

**Roland**  
**50**  
ANNIVERSARY 1972 - 2022



# Acquisition of Drum Workshop, Inc.

September 12<sup>th</sup>, 2022

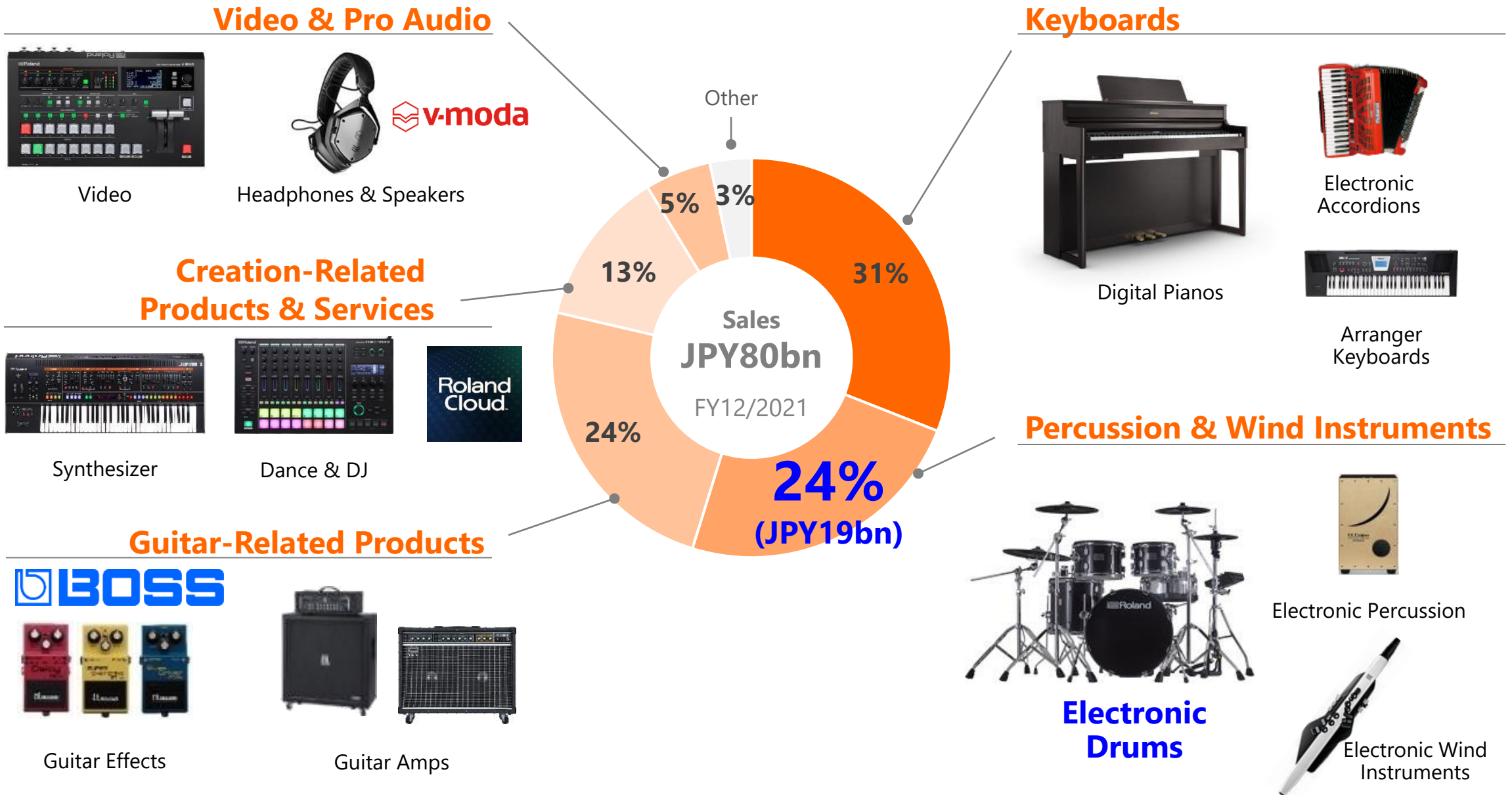
**Roland Corporation**  
CEO & Representative Director  
Gordon Raison



# Why Drum Workshop?

1. We are combining the two best drum companies in the world, Roland and DW, to **provide leadership and breakthrough innovation within the world of drumming**
2. Roland and DW are aligned on a future with **combined electronic and acoustic drums**
3. We are buying **game-changing technology** that allows us to accelerate the introduction of the next-generation of hybrid drums

# This Acquisition is to Further Grow Our Drums Business



# Our New Partner: Drum Workshop

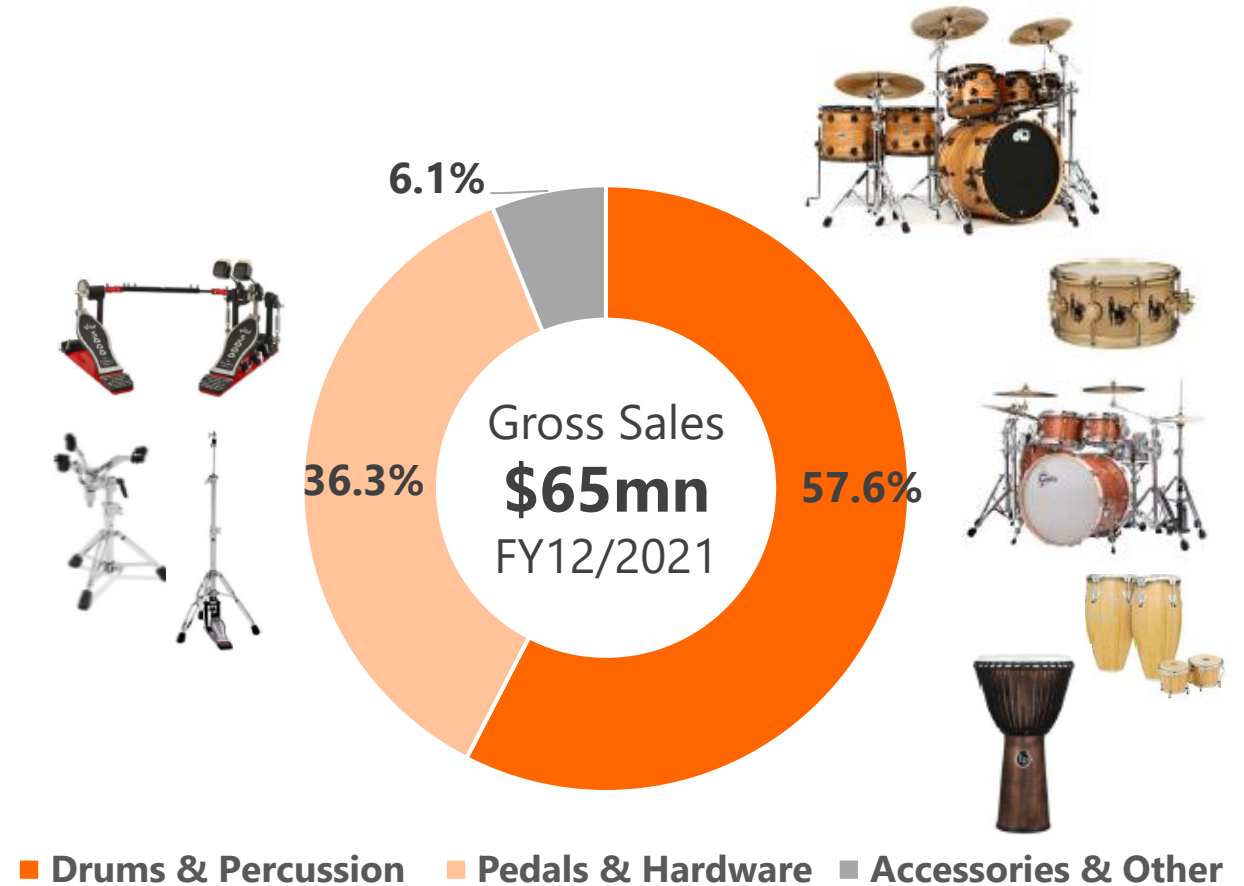
## About DW

### Main Brands



- Business: Manufacturer of acoustic drums and hardware (drum stands, pedals, thrones, etc.) world-wide
- Market share of acoustic drums<sup>1</sup>: #1 (US), #3 (Global)
- Foundation: 1972
- Number of employees: Approximately 200
- Production bases: US (In-house), China, Taiwan, Thailand (subcontracted factories)
- Sales area: More than 60 countries

## DW Sales Breakdown



<sup>1</sup> Our estimation

# Purpose of Acquisition

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## To be the Drummer's Choice® globally

### Innovation

Develop Game Changers

- Collaboration with DW to develop next-generation hybrid drums as well as integrating DW's software, content, and services

### Reach and Reputation

Expanding Customer Base

- Significantly increase presence, brand, and reputation among the acoustic drums community that we have not previously reached

### IP and Capabilities

Talent, Technology, and Business Resources

- Enhance business resilience by integrating DW's global talents, hardware experience & technology, production facilities, and SCM

# Acoustic Drums Market is Large and Untapped for Roland

- The acoustic drums market is more than three times the size of the electronic drums market

## Global Drums Market<sup>1</sup>

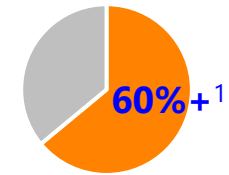


23%: Electronic Drums Market

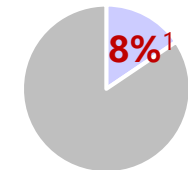
77%: Acoustic Drums Market

⇒ Huge untapped market for Roland

Roland share

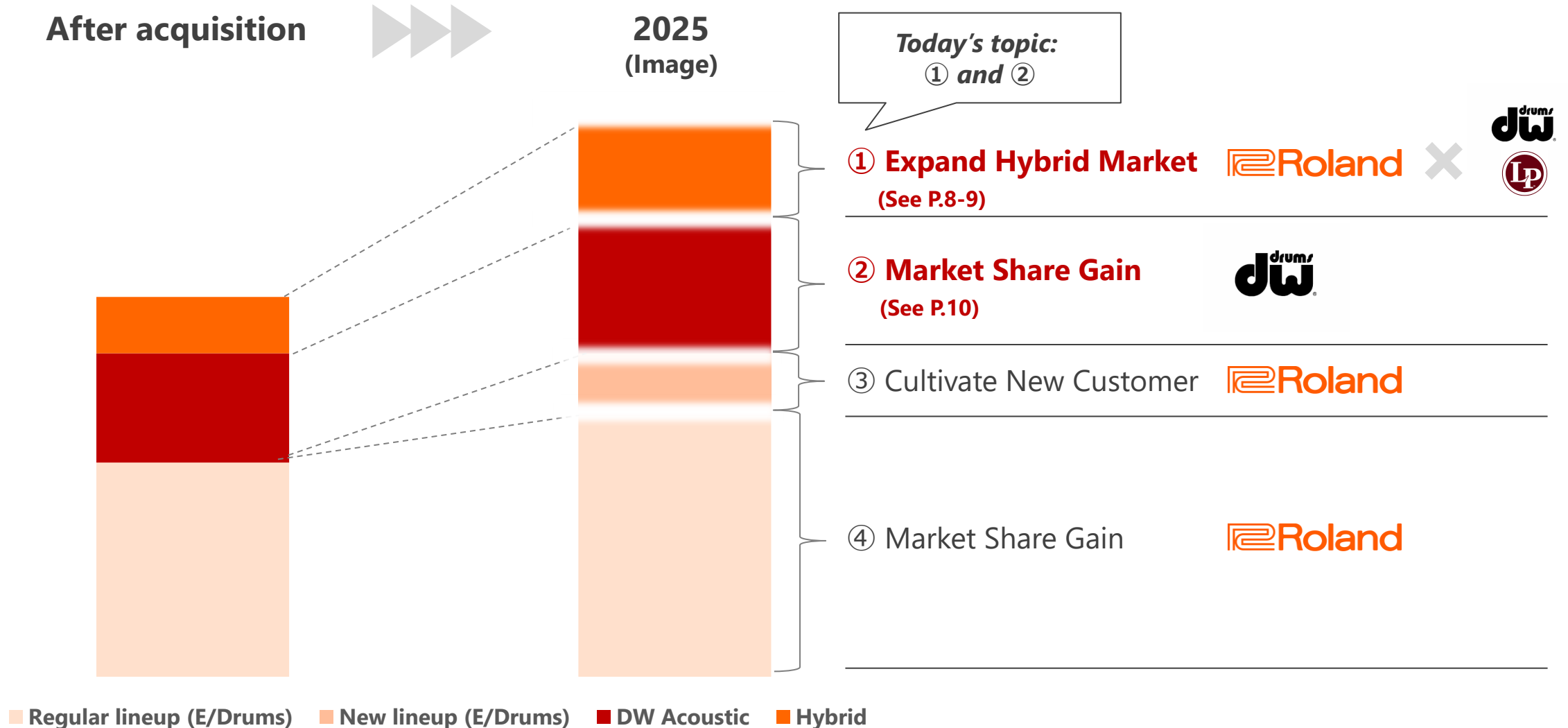


Drum Workshop share



# Our Strategy to Expand the Drums Market

## Our approach to grow our drums business



# The V-Drums Acoustic Design (VAD) Series Convinced Roland of Hybrid Drum Market Strength

- 1985: Roland developed “set-type” electronic drums
- 1992: **Electronic drums awareness expanded** with Roland’s “Compact Drum System”
- 1997: Launch of “V-Drums” solidified **Roland’s position as a top brand**
- **2020: “VAD Series” acquired a new customer base for Roland**

1985 α DRUM



Roland's first set-type electronic drums

1992 Compact Drum System



Adaptation to various playing techniques

Hi-hat playing, cymbal choke playing, etc.

1997 V-Drums



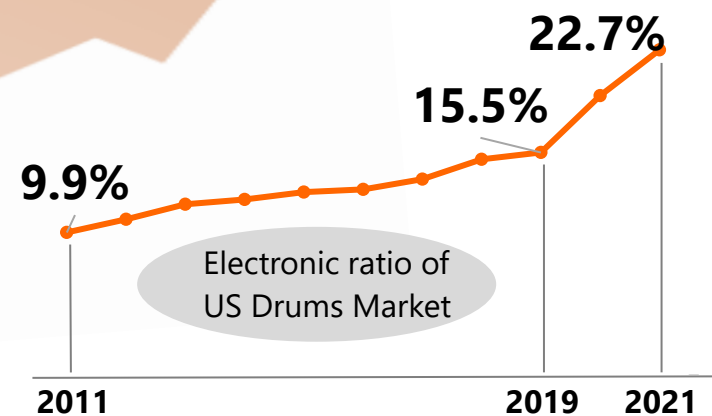
Overcame challenges of hitting feel

Development of mesh head

2020 V-Drums Acoustic Design

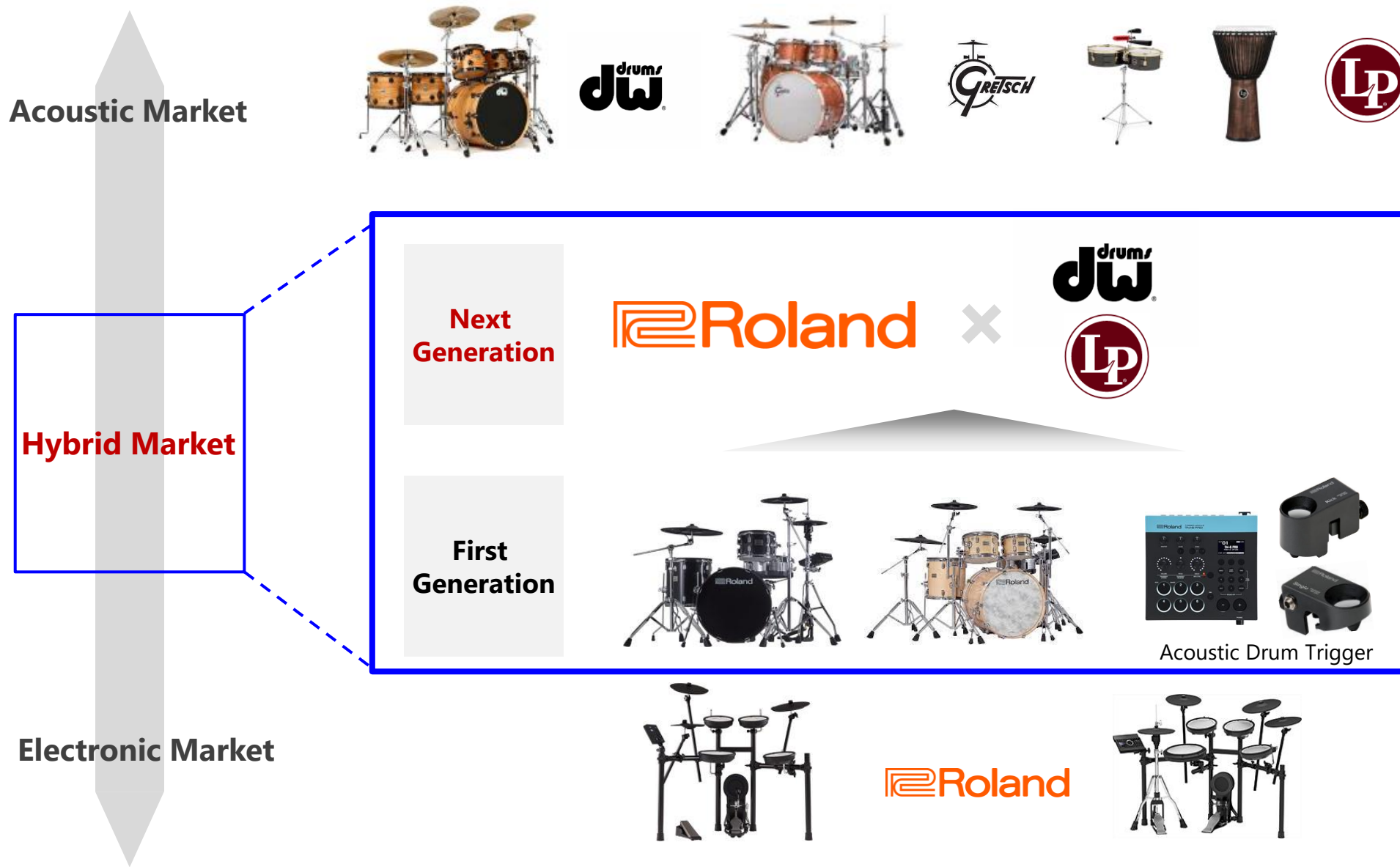


Fusion of “cutting-edge” technology and “traditional” looks





# Partnership with DW to Expand the Hybrid Market



# Expand DW's share of the Acoustic Drums Market

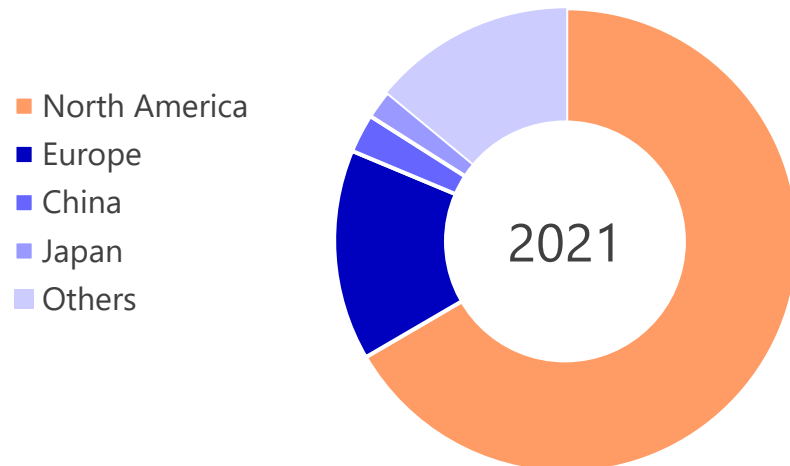
## Key Strategies to Expand Market Share

- Expand global market share of DW's hardware products **by leveraging Roland's global sales capabilities**
- **Cross-selling** of Roland's VAD Series and DW's hardware (stands, pedals, etc.)



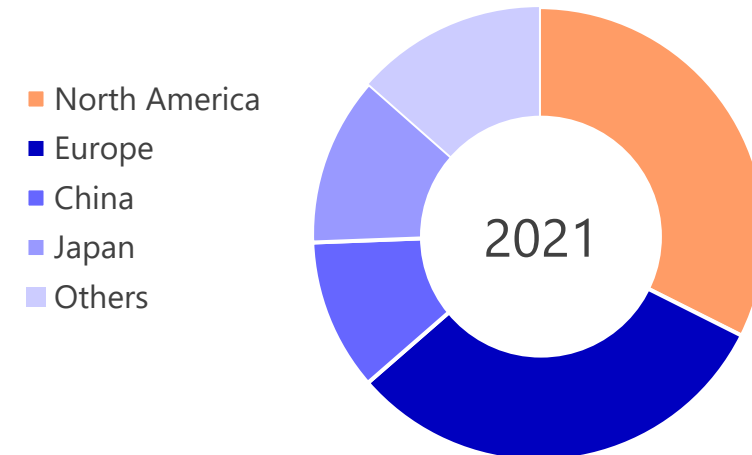
## DW's sales composition by region

- DW is focused on North America with **room for sales expansion in other regions**



## Roland's sales composition by region

- **Well-balanced global sales force**



# Transaction Summary

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**Acquisition Price  
(Enterprise Value<sup>1</sup>)**

\$65mn (JPY9bn<sup>2</sup>)

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**Target Co.**

Drum Workshop, Inc.

California, U.S.

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**Acquisition Entity**

Roland Drum Corporation  
Delaware, U.S.

100% subsidiary of Roland

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**EV/EBITDA<sup>3</sup>**

10.8x

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**Finance**

Funded by cash and borrowings (no equity issuance)

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**Closing (Plan)**

2022, October 3<sup>rd</sup>

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1. Enterprise value on a cash free and debt free basis
2. Calculated at 138.66yen per U.S. dollar (as of 8/31/2022)
3. DW's FY12/2022 estimated EBITDA = \$6mn used in calculations

# Strong Synergy Expected Throughout the Value Chain

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**Synergy**



**1. R&D**

➤ **Game Changing Technology**

**2. Production**

➤ **Access DW's US Factory for premium & customized products**

**3. Brand Power**

➤ **Leverage Roland & DW brand strength in the market**

**4. Sales**

➤ **Boost DW's acoustic sales outside the US utilizing Roland sales power**

**5. Marketing**

➤ **Globally integrated Digital Marketing team to drive direct sales**

**6. Roland Cloud**

➤ **DW-Branded sound content in Roland Cloud to engage music creators**

# Financial Implications

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- **Strong synergy expected throughout the value chain**
- **Conservatively, even if assuming no synergy at all, EPS will not fall**
- **Funding is cash on hand and debt: No dilutive effect**

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