



# Financial Results Highlights

FY12/2023 Q2

Aug 9, 2023

**Roland Corporation**



『Gigastar 8』  
Audio streaming Mixer

- **Achieved 1H Operating Profit Forecast**
- 1H Sales (Sell-in) fell short due to the prolonged dealer inventory adjustment
- **Sell-through is generally steady;** Dealer inventories are steadily declining
- **No change to the Full-year Forecast (increase in sales and profit),**  
considering the recovery of sell-in due to the decrease in Dealer inventory,  
careful selection of expense execution and JPY depreciation vs. the plan, etc.

**1**

**FY12/2023 Q2 Results**

**2**

**FY12/2023 Forecast (Full Year)**

**3**

**Supplemental Information**

**1**

**FY12/2023 Q2 Results**

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**FY12/2023 Forecast (Full Year)**

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## Highlights - First Half Results

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### Sales

**46.0**<sub>bn</sub>

(+7.2% vs Last year)

(-5.5% vs Guidance)

- Sell-in growth was slow as Dealer inventory adjustment continued
- **Overall sell-through was steady**
- Effect of new consolidation of Drum Workshop (DW)

### Operating Profit

**4.2**<sub>bn</sub>

(-9.0% vs Last year)

(+3.8% vs Guidance)

- Volume decreased YoY due to Dealer inventory adjustments
- **Positive effects continued** such as price optimization and reduction of marine transportation costs
- SG&A expenses were **properly controlled and the plan was achieved**

### Net Income<sup>1</sup>

**3.1**<sub>bn</sub>

(-18.6% vs Last year)

(+3.0% vs Guidance)

- No major extraordinary gains or losses

<sup>1</sup> Net income refers to "net income attributable to owners of parent"

## Consolidated Financial Results

- Operating Profit margin before goodwill amortization is 9.6%

| (JPY mn)                          | FY12/2022 First Half <sup>1</sup> |            | FY12/2023 First Half <sup>2</sup> |            |               |
|-----------------------------------|-----------------------------------|------------|-----------------------------------|------------|---------------|
|                                   | Actual                            | % of Sales | Actual                            | % of Sales | YoY           |
| Sales                             | <b>43,004</b>                     | 100.0%     | <b>46,096</b>                     | 100.0%     | <b>+7.2%</b>  |
| Gross Profit                      | <b>17,551</b>                     | 40.8%      | <b>19,772</b>                     | 42.9%      | <b>+12.7%</b> |
| SG & A                            | <b>12,874</b>                     | 29.9%      | <b>15,516</b>                     | 33.7%      | <b>+20.5%</b> |
| Operating Profit                  | <b>4,677</b>                      | 10.9%      | <b>4,256</b>                      | 9.2%       | <b>-9.0%</b>  |
| (Before amortization of goodwill) | <b>4,680</b>                      | 10.9%      | <b>4,428</b>                      | 9.6%       | <b>-5.4%</b>  |
| Net Income <sup>3</sup>           | <b>3,927</b>                      | 9.1%       | <b>3,195</b>                      | 6.9%       | <b>-18.6%</b> |

Increase due to the DW acquisition

1 Exchange rates for 12/2022 1H USD/JPY : 122.90, EUR/JPY : 134.30, EUR/USD : 1.093

2 Exchange rates for 12/2023 1H USD/JPY : 134.87, EUR/JPY : 145.84, EUR/USD : 1.081

3 Net income refers to "net income attributable to owners of parent"

## Consolidated Financial Results (Reference: Excluding the effect of new consolidation of DW)

- Gross profit margin was **44.3%**. **Earning power recovered significantly** after price optimizations
- **Operating Profit** increased excluding the effect of the new consolidation of DW

| (JPY mn)                | FY12/2022 First Half <sup>1</sup> |            | FY12/2023 First Half <sup>2</sup> |              |              |
|-------------------------|-----------------------------------|------------|-----------------------------------|--------------|--------------|
|                         | Actual                            | % of Sales | Actual                            | % of Sales   | YoY          |
| Sales                   | <b>43,004</b>                     | 100.0%     | <b>41,935</b>                     | 100.0%       | <b>-2.5%</b> |
| Gross Profit            | <b>17,551</b>                     | 40.8%      | <b>18,587</b>                     | <b>44.3%</b> | <b>+5.9%</b> |
| SG&A                    | <b>12,874</b>                     | 29.9%      | <b>13,765</b>                     | 32.8%        | <b>+6.9%</b> |
| Operating Profit        | <b>4,677</b>                      | 10.9%      | <b>4,822</b>                      | 11.5%        | <b>+3.1%</b> |
| Net Income <sup>3</sup> | <b>3,927</b>                      | 9.1%       | <b>3,660</b>                      | 8.7%         | <b>-6.8%</b> |

1 Exchange rates for 12/2022 1H USD/JPY : 122.90、EUR/JPY : 134.30、EUR/USD : 1.093

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## Demand and Dealer Inventory Adjustment (as of end of June)

- Demand for our products in major countries is generally steady
- Dealer inventories are down in all regions, but inventories remain high especially in North America and China
- Dealer inventories are overstocked especially for electronic pianos

|               | End-customer Demand | Channel Inventory |
|---------------|---------------------|-------------------|
| North America | ○                   | △                 |
| Europe        | ○                   | ○                 |
| Japan         | ○                   | ○                 |
| China         | △                   | △                 |

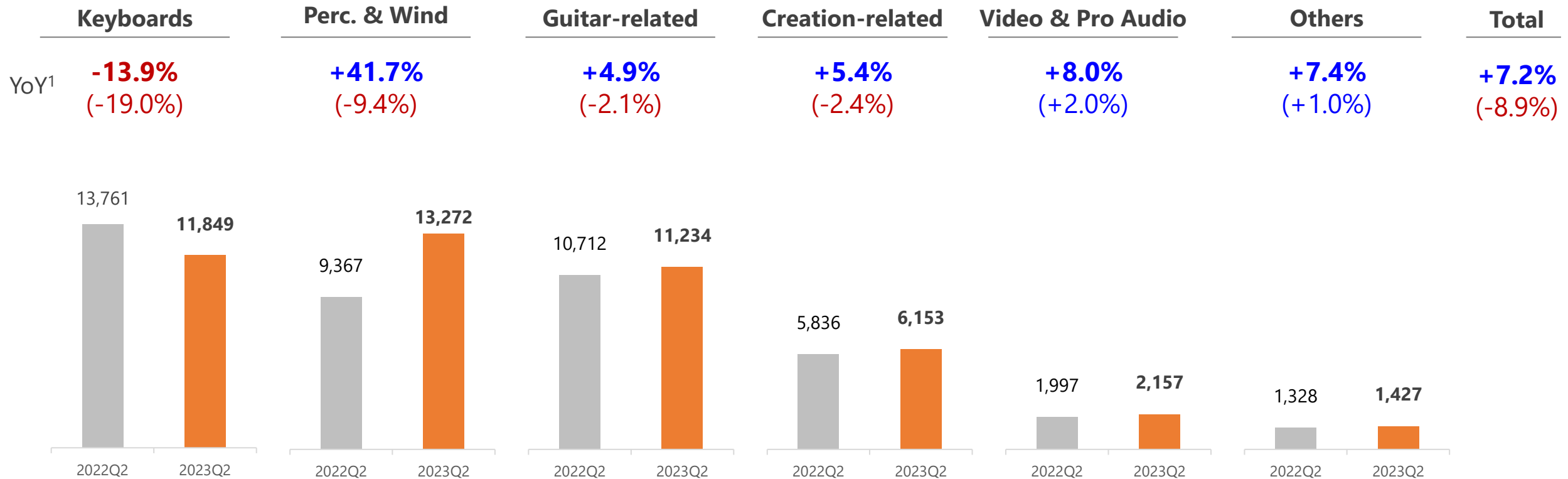
|                     | End-customer Demand | Channel Inventory |
|---------------------|---------------------|-------------------|
| Keyboards           | △                   | △                 |
| Percussion & Wind   | ○                   | △                 |
| Creation & Services | ○                   | ○                 |
| Guitar-related      | ○                   | ○                 |
| Video & Pro Audio   | ○                   | ○                 |



## Sales by Category

- Sales increased YoY except for Keyboards due to favorable FX rates
- The minus factors were inventory adjustments of electronic pianos and a decreased demand for the low-end products
- Although Percussion & Wind continued to be stagnant in China, total sales increased significantly due to DW consolidation

(JPY mn)

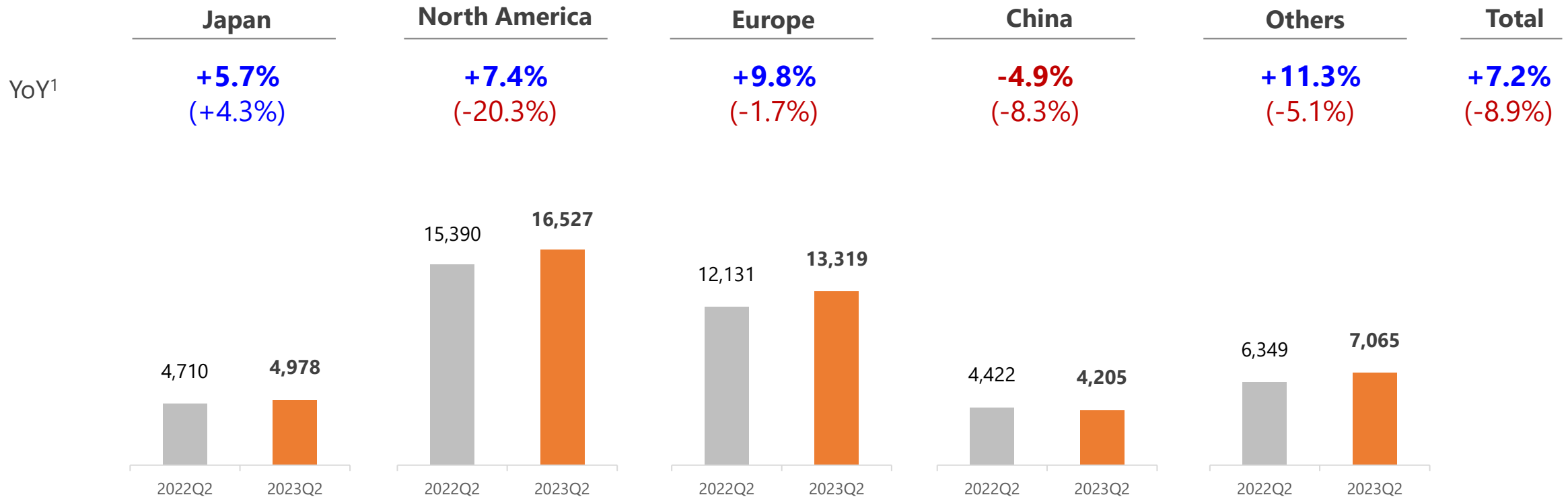


<sup>1</sup> Figures in ( ) are comparisons excluding the effect of exchange rates and the DW new consolidation.

## Sales by Region

- Sales increased YoY, excluding China, due partly to favorable FX rates
- The minus factor was the impact of inventory adjustment at dealers in North America
- In China, online sales in June were strong, showing signs of gradual recovery. The downsizing of drum schools impacted, but electronic pianos were very strong
- In Others, emerging countries such as India, Indonesia, and Latin America performed well

(JPY mn)



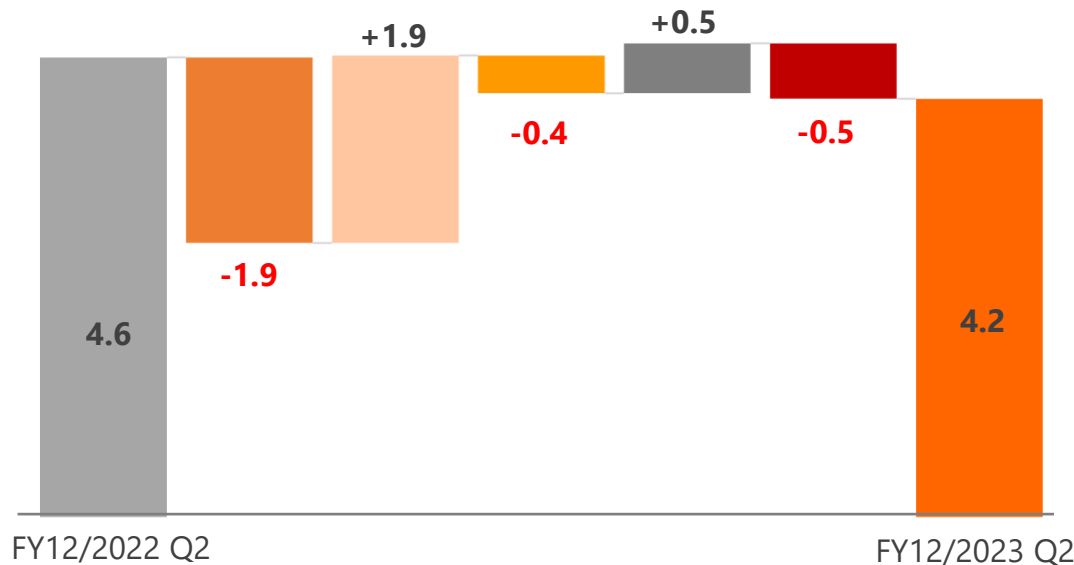
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# Consolidated Operating Profit

## Changes (vs Previous year)

(JPY bn)

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



## Factors

- **Sales Volume**
  - ✓ Decrease in Sell-in due to dealer inventory adjustments
- **Selling Price / Cost ratio**
  - ✓ Raw material prices remain high
  - ✓ Price optimizations effect
  - ✓ Decrease in marine transportation costs
- **SG&A**
  - ✓ Increase in personnel, travel expenses, etc.
- **Consolidation of DW**
  - ✓ Upfront investment in new product-related expenses, etc.

## MTP Progress Topics: Roland Retail Strategy

### Roland Store Tokyo to Open

- The 2<sup>nd</sup> direct store, following the London store, will open in Tokyo (Harajuku) (scheduled for October 1).



Address: 4-25-37 Jingumae, Shibuya-ku, Tokyo  
Area: 50 m<sup>2</sup> (Store area)

B1F : Guitar-related Products, Drums  
1F : Synthesizer, Goods, Accessory, etc.  
2F : Electronic Piano



URL: <https://rolandstoretokyo.com>



## MTP Progress Topics: Strengthen Foundation

### Tokyo office relocation (Akihabara to Odaiba)

12F Daiba Garden City Building, 2-3-5 Daiba,  
Minato-ku, Tokyo



### Purpose

- Enhanced employee engagement
- Cost savings
- Plans to use the office as the Tokyo base for non-sales divisions



## MTP Progress Topics: New Products announced in the second quarter

### Keyboards

#### Portable Keyboards

- **Stylish and affordable Portable Keyboard** with authentic and versatile tones and a variety of functions such as automatic accompaniment, allowing you to enjoy playing easily



『E-X10』



### Video & Pro Audio

#### AV Mixer

- **Compact AV Mixer** ideal for business conferences, webinars, and other video streaming



『VR-6HD』



- **4K-compatible AV Mixer** for full-scale video production and audio adjustment with intuitive operation



『VR-400UHD』





## MTP Progress Topics: New Products announced in the second quarter

### Guitar-related Products

#### BOSS Guitar Effector

- **Delay Machine** combining the latest technology with analog technology
- **Two Digital Delay Pedals** that perfectly reproduce the sound of the famous SDE-3000



『DM-101』



『SDE-3000EVH』 (Left) 、 『SDE-3000D』 (Right)

#### BOSS Audio Streaming Mixer

- Two **“Gigcaster Series”** audio streaming mixer models with all the functions necessary for performance streaming



『Gigcaster 8』 (Left) 、 『Gigcaster 5』 (Right)

### Creation-related Products & Services

#### Synthesizer

- New model in the **“AIRA Compact Series”** that can create full-fledged electronic music despite its small size and simple operation



『S-1』

#### **Roland Cloud**

Paid User **100k** (+6k vs Q1)

Subscriber **25.9k** (+0.9k vs Q1)

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## Full-year Forecast

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**The initial plan (YoY Increases) maintained  
for both Sales and Operating**

### Sales

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**JPY 105.6<sub>bn</sub>**

**YoY +10.2%**

### Operating Profit

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**JPY 12.4<sub>bn</sub>**

**YoY +15.3%**

## Consolidated Sales Forecast

『Dealer inventory adjustments end within this year』 × 『Continued steady demand』 × 『Weaker JPY』

### First half situation



- **Sell-in below expectations** due to Dealer inventory adjustments
- However, **Sell-through is generally steady** for our products in major markets
- **Dealer inventories are decreasing**

### Second half outlook



- **Sell-in gradually recovered** in response to steady **Sell-through**
- **Solid sales expected during the year-end sales season**, the period of greatest demand
- Add-on effect of **weaker JPY** vs. plan

## Consolidated Sales Forecast

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**Steadily execute the mid-term plan in the second half of the year and beyond**

**Creating  
Demand**

**Customer  
Motivation by  
New Products**

- Continued introduction of new products
- Game Changer products with DW
- Leverage the BOSS 50th anniversary



**Expanding  
Market Share**

**Capturing  
Year-end Demand**

- Roland Store Tokyo Open
- Channel expansion (Non-MI)
- Synergy with DW

## Consolidated Operating Profit Forecast

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**The negative impact compared to the plan will be offset by the positive impact**

### Change from initial forecast (by factor)

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#### Negative

- **Decrease in sales volume and value<sup>1</sup>**
  - ✓ Market inventory adjustment in 1H exceeded expectations
  - ✓ Some impact will remain in 2H

#### Positive

- **Decrease in SG&A expenses**
  - ✓ Careful selection of expense execution (maintain important growth investments)
- **Cost Reductions**
  - ✓ Decrease in marine transportation costs than expected
- **FX impact**
  - ✓ Positive trend compared to the plan

<sup>1</sup> Especially in low-end price products

## Shareholder Return

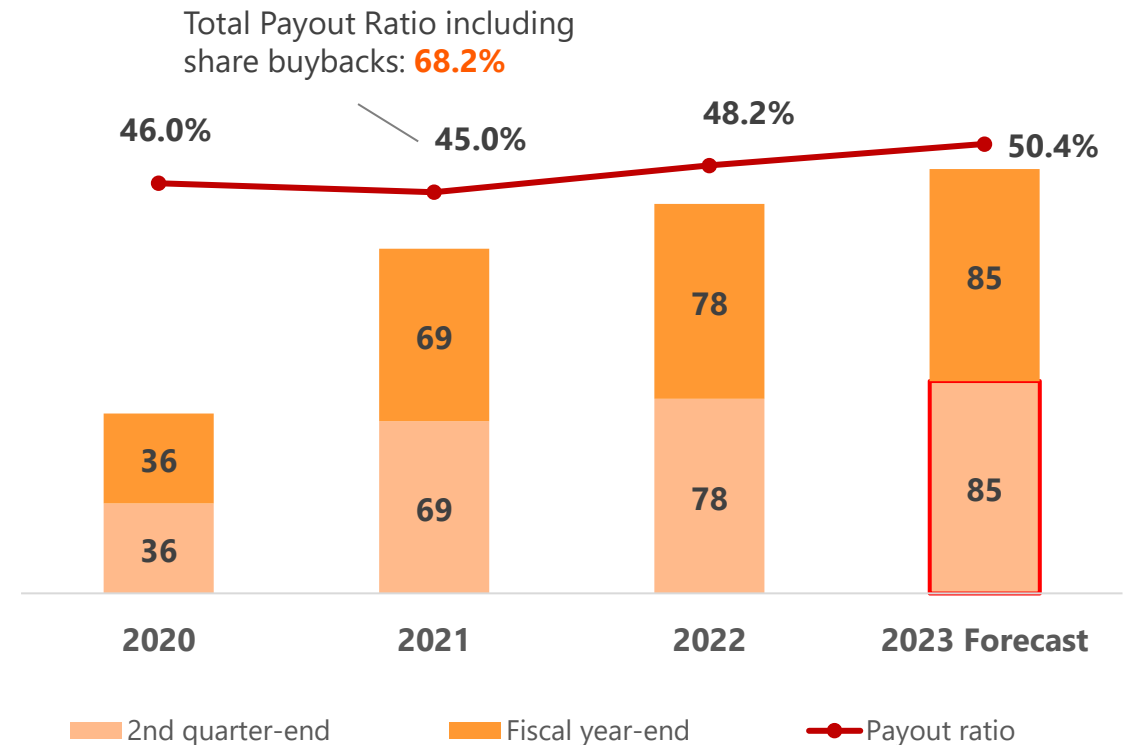
- Decided **the Q2 interim dividend as planned (YoY increase) at the beginning of the year,** as we achieved the 1H profit guidance
- No change in the year-end dividend forecast

### Dividend Per Share (Forecast)

(JPY)

- Second quarter-end : **85** (Decided)
- Fiscal year-end : **85**
- Total : **170**

### Dividends and Dividend Payout Ratio



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## Key Consolidated Financials (PL,B/S)

| (JPY mn)                                     | FY2022<br>Q2 | FY2023<br>Q2 | (JPY mn)                                | As of Dec.<br>31, 2022 | As of Jun.<br>30, 2023 |
|--|--------------|--------------|---|------------------------|------------------------|
| Net sales                                    | 43,004       | 46,096       | Cash and deposits                       | 10,506                 | 9,993                  |
| Cost of sales                                | 25,452       | 26,323       | Notes and accounts receivable - trade   | 12,905                 | 11,412                 |
| Gross profit                                 | 17,551       | 19,772       | Inventories                             | 32,322                 | 32,753                 |
| Selling, general and administrative expenses | 12,874       | 15,516       | Other current assets                    | 2,167                  | 1,893                  |
| Operating profit                             | 4,677        | 4,256        | Total current assets                    | 57,902                 | 56,053                 |
| Other income (expenses)                      | 283          | (250)        | Net property, plant and equipment       | 7,770                  | 8,332                  |
| Profit before income taxes                   | 4,960        | 4,006        | Goodwill                                | 3,266                  | 3,384                  |
| Total income taxes                           | 1,029        | 794          | Investments and other assets            | 8,117                  | 8,736                  |
| Profit attributable to owners of parent      | 3,927        | 3,195        | Total non-current assets                | 19,154                 | 20,453                 |
| EBITDA                                       | 5,493        | 5,580        | Total assets                            | 77,056                 | 76,506                 |
| D/E ratio                                    | 0.4x         | 0.6x         | Notes and accounts payable - trade      | 5,606                  | 6,755                  |
| Equity ratio                                 | 51.8%        | 48.5%        | Short-term borrowings                   | 17,700                 | 2,659                  |
| Debt / EBITDA <sup>1</sup>                   | 1.1x         | 1.6x         | Current portion of long-term borrowings | 1,252                  | 5,894                  |
| ROE <sup>1</sup>                             | 24.0%        | 24.4%        | Other current liabilities               | 7,954                  | 7,952                  |
|  |              |              | Long-term borrowings                    | 7,570                  | 12,467                 |
|  |              |              | Other long-term liabilities             | 3,226                  | 3,420                  |
|  |              |              | Total liabilities                       | 43,309                 | 39,150                 |
|  |              |              | Total net assets                        | 33,747                 | 37,356                 |
|  |              |              | Total liabilities and net assets        | 77,056                 | 76,506                 |

<sup>1</sup> Debt / EBITDA and ROE are calculated on an annually adjusted basis

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