

Translation

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Consolidated Financial Results
for the Second Quarter of the Fiscal Year Ending December 31, 2021
(under Japanese GAAP)



August 6, 2021

Company name: Roland Corporation Listing: Tokyo Stock Exchange
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 Scheduled date to file Quarterly Securities Report (*Shihanki Hokokusho*): August 10, 2021
 Scheduled date to commence payment of dividends: September 7, 2021
 Preparation of supplementary briefing material on quarterly financial results: Yes
 Holding of quarterly 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 second quarter of the fiscal year ending December 31, 2021 (from January 1 to June 30, 2021)

(1) Consolidated operating results (Percentages indicate 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	%
Six months ended June 30, 2021	43,030	52.4	7,845	194.2	7,456	218.7	6,179	274.5
June 30, 2020	28,234	(3.2)	2,666	35.2	2,339	36.6	1,650	25.5

Note: Comprehensive income

For the six months ended June 30, 2021: ¥7,611 million [- %]
 For the six months ended June 30, 2020: ¥ 654 million [(11)%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended June 30, 2021	225.71	220.44
June 30, 2020	61.46	-

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, 2020.

2. Diluted earnings per share for the six months ended June 30, 2020 is not stated because the Company's stock was not listed and thus the average stock price was not available during that period.

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of June 30, 2021	50,388	26,807	52.7
December 31, 2020	46,096	20,151	43.1

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

As of June 30, 2021: ¥26,540 million As of December 31, 2020: ¥19,853 million

2. Dividends

	Annual dividend per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
Fiscal year ended December 31, 2020	Yen -	Yen 1,080.00	Yen -	Yen 36.00	Yen -
Fiscal year ending December 31, 2021	-	69.00	-	-	-
Fiscal year ending December 31, 2021 (forecast)	-	-	-	69.00	138.00

Note: 1. Revisions from the most recently announced dividends forecast: Yes

For the details, please refer to the press release titled "Notice regarding interim dividends of Surplus (Upward Revision) and revisions to dividend forecasts" announced today (on August 6, 2021).

2. While the Company conducted a 30-for-1 common stock split effective on September 14, 2020, the dividends per share for the second quarter-end of the fiscal year ended December 31, 2020 is a figure 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.

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

(Percentages indicate year-on-year changes.)

Fiscal year	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
	78,800	23.0	10,800	51.8	10,100	60.9	7,700	79.0	280.52

Note: Revisions from the most recently announced forecast of consolidated financial results: None

[Notes]

- (1) Changes in significant subsidiaries during the current period (Changes in specified subsidiaries resulting in the change in scope of consolidation): None
- (2) Adoption of accounting treatment specific to the preparation of quarterly consolidated financial statements: None
- (3) 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
- (4) Number of shares of common stock issued
 - 1) Number of shares issued (including treasury shares)

As of June 30, 2021:	27,970,534 shares
As of December 31, 2020:	27,581,366 shares
 - 2) Number of treasury shares

As of June 30, 2021:	453,884 shares
As of December 31, 2020:	418,810 shares
 - 3) Average number of shares of common stock during the period (cumulative from the beginning of the fiscal year)

Six months ended June 30, 2021:	27,379,679 shares
Six months ended June 30, 2020:	26,852,820 shares

Notes: 1. As the Company conducted a 30-for-1 common stock split effective on September 14, 2020, the "Average number of shares of common stock during the period (cumulative from the beginning of the fiscal year)" was calculated based on the assumption that the stock split had been conducted at the beginning of the fiscal year ended December 31, 2020.

2. 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. It is noted that the average numbers of shares of common stock held by these trusts after the stock split during the six months ended June 30, 2020 and 2021 were 491,010 shares and 423,973 shares, respectively.

* This quarterly financial results report is not subject to quarterly review procedures 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 and certain assumptions that are believed to be reasonable. Accordingly, please be advised that the Company does not guarantee the achievement of the forecasts and the actual results may differ from the results described in this forward-looking statements due to a variety of factors. For further information on the forecast of consolidated financial results, please refer to "Explanation of forward-looking information including consolidated earnings forecast" on page 4 of the Attached Materials.
- The Company will hold a quarterly financial results briefing for institutional investors and securities analysts on Tuesday, August 10, 2021. Materials used at the quarterly financial results briefing will be posted on the Company's website.

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1. Qualitative Information on Quarterly Consolidated Financial Results

(1) Explanation of consolidated operating results

During the six months ended June 30, 2021, the global economic environment surrounding the Group saw an increase in economic activities along with progress in vaccination against COVID-19. However, the situation remained unstable due in part to the outbreak of COVID-19 variants, which are believed to be more transmissible, making infection control even more difficult.

The electronic musical instruments business continued to enjoy firm demand especially from customers taking up a challenge to start playing musical instruments or those who resume musical performance, both hoping to enjoy themselves, as the new lifestyle brought by COVID-19 has become normal. The major attraction of electronic musical instruments is that people can enjoy playing them alone or with others whenever and wherever they want.

However, on the supply side, Malaysia, where our main factory is located, experienced a worsening outbreak of COVID-19 from the latter half of the second quarter of the current fiscal year. In accordance with the instructions of the Malaysian government and authorities, we took measures such as restricting or suspending the operations of our Malaysian factory. These measures, however, did not have any impact on our results for the second quarter.

As a result of the above, during the six months ended June 30, 2021, net sales stood at ¥43,030 million (up 52.4% year on year) with operating profit of ¥7,845 million (up 194.2% year on year), ordinary profit of ¥7,456 million (up 218.7% year on year), and profit attributable to owners of parent of ¥6,179 million (up 274.5% year on year).

The result has been over the consolidated financial result forecasts announced by Notice of Revisions of Financial Result Forecasts on May 7, 2021. (Refer to the following)

※Variance from the consolidated financial result forecasts for the second quarter of the fiscal year ending December 31, 2021. (January 1, 2021 to June 30, 2021)

	Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent	Basic earnings per share
Previous forecast (A) (Announced on May 7, 2021)	Million Yen 41,400	Million Yen 6,300	Million Yen 6,000	Million Yen 4,600	Yen 168.54
Result(B)	43,030	7,845	7,456	6,179	225.71
Change (B-A)	1,630	1,545	1,456	1,579	—
Change (%)	3.9%	24.5%	24.3%	34.3%	—
(Reference) Previous 2nd quarter results (January 1, 2021 - June 30, 2021)	28,234	2,666	2,339	1,650	61.46

Sales performance by mainstay category is as shown below:

[Keyboards]

Among mainstay categories, sales of electronic pianos remained strong across regions, driven by brisk demand from people staying home for longer hours in the wake of the COVID-19 pandemic. Sales of new portable piano series and new space-saving models went well. Sales of medium- to high-end products at retail stores also recovered as more stores resumed normal business operations compared to the same period of the previous fiscal year.

As a result of the above, net sales from the Keyboards category amounted to ¥13,165 million (up 68.6 % year on year).

[Percussion and Wind Instruments]

Among mainstay categories, sales of electronic drums, especially the V-Drums Acoustic Design series launched in the previous fiscal year, remained strong, and sales soared in all regions.

Sales of electronic wind instruments marked a significant increase backed by the highest model of Aerophone launched in the fourth quarter of the previous fiscal year and the limited model released in the current fiscal year.

As a result of the above, net sales from the Percussion and Wind Instruments category amounted to ¥10,003 million (up 74.7% year on year).

[Guitar-related Products]

Among mainstay categories, sales of guitar effects soared, backed especially by strong sales of new product families launched during the fourth quarter of the previous fiscal year and other products such as the anniversary versions of compact effects released in the current fiscal year.

Sales of musical instruments amplifiers, especially the KATANA amplifier series increased mainly in Europe and North America. In addition, there was a recovery in sales of products intended for outdoor use and those intended for stage use.

As a result of the above, net sales from the Guitar-related Products category amounted to ¥10,664 million (up 37.1% year on year).

[Creation-related Products & Services]

Among mainstay categories, sales of synthesizers performed strongly, driven by increased demand for electronic pianos from people staying home for longer hours amid the COVID-19 pandemic and the return of live performance demand accompanying the recovery in performance opportunities. Not only synthesizers equipped with 88 keys like electronic pianos but also stage pianos contributed to sales growth.

Sales of dance and DJ-related products also soared, driven by strong sales of new product families launched during the previous and current fiscal years.

In the software and service domain, a service where software sound source could be obtained at a monthly membership fee was offered. Through Roland Cloud platform, new versions of software sound source were released in addition to the upgrade software which enables existing drum products to expand their functions.

As a result of the above, net sales from the Creation-related Products & Services category amounted to ¥5,564 million (up 44.8% year on year).

[Video and Professional Audio]

Among mainstay categories, sales of video related products such as AV mixers performed strongly despite the impact of new products from competitors, backed by rising video distribution demand from businesses, educational institutions, and individuals.

Sales of professional audio related products remained sluggish due to the lack of recovery in capital investment demand under the influence of preventive measures against the spread of COVID-19.

As a result of the above, net sales from the Video and Professional Audio category amounted to ¥2,315 million (up 17.6% year on year).

(2) Explanation of consolidated financial position

(i) Assets, liabilities and net assets as of June 30, 2021

Total assets at the end of the second quarter of the current fiscal year on a consolidated basis increased by ¥4,291 million from the end of the previous fiscal year to ¥50,388 million. This is attributable primarily to increases in cash and deposits of ¥664 million, trade receivables of ¥2,377 million, and inventories of ¥1,442 million, which were partially offset by a decrease in accounts receivable nontrade of ¥108 million included in other of current assets. The position of cash and deposits is described in detail in the next section.

Liabilities decreased by ¥2,365 million from the end of the previous fiscal year to ¥23,580 million. This is attributable primarily to decreases in borrowings of ¥2,132 million and provision for loss on competition law of ¥562 million.

Net assets increased by ¥6,656 million from the end of the previous fiscal year to ¥26,807 million. This is attributable mainly to recording of profit attributable to owners of parent of ¥6,179 million and an increase in foreign currency translation adjustment of ¥1,300 million due to the further depreciation of yen against major currencies, which were partially offset by dividends from surplus of ¥992 million.

As a result of the above, the equity ratio rose 9.6 percentage points from the end of the previous fiscal year to 52.7%.

(ii) Cash flows for the six months ended June 30, 2021

During the six months ended June 30, 2021, cash and cash equivalents (“net cash”) increased by ¥664 million from the end of the previous fiscal year to ¥11,497 million.

Cash flows from operating activities

Net cash provided by operating activities amounted to ¥4,229 million (up ¥19 million in the inflow year on year), which is attributable primarily to recording of profit before income taxes.

Cash flows from investing activities

Net cash used in investing activities amounted to ¥229 million (down ¥252 million in the outflow year on year), which is attributable mainly to payments for purchase of property, plant and equipment.

Cash flows from financing activities

Net cash used in financing activities amounted to ¥3,246 million (up ¥1,537 million in the outflow year on year), which is attributable primarily to repayments of borrowings and payments of dividends.

(3) Explanation of forward-looking information including consolidated earnings forecast

There is no change in the consolidated financial result forecasts for the current fiscal year, which was announced on May 7, 2021. If there are any changes in the future, we will disclose them in an appropriate manner.

2. Quarterly Consolidated Financial Statements and Major Notes

(1) Quarterly consolidated balance sheets

	(Millions of yen)	
	Previous fiscal year (As of December 31, 2020)	Current quarter (As of June 30, 2021)
Assets		
Current assets:		
Cash and deposits	10,832	11,497
Notes and accounts receivable – trade	5,930	8,308
Merchandise and finished goods	13,622	13,064
Work in process	889	1,241
Raw materials and supplies	3,563	5,210
Other	1,558	1,270
Allowance for doubtful accounts	(338)	(354)
Total current assets	36,058	40,238
Non-current assets:		
Property, plant and equipment:		
Buildings and structures, net	2,717	2,637
Land	1,652	1,661
Other, net	1,391	1,729
Total property, plant and equipment	5,761	6,028
Intangible assets	759	688
Investments and other assets:		
Investment securities	949	1,086
Other	2,677	2,446
Allowance for doubtful accounts	(110)	(100)
Total investments and other assets	3,517	3,433
Total non-current assets	10,038	10,149
Total assets	46,096	50,388

(Millions of yen)

	Previous fiscal year (As of December 31, 2020)	Current quarter (As of June 30, 2021)
Liabilities		
Current liabilities:		
Notes and accounts payable – trade	5,228	5,176
Short-term borrowings	138	3
Current portion of long-term borrowings	3,935	1,252
Income taxes payable	467	809
Provision for bonuses	1,441	1,230
Provision for bonuses for directors (and other officers)	84	39
Provision for product warranties	294	377
Provision for loss on competition law	562	—
Other	4,826	5,219
Total current liabilities	16,979	14,108
Non-current liabilities:		
Long-term borrowings	5,762	6,448
Provision for product warranties	0	0
Provision for share-based remuneration	217	244
Provision for share-based remuneration for directors (and other officers)	25	41
Retirement benefit liability	1,482	1,448
Asset retirement obligations	85	86
Other	1,391	1,201
Total non-current liabilities	8,965	9,471
Total liabilities	25,945	23,580
Net assets		
Shareholders' equity:		
Share capital	9,490	9,585
Capital surplus	69	163
Retained earnings	13,230	18,417
Treasury shares	(403)	(511)
Total shareholders' equity	22,386	27,655
Accumulated other comprehensive income:		
Valuation difference on available-for-sale securities	(51)	39
Foreign currency translation adjustment	(2,203)	(903)
Remeasurements of defined benefit plans	(278)	(249)
Total accumulated other comprehensive income	(2,533)	(1,114)
Share acquisition rights	158	115
Non-controlling interests	139	151
Total net assets	20,151	26,807
Total liabilities and net assets	46,096	50,388

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

Quarterly consolidated statements of income

(Millions of yen)

	Six months ended June 30, 2020	Six months ended June 30, 2021
Net sales	28,234	43,030
Cost of sales	14,517	22,704
Gross profit	13,716	20,326
Selling, general and administrative expenses	11,050	12,480
Operating profit	2,666	7,845
Non-operating income:		
Interest income	5	4
Dividend income	21	81
Subsidy income	—	51
Other	12	9
Total non-operating income	39	146
Non-operating expenses:		
Interest expenses	17	12
Sales discounts	218	392
Foreign exchange losses	84	98
Other	45	31
Total non-operating expenses	366	536
Ordinary profit	2,339	7,456
Extraordinary income:		
Gain on sales of non-current assets	6	372
Total extraordinary income	6	372
Extraordinary losses:		
Loss on competition law	—	149
Loss related to COVID-19	183	—
Loss on sales and retirement of non-current assets	10	6
Total extraordinary losses	193	156
Profit before income taxes	2,152	7,672
Income taxes – current	500	1,594
Income taxes – deferred	0	(103)
Total income taxes	501	1,491
Profit	1,650	6,181
Profit attributable to non-controlling interests	0	1
Profit attributable to owners of parent	1,650	6,179

Quarterly consolidated statements of comprehensive income

(Millions of yen)

	Six months ended June 30, 2020	Six months ended June 30, 2021
Profit	1,650	6,181
Other comprehensive income:		
Valuation difference on available-for-sale securities	(121)	90
Foreign currency translation adjustment	(918)	1,311
Remeasurements of defined benefit plans, net of tax	43	28
Total other comprehensive income	(996)	1,430
Comprehensive income	654	7,611
Comprehensive income attributable to:		
Owners of parent	657	7,599
Non-controlling interests	(3)	12

(3) Quarterly consolidated statements of cash flows

(Millions of yen)

	Six months ended June 30, 2020	Six months ended June 30, 2021
Cash flows from operating activities:		
Profit before income taxes	2,152	7,672
Depreciation	760	793
Amortization of goodwill	2	2
Increase (decrease) in retirement benefit liability	41	1
Interest and dividend income	(26)	(85)
Interest expenses	17	12
Foreign exchange losses (gains)	122	84
Loss (gain) on sales and retirement of non-current assets	3	(366)
Decrease (increase) in trade receivables	1,470	(1,450)
Decrease (increase) in inventories	751	(351)
Increase (decrease) in trade payables	151	(881)
Other, net	(682)	167
Subtotal	4,765	5,599
Interest and dividends received	28	85
Interest paid	(19)	(11)
Income taxes paid	(563)	(1,443)
Net cash provided by (used in) operating activities	4,209	4,229
Cash flows from investing activities:		
Purchase of property, plant and equipment	(481)	(746)
Proceeds from sales of property, plant and equipment	13	552
Purchase of intangible assets	(100)	(21)
Long-term loan advances	(5)	—
Collection of long-term loans receivable	24	18
Other, net	67	(32)
Net cash provided by (used in) investing activities	(482)	(229)
Cash flows from financing activities:		
Net increase (decrease) in short-term borrowings	(2,446)	(140)
Proceeds from long-term borrowings	6,200	1,500
Repayments of long-term borrowings	(4,011)	(3,497)
Proceeds from issuance of shares	—	145
Proceeds from sales of treasury shares	—	61
Purchase of treasury shares	—	(121)
Dividends paid	(1,290)	(992)
Other, net	(161)	(202)
Net cash provided by (used in) financing activities	(1,709)	(3,246)
Effect of exchange rate change on cash and cash equivalents	(541)	(88)
Net increase (decrease) in cash and cash equivalents	1,477	664
Cash and cash equivalents at beginning of period	8,815	10,832
Cash and cash equivalents at end of period	10,292	11,497

(4) Notes to quarterly consolidated financial statements

(Going concern assumption)

Not applicable.

(Significant changes in shareholders' equity)

Not applicable.