

Translation

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**Consolidated Financial Results
for the Nine Months Ended September 30, 2024
(Under Japanese GAAP)**



November 7, 2024

Company name:	Roland Corporation	Listing:	Tokyo Stock Exchange
Security code:	7944	URL:	https://www.roland.com/global/
Representative:	Masahiro Minowa, CEO, CIO and Representative Director		
Contact:	Yuichi Hakamata, CFO and Executive Officer		
Phone:	+81-53-523-0230		
Scheduled date to commence dividend payments:	—		
Preparation of supplementary 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 nine months ended September 30, 2024 (from January 1, 2024 to September 30, 2024)

(1) Consolidated operating results (cumulative) (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	%
Nine months ended September 30, 2024	69,611	(2.5)	6,482	(16.3)	5,322	(25.4)	4,288	(25.6)
September 30, 2023	71,410	10.5	7,744	23.1	7,131	21.4	5,762	13.5

Note: Comprehensive income

For the nine months ended September 30, 2024 ¥6,248 million [(32.1)%]

For the nine months ended September 30, 2023 ¥9,201 million [(5.3)%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Nine months ended September 30, 2024	155.45	154.15
September 30, 2023	210.77	208.16

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
As of	Millions of yen	Millions of yen	%
September 30, 2024	80,447	41,805	51.6
December 31, 2023	80,969	40,114	49.2

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

As of September 30, 2024: ¥41,511 million As of December 31, 2023: ¥39,808 million

2. Dividends

	Annual dividend per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
Fiscal year ended	Yen	Yen	Yen	Yen	Yen
December 31, 2023	—	85.00	—	85.00	170.00
Fiscal year ending December 31, 2024	—	85.00	—		
Fiscal year ending December 31, 2024 (forecast)				85.00	170.00

Note: Revisions from the most recently announced dividends forecast: None

3. Forecast of consolidated financial results for the fiscal year ending December 31, 2024 (from January 1 to December 31, 2024)

(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
	99,900	(2.5)	10,000	(15.8)	8,700	(22.0)	6,700	(17.8)	243.11

Note: Revisions from the most recently announced forecast of consolidated financial results: Yes

* For details, please refer to the press release titled “Notice Concerning Revisions to Full-year Result Forecasts and Unchanged Year-end Dividends Forecasts” announced today (on November 7, 2024).

[Notes]

- (1) Significant changes in scope of consolidation during the period: 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 the application of new or revised accounting standards: None
 - 2) Changes in accounting policies due to reasons other than the 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 September 30, 2024: 28,163,038 shares
 - As of December 31, 2023: 28,163,038 shares
 - 2) Number of treasury shares
 - As of September 30, 2024: 514,213 shares
 - As of December 31, 2023: 722,886 shares
 - 3) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)
 - Nine months ended September 30, 2024: 27,588,567 shares
 - Nine months ended September 30, 2023: 27,340,915 shares

Note: 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 outstanding during the period. It is noted that the average numbers of shares outstanding held by these trusts during the nine months ended September 30, 2023 and 2024 were 328,208 shares and 207,908 shares, respectively.

* Review of the Japanese-language originals of the attached quarterly consolidated financial statements by certified public accountants or an audit firm: None

* [Proper use of earnings forecasts and other special notes]

(Disclaimer with respect to earnings and other forecasts)

- The forward-looking statements including the 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 the 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 3 of the Attached Materials.
- The Company will hold a financial results briefing for institutional investors and securities analysts on Friday, November 8, 2024. Materials used at the 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 nine months ended September 30, 2024 (hereinafter the “period under review”), the global economic environment surrounding the Group remained uncertain due to geopolitical risks, such as the Russia-Ukraine and Israel-Palestine situations, unstable currency fluctuations, inflation, and economic stagnation in China.

As for demand for electronic musical instruments, although the impacts of dealer inventory adjustments triggered by supply chain disruption during the COVID-19 pandemic have largely subsided, it takes time for final demand to recover from the implications of a reactionary decline after stay-at-home demand and rising prices. Under such circumstances, the Company launched demand-creating new products in a planned way toward the peak demand period, i.e., the fourth quarter from October to December 2024 as well as the demand recovery phase, which is expected to start in the next fiscal year or beyond. At the same time, the Company made active efforts to optimize market prices to maintain and improve brand value. In terms of costs, the Company worked to control sales promotion and other expenses in order to adapt to the uncertain market environment in an agile manner, while making investment for middle- to long-term growth as planned.

As a result of the above, during the period under review, the Group recorded net sales of ¥69,611 million (down 2.5% year on year). In terms of profit, the Group recorded operating profit of ¥6,482 million (down 16.3% year on year), ordinary profit of ¥5,322 million (down 25.4% year on year), and profit attributable to owners of parent of ¥4,288 million (down 25.6% year on year).

Sales performance (year-on-year change) by mainstay category is as shown below:

[Keyboards] Net sales: ¥18,649 million (up 1.4% year on year)

As to electronic pianos, rising prices, dealer inventory adjustments on top of significant demand decrease in China had adverse effect on the sales, however, new products launched in the current fiscal year remained brisk.

Meanwhile, sales of portable keyboards remained strong as a result of the market launch of new products.

[Percussion and Wind Instruments] Net sales: ¥20,250 million (down 1.8% year on year)

Sales of drums were affected by dealer inventory adjustments and a slowdown in demand for Sampling Pad series, which had been very strong in prior periods. Meanwhile, although actual sales of drum sets struggled with competition, new flagship product lines were released from the end of September to early in October to strengthen our competitiveness.

Sales of middle- to low-end products among electronic wind instruments continued to struggle mainly due to increased competing products.

[Guitar-related Products] Net sales: ¥17,227 million (down 4.9% year on year)

As to guitar effects, while demand for compact effects, our mainstay products, remained firm, demand for Looper series and multi-effects showed signs of a flat and slight decrease.

Regarding musical instruments amplifiers, although sales of guitar amplifier lines launched in the current fiscal year remained strong, sales of other product lines have been soft as a whole.

[Creation-related Products & Services] Net sales: ¥8,853 million (down 1.6% year on year)

Regarding synthesizers, demand for high-end products and 88-note stage piano-type products calmed down.

As to dance and DJ-related products, demand for existing products remained flat, although new product lines launched in the current fiscal year contributed to sales.

In the software and service domain, Roland Cloud continued to provide additional contents and new services to increase the LTV (Lifetime Value) of users, resulting in continued growth in membership accounts.

[Video and Professional Audio] Net sales: ¥2,349 million (down 23.8% year on year)

Despite the recovery in video-related events, sales demand was severely affected by the new products and backlogged orders made in the same period of the previous fiscal year, and struggled to cope with these reactionary declines.

(2) Explanation of consolidated financial position

(i) Assets, liabilities and net assets as of September 30, 2024

Total assets at the end of the period under review on a consolidated basis decreased by ¥522 million from the end of the previous fiscal year to ¥80,447 million. This is attributable primarily to decreases in cash and deposits of ¥1,993 million with details described in cash flows in the next section and trade receivables of ¥1,990 million, partially offset by an increase in inventories of ¥3,784 million.

Total liabilities decreased by ¥2,212 million from the end of the previous fiscal year to ¥38,641 million. This is attributable primarily to decreases in borrowings of ¥894 million and provision for bonuses of ¥527 million.

Net assets increased by ¥1,690 million from the end of the previous fiscal year to ¥41,805 million. This is attributable primarily to the recording of profit attributable to owners of parent of ¥4,288 million and an increase in foreign currency translation adjustment of ¥2,237 million due to the depreciation of the yen against major currencies, partially offset by a decrease in retained earnings of ¥4,722 million due to declarations and payments of dividends.

As a result of the above, the equity ratio rose by 2.4 percentage points from the end of the previous fiscal year to 51.6%.

(ii) Cash flows for the nine months ended September 30, 2024

During the period under review, cash and cash equivalents (“net cash”) decreased by ¥1,993 million (a decrease by ¥482 million for the same period of the previous fiscal year) to ¥10,889 million at the end of the period.

Cash flows from operating activities

Net cash provided by operating activities amounted to ¥3,106 million (¥8,027 million provided for the same period of the previous fiscal year), which is attributable primarily to the recording of profit before income taxes and an increase in working capital.

Cash flows from investing activities

Net cash used in investing activities amounted to ¥692 million (¥1,761 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 and intangible assets, partially offset by proceeds from sales of investment securities and businesses.

Cash flows from financing activities

Net cash used in financing activities amounted to ¥5,947 million (¥5,922 million used for the same period of the previous fiscal year), which is attributable primarily to repayments of borrowings and payments of dividends.

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

To reflect recent trends of our operating performance and other factors, the consolidated financial result forecasts announced on February 14, 2024 have been revised. For details, please refer to “Notice of Concerning Revisions to Full-year Result Forecasts and Unchanged Year-end Dividends Forecasts” published today (November 7, 2024).

2. Quarterly consolidated financial statements and Major Notes

(1) Quarterly consolidated balance sheets

	(Millions of yen)	
	Previous fiscal year (As of December 31, 2023)	Current quarter (As of September 30, 2024)
Assets		
Current assets:		
Cash and deposits	12,883	10,889
Notes and accounts receivable - trade	13,805	11,815
Merchandise and finished goods	18,094	22,565
Work in process	1,443	1,633
Raw materials and supplies	10,606	9,729
Other	2,311	2,598
Allowance for doubtful accounts	(485)	(596)
Total current assets	58,659	58,636
Non-current assets:		
Property, plant and equipment:		
Buildings and structures, net	3,934	3,439
Land	2,328	2,332
Other, net	3,699	3,765
Total property, plant and equipment	9,961	9,536
Intangible assets		
Goodwill	3,129	2,878
Other	3,110	3,975
Total intangible assets	6,240	6,854
Investments and other assets:		
Investment securities	1,107	680
Other	5,106	4,831
Allowance for doubtful accounts	(105)	(92)
Total investments and other assets	6,107	5,419
Total non-current assets	22,309	21,810
Total assets	80,969	80,447

(Millions of yen)

	Previous fiscal year (As of December 31, 2023)	Current quarter (As of September 30, 2024)
Liabilities		
Current liabilities:		
Notes and accounts payable - trade	6,266	6,405
Short-term borrowings	4,300	8,200
Current portion of long-term borrowings	8,526	2,371
Income taxes payable	415	143
Provision for bonuses	852	325
Provision for bonuses for directors (and other officers)	39	10
Provision for product warranties	335	296
Other	7,305	7,049
Total current liabilities	28,041	24,801
Non-current liabilities:		
Long-term borrowings	10,056	11,417
Provision for share awards	252	227
Provision for share awards for directors (and other officers)	96	64
Retirement benefit liability	249	261
Asset retirement obligations	88	89
Other	2,069	1,780
Total non-current liabilities	12,812	13,840
Total liabilities	40,854	38,641
Net assets		
Shareholders' equity:		
Share capital	9,641	9,641
Capital surplus	124	-
Retained earnings	27,334	26,613
Treasury shares	(2,207)	(1,605)
Total shareholders' equity	34,892	34,648
Accumulated other comprehensive income:		
Valuation difference on available-for-sale securities	153	22
Foreign currency translation adjustment	3,728	5,966
Remeasurements of defined benefit plans	1,032	873
Total accumulated other comprehensive income	4,915	6,862
Share acquisition rights	70	45
Non-controlling interests	235	248
Total net assets	40,114	41,805
Total liabilities and net assets	80,969	80,447

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

Quarterly consolidated statements of income

(Millions of yen)

	Nine months ended September 30, 2023	Nine months ended September 30, 2024
Net sales	71,410	69,611
Cost of sales	40,185	39,366
Gross profit	31,225	30,245
Selling, general and administrative expenses	23,481	23,762
Operating profit	7,744	6,482
Non-operating income:		
Interest income	27	32
Dividend income	85	36
Subsidy income	61	–
Other	19	10
Total non-operating income	194	79
Non-operating expenses:		
Interest expenses	105	115
Foreign exchange losses	685	1,116
Other	16	7
Total non-operating expenses	807	1,238
Ordinary profit	7,131	5,322
Extraordinary income:		
Gain on sale of non-current assets	6	4
Gain on sale of investment securities	–	406
Gain on sale of businesses	–	297
Total extraordinary income	6	707
Extraordinary losses:		
Loss on sale and retirement of non-current assets	11	9
Extra retirement payments	–	158
Provision of allowance for doubtful accounts	–	156
Total extraordinary losses	11	325
Profit before income taxes	7,126	5,705
Income taxes - current	1,584	966
Income taxes - deferred	(246)	444
Total income taxes	1,337	1,410
Profit	5,788	4,295
Profit attributable to non-controlling interests	26	6
Profit attributable to owners of parent	5,762	4,288

Quarterly consolidated statements of comprehensive income

(Millions of yen)

	Nine months ended September 30, 2023	Nine months ended September 30, 2024
Profit	5,788	4,295
Other comprehensive income:		
Valuation difference on available-for-sale securities	68	(130)
Foreign currency translation adjustment	3,401	2,243
Remeasurements of defined benefit plans, net of tax	(57)	(159)
Total other comprehensive income	3,412	1,953
Comprehensive income	9,201	6,248
Comprehensive income attributable to:		
Owners of parent	9,158	6,235
Non-controlling interests	42	12

(3) Quarterly consolidated statements of cash flows

(Millions of yen)

	Nine months ended September 30, 2023	Nine months ended September 30, 2024
Cash flows from operating activities:		
Profit before income taxes	7,126	5,705
Depreciation	1,747	1,855
Amortization of goodwill	264	289
Increase (decrease) in retirement benefit liability	(133)	(285)
Interest and dividend income	(113)	(68)
Interest expenses	105	115
Foreign exchange losses (gains)	(112)	723
Loss (gain) on sale of investment securities	–	(406)
Loss (gain) on sale and retirement of non-current assets	4	5
Loss (gain) on sale of businesses	–	(297)
Decrease (increase) in trade receivables	1,279	1,710
Decrease (increase) in inventories	453	(4,072)
Increase (decrease) in trade payables	50	371
Other, net	(615)	(980)
Subtotal	10,058	4,665
Interest and dividends received	112	69
Interest paid	(110)	(115)
Income taxes paid	(2,033)	(1,512)
Net cash provided by (used in) operating activities	8,027	3,106
Cash flows from investing activities:		
Purchase of property, plant and equipment	(1,426)	(1,091)
Proceeds from sale of property, plant and equipment	19	30
Purchase of intangible assets	(240)	(940)
Proceeds from sale of investment securities	–	683
Proceeds from sale of businesses	–	632
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(50)	–
Other, net	(63)	(6)
Net cash provided by (used in) investing activities	(1,761)	(692)
Cash flows from financing activities:		
Net increase (decrease) in short-term borrowings	(10,061)	3,900
Proceeds from long-term borrowings	10,700	4,010
Repayments of long-term borrowings	(1,741)	(8,804)
Proceeds from issuance of shares	71	–
Proceeds from sale of treasury shares	139	284
Dividends paid	(4,481)	(4,694)
Other, net	(549)	(643)
Net cash provided by (used in) financing activities	(5,922)	(5,947)
Effect of exchange rate change on cash and cash equivalents	(781)	1,539
Net increase (decrease) in cash and cash equivalents	(438)	(1,993)
Cash and cash equivalents at beginning of period	10,506	12,883
Increase (decrease) in cash and cash equivalents resulting from change in scope of consolidation	(43)	–
Cash and cash equivalents at end of period	10,023	10,889

(4) Notes to quarterly consolidated financial statements**(Going concern assumption)**

Not applicable

(Significant changes in shareholders' equity)

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)

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, 2023	Nine months ended September 30, 2024
(1) Basic earnings per share	210.77 yen	155.45 yen
(Basis for calculation)		
Profit attributable to owners of parent	5,762	4,288
Profit not attributable to common shareholders	–	–
Profit attributable to common shareholders of parent	5,762	4,288
Average number of shares outstanding during the period (Thousand shares)	27,340	27,588
(2) Diluted earnings per share	208.16 yen	154.15 yen
(Basis for calculation)		
Adjustment to profit attributable to owners of parent	–	–
Number of shares of common stock increased (Thousand shares)	343	232
[of which number of share acquisition rights (Thousand shares)]	[343]	[232]
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 outstanding during the period. The average numbers of shares outstanding held by these trusts during the nine months ended September 30, 2023 and 2024 were 328,208 shares and 207,908 shares, respectively.