

Translation

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Consolidated Financial Results
for the Fiscal Year Ended December 31, 2023
(under Japanese GAAP)



February 14, 2024

Company name:	Roland Corporation	Listing:	Tokyo Stock Exchange
Security code:	7944	URL:	https://www.roland.com/global/
Representative:	Gordon Raison, CEO and Representative Director		
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Scheduled date to hold ordinary general meeting of shareholders:	March 26, 2024		
Scheduled date to commence payment of dividends:	March 27, 2024		
Scheduled date to file Annual Securities Report (<i>Yukashoken Hokokusho</i>):	March 5, 2024		
Preparation of supplementary briefing material on financial results:	Yes		
Holding of 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 fiscal year ended December 31, 2023 (from January 1 to December 31, 2023)

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

Fiscal year ended	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
December 31, 2023	102,445	6.9	11,871	10.4	11,154	8.8	8,151	(8.8)
December 31, 2022	95,840	–	10,751	–	10,250	1.5	8,938	4.1

Note: Comprehensive income

For the fiscal year ended December 31, 2023: ¥10,799 million [(2.4)%]

For the fiscal year ended December 31, 2022: ¥11,062 million [(2.6)%]

Fiscal year ended	Basic earnings per share	Diluted earnings per share	Return on equity	Ordinary profit to total assets ratio	Operating profit margin
	Yen	Yen	%	%	%
December 31, 2023	297.97	294.33	22.2	14.1	11.6
December 31, 2022	326.98	321.96	28.9	15.8	11.2

Reference: Share of profit or loss of entities accounted for using equity method

For the fiscal year ended December 31, 2023: –

For the fiscal year ended December 31, 2022: –

Notes: The Company has applied the *Accounting Standard for Revenue Recognition* (ASBJ Statement No. 29, March 31, 2020) from the beginning of the fiscal year ended December 31, 2022. Accordingly, year-on-year changes for net sales and operating profit against the fiscal year ended December 31, 2021, before the application of the said accounting standard are not presented.

(2) Consolidated financial position

As of	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
December 31, 2023	80,969	40,114	49.2	1,450.74
December 31, 2022	77,056	33,747	43.4	1,228.49

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

As of December 31, 2023: ¥39,808 million As of December 31, 2022: ¥33,467 million

(3) Consolidated cash flows

Fiscal year ended	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
December 31, 2023	15,428	(3,576)	(8,668)	12,883
December 31, 2022	793	(11,351)	12,879	10,506

2. Dividends

	Annual dividend per share					Total dividends (Annual)	Dividend payout ratio (Consolidated)	Dividend on equity (Consolidated)
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total			
Fiscal year ended	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
December 31, 2022	–	78.00	–	78.00	156.00	4,305	48.2	13.8
December 31, 2023	–	85.00	–	85.00	170.00	4,710	57.8	12.7
Fiscal year ending December 31, 2024 (forecast)	–	85.00	–	85.00	170.00		55.4	

Note: The total dividends include the dividends paid to the Board Benefit Trust, Employee Stock Ownership Plan Trust and Employee Shareholding Association-type ESOP Trust (¥57 million and ¥50 million for the fiscal years ended December 31, 2022 and 2023, respectively). The dividend payout ratio is calculated by dividing the total dividends by profit attributable to owners of parent.

3. Forecast of consolidated financial results for the fiscal year ending December 31, 2024 (from January 1 to December 31, 2024) (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	45,100	(2.2)	3,300	(22.5)	3,300	(17.8)	2,500	(21.8)	90.83
Fiscal year	99,900	(2.5)	11,400	(4.0)	11,300	1.3	8,500	4.3	308.37

[Notes]

- (1) Changes in significant subsidiaries during the current period (Changes in specified subsidiaries resulting in the change in scope of consolidation): None
- (2) Changes in accounting policies, changes in accounting estimates and restatements of prior period financial statements
 - 1) Changes in accounting policies due to the application of new or revised accounting standards: None
 - 2) Changes in accounting policies due to reasons other than the above 1): None
 - 3) Changes in accounting estimates: None
 - 4) Restatements of prior period financial statements: None
- (3) Number of shares of common stock issued
 - 1) Number of shares issued (including treasury shares)
 - As of December 31, 2023: 28,163,038 shares
 - As of December 31, 2022: 28,066,786 shares
 - 2) Number of treasury shares
 - As of December 31, 2023: 722,886 shares
 - As of December 31, 2022: 824,172 shares
 - 3) Average number of shares of common stock during the period
 - Fiscal year ended December 31, 2023: 27,358,306 shares
 - Fiscal year ended December 31, 2022: 27,336,507 shares

Notes: 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 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 during the fiscal years ended December 31, 2022 and 2023 were 385,917 shares and 318,462 shares, respectively.

(Reference) Overview of non-consolidated financial results

1. Non-consolidated financial results for the fiscal year ended December 31, 2023 (from January 1 to December 31, 2023)

(1) Non-consolidated operating results

(Percentage indicates year-on-year changes.)

Fiscal year ended	Net sales		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
December 31, 2023	34,092	(0.8)	6,285	(15.9)	6,946	(27.3)	5,110	(33.4)
December 31, 2022	34,356	16.0	7,471	106.0	9,555	33.0	7,678	27.6

Fiscal year ended	Basic earnings per share		Diluted earnings per share	
	Yen		Yen	
December 31, 2023	186.78		184.50	
December 31, 2022	280.88		276.56	

(2) Non-consolidated financial position

As of	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
December 31, 2023	64,691	26,315	40.6	956.47
December 31, 2022	63,914	25,492	39.7	932.24

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

As of December 31, 2023: ¥26,245 million As of December 31, 2022: ¥25,396 million

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

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

(Disclaimer with respect to earnings and other forecasts)

- The forward-looking statements including the 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 "1. Overview of Operating Results, etc. (1) Overview of operating results for the fiscal year ended December 31, 2023 (ii) Future outlook" on page 3 of the Attached Materials.
- The Company will hold a financial results briefing for institutional investors and securities analysts on Thursday, February 15, 2024. Materials used at the financial results briefing will be posted on the Company's website.

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1. Overview of Operating Results, etc.

(1) Overview of operating results for the fiscal year ended December 31, 2023

(i) Operating results for the fiscal year ended December 31, 2023

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 an 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, a 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 explored 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, relocation of headquarters in Hamamatsu-shi, Shizuoka was determined to serve as a core research and development center. 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.

As a result of the above, 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. In terms of profit, the Group recorded operating profit of ¥11,871 million (up 10.4% year on year), ordinary profit of ¥11,154 million (up 8.8% year on year), and profit attributable to owners of parent of ¥8,151 million (down 8.8% year on year). Furthermore, deferred tax assets in the prior fiscal year adversely affected profit attributable to owners of parent as a one-off factor.

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.

(ii) Future outlook

Consolidated financial forecasts for the fiscal year ending December 31, 2024, is expected with net sales of ¥99,900 million (down 2.5% year on year), operating profit of ¥11,400 million (down 4.0% year on year), ordinary profit of ¥11,300 million (up 1.3% year on year), and profit attributable to owners of parent of ¥8,500 million (up 4.3% year on year).

The forward-looking statements in this document contain inherent risks and uncertainties insofar as they are based on future projections and plans that may differ materially from the actual results.

(2) Overview of financial position for the fiscal year ended December 31, 2023

(i) Assets as of December 31, 2023

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 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%.

(ii) Cash flows for the fiscal year ended December 31, 2023

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.

(3) Basic policy for profit distribution and dividends for the fiscal year ending December 31, 2024

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’s shareholder return policy is to make sustainable and stable dividend payments while flexibly purchasing treasury shares taking into account various factors, including stock market trends and capital efficiency. Through this, the Company will, in principle, aim for a consolidated total return ratio of 50%, or a consolidated total return ratio of 30% or higher even if it is necessary to secure funds for growth investment.

Given the above policy and financial standing of the Company, a fiscal year-end dividend of ¥85 per share (annual dividend of ¥170 per share, which includes an interim dividend of ¥85 per share) will be paid for the fiscal year ended December 31, 2023. An annual dividend of ¥170 per share (consisting of an interim dividend of ¥85 per share and a fiscal year-end dividend of ¥85 per share) is anticipated for the fiscal year ending December 31, 2024.

2. Basic Approach to Selection of Accounting Standards

The Group prepares the consolidated financial statements in accordance with generally accepted accounting principles in Japan (Japanese GAAP). The Group will work on the adoption of the International Financial Reporting Standards (IFRS) in an appropriate manner, taking into consideration various domestic and international circumstances.

3. Consolidated Financial Statements and Major Notes

(1) 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	12,902	13,802
Merchandise and finished goods	20,214	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	938	1,107
Retirement benefit asset	-	891
Deferred tax assets	3,806	3,510
Other	659	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	2,747	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

(2) 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	95,840	102,445
Cost of sales	56,484	58,512
Gross profit	39,356	43,932
Selling, general and administrative expenses	28,605	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	48	8
Gain on liquidation of subsidiaries	246	–
Total extraordinary income	294	8
Extraordinary losses:		
Loss on sale and retirement of non-current assets	15	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

(3) 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 of items 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
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 of items 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

(4) 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	(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	10,506	12,883

(5) Notes to consolidated financial statements

(Going concern assumption)

Not applicable

(Segment information, etc.)

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

(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 period.

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)

	Previous fiscal year (As of December 31, 2022)	Current fiscal year (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

(Subsequent events)

Not applicable.