder. Taiyo Pacific Partners, L.P. is a company whose major purpose is to be engaged in investment business and has no business relationship with the Company. The Company has no personal, capital or material business relationships or any other conflicts of interests with him, either.

Toshihiko Oinuma, Outside Director

He has legal knowledge and a wide range of insight acquired as an attorney-at-law through his abundant experience in global cases. As he has served as Outside Director since March 2020 and provided supervision and advice based on his expertise and wealth of experience as an attorney-at-law, the Company has appointed him as Outside Director based on the expectation that he will play his proper role of ensuring appropriateness and fairness of the Board's decision making. He previously served as Outside Audit & Supervisory Board Member of the Company for four years; however, the Company has no other personal, capital or material business relationships or any other conflicts of interests with him.

Sachiko Murase, Outside Director

She has business experience as an attorney-at-law specializing in corporate legal affairs and a high degree of expertise

regarding corporate governance as well as abundant experience as Outside Director and Audit & Supervisory Board Member at listed companies. As she has served as Outside Director since March 2021 and provided supervision and advice based on her expertise and wealth of experience as an attorney-at-law to ensure appropriateness and fairness of the Board's decision making and to enhance corporate value of the Company, the Company has appointed her as Outside Director based on the expectation that she will continue to contribute to reinforcing the supervisory function of the business execution. The Company has no personal, capital or material business relationships or any other conflicts of interests with her.

Masato Makino, Outside Audit & Supervisory Board Member

He has an insight into finance and accounting acquired through his experience of working for financial institutions for a long time. Since his appointment as Outside Audit & Supervisory Board Member of the Company in November 2014, he has conducted appropriate audits to contribute to improving the Company's corporate value by utilizing his insight from an objective standpoint. The Company has appointed him based on its belief that he will provide us with advice and recommendations to improve the transparency and objectivity of management. The Company has no personal, capital or material business relationships or any other conflicts of interests with him.

Kazuhiro Ishihara, Outside Audit & Supervisory Board Member

He has knowledge and experience in finance and accounting acquired through his experience of working for financial institutions for a long time and an extensive insight into management gained from his long-term experience of serving as a corporate manager. Since his appointment as Outside Audit & Supervisory Board Member of the Company in March 2020, he has provided appropriate advice to contribute to improving the Company's corporate value by utilizing his insight from an objective standpoint as Outside Audit & Supervisory Board Member. The Company has appointed him based on its belief that he will provide us with advice and recommendations to improve the transparency and objectivity of management. The Company has no personal, capital or material business relationships or any other conflicts of interests with him.

Yoji Morizumi, Outside Audit & Supervisory Board Member

He has knowledge and experience in finance and accounting as a certified public accountant. Since his appointment as Outside Audit & Supervisory Board Member in March 2020, he has provided appropriate advice to contribute to improving the Company's corporate value by utilizing his insight from an objective standpoint as Outside Audit & Supervisory Board Member. The Company has appointed him based on its belief that he will provide us with advice and recommendations to improve the transparency and objectivity of management. The Company has no personal, capital or material business relationships or any other conflicts of interests with him.

Note that the Company has made a proposal of “Election of Seven Directors” as a proposal to be resolved at the Ordinary General Meeting of Shareholders to be held on March 30, 2022. The following are the reason for appointment of Outside Directors who will assume their office if the proposal is approved and their relationship with the Company.

Brian K. Heywood, Outside Director

He has a wealth of knowledge and experience as an expert in corporate management and global investment. During the period when he served as Outside Director of the Company for over six years from November 2014, he contributed to growing the Company and enhancing its corporate value by helping the Board make decisions on major management directions and swift and bold execution as well as providing highly effective supervision based on his abundant experience and insight as a corporate manager. Accordingly, the Company has appointed him as Outside Director based on the expectation that he will provide supervision and advice on the Company’s management by experience and insight. He concurrently serves as CEO of Taiyo Pacific Partners, L.P., which indirectly and wholly owns and controls Taiyo Jupiter Holdings GP Ltd. which has authority to act on behalf of Taiyo Jupiter Holdings, L.P., our largest shareholder. Taiyo Pacific Partners, L.P. is a company whose major purpose is to be engaged in investment business and has no business relationship with the Company. The Company has no personal, capital or material business relationships or any other conflicts of interests with him, either.

- 3) Mutual cooperation between Outside Directors and Outside Audit & Supervisory Board Members in supervision or audits and internal audits, audits by Audit & Supervisory Board Members and accounting audits, and relationship with the internal control division

Outside Directors grasp the status of internal audits through the Board of Directors’ meetings. Outside Audit & Supervisory Board Members receive reports on audits by Audit & Supervisory Board Members, accounting audits and internal audits through the Board of Directors’ meetings and the Audit & Supervisory Board meetings. They state their opinions at meetings of the Board of Directors and the Audit & Supervisory Board, as necessary to improve the utility of audits. Outside Directors and Outside Audit & Supervisory Board Members cooperate with each other by receiving reports from divisions relevant to internal control through the Board of Directors’ meeting.

(3) Audits

1) Audits by the Audit & Supervisory Board Members

The Company is a company with Audit & Supervisory Board and has the Audit & Supervisory Board, which consists of one full-time Audit & Supervisory Board Member and two part-time Audit & Supervisory Board Members. Full-time Audit & Supervisory Board Member Masato Makino and Part-time Audit & Supervisory Board Member Kazuhiro Ishihara have worked for financial institutions for a long time and have an extensive knowledge of finance and accounting. Part-time Audit & Supervisory Board Member Yoji Morizumi has the qualification of certified public accountant and extensive knowledge of finance and accounting. All of the three Audit & Supervisory Board Members are Outside Audit & Supervisory Board Members. Employees belonging to the audit division in charge of internal audit (five employees as of the filing date of this Annual Securities Report) have been appointed as assistants to Audit & Supervisory Board Members in accordance with the basic policy of Company's internal control system.

The Audit & Supervisory Board designs an audit policy taking into account the importance, timeliness and other necessary factors and prepares an audit plan by appropriately selecting the scope of audit and how and when to conduct the audit, while keeping in mind the status of development and operation of the internal control system. The Audit & Supervisory Board engages in the following activities in accordance with such audit plan:

- a. Audit & Supervisory Board Members attend meetings of the Board of Directors and the Audit & Supervisory Board and meetings of the accounting auditor related to accounting audits and state their opinions, etc. timely and appropriately.
- b. The full-time Audit & Supervisory Board Member is responsible as a full-time member for overall audits including audits on operations in Japan and accounting audits. At the same time, the full-time Audit & Supervisory Board Member is engaged in activities such as attending important meetings other than meetings of the Board of Directors, inspecting approval forms and other important documents, collaborating, coordinating and communicating with the accounting auditor and the internal audit division, preparing audit documentation and storing audit trails.
- c. Part-time Audit & Supervisory Board Members are assigned to conduct audits mainly on overseas subsidiaries, given their experience and expertise gained from their previous positions and work experience in foreign countries or language skills.

During the fiscal year ended December 31, 2021, the Audit & Supervisory Board prepared audit documentation individually for 9 audits on the effectiveness and the operation of the internal control system, three on the parent company's improvement of corporate governance on the corporate group, one on the legal compliance, three on the monitoring of meetings, 10 on accounting audits, and 12 times and 200 documents on monthly review of CEO approval forms.

Each Audit & Supervisory Board Member records the results of audits he/she conducted in audit documentation and reports the status of execution of his/her duties to the Audit & Supervisory Board regularly and from time to time. The Audit & Supervisory Board prepares an audit report to be provided to shareholders through deliberations based on the audit report prepared by each Audit & Supervisory Board Member. The Audit & Supervisory Board and its members also regularly make a report on the implementation status of audits and the results thereof to the Board of Directors and Representative Director, if deemed necessary, take appropriate measures according to the circumstances as well as providing advice or recommendations.

The Company holds a meeting of the Audit & Supervisory Board once a month, in principle, and holds an extraordinary meeting whenever necessary. During the fiscal year ended December 31, 2021, the Company held 12 meetings of the Audit & Supervisory Board. The attendance of each Audit & Supervisory Board Member is as follows:

	Name	Number of meetings held	Number of meetings attended
Full-time Outside Audit & Supervisory Board Member	Masato Makino	12	12
Part-time Outside Audit & Supervisory Board Member	Kazuhiro Ishihara	12	12
Part-time Outside Audit & Supervisory Board Member	Yoji Morizumi	12	12

Major matters reviewed by the Audit & Supervisory Board include 10 matters resolved such as preparation of audit reports and audit plans, selection of duties for the full-time Audit & Supervisory Board Member and other positions, establishment of and revision to the rules on the Audit & Supervisory Board or Audit & Supervisory Board Members, reappointment/non-reappointment of the accounting auditor, consent to remuneration for the accounting auditor; one matter deliberated on preparation of audit reports; five matters consulted about audit plans, remuneration for Audit & Supervisory Board Members, and response to the revised Corporate Governance Code; and nine matters reported such as the results of audits by each Audit & Supervisory Board Member.

2) Internal audit

The Company has set up the audit division (consisting of five members as of the filing date of this Annual Securities Report) directly under CEO and independently from divisions conducting business. The Company defines that the purpose of internal audits is to promote communications between divisions and contribute to business management while examining

and assessing the Company's and the Group companies' business activities in light of legitimacy and rationality thereof and providing advice on rationalization and streamlining of management, improvement of business activities and preservation of assets. In order to achieve such purpose, the audit division conducts audits systematically in accordance with the Internal Audit Rules established by the Company.

- 3) Mutual cooperation among internal auditors, Audit & Supervisory Board Members and accounting auditors, and relationship between their audits and the internal control division

The Company has an audit system in which Audit & Supervisory Board Members, the accounting auditor and the audit division conduct audits in cooperation with each other. Audit & Supervisory Board Members and the audit division communicate with each other by sharing audit plans and audit documentation and internal audit reports as appropriate, and jointly conduct audits on the same department, as necessary. Audit & Supervisory Board Members and the audit division also share information and understanding of issues by receiving reports on audit plans or the status of a fiscal year-end accounting audits in the course of such audit or at the end thereof or attending a physical inventory audit conducted by the accounting auditor. In conducting audits, Audit & Supervisory Board Members and the audit division cooperate and share information with divisions related to internal control such as the finance, business planning and personnel divisions, as necessary for efficient and effective audits.

- 4) Accounting audits

- (a) Name of audit firm

Grant Thornton Taiyo LLC

- (b) Years of continuous auditing

5 years

- (c) Certified public accountants who executed the audit duties

Shigeyuki Moriuchi

Kenji Furuta

- (d) Composition of assistants of audit engagement

Six certified public accountants, seven persons who have passed the Certified Public Accountant Examination and 14 other individuals assisted duties of accounting audits of the Company.

- (e) Policy and reasons for appointing audit firm

The Audit & Supervisory Board has developed the "Standards for Appointment and Evaluation of Accounting Auditor" and established the procedures for appointment, reappointment and dismissal of the accounting auditor as well as the standards for evaluation of the accounting auditor's execution of duties. When appointing a new accounting auditor, the Audit & Supervisory Board requests several audit firms to present a proposal on the overview of the audit firm, the system to conduct audits and the estimated amount of audit fees and makes a decision on the appointment through deliberations at the board after verifying the appropriateness of such accounting auditor's audit system, independence and expertise. The Audit & Supervisory Board appointed Grant Thornton Taiyo LLC as its current accounting auditor since it determined that Grant Thornton Taiyo LLC was the most appropriate audit firm as a result of a comprehensive comparative review of the firm's quality control, audit system, independence and expertise required to conduct accounting audits appropriately.

Meanwhile, the Audit & Supervisory Board has also established the following policies on dismissal or non-reappointment of the accounting auditor.

- a. If the accounting auditor falls under any of the items of Article 340, Paragraph 1 of the Companies Act and the Audit & Supervisory Board deems that it is reasonable to dismiss the accounting auditor, the Audit & Supervisory Board dismisses the accounting auditor with consent of all the Audit & Supervisory Board Members.
- b. The Audit & Supervisory Board deliberates whether to reappoint or not to reappoint the accounting auditor based on the full-time Audit & Supervisory Board Member's report on the results of evaluation of the accounting auditor's execution of duties in accordance with the Standards for Appointment and Evaluation of Accounting Auditor. As a result of the deliberations, if the Audit & Supervisory Board decides not to reappoint the accounting auditor, the Audit & Supervisory Board determines the content of a proposal to be submitted to the General Meeting of Shareholders regarding the non-reappointment of the accounting auditor, pursuant to the provisions of Article 344 of the Companies Act.
- (f) Evaluation of audit firm by Audit & Supervisory Board Members and the Audit & Supervisory Board
The Audit & Supervisory Board always inspects and evaluates the accounting auditor's execution of duties in accordance with the "Standards for Appointment and Evaluation of Accounting Auditor." As stated above, the Audit & Supervisory Board deliberates whether to reappoint or not to reappoint the accounting auditor based on the results of such evaluation.

5) Details of audit fees, etc.

(a) Audit fees paid to auditing certified public accountants, etc.

(Millions of yen)

Classification	Previous fiscal year		Current fiscal year	
	Fees for audit certification services	Fees for non-audit services	Fees for audit certification services	Fees for non-audit services
Reporting company	62	4	56	—
Consolidated subsidiaries	—	—	—	—
Total	62	4	56	—

* The above fees for non-audit services paid for the previous fiscal year ended December 31, 2020 were those for preparation of the comfort letter for the new listing.

(b) Audit fees paid to the same network (Grant Thornton member firms) to which certified public accountants, etc. belong (excluding fees specified in (a) above.)

(Millions of yen)

Classification	Previous fiscal year		Current fiscal year	
	Fees for audit certification services	Fees for non-audit services	Fees for audit certification services	Fees for non-audit services
Reporting company	—	—	—	—
Consolidated subsidiaries	72	9	65	6
Total	72	9	65	6

* The above fees for non-audit services paid for the fiscal years ended December 31, 2020 and 2021 were both fees for tax consulting and other services.

(c) Details of fees for other significant audit certification services

Not applicable.

(d) Policy for determining audit fees

The Company determines fees for the accounting auditor with consent of the Audit & Supervisory Board after consulting with the accounting auditor on the content of audit plans in light of the effectiveness and efficiency of such plans and examining, among other factors, the number of hours required for the accounting auditor to conduct necessary audits.

(e) Reasons for the Audit & Supervisory Board's consent to fees for the accounting auditor

The Audit & Supervisory Board has consented to the amount of fees for the accounting auditor in accordance with Article 399, Paragraph 1 of the Companies Act based on its review and validity verification of the accounting auditor's audit plans, the status of execution of its duties and the grounds for calculation of estimated fees.

(4) Remuneration for Directors and other Officers

1) Policy on determination of remuneration amount for directors and other Officers or the calculation method thereof

The Company's Board of Directors resolved at its meeting held on October 21, 2020 that the Company would the Rules for Nomination and Remuneration Committee (hereinafter, the "Rules") in order to ensure the transparency and fairness of appointment of the Company's directors and other officers and that the Company would set up the Nomination and Remuneration Committee (hereinafter, the "Committee") mainly consisting of independent outside directors. The Committee has defined the process of determining remuneration for directors and executive officers in the Rules. From and after the fiscal year ended December 31, 2021 (the 50th fiscal year), the amount of remuneration for directors and executive officers would be resolved by the Board of Directors through consultation by the Committee to the extent of the total amount of remuneration for directors resolved at the general meeting of shareholders.

Remuneration for Audit & Supervisory Board members is determined through consultation by the Audit & Supervisory Board to the extent of the total amount of remuneration resolved at the general meeting of shareholders. Audit & Supervisory Board members receive monthly fixed compensation based on their individual experience, expertise and role, etc.

The Company has established the policy on determination of the amount of remuneration for directors or the calculation method thereof. The following details are the contents of such policy, remuneration structure by position, standard total amount of remuneration by position and the policy on determination of remuneration:

- Remuneration should contribute to the Group's sustainable growth and improvement of mid- and long-term corporate value;
- The compensation plan should be closely related to business performance and motivate directors and other officers to accomplish business strategies and achieve the company-wide performance target;
- The compensation plan should attract, retain and reward diversified and talented human resources;
- The compensation plan should raise awareness of sharing profits with shareholders; and
- The process of determining remuneration should be highly transparent and objective.

The policy stipulates the remunerations for inside directors is composed of fixed compensation, consolidated performance-based bonus, and board benefit trust-type compensation in a ratio of approximately 5:3:2 to further clarifies a linkage of the Company's business performance and corporate value with the remunerations for inside directors.

The policy also stipulates the remunerations for outside directors is composed of fixed compensation and fixed-type stock compensation in a ratio of approximately 8:2. The Company will increase stability of the remunerations of outside directors so that they can properly perform their management supervising functions.

Based on the results of the executive compensation survey conducted by an external specialized agency, the Committee deliberates these standards and consults them to the Board of Directors, considering the level of companies in the same industry and business scale as the Company.

* Remuneration structure by position and standard total amount of remuneration

Title	Standard total amount of remuneration per person	Number of recipients	Remuneration structure		
CEO and Representative Director	77.5 Million yen	1	Fixed compensation: 50%	Short-term performance-based compensation: 33.3%	Mid- and long-term performance-based compensation: 16.7%
Inside Directors	36.5 to 66.5 million yen (Note)	1	Fixed compensation: 50%	Short-term performance-based compensation: 33.3%	Mid- and long-term performance-based compensation: 16.7%
Outside Directors	11.5 million yen	3	Fixed compensation: 83.3%		Fixed-type stock compensation: 16.7%
Audit & Supervisory Board Member	—	3	Fixed compensation: 100%		

(Note) The Committee evaluates each director's ability to execute his/her duties and his/her expected values, and determines the amount of remuneration (in the range between ¥36.5 million and ¥66.5 million) according to the position. The aggregate of the standard total amount of remuneration for the current recipients is ¥56.5 million.

* Method of determination of remuneration

- The amount of remuneration for directors is determined by the Committee.
- The amount of remuneration for Audit & Supervisory Board members is determined through mutual consultation by Audit & Supervisory Board members to the extent of the total amount of remuneration determined by the general meeting of shareholders.

If the Company's performance declines considerably or an event for which the Company should clarify its social responsibility occurs, the Board of Directors may resolve at its meeting (for remuneration for Audit & Supervisory Board members, through consultation by Audit & Supervisory Board members) to take ad hoc emergency measures such as reducing the amount of remuneration or partially cutting remuneration.

2) Delegation of determination of remuneration for each director

Remuneration for directors is allocated to each director to the extent of the total amount of remuneration resolved at the General Meeting of Shareholders. The representative Director was entrusted to determine the allocation at the Board of Directors. We established the Committee, the majority of which are independent outside directors, as of December 16, 2020 to improve transparency in nominating directors and deciding their remuneration and the supervising function. Thereafter, the allocation is determined by resolution of the Committee. During the fiscal year ended December 31, 2021, the Company held 16 meetings of the Committee.

Remuneration for Audit & Supervisory Board members is composed of fixed compensation based on their individual experience, expertise and role, etc. It is determined to the extent of the total amount of remuneration resolved at the General Meeting of Shareholders through consultation by Audit & Supervisory Board members. Also, the Board of Directors has confirmed that the method of determining the contents and the decided details of the remuneration for each director for fiscal year ended December 31, 2021 are consistent with the decision policy and that the reports by the Committee are esteemed. Therefore, the remuneration is judged to be in line with the decision policy.

3) Total amount of remuneration by position, type of remuneration and number of recipients of the reporting company

Position	Total amount of consolidated remuneration (million yen)	Total amount for each class of remuneration (million yen)			Number of recipients (persons)
		Fixed compensation	Short-term performance-based compensation		
		Monetary compensation		Non-monetary compensation	
		Basic compensation	Bonus	Board Benefit Trust-type compensation	
Director	237	99	105	32	5
[o/w Outside Director]	(32)	(26)	(-)	(6)	(3)
Audit & Supervisory Board Member	29	29	—	—	3
[o/w Outside Audit & Supervisory Board Member]	(29)	(29)	—	—	(3)
Total	266	128	105	32	8
[o/w Outside Officer]	(62)	(55)	(-)	(6)	(6)

Notes: 1. Two directors out of the seven directors who assumed office of Director during the current fiscal year received no remuneration.

2. The total amount of remuneration for directors as monetary compensation was resolved to be limited to ¥500 million per year, including bonuses (excluding the portion of salaries as employees for directors concurrently serving as employees) at the extraordinary general meeting of shareholders held on September 14, 2020. The number of directors as of the close of the General Meeting of Shareholders is six (6), including four (4) outside directors.

Apart from the total amount of remuneration set forth above, the extraordinary general meeting of shareholders held on December 21, 2016 resolved to adopt a performance-based stock compensation plan for directors using the Board Benefit Trust. The revision has been resolved at the General Meeting of Shareholders on March 30, 2021. The number of directors as of the close of the General Meeting of Shareholders at the time of introduction is three (3), including zero (0) outside director, and the number of directors as of the close of the General Meeting of Shareholders at the time of revision is five (5), including three (3) outside directors.

3. The total amount of remuneration for Audit & Supervisory Board members was resolved to be limited to ¥50 million per year at the extraordinary general meeting of shareholders held on September 14, 2020. The number of Audit & Supervisory Board members as of the close of the General Meeting of Shareholders is three (3), including three (3) Outside Audit & Supervisory Board members.
4. Bonuses include ¥78 million of provision for bonuses for directors and other officers for the current fiscal year.

5. The amount of board benefit trust-type compensation is the amount of expenses for such compensation recorded for the current fiscal year.

4) Total amount of consolidated remuneration by director/officer

Name	Total amount of consolidated remuneration (million yen)	Position	Company classification	Total amount for each class of consolidated remuneration (million yen)		
				Fixed compensation	Short-term performance-based compensation	
					Monetary compensation	
				Basic compensation	Bonus	Board Benefit Trust-type compensation
Junichi Miki	113	CEO and Representative Director CEO	Reporting company	41	56	15

Note: This table only lists those who received ¥100 million or more of consolidated remuneration in total.

5) Performance-based compensation

The Company has adopted consolidated performance-based bonuses and the Board Benefit Trust-type compensation plan to the remuneration system for the Company's directors (excluding outside directors), in addition to basic compensation, for the purpose of clarifying a linkage of the Company's business performance and corporate value with the remuneration system and raising the directors' awareness of contributing to an increase of the Company's mid- and long-term business performance and corporate value.

These performance-based compensation set consolidated operating profit and consolidated ROIC as an indicator and is decided based on its comprehensive review of factors such as the contribution to the Company's business performance.

Consolidated operating profit as the indicator of performance-based bonus was ¥11,093 million for the fiscal year ended December 31, 2021, which was 147.9% of the originally budgeted consolidated operating profit (original budget of ¥7.5 billion).

As for the Board Benefit Trust-type compensation, the consolidated ROIC of 15% or higher, which is an indicator of performance-based compensation in the current Medium-term Management Plan for Fiscal 2020 through 2022, was 30.7% in the fiscal year ended December 2021, achieving the target, following the achievement of 22.1% in the fiscal year ended December 2020.

The following details performance-based compensation consisting of short-term performance-based compensation and mid- and long-term performance-based compensation:

(A) Short-term performance-based compensation (monetary compensation)

Short-term performance-based compensation (monetary compensation) uses consolidated operating profit for a single fiscal year as the performance indicator to raise awareness of improving business performance for each fiscal year. The amount of the compensation is calculated based on the degree of achievement of the indicator. The source of compensation is calculated as follows. If profit attributable to owners of parent is negative (loss), no short-term performance-based compensation (monetary compensation) is provided to executive directors. However, the Committee may consider and decide on recording extraordinary loss, etc. to improve corporate value as long as the Company can pay dividends. The indicator used for actual calculation in connection with consolidated operating profit specified below is that before recording performance-based compensation.

Source of compensation = Actual consolidated operating profit × Multiplying factor (a) × Achievement coefficient (b)

(a) Multiplying factor = Total amount of compensation when the eligible person achieves the expected consolidated operating profit (*) / Expected consolidated operating profit (subject to review for each fiscal period)

(*) Standard amount of short-term performance-based compensation calculated based on the aforementioned compensation structure by position and standard total amount of remuneration

(b) Achievement coefficient is determined as follows based on the status of achievement of the expected consolidated operating profit:

Percentage of achievement of the expected consolidated operating profit	Achievement coefficient
120% or more	× 1.2
110% or more and less than 120%	× 1.1
100% or more and less than 110%	× 1.0
Less than 100%	× 0.7

(B) Mid- and long-term performance-based compensation (performance-based stock compensation using the Board Benefit Trust)

A mid- and long-term performance-based compensation plan (a performance-based stock compensation plan using the Board Benefit Trust (hereinafter, the “BBT”)) (hereinafter, the “Plan”) is based on consolidated ROIC (Return On Invested Capital*) as the performance indicator to clarify a linkage between remuneration for directors, etc. and the Company’s business performance and shareholder value and to raise awareness of contributing to improving the Company’s mid- and long-term business performance and corporate value.

* Consolidated ROIC (all the figures are consolidated basis)
= Operating profit after tax / (Beginning balance of invested capital (*) + Ending balance of invested capital) / 2)
(*) Invested capital = Working capital (Trade receivables + Inventories - Trade payables) + Fixed assets

Under the Plan, points are granted to directors, etc. based on their positions and the degree of achievement of the performance target for each fiscal year during three fiscal years, in principle, corresponding to the Company’s medium-term management plan (hereinafter, the “Target Period”). The number of points granted for the Target Period is determined by calculating the number of points to be added or reduced based on the degree of achievement of the performance target for the last fiscal year during the Target Period (for outside directors, a non-performance-based fixed-type stock compensation plan has been adopted, in which points are granted based only on their positions without reference to the degree of achievement of the performance target). If an eligible person resigns from office of Director, etc. and satisfies the requirements for beneficiaries set forth in the stock benefit rules, such person receives, through the Trust, the number of the Company’s shares and an amount equivalent to the market value of the Company’s shares based on the accumulated number of points granted during the Target Period.

The initial Target Period after revision of the Plan is for two fiscal years since the remaining period of the current medium-term management plan is fiscal years ended December 31, 2021 and fiscal year ending December 31, 2022.

The number of the Company’s shares to be delivered to directors, etc. (including shares to be delivered in cash) is one share per point. Fractions less than one point shall be rounded down. However, in case if the number of the Company’s shares held by the Trust increases or decreases due to a stock split, allotment of share without contribution, stock consolidation or other similar acts, the Company shall adjust the number of shares to be delivered per point in proportion to the rate of increase or decrease.

The number of points to be granted during the Target Period is calculated as follows. If a person assumes office of Director, etc. or there is a change of a director’s position or post during the Target Period, the number of points to be granted shall be adjusted based on the term in office.

- Directors excluding outside directors (performance-based compensation)

<Number of points granted for each fiscal year>

Number of standard compensation points (a) × Number of months in office (b) / 12 months × Achievement coefficient (c)

(a) Number of standard compensation points

The number of standard compensation points is calculated by dividing the amount of the standard amount of mid- and long-term performance-based compensation calculated based on the above remuneration structure by position and standard total amount of remuneration, by the reference share price (*).

* The reference share price is the average of closing prices of the Company’s shares for one month in April 2021 at the first section of the Tokyo Stock Exchange.

(b) Number of months in office

For the purpose of calculation of the number of days in office less than one month, if the number of days in office in a month is 15 days or more, such number of days shall be counted in the number of months in office as one month. If the

number of days in office in a month is less than 15 days, such number of days shall not be counted in the number of months in office.

- (c) The achievement coefficient is as follows. The indicator used for measurement of the degree of achievement of actual consolidated ROIC is that before recording performance-based compensation.

Percentage of achievement of consolidated ROIC	Achievement coefficient
100% or more	× 1.0
80% or more	× 0.7
70% or more	× 0.5
60% or more	× 0.3
Less than 60%	× 0.0

<Number of points granted based on the degree of achievement of the performance target for the last fiscal year for the Target Period>

The current medium-term management plan 2020-2022 targets achievement of 15% or more of the consolidated ROIC. The number of points to be granted is determined as follows based on the degree of achievement of the consolidated ROIC for the last fiscal year for the Target Period. However, that the number of points granted during the Target Period shall not exceed the number calculated by multiplying the number of standard compensation points by the number of years based on the Target Period.

Achieved the consolidated ROIC of 15% or more: Adding the number of points calculated by multiplying the accumulated number of points for the Target Period by 10%

Unachieved: Reducing the number of points calculated by multiplying the accumulated number of points for the Target Period by 10%

The actual consolidated ROIC for the fiscal year ended December 31, 2020 which is the starting year of the current medium term management plan was 22.1%.

- Outside directors (fixed compensation)

<Number of points granted for each fiscal year>

Number of standard compensation points (a) × Number of months in office (b) / 12 months

- (a) Number of standard compensation points

The number of standard compensation points is calculated by dividing the standard amount of fixed-type stock compensation calculated based on the above remuneration structure by position and standard total amount of remuneration, by the reference share price (*).

* The reference share price is the average of closing prices of the Company's shares for one month in April 2021 at the first section of the Tokyo Stock Exchange.

- (b) Number of months in office

For the purpose of calculation of the number of days in office less than one month, if the number of days in office in a month is 15 days or more, such number of days shall be counted in the number of months in office as one month. If the number of days in office in a month is less than 15 days, such number of days shall not be counted in the number of months in office.

6) Compensation plan for new directors and other officers for the fiscal year ending December 31, 2022 (the 51st fiscal year)

The Company will submit a proposal regarding the introduction of a new stock compensation plan in place of the current board benefit trust system at the Board of Directors held on February 10, 2022, for approval, at the General Meeting of Shareholders to be held on March 30, 2022, as follows. This plan includes two compensations: stock compensation to be granted subsequently subject to achievement of the performance goal (performance share unit, hereinafter referred to as the “PSU”) and stock compensation to be granted subsequently subject to continuous engagement (restricted stock unit, hereinafter referred to as the “RSU”).

- Mid- and long-term performance-based compensation (performance-based stock compensation using PSU and RSU)

A mid- and long-term performance-based compensation plan (performance-based stock compensation plan using PSU and RSU) (hereinafter, the “Plan”) is based on consolidated ROIC (Return On Invested Capital) as the performance indicator to clarify a linkage between the remuneration for directors, etc. and the Company’s business performance and shareholder value and to raise awareness of contributing to improving the Company’s mid- and long-term business performance and corporate value.

Under the new Plan, units are granted to directors, etc. based on their positions and the degree of achievement of the performance target for each fiscal year during three fiscal years, in principle, corresponding to the Company’s medium-term management plan (hereinafter, the “Target Period”). The number of units granted for the Target Period is determined by calculating the number of units to be added or reduced based on the degree of achievement of the performance target for the last fiscal year during the Target Period (for outside directors, a non-performance-based fixed-type stock compensation plan has been adopted, in which units are granted based only on their positions without reference to the degree of achievement of the performance target). If the eligible persons satisfy the requirements set forth in the Rules on Stock Compensation owing to their retirement (at the end of the Target Period for non-residents of Japan), the Company grants monetary remuneration claims for receiving the Company’s common stocks to directors and executive officers based on the accumulated number of units granted in each Target Period. Then they are provided the shares of the Company and an amount equivalent to the market price thereof in exchange for an in-kind contribution of the monetary remuneration claims provided to them by the Company. The initial Target Period after the introduction of the Plan is for four fiscal years since it is from the fiscal year ending December 31, 2022, including the remaining period of the current medium-term management plan to the final fiscal year of the next medium-term management plan ending December 31, 2025.

The number of the Company’s shares to be delivered to directors, etc. (including shares to be delivered in cash) is one share per unit. Fractions less than one unit shall be rounded down. However, if the number of the Company’s shares held by the Plan increases or decreases due to a stock split, allotment of share without contribution, stock consolidation or other similar acts, the Company shall adjust the number of shares to be delivered per unit in proportion to the rate of increase or decrease.

The number of units to be granted during the Target Period is calculated as follows. If a person assumes office of director, etc. or there is a change of a director’s position or post during the Target Period, the number of units to be granted shall be adjusted based on the term in office.

- Directors excluding outside directors (performance-based compensation)

<Number of units granted for each fiscal year>

Number of standard compensation units (a) × Number of months in office (b) / 12 months × Achievement coefficient (c)

(a) Number of standard compensation units

The number of standard compensation units is calculated by dividing the amount of the standard amount of mid- and long-term performance-based compensation calculated based on the above remuneration structure by position and standard total amount of remuneration, by the reference share price (*).

* The reference share price is the average of closing prices of the Company’s shares for one month in April 2022 at the first section of the Tokyo Stock Exchange.

(b) Number of months in office

For the purpose of calculation of the number of days in office less than one month, if the number of days in office in a month is 15 days or more, such number of days shall be counted in the number of months in office as one month. If the number of days in office in a month is less than 15 days, such number of days shall not be counted in the number of months in office.

- (c) The achievement coefficient is as follows. The indicator used for measurement of the degree of achievement of actual consolidated ROIC is that before recording performance-based compensation.

Percentage of achievement of consolidated ROIC	Achievement coefficient
100% or more	× 1.0
80% or more	× 0.7
70% or more	× 0.5
60% or more	× 0.3
Less than 60%	× 0.0

<Number of units granted based on the degree of achievement of the performance target for the last fiscal year for the Target Period)

The current medium term management plan 2020-2022 targets achievement of 15% or more of the consolidated ROIC. The number of points to be granted is determined as follows based on the degree of achievement of the consolidated ROIC for the last fiscal year for the Target Period. However, that the number of units granted during the Target Period shall not exceed the number calculated by multiplying the number of standard compensation units by the number of years based on the Target Period.

Achieved the consolidated ROIC of 15% or more: Adding the number of units calculated by multiplying the accumulated number of units for the Target Period by 10%

Unachieved: Reducing the number of units calculated by multiplying the accumulated number of units for the Target Period by 10%

The initial Target Period after the introduction of the Plan is for four fiscal years since it is from the fiscal year ending December 31, 2022, including the remaining period of the current medium-term management plan to the final fiscal year of the next medium-term management plan ending December 31, 2025.

- Outside directors (fixed compensation)

<Number of units granted for each fiscal year>

Number of standard compensation units (a) × Number of months in office (b) / 12 months

- (a) Number of standard compensation units

The number of standard compensation units is calculated by dividing the standard amount of fixed-type stock compensation calculated based on the above remuneration structure by position and standard total amount of remuneration, by the reference share price (*).

* The reference share price is the average of closing prices of the Company's shares for one month in April 2022 at the first section of the Tokyo Stock Exchange.

- (b) Number of months in office

For the purpose of calculation of the number of days in office less than one month, if the number of days in office in a month is 15 days or more, such number of days shall be counted in the number of months in office as one month. If the number of days in office in a month is less than 15 days, such number of days shall not be counted in the number of months in office.

(5) Shareholdings

1) Standards for and views on classification of investment shares

The Company classifies investment shares by holding purpose, for pure investment or for purposes other than pure investment. Pure investment means that the Company holds shares only for the purpose of returns from share price fluctuations and/or dividends.

2) Investment shares held for purposes other than pure investment

a. Shareholding policy, method of verification of the rationale for shareholdings, and details of verification by the Board of Directors of the appropriateness of shareholdings in individual issues

The Company holds no investment shares for purposes other than pure investment, in principle, unless the holding of such shares is deemed reasonable. The Company deems the holding of investment shares to be reasonable if it determines that the holding of such shares will further increase the Roland Group's corporate value based on its verification of the profitability of the shareholding with proper understanding of risks, costs and returns related to the shareholding, bearing in mind long- to medium-term viewpoints and comprehensively taking into account the shareholding purpose such as maintenance or strengthening of business relationship and capital or business alliance.

The Company decides whether to hold a specific issue after carefully reviewing the rationale for the holdings stated above at a meeting of the Board of Directors in accordance with the Rules of Approval. If the shareholding is no longer deemed to be reasonable, the Company considers disposing of the investment shares.

b. Number of issues and carrying amount

	Number of issues	Total carrying amount on balance sheet (million yen)
Unlisted shares	4	150
Shares other than unlisted shares	—	—

Issues whose number of shares increased during the fiscal year ended December 31, 2021

Not applicable.

Issues whose number of shares decreased during the fiscal year ended December 31, 2021

Not applicable.

c. Number and carrying amount of specified investment shares and deemed holdings of investment shares by issue

Not applicable.

3) Investment shares held for pure investment

Category	Current fiscal year		Previous fiscal year	
	Number of issues	Total carrying amount (million yen)	Number of issues	Total carrying amount (million yen)
Unlisted shares	—	—	—	—
Shares other than unlisted shares	1	476	1	239

Category	Current fiscal year		
	Total of dividends received (million yen)	Total of gain (loss) on sale (million yen)	Total of valuation gain (loss) (million yen)
Unlisted shares	—	—	—
Shares other than unlisted shares	6	—	423

4) Investment shares reclassified from held for pure investment to held for purposes other than pure investment during the fiscal year ended December 31, 2021

Not applicable.

5) Investment shares reclassified from held for purposes other than pure investment to held for pure investment during the fiscal year ended December 31, 2021

Not applicable.

Item 5. Financial Information

1. Basis for Preparation of Consolidated and Non-consolidated Financial Statements

(1) The consolidated financial statements of Roland Corporation (the “Company”) are prepared in accordance with the “Ordinance on Terminology, Forms, and Preparation Methods of Consolidated Financial Statements” (Ordinance of the Ministry of Finance No. 28 of 1976).

(2) The non-consolidated financial statements of the Company are prepared in accordance with the “Ordinance on the Terminology, Forms, and Preparation Methods of Financial Statements, etc.” (Ordinance of the Ministry of Finance No. 59 of 1963; hereinafter the “Ordinance on Financial Statements, etc.”)

The Company falls under the company allowed to file specified financial statements and prepares its financial statements pursuant to the provision of Article 127 of the Ordinance on Financial Statements, etc.

2. Audit Certificate

The Company’s consolidated and non-consolidated financial statements for the fiscal year from January 1, 2021 to December 31, 2021 were audited by Grant Thornton Taiyo LLC, in accordance with the provisions of Article 193-2, Paragraph 1 of the Financial Instruments and Exchange Act.

3. Special Measures to Ensure the Appropriateness of Consolidated Financial Statements, etc.

The Company has taken special measures to ensure the appropriateness of consolidated statements, etc. Specifically, the Company endeavors to proactively collect information by joining the Financial Accounting Standards Foundation and participating in seminars and training programs organized by audit firms and other institutions as well as subscribing to accounting journals, in order to establish a system that allows the Company to understand accounting standards properly and adapt to changes in accounting standards appropriately.

1. Consolidated Financial Statements, etc.

(1) Consolidated Financial Statements

1) Consolidated Balance Sheets

(Millions of yen)

	Previous fiscal year (As of December 31, 2020)	Current fiscal year (As of December 31, 2021)
Assets		
Current assets:		
Cash and deposits	*1 10,832	8,781
Notes and accounts receivable – trade	*1, *4 5,930	*1 7,444
Merchandise and finished goods	*1 13,622	*1 15,508
Work in process	889	1,715
Raw materials and supplies	3,563	8,016
Other	*1 1,558	1,470
Allowance for doubtful accounts	(338)	(313)
Total current assets	36,058	42,623
Non-current assets:		
Property, plant and equipment:		
Buildings and structures:	*1 10,877	10,718
Accumulated depreciation	(8,159)	(8,297)
Buildings and structures, net	2,717	2,421
Machinery, equipment and vehicles:	*1 1,091	1,251
Accumulated depreciation	(845)	(923)
Machinery, equipment and vehicles, net	246	328
Tools, furniture and fixtures	*1 5,502	6,055
Accumulated depreciation	(4,377)	(4,667)
Tools, furniture and fixtures, net	1,124	1,387
Land	*1 1,652	1,626
Construction in progress	20	92
Total property, plant and equipment	5,761	5,857
Intangible assets	*1 759	632
Investments and other assets:		
Investment securities	*2 949	*2 1,245
Long-term loans receivable	5	0
Deferred tax assets	1,816	2,063
Other	*1 854	486
Allowance for doubtful accounts	(110)	(101)
Total investments and other assets	3,517	3,693
Total non-current assets	10,038	10,183
Total assets	46,096	52,807

(Millions of yen)

	Previous fiscal year (As of December 31, 2020)	Current fiscal year (As of December 31, 2021)
Liabilities		
Current liabilities:		
Notes and accounts payable – trade	5,228	6,391
Short-term borrowings	138	–
Current portion of long-term borrowings	3,935	1,252
Lease obligations	381	376
Accrued expenses	2,445	2,995
Income taxes payable	467	360
Provision for bonuses	1,441	1,662
Provision for bonuses for Directors (and other officers)	84	78
Provision for product warranties	294	373
Provision for loss on competition law	562	–
Other	1,999	2,542
Total current liabilities	16,979	16,033
Non-current liabilities:		
Long-term borrowings	5,762	5,822
Lease obligations	674	416
Deferred tax liabilities	22	2
Provision for product warranties	0	1
Provision for share-based remuneration	217	262
Provision for share-based remuneration for directors (and other officers)	25	58
Retirement benefit liability	1,482	725
Asset retirement obligations	85	86
Other	694	741
Total non-current liabilities	8,965	8,117
Total liabilities	25,945	24,150
Net Assets		
Shareholders' equity:		
Share capital	9,490	9,585
Capital surplus	69	163
Retained earnings	13,230	18,894
Treasury shares	(403)	(482)
Total shareholders' equity	22,386	28,161
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(51)	140
Foreign currency translation adjustment	(2,203)	(178)
Remeasurements of defined benefit plans	(278)	258
Total accumulated other comprehensive income	(2,533)	219
Share acquisition rights	158	115
Non-controlling interests	139	161
Total net assets	20,151	28,656
Total liabilities and net assets	46,096	52,807

(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

Consolidated Statements of Income

(Millions of yen)

	Previous fiscal year (From January 1, 2020 to December 31, 2020)	Current fiscal year (From January 1, 2021 to December 31, 2021)
Net sales	64,044	80,032
Cost of sales	*2 33,664	*2 43,895
Gross profit	30,379	36,137
Selling, general and administrative expenses	*1,*3 23,264	*1,*3 25,043
Operating profit	7,115	11,093
Non-operating income:		
Interest income	11	15
Dividend income	21	86
Subsidy income	99	51
Other	22	18
Total non-operating income	154	172
Non-operating expenses:		
Interest expenses	34	25
Sales discounts	576	770
Foreign exchange losses	158	259
Listing expenses	133	—
Other	89	107
Total non-operating expenses	992	1,163
Ordinary profit	6,277	10,102
Extraordinary income:		
Gain on sale of non-current assets	*4 125	*4 375
Total extraordinary income	125	375
Extraordinary losses:		
Loss on sale and retirement of non-current assets	*5 29	*5 16
Impairment loss	—	*6 72
Loss on competition law	343	149
Loss related to COVID-19	*7 183	—
Total extraordinary losses	556	239
Profit before income taxes	5,846	10,239
Income taxes - current	1,636	2,130
Income taxes - deferred	(98)	(479)
Total income taxes	1,538	1,650
Profit	4,307	8,588
Profit attributable to non-controlling interests	6	2
Profit attributable to owners of parent	4,301	8,586

Consolidated Statements of Comprehensive Income

(Millions of yen)

	Previous fiscal year (From January 1, 2020 to December 31, 2020)	Current fiscal year (From January 1, 2021 to December 31, 2021)
Profit	4,307	8,588
Other comprehensive income:		
Valuation difference on available-for-sale securities	(41)	191
Foreign currency translation adjustment	(485)	2,044
Remeasurements of defined benefit plans, net of tax	153	536
Total other comprehensive income	* (373)	* 2,772
Comprehensive income	3,934	11,361
Comprehensive income attributable to:		
Owners of parent	3,926	11,339
Non-controlling interests	8	21

3) Consolidated Statements of Changes in Equity

Previous fiscal year (from January 1, 2020 to December 31, 2020)

(Millions of yen)

	Shareholders' equity:				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total
Balance at January 1, 2020	9,421	—	11,203	(473)	20,151
Changes during period					
Issuance of new shares - exercise of share acquisition rights	69	69			139
Dividends of surplus			(2,275)		(2,275)
Profit attributable to owners of parent			4,301		4,301
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares				69	69
Net changes in items other than shareholders' equity					—
Total changes during period	69	69	2,026	69	2,235
Balance at December 31, 2020	9,490	69	13,230	(403)	22,386

	Accumulated other comprehensive income				Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at January 1, 2020	(10)	(1,716)	(432)	(2,158)	103	131	18,227
Changes during period							
Issuance of new shares - exercise of share acquisition rights				—			139
Dividends of surplus				—			(2,275)
Profit attributable to owners of parent				—			4,301
Purchase of treasury shares				—			(0)
Disposal of treasury shares				—			69
Net changes in items other than shareholders' equity	(41)	(487)	153	(375)	55	8	(311)
Total changes during period	(41)	(487)	153	(375)	55	8	1,923
Balance at December 31, 2020	(51)	(2,203)	(278)	(2,533)	158	139	20,151

Current fiscal year (from January 1, 2021 to December 31, 2021)

(Millions of yen)

	Shareholders' equity:				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at January 1, 2021	9,490	69	13,230	(403)	22,386
Changes during period					
Issuance of new shares - exercise of share acquisition rights	94	94			188
Dividends of surplus			(2,922)		(2,922)
Profit attributable to owners of parent			8,586		8,586
Purchase of treasury shares				(121)	(121)
Disposal of treasury shares				42	42
Net changes in items other than shareholders' equity					—
Total changes during period	94	94	5,663	(78)	5,774
Balance at December 31, 2020	9,585	163	18,894	(482)	28,161

	Accumulated other comprehensive income				Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at January 1, 2021	(51)	(2,203)	(278)	(2,533)	158	139	20,151
Changes during period							
Issuance of new shares - exercise of share acquisition rights				—			188
Dividends of surplus				—			(2,922)
Profit attributable to owners of parent				—			8,586
Purchase of treasury shares				—			(121)
Disposal of treasury shares				—			42
Net changes in items other than shareholders' equity	191	2,024	536	2,752	(43)	21	2,731
Total changes during period	191	2,024	536	2,752	(43)	21	8,505
Balance at December 31, 2020	140	(178)	258	219	115	161	28,656

4) Consolidated Statements of Cash Flows

(Millions of yen)

	Previous fiscal year (From January 1, 2020 to December 31, 2020)	Current fiscal year (From January 1, 2021 to December 31, 2021)
Cash flows from operating activities:		
Profit before income taxes	5,846	10,239
Depreciation	1,568	1,608
Amortization of goodwill	4	4
Increase (decrease) in retirement benefit liability	81	4
Interest and dividend income	(33)	(101)
Interest expenses	34	25
Foreign exchange losses (gains)	240	174
Loss (gain) on sale and retirement of non-current assets	(96)	(359)
Decrease (increase) in trade receivables	2,172	(347)
Decrease (increase) in inventories	(4,288)	(5,427)
Increase (decrease) in trade payables	1,478	(106)
Other, net	1,711	1,653
Subtotal	8,720	7,367
Interest and dividends received	32	102
Interest paid	(33)	(24)
Income taxes paid	(1,816)	(2,516)
Net cash provided by (used in) operating activities	6,902	4,929
Cash flows from investing activities:		
Purchase of property, plant and equipment	(1,012)	(1,208)
Proceeds from sales of property, plant and equipment	149	557
Purchase of intangible assets	(152)	(98)
Long-term loan advances	(5)	—
Collection of long-term loans receivable	45	31
Other, net	73	(85)
Net cash provided by (used in) investing activities	(901)	(803)

(Millions of yen)

	Previous fiscal year (From January 1, 2020 to December 31, 2020)	Current fiscal year (From January 1, 2021 to December 31, 2021)
Cash flows from financing activities:		
Net increase (decrease) in short-term borrowings	(2,949)	(143)
Proceeds from long-term borrowings	6,200	1,500
Repayments of long-term borrowings	(4,614)	(4,123)
Proceeds from issuance of shares	90	145
Proceeds from sale of treasury shares	226	136
Purchase of treasury shares	(0)	(263)
Dividends paid	(2,275)	(2,922)
Other, net	(347)	(400)
Net cash provided by (used in) financing activities	(3,669)	(6,071)
Effect of exchange rate change on cash and cash equivalents	(313)	(105)
Net increase (decrease) in cash and cash equivalents	2,017	(2,051)
Cash and cash equivalents at beginning of period	8,815	10,832
Cash and cash equivalents at end of period	* 10,832	* 8,781

Notes to Consolidated Financial Statements

Significant accounting policies for preparation of consolidated financial statements

1. Disclosure of scope of consolidation

Number of consolidated subsidiaries: 24

The information is omitted as it is stated in "Item 1. Overview of Company, 4. Subsidiaries and Other Affiliated Entities."

Number of unconsolidated subsidiaries: 2

Roland France SAS and Roland (Switzerland) AG

The two unconsolidated subsidiaries are excluded from the scope of consolidation because they have no material impact on consolidated financial statements in terms of the total amount of items including total assets, net sales, profit (loss) attributable to owners of parent (amount proportionate to the Company's equity interests) and retained earnings (amount proportionate to the Company's equity interests).

2. Disclosure about application of equity method

Number of associates accounted for using equity method: 0

Number of unconsolidated subsidiaries and associates not accounting for using equity method: 3

Roland France SAS, Roland (Switzerland) AG, and Roland Taiwan Enterprise Co., Ltd.

The two unconsolidated subsidiaries and one associate are not accounted for using the equity method because they have no material impact on consolidated financial statements in terms of the total amount of items including profit (loss) attributable to owners of parent (amount proportionate to the Company's equity interests) and retained earnings (amount proportionate to the Company's equity interests).

3. Disclosure about fiscal years, etc. of consolidated subsidiaries

The balance sheet date of consolidated subsidiaries is the same as the consolidated balance sheet date.

4. Disclosure of accounting policies

(1) Accounting policy for measuring significant assets

1) Securities

Shares of subsidiaries and associates:

Stated at cost using the moving-average method.

Available-for-sale securities

Available-for-sale securities with market value:

Stated at fair value using the market-to-market method based primarily on the market price at the fiscal year-end (with any unrealized gain or loss being recognized directly in net assets and the cost of securities sold being determined using the moving-average method).

Available-for-sale securities without market value:

Stated at cost using the moving-average method.

2) Inventories

Merchandise and finished goods, work in process and raw materials

Roland Corporation:

Primarily stated at cost using the weighted-average method (a method in which book value is written down based on any decline in profitability).

Foreign consolidated subsidiaries:

Primarily stated at cost using the first-in, first-out (FIFO) method (a method in which book value is written down based on any decline in profitability).

Supplies:

Primarily stated at cost using the last purchase price method (a method in which book value is written down based on any decline in profitability).

3) Derivatives

Stated at fair value using the market-to-market method.

- (2) Accounting policy for depreciation/amortization of significant assets
- 1) Property, plant and equipment (excluding leased assets)
Depreciated primarily by using the declining-balance method.
However, buildings (except for facilities attached to buildings) acquired by the Company on or after April 1, 1998 and facilities attached to buildings and structures acquired on or after April 1, 2016 are depreciated on a straight-line basis.
The principal useful lives are as follows:
Building and structures: 13 to 50 years
Tools, furniture and fixtures: 2 to 6 years
 - 2) Intangible assets (excluding goodwill)
Amortized primarily on a straight-line basis.
The principal useful life is as follows:
Software: 5 years
 - 3) Leased assets
Leased assets in finance lease transactions that do not transfer ownership are depreciated on a straight-line basis using the lease term as the useful life and with zero residual value.
- (3) Accounting policy for significant provisions
- 1) Allowance for doubtful accounts
To provide for potential credit losses on receivables, after eliminating intra-group balances of receivables and payables, allowance for doubtful accounts is recorded at an amount of estimated uncollectible receivables calculated based on the historical rate of credit loss for general receivables and determined in consideration of collectibility of individual receivables for doubtful accounts and certain other receivables.
 - 2) Provision for bonuses
To provide for the payment of bonuses to employees, provision for bonuses is recorded based on the estimated amount to be paid.
 - 3) Provision for bonuses for directors (and other officers)
To provide for the payment of bonuses to officers, provision for bonuses for directors (and other officers) is recorded based on the estimated amount to be paid.
 - 4) Provision for product warranties
To provide for product warranty costs that may be incurred after products are sold, provision for product warranties is recorded at an estimated amount calculated based on historical experience.
 - 5) Provision for share-based remuneration
To provide for delivery of shares of the Company to employees in accordance with stock benefit rules, provision for share-based remuneration is recorded based on the estimated amount of stock benefit obligations at the end of the current fiscal year.
 - 6) Provision for share-based remuneration for directors (and other officers)
To provide for delivery of shares of the Company to officers in accordance with stock benefit rules for officers, provision for share-based remuneration for directors (and other officers) is recorded based on the estimated amount of stock benefit obligations at the end of the current fiscal year.
 - 7) Provision for loss on competition law
Provision for loss on competition law is recorded at the estimated amount of potential future losses related to competition laws.
- (4) Accounting policy for retirement benefits
- 1) Method of attributing estimated retirement benefits to accounting periods
In calculating retirement benefit obligations, the benefit formula basis is used to attribute the estimated amount of retirement benefits to periods up to the end of the current fiscal year.
 - 2) Method of accounting for actuarial gains and losses
Actuarial gains and losses are amortized primarily using the declining-balance method over a certain number of years (10 years) within the average remaining service period of employees at the time of recognition from the fiscal year following the respective fiscal year of recognition.

- (5) Accounting policy for translating significant foreign currency assets and liabilities into Japanese yen
Monetary receivables and payables denominated in foreign currencies are translated into Japanese yen at the spot exchange rate on the consolidated balance sheet date, and translation adjustments are accounted for as profit or loss. Meanwhile, assets and liabilities of foreign subsidiaries are translated into Japanese yen at the spot exchange rates on the balance sheet dates of such subsidiary whereas their revenue and expenses are translated into Japanese yen at average exchange rates for their respective fiscal years, and translation adjustments are included in “Foreign currency translation adjustment” and “Non-controlling interests” under net assets.
- (6) Accounting policy for goodwill
Goodwill is amortized on a straight-line basis within a period of 10 years.
- (7) Scope of cash and cash equivalents in consolidated statement of cash flows
Cash and cash equivalents in the consolidated statement of cash flows consist of cash on hand, deposits that can be withdrawn at any time and short-term investments with a maturity of three months or less from the date of acquisition, which are readily convertible into cash and exposed to only an insignificant risk of fluctuation in value.
- (8) Accounting policy for consumption taxes
The consumption taxes are accounted for using the net-of-tax method.

Significant accounting estimates

Valuation of inventories

1. Amounts recorded in the consolidated financial statements of the current fiscal year

Merchandise and finished goods	¥15,508 million
Work in process	¥1,715 million
Raw materials and supplies	¥8,016 million

2. Information on the significant accounting estimates of the identified items

For inventory valuation, the book value of inventory is written down when the inventories whose net realizable value or replacement cost of the inventory as of the end of the period falls below the original cost. Besides that, when inventories whose inventory turnover periods exceed a certain threshold, a write-down percentage based on the historical sales record is applied to and a decline in inventory profitability is recorded in the consolidated financial statements. The accounting estimates may have a significant impact on the inventory amounts in the following consolidated financial statements in the event of future fluctuations in market prices, downward pressure on prices due to intensified competition, and other changes in inventory level due to differences caused by the discrepancies between historical sales performance and actual demand.

Accounting standards issued but not yet adopted

1. Accounting Standard for Revenue Recognition, etc.

- “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29 of March 31, 2020)
- “Implementation Guidance on Accounting Standard for Revenue Recognition” (ASBJ Guidance No. 30 of March 26, 2021)

(1) Overview

This is a comprehensive accounting standard for revenue recognition. Revenue is recognized by applying the following five steps:

Step 1: Identify the contract(s) with a customer.

Step 2: Identify the performance obligations in the contract.

Step 3: Determine the transaction price.

Step 4: Allocate the transaction price to the performance obligations in the contract.

Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation.

(2) Scheduled date of application

The Roland Group plans to apply the accounting standard and guidance from the beginning of the fiscal year ending December 31, 2022.

(3) Impact of application of the accounting standard, etc.

The impact of the application on the consolidated financial statements is currently under assessment.

2. Accounting Standards for Fair Value Measurement, etc.

- “Accounting Standard for Fair Value Measurement” (ASBJ Statement No. 30 of July 4, 2019)
- “Implementation Guidance on Accounting Standard for Fair Value Measurement” (ASBJ Guidance No. 31 of June 17, 2021)
- “Accounting Standard for Measurement of Inventories” (ASBJ Statement No. 9 of July 4, 2019)
- “Accounting Standard for Financial Instruments” (ASBJ Statement No. 10 of July 4, 2019)
- “Implementation Guidance on Disclosures about Fair Value of Financial Instruments” (ASBJ Guidance No. 19 of July 4, 2019)

(1) Overview

In order to improve the comparability with the provisions of international accounting standards, the Accounting Standards Board of Japan (the “ASBJ”) developed the “Accounting Standard for Fair Value Measurement” and the “Implementation Guidance on Accounting Standard for Fair Value Measurement” (hereinafter the “Fair Value Measurement Standards, etc.”) and established guidance and other rules on the method of fair value measurement. The Fair Value Measurement Standards, etc. will be applicable to the fair value of the following items:

- Financial instruments defined in the “Accounting Standard for Financial Instruments.”

In addition, the “Implementation Guidance on Disclosures about Fair Value of Financial Instruments” was revised such that breakdowns for each level of fair value of financial instruments were provided in the notes.

(2) Scheduled date of application

The Roland Group plans to apply the Fair Value Measurement Standards, etc. from the beginning of the fiscal year ending December 31, 2022, and “Implementation Guidance on Accounting Standard for Fair Value Measurement” (revised in 2021) from the beginning of the fiscal year ending December 31, 2023.

(3) Impact of application of the accounting standard, etc.

The impact of the application has not yet been determined at present.

Changes in presentation

Application of Accounting Standard for Disclosure of Accounting Estimates

The Company has applied the Accounting Standard for Disclosure of Accounting Estimates (ASBJ Statement No. 31, March 31, 2020) from the consolidated financial statements for the current fiscal year and disclosed the significant accounting estimates in the notes to the consolidated financial statements.

However, in accordance with the transitional provisions prescribed in the proviso on paragraph 11 of the above Accounting Standard, the notes for the previous fiscal year are not presented.

Additional information

1. Board Benefit Trust

In accordance with the resolution of the General Meeting of Shareholders held on December 21, 2016, the Company has introduced the “Board Benefit Trust (BBT)” as a performance-based stock compensation plan for Directors (excluding Non-executive Directors) and Executive Officers, effective from December 27, 2016.

(1) Overview of transaction

Upon the introduction of the Board Benefit Trust Plan (hereinafter the “BBT Plan”), the Company established the “Stock Benefit Rules for Board Benefit Trust.”

The Company entrusted money to a trust bank for the advance purchase of shares to be delivered in the future in accordance with the established Stock Benefit Rules for Board Benefit Trust, and the trust bank acquired the Company’s shares with the entrusted money.

The BBT Plan is a stock benefit plan in which points are granted to Directors and Executive Officers in accordance with the Stock Benefit Rules for Board Benefit Trust, and shares are delivered to them according to the number of points granted.

Applying the “Practical Solution on Transactions of Delivering the Company’s Own Stock to Employees etc. through Trusts” (PITF No. 30 of March 26, 2015) issued by the Accounting Standards Board of Japan (ASBJ), assets and liabilities of the BBT are accounted for using the gross method, in which such assets and liabilities are recorded on the balance sheet as assets and liabilities of the Company.

(2) The Company’s shares remaining in the trust

The Company’s shares remaining in the trust are recorded as treasury shares under net assets at the book value in the trust (excluding the amount of incidental expenses).

The book value and number of such treasury shares as of December 31, 2020 and 2021 were ¥60 million and 62,850 shares and ¥180 million and 90,650 shares, respectively.

2. Employee (at management-level) Stock Ownership Plan Trust

The Company has introduced an incentive plan “Employee Stock Ownership Plan (ESOP) Trust,” in which shares of the Company are delivered to employees of the Company and its subsidiaries, effective from December 27, 2016, in order to increase their motivation and morale to improve the Company’s share price and business performance.

(1) Overview of transaction

Upon the introduction of the ESOP, the Company established the “Stock Benefit Rules for ESOP.” The Company entrusted money to a trust bank for the advance purchase of shares to be delivered in the future in accordance with the established “Stock Benefit Rules for ESOP, and the trust bank acquired the Company’s shares with the entrusted money.

The ESOP is a stock benefit plan under which points are granted to employees in accordance with the Stock Benefit Rules for ESOP, and shares are delivered to them according to the number of points granted.

Applying the “Practical Solution on Transactions of Delivering the Company’s Own Stock to Employees etc. through Trusts” (PITF No. 30 of March 26, 2015) issued by the ASBJ, assets and liabilities of the ESOP Trust are accounted for using the gross method, in which such assets and liabilities are recorded on the balance sheet as assets and liabilities of the Company.

(2) The Company’s shares remaining in the trust

The Company’s shares remaining in the trust are recorded as treasury shares under net assets at the book value in the trust (excluding the amount of incidental expenses). The book value and the number of such treasury shares as of December 31, 2020 and 2021 were ¥182 million and 189,570 shares and ¥168 million and 193,217 shares, respectively.

3. Employee Shareholding Association-type ESOP Trust

The Company delivers its shares to the Employee Shareholding Association (hereinafter the “Shareholding Association”) through a trust for the welfare of employees.

(1) Overview of transaction

The Company’s Board of Directors, at its meeting held on December 15, 2016, resolved to introduce the “Employee Shareholding Association-type ESOP Trust” as a plan to increase the morale of employees by enhancing the Roland Group’s employee benefits package and facilitating their capital participation as shareholders, thereby driving the continued growth of the Group.

Under the Employee Shareholding Association-type ESOP, the Company has set up the Employee Shareholding Association-type ESOP Trust (hereinafter the “Trust”) with a trust bank. The Trust borrows money to purchase in advance the number of Company’s shares expected to be purchased by the Shareholding Association from the Company through a third-party allocation. After that, the Trust continuously sells the Company’s shares to the Shareholding Association. If any gains on the sale of shares are accumulated in the Trust at the time of its termination, then these gains will be distributed as trust proceeds to employees who meet the requirements for beneficiaries. Meanwhile, in order to guarantee the Trust’s borrowings for the purchase of the Company’s shares, if any losses on the sale of shares are accumulated in the Trust and if there are any remaining borrowings equivalent to such losses in the trust at the time of its termination, the Company will repay the remaining borrowings in accordance with a guarantee clause in the loan agreement. Therefore, employees will not bear any loss.

Applying the “Practical Solution on Transactions of Delivering the Company’s Own Stock to Employees etc. through Trusts” (PITF No. 30 of March 26, 2015) issued by the ASBJ, assets and liabilities of the Trust are accounted for using the gross method, in which such assets and liabilities are recorded on the balance sheet as assets and liabilities of the Company.

(2) The Company’s shares remaining in the trust

The Company’s shares remaining in the trust are recorded as treasury shares under net assets at the book value in the trust (excluding the amount of incidental expenses). The book value and the number of such treasury shares as of December 31, 2020 and 2021 were ¥160 million and 166,300 shares and ¥132 million and 137,900 shares, respectively.

(3) Book value of borrowings recorded using the gross method

Not applicable.

Consolidated balance sheets***1. Assets pledged as collateral**

	(Millions of yen)	
	Previous fiscal year (As of December 31, 2020)	Current fiscal year (As of December 31, 2021)
Cash and deposits	233	—
Notes and accounts receivable – trade	3,073	3,249
Merchandise and finished goods	4,403	6,125
Other (current assets)	352	—
Building and structures	81	—
Machinery, equipment and vehicles	3	—
Tools, furniture and fixtures	35	—
Land	173	—
Intangible assets	4	—
Other (investments and other assets)	31	—
Total	8,392	9,375

Some of these assets are pledged as collateral for derivative transactions.

2. Assets relating to unconsolidated subsidiaries and associates*Investments and other assets**

	(Millions of yen)	
	Previous fiscal year (As of December 31, 2020)	Current fiscal year (As of December 31, 2021)
Investment securities (equity securities)	262	271

***3. Committed line of credit agreements with financial institutions**

The Company has concluded committed line of credit agreements with its correspondent financial institution Resona Bank, Limited in order to finance working capital efficiently.

The fiscal year-end balances of undrawn facilities under the committed line of credit agreements are as follows:

	(Millions of yen)	
	Previous fiscal year (As of December 31, 2020)	Current fiscal year (As of December 31, 2021)
Total committed line of credit	8,000	5,000
Outstanding balance of facilities drawn	—	—
Differences (outstanding balance of facilities undrawn)	8,000	5,000

*4. Promissory notes due on balance sheet date

Promissory notes due on balance sheet date are settled on their clearing days.

Since December 31, 2021 was a bank holiday, the amount of such notes is included in the balance as of December 31, 2021 as follows:

	(Millions of yen)	
	Previous fiscal year (As of December 31, 2020)	Current fiscal year (As of December 31, 2021)
Notes receivable - trade	1	—

Consolidated statements of income

*1. Total amount of research and development expenses included in general administrative expenses

(Millions of yen)

	Previous fiscal year (From January 1, 2020 to December 31, 2020)	Current fiscal year (From January 1, 2021 to December 31, 2021)
	4,039	4,145

*2. Write-downs (reversal of write-downs) of inventories held for ordinary sales due to decline in profitability

(Millions of yen)

	Previous fiscal year (From January 1, 2020 to December 31, 2020)	Current fiscal year (From January 1, 2021 to December 31, 2021)
Cost of sales	534	5

*3. Selling, general and administrative expenses

(Millions of yen)

	Previous fiscal year (From January 1, 2020 to December 31, 2020)	Current fiscal year (From January 1, 2021 to December 31, 2021)
Salaries and bonuses	12,012	13,571
Provision for bonuses	1,208	1,380
Retirement benefit expenses	313	271

Changes in presentation

“Provision of allowance for doubtful accounts,” which was presented as a major expense item for the previous fiscal year, is not presented as a major expense item for the current fiscal year as it is no longer monetarily material as an item of selling, general and administrative expenses.

*4. Gain on sale of non-current assets

(Millions of yen)

	Previous fiscal year (From January 1, 2020 to December 31, 2020)	Current fiscal year (From January 1, 2021 to December 31, 2021)
Buildings and structures:	113	256
Machinery, equipment and vehicles:	10	6
Tools, furniture and fixtures	1	0
Land	—	111
Total	125	375

*5. Loss on sale and retirement of non-current assets

(Millions of yen)

	Previous fiscal year (From January 1, 2020 to December 31, 2020)	Current fiscal year (From January 1, 2021 to December 31, 2021)
Buildings and structures:	14	6
Machinery, equipment and vehicles:	7	0
Tools, furniture and fixtures	7	7
Other	0	2
Total	29	16

*6. Impairment loss

Current fiscal year (from January 1, 2021 to December 31, 2021)

The Roland Group recorded impairment loss on the following asset group during the fiscal year ended December 31, 2021:

Location	Purpose of use	Class	Impairment loss (million yen)
Hamamatsu-shi, Shizuoka	Company dormitory	Buildings and structures: Tools, furniture and fixtures Land	72

The Roland Group's business assets are grouped by company whereas assets to be disposed of are grouped by individual property. During the current fiscal year, the Company made a decision to sell the above assets and reduced the carrying amount on a consolidated basis to the recoverable amount with the amount of reduction being recorded as impairment loss under extraordinary losses.

The recoverable amount of the above assets is determined at net selling price, which is assessed based on a reasonably estimated selling price.

*7. Loss related to COVID-19

Previous fiscal year (from January 1, 2020 to December 31, 2020)

Roland Manufacturing Malaysia Sdn. Bhd., a subsidiary based in Malaysia, suspended its operations from March 18 to April 26, 2020, due to the Movement Control Order imposed by the Malaysian government to prevent the spread of COVID-19. We therefore recognized fixed costs incurred by the subsidiary during a period until it returned to normal production levels were recorded as loss related to COVID-19 in the amount of ¥183 million under extraordinary losses.

Consolidated statements of comprehensive income

* Notes regarding reclassification adjustments and tax effects relating to other comprehensive income

(Millions of yen)

	Previous fiscal year (From January 1, 2020 to December 31, 2020)	Current fiscal year (From January 1, 2021 to December 31, 2021)
Valuation difference on available-for-sale securities		
Amount arising during period	(41)	252
Reclassification adjustments	–	–
Before tax effect adjustment	(41)	252
Tax effect	–	(61)
Valuation difference on available-for-sale securities	(41)	191
Foreign currency translation adjustment		
Amount arising during period	(485)	2,044
Remeasurements of defined benefit plans, net of tax		
Amount arising during period	347	846
Reclassification adjustments	(127)	(81)
Before tax effect adjustment	219	765
Tax effect	(66)	(228)
Remeasurements of defined benefit plans, net of tax	153	536
Total other comprehensive income	(373)	2,772

Consolidated statements of changes in equity

Previous fiscal year (from January 1, 2020 to December 31, 2020)

1. Issued shares

Class of shares	At beginning of period	Increase	Decrease	At end of period
Common stock (shares)	911,461	26,669,905	–	27,581,366
Total	911,461	26,669,905	–	27,581,366

Note: Overview of reasons for change

Major factors are as follows:

Increase due to a 30-for-1 common stock split conducted effective on September 14, 2020:	26,432,369 shares
Increase due to the exercise of share acquisition rights (stock options):	237,536 shares

2. Treasury shares

Class of shares	At beginning of period	Increase	Decrease	At end of period
Common stock (shares)	16,367	474,733	72,290	418,810
Total	16,367	474,733	72,290	418,810

Notes: 1. The above number of treasury shares of common stock as of December 31, 2020 includes the number of the Company's shares of 418,720 shares held by the Board Benefit Trust, Employee Stock Ownership Plan Trust and Employee Shareholding Association-type ESOP Trust.

2. Overview of reasons for change

Major factors are as follows:

Increase due to 30-for-1 common stock split conducted effective on September 14, 2020:	474,643 shares
Increase due to purchase of shares less than one unit by Employee Shareholding Association-type ESOP Trust:	90 shares
Decrease due to sale from Employee Shareholding Association-type ESOP Trust to Employee Shareholding Association:	72,200 shares
Decrease due to sale of shares less than one unit from Employee Shareholding Association-type ESOP Trust to the Company:	90 shares

3. Share acquisition rights

Company name	Details	Class of shares underlying the stock options	Number of shares underlying the stock options (shares)				Balance at end of period (million yen)
			At beginning of period	Increase	Decrease	At end of period	
Reporting company	2015 Share Acquisition Rights Issued as Stock Options (1st series)	–	–	–	–	–	119
	2015 Share Acquisition Rights Issued as Stock Options (2nd series)	–	–	–	–	–	3
	2016 Share Acquisition Rights Issued as Stock Options (3rd series)	–	–	–	–	–	35
Total			–	–	–	–	158

4. Dividends

(1) Amount of dividends paid

Resolution	Class of shares	Total amount of dividends (million yen)	Dividend paid per share (yen)	Record date	Effective date
Ordinary General Meeting of Shareholders held on March 31, 2020	Common stock	1,290	1,416	December 31, 2020	March 31, 2020
Board of Directors' meeting held on September 23, 2020	Common stock	984	1,080	June 30, 2020	September 28, 2020

Notes: 1. The Company conducted a 30-for-1 common stock split effective on September 14, 2020. The information in these notes is based on the number of shares before the stock split.

2. The total amount of dividends paid based on the resolution at the Ordinary General Meeting of Shareholders held on March 31, 2020 includes dividends of ¥23 million paid to the Company's shares held by trusts.

3. The total amount of dividends paid based on the resolution at the Board of Directors' meeting held on September 23, 2020 includes dividends of ¥17 million paid to the Company's shares held by trusts.

(2) Dividends with a record date in the current fiscal year, but an effective date in the following fiscal year

Resolution	Class of shares	Source of dividends	Total amount of dividends (million yen)	Dividend paid per share (yen)	Record date	Effective date
Ordinary General Meeting of Shareholders held on March 30, 2021	Common stock	Retained earnings	992	36	December 31, 2020	March 31, 2021

Note: The total amount of dividends paid based on the resolution at the Ordinary General Meeting of Shareholders held on March 30, 2021 includes dividends of ¥15 million paid to the Company's shares held by trusts.

Current fiscal year (from January 1, 2021 to December 31, 2021)

1. Issued shares

Class of shares	At beginning of period	Increase	Decrease	At end of period
Common stock (shares)	27,581,366	389,168	–	27,970,534
Total	27,581,366	389,168	–	27,970,534

Note: Overview of reasons for change

Major factors are as follows:

Increase due to the exercise of share acquisition rights (stock options): 389,168 shares

2. Treasury shares

Class of shares	At beginning of period	Increase	Decrease	At end of period
Common stock (shares)	418,810	49,074	45,953	421,931
Total	418,810	49,074	45,953	421,931

Notes: 1. The above number of treasury shares of common stock as of December 31, 2021 includes the number of the Company's shares of 421,767 shares held by the Board Benefit Trust, Employee Stock Ownership Plan Trust and Employee Shareholding Association-type ESOP Trust.

2. Overview of reasons for change

Major factors are as follows:

Increase due to purchase of treasury shares by Board Benefit Trust: 28,700 shares
 Increase due to purchase of treasury shares by Employee Stock Ownership Plan Trust: 20,300 shares
 Increase due to purchase of shares less than one unit: 74 shares
 Decrease due to sale from Employee Shareholding Association-type ESOP Trust to Employee Shareholding Association: 28,400 shares
 Decrease due to share-based remuneration for retired employees from Employee Stock Ownership Plan Trust: 16,653 shares
 Decrease due to sale of treasury shares by Board Benefit Trust: 900 shares

3. Share acquisition rights

Company name	Details	Class of shares underlying the stock options	Number of shares underlying the stock options (shares)				Balance at end of period (million yen)
			At beginning of period	Increase	Decrease	At end of period	
Reporting company	2015 Share Acquisition Rights Issued as Stock Options (1st series)	–	–	–	–	–	80
	2016 Share Acquisition Rights Issued as Stock Options (3rd series)	–	–	–	–	–	35
Total			–	–	–	–	115

4. Dividends

(1) Amount of dividends paid

Resolution	Class of shares	Total amount of dividends (million yen)	Dividend paid per share (yen)	Record date	Effective date
Ordinary General Meeting of Shareholders held on March 30, 2021	Common stock	992	36	December 31, 2020	March 31, 2021
Board of Directors' Meeting held on August 6, 2021	Common stock	1,929	69	June 30, 2021	September 7, 2021

Notes: 1. The total amount of dividends paid based on the resolution at the Ordinary General Meeting of Shareholders held on March 30, 2021 includes dividends of ¥15 million paid to the Company's shares held by trusts.

2. The total amount of dividends paid based on the resolution at the Board of Directors' Meeting held on August 6, 2021 includes dividends of ¥31 million paid to the Company's shares held by trusts.

(2) Dividends with a record date in the current fiscal year, but an effective date in the following fiscal year

The Company is scheduled to make a proposal at the Ordinary General Meeting of Shareholders to be held on March 30, 2022 as follows:

Resolution	Class of shares	Source of dividends	Total amount of dividends (million yen)	Dividend paid per share (yen)	Record date	Effective date
Ordinary General Meeting of Shareholders held on March 30, 2022	Common stock	Retained earnings	1,929	69	December 31, 2021	March 31, 2022

Note: The total amount of dividends paid includes dividends of ¥29 million paid to the Company's shares held by trusts.

Consolidated statements of cash flows

* The reconciliation of ending balance of cash and cash equivalents with account balances per consolidated balance sheets is as follows:

(Millions of yen)

	Previous fiscal year (From January 1, 2020 to December 31, 2020)	Current fiscal year (From January 1, 2021 to December 31, 2021)
Cash and deposits	10,832	8,781
Cash and cash equivalents	10,832	8,781

Leases

Operating leases

As lessee

Future minimum lease payments under non-cancellable operating leases

(Millions of yen)

	Previous fiscal year (As of December 31, 2020)	Current fiscal year (As of December 31, 2021)
Due within 1 year	158	160
Due after 1 year	300	184
Total	458	344

Financial instruments

1. Status of financial instruments

(1) Policies on financial instruments

The Roland Group uses its own funds or external borrowings to finance necessary working capital and funds for investments and loans. In the case of external borrowings, short-term borrowings are mainly used for working capital, while long-term borrowings are mainly used for capital expenditures. The Group's fund management policy is to limit its investments to highly secure financial assets such as short-term deposits. Derivatives are entered into based on actual demand and not used for speculative purposes.

(2) Nature and risks of financial instruments

Trade receivables, such as notes and accounts receivable – trade, and long-term loans receivable to business partners are exposed to customers' credit risk. In addition, trade receivables denominated in foreign currencies arising from our global business are exposed to the risk of exchange rate fluctuations.

Investment securities mainly comprise stocks of companies with which we have business relationships, and some of them are exposed to the risk of market price fluctuations.

Trade payables such as notes and accounts payable – trade are due within one year. Certain notes and accounts payable – trade are denominated in foreign currencies and exposed to the risk of exchange rate fluctuations. However, the amounts of such payables are constantly kept within those of the balances of accounts receivable denominated in the same foreign currencies.

Short-term borrowings are mainly for the purpose of financing working capital and they all bear fixed interest rates. Therefore, they have no interest rate risk during the borrowing period. However, they will be exposed to interest rate risk in cases where refinancing is necessary.

Long-term borrowings are mainly for the purpose of financing working capital and they all bear fixed interest rates. Therefore, they have no interest rate risk during the borrowing period. However, they will be exposed to interest rate risk in cases where refinancing is necessary.

Lease obligations are primarily used for working capital and equipment, and the longest maturity of lease term is eight years after the settlement date.

The Roland Group uses derivatives primarily to avoid the risk of exchange rate fluctuations and enters into forward exchange contracts and other instruments to the extent necessary based on balances of monetary receivables and payables denominated in foreign currencies or the actual volume of exports and imports related to operating transactions denominated in foreign currencies.

(3) Risk management system for financial instruments

1) Management of credit risk (risk of non-performance by counterparties)

For credit risk on trade receivables and long-term loans receivable, the Roland Group's sales department thoroughly investigates the credit status of customers and manages the due dates and balances of trade receivables to mitigate the risk in accordance with the internal management rules.

The Group enters into derivatives only with highly rated financial institutions to reduce counterparty risk.

2) Management of market risk (risk of exchange rate and interest rate fluctuations)

For receivables and payables denominated in foreign currencies, the Roland Group uses forward exchange contracts to avoid the risk of exchange rate fluctuations.

For investment securities, the Group regularly assesses the fair value and financial conditions of the issuers (business partners).

Derivatives are executed and managed by the finance department after going through the approval process provided for in the internal management rules.

3) Management of liquidity risk in financing (risk of being unable to make payments on due dates)

The Company manages its liquidity risk by preparing and updating cash flow plans in a timely manner based on reports from each department.

(4) Supplementary explanation on fair value of financial instruments

The fair value of financial instruments is measured based on quoted market prices, if available, or reasonably calculated value if a quoted market price is not available. Because certain assumptions are used in the calculation of such value, the value may vary if different assumptions are used. The contract amounts of derivatives shown in the notes on Derivatives do not directly indicate the market risk of derivatives.

2. Fair value of financial instruments

The consolidated balance sheet amounts and fair value of financial instruments and their differences are as follows. The table below does not include financial instruments for which fair value is deemed extremely difficult to determine (for details, please refer to Note 2).

Previous fiscal year (as of December 31, 2020)

(Millions of yen)

	Consolidated balance sheet amount (*1)	Fair value (*1)	Difference
(1) Cash and deposits	10,832	10,832	—
(2) Notes and accounts receivable – trade	5,930	5,930	—
(3) Investment securities			
Available-for-sale securities	239	239	—
(4) Long-term loans receivable (*2)	34	34	(0)
Total assets	17,036	17,036	(0)
(5) Notes and accounts payable – trade	(5,228)	(5,228)	—
(6) Short-term borrowings	(138)	(138)	—
(7) Accrued expenses	(2,445)	(2,445)	—
(8) Income taxes payable	(467)	(467)	—
(9) Long-term borrowings (*3)	(9,697)	(9,696)	0
(10) Lease obligations	(1,056)	(1,055)	0
Total liabilities	(19,033)	(19,032)	0
(11) Derivatives (*4)	19	19	—

*1: Items recorded as liabilities are presented in parentheses.

*2: The figures include current portion of long-term loans receivable.

*3: The figures include current portion of long-term borrowings.

*4: Receivables and payables arising from derivatives are presented on a net basis.

Current fiscal year (as of December 31, 2021)

(Millions of yen)

	Consolidated balance sheet amount (*1)	Fair value (*1)	Difference
(1) Cash and deposits	8,781	8,781	—
(2) Notes and accounts receivable – trade	7,444	7,444	—
(3) Investment securities			
Available-for-sale securities	476	476	—
(4) Long-term loans receivable (*2)	6	6	(0)
Total assets	16,708	16,708	(0)
(5) Notes and accounts payable – trade	(6,391)	(6,391)	—
(6) Short-term borrowings	—	—	—
(7) Accrued expenses	(2,995)	(2,995)	—
(8) Income taxes payable	(360)	(360)	—
(9) Long-term borrowings (*3)	(7,074)	(7,073)	0
(10) Lease obligations	(793)	(793)	0
Total liabilities	(17,614)	(17,614)	0
(11) Derivatives (*4)	(130)	(130)	—

*1: Items recorded as liabilities are presented in parentheses.

*2: The figures include current portion of long-term loans receivable.

*3: The figures include current portion of long-term borrowings.

*4: Receivables and payables arising from derivatives are presented on a net basis.

Note 1: Fair value measurement method of financial instruments and matters concerning securities and derivatives

(1) Cash and deposits and (2) notes and accounts receivable - trade

They are stated at book value as they are settled within a short period of time and their fair value approximates their book value.

(3) Investment securities

Investment securities mainly comprise stocks, and their fair value is based on the prices trade at the stock exchange. For the notes to available-for-sale securities, please refer to the notes on *Securities*.

(4) Long-term loans receivable

The fair value of long-term loans receivable is measured by classifying the loans according to a certain time span and at the present value of future cash flows discounted at an interest rate based on an appropriate index such as the yield of government bonds.

(5) Notes and accounts payable – trade, (6) short-term borrowings, (7) accrued expenses and (8) income taxes payable

They are stated at book value as they are settled within a short period of time and their fair value approximates their book value.

(9) Long-term borrowings

The fair value of long-term borrowings is measured by discounting the total amount of principal and interest at the interest rate assumed to be applied to if the similar new borrowings were made.

(10) Lease obligations

The fair value of lease obligations is measured at the present value of the total of principal and interest discounted at the interest rate that would be applied to similar new leases.

(11) Derivatives

For details, please refer to the notes on *Derivatives*.

Note 2: Consolidated balance sheet amounts of financial instruments for which fair value is deemed extremely difficult to determine

(Millions of yen)

Classification	Previous fiscal year (As of December 31, 2020)	Current fiscal year (As of December 31, 2021)
Unlisted shares	710	768

The above financial instruments are not included in "(3) Investment securities" because they have no market prices and their fair value is deemed extremely difficult to determine.

Note 3: Redemption schedule of monetary receivables after the consolidated balance sheet date

Previous fiscal year (as of December 31, 2020)

(Millions of yen)

	Due within 1 year	Due after 1 year through 5 years	Due after 5 years through 10 years	Due after 10 years
Cash and deposits	10,832	—	—	—
Notes and accounts receivable – trade	5,930	—	—	—
Long-term loans receivable	28	5	—	—
Total	16,791	5	—	—

Current fiscal year (as of December 31, 2021)

(Millions of yen)

	Due within 1 year	Due after 1 year through 5 years	Due after 5 years through 10 years	Due after 10 years
Cash and deposits	8,781	—	—	—
Notes and accounts receivable – trade	7,444	—	—	—
Long-term loans receivable	6	0	—	—
Total	16,232	0	—	—

Note 4: Repayment schedule of short-term borrowings, long-term borrowings and lease obligations after the consolidated balance sheets date

Previous fiscal year (as of December 31, 2020)

(Millions of yen)

	Due within 1 year	Due after 1 year through 2 years	Due after 2 years through 3 years	Due after 3 years through 4 years	Due after 4 years through 5 years	Due after 5 years
Short-term borrowings	138	—	—	—	—	—
Long-term borrowings	3,935	876	876	4,010	—	—
Lease obligations	381	330	194	113	12	24
Total	4,454	1,206	1,070	4,123	12	24

Current fiscal year (as of December 31, 2021)

(Millions of yen)

	Due within 1 year	Due after 1 year through 2 years	Due after 2 years through 3 years	Due after 3 years through 4 years	Due after 4 years through 5 years	Due after 5 years
Short-term borrowings	—	—	—	—	—	—
Long-term borrowings	1,252	1,252	4,386	184	—	—
Lease obligations	376	236	131	19	15	13
Total	1,628	1,488	4,517	203	15	13

Securities

Available-for-sale securities

Previous fiscal year (as of December 31, 2020)

(Millions of yen)

Classification	Consolidated balance sheet amount	Cost	Difference
Securities whose consolidated balance sheet amount exceeds the cost			
Equity securities	–	–	–
Subtotal	–	–	–
Securities whose consolidated balance sheet amount does not exceed the cost			
Equity securities	239	277	(38)
Subtotal	239	277	(38)
Total	239	277	(38)

Note: “Cost” in the table represents the book value after impairment.

Current fiscal year (as of December 31, 2021)

(Millions of yen)

Classification	Consolidated balance sheet amount	Cost	Difference
Securities whose consolidated balance sheet amount exceeds the cost			
Equity securities	–	–	–
Subtotal	–	–	–
Securities whose consolidated balance sheet amount does not exceed the cost			
Equity securities	476	277	198
Subtotal	476	277	198
Total	476	277	198

Note: “Cost” in the table represents the book value after impairment.

Derivatives

Derivatives to which hedge accounting is not applied

Currency-related derivatives

Previous fiscal year (as of December 31, 2020)

(Millions of yen)

Classification	Type	Contract amount	Contract amount due after one year	Fair value	Gain (loss) on valuation
Off-market transactions	Forward exchange contracts				
	Selling				
	U.S. dollar	6,061	—	59	59
	Euro	4,438	—	(46)	(46)
	Buying				
	U.S. dollar	1,022	—	(19)	(19)
Euro	1,116	—	25	25	
Total		12,639	—	19	19

Note: Method for measuring fair value

The Roland Group measures the fair value of derivatives based on the prices provided by correspondent financial institutions.

Current fiscal year (as of December 31, 2021)

(Millions of yen)

Classification	Class	Contract amount	Contract amount due after one year	Fair value	Gain (loss) on valuation
Off-market transactions	Forward exchange contracts				
	Selling				
	U.S. dollar	8,588	—	(151)	(151)
	Euro	4,615	—	38	38
	Buying				
	U.S. dollar	3,601	—	(19)	(19)
Euro	3,131	—	1	1	
Total		19,937	—	(130)	(130)

Note: Method for measuring fair value

The Roland Group measures the fair value of derivatives based on the prices provided by correspondent financial institutions.

Retirement benefits

1. Overview of retirement benefit plans adopted

The Company has adopted a defined benefit pension plan (cash balance plan) and pays contributions to external funds to pay retirement benefits to employees. Under this plan, the Company grants employees retirement benefit points determined based on their occupation, qualifications and positions and interest points calculated based on the balance of points on a monthly basis. At the time of employees' retirement, the Company pays retirement benefits calculated based on the balance of such points, reason for retirement and length of service.

In addition to the defined benefit pension plan, the Company participated in the Pension Fund of Japan Electronics Information Technology Industry (hereinafter the "Pension Fund"), which is a multiemployer welfare pension fund. Effective March 31, 2018, the Pension Fund was wound up with the approval by the Minister of Health, Labour and Welfare and had been under the settlement procedures since then. Effective June 2, 2021, the settlement procedures were completed upon the approval of the settlement report by the said Minister. The Company will not incur any further costs due to the wind-up of the Pension Fund. After the wind-up of the Pension Fund, the Company established a defined contribution corporate pension plan to replace the Pension Fund.

Certain overseas consolidated subsidiaries have defined contribution pension plans.

2. Defined benefit plan

(1) Reconciliation of opening and ending balances of retirement benefit obligations

	(Millions of yen)	
	Previous fiscal year (From January 1, 2020 to December 31, 2020)	Current fiscal year (From January 1, 2021 to December 31, 2021)
Retirement benefit obligations at beginning of period	10,126	10,289
Service cost	434	441
Interest cost	12	12
Actuarial gains and losses incurred	103	119
Retirement benefits paid	(394)	(299)
Foreign currency translation gains and losses	6	4
Retirement benefit obligations at end of period	10,289	10,567

(2) Reconciliation of opening and ending balances of plan assets

	(Millions of yen)	
	Previous fiscal year (From January 1, 2020 to December 31, 2020)	Current fiscal year (From January 1, 2021 to December 31, 2021)
Plan assets at beginning of period	8,512	8,806
Expected return on plan assets	212	220
Actuarial gains and losses incurred	174	811
Contributions from employer	302	301
Retirement benefits paid	(394)	(299)
Plan assets at end of period	8,806	9,841

- (3) Reconciliation of ending balances of retirement benefit obligations and plan assets, net defined benefit liability and net defined benefit asset recorded in consolidated balance sheet

	(Millions of yen)	
	Previous fiscal year (As of December 31, 2020)	Current fiscal year (As of December 31, 2021)
Funded retirement benefit obligations	10,289	10,567
Plan assets	(8,806)	(9,841)
	1,482	725
Unfunded retirement benefit obligations	—	—
Net amount of liability and asset recorded in consolidated balance sheet	1,482	725
Retirement benefit liability	1,482	725
Net defined benefit asset	—	—
Net amount of liability and asset recorded in consolidated balance sheet	1,482	725

- (4) Components of retirement benefit cost

	(Millions of yen)	
	Previous fiscal year (From January 1, 2020 to December 31, 2020)	Current fiscal year (From January 1, 2021 to December 31, 2021)
Service cost	434	441
Interest cost	12	12
Expected return on plan assets	(212)	(220)
Amortization of actuarial gains and losses	148	72
Retirement benefit expenses for defined benefit plans	383	305

- (5) Remeasurements of defined benefit plans, net of tax

Components of items (before tax effect) recorded in remeasurements of defined benefit plans, net of tax are as follows:

	(Millions of yen)	
	Previous fiscal year (From January 1, 2020 to December 31, 2020)	Current fiscal year (From January 1, 2021 to December 31, 2021)
Actuarial gains and losses	219	765
Total	219	765

- (6) Remeasurements of defined benefit plans

Components of items (before tax effect) recorded in remeasurements of defined benefit plans are as follows:

	(Millions of yen)	
	Previous fiscal year (As of December 31, 2020)	Current fiscal year (As of December 31, 2021)
Unrecognized actuarial gains and losses	(397)	367
Total	(397)	367

(7) Plan assets

1) Major components of plan assets

Plan assets by major category as a percentage of total plan assets are as follows:

	Previous fiscal year (As of December 31, 2020)	Current fiscal year (As of December 31, 2021)
Domestic debt securities	18.0%	5.0%
Domestic equity securities	21.0%	19.0%
Foreign debt securities	5.0%	22.0%
Foreign equity securities	27.0%	26.0%
General account	28.0%	26.0%
Cash	1.0%	2.0%
Total	100.0%	100.0%

4) Determination procedure of long-term expected rate of return on plan assets

In determining the long-term expected rate of return on plan assets, the Company considers the current and projected asset allocations as well as the current and future expected long-term rates of return on various assets that constitute the plan assets.

(8) Actuarial assumptions

Major actuarial assumptions (presented in weighted average)

	Previous fiscal year (From January 1, 2020 to December 31, 2020)	Current fiscal year (From January 1, 2021 to December 31, 2021)
Discount rate	Mainly 0.13%	Mainly 0.13%
Long-term expected rate of return on plan assets	Mainly 2.50%	Mainly 2.50%

3. Defined contribution plans

The amounts of required contributions to the defined contribution plans of the Roland Group for the fiscal years ended December 31, 2020 and 2021 were ¥143 million and ¥178 million, respectively.

Stock options, etc.

1. Amount recorded as expenses for stock options and line items in which such expenses are recorded

	Previous fiscal year	Current fiscal year
Cost of sales	-	-
Selling, general and administrative expenses	104 million yen	-

2. Details and number of stock options and changes therein

(1) Details of stock options

	1st Series Share Acquisition Rights	2nd Series Share Acquisition Rights	3rd Series Share Acquisition Rights
Company name	Reporting company	Reporting company	Reporting company
Resolution date	April 30, 2015	April 30, 2015	March 4, 2016
Title and number of grantees	4 Directors and 7 Executive Officers of the Company	1 Director of the Company	2 Executive Officers of the Company and 4 officers of subsidiaries of the Company
Class and number of shares granted	845,000 shares of common stock	195,000 shares of common stock	234,000 shares of common stock
Grant date	April 30, 2015	April 30, 2015	March 4, 2016
Vesting conditions	(i) Performance achievement conditions determined in consultation between the Remuneration Committee and Representative Director must have been met. (ii) The grantee must be a Director, Executive Officer or employee, or must not have been demoted to a position lower than these positions. (iii) Other conditions for share acquisition rights shall be provided for in the "Subscription Agreement for Share Acquisition Rights" entered into between the Company and each person to whom share acquisition rights have been allocated, in accordance with resolutions at the General Meeting of Shareholders and the Board of Directors' meeting.	(i) Performance achievement conditions determined in consultation between the Remuneration Committee and Representative Director must have been met. (ii) Other conditions for share acquisition rights shall be provided for in the "Subscription Agreement for Share Acquisition Rights" entered into between the Company and each person to whom share acquisition rights have been allocated, in accordance with resolutions at the General Meeting of Shareholders and the Board of Directors' meeting.	(i) Performance achievement conditions determined in consultation between the Remuneration Committee and Representative Director must have been met. (ii) The grantee must be a Director, Executive Officer or employee, or must not have been demoted to a position lower than these positions. (iii) Other conditions for share acquisition rights shall be provided for in the "Subscription Agreement for Share Acquisition Rights" entered into between the Company and each person to whom share acquisition rights have been allocated, in accordance with resolutions at the General Meeting of Shareholders and the Board of Directors' meeting.
Requisite service period	Not specified.	Not specified.	Not specified.
Exercise period	May 1, 2017 through April 30, 2025	May 1, 2017 through April 30, 2025	March 5, 2018 through March 4, 2026

Note: The number of stock options is translated into the number of shares. In addition, as the Company conducted a 30-for-1 common stock split effective on September 14, 2020, the above numbers of shares were adjusted for the stock split.

(2) Number of stock options and changes therein

The following describes changes in the number of stock options that existed during the fiscal year ended December 31, 2021. The number of stock options is translated into the number of shares.

1) Number of stock options

	1st Series Share Acquisition Rights	2nd Series Share Acquisition Rights	3rd Series Share Acquisition Rights
Company name	Reporting company	Reporting company	Reporting company
Resolution date	April 30, 2015	April 30, 2015	March 4, 2016
Before vesting (shares)			
As of December 31, 2020	—	—	—
Granted	—	—	—
Forfeited	—	—	—
Vested	—	—	—
Outstanding of unvested stock options	—	—	—
After vesting (shares)			
As of December 31, 2020	586,664	195,000	156,000
Vested	—	—	—
Exercised	194,168	195,000	—
Forfeited	—	—	—
Outstanding of unexercised stock options	392,496	—	156,000

Note: As the Company conducted a 30-for-1 common stock split effective on September 14, 2020, the above numbers of shares were adjusted for the stock split.

2) Unit price information

	1st Series Share Acquisition Rights	2nd Series Share Acquisition Rights	3rd Series Share Acquisition Rights
Company name	Reporting company	Reporting company	Reporting company
Resolution date	April 30, 2015	April 30, 2015	March 4, 2016
Exercise price (yen)	374	374	413
Average share price at exercise (yen)	5,085	3,565	—
Fair unit price at grant date (yen)	5,304	488	5,851

Note: As the Company conducted a 30-for-1 common stock split effective on September 14, 2020, the above exercise prices were adjusted for the stock split.

3. Estimation of the number of stock options vested

There is no information to be disclosed as all stock options were vested at the grant date.

Tax effect accounting

1. Significant components of deferred tax assets and liabilities

	Previous fiscal year (As of December 31, 2020)	(Millions of yen) Current fiscal year (As of December 31, 2021)
Deferred tax assets		
Loss on valuation of inventories	292	337
Intercompany profits on inventories	504	736
Depreciation	340	288
Loss on valuation of securities	80	87
Allowance for doubtful accounts	86	63
Provision for bonuses	430	469
Retirement benefit liability	391	181
Foreign tax credit carryforwards	1,084	932
Tax loss carryforwards (Note)	1,416	1,358
Other	591	658
Subtotal of deferred tax assets	5,218	5,140
Less valuation allowance for tax loss carryforwards (Note)	(1,318)	(1,249)
Less valuation allowance for future deductible temporary differences	(1,727)	(1,333)
Subtotal of valuation allowance	(3,046)	(2,583)
Total deferred tax assets	2,172	2,557
Deferred tax liabilities		
Retained earnings of foreign consolidated subsidiaries	(326)	(393)
Other	(51)	(103)
Total deferred tax liabilities	(378)	(497)
Deferred tax assets, net	1,794	2,060

Note: Expiration of tax loss carryforwards, the related valuation allowances and the resulting net deferred tax assets

Previous fiscal year (as of December 31, 2020)

	(Millions of yen)						
	Within 1 year	Over 1 year to 2 years	Over 2 years to 3 years	Over 3 years to 4 years	Over 4 years to 5 years	Over 5 years	Total
Deferred tax assets relating to tax loss carryforwards (a)	2	1	5	3	5	1,398	1,416
Less valuation allowance for tax loss carryforwards	(2)	(1)	(5)	(3)	(5)	(1,300)	(1,318)
Deferred tax assets	-	-	-	-	-	97	(b)97

a. Tax loss carryforwards were calculated by applying the effective statutory tax rate.

b. Net deferred tax assets of ¥97 million were recognized for tax loss carryforwards of ¥1,416 million (calculated by applying the effective statutory tax rate). The net deferred tax assets of ¥97 million were recognized for a part of tax loss carryforwards of consolidated subsidiaries. Valuation allowances have not been recognized for the part of the tax loss carryforwards expected to be collectible considering future taxable income.

Current fiscal year (as of December 31, 2021)

	(Millions of yen)						
	Within 1 year	Over 1 year to 2 years	Over 2 years to 3 years	Over 3 years to 4 years	Over 4 years to 5 years	Over 5 years	Total
Deferred tax assets relating to tax loss carryforwards (c)	1	5	3	5	4	1,337	1,358
Less valuation allowance for tax loss carryforwards	(1)	(5)	(3)	(5)	(4)	(1,228)	(1,249)
Deferred tax assets	-	-	-	-	-	109	(d)109

c. Tax loss carryforwards were calculated by applying the effective statutory tax rate.

d. Net deferred tax assets of ¥1,358 million were recognized for tax loss carryforwards of ¥109 million (calculated by applying the effective statutory tax rate). The net deferred tax assets of ¥109 million were recognized for a part of tax loss carryforwards of consolidated subsidiaries. Valuation allowances have not been recognized for the part of the tax loss carryforwards expected to be collectible considering future taxable income.

2. Reconciliation between the normal effective statutory tax rate and the actual effective tax rate after applying tax effect accounting

	Previous fiscal year (As of December 31, 2020)	Current fiscal year (As of December 31, 2021)
Normal effective statutory tax rate	29.9 %	29.9 %
Adjustments:		
Less valuation allowance for tax loss carryforwards	5.5 %	1.3 %
Expenses not deductible for income tax purposes (e.g. entertainment expenses)	3.5 %	0.7 %
Tax credits on experimentation and research expenses, etc.	(3.3) %	(3.7) %
Tax rate differences with foreign consolidated subsidiaries	(6.2) %	(4.4) %
Retained earnings of foreign consolidated subsidiaries	0.4 %	0.7 %
Foreign withholding taxes on dividends from foreign subsidiaries	0.0 %	0.7 %
Tax credits by preferential taxation	(5.4) %	(6.5) %
Other	2.0 %	(2.6) %
Actual effective tax rate after applying tax effect accounting	26.3 %	16.1 %

Segment information, etc.

Segment information

Segment information is omitted because the Roland Group operates a single segment of the Electronic Musical Instruments Business.

Information on reportable segments

Previous fiscal year (from January 1, 2020 to December 31, 2020)

1. Information for each product or service

This information is omitted because revenues from external customers for a single product or service category account for more than 90% of net sales in the consolidated statement of income.

2. Information for each region

(1) Revenues from external customers

(Millions of yen)

Japan	North America		Europe	China	Asia/Oceania/ Other Regions	Total
		U.S.				
9,066	19,963	17,485	21,027	6,304	7,682	64,044

Note: Revenues are classified by country or region based on the location of customers.

(2) Property, plant and equipment

(Millions of yen)

Japan	Malaysia	China	Other	Total
2,992	1,028	522	1,217	5,761

3. Information for each of main customers

This information is omitted because no external customer accounts for 10% or more of net sales in the consolidated statement of income.

Current fiscal year (from January 1, 2021 to December 31, 2021)

1. Information for each product or service

This information is omitted because revenues from external customers for a single product or service category account for more than 90% of net sales in the consolidated statement of income.

2. Information for each region

(1) Revenues from external customers

(Millions of yen)

Japan	North America		Europe	China	Asia/Oceania/ Other Regions	Total
		U.S.				
9,666	25,959	22,828	24,958	8,673	10,775	80,032

Note: Revenues are classified by country or region based on the location of customers.

(2) Property, plant and equipment

(Millions of yen)

Japan	Malaysia	China	Other	Total
2,949	958	780	1,169	5,857

Changes in presentation

“China,” which was included in “Other” in the previous fiscal year, is separately presented in the current fiscal year because of an increased materiality of the amount. To reflect this change in presentation, “2. Information for each region, (2) Property, plant and equipment” for the previous fiscal year has been reclassified.

Accordingly, “Other” of ¥1,740 million for the previous fiscal year has been reclassified as “China” of ¥522 million and “Other” of ¥1,217 million.

3. Information for each of main customers

This information is omitted because no external customer accounts for 10% or more of net sales in the consolidated statement of income.

Disclosure of impairment loss on non-current assets for each reportable segment

Previous fiscal year (from January 1, 2020 to December 31, 2020)

Not applicable.

Current fiscal year (from January 1, 2021 to December 31, 2021)

Segment information is omitted because the Roland Group operates a single segment of the Electronic Musical Instruments Business.

Amortization and unamortized balance of goodwill for each reportable segment

Segment information is omitted because the Roland Group operates a single segment of the Electronic Musical Instruments Business.

Information about gain on bargain purchase for each reportable segment

Not applicable.

Related parties

Previous fiscal year (from January 1, 2020 to December 31, 2020)

Related party transactions

Officers and major shareholders (limited to individuals) of the Company filing consolidated financial statements

Class	Name of company or individual	Location	Capital or investment (million yen)	Description of business or occupation	Ratio of voting rights holding (held) (%)	Relationship with the related party	Summary of transaction	Transaction amount (million yen)	Account	Balance at end of period (million yen)
Officer	Jun-ichi Miki	—	—	CEO and Representative Director, Roland Corporation	(Held) Direct: 0.8	—	Exercise of stock options (Note)	11	—	—

Note: This information is about stock options, which had granted based on the resolution at the Extraordinary General Meeting of Shareholders held on April 30, 2015, exercised during the fiscal year ended December 31, 2020.

Current fiscal year (from January 1, 2021 to December 31, 2021)

Related party transactions

Officers and major shareholders (limited to individuals) of the Company filing consolidated financial statements

Class	Name of company or individual	Location	Capital or investment (million yen)	Description of business or occupation	Ratio of voting rights holding (held) (%)	Relationship with the related party	Summary of transaction	Transaction amount (million yen)	Account	Balance at end of period (million yen)
Officer	Jun-ichi Miki	—	—	CEO and Representative Director, Roland Corporation	(Held) Direct: 1.6	—	Exercise of stock options (Note)	84	—	—

Note: This information is about stock options, which had granted based on the resolution at the Extraordinary General Meeting of Shareholders held on April 30, 2015, exercised during the fiscal year ended December 31, 2021.

Per share information

	Previous fiscal year (From January 1, 2020 to December 31, 2020)	Current fiscal year (From January 1, 2021 to December 31, 2021)
Net assets per share	730.91 yen	1,030.19 yen
Basic earnings per share	160.13 yen	312.73 yen
Diluted earnings per share	155.37 yen	306.26 yen

Notes: 1. As the Company went public on the First Section of the Tokyo Stock Exchange on December 16, 2020, diluted earnings per share for the fiscal year ended December 31, 2020 was calculated by deeming the average stock price during the period from the listing date to December 31, 2020 as the average stock price during the fiscal year.

2. For the purpose of calculating net assets per share, the aggregate number of shares of the Company held by the Board Benefit Trust, Employee Stock Ownership Plan Trust and Employee Shareholding Association-type ESOP Trust was included in the number of treasury shares, which was to be deducted from the number of shares issued at the end of the fiscal year.

In addition, for the purpose of calculating basic earnings per share and diluted earnings per share, the aggregate number of shares of the Company held by these trusts was also included in the number of treasury shares, which was to be deducted from the calculation of the average number of shares of common stock during the period. The average numbers of shares of common stock held by these trusts after the stock split during the fiscal years ended December 31, 2020 and 2021 were 490,416 shares and 430,571 shares, respectively. Meanwhile, the aggregate number of shares of the Company held by these trusts as of December 31, 2020 and 2021 were 418,720 shares and 421,767 shares, respectively.

3. Basis for calculation of both basic and diluted earnings per share is as follows:

(Millions of yen, unless otherwise stated)

	Previous fiscal year (From January 1, 2020 to December 31, 2020)	Current fiscal year (From January 1, 2021 to December 31, 2021)
Basic earnings per share		
Profit attributable to owners of parent	4,301	8,586
Profit not attributable to common shareholders	—	—
Profit attributable to common shareholders of parent	4,301	8,586
Average number of shares of common stock during the period (Thousand shares)	26,863	27,457
Diluted earnings per share		
Adjustment to profit attributable to owners of parent	—	—
Number of shares of common stock increased (Thousand shares)	823	580
[of which number of share acquisition rights (Thousand shares)]	[823]	[580]
Summary of potential shares not included in the calculation of diluted earnings per share due to their anti-dilutive effect	—	—

4. Basis for calculation of Net assets per share is as follows:

(Millions of yen, unless otherwise stated)

	Previous fiscal year (As of December 31, 2020)	Current fiscal year (As of December 31, 2021)
Total net assets	20,151	28,656
Deductions from total net assets	297	276
[of which, share acquisition rights]	[158]	[115]
[of which, non-controlling interests]	[139]	[161]
Net assets applicable to common stock at end of period	19,853	28,380
Number of shares of common stock at end of period used for the calculation of net assets per share (Thousands shares)	27,162	27,548

Significant subsequent events

Acquisition of treasury shares

The Company hereby announces that its Board of Directors decided on the following matters related to the acquisition of treasury stock pursuant to Article 156 of the Companies Act as applied mutatis mutandis per the provisions of Article 165-3 of the same Act at the meeting convened on February 10, 2022. The details are as follows:

1. Reason for acquisition of treasury stock

The objective is to enhance shareholder return and improve capital efficiency.

2. Detailed matters related to the acquisition

- | | |
|---|--|
| (1) Type of shares to be acquired | The Company's common stock |
| (2) Total number of shares to be acquired | 550,000 shares (maximum)
2.0% of shares issued and outstanding (excluding treasury stock) |
| (3) Total acquisition cost of the shares | 2,000,000,000 yen (maximum) |
| (4) Acquisition period | February 14, 2022 to June 23, 2022 |
| (5) Acquisition method | Market purchase on the Tokyo Stock Exchange
(Discretionary account transaction by securities company) |

Reference: Treasury stock held by the Company as of December 31, 2021

Total number of shares issued and outstanding (excluding treasury stock)	27,548,603 shares
Number of treasury stock	421,931 share

3. Details of purchase as of February 28, 2022

- | | |
|--------------------------------------|---|
| (1) Class of shares purchased | Common stock of the Company |
| (2) Total number of shares purchased | 59,000 shares |
| (3) Total purchase amount | ¥239,769,000 |
| (4) Purchase period | From February 14, 2022 to February 28, 2022 |
| (5) Purchase method | Market purchase on the Tokyo Stock Exchange |

5) Annexed consolidated detailed schedules

Annexed consolidated detailed schedule of corporate bonds

Not applicable.

Annexed consolidated detailed schedule of borrowings

Category	Opening balance (million yen)	Balance at December 31, 2021 (million yen)	Average interest rate (%)	Payment due
Short-term borrowings	138	–	–	–
Current portion of long-term borrowings	3,935	1,252	0.100	–
Current portion of lease obligations	381	376	0.541	–
Long-term borrowings (excluding current portion)	5,762	5,822	0.100	June 2025
Lease obligations (excluding current portion)	674	416	0.581	September 2023 to May 2029
Other interest-bearing debt	–	–	–	–
Total	10,891	7,867	–	–

Notes: 1. “Average interest rate” represent the weighted-average rate applicable to the ending balances of borrowings.

2. The repayment schedule within five years after the consolidated balance sheet date of long-term borrowings and lease obligations (excluding the current portion) is as follows:

Category	(Millions of yen)			
	Over 1 year to 2 years	Over 2 years to 3 years	Over 3 years to 4 years	Over 4 years to 5 years
Long-term borrowings	1,252	4,386	184	–
Lease obligations	236	131	19	15

Annexed consolidated schedule of asset retirement obligations

This information is omitted as the beginning and ending balances of asset retirement obligations for the fiscal year ended December 31, 2021 were one percent or less of the total beginning and ending balances of liabilities and net assets of the fiscal year.

(2) Other information

Quarterly results for the fiscal year ended December 31, 2021

(Millions of yen, unless otherwise stated)

	First three months	First six months	First nine months	Current fiscal year
Net sales	22,355	43,030	60,668	80,032
Profit before income taxes	4,481	7,672	9,154	10,239
Profit attributable to owners of parent	3,423	6,179	7,741	8,586
Basic earnings per share (yen)	125.42	225.71	282.25	312.73

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Basic earnings per share (yen)	125.42	100.38	56.74	30.68

2. Non-consolidated Financial Statements, etc.

(1) Non-consolidated financial statements

1) Non-consolidated balance sheets

(Millions of yen)

	Previous fiscal year (As of December 31, 2020)	Current fiscal year (As of December 31, 2021)
Assets		
Current assets:		
Cash and deposits	7,708	4,625
Notes receivable - trade	*3 1	—
Accounts receivable- trade	*1 3,424	*1 3,192
Merchandise and finished goods	1,295	837
Work in process	418	558
Raw materials and supplies	1,750	2,797
Short-term loans receivable from subsidiaries and associates	947	4,994
Accounts receivable - other	*1 423	*1 397
Other	*1 287	*1 215
Allowance for doubtful accounts	(0)	(0)
Total current assets	16,255	17,619
Non-current assets:		
Property, plant and equipment:		
Buildings	1,326	1,309
Tools, furniture and fixtures	188	195
Land	2,541	2,480
Other	8	7
Total property, plant and equipment	4,064	3,993
Intangible assets:		
Software	538	403
Other	1	21
Total intangible assets	540	425
Investments and other assets:		
Investment securities	374	626
Shares of subsidiaries and associates	17,022	15,377
Investments in capital of subsidiaries and associates	2,311	2,311
Long-term loans receivable from subsidiaries and associates	1,236	—
Deferred tax assets	850	969
Guarantee deposits	53	53
Other	103	69
Allowance for doubtful accounts	(1,113)	(0)
Total investments and other assets	20,838	19,407
Total non-current assets	25,444	23,826
Total assets	41,699	41,445

(Millions of yen)

	Previous fiscal year (As of December 31, 2020)	Current fiscal year (As of December 31, 2021)
Liabilities		
Current liabilities:		
Accounts payable - trade	*1 1,356	*1 1,495
Short-term borrowings	5,321	3,839
Current portion of long-term borrowings	3,935	1,252
Lease obligations	1	0
Accounts payable - other	*1 1,151	*1 895
Accrued expenses	228	253
Income taxes payable	160	224
Deposits received	105	81
Provision for bonuses	1,441	1,662
Provision for bonuses for directors (and other officers)	84	78
Provision for product warranties	9	10
Other	*1 46	*1 260
Total current liabilities	13,842	10,055
Non-current liabilities:		
Long-term borrowings	5,762	5,822
Lease obligations	0	—
Deferred tax liabilities for land revaluation	98	98
Provision for retirement benefits	717	759
Provision for share-based remuneration	217	262
Provision for share-based remuneration for directors (and other officers)	25	58
Asset retirement obligations	80	80
Other	438	451
Total non-current liabilities	7,341	7,533
Total liabilities	21,184	17,588
Net Assets		
Shareholders' equity:		
Share capital	9,490	9,585
Capital surplus		
Legal capital surplus	5,076	5,170
Other capital surplus	2,413	2,413
Total capital surplus	7,490	7,584
Retained earnings:		
Legal retained earnings	847	847
Other retained earnings	3,615	6,710
Retained earnings brought forward	3,615	6,710
Total retained earnings	4,463	7,557
Treasury shares	(403)	(482)
Total shareholders' equity	21,040	24,245
Valuation and translation adjustments:		
Valuation difference on available-for-sale securities	117	297
Revaluation reserve for land	(802)	(801)
Total valuation and translation adjustments	(684)	(504)
Share acquisition rights	158	115
Total net assets	20,514	23,856
Total liabilities and net assets	41,699	41,445

2) Non-consolidated statement of income

(Millions of yen)

	Previous fiscal year (From January 1, 2020 to December 31, 2020)	Current fiscal year (From January 1, 2021 to December 31, 2021)
Net sales	*1 25,966	*1 29,624
Cost of sales	*1 11,653	*1 12,756
Gross profit	14,312	16,867
Selling, general and administrative expenses	*1,*2 12,286	*1,*2 13,241
Operating profit	2,026	3,626
Non-operating income:		
Interest and dividend income	*1 3,990	*1 3,693
Other	*1 20	*1 19
Total non-operating income	4,011	3,713
Non-operating expenses:		
Interest expenses	*1 40	*1 34
Foreign exchange losses	84	112
Listing expenses	133	—
Other	4	9
Total non-operating expenses	263	156
Ordinary profit	5,773	7,183
Extraordinary income:		
Gain on sale of non-current assets	0	0
Reversal of allowance for doubtful accounts for subsidiaries and associates	41	—
Total extraordinary income	41	0
Extraordinary losses:		
Loss on sale and retirement of non-current assets	13	2
Impairment loss	—	97
Total extraordinary losses	13	100
Profit before income taxes	5,802	7,083
Income taxes - current	807	1,256
Income taxes - deferred	(111)	(191)
Total income taxes	695	1,064
Profit	5,106	6,018

Schedule of cost of goods manufactured

(Millions of yen, unless otherwise stated)

Category	Notes	Previous fiscal year (From January 1, 2020 to December 31, 2020)		Current fiscal year (From January 1, 2021 to December 31, 2021)	
		Amount	Ratio (%)	Amount	Ratio (%)
I Materials cost		5,875	72.3	6,699	72.8
II Labor cost		1,294	15.9	1,481	16.1
III Manufacturing overhead cost	*1	962	11.8	1,024	11.1
Total manufacturing costs		8,132	100.0	9,205	100.0
Beginning work in process inventory		425		418	
Total		8,557		9,623	
Ending work in process inventory		418		558	
Transfer to other accounts	*2	77		113	
Cost of goods manufactured		8,062		8,952	

Notes: *1 Major components of manufacturing overhead cost are as follows:

(Millions of yen)

Items	Previous fiscal year	Current fiscal year
Subcontract processing expenses	322	384
Depreciation	125	105

*2 The details of transfer to other accounts are as follows:

(Millions of yen)

Items	Previous fiscal year	Current fiscal year
Selling, general and administrative expenses		
Advertising and promotion expenses	21	19
After-sales service parts expense	31	51
Other	23	40
Non-current assets	–	1
Other	0	0
Total	77	113

Cost accounting method

The Company uses the actual costing based on the continuous process costing system.

3. Non-consolidated statement of changes in equity

Previous fiscal year (from January 1, 2020 to December 31, 2020)

(Millions of yen)

	Shareholders' equity:			
	Share capital	Capital surplus		
		Legal capital surplus	Other capital surplus	Total capital surplus
Balance at January 1, 2020	9,421	5,006	2,413	7,420
Changes during period				
Issuance of new shares - exercise of share acquisition rights	69	69		69
Dividends of surplus				—
Profit				—
Purchase of treasury shares				—
Disposal of treasury shares				—
Reversal of general reserve				—
Net changes in items other than shareholders' equity				—
Total changes during period	69	69	—	69
Balance at December 31, 2020	9,490	5,076	2,413	7,490

	Shareholders' equity:					
	Retained earnings				Treasury shares	Total shareholders' equity
	Legal retained earnings	Other retained earnings		Total retained earnings		
General reserve		Retained earnings brought forward				
Balance at January 1, 2020	847	14,044	(13,259)	1,631	(473)	18,000
Changes during period						
Issuance of new shares - exercise of share acquisition rights				—		139
Dividends of surplus			(2,275)	(2,275)		(2,275)
Profit			5,106	5,106		5,106
Purchase of treasury shares				—	(0)	(0)
Disposal of treasury shares				—	69	69
Reversal of general reserve		(14,044)	14,044	—		—
Net changes in items other than shareholders' equity				—		—
Total changes during period	—	(14,044)	16,875	2,831	69	3,039
Balance at December 31, 2020	847	—	3,615	4,463	(403)	21,040

	Valuation and translation adjustments			Share acquisition rights	Total net assets
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Total valuation and translation adjustments		
Balance at January 1, 2020	146	(802)	(655)	103	17,448
Changes during period					
Issuance of new shares - exercise of share acquisition rights			—		139
Dividends of surplus			—		(2,275)
Profit			—		5,106
Purchase of treasury shares			—		(0)
Disposal of treasury shares			—		69
Reversal of general reserve			—		—
Net changes in items other than shareholders' equity	(29)	0	(29)	55	26
Total changes during period	(29)	0	(29)	55	3,066
Balance at December 31, 2020	117	(802)	(684)	158	20,514

Current fiscal year (from January 1, 2021 to December 31, 2021)

(Millions of yen)

	Shareholders' equity:			
	Share capital	Capital surplus		
		Legal capital surplus	Other capital surplus	Total capital surplus
Balance at January 1, 2021	9,490	5,076	2,413	7,490
Changes during period				
Issuance of new shares - exercise of share acquisition rights	94	94		94
Dividends of surplus				—
Profit				—
Purchase of treasury shares				—
Disposal of treasury shares				—
Reversal of revaluation reserve for land				—
Net changes in items other than shareholders' equity				—
Total changes during period	94	94	—	94
Balance at December 31, 2021	9,585	5,170	2,413	7,584

	Shareholders' equity:				
	Retained earnings			Treasury shares	Total shareholders' equity
	Legal retained earnings	Other retained earnings	Total retained earnings		
Retained earnings brought forward					
Balance at January 1, 2021	847	3,615	4,463	(403)	21,040
Changes during period					
Issuance of new shares - exercise of share acquisition rights			—		188
Dividends of surplus		(2,922)	(2,922)		(2,922)
Profit		6,018	6,018		6,018
Purchase of treasury shares			—	(121)	(121)
Disposal of treasury shares			—	42	42
Reversal of revaluation reserve for land		(0)	(0)		(0)
Net changes in items other than shareholders' equity			—		—
Total changes during period	—	3,094	3,094	(78)	3,204
Balance at December 31, 2021	847	6,710	7,557	(482)	24,245

	Valuation and translation adjustments			Share acquisition rights	Total net assets
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Total valuation and translation adjustments		
Balance at January 1, 2021	117	(802)	(684)	158	20,514
Changes during period					
Issuance of new shares - exercise of share acquisition rights			—		188
Dividends of surplus			—		(2,922)
Profit			—		6,018
Purchase of treasury shares			—		(121)
Disposal of treasury shares			—		42
Reversal of revaluation reserve for land		0	0		—
Net changes in items other than shareholders' equity	180		180	(43)	136
Total changes during period	180	0	180	(43)	3,342
Balance at December 31, 2021	297	(801)	(504)	115	23,856

Notes to Non-consolidated Financial Statements

Significant accounting policies

1. Accounting policy for measuring assets

(1) Accounting policy for measuring securities

Shares of subsidiaries and associates:

Stated at cost using the moving-average method.

Available-for-sale securities

Available-for-sale securities with market value:

Stated at fair value using the market-to-market method based primarily on the market price at the fiscal year-end (with any unrealized gain or loss being recognized directly in net assets and the cost of securities sold being determined using the moving-average method).

Available-for-sale securities without market value:

Stated at cost using the moving-average method.

(2) Accounting policy for measuring inventories

Merchandise and finished goods, work in process and raw materials

Stated at cost using the weighted-average method (a method in which book value is written down based on any decline in profitability).

Supplies:

Stated at cost using the last purchase price method (a method in which book value is written down based on any decline in profitability).

(3) Accounting policy for derivatives

Derivatives:

Stated at fair value using the market-to-market method.

2. Accounting policy for depreciation of non-current assets

(1) Property, plant and equipment (excluding leased assets):

Depreciated by using the declining-balance method; provided, however, that buildings (except for facilities attached to buildings) acquired on or after April 1, 1998 and facilities attached to buildings and structures acquired on or after April 1, 2016 are depreciated on a straight-line basis.

The principal useful lives are as follows:

Buildings: 13 to 50 years

Tools, furniture and fixtures: 2 to 6 years

(2) Intangible assets:

Amortized on a straight-line basis.

The principal useful life is as follows:

Software: 5 years

(3) Leased assets:

Leased assets in finance lease transactions that do not transfer ownership are depreciated on a straight-line basis using the lease term as the useful life and with zero residual value.

3. Recognition criteria for allowances and provisions

(1) Allowance for doubtful accounts

To provide for potential credit losses on receivables, allowance for doubtful accounts is recorded at an amount of estimated uncollectible receivables calculated based on the historical rate of credit loss for general receivables and determined in consideration of collectibility of individual receivables for doubtful accounts and certain other receivables.

(2) Provision for bonuses

To provide for the payment of bonuses to employees, provision for bonuses is recorded based on the estimated amount to be paid.

(3) Provision for bonuses for directors (and other officers)

To provide for the payment of bonuses to officers, provision for bonuses is recorded based on the estimated amount to be paid.

(4) Provision for product warranties

To provide for product warranty costs that may be incurred after products are sold, provision for product warranties is recorded at an estimated amount calculated based on historical experience.

(5) Provision for retirement benefits

To provide for the payment of retirement benefits to employees, provision for retirement benefits is recorded at an amount deemed accrued at the end of the current fiscal year, based on the estimated amounts of retirement benefit obligations and plan assets as of that date.

Further, actuarial gains and losses are amortized using the declining-balance method over a certain number of years (10 years) within the average remaining service period of employees at the time of recognition from the fiscal year following the respective fiscal year of recognition.

(6) Provision for share-based remuneration

To provide for delivery of shares of the Company to employees in accordance with stock benefit rules, provision for share-based remuneration is recorded based on the estimated amount of stock benefit obligations at the end of the current fiscal year.

(7) Provision for share-based remuneration for directors (and other officers)

To provide for delivery of shares of the Company to officers in accordance with stock benefit rules for officers, provision for share-based remuneration for directors (and other officers) is recorded based on the estimated amount of stock benefit obligations at the end of the current fiscal year.

4. Other significant information for preparation of financial statements

Accounting policy for consumption taxes

The consumption taxes are accounted for using the net-of-tax method.

Significant accounting estimates

Valuation of inventories

1. Amount recorded in the non-consolidated financial statements of the current fiscal year

Merchandise and finished goods	837 million yen
Work in process	558 million yen
Raw materials and supplies	2,797 million yen

2. Information on the significant accounting estimates of the identified items

The content is identical to that described in “Notes to consolidated financial statements, Significant accounting estimates.”

Changes in presentation

Application of the Accounting Standard for Disclosure of Accounting Estimates

The Company has applied Accounting Standard for Disclosure of Accounting Estimates (ASBJ Statement No. 31, March 31, 2020) from the financial statements for the current fiscal year and disclosed the significant accounting estimates in the notes to financial statements.

However, in accordance with the transitional provisions prescribed in the proviso on paragraph 11 of the above Accounting Standard, the notes for the previous fiscal year are not presented.

Additional information

1. Board Benefit Trust

In accordance with the resolution of the General Meeting of Shareholders held on December 21, 2016, the Company has introduced the “Board Benefit Trust (BBT)” as a performance-based stock compensation plan for Directors (excluding Non-executive Directors) and Executive Officers, effective from December 27, 2016. This information is omitted as the details are stated in Additional information in the consolidated financial statements.

2. Employee (at management-level) Stock Ownership Plan Trust

The Company has introduced an incentive plan “Employee Stock Ownership Plan (ESOP) Trust,” in which shares of the Company are delivered to employees of the Company and its subsidiaries, effective from December 27, 2016, in order to increase their motivation and morale to improve the Company’s share price and business performance. This information is omitted as the details are stated in Additional information in the consolidated financial statements.

3. Employee Shareholding Association-type ESOP Trust

The Company delivers its shares to the Employee Shareholding Association (hereinafter the “Shareholding Association”) through a trust for the welfare of employees. This information is omitted as the details are stated in Additional information in the consolidated financial statements.

Non-consolidated balance sheets

*1. Monetary receivables from and payables to subsidiaries and associates

The amounts of monetary receivables from and payables to subsidiaries and associates, other than those presented as separate lines are as follows:

	(Millions of yen)	
	Previous fiscal year (As of December 31, 2020)	Current fiscal year (As of December 31, 2021)
Short-term monetary receivables	2,393	1,867
Short-term monetary payables	541	584

2. Committed line of credit agreements with financial institutions

The note disclosure is omitted as the content is identical to that in “Item 5. Financial Information 1. Consolidated Financial Statements, etc. (1) Consolidated financial statements, Consolidated balance sheets.”

*3. Promissory notes due on balance sheet date

Promissory notes due on balance sheet date are settled on their clearing days.

Since the balance sheet date was a bank holiday, the following promissory notes due on balance sheet date are included in the balance at the end of the fiscal year.

	(Millions of yen)	
	Previous fiscal year (As of December 31, 2020)	Current fiscal year (As of December 31, 2021)
Notes receivable - trade	1	—

Non-consolidated statement of income

*1. Transactions with subsidiaries and associates (excluding those presented as separate lines)

(Millions of yen)

	Previous fiscal year (From January 1, 2020 to December 31, 2020)	Current fiscal year (from January 1, 2021 to December 31, 2021)
Operating transactions		
Net sales	14,979	17,803
Purchases, etc.	4,914	4,964
Non-operating transactions	3,969	3,672

*2. Major items of selling, general and administrative expenses and their amounts and approximate composition are as follows:

(Millions of yen)

	Previous fiscal year (From January 1, 2020 to December 31, 2020)	Current fiscal year (From January 1, 2021 to December 31, 2021)
Salaries and bonuses	4,276	4,490
Provision for bonuses	1,208	1,380
Provision for bonuses for directors (and other officers)	84	78
Retirement benefit expenses	356	304
Depreciation	296	295
Commission expenses	1,704	2,175
Approximate composition:		
Selling expenses	30 %	32 %
General and administrative expenses	70 %	68 %

Securities

The fair value of shares of subsidiaries and associates is not shown because their market prices are not available and thus their fair value is deemed extremely difficult to determine.

The carrying amount of shares of subsidiaries and associates in the non-consolidated balance sheets, for which fair value is deemed extremely difficult to determine, is as follows:

(Millions of yen)

Category	Previous fiscal year (As of December 31, 2020)	Current fiscal year (As of December 31, 2021)
Shares of subsidiaries	16,913	15,268
Shares of associates	109	109
Total	17,022	15,377

Tax effect accounting

1. Significant components of deferred tax assets and liabilities

	(Millions of yen)	
	Previous fiscal year (As of December 31, 2020)	Current fiscal year (As of December 31, 2021)
Deferred tax assets		
Loss on valuation of inventories	110	226
Depreciation	77	52
Impairment loss	5	34
Loss on valuation of shares of subsidiaries and associates	911	1,801
Loss on valuation of investments in capital of subsidiaries and associates	13	13
Loss on valuation of securities	14	14
Accrued expenses	67	74
Provision for bonuses	430	496
Provision for retirement benefits	214	226
Provision for share-based remuneration	72	95
Asset retirement obligations	29	30
Foreign tax credit carryforwards	1,084	932
Allowance for doubtful accounts	341	0
Other	52	42
Subtotal of deferred tax assets	3,425	4,044
Less valuation allowance for tax loss carryforwards	(2,516)	(2,938)
Total deferred tax assets	909	1,106
Deferred tax liabilities		
Valuation difference on available-for-sale securities	(55)	(128)
Other	(3)	(9)
Total deferred tax liabilities	(58)	(137)
Deferred tax assets, net	850	969

In addition to those above, major components of deferred tax assets and liabilities related to land revaluation recorded as “Deferred tax liabilities for land revaluation” are as follows:

	(Millions of yen)	
	Previous fiscal year (As of December 31, 2020)	Current fiscal year (As of December 31, 2021)
Deferred tax assets		
Deferred tax assets related to land revaluation	308	308
Less valuation allowance for tax loss carryforwards	(308)	(308)
Total deferred tax assets	—	—
Deferred tax liabilities		
Deferred tax liabilities related to land revaluation	(98)	(98)
Total deferred tax liabilities	(98)	(98)
Deferred tax liabilities, net	(98)	(98)

Changes in presentation

“Provision for share-based remuneration,” which was included in “Other” of deferred tax assets in the previous fiscal year is separately presented in the current fiscal year because of an increased materiality of the amount. To reflect this change in presentation, the note for the previous fiscal year has been reclassified.

Accordingly, “Other” of 124 million yen presented in deferred tax assets has been reclassified as “Provision for share-based remuneration” of 72 million yen and “Other” of 52 million yen.

2. Reconciliation of significant difference between the normal effective statutory tax rate and the actual effective tax rate after applying tax effect accounting

	Previous fiscal year (As of December 31, 2020)	Current fiscal year (As of December 31, 2021)
Normal effective statutory tax rate	29.9 %	29.9 %
Adjustments:		
Less valuation allowance for tax loss carryforwards	3.6	6.0
Expenses not deductible for income tax purposes (e.g. entertainment expenses)	1.0	0.7
Income not taxable for income tax purposes (e.g. dividend income)	(19.2)	(22.1)
Foreign withholding taxes on dividends from foreign subsidiaries	0.0	1.0
Corporate inhabitant tax on per capita basis	0.2	0.1
Foreign tax credits	(0.3)	5.7
Special tax credits	(3.3)	(5.3)
Other	0.1	(1.0)
Actual effective tax rate after applying tax effect accounting	12.0	15.0

Significant subsequent events

Purchase of treasury shares

The note disclosure is omitted as the content is identical to that in “Notes to consolidated financial statements, Significant subsequent events.”

4) Annexed non-consolidated schedules

Annexed detailed schedule of property, plant and equipment, etc.

(Millions of yen)

Classification	Type of assets	Balance at beginning of the current period	Increase during period	Decrease during period	Balance at end of the current period	Accumulated depreciation or amortization at end of period	Depreciation and amortization for the period	Carrying amount at end of period
Property, plant and equipment	Buildings	7,190	108	95 (33)	7,203	5,894	90	1,309
	Tools, furniture and fixtures	2,488	134	417 (2)	2,205	2,009	121	195
	Land	2,541 [(703)]	—	61 (61)	2,480 [(702)]	—	—	2,480
	Other	761	0	—	762	755	1	7
	Total	12,982	243	573 (97)	12,651	8,658	213	3,993
Intangible assets	Software	2,760	49	85	2,724	2,321	185	403
	Other	38	20	—	58	37	0	21
	Total	2,798	70	85	2,783	2,358	185	425

- Notes: 1. The balances at beginning and end of period are stated at cost.
2. The figures shown in square brackets for balance at beginning of period, decrease during period and balance at end of period of land represent differences with the book value before the revaluation of land for business use performed pursuant to the Act on Revaluation of Land (Act No. 34 of March 31, 1998).
3. Major components of increase during period are as follows:

(Millions of yen)

Classification	Type of assets	Description	Amount
Property, plant and equipment	Buildings	Update of air conditioning equipment at Miyakoda Factory	94
	Tools, furniture and fixtures	Renewal of company-wide common server infrastructure	63

4. Major components of decrease during period are as follows:

(Millions of yen)

Classification	Type of assets	Description	Amount
Property, plant and equipment	Tools, furniture and fixtures	Retirement and sale of molds	254
	Buildings Tools, furniture and fixtures Land	Impairment loss for a company dormitory	97

The figures in parentheses for the “Decrease during period” is the amount of impairment loss.

Annexed schedule of provisions

(Millions of yen)

Account	Balance at beginning of the current period	Increase during period	Decrease during period	Balance at end of the current period
Allowance for doubtful accounts	1,114	0	1,113	1
Provision for bonuses	1,441	1,662	1,441	1,662
Provision for bonuses for directors (and other officers)	84	78	84	78
Provision for product warranties	9	10	9	10
Provision for share-based remuneration	217	59	14	262
Provision for share-based remuneration for directors (and other officers)	25	32	—	58

(2) Components of major assets and liabilities

This information is omitted because the Roland Group has prepared the consolidated financial statements.

(3) Other information

Not applicable.

Item 6. Outline of Share-related Administration of Reporting Company

Fiscal year	From January 1 to December 31 of each year
Ordinary General Meeting of Shareholders	Within three months after the end of each fiscal year
Record date	December 31
Record date of dividends of surplus	June 30 of each year December 31 of each year
Number of shares constituting one unit	100 shares
Purchase or additional purchase of shares of less than one unit	
Handling office	Corporate Agency Division, Mitsubishi UFJ Trust and Banking Corporation 2-1-1, Marunouchi, Chiyoda-ku, Tokyo
Shareholder register administrator	Mitsubishi UFJ Trust and Banking Corporation 1-4-5, Marunouchi, Chiyoda-ku, Tokyo
Forwarding office	—
Purchase or additional purchase fee	Separately specified amount equivalent to share trading brokerage fees
Method of public notice	The method of public notice by the Company shall be electronic public notice; provided, however, that when electronic public notice cannot be used due to an accident or any other unavoidable reason, the public notices shall be given in The Nihon Keizai Shimbun. (URL for the Company's public notice) https://www.roland.com/global/
Special benefits for shareholders	Not applicable.

Note: A shareholder of the Company may not exercise any rights other than those listed below with respect to shares of less than one unit held by such shareholder:

- (1) Rights listed in each item of Article 189, Paragraph 2 of the Companies Act;
- (2) Rights to make a request pursuant to the provisions of Article 166, Paragraph 1 of the Companies Act;
- (3) Right to receive allocation of shares for subscription and allocation of share acquisition rights for subscription in proportion to the number of shares held by the shareholder; and
- (4) Rights to request the Company to sell the number of shares that will, together with the number of shares of less than one unit held by the shareholder, constitute one unit of shares (additional purchase request).

Item 7. Reference Information of Reporting Company

1. Information about Parent of Reporting Company

The Company does not have a parent company, etc. as prescribed in Article 24-7, paragraph 1 of the Financial Instruments and Exchange Act.

2. Other Reference Information

From the beginning of this fiscal year until the filing date of this Annual Securities Report, the Company has filed the following documents:

(1) Securities Registration Statements, attached document thereof and Confirmation Letter

Filed for the 49th fiscal year ended December 31, 2020 (from January 1 to December 31, 2020) with the Director-General of the Kanto Local Finance Bureau on March 31, 2021.

(2) Internal Control Report

Filed with the Director-General of the Kanto Local Finance Bureau on March 31, 2021.

(3) Quarterly Securities Reports and Confirmation Letter

Filed for the first quarter (from January 1 to March 31, 2021) of the 50th fiscal year ended December 31, 2021 with the Director-General of the Kanto Local Finance Bureau on May 12, 2021.

Filed for the second quarter (from April 1 to June 30, 2021) of the 50th fiscal year ended December 31, 2021 with the Director-General of the Kanto Local Finance Bureau on August 10, 2021.

Filed for the third quarter (from July 1 to September 30, 2021) of the 50th fiscal year ended December 31, 2021 with the Director-General of the Kanto Local Finance Bureau on November 9, 2021.

(4) Extraordinary Report

Filed the Extraordinary Report pursuant to the provisions of Article 19, paragraph 2, (ix)-2 of the Cabinet Office Ordinance on Disclosure of Corporate Affairs (result of the resolution made at the General Meeting of Shareholders) with the Director-General of the Kanto Local Finance Bureau on April 1, 2021.

Filed the Extraordinary Report pursuant to the provisions of Article 19, paragraph 2, (iii) of the Cabinet Office Ordinance on Disclosure of Corporate Affairs (specified subsidiary company subject to the change) with the Director-General of the Kanto Local Finance Bureau on April 30, 2021.

Filed the Extraordinary Report pursuant to the provisions of Article 19, paragraph 2, (iv) of the Cabinet Office Ordinance on Disclosure of Corporate Affairs (Change to the major shareholders) with the Director-General of the Kanto Local Finance Bureau on December 27, 2021.

Filed the Extraordinary Report pursuant to the provisions of Article 19, paragraph 2, (ix) of the Cabinet Office Ordinance on Disclosure of Corporate Affairs (Change to representative director) with the Director-General of the Kanto Local Finance Bureau on February 10, 2022.

Section 2 Information about Reporting Company's Guarantor, etc.

Not applicable.

NOTE TO READERS:

The following is an English translation of the Independent Auditor's Report and Internal Control Audit Report originally issued in the Japanese language as required by the Financial Instruments and Exchange Act of Japan for the convenience of the reader. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

Independent Auditor's Report and Internal Control Audit Report

March 9, 2022

To the Board of Directors of Roland Corporation

Grant Thornton Taiyo LLC
Osaka office

Designated Limited Liability Partner Shigeyuki Moriuchi, CPA [Seal]
Engagement Partner

Designated Limited Liability Partner Kenji Furuta, CPA [Seal]
Engagement Partner

<Audit of Financial Statements>

Audit Opinion

Pursuant to the provisions of Article 193-2, paragraph 1 of the Financial Instruments and Exchange Act, we have audited the consolidated financial statements of Roland Corporation (the "Company") and its consolidated subsidiaries (the "Group") provided in the "Financial Information" section in the Company's Annual Securities Report, namely, the consolidated balance sheets as of December 31, 2021, and the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the fiscal year from January 1, 2021 to December 31, 2021, and the notes to significant accounting policies for preparation of consolidated financial statements and other notes and the annexed consolidated detailed schedules.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as of December 31, 2021, and its consolidated financial performance and cash flows for the fiscal year then ended in accordance with accounting principles generally accepted in Japan.

Basis for Audit Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We are independent of the Group in accordance with the provisions of the Code of Professional Ethics in Japan, and we have fulfilled our other ethical responsibilities as auditors. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

As described in the significant subsequent events, the company resolved to purchase treasury shares at the Board of Director's meeting held on February 10, 2022. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. Those matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of inventories	
Key audit matters and the reasoning	How the matters were addressed in our audit
<p>As described in “Notes to consolidated financial statements, Significant accounting estimates,” the Company recorded 15,508 million yen of merchandise and finished goods, 1,715 million yen of work in process, and 8,016 million yen of raw materials and supplies in the consolidated balance sheet for the current fiscal year. These items represent a significant proportion of the total assets.</p> <p>The Company engages in manufacturing and sale of products in the electronic musical instrument markets. Therefore, the Company may face a decline in profitability of inventories due to factors such as fluctuations in market prices, intensified competition and changes of inventory level caused by the discrepancies between past sales performance and actual demand.</p> <p>Thus, the Company has recognized write-down of inventories to reflect a decline in profitability based on net realizable value or replacement cost. Furthermore, in consideration of the product life cycle, the Company has reflected a decline in profitability of inventories whose average turnover period exceeds a certain threshold by writing down their carrying amount using the write-down percentage calculated based primarily on the historical sales performance.</p> <p>Valuation of inventories has a potential impact on the consolidated financial statement as it is accompanied with assumptions and judgements made by the management when calculating net realizable value and replacement cost. Since they are of most significance in our audit of the consolidated financial statements for the current fiscal year, we determined the matter as a key audit matter.</p>	<p>We mainly applied the following audit procedures in order to assess the appropriateness of the valuation of inventories:</p> <ul style="list-style-type: none"> • We assessed the effectiveness of the design and operation of the internal controls relevant to the valuation of inventories. In particular, we focused on the internal controls to determine the write-down ratios for inventories based primarily on the turnover period and the historical sales performance. • To confirm that the inventory valuation policy stipulated by the Company is reasonable in light of the business environment, we inspected relevant materials and discussed this matter with managements • We obtained calculation materials for the inventory valuation to confirm that the data used for the calculation are complete and also checked whether the write-down amounts are calculated accurately in accordance with the Company’s inventory valuation policy by recalculating the amounts. • For the average sales unit price for the most recent month at the end of the fiscal year, which is the basis of the net realizable value, we extracted samples and reconciled them with the actual sales performance available from the sales management system. • For the final purchase cost, which is the basis of the replacement cost, we extracted samples and reconciled them with invoices, quotations and other documents. • For the write-down ratios calculated based on the historical sales performance, we assessed the accuracy of the estimates by comparing with the sales performance for the current fiscal year and other data.

Responsibilities of Management, Audit & Supervisory Board Members and the Audit & Supervisory Board for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles for consolidated financial statements generally accepted in Japan, and for designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting principles for consolidated financial statements generally accepted in Japan and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Audit & Supervisory Board Members and the Audit & Supervisory Board are responsible for overseeing the Director’s execution of duties relating to the design, implementation and maintenance of the Group’s financial reporting process.

Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements

Our responsibilities are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion on the consolidated financial statements based on our audit from an independent point of view. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

In accordance with auditing standards generally accepted in Japan, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risk of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. The procedures selected to be applied depend on the auditor’s judgement. In addition, we obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- When performing risk assessment procedures, obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of auditing the consolidated financial statements to express an opinion on the effectiveness of the Group’s internal control.
- Evaluate the appropriateness of accounting policies used by the management and their method of application, as well as the

reasonableness of accounting estimates made by the management and related notes thereto.

- Conclude on the appropriateness of management's use of the going concern basis for preparing the consolidated financial statements. And, based on the audit evidence obtained, determine whether a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern exists. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related notes to the consolidated financial statements or, if such notes are inadequate, to express a qualified opinion with exceptions on the consolidated financial statements. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate whether the overall presentation of the consolidated financial statements and the notes thereto are in accordance with accounting principles generally accepted in Japan, as well as the overall presentation, structure and content of the consolidated financial statements, including the notes thereto, and whether the consolidated financial statements represent the underlying transactions and accounting events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the consolidated financial statements. We remain solely responsible for our audit opinion.

We communicate with Audit & Supervisory Board Members and the Audit & Supervisory Board regarding the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit, and other matters required by auditing standards.

We also provide Audit & Supervisory Board Members and the Audit & Supervisory Board with a statement that we have complied with relevant ethical requirements in Japan regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards in order to eliminate or reduce obstruction factors.

Of the matters communicated with the Audit & Supervisory Board Members and the Audit & Supervisory Board, we determine those matters that were of most significance in the audit of the consolidated financial statements for the current fiscal year as key audit matters and describe the matters in our auditor's report. Provided that laws and regulations preclude public disclosure about the matters or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

<Audit of Internal Control>

Audit Opinion

Pursuant to the provisions of Article 193-2, paragraph 2 of the Financial Instruments and Exchange Act, we have audited the Internal Control Report of the Company as of December 31, 2021.

In our opinion, the accompanying Internal Control Report, in which the Company states that internal control over financial reporting was effective as of December 31, 2021, presents fairly, in all material respects, the assessment of internal control over financial reporting, in accordance with assessment standards for internal control over financial reporting generally accepted in Japan.

Basis for Audit Opinion

We conducted our internal control audit in accordance with auditing standards for internal control over financial reporting generally accepted in Japan. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Internal Control" section of our report. We are independent of the Group in accordance with the provisions of the Code of Professional Ethics in Japan, and we have fulfilled our other ethical responsibilities as auditors. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management, Audit & Supervisory Board Members and the Audit & Supervisory Board for the Internal Control Report

Management is responsible for the design, implementation and maintenance of internal control over financial reporting, and the preparation and fair presentation of the Internal Control Report in accordance with assessment standards for internal control over financial reporting generally accepted in Japan.

Audit & Supervisory Board Members and the Audit & Supervisory Board are responsible for overseeing and examining the design, implementation and maintenance of internal control over financial reporting.

Internal control over financial reporting may not fully prevent or detect misstatements in financial reporting.

Auditor's Responsibilities for the Audit of the Internal Control

Our responsibilities are to obtain reasonable assurance about whether the Internal Control Report is free from material misstatement and to issue an internal control audit report that includes our opinion on the Internal Control Report based on our internal control audit from an independent point of view.

In accordance with auditing standards for internal control over financial reporting generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Perform audit procedures to obtain audit evidence about the results of the assessments of internal control over financial reporting in the Internal Control Report. The procedures selected to be applied depend on the auditor's judgment, including the significance of effects on the reliability of financial reporting.
- Evaluate the overall presentation of the Internal Control Report, including the appropriateness of the scope, procedures and results of management's assessments of internal control over financial reporting.
- Obtain sufficient appropriate audit evidence about the results of the assessments of internal control over financial reporting in the Internal Control Report. We are responsible for the direction, supervision and performance of the audit of the Internal Control Report. We remain solely responsible for our audit opinion.

We communicate with Audit & Supervisory Board Members and the Audit & Supervisory Board regarding the scope and timing of the planned internal control audit, the results thereof, significant deficiencies in internal control to be disclosed that we identify during our audit and those that were remediated, and other matters required by auditing standards for internal control.

We also provide Audit & Supervisory Board Members and the Audit & Supervisory Board with a statement that we have complied with relevant ethical requirements in Japan regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards in order to eliminate or reduce obstruction factors.

Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan

Our firm and its engagement partners do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

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- Notes: 1. The above report is the electronic version of the original Independent Auditor's Report. The original report is kept separately by the Company (the reporting company of the Annual Securities Report).
2. The associated XBRL data are not included in the scope of the audit.

NOTE TO READERS:

The following is an English translation of the Independent Auditor's Report originally issued in the Japanese language as required by the Financial Instruments and Exchange Act of Japan for the convenience of the reader. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

Independent Auditor's Report

March 9, 2022

To the Board of Directors of Roland Corporation

Grant Thornton Taiyo LLC
Osaka office

Designated Limited Liability Partner Shigeyuki Moriuchi, CPA [Seal]
Engagement Partner

Designated Limited Liability Partner Kenji Furuta, CPA [Seal]
Engagement Partner

Audit Opinion

Pursuant to Article 193-2, paragraph 1 of the Financial Instruments and Exchange Act, we have audited the non-consolidated financial statements of Roland Corporation (the "Company") provided in the "Financial Information" section in the Company's Annual Securities Report, namely, the non-consolidated balance sheet as of December 31, 2021, and the non-consolidated statement of income and non-consolidated statement of changes in equity and the notes to significant accounting policies for the 50th business term from January 1, 2021 to December 31, 2021, and the related notes and the annexed detailed schedules.

In our opinion, the accompanying non-consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021, and its financial performance for the fiscal year then ended in accordance with accounting principles generally accepted in Japan.

Basis for Audit Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Non-consolidated Financial Statements" section of our report. We are independent of the Company in accordance with the provisions of the Code of Professional Ethics in Japan, and we have fulfilled our other ethical responsibilities as auditors. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

As described in the significant subsequent events, the company resolved to purchase treasury shares at the Board of Director's meeting held on February 10, 2022. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the non-consolidated financial statements for the current fiscal year. Those matters were addressed in the context of our audit of the non-consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of inventories

As the key audit matter is same as the one presented in the consolidated financial statements (valuation of inventories), we omitted the statements.
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Responsibilities of Management, Audit & Supervisory Board Members and the Audit & Supervisory Board for the Non-consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles for non-consolidated financial statements generally accepted in Japan, and for designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the non-consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the non-consolidated financial statements, management is responsible for assessing whether it is appropriate to prepare the non-consolidated financial statements with the assumption of the Company's ability to continue as a going concern, and disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan.

Audit & Supervisory Board Members and the Audit & Supervisory Board are responsible for overseeing the Director's execution of duties relating to the design, implementation and maintenance of the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Non-consolidated Financial Statements

Our responsibilities are to obtain reasonable assurance about whether the non-consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion on the non-consolidated financial statements based on our audit from an independent point of view. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these non-consolidated financial statements.

In accordance with auditing standards generally accepted in Japan, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risk of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. The procedures selected to be applied depend on the auditor's judgement. In addition, we obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- When performing risk assessment procedure, obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of auditing the non-consolidated financial statements to express an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used by the management and their method of application, as well as the reasonableness of accounting estimates made by the management and related notes thereto.
- Conclude on the appropriateness of management's use of the going concern basis for preparing the non-consolidated financial statements. And, based on the audit evidence obtained, determine whether a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern exists. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related notes to the non-consolidated financial statements or, if such notes are inadequate, to express a qualified opinion with exceptions on the non-consolidated financial statements. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate whether the overall presentation of the non-consolidated financial statements and the notes thereto are in accordance with accounting principles generally accepted in Japan, as well as the overall presentation, structure and content of the non-consolidated financial statements, including the notes thereto, and whether the non-consolidated financial statements represent the underlying transactions and accounting events in a manner that achieves fair presentation.

We communicate with Audit & Supervisory Board Members and the Audit & Supervisory Board regarding the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit, and other matters required by auditing standards.

We also provide Audit & Supervisory Board Members and the Audit & Supervisory Board with a statement that we have complied with relevant ethical requirements in Japan regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards in order to eliminate or reduce obstruction factors.

Of the matters communicated with the Audit & Supervisory Board Members and the Audit & Supervisory Board, we determine those matters that were of most significance in the audit of the non-consolidated financial statements for the current fiscal year as key audit

matters and describe the matters in our auditor's report. Provided that laws and regulations preclude public disclosure about the matters or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan

We do not have any interest in the Company which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

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- Notes: 1. The above report is the electronic version of the original Independent Auditor's Report. The original report is kept separately by the Company (the reporting company of the Annual Securities Report).
2. The associated XBRL data are not included in the scope of the audit.

Cover

Document title	Internal Control Report
Clause of stipulation	Article 24-4-4, Paragraph 1 of the Financial Instruments and Exchange Act
Place of filing	Director, Kanto Local Finance Bureau
Filing date	March 9, 2022
Company name	Roland Kabushiki Kaisha
Company name in English	Roland Corporation
Title and name of representative	Jun-ichi Miki, CEO and Representative Director
Title and name of Chief Financial Officer	Shunsuke Sugiura, CFO and Senior Executive Officer
Address of registered headquarters	2036-1 Nakagawa, Hosoe-cho, Kita-ku, Hamamatsu-shi, Shizuoka
Place for public inspection	Tokyo Stock Exchange, Inc. (2-1 Nihonbashi Kabutocho, Chuo-ku, Tokyo)

1. Basic Framework of Internal Control over Financial Reporting

Jun-ichi Miki, CEO and Representative Director, and Shunsuke Sugiura, CFO and Senior Executive Officer of Roland Corporation (the “Company”) and its consolidated subsidiaries (the “Roland Group”) have responsibility for the design, implementation and maintenance of internal control over financial reporting, and fulfill that responsibility in accordance with the basic framework of internal control set forth in the “On the Setting of the Standards and Practice Standards for Management Assessment and Audit concerning Internal Control Over Financial Reporting (Council Opinions)” published by the Business Accounting Council.

Note that internal control aims at achieving its objectives to a reasonable extent given that all individual components of internal control are integrated and function as a whole. Thus, internal control over financial reporting may not completely prevent or detect misstatements in financial reporting.

2. Scope, Date and Procedures for Evaluation

The assessment of internal control over financial reporting was performed as of December 31, 2021, which is the end of this fiscal year, in accordance with assessment standards for internal control over financial reporting generally accepted in Japan.

In this assessment, management first assessed company-level control which would have a material impact on the reliability of overall financial reporting on a consolidated basis, and based on such result, the management then selected business processes to be assessed. In the process-level control assessment, the management assessed the effectiveness of internal control by analyzing the business processes in scope, identifying key controls that would have a material impact on the reliability of the financial reporting and assessing the design, implementation and maintenance of such key controls.

Management determined the scope of assessment of internal control over financial reporting by selecting the Company and its consolidated subsidiaries based on their materiality of impacts on the reliability of financial reporting. The materiality of the impacts on the reliability of financial reporting was determined in consideration of both quantitative and qualitative aspects, and the management reasonably determined the scope of assessment of process-level control based on the result of the company-level control assessment, which included the Company and its 10 significant consolidated subsidiaries. The scope of the company-level control assessment does not include the other 14 consolidated subsidiaries due to their little importance in terms of both quantitative and qualitative aspects.

For the purpose of determining the scope of the process-level assessment, the top five business locations with the highest budgeted sales (after intercompany eliminations) for this fiscal year were selected as “Significant Business Locations,” which comprised approximately two-thirds of the consolidated net sales (after intercompany eliminations) for this fiscal year in the aggregate. For these “Significant Business Locations,” all business processes related to the accounts that are closely associated with the Company’s business objectives, such as sales, accounts receivable – trade and inventories, were included in the scope of assessment. Furthermore, regardless of if they are part of the Significant Business Locations or not, certain other business processes with a high probability of material misstatements and which are related to significant accounts involving estimates and management’s judgement and business processes related to businesses or operations dealing with high-risk transactions were added to the assessment scope as business processes with material impact on financial reporting.

3. Result of Evaluation

Based on the above mentioned assessment results, the management concluded that the internal control over financial reporting of the Roland Group as of December 31, 2021 was effective.

4. Supplementary Information

Not applicable.

5. Other Information for Special Attention

Not applicable.

Cover

Document title	Confirmation Note
Clause of stipulation	Article 24-4-2, Paragraph 1 of the Financial Instruments and Exchange Act
Place of filing	Director, Kanto Local Finance Bureau
Filing date	March 9, 2022
Company name	Roland Kabushiki Kaisha
Company name in English	Roland Corporation
Title and name of representative	Jun-ichi Miki, CEO and Representative Director
Title and name of Chief Financial Officer	Shunsuke Sugiura, CFO and Senior Executive Officer
Address of registered headquarters	2036-1 Nakagawa, Hosoe-cho, Kita-ku, Hamamatsu-shi, Shizuoka
Place for public inspection	Tokyo Stock Exchange, Inc. (2-1 Nihonbashi Kabutocho, Chuo-ku, Tokyo)

1. Appropriateness of the Contents of this Annual Securities Report

Jun-ichi Miki, CEO and Representative Director, and Shunsuke Sugiura, CFO and Senior Executive Officer of Roland Corporation have confirmed that this Annual Securities Report for the 50th Fiscal Year (January 1, 2021 through December 31, 2021) is reasonably and fairly stated in accordance with the Financial Instruments and Exchange Act and related laws and regulations.

2. Other Information for Special Attention

There are no noteworthy matters that are pertinent to this Quarterly Securities Report.