



# FY2023-2025 Medium-Term Plan

February 13, 2023

**Roland Corporation**

Roland 50 Anniversary Concept Model Piano



**1**

**Who We Are?**

**2**

**MTP Review (2020-2022)**

**3**

**New MTP (2023-2025)**

**4**

**Supplemental Information**

**1**

**Who We Are?**

**2**

**MTP Review (2020-2022)**

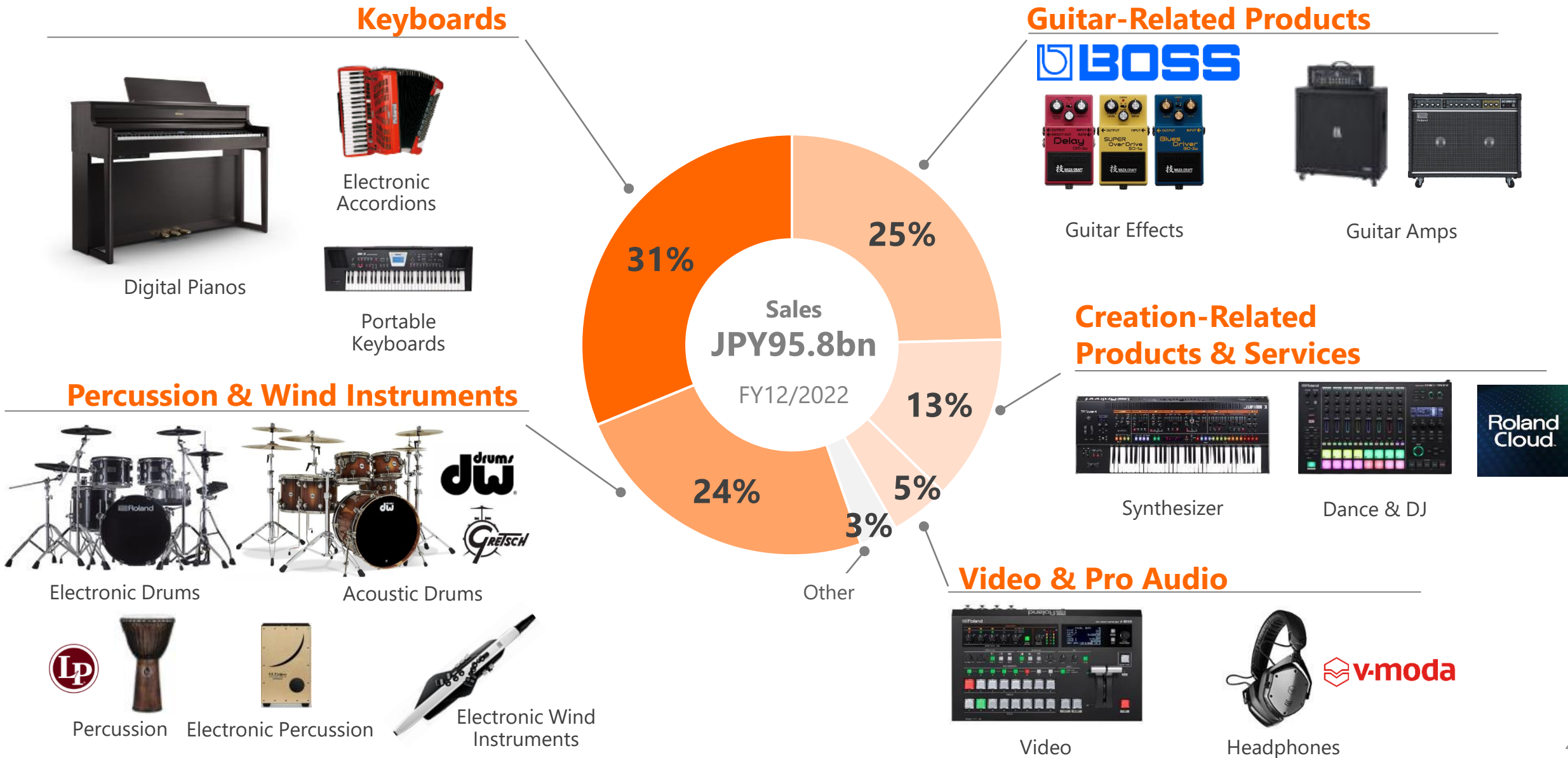
**3**

**New MTP (2023-2025)**

**4**

**Supplemental Information**

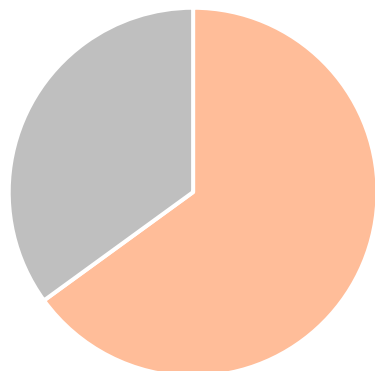
# Electronic Musical Instrument Player with a Wide Product/Service Offering



# High Market Share in Major Product Categories

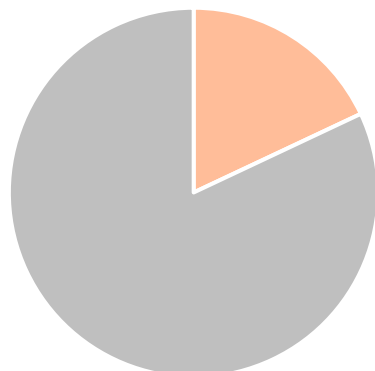
## Market Share by Product in the United States

Electronic Drums



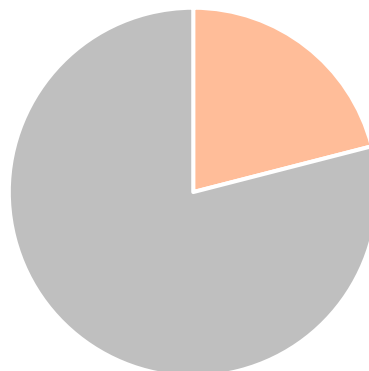
#1

Acoustic Drums



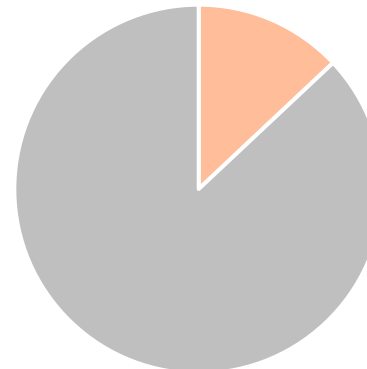
#1

Guitar Effector



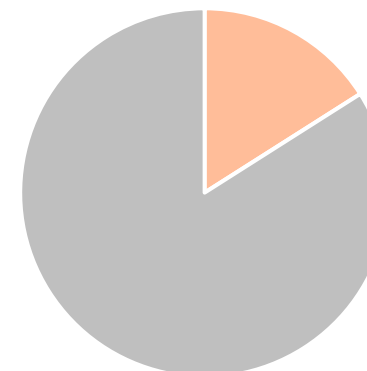
#1

Guitar Amp.



#2

Digital Piano



#2

# Roland's Unique Competitive Advantage

## Game Changer Mindset

- **Overwhelming Technology** accumulated over 50 years
- **Game Changer DNA**



## Multi Dimensional

- **Global** Brand
- **Wide Range** Product Offering



## Roland Platform

- **Data Integration and Insights & Analysis**
- **Data Utilization** for Marketing and R&D



## Agility

- **Quick** Decision-Making and Crisis Management

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# 2020-2022 MTP Review: Significant Growth Achieved

(JPY)	2019 Actual	2022 Target		2022 Actual	2019-22 3y CAGR
		Initial	Revised		
<b>Sales</b>	63.2bn	72.8bn	81.5bn	<b>96.8bn<sup>1</sup></b>	<b>+15%</b>
<b>Profit</b>	Operating Profit	9.0bn	12.3bn	<b>11.7bn<sup>1</sup></b>	<b>+30%</b>
	Net Income	2.6bn	6.2bn	<b>8.9bn</b>	<b>+50%</b>
<b>ROE</b>	14.4%	20%+	20%+	<b>28.9%</b>	

<sup>1</sup> Figures adjusted for changes in accounting standards related to revenue recognition criteria in FY2022 for comparison with prior years (adding back approximately JPY1bn in cash discounts).



# 2020-2022 MTP Review: Significant Growth Achieved

Key Strategies 2020-2022	Progress	Commentary
1 . Produce		<ul style="list-style-type: none"><li>• Developed many <b>Game Changer</b> products</li><li>• <b>Roland Cloud</b> Service and <b>Sound Platform</b> Expansion</li></ul>
2 . Reach		<ul style="list-style-type: none"><li>• Global Expansion of <b>Digital Marketing</b> Initiatives</li><li>• <b>Customer Registration Amount</b>: +300% vs. 2019</li></ul>
3 . Deliver		<ul style="list-style-type: none"><li>• Increased order backlog / Delayed product launches</li><li>• <b>Agile management</b> to COVID-19 crisis</li><li>• <b>Reduction of SKUs</b> (30% reduction from 2019)</li></ul>
4 . Support		<ul style="list-style-type: none"><li>• Established a work style that responds to the new normal</li><li>• Roll out of <b>global customer support</b></li></ul>

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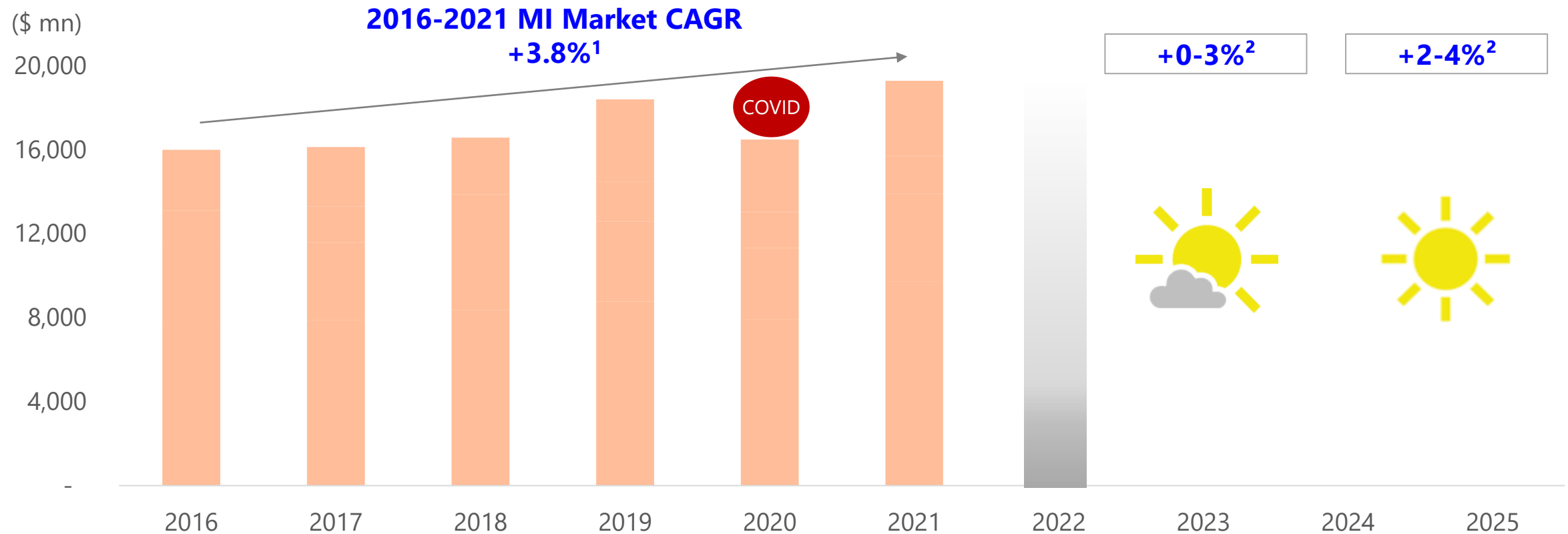
**3** New MTP (2023-2025)

**4** Supplemental Information

# Market Trend: Stable Growth Expected in the Global MI Market

## ■ Global Musical Instruments(MI) Market

- **Global MI market grew steadily**, except for 2020 which was temporarily affected by COVID-19
- **Ukraine war and lockdown in China impacted in 2022**
- **Expect to return to the normal growth trajectory in 2H of 2023 onward**



<sup>1</sup> Source: Music Trade Magazine

<sup>2</sup> Our estimation

# Market Trend: Changes in the Environment are a Tailwind for Us

## Market Trend

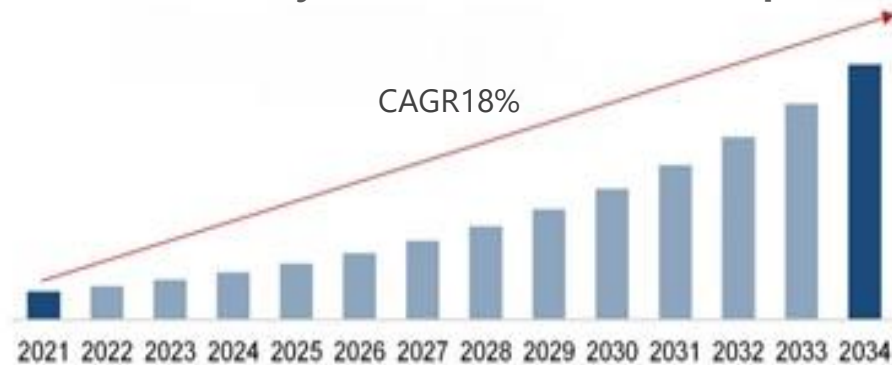
### 1. Lifestyle Changes

New Lifestyles increased the leisure time.  
Music is one of the best ways to enjoy the time

### 2. Music has shifted from “Listening” to “Creating”<sup>1</sup>

With the increase in video content and the spread of SNS/web streaming, it has become easier to “create” music

#### Creator Economy<sup>2</sup> Market Size Forecast (Japan)<sup>3</sup>



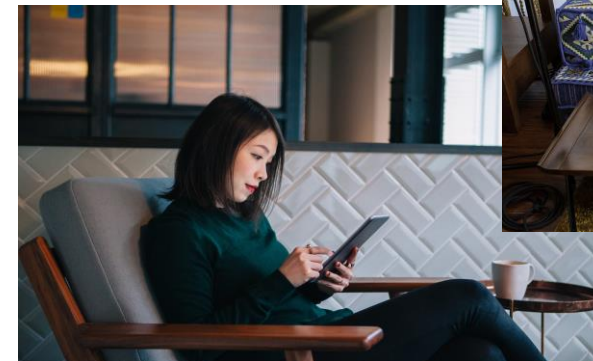
## Why Electronic Musical Instruments benefit?

### 1. Easy to Begin Playing

Affordable price range, lightweight/compact, flexible volume, easy to buy online, maintenance free, etc.

### 2. Various Ways to Enjoy

Connect online, various tones, cooperation with tablets/smartphones, lesson functions, etc.



1 "Creating" includes not only music production, but also singing, performing, and transmitting music, etc.

2 Economy resulted from the actions made by individual creators such as artists as well as YouTubers, game distributors, and Instagrammers

3 Source: Mitsubishi UFJ Research and Consulting

# Roland's Long-Term Vision



ROLAND WILL BE THE WORLD  
LEADER IN MUSIC CREATION<sup>1</sup>

WE WILL ACHIEVE THIS BY

INSPIRING THE **HEARTS AND MINDS**  
OF MUSIC LOVERS AND CREATORS  
EVERYWHERE

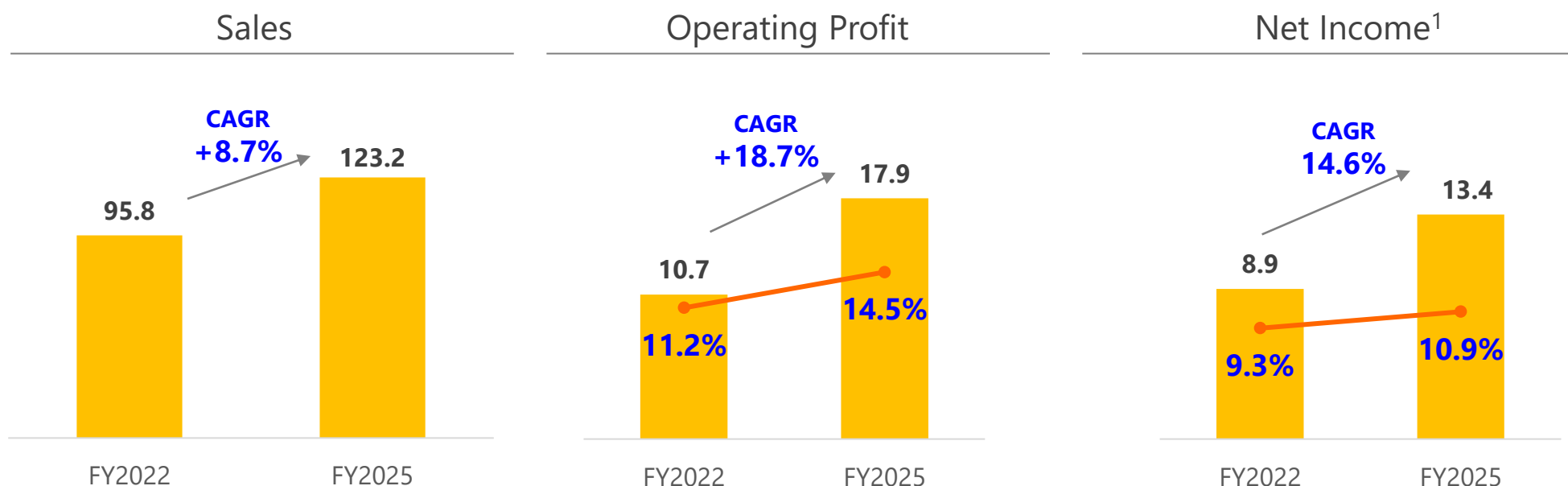
<sup>1</sup> Music Creation includes not only music production, but also singing, performing, and transmitting music, etc.

# Enhance Corporate Value via “Quality Growth” accompanied by Increased Profits

## Targets (FY12/2025)



## Financials (JPY bn)

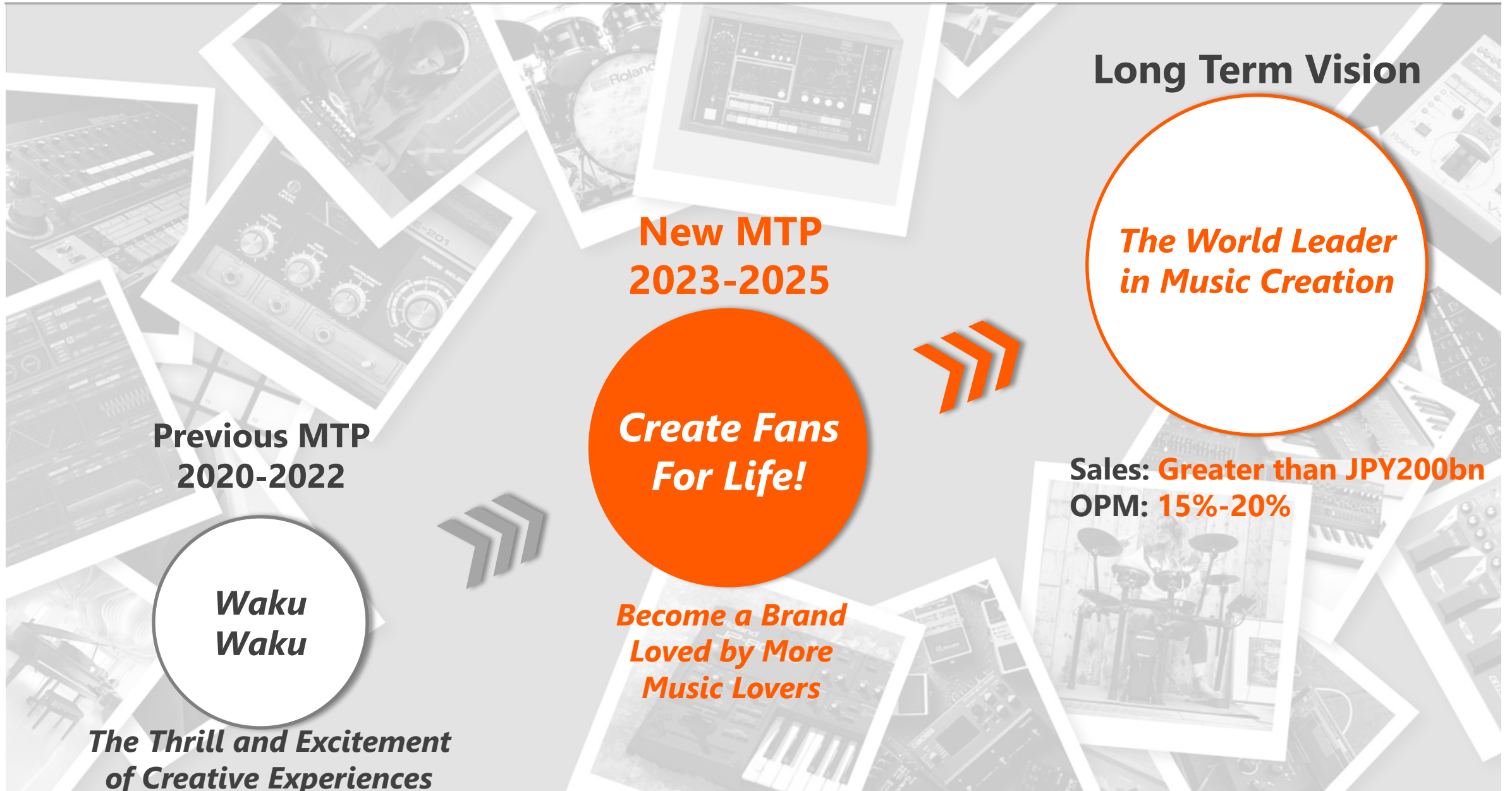


Exchange rate for FY12/2022 USD/JPY: 131.44, EUR/JPY: 138.10, EUR/USD: 1.051

Exchange rate for FY12/2025 USD/JPY: 130.00, EUR/JPY: 140.00, EUR/USD: 1.077

<sup>1</sup> Net income refers to "net income attributable to shareholders of the parent company"

# MTP (2023-2025): Become a Brand Loved by More Music Lovers





# Core Strategies for Growth

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## 1. Creating Demand

**Market Creation** by **Game Changer** Products and **Acquiring Potential Customers**

## 2. Expanding Market Share

Re-enter **Portable keyboard markets** and Expansion Sales in **Emerging Countries**  
Expand market share by **Roland Retail**

## 3. Increase LTV<sup>1</sup>

Create a mechanism for **Lifelong Enjoyment of Music**

## 4. Strengthen Foundation

**Energize Human Resource** and **Invest in Infrastructure** to Achieve Long-Term Vision



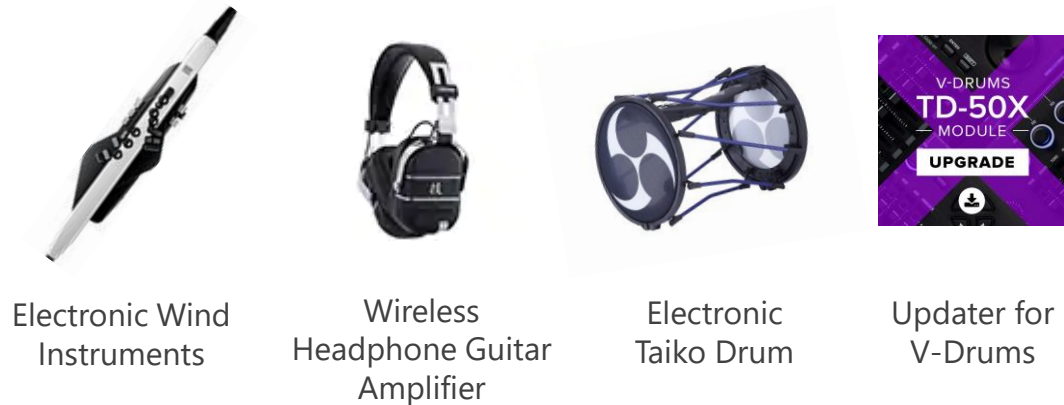
# Key Initiatives ① Creating Demand

## ■ Market Creation by **Game Changer** Products and Services, and New Products

### Game Changer Products for Market Creation

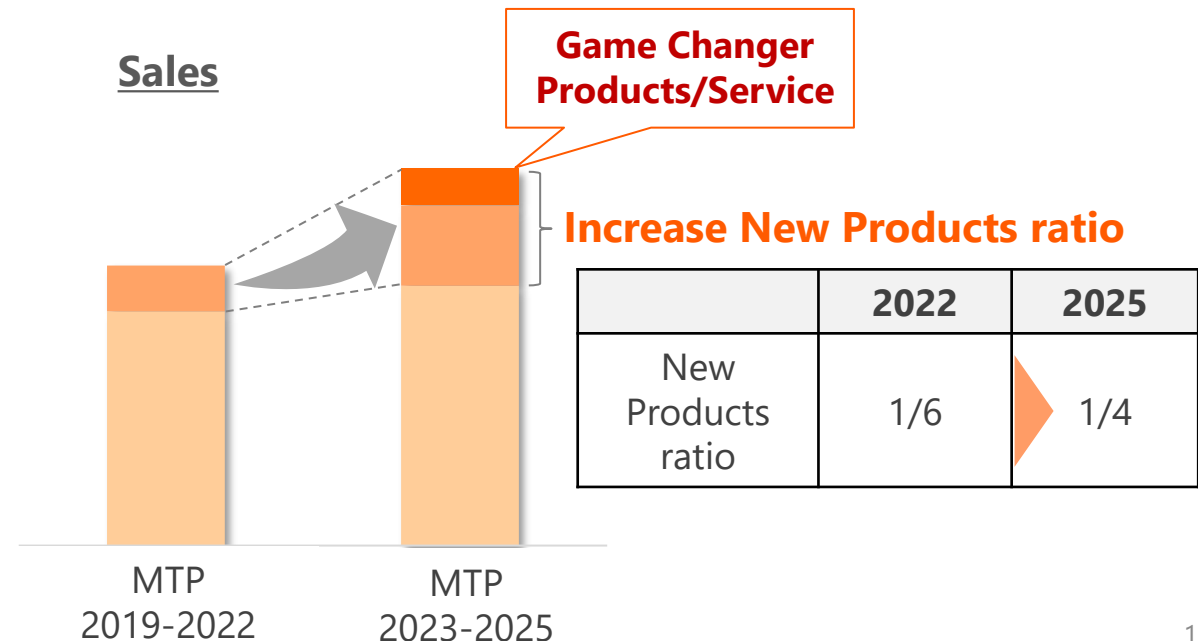
- Launch new products in the Potential market (eSports, Portable keyboard, Guitar Synthesizer etc.)
- **Create technology synergies** with Drum Workshop ("DW")
- Provide services and updaters through Roland Cloud

(Example of Game Changer Products)



### Generate Sales & Profit by New Products

- New Products **stably generates sales and profits** even in an uncertain environment
- **Higher profit margins** expected from Game Changer Products



# Key Initiatives ① Creating Demand

## Expand business by **Acquiring Potential Customers**

### Digital Piano

- Expand product & service and **Sales Opportunity** (channel)

Entry

- Expansion of new sales channels
- Easy-to-buy, sales channel exclusive models

Mid to High

- New products to capture acoustic users
- Promote collaborative models



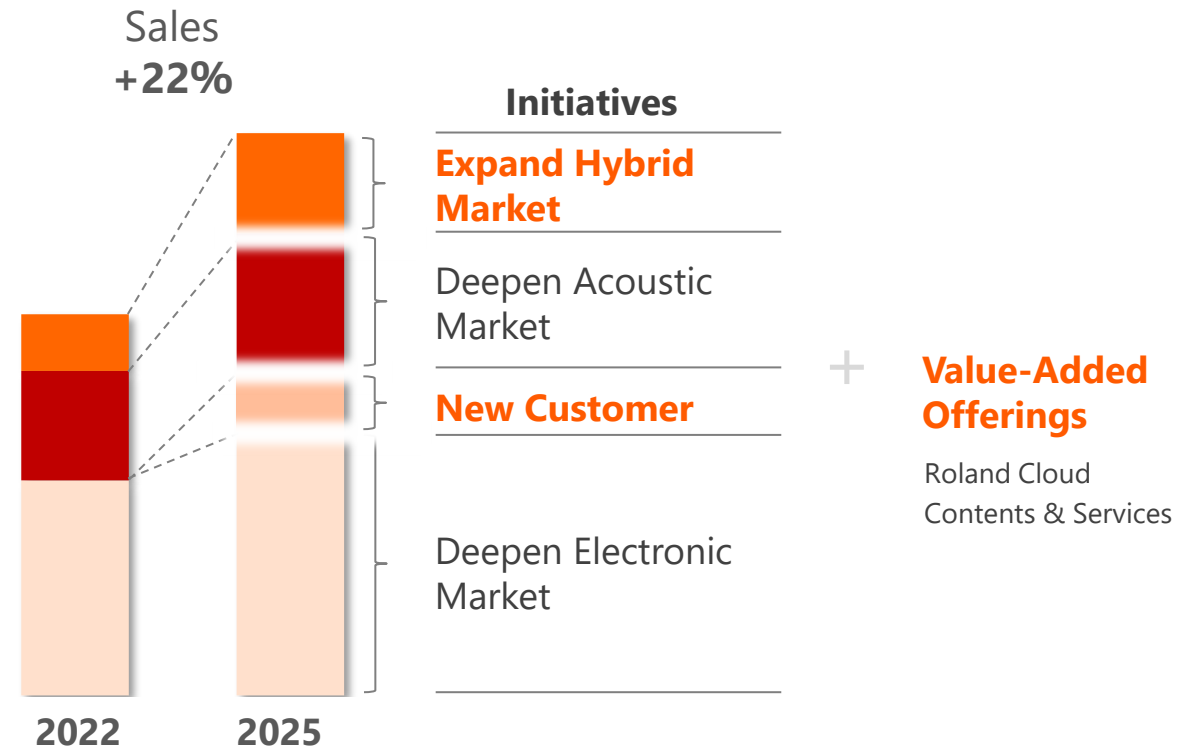
karimoku<sup>1</sup> × Roland

Roland Cloud

- Contents & Collaborative Lesson Apps

### Drums

- Create **Synergy with DW**
- Establish further Dominance



<sup>1</sup> "karimoku" is a registered trademark of karimoku Furniture Co., Ltd.

# Key Initiatives ② Expanding Market Share

## ■ Entering **New markets** for us and expanding sales in **Emerging countries**

### Portable Keyboard

#### Full-scale Re-entry into the market

- Global Portable Keyboard Market: ~JPY70bn<sup>1</sup>  
Our Market Share: 3% or less

#### Our Untapped Market, with Significant Room for Growth

- ✓ Product lineup to be significantly expanded
- ✓ Differentiation by Roland Cloud contents & services



### Emerging Markets

#### Focus: China, India, and Indonesia

- Huge population & middle-class more than 50%
- Room for improvement in Brand Presence

#### Room for Expansion is Huge for us

- ✓ Building a global team dedicated to emerging markets
- ✓ Acceleration of Roland Retail (Offline & Online)
- ✓ Re-strengthen sales channels



<sup>1</sup> Our definition of the portable keyboard market size (wholesale basis)

# Key Initiatives ② Expanding Market Share

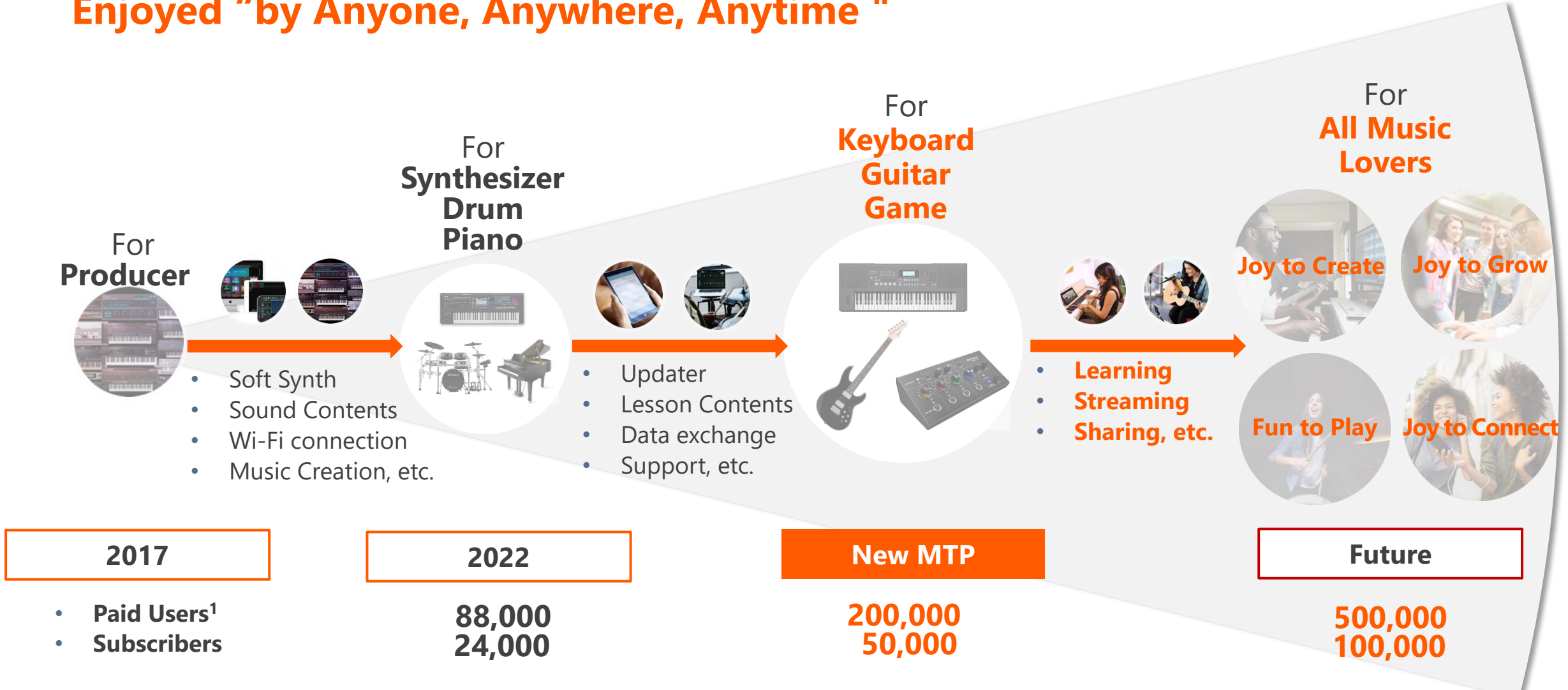
## ■ Enhance Quality & Quantity of Customer Contact Points by **Roland Retail**



<sup>1</sup> Dedicated Roland corner in the music store

# Key Initiatives ③ Increase LTV: Roland Cloud to Create Lifetime Customers

■ Roland Cloud becomes a **Personalized Experience Service that can be Enjoyed "by Anyone, Anywhere, Anytime"**



<sup>1</sup> Number of subscribers at the end of each fiscal year + Number of single purchasers during the year

# Key Initiatives ③ Increase LTV: Roland Platform

- **A Powerful Engine** to Enhance Products and Services and Optimize Marketing, through Deeper Customer Understanding

Roland Account : 2.3mn in 2022 ⇒ **3.4mn** in 2025





# Key Initiatives ③ Increase LTV: Strengthening Branding

- Become a brand loved by more music lovers by **increasing brand awareness**

- Enhancement of digital social media content
- Spread story through targeted advertising and events

Loved by  
more  
Music Lovers



Loved but  
not Known...



- Direct connection with customers
- Deepen relationships with artists + influencers



# Key Initiatives ④ Strengthen Foundation to Improve Productivity

## 1. Global HR

- **“Right person Right place”** based on global HR system
- **Global deployment of Stock Compensation**
- **Improve Employee Engagement**/Productivity scores



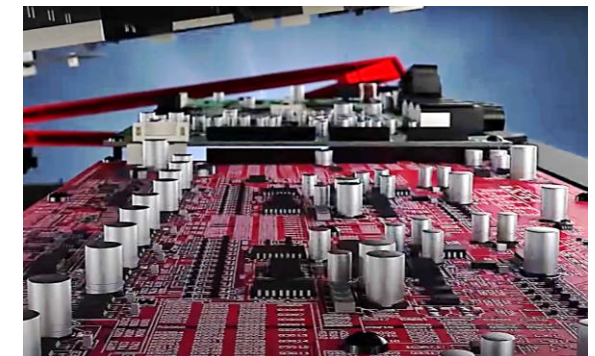
## 2. Strengthen Foundation

- **ERP Update** to further grow business
- **Reorganization of offices**, improve productivity, strengthen engagement and accelerate innovations  
\*including potential renewal of headquarters
- Strengthen **Global Communication**



## 3. Supply Chain Sophistication

- **Minimize Lost Opportunities** by early procurement and parts commonization
- **Shorten Lead Time** by establishment of logistics processes suited to sales channels
- **Promote Automation and Introduce New Systems** to enhance agility





# Sophistication the Supply Chain - Flexibility and Agility

## ■ Mid-to-long term initiatives

### • Increase Production Capacity

- ✓ Strengthen Malaysia Plant and Global HUB Warehouse
- ✓ Expand Production Sites
- ✓ **Mutual Use of Production Bases** with DW

### • Improve Production Technology

- ✓ **Combination** of Roland's electronic technology and DW's acoustic technology

### • Improve Profit

- ✓ **Commonization** of semi-finished products
- ✓ **Automation and Mechanization**
- ✓ **In-house Production** of outsourced processes



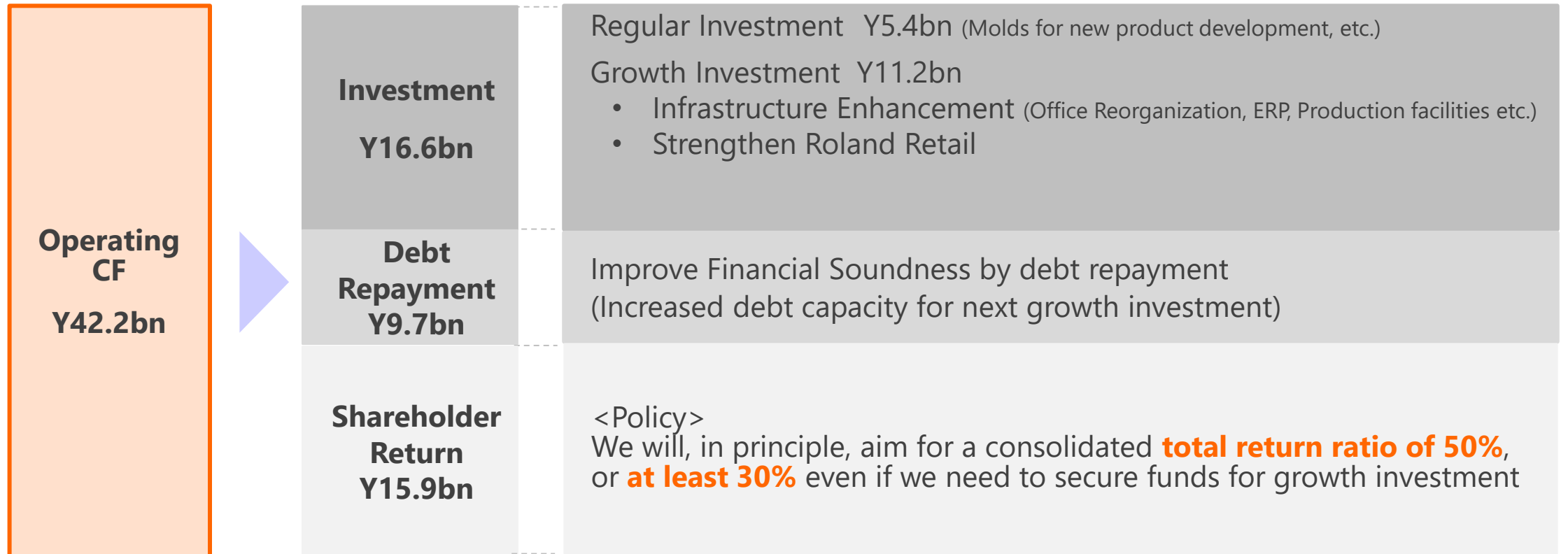
**Synergies**



# Capital Allocation Policy

## ■ Balanced Allocation of Operating Cashflow to “Investment”, “Shareholder Return” and “Debt Repayment”

Allocation of operating cash flows (accumulated 2023-2025)



# Sustainability

## ■ Importance of Realizing the Sustainability



Our business contributes to the sustainable development of the society through its musical and video culture, while at the same time being supported by the stability and affluence of the environment and the entire society.

In order to create a virtuous cycle where each one heightens the other one's Sustainability, we will work on the following.

- **Contribute to the realization of the affluent society by supporting the development of culture and industry.**
- **Contribute directly to solving environmental and social problems.**

# Sustainability

## ■ ESG and Non-Financial Capital Initiatives

### Materiality and Relation to SDG Targets

#### Sophistication of Supply Chain Management



#### Support the Development of Music & Video Culture



### Priority Measures in the 2023-2025 MTP

- **Improve business efficiency**
  - More efficient routing/loading and reducing CO2 emissions in transportation and delivery.
  - Minimization of in-house CO2 emissions by streamlining business sites and utilizing renewable energy.
- **Strengthen relationships with suppliers**
  - Protection of human rights / reduced CO2 emissions.
  - Enhancement of resilience in case of emergency.

- **Roland-like activities to promote the industry**
  - Utilize digital marketing and provide opportunities
  - Relationships/connect to emerging markets development
- **Environmental and social considerations through products**
  - Reduce environmental impact and improve accessibility through product planning and design.

### Main targets during MTP

- Loading efficiency improved by 10 points\*  
\*Difference in loading ratio (%; vs.2022)
- Accelerate human rights assessments for all suppliers in line with internal guideline

- More than 10 cases of support in emerging regions per year in each major country
- Apply internal accessibility guideline to all new products

# Sustainability

## ■ ESG and Non-Financial Capital Initiatives

**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.)

- Improve the score of employee engagement survey\* (+0.14pt)

\*Using Gallup's Employee Engagement Survey

- Double the ratio of female managers in Japan (vs.2021)

**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 customer information.
- **Expansion of Roland Cloud service**

- Development of next-generation sound chip
- Development of content / software / apps on Roland Cloud in all categories

**Unrelenting reinforcement of the corporate governance**



- **Internal evolution to the next phase of strengths acquired through MBO**
  - Improve effectiveness of Board of Directors, Execution system.
  - Further strengthen risk management and compliance.
- **Development of visualization**
  - Improvement of accuracy of business judgment and information disclosure.
  - Disclosure of non-financial information.

- Effectiveness score: Zero items requiring improvement (All 3 points or more out of 4)

Changes in the Market Trend are **a Tailwind for Roland**

- **Create Demand with Game Changer Products and Services**
- **Accelerate in New Markets/Emerging Market/Roland Retail**
- **Roland Platform & Roland Cloud to understand customers and strengthen relationships**

**Roland Brand will be Strengthened and Continue to Grow Faster than the Music market**

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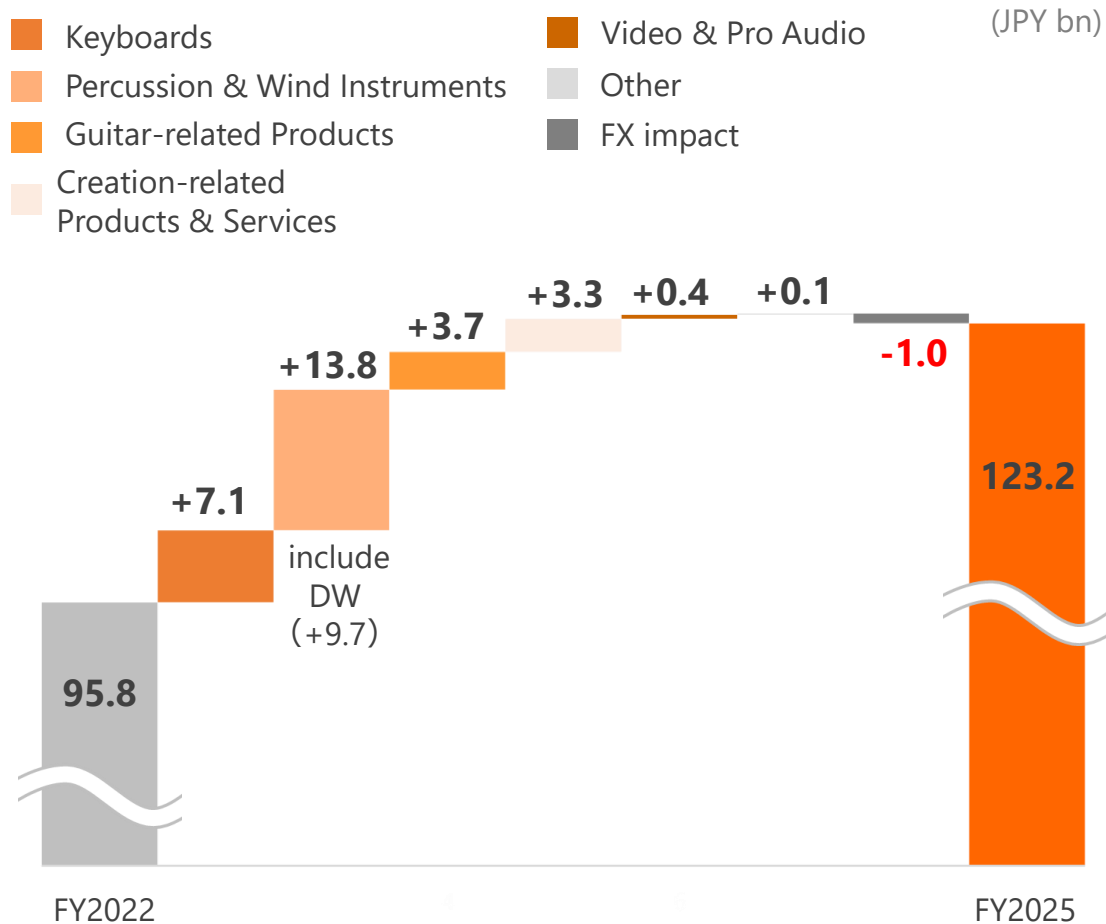
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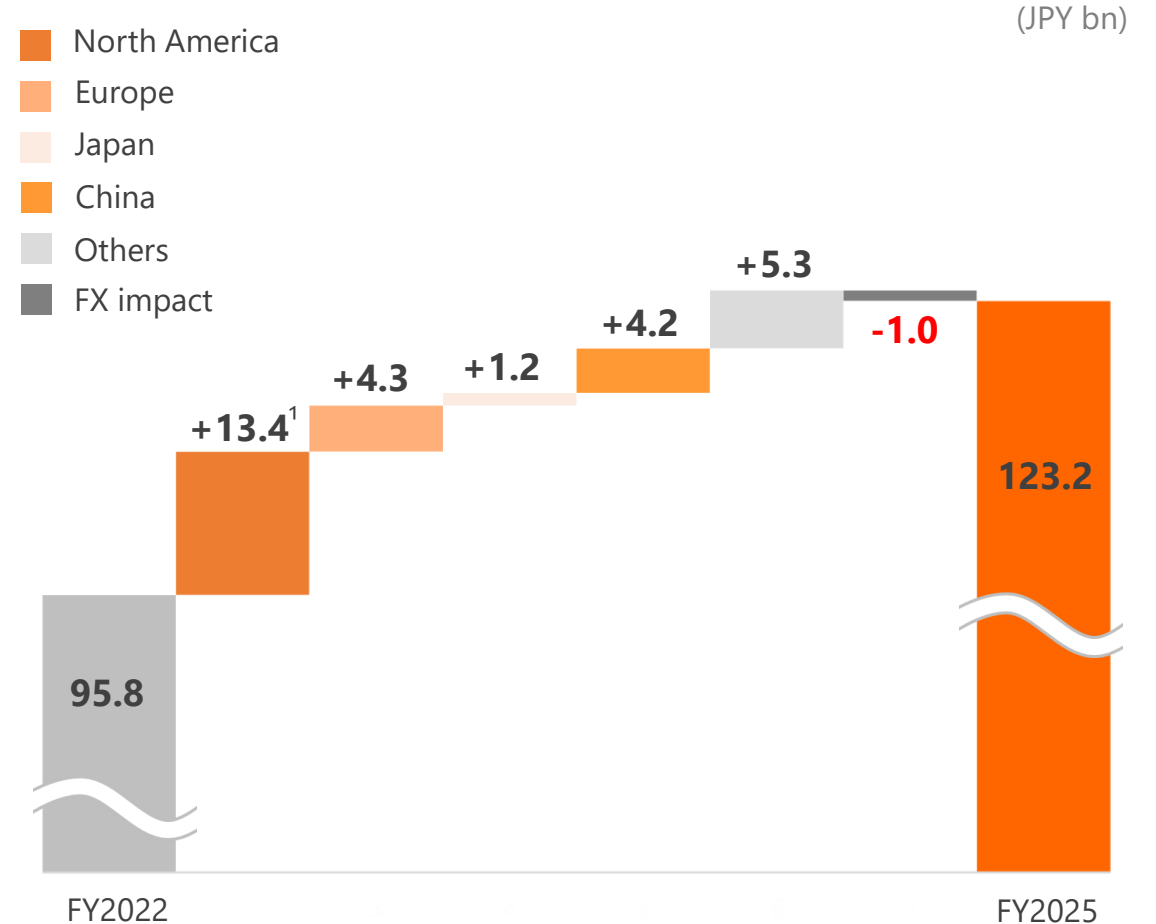
# Breakdown of Sales Growth (2022 vs 2025)

## Financial Targets

### Sales by Category



### Sales by Region



<sup>1</sup> DW consolidation made a significant contribution in North America



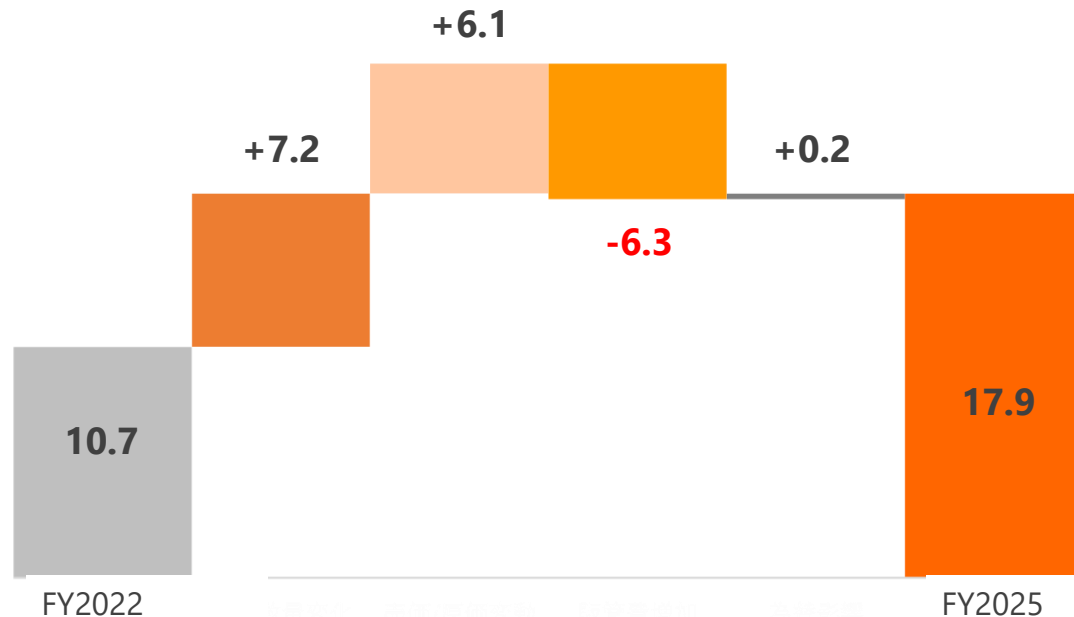
# Breakdown of Operating Profit Growth (2022 vs 2025)

## ■ Financial Targets

### Consolidated Operating Profit

(JPY bn)

- Sales Volume change
- Selling Price / Cost ratio change
- SG&A change
- FX impact



### Factors

#### ● Sales Volume change

- ✓ Creating Demand (Game Changer products, New markets)
- ✓ Channel expansion (Emerging countries, Roland Retail)
- ✓ Consolidation of DW

#### ● Selling Price/Cost ratio change

- ✓ Maintain the price optimizations level implemented to date
- ✓ Cost down effect  
(Parts and materials costs will remain high, but will be offset by reduced marine transportation, improved loading efficiency)
- ✓ Improve product mix

#### ● SG&A change

- ✓ Regular investment for growth
- ✓ Infrastructure enhancement: Chip development, system investment
- ✓ Investment to Roland Retail

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