Annual Securities Report

For the 52nd Fiscal Year
(January 1, 2023 through December 31, 2023)

Roland Corporation

1. This is an English translation of the Annual Securities Report (*Yukashoken Hokokusho*), which was produced based on Article 24, Paragraph 1 of the Financial Instruments and Exchange Act of Japan and 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' report attached to the Annual Securities Report when it was filed using the aforementioned method, and the internal control report and the confirmation note that were filed at the same time as the Annual 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.

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Document title	Annual Securities Report
Clause of stipulation	Article 24, Paragraph 1 of the Financial Instruments and Exchange Act
Place of filing	Director, Kanto Local Finance Bureau
Filing date	March 5, 2024
Fiscal year	The 52nd fiscal year (January 1, 2023 through December 31, 2023)
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, Hamana-ku, Hamamatsu-shi, Shizuoka
Telephone number	+81-53-523-0230
Name of contact person	Yuichi Hakamata CFO and Executive Officer
Nearest place of contact	2036-1 Nakagawa, Hosoe-cho, Hamana-ku, Hamamatsu-shi, Shizuoka
Telephone number	+81-53-523-0230
Name of contact person	Yuichi Hakamata, CFO and Executive Officer
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

(1) Consolidated financial data

Fiscal year		48th	49th	50th	51st	52nd
Year ended December 31,		2019	2020	2021	2022	2023
Net sales	(million yen)	63,247	64,044	80,032	95,840	102,445
Ordinary profit	(million yen)	4,726	6,277	10,102	10,250	11,154
Profit attributable to owners of parent	(million yen)	2,629	4,301	8,586	8,938	8,151
Comprehensive income	(million yen)	2,122	3,934	11,361	11,062	10,799
Net assets	(million yen)	18,227	20,151	28,656	33,747	40,114
Total assets	(million yen)	43,532	46,096	52,807	77,056	80,969
Net assets per share	(yen)	670.07	730.91	1,030.19	1,228.49	1,450.74
Basic earnings per share	(yen)	97.92	160.13	312.73	326.98	297.97
Diluted earnings per share	(yen)	–	155.37	306.26	321.96	294.33
Equity-to-asset ratio	(%)	41.3	43.1	53.7	43.4	49.2
Rate of return on equity	(%)	14.4	22.7	35.6	28.9	22.2
Price-earnings ratio	(times)	–	19.7	12.6	10.6	14.8
Net cash provided by operating activities	(million yen)	4,992	6,902	4,929	793	15,428
Net cash provided by (used in) investing activities	(million yen)	(1,588)	(901)	(803)	(11,351)	(3,576)
Net cash provided by (used in) financing activities	(million yen)	(3,146)	(3,669)	(6,071)	12,879	(8,668)
Cash and cash equivalents at end of period	(million yen)	8,815	10,832	8,781	10,506	12,883
Number of employees [separately, average number of temporary employees]	(persons)	2,565 [24]	2,601 [330]	2,730 [334]	2,783 [398]	3,044 [242]

Notes: 1. Net assets per share, basic earnings per share, and diluted earnings per share are computed using the number of shares issued at end of the period and the average number of shares of common stock during the period, which are 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.

2. The amount of diluted earnings per share for the 48th fiscal year is not stated since the shares of the Company were not publicly traded back then, and thus, the average share price during the period was unavailable, although diluted shares existed.

3. The value of price-earnings ratio for the 48th year is not stated since the shares of the Company were not publicly traded back then.

4. 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 are computed on the assumption that the stock split had been conducted at the beginning of the 48th fiscal year.

5. The increase in the average number of temporary employees in the 49th fiscal year is primarily due to mid-term hiring of employees to support the production demand of the Company's subsidiary in Malaysia.

6. The Company has applied the *Accounting Standard for Revenue Recognition* (ASBJ Statement No. 29, March 31, 2020) from the beginning of the 51st fiscal year. Under this accounting standard, sales discounts, which were previously recognized in non-operating expense, were now directly deducted from net sales. With this change, net sales and operating

profit for the 51st fiscal year and thereafter decreased, whereas ordinary profit, profit attributable to owners of parent, cash flows and other major financial data remain unaffected.

7. The increase in the number of employees and decrease in the average number of temporary employees in the 52nd fiscal year are primarily due to a change in the employment status of the Company's subsidiary in Malaysia.

(2) Financial data of reporting company (Non-consolidated)

Fiscal year		48th	49th	50th	51st	52nd
Year ended December 31,		2019	2020	2021	2022	2023
Net sales	(million yen)	24,924	25,966	29,624	34,356	34,092
Ordinary profit	(million yen)	3,341	5,773	7,183	9,555	6,946
Profit	(million yen)	2,220	5,106	6,018	7,678	5,110
Share capital	(million yen)	9,421	9,490	9,585	9,613	9,641
Total number of issued shares	(shares)	911,461	27,581,366	27,970,534	28,066,786	28,163,038
Net assets	(million yen)	17,448	20,514	23,856	25,492	26,315
Total assets	(million yen)	37,863	41,699	41,445	63,914	64,691
Net assets per share	(yen)	645.93	749.42	861.81	932.24	956.47
Dividend per share [Of which, the amount of interim dividend paid per share]	(yen)	3,062 [1,646]	72 [36]	138 [69]	156 [78]	170 [85]
Basic earnings per share	(yen)	82.68	190.08	219.19	280.88	186.78
Diluted earnings per share	(yen)	–	184.43	214.65	276.56	184.50
Equity-to-asset ratio	(%)	45.8	48.8	57.3	39.7	40.6
Rate of return on equity	(%)	13.1	27.1	27.3	31.3	19.8
Price-earnings ratio	(times)	–	16.6	17.9	12.4	23.6
Payout ratio	(%)	125.7	38.7	64.1	56.1	92.2
Number of employees	(persons)	857	857	867	891	892
Total shareholder return	(%)	–	–	129.1	119.8	154.6
[Benchmark: TOPIX Total Return Index]	(%)	[–]	[–]	[112.7]	[110.0]	[141.1]
Highest share price	(yen)	–	3,380	6,560	4,875	5,120
Lowest share price	(yen)	–	2,851	3,105	3,445	3,210

Notes:
1. Net assets per share, basic earnings per share, and diluted earnings per share are computed using the number of shares issued at end of the period and the average number of shares of common stock during the period, which are 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.
2. The amount of diluted earnings per share for the 48th fiscal year is not stated because the shares of the Company were not publicly traded back then, and thus, the average share price during the period was unavailable, although diluted shares existed.
3. The value of price-earnings ratio for the 48th fiscal year is not stated since the shares of the Company were not publicly traded back then.
4. Payout ratio is calculated by dividing the total amount of dividends by the amount of profit.
5. The number of temporary employees is not stated as the total number of temporary employees was less than 10% of the total number of employees.
6. 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 are computed on the assumption that the stock split had been conducted at the beginning of the 48th fiscal year. Dividend paid per share in the 48th fiscal year represents the amount before the stock split, while the amount of interim dividend paid per share in the 49th fiscal year reflects the stock split.
7. Total shareholder return and its benchmark for the 48th and 49th fiscal years are not stated as the Company listed its shares on the First Section of the Tokyo Stock Exchange on December 16, 2020.
8. The fiscal year-end dividend of 85 yen per share out of the annual dividend of 170 yen per share for the 52nd fiscal year is subject to be resolved at the 52nd Ordinary General Meeting of Shareholders to be held on March 26, 2024.
9. The Company has applied the *Accounting Standard for Revenue Recognition* (ASBJ Statement No. 29, March 31, 2020) from the beginning of the 51st fiscal year. Key financial data remain unaffected.

10. The highest and lowest share prices on and before April 3, 2022 are quoted prices on the First Section of the Tokyo Stock Exchange and prices on and after April 4, 2022 are quoted from the Prime Market of the Tokyo Stock Exchange. The Company's shares went public on the First Section of the Tokyo Stock Exchange on December 16, 2020, and therefore, the share prices before this date are unavailable.

2. History

Month and year	Event
April 1972	Roland Corporation (the "Company") established in Sumiyoshi-ku (currently Suminoe-ku), Osaka-shi, Osaka, with a share capital of 33 million yen
August 1972	Sales offices opened in Tokyo and Osaka
August 1972	Rhythm machines, the first Roland-brand products, released
November 1972	Guitar amplifiers and effects released
March 1973	MEG Electronics Corporation (later BOSS Corporation), a manufacturer of effects, established in Osaka-shi, Osaka
April 1973	Synthesizer and electronic piano released
May 1976	A sales company established in Australia
April 1978	A sales company established in the U.S.
January 1981	Sales companies established in UK and Germany
March 1981	A sales company established in Denmark
May 1981	AMDEK Corporation (currently Roland DG Corporation), a supplier of effects kits and computer peripherals, established in Suminoe-ku, Osaka-shi, Osaka
November 1981	A sales company established in Canada
March 1982	A sales company established in Belgium
November 1984	A music school (currently Roland Music School) opened in Osaka-shi
February 1985	Electronic drum set released
January 1986	A sales company established in Italy
March 1986	Hosoe factory (current headquarters) completed in Inasa-gun (currently Hamamatsu-shi), Shizuoka
July 1988	A sales company established in Switzerland
December 1989	The Company listed on the Second Section of the Osaka Securities Exchange
February 1990	A sales company established in Spain
May 1990	A sales company established in Hungary
September 1990	Hamamatsu R&D Center completed
October 1991	A sales company established in Brazil
May 1993	Headquarters relocated to Dojimahama, Kita-ku, Osaka-shi
July 1997	Miyakoda factory completed in Hamamatsu-shi
October 1997	A sales company established in France
March 1998	A sales company established in Portugal
June 1998	The Company listed on the Second Section of the Tokyo Stock Exchange
September 1999	The Company listed on the first section of the Tokyo Stock Exchange and Osaka Securities Exchange
October 2000	Roland DG Corporation listed on the Second Section of the Tokyo Stock Exchange
January 2001	A sales company established in Poland
July 2001	A manufacturing company established in China
September 2001	Roland Music Studios Corporation (currently Roland Music School) established through combination of Victor Technics Music Co., Ltd. and the Company's music school
March 2002	Roland DG Corporation listed on the First Section of the Tokyo Stock Exchange
March 2003	A logistics company established in China
August 2004	Sales companies in Belgium and France combined
August 2004	Sales companies in Spain and Portugal combined
July 2005	Headquarters relocated to Hosoe-cho, Hamamatsu-shi (currently Hosoe-cho, Hamana-ku, Hamamatsu-shi)
July 2007	A sales company established in China
April 2009	A sales company established in Russia
February 2014	A holding company, owning ten European regional sales subsidiaries, established in UK
July 2014	The Company converted into a subsidiary of Tokowaka Co., Ltd. ("Tender Offeror") following the acquisition of its ordinary shares by the tender offeror
October 2014	The Company delisted from the First Section of the Tokyo Stock Exchange
November 2014	A manufacturing company established in Malaysia
January 2015	The Company, as the surviving company, merged with Tokowaka Co., Ltd.
April 2015	Roland RVS Holding Inc. (holding company of RVS) established
May 2015	A company to develop and distribute music/media production software (RVS) established in the U.S.

Month and year	Event
August 2015	Roland DG Corporation excluded from the scope of application of equity method due to sale of part of the Company's shareholdings in Roland DG
March 2016	Roland VM Corporation (holding company of V-MODA) established
May 2016	A headphone development and manufacturing company in the U.S. (V-MODA) converted into a subsidiary of Roland Corporation
April 2017	A global commercial distribution management company established in Malaysia
January 2018	Boss Corporation merged and absorbed into the Company
July 2018	A sales company established in Mexico
October 2020	A UK-based sales company and a general management company (holding company) combined
December 2020	The Company relisted on the First Section of the Tokyo Stock Exchange
September 2021	V-MODA, LLC and Roland VM Corporation merged into a surviving U.S. sales subsidiary
April 2022	The Company transitioned from the First Section of the Tokyo Stock Exchange to the Prime Market, following the exchange's market restructuring
July 2022	The sales company in France dissolved, with its operations transferred to a UK-based general management company
July 2022	The sales company in Switzerland liquidated, with its operations transferred to a UK-based general management company
August 2022	RVS and Roland RVS Holding Inc. merged into a surviving U.S. sales subsidiary
September 2022	Roland Drum Corporation (a holding company of Drum Workshop, Inc.) established
October 2022	A drum development, manufacturing, and sales company in the U.S. (Drum Workshop, Inc.) converted into a subsidiary of Roland Corporation
May 2023	The sales company in Spain liquidated, with its operations transferred to a UK-based general management company
August 2023	The sales company in Italy liquidated, with its operations transferred to a UK-based general management company

3. Description of Business

The Roland Group (the “Group”), consisting of 19 subsidiaries and one associate, engages primarily in development, manufacture, and distribution of electronic musical instruments and offers a wide variety of musical instrument products globally.

Since its foundation in 1972, the Group has firmly established its position as a global brand in the electronic musical instruments industry by pushing forward with research and development in pace with technological advances in electronics, creating many world-leading technologies and products, and bringing new value propositions to the market. The Group has built a comprehensive and well-balanced product portfolio ranging from electronic pianos, drums, synthesizers to guitar-related products. It has also pioneered an effort to integrate audio and video, and thus, has established a strong position in the video equipment market by encompassing the business from development to distribution. Regarding business expansion to overseas market, the Group has proactively opened sales companies since the latter half of the 1970s in a bid to deliver its products to every corner of the world. In fact, the Group derives 91% (rounded to the nearest whole number) of its revenues outside Japan (for the fiscal year ended December 31, 2023).

In recent years, our efforts have been focused on to expand sales especially in fast-growing emerging markets, in addition to the ones in Europe and North America, whose stable growth is material for the Group. Specifically, tailored products to meet the local music cultures and needs have been rolled out in these emerging markets. Most products are manufactured overseas under flexible production capabilities composed of own facilities and third parties from which the Group could choose the best manufacturer depending on product features.

The Group operates solely in the electronic musical instruments segment. The functions of Roland Corporation and its subsidiaries associates can be divided largely into the following categories:

First, the Company is responsible for development activities, including product planning and R&D. The Company also takes on another important functions to supervise all group companies and approve their budgets and business plans. On top of the corporate functions above, the Company is primarily responsible for manufacturing and distributing video-related products in Japan.

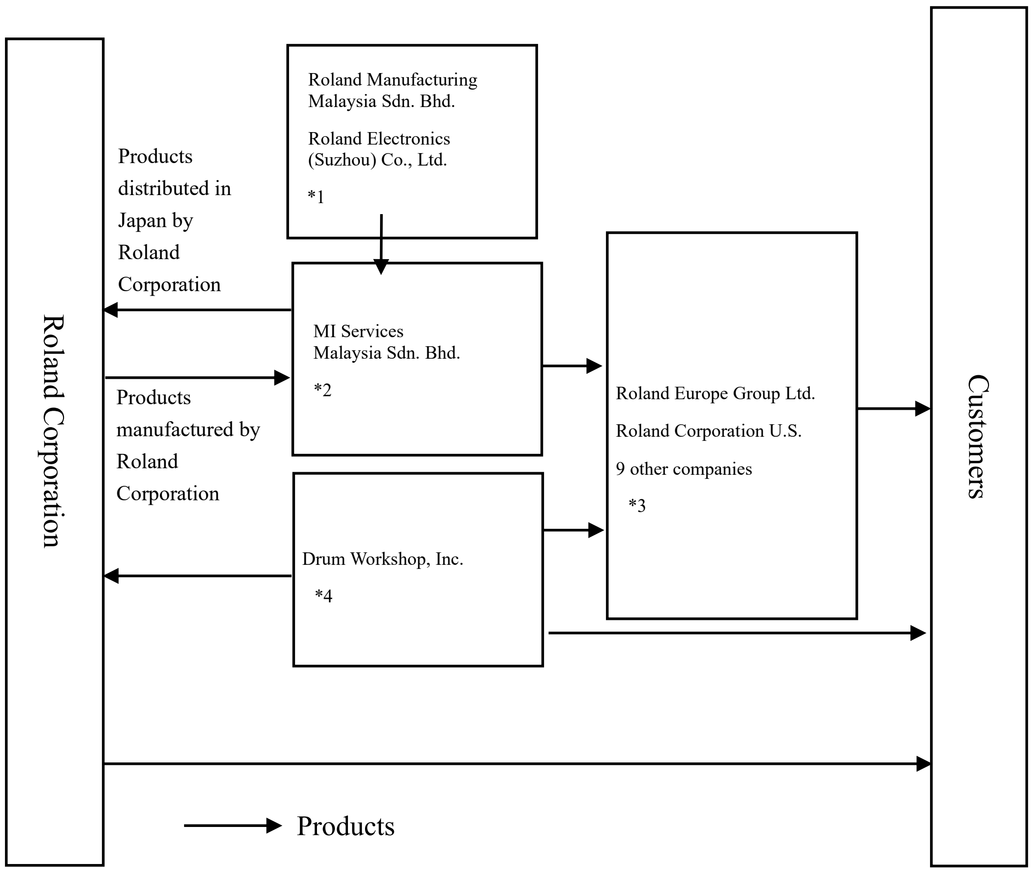
Additionally, the Company has two manufacturing subsidiaries which manufacture most of its products. Of these two subsidiaries, Roland Manufacturing Malaysia Sdn. Bhd., established in 2014, is a key manufacturing base for the Group which manufactures its mainstay products including electronic pianos and drums.

The Group also has a total of nine key sales subsidiaries distributing its products, comprising four subsidiaries in the Americas including Roland Corporation U.S., a key sales subsidiary, three subsidiaries in Europe including Roland Europe Group Ltd., a key sales subsidiary, and two sales subsidiaries in Asia and Oceania. They have focused on sales activities tailored to the characteristics and commercial practices in their major markets in North America, Europe, China/Asia, and Japan.

In addition, the Group has Drum Workshop, Inc., a key subsidiary engaging in the development, manufacturing, and distribution in the drum business, in the U.S.

Further, MI Services Malaysia Sdn. Bhd., established in Malaysia in 2017, holds shares and controls operations of two manufacturing subsidiaries in the region, serving as an intermediary between the manufacturing and sales subsidiaries to purchase and distribute the Company’s products and to manage logistics. It also engages in development activities.

The following chart summarizes the structure of the Group's businesses.



		Number of companies
* 1:	Consolidated subsidiaries with a manufacturing function	2
* 2:	Consolidated subsidiary engaged in purchasing and sale of electronic musical instruments, logistics management, supervision of subsidiaries, and development	1
* 3:	Consolidated subsidiaries with a distribution function	9
	Non-equity method unconsolidated subsidiary with a distribution function	1
	Non-equity method associate with a distribution function	1
* 4:	Consolidated subsidiary with development, manufacturing and distribution functions	1
Other consolidated subsidiaries		4
Other non-equity method, unconsolidated subsidiary		1

4. Subsidiaries and Other Affiliated Entities

Consolidated subsidiaries

As of December 31, 2023

Company name	Address	Share capital	Main line of business	Ratio of voting rights held (%)	Description of relationship			
					Concurrent appointments of Officers	Lending of funds	Business transactions	Leasing of facilities
Roland Manufacturing Malaysia Sdn. Bhd.	Selangor, Darul Ehsan, Malaysia	RM14,232 thousand	Electronic musical instruments	100.0 (100.0)	Yes	No	Manufacture of the Company's products	No
Roland Electronics (Suzhou) Co., Ltd.	Suzhou, China	US$7,360 thousand	Electronic musical instruments	90.0 (75.0)	Yes	No	Manufacture of the Company's products	No
MI Services Malaysia Sdn. Bhd.	Selangor, Darul Ehsan, Malaysia	RM230,180 thousand	Electronic musical instruments	100.0	Yes	Yes	Purchase and distribution of the Company's products, logistics management, development, and supervision of subsidiaries	No
Roland Corporation U.S.	Los Angeles, California, U.S.A.	US$545 thousand	Electronic musical instruments	100.0	Yes	Yes	Distribution of the Company's products	No
Roland Canada Ltd.	Surrey, British Columbia, Canada	CAN$5 thousand	Electronic musical instruments	100.0	Yes	Yes	Distribution of the Company's products	No
Roland Brasil Importacao, Exportacao, Comercio, Representacao e Servicos Ltda.	Sao Paulo, Sao Paulo, Brazil	R$34,518 thousand	Electronic musical instruments	100.0 (0.1)	No	No	Distribution of the Company's products	No
Roland Instrumentos Musicales Mexico, S. de R.L. de C.V.	Ciudad de Mexico, Mexico	MXN28,912 thousand	Electronic musical instruments	100.0 (0.1)	No	No	Distribution of the Company's products	No
Roland Europe Group Ltd.	Reading, U.K.	GBP42,039 thousand	Electronic musical instruments	100.0	Yes	Yes	Distribution of the Company's products and general management of European subsidiaries	No
Roland Central Europe N.V.	Geel, Belgium	EUR75 thousand	Electronic musical instruments	100.0 (100.0)	Yes	No	—	No
Electronic Musical Instruments Roland Scandinavia A/S	Hellerup, Denmark	DKr510 thousand	Electronic musical instruments	100.0 (100.0)	No	No	—	No
Roland East Europe Ltd. in Liquidazione	Torokbalint, Hungary	EUR396 thousand	Electronic musical instruments	100.0 (100.0)	No	No	—	No
Roland China Ltd.	Shanghai, China	US$3,000 thousand	Electronic musical instruments	100.0	Yes	No	Distribution of the Company's products	No
Roland Corporation Australia Pty Ltd	Dee Why NSW, Australia	A$833 thousand	Electronic musical instruments	100.0	Yes	Yes	Distribution of the Company's products	No
Roland Drum Corporation	Wilmington, Delaware, U.S.A.	US$0.1	Electronic musical instruments	100.0	Yes	Yes	—	No
Drum Workshop, Inc.	Oxnard, California, U.S.A.	US$21 thousand	Electronic musical instruments	100.0 (100.0)	Yes	No	Purchase of DW products	No
Roland Organ Corporation	Los Angeles, California, U.S.A.	US$43,500 thousand	Electronic musical instruments	100.0	Yes	No	—	No

One other company (a total of 17 companies)

Notes: 1. The "Main line of business" column shows the business name specified in segment information.
2. The figure in parentheses in the "Ratio of voting rights held (%)" column shows the ratio of the voting rights the Company holds indirectly, which is included in the figure without parentheses.
3. MI Services Malaysia Sdn. Bhd; Roland Corporation U.S.; Roland Brasil Importacao, Exportacao, Comercio, Representacao e Servicos Ltda.; Roland Europe Group Ltd.; Roland Drum Corporation; and Roland Organ Corporation fall under specified subsidiaries defined in the Cabinet Office Order on Disclosure of Corporate Affairs.
4. None of these companies has submitted Securities Registration Statements or Annual Securities Reports.

5. Roland East Europe Ltd. in Liquidazione, and Electronic Musical Instruments Roland Scandinavia A/S are currently undergoing liquidation proceedings.
6. Roland Organ Corporation has been a dormant company and is scheduled for liquidation.
7. Results of operations for consolidated subsidiaries whose net sales (excluding intra-group sales) exceeded 10% of consolidated net sales for the fiscal year ended December 31, 2023 are as follows:

(Millions of yen)

Company name	Net sales	Ordinary profit	Profit	Net assets	Total assets
Roland Corporation U.S.	28,884	815	588	8,116	13,843
Roland Europe Group Ltd.	29,925	721	985	5,145	14,683

5. Employees

The Company and its consolidated subsidiaries operate solely in the electronic musical instruments segment, and thus, the breakdown by segment is unavailable for presentation.

(1) Information about consolidated companies

As of December 31, 2023

Number of employees (persons)	3,044 〔242〕

Notes: 1. The number of employees represents the number of regular employees. The number of temporary employees indicated separately in the square bracket represents the average number of temporary employees during the year.
2. The increase in the number of employees and decrease in the average number of temporary employees are primarily due to a change in the employment status of the Company's subsidiary in Malaysia.

(2) Information about reporting company (non-consolidated)

As of December 31, 2023

Number of employees (persons)	Average age	Average length of service	Average annual salary (thousand yen)
892	46 years and 2 months	19 years and 8 months	6,931

Notes: 1. The number of employees represent the number of regular employees. The number of temporary employees is not stated since the number is less than 10% of the total number of employees.
2. Average annual salary includes bonuses and extra wages.

(3) Labor union

The Company has a labor union named Roland Labor Union. The Roland Labor Union does not belong to any superior body.

Among our employees, the number of union members is 553 as of December 31, 2023. Labor-management relations have remained favorable, and there are no special matters to be noted as to the relationship with the labor union.

(4) Ratio of female managers, male employees taking childcare leave, and gender wage gap

Reporting company

Current fiscal year				
Ratio of female managers (%) (Note 1)	Ratio of male employees taking childcare leave (%) (Note 2)	Gender wage gap (%) (Notes 1 and 3)		
		All employees	Full-time employees	Part-time and fixed-term employees
5.8	19	76.5	76.0	65.1

Notes: 1. Ratio of female managers is calculated in accordance with the Act on the Promotion of Women's Active Engagement in Professional life (Act No.64 of 2015).
2. Based on the Act on Childcare Leave, Caregiver Leave and Other Measures for the Welfare of Workers Caring for Children or Other Family Members (Act No. 76 of 1991), the ratio of male employees taking childcare leave is calculated in accordance with Article 71-4, item 1 of the Ordinance for Enforcement of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members (Ordinance of the Ministry of Labor No. 25 of 1991).
3. Each Gender wage gap represents proportion of female employee wages to male employees' ones. The Company employs a principle of equal pay for equal work and the differences are workforce configuration such as job grades and length of services.

Item 2. Overview of Business

1. Management Policy, Business Environment, and Issues to Address

The Roland Group has formulated a three-year medium-term management plan starting from January 2023. The forward-looking statements contained in the following description are based on the Group's estimates and assumptions available as of the end of the fiscal year under review.

(1) Basic management policy (corporate philosophy)

The Roland Group's corporate philosophy is embodied in three slogans below. These slogans represent the Group's purpose and vision, which have remained unchanged since its foundation.

– Inspire the Enjoyment of Creativity
– Be the BEST rather than the BIGGEST
– Cooperative Enthusiasm for All Stakeholders

Inspire the Enjoyment of Creativity

Aspiration for creating a world in which as many people as possible can enjoy music and video in their own way wherever they are. Bringing the thrill and excitement of creative experiences to people all over the world. Pursuing every possible opportunity to bring joy to people, including the pleasure of creating music or video, the enjoyment of playing musical instruments with friends, and the bliss of sharing live music with many others.

Be the BEST rather than the BIGGEST

Endless effort to become a one-of-a-kind company that offers the best to each and every one of our customers. Our continuous commitment to responding to customers' requirements draws another dream and expectations. Our corporate value treasures and develops such a trusted relationship with customers.

Cooperative Enthusiasm for All Stakeholders

Aspiration for becoming a company that nurtures a sense of affinity and loyalty among many stakeholders, including customers, business partners, and shareholders. In creating new values, we will do our best to live up to expectations of these stakeholders and help them develop an even better understanding of our business. Through these efforts, we will transform their expectation and affinity into our strength to enhance our corporate value.

(2) Business environment and recognition of material issues

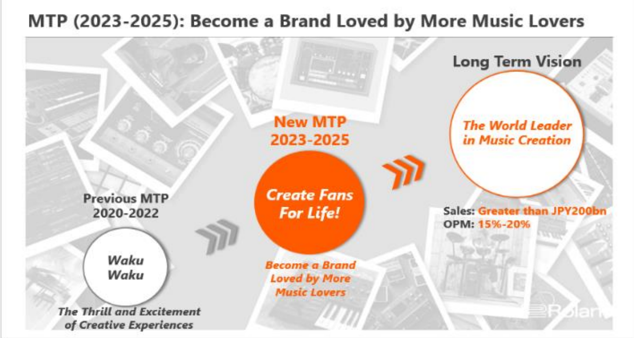
The global musical instrument market, to which the Group belongs, has been growing at a steady rate of approximately 1% to 3%, with overseas markets as the growing driver. In recent years, however, the business environment has remained substantially uncertain in the wake of the global spread of COVID-19. Stay-at-home activities created a demand which is one-step higher in every category compared to the pre-pandemic era. However, for electronic pianos, a reactionary decline was seen following the rapid growth in the demand. In China, which had been a growing market for our business, we have taken longer time than expected to recover from the impact of the COVID-19 and the Chinese government's policy on education for children. Meanwhile, constraints on the supply side including raw material procurement, production and logistics, and subsequent over-supply due to recovery production have led to an imbalance between supply and demand, resulting in ongoing inventory adjustments in the market.

Although this highly uncertain business climate is likely to affect the growth of the global musical instrument market, the impact on the musical instrument market which is experiencing years of steady growth, will be only temporary and the market will return to a normal growth trajectory in 2025, where the adjustment phase is likely to settle down. A new lifestyle, which has now become normal in the wake of the global COVID-19 pandemic, has led to an increase in the number of people taking up a challenge to start playing musical instruments or resuming musical performance to spend their leisure time. In addition, with the spread of the influence of social media and online distribution, music has changed from something to be just "listened to" to something to be "created." These market changes are expected to become important growth opportunities for electronic musical instruments, which enables a single player to easily play anywhere and anytime, offering a wide variety of ways to enjoy.

(3) Medium-term Management Plan 2023–2025

<Long-term vision>
The world leader in music creation
—To be the world leader in music creation—

<Medium-term Management Plan target>
Create fans for life!
—To become a brand loved by more music lovers—



<Basic policies and key strategies under Medium-term Management Plan 2023–2025>

(i) Creating demand: Market creation by Game Changer products and acquiring potential customers

- Market creation through Game Changer products and services, and new products

  Following the previous medium-term management plan, creating new markets with Game Changer products is our main focus. We will aggressively promote the development of value-added Game Changer products unique to the Group, including the launch of new products in potential markets such as eSports and portable keyboards, and the creation of technology synergies with Drum Workshop, Inc. ("DW"). To generate sales and profits even in an uncertain environment, new product sales ratio is targeted to raise to approximately one-forth of the total sales by 2025.

- Expand business by acquiring potential customers (pianos and drums)

  <Piano>
  Developing new sales channels and expanding beginner-friendly products for entry-level customers. In addition, further improvement of instrumental functionality and design are on the way to create attractive products for potential customers, including acoustic piano users.

  <Drums>
  Creating full-fledged synergies with DW to expand not only the existing drum markets (electronic and acoustic drums), but also the hybrid market that combines the two. Moreover, Roland Cloud will provide contents and services allowing users to enjoy playing piano or drum.

(ii) Expanding market share: Re-enter the portable keyboard market and expand sales in emerging countries; and expand market share by Roland Retail

- Entering a new market for us and expanding sales in emerging countries

  <Portable keyboard>
  A full-scale re-entry into the portable keyboard market, an untapped market with huge room for growth, by differentiating ourselves with product lineup expansion and Roland Cloud.

  <Emerging countries>
  With a focus on China, India and Indonesia, where the purchasing power of the middle class continues to increase against a backdrop of huge population growth, gaining our market share by re-strengthen sales channels.

- Enhance quality & quantity of customer contact points by Roland Retail

  Enhancing the quality and quantity of our direct contacts with customers through sales channels such as Roland Direct Stores in major cities around the world; Store in Store, which is Roland's dedicated sales corner in the retailers; and Roland Direct EC.

(iii) Increase LTV: Create a mechanism for lifelong enjoyment of music

- Roland Cloud: A personalized experience service that can be enjoyed "by anyone, anywhere, anytime"

  Roland Cloud, a cloud-based sound source service, evolves into a mechanism to create lifetime customers through its services. During the current medium-term management plan period, further value to the Roland Cloud will be developed by expanding the lineup of products covered and providing services that support learning and streaming.

- Roland Platform: A powerful engine to enhance products and services and optimize marketing, through deeper customer understanding

  Starting with Roland Platform, the source of consolidated customer data, our understanding of customers will be deepened to enhance products and services, and communication with them will be improved through marketing. By connecting customers through the Roland Platform, we will create new music experience optimized for each customer.

- Strengthening branding: Become a brand loved by more music lovers by improving brand awareness
  Step up our activities to convey our brand story through enhanced market communication, including the use of various digital tools and building stronger relationships with artists and influencers.

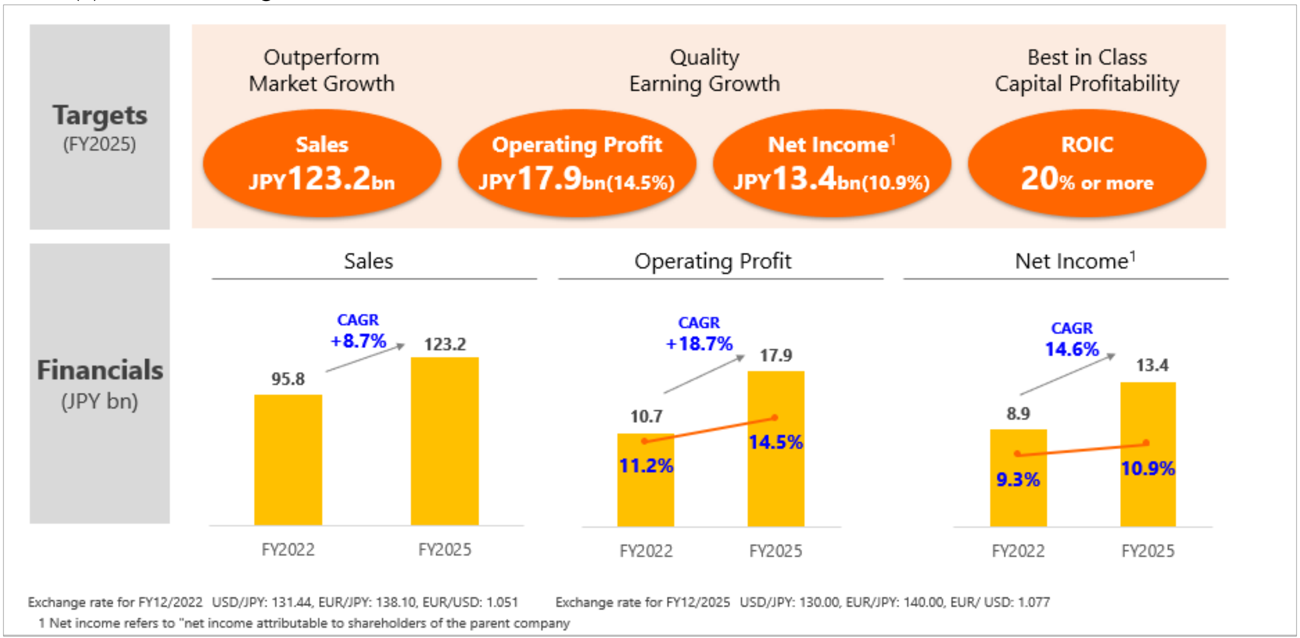
(iv) Strengthen foundation: Energize human resources and invest in infrastructure to achieve long-term vision

- Global HR
  Enhancing our personnel system by globally deploying systems such as “Right person, Right place” and a stock compensation system, to revitalize our people and organization.

- Strengthen foundation
  Accelerating investments in infrastructure to support our growth, including ERP update to further business growth and reorganization of offices, while strengthening collaboration between the headquarters and overseas subsidiaries.

- Supply chain sophistication
  Minimizing loss of opportunities, shortening lead times, and enhanced agility by promoting automation and introducing new systems. Medium- to long-term initiatives include mutual use of production bases with DW, integration of technologies between Roland and DW, and commonization of semi-finished products to improve production capacity and production technology, then profit.

(v) Financial targets



2. Approach to Sustainability and Initiatives

In addressing sustainability, as represented by the perspectives of ESG (Environment, Social and Governance) and SDGs (Sustainable Development Goals), the Group has organized our material issues (materiality) based on the following recognition, focusing on themes that will meet the expectations of all stakeholders, including the environment and society, and will also lead to business growth. As stated in the "five principles for activities," with a consistent "attitude," we will address the issues, considering "awareness," "practice" and "disclosure" interrelated. The Board of Directors ensures "supervision" of the situation by receiving reports on a regular basis, and provides advice and support as necessary.

The forward-looking statements contained in the following description are based on the Group's estimates and assumptions available as of the end of the fiscal year under review.

(1) Sustainability initiatives

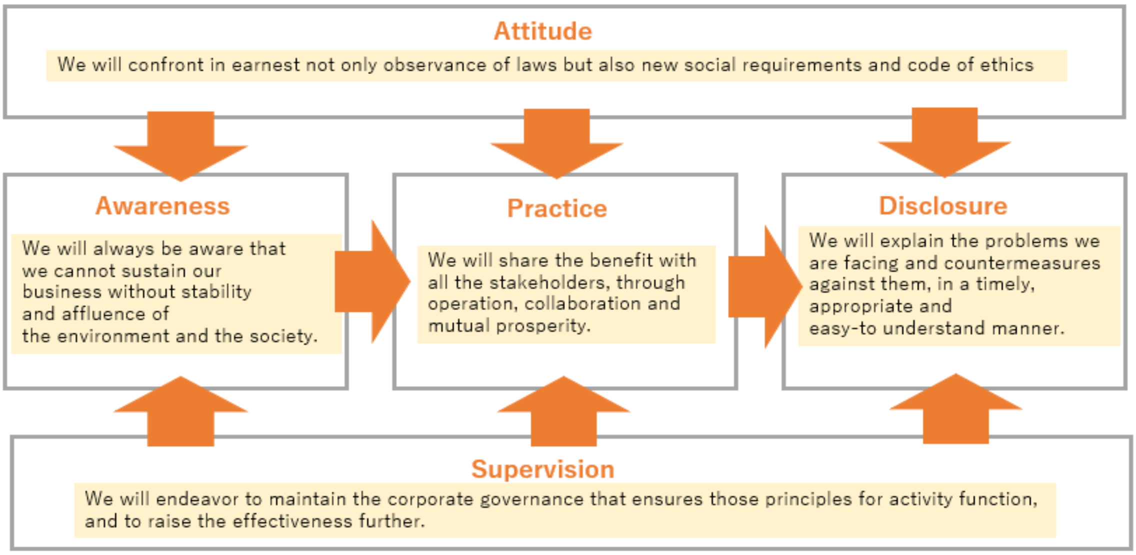
Our business contributes to the sustainable development of the society through its musical and video culture while, at the same time, it is supported by the stability and affluence of the environment and the entire society. In addition, we are aware that it is an important duty that a corporation should confront these issues related to climate change or human rights in an earnest way and should contribute to the solutions.

To avert a negative chain reaction deteriorating the stability or sustainability of the environment or of the society, which eventually endangering the musical and video culture or our company's business, creating a virtuous cycle where each one heightens the other one's sustainability is placed as our key managerial issue and is being addressed accordingly.

(2) Principles for activities

In accordance with the following principles for our activities, we will continue providing the value of "Creativity" for development of the musical and video culture, and do our "BEST" for balancing the solution of environmental and social issues and the growth of our business, through the initiatives with "Cooperative Enthusiasm for All Stakeholders".

Five principles for activities



(3) Materiality

Material issues and relevant SDG targets	Priority measures in the Medium-term Management Plan 2023–2025
Sophistication of Supply Chain Management	• Improve business efficiency More efficient routing/landing and reducing CO_2 emissions in transportation and delivery Minimization of in-house CO_2 emissions by streamlining business sites and utilizing renewable energy • Strengthen relationships with suppliers Sharing of awareness of human rights protection and CO_2 emissions reduction, and promotion of collaborations Enhancement of resilience in case of emergency
Support the Development of Music & Video culture	• Roland-like activities to promote the industry Utilize digital marketing and provide opportunities and experiences Enhance relationships and connection in emerging markets through sponsorship and support • Environment and social considerations through products Reduce environmental impact and improve accessibility through product planning and design
Maximization of opportunities for human resources to display their vitality and capacity	• Group talent utilization Global management of placement, development and compensation • Employee engagement improvement Strengthen organizational acceptance (work environment, diversity, etc.)
Investment for the growth (in intangible assets)	• Development of next-generation product fundamentals Continuous development investment to improve instrument performance • Realization of Roland Platform Integration and utilization of services and customer information • Expansion of Roland Cloud service
Unrelenting reinforcement of the corporate governance	• Internal evolution to the next phase of strengths acquired through MBO Improve effectiveness of the Board of Directors and execution system Further strengthen risk management and compliance • Development of visualization Improvement of accuracy of business judgement and information disclosure Disclosure of non-financial information

(4) Actions against the climate change: Disclosure in line with Task Force on Climate Change-Related Financial Disclosures (TCFD) recommendations

We are aware that the phenomena accompanying global warming, such as the occurrence of extreme weather and climate disaster, will not only lead to economic damage but may possibly have a serious impact on humankind's cultural activity and lifestyle. In order to maintain a human life where people can live peacefully and nurture music and video culture, our group has been engaged in reducing CO_2 emissions and promoting efficient business operations. In addition, while appropriately assessing and responding to risks and opportunities to our business arising from climate change, in accordance with the framework of the TCFD, we will disclose the status of these risks from the four perspectives of "Governance", "Strategy", "Risk Management", and "Metrics and Targets".

Governance

In response to the overall sustainability issues, a system has been established whereby the Board of Directors approves the Basic Sustainability Policy and material issues identified and receives reports on a regular basis about the status of these initiatives while supervising them. Regarding initiatives to address major issues including climate change, the Sustainability Promotion Committee consisting of all Executive Officers including the CEO checks and discusses plans and progress of theme subcommittees, thus ensuring both accurate instructions to each executive division and regular reports to the Board of Directors. Our corporate governance system is described in "Item 4. Information about Reporting Company, 4. Corporate Governance, (1) Overview of corporate governance, the schematic depiction of the Company's corporate governance."

Strategy

Based on the following two contrasting scenarios in reference to multiple examples presented in the reports issued by the Intergovernmental Panel on Climate Change (IPCC), the International Energy Agency (IEA), and other organizations, we identified risks and opportunities of climate change to our business, which are expected to occur with a certain probability (certainty), and assessed the time to occurrence and financial impact of these risks and opportunities.

- 1.5°C scenario: Assumption of the most advanced decarbonization efforts globally, based on the Paris Agreement
  - There is a possibility that "transition risk" will increase as regulations and obligations increase in the process of drastic changes in industrial structures and energy policies.
  - Although our business is not easily affected by changes in industrial structure and activity regulations, there is a possibility that carbon pricing, such as carbon taxes and emissions trading for companies in general, may affect our costs.

- 4°C scenario: Assumption that global climate change measures do not progress sufficiently, and economic activities continue with the current structure.
  - There is a possibility that "physical risk" will increase as natural environmental changes and disasters increase due to the progression of climate change.
  - Although our business uses few natural resources (water and solid wood) and is not affected by them, there is still a possibility that operations of our business may be affected by sudden natural disasters. However, we do not anticipate chronic impacts.

Assessment of identified climate change risks/opportunities

Classification	Identified risks/opportunities	Time to occurrence (Note 1)	Financial impact (Note 2)	Assumption and countermeasures
Transition risk (1.5°C scenario)	Increased costs to respond to the introduction of carbon pricing	Long-term	Small	[Assumption] Regulations such as carbon taxes and emissions trading are imposed mainly on our headquarters in Japan, but the impact will be small in proportion to our company's CO_2 emissions when direct emissions (Scope 1) and indirect emissions (Scope 2) are targeted. [Countermeasures] In addition to promoting energy saving in our businesses, we will implement measures to offset CO_2 emissions.
	Increased prices of raw materials due to tighter regulations	Long-term	Medium	[Assumption] If the regulatory costs such as carbon pricing imposed on other companies are passed on to the prices of materials such as steel, which have a wide range of usage, and other materials that are difficult to be substituted, the impact of the increasing purchasing cost will be significant. [Countermeasures] Through strengthening relationships with business partners, we will stabilize costs by collaborating to reduce GHG emissions. At the same time, we will take preventive measures such as early start of substitution by closely monitoring industry trends through collaboration between product design departments and procurement departments.
Physical risk (4°C scenario)	Suspension of business operations due to sudden natural disasters	Medium-term	Medium	[Assumption] If heavy rains and floods occur in Malaysia, our main production base, and production and shipments are stagnated for more than a month due to flooding of business sites, disruption of parts supply routes, restrictions on workers' movements, etc., impact on profit loss will be significant. [Countermeasures] We will develop a business continuity plan that assumes flexible relocation of production lines and rearrangement of production plans at factories, and will try to absorb the impact by maintaining sufficient inventory levels according to the characteristics of products and parts.
Opportunities	Changes in consumer lifestyles and consumption trends	Long-term	Medium	[Assumption] As temperature rises, outdoor activities of consumers are restricted and their leisure time indoors increase, demands for our products, which provide enjoyment of performing and creating music and videos, will also increase. [Countermeasures] We will enhance products and services that new customers can enjoy carefree and easily and expand our fan base by continuously adding new value.

Notes: 1. "Short-term," "Medium-term," and "Long-term" represent less than one year, less than five years, and five years or more, respectively.
2. The profit and loss impact of ¥500 million +/- ¥200 million in a single fiscal year is defined as "Medium," while the amounts higher and lower than "Medium" are defined as "Large" and "Small," respectively.

Risk Management

In order to properly manage and practice against various risks surrounding our business, the Company collects information on potential risks on a regular basis from the entire Group including subsidiaries and provides the information to the Risk Management and Compliance Committee chaired by the CEO as the responsible person of risk management whereby significance of the impact and response policy are assessed. The risks assessed by the committee are reported to the Board of Directors on a periodic basis.

As the transition risks and physical risks arising from climate change have many similarities with already-known business risks in terms of events and countermeasures, we have integrated them into the above company-wide risk management process.

Metrics and Targets

Calculation of CO_2 emissions was started in fiscal year 2021 and the calculation results have been posted on our corporate website.

https://www.roland.com/global/sustainability/environment/

While our group's mainstay electronic musical instrument products are generally power-saving, we are making ongoing efforts to further reduce their power consumption, with our eyes set on responding to customers' requests and contributing to the environment. In addition, our manufacturing lines within factories in Japan, Malaysia, and China are mainly for assembly, something that does not require much electric power, and we have significantly reduced their Scope 2 CO_2 emissions by using the non-fossil value. From the perspective of the entire supply chain, we will steadily proceed with the reduction of CO_2 emissions and utilization of renewable energy not only by our company but also by our business partners.

The construction of our upcoming new global headquarters building will reuse existing buildings so that CO_2 emissions generated during the construction and demolition processes can be substantially reduced, expecting a reduction of about 60% when comparing the case with a construction of a new building (the Company's estimates).

We will set metrics and targets based on clear evidence by improving the calculation accuracy and analyzing driving factors of CO_2 emissions, keeping in mind the goal of achieving the carbon neutrality by 2050, so as to responsibly implement the above initiatives.

(5) Human capital management initiatives

Governance

The Group appoints the Chief Human Resource Officer (CHRO) to formulate, implement, and drive HR strategies of the Group. While keeping a track on the trends of "employee engagement," "productivity" and other relevant indicators listed below in and outside Japan, the CHRO monitors the group-wide status through regular meetings with domestic and overseas HR departments and gives instructions and advice as necessary. Important personnel matters are discussed by the Executive Board to review relevant personnel policies.

The appointment and dismissal of officers and the details of their remuneration systems and remuneration amounts are discussed by the Nomination and Remuneration Committee and then presented to the Board of Directors.

Strategy

<Management strategies and human capital strategies>

The Group has been working on various personnel policies, positioning "personal growth and organizational revitalization" as one of the themes of highest priorities in achieving the following corporate philosophy, long-term vision, and medium-term management plan.

Corporate philosophy:	Inspire the Enjoyment of Creativity Be the BEST rather than the BIGGEST Cooperative Enthusiasm for All Stakeholders
Long-term vision:	The world leader in music creation
Medium-term management plan:	Create fans for life!

As such, we believe empowering each employee to "have a wealth of ideas, a spirit of challenge, and unleash creativity autonomously" and fostering a corporate culture that "embraces the diversity of employees and encourages co-creative interaction to generate synergies" are the most important points in our human resources strategies. In terms of governance, we intend to achieve continuous personnel and organizational revitalization by developing a system in which personnel policies are improved through continuous monitoring of individual and organizational activity levels.

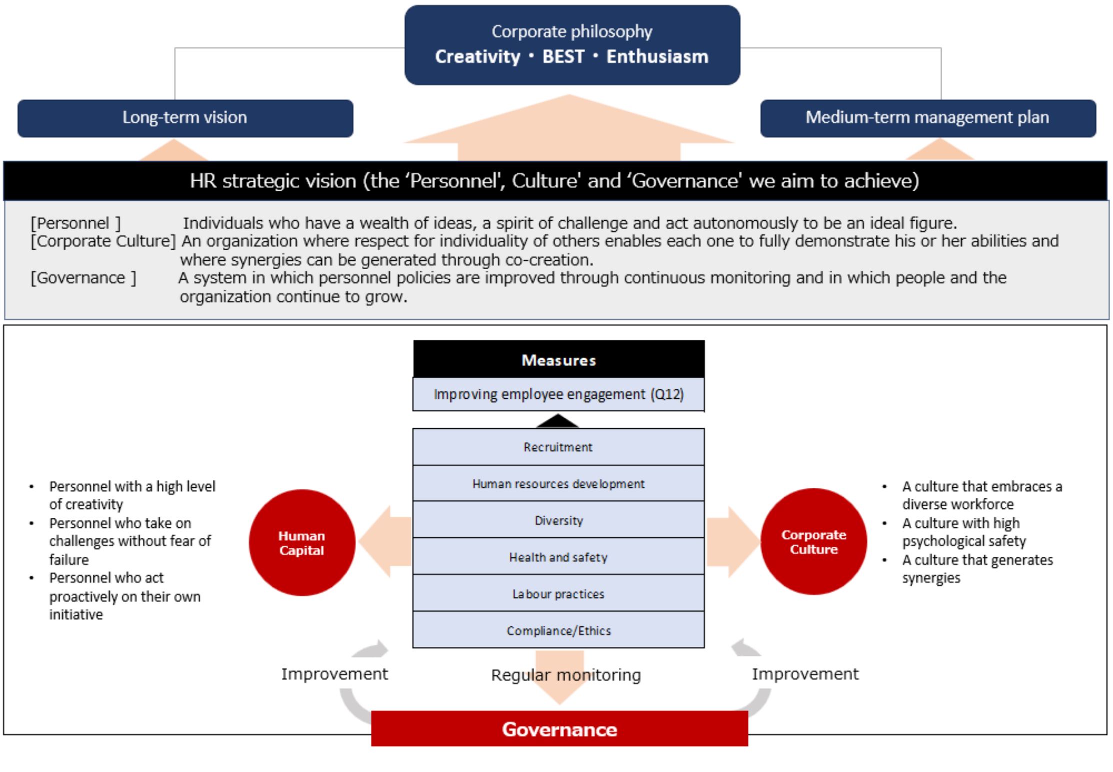
<Recent developments in human capital management>
Since 2016, we have worked on various reforms to strengthen our human resources.
In Japan, personnel evaluation system and remuneration system for employees were revised with the aim of increasing their motivation, placing a balanced emphasis on both their individual performance and growth. Besides that, we have strengthened our recruitment management and in-house training activities in line with the headcount plan, and, among other efforts, adopted teleworking and flextime systems to promote different working styles. We have also set “employee engagement” and “productivity” as our KPIs and committed to improving them.
Overseas, where the 91% of the Group’s entire sales (for the fiscal year ended December 31, 2023) account for, our relations with overseas subsidiaries have been strengthened to optimize human resources in our global business and have been proceeding with various activities in accordance with the Global HR Basic Policy below, taking into account local working conditions and cultural background.

[Global HR Basic Policy]
- A personnel system shall be designed with a focus on “fairness” and “improving employee engagement”
- Aim to design a system in which employees are treated according to their achievements, abilities, and contributions to the company, irrespective of age, gender, race or length of service
- Aim to design a personnel system that returns appropriate benefits to employees in line with the company’s growth

<Approach to human capital management>
Since its foundation, the Group has opened up new markets by making a variety of electronic technology-based products and service proposals and delivering compelling value to many people in the areas of music and video. We believe that our approach of being a “creation-oriented” group connects with the fundamental value of our existence, and we intend to continue taking this approach going forward.
From these perspectives, as our [HR strategic vision], we have defined “Personnel,” “Corporate culture,” and “Governance” to achieve as below:

[HR strategic vision]

・Personnel:	Individuals who have a wealth of ideas and a spirit of challenge, and who act autonomously to be an ideal figure
・Corporate Culture:	An organization where respect for each other’s individuality enables each one to fully demonstrate his or her abilities and where synergies can be generated through co-creation
・Governance:	A system in which personnel policies are improved through continuous monitoring and in which people and the organization continue to grow



< Objectives of personnel policies >

The objectives of each of our personnel policies are as follows:

Company-wide HR strategic vision		Develop and build the following “Personnel,” “Culture,” and “Governance.” ・ Personnel: Individuals who have a wealth of ideas and a willingness on new challenges, and who act autonomously to be an ideal figure ・ Corporate Culture: An organization where respect for individuality of others enables each one to fully demonstrate the abilities and where synergies can be generated through co-creation ・Governance: A system in which personnel policies are improved through continuous monitoring and in which people and the organization continue to grow
Japan	Secure human resources	– Prepare a medium- to long-term age- and gender-balanced headcount plan every year to optimize the number of employees – Continuously recruit new graduates in line with the headcount plan and maintain Roland’s DNA and high-quality corporate culture through long-term development – Assign mid-career hires as immediate strategic personnel to respond quickly to changes in the business environment
	Human resources development	– To develop out-of-the-box thinking, a spirit of challenge and independence, focus on “mindset” and “framework” training – To develop managers, introduce training in management knowledge and leadership from an early stage to increase their involvement in the organization – Create an environment where employees can constantly experience growth through personal development-oriented personnel evaluations and appropriate feedback
	Diversity	– Aim to continuously increase corporate value by fostering a “culture of acceptance and respect for all people and their individuality” by incorporating different perspectives and ideas, regardless of age, gender, race or length of service; (i) Remuneration is determined according to the individual’s level of competence and performance results, regardless of age; (ii) With regard to gender diversity, in addition to ensuring that there is no discrimination at all in recruitment, promotion and remuneration, we will foster a corporate culture where women can play an active role as an Eruboshi/Kurumin-certified company; (iii) Create an environment that enables active employment of people with disabilities as a contribution to society
	Health & safety	– Actively address employee health and safety, as it is an important factor in increasing employee engagement and productivity: (i) Improve the management skills of managers to maintain mental health and ensure psychological safety in the workplace; (ii) Ensure physical safety by conducting monthly workplace-specific overtime checks, in addition to medical check-ups for all employees (iii) Improve the workplace environment in cooperation with relevant departments, based on the results of stress checks and employee engagement surveys; (iv) As for facility, maintain a healthy work environment, led by the Health and Safety Committee in accordance with the Occupational Health and Safety Act
	Labor practices	– Ensure fair and appropriate labor practice rules to improve employee engagement and productivity (i) Allow employees to choose their own career path according to the way they want to work with the career selection system (ii) Provide an environment where employees can maintain an appropriate work-life balance according to their circumstances by actively expanding the teleworking system, flextime system, childcare and nursing care leave system, and our unique retirement and reemployment system
Overseas	Common policy	– In line with the Global HR Basic Policy below, each subsidiary designs and operates its own personnel system in light of local laws and labor practices: (i) A personnel system shall be designed with a focus on “improving employee engagement” and “fairness”; (ii) Aim to design a system in which employees are treated according to their contribution to the company, irrespective of age, gender, race or length of service; (iii) Aim to design a personnel system that returns appropriate benefits to employees in line with the company’s growth – Individual personnel matters of importance will be discussed and decided by the Executive Board

		– A common personnel IT system will be introduced across the Group in fiscal year 2025 to maximize the Group's talent utilization
	Sales subsidiaries	– The CHRO (*1) and CSO (*2) work together to determine personnel policies, and each subsidiary designs and operates the systems on its own initiative – For Europe, North America and Asia regions (excluding Japan and China), HR departments of Roland Europe Group Ltd., Roland Corporation U.S. and Roland Corporation Australia Pty Ltd. will lead their respective areas – For Roland China Ltd., the system shall be designed and operated in line with the CSO's policy
	Manufacturing subsidiaries	– The CHRO and the CPO (*3) work together to determine personnel policies, and each subsidiary designs and operates the system independently – Roland Manufacturing Malaysia Sdn. Bhd.: The Human Resources Department in MI Services Malaysia Sdn. Bhd. is responsible for the design and operation of the system – Roland Electronics (Suzhou) Co Ltd.: The system shall be designed and operated in line with the CPO's policy

Notes: 1. CHRO: Chief Human Resource Officer
2. CSO: Chief Sales Officer
3. CPO: Chief Production Officer

Metrics and targets

As "creation" is placed at our core, empowering employees with a wealth of ideas and fostering a co-creative corporate culture are the most important themes for the Group. "Employee engagement" is recognized as the source of these themes, which leads to individuals' spontaneous motivation.
Therefore, "employee engagement" index is placed as a core indicator for achieving our HR strategic vision, with a target of 3.8 (out of 5 levels) by 2025. We do track its movements regularly and quantitatively, aiming that all of our personnel policies will help improve employee engagement.

- Movements in employee engagement survey results

	2021	2022	2023
Employee engagement index	3.6	3.6	3.7

We are also striving to execute well-balanced HR strategies by periodic confirmation of productivity, an indicator set to measure the extent of contribution to the business performance brought from improved employee engagement, with the goal of continuous improvement over the medium- to long- term, using our own formula:

Productivity = Added value ÷ Personnel expenses.

- Changes in productivity

	2021	2022	2023
Productivity	2.3	2.4	2.4

< Reference: Relevant indicators >

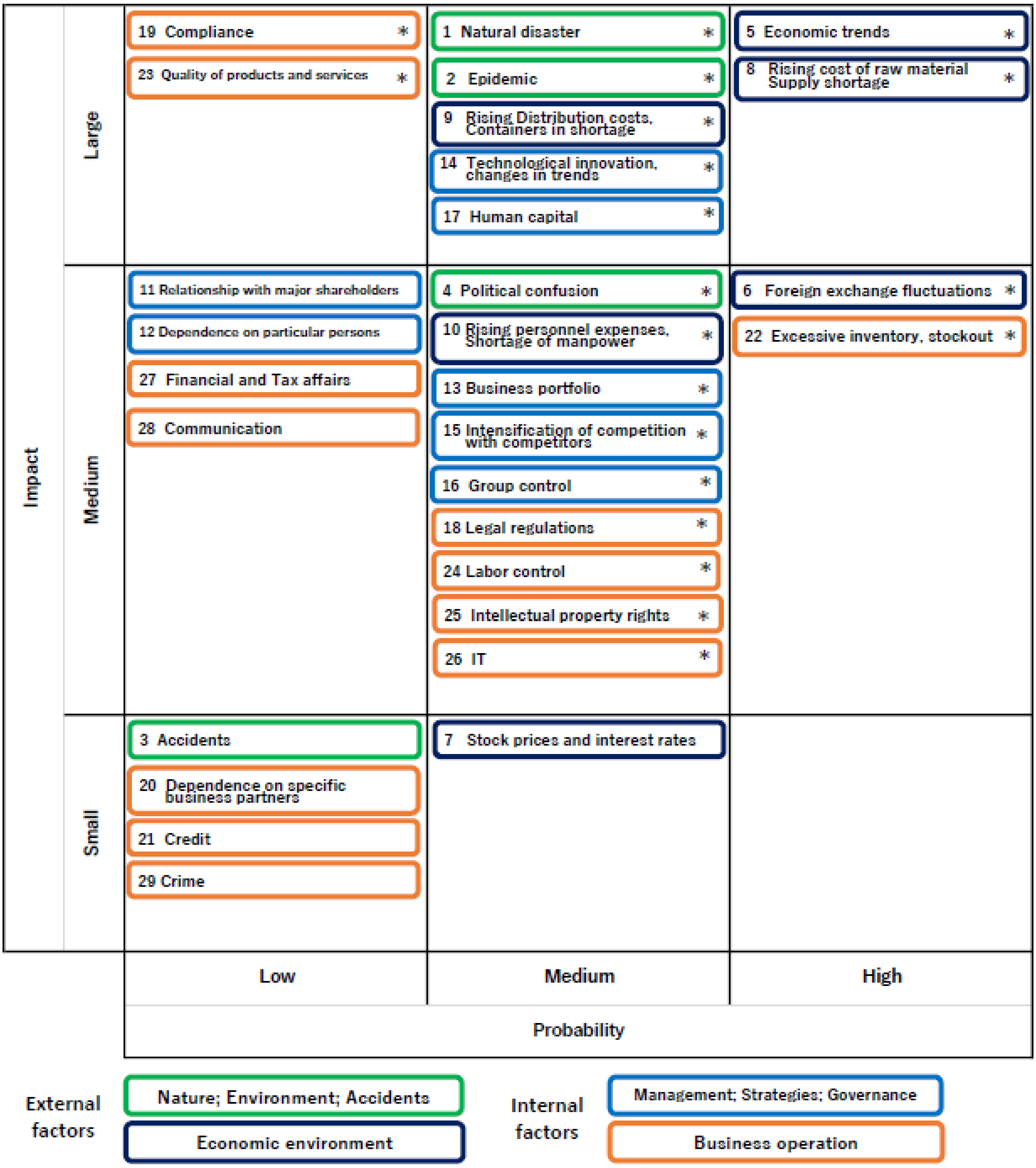
Management items related to Human Capital Management

Company-wide indicators				
	Unit	2021	2022	2023
Employee engagement	5 levels	3.6	3.6	3.7
Productivity (Added value/Personnel Expenses)	%	2.3	2.4	2.4
Japan				
Human resources				
	Unit	2021	2022	2023
Number of new graduates hired	No. of recruits	16	17	11
Number of mid-career recruits	No. of recruits	21	31	11
Turnover rate	%	1.2	1.9	2.5
Diversity				
	Unit	2021	2022	2023
Ratio of female employees	%	22.9	24.1	24.1
Ratio of female managers	%	6.3	7.8	5.8
Ratio of female wages to male wages	%	75.2	76.5	76.5
Ratio of returning after childcare leave	%	100	100	100
Ratio of male employees taking childcare leave	%	40	29	19
Ratio of disabled people employed	%	2.1	2.3	2.4
Health management				
	Unit	2021	2022	2023
Average total annual working hours Hours	Hour	1944	1915	1941
Number of work-related injuries	No. of person	5	3	0
Overseas				
	Unit	2021	2022	2023
Ratio of overseas employees in the Group as a whole	%	68.2	67.9	70.7
Ratio of female managers	%	26	26	25

3. Business Risks

Of the matters related to Overview of Business and Financial Information stated in this Annual Securities Report, the management has recognized that the items listed below constitute major risk factors that may have a material impact on the financial position, operating results and cash flows of consolidated companies.

The forward-looking statements contained in the following description are based on the Group’s estimates and assumptions available as of the end of the fiscal year under review.



Items accompanied with an asterisk are identified as material risks and countermeasures by the Risk Management and Compliance Committee and are descrived in details as below.

Each of the risk factors is classified according to its nature and evaluated according to the extent of its impact and its probability of occurrence, and its relevance to the key strategies of the medium-term management plan. Each risk item is subjected to risk reduction activities by departments in charge, and is regularly monitored by departments in charge, Executive Officers in charge, and/or the Risk Management and Compliance Committee according to the level of the risk.

<table>
<tr><th>Classifications of risks</th><th colspan="3">Risk items</th></tr>
<tr><td rowspan="14">Nature, environments and accidents</td><td colspan="3">1 Natural disasters</td></tr>
<tr><td colspan="3">In the event of a natural disaster such as earthquake, tsunami, flood or typhoon in countries or regions where the Group’s manufacturing, logistics, and distribution bases are located or its suppliers operate, causing damage to the Group’s bases and suppliers, or in the event that electric power and other infrastructure becomes unavailable or unstable, resulting in disruption of our operations, distribution, manufacturing, and shipment, decline in our production capacity, difficulty in procuring raw materials and components, or delay in product supply, the Group’s business, financial position, and operating results may be adversely impacted. Should such risks become prominent particularly in Malaysia, where the Group’s manufacturing and logistics functions concentrate, it will become more likely that the Group’s business, financial position, and operating results are adversely impacted.

In addition, the Group's major functions related to domestic business such as headquarters, manufacturing and R&D bases in Japan, concentrate in Shizuoka Prefecture. Therefore, if the eruption of Mt. Fuji or if the Tokai or Nankai Trough earthquake occurs, possible liquefaction around the headquarters premise and other risks may cause considerable damage to the business activities of the Group.</td></tr>
<tr><td>Impact</td><td>Probability of occurrence</td><td>Relevant key strategies</td></tr>
<tr><td>Large</td><td>Medium</td><td>Creating demand, Expanding market share, and Strengthen foundation</td></tr>
<tr><td colspan="3">Countermeasures</td></tr>
<tr><td colspan="3">In accordance with our “Basic Rules for Crisis Management,” we have formulated a “Business Continuity Plan (BCP)” for employees to act autonomously when a disaster occurs, to keep themselves safe and ensure early recovery of our business.

In Japan, annual safety drills are conducted: one is a drill to confirm safety of employees and their families using the emergency communication system, and the other is an evacuation drill on the assumption of an earthquake and fire. BCP developed in Japan is shared with overseas subsidiaries, where the BCP is tailored to the conditions in their respective countries.</td></tr>
<tr><td colspan="3">2 Epidemic</td></tr>
<tr><td colspan="3">In the time when economic and business activities such as traveling or holding events remain suspended, stringently restricted or self-restraint is requested in countries where the Group and its suppliers and distributors operate business, the demand for its products and services could decline and the supply of its products may be limited caused by the closure of factories and subsequent suspension of production, restriction on procurement of parts, slower consumer spending, decreased disposable income, unexpected economic and social activities, changes in behavior patterns and other negative factors resulting from the global outbreak of infectious diseases, such as COVID-19. These downtrends may hurt the operating performance of the Group’s business partners, disrupt infrastructure in both the public and private sectors, including telecommunications and financial services and supply chains, and may consequently have an adverse effect on the Group’s business, financial position, and operating results.</td></tr>
<tr><td>Impact</td><td>Probability of occurrence</td><td>Relevant key strategies</td></tr>
<tr><td>Large</td><td>Medium</td><td>Creating Demand, Expanding market share, and Strengthen foundation</td></tr>
<tr><td colspan="3">Countermeasures</td></tr>
<tr><td colspan="3">In the event of a global pandemic outbreak, we will strive for the continuation of the Group's business by taking appropriate measures in accordance with the requests of governments and local authorities. As to the limitation of activities of the Group’s suppliers and distributors, we will maintain the appropriate inventory stockpile levels at each factory of the Group and products at each of our sales subsidiaries to minimize the negative impact on sales.
We are also creating new demand through the development of Game Changer products and new products, and continuously stimulating demand through digital marketing.</td></tr>
</table>

<table>
<tr><th>Classifications of risks</th><th colspan="3">Risk items</th></tr>
<tr><td rowspan="6">Nature, environments and accidents</td><td colspan="3">4 Political confusion</td></tr>
<tr><td colspan="3">The Group has its bases around the world, such as in the Americas, Europe, and Asia, with the majority of its revenues generated outside Japan. Changes in political or social conditions, terrorism, or social turmoil in any country may cause a possible economic downturn, increase raw material prices and logistics costs, or impact the logistics environment, and this may adversely affect the Group’s business, financial position, and operating results. The outlook remains uncertain due to factors including the prolonged Russian invasion of Ukraine, the Palestine-Israel war, and the strained relations between China and Taiwan.</td></tr>
<tr><td>Impact</td><td>Probability of occurrence</td><td>Relevant key strategies</td></tr>
<tr><td>Medium</td><td>Medium</td><td>Expanding market share, and Strengthen foundation</td></tr>
<tr><td colspan="3">Countermeasures</td></tr>
<tr><td colspan="3">The situation and regulations in each country are carefully monitored and appropriate and timely actions are takes to minimize the impact on the Group’s business. For manufacturing, multiple manufacturing bases that can back up each other are maintained, and for sales, well-balanced earning structure within the Group is aimed rather than relying overly on specific regions.</td></tr>
<tr><td rowspan="12">Economic environment</td><td colspan="3">5 Economic trends</td></tr>
<tr><td colspan="3">The musical instruments manufactured and distributed by us are luxury items, and thus, the Group has attached importance to offering its products and services at prices commensurate with their high added values. Therefore, sales of low-priced products (for beginners) are especially susceptible to economic conditions. In addition, the Group’s business, financial position and operating results tend to be affected by demand declines for the products and services in key sales regions, especially those overseas, including Europe, North America and China, that represent a significant proportion of its overall sales.</td></tr>
<tr><td>Impact</td><td>Probability of occurrence</td><td>Relevant key strategies</td></tr>
<tr><td>Large</td><td>High</td><td>Creating demand, and Expanding market share</td></tr>
<tr><td colspan="3">Countermeasures</td></tr>
<tr><td colspan="3">Stable growth will be achieved by strengthening the products in mid- to high-end price range that are less affected by economic trends, and accelerating development of Game Changer products and new products that generate new demand.
In addition, the Group manages each sales subsidiary as a Sales Unit (SU), for which a Chief Sales Officer (CSO) is appointed to control them all. Each SU, under the direction of its respective CSO, prioritizes the achievement of the Group-wide goals over the achievement of only individual regional goals. We strive to operate in a manner that regions with strong performance cover regions with weak performance by flexibly accommodating inventories to each country based on information on economic conditions, demand trends, market shares, and inventory and logistics conditions in each country.</td></tr>
<tr><td colspan="3">6 Foreign exchange fluctuations</td></tr>
<tr><td colspan="3">The Group is engaged in manufacturing and sales activities globally, and therefore, is exposed to the impact of fluctuations in exchange rates, especially of US dollars and euros. Also, in the process of preparing consolidated financial statements, the values of assets and liabilities of overseas subsidiaries denominated in local currencies are translated into Japanese yen, and therefore the financial position of the Group is affected by fluctuations in exchange rates. The Group has also been exposed to fluctuations in additional currencies besides US dollars and euros, since it has expanded into other regions, such as China, in recent years.</td></tr>
<tr><td>Impact</td><td>Probability of occurrence</td><td>Relevant key strategies</td></tr>
<tr><td>Medium</td><td>High</td><td>Expanding market share, and Strengthen foundation</td></tr>
<tr><td colspan="3">Countermeasures</td></tr>
<tr><td colspan="3">In order to mitigate the impact of exchange rate fluctuations, the Group settles receivables and payables arising from continuing operating activities in the same currency whenever possible. The Group also hedges exchange rate fluctuations by trading foreign exchange futures to minimize some of the impact.</td></tr>
</table>

<table>
<tr><th>Classifications of risks</th><th colspan="3">Risk items</th></tr>
<tr><td rowspan="16">Economic environment</td><td colspan="3">8 Rising cost of raw materials and supply shortage</td></tr>
<tr><td colspan="3">The Group’s products use various raw materials and parts such as custom IC chips, timber, metals, and plastics. The Group has secured multiple suppliers and implemented measures to mitigate the potential impact of unforeseen circumstances. However, for some raw materials, we depend on specific suppliers because they are irreplaceable with others. Deteriorated operating performance of suppliers, disasters, changes in the regulatory environment, and other unforeseen incidents may give rise to suspension of or delay in the supply of raw materials in the quality and quantity required by the Group, or may lead to a spike in raw materials and other prices. These circumstances could make it difficult for the Group to manufacture its products and make its products less price competitive due to rises in purchase costs or the prices of its products. As a result, the Group’s business, financial position, and operating results may be adversely affected.</td></tr>
<tr><td>Impact</td><td>Probability of occurrence</td><td>Relevant key strategies</td></tr>
<tr><td>Large</td><td>High</td><td>Creating demand, Expanding market share, and Strengthen foundation</td></tr>
<tr><td colspan="3">Countermeasures</td></tr>
<tr><td colspan="3">The supply of parts and materials is improving; however, in response to the ongoing tight supply of some semiconductors and the prolonged lead time for parts procurement, we have focused more of our efforts on securing inventory of key parts by making advance arrangements based on a medium- to long-term product roadmap, in line with our basic policy of building relationships of trust with suppliers. At the same time, we have minimized the impact on our production by quickly purchasing materials from markets and promptly changing designs with substitute parts. In response to a spike in raw materials prices, we are striving to minimize the impact of such to the Group’s financial position and operating results by maintaining appropriate product sales prices with price competitiveness in line with the conditions in each country, while sustaining cost reduction efforts.</td></tr>
<tr><td colspan="3">9 Rising distribution costs and containers in shortage</td></tr>
<tr><td colspan="3">The Group has manufacturing bases in Malaysia, China, the U.S. and Japan, distribution bases in Malaysia and the U.S., and sales bases all over the world. Suppliers are located in various parts around the world. The Group’s supply chain (procurement, production, and sales) is linked by logistics and is affected by the global logistics environment. In particular, in the event of a global logistics disruption caused by the spread of infectious diseases or strikes or suspension of operations at facilities such as port facilities in North America, the Group’s business, financial position, and operating results may be adversely affected.</td></tr>
<tr><td>Impact</td><td>Probability of occurrence</td><td>Relevant key strategies</td></tr>
<tr><td>Large</td><td>Medium</td><td>Creating demand, Expanding market share, and Strengthen foundation</td></tr>
<tr><td colspan="3">Countermeasures</td></tr>
<tr><td colspan="3">In such situations, the Group works to minimize loss of sales opportunities and control excessive inventory through supply chain management (SCM) including logistics. The logistics environment at our manufacturing, distribution, and sales bases has been monitored periodically using a visualization system, and countermeasures to minimize the impact on our business through flexible and agile production, inventory allocation, and transportation have been implemented.</td></tr>
</table>

<table>
<tr><th>Classifications of risks</th><th colspan="3">Risk items</th></tr>
<tr><td rowspan="6">Economic environment</td><td colspan="3">10 Rising personnel expenses and shortage of manpower</td></tr>
<tr><td colspan="3">A shortage of factory employees in Malaysia, the Group's manufacturing and logistics base, or in China, its manufacturing base, may lead to higher labor costs or lower factory utilization rates, which could affect supply side. Not limited to the manufacturing bases, a tight labor supply in countries where sales bases are located may also adversely affect the Group's business, financial position, and operating results.</td></tr>
<tr><td>Impact</td><td>Probability of occurrence</td><td>Relevant key strategies</td></tr>
<tr><td>Medium</td><td>Medium</td><td>Strengthen foundation</td></tr>
<tr><td colspan="3">Countermeasures</td></tr>
<tr><td colspan="3">The Group secures personnel at its manufacturing bases by hiring local and foreign employees. Systemizing and automating various operations and business management could enhance operational efficiency and productivity.</td></tr>
<tr><td rowspan="6">Management, strategy and governance</td><td colspan="3">13 Business portfolio</td></tr>
<tr><td colspan="3">With managing our business portfolio, the Group has allocated management resources, and evaluated existing business and investments through M&A and otherwise. If low-growth, low-profit businesses continue due to lack of monitoring, evaluation and management of each business because of insufficient business portfolio management, or in case after M&A integration fails in and earnings and synergy effects end in far away from our expectations, the Group has a risk of being unable to generate sufficient cash flows to match the value of business assets. If the Group faces such cases, impairment loss occurs, which may adversely affect its business, financial position, and operating results.
On the other hand, the Group may miss growth opportunities if it hesitates strategic investments for fear of risks.</td></tr>
<tr><td>Impact</td><td>Probability of occurrence</td><td>Relevant key strategies</td></tr>
<tr><td>Medium</td><td>Medium</td><td>Creating demand, Expanding market share, and Strengthen foundation</td></tr>
<tr><td colspan="3">Countermeasures</td></tr>
<tr><td colspan="3">The Group has managed its business portfolio based on the following basic policies.
1. The Group has the electronic musical instruments segment supporting creative endeavors through electronic musical instruments, video equipment, software products, and services that it develops, produces, and distributes. In order to achieve business growth, management resources will be kept concentrated.
2. The Group targets the current electronic musical instrument segment and its adjacent areas in the medium- to long-term business expansion, and also considers M&A and other measures with an emphasis on demonstrating synergies in addition to expanding the proprietary business.
3. The organized groups by product category and sales area are continuously monitored to assess business efficiency and profitability. The Board of Directors will review them based on the following perspectives at least once a year, and lead to the formulation of medium- to long-term management strategies.
• Consistency with corporate philosophy and corporate mission
• Eliminating bias to maintain the status quo
• Availability and appropriateness of investments for growth that take risks
• Capability, growth and profitability
• Return on capital based on differences among business models
Moreover, in the event of M&A, the Group implements thorough due diligence and makes prudent and calm judgments based on it, clarifies the post-merger plan, and thoroughly monitors the progress of the plan even after the acquisition to reduce risk of impairment.</td></tr>
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<table>
<tr><th>Classifications of risks</th><th colspan="3">Risk items</th></tr>
<tr><td rowspan="12">Management, strategy and governance</td><td colspan="3">14 Technological innovation and changes in trends</td></tr>
<tr><td colspan="3">Demand for our products and services relies heavily on the tastes and preferences of consumers. In order for the Group to expand sales in the existing product markets or develop markets for innovative products, it needs to accurately understand and keep abreast of changing consumer tastes and preferences and continue to focus on R&D. For the Group to commercialize new products, especially innovative products, it may need to work on R&D for many years. In addition, the recruitment and development of talented researchers and engineers are essential to successful R&D activities.
In cases where the Group is unable to continue sufficient R&D activities due to constraints in financial, manpower and other resources, and as a result, can no longer deliver products and services that meet changing tastes and preference of consumers, or its R&D activities are more costly or takes longer than expected, its business, financial position, and operating results may be adversely impacted.</td></tr>
<tr><td>Impact</td><td>Probability of occurrence</td><td>Relevant key strategies</td></tr>
<tr><td>Large</td><td>Medium</td><td>Creating demand, Expanding market share, and Increase LTV</td></tr>
<tr><td colspan="3">Countermeasures</td></tr>
<tr><td colspan="3">The Group’s new product development adopts a unique methodology to understand real needs with thorough interviews about consumer preferences by developers playing musical instruments by themselves. Commercializing products in small quantities against the backdrop of high marginal profit ratio, the Group has fitly offered its products and services that meet changing tastes and preference of consumers. The Group has also sought to ensure technology advantage over the medium- to long-term by shifting resources to develop future technologies.</td></tr>
<tr><td colspan="3">15 Intensification of competition with competitors</td></tr>
<tr><td colspan="3">The Group’s brand is recognized globally, and we are confident that the Group has a strong competitive advantage in terms of sound quality, design, innovation and so forth. The Group, however, has competed fiercely with industry peers in the musical instrument markets both domestic and overseas. Some of the rivaling companies may be more competitive than the Group in many aspects, including brand power, financial capacity, technology, human resources, production capacity, R&D track record, cost competitiveness and sales force. In addition, the Group’s products compete with second-hand products as well. In recent years, some of the manufacturers of lower-priced musical instruments, especially in Asia, have managed to significantly improve the quality of their products and have offered a broad range of products at highly competitive prices, fueling the competition with the Group. If intensified competition with these rivaling companies or rivaling products force to cut prices, these may adversely affect the Group’s business, financial position, and operating results.</td></tr>
<tr><td>Impact</td><td>Probability of occurrence</td><td>Relevant key strategies</td></tr>
<tr><td>Medium</td><td>Medium</td><td>Creating demand and Expanding market share</td></tr>
<tr><td colspan="3">Countermeasures</td></tr>
<tr><td colspan="3">The Group’s brands, including “Roland,” “BOSS,” and “DW,” are one of the motives for consumers to purchase our products and services. The Group has continued to invest its management resources in maintaining and enhancing its brand strength.
Developing electronic musical instruments absolutely requires electronic technology backed by knowledge of musical instruments. Core sound source chips using customized LSIs developed originally by the Company is one of the sources of differentiation. Our continuous initiatives to develop “Game Changer” products for opening up new markets have contributed to enhance our brand power.</td></tr>
</table>

Classifications of risks	Risk items
Management, strategy and governance	16 Group control 17. Human capital

16 Group control

The Group has its manufacturing and distribution bases all around the world. For business activities overseas, differences in standards and practices and difficulties in operating and managing overseas subsidiaries effectively could be the business risk. Without functional group control and appropriate compliance, risk management, and decision management in our subsidiaries, the Group's business, financial position, and operating results may be adversely impacted.

Impact	Probability of occurrence	Relevant key strategies
Medium	Medium	Strengthen foundation

Countermeasures

The Company conducts group control based on the following policies specified in Basic Policy for Internal Control.

1. Ensuring observance of laws and regulations under the “Roland Group Compliance Guidelines” and building compliance observance system in the entire group
2. Building an appropriate management system against various types of risk surrounding the Group, by laying down the “Risk Management Basic Regulations”
3. Specifying the responsibility about the decision-making, increasing efficiency in the performance of duties stipulated in the “Regulations of the Management of Affiliated Companies,” and monitoring activities in the group companies
4. Conducting audits on accounting and operations in the group companies by Internal Audit Division and mutual audits among the group companies

17. Human capital

For the Group to build and maintain competitive advantage in a difficult business environment, it is important to secure human resources with higher expertise. However, the number of highly specialized and capable personnel are limited. Inability to secure a sufficient number of talented personnel and to develop talented people due to lack of education, and a loss of such competent personnel and accordingly an outflow of their expertise and knowhow in our business to competitors owing to insufficient compensation may undermine the Group’s competitive advantage.

If the Group’s corporate culture and organization become stalemated, decreasing job satisfaction for employees, they may lead to poor performance and adversely affect the Group’s business, financial position, and operating results.

Impact	Probability of occurrence	Relevant key strategies
Large	Medium	Strengthen foundation

Countermeasures

The Group has been working on human capital management and allocated human-resources-related management resources to achieve “supporting growth and boosting engagement,” “promoting diverse work styles,” and “incentives to reward perseverance.” In addition, the Group articulates the basic policy for the HR strategies as follows and aim to be a company that respects the individuality of each and every employee, and to grow together.

- A personnel system shall be designed with a focus on “fairness” and “improving employee engagement”
- Aim to design a system in which employees are treated according to their achievements, abilities, and contributions to the company, irrespective of age, gender, race or lengthy of service
- Aim to design a personnel system that returns appropriate benefits to employees in line with the company’s growth

The Company is also committed to supporting the proactive growth of each employee, providing fair opportunities for growth, and treating the results fairly. In addition, the Company has adopted flextime and teleworking systems to promote different working styles and has been striving to improve work-life balance of the employees in the entire group. While guaranteeing a sufficient level of bonuses at a minimum, our incentive policy is effectively working by increasing the linkage to business performance so that employee’s dedicated performance will pay off.

The Company is organizing the personnel systems to develop and utilize specialized and capable personnel globally.

Classifications of risks	Risk items
Business operation	18 Legal regulations; 19 Compliance; 22 Excessive inventory and stockout

18 Legal regulations

The Group is engaged in manufacturing and sales activities globally, and needs to comply with various domestic and international laws and regulations. At the same time, the Group is also required to respond to, among other things, new legal and regulatory enactments or amendments in a timely and appropriate manner. This may increase costs required to develop a legal compliance system. Besides that, in case of violation of any of these laws and regulations due to insufficient development of such a system, the Group's business, financial position, operating results, brand image and social credibility may be adversely affected.

Impact	Probability of occurrence	Relevant key strategies
Medium	Medium	Creating demand, Expanding market share, Increase LTV and Strengthen foundation

Countermeasures

The Group strives to take in the latest legal and regulatory information through research by personnel in charge of legal affairs in each country. If the Group is required to conform to any law or regulation, a department that is substantially relevant to the law or regulation takes charge and develops a compliance system under the support of a legal department.

19 Compliance

The Group is engaged in manufacturing and sales activities globally, and required to respond to social demand, including compliance with various domestic and international laws and regulations. In case of violation of any of these laws and regulations, or a serious misconduct, inappropriate behavior or any other inappropriate behavior by an officer or an employee, the Group's business, financial position, operating results, brand image and social credibility may be adversely affected.

Impact	Probability of occurrence	Relevant key strategies
Large	Low	Creating demand, Expanding market share, Increase LTV and Strengthen foundation

Countermeasures

The Group holds Risk Management and Compliance Committee meetings on a regular basis to monitor compliance promotion activities throughout the Group. In promoting compliance, efforts are being made with a focus on providing relevant education and training. The Group has also formulated the "Roland Group Compliance Guidelines," which is the guiding principles for the Group's all officers and employees, and made them known and thoroughly implemented by everyone across the Group to increase their awareness of compliance. At the same time, a global whistleblowing system is installed in the Company and overseas subsidiaries, where their own whistleblowing system is also established for early detection and prompt and appropriate handling of legal violations and other issues.

22 Excessive inventory and stockout

The Group forecasts consumer demand based on information obtained from the Group's sales network and other sources, and operates manufacturing accordingly. However, as it is difficult to accurately project future consumer demand, the Group's forecast and actual demand may differ. In addition, changes in the supply chain environment, such as longer lead times for material procurement and transportation, may lead to inventory shortages resulting in missed sales opportunities, or excess inventory affecting cash flows or causing inventory valuation losses. As a result, the Group's business, financial position, and operating results may be adversely impacted.

Impact	Probability of occurrence	Relevant key strategies
Medium	High	Creating demand, Expanding market share, and Strengthen foundation

Countermeasures

To enhance the accuracy of demand forecasting, the Group's manufacturing and sales departments hold regular meetings among persons in charge and among heads of department. Based on the discussion results, inventory allocation decisions are made comprehensively considering regional inventories, sales plans, sales shares, and other factors, and supply products to each region accordingly. Further, in order to reduce loss of sales opportunities and curb excess inventory, a new system that enables efficient changes of production plans will be introduced to reflect demand changes in a timely manner.

Classifications of risks	Risk items		
Business operation	**23 Quality of products and services**		
	Also, the Group's business, financial position, operating results, brand image and social credibility may be adversely affected by recalls and other measures to correct defects in products and services, including interruption/delay, repair, and redesign of products or services, when unexpected defects are found in products or services of the Group, or when the products or services do not function as expected according to specifications. In addition, the Group is exposed to a risk of being a party to lawsuits due to defects in its products or services or non-conformity to contracts, including lawsuits based on product liability, in countries or regions where it operates. If the Group becomes a party to such a lawsuit and is ordered to pay large amounts of damages or fines, the Group's business, financial position, and operating results may be adversely impacted.		
	Impact	Probability of occurrence	Relevant key strategies
	Large	Low	Creating demand, Expanding market share, Increase LTV and Strengthen foundation
	Countermeasures		
	The Group has established quality policies in "Quality Manual" and organized necessary actions and standards as a Quality Management System. Quality Assurance Dept. has implemented the quality management, including external audits under "ISO 9001" certification, and enhances market quality.		
	Risk items		
	24 Labor control		
	The Group has its manufacturing and distribution bases all around the world. Insufficient labor management based on the labor laws and other regulations of each country could lead to employee health problems, industrial accidents, injustice, and demoralization. It may also increase the possibility of various harassment and human rights issues. This may adversely affect the Group's business, financial position, and operating results in the form of deterioration of work environment and productivity, loss of social credibility, and damage to brand value.		
	Impact	Probability of occurrence	Relevant key strategies
	Medium	Medium	Strengthen foundation
	Countermeasures		
	The Group provides training on labor laws and harassment to employees in each country to raise their awareness of legal compliance and reduce the risk of labor lawsuits. The Company sets forth the rules to be observed by officers and employees in "Anti-Harassment Regulations." It also has established a whistleblowing system under its "Whistleblowing Program Regulations" to ensure early detection, correction, and prevention of recurrence of any violation of laws, regulations, or company rules and regulations at an organizational level or by the Company's officers and employees. In addition, the Company has a workplace consultation desk to handle complaints and consultations. Moreover, a human rights policy is formulated to monitor the Group's status of respect for human rights and work environment through human rights due diligence as well as a procurement policy for suppliers, to promote our efforts to respect human rights.		

<table>
<tr><th>Classifications of risks</th><th colspan="3">Risk items</th></tr>
<tr><td rowspan="12">Business operation</td><td colspan="3">25 Infringing intellectual properties or being infringed</td></tr>
<tr><td colspan="3">Although the Group carefully looks into whether or not it has infringed the rights of other companies before releasing a product, there is a possibility that the Group will unintentionally infringe the intellectual property rights of a third party. It is also possible that acquisition of patents or other rights by third parties in the business domains where the Group operates could escalate into disputes as to where intellectual property rights belong, or lawsuits or claims against the Group for damage incurred due to its alleged infringement of intellectual property rights, or injunctions against the use of intellectual property rights by the Group.
It is also possible that inventors of intellectual property for which the Group owns the intellectual property rights may file a lawsuit or take other legal actions disputing the payment of compensation or the ownership of their rights, resulting in financial losses for the Group.
These lawsuits and claims could adversely affect the Group’s business, financial position, operating results, brand image and social credibility.
The Group has sought to acquire, maintain, and protect intellectual property rights, such as patents, designs, and trademarks related to its proprietary technologies, products and services. However, in some countries or regions where the Group operates, effective measures to protect intellectual property rights are not in place or are limited. It is therefore possible that we fail to obtain sufficient intellectual property rights in these countries or regions, or that we fail to fully prevent the infringement of our intellectual property rights by third parties. In cases where products similar to ours or illegal counterfeits are sold or unauthorized copies and likes are distributed, the Group’s business, financial position, and operating results may be adversely impacted.</td></tr>
<tr><td>Impact</td><td>Probability of occurrence</td><td>Relevant key strategies</td></tr>
<tr><td>Medium</td><td>Medium</td><td>Creating demand and Expanding market share</td></tr>
<tr><td colspan="3">Countermeasures</td></tr>
<tr><td colspan="3">Intellectual property department is required to review all the product development at planning stages so as not to infringe third party’s intellectual property rights. In addition, the Group protects its intellectual property by registering the Group’s intellectual property rights, such as trademarks, patents, and design rights. Further, as activities to enforce intellectual property rights, the scope of our rights is specified through prior agreements with the holders of similar trademarks, and in case any infringement of the Group’s intellectual property rights is found in the market, we will demand the infringer to correct product labeling in advertising, request an injunction against the sale of the product, or even file a lawsuit against them. Moreover, the Group pays incentives based on company rules and regulations to the employees who have created new intellectual property rights related to the businesses of the Group.</td></tr>
<tr><td colspan="3">Risk items</td></tr>
<tr><td colspan="3">26 IT</td></tr>
<tr><td colspan="3">The Group uses various information systems for its overall business activities and products. In the event these systems do not function as expected by the Group, or system failures occur due to disasters, wars, terrorist acts, infection with computer viruses, cyberattacks and others, the Group may be forced to suspend its operations and services, lose important data, and incur additional expenses for addressing the above situations. As a result, the Group’s business, financial position, operating results, brand image, and social credibility may be adversely impacted.</td></tr>
<tr><td>Impact</td><td>Probability of occurrence</td><td>Relevant key strategies</td></tr>
<tr><td>Medium</td><td>Medium</td><td>Increase LTV and Strengthen foundation</td></tr>
<tr><td colspan="3">Countermeasures

The Group strives to minimize information security risks by operating information system in accordance with “Information Security Basic Regulations” that sets forth rules related to access authority and methods when using information systems, information equipment and data management methods, and security measures. The Group has also formulated guidelines for the use of generative AI and made them known across the Group. Educational opportunities to raise awareness of the importance of information security through training and other means have been provided with the employees. In addition, contingency plans in the event of a human or natural disaster that could lead to information security breaches or system failures have been established.</td></tr>
</table>

4. Management's Discussion and Analysis of Financial Position, Operating Results and Cash Flows

An overview of the Group's financial position, operating results and cash flows ("operating results") and views and issues analyzed or discussed with regard to the Group's operating results from the management's perspective are as follows:
The forward-looking statements contained in the following description are based on the Group's estimates and assumptions available as of the end of the fiscal year under review.

(1) Significant accounting policies and estimates

The Group's consolidated financial statements are prepared based on the accounting principles generally accepted in Japan. The management of the Group prepares these consolidated financial statements based on their estimates, which affect assets and liabilities on a balance sheet date, and the amounts and disclosure of revenues and expenses during the reporting period. Although the appropriateness of these estimates is believed reasonable based on the past results and circumstances, they may differ from actual results due to uncertainties inherent to estimates.

The information on significant accounting policies adopted by the Group in its consolidated financial statements is stated in "Item 5. Financial Information 1. Consolidated Financial Statements, etc. (1) Consolidated financial statements, *Significant accounting policies for preparation of consolidated financial statements*." Of the estimates and judgements made by the management, the following items may have a particularly significant impact on the financial position and operating results.

(a) Valuation of inventories

Valuation of inventories is as stated in "Item 5. Financial Information 1. Consolidated Financial Statements, etc. (1) Consolidated financial statements, Significant accounting estimates."

(b) Valuation of goodwill and other intangible assets

Valuation of intangible assets and goodwill related to the acquisition of shares in Drum Workshop, Inc. is stated in "Item 5. Financial Information 1. Consolidated Financial Statements, etc. (1) Consolidated financial statements, Significant accounting estimates."

(c) Impairment of non-current assets

The Group examines whether the recognition of valuation loss is necessary based on the "Accounting Standards for Impairment of Fixed Assets," and recognizes valuation loss based on the present value of future cash flows or their net sales value. The Group may recognize valuation loss if future cash flows plunge due to a revision to future business plans or deterioration in business environment.

(d) Impairment on investment

In principle, the Group recognizes valuation loss on securities with market values only if their market prices fall 50% or more of their acquisition prices. For securities whose market prices declined 30% to less than 50%, valuation loss is recognized only if their average rate of decline during the past two years is 30% or more. In principle, for securities whose market values do not exist, valuation loss is recognized only if their actual values fall 50% or more of their acquisition prices due to deteriorated financial position of the issuer. In the occurrence of a loss that is not reflected on the book value or an emergent of unrecoverable collectability due to deteriorated market conditions or poor operating performance of the investee, valuation loss might be recorded.

(e) Recoverability of deferred tax assets

In calculating the amount of deferred tax assets, the Group determines the recoverability of deferred tax assets after estimating its future taxable income based on earnings forecasts and tax plannings. Changes in the estimates due to a deteriorated business environment in the future, however, may cause the Group to draw down deferred tax assets and recognize income tax expenses.

(f) Determination of retirement benefit obligations

The Group has put in place a defined benefit corporate pension plan (cash balance plan) and calculates retirement benefit cost and retirement benefit liability based on actuarial assumptions. These assumptions include significant estimates, such as those of discount rates, employee turnover rates, rates of mortality, rates of increases in salary, pension election rates, and expected rates of return on pension assets. The discount rates, which we believe will have particularly a significant impact on profit and loss, are estimated based on the yield of long-term Japanese government bonds at fiscal year-end. Long-term expected rates of return on investment are estimated based on the Company's investment policy and other factors. In the event the actual results differ from the assumptions or if the assumptions are revised, the effects are accumulated and will be periodically recognized in the future. The effects, therefore, generally affect expenses and liabilities recognized in future accounting periods.

(2) Overview of operating results & views and issues analyzed/discussed with regard to the status of operating results from the management's perspective

During the fiscal year ended December 31, 2023 (hereinafter, "period under review"), the transition to a world after COVID-19 advanced significantly across the globe. At the same time, however, the global economic environment surrounding the Group remained uncertain due to the protracted situation in Russia and Ukraine, a slowdown in the Chinese market, rising prices and interest rates worldwide, and financial instability.

Overall demand for electronic musical instruments remained mainly firm, but there were some differences by region such as China, where demand recovery has been slow, and also by product category such as digital pianos, which faced a reactionary decline after stay-at-home demand. As for shipments, the easing of supply constraints caused by COVID-19 resulted in oversupply, and excess dealer inventories, particularly in the U.S., and a continued adjustment phase toward normalization of the supply chain. On the cost side, although raw material prices remained high, there were improvements thanks to a decline in stubbornly high marine transportation costs and other factors. Furthermore, to act with intelligence and with agility to the changing market conditions, spending has been reviewed in a timely and appropriate manner to generate profits through focused efforts.

Surrounded by these circumstances, the Group has set the Medium-term Business Plan, targeting for "Create Fans for Life! – To become a brand loved by more music lovers- "under its long-term vision of "The World Leader in Music Creation-". As the first year of the plan, the Group dedicated efforts to the following four strategies, (1) Create demand, (2) Expand market share, (3) Increase Lifetime Value (hereinafter, "LTV"), and (4) Strengthen foundation.

Regarding "Create demand," while refreshing our core product families and adding new products to our lineup to strengthen our market competitiveness, creating a new market with Game Changer products was our major focus during the period. Specifically, through technological synergy with Drum Workshop, Inc. (hereinafter, "DW"), acquired in the previous fiscal year, DWe, the world's first-of-its-kind acoustic-electronic convertible drum set was launched. In addition, targeting the promising e-sports market expected to thrive in the future, an audio Mixer for game streaming, BRIDGE CAST, was launched. Moreover, as a new service in partnership with a developer of a music generation AI, we started offering BGM CAST, a royalty-free background music service for BRIDGE CAST through Roland Cloud.

Regarding "Expand market share," an affordable keyboard, E-X10, was launched for the portable keyboard market, which is an untapped market for the Group. In addition, in the portable keyboard and digital piano segments, new channels were developed in response to changes in customer purchasing behavior. In emerging countries, strengthening our sales structure was emphasized especially in India and Indonesia, where the purchasing power of the middle class is increasing in line with huge population growth. Furthermore, to provide customers with a place where they can touch our musical instruments and be convinced of the value before purchasing, the Group has been expanding Roland-operated retail stores called Roland Store in major cities around the world. The first store in Japan was opened in Harajuku, Tokyo in October, 2023.

Regarding "Increase LTV," in addition to revamping the user interface of Roland Cloud to significantly improve its usability, software "GALAXIAS" was released, which integrates legendary Roland synthesizers and drum machines sounds. Also, the Group has been working on paid upgrades to our well-received FANTOM series synthesizers, and expanding Roland Cloud services to make it available in categories beyond synthesizers. Moreover, the Roland Platform, centralized management system of customer data, has been built to enhance our understanding of and communication with customers, and to improve the accuracy of our products and services.

Regarding "Strengthen foundation," our major effort was made to enhance our human resource system by globally deploying systems such as "Right person, Right place" and a stock compensation system, to revitalize our people and organization. In addition, with the aim of accelerating innovation through the consolidation of our development divisions and improving employee engagement and productivity, the Company made investments to the new headquarters building in Hamamatsu-shi, Shizuoka, as a core hub for research and development. Furthermore, ERP software update was decided for further business growth, as well as introduction of production management systems to minimize loss of sales opportunities and shorten lead times.

(a) Net sales

During the period under review, the Group recorded net sales of ¥102,445 million (up 6.9% year on year), partly due to the contribution of newly consolidated DW as well as the weakened yen. Sales performance (year-on-year change) by mainstay category is as shown below:

[Keyboards] Net sales: ¥27,546 million (down 7.8% year on year)

Sales of electronic pianos struggled, owing to dealer inventory adjustments and intensified competition, in addition to a slowdown in exceptionally high demand triggered by COVID-19.

[Percussion and Wind Instruments] Net sales: ¥29,342 million (up 27.3% year on year)
Sales of drums were generally firm in the Western countries, mainly thanks to the introduction of new products, although sales in China were affected by the downsizing of music schools resulting from the backdrop of government regulations on tutoring schools and COVID-19. Overall sales in the drums business grew significantly, thanks to the new consolidation of DW.

Sales of electronic wind instruments suffered due to market inventory adjustments in the mainstay markets of China and Japan, as well as competition from new entrants, especially in China.

[Guitar-related Products] Net sales: ¥25,726 million (up 9.3% year on year)
Sales of guitar effects remained strong, thanks to new product launches, on top of a recovery from supply shortages in the previous fiscal year.

Sales of musical instrument amplifiers remained strong, driven by solid demand as well as by the contribution of new products to the performance, although it was affected by dealer inventory adjustments, particularly in the U.S.

[Creation-related Products & Services] Net sales: ¥12,662 million (up 3.7% year on year)
Demand for synthesizers remained generally firm, although there was a reactionary decline because many new products had been launched in the previous fiscal year.

As to dance and DJ-related products, existing products showed signs of slowing down, although new product lines launched in the current year contributed to sales.

In the software and service domain, Roland Cloud continued to provide software synthesizers, sound contents, and firmware updates for hardware products, resulting in stable growth in membership.

[Video and Professional Audio] Net sales: ¥4,073 million (down 6.5% year on year)
Demand for video-related events recovered, and there was an increase in the demand for products. However, the demand for personal livestreamers, influenced by the stay-at-home trend calmed down. Moreover, sales of the V-MODA brand headphones and other products encountered challenges.

(b) Operating profit
During the fiscal year under review, operating profit amounted to ¥11,871 million (up 10.4% year on year). This is due to the fact that although raw material prices remained high, there was a decline in stubbornly high marine transportation costs. Furthermore, to act with intelligence and with agility to the changing market conditions, spending has been reviewed in a timely and appropriate manner, contributed to a profit increase.

(c) Ordinary profit
Non-operating income and non-operating expenses came in at ¥210 million and ¥927 million, respectively. Foreign exchange losses of ¥760 million were recognized in non-operating expenses.

As a result of the above, ordinary profit for the fiscal year under review came in at ¥11,154 million (up 8.8% year on year).

(d) Profit attributable to owners of parent
Extraordinary income and extraordinary losses came in at ¥8 million and ¥14 million respectively. Income tax expenses amounted to ¥2,955 million.

As a result of the above, profit attributable to owners of parent for the current fiscal year under review amounted to ¥8,151 million (down 8.8% year on year).

Deferred tax assets in the prior fiscal year adversely affected profit attributable to owners of parent as a one-off factor.

(e) Key indicators to assess the achievement of management targets
ROE (Return on Equity) was 22.2% (down 6.7 percentage points year on year), due to the above-mentioned decrease in profit attributable to owners of parents and the impact of foreign exchange, despite an appropriate return to shareholders.
ROIC (Return on Invested Capital) was 17.2% (down 1.5 percentage points year on year) despite the increase in operating profit remarked above, as a result of an increase in property, plant and equipment because of investments in the relocation of headquarters (land, building) and other factors.

(f) Actual amounts of production, orders received, and sales

The Company and its consolidated subsidiaries operate in a single business segment, manufacturing and distributing electronic musical instruments, and breakdown associated with segment information is not available.

(i) Actual amounts of production

(Millions of yen, unless otherwise stated)

Item	52nd fiscal year (January 1, 2023 through December 31, 2023)	YoY change (%)
Keyboards	27,273	(15.5)
Percussion and Wind Instruments	27,056	+17.4
Guitar-related Products	24,788	(1.6)
Creation-related Products & Services	12,579	+11.4
Video and Professional Audio	4,438	+2.9
Others	2,157	+13.7
Total	98,294	+0.3

Note: The amount is calculated based on the selling price.

(ii) Actual amounts of orders received

Not applicable as the Group manufactures products based on demand forecasts.

(iii) Actual amounts of sales

(Millions of yen, unless otherwise stated)

Item	52nd fiscal year (January 1, 2023 through December 31, 2023)	YoY change (%)
Keyboards	27,546	(7.8)
Percussion and Wind Instruments	29,342	+27.3
Guitar-related Products	25,726	+9.3
Creation-related Products & Services	12,662	+3.7
Video and Professional Audio	4,073	(6.5)
Others	3,094	+9.7
Total	102,445	+6.9

(3) Analysis of financial position

Total assets as of December 31, 2023 increased by ¥3,912 million from the end of the previous year to ¥80,969 million. This is attributable primarily to increases in cash and deposits of ¥2,377 million with details described in cash flows in the next section, trade receivables of ¥899 million, and property, plant and equipment of ¥2,190 million, partially offset by a decrease in inventories of ¥2,178 million.

Total liabilities decreased by ¥2,454 million from the end of the previous fiscal year to ¥40,854 million. This is attributable primarily to a decrease in borrowings of ¥3,639 million, partially offset by an increase in trade payables of ¥660 million.

Net assets increased by ¥6,366 million from the end of the previous fiscal year to ¥40,114 million. This is attributable primarily to the recognition of profit attributable to owners of parent of ¥8,151 million and an increase in foreign currency translation adjustment of ¥1,849 million due to the depreciation of the yen against major currencies, partially offset by a decrease in retained earnings of ¥4,506 million due to declaration and payments of dividends.

As a result of the above, the equity ratio rose 5.7 percentage points from the end of the previous fiscal year to 49.2%.

(4) Cash flows

During the period under review, cash and cash equivalents ("net cash") increased by ¥2,377 million (an increase by ¥1,724 million for the same period of the previous fiscal year) to ¥12,883 million at the end of the period.

(Cash flows from operating activities)

Net cash provided by operating activities amounted to ¥15,428 million (¥793 million provided for the same period of the previous fiscal year), which is attributable primarily to the recording of profit before income taxes and a decrease in working capital.

(Cash flows from investing activities)

Net cash used in investing activities amounted to ¥3,576 million (¥11,351 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 used in financing activities amounted to ¥8,668 million (¥12,879 million provided for the same period of the previous fiscal year), which is attributable primarily to repayments of borrowings and payments of dividends.

(5) Factors that have a material impact on operating results

Factors that have a material impact on the Group's operating results are as stated in "3. Business Risks."

(6) Capital resources and liquidity of funds

The Group's cash demand lies primarily in the purchase of raw materials for manufacturing its products, labor cost, the purchase of its products manufactured by subcontractors, research and development expenses, operating expenses including advertising and promotion expenses and other operating funds, as well as refurbishment and expansion of manufacturing facilities.

The Group usually finances its operations and capital investments with its own funds and external borrowings. To raise funds efficiently, the Company has entered into overdraft agreements and committed lines of credit agreements with its main bank and managed liquidity risk. As of the end of the fiscal year under review, the balance of unused credit was ¥9,700 million.

The Group will seek to curb its funding costs and optimize its capital efficiency by taking into consideration the outlook for its cash flow conditions, the trend of market interest rates, and borrowing funds from banks as needed, while using own funds earned by operating activities as the basic source of funding.

Reference information

Besides net sales stated in its consolidated financial statements, the Group has recognized the historical changes in its net sales to external customers by major regional market and by product category, for the purpose of providing investors with the information that helps them evaluate the Group's operating performance and corporate value, as shown in the tables below. Note that percentages (expressed in %) indicate the ratio of composition in net sales.

(1) Net sales and composition by region

(Millions of yen)

	2019		2020		2021		2022		2023	
Japan	9,237	14.6%	9,066	14.2%	9,666	12.1%	9,736	10.2%	9,693	9.5%
North America (Note 1)	18,914	29.9%	19,963	31.2%	25,959	32.4%	34,904	36.4%	38,920	38.0%
Europe (Note 2)	19,518	30.9%	21,027	32.8%	24,958	31.2%	26,439	27.6%	29,663	28.9%
China (Note 3)	7,194	11.4%	6,304	9.8%	8,673	10.8%	9,641	10.1%	8,796	8.6%
Asia / Oceania / Other Regions	8,381	13.2%	7,682	12.0%	10,775	13.5%	15,118	15.7%	15,372	15.0%
Total	63,247	100.0%	64,044	100.0%	80,032	100.0%	95,840	100.0%	102,445	100.0%

Notes: 1. Net sales in the U.S. and Canada.
2. Including net sales in Austria, Belgium, Czech Republic, Denmark, Finland, France, Germany, Greece, Ireland, Italy, the Netherlands, Norway, Poland, Portugal, Russia, Spain, Sweden, Switzerland, Turkey, and the United Kingdom.
3. Net sales in mainland China.

(2) Net sales and composition by product category

(Millions of yen)

	2019		2020		2021		2022		2023	
Keyboards	17,104	27.0%	17,842	27.9%	24,792	31.0%	29,869	31.2%	27,546	26.9%
Percussion and Wind Instruments	14,205	22.4%	14,620	22.8%	19,053	23.8%	23,046	24.1%	29,342	28.6%
Guitar-related Products	16,744	26.5%	16,712	26.1%	19,093	23.9%	23,540	24.6%	25,726	25.1%
Creation-related Products & Services	8,267	13.1%	8,010	12.5%	10,122	12.6%	12,206	12.7%	12,662	12.4%
Video and Professional Audio	4,289	6.8%	4,597	7.2%	4,282	5.3%	4,357	4.5%	4,073	4.0%
Other	2,634	4.2%	2,261	3.5%	2,689	3.4%	2,819	2.9%	3,094	3.0%
Total	63,247	100.0%	64,044	100.0%	80,032	100.0%	95,840	100.0%	102,445	100.0%

5. Material Contracts, etc.

Lease agreement

Contracting party	The other party	Contract date	Contract details	Contract period
Roland Manufacturing Malaysia Sdn. Bhd.	Formosa Prosonic Industries Berhad	December 1, 2022	Factories, warehouses and offices for manufacturing electronic musical instruments	From December 1, 2022 through November 30, 2025

* The contract was renewed on the renewal date in December 2022. The Company, as lessee, is given an option to renew the contract for additional three years at its discretion.

6. Research and Development Activities

The Group's research and development activities can be classified into the following two: the development of elemental technologies that can be shared across the entire Group; and the development of technologies that specialize in product categories. The development of elemental technologies includes construction of theories for audio-visual synthesis, modeling, sound effects, acoustic analysis, and high-efficiency coding; and the development of our original large-scale integrations (LSIs) for sound generators and effectors, which are at the heart of our electronic musical instruments, and digital signal processors that run on the LSIs. We are also engaged in the development of telecommunications technologies to transmitting audio and Musical Instrument Digital Interface (MIDI) using communications/interface standards such as USB, Bluetooth, and wireless LAN; and a platform for our cloud-based service Roland Cloud. Meanwhile, the development of technologies focused on each of our product categories includes sensor technology for playing keyboards, percussion, and wind instruments; sound effect technology for guitar-related products; and video processing technology for video products.

At the Company, the product development departments are assigned elemental technologies development functions, allowing us to develop strategic themes efficiently and quickly.

Specific research and development activities conducted during the fiscal year under review are described below. The Company and its consolidated subsidiaries operate as a single segment covering manufacture and sale of electronic musical instruments. Accordingly, these activities are not associated with segment information.

(a) Keyboards

In the electronic piano products, we have been working for many years to improve sound expression through modeling sound engine technology. In March 2023, the GP Series Digital Grand Pianos, featuring the Piano Reality, a sophisticated technology that collaborates seamlessly with each other, comprising the latest modeling sound engine, keyboard, pedals, audio components and speakers were launched. The GP Series is equipped with following features to enhance the expression of piano performance: a highly realistic sound engine that models piano tone and the hall's acoustic characteristics, keyboard sensing technology that faithfully reproduces the difference in sound based on the player's way, and three-dimensional sound field reproduction technology achieved through multi-speaker and signal processing. In January 2023, a portable piano of FP-E50 was launched. This model is installed with an arranger function, an automatic accompaniment feature that combines our ZEN-Core (Note 1) sound engine and chord detection technology. The interactive automatic accompaniment feature equipped in FP-E50 enhances the realism of accompaniment by using a unique algorithm to adjust the arrangement and sound level in real time, synchronized with the performance.

Note 1: An extensible and customizable synthesizer sound engine running on the original system LSI and computer.

(b) Percussion and Wind Instruments

In the digital wind instruments category, AE-20W was released in March 2023. AE-20W is a new digital wind instrument combining ZEN-Core sound engine with the breath and bite sensor technologies that control sound and enhance playability. At the same time, the existing AE-30 has also undergone a software update, adding new features while keeping the main body unchanged. In this way, Aerophone Series have continued to evolve toward expanding the joy of playing while achieving the level of sound attainable only with wind instruments.

In the electronic drums category, in January 2023, TD-02KV and TD-02K were launched as entry-level models in V-Drums Series. Despite their compact-size, these models allow users to enjoy authentic sound and playing sense at home. The newly developed sound engine TD-02 features drum kit tones inherited from the high-end models. The wide range of drum kits can suit various music styles. The optional adapter BT-DUAL (BOSS brand) enables wireless connection to smartphones and other devices, allowing users to play along with their favorite songs easily.

In addition, in November 2023, DWe , a wireless, acoustic-electronic convertible drum set was released from the DW brand. Incorporating DW's high-quality shells and proprietary electronic technology, along with our expertise in electronic drums, DWe was born as a completely new drum kit. DWe drums are ready to play straight featuring cutting-edge wireless technology requiring no wires or cables with no latency. Additionally, the kit can be linked to the DW Soundworks platform, where a range of premium samples with natural drum tonality is available.

(c) Guitar-related Products

The year 2023 marks the 50th anniversary of the founding of MEG Electronics Corporation (1973), the predecessor of BOSS. In addition to the continued development of analog products loved by guitarists since the brand's inception, BOSS has implemented the knowledge and experience gained through years of developing effects and amplifiers into its own system LSIs, resulting in many new product proposals.

In May 2023, SDE-3000D, a faithful replication of the revered SDE-3000, still regarded as the one and only vintage digital delay, was released. Not only does it faithfully reproduce the sound, but it also consolidates functions that meet today's needs into a floor-based pedal unit, achieving high versatility. In June 2023, SDE-3000EVH was released as a variation model that reproduces the powerful sound of the wet/dry/wet setup pioneered by guitarist Eddie Van Halen, who loved the SDE-3000.

In July 2023, DM-101, a delay machine that combines the latest technology with analog circuitry was released. By adopting electronic components called BBDs in the signal path, the delay achieves a warm, enveloping delay sound (Note 2). The CPU controls the circuitry to produce a wide range of sounds. It also has many features essential for the modern guitarist, such as memories, and support for MIDI control.

In August 2023, a guitar synthesizer system using a new method was released. The GK-5 (for guitar) and GK-5B (for bass) Divided pickups sense each string individually, achieve stable communication using the digital signal transmission, instead of the conventional analog transmission. Furthermore, the core of the system, the guitar synthesizer GM-800, enhances tracking stability for audio to MIDI conversion, achieving a natural playing feel. It is also the first in this category to adopt the ZEN-Core sound engine, providing a diverse range of high-quality tones.

In August 2023, am amplifier, AC-22LX was launched. AC-22LX delivers a full-immersion playing experience. This amplifier authentically reproduces the rich sound of acoustic instruments that respond naturally to the player's touch. It also features the Air Feel technology, which recreates stereo microphone setups created by highly skilled audio engineers.

In October 2023, NS-1X was launched. This is a noise suppressor utilizing multi-dimensional signal processing (MDP) (Note 3) to silence noise without affecting the natural tone. In addition to the Reduction mode, providing gentle noise suppression, it is equipped with the Gate mode, ideal for high-gain players, providing immediate silences of the sound when no signal is present, ensuring a new performance expression for guitarists and bassists.

Note 2: Sound in which effects of echo and spatial expansion are added to the audio by delaying the timing of the sound generation.

Note 3: BOSS's proprietary multi-dimensional signal processing technology that instantly analyzes the input signal on multiple levels in real time and applies the optimal effect to each part as the sound changes over time. This groundbreaking advanced technology allows for unprecedented sound without sacrificing musical expressiveness by adding optimal effect.

(d) Creation-related Products and Services

Celebrating the 50th anniversary ever since the nation's first synthesizer, SH-1000 released in 1973, three new products as well as an upgrade kit for the flagship model were released during the commemorable year.

In March 2023, SH-4d, a versatile desktop synthesizer featuring 11 newly developed oscillator models that enable a wide range of sound creation was released. This synthesizer is equally suited for studio, stage, and traveling as it can be powered by USB bus power, offering excellent versatility. In May 2023, the pocket-sized AIRA Compact series added a new model, S-1, which is ready to work anywhere. The S-1 is loaded with a sound engine reproducing the legendary Roland analog synthesizer, SH-101 digitally and a newly developed motion sensor, called D-Motion. D-Motion is a function to create sound changes and adds harmonic richness to the sound simply by tilting the product itself. In October 2023, the synthesizer GAIA2 was released. It inherits the intuitive sound design workflow derived from analog synthesizers while creating cutting-edge never expressible before. It features a full-size 37-key keyboard with excellent playability. In addition to our proprietary technology that combines wavetable and virtual analog engines for quick sound making, the newly developed Motional Pad and sequencer make it easy to generate complex sounds and phrases full of dynamic movement.

In November 2023, as an upgrade kit for our flagship FANTOM-6/7/8 synthesizers, FANTOM EX Upgrade was released. The enhancements include the addition of our proprietary Analog Circuit Behavior (ACB) architecture (Note 4) among other improvements.

For the subscription service Roland Cloud, a cloud-based software sound source for music and media creators, enhancing the network platform and expanding the services have been underway. In July 2023, a curated music service, BGM CAST was released. This is a service for those who stream background music and sound effects during game commentary broadcasts. It features a unique music selection algorithm that automatically plays background music tailored to user preferences to enhance the excitement of game commentary broadcasts. In addition, in November 2023, an application software Galaxias, which provides full access to Roland Cloud featuring over 40 software sound sources and more than 20,000 sounds was released. With its integrated environment from sound creation to engine control, Galaxias opens up new possibilities for music production.

Note 4: A technology to convert characteristics of analog parts and behaviors unique to analog circuits into digital modeling to reproduce analog electronic instruments sounds.

(e) Video and Professional Audio

While live stream performances became widespread amid the COVID-19 pandemic, conventional real live stage performances revived as the pandemic ceases. Such revival of live performances resulted in new and booming varieties of events. In such a situation, our AV Mixer VR Series and Video Mixer V Series have satisfied such demands at these live events. In June 2023, VR-400UHD 4K streaming AV mixer was released. With the concept of “professional production for everyone,” it serves as a user-friendly video switcher easily operated by those who are not familiar with video equipment. This mixer is an all-in-one package of video, audio, and streaming functions that have been well-received in the previous VR Series, and with 4K support, it delivers high video quality. The USB streaming output, a hallmark of the VR Series, is also upgraded to support 4K, enabling high-definition streaming. A new preview scene feature has been also added. This feature allows multiple composite images to be displayed as video previews, and users can select the video they want to output by tapping the large touchscreen.

In the headphone category, a combination of Roland’s electronic drum development technology accumulated over 30 years and V-MODA’s headphone development technology resulted in the VMH-D1 headphone, released in February 2023. Its custom tuning brings out the full sound of electronic drums, and immerses users in a comfortable, stress-free playing experience during performances.

During the fiscal year under review, research and development expenses came in at ¥5,187 million.

Item 3. Information about Facilities

1. Overview of Capital Expenditures

During the fiscal year ended December 31, 2023, the Group made capital expenditures of ¥3,849 million for investments in the new headquarters building (land and buildings) and in molds incidental to new product development.

The Company and its consolidated subsidiaries operate as a single segment covering manufacture and sale of electronic musical instruments. Accordingly, information in association with segment information is not presented.

2. Major Facilities

(1) Reporting company

As of December 31, 2023

Office (Location)	Description of facilities	Carrying amount (million yen)					Number of employees (Persons)
		Buildings and structures	Machinery, equipment and vehicles	Tools, furniture and fixtures	Land (Area: m^2)	Total	
Headquarters (Kita-ku, Hamamatsu-shi, Shizuoka)	Facilities for development and administration operations	247	0	64	540 (35,460)	853	445
Miyakoda Factory, Miyakoda Testing Laboratory (Kita-ku, Hamamatsu-shi, Shizuoka)	Facilities for production, development and quality control	317	7	32	611 (38,357)	969	215
R&D Center (Kita-ku, Hamamatsu-shi, Shizuoka)	Facilities for research and development	484	0	10	138 (28,270)	633	54

Notes: 1. There are no major facilities that are currently out of operation.
2. The number of temporary employees is omitted since it is less than 10% of the total number of employees.
3. The above figures are the carrying amounts of property, plant and equipment, and do not include construction in progress.

(2) Overseas subsidiaries

As of December 31, 2023

Company name	Location	Description of facilities	Carrying amount (million yen)					Number of employees (Persons)
			Buildings and structures	Machinery, equipment and vehicles	Tools, furniture and fixtures	Land (Area: m^2)	Total	
Roland Electronics (Suzhou) Co., Ltd.	Suzhou, China	Production facilities	229	209	367	– (26,870) [26,870]	806	201
Roland Manufacturing Malaysia Sdn. Bhd.	Selangor Darul Ehsan, Malaysia	Production facilities	457	125	663	– (49,580) [49,580]	1,245	965 (212)

Notes: 1. There are no major facilities that are currently out of operation.
2. The number of employees in parentheses indicates the number of temporary employees, which is not included in the number of employees.
3. The figures of areas of land in square brackets indicate the areas of land leased from entities other than the consolidated companies, which is included in the areas of land.
4. The above figures are the carrying amounts of property, plant and equipment, and do not include construction in progress.

3. Facility Construction and Disposal Plans

The Company and its consolidated subsidiaries operate as a single segment covering manufacture and sale of electronic musical instruments. Accordingly, information in association with segment information is not presented.

(1) New construction of significant facilities

Company name	Office (Location)	Description of facilities	Planned investment amount (million yen)		Financing method	Start and completion dates (planned)	
			Total amount	Amount already paid		Start	Completion
Reporting company	New headquarters building (Hamana-ku, Hamamatsu-shi)	Facilities for research and development and administration operations	7,000	1,683	Own funds and borrowings	August 2024	Within 2025

Note: The Company plans to expand and renovate the building acquired in the current fiscal year for usage of new headquarters building.

(2) Disposal of significant facilities

Not applicable.

Item 4. Information about Reporting Company

1. Company's Shares, etc.

(1) Total number of shares

(i) Authorized shares

Class	Total number of shares authorized to be issued (shares)
Common stock	80,000,000
Total	80,000,000

(ii) Issued shares

Class	Number of issued shares as of fiscal year end (December 31, 2023) (shares)	Number of issued shares as of the filing date (March 5, 2024) (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	28,163,038	28,163,038	Prime Market of the Tokyo Stock Exchange	The number of shares constituting one unit is 100 shares.
Total	28,163,038	28,163,038	–	–

(2) Share acquisition rights

(i) Stock option plans

1st Series Share Acquisition Rights (resolved at the Extraordinary General Meeting of Shareholders held on April 30, 2015)

Resolution date	April 30, 2015
Title and number of grantees (Persons)	4 Directors and 7 Executive Officers of the Company (Note 8)
Number of share acquisition rights (units) (Note 1)	7,692 [6,394] (Note 2)
Class, details and number of shares underlying the share acquisition rights (shares) (Note 1)	199,992 [166,244] shares of common stock (Notes 2, 3)
Paid-in amount upon exercise of share acquisition rights (yen) (Note 1)	374 (Note 4)
Exercise period of share acquisition rights (Note 1)	May 1, 2017 through April 30, 2025
Share issue price and additional paid-in capital per share in the event of issuance of shares upon exercise of share acquisition rights (yen) (Note 1)	Issue price: 374 The additional paid-in capital per share shall be an amount equivalent to a half of the maximum amount of share capital increase, calculated in accordance with Article 17, Paragraph 1 of the Regulations on Corporate Accounting. Fractions less than one yen resulting from the calculation shall be rounded up to a whole yen.
Conditions for exercising share acquisition rights (Note 1)	(Note 5)
Transfer of share acquisition rights (Note 1)	(Note 6)
Delivery of share acquisition rights in the event of organizational restructuring activities (Note 1)	(Note 7)

Notes: 1. The description above indicates the status as of the end of the current fiscal year (December 31, 2023). The presumed updated information changed between the end of the current fiscal year and the end of the preceding the month of filing (February 29, 2024) is shown in square brackets based on the status as of February 29, 2024. The other information has not changed from the end of the current fiscal year.

2. The number of shares underlying each of the Share Acquisition Rights is 26 shares.

3. In the case that the Company conducts a stock split or consolidation, the number of shares underlying the Share Acquisition Rights shall be adjusted in accordance with the following formula. Such adjustment shall be made only for the number of shares underlying the Share Acquisition Rights that has not been exercised at the time of such stock split or consolidation. Any fractional shares resulting from such adjustments shall be rounded down.
   Number of shares after adjustment = Number of shares before adjustment × Ratio of stock split or consolidation
   In the event that the number of shares to be granted (hereinafter the "Number of Granted Shares") needs to be adjusted, after the date on which the issuance of the Share Acquisition Rights is resolved (hereinafter the "Resolution Date") due to the Company's merger, company split, share exchange, share transfer or other organizational restructuring activities (hereinafter the "Company's Restructuring Activities"), or any other events requiring an adjustment of such number of shares, the Company shall appropriately adjust the Number of Granted Shares to the reasonable extent.
4. In the event that the Company conducts a stock split or consolidation after the Resolution Date, the exercise price of the Share Acquisition Rights shall be adjusted in accordance with the following formula. Any fractions less than one yen resulting from the calculation shall be rounded up to a whole yen.
   Exercise price after adjustment = Exercise price before adjustment / Ratio of stock split or stock consolidation
   In addition to the above, in the event that the exercise price needs to be adjusted due to the Company's Restructuring Activities, or any other events requiring an adjustment of such price, after the Resolution Date of issuance of share acquisition rights, the Company shall appropriately adjust the exercise price to the reasonable extent.
5. Persons to whom the Share Acquisition Rights are to be allocated (hereinafter the "Share Acquisition Right Holders") may exercise their share acquisition rights only if (i) the Company's common stock is listed on the Tokyo Stock Exchange or any other financial instruments exchange market in Japan or abroad, (ii) the Company conducts a merger, in which the Company is the merged entity, a company split or business transfer involving all or material part of the Company's business, an exchange or transfer of shares whereby the Company becomes a wholly-owned subsidiary, or (iii) Taiyo Jupiter Holdings, L.P. transfers a majority number of shares of the Company it directly or indirectly holds.
   The Share Acquisition Right Holders may now exercise the Share Acquisition Rights as the Company went public on the First Section (Prime Market as of the date of submission) of the Tokyo Stock Exchange on December 16, 2020; therefore, the condition in (i) above has been satisfied.
6. Acquisition of the Share Acquisition Rights by way of transfer requires approval by a resolution of the Company's Board of Directors.
7. In the event that the Company conducts a merger (limited to the case where the Company ceases to exist as a result of the merger), an absorption-type company split or an incorporation-type company split, or an exchange or transfer of shares (collectively, the "Restructuring Activities"), share acquisition rights of the relevant stock companies set forth in Article 236, Paragraph 1, Item 8 (a) through (e) of the Companies Act (the "Succeeding Company") shall be delivered to the Share Acquisition Right Holders who hold the Share Acquisition Rights not yet exercised at the time of the Restructuring Activities taking effect in accordance with the following conditions; provided, however, that such share acquisition rights of the Succeeding Company shall be delivered only if the delivery of such share acquisition rights is stipulated in the relevant merger agreement, absorption-type company split agreement, incorporation-type company split plan, share exchange agreement or share transfer plan.
   (i) Number of share acquisition rights of the Succeeding Company to be delivered
   Number reasonably determined based on the number of Share Acquisition Rights held by a Share Acquisition Right Holder, taking into account the terms and conditions of the Restructuring Activities.
   (ii) Class of shares of the Succeeding Company underlying the share acquisition rights to be granted
   Common stock of the Succeeding Company
   (iii) Number of shares of the Succeeding Company underlying the share acquisition rights to be delivered
   Number reasonably determined taking into account the terms and conditions of the Restructuring Activities
   (iv) Value of assets to be contributed upon exercise of the share acquisition rights to be delivered
   Value obtained by multiplying (i) the value per share reasonably determined based on the exercise price set forth in the above table, taking into account the terms and conditions of the Restructuring Activities by (ii) the number of shares of the Succeeding Company underlying each share acquisition right to be delivered.
   (v) Exercise period of share acquisition rights to be delivered
   From the effective date of the relevant Restructuring Activity to the end of the exercise period set forth in the above table
   (vi) Conditions for exercise of share acquisition rights to be delivered
   Same as set forth in 5. above.
   (vii) Restriction on acquisition of share acquisition rights by transfer
   Same as set forth in 6. above.
8. "Title and number of grantees" as of the filing date of this Annual Securities Report is composed of two Directors, three employees, two former Directors, three former Executive Officers and one former employee of the Company.
9. The Company conducted a 30-for-1 stock split effective on September 14, 2020. As a result, adjustments were made to the "Number of shares underlying the share acquisition rights," "Paid-in amount upon exercise of share acquisition rights" and "Share issue price and additional paid-in capital per share in the event of issuance of shares upon exercise of share acquisition rights."

3rd Series Share Acquisition Rights (resolved at the Extraordinary General Meeting of Shareholders held on March 4, 2016)

Resolution date	March 4, 2016
Title and number of grantees (Persons)	2 Executive Officers of the Company and 4 Officers of subsidiaries of the Company (Note 8)
Number of share acquisition rights (units) (Note 1)	5,000 (Note 2)
Class, details and number of shares underlying the share acquisition rights (shares) (Note 1)	130,000 shares of common stock (Notes 2, 3)
Paid-in amount upon exercise of share acquisition rights (yen) (Note 1)	413 (Note 4)
Exercise period of share acquisition rights (Note 1)	March 5, 2018 through March 4, 2026
Share issue price and additional paid-in capital per share in the event of issuance of shares upon exercise of share acquisition rights (yen) (Note 1)	Issue price: 413 The additional paid-in capital per share shall be an amount equivalent to a half of the maximum amount of share capital increase, calculated in accordance with Article 17, Paragraph 1 of the Regulations on Corporate Accounting. Fractions less than one yen resulting from the calculation shall be rounded up to a whole yen.
Conditions for exercising share acquisition rights (Note 1)	(Note 5)
Transfer of share acquisition rights (Note 1)	(Note 6)
Delivery of share acquisition rights in the event of organizational restructuring activities (Note 1)	(Note 7)

Notes: 1. The description above indicates the status as of the end of the current fiscal year (December 31, 2023). There was no change in the information as of the end of the month preceding to the filing month (February 29, 2024).

2. The number of shares underlying each of the Share Acquisition Rights is 26 shares.

3. In the case that the Company conducts a stock split or consolidation, the number of shares underlying the Share Acquisition Rights shall be adjusted in accordance with the following formula. Such adjustment shall be made only for the number of shares underlying the Share Acquisition Rights that has not been exercised at the time of such stock split or consolidation. Any fractional shares resulting from such adjustments shall be rounded down.
Number of shares after adjustment = Number of shares before adjustment × Ratio of stock split or consolidation
In the event that the number of shares to be granted (hereinafter the “Number of Granted Shares”) needs to be adjusted, after the date on which the issuance of the Share Acquisition Rights is resolved (hereinafter the “Resolution Date”) due to the Company’s merger, company split, share exchange, share transfer or other organizational restructuring activities (hereinafter the “Company’s Restructuring Activities”), or any other events requiring an adjustment of such number of shares, the Company shall appropriately adjust the Number of Granted Shares to the reasonable extent.

4. In the event that the Company conducts a stock split or consolidation after the Resolution Date, the exercise price of the Share Acquisition Rights shall be adjusted in accordance with the following formula. Any fractions less than one yen resulting from the calculation shall be rounded up to a whole yen.
Exercise price after adjustment = Exercise price before adjustment / Ratio of stock split or stock consolidation
In addition to the above, in the event that the exercise price needs to be adjusted due to the Company’s Restructuring Activities, or any other events requiring an adjustment of such price, after the Resolution Date of issuance of share acquisition rights, the Company shall appropriately adjust the exercise price to the reasonable extent.

5. Persons to whom the Share Acquisition Rights are to be allocated (hereinafter the “Share Acquisition Right Holders”) may exercise their share acquisition rights only if (i) the Company’s common stock is listed on the Tokyo Stock Exchange or any other financial instruments exchange market in Japan or abroad, (ii) the Company conducts a merger, in which the Company is the merged entity, a company split or business transfer involving all or material part of the Company’s business, an exchange or transfer of shares whereby the Company becomes a wholly-owned subsidiary, or (iii) Taiyo Jupiter Holdings, L.P. transfers a majority number of shares of the Company it directly or indirectly holds.
The Share Acquisition Right Holders may now exercise the Share Acquisition Rights as the Company went public on the First Section (Prime Market as of the date of submission) of the Tokyo Stock Exchange on December 16, 2020; therefore, the condition in (i) above has been satisfied.

6. Acquisition of the Share Acquisition Rights by way of transfer requires approval by a resolution of the Company’s Board of Directors.

7. In the event that the Company conducts a merger (limited to the case where the Company ceases to exist as a result of the merger), an absorption-type company split or an incorporation-type company split, or an exchange or transfer of shares (collectively, the “Restructuring Activities”), share acquisition rights of the relevant stock companies set forth in Article 236, Paragraph 1, Item 8 (a) through (e) of the Companies Act (the “Succeeding Company”) shall be delivered to the Share Acquisition Right Holders who hold the Share Acquisition Rights not yet exercised at the time of the Restructuring Activities taking effect in accordance with the following conditions; provided, however, that such share acquisition rights of the Succeeding Company shall be delivered only if the delivery of such share acquisition rights is stipulated in the relevant merger agreement, absorption-type company split agreement, incorporation-type company split plan, share exchange agreement or share transfer plan.

(i) Number of share acquisition rights of the Succeeding Company to be delivered
Number reasonably determined based on the number of Share Acquisition Rights held by a Share Acquisition Right Holder, taking into account the terms and conditions of the Restructuring Activities.
(ii) Class of shares of the Succeeding Company underlying the share acquisition rights to be granted
Common stock of the Succeeding Company
(iii) Number of shares of the Succeeding Company underlying the share acquisition rights to be delivered
Number reasonably determined taking into account the terms and conditions of the Restructuring Activities
(iv) Value of assets to be contributed upon exercise of the share acquisition rights to be delivered
Value obtained by multiplying (i) the value per share reasonably determined based on the exercise price set forth in the above table, taking into account the terms and conditions of the Restructuring Activities by (ii) the number of shares of the Succeeding Company underlying each share acquisition right to be delivered.
(v) Exercise period of share acquisition rights to be delivered
From the effective date of the relevant Restructuring Activity to the end of the exercise period set forth in the above table
(vi) Conditions for exercise of share acquisition rights to be delivered
Same as set forth in 5. above.
(vii) Restriction on acquisition of share acquisition rights by transfer
Same as set forth in 6. above.

8. "Title and number of grantees" as of the filing date of this Annual Securities Report is composed of one Executive Officer and two former employees of the Company, and two employees and one former employee of subsidiaries of the Company.
9. The Company conducted a 30-for-1 stock split effective on September 14, 2020. As a result, adjustments were made to the "Number of shares underlying the share acquisition rights," "Paid-in amount upon exercise of share acquisition rights" and "Share issue price and additional paid-in capital per share in the event of issuance of shares upon exercise of share acquisition rights."

(ii) Rights plans
Not applicable.

(iii) Share acquisition rights for other uses
Not applicable.

(3) Exercises of moving strike convertible bonds, etc.
Not applicable.

(4) Changes in number of issued shares, share capital and legal capital surplus

(Millions of yen, unless otherwise stated)

Date	Increase in total number of issued shares (shares)	Balance of total number of issued shares (shares)	Increase in share capital	Balance of share capital	Increase in legal capital surplus	Balance of legal capital surplus
January 1, 2019 through December 31, 2019	–	911,461	–	9,421	–	5,006
January 1, 2020 through December 31, 2020 (Notes 1, 2)	26,669,905	27,581,366	69	9,490	69	5,076
January 1, 2021 through December 31, 2021 (Note 3)	389,168	27,970,534	94	9,585	94	5,170
January 1, 2022 through December 31, 2022 (Note 4)	96,252	28,066,786	27	9,613	27	5,198
January 1, 2023 through December 31, 2023 (Note 5)	96,252	28,163,038	27	9,641	27	5,226

Notes: 1. The Company conducted a 30-for-1 stock split effective on September 14, 2020, as resolved at the Board of Directors meeting held on August 26, 2020.
2. Upon the exercise of share acquisition rights, the total number of issued shares, the amount of share capital and the amount of legal capital surplus increased by 237,536 shares, ¥69 million and ¥69 million, respectively.
3. Upon the exercise of share acquisition rights, the total number of issued shares, the amount of share capital and the amount of legal capital surplus increased by 389,168 shares, ¥94 million and ¥94 million, respectively.
4. Upon the exercise of share acquisition rights, the total number of issued shares, the amount of share capital and the amount of legal capital surplus increased by 96,252 shares, ¥27 million and ¥27 million, respectively.
5. Upon the exercise of share acquisition rights, the total number of issued shares, the amount of share capital and the amount of legal capital surplus increased by 96,252 shares, ¥27 million and ¥27 million, respectively.

(5) Shareholding by shareholder category

As of December 31, 2023

Category	Shareholding status (Number of shares constituting one unit: 100 Shares)								Shares less than one unit (shares)
	National and local governments	Financial institutions	Financial service providers	Other corporations	Foreign investors, etc.		Individuals and others	Total	
					Non-individuals	Individuals			
Number of shareholders (Persons)	–	19	23	50	171	6	4,120	4,389	–
Number of shares held (units)	–	36,137	2,559	1,988	208,870	270	31,689	281,513	11,738
Ratio of shareholdings (%)	–	12.84	0.91	0.71	74.19	0.09	11.26	100.00	–

Note: Out of 441,558 treasury shares, 4,415 units are included in "Individuals and others," and 58 shares are included in "Shares less than one unit."

(6) Major shareholders

As of December 31, 2023

Name	Address	Number of shares held (shares)	Shareholding ratio (excluding treasury shares) (%)
Taiyo Jupiter Holdings, L.P. (Standing proxy: SMBC Nikko Securities Inc.)	4th Floor, Harbour Place, 103 South Church Street, George Town, P.O.Box 10240 Grand Cayman KY1-1002 (Shin Marunouchi Building, 1-5-1, Marunouchi, Chiyoda-ku, Tokyo)	9,691,230	34.96
MINERVA GROWTH CAPITAL, LP (Standing proxy: SMBC Nikko Securities Inc.)	c/o The Corporation Trust Company, Corporation Trust Center, 1209 Orange Street, Wilmington, New Castle County, Delaware 19801, U.S.A. (Shin Marunouchi Building, 1-5-1, Marunouchi, Chiyoda-ku, Tokyo)	4,195,600	15.13
The Master Trust Bank of Japan, Ltd. (Trust Account)	2-11-3 Hamamatsucho, Minato-ku, Tokyo	2,180,000	7.86
NORTHERN TRUST CO.(AVFC) RE UKUC UCITS CLIENTS NON LENDING 10PCT TREATY ACCOUNT (Standing proxy: Custody Service Department, Tokyo Branch, the Hongkong and Shanghai Banking Corporation Limited)	50 Bank Street, Canary Wharf, London, E14 5NT, U.K. (3-11-1 Nihombashi, Chuo-ku, Tokyo)	1,326,500	4.79
Custody Bank of Japan, Ltd. (Trust Account)	1-8-12, Harumi, Chuo-ku, Tokyo	1,052,128	3.80
NORTHERN TRUST CO. (AVFC) RE FIDELITY FUNDS (Standing proxy: Custody Service Department, Tokyo Branch, the Hongkong and Shanghai Banking Corporation Limited)	50 Bank Street, Canary Wharf, London, E14 5NT, U.K. (3-11-1 Nihombashi, Chuo-ku, Tokyo)	877,647	3.17
Jun-ichi Miki	Kita-ku, Hamamatsu-shi, Shizuoka	515,636	1.86
STATE STREET BANK AND TRUST COMPANY 505224 (Standing proxy: Mizuho Bank, Ltd., Settlement & Clearing Services Department)	P.O.BOX 351 Boston MA. U.S.A. 02101 (SHINAGAWA INTERCITY Tower A, 2-15-1, Konan, Minato-ku, Tokyo, Japan)	466,363	1.68
Roland Employee Shareholding Association	2036-1 Nakagawa, Hosoe-cho, Kita-ku, Hamamatsu-shi, Shizuoka	378,620	1.37
BNYM AS AGT/CLTS NON TREATY JASDEC (Standing proxy: MUFG Bank, Ltd.)	240 Greenwich Street, New York, NY 10286, U.S.A. (Transaction Services Division, 2-7-1, Marunouchi, Chiyoda-ku, Tokyo)	352,199	1.27
Total	—	21,035,923	75.89

Notes: 1. In addition to the above, the Company holds treasury shares of 441,558 shares.

2. According to the Statement of Large-Volume Holdings (Change Report) made available for public inspection on October 20, 2023, the shares of the Company were held by FMR LLC as of October 13, 2023 with the detail shown below. However,

the Company did not include such information in the table above because it could not confirm the number of shares effectively held by the entity as of December 31, 2023. The detail of the Statement of Large-Volume Holdings is as follows.

Name	Address	Number of share certificates held (shares)	Shareholding ratio (%)
FMR LLC	245 Summer Street, Boston, Massachusetts 02210, U.S.A.	2,450,179	8.70

3. According to the Statement of Large-Volume Holdings (Change Report) made available for public inspection on June 22, 2023, the shares of the Company were held by Jupiter Asset Management, Limited as of June 15, 2023 with the detail shown below. However, the Company did not include such information in the table above because it could not confirm the number of shares effectively held by the entity as of December 31, 2023. The detail of the Statement of Large-Volume Holdings is as follows.

Name	Address	Number of share certificates held (shares)	Shareholding ratio (%)
Jupiter Asset Management, Limited	The Zig Zag Building, 70 Victoria Street, London, SW1E 6SQ. U.K.	1,735,700	6.17

4. According to the Statement of Large-Volume Holdings (Change Report) made available for public inspection on April 21, 2023, the shares of the Company were held by Capital Research and Management Company and its joint holders, namely Capital International Inc., Capital International Sarl, Capital International KK, and Capital Group Investment Management Pte. Ltd., as of April 14, 2023 with the detail shown below. However, the Company did not include such information in the table above because it could not confirm the number of shares effectively held by these entities as of December 31, 2023. The detail of the Statement of Large-Volume Holdings is as follows.

Name	Address	Number of share certificates held (shares)	Shareholding ratio (%)
Capital Research and Management Company	333 South Hope Street, Los Angeles, CA 90071, U.S.A.	530,600	1.89
Capital International Inc	11100 Santa Monica Boulevard, 15th FL., Los Angeles, CA 90025, U.S.A.	69,900	0.25
Capital International Sarl	3 Place des Bergues, 1201 Geneva, Switzerland	69,300	0.25
Capital International KK	2-1-1, Marunouchi, Chiyoda-ku, Tokyo Meiji Yasuda Seimei Building 14th floor	612,200	2.18
Capital Group Investment Management Pte. Ltd.	One Raffles Quay, #43-00, Singapore 048583	31,800	0.11
Total	—	1,313,800	4.68

(7) Voting Rights

(i) Issued shares

As of December 31, 2023

Category	Number of shares (shares)	Number of voting rights (units)	Description
Shares with no voting rights	–	–	–
Shares with restricted voting rights (treasury shares, etc.)	–	–	–
Shares with restricted voting rights (other)	–	–	–
Shares with full voting rights (treasury shares, etc.)	(Treasury shares) Common stock 441,500	–	–
Shares with full voting rights (other)	Common stock 27,709,800	277,098	The number of shares constituting one unit is 100 shares.
Share less than one unit	Common stock 11,738	–	–
Total number of issued shares	28,163,038	–	–
Voting rights held by all shareholders	–	277,098	–

Notes: 1. “Shares with full voting rights (other)” of common stock includes 281,300 shares of the Company (2,813 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 include 28 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 58 treasury shares held by the Company.

(ii) Treasury shares, etc.

As of December 31, 2023

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	441,500	–	441,500	1.57
Total	—	441,500	–	441,500	1.57

Notes: 1. In addition to the above, the Company holds treasury shares less than one unit of 58 shares.
2. The Company has contributed 281,328 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.

(8) Share ownership plan for Directors and other Officers and employees

1. Performance Share Unit and the Restricted Stock Unit

(1) Overview of Performance Share Unit and the Restricted Stock Unit

In accordance with the resolution of the General Meeting of Shareholders held on March 30, 2022, the Company has introduced a new performance-based stock compensation plan for Directors (excluding Outside Directors) and Executive Officers (entrustment type), consisting of the performance share unit (PSU) where the shares are granted subsequently subject to achievement of performance targets et al., and a fixed stock compensation for Outside Directors based on their position in the Company, consisting of the restricted stock unit (RSU) where the shares are granted subsequently subject to continuous engagement commencing in fiscal year 2022. Also, for employees recognized by the Company as eligible (hereinafter referred to as “executive employees”), a new performance-based stock compensation plan consisting of the performance share unit (PSU) where the shares are granted subsequently subject to achievement of performance targets et al. was introduced in fiscal year 2022. Under the new stock compensation plan, Directors, Executive Officers (entrustment type), and executive employees are provided the units in accordance with the Rules on Stock Compensation set forth by the Company. Then they are provided the shares of the Company in exchange for an in-kind contribution of the monetary remuneration claims provided to them by the Company according to the units.

(2) Total number of shares to be delivered to Directors, Executive Officers (entrustment type), and executive employees

Directors and Executive Officers (entrustment type) : Up to 120,000 shares for three fiscal years
Executive employees : Up to 30,000 shares for three fiscal years

(3) Persons eligible to receive beneficiary rights and other rights under the Plan

Directors, Executive Officers (entrustment type) and executive employees who meet the requirements for beneficiaries

2. Board Benefit Trust Plan

(1) Overview of the Board Benefit Trust Plan

In accordance with the resolution of the General Meeting of Shareholders held on December 21, 2016, the Company has introduced the “Board Benefit Trust (BBT)” as a performance-based stock compensation plan for Directors (excluding non-executive Directors) and Executive Officers. Upon the introduction of the Board Benefit Trust Plan (hereinafter the “BBT Plan”), the Company established the “Stock Benefit Rules for Board Benefit Trust” and entrusted money to a trust bank for the advance purchase of shares to be delivered in the future in accordance with given rules. The trust bank acquired the Company’s shares with the entrusted money. The BBT Plan is a stock benefit plan in which points are granted to Directors and Executive Officers in accordance with the Stock Benefit Rules for Board Benefit Trust, and shares are delivered to them according to the number of points granted.
Note that, the period of granting the points under this plan has been closed due to the introduction of 1. "Performance Share Unit and Restricted Stock Unit" above.

(2) Total number of shares to be delivered to Directors and Executive Officers
62,557 shares

(3) Persons eligible to receive beneficiary rights and other rights under the Plan
Directors and Executive Officers of the Company who meet the requirements for beneficiaries

3. Employee (at management level) Stock Ownership Plan

(1) Overview of the Employee (at management level) Stock Ownership Plan
The Company has introduced an incentive plan of "Employee Stock Ownership Plan (ESOP) Trust," in which shares of the Company are delivered to employees of the Company and its subsidiaries in order to increase their motivation and morale to improve the Company's share price and business performance. Upon the introduction of the ESOP, the Company established the "Stock Benefit Rules for ESOP" and entrusted money to a trust bank for the advance purchase of shares to be delivered in the future in accordance with given rules. The trust bank acquired the Company's shares with the entrusted money. The ESOP is a stock benefit plan under which points are granted to employees in accordance with the Stock Benefit Rules for ESOP, and shares are delivered to them according to the number of points granted.
Note that, the period of granting the points under this plan has been closed.

(2) Total number of shares to be delivered to employees
163,961 shares

(3) Persons eligible to receive beneficiary rights and other rights under the Plan
The Company's employees with certain qualifications and at a certain grade or higher who meet the requirements for beneficiaries

4. Employee Shareholding Association-type Employee Stock Ownership Plan

(1) Overview of the Employee Shareholding Association-type Employee Stock Ownership Plan
The Company has introduced the "Employee Shareholding Association-type ESOP Trust" as a plan to increase the morale of employees by enhancing the Company's employee benefits package and facilitating their capital participation as shareholders, thereby driving the continued growth of the Company.
Under the Employee Shareholding Association-type ESOP, the Company has set up the Employee Shareholding Association-type ESOP Trust (hereinafter the "Trust") with a trust bank. The Trust borrows money to purchase in advance the number of Company's shares expected to be purchased by the Employee Shareholding Association (hereinafter the "Shareholding Association") from the Company through a third-party allocation. After that, the Trust sells the Company's shares to the Shareholding Association on an ongoing basis. If any gains on the sale of shares are accumulated in the Trust at the time of its termination, then these gains will be distributed as trust proceeds to employees who meet the requirements for beneficiaries. Meanwhile, in order to guarantee the Trust's borrowings for the purchase of the Company's shares, if any losses on the sale of shares are accumulated in the Trust and if there are any remaining borrowings equivalent to such losses in the trust at the time of its termination, the Company will repay the remaining borrowings in accordance with a guarantee clause in the loan agreement. Therefore, employees will not bear any loss.
This plan will go on to a liquidation process and terminate in 2024.

(2) Total number of shares to be delivered to employees
There is no shares to be delivered to employees as of March 5, 2024 (the filing date of this Annual Securities Report).

(3) Persons eligible to receive beneficiary rights and other rights under the Plan
Persons who are or were members of the Shareholding Association and meet the requirements for beneficiaries

2. Acquisition and Disposal of Treasury Shares

Class of shares: Acquisition of common stock under Article 155, Item 7 of the Companies Act

(1) Acquisition by resolution of General Meeting of Shareholders
Not applicable.

(2) Acquisition by resolution of Board of Directors meeting
Not applicable.

(3) Acquisition not based on resolution of General Meeting of Shareholders or Board of Directors meeting

Category	Number of shares (shares)	Total value (yen)
Treasury shares acquired during the fiscal year ended December 31, 2023	79	329,005
Treasury shares acquired during the period from January 1, 2024 to the filing date of this Annual Securities Report	–	–

Note: The number of treasury shares acquired during the period from January 1, 2024 to the filing date of this Annual Securities Report does not include shares less than one unit purchased during the period from March 1, 2024 to the filing date of this Annual Securities Report.

(4) Disposal of acquired treasury shares and number of treasury shares held

Category	Current fiscal year		From January 1, 2024 to the filing date of this Annual Securities Report	
	Number of shares (shares)	Total amount of disposal (yen)	Number of shares (shares)	Total amount of disposal (yen)
Acquired treasury shares for which subscribers were solicited	–	–	–	–
Acquired treasury shares that were disposed of	–	–	–	–
Acquired treasury shares that were transferred for merger, share exchange, share issuance and company split	2,736	11,644,673	–	–
Other (exercise of share acquisition rights)	26,000	110,656,000	33,748	143,631,488
Treasury shares held	441,558	–	407,810	–

Notes: 1. The number of treasury shares held during the period from January 1, 2024 to the filing date of this Annual Securities Report does not include shares acquired based on the resolution of the Board of Directors and shares less than one unit purchased during the period from March 1, 2024 to the filing date of this Annual Securities Report.
2. The number of treasury shares held is based on the delivery date.
3. The number of treasury shares held does not include 281,328 shares in the current fiscal year and 226,518 shares during the period from January 2024 to the filing date of this Annual Securities Report by Custody Bank of Japan, Ltd. as trust assets of the Board Benefit Trust, Employee Stock Ownership Plan Trust and Employee Shareholding Association-type ESOP Trust.

3. Dividend Policy

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 sets a consolidated total return ratio of 50% to achieve in principle, or a consolidated total return ratio of 30% or higher when the necessary funds are required for growth investment while making sustainable and stable dividend payments, by purchasing treasury shares in consideration of stock market trends and capital efficiency.

Given the above policy and financial position of the Company, a dividend of ¥170 per share (of which an interim dividend of ¥85 per share) is scheduled to be paid for the 52nd fiscal year ended December 31, 2023.

For the fiscal year ending December 31, 2024, an annual dividend of ¥170 per share (comprising of the interim dividend of ¥85 per share and the year-end dividend of ¥85 per share) is anticipated.

The Company, in principle, distributes dividends twice a year with the record dates being each interim fiscal year-end and fiscal year-end. The payment of interim dividends and fiscal year-end dividends are to be resolved by the Board of Directors and the General Meeting of Shareholders, respectively.

The Company stipulates in its Articles of Incorporation that it may distribute interim dividends as prescribed in Article 454, Paragraph 5 of the Companies Act.

Dividends of surplus whose record date falls within the 52nd fiscal year are as follows:

Resolution date	Total amount of dividends (million yen)	Dividend paid per share (yen)
Board of Directors meeting held on August 9, 2023 (Note 1)	2,354	85
Ordinary General Meeting of Shareholders to be held on March 26, 2024 (Note 2)	2,356	85

Notes: 1. The total amount of dividends paid based on the resolution at the Board of Directors meeting held on August 9, 2023 includes dividends of ¥26 million paid to the Company's shares held by trusts.

2. The total amount of dividends to be paid subject to the resolution at the Ordinary General Meeting of Shareholders to be held on March 26, 2024 includes dividends of ¥23 million paid to the Company's shares held by trusts.

4. Corporate Governance

(1) Overview of corporate governance

(i) Basic view on corporate governance

The Company defines corporate governance as a system effectively working in the Group composed of the Corporation and its subsidiaries, to increases its corporate value sustainably and autonomously for the benefits of all the stakeholders, including shareholders, customers, business partners and employees, as well as to achieve sustainable environment and society. The Company aims to build and promote this kind of system.

The Company established the Roland Group's corporate philosophy, which represents its underlying purpose, and lives up to its stakeholders' expectations under this philosophy.

The corporate philosophy is embodied in three slogans below. These slogans have been representing the Group's underlying purpose and vision since its foundation without any changes.

- Inspire the Enjoyment of Creativity
- Be the BEST Rather than the BIGGEST
- Cooperative Enthusiasm for All Stakeholders

(ii) Overview of the corporate governance system and reasons for adopting this corporate governance system

The Company has adopted the organization form of a company with an Audit & Supervisory board under the Companies Act to ensure appropriate and proper business execution under the supervision of Directors and through audit by Audit & Supervisory Board Members who have wide-ranging investigation authority. In addition, the Company has set up the Nomination and Remuneration Committee to supplement the Board of Directors to ensure the transparency and fairness of important personnel affairs.

The corporate governance system of the Company as of the filing date is described as follows.

Board of Directors

The Board of Directors consists of seven Directors (including four Outside Directors). It formulates the fundamental principle of management, a Medium-term Management Plan, and the basic business portfolio policy; constructs the internal control system; makes decisions on important managerial matters stipulated by laws and regulations, the Articles of Incorporation, company rules and regulations and reports the Directors' performance of business management. The Board of Directors holds a regular meeting on a monthly basis and holds extraordinary meetings or adopts written resolution whenever an urgent resolution is required.

Audit & Supervisory Board

The Audit & Supervisory Board consists of four Outside Audit & Supervisory Board Members and holds a regular meeting on a monthly basis. The Audit & Supervisory Board formulates audit plans and audit reports of the Audit & Supervisory Board as well as receives reports mainly made by the full-time Audit & Supervisory Board Member regarding the implementation status of audits conducted in accordance with audit plans. It also discusses matters concerning proposals submitted to the Board of Directors. In addition, it holds extraordinary meetings whenever necessary. Furthermore, to understand important decision-making processes and the status of business execution, Audit & Supervisory Board Members attend important internal meetings in addition to the Board of Directors meetings and are committed to supervising the Directors' execution of duties by ways such as visiting subsidiaries for audits.

Nomination and Remuneration Committee

The Company has set up a voluntary Nomination and Remuneration Committee, the majority of which are Independent Directors, to ensure transparency and fairness in appointment/dismissal of Directors and Audit & Supervisory Board Members as well as CEO and Executive Officers, along with determination of remuneration.

Risk Management and Compliance Committee

The Company has set up the Risk Management and Compliance Committee, consisting of CEO, Executive Directors, Executive Officers, the Group's key executives and Audit & Supervisory Board Members. The Risk Management and Compliance Committee reports matters that are particularly important in terms of risk management or compliance, and disseminates and approves countermeasures therefor.

Board of Executive Officers

The Company has set up the Board of Executive Officers, consisting of all Executive Officers. The Board of Executive Officers considers and deliberates matters to be submitted to the Board of Directors and important matters in business execution, and shares important information.

Sustainability Promotion Committee

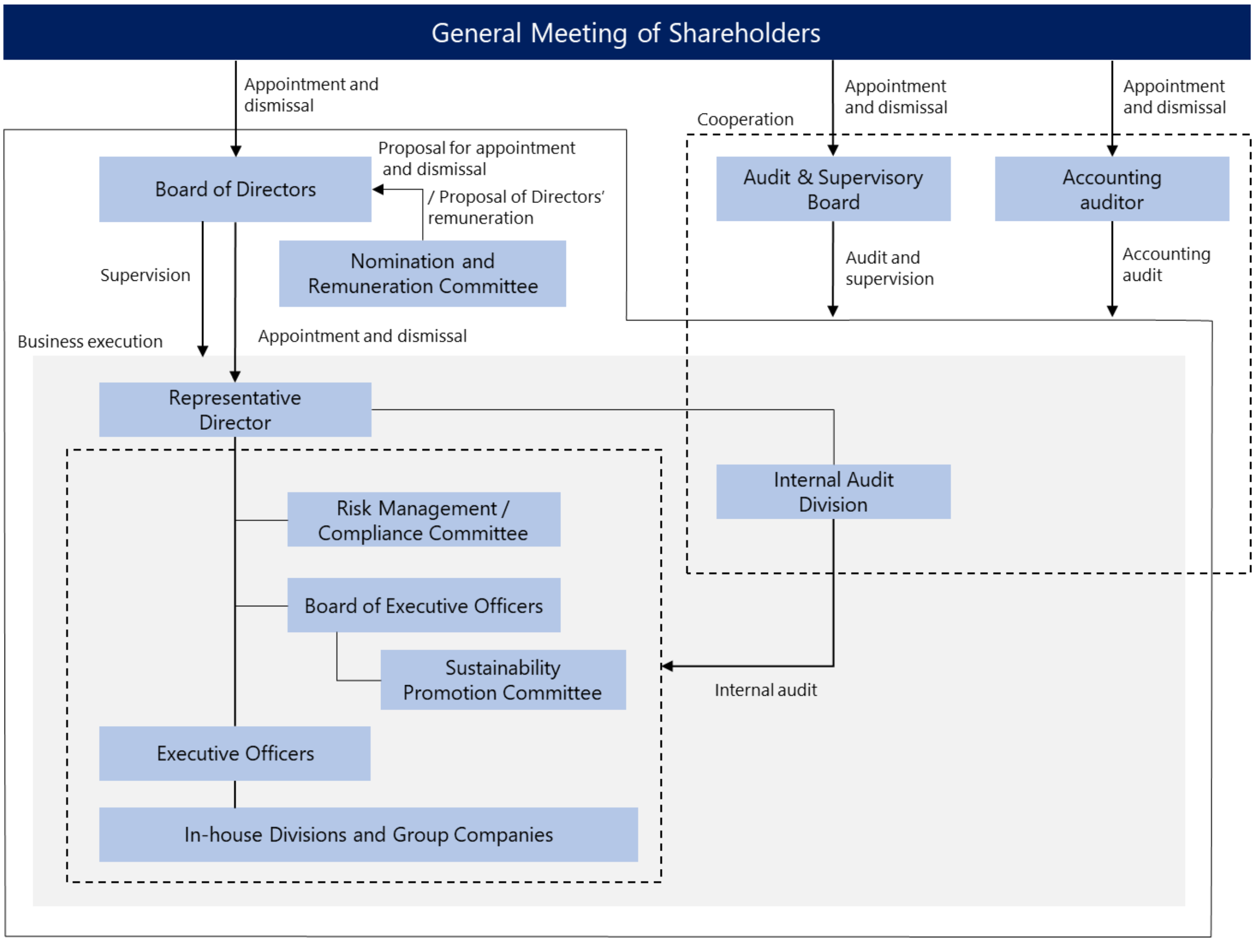
The Company has set up the Sustainability Promotion Committee, consisting of all Executive Officers, as a supplementary organization to the Board of Executive Officers. The Sustainability Promotion Committee promotes the Company's activities designed to enhance sustainability that incorporates the ideas of ESG and SDGs and makes regular reports to the Board of Directors so that it can ensure the supervision of sustainability initiatives from the business management side.

Chairpersons, members, and observers of each organization are as follows:

C: Chairperson, M: Member and O: Observer

Position title	Name	Board of Directors	Audit & Supervisory Board	Nomination and Remuneration Committee	Risk Management and Compliance Committee	Board of Executive Officers	Sustainability Promotion Committee
CEO and Representative Director	Gordon Raison	C			C	C	M
Director	Masahiro Minowa	M			M	M	M
Director	Yasunobu Suzuki	M			M	M	M
Outside Director	Toshihiko Oinuma	M		C	O		
Outside Director	Brian K. Heywood	M			O		
Outside Director	Mikio Katayama	M		M	O		
Outside Director	Hiroshi Yamamoto	M		M	O		
Outside Audit & Supervisory Board Member (Full-time)	Masato Makino	O	C	O	O	O	
Outside Audit & Supervisory Board Member (Full-time)	Yoshito Imaishi	O	M	O	O	O	
Outside Audit & Supervisory Board Member	Kazuhiro Ishihara	O	M		O	O	
Outside Audit & Supervisory Board Member	Yoji Morizumi	O	M		O	O	
Executive Officer	Tim Walter				M	M	M
Executive Officer	Yuichi Hakamata				M	M	C
Executive Officer	Yuko Maeda				M	M	M

The schematic depiction of the Company's corporate governance is shown below:



(iii) Other matters regarding corporate governance

(a) Internal control system

The Company has resolved at the Board Meeting the system for ensuring the appropriateness of the Group's business as follows:

1. The system to ensure that the execution of duties by the Directors of our group and employees conforms with laws, regulations and articles of incorporation

(1) "Roland Group Compliance Guidelines," which is the basic guiding principle for observance of the compliance in the group is formulated and make it familiarized with everyone in the group aiming at overall observance of laws and regulations.

(2) Risk Management and Compliance Committee, consisting of Executive Officers, Audit & Supervisory Board Members and subsidiaries' key executives, is organized to encourage compliance across the group by drawing up a compliance plan and identifying priority laws and regulations to be observed by the entire group.

Compliance promotors are appointed by each business region to draw up and implement a compliance promotion plan tailored to the actual circumstances of their respective regions, in accordance with the principles set forth by the Risk Management and Compliance Committee.

Through these efforts, the Group compliance is encouraged and advanced.

(3) A whistleblowing system is installed so that a suspicion regarding the violation of laws or regulations, or wrongdoing by the management or employees of the Company, or the actions which may lead to such conduct could be reported. At the same time, a global whistleblowing system is also installed so those employees of subsidiaries could report to the Company about their managements' suspicion, the violation of laws or regulations, or wrongdoing and so forth aiming at increasing the clean-itself-up function of the entire group.

(4) The Internal Audit Division of the Company takes charge of the audit of the entire group and reports to the Board and to the Board Audit & Supervisory Board Members every year on the plan and result of its internal audit so as to increase the effectiveness of the internal audit of the entire group through

promoting collaboration between the Board of Directors and the Board Audit & Supervisory Board Members and the Internal Audit Division.

2. The system for the preservation and management of information related to the execution of duties by Directors
    (1) The information about the Directors' execution of their duties, including the minutes of the General Meeting of Shareholders and the Board Meetings et al. as well as the authorization memoranda, is made into documents and preserved and managed based on the laws and regulations as well as company rules and regulations such as the Document Storage Regulations.
    (2) Directors and Audit & Supervisory Board Members of the Company may peruse such documents, in case where it is necessary for performance of their duties.
3. Regulations and other systems concerning the management of the risk of losses of the Group
    (1) Appropriate management systems against various types of risk surrounding the Group are organized by laying down the "Risk Management Basic Regulations".
    (2) The Risk Management and Compliance Committee analyzes and assesses risk surrounding the Group in terms of the probability of occurrence and the degree of influence and sets forth principles for coping it. The Board of Directors regularly reviews material risk and conducts the risk management covering the entire group.
    (3) When emerging risk with the possibility of occurrence of losses has surfaced, it shall be reported to the Board of Executive Officers, consisting of Executive Officers, based on the reports from the Executive Officers and from our subsidiaries, verify the countermeasures, and make the measures for prevention of recurrence be informed to everyone.
    (4) In an emergency, CEO forms the responding organization as the chief administrator in the crisis management system and grasps the situation and takes appropriate steps based on the business continuity plan prescribed in advance.
4. The system to ensure the efficient performance of duties of Directors of the Group
    (1) The Company adopts the Executive Officer system so that the number of Directors is kept small for the sake of improving the quality of discussion at the Board Meeting and quick decision making.
    (2) The Board holds a meeting on a monthly basis to discuss over the fundamental principles and strategies for the group management, to determine material businesses execution and to supervise the Directors' execution of their duties.
    (3) The Company develops a medium- and long-term business plan as well as an annual plan for the Group at the Board. The Company and its subsidiaries perform the businesses according to these plans, and review regularly the progress of implementation.
    (4) An Executive Officer for each business function is appointed to build the system which allows to manage and supervise the execution of businesses of the entire group including subsidiaries by each function, so that the group management is operated efficiently.
    (5) Authorization for approval of the matters concerning business transaction is stipulated in the "Approval Regulations." In addition, among the matters concerning subsidiaries, the Company identified matters that requires the Company's approval and stipulated them in the "Regulations of the Management of Affiliated Companies." Thus, the responsibility about the decision-making for the entire group will be specified and the performance of duties will become more efficient.
5. The system concerning the reports to the Company on the subsidiary Directors' execution of their duties
    (1) In the "Regulations of the Management of Affiliated Companies," these matters such as subsidiaries' business results and financial status, and these which may affect the group, such as the occurrence of risk, should be organized and regarded to be reported to the corresponding divisions of the Company by the subsidiaries. The regulation shall be thoroughly known to everyone in the Group.
    (2) The Corporate Planning division of the Company supervises the reports from subsidiaries to make sure if they are made in an accurate and appropriate manner and improves the reporting system and gives instructions about it.
6. The system to guarantee the effectiveness of the audit by Audit & Supervisory Board Members
    (1) Audit & Supervisory Board Members may instruct the personnel of the Internal Audit Division of the Company to assist in the auditing business as an assistant to his/her business.
    (2) Personnel assessment, appointment, and personnel change of the personnel of the Internal Audit Division shall be subject to the agreement by Audit & Supervisory Board Members, to ensure the independence from Directors.
    (3) When a member of the personnel of the Internal Audit Division assists Audit & Supervisory Board Members in performing duties, he/she will exclusively obey Audit & Supervisory Board Members' instructions and command.
    (4) Audit & Supervisory Board Members may request Directors or employees of the Company or its subsidiaries to report to him/her at any time as required.

(5) In case any actions which are (or may possibly be) in violation of laws, regulations or articles of incorporation, or facts which may possibly cause a significant loss to the Group, they must be reported immediately to Audit & Supervisory Board Members.
(6) If a report is made through the whistleblowing system, the fact of a report has been made and its contents will be reported to Audit & Supervisory Board Members.
(7) The Company arranges a protection system so that the one who reported to Audit & Supervisory Board Members or used the whistleblowing system will be treated or handled properly.
(8) The necessary expenses to perform duties of Audit & Supervisory Board Members shall be budgeted in advance and non-budgeted expenses arising from unexpected events are covered by the Company.
(9) Audit & Supervisory Board Members may attend the important internal meetings and express his/her opinion.
(10) Audit & Supervisory Board Members shall hold meetings regularly, or as required, with CEO to exchange insights and so forth concerning important subjects in connection to auditing.
(11) Audit & Supervisory Board Members shall hold meetings regularly with the accounting auditor to exchange insights and so forth concerning matters related to accounting.

(b) Agreements for limited liabilities contract
Based on the provisions of the Articles of Incorporation and Article 427 of the Companies Act, the Company has concluded with all the Directors (excluding Executive Directors) and Audit & Supervisory Board Members the agreement that, concerning the responsibility for damages stipulated in Article 423-1 of the Companies Act, if they perform duties in good faith and there is no gross negligence, the maximum compensation for the damage shall be the minimum liability provided for by the laws.

(c) Directors and officers liability insurance
The Company has purchased directors and officers liability insurance (D&O insurance) for all Directors, Audit & Supervisory Board Members, Executive Officers, and other employees in capacity of heir, managers or supervisors of the Company and its subsidiaries in Japan and overseas as the insured. The insurance premiums including riders are borne by the Company in full and no substantial insurance premiums are borne by the insured.

The insurance policies shall cover liabilities of Directors and Officers arising in the performance of their duties and damage claims received pertaining to the pursuit of said liability. However, there are certain exclusions, such as no coverage for liabilities arising from misconducts taken with the knowledge that they were in violation of laws and regulations.

(d) Number of Directors
The Company’s Articles of Incorporation stipulate that the number of the Company’s Directors shall be not more than 15.

(e) Requirements for resolution for election of Directors
The Company’s Articles of Incorporation stipulate that resolution for election of Directors shall be made by a majority of the votes of the shareholders present at a General Meeting of Shareholders, where the shareholders who hold no less than one-third of the voting rights of shareholders who are entitled to exercise their voting rights and shall not be by cumulative voting.

(f) Decision-making body of interim dividends
The Company’s Articles of Incorporation stipulate that the Board of Directors may resolve to distribute dividends of surplus as prescribed in Article 454, paragraph 5 of the Companies Act to execute the dividend policy in a timely manner.

(g) Acquisition of treasury shares
The Company’s Articles of Incorporation stipulate that the Board of Directors may resolve to acquire treasury shares as prescribed in Article 165, paragraph 2 of the Companies Act to ensure timely execution of the capital policy in response to changes in business environment.

(h) Requirements for special resolution at the general meeting of shareholders
The Company’s Articles of Incorporation stipulate that, in order to ensure to secure the quorum for special resolutions at a General Meeting of Shareholders, the resolutions prescribed in Article 309, paragraph 2 of the Companies Act shall require at least two thirds of the votes of shareholders present at the General Meeting of Shareholders, where the shareholders holding at least one third of the voting rights of shareholders who are entitled to exercise their voting rights are present.

(iv) Activities of the Board of Directors and the Nominating and Remuneration Committee of the reporting company during the current fiscal year

(a) Board of Directors

The Company held 14 meetings of the Board of Directors during the current fiscal year, and the attendance of each Director is as follows:

Name	Number of meetings held	Number of meetings attended	Remarks
Gordon Raison	14 times	14 times	
Shunsuke Sugiura	4 times	4 times	Retired on March 29, 2023 Attended all meetings of the Board of Directors before retirement from office
Masahiro Minowa	14 times	14 times	
Yasunobu Suzuki	10 times	10 times	Assumed on March 29, 2023 Attended all meetings of the Board of Directors after assumption of office
Isao Minabe	4 times	4 times	Retired on March 29, 2023 Attended all meetings of the Board of Directors before retirement from office
Toshihiko Oinuma	14 times	14 times	
Sachiko Murase	4 times	4 times	Retired on March 29, 2023 Attended all meetings of the Board of Directors before retirement from office
Brian K. Heywood	14 times	14 times	
Mikio Katayama	10 times	10 times	Assumed on March 29, 2023 Attended all meetings of the Board of Directors after assumption of office
Hiroshi Yamamoto	10 times	10 times	Assumed on March 29, 2023 Attended all meetings of the Board of Directors after assumption of office

Specific activities of the Board of Directors included periodic reports on business conditions and performance progress, as well as discussions on matters requiring regular resolutions, such as approval of budgets and financial results and convocation of general meetings of shareholders, and important matters concerning business operations and management policies (medium-term management plan, headquarters relocation plan, system investment, compliance and risk management and so forth.).

(b) Nomination and Remuneration Committee

The Company held seven meetings of the Nomination and Remuneration Committee during the current fiscal year, and the attendance of each committee member is as follows:

Name	Number of meetings held	Number of meetings attended	Remarks
Shunsuke Sugiura	2 times	2 times	Retired on March 29, 2023 Attended all meetings of the Committee before retirement from office
Isao Minabe	2 times	2 times	Retired on March 29, 2023 Attended all meetings of the Committee before retirement from office
Toshihiko Oinuma	7 times	7 times	
Mikio Katayama	5 times	5 times	Assumed on March 29, 2023 Attended all meetings of the Committee after assumption of office
Hiroshi Yamamoto	5 times	5 times	Assumed on March 29, 2023 Attended all meetings of the Committee after assumption of office

Specific activities of the Nomination and Remuneration Committee included discussions on matters related to the selection of officer personnel, officer remuneration, and the president's succession plan, as well as the role of the Nomination and Remuneration Committee and improvements in its effectiveness.

(2) Directors and other Officers

(i) List of Directors and other Officers

1. The status of Directors and other Officers of the Company as of March 5, 2024 (the filing date of this Annual Securities Report) are as follows:

Male:11, Female: – (Ratio of female Directors and other Officers: –%)

Position title	Name	Date of birth	Career summary		—	Number of the Company's shares held (Thousands of shares)
CEO and Representative Director	Gordon Raison	September 19, 1965	Oct. 1995	Joined Digital Equipment Corporation Business Transformation Manager	Note 3	–
			Jul. 1998	European Finance Director, Tektronix Corporation (currently Xerox Corporation)		
			Jun. 1999	European Finance Director - General Market Operations, Xerox UK Ltd.		
			Feb. 2001	CFO, UK and Ireland, Xerox UK Ltd.		
			Oct. 2005	Managing Director and Executive Officer, Europe, Fender Musical Instruments Europe Ltd.		
			Sep. 2013	Joined Roland (U.K.) Limited		
			Feb. 2014	CEO, Roland Europe Group Limited		
			Apr. 2015	Senior Executive Officer, Roland Corporation		
			Mar. 2017	CEO of Overseas Unit		
			Jan. 2018	Chief Sales Officer		
			Aug. 2019	Chief Marketing Officer		
			Mar. 2020	Director		
			Mar. 2022	CEO and Representative Director (current position)		
Director, CIO, Executive Officer	Masahiro Minowa	December 21, 1972	Apr. 1996	Joined Roland Corporation	Note 3	0
			Jan. 2016	General Manager, RPG Company Planning Dept.		
			Sep. 2017	Executive Officer, RPG Company President		
			Jan. 2018	Executive Officer, RPG Development Dept.		
			Mar. 2022	Director, CIO (current position)		
Director, CPO, Executive Officer	Yasunobu Suzuki	January 18, 1966	Apr. 1988	Joined Roland Corporation	Note 3	30
			Apr. 2006	General Manager, Piano Development Dept.		
			Aug. 2014	Executive Officer, Development Division		
			Jul. 2019	Executive Officer, Production Division		
			Mar. 2022	Executive Officer, CPO		
			Mar. 2023	Director, CPO (current position)		
Director (Part time)	Toshihiko Oinuma	May 13, 1966	Apr. 1994	Registered as attorney-at-law, joined Kitahama Law Office	Note 3	–
			Sep. 2000	Worked at Latham & Watkins LLP (New York office)		
			Feb. 2001	Admitted to New York Bar Association		
			Jan. 2002	Partner, Kitahama Partners L.P.C.		
			Jan. 2007	Representative Partner, Kitahama Partners L.P.C.		
			Sep. 2014	Established Oinuma International Law and Patent Office as Representative Attorney (current position)		
			Mar. 2016	Outside Audit & Supervisory Board Member, Roland Corporation		
			Jun. 2016	Outside Audit & Supervisory Board Member, Nippon Paint Holdings Co., Ltd.		
			Mar. 2020	Outside Audit & Supervisory Board Member, Nippon Paint Automotive Coatings Co., Ltd. (current position) Outside Director, Roland Corporation (current position)		

Position title	Name	Date of birth	Career summary		—	Number of the Company's shares held (Thousands of shares)
Director (Part time)	Brian K. Heywood	January 9, 1967	Sep. 1991 Aug. 1997 Aug. 1999 Jan. 2001 Dec. 2009 Nov. 2011 Apr. 2014 Nov. 2014 Mar. 2020 Jun. 2020 Mar. 2022	Joined J.D. Power and Associates Director, Belron International Vice President, Citibank Japan Ltd. CEO, Taiyo Pacific Partners, L.P. (current position) Outside Director, Ohizumi Mfg. Co., Ltd. Part-time Director, SEIRYU Asset Management Ltd. Director, Tokowaka Co., Ltd. Outside Director, Roland Corporation Outside Director, Roland DG Corporation (current position) Outside Director, Nifco Inc. (current position) Outside Director, Maxell Holdings, Ltd. (currently Maxell, Ltd.) Outside Director, Roland Corporation (current position)	Note 3	–
Director (Part time)	Mikio Katayama	December 12, 1957	Apr. 1981 Apr. 2006 Apr. 2007 Apr. 2012 Sep. 2014 Oct. 2014 Jun. 2015 Jun. 2020 Oct. 2021 Apr. 2022 Sep. 2022 Mar. 2023 Jun. 2023	Joined Sharp Corporation Representative Director and Senior Managing Director President and Representative Director Chairman of the Board of Directors Joined Nidec Corporation Vice Chairman and Chief Technology Officer (CTO) Representative Director, Vice Chairman and Chief Technology Officer (CTO) Vice President and Chief Technology Officer (CTO) Special Adviser Research Advisor, Institute of Industrial Science, University of Tokyo (current position) President and CEO, Kconcept Corporation (current position) Advisor, Yoshimoto Integrated Fund Co., Ltd. (current position) Outside Director, Roland Corporation (current position) Outside Director, SRS HOLDINGS CO., LTD. (current position)	Note 3	–
Director (Part time)	Hiroshi Yamamoto	March 30, 1958	Apr. 1982 Oct. 1988 Apr. 2008 Oct. 2013 Jul. 2018 Apr. 2019 Sep. 2022 Mar. 2023	Joined Hitachi Industry Corporation (currently Hitachi, Ltd.) Joined IBM Japan Ltd. Technical Director Global Electronics Industry CTO Joined Toshiba Corporation, Corporate Digitization CTO Managing Executive Officer, VP of Digital Innovation Technology Center Joined NEC Corporation, Managing Executive & Chief Architect in the Digital Platform Business Unit (current position) Outside Director, Roland Corporation (current position)	Note 3	–

Position title	Name	Date of birth	Career summary		—	Number of the Company's shares held (Thousands of shares)
Audit & Supervisory Board Member (Full time)	Masato Makino	June 9, 1961	Apr. 1984	Joined The Daiwa Bank, Limited (currently Resona Bank, Limited)	Note 4	–
			Jun. 2010	Executive Officer in charge of Nara area, Resona Bank, Limited.		
			Apr. 2013	Executive Officer in charge of Nara area and Kyoto and Shiga Business Headquarters		
			Apr. 2014	Senior Managing Director, Resona Business Service Co., Ltd.		
			Nov. 2014	Outside Audit & Supervisory Board Member, Roland Corporation (current position)		
			Mar. 2015	Outside Director, Osaka Hilton Co., Ltd.		
			Jun. 2015	Outside Audit & Supervisory Board Member, ICHINEN HOLDINGS CO., LTD.		
Audit & Supervisory Board Member (Full time)	Yoshito Imaishi	August 3, 1963	Apr. 1986	Joined Tabai ESPEC Corporation (currently ESPEC Corporation)	Note 5	–
			Apr. 2007	General Manager, Finance and Accounting Department		
			Jun. 2018	Full-time Auditor		
			Jun. 2020	Joined Nipron Co., Ltd., General Manager, Corporate Planning Department		
			Sep. 2020	Deputy Head of Administration Division and General Manager of Corporate Planning Department		
			Apr. 2021	Executive Officer, Head of Administration Division and General Manager of Corporate Planning Department		
			Apr. 2022	Executive Officer, Head of Administration Division		
			Mar. 2023	Outside Audit & Supervisory Board Member, Roland Corporation (current position)		

Position title	Name	Date of birth	Career summary		—	Number of the Company's shares held (Thousands of shares)
Audit & Supervisory Board Member (Part time)	Kazuhiro Ishihara	April 18, 1949	Apr.1973 Feb. 2002 Sep. 2002 Aug. 2005 Jan. 2008 Jan. 2010 Sep. 2017 Jun. 2019 Mar. 2020 Jul. 2023	Joined the Mitsubishi Bank, Ltd. (currently MUFG Bank, Ltd.) Manager of Corporate Banking Division, The Bank of Tokyo-Mitsubishi, Ltd. (currently MUFG Bank, Ltd.) Managing Director, SHO-BOND Corporation President and Representative Director President and Representative Director, SHO-BOND Holdings Co., Ltd. Representative Director and Vice-chairman, SHO-BOND Corporation Special Counsel, SHO-BOND Holdings Co., Ltd. Outside Audit & Supervisory Board Member, Kawakin Holdings Co., Ltd. (current position) Outside Audit & Supervisory Board Member, Roland Corporation (current position) Outside Director, Lilycolor Co., Ltd. (current position)	Note 4	–
Audit & Supervisory Board Member (Part time)	Yoji Morizumi	May 18, 1975	Oct. 1999 Apr. 2003 Jan. 2016 May 2018 Jun. 2019 Mar. 2020	Joined Showa Ota & Co. (currently Ernst & Young ShinNihon LLC) Registered as a certified public accountant Established Morizumi Yoji Certified Public Accountant Office as Principal (current position) Outside Director, Glad Cube Inc. (current position) Outside Audit & Supervisory Board Member, DAIKEN CO., LTD. (current position) Outside Director, GENKI SUSHI CO., LTD. Outside Audit & Supervisory Board Member, Roland Corporation (current position)	Note 4	–
Total						31

Notes: 1. Directors Toshihiko Oinuma, Brian K. Heywood, Mikio Katayama and Hiroshi Yamamoto are Outside Directors.

2. Audit & Supervisory Board Members Masato Makino, Yoshito Imaishi, Kazuhiro Ishihara and Yoji Morizumi are Outside Audit & Supervisory Board Members.

3. The terms of office of the Directors shall expire at the conclusion of the Ordinary General Meeting of Shareholders for the last fiscal year ending within one year after the Ordinary General Meeting of Shareholders held on March 29, 2023.

4. The terms of office of the Audit & Supervisory Board Members shall expire at the conclusion of the Ordinary General Meeting of Shareholders for the last fiscal year ending within four years after the Extraordinary General Meeting of Shareholders held on September 14, 2020.

5. The term of office of the Audit & Supervisory Board Member shall expire at the conclusion of the Ordinary General Meeting of Shareholders for the last fiscal year ending within four years after the Ordinary General Meeting of Shareholders held on March 29, 2023.

6. The Company has elected one substitute Audit & Supervisory Board Member as prescribed in Article 329, Paragraph 3 of the Companies Act in preparation for the possibility of the number of Audit & Supervisory Board Members falling below the number prescribed in laws and regulations. The career summary of the substitute Audit & Supervisory Board Member is as follows:

Name	Date of birth	Career summary		Number of the Company's shares held (Thousands of shares)
Noriyuki Honda	February 24, 1967	Apr. 1990 Jul. 1999 Apr. 2009 Feb. 2015 Aug. 2016 Apr. 2018	Joined Ricoh Company, Ltd. Joined Shizuoka Pioneer Corporation (dissolved after name change to Pioneer Display Products Corporation) Joined Roland Corporation Manager of Purchasing Department Director, Roland Manufacturing Malaysia Sdn, Bhd. Head of Internal Audit Division, Roland corporation (current position)	1

2. The Company has made a proposal of “Election of Seven Directors and “Election of Two Audit & Supervisory Board Members” to be resolved at the Ordinary General Meeting of Shareholders to be held on March 26, 2024. Below is a list of Directors and other Officers after the proposal is approved. The position title and career summary of each member reflect a proposal to be resolved at the Board of Directors and the Audit & Supervisory Board, which will be held immediately after the 52nd Ordinary General Meeting of Shareholders.
Male: 10, Female: – (Ratio of female Directors and other Officers: – %)

Position title	Name	Term of office	Type of appointment
Representative Director, CEO	Gordon Raison	Note 3	Reappointment
Representative Director, COO・CIO	Masahiro Minowa	Note 3	Reappointment
Director, CPO and Executive Officer	Yasunobu Suzuki	Note 3	Reappointment
Director (Part-time)	Toshihiko Oinuma	Note 3	Reappointment
Director (Part-time)	Brian K. Heywood	Note 3	Reappointment
Director (Part-time)	Mikio Katayama	Note 3	Reappointment
Director (Part-time)	Hiroshi Yamamoto	Note 3	Reappointment
Audit & Supervisory Board Member (Full-time)	Yoshito Imaishi	Note 4	–
Audit & Supervisory Board Member (Part-time)	Kazuhiro Ishihara	Note 5	Reappointment
Audit & Supervisory Board Member (Part-time)	Yoji Morizumi	Note 5	Reappointment

Notes 1. Directors Toshihiko Oinuma, Brian K. Heywood, Mikio Katayama and Hiroshi Yamamoto are Outside Directors.
2. Audit & Supervisory Board Members Yoshito Imaishi, Kazuhiro Ishihara and Yoji Morizumi are Outside Audit & Supervisory Board Members.
3. The terms of office of the Directors shall expire at the conclusion of the Ordinary General Meeting of Shareholders for the last fiscal year ending within one year after the Ordinary General Meeting of Shareholders held on March 26, 2024.
4. The terms of office of the Audit & Supervisory Board Members shall expire at the conclusion of the Ordinary General Meeting of Shareholders for the last fiscal year ending within four years after the General Meeting of Shareholders held on March 29, 2023.
5. The term of office of the Audit & Supervisory Board Member shall expire at the conclusion of the Ordinary General Meeting of Shareholders for the last fiscal year ending within four years after the Ordinary General Meeting of Shareholders held on March 26, 2024.

(ii) Outside Directors and Audit & Supervisory Board Members
The Company has established the criteria for independent Outside Directors and other Audit & Supervisory Board Members as follows based on the criteria for independence prescribed by the Tokyo Stock Exchange.

Criteria for independence of Outside Directors or Audit & Supervisory Board Members
1. The person does not fall under any of the items mentioned below currently or for the period of recent one year.
   (1) The Company’s main business partner, or its executing person[*1]
   (2) The person transacting businesses mainly with the Company, or its executing person[*2]
   (3) Consultant, accounting expert or legal expert who receives a large amount of pecuniary or other property besides remuneration for Director, from the Company (or, if the party receiving such property is an organization such as corporation or partnership, the person who is a member of such an organization)[*3].
   (4) The Company’s major shareholder or, if such a major shareholder is a corporation, the executing person of the corporation[*4]
   (5) The party to which the Company makes a large amount of donation (or its executing person, if the party receiving such donations is an organization such as corporation or partnership)[*5]
   (6) An executive of an organization with which the Company has mutually appointed Outside Directors and other Officers.

2. The person who is not or was not an executing person of the Company or its subsidiary at present, or during the last 10 years. However, in case when the person was in a position of non-executing Director or Audit & Supervisory Board Member of the Company or its subsidiary anytime in the past ten years, the person who was not an executive person of the Company or its subsidiary during the 10 years before assuming such a position.

3. Neither the person's spouse, nor person's relatives of the second degree of consanguinity fall under any of the following during the past one year. This, however, applies only when such person is a spouse or relative of an "important" for business partners*6
   (1) Parties referred to in (1) through (4) of above 1.
   (2) Executing person of the Company or its subsidiary.

4. In addition to the foregoing, there shall be no special circumstances where the person has any potential conflicts of interests with ordinary shareholders, such as a situation where the person is engaged in ongoing transactions with the Company.

5. Notwithstanding of the requirements stipulated in the preceding subparagraphs, when it is considered that there is substantially no fear for occurrence of conflict of interest with general shareholders, a person could be regarded to meet the independence standard through specifying the reasons behind the considerations.

*1. "The Company's main business partner" shall mean our business partner which falls under any of the followings:
  (i) A customer or supplier of the Company's products, with the transaction value surpassing 2% of the Group's consolidated sales in the most recent fiscal year.
  (ii) A financial institution from which the Company borrows funds, the balance of borrowings surpassing 2% of the Group's consolidated total assets as of the end of the most recent fiscal year.
*2. "Person transacting businesses mainly with the Company" shall mean a business partner of the Company's products, when it receives over ¥10 million from the Company, and at the same time the receipt surpasses 2% of the partner's sales in the most recent fiscal year.
*3. "Large amount" shall mean one of the following depending on the provision of services to the Company.
  (i) In the case that the consultant is an individual, a "large amount" is defined if the consideration received from the Company exceeds ¥10 million annually in the most recent fiscal year.
  (ii) In the case that the consultant belongs to an organization such as corporation and partnership, and the organization provides service to the Company, a "large amount" is defined if the consideration the organization received from the Company in the most recent fiscal year exceeds ¥10 million annually and 2% of the organization's annual consolidated sales.
*4. "Major shareholder" shall mean a shareholder holding 10% or more of the voting rights (including both direct and indirect holdings).
*5. "Large amount of donation" shall mean a donation of ¥10 million or more annually in the most recent fiscal year.
*6. "Important" shall mean Director, executive officer and executing person ranking General Manager or above or, as to the accounting audit corporation or legal professional corporation, certified public accountant or attorney belonging to such a corporation.

The Company has four Outside Directors and four Outside Audit & Supervisory Board Member as of March 5, 2024 (the filing date of Annual Securities Report). The reason for election of the incumbent Outside Directors and Outside Audit & Supervisory Board Members and their relationship with the Company are as follows.

Toshihiko Oinuma, Outside Director
He has legal knowledge and a wide range of insight acquired as an attorney-at-law through his abundant experience in global cases. He has served as Outside Director since March 2020 and provided supervision and advice based on his expertise and wealth of experience as an attorney-at-law. The Company has appointed him as Outside Director based on the expectation that he will play his proper role of ensuring appropriateness and fairness of the Board's decision making. He previously served as Outside Audit & Supervisory Board Member of the Company for four years, however, the Company has no other personal, capital or material business relationships or any other conflicts of interests with him.

Brian K. Heywood, Outside Director
He has a wealth of knowledge and experience as an expert in corporate management and global investment. During the period when he served as Outside Director of the Company for over six years from November 2014, he contributed to growing the Company and enhancing its corporate value by helping the Board make decisions on major management directions and swift and bold execution as well as providing highly effective supervision based on his abundant experience and insight as a corporate manager. Accordingly, the Company has appointed him as Outside Director based on the expectation that he will provide supervision and advice on the Company's management by experience and insight. He concurrently serves as CEO of Taiyo Pacific Partners, L.P., which indirectly and wholly owns and controls Taiyo Jupiter Holdings GP Ltd. which has authority to act on behalf of Taiyo Jupiter Holdings, L.P., our largest shareholder. Taiyo Pacific Partners, L.P. is a company whose major purpose is to be engaged in investment business and has no business relationship with the Company. The Company has no personal, capital or material business relationships or any other conflicts of interests with him, either.

Mikio Katayama, Outside Director
He has served as president and chairman of several listed companies and has a broad insight and an outstanding track record in general corporate management, technology and product development. Based on these achievements, the Company has determined that he could provide appropriate supervision and advice on corporate management as Outside Director of the Company. The Company has no personal, capital, material business or other conflicts of interest with him.

Hiroshi Yamamoto, Outside Director
He has held important positions at multiple operating companies, mainly in the information technology field, and has a broad insight and an outstanding track record in technology development. Based on these achievements, the Company has determined that he could provide appropriate supervision and advice on corporate management as Outside Director of the Company. The Company has no personal, capital, material business or other conflicts of interest with him.

Masato Makino, Outside Audit & Supervisory Board Member
He has an insight into finance and accounting acquired through his experience of working for financial institutions for a long time. Since his appointment as Outside Audit & Supervisory Board Member of the Company in November 2014, he has rendered appropriate advice to enhance the Company’s corporate value by utilizing his insight from an objective standpoint. The Company has appointed him as he provides effective auditing and supervisory functions. The Company has no personal, capital or material business relationships or any other conflicts of interests with him.

Yoshito Imaishi, Outside Audit & Supervisory Board Member
He has experience in overseeing corporate accounting as general manager at a listed company and auditing the business execution of directors at administration division. The Company has appointed him based on a judgment that he could provide appropriate auditing and supervisory functions as Outside Audit & Supervisory Board Member of the Company through his abundant experience and insight. The Company has no personal, capital, material business or other conflicts of interest with him.

Kazuhiro Ishihara, Outside Audit & Supervisory Board Member
He has knowledge and experience in finance and accounting acquired through his experience of working for financial institutions for a long time and an extensive insight into management gained from his long-term experience of serving as a corporate manager. Since his appointment as Outside Audit & Supervisory Board Member of the Company in March 2020, he has provided appropriate advice to contribute to improving the Company’s corporate value by utilizing his insight from an objective standpoint as Outside Audit & Supervisory Board Member. The Company has appointed him based on the expectation that he will provide effective auditing and supervisory functions. The Company has no personal, capital or material business relationships or any other conflicts of interests with him.

Yoji Morizumi, Outside Audit & Supervisory Board Member
He has knowledge and experience in finance and accounting as a certified public accountant. Since his appointment as Outside Audit & Supervisory Board Member in March 2020, he has provided appropriate audit and supervision to contribute to improving the Company’s corporate value by utilizing his insight from an objective standpoint as Outside Audit & Supervisory Board Member. The Company has appointed him based on the expectation that he will provide effective auditing and supervisory functions. The Company has no personal, capital or material business relationships or any other conflicts of interests with him.

(iii) Supervision, audit and internal audit by Outside Directors and Outside Audit & Supervisory Board Members, mutual cooperation between audits by Audit & Supervisory Board Members and accounting audits, and relationship with the Internal Audit Division

Outside Directors grasp the status of internal audits through the Board of Directors meetings. Outside Audit & Supervisory Board Members receive reports on audits by Audit & Supervisory Board Members, accounting audits and internal audits through the Board of Directors meetings and the Audit & Supervisory Board meetings. They state their opinions at meetings of the Board of Directors and the Audit & Supervisory Board, as necessary to improve the utilization of audits. Outside Directors and Outside Audit & Supervisory Board Members cooperate with each other by receiving reports from divisions relevant to internal control through the Board of Directors meeting.

(3) Audits

(i) Audits by the Audit & Supervisory Board Members

The Company is a company with an audit & supervisory board and has the Audit & Supervisory Board, which consists of two full-time Audit & Supervisory Board Members and two part-time Audit & Supervisory Board Members. Full-time Audit & Supervisory Board Member Masato Makino has worked for financial institutions for a long time. In addition, full-time Audit & Supervisory Board Member Yoshito Imaishi has worked in the Finance and Accounting Department of a listed company for a long time and has auditing experience. Both members have an extensive knowledge of finance and accounting. Part-time Audit & Supervisory Board Member Kazuhiro Ishihara has worked for financial institutions for a long time and has an experience of serving as a corporate manager of a listed company, and therefore has an extensive knowledge of finance, accounting, and corporate management. Part-time Audit & Supervisory Board Member Yoji Morizumi has the qualification of certified public accountant and an extensive knowledge of finance and accounting. All the four Audit & Supervisory Board Members are Outside Audit & Supervisory Board Members. Employees belonging to the Internal Audit Division (six employees as of December 31, 2023) have been in charge of internal audit and appointed as assistants to Audit & Supervisory Board Members in accordance with the basic policy of Company's internal control system.

The Audit & Supervisory Board designs an audit policy taking into consideration the importance, timeliness and other necessary factors and prepares audit plans by selecting the scope of audit properly and how and when to conduct the audit, while keeping in mind that the status of development and operation of the internal control system. The Audit & Supervisory Board engages in the following activities in accordance with given audit plan:

a. Audit & Supervisory Board Members attend meetings of the Board of Directors, the Audit & Supervisory Board, and the Risk Management and Compliance Committee as well as meetings of the accounting auditor related to accounting audits, and state their opinions timely and appropriately.
b. The full-time Audit & Supervisory Board Member is responsible for overall audits including audits on operations in Japan and accounting audits. At the same time, the full-time Audit & Supervisory Board Member is engaged in activities such as attending important meetings other than meetings of the Board of Directors, inspecting approval forms and other important documents, collaborating, coordinating and communicating with the accounting auditors and the Internal Audit Division, preparing audit documentation and storing audit trails.
c. Part-time Audit & Supervisory Board Members are assigned to conduct audits mainly on overseas subsidiaries, given their experience and expertise gained from their previous positions and work experience in foreign countries or language skills, in addition to attending important meetings other than the Board of Directors meetings.

During the fiscal year ended December 31, 2023, the Audit & Supervisory Board prepared audit documentation individually for three audits on the effectiveness and the operation of the internal control system, four on the parent company's improvement of corporate governance on the corporate group, one on the monitoring of meetings, nine on accounting audits, and 12 times monthly review over 102 documents of CEO approval forms.

Each Audit & Supervisory Board Member records the results of audits he conducted in audit documentation and reports the status of execution of his duties to the Audit & Supervisory Board regularly and from time to time. The Audit & Supervisory Board prepares an audit report to be provided to shareholders through deliberations based on the audit report prepared by each Audit & Supervisory Board Member. The Audit & Supervisory Board and its members also regularly make a report on the implementation status of audits and the results thereof to the Board of Directors and Representative Director, if deemed necessary, they would take appropriate measures according to the circumstances as well as providing advice or recommendations.

The Company holds a meeting of the Audit & Supervisory Board once a month, in principle. During the fiscal year ended December 31, 2023, the Company held 12 meetings of the Audit & Supervisory Board. The attendance of each Audit & Supervisory Board Member is as follows:

	Name	Number of meetings held	Number of meetings attended	
Full-time Outside Audit & Supervisory Board Member	Masato Makino	12	12	
Full-time Outside Audit & Supervisory Board Member	Yoshito Imaishi	10	10	(Note)
Part-time Outside Audit & Supervisory Board Member	Kazuhiro Ishihara	12	12	
Part-time Outside Audit & Supervisory Board Member	Yoji Morizumi	12	12	

Note: Yoshito Imaishi was appointed at the 51st Ordinary General Meeting of Shareholders held on March 29, 2023. He attended all meetings of the Audit & Supervisory Board since assuming office.

Major specific matters reviewed by the Audit & Supervisory Board include nine matters resolved such as preparation of audit reports and audit plans, selection of duties for the full-time Audit & Supervisory Board Members and other positions, reappointment/non-reappointment of the accounting auditor, consent to remuneration for the accounting auditor; one matter deliberated on preparation of audit reports; four matters consulted about audit plans, remuneration for Audit & Supervisory Board Members, and the selection of candidates for Audit & Supervisory Board Member and candidates for substitute Audit & Supervisory Board Member; and 10 times reporting of audit results by each Audit & Supervisory Board Member.

(ii) Internal audit

The Company has set up the Internal Audit Division (consisting of six members as of December 31, 2023) directly under CEO and independently from departments conducting business. The Company defines that the purpose of internal audits is to promote communications between departments and contribute to business management while examining and assessing the Company's and the subsidiaries' business activities in light of legitimacy and rationality thereof and providing advice on rationalization and streamlining of management, improvement of business activities and preservation of assets. To achieve such purpose, the Internal Audit Division conducts audits systematically in accordance with the Internal Audit Regulations established by the Company.

The Company's Internal Audit Division takes charge of the audit of the entire Group and reports timely to the Board of Directors and the Audit & Supervisory Board on the plan and result of its internal audit so as to increase the effectiveness of the internal audit of the entire Group through promoting collaboration between the Board of Directors and the Audit & Supervisory Board and the Internal Audit Division.

(iii) Mutual cooperation among internal auditors, Audit & Supervisory Board Members and accounting auditors, and relationship between their audits and the internal control departments

The Company has an audit system in which Audit & Supervisory Board Members, the accounting auditor, and the Internal Audit Division conduct audits in cooperation with each other. Audit & Supervisory Board Members and the Internal Audit Division communicate with each other by sharing audit plans and audit documentation and internal audit reports as appropriate, and jointly conduct audits on the same department, as necessary. Audit & Supervisory Board Members and the Internal Audit Division also share information and understanding of issues by receiving reports on audit plans and the progress of year-end accounting audit during and at the end of it or attending a physical inventory conducted by the accounting auditor. In conducting audits, Audit & Supervisory Board Members and the Internal Audit Division cooperate and share information with departments related to internal control such as Finance and Accounting, Corporate Planning and Human Resource, as necessary for efficient and effective audits.

(iv) Accounting audits

(a) Name of audit firm
Grant Thornton Taiyo LLC

(b) Years of continuous auditing
7 years

(c) Certified public accountants who executed the audit duties
Iwao Arai
Tomohiro Norioka

(d) Composition of assistants of audit engagement
8 certified public accountants and 19 other individuals assisted duties of accounting audits of the Company.

(e) Policy and reasons for appointing audit firm
The Audit & Supervisory Board has developed the "Standards for Appointment and Evaluation of Accounting Auditor" and established the procedures for appointment, reappointment and dismissal of the accounting auditor as well as the standards for evaluation of the accounting auditor's execution of duties. When appointing a new accounting auditor, the Audit & Supervisory Board requests several audit firms to present a proposal on the overview of the audit firm, the system to conduct audits and the estimated amount of audit fees and makes a decision on the appointment through deliberations at the board after verifying the appropriateness of given accounting auditor's audit system, independence and expertise. The Audit & Supervisory Board appointed Grant Thornton Taiyo LLC as its current accounting auditor since it determined that Grant Thornton Taiyo LLC was the most appropriate audit firm as a result of a comprehensive comparative review of the firm's quality control, audit system, independence and expertise required to conduct accounting audits appropriately.

Meanwhile, the Audit & Supervisory Board has also established the following policies on dismissal or non-reappointment of the accounting auditor.

a. If the accounting auditor falls under any of the items of Article 340, Paragraph 1 of the Companies Act and the Audit & Supervisory Board deems that it is reasonable to dismiss the accounting auditor, the accounting auditor will be dismissed upon the consent of all the Audit & Supervisory Board Members.
b. The Audit & Supervisory Board deliberates whether to reappoint the accounting auditor or not based on the full-time Audit & Supervisory Board Member's report on the results of evaluation of the accounting auditor's execution of duties in accordance with the Standards for Appointment and Evaluation of Accounting Auditor. As a result of the deliberations, if the Audit & Supervisory Board decides not to reappoint the accounting auditor, the Audit & Supervisory Board determines the content of a proposal to be submitted to the General Meeting of Shareholders regarding the non-reappointment of the accounting auditor, pursuant to the provisions of Article 344 of the Companies Act.

The Company's accounting auditor, Grant Thornton Taiyo LLC, was suspended by the Financial Services Agency on December 26, 2023 for three months (from January 1, 2024 to March 31, 2024, excluding the renewal of audit contracts and new contracts associated with the listing of companies with whom an audit contract exists).

(f) Evaluation of audit firm by Audit & Supervisory Board Members and the Audit & Supervisory Board
The Audit & Supervisory Board always inspects and evaluates the accounting auditor's execution of duties in accordance with the "Standards for Appointment and Evaluation of Accounting Auditor." As stated above, the Audit & Supervisory Board deliberates whether to reappoint the accounting auditor or not based on the results of these evaluations.

(v) Details of audit fees, etc.
(a) Audit fees paid to auditing certified public accountants.

(Millions of yen)

Classification	Previous fiscal year		Current fiscal year	
	Fees for audit certification services	Fees for non-audit services	Fees for audit certification services	Fees for non-audit services
Reporting company	60	–	60	–
Consolidated subsidiaries	–	–	–	–
Total	60	–	60	–

(b) Audit fees paid to the same network (Grant Thornton member firms) to which certified public accountants belong (excluding fees specified in (a) above).

(Millions of yen)

Classification	Previous fiscal year		Current fiscal year	
	Fees for audit certification services	Fees for non-audit services	Fees for audit certification services	Fees for non-audit services
Reporting company	–	55	–	–
Consolidated subsidiaries	107	5	129	19
Total	107	60	129	19

Notes: 1. Fees for non-audit services for the reporting company were those for due diligence related to M&A, and advisory and other services.
2. Fees for non-audit services for the consolidated subsidiaries in the previous and current fiscal years were both fees for tax consulting and other services.

(c) Details of fees for other significant audit certification services
Not applicable.

(d) Policy for determining audit fees
The Company determines fees for the accounting auditor with consent of the Audit & Supervisory Board after consulting with the accounting auditor on the content of audit plans in light of the effectiveness and efficiency of such plans and examining, among other factors, the number of hours required for the accounting auditor to conduct necessary audits.

(e) Reasons for the Audit & Supervisory Board's consent to fees for the accounting auditor
The Audit & Supervisory Board has consented to the amount of fees for the accounting auditor in accordance with Article 399, Paragraph 1 of the Companies Act based on its review and validity verification of the

accounting auditor's audit plans, the status of execution of its duties and the grounds for calculation of estimated fees.

(4) Remuneration for Directors and other Officers

(i) Policy on determination of remuneration amount for Directors and other Officers or the calculation method thereof

The Company's Board of Directors resolved at its meeting held on October 21, 2020 that the Company would establish the Rules for Nomination and Remuneration Committee in order to ensure the transparency and fairness of appointment of the Company's Directors and other Officers and that the Company would set up the Nomination and Remuneration Committee mainly consisting of independent Outside Directors. The Committee has defined the process of determining remuneration for Directors and Executive Officers in the Rules. From and after the fiscal year ended December 31, 2021 (the 50th fiscal year), the amount of remuneration for Directors and Executive Officers would be resolved by the Board of Directors through consultation by the Committee to the extent of the total amount of remuneration for Directors resolved at the General Meeting of Shareholders.

Remuneration for Audit & Supervisory Board members is determined through consultation by the Audit & Supervisory Board to the extent of the total amount of remuneration resolved at the General Meeting of Shareholders. Audit & Supervisory Board members receive monthly fixed compensation (basic compensation) based on their individual experience, expertise and role and so forth.

The Company has established the policy on determination of the amount of remuneration for Directors or the calculation method thereof. The following details are the contents of the policy, remuneration structure by position, standard total amount of remuneration by position and the policy on determination of remuneration:

・ Remuneration system should contribute to the Group's sustainable growth and improvement of mid- and long-term corporate value;
・ The compensation plan should be closely related to business performance and motivate Directors and other Officers to accomplish business strategies and achieve the company-wide performance target;
・ The compensation plan should be attractive to retain, reward and encourage diversified and talented human resources ;
・ The compensation plan should raise awareness of sharing profits with shareholders; and
・ The process of determining remuneration should be highly transparent and objective.

The policy stipulates the remunerations for Executive Directors is composed of fixed compensation (basic compensation), consolidated performance-based bonus, and stock compensation in a ratio of approximately 5:3:2 to further defines the linkage of the Company's business performance and corporate value with the remunerations for Executive Directors.

The policy also stipulates the remunerations for Outside Directors is composed of fixed compensation (basic compensation) and fixed-type stock compensation in a ratio of approximately 8:2. The Company will increase stability of the remunerations of Outside Directors so that they can properly perform their management supervising functions.

Based on the results of the executive compensation survey conducted by an external specialized agency, the Nomination and Remuneration Committee deliberates these standards and consults them to the Board of Directors, considering the level of companies in the same industry and business scale as the Company.

* Remuneration structure by position and standard total amount of remuneration

Title	Standard total amount of remuneration per person	Number of recipients	Remuneration structure		
CEO and Representative Director	¥77.5 million (Note 1)	1	Fixed compensation: 50%	Short-term performance-based compensation: 33.3%	Mid- and long-term performance-based compensation: 16.7%
Inside Directors	¥31.5 to ¥66.5 million (Note 2)	2	Fixed compensation: 50%	Short-term performance-based compensation: 33.3%	Mid- and long-term performance-based compensation: 16.7%
Outside Directors	¥11.5 million	3	Fixed compensation: 83.3%		Fixed-type stock compensation: 16.7%
Audit & Supervisory Board Members	–	3	Fixed compensation: 100%		

Notes 1. The standard total amount of remuneration has been changed to ¥99.2 million since the current recipient is a foreign national. (The Board of Directors determined the revised amount after deliberation and report by the Nomination and Remuneration Committee, taking into consideration survey results by an external specialized agency.)

2. The Nomination and Remuneration Committee evaluates each Director's ability to execute his duties and his expected values and determines the amount of remuneration (in the range between ¥31.5 million and ¥66.5 million) according to the position. The aggregate of the standard total amount of remuneration for the current recipients is ¥90 million.

* Method of determination of remuneration
・ The amount of remuneration for Directors is determined by the Nomination and Remuneration Committee.
・ The amount of remuneration for Audit & Supervisory Board members is determined through mutual consultation by Audit & Supervisory Board members to the extent of the total amount of remuneration determined by the General Meeting of Shareholders.

In those cases when the Company's performance declines considerably or the Company should be held socially accountable, the Board of Directors may resolve at its meeting (for remuneration for Audit & Supervisory Board members, through consultation by Audit & Supervisory Board members) to take ad hoc emergency measures such as reducing the amount of remuneration or partially cutting remuneration.

(ii) Delegation of determination of remuneration for each Director

Remuneration for Directors is allocated to each Director to the extent of the total amount of remuneration resolved at the General Meeting of Shareholders. The allocation of remuneration is determined by resolution of the Nomination and Remuneration Committee with a majority of independent Outside Directors, which was established to improve transparency in nominating Directors and deciding their remuneration and the supervising function. The remuneration of Directors for the current fiscal year was determined by resolution of the Nomination and Remuneration Committee held on February 18, 2022 (the members of the Committee as of the date were Junichi Miki, CEO and Representative Director at the time of the resolution, and Isao Minabe, Kazuaki Tsutsumi, Toshihiko Oinuma and Sachiko Murase, Outside Directors at the time of the resolution) and on March 17, 2023 (the members of the Committee as of the date were Shunsuke Sugiura, Director at the time of the resolution, and Isao Minabe and Toshihiko Oinuma, Outside Directors at the time of the resolution), respectively. The Committee met seven times during the fiscal year under review.

Remuneration for Audit & Supervisory Board members is composed of fixed compensation based on their individual experience, expertise and role and so forth. It is determined to the extent of the total amount of remuneration resolved at the General Meeting of Shareholders through consultation with Audit & Supervisory Board members. Also, the Board of Directors has confirmed that the method of determining the contents and the decided details of the remuneration for each Director for the fiscal year ended December 31, 2023 are consistent with the decision policy and that the reports by the Nomination and Remuneration Committee are esteemed. Therefore, the remuneration is judged to be in line with the decision policy.
The Company's Board of Directors meeting held on December 20, 2023 adopted a new resolution to partially amend the policy. (Effective January 1, 2024)
At the time of the resolution of the Board of Directors, the Nomination and Remuneration Committee deliberated on the details in advance and reported its findings to the Board of Directors. The amendments are as follows:

(Method of determining individual remuneration)
· The remuneration of each Director is reviewed from the perspective of ensuring effectiveness. The CEO submits the remuneration proposal and the Board of Directors makes decisions after approval of the Nomination and Remuneration Committee to ensure appropriateness and transparency.
· In order to maintain market competitiveness in the remuneration of foreign national officers, the fixed compensation (monthly monetary compensation), the bonuses linked to the Group's performance and the stock compensation for them are determined individually by the Board of Directors in the light of the medium- to long-term remuneration policy approved by the Board of Directors, taking into account the results of market remuneration surveys carried out by external specialized agencies in each country.

(iii) Total amount of remuneration by position, type of remuneration and number of recipients

Position	Total amount of consolidated remuneration (million yen)	Total amount for each class of remuneration by (million yen)					Number of recipients (persons)
		Basic compensation	Performance-based compensation		Non-monetary compensation	Other compensation	
			Bonus	Performance-based stock compensation	Fixed-type stock compensation		
Director	257	133	41	26	4	51	9
[of which Outside Director]	[33]	[28]	[–]	[–]	[4]	[–]	[5]
Audit & Supervisory Board Member	41	41	–	–	–	–	4
[of which Outside Audit & Supervisory Board Member]	[41]	[41]	[–]	[–]	[–]	[–]	[4]
Total	298	174	41	26	4	51	13
[of which Outside Officer]	[74]	[69]	[–]	[–]	[4]	[–]	[9]

Notes: 1. One Director out of the 10 Directors who assumed office of Director during the current fiscal year received no remuneration.
2. The total amount of remuneration for Directors as monetary compensation (basic compensation and bonus) was resolved to be limited to ¥500 million per year, (excluding the portion of salaries as employees for Directors concurrently serving as employees) at the Extraordinary General Meeting of Shareholders held on September 14, 2020. The number of Directors as of the close of the General Meeting of Shareholders is six, including four Outside Directors.
3. The total amount of remuneration for Audit & Supervisory Board Members was resolved to be limited to ¥50 million per year at the Extraordinary General Meeting of Shareholders held on September 14, 2020. The number of Audit & Supervisory Board Members as of the close of the General Meeting of Shareholders is three, all of which are outside Audit & Supervisory Board Members.
4. Basic compensation includes the amount of fringe benefits (e.g., temporary repatriation expenses) for one Director.
5. Bonuses include ¥39 million of provision for bonuses for directors and other officers for the current fiscal year.
6. The Ordinary General Meeting of Shareholders held on March 30, 2022 resolved to introduce a new stock compensation plan in place of the Board Benefit Trust-type compensation. This plan includes two compensations: performance-based stock compensation to be granted to Directors other than Outside Directors, and Executive Officers (entrustment type) subsequently subject to the achievement of performance targets (performance share unit), and a fixed-type stock compensation to be granted to Outside Directors subsequently subject to continuous engagement (restricted stock unit). The meeting also resolved that the upper limit of number of shares to be delivered to applicable Directors and Executive Officers (entrustment type) is 40,000 shares per business year (the maximum amount of monetary remuneration claims to be granted is 40,000 shares multiplied by the share price at the time of delivery, which is separated from the total amount of remuneration for Directors (monetary compensation) as described in Note 2 above). The number of Directors eligible for the plan as of the close of the General Meeting of Shareholders is six, including three Outside Directors.
7. The amount of performance-based stock compensation and fixed-type stock compensation is the amount of expenses for such compensation recorded for the current fiscal year.
8. Performance-based compensation is categorized as both performance-based compensation and non-monetary compensation though it is presented as performance-based compensation.
9. Other compensation is the amount of compensation for taxes (on foreign nationals) on the remuneration for one Director.

(iv) Total amount of consolidated remuneration by Director/Officer

Name	Total amount of consolidated remuneration (million yen)	Position classification	Company classification	Total amount for each class of consolidated remuneration (million yen)			
				Basic compensation	Performance-based compensation		Other compensation
					Bonus	Performance-based stock compensation	
Gordon Raison	148	CEO and Representative Director	Reporting company	58	23	14	51

Notes: 1. The above information is limited to those whose total amount of consolidated remuneration is 100 million yen or more.
2. Basic compensation includes the amount of fringe benefits (e.g., temporary repatriation expenses).
3. Other compensation is the amount of compensation for taxes (on foreign nationals) on the remuneration.

(v) Performance-based compensation

The Company has adopted consolidated performance-based bonuses and the stock compensation plan to the remuneration system for the Company's Directors (excluding Outside Directors), in addition to basic compensation, for the purpose of clarifying a linkage of the Company's business performance and corporate value with the remuneration system and raising the Directors' awareness of contributing to an increase of the Company's mid- and long-term business performance and corporate value.

The Ordinary General Meeting of Shareholders held on March 30, 2022 resolved to introduce a new stock compensation plan in place of the current Board Benefit Trust system, to grant stock compensation to Directors subsequently subject to the achievement of performance targets (performance share unit; the "PSU"), as well as to grant stock compensation to Outside Directors subsequently subject to continuous engagement (restricted stock unit; the "RSU").

Performance-based compensation for the Company's Directors (excluding Outside Directors) is set consolidated operating profit and consolidated ROIC as indicators and is decided based on its comprehensive review of factors such as the contribution to the Company's business performance.

Consolidated operating profit as the indicator of performance-based bonus was ¥11,871 million for the fiscal year ended December 31, 2023, which was 95.7% of the originally budgeted consolidated operating profit (original budget of ¥12,400 million).

As for the stock compensation, the consolidated ROIC of 20% or higher is a targeted indicator of performance-based compensation in the current Medium-term Management Plan 2023 - 2025, and was 17.2% in the fiscal year ended December 2023, falling short of the target.

The following details performance-based compensation consisting of short-term performance-based compensation and mid- and long-term performance-based compensation:

(A) Short-term performance-based compensation (monetary compensation)
Short-term performance-based compensation (monetary compensation) uses consolidated operating profit for a single fiscal year as the performance indicator to raise awareness of improving business performance for each fiscal year. The amount of the compensation is calculated based on the degree of achievement of the indicator. The source of compensation is calculated as follows. If profit attributable to owners of parent is negative (loss), no short-term performance-based compensation (monetary compensation) is provided to Executive Directors. However, as long as dividends are paid, the Nomination and Remuneration Committee would decide whether the recorded extraordinary loss will improve corporate value after careful consideration. The indicator used for actual calculation in connection with consolidated operating profit specified below is that before recording performance-based compensation.

Source of compensation = Actual consolidated operating profit × Multiplying factor (a) × Achievement coefficient (b)

(a) Multiplying factor = Total amount of compensation when the eligible person achieves the expected consolidated operating profit (*) / Expected consolidated operating profit (subject to review for each fiscal period)
    (*) Standard amount of short-term performance-based compensation calculated based on the aforementioned compensation structure by position and standard total amount of remuneration
(b) Achievement coefficient is determined as follows based on the status of achievement of the expected consolidated operating profit:

Ratio of achievement of the expected consolidated operating profit	Achievement coefficient
120% or more	× 1.2
110% or more and less than 120%	× 1.1
100% or more and less than 110%	× 1.0
Less than 100%	× 0.7

The Company's Board of Directors meeting held on December 20, 2023 newly resolved to change the achievement coefficient used in the calculation of short-term performance-based compensation from the perspective of increasing motivation and strengthening incentive aspects, as follows. (Effective January 1, 2024)

Ratio of achievement of the expected consolidated operating profit	Achievement coefficient
130% or more	× 1.42
125% or more and less than 130%	× 1.35
120 % or more and less than 125%	× 1.28
115% or more and less than 120%	× 1.21
110% or more and less than 115%	× 1.14
105% or more and less than 110%	× 1.07
100% or more and less than 105%	× 1.00
95% or more and less than 100%	× 0.70
90% or more and less than 95%	× 0.63
85% or more and less than 90%	× 0.56
80% or more and less than 85%	× 0.49
75%or more and less than 80%	× 0.42
Less than 75%	× 0.35

(B) Mid- and long-term performance-based compensation (stock compensation)
A mid- and long-term performance-based compensation plan (a performance-based stock compensation plan, with PSU and RSU, hereinafter, the "Plan") is based on the consolidated ROIC (Return On Invested Capital)* as the performance indicator to clarify a linkage between remuneration for Directors and the Company's business performance and shareholder value and to raise awareness of contributing to improving the Company's mid- and long-term business performance and corporate value.
* Consolidated ROIC (all the figures are consolidated basis)
  = Operating profit after tax / (Beginning balance of invested capital (*) + Ending balance of invested capital) / 2)
  (*) Invested capital = Working capital (Trade receivables + Inventories - Trade payables) + Fixed assets

Under the Plan, units are granted based on the positions and the degree of achievement of the performance target for each fiscal year during three fiscal years, in principle, corresponding to the Company's Medium-term Management Plan (hereinafter, the "Target Period"). The number of units granted for the Target Period is determined by calculating the number of units to be added or reduced based on the degree of achievement of the performance target for the last fiscal year during the Target Period (for Outside Directors, a non-performance-based fixed-type stock compensation plan, "RSU" has been adopted, in which units are granted based only on their positions without reference to the degree of achievement of the performance target). If the eligible Directors satisfy the requirements set forth in the Rules on Stock Compensation owing to their retirement (at the end of the Target Period for non-residents of Japan), the Company grants monetary remuneration claims for receiving the Company's common stocks to Directors and Executive Officers based on the accumulated number of units granted in each Target Period. Then they are provided the shares of the Company and an amount equivalent to the market price thereof in exchange for an in-kind contribution of the monetary remuneration claims provided to them by the Company.

The initial Target Period after the introduction of the Plan is for four fiscal years since it is from the fiscal year ended December 31, 2022, the final fiscal year of the previous Medium-term Management Plan, to the final fiscal year of the current Medium-term Management Plan ending December 31, 2025.

The number of the Company's shares to be delivered to Directors (including shares to be delivered in cash) is one share per unit. Fractions less than one unit shall be rounded down. However, in case the number of the Company's shares increases or decreases due to a stock split, allotment of share without contribution, stock consolidation or other similar acts, the Company shall adjust the number of shares to be delivered per unit in proportion to the rate of increase or decrease.

The number of units to be granted during the Target Period is calculated as follows. In case a person assumes office of Director or there is a change of a Director's position or post during the Target Period, the number of units to be granted shall be adjusted based on the term in office.

- Directors excluding Outside Directors (performance-based stock compensation)

<Number of units granted for each fiscal year>

Number of standard compensation units (a) × Number of months in office (b) / 12 months × Achievement coefficient (c)

(a) Number of standard compensation units
The number of standard compensation units is calculated by dividing the amount of the standard amount of mid- and long-term performance-based compensation calculated based on the above remuneration structure by position and standard total amount of remuneration, by the reference share price (*).
* The reference share price is the average of closing prices of the Company's shares for one month in April 2022 on the Prime Market of the Tokyo Stock Exchange.

(b) Number of months in office
In calculation of the months in office, it is counted as one month when the Director's term of office exceeds 15 days, term of less than 14 days is not counted as months in office.

(c) The achievement coefficient is as follows. The indicator used for measurement of the degree of achievement of actual consolidated ROIC is that before recording performance-based compensation.

Ratio of achievement of consolidated ROIC	Achievement coefficient
100% or more	× 1.0
80% or more	× 0.7
70% or more	× 0.5
60% or more	× 0.3
Less than 60%	× 0.0

<Number of units granted based on the degree of achievement of the performance target for the last fiscal year for the Target Period>

The current Medium-term Management Plan 2023–2025 targets achievement of 20% or more of the consolidated ROIC. The number of units to be granted is determined as follows based on the degree of achievement of the consolidated ROIC for the last fiscal year for the Target Period. However, the number of units granted during the Target Period shall not exceed the number calculated by multiplying the number of standard compensation units by the number of years based on the Target Period.

Achieved the consolidated ROIC of 20% or more:	Adding the number of units calculated by multiplying the accumulated number of units for the Target Period by 10%
Unachieved:	Reducing the number of units calculated by multiplying the accumulated number of units for the Target Period by 10%

- Outside Directors (fixed-type stock compensation)

<Number of units granted for each fiscal year>

Number of standard compensation points (a) × Number of months in office (b) / 12 months

(a) Number of standard compensation units

The number of standard compensation units is calculated by dividing the standard amount of fixed-type stock compensation calculated based on the above remuneration structure by position and standard total amount of remuneration, by the reference share price (*).

* The reference share price is the average of closing prices of the Company's shares for one month in April 2022 on the Prime Market of the Tokyo Stock Exchange.

(b) Number of months in office

In calculation of the months in office, it is counted as one month when the Director's term of office exceeds 15 days, term of less than 14 days is not counted as months in office.

(5) Shareholdings

(i) Standards for and views on classification of investment shares

The Company classifies investment shares by holding purpose, for pure investment or for purposes other than pure investment. Pure investment means that the Company holds shares only for the purpose of returns from share price fluctuations and/or dividends.

(ii) Investment shares held for purposes other than pure investment

a. Shareholding policy, method of verification of the rationale for shareholdings, and details of verification by the Board of Directors of the appropriateness of shareholdings in individual issues

The Company holds no investment shares for purposes other than pure investment in principle, except the case that holding such shares is deemed reasonable. In the case when rationality of holding investment share is recognized, the Company assesses holding investment share could lead to further improvement of the corporate value of the Group, after properly understanding of the risk, cost, return and so forth, comprehensively considering the purpose of holding those shares such as maintaining and strengthening of business relationships, capitalization, business alliance with a mid- to- long term view in mind.

The Company decides whether to hold a specific issue after carefully reviewing the rationale for the holdings stated above at a meeting of the Board of Directors in accordance with the Approval Regulations. If the shareholding is deemed no longer reasonable, the Company considers disposing of the investment shares.

b. Number of issues and carrying amount

	Number of issues	Total carrying amount (million yen)
Unlisted shares	4	175
Shares other than unlisted shares	–	–

Issues whose number of shares increased during the fiscal year ended December 31, 2023

Not applicable.

Issues whose number of shares decreased during the fiscal year ended December 31, 2023

Not applicable.

c. Number and carrying amount of specified investment shares and deemed holdings of investment shares by issue

Not applicable.

(iii) Investment shares held for pure investment

Category	Current fiscal year		Previous fiscal year	
	Number of issues	Total carrying amount (million yen)	Number of issues	Total carrying amount (million yen)
Unlisted shares	–	–	–	–
Shares other than unlisted shares	1	464	1	355

Category	Current fiscal year		
	Total of dividends received (million yen)	Total of gain (loss) on sale (million yen)	Total of valuation gain (loss) (million yen)
Unlisted shares	–	–	–
Shares other than unlisted shares	17	–	410

(iv) Investment shares reclassified from held for pure investment to held for purposes other than pure investment during the fiscal year ended December 31, 2023

Not applicable.

(v) Investment shares reclassified from held for purposes other than pure investment to held for pure investment during the fiscal year ended December 31, 2023

Not applicable.

Item 5. Financial Information

1. Basis for Preparation of Consolidated and Non-consolidated Financial Statements
   (1) The consolidated financial statements of Roland Corporation (the Company) are prepared in accordance with the “Ordinance on Terminology, Forms, and Preparation Methods of Consolidated Financial Statements” (Ordinance of the Ministry of Finance No. 28 of 1976).

   (2) The non-consolidated financial statements of the Company are prepared in accordance with the “Ordinance on the Terminology, Forms, and Preparation Methods of Financial Statements” (Ordinance of the Ministry of Finance No. 59 of 1963; hereinafter the “Ordinance on Financial Statements”).
   The Company falls under the company allowed to file specified financial statements and prepares its financial statements pursuant to the provision of Article 127 of the Ordinance on Financial Statements.

2. Audit Certificate
   The Company’s consolidated and non-consolidated financial statements for the fiscal year from January 1, 2023 to December 31, 2023 were audited by Grant Thornton Taiyo LLC, in accordance with the provisions of Article 193-2, Paragraph 1 of the Financial Instruments and Exchange Act.

3. Special Measures to Ensure the Appropriateness of Consolidated Financial Statements, etc.
   The Company has taken special measures to ensure the appropriateness of consolidated statements. Specifically, the Company has been working to collect information proactively by joining the Financial Accounting Standards Foundation and participating in seminars and training programs organized by audit firms and other institutions as well as subscribing to accounting journals, in order to establish a system that allows the Company to understand accounting standards properly and adapt to changes in accounting standards appropriately.

1. Consolidated Financial Statements, etc.
(1) Consolidated Financial Statements
(i) Consolidated Balance Sheets

(Millions of yen)

	Previous fiscal year (As of December 31, 2022)	Current fiscal year (As of December 31, 2023)
Assets		
Current assets:		
Cash and deposits	10,506	12,883
Notes receivable – trade	2	2
Accounts receivable – trade	*1 12,902	*1 13,802
Merchandise and finished goods	*1 20,214	*1 18,094
Work in process	1,249	1,443
Raw materials and supplies	10,858	10,606
Other	2,561	2,311
Allowance for doubtful accounts	(394)	(485)
Total current assets	57,902	58,659
Non-current assets:		
Property, plant and equipment:		
Buildings and structures:	12,035	12,515
Accumulated depreciation	(8,336)	(8,581)
Buildings and structures, net	3,698	3,934
Machinery, equipment and vehicles:	1,600	1,910
Accumulated depreciation	(1,078)	(1,299)
Machinery, equipment and vehicles, net	521	610
Tools, furniture and fixtures:	7,277	7,986
Accumulated depreciation	(5,549)	(6,203)
Tools, furniture and fixtures, net	1,727	1,783
Land	1,640	2,328
Construction in progress	182	1,305
Total property, plant and equipment	7,770	9,961
Intangible assets:		
Goodwill	3,266	3,129
Other	2,824	3,110
Total intangible assets	6,090	6,240
Investments and other assets:		
Investment securities	*3 938	*3 1,107
Retirement benefit asset	–	891
Deferred tax assets	3,806	3,510
Other	659	*3 703
Allowance for doubtful accounts	(110)	(105)
Total investments and other assets	5,293	6,107
Total non-current assets	19,154	22,309
Total assets	77,056	80,969

(Millions of yen)

	Previous fiscal year (As of December 31, 2022)	Current fiscal year (As of December 31, 2023)
Liabilities		
Current liabilities:		
Notes and accounts payable – trade	5,606	6,266
Short-term borrowings	17,700	4,300
Current portion of long-term borrowings	1,252	8,526
Lease obligations	612	744
Accrued expenses	3,024	3,306
Income taxes payable	482	415
Provision for bonuses	771	852
Provision for bonuses for directors (and other officers)	34	39
Provision for product warranties	281	335
Other	*5 2,747	*5 3,254
Total current liabilities	32,513	28,041
Non-current liabilities:		
Long-term borrowings	7,570	10,056
Lease obligations	1,518	1,669
Deferred tax liabilities	1	3
Provision for share awards	253	252
Provision for share awards for directors (and other officers)	78	96
Retirement benefit liability	432	249
Asset retirement obligations	87	88
Other	853	396
Total non-current liabilities	10,796	12,812
Total liabilities	43,309	40,854
Net Assets		
Shareholders' equity:		
Share capital	9,613	9,641
Capital surplus	191	124
Retained earnings	23,750	27,334
Treasury shares	(2,407)	(2,207)
Total shareholders' equity	31,148	34,892
Accumulated other comprehensive income:		
Valuation difference on available-for-sale securities	68	153
Foreign currency translation adjustment	1,879	3,728
Remeasurements of defined benefit plans	370	1,032
Total accumulated other comprehensive income	2,319	4,915
Share acquisition rights	95	70
Non-controlling interests	184	235
Total net assets	33,747	40,114
Total liabilities and net assets	77,056	80,969

(ii) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

Consolidated Statements of Income

(Millions of yen)

	Previous fiscal year (From January 1, 2022 to December 31, 2022)	Current fiscal year (From January 1, 2023 to December 31, 2023)
Net sales	*1 95,840	*1 102,445
Cost of sales	*3 56,484	*3 58,512
Gross profit	39,356	43,932
Selling, general and administrative expenses	*2, *4 28,605	*2, *4 32,060
Operating profit	10,751	11,871
Non-operating income:		
Interest income	12	36
Dividend income	93	85
Subsidy income	122	66
Other	8	22
Total non-operating income	236	210
Non-operating expenses:		
Interest expenses	71	144
Foreign exchange losses	652	760
Other	13	22
Total non-operating expenses	737	927
Ordinary profit	10,250	11,154
Extraordinary income:		
Gain on sale of non-current assets	*6 48	*6 8
Gain on liquidation of subsidiaries	*5 246	–
Total extraordinary income	294	8
Extraordinary losses:		
Loss on sale and retirement of non-current assets	*7 15	*7 14
Total extraordinary losses	15	14
Profit before income taxes	10,529	11,148
Income taxes - current	1,992	2,821
Income taxes - deferred	(417)	134
Total income taxes	1,575	2,955
Profit	8,954	8,192
Profit attributable to non-controlling interests	16	40
Profit attributable to owners of parent	8,938	8,151

Consolidated Statements of Comprehensive Income

(Millions of yen)

	Previous fiscal year (From January 1, 2022 to December 31, 2022)	Current fiscal year (From January 1, 2023 to December 31, 2023)
Profit	8,954	8,192
Other comprehensive income:		
Valuation difference on available-for-sale securities	(71)	85
Foreign currency translation adjustment	2,066	1,859
Remeasurements of defined benefit plans, net of tax	112	662
Total other comprehensive income	* 2,107	* 2,606
Comprehensive income	11,062	10,799
Comprehensive income attributable to:		
Owners of parent	11,038	10,748
Non-controlling interests	23	51

(iii) Consolidated Statements of Changes in Equity

Previous fiscal year (from January 1, 2022 to December 31, 2022)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total
Balance as of January 1, 2022	9,585	163	18,894	(482)	28,161
Changes during period					
Issuance of new shares - exercise of share acquisition rights	27	27			55
Dividends of surplus			(4,082)		(4,082)
Profit attributable to owners of parent			8,938		8,938
Purchase of treasury shares				(2,000)	(2,000)
Disposal of treasury shares				76	76
Net changes in items other than shareholders' equity					–
Total changes during period	27	27	4,856	(1,924)	2,987
Balance as of December 31, 2022	9,613	191	23,750	(2,407)	31,148

	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 as of January 1, 2022	140	(178)	258	219	115	161	28,656
Changes during period							
Issuance of new shares - exercise of share acquisition rights				–			55
Dividends of surplus				–			(4,082)
Profit attributable to owners of parent				–			8,938
Purchase of treasury shares				–			(2,000)
Disposal of treasury shares				–			76
Net changes in items other than shareholders' equity	(71)	2,058	112	2,099	(19)	23	2,103
Total changes during period	(71)	2,058	112	2,099	(19)	23	5,090
Balance as of December 31, 2022	68	1,879	370	2,319	95	184	33,747

Current fiscal year (from January 1, 2023 to December 31, 2023)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance as of January 1, 2023	9,613	191	23,750	(2,407)	31,148
Changes during period					
Issuance of new shares - exercise of share acquisition rights	27	27			55
Dividends of surplus			(4,506)		(4,506)
Profit attributable to owners of parent			8,151		8,151
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares		(94)		199	104
Change in scope of consolidation			(60)		(60)
Net changes in items other than shareholders' equity					–
Total changes during period	27	(66)	3,584	199	3,744
Balance as of December 31, 2023	9,641	124	27,334	(2,207)	34,892

	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 as of January 1, 2023	68	1,879	370	2,319	95	184	33,747
Changes during period							
Issuance of new shares - exercise of share acquisition rights				–			55
Dividends of surplus				–			(4,506)
Profit attributable to owners of parent				–			8,151
Purchase of treasury shares				–			(0)
Disposal of treasury shares				–			104
Change in scope of consolidation				–			(60)
Net changes in items other than shareholders' equity	85	1,849	662	2,596	(25)	51	2,622
Total changes during period	85	1,849	662	2,596	(25)	51	6,366
Balance as of December 31, 2023	153	3,728	1,032	4,915	70	235	40,114

(iv) Consolidated Statements of Cash Flows

(Millions of yen)

	Previous fiscal year (From January 1, 2022 to December 31, 2022)	Current fiscal year (From January 1, 2023 to December 31, 2023)
Cash flows from operating activities:		
Profit before income taxes	10,529	11,148
Depreciation	1,981	2,397
Amortization of goodwill	94	358
Increase (decrease) in retirement benefit liability	(147)	(154)
Interest and dividend income	(105)	(121)
Interest expenses	71	144
Foreign exchange losses (gains)	1,013	518
Loss (gain) on sale and retirement of non-current assets	(33)	6
Loss (gain) on liquidation of subsidiaries	(246)	–
Decrease (increase) in trade receivables	(4,301)	(46)
Decrease (increase) in inventories	(1,105)	4,677
Increase (decrease) in trade payables	(4,143)	(849)
Other, net	(478)	192
Subtotal	3,126	18,272
Interest and dividends received	105	121
Interest paid	(71)	(149)
Income taxes paid	(2,367)	(2,815)
Net cash provided by (used in) operating activities	793	15,428
Cash flows from investing activities:		
Purchase of property, plant and equipment	(1,272)	(3,084)
Proceeds from sale of property, plant and equipment	49	18
Purchase of intangible assets	(108)	(402)
Proceeds from liquidation of subsidiaries	227	–
Purchase of shares of subsidiaries resulting in change in scope of consolidation	*2 (10,167)	(50)
Other, net	(80)	(58)
Net cash provided by (used in) investing activities	(11,351)	(3,576)
Cash flows from financing activities:		
Net increase (decrease) in short-term borrowings	17,686	(13,404)
Proceeds from long-term borrowings	3,000	12,100
Repayments of long-term borrowings	(1,252)	(2,339)
Proceeds from issuance of shares	35	84
Proceeds from sale of treasury shares	151	190
Purchase of treasury shares	(2,000)	(0)
Dividends paid	(4,082)	(4,506)
Other, net	(659)	(792)
Net cash provided by (used in) financing activities	12,879	(8,668)
Effect of exchange rate change on cash and cash equivalents	(595)	(762)
Net increase (decrease) in cash and cash equivalents	1,724	2,421
Cash and cash equivalents at beginning of period	8,781	10,506
Increase (decrease) in cash and cash equivalents resulting from change in scope of consolidation	–	(43)
Cash and cash equivalents at end of period	*1 10,506	*1 12,883

Notes to Consolidated Financial Statements

Significant accounting policies for preparation of consolidated financial statements

1. Disclosure of scope of consolidation
   Number of consolidated subsidiaries: 17

   The information is omitted as it is stated in "Item 1. Overview of Company, 4. Subsidiaries and Other Affiliated Entities."

   Number of unconsolidated subsidiaries: 2

   Roland Music LLC and Roland Germany GmbH.

   Two unconsolidated subsidiaries are not included in the scope of consolidation because they have no material impact on consolidated financial statements in terms of the total amount of items such as total assets, net sales, profit (loss) attributable to owners of parent (amount proportionate to the Company's equity interests) and retained earnings (amount proportionate to the Company's equity interests).

2. Disclosure about application of equity method
   Number of associates accounted for using equity method: 0

   Number of unconsolidated subsidiaries and associate not accounted for using equity method: 3

   Roland Music LLC, Roland Germany GmbH., and Roland Taiwan Enterprise Co., Ltd.

   Two unconsolidated subsidiaries and one associate are not accounted for using the equity method because they have no material impact on consolidated financial statements in terms of the total amount of items such as profit (loss) attributable to owners of parent (amount proportionate to the Company's equity interests) and retained earnings (amount proportionate to the Company's equity interests).

3. Disclosure about fiscal year of consolidated subsidiaries
   The closing date of consolidated subsidiaries is identical to the one's of the Company's.

4. Disclosure of accounting policies
   (1) Accounting policy for valuation of significant assets
      (i) Securities
         Shares of subsidiaries and associates:
            Stated at cost determined by the moving-average method.
         Available-for-sale securities
            Securities other than shares that do not have market prices:
               Stated at fair value (with any unrealized gain or loss recognized directly in net assets and the cost of securities sold determined using the moving-average method).
            Shares that do not have market prices:
               Stated at cost determined by the moving-average method.
      (ii) Inventories
         Merchandise and finished goods, work in process and raw materials
            The Company:
               Primarily stated at cost using the weighted-average method (a method in which book value is written down based on any decline in profitability).
            Overseas consolidated subsidiaries:
               Primarily stated at cost using the first-in, first-out (FIFO) method (a method in which book value is written down based on any decline in profitability).
         Supplies:
               Primarily stated at cost using the last purchase price method (a method in which book value is written down based on any decline in profitability).
      (iii) Derivatives
               Stated at fair value using the fair value method.

   (2) Accounting policy for depreciation/amortization of significant assets
      (i) Property, plant and equipment (excluding leased assets)
         Depreciated primarily by using the declining-balance method.
         However, buildings (except for facilities attached to buildings) acquired by the Company on or after April 1, 1998 and facilities attached to buildings and structures acquired on or after April 1, 2016 are depreciated on a straight-line basis.
         The principal useful lives are as follows:
            Building and structures: 13 to 50 years
            Tools, furniture and fixtures: 2 to 6 years

(ii) Intangible assets (excluding goodwill)
Amortized primarily on a straight-line basis.
The principal useful life is as follows:
Software: 5 years

(iii) Leased assets
Leased assets in finance lease transactions that do not transfer ownership are depreciated on a straight-line basis using the lease term as the useful life and with zero residual value.

(3) Accounting policy for significant provisions

(i) Allowance for doubtful accounts
To provide for potential credit losses on receivables, after eliminating intra-group balances of receivables and payables, allowance for doubtful accounts is recorded at an amount of estimated uncollectible receivables calculated based on the historical rate of credit loss for general receivables and determined in consideration of collectability of individual receivables for doubtful accounts and certain other receivables.

(ii) Provision for bonuses
To provide for the payment of bonuses to employees, provision for bonuses is recorded based on the estimated amount to be paid.

(iii) Provision for bonuses for directors (and other officers)
To provide for the payment of bonuses to Officers, provision for bonuses for Directors (and other Officers) is recorded based on the estimated amount to be paid.

(iv) Provision for product warranties
To provide for product warranty costs that might be incurred after products are sold, provision for product warranties is recorded at an estimated amount calculated based on historical experience.

(v) Provision for share awards
To provide for delivery of shares of the Company to employees in accordance with stock benefit rules, provision for share-based remuneration is recorded based on the estimated amount of stock benefit obligations at the end of the current fiscal year.

(vi) Provision for share awards for directors (and other officers)
To provide for delivery of shares of the Company to Officers in accordance with stock benefit rules, provision for share-based remuneration for Directors (and other Officers) is recorded based on the estimated amount of stock benefit obligations at the end of the current fiscal year.

(4) Accounting policy for retirement benefits

(i) Method of attributing estimated retirement benefits to accounting periods
In calculating retirement benefit obligations, the benefit formula basis is used to attribute the estimated amount of retirement benefits to periods up to the end of the current fiscal year.

(ii) Method of accounting for actuarial gains and losses
Actuarial gains and losses are amortized primarily using the declining-balance method over a certain number of years (10 years) within the average remaining service period of employees at the time of recognition from the fiscal year following the respective fiscal year of recognition.

(5) Accounting policy for significant revenues and expenses

The Group engages primarily in the manufacture and sale of electronic musical instruments including keyboards, percussion and wind instruments, and guitar-related products. The primary performance obligation for these products and merchandise is the obligation to deliver them to a customer. Revenue is recognized from the sale of the products and merchandise mainly based upon delivery to the customer because control of the products and merchandise is considered to be transferred to the customer at the time of delivery based on the contract with the customer. However, revenue generated within Japan is recognized upon shipment of the products and merchandise because the duration from shipment to the timing when control of them is transferred to the customer is usually typical. For export sales, revenue is recognized when the risk is transferred to the customer based on the trade terms mainly stipulated in Incoterms.

(6) Accounting policy for translating significant foreign currency assets and liabilities into Japanese yen

Monetary receivables and payables denominated in foreign currencies are translated into Japanese yen at the spot exchange rate on the consolidated balance sheet date, and translation adjustments are accounted for as profit or loss. Meanwhile, assets and liabilities of foreign subsidiaries are translated into Japanese yen at the spot exchange rates on the balance sheet dates of the subsidiaries whereas their revenue and expenses are translated into Japanese yen at average exchange rates for their respective fiscal years, and translation adjustments are included in “Foreign currency translation adjustment” and “Non-controlling interests” under net assets.

(7) Accounting policy for goodwill

Goodwill is amortized on a straight-line basis within a period of 10 years.

(8) Scope of cash and cash equivalents in consolidated statement of cash flows
Cash and cash equivalents in the consolidated statement of cash flows consist of cash on hand, deposits that can be withdrawn at any time and short-term investments with a maturity of three months or less from the date of acquisition, which are readily convertible into cash and exposed to only an insignificant risk of fluctuation in value.

Significant accounting estimates

Valuation of inventories

1. Amounts recorded in the consolidated financial statements of the previous year and current fiscal year

(Millions of yen)

	Previous fiscal year (As of December 31, 2022)	Current fiscal year (As of December 31, 2023)
Merchandise and finished goods	20,214	18,094
Work in process	1,249	1,443
Raw materials and supplies	10,858	10,606

2. Information on the significant accounting estimates of the identified items
For inventory valuation, the book value of inventory is written down when the inventories whose net realizable value or replacement cost of the inventory as of the end of the period falls below the acquisition cost. Besides that, when inventories whose inventory turnover periods exceed a certain threshold, the book value of those inventories is written down using the write-down percentage based on the historical sales record to reflect a profitability decline in the consolidated financial statements. The accounting estimates may have a significant impact on the inventory amounts in the following consolidated financial statements in the event of future fluctuations in market prices, downward pressure on prices due to intensified competition, and other changes in inventory level due to differences caused by the discrepancies between historical sales performance and actual demand.

Valuation of goodwill and other intangible assets

1. Amounts recorded in the consolidated financial statements of the previous year and current fiscal year

(Millions of yen)

	Previous fiscal year (As of December 31, 2022)	Current fiscal year (As of December 31, 2023)
Goodwill	3,248	3,115
Other intangible assets	2,326	2,346

2. Information on the significant accounting estimates of the identified items
Goodwill of ¥3,115 million and other intangible assets of ¥2,346 million recorded at the end of the current fiscal year relate to Drum Workshop, Inc. ("DW"), which was acquired in October 2022.

To evaluate indications of impairment for asset groups of DW, which include goodwill and other intangible assets, the Company considered whether profit arising from DW's operating activities (including amortization of goodwill) has been consistently negative, whether these events have occurred or are likely to occur, such as changes that significantly reduce the recoverable amount and a significant deterioration in the business environment. As a result, the Company has not identified any indication of impairment for the DW's assets in the current fiscal year.

As part of the impairment review process described above, the Company also considered whether there have been any material changes in the primary assumption in the business plan at the time of the acquisition of DW, such as launching new products in the drum market. Such assumption may be affected by changes in future uncertain economic conditions, and in case the Company needs to revise the assumption, it may have a material impact on its consolidated financial statements for the following fiscal year ending December 31, 2024.

Additional information

1. Board Benefit Trust

   In accordance with the resolution of the General Meeting of Shareholders held on December 21, 2016, the Company introduced the “Board Benefit Trust (BBT)” as a performance-based stock compensation plan for Directors (excluding Non-executive Directors) and Executive Officers, effective from December 27, 2016.

   (1) Overview of transaction

   Upon the introduction of the Board Benefit Trust Plan (hereinafter the “BBT Plan”), the Company established the “Stock Benefit Rules for Board Benefit Trust.”

   The Company entrusted money to a trust bank for the advance purchase of shares to be delivered in the future in accordance with the established Stock Benefit Rules for Board Benefit Trust, and the trust bank acquired the Company’s shares with the entrusted money.

   The BBT Plan is a stock benefit plan in which points are granted to Directors and Executive Officers in accordance with the Stock Benefit Rules for Board Benefit Trust, and shares are delivered to them according to the number of points granted.

   Applying the “Practical Solution on Transactions of Delivering the Company’s Own Stock to Employees through Trusts” (PITF No. 30 of March 26, 2015) issued by the Accounting Standards Board of Japan (ASBJ), assets and liabilities of the BBT are accounted for using the gross method, in which such assets and liabilities are recorded on the balance sheet as assets and liabilities of the Company.

   (2) The Company’s shares remaining in the trust

   The Company’s shares remaining in the trust are recorded as treasury shares under net assets at the book value in the trust (excluding the amount of ancillary expenses).

   The book value and number of such treasury shares as of December 31, 2022 and 2023 were ¥149 million and 70,450 shares and ¥133 million and 62,557 shares, respectively.

2. Employee (at management-level) Stock Ownership Plan Trust

   The Company introduced an incentive plan, “Employee Stock Ownership Plan (ESOP) Trust,” in which shares of the Company are delivered to employees of the Company and its subsidiaries, effective from December 27, 2016, in order to increase their motivation and morale to improve the Company’s share price and business performance.

   (1) Overview of transaction

   Upon the introduction of the ESOP, the Company established the “Stock Benefit Rules for ESOP.” The Company entrusted money to a trust bank for the advance purchase of shares to be delivered in the future in accordance with the established “Stock Benefit Rules for ESOP, and the trust bank acquired the Company’s shares with the entrusted money.

   The ESOP is a stock benefit plan under which points are granted to employees in accordance with the Stock Benefit Rules for ESOP, and shares are delivered to them according to the number of points granted.

   Applying the “Practical Solution on Transactions of Delivering the Company’s Own Stock to Employees through Trusts” (PITF No. 30 of March 26, 2015) issued by the ASBJ, assets and liabilities of the ESOP Trust are accounted for using the gross method, in which such assets and liabilities are recorded on the balance sheet as assets and liabilities of the Company.

   (2) The Company’s shares remaining in the trust

   The Company’s shares remaining in the trust are recorded as treasury shares under net assets at the book value in the trust (excluding the amount of ancillary expenses). The book value and the number of such treasury shares as of December 31, 2022 and 2023 were ¥158 million and 182,507 shares and ¥143 million and 164,471 shares, respectively.

3. Employee Shareholding Association-type ESOP Trust

The Company delivers its shares to the Employee Shareholding Association (hereinafter the "Shareholding Association") through a trust for the welfare of employees.

(1) Overview of transaction

The Company's Board of Directors meeting held on December 15, 2016, resolved to introduce the "Employee Shareholding Association-type ESOP Trust" as a plan to increase the morale of employees by enhancing the Roland Group's employee benefits package and facilitating their capital participation as shareholders, thereby driving the continued growth of the Group.

Under the Employee Shareholding Association-type ESOP, the Company has set up the Employee Shareholding Association-type ESOP Trust (hereinafter the "Trust") with a trust bank. The Trust borrows money to purchase in advance the number of Company's shares expected to be purchased by the Shareholding Association from the Company through a third-party allocation. After that, the Trust continuously sells the Company's shares to the Shareholding Association. If any gains on the sale of shares are accumulated in the Trust at the time of its termination, then these gains will be distributed as trust proceeds to employees who meet the requirements for beneficiaries. Meanwhile, to guarantee the Trust's borrowings for the purchase of the Company's shares, if any losses on the sale of shares are accumulated in the Trust and if there are any remaining borrowings equivalent to such losses in the trust at the time of its termination, the Company will repay the remaining borrowings in accordance with a guarantee clause in the loan agreement. Therefore, employees will not bear any loss.

Applying the "Practical Solution on Transactions of Delivering the Company's Own Stock to Employees through Trusts" (PITF No. 30 of March 26, 2015) issued by the ASBJ, assets and liabilities of the Trust are accounted for using the gross method, in which such assets and liabilities are recorded on the balance sheet as assets and liabilities of the Company.

(2) The Company's shares remaining in the trust

The Company's shares remaining in the trust are recorded as treasury shares under net assets at the book value in the trust (excluding the amount of ancillary expenses). The book value and the number of such treasury shares as of December 31, 2022 and 2023 were ¥97 million and 101,000 shares and ¥52 million and 54,300 shares, respectively.

(3) Book value of borrowings recorded using the gross method

Not applicable.

Consolidated balance sheets

*1. Assets pledged as collateral

(Millions of yen)

	Previous fiscal year (As of December 31, 2022)	Current fiscal year (As of December 31, 2023)
Accounts receivable – trade	5,542	739
Merchandise and finished goods	6,810	527
Total	12,353	1,267

Some of these assets are pledged as collateral for derivative transactions.

*2. Contingent liabilities

Litigation

On December 16, 2022 (local time), Roland Europe Group Limited ("REG"), a subsidiary of the Company, and on September 21, 2023, the Company were served with a collective proceedings claim form pertaining to a claim filed with the Competition Appeal Tribunal in the United Kingdom.

This lawsuit was filed by Elisabetta Sciallis (plaintiff) against the Company and REG for compensations on behalf of consumers to cover economic loss in connection with a decision by the UK Competition and Markets Authority dated June 29, 2020 (local time) which found that Roland (U.K.) Limited and Roland Corporation had violated UK and EU competition law.

In the claim form, the amount of compensation for the lawsuit is estimated at least tens of million pounds; however, no precise figure is indicated.

Given the difficulties in calculating the potential monetary impact caused by the lawsuit at this stage, the future impact to the Company's business performance and financial position is uncertain.

*3. Assets relating to unconsolidated subsidiaries and associates

Investments and other assets

(Millions of yen)

	Previous fiscal year (As of December 31, 2022)	Current fiscal year (As of December 31, 2023)
Investment securities (equity securities)	109	109
Other (investments in capital)	–	11

*4. 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 financial institutions in order to finance working capital efficiently.

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

(Millions of yen)

	Previous fiscal year (As of December 31, 2022)	Current fiscal year (As of December 31, 2023)
Overdraft limit and total committed line of credit	11,000	14,000
Outstanding balance of drawn facilities	7,000	4,300
Differences (outstanding balance of undrawn facilities)	4,000	9,700

*5. Contract liabilities

Contract liabilities are included in the “Other” under current liabilities. The balance of contact liabilities is presented in “Notes to Consolidated Financial Statements, 3. (i)Balance of contract liabilities under Revenue recognition.

Consolidated statements of income

*1. Revenue from contracts with customers

Net sales are not presented separately into revenues arising from contracts with customers and other revenues. The amount of revenue from contracts with customers is presented in “Notes to Consolidated Financial Statements, Revenue Recognition, 1. Information on disaggregated revenue from contracts with customers.”

*2. Total amount of research and development expenses included in general administrative expenses

(Millions of yen)

	Previous fiscal year (From January 1, 2022 to December 31, 2022)	Current fiscal year (From January 1, 2023 to December 31, 2023)
	4,196	5,187

*3. Write-downs of inventories held for ordinary sales due to decline in profitability

(Millions of yen)

	Previous fiscal year (From January 1, 2022 to December 31, 2022)	Current fiscal year (From January 1, 2023 to December 31, 2023)
Cost of sales	561	94

*4. Major items of selling, general and administrative expenses and their amounts

(Millions of yen)

	Previous fiscal year (From January 1, 2022 to December 31, 2022)	Current fiscal year (From January 1, 2023 to December 31, 2023)
Provision of allowance for doubtful accounts	97	201
Salaries and bonuses	15,220	17,324
Provision for bonuses	633	704
Retirement benefit expenses	131	142

Changes in presentation

"Provision of allowance for doubtful accounts" is presented as a major expense item from the current fiscal year due to the increased balance. To reflect the change in presentation, it is also presented as a major expense item in the previous fiscal year.

*5. Gain on liquidation of subsidiaries

Previous fiscal year (from January 1, 2022 to December 31, 2022)

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

*6. Gain on sale of non-current assets

(Millions of yen)

	Previous fiscal year (From January 1, 2022 to December 31, 2022)	Current fiscal year (From January 1, 2023 to December 31, 2023)
Buildings and structures	11	–
Machinery, equipment and vehicles	34	5
Tools, furniture and fixtures	1	3
Total	48	8

*7. Loss on sale and retirement of non-current assets

(Millions of yen)

	Previous fiscal year (From January 1, 2022 to December 31, 2022)	Current fiscal year (From January 1, 2023 to December 31, 2023)
Buildings and structures	1	5
Machinery, equipment and vehicles	1	1
Tools, furniture and fixtures	6	8
Other	4	0
Total	15	14

Consolidated statements of comprehensive income

* Notes regarding reclassification adjustments and tax effects relating to other comprehensive income

(Millions of yen)

	Previous fiscal year (From January 1, 2022 to December 31, 2022)	Current fiscal year (From January 1, 2023 to December 31, 2023)
Valuation difference on available-for-sale securities		
Amount arising during period	(106)	119
Reclassification adjustments	–	–
Before tax effect adjustment	(106)	119
Tax effect	35	(34)
Valuation difference on available-for-sale securities	(71)	85
Foreign currency translation adjustment		
Amount arising during period	2,066	1,859
Remeasurements of defined benefit plans, net of tax		
Amount arising during period	216	1,062
Reclassification adjustments	(55)	(118)
Before tax effect adjustment	160	943
Tax effect	(48)	(281)
Remeasurements of defined benefit plans, net of tax	112	662
Total other comprehensive income	2,107	2,606

Consolidated statements of changes in equity

Previous fiscal year (from January 1, 2022 to December 31, 2022)

1. Issued shares

Class of shares	At beginning of period	Increase	Decrease	At end of period
Common stock (shares)	27,970,534	96,252	–	28,066,786
Total	27,970,534	96,252	–	28,066,786

Note: Overview of reasons for change
Major factors are as follows:
Increase due to the exercise of share acquisition rights (stock options): 96,252 shares

2. Treasury shares

Class of shares	At beginning of period	Increase	Decrease	At end of period
Common stock (shares)	421,931	470,051	67,810	824,172
Total	421,931	470,051	67,810	824,172

Notes: 1. The above number of treasury shares of common stock as of December 31, 2022 includes the number of the Company's shares of 353,957 shares held by the Board Benefit Trust, Employee Stock Ownership Plan Trust and Employee Shareholding Association-type ESOP Trust.
2. Overview of reasons for change
Major factors are as follows:
Increase due to purchase of treasury shares based on the resolution at the Board of Directors meeting: 469,900 shares
Increase due to purchase of shares less than one unit: 151 shares
Decrease due to sale from Employee Shareholding Association-type ESOP Trust to Employee Shareholding Association: 36,900 shares
Decrease due to share-based remuneration for retired officers from the Board Benefit Trust: 14,600 shares
Decrease due to share-based remuneration for retired employees from Employee Stock Ownership Plan Trust: 10,710 shares
Decrease due to sale of treasury shares by Board Benefit Trust: 5,600 shares

3. Share acquisition rights

Company name	Details	Class of shares underlying the stock options	Number of shares underlying the stock options (shares)				Balance at end of period (million yen)
			At beginning of period	Increase	Decrease	At end of period	
Reporting company	2015 Share Acquisition Rights Issued as Stock Options (1st series)	–	–	–	–	–	60
	2016 Share Acquisition Rights Issued as Stock Options (3rd series)	–	–	–	–	–	35
Total			–	–	–	–	95

4. Dividends

(1) Amount of dividends paid

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

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

Resolution	Class of shares	Source of dividends	Total amount of dividends (million yen)	Dividend paid per share (yen)	Record date	Effective date
Ordinary General Meeting of Shareholders held on March 29, 2023	Common stock	Retained earnings	2,152	78	December 31, 2022	March 30, 2023

Note: The total amount of dividends paid includes dividends of ¥27 million paid to the Company's shares held by trusts.

Current fiscal year (from January 1, 2023 to December 31, 2023)

1. Issued shares

Class of shares	At beginning of period	Increase	Decrease	At end of period
Common stock (shares)	28,066,786	96,252	–	28,163,038
Total	28,066,786	96,252	–	28,163,038

Note: Overview of reasons for change
Major factors are as follows:
Increase due to the exercise of share acquisition rights (stock options): 96,252 shares

2. Treasury shares

Class of shares	At beginning of period	Increase	Decrease	At end of period
Common stock (shares)	824,172	79	101,365	722,886
Total	824,172	79	101,365	722,886

Notes: 1. The above number of treasury shares of common stock as of December 31, 2023 includes the number of the Company's shares of 281,328 shares held by the Board Benefit Trust, Employee Stock Ownership Plan Trust and Employee Shareholding Association-type ESOP Trust.
2. Overview of reasons for change
Major factors are as follows:
Increase due to purchase of shares less than one unit: 79 shares
Decrease due to sale from Employee Shareholding Association-type ESOP Trust to Employee Shareholding Association: 46,700 shares
Decrease due to the exercise of share acquisition rights (stock options): 26,000 shares
Decrease due to share-based remuneration for retired employees from Employee Stock Ownership Plan Trust: 18,036 shares
Decrease due to share-based remuneration for retired officers from the Board Benefit Trust: 6,993 shares
Decrease due to share-based remuneration for retired officers under the Performance Share Unit plan: 1,858 shares
Decrease due to sale of treasury shares by Board Benefit Trust: 900 shares
Decrease due to share-based remuneration for retired officers under the Restricted Stock Unit plan: 878 shares

3. Share acquisition rights

Company name	Details	Class of shares underlying the stock options	Number of shares underlying the stock options (shares)				Balance at end of period (million yen)
			At beginning of period	Increase	Decrease	At end of period	
Reporting company	2015 Share Acquisition Rights Issued as Stock Options (1st series)	–	–	–	–	–	40
Reporting company	2016 Share Acquisition Rights Issued as Stock Options (3rd series)	–	–	–	–	–	29
Total			–	–	–	–	70

4. Dividends

(1) Amount of dividends paid

Resolution	Class of shares	Total amount of dividends (million yen)	Dividend paid per share (yen)	Record date	Effective date
Ordinary General Meeting of Shareholders held on March 29, 2023	Common stock	2,152	78	December 31, 2022	March 30, 2023
Board of Directors meeting held on August 9, 2023	Common stock	2,354	85	June 30, 2023	September 11, 2023

Notes: 1. The total amount of dividends paid based on the resolution at the Ordinary General Meeting of Shareholders held on March 29, 2023, includes dividends of ¥27 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 9, 2023, includes dividends of ¥26 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

The Company is scheduled to make a proposal at the Ordinary General Meeting of Shareholders to be held on March 26, 2024, as follows:

Resolution	Class of shares	Source of dividends	Total amount of dividends (million yen)	Dividend paid per share (yen)	Record date	Effective date
Ordinary General Meeting of Shareholders to be held on March 26, 2024	Common stock	Retained earnings	2,356	85	December 31, 2023	March 27, 2024

Note: The total amount of dividends paid includes dividends of ¥23 million paid to the Company's shares held by trusts.

Consolidated statements of cash flows

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

(Millions of yen)

	Previous fiscal year (From January 1, 2022 to December 31, 2022)	Current fiscal year (From January 1, 2023 to December 31, 2023)
Cash and deposits	10,506	12,883
Cash and cash equivalents	10,506	12,883

*2. Major breakdown of assets and liabilities of the Company newly consolidated through acquisition of shares
Previous fiscal year (from January 1, 2022 to December 31, 2022)
Below describes breakdown of assets and liabilities associated with Drum Workshop, Inc. consolidation through the acquisition of shares, as well as the relationship between the acquisition price of its shares and the expenditure (net amount) for its acquisition.

(Millions of yen)

Current assets	4,151
Fixed assets	5,570
Goodwill	3,638
Current liabilities	(1,482)
Fixed liabilities	(1,268)
Acquisition costs of shares	10,609
Cash and cash equivalent	(356)
Accounts payable – other	(54)
Foreign currency translation adjustment	(31)
Difference: Expenditure for the acquisition	10,167

Leases

Operating leases

As lessee

Future lease payments under non-cancellable operating leases

(Millions of yen)

	Previous fiscal year (As of December 31, 2022)	Current fiscal year (As of December 31, 2023)
Due within 1 year	66	63
Due after 1 year	72	89
Total	138	152

Financial instruments

1. Status of financial instruments
   (1) Policies on financial instruments
   The Group covers its own funds or external borrowings to finance necessary working capital and funds for investments and loans. External borrowings, short-term borrowings are mainly used for working capital, while long-term borrowings are mainly used for capital expenditures. The Group's fund management policy limits its investments to highly secure financial assets such as short-term deposits. Derivatives are entered into based on actual demand and not used for speculative purposes.

(2) Nature and risks of financial instruments

Trade receivables, such as notes and accounts receivable – trade are exposed to customers' credit risk. In addition, trade receivables denominated in foreign currencies arising from our global business are exposed to the risk of exchange rate fluctuations.

Investment securities mainly comprise stocks of companies with which we have business relationships, and some of them are exposed to the risk of market price fluctuations.

Trade payables such as notes and accounts payable – trade are due within one year. Certain notes and accounts payable – trade are denominated in foreign currencies and exposed to the risk of exchange rate fluctuations. However, the balances of those payables are constantly within those of accounts receivable denominated in the same foreign currencies.

Short-term borrowings are mainly for the purpose of financing working capital and they all bear fixed interest rates. Therefore, they have no interest rate risk during the borrowing period. However, they will be exposed to interest rate risk in case refinancing is necessary.

Long-term borrowings have been used to finance working capital, the acquisition of shares of Drum Workshop, Inc. to make it a subsidiary, and the acquisition of real estate for the new headquarters. They all bear fixed interest rates. Therefore, they have no interest rate risk during the borrowing period. However, they will be exposed to interest rate risk in case refinancing is necessary.

Lease obligations are primarily used for working capital and equipment, and the longest maturity of lease term is seven years after the balance sheet date.

The Company and some overseas subsidiaries use derivatives primarily to avoid the risk of exchange rate fluctuations and conclude forward exchange contracts and other instruments to the extent necessary based on balances of monetary receivables and payables denominated in foreign currencies or the actual volume of exports and imports related to operating transactions denominated in foreign currencies.

(3) Risk management system for financial instruments

(i) Management of credit risk (risk of non-performance by counterparties)

For credit risk on trade receivables, the sales departments thoroughly investigate credit status of customers and manages the due dates and balances of trade receivables to mitigate the risk in accordance with the company rules and regulations.

The Group trades derivatives only with highly rated financial institutions to reduce counterparty risk.

(ii) Management of market risk (risk of exchange rate and interest rate fluctuations)

For receivables and payables denominated in foreign currencies, the Company and some overseas subsidiaries use forward exchange contracts to avoid risk of exchange rate fluctuations.

For investment securities, the Group assesses the fair value and financial conditions of the issuers (business partners) regularly.

Derivatives are executed and managed by the finance department of the Company after the approval process elaborated in the in-house Approval Regulations.

(iii) Management of liquidity risk in financing (risk of being unable to make payments on due dates)

The Company manages its liquidity risk by preparing and updating cash flow plans in a timely manner based on reports from each department.

(4) Supplementary explanation on fair value of financial instruments

As certain assumptions are used in the calculation of such value, the value of financial instrument may vary if different assumptions are applied to. The contract amounts of derivatives shown in the notes on Derivatives do not directly indicate the market risk of derivatives.

2. Fair value of financial instruments
Carrying value and fair value of financial instruments and their differences are as follows.

Previous fiscal year (as of December 31, 2022)

(Millions of yen)

	Carrying value (*1)	Fair value (*1)	Difference
(1) Investment securities			
Available-for-sale securities	355	355	–
(2) Long-term loans receivable (*2)	0	0	(0)
Total assets	355	355	(0)
(3) Long-term borrowings (*3)	(8,822)	(8,821)	0
(4) Lease obligations	(2,130)	(2,122)	7
Total liabilities	(10,952)	(10,944)	7
(5) Derivatives (*4)	362	362	–

*1: Items recorded as liabilities are presented in parentheses.
*2: The figures include current portion of long-term loans receivable.
*3: The figures include current portion of long-term borrowings.
*4: Receivables and payables arising from derivatives are presented on a net basis.

Current fiscal year (as of December 31, 2023)

(Millions of yen)

	Carrying value (*1)	Fair value (*1)	Difference
(1) Investment securities			
Available-for-sale securities	464	464	–
Total assets	464	464	–
(2) Long-term borrowings (*2)	(18,582)	(18,572)	10
(3) Lease obligations	(2,413)	(2,407)	6
Total liabilities	(20,996)	(20,979)	16
(4) Derivatives (*3)	304	304	–

*1: Items recorded as liabilities are presented in parentheses.
*2: The figures include current portion of long-term borrowings.
*3: Receivables and payables arising from derivatives are presented on a net basis.

Note 1: Footnote for Cash is omitted, and the ones for deposits, notes receivable – trade, accounts receivable – trade, notes and accounts payable – trade, short-term borrowings, accrued expenses, and income taxes payable are omitted since they are settled in a short period of time and their fair value approximates their carrying value.

Note 2: Shares that do not have a market price are not included in "(1) Investment securities." The consolidated balance sheet amounts of such financial instruments are as follows:

(Millions of yen)

Classification	Previous fiscal year (As of December 31, 2022)	Current fiscal year (As of December 31, 2023)
Unlisted shares	583	643

Note 3: Redemption schedule of monetary receivables after the consolidated balance sheet date

Previous fiscal year (as of December 31, 2022)

(Millions of yen)

	Due within 1 year	Due after 1 year through 5 years	Due after 5 years through 10 years	Due after 10 years
Cash and deposits	10,506	–	–	–
Notes receivable – trade	2	–	–	–
Accounts receivable – trade	12,902	–	–	–
Long-term loans receivable	0	–	–	–
Total	23,411	–	–	–

Current fiscal year (as of December 31, 2023)

(Millions of yen)

	Due within 1 year	Due after 1 year through 5 years	Due after 5 years through 10 years	Due after 10 years
Cash and deposits	12,883	–	–	–
Notes receivable – trade	2	–	–	–
Accounts receivable – trade	13,802	–	–	–
Total	26,688	–	–	–

Note 4: Repayment schedule of short-term borrowings, long-term borrowings and lease obligations after the consolidated balance sheets date

Previous fiscal year (as of December 31, 2022)

(Millions of yen)

	Due within 1 year	Due after 1 year through 2 years	Due after 2 years through 3 years	Due after 3 years through 4 years	Due after 4 years through 5 years	Due after 5 years
Short-term borrowings	17,700	–	–	–	–	–
Long-term borrowings	1,252	7,386	184	–	–	–
Lease obligations	612	393	325	251	212	336
Total	19,564	7,779	509	251	212	336

Current fiscal year (as of December 31, 2023)

(Millions of yen)

	Due within 1 year	Due after 1 year through 2 years	Due after 2 years through 3 years	Due after 3 years through 4 years	Due after 4 years through 5 years	Due after 5 years
Short-term borrowings	4,300	–	–	–	–	–
Long-term borrowings	8,526	1,324	1,140	1,140	1,140	5,312
Lease obligations	744	602	422	254	141	249
Total	13,570	1,926	1,562	1,394	1,281	5,561

3. Fair value of financial instruments

The fair value of financial instruments is classified into the following three levels according to the observability and materiality of inputs used to measure fair value.

Level 1 fair value: Fair value measured using quoted prices of identical assets or liabilities in active markets among observable valuation inputs.
Level 2 fair value: Fair value measured using observable inputs other than Level 1 inputs.
Level 3 fair value: Fair value measured using unobservable inputs.

When multiple inputs that have a significant impact on fair value measurement are used and those inputs ate categorized into different levels, the fair value is categorized into the lowest level for fair value measurement among those in which each of the inputs belongs.

(1) Financial instruments measured at fair value

Previous fiscal year (as of December 31, 2022)

Classification	Fair value			
	Level 1	Level 2	Level 3	Total
Investment securities				
Available-for-sale securities	355	–	–	355
Total assets	355	–	–	355
Derivatives	–	362	–	362

Current fiscal year (as of December 31, 2023)

Classification	Fair value			
	Level 1	Level 2	Level 3	Total
Investment securities				
Available-for-sale securities	464	–	–	464
Total assets	464	–	–	464
Derivatives	–	304	–	304

(2) Financial instruments other than those measured at fair value

Previous fiscal year (as of December 31, 2022)

Classification	Fair value			
	Level 1	Level 2	Level 3	Total
Long-term loans receivable	–	0	–	0
Total assets	–	0	–	0
Long-term borrowings	–	(8,821)	–	(8,821)
Lease obligations	–	(2,122)	–	(2,122)
Total liabilities	–	(10,944)	–	(10,944)

Current fiscal year (as of December 31, 2023)

Classification	Fair value			
	Level 1	Level 2	Level 3	Total
Long-term borrowings	–	(18,572)	–	(18,572)
Lease obligations	–	(2,407)	–	(2,407)
Total liabilities	–	(20,979)	–	(20,979)

Note: A description of the valuation techniques and inputs used in the fair value measurements

Investment securities

Investment securities mainly comprise stocks, and their fair value is based on the prices traded at the stock exchange. As listed shares are traded in active markets, their fair value is classified as Level 1.

Derivatives
The fair value of derivatives is calculated based on the price provided by correspondent financial institutions and is classified as Level 2 fair values.
Long-term loans receivable
The fair value of long-term loans receivable is measured by classifying the loans according to a certain time span and at the present value of future cash flows discounted at an interest rate based on an appropriate index such as the yield of government bonds, resulting classified as Level 2 fair value.
Long-term borrowings
The fair value of long-term borrowings is measured at present value of the total principal and interest discounted at the interest rate assumed to be applied to if the similar new borrowings were made, resulting classified as Level 2 fair value.
Lease obligations
The fair value of lease obligations is measured at the present value of the total principal and interest discounted at the interest rate assumed to be applied to similar new lease transactions, resulting classified as Level 2 fair value.

Securities

Available-for-sale securities

Previous fiscal year (as of December 31, 2022)

(Millions of yen)

Classification	Carrying value	Acquisition cost	Difference
Securities whose carrying value exceeds their acquisition cost			
Equity securities	355	277	77
Subtotal	355	277	77
Securities whose carrying value does not exceed their acquisition cost			
Equity securities	–	–	–
Subtotal	–	–	–
Total	355	277	77

Note: “Acquisition cost” in the table represents the carrying value after impairment.

Current fiscal year (as of December 31, 2023)

(Millions of yen)

Classification	Carrying value	Acquisition cost	Difference
Securities whose carrying value exceeds their acquisition cost			
Equity securities	464	277	186
Subtotal	464	277	186
Securities whose carrying value does not exceed their acquisition cost			
Equity securities	–	–	–
Subtotal	–	–	–
Total	464	277	186

Note: “Acquisition cost” in the table represents the carrying value after impairment.

Derivatives

Derivatives to which hedge accounting is not applied

Currency-related derivatives

Previous fiscal year (as of December 31, 2022)

(Millions of yen)

Classification	Type	Contract amount	Contract amount due after one year	Fair value	Gain (loss) on valuation
Off-market transactions	Forward exchange contracts				
	Selling				
	USD	15,169	–	570	570
	EUR	9,329	–	(43)	(43)
	Buying				
	USD	3,975	–	(81)	(81)
	EUR	3,043	–	(84)	(84)
Total		31,517	–	362	362

Current fiscal year (as of December 31, 2023)

(Millions of yen)

Classification	Class	Contract amount	Contract amount due after one year	Fair value	Gain (loss) on valuation
Off-market transactions	Forward exchange contracts				
	Selling				
	USD	11,443	–	455	455
	EUR	11,696	–	(57)	(57)
	Buying				
	USD	2,016	–	(36)	(36)
	EUR	2,555	–	(57)	(57)
Total		27,712	–	304	304

Retirement benefits

1. Overview of retirement benefit plans

   The Company has adopted a defined benefit pension plan (cash balance plan) and makes contributions to external funds to pay retirement benefits to employees. Under this plan, the Company grants employees retirement benefit points determined based on their occupation, qualifications and positions and interest points calculated based on the balance of points on a monthly basis. At the time of employees' retirement, the Company pays retirement benefits calculated based on the balance of such points, reason for retirement and length of service.

   In addition, the Company and certain overseas consolidated subsidiaries have defined contribution pension plans.

2. Defined benefit plan

   (1) Reconciliation of beginning and ending balances of retirement benefit obligations

(Millions of yen)

	Previous fiscal year (From January 1, 2022 to December 31, 2022)	Current fiscal year (From January 1, 2023 to December 31, 2023)
Retirement benefit obligations at beginning of period	10,567	9,695
Service cost	446	398
Interest cost	12	99
Actuarial gains and losses incurred	(988)	(13)
Retirement benefits paid	(358)	(329)
Foreign currency translation gains (losses)	15	24
Retirement benefit obligations at end of period	9,695	9,874

   (2) Reconciliation of beginning and ending balances of plan assets

(Millions of yen)

	Previous fiscal year (From January 1, 2022 to December 31, 2022)	Current fiscal year (From January 1, 2023 to December 31, 2023)
Plan assets at beginning of period	9,841	9,262
Expected return on plan assets	246	231
Actuarial gains and losses incurred	(771)	1,048
Contributions from employer	305	303
Retirement benefits paid	(358)	(329)
Plan assets at end of period	9,262	10,517

   (3) Reconciliation of ending balances of retirement benefit obligations and plan assets, retirement benefit liability and retirement benefit asset recorded in the consolidated balance sheets

(Millions of yen)

	Previous fiscal year (As of December 31, 2022)	Current fiscal year (As of December 31, 2023)
Funded retirement benefit obligations	9,695	9,874
Plan assets	(9,262)	(10,517)
	432	(642)
Unfunded retirement benefit obligations	–	–
Net amount of liability and asset recorded in consolidated balance sheet	432	(642)
Retirement benefit liability	432	249
Retirement benefit asset	–	(891)
Net amount of liability and asset recorded in consolidated balance sheet	432	(642)

(4) Components of retirement benefit cost

(Millions of yen)

	Previous fiscal year (From January 1, 2022 to December 31, 2022)	Current fiscal year (From January 1, 2023 to December 31, 2023)
Service cost	446	398
Interest cost	12	99
Expected return on plan assets	(246)	(231)
Amortization of actuarial gains and losses	(55)	(118)
Retirement benefit expenses for defined benefit plans	157	148

(5) Remeasurements of defined benefit plans

Components of items (before tax effect) recorded in remeasurements of defined benefit plans are as follows:

(Millions of yen)

	Previous fiscal year (From January 1, 2022 to December 31, 2022)	Current fiscal year (From January 1, 2023 to December 31, 2023)
Actuarial gains and losses	160	943
Total	160	943

(6) Accumulated remeasurements of defined benefit plans

Components of items (before tax effect) recorded in accumulated remeasurements of defined benefit plans are as follows:

(Millions of yen)

	Previous fiscal year (As of December 31, 2022)	Current fiscal year (As of December 31, 2023)
Unrecognized actuarial gains and losses	528	1,472
Total	528	1,472

(7) Plan assets

(i) Major components of plan assets

Ratios to the total plan assets by major category are as follows:

	Previous fiscal year (As of December 31, 2022)	Current fiscal year (As of December 31, 2023)
Domestic debt securities	5.0%	5.0%
Domestic equity securities	21.0%	22.0%
Foreign debt securities	22.0%	24.0%
Foreign equity securities	23.0%	24.0%
General account	27.0%	24.0%
Cash	2.0%	1.0%
Total	100.0%	100.0%

(ii) Determination procedure of long-term expected rate of return on plan assets

In determining the long-term expected rate of return on plan assets, the Company considers the current and projected asset allocations as well as the current and future expected long-term rates of return on various assets that constitute the plan assets.

(8) Actuarial assumptions

Major actuarial assumptions (presented in weighted average)

	Previous fiscal year (From January 1, 2022 to December 31, 2022)	Current fiscal year (From January 1, 2023 to December 31, 2023)
Discount rate	Mainly 0.98%	Mainly 0.98%
Long-term expected rate of return on plan assets	Mainly 2.50%	Mainly 2.50%

3. Defined contribution plans

The amounts of required contributions to the defined contribution plans of the Group for the fiscal years ended December 31, 2022 and 2023 were ¥243 million and ¥308 million, respectively.

Stock options, etc.

1. Amount recorded as expenses for stock options and line items

   Not applicable.

2. Details and number of stock options and changes therein

   (1) Details of stock options

	1st Series Share Acquisition Rights	3rd Series Share Acquisition Rights
Company name	Reporting company	Reporting company
Resolution date	April 30, 2015	March 4, 2016
Title and number of grantees	4 Directors and 7 Executive Officers of the Company	2 Executive Officers of the Company and 4 Officers of subsidiaries of the Company
Class and number of shares granted	845,000 shares of common stock	234,000 shares of common stock
Grant date	April 30, 2015	March 4, 2016
Vesting conditions	(i) Performance achievement conditions determined in consultation between the Remuneration Committee and Representative Director must have been met. (ii) The grantee must be a Director, Executive Officer or employee, or must not have been demoted to a position lower than these positions. (iii) Other conditions for share acquisition rights shall be provided for in the "Subscription Agreement for Share Acquisition Rights" entered into between the Company and each person to whom share acquisition rights have been allocated, in accordance with resolutions at the General Meeting of Shareholders and the Board of Directors meeting.	(i) Performance achievement conditions determined in consultation between the Remuneration Committee and Representative Director must have been met. (ii) The grantee must be a Director, Executive Officer or employee, or must not have been demoted to a position lower than these positions. (iii) Other conditions for share acquisition rights shall be provided for in the "Subscription Agreement for Share Acquisition Rights" entered into between the Company and each person to whom share acquisition rights have been allocated, in accordance with resolutions at the General Meeting of Shareholders and the Board of Directors meeting.
Requisite service period	Not specified.	Not specified.
Exercise period	May 1, 2017 through April 30, 2025	March 5, 2018 through March 4, 2026

Note: The number of stock options is translated into the number of shares. In addition, as the Company conducted a 30-for-1 common stock split effective on September 14, 2020, the above numbers of shares were adjusted for the stock split.

(2) Number of stock options and changes therein

The following describes changes in the number of stock options that existed during the fiscal year ended December 31, 2023. The number of stock options is translated into the number of shares.

(i) Number of stock options

	1st Series Share Acquisition Rights	3rd Series Share Acquisition Rights
Company name	Reporting company	Reporting company
Resolution date	April 30, 2015	March 4, 2016
Before vesting (shares)		
As of December 31, 2022	–	–
Granted	–	–
Forfeited	–	–
Vested	–	–
Outstanding of unvested stock options	–	–
After vesting (shares)		
As of December 31, 2022	296,244	156,000
Vested	–	–
Exercised	96,252	26,000
Forfeited	–	–
Outstanding of unexercised stock options	199,992	130,000

Note: As the Company conducted a 30-for-1 common stock split effective on September 14, 2020, the above numbers of shares were adjusted for the stock split.

(ii) Unit price information

	1st Series Share Acquisition Rights	3rd Series Share Acquisition Rights
Company name	Reporting company	Reporting company
Resolution date	April 30, 2015	March 4, 2016
Exercise price (yen)	374	413
Average share price at exercise (yen)	3,898	4,320
Fair unit price at grant date (yen)	5,304	5,851

Note: As the Company conducted a 30-for-1 common stock split effective on September 14, 2020, the above exercise prices were adjusted for the stock split.

3. Estimation of the number of stock options vested

There is no information to be disclosed as all stock options were vested at the grant date.

Tax effect accounting

1. Significant components of deferred tax assets and liabilities

(Millions of yen)

	Previous fiscal year (As of December 31, 2022)	Current fiscal year (As of December 31, 2023)
Deferred tax assets		
Loss on valuation of inventories	543	603
Intercompany profits on inventories	1,146	882
Depreciation	1,613	1,528
Loss on valuation of securities	95	100
Allowance for doubtful accounts	90	121
Provision for bonuses	230	254
Retirement benefit liability	85	26
Foreign tax credit carryforwards	897	1,261
Tax loss carryforwards (Note)	1,263	772
Other	829	913
Subtotal of deferred tax assets	6,794	6,465
Valuation allowance for tax loss carryforwards (Note)	(1,094)	(306)
Valuation allowance for future deductible temporary differences	(1,321)	(1,707)
Subtotal of valuation allowance	(2,416)	(2,014)
Total deferred tax assets	4,378	4,451
Deferred tax liabilities		
Retirement benefit asset	–	(265)
Retained earnings of overseas consolidated subsidiaries	(510)	(578)
Other	(63)	(99)
Total deferred tax liabilities	(574)	(944)
Deferred tax assets, net	3,804	3,507

Note: Expiration of tax loss carryforwards, the related valuation allowances, and the resulting net deferred tax assets

Previous fiscal year (as of December 31, 2022)

(Millions of yen)

	Within 1 year	Over 1 year to 2 years	Over 2 years to 3 years	Over 3 years to 4 years	Over 4 years to 5 years	Over 5 years	Total
Deferred tax assets relating to tax loss carryforwards (a)	7	4	6	5	3	1,237	1,263
Valuation allowance for tax loss carryforwards	(7)	(4)	(6)	(5)	(3)	(1,068)	(1,094)
Deferred tax assets	–	–	–	–	–	169	(b) 169

a. Tax loss carryforwards were calculated by applying the effective statutory tax rate.

b. Net deferred tax assets of ¥169 million were recognized for tax loss carryforwards of ¥1,263 million (calculated by applying the effective statutory tax rate). The net deferred tax assets of ¥169 million were recognized for a part of tax loss carryforwards of consolidated subsidiaries. Valuation allowances have not been recognized for the part of the deferred tax assets expected to be collectible considering future taxable income.

Current fiscal year (as of December 31, 2023)

(Millions of yen)

	Within 1 year	Over 1 year to 2 years	Over 2 years to 3 years	Over 3 years to 4 years	Over 4 years to 5 years	Over 5 years	Total
Deferred tax assets relating to tax loss carryforwards (c)	–	–	–	–	92	679	772
Valuation allowance for tax loss carryforwards	–	–	–	–	–	(306)	(306)
Deferred tax assets	–	–	–	–	92	372	(d) 465

c. Tax loss carryforwards were calculated by applying the effective statutory tax rate.

d. Net deferred tax assets of ¥465 million were recognized for tax loss carryforwards of ¥772 million (calculated by applying the effective statutory tax rate). The net deferred tax assets of ¥465 million were recognized for a part of tax loss carryforwards of consolidated subsidiaries. Valuation allowances have not been recognized for the part of the deferred tax assets expected to be collectible considering future taxable income.

2. Reconciliation between the effective statutory tax rate and the actual effective tax rate after applying tax effect accounting

	Previous fiscal year (As of December 31, 2022)	Current fiscal year (As of December 31, 2023)
Effective statutory tax rate	29.9 %	29.9 %
Adjustments:		
Valuation allowance	(3.9) %	3.5 %
Expenses not deductible permanent differences (e.g. entertainment expenses)	2.6 %	3.1 %
Tax credits on research and development expenses, etc.	(6.1) %	(4.5) %
Tax rate differences with overseas consolidated subsidiaries	(2.9) %	(2.5) %
Retained earnings of overseas consolidated subsidiaries	1.1 %	0.6 %
Foreign withholding taxes on dividends from overseas subsidiaries	0.2 %	0.1 %
Tax credits by preferential taxation	(5.2) %	(5.6) %
Other	(0.7) %	1.9 %
Actual effective tax rate after applying tax effect accounting	15.0 %	26.5 %

Revenue recognition

1. Information on disaggregated revenue from contracts with customers

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)

	Previous fiscal year (From January 1, 2022 to December 31, 2022)	Current fiscal year (From January 1, 2023 to December 31, 2023)
Keyboards	29,869	27,546
Percussion and Wind Instruments	23,046	29,342
Guitar-related Products	23,540	25,726
Creation-related Products & Services	12,206	12,662
Video and Professional Audio	4,357	4,073
Other	2,819	3,094
Total	95,840	102,445

Note. Net sales in the consolidated statements of income does not include revenues other than revenue from contracts with customers.

2. Basic information in understanding revenue from contracts with customers

Basic information in understanding revenue is stated in "4. Disclosure of accounting policies, (5) Accounting policy for significant revenues and expenses" under *Significant accounting policies for preparation of consolidated financial statements* in Notes to Consolidated Financial Statements:

3. Reconciliation of satisfaction of performance obligations under contracts with customers and cash flows arising from such contracts, and the amount and timing of revenue expected to be recognized in the next fiscal year and thereafter arising from contracts with customers that existed at the end of the current fiscal year

(i) Balance of contract liabilities

The balance of contractual liabilities arising from contracts with customers is as follows.

(Millions of yen)

	Previous fiscal year (From January 1 2022 to December 31, 2022)	Current fiscal year (From January 1 2023 to December 31, 2023)
Contract liabilities (beginning balance)	315	229
Contract liabilities (ending balance)	229	159

Notes: 1. Contract liabilities are included in "Other" under current liabilities in the consolidated balance sheets.
2. Revenue recognized in the fiscal year ended December 31, 2022 that was included in the balance of contract liabilities at the beginning of the fiscal year was ¥315 million.
Revenue recognized in the fiscal year ended December 31, 2023 that was included in the balance of contract liabilities at the beginning of the fiscal year was ¥229 million.
3. Contract liabilities primarily relate to advances received from customers.
4. The amount of revenue recognized in the current fiscal year from performance obligations that were satisfied in the previous periods is immaterial.

(ii) Transaction price allocated to the remaining performance obligations

The description of the remaining performance obligations is omitted since the Group has no significant contracts with an original expected contractual duration of one year or more. In addition, consideration arising from contracts with customers does not have any significant amounts that are not included in the transaction price.

Segment information, etc.

Segment information

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

Information on reportable segments

Previous fiscal year (from January 1, 2022 to December 31, 2022)

1. Information by product or service

   This information is omitted because revenues from external customers for a single product or service category account for more than 90% of consolidated net sales.

2. Information by region

   (1) Revenues from external customers

(Millions of yen)

Japan	North America		Europe	China	Asia/Oceania/ Other Regions	Total
		U.S.				
9,736	34,904	30,906	26,439	9,641	15,118	95,840

Note: Revenues are classified by country or region based on the location of customers.

   (2) Property, plant and equipment

(Millions of yen)

Japan	Malaysia	Other	Total
2,936	1,186	3,646	7,770

3. Information by major customers

   This information is omitted because no external customer accounts for 10% or more of consolidated net sales.

Current fiscal year (from January 1, 2023 to December 31, 2023)

1. Information by product or service

   This information is omitted because revenues from external customers for a single product or service category account for more than 90% of consolidated net sales.

2. Information by region

   (1) Revenues from external customers

(Millions of yen)

Japan	North America		Europe	China	Asia/Oceania/ Other Regions	Total
		U.S.				
9,693	38,920	34,958	29,663	8,796	15,372	102,445

Note: Revenues are classified by country or region based on the location of customers.

   (2) Property, plant and equipment

(Millions of yen)

Japan	Malaysia	Other	Total
4,744	1,409	3,807	9,961

Changes in presentation

"U.S.," "Belgium," and "China," which were separately presented in the previous fiscal year, are included in "Other" from the current fiscal year because of a decreased balance. Accordingly, "U.S." of ¥1,049 million, "Belgium" of ¥981 million, and "China" of ¥896 million for the previous fiscal year have been reclassified as "Other" of ¥3,646 million.

3. Information by major customers

This information is omitted because no external customer accounts for 10% or more of consolidated net sales.

Disclosure of impairment loss on non-current assets for each reportable segment

Not applicable

Amortization and unamortized balance of goodwill for each reportable segment

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

Information about gain on bargain purchase for each reportable segment

Not applicable.

Related parties

Previous fiscal year (from January 1, 2022 to December 31, 2022)

Officers and major shareholders (limited to individuals) of the Company filing consolidated financial statements

Class	Name of company or individual	Location	Capital or investment (million yen)	Description of business or occupation	Ratio of voting rights holding (held) (%)	Relationship with the related party	Summary of transaction	Transaction amount (million yen)	Account	Balance at end of period (million yen)
Officer	Jun-ichi Miki	–	–	CEO and Representative Director, Roland Corporation, (Note 1)	(Held) Direct: 1.75	–	Exercise of stock options (Note 2)	11	–	–

Note: Terms and conditions of transactions and policy for determining terms and conditions of transactions.

1. Retired from CEO and Representative Director of the Company on March 30, 2022.
2. Exercised stock options which had been granted based on the resolution at the Extraordinary General Meeting of Shareholders held on April 30, 2015 during the given period.

Current fiscal year (from January 1, 2023 to December 31, 2023)

Not applicable.

Per share information

	Previous fiscal year (From January 1, 2022 to December 31, 2022)	Current fiscal year (From January 1, 2023 to December 31, 2023)
Net assets per share	1,228.49 yen	1,450.74 yen
Basic earnings per share	326.98 yen	297.97 yen
Diluted earnings per share	321.96 yen	294.33 yen

Notes: 1. For the purpose of calculating net assets 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 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 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 fiscal years ended December 31, 2022, and 2023 were 385,917 shares and 318,462 shares, respectively. Meanwhile, the aggregate number of shares of the Company held by these trusts as of December 31, 2022, and 2023 were 353,957 shares and 281,328 shares, respectively.

2. 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, 2022 to December 31, 2022)	Current fiscal year (From January 1, 2023 to December 31, 2023)
Basic earnings per share		
Profit attributable to owners of parent	8,938	8,151
Profit not attributable to common shareholders	–	–
Profit attributable to common shareholders of parent	8,938	8,151
Average number of shares of common stock during the period (Thousand shares)	27,336	27,358
Diluted earnings per share		
Adjustment to profit attributable to owners of parent	–	–
Number of shares of common stock increased (Thousand shares)	426	337
[of which number of share acquisition rights (Thousand shares)]	[426]	[337]
Summary of potential shares not included in the calculation of diluted earnings per share due to their anti-dilutive effect	–	–

3. Basis for calculation of net assets per share is as follows:

(Millions of yen, unless otherwise stated)

	(As of December 31, 2022)	(As of December 31, 2023)
Total net assets	33,747	40,114
Deductions from total net assets	280	305
[of which, share acquisition rights]	[95]	[70]
[of which, non-controlling interests]	[184]	[235]
Net assets applicable to common stock at end of period	33,467	39,808
Number of shares of common stock at end of period used for the calculation of net assets per share (Thousands shares)	27,242	27,440

(v) Annexed consolidated detailed schedules

Annexed consolidated detailed schedule of corporate bonds

Not applicable.

Annexed consolidated detailed schedule of borrowings

Category	Balance as of January 1, 2023 (million yen)	Balance as of December 31, 2023 (million yen)	Average interest rate (%)	Repayment due
Short-term borrowings	17,700	4,300	0.165	–
Current portion of long-term borrowings	1,252	8,526	0.249	–
Current portion of lease obligations	612	744	1.840	–
Long-term borrowings (excluding current portion)	7,570	10,056	0.707	June 2025 to September 2033
Lease obligations (excluding current portion)	1,518	1,669	1.452	January 2025 to December 2030
Other interest-bearing liabilities	–	–	–	–
Total	28,652	25,296	–	–

Notes: 1. "Average interest rate" represents the weighted-average rate applicable to the ending balances of borrowings.

2. The repayment schedule within five years after the consolidated balance sheet date of long-term borrowings and lease obligations (excluding the current portion) is as follows:

(Millions of yen)

Category	Over 1 year to 2 years	Over 2 years to 3 years	Over 3 years to 4 years	Over 4 years to 5 years
Long-term borrowings	1,324	1,140	1,140	1,140
Lease obligations	602	422	254	141

Annexed consolidated schedule of asset retirement obligations

This information is omitted as the beginning and ending balances of asset retirement obligations for the fiscal year ended December 31, 2023 were less than one percent of the total beginning and ending balances of liabilities and net assets of the fiscal year.

(2) Other information

Quarterly results for the fiscal year ended December 31, 2023

(Millions of yen, unless otherwise stated)

	First three months	First six months	First nine months	Current fiscal year
Net sales	22,861	46,096	71,410	102,445
Profit before income taxes	1,864	4,006	7,126	11,148
Profit attributable to owners of parent	1,408	3,195	5,762	8,151
Basic earnings per share (yen)	51.61	116.97	210.77	297.97

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Basic earnings per share (yen)	51.61	65.34	93.74	87.16

2. Non-consolidated Financial Statements, etc.

(1) Non-consolidated financial statements

(i) Non-consolidated balance sheets

(Millions of yen)

	Previous fiscal year (As of December 31, 2022)	Current fiscal year (As of December 31, 2023)
Assets		
Current assets:		
Cash and deposits	6,257	8,131
Notes receivable - trade	2	2
Accounts receivable- trade	*1 3,473	*1 2,450
Merchandise and finished goods	2,216	1,469
Work in process	445	562
Raw materials and supplies	4,556	5,458
Short-term loans receivable from subsidiaries and associates	11,684	9,213
Accounts receivable - other	*1 389	*1 514
Other	*1 800	*1 702
Allowance for doubtful accounts	(1)	(1)
Total current assets	29,825	28,504
Non-current assets:		
Property, plant and equipment:		
Buildings	1,241	1,276
Tools, furniture and fixtures	246	233
Land	2,480	3,152
Other	14	1,128
Total property, plant and equipment	3,983	5,790
Intangible assets:		
Software	288	321
Other	16	132
Total intangible assets	304	454
Investments and other assets:		
Investment securities	520	639
Shares of subsidiaries and associates	25,904	25,954
Investments in capital of subsidiaries and associates	2,311	2,311
Deferred tax assets	855	826
Guarantee deposits	96	81
Other	114	128
Allowance for doubtful accounts	(0)	(0)
Total investments and other assets	29,801	29,942
Total non-current assets	34,089	36,187
Total assets	63,914	64,691

(Millions of yen)

	Previous fiscal year (As of December 31, 2022)	Current fiscal year (As of December 31, 2023)
Liabilities		
Current liabilities:		
Accounts payable - trade	*1 1,427	*1 1,139
Short-term borrowings	17,700	4,300
Short-term borrowings payable to subsidiaries and associates	5,838	8,493
Current portion of long-term borrowings	1,252	8,526
Accounts payable - other	*1 1,284	*1 2,514
Accrued expenses	127	145
Income taxes payable	354	179
Deposits received	93	84
Provision for bonuses	771	852
Provision for bonuses for directors (and other officers)	34	39
Provision for product warranties	9	16
Other	*1 203	*1 899
Total current liabilities	29,096	27,190
Non-current liabilities:		
Long-term borrowings	7,570	10,056
Deferred tax liabilities for land revaluation	98	98
Provision for retirement benefits	617	483
Provision for share awards	253	252
Provision for share awards for directors (and other officers)	78	96
Asset retirement obligations	81	81
Other	626	115
Total non-current liabilities	9,326	11,185
Total liabilities	38,422	38,376
Net Assets		
Shareholders' equity:		
Share capital	9,613	9,641
Capital surplus:		
Legal capital surplus	5,198	5,226
Other capital surplus	2,413	2,319
Total capital surplus	7,612	7,545
Retained earnings:		
Legal retained earnings	847	847
Other retained earnings:	10,305	10,909
Retained earnings brought forward	10,305	10,909
Total retained earnings	11,153	11,756
Treasury shares	(2,407)	(2,207)
Total shareholders' equity	25,972	26,735
Valuation and translation adjustments:		
Valuation difference on available-for-sale securities	225	311
Revaluation reserve for land	(801)	(801)
Total valuation and translation adjustments	(575)	(490)
Share acquisition rights	95	70
Total net assets	25,492	26,315
Total liabilities and net assets	63,914	64,691

(ii) Non-consolidated statements of income

(Millions of yen)

	Previous fiscal year (From January 1, 2022 to December 31, 2022)	Current fiscal year (From January 1, 2023 to December 31, 2023)
Net sales	*1 34,356	*1 34,092
Cost of sales	*1 12,997	*1 13,761
Gross profit	21,358	20,330
Selling, general and administrative expenses	*1, *2 13,887	*1, *2 14,044
Operating profit	7,471	6,285
Non-operating income:		
Interest and dividend income	*1 2,336	*1 1,478
Other	*1 10	*1 12
Total non-operating income	2,347	1,490
Non-operating expenses:		
Interest expenses	*1 50	*1 315
Foreign exchange losses	210	513
Other	1	1
Total non-operating expenses	262	829
Ordinary profit	9,555	6,946
Extraordinary income:		
Gain on sale of non-current assets	0	0
Total extraordinary income	0	0
Extraordinary losses:		
Loss on sale and retirement of non-current assets	2	9
Total extraordinary losses	2	9
Profit before income taxes	9,553	6,937
Income taxes - current	1,726	1,833
Income taxes - deferred	149	(5)
Total income taxes	1,875	1,827
Profit	7,678	5,110

Schedule of cost of goods manufactured

(Millions of yen, unless otherwise stated)

		Previous fiscal year (From January 1, 2022 to December 31, 2022)		Current fiscal year (From January 1, 2023 to December 31, 2023)	
Category	Notes	Amount	Ratio (%)	Amount	Ratio (%)
I Materials cost		5,777	72.7	6,405	74.3
II Labor cost		1,303	16.4	1,303	15.1
III Manufacturing overhead cost	*1	867	10.9	914	10.6
Total manufacturing costs		7,949	100.0	8,623	100.0
Beginning work in process inventory		558		445	
Total		8,508		9,068	
Ending work in process inventory		445		562	
Transfer to other accounts	*2	144		138	
Cost of goods manufactured		7,918		8,367	

Notes: *1 Major components of manufacturing overhead cost are as follows:

(Millions of yen)

Items	Previous fiscal year	Current fiscal year
Subcontract processing expenses	245	256
Depreciation	90	105

*2 The details of transfer to other accounts are as follows:

(Millions of yen)

Items	Previous fiscal year	Current fiscal year
Selling, general and administrative expenses		
Advertising and promotion expenses	22	23
After-sales service parts expense	78	57
Other	43	43
Non-current assets	0	14
Other	0	0
Total	144	138

Cost accounting method

The Company uses the actual costing based on the continuous process costing system.

(iii) Non-consolidated statement of changes in equity

Previous fiscal year (from January 1, 2022 to December 31, 2022)

(Millions of yen)

	Shareholders' equity			
	Share capital	Capital surplus		
		Legal capital surplus	Other capital surplus	Total capital surplus
Balance as of January 1, 2022	9,585	5,170	2,413	7,584
Changes during period				
Issuance of new shares - exercise of share acquisition rights	27	27		27
Dividends of surplus				–
Profit				–
Purchase of treasury shares				–
Disposal of treasury shares				–
Net changes in items other than shareholders' equity				–
Total changes during period	27	27	–	27
Balance as of December 31, 2022	9,613	5,198	2,413	7,612

	Shareholders' equity				
	Retained earnings			Treasury shares	Total shareholders' equity
	Legal retained earnings	Other retained earnings	Total retained earnings		
		Retained earnings brought forward			
Balance as of January 1, 2022	847	6,710	7,557	(482)	24,245
Changes during period					
Issuance of new shares - exercise of share acquisition rights			–		55
Dividends of surplus		(4,082)	(4,082)		(4,082)
Profit		7,678	7,678		7,678
Purchase of treasury shares			–	(2,000)	(2,000)
Disposal of treasury shares			–	76	76
Net changes in items other than shareholders' equity			–		–
Total changes during period	–	3,595	3,595	(1,924)	1,726
Balance as of December 31, 2022	847	10,305	11,153	(2,407)	25,972

	Valuation and translation adjustments			Share acquisition rights	Total net assets
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Total valuation and translation adjustments		
Balance as of January 1, 2022	297	(801)	(504)	115	23,856
Changes during period					
Issuance of new shares - exercise of share acquisition rights			–		55
Dividends of surplus			–		(4,082)
Profit			–		7,678
Purchase of treasury shares			–		(2,000)
Disposal of treasury shares			–		76
Net changes in items other than shareholders' equity	(71)		(71)	(19)	(91)
Total changes during period	(71)	–	(71)	(19)	1,635
Balance as of December 31, 2022	225	(801)	(575)	95	25,492

Current fiscal year (from January 1, 2023 to December 31, 2023)

(Millions of yen)

	Shareholders' equity			
	Share capital	Capital surplus		
		Legal capital surplus	Other capital surplus	Total capital surplus
Balance as of January 1, 2023	9,613	5,198	2,413	7,612
Changes during period				
Issuance of new shares - exercise of share acquisition rights	27	27		27
Dividends of surplus				–
Profit				–
Purchase of treasury shares				–
Disposal of treasury shares			(94)	(94)
Net changes in items other than shareholders' equity				–
Total changes during period	27	27	(94)	(66)
Balance as of December 31, 2023	9,641	5,226	2,319	7,545

	Shareholders' equity				
	Retained earnings			Treasury shares	Total shareholders' equity
	Legal retained earnings	Other retained earnings	Total retained earnings		
		Retained earnings brought forward			
Balance as of January 1, 2023	847	10,305	11,153	(2,407)	25,972
Changes during period					
Issuance of new shares - exercise of share acquisition rights			–		55
Dividends of surplus		(4,506)	(4,506)		(4,506)
Profit		5,110	5,110		5,110
Purchase of treasury shares			–	(0)	(0)
Disposal of treasury shares			–	199	104
Net changes in items other than shareholders' equity			–		–
Total changes during period	–	603	603	199	763
Balance as of December 31, 2023	847	10,909	11,756	(2,207)	26,735

	Valuation and translation adjustments			Share acquisition rights	Total net assets
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Total valuation and translation adjustments		
Balance as of January 1, 2023	225	(801)	(575)	95	25,492
Changes during period					
Issuance of new shares - exercise of share acquisition rights			–		55
Dividends of surplus			–		(4,506)
Profit			–		5,110
Purchase of treasury shares			–		(0)
Disposal of treasury shares			–		104
Net changes in items other than shareholders' equity	85		85	(25)	59
Total changes during period	85	–	85	(25)	823
Balance as of December 31, 2023	311	(801)	(490)	70	26,315

Notes to Non-consolidated Financial Statements

Significant accounting policies

1. Accounting policy for valuation of assets

(1) Accounting policy for valuation of securities
Shares of subsidiaries and associates:
Stated at cost determined by the moving-average method.
Available-for-sale securities:
Securities other than shares that do not have market prices:
Stated at fair value (with any unrealized gain or loss recognized directly in net assets and the cost of securities sold determined using the moving-average method).
Shares that do not have market prices:
Stated at cost determined by the moving-average method.

(2) Accounting policy for valuation of inventories
Merchandise and finished goods, work in process and raw materials:
Stated at cost using the weighted-average method (a method in which book value is written down based on any decline in profitability).
Supplies:
Stated at cost using the last purchase price method (a method in which book value is written down based on any decline in profitability).

(3) Accounting policy for derivatives
Derivatives:
Stated at fair value using the fair value method.

2. Accounting policy for depreciation of non-current assets

(1) Property, plant and equipment (excluding leased assets):
Depreciated by using the declining-balance method; provided, however, that buildings (except for facilities attached to buildings) acquired on or after April 1, 1998 and facilities attached to buildings and structures acquired on or after April 1, 2016 are depreciated on a straight-line basis.

The principal useful lives are as follows:

Buildings:	13 to 50 years
Tools, furniture and fixtures:	2 to 6 years

(2) Intangible assets:
Amortized on a straight-line basis.

The principal useful life is as follows:

Software:	5 years

(3) Leased assets:
Leased assets in finance lease transactions that do not transfer ownership are depreciated on a straight-line basis using the lease term as the useful life and with zero residual value.

3. Recognition criteria for allowances and provisions

(1) Allowance for doubtful accounts
To provide for potential credit losses on receivables, allowance for doubtful accounts is recorded at an amount of estimated uncollectible receivables calculated based on the historical rate of credit loss for general receivables and determined in consideration of collectability of individual receivables for doubtful accounts and certain other receivables.

(2) Provision for bonuses
To provide for the payment of bonuses to employees, provision for bonuses is recorded based on the estimated amount to be paid.

(3) Provision for bonuses for directors (and other officers)
To provide for the payment of bonuses to Officers, provision for bonuses for Directors (and other Officers) is recorded based on the estimated amount to be paid.

(4) Provision for product warranties
To provide for product warranty costs that might be incurred after products are sold, provision for product warranties is recorded at an estimated amount calculated based on historical experience.

(5) Provision for retirement benefits
To provide for the payment of retirement benefits to employees, provision for retirement benefits is recorded at an amount deemed to be accrued at the end of the current fiscal year, based on the estimated amounts of retirement benefit obligations and plan assets as of that date.

Actuarial gains and losses are amortized using the declining-balance method over a certain number of years (10 years) within the average remaining service period of employees at the time of recognition from the fiscal year following the respective fiscal year of recognition.

(6) Provision for share awards
To provide for delivery of shares of the Company to employees in accordance with stock benefit rules, provision for share-based remuneration is recorded based on the estimated amount of stock benefit obligations at the end of the current fiscal year.

(7) Provision for share awards for directors (and other officers)
To provide for delivery of shares of the Company to Officers in accordance with stock benefit rules, provision for share-based remuneration for Directors (and other Officers) is recorded based on the estimated amount of stock benefit obligations at the end of the current fiscal year.

4. Recognition criteria for revenues and expenses

The Company engages primarily in the manufacture and sale of electronic musical instruments including keyboards, percussion and wind instruments, and guitar-related products. The primary performance obligation for these products and merchandise is the obligation to deliver them to a customer. Revenue is recognized from the sale of the products and merchandise mainly based upon delivery to the customer because control of the products and merchandise is considered to be transferred to the customer at the time of delivery according to the contract with the customer. However, revenue generated within Japan is recognized upon shipment of the products and merchandise because the duration from shipment to the timing when control of them is transferred to the customer is usually typical. For export sales, revenue is recognized when the risk is transferred to the customer based on the trade terms mainly stipulated in Incoterms.
Royalty income from contracts in which the Company primarily permits its subsidiaries and associates to manufacture or sell products or use its technology is measured based on the sales of the contracted party and other factors, and revenue is recognized in consideration of the point in time when such revenue is generated.

Significant accounting estimates

Valuation of inventories

1. Amount recorded in the non-consolidated financial statements of the previous and current fiscal years

(Millions of yen)

	Previous fiscal year (As of December 31, 2022)	Current fiscal year (As of December 31, 2023)
Merchandise and finished goods	2,216	1,469
Work in process	445	562
Raw materials and supplies	4,556	5,458

2. Information on the significant accounting estimates of the identified items

The content is identical to that described in “Notes to consolidated financial statements, Significant accounting estimates.”

Valuation of shares of subsidiaries and associates and investments in capital of subsidiaries and associates

1. Amount recorded in the non-consolidated financial statements of the previous and current fiscal years

(Millions of yen)

	Previous fiscal year (As of December 31, 2022)	Current fiscal year (As of December 31, 2023)
Shares of subsidiaries and associates	25,904	25,954
Investments in capital of subsidiaries and associates	2,311	2,311

2. Information on the significant accounting estimates of the identified items

In recognizing valuation loss on shares of subsidiaries and associates and investments in capital of subsidiaries and associates that have no market prices, the acquisition costs of these shares and investments are compared with their substantive values based on the subsidiaries’ and associates’ respective amounts of net assets, and only if their substantive value falls 50% or more of the acquisition costs, the book value of these shares and investments is reduced to their substantive values and valuation loss is recognized. However, if the recoverability of the substantive values is backed by sufficient evidence, we do not recognize valuation loss even when the substantive value falls 50% or more of the acquisition costs.

The recoverability of the substantive value of a subsidiary or associate is determined based on the status of its achievement of business plans and future business plans.

In case of any changes in these estimates due to deteriorated operating performance at the subsidiaries and associates, changes in their business plans and market environments, and other factors, they may have a material impact on the evaluation of shares of subsidiaries and associates and investments in capital of subsidiaries and associates in the non-consolidated financial statements for the following fiscal year.

Additional information

1. Board Benefit Trust
   In accordance with the resolution of the General Meeting of Shareholders held on December 21, 2016, the Company has introduced the "Board Benefit Trust (BBT)" as a performance-based stock compensation plan for Directors (excluding Non-executive Directors) and Executive Officers, effective from December 27, 2016. This information is omitted as the details are stated in Additional information in the consolidated financial statements.

2. Employee (at management-level) Stock Ownership Plan Trust
   The Company has introduced an incentive plan "Employee Stock Ownership Plan (ESOP) Trust," in which shares of the Company are delivered to employees of the Company and its subsidiaries, effective from December 27, 2016, in order to increase their motivation and morale to improve the Company's share price and business performance. This information is omitted as the details are stated in Additional information in the consolidated financial statements.

3. Employee Shareholding Association-type ESOP Trust
   The Company delivers its shares to the Employee Shareholding Association (hereinafter the "Shareholding Association") through a trust for the welfare of employees. This information is omitted as the details are stated in Additional information in the consolidated financial statements.

Non-consolidated balance sheets

*1. Monetary receivables from and payables to subsidiaries and associates
   The amounts of monetary receivables from and payables to subsidiaries and associates, other than those presented as separate lines are as follows:

(Millions of yen)

	Previous fiscal year (As of December 31, 2022)	Current fiscal year (As of December 31, 2023)
Short-term monetary receivables	1,987	1,023
Short-term monetary payables	1,005	2,037

*2. Contingent liabilities
   The note disclosure is omitted as the content is identical to that in "Item 5. Financial Information 1. Consolidated Financial Statements, etc., (1) Consolidated financial statements, (i) Consolidated balance sheets."

*3. Overdraft agreements and committed line of credit agreements with financial institutions
   The note disclosure is omitted as the content is identical to that in "Item 5. Financial Information 1. Consolidated Financial Statements, etc. (1) Consolidated financial statements, (i) Consolidated balance sheets."

Non-consolidated statement of income

*1. Transactions with subsidiaries and associates (excluding those presented as separate lines)

(Millions of yen)

	Previous fiscal year (From January 1, 2022 to December 31, 2022)	Current fiscal year (From January 1, 2023 to December 31, 2023)
Operating transactions		
Net sales	22,479	21,959
Purchases, etc.	8,532	6,655
Non-operating transactions	2,311	1,234

*2. Major items of selling, general and administrative expenses and their amounts and approximate ratios are as follows:

(Millions of yen)

	Previous fiscal year (From January 1, 2022 to December 31, 2022)	Current fiscal year (From January 1, 2023 to December 31, 2023)
Salaries and bonuses	4,586	4,725
Provision for bonuses	633	704
Provision for bonuses for directors (and other officers)	34	39
Retirement benefit expenses	157	163
Depreciation	308	336
Commission expenses	3,614	3,252
Approximate ratios:		
Selling expenses	29 %	28 %
General and administrative expenses	71 %	72 %

Securities

The fair value of shares of subsidiaries and associates is not stated because they do not have market prices.

The balance of shares of subsidiaries and associates without a market price in the non-consolidated balance sheets is as follows:

(Millions of yen)

Category	Previous fiscal year (As of December 31, 2022)	Current fiscal year (As of December 31, 2023)
Shares of subsidiaries	25,794	25,845
Shares of associates	109	109
Total	25,904	25,954

Tax effect accounting

1. Significant components of deferred tax assets and liabilities

(Millions of yen)

	Previous fiscal year (As of December 31, 2022)	Current fiscal year (As of December 31, 2023)
Deferred tax assets		
Loss on valuation of inventories	375	426
Depreciation	52	53
Impairment loss	33	32
Loss on valuation of shares of subsidiaries and associates	1,801	1,812
Loss on valuation of investments in capital of subsidiaries and associates	13	13
Loss on valuation of securities	14	14
Accrued expenses	37	42
Provision for bonuses	230	254
Provision for retirement benefits	184	144
Provision for share awards	99	104
Asset retirement obligations	30	24
Foreign tax credit carryforwards	897	1,261
Other	85	51
Subtotal of deferred tax assets	3,857	4,237
Valuation allowance	(2,906)	(3,280)
Total deferred tax assets	951	956
Deferred tax liabilities		
Valuation difference on available-for-sale securities	(93)	(127)
Other	(2)	(2)
Total deferred tax liabilities	(95)	(129)
Deferred tax assets, net	855	826

In addition to those above, major components of deferred tax assets and liabilities related to land revaluation recorded as “Deferred tax liabilities for land revaluation” are as follows:

(Millions of yen)

	Previous fiscal year (As of December 31, 2022)	Current fiscal year (As of December 31, 2023)
Deferred tax assets		
Deferred tax assets related to land revaluation	308	308
Valuation allowance	(308)	(308)
Total deferred tax assets	–	–
Deferred tax liabilities		
Deferred tax liabilities related to land revaluation	(98)	(98)
Total deferred tax liabilities	(98)	(98)
Deferred tax liabilities, net	(98)	(98)

2. Reconciliation of significant difference between the normal effective statutory tax rate and the actual effective tax rate after applying tax effect accounting

	Previous fiscal year (As of December 31, 2022)	Current fiscal year (As of December 31, 2023)
Normal effective statutory tax rate	29.9 %	29.9 %
Adjustments:		
Valuation allowance	(0.3)	5.4
Expenses not deductible for income tax purposes (e.g. entertainment expenses)	0.2	0.5
Income not taxable for income tax purposes (e.g. dividend income)	(6.8)	(4.7)
Foreign withholding taxes on dividends from overseas subsidiaries	0.3	0.1
Corporate inhabitant tax on per capita basis	0.1	0.1
Foreign tax credits	3.1	2.6
Special tax credits	(6.7)	(7.3)
Other	(0.2)	(0.3)
Actual effective tax rate after applying tax effect accounting	19.6	26.3

Revenue recognition

The information to provide basis for understanding revenue arising from contracts with customers is stated in "Notes to Non-consolidated Financial Statements, Significant accounting policies, 4. Recognition criteria for revenues and expenses."

iv) Annexed non-consolidated schedules

Annexed detailed schedule of property, plant and equipment, etc.

(Millions of yen)

Classification	Type of assets	Balance at beginning of the current period	Increase	Decrease	Balance at end of the current period	Accumulated depreciation or amortization at end of period	Depreciation and amortization	Carrying amount at end of period
Property, plant and equipment	Buildings	7,206	131	32	7,306	6,029	92	1,276
	Tools, furniture and fixtures	2,193	141	388	1,945	1,711	149	233
	Land	2,480 [(702)]	671	–	3,152 [(702)]	–	–	3,152
	Other	764	1,120	10	1,874	746	2	1,128
	Total	12,645	2,063	431	14,277	8,487	244	5,790
Intangible assets	Software	2,794	227	179	2,842	2,520	193	321
	Other	53	131	15	169	37	–	132
	Total	2,847	358	194	3,011	2,557	193	454

Notes: 1. The balances at beginning and end of period are stated at cost.
2. The figures shown in square brackets for balance at beginning of period and balance at end of period of land represent differences with the book value before the revaluation of land for business use performed pursuant to the Act on Revaluation of Land (Act No. 34 of March 31, 1998).
3. Major components of increase during current period are as follows:

Classification	Type of assets	Description	Amount (Millions of yen)
Property, plant and equipment:	Land	New headquarters building	671
	Other	New headquarters building	1,113

Annexed schedule of provisions

(Millions of yen)

Account	Balance at beginning of the current period	Increase	Decrease	Balance at end of the current period
Allowance for doubtful accounts	2	1	1	2
Provision for bonuses	771	852	771	852
Provision for bonuses for directors (and other officers)	34	39	34	39
Provision for product warranties	9	16	9	16
Provision for share awards	253	28	29	252
Provision for share awards for directors (and other officers)	78	31	13	96

(2) Components of major assets and liabilities

This information is omitted because the Group has prepared the consolidated financial statements.

(3) Other information

Not applicable.

Item 6. Outline of Share-related Administration of Reporting Company

Fiscal year	From January 1 to December 31 of each year
Ordinary General Meeting of Shareholders	Within three months after the end of each fiscal year
Record date	December 31
Record date of dividends of surplus	June 30 of each year December 31 of each year
Number of shares constituting one unit	100 shares
Purchase or additional purchase of shares of less than one unit	
Handling office	Corporate Agency Division, Mitsubishi UFJ Trust and Banking Corporation 1-4-5, Marunouchi, Chiyoda-ku, Tokyo
Shareholder register administrator	Mitsubishi UFJ Trust and Banking Corporation 1-4-5, Marunouchi, Chiyoda-ku, Tokyo
Forwarding office	—
Purchase or additional purchase fee	Separately specified amount equivalent to share trading brokerage fees
Method of public notice	The Company will post public notices in electronic format. However, if an electronic format is not available due to an accident or any other unavoidable reason, the public notices shall be given in The Nihon Keizai Shimbun. (URL for the Company's public notice) https://www.roland.com/global/
Special benefits for shareholders	Not applicable.

Note: A shareholder of the Company may not exercise any rights other than those listed below with respect to shares of less than one unit held by such shareholder:

(1) Rights listed in each item of Article 189, Paragraph 2 of the Companies Act;
(2) Rights to make a request pursuant to the provisions of Article 166, Paragraph 1 of the Companies Act;
(3) Right to receive allocation of shares for subscription and allocation of share acquisition rights for subscription in proportion to the number of shares held by the shareholder; and
(4) Rights to request the Company to sell the number of shares that will, together with the number of shares of less than one unit held by the shareholder, constitute one unit of shares (additional purchase request).

Item 7. Reference Information of Reporting Company

1. Information about Parent of Reporting Company

The Company does not have a parent company as prescribed in Article 24-7, paragraph 1 of the Financial Instruments and Exchange Act.

2. Other Reference Information

From the beginning of this fiscal year until the filing date of this Annual Securities Report, the Company has filed the following documents:

(1) Annual Securities Report and attached document thereof and Confirmation Letter

Filed for the 51st fiscal year ended December 31, 2022 (from January 1 to December 31, 2022) with the Director-General of the Kanto Local Finance Bureau on March 8, 2023.

(2) Internal Control Report

Filed with the Director-General of the Kanto Local Finance Bureau on March 8, 2023.

(3) Quarterly Securities Reports and Confirmation Letter

Filed for the first quarter (from January 1 to March 31, 2023) of the 52nd fiscal year ended December 31, 2023 with the Director-General of the Kanto Local Finance Bureau on May 12, 2023.

Filed for the second quarter (from April 1 to June 30, 2023) of the 52nd fiscal year ended December 31, 2023 with the Director-General of the Kanto Local Finance Bureau on August 10, 2023.

Filed for the third quarter (from July 1 to September 30, 2023) of the 52nd fiscal year ended December 31, 2023 with the Director-General of the Kanto Local Finance Bureau on November 9, 2023.

(4) Extraordinary Report

Filed the Extraordinary Report pursuant to the provisions of Article 19, paragraph 2, (ix)-2 of the Cabinet Office Ordinance on Disclosure of Corporate Affairs (result of the resolution made at the General Meeting of Shareholders) with the Director-General of the Kanto Local Finance Bureau on March 30, 2023.

Filed the Extraordinary Report pursuant to the provisions of Article 19, paragraph 2, (ix) of the Cabinet Office Ordinance on Disclosure of Corporate Affairs (Change in Representative Executive Officer) with the Director-General of the Kanto Local Finance Bureau on February 14, 2024.

(5) Amendment Report for Annual Securities Report and Confirmation Letter

Filed for the 51st fiscal year ended December 31, 2022 (from January 1 to December 31, 2022) with the Director-General of the Kanto Local Finance Bureau on May 17, 2023.

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 Report and Internal Control Audit 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 Report and Internal Control Audit Report

March 5, 2024

To the Board of Directors of Roland Corporation

Grant Thornton Taiyo LLC, Osaka office

Designated Limited Liability Partner, Engagement Partner	Iwao Arai, CPA	[Seal]
Designated Limited Liability Partner, Engagement Partner	Tomohiro Norioka, CPA	[Seal]

<Audit of Financial Statements>

Audit Opinion

Pursuant to the provisions of Article 193-2, paragraph 1 of the Financial Instruments and Exchange Act, we have audited the consolidated financial statements of Roland Corporation (the Company) and its consolidated subsidiaries (the Group) provided in the “Financial Information” section in the Company’s Annual Securities Report, namely, the consolidated balance sheets as of December 31, 2023, and the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the fiscal year from January 1, 2023 to December 31, 2023, and the notes to significant accounting policies for preparation of consolidated financial statements and other notes and the annexed consolidated detailed schedules.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as of December 31, 2023, and its consolidated financial performance and cash flows for the fiscal year then ended in accordance with accounting principles generally accepted in Japan.

Basis for Audit Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the “Auditor’s Responsibilities for the Audit of the 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 the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. Those matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of merchandise and finished goods	
Key audit matter and the reasoning	How the matter was addressed in our audit
As described in "Notes to Consolidated Financial Statements, (Significant accounting estimates)," the Group recorded ¥18,094 million of merchandise and finished goods in the consolidated balance sheet for the current fiscal year. This item represents a significant proportion of the total assets. The Group engages in development, manufacturing, and sale of the electronic musical instruments. Therefore, the Group may face a decline in profitability of merchandise and finished goods in those cases when market prices fluctuate, when intensified competition imposes pressures on product price, and when inventory stockpile level changes caused by a difference between past sales results and actual demands. Thus, the Group employs below approaches for valuation of merchandise and finished goods. • A method to write down the book value of the merchandise and finished goods when their net realizable value is below the acquisition cost. For those merchandise and finished goods, book value is written down to the net realizable value. •A method to write down the book value of merchandise and finished goods when their inventory turnover exceeds a certain threshold, a write-down percentage based on the historical sales record is applied to and their book value is written down accordingly. Valuation of merchandise and finished goods has a potential impact on the consolidated financial statements as it is accompanied with assumptions and judgements made by the management when calculating net realizable value and setting evaluation percentage. Since they have huge significance in our audit of the consolidated financial statements for the current fiscal year, we determined the matter as a key audit matter.	We mainly applied the following audit procedures to assess the appropriateness of the valuation of merchandise and finished goods: • We assessed the effectiveness of the implementation and maintenance of internal controls relevant to the valuation of merchandise and finished goods. In particular, we focused on the internal controls to determine the write-down percentage for merchandise and finished goods primarily based on the turnover period and the historical sales performance. • To confirm that the inventory valuation policy stipulated by the Group is reasonable in light of the business environment, we inspected relevant materials and discussed this matter with the management. • We obtained calculation materials for the merchandise and finished goods valuation to confirm that the data used for the calculation is complete and checked whether the write-down amounts are calculated accurately and comprehensively in accordance with the Group's inventory valuation policy by recalculating the amounts. • For the average sales unit price for the most recent month at the end of the fiscal year, which is the basis of the net realizable value, we extracted samples and reconciled them with the actual sales performance available from the sales management system. • For the write-down percentages calculated based on the historical sales performance, we assessed the accuracy of the estimates by comparing with the sales performance for the current fiscal year and other data.

Miscellaneous Content

Other information included in the annual securities report is information other than the consolidated financial statements and financial statements and their audit reports. Management is responsible for preparing and disclosing other statements. In addition, Audit & Supervisory Board Members and the Audit & Supervisory Board are responsible for overseeing the execution of duties by Directors in the development and operation of the reporting process for other content.

Our audit opinion on the consolidated financial statements does not include any other statements, and we do not express an opinion on any other statements.

Our responsibility in the audit of the consolidated financial statements is to read and, while reading, consider whether there is a material difference between the other information and the consolidated financial statements or the knowledge we have gained in the audit. In addition to such significant differences, attention should be paid to whether there are other indications of material errors in the description.

If we believe that there is a material error in other information based on our work, we are required to report the fact.

There are no other matters to be reported by the auditor.

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

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

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting principles for consolidated financial statements generally accepted in Japan and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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 Audit of the Consolidated Financial Statements

Our responsibilities are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion on the consolidated financial statements based on our audit from an independent point of view. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

In accordance with auditing standards generally accepted in Japan, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risk of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. The procedures selected to be applied depend on the auditor's judgement. In addition, we obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- When performing risk assessment procedures, obtain understanding of internal control relevant to the audit to design audit procedures that are appropriate in the circumstances, but not for the purpose of auditing the consolidated financial statements to express an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used by the management and their method of application, as well as the reasonableness of accounting estimates made by the management and related notes thereto.
- Conclude on the appropriateness of management's use of the going concern basis for preparing the consolidated financial statements. And, based on the audit evidence obtained, determine whether a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern exists. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related notes to the consolidated financial statements or, if such notes are inadequate, to express a qualified opinion with exceptions on the consolidated financial statements. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate whether the overall presentation of the consolidated financial statements and the notes thereto are in accordance with accounting principles generally accepted in Japan, as well as the overall presentation, structure and content of the consolidated financial statements, including the notes thereto, and whether the consolidated financial statements represent the underlying transactions and accounting events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the audit of the consolidated financial statements. We remain solely responsible for our audit opinion.

We communicate with Audit & Supervisory Board Members and the Audit & Supervisory Board regarding the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit, and other matters required by auditing standards.

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.

Of the matters communicated with the Audit & Supervisory Board Members and the Audit & Supervisory Board, we determine those matters that were of most significance in the audit of the consolidated financial statements for the current fiscal year as key audit matters and describe the matters in our auditor's report. Provided that laws and regulations preclude public disclosure about the matters or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

<Audit of Internal Control>

Audit Opinion

Pursuant to the provisions of Article 193-2, paragraph 2 of the Financial Instruments and Exchange Act, we have audited the Internal Control Report of the Company as of December 31, 2023.

In our opinion, the accompanying Internal Control Report, in which the Company states that internal control over financial reporting was effective as of December 31, 2023, presents fairly, in all material respects, the assessment of internal control over financial reporting, in accordance with assessment standards for internal control over financial reporting generally accepted in Japan.

Basis for Audit Opinion

We conducted our internal control audit in accordance with auditing standards for internal control over financial reporting generally accepted in Japan. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Internal Control" 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 the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management, Audit & Supervisory Board Members and the Audit & Supervisory Board for the Internal Control Report

Management is responsible for the design, implementation and maintenance of internal control over financial reporting, and the preparation and fair presentation of the Internal Control Report in accordance with assessment standards for internal control over financial reporting generally accepted in Japan.

Audit & Supervisory Board Members and the Audit & Supervisory Board are responsible for overseeing and examining the design, implementation and maintenance of internal control over financial reporting.
Internal control over financial reporting may not fully prevent or detect misstatements in financial reporting.

Auditor's Responsibilities for the Audit of the Internal Control

Our responsibilities are to obtain reasonable assurance about whether the Internal Control Report is free from material misstatement and to issue an internal control audit report that includes our opinion on the Internal Control Report based on our internal control audit from an independent point of view.

In accordance with auditing standards for internal control over financial reporting generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Perform audit procedures to obtain audit evidence about the results of the assessments of internal control over financial reporting in the Internal Control Report. The procedures selected to be applied depend on the auditor's judgment, including the significance of effects on the reliability of financial reporting.
- Evaluate the overall presentation of the Internal Control Report, including the appropriateness of the scope, procedures, and results of management's assessments of internal control over financial reporting.
- Obtain sufficient appropriate audit evidence about the results of the assessments of internal control over financial reporting in the Internal Control Report. We are responsible for the direction, supervision, and performance of the audit of the Internal Control Report. We remain solely responsible for our audit opinion.

We communicate with Audit & Supervisory Board Members and the Audit & Supervisory Board regarding the scope and timing of the planned internal control audit, the results thereof, significant deficiencies in internal control to be disclosed that we identify during our audit and those that were remediated, and other matters required by auditing standards for internal control.

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 original copy of the above report is kept separately by the Company (the reporting company of the Annual Securities Report).
2. The associated XBRL data are not included in the scope of the audit.

NOTE TO READERS:
The following is an English translation of the Independent Auditor's 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 Report

March 5, 2024

To the Board of Directors of Roland Corporation

Grant Thornton Taiyo LLC, Osaka office

Designated Limited Liability Partner, Engagement Partner	Iwao Arai, CPA	[Seal]
Designated Limited Liability Partner, Engagement Partner	Tomohiro Norioka, CPA	[Seal]

Audit Opinion
Pursuant to Article 193-2, paragraph 1 of the Financial Instruments and Exchange Act, we have audited the non-consolidated financial statements of Roland Corporation (the Company) provided in the “Financial Information” section in the Company’s Annual Securities Report, namely, the non-consolidated balance sheet as of December 31, 2023, and the non-consolidated statement of income and non-consolidated statement of changes in equity and the notes to significant accounting policies for the 52nd business term from January 1, 2023 to December 31, 2023, and the related notes and the annexed detailed schedules.
In our opinion, the accompanying non-consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023, and its financial performance for the fiscal year then ended in accordance with accounting principles generally accepted in Japan.

Basis for Audit Opinion
We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the “Auditor’s Responsibilities for the Audit of the Non-consolidated Financial Statements” section of our report. We are independent of the Company 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 the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters
Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the non-consolidated financial statements for the current fiscal year. Those matters were addressed in the context of our audit of the non-consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of merchandise and finished goods
As the key audit matter is same as the one presented in the consolidated financial statements (valuation of merchandise and finished goods), we omitted the statements.

Miscellaneous Content

Other information included in the annual securities report is information other than the consolidated financial statements and financial statements and their audit reports. Management is responsible for preparing and disclosing other statements. In addition, Audit & Supervisory Board Members and the Audit & Supervisory Board are responsible for overseeing the execution of duties by Directors in the development and operation of the reporting process for other content.

Our audit opinion on the non-consolidated financial statements does not include any other statements, and we do not express an opinion on any other statements.

Our responsibility in the audit of the non-consolidated financial statements is to read and, in the course of reading, consider whether there is a material difference between the non-consolidated financial statements and the non-consolidated financial statements or the knowledge we have gained in the course of our audit. In addition to such significant differences, attention should be paid to whether there are other indications of material errors in the description.

If we believe that there is a material error in other information based on our work, we are required to report the fact.

There are no other matters to be reported by the auditor.

Responsibilities of Management, Audit & Supervisory Board Members and the Audit & Supervisory Board for the Non-consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the non-consolidated financial statements in accordance with accounting principles for non-consolidated financial statements generally accepted in Japan, and for designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the non-consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the non-consolidated financial statements, management is responsible for assessing whether it is appropriate to prepare the non-consolidated financial statements with the assumption of the Company's ability to continue as a going concern, and disclosing, as applicable, matters related to going concern in accordance with accounting principles 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 Audit of the Non-consolidated Financial Statements

Our responsibilities are to obtain reasonable assurance about whether the non-consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion on the non-consolidated financial statements based on our audit from an independent point of view. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these non-consolidated financial statements.

In accordance with auditing standards generally accepted in Japan, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risk of material misstatement of the non-consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. The procedures selected to be applied depend on the auditor's judgement. In addition, we obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- When performing risk assessment procedure, obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of auditing the non-consolidated financial statements to express an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used by the management and their method of application, as well as the reasonableness of accounting estimates made by the management and related notes thereto.
- Conclude on the appropriateness of management's use of the going concern basis for preparing the non-consolidated financial statements. And, based on the audit evidence obtained, determine whether a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern exists. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related notes to the non-consolidated financial statements or, if such notes are inadequate, to express a qualified opinion with exceptions on the non-consolidated financial statements. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate whether the overall presentation of the non-consolidated financial statements and the notes thereto are in accordance with accounting principles generally accepted in Japan, as well as the overall presentation, structure and content of the non-consolidated financial statements, including the notes thereto, and whether the non-consolidated

financial statements represent the underlying transactions and accounting events in a manner that achieves fair presentation.

We communicate with Audit & Supervisory Board Members and the Audit & Supervisory Board regarding the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit, and other matters required by auditing standards.

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.

Of the matters communicated with the Audit & Supervisory Board Members and the Audit & Supervisory Board, we determine those matters that were of most significance in the audit of the non-consolidated financial statements for the current fiscal year as key audit matters and describe the matters in our auditor's report. Provided that laws and regulations preclude public disclosure about the matters or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan

We do not have any interest in the Company which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Notes: 1. The original copy of the above audit report is kept separately by the Company (the reporting company of the Annual Securities Report).

2. The associated XBRL data are not included in the scope of the audit.

Cover

Document title	Internal Control Report
Clause of stipulation	Article 24-4-4, Paragraph 1 of the Financial Instruments and Exchange Act
Place of filing	Director, Kanto Local Finance Bureau
Filing date	March 5, 2024
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	Yuichi Hakamata, CFO and Executive Officer
Address of registered headquarters	2036-1 Nakagawa, Hosoe-cho, Hamana-ku, Hamamatsu-shi, Shizuoka
Place for public inspection	Tokyo Stock Exchange, Inc. (2-1 Nihonbashi Kabutocho, Chuo-ku, Tokyo)

1. Basic Framework of Internal Control over Financial Reporting

Gordon Raison, CEO and Representative Director, and Yuichi Hakamata, CFO and Executive Officer of Roland Corporation (the Company) and its consolidated subsidiaries (the Group) have responsibility for the design, implementation and maintenance of internal control over financial reporting, and fulfill that responsibility in accordance with the basic framework of internal control set forth in the "On the Setting of the Standards and Practice Standards for Management Assessment and Audit concerning Internal Control Over Financial Reporting (Council Opinions)" published by the Business Accounting Council.

Note that internal control aims at achieving its objectives to a reasonable extent given that all individual components of internal control are integrated and function as a whole. Thus, internal control over financial reporting may not completely prevent or detect misstatements in financial reporting.

2. Scope, Date and Procedures for Evaluation

The assessment of internal control over financial reporting was performed as of December 31, 2023, which is the end of this fiscal year, in accordance with assessment standards for internal control over financial reporting generally accepted in Japan.

In this assessment, management first assessed company-level control which would have a material impact on the reliability of overall financial reporting on a consolidated basis, and based on such result, the management then selected business processes to be assessed. In the process-level control assessment, the management assessed the effectiveness of internal control by analyzing the business processes in scope, identifying key controls that would have a material impact on the reliability of the financial reporting and assessing the design, implementation and maintenance of such key controls.

Management determined the scope of assessment of internal control over financial reporting by selecting the Company and its consolidated subsidiaries based on their materiality of impacts on the reliability of financial reporting. The materiality of the impacts on the reliability of financial reporting was determined in consideration of both quantitative and qualitative aspects, and the management reasonably determined the scope of assessment of process-level control based on the result of the company-level control assessment, which included the Company and its 10 significant consolidated subsidiaries. The scope of the company-level control assessment does not include the other seven consolidated subsidiaries due to their little importance in terms of both quantitative and qualitative aspects.

For the purpose of determining the scope of the process-level assessment, the top five business locations with the highest budgeted sales (after intercompany eliminations) for this fiscal year were selected as "Significant Business Locations," which comprised approximately two-thirds of the consolidated net sales (after intercompany eliminations) for this fiscal year in the aggregate. For these "Significant Business Locations," all business processes related to the accounts that are closely associated with the Company's business objectives, such as sales, accounts receivable – trade and inventories, were included in the scope of assessment. Furthermore, regardless of if they are part of the Significant Business Locations or not, certain other business processes with a high probability of material misstatements and which are related to significant accounts involving estimates and management's judgement and business processes related to businesses or operations dealing with high-risk transactions were added to the assessment scope as business processes with material impact on financial reporting.

3. Result of Evaluation

Based on the above-mentioned assessment results, the management concluded that the internal control over financial reporting of the Roland Group as of December 31, 2023 was effective.

4. Supplementary Information

Not applicable.

5. Other Information for Special Attention

Not applicable.

Cover

Document title	Confirmation Note
Clause of stipulation	Article 24-4-2, Paragraph 1 of the Financial Instruments and Exchange Act
Place of filing	Director, Kanto Local Finance Bureau
Filing date	March 5, 2024
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	Yuichi Hakamata, CFO and Executive Officer
Address of registered headquarters	2036-1 Nakagawa, Hosoe-cho, Hamana-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 Annual Securities Report

Gordon Raison, CEO and Representative Director, and Yuichi Hakamata, CFO and Executive Officer of Roland Corporation have confirmed that this Annual Securities Report for the 52nd fiscal year (January 1, 2023 through December 31, 2023) 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 Annual Securities Report.