

Translation

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**Consolidated Financial Results**  
**for the First Quarter of the Fiscal Year Ending December 31, 2021**  
**(under Japanese GAAP)**



May 7, 2021

Company name: Roland Corporation                      Listing: Tokyo Stock Exchange  
 Security code: 7944    URL: <https://www.roland.com/global/>  
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 Scheduled date to file Quarterly Securities Report (*Shihanki Hokokusho*): May 12, 2021  
 Scheduled date to commence payment of dividends: –  
 Preparation of supplementary briefing material on quarterly financial results: Yes  
 Holding of quarterly financial results briefing: Yes (for institutional investors and securities analysts)

(Note) Amounts less than one million yen have been omitted.

1. Consolidated financial results for the first quarter of the fiscal year ending December 31, 2021 (from January 1 to March 31, 2021)

(1) Consolidated operating results (Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three months ended March 31, 2021	22,355	56.5	4,610	321.2	4,369	402.6	3,423	423.3
March 31, 2020	14,282	(3.4)	1,094	0.3	869	(0.2)	654	3.1

Note: Comprehensive income

For the three months ended March 31, 2021: ¥4,564 million [ – %]

For the three months ended March 31, 2020: ¥(431) million [ – %]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended March 31, 2021	125.42	122.16
March 31, 2020	24.36	–

Notes: 1. As the Company conducted a 30-for-1 common stock split effective on September 14, 2020, both basic and diluted earnings per share were calculated based on the assumption that the stock split had been conducted at the beginning of the fiscal year ended December 31, 2020.

2. Diluted earnings per share for the three months ended March 31, 2020 is not stated because the Company's stock was not listed and thus the average stock price was not available during that period.

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of March 31, 2021	50,130	23,827	47.0
December 31, 2020	46,096	20,151	43.1

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

As of March 31, 2021: ¥23,536 million

As of December 31, 2020: ¥19,853 million

2. Dividends

	Annual dividend per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
Fiscal year ended December 31, 2020	Yen –	Yen 1,080.00	Yen –	Yen 36.00	Yen –
Fiscal year ending December 31, 2021	–	–	–	–	–
Fiscal year ending December 31, 2021 (forecast)	–	47.00	–	47.00	94.00

Note: 1. Revisions from the most recently announced dividends forecast: None

2. While the Company conducted a 30-for-1 common stock split effective on September 14, 2020, the dividends per share for the second quarter-end of the fiscal year ended December 31, 2020 is a figure before the stock split. The annual dividend per share for the fiscal year ended December 31, 2020 is not presented because the figures for the second quarter-end and the fiscal year-end cannot be simply added up due to the stock split. If the effect of the stock split is taken into account, the dividend per share for the second quarter-end of the fiscal year ended December 31, 2020 will be 36 yen, resulting in the annual dividend per share of 72 yen.

3. Forecast of consolidated financial results for the fiscal year ending December 31, 2021 (from January 1 to December 31, 2021)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
First six months	41,400	46.6	6,300	136.3	6,000	156.5	4,600	178.7	168.54
Fiscal year	78,800	23.0	10,800	51.8	10,100	60.9	7,700	79.0	282.13

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

\* For the details, please refer to the press release titled “Notice of Revisions of Financial Result Forecasts ” announced today (on May 7, 2021).

[Notes]

- (1) Changes in significant subsidiaries during the current period (Changes in specified subsidiaries resulting in the change in scope of consolidation): None
- (2) Adoption of accounting treatment specific to the preparation of quarterly consolidated financial statements: None
- (3) Changes in accounting policies, changes in accounting estimates and restatements of prior period financial statements
  - 1) Changes in accounting policies due to application of new or revised accounting standards: None
  - 2) Changes in accounting policies due to reasons other than above 1): None
  - 3) Changes in accounting estimates: None
  - 4) Restatements of prior period financial statements: None
- (4) Number of shares of common stock issued
  - 1) Number of shares issued (including treasury stock)
    - As of March 31, 2021: 27,840,534 shares
    - As of December 31, 2020: 27,581,366 shares
  - 2) Number of shares of treasury stock
    - As of March 31, 2021: 410,631 shares
    - As of December 31, 2020: 418,810 shares
  - 3) Average number of shares of common stock during the period (cumulative from the beginning of the fiscal year)
    - Three months ended March 31, 2021: 27,292,689 shares
    - Three months ended March 31, 2020: 26,852,820 shares

Notes: 1. As the Company conducted a 30-for-1 common stock split effective on September 14, 2020, the “Average number of shares of common stock during the period (cumulative from the beginning of the fiscal year)” was calculated based on the assumption that the stock split had been conducted at the beginning of the fiscal year ended December 31, 2020.

2. 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 shares of treasury stock, which was to be deducted from the calculation of the average number of shares of common stock during the period. It is noted that the average numbers of shares of common stock held by these trusts after the stock split during the three months ended March 31, 2020 and 2021 were 491,010 shares and 417,042 shares, respectively.

\* This quarterly financial results report is not subject to quarterly review procedures by certified public accountants or an audit firm.

\* [Proper use of earning forecasts, and other special notes]

(Disclaimer with respect to earnings and other forecasts)

- The forward-looking statements including earnings forecast contained in this document are based on information currently available and certain assumptions that are believed to be reasonable. Accordingly, please be advised that the Company does not guarantee the achievement of the forecasts and the actual results may differ from the results described in this forward-looking statements due to a variety of factors. For further information on the forecast of consolidated financial results, please refer to “Explanation of forward-looking information including consolidated earnings forecast” on page 3 of the Attached Materials.
- The Company will hold a quarterly financial results briefing for institutional investors and securities analysts on Monday, May 10, 2021. Materials used at the quarterly financial results briefing will be posted on the Company’s website.

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## 1. Qualitative Information on Quarterly Consolidated Financial Results

### (1) Explanation of consolidated operating results

During the three months ended March 31, 2021, the global economic environment surrounding the Group remained uncertain due in part to the outbreak of COVID-19 variants which are believed to be more transmissible, despite vaccination rollouts.

The electronic musical instruments business continued to enjoy strong demand especially from customers taking up a challenge to start playing musical instruments or those who resume musical performance, both hoping to enjoy themselves during the stay home period. The major attraction of electronic musical instruments is that people can enjoy playing them alone or with others whenever and wherever they want.

Under these circumstances, at the end of the fourth quarter of the previous fiscal year, we temporarily piled up inventory to prepare for a potential reduction in the utilization of our main factory in Malaysia and other partners' factories in the wake of COVID-19. However, on the back of persistently strong demand for electronic musical instruments, the stocked inventory was absorbed more quickly than expected during the first quarter of the current fiscal year, and the utilization of factories did not decline significantly. As a result, the volume of shipments was well beyond our expectation.

As a result of the above, during the three months ended March 31, 2021, net sales stood at ¥22,355 million (up 56.5% year on year) with operating profit of ¥4,610 million (up 321.2% year on year), ordinary profit of ¥4,369 million (up 402.6% year on year), and profit attributable to owners of parent of ¥3,423 million (up 423.3% year on year).

Sales performance by mainstay category is as shown below:

#### **[Keyboards]**

Among mainstay categories, sales of electronic pianos, especially online sales, remained strong across regions, driven by brisk demand from people staying home for longer hours in the wake of the COVID-19 pandemic. New portable piano series and new space-saving models launched during the current fiscal year and entry models launched during the fourth quarter of the previous fiscal year especially contributed to sales growth.

As a result of the above, net sales from the Keyboards category amounted to ¥6,924 million (up 61.3% year on year).

#### **[Percussion and Wind Instruments]**

Among mainstay categories, sales of electronic drums, especially the V-Drums Acoustic Design series launched in the previous fiscal year, remained strong. During the same period last year, many of the stores where our business was being operated were temporarily closed. During the first quarter of the current fiscal year, however, sales soared in all regions as the operating hours of many stores were back to normal.

Sales of electronic wind instruments marked a significant increase, especially in China followed by Europe, North America, and Japan, backed by brisk stay home demand and a contribution from the highest ranked Aerophone series model launched in the fourth quarter of the previous fiscal year.

As a result of the above, net sales from the Percussion and Wind Instruments category amounted to ¥5,052 million (up 87.6% year on year).

#### **[Guitar-related Products]**

Among mainstay categories, sales of guitar effects soared, backed especially by strong sales of new product families launched during the fourth quarter of the previous fiscal year and standard models of compact effects.

Sales of musical instruments amplifiers were stagnant in China during the same period last year under the influence of COVID-19. Among these amplifiers, however, sales of the models intended for outdoor use recovered markedly during the first quarter of the current fiscal year. In addition, demand created through digital marketing in collaboration with key influencers helped increase sales of the KATANA amplifier series mainly in Europe and North America.

As a result of the above, net sales from the Guitar-related Products category amounted to ¥5,588 million (up 36.8% year on year).

#### **[Creation-related Products & Services]**

Among mainstay categories, sales of synthesizers performed strongly, driven by increased demand for electronic musical instruments from people staying home for longer hours amid the COVID-19. Products such as compact stage pianos and synthesizers equipped with 88 keys like electronic pianos contributed to sales growth.

Sales of dance and DJ-related products also soared, driven by strong sales of new product families launched during the

previous and current fiscal years.

In the software and service domain, we continued to offer new software synthesizer to customers through Roland Cloud platform.

As a result of the above, net sales from the Creation-related Products & Services category amounted to ¥2,836 million (up 63.8% year on year).

#### **[Video and Professional Audio]**

Among mainstay categories, sales of video related products such as AV mixers grew, backed by rising video distribution demand from businesses, educational institutions, and individuals.

Sales of professional audio related products struggled as capital investment demand continued to decline under the influence of preventive measures against the spread of COVID-19.

As a result of the above, net sales from the Video and Professional Audio category amounted to ¥1,273 million (up 39.2% year on year).

## **(2) Explanation of consolidated financial position**

### **(i) Assets, liabilities and net assets as of March 31, 2021**

Total assets at the end of the first quarter of the current fiscal year on a consolidated basis increased by ¥4,033 million from the end of the previous fiscal year to ¥50,130 million. This is attributable primarily to increases in cash and deposits of ¥1,426 million and trade receivable of ¥2,895 million respectively, which were partially offset by a decrease in accounts receivable nontrade in current assets of ¥459 million. The position of cash and deposits is described in detail in the next section.

Liabilities increased by ¥356 million from the end of the previous fiscal year to ¥26,302 million. This is attributable primarily to an increase in trade payables of ¥433 million.

Net assets increased by ¥3,676 million from the end of the previous fiscal year to ¥23,827 million. This is attributable mainly to recording of profit attributable to owners of parent of ¥3,423 million and an increase in foreign currency translation adjustment of ¥1,117 million due to the depreciation of yen against major currencies, which were partially offset by dividends from retained earnings of ¥992 million.

As a result of the above, the equity ratio rose 3.9 percentage points from the end of the previous fiscal year to 47.0%.

### **(ii) Cash flows for the three months ended March 31, 2021**

During the three months ended March 31, 2021, cash and cash equivalents (“net cash”) increased by ¥1,426 million from the end of the previous fiscal year to ¥12,259 million.

#### *Cash flows from operating activities*

Net cash provided by operating activities amounted to ¥2,411 million (up ¥1,348 million in the inflow year on year), which is attributable primarily to recording of profit before income taxes.

#### *Cash flows from investing activities*

Net cash provided by investing activities amounted to ¥88 million (up ¥281 million in the inflow year on year), which is attributable mainly to proceeds from sales of property, plant and equipment.

#### *Cash flows from financing activities*

Net cash used in financing activities amounted to ¥1,199 million (up ¥419 million in the outflow year on year), which is attributable primarily to payments of dividends and repayments of borrowings.

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

We have revised the consolidated earnings forecast announced on February 12, 2021 in view of the recent trends of our business performance. For the details, please refer to “Notice of Revisions of Financial Result Forecasts” released today (on May 7, 2021).

## 2. Quarterly Consolidated Financial Statements and Major Notes

### (1) Quarterly consolidated balance sheets

	(Millions of yen)	
	Previous fiscal year (As of December 31, 2020)	Current quarter (As of March 31, 2021)
Assets		
Current assets:		
Cash and deposits	10,832	12,259
Notes and accounts receivable – trade	5,930	8,826
Merchandise and finished goods	13,622	13,766
Work in process	889	1,058
Raw materials and supplies	3,563	3,924
Other	1,558	1,089
Allowance for doubtful accounts	(338)	(326)
Total current assets	36,058	40,597
Non-current assets:		
Property, plant and equipment:		
Buildings and structures, net	2,717	2,654
Land	1,652	1,665
Other, net	1,391	1,446
Total property, plant and equipment	5,761	5,766
Intangible assets	759	724
Investments and other assets:		
Investment securities	949	959
Other	2,677	2,188
Allowance for doubtful accounts	(110)	(107)
Total investments and other assets	3,517	3,041
Total non-current assets	10,038	9,532
Total assets	46,096	50,130

(Millions of yen)

	Previous fiscal year (As of December 31, 2020)	Current quarter (As of March 31, 2021)
<b>Liabilities</b>		
Current liabilities:		
Notes and accounts payable – trade	5,228	5,662
Short-term borrowings	138	127
Current portion of long-term borrowings	3,935	3,904
Income taxes payable	467	816
Provision for bonuses	1,441	596
Provision for bonuses for directors (and other officers)	84	14
Provision for product warranties	294	355
Provision for loss on competition law	562	–
Other	4,826	6,095
Total current liabilities	16,979	17,571
Non-current liabilities:		
Long-term borrowings	5,762	5,543
Provision for product warranties	0	0
Provision for share-based remuneration	217	224
Provision for share-based remuneration for directors (and other officers)	25	29
Retirement benefit liability	1,482	1,469
Asset retirement obligations	85	86
Other	1,391	1,376
Total non-current liabilities	8,965	8,730
Total liabilities	25,945	26,302
<b>Net assets</b>		
Shareholders' equity:		
Share capital	9,490	9,547
Capital surplus	69	126
Retained earnings	13,230	15,660
Treasury shares	(403)	(396)
Total shareholders' equity	22,386	24,938
Accumulated other comprehensive income:		
Valuation difference on available-for-sale securities	(51)	(52)
Foreign currency translation adjustment	(2,203)	(1,085)
Remeasurements of defined benefit plans	(278)	(264)
Total accumulated other comprehensive income	(2,533)	(1,402)
Share acquisition rights	158	141
Non-controlling interests	139	150
Total net assets	20,151	23,827
Total liabilities and net assets	46,096	50,130

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

## Quarterly consolidated statements of income

(Millions of yen)

	Three months ended March 31, 2020	Three months ended March 31, 2021
Net sales	14,282	22,355
Cost of sales	7,261	11,863
Gross profit	7,021	10,491
Selling, general and administrative expenses	5,926	5,881
Operating profit	1,094	4,610
Non-operating income:		
Interest income	3	2
Dividend income	3	1
Commission income	2	2
Other	2	2
Total non-operating income	11	8
Non-operating expenses:		
Interest expenses	10	6
Sales discounts	111	178
Foreign exchange losses	104	36
Other	9	26
Total non-operating expenses	236	249
Ordinary profit	869	4,369
Extraordinary income:		
Gain on sales of non-current assets	4	262
Total extraordinary income	4	262
Extraordinary losses:		
Loss on competition law	–	149
Loss on sales and retirement of non-current assets	0	0
Total extraordinary losses	0	150
Profit before income taxes	873	4,481
Income taxes – current	198	885
Income taxes – deferred	17	171
Total income taxes	216	1,056
Profit	656	3,425
Profit attributable to non-controlling interests	2	2
Profit attributable to owners of parent	654	3,423



Quarterly consolidated statements of comprehensive income

(Millions of yen)

	Three months ended March 31, 2020	Three months ended March 31, 2021
Profit	656	3,425
Other comprehensive income:		
Valuation difference on available-for-sale securities	(130)	(1)
Foreign currency translation adjustment	(979)	1,126
Remeasurements of defined benefit plans, net of tax	21	14
Total other comprehensive income	(1,088)	1,139
Comprehensive income	(431)	4,564
Comprehensive income attributable to:		
Owners of parent	(430)	4,554
Non-controlling interests	(0)	10

## (3) Quarterly consolidated statements of cash flows

(Millions of yen)

	Three months ended March 31, 2020	Three months ended March 31, 2021
Cash flows from operating activities:		
Profit before income taxes	873	4,481
Depreciation	386	393
Amortization of goodwill	1	1
Increase (decrease) in retirement benefit liability	23	3
Interest and dividend income	(6)	(3)
Interest expenses	10	6
Foreign exchange losses (gains)	(17)	(176)
Loss (gain) on sales and retirement of non-current assets	(3)	(261)
Decrease (increase) in trade receivables	996	(1,657)
Decrease (increase) in inventories	633	319
Increase (decrease) in trade payables	(836)	(347)
Other, net	(685)	205
Subtotal	1,374	2,964
Interest and dividends received	6	8
Interest paid	(5)	(6)
Income taxes paid	(313)	(554)
Net cash provided by (used in) operating activities	1,062	2,411
Cash flows from investing activities:		
Purchase of property, plant and equipment	(214)	(198)
Proceeds from sales of property, plant and equipment	5	298
Purchase of intangible assets	(61)	(16)
Long-term loan advances	(5)	–
Collection of long-term loans receivable	12	9
Other, net	70	(4)
Net cash provided by (used in) investing activities	(192)	88
Cash flows from financing activities:		
Net increase (decrease) in short-term borrowings	(1,955)	(8)
Proceeds from long-term borrowings	2,700	–
Repayments of long-term borrowings	(250)	(250)
Proceeds from issuance of shares	–	96
Proceeds from sales of treasury shares	–	32
Purchase of treasury shares	–	(0)
Dividends paid	(1,197)	(976)
Other, net	(77)	(94)
Net cash provided by (used in) financing activities	(780)	(1,199)
Effect of exchange rate change on cash and cash equivalents	(455)	126
Net increase (decrease) in cash and cash equivalents	(365)	1,426
Cash and cash equivalents at beginning of period	8,815	10,832
Cash and cash equivalents at end of period	8,449	12,259

(4) Notes to quarterly consolidated financial statements

(Going concern assumption)

Not applicable.

(Significant changes in shareholders' equity)

Not applicable.