**Roland Corporation**  
**Financial results briefing for the second quarter of the fiscal year ending December 31, 2022**

*Date and time: August 9, 2022  13:00–14:10*  
*Speakers: Gordon Raison, CEO and Representative Director; Shunsuke Sugiura, CFO and Director*

**Q1. There is widespread concern about the risk of recessions in the U.S. and Europe, but do you see any signs of change in sales trends?**  
The supply of low-priced pianos is increasing, as various companies are shipping backlog orders. Therefore, it is difficult to grasp actual demand from our own sales base alone. Nonetheless, we have recognized that demand is strong for products in the mid- to high-end price range, which is our core price range.

**Q2. With businesses reopening, is the demand for electronic instruments declining?**  
Since working from home has become a common practice, I believe that the habit of enjoying increased leisure time has taken root, even in areas where COVID-19 cases have subsided. We are not aware of any decrease in demand for musical instruments.

**Q3. To what extent can further price optimization absorb the impact of cost increases to date?**  
We are optimizing our prices so that all the cost increases can be absorbed.

**Q4. Your operating profit margin was smaller in the second quarter than that in the first quarter. What caused it to decline?**  
Our gross profit margin deteriorated mainly due to foreign exchange impact and rising costs. We expect to see improvement over the second half of the fiscal year, as the effects of price optimization will be felt.

**Q5. Based on the first-half results and the external environment, what actions will you take in the second half with respect to sales by product and by region?**  
We are planning to launch many new products from the fourth quarter of this fiscal year through next year. The supply chain is under a complex situation that changes on a daily basis, but we will optimize it by making detailed adjustments, such as what to supply in which region.

**Q6. Please tell us if there are any changes in the details of your order backlog. Also, how do you view the backlog situation toward the end of this fiscal year?**  
Pianos and drums are increasing in supply; thus, the order backlog is decreasing. On the other hand, the order backlog is increasing for guitar-related products. In our view, it will take some more time for our order backlog to return to the pre-pandemic normal level.
Q7. What factors are increasing your inventories? What is your forecast for future inventories?

One of the major factors impacting inventories is foreign exchange fluctuations. On top of that, inventories of finished goods and materials are increasing in a move to maximize sales. The finished goods inventory will settle down as the order backlog is cleared, and the material inventory will stabilize as the supply chain disruption comes to an end.

Q8. You are working on price optimization, but will product prices be lowered if costs go down?

We do not consider price reductions while customers fully appreciate the value of our products.

Q9. Could you please update us on the progress of Roland Cloud?

Software synthesizers and the hardware used to link with them have been well received, and the number of subscribers is increasing. In addition, we have recently launched "BOSS TONE EXCHANGE," which allows users to exchange tones of guitar amps and other instruments. We have also announced the availability of a new "Roland Piano App," which connects a smartphone or tablet to a digital piano for practice and performance. We hope to present future developments in our new medium-term business plan.

(* ) 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.