

Translation

Note: 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.



**Consolidated Financial Results
for the Fiscal Year Ended December 31, 2020
(under Japanese GAAP)**



February 12, 2021

Company name: Roland Corporation Listing: Tokyo Stock Exchange
 Security code: 7944 URL: <https://www.roland.com/global/>
 Representative: Jun-ichi Miki, CEO and Representative Director
 Contact: Shunsuke Sugiura, CFO and Senior Executive Officer
 Phone: +81-53-523-0230
 Scheduled date to hold ordinary general meeting of shareholders: March 30, 2021
 Scheduled date to commence payment of dividends: March 31, 2021
 Scheduled date to file Annual Securities Report (Yukashoken Hokokusho): March 31, 2021
 Preparation of supplementary briefing material on financial results: Yes
 Holding of financial results briefing: Yes (for institutional investors and securities analysts)

(Note) Amounts less than one million yen have been omitted.

1. Consolidated financial results for the fiscal year ended December 31, 2020 (from January 1 to December 31, 2020)

(1) Consolidated operating results (Percentage indicates year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended December 31, 2020	64,044	1.3	7,115	35.0	6,277	32.8	4,301	63.6
December 31, 2019	63,247	3.4	5,269	(10.0)	4,726	(8.6)	2,629	(13.7)

Note: Comprehensive income

For the fiscal year ended December 31, 2020: ¥3,934 million [85.4%]

For the fiscal year ended December 31, 2019: ¥2,122 million [-%]

	Basic earnings per share	Diluted earnings per share	Return on equity	Ordinary profit to total assets ratio	Operating profit margin
Fiscal year ended	Yen	Yen	%	%	%
December 31, 2020	160.13	155.37	22.7	14.0	11.1
December 31, 2019	97.92	-	14.4	11.2	8.3

Reference: Share of profit or loss of entities accounted for using equity method

For the fiscal year ended December 31, 2020: -

For the fiscal year ended December 31, 2019: -

- Notes:
- As the Company conducted a 30-for-1 common stock split effective on September 14, 2020, both basic and diluted earnings per share were calculated based on the assumption that the stock split had been conducted at the beginning of the fiscal year ended December 31, 2019.
 - Diluted earnings per share for the fiscal year ended December 31, 2019 is not stated because the Company's stock was not listed and thus the average stock price is not available during that fiscal year.
 - 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 that fiscal year.

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
December 31, 2020	46,096	20,151	43.1	730.91
December 31, 2019	43,532	18,227	41.3	670.07

Reference: Equity (Shareholders' equity + Accumulated other comprehensive income)

As of December 31, 2020: ¥19,853 million As of December 31, 2019: ¥17,993 million

Note: As the Company conducted a 30-for-1 common stock split effective on September 14, 2020, net assets per share was calculated based on the assumption that the stock split had been conducted at the beginning of the fiscal year ended December 31, 2019.

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
Fiscal year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
December 31, 2020	6,902	(901)	(3,669)	10,832
December 31, 2019	4,992	(1,588)	(3,146)	8,815

2. Dividends

	Annual dividend per share					Total dividends (Annual)	Dividend payout ratio (Consolidated)	Dividend on equity (Consolidated)
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total			
Fiscal year ended	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
December 31, 2019	—	1,646.00	—	1,416.00	3,062.00	2,790	106.1	15.0
December 31, 2020	—	1,080.00	—	36.00	—	1,977	46.0	10.3
Fiscal year ending December 31, 2021 (forecast)	—	47.00	—	47.00	94.00		49.9	

- Note: 1. While the Company conducted a 30-for-1 common stock split effective on September 14, 2020, the dividends per share for the fiscal year ended December 31, 2019 and the second quarter-end of the fiscal year ended December 31, 2020 are figures before the stock split. The annual dividend per share for the fiscal year ended December 31, 2020 is not presented because the figures for the second quarter-end and the fiscal year-end cannot be simply added up due to the stock split. If the effect of the stock split is taken into account, the dividend per share for the second quarter-end of the fiscal year ended December 31, 2020 will be 36 yen, resulting in the annual dividend per share of 72 yen.
2. The total dividends include the dividends paid to Management Stock Ownership Plan Trust, Employee Stock Ownership Plan Trust and Employee Stock Ownership Plan Trust through the Employee Shareholding Association (¥50 million and ¥32 million for the fiscal years ended December 31, 2019 and 2020, respectively). The dividend payout ratio is calculated by dividing the total dividends by profit attributable to owners of parent.

3. Forecast of consolidated financial results for the fiscal year ending December 31, 2021 (from January 1 to December 31, 2021) (Percentage indicates year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
First six months	32,100	13.7	2,000	(25.0)	1,600	(31.6)	1,200	(27.3)	44.18
Fiscal year	68,400	6.8	7,500	5.4	6,900	9.9	5,200	20.9	191.44

[Notes]

- (1) Changes in significant subsidiaries during the current period (Changes in specified subsidiaries resulting in the change in scope of consolidation): None
- (2) Changes in accounting policies, changes in accounting estimates and restatements of prior period financial statements
- 1) Changes in accounting policies due to application of new or revised accounting standards: None
 - 2) Changes in accounting policies due to reasons other than above 1): None
 - 3) Changes in accounting estimates: None
 - 4) Restatements of prior period financial statements: None
- (3) Number of shares of common stock issued
- 1) Number of shares issued (including treasury stock)
 - As of December 31, 2020: 27,581,366 shares
 - As of December 31, 2019: 27,343,830 shares
 - 2) Number of shares of treasury stock
 - As of December 31, 2020: 418,810 shares
 - As of December 31, 2019: 491,010 shares
 - 3) Average number of shares of common stock during the period
 - Fiscal year ended December 31, 2020: 26,863,796 shares
 - Fiscal year ended December 31, 2019: 26,852,820 shares

- Notes: 1. As the Company conducted a 30-for-1 common stock split effective on September 14, 2020, the “Number of shares issued (including treasury stock)”, “Number of shares of treasury stock” and “Average number of shares of common stock during the period” were calculated based on the assumption that the stock split had been conducted at the beginning of the fiscal year ended December 31, 2019.
2. The aggregate number of shares of the Company held by the Management Stock Ownership Plan Trust, Employee Stock Ownership Plan Trust and Employee Stock Ownership Plan Trust through the Employee Shareholding Association was included in the number of shares of treasury stock, which was to be deducted from the calculation of the average number of shares of common stock during the period. It is noted that the average numbers of shares of common stock held by these trusts after the stock split during the fiscal years ended December 31, 2019 and 2020 were 491,010 shares and 490,416 shares, respectively.

(Reference) Overview of non-consolidated financial results

1. Non-consolidated financial results for the fiscal year ended December 31, 2020 (from January 1 to December 31, 2020)

(1) Non-consolidated operating results (Percentage indicates year-on-year changes.)

Fiscal year ended	Net sales		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
December 31, 2020	25,966	4.2	2,026	92.2	5,773	72.8	5,106	130.0
December 31, 2019	24,924	1.1	1,053	(65.1)	3,341	3.9	2,220	33.7

Fiscal year ended	Basic earnings per share	Diluted earnings per share
	Yen	Yen
December 31, 2020	190.08	184.43
December 31, 2019	82.68	—

- Notes: 1. As the Company conducted a 30-for-1 common stock split effective on September 14, 2020, both basic and diluted earnings per share were calculated based on the assumption that the stock split had been conducted at the beginning of the fiscal year ended December 31, 2019.
2. Diluted earnings per share for the fiscal year ended December 31, 2019 is not stated because the Company's stock was not listed and thus the average stock price is not available during that fiscal year.
3. 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 that fiscal year.

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
December 31, 2020	41,699	20,514	48.8	749.42
December 31, 2019	37,863	17,448	45.8	645.93

Reference: Equity (Shareholders' equity + Accumulated other comprehensive income)

As of December 31, 2020: ¥20,356 million As of December 31, 2019: ¥17,345 million

Note: As the Company conducted a 30-for-1 common stock split effective on September 14, 2020, net assets per share was calculated based on the assumption that the stock split had been conducted at the beginning of the fiscal year ended December 31, 2019.

< Summary for variance of non-consolidated financial result the fiscal year ended December 31, 2019 and the fiscal year ended December 31, 2020 >

Financial result for the fiscal year ended December 31, 2020 differed from that of the previous fiscal year, mainly due to the decreased expenses accompanied by the COVID-19 pandemic and the increased dividend income from its consolidated subsidiaries.

* This financial results report is not subject to audit procedures to be performed by certified public accountants or an audit firm.

* [Proper use of earning forecasts, and other special notes]
(Disclaimer with respect to earnings and other forecasts)

- The forward-looking statements including earnings forecast contained in this document are based on information currently available to us and certain assumptions that we believe are reasonable. Accordingly, we can give no assurance that such statements will prove to be correct. Actual results may differ from the results anticipated in these forward-looking statements due to a variety of factors. For further information on the forecast of consolidated financial results, please refer to "1. Overview of Operating Results, etc. (1) Overview of operating results for the fiscal year ended December 31, 2020 (ii) Future outlook" on page 4 of the Attached Materials.
- The Company will hold a financial results briefing for institutional investors and securities analysts on Wednesday, February 17, 2021. Materials used at the financial results briefing will be posted on the Company's website.

Contents of Attached Materials

1. Overview of Operating Results, etc.	P. 2
(1) Overview of operating results for the fiscal year ended December 31, 2020	P. 2
(2) Overview of financial position for the fiscal year ended December 31, 2020	P. 4
(3) Basic policy for profit distribution and dividends for the fiscal year ending December 31, 2021	P. 4
2. Basic Approach to Selection of Accounting Standards	P. 5
3. Consolidated Financial Statements and Major Notes	P. 6
(1) Consolidated balance sheets	P. 6
(2) Consolidated statements of income and consolidated statements of comprehensive income	P. 8
(3) Consolidated statements of changes in equity	P. 10
(4) Consolidated statements of cash flows	P. 12
(5) Notes to consolidated financial statements	P. 14
(Going concern assumption)	P. 14
(Segment information, etc.)	P. 14
(Per share information)	P. 14
(Subsequent events)	P. 15

1. Overview of Operating Results, etc.

(1) Overview of operating results for the fiscal year ended December 31, 2020

(i) Operating results for the fiscal year ended December 31, 2020

During the fiscal year ended December 31, 2020 (the “fiscal year under review”), global economic activities were significantly restricted by the COVID-19 pandemic around the world. During and after the third quarter of the fiscal year under review, there was some relaxation of pandemic-control measures; however, the economic outlook remained uncertain, reflecting the second and third waves of COVID-19.

The music instruments industry, in which Roland Corporation and its subsidiaries and associate (the “Roland Group”) operates, was also affected by the COVID-19 pandemic, and many stores operated by our business partners were forced to close as a result of pandemic-control measures implemented in countries across the world. The Roland Group also had to suspend operations of its factory in China and its mainstay factory in Malaysia. On the other hand, demand for music instruments grew significantly, especially for electronic music instruments, which are suitable to be sold online, due to the prolonged stay-home period.

Under such circumstances, with the corporate vision of “bringing the WAKUWAKU thrill and excitement to all the people in the world,” the Roland Group have worked on “development of original high value products and services”, “customer creation and market development through a continuously strengthened bond between Roland and its enthusiastic fans”, “effective SCM that secures business continuity without shortages or overstock” and “human resources development in support of growth and good governance through visualization.”

To develop original high value products and services, we continued to work on product development aiming at reactivating customers who once played but stopped for some reason and acquiring 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 common platform for various product categories with an eye to medium- to long-term growth. We also facilitated integrated planning that allows us to convert an idea to a product more efficiently and swiftly. Additionally, in order to create a new business foundation, we focused our efforts on enhancing the content of the cloud-base subscription service *Roland Cloud* that offers a variety of software sound sources as well as to build systems to develop new services to make the service even more appealing. In May 2020, we released a software synthesizer *ZENOLOGY* that allows data sharing between compatible Roland hardware and software.

To create customers and develop markets through a continuously strengthened bond between Roland and its enthusiastic fans, we continued to accelerate the utilization of digital marketing. While many music events have been cancelled to prevent further spread of COVID-19, we created attractive digital content and delivered the information to many potential and actualized customers through partnerships with musicians and key influencers around the world. In October 2020, we held an online user-interactive event “Roland/BOSS Players Summit” in Japan. In terms of regional efforts, we carried out effective sales activities with a focus on online activities to respond to growing demand from stay home — for electronic music instruments, which became evident amid the COVID-19 pandemic, especially in our major markets, North America and Europe.

To achieve effective SCM that secures business continuity without shortages or overstock, despite the suspension of operations of our mainstay factory to prevent the spread of COVID-19, we worked hard for early resumption of the operations by taking various preventive measures at production sites. We also strove to substantially increase production and ensure the appropriate inventory allocation in order to prepare for demand growth and another suspension of production activities.

To develop human resources in support of growth and good governance through visualization, we promoted the creation of a flexible working environment and HR system that can adapt to different working styles by increasing the engagement between employers and employees through the proactive adoption of remote work and online meetings on a global basis to prevent the spread of COVID-19.

Consequently, we reported net sales for the fiscal year under review of ¥64,044 million (up 1.3% year on year). In terms of profit or loss, we reported operating profit of ¥7,115 million (up 35.0% year on year), with ordinary profit of ¥6,277 million (up 32.8%) and profit attributable to owners of parent of ¥4,301 million (up 63.6%).

[Keyboards]

Among mainstay product categories, sales, especially online sales, of *FP series* portable electronic pianos and *GO series* electronic keyboards were strong, boosted by the emerging demand from stay home for electronic music instruments. During

and after the third quarter of the fiscal year under review, the expansion of sales channels in North America started to get on track, which led to growth in sales in that region.

Consequently, sales of keyboards for the fiscal year under review stood at ¥17,842 million (up 4.3% year on year).

[Percussion and Wind Instruments]

Among mainstay product categories, despite sales of electronic drums adversely affected over a prolonged period by suspension of operations of Roland Music Schools in China due to the COVID-19 pandemic, strong sales of the new V-Drums Acoustic Design series resulted in sales growth, especially in Europe and Japan.

Sales were steady for electronic wind instruments, especially in Europe, China and emerging countries, boosted by the emerging demand from stay home for electronic music instruments.

Consequently, sales of percussion and wind instruments for the fiscal year under review stood at ¥14,620 million (up 2.9% year on year).

[Guitar-related Products]

Among mainstay product categories, despite strong performance of looper series, which allows users to enjoy playing an instrument along with previously recorded performance, in Europe, sales of guitar effects dropped, reflecting the prolonged effects of falls in Brick & Mortar sales and demand for live event use in North America, Japan and emerging countries due to the COVID-19 pandemic.

As for amplifiers for music instruments, the growing demand from stay home for electronic music instruments invigorated the compact amplifier market. Sales of the Company's amplifiers also steadily grew thanks to continued strong sales of a wireless headphone personal guitar amplification system *Waza-Air*, which had been released in the previous fiscal year, in addition to the revamp of *KATANA*, our popular guitar amplifier series.

Consequently, sales of guitar-related products for the fiscal year under review stood at ¥16,712 million (down 0.2% year on year).

[Creation-related Products and Services]

Among mainstay product categories, sales of synthesizers fell, reflecting the weak demand for live event use due to the COVID-19 pandemic, despite strong performance of new products, including a compact stage piano *RD-88* and our flagship synthesizer *JUPITER-X*.

Sales of dance and DJ-related products declined due to a reactionary drop in sales of products released in the previous fiscal year.

In the software and service domain, sales increased substantially thanks to, among other things, the launch of new price plans and a new sales plan for software sound sources, as well as software version upgrade for *Roland Cloud*.

Consequently, sales of creation-related products and services for the fiscal year under review stood at ¥8,010 million (down 3.1% year on year).

[Video and Professional Audio]

Among mainstay product categories, new demand for hybrid events — live events combined with live streaming— and growing demand for video distribution by corporations, educational organizations and individuals boosted sales of video-related products significantly despite a drop in demand for event and rental uses due to the COVID-19 pandemic.

On the other hand, we struggled with sales of audio-related devices, affected by stagnant demand for capital expenditures.

Consequently, sales of video and professional audio for the fiscal year under review stood at ¥4,597 million (up 7.2% year on year).

(ii) Future outlook

We have made the consolidated financial forecasts for the fiscal year ending December 31, 2021 with net sales of ¥68,400 million (up 6.8% year on year), operating profit of ¥7,500 million (up 5.4%), ordinary profit of ¥6,900 million (up 9.9%) and profit attributable to owners of parent of ¥5,200 million (up 20.9%).

The forward-looking statements in this document contain inherent risks and uncertainties insofar as they are based on future projections and plans that may differ materially from the actual results achieved.

(2) Overview of financial position for the fiscal year ended December 31, 2020

(i) Assets as of December 31, 2020

Total assets as of December 31, 2020 increased by ¥2,563 million year on year to ¥46,096 million. This was mainly due to increases in cash and deposits of ¥2,017 million and inventories of ¥3,859 million, which were partially offset by a decrease in trade receivables of ¥2,982 million. The increases in cash and deposits resulted from the status of cash flows as described in detail below.

Total liabilities as of December 31, 2020 increased by ¥640 million year on year to ¥25,945 million. This was mainly due to increases in trade payables of ¥1,097 million and provision for bonuses of ¥346 million, which were partially offset by a decrease in borrowings of ¥1,394 million.

Net assets as of December 31, 2020 increased by ¥1,923 million year on year to ¥20,151 million. This was mainly due to the recording of profit attributable to owners of parent of ¥4,301 million, which was partially offset by payment of dividends of ¥2,275 million and a decrease in foreign currency translation adjustment of ¥487 million, reflecting the appreciation of Japanese yen against major foreign currencies.

Consequently, the equity ratio as of December 31, 2020 increased by 1.7 percentage points year on year to 43.1%.

(ii) Cash flows for the fiscal year ended December 31, 2020

Cash and cash equivalents as of December 31, 2020 increased by ¥2,017 million year on year to ¥10,832 million.

Net cash provided by operating activities amounted to ¥6,902 million (up ¥1,910 million in the inflow year on year) mainly due to the recording of profit before income taxes.

Net cash used in investing activities amounted to ¥901 million (down ¥686 million in the outflow year on year) mainly due to purchase of property, plant and equipment.

Net cash used in financing activities amounted to ¥3,669 million (up ¥523 million in the outflow year on year) mainly due to payment of dividends and repayment of borrowings.

(3) Basic policy for profit distribution and dividends for the fiscal year ending December 31, 2021

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 these efforts, we will, in principle, aim for a consolidated total return ratio of 50%, or at least 30% even if it is necessary to secure funds for growth investment.

Given the above policy and financial standing of the Company, we will pay a fiscal year-end dividend of ¥36 per share (resulting in an annual dividend of ¥72 per share, given an interim dividend of ¥36 per share if the effect of the stock split is taken into account) for the fiscal year under review. For the fiscal year ending December 31, 2021, we plan to pay an annual dividend of ¥94 per share (consisting of interim dividend of ¥47 per share and fiscal year-end dividend of ¥47 per share).

2. Basic Approach to Selection of Accounting Standards

The Group prepares consolidated financial statements in accordance with generally accepted accounting principles in Japan (Japanese GAAP). The Group will work on the adoption of the International Financial Reporting Standards (IFRS) in an appropriate manner, taking into consideration various domestic and international circumstances.

3. Consolidated Financial Statements and Major Notes

(1) Consolidated balance sheets

	(Millions of yen)	
	Previous fiscal year (As of December 31, 2019)	Current fiscal year (As of December 31, 2020)
Assets		
Current assets:		
Cash and deposits	8,815	10,832
Notes and accounts receivable – trade	8,913	5,930
Merchandise and finished goods	11,245	13,622
Work in process	770	889
Raw materials and supplies	2,199	3,563
Other	1,518	1,558
Allowance for doubtful accounts	(398)	(338)
Total current assets	33,064	36,058
Non-current assets:		
Property, plant and equipment:		
Buildings and structures	11,271	10,877
Accumulated depreciation	(8,509)	(8,159)
Buildings and structures, net	2,762	2,717
Machinery, equipment and vehicles	1,222	1,091
Accumulated depreciation	(872)	(845)
Machinery, equipment and vehicles, net	349	246
Tools, furniture and fixtures	5,140	5,502
Accumulated depreciation	(4,142)	(4,377)
Tools, furniture and fixtures, net	997	1,124
Land	1,657	1,652
Construction in progress	17	20
Total property, plant and equipment	5,784	5,761
Intangible assets	877	759
Investments and other assets:		
Investment securities	966	949
Long-term loans receivable	32	5
Deferred tax assets	1,818	1,816
Other	1,037	854
Allowance for doubtful accounts	(48)	(110)
Total investments and other assets	3,806	3,517
Total non-current assets	10,468	10,038
Total assets	43,532	46,096

(Millions of yen)

	Previous fiscal year (As of December 31, 2019)	Current fiscal year (As of December 31, 2020)
Liabilities		
Current liabilities:		
Notes and accounts payable – trade	4,130	5,228
Short-term borrowings	3,118	138
Current portion of long-term borrowings	1,000	3,935
Lease obligations	276	381
Accrued expenses	2,190	2,445
Income taxes payable	401	467
Provision for bonuses	1,062	1,441
Provision for bonuses for directors (and other officers)	62	84
Provision for product warranties	220	294
Provision for loss on competition law	574	562
Other	1,668	1,999
Total current liabilities	14,707	16,979
Non-current liabilities:		
Long-term borrowings	7,111	5,762
Lease obligations	685	674
Deferred tax liabilities	21	22
Provision for bonuses	32	–
Provision for bonuses for directors (and other officers)	85	–
Provision for product warranties	0	0
Provision for share-based remuneration	225	217
Provision for share-based remuneration for directors (and other officers)	19	25
Retirement benefit liability	1,614	1,482
Asset retirement obligations	89	85
Other	712	694
Total non-current liabilities	10,598	8,965
Total liabilities	25,305	25,945
Net assets		
Shareholders' equity:		
Share capital	9,421	9,490
Capital surplus	–	69
Retained earnings	11,203	13,230
Treasury shares	(473)	(403)
Total shareholders' equity	20,151	22,386
Accumulated other comprehensive income:		
Valuation difference on available-for-sale securities	(10)	(51)
Foreign currency translation adjustment	(1,716)	(2,203)
Remeasurements of defined benefit plans	(432)	(278)
Total accumulated other comprehensive income	(2,158)	(2,533)
Share acquisition rights	103	158
Non-controlling interests	131	139
Total net assets	18,227	20,151
Total liabilities and net assets	43,532	46,096

(2) Consolidated statements of income and consolidated statements of comprehensive income

Consolidated statements of income

(Millions of yen)

	Previous fiscal year (From January 1, 2019 to December 31, 2019)	Current fiscal year (From January 1, 2020 to December 31, 2020)
Net sales	63,247	64,044
Cost of sales	33,006	33,664
Gross profit	30,240	30,379
Selling, general and administrative expenses	24,971	23,264
Operating profit	5,269	7,115
Non-operating income:		
Interest income	31	11
Dividend income	105	21
Subsidy income	42	99
Gain on valuation of investments in money held in trust	39	–
Other	47	22
Total non-operating income	265	154
Non-operating expenses:		
Interest expenses	68	34
Sales discounts	480	576
Foreign exchange losses	168	158
Listing expenses	19	133
Other	70	89
Total non-operating expenses	808	992
Ordinary profit	4,726	6,277
Extraordinary income:		
Gain on sales of non-current assets	19	125
Gain on sales of investment securities	11	–
Gain on termination of retirement benefit plan	158	–
Total extraordinary income	188	125
Extraordinary losses:		
Loss on sales and retirement of non-current assets	19	29
Impairment loss	100	–
Loss on valuation of investment securities	185	–
Provision for loss on competition law	529	–
Loss on competition law	–	343
Loss related to COVID-19	–	183
Total extraordinary losses	835	556
Profit before income taxes	4,080	5,846
Income taxes – current	1,712	1,636
Income taxes – deferred	(224)	(98)
Total income taxes	1,488	1,538
Profit	2,591	4,307
Profit (loss) attributable to non-controlling interests	(37)	6
Profit attributable to owners of parent	2,629	4,301

Consolidated statements of comprehensive income

(Millions of yen)

	Previous fiscal year (From January 1, 2019 to December 31, 2019)	Current fiscal year (From January 1, 2020 to December 31, 2020)
Profit	2,591	4,307
Other comprehensive income:		
Valuation difference on available-for-sale securities	194	(41)
Foreign currency translation adjustment	(394)	(485)
Remeasurements of defined benefit plans, net of tax	(268)	153
Total other comprehensive income	(469)	(373)
Comprehensive income	2,122	3,934
Comprehensive income attributable to:		
Owners of parent	2,167	3,926
Non-controlling interests	(44)	8

(3) Consolidated statements of changes in equity

Previous fiscal year (from January 1, 2019 to December 31, 2019)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total
Balance, January 1, 2019	9,421	469	10,890	(473)	20,307
Cumulative effects of changes in accounting policies			25		25
Restated balance	9,421	469	10,916	(473)	20,333
Changes during period					
Dividends of surplus			(1,500)		(1,500)
Profit (loss) attributable to owners of parent			2,629		2,629
Purchase of investments in capital of consolidated subsidiaries		(469)	(841)		(1,310)
Net changes in items other than shareholders' equity					–
Total changes during period	–	(469)	287	–	(181)
Balance, December 31, 2019	9,421	–	11,203	(473)	20,151

	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, 2019	(204)	(1,328)	(163)	(1,696)	68	(157)	18,522
Cumulative effects of changes in accounting policies				–			25
Restated balance	(204)	(1,328)	(163)	(1,696)	68	(157)	18,548
Changes during period							
Dividends of surplus				–			(1,500)
Profit (loss) attributable to owners of parent				–			2,629
Purchase of investments in capital of consolidated subsidiaries				–			(1,310)
Net changes in items other than shareholders' equity	194	(387)	(268)	(462)	34	288	(138)
Total changes during period	194	(387)	(268)	(462)	34	288	(320)
Balance at December 31, 2019	(10)	(1,716)	(432)	(2,158)	103	131	18,227

Current 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 (loss) 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 of items during period							
Issuance of new shares - exercise of share acquisition rights				–			139
Dividends of surplus				–			(2,275)
Profit (loss) 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

(4) Consolidated statements of cash flows

(Millions of yen)

	Previous fiscal year (From January 1, 2019 to December 31, 2019)	Current fiscal year (From January 1, 2020 to December 31, 2020)
Cash flows from operating activities:		
Profit before income taxes	4,080	5,846
Depreciation	1,537	1,568
Impairment loss	100	–
Amortization of goodwill	4	4
Provision for loss on competition law	529	–
Increase (decrease) in retirement benefit liability	(5)	81
Interest and dividend income	(136)	(33)
Interest expenses	68	34
Foreign exchange losses (gains)	52	240
Loss (gain) on sales and retirement of non-current assets	(0)	(96)
Loss (gain) on sales of investment securities	(11)	–
Loss (gain) on valuation of investment securities	185	–
Gain on termination of retirement benefit plan	(158)	–
Decrease (increase) in trade receivables	(846)	2,172
Decrease (increase) in inventories	(1,239)	(4,288)
Increase (decrease) in trade payables	248	1,478
Other, net	1,555	1,711
Subtotal	5,964	8,720
Interest and dividends received	128	32
Interest paid	(55)	(33)
Income taxes paid	(1,044)	(1,816)
Net cash provided by (used in) operating activities	4,992	6,902
Cash flows from investing activities:		
Purchase of property, plant and equipment	(1,036)	(1,012)
Proceeds from sales of property, plant and equipment	45	149
Purchase of intangible assets	(576)	(152)
Proceeds from sales of investment securities	16	–
Long-term loan advances	(51)	(5)
Collection of long-term loans receivable	57	45
Other, net	(43)	73
Net cash provided by (used in) investing activities	(1,588)	(901)

	(Millions of yen)	
	Previous fiscal year (From January 1, 2019 to December 31, 2019)	Current fiscal year (From January 1, 2020 to December 31, 2020)
Cash flows from financing activities:		
Net increase (decrease) in short-term borrowings	1,057	(2,949)
Proceeds from long-term borrowings	–	6,200
Repayments of long-term borrowings	(1,012)	(4,614)
Proceeds from issuance of shares	–	90
Proceeds from sales of treasury shares	–	226
Purchase of treasury shares	–	(0)
Dividends paid	(1,902)	(2,275)
Dividends paid to non-controlling interests	(102)	–
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(878)	–
Other, net	(306)	(347)
Net cash provided by (used in) financing activities	(3,146)	(3,669)
Effect of exchange rate change on cash and cash equivalents	(494)	(313)
Net increase (decrease) in cash and cash equivalents	(237)	2,017
Cash and cash equivalents at beginning of period	9,052	8,815
Cash and cash equivalents at end of period	8,815	10,832

(5) Notes to consolidated financial statements

(Going concern assumption)

Not applicable.

(Segment information, etc.)

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

(Per share information)

	Previous fiscal year (from January 1, 2019 to December 31, 2019)	Current fiscal year (from January 1, 2020 to December 31, 2020)
Net assets per share	670.07 yen	730.91 yen
Basic earnings per share	97.92 yen	160.13 yen
Diluted earnings per share	–	155.37 yen

- Notes:
1. Diluted earnings per share for the fiscal year ended December 31, 2019 is not stated because the Company's stock was not listed and thus the average stock price is not available during that fiscal year.
 2. 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.
 3. As 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 were calculated based on the assumption that the stock split had been conducted at the beginning of the fiscal year ended December 31, 2019.
 4. For the purpose of calculating Net assets per share, the aggregate number of shares of the Company held by the Management Stock Ownership Plan Trust, Employee Stock Ownership Plan Trust and Employee Stock Ownership Plan Trust through the Employee Shareholding Association was included in the number of shares of treasury stock, 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 shares of treasury stock, 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, 2019 and 2020 were 491,010 shares and 490,416 shares, respectively. Meanwhile, the aggregate number of shares of the Company held by these trusts as of December 31, 2019 and 2020 were 491,010 shares and 418,720 shares, respectively.

5. 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, 2019 to December 31, 2019)	Current fiscal year (from January 1, 2020 to December 31, 2020)
Basic earnings per share		
Profit attributable to owners of parent	2,629	4,301
Profit not attributable to common shareholders	–	–
Profit attributable to common shareholders of parent	2,629	4,301
Average number of shares of common stock during the period (Thousands of shares)	26,852	26,863
Diluted earnings per share		
Adjustment to profit attributable to owners of parent	–	–
Number of shares of common stock increased (Thousands of shares)	–	823
[of which, number of share acquisition rights] (Thousands of shares)	[–]	[823]
Summary of potential shares not included in the calculation of diluted earnings per share due to their anti-dilutive effect	–	–

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

(Millions of yen, unless otherwise stated)

	Previous fiscal year (from January 1, 2019 to December 31, 2019)	Current fiscal year (from January 1, 2020 to December 31, 2020)
Total net assets	18,227	20,151
Deductions from total net assets	234	297
[of which, share acquisition rights]	[103]	[158]
[of which, non-controlling interests]	[131]	[139]
Net assets applicable to common stock at end of period	17,993	19,853
Number of shares of common stock at end of period used for the calculation of net assets per share (Thousands of shares)	26,852	27,162

(Subsequent events)

Not applicable.