Q1. The forecasts for net sales and operating profit for the fourth quarter of the current fiscal year appear quite challenging. Profits are susceptible especially to changes in exchange rates. How do you think you can achieve these forecasts?

Sales of new products have started off well. In addition, we will accelerate the shipment of backlog orders. We believe our profits will improve as we see signs that costs are coming down more than expected. We will also control our expenditure. What is peculiar to the third quarter is that the impact of exchange rates increased upon the elimination of unrealized gains. This is the impact arisen in the course of consolidated financial closing. The eliminated gains do not disappear but will be realized when inventories are sold and do not actually impact our business. You can see these gains as profits brought forward to the fourth quarter and thereafter.

Q2. Demand for low-priced products has slowed down principally in Europe. Has the situation changed compared to three months ago?

We think the demand has slowed down in Europe and China from when we prepared the revised earnings forecasts released in August's 8 this year. However, sell-through has generally remained solid in the other regions. At present, sell-in is stuck temporarily because dealer inventories have piled up with the recovery of product supply by manufacturers. We see this as the final phase of normalization for the supply chain.

Q3. Do you see any changes in demand for low-priced products in North America and Japan like in Europe?

Unlike in Europe, we see no changes in these regions.

Q4. Sea transportation costs are coming down. When do you think you can benefit from the decreased costs?

We believe we can benefit relatively timely.

Q5. You’ve mentioned that about 50% of the contribution of new products to sales concentrate in the fourth quarter. Is the trend more pronounced compared to average prior years? While demand is showing a downward trend, do you think you can launch new products as planned?

During the current fiscal year, the number of new products launched in the fourth quarter have increased. This is partly because new product development is taking longer than before due to constraints in the procurement of parts. Many of our new products are usually launched in
summer and fall. But the launch timing varies from year to year. A group of new products launched in the fourth quarter has started off well.

**Q6. Do you see any changes in the composition of order backlog? Please tell us about your plan toward the end of the current fiscal year.**

We have made a progress in the supply of pianos, and as a result, their order backlog has decreased significantly. That said, we still have a large order backlog for guitars and video related products. Our order backlog has been decreasing as we expected at the beginning of the current fiscal year, but we anticipate that it will still take some more time before our order backlog return to the normal level before the COVID-19 pandemic.

**Q7. Inventories have increased. What are the factors behind this increase? Also, tell us about your prospect for the coming months up to the end of the current fiscal year.**

The amounts of inventories for merchandise and finished goods and raw materials have increased, but about half the increase was impacted by exchange rates. In the run-up to winter sales season, sales tend to peak in the third quarter and decline then on.

**Q8. You opened a directly managed store in London. Please tell us about the current status of the store and your new store opening plan.**

The new store in London is very well received with many customers visiting the store. At the moment, we do not have any store opening plan to be disclosed. But when the time comes, we would like to announce.

(*) 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 known or unknown risks and uncertainties, and the statements could be different from our actual business results.