Q1. Could you explain the impact of Russia’s invasion of Ukraine on your business?
We consider music to be a business that contributes to peace. Therefore, we do not consider suspending business from a moral standpoint. Nevertheless, we physically cannot supply products and settle funds, which means we are essentially unable to do business. The scale of sales in this region is not large, at more or less 1% of our consolidated sales. We also believe that we will be able to make up for the negative impact on sales by reallocating the products from Russia to other regions where demand is strong.

Q2. Please tell us about the impact related to the lockdown in China.
Sales are slowing down. It is now difficult to purchase even through e-commerce due to disrupted logistics.
Production has not been significantly affected, although there are some delays in obtaining materials.

Q3. Please tell us about the impact of a crackdown on cram schools in China.
Our understanding is that music schools are not subject to the regulation. Still, it seems that activities such as widely recruiting students has been restricted. This impact is beginning to affect our product sales. We will continue to focus on sales to hobby players.

Q4. Could you share your outlook on the inventory level and order backlog from the second quarter onward?
Although there are some restrictions on material procurement, particularly for electronic components, we believe that it is possible to secure production volumes that meet our earnings forecast and that we will be able to gradually reduce the order backlog.

Q5. What is the latest situation of logistics?
The lead time is still long, and there has been no significant improvement since the end of the previous fiscal year.

Q6. Could you please explain the factors behind the increase in inventories?
Inventories of both products and materials are increasing, but about half of the increase is due to foreign exchange effects. While the increase in product inventories was temporary due to shipping timing, we have continued securing material inventories for stable production. They are expected to decrease as the procurement environment improves.
Q7. When do you expect to see the effects of the price increase implemented in the first quarter of this fiscal year?

We believe that such effects will begin to emerge from the second quarter.

Q8. Your first-half earnings forecast appears conservative. Could you please share your thoughts on that?

Our first-quarter results were slightly higher than our internal forecast. On the other hand, there is a high degree of uncertainty due to recent events that were not anticipated when we drew up the plan. These include foreign exchange rate trends, the impact of the situation in Russia on consumption in Europe, and the impact of the lockdown in China. We will continue to work toward achieving our earnings forecasts.

(*) This material summarizes key questions asked by the participants in the meeting. Some of communications have been revised to further clarify the meaning of our responses.

Disclaimer
This material contains statement based on the forecast at present made by Roland Corporation. These future statements inherently contain such factors as know or unknown risks and uncertainties, and the statements could be different from our actual business results.