

Quarterly Securities Report

For the Third Quarter of the 51st Fiscal Year
(July 1, 2022 through September 30, 2022)

Roland Corporation

1. This is an English translation of the Quarterly Securities Report (*Shihanki Hokokusho*), which was produced based on Article 24-4-7, Paragraph 1 of the Financial Instruments and Exchange Act of Japan and was 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' Quarterly Review Report attached to the Quarterly Securities Report when it was filed using the aforementioned method, and the Confirmation Note that was filed at the same time as the Quarterly 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.

Table of Contents

	Page
Quarterly Securities Report for the Third Quarter of the 51st Fiscal Year	
Cover	3
Section 1 Company Information	4
Item 1. Overview of Company	4
1. Key Financial Data	4
2. Description of Business	4
Item 2. Overview of Business	6
1. Business Risks	6
2. Management’s Discussion and Analysis of Financial Position, Operating Results and Cash Flows	6
3. Material Contracts, etc.	8
Item 3. Information about Reporting Company	9
1. Company’s Shares, etc.	9
2. Directors and Other Officers	10
Item 4. Financial Information	11
1. Quarterly Consolidated Financial Statements, etc.	12
2. Other information	20
Section 2 Information about Reporting Company’s Guarantor, etc.	21
Independent Auditor’s Quarterly Review Report	
Confirmation Note	

Cover

Document title	Quarterly Securities Report
Clause of stipulation	Article 24-4-7, Paragraph 1 of the Financial Instruments and Exchange Act
Place of filing	Director, Kanto Local Finance Bureau
Filing date	November 10, 2022
Quarterly accounting period	The third quarter of the 51st fiscal year (July 1, 2022 through September 30, 2022)
Company name	Roland Kabushiki Kaisha
Company name in English	Roland Corporation
Title and name of representative	Gordon Raison, 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 Director
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 Director
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

Fiscal year		50th Nine-month Period	51st Nine-month Period	50th
Accounting period		(January 1, 2021 through September 30, 2021)	(January 1, 2022 through September 30, 2022)	(January 1, 2021 through December 31, 2021)
Net sales	(million yen)	60,668	64,622	80,032
Ordinary profit	(million yen)	8,936	5,872	10,102
Profit attributable to owners of parent	(million yen)	7,741	5,075	8,586
Comprehensive income	(million yen)	9,256	9,716	11,361
Net assets	(million yen)	26,542	32,387	28,656
Total assets	(million yen)	51,028	68,594	52,807
Basic earnings per share	(yen)	282.25	185.43	312.73
Diluted earnings per share	(yen)	276.15	182.54	306.26
Equity-to-asset ratio	(%)	51.5	46.8	53.7
Net cash provided by (used in) operating activities	(million yen)	4,207	(3,934)	4,929
Net cash provided by (used in) investing activities	(million yen)	(545)	(791)	(803)
Net cash provided by (used in) financing activities	(million yen)	(5,535)	4,953	(6,071)
Cash and cash equivalents at end of period	(million yen)	8,787	8,201	8,781

Fiscal year		50th Third quarter	51st Third quarter
Accounting period		(July 1, 2021 through September 30, 2021)	(July 1, 2022 through September 30, 2022)
Basic earnings per share	(yen)	56.74	42.18

- Notes: 1. Non-consolidated financial data are not presented as the Company prepares quarterly consolidated financial statements.
2. Basic earnings per share and diluted earnings per share are computed using the average number of shares of common stock during the period, which is 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. The Company has applied the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) from the beginning of the fiscal year ending December 31, 2022. Accordingly, the key financial data for the fiscal year ending December 31, 2022 are those after applying the said accounting standard.

2. Description of Business

There were no significant changes in the business in which the Company and its subsidiaries and affiliates (collectively, the "Group") operate during the nine months ended September 30, 2022.

Meanwhile, at the Board of Directors meeting held on September 12, 2022, the Company resolved that Roland Drum Corporation ("RDC"), which was newly established as a wholly owned subsidiary of the Company, will make Drum Workshop, Inc. a subsidiary through the acquisition of all its outstanding shares. The acquisition procedure was completed as of October 3, 2022.

For the details, please refer to "Item 4. Financial Information, 1. Quarterly Consolidated Financial Statements, etc., Notes to Quarterly Consolidated Financial Statements, (Subsequent events)."

Item 2. Overview of Business

1. Business Risks

During the nine months ended September 30, 2022 (hereinafter the “period under review”), among the matters related to Overview of Business and Financial Information stated in this Quarterly Securities Report, no major risks that might have a material impact on the financial position, operating results and cash flows of the Group have been recognized by the management. There were no significant changes in the matters related to “Business and other risks” stated in the Annual Security Report for the previous fiscal year.

2. Management’s Discussion and Analysis of Financial Position, Operating Results and Cash Flows

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

The Company has applied the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29 of March 31, 2020; hereinafter, referred as the “Accounting Standard for Revenue Recognition”) since the beginning of the fiscal year ending December 2022 .

Under the Accounting Standard for Revenue Recognition, sales discounts, which were previously recognized in non-operating expenses, have been reclassified as deductions from net sales. With this change in our accounting standard, net sales and operating profit decline, whereas ordinary profit, profit attributable to owners of parent, and cash flows remain unaffected.

Figures for the period under review as referred to in “Business performance” below represent the results after the application of the Accounting Standard for Revenue Recognition. Therefore, direct year-on-year comparisons of these figures are not presented. Instead, for better understanding of the operating performance for the period under review, year-on-year after adjustment are presented, which are percentages calculated based on the assumption that the results for the period under review had been measured by the same accounting standard as used in the fiscal year ended December 31, 2021.

(1) Business performance

During the period under review, while new COVID-19 cases were contained to some extent and social and economic activities got back on a recovery track, the Group forced to face some downside risks, such as the prolonged Russia-Ukraine conflict, global inflation and drastic changes in exchange rate and interest rates. Signs of economic downturn were noticeable especially in the third quarter and later of the current fiscal year. Market conditions remained highly uncertain particularly in China, as the recovery from the lockdown in Shanghai was relatively tepid.

In the electronic musical instruments business hemisphere, compared to the pre-pandemic era, sales standards went on to become a further solid position endorsed by the entrenched new lifestyle brought by the COVID-19 pandemic as a whole. On the procurement and supply sides, by implementing various measures, the circumstances have been moving out of the worst phase of COVID-19 and order backlog was progressed successfully. Meanwhile, on the cost side, although ocean transportation and raw material prices were remained higher than expected, the Group has focused on to optimize its product prices with the careful eyes on the market conditions and competitive situations of each region.

Moreover, with a view to further growth of the drums business, the Company published an announcement that Roland Drum Corporation, one of the Group’s consolidated subsidiaries would acquire all the outstanding shares of U.S. based Drum Workshop, Inc. and make it a wholly owned subsidiary as of September 12, and acquisition procedure was completed as of October 3. Through this partnership between the major brands of electronic and acoustic drums, the Group will develop a new drum market. While Roland Drum Corporation is subjected to be consolidated commencing from the fourth quarter of the current fiscal year, this transaction will have no significant impact and the consolidated forecast has not been revised. However, in the rise of any matters to be disclosed, announcements shall be published in a swift manner.

As a result of the above, during the period under review, the Group recorded net sales of ¥64,622 million (up 7.6% year on year after adjustment). In terms of profit, the Group recorded operating profit of ¥6,288 million (down 28.2% year on year after adjustment), ordinary profit of ¥5,872 million (down 34.3% year on year) and profit attributable to owners of parent of ¥5,075 million (down 34.4% year on year).

Sales performance by mainstay category is as shown below:

(Keyboards) Net sales: ¥20,820 million (up 13.1% year on year after adjustment)

Among the mainstay categories, electronic pianos remained in stronger demand compared to the pre-COVID-19 pandemic era,

driven by brisk demand from people staying home for longer hours. Meanwhile, in Europe, the demand declined especially for some low-end products due to certain factors such as the soaring prices of consumer goods.

(Percussion and Wind Instruments) Net sales: ¥13,953 million (down 3.0% year on year after adjustment)

Among the mainstay categories, sales of electronic drums fell short of expectations due in part to the influence of lockdown in China and the delayed launch of some new products.

Sales of electronic wind instruments were affected by the short supply of some products and lockdown in China, a core market for the instruments, although the category has been earning strong attention.

(Guitar-related Products) Net sales: ¥16,108 million (up 10.2% year on year after adjustment)

Among the mainstay categories, sales of guitar effects, especially the Loop Station series and compact effector “Waza Craft Pedal” series released in the previous fiscal year and multi-effectors released in the current fiscal year performed strong.

Sales of musical instrument amplifiers, especially drum amplifiers were challenged by lockdown in China. Despite the mentioned hurdles, the overall sales performance of guitar-related products, however, remained strong.

(Creation-related Products & Services) Net sales: ¥8,793 million (up 15.4% year on year after adjustment)

Among the mainstay categories, while supply shortage for the mid- to high-price synthesizers remained, products such as compact stage pianos continued to enjoy brisk sales.

The dance and DJ-related products domain continued to record strong sales particularly compact gadget instruments that allow users to enjoy full-scale electronic music easily went well. In addition, sales of the latest model of the long-selling Sampler Series, released in the fourth quarter of the previous fiscal year, continued to perform stronger than expected.

In the software and service domain, through Roland Cloud platform where software sound sources are offered at a fixed membership fee, the Group continued to release new software synthesizers and sound packs. The Group also started offering a piano lesson application service as well as an online service where users can share customized settings of effects and amplifiers with each other.

(Video and Professional Audio) Net sales: ¥2,950 million (down 4.7% year on year after adjustment)

Among the mainstay categories, video related products struggled as the Group was unable to supply sufficient products due to parts shortage, although events-related demand was on a recovery track in each country. Moreover, sales of new models for the V-MODA brand products fell short of expectations.

(2) Analysis of consolidated financial position

Total assets at the end of the period under review on a consolidated basis increased by ¥15,787 million from the end of the previous fiscal year to ¥68,594 million. This is attributable primarily to increases in trade receivables of ¥4,301 million and inventories of ¥10,668 million.

Liabilities increased by ¥12,056 million from the end of the previous fiscal year to ¥36,206 million. This is attributable primarily to an increase in borrowings of ¥11,237 million.

Net assets increased by ¥3,731 million from the end of the previous fiscal year to ¥32,387 million. This is attributable mainly to the recognition of profit attributable to owners of parent of ¥5,075 million and an increase in foreign currency translation adjustment of ¥4,698 million due to the continued depreciation of yen against major currencies, which were partially offset by a decrease in retained earnings of ¥4,082 million due to the payment of dividends and an increase in treasury shares of ¥1,939 million, a deduction item from net asset, which reflects the repurchase of treasury shares.

As a result of the above, the equity ratio fell 6.9 percentage points from the end of the previous fiscal year to 46.8%.

(3) Cash flows for the nine months ended September 30, 2022

During the period under review, cash and cash equivalents (“net cash”) decreased by ¥579 million (a decrease by ¥2,044 million for the same period of the previous fiscal year) to ¥8,201 million at the end of the period.

(Cash flows from operating activities)

Net cash used in operating activities amounted to ¥3,934 million (as opposed to the ¥4,207 million net cash provided for the same period of the previous fiscal year), which is attributable primarily to increased working capital.

(Cash flows from investing activities)

Net cash used in investing activities amounted to ¥791 million (¥545 million used for the same period of the previous fiscal year), which is attributable primarily to the capital outlay for the purchases of property, plant and equipment.

(Cash flows from financing activities)

Net cash provided by financing activities amounted to ¥4,953 million (¥5,535 million used for the same period of the previous fiscal year), which is attributable primarily to an increase in borrowings, although this increase was partially negated by the repurchase of treasury shares and the payment of dividends made during the current period.

(4) Management policy, management strategies, and issues to address

During the period under review, there were no significant changes in the Group's management policy, management strategies and issues to address.

(5) Research and development activities

R&D expenses for the period under review totaled ¥3,039 million.

During the period under review, there were no significant changes in the Group's research and development activities.

3. Material Contracts, etc.

(Business combination through acquisition)

At the Board of Directors meeting held on September 12, 2022, the Company resolved that Roland Drum Corporation ("RDC"), which was newly established as a wholly owned subsidiary of the Company, will make Drum Workshop, Inc. a subsidiary through the acquisition of all its outstanding shares, and entered into an agreement for the transaction. The acquisition procedure was completed as of October 3, 2022.

For the details, please refer to "Item 4. Financial Information, 1. Quarterly Consolidated Financial Statements, etc., Notes to Quarterly Consolidated Financial Statements, (Subsequent events)."

Item 3. 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 current quarter end (September 30, 2022) (shares)	Number of issued shares as of filing date (November 10, 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	28,066,786	28,066,786	Tokyo Stock Exchange Prime Market	The number of shares constituting one unit is 100 shares.
Total	28,066,786	28,066,786	–	–

(2) Share acquisition rights

1) Stock option plans

Not applicable.

2) Share acquisition rights for other uses

Not applicable.

(3) Exercises of moving strike convertible bonds

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
July 1, 2022 through September 30, 2022	–	28,066,786	–	9,613	–	5,198

(5) Major shareholders

There is nothing to be stated as this quarter is the third quarterly accounting period.

(6) Voting rights

The status of voting rights as of the end of the period under review is presented by disclosing the status as of June 30, 2022, the most recent record date, because the number of beneficiary shareholders as of September 30, 2022 could not be ascertained.

1) Issued shares

As of June 30, 2022

Category	Number of shares (shares)	Number of voting rights (units)	Description
Shares with no voting rights	–	–	–
Shares with restricted voting rights (treasury shares)	–	–	–
Shares with restricted voting rights (other)	–	–	–
Shares with full voting rights (treasury shares)	(Treasury shares) Common stock 470,100	–	–
Shares with full voting rights (other)	Common stock 27,591,600	275,916	The number of shares constituting one unit is 100 shares.
Share less than one unit	Common stock 5,086	–	–
Total number of issued shares	28,066,786	–	–
Voting rights held by all shareholders	–	275,916	–

Notes: 1. “Shares with full voting rights (other)” of common stock includes 381,500 shares of the Company (3,815 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 77 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 67 treasury shares held by the Company.

2) Treasury shares

As of June 30, 2022

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	470,100	—	470,100	1.67
Total	–	470,100	—	470,100	1.67

Notes: 1. In addition to the above, the Company holds treasury shares less than one unit of 67 shares.

2. The Company has contributed 381,577 shares 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.

2. Directors and Other Officers

Not applicable.

Item 4. Financial Information

1. Basis for Preparation of Quarterly Consolidated Financial Statements

The quarterly consolidated financial statements of the Company are prepared in accordance with the Ministry of Finance Ordinance No. 64, 2007 “Regulations Concerning the Terminology, Forms and Preparation Methods of Quarterly Consolidated Financial Statements” (“Regulations for Quarterly Consolidated Financial Statements”).

In addition, the quarterly consolidated statements of cash flows are prepared pursuant to Article 5-2, Paragraph 3 of the Regulations for Quarterly Consolidated Financial Statements.

2. Quarterly Review Report

The Company’s quarterly consolidated financial statements for the current quarter (from July 1, 2022 to September 30, 2022) and for the nine months ended September 30, 2022 (from January 1, 2022 to September 30, 2022) were reviewed by Grant Thornton Taiyo LLC, pursuant to Article 193-2, Paragraph 1 of the Financial Instruments and Exchange Act.

1. Quarterly Consolidated Financial Statements, etc.

(1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	Previous fiscal year (As of December 31, 2021)	Current quarter (As of September 30, 2022)
Assets		
Current assets:		
Cash and deposits	8,781	8,201
Notes and accounts receivable – trade	7,444	11,746
Merchandise and finished goods	15,508	23,473
Work in process	1,715	1,570
Raw materials and supplies	8,016	10,864
Other	1,470	1,919
Allowance for doubtful accounts	(313)	(368)
Total current assets	42,623	57,407
Non-current assets:		
Property, plant and equipment:		
Buildings and structures, net	2,421	2,244
Land	1,626	1,650
Other, net	1,808	2,360
Total property, plant and equipment	5,857	6,255
Intangible assets	632	589
Investments and other assets:		
Investment securities	1,245	976
Other	2,549	3,481
Allowance for doubtful accounts	(101)	(115)
Total investments and other assets	3,693	4,341
Total non-current assets	10,183	11,187
Total assets	52,807	68,594

(Millions of yen)

	Previous fiscal year (As of December 31, 2021)	Current quarter (As of September 30, 2022)
Liabilities		
Current liabilities:		
Notes and accounts payable – trade	6,391	7,875
Short-term borrowings	–	* 9,176
Current portion of long-term borrowings	1,252	1,252
Income taxes payable	360	326
Provision for bonuses	1,662	523
Provision for bonuses for directors (and other officers)	78	39
Provision for product warranties	373	425
Other	5,915	6,469
Total current liabilities	16,033	26,088
Non-current liabilities:		
Long-term borrowings	5,822	7,883
Provision for product warranties	1	1
Provision for share awards	262	255
Provision for share awards for directors (and other officers)	58	76
Retirement benefit liability	725	689
Asset retirement obligations	86	87
Other	1,160	1,123
Total non-current liabilities	8,117	10,118
Total liabilities	24,150	36,206
Net assets		
Shareholders' equity:		
Share capital	9,585	9,613
Capital surplus	163	191
Retained earnings	18,894	19,887
Treasury shares	(482)	(2,421)
Total shareholders' equity	28,161	27,270
Accumulated other comprehensive income:		
Valuation difference on available-for-sale securities	140	94
Foreign currency translation adjustment	(178)	4,519
Remeasurements of defined benefit plans	258	218
Total accumulated other comprehensive income	219	4,832
Share acquisition rights	115	95
Non-controlling interests	161	189
Total net assets	28,656	32,387
Total liabilities and net assets	52,807	68,594

(2) Quarterly consolidated statements of income and quarterly consolidated statements of comprehensive income

Quarterly consolidated statements of income

(Millions of yen)

	Nine months ended September 30, 2021	Nine months ended September 30, 2022
Net sales	60,668	64,622
Cost of sales	32,538	38,106
Gross profit	28,130	26,515
Selling, general and administrative expenses	18,465	20,227
Operating profit	9,664	6,288
Non-operating income:		
Interest income	7	8
Dividend income	86	93
Subsidy income	51	116
Other	13	5
Total non-operating income	159	223
Non-operating expenses:		
Interest expenses	18	25
Sales discounts	589	–
Foreign exchange losses	185	603
Other	93	9
Total non-operating expenses	887	639
Ordinary profit	8,936	5,872
Extraordinary income:		
Gain on sale of non-current assets	374	11
Gain on liquidation of subsidiaries	–	* 246
Total extraordinary income	374	258
Extraordinary losses:		
Loss on sale and retirement of non-current assets	6	8
Loss on competition law	149	–
Total extraordinary losses	156	8
Profit before income taxes	9,154	6,122
Income taxes – current	1,963	1,631
Income taxes – deferred	(551)	(591)
Total income taxes	1,411	1,040
Profit	7,743	5,082
Profit attributable to non-controlling interests	1	6
Profit attributable to owners of parent	7,741	5,075

Quarterly consolidated statements of comprehensive income

(Millions of yen)

	Nine months ended September 30, 2021	Nine months ended September 30, 2022
Profit	7,743	5,082
Other comprehensive income:		
Valuation difference on available-for-sale securities	131	(45)
Foreign currency translation adjustment	1,338	4,720
Remeasurements of defined benefit plans, net of tax	43	(39)
Total other comprehensive income	1,513	4,634
Comprehensive income	9,256	9,716
Comprehensive income attributable to:		
Owners of parent	9,242	9,688
Non-controlling interests	14	28

(3) Quarterly consolidated statements of cash flows

(Millions of yen)

	Nine months ended September 30, 2021	Nine months ended September 30, 2022
Cash flows from operating activities:		
Profit before income taxes	9,154	6,122
Depreciation	1,194	1,253
Amortization of goodwill	3	3
Increase (decrease) in retirement benefit liability	1	(110)
Interest and dividend income	(94)	(101)
Interest expenses	18	25
Foreign exchange losses (gains)	137	483
Loss (gain) on sale and retirement of non-current assets	(367)	(3)
Loss (gain) on liquidation of subsidiaries	-	(246)
Decrease (increase) in trade receivables	(1,415)	(1,956)
Decrease (increase) in inventories	(3,025)	(4,821)
Increase (decrease) in trade payables	684	(1,899)
Other, net	(71)	(988)
Subtotal	6,221	(2,237)
Interest and dividends received	94	101
Interest paid	(18)	(21)
Income taxes paid	(2,090)	(1,776)
Net cash provided by (used in) operating activities	4,207	(3,934)
Cash flows from investing activities:		
Purchase of property, plant and equipment	(1,001)	(947)
Proceeds from sale of property, plant and equipment	555	17
Purchase of intangible assets	(73)	(94)
Proceeds from collection of long-term loans receivable	26	5
Proceeds from liquidation of subsidiaries	-	227
Other, net	(53)	(0)
Net cash provided by (used in) investing activities	(545)	(791)
Cash flows from financing activities:		
Net increase (decrease) in short-term borrowings	(143)	9,136
Proceeds from long-term borrowings	1,500	3,000
Repayments of long-term borrowings	(3,810)	(939)
Proceeds from issuance of shares	145	35
Proceeds from sale of treasury shares	93	105
Purchase of treasury shares	(121)	(2,000)
Dividends paid	(2,903)	(4,063)
Other, net	(295)	(322)
Net cash provided by (used in) financing activities	(5,535)	4,953
Effect of exchange rate change on cash and cash equivalents	(171)	(807)
Net increase (decrease) in cash and cash equivalents	(2,044)	(579)
Cash and cash equivalents at beginning of period	10,832	8,781
Cash and cash equivalents at end of period	* 8,787	* 8,201

Notes to Quarterly Consolidated Financial Statements

Changes in accounting policies

1. Application of Accounting Standard for Revenue Recognition

The Company has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29 of March 31, 2020; hereinafter referred as the “Accounting Standard for Revenue Recognition”) since the beginning of the fiscal year ending December 31, 2022. Under the new standard, revenue is recognized upon the transfer of control of promised goods or services in an amount which is expected to be received in exchange for those goods or services. Under the new standard, sales discounts, which were previously recognized in non-operating expenses, shall be deducted from net sales.

While the Company applies the Accounting Standard for Revenue Recognition in accordance with the transitional treatment prescribed in the provision of Paragraph 84 of the standard, the application had no impact on our retained earnings at the beginning of the fiscal year ending December 31, 2022.

As a result, during the period under review, net sales, gross profit, and operating profit each decreased by ¥655 million, which had no impact on ordinary profit and profit before income taxes since non-operating expenses also decreased by ¥655 million.

In accordance with the transitional treatment set forth in paragraph 89-2 of the Accounting Standard for Revenue Recognition, consolidated financial statements for the previous fiscal year have not been reclassified using the new presentation method.

Information on disaggregated revenue from contracts with customers is not presented for the period under review in accordance with the transitional treatment set forth in paragraph 28-15 of the “Accounting Standard for Quarterly Financial Reporting” (ASBJ Statement No. 12, March 31, 2020).

2. Application of Accounting Standard for Fair Value Measurement

The Company has applied the “Accounting Standard for Fair Value Measurement” (ASBJ Statement No. 30, July 4, 2019; hereinafter the “Accounting Standard for Fair Value Measurement”) since the beginning of the fiscal year ending December 31, 2022. In accordance with the transitional treatment prescribed in paragraph 19 of the Accounting Standard for Fair Value Measurement and in paragraph 44-2 of Accounting Standard for Financial Instruments (ASBJ No. 10, July 4, 2019), the Company will prospectively apply the new accounting policies prescribed by the Accounting Standard for Fair Value Measurement. The above, however, does not affect the quarterly consolidated financial statements.

Quarterly consolidated balance sheets

* Overdraft agreements and committed line of credit agreements with financial institutions

The Company has concluded overdraft agreements and committed line of credit agreements with its corresponding financial institution in order to finance working capital efficiently.

The balances of undrawn facilities under the overdraft agreements and committed line of credit agreements are as follows:

	Previous fiscal year (As of December 31, 2021)	Current quarter (As of September 30, 2022)
Overdraft limit and total committed line of credit	5,000	8,000
Outstanding balance of drawn facilities	-	8,000
Outstanding balance of undrawn facilities	5,000	-

Quarterly consolidated statements of income

* Gain on liquidation of subsidiaries

The amount is attributable to liquidation of non-consolidated subsidiaries, Roland (Switzerland) AG and Roland France SAS.

Quarterly consolidated statements of cash flows

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

	Nine months ended September 30, 2021	Nine months ended September 30, 2022
Cash and deposits	8,787	8,201
Cash and cash equivalents	8,787	8,201

Shareholders' equity

For the nine months ended September 30, 2021

1. Amount of dividends paid

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

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 accompanied by a record date in the reporting period and an effective date after the end of the reporting period

Not applicable.

For the nine months ended September 30, 2022

1. Amount of dividends paid

Resolution	Class of shares	Total amount of dividends (million yen)	Dividend paid per share (yen)	Record date	Effective date	Source of dividends
Ordinary General Meeting of Shareholders held on March 30, 2022	Common stock	1,929	69	December 31, 2021	March 31, 2022	Retained earnings
Board of Directors meeting held on August 8, 2022	Common stock	2,152	78	June 30, 2022	September 9, 2022	Retained earnings

Notes: 1. The total amount of dividends paid based on the resolution at the Ordinary General Meeting of Shareholders held on March 30, 2022 includes dividends of ¥29 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 8, 2022 includes dividends of ¥29 million paid to the Company's shares held by trusts.

2. Dividends accompanied by a record date in the reporting period and an effective date after the end of the reporting period

Not applicable.

3. Significant changes in shareholders' equity

The Company repurchased 469,900 treasury shares during the period under review based on the resolution resolved at the Board of Directors meeting held on February 10, 2022. As a result, its treasury shares increased by ¥1,999 million to ¥2,421 million as of the end of the period under review.

Segment information

Segment information

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

Revenue recognition

The Group operates a single segment of the Electronic Musical Instruments Business. The information on disaggregation of revenue from contracts with customers is as follows.

(Millions of yen)

	Nine months ended September 30, 2022
Keyboards	20,820
Percussion and Wind Instruments	13,953
Guitar-related Products	16,108
Creation-related Products & Services	8,793
Video and Professional Audio	2,950
Other	1,996
Total	64,622

Per share information

Basic and diluted earnings per share and basis for calculation of those figures are as follows:

(Millions of yen, unless otherwise stated)

	Nine months ended September 30, 2021	Nine months ended September 30, 2022
(1) Basic earnings per share	282.25 yen	185.43 yen
(Basis for calculation)		
Profit attributable to owners of parent	7,741	5,075
Profit not attributable to common shareholders	–	–
Profit attributable to common shareholders of parent	7,741	5,075
Average number of shares of common stock during the period (thousand shares)	27,428	27,370
(2) Diluted earnings per share	276.15 yen	182.54 yen
(Basis for calculation)		
Adjustment to profit attributable to owners of parent	–	–
Number of shares of common stock increased (thousand shares)	606	432
[of which number of share acquisition rights (thousand shares)]	[606]	[432]
Any significant changes from the prior fiscal year end in potential shares not included in the calculation of diluted earnings per share due to their anti-dilutive effect	–	–

Note: For the purpose of calculating basic earnings per share and diluted earnings 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 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 during the nine months ended September 30, 2021 and 2022 were 431,632 shares and 393,843 shares, respectively.

Subsequent events

Business combination through acquisition

At the Board of Directors meeting held on September 12, 2022, the Company resolved that Roland Drum Corporation (“RDC”), which was newly established as a wholly owned subsidiary of the Company, will make Drum Workshop, Inc. a subsidiary through the acquisition of all its outstanding shares. The acquisition procedure was completed as of October 3, 2022.

1. Outline of the business combination

(1) Name and line of business of the acquired company

Name: Drum Workshop, Inc. (“DW”)

Line of business: Development, manufacture and sale of hardware products including drums and percussions, and related software

(2) Reasons for the business combination

The Group has been making a great success in the drum business with a release of the V-Drum Acoustic Design (“VAD”) series in recent years. The Company reached a conclusion that the partnership with DW would greatly contribute to providing leadership and breakthrough innovation within the world of drumming. DW owns world-class drum and percussion brands such as DW Drums, Pacific Drums and Percussion (PDP), Latin Percussion (LP), Gretsch Drums, and Slingerland as well as excellent human resources and innovative product development capabilities. With a combination of the major brands in both electronic drums and acoustic drums, the Group will create a new drum market to be the drummer’s choice.

(3) Date of business combination

October 3, 2022 (Deemed acquisition date: October 1, 2022)

(4) Legal form of the business combination

Acquisition of shares for cash consideration

(5) Name of the company after the business combination

No change

(6) Percentage of voting rights acquired

100%

(7) Major grounds for determining the acquiring company

RDC acquired the shares in exchange for cash.

3. Breakdown of acquisition costs and consideration for the acquired company by type

Consideration for the acquisition	Cash	US\$ 65 million (approx. ¥9.4 billion)
-----------------------------------	------	--

Acquisition cost		US\$ 65 million (approx. ¥9.4 billion)
------------------	--	--

Notes: 1. Converted to Japanese yen using the exchange rate of 144.90 yen to the U.S. dollar (as of October 3, 2022)

2. The acquisition cost is subject to be adjusted with the balance of cash and deposits, debt, and changes in working capital, as of the closing date.

3. Breakdown of major acquisition-related costs by nature and amount

Advisory fee, etc. (estimated amount): US\$ 1.8 million (approx. ¥260 million)

Note: Converted to the Japanese yen using the exchange rate of 144.90 yen to the US dollar (as of October 3, 2022)

4. Amount of goodwill arising from acquisition, reason for goodwill, method and period of amortization

Not yet determined at the moment.

5. Breakdown of assets acquired and liabilities assumed on the business combination date by amount and type

Not yet determined at the moment.

6. Method of funding

The acquisition was funded with borrowings from a financial institution as shown below:

(1) Lender: Resona Bank, Limited

(2) Amount of loan: ¥11,200 million

(3) Loan interest rate: Base rate + Spread

(4) Loan execution date: October 3, 2022

(5) Final repayment date: September 29, 2023 *

(6) Security or guarantee: Unsecured and unguaranteed

Note: The amount is scheduled to be refinanced with long-term bank loans during the above loan period.

2. Other information

As to the interim dividend for the 51st fiscal year (January 1, 2022 through December 31, 2022), the Company resolved at the Board of Directors meeting held on August 8, 2022 to pay the interim dividends to its shareholders recorded on the Company's shareholder registry dated on June 30, 2022 as follows.

(1) Total amount of dividends	2,152 million yen
(2) Amount per share	78.00 yen
(3) Effective date for right to claim dividend payment and commencement date of dividend payment	September 9, 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 Quarterly Review 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 Quarterly Review Report

November 9, 2022

To the Board of Directors of Roland Corporation:

Grant Thornton Taiyo LLC Osaka		
Designated Limited Liability Partner	Kenji Furuta, CPA	[Seal]
Engagement Partner		
Designated Limited Liability Partner	Tomohiro Norioka, CPA	[Seal]
Engagement Partner		

Auditor's Conclusion

Pursuant to the provisions of Article 193-2, Paragraph 1 of the Financial Instruments and Exchange Act, we have reviewed the quarterly consolidated financial statements of Roland Corporation (the "Company") and its consolidated subsidiaries (the "Group") provided in the "Financial Information" section in the Company's Quarterly Securities Report, namely, the quarterly consolidated balance sheet as of September 30, 2022, the quarterly consolidated statements of income, comprehensive income, and cash flows for the nine-month period then ended, and the related notes.

Based on our quarterly review, nothing has come to our attention that causes us to believe that the accompanying quarterly consolidated financial statements do not present fairly, in all material respects, the financial position of the Group as of September 30, 2022, and its consolidated financial performance and cash flows for the nine-month period then ended in accordance with the accounting principles for quarterly consolidated financial statements generally accepted in Japan.

Basis for Auditor's Conclusion

We conducted our review in accordance with the review standards for quarterly financial statements generally accepted in Japan. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Review of the Quarterly 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 we have obtained evidence to provide a basis for our conclusion.

Responsibilities of Management, Audit & Supervisory Board Members and the Audit & Supervisory Board for the Quarterly Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the quarterly consolidated financial statements in accordance with accounting principles for quarterly consolidated financial statements generally accepted in Japan, including the design, implementation and maintenance of such internal controls as management determines is necessary to enable the preparation and fair presentation of quarterly consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the quarterly consolidated financial statements, management is responsible for assessing whether it is appropriate to prepare the quarterly consolidated financial statements with the assumption of the Group's ability to continue as a going concern, and disclosing, as applicable, matters related to going concern in accordance with accounting principles for quarterly consolidated financial statements 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 Review of the Quarterly Consolidated Financial Statements

Our responsibilities are to issue an auditor's quarterly review report that includes our conclusion based on our quarterly review from an independent point of view.

As part of a quarterly review in accordance with the review standards for quarterly financial statements generally accepted in Japan, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Make inquiries, primarily of management and persons responsible for financial and accounting matters, and apply analytical and other quarterly review procedures. A quarterly review is substantially less in scope than an audit conducted in accordance with auditing standards generally accepted in Japan.
- If we determine that a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern, then we conclude, based on the evidence obtained, on whether anything has come to our attention that causes us to believe that the quarterly consolidated financial statements are not presented fairly in accordance with the accounting principles for quarterly consolidated financial statements generally accepted in Japan. Additionally, if we conclude that a material uncertainty exists, we are required to draw attention in our auditor's quarterly review report to the related notes to the quarterly consolidated financial statements or, if such notes are inadequate, to express a qualified conclusion or adverse conclusion. Our conclusions are based on the evidence obtained up to the date of our auditor's quarterly review report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate whether anything has come to our attention that causes us to believe that the overall presentation of the quarterly consolidated financial statements and the notes thereto are not in accordance with accounting principles for quarterly consolidated financial statements generally accepted in Japan, as well as whether anything has come to our attention that causes us to believe that the overall presentation, structure and content of the quarterly consolidated financial statements, including the notes thereto do not represent the underlying transactions and accounting events in a manner that achieves fair presentation.
- Obtain evidence regarding the financial information of the Group to express a conclusion on the quarterly consolidated financial statements. We are responsible for the direction, supervision and performance of the review of the quarterly consolidated financial statements. We remain solely responsible for our conclusion.

We communicate with Audit & Supervisory Board Members and the Audit & Supervisory Board regarding the planned scope and timing of the quarterly review and significant review findings.

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.

Notes: 1. The above report is the electronic version of the original Independent Auditor's Quarterly Review Report. The original report is kept separately by the Company (the reporting company of the Quarterly Securities Report).
2. The associated XBRL data are not included in the scope of the quarterly review.

Cover

Document title	Confirmation Note
Clause of stipulation	Article 24-4-8, Paragraph 1 of the Financial Instruments and Exchange Act
Place of filing	Director, Kanto Local Finance Bureau
Filing date	November 10, 2022
Company name	Roland Kabushiki Kaisha
Company name in English	Roland Corporation
Title and name of representative	Gordon Raison, CEO and Representative Director
Title and name of Chief Financial Officer	Shunsuke Sugiura, CFO and Director
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 Quarterly Securities Report**

Gordon Raison, CEO and Representative Director, and Shunsuke Sugiura, CFO and Director of Roland Corporation have confirmed that this Quarterly Securities Report for the third quarter of the 51st fiscal year (July 1, 2022 through September 30, 2022) 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.